Transwestern

Houston

Multifamily Market | Q3 2026

New Construction Hits the Urban Core As Leasing Demand Remains Positive Marketwide

Market Observations

- Renters moved into a net positive 4,801 units throughout metro Houston in the third quarter. Overall, 31 of the 42 submarkets (or 74%) finished in the black with positive demand, though the significant momentum seen over the summer tapered by nearly a third. Still, all building classes recorded new growth, led by Class A at 3,490 units, followed by Class B (706 units), Class D (522 units), and far behind Class C trailing with 83 units.
- The suburbs and outlying areas of Houston still dominate new construction at nearly 4:1 compared to the urban core, though notable, recently announced projects have kicked off inside Loop 610. These include 3L Real Estate's 553-unit downtown office-to-residential conversion at 1021 Main St.; Southern Land Company's 331-unit Lily River Oaks; and Transwestern Development Company's 317-unit mixed-use project, The RO. The latter two are located in the Highland Village/ Upper Kirby/ West U submarket, one of Houston's most prestigious neighborhoods.
- As a result, construction activity now measures just under 12K units but is still widespread and can be found in more than half of the 42 tracked submarkets.



803K Units
Inventory

4,801 Units
Net Absorption

898 SF
Average size/Unit

91.2%
Occupancy

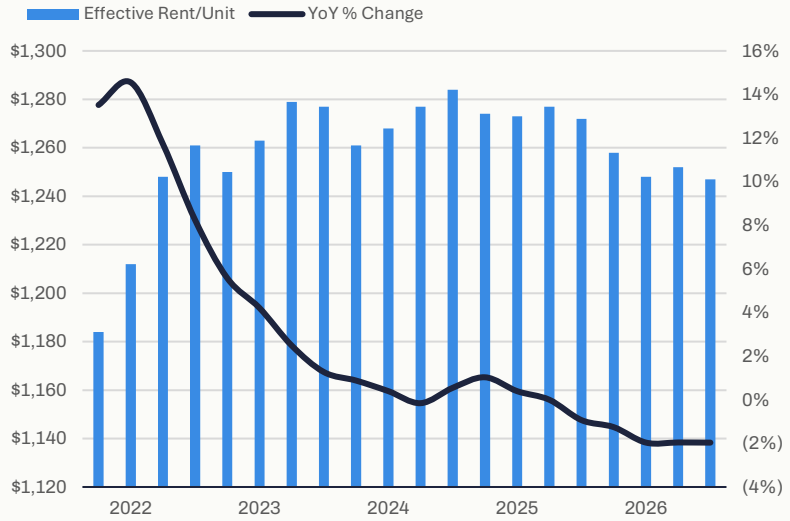
11,994 Units
Under Construction

$1,247
Effective Rent/Unit

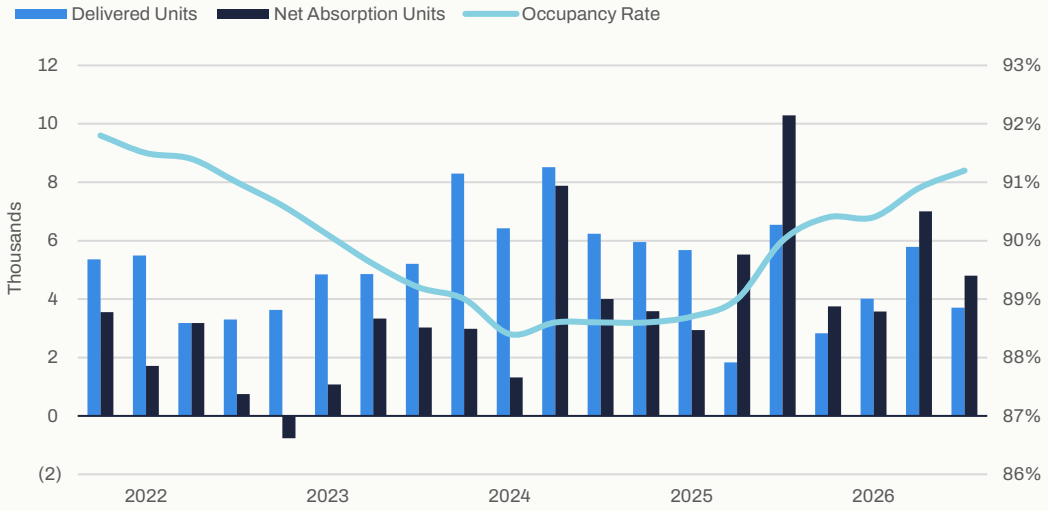
Houston

- Houston's positive demand of 4,801 units spanned all building classes but fell short of the YoY average by 18.4%, though occupancy settled at 91.2%, experiencing a nice boost of 30 bps QoQ and 1.2% YoY. Compared to the leasing velocity throughout the Texas Triangle, Houston leads in overall occupancy across all product types, followed by Dallas-Fort Worth (90.7%), San Antonio (90.3%), and Austin (89.5%), according to the most recent release of MRI's Apartment Data.
- Asking rent contracted by 40 bps across Houston during Q3, with the average unit monthly rent rounding out at $1,247. Rents contracted by 2% YoY for the third consecutive quarter, marking six quarters since rents last posted a YoY increase. Local outlook has rents starting to stabilize and begin to edge up as new supply tapers and projected absorption remains strong.
- Houston delivered 3,703 units during the third quarter short of the 4,575-unit YoY average, reflecting the tightening delivery pipeline. Regardless, absorption outpaced deliveries keeping the pattern first seen in midyear as occupancy rates are now gradually on the rise.

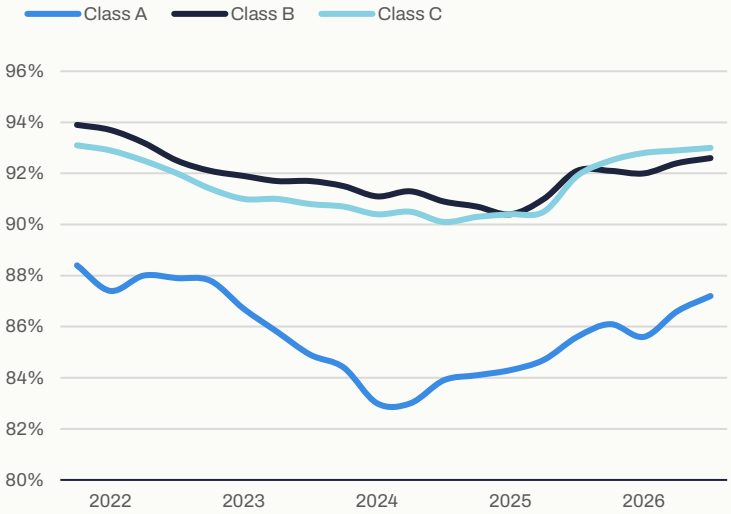
Asking Effective Rent



Delivery Impact On Key Indicators



Occupancy by Class



Source: Transwestern, MRI – ApartmentData.com

Market Indicators Table

All Classes of Units | Q3 2026

Submarket	# OF APT. COMMUNITIES	# OF APT. UNITS	OCCUPANCY	NET ABSORPTION UNITS	AVERAGE EFFECTIVE RENT	RENT % CHANGE YOY	UNITS UNDER CONSTRUCTION
1. Montrose/ Museum/ Midtown	79	20,506	90.4%	94	2,087	3.5%	330
2. Highland Village/ Upper Kirby/ West U	69	19,774	92.4%	(11)	1,926	(1.5%)	648
3. Med Center/ Braes Bayou	84	26,463	91.0%	(93)	1,410	(2.6%)	350
4. Heights/ Washington Ave	85	22,058	92.0%	(97)	1,731	0.3%	284
5. Downtown	34	8,948	89.7%	153	1,953	(0.7%)	622
6. Galleria/ Uptown	108	25,578	92.1%	345	1,393	(1.3%)	241
7. Woodlake/ Westheimer	38	12,361	92.8%	(64)	1,101	(3.8%)	-
8. Energy Corridor/ CityCentre/ Briar Forest	118	35,638	92.0%	283	1,272	(4.1%)	839
9. Westchase	53	15,512	90.7%	(116)	1,029	(3.8%)	-
10. Alief	114	28,016	92.5%	249	1,025	(4.5%)	-
11. Sharpstown/ Westwood	102	25,614	92.1%	(52)	871	(4.3%)	-
12. Westpark/ Bissonnet	57	16,934	94.6%	98	874	(2.2%)	-
13. Braeswood/ Fondren SW	81	22,337	91.3%	248	919	(1.7%)	-
14. Almeda/ South Main	26	5,663	93.7%	87	1,040	0.5%	155

Source: Transwestern, MRI – Apartment Data

Market Indicators Table – Cont.

All Classes of Units | Q3 2026

Submarket	# OF APT. COMMUNITIES	# OF APT. UNITS	OCCUPANCY	NET ABSORPTION UNITS	AVERAGE EFFECTIVE RENT	RENT % CHANGE YOY	UNITS UNDER CONSTRUCTION
15. Sugar Land/ Stafford/ Sienna	82	19,567	91.6%	265	1,382	(5.1%)	736
16. Richmond/ Rosenberg	37	7,204	88.1%	96	1,252	(4.6%)	-
17. Brookhollow/ Northwest Crossing	101	23,259	91.2%	(23)	1,089	(1.0%)	204
18. Memorial/ Spring Branch	120	26,161	92.8%	(83)	1,204	(1.9%)	466
19. Inwood/ Hwy 249	31	6,274	94.4%	148	1,023	0.3%	-
20. Willowbrook/ Champions/ Ella	170	43,868	91.5%	182	1,089	(2.3%)	594
21. Jersey Village/ Cypress	74	18,139	91.9%	92	1,200	(3.2%)	366
22. Bear Creek/ Copperfield/ Fairfield	93	25,122	88.4%	96	1,321	(3.5%)	807
23. Katy/ Cinco Ranch/ Waterside	185	52,212	86.6%	1,018	1,371	(5.4%)	690
24. Tomball/ Spring	98	24,801	87.1%	46	1,356	(1.9%)	564
25. Woodlands/ Conroe South	94	25,641	88.8%	268	1,437	(2.6%)	1,010
26. Conroe North/ Montgomery	74	14,921	91.4%	171	1,196	(1.6%)	165
27. I-10 East/ Woodforest/ Channelview	64	13,779	91.7%	(37)	1,065	(4.2%)	-
28. I-69 North	32	5,403	92.8%	56	1,112	-	-

Source: Transwestern, MRI – Apartment Data

Market Indicators Table – Cont.

All Classes of Units | Q3 2026

Submarket	# OF APT. COMMUNITIES	# OF APT. UNITS	OCCUPANCY	NET ABSORPTION UNITS	AVERAGE EFFECTIVE RENT	RENT % CHANGE YOY	UNITS UNDER CONSTRUCTION
29. Northline	56	7,777	88.5%	86	1,034	1.6%	159
30. Greenspoint/ Northborough/ Aldine	71	17,761	92.2%	202	909	(4.2%)	-
31. FM 1960 East/ IAH Airport	48	9,659	93.1%	15	1,103	(0.3%)	300
32. Lake Houston/ Kingwood	86	21,078	89.4%	260	1,296	(4.6%)	850
33. Northeast Houston/ Crosby	26	4,042	89.0%	40	1,016	(3.7%)	-
34. Hwy 288 South/ Pearland West	63	16,236	90.1%	112	1,434	0.4%	336
35. U of H/ I-45 South	122	21,462	92.9%	222	1,009	1.1%	102
36. Beltway 8 / I-45 South	55	14,489	94.9%	28	1,059	(1.0%)	-
37. Pasadena/ Deer Park/ La Porte	128	25,282	90.5%	157	1,076	(1.9%)	-
38. Friendswood/ Pearland East	34	6,463	95.2%	(33)	1,285	0.1%	611
39. Clear Lake/ Webster/ League City	106	27,260	92.9%	(9)	1,265	0.2%	565
40. Baytown	64	12,511	91.0%	127	1,118	(1.1%)	-
41. Dickinson/ Galveston	85	13,920	93.4%	40	1,219	0.9%	-
42. Alvin/ Angleton/ Lake Jackson	78	13,294	92.5%	135	1,072	0.2%	-
Houston	**3,325**	**802,987**	**91.2%**	**4,801**	**1,247**	**(2.0%)**	**11,994**

Source: Transwestern, MRI – Apartment Data

Research Methodology

The information in this report is the result of a compilation of information on multifamily properties located in the Houston metropolitan area. This report includes all classifications of space for multifamily properties and analyzes all leasing and representative investment sales activity.

About Transwestern

Transwestern is a preeminent, vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate $57 billion[1] in assets and have completed or commenced development on more than $9 billion of real estate projects since 2012. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

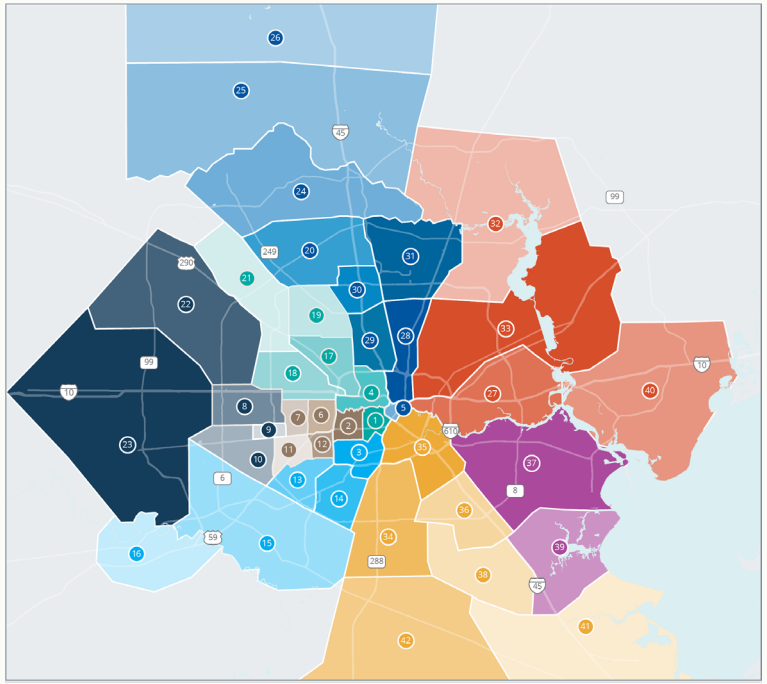
1 Includes the Transwestern organization and RIA AM as of June 30, 2025.

For More Information

Robert Kramp
SVP, Dallas/Houston Regional Research Director
Research & Investment Analytics
Robert.Kramp@transwestern.com
713.270.3346

Kelsey Meck
Senior Analyst | Research & Investment Analytics
Kelsey.Meck@transwestern.com
713.272.1286

Harrison Owens
Senior Analyst | Research & Investment Analytics
Harrison.Owens@transwestern.com
713.270.3338



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