

Cautioned consumer spending among economic challenges for Houston retail landscape

▲ 5.4%

Availability Rate

▼ 247K

SF Net Absorption (000s)

▼ 597K

SF Completed (000s)

▼ \$20.08

Avg. Asking Rent (NNN)

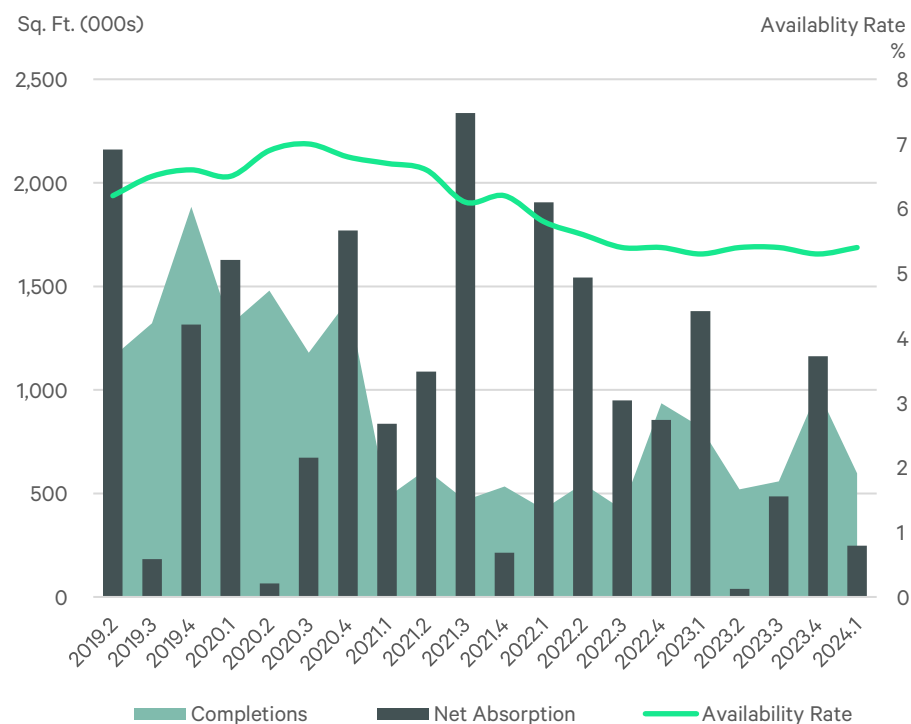
Note: Arrows indicate change from previous quarter.

Source: CBRE Econometric Advisors, Q1 2024.

Beginning Q1 2024, CBRE has revised our market coverage for the Houston quarterly Retail Figures report. Statistics and trends published in this report will not align with data and trends published in previous CBRE retail reports. Please see disclaimer on page 6 for full details.

MARKET HIGHLIGHTS

- The Houston retail market closed Q1 2024 with an availability rate of 5.4%, reflecting a minimal increase of 0.1% from Q4 2023.
- Primarily driven by power centers, Q1 2024 net absorption notably decreased compared to the 1.2 million sq. ft. recorded in Q4 2023, with Houston's retail landscape posting approximately 247,000 sq. ft. for the quarter.
- The volume of retail completions was down by more than 40% quarter-over-quarter, deliver just under 600,000 sq. ft. of new product across the Houston market
- Following four consecutive quarters of retail rent growth, the overall average net asking rent for retail in Houston ended Q1 2024 at \$20.08, representing a -\$0.33 change from Q4 2023.
- In terms of investment sales, Q1 2024 amounted to \$796.7 million in total volume for the Houston market, led by River Oaks District in the Inner Loop - sold as part of an all-cash portfolio sale at \$164.3 million (302.7ksf) or \$543/sq. ft.



Source: CBRE Econometric Advisors, Q1 2024.

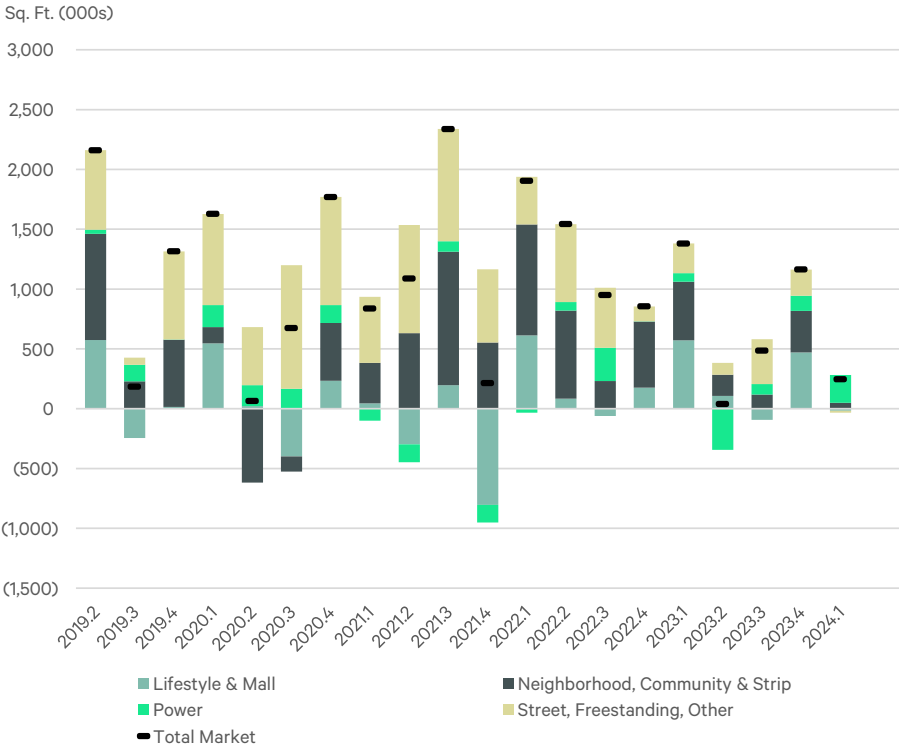
Market Overview

FIGURE 3: Market Statistics by Product Type

Market	Inventory (Sq. Ft. 000s)	Availability Rate (%)	Net Absorption (Sq. Ft. 000s)	Completions (Sq. Ft. 000s)	Net Rent
Lifestyle & Mall	32,463	3.0	(18)	36	\$23.92
Neighborhood, Community & Strip	163,580	7.5	49	174	\$19.35
Power	31,178	5.0	232	15	\$24.17
Street, Freestanding, Other	155,006	3.8	(16)	372	-
Total Market	382,227	5.4	247	597	\$20.08

Source: CBRE Econometric Advisors, Q1 2024.

FIGURE 4: Net Absorption by Center Type



Source: CBRE Econometric Advisors, Q1 2024.

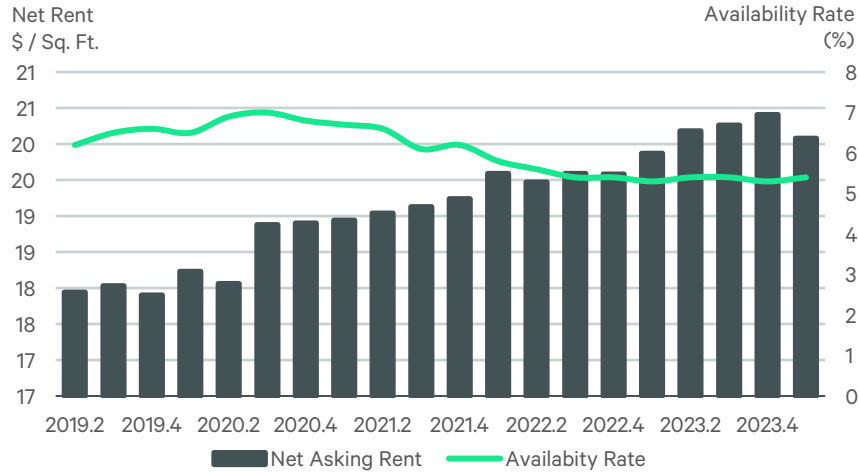
FIGURE 5: Market Statistics by Submarket

Market	Inventory (Sq. Ft. 000s)	Availability Rate (%)	Net Absorption (Sq. Ft. 000s)	Completions (Sq. Ft. 000s)	Net Rent
Total Market	382,227	5.4	247	597	\$20.08
Northeast	28,927	5.3	(102)	10	\$18.88
South	16,618	4.8	(44)	2	\$18.19
Far North	61,803	5.9	34	54	\$19.24
Far Northwest	49,669	6.9	(59)	109	\$20.14
Far Southeast	40,318	5.4	84	8	\$17.82
Far Southwest	40,485	6.2	129	185	\$19.84
Far West	28,797	6.4	(23)	18	\$22.47
Inner Loop	30,612	4.6	117	34	\$29.82
Near North	11,623	3.4	100	12	\$15.41
Near Northwest	19,595	3.7	(47)	-	\$17.85
Near Southeast	16,674	5.3	(47)	5	\$15.53
Near Southwest	20,215	3.7	142	160	\$21.81
Near West	16,408	3.7	(34)	-	\$24.06
Outlying Houston	483	1.0	(3)	-	-

Source: CBRE Econometric Advisors, Q1 2024.

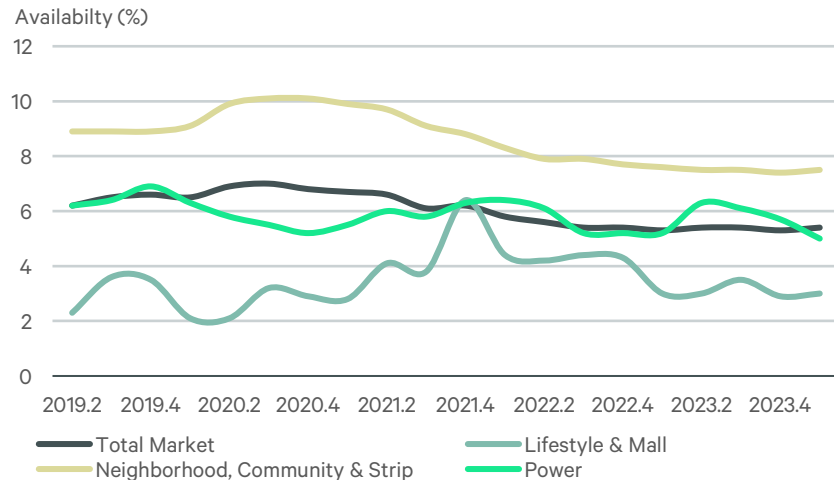
Asking Rents & Availability

FIGURE 6: Net Asking Rent and Availability Rate



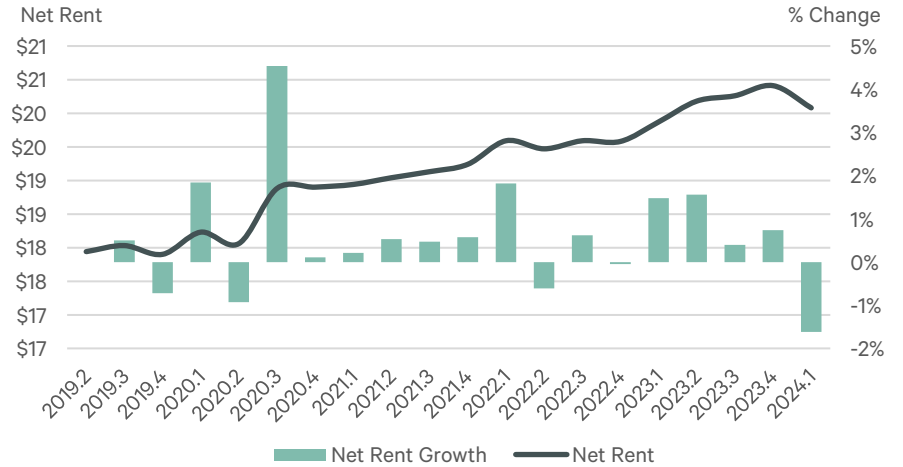
Source: CBRE Econometric Advisors, Q1 2024.

FIGURE 8: Availability by Center Type



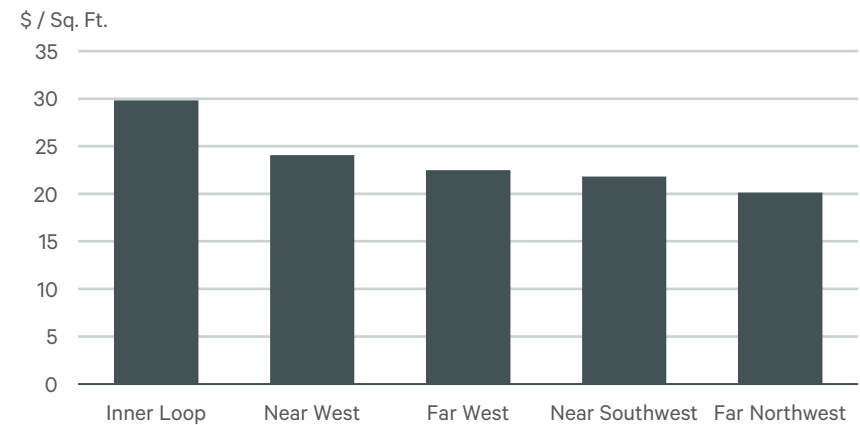
Source: CBRE Econometric Advisors, Q1 2024.

FIGURE 7: Net Rent and % Change



Source: CBRE Econometric Advisors, Q1 2024.

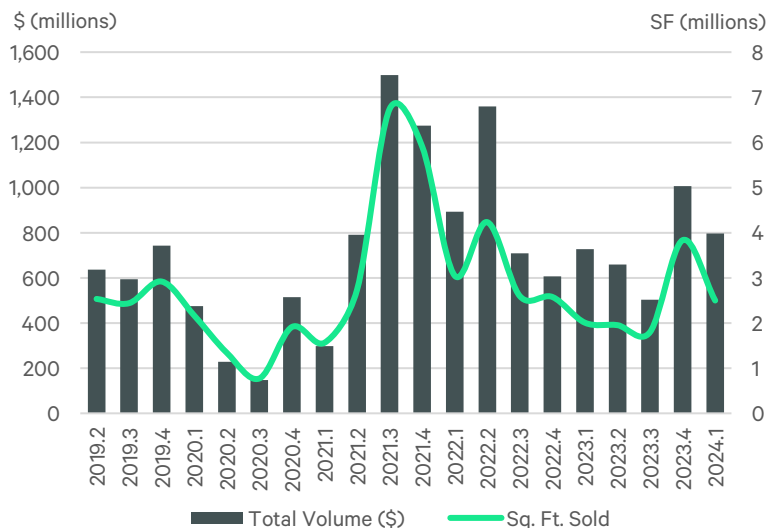
FIGURE 9: Top 5 Submarket by Net Rent



Source: CBRE Econometric Advisors, Q1 2024.

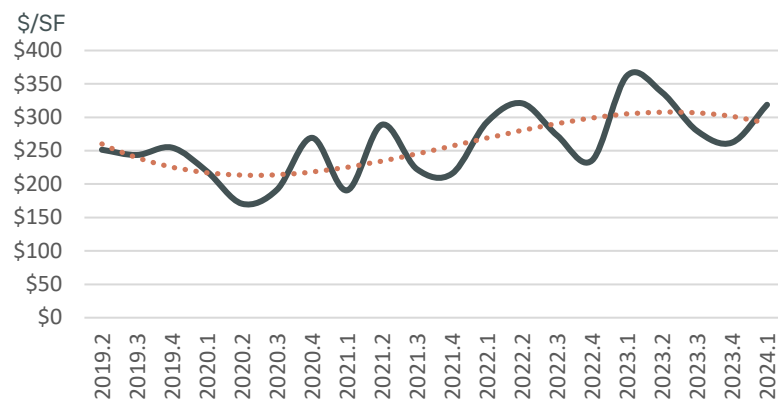
Investment Sales

FIGURE 10: Retail Investment Sale Volume



Source: MSCI Real Capital Analytics, Q1 2024.

FIGURE 11: Retail Investment Sale Price Per Sq. Ft.



Source: MSCI Real Capital Analytics, Q1 2024.

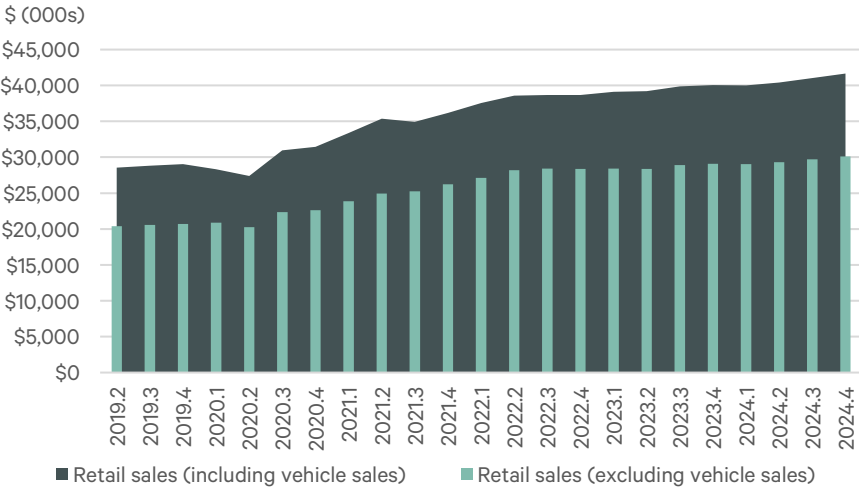
FIGURE 12: Q1 2024 Sale Transactions

Property Name	City	Building SF	Year Built
River Oaks District (Retail)	Houston	252,000	2015
Fry & Tuckerton Retail Buildings A-D	Houston	60,751	2025
Family Thrift	Houston	33,207	2025
444 Katy Village Parkway	Katy	150,548	2021
Garden Oaks	Houston	106,858	1956
Presidio Square	Houston	189,259	1985
Clearbrook Business Park	Houston	102,500	2006
Memorial At Kirkwood	Houston	104,887	1979
Costco	Webster	157,291	2018
Former Sam's Club	Houston	139,000	2013
Sugar Land Life Time	Sugar Land	108,890	2004
Life Time Fitness	Houston	125,025	2005

Source: MSCI Real Capital Analytics, Q1 2024.

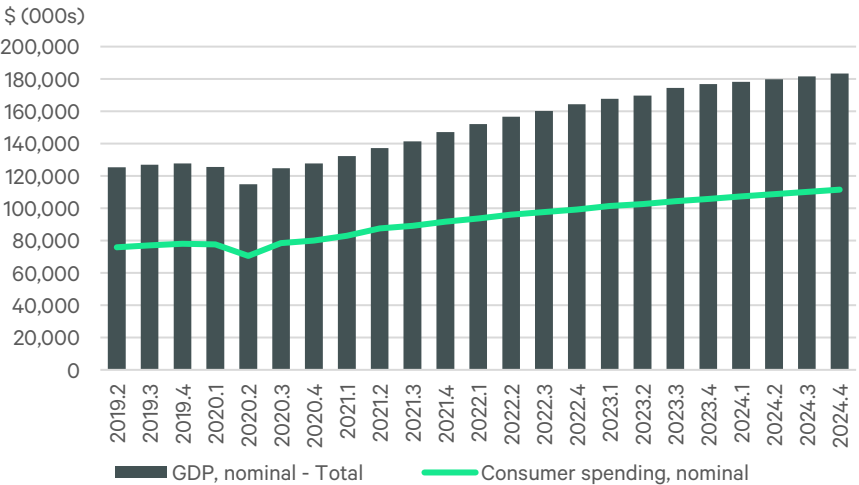
Economic Overview

FIGURE 13: Total Retail Sales



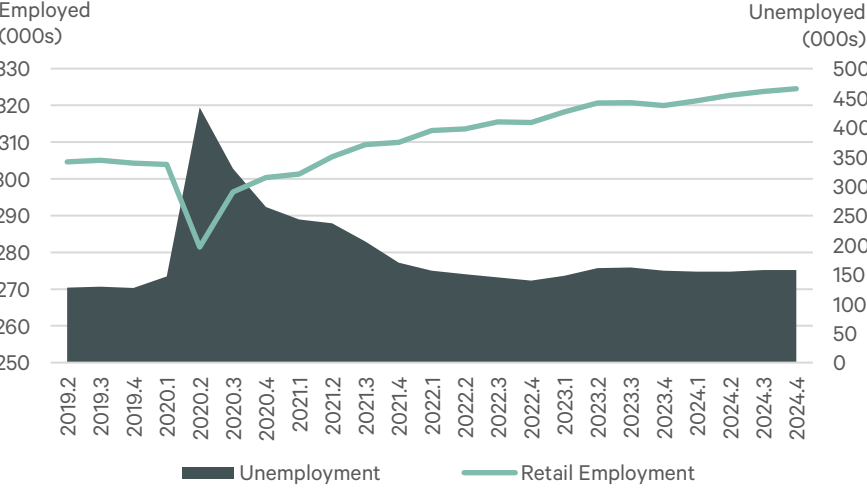
Source: Oxford Economics, Q1 2024.

FIGURE 15: GDP & Consumer Spending



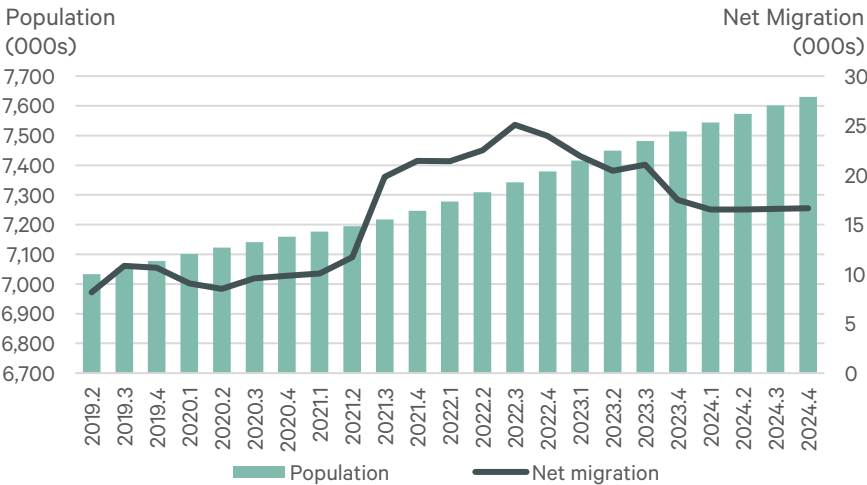
Source: Oxford Economics, Q1 2024.

FIGURE 14: Retail Employment vs. Unemployment



Source: Oxford Economics, Q1 2024.

FIGURE 16: Total Population & Net Migration



Source: Oxford Economics, Q1 2024.

Contacts

Brandon Isner

Head of Americas Retail Research

brandon.isner@cbre.com

Savannah Tufts

Field Research Manager

savannah.tufts@cbre.com

CBRE Econometric Advisors

Daniel Diebel

Economist

daniel.diebel@cbre.com

Retail Definitions

Neighborhood, community and strip centers are groupings of buildings where there is most often an anchor property (except strip). Neighborhood properties are the largest ranging from 125,000 to 400,000 sq. ft., followed by community at 30,000 to 125,000 sq. ft., and strip with 30,000 or less sq. ft.

Lifestyle are upscale national-chain specialty stores with dining and entertainment in an outdoor setting. Lifestyle centers range from 150,000 to 500,000 sq. ft. Malls, including both regional and super regional malls, can provide a wide range of goods and services. Regional malls are built around full-line department stores and usually range over 300,000 sq. ft. Super regional malls are usually over 750,000 sq. ft. with more department stores.

Power Centers are category-dominant anchors, including discount department stores, off-price stores, and wholesale clubs, with only a few small tenants. They range from 250,000 to 600,000 sq. ft. and have multiple anchors.

Freestanding Retail are single-tenant occupied retail buildings. All other variables may vary.

Market Definition

The Houston market consists of Austin County, Brazoria County, Chambers County, Fort Bend County, Galveston County, Harris County, Liberty County, Montgomery County, Waller County.

Beginning Q1 2024, CBRE has revised our market coverage for the Houston quarterly Retail Figures report. The market area covered in this and future reports include Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller Counties. This market area is larger than the area covered in previous CBRE Houston Retail Figures reports. Additionally, statistical metrics area based on data for retail spaces of 1,000 sq. ft. or greater, for retail property types including neighborhood, community and strip centers, lifestyle centers, power centers and freestanding retail (see definitions section for more details). This statistical property data set differs from that used in CBRE Houston Retail Figures reports published prior to 2024.

© Copyright 2024 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.