

Houston Multifamily Market Report



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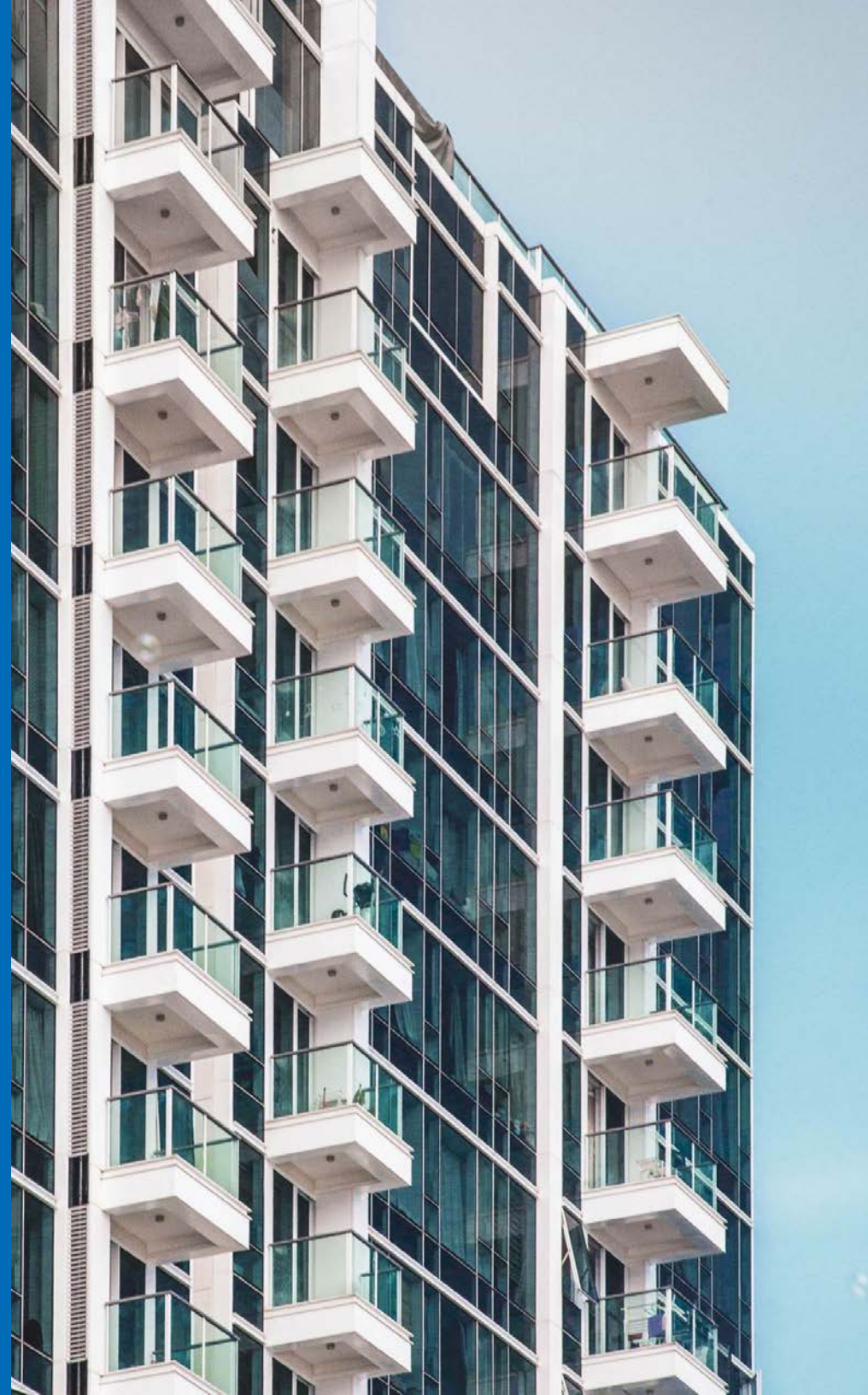
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01 | Newmark Houston Overview

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



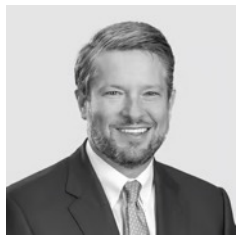
BEN JOHNSON
Managing Director



JONATHAN POWELL
Transaction Manager



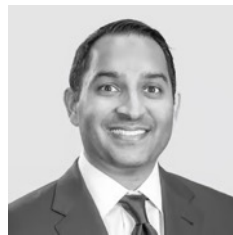
ANTHONY LUKEFAHR
Transaction Manager



TIP STRICKLAND
Vice Chairman



DAVID SCHWARZ
Vice Chairman



PURVESH GOSALIA
Vice Chairman



DILLON MILLS
Managing Director



CHET MANNING
Associate Director

185+ YEARS

Newmark Houston's Investment Sales and Capital Markets brokers have over 185 years of combined expertise in selling and financing multifamily properties.

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

Equity

BEN JOHNSON
Managing Director

Land

DILLON MILLS
Director

CHET MANNING
Associate Director

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

Ranked by REA as the #1 Multifamily Team in the Country by Deal Count in 1H24

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.*



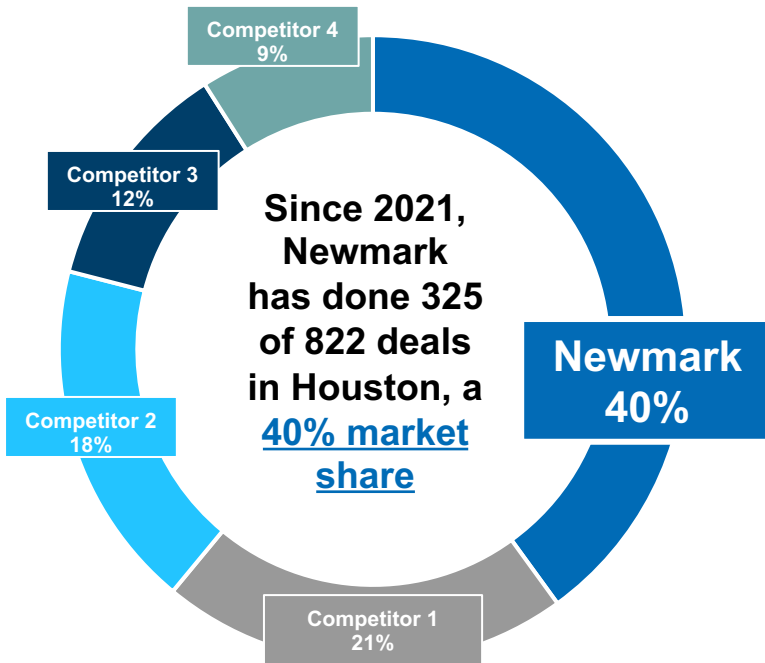
*Although Real Estate Alert tracks only transactions over \$25M, this list gives a clear picture of market share.

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

Newmark Houston Market Share




Market Share 2021 to Present

325 Deals Closed
 92,475 Units Sold
 \$13.8B Sales Volume
 184 Class A Transactions
 141 Class B/C Transactions






Notable 3Q24 Transactions


Class A Sales

	Remy on the Trails 2022 YOC 330 Units		San Cierra 2008 YOC 363 Units		Knox at Westchase 1999 YOC 518 Units
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Class B/C Sales

	Tranquility Grove Townhomes 1984 YOC 92 Units		Candleridge Park 1985 YOC 128 Units		Park Place 1972 YOC 101 Units
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Financing & Equity Placement

	Cortland West Champions CMBS Execution 2007 YOC 710 Units		Portico Kirby Debt Fund Execution 1999 YOC 263 Units		Gables River Oaks Pension Fund Advisor 2013 YOC 302 Units
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02 | Houston Economic Overview

NEWMARK



Houston Highlights

Economy

- As the fourth-largest metropolitan statistical area in the U.S., Houston is projected by Moody's Analytics to add 394,000 residents by 2029. Texas is home to eight of the top 10 highest-growth counties nationwide, including three 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 in the top five U.S. markets for employment growth, with Moody's Analytics forecasting Houston to be second only to Phoenix from 2025 to 2029, with an annual average job increase of 34,000. In the past year alone, Houston added 80,500 jobs.
- Houston has recorded the highest annual wage growth among major metros—nearly double the national average—and stands out as a market where wage increases have consistently outpaced rent growth, both year-over-year and since the pre-pandemic period.
- Oil and gas employment is currently 25% below its peak during the fracking boom a decade ago. Despite this, total employment growth for Houston has surpassed 497,000 over the last 10 years, reflecting significant expansion in other sectors.
- With record-high home values and elevated mortgage rates, Houston's average monthly PITI payment is \$3,571—more than two and a half times the average multifamily rent of \$1,286 and double the average Class A rent of \$1,752.

Multifamily

- Effective rents rose by 1.5% YTD through the third quarter of 2024, with Class A rents increasing by 1.7% in the same period. Houston's strong population and employment growth, coupled with an undersupply of new construction, have pushed rents higher. AxioMetrics projects positive rent growth in 32 of Houston's 35 submarkets from 2025 to 2028.
- Class A absorption remains robust, with 19,156 units absorbed over the past 12 months—exceeding the 10-year average of 12,427 units. Through the third quarter of 2024, 15,605 Class A units have been absorbed, marking a 30.5% increase over the average YTD Q3 absorption for the previous five years.
- Currently, 13,779 units are under construction in Houston, representing 1.8% of the MSA's total inventory of 766,851 units. **This construction level is lower than Dallas at 3.3%, San Antonio at 4.4%, and Austin at 6.2%.**
- Annualized 2024 transaction volume is on track to exceed total 2023 volume by 24.4%, driven by interest rate compression and downward cap rate pressure.

Houston Is Set Up For Continued Growth

As the nation’s fourth-largest city, Houston hosts one of the world’s youngest, fastest-growing and most diverse populations, shaping a unique cultural identity and lifestyle. For decades, Houston has led in innovations across energy, aerospace and life sciences. Science and engineering drive the economy, with the region now emerging as a hub for high-tech companies, entrepreneurship and top talent.

STRONG, DIVERSE ECONOMY

4th Largest U.S. City

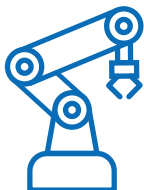
3.4M Jobs

\$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
- 24 FORTUNE 500 HEADQUARTERS

BEST U.S. CITY FOR FOREIGN MULTINATIONALS TO DO BUSINESS¹

MOST DIVERSE MAJOR CITY IN AMERICA²

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 (2025-2029)	Population Growth (ths)	Population Growth	Average Annual Gain/Loss ¹
1 Houston	394.1	5.1%	98.5
2 Phoenix	345.9	6.6%	86.5
3 Dallas	299.2	5.3%	74.8
4 Atlanta	243.6	3.8%	60.9
5 Seattle	127.8	4.1%	32.0
6 Tampa	119.9	3.5%	30.0
7 Denver	113.3	3.7%	28.3
8 Minneapolis	96.8	2.6%	24.2
9 Riverside	90.0	1.9%	22.5
10 Washington D.C.	85.2	1.7%	21.3
11 Miami	76.7	2.8%	19.2
12 San Francisco	31.8	2.1%	7.9
13 Boston	12.6	0.6%	3.2
14 San Diego	8.3	0.3%	2.1
15 Los Angeles	7.1	0.1%	1.8
16 New York	5.5	0.0%	1.4
17 Baltimore	5.2	0.2%	1.3
18 Philadelphia	-6.1	-0.3%	-1.5
19 Detroit	-65.3	-3.8%	-16.3
20 Chicago	-114.2	-1.6%	-28.6

- According to Moody’s Analytics, **Houston ranks first among the 20 largest U.S. metros** for projected population growth from 2025 to 2029.
- With a current population exceeding 7.5 million, Houston stands as the fourth-largest metro area in the U.S.
- Since 2017, Houston has achieved an annual population growth rate of 1.2% and is expected to grow by an average of 1.0% per year over the next five years.

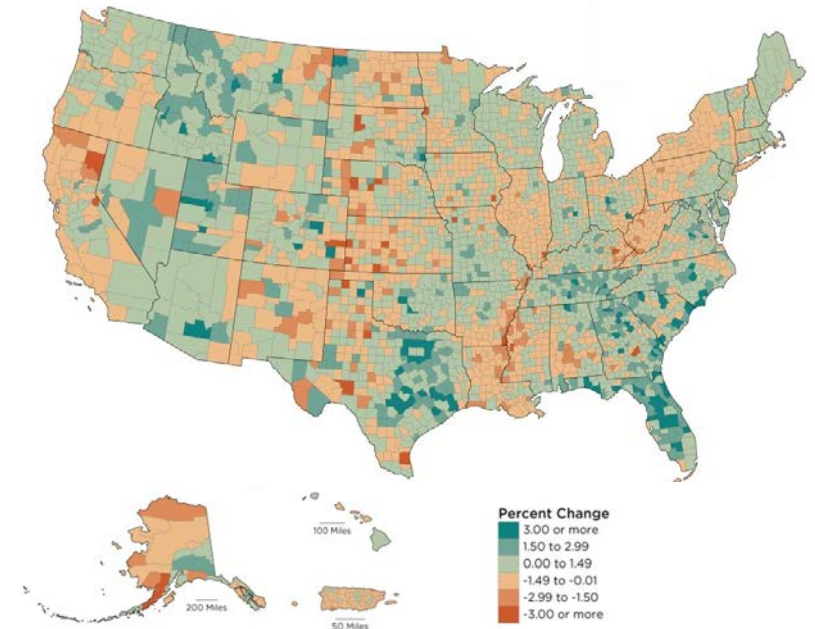
Top Projected Net Migration

Metro (2025-2029)	2025-2029 Net Migration (ths)	2025-2029 Average Annual Net Migration (ths) ¹
1 Phoenix	361.2	72.2
2 Houston	282.5	56.5
3 Dallas	209.6	41.9
4 Tampa	184.6	36.9
5 Atlanta	181.9	36.4
6 Seattle	90.5	18.1
7 Denver	82.2	16.4
8 Miami	75.6	15.1
9 Minneapolis	38.7	7.7
10 Riverside	17.8	3.6
11 San Francisco	15.6	3.1
12 Boston	1.0	0.2
13 Baltimore	-6.0	-1.2
14 Washington D.C.	-21.6	-4.3
15 Philadelphia	-38.4	-7.7
16 San Diego	-71.9	-14.4
17 Detroit	-90.7	-18.1
18 Los Angeles	-134.3	-26.9
19 New York	-238.8	-47.8
20 Chicago	-240.1	-48.0

- **Moody's Analytics ranks Houston second among the 20 largest U.S. metros** for projected net migration from 2025 to 2029.
- Nearly 283,000 people are expected to move to the Houston metro during this period, averaging 57,000 new residents per year.

Counties With Highest Population Growth in The Nation

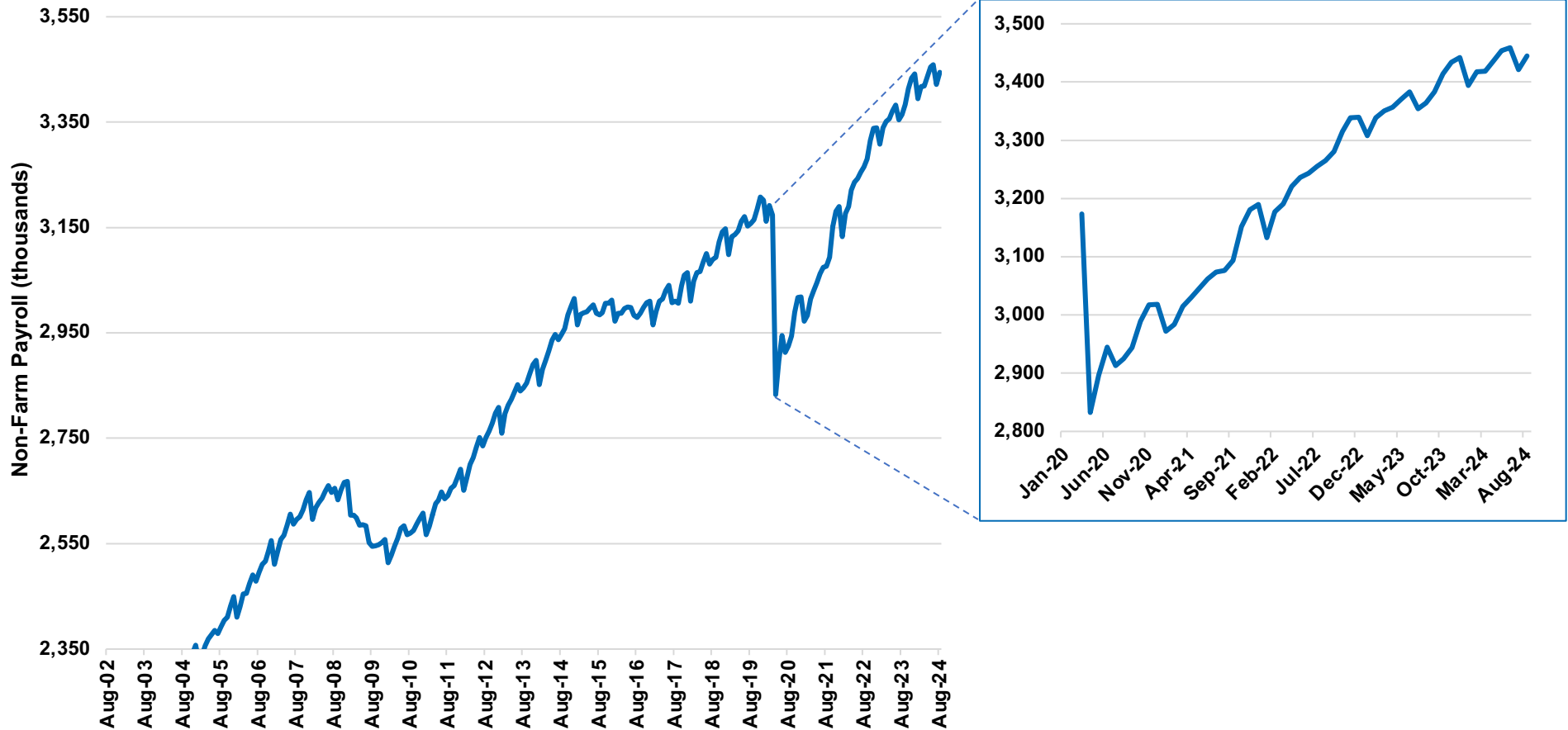
Rank	State	County	Jul-22	Jul-23	Numeric Growth	Percent Growth
1	Texas	Harris County	4,781,337	4,835,125	53,788	1.12%
2	Texas	Collin County	1,158,995	1,195,359	36,364	3.14%
3	Texas	Montgomery County	679,554	711,354	31,800	4.68%
4	Arizona	Maricopa County	4,555,833	4,585,871	30,038	0.66%
5	Florida	Polk 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 nation’s 10 highest-growth counties, **including three in the Houston MSA**, three in Dallas-Fort Worth, one in San Antonio, and one in greater Austin.
- From July 2022 to July 2023, Harris County added 53,788 residents—the highest increase of any U.S. county. Nearby Montgomery and Fort Bend counties also experienced notable growth, ranking third and seventh in numeric gains, respectively.

Metro Employment Update

Houston Historical Non-Farm Payroll



- In August 2024, the U.S. Bureau of Labor Statistics reported a monthly gain of 23,400 jobs in Houston, marking the third-highest non-farm payroll figure in the city's history.
- Houston, which lost 359,000 jobs during the pandemic, had added back 612,200 jobs as of August 2024—recovering over 170% of jobs lost.
- **The city saw record-breaking annual job growth**, adding over 172,000 jobs in 2021 and 145,000 jobs in 2022, the highest levels since 1990. Over the past 12 months, Houston added more than 80,500 jobs, ranking second in national job growth, behind only New York.

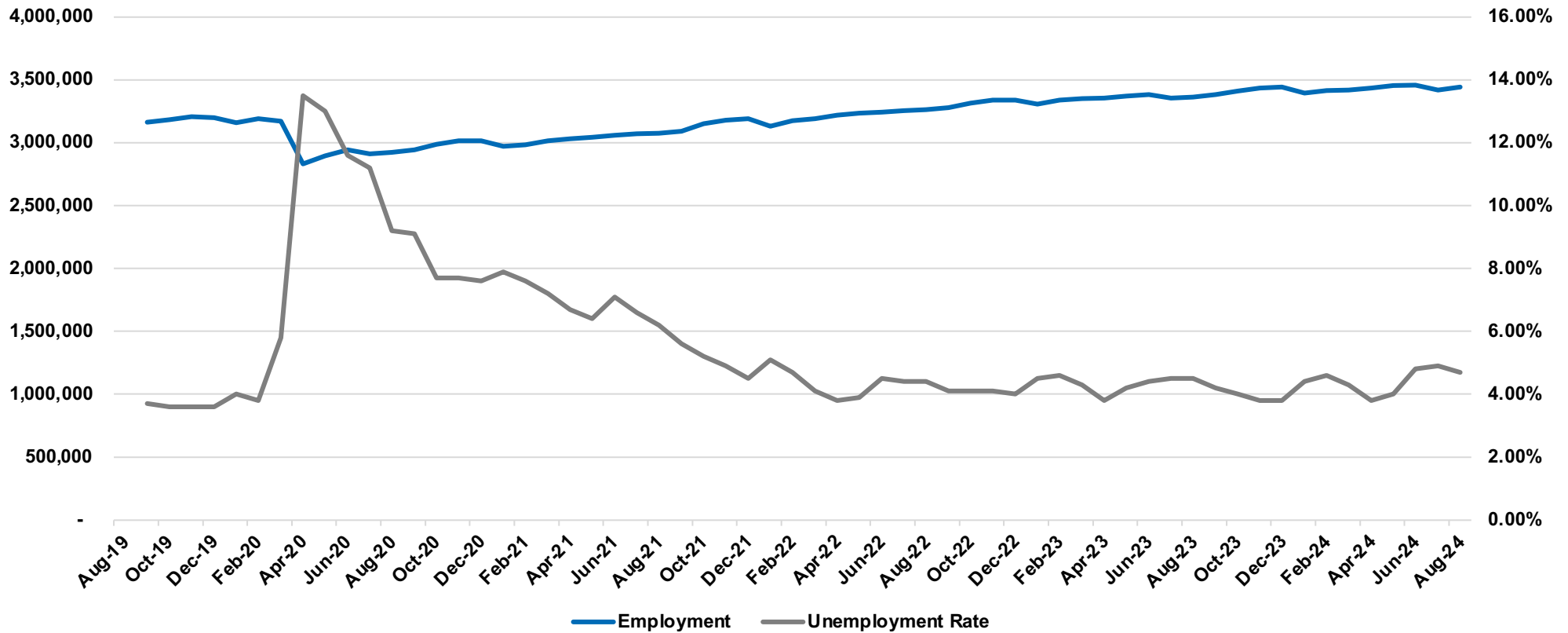
Metro Employment Update

Metro (2025-2029)		Employment Growth (ths)	Employment Growth	Average Annual Job Growth
1	Phoenix	150.6	6.0%	37.7
2	Houston	134.6	3.9%	33.6
3	Dallas	110.2	3.5%	27.5
4	Atlanta	83.4	2.7%	20.8
5	Denver	58.4	3.6%	14.6
6	Seattle	54.3	3.0%	13.6
7	Tampa	47.1	3.0%	11.8
8	Miami	44.9	3.3%	11.2
9	Washington D.C.	33.9	1.2%	8.5
10	San Francisco	27.5	2.3%	6.9
11	Riverside	27.3	1.6%	6.8
12	Minneapolis	25.5	1.3%	6.4
13	Los Angeles	19.6	0.4%	4.9
14	Boston	14.7	1.1%	3.7
15	San Diego	10.2	0.6%	2.5
16	Baltimore	4.0	0.3%	1.0
17	Philadelphia	2.7	0.3%	0.7
18	Chicago	-12.8	-0.3%	-3.2
19	Detroit	-15.2	-2.0%	-3.8
20	New York	-38.3	-0.5%	-9.6

Moody's Analytics projects that Houston will add nearly 135,000 jobs from 2025 to 2029, ranking second in projected employment growth nationwide, just behind Phoenix.

Metro Employment Update

Houston Labor Force & Unemployment Rate



- In August 2024, Houston’s MSA unemployment rate was 4.7%, a full percentage point below the monthly average since the pandemic’s onset.
- Statewide, Texas recorded a 4.1% unemployment rate, down significantly from its peak of 12.8% in April 2020.
- Nationally, U.S. unemployment also stood at 4.1% in August 2024, a sharp decline from the high of 14.7% in April 2020.

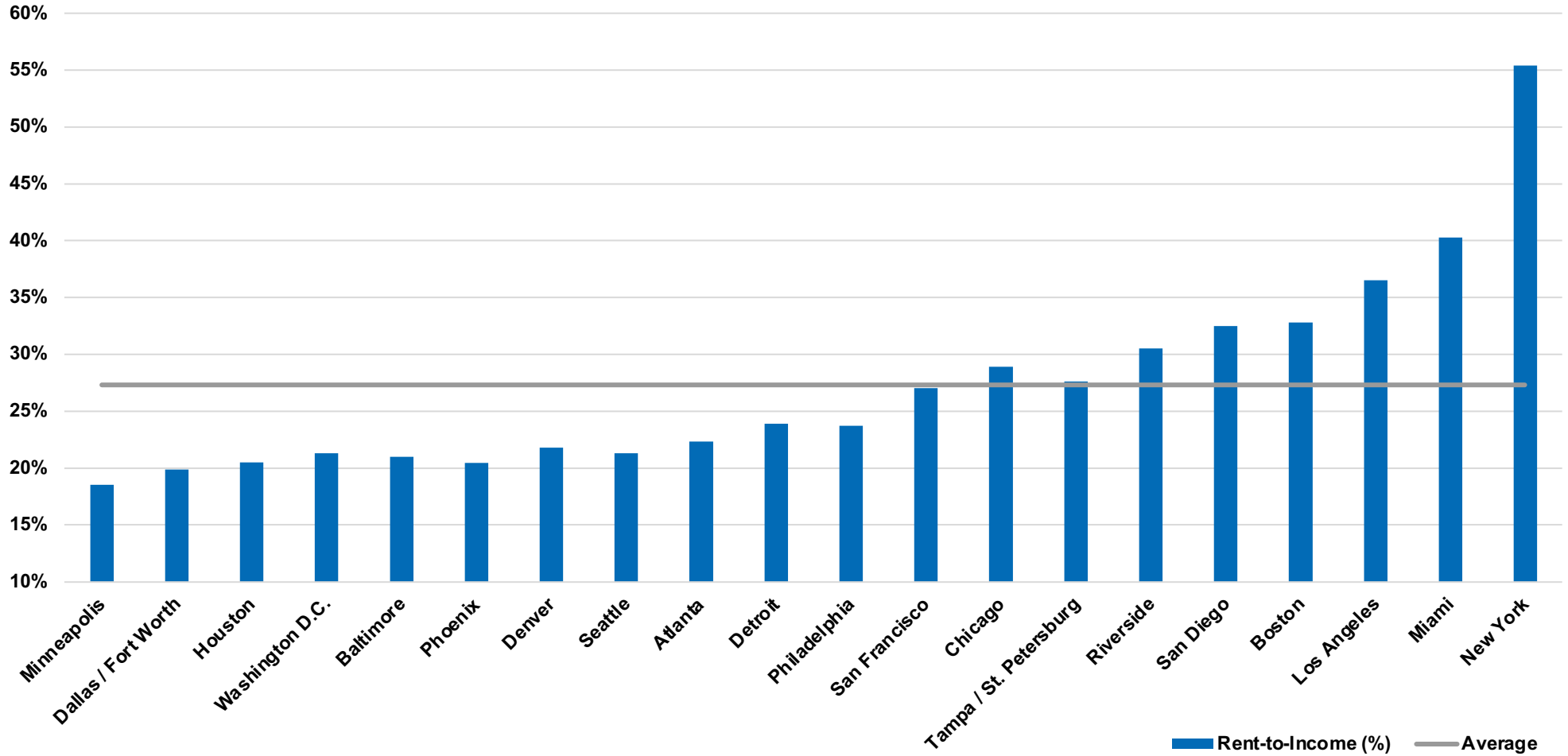
Houston Wages Growing Faster Than Rents

	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 led all U.S. metros in annual wage growth, nearly doubling the national average, and was one of only four markets where wage gains consistently outpaced rent increases both year-over-year and since pre-pandemic levels. This robust wage growth, alongside strong job gains, positioned Houston as the second-fastest-growing metro in the nation for population growth in 2023, according to U.S. Census Bureau data.

Affordability Metrics

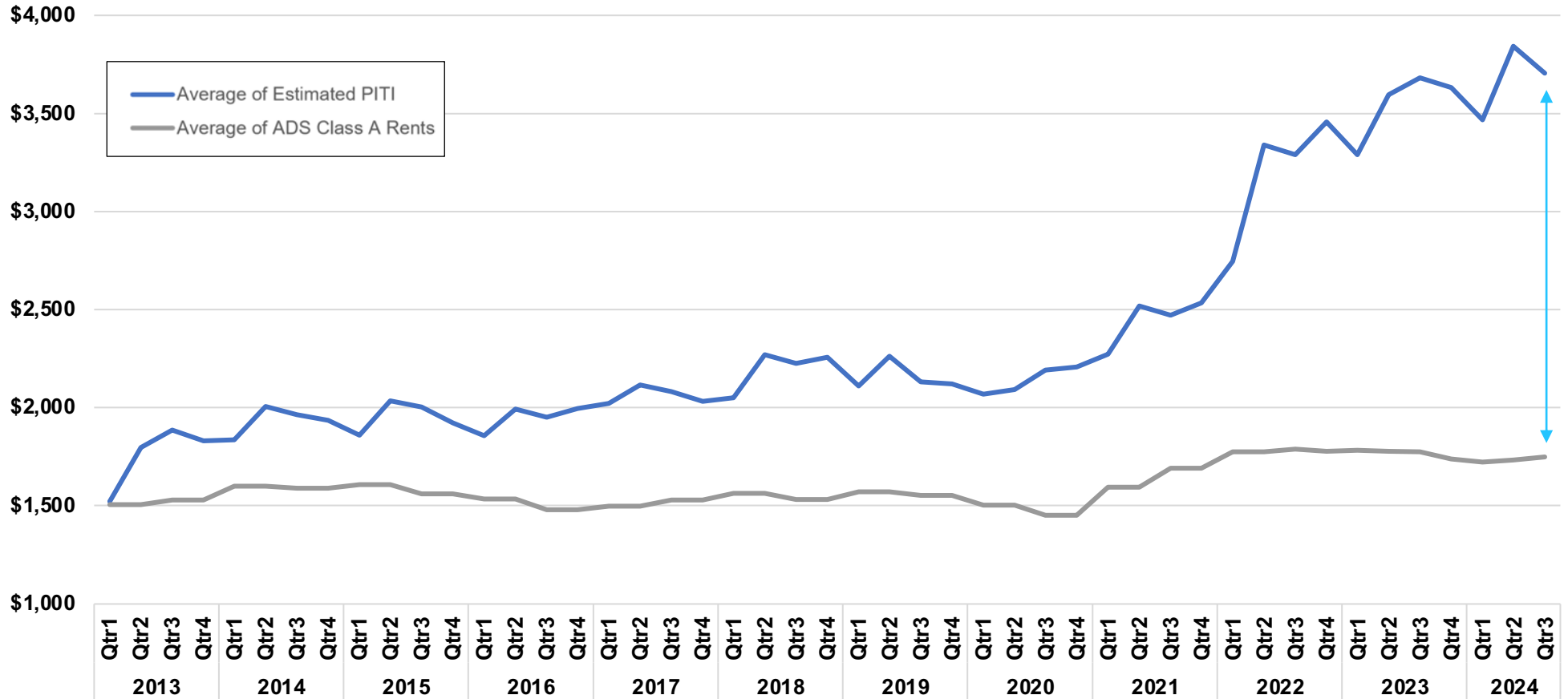
20 U.S. Metro Rent-to-Income Ratio (2025)



- Among the 20 largest U.S. metros, **Houston ranks third in projected rental affordability**, with a rent-to-income ratio of 20.5%, well below the national average of 27.3%.

Single-Family Market

Houston Metro – Rent vs. Own



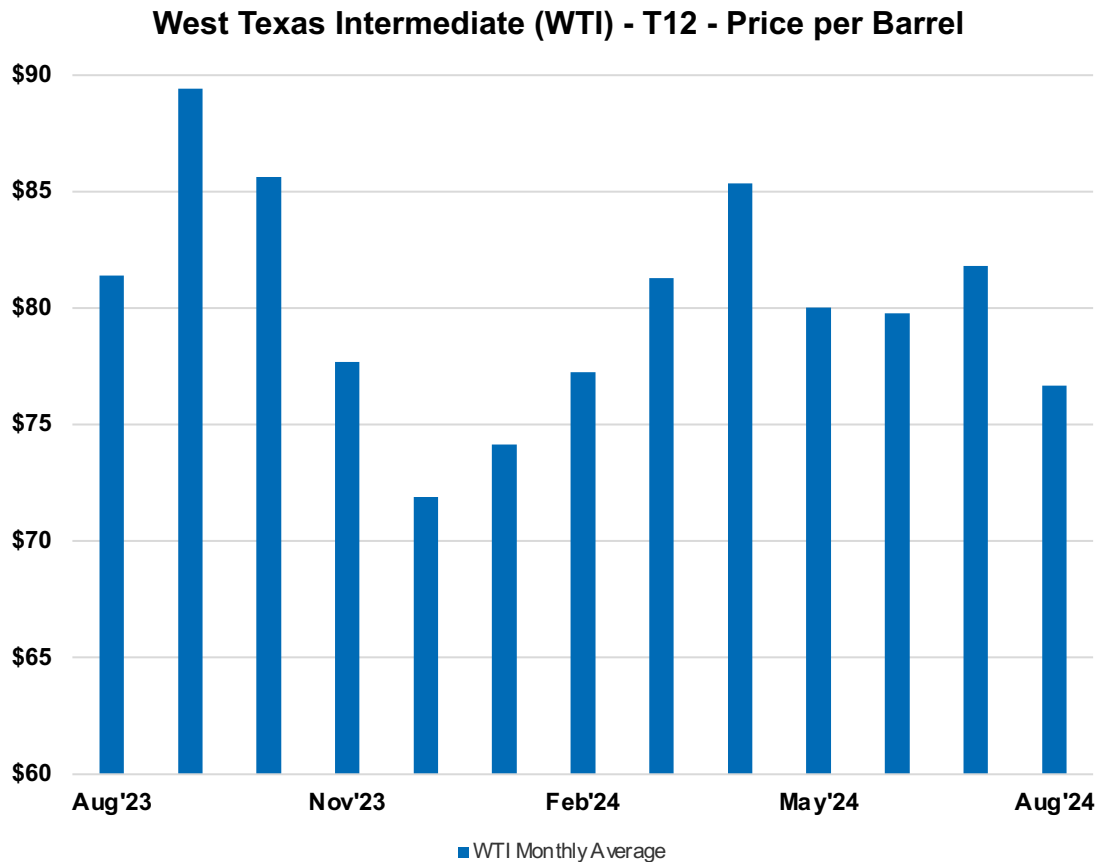
- Near-record home values and high interest rates have driven average mortgage payments significantly above multifamily rents, highlighting the relative affordability of renting over home ownership.
- In Houston, the average monthly PITI payment is \$3,571—more than two and a half times the average multifamily rent of \$1,286 and double the average Class A rent of \$1,752. **The affordability gap between Class A rents and the estimated PITI for new homebuyers is nearing its widest point 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 & Gas Industry

As the energy capital of the world, Houston has seen substantial benefits from rising oil prices. Over the past 24 months, the average price of West Texas Intermediate (WTI) oil approached \$80 per barrel. The U.S. Energy Information Administration forecasts WTI prices to average \$79.63 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

Diversifying Economy & Energy Transition Leader

Although Houston's oil and gas sector remains integral to the economy, the city has strategically diversified, branching into life sciences, aerospace, global trade, advanced manufacturing, and logistics.

Oil and gas employment is now 25% below the peak levels seen during the fracking boom 10 years ago. **Despite these reductions, Houston's overall employment has surged by more than 497,000 over the same period, reflecting robust growth across other industries.** This diversification has reduced the city's vulnerability to the cyclical nature of oil and gas.

Houston is also committed to pioneering the energy transition, with initiatives in carbon capture, biofuels, energy storage, geothermal, solar, wind, and hydrogen. Recent projects announced by the Greater Houston Partnership include:

- Building the first U.S. Alkaline Electrolyzer Gigafactory in Baytown (Belgian-based John Cockerill)
- Developing a solar panel manufacturing plant in Tomball (China-based Imperial Star Solar)
- Constructing a 134-megawatt solar power plant and storage facility in Liberty County (Canada's Recurrent Energy)
- Beginning construction on a battery component manufacturing plant in LaPorte (Orion S.A.)
- Opening an office for a leading carbon-capture solutions provider at the Ion (U.K.-based Carbon Clean)

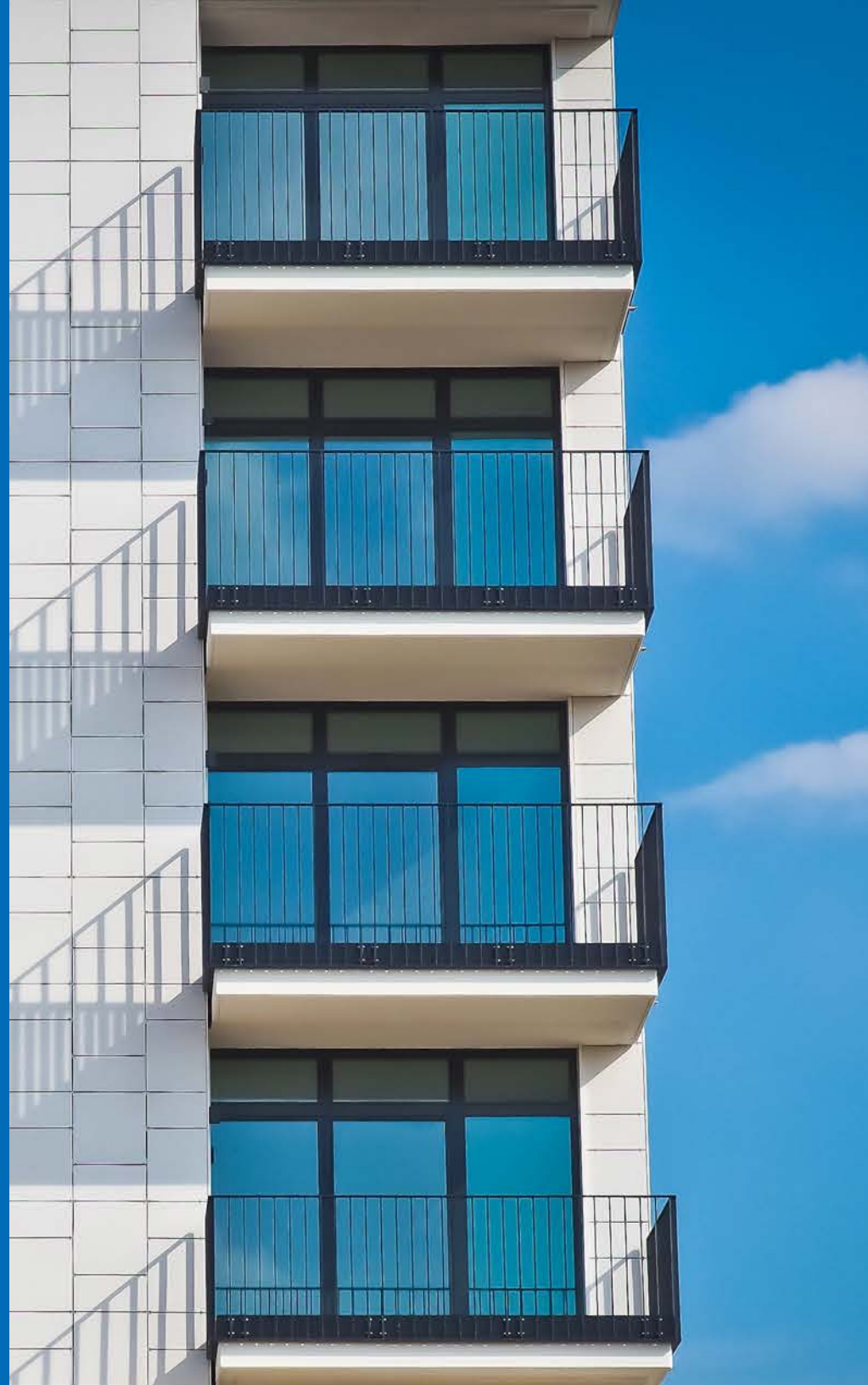


“And as the world moves to a low-carbon energy future, Houston has positioned itself to lead the transition. **All these shifts have made Houston less vulnerable to the boom-and-bust cycles of the past and laid the foundation for future growth.**”

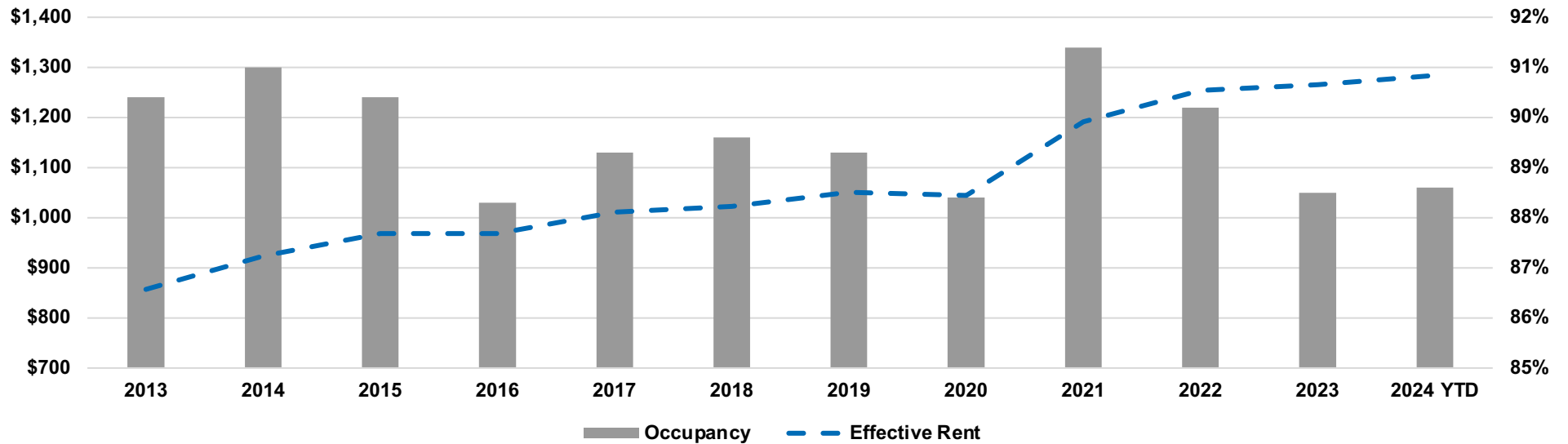
– Greater Houston Partnership

03 | Houston Multifamily Overview

NEWMARK



Historic Houston Multifamily Fundamentals



Year	Total Units	New Supply	Class A Units Absorbed	Occupancy	Effective Rent
2013	578,548	12,314	3,111	90.4%	\$857
2014	592,073	17,472	5,524	91.0%	\$924
2015	610,851	20,679	7,960	90.4%	\$968
2016	631,063	21,704	11,519	88.3%	\$968
2017	643,454	14,094	16,645	89.3%	\$1,011
2018	651,503	5,656	8,009	89.6%	\$1,023
2019	669,664	17,233	8,875	89.3%	\$1,051
2020	690,419	22,678	12,104	88.4%	\$1,044
2021	709,784	20,085	24,742	91.4%	\$1,191
2022	724,360	16,227	13,126	90.2%	\$1,254
2023	751,143	25,545	15,767	88.5%	\$1,265
2024 YTD	766,851	18,754**	20,807*	88.6%	\$1,284
10-Year Avg.	667,431	18,137	12,427	89.6%	\$1,106

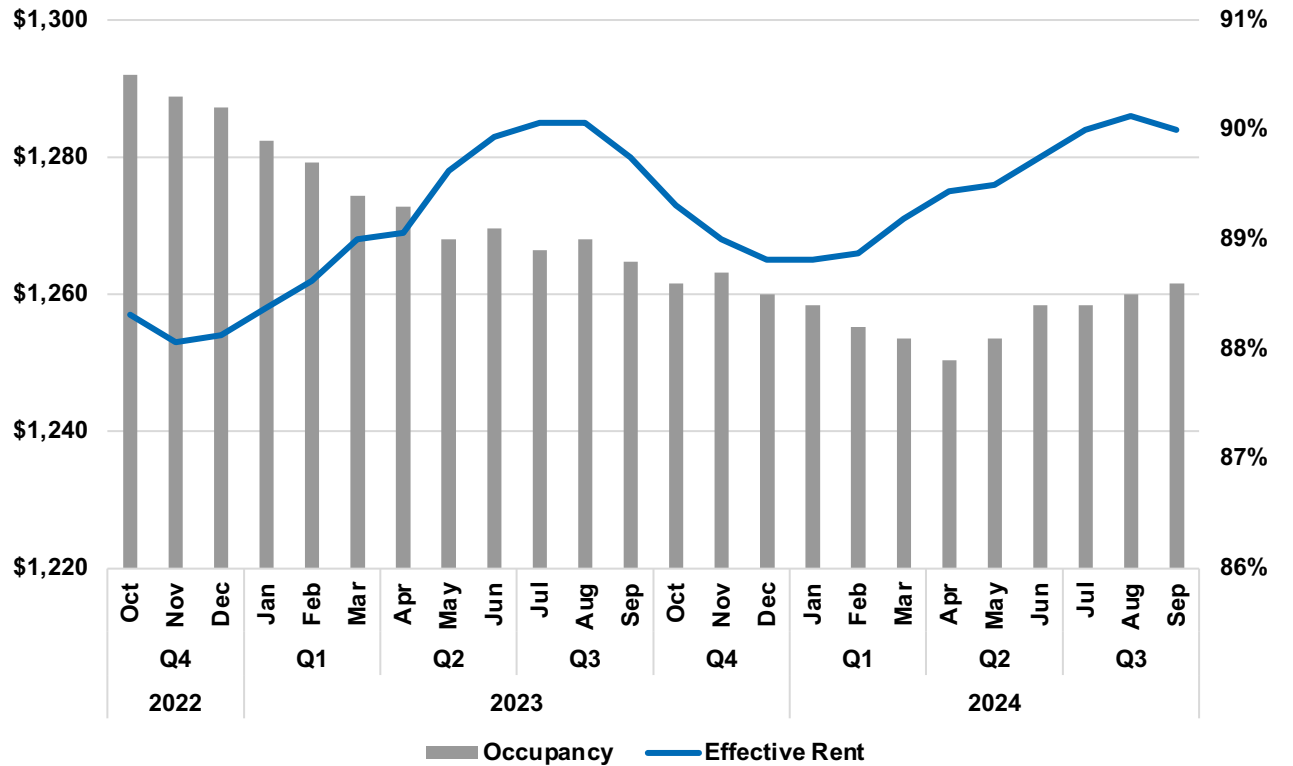
* Annualized absorption
 ** Newmark expected deliveries

Multifamily Market Performance - All Classes

Market Snapshot

# of Properties	3,230
# of Units	766,851
Average Rent	\$1,284
Average Rent per SF	\$1.44
Average Occupancy	88.6%

All Classes Effective Rent & Occupancy



- Effective rents for all classes have increased by 1.5% year-to-date in 2024, while occupancy remains steady at 88.3%.
- Houston stands out as the only major Texas MSA with positive trailing 12-month rent growth, at 0.9%.
- Across the MSA, effective rents have risen by 10.0% since 3Q21. Houston’s strong population and employment growth, coupled with limited new construction, continues to drive upward pressure on rents.

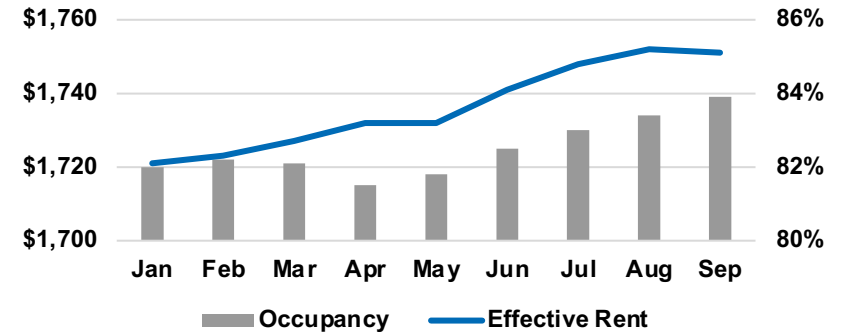
Multifamily Market Performance By Class

Market Snapshot	Class A	Class B	Class C
# of Properties	778	1,178	899
# of Units	205,785	284,662	218,027
Average Rent	\$1,751	\$1,275	\$992
Average Rent PSF	\$1.85	\$1.42	\$1.16
Average Occupancy	91.1%*	90.9%	90.0%

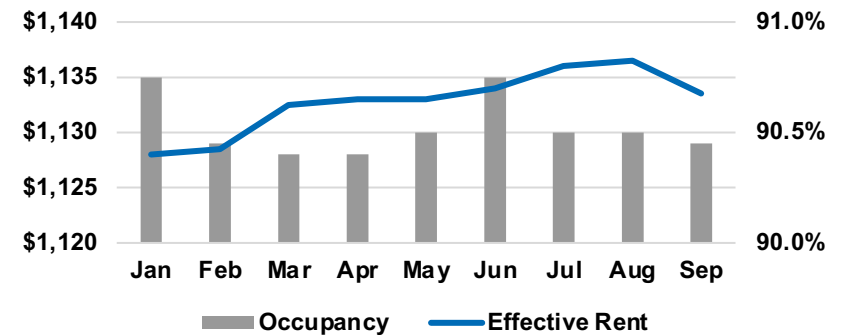
*Occupancy based on stabilized properties

- Demand for Class A properties is bolstered by limited new construction and rising single-family home prices. Over the past 12 months, Class A assets have absorbed 19,156 out of 205,785 units, representing approximately 9.3% of total absorption.
- During the pandemic, Class B and C rents remained relatively stable, with only slight decreases of 1.42% and 0.24%, respectively. Occupancy for Class B and C assets has consistently stayed above 90% over the past two years.

Class A Effective Rent & Occupancy YTD



Class B/C Effective Rent & Occupancy YTD



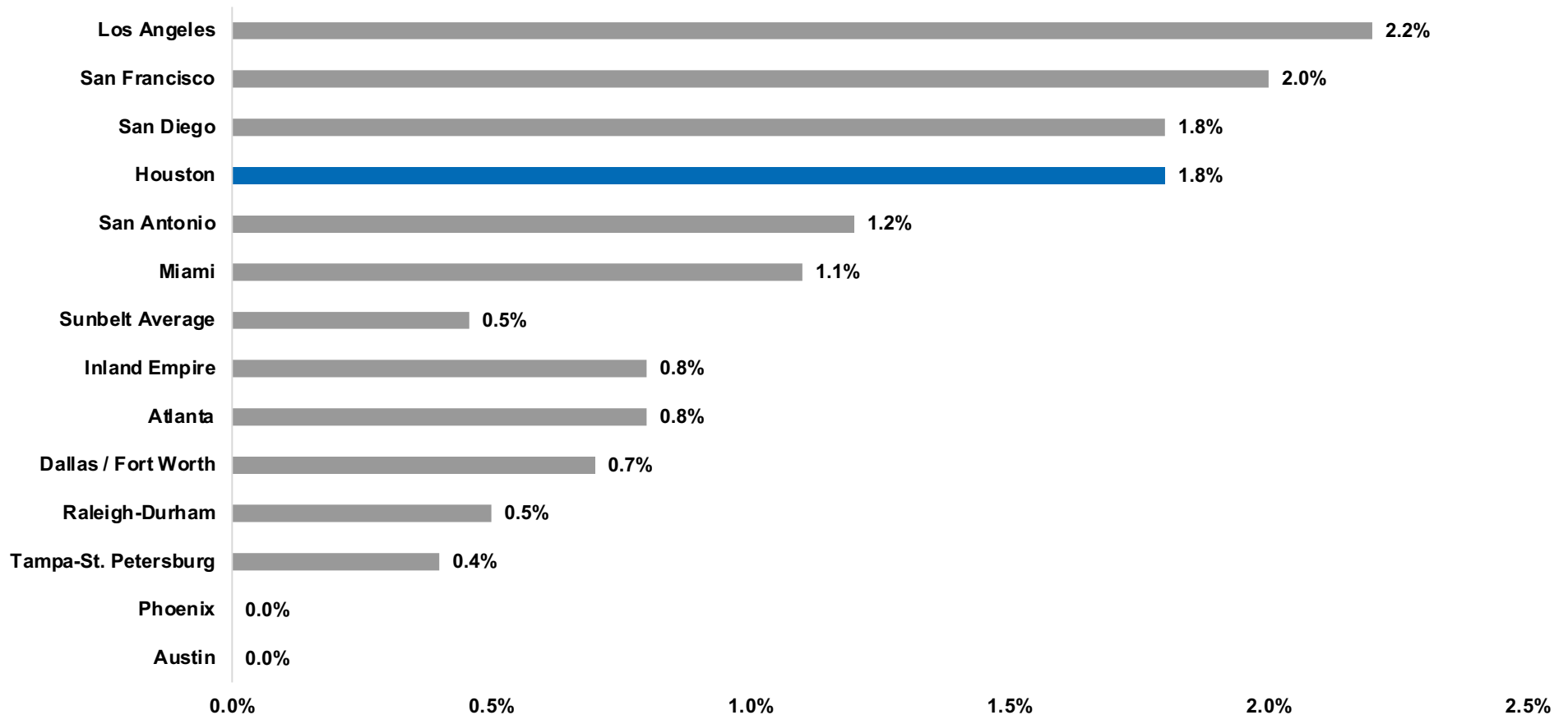
3Q24 Effective Rent Growth and 2025–2028 Projections

Axio Submarket	3Q24	2024	2025-2028	Axio Submarket	3Q24	2024	2025-2028
Alief	2.2%	2.7%	4.0%	Sugar Land/Stafford	-0.5%	-0.2%	0.0%
Memorial	1.7%	0.0%	0.1%	Greater Heights/Washington Avenue	-0.5%	-1.8%	0.1%
Gulfton/Westbury	1.6%	1.5%	3.5%	Galleria/Uptown	-0.6%	0.1%	0.6%
North Central Houston	1.2%	4.0%	4.2%	East Inner Loop	-1.0%	-1.5%	1.0%
Northeast Houston	1.1%	1.3%	3.7%	Bear Creek	-1.3%	-0.2%	1.4%
Hobby Airport	0.9%	0.9%	3.0%	Westchase	-1.4%	-0.7%	1.1%
Pasadena/Southeast Houston	0.8%	2.3%	4.1%	West University/Medical Center/Third Ward	-1.6%	-0.4%	0.0%
Downtown/Montrose/River Oaks	0.7%	-1.8%	0.1%	Clear Lake	-1.6%	0.4%	1.6%
Baytown	0.7%	0.2%	2.5%	Champions West	-1.7%	-0.6%	1.3%
Sharpstown/Fondren Southwest	0.6%	2.8%	4.2%	Humble/Kingwood	-1.7%	-0.1%	1.3%
Greenway/Upper Kirby	0.3%	-1.4%	0.1%	Spring/Tomball	-1.7%	0.1%	1.4%
Spring Branch	0.3%	0.5%	2.3%	Far West Houston	-1.7%	-0.2%	0.6%
Northwest Houston	0.1%	1.9%	4.0%	Conroe/Montgomery County	-1.8%	-0.9%	0.3%
Friendswood/Pearland	0.0%	0.8%	1.4%	Braeswood Place/Astrodome/South Union	-1.9%	-1.1%	-0.1%
Brazoria County	-0.1%	0.0%	0.9%	Katy	-2.0%	-1.2%	0.0%
Galveston/Texas City	-0.2%	1.7%	3.9%	Champions East	-2.2%	-1.8%	2.2%
The Woodlands	-0.4%	-1.0%	0.1%	Cypress/Waller	-2.2%	-2.2%	0.1%
Houston MSA	-0.5%	0.1%	1.6%	Rosenberg/Richmond	-2.5%	-0.6%	0.5%

- According to AxioMetrics, 13 of 35 submarkets posted positive rent growth in 3Q24.
- Rent growth is projected to accelerate over the next several years, with 32 submarkets anticipated to experience positive rent growth from 2025 through 2028.

Strong Future Rent Outlook

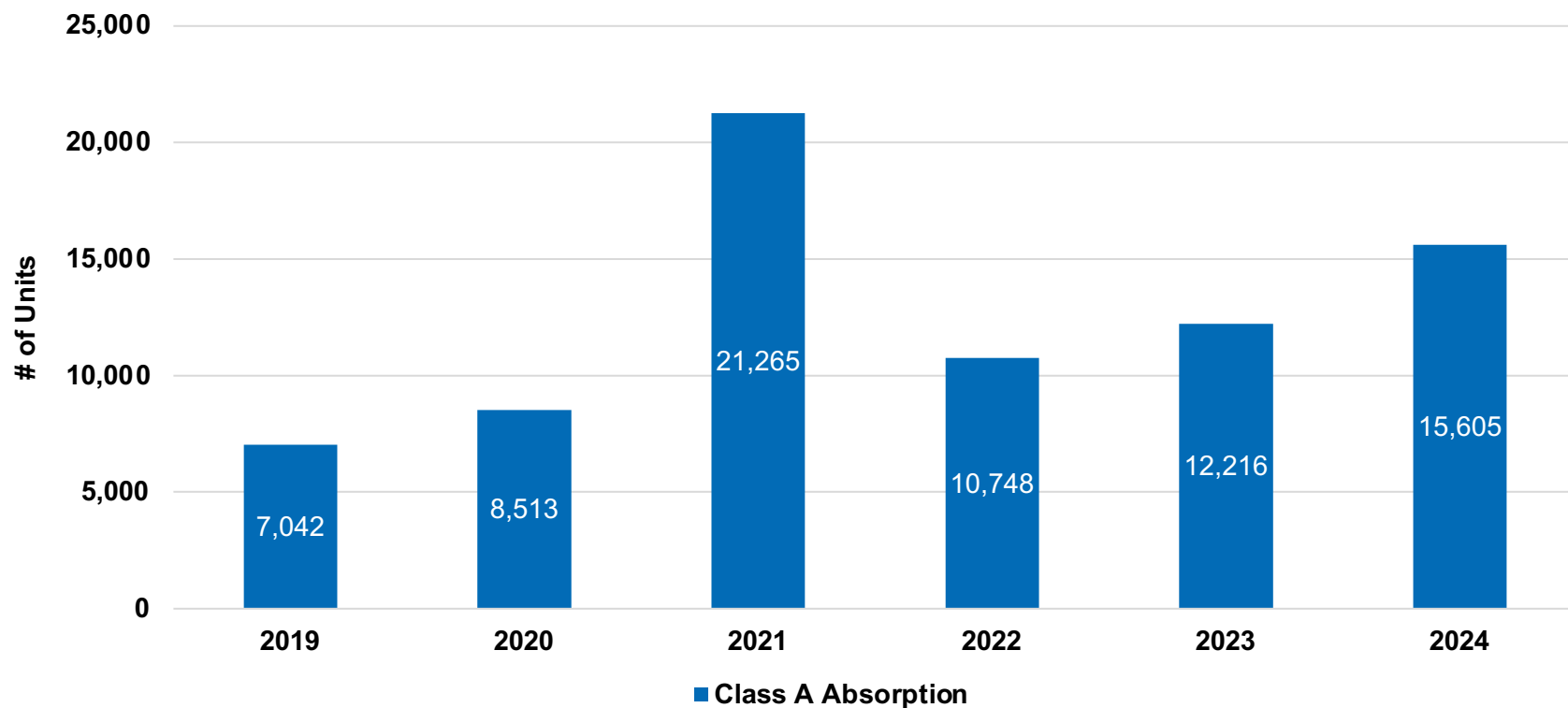
Average Effective Rent Growth Forecast - Major Sunbelt Markets



- **Green Street projects that Houston will lead Texas markets in average rent growth over the next four years. (2024–2028)**
- RealPage highlights Houston as a market with “surprising upside” in 2024, noting that the city’s supply-to-demand ratio has remained balanced, with supply ratios below the national average. RealPage further states, “Houston could surpass other Texas markets in the near term.”

Historical Class A Absorption Comparison

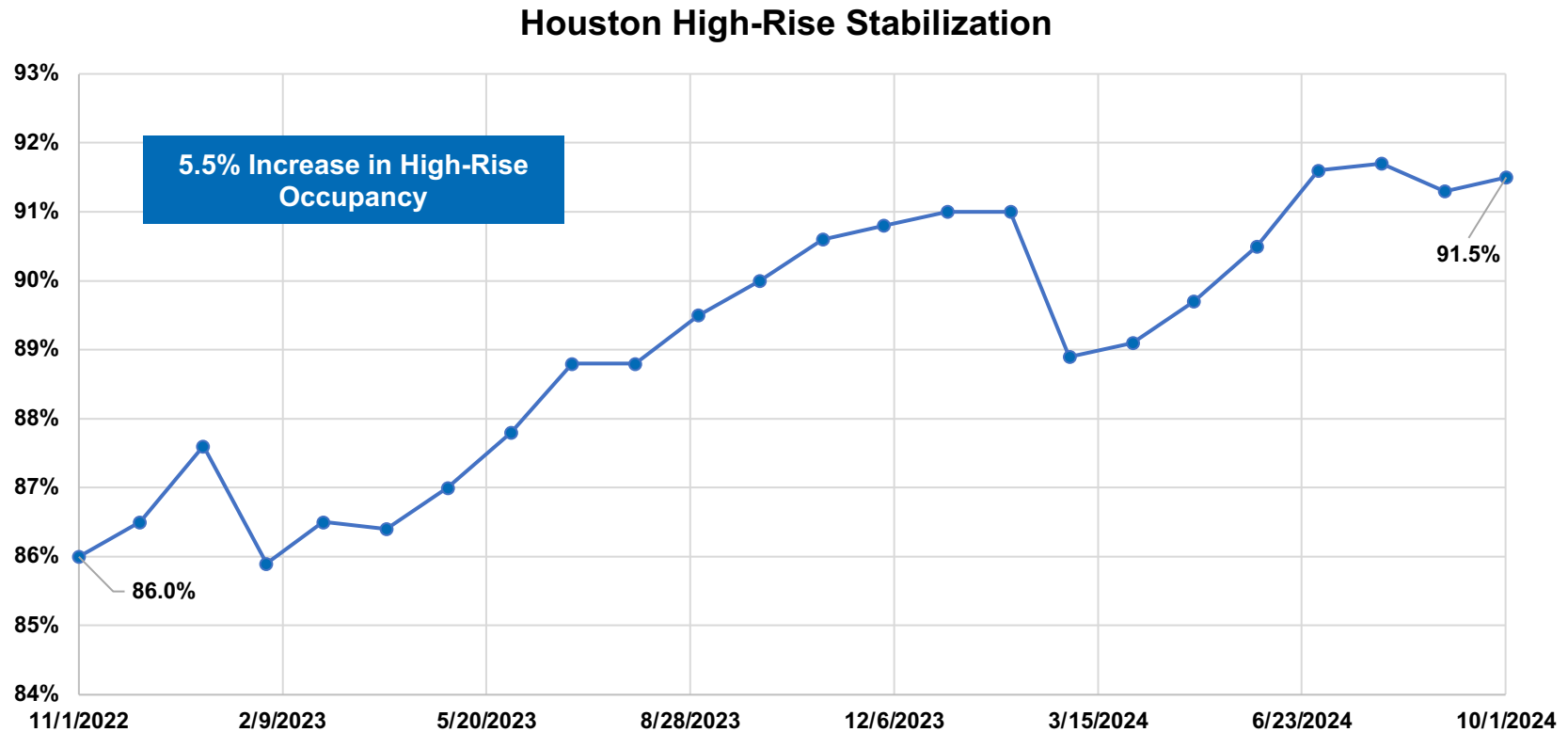
**Class A Absorption Through 3Q24
By Year**



	2019	2020	2021	2022	2023	2024
Class A Absorption Through 3Q24	7,042	8,513	21,265	10,748	12,216	15,605
% Change	-	20.9%	149.8%	-49.5%	13.7%	27.7%

- Year-to-date Class A absorption through 3Q24 stands at 15,605 units, a 30.5% increase over the five-year average of 11,957 units.

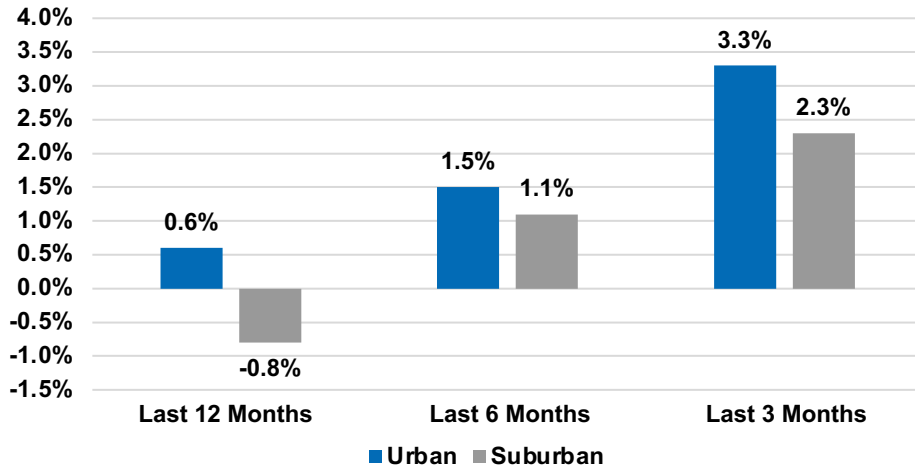
High-Rise Stabilization



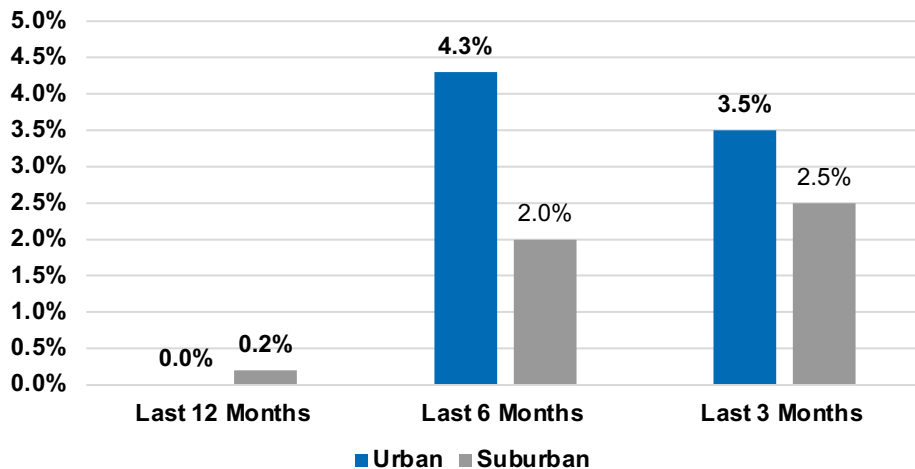
- Robust demand for high-rise properties has bolstered occupancy rates, recently stabilizing this product segment in Houston.
- As of October 1, 2024, average occupancy for high-rise properties reached 91.5%, up 5.5% from the average two years prior.

Urban vs Suburban Performance

Urban vs Suburban Occupancy Trends



Urban vs. Suburban Effective Rent Trends



Urban Stable vs Lease-Up			
	Price (\$/mo)	Rental Rate (\$/sf/mo)	Occupancy
Class A All	\$2,039	\$2.17	91.3%
Class A Stable	\$2,040	\$2.17	93.3%
Class A Leaseup	\$2,014	\$2.54	28.8%
Class B All	\$1,353	\$1.53	90.9%
Class B Stable	\$1,355	\$1.53	91.3%

Suburban Stable vs Lease-Up			
	Price (\$/mo)	Rental Rate (\$/sf/mo)	Occupancy
Class A All	\$1,605	\$1.68	80.1%
Class A Stable	\$1,599	\$1.69	90.1%
Class A Leaseup	\$1,634	\$1.64	31.1%
Class B All	\$1,264	\$1.41	91.1%
Class B Stable	\$1,264	\$1.41	91.1%

- Over the past year, urban product has outperformed suburban in terms of rent growth and occupancy gains.
- Record suburban deliveries have put negative pressure on occupancies and have flatlined rent growth over the trailing 12 months.
- More recently, occupancy and rent trends have accelerated for both urban and suburban product, with urban properties outperforming.
- Houston is poised for outperformance and investors/lenders have taken notice.

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.	88.1%	1,573	812	184	1,531	1,302	225	3,058
Montrose/ Museum/ Midtown	89.1%	669	667	633	302	791	0	1,093
Highland Village/ Upper Kirby/ West U	92.7%	559	0	0	0	209	0	209
Downtown	81.2%	910	655	1,017	200	0	0	200
Galleria/Uptown	90.2%	0	0	0	0	172	0	172
Infill Total		3,711	2,134	1,834	2,033	2,474	225	4,732
Non-Infill								
Katy/ Cinco Ranch/ Waterside	84.3%	1,411	3,799	3,403	0	1,604	353	1,957
Lake Houston/ Kingwood	90.0%	447	596	611	0	1,116	0	1,116
Conroe North/ Montgomery	84.1%	317	846	757	408	595	0	1,003
Woodlands/ Conroe South	89.9%	429	264	225	269	568	0	837
Tomball/ Spring	83.5%	476	1,708	1,354	297	360	0	657
Bear Creek/ Copperfield/ Fairfield	85.2%	1,055	1,780	1,053	0	589	0	589
Brookhollow/ Northwest Crossing	89.3%	0	0	0	0	374	0	374
Sugar Land/ Stafford/ Sienna	88.6%	0	970	614	0	0	366	366
Hwy 288 South/ Pearland West	88.1%	516	570	216	0	358	0	358
Alief	89.7%	0	0	120	0	341	0	341
Memorial/ Spring Branch	91.3%	361	0	1,025	340	0	0	340
Baytown	88.3%	0	238	0	0	330	0	330
Jersey Village/Cypress	92.6%	394	466	0	0	300	0	300
Pasadena/ Deer Park/ La Porte	89.1%	0	854	0	291	0	0	291
U of H/ I-45 South	90.5%	0	0	106	0	284	0	284
Friendswood/ Pearland East	93.7%	291	0	0	0	111	0	111
I-69 North	92.2%	384	0	304	90	0	0	90
Non-Infill Total		6,081	12,091	9,788	1,695	6,930	719	9,047
Grand Total		9,792*	14,225*	11,622*	3,728	9,404	944	14,076

*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 account for 66.4% of upcoming supply, with the remaining developments located in infill areas.

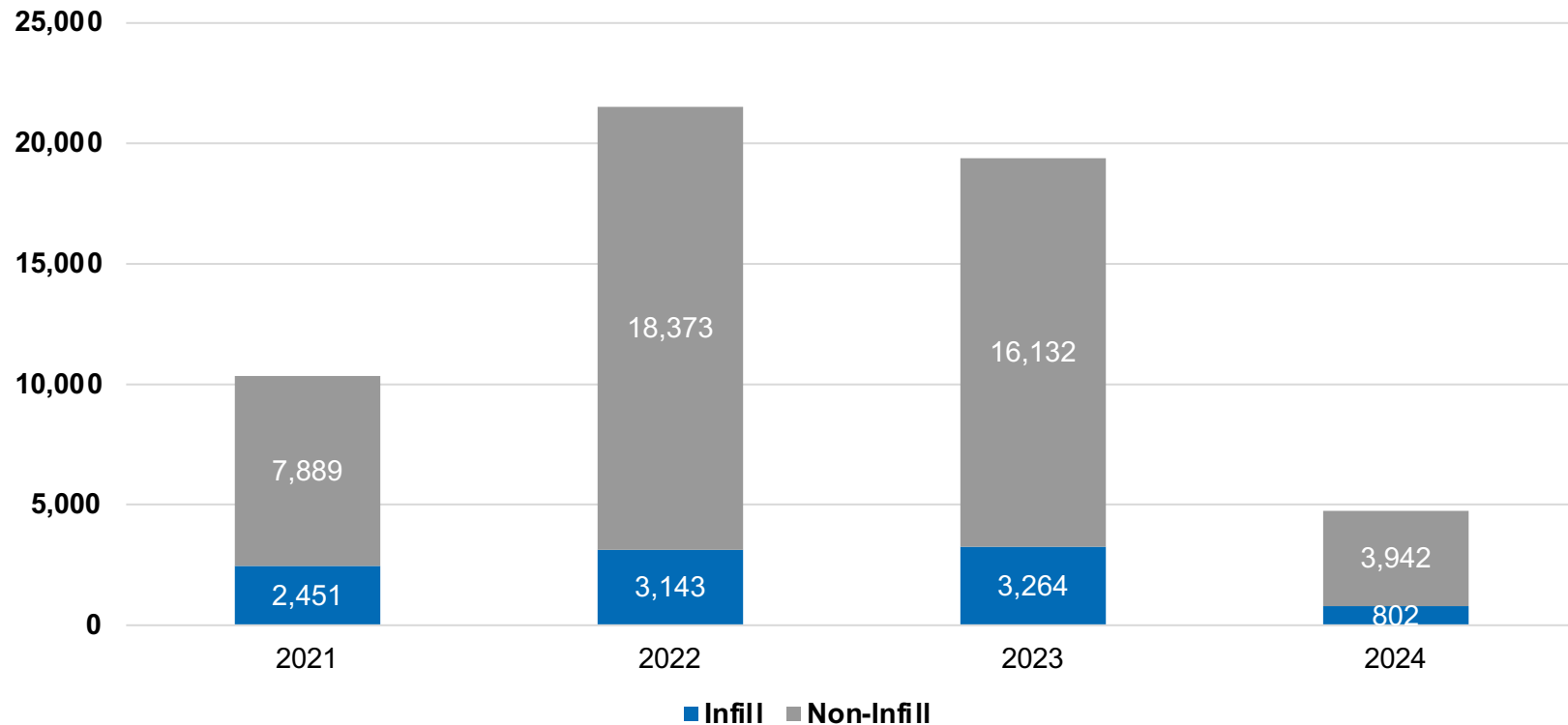
Submarket Construction Starts

Submarket	CONSTRUCTION STARTS				
	2021 Starts	2022 Starts	2023 Starts	2024 Starts	Total Starts (2021-2024)
Infill					
Heights/ Washington Ave.	812	991	1,733	518	4,054
Downtown	655	1,217	359	284	2,514
Montrose/ Museum/ Midtown	667	935	791	0	2,393
Med Center/ Braes Bayou	317	0	0	0	317
Highland Village/ Upper Kirby/ West U	0	0	209	0	209
Galleria/Uptown	0	0	172	0	172
Infill Total	2,451	3,143	3,264	802	9,660
Non-Infill					
Katy/ Cinco Ranch/ Waterside	1,411	3,799	4,477	883	10,570
Bear Creek/ Copperfield/ Fairfield	1,055	1,780	1,053	589	4,477
Tomball/ Spring	476	1,939	1,780	0	4,195
Conroe North/ Montgomery	317	1,086	1,520	0	2,923
Lake Houston/ Kingwood	447	596	611	1,116	2,770
Energy Corridor/ CityCentre/ Briar Forest	648	326	1,096	0	2,070
Sugar Land/ Stafford/ Sienna	0	970	614	366	1,950
Woodlands/ Conroe South	429	264	1,062	0	1,755
Memorial/ Spring Branch	361	400	965	0	1,726
Clear Lake/ Webster/ League City	625	675	380	0	1,680
Hwy 288 South/ Pearland West	516	570	216	358	1,660
Willowbrook/ Champions/ Ella	239	798	250	0	1,287
Richmond/ Rosenberg	0	1,268	0	0	1,268
Pasadena/ Deer Park/ La Porte	0	1,145	0	0	1,145
Jersey Village/Cypress	394	466	0	0	860
I-69 North	384	394	0	0	778
Northline	0	243	477	0	720
Beltway 8 / I-45 South	0	0	579	0	579
Alief	0	0	461	0	461
Friendswood/ Pearland East	291	0	111	0	402
I-10 East/ Woodforest/ Channelview	0	378	0	0	378
Almeda/ South Main	0	378	0	0	378
Brookhollow/ Northwest Crossing	0	0	374	0	374
Braeswood/ Fondren SW	0	360	0	0	360
Inwood/ Hwy 249	0	300	0	0	300
Dickinson/ Galveston	296	0	0	0	296
Baytown	0	238	0	0	238
U of H/ I-45 South	0	0	106	0	106
Non-Infill Total	7,889	18,373	16,132	3,942	46,336
Grand Total	10,340	21,516	19,396	4,744	55,996

Non-infill submarkets have comprised 82.5% of all construction starts from 2021 to 2024, with the remainder in infill areas.

Construction Starts Analysis

**Houston MSA
Construction Starts By Year**

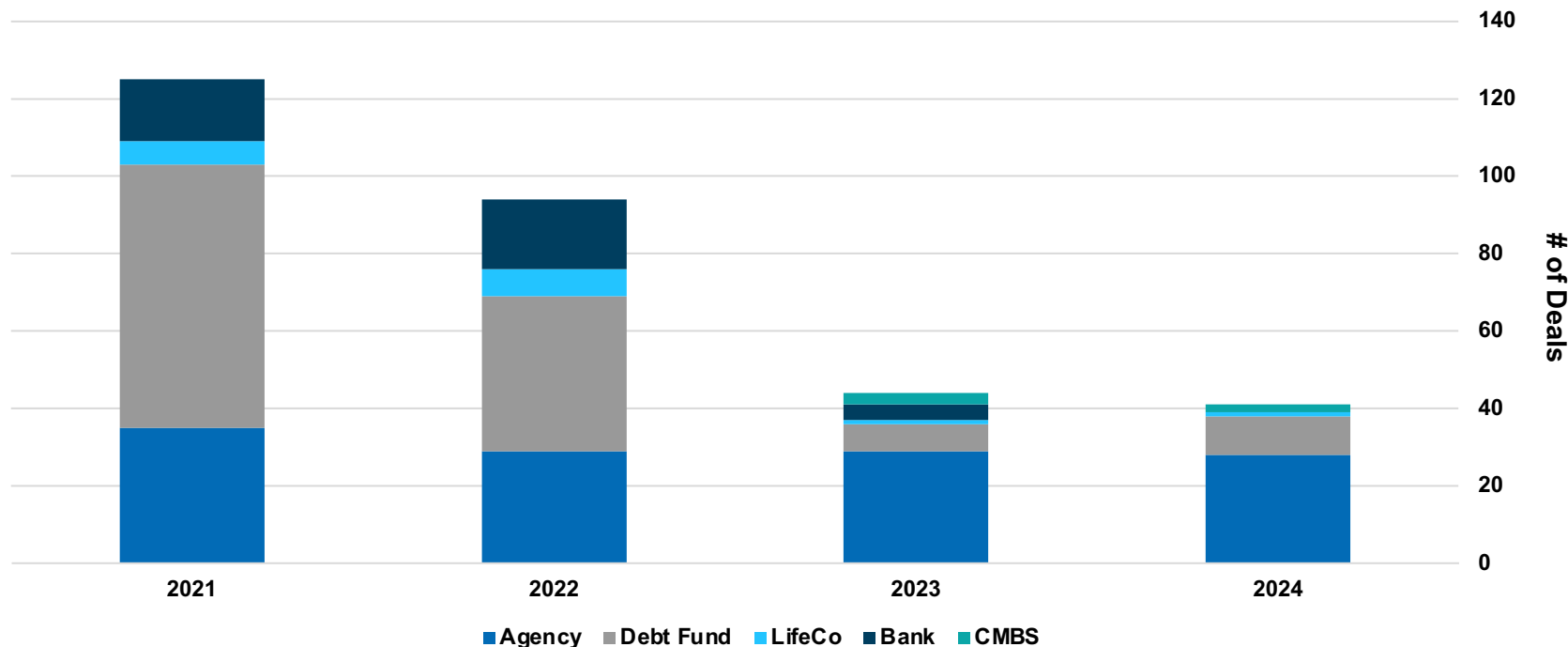


	2021 Starts	2022 Starts	2023 Starts	2024 Starts
Infill	2,451	3,143	3,264	802
Non-Infill	7,889	18,373	16,132	3,942
Total	10,340	21,516	19,396	4,744
% Change	--	108%	-10%	-76%

– Overall, 2024 construction starts have decreased by 76% from 2023 levels, marking the lowest number since the Global Financial Crisis.

Newmark Houston Debt Transactions

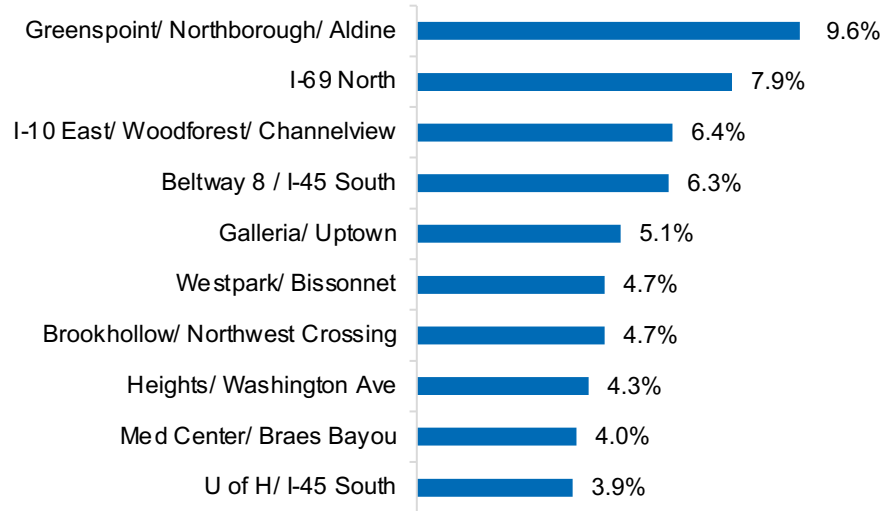
Newmark Houston Debt Capitalizations Over Time



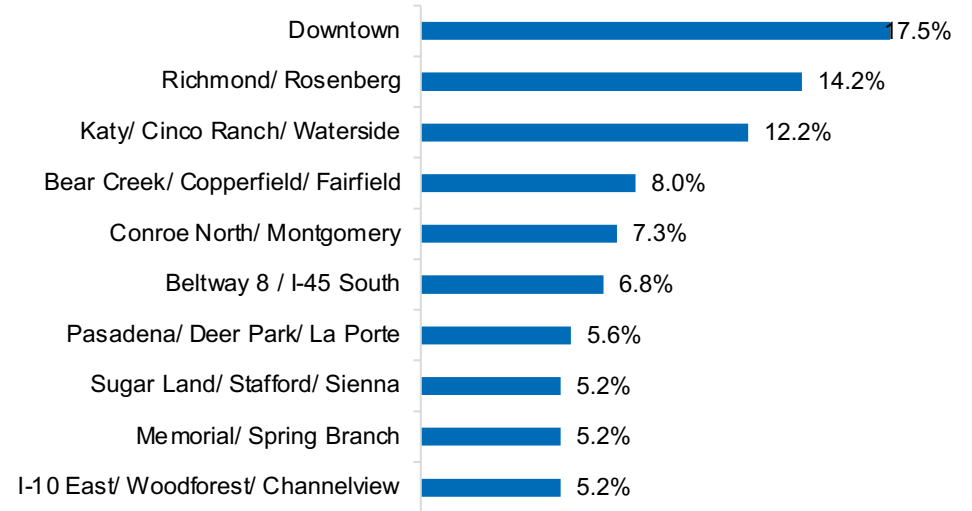
	2021	2022	2023	2024
Agency	28%	31%	66%	68%
Debt Fund	54%	43%	16%	24%
LifeCo	5%	7%	2%	2%
Bank	13%	19%	9%	0%
CMBS	0%	0%	7%	5%

Houston Submarket Rankings

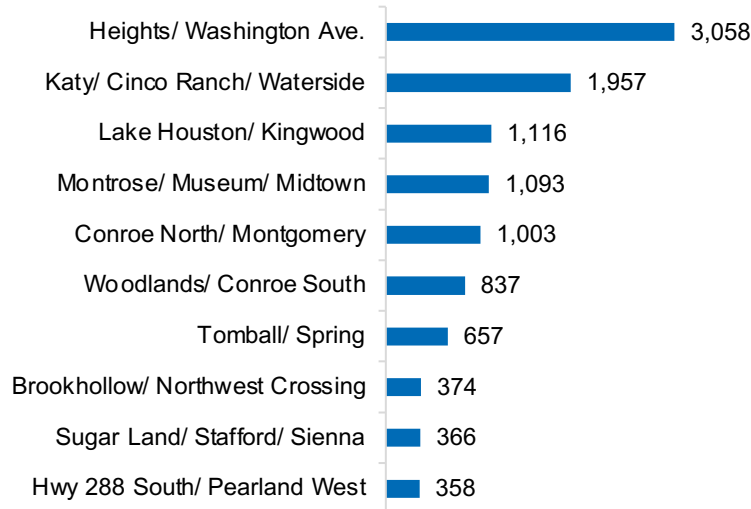
Rental Rate Growth (Trailing 3 Months, ann.)



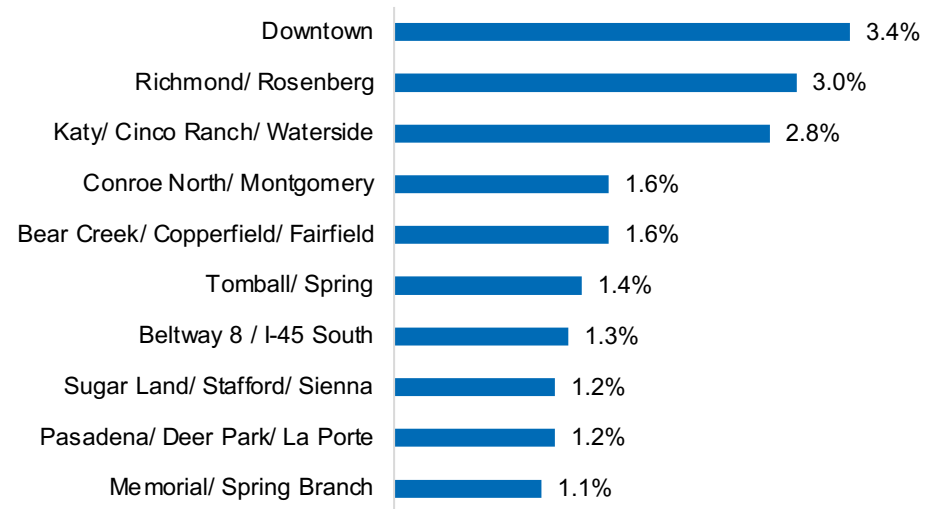
Occupancy Growth (Trailing 3 Months)



Units Under Construction



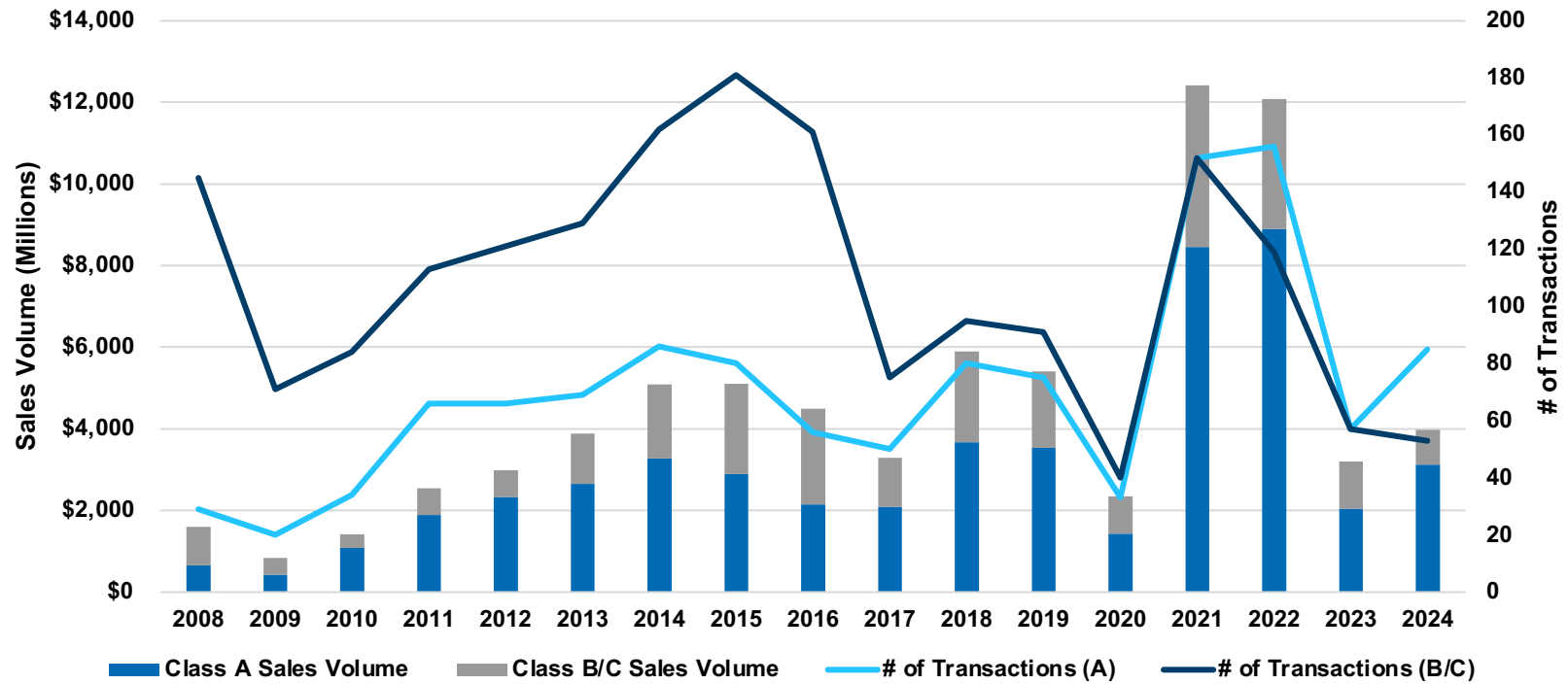
Percent of Market Absorbed (Trailing 3 Months)



04 | Houston Transaction Trends



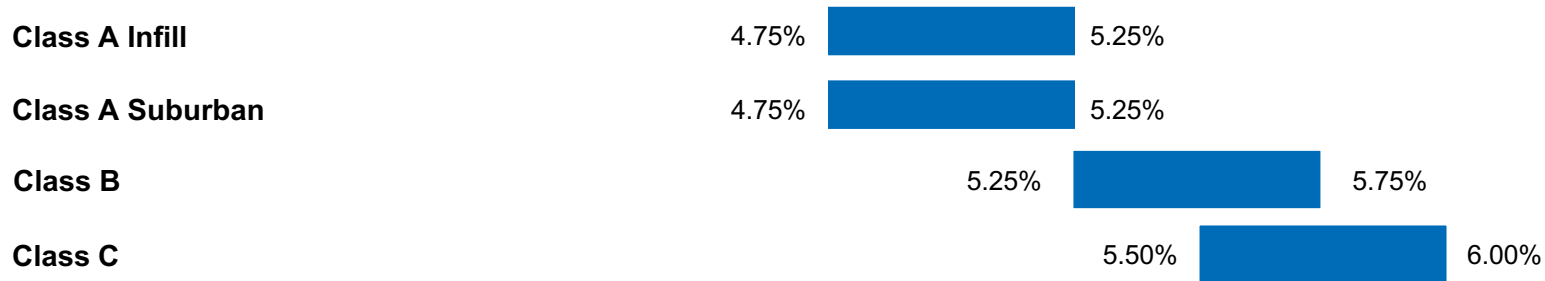
Multifamily Transaction Activity



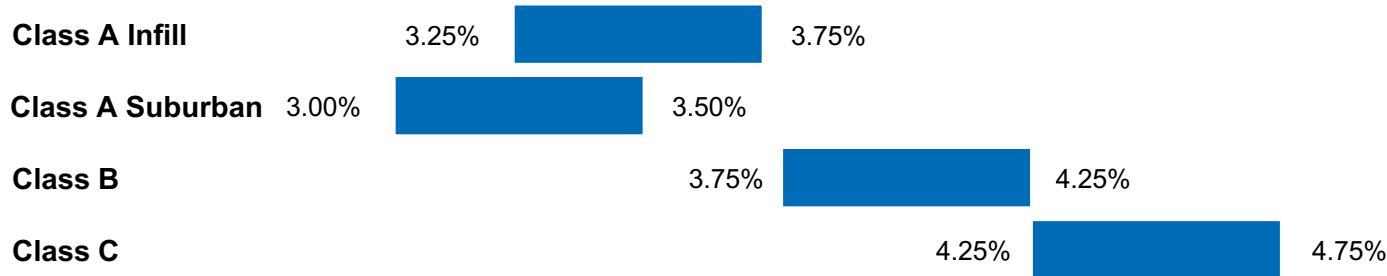
Year (volume in millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (ann.)
Total Volume	\$1,598	\$837	\$1,416	\$2,540	\$2,984	\$3,880	\$5,093	\$5,101	\$4,491	\$3,298	\$5,904	\$5,414	\$2,346	\$12,423	\$12,086	\$3,195	\$3,974
# of Transactions (Total)	174	91	118	179	187	198	248	261	217	125	175	166	73	304	275	114	139
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	\$3,130
# of Transactions (A)	29	20	34	66	66	69	86	80	56	50	80	75	33	152	156	57	85
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	\$843
# of Transactions (B/C)	145	71	84	113	121	129	162	181	161	75	95	91	40	152	119	57	53

Newmark's Current Estimate Of Houston Cap Rates

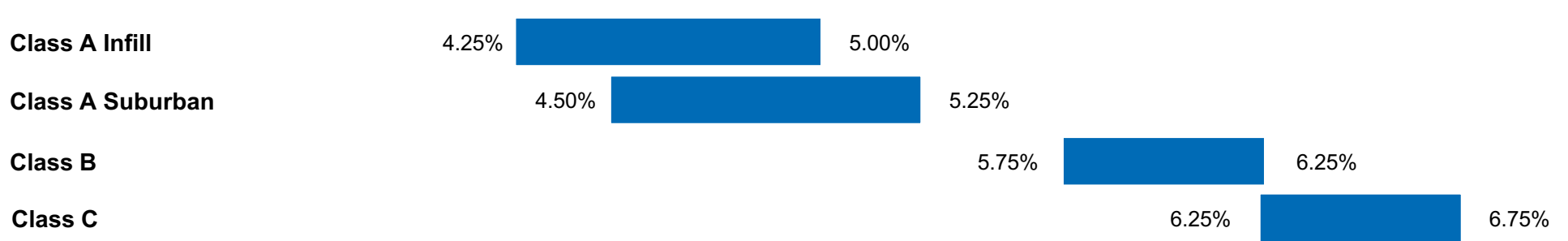
3Q23 Cap Rates



Market Peak Cap Rates



Current Cap Rates



Replacement Cost Tracker

Workforce WF	Per SF	Per Unit
Land	\$8 - \$10	\$10K - \$15K
Hard Costs	\$135 - \$145	\$125K - \$150K
Soft Costs	15% - 20%	\$20K - \$35K
ALL-IN COST		\$160K - \$180K

Mid-Rise Stick Podium MP	Per SF	Per Unit
Land	\$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	\$8 - \$15	\$12K - \$18K
Hard Costs	\$145 - \$155	\$135K - \$155K
Soft Costs	15% - 20%	\$25K - \$40K
ALL-IN COST		\$180K - \$200K

Mid-Rise Concrete Podium MCP	Per SF	Per Unit
Land	\$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	\$15 - \$40	\$15K - \$30K
Hard Costs	\$155 - \$165	\$150K - \$180K
Soft Costs	15% - 20%	\$25K - \$40K
ALL-IN COST		\$200K - \$220K

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

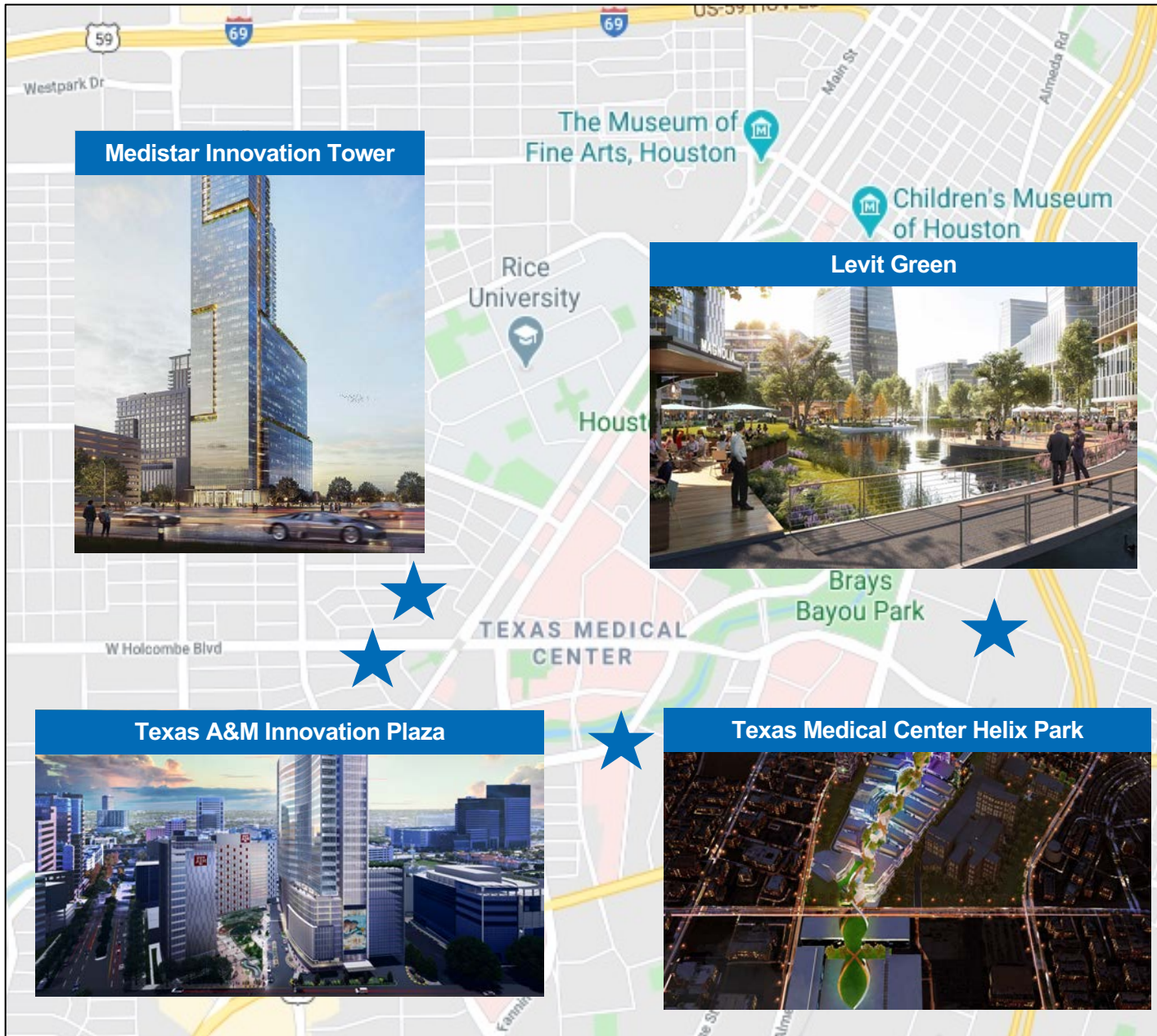
Mid-Rise Stick Wrap MW	Per SF	Per Unit
Land	\$50 - \$150	\$40K - \$60K
Hard Costs	\$200 - \$220	\$165K - \$215K
Soft Costs	15% - 20%	\$30K - \$55K
ALL-IN COST		\$250K - \$290K

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.

- **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.
- **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.
- **Texas Medical Center Helix Park** provides an interconnected chain of inspiring green spaces with amenities to promote relaxation and collaboration.

Continued Growth Of A World-Class Healthcare Industry



With an estimated annual impact of \$5.4 billion, TMC Helix Park’s Bioresearch Campus is set to stimulate substantial economic activity across the city and state. This development will bring 23,000 new permanent positions across diverse industries, pay scales, tax brackets, and educational backgrounds, along with over 19,000 jobs during the construction phase. As the anchor tenant for the first of four industrial buildings on campus, Baylor College of Medicine occupies 114,000 SF. Recently, Houston Methodist signed a 75,800-SF lease in the same building, sustaining the strong leasing momentum since the building’s completion in 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

TMC Helix Park will unite innovators across healthcare, science, academia, government, industry, manufacturing, and the nonprofit sector to collaborate on developing new medicines, medical devices, diagnostics, digital health platforms, and treatment solutions. This premier, 37-acre life sciences complex will feature:

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



Continued Growth Of A World-Class Healthcare Industry



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

TMC BioPort will center on cell and gene therapy, biomanufacturing, and medical supply distribution. A \$100 million investment in local infrastructure is planned ahead of the project's start in 2025. **BioPort is projected to generate 100,000 jobs and contribute \$54 billion annually to the economy, according to CEO Bill McKeon.**



A Top Three US City for Fortune 500 Companies

Houston hosts 24 Fortune 500 companies, ranking third among U.S. metro areas behind New York and Chicago. The city offers extensive business opportunities, fueled by a low cost of living, favorable tax conditions, and a skilled workforce. In August 2024, Chevron announced plans to relocate 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** established one of its largest tech hubs in the city in 2019, while **Tesla** recently expanded its presence, leasing over 1 million SF in the Empire West Business Park.

- Houston hosts **24 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 having been completed in late 2024.

Autry Park

Autry Park is an urban village and culinary destination near Buffalo Bayou Park. Set on 14 acres along Allen Parkway in Montrose, the first two apartment buildings opened in spring 2022. The three-phase master plan includes five towers, 1,450 residential units, 350,000 SF of Class A office space, and 100,000 SF of retail space surrounding 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.

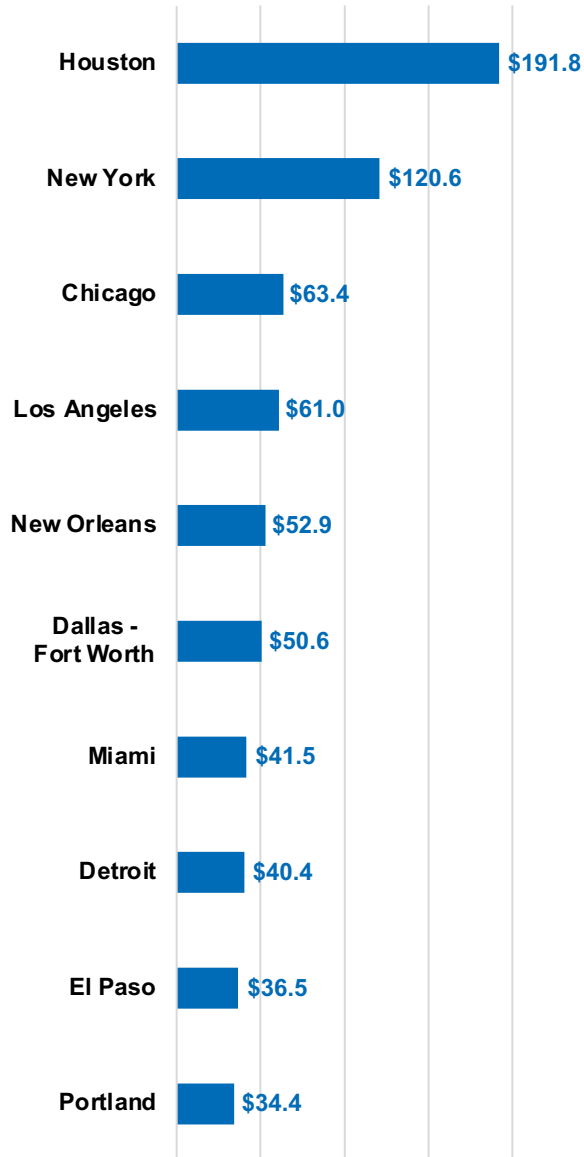


Port of Galveston Cruise Terminal 3

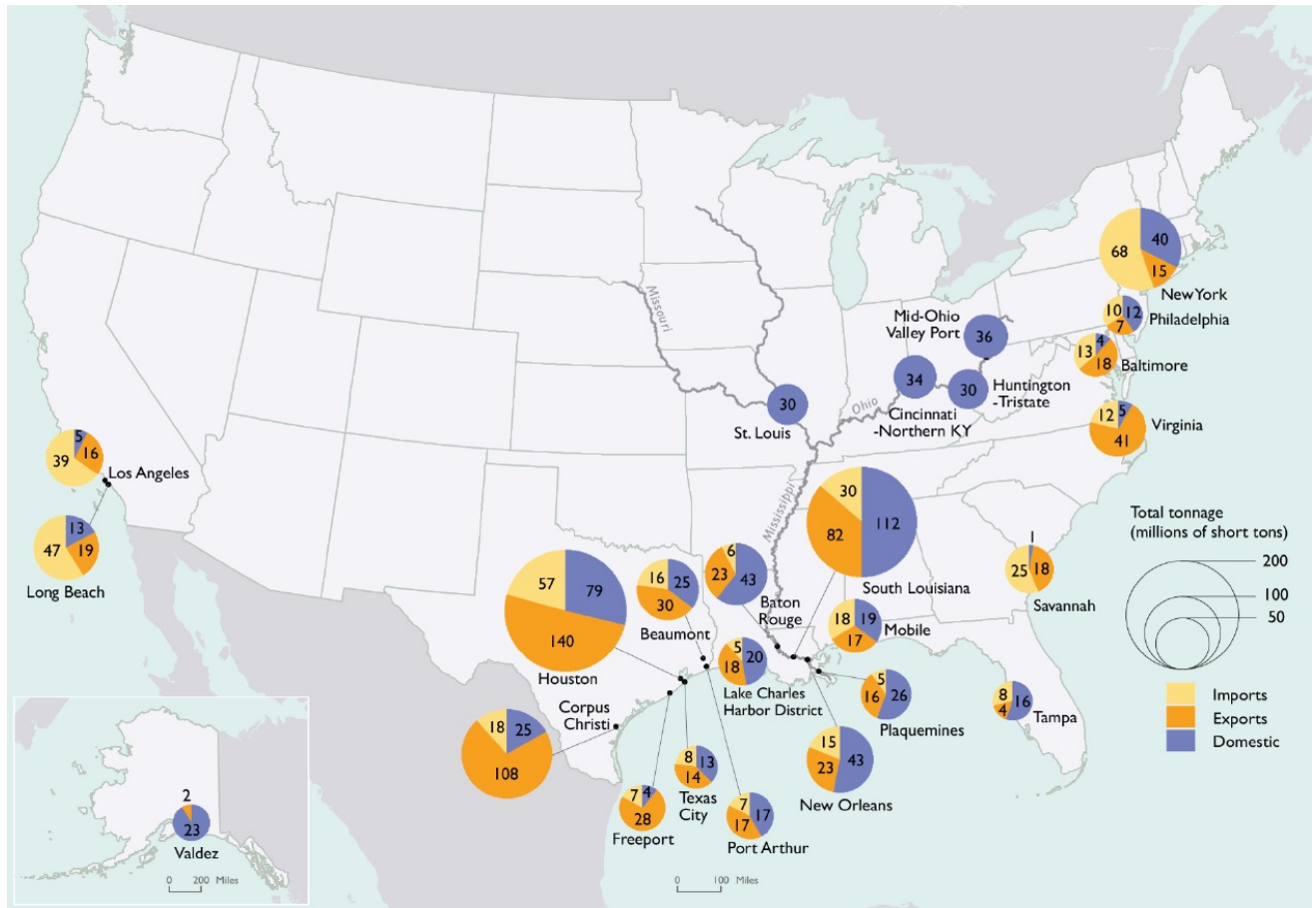
Royal Caribbean's new 162,000-SF, \$126 million terminal at the Port of Galveston showcases a sleek, modern design aimed at transforming cruise travel. Opened in late 2022, the terminal accommodates 6,000 passengers per day, enhancing tourism in Houston.

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%** 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: 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 MAJOR CITY 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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