



MULTIFAMILY REPORT

Houston Outperforms

March 2024

Investment Slows, PPU Bounces Back

Rent Growth Outpaces US

Construction Starts Increase



HOUSTON MULTIFAMILY



Pipeline Grows, Rents Endure

Houston multifamily fundamentals entered 2024 on a steady path. Rent growth outpaced the nation and remained flat on a trailing three-month basis, while the U.S. rate contracted 0.2%. Year-over-year, Houston rents rose 0.7% as of January, to \$1,351, outperforming the U.S. average, which climbed 0.5%, to \$1,710. Meanwhile, the metro's occupancy rate slid 50 basis points in the 12 months ending in January, to 92.9%.

Unemployment clocked in at 3.8% in December, slightly behind the 3.7% U.S. figure and just ahead of the 3.9% state rate. Houston's jobless rate was the highest among major Texas metros. In the 12 months ending in November 2023, employment expanded by 2.9%, or 77,800 net jobs, surpassing the 2.2% national rate. All sectors gained jobs, except for information, which remained flat, and mining, logging and construction, which lost 2,400 jobs. Education and health services led gains (23,400 jobs), followed by trade, transportation and utilities (18,300 jobs) and professional and business services (10,500 jobs).

Developers completed 1,201 units in January and had another 33,211 underway. Yearly deliveries moderated further in 2023. However, new construction starts jumped nearly 20% year-over-year, even as the national pipeline slowed. Investment was tepid, with only \$119 million in assets trading in January. However, the price per unit rose to \$158,865 for the limited sample size.

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Recent Houston Transactions

Encore Rise



City: Conroe, Texas
Buyer: Quarry Capital
Purchase Price: \$47 MM
Price per Unit: \$183,984

The Meritage



City: Houston
Buyer: Houston Housing Authority
Purchase Price: \$43 MM
Price per Unit: \$181,100

Bayou on the Bend



City: Houston
Buyer: Galium Capital
Purchase Price: \$43 MM
Price per Unit: \$179,063

The Henry at Lake Houston



City: Humble, Texas
Buyer: Momentum Multifamily
Purchase Price: \$42 MM
Price per Unit: \$143,514