AUSTIN, TX
MULTIFAMILY REPORT

2024 | MID-YEAR

Jobs Added / Lost

LAST 12 MONTHS*

28,500

2.1%

Unemployment*

JUNE 2024

3.4%

10 BPS YOY

**Seasonally Adjusted*

AUSTIN, TX

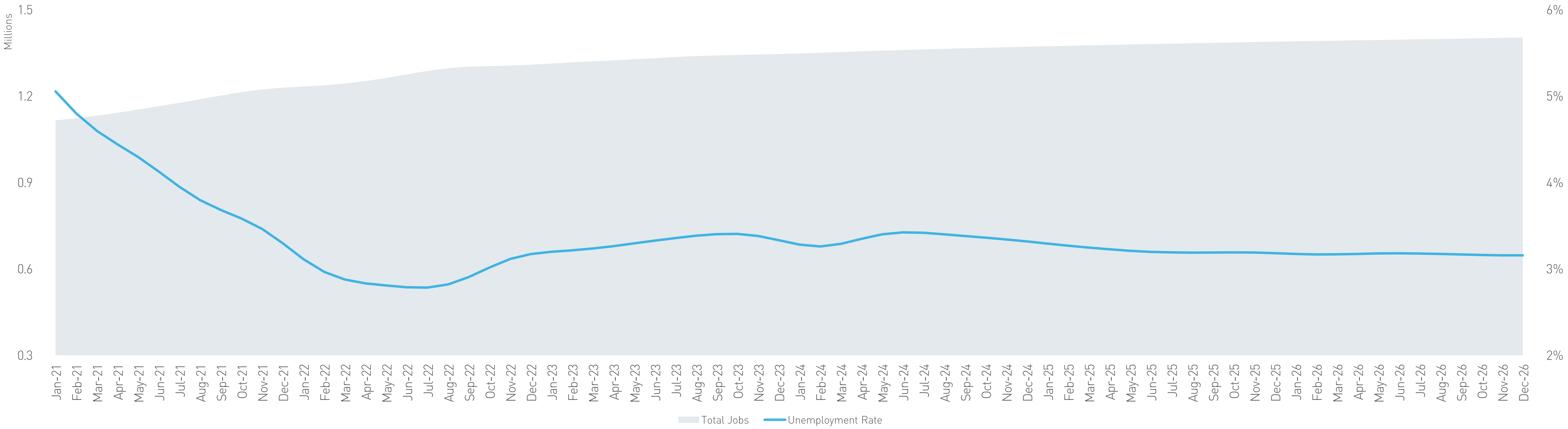
EMPLOYMENT

Metro nonfarm employment expanded by 28,500 jobs over the past 12 months, equating to 2.1% growth. As the flurry of booming corporate expansions settle down in Greater Austin, the focus has shifted to building on sectors that support the needs of the metro's expanding population, as Austin is the second fastest growing metropolitan area in the U.S. With 5,500 new positions gained in the last year, the leisure and hospitality sector led the metro in overall job growth, followed by 4,400 positions from private education and healthcare employers. On the leisure and hospitality front, Austin restaurant openings increased 20% in 2023, higher than the U.S. average of 10%. Additionally, 1,400 new hotel rooms opened over the past year, mostly in outlying areas in South Austin and Georgetown/Round Rock. New entertainment venues such as the 20,000-seat Violet Crown Amphitheater near Bee Cave further solidified Austin as a major entertainment hub. New private medical facilities added to growth in the private education and healthcare sector, trending toward expanding care in areas that recent large population gains. In Williamson County alone, more than $685 million in hospital projects were announced in 2023. North Austin gained two new children's hospitals in 2023, Texas Children's Hospital and Dell Children's Medical Center North. Upcoming projects near Round Rock include Ascension Seton's $230 million expansion that will create 400 jobs and Baylor Scott & White's $220 million expansion that will be complete in 2026. Both entities cite increased patient capacity for expanding.

In the News

- Ascension Seton Williamson Round Rock expansion to create 400 jobs
- Texas Children's North Austin campus opens in 2024, bringing 1,500 new jobs
- ZT Systems' Georgetown campus expected to employ 1,500 people in 2024

Employment Trends



Source: Moody's Analytics

AUSTIN, TX

DELIVERIES & ABSORPTION

2024 YEAR TO DATE

DELIVERIES
14,750 UNITS

ABSORPTION
12,392 UNITS

2024 TOTAL*

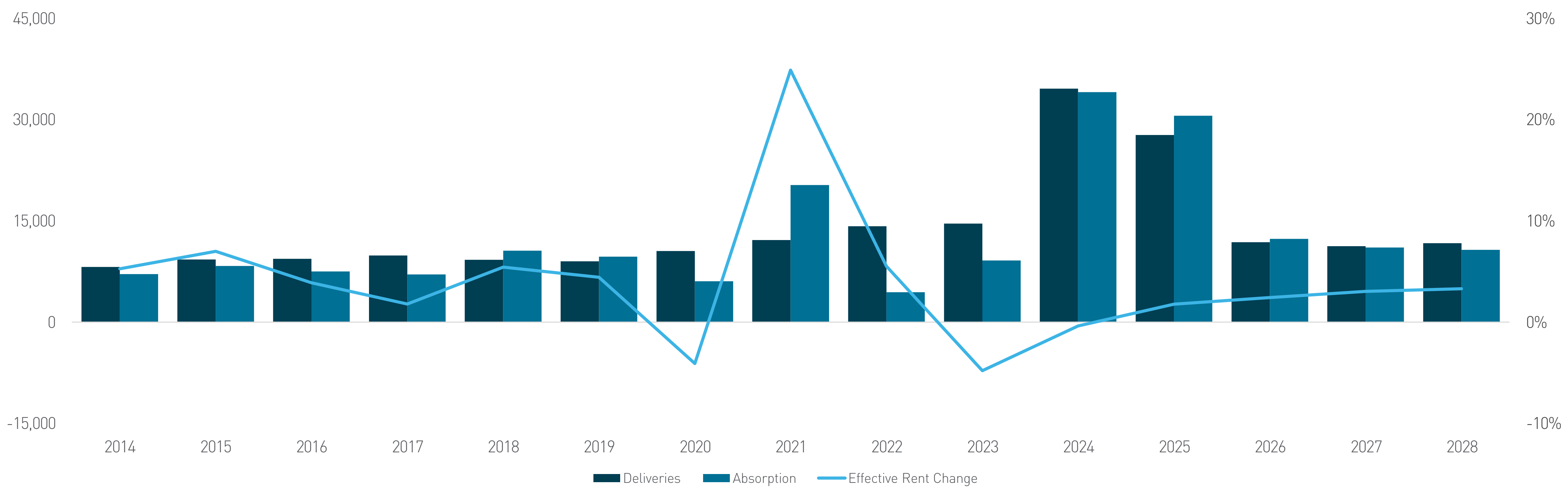
DELIVERIES
34,585 UNITS

ABSORPTION
34,060 UNITS

**Projected*

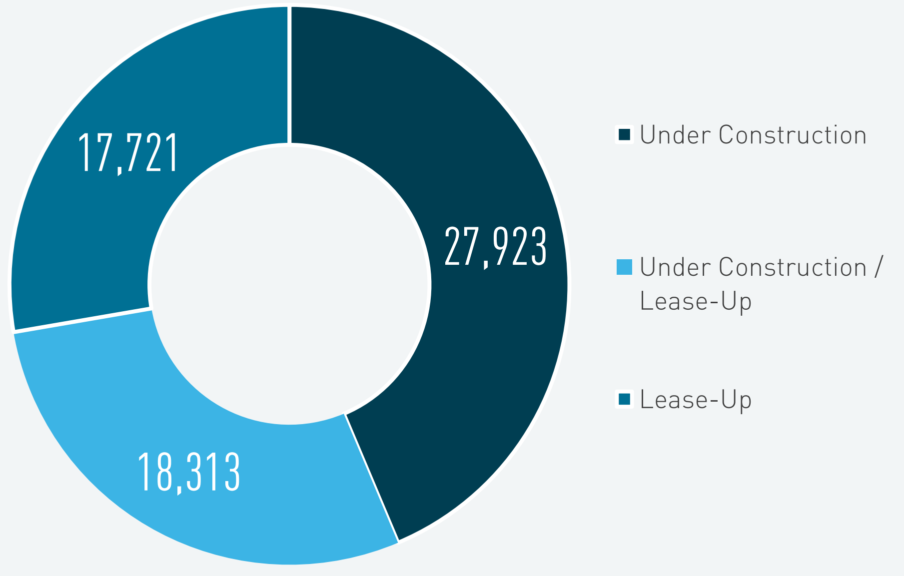
Austin's multifamily developers have ramped up the volume of new deliveries each year since 2019. Austin led Texas in annual inventory growth at 7.8% with 23,114 units delivered through mid-2024. Nearly 14,800 of those units were delivered in the first half of 2024. With Austin among the top markets nationally for multifamily construction pipeline, it should be no surprise that the 36,585 units projected to come online during 2024 will set a record for the market. Increased renter appetite for apartments has incrementally closed the gap between supply and demand since 2022. Over the past year, renters leased almost 17,500 units, 71% or 12,392 were occupied in the first half of 2024. This year could be the last year that net absorption is narrowly outpaced by new supply, with over 34,000 net move-ins in the forecast. Beginning in 2021, multifamily activity increasingly shifted to the metro's suburbs and this trend is likely to continue through 2025, as these submarkets also contain the largest pipelines and high demand. Round Rock/Georgetown led all submarkets in year-to-date supply and net absorption with 2,954 units delivered and 2,799 net move-ins, followed by East Austin with 2,065 new units and 1,701 net move-ins, San Marcos with 1,924 new units and 1,517 net move-ins, North Central Austin with 1,684 new units and 1,355 net move-ins, and Cedar Park with 1,512 new units and 1,302 net move-ins.

Deliveries, Absorption, & Effective Rent Change

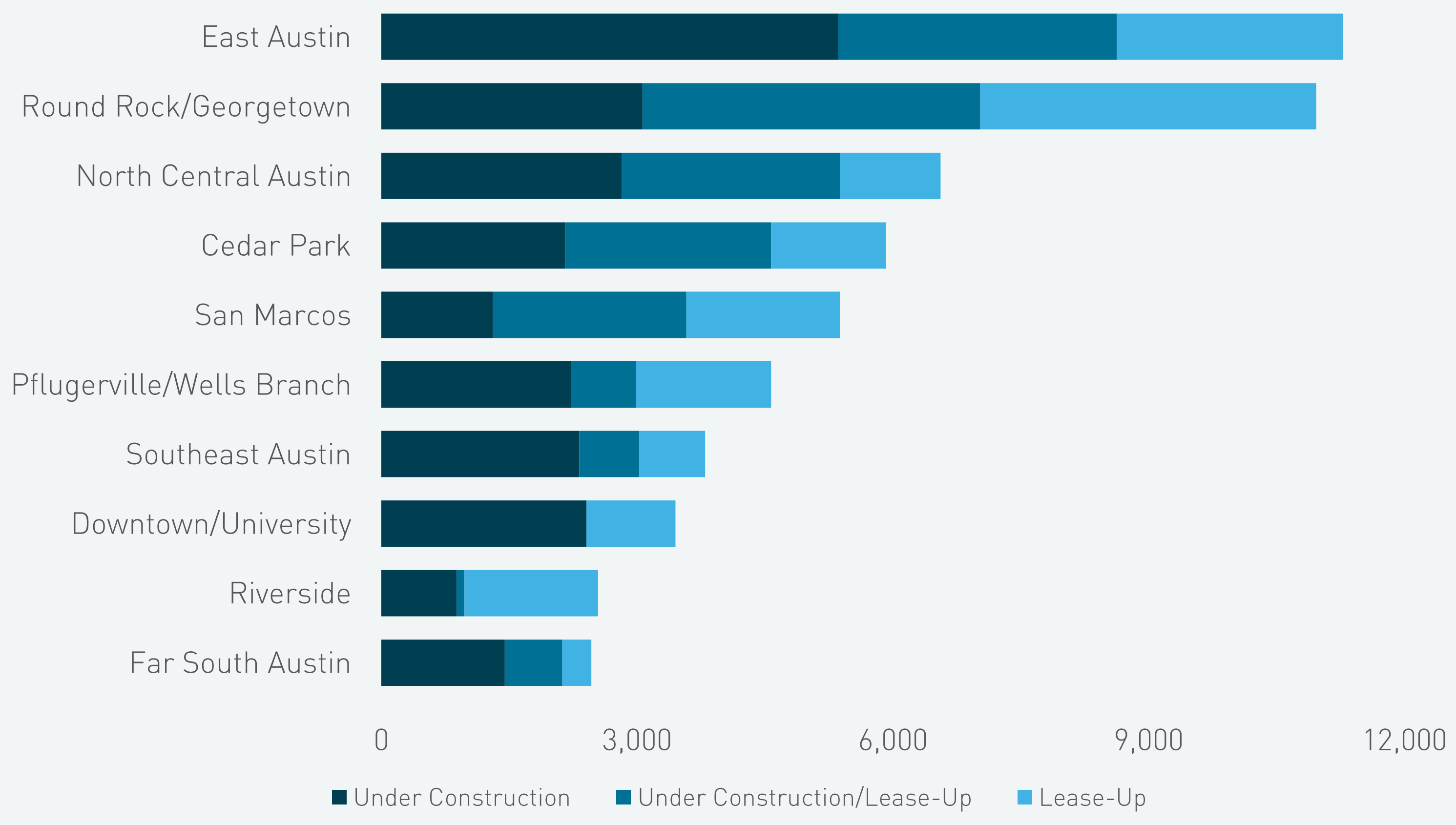


Source: RealPage

Market Pipeline



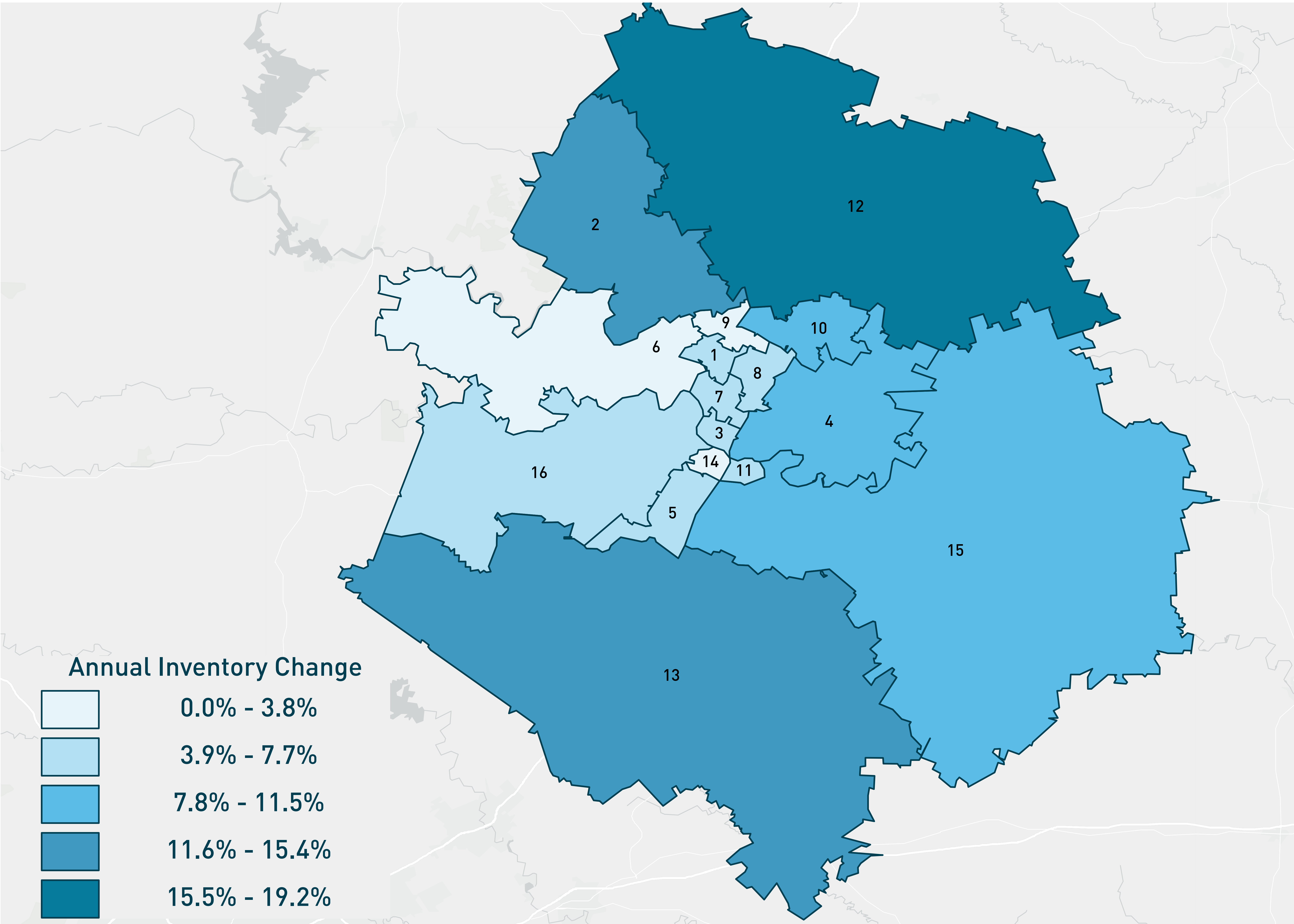
Top Submarket Pipelines



In continuum with 2023, Round Rock/Georgetown led the market in annual inventory growth, with a 19.6% increase in the second quarter of 2024. Submarkets, Cedar Park, at 13.3%, and San Marcos, at 12.2% inventory growth annually, newly graced the leader board in the second quarter, rounding out the top three. The Round Rock area, which is neighbored by Cedar Park, has become a major center for economic development after Dell Technologies opened in the late 1990s. Lately, the area has benefitted from the semiconductor industry and proximity to the Samsung plant in Taylor. The San Marcos submarket the center of what is slated to be the next big commercial and population growth zone along the I-35 corridor between Austin and San Antonio. Hays County has gained recent attention for record population growth and the announced, 1 million-square-foot Tesla expansion in Kyle.

AUSTIN, TX

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE



SUBMARKET BOUNDARIES

1. Arboretum
2. Cedar Park
3. Downtown / University
4. East Austin
5. Far South Austin
6. Far West Austin
7. Near North Austin
8. North Central Austin
9. Northwest Austin
10. Pflugerville / Wells Branch
11. Riverside
12. Round Rock / Georgetown
13. San Marcos
14. South Austin
15. Southeast Austin
16. Southwest Austin

Effective Rent

Q2 2024

$1,553

4.2% YOY

Occupancy

Q2 2024

92.3%

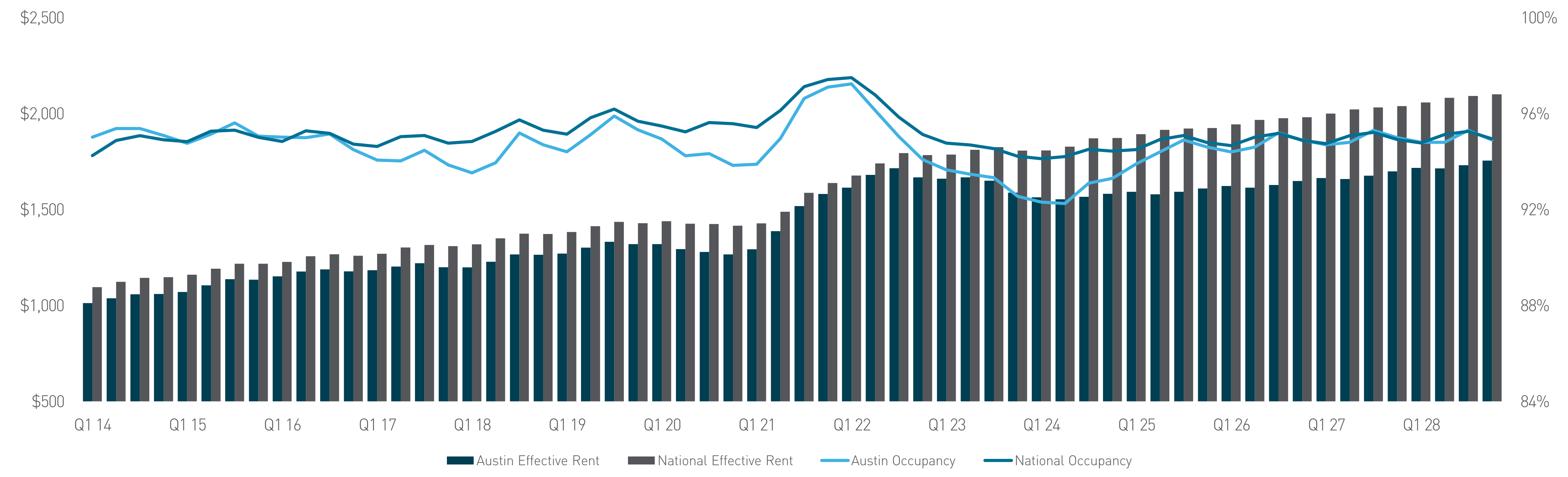
120 BPS YOY

AUSTIN, TX

RENT & OCCUPANCY

As two years of supply side pressure continued, it took a toll on both occupancy and the average effective rent in the second quarter of 2024. Austin's average occupancy rate dropped 120 basis points year over year as the average effective rent fell 6.9%. At 92.3% in the second quarter, Austin's multifamily occupancy is on par with Texas' other large multifamily markets. The state itself has an average occupancy rate of 92.7%. Occupancy losses were spread among all submarkets in the second quarter. Despite topping the charts for the volume of new units gained over the past year, East Austin and Cedar Park submarkets fared better than all other submarkets, besides Southwest Austin, with a decline of just 60 basis points annually. Projections show that occupancy will rebound as demand closes in on supply over the second half of the year, ultimately surpassing it in 2025. The average effective rent, at $1,533 per month in the second quarter 2024, is still the highest of all multifamily markets in the state. Even so, Austin was more affordable than the U.S. average of $1,828. This ensures that Austin will remain competitive and attract further net in-migration as it has successfully done over the past several years thanks to the metro's comparative affordability matched with high quality of life. As 2024 progresses, the effective rent is projected to increase, ultimately reaching $1,582 by the fourth quarter.

Austin vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

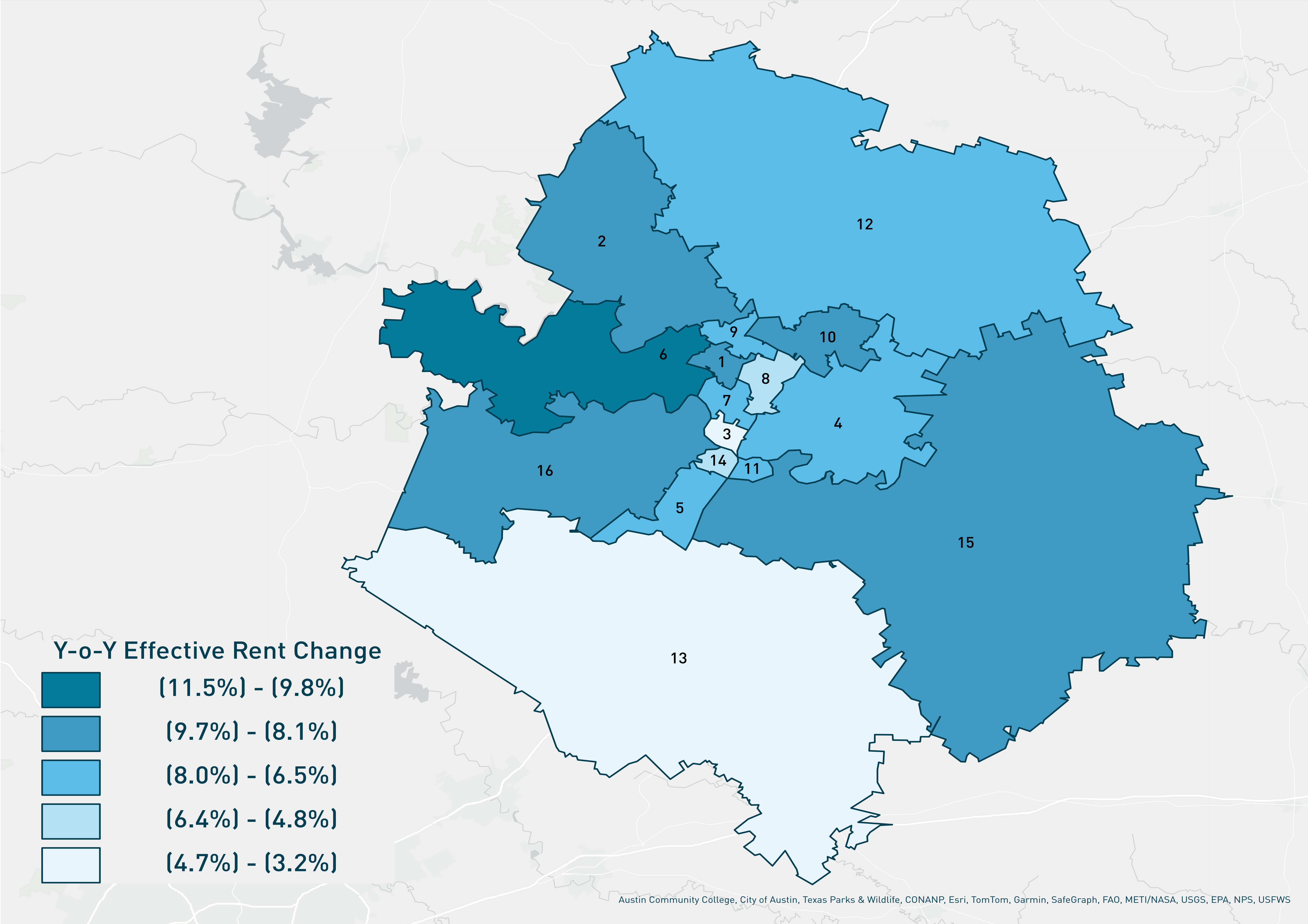
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Arboretum	92.9%	-80	$1,404	-8.4%
Cedar Park	93.2%	-60	$1,506	-8.9%
Downtown/University	92.2%	-100	$2,607	-3.8%
East Austin	91.7%	-60	$1,657	-6.8%
Far South Austin	91.9%	-150	$1,459	-6.7%
Far West Austin	91.6%	-190	$1,476	-11.5%
Near North Austin	92.0%	-170	$1,539	-7.9%
North Central Austin	92.4%	-150	$1,478	-4.8%
Northwest Austin	92.3%	-80	$1,482	-7.4%
Pflugerville/Wells Branch	92.5%	-150	$1,395	-9.2%
Riverside	90.6%	-200	$1,461	-7.4%
Round Rock/Georgetown	92.5%	-120	$1,484	-6.8%
San Marcos	92.0%	-130	$1,363	-3.2%
South Austin	92.7%	-140	$1,891	-6.2%
Southeast Austin	91.5%	-160	$1,389	-8.5%
Southwest Austin	93.3%	-60	$1,680	-8.3%

AUSTIN, TX

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE

Receding rents were present in all submarkets. The submarkets with the lowest negative effects had smaller lease renewal conversion percentages and lower rent reductions for new lease trade-outs compared to submarkets that posted larger annual rent reductions. This trend occurred without any correlation to recent inventory gains, geographic location, or demand levels. As with the year prior, San Marcos outperformed the other submarkets, with just a 3.2% annual reduction in effective rent to $1,363 per month in the second quarter of 2024. The Downtown/University submarket, which suffered the heaviest rent reduction during the year prior, locked in the second lowest annual rent reduction, at 3.8%, bringing the average effective rent to $2,607 in the second quarter of 2024. San Marcos' new lease rate change was nearly -6.0% in the second quarter of 2024 and Downtown/University was -5.8% compared to the market average of -7.2%.



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AUSTIN, TX

SALES

2024 Year to Date*

VOLUME Nondisclosure	PRICE PER UNIT (AVG) Nondisclosure
TRANSACTIONS 6	CAP RATE (AVG) Nondisclosure

What's Trading?*

UNITS (AVG) 365	YEAR BUILT (AVG) 2000s
BUILDINGS (AVG) 15	ACRES (AVG) 22.72

Top Buyers*

BUYER	LOCATION
WhyHotel	Washington, D.C.
Comunidad Realty Partners	San Diego, CA
Azure Partners	New York, NY
Mill Creek Residential	Boca Raton, FL
Housing Authority of Austin	Austin, TX

Top Sellers*

SELLER	LOCATION
Transwestern (TDC)	Houston, TX
Paydar Properties	San Diego, CA
Principal Asset Managment	Des Moines, IA
Starlight Investments	Toronto, ON
Blackstone	New York, NY

Source: MSCI Real Capital Analytics
**$50m+*