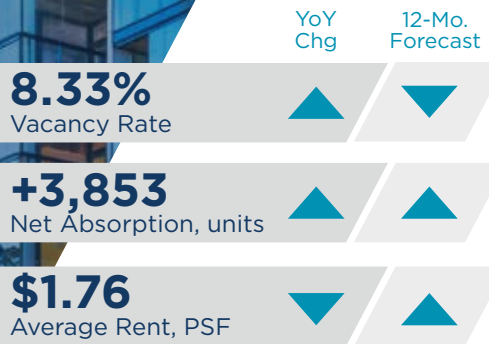


MARKETBEAT AUSTIN

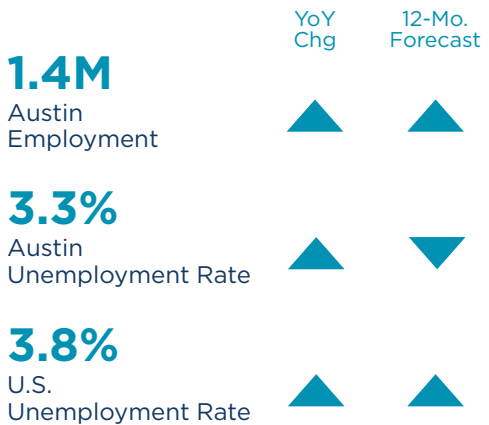


Multifamily Q1 2024



Source: ApartmentTrends.com by Austin Investor Interests, LLC, CoStar, RealPage

ECONOMIC INDICATORS Q1 2024



Source: BLS, Moody's Analytics

ECONOMIC OVERVIEW: Austin's Economy Remains Strong Despite Larger Economic Concerns

Despite the ongoing challenges facing the national economy, the Austin metro area continues to perform quite well in terms of its resilient job market. Year-over-year (YOY), the Texas capital has added nearly 35,000 jobs, making it one of the best-performing among the largest metro areas. The city's low unemployment rate of 3.3% continues to fall below both the state and national levels of 3.9% and 3.8% respectively.

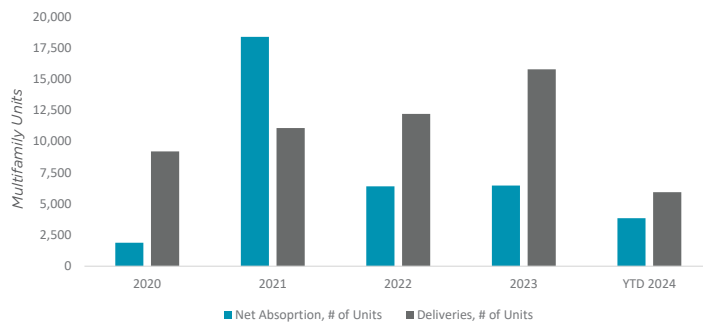
DEMAND: Positive Absorption Trends Driving Market Optimism

During the first quarter of 2024, the Austin multifamily market witnessed notable dynamics across its various submarkets. Year-to-date, the market experienced a net absorption figure of 3,853 units, indicating consistent demand for rental properties. Despite this, the overall vacancy rate saw a slight increase to 8.33%, influenced by the substantial delivery of 5,933 new units into the market. Notably, the vast majority of submarkets returned positive absorption figures despite facing considerable new supply. Only three submarkets reported negative absorption figures for the quarter, all in the single digits, indicating that Austin is confidently weathering the supply storm projected to severely impact the market's near-term outlook. Rent trends varied across submarkets, with some areas witnessing minor declines possibly due to increased competition amidst rising inventory, while others managed to maintain rental rate stability amidst strong demand. Looking ahead, challenges in securing project funding amid prevailing economic conditions, coupled with shifts in market dynamics like declining new submittals, may improve vacancy rates and rental trends in the upcoming quarters.

PRICING: Less Volatile Capital Markets Allowing Greater Transactability

There were 7 transactions in Q1 amounting to 2,019 units with an average year built of 2002. This figure was a slight drop in transaction activity compared to the latter part of 2023, where the volume reached levels unseen since 2010. We anticipate this figure increasing in the coming quarters due to less volatility in the capital markets environment, the potential for interest rate cuts, continued delivery of new product from merchant builders, and stress on negatively leveraged owners.

DEMAND / DELIVERIES



Source: ApartmentTrends.com

OVERALL VACANCY & EFFECTIVE RENT



Source: ApartmentTrends.com

Multifamily Q1 2024

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CONSTRUCTION (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Bastrop	1,001	0	0.00%	937	-3	4.50%	2.30%	\$1,334	\$1.54	4.42%
Central	7,023	0	0.00%	502	3	6.66%	-0.08%	\$1,751	\$2.20	-3.69%
CBD	6,902	652	10.54%	2,641	240	10.32%	1.46%	\$2,899	\$3.03	-6.08%
Cedar Park / Leander	16,607	248	1.54%	2,254	309	6.30%	-1.78%	\$1,478	\$1.60	-12.67%
East	3,134	264	9.24%	2,291	121	8.22%	0.29%	\$1,428	\$1.65	-13.40%
East Central	8,329	87	1.06%	3,170	192	7.49%	-0.96%	\$1,876	\$2.34	-6.75%
Hays	6,508	368	5.99%	2,290	154	7.33%	-0.18%	\$1,463	\$1.67	-6.73%
North	22,393	367	1.67%	1,342	152	10.53%	3.00%	\$1,336	\$1.68	-9.98%
North Central	12,177	334	2.82%	4,130	254	7.76%	0.77%	\$1,660	\$2.07	-6.82%
Northeast	23,532	424	0.59%	6,782	128	7.02%	0.12%	\$1,419	\$1.61	-9.81%
Northeast Central	4,928	279	6.00%	1,016	115	11.22%	3.13%	\$1,342	\$1.72	-3.45%
Northwest	28,204	0	0.00%	1,873	111	8.44%	1.10%	\$1,405	\$1.58	-11.04%
Northwest Central	6,002	0	0.00%	0	-1	9.66%	2.02%	\$1,388	\$1.65	-10.58%
Round Rock	14,792	225	1.54%	2,015	421	7.92%	-0.35%	\$1,441	\$1.57	-9.12%
South	18,121	36	0.20%	2,276	313	7.34%	0.85%	\$1,418	\$1.66	-10.46%
South Central	13,281	65	0.49%	805	229	8.58%	1.97%	\$1,764	\$2.18	-10.85%
Southeast	9,383	640	7.32%	4,159	276	8.77%	2.04%	\$1,356	\$1.59	-10.98%
Southeast Central	17,458	323	1.89%	827	159	10.23%	2.32%	\$1,437	\$1.77	-9.33%
San Marcos	6,390	244	2.31%	1,259	-99	10.50%	2.32%	\$1,273	\$1.52	-5.10%
Southwest	11,569	64	0.56%	763	129	7.24%	0.85%	\$1,559	\$1.68	-10.25%
UT	1,905	0	0.00%	423	-6	6.51%	1.57%	\$1,796	\$2.40	-8.39%
West	5,575	0	0.00%	867	42	8.54%	1.48%	\$1,807	\$1.74	-8.23%
Williamson	11,430	1,313	13.02%	4,443	614	7.19%	0.05%	\$1,413	\$1.50	-15.05%
Market	256,644	5,933	2.90%	47,065	3,853	8.33%	1.00%	\$1,520	\$1.76	-9.52%

Source: ApartmentTrends.com by Austin Investor Interests, LLC

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