



MULTIFAMILY REPORT

Houston: More Work To Be Done

Summer 2020

Energy Sector Reeling from Job Losses

Lifestyle Rents in Negative Territory

Oversupply to Impact Development

HOUSTON MULTIFAMILY



Diversifying Efforts Prop Up Struggling Economy

Houston has weathered several challenges over the last decade, but the pandemic-driven economic dislocation may pose increasing difficulties on the path to a full recovery. Overall rents in Houston started to contract in December 2019, and remained in the negative range in subsequent months. As of August, rents were down 0.1% on a trailing three-month basis, at \$1,108, behind the \$1,463 national figure.

The health crisis has cost the metro more than 365,000 jobs and only some 110,000 were recovered through September, based on Texas Workforce Commission data analyzed by the Greater Houston Partnership. While oil and gas jobs were already at their lowest level in 15 years at the onset of COVID-19, energy job losses were mitigated by gains in finance, professional services and health care. The Houston region has received more than \$9.4 billion in Paycheck Protection Program funding, supporting more than 700,000 jobs, according to U.S. Treasury Department data.

As construction was deemed an essential service during shelter-in-place orders, developers were able to press on, and added 8,061 units to inventory year-to-date through August. Another 27,000 apartments were under development as of August. More than \$1.3 billion in multifamily assets traded in 2020 through August—a 53% decline compared to the same interval last year.

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Recent Houston Transactions

Lofts at the Ballpark



City: Houston
Buyer: Banyan Residential
Purchase Price: \$59 MM
Price per Unit: \$157,547

Broadstone Park West



City: Houston
Buyer: BSR Trust
Purchase Price: \$51 MM
Price per Unit: \$137,838

Domain New Forest



City: Houston
Buyer: Eastwood Multifamily
Purchase Price: \$40 MM
Price per Unit: \$134,702

Diamond Ridge



City: Houston
Buyer: Gatesco
Purchase Price: \$25 MM
Price per Unit: \$50,768