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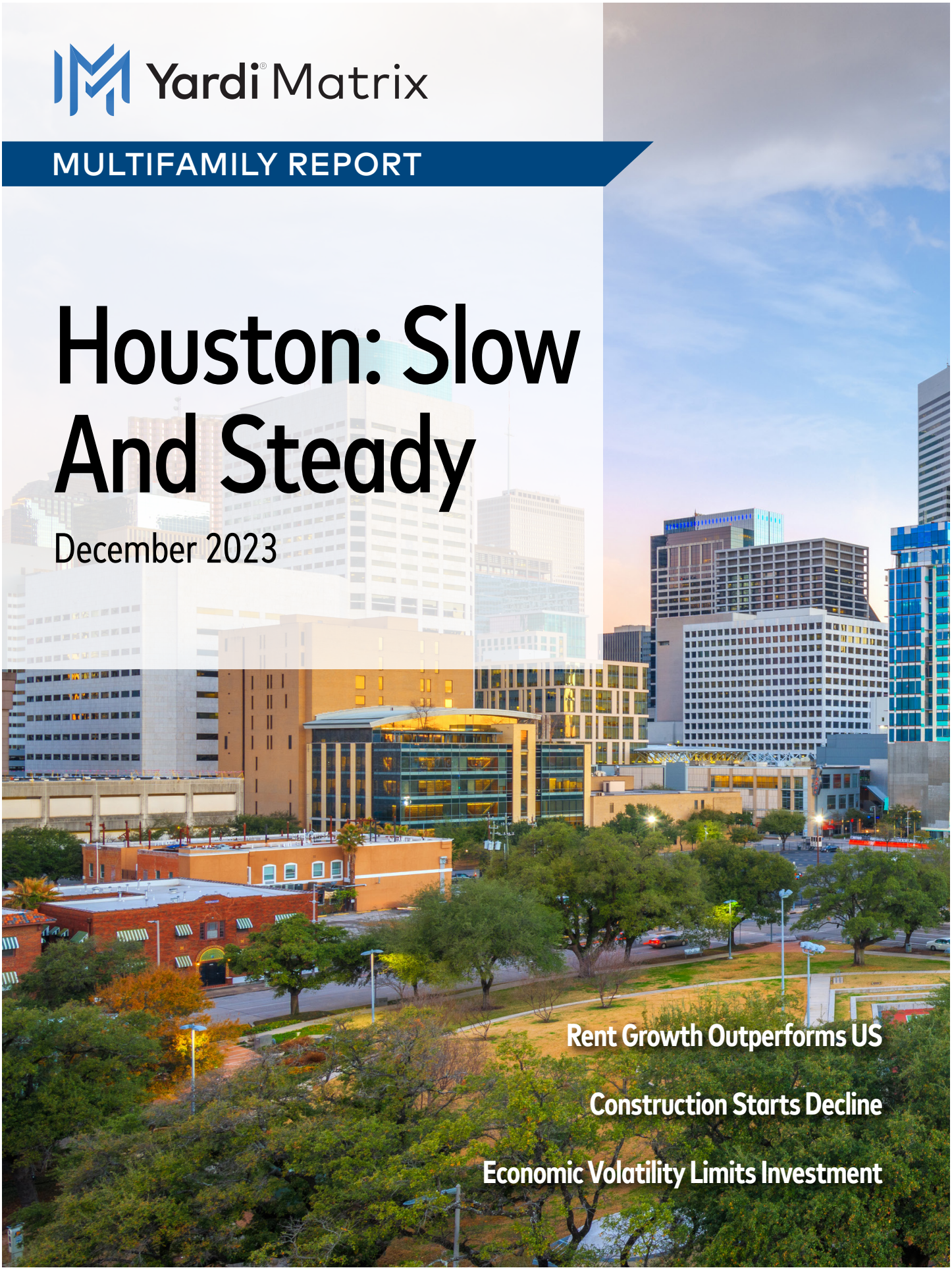
Yardi Matrix

MULTIFAMILY REPORT

Houston: Slow And Steady

December 2023



Rent Growth Outperforms US

Construction Starts Decline

Economic Volatility Limits Investment

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HOUSTON MULTIFAMILY

Yardi Matrix

Healthy Demand Sustains Rents, Occupancy

Despite challenging economic conditions, Houston's multifamily fundamentals persisted, though not without some impact. Bucking the national trend, rent growth was positive, although rates remained stagnant, at $1,353 in October. Meanwhile the U.S. average slid 0.1% on a trailing three-month basis, to $1,718. The occupancy rate in stabilized properties also remained flat, at 93.4% in September.

Unemployment stood at 4.4% in September, according to preliminary data from the Bureau of Labor Statistics. Despite a 50-basis-point month-over-month improvement, the rate trailed the U.S. (3.8%), the state (4.1%) and all other major Texas metros. Still, the job market expanded 3.5%, or 94,700 jobs, in the 12 months ending in August, outperforming the U.S. by a solid 100 basis points. During the period, two sectors contracted for a combined 6,400 positions: mining, logging and construction and other services. Growth was led by trade, transportation and utilities (26,300 jobs) and education and health services (23,300 jobs).

Development activity remained steady, with 37,067 units under construction, but deliveries softened to 10,730 units through October. Amid high interest rates, investment activity dwindled to $1.5 billion in multifamily assets during the first 10 months of the year. The price per unit decreased by a considerable 28.6% year-over-year through October, to $109,988.

Market Analysis | December 2023

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Recent Houston Transactions

55 Fifty at Northwest Crossing

City: Houston
Buyer: Vesta Corp.
Purchase Price: $79 MM
Price per Unit: $208,000

The Waterview

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

Adenine

City: Houston
Buyer: Madera Cos.
Purchase Price: $56 MM
Price per Unit: $211,195

Avenue Grove

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