



SELECT MARKET

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HOUSTON

MULTIFAMILY MARKET REPORT | MID-YEAR

2025



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Jobs Added / Lost

LAST 12 MONTHS
39,800



1.2% YOY

Unemployment

JUNE 2025
4.4%



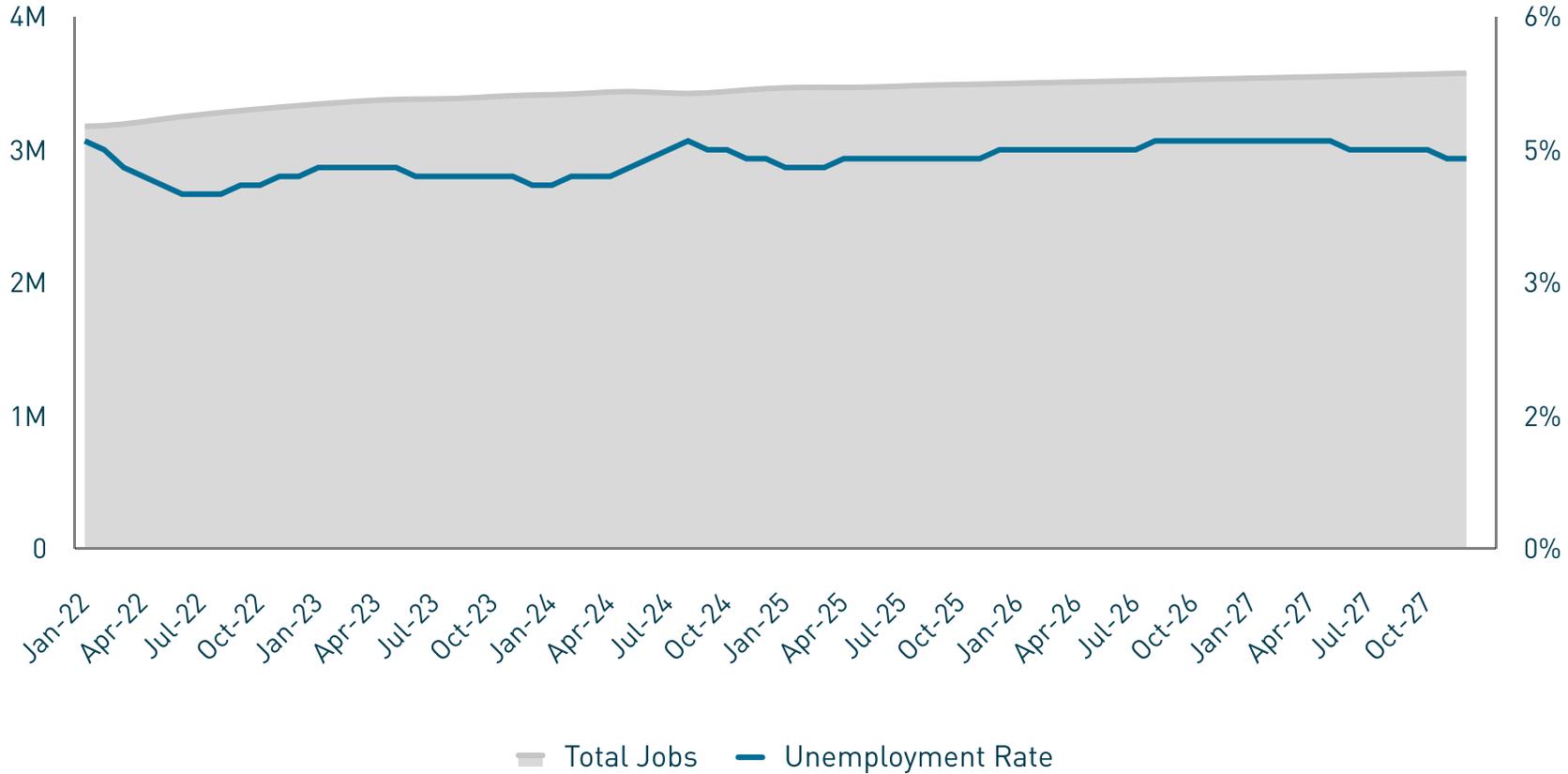
0 BPS YOY

Employment

Population growth continued to drive employment gains in Metro Houston over the 12 months ending in June 2025, with employers expanding the workforce by 39,800 jobs. Last year, Houston experienced its highest net migration in over 20 years, with 149,560 more people moving in than out, and the metro is projected to gain 94,350 residents this year. For comparison, the metro averaged 30,000 new residents annually during the 2010 to 2019 expansion period. Two sectors heavily influenced by population growth accounted for 56.5% of new jobs added during this period: trade, transportation, and utilities, followed by private education and healthcare. Trade, transportation, and utilities firms created 12,000 jobs, marking a 1.7% year-over-year expansion. Metro Houston industrial operators recorded 15 million square feet of absorption over the past year, placing it among the top three markets for trailing 12-month absorption.

The Houston economy will continue to benefit from large-scale investments in the near term. This year, Apple, Foxconn, and Nvidia, separately announced plans to develop advanced manufacturing facilities to support AI development in Northwest Houston. The projects will create hundreds of jobs in the market over the next two years as production ramps up for each site. Beyond investments in AI, nearly every health system in the Houston region has engaged in new location or expansion projects to add 10,500 private healthcare and education jobs over the past year. Houston Methodist's Cypress Hospital opened in spring 2025, adding over 700 new employees, but many of these jobs resulted from smaller projects, such as outpatient centers. Major expansions like HCA's North Cypress Hospital and Harris Health's \$1.6 billion expansion scheduled for completion in 2026 and beyond.

Employment Trends



Source: Moody's Analytics

In the News

Apple, Foxconn, & Nvidia expanding AI-driven advanced manufacturing in Houston
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Montgomery County underway on \$130M convention center
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Davie's \$1B port investment could create 4,000 jobs
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2025 Year to Date

DELIVERIES
7,071 UNITS

ABSORPTION
10,850 UNITS



2025 Total*

DELIVERIES
12,361 UNITS

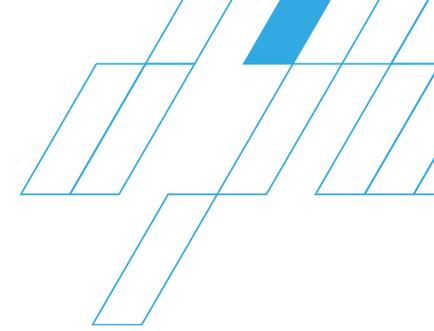
ABSORPTION
12,645 UNITS

**Projected*

Deliveries & Absorption

Metro Houston cleared the crest of the latest supply wave in 2024, which resulted in a pipeline mostly comprised of units in the lease-up phase as of the second quarter of 2025. Deliveries totaled 7,071 units over the past six months, a decrease of 46.5% year over year. The top two areas for units under construction are West University/Medical Center/Third Ward, driven by the Texas Medical Center employment hub, and Conroe/Montgomery County, fueled by rapid population growth as people seek affordable suburbs with increasing amenities. In the first half of 2025, renters occupied 10,850 net units, a 4.3% increase from the previous year, marking the highest number of net move-ins for the first half of the year since 2021. Submarkets with the highest deliveries generated the most demand, indicating renters were eager to take advantage of new offerings in growing areas.

The Greater Heights/Washington Avenue submarket recorded the highest number of net move-ins, followed by Conroe/Montgomery County and Cypress/Waller, with 1,168, 903, and 857 net move-ins, respectively. The Greater Heights/Washington Avenue submarket benefits from proximity to major employment hubs including Rice University, Texas Medical Center, and Downtown, while offering an effective rent nearly \$300 less per month than those submarkets. Conroe/Montgomery County apartment demand is driven by rapid population growth and a more affordable cost of living while being commuting distance to employers in The Woodlands. Cypress/Waller is a major hotspot for Houston's logistics growth along the US Highway 290 corridor, with incoming industrial employees seeking rentals as companies such as H-E-B and Amazon continue to expand in this area.

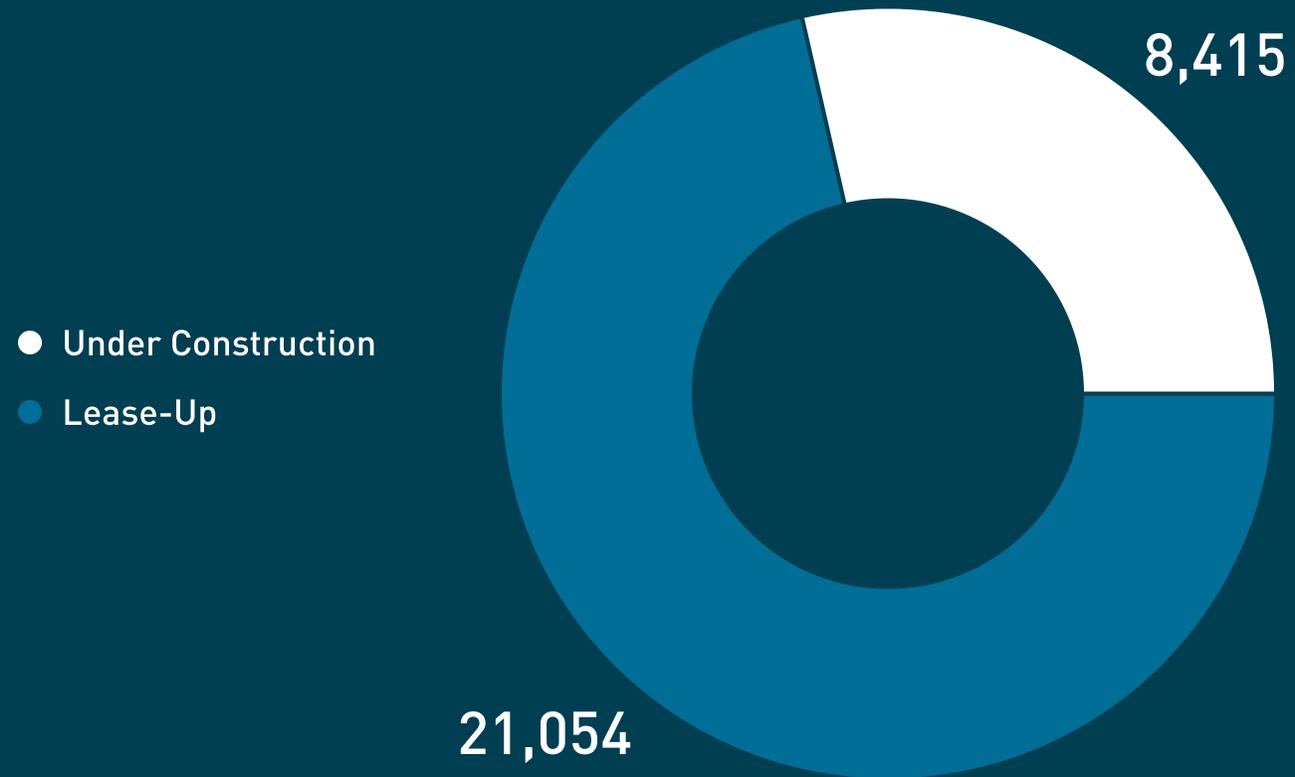


Deliveries, Absorption, & Effective Rent Change



Source: RealPage

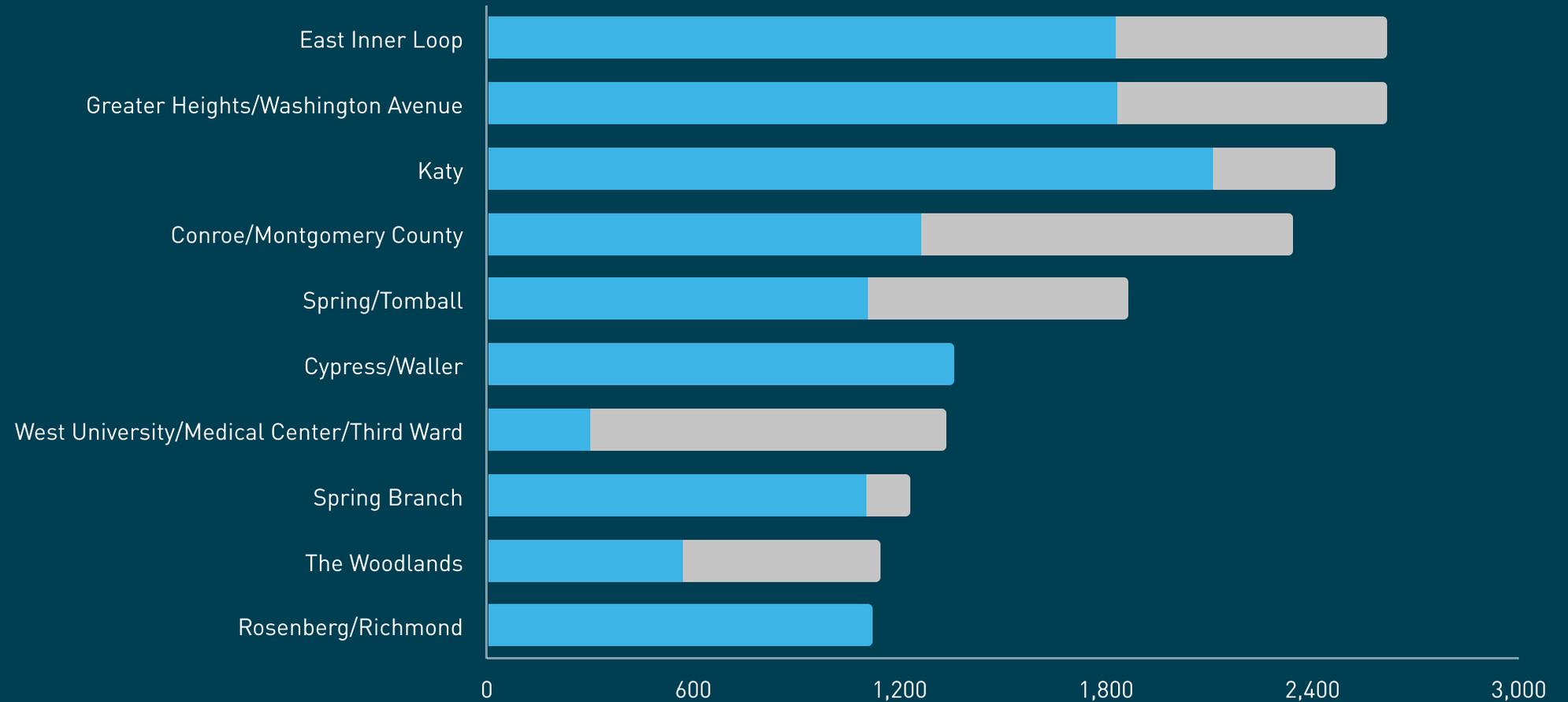
Houston Pipeline



Source: MRI Apartment Data

Largest Submarket Pipelines

- Under Construction
- Lease-Up



Source: MRI Apartment Data

Effective Rent

Q2 2025
\$1,368



0.4% YOY

Occupancy

Q2 2025
94.3%



180 BPS YOY

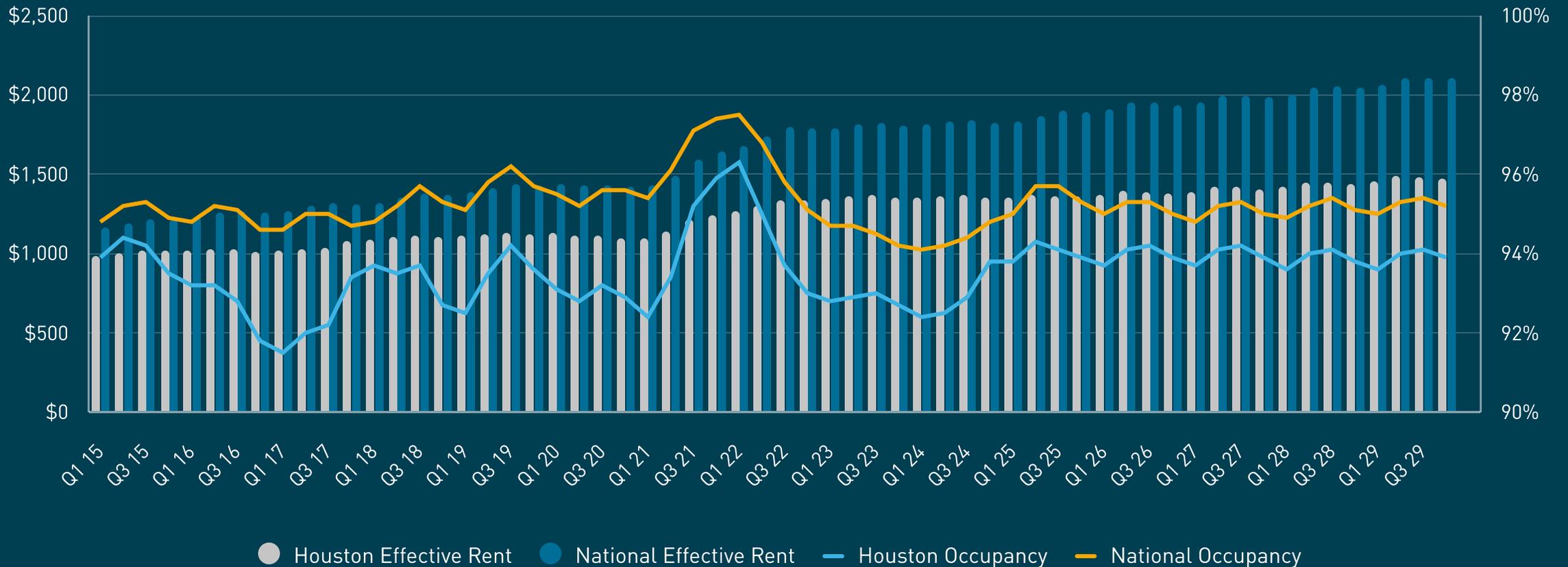
Rent & Occupancy

In the second quarter of 2025, Houston was the only multifamily market in the Texas Triangle to experience year-over-year rent growth, with a 0.4% increase that raised the effective rent to \$1,368. Among the Texas Triangle markets, Houston had the lowest percentage of units offering concessions at 22.6%, compared to Austin's high of 40.5%. It also had the lowest concession value as a percentage of asking rent, at 5.2%. These metrics significantly influenced whether markets saw increases or decreases in effective rents during the quarter. Houston multifamily operators reduced the number of units offering concessions and recorded the smallest annual increase in concession value among its Texas Triangle peers.

Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Houston submarkets with lower levels of new supply and positive new lease rate changes, such as Baytown and Hobby Airport, posted the highest annual rent increases at 5.8% and 4.1%, respectively. Net absorption outpacing new supply in the first half of the year raised the market's occupancy rate by 180 basis points annually to 94.3% in the second quarter of 2025. Notably, Houston's occupancy rate was 100 basis points higher than the average mid-year occupancy rate over the past five years. The largest occupancy increases occurred in submarkets with positive net absorption and no new units delivered in the past six months, including Hobby Airport, up Northeast Houston, and Far West Houston, with increases of 380, 320, and 310 basis points over last year.

Houston vs. National Effective Rent & Occupancy



Source: RealPage

Rent & Occupancy (1/2)

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Alief	95.4%	200	\$1,077	-1.1%
Baytown	93.5%	270	\$1,161	5.8%
Bear Creek	94.2%	170	\$1,294	-1.0%
Braeswood Place/Astrodome/South Union	94.1%	300	\$1,304	-2.1%
Brazoria County	93.5%	190	\$1,127	2.0%
Champions East	93.3%	300	\$1,059	-1.9%
Champions West	94.3%	220	\$1,300	-0.7%
Clear Lake	94.6%	210	\$1,309	1.6%
Conroe/Montgomery County	94.3%	200	\$1,288	2.0%
Cypress/Waller	93.4%	190	\$1,485	-2.0%
Downtown/Montrose/River Oaks	94.3%	150	\$2,180	2.0%
East Inner Loop	92.6%	-100	\$1,471	3.0%
Far West Houston	94.4%	310	\$1,210	-1.1%
Friendswood/Pearland	94.5%	110	\$1,478	-0.3%
Galleria/Uptown	93.2%	110	\$1,506	-1.4%
Galveston/Texas City	93.9%	260	\$1,272	-0.1%
Greater Heights/Washington Avenue	94.7%	190	\$1,769	-3.1%
Greenway/Upper Kirby	95.0%	170	\$2,031	1.8%

Source: RealPage

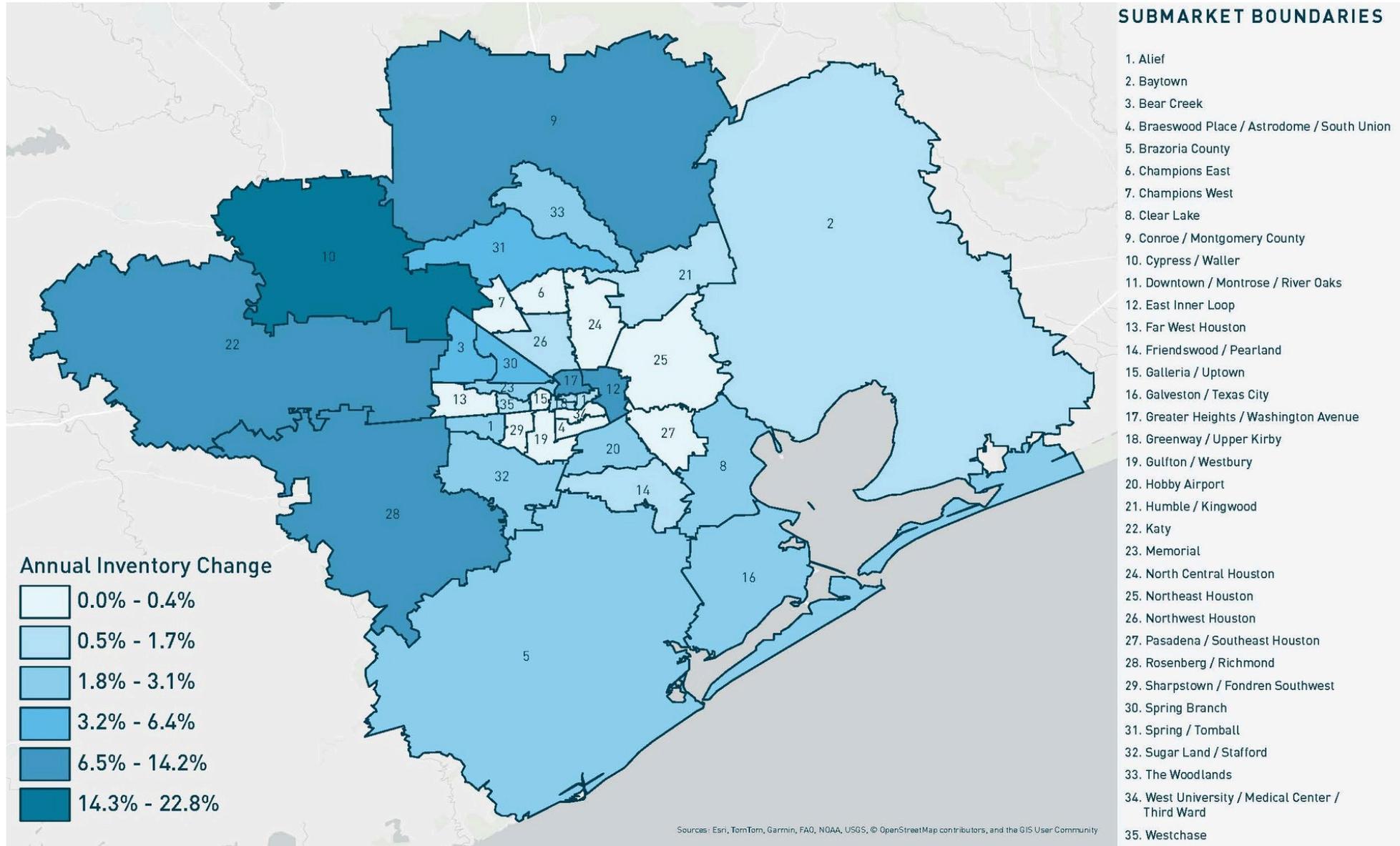
Rent & Occupancy (2/2)

Submarket Performance

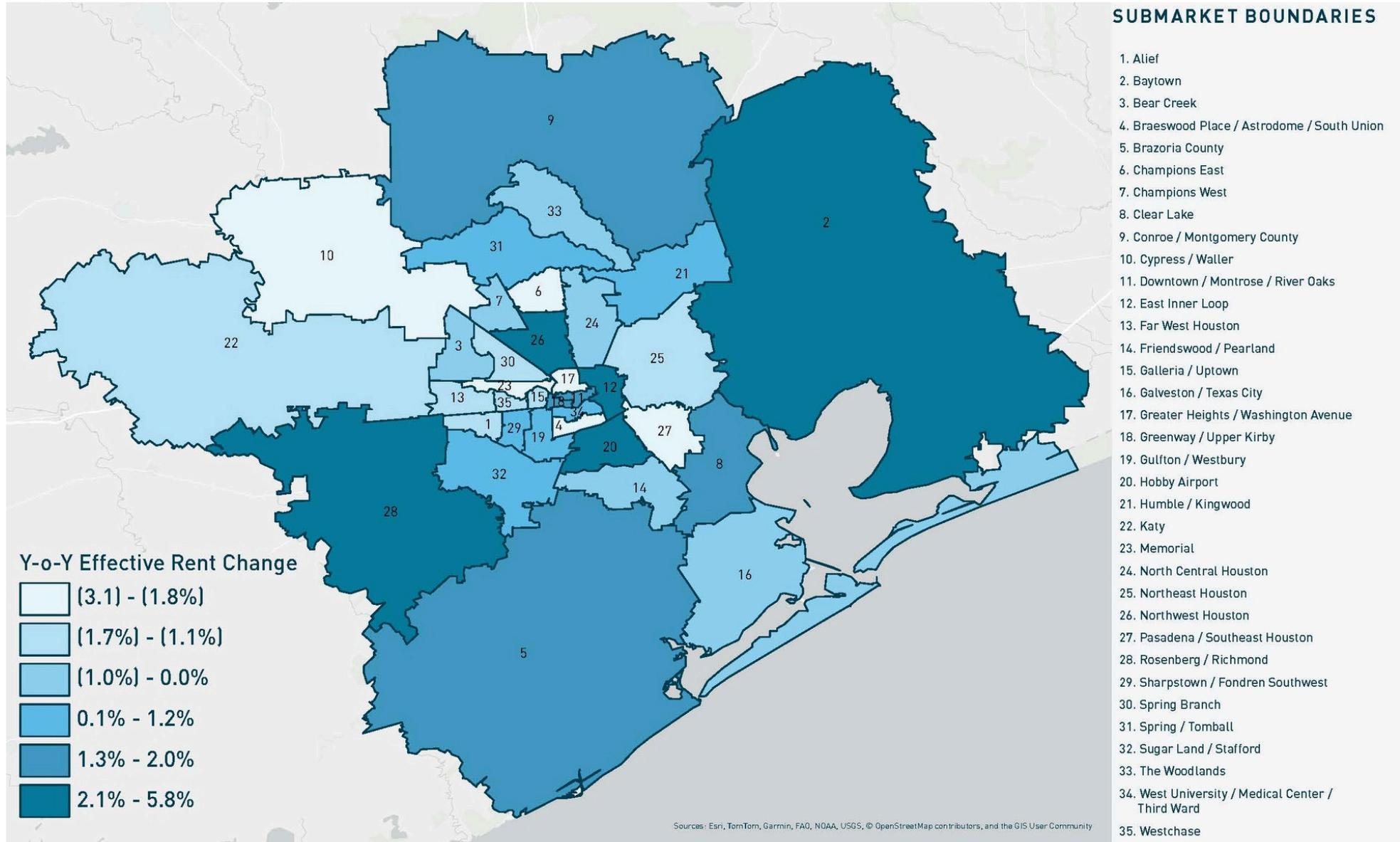
Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Gulfton/Westbury	94.9%	50	\$1,094	0.9%
Hobby Airport	94.8%	380	\$1,032	4.1%
Humble/Kingwood	93.9%	130	\$1,349	1.2%
Katy	93.8%	0	\$1,508	-1.2%
Memorial	94.5%	80	\$1,715	-2.8%
North Central Houston	93.4%	240	\$982	-0.9%
Northeast Houston	94.3%	320	\$1,170	-1.2%
Northwest Houston	93.2%	120	\$1,103	3.3%
Pasadena/Southeast Houston	94.2%	170	\$1,059	-1.8%
Rosenberg/Richmond	94.2%	240	\$1,468	2.5%
Sharpstown/Fondren Southwest	94.9%	150	\$971	0.9%
Spring Branch	94.2%	160	\$1,276	-1.3%
Spring/Tomball	94.0%	100	\$1,411	0.9%
Sugar Land/Stafford	95.7%	130	\$1,499	0.3%
The Woodlands	95.0%	190	\$1,552	-0.2%
West University/Medical Center/Third Ward	95.5%	180	\$2,028	1.3%
Westchase	94.6%	300	\$1,173	-1.1%

Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change



Submarket Mid-Year 2025 Annual Effective Rent Change



Sales

2025 Year to Date*



Volume
\$578.4M



Price Per Unit (Avg)
\$221,552



Units (Avg)
327



Year Built (Avg)
2000s



Transactions
29



Cap Rate (Avg)
5.0%



Buildings (Avg)
17



Acres (Avg)
13.53

\$30M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

What's Trading?*

Sales

Top Buyers*

Buyer	Location
BSR Trust	Little Rock, AR
HM Aris	Myakka City, FL
Praedium Group	New York, NY
Bow River Cap Partners	Denver, CO
Nuveen	New York, NY

Top Sellers*

Seller	Location
Davis Development Inc.	Stockbridge, GA
Hines	Houston, TX
Morgan Group	Houston, TX
Hilltop Residential	Houston, TX
Camden Property Trust	Houston, TX

\$30M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research



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