

Yardi® Matrix

Austin Embraces Live-Work-Play

Multifamily Report Summer 2017

Rent Growth Stalls Amid Heavy New Supply

Employment, Population Boom

Transaction Volume Ebbs

AUSTIN MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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

Growing Inventory Caps Rent Growth

Austin's economy is strong and population is booming, but a heavy new supply of apartments is limiting rent growth. Rents in the metro were flat year-over-year compared to a 1.5% national growth rate as of May. The metro attracts Millennials to its urban core, as well as Baby Boomers retiring to the Texas Hill Country. However, with more than 16,000 units under construction, Yardi Matrix forecasts a modest rent growth of 1.1% in 2017, as the heavy new supply is absorbed.

The Texas capital's economy is centered around government, the University of Texas, and a large number of technology firms, led by hometown company Dell Technologies. Major projects include the 700-acre master-planned Mueller site, which will house 13,000 residents and generate 13,000 permanent jobs and 10,500 construction jobs. In addition, Dell Seton Medical Center has begun operation and plans to hire 15,000 people. Rapid population growth and affordability challenges are leading the city to pursue infrastructure projects and development aimed at easing urban congestion.

Transaction volume reached another record of \$2 billion in 2016, but began 2017 with slower activity levels, as only \$300 million worth of properties traded in the first five months of the year. Transaction volume has decreased faster for the more expensive Lifestyle properties than for Renter-by-Necessity communities, in part reflecting the weaker rent performance of Lifestyle assets.

Recent Austin Transactions

Madrone



City: Austin, Texas
Buyer: Starlight Investments
Purchase Price: \$87 MM
Price per Unit: \$156,438

The Davis SoCo



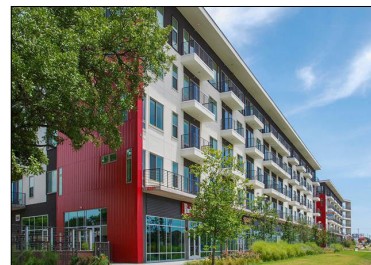
City: Austin, Texas
Buyer: Sendera Investment Group
Purchase Price: \$65 MM
Price per Unit: \$174,488

The Preserve at Rolling Oaks



City: Austin, Texas
Buyer: Cortland Partners
Purchase Price: \$64 MM
Price per Unit: \$129,555

Marq on Burnet



City: Austin, Texas
Buyer: CWS Capital Partners
Purchase Price: \$63 MM
Price per Unit: \$184,703

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Hollie Zepke

Audience Development Specialist
Hollie.Zepke@Yardi.com
(800) 866-1124 x5389