

Yardi® Matrix

Austin Goes Easy

Multifamily Report Winter 2018

Rent Growth Recedes Amid Inventory Expansion

Education, Health Services Lead Job Gains

Investors Target Value-Add Assets

AUSTIN MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Supply Catches Up With Demand

Austin's multifamily market shifted down a gear in 2017, due to last year's strong wave of supply. As a result, rents contracted 0.3% year-over-year through October, trailing the 2.3% U.S. average. Continued construction pushed the occupancy rate to 94.6% as of September, down 70 basis points in 12 months. This figure is likely to keep falling in the short term, while the metro absorbs the new stock.

The Texas capital boasts a strong economic and population growth, maintaining a steady demand for multifamily, despite the temporary surge in supply. A leading market for science, technology, engineering and math (STEM) jobs, the metro added 6,600 positions in the education and health services sector, partly thanks to the opening of Dell Seton Medical Center. Austin's most notable development underway is the mixed-use, 700-acre Mueller project, which is in full development and is slated to house 14,300 residents and 14,500 employees, while also generating 10,500 construction jobs.

Transaction activity continued to decelerate in the second half of 2017, with \$961 million in apartments trading in the first 10 months of the year, half of last year's volume. Nearly 3,700 units were delivered this year through October, a third of last year's new stock, but almost 17,000 units were still under construction as of October. Given the metro's strong pipeline, we expect rents to remain flat in the foreseeable future.

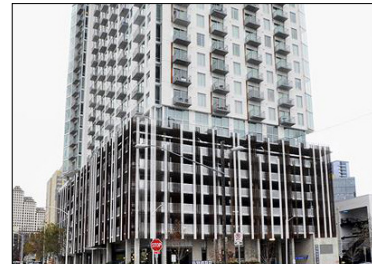
Recent Austin Transactions

The Landing at Round Rock



City: Round Rock, Texas
Buyer: Starlight Investments
Purchase Price: \$93 MM
Price per Unit: \$159,634

Seven



City: Austin, Texas
Buyer: Greystar
Purchase Price: \$60 MM
Price per Unit: \$ 274,545

Marq Uptown



City: Austin, Texas
Buyer: CWS Capital Partners
Purchase Price: \$51 MM
Price per Unit: \$189,808

The Ridge at Barton Creek



City: Austin, Texas
Buyer: Arel Capital
Purchase Price: \$48 MM
Price per Unit: \$117,121

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