



MULTIFAMILY REPORT

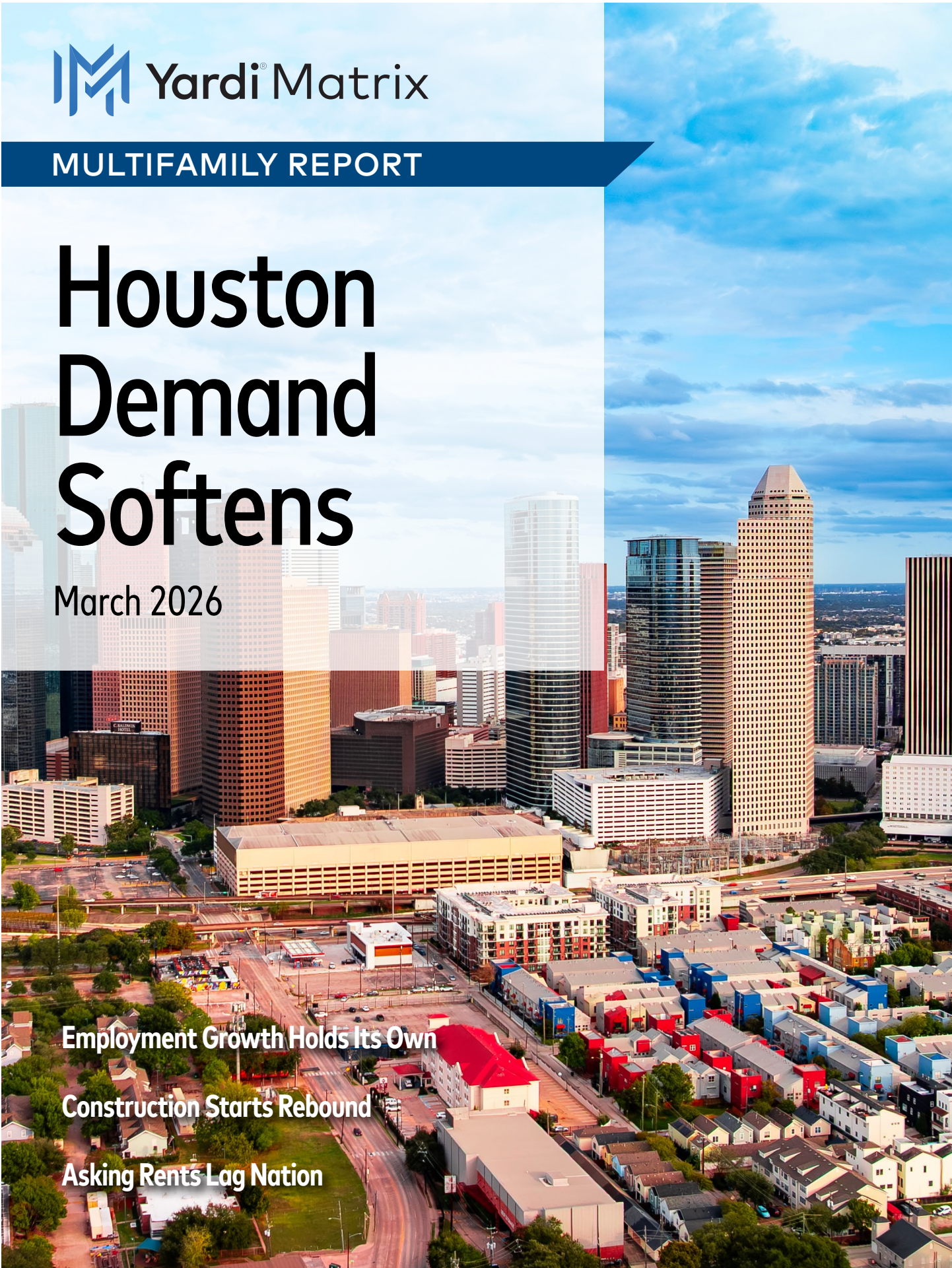
Houston Demand Softens

March 2026

Employment Growth Holds Its Own

Construction Starts Rebound

Asking Rents Lag Nation



HOUSTON MULTIFAMILY



Supply Cools, But Fundamentals Slip

Houston multifamily started 2026 on a softer note, registering declined in asking rents and occupancy. The average advertised asking rent fell 1.2% year-over-year, to \$1,353 in January, while the U.S. rate rose 0.2%, to \$1,741. Meanwhile, the occupancy rate in stabilized properties dropped 50 basis points last year, to 92.2%.

Employment growth held steady, at 1.1% through September, 30 basis points above the U.S. rate. Meanwhile, unemployment stood at 4.2% at the end of last year, just below Texas (4.3%) and the U.S. (4.4%). Houston added 30,700 net jobs in the 12 months ending in September, sustained by gains in seven sectors, led by education and health services (15,100 jobs) and government (11,100). Three sectors shed 16,300 jobs combined, driven by professional and business services (-13,700). Major demand catalysts include the George R. Brown Convention District expansion and the Terminal B overhaul at the George Bush Intercontinental Airport, supporting downtown hospitality and airport-area logistics.

Deliveries moderated to 14,563 units in 2025, with another 24,782 units underway as of January. Meanwhile, construction starts rose 37.7% last year, to 13,203 units. Investment volume increased 32.2% in 2025, to \$3.4 billion, while the average price per unit stood virtually flat. Houston apartments traded at an average of \$136,423 in 2025, well below the \$203,810 U.S. figure.

Market Analysis | March 2026

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Recent Houston Transactions

Haverstock Hill



City: Houston
Buyer: Fairstead
Purchase Price: \$242 MM
Price per Unit: \$345,714

Parkside



City: Katy, Texas
Buyer: Hilltop Residential
Purchase Price: \$65 MM
Price per Unit: \$183,051

Lincoln Heights



City: Houston
Buyer: Hilltop Residential
Purchase Price: \$52 MM
Price per Unit: \$176,712

Canfield Lakes



City: Houston
Buyer: Nazar Invest
Purchase Price: \$45 MM
Price per Unit: \$102,153

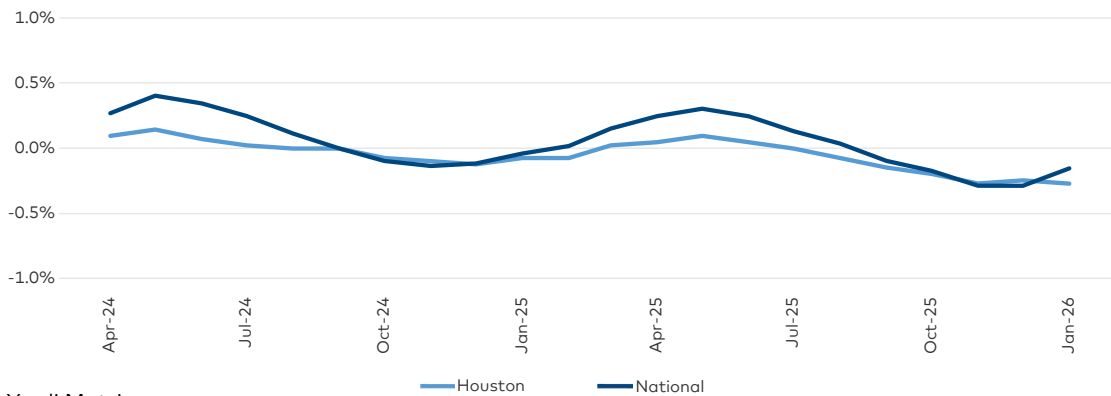
RENT TRENDS

- ▶ Houston advertised asking rents slid 0.3%, on a trailing three-month (T3) basis through January, to \$1,353, as the U.S. rate slid 0.2%, to \$1,741. While Houston had the best 2025 rent performance across major Texas markets, the rate was still down 1.2% year-over-year through January, well below the U.S. rate, which ticked up 0.2%.
- ▶ Rent performance was fairly balanced across property segments. Yet, unlike state peers Austin and Dallas, Houston recorded smaller losses in working-class Renter-by-Necessity rates, which slid 0.2% on a T3 basis, to \$1,080. Lifestyle rents fell 0.3% for the fourth consecutive month to \$1,597.
- ▶ The occupancy rate in stabilized properties fell 50 basis points year-over-year in 2025, to 92.2%.

This was mostly due to a 90-basis-point drop in RBN occupancy, to 90.9%. Houston's Lifestyle rate inched down just 10 basis points, to 93.3%. Texas metros continue to display relatively low occupancy, as Austin, Dallas and San Antonio also have rates below the 93.0% threshold.

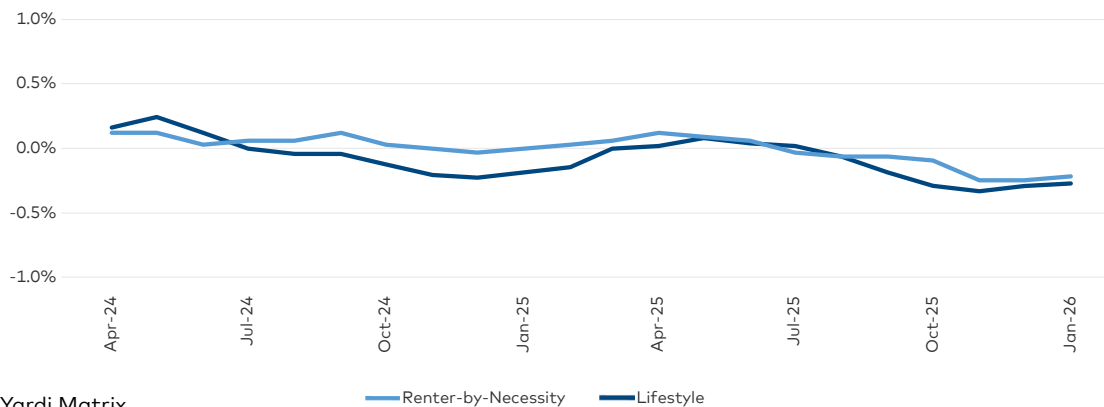
- ▶ Rent growth was spotty across Houston, with just 35 of the 85 submarkets tracked by Yardi Matrix recording increases year-over-year through January. The largest gains were registered in the East End (11.7% to \$1,362) and Deer Park (5.8% to \$1,376). Meanwhile, nine of the 10 priciest submarkets posted rent declines. Just two areas had average rents above the \$2,000 mark as of January: the Museum District (-2.1% to \$2,018) and the West End/Downtown (-2.7% to \$2,017).

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's employment growth stood at 1.1% through September 2025, some 30 basis points above the U.S. rate. Unemployment clocked in at 4.2% in December, up 20 basis points year-over-year and slightly outperforming both Texas (4.3%) and the U.S. (4.4%). It was also the highest rate among major Texas markets, according to preliminary BLS data.
- ▶ Houston added 30,700 net jobs in the 12 months ending in September, with gains across seven sectors led by education and health services (15,100 jobs). Three sectors lost 16,300 jobs combined: professional and business services (-13,700), manufacturing (-1,900) and information (-700).
- ▶ In downtown Houston, the convention district transformation is advancing with a 700,000-square-foot George R. Brown Convention Center expansion, plus a new 100,000-square-foot pedestrian plaza slated for completion in 2028. At the George Bush Intercontinental Airport, the 525,000-square-foot central-processor structure topped out in 2025, and the broader program includes a roughly 765,000-square-foot north concourse with 22 new gates and expanded processing capacity toward 36 million annual passengers, with completion slated for fall 2026. The latter is slated to also strengthen airport-area lodging and logistics demand.

Houston Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	475.6	13.7%
90	Government	467.3	13.5%
70	Leisure and Hospitality	369.6	10.7%
40	Trade, Transportation and Utilities	698.3	20.2%
80	Other Services	136.4	3.9%
15	Mining, Logging and Construction	316.5	9.1%
55	Financial Activities	181	5.2%
50	Information	28.8	0.8%
30	Manufacturing	238.7	6.9%
60	Professional and Business Services	552.6	15.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Houston gained 258,465 residents between 2019 and 2022, up 3.8% and almost double the 2.0% U.S. rate.
- ▶ Between 2022 and 2024, Houston's population recorded a 5.3% increase, or 393,114 residents, well above the 1.8% national average.

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

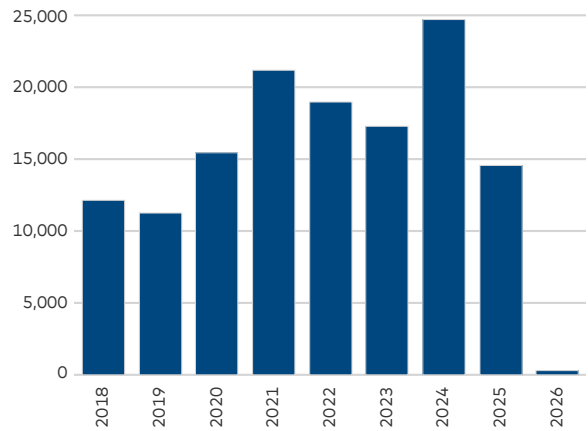
SUPPLY

- ▶ Houston deliveries moderated to 14,563 units in 2025. It was the market's lowest level in six years, equivalent to 1.9% of existing stock and well below the 3.1% U.S. rate. The volume marked a 41% drop from the peak of 24,723 units recorded in 2024. The figure was also below the decade average of roughly 17,000 units. In January, only one 293-unit Lifestyle asset came online in the metro.
- ▶ Developers had 24,782 units under construction at the start of 2026, and another 60,000 in the planning and permitting phases. Activity remained higher in the metro's western half, where more than two-thirds, or 17,684 units across 71 properties, were underway as of January. New projects remain concentrated in the Lifestyle segment, which accounted for 82.4% of the under-construction pipeline, followed by fully affordable (16.0%) and RBN (1.6%).
- ▶ Construction starts ramped up in Houston in 2025, up by a solid 37% year-over-year, to 13,637 units across 55 properties.
- ▶ Development activity was uneven across the map, with 47 of the 85 submarkets tracked by Yardi Matrix having at least one 50-unit asset underway as of January. Three submarkets had

more than 1,000 units underway each: Cinco Ranch–North (1,919 units), Louetta (1,733) and the East End (1,080).

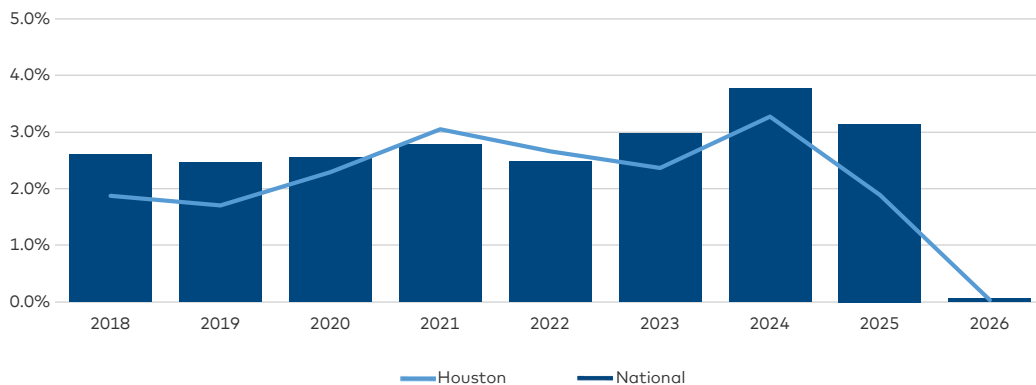
- ▶ The project completed in January was Lenox Timbergrove, located in The Heights in Northwest Houston and owned by OHT Partners. The largest project underway remained a 500-unit Lifestyle property in the Pearland/Friendswood area, dubbed Friendswood City Center, by Tanos Construction & Development.

Houston Completions (as of January 2026)



Source: Yardi Matrix

Houston vs. National Completions as a Percentage of Total Stock (as of January 2026)

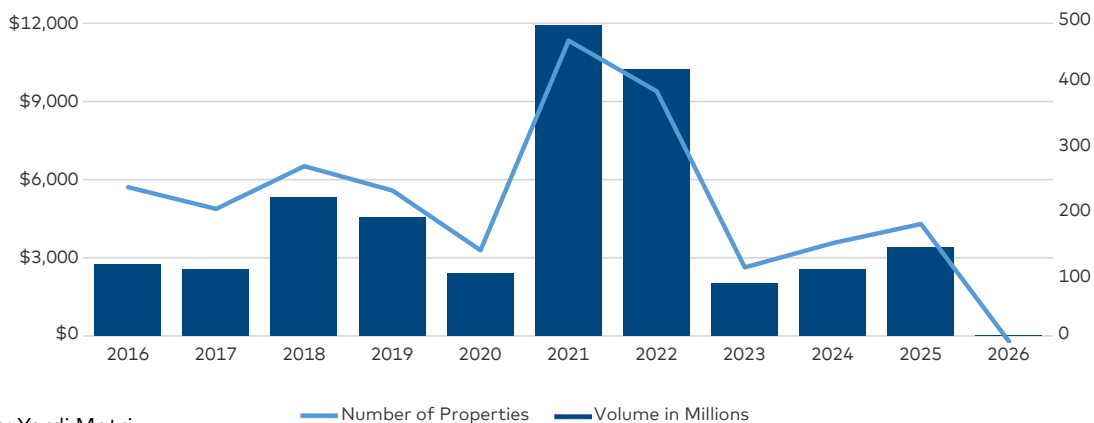


Source: Yardi Matrix

TRANSACTIONS

- ▶ In January 2026, \$36 million in rental assets traded across Houston in confirmed deals, marking a rather slow start to the year. The metro's deal volume saw a 32.2% increase in 2025, to \$3.4 billion, steadily rising from the decade low recorded in 2023 (\$2.0 billion).
- ▶ Houston's average price per unit stood virtually flat in 2025, at \$136,423. That was well below the \$203,810 U.S. figure, as investor interest was balanced across asset classes.
- ▶ The metro's western half generated a solid 71% of all 2025 sales. East Houston's volume rose significantly in December, driven by the \$242 million sale of a 700-unit, fully affordable community, which accounted for 30% of the segment's annual volume. Haverstock Hill, located in an Opportunity Zone in Mount Houston, was acquired by Fairstead, Harris County Housing Finance Corp. and PNC. The seller was Rainbow Housing.

Houston Sales Volume and Number of Properties Sold (as of January 2026)



Source: Yardi Matrix

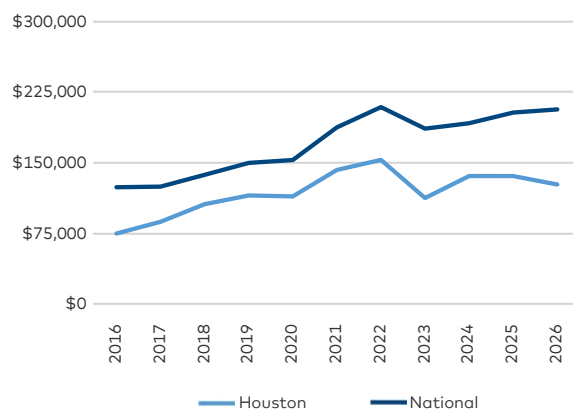
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
West End/Downtown	410
Spring Valley	305
Mount Houston	286
Katy	251
Bammel	203
Piney Point Village-North	186
Atascocita	177

Source: Yardi Matrix

¹ From February 2025 to January 2026

Houston vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Markets for Multifamily Deliveries

By Vicentiu Fusea

In 2025, developers continued to concentrate their multifamily construction activity in Sun Belt metros, with Texas leading activity. The top 10 markets for deliveries saw a combined 218,819 units completed last year, about 11% fewer than in 2024. The large number of multifamily units under construction will ensure sustained growth this year, as well. However, only 529 developments broke ground last year among these metros, marking a 23% decrease year-over-year, signaling slowing supply.

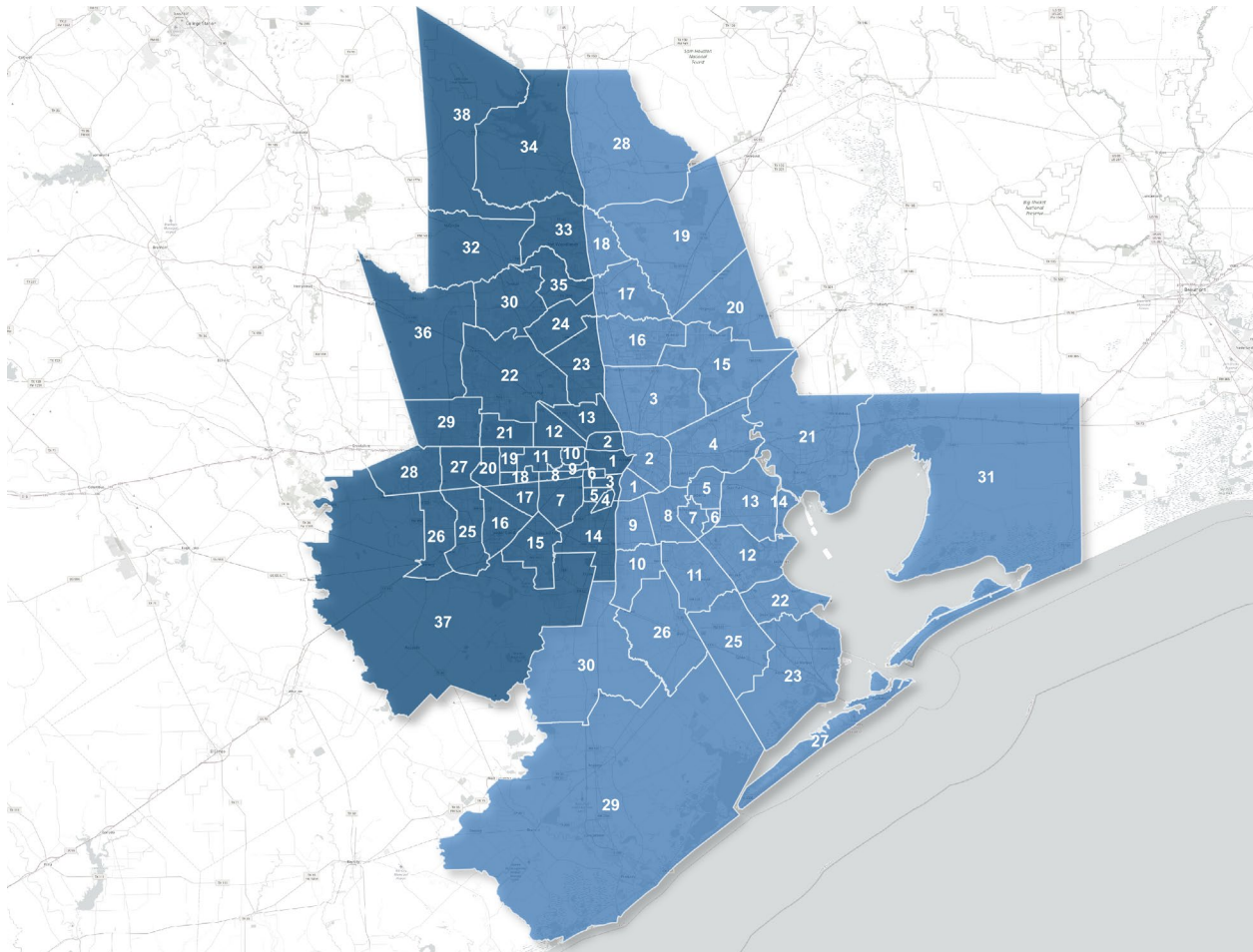
Rank	Market	Units Delivered 2025	Units Delivered 2024	Year-Over-Year Change (%)
1	Dallas	40,666	40,497	0.4%
2	Austin	30,943	29,441	5.1%
3	Phoenix	26,552	24,682	7.6%
4	Atlanta	22,026	27,787	-20.7%
5	Charlotte	19,875	16,935	17.4%
6	Denver	19,110	23,849	-19.9%
7	Houston	16,339	27,838	-41.3%
8	Orlando	16,183	19,298	-16.1%
9	Miami	15,216	22,576	-32.6%
10	Los Angeles	11,909	11,764	1.2%

Houston

Houston is the third Texan market featured on this list. The metro saw 68 multifamily properties come online in 2025, which added 16,339 units to its inventory. These figures were considerably below 2024's, when 107 developments comprising 27,838 apartments came online, marking the largest drop year-over-year among these metros. A total of 48 properties broke ground in 2025, marking a 22% decline compared to the year before. At the beginning of 2026, 27,183 units were under construction across 113 projects.



HOUSTON SUBMARKETS



Area No.	Submarket	Area No.	Submarket
1	West End/Downtown	20	George Bush Park
2	The Heights	21	Bear Creek Park
3	Museum District	22	Jersey Village/Satsuma
4	Reliant Park	23	Bammel
5	Bellaire	24	Louetta
6	River Oaks	25	Richmond
7	West Bellaire	26	Rosenberg
8	Piney Point Village–South	27	Cinco Ranch–South
9	Piney Point Village–North	28	Katy
10	Hunters Creek	29	Cinco Ranch–North
11	Bunker Hill Village	30	Tomball
12	Spring Valley	32	Magnolia
13	Rossllyn	33	The Woodlands
14	Missouri City	34	Conroe–West
15	Suger Land–South	35	Avonak
16	Sugar Land–West	36	Northwest Harris County
17	Suger Land–North	37	Outlying Fort Bend County
18	Royal Oaks Country Club	38	West Montgomery County
19	Addicks		

Area No.	Submarket	Area No.	Submarket
1	Greater Third Ward	17	Spring
2	East End	18	The Woodlands–East
3	Mount Houston	19	Porter
4	Cloverleaf	20	Kingwood
5	Pasadena	21	Baytown
6	South Houston Crenshaw Park	22	League City/Dickenson
7	South Houston	23	Texas City
8	William P. Hobby Airport	25	League City–West
9	Pierce Junction	26	Alvin
10	Clear Creek	27	Galveston
11	Pearland/Friendswood	28	Conroe–East
12	Nassau Bay/Seabrook	29	Lake Jackson/Angleton
13	Deer Park	30	Northwest Brazoria County
14	La Porte	31	Outlying Chambers County
15	Atascocita		
16	Humble/Westfield		

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.



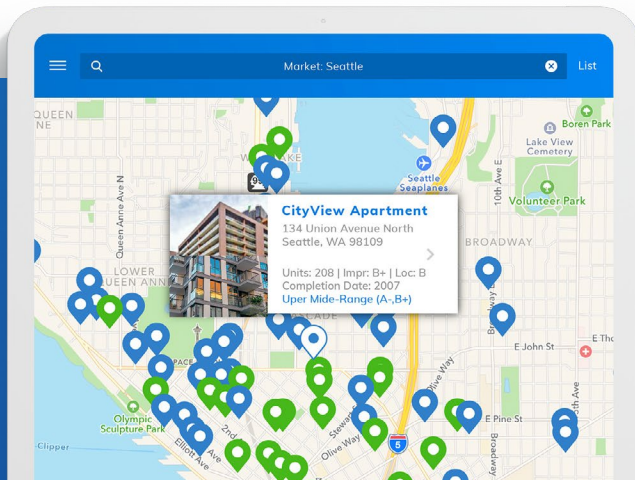
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MULTIFAMILY KEY FEATURES

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