

INVESTMENT FORECAST

Multifamily
Austin

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

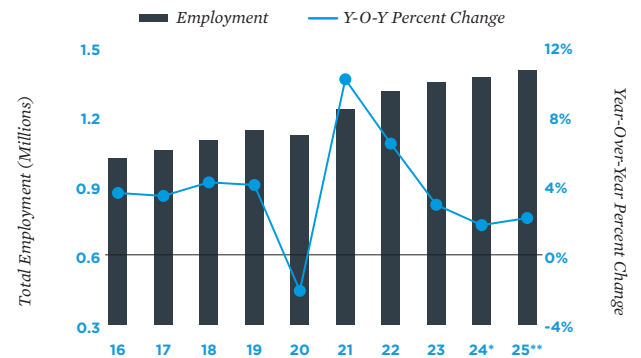
2025

Tech Growth and Permitting Slowdown Boost Austin's Long-Term Potential

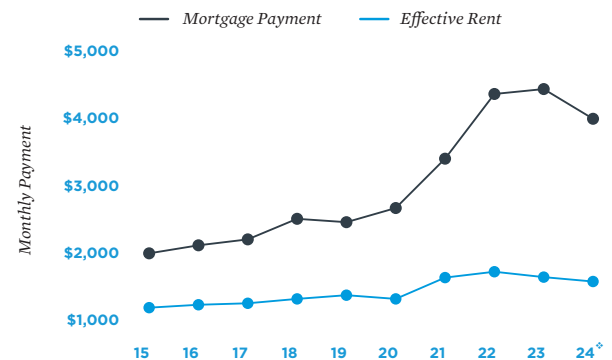
Corporate expansions align with ongoing historic supply wave. In 2025, Austin will remain one of the nation's fastest-growing metros for both employment and population, fueled by an influx of young professionals and large corporate commitments. Upcoming high-profile developments, such as Samsung's forthcoming \$17 billion semiconductor plant in Taylor and X Corp.'s newly designated headquarters in the metro, are laying the groundwork for future employment growth and housing demand. In the meantime, the established presence of Tesla's 1.4 million-square-foot battery facility in East Austin provides ongoing employment opportunities. Developers are counting on these dynamics to aid leasing velocity for the roughly 24,000 units slated to come online this year. Considering the size of this year's delivery slate, representing 74 percent of existing stock, concessions usage — which rose last year — should continue to be frequent among newly built properties. For that reason, meaningful rent growth is unlikely to resume until late 2025. As the supply wave crests early in the year, demographic tailwinds and steady in-migration should maintain demand. Beyond 2025, supply pressures are expected to ease notably, as a broad pullback in multifamily permitting is materializing.

Investor sentiment strengthens in Austin for 2025. Favorable demographics and rental growth signal long-term stability. Though elevated vacancy dampened Class A sales in 2024 — pushing activity more than 20 percent below 2023 levels and shifting most trades to the suburbs — a tapering development pipeline beyond 2025 may help to restore investor confidence in the coming year. Multifamily permitting in 2024 reached its lowest level since 2019, indicating that future supply additions may moderate. This measured delivery pipeline could benefit prospective investors, considering submarkets like Round Rock, Georgetown, Cedar Park and Leander, where ongoing employer commitments are poised to sustain rental demand. While effective rents declined across all classes of apartments last year, the drop in Class A rents was less severe than that of the other property tiers, which should serve to heighten the appeal of luxury investment in Austin. Among submarkets, downtown posted the smallest decrease in upper-tier rates — a dynamic that may increase competition for newer-built listings.

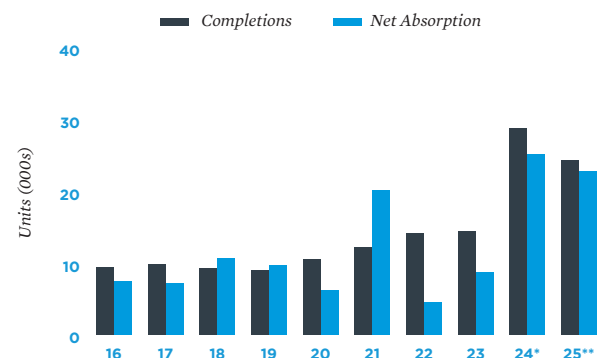
Employment Trends



Housing Affordability Gap



Supply and Demand



24.3%

2024 share of local population between 20 and 34 years old



46.2%

of local population hold bachelor's degree or higher*



\$468,700

2024 median home price*

* Estimate ** Forecast [◇] Through 3Q

**2024: 25+ years old

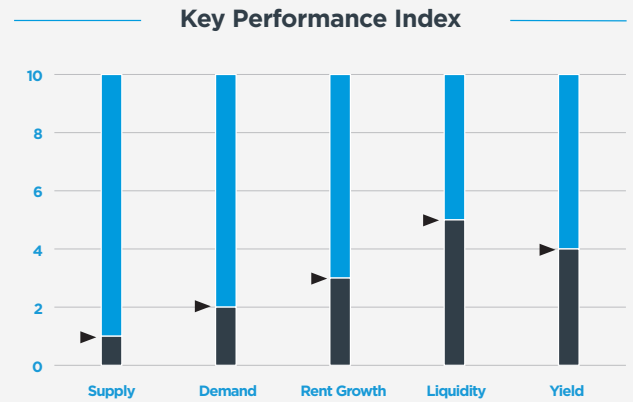
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

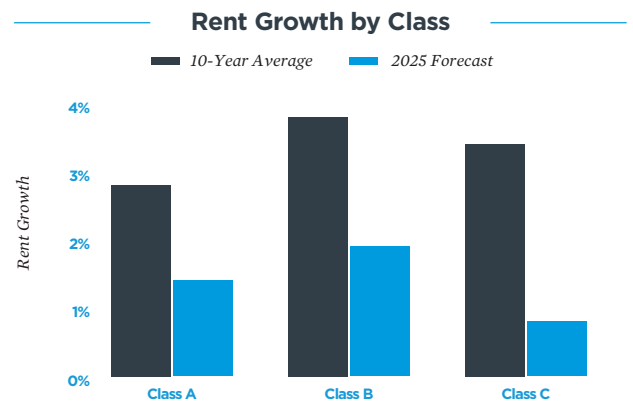
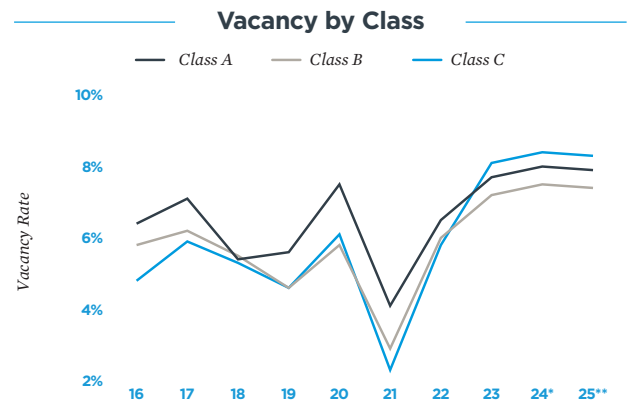
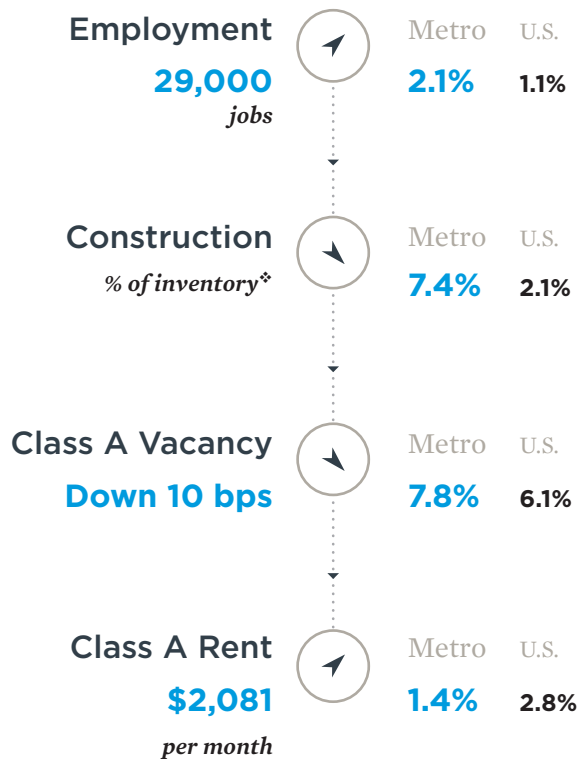
Though Austin boasts some of the strongest levels of job and household growth in the country this year, it also notes a nation-leading pace of inventory growth. The pace of new supply will outweigh the other two rates in the short term, resulting in supply, demand and rent scores that are at or below 3.

Despite substantial new supply pressure, favorable demographic trends are keeping investors' interest in the market, leading to an above-average liquidity score. A yield rating of 4, meanwhile, ties with Dallas-Fort Worth for the lowest reading in Texas.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2025 MARKET FORECAST



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* Estimate ** Forecast
* Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics