

Yardi® Matrix

Austin Knows No City Limits

Multifamily Report Summer 2019

Development Remains Strong

Rent Growth Outpaces National Rate

Office-Using Jobs Lead Employment Gains

AUSTIN MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Job Growth Softens, Occupancy Inches Up

Austin's multifamily market is poised for a stable 2019, with rent growth rising 3.7% year-over-year through April, outperforming the national rate by 70 basis points. Developers are struggling to keep up with demand, and the labor shortage is not helping: The occupancy rate in stabilized properties rose 50 basis points over 12 months, to 94.4% as of March.

Employment growth softened to 2.5% as of March, with the addition of 22,700 jobs, but remained way above the 1.6% U.S. figure. Moreover, following exceptional performance over the past few years, the job market is bound to moderate further. The tech city's office-using industries added 10,400 jobs, nearly half of Austin's gains, led by the professional and business services sector. Trade, transportation and utilities added 4,700 positions and is expected to grow further with the expansion of Austin-Bergstrom International Airport, which is anticipated to wrap up by 2040.

Some 800 units were delivered in the first four months of 2019, all in the Lifestyle segment. More than 23,000 units were underway as of April, with the bulk targeting the upscale end of the spectrum. Of these, nearly 11,000 are slated for completion by the end of the year. With demand slated to remain strong while development powers through, we expect the average Austin rent to advance 4.1% this year.

Recent Austin Transactions

Skyloft



City: Austin, Texas
Buyer: Nelson Partners
Purchase Price: \$100 MM
Price per Unit: \$471,698

Muir Lake



City: Cedar Park, Texas
Buyer: DRA Advisors
Purchase Price: \$60 MM
Price per Unit: \$180,723

Concord



City: Austin, Texas
Buyer: B & M Management
Purchase Price: \$47 MM
Price per Unit: \$134,967

Nalle Woods



City: Austin, Texas
Buyer: Morningside Group
Purchase Price: \$43 MM
Price per Unit: \$179,727