

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 monthly rate 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.

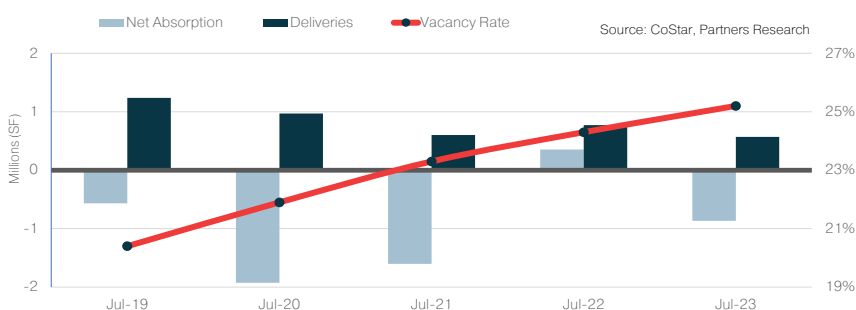
Houston Retail

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 asking rent increased 3% year-over-year, currently standing at \$20.06 sq. ft.

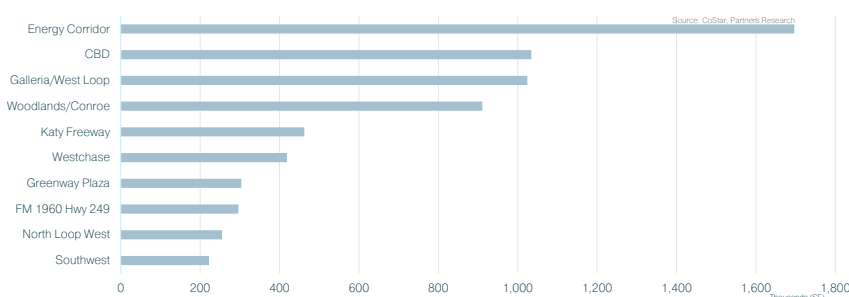
Office | Key Market Indicators

	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

