



Houston Apartment Market Update

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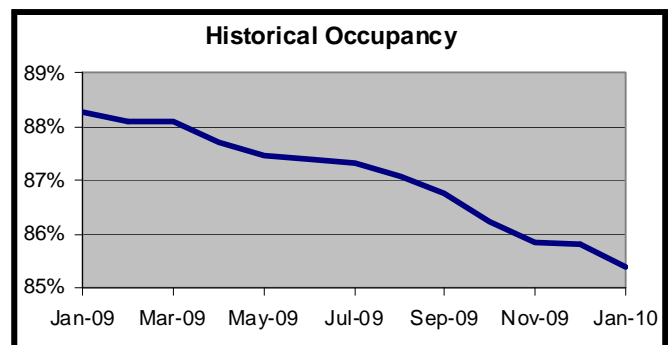
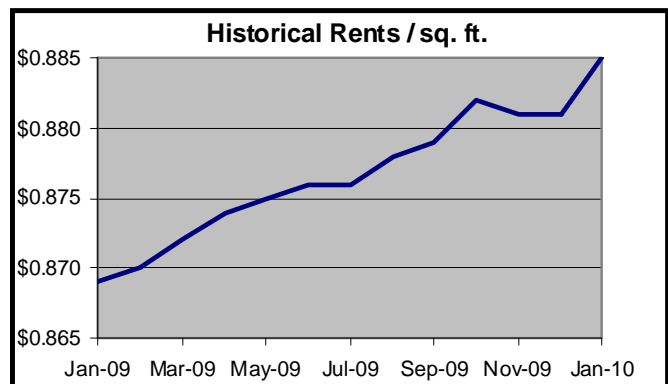
Market Update: by Holly Kelch

January 2010

January was a challenging month for the **Houston** area multi-family sector as a sustained decline in overall occupancy coupled with significantly negative absorption dominated the market. This was mainly due to the influx of newly delivered communities, however, the area benefited from a hefty increase in rental rates per unit over the month, with per square foot rates carrying on the rising trend. Class A properties continue to lead the way, leaving rental rates per unit a great deal higher than they were twelve months ago. With almost 75% of the 9,000 units under construction currently pre-leasing, expect the trends of declining occupancy paired with rising rental rates to linger.

Houston apartment market occupancy decreased 0.42 points in January to 85.41%. Occupancy is down 2.88 points over the last year. Average rents per square foot increased to \$0.004 psf and are up \$0.016 psf since January 2009. Average rent per unit increased \$3.54 in January to \$761.38, which represents an annual increase of \$16.62. Monthly absorption totaled a negative 1,565 units, while annual absorption (rolling twelve months) was a negative 3,549 units.

Houston Apartment Market Key Metrics	
Occupancy	85.41%
Monthly Change	- 0.42%
Annual Change	- 2.88%
Rent / Unit	\$761.38
Monthly Change	+ \$3.54
Annual Change	+ \$16.62
Rent / SF	\$0.885
Monthly Change	+ \$0.004
Annual Change	+ \$0.016
Monthly Absorption	- 1,565
Annual Absorption	- 3,549
Units U/C	9,207
Units Planned	6,715



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