

Houston, Texas - Real Estate Market Report (Joel Dixon - COO - AIOS)

While reading this report please keep in mind that reporting on the current state of any real estate market is like driving while keeping your eyes on the rear view mirror; there is always a lag of information dissemination about it's current state and conflicting reports from disreputable internet sources. That said, there is a great deal of information available that we have compiled for you to review in order to get a better idea of the market from the most reliable and trusted sources available.

HISTORY - MAY, 2010

- The average home value in Houston, TX was estimated at \$120,678.
- The total inventory of available homes in the Houston market was \$25,065.
- Foreclosures (all types) made up the majority of homes on the market, accounting for 19,010 (75% of the market).
- The remainder of the sale of real estate was comprised of resale homes and new homes.
- 670,022 total properties in Houston (proper), 40% were owned, 48% rented, & 10% vacant.
- Empty home vacancy accounts for 10% of the Houston, TX real estate market.
- Housing median values were down 0.6% and the average monthly rent was \$866

New homes are a good indicator of housing growth, while foreclosures can indicate a problem. Given the downturn in the economy, foreclosures pose excellent purchase opportunities given their reduced cost.

CURRENT ANALYSIS

- In March, 2011, a stabilization trend was taking place in commercial real estate sectors, but in most markets rent will remain soft except for multifamily rentals, according to the National Association of Realtors.
- The multi-family apartment rental market tightens as the economy improves. Multi-family vacancy rates are forecast to decline from 5.8 percent in this quarter to 4.9 percent in the first quarter of 2012.
- As of February 2011, the US Census Bureau showed that New York and Los Angeles continue to hold on to their top spots for overall largest cities in the U.S., a much tighter race occurred for the No. 3 spot, which Chicago usually comfortably enjoys. Houston's rapid population growth in the past decade nearly sent it over reigning No. 3 city Chicago, according to the latest U.S. Census Bureau figures.
- Houston's population grew 7.4 percent in the past decade, while Chicago's population growth has dropped 7 percent. The Windy City, however, still was able to remain above Houston for population size, 2.7 million to 2.09 million respectively.
- Experts attribute Houston's growth to its low unemployment rate (8.1 percent compared to the 9 percent national average), the oil industry, low cost of living, and an influx of immigrants.
- 29 of the Top Fortune 500 Companies have head offices in Houston as of 2010, more than any other in the USA
- The metro area's population of 5.54 million in 2006 is 6th largest among U.S. metropolitan statistical areas, according to www.census.gov
- Vacancies are predicted to lower in the office sector, industrial real estate, retail and multifamily rentals over the course of 2011, and rent is forecast to go up 3.4 percent this year.
- The expected vacancy rate for commercial real estate in 2011 is believed to decline from 16.5 percent to 16.0 percent for the office sector; from 14.2 to 12.9 percent for industrial real estate; 13.0 percent to 12.9 percent for retail and from 5.8 percent to 4.9 percent for multifamily rentals, according to a report by the National Association of Realtors.

This is encouraging news for us Houston real estate investors, and the fact that rent is predicted to rise, is positive news for the next year. Please refer to links below to conduct your own due diligence.

<http://www.har.com>

<http://www.ibtimes.com/realestate/news.htm?textfield=houston>

<http://www.houston.org>

<http://www.naihouston.com>

<http://www.zillow.com>

<http://www.zillow.com/wikipages/Picking-the-Best-Comparables/>

<http://houstonagentmagazine.com>

<http://www.youtube.com/watch?v=f4XD7F61g1M>

<http://www.2mrealty.com/news/commercial-real-estate/commercial-vacancy-rates-declining-rent-rates-are-increasing-2419.php>

<http://www.houstontx.gov>

<http://en.wikipedia.org/wiki/Houston>

<http://realestate.aol.com/Houston-TX-real-estate>

<http://www.realtor.org/rmodaily.nsf/f3c66d0c6457c1e1862570af000cb13b/da09d12bd15c37408625783b0054067f?opendocument>

<http://lesterlangdon.wordpress.com/2011/03/16/commercial-real-estate-vacancy-rates-to-decline-but-rent-recovery-delayed/>

<http://www.ibtimes.com/articles/114136/20110219/houston-population-soars-census-shows.htm>