

Yardi® Matrix

Houston Surmounts the Storm

Multifamily Report Winter 2019

Apartment Rents Inch Up

Transaction Volume Hits Cycle High

Employment Growth Outpaces U.S. Rate

HOUSTON MULTIFAMILY

Market Analysis

Winter 2019

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Bayou City Deliveries Hit the Brakes

The Houston multifamily market is back on top following Hurricane Harvey and the oil price drop. Strong demographic expansion and above-trend employment growth have been supporting demand.

The Category 4 Atlantic storm hit Houston in mid-2017 and accelerated a market that was already fighting to surpass its 2015-16 energy-related slump. The metro added 128,700 jobs in the 12 months ending in September, with mining, logging and construction accounting for more than a quarter of gains. Professional and business services and trade, transportation and utilities added 51,000 jobs combined. One of the largest infrastructure projects is the \$815 million investment in State Highway 288, a critical north-south transit corridor. Thousands of workers are also on site at the \$1.1 billion McNair medical campus, slated for completion in 2019. Moreover, roughly \$4.5 billion in local and federal funds will be put into critical flood control projects, further boosting construction.

Interest in local assets—particularly in value-add properties—has been strong, with \$4.5 billion in apartments having traded in the first 10 months of 2018. Following record delivery rates of more than 38,000 units in 2016 and 2017 combined, another 8,827 apartments were completed year-to-date through November, inhibiting rent growth.

Recent Houston Transactions

Baybrook Village



City: Webster, Texas
Buyer: Investcorp
Purchase Price: \$51 MM
Price per Unit: \$66,230

Cali Sommerall



City: Houston
Buyer: 29th Street Capital
Purchase Price: \$37 MM
Price per Unit: \$101,507

Thornbury



City: Houston
Buyer: InterCapital Partners
Purchase Price: \$46 MM
Price per Unit: \$113,225

Streamsong



City: Katy, Texas
Buyer: Angelo Gordon & Co.
Purchase Price: \$43MM
Price per Unit: \$142,311