

# MARKET SPOTLIGHT

## 2026 Q2 Retail

### Houston, TX Metro Area

Houston's retail real estate market remained fundamentally strong in Q2 2026, supported by tight availability, continued rent growth, positive absorption, and favorable regional demographics. Retail vacancy stood at just 5.4%, while average market rents reached \$24.88 per square foot and increased 1.9% year over year. The market recorded approximately 1.4 million square feet of absorption, indicating continued demand for well-located retail space, while 5.0 million square feet remained under construction, providing opportunities for expanding retailers and tenants seeking new locations. Investment activity moderated, with 12-month sales volume declining 18.2%, while the market cap rate averaged 7.3%, potentially creating a more selective acquisition environment for investors. Houston's broader economic fundamentals remain a key advantage, with 1.1% job growth and 1.6% population growth—both stronger than national levels—helping sustain consumer demand and supporting the long-term outlook for retail owners, investors, developers, and tenants.

#### Local CRE:

|                              |            |   |
|------------------------------|------------|---|
| VACANCY                      | 5.4%       | ▼ |
| AVG. MARKET RENT             | \$24.88    | ▲ |
| ANNUAL RENT GROWTH           | 1.9%       | ▼ |
| ABSORBENCY                   | 1.40 MM SF | ▼ |
| UNDER CONSTRUCTION           | 5.0 MM SF  | ▲ |
| 12 MONTH SALES VOLUME GROWTH | -18.2%     | ▼ |
| MARKET CAP RATE              | 7.3%       |   |

#### Local Economy:

|                   |      |   |
|-------------------|------|---|
| UNEMPLOYMENT RATE | 5.2% | ▲ |
| JOB GROWTH        | 1.1% | ▲ |
| POPULATION GROWTH | 1.6% | ▲ |

#### National CRE:

|                              |         |   |
|------------------------------|---------|---|
| VACANCY                      | 4.3%    | ▼ |
| AVG. MARKET RENT             | \$26.17 | ▲ |
| ANNUAL RENT GROWTH           | 1.7%    | ▲ |
| AVG. ABSORBENCY              | 64,122  | ▼ |
| AVG. UNDER CONSTRUCTION      | 141,985 | ▼ |
| 12 MONTH SALES VOLUME GROWTH | 2.4%    | ▲ |
| MARKET CAP RATE              | 7.4%    | ▲ |

#### National Economy:

|                   |      |   |
|-------------------|------|---|
| UNEMPLOYMENT RATE | 4.1% | ▼ |
| JOB GROWTH        | 0.2% | ▼ |
| POPULATION GROWTH | 0.5% | ▲ |

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