



AUSTIN

MULTIFAMILY SUBMARKET REPORT



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Austin's multifamily market is currently under some stress, as evidenced by a high vacancy rate of 14.0% and a decline in asking rents by 5.4% year-over-year, the sharpest reduction across the country. This is primarily due to an influx of new units that has outstripped demand, with over 13,600 units delivered in the first half of 2024 alone, although absorption has improved to 8,100 units during the same period.

MARKET INVENTORY



86%

Current Occupancy Rate



1,924

Properties



300,844

Units



\$1,593

Avg. Rent/Unit



\$1.80

Avg. Rent/SF

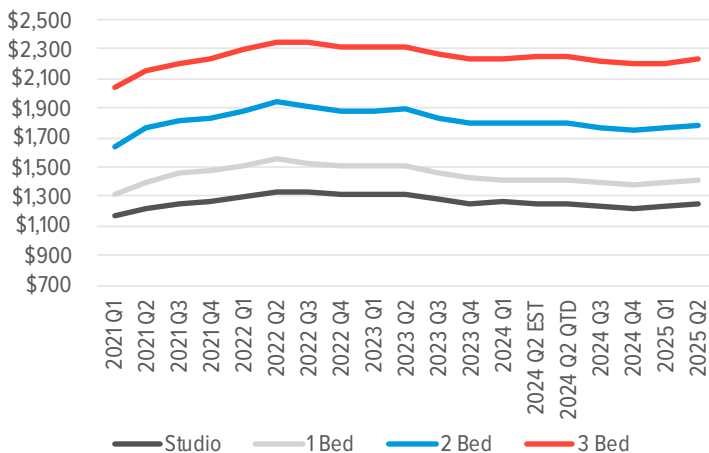
Market Dynamics

The Austin multifamily market has seen a historically high level of completions, particularly in the 4 & 5 Star segments, which have faced the most pronounced impact with a vacancy rate of 15.3%. The luxury market has been hardest hit due to the large volume of high-end units entering the market, creating a competitive environment that has forced down rents significantly.

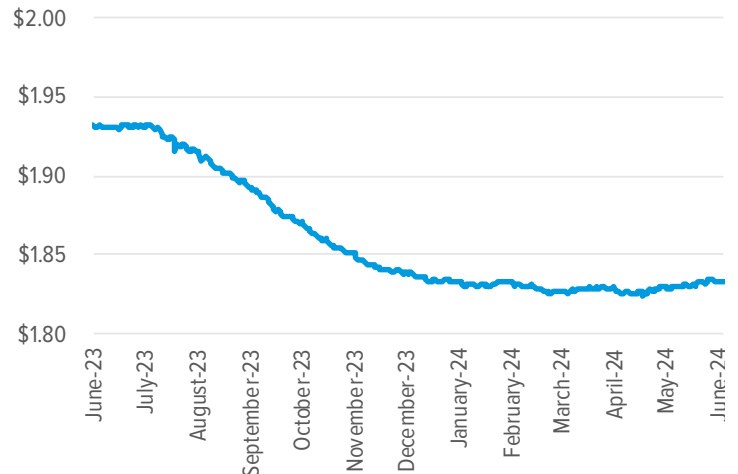
Positive Long-Term Prospects

Despite these short-term challenges, the long-term prospects for Austin's multifamily market remain strong. Austin is one of the fastest-growing metros in the country, driven by vibrant economic development and a high influx of new residents attracted by career opportunities and a high quality of life. Consumer confidence in Texas is also on an upward trajectory, which is expected to lead to further gains in household formation and strengthen rental demand.

Market Rent Per Unit by Bedroom



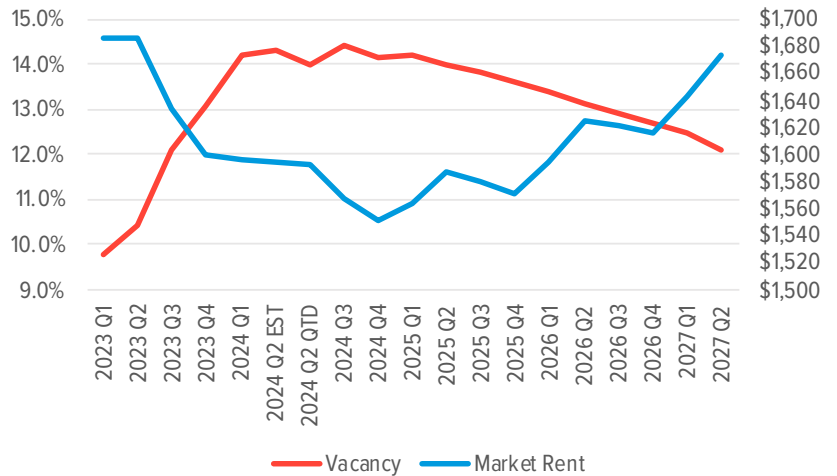
Daily Asking Rent/SF



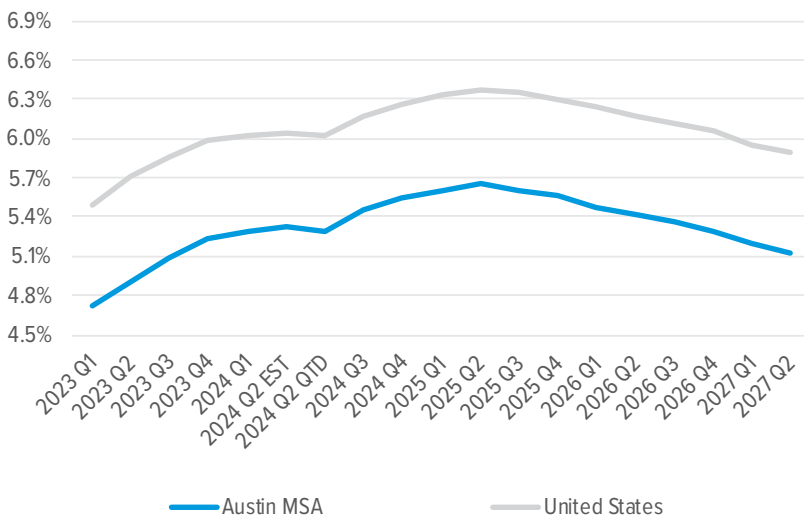
Investment & Development Trends

In response to the current oversupply, there is a noticeable slowdown in new construction starts, which declined by 75% annually starting early 2023. This adjustment is expected to help the market stabilize, with the vacancy rate anticipated to peak around 14.8% by mid-2024 before it begins to decline as the supply and demand start to align better. The investment climate has adjusted to the market conditions, with prices for properties softening in response to increased supply. This has affected sales volumes and valuations, particularly in the high-end segment where competition has been fiercest. However, the market is seeing a gradual adjustment, with reduced construction activity likely to ease the pressure on rents and vacancies going forward.

Vacancy & Market Asking Rent/Unit



Market Cap Rate

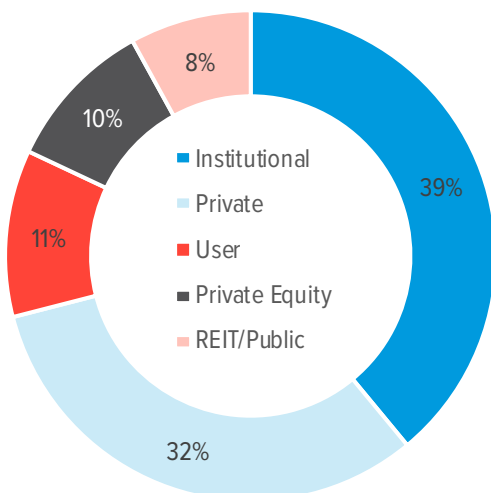


Summary

While Austin faces short-term pressures from an oversupplied market leading to higher vacancies and reduced rents, the fundamental growth drivers such as demographic trends, economic vitality, and the attractiveness of the city as a place to live and work suggest that these are temporary challenges. With strategic adjustments already underway in the development pipeline and an improving economic climate, Austin's multifamily market is poised to emerge stronger, offering substantial opportunities for growth and investment in the longer term.

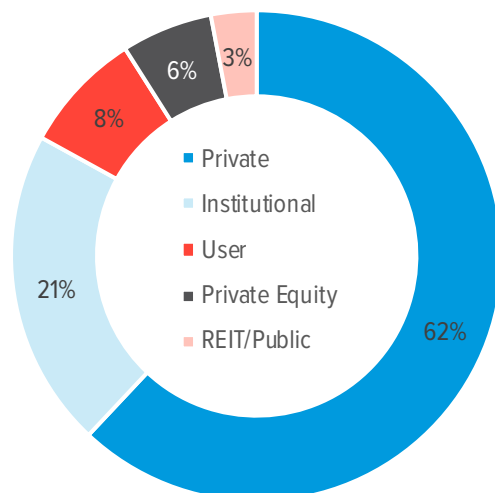
Sales Volume by Buyer Type

(Past 3 Years)



Sales Volume by Seller Type

(Past 3 Years)



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