

# Yardi® Matrix

## MULTIFAMILY REPORT

# Houston: Another Bumpy Ride Ahead

Spring 2020

**Oil Prices Record New Low**

**Downtown Leads Development**

**Investment Solid in First Quarter**



# HOUSTON MULTIFAMILY

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## Crisis Shakes Bayou City

Following several woes during the second half of this cycle, Houston's economy is facing another test. Rent growth was flat on a trailing three-month basis as of March. After COVID-19 pushed oil prices to an 18-year low, the energy sector was hit hard and many of the metro's jobs were impacted. With unemployment claims across the state skyrocketing, Houston's economy will likely continue to contract.

Last year, Houston gained 88,000 new jobs, with trade, transportation and utilities (20.3%) accounting for the largest share of the employment base. Despite job growth in the metro surpassing the 1.8% U.S. rate by 100 basis points, the statewide stay-at-home order has impacted all sectors. Although construction was deemed essential, many contractors temporarily closed their doors and supply chains were disrupted. An encouraging sign came from the Small Business Administration, which approved loans across Texas totaling nearly \$22 billion—more than any other state—through April 13. The Paycheck Protection Program is a lifeline for small businesses struggling to remain open because of the health crisis.

Investor appetite remained high during the first quarter of 2020, following last year's \$4.8 billion total transaction volume. The high number of completions during the past five years combined with the robust development pipeline and the effects of the pandemic will likely keep rent growth flat.

## Market Analysis | Spring 2020

### Contacts

#### Jeff Adler

Vice President & General  
Manager of Yardi Matrix  
[Jeff.Adler@Yardi.com](mailto:Jeff.Adler@Yardi.com)  
(800) 303-615-3676

#### Jack Kern

Director of Research  
and Publications  
[Jack.Kern@Yardi.com](mailto:Jack.Kern@Yardi.com)  
(800) 866-1124 x2444

#### Ron Brock, Jr.

Industry Principal, Matrix  
[JR.Brock@Yardi.com](mailto:JR.Brock@Yardi.com)  
(480) 663-1149 x2404

### Author

#### Laura Calugar

Senior Associate Editor

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### Recent Houston Transactions

#### Greenhouse



City: Houston  
Buyer: 29th Street Capital  
Purchase Price: \$53 MM  
Price per Unit: \$152,377

#### Jefferson Heights



City: Houston  
Buyer: Kairoi Residential  
Purchase Price: \$37 MM  
Price per Unit: \$187,616

#### Royal Oaks at Westchase



City: Houston  
Buyer: The Lynd Co.  
Purchase Price: \$36 MM  
Price per Unit: \$126,596

#### The Life at Clearwood



City: Houston  
Buyer: Olive Tree Holdings  
Purchase Price: \$34 MM  
Price per Unit: \$122,029