

HOUSTON RETAIL Monthly Market Snapshot

FEBRUARY 2021

Market Highlights

Market fundamentals. Occupancy in the Houston retail market is at 93.5%, down 80 basis points from this time last year. During Q2 2020 marked the first time Houston retail occupancy registered below 94.0% since 2014. The net amount of square feet absorbed (move-ins minus move-outs) is negative thus far in 2021—down significantly year-over-year from positive 175,000 sq. ft. The occupancy rate of the 12 buildings totaling 242,000 sq. ft. delivered to the market so far in 2021 stands at 50.2%. Of the 91 properties comprising 1.9 million sq. ft. under construction, the availability rate stands at 40.4%. Year-to-date through January, the Houston retail market has recorded 553,000 sq. ft. of leasing activity—which is comprised of both new leases and renewals—up about 3.8% from one year ago.

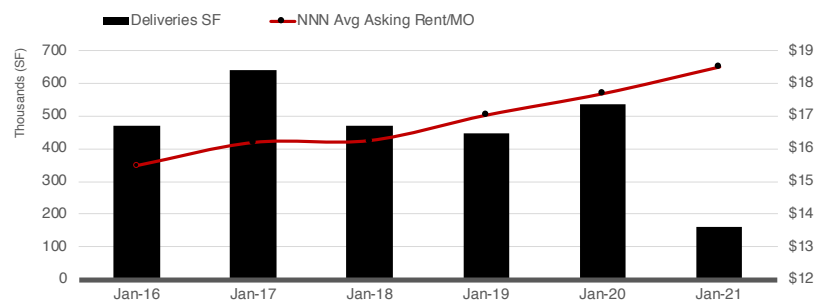
Retail Rundown. Recent lease transaction include Barnes & Noble renewing 26,418 sq. ft. in Vanderbilt Square on W. Holcombe Blvd.; Bijou Nail Spa & Salon Park inking a deal for 11,000 sq. ft. in Spring Cypress Village; and Child’s Keeper Day Care Center taking occupancy of 10,800 sq. ft. in Montgomery County. Anticipated store openings include Aritiza, an upscale women’s brand’s Galleria store—its first Houston location; Manor Home Décor at Redemption Square in Generation Park; national chain Cherry Blow Dry Bar coming to Cypress; and Paddywax Candle Bar opening in Rice Village.

Retail and rooftops. The Houston housing market defied the pandemic and set new records in 2020. According to the Houston Association of Realtors, 2020 single-family home sales rose 10.5% to 96,151. Sales of all property types for the year totaled 115,523. That represents an 11.6% increase over 2019’s record volume and marks only the second time in history that total property sales broke the 100,000 level. Total dollar volume for 2020 shot up 18.1% to a record-breaking \$35.3 billion. Entering 2021, there is a serious need of inventory to sustain a healthy pace of home sales. Single-family homes inventory narrowed dramatically from a 3.2-months’ supply to 1.9 months. For perspective, housing inventory across the U.S. currently stands at a 2.3-months’ supply, according to the latest National Association of Realtors (NAR) report.

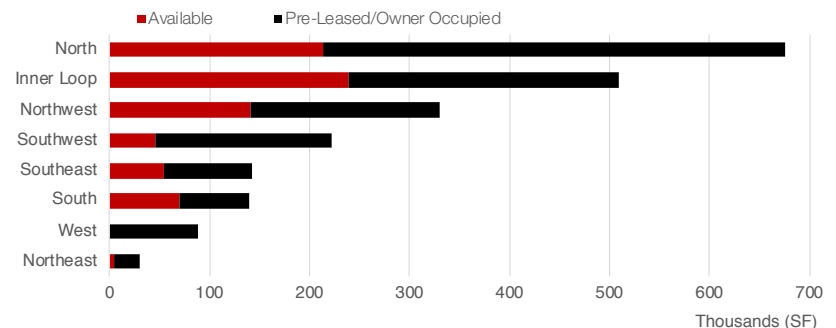
Market Activity

| | January 2021 | | January 2020 |
|------------------------|--------------|---|--------------|
| Occupancy Rate | 93.5% | ↓ | 94.3% |
| Under Construction | 1,881,239 | ↓ | 3,153,316 |
| NNN Avg Asking Rent/MO | \$18.52 SF | ↑ | \$17.92 SF |
| Net Absorption YTD | -781,863 PSF | ↓ | 175,489 PSF |
| Leasing Activity YTD | 552,699 SF | ↑ | 532,493 SF |
| Deliveries YTD | 162,242 SF | ↓ | 557,197 SF |

Deliveries & Rent | January YOY



Under Construction



Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIpartners
HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com