MARKETBEAT

HOUSTON

MULTIFAMILY Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11.1% Stabilized Vacancy Rate	▲	▼
8,377 YTD Net Absorption, units	▲	▲
$1.45 Effective Rent, PSF	▼	▬
$88,200 Median Household Income	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.5M Houston Employment	▲	▲
4.8% Houston Unemployment Rate	▲	▼
1.4% Houston Household Growth Rate YOY	▼	▲
0.4% U.S. Household Growth Rate YOY	▼	▲

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

SUPPLY AND DEMAND

Houston's multifamily market gained meaningful momentum during the second quarter of 2026, as demand accelerated significantly while new development activity continued to moderate. Construction levels declined further, with just 11,756 units underway at quarter-end, representing a 20.8% decrease from Q1 2026 and a substantial 36.4% decline from one year ago. The continued reduction in the development pipeline reflects developers' response to elevated supply volumes delivered over the past several years. Deliveries totaled 3,772 units during the quarter, down from 4,460 units in Q1, further signaling that the peak of the construction cycle could be behind the market.

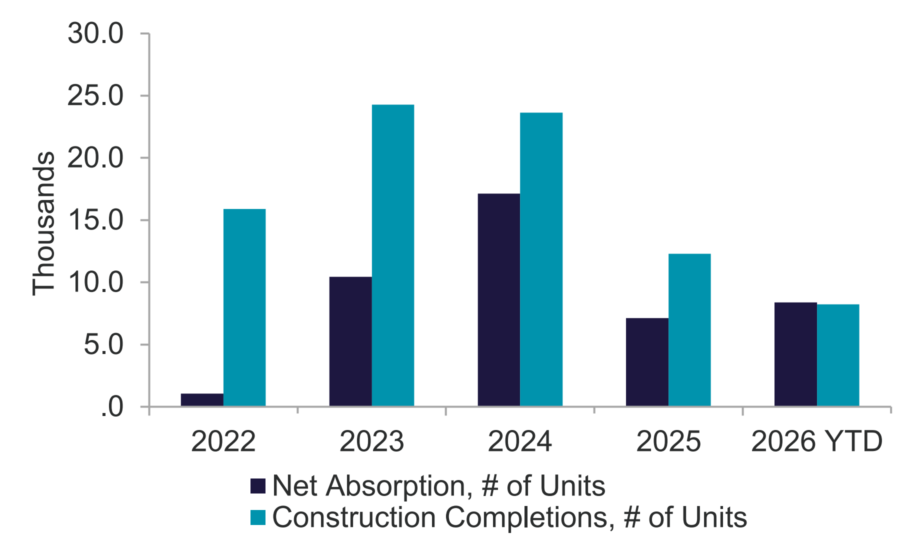
Leasing activity strengthened considerably during Q2 2026, with net absorption reaching 6,177 units, nearly tripling the 2,200 units during Q1. Year-to-date absorption totaled 8,377 units, exceeding the 8,232 units delivered during the same period and marking one of the strongest first-half demand performances in recent years. Demand was broad-based across the metro, led by Bear Creek / Copperfield (+1,047 units), Sugar Land / Missouri City (+961 units), and Neartown / River Oaks (+834 units).

Stabilized vacancy declined 30 basis points (bps) quarter-over-quarter (QOQ) to 11.1% during Q2 2026. While vacancy remained 70 bps higher year-over-year (YOY), the quarterly improvement suggested supply and demand fundamentals are beginning to rebalance. Occupancy remained particularly strong across several Houston submarkets, with Sugar Land / Missouri City (6.4%), Pearland (6.5%), North Galveston County (6.7%), Northeast Houston (6.6%), The Woodlands (7.7%), Heights (7.9%), and Downtown Houston (7.9%), reporting some of the market's lowest vacancy rates. Strong neighborhood appeal, quality amenities, and favorable supply-demand dynamics continue to support leasing performance in these areas.

PRICING

Effective rents averaged $1,312 per unit during Q2 2026, representing a modest 0.2% decline QOQ and a 2.3% decrease YOY. Despite ongoing competitive leasing conditions, rent performance remained relatively resilient given the significant volume of new inventory delivered throughout the recent development cycle. Several submarkets demonstrated pricing strength, particularly East End Houston (+2.8%), South Central Houston (+2.6%), and Northeast Houston (+1.9%), all of which recorded positive annual rent growth. Premium urban locations continued to command the highest rental rates in the metro, including Downtown Houston ($2,124 per unit), Neartown / River Oaks ($1,956 per unit), Heights ($1,664 per unit), and Medical Center / West University ($1,613 per unit). As occupancy improves and recently delivered units continue to lease, rent growth conditions should become increasingly favorable across the market.

DEMAND / DELIVERIES



STABILIZED VACANCY & EFFECTIVE RENT

INVESTMENT SALES

Investment activity remained active through the first half of 2026 as investors continued to position for improving market fundamentals. Through Q2 2026, the market recorded 65 transactions totaling 14,521 units and $362.2M in sales volume. While transaction volume remained slightly below the 68 transactions and 16,444 units recorded during the same period in 2025, pricing metrics recorded notable improvement. Weighted average sale price per unit increased to approximately $230,800, compared to $159,000 during the prior mid-year period, while average transaction size increased to $103.5M from $46.4M one year ago. Investors remain attracted to Houston's long-term growth prospects, diverse employment base, and declining construction pipeline, which should support operating performance over the coming quarters.

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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Alief	15,850	0	0.0%	0	-71	11.4%	180	$1,015	$1.20	-2.7%
Baytown	9,046	203	2.3%	0	-77	14.1%	140	$1,084	$1.25	-1.0%
Bear Creek Copperfield	38,802	1,623	4.4%	949	1,047	10.8%	110	$1,368	$1.42	-4.8%
Briar Forest West Memorial	31,917	0	0.0%	101	323	11.0%	110	$1,280	$1.37	-3.4%
Brookhollow Inwood	24,726	0	0.0%	466	186	10.9%	40	$1,109	$1.30	-1.6%
Cinco Ranch	25,564	1,354	5.6%	694	460	8.9%	120	$1,475	$1.49	-4.2%
Downtown Houston	7,322	0	0.0%	553	244	7.9%	-300	$2,124	$2.17	-3.4%
East End Houston	5,654	0	0.0%	0	380	9.7%	200	$1,448	$1.73	2.8%
Galleria Uptown	24,230	0	0.0%	424	175	11.7%	30	$1,425	$1.54	-2.6%
Greenspoint IAH Airport	21,018	134	0.6%	90	-83	16.8%	310	$954	$1.16	-0.3%
Heights	12,895	0	0.0%	214	397	7.9%	50	$1,664	$1.95	-2.4%
Lake Houston Area	26,278	813	3.2%	336	414	9.2%	70	$1,310	$1.41	-3.1%
Medical Center West University	28,015	729	2.7%	0	241	10.7%	110	$1,613	$1.77	-4.1%
Neartown River Oaks	46,762	0	0.0%	988	834	8.2%	30	$1,956	$2.07	-2.1%
North Galveston County	9,065	0	0.0%	628	103	6.7%	-100	$1,452	$1.52	1.9%
Northeast Houston	2,339	0	0.0%	0	106	6.6%	-160	$1,287	$1.64	1.9%
Northwest Houston	74,947	840	1.1%	2,342	360	11.6%	120	$1,267	$1.37	-2.1%
Outlying Montgomery County	14,145	344	2.5%	787	287	11.4%	80	$1,274	$1.31	-3.0%
Pearland	9,783	380	4.0%	0	161	6.5%	-70	$1,538	$1.55	-1.9%
Richmond Rosenberg	9,092	0	0.0%	1,369	46	8.8%	10	$1,320	$1.43	-3.4%
South Brazoria County	11,878	0	0.0%	0	168	18.8%	170	$1,118	$1.21	-2.9%
South Central Houston	4,264	0	0.0%	0	10	11.0%	20	$1,273	$1.39	2.6%
Southeast Houston	72,601	369	0.5%	417	519	13.5%	10	$1,110	$1.32	-0.8%
Southwest Houston	68,580	597	0.9%	0	419	10.8%	50	$1,013	$1.22	-1.4%
Spring Branch	22,980	0	0.0%	0	263	11.8%	100	$1,162	$1.31	-1.8%
Sugar Land Missouri City	19,341	702	3.8%	1,398	961	6.4%	-20	$1,442	$1.53	-4.1%
The Woodlands	19,147	144	0.8%	0	377	7.7%	50	$1,586	$1.62	-0.2%
Westchase Woodlake	41,188	0	0.0%	0	127	13.7%	120	$1,189	$1.33	-2.5%
TOTAL MARKET	**697,429**	**8,232**	**1.2%**	**11,756**	**8,377**	**11.1%**	**70**	**$1,312**	**$1.45**	**-2.3%**

KEY RECENT SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER | BUYER	UNITS	YEAR BUILT
33 Thirty Three	Neartown River Oaks	PGIM | Nuveen	528	2008
Aston Post Oak	Galleria Uptown	IMT Residential | Rockport Equity Partners	392	2008
Olympus Creekside Park	Northwest Houston	Howard Hughes | Olympus Property	360	2021
The Maddox	Bear Creek Copperfield	Quarterra | Atlas Real Estate Partners	326	2019

CONSTRUCTION PIPELINE HIGHLIGHTS

PROPERTY	SUBMARKET	OWNER/DEVELOPER	UNITS	EST DELIVERY
The Rylan	Northwest Houston	Davis Development	461	Q3 2026
Lenox Parkside	Bear Creek Copperfield	OHT Partners	396	Q1 2027
Pearl Lake Pointe	Sugar Land Missouri City	The Morgan Group	376	Q4 2027
Vista Williams Ranch	Richmond Rosenberg	Vista Residential Partners	375	Q1 2027

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