



MULTIFAMILY REPORT

Houston Beats The Odds

Winter 2021

Interest in Industrial Assets Endures

Rent Growth Exits Negative Territory

Downtown Houston Leads Construction Activity

HOUSTON MULTIFAMILY



Bayou City Withstands New Shock

Considering continued worries over the relative instability of oil prices and the pandemic-induced economic contraction, Houston's multifamily market fared better than initially expected. As of January, rent growth was flat on a trailing three-month basis, at \$1,109, behind the \$1,392 national figure.

Employment posted a 5.3% decline in the 12 months ending in November, outperforming the -7.2% national rate. Leisure and hospitality shrunk by 40,000 jobs, while professional and business services was the only sector to add positions (600 jobs), aided by its ability to maintain operations through remote work. Meanwhile, some businesses are coming to or expanding in the Houston area. Military contractor MVL Group purchased the historic Republic Building downtown and intends to transform it into its new headquarters. Amazon is expanding its fulfillment center footprint with two new projects totaling almost 2 million square feet.

Transaction activity slowed last year, with investors paying increased attention to the suburbs and smaller cities due to surging demand for more space. Deliveries, on the other hand, seemed unabated by the health crisis. More than 13,000 units came online in Houston in 2020. Despite steady completions during the past few years and the lingering effects of the pandemic, Yardi Matrix expects the average Houston rate to improve by 2.8% in 2021.

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Recent Houston Transactions

San Simeon



City: Houston
Buyer: Knightvest Capital
Purchase Price: \$98 MM
Price per Unit: \$226,574

Carrington Park at Gulf Pointe



City: Houston
Buyer: JRK Property Holdings
Purchase Price: \$39 MM
Price per Unit: \$150,956

Richmond Town Home



City: Houston
Buyer: Brixton Capital
Purchase Price: \$28 MM
Price per Unit: \$147,872

The Residence at Westchase



City: Houston
Buyer: WGA Legacy Property
Management
Purchase Price: \$16 MM
Price per Unit: \$121,875