

# HOUSTON RETAIL MONTHLY MARKET SNAPSHOT | JUNE 2022

Houston Retail asking rents continue record-breaking streak.

## MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST FIVE MONTHS OF THE YEAR—MAY 2022 COMPARED TO MAY 2021.

### VACANCY RATE AT 5.5%

Almost halfway through 2022, overall vacancy in the Houston retail market has tightened to 5.5%, dropping 80 basis points from this time last year at 6.3%. Availability is at 6.5%, down 70 basis points from 7.2% in May 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The first five months of the year mark the highest amount of leasing activity in January through May on record for the Houston retail market since 2016. 3.9 million sq. ft. of leasing activity comprised of both new leases and renewals was recorded, while net absorption (move-ins minus move-outs) is at 2.0 million sq. ft., almost equal year over year. Notable transactions during 2022 include Academy Sports + Outdoors signing a lease for 58,095 sq. ft. in South Cross Center in the Inner Loop University submarket; a 52,990 sq. ft. lease signed in Southview Square in the Southeast submarket; and Vettrus Supply signing a lease for 50,526 sq. ft. in Mainland Crossing in Texas City.

### AVERAGE RETAIL NNN ASKING RENTS AT AN ALL-TIME HIGH

Positive trends in leasing and absorption have driven average retail asking rents higher. The Houston metro NNN average asking rent is at an all-time high of \$19.37 per sq. ft., up 3.8% from \$18.66 last year. Strengthened by the region's strong demographic growth and a steady development pipeline, rent growth is expected to improve further through the near-term forecast so long as the local economic recovery continues.

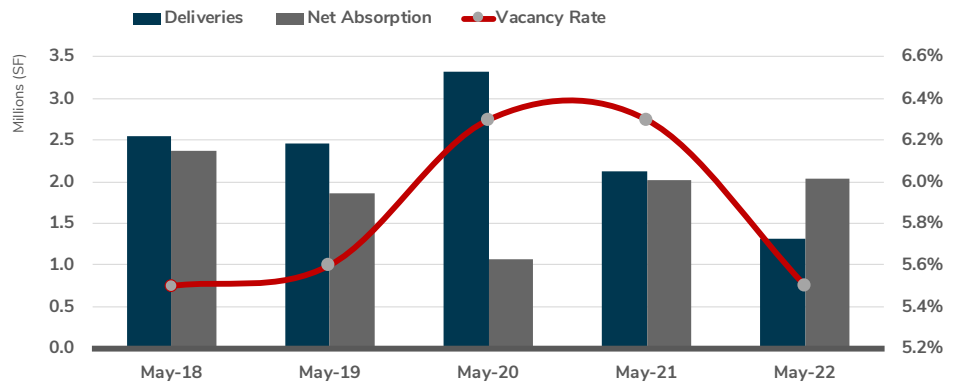
### RETAIL AND ROOFTOPS

Home sales maintained a strong pace in May even as prices climbed to record highs and mortgage interest rates increased further. According to the Houston Association of Realtors' May 2022 Market Update, single-family home sales fell 0.9%, marking the second consecutive monthly year-over-year decline with 9,627 units sold compared to 9,714 in May of 2021. However, the market is running 4.4% ahead of 2021's record-setting volume on a year-to-date basis. And due in part to an increase in new listings, housing inventory reached its highest level in 2022 so far.

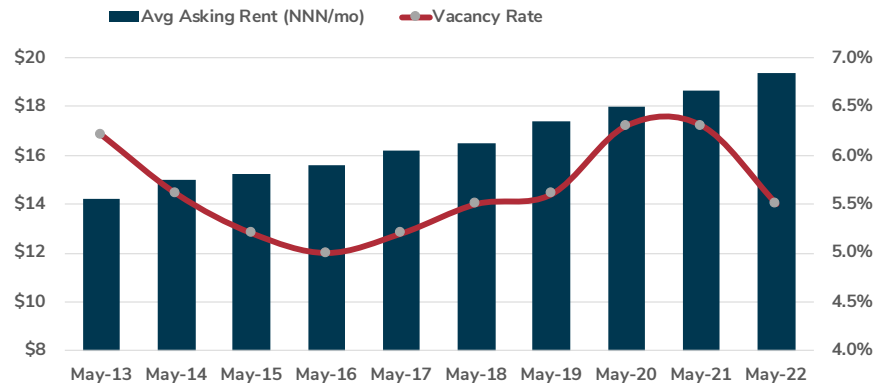
## MARKET ACTIVITY

	MAY 2022	vs	MAY 2021
Vacancy	5.5%	↓	6.3%
Availability	6.5%	↓	7.2%
Under Construction SF	4,364,021	↑	3,825,423
NNN Avg Asking Rent	\$19.37	↑	\$18.66
Net Absorption SF YTD	2,044,693	↑	2,025,235
Leasing Activity SF YTD	3,921,872	↑	3,100,186
Deliveries SF YTD	1,317,161	↓	2,117,661

## SUPPLY & DEMAND | MAY - YEAR OVER YEAR



## RENT & VACANCY | MAY - YEAR OVER YEAR



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