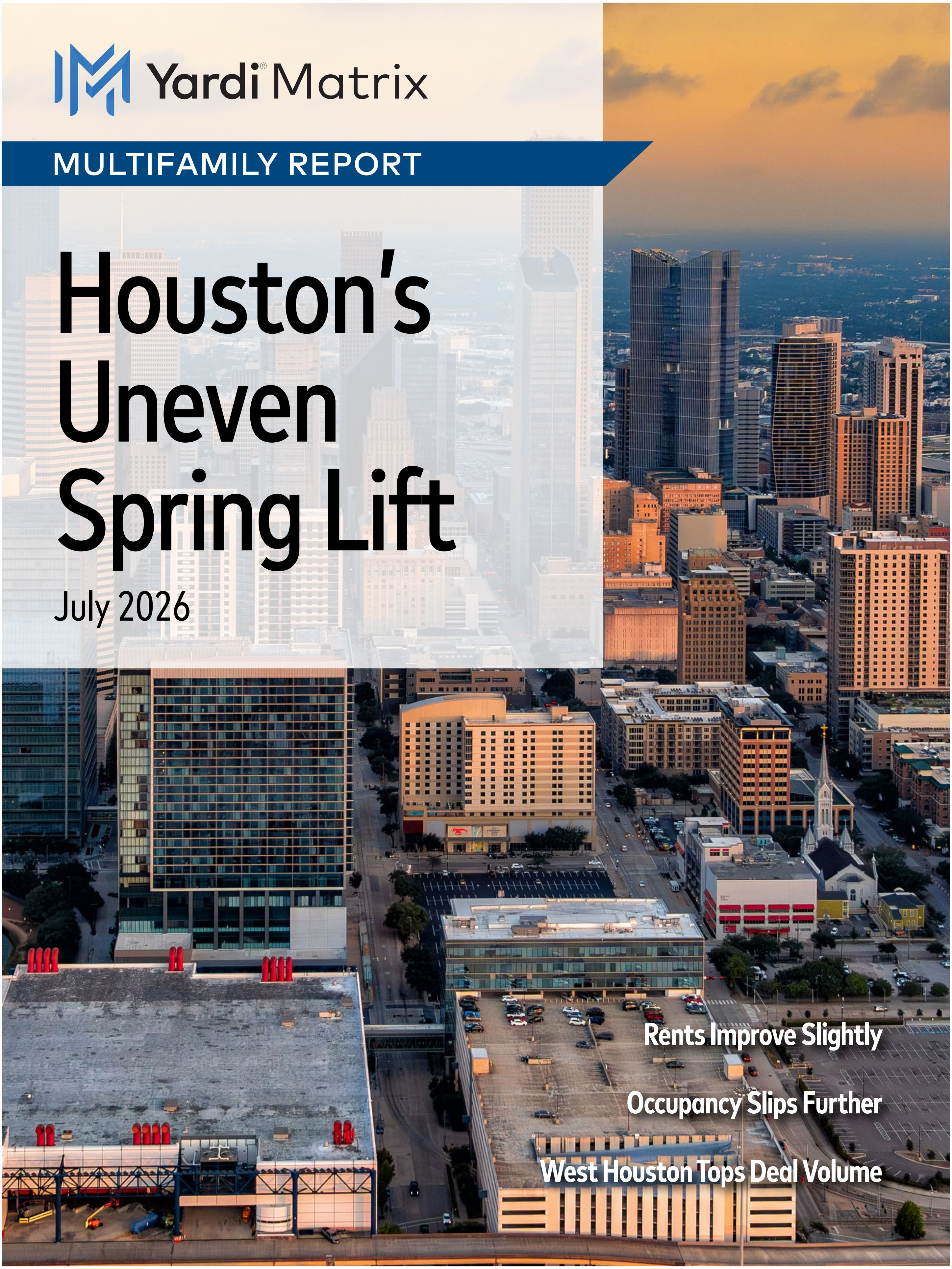
Yardi Matrix

MULTIFAMILY REPORT

Houston's Uneven Spring Lift

July 2026



Rents Improve Slightly

Occupancy Slips Further

West Houston Tops Deal Volume

HOUSTON MULTIFAMILY

Yardi Matrix

Rents Improve, Supply Pressures Persist

Houston's multifamily market showed early signs of seasonal rent improvement, but softness in occupancy and investment pricing kept the recovery uneven. Advertised asking rents inched up 0.1%, on a trailing three-month basis through May, to $1,359, 20 basis points below the U.S. average. The occupancy rate in stabilized properties dropped 100 basis points year-over-year, to 91.6% in April, below the 94.1% national figure.

Houston's employment growth slowed to 0.4% year-over-year through February but remained ahead of the U.S. rate. Unemployment clocked in at 4.3% in April, mirroring the state and national rates, according to preliminary data from the Bureau of Labor Statistics. Houston added 7,700 net jobs in the 12 months ending in February, with education and health services leading gains. Logistics and manufacturing activity remained a key offset, with Port Houston securing funding for Bayport improvements, Target opening its first U.S. Receive Center and Apple expanding its Houston manufacturing campus.

Developers delivered 3,941 units through May, while the pipeline remained sizable with 26,447 units under construction. Transaction volume reached $1 billion through May, with West Houston accounting for 92% of the total. Meanwhile, the average price per unit decreased 1.4% year-to-date through May, to $131,022, a softer decline than the national 7.6% drop to $185,821.

Market Analysis | July 2026

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Recent Houston Transactions

2929 Weslayan

City: Houston
Buyer: Sade Real Estate
Purchase Price: $171 MM
Price per Unit: $674,340

Aston Post Oak

City: Houston
Buyer: Rockport Equity
Purchase Price: $72 MM
Price per Unit: $183,929

Preserve at Copper Springs

City: Houston
Buyer: LSCRE
Purchase Price: $57 MM
Price per Unit: $152,660

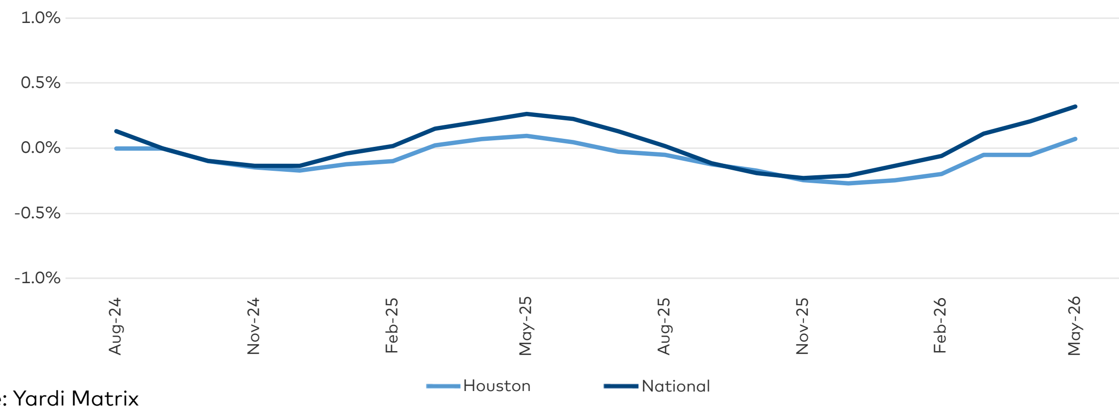
Siena on Westheimer

City: Houston
Buyer: SITG Capital Partners
Purchase Price: $50 MM
Price per Unit: $77,761

RENT TRENDS

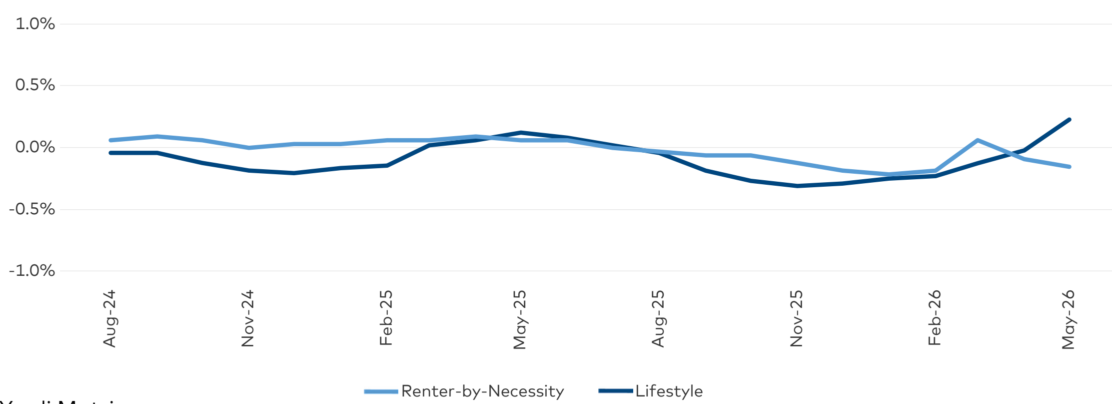
- Houston average advertised asking rents inched up 0.1%, on a trailing three-month (T3) basis through May, to $1,359, 20 basis points below the U.S. figure. This marked the first uptick since May 2025, as rent growth has been either flat or contracting since then. Houston rents fell 1.2% year-over-year, placing the metro in the lower third of Yardi Matrix's top 30 metros.
- Rent growth by asset class reflected the early leasing season shift. Advertised asking rents for the working-class Renter-by-Necessity segment briefly turned positive in March, but lost momentum by May, down 0.2% on a T3 basis, to $1,074. Rates for upscale Lifestyle assets improved steadily, and rose 0.2% to $1,609 in May, marking the first increase since June 2025 and driving Houston's overall spring gain.
- The occupancy rate in stabilized properties fell 100 basis points year-over-year, to 91.6% as of April, while the U.S. average was 94.1%. RBN occupancy was down 150 basis points, to 90.2%, while Lifestyle fell 80 basis points, to 92.7%
- Of the 85 submarkets tracked by Yardi Matrix, 38 posted growth for advertised asking rents year-over-year through May, led by the East End (11.4% to $1,365), Kingwood (7.0% to $1,408) and Galveston (5.5% to $1,365). Rents fell in Houston's priciest submarkets: Museum District (-1.5% to $2,040) and the West End/Downtown (-2.2% to $2,033).
- Advertised asking rents for the SFR sector slid 0.3% year-over-year through May, to $2,198, while occupancy was up 0.8%, to 94.0% 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's employment growth was 0.4% year-over-year through February, down from 1.7% a year earlier, but 50 basis points ahead of the U.S. average. Job growth began slowing down in March last year, and gradually slid by roughly 10 basis points each month.
- The metro's unemployment rate reached 4.3% in April, matching the state and national figures, according to preliminary data from the BLS.
- Houston added 7,700 net jobs in the 12 months ending in February, with only four sectors expanding. Gains were led by education and health services (6,500 jobs), mining, logging and construction (5,600) and professional and business services (5,500). Losses were concentrated in manufacturing, financial activities and trade, transportation and utilities, which cut 9,600 jobs combined.
- Notable CRE activity includes Port Houston, which secured $48 million in MARAD funding and $56 million in local matching funds for Bayport Container Terminal improvements. Plans call for a container yard, a new exit gate and 440,000 TEUs of capacity. Target opened a $265 million receive center in Houston in April. The facility is the company's first in the U.S. Apple is also expanding its Houston campus and adding a 20,000-square-foot Advanced Manufacturing Center, slated to open later this year.

Houston Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	473.3	13.6%
15	Mining, Logging and Construction	331.8	9.6%
60	Professional and Business Services	565.6	16.3%
70	Leisure and Hospitality	364.2	10.5%
90	Government	470	13.5%
50	Information	27.7	0.8%
80	Other Services	130.6	3.8%
40	Trade, Transportation and Utilities	694	20.0%
55	Financial Activities	176.8	5.1%
30	Manufacturing	237	6.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Houston's population rose 10.6% between 2020 and 2025, outpacing the 3.1% U.S. average, according to the Census Vintage 2025.
- Among Texas' major metros, Houston trailed Austin (14.8%) and Dallas–Fort Worth (11.0%), but slightly outpaced San Antonio (10.0%).

Houston vs. National Population

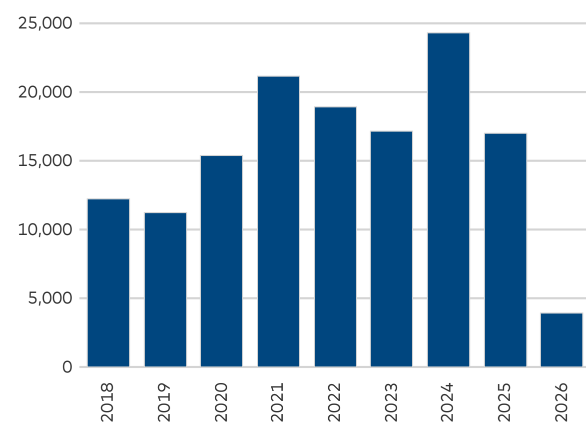
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Houston Metro	6,884,138	6,979,613	7,048,954	7,142,603

Source: U.S. Census

SUPPLY

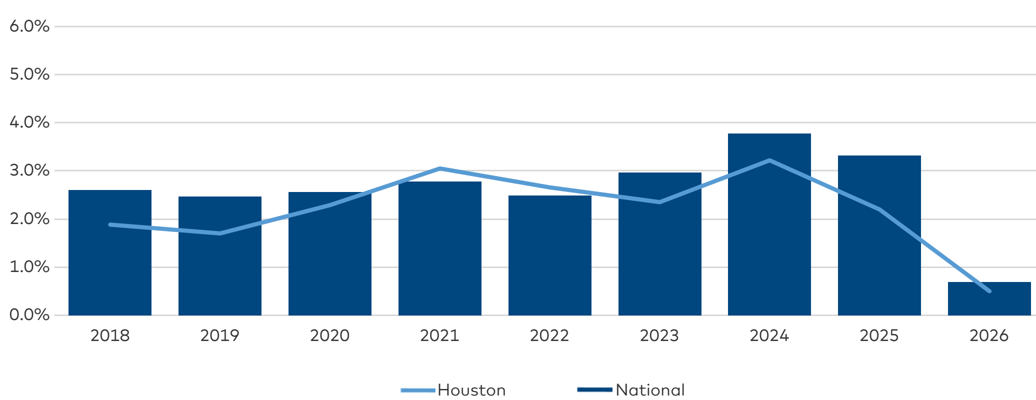
- Developers delivered 3,941 units or 0.5% of total stock in 2026 through May, 20 basis points below the U.S. average. Houston moved past the decade peak recorded in 2024 (24,329 units), as 2025's completions were already 30% fewer, while 2026 is running at a more moderate clip. Roughly 80% of deliveries this year were in West Houston. Units in Lifestyle assets led with a 73.8% share, followed by fully affordable (22.8%) and RBN (3.4%).
- As of May, 26,447 units were under construction in Houston, while another 56,000 were in the planning and prospective phases. The pipeline remained heavily tilted toward units in Lifestyle projects (84.5%), followed by fully affordable (12.0%) and RBN (3.4%) properties.
- In 2026 through May, 4,170 units across 15 properties broke ground in Houston, with two-thirds located in the metro's western side. However, construction starts in West Houston fell 11.5% from the same interval in 2025, while East Houston recorded a 53.7% increase.
- West Houston accounted for 68.0% of all units underway. Of the 85 submarkets tracked by Yardi Matrix, seven had more than 1,000 units underway, led by Cinco Ranch—North (2,522 units) and Louetta (1,661 units). In East Houston, Atascocita led with 1,330 units underway.
- Notable deliveries included The Pointe at Bayou Bend, a 398-unit fully affordable property located in an Opportunity Zone in the East End. The asset is owned by Houston Housing Authority and NRP Group and was financed with an $81 million loan issued by Houston Housing Authority Multifamily Housing Revenue Bonds.

Houston Completions (as of May 2026)



Source: Yardi Matrix

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

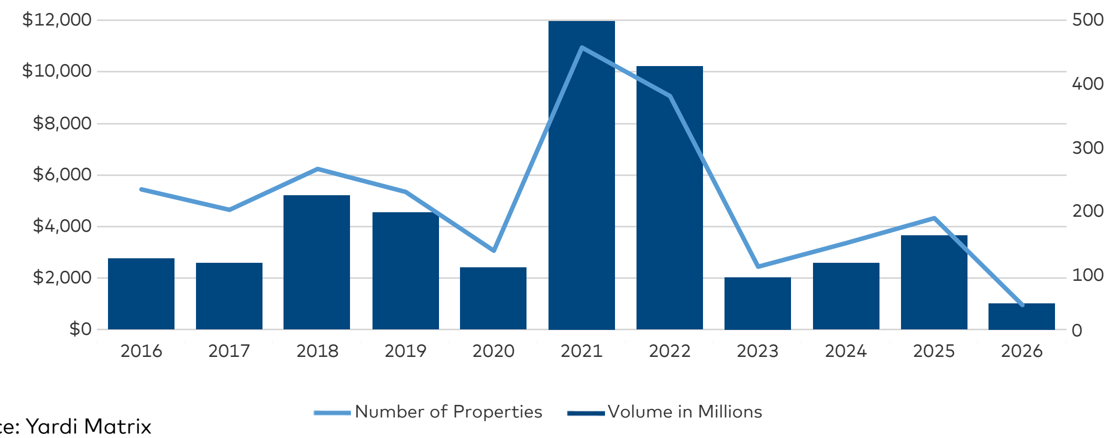


Source: Yardi Matrix

TRANSACTIONS

- Houston's multifamily transaction volume surpassed $1 billion in 2026 through May, with West Houston accounting for $938 million, or 92% of the total, while East Houston recorded $84.2 million.
- Investors focused on value-add plays in the first five months, as out of the total 55 assets that changed hands, 32 were RBN communities. This impacted the average per-unit price recorded in this period, which slid 1.4% from 2025's figure, to $131,022. The gap between asset classes remained large, with RBN trading for $82,750 on average, while Lifestyle properties clocked in at $199,029 per unit.
- Notable deals included Sade Real Estate's acquisition of 2929 Weslayan, a 254-unit mixed-use tower with 12,500 square feet of retail space. The financing package included a $129 million senior acquisition loan from Hudson Bay Capital and $38 million raised through Israeli corporate bonds.

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



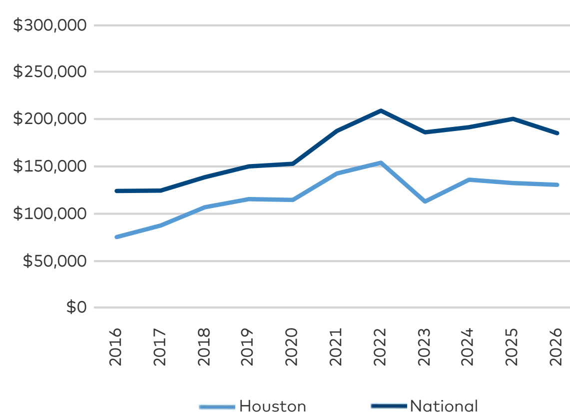
Source: Yardi Matrix

Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
West End/Downtown	389
Royal Oaks Country Club	273
Mount Houston	266
Katy	251
Piney Point Village—North	226
Bammel	217
River Oaks	208

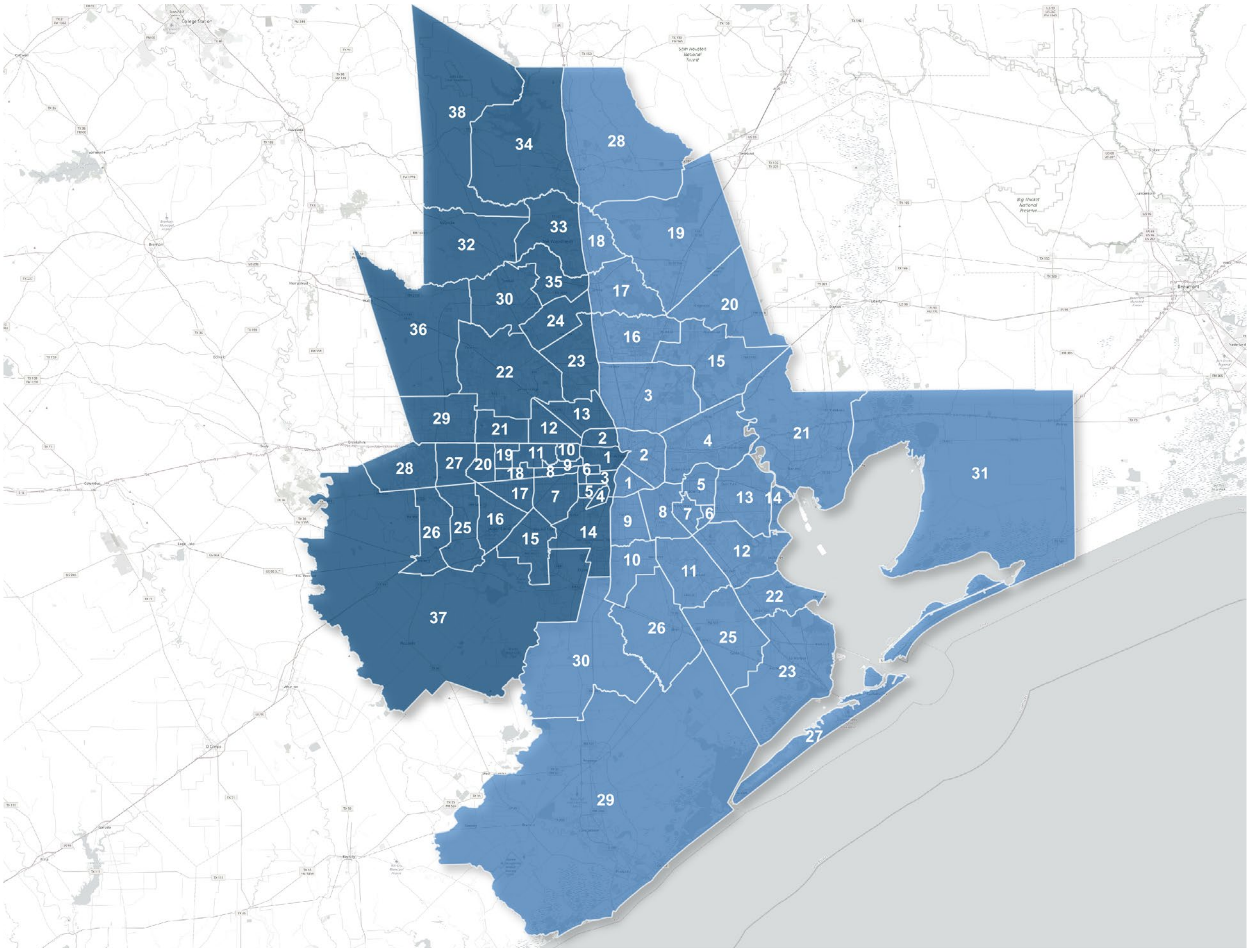
Source: Yardi Matrix
[1] From June 2025 to May 2026

Houston vs. National Sales Price per Unit



Source: Yardi Matrix

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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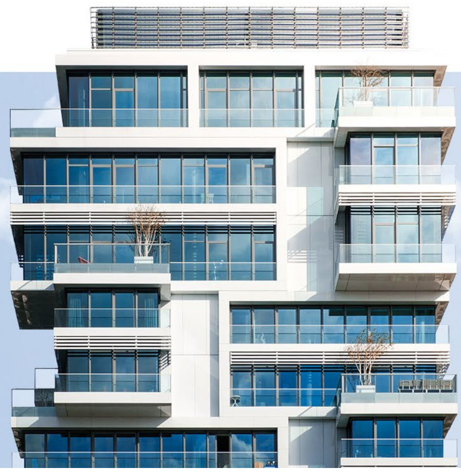
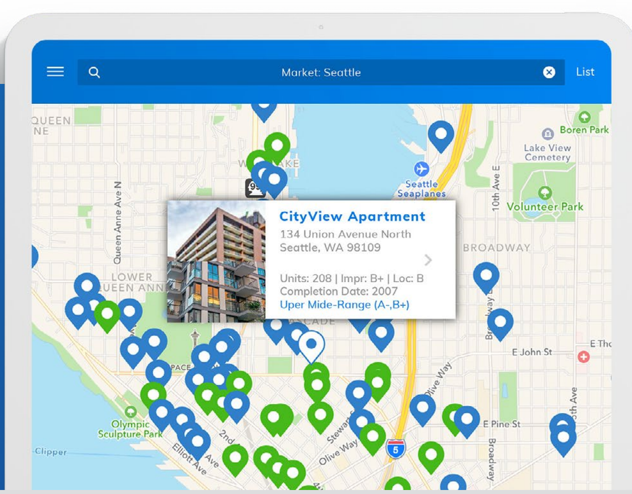


MULTIFAMILY KEY FEATURES

- 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 **23.5 million units,** covering over **92% of the U.S. population.**

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