



**FORT
BEND**
ECONOMIC
DEVELOPMENT
COUNCIL



HOUSTON **TRENDS**

2023

Accelerating success.

**Texas is the
#1 state for
relocations**



Single Family Housing

2022 began with strong momentum. However, conditions changed in May when average home prices soared to a record high of \$413,657. Record high average prices and lack of inventory caused volume to taper off quickly.



	FULL-YEAR 2021	FULL-YEAR 2022	ANNUAL CHANGE
Single-Family Home Sales	106,756	95,113	-10.9%
Total Dollar Volume	\$40.0B	\$39.3B	-1.5%
Single-Family Average Sales Price	\$376,075	\$413,657	10.0%
Single-Family Median Sales Price	\$300,000	\$338,295	12.8%

Fort Bend County Single Family **Housing**

Fort Bend County also set its record high average home price at \$446,764, a 14.77% increase over 2021. Fort Bend's year-over-year numbers were even more dramatic than the overall Houston market.



	FULL-YEAR 2021	FULL-YEAR 2022	ANNUAL CHANGE
Single-Family Home Sales	15,718	12,883	-18.04%
Total Dollar Volume	\$6,118,307,077	\$5,755,663,259	-5.93%
Single-Family Average Sales Price	\$389,255	\$446,764	14.77%
Single-Family Median Sales Price	\$345,000	\$393,000	13.91%

COVID-19 Migration

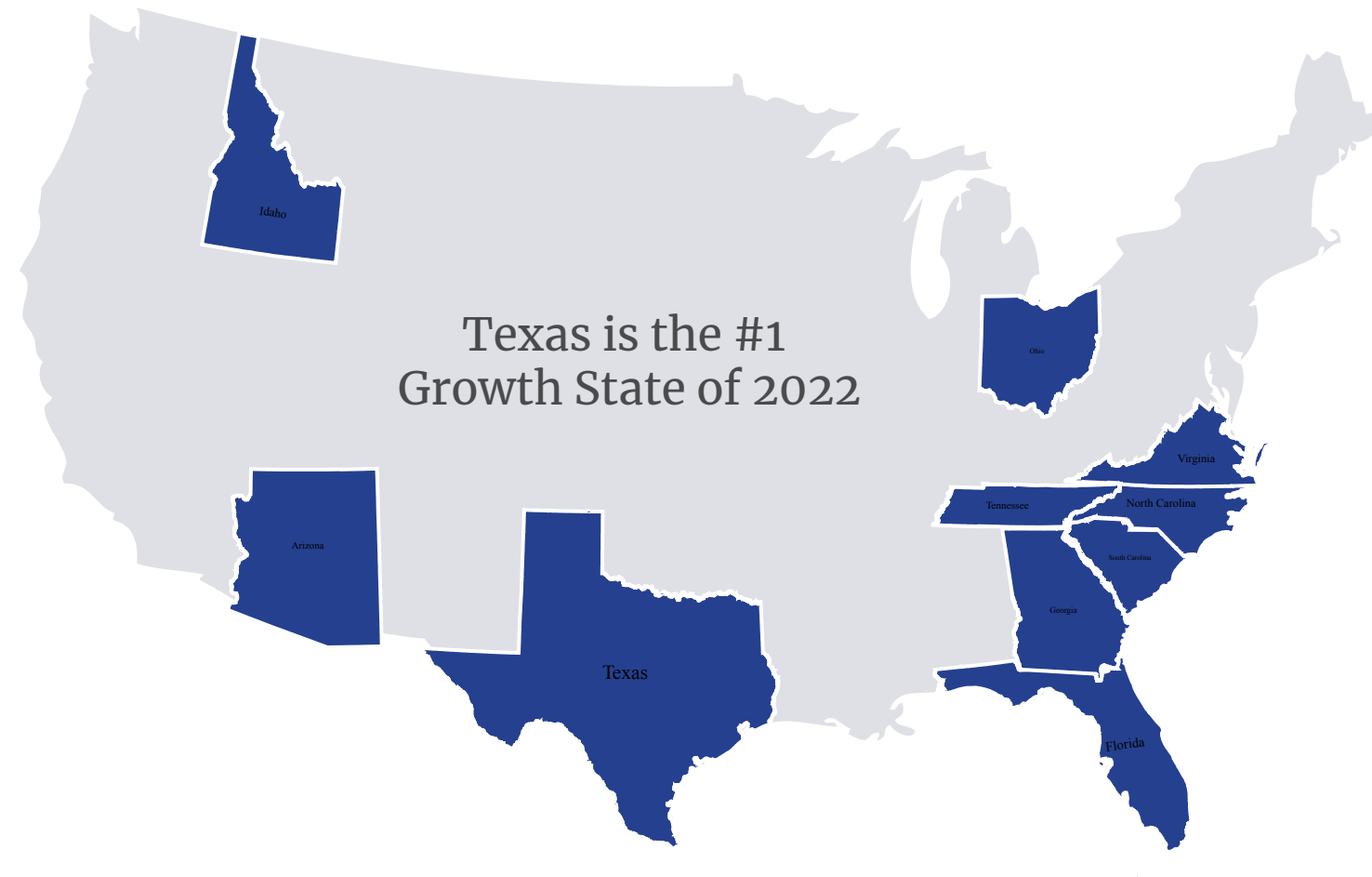


Texas remained in the number one spot it held in 2021.

California and Illinois recorded the greatest losses for the third consecutive year.

	One-way moves
1	Texas (1)
2	Florida (2)
3	South Carolina (4)
4	North Carolina (19)
5	Virginia (31)
6	Tennessee (3)
7	Arizona (5)
8	Georgia (23)
9	Ohio (24)
10	Idaho (9)

*() denotes 2021 ranking





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Retail



Retail Big Picture



End of Q4 – 307.3M SF



- Vacancy low at 5.2% down 70 basis points Y – Y
- Absorption total net positive 3.9M SF in 2022 vs. 3.1M SF in 2021
- 2.3M SF under construction, 47% pre-leased
- Class A in-line retail rental rates can vary widely from \$25.00 to \$85.00 per SF, depending on location and property type

Retail Big Picture | Fort Bend County



End of Q4 – 16.1M SF



- Vacancy low at 5.4% down 20 basis points Y – Y
- Absorption total net positive 467,098 SF in 2022 vs. 72,224 SF in 2021
- 48,600 SF under construction
- Class A in-line retail rental rates can vary widely from \$23.23 to \$30.00 per SF, depending on location and property type

Retail



Under Construction

- 2.3M SF (5,000 SF >)
- 46% Pre-Leased
- Highways & Major Thoroughfare Dominant

Largest Projects:

Manvel Town Center I

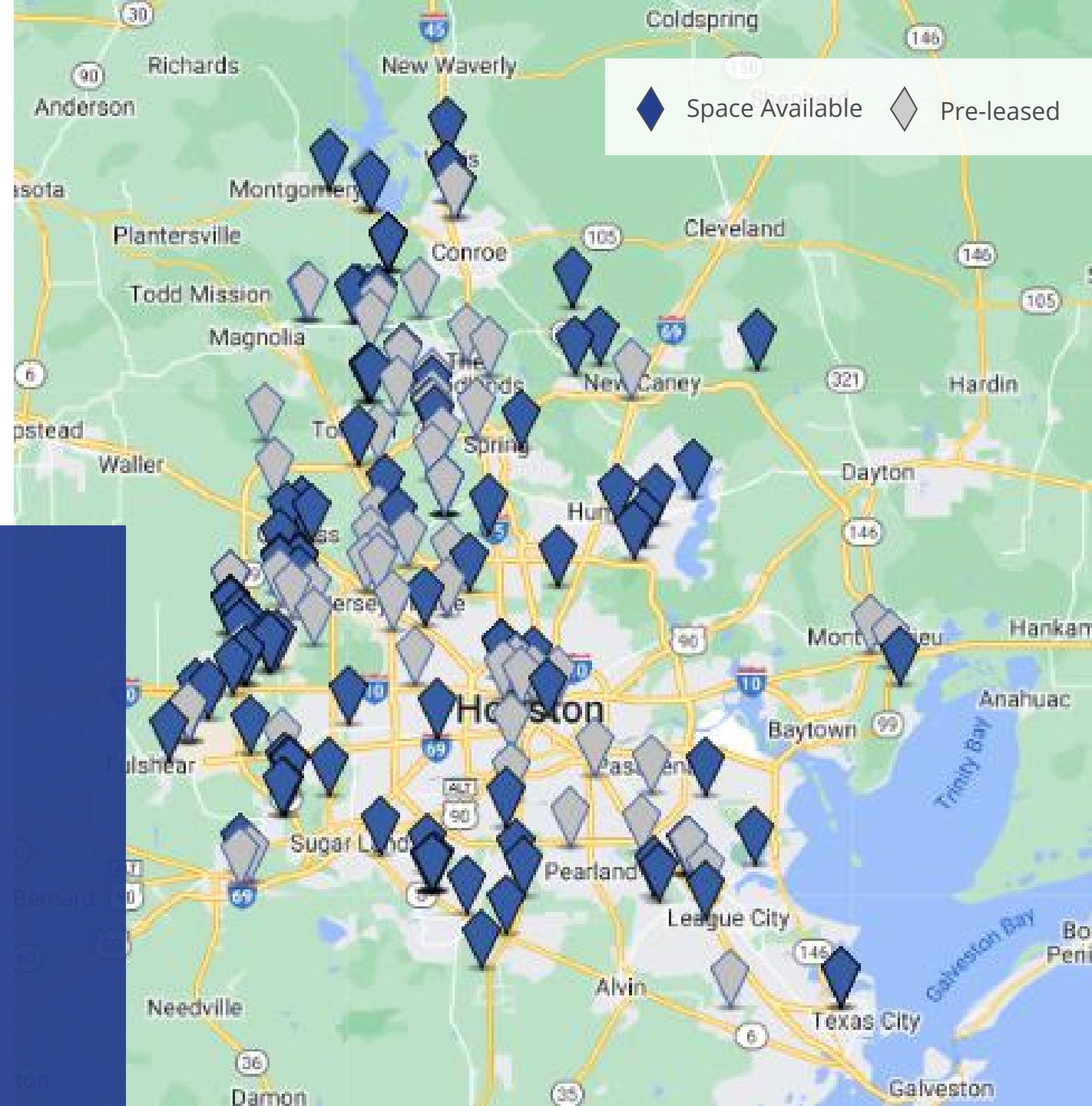
Weitzman

748,800 SF

Fort Bend Town Center II

NewQuest Properties

181,017 SF

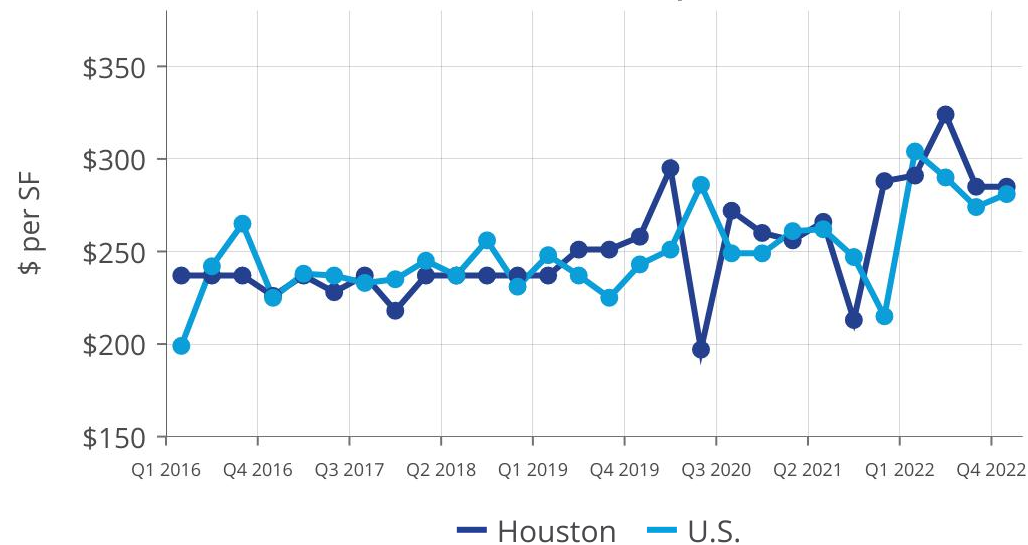




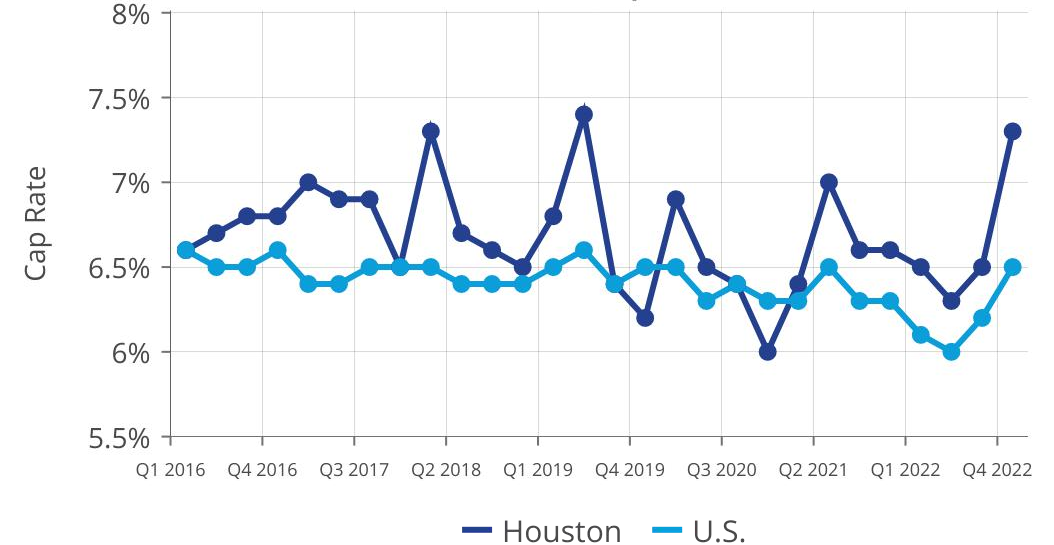
Retail Investment



Retail - Median Price Per Square Foot



Retail - Median Cap Rate



Median \$ PSF

Houston: \$285
U.S.: \$281

Median Cap Rate

Houston: 7.3%
U.S.: 6.5%



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Multifamily

Multifamily Big Picture

 **End of Q4 – 720.6K Units**



- Occupancy drops to 90.6% from 91.5% in 2022
- 20.7K units under construction
- Average monthly rent up 5.1% Y-Y
- Absorption down considerably due to negative absorption from Class B and C product (-4,961 and -2,863 units, respectively in 2022). Class A recorded positive absorption (12,424 units in 2022) to counter the Class B and Class C negative absorption.

Multifamily



Under Construction

Q4 2022

18,408 units delivered (2022 total)

20,724 units under construction

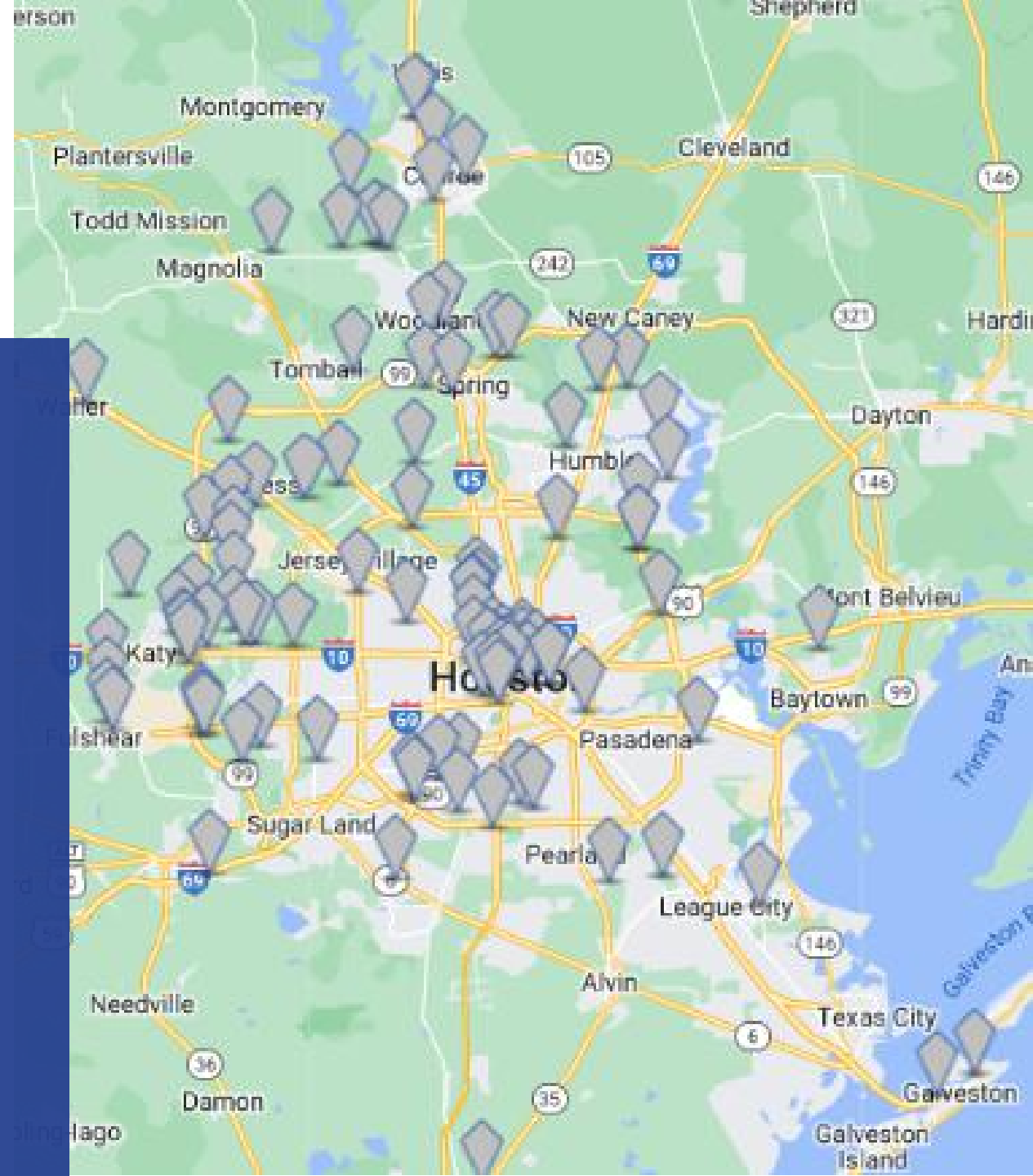
33,666 units proposed

Q4 2021

20,904 units delivered (2021 total)

15,013 units under construction

30,863 units proposed



Multifamily | Fort Bend County

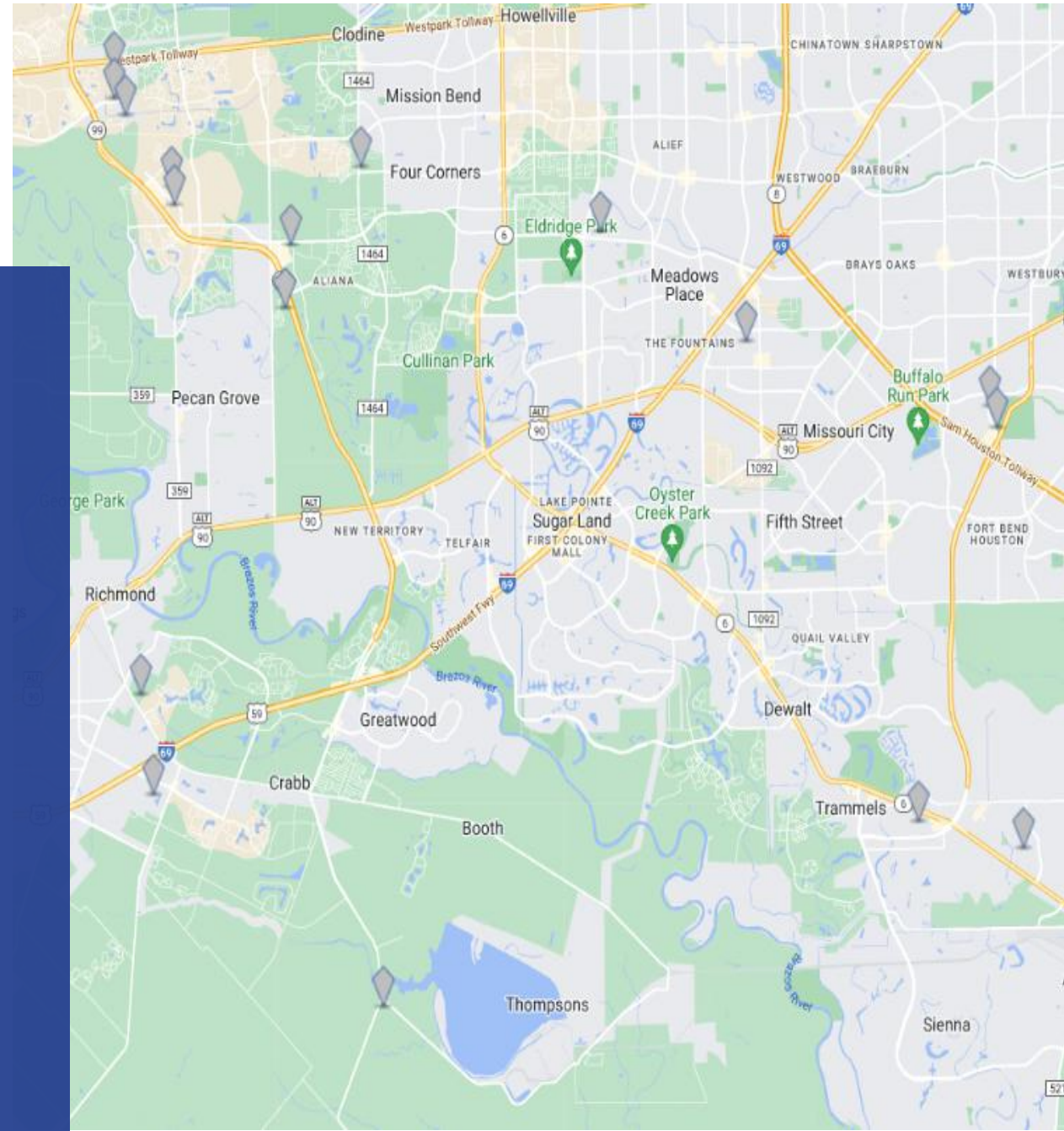
Under Construction

Q4 2022

3,829 units delivered (2022 total)
4,852 units under construction
6,070 units proposed

Q4 2021

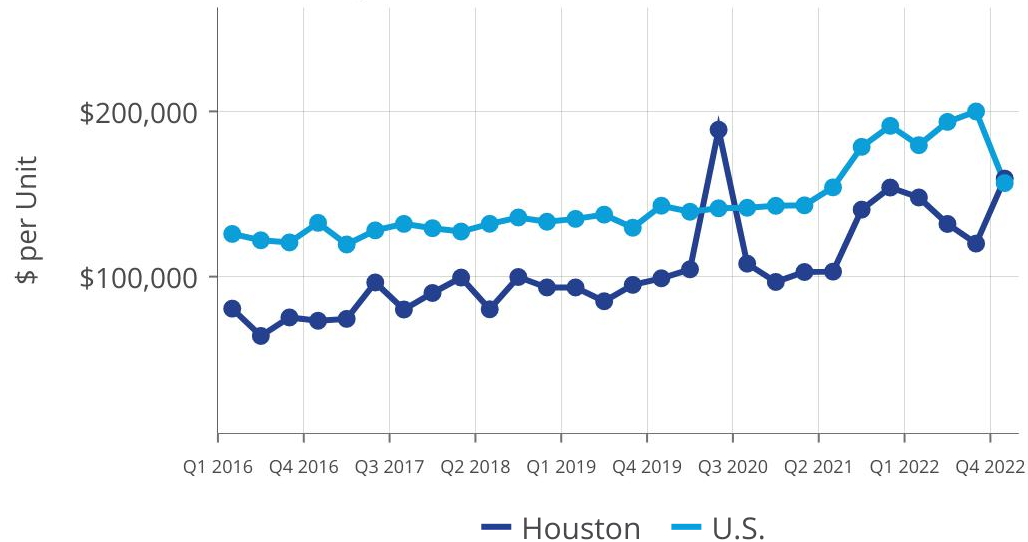
515 units delivered (2021 total)
589 units under construction
Units proposed - no data available



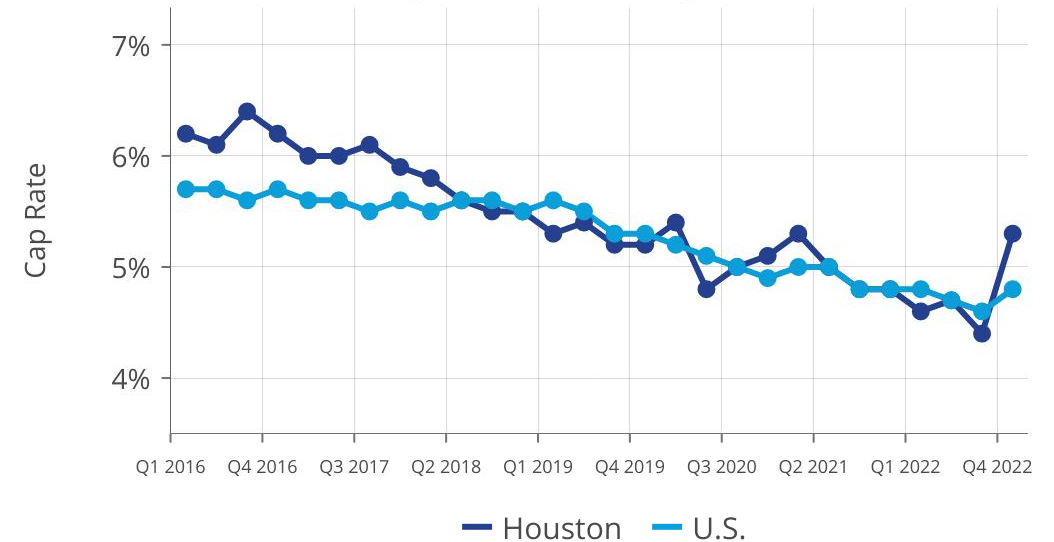
Multifamily Investment



Multifamily - Median Price Per Unit



Multifamily - Median Cap Rate



Median \$ Per Unit

Houston: \$159,312
U.S.: \$156,598

Median Cap Rate

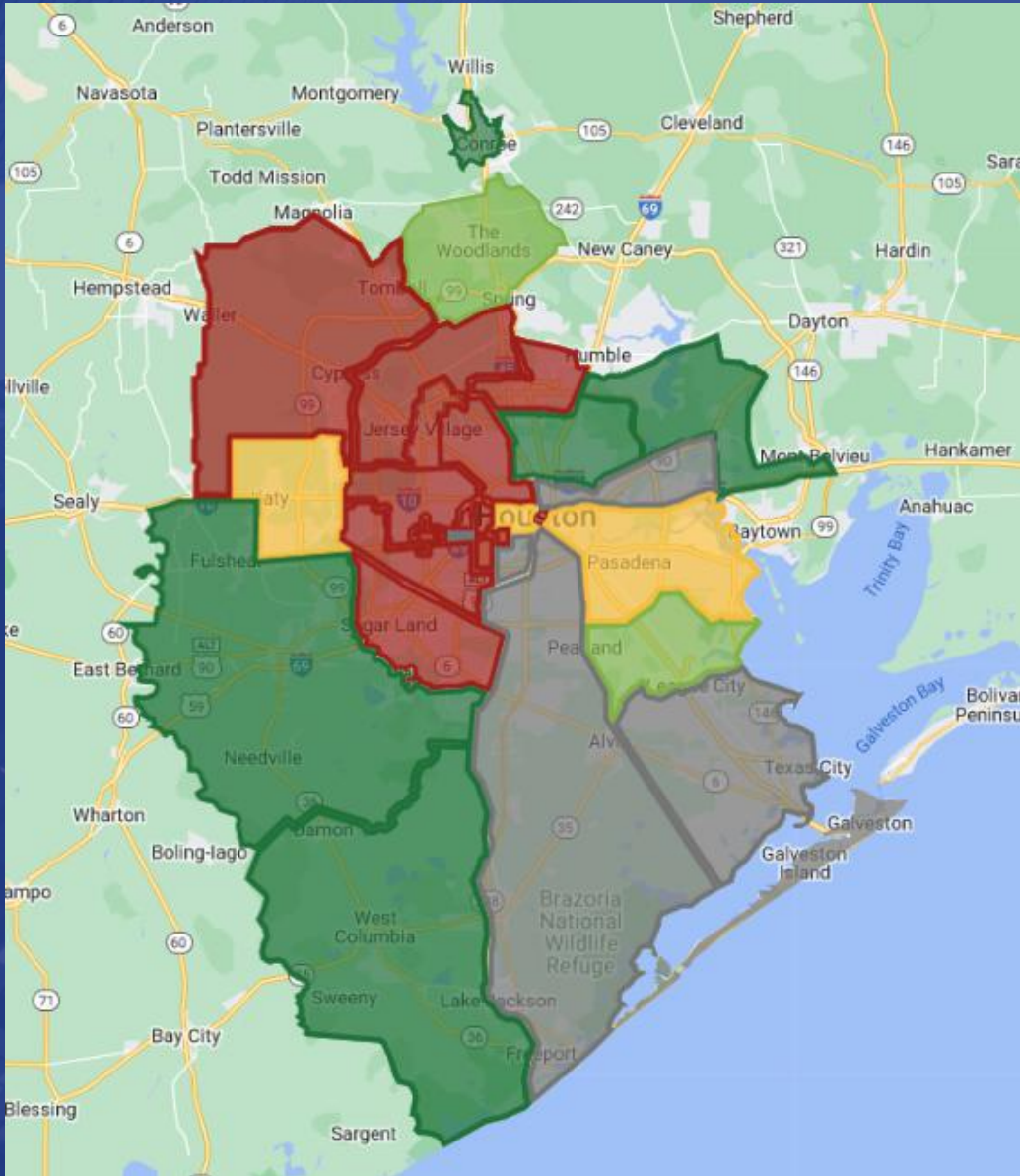
Houston: 5.3%
U.S.: 4.8%



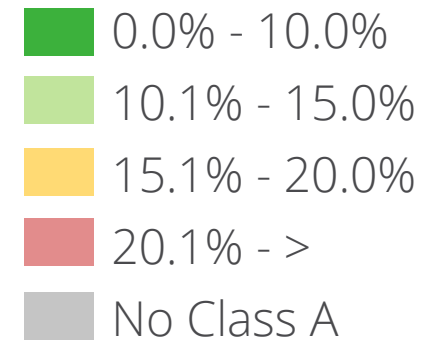
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Office

Class A Submarket Vacancy



Q4 2022 Vacancy Rate



- Average Class A Vacancy: **25.6%**

- Post 2005 Construction Vacancy: **15.3%**

Office Big Picture

 **End of Q4 – 237.5M SF**



- Vacancy still high – competitive terms
- Vacancy up 10 basis points Y – Y
- 2022 Total Net Absorption positive 284,877 SF vs. negative 1.9M in 2021
- 1.9M SF under construction, 71.1% pre-leased
- Average asking rental rates up 0.3% Y-Y

5% decrease in vacancy requires 50-60k office jobs/employees

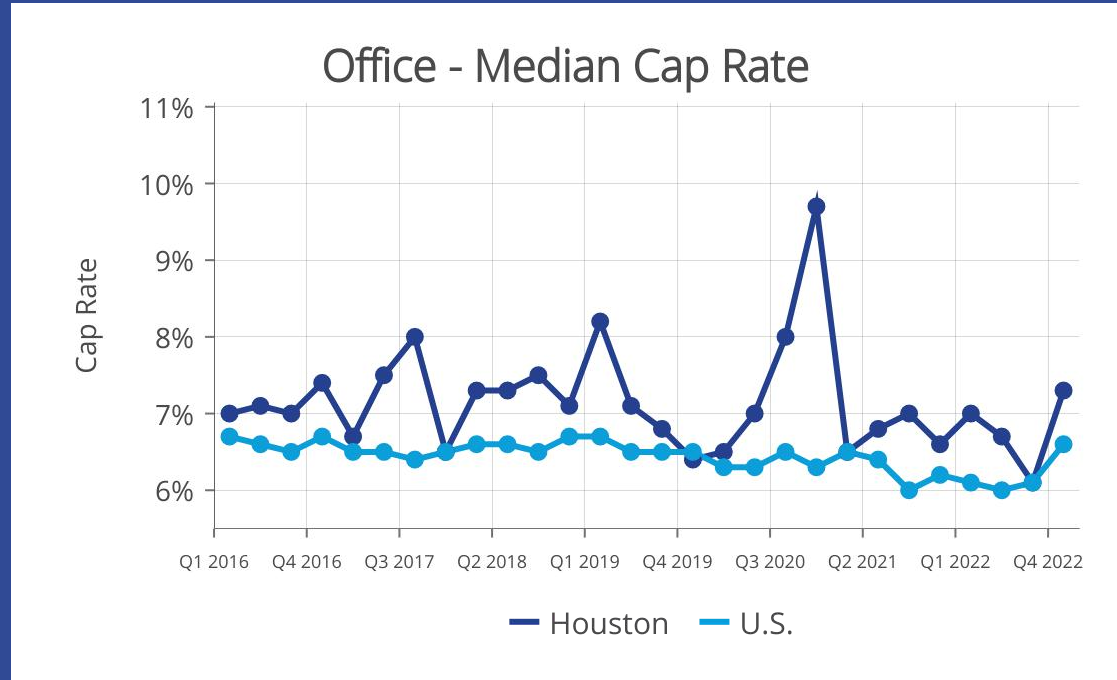
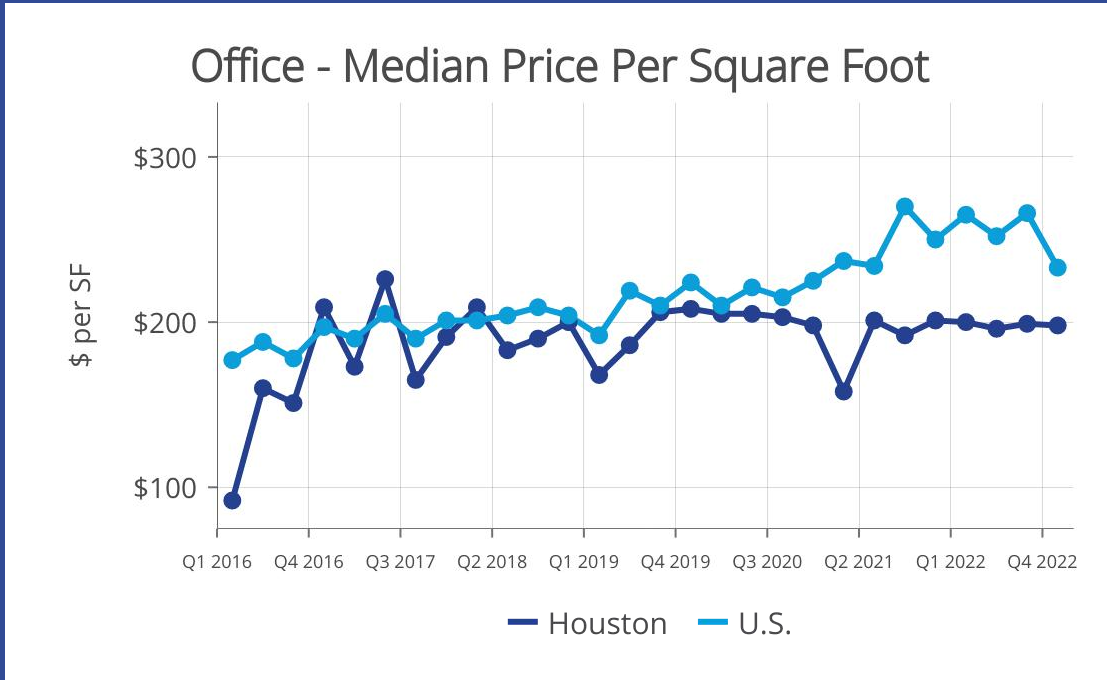
Office Big Picture | Fort Bend County

End of Q4 – 6M SF



- Vacancy is at 21.9%
- Vacancy up 30 basis points Y – Y
- 2022 Total Net Absorption 14,800 SF vs. 15,000 in 2021
- Average asking rental increased from \$29.46 to \$29.49 per SF

Office Investment



Median \$ PSF

Houston: \$198
U.S.: \$233

Median Cap Rate

Houston: 7.3%
U.S.: 6.6%



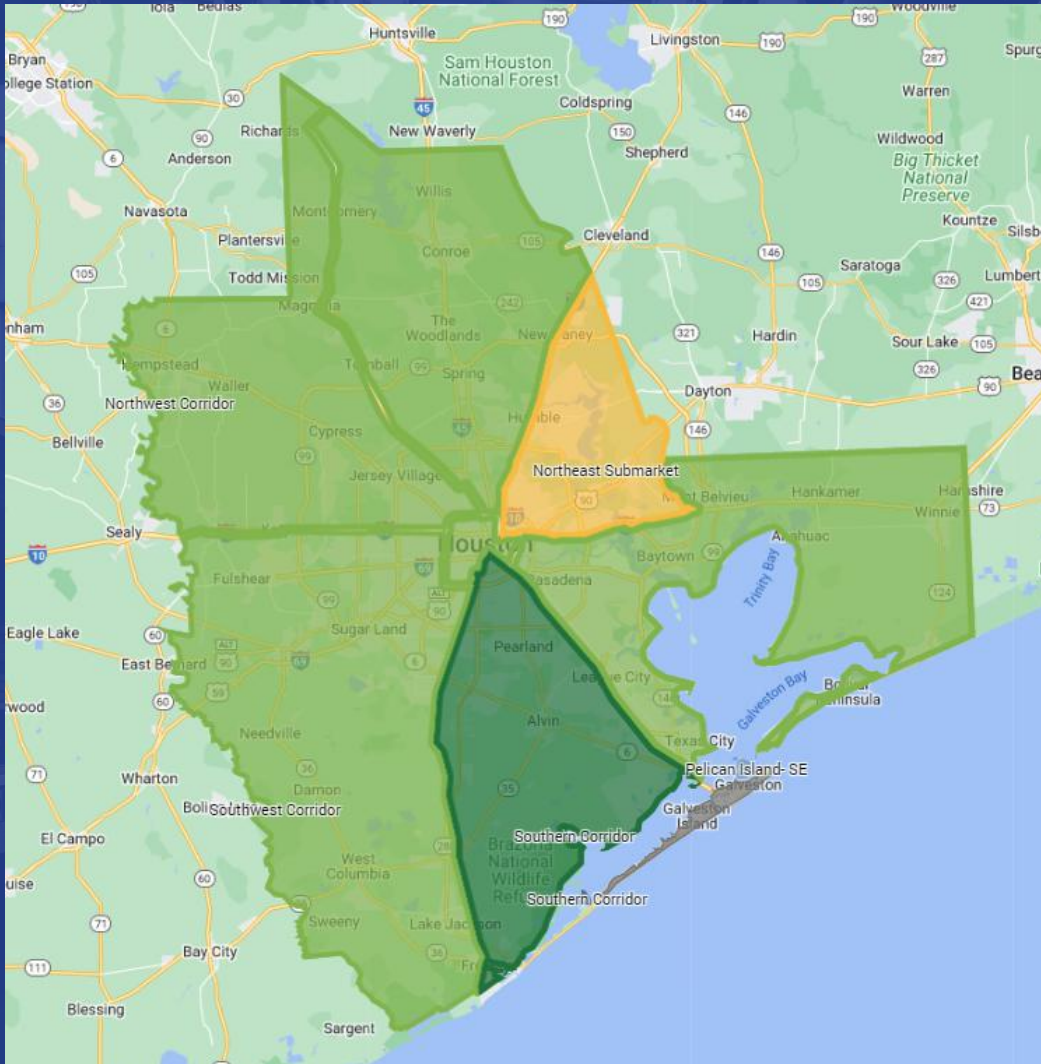
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Industrial

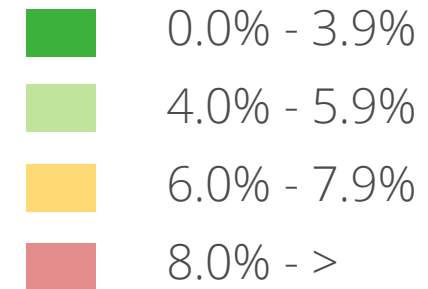




Industrial Submarket Vacancy



Q4 2022 Vacancy Rate



- Average Industrial Vacancy: **5.6%**
- Post 2005 Construction Vacancy: **8.0%**

Industrial Big Picture

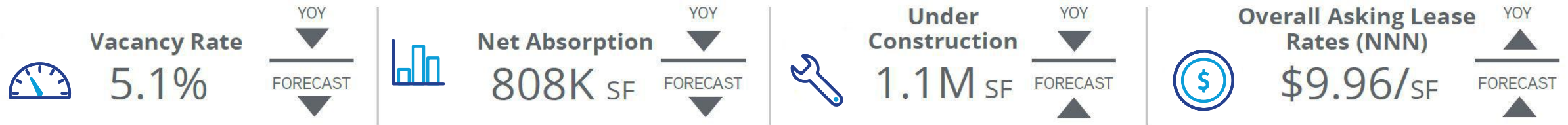
 **End of Q4 – 706.7M SF**




- Vacancy low at 5.6% down 90 basis points Y – Y
- Total 2022 positive net absorption of 28.9M SF vs. 28.5M SF positive absorption in 2021
- Record leasing volume in 2022 and 2021 of 48M SF
- 33.6M SF under construction, 15.9% pre-leased
- Average asking rental rates up 12.2% Y-Y

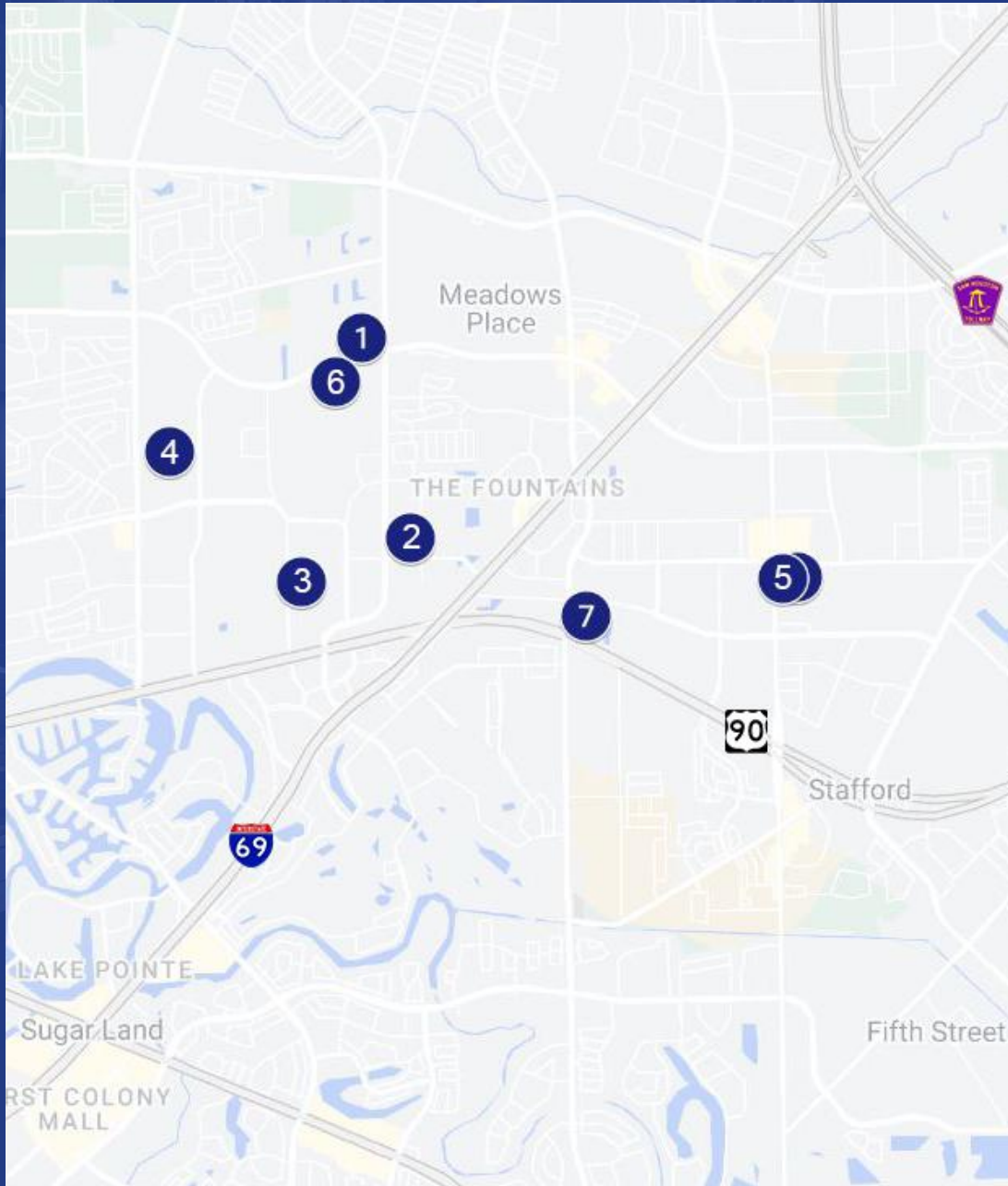
Industrial Big Picture | Fort Bend County

 **End of Q4 – 39.8M SF**



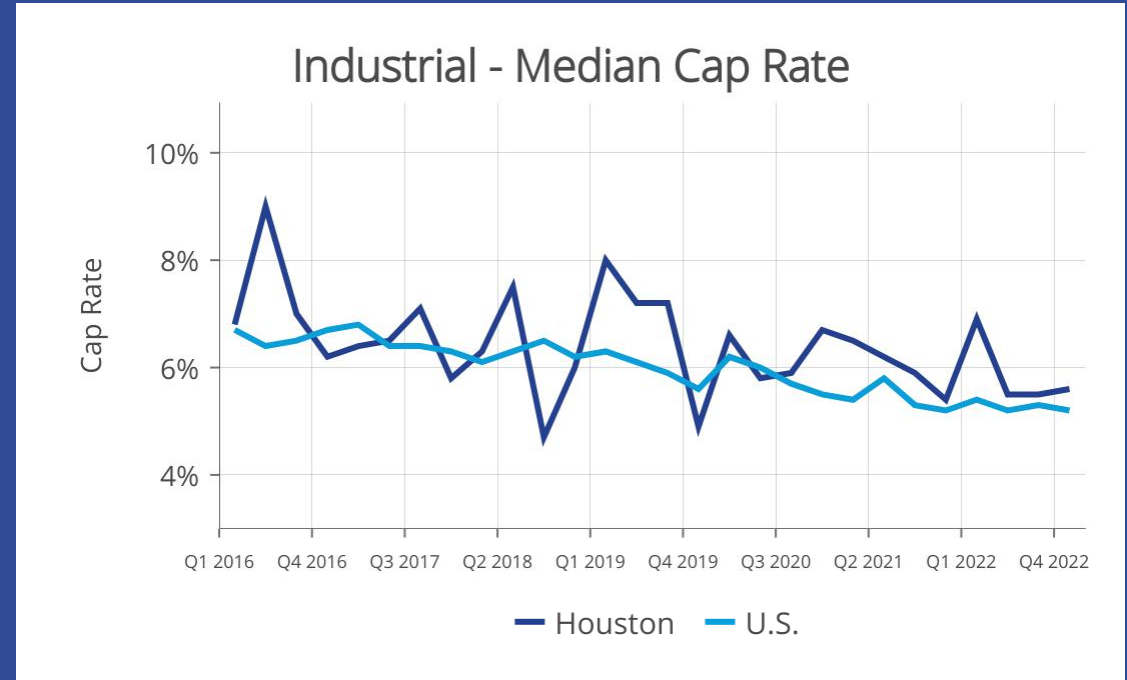
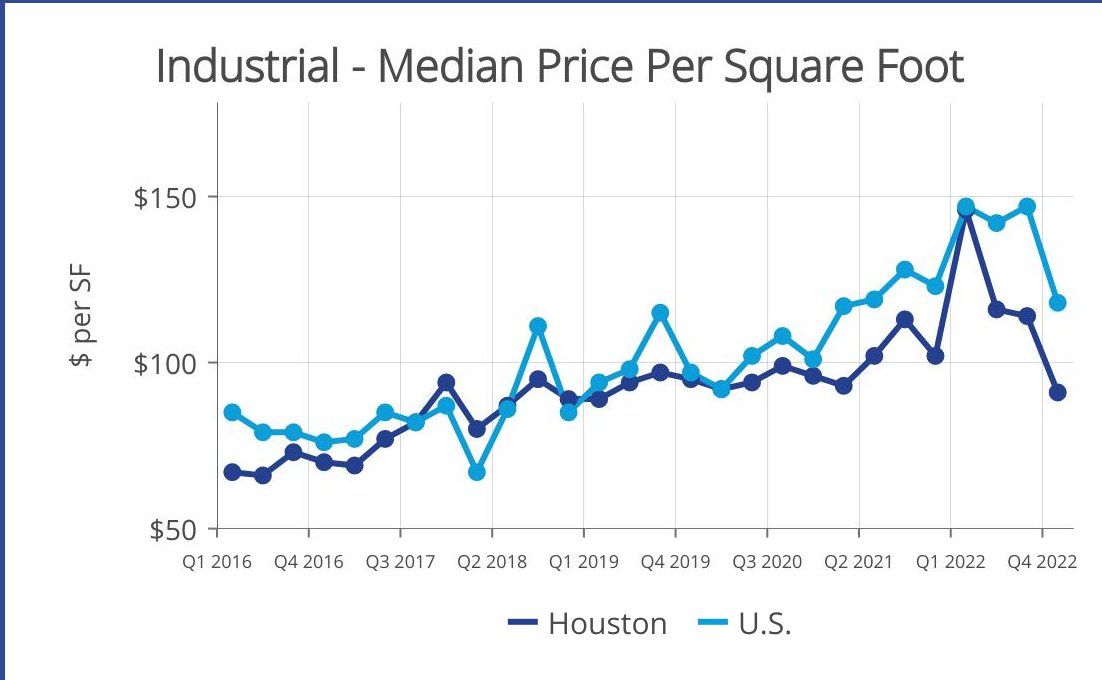
- Vacancy low at 5.1% down 350 basis points Y – Y
- Total 2022 positive net absorption of 3.0M SF vs. 2.9M SF positive absorption in 2021
- Record leasing volume of 3.6M SF in both 2022 and 2021
- 1.1M SF under construction, 5.5% pre-leased
- Average asking rental rates up 4.9% Y-Y

 Industrial | Fort Bend
Leasing Highlights



Address	City	Tenant Name	SF	Commencement Date
12510 W Airport Blvd	Sugar Land	Cubework	199,978	June 1, 2022
10600 Corporate Drive	Stafford	Texas Logistics	188,378	February 1, 2023
500 Industrial Blvd	Sugar Land	Accredo Packaging, Inc.	163,230	February 15, 2022
1111-1113 Gillingham	Sugar Land	Texas Medical Technology	154,661	March 8, 2022
10431 Mula Road	Stafford	Chadwell Supply	144,682	October 1, 2022
12639 W Airport Blvd	Sugar Land	Bluebonnet Nutrition	128,000	February 1, 2023
13015 S Kirkwood	Stafford	Dream Harvest	107,548	September 1, 2022
13023 Murphy Road	Stafford	Immatics	100,153	October 23, 2022

Industrial Investment



Median \$ PSF

Houston: \$91
U.S.: \$118

Median Cap Rate

Houston: 5.6%
U.S.: 5.2%



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Healthcare

Healthcare Big Picture

 **End of Q4 – 42.6M SF**



- Vacancy decreased 40 basis points Y – Y
- Total 2022 Net Absorption 867.3K SF vs. 816.7 SF in 2021
- 2.7M SF under construction, 38% pre-leased
- 784K SF delivered in 2022 (MOB's only)
- Average asking rental rates up 2.5% Y-Y

Healthcare Big Picture | Fort Bend County

 **End of Q4 – 1.8M SF**

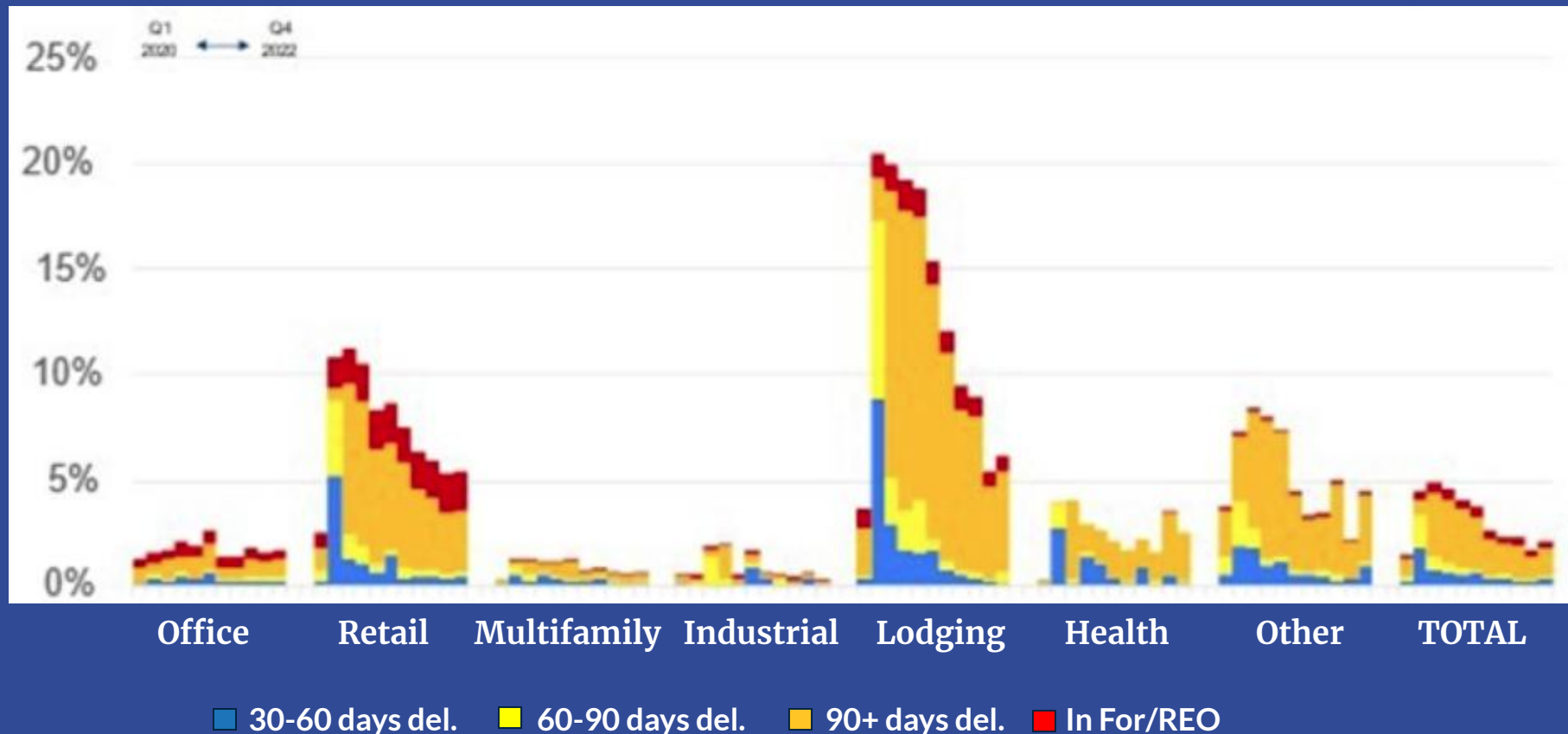


- Recorded -37,247 Sf of net absorption in Q4 2022
- Vacancy increased 210 basis points Y – Y
- Leasing activity decreased 40.8% annually
- Average asking rental increased \$28.72 to \$29.10 per SF

Debt Update

Delinquency Status by Property Type Share of Total Unpaid Principal Balance
(Note: no data for Q2 2022)

April 2022 – December 2022

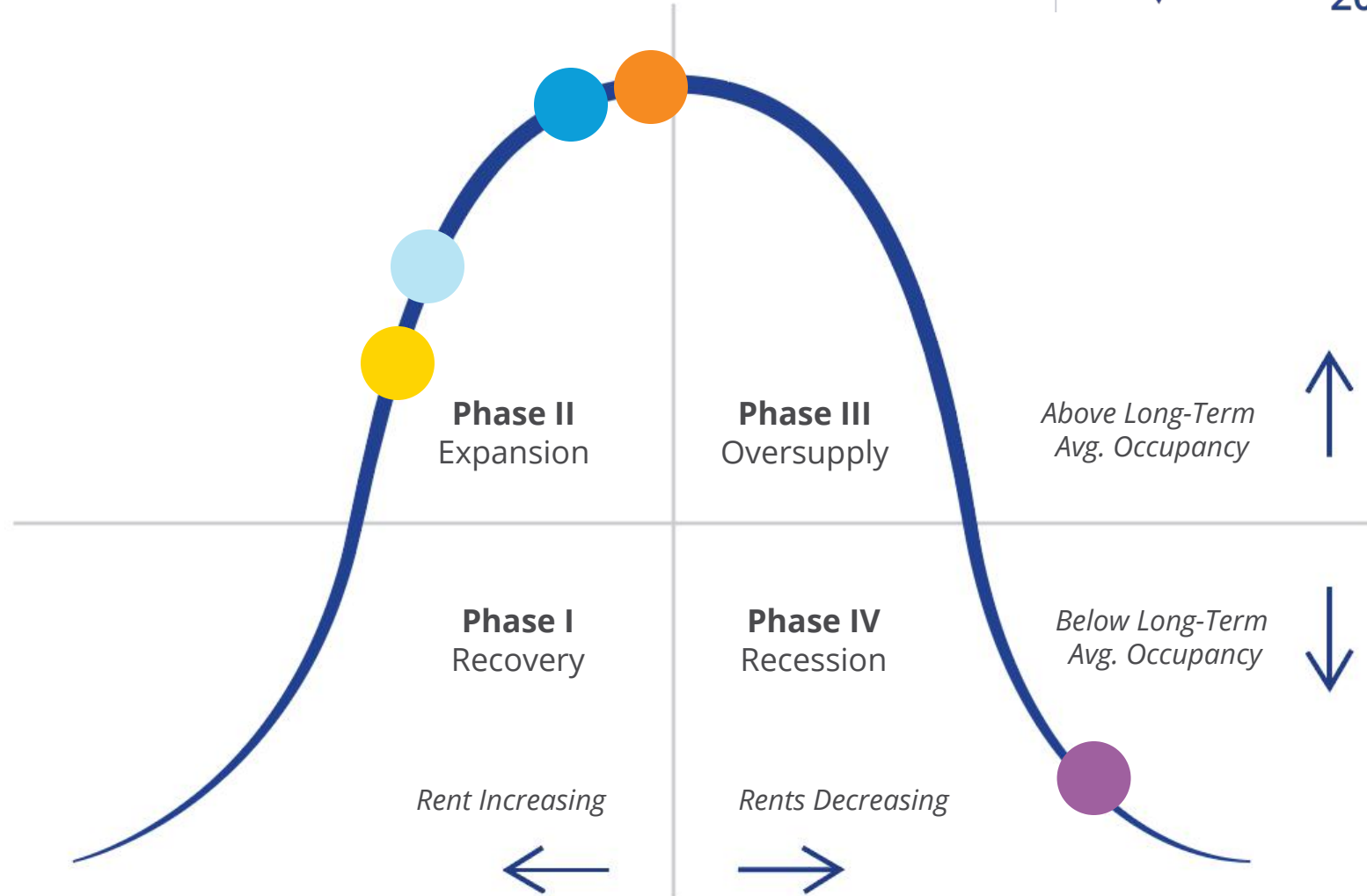


Source: Mortgage Bankers Association

Houston Commercial Real Estate Market Cycle



- Industrial
- Healthcare
- Multifamily
- Office
- Retail





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Thank you for attending

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