

Broker sees renewed investor interest in Houston multifamily market

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[Matt Guse](#) is feeling optimistic about Houston's multifamily market in 2017.

The senior vice president with [Colliers International](#) Group Inc.'s (Nasdaq: CIGI) multifamily group in Houston has been fielding more calls from out-of-town investors looking to purchase apartments in the Bayou City.



Matt Guse is the senior vice president of Colliers International's Houston multifamily... [more](#)

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“Houston is back on the table,” Guse said. “Guys are coming back to the market, willing to look at Houston again.”

In 2016, most multifamily investors in Houston were “looking for blood in the streets,” especially out west in the Energy Corridor, Guse said. National headlines made it seem Houston was in a deep recession with many distressed apartment owners willing to sell their properties, he said.

“It’s not like that,” Guse said. “A lot of guys missed some good opportunities to buy, waiting for the other shoe to drop. The market didn’t crater though. It slowed.”

Now that oil prices have stabilized in the mid-\$50 a barrel range and the tumultuous election is over, Houston’s multifamily investment market has “turned on a dime,” Guse said. The broker said he has seen a “noticeable shift” in the volume of calls and interest from investors since the start of the year.

“This year is a new slate,” Guse said. “The whole context of the conversation around Houston has changed. People’s opinions about Houston have changed. I haven’t had to convince anyone that things didn’t get that bad here.”

To be sure, Houston apartment sales have fallen during the energy downturn — but not by much.

Over the past decade, Houston has averaged 148 apartment sales each year. Investors scooped up 160 Houston apartment properties in 2016, which was lower than the high of 224 sales in 2014, but still higher than the historical average, Guse said.

“It is healthy and respectable,” Guse said of Houston’s multifamily performance in 2016.

Most of the sales last year — about 60 percent — were of Class B and C apartments, [which constitute the bulk of the Houston market](#). Private equity firms in particular bought apartments built in the 1970s and 1980s to execute a “value-add” strategy: renovating and raising rents to yield a higher return, Guse said.

Source: http://www.bizjournals.com/houston/news/2017/01/27/broker-sees-renewed-investor-interest-in-houston.html?ana=e_me_set1&s=newsletter&ed=2017-01-27&u=jD6E46%2FhWozukuNkKOTyCSkbaCM&t=1485529575&j=77208171