

Yardi® Matrix

MULTIFAMILY REPORT

Houston: Another Bumpy Ride Ahead

Spring 2020



Oil Prices Record New Low

Downtown Leads Development

Investment Solid in First Quarter

HOUSTON MULTIFAMILY

Yardi® Matrix

Crisis Shakes Bayou City

Following several woes during the second half of this cycle, Houston's economy is facing another test. Rent growth was flat on a trailing three-month basis as of March. After COVID-19 pushed oil prices to an 18-year low, the energy sector was hit hard and many of the metro's jobs were impacted. With unemployment claims across the state skyrocketing, Houston's economy will likely continue to contract.

Last year, Houston gained 88,000 new jobs, with trade, transportation and utilities (20.3%) accounting for the largest share of the employment base. Despite job growth in the metro surpassing the 1.8% U.S. rate by 100 basis points, the statewide stay-at-home order has impacted all sectors. Although construction was deemed essential, many contractors temporarily closed their doors and supply chains were disrupted. An encouraging sign came from the Small Business Administration, which approved loans across Texas totaling nearly \$22 billion—more than any other state—through April 13. The Paycheck Protection Program is a lifeline for small businesses struggling to remain open because of the health crisis.

Investor appetite remained high during the first quarter of 2020, following last year's \$4.8 billion total transaction volume. The high number of completions during the past five years combined with the robust development pipeline and the effects of the pandemic will likely keep rent growth flat.

Market Analysis | Spring 2020

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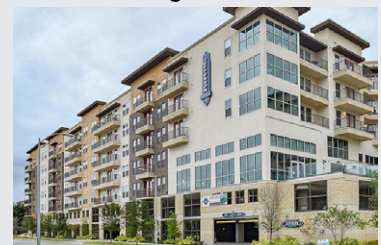
Recent Houston Transactions

Greenhouse



City: Houston
Buyer: 29th Street Capital
Purchase Price: \$53 MM
Price per Unit: \$152,377

Jefferson Heights



City: Houston
Buyer: Kairoi Residential
Purchase Price: \$37 MM
Price per Unit: \$187,616

Royal Oaks at Westchase



City: Houston
Buyer: The Lynd Co.
Purchase Price: \$36 MM
Price per Unit: \$126,596

The Life at Clearwood



City: Houston
Buyer: Olive Tree Holdings
Purchase Price: \$34 MM
Price per Unit: \$122,029