

HUD PD&R Housing Market Profiles

Austin-Round Rock, Texas



Quick Facts About Austin-Round Rock

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The Austin-Round Rock metropolitan area, or “Silicon Hills,” with more than 5,500 startups and technology companies, has established itself as a technology epicenter in the state.

Austin, Texas

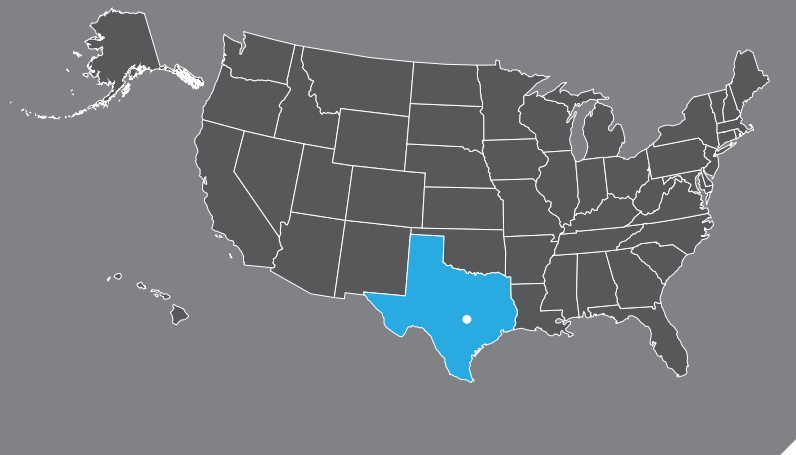
By Cameron Ehrlich | As of January 1, 2023

Overview

The Austin-Round Rock Metropolitan Statistical Area (hereafter, Austin metropolitan area) in central Texas is defined as Bastrop, Caldwell, Hays, Travis, and Williamson Counties. The city of Austin, in Travis County, is the capital of Texas and is the home of the flagship campus of the University of Texas (UT). The metropolitan area was the second fastest growing in the nation from 2010 to 2020 (U.S. Census Bureau decennial census).

- As of January 1, 2023, the population of the metropolitan area is estimated at 2.4 million, an average annual increase of 56,700 people, or 2.8 percent, annually since April 2010 (U.S. Census Bureau and estimates by the analyst). Population growth can be separated into two main periods: From 2010 to 2016, population growth averaged 3.0 percent annually, with net in-migration averaging 38,800 people each year, but since 2016, population growth has averaged 2.6 percent annually, with net in-migration averaging 43,800 people a year (U.S. Census Bureau population estimates as of July 1 and estimates by the analyst). Due to the decline in net

continued on page 2



continued from page 1

natural increase (resident births minus resident deaths) during both periods, net in-migration has accounted for nearly 76 percent of the population growth since 2016 compared with 70 percent from 2010 to 2016.

- From April 2010 to April 2020, the population increased in all counties in the metropolitan area, and the fastest respective rates of growth were in Hays and Williamson Counties, which averaged 4.4 and 3.7 percent, respectively, annually, faster than the 2.3-percent growth in Travis County. During the same period, Travis County, the most populous county

in the metropolitan area, was the 37th fastest growing county in the nation in percentage terms, with a population of 100,000 or more, whereas Hays and Williamson Counties were the first and fourth fastest growing counties.

- The metropolitan area has a highly educated workforce that attracts many companies to the area. According to the 2021 American Community Survey, 50 percent of the population aged 25 or older had a bachelor's degree or higher—significantly higher than the national average of 35 percent in 2021.

Economic Conditions

Economic conditions are strong in the Austin metropolitan area. Following a record number of corporate relocations and expansions during 2021, by May 2021, the metropolitan area became the first Texas metropolitan area to regain all the jobs lost at the onset of the COVID-19 pandemic (Federal Reserve Bank of Dallas). Nonfarm payrolls averaged nearly 1.27 million jobs during the fourth quarter of 2022, up by 54,800 jobs, or 4.5 percent, from the same period a year ago. By comparison, job growth for the Southwest region and the nation averaged 4.3 and 3.2 percent, respectively. During the fourth quarter of 2022, nonfarm payroll growth in the metropolitan area slowed from a gain of 100,400 jobs, or 9.0 percent, during the fourth quarter of 2021, but the average number of jobs is currently 11.2 percent higher than the average during the fourth quarter of 2019—the most recent comparable quarter before the onset of the COVID-19 pandemic. For context, the economy

expanded before the pandemic at an average annual rate of 4.1 percent from 2011 through 2019.

During the fourth quarter of 2022—

- The leisure and hospitality sector gained the most jobs, increasing by 22,900, or 17.9 percent, to 150,900 jobs as the sector continued to strengthen from the most recent economic downturn. The strong gains in this sector were due, in part, to the Formula 1 professional auto race event, attracting more than 400,000 visitors to the metropolitan area in October during the 3-day event.
- Notably, the largest sector in the metropolitan area, the professional and business services sector, grew by 12,300 jobs, or 4.9 percent, to 263,200 jobs compared with gains of 35,300, or 16.4 percent, a year earlier. Despite a recent

continued on page 3

In the Austin metropolitan area, 8 of the 11 sectors added jobs during the 3 months ending December 2022.

	3 Months Ending		Year-Over-Year Change	
	December 2021 (Thousands)	December 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,213.9	1,268.7	54.8	4.5
Goods-Producing Sectors	140.7	143.6	2.9	2.1
Mining, Logging, & Construction	74.6	72.6	-2.0	-2.7
Manufacturing	66.1	71.0	4.9	7.4
Service-Providing Sectors	1,073.2	1,125.1	51.9	4.8
Wholesale & Retail Trade	167.4	171.9	4.5	2.7
Transportation & Utilities	31.4	33.1	1.7	5.4
Information	47.4	50.3	2.9	6.1
Financial Activities	77.1	77.0	-0.1	-0.1
Professional & Business Services	250.9	263.2	12.3	4.9
Education & Health Services	138.4	145.7	7.3	5.3
Leisure & Hospitality	128.0	150.9	22.9	17.9
Other Services	46.3	46.7	0.4	0.9
Government	186.3	186.3	0.0	0.0
Unemployment Rate	3.2%	2.8%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



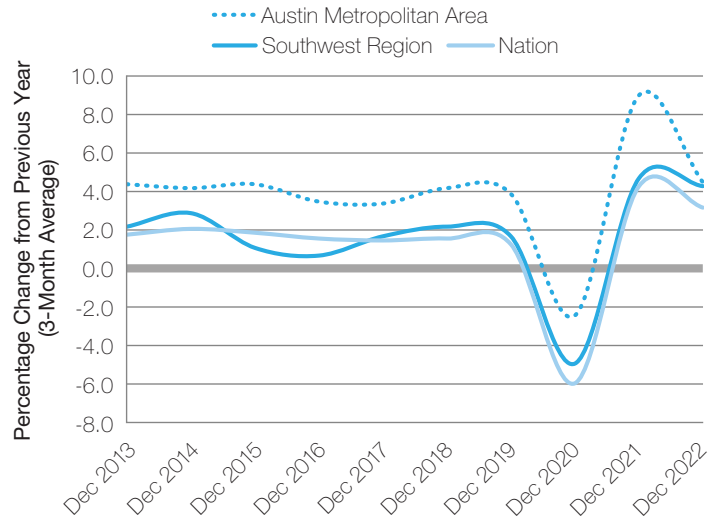
continued from page 2

nationwide slowdown in hirings and announced layoffs in the technology industry, during the 3 months ending December 2022, approximately 78 percent of the sector gains in the metropolitan area were in the professional, scientific, and technical services industry, which increased 6.3 percent.

- Nonfarm payroll growth was also strong in the education and health services and the manufacturing sectors, which increased by 7,300 and 4,900, or 5.3 and 7.4 percent, to 145,700 and 71,000 jobs, respectively. Ascension Seton expansions throughout the metropolitan area—including the opening of a new 100,000-square-foot multispecialty healthcare facility, Ascension Seton Health Center Lamar—supported gains in the education and health services sector.
- Two sectors, the financial activities and the mining, logging, and construction sectors, declined due, in part, to a slowdown in the housing market and affiliated industries. The financial activities sector fell by 100 jobs, or 0.1 percent, and the mining, logging, and construction sector declined by 2,000 jobs, or 2.7 percent.
- The average unemployment rate was 2.8 percent, down from 3.2 percent a year earlier and down from 5.0 percent during the fourth quarter of 2020. Resident employment has increased more quickly than the labor force, contributing to the decline in unemployment.

The metropolitan area has become a major high-tech center during the past 2 decades, particularly since the mid-2010s, partly due to the presence of numerous higher education and research institutions. UT at Austin and Texas State University in the city of San Marcos had an enrollment of approximately 52,400 and 38,400 students, respectively (Fall 2022). The government sector has traditionally been the largest employment sector in the metropolitan area, but during the past decade, the government sector became the second largest payroll sector in 2017, after the professional and business services sector. During the fourth quarter of 2022, the professional and business services sector accounted for 20.7 percent of all nonfarm payrolls in the metropolitan area, up from 14.9 percent in 2010. Many of the largest technology companies in the world—including Google LLC, Apple Inc., Oracle Corporation, Amazon.com, Inc., and Meta Platforms, Inc.—have primary or secondary offices in the Austin area that contributed gains to the sector. With the presence of

Nonfarm payroll gains in the Austin metropolitan area have outpaced gains in the Southwest region since 2013, but during the past year, have slowed to a rate slightly faster than the Southwest region.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Austin Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Texas	Government	63,850
University of Texas at Austin	Government	23,925
H-E-B Grocery Company, LP	Wholesale & Retail Trade	19,000

Note: Excludes local school districts.

Source: Austin Chamber of Commerce, December 2022

Tesla, Inc. and Samsung Electronics Co., Ltd. and particularly the advanced manufacturing of computers, vehicles, and electronics, the manufacturing sector is expected to continue to add jobs to the manufacturing sector. The Samsung \$17 billion semiconductor plant is currently under construction in the city of Taylor in Williamson County and is anticipated to open in late 2024, adding approximately 2,000 jobs. CellLink Corporation, a manufacturer of circuits for solar panels and electric vehicles, is opening a 300,000-square-foot manufacturing facility later this year in the city of Georgetown and will add an estimated 800 to 2,000 jobs during the next 10 years.



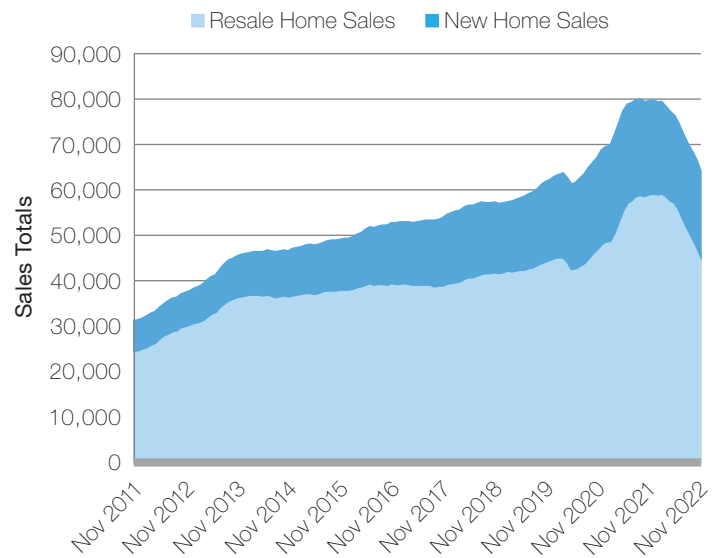
Sales Market Conditions

The sales housing market in the Austin metropolitan area currently remains slightly tight, but the pace of sales is slowing significantly, as the rapid price increases during the past few years have resulted in fewer people being able to afford homes. The home sales market has an estimated vacancy rate of 1.2 percent, down from 2.3 percent in 2010 but up from less than 1 percent during 2021. Slowing sales have caused the average number of days on the market to spike to 73 days in December 2022, up more than 180 percent from an average of 26 days in December 2021 (Austin Board of REALTORS®). New home listings declined 15 percent during December 2022 to approximately 1,825 compared with 1 year earlier, as homeowners have begun to be priced out of newer homes due to rising interest rates and home prices. Even with the declining number of new home listings, the number of total sales has slowed faster, causing a 275-percent increase in total active listings on the market to approximately 7,500 listings during December 2022. With slowing sales, the months of inventory on the market also rose significantly during the past year. During December 2022, a 2.7-month supply of home sales inventory was on the market, up from a 0.6-month supply a year earlier. The slowdown in home sales has placed downward pressure on prices, with the median sales price in the metropolitan area declining during the past year 4 percent to \$457,400 during the month of December 2022.

During the 12 months ending November 2022—

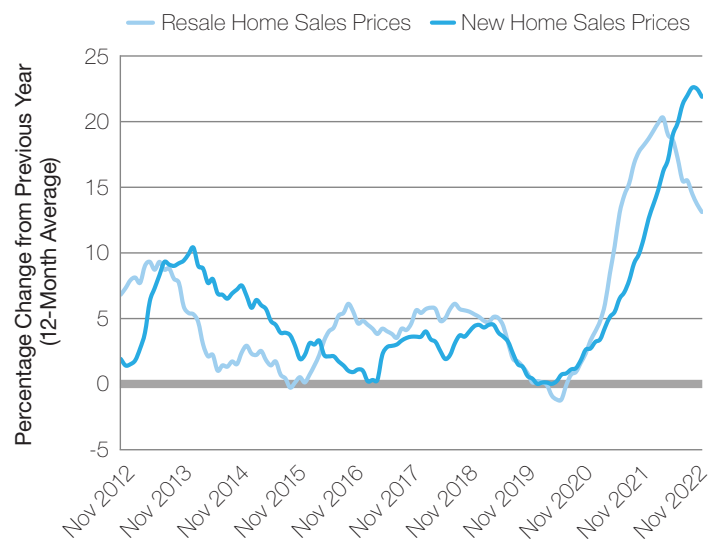
- New home sales totaled 18,400, a decrease of 2,050, or 10 percent, from the previous 12 months, and the average sales price increased by \$82,600, or nearly 22 percent, to \$460,400 (CoreLogic, Inc., with adjustments by the analyst).
- Resale home sales totaled 45,700, a decline of 13,450, or nearly 23 percent, compared with a 26-percent increase a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average sales price increased by \$55,200, or 13 percent, to \$476,600, more than the average price of new homes due in large part to location and size.
- Home prices in the metropolitan area were most expensive in Travis County, the location of the city of Austin. During December 2022, median sales prices in the metropolitan area ranged from a low of \$314,000 in Caldwell County, which is approximately 40 miles south of the city of Austin, to a high of \$520,000 in Travis County (Austin Board of REALTORS®).
- Seriously delinquent mortgages in the metropolitan area declined after rising during 2020, following the onset of the COVID-19 pandemic. The rate of home loans that were 90 or

The number of new and resale home sales decreased in the Austin metropolitan area during the 12 months ending November 2022.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

In the Austin metropolitan area, new home sales price growth has slowed since peaking earlier in the year.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

more days delinquent, in foreclosure, or had transitioned to real estate owned status was 0.6 percent during November 2022, down from 1.4 percent a year earlier and the recent high of 3.7 percent in August 2020 (CoreLogic, Inc.).

continued on page 5

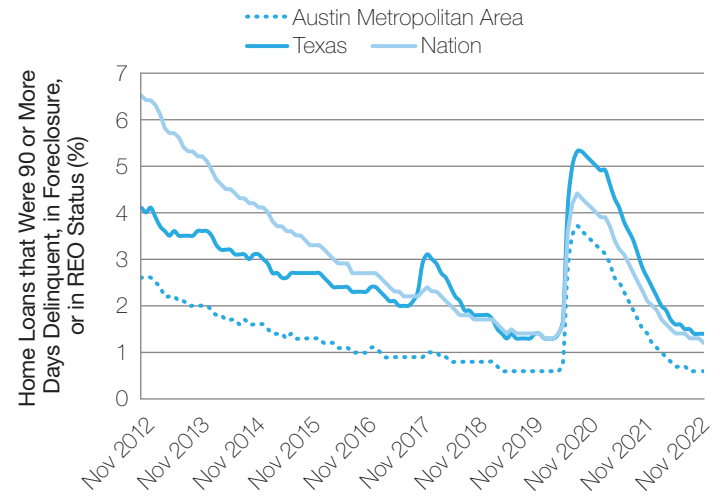


continued from page 4

Single-family homebuilding activity in the metropolitan area, as measured by the number of single-family homes permitted, declined by 3,800, or 15 percent, to 21,350 homes during 2022 as builders responded to weaker home sales demand.

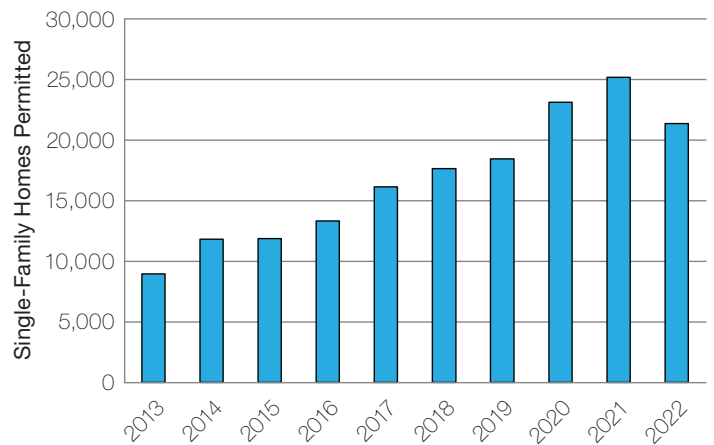
- During 2022, more than 35 percent of all single-family homes permitted in the metropolitan area occurred in Travis County, with 7,575 single-family homes, declining nearly 18 percent from the previous year. A record-high level of single-family home production was permitted in Travis County during 2020, totaling 10,350 and surpassing the previous high of 9,575 homes permitted during 2006.
- Williamson County, where Dell Technologies Inc., Apple Inc., and Samsung Electronics Co., Ltd. have expanded, accounted for approximately 33 percent of all single-family homes permitted in the metropolitan area during 2022. During 2022, 7,000 single-family homes were permitted in the county, down nearly 26 percent from 9,425 single-family homes permitted the previous year.
- A new 2,066-acre master-planned community, Whisper Valley, began presales for 363 lots in Phases 3 and 4 southeast of the city of Austin, within 10 minutes of Tesla's Gigafactory Texas. All 142 single-family homes in Phase 1 have sold, and approximately 20 remain available in Phase 2, with prices ranging from \$300,000 to \$600,000. The zero-energy capable community will include six phases at buildout, with a combined 7,500 single-family homes, townhomes, duplexes, and apartments planned during the next 10 years, in addition to numerous restaurants, shopping centers, and two new schools.
- In the city of Leander, a 530-acre master-planned community, Bryson, is in the final phase of construction. Of the 918 single-family homes completed to date, 897 have sold, with a planned 1,261 single-family homes at buildout. Available three- and four-bedroom single-family homes range in size from 2,200 to 3,400 square feet, with prices starting at \$620,000.

The share of seriously delinquent home loans in the Austin metropolitan area have been consistently below both the state and national share.



REO = real estate owned.
Source: CoreLogic, Inc.

The number of single-family homes permitted in the Austin metropolitan area declined during 2022 after peaking during 2021.



Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst



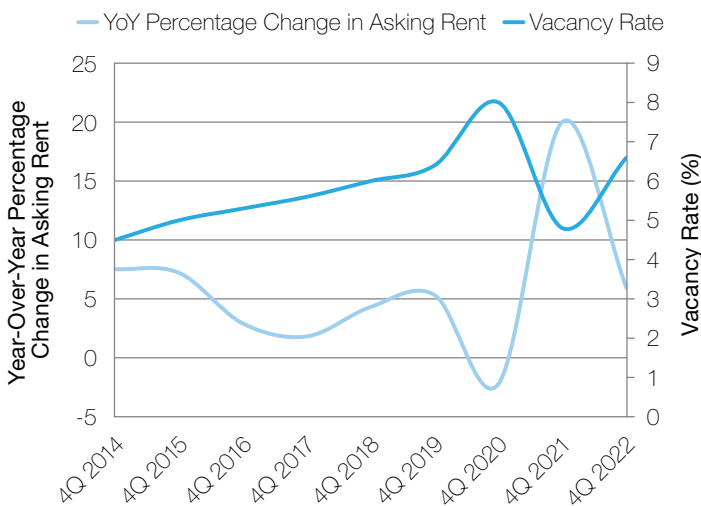
Apartment Market Conditions

The apartment rental market in the Austin metropolitan area is currently balanced, as high-production levels have alleviated tight conditions from a year ago. Increasing levels of in-migration from 2018 to 2020 and new household formations following strong economic growth supercharged rental demand. Developers responded to elevated net in-migration by ramping up production, but construction delays have been ongoing since 2020, limiting completions. During 2021, an estimated 19,500 apartment units were absorbed in the metropolitan area, and just 12,150 new units were completed (ALN Apartment Data, Inc.). During 2022, apartment rental absorption declined as more supply was added, easing tighter conditions from the previous year; there was a net increase of 14,500 apartment units when net absorption totaled 7,800 units.

During the fourth quarter of 2022—

- The average asking rent for an apartment in the metropolitan area was \$1,718, an increase of \$95, or 6 percent, from a year earlier (ALN Apartment Data, Inc.).
- The apartment vacancy rate for stabilized units in the metropolitan area was 6.6 percent, up from 4.8 percent the previous year.
- Of the 23 ALN-defined Austin submarkets, the average apartment vacancy rates, including apartments in lease up in the metropolitan area, ranged from 3.5 percent in the Elgin-Bastrop submarket to 14.7 percent in the Riverside-Southeast Austin submarket, which added a

During the fourth quarter of 2022, rent growth slowed in the Austin metropolitan area and the apartment vacancy rate increased.



4Q = fourth quarter. YoY = year-over-year.
 Note: Shows stabilized vacancy rates.
 Source: ALN Apartment Data, Inc., with adjustments by the analyst

considerable amount of supply. Average apartment rents in the metropolitan area ranged from \$1,386 in the Elgin-Bastrop submarket to \$3,145 in the Downtown submarket, the location of UT.

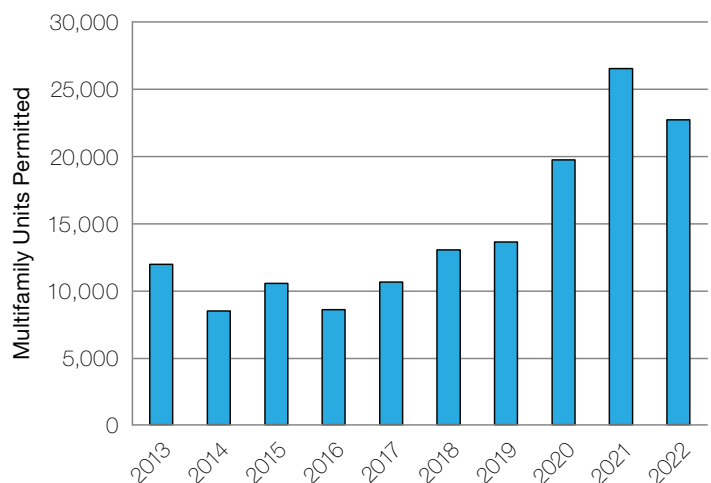
- The average vacancy rate for stabilized class A apartments in the metropolitan area increased to 7.8 percent, up from 6.0 percent a year ago, and the average rent was \$2,455, up 6 percent from the fourth quarter of 2021 (ALN Apartment Data, Inc.).
- The average respective vacancy rates for stabilized class B and class C apartments were 6.4 and 6.3 percent, up from 4.7 and 4.6 percent a year earlier, and the average rents for class B and class C units increased 6 and 4 percent to \$1,740 and \$1,611, respectively (ALN Apartment Data, Inc.).

Multifamily construction activity in the metropolitan area, as measured by the number of multifamily units permitted, was relatively stable from 2013 through 2017, averaging 10,000 units a year. As developers responded to increased apartment demand stemming from strong job and population growth, multifamily construction increased to 13,000 units during 2018, before increasing further from 2019 through 2021 by an average of 6,450 units, or 40 percent, annually. Since 2020, scarce building materials and workers have greatly increased overall multifamily construction times.

- Multifamily construction activity totaled an estimated 22,650 units during 2022, down 15 percent compared

continued on page 7

Multifamily construction has been elevated in the Austin metropolitan area since 2020.



Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst



continued from page 6

- with 26,500 units permitted a year earlier (preliminary data, with adjustments by the analyst).
- During the fourth quarter of 2022, approximately 43,650 multifamily units were under construction in the metropolitan area (ALN Apartment Data, Inc.). Approximately 70 percent of the units under construction were in Travis County, and the remaining multifamily units under construction were primarily in Williamson and Hays Counties.
 - As the backlog of units under construction is completed, it is estimated that more than 16,000 apartment units will begin leasing during the first quarter of 2023 alone (ALN Apartment Data, Inc.).
 - The Wilson Tower in downtown Austin is slated to begin construction later this year and, when completed in 2025, is anticipated to be the tallest building in the state at 1,025 feet high and with more than 70 stories; approximately 350 market-rate apartment units are planned for the tower.
 - The Ellis Highline, a recently completed midrise apartment building, is a 5-story mixed-use tower with 102 apartment units close to major technology employers in north Austin. Rents range from \$1,550 for studio apartments to \$2,646 for two-bedroom units.



Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized Units	Apartment properties that have been on line for 18 months or have reached 95 percent occupancy.
Zero-Energy Capable	Able to produce enough renewable energy to meet its own energy consumption requirements.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
----	---