

# HOUSTON, TEXAS

## AS HOUSTON ECONOMY RECOVERS, APARTMENT DEVELOPERS ADD HOUSING

The recent multifamily construction wave peaked in 2020 as Greater Houston apartment operators coped with the effects of the pandemic by raising concessions to attract renters. Builders brought nearly 23,300 units online in the last four quarters, reaching a cycle high. While development was spread throughout the metro, a significant share came online in the Katy/Cinco Ranch/Waterside submarket with 3,800 units. The additions facilitated leasing activity in the area, where rental demand remained positive all year. Even with rent higher than the metro average, the submarket remained attractive to renters as development along Interstate 10 and the Grand Parkway created employment opportunities and community amenities. Sustained inventory growth is expected in the submarket this year, with more than 2,000 units scheduled to come online. Apartment absorption in the submarket is projected to remain positive, though trail inventory growth over the next four quarters. The submarket trend should mirror the metrowide forecast, as positive annual leasing activity is expected to trail the nearly 16,700 additions in 2021. Contributing to the slowdown in absorption is the predicted slower recovery of blue-collar jobs this year. Conversely, employment in most white-collar industries is anticipated to exceed pre-pandemic levels by the end of 2021. These positions will support demand for Class A, amenity-rich apartments in Greater Houston. Positive movement in the workforce is expected to carry over to 2022 as apartment demand surpasses inventory growth. As a result, apartment fundamentals are projected to improve, as occupancy is forecast to reach 87.8% by year-end 2022 and monthly effective rent reaches \$1,065.



### 2021 MARKET AT A GLANCE



#### OCCUPANCY RATE

**87.6%**

Down 70 bps YOY



#### EFFECTIVE RENT

**\$1,015**

Down 1.7% YOY

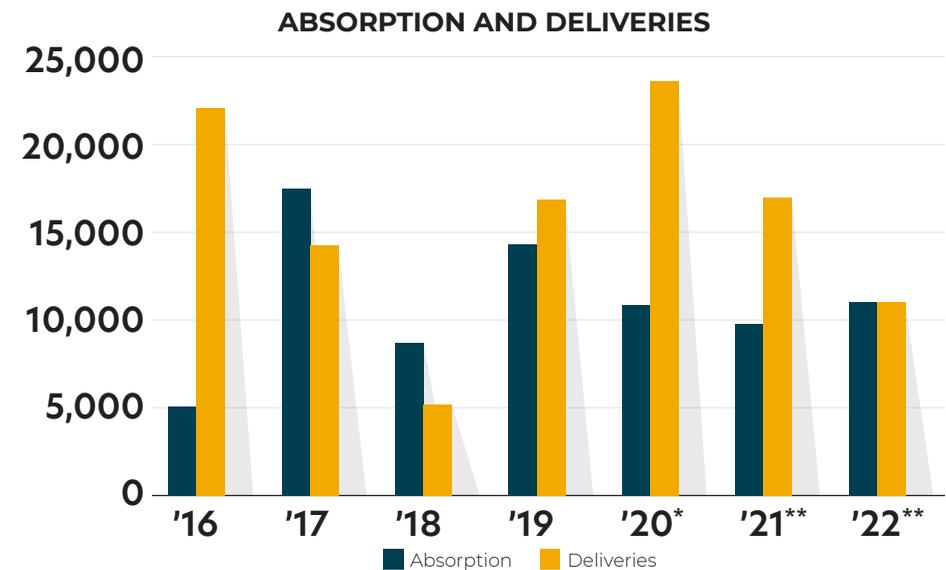
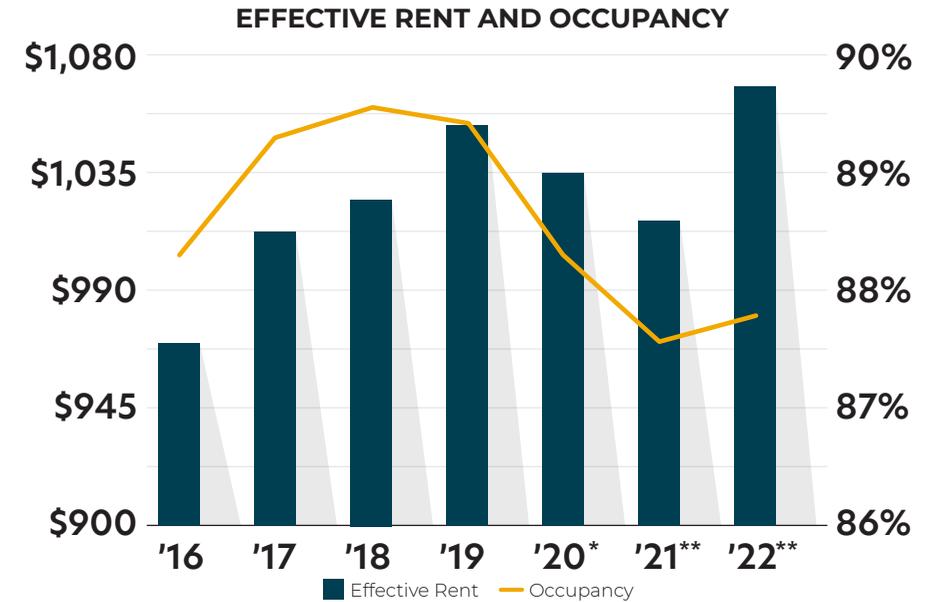


#### RENT SHARE OF WALLET

**17.3%**

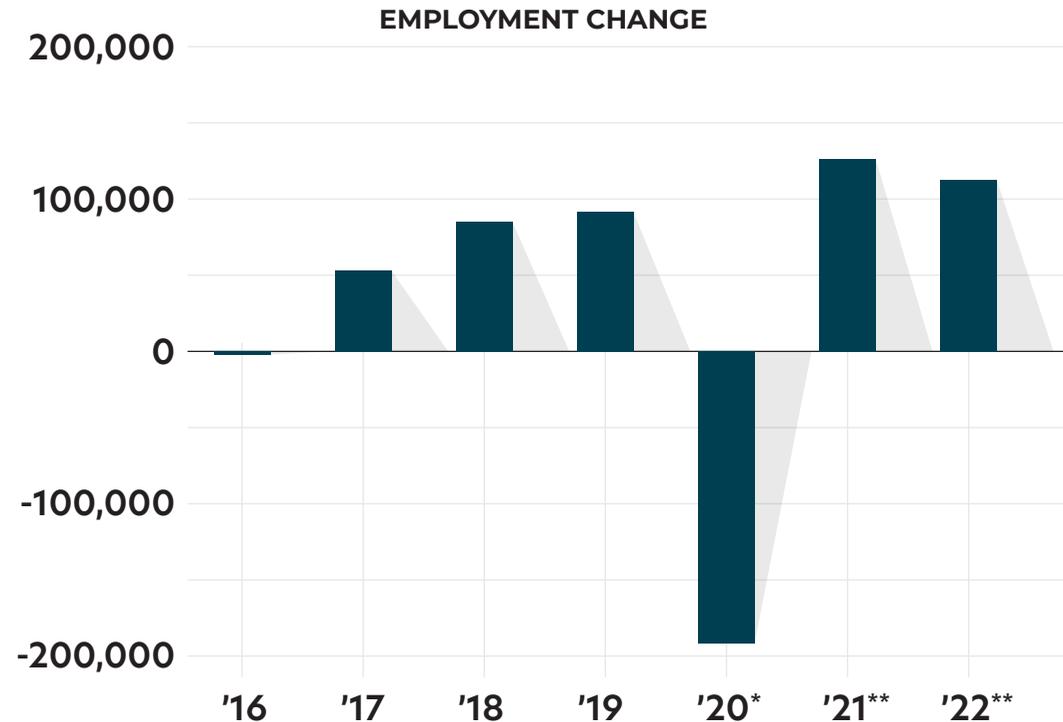
Down 70 bps YOY

### MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. \*Numbers for 2020 are projected values; \*\*2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

## EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
3,216,400	-5.9%	3,026,600	4.1%	3,151,500

2019	YOY CHANGE	2020	YOY CHANGE	2021
3.0%	480 BPS	7.8%	-140 BPS	6.4%

2019	YOY CHANGE	2020	YOY CHANGE	2021
7,123,000	1.5%	7,227,900	1.5%	7,335,800

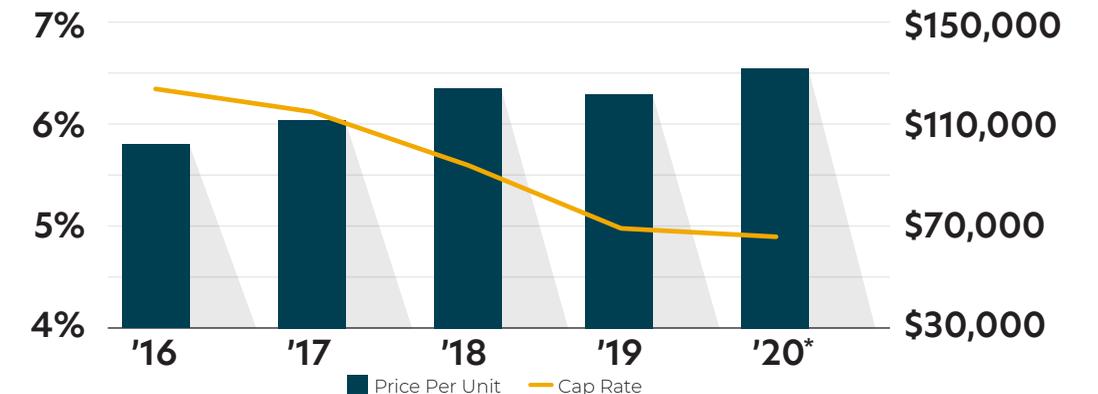
2019	YOY CHANGE	2020	YOY CHANGE	2021
2,548,700	1.6%	2,589,900	1.8%	2,636,300

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$69,253	-0.5%	\$68,876	2.1%	\$70,292

## SALES TRENDS

2019	YOY CHANGE	2020*
\$120,292	8.2%	\$130,105

2019	YOY CHANGE	2020
5.0%	-10 BPS	4.9%



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. \*Numbers for 2020 are projected values; \*\*2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.