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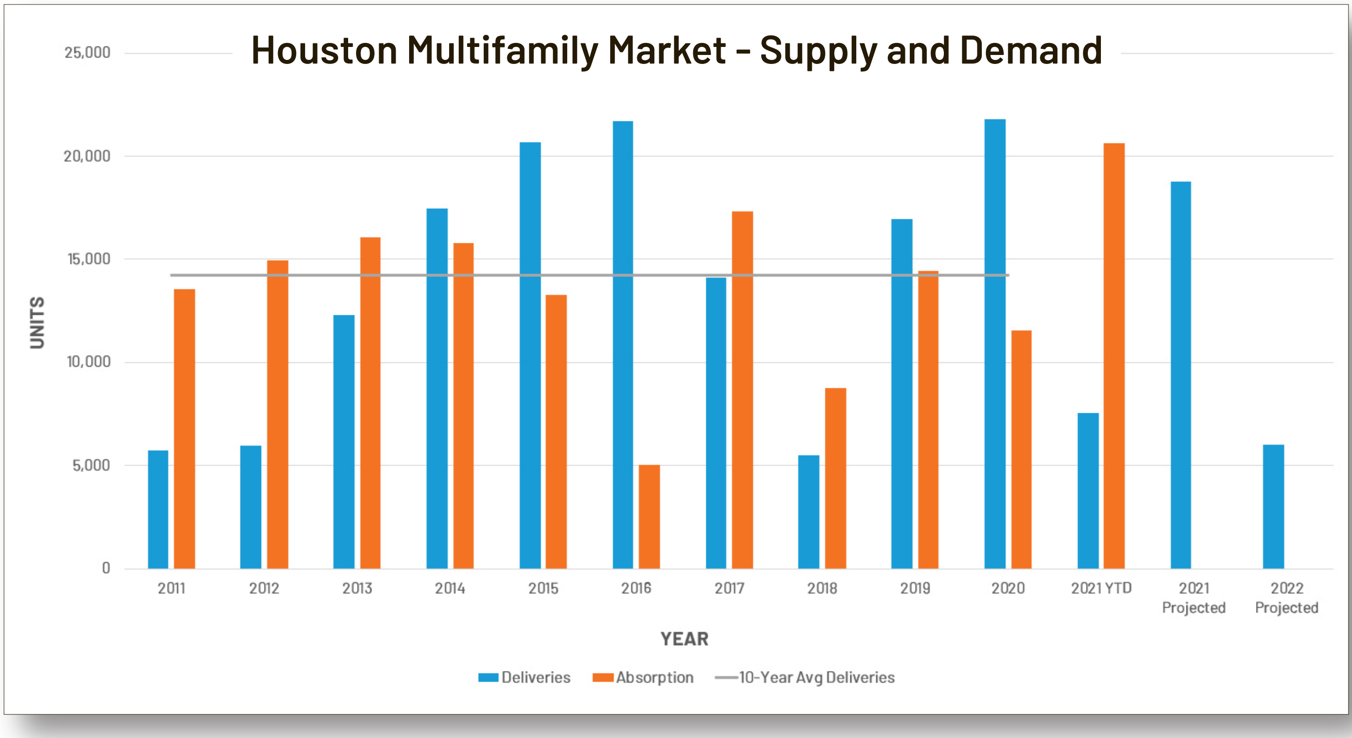
Development • Construction • Investments

ANALYSIS:
Houston Multifamily Market



Houston Market Rebounds to New Highs

The Houston multifamily market is having a record year as pent-up demand for new apartments pushed leasing activity to an all-time high in the first two quarters, resulting in an overall occupancy above 90% for first the time in two years. Leasing momentum is expected to remain strong, and a dramatic drop in new construction will positively impact the overall performance of multifamily in America's fifth largest metro for years to come.

Strong Market Fundamentals

- **Unprecedented Leasing Activity** – The Houston market absorbed more than 20,000 units through the first half of 2021, an amount that exceeds total annual absorption for each year dating back to 2011.
- **Strong Rent Growth** – Effective rents have climbed above pre-pandemic levels, now reaching all-time highs.
- **Shallow Pipeline** – Developers are expected to deliver fewer units in 2021 than the previous year, and that number is projected to fall even further in 2022 to just 6,000 new apartments —less than half of the market's 10-year average annual delivery of 14,222 units.
- **Healthy Market** – The total number of apartments now under construction equals approximately 2% of Houston's total multifamily inventory, a ratio that is more favorable than the other major Texas metros.
- **Increasing Population** – Houston has added more than 1.2 million residents since 2010, and the metro area is projected to experience the largest gross population gain in the U.S. from 2021-2026.

Sources: *Apartment Development Services, Real Page, Greater Houston Partnership and US Census Bureau. Chart generated by OHT Partners' Andrew Rabinovich.*