



MULTIFAMILY REPORT

Houston's Solid Prospects

March 2023



PPU Hits New Peak

Construction, Deliveries Moderate

Seasonal Slowdown Impacts Rent Growth

HOUSTON MULTIFAMILY



Fundamentals Stabilize

On the heels of two robust years, Houston's multifamily market slowed down to more sustainable levels. Rent gains marked the third-consecutive month of stagnation in January, which is typical for the slower winter season. On a year-over-year basis, rates grew by 4.1%, to an average of \$1,327, while U.S. figures improved by 5.5%, to \$1,701.

Despite being on a decelerating path, unemployment in the Bayou City remained the highest among major metros in the state. As of December, the rate was 3.9%, according to preliminary data from the Bureau of Labor Statistics. The job market expanded by 6.2%, or 176,300 jobs, in the 12 months ending in November, with leisure and hospitality, along with professional and business services, leading gains. This year is expected to be a solid one for job growth. The first building at Helix Park, Texas Medical Center's 37-acre life sciences campus, is slated for completion later in 2023. Meanwhile, the construction sector could benefit significantly from the \$35 billion in public infrastructure funding approved by Texas voters in the November 2022 elections.

More than \$9.7 billion in multifamily properties traded last year in Houston, and developers completed 17,676 units—most of them in luxury assets. Developers and owners in catastrophe-exposed areas such as Houston and other Gulf Coast metros, will face rising insurance costs and increasing expenses for climate-related renovations.

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Recent Houston Transactions

The Margot on Sage



City: Houston
Buyer: Bascom Group
Purchase Price: \$63 MM
Price per Unit: \$182,455

Watersedge



City: Webster, Texas
Buyer: American Landmark
Apartments
Purchase Price: \$55 MM
Price per Unit: \$154,896

The Émile



City: Houston
Buyer: Quattro Capital
Purchase Price: \$43 MM
Price per Unit: \$180,556

The 910



City: Houston
Buyer: MarketSpace Capital
Purchase Price: \$40 MM
Price per Unit: \$86,351