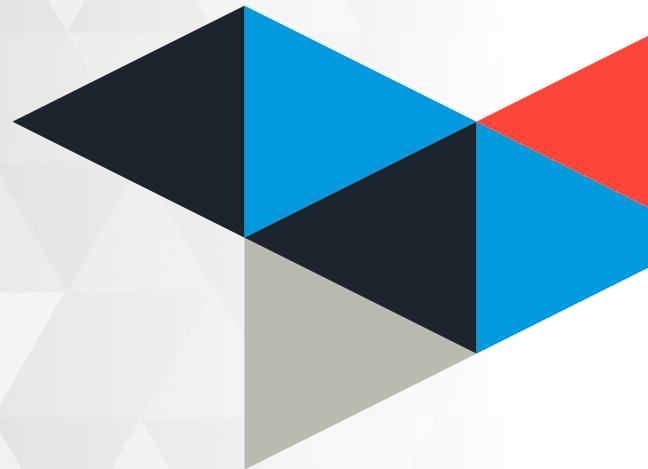




# WACO

## MULTIFAMILY SUBMARKET REPORT



[www.grea.com](http://www.grea.com)

Waco continues to be a thriving submarket, strategically located halfway between the Dallas/Fort Worth Metroplex and Austin. Its diverse economic base, including higher education, healthcare, distribution, and advanced manufacturing, has contributed to its resilience despite recent market shifts and higher interest rates. The city's appeal as a tourist destination, primarily due to Magnolia Farms, draws an impressive 2.5 million visitors annually.

### MARKET INVENTORY



90.0%

Current Occupancy Rate



233

Properties



17,550

Units



\$96,600

Avg. Price/Unit



\$1,147

Avg. Rent/Unit

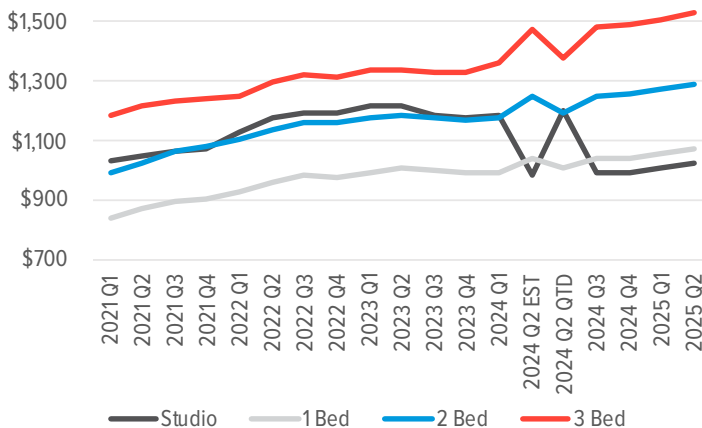
### Rent Growth

In mid-2023, Waco multifamily tenants experienced double-digit year-over-year rent increases. More recently, rents have been flat with little to no increase since last summer. Like most submarkets, Waco's multifamily market experienced lower occupancy rates and lower rent growth forecasts. However, rental rates appear to have stabilized in the last two months, indicating a potential turnaround. The market remains attractive for value-add and yield-play investors.

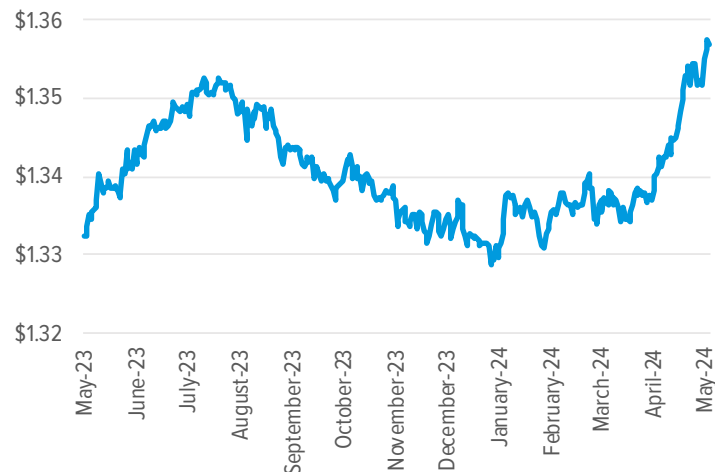
Renovations and upgrades on older vintage properties continue to command rental premiums across the submarket. Average rental rates are \$1,007 for one-bedroom units, \$1,194 for two-bedrooms, and \$1,376 for three-bedrooms (CoStar). The average effective rent across the submarket's 17,550 multifamily units (5+ units) is \$1,147 according to CoStar data.

Forecasted rent growth is expected to increase from flat to about 2-3% through the end of 2024 (CoStar).

Market Rent Per Unit by Bedroom



Daily Asking Rent/SF



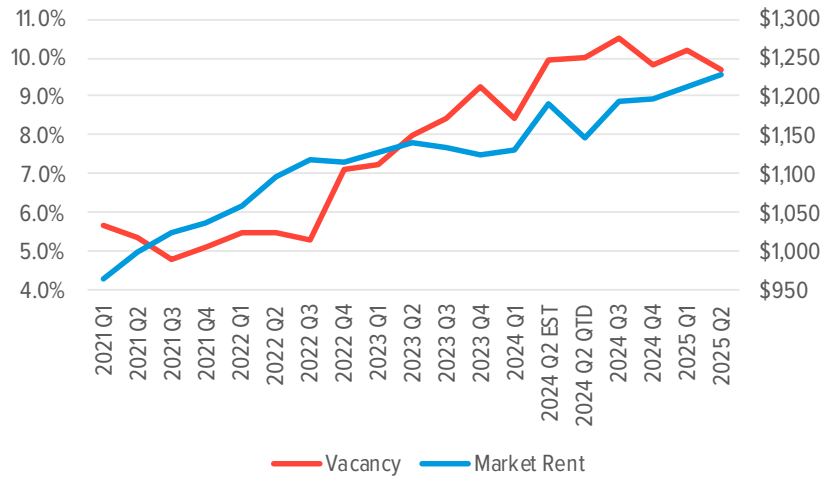
## New Deliveries

More than 8,000 new multifamily units have been added since 2016, while Waco's population has steadily increased by over 20% since 2000 (from 115,128 to 143,984 in 2022).

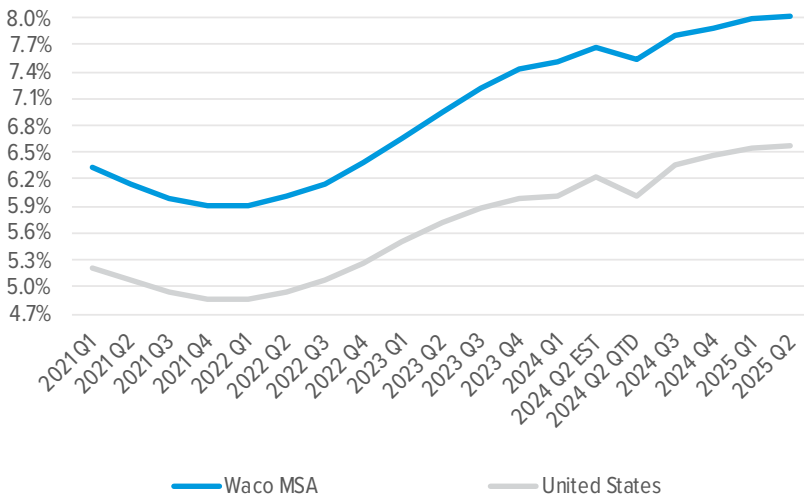
### In Lease Up:

- **North Waco** – The Zoe – 216 Units – Completion 12/24
- **Central Waco** – 2201 Creekview – 300 Units – Completion 1/24
- **Central Waco** – Riverfront Lofts – 266 Units – Completion 2/24
- **South Waco** – Wayfare Waco – 272 Units – Completion 1/25
- **South Waco** – Newera – 180 Units – Completion 1/25

## Vacancy & Market Asking Rent/Unit



## Market Cap Rate



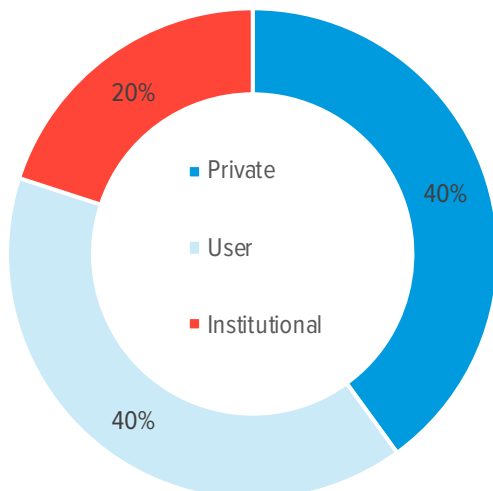
## Sales Trends

According to CoStar, there have been 9 property sales in the last year with an average price of \$96,600 per unit. The market sales prices per unit were distributed as follows: \$141,148 for Class A properties, \$92,129 for Class B properties, and \$64,684 for Class C properties (CoStar).

Market capitalization rates are at 7.5% (CoStar). CoStar predicts cap rates to stabilize at just under 8% in the next 12 months.

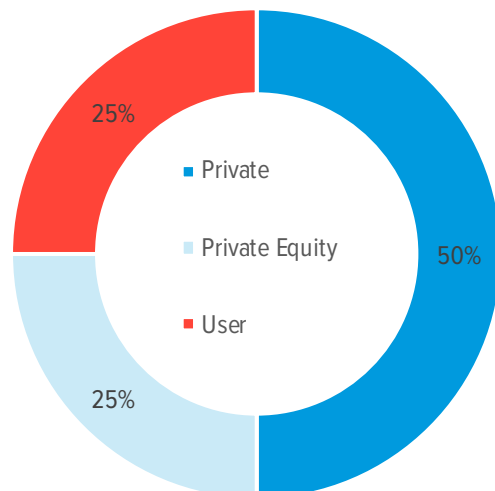
## Sales Volume by Buyer Type

(Past 3 Years)



## Sales Volume by Seller Type

(Past 3 Years)



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Sources: GREA Research; RealPage; National Multifamily Housing Council; Moody's; CoStar

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