

# HOUSTON INDUSTRIAL | OFFICE | RETAIL | MULTIFAMILY

## Monthly Snapshot

### Record-High Year-to-Date Deliveries Recorded in Houston Industrial

## DECEMBER 2023

### HOUSTON INDUSTRIAL

The overall vacancy rate in the Houston industrial market as of November 2023 was **6.6%**, up 140 basis points from **5.2%** year-over-year. Year-to-date, net absorption is at **18.2 million sq. ft.**—down 38% from the prior year-to-date tally of **29.6 million sq. ft.** Year-to-date, deliveries reached **30.7 million sq. ft.**, passing the previous record-high of 29.1 million sq. ft. noted in Q4 2020. The Southeast submarket led year-to-date deliveries at 8.2 million sq. ft. (27%), followed by the Northwest submarket at 6.9 million sq. ft. (23%). Notable deliveries within the past year include a 1.0 million-sq.-ft. warehouse at 3200 South FM 565 Road in June 2023, and a 908,853-sq.-ft. distribution center at 19201 Hamish Road in July 2023. The average monthly rate stands at **\$0.78 per sq. ft.**, up 8% from **\$0.72 per sq. ft.**

### HOUSTON OFFICE

Eleven months into 2023, the overall vacancy rate in the Houston office market was 25.1%, up 50 basis points from 24.6%, year-over-year. Year-to-date, net absorption—move-ins minus move-outs—improving from the previous year-to-date figure of -581,768 sq. ft. Oil & gas and chemical companies continue to drive office demand in Houston. Exxon Mobil occupied a 255,930-sq.-ft. office facility at 22777 Springwoods Village Parkway in August 2023, and Quantix filled 145,261 sq. ft. of office space near the intersection of Market Street and East Freeway in March 2023. Year-to-date, deliveries are at 1.4 million sq. ft., up 71% from the prior year-to-date number of 829,981 sq. ft. The average asking rent currently stands at \$30.39 per sq. ft.—a record high for the metro’s office sector—up slightly from \$30.02 per sq. ft. the prior year.

### HOUSTON RETAIL

As of November 2023, the overall vacancy rate in Houston’s retail market remained flat from the prior year at 5.0%. Retail availability (5.8%) has continued at sub-6% availability levels for 7 consecutive quarters—emphasizing the consistent demand for retail space in Houston. Year-to-date, net absorption is at 3.5 million sq. ft., and year-to-date deliveries are at 3.6 million sq. ft.—a difference of 146,863 sq. ft.—indicative of balanced market fundamentals. Retail construction is at 3.3 million sq. ft. in November 2023—trending close to the three-year average of 4.0 million sq. ft. The average asking rent increased 4% year-over-year, currently standing at \$20.22 per sq. ft.

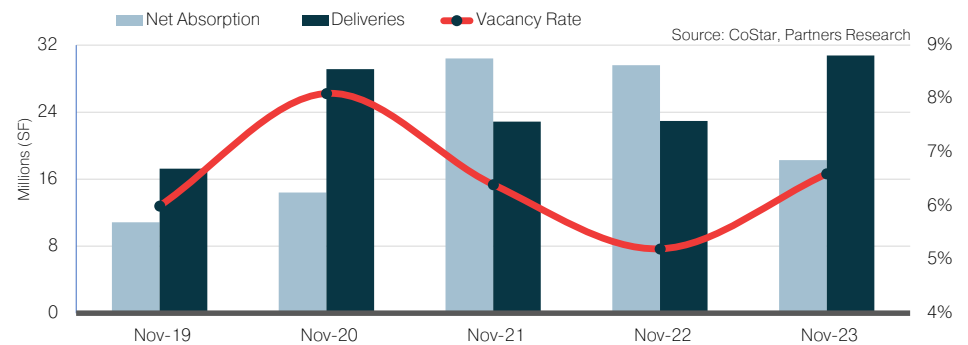
### HOUSTON MULTIFAMILY

Year-to-date, 14,658 units have been absorbed in Houston, surging from 3,139 units this time last year. Overall occupancy decreased to 89.8% in November 2023, down 90 basis points from 90.7% in November 2022. As of November 2023, 29,511 units filled with Houston’s multifamily construction pipeline. Over the prior three years, construction averaged around 34,000 units annually. Year-to-date, deliveries have amounted to 23,958 units, up 36% from the prior year-to-date number of 17,703 units. The average monthly rental rate currently stands at \$1,300 per unit, up slightly from \$1,292 per unit the previous year.

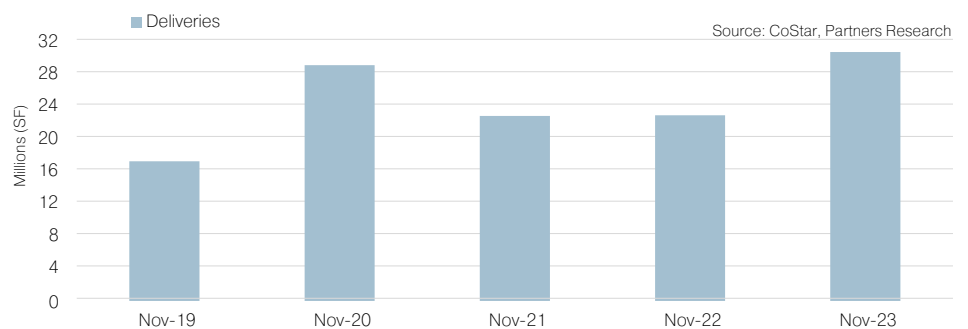
### MARKET INDICATORS

|                           | November 2023 | vs | November 2022 |
|---------------------------|---------------|----|---------------|
| Vacancy                   | 6.6%          |    | 5.2%          |
| Availability              | 9.5%          |    | 9.4%          |
| Under Construction SF     | 23,388,377    |    | 37,256,511    |
| Avg Asking Rent (NNN/MO)  | \$0.78        |    | \$0.72        |
| Net Absorption SF (YTD)   | 18,281,476    |    | 29,604,444    |
| Leasing Activity SF (YTD) | 38,546,833    |    | 51,548,704    |
| Deliveries SF (YTD)       | 30,762,981    |    | 22,949,554    |

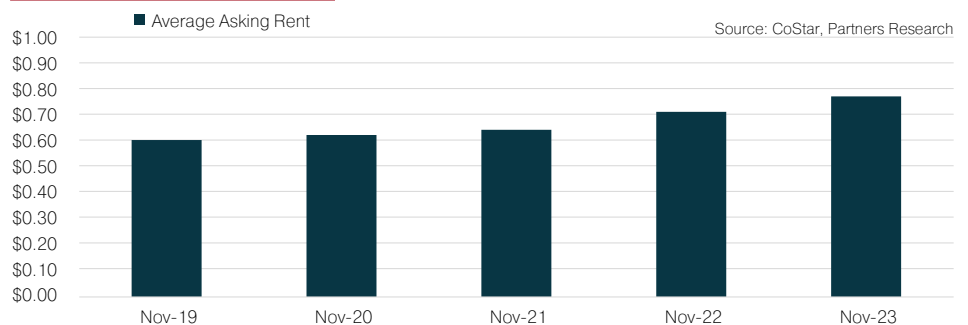
### SUPPLY & DEMAND



### DELIVERIES



### ANNUAL RENT GROWTH



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