



EL PASO

MULTIFAMILY SUBMARKET REPORT

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MARKET INVENTORY



95.0%

Current Occupancy Rate



1,039

Properties



46,483

Units



\$87,200

Avg. Price/Unit



\$1,020

Avg. Rent/Unit

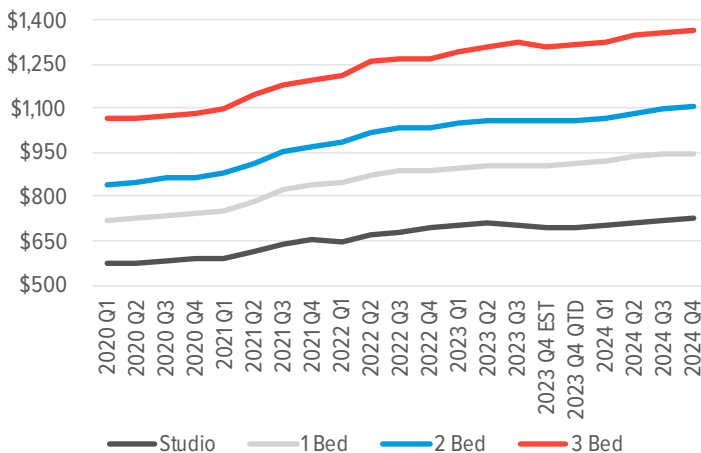
Submarket Overview

El Paso, the sixth-largest city in Texas and the 22nd-largest in the United States has seen remarkable population growth outpacing the nation's average over the past 5 years. The MSA is known for its youthful and family-oriented character, boasting a median age of 34, with nearly 40% of its residents under 25. The city's strategic location on the US-Mexico border, combined with its lower cost of living compared to many other major national cities and Texas, makes it an attractive destination for both individuals and businesses. This, in turn, has a positive impact on the demand for multi-family housing.

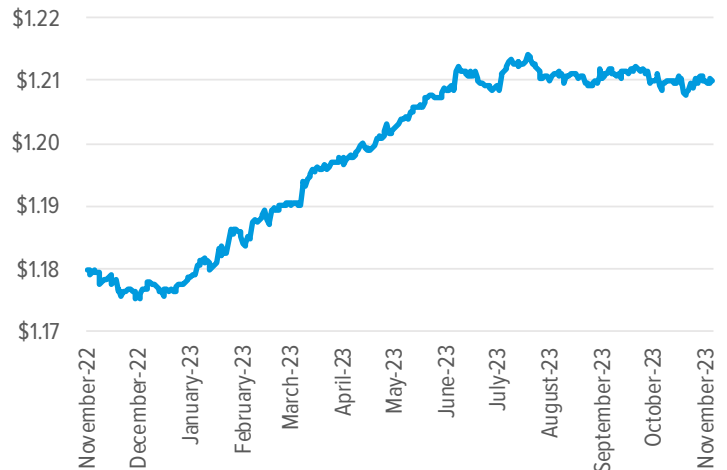
Rent Growth

Apartment owners in El Paso have seen remarkable rent growth over the past year. Contrary to the other major Texas and national markets, **rent prices have risen by a solid 2.5%** aligning with the historical average in Southwest Texas. Looking ahead, the rate of rent increase is expected to slow down coming off the historic growth seen in 2022. In terms of asset classes that led in rent growth, class A has consistently led since 2020 even as class B&C have demonstrated greater stability in rent prices over the past 12 months.

Market Rent Per Unit by Bedroom



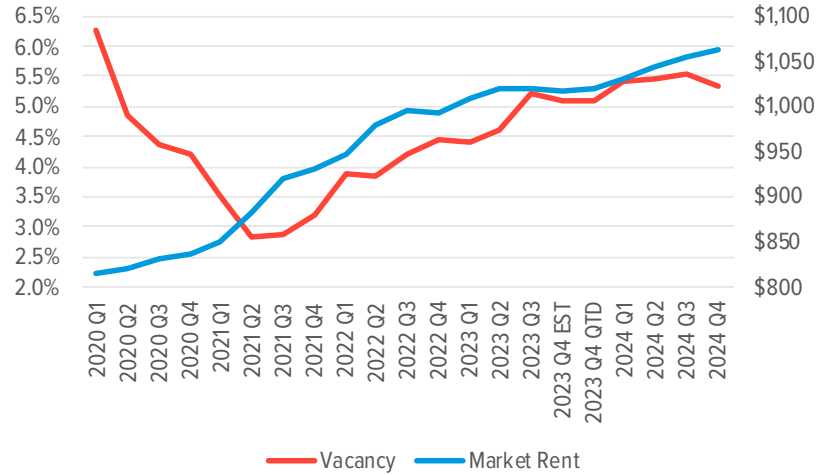
Daily Asking Rent/SF



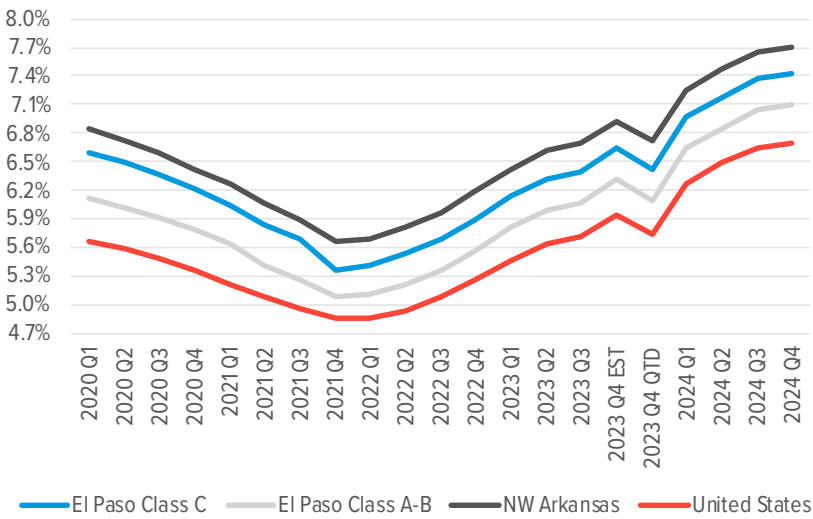
Occupancy

Before the mid-2010s, El Paso's apartment occupancy rate was typically lower than the national average by around 1%. However, in recent years, **demand for apartments in El Paso has grown much faster than the construction of new apartments.** This has pushed occupancy rates above the national average. Currently, **occupancy sits at 95.8% and is projected to be between 94-95% for the next 2 years.** This is 5.3% above the Texas average(90.2%) and 2.3% above the entire southwest(93.5%).

Vacancy & Market Asking Rent/Unit



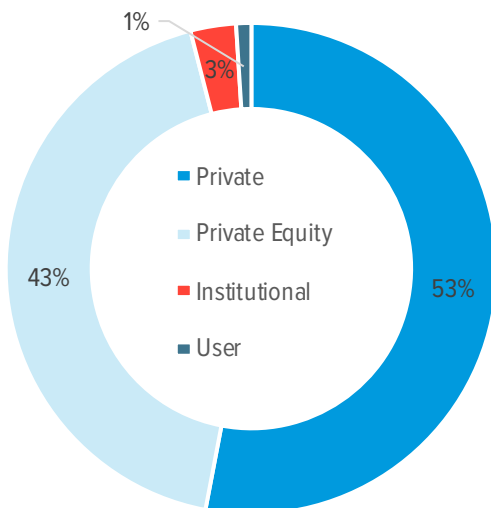
Market Cap Rate



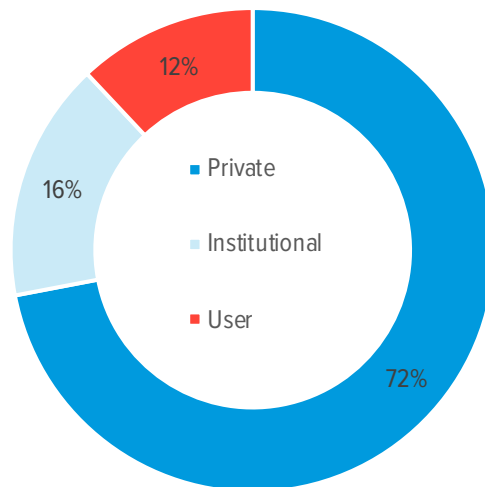
Sales Trends

In the context of El Paso's multifamily market, last year ranked among the top five years ever in terms of estimated sales volume. Specifically, there were 45 transactions in the El Paso region, amounting to an estimated sales volume of \$135 million. The previous year, 2021, there were a record-breaking 64 transactions with a total estimated sales volume of \$285 million. During that time, investors were keen on properties with relatively higher cap rates in markets outside of the more costly Texas Triangle. Nonetheless, the momentum that marked 2022 has waned in 2023 but not nearly as badly as it has impacted the other major Texas MSA's.

Sales Volume by Buyer Type (Past 3 Years)



Sales Volume by Seller Type (Past 3 Years)



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