MULTIFAMILY

Q4 2025

Houston

"Strong occupancy and improving fundamentals, coupled with a slowing construction pipeline, are supporting a more stable outlook for Houston's multifamily market."

Danny Rice | *President*

Houston

OVERALL OCCUPANCY RATE

90.4% ▲ YOY ▼ Forecast

NET ABSORPTION (UNITS)

3.7K ▼ YOY ▲ Forecast

UNDER CONSTRUCTION (UNITS)

9.1K ▼ YOY ▼ Forecast

AVERAGE MONTHLY RENT (EFFECTIVE)

$1,258 ▼ YOY — Forecast

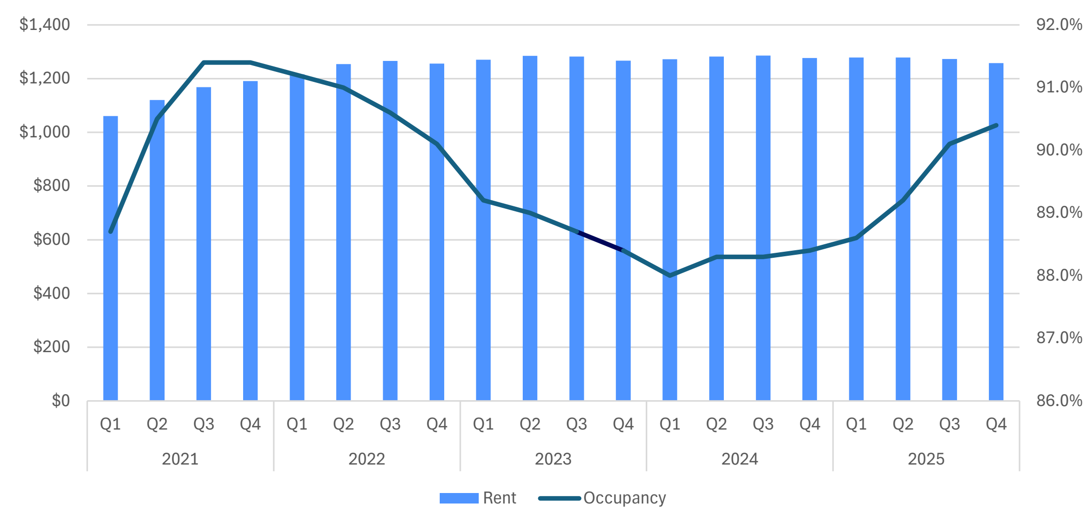
MARKET TRENDS

- Reflecting typical seasonal slowing, Houston's multifamily market saw absorption fall to 3,749 units in Q4, down sharply from 10,833 units in the previous quarter. For the year, 26,510 units were absorbed during 2025, 32.3% more than 2024's 20,031-unit absorption and the highest annual total since 2021.
- Class A absorption decreased to 2,279 units – its lowest level in more than five years – yet still accounted for 60.8% of the fourth quarter's absorption. Despite the seasonal pullback, Class A occupancy reached a record high of 86.1% at year-end 2025. Class C properties also showed solid leasing, absorbing 1,023 units – 27.3% of the Q4 absorption – maintaining consistent leasing momentum throughout the year.
- The Northwest submarket remained the region's most active area, leading units delivered, absorbed and under construction.
- Under-construction units totaled 9,087 in Q4, rising 13.8% quarter over quarter but declining 34.0% year over year. Construction activity has slowed over the past two years, following a period of heightened project development when Houston ranked among the nation's leading markets for units under construction.
- Effective rents declined across all property classes year over year.

HISTORIC COMPARISON

	Q4 2025	Q3 2025	Q4 2024
Total Inventory (Existing Units)	789,228	788,217	777,437
New Supply (Units Delivered)	1,011	4,148	4,088
Demand (Units Absorbed)	3,749	10,833	4,562
Occupancy	90.4%	90.1%	88.4%
Under Construction (Units)	9,087	7,985	13,769
Average Monthly Rent (Effective)	$1,258	$1,273	$1,277

MARKET FUNDAMENTALS

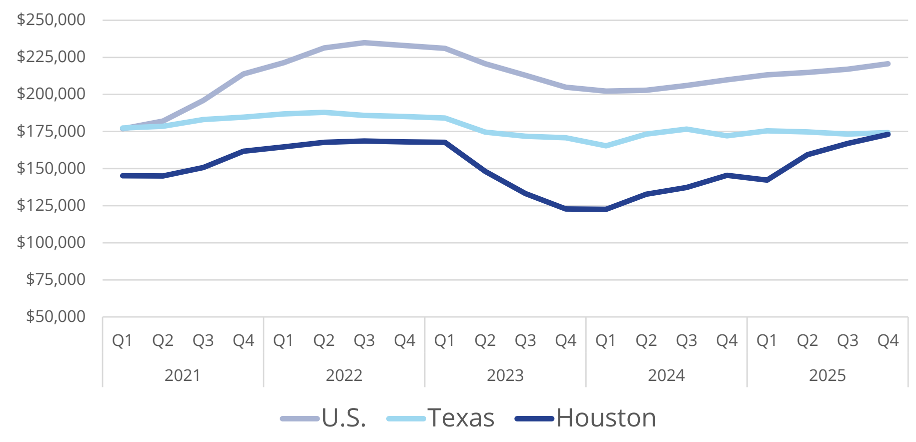


Source: Colliers, mri apartment data

Houston Sales Volume & Pricing

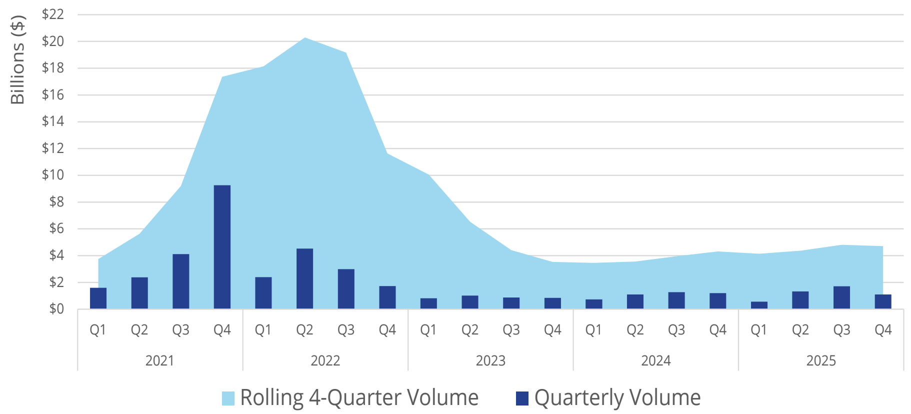
- Houston closed Q4 with $1.1 billion in multifamily sales. While this reflects a quarter-over-quarter decrease, it marks a 9.2% improvement year over year on a rolling four-quarter basis as interest rate concerns ease and bid/ask spreads narrow.
- The average sales price per unit in Houston reached an all-time high of $173,079 in the fourth quarter, up 3.6% quarter over quarter and a notable 19.0% year over year. Simultaneously, Texas' average sales price per unit remained flat at $174,260 while the overall U.S. average sales price hit its highest level, $220,752, since Q1 2023.
- Average U.S. and Texas cap rates held steady at 5.8%, remaining unchanged for the third consecutive quarter. In contrast, the average Houston cap rate closed the fourth quarter at 5.9%, a 10-basis-point increase both quarter over quarter and year over year.

AVERAGE PRICE PER UNIT



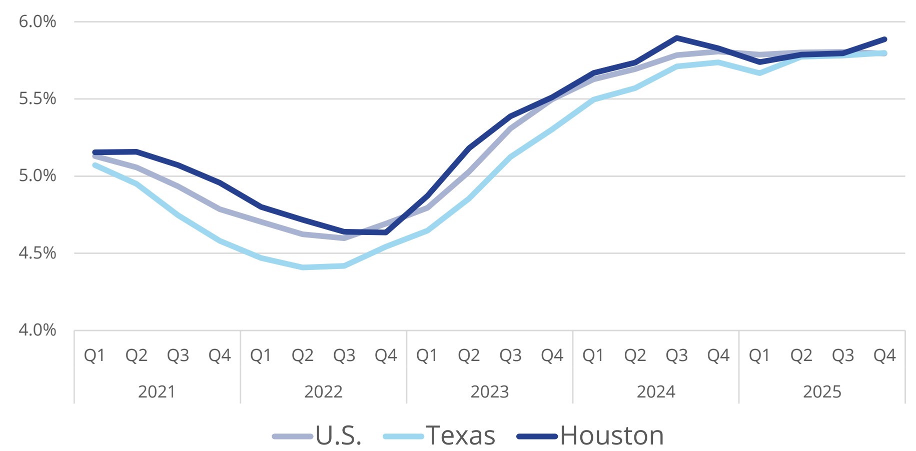
Source: Colliers, MSCI Real Capital Analytics

HOUSTON SALES VOLUME



Source: Colliers, MSCI Real Capital Analytics

AVERAGE CAP RATE

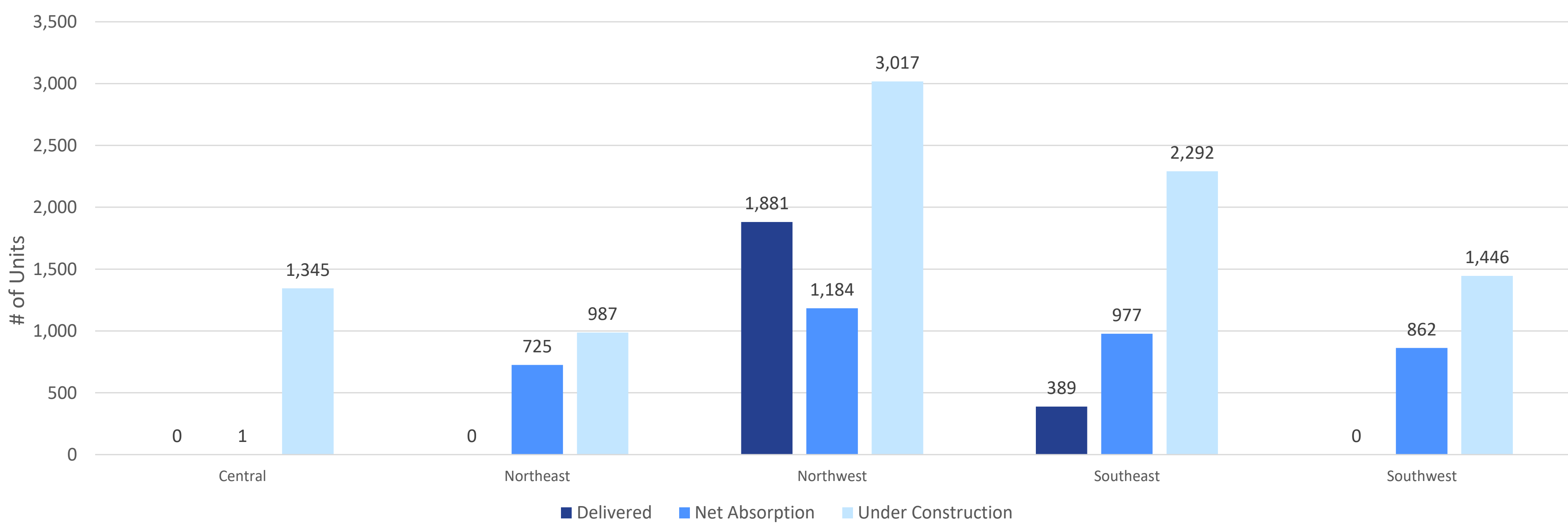


Source: Colliers, MSCI Real Capital Analytics

Market Statistics

HOUSTON	# OF UNITS	MONTHLY RENT PER UNIT ($)	CURRENT ABSORPTION # OF UNITS	PREVIOUS ABSORPTION # OF UNITS	CURRENT OCCUPANCY RATE (%)	PREVIOUS OCCUPANCY RATE (%)
Class A	208,366	1,704	2,279	4,558	86.1%	85.4%
Class B	302,311	1,249	180	2,218	92.1%	92.0%
Class C	211,382	982	1,023	3,280	92.5%	92.0%
Class D	67,169	784	267	777	89.8%	89.4%
Total	**789,228**	**1,258**	**3,749**	**10,833**	**90.4%**	**90.1%**

Houston Multifamily Activity by Submarket Q4 2025



Global Stats

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Sources

Colliers | mri apartment data | MSCI Real Capital Analytics

$5.5B
ANNUAL REVENUE

70
COUNTRIES WE OPERATE IN

$108B
ASSETS UNDER MANAGEMENT

46,000
LEASE AND SALE TRANSACTIONS

2B
SQUARE FEET MANAGED

24,000
PROFESSIONALS

Number of countries includes affiliates

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