

2Q24

Houston Multifamily Market Report



NEWMARK

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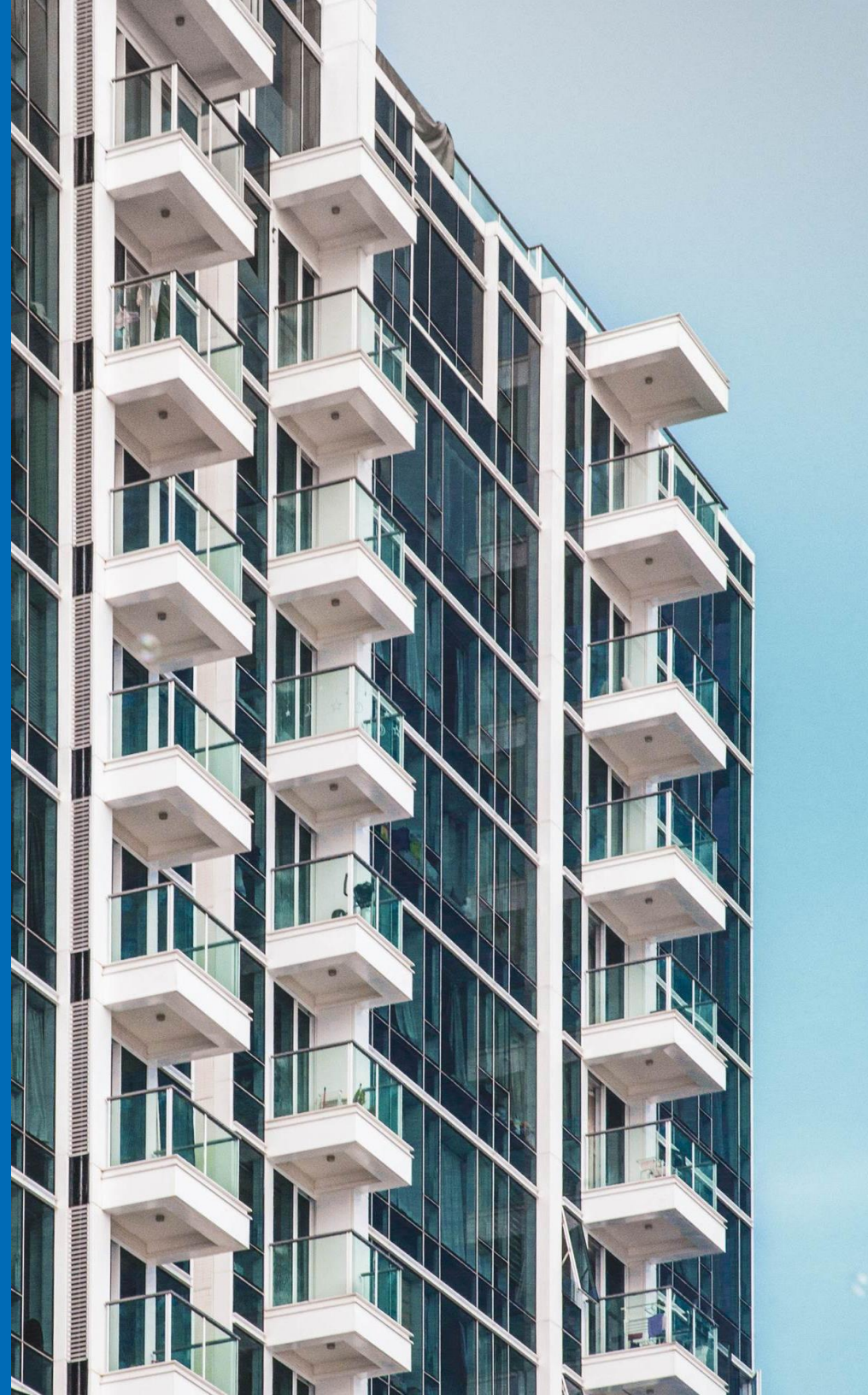
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01 | Newmark Houston Overview

NEWMARK



Nearly 200 Years of Combined Experience



DAVID MITCHELL
Vice Chairman



RUSSELL JONES
Vice Chairman



MATT SAUNDERS
Vice Chairman



THOMAS ALLEMAN
Senior Managing Director



CARTER MIZELL
Director



BRANDON MILLER
Executive Managing Director



BRAD SHAFFER
Executive Managing Director



BEN JOHNSON
Managing Director



DILLON MILLS
Managing Director



CHET MANNING
Associate Director



TIP STRICKLAND
Vice Chairman



DAVID SCHWARZ
Vice Chairman



PURVESH GOSALIA
Vice Chairman



JONATHAN POWELL
Transaction Manager



ANTHONY LUKEFAHR
Transaction Manager

185+ YEARS

Newmark Houston's Investment Sales and Capital Markets Brokers Have 185+ Years of Combined Experience Selling and Financing Multifamily in Houston

Newmark Houston Multifamily Capital Markets Team

Investment Sales

DAVID MITCHELL
Vice Chairman

RUSSELL JONES
Vice Chairman

MATT SAUNDERS
Vice Chairman

THOMAS ALLEMAN
Senior Managing Director

CARTER MIZELL
Director

BEN JOHNSON
Managing Director

DILLON MILLS
Director

CHET MANNING
Associate Director

Equity

Land

Transaction Team

JONATHAN POWELL
Transaction Manager

ANTHONY LUKEFAHR
Transaction Manager

REESE ELLER
Senior Financial Analyst

DUNCAN GUINN
Financial Analyst

GREYSON MATTE
Financial Analyst

Debt & Structured Finance

TIP STRICKLAND
Vice Chairman

DAVID SCHWARZ
Vice Chairman

PURVESH GOSALIA
Vice Chairman

KEVIN AMEND
Vice President

ANDY CAREY
Vice President

JOHN YOUNG
Senior Financial Analyst

HAYDEN HEDRICK
Financial Analyst

TYLER KRULL
Financial Analyst

THOMAS MINTON
Financial Analyst

Secondary Markets

BRAD SHAFFER
Executive Managing Director

BRANDON MILLER
Executive Managing Director

TAYLOR GASPARD
Transaction Manager

ELIZABETH AHOW
Senior Marketing Coordinator

CLAUDIA VILLA
Senior Marketing Coordinator

SEAN SONNIER
Senior Marketing Coordinator

Marketing

Operations

AIMEE HAWTHORNE
Senior Business Operations Manager

MELANIE WHATLEY
Transaction Services Coordinator

RAMONA VOLOVIK
Transaction Coordinator

SYDNEY LITTLE
Transaction Service Coordinator

MEREDITH KNIGHT
Administrative Assistant

KATE PATTERSON
Administrative Assistant

#1 Multifamily Team in the Country YTD 2024 by Deal Count

Houston		1H-24 Amount (\$Mil)	No. of Properties	Market Share (%)
1	Newmark	\$542.2	13	41.9
2	JLL	201.2	3	15.3
3	Marcus & Millichap	195.0	4	14.9
4	Cushman & Wakefield	171.7	3	13.1
5	CBRE	132.3	2	10.1
6	Eastdil Secured	69.1	1	5.3
BROKERED TOTAL		1,311.4	26	100.0

Newmark Houston led the nation in deal volume during the first half of 2024, with 13 transactions.*



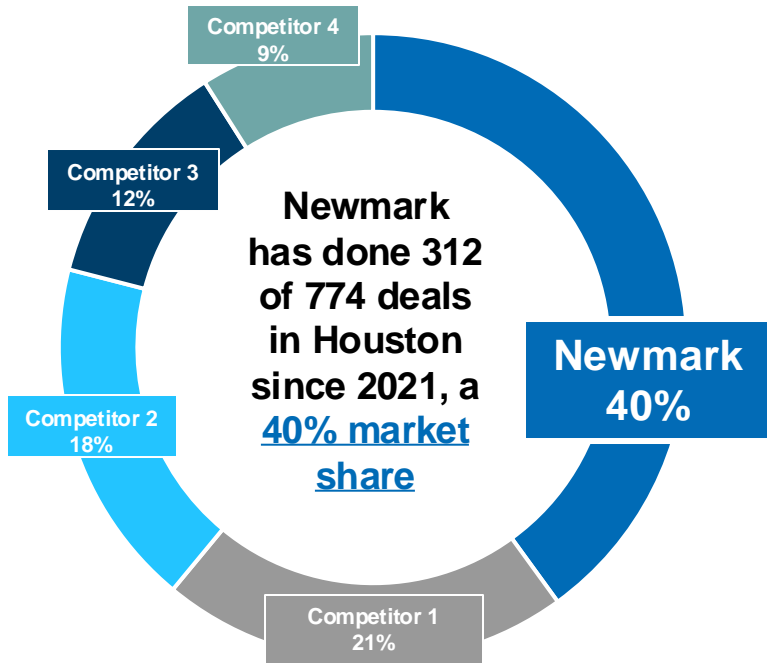
*While Real Estate Alert only tracks transactions over \$25M, this list provides a strong representation of market share.

Newmark boasts a **41% market share** in Houston, establishing us as the largest and most productive investment sales team in the market.

Newmark Houston Market Share

Market Share 2021 to Present

312 Deals Closed
 89,746 Units Sold
 \$13.6B Sales Volume
 172 Class A Transactions
 140 Class B/C Transactions



Notable 2Q24 Transactions

Class A Sales

Flats on Tanglewilde
 2013 YOC
 256 Units

Apex at Royal Oaks
 2003 YOC
 282 Units

Knox at Westchase
 1999 YOC
 518 Units

Class B/C Sales

Ridley
 1971 YOC
 405 Units

Park at Voss
 1971 YOC
 810 Units

Alice Street Apartments
 1965 YOC
 65 Units

Financing & Equity Placement

Standard at Eastpoint
 Debt Fund Execution
 2016 YOC
 283 Units

Generation Grove
 Debt Fund Execution
 2013 YOC
 257 Units

The Langley
 JV Equity & Construction Loan
 2025 YOC
 134 Units

02 | Houston Economic Overview

NEWMARK



Houston Highlights

Economy

- As the fourth-largest metropolitan statistical area (MSA) in the U.S., Houston is projected by Moody's Analytics to gain 400,000 residents by 2028. Texas boasts eight of the top ten highest-growth counties in the country, with three located in the Houston MSA. According to the U.S. Census Bureau, Harris County led the nation in population growth in 2023.
- The Houston region ranks among the top five nationally for employment growth, with Moody's Analytics predicting Houston will lead the 20 largest metros from 2024 to 2028, with an average annual job gain of 38,000. **In the past 12 months, Houston has added 78,000 jobs.**
- Houston has experienced the highest annual wage growth of any metro—nearly double the national average—and is one of the few markets where wages have consistently outpaced rents, both year-over-year and since before the pandemic..
- Chevron recently announced it will relocate its corporate headquarters from San Ramon, California, to Houston, joining ExxonMobil, which made the move last year.
- The Texas Medical Center's 500-acre TMC BioPort development will focus on cell and gene therapy, biomanufacturing, and medical supplies distribution, and is expected to create 100,000 jobs, contributing \$54 billion annually to the economy.
- With record home values and high mortgage rates, the average monthly PITI payment in Houston is \$3,905, more than three times the average multifamily rent of \$1,282 and double the average Class A rent of \$1,752.

Multifamily

- Effective rents have increased by 1.2% over the past 24 months, with Class A rents growing around 2.3% annually through Q1 2024. Houston's strong population and employment growth, combined with an undersupply of new construction, have driven rents higher. AxioMetrics projects positive rent growth in 27 of Houston's 35 submarkets from 2025 to 2028.
- Class A absorption remains robust, with 18,021 units absorbed over the past 12 months, exceeding the 10-year average of 12,386 units. Through Q2 2024, 9,500 Class A units have been absorbed, a 28.3% increase over the average Q2 absorption from the previous five years.
- Currently, 14,875 units are under construction in Houston, representing 2.0% of the MSA's total inventory of 760,840 units. **This is lower than Dallas at 3.9% and Austin at 7.7%.**
- Annualized 2024 transaction volume is on pace with 2023, but continued interest rate compression and downward cap rate pressure suggest that the latter half of 2024 will surpass total 2023 transaction volume.

Houston Is Set Up For Continued Growth

The nation's fourth-largest city, Houston, is home to one of the world's youngest, fastest-growing and most diverse populations, fostering a unique cultural identity and way of life. For decades, Houston has been a hub for groundbreaking innovations in energy, aerospace and life sciences. Science and engineering advancements are deeply embedded in Houston's economy, and the region is rapidly emerging as a center for high-tech companies, entrepreneurship and talent.

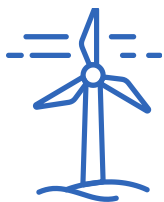
STRONG, DIVERSE ECONOMY

4th Largest U.S. City

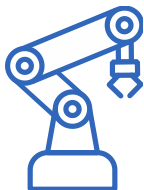
3.4M Jobs

\$513B Gross Domestic Product

INDUSTRY CONVERGENCE



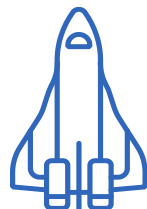
Energy 2.0



Advanced Manufacturing



Life Sciences



Aerospace

GLOBAL CITY

90+ Foreign Consulates

2 International Airports

#1 U.S. Exporting Port

HOME TO:

- WORLD'S LARGEST MEDICAL CENTER
- NASA'S JOHNSON SPACE CENTER AND HOUSTON SPACEPORT
- 26 FORTUNE 500 HEADQUARTERS

FASTEST-GROWING MAJOR U.S. METRO

MOST DIVERSE CITY IN AMERICA

BUSINESS CLIMATE

LOW COST OF LIVING

NO PERSONAL & CORPORATE INCOME TAX

#7 Global City of the Future

POPULATION

7.5M Residents

1 in 4 Houstonians are foreign-born

Nation-Leading Projected Population Growth

Metro (2024-2028)	Population Growth (ths)	Population Growth	Average Annual Gain/Loss ¹
1 Houston	399.6	5.3%	99.9
2 Phoenix	330.9	6.4%	82.7
3 Dallas	300.9	5.5%	75.2
4 Atlanta	248.7	3.9%	62.2
5 Seattle	120.2	3.8%	30.0
6 Tampa	115.1	3.4%	28.8
7 Denver	112.9	3.7%	28.2
8 Minneapolis	101.4	2.7%	25.3
9 Riverside	98.9	2.1%	24.7
10 Washington D.C.	94.5	1.9%	23.6
11 Miami	73.8	2.7%	18.5
12 San Francisco	31.7	2.0%	7.9
13 New York	26.6	0.2%	6.6
14 Boston	14.6	0.7%	3.6
15 Baltimore	8.0	0.3%	2.0
16 Los Angeles	7.1	0.1%	1.8
17 San Diego	3.5	0.1%	0.9
18 Philadelphia	-2.2	-0.1%	-0.6
19 Detroit	-62.9	-3.6%	-15.7
20 Chicago	-103.0	-1.4%	-25.8

- According to Moody’s Analytics, **Houston ranks first** among the 20 largest U.S. metros for projected total population increase from 2024 to 2028.
- With over 7.5 million residents, Houston is the fourth-largest metro area in the U.S.
- Since 2017, Houston has averaged an annual population growth rate of 1.20%, and is expected to grow at an average rate of 1.03% per year over the next five years.

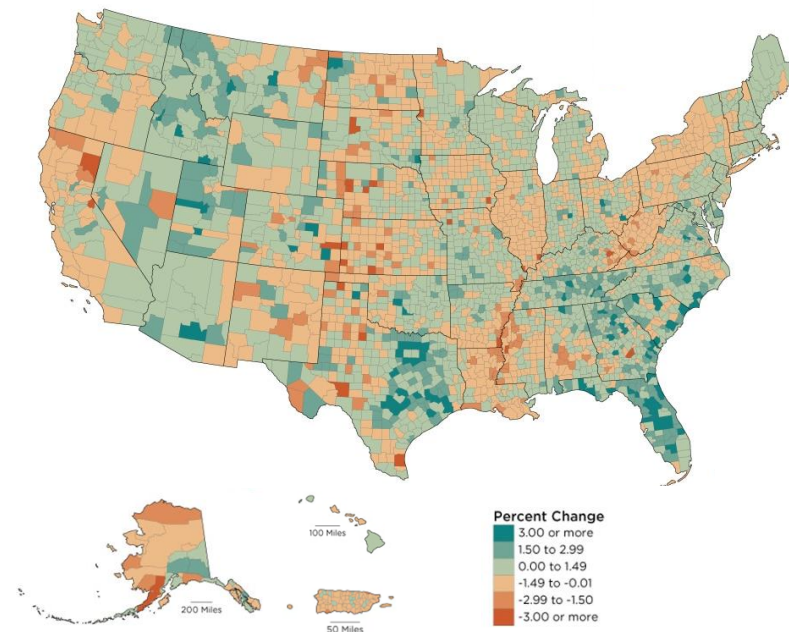
Top Projected Net Migration

Metro (2024-2028)	2024-2028 Net Migration (ths)	2024-2028 Average Annual Net Migration (ths) ¹
1 Phoenix	331.1	66.2
2 Houston	282.9	56.6
3 Dallas	226.0	45.2
4 Atlanta	188.5	37.7
5 Tampa	171.7	34.3
6 Denver	81.2	16.2
7 Seattle	73.3	14.7
8 Miami	71.2	14.2
9 Minneapolis	50.1	10.0
10 Riverside	31.2	6.2
11 San Francisco	14.3	2.9
12 Boston	4.9	1.0
13 Baltimore	-3.4	-0.7
14 Washington D.C.	-17.5	-3.5
15 Philadelphia	-28.6	-5.7
16 San Diego	-81.0	-16.2
17 Detroit	-88.3	-17.7
18 Los Angeles	-133.5	-26.7
19 Chicago	-213.3	-42.7
20 New York	-239.4	-47.9

- According to Moody’s Analytics, **Houston ranks second** among the 20 largest U.S. metros for projected net migration from 2024 to 2028.
- Moody’s estimates that nearly 283,000 people will move to the Houston metro during this period, averaging 57,000 new residents per year.

Counties With Highest Population Growth in The Nation

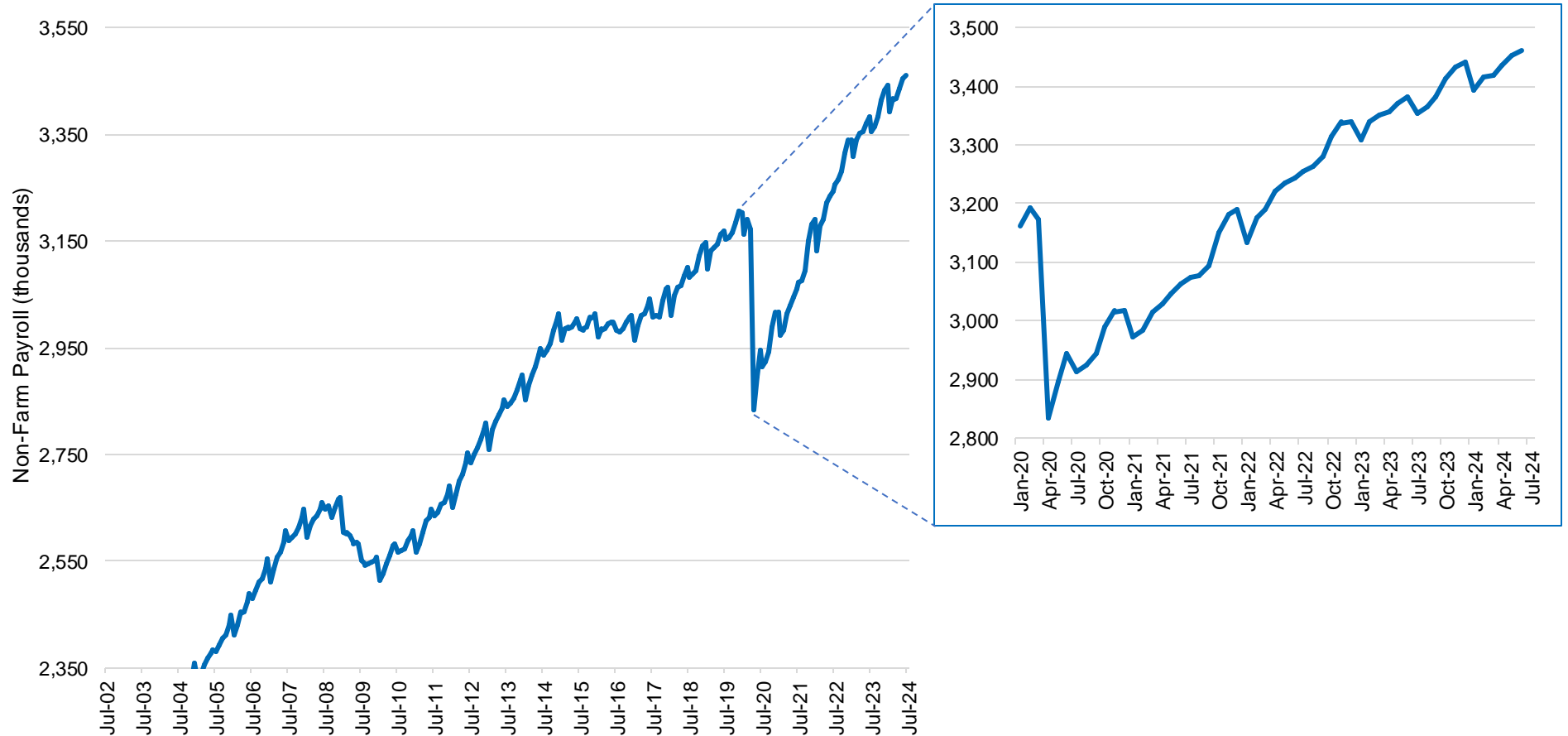
Rank	State	County	Jul-22	Jul-23	Numeric Growth	Percent Growth
1	Texas	Harris County	4,781,337	4,835,125	53,788	1.12%
2	Texas	Collin County	1,158,995	1,195,359	36,364	3.14%
3	Texas	Montgomery County	679,554	711,354	31,800	4.68%
4	Arizona	Maricopa County	4,555,833	4,585,871	30,038	0.66%
5	Florida	Polk County	788,382	818,330	29,948	3.80%
6	Texas	Denton County	977,760	1,007,703	29,943	3.06%
7	Texas	Fort Bend County	888,919	916,778	27,859	3.13%
8	Texas	Bexar County	2,060,191	2,087,679	27,488	1.33%
9	Texas	Tarrant County	2,155,646	2,182,947	27,301	1.27%
10	Texas	Williamson County	672,273	697,191	24,918	3.71%



- Texas is home to eight of the top ten highest-growth counties in the country, **including three in the Houston MSA**, three in Dallas-Fort Worth, one in San Antonio, and one in the greater Austin area.
- From July 2022 to July 2023, Harris County added 53,788 residents—more than any other county in the U.S. Nearby Montgomery and Fort Bend counties also saw substantial growth, ranking third and seventh in numeric gains, respectively.

Metro Employment Update

Houston Historical Non-Farm Payroll



- In May 2024, the U.S. Bureau of Labor Statistics reported a monthly gain of 17,900 jobs in Houston, reaching the highest non-farm payroll numbers in the city's history.
- Houston lost 359,000 jobs during the pandemic but had added back 621,900 jobs by May 2024, recovering over 173% of the jobs lost.
- **The city gained over 172,000 jobs in 2021 and 145,000 jobs in 2022, marking the best annual job growth for the region since 1990. Over the last 12 months, Houston has added more than 83,500 jobs, ranking second in national job growth, behind only New York.**

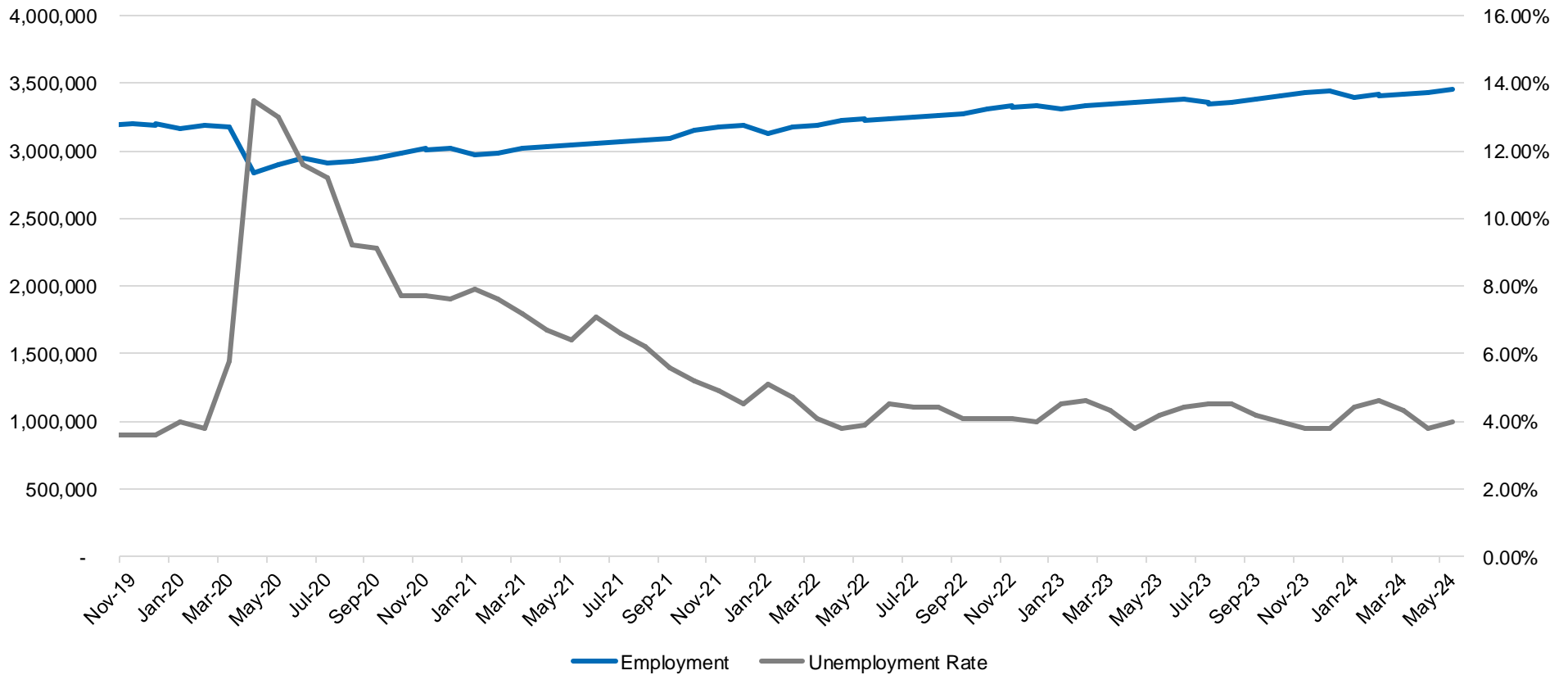
Metro Employment Update

	Metro (2024-2028)	Employment Growth (ths)	Employment Growth	Average Annual Job Growth
1	Houston	151.9	4.4%	38.0
2	Phoenix	138.9	5.6%	34.7
3	Dallas	124.0	4.0%	31.0
4	Atlanta	99.6	3.2%	24.9
5	Denver	61.9	3.8%	15.5
6	Tampa	56.1	3.6%	14.0
7	Los Angeles	55.7	1.2%	13.9
8	Miami	54.0	4.0%	13.5
9	Seattle	53.5	3.0%	13.4
10	Washington D.C.	50.9	1.8%	12.7
11	Riverside	42.0	2.5%	10.5
12	Minneapolis	38.0	1.9%	9.5
13	San Francisco	30.6	2.6%	7.7
14	Boston	29.2	2.2%	7.3
15	San Diego	21.9	1.4%	5.5
16	New York	19.3	0.3%	4.8
17	Chicago	14.2	0.4%	3.6
18	Baltimore	12.4	0.9%	3.1
19	Philadelphia	10.2	1.0%	2.5
20	Detroit	-11.5	-1.5%	-2.9

Moody's Analytics projects that Houston will add nearly 152,000 jobs from 2024 to 2028, leading the U.S. in employment growth.

Metro Employment Update

Houston Labor Force & Unemployment Rate



- The Houston MSA unemployment rate was 4.0% in May 2024, 1.8% lower than the monthly average since the pandemic began.
- Statewide unemployment in Texas was also 4.0% in May 2024, down from a peak of 12.8% in April 2020.
- Nationally, U.S. unemployment stood at 4.0% in May 2024, down from a peak of 14.7% in April 2020.

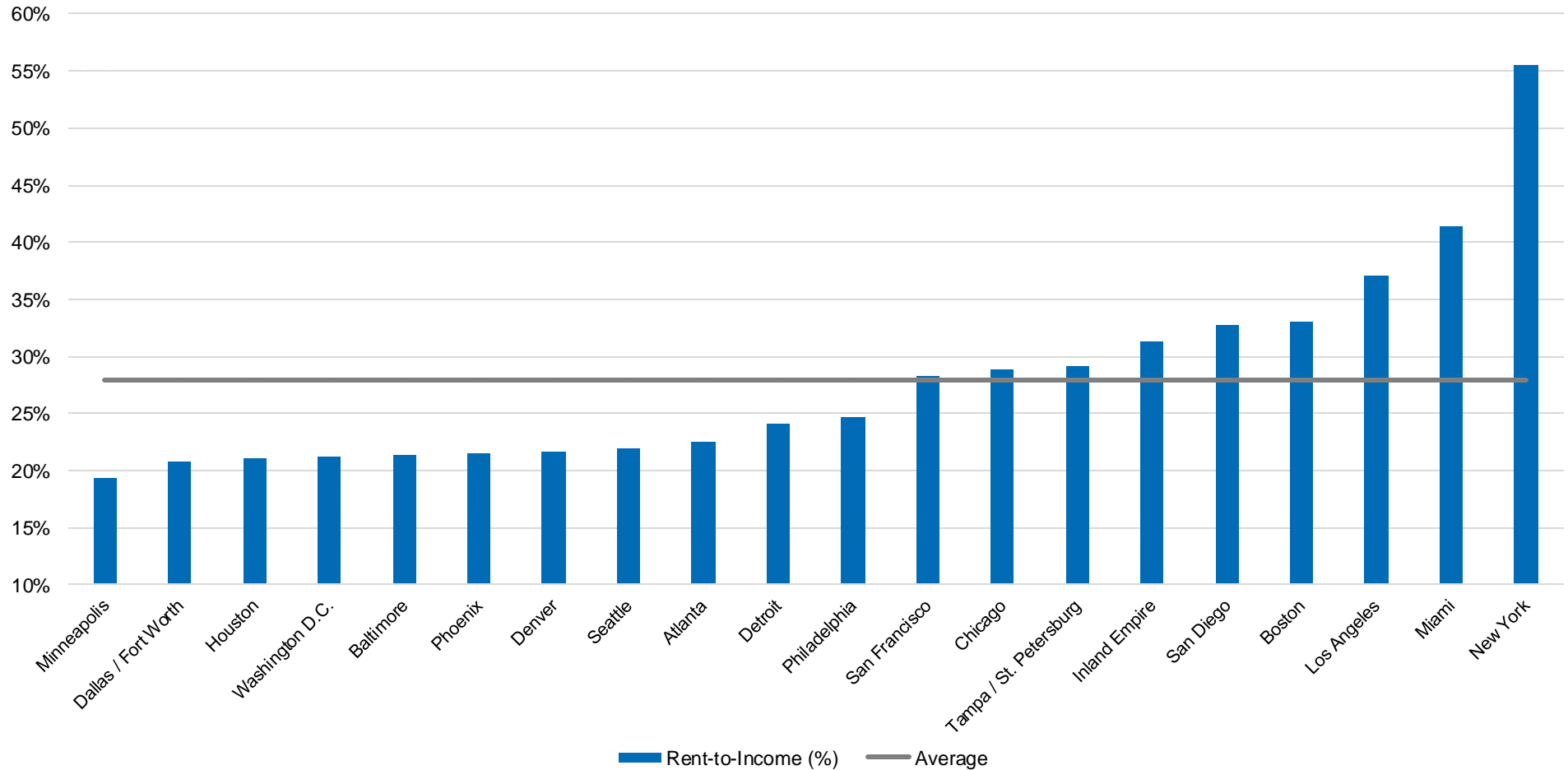
Houston Wages Growing Faster Than Rents

	Metro Area	Increase in Wages (2022–2023)	Increase in Rents (2022–2023)	Percentage Point Difference
1	San Jose, CA	6.6%	0.8%	5.8
2	Houston, TX	8.0%	2.7%	5.3
3	Salt Lake City, UT	5.5%	0.8%	4.7
4	Austin, TX	2.4%	-2.3%	4.7
5	Raleigh, NC	4.9%	1.1%	3.8
6	San Antonio, TX	3.6%	0.3%	3.3
7	Portland, OR	2.9%	-0.2%	3.1
8	Minneapolis, MN	5.6%	2.7%	2.9
9	Riverside, CA	5.9%	3.1%	2.8
10	Charlotte, NC	4.5%	1.7%	2.8
	United States	4.3%	3.4%	0.9

Houston experienced the highest annual wage growth of any metro—nearly double the national average—and was one of only four markets where wages consistently outpaced rents year-over-year and since before the pandemic. This wage growth, combined with strong job gains, helped Houston rank second in the nation for population growth in 2023, according to U.S. Census Bureau data.

Affordability Metrics

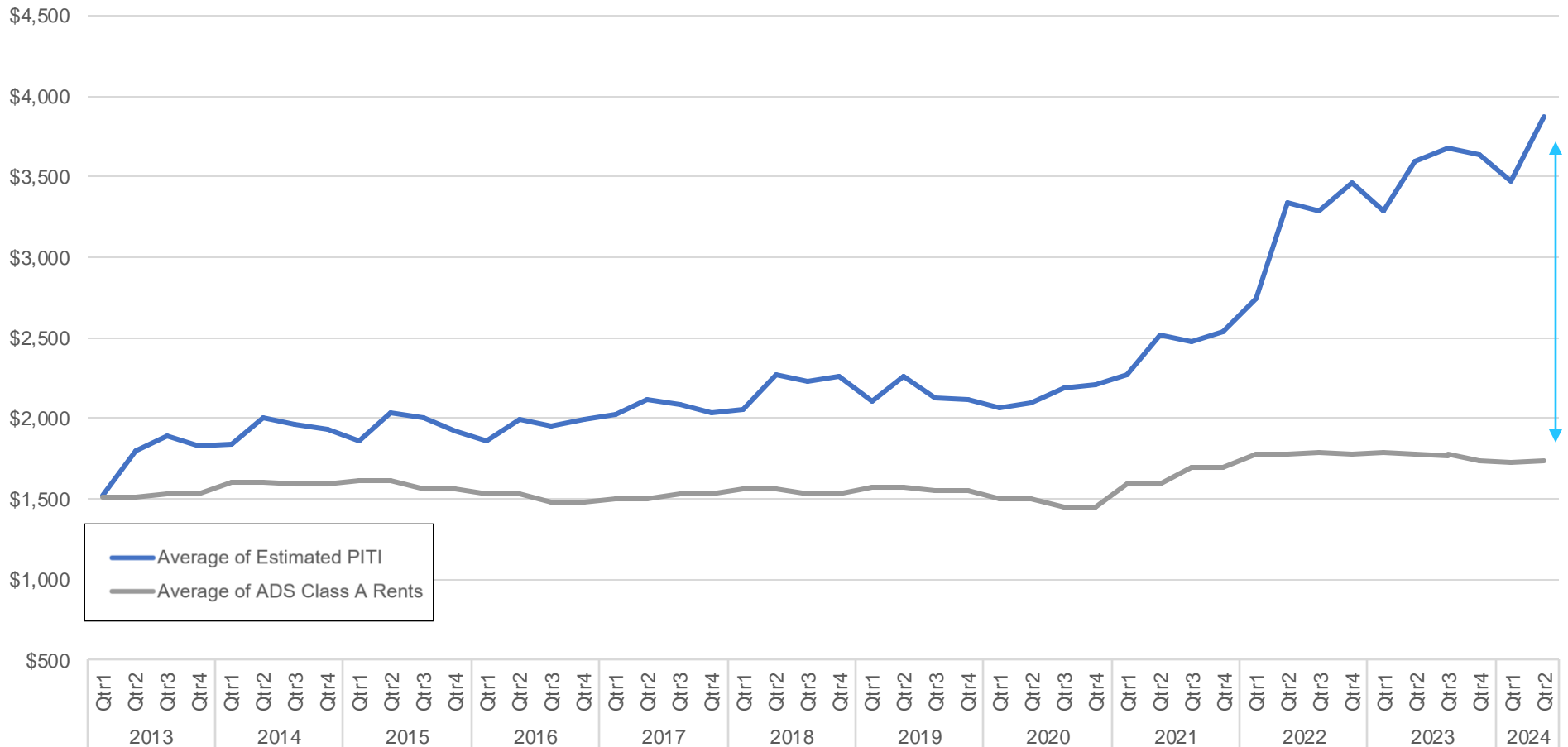
20 U.S. Metro Rent-to-Income Ratio



Among the 20 largest U.S. metros, **Houston ranks third in rental affordability**, with a rent-to-income ratio of 21.0% compared to the national average of 27.8%.

Single-Family Market

Houston Metro – Rent vs. Own



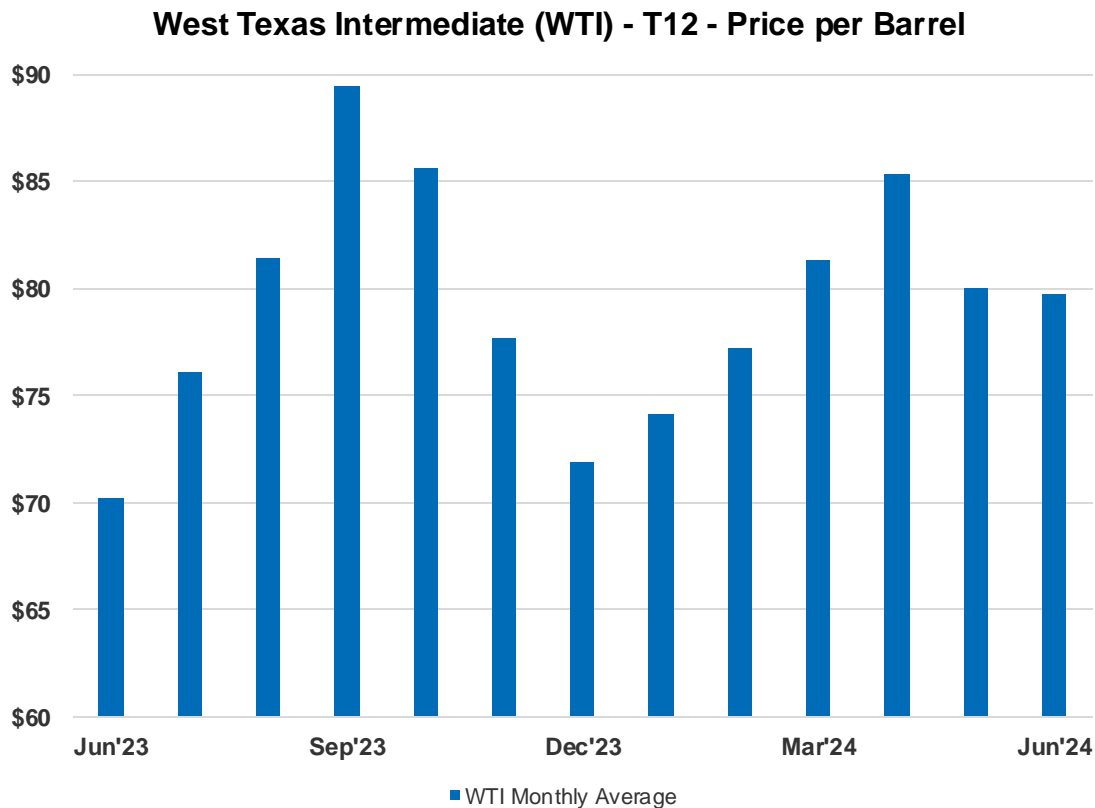
- Record home values and high interest rates have led to average mortgage payments that are significantly higher than average multifamily rents, underscoring the relative affordability of renting versus home ownership.
- Currently, the average monthly PITI payment in Houston is \$3,905, more than triple the average multifamily rent of \$1,282 and double the average Class A rent of \$1,752. **The gap between Class A rents and the estimated PITI for a new homebuyer is the widest in recent history.**

SOURCE: Texas Real Estate Research Center, Freddie Mac, Apartment Data Services

PITI ESTIMATE ASSUMPTIONS: 10% down payment, homeowner's insurance at 1% of home value, mill rate of 2.25%, PMI of \$50/month

Booming Oil And Gas Industry

As the energy capital of the world, Houston has greatly benefited from rising oil prices. Over the past 24 months, the average price of West Texas Intermediate (WTI) oil was \$80.00 per barrel. In the last 12 months, average oil prices have risen by 4.9%. The U.S. Energy Information Administration forecasts WTI prices to average \$80.2 per barrel in 2024 and \$81.2 per barrel in 2025.



“The increase in prices makes oil exploration highly profitable. This profitability extends to oil production and, in turn, to the manufacturing of equipment and supplies needed for exploration. **That is where Houston truly benefits.**”
 – Edward Friedman, Moody’s Analytics

1: <https://www.houston.org/why-houston/industries/energy>

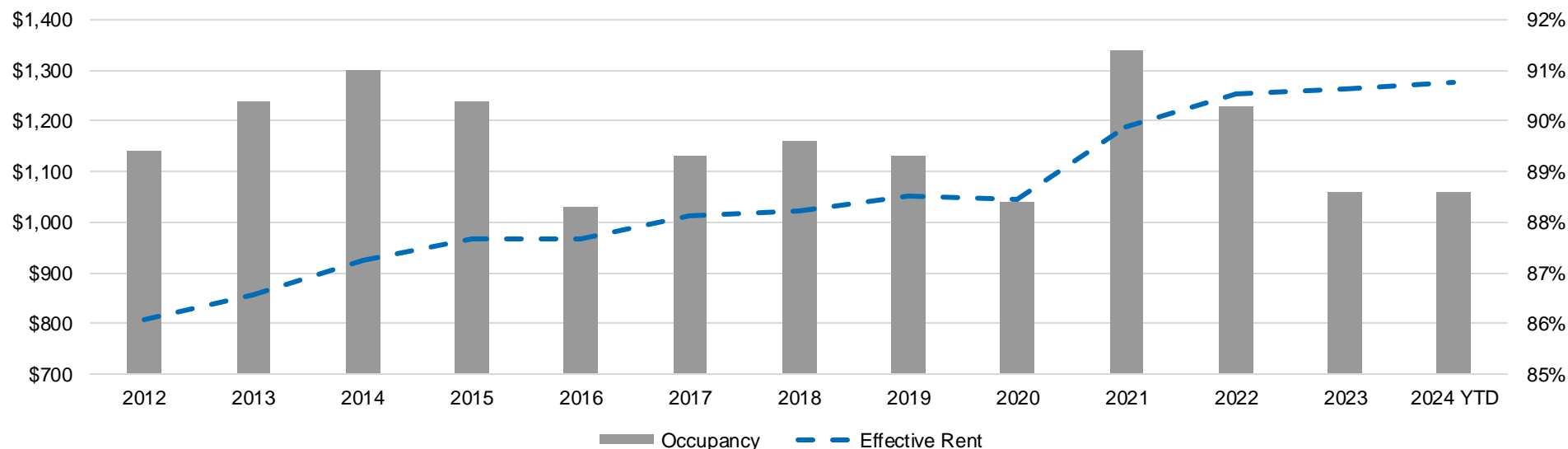
SOURCE: U.S. Energy Information Administration, Houston Chronicle, Houston Business Journal

03 | Houston Multifamily Overview

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Historic Houston Multifamily Fundamentals



Year	Total Units	New Supply	Class A Units Absorbed	Occupancy	Effective Rent
2012	567,173	5,954	2,298	89.4%	\$807
2013	578,408	12,314	3,087	90.4%	\$857
2014	591,933	17,472	5,467	91.0%	\$924
2015	610,711	20,679	8,346	90.4%	\$968
2016	630,923	21,704	11,689	88.3%	\$968
2017	643,314	14,094	16,082	89.3%	\$1,011
2018	651,363	5,656	7,526	89.6%	\$1,023
2019	669,524	17,233	8,937	89.3%	\$1,051
2020	690,277	22,675	11,820	88.4%	\$1,044
2021	709,642	20,083	24,382	91.4%	\$1,190
2022	723,930	15,987	13,429	90.3%	\$1,254
2023	750,706	25,917	16,177	88.6%	\$1,264
2024 YTD	760,840	16,724**	19,000*	88.6%	\$1,277
10-Year Avg.	667,232	18,150	12,386	89.7%	\$1,070

* Annualized absorption

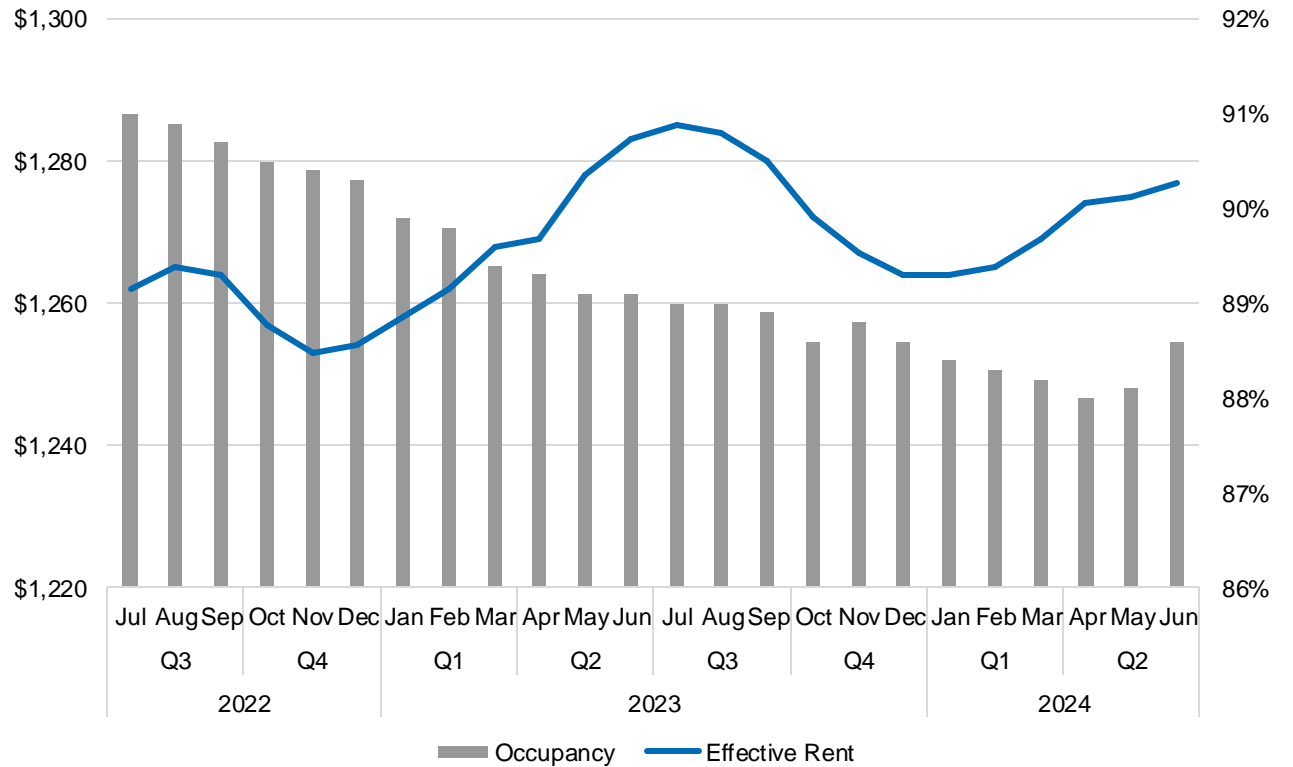
** Newmark expected deliveries

Multifamily Market Performance - All Classes

Market Snapshot

Average Rent	\$1,277
Average Rent per SF	\$1.43
Average Occupancy	88.6%
2021 to Present: New Units Supply	58,212
2021 to Present: Units Absorbed	64,162

All Classes Effective Rent & Occupancy



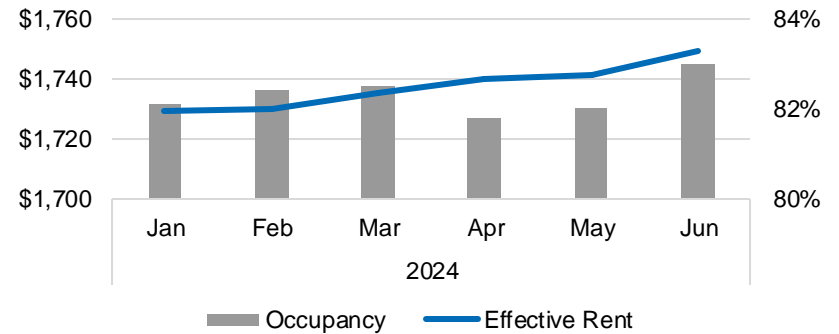
- Effective rents for all classes have grown by 1% in 2024 year-to-date, while occupancy has remained steady at around 88.6%.
- Although Houston experienced negative rent growth over the past 12 months, recent trends are more positive, with a 2.1% annualized rent growth over the last six months and 2.5% over the last three months.
- Across the MSA, current effective rents have increased by 14.1% since Q2 2021. Houston’s strong population and employment growth, combined with an undersupply of new construction, have driven upward pressure on rents.

Multifamily Market Performance By Class

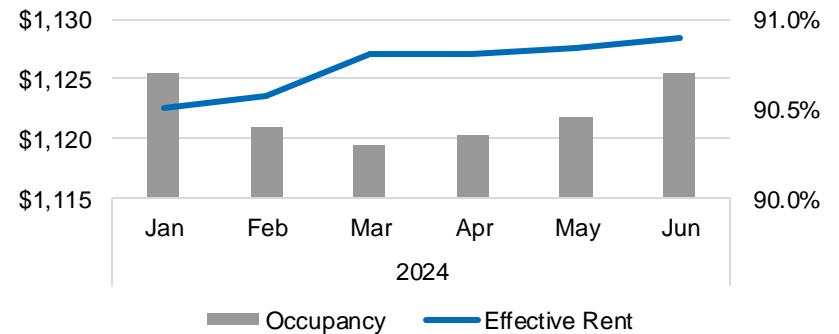
Market Snapshot	Class A	Class B	Class C
# of Properties	760	1,181	883
# of Units	201,569	285,956	213,734
Average Rent	\$1,749	\$1,269	\$988
Average Rent PSF	\$1.84	\$1.43	\$1.15
Average Occupancy	91.2%*	91.3%	90.1%

*Occupancy based on stabilized properties

Class A Effective Rent & Occupancy YTD



Class B/C Effective Rent & Occupancy YTD



- Demand for Class A properties has been driven by a decline in new construction and rising single-family home prices. Class A assets have absorbed 18,021 out of 201,569 units over the past 12 months, accounting for approximately 8.9% of total absorption.
- Class B and C rents showed the most stability during the pandemic, decreasing by only 1.42% and 0.24%, respectively. Class B occupancy has remained above 91% over the past year.

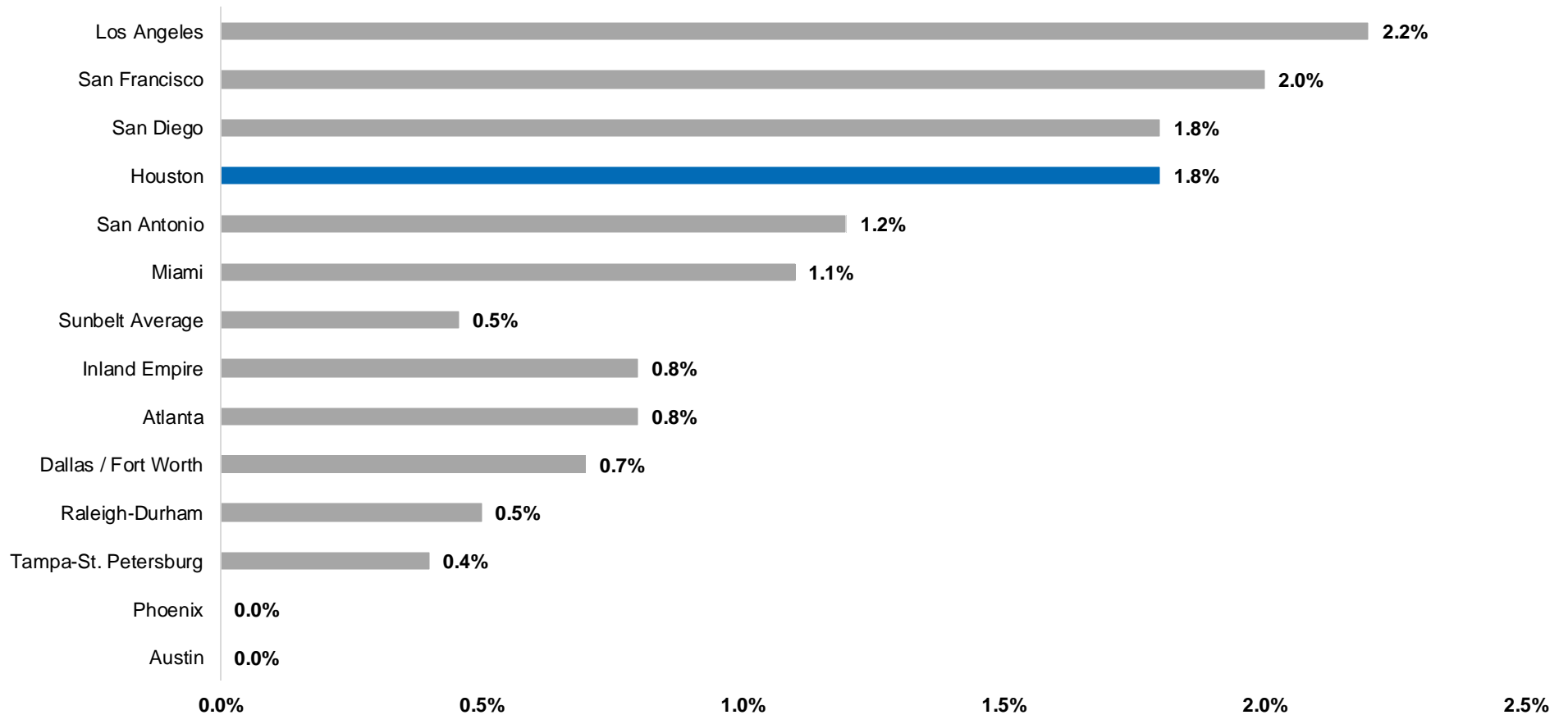
2Q24 Effective Rent Growth and 2025–2028 Projections

Axio Submarket	2Q24	2024	2025-2028	Axio Submarket	2Q24	2024	2025-2028
Alief	5.1%	3.6%	4.1%	The Woodlands	-1.0%	-2.2%	0.0%
Gulfton/Westbury	2.5%	2.3%	3.6%	Clear Lake	-1.0%	0.7%	1.7%
Sharpstown/Fondren Southwest	2.2%	3.7%	4.2%	Greenway/Upper Kirby	-1.1%	-2.2%	-0.2%
Pasadena/Southeast Houston	1.7%	3.4%	4.2%	East Inner Loop	-1.2%	-1.3%	0.9%
North Central Houston	1.5%	3.9%	4.2%	Cypress/Waller	-1.3%	-2.9%	0.3%
Northwest Houston	1.4%	3.6%	4.0%	Friendswood/Pearland	-1.4%	0.6%	1.3%
Hobby Airport	1.3%	2.0%	3.3%	Champions East	-1.5%	1.3%	2.8%
Memorial	1.0%	-1.4%	-0.1%	Katy	-1.5%	-2.0%	-0.2%
Brazoria County	0.9%	-0.5%	0.6%	West University/Medical Center/Third Ward	-1.5%	-2.0%	-0.1%
Baytown	0.7%	1.0%	2.4%	Bear Creek	-1.6%	-0.5%	1.3%
Spring Branch	0.5%	0.2%	2.1%	Far West Houston	-1.6%	-0.1%	0.5%
Westchase	0.2%	0.3%	1.2%	Greater Heights/Washington Avenue	-1.7%	-2.5%	0.0%
Northeast Houston	0.1%	2.8%	3.7%	Conroe/Montgomery County	-1.8%	-1.5%	0.2%
Galveston/Texas City	0.0%	4.1%	4.1%	Humble/Kingwood	-1.9%	0.6%	1.4%
Champions West	0.0%	0.2%	1.5%	Spring/Tomball	-1.9%	0.4%	1.5%
Sugar Land/Stafford	-0.3%	-1.0%	0.0%	Galleria/Uptown	-2.6%	-0.9%	0.3%
Houston MSA	-0.4%	0.2%	1.6%	Rosenberg/Richmond	-2.9%	-1.8%	0.2%
Downtown/Montrose/River Oaks	-0.5%	-1.9%	0.0%	Braeswood Place/Astrodome/South Union	-3.6%	-2.2%	-0.4%

- According to AxioMetrics, 13 of 35 submarkets experienced positive rent growth in Q2 2024.
- Rent growth is expected to strengthen over the next several years, with 27 submarkets projected to see positive rent growth from 2025 to 2028.

Strong Future Rent Outlook

Average Effective Rent Growth Forecast - Major Sunbelt Markets



- Green Street projects that [Houston will lead Texas markets in average rent growth over the next four years](#) (2024–2028).
- RealPage describes Houston as a market with “surprising upside” in 2024, noting, “In Houston, the supply-to-demand ratio has been relatively balanced recently, with supply ratios below the national average. In fact, Houston could surpass other Texas markets in the near term.”

Submarket Construction Pipeline

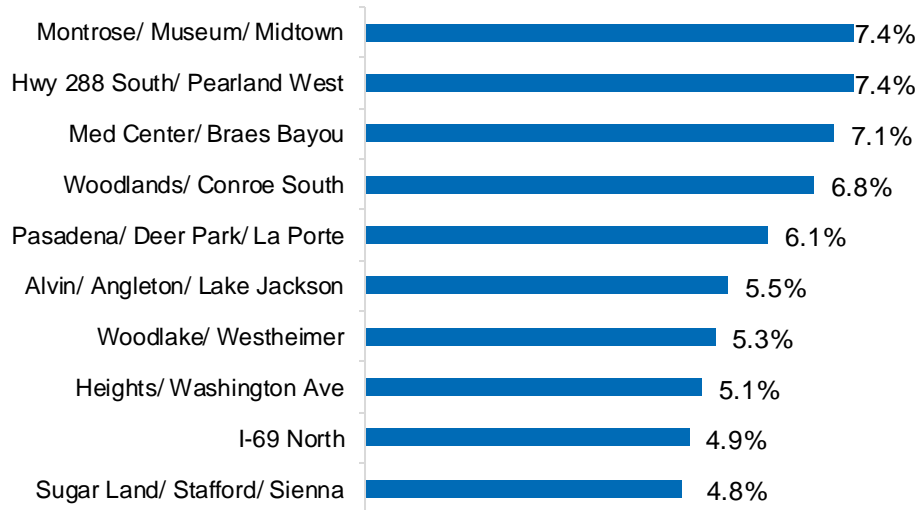
Submarket	Current Occupancy	UNITS DELIVERED			UNITS UNDER CONSTRUCTION			
		2022	2023	2024 (YTD)	2024 Deliveries	2025 Deliveries	2026 Deliveries	Total Deliveries
Infill								
Heights / Washington Ave.	90.9%	1,573	812	184	1,531	1,009	0	2,540
Montrose/ Museum/ Midtown	89.7%	669	667	395	540	791	0	1,331
Downtown	80.9%	910	655	675	541	0	0	541
Highland Village/ Upper Kirby/ West U	93.8%	559	0	0	0	209	0	209
Galleria/ Uptown	91.5%	0	0	0	0	172	0	172
Infill Total		3,711	2,134	1,254	2,612	2,181	0	4,793
Non-Infill								
Katy/ Cinco Ranch/ Waterside	82.4%	1,411	3,799	2,775	292	1,314	353	1,959
Memorial/ Spring Branch	90.7%	361	0	0	1,105	260	0	1,365
Conroe North/ Montgomery	82.5%	317	846	517	408	656	0	1,064
Tomball/ Spring	83.7%	476	1,708	1,123	528	360	0	888
Woodlands/ Conroe South	91.0%	429	264	225	269	568	0	837
Sugar Land/ Stafford/ Sienna	87.4%	0	970	614	0	661	0	661
Bear Creek/ Copperfield/ Fairfield	83.9%	1,055	1,780	1,053	282	292	0	574
I-69 North	91.5%	384	0	0	376	0	0	376
Brookhollow/ Northwest Crossing	92.0%	0	0	0	0	374	0	374
Alief	89.4%	0	0	120	0	341	0	341
Energy Corridor/ CityCentre/ Briar Forest	89.5%	648	0	1,096	326	0	0	326
Dickinson/ Galveston	90.3%	0	0	0	296	0	0	296
Pasadena/ Deer Park/ La Porte	87.8%	0	854	0	291	0	0	291
U of H/ I-45 South	90.5%	0	0	106	0	284	0	284
Lake Houston/ Kingwood	89.1%	447	596	611	0	0	181	181
Beltway 8 / I-45 South	79.6%	0	0	425	154	0	0	154
Friendswood/ Pearland East	93.2%	291	0	0	0	111	0	111
Non-Infill Total		5,819	10,817	8,665	4,327	5,221	534	10,082
Grand Total		9,530*	12,951*	9,919*	6,939	7,402	534	14,875

*Units delivered include data from submarkets with units currently under construction. Additional submarkets with 2022, 2023, and 2024 deliveries were not included.

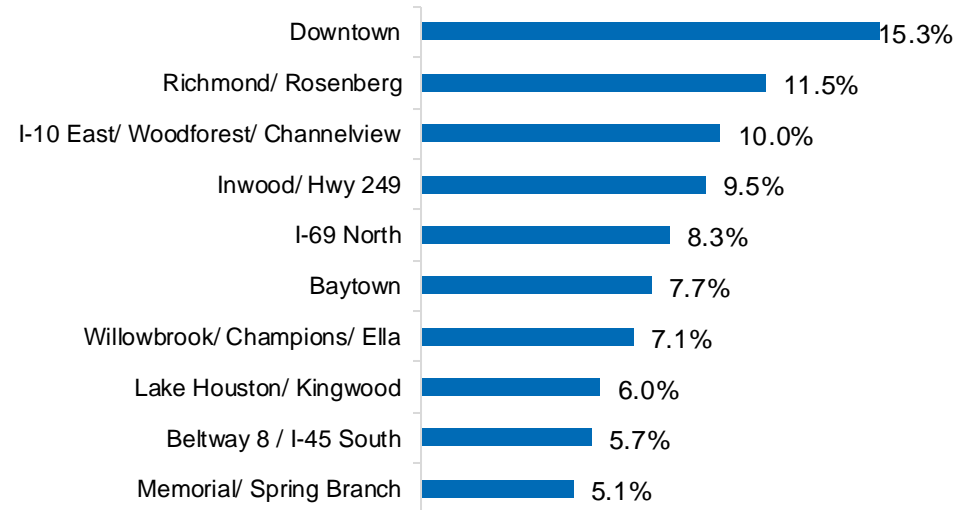
Non-infill submarkets make up 67.8% of all upcoming supply, with the remainder in infill areas.

Houston Submarket Rankings

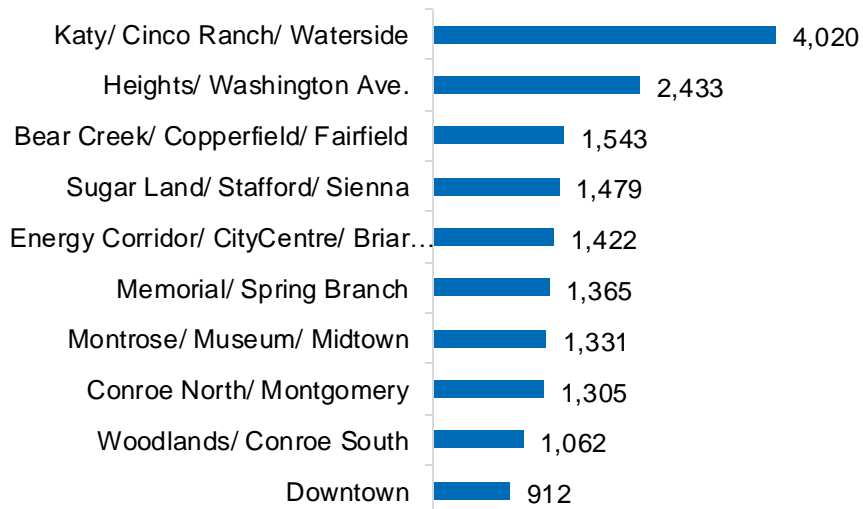
Rental Rate Growth (Trailing 3 Months, ann.)



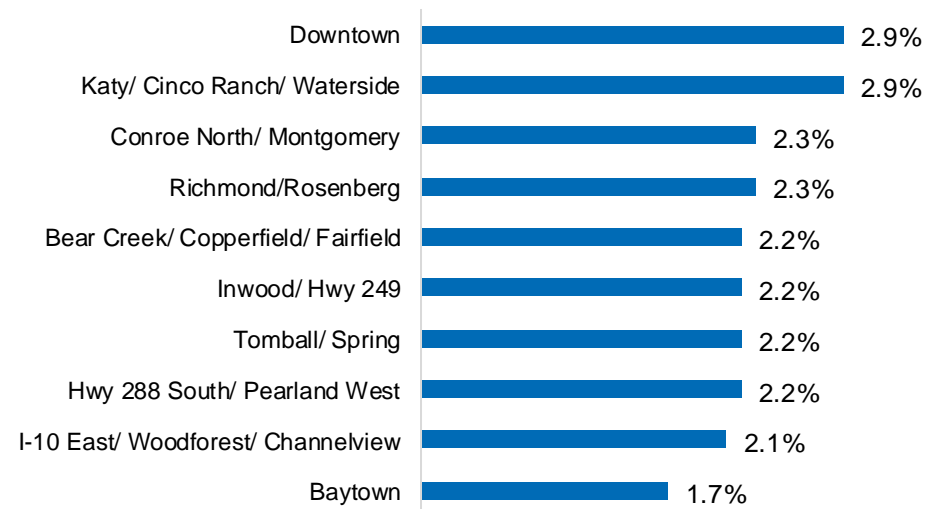
Occupancy Growth (Trailing 3 Months)



Units Under Construction



Percent of Market Absorbed (Trailing 3 Months)

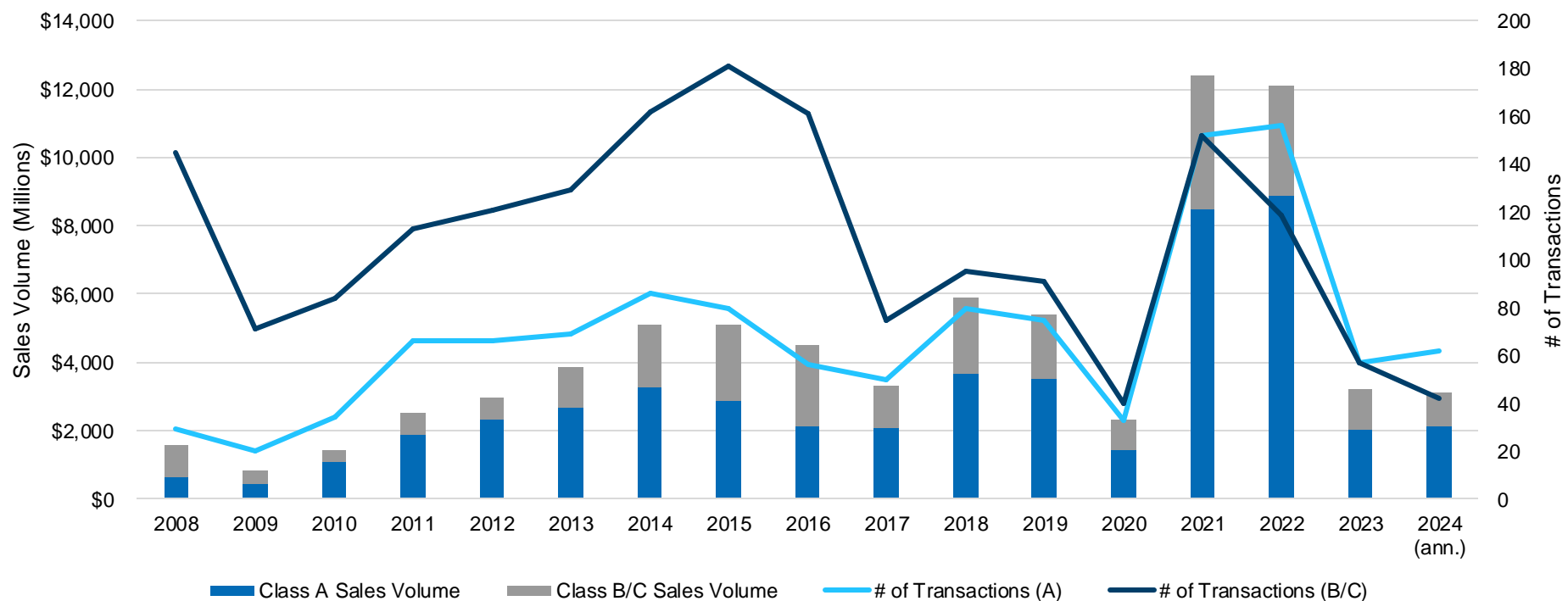


04 | Houston Transaction Trends

NEWMARK



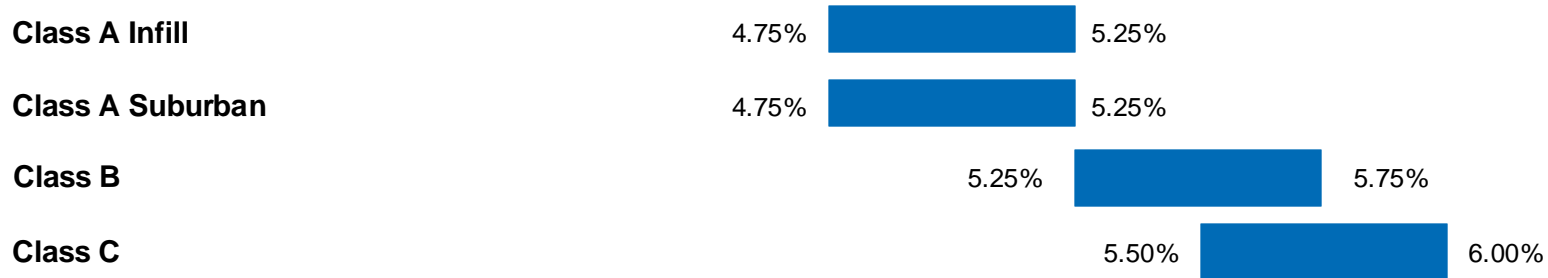
Multifamily Transaction Activity



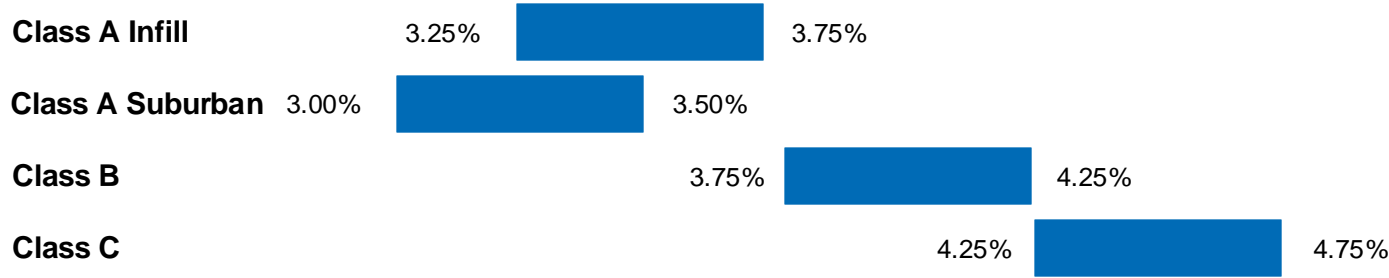
Year (volume in millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (ann.)
Total Volume	\$1,598	\$837	\$1,416	\$2,540	\$2,984	\$3,880	\$5,093	\$5,101	\$4,491	\$3,298	\$5,904	\$5,414	\$2,346	\$12,423	\$12,086	\$3,195	\$3,100
# of Transactions (Total)	174	91	118	179	187	198	248	261	217	125	175	166	73	304	275	114	104
Class A Sales Volume	\$660	\$432	\$1,081	\$1,883	\$2,326	\$2,652	\$3,271	\$2,892	\$2,150	\$2,084	\$3,668	\$3,536	\$1,435	\$8,460	\$8,898	\$2,049	\$2,104
# of Transactions (A)	29	20	34	66	66	69	86	80	56	50	80	75	33	152	156	57	62
Class B/C Sales Volume	\$938	\$405	\$334	\$657	\$658	\$1,228	\$1,822	\$2,209	\$2,341	\$1,214	\$2,236	\$1,878	\$911	\$3,963	\$3,188	\$1,146	\$996
# of Transactions (B/C)	145	71	84	113	121	129	162	181	161	75	95	91	40	152	119	57	42

Newmark's Current Estimate Of Houston Cap Rates

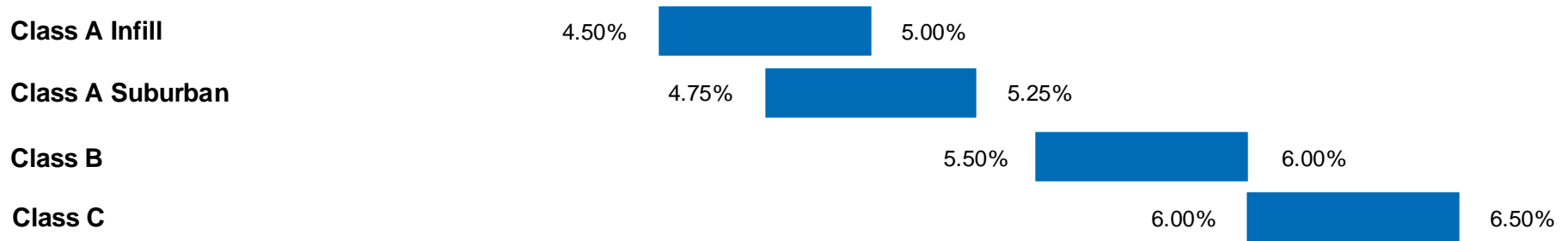
2Q23 Cap Rates



Market Peak Cap Rates



Current Cap Rates



Replacement Cost Tracker

Workforce WF		Per SF	Per Unit
Land	WF	\$8 - \$10	\$10K - \$15K
Hard Costs		\$135 - \$145	\$125K - \$150K
Soft Costs		15% - 20%	\$20K - \$35K
ALL-IN COST			\$165K - \$180K

Mid-Rise Stick Podium MP		Per SF	Per Unit
Land	MP	\$100 - \$175	\$50K - \$75K
Hard Costs		\$240 - \$280	\$190K - \$250K
Soft Costs		15% - 20%	\$35K - \$65K
ALL-IN COST			\$300K - \$340K

Garden G		Per SF	Per Unit
Land	G	\$8 - \$15	\$12K - \$18K
Hard Costs		\$145 - \$155	\$135K - \$155K
Soft Costs		15% - 20%	\$25K - \$40K
ALL-IN COST			\$185K - \$200K

Mid-Rise Concrete Podium MCP		Per SF	Per Unit
Land	MCP	\$150 - \$225	\$50K - \$70K
Hard Costs		\$300 - \$325	\$240K - \$295K
Soft Costs		15% - 20%	\$45K - \$75K
ALL-IN COST			\$350K - \$400K

4-Story Surface Park 4S		Per SF	Per Unit
Land	4S	\$15 - \$40	\$15K - \$30K
Hard Costs		\$155 - \$165	\$150K - \$180K
Soft Costs		15% - 20%	\$25K - \$40K
ALL-IN COST			\$200K - \$225K

High Rise HR		Per SF	Per Unit
Land	HR	\$175 - \$300	\$30K - \$60K
Hard Costs		\$375 - \$400	\$340K - \$520K
Soft Costs		15% - 20%	\$55K - \$115K
ALL-IN COST			\$450K - \$650K

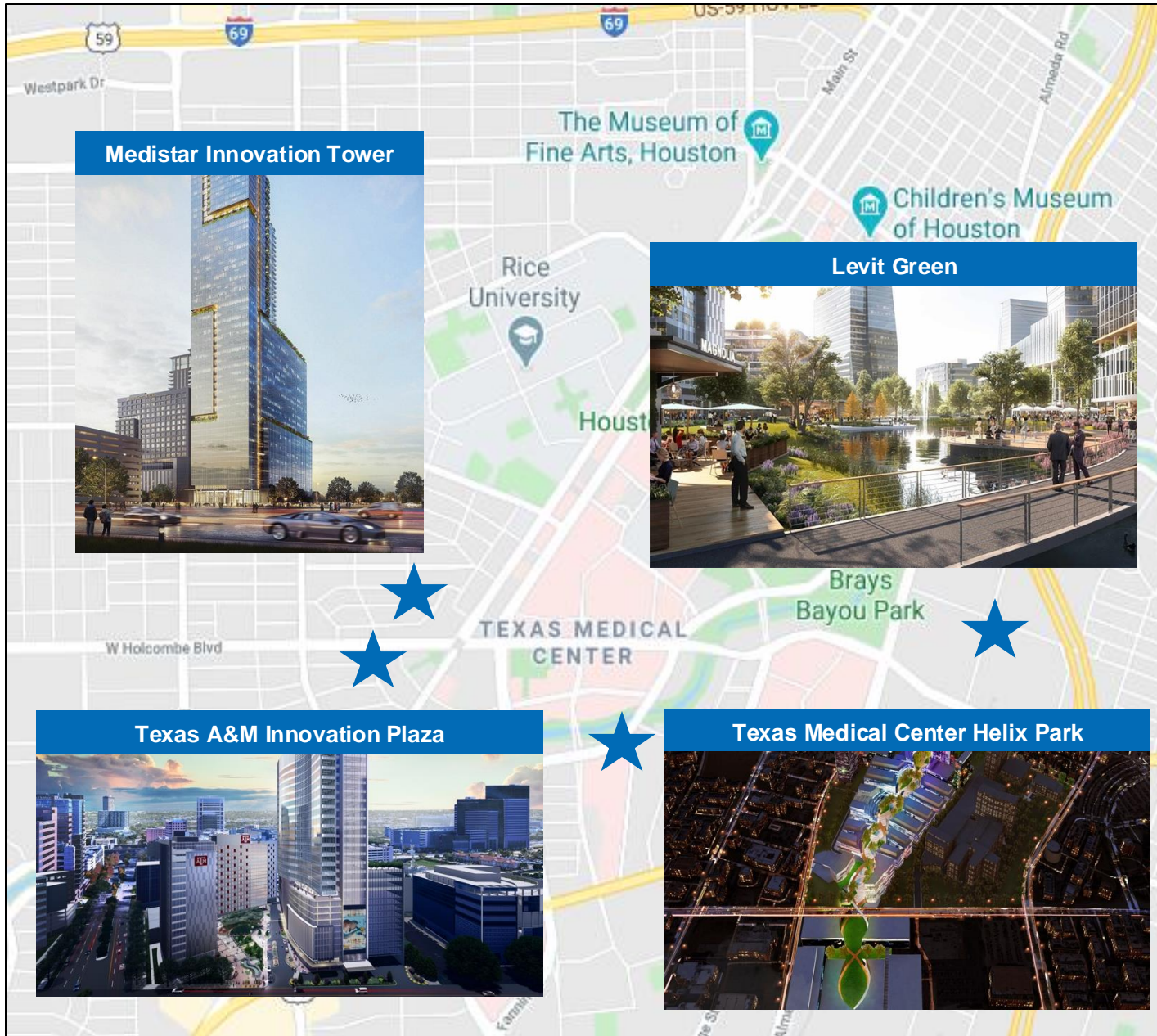
Mid-Rise Stick Wrap MW		Per SF	Per Unit
Land	MW	\$50 - \$150	\$40K - \$60K
Hard Costs		\$200 - \$220	\$165K - \$215K
Soft Costs		15% - 20%	\$30K - \$55K
ALL-IN COST			\$250K - \$290K

05 | Appendix



NEWMARK

Continued Growth Of A World-Class Healthcare Industry



Houston is advancing major developments in the commercial life sciences sector, positioning itself to compete with established hubs like Boston and San Francisco.

- **Levit Green**, which broke ground in Q3 2021, will offer laboratory and research facilities, as well as multifamily housing and retail space.
- **Texas A&M Innovation Plaza**, a five-acre, \$546 million development with three towers, began with the first tower completed in 2021, and all three are expected to be finished by 2024.
- **Medistar Innovation Tower**, a mixed-use project, features a 50-story, 1.7 million-square-foot tower with office space, 410 luxury apartments, and retail and dining amenities.
- **Texas Medical Center Helix Park**, uniting top medical talent, cutting-edge research, and renowned academic institutions to fuel innovation. Like its name, the park provides an interconnected chain of inspiring green spaces with amenities to promote relaxation and collaboration.

Continued Growth Of A World-Class Healthcare Industry



TMC Helix Park will bring together innovators from healthcare, science, academia, government, industry, manufacturing and the not-for-profit sector to collaborate on new medicines, medical devices, diagnostics, digital health platforms and treatment solutions. This world-class, 37-acre life sciences complex will offer:

37 Acres

5.0 million Developed SF

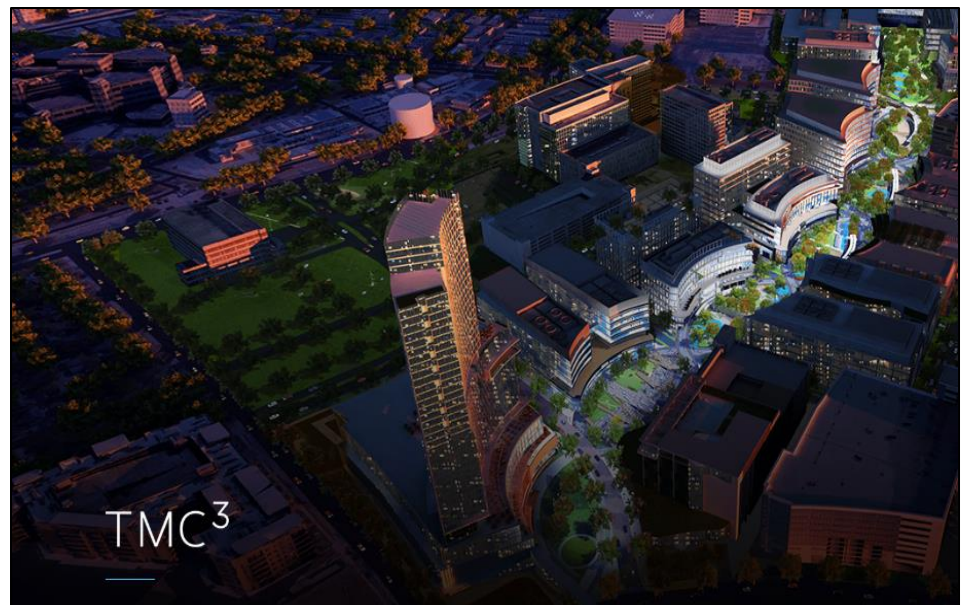
1 Collaborative Research Mixed-Use Building

6 Future Industry and Institutional Research Buildings

18.7 Acres of Public Green Space

With an estimated annual impact of \$5.4 billion, TMC Helix Park’s Bioresearch Campus will ignite significant economic activity across both the city and state. This development will create 23,000 new permanent positions across various industries, pay scales, tax levels, and educational backgrounds, along with more than 19,000 jobs during the construction phase. Baylor College of Medicine, occupying 114,000 square feet, is the anchor tenant for the first of four industrial buildings on campus. The building opened in the fourth quarter of 2023.

Economic Impact: TMC Helix Park Bioresearch Campus	City of Houston & Harris County	State of Texas
Construction Impacts	\$3,251.1M	\$3,742.5M
Ongoing Annual Impacts	\$4,795.4M	\$5,409.8M
Construction Jobs	17,167	19,097
Total Permanent Jobs	22,958	26,540



Continued Growth Of A World-Class Healthcare Industry



In 2022, the Texas Medical Center unveiled plans for TMC BioPort, **a 500-acre development that will double the size of the medical center within five to ten years**, according to CEO Bill McKeon. Located about two miles southwest of NRG Stadium, TMC BioPort will be just outside the 610 Loop.

TMC BioPort will focus on cell and gene therapy, biomanufacturing, and medical supply distribution. A \$100 million investment in local infrastructure is needed before the project starts in 2025. **McKeon expects BioPort to create 100,000 jobs and add \$54 billion annually to the economy.**



A Top Three US City for Fortune 500 Companies

Houston is home to 26 Fortune 500 companies, **ranking third among U.S. metro areas** behind New York and Chicago. The city offers extensive business opportunities, driven by a low cost of living, favorable taxes and a skilled workforce. In August 2024, Chevron announced plans to move its headquarters from San Ramon, California, to Houston.

Recent corporate relocations to Houston include **ExxonMobil** in 2023, **Par Pacific Holdings** in 2022, and **Hewlett Packard Enterprise** in 2021. **Amazon** opened one of its largest tech hubs in Houston in 2019, and **Tesla** recently expanded its footprint, leasing over 1 million square feet in the Empire West Business Park.

- Houston hosts **26 Fortune 500 headquarters**, generating **\$1.23 trillion in revenue**.
- **Texas** leads the nation with the most Fortune 500 companies.
- **Houston** has more headquarters than any other city in the state.



Notable New Houston Developments



East River

The 150-acre East River development on Buffalo Bayou will transform East Downtown with multifamily housing, office space, retail, restaurants and entertainment. Once completed, it will feature over 500 miles of bike lanes along bayou trails and waterfront areas. The 359-unit multifamily complex is currently in lease-up, with the remaining office and retail in phase one set to be completed by 2024.

Autry Park

Autry Park is an urban village and culinary destination near Buffalo Bayou Park. Situated on 14 acres along Allen Parkway in Montrose, the first two apartment buildings opened in spring 2022. The three-phase masterplan includes five towers, 1,450 residential units, 350,000 square feet of Class A office space, and 100,000 square feet of retail space around a central park.



Notable New Houston Developments

Memorial Town Square

This 27-acre mixed-use center in West Houston's Memorial Villages has broken ground. The development will feature new restaurants, boutiques, national retail brands, apartments, office space, and a lush, open-air town center with an urban park.

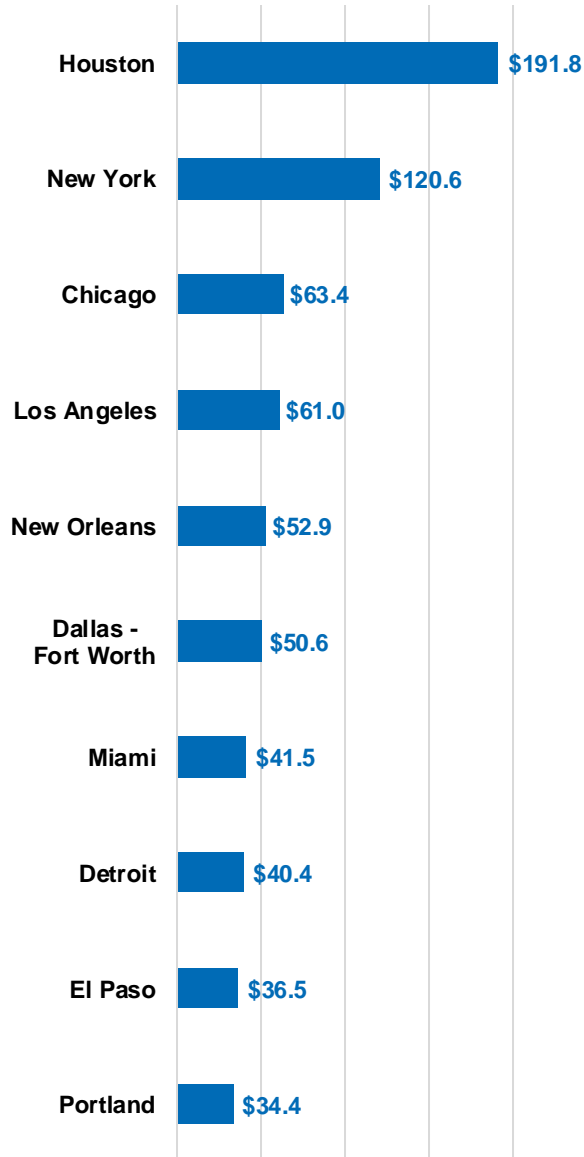


Port of Galveston Cruise Terminal 3

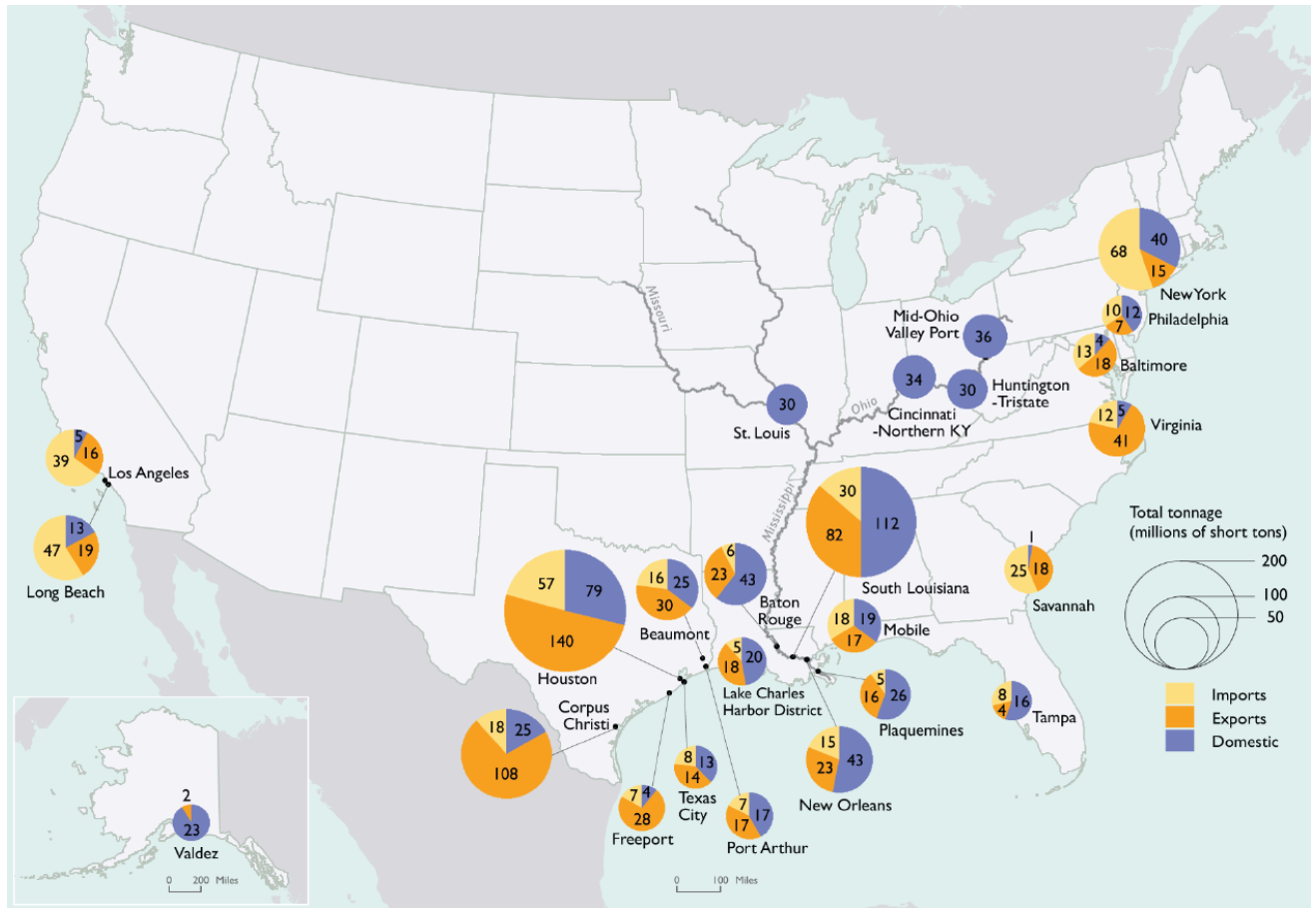
Royal Caribbean's new 162,000-square-foot, \$126 million terminal at the Port of Galveston features a sleek, modern design that aims to transform cruise travel. Opened in late 2022, the terminal can handle 6,000 passengers per day, boosting tourism in Houston.

Port Of Houston

Export Volume (Billions)



- #1 Port in the nation for domestic & foreign waterborne tonnage
- #2 Port in total foreign cargo value
- LARGEST** Container port in the Gulf Coast, handling 73% of coast traffic
- 97%** Of container market share in Texas
- LARGEST** U.S metro exporter
- \$439 BILLION** Contribution to state economic value
- 1.54 MILLION** Jobs supported by port activity



SOURCE: The Port of Houston, Greater Houston Partnership YE 2022

SOURCE: U.S. Department of Transportation, Bureau of Transportation Statistics, based upon 2020 data provided by U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center. Special tabulation as of December 2021.

Houston Rankings By The Press

#1

MOST ACTIVE PLACES FOR REAL ESTATE DEVELOPERS (2013-2022)

StorageCafe (as reported by Houston Chronicle) – May 2023

MOST NEW CONSTRUCTION HOMES SOLD

SmartAsset.com – May 2024

BEST PLACE FOR FOREIGN BUSINESS

Financial Times & Nikkei – November 2023

HOUSTON REIGNS AS STARTUP CAPITAL OF TEXAS

Smartest Dollar – October 2022

BEST HOSPITAL FOR CANCER - MD ANDERSON CANCER CENTER

U.S. News and World Report – 2023–2024

2024'S MOST DIVERSE CITIES IN AMERICA – HOUSTON

Wallet Hub – April 2024

HIGHEST IN DIVERSITY FOR SOUTHERN SCHOOLS- UH-DOWNTOWN

WSJ/College Pulse 2024 Best Colleges in the U.S. – November 2023

TOP TEXAS MARKET FOR LIFE SCIENCE TALENT

CBRE (via Houston Business Journal) – June 2023

#2

U.S. METRO HOME TO FORTUNE 500 COMPANIES

Fortune (via Houston Chronicle) – June 2023

FASTEST GROWING U.S. METRO

U.S. Census Bureau – May 2023

CITY FOR CORPORATE HEADQUARTERS

BusinessFacilities.com – August 2023

#3

BEST CHILDREN'S HOSPITAL IN THE U.S. – TEXAS CHILDREN'S HOSPITAL

U.S. News & World Report – 2023–2024

10 BEST CITIES FOR ENTREPRENEURS

The Zebra – April 2024

U.S. METRO FOR CORPORATE RELOCATION AND EXPANSION IN 2022 – HOUSTON

Site Selection – May 2022



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