



Houston

Multifamily

21Q2

Key Takeaways

- Occupancy up quarter over quarter and annually
- Absorption increased quarterly and annually
- Average rents rose over the year and over the quarter
- Supply decreased over the quarter



Occupancy Rate

90.7%

YOY

FORECAST



Net Absorption

15.8K Units

YOY

FORECAST



Under Construction

16.4K Units

YOY

FORECAST



Overall Class A Asking Monthly Rent

\$1,581

YOY

FORECAST

Houston Highlights

The Houston-The Woodlands-Sugar Land, TX MSA population is 7.2 million which has grown 7.5% over the last five years. The population is forecasted to grow 7.6% between 2020 and 2025. Job growth is positive increasing by 4.8% between June 2020 and June 2021. The unemployment rate is low at 6.6%. Houston's single family home sales increased 13.6% year over year, pushing home prices to record levels. This in turn has boosted the multifamily market, pushing occupancy from 88.4% in Q2 2020 to 90.7% in Q2 2021. The average monthly rent for multifamily units increased from \$1,047 to \$1,116 per month, a 7% annual increase. Demand tripled between quarters, with over 15,800 units absorbed in Q2 compared to almost 4,800 in Q1. There are over 16,000 units under construction and another 28,000 units are proposed.

Market Indicators



6.6%

Houston \ Unemployment Rate



4.8%

Houston annual % change in employment



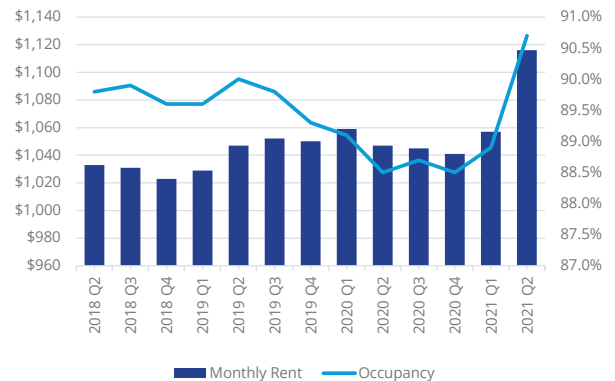
\$74.21

WTI Spot Price, U.S. benchmark for light sweet crude

Historic Comparison

	20Q2	21Q1	21Q2
Total Inventory (Existing Units)	680,330	690,696	693,800
Supply (Units Delivered)	4,500	4,742	2,784
Demand (Units Absorbed)	1,832	4,775	15,870
Occupancy	88.4%	88.8%	90.7%
Under Construction (Units)	21,900	16,951	16,396
Average Monthly Rent (Asking)	\$1,047	\$1,057	\$1,116

Market Fundamentals



Houston's overall occupancy rate increased 190 basis points over the quarter. The average monthly rent rose from \$1,041 to \$1,056.

Recent Assignments



Offering

The Country Club
Willowbrook/Champions/Ella
134 Units



Offering

Woodstone Manor
Alief | 144 Units



Offering

Villa Sierra
I-10 East/Woodforest/Channelview
336 Units



Offering

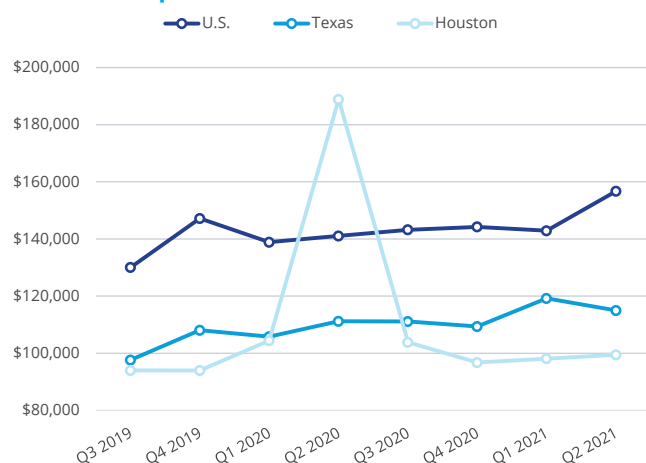
Dominion Park
San Antonio | 280 Units

Pricing & Sales Volume

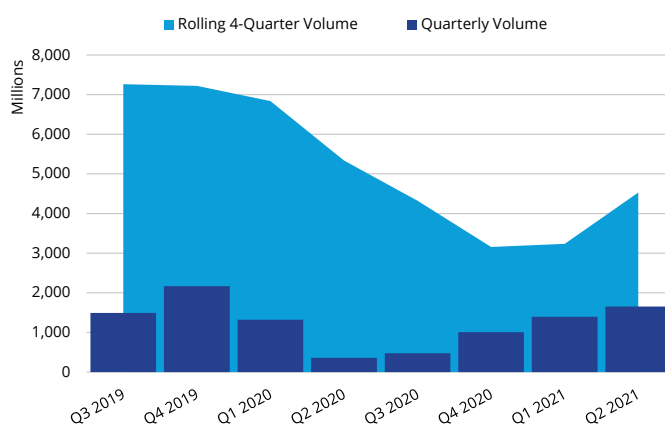
Houston's multifamily investment sales volume increased 18.4% over the quarter between Q1 2021 and Q2 2021 according to our data provider, Real Capital Analytics. When comparing Houston to the U.S., the national quarterly volume increase of 29% was significantly greater than Houston's quarterly sales volume.

Houston's median sales price per unit increased by 1.4% over the quarter from \$98,101 to \$99,448. The U.S. median price per unit increased by 9.7% over the quarter from \$142,905 in Q1 2021 to \$156,717 in Q2 2021. Houston's average price per unit is significantly higher at \$130,284.

Median Price per Unit



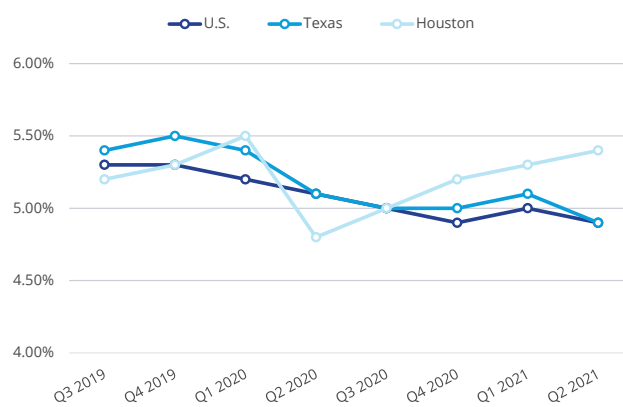
Houston Sales Volume (\$)



Cap Rates

Houston's multifamily cap rates increased 10 basis points from 5.3% to 5.4% over the quarter and increased over the year by 60 basis points. In comparison, the median U.S. cap rate decreased to 4.9% from 5.0% over the quarter and dropped 40 basis points to 4.9% over the year. Houston's average cap rate remained at 5.1% over the quarter.

Median Cap Rate



Houston	# of Units	Avg Monthly Rent per Unit	Absorption # of Units	Absorption # of Units (Previous)	Occupancy Rate (%)	Occupancy Rate (%) (Previous)
Class A	180,126	\$1,581	8,886	5,604	86.4%	83.0%
Class B	241,890	\$1,104	3,920	-419	93.3%	91.6%
Class C	210,062	\$854	2,581	-298	91.5%	90.3%
Class D	61,722	\$691	483	-112	90.3%	89.6%
Total Market	693,800	\$1,116	15,870	4,775	90.7%	88.8%

Source: Apartmentdata.com



White Oak Highline

Colliers is pleased to present White Oak Highline, an extraordinary Class A apartment community in Houston, Texas. Completed in 2021 and comprised of 66 units with spectacularly designed floor plans, the asset occupies a strategic location within The Greater Heights, one of Houston's most vibrant and historic neighborhoods. The location and quality have been well-received during lease-up with leasing velocity exceeding the developer's anticipated pace. White Oak Highline's irreplaceable location and superior building elements make it an extremely unique opportunity to acquire a highly desirable asset in one of Houston's most sought-after submarkets. This trophy asset will provide investors with strong cash flow and long-term value appreciation.

FOR MORE INFORMATION

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