



MULTIFAMILY REPORT

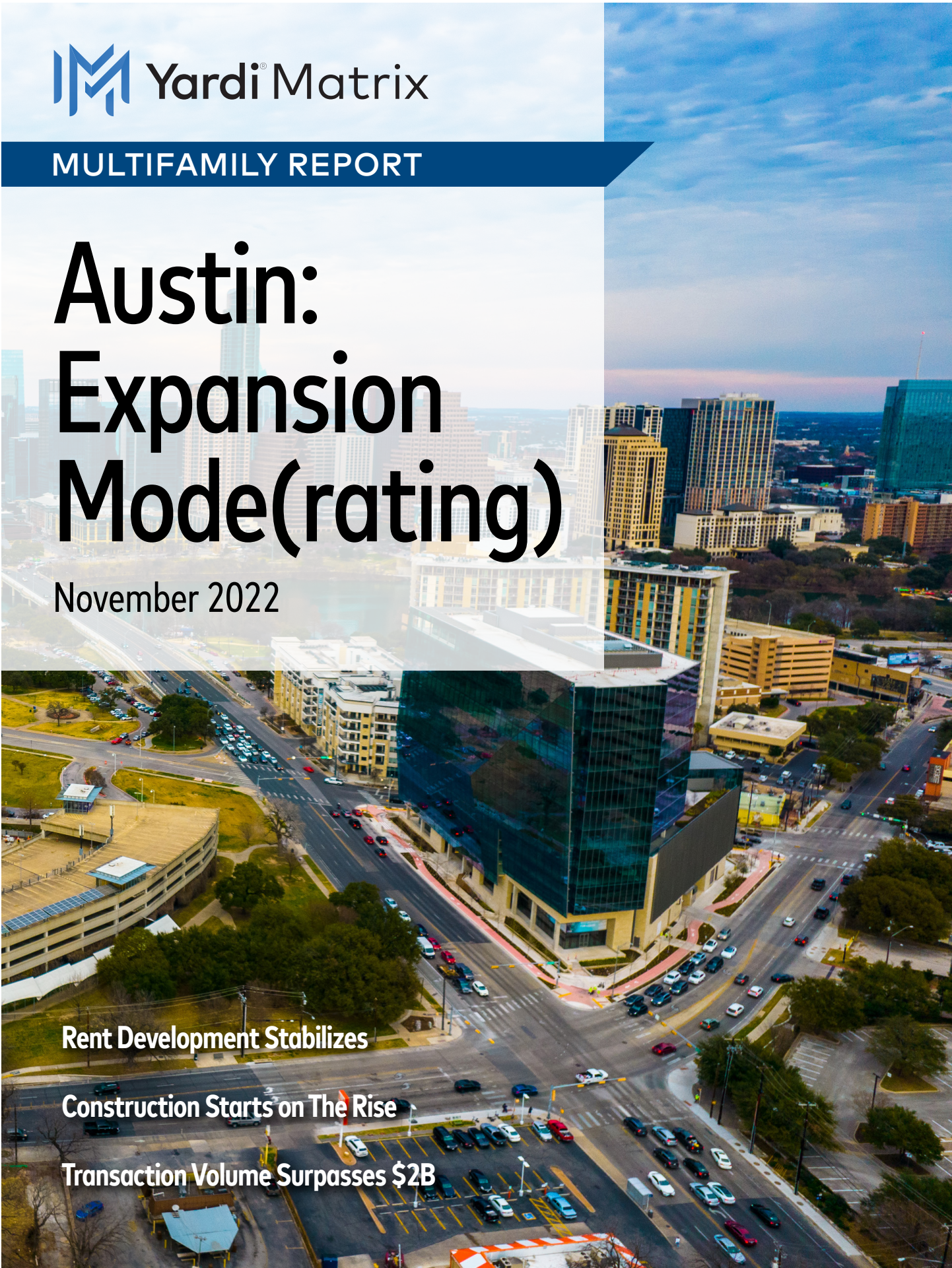
Austin: Expansion Mode(rating)

November 2022

Rent Development Stabilizes

Construction Starts on The Rise

Transaction Volume Surpasses \$2B



AUSTIN MULTIFAMILY



Poised for a Comeback

Austin's economy has evolved remarkably during the past decade, reaching a balance that made it appealing to businesses and residents and helped it withstand the COVID-19 health crisis. Although current economic challenges loom over the metro, there will likely be some sort of a pause in expansion rather than a full-blown crisis. So far, the industry has reacted to rising interest rates and inflation, as rents remained flat on a trailing three-month basis through September, to \$1,792, and occupancy slid 30 basis points in the 12 months ending in August, to 95.3%.

The unemployment rate stood at 3.0% in August, leading the state (4.1%), the U.S. (3.7%), as well as the other major Texas metros. The job market expanded 7.4%, or 70,900 jobs, in the 12 months ending in July, with contractions seen in government (-0.1%) and mining, logging and construction (-2.1%). Professional and business services (25,300 jobs) and leisure and hospitality (16,700 jobs) led gains, and both are poised for sustained growth.

Unlike most markets, development increased in Austin, with 51,161 units under construction as of September. Deliveries softened compared to last year, with 8,795 units coming online, but it's no surprise as the metro faces labor shortages. Meanwhile, transaction activity dwindled slightly from quarter to quarter. Investors traded \$2.1 billion in multifamily assets, but the price per unit continued to rise, up 25.1% year-over-year.

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Recent Austin Transactions

South Shore District



City: Austin, Texas
Buyer: Bell Partners
Purchase Price: \$178 MM
Price per Unit: \$350,988

Bridge at Canyon Creek



City: Austin, Texas
Buyer: Housing Authority of the
City of Austin
Purchase Price: \$107 MM
Price per Unit: \$322,650

Bridge at Steiner Ranch



City: Austin, Texas
Buyer: Housing Authority of the
City of Austin
Purchase Price: \$94 MM
Price per Unit: \$311,201

Latitude at Presidio



City: Cedar Park, Texas
Buyer: TerraCap Management
Purchase Price: \$92 MM
Price per Unit: \$274,184