



MULTIFAMILY REPORT

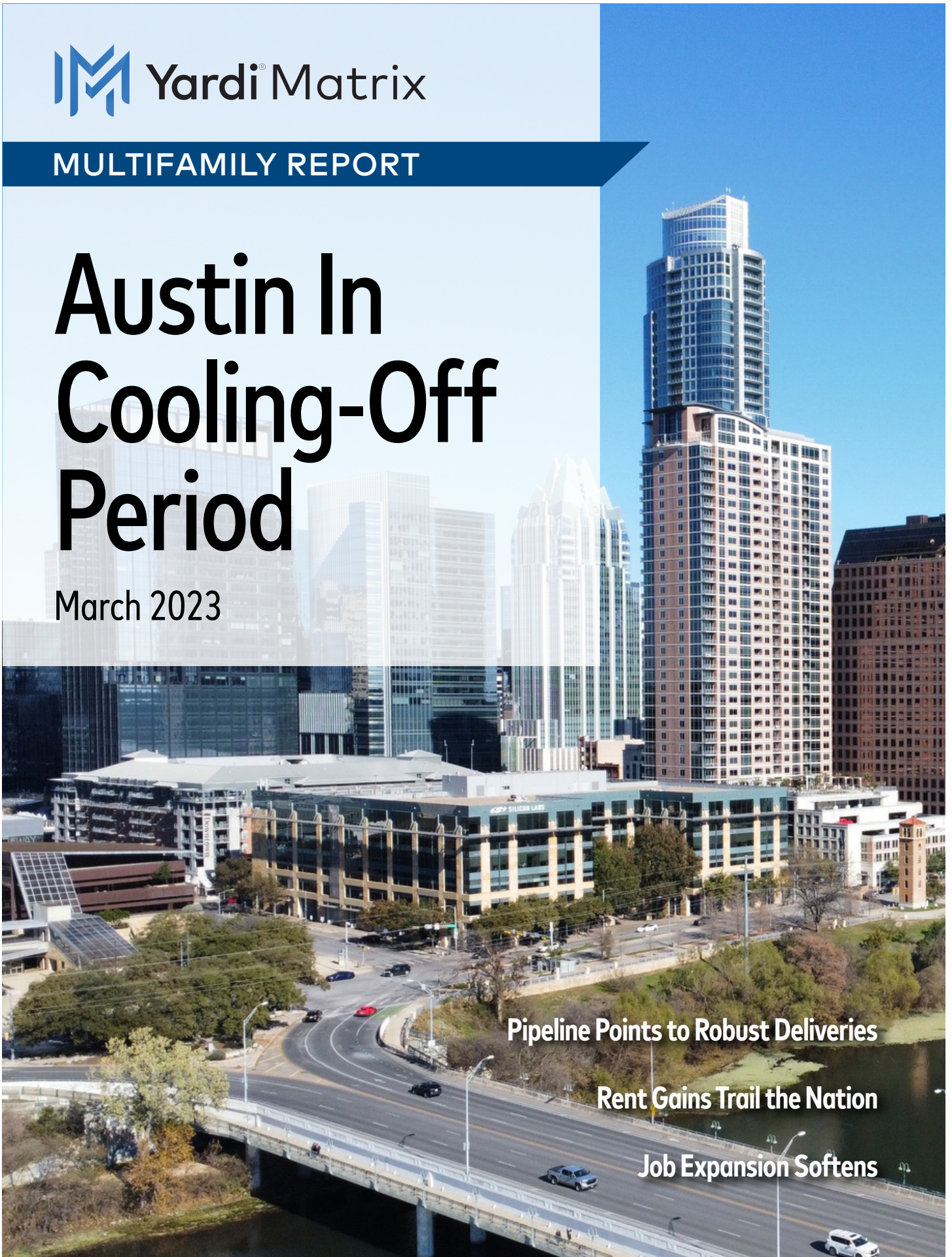
Austin In Cooling-Off Period

March 2023

Pipeline Points to Robust Deliveries

Rent Gains Trail the Nation

Job Expansion Softens



AUSTIN MULTIFAMILY



Strong Supply Additions Continue

With an ongoing economic slowdown that's cooling investment nationwide, one of the country's most active housing markets is ready for its test. While Austin is well positioned to weather what's ahead, caution is still advised. The robust deliveries of 2022 have yet to be absorbed, and coupled with a seasonal slowdown, this has led rents to trend downward for five consecutive months, contracting by 0.5% on a trailing three-month basis as of January, lagging the -0.3% U.S. rate. Occupancy declined 120 basis points year-over-year in December, to 94.5%.

Austin unemployment dropped to 2.7% in December, outperforming the state (3.9%) the nation (3.5%), and all other major Texas metros—Dallas (3.2%), Houston (3.9%) and San Antonio (3.3%)—according to preliminary data from the Bureau of Labor Statistics. Job growth softened, posting a 5.5% expansion in the 12 months ending in November, still 150 basis points above the U.S. rate, and the equivalent of 57,300 new jobs. Leisure and hospitality led gains, adding 24,900 positions, powered by major events supporting the sector's resurgence.

As of January 2023, developers hadn't delivered any new projects and had 57,031 units under construction. Last year, stock expansion amounted to 5.4% of total inventory, ranking Austin first in the country. Meanwhile, investors traded \$148 million in assets in January, for a price per unit that rose 12.6% above the December rate.

Market Analysis | March 2023

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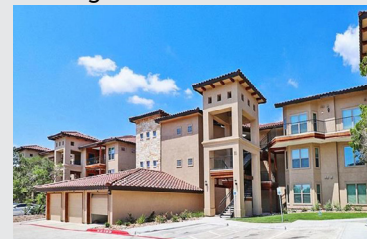
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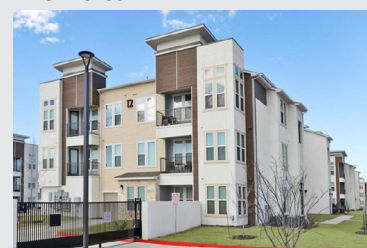
Recent Austin Transactions

Heritage Woods



City: Austin, Texas
Buyer: Austin Affordable Housing Corp.
Purchase Price: \$91 MM
Price per Unit: \$305,951

The Dalton



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

The Village at Gracy Farms



City: Austin, Texas
Buyer: IDEAL Capital Group
Purchase Price: \$52 MM
Price per Unit: \$170,299

Creekstone



City: Austin, Texas
Buyer: Rockwood Capital
Purchase Price: \$52 MM
Price per Unit: \$184,014