

Houston Office | Industrial | Multifamily | Retail

MONTHLY SNAPSHOT | August 2023

Houston Office average asking rent once again approaches \$30 per sq. ft.

Houston Office

Seven months into 2023, the overall vacancy rate in the Houston office market was at **25.2%**, up 90 basis points from **24.3%** year-over-year. Year-to-date, deliveries total **569,170 sq. ft.** Only 20% of the deliveries in 2023 thus far are 100% leased, contributing to the rise in the vacancy rate. Year-to-date, net absorption—move-ins minus move-outs—is at **-865,552 sq. ft.**, down from the prior year-to-date tally of **353,639 sq. ft.** Year-to-date, leasing activity—comprised of new leases and renewals—registered at **8.4 million sq. ft.**, with the highest leasing volumes recorded in the Energy Corridor (1.6 million sq. ft.) and the CBD (1.0 million sq. ft.). The average asking rent was **\$29.92 per sq. ft.** as of July 2023—slightly down from **\$30.07 per sq. ft.** one year prior.

Houston Industrial

The overall vacancy rate in the Houston industrial market as of July 2023 was **6.4%**, up 90 basis points from **5.5%** year-over-year. Year-to-date, net absorption is at **10.8 million sq. ft.**—down 43% from the previous year-to-date amount of **18.9 million sq. ft.** Industrial construction was at **26.1 million sq. ft.** in July 2023. Over the prior three years, construction averaged around **22 million sq. ft.** annually. Year-to-date, deliveries totaled **20.7 million sq. ft.**, with the Southeast and Northwest submarkets accounting for **53%** of the space delivered. A noteworthy delivery in July 2023 was a **609,000-sq.-ft.** distribution center at **11249 I-10 East** in the Southeast submarket. In addition, the average asking rent currently stands at **\$0.76 per sq. ft.**, up **6%** from **\$0.71 per sq. ft.** the prior year.

Houston Multifamily

Year-to-date, **9,410** multifamily units have been absorbed in Houston, doubling from **4,714** units this time last year. Overall occupancy in the Houston multifamily market decreased to **90.3%** in July 2023, down **110** basis points from **91.4%** in July 2022. As of July 2023, **33,527** units filled Houston's multifamily construction pipeline. Over the prior three years, construction averaged around **33,000** units annually. Year-to-date, deliveries amounted to **14,928** units, increasing **36%** from the prior year-to-date number at **11,010** units. The average monthly rate continues to trend upward at **\$1,307** in July 2023, up slightly from **\$1,290** sq. ft. in July 2022.

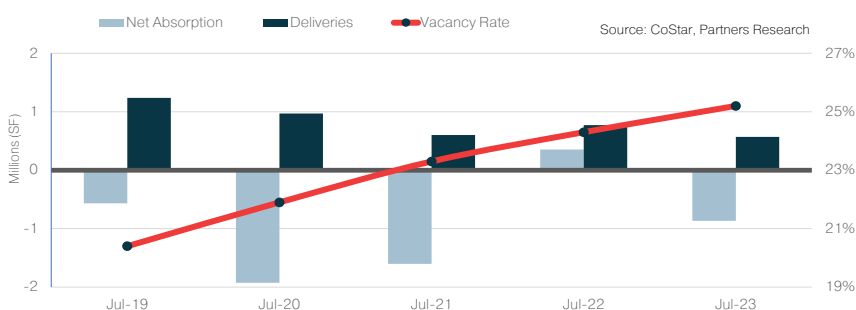
Houston Retail

As of July 2023, the overall vacancy rate in Houston's retail market was **5.1%**, up **20** basis points from **4.9%** the previous year. Year-to-date, leasing activity tallied **4.1 million sq. ft.**, down **28%** from the prior year-to-date amount of **5.7 million sq. ft.** Year-to-date, net absorption is at **1.7 million sq. ft.**, down from a more robust year-to-date total of **3.6 million sq. ft.** the previous year. Retail construction was at **3.9 million sq. ft.** in July 2023—on trend with the three-year average also at **3.9 million sq. ft.** Year-to-date, deliveries increased **30%** from **1.6 million** in 2022 sq. ft. to **2.1 million** sq. ft. in 2023. The average monthly rate increased **3%** year-over-year, currently standing at **\$20.06** sq. ft.

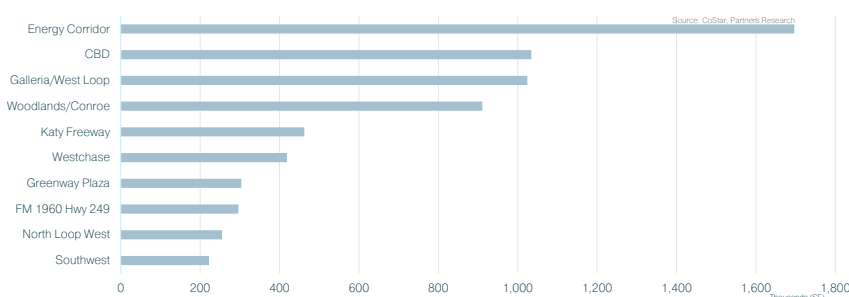
Office | Key Market Indicators

	July 2023	vs	July 2022
Vacancy	25.2%	▲	24.3%
Availability	28.3%	▼	29.2%
Under Construction SF	2,528,779	▼	2,879,641
Gross Average Asking Rent	\$29.92	▼	\$30.07
Net Absorption SF (YTD)	-865,552	▼	353,639
Leasing Activity SF (YTD)	8,480,408	▼	9,601,442
Deliveries SF (YTD)	569,170	▼	772,146

Office | Supply & Demand



Office | Leasing Activity - Top 10 Submarkets



Office | Annual Rent Growth

