

# COMPREHENSIVE MARKET ANALYSIS REPORTS



Policy Development & Research

## **Analysis of the Austin-Round Rock, Texas Housing Market**

**As of January 1, 2004**



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

## **Foreword**

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions also may be useful to builders, mortgagees, and others concerned with local housing conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis follows the guidelines developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based upon information available on the "as-of" date from both local and national sources. As such, any findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

The analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: from 1990 to 2000, from 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory, as of the 1990 Census, 2000 Census, Current date, and Forecast date. For the purposes of this analysis the forecast period is 24 months. The definition of the MSA was revised for the 2000 Census to include Bastrop and Caldwell Counties and the name was changed from the Austin-San Marcos MSA to the Austin-Round Rock MSA. Please note: the 1990 Census data presented in the analysis have been amended to include Bastrop and Caldwell Counties.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationship given the market's condition on the as-of date of the analysis. W. Victor Crain, the Division's Field Economist in the Denver, Colorado regional office, prepared this report based on fieldwork conducted in July 2003 and periodic monitoring of the market through December 2003. Questions regarding the findings and conclusions of the analysis may be addressed to Mr. Crain at 303-672-5289 and at [W\\_Victor\\_Crain@hud.gov](mailto:W_Victor_Crain@hud.gov).

## **Housing Market Area**

The definition of the Austin-Round Rock, Texas Housing Market Area (HMA) is the same as the definition of the Austin-Round Rock Metropolitan Statistical Area (MSA), previously named the Austin-San Marcos MSA. Austin is the state capital and the home of the University of Texas (UT). The HMA comprises Bastrop, Caldwell, Hays, Travis, and Williamson Counties. Located in central Texas, it covers 4,256 square miles.

Two major submarkets make up the HMA: the Four County submarket and the Hays County submarket. The Four County submarket consists of Bastrop, Caldwell, Travis, and Williamson Counties. The Hays County submarket consists of Hays County and the county seat of San Marcos. San Marcos, which lies approximately 30 miles south of Austin and 50 miles north of San Antonio, is the home of Texas State University (TSU).

## **Summary**

The Austin-Round Rock, Texas HMA has experienced a significant slowdown in employment and population growth since 2000 compared with the 1990s. Modest growth is forecast for the next 2 years, but annual job gains will not match the pace or pay scale of the 1990s. The unemployment rate reached an all-time high in 2002, averaging 5.7 percent. The average rate for 2003 was 5.5 percent. Cutbacks in manufacturing, construction, professional/business services, and information sectors prompted the rise in unemployment in 2002. The construction sector should see a rebound in the near future. The manufacturing and information sectors are not expected to change significantly during the forecast period. UT and TSU will continue to be major factors in the local economy. The high-technology industry still will play an important role in the economy, but to a lesser degree than in the last decade. While state and local government employment traditionally has been a cornerstone of the economy, budget cuts have forced state and local government agencies to consider layoffs, early retirement packages, and employment cutbacks.

The decline in employment opportunities has slowed in-migration since the 1990s. Given the forecast level of expected economic growth, the population and households will continue to grow, but at a slower pace. The slower rates of population and household growth will reduce the demand for new sales and rental housing in the HMA.

Demand for sales and rental housing has fallen since the 2000 Census and market conditions have softened. Rental vacancy rates are at an all-time high and the vacancy rate in sales housing has increased as homeowners leave the area. A substantial increase in new market-rate rental units entering the market over the past 2 years has increased rental vacancy rates throughout the HMA. The surplus of vacant rental units will continue to exist in the market at the end of the 24-month forecast period. The forecast for the Four County submarket anticipates recovery of the rental market sometime in 2006, indicating a need to postpone construction starts of new market-rate units until 2005. More favorable market conditions in the Hays County submarket support continued limited production of new rentals during the forecast period. Demand during

the 24-month forecast period for new sales housing is estimated to be 14,000 units in the Four County submarket and 2,000 homes in the Hays County submarket.

## **Economy of the Area**

The HMA is the economic, government, healthcare, artistic, educational, and regional trade center of central Texas. Leading employers include UT; Dell, Inc.; Austin Independent School District; Motorola, Inc., H.E. Butt Grocery Company (H-E-B), SETON Healthcare Network; IBM Corporation; state and local government agencies; and the Internal Revenue Service Austin Service Center. Approximately 25,000 faculty and staff work at UT, the largest employer in the HMA. Major employers in the Hays County submarket include TSU, Prime Outlets of San Marcos, and Tanger Outlet Center. About 2,500 faculty and staff work at TSU, the largest employer in the Hays County submarket. Gary Job Corps Center, the nation's largest vocational training facility, is located in San Marcos.

A large proportion of the manufacturing and service-oriented workforce in the Four County submarket commutes either to Austin or Round Rock (Williamson County). Some workers in the Four County submarket commute to San Marcos. The workforce in the Hays County submarket that commutes, however, travels to either Austin or the San Antonio metropolitan area.

The Austin-Round Rock HMA economy grew at a very rapid rate during the 1990s. The labor force increased an average of 23,000 persons annually, or 4.8 percent a year during the decade. At the same time, total resident employment increased by more than 23,800 annually, or 5.2 percent a year. As a result, the unemployment rate dropped from 4.9 percent in 1990 to 2 percent in 2000, the lowest rate in any major market in the state.

Early in 2001, job losses began to increase and the unemployment rate rose to an average of 3.8 percent, compared to 4.8 percent in the state. The high-technology sector experienced the largest proportion of layoffs. Companies such as Advanced Micro Devices, Inc.; Dell; Applied Materials, Inc.; Solectron Corporation; and Motorola each recorded layoffs of 1,000 or more employees in 2001. By 2002 the annual average unemployment rate had increased to 5.7 percent. The slowdowns in high technology and manufacturing, and the subsequent effect on the construction and professional/business services sectors, contributed to the rise in unemployment. The unemployment rate averaged 5.5 percent in 2003. Trends in labor force, employment, and unemployment from 1990 through 2003 are presented in Table 1.

Total nonfarm employment increased steadily throughout the 1990s, averaging approximately 24,500 annually, or a growth rate of 6.2 percent a year. The trends in nonfarm employment from 1990 to the most recent 12 months are presented in Table 2. Nonfarm employment continued to grow rapidly through 2000, which saw the addition of more than 37,300 jobs. In the fall of 2000, however, the rate of growth began to slow and the decline continued through 2001. Nonfarm employment grew by only 1,300 jobs during 2001, or 0.2 percent—a negligible change compared to the gains in the 1990s.

Employment actually declined by almost 14,000 jobs in 2002, or 2.1 percent a year. Job losses occurred mostly in the construction, manufacturing, trade, transportation and utilities, information, and professional/business services sectors.

During 2003 the rate of job loss declined and signs point to the beginning of a recovery. Average nonfarm employment for the year 2003 was 666,500 jobs, up 1.0 percent from the 2002 average. Gains over the past year were posted in the construction, financial activities, educational/health services, leisure/hospitality, other services, and the government sectors. The gains have been offset partially by continued job losses in the manufacturing, trade, transportation, utilities, information, and professional/business services sectors.

The construction sector should see a rebound in the near future. Several major public and private construction projects are planned or under way, including a new residence hall at TSU and a student apartment complex in San Marcos. The renovation of the abandoned Intel building in downtown Austin into the new federal courthouse, and Austin's new city hall and public plaza are under way. The redevelopment of the Robert Mueller Municipal Airport (RMMA) includes the construction of a new children's hospital. Whole Foods Market has also begun construction on its new corporate headquarters and grocery store.

UT and TSU will continue to be major stabilizing factors in the local economy. The high-technology industries still will play an important role in the economy, but to a lesser degree than in the last decade.

Employment growth will not return to the 1990s level during the forecast period, but a modest recovery is expected. Employment growth in the HMA is forecast to grow at a rate of 2.2 percent in the first 12 months of the forecast period and 3.0 percent during the second 12 months. These growth rates appear similar to those achieved in the early 1990s. Total employment is expected to grow approximately 16,430 during the first 12 months of the forecast period and by an estimated 22,900 during the second half of the forecast period. Healthcare and leisure/hospitality industries will lead the way in the modest employment growth over the next 24 months. New employment opportunities in the manufacturing, information, financial, and government sectors will be minimal in the forecast period.

The redevelopment of RMMA potentially will have a major impact on the economy of the HMA and the region. RMMA served as the regional airport for central Texas for more than 60 years, but closed in May 1999 when Austin-Bergstrom International Airport opened on the site of the former Bergstrom Air Force Base. The proposed redevelopment plan of the 709-acre RMMA site, located just 3 miles northeast of downtown Austin, calls for a mixed-use residential and commercial community. The redevelopment plan proposes approximately 1,200 single-family homes, 640 row houses, and 2,200 condominiums and apartments, including a substantial number of affordable units. Approximately 25 percent of the units will be available to families with incomes of 80 percent or less of the median family income for the HMA. Plans call for more than 300,000 square feet of retail, dining, and entertainment space; 5 million square feet of commercial office space; and a traditional town square. Proposals envision nearly 160

acres of open space to include parks, playgrounds, hiking, and bike trails. Construction on Phase I of the redevelopment should begin in late 2004 or early 2005. The redevelopment of RMMA also is expected to promote increased economic opportunities and revitalization of East Austin.

### **Colleges and Universities**

Austin Community College, Concordia University Austin, Huston-Tillotson College, TSU, St. Edward's University, Southwestern University in Georgetown, and UT are located in the HMA. Except for Austin Community College, all provide student housing. The colleges and universities enroll an estimated 114,000 students. Approximately 16,000 of the students reside in either resident halls or university apartments. The remaining 98,000 students live in private-sector units in the local housing market.

With faculty and staff of approximately 25,000 and a student enrollment over 51,000, UT ranks as the largest public university in the nation. Fall 2003 enrollment totaled 51,426, a slight decrease of about 1.5 percent from the fall 2002 enrollment. At TSU, fall 2003 enrollment totaled 26,375, an increase of approximately 5.2 percent over the 2002 fall enrollment. Table 3 presents the trend in enrollment at UT and TSU since 1990. With annual budgets in excess of \$543 million and \$273 million respectively, UT and TSU both have a substantial impact on the HMA economy.

### **Household Incomes**

Between 1990 and 2000 the median family income of the HMA increased by an average of 6 percent annually due to the rapid growth in the high-paying high-technology industry and related business and financial services. During the 1990s, the HMA had the largest rate of increase in incomes in the state. The HMA also had the highest median family income of all the state's metropolitan areas as of the 2000 Census. HUD's Economic and Market Analysis Division estimates the 2003 median income for the HMA at \$66,900.

### **Population**

The population of the HMA grew substantially between 1990 and 2000, at an annual average increase of approximately 4 percent. Total population of 1,249,763 was reported in the 2000 Census, with approximately 65 percent of the population residing in Travis County. During the 1990s all five counties in the HMA, which was one of the fastest growing regions in the nation, registered sizeable rates of growth. The annual rate of growth in both of the submarkets was 4 percent. The population of the HMA as of the Current date is estimated at 1,390,000, an average annual increase of approximately 37,400, or 2.9 percent a year since the 2000 Census. Table 4 presents the trends in population and household change from 1990 to the Forecast date for the HMA and the two submarkets.

Strong in-migration, stimulated by sustained employment growth, was the major reason for the growth during the 1990s. In-migration rose steadily from 1990 through 1995. Net in-migration decreased in 1996 and 1997, but rebounded in 1998. Net in-migration in 1998 totaled approximately 32,400 people. The extremely rapid growth continued from 1999 through 2001, with net in-migration averaging 41,600 persons annually. In-migration began to decline, however, in late 2001. Net in-migration fell dramatically to 11,000 persons in 2002, less than 25 percent of the 2001 level. Travis County has been affected most by the decline. Basing numbers on estimates from the Census Bureau, Travis County recorded a net out-migration of more than 5,700 people between July 1, 2001 and July 1, 2002, compared with an estimated in-migration of 15,400 from July 1, 2000 to July 1, 2001. The only large city in Texas to lose population during the period of July 1, 2001 to July 1, 2002 was Austin.

Net in-migration to the HMA is expected to be 15,000 people a year during the forecast period. As employment opportunities increase, in-migration is expected to increase but not to the level that occurred from 1998 through 2001. An annual growth rate of 2.3 percent is expected during the forecast period, resulting in a population of 1,450,400 as of January 2006.

Nonhousehold population increased by 6,237 between 1990 and 2000 because of an increase in the inmate population at correctional facilities in the HMA. As of the 2000 Census, the inmate population was 9,032, up from the 1990 total of 3,246. Students living in residence halls at the local colleges and universities represent a large component of the nonhousehold population. Nonhousehold population has remained relatively constant since 2000, currently totaling 37,000. Significant changes in nonhousehold population should not occur during the forecast period.

## **Households**

Between 1990 and 2000, the number of households grew by approximately 14,600, or 3.8 percent a year, to 471,855. The average household size increased slightly from 2.50 in 1990 to 2.57 in 2000. An estimated 531,300 households reside in the HMA as of the Current date, an average annual increase of 15,900, or a 3.2 percent rate of increase. A much slower rate of increase should take place during the forecast period, averaging 12,150 households annually. Average household size is anticipated to decrease slightly.

## **Housing Inventory**

The total housing inventory in the HMA grew rapidly during the 1990s. Between the 1990 and 2000 censuses, an annual average gain of approximately 3.4 percent, or 12,570 units a year, was reported. The largest increase occurred in owner-occupied units, which increased an average of 10,770 units annually; renter-occupied units increased an average of 3,810 units per year. Because of such rapid growth in households, builders could not keep up with demand. As a result, the number of vacant housing units declined by approximately 20,100 during the period.

The housing inventory in the HMA has grown by approximately 20,380 units annually since the 2000 Census. Currently, the HMA contains an estimated 572,430 housing units. The counts of housing inventory and occupancy and vacancy by tenure for the 1990 and 2000 censuses and the Current date are presented in Table 5 for the HMA and both submarkets.

Single-family building permit activity in the HMA totaled more than 1,900 units in 1990. By 1999, permits for single-family units totaled almost 11,700. Throughout the 1990s, single-family permit activity averaged 7,080 homes annually. Close to 6,900 single-family unit permits a year were issued in the Four County submarket during the 1990s and about 180 a year in the Hays County submarket. The surge in homebuilding activity continued through 2000. Activity fell in 2001, but rebounded in 2002 to the levels of the late 1990s. From 2000 through the Current date, single-family permit activity has averaged about 10,400 single-family units annually in the Four County submarket and about 910 a year in the Hays County submarket. In 2003, the estimated number of single-family units permitted in both submarkets was 12,000, up slightly from the 11,000 units permitted in 2002.

During 1990 and 1991, 270 multifamily units were permitted in the HMA. From 1992 through 1999, almost 4,800 multifamily units were permitted annually in the Four County submarket. Approximately 180 units were permitted annually in the Hays County Submarket during the 1990s. Even as the economy began to contract in 2000, very strong multifamily permit activity persisted. Nearly 7,800 units were permitted in the Four County submarket and about 1,000 in the Hays County submarket in 2000. Activity picked up in the Four County submarket in 2001 with the issuance of permits for roughly 8,200 units. About 500 multifamily units were permitted in the Hays County submarket in 2001, down about 500 units from the 2000 level. With the continued weakening of the economy and rising vacancy rates, interest in multifamily construction has eased. The issuance of permits for multifamily units in both submarkets fell dramatically in 2002. During 2002, approximately 5,700 permits were issued in the Four County submarket and 400 in the Hays County submarket. Approximately 2,600 multifamily units were permitted in the Four County submarket in 2003, and about 400 units in the Hays County submarket.

An estimated 3,000 single-family units in the Four County submarket and about 500 single-family units in the Hays County submarket currently are under construction. An estimated 2,600 multifamily units in the Four County submarket and 400 units in the Hays County submarket are under construction. The trends in building permit activity from 1990 through the Current date for single-family and multifamily housing in the HMA and both submarkets are presented in Table 6.

With the exception of Travis County, units built outside an incorporated community do not require a building permit. Since the 2000 Census, an estimated 4,500 single-family housing units, not including manufactured homes, have been constructed in areas not requiring a building permit. About 3,000 single-family units were built in the Four County submarket and approximately 1,500 constructed in the Hays County submarket.



Since the 2000 Census, an estimated 135 multifamily units, primarily duplexes and triplexes, were built in areas not requiring a permit. In the Four County submarket 25 multifamily units were built without permits and 100 were built in the Hays County submarket.

With manufactured housing being a popular alternative to conventionally built homes, the number of manufactured homes located in the HMA has increased steadily since the 1990 Census. Between 1990 and 2000, approximately 1,500 manufactured homes were added to the housing inventory annually, and since 2000, an estimated 1,980 manufactured homes have been added to the inventory annually. Currently, approximately 45,000 manufactured homes are in the HMA. Since 2000, the Four County submarket added an estimated 1,700 manufactured homes a year, while the Hays County submarket gained about 280 manufactured homes a year.

### ***Student Housing***

The college and university students have a significant impact on the local housing market, particularly in the cities of Austin and San Marcos. Freshmen at UT are not required to live on campus. Approximately 20 percent of UT students reside in university housing; 15 percent live in Travis and Williamson Counties and commute to UT, and about 65 percent, or 37,000 students, are absorbed by the Austin housing market. At TSU, about 5,000 students reside in resident halls, approximately 12,800 commute to campus, and an estimated 7,000 students are absorbed by the San Marcos housing market. Generally, students at TSU under 21 years of age must live on campus until they earn 56 credit hours.

UT has the capacity to house approximately 6,500 students on campus in 11 residence halls. The university also maintains 725 apartment units in three complexes with an estimated 1,100 student residents. The monthly rents are moderate but below local market rate rent and range from \$440 for a one-bedroom unit to \$651 for a three-bedroom unit. Most units include all utilities in the monthly rent. Students living off campus have several options available for housing, including private residence halls, student housing cooperatives, and student-oriented apartment complexes. The Four County submarket consists of an estimated 18,500 UT student households occupying about 10 percent of the current renter inventory.

In the Hays County submarket, TSU has residence-hall capacity for approximately 5,000 students in 20 different facilities. Historically, the residence halls have occupancy rates of 98 percent or more. TSU also has three apartment complexes with a total of 222 units with one, two, and three bedrooms, housing an estimated 350 students. Monthly rents, which are slightly below local market rate rents, range from \$345 for a one-bedroom unit to \$940 for a three-bedroom unit. A number of apartment developments target students. The largest of these totals 660 units. Rents in the privately owned developments typically range from \$725 to \$1,200. The Hays County submarket consists of an estimated 3,500 TSU student households occupying about 26 percent of the current renter inventory. TSU has begun constructing the second phase of a new residence hall, to be completed in late fall 2004 or early 2005. This phase will increase capacity at the university by 400 to 500

beds. Also, a private developer has begun construction of a 248-unit student apartment complex in San Marcos. These units should enter the market in mid- to late 2004.

### ***Subsidized Housing***

High demand for housing assistance and tight conditions dominate the HMA. Thirteen local housing authorities administer approximately 3,150 low-income housing units and more than 6,400 Section 8 vouchers. Very few vacancies exist in project-based assistance and the average waiting time for a unit usually lasts more than 12 months. With high utilization of Section 8 vouchers, every housing authority maintains a long waiting list, with the average waiting time lasting well over 24 months throughout the HMA. The Austin Housing Authority (HA), the largest housing authority in the HMA, maintains more than 1,900 housing units and more than 5,000 Section 8 vouchers. Located in 19 different projects, the housing units range from high-rise apartments to duplexes. The San Marcos HA, the largest in the Hays County submarket, administers 290 housing units and 200 Section 8 vouchers. The housing units are located in 4 multifamily projects and on 26 scattered sites. In addition to the HA's projects, 110 HUD subsidized family, elderly, and disabled units are in 2 projects in the Hays County submarket and 3,016 subsidized units are in 35 projects in the Four County submarket.

### **Housing Vacancy**

Vacancy rates for both owner and rental units dropped significantly during the 1990s, but with the recent downturn in the economy, vacancy rates have risen to an all-time high. The 1990 Census reported the owner vacancy rate at 4.3 percent and rental vacancy rate at 11.4 percent. During the 1990s, the influx of new jobs stimulated in-migration that resulted in significant population growth and a tightening of the housing market. By the 2000 Census, the owner vacancy rate had dropped to 1.2 percent and the rental vacancy rate to 3.8 percent. Population growth and the increase in demand for housing impacted both submarkets, which shared similar owner vacancy rates. The Four County submarket had a similar rental vacancy rate, but the Hays County submarket rental vacancy rate was slightly higher.

Decreasing employment opportunities, which led to increased out-migration, have dampened the demand for rental units, as has the shift in tenure from renter to owner. This shift has been facilitated by historic low mortgage rates and recently more affordable home prices. The homeownership rate increased from 51.2 percent in 1990 to 58.2 percent in 2000. The homeownership rate has continued to climb; as of the Current date the estimated rate is 60.4 percent in the HMA. The 2000 Census reported the Four County submarket homeownership rate at 57.7 percent; the current estimate is 59.8 percent. The 2000 Census reported the Hays County submarket homeownership rate at 64.8 percent; the current estimate is 67.1 percent. During the 1990s, as a result of relatively affordable home prices, the growing economy, and high-paying jobs, an estimated 620 renters shifted annually to homeownership in the Four County submarket and about 150 annually in the Hays County submarket.

The vacancy rate in apartments has been more volatile than the overall rental vacancy rate. While single-family rentals and small complexes have felt the impact of the soft market the vacancy rates in these segments of the rental market are as high as that for apartments. As of the Current date, the overall rental vacancy rate, which includes all types of rental properties, for the HMA was estimated to be 9 percent, up considerably from the 3.8 percent rate recorded in the 2000 Census. The current apartment vacancy rate in the HMA was estimated to be about 11 percent. The overall estimated rental vacancy rate for the Four County submarket is about 9.2 percent and the apartment vacancy rate is estimated at 12 percent, resulting in about 20,000 vacant available rental units. In contrast, the current overall rental vacancy rate in the Hays County submarket is approximately 6 percent and the apartment vacancy rate is estimated to be about 9 percent, resulting in nearly 860 available vacant rental units.

Since the 2000 Census, owner vacancy rates increased slightly from 1.2 percent to 1.6 percent in both submarkets. Estimated owner vacancies are 4,800 in the Four County submarket and 430 in the Hays County submarket. Vacancy data for both owner and rental units in the HMA and both submarkets can be found in Table 5.

## **Sales Market Conditions**

During the 1990s, the rapid increase in population and new households resulted in increased demand for homes and an even more rapid increase in sales price. The average sales price of a single-family home increased 8.6 percent annually during the decade to \$163,400 in 1999. From 2000 to 2002, the average sales price increased to \$197,500, or about 6.9 percent annually from the 1999 level. The average sales price decreased during 2003 and dropped to \$196,700. The drop in the average sales price can be attributed to anxious sellers who reduced the sales price of their homes to hasten their sale. Also, record levels of foreclosures in the HMA contributed to the recent decline in sales price.

Residential sales averaged about 11,400 a year in the HMA during the 1990s. Sales activity rose from 7,159 in 1990 to 18,135 in 1999. The sales activity achieved in the late 1990s has been sustained into the 2000s. Sales activity for the first 3 years of the 2000s averaged about 18,600 a year. During 2003, sales totaled 19,444, up slightly from the past 3-year average. Currently the Four County submarket has about 10,000 homes in inventory, compared to about 1,000 homes in inventory in the Hays County submarket.

Historic low mortgage rates during the past year have kept the sales market strong even with the stagnant local economy. Sales have remained steady over the past few months even with the slight increase in mortgage rates because sellers will reduce their asking price and in some instances offer sales concessions. Also, numerous down-payment assistance programs offer to help potential homebuyers (in most cases first-time buyers) purchase a home with little or no money down. The trend of residential sales activity from 1990 through 2003 is presented in Table 7.

Fifteen of the nation's top 20 homebuilders and developers have a presence in the HMA. Their presence has led to numerous subdivision developments throughout both

submarkets. New subdivisions are in the planning stages in Manor, Lockhart, Bastrop, Austin, and Georgetown, located in the Four County submarket. Developments also are planned in the Hays County submarket in the towns of Buda and Kyle. Because of the numerous homes on the market, very few speculative homes are being built at this time. For the most part, homebuilders and developers opt to delay pulling building permits until a sales contract has been executed. Marketing for the homes in inventory includes numerous and innovative concessions ranging from gift certificates at local home improvement stores, discounted upgrades, and golf club memberships, to paying a percentage of the purchaser's monthly mortgage payment.

## **Rental Market Conditions**

The 1990 Census reported a renter vacancy rate of 11.4 percent for the HMA. The rental market was soft in both submarkets, with very little construction of multifamily rental units during the early 1990s. Only 274 multifamily units were permitted in the Four County submarket in 1990 and 1991. The Hays County submarket did not issue any multifamily unit permits from 1990 through 1992 and issued for only nine units in 1993 and 1994. As the HMA's economy started to improve in 1992 and the population grew, the rental market began to tighten. To meet the demand for rental units, construction activity accelerated. Construction activity started first in the Four County submarket and picked up quickly in 1992, continuing through 2001. The Four County submarket averaged about 5,400 multifamily units permitted a year from 1992 through 2001. The impact did not reach the Hays County submarket until 1995 when construction activity continued to increase through 2000. From 1995 through 2000, the submarket averaged more than 460 multifamily units permitted each year.

Even with the increase in construction activity, rental vacancies dropped to 3.8 percent in the HMA, to 3.7 percent in the Four County submarket, and to 4.7 percent in the Hays County submarket for the 2000 Census. The economic upswing lasted through the 1990s and began to slip in mid- to late 2000 and the rental market has remained soft since late 2000.

Average monthly rents have fallen over the past year as the rental market softened, down by about 16 percent from 2000 levels. Typical monthly rents for new market-rate rentals are: studio/efficiency, \$440; one-bedroom, \$600; two-bedroom, \$780; and three-bedroom, \$1,080. Increasing vacancy rates have made the rental market much more competitive. Both submarkets commonly feature rent specials ranging from free rent, reduced rent, no application fees, and lowered deposits, to free garage parking, free washers/dryers, and no credit checks. Some projects also offer "look and lease" specials.

Low Income Housing Tax Credit (LIHTC) projects in the HMA offer a wide variety of bedroom sizes at income levels from 30 to 60 percent of HUD's estimated median family income. Most LIHTC properties have income restrictions on all units, but some also contain units at market-rate rents. The 83 LIHTC properties in the HMA include 12 projects for the elderly. The LIHTC projects provide close to 8,900 low-income units for families, 1,600 units for the elderly, and 1,800 market-rate units. Rents on the income-

restricted units range from \$373 for an efficiency unit at the 30 percent level to \$1,365 for a five-bedroom unit at the 60 percent level. The Four County submarket has 74 of the LIHTC properties and the Hays County submarket has 9. Rent specials, similar to those of market-rate units, are being offered and most LIHTC projects have vacancies. College and university students have little impact on the LIHTC market. Except for certain instances, traditional students are restricted from renting LIHTC units.

## **Forecast Housing Demand**

Three main differences exist between the two submarkets: the basis of their economies, the cost of housing, and the number of rental vacancies. The volatile high-technology industry forms the basis of the Four County submarket, while the relatively stable retail trade sector is the principal factor influencing the Hays County submarket economy. The Hays County submarket fared better than the Four County submarket during the weak economy, since high technology formed only a small part of its economy. The cost of housing in the Four County submarket is substantially higher than in the Hays County submarket. Rental vacancies are almost 3 percentage points higher in the Four County submarket than those found in the Hays County submarket. Because of the differences between the two submarkets, forecast housing demand has been estimated separately for each of the two submarkets.

The principal factor of demand is the forecast household growth. The population of the HMA will increase during the next 2 years because of increasing job opportunities, net natural increase, and in-migration. Population growth and household growth will not be at the levels of the 1990s or early 2000s. The easing of household growth will dampen the demand for housing units. Total households are projected to increase by about 12,150 per year in the HMA, or 2.3 percent, through the forecast period. Households in the Four County submarket are expected to increase by 10,400 households, or about 2.1 percent a year. In the Hays County submarket, households are anticipated to grow 4.1 percent a year, or 1,700 households. The increase in households forms the basis of the demand for additional housing units. The projected growth in population, employment, and households was reconciled to determine the housing demand estimate.

Current market conditions and anticipated household growth in the HMA should produce demand for about 16,000 new owner-occupied housing units, not including manufactured homes, during the 24-month forecast period. Housing demand, in the HMA and both submarkets, has been adjusted for excess owner vacancies of approximately 1,300 units and the present level of owner units under construction. As a result of the level of units now under construction, owner demand should support construction of about 6,400 units during the first year of the forecast period. Approximately 5,600 of the units should be constructed in the Four County submarket and about 800 in the Hays County submarket. During the second year of the forecast period, about 8,400 units should be constructed in the Four County submarket and approximately 1,200 units in the Hays County submarket. The forecast demand level of new construction of owner-occupied units is slightly less than in previous years. The level of construction is not expected to return to the levels of the late 1990s during the forecast period.

From late 2000 through the current period, lower mortgage interest rates, slower employment growth, and less in-migration have slowed the absorption of rental units. Also, a substantial number of multifamily rental units are under construction in the HMA. As a result, a 2-year supply of excess vacant rental units is available. A brief synopsis of the forecast rental housing demand for both submarkets follows.

### ***Four County Submarket***

Currently, the Four County submarket has an estimated 7,200 excess vacant rental units and about 2,600 rental units under construction. Therefore, 9,800 units will be available during the first 12 months of the forecast period. Estimated absorption during the forecast period is about 6,400 units. With this level of absorption, an estimated 3,400 excess vacant rental units will remain at the end of the forecast period, almost another full year's absorption. Unless job growth and absorption pick up considerably in the next 2 years, little need will exist for additional apartment units until late 2006 or early 2007, implying a late 2005 or early 2006 construction start. The forecast projects a relatively optimistic strong recovery of the job market during 2005. An acceleration of the economic recovery could bring some apartment demand in early to mid-2006, but the reverse also is true. To the extent job growth does not return to rates above 3.0 percent by 2005, demand for major market-rate projects may not return until late 2007.

### ***Hays County Submarket***

Rental housing demand and household growth in the Hays County submarket runs slightly stronger than in the Four County submarket. Excess vacant rental units as of the Current date total 150, with about 400 units under construction for a total of 550 units. Estimated absorption over the 24-month forecast period is about 900 units. Most, if not all, of the excess vacant rental units should be absorbed during the first 12 months of the forecast period. Based on anticipated household growth and current market conditions in the Hays County submarket, an estimated demand for approximately 700 rental units should occur by the end of the 24-month forecast period ending January 1, 2006, implying a late 2004 or early 2005 start. The estimate of rental demand was based on rental units consisting of studio/efficiency units, one-bedroom units, two-bedroom units, and units with three or more bedrooms. One- and two-bedroom units with a minimum gross rent between \$600 and \$700 should make up about 90 percent of the demand. Demand for studio/efficiency units and units with three or more bedrooms is split equally.

**Table 1**  
**Labor Force and Total Employment**  
**Austin-Round Rock HMA**  
**1990 to 2003 (Annual Average)**

|                  | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Labor Force      | 477,845     | 489,950     | 517,257     | 545,683     | 580,975     | 610,494     | 630,839     | 648,665     | 679,463     | 708,312     | 743,877     | 761,998     | 768,643     | 789,940     |
| Total Employment | 454,618     | 468,579     | 495,449     | 525,890     | 562,446     | 592,775     | 611,956     | 628,770     | 661,558     | 692,478     | 729,088     | 732,673     | 725,049     | 746,760     |
| Unemployment     | 23,227      | 21,371      | 21,808      | 19,793      | 18,529      | 17,719      | 18,883      | 19,805      | 17,905      | 15,834      | 14,789      | 29,325      | 43,594      | 43,180      |
| Rate (%)         | 4.9         | 4.4         | 4.2         | 3.6         | 3.2         | 2.9         | 3.0         | 3.1         | 2.6         | 2.2         | 2.0         | 3.8         | 5.7         | 5.5         |

Source: Texas Workforce Commission

**Table 2**  
**Nonfarm Employment**  
**Austin-Round Rock HMA**  
**1990 to 2003 (Annual Average)**

|                                  | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total Nonfarm</b>             | 390,600     | 402,800     | 424,200     | 453,600     | 484,400     | 516,500     | 540,900     | 566,300     | 600,700     | 635,400     | 672,700     | 674,000     | 660,300     | 666,500     |
| Natural Resources & Mining       | 1,100       | 1,200       | 1,200       | 1,000       | 1,000       | 1,100       | 1,200       | 1,400       | 1,500       | 1,400       | 1,500       | 1,700       | 1,800       | 1,800       |
| Construction                     | 12,000      | 13,200      | 15,200      | 18,200      | 22,100      | 25,200      | 28,400      | 30,100      | 33,400      | 36,800      | 39,800      | 39,800      | 36,900      | 37,100      |
| Manufacturing                    | 47,500      | 51,000      | 53,700      | 57,000      | 60,700      | 65,300      | 70,000      | 73,200      | 78,200      | 77,800      | 82,800      | 76,200      | 63,700      | 59,900      |
| Trade, Transportation, Utilities | 60,700      | 59,300      | 62,400      | 67,400      | 73,000      | 81,000      | 87,500      | 91,800      | 98,300      | 107,900     | 115,100     | 116,600     | 113,600     | 113,300     |
| Information                      | 10,400      | 11,300      | 11,600      | 12,300      | 12,400      | 13,800      | 15,100      | 16,900      | 18,500      | 20,500      | 24,300      | 23,200      | 22,600      | 20,900      |
| Financial Activities             | 24,500      | 23,600      | 24,900      | 26,300      | 27,900      | 29,400      | 30,700      | 31,600      | 32,900      | 34,600      | 35,300      | 36,400      | 37,400      | 38,000      |
| Professional/Business Services   | 36,600      | 39,000      | 42,400      | 47,400      | 53,700      | 60,000      | 63,500      | 69,900      | 76,300      | 83,500      | 91,900      | 91,300      | 87,600      | 87,100      |
| Education and Health Services    | 36,100      | 38,700      | 41,500      | 44,200      | 46,300      | 47,800      | 50,500      | 53,000      | 56,500      | 59,800      | 62,300      | 63,200      | 65,100      | 68,200      |
| Leisure and Hospitality          | 35,100      | 35,700      | 38,100      | 41,600      | 44,900      | 46,900      | 49,300      | 51,800      | 54,400      | 57,900      | 60,600      | 61,700      | 62,300      | 64,700      |
| Other Services                   | 15,400      | 15,700      | 16,400      | 17,100      | 17,800      | 18,500      | 19,200      | 20,300      | 20,900      | 21,500      | 22,300      | 23,200      | 24,100      | 25,300      |
| Government                       | 111,100     | 114,100     | 116,900     | 121,300     | 124,800     | 127,700     | 125,500     | 126,400     | 129,900     | 133,800     | 136,800     | 140,300     | 145,100     | 149,400     |
| Federal                          | 13,000      | 15,400      | 11,500      | 11,100      | 10,900      | 11,100      | 10,400      | 10,000      | 9,900       | 10,100      | 10,500      | 9,900       | 10,400      | 11,000      |
| State and Local                  | 98,100      | 102,000     | 105,400     | 110,200     | 113,900     | 116,600     | 115,200     | 116,400     | 119,900     | 123,700     | 126,300     | 130,400     | 134,800     | 138,500     |
| Total Percent Change %           | NA          | 3.1         | 5.3         | 6.9         | 6.8         | 6.6         | 4.7         | 4.7         | 6.1         | 5.8         | 5.9         | 0.20        | 2.0         | 1.0         |

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

NA = not applicable

Source: Texas Workforce Commission



**Table 3**  
**Fall Semester Enrollment**  
**University of Texas—Austin, Texas**  
**Texas State University—San Marcos, Texas**  
**1990 to 2003**

| <u>University of Texas</u> |                 |                                  | <u>Texas State University</u> |                 |                                  |
|----------------------------|-----------------|----------------------------------|-------------------------------|-----------------|----------------------------------|
| <u>Year</u>                | <u>Students</u> | <u>Annual<br/>Change<br/>(%)</u> | <u>Year</u>                   | <u>Students</u> | <u>Annual<br/>Change<br/>(%)</u> |
| 1990                       | 49,617          | NA                               | 1990                          | 20,985          | NA                               |
| 1991                       | 49,961          | 0.7                              | 1991                          | 21,595          | 2.9                              |
| 1992                       | 49,253          | -1.4                             | 1992                          | 21,345          | -1.2                             |
| 1993                       | 48,555          | -1.4                             | 1993                          | 20,941          | -1.9                             |
| 1994                       | 47,957          | -1.2                             | 1994                          | 20,940          | 0.0                              |
| 1995                       | 47,905          | -0.1                             | 1995                          | 20,968          | 0.1                              |
| 1996                       | 48,008          | 0.2                              | 1996                          | 20,823          | -0.7                             |
| 1997                       | 48,857          | 1.8                              | 1997                          | 20,714          | -0.5                             |
| 1998                       | 48,906          | 0.1                              | 1998                          | 21,532          | 3.9                              |
| 1999                       | 49,009          | 0.2                              | 1999                          | 21,811          | 1.3                              |
| 2000                       | 49,996          | 2.0                              | 2000                          | 22,471          | 3.0                              |
| 2001                       | 50,616          | 1.2                              | 2001                          | 23,556          | 4.8                              |
| 2002                       | 52,261          | 3.2                              | 2002                          | 25,049          | 6.3                              |
| 2003                       | 51,426          | -1.5                             | 2003                          | 26,375          | 5.2                              |

Note: NA = not applicable  
 Source: University of Texas: Twelfth Class Day Enrollment Reports  
 Texas State University: Office of Institutional Research

**Table 4**  
**Population and Household Trends**  
**Austin-Round Rock HMA**  
**April 1, 1990 to January 1, 2006**

|                       | April 1, 1990 | April 1, 2000 | Current Date | Forecast Date | Average Annual Change |          |                 |          |                     |          |
|-----------------------|---------------|---------------|--------------|---------------|-----------------------|----------|-----------------|----------|---------------------|----------|
|                       |               |               |              |               | 1990 to 2000          |          | 2000 to Current |          | Current to Forecast |          |
|                       |               |               |              |               | Number                | Rate (%) | Number          | Rate (%) | Number              | Rate (%) |
| <b>Population</b>     |               |               |              |               |                       |          |                 |          |                     |          |
| Austin-Round Rock HMA | 846,227       | 1,249,763     | 1,390,000    | 1,450,400     | 40,354                | 4.0      | 37,400          | 2.9      | 32,000              | 2.3      |
| Four County Submarket | 780,613       | 1,152,174     | 1,274,400    | 1,326,800     | 37,156                | 4.0      | 32,600          | 2.7      | 26,200              | 2.0      |
| Bastrop County        | 38,263        | 57,733        |              |               | 1,947                 | 4.2      |                 |          |                     |          |
| Caldwell County       | 26,392        | 32,194        |              |               | 580                   | 2.0      |                 |          |                     |          |
| Travis County         | 576,407       | 812,280       |              |               | 23,587                | 3.5      |                 |          |                     |          |
| Williamson County     | 139,551       | 249,967       |              |               | 11,042                | 6.0      |                 |          |                     |          |
| Hays County Submarket | 65,614        | 97,589        | 115,600      | 123,600       | 3,198                 | 4.0      | 4,800           | 4.6      | 4,000               | 3.4      |
| <b>Households</b>     |               |               |              |               |                       |          |                 |          |                     |          |
| Austin-Round Rock HMA | 325,995       | 471,855       | 531,300      | 555,600       | 14,586                | 3.8      | 15,900          | 3.2      | 12,150              | 2.3      |
| Four County Submarket | 303,777       | 438,445       | 491,200      | 512,000       | 13,467                | 3.7      | 14,100          | 3.1      | 10,400              | 2.1      |
| Bastrop County        | 13,379        | 20,097        |              |               | 672                   | 4.2      |                 |          |                     |          |
| Caldwell County       | 8,745         | 10,816        |              |               | 207                   | 2.2      |                 |          |                     |          |
| Travis County         | 232,861       | 320,766       |              |               | 8,791                 | 3.3      |                 |          |                     |          |
| Williamson County     | 48,792        | 86,766        |              |               | 3,797                 | 6.0      |                 |          |                     |          |
| Hays County Submarket | 22,218        | 33,410        | 40,200       | 43,600        | 1,119                 | 4.2      | 1,800           | 5.1      | 1,700               | 4.1      |

Note: Rate of change calculated on a compound basis. Numbers may not add to totals due to rounding.

Sources: 1990 and 2000: U.S. Census Bureau; Current and Forecast: estimates by analyst

**Table 5**  
**Housing Inventory Tenure and Vacancy**  
**Austin-Round Rock HMA**  
**1990 to January 1, 2004**

|                                | Austin-Round Rock HMA |         |         | Four County Submarket |         |         | Hays County Submarket |        |         |
|--------------------------------|-----------------------|---------|---------|-----------------------|---------|---------|-----------------------|--------|---------|
|                                | 1990                  | 2000    | Current | 1990                  | 2000    | Current | 1990                  | 2000   | Current |
| <b>Total housing inventory</b> | 370,310               | 496,004 | 572,430 | 345,063               | 460,361 | 529,700 | 25,247                | 35,643 | 42,800  |
| Occupied units                 | 325,995               | 471,855 | 531,300 | 303,777               | 438,445 | 492,000 | 22,218                | 33,410 | 39,300  |
| Owners                         | 166,995               | 274,712 | 320,700 | 154,055               | 253,048 | 294,400 | 12,940                | 21,664 | 26,300  |
| %                              | 51.2                  | 58.2    | 60.4    | 50.7                  | 57.7    | 59.8    | 58.2                  | 64.8   | 67.1    |
| Renters                        | 159,000               | 197,143 | 210,600 | 149,722               | 185,397 | 197,700 | 9,278                 | 11,746 | 13,000  |
| %                              | 48.8                  | 41.8    | 39.6    | 49.3                  | 42.3    | 40.2    | 41.8                  | 35.2   | 32.9    |
| Vacant units                   | 44,315                | 24,149  | 41,100  | 41,286                | 21,916  | 38,100  | 3,029                 | 2,233  | 3,090   |
| Available units                | 27,845                | 11,093  | 26,000  | 26,429                | 10,250  | 24,800  | 1,416                 | 843    | 1,290   |
| For sale                       | 7,463                 | 3,339   | 5,230   | 7,040                 | 3,077   | 4,800   | 423                   | 262    | 430     |
| Rate (%)                       | 4.3                   | 1.2     | 1.6     | 4.4                   | 1.2     | 1.6     | 3.8                   | 1.2    | 1.6     |
| For rent                       | 20,382                | 7,754   | 20,860  | 19,389                | 7,173   | 20,000  | 993                   | 581    | 860     |
| Rate (%)                       | 11.4                  | 3.8     | 9.0     | 11.5                  | 3.7     | 9.2     | 9.7                   | 4.7    | 6.0     |
| Other vacant                   | 16,470                | 13,056  | 15,100  | 14,857                | 11,666  | 13,300  | 1,613                 | 1,390  | 1,800   |

Note: Numbers may not add to totals due to rounding.  
Sources: 1990 and 2000: U.S. Census Bureau  
Current and Forecast: estimate by analyst

**Table 6**  
**Residential Building Permit Activity**  
**Austin-Round Rock HMA**  
**1990 to 2003**

|                              | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003<sup>a</sup></u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|
| <b>Austin-Round Rock HMA</b> |             |             |             |             |             |             |             |             |             |             |             |             |             |                         |
| Total                        | 1,962       | 3,222       | 5,671       | 8,543       | 10,785      | 13,765      | 17,077      | 13,617      | 16,423      | 19,897      | 21,889      | 17,814      | 17,223      | 15,000                  |
| Single-family                | 1,916       | 2,994       | 4,641       | 6,369       | 6,267       | 7,435       | 10,095      | 8,456       | 10,805      | 11,704      | 13,045      | 9,115       | 11,063      | 12,000                  |
| Multifamily <sup>b</sup>     | 46          | 228         | 1,030       | 2,174       | 4,518       | 6,330       | 6,982       | 5,161       | 5,618       | 8,193       | 8,844       | 8,699       | 6,160       | 3,000                   |
| <b>Four County Submarket</b> |             |             |             |             |             |             |             |             |             |             |             |             |             |                         |
| Total                        | 1,944       | 3,201       | 5,649       | 8,490       | 10,699      | 13,257      | 16,470      | 13,080      | 15,739      | 18,887      | 20,165      | 16,561      | 15,721      | 13,520                  |
| Single-family                | 1,898       | 2,973       | 4,619       | 6,322       | 6,184       | 7,287       | 9,920       | 8,299       | 10,442      | 10,950      | 12,318      | 8,369       | 9,972       | 10,920                  |
| Multifamily <sup>b</sup>     | 46          | 228         | 1,030       | 2,168       | 4,515       | 5,970       | 6,550       | 4,781       | 5,297       | 7,937       | 7,847       | 8,192       | 5,749       | 2,600                   |
| <b>Hays County Submarket</b> |             |             |             |             |             |             |             |             |             |             |             |             |             |                         |
| Total                        | 18          | 21          | 22          | 53          | 86          | 508         | 607         | 537         | 684         | 1,010       | 1,724       | 1,253       | 1,502       | 1,480                   |
| Single-family                | 18          | 21          | 22          | 47          | 83          | 148         | 175         | 157         | 363         | 754         | 727         | 746         | 1091        | 1,080                   |
| Multifamily <sup>b</sup>     | 0           | 0           | 0           | 6           | 3           | 360         | 432         | 380         | 321         | 256         | 997         | 507         | 411         | 400                     |

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

a. 2003 permits are estimated.

b. Multifamily permits include all structures with two or more units.

Sources: U.S. Census Bureau C-40 Series Construction Reports

Real Estate Center at Texas A&M

Local city and county planning and zoning departments

**Table 7**  
**Residential Sales Activity**  
**Austin, Texas Multiple Listing Service (MLS) Region**  
**1990 through 2003**

| <u>Year</u> | <u>Sales</u> | <u>Average Price</u> | <u>Median Price</u> | <u>Months in Inventory</u> |
|-------------|--------------|----------------------|---------------------|----------------------------|
| 1990        | 7,159        | 87,600               | 73,000              | 9.1                        |
| 1991        | 7,581        | 93,800               | 76,400              | 6.8                        |
| 1992        | 8,503        | 104,300              | 83,700              | 5.6                        |
| 1993        | 9,926        | 114,800              | 91,600              | 4.6                        |
| 1994        | 10,571       | 120,400              | 96,000              | 4.9                        |
| 1995        | 11,459       | 125,700              | 100,500             | 4.9                        |
| 1996        | 12,597       | 132,800              | 108,700             | 5.6                        |
| 1997        | 12,439       | 141,700              | 112,600             | 6.0                        |
| 1998        | 15,583       | 149,800              | 117,900             | 4.2                        |
| 1999        | 18,135       | 163,400              | 126,600             | 2.8                        |
| 2000        | 18,621       | 191,200              | 144,500             | 2.4                        |
| 2001        | 18,392       | 193,400              | 150,600             | 4.7                        |
| 2002        | 18,716       | 197,500              | 154,500             | 5.6                        |
| 2003        | 19,444       | 196,700              | 154,900             | 6.7                        |

Note: The Austin MLS Region covers 11 central Texas counties. Sales activity data cover all 11 counties. Less than 5 percent of the sales occurs in the 6 counties outside the HMA.

Sources: Real Estate Center at Texas A&M  
Austin Board of REALTORS®