



MULTIFAMILY REPORT

Houston: Investment Hot Spot

July 2022

Transaction Activity Intensifies, PPU Rises

Construction, Deliveries Remain Elevated

Rent Growth Trails the Nation

HOUSTON MULTIFAMILY



Healthy Fundamentals Bolster Demand

Houston recovered all the jobs it lost during the pandemic, with the multifamily sector directly benefiting from the bounce, as fundamentals stayed healthy on the heels of a robust 2021. Rents rose 0.7% on a trailing three-month basis through May, to \$1,293, and the overall occupancy rate in stabilized properties rose 130 basis points in the 12 months ending in April, to 94.1%.

Houston unemployment stood at 4.1% in April, according to data from the Bureau of Labor Statistics, outperforming the state (4.3%). Even though it lags the U.S. (3.6%), Dallas (3.2%) and Austin (2.5%), Houston marked a 140-basis-point improvement since the beginning of the year. Employment expanded by 5.2%, or 150,400 jobs, in the 12 months ending in March, 50 basis points above the U.S. The market's largest sector—trade, transportation and utilities—added 35,300 positions and will likely continue to grow as global macroeconomic trends are indirectly favoring the area, boosting production and exports. Container volumes at Port Houston were up 20% year-over-year in the first quarter of 2022.

Developers delivered 5,692 units in 2022 through May and had another 23,382 units under construction. Transaction activity intensified compared to the same period last year, amounting to \$4.8 billion through May, for a price per unit that rose 25% year-over-year, to \$152,443. However, the current economic climate is likely to dampen transaction activity in the near term.

Market Analysis | July 2022

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Recent Houston Transactions

Bayou Park



City: Houston
Buyer: Makaan Investment Group
Purchase Price: \$131 MM
Price per Unit: \$190,034

The Commons at Hollyhock



City: Katy, Texas
Buyer: Post Investment Group
Purchase Price: \$119 MM
Price per Unit: \$190,594

Village at Piney Point



City: Houston
Buyer: Kalkan Capital
Purchase Price: \$107 MM
Price per Unit: \$97,502

Reserve at Westwood



City: Houston
Buyer: Applesway Investment Group
Purchase Price: \$88 MM
Price per Unit: \$123,729