# Positive absorption and slowed construction activity tighten availability for Houston retail landscape

▼ 5.3%
Availability Rate

▲ 894K
SF Net Absorption (000s)

▼ 331K
SF Completed (000s)

▼ $19.74
Avg. Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.

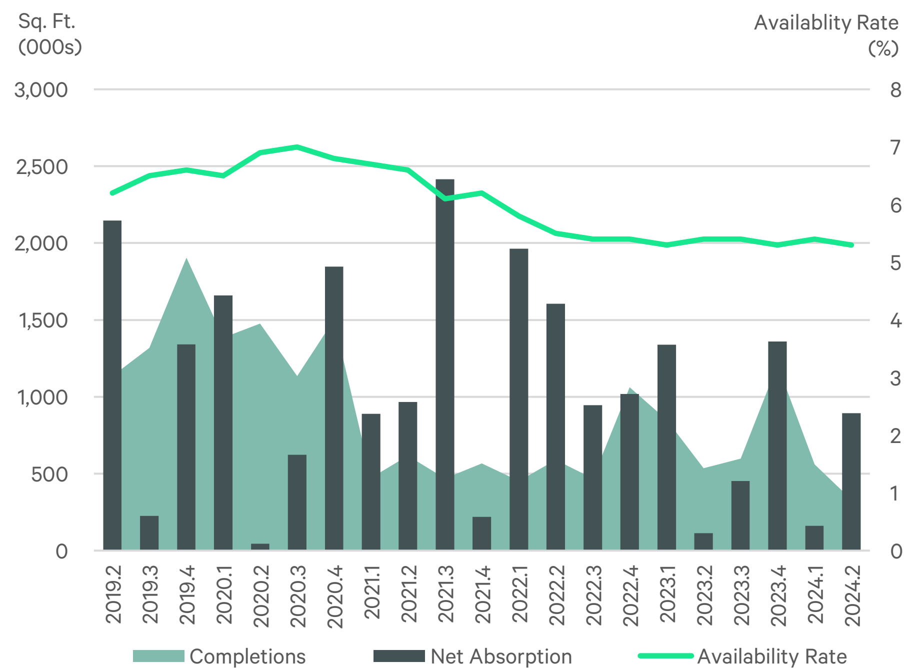
Source: CBRE Econometric Advisors, Q2 2024.

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

- In light of reporting a notable slowdown in retail deliveries and new construction in Q2 2024, the Houston retail market welcomed the existing space that came online this quarter as a result of store closures
- Turnover of big box space including 18 Houston area 99 Cents storefronts presented new opportunity for retail landlords to capture higher rents amid limited availability and rising demand
- Across approximately 894,000 sq. ft. of positive net absorption posted this quarter, Street and Freestanding retail types (Figure 3) led with the majority of new retail occupancy
- Retail investment sales activity was significantly down in Q2 2024, recording a 74.0% drop in total volume quarter-over-quarter
- Limited first generation space options in combination with big box availabilities hitting the market in Q2 2024 resulted in a decrease to weighted average asking rates for a second consecutive quarter

FIGURE 1: Completions, Net Absorption, and Availability Rate




Source: CBRE Econometric Advisors, Q2 2024.

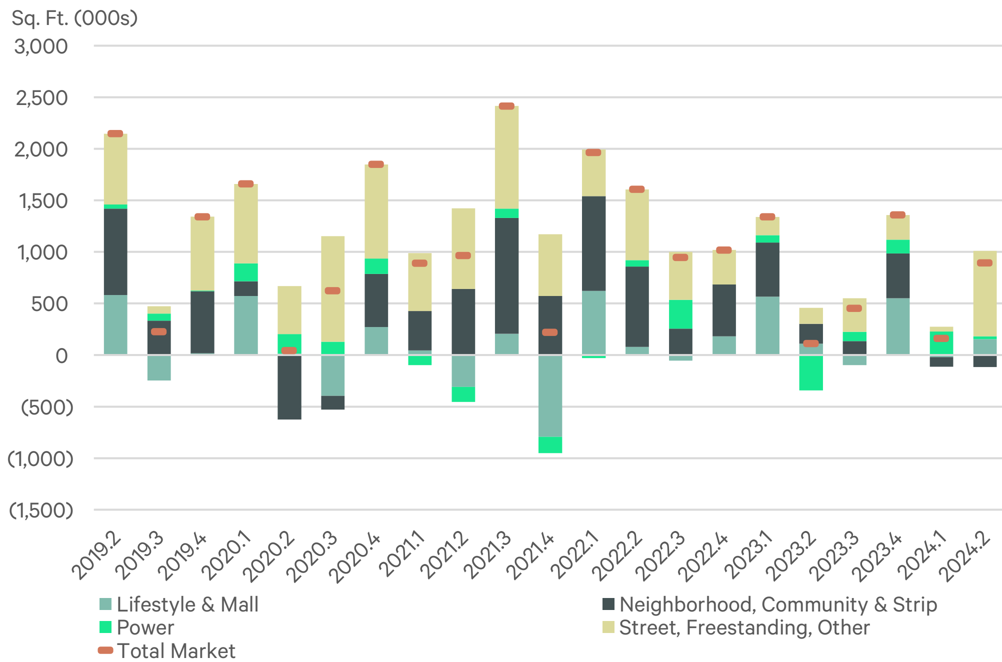
# Market Overview

FIGURE 2: Market Statistics by Product Type

| Market | Inventory (SF, 000s) | Availablity Rate (%) | Net Absorption (SF 000s) | Completions (SF 000s) | Net Rent |
|---|---|---|---|---|---|
| Lifestyle & Mall | 33,116 | 2.6 | 152 | 2 | $21.77 |
| Neighborhood, Community & Strip | 163,685 | 7.6 | (115) | 65 | $19.17 |
| Power | 30,583 | 4.9 | 30 | - | $21.79 |
| Street, Freestanding, Other | 156,195 | 3.5 | 827 | 264 | - |
| Total Market | 383,579 | 5.3 | 894 | 331 | $19.74 |

Source: CBRE Econometric Advisors, Q2 2024.

FIGURE 3: Net Absorption by Center Type




Source: CBRE Econometric Advisors, Q2 2024.

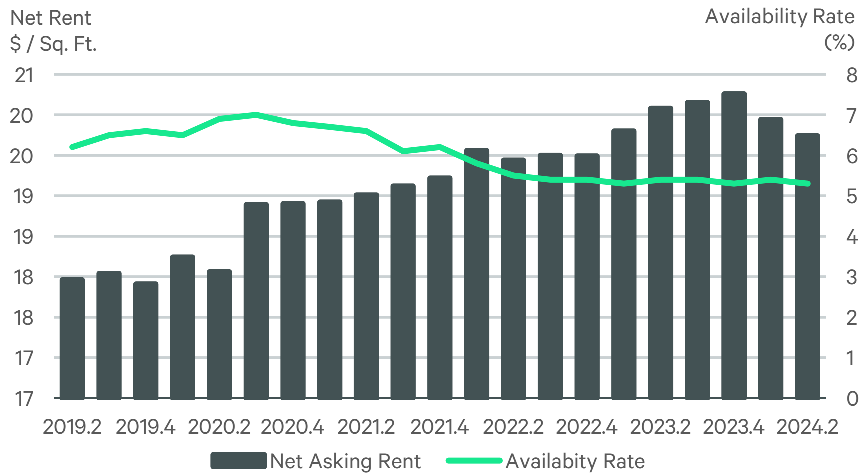
FIGURE 4: Market Statistics by Submarket

| Market | Inventory (SF 000s) | Availability Rate (%) | Net Absorption (SF 000s) | Completions (SF 000s) | Net Rent |
|---|---|---|---|---|---|
| Total Market | 383,579 | 5.3 | 894 | 331 | $19.74 |
| Far North | 61,940 | 5.8 | 125 | 46 | $18.87 |
| Far Northwest | 50,082 | 6.4 | 402 | 180 | $19.87 |
| Far Southeast | 40,513 | 5.1 | 170 | 22 | $17.41 |
| Far Southwest | 40,410 | 5.8 | 182 | 29 | $20.07 |
| Far West | 29,012 | 6.0 | 142 | 21 | $22.44 |
| Inner Loop | 30,733 | 4.7 | (17) | 6 | $27.66 |
| Near North | 11,664 | 4.2 | (83) | - | $14.19 |
| Near Northwest | 19,631 | 3.8 | 2 | 11 | $17.49 |
| Near Southeast | 16,799 | 5.6 | (55) | - | $14.49 |
| Near Southwest | 19,698 | 4.3 | (144) | - | $22.02 |
| Near West | 16,917 | 3.5 | 50 | - | $24.42 |
| Northeast | 29,073 | 4.9 | 96 | 16 | $18.53 |
| Outlying Houston | 483 | 1.4 | (3) | - | |
| South | 16,624 | 4.6 | 27 | - | $20.09 |

Source: CBRE Econometric Advisors, Q2 2024.

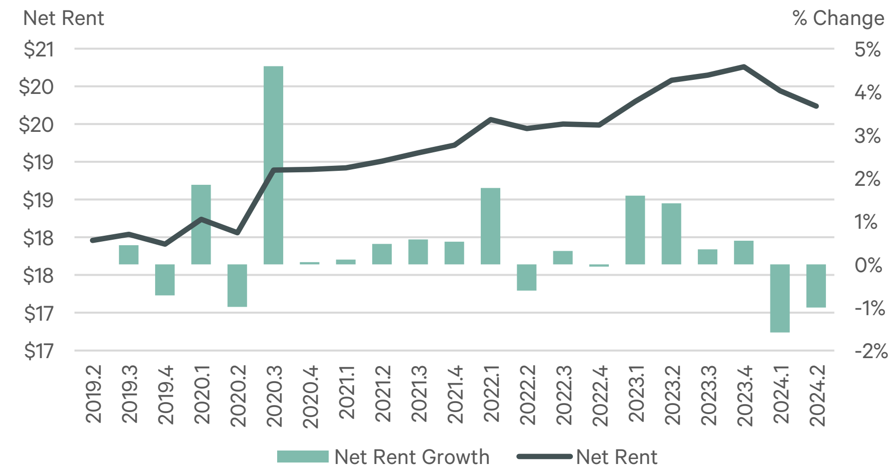
# Asking Rents & Availablity

FIGURE 5: Net Asking Rent and Availability Rate



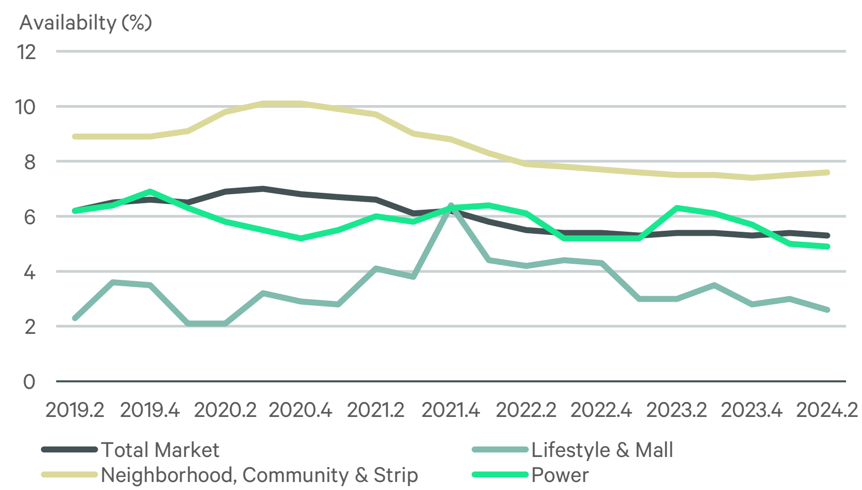

Source: CBRE Econometric Advisors, Q2 2024.

FIGURE 6: Net Rent and % Change



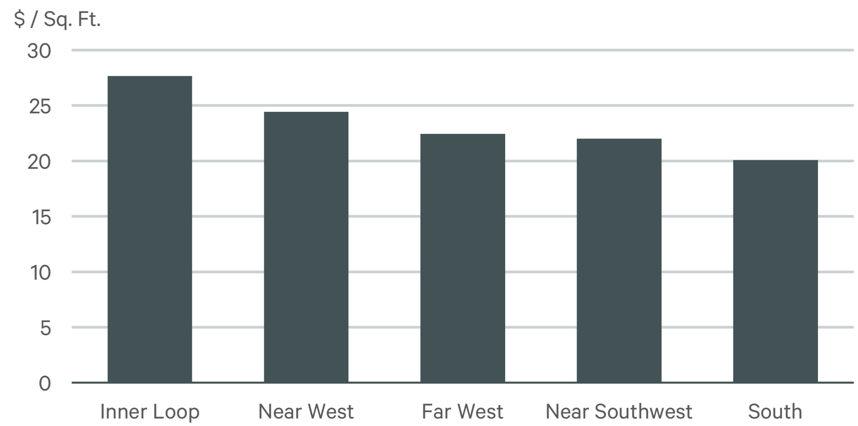

Source: CBRE Econometric Advisors, Q2 2024.

FIGURE 7: Availablity by Center Type




Source: CBRE Econometric Advisors, Q2 2024.

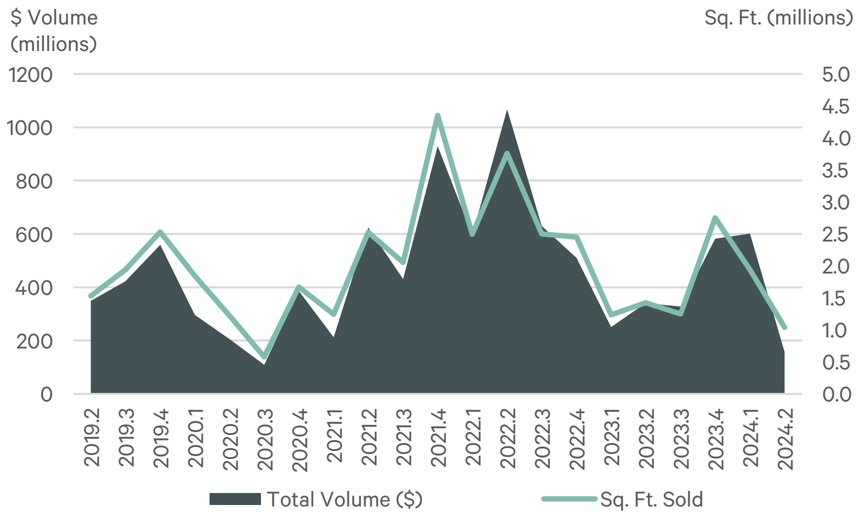
FIGURE 8: Top 5 Submarkets by Net Rent




Source: CBRE Econometric Advisors, Q2 2024.

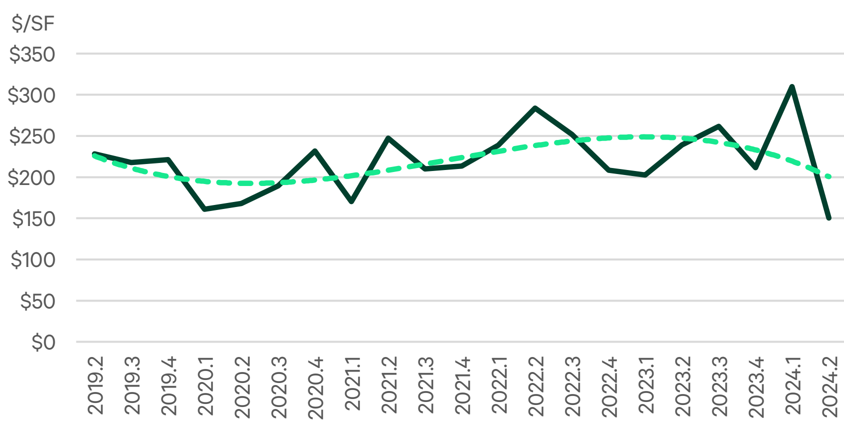
# Investment Sales

FIGURE 9: Retail Investment Sale Volume




Source: MSCI Real Capital Analytics, Q2 2024.

FIGURE 10: Retail Investment Sale Price Per Sq. Ft.




Source: MSCI Real Capital Analytics, Q2 2024.

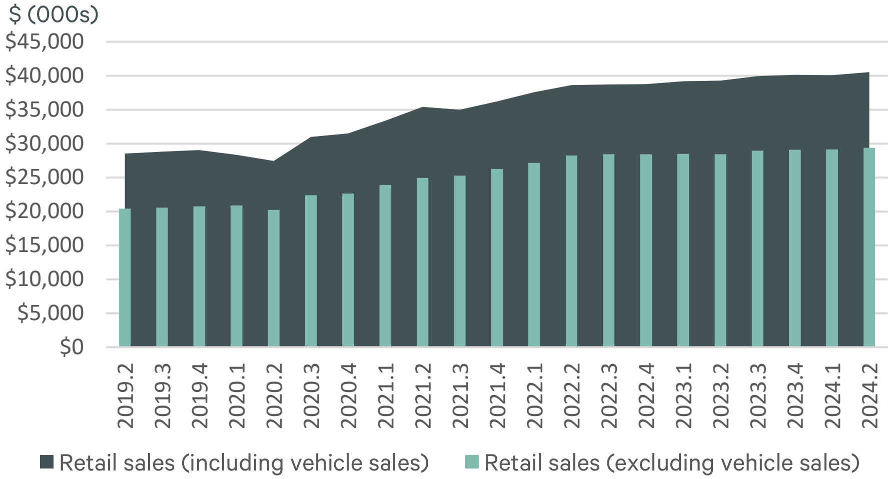
FIGURE 11: Q2 2024 Sale Transactions

| Property Name | City | Building SF | Year Built |
|---|---|---|---|
| Spring Village Mall | Houston | 299,655 | 1984 |
| Mainland Crossing | Texas City | 129,679 | 1991 |
| Mason Center | Katy | 105,851 | 1986 |
| 6640 FM 359 Road S | Fulshear | 83,452 | 2020 |
| Pelican Plaza Shopping Center | Seabrook | 45,000 | 1985 |
| Chase Retail Center | Houston | 42,440 | 2001 |
| 2915-2955 S Sam Houston Pkwy E | Houston | 38,188 | 2013 |
| 10800 S Gessner Road | Houston | 34,842 | 1985 |
| 20222 Champion Forest Drive | Houston | 33,575 | 2017 |
| Presidential Plaza | Houston | 30,152 | 2004 |
| Westheimer Plaza Shopping Center | Houston | 24,000 | 1974 |
| 11124 Cypress North Houston Road | Houston | 23,000 | 2002 |

Source: MSCI Real Capital Analytics, Q2 2024.

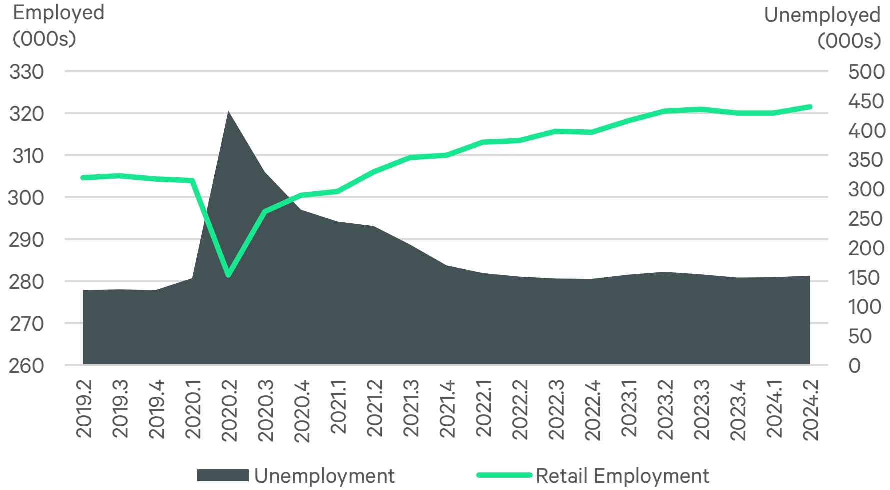
# Economic Overview

FIGURE 12: Total Retail Sales



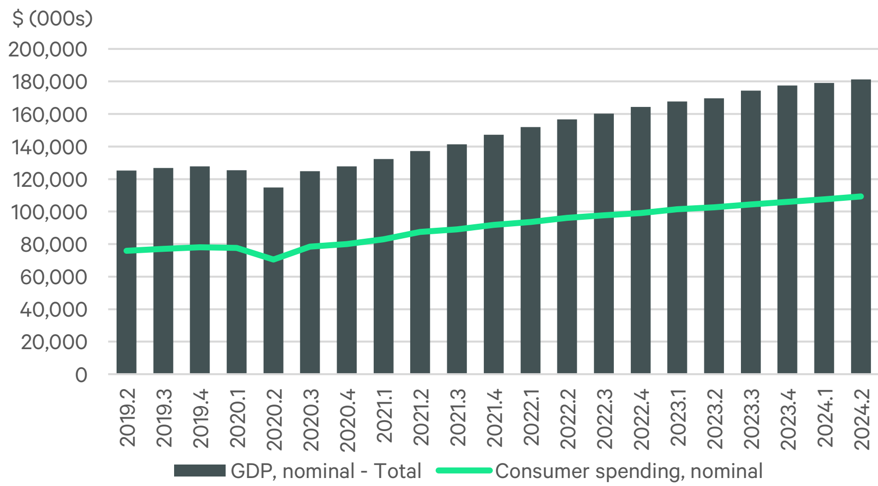

Source: Oxford Economics, Q2 2024.

FIGURE 13: Retail Employment vs. Unemployment



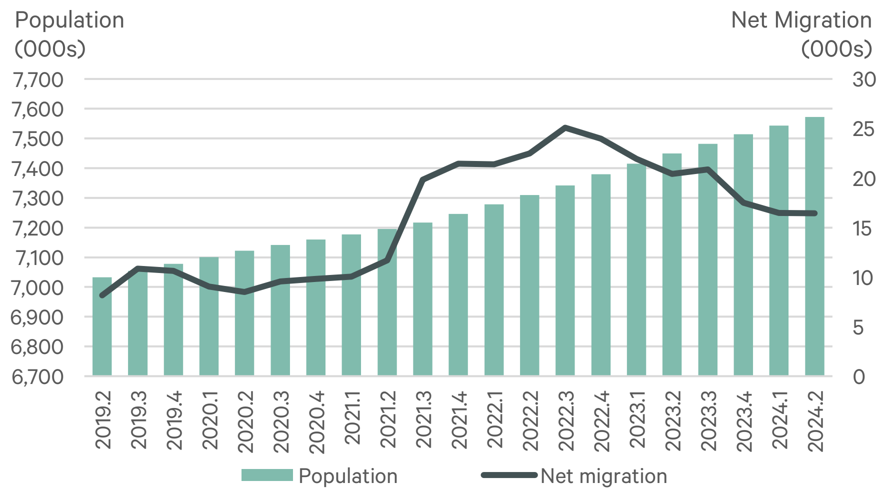

Source: Oxford Economics, Q2 2024.

FIGURE 14: GDP & Consumer Spending




Source: Oxford Economics, Q2 2024.

FIGURE 15: Total Population & Net Migration




Source: Oxford Economics, Q2 2024.

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## 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.