



MULTIFAMILY REPORT

Houston Begins To Warm Up

Summer 2021

Rent Expansion Picks Up

Investors Favor West Houston

Downtown Leads Development

HOUSTON MULTIFAMILY



Bayou City Embarks On Recovery Path

Houston's multifamily market is faring better than expected, despite having gone through several tests during the past decade. After the 2015-16 oil bust and the impact of Hurricane Harvey in 2017, the ongoing health crisis is yet another challenge for the local economy. However, rent growth on a trailing three-month basis through May was only 20 basis points below the 0.6% national rate, with average rents clocking in at \$1,124, \$304 less than the U.S. figure.

Unemployment slid to 8.0% in March, while preliminary April data pointed to a 90-basis-point improvement. Houston lost 175,000 jobs, with most of the positions in the construction and tourism sectors. But Texas has fully reopened its economy and the metro is now on the path to recovery. Large infrastructure projects are bound to bring back construction jobs. A \$30 billion, multiphase, high-speed railway project between Houston and Dallas is anticipated to break ground later this year, while local developer Midway will soon start work on East River, a \$2.5 billion waterfront development.

In the first five months of 2021, multifamily sales amounted to \$1.5 billion, for a per-unit price that surpassed the \$121,000 mark. Meanwhile, 32,207 units were under construction and 4,576 were delivered. Yardi Matrix expects the average rent in Houston to improve 3.8% in 2021.

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Recent Houston Transactions

Stonegrove Fall Creek



City: Humble, Texas
Buyer: Pegasus Real Estate
Purchase Price: \$53 MM
Price per Unit: \$164,389

Helix at Med Center



City: Houston
Buyer: 29th Street Capital
Purchase Price: \$32 MM
Price per Unit: \$142,560

Rise at Elmside



City: Houston
Buyer: REEP Equities
Purchase Price: \$27 MM
Price per Unit: \$155,484

The Park at San Vicente



City: Houston
Buyer: Blue Magma Residential
Purchase Price: \$20 MM
Price per Unit: \$83,889