

HOUSTON RETAIL MONTHLY MARKET SNAPSHOT | SEPTEMBER 2021

Demand outpaces supply in Houston Retail market during first eight months of year for first time since 2016

MARKET HIGHLIGHTS

SUPPLY & DEMAND

Demand for retail space (3.2 million sq. ft.) outpaced supply (1.9 million sq. ft.) during the first eight 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 August. With 2.6 million sq. ft. delivered since the beginning of the year, 3 million sq. ft. under construction, and another 6.3 million sq. ft. planned through 2022, the demand for retail real estate may continue to outpace supply. Thanks to improved conditions, such as a recent uptick in consumer spending and a decreasing construction pipeline, the Houston market's vacancy rate has tightened over the past several quarters.

OCCUPANCY

Occupancy in the Houston retail market is at 94.1%, up 40 basis points from this time last year at 93.8%. The net amount of square feet absorbed (move-ins minus move-outs) is 3.2 million sq. ft. thus far in 2021—up 71% year-over-year from 1.9 million sq. ft. Year-to-date through August, the Houston retail market has recorded 4.5 million sq. ft. of leasing activity—which is comprised of both new leases and renewals—equal to this time last year.

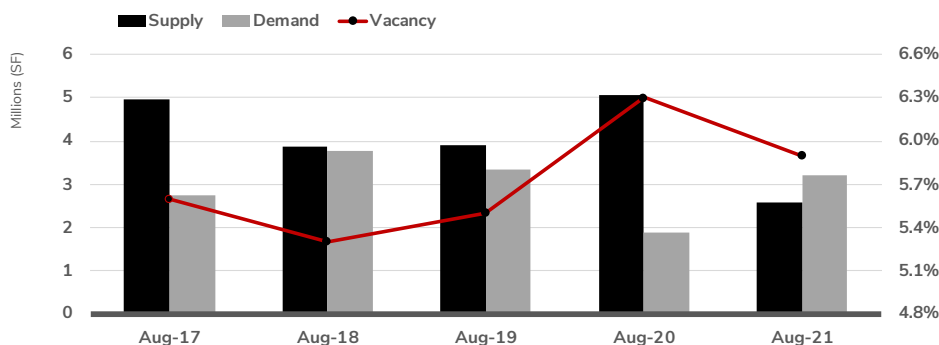
RETAIL AND ROOFTOPS

After the Houston housing market's 13-month run of positive sales was suddenly interrupted in July, August saw a return to increased sales volume with inventory levels improving and prices showing signs of moderation while remaining higher than last year. According to the Houston Association of Realtors, single-family homes sales were up 8.5% compared to last August, with 9,890 units sold versus 9,118 a year earlier. On a year-to-date basis, local home sales are 17.4% ahead of 2020's record paces.

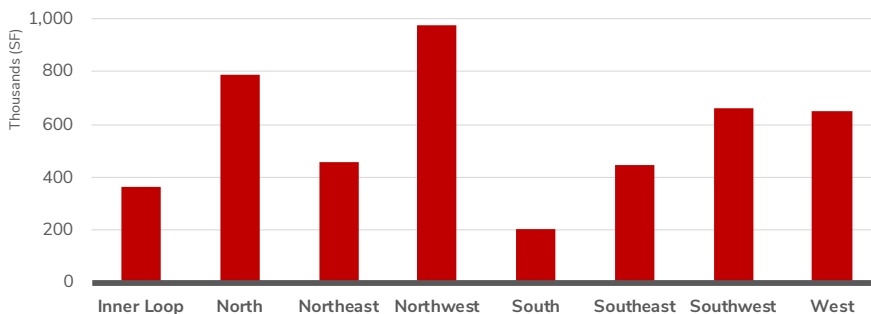
MARKET ACTIVITY

	AUGUST 2021	vs	AUGUST 2020
Vacancy	5.9%	↓	6.3%
Availability	6.9%	↓	7.3%
Under Construction SF	2,970,345	↓	3,137,443
NNN Avg Asking Rent/MO	\$18.94	↑	\$18.24
Net Absorption SF YTD	3,216,188	↑	1,880,015
Leasing Activity SF YTD	4,546,115	↓	4,636,065
Deliveries SF YTD	2,564,869	↓	5,073,243

SUPPLY & DEMAND | AUGUST - YEAR OVER YEAR



LEASING ACTIVITY | AUGUST 2021 - YEAR-TO-DATE



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