



TRANSWESTERN

HOUSTON MULTIFAMILY MARKET

Q4 2024



TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE (%)	4.5	4.1	↑	5.6	↑
NET ABSORPTION (Units)	3,585	2,985	↑	3,916	↑
OCCUPANCY RATE (%)	88.6%	89.0%	↓	89.7%	↔
UNITS (Total)	771,690	745,377	↑	716,654	↑
EFFECTIVE RENT (Unit)	\$1,274	\$1,261	↑	\$1,187	↑
SALES VOLUME (Millions)	\$842	\$417	↑	\$1,396	↑

Source: Bureau of Labor Statistics, MRI Software , Real Capital Analytics, Transwestern. Arrow color palette indicates property sector agency leasing, management and investor trending assessment(s).
 *Net Absorption calculated as Net Leasing. See definition on page 13.

OVERALL OCCUPANCY HOLDS STEADY; CONSTRUCTION PIPELINE CONTINUES TO TAPER

Q4 2024 House View

Houston’s multifamily sector experienced its eighth quarter of metro wide demand gains as Houstonians moved into 3,585 units, with Class A and Class C being the only two building classes to experience positive gains during the final 90-day period. The mixed bag of demand between building class, combined with lowest delivered unit count for CY 2024, resulted in overall occupancy to remain flat at 88.6 percent during the fourth quarter. Overall metro rents contracted, averaging \$1,274/unit, a quarter-over-quarter decrease of 80 basis points.

Houston’s construction pipeline totaled just under 14,300 units at the quarter’s close, edging down from 17,340 units in Q3 2024. Completions totaled nearly 6,000 units, decreased from the 6,240 units delivered during the previous 90-day period. Both sustained population and job growth throughout Houston continue to drive new development. Specifically with new jobs, Houston has already been estimated to create 75,100 payrolls during CY 2025, further illustrating steady demand particularly for newly built multifamily product.

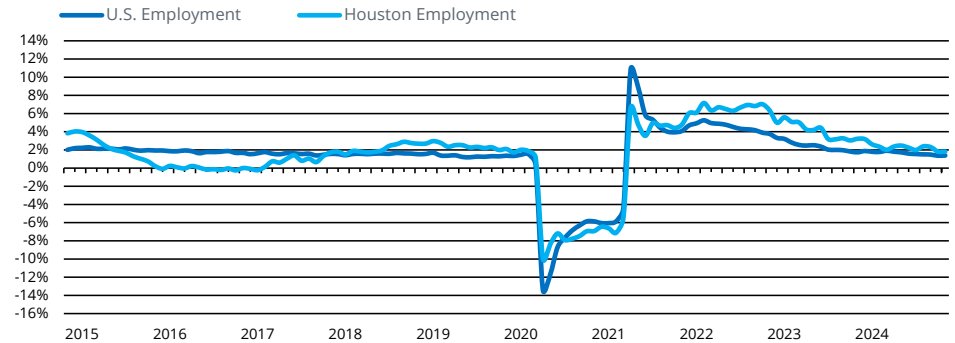


ECONOMY

Coming Off Strong 2024, Outlook for 2025 Equally Upbeat

- Metro Houston is forecast to add 71,200 jobs next year and finish 2025 with over 3.5 million full-time jobs, a total employment count that is a new record, according to the Greater Houston Partnership’s (GHP) annual Houston Region Economic Outlook released in December. Health care and construction industries are expected to advance the farthest, while professional and technical services, government, and restaurant and bars are also expected to realize significant gains.
- Lending strength to the jobs 2025 forecast, the Houston region created 20,300 jobs in November, according to data released in early-December 2024 by the Texas Workforce Commission (TWC). That aligns with historic trends, November being one of the strongest months for job growth each year as many consumer-oriented firms boost hiring for the holiday season.
- Brokers closed on 85,163 single-family homes in metro Houston during 2024, a moderate 1.3 percent expansion over 2023, according to the Houston Association of Realtors (HAR). The HAR reports that this rate of increase, though, is a significant improvement over 2022 and 2023 when annual sales fell by 10.7 percent and 11.8 percent, respectively. December 2024 capped the year with 7,162 single-family homes sold, a healthy 16.3 percent increase over December 2023.
- Dodge Data & Analytics reported in November that nearly \$35.9 billion in construction contracts were awarded this year in the Houston area through October. The contract level is up 27.6 percent from the \$28.1 billion awarded over the comparable period in 2023. Residential and non-residential awards rose significantly compared to last year, while non-building contracts (i.e., streets, highways, utilities, etc.) remained largely flat increasing only slightly.

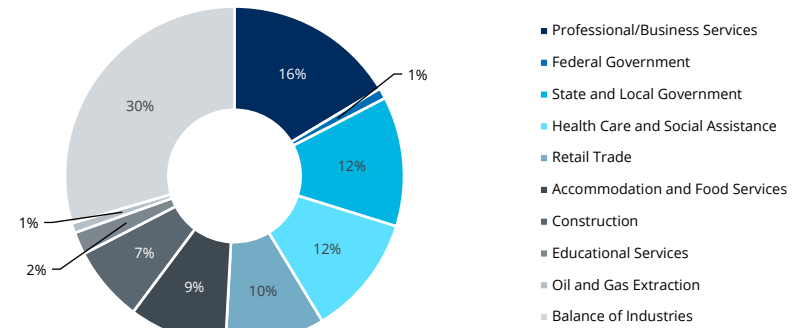
Y-O-Y CHANGE IN JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

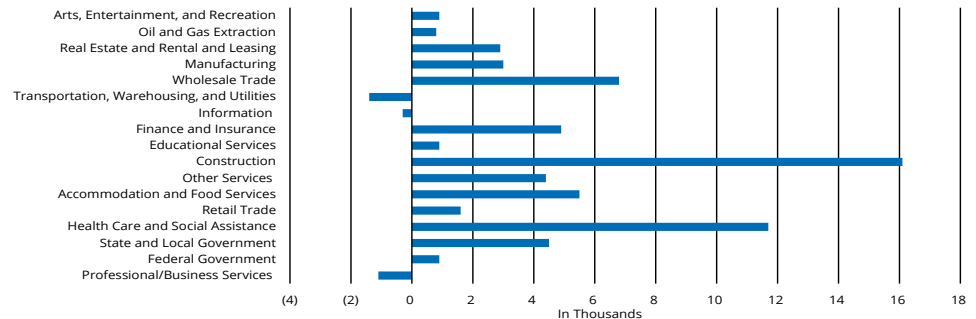
Houston | November 2024



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Houston | November 2024



Source: Bureau of Labor Statistics, Transwestern

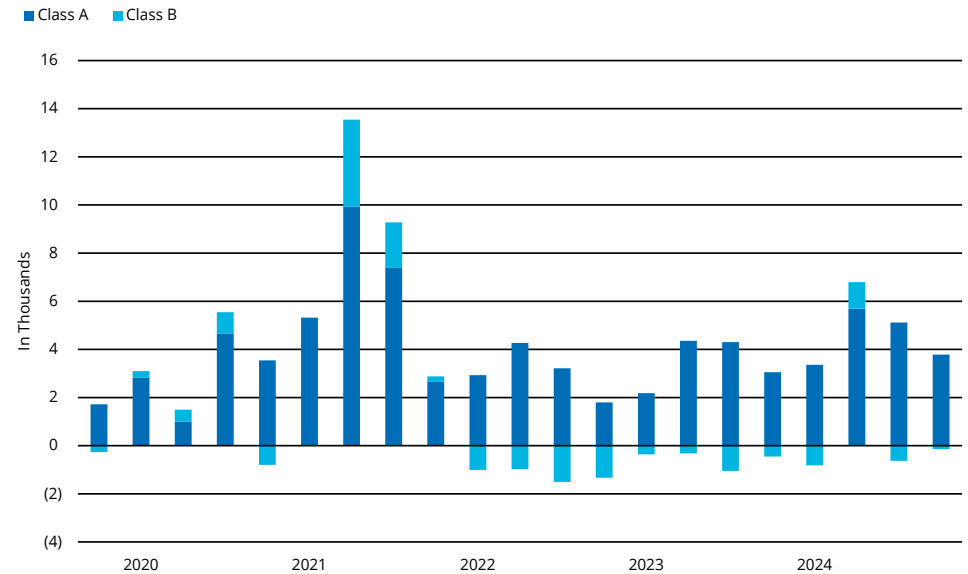


NET ABSORPTION

12-Month Net Absorption Tops 16,783 Units

- Metro Houston renters absorbed 3,585 units during Q4 2024, slightly contracting from 3,996 units last quarter. However, net absorption topped 16,783 units during CY 2024, which outperformed CY 2023 figure by 61 percent. Amongst the other Texas metros, Houston ranks third in total 12-month demand, trailing behind Dallas/Fort Worth's 24,556 units and Austin's 19,447 units absorbed. San Antonio trailed the other major markets with 8,294 units absorbed.
- Four submarkets experienced notable growth this quarter by surpassing more than 300 units absorbed over the final 90-day period. The four submarkets fall within the suburban markets, and in descending order by absorption include Katy/ Cinco Ranch/ Waterside (792 units), Tomball/ Spring (420 units), Willowbrook/ Champions/ Ella (320 units), and Bear Creek/ Copperfield/ Fairfield (319 units).
- Negative absorption affected 14 submarkets this period with three submarkets giving back more than 100 units: Highland Village/ Upper Kirby/ West U (148 units), Memorial/ Spring Branch (121 units), and Braeswood/ Fondren SW (115 units).
- Class A and Class C properties accounted for the positive absorption during the quarter with 3,782 units and 156 units, respectively, while Class B communities gave back 143 units and Class D communities returned 210 units.

NET ABSORPTION BY CLASS



Source: MRI Software, Transwestern

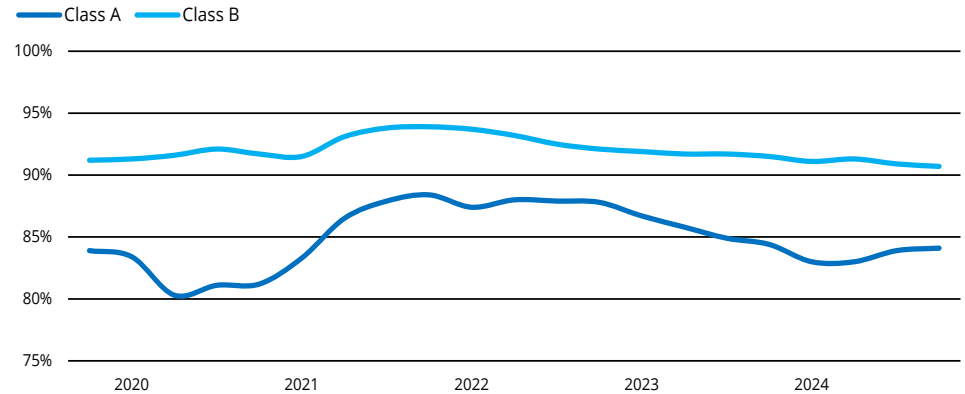


OCCUPANCY

Occupancy Holds Steady; 22 Submarkets Saw Quarterly Gains

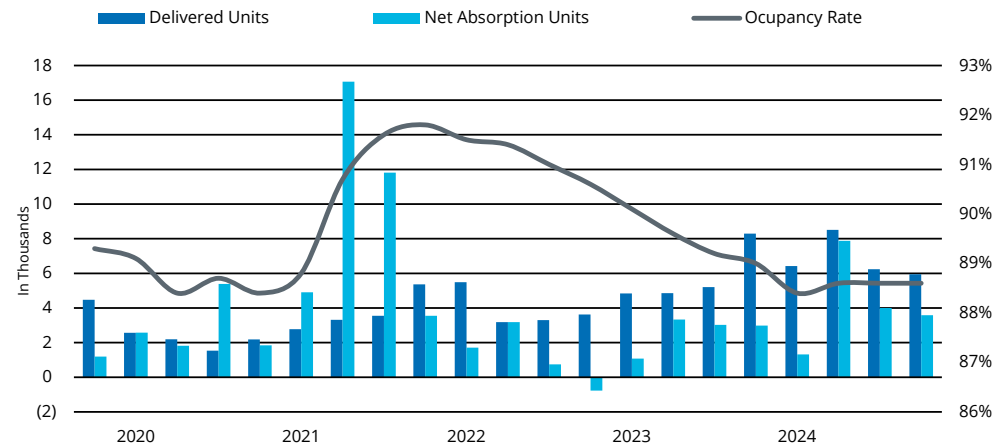
- Houston’s overall metro occupancy registered 88.6 percent for the fourth quarter, holding steady quarter-over-quarter and declining 40 basis points year-over-year.
- Class A properties tallied up the year with 84.1 percent occupancy, increasing the property class occupancy by 20 basis points quarter-over-quarter, but still slightly contracted by 30 basis points from Q4 2023. Class B properties’ occupancy came in at 90.7 percent, declining 20 basis points quarter-over-quarter and 80 basis points year-over-year.
- Out of the 42 submarkets, 22 submarkets experienced elevated occupancy at the close of the fourth quarter, increasing from 18 submarkets in Q3 2024. Four submarkets experienced quarter-over-quarter increases of more than two percent: Richmond/ Rosenberg (2.6%), Northline (2.3%), Katy/ Cinco Ranch/ Waterside (2.1%), and Greenspoint/ Northborough/ Aldine (2.1%). All four submarkets represent suburban markets; additionally, Katy/ Cinco Ranch/ Waterside is also home to 1,506 units, amongst five communities, currently under development.
- On the flip side, 16 submarkets -less Montrose/ Museum/ Midtown, Energy Corridor/ CityCentre/ Briar Forest, I-10 East/ Woodforest/ Channelview, and Hwy 288 South/ Pearland West which remained flat-with declined occupancy rates quarter-over-quarter. Five submarkets experienced decreases occupancy over 2 percent with the most notable being I-69 North, which experienced a decline in occupancy by 5.5 percent.

OVERALL OCCUPANCY RATE BY CLASS



Source: MRI Software, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



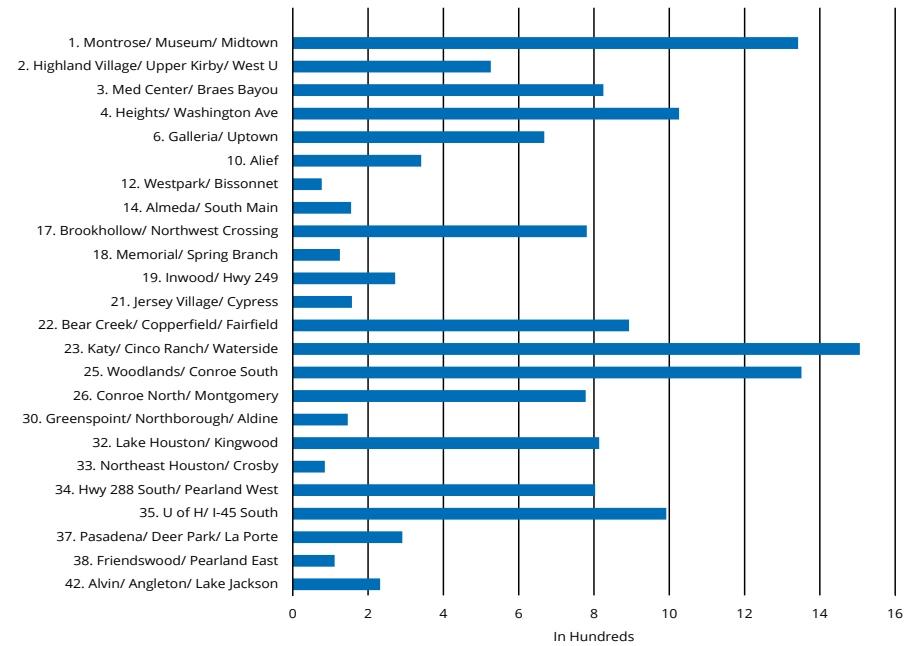
Source: MRI Software, Transwestern

UNDER CONSTRUCTION

Just Over 27,100 Units Delivered During 2024

- Construction completions came in at 5,949 new operating units during the fourth quarter of 2024. Combined with the previous delivered units during the calendar year, the annual units delivered hit approximately 27,124. Notable properties which began move-ins during the quarter include the 408-unit Beckett West Fork in the Conroe North/ Montgomery submarket, the 400-unit Artistry Design District in the Brookhollow/ Northwest Crossing submarket, and the 378-unit Alta Sunset Heights in Heights/ Washington Ave submarket.
- Meanwhile, 58 communities are currently under construction with just over 14,297 units in the pipeline coming down from its Q3 2024 volume of 17,343 units in 67 properties. Houston’s construction pipeline has softened throughout CY 2024, but this falls in line with the natural equilibrium of supply versus demand with quarterly net absorption averaging 3,401 units since Q1 2023, falling in-line with the previous, pre-COVID average of just under 3,000 units.
- The submarkets with the highest concentrations of new construction include Katy/ Cinco Ranch/ Waterside featuring 1,506 units, Woodlands/ Conroe South with 1,351 units, Montrose/ Museum/ Midtown with 1,342 units, and Heights/ Washington Ave with 1,026 units. These four submarkets were highlighted during Q3 because they featured over 1,000 units under construction and demonstrated the demand for both urban and suburban multi-residential housing, which is exactly what these submarkets are demonstrating in Q4 2024.

UNDER CONSTRUCTION



Source: MRI Software, Transwestern

UPCOMING CLASS A PROPERTY DELIVERIES

PROJECT NAME	SUBMARKET	# OF UNITS	EST. COMPLETION
Standard At Winrock	Galleria/ Uptown	398	Q2 2025
West 11th & Maxroy Street Site	Brookhollow/ Northwest Crossing	371	Q1 2025
Lenox Heights	Heights/ Washington Ave	359	Q2 2025
The Delta Pearland	Hwy 288 South/ Pearland West	358	Q1 2025
The Oaks	Lake Houston/ Kingwood	357	Q3 2025

Source: MRI Software, Transwestern

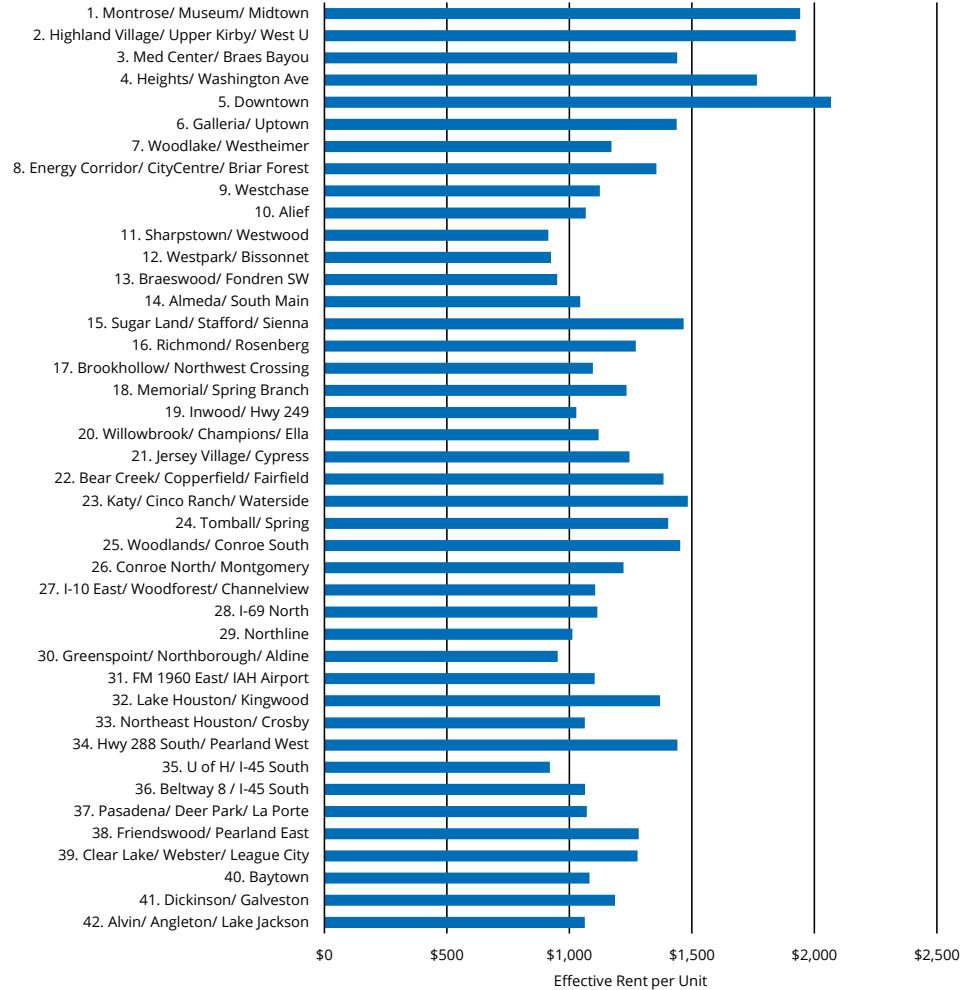


RENTAL RATES

Houston Area Rent Growth Dominates Texas' Major Markets in 2024

- Annual apartment rents averaged \$1,274 per month throughout metro Houston during Q4 2024, down 80 basis points quarter-over-quarter, but up 1.0 percent year-over-year. Houston was the only major Texas metro to experience positive 12-month gain, with Austin falling 5.5 percent, Dallas/Fort Worth declining 1.6 percent, and San Antonio trailing by a slide of 1.0 percent, according to MRI's ApartmentData.com. It should be noted that metro Houston, in addition to Q4 2024, was the sole member for rental rate growth during Q1 2024 and Q3 2024.
- Four submarkets experienced annual rental growth exceeding 5.0 percent: Greenspoint/ Northborough/ Aldine (7.3%), Northline (7.0%), I-69 (6.6%), and I-10 East/ Woodforest/ Channelview (5.9%). The Greenspoint/ Northborough/ Aldine submarket is also home to 146 units currently under construction with a slated delivery of Q1 2025.
- In addition to these four submarkets, 23 additional submarkets experienced some level of positive year-over-year rental growth. This is the third quarter in a row with 25 or more submarkets experiencing annual rising rents over a 90-day period.
- The remaining 11 submarkets, except for FM 1960 East/ IAH Airport, Tomball/ Spring, and Energy Corridor/ CityCentre/ Biar Forest which saw no movement up or down, measured some level of contracting rental rate growth year-over-year. The Downtown submarket scored the largest annual loss of 4.7 percent, making it now the third quarter in a row in which the submarket recorded the largest decrease.

ASKING RENT



Source: MRI Software, Transwestern

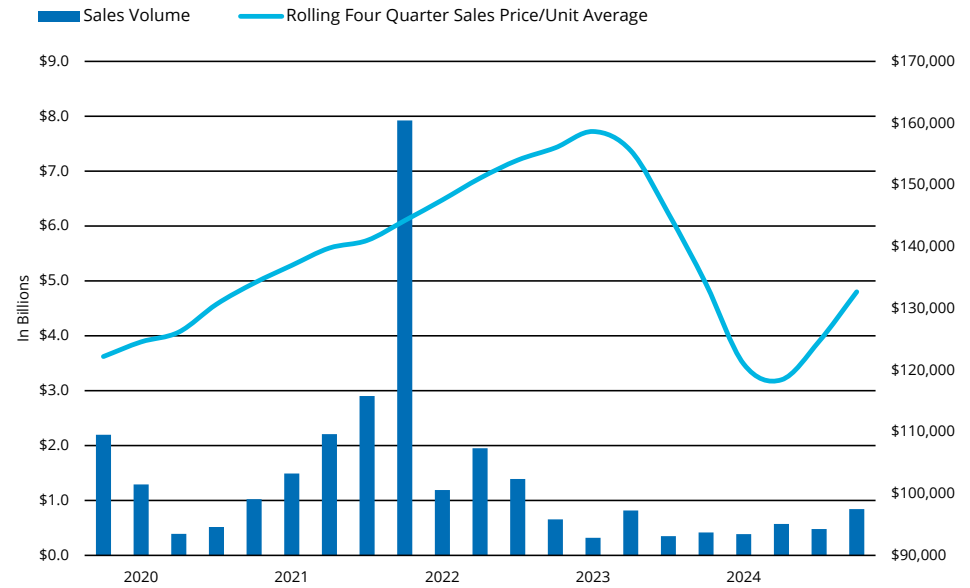


SALES

Private Investors Only Net Buyers During 2024; Average Price Per Unit Nearly Jumps 30% From 2023

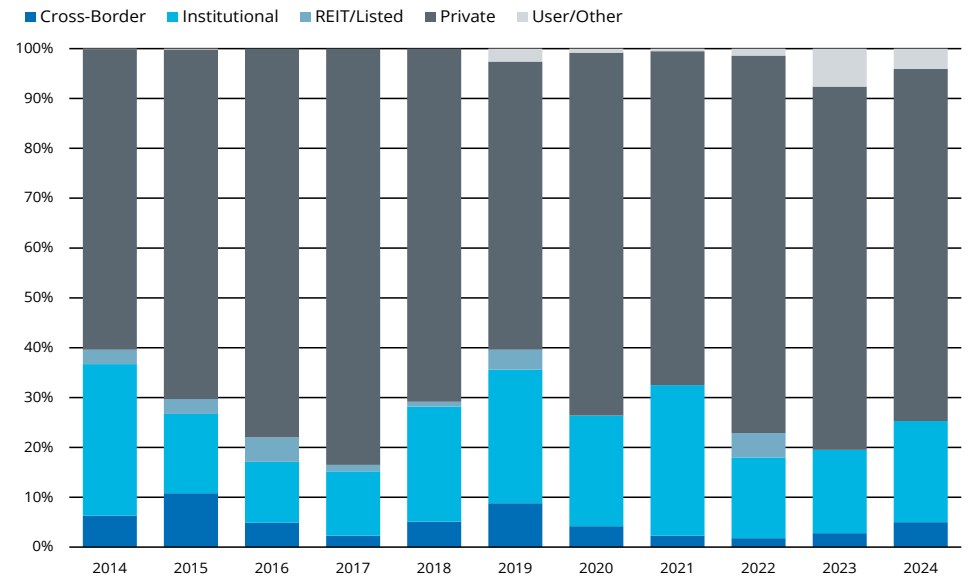
- Investors completed 21 Houston area multifamily property trades during the fourth quarter with acquisitions averaging \$146,355 per unit, a 5.3 percent increase over Q3 2024 and a substantial 28.1 percent increase from \$114,234 per unit during the same period in 2023.
- Private buyers acquired a total of \$127.5 million in Houston multi-residential assets during the quarter, which brought their CY 2024 net holdings up to a positive \$86.9 million. International investors also tracked in as net buyers during the quarter with net acquisitions coming in just below \$3.0 million. However, acquisitions did not outweigh dispositions for CY 2024 and international investors portfolios finished the year with \$74.6 million in net dispositions.
- Institutional investors and REITs closed both 90-day period and CY 2024 as net sellers with institutions trading off a net \$285.6 million during the quarter, bringing their annual portfolio to a net negative of \$225.8 million. Meanwhile, REITs sold off \$24.5 million during Q4, which brought their net annual sales to \$122.5 million by yearend.
- A notable property trade announced during the quarter came from New York City-based GAIA Real Estate, a real estate private equity firm, acquiring Virage in the Heights/ Washington Ave submarket. The Class B, mid-rise, 372-unit property located at 100 Detering St, had an estimated 91 percent occupancy at the close of the quarter.
- Also announced during the quarter, Montreal, Quebec-based Sagard Real Estate, a multi-strategy alternative asset management firm, acquiring Pearl Midlane in the Highland Village/ Upper Kirby/ West U submarket. The Class A, mid-rise, 330-unit property is located at 2121 Midlane St, and had an estimated 93 percent occupancy at the close of the quarter.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



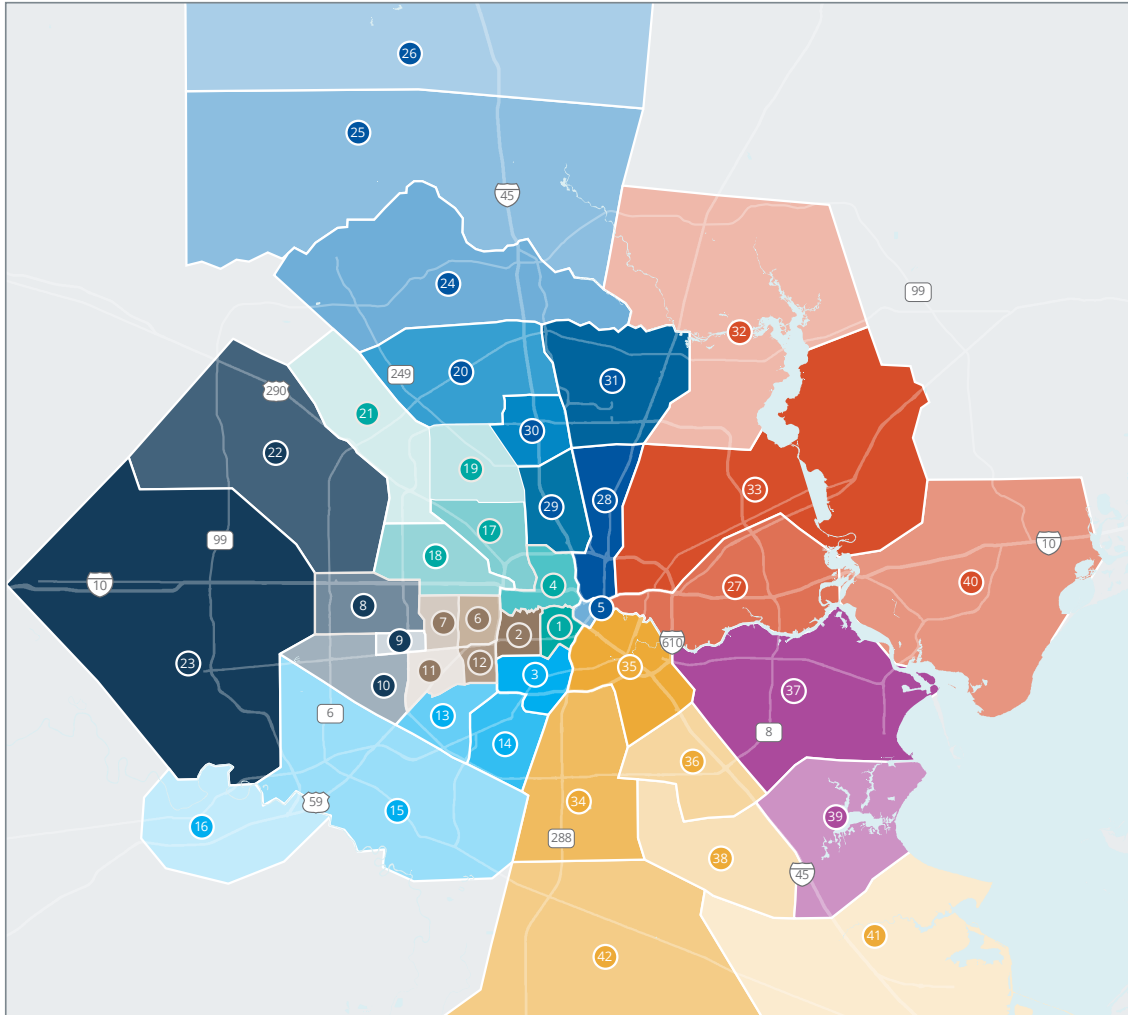
HOUSTON MULTIFAMILY MARKET INDICATORS

SUBMARKET (# CORRESPONDS TO MAP, PG 10)	# OF APT. COMMUNITIES	# OF APT. UNITS	OCCUPANCY	NET ABSORPTION UNITS	AVERAGE EFFECTIVE RENT	RENT % CHANGE YOY	UNITS UNDER CONSTRUCTION
1. MONTROSE/ MUSEUM/ MIDTOWN	74	19,301	89.1%	(2)	\$1,942	2.8%	1,342
2. HIGHLAND VILLAGE/ UPPER KIRBY/ WEST U	69	19,394	91.9%	(148)	\$1,924	1.1%	526
3. MED CENTER/ BRAES BAYOU	88	26,147	92.5%	(84)	\$1,440	(0.1%)	825
4. HEIGHTS/ WASHINGTON AVE	83	20,687	85.5%	194	\$1,765	1.3%	1,026
5. DOWNTOWN	33	8,768	82.3%	137	\$2,068	(4.7%)	-
6. GALLERIA/ UPTOWN	105	24,912	89.9%	(81)	\$1,438	(0.3%)	668
7. WOODLAKE/ WESTHEIMER	38	12,361	90.0%	124	\$1,172	1.3%	-
8. ENERGY CORRIDOR/ CITYCENTRE/ BRIAR FOREST	113	34,825	88.4%	(7)	\$1,355	-	-
9. WESTCHASE	49	14,928	87.6%	94	\$1,124	(2.6%)	-
10. ALIEF	114	27,699	90.3%	110	\$1,067	(0.6%)	341
11. SHARPSTOWN/ WESTWOOD	106	25,539	92.8%	(54)	\$914	0.9%	-
12. WESTPARK/ BISSONNET	58	16,903	93.0%	97	\$925	1.9%	77
13. BRAESWOOD/ FONDREN SW	83	22,161	88.1%	(115)	\$950	1.2%	-
14. ALMEDA/ SOUTH MAIN	27	5,351	91.2%	(21)	\$1,044	3.3%	155
15. SUGAR LAND/ STAFFORD/ SIENNA	75	18,102	87.3%	201	\$1,466	2.2%	-
16. RICHMOND/ ROSENBERG	38	6,895	90.0%	170	\$1,271	(2.6%)	-
17. BROOKHOLLOW/ NORTHWEST CROSSING	100	22,391	89.4%	10	\$1,096	1.2%	781
18. MEMORIAL/ SPRING BRANCH	127	26,344	88.4%	(121)	\$1,233	1.2%	125
19. INWOOD/ HWY 249	31	6,030	92.9%	6	\$1,028	1.7%	272
20. WILLOWBROOK/ CHAMPIONS/ ELLA	168	42,794	88.1%	320	\$1,119	(0.7%)	-
21. JERSEY VILLAGE/ CYPRESS	71	17,140	91.0%	(93)	\$1,245	(1.5%)	157
22. BEAR CREEK/ COPPERFIELD/ FAIRFIELD	85	23,347	86.1%	319	\$1,384	0.5%	893



HOUSTON MULTIFAMILY MARKET INDICATORS

SUBMARKET (# CORRESPONDS TO MAP, PG 10)	# OF APT. COMMUNITIES	# OF APT. UNITS	OCCUPANCY	NET ABSORPTION UNITS	AVERAGE EFFECTIVE RENT	RENT % CHANGE YOY	UNITS UNDER CONSTRUCTION
23. KATY/ CINCO RANCH/ WATERSIDE	164	46,577	86.4%	792	\$1,483	(0.4%)	1,506
24. TOMBALL/ SPRING	93	23,224	84.5%	420	\$1,403	-	-
25. WOODLANDS/ CONROE SOUTH	87	23,996	90.3%	102	\$1,452	(2.4%)	1,351
26. CONROE NORTH/ MONTGOMERY	71	14,221	81.9%	212	\$1,221	(0.4%)	778
27. I-10 EAST/ WOODFOREST/ CHANNELVIEW	65	13,704	84.7%	26	\$1,105	5.9%	-
28. I-69 NORTH	32	5,303	86.7%	(7)	\$1,114	6.6%	-
29. NORTHLINE	54	7,399	89.4%	111	\$1,012	7.0%	-
30. GREENSPPOINT/ NORTHBOROUGH/ ALDINE	70	17,583	88.3%	(36)	\$952	7.3%	146
31. FM 1960 EAST/ IAH AIRPORT	49	9,610	90.4%	4	\$1,103	-	-
32. LAKE HOUSTON/ KINGWOOD	79	19,063	91.2%	242	\$1,370	1.9%	814
33. NORTHEAST HOUSTON/ CROSBY	24	3,657	87.4%	42	\$1,063	1.5%	85
34. HWY 288 SOUTH/ PEARLAND WEST	59	15,023	88.1%	118	\$1,441	1.1%	803
35. U OF H/ I-45 SOUTH	125	19,611	91.5%	(10)	\$920	3.3%	992
36. BELTWAY 8 / I-45 SOUTH	52	14,309	81.1%	156	\$1,064	0.4%	-
37. PASADENA/ DEER PARK/ LA PORTE	128	24,748	89.5%	139	\$1,071	1.6%	291
38. FRIENDSWOOD/ PEARLAND EAST	33	6,405	93.3%	(22)	\$1,283	4.6%	111
39. CLEAR LAKE/ WEBSTER/ LEAGUE CITY	107	27,292	90.3%	67	\$1,278	0.7%	-
40. BAYTOWN	60	11,450	89.3%	108	\$1,082	0.4%	-
41. DICKINSON/ GALVESTON	85	13,652	87.3%	9	\$1,186	1.5%	-
42. ALVIN/ ANGLETON/ LAKE JACKSON	79	12,844	84.1%	56	\$1,063	1.3%	232
GREATER HOUSTON TOTALS	3,251	771,690	88.6%	3,585	\$1,274	1.0%	14,297



- | | | | |
|---|-------------------------------------|--------------------------------------|------------------------------------|
| 1 Montrose/Museum/Midtown | 12 Westpark/Bissonnet | 23 Katy/Cinco Ranch/Waterside | 34 Hwy 288 South/Pearland West |
| 2 Highland Vlg/Upper Kirby/West U | 13 Braeswood/Fondren SW | 24 Tomball/Spring | 35 U of H/I-45 South |
| 3 Med Center/Braes Bayou | 14 Almeda/South Main | 25 Woodlands/Conroe South | 36 Beltway 8/I-45 South |
| 4 Heights/Washington Ave | 15 Sugar Land/Stafford/Sienna | 26 Conroe North/Montgomery | 37 Pasadena/Deer Park/La Porte |
| 5 Downtown | 16 Richmond/Rosenberg | 27 I-10 East/ Woodforest/Channelview | 38 Friendswood/Pearland East |
| 6 Galleria/Uptown | 17 Brookhollow/Northwest Crossing | 28 I-69 North | 39 Clear Lake/ Webster/League City |
| 7 Woodlake/Westheimer | 18 Memorial/Spring Branch | 29 Northline | 40 Baytown |
| 8 Energy Corridor/CityCentre/Briar Forest | 19 Inwood/Hwy 249 | 30 Greenspoint/Northborough/Aldine | 41 Dickinson/Galveston |
| 9 Westchase | 20 Willowbrook/Champions/Ella | 31 FM 1960 East/IAH Airport | 42 Alvin/ Angleton/Lake Jackson |
| 10 Alief | 21 Jersey Village/Cypress | 32 Lake Houston/Kingwood | |
| 11 Sharpstown/Westwood | 22 Bear Creek/Copperfield/Fairfield | 33 Northeast Houston/Crosby | |

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on office properties located in the Houston metropolitan area. This report includes all classifications of space for multifamily properties and analyzes all leasing and representative investment sales activity.

FOR MORE INFORMATION

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