



HOUSTON MULTI-FAMILY MARKET TRENDS

2009 Review



- A total of 141 multi-family properties sold in 2009; 28 were sold by KET Enterprises (4,680 units)
- 15,221 units came on-line in 2009
- Occupancies were flat for 2009 and have trended downward since a peak at 90.4% in 2005
- The seasonally adjusted unemployment rate decreased from 8.3% in October 2009 to 8.0% in November 2009 – the national seasonally adjusted unemployment rate for the same period was 10%
- Houston was late to the recession, but felt the recession in the first two quarters of 2009; however, in the third quarter 2009 job losses began to slow.

Source: O'Connor & Associates, Apartment Data Services, Inc., The Texas Workforce Commission

Current Market Performance

Property / Unit Information	January 2010				Overall
	A	B	C	D	
Total # Projects	577	1,098	774	155	2,604
Total # Units	155,323	234,575	137,022	20,722	547,642
Avg SF	955.02	835.52	826.52	895.61	866.79
Occupancy	A	B	C	D	Overall
Avg Physical Occupancy	85.41%	86.13%	82.97%	83.20%	85.02%
Rental Rates	A	B	C	D	Overall
Avg Market Rent/SF	\$1.18	\$0.84	\$0.72	\$0.63	\$0.89
Avg Market Rent/Unit	\$1,124.75	\$681.64	\$582.53	\$547.03	\$766.51

Source: O'Connor & Associates

Net Absorption 2009

Absorption (In Units) Dec 2009	A	B	C	D	Overall
Current Month-to-Date - Dec 09	379	-56	706	37	992
Current Quarter-to-Date - Dec 09	542	-1,193	-695	-338	-1,685
Year-to-Date - Dec 09	8,101	-3,968	-2,324	-597	1,212

Source: O'Connor & Associates

2010 Forecast

- The Greater Houston Partnership projects a gain of 1,900 jobs in 2010. Job gains are forecasted to occur in the third and fourth quarter of 2010, Source : The Greater Houston Partnership 2010
- 2010: 3.5% occupancy improvement to 87.63% / 1.6% revenue growth *
 - 2011: 2.7% occupancy improvement to 90.3% / 4.6% revenue growth*
 - 2012: 1.3% occupancy improvement to 91.6% / 5.0% revenue growth*

*Source: MPF Research



KET ENTERPRISES INCORPORATED

MULTIFAMILY BROKERAGE

HOUSTON RANKINGS

2009 #1 Rankings

- Top Metro for corporate location and expansion by Site Selector magazine 2009
- Best of category – Economic Development by the American Marketing Association – Houston chapter
- The Best City to Live, work, and Play by *Kiplinger's Personal Finance*
- Best City to Earn a Living by *Forbes*
- Hottest Labor Market by *bizjournals.com*
- The City with the Fastest Job Growth by the U.S. Bureau of Labor statistics
- U.S. cities for manufacturing plants and jobs according to the *Texas Manufacturers' Register*
- Major metros for having the lowest cost of living by ACCRA

In addition, Houston's other rankings include:

- Ranked #2 in U.S. by U.S. Bureau of Labor Statistics for Best Cities for Job Growth
- Ranked #4 in the *Brookings Institution's MetroMonitor's Overall Performance Report – June 09*
- Ranked #5 in *Pitney Bowes Business Insight* for retail sales
- Ranked #10 among 20 best cities in U.S. for a "fresh start" by *Relocation.com*
- Ranked #21 in the U.S. for high tech industries according to the Milken Institute
- In the most recent *Emerging Trends in Real Estate 2010* by the Urban Land Institute & Price Waterhouse, Houston is ranked #5 overall among 51 major metros analyzed in their report, #7 for commercial/multifamily investment, #2 for commercial/multifamily development, #3 for homebuilding, #6 for office property acquisition, #5 for retail property acquisition and #9 for hotel property acquisitions.