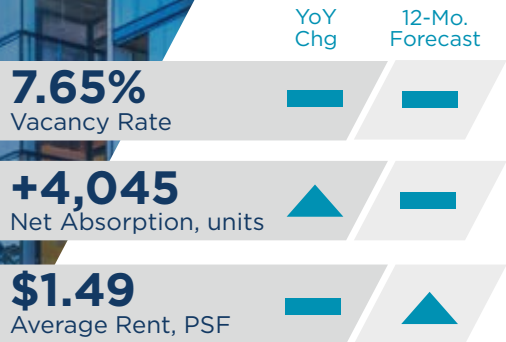


# MARKETBEAT HOUSTON

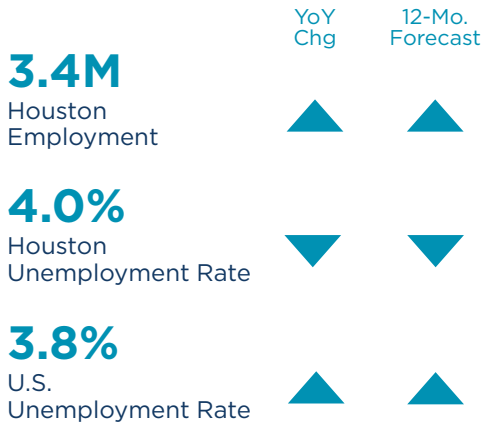


## Multifamily Q1 2024



Source: RealPage, Inc.

### ECONOMIC INDICATORS Q1 2024



Source: BLS, Moody's Analytics

### ECONOMIC OVERVIEW: Houston Ranks First in Labor Force Growth

Total employment stood at 3.4 million in Houston's metro area (MSA) at the end of Q1 2024, representing a 2.5% year-over-year (YOY) increase. While Houston's job growth continues to slow, the 2.5% increase surpassed the 1.7% YOY growth experienced nationwide. Among the 10 U.S. markets with the largest labor forces, Houston's 2.5% YOY growth ranked first, with Miami close behind (2.4%), Dallas/Fort Worth (1.7%), and Philadelphia (1.2%). Houston's unemployment rate decreased to 4.0%, 20 basis points (bps) lower than this time last year.

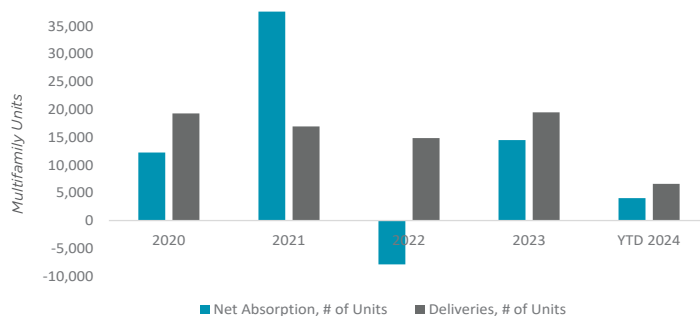
### DEMAND: Encouraging Absorption and Vacancy Figures Indicate a Healthy Market

Houston continued its robust absorption trend in Q1, absorbing a commendable 4,045 units throughout Q1. This positive momentum diluted the metro's robust supply pipeline. With 30,346 units under construction, these healthy absorption numbers reflect the city's resilience amid a substantial influx of new supply. Despite these developments, vacancy rates held steady at 7.65%, aligning with projections for the year ahead. While established properties maintained stable occupancy levels, newly constructed units faced the challenge of achieving swift lease-up rates in a competitive market landscape. Rent figures remained relatively consistent at around \$1.49 per square foot (PSF), indicating a steady market amidst fluctuations in other Texas metros. Houston's performance in rent growth outpaced its major counterparts, with Austin, San Antonio, and Dallas-Fort Worth experiencing varying degrees of decline YOY.

### PRICING: More Stable Capital Markets Environment Leading to Higher Volume

Transaction volume remained consistent with previous quarters as 17 transactions were completed in Q1, totaling 3,778 units with an average year built of 1998. Houston continues to show countless signs of a healthy market, with population and job growth outpacing the rest of the major Texas markets. With potential interest rate cuts on the horizon and less volatility in the capital markets environment, Houston is poised to have a much more active year of transactions. Continued delivery of new product from merchant builders as well as persistent stress on negatively leveraged owners will also act as catalysts for more transaction volume in the coming quarters.

### DEMAND / DELIVERIES



Source: RealPage, Inc.

### OVERALL VACANCY & EFFECTIVE RENT



Source: RealPage, Inc.

# MARKETBEAT HOUSTON



## Multifamily Q1 2024

### MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CONSTRUCTION (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Alief	20,013	0	0.00%	461	144	6.03%	-0.22%	\$1,100	\$1.28	5.80%
Baytown	11,957	80	0.67%	340	71	9.52%	2.54%	\$1,104	\$1.27	1.13%
Bear Creek	18,098	216	1.19%	1,880	93	7.91%	1.25%	\$1,302	\$1.45	-0.85%
Braeswood Place/Astrodome/South Union	24,110	0	0.00%	0	17	9.01%	0.76%	\$1,331	\$1.55	-7.61%
Brazoria County	13,515	147	1.09%	346	111	8.85%	-0.62%	\$1,093	\$1.30	0.29%
Champions East	29,079	101	0.35%	136	-257	9.53%	0.48%	\$1,087	\$1.24	0.61%
Champions West	21,181	376	1.78%	108	211	7.83%	0.81%	\$1,301	\$1.42	0.31%
Clear Lake	32,195	135	0.42%	671	4	7.43%	0.22%	\$1,274	\$1.45	0.38%
Conroe/Montgomery County	17,268	461	2.67%	2,724	348	7.64%	0.51%	\$1,244	\$1.37	-1.90%
Cypress/Waller	11,349	343	3.02%	2,592	233	8.58%	0.44%	\$1,520	\$1.52	-0.69%
Downtown/Montrose/River Oaks	29,503	257	0.87%	1,234	273	7.34%	0.12%	\$2,098	\$2.20	-1.96%
East Inner Loop	12,232	563	4.60%	1,852	501	6.51%	-0.47%	\$1,412	\$1.65	-1.40%
Far West Houston	32,684	0	0.00%	0	63	8.61%	0.41%	\$1,215	\$1.35	-1.90%
Friendswood/Pearland	15,865	0	0.00%	111	-33	6.53%	-0.57%	\$1,471	\$1.53	-0.09%
Galleria/Uptown	25,273	0	0.00%	183	-91	7.94%	-0.09%	\$1,483	\$1.61	-1.48%
Galveston/Texas City	17,565	11	0.06%	436	1	7.80%	-0.17%	\$1,250	\$1.44	-0.22%
Greater Heights/Washington Avenue	21,664	33	0.15%	2,467	20	7.12%	-0.27%	\$1,789	\$2.01	-2.50%
Greenway/Upper Kirby	19,534	0	0.00%	511	40	6.50%	-0.94%	\$2,018	\$2.02	-0.80%
Gulfton/Westbury	35,263	0	0.00%	0	-182	5.87%	0.65%	\$1,088	\$1.28	3.04%
Hobby Airport	18,976	134	0.71%	774	-12	9.39%	2.45%	\$971	\$1.19	1.95%
Humble/Kingwood	20,714	342	1.65%	809	373	7.63%	0.27%	\$1,324	\$1.42	-1.53%
Katy	27,754	772	2.78%	2,954	764	6.11%	-0.43%	\$1,518	\$1.56	-1.36%
Memorial	13,085	0	0.00%	945	-70	7.00%	-0.28%	\$1,749	\$1.74	0.36%
North Central Houston	24,057	0	0.00%	240	-111	9.33%	2.11%	\$981	\$1.17	1.13%
Northeast Houston	16,662	0	0.00%	0	-275	9.18%	1.43%	\$1,173	\$1.37	0.25%
Northwest Houston	30,103	194	0.64%	452	-49	7.79%	1.32%	\$1,069	\$1.29	2.17%
Pasadena/Southeast Houston	29,868	120	0.40%	54	117	7.54%	0.19%	\$1,069	\$1.31	2.18%
Rosenberg/Richmond	16,078	700	4.35%	2,255	462	8.78%	1.76%	\$1,434	\$1.54	-1.76%
Sharpstown/Fondren Southwest	35,811	0	0.00%	0	117	6.20%	1.09%	\$961	\$1.20	4.59%

Source: RealPage, Inc.

# MARKETBEAT HOUSTON



## Multifamily Q1 2024

### MARKET STATISTICS

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Spring Branch	21,247	250	1.18%	1,403	122	7.96%	0.73%	\$1,263	\$1.39	0.24%
Spring/Tomball	23,257	719	3.09%	1,700	596	7.38%	0.59%	\$1,395	\$1.49	-1.06%
Sugar Land/Stafford	16,433	230	1.40%	1,232	127	5.91%	0.22%	\$1,484	\$1.56	-0.23%
The Woodlands	20,201	430	2.13%	1,121	329	6.61%	0.37%	\$1,527	\$1.59	-0.69%
West University/Medical Center/Third Ward	13,808	0	0.00%	134	23	6.09%	0.20%	\$1,992	\$2.06	0.02%
Westchase	29,872	0	0.00%	221	-35	8.42%	0.23%	\$1,188	\$1.34	-0.61%
<b>Market</b>	<b>766,274</b>	<b>6,614</b>	<b>0.86%</b>	<b>30,346</b>	<b>4,045</b>	<b>7.65%</b>	<b>0.49%</b>	<b>\$1,351</b>	<b>\$1.49</b>	<b>-0.12%</b>

Source: RealPage, Inc.

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