

Yardi® Matrix

Houston Pulls Through

Multifamily Report Summer 2018

Local Economy Bounces Back

New Stock Targets Luxury Renters

Rent Growth Outpaces US Average

HOUSTON MULTIFAMILY

Market Analysis

Summer 2018

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Job, Population Growth Bolsters Demand

Recovering after the oil crisis and Hurricane Harvey, Houston's economy is once again in full swing. While causing more damage than any other natural disaster in U.S. history, except for Hurricane Katrina, Harvey has also contributed to moderating the supply imbalance of the past couple of years. After a prolonged dry spell, Houston rent growth is once again outpacing the U.S. average, having reached 3.9% year-over-year through June.

Oil prices have risen nearly \$40 per barrel above the trough of early 2016, boosting employment across sectors and bringing the metro back on track. Job creation in professional and business services acted as the backbone of Houston's recent recovery, with the metro adding roughly 30,000 jobs in the sector during the 12 months ending in April. The positive momentum is boosting investment once more—generating demographic growth that, in turn, helped the metro absorb its recent oversupply.

The metro added roughly 5,200 units in the first half of 2018, with an additional 13,000 units underway. After struggling with overbuilding and contracting rents over the better part of the past two years, Houston's supply-and-demand balance is back to its sweet spot. We expect rents to advance 1.8% for the whole of 2018.

Recent Houston Transactions

The Vista on Gessner



City: Houston
Buyer: Dalcor
Purchase Price: \$51 MM
Price per Unit: \$62,963

The Beverly Palms



City: Houston
Buyer: Cypress Point Equity Partners
Purchase Price: \$33 MM
Price per Unit: \$91,576

Generation Grove



City: Humble, Texas
Buyer: Avesta Communities
Purchase Price: \$30 MM
Price per Unit: \$114,786

Crossings at Cherry



City: Tomball, Texas
Buyer: Veritas Equity Management
Purchase Price: \$14 MM
Price per Unit: \$109,796