



MULTIFAMILY REPORT

Austin's Tech Support

Summer 2020

Robust Supply Puts Pressure on Rents

Completions Slated to Surpass 2019

Transaction Volume Dwindles



AUSTIN MULTIFAMILY



Economy Rebounds, Overbuilding Risk Looms

Austin's multifamily market displayed weakening fundamentals in the second quarter, but was kept afloat with help from the growing presence of tech companies. Still, the pandemic's impact and high number of completions have pressured rents, which contracted 0.2% to \$1,372 on a trailing three-month basis through July. Meanwhile, the occupancy rate in stabilized properties was down 90 basis points in 12 months, to 94.0% as of July.

Throughout the last cycle, Austin has built a diversified and balanced economy, which helped it withstand COVID-19's blunt force. Still, the metro's economic activity contracted sharply in the second quarter. The unemployment rate rose in April to its highest value at 12.2%, but dropped to 7.3% in June and further to 6.7% in July, according to preliminary data. Yet the 3.3 million unemployment claims filed across the state between mid-March and late August could continue rising, as Gov. Greg Abbott reversed the state's reopening in early July due to a spike in the number of coronavirus cases in late June.

Multifamily transactions totaled just \$812 million through August, with a per-unit price that inched up 2.6% to \$150,134. Meanwhile, 6,072 units came online and another 28,052 apartments were underway at the end of the summer. Taking current volatility into account, we expect Austin rents to drop 0.4% in 2020.

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Recent Austin Transactions

Residences at the Triangle



City: Austin, Texas
Buyer: Castle Lanterra Properties
Purchase Price: \$129 MM
Price per Unit: \$243,856

Retreat at Wolf Ranch



City: Georgetown, Texas
Buyer: BSR Trust
Purchase Price: \$52 MM
Price per Unit: \$170,297

Bexley Wolf Ranch



City: Georgetown, Texas
Buyer: Weinstein Properties
Purchase Price: \$51 MM
Price per Unit: \$152,610

Chevy Chase



City: Austin, Texas
Buyer: Bluerock Real Estate
Purchase Price: \$33 MM
Price per Unit: \$101,667