

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
9.7% Stabilized Vacancy Rate	▲	▼
8.9K YTD Net Absorption, units	▼	▲
\$1.49 Effective Rent, PSF	▬	▲
\$83,000 Median Household Income	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.5M Houston Employment	▲	▲
4.4% Houston Unemployment Rate	▲	▲
2.0% Houston Household Growth Rate YOY	▲	▲
0.9% U.S. Household Growth Rate YOY	▲	▲

ECONOMY

Total employment stood at 3.5 million in Houston's metro area (MSA) at the end of Q2 2025, representing a 0.9% year-over-year (YOY) increase. Houston's YOY job growth was slightly less than the 1.1% YOY rise experienced nationwide. Houston's unemployment rate remained elevated at 4.4% in Q2 2025, 20 basis points (bps) above the national rate of 4.2%.

SUPPLY AND DEMAND

The Houston multifamily market showed signs of stabilization in Q2 2025, with fundamentals beginning to rebalance after a period of elevated vacancy and outsized deliveries. Stabilized vacancy ended the quarter at 9.7%, relatively unchanged from the previous two quarters, but up 56 bps YOY. Net absorption totaled 8,859 units during the first half of 2025, consistent with absorption levels seen in the first halves of both 2023 and 2024.

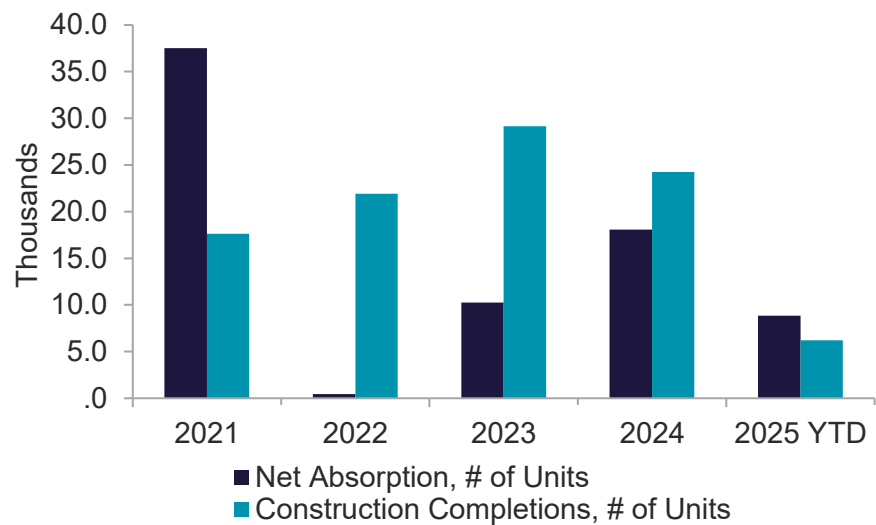
On the supply side, 2,489 units were delivered in Q2 2025, bringing the year-to-date (YTD) total to 6,224 units. This marks a more than 50% decline compared to the first half of 2024, reflecting a shift toward more sustainable construction activity following years of record-setting pace. The development pipeline continues to moderate, with just 12,653 units under construction as of Q2 2025—less than half the volume seen at this time last year and well below historical averages. This sharp decline may be attributed to a combination of factors, including rising interest rates, stricter lending standards, and increased construction costs.

Effective rents remained stable at the close of Q2 2025, with the average rent at \$1,345 per unit and \$1.49 per square foot. This consistency, even in the face of elevated vacancy, underscores the market's durability and the strength of renter demand. Rent stability suggests that operators are maintaining pricing discipline and that Houston's multifamily fundamentals remain intact.

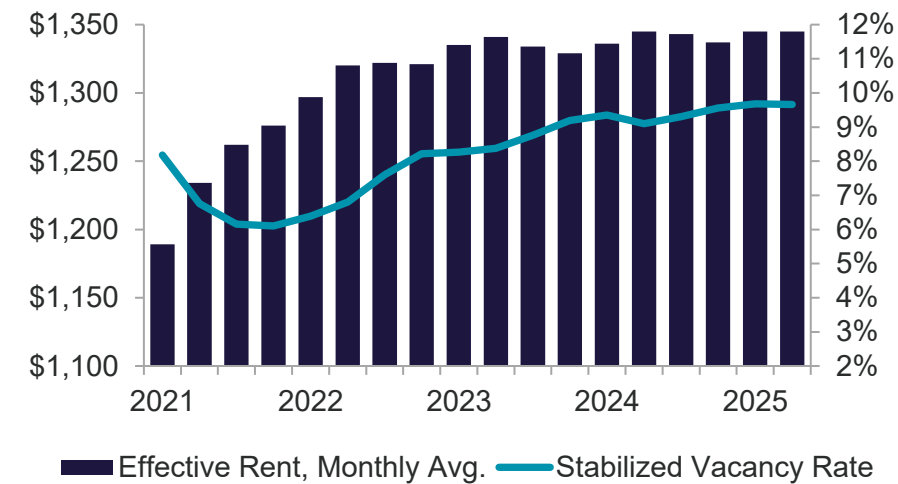
PRICING

Multifamily investment remained active with 68 transactions YTD, totaling 16,881 units and a combined \$415.4M in volume. The average sales price reached \$37.8M, or \$148K per unit, reflecting investor interest in value-oriented opportunities across the metro. While pricing remains below peak levels seen in prior years, the steady pace of deal activity suggests that buyers and sellers are finding common ground. Investors continue to target Houston for its favorable long-term fundamentals – population growth, job creation, and relative affordability compared to other major Texas markets.

DEMAND / DELIVERIES



STABILIZED VACANCY & EFFECTIVE RENT



Source: BLS, BOC, Moody's Analytics, CoStar, Cushman & Wakefield Research

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Alief	18,565	341	1.9%	0	135	9.5%	-84	\$1,084	\$1.27	2.3%
Baytown	11,874	0	0.0%	0	127	11.3%	-198	\$1,089	\$1.25	2.7%
Bear Creek/Copperfield	39,432	266	0.7%	1,117	1,421	9.2%	165	\$1,490	\$1.54	-0.3%
Briar Forest/West Memorial	33,308	0	0.0%	412	134	9.4%	107	\$1,349	\$1.44	-1.4%
Brookhollow/Inwood	29,914	272	0.9%	266	64	9.4%	46	\$1,121	\$1.31	1.0%
Cinco Ranch	22,458	459	2.1%	799	302	7.2%	39	\$1,559	\$1.59	-2.0%
Downtown	7,631	0	0.0%	229	98	10.0%	37	\$2,272	\$2.34	-0.8%
East End	8,843	0	0.0%	454	341	6.6%	37	\$1,306	\$1.65	1.1%
Galleria/Uptown	30,299	0	0.0%	185	-1	8.8%	42	\$1,489	\$1.61	-1.1%
Greenspoint/IAH Airport	30,092	387	1.3%	199	249	11.4%	146	\$990	\$1.18	1.4%
Heights	12,667	700	5.8%	664	748	7.2%	59	\$1,738	\$2.03	-2.0%
Lake Houston Area	31,110	181	0.6%	657	342	8.6%	-1	\$1,332	\$1.43	1.5%
Medical Center/West University	31,379	0	0.0%	729	-106	9.1%	46	\$1,645	\$1.81	0.3%
Neartown/River Oaks	51,590	549	1.1%	1,109	175	7.9%	80	\$2,043	\$2.17	-0.5%
North Galveston County	10,721	0	0.0%	111	51	8.0%	68	\$1,444	\$1.51	-0.1%
Northeast	3,680	389	11.8%	0	62	6.5%	84	\$1,214	\$1.53	-1.0%
Northwest	83,756	360	0.4%	1,618	984	9.9%	51	\$1,300	\$1.41	-0.3%
Outlying Montgomery County	19,475	550	2.9%	1,237	593	10.2%	171	\$1,321	\$1.37	0.1%
Pearland	10,329	0	0.0%	109	104	6.9%	15	\$1,575	\$1.58	-1.6%
Richmond/Rosenberg	10,296	111	1.1%	375	610	7.0%	-38	\$1,408	\$1.53	-0.3%
South Brazoria County	14,479	232	1.6%	297	242	14.4%	52	\$1,093	\$1.25	1.2%
South Central Houston	6,765	130	2.0%	0	104	9.6%	30	\$1,133	\$1.25	3.1%
Southeast	86,264	69	0.1%	770	535	12.5%	27	\$1,143	\$1.33	0.6%
Southwest	81,717	0	0.0%	155	62	9.3%	100	\$1,038	\$1.24	1.6%
Spring Branch	25,540	125	0.5%	120	305	10.3%	198	\$1,200	\$1.35	0.1%
Sugar Land/Missouri City	23,531	645	2.8%	518	550	6.7%	61	\$1,548	\$1.60	-0.9%
The Woodlands	19,364	458	2.4%	523	286	7.0%	73	\$1,589	\$1.64	-0.9%
Westchase/Woodlake	46,537	0	0.0%	0	373	11.5%	-39	\$1,254	\$1.40	-0.9%
TOTAL MARKET	801,616	6,224	0.8%	12,653	8,859	9.7%	56	\$1,345	\$1.49	0.0%

KEY RECENT SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER BUYER	UNITS	YEAR BUILT
Town Center Crossing	Lake Houston Area	EQT Real Estate Greystar	518	1994
Willowbend Apartment Homes	Lake Houston Area	Partin Properties Quarry Capital	456	2016
Rosemary Apartments	The Woodlands	Knightvest Management Mox	384	2005
Reserve on Kingsland	Cinco Ranch	OHT Partners Price Realty	382	2020

CONSTRUCTION PIPELINE HIGHLIGHTS

PROPERTY	SUBMARKET	OWNER/DEVELOPER	UNITS	EST DELIVERY
The Oaks	Lake Houston Area	Allen Harrison Company	357	Q3 2025
Boardwalk Square	Cinco Ranch	Sueba USA	353	Q3 2025
Hanover Buffalo Bayou	Neartown/River Oaks	Hanover Company	317	Q3 2025
The Watt	Briar Forest/West Memorial	DeBartolo Development	311	Q3 2025

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