

# MARKET SPOTLIGHT

## 2025 Q2 Retail

### Houston, TX Metro Area

In Q2 2025, Houston's retail real estate market demonstrated resilience amid broader national headwinds. The local vacancy rate stood at 5.2%, slightly above the national average of 3.8%, with average market rent at \$24.35 per square foot, reflecting a 1.8% annual rent growth. Although demand remained steady with 1.65 million square feet absorbed, this was modest compared to the 3.9 million square feet under construction. The market cap rate was 7.2%, indicative of healthy investor expectations, though the 12-month sales volume saw a significant decline of 56.1%, signaling potential investor caution. In contrast, the national market experienced a sales volume increase of 61.8%. Houston's local economy remained stable, with a 4.2% unemployment rate, 1.4% job growth, and 1.8% population growth, all slightly ahead of national benchmarks, suggesting the market may benefit from long-term demographic support despite current transactional slowdowns.

#### Local CRE:

VACANCY	5.2%	▼
AVG. MARKET RENT	\$24.35	▼
ANNUAL RENT GROWTH	1.8%	▲
ABSORBENCY	1.65MM SF	▲
UNDER CONSTRUCTION	3.9 MM SF	▲
12 MONTH SALES VOLUME GROWTH	-56.1%	▼
MARKET CAP RATE	7.2%	▼

#### Local Economy:

UNEMPLOYMENT RATE	4.2%	▼
JOB GROWTH	1.4%	
POPULATION GROWTH	1.8%	▼

#### National CRE:

VACANCY	3.8%	▼
AVG. MARKET RENT	\$29.12	▲
ANNUAL RENT GROWTH	1.9%	▲
AVG. ABSORBENCY	422,440 SF	▲
AVG. UNDER CONSTRUCTION	2.60 MM SF	▲
12 MONTH SALES VOLUME GROWTH	61.8 %	▲
MARKET CAP RATE	7.8%	▼

#### National Economy:

UNEMPLOYMENT RATE	4.1%	
JOB GROWTH	1.6%	▲
POPULATION GROWTH	1.1%	▲

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