

# HOUSTON RETAIL MONTHLY MARKET SNAPSHOT | NOVEMBER 2021

Houston Retail market vacancy rate tightens back to pre-pandemic level

## MARKET HIGHLIGHTS

### VACANCY RATE TIGHTENS TO 5.8%

Demand for retail space (4.9 million sq. ft. of net absorption) outpaced supply (3.9 million sq. ft. of deliveries) during the first ten months of 2021 in the Houston metro. This is the first time since 2016 that the amount of net absorption was greater than the amount of square feet delivered from January through October. With 3.9 million sq. ft. delivered since the beginning of the year, 3.9 million sq. ft. under construction, and another 5.0 million sq. ft. planned through 2022, the demand for retail real estate may continue to surpass supply. Thanks to improved conditions, such as a recent uptick in consumer spending and a decreasing construction pipeline, the Houston retail market's vacancy rate has tightened to 5.8%.

### ROBUST LEASING ACTIVITY

The Houston retail market has recorded 6.4 million sq. ft. of leasing activity—which is comprised of both new leases and renewals—from January through October 2021, an 8.5% increase from this time last year. Significant lease transactions in 2021 include: Target leasing 136,000 sq. ft. in Valley Ranch Town Center in Montgomery County in October; AXXA Auto signing a 77,697 sq. ft. lease at 7200 Gulf Freeway in the Near Southeast submarket in January; and Hobby Lobby inking a renewal for 56,084 sq. ft. in the Willowbrook submarket in September.

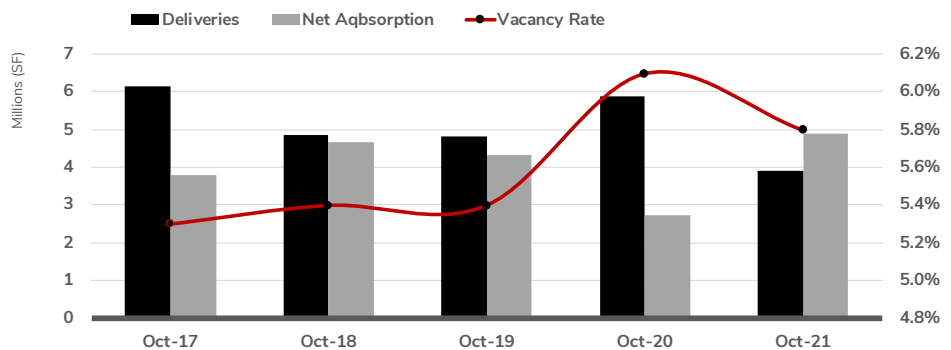
### RETAIL AND ROOFTOPS

After the Houston housing market's 13-month run of positive sales was suddenly interrupted in July, October became the second month of 2021 to experience a decline in home sales. According to the Houston Association of REALTORS, single-family homes sales fell 5.2% versus last October, with 8,703 units sold. That is down from 9,183 sales in 2020. On a year-to-date basis, however, local home sales are 12.9% ahead of 2020's record pace and up 21.6% when compared to 2019, the previous record-setting year.

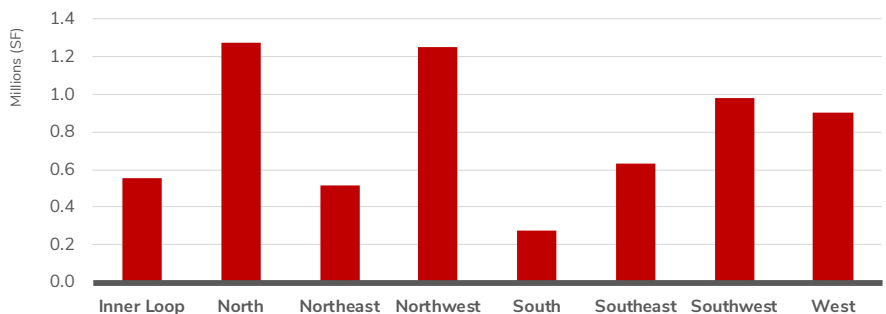
## MARKET ACTIVITY

	OCTOBER 2021	vs	OCTOBER 2020
Vacancy	5.8%	↓	6.1%
Availability	6.6%	↓	7.1%
Under Construction SF	3,925,375	↓	4,046,828
NNN Avg Asking Rent/MO	\$18.93	↑	\$18.34
Net Absorption SF YTD	4,876,240	↑	2,744,825
Leasing Activity SF YTD	6,390,008	↑	5,886,771
Deliveries SF YTD	3,915,902	↓	5,901,967

## SUPPLY & DEMAND | OCTOBER - YEAR OVER YEAR



## LEASING ACTIVITY | OCTOBER 2021 - YEAR-TO-DATE



**LETA WAUSON**

DIRECTOR OF RESEARCH  
leta.wauson@naipartners.com  
tel 713 275 9618

**NAI**partners  
BROKERAGE SERVICES  
www.naipartners.com