



GREAA

Houston

MARKET
INSIGHT
REPORT



SPRING

2023

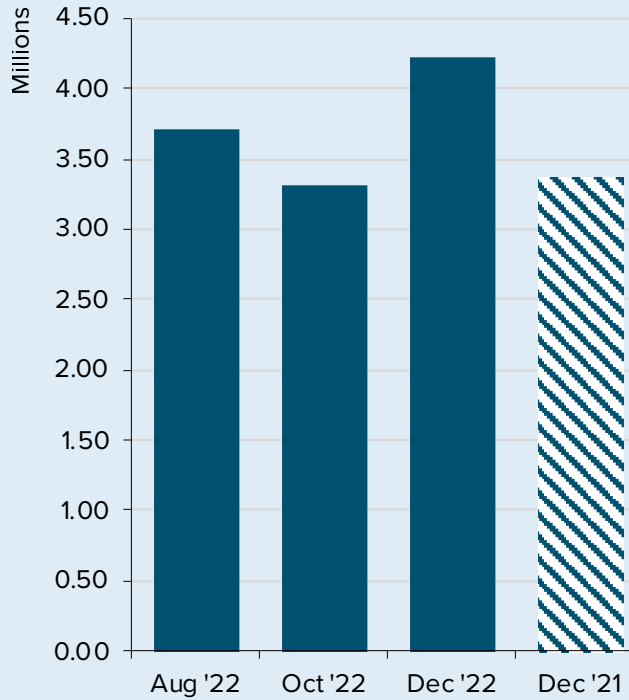
Employment / Unemployment

Houston is the seventh-largest economy in the U.S. and has one of the youngest, most diverse, and fastest-growing populations in the world. Houston has a robust and diversified economy with a broad base in the industries of energy, business, technology, international trade, manufacturing, aeronautics, transportation, education, medicine, and research. The metro area should have the strongest growth in the construction, energy, government, health care, professional, services, and restaurant sectors in the first half of 2023.

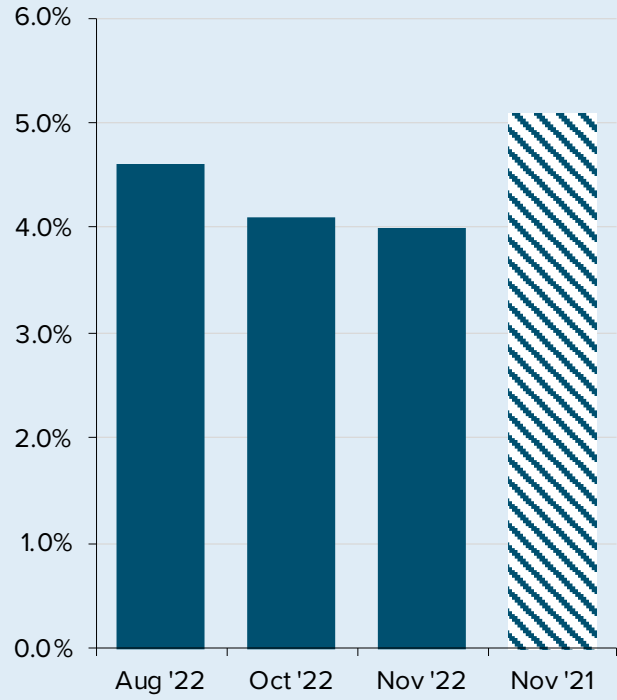
The logo for GREAA (Greater Houston Partnership Research) is displayed in white, bold, sans-serif capital letters. The letter 'A' is stylized with a small triangle cut out of its top right corner. The logo is positioned on a blue background that features a geometric pattern of overlapping triangles in various shades of blue.

- Downturns in industries that are most susceptible to rising interest rates will be offset by the overall job growth across all sectors.
- Crude shortages and high prices, particularly in Europe due to imposed sanctions on Russia, will stimulate investment in Houston's energy sector. Increased demand will also be seen in the chemical and plastics manufacturing sectors.
- The health care industry will remain strong regardless of potential recession depth and duration, and between 6,100 to 9,100 jobs will be added in 2023.
- The latest Greater Houston Partnership Research forecast predicts a 50% likelihood that there will be a "short and shallow" recession for Houston in 2023, with growth resuming in 2023 3Q and ending with a net gain of 60,800 jobs. The long-term average job gain for the region is 65,000 to 70,000 jobs per year.
- A 30% likelihood of a recession never transpiring was also predicted. A "Near Miss" with 70,200 total jobs gained

Total Employment



Unemployment



Metro Area Employment (Thousands)	Nov 2022	Change from Nov 2021	
		Houston	National
Total Non-farm	4234.6	6.1%	2.9%
Mining, Logging, and Construction	238.1	8.2%	3.2%
Manufacturing	306	6.3%	2.9%
Trade, Transportation, and Utilities	921.8	3.7%	1.6%
Information	87.7	3.7%	4.8%
Financial Activities	372.3	6.2%	1.5%
Professional and Business Services	777	7.1%	2.6%
Education and Health Services	505.6	7.3%	4.0%
Leisure and Hospitality	431.6	12.5%	6.5%
Other Services	136	7.4%	3.1%
Government	458.5	1.1%	1.5%

Sources: U.S. BLS, Current Employment Statistics

Houston Rental Market

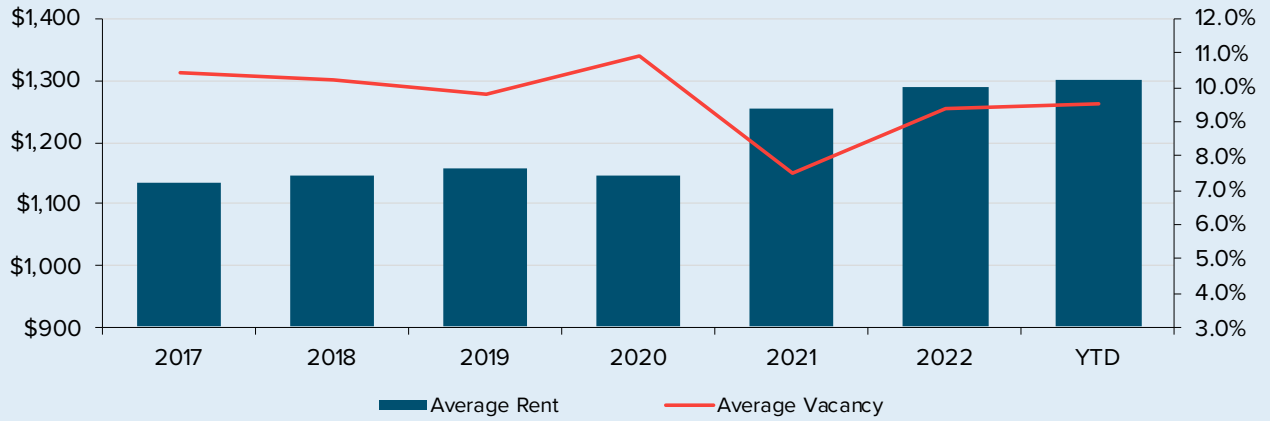
- Rent growth decelerated in the last few months of 2022 with year-over-year rent growth of 2.8%, down from its peak of 9.4% in the fourth quarter of 2021.
- The slowing of rent gains is projected to continue as the market adjusts to its typical 2% growth during the five years before the pandemic, according to CoStar.
- Supply outpaced demand over the last few quarters, causing an uptick in vacancy rates.
- Entry-level home purchases have been substantially thwarted due lack of inventory, increased home values, and escalating monthly mortgage payments as a result of higher interest rates. Some existing renters will remain in the apartment market until additional supply comes online. Steady in-migration and household growth will help sustain apartment demand in the long term.



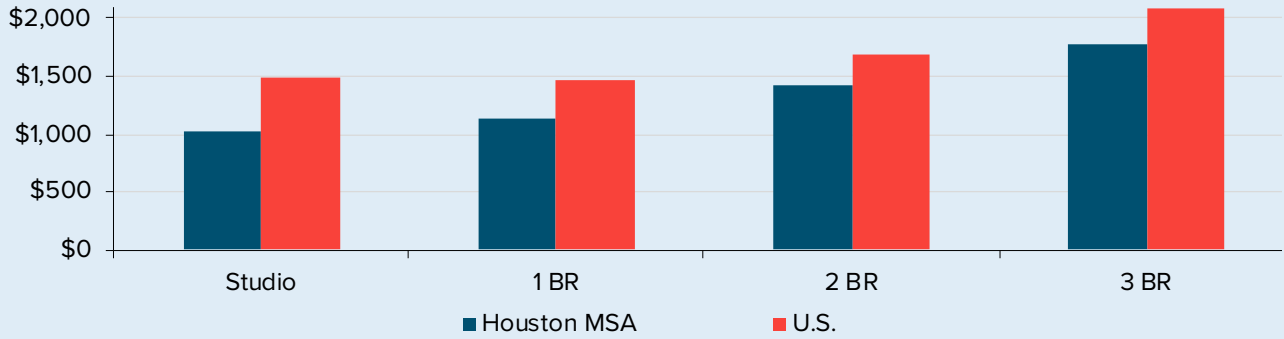
+2.8%

New lease asking rents are at \$1,300, up 2.8% from the previous year.

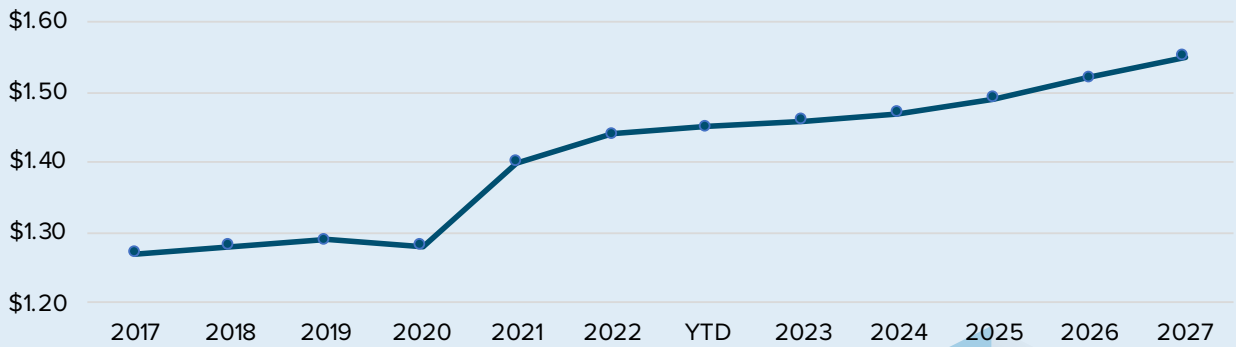
Average Rent / Vacancy



Asking Rent Comparison



Asking Rent / SF



Source: Reis, *Projected

Multifamily Construction

Houston's surging population and economic growth have triggered a flurry of construction, particularly in the multifamily market. Houston ranked among the top three metros in the U.S. for new supply growth over the past 10 years, adding roughly 150,000 units and driving up its inventory by 30%.

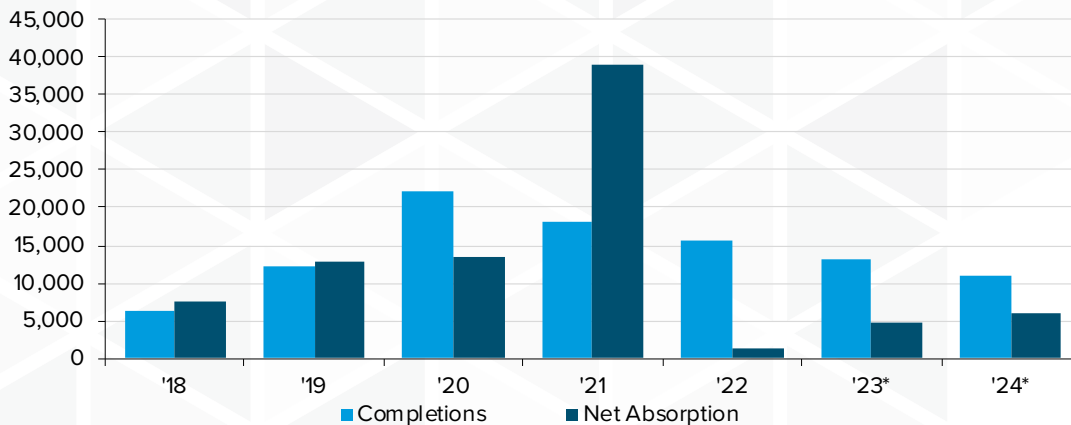
- Deliveries moderated with 13,740 units delivered through October 2022 versus 18,507 units delivered during the same period in 2021.
- Supply at the end of 2022 accounted for 2.0% of total stock, 30 basis points above the national rate.
- Approximately 29,300 units were under construction as of October 2022, and additional 61,000 units were in the planning and permitting stages. Close to 14,000 started construction in 2022. 4,245 units more than during the same period in 2021.



13,268 New Units

2023 Expected Completions
10,435 New Units Will Follow in 2024

Completions / Net Absorption



Source: CoStar, All Figures are Annual Totals, *Projected

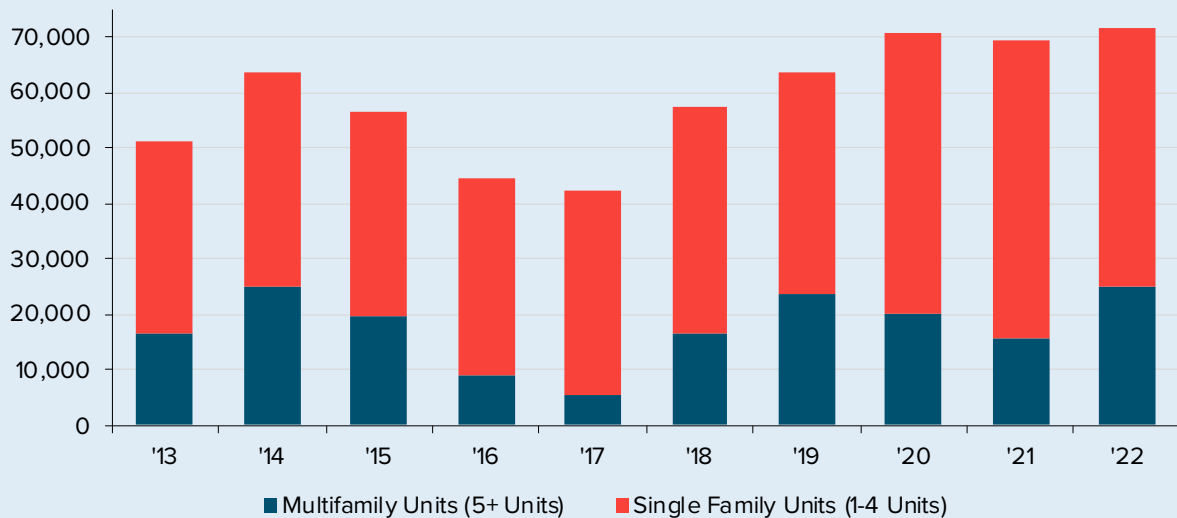
Permits

In December 2022:

- The median sales price for single family homes was \$330,000, up 3.8% YoY
- There were 33,776 single family active listings, an increase of 72.3% over December 2021
- 7,634 properties were sold, a -34.5% change from December 2021
- The months of Inventory was 2.7 compared to 1.3 months the year prior

Source: HAR

Total Residential Building Permits



Source: U.S. Census, Multifamily Includes Condos



49,270

Single Family Permits

-8.1% YoY

26,955

Multifamily Permits (5+ Units)

+72.3 % YoY



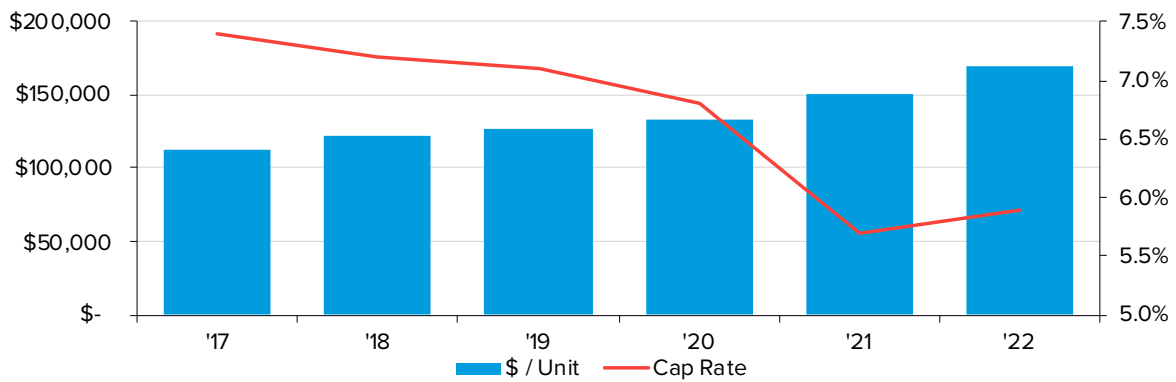
\$338K

Median Single Family Price

+3.8 % YoY

Multifamily Sales

Average Sales PPU / Cap Rate



Source: CoStar



\$169,066

Avg. Sold Price / Unit



5.9%

Avg. Cap Rate





\$10.2B

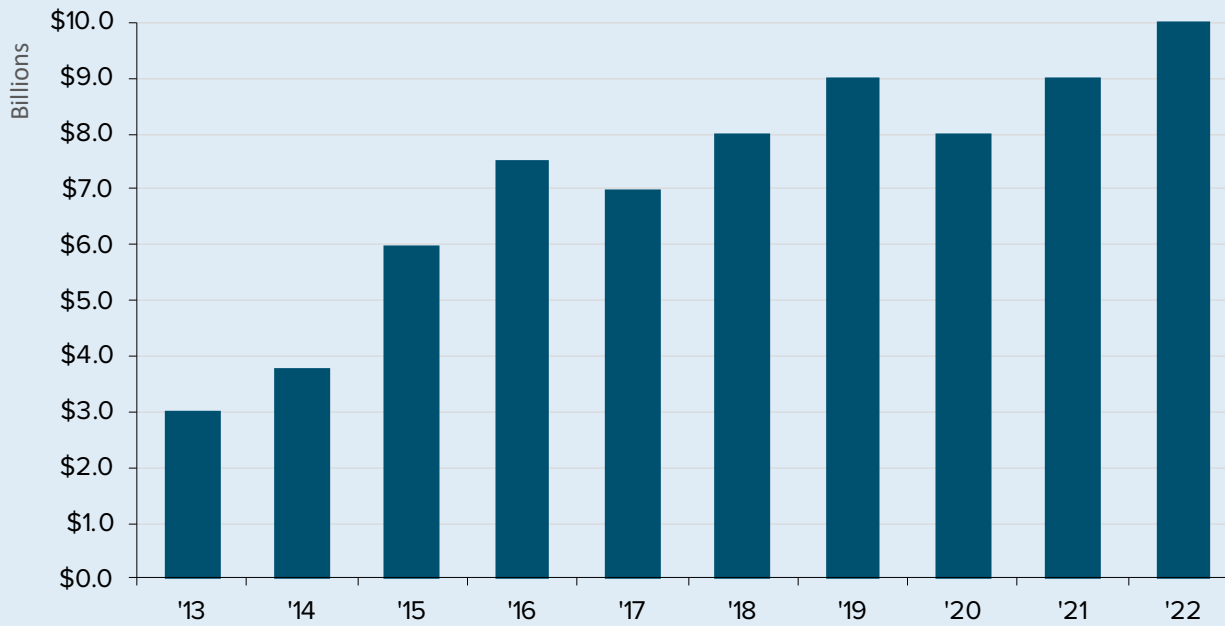
Sales Volume



86,271

Total # Units Sold

Apartment Sales Transactions



Source: CoStar, GRE Research

TO LEARN MORE ABOUT GREA AND OUR CAPABILITIES
PLEASE VISIT WWW.GREA.COM

ABRAHAM GARZA III

Chairman / Founding Partner
O | 713.595.9582
abraham.garza@grea.com

SHAYAN HASNAIN

Chairman / Founding Partner
O | 713.595.9580
taylor.brown@grea.com

RYAN MENDEZ

Senior Managing Director
O | 713.595.9587
ryan.mendez@grea.com

CHARLES EMMOTT

Director
O | 214.453.5833
charles.emmott@grea.com

JACKSON NAPONIC

Director
C | 713.595.9585
jackson.naponic@grea.com

MATTHEW BEAN

Associate Director
C | 713.595.9589
matthew.bean@grea.com

JORDON EMMOTT

Chairman / Founding Partner
O | 713.595.9584
jordon.emmott@grea.com

JAMIE HARRINGTON

Senior Managing Director
O | 713.595.9581
walter.miller@grea.com

RYAN ARMSTRONG

Senior Managing Director
C | 713.595.9586
ryan.armstrong@grea.com

TRAVIS CLARK

Director
O | 713.595.9583
travis.clark@grea.com



5373 W Alabama St, Suite 605
Houston, TX 77056
www.GREA.com

© 2023 Global Real Estate Advisors (GREA)

Sources: GREA Research; RealPage; National Multifamily Housing Council; Federal Reserve Bank of St. Louis; Moody's; CoStar

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property.