

COMPREHENSIVE HOUSING MARKET ANALYSIS

# Austin-Round Rock, Texas

**U.S. Department of Housing and Urban Development,**  
Office of Policy Development and Research

As of January 1, 2023



PD&R

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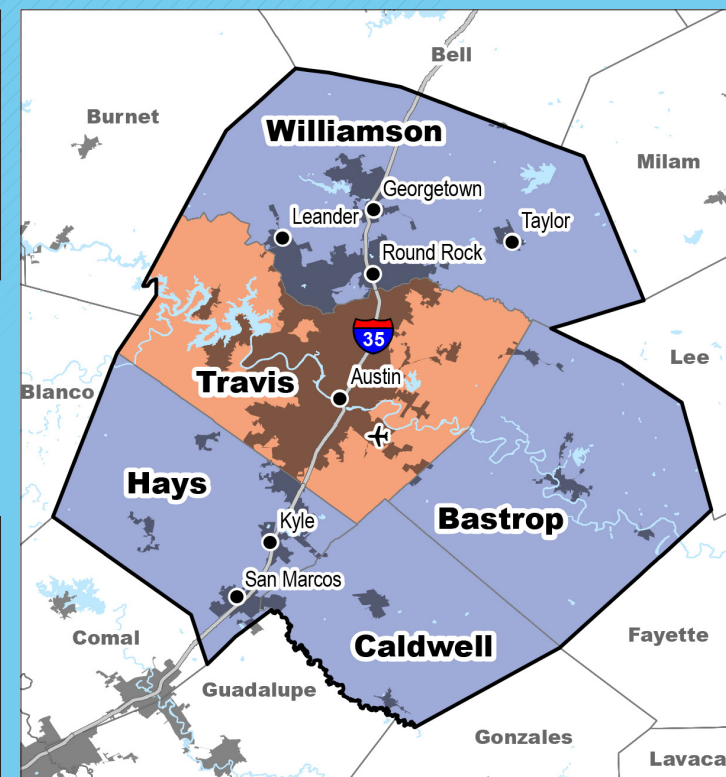
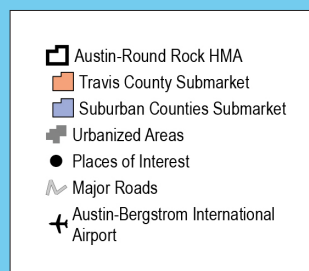
# Executive Summary

## Housing Market Area Description

The Austin-Round Rock Housing Market Area (hereafter, Austin HMA) is coterminous with the Austin-Round Rock, TX Metropolitan Statistical Area (MSA). The HMA includes five counties in central Texas and, for the purposes of this analysis, is broken into two submarkets: the Travis County submarket, which includes Travis County, and the Suburban Counties submarket, which includes Bastrop, Caldwell, Hays, and Williamson Counties.

The current population of the HMA is estimated at nearly 2.44 million.

The HMA—known as “Silicon Hills,” with a young, well-educated workforce—is a technology hub, and firms such as Dell Technologies Inc., Apple Inc., Amazon.com, Inc., and Tesla, Inc. all have a significant presence in the HMA.



## Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



## Market Qualifiers

### Economy



**Strong:** During 2022, nonfarm payrolls in the Austin HMA increased by 74,600 jobs, or 6.4 percent, to more than 1.24 million jobs.

Economic conditions are strong in the HMA. The current payroll total is 122,300 jobs, or 10.9 percent, above the total during 2019 before the severe job losses that occurred during March and April 2020 at the beginning of the COVID-19 pandemic. From 2017 through 2019, nonfarm payroll growth averaged 3.8 percent annually, and from 2014 through 2016, nonfarm payroll growth averaged 4.2 percent annually. During the next 3 years, nonfarm payrolls are expected to increase an average of 4.1 percent annually.

### Sales Market



**Slightly Tight:** The home sales market has an estimated vacancy rate of 1.2 percent, down from 2.3 percent in 2010 but up from an estimated value of less than 1 percent during 2021.

During 2022, home sales totaled approximately 63,800, down 22 percent from the previous year when 81,750 homes sold (CoreLogic, Inc., with adjustments by the analyst). The average price for a home increased 14 percent to \$474,300, representing a deceleration from the 18-percent sales price growth during 2021 when market conditions were tighter. During the next 3 years, demand is estimated for 66,350 new homes. The estimated 10,600 homes currently under construction will satisfy a portion of that demand during the first year of the 3-year forecast period.

### Rental Market



**Balanced:** The overall rental market has an estimated vacancy rate of 7.4 percent, down from 8.6 percent in April 2010 when conditions were slightly soft.

Apartment market conditions are also balanced, with a stabilized vacancy rate of 6.6 percent as of December 2022, up from 4.8 percent during the previous year when apartment market conditions were tight (ALN Apartment Data, Inc., with adjustments by the analyst). Significant production of new apartment units has put upward pressure on vacancy rates and rents since late 2021. During the forecast period, demand is estimated for 42,750 new rental units in the HMA, including 26,900 in Travis County and 15,850 in the Suburban Counties submarket. The 35,500 units currently under construction in Travis County will exceed the forecast demand for the submarket as the large number of units permitted since 2020 are completed. In the Suburban Counties submarket, the 14,200 units currently under construction will meet much of the demand during the forecast period.

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### 3-Year Housing Demand Forecast

	Sales Units			Rental Units		
	Austin HMA Total	Travis County Submarket	Suburban Counties Submarket	Austin HMA Total	Travis County Submarket	Suburban Counties Submarket
<b>Total Demand</b>	66,350	27,800	38,550	42,750	26,900	15,850
<b>Under Construction</b>	10,600	6,300	4,300	49,700	35,500	14,200

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2023. The forecast period is January 1, 2023, to January 1, 2026.

Source: Estimates by the analyst



## Economic Conditions

### Largest Sector: Professional and Business Services

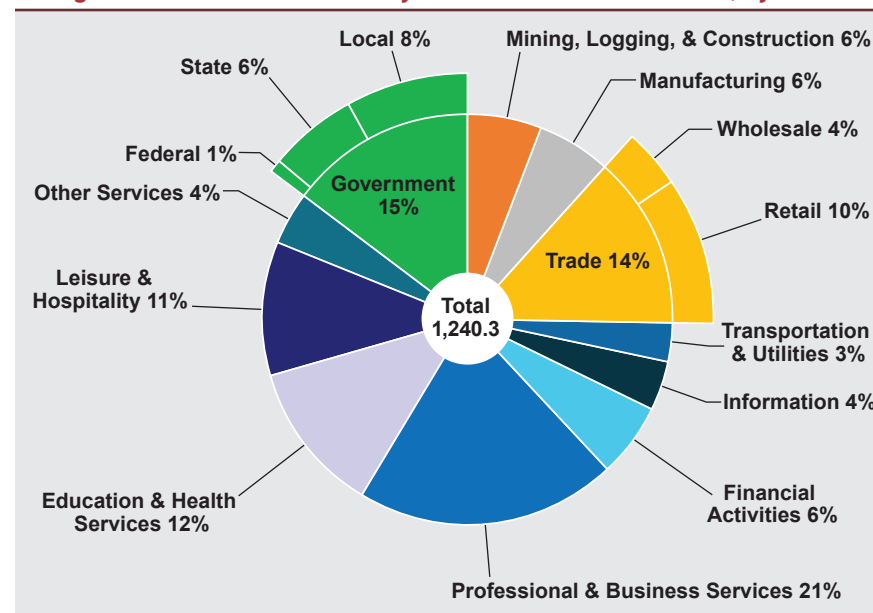
Dell Technologies has been headquartered in the city of Round Rock in Williamson County since the 1980s, and other Fortune 500 companies, such as Tesla and the Oracle Corporation, recently relocated their corporate headquarters to the Austin HMA.

### Primary Local Economic Factors

The HMA has historically had a large proportion of jobs in both government and education, but since the founding of Dell Technologies in 1984, it has increasingly become a center for technology and business. Many firms have relocated to the HMA in recent years due in part to a highly educated workforce and traditionally lower cost of living compared with other large metropolitan areas outside the state. The professional and business services sector became the largest employment sector in the HMA during 2017 (Figure 1).

Government and education remain important parts of the HMA economy. The HMA is the location of the Texas state capital and home to the University of Texas at Austin (UT) and Texas State University (TXSTATE), which are the second and seventh largest universities in the state in terms of enrollment and are in the cities of Austin in Travis County and San Marcos in Hays County, respectively. UT at Austin had approximately 52,400 students in the fall of 2022 and nearly 23,950 employees (Austin Chamber of Commerce, 2022). Previous UT studies estimate that its alumni add more than \$6 billion to the state economy and generate \$400 million annually through its entrepreneurship programs. The estimated enrollment at TXSTATE in the fall of 2022 was 38,400 students, with 4,525 employees. The HMA is home to an Internal Revenue Service processing facility, and three of the five largest employers in the HMA—UT, the City of Austin, and the State of Texas, all with more than 14,000 employees—are in the government sector (Table 1).

**Figure 1. Share of Nonfarm Payroll Jobs in the Austin HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2022.

Source: U.S. Bureau of Labor Statistics

**Table 1. Major Employers in the Austin HMA**

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	19,008
Dell Technologies Inc.	Professional & Business Services	15,782
City of Austin	Government	15,427
Ascension Seton	Education & Health Services	15,218
Federal Government	Government	14,473
Amazon.com, Inc.	Wholesale & Retail Trade	10,600
St. David's HealthCare Partnership, L.P., LLP	Education & Health Services	10,541
Samsung Austin Semiconductor	Manufacturing	10,000

Note: Excludes local school districts.

Source: Austin Chamber of Commerce, December 2022

## Current Conditions— Nonfarm Payrolls

During 2022, nonfarm payrolls in the HMA increased by 74,600, or 6.4 percent, to 1.24 million jobs (Table 2). Job growth has been notably strong in the HMA since the start of 2021. During 2021, nonfarm payroll job growth averaged 76,700, or 7.0 percent, annually. By comparison, from 2014 through 2019, nonfarm payroll growth averaged 39,000, or 4.0 percent, annually. During 2022, job growth was widespread, with 9 of the 11 employment sectors adding jobs. Gains were greatest in the professional and business services sector, which was up by 22,400 jobs, or 9.5 percent, due in large part to continued business relocations or expansions throughout the HMA. Amid a recent nationwide slowdown in hirings and announced layoffs in the technology industry during 2022, the professional, scientific, and technical services industry increased by an average of 21,700, or 15.1 percent, down slightly from a 15.8-percent gain during the previous year. Tesla opened its Gigafactory Texas in April 2022, contributing to strong growth in the manufacturing sector, which added 4,800 jobs, or an increase of 7.4 percent, during 2022. Job growth was also strong in the leisure and hospitality sector, which increased by 20,300 jobs, or 17 percent, to 140,000 due in part to elevated tourism to the HMA, including the return of the in-person South by Southwest

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Austin HMA, by Sector**

	12 Months Ending December 2021	12 Months Ending December 2022	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>1,165.7</b>	<b>1,240.3</b>	<b>74.6</b>	<b>6.4</b>
<b>Goods-Producing Sectors</b>	<b>138.1</b>	<b>142.4</b>	<b>4.3</b>	<b>3.1</b>
Mining, Logging, & Construction	73.3	72.9	-0.4	-0.5
Manufacturing	64.8	69.6	4.8	7.4
<b>Service-Providing Sectors</b>	<b>1,027.6</b>	<b>1,097.9</b>	<b>70.3</b>	<b>6.8</b>
Wholesale & Retail Trade	161.1	169.5	8.4	5.2
Transportation & Utilities	29.2	31.6	2.4	8.2
Information	45.1	49.5	4.4	9.8
Financial Activities	73.0	76.2	3.2	4.4
Professional & Business Services	235.2	257.6	22.4	9.5
Education & Health Services	133.9	142.7	8.8	6.6
Leisure & Hospitality	119.7	140.0	20.3	17.0
Other Services	44.8	45.7	0.9	2.0
Government	185.6	185.1	-0.5	-0.3

Notes: Based on 12-month averages through December 2021 and December 2022. Numbers may not add to totals due to rounding. Data are in thousands.  
Source: U.S. Bureau of Labor Statistics

(SXSW) music festival during March 2022 and the Formula 1 professional auto race event during October 2022. The events attracted more than 278,700 and 400,000 attendees, respectively.

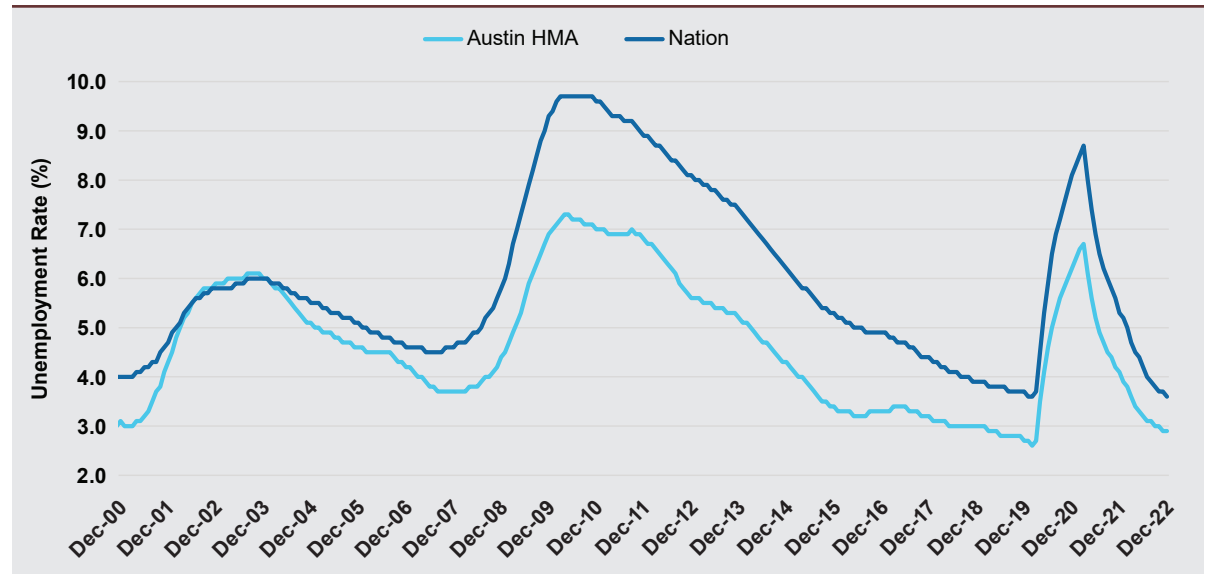
Declines in the government sector of 500 jobs, or 0.3 percent, compared with a 1.1-percent decrease the previous year, partially offset nonfarm payroll gains. The decrease during 2022 occurred in the state and federal government subsectors, which declined by 2.9 and 2.6 percent, respectively. The local government subsector rose by 2,100 jobs, or 2.2 percent, as continued population growth increased the need for local government services. Job losses also occurred in the mining, logging, and construction sector, which decreased by 400 jobs, or 0.5 percent, due in part to the completion of several large-scale construction projects, including the Tesla Gigafactory Texas, and a slowdown in residential construction, which declined approximately 10 percent during the year (permitting data, with estimates by the analyst).

## Trends in Unemployment

The average unemployment rate in the HMA was 2.9 percent during 2022, up only slightly from a near 2-decade low of 2.7 percent during 2019. During 2021, the unemployment rate in the HMA averaged 4.1 percent, down from the 6.2-percent rate during 2020, which was the highest annual average since

2011, when the average unemployment rate was 6.8 percent. Following the high during 2011, the unemployment rate steadily declined until 2020, when the COVID-19 pandemic affected employment. During the 12 months ending March 2021, the average unemployment rate spiked to 6.7 percent. The current rate in the HMA is lower than the nationwide unemployment rate of 3.6 percent, continuing a trend that began in 2004 (Figure 2).

**Figure 2. 12-Month Average Unemployment Rate in the Austin HMA and the Nation**



Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

## Economic Periods of Significance

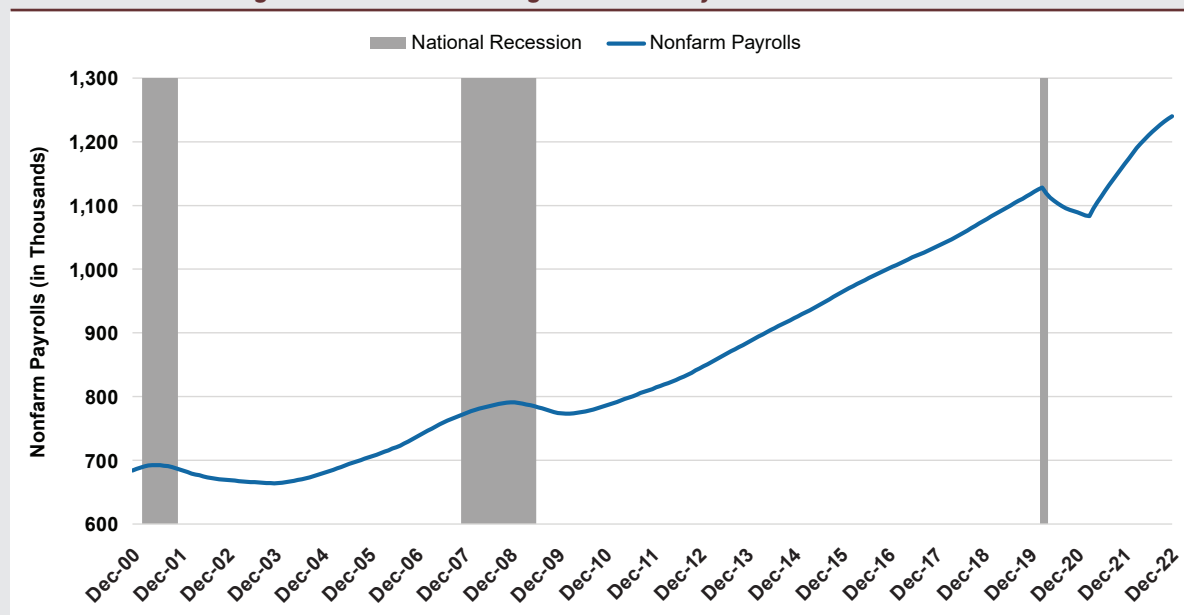
### 2000 Through 2003

Nonfarm payrolls declined between 2002 and 2003 by an average of 10,700, or 1.6 percent, annually to 663,900 in 2003, following an increase in nonfarm payrolls in 2001 by 1,300 jobs, or 0.2 percent (Figure 3). The downturn in the local economy was mainly associated with the bursting of the dot-com bubble, including contractions in the manufacturing, technology, and telecommunications industries. During 2002 and 2003, the manufacturing sector decreased by 9,000 jobs, or 11.8 percent, annually to 62,800, accounting for 84 percent of jobs lost in the HMA. Layoffs were especially high at firms that manufactured components for the telecommunication industry, including Tellabs, Inc., which closed a facility in the city of Round Rock in 2002, laying off all 435 employees.

### 2004 Through 2008

Nonfarm payroll growth was strong in the HMA from 2004 through 2008, increasing by an average of 25,400 jobs, or 3.6 percent, annually to 791,100. By comparison, nonfarm payrolls in the nation increased an average of 1.5 percent annually from 2004 through 2007 before declining 0.5 percent during 2008. High-tech employers in Austin led the overall job expansion from 2004 through 2008. During the period, the professional and business services sector led job growth in the HMA, expanding by 5,800 jobs, or

Figure 3. 12-Month Average Nonfarm Payrolls in the Austin HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

5.8 percent. The professional, scientific, and technical services industry increased by an average of 2,850, or 5.7 percent, annually throughout the period. Job gains were also significant in the wholesale and retail trade sector, which increased annually by an average of 4,500 jobs, or 4.3 percent.

### 2009

The local impacts of the Great Recession and national housing crisis were relatively modest, lasting only 1 year. During 2009, the number of nonfarm jobs in the HMA declined by 16,800, or 2.1 percent, to 774,300. By comparison, nonfarm payrolls in the nation declined 4.3 percent for the year but declined an average of 1.9 percent a year from 2008 through 2010. All but four sectors sustained declines in nonfarm payrolls in the HMA. Job losses were greatest in the manufacturing sector, which declined by 9,200 jobs, or 14.6 percent, to 53,700, accounting for nearly 55 percent of overall job declines. The mining, logging, and construction sector in the HMA declined by 6,600 jobs, or 13.8 percent, in response to a slowdown in residential construction, which fell 34 percent (permitting data with estimates by the analyst). As consumer spending



decreased, employment in the wholesale and retail trade sector declined notably. During 2009, this sector declined by 5,500 jobs, or 4.6 percent.

### 2010 Through 2011

During 2010 and 2011, nonfarm payrolls increased by an average of 18,800 jobs, or 2.4 percent, to 811,900 jobs. During 2011, the HMA economy fully recovered and surpassed 2008 payroll levels. The professional and business services sector had the largest gains in the HMA, with an average increase of 5,900 jobs, or 5.0 percent, during 2010 and 2011. High-tech employers once again contributed significantly to gains during the period. In 2010, Facebook, Inc. announced the opening of a new online sales and operation center in the city of Austin, adding 200 new jobs. In 2011, eBay Inc. expanded its business operations center in the city of Austin, adding 400 jobs in 2011 and 2012.

### 2012 Through 2019

Job growth accelerated notably in the HMA beginning in 2012. Nonfarm payrolls in the HMA expanded by an average of 38,300 jobs, or 4.1 percent, annually from 2012 through 2019 to nearly 1.12 million jobs. By comparison, nonfarm payrolls were up nationwide by an average of 1.7 percent annually. During the period, job gains in the HMA were greatest in the professional and business services sector, adding an average of 9,900 jobs, or 6.3 percent. The information sector had the fastest growth rate, averaging 8.0 percent, or 2,300 jobs, annually. Some employers that expanded in the HMA during the period included Apple and General Motors Company. In 2012, Apple established its Americas Operations Center, responsible for running the business operations of the company for the entire Western Hemisphere. Additional gains resulted from the General Motors Company purchasing a 302,600-square-foot building in 2015 to expand its Information Technology Innovation Center in North Austin, which added 500 jobs to the sector.

### 2020 Recession

The interventions taken in mid-March 2020 to slow the spread of the COVID-19 pandemic weakened economic conditions in the HMA during 2020. During March 2020, all Travis County bars and restaurant dining rooms were required to close, and the SXSW music festival, with an economic impact of \$355.9 million during 2019, was canceled. Due to the pandemic, nonfarm payrolls in the HMA declined by 137,100 jobs, or 12.0 percent, during March and April 2020 (monthly data, not seasonally adjusted). By comparison, nonfarm payrolls nationwide declined 13.7 percent from a high of 150.97 million during February 2020 to a low of 130.25 million during April 2020. The HMA began to recover the lost jobs at a quick pace in mid-2020, but the average of nearly 1.09 million nonfarm payrolls for 2020 was down by 29,000 jobs, or 2.6 percent from 2019 compared with 5.8 percent for the nation. During 2020, 5 of 11 nonfarm payroll sectors lost jobs, with the most severe losses in the leisure and hospitality sector, down by 28,600 jobs, or 21.2 percent. Gains in the professional and business services and the transportation and utilities sectors of 3,100 and 2,700 jobs, or 1.5 and 11.3 percent, respectively, partly offset losses during the period. The increased use of e-commerce platforms and delivery services supported gains in the transportation and utilities sector. The professional and business services sector gained from expansions and corporate relocations to the HMA, including the Oracle Corporation, which has added 2,500 jobs since announcing the relocation of its headquarters in late 2020. Due in part to a strong housing market and affiliated industries, jobs in the financial services and the mining, logging, and construction sectors increased by 1,700 and 1,200, or 2.6 and 1.8 percent, respectively, during 2020.



## Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase an average of 4.1 percent annually. Job growth is expected to be strongest in the second and third years of the forecast period due in part to several planned expansions and business openings. Apple, which currently has more than 7,000 employees in the HMA, is nearing completion of the initial phase of a \$1 billion Northwest Austin campus, with Phase 2 anticipated to be complete by 2025. The new campus is expected to add an estimated

5,000 jobs. Samsung's \$17 billion semiconductor plant is currently under construction in the city of Taylor in Williamson County and is expected to open in late 2024, adding approximately 2,000 jobs. Cellink 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 in Williamson County, which is expected to create between 800 and 2,000 jobs during the next 10 years



# Population and Households

## Current Population: 2.44 Million

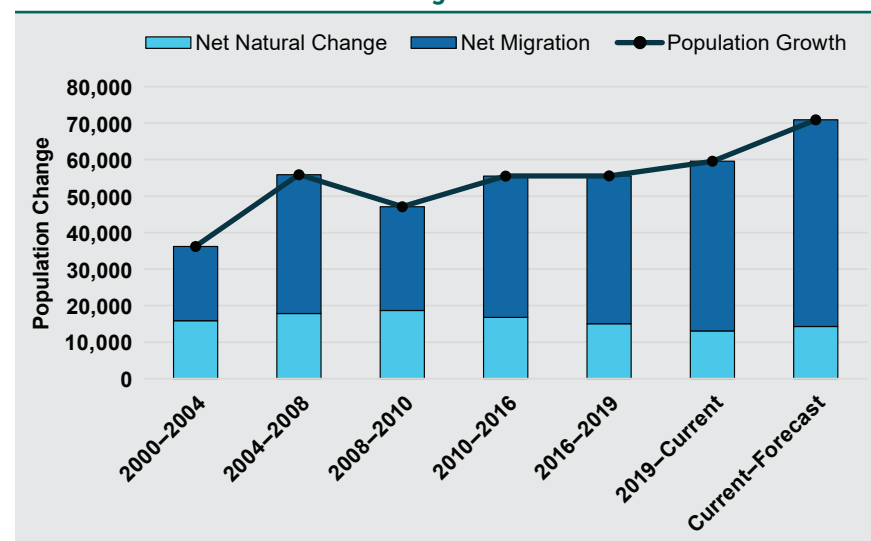
Of the 107 MSAs in the nation with populations greater than 500,000 during 2020, Austin was the fastest growing from 2010 to 2020, increasing an average of 2.9 percent annually (U.S. Census Bureau decennial census counts).

## Population Trends

Population growth was notably strong in the Austin HMA during the mid-2000s due to strong economic growth and net in-migration. From 2000 to 2004, the population increased by an average of 37,700, or 2.9 percent, a year; net in-migration averaged 21,850 people a year, more than net natural change, which averaged 15,850 people a year (U.S. Census Bureau decennial census counts and population estimates as of July 1). As the economy expanded during the buildup to the Great Recession, the population grew at a faster rate, increasing by an average of 55,950, or 3.8 percent, annually from 2004 to 2008, with net in-migration averaging 38,100 (Figure 4). Population growth decelerated to an average of 47,100 people, or 2.9 percent, each year from 2008 to 2010, as economic conditions weakened and net in-migration fell to an average of 28,450 annually. However, net natural change rose to an average of 18,650 people a year during the period. From 2010 to 2016, as economic conditions recovered then strengthened, the population growth rate increased slightly to an average of 3.0 percent, or 55,550, annually; net in-migration increased to an average of 38,800 people annually, accounting for nearly 70 percent of the total population growth. However, net natural change fell to an average of 16,750 people annually. Population growth from 2016 to 2019 averaged 55,550, or 2.6 percent, annually, with net in-migration averaging 40,500 as population growth remained strong despite a continued slowdown in net natural change to an average of 15,050 people a year. Since 2019, population growth has averaged 59,700, or 2.6 percent, a year, with net in-migration averaging 46,600 people annually. Partially due to the COVID-19 pandemic, deaths increased while births declined, contributing to a significant

decline in the net natural change, averaging 13,100 people annually since 2019. As of January 1, 2023, the population of the HMA is estimated at nearly 2.44 million (Table 3).

**Figure 4. Components of Population Change in the Austin HMA, 2000 Through the Forecast**



Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2023) to January 1, 2026.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

**Table 3. Austin HMA Population and Household Quick Facts**

	2010	Current	Forecast
<b>Population Quick Facts</b>	<b>Population</b>	1,716,289	2,439,000
	Average Annual Change	46,650	56,700
	Percentage Change	3.2	2.8
<b>Household Quick Facts</b>	<b>Households</b>	650,459	968,000
	Average Annual Change	17,875	24,900
	Percentage Change	3.3	3.1

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2023) to January 1, 2026.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst



## Demographic Trends

Austin is a popular destination for young professionals and students, largely due to the many job opportunities and the presence of several universities and colleges. Strong net in-migration from other parts of Texas to the HMA is a consistent trend, with the largest number generally from the Houston-The Woodlands-Sugar Land Metropolitan Area (Table 4). The population of the HMA is notably young and well educated. The median age in the HMA is 35.9, well below the national average of 38.8 years of age (Table 5). Approximately 33 percent of the population in the HMA is between 25 to 44 years of age compared with just under 27 percent nationally. In addition, approximately 50 percent of all people in the HMA aged 25 or older hold a bachelor's degree or higher compared with 33 percent for Texas and 35 percent nationally (2021 American Community Survey [ACS] 1-year data). The educational attainment of HMA residents rose sharply during the past decade, which has contributed to continued investment by many employers. In 2010, approximately 39 percent of residents aged 25 or older had a bachelor's degree or higher.

## Population by Submarket

During the past 2 decades, the fastest population growth in the HMA was in the Suburban Counties submarket. Both Hays and Williamson Counties were among the top 10 fastest growing counties

**Table 4. Metro-to-Metro Migration Flows in the Austin HMA: 2015–19**

Into the HMA	
Houston-The Woodlands-Sugar Land, TX Metro Area	14,365
Dallas-Fort Worth-Arlington, TX Metro Area	11,373
San Antonio-New Braunfels, TX Metro Area	10,212
Los Angeles-Long Beach-Anaheim, CA Metro Area	3,849
New York-Newark-Jersey City, NY-NJ-PA Metro Area	3,704
Out of the HMA	
Houston-The Woodlands-Sugar Land, TX Metro Area	9,546
Dallas-Fort Worth-Arlington, TX Metro Area	8,854
San Antonio-New Braunfels, TX Metro Area	7,726
Killeen-Temple, TX Metro Area	4,344
College Station-Bryan, TX Metro Area	2,332

Source: U.S. Census Bureau Migration Flows, 2015–19 American Community Survey 5-year data

**Table 5. Selected Population and Household Demographics**

	Austin HMA	Nation
Population Aged 18 and Younger	22%	22%
Population Aged 25 to 44 Years	33%	27%
Population Aged 65 and Older	12%	17%
Median Age	35.9	38.8
Bachelor's Degree Holder or Higher Aged 25 and Older	50%	35%
Graduate or Professional Degree Holder Aged 25 and Older	18%	14%
Currently Enrolled in College or Professional School	7%	6%
No Healthcare Coverage	13%	9%
Hispanic	32%	19%
Non-Hispanic	68%	81%
Median Household Income	\$86,530	\$69,717
Households With One or More People Under 18 Years	30%	30%
Households With One or More People 60 Years and Older	29%	42%

Source: 2021 American Community Survey 1-year data

in the nation with populations of 100,000 or more from 2010 through 2020, ranking first and fourth, respectively (U.S. Census Bureau). As of January 1, 2023, the estimated population of the Suburban Counties submarket is 1.10 million, representing an average increase of 3.7 percent, or 32,300 people, annually since April 2010. Relatively affordable housing compared with nearby Travis County has supported high levels of net in-migration to the submarket. From 2000 to 2010, net in-migration averaged 19,450 people compared with an average of 26,700 annually from 2010 to the current date. As of January 1, 2023, Travis County was the most populous county in the HMA, with approximately 55 percent of the population estimated at nearly 1.34 million. Since 2010, the Travis County submarket has increased an average of 24,400 people, or 2.1 percent, annually compared with 21,200, or 2.3 percent, each year from 2000 to 2010. From 2000 to 2010, net in-migration to the submarket averaged 10,050 people annually compared with an average of 14,650 people each year since 2010.

## Household Trends and Composition

Household growth has outpaced population growth since the 2000s, a trend that has accelerated since the mid-2010s as household composition has notably changed. During 2021, the HMA had an estimated 281,700 one-person households living alone, representing an average increase of 6.1 percent annually since 2016 (ACS 1-year data). By comparison, one-person households increased an average of 2.7 percent annually from 2010 to 2016. An estimated 968,000 households currently reside in the HMA, reflecting an

average increase of 24,900, or 3.2 percent, compared with the population growth of 2.8 percent annually since 2010. The average household size in the HMA declined from 2.60 in 2010 to 2.42 in 2021. The trend toward smaller households was most pronounced in the Travis County submarket, where the average household size fell from 2.50 to 2.25 from 2010 to 2021. An estimated 563,000 households currently reside in the Travis County submarket, representing an average annual increase of 2.6 percent since 2010 compared with an average annual increase of 2.3 percent from 2000 to 2010. The number of households in the Suburban Counties submarket is currently estimated at 405,000, representing an average annual increase of 12,450, or 4.0 percent, since 2010 compared with an increase of 9,500, or 5.0 percent, annually from 2000 to 2010.

## Forecast

During the next 3 years, population growth in the HMA is expected to average 70,950 people, or 2.8 percent, annually, with net in-migration expected to continue as economic conditions remain strong in the HMA. Net in-migration is expected to increase during the second and third years of the 3-year forecast period, as the economy expands at a slightly faster pace compared with the first year. The fastest population growth is expected in the Suburban Counties submarket, followed by the Travis County submarket, with respective rates averaging 3.7 and 2.1 percent a year. Household growth in the HMA is expected to average 3.1 percent annually, with rates of 4.0 and 2.5 percent a year in the Suburban Counties and Travis County submarkets, respectively.



# Home Sales Market Sales Market—Austin HMA

## Market Conditions: Slightly Tight

As of December 2022, the available for-sale housing inventory in the Austin HMA increased to 2.7 months, up from only 0.6 month a year ago and the highest available inventory of homes in the month of December since 2012 (Austin Board of REALTORS®).

## Current Conditions

The home sales market (which includes single-family homes, townhomes, and condominiums) in the HMA is currently slightly tight, with an estimated owner vacancy rate of 1.2 percent, down from 2.3 percent during April 2010 (Table 6). Sales market conditions in the HMA slightly eased as inventory increased during the past year. Home sales declined largely due to higher mortgage interest rates compared with the previous 2 years. During 2020 and 2021, the average annual interest rates for 30-year fixed-rate mortgages were 3.1 and 3.0 percent, respectively (Freddie Mac). By comparison, the average annual interest rate for a 30-year fixed-rate mortgage was 6.3 percent as of the last week of December 2022.

## Home Sales

During 2022, 63,800 homes sold in the HMA, down by 17,950 sales, or 22 percent, from the previous year, as sharp increases in mortgage rates have limited the number of homebuyers during the past year (CoreLogic, Inc., with adjustments by the analyst). By comparison, total home sales increased by 10,500, or 15 percent, during 2021 (Figure 5), as record-low interest rates contributed to very high levels of demand and record price growth as available inventory declined. As of the fourth quarter of 2022, 23.1 percent of all home sales in the HMA were investor sales, down from 29 percent in the fourth quarter of 2021, as rapidly rising prices and tax bills contributed to a decline in investor purchases (John Burns Research and Consulting).

Table 6. Home Sales Quick Facts in the Austin HMA

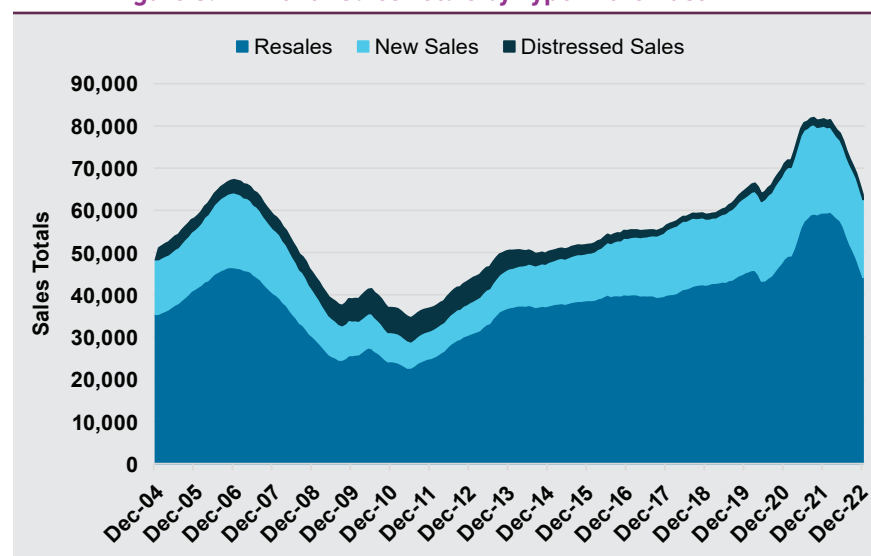
	Austin HMA	Nation
<b>Vacancy Rate</b>	1.2%	NA
<b>Months of Inventory</b>	2.7	2.0
<b>Total Home Sales</b>	63,800	6,336,000
1-Year Change	-22%	-18%
<b>New Home Sales Price</b>	\$466,800	\$490,100
1-Year Change	21%	15%
<b>Resale Sales Price</b>	\$478,800	\$399,400
1-Year Change	12%	7%
<b>Mortgage Delinquency Rate</b>	0.6%	1.2%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2022; and months of inventory and mortgage delinquency data are as of December 2022. The current date is January 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Austin Board of REALTORS® and CoreLogic, Inc.; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

Figure 5. 12-Month Sales Totals by Type in the Austin HMA



Source: CoreLogic, Inc., with adjustments by the analyst

## Real Estate Owned Properties and Delinquent Mortgages

In December 2022, 0.6 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status; that percentage is down from 1.2 percent a year earlier and well below the 4.0-percent high in January 2010 (CoreLogic, Inc.). The percentage of seriously delinquent mortgages and REO properties increased significantly during the early stages of the COVID-19 pandemic, as weakened economic conditions made it difficult for many homeowners to stay current on their mortgage payments, and some home mortgages were placed in forbearance. By August 2020, the percentage of seriously delinquent mortgages and REO properties reached a recent high of 3.7 percent. However, the increase was due entirely to delinquent mortgages, and many homeowners were able to avoid foreclosure because of mortgage forbearance programs.

## Distressed Sales

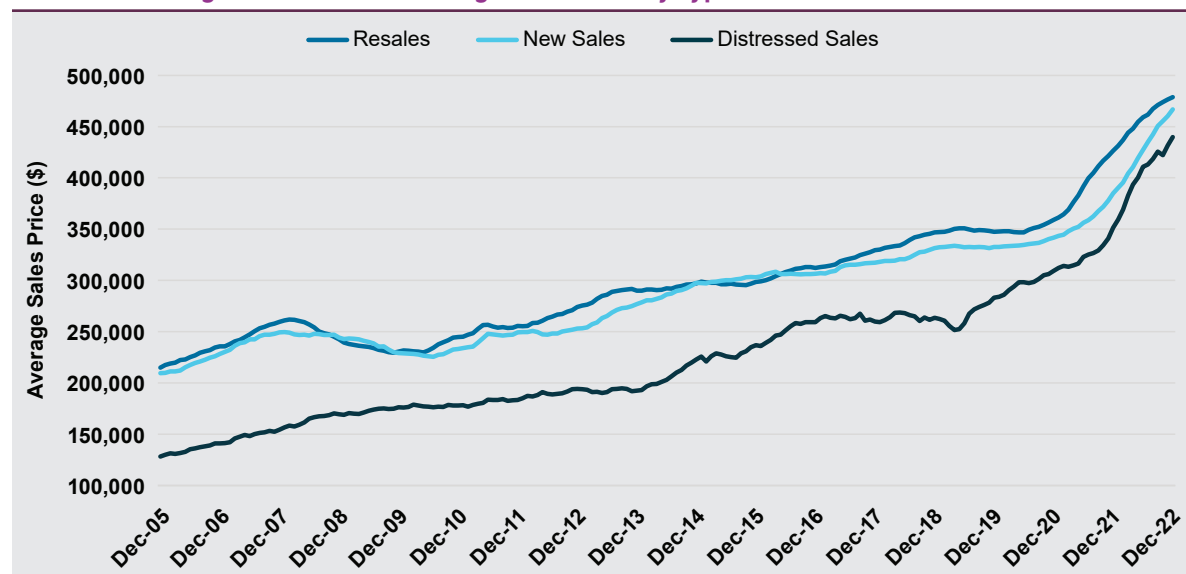
Currently, distressed sales in the HMA are relatively low compared with the 2000s. Before the housing crisis, the number of distressed sales in the HMA averaged 3,050 a year from 2005 through 2007, which accounted for nearly 7 percent of existing home sales. Distressed sales rose significantly during the next 3 years, peaking at 5,875 homes and 20 percent of all existing home sales during 2010 but declined during

each of the next 8 years to only 1,100 homes, or nearly 3 percent of existing home sales during 2018. Distressed sales increased to an average of 1,700 homes a year from 2019 through 2021 but remained an average of 3 percent of existing sales. During 2022, the number of distressed sales totaled 1,175, or nearly 3 percent of all existing home sales.

## Home Sales Prices

The average price of a home in the HMA increased 14 percent to \$474,300 during 2022, decelerating from an 18-percent increase a year earlier (CoreLogic, Inc., with adjustments by the analyst). During 2022, the average sales price for a new home rose more than 21 percent to \$466,800, partly due to continued supply chain issues and rising construction costs. For a resale home, the average price increased 12 percent to \$478,800 during 2022. The average sales price for a distressed sale reached a high of \$439,800 during 2022. Homebuying surged during 2021, and average new home prices increased nearly 13 percent, and average resale home prices increased 19 percent as low mortgage interest rates contributed to elevated demand. Since 2016, the average price for a resale home has been higher compared with a new home, partly due to location and size (Figure 6). A portion of more expensive resale homes is near the more expensive economic core in and around the city of Austin.

Figure 6. 12-Month Average Sales Price by Type of Sale in the Austin HMA



Source: CoreLogic, Inc., with adjustments by the analyst

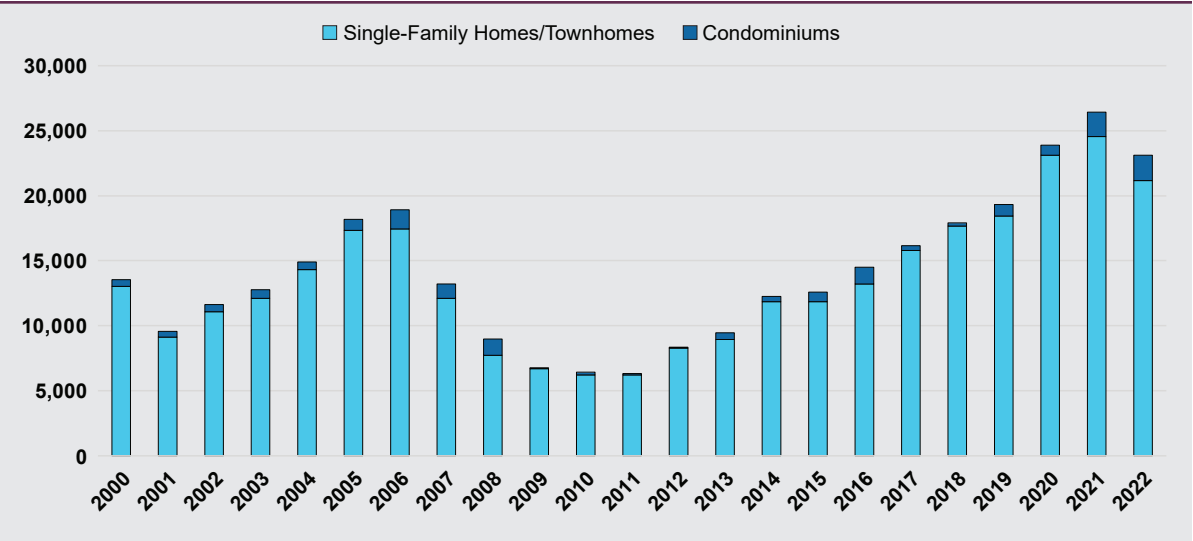
Sales Construction Activity

During 2022, approximately 23,200 owner units were permitted in the HMA, a decline of 12 percent from the 26,400 owner units permitted during 2021 (preliminary data, with estimates by the analyst; Figure 7). During 2020, 23,900 owner units were permitted, up nearly 24 percent from the 19,350 units permitted during 2019. The permitting of housing units for sale during the past 3 years is at the highest level in more than 20 years.

Forecast

During the 3-year forecast period, demand is expected for an estimated 66,350 new homes in the HMA (Table 7). The 10,600 new homes currently under construction will meet a portion of the forecast demand during the first year. The relatively constrained amount of developable land in and around the economic core of the HMA, primarily in Travis County, will continue to contribute to elevated demand for homes in the Suburban Counties submarket.

Figure 7. Annual Sales Permitting Activity in the Austin HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

Table 7. Demand for New Sales Units in the Austin HMA During the Forecast Period

Sales Units	
Demand	66,350 Units
Under Construction	10,600 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst



## Sales Market— Travis County Submarket

### Market Conditions: Slightly Tight

As of December 2022, active listings in the submarket increased 250 percent to approximately 3,150, the highest level for the month of December since at least 2015 (Texas A&M Real Estate Research Center).

### Current Conditions

The home sales market in the Travis County submarket has mostly been tight since the mid-2010s but is currently slightly tight after easing during the past year. The sales vacancy rate is currently estimated at 1.2 percent, down from 2.5 percent in April 2010 (Table 8). As of December 2022, a 2.4-month supply of homes was on the market, up from 0.5 month a year earlier when high demand kept for-sale inventory at a historically low level. During 2022, approximately 27 percent of home sales were priced between \$300,000 and \$449,999, with an additional 26 percent priced from \$450,000 through \$599,999 (Zonda; Figure 8).

### New Home Sales

The recent rise in mortgage interest rates notably affected affordability in the submarket during the past year, and the number of new home sales declined. During 2022, new home sales totaled 5,200, a decrease of 1,975, or 27 percent, from 2021, when 7,175 new homes sold (CoreLogic, Inc.; Figure 9). Following a high of 8,375 new home sales in 2006, the number of new home sales steadily declined during the next 5 years by an average of 1,050, or 18 percent, annually to reach a low of 3,175 new homes sold in 2011. However, new home sales subsequently rose during the rest of the 2010s, with the local economy rapidly improving and attracting many new residents. The number of new home sales rose by an average of 560, or 11 percent, from 2012 through 2020, when 8,225 new homes sold.

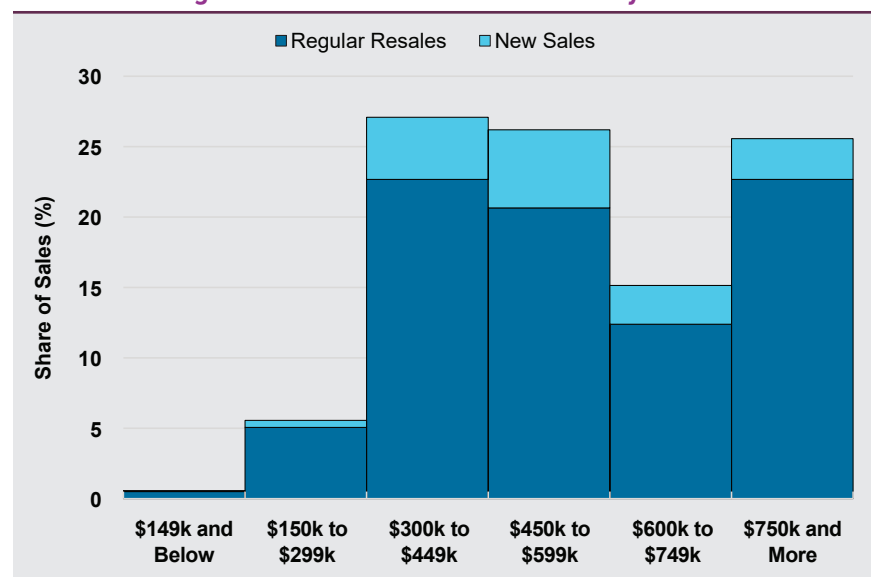
**Table 8. Home Sales Quick Facts in the Travis County Submarket**

	Travis County Submarket	Austin HMA
<b>Vacancy Rate</b>	1.2%	1.2%
<b>Months of Inventory</b>	2.4	2.7
<b>Total Home Sales</b>	28,900	63,800
1-Year Change	-26%	-22%
<b>New Home Sales Price</b>	\$491,600	\$466,800
1-Year Change	19%	21%
<b>Resale Sales Price</b>	\$515,400	\$478,800
1-Year Change	11%	12%
<b>Mortgage Delinquency Rate</b>	0.5%	0.6%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2022; and months of inventory and mortgage delinquency data are as of December 2022. The current date is January 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Austin Board of REALTORS® and CoreLogic, Inc.; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

**Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending December 2022 in the Travis County Submarket**



Note: New and existing sales include single-family homes, townhomes, and condominium units.

Source: Zonda



## Resale Home Sales

Resale home sales have generally followed new home sales trends in the Travis County submarket. During 2022, resale home sales totaled 23,250, a decline of 26 percent from 2021, when a record level of 31,300 resale homes sold. Similar to new home sales, the number of resale home sales declined in the late 2000s, following a high in 2006 when 27,300 resale homes sold. During 2010, just 13,800 resale homes sold, an average decline of 3,375, or 16 percent, annually from the previous high. As the economy improved then strengthened, resale home sales rose by an average of 1,250 homes, or 7 percent, annually from 2011 through 2020, when 26,200 resale homes sold.

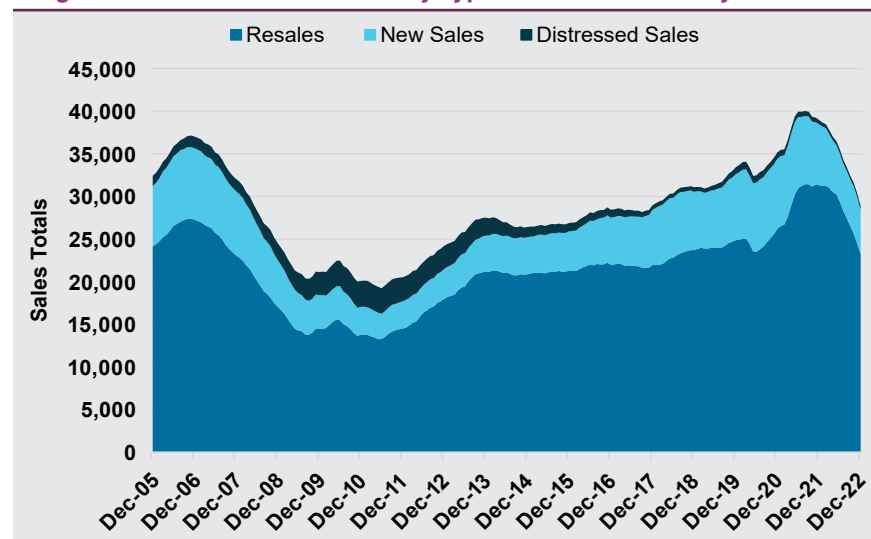
## Real Estate Owned Properties and Delinquent Mortgages

The slightly tight sales housing market conditions in the submarket have contributed to a very low level of seriously delinquent mortgages and REO properties. As of December 2022, 0.5 percent of home loans in Travis County were seriously delinquent or had transitioned into REO status, below the 1.2-percent rate a year earlier (CoreLogic, Inc.). The current rate is the same as the 0.5-percent rate in March 2020, just before the pandemic impacted the labor and housing markets. By August 2020, the rate reached a high of 3.6 percent, slightly above the previous high of 3.5 percent during January 2010. An increasing number of homeowners struggled to keep current on mortgage payments during the pandemic but avoided foreclosure by taking advantage of forbearance programs. The current rate in the submarket is the lowest in the HMA and below the rates in the state and nation of 1.4 and 1.2 percent, respectively.

## New Home Sales Prices

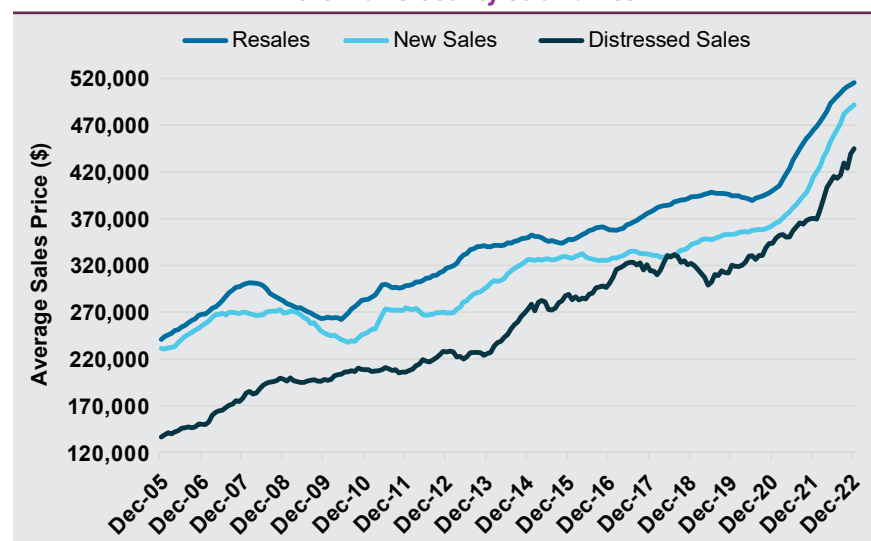
The average sales price of a new home in the Travis County submarket reached a new high of \$491,600 during 2022, up 19 percent from 1 year earlier (Figure 10). New home prices increased 6 percent during 2007 to \$269,900, but from 2008 through 2010, when the housing crisis impacted the local market, the average sales price declined an average of 3 percent

Figure 9. 12-Month Sales Totals by Type in the Travis County Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

Figure 10. 12-Month Average Sales Price by Type of Sale in the Travis County Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

annually. The average sales price of a new home increased 11 percent to \$274,500 during 2011 before declining 2 percent the following year due to increased new home development at slightly lower price points, particularly in the eastern part of the submarket. During 2013 and 2014, the average sales price of a new home increased 10 percent a year to \$326,500. Despite strengthening economic conditions, the average new home sales price remained relatively stable during 2015 and 2016 as development activity rose sharply and the available for-sale inventory increased. New home prices began to steadily increase in 2017 and were up to \$362,800 during 2020, an average increase of 3 percent annually.

## Resale Home Prices

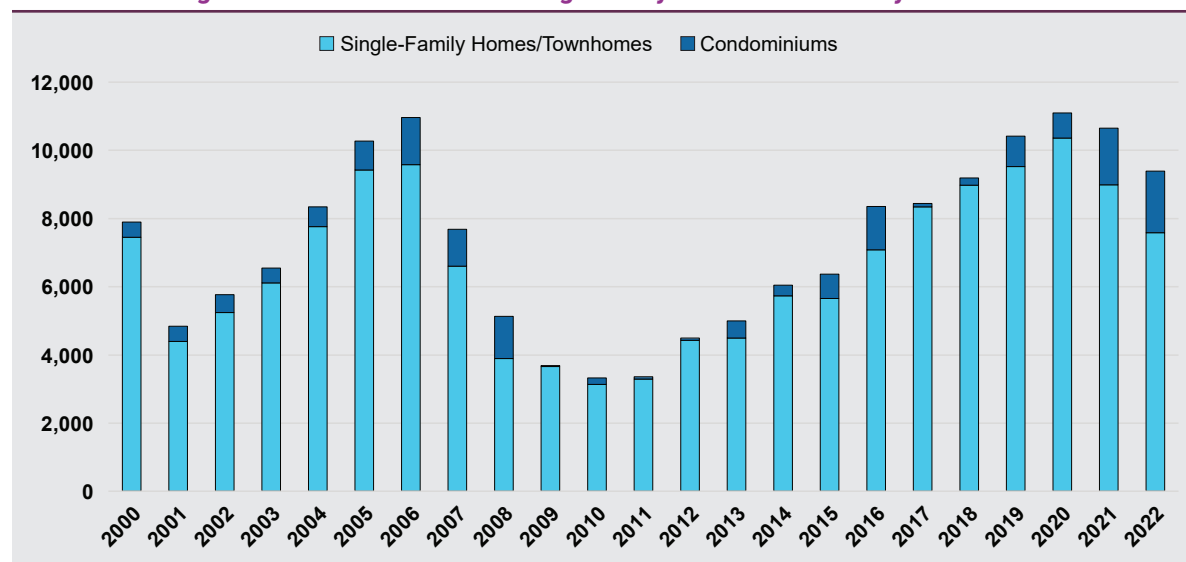
The average sales price of a resale home in Travis County was \$515,400 during 2022, an increase of 11 percent from 2021, when the average resale home price increased 16 percent to \$464,700. The current average sales price of a resale home is slightly higher than a new home due in part to a relatively high concentration of resale sales in the more scenic western portion of the submarket and within the Austin city limits. This trend has been long-term, and during 2006, the average sales price of a resale home was \$267,700, approximately 5 percent higher than a new home. The average price growth of resale homes was strong during 2007, increasing 12 percent to \$299,300 before declining to

\$263,300 during 2009. As the economy strengthened, the average resale price increased to \$349,500 during 2014, an average increase of 6 percent annually from 2010. Due in part to an increase in housing inventory throughout the submarket, the average resale home price fell slightly to \$347,900 during 2015. The average price of a resale home rose in 2016, and during 2020, the average sales price was up to \$400,000, an average increase of 3 percent annually.

## Sales Construction Activity

During 2022, new homebuilding activity—as measured by the number of single-family homes, townhomes, and condominium units permitted (hereafter, owner units)—totaled 9,400, a 12-percent decline from 2021 when 10,650 owner units were permitted (preliminary data, with adjustments by the analyst). An all-time high of 11,100 owner units were permitted during 2020, surpassing the 10,950 owner units permitted in 2006 (Figure 11). Following the high in 2006, production began to slow, and by 2010, permitting of owner units totaled only 3,325, an average decline of 26 percent annually. As the local economy began to recover and net in-migration to the county began to increase, the production of owner units increased

Figure 11. Annual Sales Permitting Activity in the Travis County Submarket

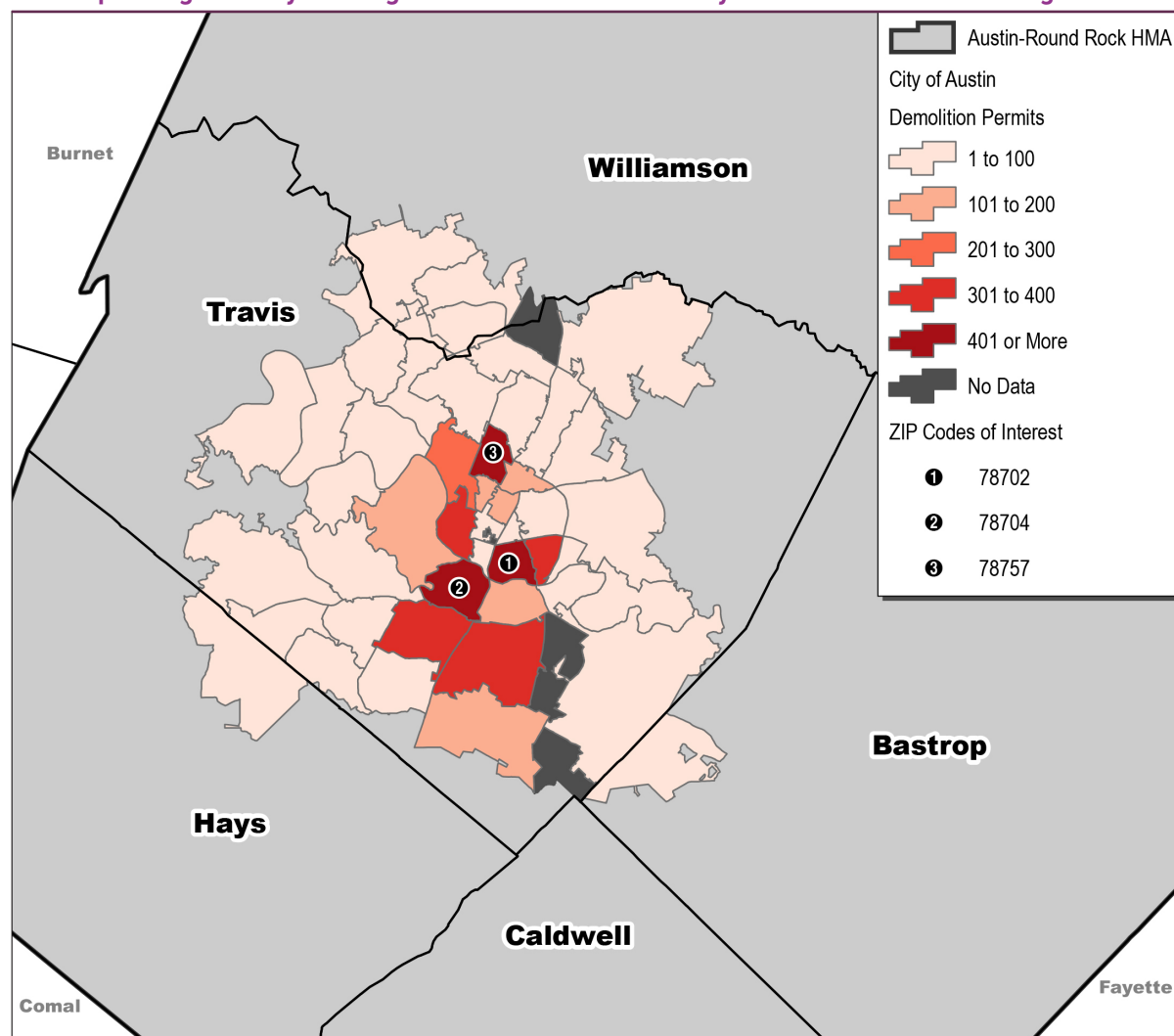


Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

during 2011. By 2015, 6,375 owner units were permitted, or a 14-percent increase a year since 2011. Permitting of owner units rose 31 percent to 8,350 during 2016, the largest 1-year percentage increase since 2004. Production continued to increase, and during 2019, permitting of owner units totaled 10,400, or an increase of 8 percent annually since 2017. Despite a general trend of increased new home production since the mid-2010s, the demolition of a significant number of homes has limited available supply. From 2015 through 2022, the city of Austin issued approximately 5,100 demolition permits for single-family homes, and ZIP Codes 78702, 78704, and 78757 accounted for nearly 43 percent of all single-family demolitions throughout the period (Map 1).

Recent new home development has generally been concentrated in the eastern part of the submarket. Whisper Valley, a new 2,066-acre master-planned community, recently began presales for 363 lots in Phases 3 and 4 southeast of the city of Austin, within 10 minutes of the Tesla Gigafactory Texas. All 142 single-family homes in Phase 1 have sold, and approximately 20 of the 267 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 total of 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.

**Map 1: Single-Family Housing Units Demolished in the City of Austin From 2015 Through 2022**



Note: Excludes aborted, withdrawn, suspended, revoked, and voided single-family demolition permits issued from January 2015 through December 2022.  
Source: Issued Construction Permits, City of Austin

## Forecast

During the 3-year forecast period, demand is estimated for 27,800 owner units in the Travis County submarket, which accounts for 42 percent of the estimated demand for new homes in the HMA (Table 9). The 6,300 owner units currently under construction in this submarket will satisfy a portion of the demand during the first year of the forecast period.

**Table 9. Demand for New Sales Units in the Travis County Submarket During the Forecast Period**

Sales Units	
<b>Demand</b>	27,800 Units
<b>Under Construction</b>	6,300 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.

Source: Estimates by the analyst

## Sales Market— Suburban Counties Submarket

### Submarket Market Conditions: Slightly Tight

The average sales price of a home in the submarket during 2022 was \$447,300, a 17-percent increase from the previous year when the average sales price rose 20 percent.

## Current Conditions

The sales housing market in the Suburban Counties submarket is currently slightly tight, with an estimated sales vacancy rate of 1.3 percent, down from 2.0 percent in 2010 (Table 10). The inventory of available homes for sale increased to 2.9 months as of December 2022, up from 0.7 month of supply as of December 2021 (Austin Board of REALTORS®, with adjustments by the analyst). Home prices are slightly lower in the submarket compared with the Travis County submarket, including a notably higher percentage of homes sold for below \$300,000 (Figure 12).

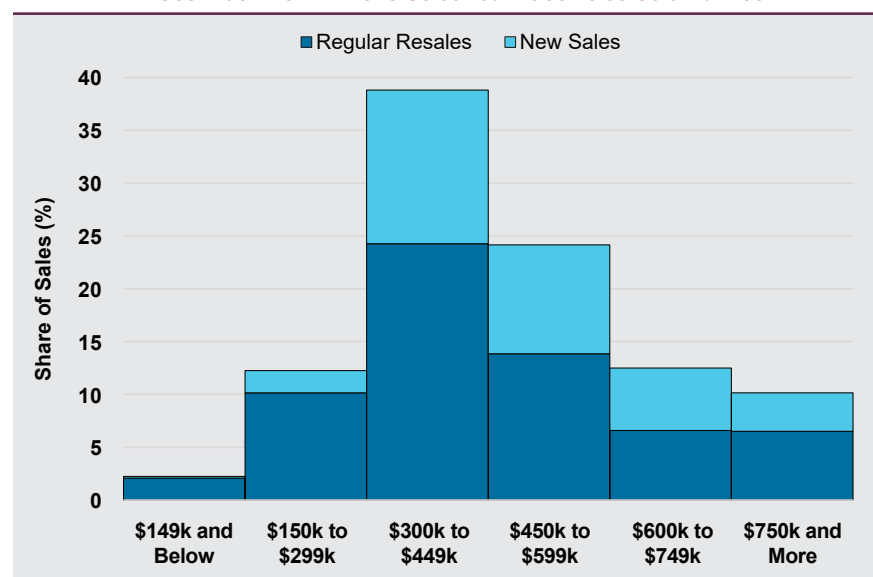
**Table 10. Home Sales Quick Facts in the Suburban Counties Submarket**

	Suburban Counties Submarket	Austin HMA
<b>Vacancy Rate</b>	1.3%	1.2%
<b>Months of Inventory</b>	2.9	2.7
<b>Total Home Sales</b>	34,900	63,800
1-Year Change	-18%	-22%
<b>New Home Sales Price</b>	\$458,200	\$466,800
1-Year Change	29%	21%
<b>Resale Sales Price</b>	\$441,600	\$478,800
1-Year Change	13%	12%
<b>Mortgage Delinquency Rate</b>	0.7%	0.6%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2022; and months of inventory and mortgage delinquency data are as of December 2022. The current date is January 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Austin Board of REALTORS® and CoreLogic, Inc.; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

**Figure 12. Share of Sales by Price Range During the 12 Months Ending December 2022 in the Suburban Counties Submarket**



Note: New and regular resale home sales include single-family homes, townhomes, and condominium units.

Source: Zonda



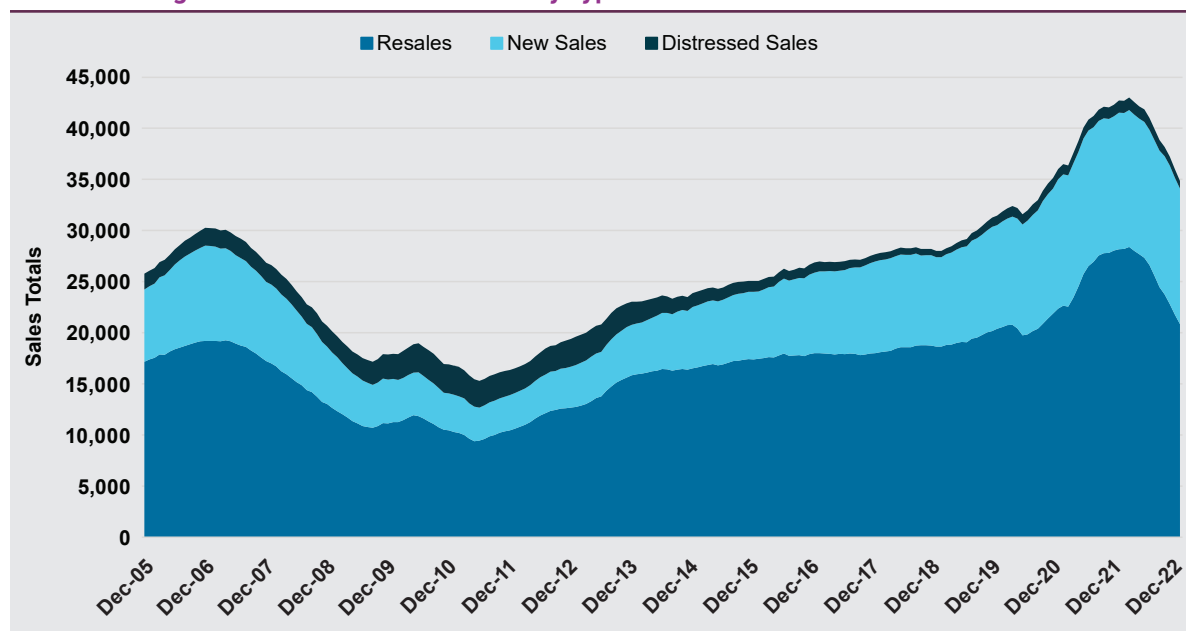
## New Home Sales

New home sales in the submarket generally trended upward during the 2010s due to strong job growth in the HMA. After increasing 6 percent to 13,350 during 2021, new home sales declined slightly to 13,250 during 2022 (Figure 13). The decrease in new home sales has been more severe recently, with new home sales declining 7 percent during the 3 months ending December 2022 compared with the same period the previous year. Despite the decline during the past year, new home sales have been above the pre-housing-crisis high of 2006 since 2019, as strong in-migration increased new home demand to record levels in the mid- and late 2010s. New home sales totaled 9,325 during 2006 before declining an average of 18 percent annually from 2007 through 2011 to a low of 3,475 new home sales. As the economy improved following the Great Recession, new home sales increased an average of 15 percent annually from 2012 through 2020 when 12,650 new homes sold.

## Resale Home Sales

Prior to demand declining during the past year, resale home sales have consistently increased since the low in the early 2010s. During 2022, the number of resale home sales declined 26 percent to 20,850. Following the pre-housing-crisis peak of 19,200 during 2006, resale home sales subsequently declined an average of 11 percent annually from 2007

Figure 13. 12-Month Sales Totals by Type in the Suburban Counties Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

through 2011 to a low of 10,450. Since 2012, resale home sales have generally trended upward as elevated net in-migration and relatively lower home prices compared with the Travis County submarket contributed to strong demand for sales housing. From 2012 through 2020, resale home sales increased an average of 9 percent annually to 22,350 before increasing 26 percent to 28,150 resale home sales during 2021.

## Real Estate Owned Properties and Delinquent Mortgages

As of December 2022, 0.7 percent of mortgages in the Suburban Counties submarket were seriously delinquent or in REO status, down from 1.3 percent in December 2021 and below a January 2010 high of 4.5 percent (CoreLogic, Inc., with adjustments by the analyst). The percentage of seriously delinquent mortgages and REO properties trended downward for much of the 2010s because of continued absorption of the REO inventory due to economic growth and increased net in-migration. A brief increase during 2020, including a high of 3.7 percent in August, was due entirely to home loans that were 90 or more days delinquent as some homeowners struggled to keep current on their mortgage payments during the pandemic.

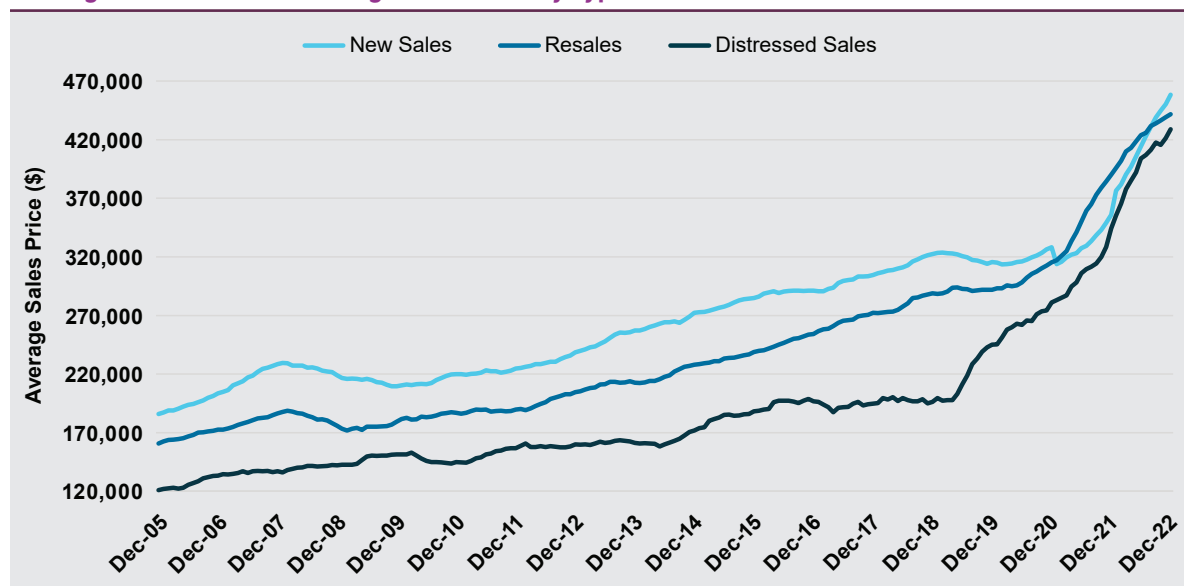
## New Home Sales Prices

During 2022, new home sales prices in the submarket increased a record 29 percent from the previous year to \$458,200 (Figure 14). New home price growth outpaced resale price growth during the past year due in part to new homes having larger average square footage and better proximity to job centers. New home prices during 2007 averaged \$228,400, then declined 4 percent a year during 2008 and 2009 because of the local downturn of the housing market. From 2010 through 2020, new home sale prices increased an average of 4 percent annually to \$328,100 before increasing 8 percent during 2021. Within the submarket, average new home sale prices ranged from \$319,300 in the more rural Caldwell County to \$478,200 in Williamson County during 2022.

## Resale Home Sale Prices

The average sales price of a resale home was \$441,600 during 2022, an increase of \$51,600, or 13 percent, compared with a 24-percent increase 1 year earlier as higher interest rates slowed demand, impacting price growth. After reaching a high of \$186,600 during 2007, average resale home prices declined 2 percent a year to \$179,300 during 2009 as economic conditions weakened. During 2010 and 2011, resale home sales prices increased an average of 3 percent annually before accelerating to an average rate of 6 percent annually from 2012 through 2020 to \$315,400.

Figure 14. 12-Month Average Sales Price by Type of Sale in the Suburban Counties Submarket



Source: CoreLogic, Inc., with adjustments by the analyst

## Sales Construction Activity

Home sales construction activity in the submarket—as measured by the number of single-family homes, townhomes, and condominium units permitted—decreased 13 percent to 13,800 owner units during 2022 compared with an increase of 23 percent a year earlier (preliminary data, with adjustments by the analyst; Figure 15). From 2000 through 2004, an average of 5,800 owner units were permitted annually before increasing to an average of 7,925 during 2005 and 2006. From 2007 through 2011, sales construction fell by an average of 18 percent annually to a low of 2,950 owner units permitted during 2011 due to reduced demand stemming from the Great Recession. In response to improving economic conditions and demand for new housing, sales construction activity from 2012 through 2019 increased an average of 15 percent annually to 8,925 units permitted during 2019. Elevated permitting of owner units occurred during 2020 and 2021, increasing by an average of 33 percent a year.

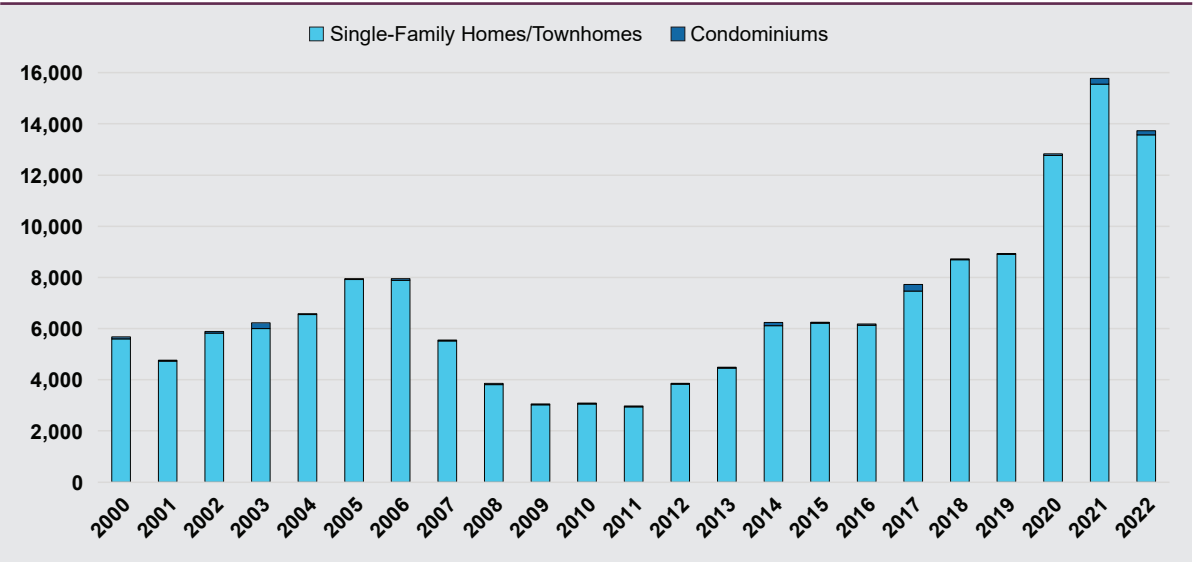
Relative to the Travis County submarket, the Suburban Counties submarket has significant amounts of developable land, particularly near major transportation arteries that are desirable locations for new

development. Williamson County, which is north of Travis County and bisected by the Interstate 35 (I-35) corridor, has accounted for approximately 56 percent of all new home permits in the submarket since 2019. Hays County, which is south of Travis County along I-35, has accounted for approximately 33 percent of all new home permits in the submarket since 2019. Notable recent developments in the submarket include Bryson, a 530-acre master-planned community with nearly 73 percent of the anticipated 1,261 homes completed in the city of Leander, primarily in Williamson County. Available three- and four-bedroom single-family homes start at \$620,000. The Anthem master-planned community in the city of Kyle in Hays County will contain approximately 1,500 homes at buildout, with three phases planned. Phase 1 began construction in 2021, with more than 30 homes sold through December 2022. Phase 1 has more than 100 lots available, with prices for single-family homes starting at \$390,000.

Forecast

During the next 3 years, demand is expected for 38,550 new homes in the submarket (Table 11). Demand is expected to increase during each year of the 3-year forecast period in response to continued strong population and job growth. The 4,300 homes currently under construction, or nearly 41 percent of all new homes under construction in the HMA, will meet a portion of the demand for the first year of the forecast period.

Figure 15. Annual Sales Permitting Activity in the Suburban Counties Submarket



Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

Table 11. Demand for New Sales Units in the Suburban Counties Submarket During the Forecast Period

Sales Units	
Demand	38,550 Units
Under Construction	4,300 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst



# Rental Market

## Rental Market—Austin HMA

### Market Conditions: Balanced

The stabilized apartment vacancy rate increased to 6.6 percent as of December 2022, up from 4.8 percent the previous year, as a relatively high number of apartment completions placed upward pressure on vacancy rates and transitioned the apartment market from tight to balanced conditions.

### Current Conditions and Recent Trends

The overall rental market—including single-family homes, townhomes, condominiums, and mobile homes for rent—in the Austin HMA is balanced, with an estimated 7.4-percent vacancy rate, down from 8.6 percent in April 2010 when conditions were slightly soft (Table 12). Net in-migration and increased renter household growth since 2010, combined with relatively low levels of rental construction in the late 2000s and early 2010s, contributed to generally tight rental market conditions in the HMA during much of the mid- and late 2010s. Approximately 24 percent of all renter-occupied units in the HMA were single-family homes as of 2021, down slightly from 25 percent in 2010. As of 2021, 64 percent of renter households lived in multifamily buildings with five or more units, typically apartments, up from 56 percent in 2010.

### Apartment Market Conditions

Within the HMA, conditions in the apartment market are currently balanced but vary from tight to soft among submarkets. The overall apartment vacancy rate increased to 6.6 percent for stabilized units as of December 2022, up from 4.8 percent the previous year (ALN Apartment Data, Inc.; Figure 16). Increasing levels of in-migration and new household formations following strong economic growth increased rental demand from 2021 through mid-2022. Developers responded by ramping up production, but construction

Table 12. Rental and Apartment Market Quick Facts in the Austin HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	8.6	7.4
	2010 (%)	2021 (%)	
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	25	24
	Multifamily (2–4 Units)	15	10
	Multifamily (5+ Units)	56	64
Other (Including Mobile Homes)	4	2	

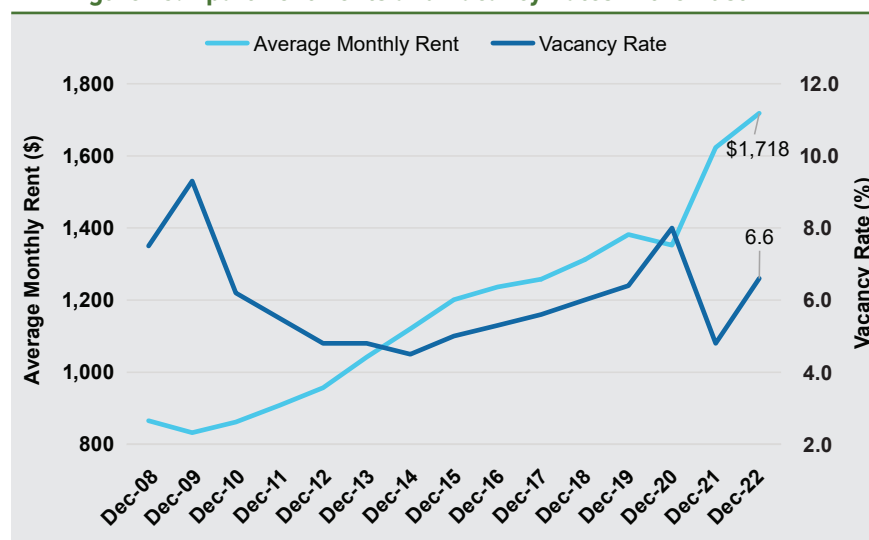
Apartment Market Quick Facts	2022	YoY Change	
	Apartment Vacancy Rate	6.6	1.8
	Average Rent	\$1,718	6%

YoY= year-over-year.

Notes: The current date is January 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—ALN Apartment Data, Inc.

Figure 16. Apartment Rents and Vacancy Rates in the Austin HMA



Note: Stabilized vacancy rates.

Source: ALN Apartment Data, Inc.

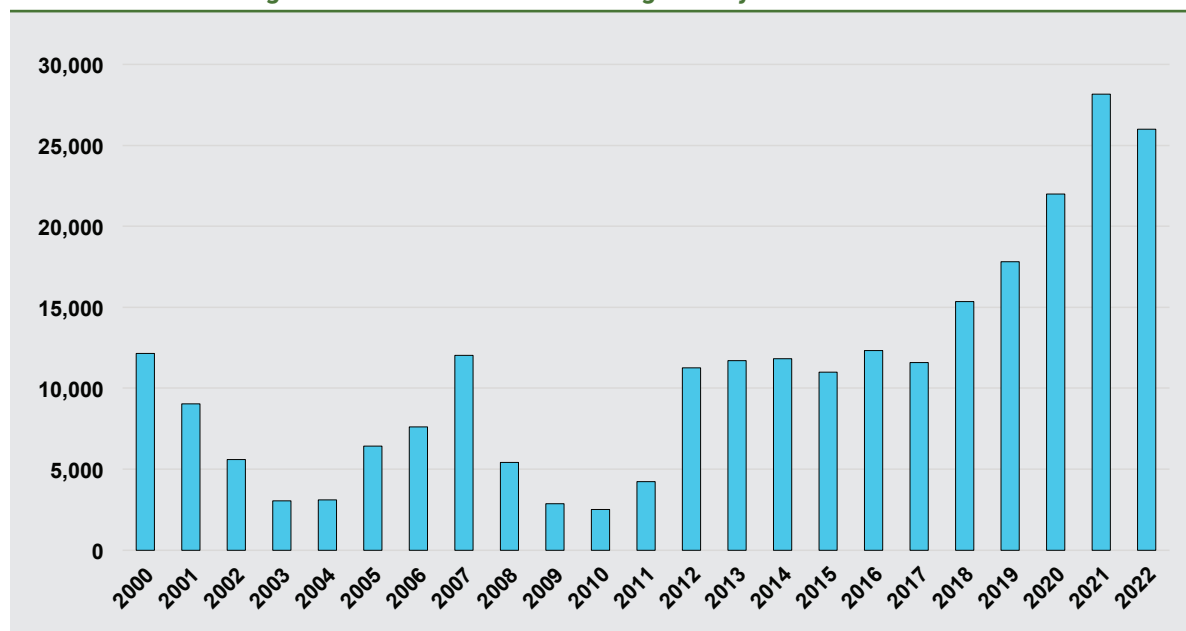


delays have been ongoing since 2020, limiting completions. During 2021, the apartment market quickly tightened, but during 2022, more new developments were completed, creating upward pressure on vacancy rates among stabilized properties. Of the 23 ALN-defined Austin submarkets, the average stabilized apartment vacancy rates in the HMA ranged from 3.5 percent in the Elgin-Bastrop submarket to 8.6 percent in the Riverside-Southeast Austin submarket, where a considerable amount of supply has been added since 2018. The average apartment rent in the HMA was \$1,718 as of December 2022, up 6 percent from a year ago. Average apartment rents in the HMA ranged from \$1,386 in the Elgin-Bastrop submarket to \$3,145 in the Downtown submarket, the location of UT. During the past year, rent growth slowed substantially from a 20 percent increase during December 2020 to December 2021.

## Rental Construction Activity

Rental building activity, as measured by the number of rental units permitted, declined during 2022, because developers pulled back production as the apartment vacancy rate began to increase. During 2022, approximately 26,000 rental units were permitted in the HMA (includes preliminary data), down by 2,200 units, or 8.0 percent from the high during 2021 (Figure 17). Rental production was relatively stable from 2012 through 2017, averaging 11,600 units a year, but

**Figure 17. Annual Rental Permitting Activity in the Austin HMA**



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

as developers responded to increased multifamily demand, multifamily construction activity increased sharply by an average of 4,150, or 25 percent, annually from 2018 through 2021.

## Forecast

During the 3-year forecast period, demand is estimated for 42,750 new rental units in the HMA (Table 13). The current pipeline of units under construction, totaling 49,700, is anticipated to meet overall demand for the next 3 years, but the location of the units under construction is not well matched to demand in the two submarkets. Demand is expected for an estimated 26,900 rental units in the Travis County submarket, which accounts for 63 percent of the estimated demand for new rental units in the HMA. The 35,500 units under construction in that submarket are expected to satisfy the rental demand in the submarket during the forecast period. Demand is expected for an estimated 15,850 rental units in the Suburban Counties

submarket during the forecast period. The 14,200 units under construction, which represent 29 percent of the units under construction in the HMA, are expected to satisfy rental demand in the submarket during the next 2 years and a portion of demand in the third year of the forecast period.

**Table 13. Demand for New Rental Units in the Austin HMA During the Forecast Period**

Rental Units	
<b>Demand</b>	42,750 Units
<b>Under Construction</b>	49,700 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.

Source: Estimates by the analyst

## Rental Market—Travis County Submarket

### Market Conditions: Balanced

Due in part to an increase in the vacancy rate, the average apartment rent rose only 6 percent during the past year to \$1,747 as of December 2022 compared with 21 percent growth the previous year (ALN Apartment Data, Inc.).

### Current Conditions and Recent Trends

The overall rental market—including apartments, single-family homes, and mobile homes—in the Travis County submarket is currently balanced, with an estimated 7.5-percent vacancy rate, down from 8.7 percent in 2010 (Table 14). With rapidly rising home prices in the submarket during the past several years, a significant number of single-family rental units have been converted to owner units since 2016. Approximately 20 percent of all renter households lived in single-family homes in the submarket in 2021, down slightly from 21 percent in 2010 and below the 27-percent high in 2016 (ACS 1-year data). The share of occupied multifamily structures with five or more units, typically apartments, was 69 percent of the occupied rental stock during 2021, up from 61 percent in 2010 and 61 percent in 2016.

**Table 14. Rental and Apartment Market Quick Facts in the Travis County Submarket**

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	8.7 7.5
	2010 (%)	2021 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	21 20
	Multifamily (2–4 Units)	15 10
	Multifamily (5+ Units)	61 69
	Other (Including Mobile Homes)	3 1
Apartment Market Quick Facts	2022	YoY Change
	Apartment Vacancy Rate	6.8 2.0
	Average Rent	\$1,747 6%

YoY= year-over-year.

Notes: The current date is January 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—ALN Apartment Data, Inc.

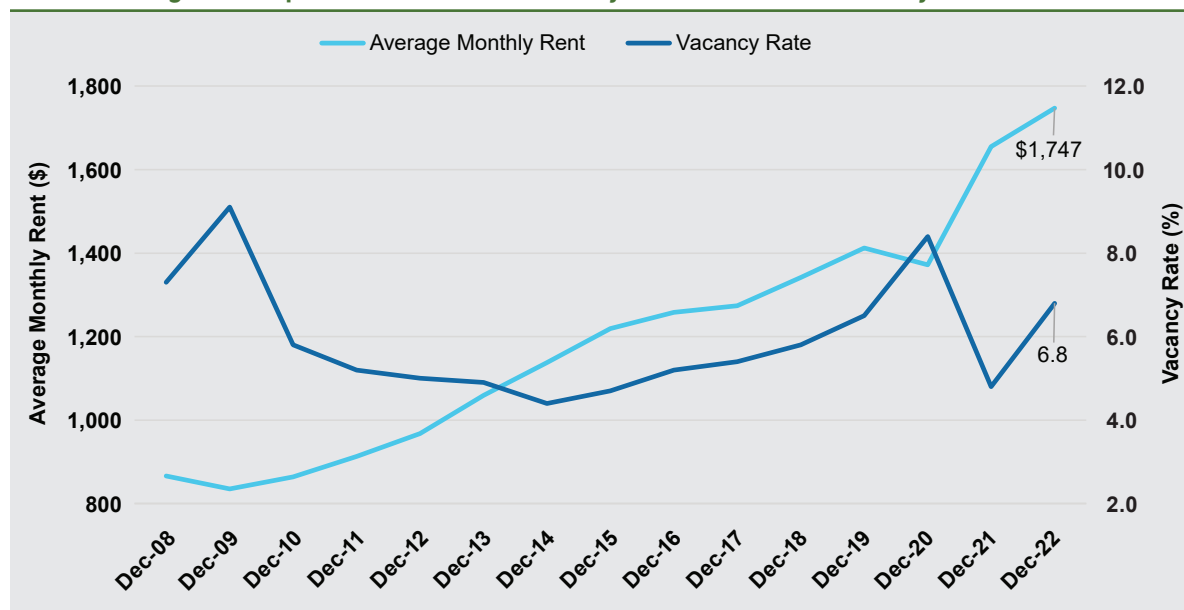
## Apartment Market Conditions

The apartment market in the Travis County submarket is balanced. As of December 2022, the apartment market vacancy rate for stabilized units was 6.8 percent, up from 4.8 percent a year earlier when the market was tight but below the 8.4-percent rate of December 2020 when the market was soft (ALN Apartment Data, Inc., with adjustments by the analyst; Figure 18). The absorption of apartment units in the submarket totaled 4,425 units during 2022 as more units were completed, down significantly from 16,200 units during 2021 but higher than the 4,000 units during 2020. During 2019, approximately 7,700 units were absorbed before the temporary outflux of some residents from the urban core when remote work and online schooling were prevalent during 2020. Apart from December 2020, when the average vacancy rate was 8.4 percent and market conditions were briefly soft, the apartment vacancy rate is currently above 6.5 percent for the first time since 2009. The apartment vacancy rate was 7.3 percent in December 2008 before increasing to 9.1 percent during

December 2009, as apartment conditions softened due to the economic downturn. As the economy recovered, the apartment market tightened, and the vacancy rate declined to 5.8 percent in December 2010. Demand for apartments outpaced completions after years of low rental construction. By the end of December 2014, the apartment market had tightened, and vacancies had fallen to a low of 4.4 percent. As apartment development rose in response to tight apartment market conditions, the vacancy rate began to increase, but the market remained slightly tight, with a 5.8-percent vacancy rate at the end of December 2018 before easing to balanced conditions the following year, when the vacancy rate among stabilized units was 6.5 percent by December 2019.

The average rent for an apartment in the Travis County submarket is currently \$1,747 as of December 2022, up 6 percent from a year ago. During 2021, pandemic migration, due in part to a resumption of in-person activity, combined with many newer and more expensive apartments entering the market, contributed to a rapid increase in average rents, increasing 21 percent to \$1,655 by December. Average rents fell 3 percent to \$1,372 by the end of December 2020 partly due to less rental demand in the urban core. This decline was the first in the average rent in the submarket since December 2009, when average rents declined 4 percent to \$835 as the market responded to softening

**Figure 18. Apartment Rents and Vacancy Rates in the Travis County Submarket**



Note: Stabilized vacancy rates.  
Source: ALN Apartment Data, Inc.

conditions. From 2010 through 2015, when the apartment market was tightening due to higher levels of demand, the average December rents for apartments increased 7 percent annually. In 2016, as the apartment vacancy rate increased, the rate of rent growth slowed slightly, and from 2016 through 2019, average December rents increased 4 percent annually.

## Student Apartments

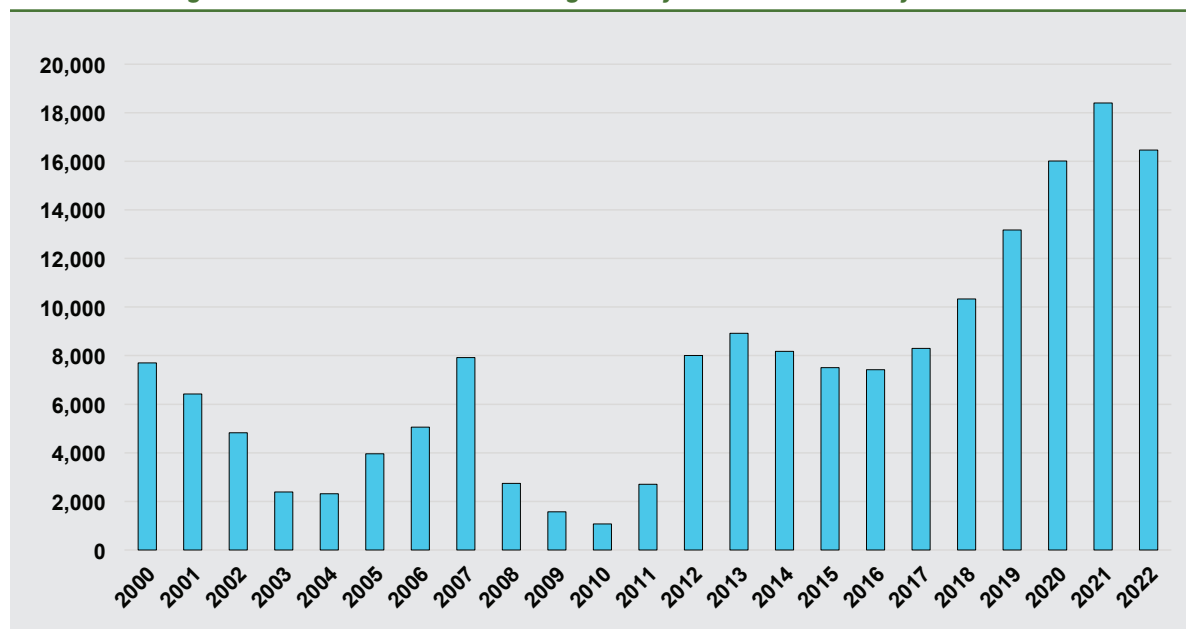
UT is in the Travis County submarket, where many apartments are student oriented. UT has nearly 52,400 students, with approximately 7,400 students living on campus. The remaining students live off campus and compete for apartments in the submarket. An estimated 5 percent of all renter households in Travis County are student renters (estimates by the analyst). As of December 2022, the student apartment market was tight, with a 3.6 percent vacancy rate, down from 5.0 percent a year earlier (ALN Apartment Data, Inc.). The average rent for a student apartment in the submarket is currently \$2,727, an increase of \$297, or 12 percent, from a year earlier. Apartment units that cater to students tend to have more

bedrooms per unit. Student apartments with two or more bedrooms account for nearly 69 percent of all student-oriented apartments compared with 42 percent of traditional apartment units in the submarket overall, contributing to a higher average rent per apartment for a student apartment unit.

## Rental Construction Activity Trends

Rental construction activity, as measured by the number of rental units permitted, declined during 2022. The 16,450 rental units permitted during 2022 represent an 11-percent decrease from the 18,400 rental units permitted during 2021 (preliminary data, with adjustments by the analyst). Rental construction has generally been at high levels since accelerating sharply in 2018. From 2001 through 2004, rental construction declined an average of 26 percent a year to 2,300 units during 2004 in response to the economic downturn (Figure 19). With local economic conditions improving and increased in-migration to the submarket, rental construction increased to 7,925 rental units during 2007, or an average increase of 51 percent annually since 2005. With the onset of the local economic downturn, rental construction began to decline, and from 2008 through 2011, an average of 2,025 rental units were permitted annually. With strong net in-migration and strong rent growth among apartments, rental construction

**Figure 19. Annual Rental Permitting Activity in the Travis County Submarket**



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

increased significantly from 2012 through 2017, when rental production averaged 8,050 units annually amid redevelopment of older rental communities. Apartment vacancy rates remained generally low during the period, and developers responded with further increases in production, increasing by an average of 2,575, or 25 percent, annually from 2018 through 2020. As more units were completed, the apartment market moved from tight to balanced conditions in 2019 before softening during 2020.

## Rental Construction Activity by Type and Geography

Within the submarket, the type and composition of rental units being built have changed notably since an uptick in production in the early 2010s. Since 2012, 62 percent of all apartment units built in the submarket have been one-bedroom units or smaller compared with 52 percent of all units built before 2012. During the same period, more than 59 percent of all apartment units have been midrise or highrise buildings compared with 11 percent built before 2012.

The building type has changed as the submarket has become more densely populated and land costs have risen. Recent development activity has been notably concentrated in and around downtown Austin, with several highrise developments under construction and expected to be completed in the near future. Wilson Tower in downtown Austin is slated to begin construction later this year. When complete in 2025, the tower is anticipated to be the tallest building in the state at 1,025 feet high, with more than 70 stories, and approximately 350 market-rate apartment units are planned for the tower. Also in the downtown area, the Hanover Republic Square, a 310-unit highrise, opened in mid-2022. This property has 96 studio units, 144 one-bedroom units, 34 two-bedroom units, and 36 penthouse units, with rents ranging from \$2,325 to \$8,473 for the studio to two-bedroom units and up to \$21,000 per month for penthouse units.

Forecast

During the 3-year forecast period, demand is estimated for 26,900 rental units (Table 15). The 35,500 rental units currently under construction are expected to satisfy rental demand for the next 3 years. Delays have been ongoing since 2020, partly due to increased overall residential construction combined with labor and material supply shortages. As the backlog of units from 2020 is completed, any additional units added during the forecast period beyond what is already under construction will likely lead to a softening of the rental market. Additional units beyond those currently under construction should be planned to enter the market beyond the forecast period.

Table 15. Demand for New Rental Units in the Travis County Submarket During the Forecast Period

Rental Units	
Demand	26,900 Units
Under Construction	35,500 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst

Rental Market—  
Suburban Counties Submarket

Market Conditions: Balanced

Due in part to the increased vacancy rate from a year earlier, the average apartment rent rose only 7 percent to \$1,647 as of December 2022 compared with an 18-percent year-over-year rent growth the previous year.

Recent Market Conditions and Recent Trends

As of January 1, 2023, the overall rental market in the Suburban Counties submarket is balanced, with an estimated 7.1-percent vacancy rate, down from 8.4 percent in April 2010 (Table 16). Single-family homes accounted for nearly 34 percent of occupied rental units in the submarket in 2010 but declined to 32 percent of all occupied rental units in 2021 (ACS 1-year data). By comparison, the share of occupied multifamily structures with five or more units, typically apartments, was 52 percent of the occupied rental stock during 2021, up from 43 percent in 2010.

Table 16. Rental and Apartment Market Quick Facts in the Suburban Counties Submarket

Rental Market Quick Facts	2010 (%)		Current (%)
	Rental Vacancy Rate		7.1
	2010 (%)		2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached		32
	Multifamily (2–4 Units)		12
Apartment Market Quick Facts	2022		YoY Change
	Apartment Vacancy Rate		1.4
	Average Rent		7.0%

YoY= year-over-year.  
Notes: The current date is January 1, 2023. Percentages may not add to 100 due to rounding.  
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—ALN Apartment Data, Inc.



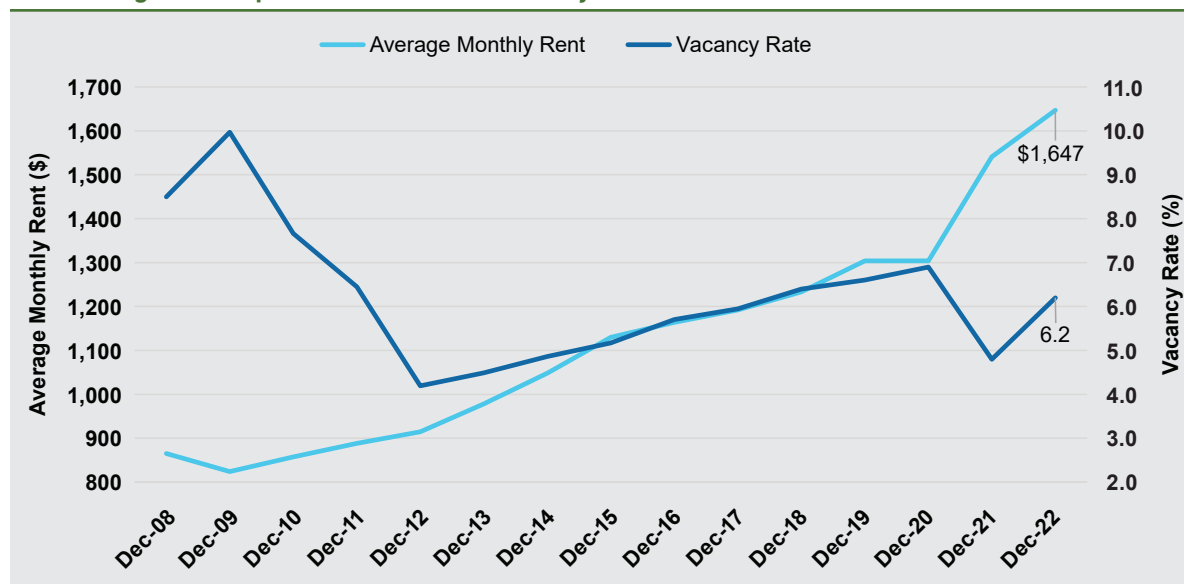


## Apartment Market Conditions

The apartment market in the submarket is also currently balanced, with a 6.2-percent vacancy rate as of December 2022, up from 4.8 percent a year ago but down from 6.9 percent as of December 2020 (ALN Apartment Data, Inc., with adjustments by the analyst; Figure 20). Apartment market conditions were soft during much of the 2000s, but after reaching a high of 10.0 percent by the end of December 2009, the market tightened, and the average apartment vacancy rate declined to a low of 4.2 percent by the end of December 2012. A decrease in rental construction activity from 2009 through 2011 contributed to the decline, although a general trend of increased apartment construction put upward pressure on vacancy rates during the rest of the 2010s. The apartment vacancy rate reached 6.9 percent by December 2020 before declining to 4.8 percent in December 2021, when the apartment market tightened and rent growth accelerated. The subsequent increase from 4.8 to 6.2 percent during the past year is the largest percentage point increase since 2012, as rental construction substantially increased in the submarket.

As of December 2022, the average rent in the Suburban Counties submarket was estimated at \$1,647, up by \$106, or 7 percent from a year ago, decelerating from average rent growth of \$237, or 18 percent during December 2021. Demand has notably increased in the submarket since the 2010s in response to strong in-migration. From

Figure 20. Apartment Rents and Vacancy Rates in the Suburban Counties Submarket



Note: Stabilized vacancy rates.  
Source: ALN Apartment Data, Inc.

2012 through 2015, the average rent for an apartment increased an average of 7 percent annually. In 2016, as the vacancy rate continued to increase, the rate of rent growth in the submarket slowed slightly. From 2016 through 2019, the average December apartment rent increased an average of 5 percent annually to \$1,304. During 2020, December rents stagnated before a large increase in average rents the following year, due in part to continued strong population growth following a quick rebound in the local economy.

## Student Apartments

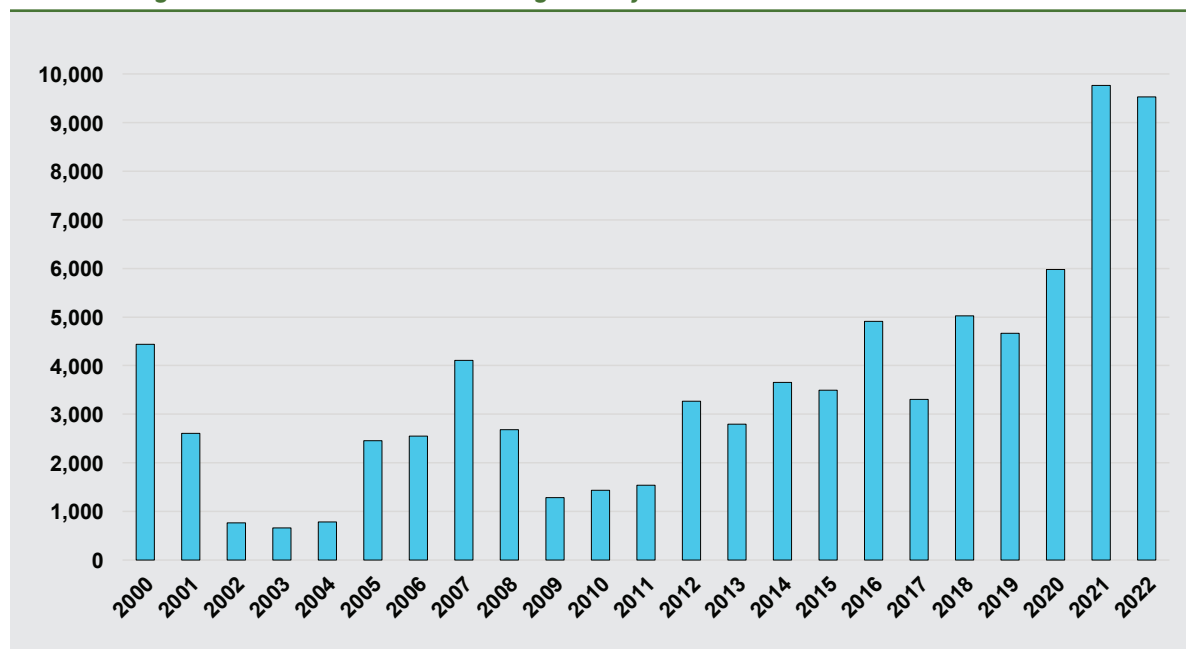
Student households make up approximately 6 percent of all renter households in the Suburban Counties submarket, but in Hays County, approximately 20 percent of all renter households are student renters. TXSTATE in Hays County had a fall enrollment of more than 38,400 students in 2022. As of December 2022, the student apartment market in Hays County was tight, with a 3.1-percent vacancy rate, down from 4.9 percent a year earlier. Average rents for student apartments increased by \$143, or 8 percent, to an average of \$1,909. Student rents in the submarket are lower on average than those in the Travis County submarket, primarily due to the availability of developable land around campuses in the submarket.

## Rental Construction Activity

Rental construction activity in the HMA, as measured by the number of rental units permitted, has been notably higher since the early 2010s than during the 2000s because of substantial net in-migration to the submarket. During 2022, 9,525 rental units were permitted in the submarket, down 2 percent from 9,775 units during 2021 (preliminary data and estimates by the analyst; Figure 21). Permitting of rental units declined significantly following the Great Recession and did not increase notably until 2012 in response to tight apartment market conditions. An average of 3,625 rental units were permitted each year from 2012 through 2016, more than double the average of 1,425 rental units permitted each year from 2009 through 2011. As new rental units were completed, vacancy rates increased, and construction activity slowed to 3,300 rental units permitted during 2017. In response to strong job and population growth, construction activity increased, averaging 4,850 rental units annually through 2019 before increasing significantly to 5,975 units during 2020.

Recent rental construction has been particularly prevalent in and around I-35 in areas with easy access to the economic core of Austin. Williamson County, immediately north of Travis County, has accounted for more than 81 percent of the rental units permitted in the submarket since the start of 2019, and Hays County has accounted for

**Figure 21. Annual Rental Permitting Activity in the Suburban Counties Submarket**



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

approximately 17 percent. Recently completed properties in the submarket include the Ellis Highline, a 5-story mixed-use tower with 102 apartment units near major technology employers in north Austin. Rents range from \$1,550 for studio apartments to \$2,646 for two-bedroom units. Within Hays County, recent development has been concentrated near the cities of Kyle and San Marcos. The View on the Square, a 120-unit student apartment development, was completed in San Marcos in 2022. The studio, one-, two-, four-, and five-bedroom units have average rents of \$1,374, \$1,524, \$2,348, \$3,356, and \$3,995, respectively, with options to rent by bedroom.

## Forecast

During the 3-year forecast period, demand is expected for 15,850 rental units in the Suburban Counties submarket (Table 17). Demand is expected to increase steadily during each year of the forecast period

in response to continued population growth in the submarket. The 14,200 rental units currently under construction are expected to satisfy all the rental demand in the submarket during the next 2 years and a portion of demand during the third year of the forecast period.

**Table 17. Demand for New Rental Units in the Suburban Counties Submarket During the Forecast Period**

Rental Units	
Demand	15,850 Units
Under Construction	14,200 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area (HMA). 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.
<b>Demand</b>	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Existing Sales</b>	Includes resale sales, short sales, and REO sales.
<b>Forecast Period</b>	1/1/2023–1/1/2026—Estimates by the analyst.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Investor Purchases</b>	John Burns Research and Consulting firm's definition of investor purchases uses a calculation of both new and existing home sale closings with different ZIP Codes for the property and the owner's mailing address for tax statements. Includes only sales where both the site and mail ZIP Code are known.

<b>Net Natural Change</b>	<b>Resident births minus resident deaths.</b>
<b>Other Vacant Units</b>	<b>In this HUD analysis, other vacant units include all vacant units that are not available for sale or for rent. The term, therefore, includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the U.S. Census Bureau.</b>
<b>Rental Market/ Rental Vacancy Rate</b>	<b>Includes apartments and other rental units such as single-family, multifamily, and mobile homes.</b>
<b>Resales</b>	<b>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.</b>
<b>Seriously Delinquent Mortgages</b>	<b>Mortgages 90 or more days delinquent or in foreclosure.</b>
<b>Stabilized Units</b>	<b>Apartment properties that have been online for 18 months or have reached 95 percent occupancy.</b>
<b>Zero-Energy Capable</b>	<b>Able to produce enough renewable energy to meet its own energy consumption requirements.</b>

## B. Notes on Geography

<b>1.</b>	<b>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.</b>
<b>2.</b>	<b>Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.</b>





**C. Additional Notes**

1.	The National Association of Home Builders/Wells Fargo Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

**D. Photo/Map Credits**

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