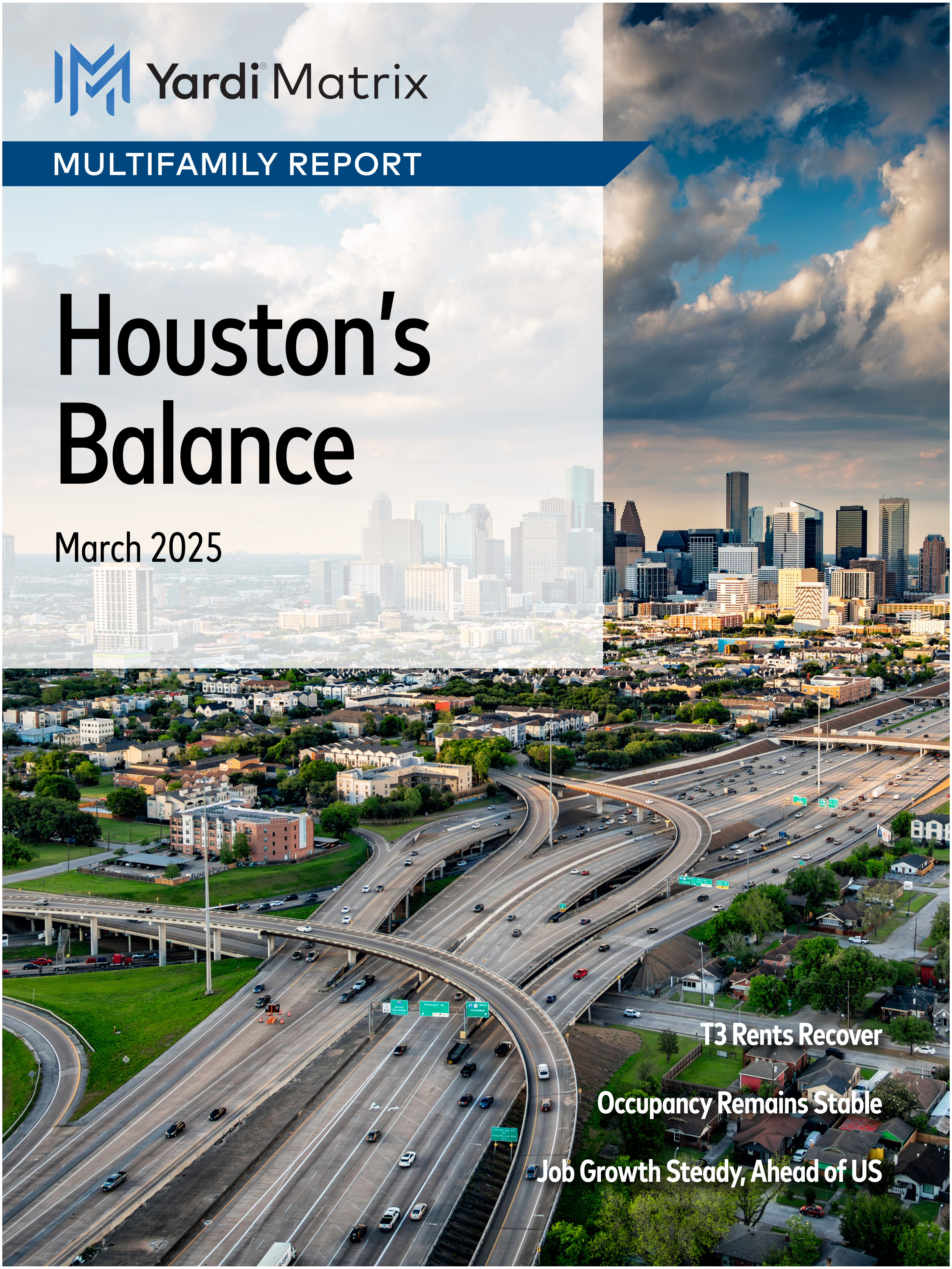
Yardi Matrix

MULTIFAMILY REPORT

Houston's Balance

March 2025



T3 Rents Recover

Occupancy Remains Stable

Job Growth Steady, Ahead of US

HOUSTON MULTIFAMILY

Yardi Matrix

Supply, Demand In Balance

Houston's multifamily market kicked off 2025 with steady fundamentals, albeit with some nuances across key markers. A balance between supply and demand kept average advertised asking rents flat on a three-month basis through January, at $1,364, having recovered after three months of contractions. Should market conditions hold, Yardi Matrix expects year-over-year rent growth to clock in at 2.2% for 2025. The metro's average overall occupancy rate in stabilized properties remained flat year-over-year through January, at 92.6%.

Employment growth in Houston stood at 2.1% year-over-year through November, 80 basis points above the U.S. figure. The metro added 62,500 net jobs over the 12-month period ending in November, with mining, logging and construction leading gains (17,300 positions), followed by education and health services (12,600). Unemployment stood at 4.1% as of December, mirroring the national figure, according to preliminary data from the Bureau of Labor Statistics. Oneok and MPLX are investing $1.8 billion to build a 400,000-barrel-per-day LPG export terminal in Texas City, Texas, which will benefit Houston's main industry.

Developers added 20,355 units to the market last year. Supply dynamics remained healthy, as this total surpassed the average of 17,000 units added annually from 2017 to 2024.

Market Analysis | March 2025

Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.
Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Madalina Pojoga
Associate Editor

On the cover: Photo by Art Wager/iStockphoto.com

Recent Houston Transactions

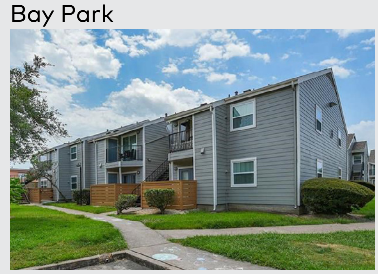
ARIA at Steepleway

City: Houston
Buyer: Hamilton Point Investments
Purchase Price: $19 MM
Price per Unit: $123,377

Memorial Towers

City: Houston
Buyer: Fat Property
Purchase Price: $12 MM
Price per Unit: $102,298

Bay Park



City: Seabrook, Texas
Buyer: Transformational Investing
Purchase Price: $9 MM
Price per Unit: $75,269

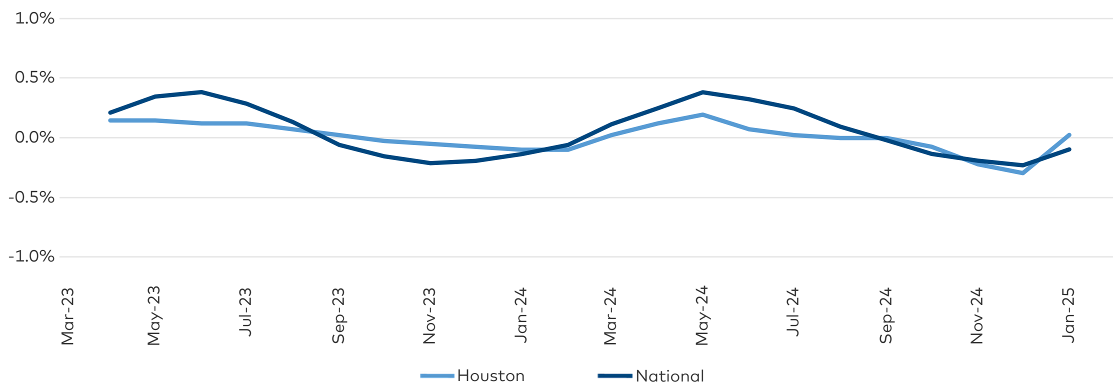
Windsor Park

City: Houston
Buyer: Gemstone Management
Purchase Price: $6 MM
Price per Unit: $42,051

RENT TRENDS

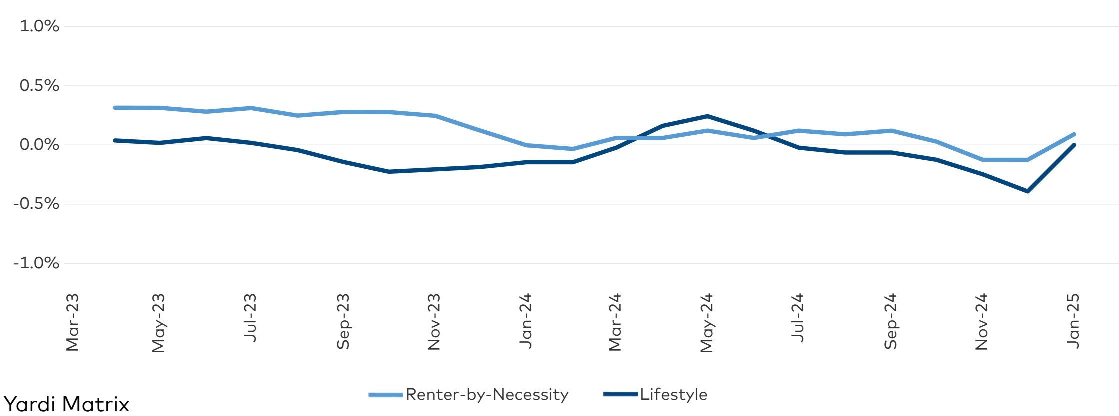
- Houston's advertised asking rents remained flat on a trailing three-month (T3) basis through January, at $1,364. Meanwhile, the national figure was down 0.1%, to $1,746, continuing its negative streak since October. The metro's performance has been in lockstep with the U.S. for the past year. Year-over-year, Houston rents were up 0.3%, placing the metro in the bottom half of the top 30 metros tracked by Yardi Matrix. The latest forecast projects a 2.2% growth rate for Houston in 2025, should market conditions hold.
- Advertised asking rents for the working-class Renter-by-Necessity segment was steady in the last 12 months, up 0.1%, on a T3 basis through January, to $1,085. The Lifestyle segment's growth was flat that month, after five months of contractions, at $1,626.
- The overall occupancy rate in stabilized properties stood at 92.6% as of January, unchanged from a year prior. The RBN rate saw a 10-basis-point uptick, to 93.3%, while the Lifestyle rate was down 10 basis points, to 91.9%.
- Advertised asking rents declined in 23 of the 85 submarkets tracked by Yardi Matrix. The West End/Downtown (0.4% to $2,081) and Museum District (0.7% to $2,073) were the only submarkets to cross the $2,000 mark.
- Houston's SFR sector started 2025 on a downward trend, with advertised asking rents down 1.5% year-over-year through January, to $2,134, while the national figure was down 0.2%. SFR occupancy in Houston was down 150 basis points, to 93.2%.

Houston vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Houston Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Employment growth in Houston clocked in at 2.1% year-over-year through November, 80 basis points above the U.S. figure. Although it was ahead of the national figure, the rate slowed down from the 3.2% figure recorded a year prior.
- Houston's unemployment rate stood at 4.1% as of December, mirroring the national figure, according to preliminary data from the BLS. Unemployment in the metro was 10 basis points below the Texas rate, which stood at 4.2%.
- Over the 12-month period ending in November, Houston added 62,500 net jobs. Mining, logging and construction led growth, accounting for 17,300 jobs. Education and health services (12,600), financial activities (7,800) and trade, transportation and utilities (7,000) also recorded significant gains. Two sectors lost positions during that period, with professional and business services shedding 1,100 jobs, followed by the information sector (-300).
- Houston's main industry will benefit from a new project. A joint venture of Oneok and MPLX are planning to develop a large-scale, 400,000-barrel-per-day LPG export terminal in Texas City, Texas, and a 24-inch pipeline from Oneok's Mont Belvieu, Texas, storage facility to the new terminal. The $1.8 billion project is slated for delivery in early 2028.

Houston Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
15	Mining, Logging and Construction	321.9	9.2%
65	Education and Health Services	473.3	13.5%
55	Financial Activities	194.7	5.6%
40	Trade, Transportation and Utilities	710.3	20.3%
70	Leisure and Hospitality	362.9	10.4%
90	Government	463.3	13.3%
80	Other Services	131.7	3.8%
30	Manufacturing	238.8	6.8%
50	Information	32.9	0.9%
60	Professional and Business Services	566.7	16.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Metro Houston added 93,649 new residents in 2022, up 1.3%. The rate was significantly higher than the 0.4% U.S. growth registered during the same period.
- Houston gained almost 1.5 million people between 2010 and 2022, for a 20.1% expansion.

Houston vs. National Population

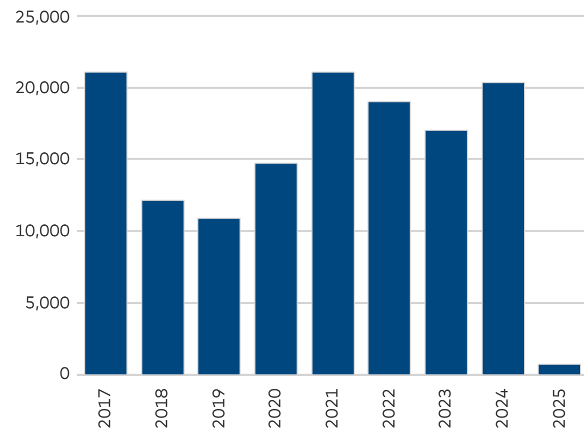
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Houston Metro	6,884,138	6,979,613	7,048,954	7,142,603

Source: U.S. Census

SUPPLY

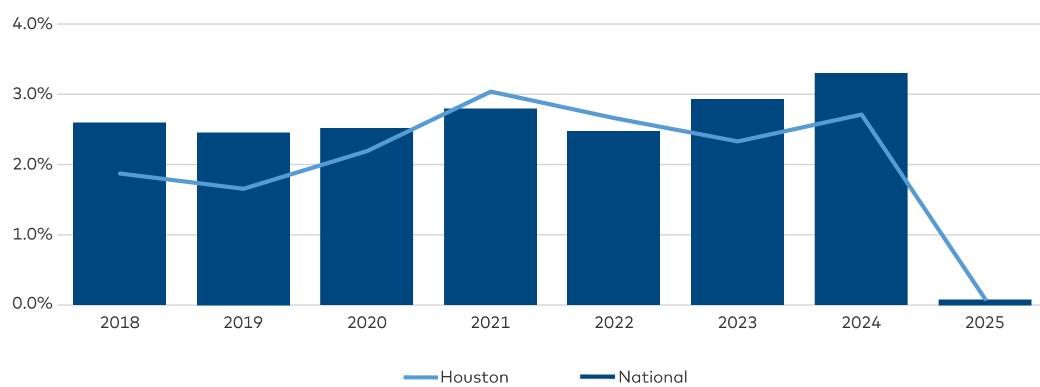
- The metro had 29,372 units under construction as of January. Another 62,000 were in the planning and permitting stages. Developers were focused on the upscale segment, with 84% of all units underway in Lifestyle projects, while just under 13% were in fully affordable developments.
- Last year, Houston's deliveries totaled 20,355 units or 2.7% of existing stock. This was 60 basis points below the national figure, but 40 basis points above 2023's total, indicating that the metro regained some of its momentum. On average, developers added 17,000 units annually from 2017 to 2024.
- A total of 14,087 units broke ground last year across 59 properties, on par with the 13,466 units and 56 projects recorded in 2023.
- Activity was heavily focused in West Houston, which held more than 70% of all units under construction. Eight of the 85 submarkets tracked by Yardi Matrix crossed the 1,000-unit threshold. The West End/Downtown led by volume, with 2,625 units underway, followed by The Heights with 2,313 units. On Houston's eastern side, the East End submarket led with 1,659 units.
- The largest project under construction as of January was Cathedral Lakes North in the Woodlands–East submarket. Developed by Miami-based Resia, the 840-unit project broke ground in August 2024.
- The largest project completed in the metro in January this year was the 336-unit Alta Grandway. Wood Partners developed the Class A property with the aid of a $39 million construction loan provided by Prosperity Bank in 2023.

Houston Completions (as of January 2025)



Source: Yardi Matrix

Houston vs. National Completions as a Percentage of Total Stock (as of January 2025)

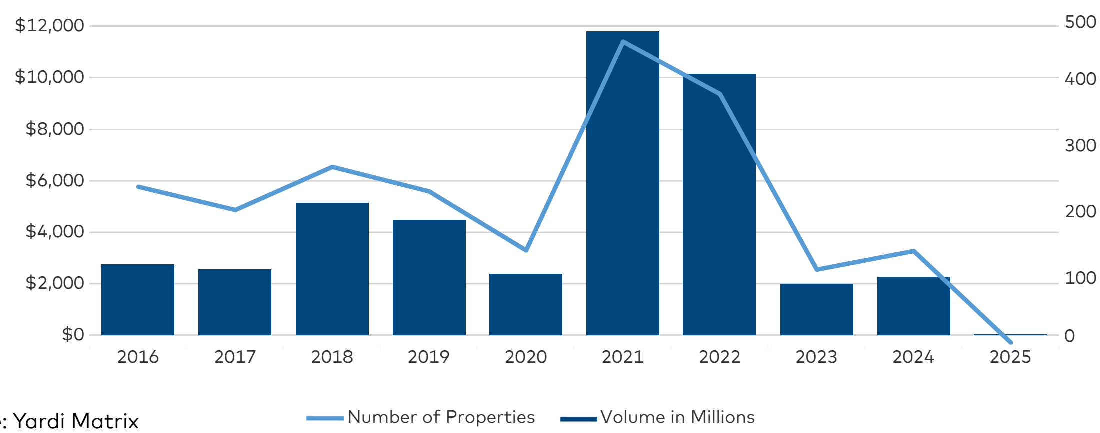


Source: Yardi Matrix

TRANSACTIONS

- Houston investors traded $2.3 billion in multifamily assets in 2024, surpassing 2023's total by $300 million. Excluding 2021 and 2022—both outlier years with outsize performance—investment volume averaged $3 billion annually from 2015 to 2024. Volume came closer to this average last year but still has some catching up to do. In January, investors traded $30 million.
- A total of 142 assets changed hands last year for an average of $131,486 per unit—up 17.9% from 2023's figure. Investments were equally split between quality segments, with 71 of each changing hands—RBN assets traded for an average of $80,428 per unit, while the Lifestyle figure clocked in at $165,400.
- In the 12 months ending in January, seven submarkets crossed the $100 million mark; six were in the metro's western half. The West End/Downtown led with $390 million, followed by Jersey Village/Satsuma ($263 million) and Pierce Junction ($189 million).

Houston Sales Volume and Number of Properties Sold (as of January 2025)



Source: Yardi Matrix

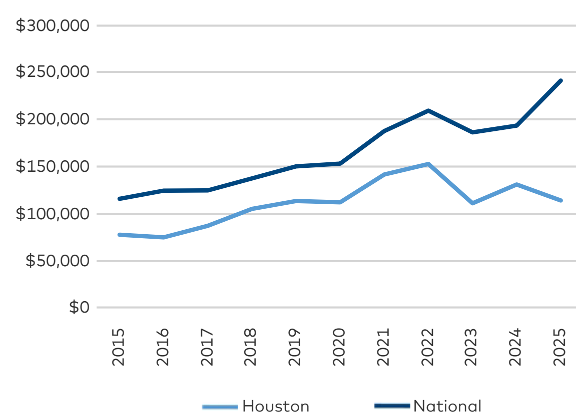
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
West End/Downtown	390
Jersey Village/Satsuma	263
Pierce Junction	189
Piney Point Village–North	132
Louetta	110
Missouri City	106
Rosenberg	101

Source: Yardi Matrix

[1] From February 2024 to January 2025

Houston vs. National Sales Price per Unit



Source: Yardi Matrix

LISTICLE

data by

Top 10 Markets for Multifamily Deliveries

By Tudor Scolca

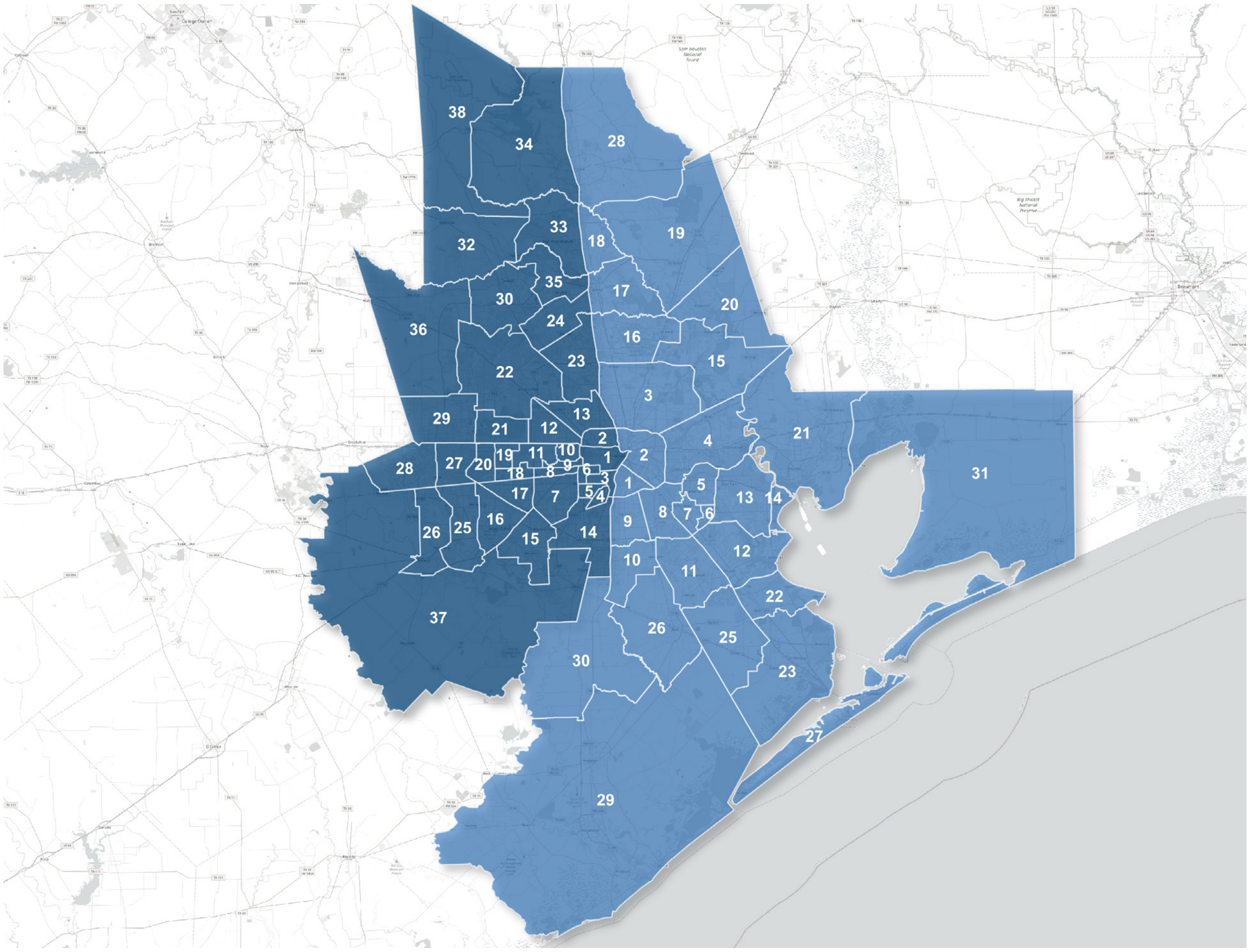
In 2024, developers completed more than 550,000 units, Yardi Matrix data shows. The top 10 metros for multifamily deliveries had a combined 204,333 units come online—more than a third of the U.S.' entire completion volume—a number that highlights how uneven supply growth trends have become. The large number of multifamily units under construction will ensure sustained growth this year, as well. Here is our list of the top 10 markets for multifamily deliveries in 2024.

Rank	Metro	Units Delivered 2024	Construction Starts 2024	Units Delivered 2023
1	Dallas	33,276	18,836	26,025
2	Austin	25,217	11,682	18,571
3	Atlanta	23,596	13,646	23,586
4	Phoenix	21,504	17,718	17,104
5	Houston	21,283	9,116	18,168
6	Denver	18,248	6,678	12,140
7	Miami	16,507	9,988	17,502
8	Orlando	15,936	10,061	14,223
9	Charlotte	14,556	8,929	12,260
10	Tampa	14,210	7,335	10,979

Houston

The third Texas metro on this list, Houston ranked fifth overall, with 21,283 units completed across 81 multifamily projects. Deliveries increased 17.1% year-over-year. More than 83% of last year's deliveries were in West Houston. Resia completed Resia Ten Oaks early last year. At 573 units, it was the largest multifamily community to come online in the metro. In the prior year, the developer secured a $97 million construction loan for the project from Santander Bank.

HOUSTON SUBMARKETS



Area No.	Submarket
1	West End/Downtown
2	The Heights
3	Museum District
4	Reliant Park
5	Bellaire
6	River Oaks
7	West Bellaire
8	Piney Point Village–South
9	Piney Point Village–North
10	Hunters Creek
11	Bunker Hill Village
12	Spring Valley
13	Rosslyn
14	Missouri City
15	Suger Land–South
16	Sugar Land–West
17	Suger Land–North
18	Royal Oaks Country Club
19	Addicks

Area No.	Submarket
20	George Bush Park
21	Bear Creek Park
22	Jersey Village/Satsuma
23	Bammel
24	Louetta
25	Richmond
26	Rosenberg
27	Cinco Ranch–South
28	Katy
29	Cinco Ranch–North
30	Tomball
32	Magnolia
33	The Woodlands
34	Conroe–West
35	Avonak
36	Northwest Harris County
37	Outlying Fort Bend County
38	West Montgomery County

Area No.	Submarket
1	Greater Third Ward
2	East End
3	Mount Houston
4	Cloverleaf
5	Pasadena
6	South Houston Crenshaw Park
7	South Houston
8	William P. Hobby Airport
9	Pierce Junction
10	Clear Creek
11	Pearland/Friendswood
12	Nassau Bay/Seabrook
13	Deer Park
14	La Porte
15	Atascocita
16	Humble/Westfield

Area No.	Submarket
17	Spring
18	The Woodlands–East
19	Porter
20	Kingwood
21	Baytown
22	League City/Dickenson
23	Texas City
25	League City–West
26	Alvin
27	Galveston
28	Conroe–East
29	Lake Jackson/Angleton
30	Northwest Brazoria County
31	Outlying Chambers County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

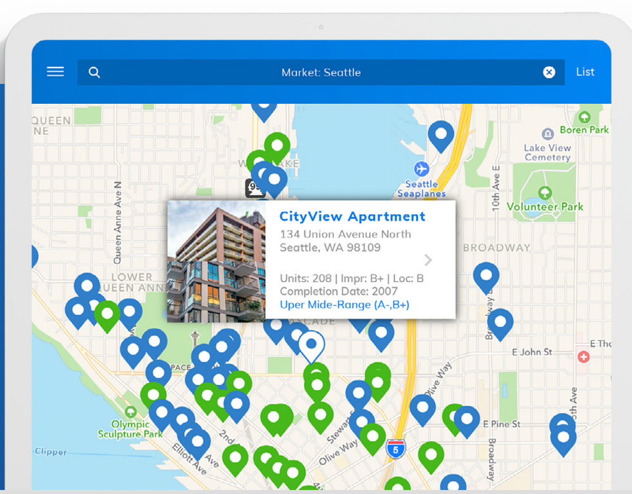
To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

Yardi Matrix

Power your business with the industry's leading data provider

MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on nearly **23 million units**, covering over **92% of the U.S. population.**

YARDI

(800) 866-1144

Learn more at yardimatrix.com/**multifamily**

Contact us

DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.