

Austin Rents Contract

March 2025

A photograph of the Austin skyline featuring several high-rise buildings, including a prominent glass skyscraper. In the foreground, there is a body of water (Lake Austin) with a bridge and people kayaking. The sky is blue with some light clouds.

Rent Decline Continues

Occupancy Below 93.0%

Robust Deliveries in January

AUSTIN MULTIFAMILY



High Supply Pressures Persist In 2025

Austin's multifamily fundamentals showed little change at the start of 2025, posting steady employment growth and decreasing rates. Advertised asking rents declined by 0.7%, on a trailing three-month basis through January to, \$1,554, down 5.4% year-over-year, while the U.S. rate inched down 0.1%, on a T3 basis to, \$1,746 and remained positive year-over-year, at 0.8%. The metro's occupancy rate in stabilized properties fell 20 basis points year-over-year, to 92.7% in January, well below the 94.5% national average.

Despite softening, Austin's employment growth continued to outperform the U.S., up 1.6%, or 21,200 net jobs, year-over-year through November. The highest job gains were posted in government (6,300 jobs), education and health services (6,000 jobs) and leisure and hospitality (4,500 jobs). Three sectors lost 6,700 jobs combined. Meanwhile, the metro's unemployment rate was 3.1% in December 2024, according to data from the Bureau of Labor Statistics, below the U.S. (4.1%), the state (4.2%) and all other major Texas markets. Among the projects that will have a significant impact on the local economy is the expansion and redevelopment of the Austin Convention Center, slated to begin this year and be completed by 2029.

Developers delivered 2,353 units in January 2025 and had another 40,486 units underway. Sales remained slow into 2025, after 2024 totaled \$819 million—the lowest volume in the last decade.

Market Analysis | March 2025

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Recent Austin Transactions

Bridge at Southpark Landing



City: Austin, Texas
Buyer: Austin Affordable Housing Corp.
Purchase Price: \$73 MM
Price per Unit: \$235,926

Citizen House Pflugerville



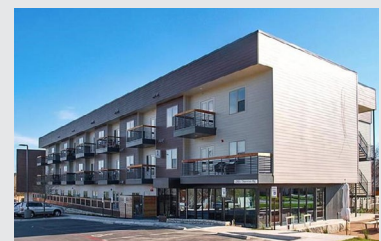
City: Pflugerville, Texas
Buyer: Decron Properties
Purchase Price: \$61 MM
Price per Unit: \$183,034

Resia Hutto Square



City: Hutto, Texas
Buyer: Arqitel
Purchase Price: \$26 MM
Price per Unit: \$125,320

Thornton Flats



City: Austin, Texas
Buyer: Resolute Properties
Purchase Price: \$25 MM
Price per Unit: \$242,308

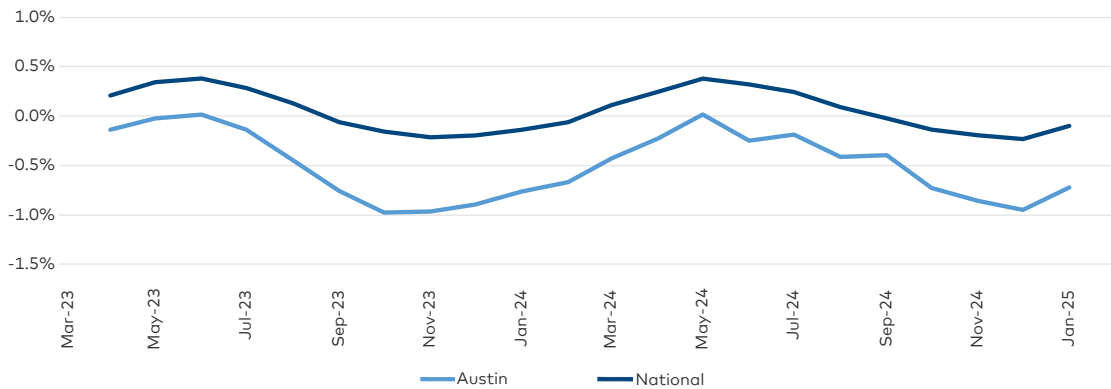
RENT TRENDS

- ▶ Austin's advertised asking rents decreased 0.7% on a trailing three-month (T3) basis through January, to \$1,554, while the U.S. average was down 0.1%, to \$1,746. Due to the ongoing supply surge, Austin's rent growth was flat at best since the last increase on a T3-basis recorded in August 2022. Rent performance continued to trail all other major metros, down by 5.4% on a year-over-year basis, while the U.S. rate rose 0.8%.
- ▶ The average advertised asking rent declined by 0.7% on a T3 basis through January across asset classes—down to \$1,288 in Renter-by-Necessity and to \$1,656 in Lifestyle. Rent movement was more dynamic in the Lifestyle segment, with steeper drops and recoveries. Meanwhile, RBN rents posted a steadier evolution, although that movement was negative. The occupancy rate in

stabilized properties fell 20 basis points year-over-year through January to 92.7%, one of the lowest rates among major metros and well below the 94.5% U.S. figure. The decline was caused by a 1.0% drop in RBN occupancy to 90.8%, while Lifestyle occupancy inched up 0.1%, to 93.3%.

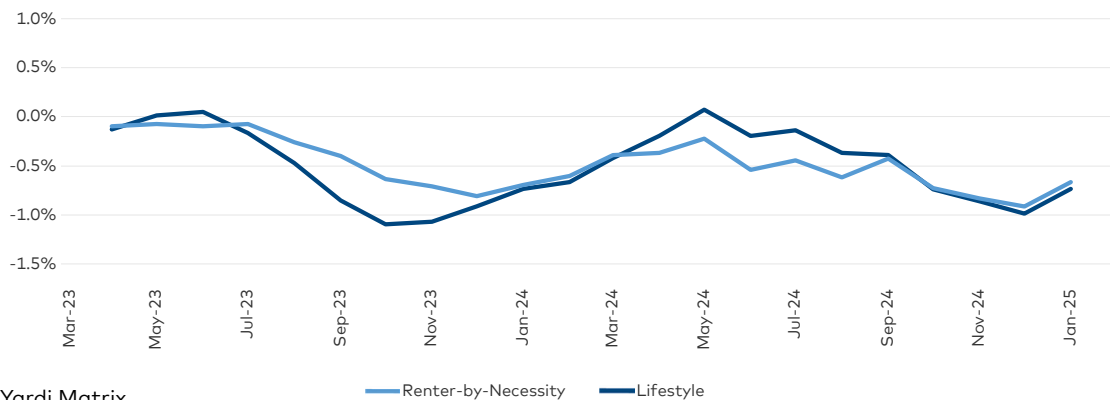
- ▶ Year-over-year rent growth was recorded in few Austin submarkets, including Dripping Springs (0.1% to \$1,801) and St. Edwards Park (0.5% to \$1,663). Downtown-North (-0.1% to \$2,803) remained by far the most expensive submarket, followed by the West End (-1.9% to \$2,119).
- ▶ Austin's SFR market posted a slightly better performance than multifamily. Rents declined 4.6%, year-over-year through January, to \$2,159, and occupancy rose 1.0%, to 92.0%.

Austin vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Austin Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Austin's employment growth softened throughout 2024, decelerating to 1.6% year-over-year through November, 30 basis points above the U.S. rate. Overall, the metro gained 21,200 net jobs, but three sectors—professional and business services, information and manufacturing—lost 6,700 positions combined. Job additions were highest in government (6,300 jobs), education and health services (6,000 jobs) and leisure and hospitality (4,500 jobs).
- ▶ Austin's unemployment rate stood at 3.1% in December 2024, according to preliminary data from the Bureau of Labor Statistics, continuing to outperform the U.S. (4.1%), the state (4.2%) and all other major Texas markets.
- ▶ Texas' capital showed good prospects for sustained economic development, with several projects under construction. Among them is the 30-year-old Austin Convention Center, which will undergo an expansion and redevelopment in the second quarter of 2025, after the SXSW event. The new development is estimated to cost \$1.6 billion and will be double the center's current size, with completion slated for 2029.
- ▶ Austin continues to grow as a data center hub thanks to available land, power resources and incentives. The University of Texas at Austin is building a major generative artificial intelligence computing cluster, which will be among the largest in academia.

Austin Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
90	Government	204.2	14.8%
65	Education and Health Services	165.1	12.0%
70	Leisure and Hospitality	151.9	11.0%
15	Mining, Logging and Construction	90.6	6.6%
40	Trade, Transportation and Utilities	217.9	15.8%
80	Other Services	54	3.9%
55	Financial Activities	85.5	6.2%
30	Manufacturing	73.3	5.3%
50	Information	50.1	3.6%
60	Professional and Business Services	287.6	20.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Austin's population increased by 8.6% between 2019 and 2022, more than four times the 2.0% national rate.
- ▶ Over the decade ending in 2022, Texas' capital saw a 28.9% population expansion, well above the 6.3% U.S. rate.

Austin vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Austin Metro	2,114,441	2,173,804	2,234,300	2,296,377

Source: U.S. Census

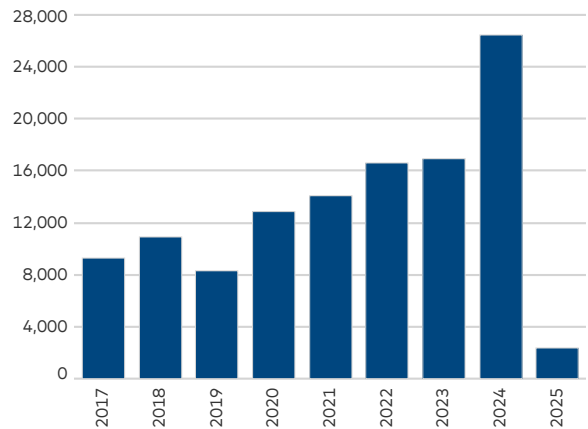
SUPPLY

- ▶ Developers delivered 2,353 units in January, or 0.7% of total stock, well above the 0.1% national rate. Except for a 240-unit fully affordable community in Daffan and a 174-unit RBN property in Eubank Acres–South, this stock expansion comprised Lifestyle projects.
- ▶ Austin deliveries peaked in 2024, when 26,473 units were completed, equal to 8.4% of total stock, and more than double the 3.3% U.S. rate.
- ▶ Developers had 40,486 units under construction and another 107,000 in the planning and permitting phases in the metro as of January. The share of fully affordable communities grew to 21% of the units underway, while RBN dropped to less than 2.0% and Lifestyle to just below 80%.
- ▶ No new projects broke ground in January. While the new construction volume in 2024 (12,776 units across 50 properties) was robust, it signaled a moderation in new development activity, down from 18,451 units across 65 properties that construction started on in 2023.
- ▶ Construction activity was high across the map in January, featuring 39 of the 44 submarkets tracked by Yardi Matrix. Of these, 13 had at least 1,000 units underway, led by Daffan

(4,900 units), Dessau (4,765 units) and San Marcos/Kyle (3,058 units).

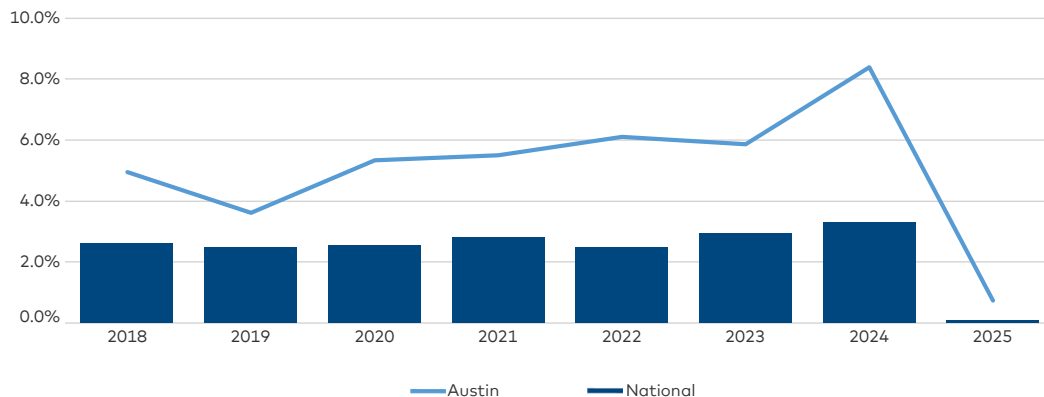
- ▶ The largest delivery in January was Broadstone Frontera Ridge, a 376-unit Lifestyle property in Round Rock–South. The asset is owned by a joint venture of Alliance Residential Co. and The Carlyle Group and was built with aid from a \$56 million construction loan issued by JPMorgan Chase.

Austin Completions (as of January 2025)



Source: Yardi Matrix

Austin vs. National Completions as a Percentage of Total Stock (as of January 2025)



Source: Yardi Matrix

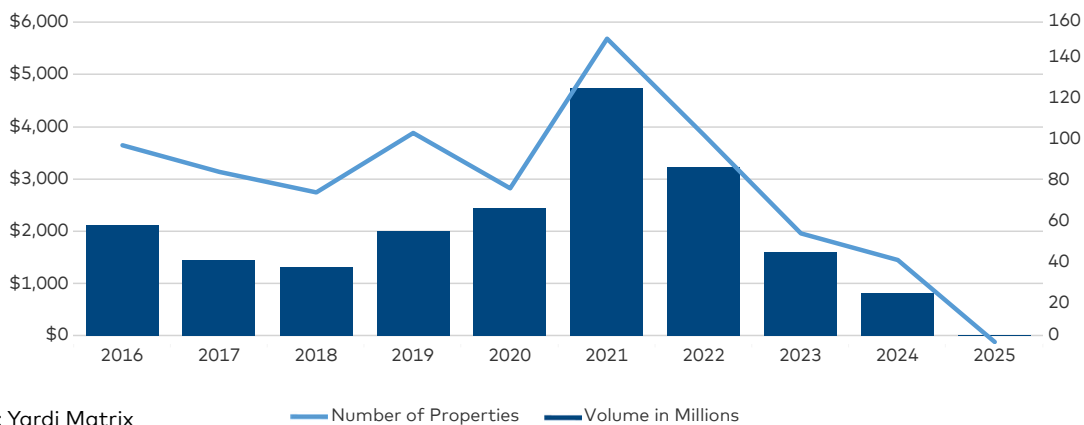
TRANSACTIONS

- ▶ Last year's investment total was \$819 million, roughly half the volume of 2023 and well below the \$4.7 billion peak of 2021. Coming on the heels of the decade's lowest year by investment volume, policy uncertainty and elevated interest rates kept investors cautious and transactions activity subdued, with just one sale recorded in January.
- ▶ Austin's average price per unit fell 5.2% year-over-year in 2024, to \$169,548, trending down

since the 2022 peak, for a 21.9% decline. Meanwhile, the U.S. average rose 24.7% year-to-date to \$241,866 in January, surpassing the \$209,953 figure recorded in 2022.

- ▶ The transaction registered in January was between buyer Arqitel and seller Resia. They traded the 204-unit Resia Hutto Square, an asset completed in 2023. For the acquisition, the buyer took out a \$19 million Fannie Mae loan originated by Greystone Servicing Corp.

Austin Sales Volume and Number of Properties Sold (as of January 2025)



Source: Yardi Matrix

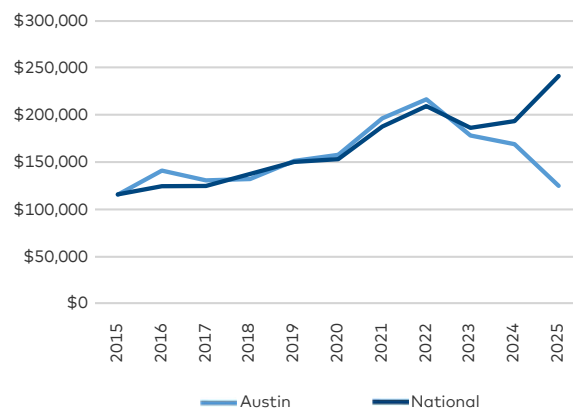
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Sunset Valley	121
Jollyville-North	83
Cedar Park	81
East Central Austin	67
Downtown-North	64
Pflugerville	61
Round Rock-South	61

Source: Yardi Matrix

¹ From February 2024 to January 2025

Austin vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Markets for Multifamily Deliveries

By Tudor Scolca

In 2024, developers completed more than 550,000 units, Yardi Matrix data shows. The top 10 metros for multifamily deliveries had a combined 204,333 units come online—more than a third of the U.S.' entire completion volume—a number that highlights how uneven supply growth trends have become. The large number of multifamily units under construction will ensure sustained growth this year, as well.

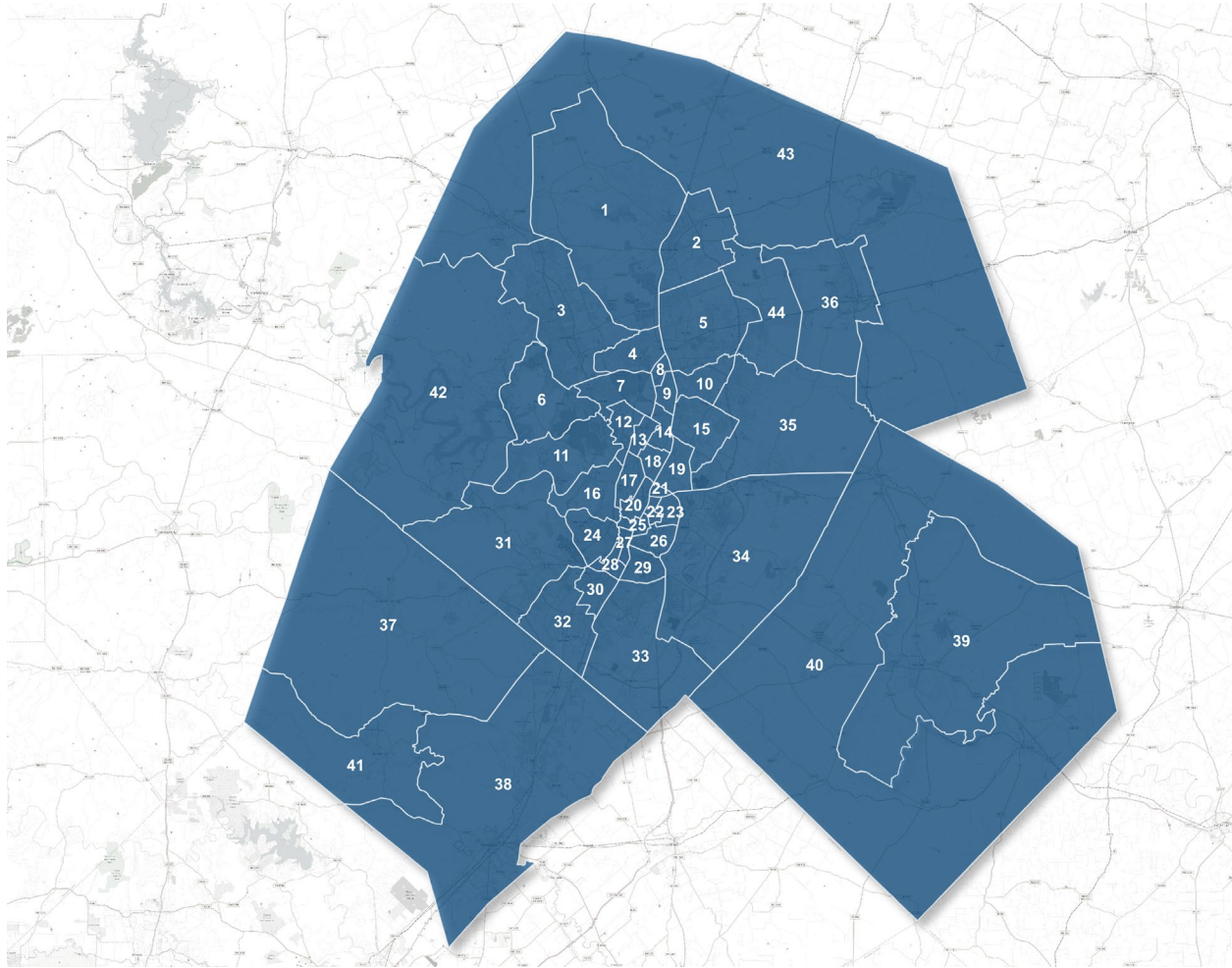
Rank	Metro	Units Delivered 2024	Construction Starts 2024	Units Delivered 2023
1	Dallas	33,276	18,836	26,025
2	Austin	25,217	11,682	18,571
3	Atlanta	23,596	13,646	23,586
4	Phoenix	21,504	17,718	17,104
5	Houston	21,283	9,116	18,168
6	Denver	18,248	6,678	12,140
7	Miami	16,507	9,988	17,502
8	Orlando	15,936	10,061	14,223
9	Charlotte	14,556	8,929	12,260
10	Tampa	14,210	7,335	10,979

Austin, Texas

The Texas metro clocked in at No. 2 for multifamily completions. Austin added 25,217 units to its inventory last year, with 89 projects completed. This was 35.8% more than the 18,571 units finished in 2023. Austin also had the largest share of units completed in working-class Renter-by-Necessity properties on this list, at 20.9%. A total of 11,682 units broke ground across the metro in 2024, which was about half of the 21,223 that construction started on in 2023.



AUSTIN SUBMARKETS



Area No.	Submarket
1	Georgetown–West
2	Georgetown–East
3	Cedar Park
4	Brushy Creek
5	Round Rock–East
6	Anderson Mill
7	Jollyville–North
8	Round Rock–South
9	Wells Branch
10	Pflugerville
11	St. Edwards Park
12	Jollyville–South
13	IBM Area
14	Eubank Acres–North
15	Dessau
16	Far West Blvd
17	Abercrombie
18	Eubank Acres–South
19	Walnut Forest
20	Hyde Park
21	St. Johns Park
22	Capital Plaza

Area No.	Submarket
23	Berkman Drive
24	West End
25	University of Texas
26	Pershing
27	Downtown–North
28	Downtown–South
29	East Central Austin
30	Pleasant Hill–West
31	Oak Hill
32	Sunset Valley
33	Pleasant Hill–East
34	Daffan
35	Elgin
36	Taylor
37	Dripping Springs
38	San Marcos/Kyle
39	Bastrop
40	Outlying Bastrop County
41	Woodcreek–Wimberley
42	West Travis County
43	Outlying Williamson County
44	Hutto

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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