Neighborhood centers drive massive quarter of retail net absorption in Houston

▼ 5.6%	▲ 944K	▼ 423K	▲ $19.76
Availability Rate	SF Net Absorption (000s)	SF Completed (000s)	Avg. Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.
Source: CBRE Econometric Advisors, Q3 2025.

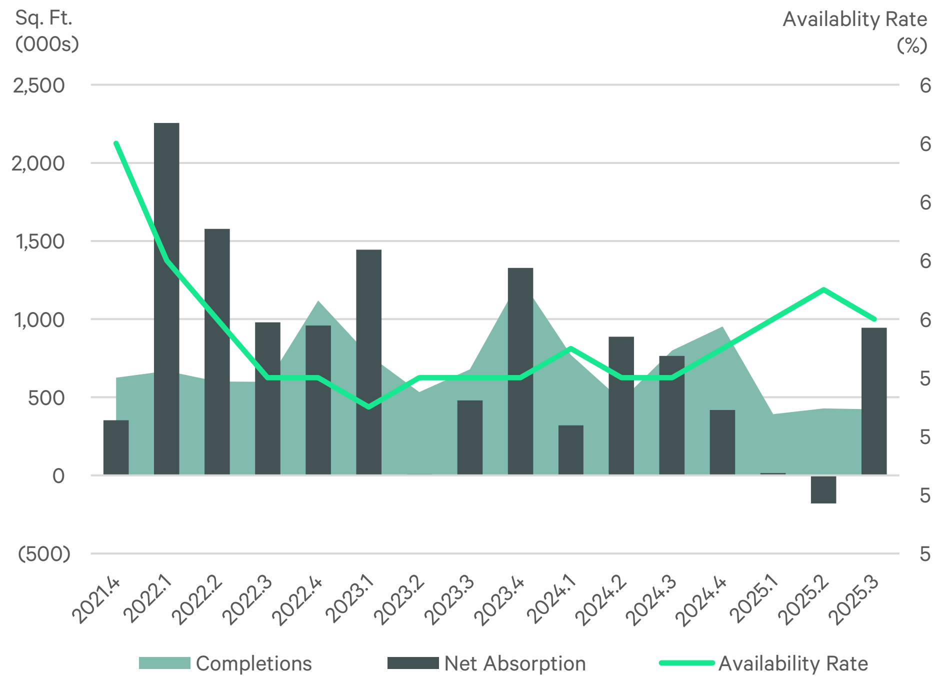
MARKET HIGHLIGHTS

- Houston's retail market saw a very strong Q3, marked by notable spikes in new occupancy and investment sales activity. The market also saw a surge in new retail completions, totaling 423K SF.

- This wave of new inventory, coupled with widespread bankruptcies, resulted in a significant increase in vacant big-box space. Second-generation boxes have been absorbed slowly due to an increase in deal timelines, 9-12 months on average. Although negotiations are not moving as quickly, leases are still being signed placing Houston in a good position.

- Though the retail sector has seen headwinds this year with ongoing inflationary pressure and impacts from tariffs, consumer spending has not slowed, and the holiday season promises to see additional activity. The latest Metropolitan Consumer Sentiment Index shows Houston as the strongest performer nationally, boding well for upcoming quarters.

- At the national level, economic prospects for the coming year have improved since the uncertainty of early 2025, according to a new quarterly survey from NABE (National Association for Business Economics). Looking ahead, economists are showing growing consensus around expectations for slower—but still positive—momentum in the near term.



Source: CBRE Econometric Advisors, Q3 2025.

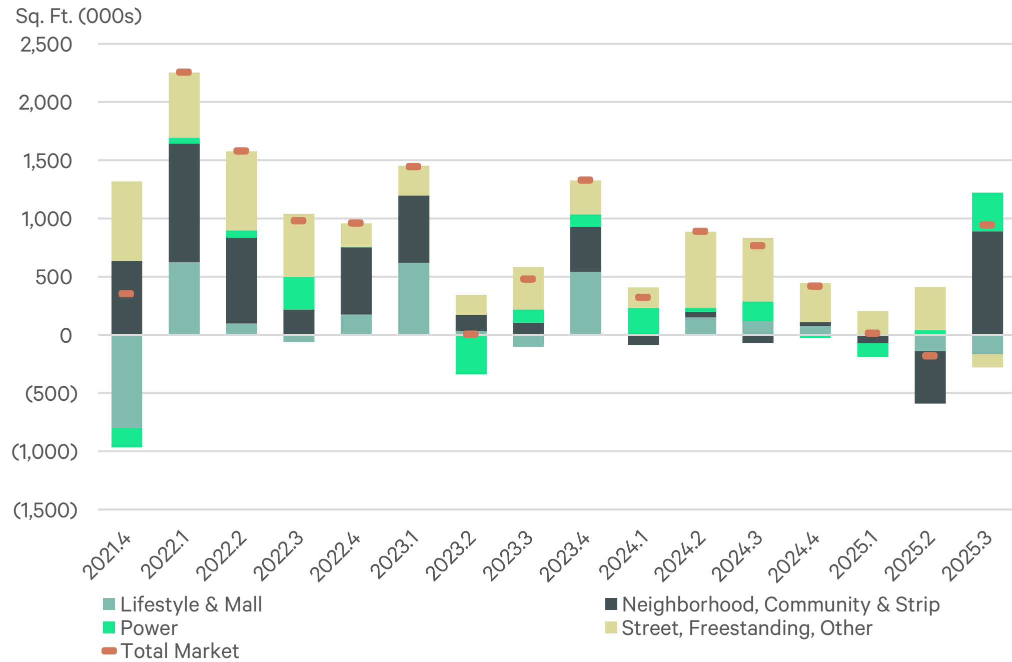
Market Overview

FIGURE 2: Market Statistics by Product Type

Market	Inventory (SF, 000s)	Availablity Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Lifestyle & Mall	33,346	3.1	(166)	40	$25.73
Neighborhood, Community & Strip	162,153	8.0	889	209	$18.97
Power	29,817	3.5	335	-	$22.10
Street, Freestanding, Other	163,607	4.1	(114)	174	-
Total Market	388,923	5.6	944	423	$19.76

Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 3: Net Absorption by Center Type



Source: CBRE Econometric Advisors, Q3 2025.

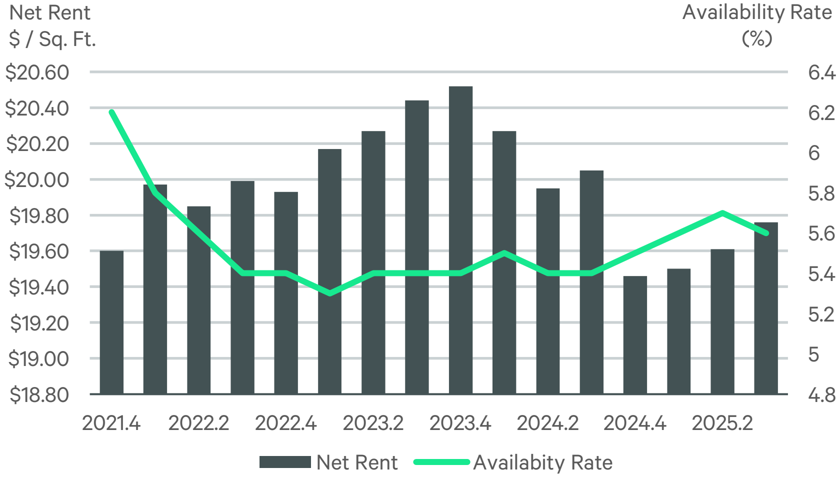
FIGURE 4: Market Statistics by Submarket

Market	Inventory (SF 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Total Market	388,923	5.6	944	423	$19.76
Northeast	30,179	5.0	202	18	$17.09
South	16,669	5.9	9	9	$17.51
Far North	63,285	5.6	306	28	$19.18
Far Northwest	51,933	5.8	340	92	$20.76
Far Southeast	40,558	5.8	177	60	$17.82
Far Southwest	41,523	5.6	(2)	53	$19.35
Far West	29,080	6.0	141	150	$22.80
Inner Loop	30,669	5.7	117	2	$27.23
Near North	11,794	4.4	34	-	$14.87
Near Northwest	19,346	4.4	(2)	1	$18.24
Near Southeast	16,846	8.5	(320)	5	$15.70
Near Southwest	19,807	4.4	1	5	$22.47
Near West	16,699	4.2	(59)	-	$27.40
Outlying Houston	535	0.6	-	-	

Source: CBRE Econometric Advisors, Q3 2025.

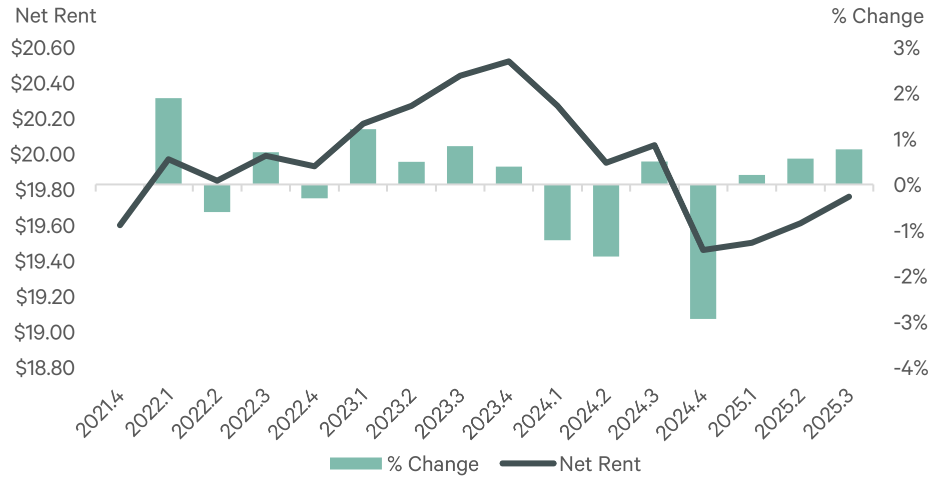
Asking Rents & Availablity

FIGURE 5: Net Asking Rent and Availability Rate



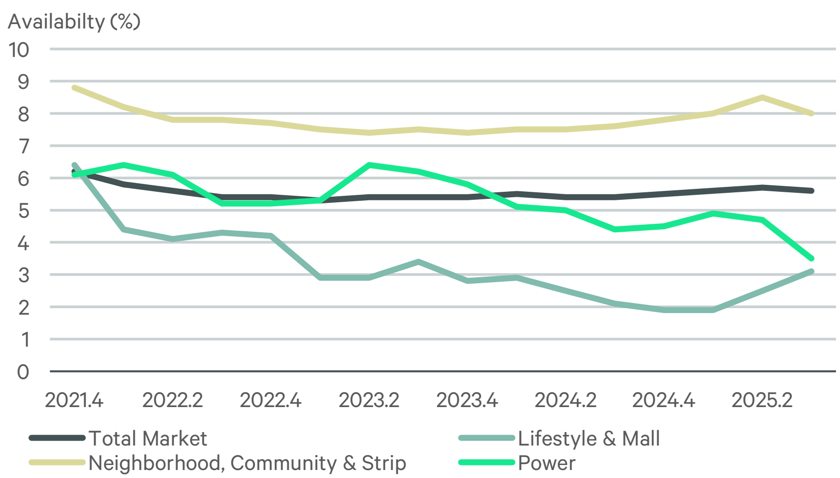
Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 6: Net Rent and % Change



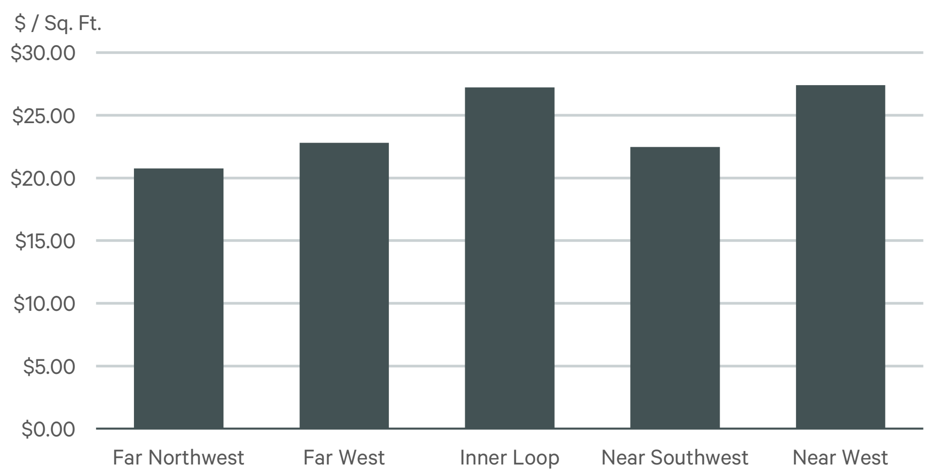
Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 7: Availablity by Center Type



Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 8: Top 5 Submarket by Net Rent



Source: CBRE Econometric Advisors, Q3 2025.

Investment Sales

FIGURE 9: Retail Investment Sale Volume

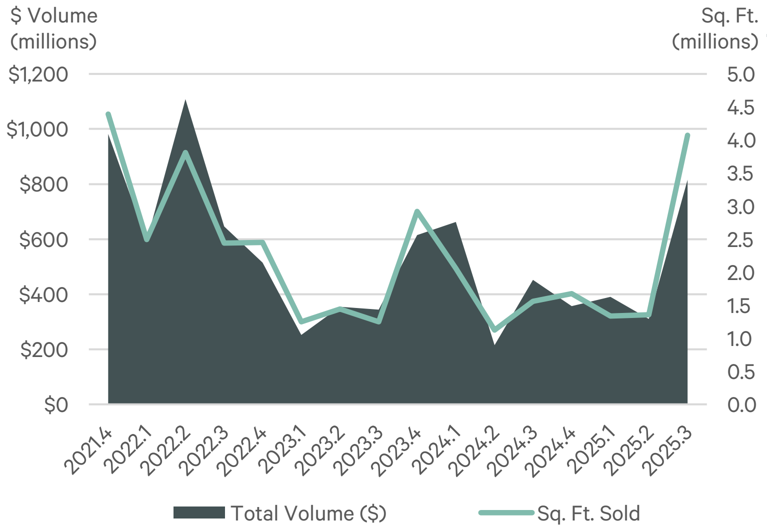
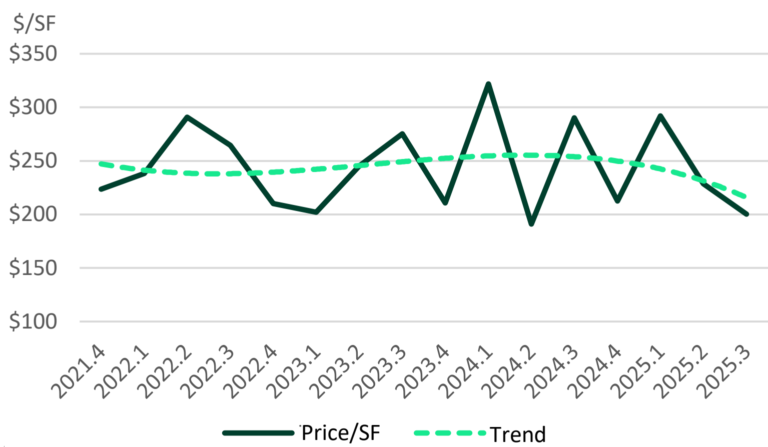


FIGURE 10: Retail Investment Sale Price Per Sq. Ft.



Source: MSCI Real Capital Analytics, Q3 2025.

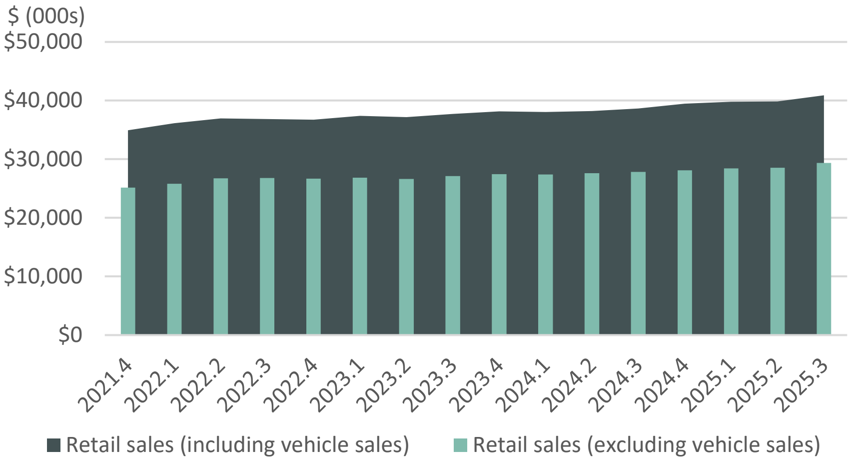
FIGURE 11: Q3 2025 Select Sale Transactions

Buyer	Property Name	City	SF
Odyssey 2020 Academy	Mall of the Mainland	Texas City	451,813
Brixmor	LaCenterra at Cinco Ranch	Houston	413,000
Dhanani Private Equity	First Colony Marketplace	Sugar Land	111,675
Zaid Properties	Gessner Square	Houston	106,160
Main Street	Deerbrook Plaza	Humble	219,481

Source: MSCI Real Capital Analytics, Q3 2025.

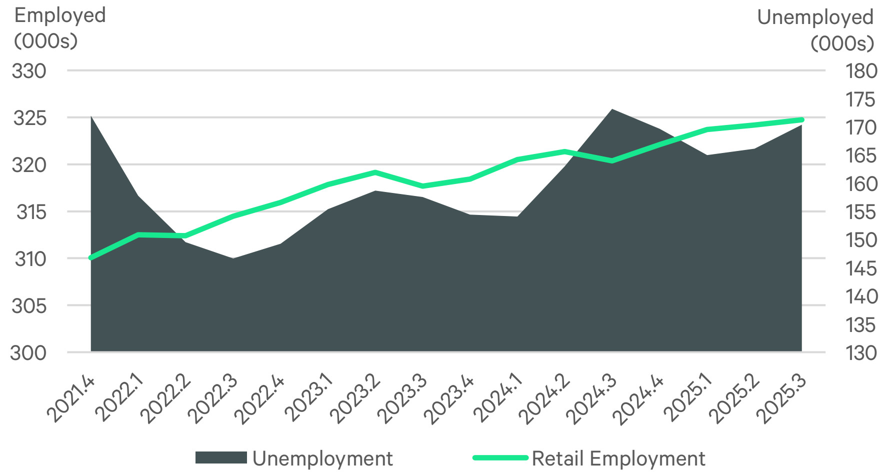
Economic Overview

FIGURE 12: Total Retail Sales



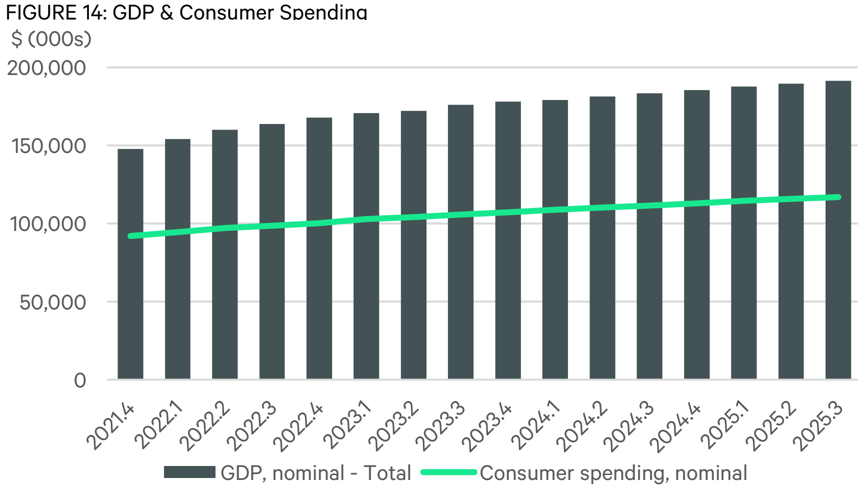
Source: Oxford Economics, Q3 2025.

FIGURE 13: Retail Employment vs. Unemployment



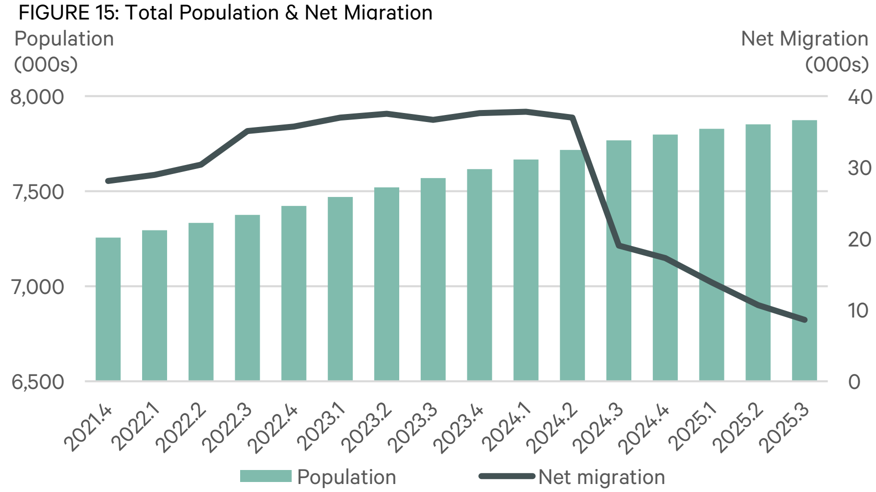
Source: Oxford Economics, Q3 2025.

FIGURE 14: GDP & Consumer Spending



Source: Oxford Economics, Q3 2025.

FIGURE 15: Total Population & Net Migration



Source: Oxford Economics, Q3 2025.

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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.