

MULTIFAMILY | HOUSTON INVESTMENT SALES MARKET REPORT

Multifamily investment volume in Houston totaled nearly \$2 billion

Q2 2021

EXECUTIVE SUMMARY

Houston's multifamily market witnessed a remarkable rebound during the first half of 2021. The region saw more than 20,000 net move-ins during the first half of 2021, compared to the 5,000 units that delivered during this time. This was the strongest two-quarter demand total on record. Investors are once again bullish on Houston after transaction activity fell sharply immediately following the onset of the pandemic in Q2 2021. Sales volume has rebounded over the past few quarters, and that momentum has carried into this year with an unusually strong first half of 2021. Well-located value-add opportunities have continued to dominate transaction activity during 2021, accounting for more than 70% of properties that traded during the first half of the year, reported CoStar.

VACANCY

Houston frequently ranks as one of the top markets in the country for population growth, along with fellow major Sun Belt metros. Strong household growth and net migration continue to fuel demand for Houston-area apartments, which continued a streak of record-high quarterly absorption during Q2 2021 that has lasted now for two quarters. While strong demand has compressed vacancies down significantly over the past several quarters, the vacancy rate remains among the highest in the country.

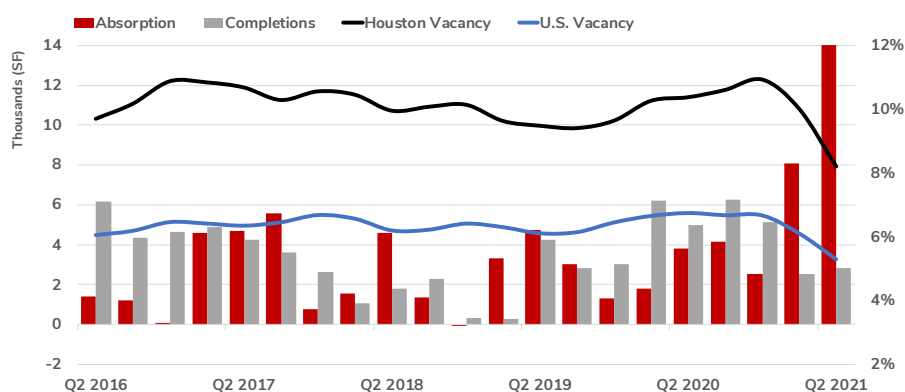
SALES

Investors have responded to improving market conditions, and sales activity has surged over the past few quarters. Multifamily investment volume in Houston totaled nearly \$2 billion during the second quarter, and sales volume is now slightly above the three-year average prior to the pandemic. Private and institutional buyers drive transaction volume. Meanwhile, REITs, which are typically more risk averse, have historically been much less active. Out-of-state buyers drove investment last year, and this, too, has carried into 2021. Value-add plays are common, and submarkets with a large amount of workforce housing inventory continue to garner plenty of sales activity.

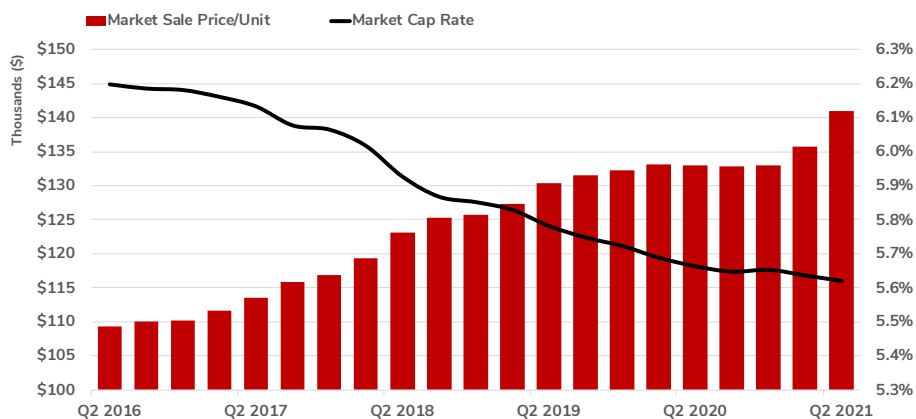
MARKET INDICATORS

| | Houston Market | | National Index | |
|------------------------------|----------------|---|----------------|---|
| Market Sale Price/Unit | \$142,000 | ▲ | \$221,000 | ▲ |
| 12 Mo Asking Sale Price/Unit | \$81,700 | ▼ | \$170,000 | ▲ |
| Market Cap Rate | 5.6% | ▼ | 5.4% | ▼ |
| 12 Mo Sales Volume | \$948M | ▼ | \$143B | ▲ |
| 12 Mo Transactions | 297 | ▲ | 18,477 | ▼ |
| For Sale Listings | 24 | ▲ | 5,354 | ▲ |

SUPPLY & DEMAND



MARKET SALES PRICE & CAP RATE



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