

MULTIFAMILY REPORT

Austin Pushes On

July 2023

Job Gains Top Other Major Metros Short-Term Rent Growth Rebounds

Development Activity Breaks Records

AUSTIN MULTIFAMILY



Rent Growth Inches Up, Occupancy Lags

Multifamily fundamentals are improving in Austin, sustained by one of the strongest economic expansions in the U.S. and robust in-migration. Rents grew, albeit slowly, after eight consecutive months in negative territory, up 0.1% on a trailing three-month basis through May, 20 basis points behind the U.S. rate. At \$1,717, the average rent in the Texas capital was virtually on par with the U.S. figure (\$1,716). Occupancy was down 120 basis points yearover-year in April, to 94.0%.

Austin unemployment stood at 3.1% in April, outperforming the state (4.0%), the U.S. (3.4%) and all other major Texas metros. Employment growth posted the fastest pace among the country's top 30 markets tracked by Yardi Matrix, up 6.0%, or 64,300 jobs, in the 12 months ending in March, double the U.S. rate. Leisure and hospitality and professional and business services added the most new positions, totaling a combined 37,200. Both sectors are poised for sustained growth, as officials are discussing a \$1.6 billion redevelopment of the metro's downtown convention center, while the office sector continues to expand, with 7.6 million square feet underway.

Developers delivered 3,365 units in 2023 through May and had another 60,450 units under construction, accounting for the country's largest pipeline. This volume of growth is particularly impressive because Austin is not one of the country's top 20 metros by population.

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Recent Austin Transactions

Bridge at Henley



City: Austin, Texas Buyer: Housing Authority of the City of Austin Purchase Price: \$106 MM Price per Unit: \$287,928

The Dalton



City: Pflugerville, Texas Buyer: TerraCap Management Purchase Price: \$85 MM Price per Unit: \$243,810

Bridge at Indigo



City: Austin, Texas Buyer: Belveron Partners Purchase Price: \$80 MM Price per Unit: \$246,773

Park at Crestview



City: Austin, Texas Buyer: Nord Group Purchase Price: \$56 MM Price per Unit: \$225,946