Houston Apartment Market Overbuilt, Industry Experts Say

HOUSTON (Houston Chronicle) - The downturn in the energy sector is resulting in a downturn in the local multifamily market, some industry experts say.

Camden McGowen Station

In its 2016 forecast, Apartment Data Services called the Houston market "overbuilt," saying there is "too much supply for demand."

Ric Campo, CEO of residential developer Camden, agreed, telling the Houston Chronicle that "it won't be as bad as people think. But now, it's going to be a tenant's market."

He said losses in energy jobs here will be partially offset by gains in health care, education, hospitality and government. Even so, he said it will be a slow year for Houston, and that the city "has too many apartments coming online" given that slower growth.

Bruce McClenny with Apartment Data Services said the market is skewed toward Class A units. He said the higher end stock is overbuilt, and he expects area occupancy to fall to 89 percent this year after a lengthy period of steady increase.

High-end apartments traditionally account for about 17 percent of the local market, McClenny said. Now, it's closer to 24 percent. These newly built units average $1,400 a month.

The overall rental price in the Houston region is $996.

Ric Campo

Bruce McClenny