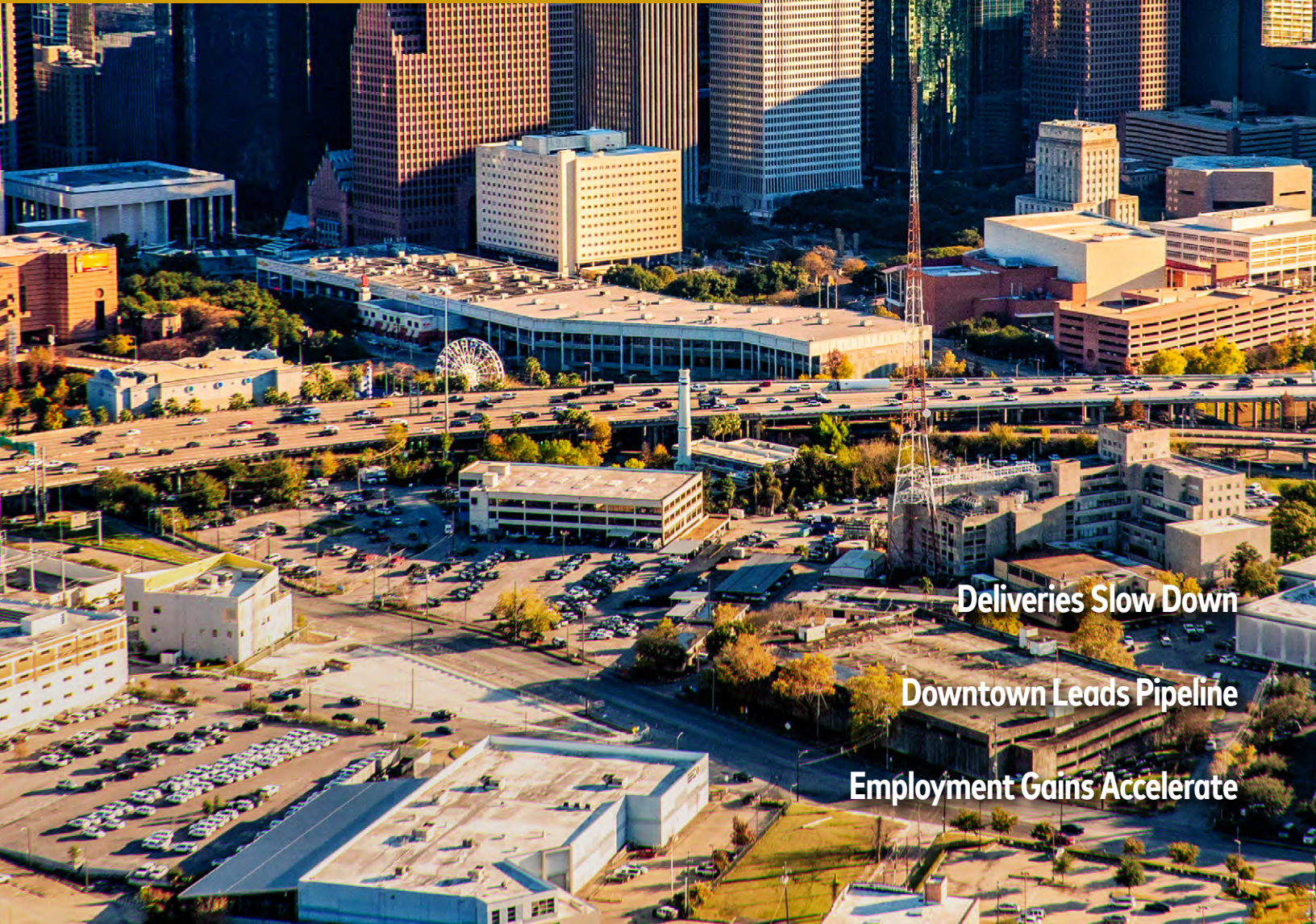


Yardi® Matrix

MULTIFAMILY REPORT

Productive Houston

Winter 2020



Deliveries Slow Down

Downtown Leads Pipeline

Employment Gains Accelerate

HOUSTON MULTIFAMILY

Yardi® Matrix

Bayou City Relies On Diversifying Economy

Despite several woes during the first half of this cycle, Houston's economy is once again on a prolonged upswing. Rent growth is slowly but steadily rebounding again, bolstered by strong employment gains and a solid demographic expansion.

Metro Houston gained 82,800 jobs in the 12 months ending in September 2019, with the professional and business services sector accounting for nearly one-third of the total. Manufacturing and construction rounded out the top three, gaining a collective 25,600 positions. The latter is likely to get another boost from one of the largest infrastructure projects in the country. Texas Central has signed a design-build contract with the joint venture of Salini Impregilo and Lane Construction Corp. for a high-speed rail line connecting Houston and Dallas. The team aims to kick off the project this year, with the total civil works investment expected to exceed \$14 billion.

More than 80,000 units were delivered between 2014 and 2018, creating fears of overbuilding in select submarkets. On the other hand, development decelerated in 2019 with only 5,814 units completed year-to-date through November. Meanwhile, multifamily investment sales remained strong. Although underperforming once again in rent growth, Houston's multifamily sector is expected to remain relatively steady, at least in the short term, due to positive population and job growth fundamentals.

Market Analysis | Winter 2020

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Recent Houston Transactions

Alexan Enclave



City: Houston
Buyer: F&B Capital
Purchase Price: \$60 MM
Price per Unit: \$168,098

Everly



City: Houston
Buyer: Praedium Group
Purchase Price: \$53 MM
Price per Unit: \$137,812

The Promenade Champions Forest



City: Houston
Buyer: Madera Cos.
Purchase Price: \$52 MM
Price per Unit: \$127,558

Asheville at Spring Branch



City: Houston
Buyer: Knightvest Capital
Purchase Price: \$51 MM
Price per Unit: \$151,587