



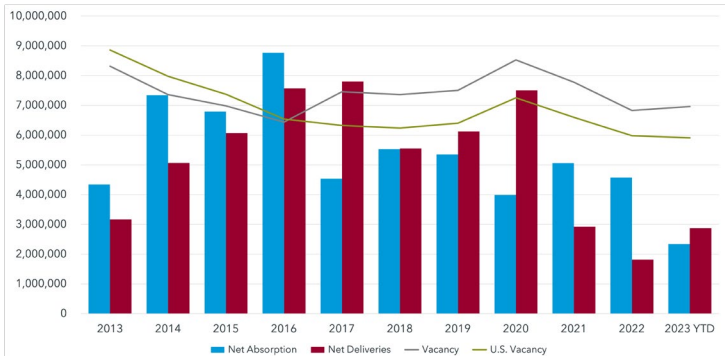
RETAIL MARKET OVERVIEW

GRANT WALKER, *Senior Director*

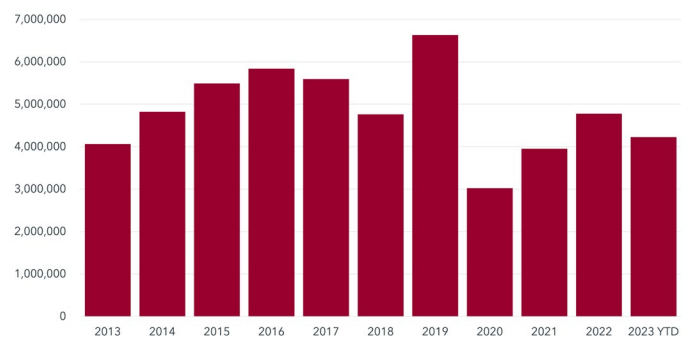
Houston's retail market slows as absorption slightly dips and net deliveries increase. Over the last year, Houston's retail absorption decreased from 5.3 msf in Q3 2022 to just above 3.3 msf in Q3 2023; while deliveries have dropped from 1.8 msf in 2022 to 2.8 msf in Q3 2023. This slight slowdown of absorption has not stopped large investors from acquiring retail centers. The largest sale transaction this quarter was an undisclosed buyer purchasing a 148,484 square foot retail center at 205 West Greens Road. Even with this slight dip in absorption, Houston's market remains strong as nearly 70% of Houston's under construction pipeline is pre-leased and/or build-to-suit while Houston's annual rate growth at 4.2% continues to outpace the metros historical average of 2.2%.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	3,325,578	3,562,139	4,346,011	4,575,859	5,315,065
◀▶ Vacancy Rate	4.9%	4.9%	4.8%	4.8%	5.0%
▲ Avg NNN Asking Rate PSF	\$23.25	\$23.02	\$22.90	\$22.66	\$22.32
▲ SF Under Construction	4,224,693	4,114,466	4,748,692	4,777,261	4,501,321
▲ Inventory SF	433,525,027	432,870,161	431,878,074	430,650,231	430,751,847

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
205 W. Greens Road Houston, TX	148,484 SF	Undisclosed	Undisclosed Undisclosed	Multi-Tenant
6700-6890 South Highway 6 Houston, TX	140,528 SF	Undisclosed	James E & Kristin D Boozer Big V Property Group	Multi-Tenant
17211 North Freeway Houston, TX	109,000 SF	Undisclosed	Dhanani Private Equity Group Silver Star Properties REIT, Inc.	Multi-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7015-7067 FM 1960 Road East Humble, TX	50,530 SF	KIMCO Realty	Dicks Sporting Goods	Power Center
1513-1549 W. Bay Area Boulevard Webster, TX	35,605 SF	WAFRA, Inc	PGA Superstore	Community Center
5608-5696 Fairmont Parkway Pasadena, TX	27,985 SF	KIMCO Realty	HomeGoods	Power Center

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com