

Austin's Inventory Toll

July 2025

Occupancy Rates Low

Rents Record Positive Movement

Employment Market Outperforms

AUSTIN MULTIFAMILY



Incoming Supply Presses Rents, Occupancy

High supply pressures continue to be a factor in 2025, hindering rent growth and occupancy in Austin. Average advertised asking rents posted the weakest performance among Yardi Matrix's top metros, down 5.2% year-over-year through May, to \$1,554, while the U.S. rate rose 1.0% to \$1,761. The occupancy rate in stabilized properties fell another 40 basis points year-over-year, to 92.5% in April.

Austin's employment growth was among the strongest in the U.S., up 1.8% year-over-year through March and double the 0.9% national rate. The metro added 19,200 net jobs, with gains led by education and health services (8,200 jobs) and government (5,800 jobs). Three sectors lost 5,700 positions combined: information, manufacturing and other services. Meanwhile, the unemployment rate stood at 3.1% in April, outperforming the U.S. (4.2%), the state (4.1%) and all other major Texas metros. Notable developments underway in Austin include the second phase of Apple's 33-acre campus in North Austin, slated for completion in 2025, and the 109-acre River Park, which has been under construction since 2023.

Development remained robust, with 10,641 units delivered in 2025 through May and 35,902 units underway. New construction tempered but lingered above the average annual volume. Investment activity totaled \$376 million through May. Lifestyle properties accounted for 82% of the traded assets, recording a 7.8% year-to-date gain in the average price per unit, to \$198,723.

Market Analysis | July 2025

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Recent Austin Transactions

Bridge at Midtown Commons



City: Austin, Texas
Buyer: Austin Affordable Housing Corp.
Purchase Price: \$118 MM
Price per Unit: \$210,823

The Grand at Manor



City: Manor, Texas
Buyer: Presidium Group
Purchase Price: \$45 MM
Price per Unit: \$167,282

Resia Hutto Square

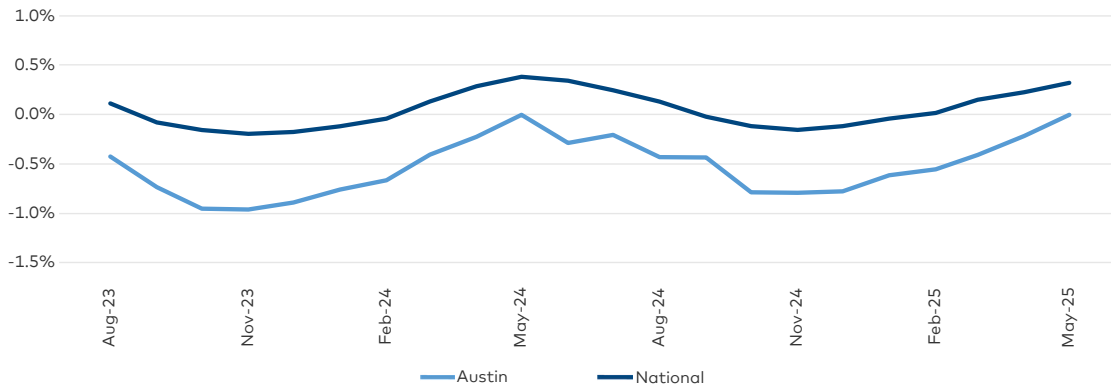


City: Hutto, Texas
Buyer: Arqitel
Purchase Price: \$26 MM
Price per Unit: \$125,320

RENT TRENDS

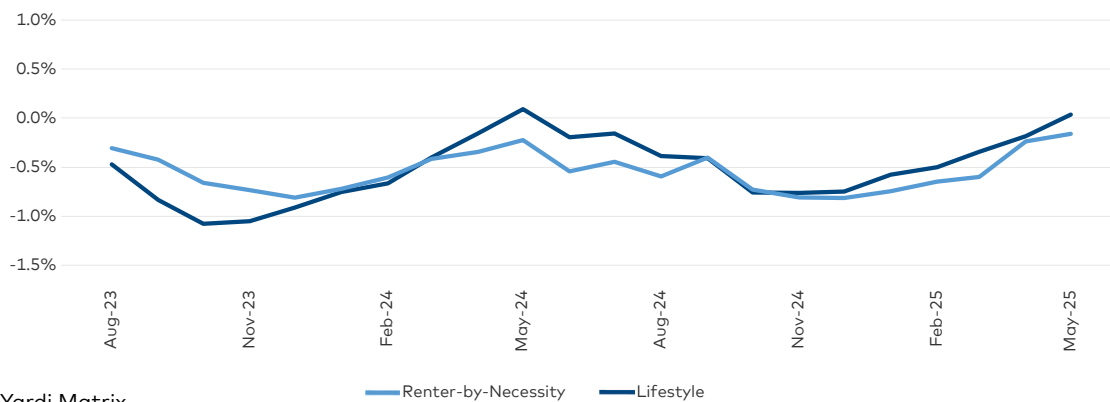
- ▶ Austin's average advertised asking rents held steady on a trailing three-month (T3) basis through May, at \$1,554, marking the first month without a decline in nearly two years. Meanwhile, the U.S. rate rose 0.3%, to \$1,761. On a year-over-year basis, Austin still posted the worst performance among the top 30 Yardi Matrix metros, down 5.2%, while the national rate rose 1.0%.
- ▶ Lifestyle advertised asking rents maintained a stronger performance year-over-year through May, even during the low part of the leasing season. Rates were steady, on a T3 basis through May, at \$1,661, while Renter-by-Necessity figures decreased 20 basis points for the second consecutive month, to \$1,270.
- ▶ Sustained supply growth significantly impacted the overall occupancy rate in stabilized properties, down 0.4% year-over-year to 92.5% as of April. RBN occupancy fell 1.0% to 90.7%, while Lifestyle recorded a 20-basis-point decline, to 93.2%.
- ▶ Of the 44 submarkets tracked by Yardi Matrix, only three recorded positive year-over-year rent growth. This includes Capital Plaza, where the average increased 0.7% to \$1,832. The submarket was Austin's fourth priciest submarket as of May. It ranks behind Pershing (-6.5% to \$2,020), the West End (-1.8% to \$2,162) and Downtown-North (-2.5% to \$2,884).
- ▶ Advertised asking rents in the SFR sector decreased 4.4% year-over-year through May to \$2,164, while occupancy rose 40 basis points year-over-year, to 92.3% as of April.

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 continued to moderate, but at 1.8% year-over-year through March, it increased by double the 0.9% national rate and was the third highest in the top 30 Yardi Matrix metros, just below Orlando and Raleigh (both at 1.9%). Meanwhile, the unemployment rate fell to 3.1% in April, according to data from the Bureau of Labor Statistics, below the 4.2% U.S. rate, and outperforming the state (4.1%) and all other major Texas metros—San Antonio (3.4%), Dallas (3.5%) and Houston (3.9%).
- ▶ The metro gained 19,200 net jobs, with losses recorded in three sectors: information, manufacturing and other services. Job gains were led by education and health services (8,200 jobs), government (5,800 jobs) and trade, transportation and utilities (3,600 jobs). Losses totaled 5,700, with the steepest decline recorded in information (-3,000 jobs).
- ▶ Meanwhile, projects continue to progress across the metro, including the \$400 million second phase of Apple's \$1 billion, 33-acre campus in North Austin, which is slated for completion in 2025. Another notable project is the 109-acre, \$4 billion River Park that will add 10 million square feet of office, retail, hotel, entertainment and residential facilities. Presidium and Partners Group broke ground on the first phase in 2023, with the entire project expected to take 10 to 20 years to complete.

Austin Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	167.2	12.2%
90	Government	212.5	15.5%
40	Trade, Transportation and Utilities	209.9	15.3%
55	Financial Activities	88.9	6.5%
60	Professional and Business Services	279	20.4%
15	Mining, Logging and Construction	88.7	6.5%
70	Leisure and Hospitality	149.6	10.9%
80	Other Services	53.6	3.9%
30	Manufacturing	71.7	5.2%
50	Information	47.9	3.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Austin boasted one of the strongest population increases between 2010 and 2022, up 41.1%, which is more than four times the 8.9% U.S. rate.
- ▶ Austin outperformed its state siblings in population growth—Houston (25.1%), Dallas (24.7%) and San Antonio (24.9%).

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

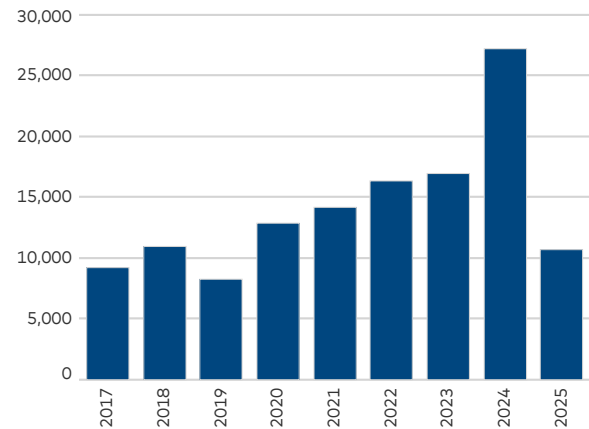
SUPPLY

- Supply remained a big factor in Austin, with 10,641 units delivered in 2025 through May, the equivalent of a 3.3% share of the existing stock and well above the 1.0% national rate and all other major markets. Lifestyle units accounted for 88% of this year's deliveries, fully affordable inventory for 10% and RBN for 2%.
- Developers had 35,902 units under construction as of May and another 110,000 in the planning and permitting stages. The pipeline composition differs from recent deliveries in that the fully affordable and RBN shares were higher at 23% and 3.5%, while Lifestyle was 73.5%.
- During the first five months of 2025, developers broke ground on 3,342 units across 11 properties in Austin, a considerable drop from the 5,239 units across 22 properties recorded during the same interval last year. The softening in new construction activity is more of a return to typical volumes, following two peak years for construction starts. In 2024, 14,151 units across 54 properties broke ground, up from 12,183 units across 41 properties in 2023, and much higher than the 6,763 units across 22 properties in 2022.
- The top 10 submarkets by units underway as of May included at least 1,000 units each.

These accounted for 40% of the pipeline, led by Daffan (4,649 units), Dessau (4,183) and San Marcos/Kyle (3,227).

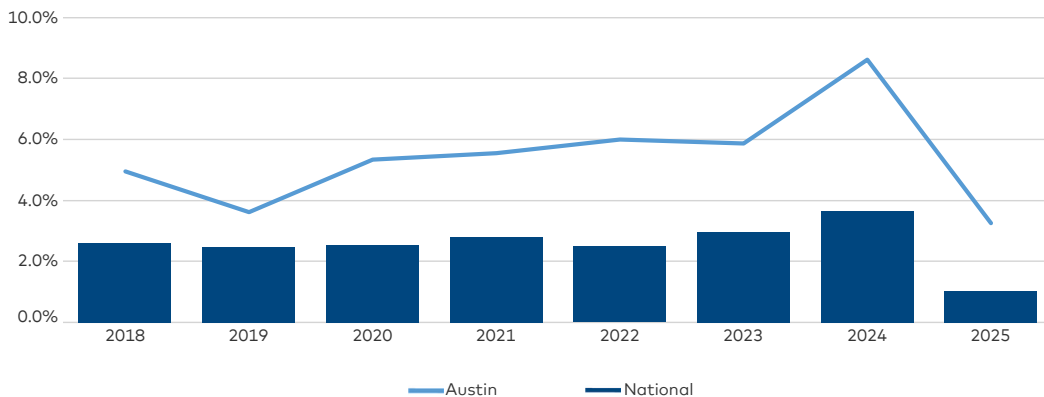
- The largest delivery in 2025 through May was the 404-unit mixed-use property Windsor Commons, located in an Opportunity Zone in Berkman Drive. Transwestern's project includes 26,200 square feet of retail space and 41 affordable units and was built with aid from a \$75 million construction loan issued by Texas Capital Banks.

Austin Completions (as of May 2025)



Source: Yardi Matrix

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



Source: Yardi Matrix

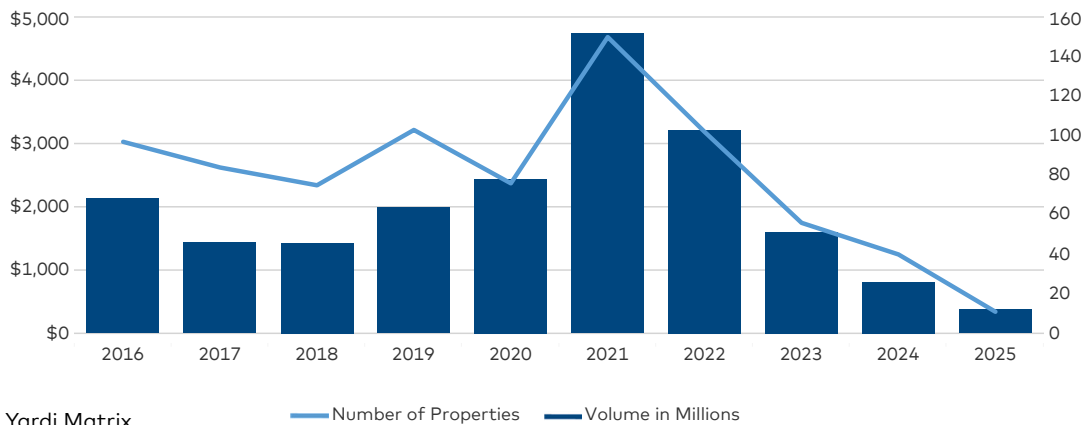
TRANSACTIONS

- ▶ Investment activity remained tepid in Austin, with \$376 million in multifamily assets trading in 2025 through May. Last year's \$813 million total was the lowest annual volume recorded in the last decade, half of the \$1.6 billion total for 2023 and right in line with the metro's five-year average when excluding outlier years 2021 (\$4.8 billion) and 2022 (\$3.2 billion).
- ▶ Investor appeal was significantly higher for Lifestyle properties, which accounted for 82% of the

assets that traded during the first five months of 2025. Strong demand contributed to a 7.8% year-to-date increase in the average Lifestyle price per unit, to \$198,723 in May. Meanwhile, the U.S. average rose 11.1% to \$213,979.

- ▶ Notable recent transactions include Austin Affordable Housing Corp.'s acquisition of the 562-unit Bridge at Midtown Commons in Abercrombie from MIG Real Estate. The transaction was subject to an \$89 million Fannie Mae loan, originated by Berkadia Commercial Mortgage.

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



Source: Yardi Matrix

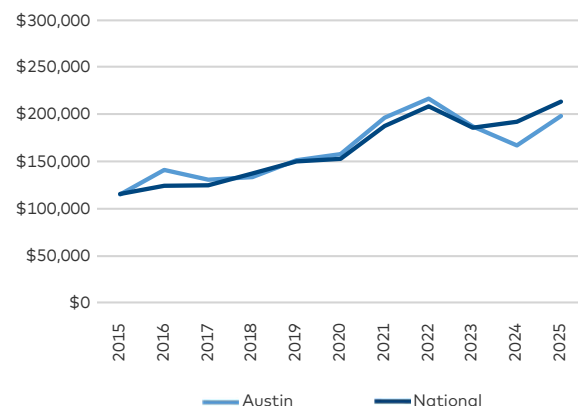
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Oak Hill	170
Sunset Valley	121
Abercrombie	118
Jollyville–North	83
IBM Area	67
Pflugerville	61
Georgetown–West	51

Source: Yardi Matrix

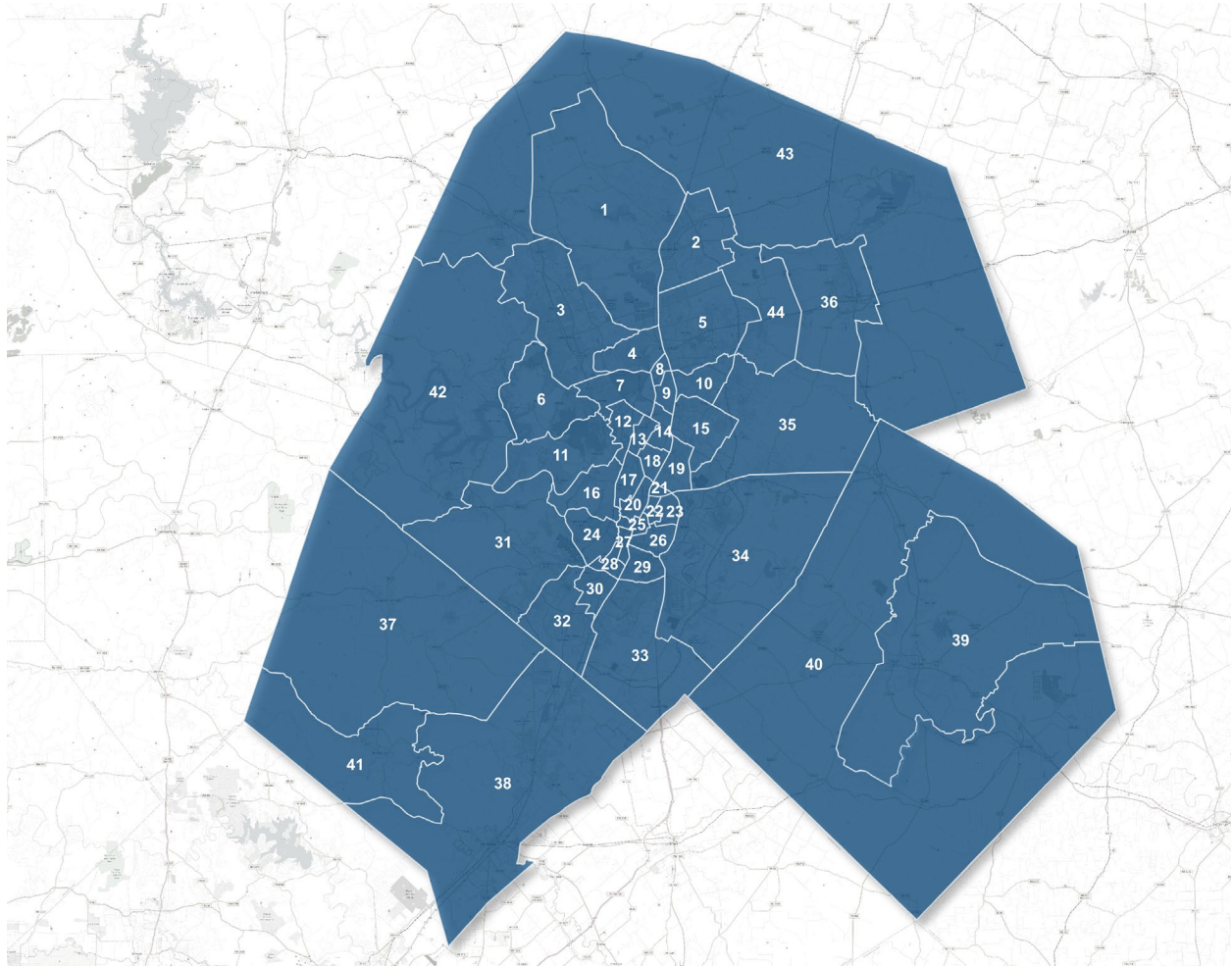
¹ From June 2024 to May 2025

Austin vs. National Sales Price per Unit



Source: Yardi Matrix

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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