

YARDI[®] Matrix

Austin's Fundamental Growth

Multifamily Fall Report 2016

Rent Growth Spikes, Then Slows

2-Year Investor Activity Tops \$1.7B

Northeastern Side Benefits from New Product

AUSTIN MULTIFAMILY

YARDI® Matrix

Market Analysis

Fall 2016

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Anca Gagiuc

Associate Editor

Rapid Growth, Strong Demand

Austin continues to be one of the rapidly growing metros in the U.S. Its economy is experiencing healthy gains, with employment and population growth well above national averages. Job gains are broad-based, with the most substantial amount of activity registered in the trade, transportation and utilities; professional and business services; and education and health-care sectors.

The influx of activity cuts across industries. A new Apple campus is expected to bring 3,600 new jobs, and Oracle has a 560,000-square-foot complex underway along Lady Bird Lake, while Dell's Medical School at the University of Texas at Austin is scheduled to accept its first class in 2016. Furthermore, in a joint venture with Seton Healthcare Family and Central Health, a \$295 million teaching hospital will be constructed adjacent to the new school.

Strong rental demand, duplicated by the urban hub and the college town, has helped to keep occupancies near record highs. It's a double benefit, though, because growth is a boon to property owners and developers but puts pressure on renters. Apartment searches have become especially difficult for college students because they are priced out of the desirable properties near campuses. However, despite Austin's rapidly growing population, the surge in inventory expansion raises concerns that the development pipeline will overshoot demand, triggering vacancy rates to rise and rent growth to slow in future years.

Recent Austin Transactions

The Catherine



City: Austin
Buyer: Christopher Commercial
Purchase Price: \$80 MM
Price per Unit: \$266,667

The Davis SoCo



City: Austin
Buyer: Sendera Investment Group
Purchase Price: \$65 MM
Price per Unit: \$174,489

West Lake Vistas



City: Austin
Buyer: The Connor Group
Purchase Price: \$61 MM
Price per Unit: \$183,633

Ascent Arboretum



City: Austin
Buyer: B & M Management
Purchase Price: \$60 MM
Price per Unit: \$183,838