

# Investment Sales Market Report

Q4 2020

**Sales.** Transaction activity in Houston multifamily basically shut off in the months following the start of the coronavirus pandemic, but sales volume rallied during the fourth quarter, surpassing \$1 billion. However, transaction activity for 2020 was still more than 50% below 2019's volume. While buyers and sellers have reported wide bid-ask spreads, much of what has sold hasn't seen any discount yet. Still, pricing could decline with the metro's weakening occupancies and rent growth.

**Vacancy.** Houston's multifamily market has not been immune to the economic mayhem caused by COVID-19. The normally strong spring leasing season was delayed, and demand strengthened in the summer and early fall months of 2020. But a notable level of new supply still outpaced healthy demand, which put rising pressure on an already high vacancy rate. The market's positive performance was also strengthened by federal and state stimulus that helped people pay the rent.

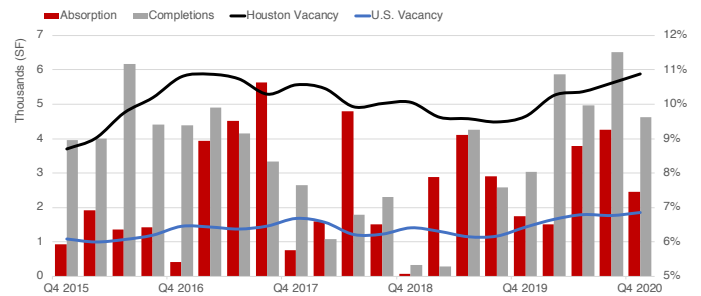
**Construction.** Completions exceeded 22,000 units during 2020, and the upsurge in supply isn't over. About 17,000 units are underway and, once completed, the market's inventory will expand by 2.7%.

**Economy.** The Federal Reserve Bank of Dallas revised estimates for metro Houston's pandemic job losses at 366,800 released in November. Since April, Houston has added back 147,500 of those lost jobs, as local employment data indicate improvement in October. Demand for petroleum made a significant recovery in 2020, bringing prices from brief negative territory to close to \$50 a barrel. Some forecasters project oil will end 2021 at \$60 a barrel, a level that would mean strong profits for many oil companies. With the pandemic hopefully heading towards an end with the recent vaccines, 2021 may be a time of significant changes for the various industries depending on how consumer behavior may change going forward. Time will tell how the pandemic has changed the world and the consequences for the future.

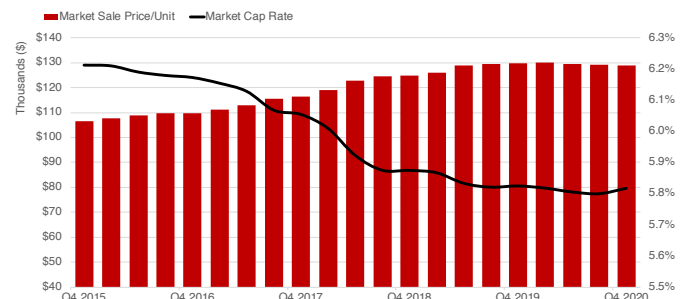
## Market Indicators

	Houston Market		National Index	
Market Sale Price/Unit	\$130,000	↓	\$203,000	↑
12 Mo Asking Sale Price/Unit	\$7,000	↓	\$158,000	↓
Market Cap Rate	5.8%	↓	5.6%	↓
12 Mo Sales Volume	\$1.2 B	↓	\$107 B	↓
12 Mo Transactions	205	↓	15,481	↓
For Sale Listings	41	↑	5,490	↑

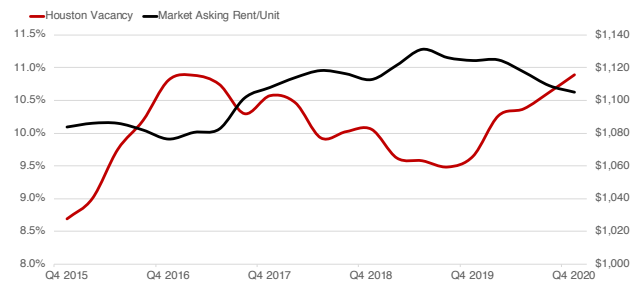
## Absorption, Completions & Vacancy



## Market Sale Price & Cap Rate



## Vacancy & Market Asking Rent Per Unit



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