



MARKET AT A GLANCE



**OCCUPANCY RATE** 90.1%

Up 120 bps since August 2017



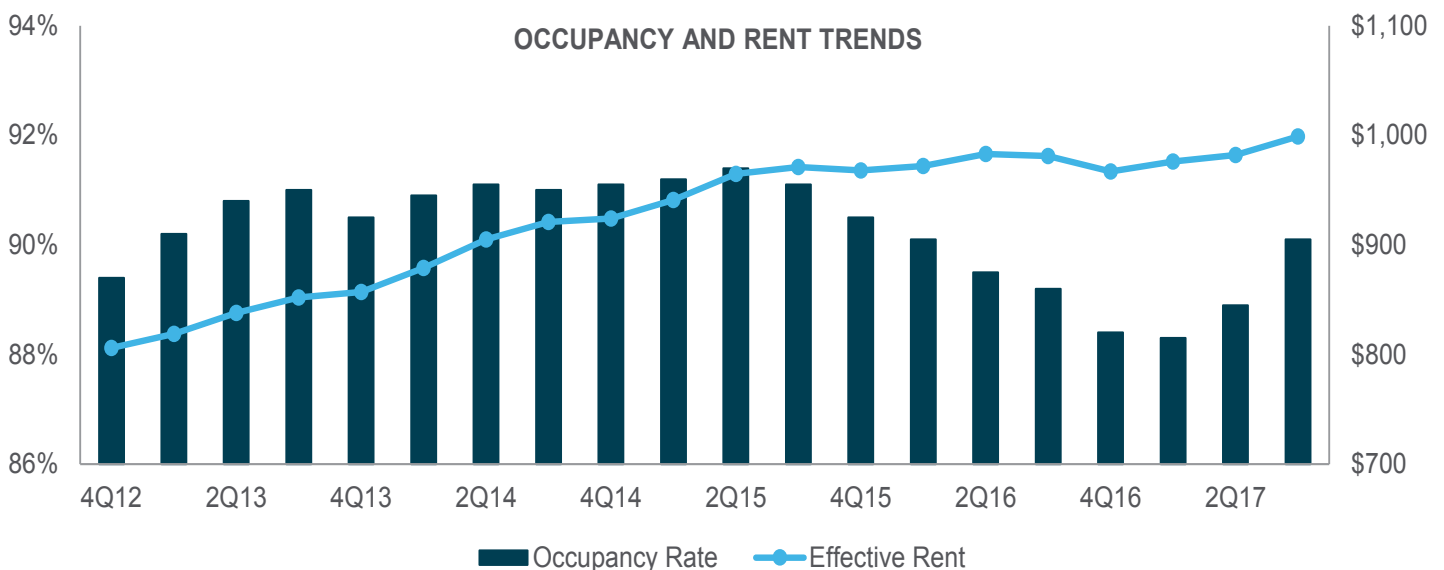
**EFFECTIVE RENT** \$999

Up 1.4% since August 2017

OCCUPANCY AND RENT TRENDS

POST-HURRICANE APARTMENT DEMAND FUELS RECENT RENT GROWTH

The aftereffects of Hurricane Harvey presented an unexpected climate within the local multifamily market late in the third quarter of 2017. Some multifamily developments under construction were stalled because of damage, restricted access, temporary loss of utilities, or lack of labor or materials for repairs. While a portion of multifamily owners and operators of existing properties dealt with damaged or uninhabitable properties, others took on new renters, many of which were displaced single-family households. For at least the near term, the lingering effects of Harvey's damage will likely reverse the supply imbalance and anemic rent growth present in the metro area in the last few years. In just one month following Harvey, metrowide apartment occupancy rose 120 basis points to 90.1% in September. The heightened demand translated into a 1.4% monthly increase in effective rent to \$999 per month in September. So far in 2017, construction completed on 11,298 units, although it is not currently known how many of these units were damaged in the storm. As of September, 39 apartment communities were under construction. These developments should bring 10,052 units online during the upcoming years.



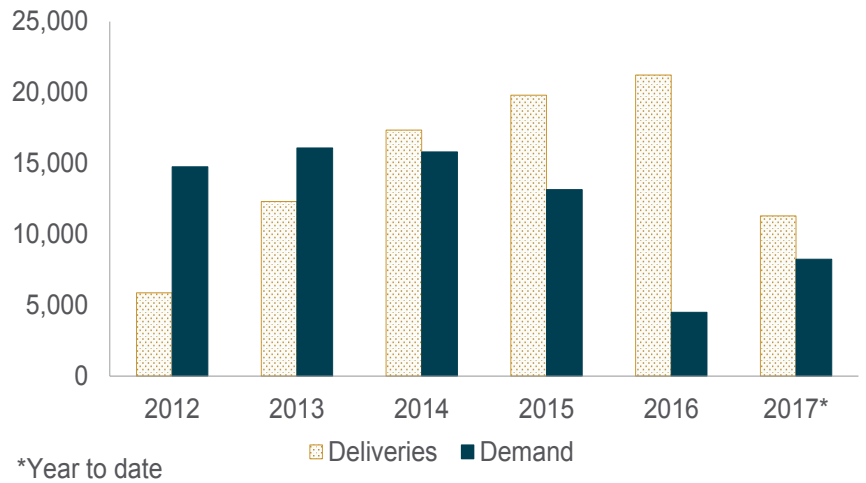
## DELIVERIES AND DEMAND



**DELIVERIES** 11,298  
Units YTD



**NET ABSORPTION** 8,239  
Units YTD



## ECONOMIC TRENDS

2016 5.5% ..... **UNEMPLOYMENT\*** ..... 2017 4.8%  
**-70 BPS CHANGE**

2016 2.99m ..... **EMPLOYMENT\*** ..... 2017 3.05m  
**1.8% CHANGE**

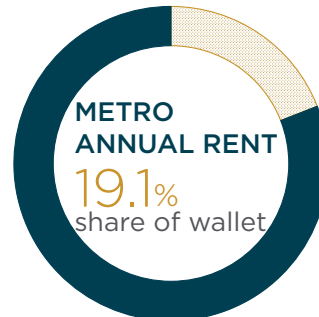
2016 91.0k ..... **EXISTING SFH SALES\*\*** ..... 2017 98.7k  
**8.5% CHANGE**

2016 \$219.0k ..... **MEDIAN SFH PRICE\*\*** ..... 2017 \$233.0k  
**6.4% CHANGE**

2016 1.63% ..... **10-YEAR TREASURY\*\*** ..... 2017 2.20%  
**60 BPS CHANGE**

\*August; \*\*September

Underpinning the rise in apartment demand, Houston employers accelerated hiring. Total nonfarm employment expanded 1.8%, or by 54,800 jobs, annually through August 2017, up from a 0.1% contraction during the preceding year. The upswing pushed the local increase higher than the 1.4% national average growth since August 2016. Job creation in the professional and business services sector was a significant force for the positive shift in the Houston economy. Employers in one of the largest employment sectors added a metro-leading 15,400 net personnel year over year. Education and health services organizations nearly matched the job creation, with 14,300 additions since August 2016. Part of the additions came with the opening of the \$168 million, 81-bed Memorial Hermann Cypress Hospital in March. Hiring was also robust in the manufacturing industry, with 12,900 workers added for a 5.9% expansion. With a majority of employment sectors posting gains, the unemployment rate was 4.8% in August 2017, down 70 basis points from one year prior.



# HOUSTON

## MULTIFAMILY REPORT

### SUBMARKET BREAKDOWN

SUBMARKET NAME	# OF COMMUNITIES	# OF UNITS	SIZE (SF)	PRICE (\$ / MO.)	RENTAL RATE (\$ / SF / MO.)	OCCUPANCY
Montrose/Museum/Midtown	50	12,501	926	1,685	1.82	86.7%
Highland Village/Upper Kirby/West U	63	16,619	970	1,700	1.75	89.2%
Med Center/Braes Bayou	79	23,361	880	1,265	1.44	85.7%
Heights/Washington Ave	46	10,625	895	1,541	1.72	89.0%
Downtown	23	5,951	967	1,960	2.03	62.3%
I-10 East/Woodforest/Channelview	56	11,353	833	829	1.00	82.5%
I-69 North	27	3,605	851	760	0.89	93.6%
Northline	47	6,294	840	754	0.90	91.8%
Greenspoint/Northborough/Aldine	67	17,120	796	699	0.88	80.5%
FM 1960 East/IAH Airport	46	8,778	897	858	0.96	93.8%
Lake Houston/Kingwood	48	12,356	939	1,071	1.14	86.2%
Northeast Houston/Crosby	21	3,278	884	778	0.88	83.3%
Brookhollow/Northwest Crossing	90	19,712	826	823	1.00	90.0%
Memorial/Spring Branch	107	21,642	916	922	1.01	92.5%
Inwood/Hwy 249	31	5,828	882	750	0.85	94.5%
Willowbrook/Champions/Ella	158	39,001	885	886	1.00	89.3%
Jersey Village/Cypress	61	15,131	908	958	1.06	91.4%
Bear Creek/Copperfield/Fairfield	59	16,240	902	1,008	1.12	88.1%
Katy/Cinco Ranch/Waterside	90	24,753	955	1,176	1.23	86.2%
Tomball/Spring	53	12,566	929	1,113	1.20	82.5%
Woodlands/Conroe South	66	18,983	942	1,103	1.17	90.1%
Conroe North/Montgomery	47	8,649	896	898	1.00	84.6%
Hwy 288 South/Pearland West	45	11,599	966	1,112	1.15	86.6%
U of H/I-45 South	105	17,257	797	711	0.89	88.4%
Beltway 8 /I-45 South	47	13,204	861	861	1.00	89.6%
Pasadena/Deer Park/La Porte	120	23,205	849	821	0.97	89.6%
Friendswood/Pearland East	28	5,458	857	987	1.15	93.3%
Clear Lake/Webster/League City	95	24,032	885	1,040	1.18	90.8%
Baytown	53	9,678	852	851	1.00	88.6%
Dickinson/Galveston	74	11,330	840	861	1.03	91.3%
Alvin/Angleton/Lake Jackson	66	10,525	825	887	1.08	84.8%
Galleria/Uptown	102	24,306	896	1,270	1.42	86.1%
Woodlake/Westheimer	37	12,233	889	1,031	1.16	88.0%
Energy Corridor/CityCentre/Briar Forest	99	31,175	944	1,132	1.20	87.4%
Westchase	50	14,922	840	951	1.13	88.7%
Alief	110	26,897	872	837	0.96	91.4%
Sharpstown/Westwood	106	25,538	790	689	0.87	90.9%
Westpark/Bissonnet	57	16,900	810	735	0.91	92.9%
Braeswood/Fondren SW	82	21,786	838	761	0.91	87.8%
Almeda/South Main	25	4,646	838	829	0.99	86.7%
Sugar Land/Stafford/Sienna	51	12,896	958	1,189	1.24	88.9%
Richmond/Rosenberg	29	4,766	875	955	1.09	92.3%
<b>TOTALS</b>	<b>2,716</b>	<b>636,699</b>	<b>882</b>	<b>999</b>	<b>1.13</b>	<b>88.3%</b>



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