MARKETBEAT
HOUSTON
MULTIFAMILY Q3 2025

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
10.5% Stabilized Vacancy Rate	▲	—
9.1K YTD Net Absorption, units	▼	—
$1.51 Effective Rent, PSF	▼	—
$83,900 Median Household Income	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.5M Houston Employment	▲	▲
4.3% Houston Unemployment Rate	▼	▲
1.1% 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 Q3 2025, representing a 1.1% year-over-year (YOY) increase. Houston's YOY job growth was slightly better than the 0.9% YOY rise experienced nationwide and among the 10 U.S. markets with the largest labor forces, Houston's annual growth ranked third, behind Manhattan (1.8%) and Phoenix (1.3%).

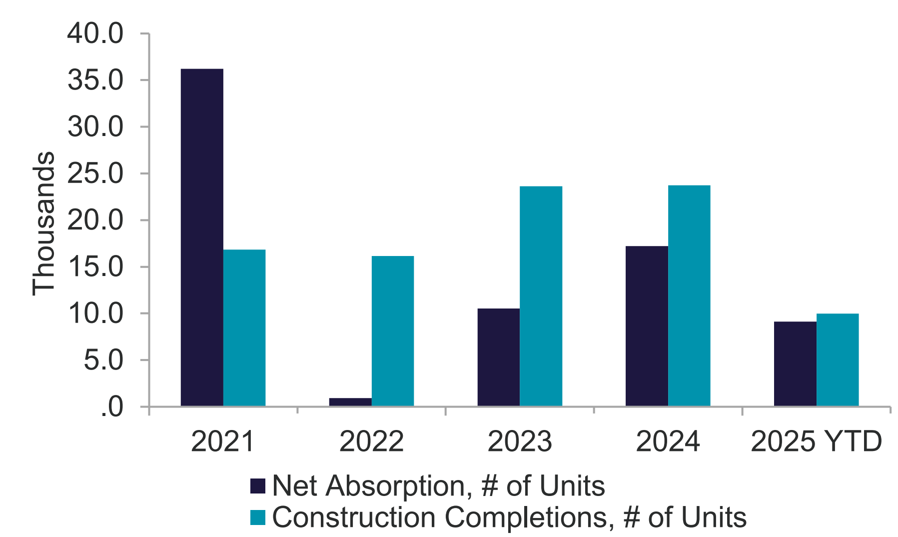
SUPPLY AND DEMAND

The Houston multifamily market continued its journey toward equilibrium in Q3 2025, with fundamentals showing encouraging signs of resilience and long-term strength. While stabilized vacancy ticked up slightly to 10.5%, this modest increase reflects a market absorbing a wave of new supply while maintaining solid renter interest. Net absorption reached 9,114 units year-to-date (YTD), a testament to steady leasing activity despite broader economic headwinds.

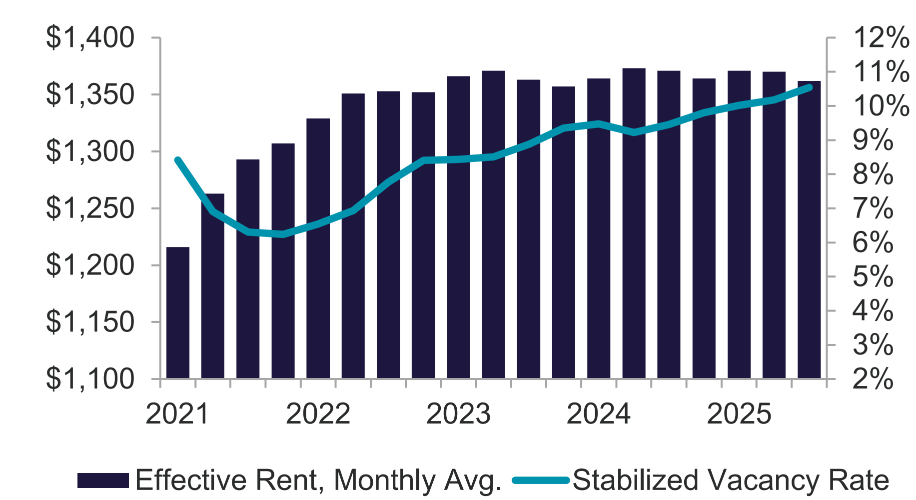
On the supply side, 4,103 units were delivered in Q3 2025, bringing the YTD total to 9,996 units. Although this represents a 40% decline compared to the same period last year, the slowdown in deliveries is a strategic recalibration toward healthier development levels. The construction pipeline continues to right-size, with 10,003 units underway, representing just 1.4% of the total market, marking a 53.6% YOY decline. This measured pace reflects a more disciplined approach by developers in response to evolving capital markets and cost dynamics.

Effective rents remained impressively stable, with the average rent at $1,362 per unit and $1.51 per square foot. Despite a competitive leasing environment, operators have maintained pricing discipline, signaling confidence in the market's long-term fundamentals. The slight dip in rents QOQ (-0.6%) and YOY (-0.7%) is minimal and likely temporary, especially given Houston's strong demographic tailwinds and affordability advantage.

DEMAND / DELIVERIES



STABILIZED VACANCY & EFFECTIVE RENT



PRICING

Multifamily investment activity accelerated meaningfully in Q3 2025, with 110 transactions YTD totaling 27,537 units and $505.8M in volume. The average sales price stood at $24.7M, or $141.1K per unit, underscoring investor appetite for well-located, value-oriented assets. While pricing remains below peak levels, the uptick in deal volume and unit trades signals renewed confidence in Houston's multifamily outlook. As the market transitions into a more balanced phase, Houston remains a top-tier destination for multifamily capital seeking long-term upside.

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

HOUSTON
MULTIFAMILY Q3 2025

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	15,848	341	2.2%	0	144	10.5%	40	$1,076	$1.28	1.4%
Baytown	8,843	0	0.0%	203	84	12.9%	-120	$1,106	$1.27	1.9%
Bear Creek Copperfield	36,632	794	2.2%	1,055	2,174	9.7%	190	$1,473	$1.53	-2.2%
Briar Forest West Memorial	31,266	311	1.0%	101	-145	10.5%	190	$1,344	$1.43	-1.8%
Brookhollow Inwood	24,727	429	1.8%	466	6	11.0%	140	$1,129	$1.32	-0.7%
Cinco Ranch	20,841	533	2.6%	994	269	8.2%	150	$1,556	$1.59	-2.6%
Downtown Houston	7,093	0	0.0%	229	66	10.9%	110	$2,277	$2.33	-2.3%
East End Houston	5,368	0	0.0%	284	499	12.2%	410	$1,460	$1.75	-1.1%
Galleria Uptown	24,228	0	0.0%	424	-323	11.5%	280	$1,508	$1.63	-1.7%
Greenspoint IAH Airport	20,884	219	1.1%	165	-296	14.2%	370	$973	$1.18	0.2%
Heights	12,895	1,234	10.6%	214	1,121	7.7%	60	$1,729	$2.02	-2.2%
Lake Houston Area	25,465	538	2.2%	525	166	8.9%	40	$1,365	$1.47	0.3%
Medical Center West University	27,286	0	0.0%	729	-192	9.7%	110	$1,618	$1.78	0.4%
Neartown River Oaks	46,757	1,169	2.6%	670	499	7.9%	100	$2,031	$2.15	-1.8%
North Galveston County	9,769	0	0.0%	111	33	8.4%	60	$1,439	$1.51	-0.5%
Northeast Houston	2,340	304	14.9%	0	119	6.3%	-190	$1,313	$1.67	-1.7%
Northwest Houston	73,831	828	1.1%	762	1,002	10.9%	110	$1,300	$1.42	-1.1%
Outlying Montgomery County	13,525	659	5.1%	766	946	11.0%	150	$1,346	$1.39	0.6%
Pearland	9,403	109	1.2%	0	199	7.0%	10	$1,573	$1.58	0.2%
Richmond Rosenberg	9,088	0	0.0%	375	569	8.7%	100	$1,432	$1.56	2.1%
South Brazoria County	12,074	535	4.6%	0	31	17.5%	80	$1,168	$1.26	0.2%
South Central Houston	4,184	130	3.2%	0	78	11.6%	90	$1,280	$1.40	3.5%
Southeast Houston	71,679	269	0.4%	555	700	13.0%	10	$1,135	$1.34	0.0%
Southwest Houston	68,882	0	0.0%	155	-205	10.0%	140	$1,049	$1.26	1.6%
Spring Branch	22,746	125	0.6%	288	271	11.8%	230	$1,214	$1.37	0.2%
Sugar Land Missouri City	22,008	1,011	4.8%	520	827	7.3%	80	$1,538	$1.59	-1.3%
The Woodlands	18,423	458	2.5%	412	310	7.5%	20	$1,641	$1.67	-1.1%
Westchase Woodlake	41,363	0	0.0%	0	159	12.1%	10	$1,242	$1.39	-1.5%
TOTAL MARKET	687,448	9,996	1.5%	10,003	9,114	10.5%	110	$1,362	$1.51	-0.7%

KEY RECENT SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER | BUYER	UNITS	YEAR BUILT
La Plaza	Southwest Houston	Kalkan Capital | PH Realty Capital	534	1965
Wynnewood at Wortham	Northwest Houston	Adams LaSalle | Cortland	444	1998
Marquis Champions Forest	Northwest Houston	Madera Companies | CWS Capital Partners	404	1995
Live at Memorial	Neartown River Oaks	Trammell Crow Residential | MetLife	356	2021

CONSTRUCTION PIPELINE HIGHLIGHTS

PROPERTY	SUBMARKET	OWNER/DEVELOPER	UNITS	EST DELIVERY
The Glade at the Groves	Lake Houston Area	Read King	336	Q4 2026
Artis Montrose	Neartown River Oaks	Southeastern Development Associates	330	Q1 2027
Hanover Tanglewood	Galleria Uptown	Hanover	248	Q2 2027
Heights Clock Tower	Heights	Radom Capital	214	Q2 2027

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