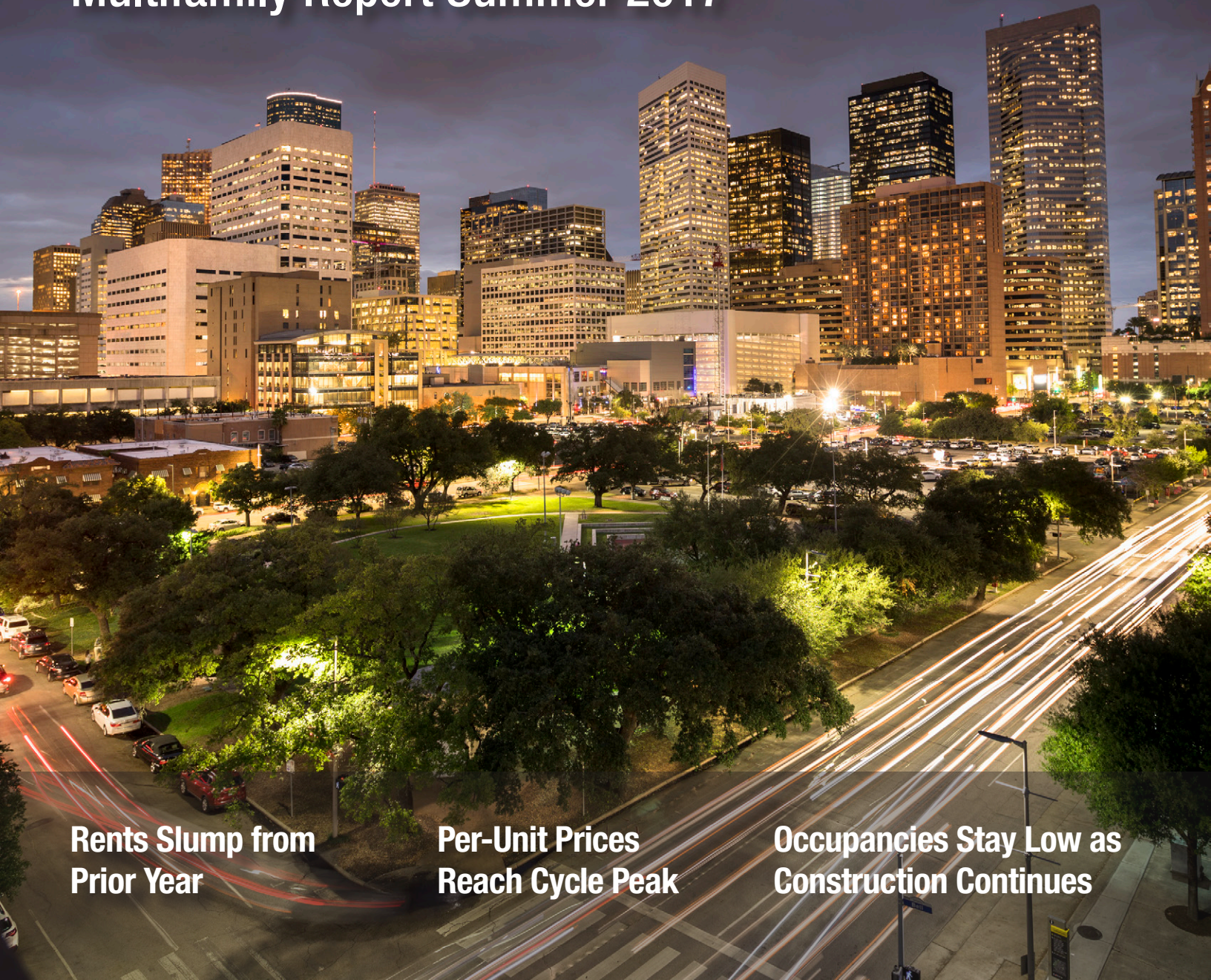


Yardi® Matrix

Can Houston Bounce Back?

Multifamily Report Summer 2017



**Rents Slump from
Prior Year**

**Per-Unit Prices
Reach Cycle Peak**

**Occupancies Stay Low as
Construction Continues**

HOUSTON MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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Oil Prices, Supply Still Influence Market

Houston’s apartment market continues to struggle as oil prices remain below \$50 a barrel with little prospect that they will rise soon. With the economic slowdown brought about by issues in the energy sector, the local housing market must deal with large amounts of new housing stock and limited rent growth.

Despite continued job losses in mining, logging and construction, there are some bright spots. Braskem’s announced \$675 million petrochemical development will create 1,000 new positions by 2020. Education and health services continues to be a cornerstone of the economy, as the health care system benefited greatly from a recent \$226 million grant from the National Science Foundation and \$528 million in medical research grants from the National Institutes of Health. A major initiative that aims to generate investor interest and attract substantial corporate relocations is the \$1.2 billion fund approved by the Texas Transportation Commission, the bulk of which will go toward an extensive overhaul of Interstate 45.

The outlook for Houston’s multifamily sector will stay cloudy as new supply is absorbed. The market continues to show some signs of instability, mostly due to negative rent growth and decreasing occupancy in the upscale Lifestyle segment. Nearly 20,000 units are expected to come online this year, while job growth is anticipated to be modest at best. Yardi Matrix forecasts Houston rents will increase by a modest 0.5% in 2017.

Recent Houston Transactions

Villas at Shadow Creek Ranch



City: Pearland, Texas
Buyer: Starwood Capital Group
Purchase Price: \$67 MM
Price per Unit: \$120,000

Domain at Kirby



City: Houston
Buyer: Ilan Investments
Purchase Price: \$67 MM
Price per Unit: \$227,615

The Columns at Shadow Creek Ranch



City: Pearland, Texas
Buyer: ECI Group
Purchase Price: \$53 MM
Price per Unit: \$139,965

Hidden Lake



City: Houston
Buyer: Starwood Capital Group
Purchase Price: \$53 MM
Price per Unit: \$120,000

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