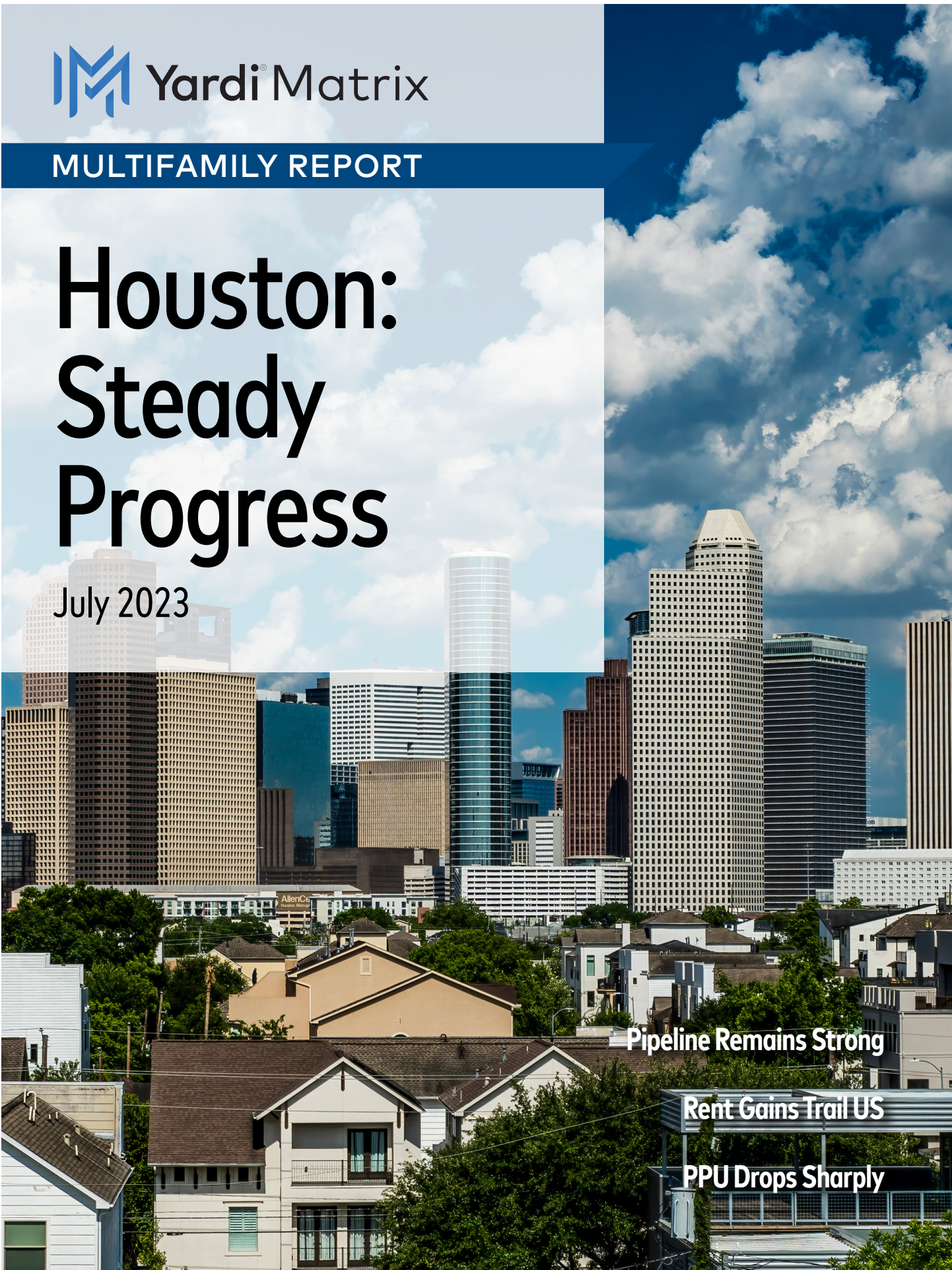




MULTIFAMILY REPORT

Houston: Steady Progress

July 2023



Pipeline Remains Strong

Rent Gains Trail US

PPU Drops Sharply

HOUSTON MULTIFAMILY



Fundamentals Still in Check

Houston showcased stable fundamentals during the first half of 2023, with rents remaining in growth mode even during the leasing off-season, albeit at a slower pace. The average asking rate rose 0.2% on a trailing three-month basis through May, to \$1,344, well behind the \$1,716 U.S. figure. The occupancy rate in stabilized properties declined by 80 basis points in the 12 months ending in April, to 93.2%.

Houston unemployment (4.0%) was higher than the national rate (3.4%) as of April, but yearly job growth outperformed the U.S., closing the gap. The metro's job market expanded by 4.6%, adding 142,000 jobs in the 12 months ending in March, well ahead of the 3.1% national rate. All sectors grew, with professional and business services and trade, transportation and utilities in the lead, accounting for almost 40% of growth. Houston's life sciences sector is expanding, fueling growth in professional and business services. Trade, transportation and utilities is also on an upward path. The metro led the U.S. in exports in 2022 and is expected to hold its position in 2023.

Deliveries and construction starts softened, with just 2,514 units coming online and 2,250 breaking ground in 2023 through May. However, the pipeline was still robust, with 31,655 units under construction. Meanwhile, investment activity dwindled, reaching a total of \$713 million in five months. The price per unit dropped below \$100,000 for the first time since 2017, to \$93,806.

Market Analysis | July 2023

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Recent Houston Transactions

The Waterview



City: Richmond, Texas
Buyer: Dreamstone Investments
Purchase Price: \$56 MM
Price per Unit: \$189,831

Avenue Grove



City: Houston
Buyer: Madera Cos.
Purchase Price: \$51 MM
Price per Unit: \$187,654

Harlow Spring Cypress



City: Spring, Texas
Buyer: Aspen Oak Capital Partners
Purchase Price: \$50 MM
Price per Unit: \$197,144

The Rice Urban Lofts



City: Houston
Buyer: Galium Capital
Purchase Price: \$48 MM
Price per Unit: \$155,177