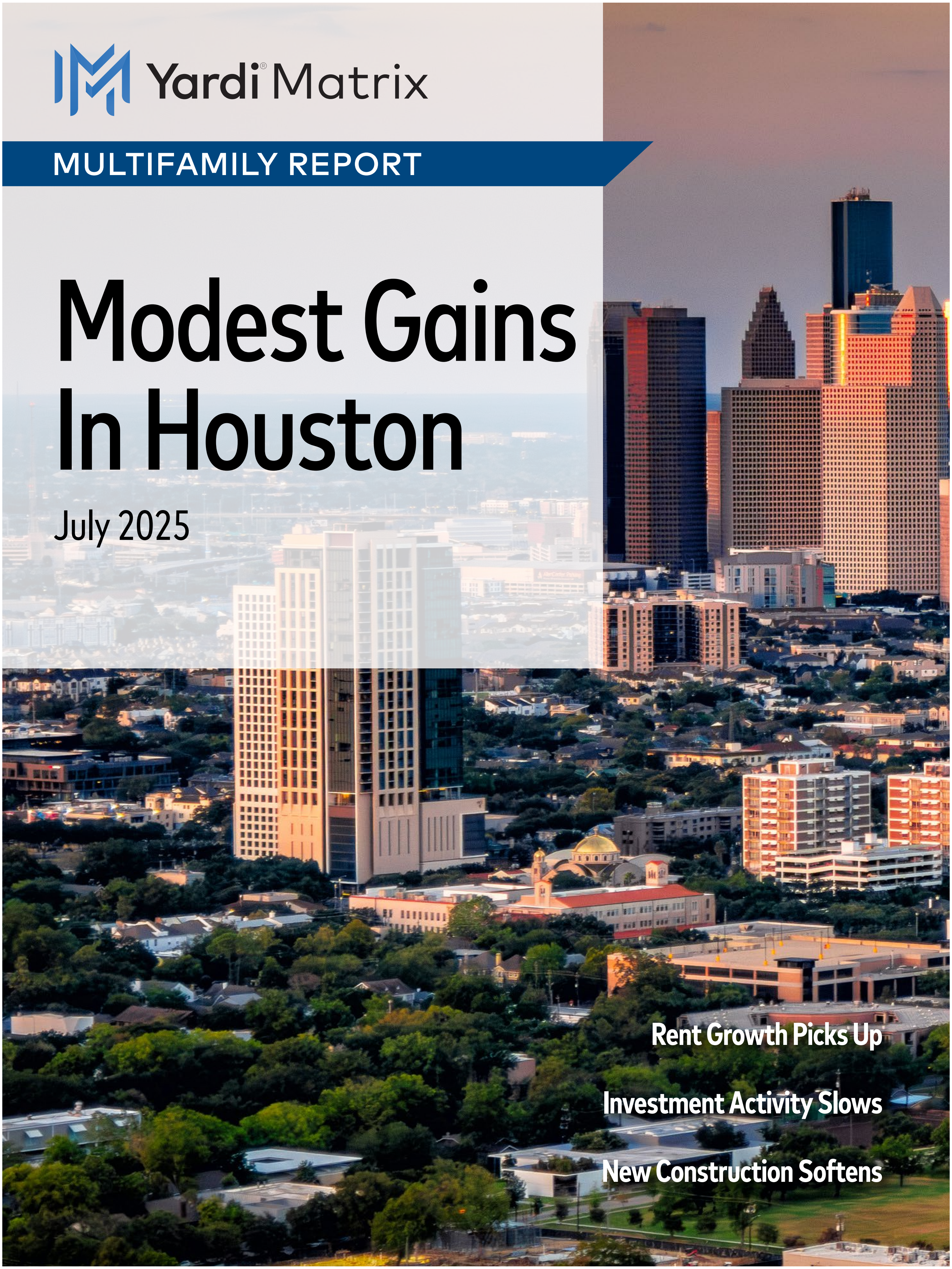
Yardi Matrix

MULTIFAMILY REPORT

Modest Gains In Houston

July 2025



Rent Growth Picks Up

Investment Activity Slows

New Construction Softens

HOUSTON MULTIFAMILY

Yardi Matrix

Rents Pick Up, Occupancy Plateaus

Houston multifamily fundamentals were mixed at the start of summer. Rents rebounded and the employment market was solid, yet occupancy remained low and investment activity was tepid. Average advertised asking rents were up 0.2%, on a trailing three-month basis through May, to $1,371. Although unchanged year-over-year, the occupancy rate in stabilized properties was low, at 92.6% as of April.

Employment marked a 1.3% gain as of March, leading the 0.9% U.S. rate. The market gained 36,300 net jobs over 12 months. Three sectors accounted for 80% of new jobs: education and health services (10,600 jobs), government (9,400 jobs) and trade, transportation and utilities (8,900 jobs). Meanwhile, information and professional and business services lost 5,600 jobs combined. The metro's unemployment rate stood at 3.9% in April, leading the state (4.1%) and the U.S. (4.2%), but trailing all other major Texas metros. Notable developments across Houston include Apple's 250,000-square-foot server manufacturing facility, slated to open in 2026, and BioHub Two, a 45-acre biomanufacturing campus that's part of the 4,300-acre Generation Park.

Developers delivered 5,224 units and had another 25,981 underway as of May, while starts fell closer to historical averages. Investment was low, reaching only $585 million in 2025 through May. The average price per unit was virtually flat year-to-date, at $135,141.

Market Analysis | July 2025

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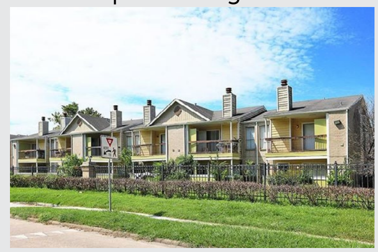
Recent Houston Transactions

Pecan Square Village



City: Houston
Buyer: Ascension Commercial Real Estate
Purchase Price: $54 MM
Price per Unit: $103,287

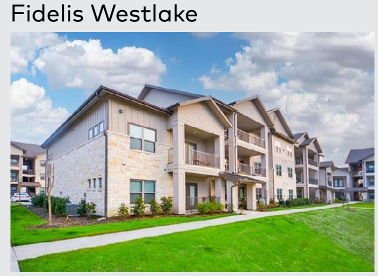
Pearl Woodlake

City: Houston
Buyer: The Praedium Group
Purchase Price: $50 MM
Price per Unit: $132,099

The Vista at Southwinds

City: Baytown, Texas
Buyer: Troesh Family Foundation
Purchase Price: $41 MM
Price per Unit: $156,226

Fidelis Westlake

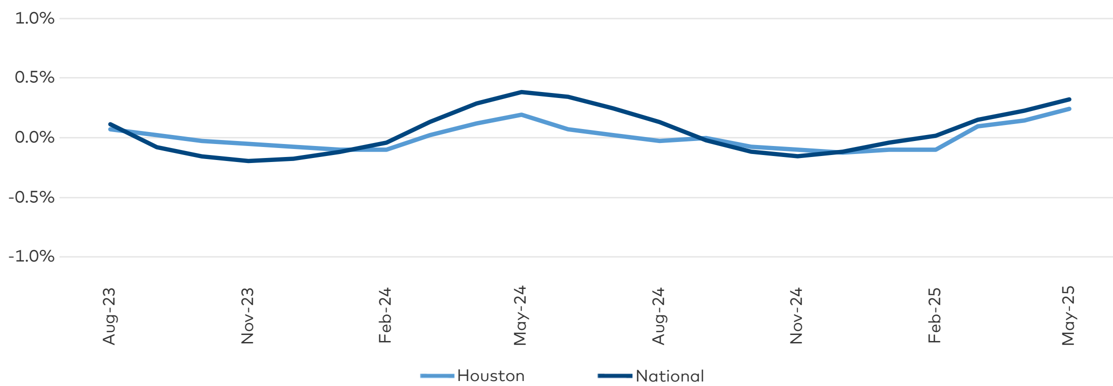


City: Houston
Buyer: Hamilton Point Investments
Purchase Price: $39 MM
Price per Unit: $141,007

RENT TRENDS

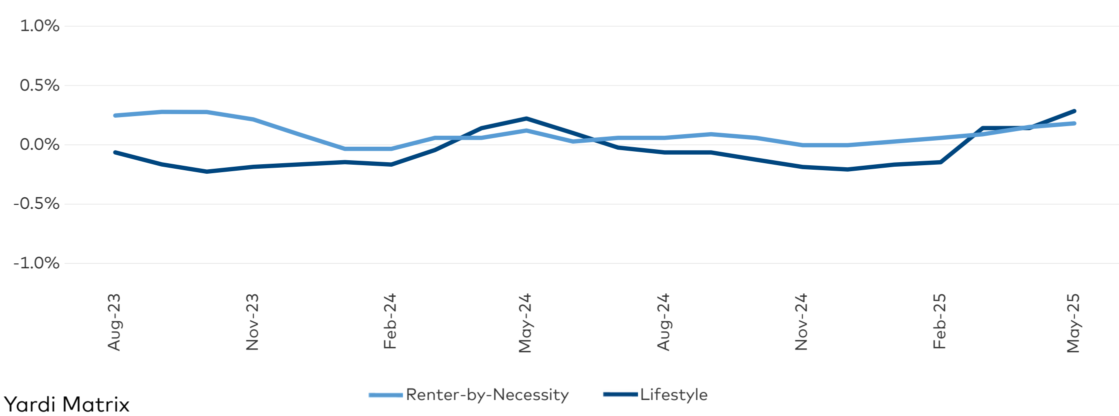
- The average advertised asking rent in Houston rose 0.2%, on a trailing three-month (T3) basis through May, to $1,371. That was slightly below the U.S. rate, up 0.3% to $1,761. Year-over-year the gap was wider, with Houston rents inching up 0.1%, while the national rate increased 1.0%.
- Lifestyle advertised asking rents rose 0.3%, on a T3 basis through May, to $1,630, outperforming Renter-by-Necessity figure for the first time in 11 months. RBN asking rents rose 0.2%, to $1,090, staying within the 0.0% to 0.3% band over the past two years. Meanwhile, Lifestyle recorded 14 months of declines, although none were lower than -0.2%.
- The occupancy rate in stabilized properties remained unchanged at 92.6% year-over-year through April, one of the lowest rates among Yardi Matrix's top 30 metros and well below the 94.4% U.S. average. Lifestyle occupancy was higher despite a 10-basis-point slide to 93.2%, while for RBN it remained unchanged, at 91.9%.
- Of the 85 submarkets tracked by Yardi Matrix, 50 posted rent increases year-over-year through May. However, the top five priciest submarkets registered declines in average advertised asking rents, led by the West End/Downtown (-1.4% to $2,082), the Museum District (-0.8% to $2,061) and River Oaks (-1.3% to $1,905).
- The SFR sector outperformed multifamily in Houston, with yearly gains hitting 2.3% as of May, to $2,210. Meanwhile, occupancy was flat year-over-year, at 93.8% in April.

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

- Houston employment rose 1.3% through March. Job growth was 40 basis points above the U.S. average and on par with markets such as Dallas and Washington, D.C.

- Houston-area unemployment improved to 3.9% in April, according to preliminary data from the Bureau of Labor Statistics. It outperformed the state (4.1%) and the U.S. (4.2%) but trailed the other major Texas metros: Austin (3.1%), San Antonio (3.4%) and Dallas (3.5%).

- The metro gained 36,300 net jobs in the 12 months ending in March. Three sectors accounted for almost 80% of added jobs: education and health services (10,600 jobs), government (9,400 jobs) and trade, transportation and utilities (8,900 jobs). Meanwhile, two sectors contracted: information (-1,200 jobs) and professional and business services (-4,400 jobs).

- As part of its four-year, $500 billion U.S. investment plan, Apple announced a 250,000-square-foot server manufacturing facility, slated to open in 2026. Development progressed in northeast Houston, at Generation Park's BioHub Two, a 45-acre biomanufacturing campus with 500,000 square feet of manufacturing, lab and office space. In Baytown, construction has started on the 105-acre San Jacinto Marketplace, which includes 500,000 square feet of retail and dining facilities, and public open space.

Houston Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	466.3	13.5%
90	Government	472.6	13.7%
40	Trade, Transportation and Utilities	699.2	20.2%
80	Other Services	136.3	3.9%
15	Mining, Logging and Construction	314.3	9.1%
70	Leisure and Hospitality	364.3	10.5%
30	Manufacturing	239.6	6.9%
55	Financial Activities	181.1	5.2%
50	Information	29.1	0.8%
60	Professional and Business Services	556.6	16.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Houston gained more than 1.4 million residents between 2010 and 2022, for a 25.1% increase, nearly three times the 8.9% U.S. average.

- Statewide, Houston's population growth ranked second, behind Austin (41.1%), and ahead of Dallas (24.7%) and San Antonio (24.9%).

Houston vs. National Population

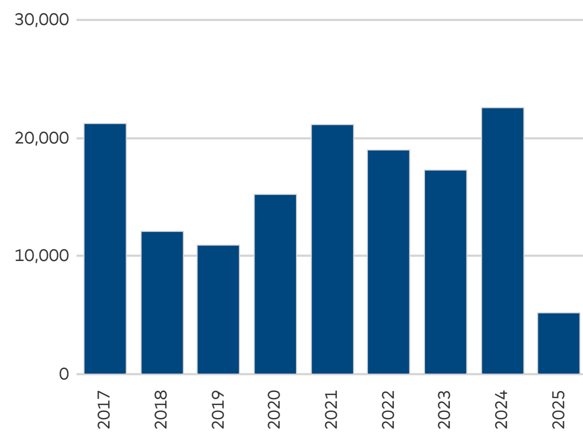
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Houston Metro	6,884,138	6,979,613	7,048,954	7,142,603

Source: U.S. Census

SUPPLY

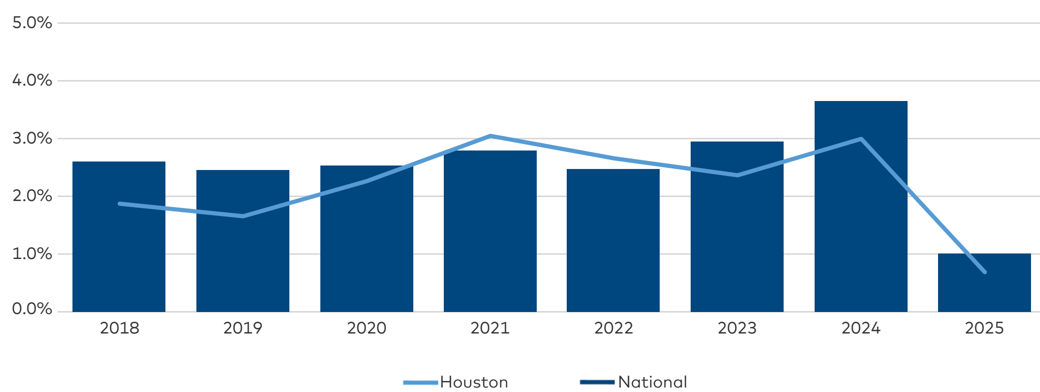
- Deliveries totaled 5,224 units, or 0.7% of existing stock, in 2025 through May, trailing the 1.0% U.S. average. However, Yardi Matrix expects the pace to pick up, to 15,005 units for the year. Completions through May were higher in West Houston (3,848 units) than in East Houston (1,376 units). By composition, 88.6% of new units were Lifestyle, 6.1% RBN and 5.3% in fully affordable projects.
- Since 2017, Houston's pace of deliveries has outperformed the national rate only three times: 2017 (3.3% of total stock for the metro; 2.6% U.S.), 2021 (3.1%; 2.8%) and 2022 (2.7%; 2.5%).
- The construction pipeline remained robust, with 25,981 units underway and 65,000 in the planning and permitting phases as of May. Lifestyle projects accounted for 83.7%, followed by fully affordable (12.7%) and RBN (3.6%).
- New construction has moderated in the metro. Work began on 1,006 units across eight assets in 2025 through May, from 6,382 units across 27 properties during the same interval in 2024. Starts recorded two strong years, in 2024 (14,283 units) and 2023 (7,767 units), up from 2,540 units in 2022.
- Developers were active in 45 of the 85 submarkets tracked by Yardi Matrix, six of which had more than 1,000 units underway, led by The Heights (2,245 units), the West End/Downtown (1,919 units) and the East End (1,524 units).
- The largest project completed through May was a 380-unit property in Webster, Texas. Owned by Alliance Residential Co. and The Carlyle Group, Broadstone Baybrook came online with aid from a $42.2 million loan issued by Washington Federal Bank (Seattle).

Houston Completions (as of May 2025)



Source: Yardi Matrix

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

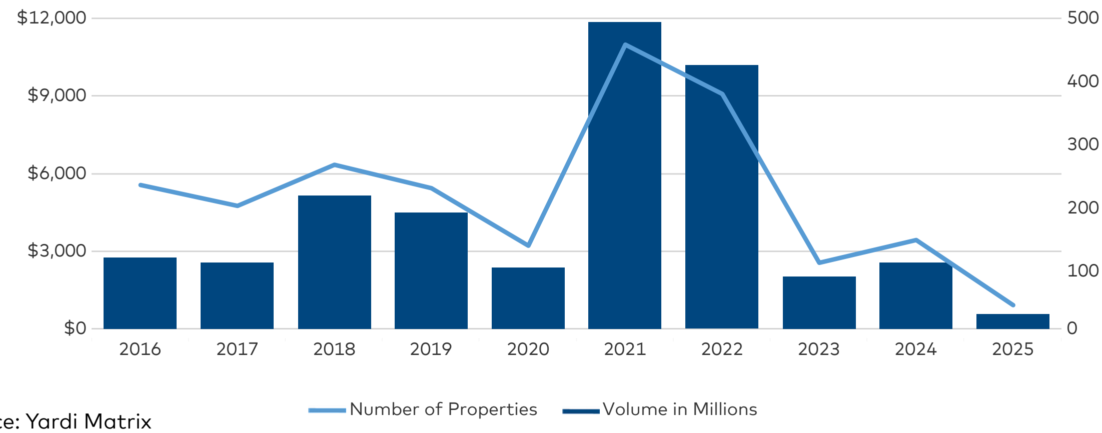


Source: Yardi Matrix

TRANSACTIONS

- Investors traded $585 million in Houston multifamily assets in 2025 through May, significantly lagging the metro's typical pace. Excluding outlier years 2021 ($12 billion) and 2022 ($10 billion), the market's average clocks in at $3.1 billion annually for the past decade. Investment remained higher in the metro's western half, accounting for $457 million, while East Houston transactions amounted to just $128 million for the first five months.
- The sales composition comprised 53% Lifestyle and 47% RBN assets year-to-date. The average price per unit was virtually flat through May, at $135,141, well below the $213,979 U.S. figure.
- Notable recent deals include Ascension CRE's buy of Pecan Square Village, a 520-unit RBN property in Bammel, from DLP Capital. The sale was supported by a $40 million loan from DLP Capital, which gained ownership in February after Kalkan Capital failed to repay a $39 million loan issued by DLP Capital in 2018.

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



Source: Yardi Matrix

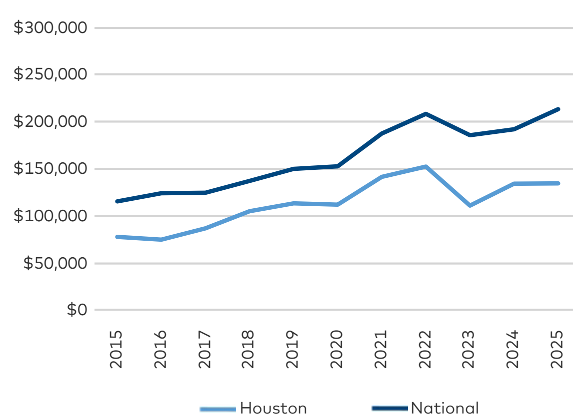
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
West End/Downtown	488
Pierce Junction	189
Jersey Village/Satsuma	174
The Woodlands	124
Piney Point Village–North	121
Spring Valley	94
Louetta	93

Source: Yardi Matrix

[1] From June 2024 to May 2025

Houston vs. National Sales Price per Unit



Source: Yardi Matrix

Houston's Multifamily Growth Engine: An Investor's Perspective

By Adina Rogoz

Thomas Henry, vice president of multifamily investments at Fogelman Properties—a constant investor in Houston assets—believes Houston is set for steady growth in 2025 and the coming years. His company has been active in the multifamily space for more than six decades, specializing in property management and investment. Today, Fogelman has a portfolio of more than 100 communities across 13 states.

How is demand keeping up with new supply?

Compared to other MSAs with strong job and population growth, Houston's supply pipeline is relatively manageable as a percentage of existing multifamily housing stock.

The market's multifamily demand remains strong despite the surge in new development, in part due to steady job growth, corporate relocations and an affordable cost of living compared to other major metros. Certain submarkets have been tested more than others but population growth and continued in-migration are helping to balance the new supply.

What's luring investors to the western part of the city?

Many investors are drawn to West Houston over other parts of the city for the abundance of residential housing, robust white-collar employment and highly rated schools. The area tends to benefit

from a diverse employment base, strong household incomes and consistent population growth.

The combination of newer infrastructure, quality schools and a suburban feel with urban conveniences makes it a draw for renters, giving investors confidence in the long-term demand.

What Houston submarkets are you expanding into?

We recently purchased a property in Humble, Texas. It's a well-established area with compelling schools and excellent connectivity to other parts of the city which supports renter demand and helps appeal to a broader renter base.

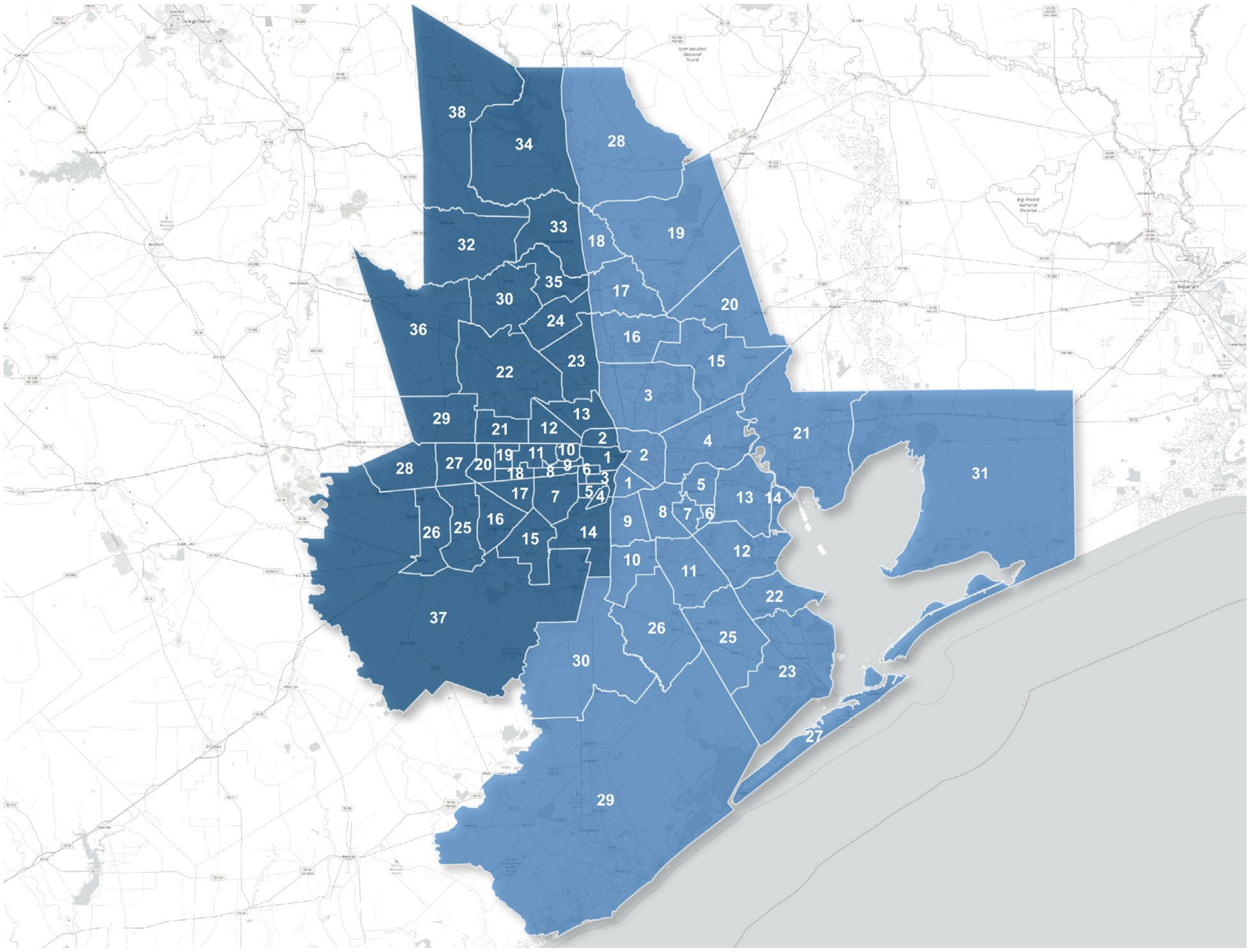
Going forward, we are looking to expand to submarkets where we see solid job growth, population inflows and a healthy supply-demand balance. Our approach is flexible, but we're prioritizing locations with strong fundamentals and room for growth.

What are your expectations for the Houston multifamily market in 2025 and beyond?

Demand fundamentals remain solid, especially in well-located suburban areas. Investors who remain disciplined and focus on high-quality assets in robust submarkets will likely see long-term appreciation as Houston's economy continues to expand.

(Read the complete interview on multihousingnews.com.)

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

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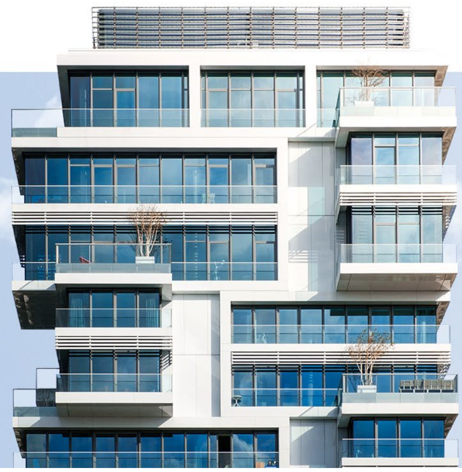
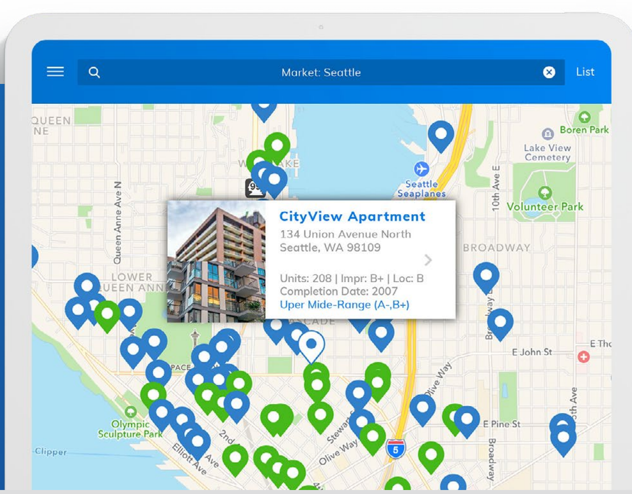


MULTIFAMILY KEY FEATURES

- 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.**

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Contact us