MARKETBEAT HOUSTON RETAIL Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.7% Overall Vacancy	▲	—
$22.05 Avg. Direct NNN Rent	▲	▲
$89,100 Median HH Income	▲	▲
1.1% Population Growth (YOY)	▼	▲
4.8% Unemployment Rate	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% GDP Growth	▼	▲
3.2% Consumer Price Index Growth	▲	▲
1.5% Consumer Spending Growth	▼	▲
1.0% Retail Sales Growth	▼	—

Source: BLS, BEA, Census Bureau, CoStar, Cushman & Wakefield Research

SUPPLY AND DEMAND

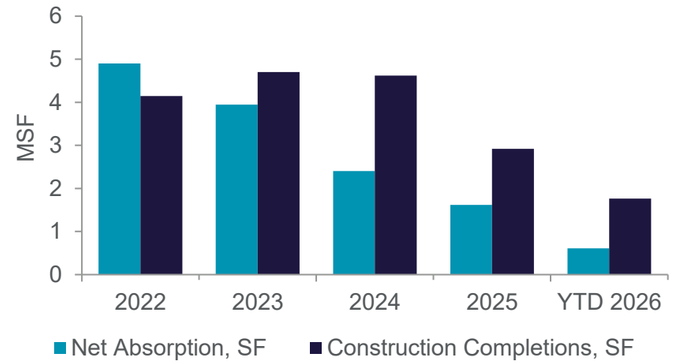
Houston's retail vacancy rate ended Q3 2026 at 5.7%, down 10 basis points quarter-over-quarter (QOQ) and unchanged year-over-year (YOY). Vacancy has remained below 6.0% for 20 consecutive quarters and below the 6.2% average since 2006. Five of Houston's 13 retail submarkets recorded vacancy below 5.0%, led by the Far North (4.1%) and Southwest (4.2%). Deliveries slowed to 343,000 square feet (sf) in Q3, bringing the year-to-date (YTD) deliveries to 1.8 million square feet (msf), 22.2% below the same period in 2025.

At the close of the quarter, 189 retail developments totaling 4.5 msf were under construction as new project starts continued to outpace completions. The pipeline reached its highest level since Q3 2023 and remained above the five-year quarterly average of 3.8 msf. General Retail made up 51.1% of space underway, followed by Shopping Centers (40.8%) and Regional Malls (8.1%).

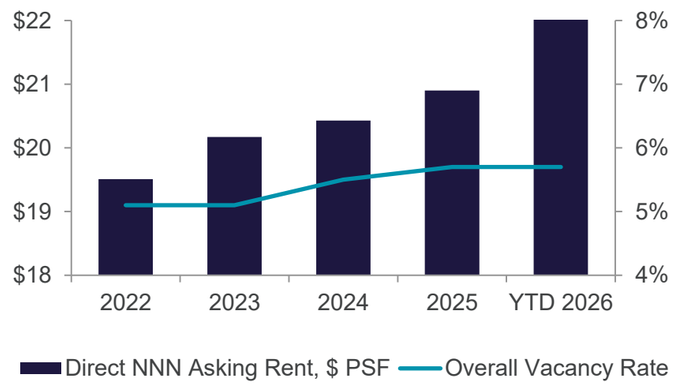
Net absorption totaled 444,000 sf, reversing the prior quarter's occupancy losses and bringing YTD net absorption to 613,000 sf, compared with 1.3 msf for the same period in 2025. Despite the rebound, the quarter remained below the five-year quarterly average of 789,000 sf. Occupancy gains exceeded the space delivered during the quarter, with seven of 13 submarkets recording positive net absorption. By property type, Shopping Centers drove occupancy gains with 388,000 sf, while General Retail recorded 55,000 sf and Regional Malls remained essentially flat.

Leasing activity totaled nearly 1.8 msf during Q3, marking the lowest level since Q1 2021. Leasing deals totaled 5.7 msf YTD, down 22.0% from the same period in 2025 with deal count falling more sharply, with 454 transactions signed in Q3 2026, down 12.5% QOQ. While activity slowed from the elevated pace recorded over the past several years, tenant demand remained active in necessity-based retail categories and growing suburban trade areas. Several of the quarter's largest leases occurred across multiple submarkets, highlighting the breadth of tenant activity despite lower overall leasing volume. Despite slower leasing activity and absorption remaining below historical averages, limited new supply and stable vacancy continued to support healthy market fundamentals.

SPACE DEMAND / DELIVERIES



ASKING RENT & VACANCY RATE



PRICING

Rental rates ended Q3 2026 at $22.05 per square foot, up 2.4% QOQ and 8.2% YOY, marking the strongest annual growth on record. Rents have risen for five consecutive quarters, with YOY growth accelerating in each of the past four, pointing to sustained landlord pricing power. Gains were widespread, with 10 of 13 submarkets recording YOY increases. Since 2022, asking rents have climbed 13.0% even as vacancy expanded by 60 basis points, underscoring the pricing power landlords have retained amid constrained availability of quality space rather than exceptionally strong leasing demand.

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	UNDER CONSTR (SF)	DELIVERIES (SF)	LEASING ACTIVITY (SF)	DIRECT AVG NNN ASKING RENT	ASKING RENT % CHANGE YOY
Central/Inner Loop	30,880,823	1,986,003	26,510	6.5%	119,470	39,773	162,870	0	45,371	$31.55	9.5%
Uptown/Galleria	4,428,970	216,227	0	4.9%	-7,936	927	10,000	0	0	$29.94	-9.3%
Memorial/Westchase	14,908,424	838,315	13,361	5.7%	71,787	-43,334	15,000	15,000	45,840	$24.96	3.7%
Katy Area	31,349,112	1,424,943	24,951	4.6%	-9,718	150,728	534,862	26,000	220,063	$26.79	7.9%
West/Northwest	65,070,816	3,941,128	97,256	6.2%	41,023	-245,721	176,779	39,339	205,541	$17.40	6.7%
Far Northwest	38,485,936	2,195,834	29,209	5.8%	-38,170	-8,499	802,771	18,500	292,833	$23.61	8.8%
Far North	35,755,627	1,433,786	21,621	4.1%	150,290	317,732	663,312	83,325	139,467	$22.90	6.2%
Spring/Kingwood	10,812,452	742,643	6,180	6.9%	-16,620	-61,181	0	0	127,286	$20.04	0.7%
East	24,756,691	1,146,459	47,940	4.8%	169,224	180,387	769,603	25,500	93,159	$17.57	-3.6%
NASA/Clear Lake/Galveston	27,050,454	1,438,872	19,204	5.4%	185,890	310,489	122,503	8,950	88,880	$17.73	4.8%
South	49,335,137	3,633,470	20,881	7.4%	-187,223	-129,873	447,860	36,536	269,535	$19.50	8.9%
Southwest	20,214,692	831,377	27,160	4.2%	-67,549	-46,909	34,000	0	66,058	$19.05	-7.1%
Far Southwest	43,010,426	2,499,723	41,951	5.9%	33,167	147,987	794,298	89,650	186,304	$25.22	20.1%
HOUSTON TOTAL	396,059,560	22,328,780	376,224	5.7%	443,635	612,506	4,533,858	342,800	1,780,337	$22.05	8.2%

KEY LEASE TRANSACTIONS Q3 2026

BUILDING	ADDRESS	SUBMARKET	TENANT	SF
22020 West Road	22020 West Road	Far Northwest	The Home Depot	134,808
West Road Collection	10739-10777 North Freeway	West/Northwest	Confidential	45,000
15100 Gulf Freeway	15100 Gulf Freeway	South	Confidential	39,544
The Shoppes at Parkwest	24600 Katy Freeway	Katy Area	Nordstrom Rack	38,032

KEY SALES TRANSACTIONS Q3 2026

BUILDING	ADDRESS	SUBMARKET	SELLER | BUYER	% LEASED	SF
Greenspoint Mall	12300 North Freeway	West/Northwest	Triyar Realty Group | Lincoln Property Company	0%	1,897,236
The Village At West Oaks	2300-2480 South Highway 6	Katy Area	Wu Properties | Dhanani Private Equity Group	100%	262,000
Westheimer Marketplace	12523-12589 Westheimer Road	West/Northwest	Song Jong Myung | Dhanani Private Equity Group	92.9%	141,498
Central Baytown Business Center	1725-1801 North Pruett Street	East	Alfred J. Antonini | Caban Safety Compliance Group	67.1%	137,650

LEADING RESTAURANT/BAR SALES MONTHLY AVERAGE (REPORTED ALCOHOL TOTAL RECEIPTS TRAILING 6 MONTHS)

ESTABLISHMENT	MONTHLY AVERAGE
Sante	$651,513.67
Vic & Anthony's Steakhouse	$618,511.00
Steak 48	$591,019.83
Pitch 25	$510,001.67

ESTABLISHMENT	MONTHLY AVERAGE
Toca Madera	$411,073.67
Joey Uptown	$403,732.33
Brasserie 19	$384,590.50
Moxie's Grill & Bar	$379,077.67

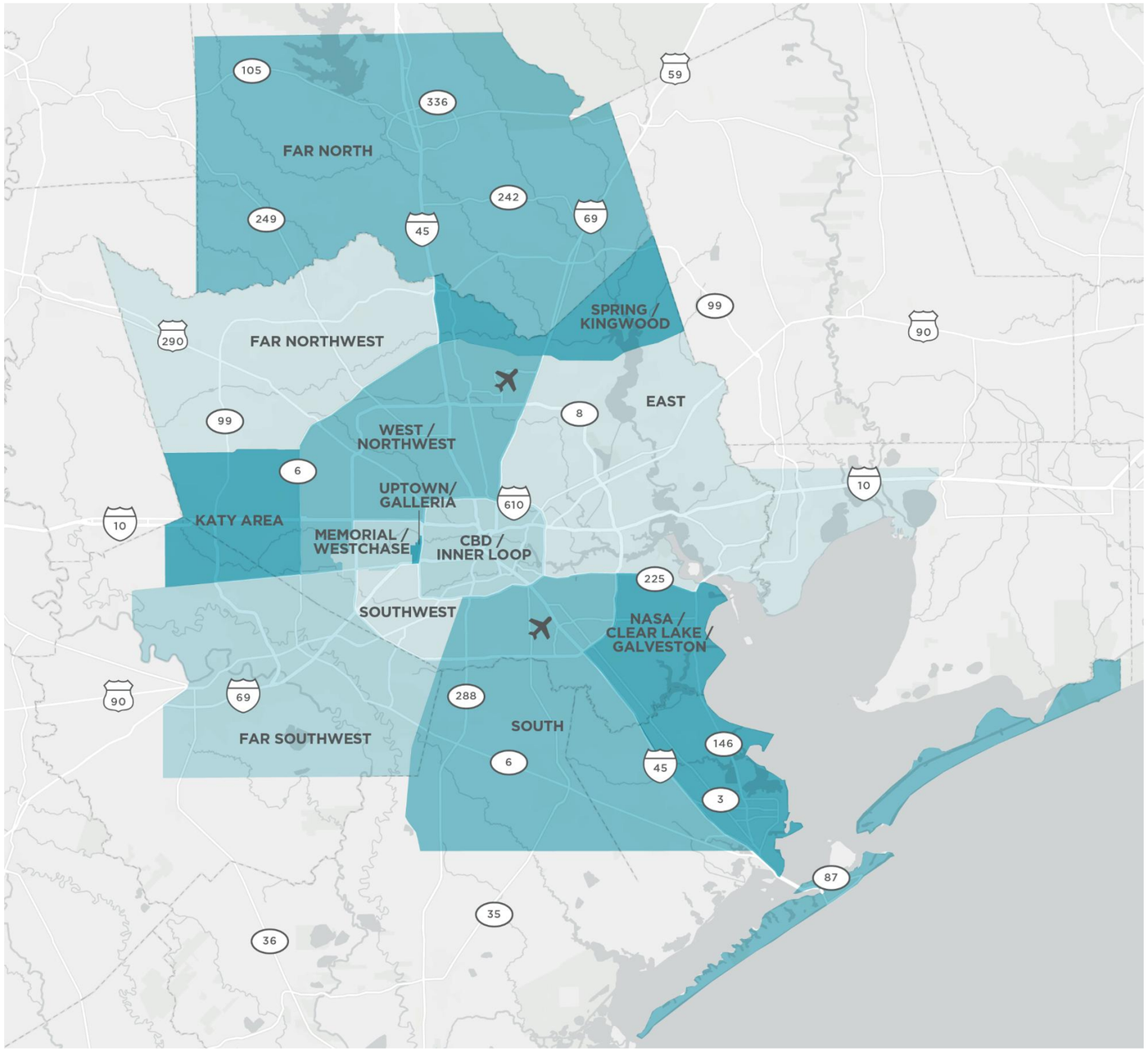
ESTABLISHMENT	MONTHLY AVERAGE
The Savoy	$365,925.00
Melrose	$319,764.67
Taste Of Texas	$314,277.83
Ninfa's On Navigation	$285,853.67

Source: Texas Alcohol Beverage Commission (TABSREPORT)

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HOUSTON
RETAIL Q3 2026

RETAIL SUBMARKETS



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