

COMPREHENSIVE HOUSING MARKET ANALYSIS

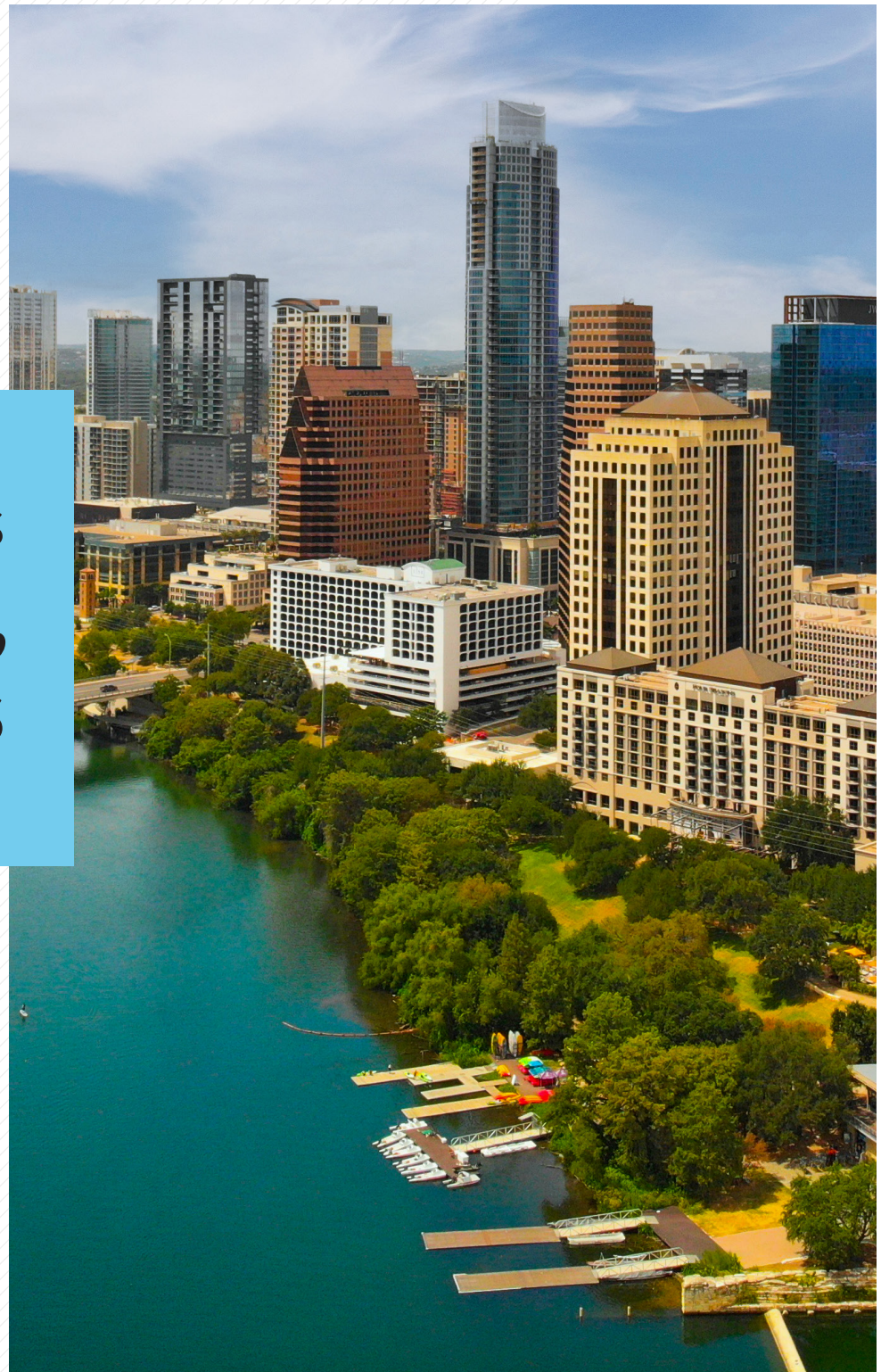
Austin-Round Rock, Texas

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

As of July 1, 2024



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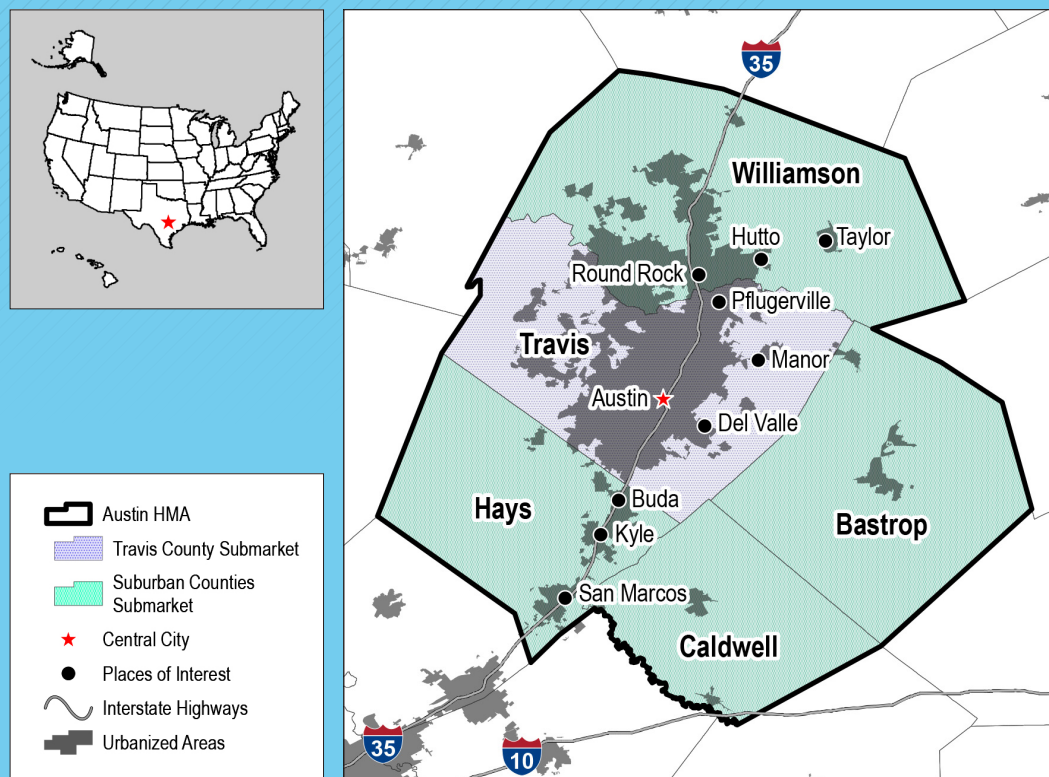
Executive Summary

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. The HMA includes five counties in central Texas and, for the purposes of this analysis, is divided 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 2.53 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. have a significant presence.



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 but Moderating: Economic conditions in the Austin HMA are strong, but the pace of job growth during the 12 months ending June 2024 was the slowest in more than 13 years, except for the pandemic-induced decline in 2020.

Economic growth in the HMA has recently slowed from historic highs. During the 12 months ending June 2024, nonfarm payrolls averaged nearly 1.35 million jobs, an increase of 35,600 jobs, or 2.7 percent, from the previous 12 months. By comparison, from 2016 through 2022, nonfarm payroll growth averaged 44,400, or 4.1 percent, annually, even with declines of 28,900 jobs, or 2.6 percent, during 2020. Ten of the 11 nonfarm payroll sectors added jobs during the 12 months ending June 2024. However, the information sector declined, decreasing by 2,200 jobs, or 4.1 percent. A recent wave of layoffs in the sector reflected a broader trend in the technology industry nationally. During the 3-year forecast period, nonfarm payroll gains are expected to average 3.4 percent annually.

Sales Market



Balanced: The inventory of single-family homes for sale represented a 5.0-month supply as of June 2024, up from a 3.7-month supply a year earlier (Austin Board of REALTORS®).

The home sales market is balanced, with an estimated current vacancy rate of 2.0 percent, up from 1.4 percent as of April 2020. New and existing home sales declined 13 percent from a year earlier to 48,800 homes sold during the 12 months ending June 2024, and the average home sales price declined less than 1 percent to \$465,400 (CoreLogic, Inc., with adjustments by the analyst). By comparison, home sales fell 28 percent, and average home prices increased approximately 5 percent during the 12 months ending June 2023. During the forecast period, demand is estimated for 66,100 additional homes. The 9,050 homes under construction are expected to meet a portion of the demand during the first year of the forecast period.

Rental Market



Soft: The current overall rental housing market is soft, with an estimated vacancy rate of 13.8 percent, up from 7.9 percent in April 2020 and from 8.6 percent in April 2010 (estimates by the analyst; U.S. Census Bureau decennial census).

Apartment market conditions are also soft, with a vacancy rate of 14.1 percent as of the second quarter of 2024, up from 10.4 percent a year ago, when the market was temporarily balanced following a prolonged period of tight conditions the previous 2 years (CoStar Group). Significant production of new apartment units put downward pressure on rents, and as completions ramped up, average apartment vacancy rates increased. After accounting for the excess supply of vacant units, demand is estimated for 32,250 new rental units, including 17,250 units in the Travis County submarket and 15,000 in the Suburban Counties submarket. The 24,500 units under construction in Travis County will exceed the forecast demand for the submarket. In the Suburban Counties submarket, the 11,650 units under construction will meet much of the demand during the forecast period. In addition, approximately 11,700 units are in final planning in the HMA, with start dates within the next 3 months.

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	3-Year Housing Demand Forecast					
	Sales Units			Rental Units		
	HMA Total	Travis County	Suburban Counties	HMA Total	Travis County	Suburban Counties
Total Demand	66,100	26,800	39,300	32,250	17,250	15,000
Under Construction	9,050	3,700	5,350	36,150	24,500	11,650

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2024. The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

Dell Technologies, Inc., headquartered in the city of Round Rock in Williamson County, and other Fortune 500 companies—such as Tesla, Inc., Oracle Corporation, Apple Inc., Google LLC, and Meta Platforms, Inc. (parent company of Facebook)—recently expanded in or relocated their corporate headquarters to the Austin HMA.

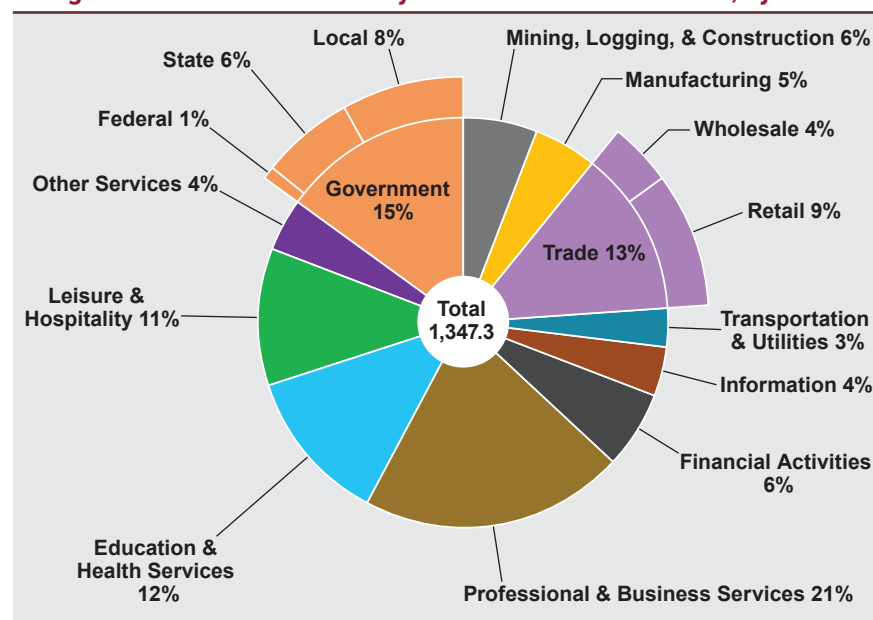
Primary Local Economic Factors

The HMA has historically had a large proportion of jobs in government and education, but since the founding of Dell Technologies, Inc. in 1984, it has increasingly become a center for technology and business. During 2020 and 2021, many firms relocated to the HMA partly because of a highly educated workforce and relatively lower cost of living compared with other large metropolitan areas outside the state. The professional and business services sector—which includes legal services, accounting, and administrative and support services—became the largest employment sector in the HMA by 2017 (Figure 1). The sector currently accounts for 285,900 jobs, or 21 percent of all nonfarm payrolls in the HMA.

The leisure and hospitality sector has been the fastest growing employment sector since 2021 because of continued tourism to the HMA, including annual music concerts, food and film festivals, and sporting competitions (Figure 2). The sector currently accounts for 149,100 jobs, or 11 percent of total nonfarm payrolls in the HMA. The South by Southwest (SXSW) Music Festival and the Formula 1 United States Grand Prix professional auto race event attract more than 300,000 and 400,000 respective attendees a year (Visit Austin), and the Austin City Limits Music Festival contributed nearly \$500 million to the local economy in 2023 (AngelouEconomics).

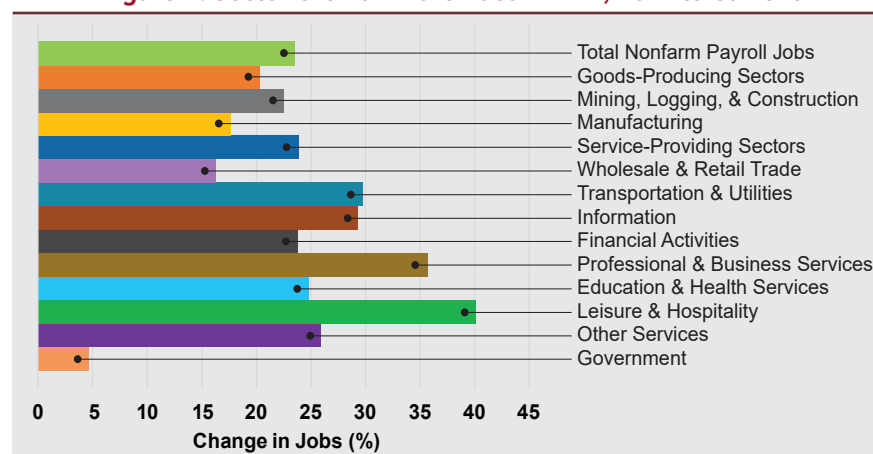
Government and education continue to underpin the local economy. The HMA is the location of the Texas state capital and home to The University of Texas at Austin (UT Austin) and Texas State University (TXST), which are the second and seventh largest public universities in the state in terms of enrollment and are in the cities of Austin in Travis County and San Marcos in Hays County,

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 June 2024. Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Austin HMA, 2021 to Current



Note: Current data are based on the 12-month averages ending June 2024. Source: U.S. Bureau of Labor Statistics

respectively. UT Austin had approximately 51,900 students in the fall of 2023 and 23,925 employees (Opportunity Austin, June 2024; UT Austin, September 2023). Its 431-acre main campus is in downtown Austin. UT Austin estimates that its alumni add more than \$6 billion to the state economy and generate \$400 million annually through its entrepreneurship programs (UT Austin). Enrollment at TXST in the fall of 2023 totaled nearly 38,900 students (TXST, May 2024), and the university employed approximately 5,400 (Opportunity Austin, June 2024). The HMA is home to an Internal Revenue Service processing facility, and three of the five largest employers in the HMA—UT Austin, the City of Austin, and the State of Texas, all with more than 15,000 employees—are in the government sector (Table 1).

Current Conditions— Nonfarm Payrolls

During the 12 months ending June 2024, nonfarm payrolls in the HMA increased by 35,600, or 2.7 percent, to approximately 1.35 million jobs compared with a 6.8-percent gain during the previous 12 months (Table 2). Job growth has been notably strong since the start of 2021, but announced layoffs in the technology industry starting in 2023 tempered growth among industries that had hired aggressively in 2021 and 2022. During the 12 months ending June 2024, job growth was widespread, albeit slower than the previous 12-month period, with 10 of the 11 employment sectors adding jobs. Job gains were greatest in the education and health services

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
Tesla, Inc.**	Manufacturing	20,000
H-E-B, LP	Wholesale & Retail Trade	19,008
City of Austin	Government	15,427
Ascension Seton	Education & Health Services	14,842
Samsung Austin Semiconductor, LLC**	Manufacturing	14,000
Federal Government	Government	13,840
Dell Technologies Inc.***	Professional & Business Services	12,000
St. David's Healthcare Partnership	Education & Health Services	11,484

Notes: Excludes local school districts. *Job data include public university employment. **Job data include Professional and Business Services sector employment for corporate headquarters. ***Job data include Information sector and Manufacturing sector employment.

Source: Opportunity Austin, June 2024

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

	12 Months Ending June 2023	12 Months Ending June 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,311.7	1,347.3	35.6	2.7
Goods-Producing Sectors	153.4	159.0	5.6	3.7
Mining, Logging, & Construction	81.0	85.4	4.4	5.4
Manufacturing	72.4	73.6	1.2	1.7
Service-Providing Sectors	1,158.3	1,188.3	30.0	2.6
Wholesale & Retail Trade	171.8	176.0	4.2	2.4
Transportation & Utilities	33.9	34.4	0.5	1.5
Information	53.9	51.7	-2.2	-4.1
Financial Activities	81.2	83.8	2.6	3.2
Professional & Business Services	284.0	285.9	1.9	0.7
Education & Health Services	150.1	158.2	8.1	5.4
Leisure & Hospitality	143.3	149.1	5.8	4.0
Other Services	50.1	53.1	3.0	6.0
Government	190.0	196.2	6.2	3.3

Notes: Based on 12-month averages through June 2023 and June 2024. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics



sector, which was up by 8,100 jobs, or 5.4 percent, a slower rate compared with the previous 12 months, when the sector gained 10,900 jobs, or 7.9 percent, largely because of hospital networks expanding throughout the HMA. Amid the announced layoffs in the technology industry during 2023, the professional and business services sector increased by 1,900 jobs, or 0.7 percent, during the 12 months ending June 2024—a significant slowdown from the increase of 26,000, or 10.1 percent, during the previous 12 months because of continued moderation in the 2021 hiring surge. As of the 3 months ending June 2024, the professional and business services sector declined by 400 jobs, or 0.1 percent, from a year ago because the higher interest rate environment affected expansion, investment, and hiring. Accenture plc, an information technology services and consulting firm, announced layoffs of approximately 550 people, or 10 percent of its workforce, and Round Rock-based Dell Technologies, Inc. laid off approximately 10 percent of its global workforce during 2023. Tesla, Inc., which opened its Gigafactory Texas in April 2022, announced layoffs of nearly 2,700 people locally, contributing to slower growth in the manufacturing sector. The manufacturing sector increased by 1,200 jobs, or 1.7 percent, during the 12 months ending June 2024, a moderation from gains of 4,700 jobs, or 6.9 percent, during the previous 12 months.

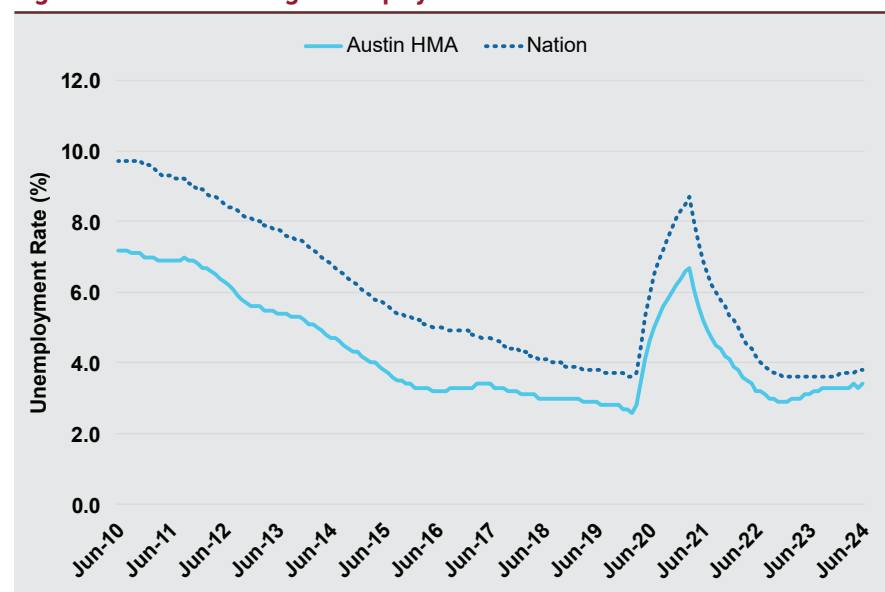
Other nonfarm payroll sectors in the HMA added jobs during the 12 months ending June 2024. Strong growth occurred in the government sector, increasing by 6,200 jobs, or 3.3 percent, during the 12 months ending June 2024 compared with a 2.4-percent increase during the previous 12 months. The leisure and hospitality sector increased by 5,800 jobs, or 4.0 percent, during the 12 months ending June 2024, a slowdown from growth of 13,100 jobs, or 10.1 percent, during the previous 12 months. The strongest percentage growth occurred in the other services sector—which encompasses equipment repair, dry cleaning, funeral services, religious activities, pet care, and dating services—increasing by 3,000 jobs, or 6.0 percent, during the 12 months ending June 2024 compared with a 7.1-percent increase during the previous 12 months. Gains occurred in the mining, logging, and construction sector, which increased by 4,400 jobs, or 5.4 percent, partly because of several ongoing large-scale construction developments, including the \$280 million expansion of Dell

Seton Medical Center at The University of Texas Hospital in Austin and the \$320 million women's healthcare tower at Ascension Seton Medical Center Austin. In addition, demand for data centers has increased, and a \$163 million data center in the city of Hutto is underway.

Current Conditions—Unemployment

The average unemployment rate in the HMA was 3.4 percent during the 12 months ending June 2024, up from 3.1 percent during the previous 12 months. During 2022, the unemployment rate in the HMA averaged 2.9 percent, down from the 6.2-percent rate during 2020 but up slightly from the lowest annual unemployment rate of 2.7 percent in 2019. During the 12 months ending March 2021, the average unemployment rate spiked to 6.7 percent when the COVID-19 pandemic affected employment. The current rate in the HMA is less than the nationwide unemployment rate of 3.8 percent, a consistent trend since 2010, but that gap narrowed during the past 24 months (Figure 3).

Figure 3. 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

2011

During 2011, nonfarm payrolls increased by an average of 26,700 jobs, or 3.4 percent, to 812,700 jobs, fully recovering the jobs lost because of the Great Recession. By contrast, nonfarm payrolls in the nation increased 1.2 percent. The professional and business services sector had the largest and fastest gains in the HMA, with an average increase of 9,300 jobs, or 7.9 percent. High-tech employers contributed to gains during the period. In 2011, Rackspace Technology, Inc. added 700 new jobs. During the same period, eBay Inc. expanded its business operations center in the city of Austin, including the expansion of PayPal Holdings, Inc., adding a combined 1,000 jobs.

2012 Through 2019

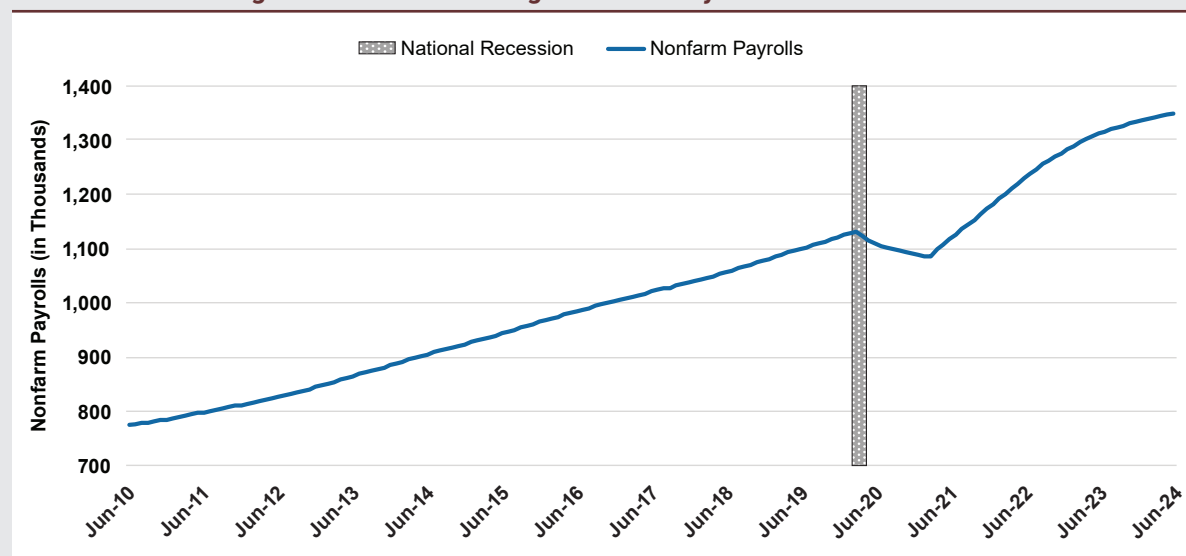
Job growth accelerated notably in the HMA beginning in 2012 and was among the strongest in the nation. Nonfarm payrolls expanded by an average of 38,400 jobs, or 4.1 percent, annually from 2012 through 2019—more than double the average annual increase of 1.7 percent nationally during this time. During the period, job gains in the HMA were greatest in the professional and business services sector, which added an average of 10,100 jobs, or 6.4 percent, a year. The information sector, which includes software publishing, had the fastest growth rate, averaging 8.0 percent, or 2,300 jobs, annually. Some employers that expanded in the HMA during

the period include Apple Inc. and General Motors Company. In 2012, Apple Inc. established its Americas Operations Center, which is responsible for running the business operations for the entire Western Hemisphere. Additional gains resulted from General Motors Company purchasing a 302,600-square-foot building in 2015 to expand its IT Innovation Center in North Austin, which added 500 jobs to the sector.

2020

The interventions taken in mid-March 2020 to slow the spread of the pandemic weakened economic conditions in the HMA. Although jobs declined by 128,600 from February to April 2020, more than 94 percent of the jobs lost were recovered by the end of December 2020 (on a monthly basis, not seasonally adjusted). During March 2020, all Travis County bars and restaurant dining rooms were required to close, and the SXSW Music Festival, which had an economic impact of \$355.9 million during 2019 (Greyhill Advisors), was canceled. The HMA began to recover jobs at a quick pace in mid-2020, but the average of nearly 1.09 million nonfarm payrolls for 2020 was down by 28,900 jobs, or 2.6 percent, from 2019 and compared with a 5.8-percent decline for the nation during the same period (Figure 4). During 2020, 5 of the 11 nonfarm payroll sectors lost jobs, with the most severe losses in the leisure and hospitality sector,

Figure 4. 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

down by 28,500 jobs, or 21.1 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, partially offset losses. The increased use of e-commerce platforms and delivery services supported gains in the transportation and utilities sector, and Amazon.com, Inc. opened new centers in the cities of Kyle, Round Rock, and Pflugerville. The professional and business services sector gained from expansions and corporate relocations to the HMA, including Oracle Corporation adding 2,000 jobs after relocating its headquarters to the city of Austin. Partly due to a strong housing market and affiliated industries, the financial activities and the mining, logging, and construction sectors increased by 1,700 and 1,200 jobs, or 2.6 and 1.8 percent, respectively.

2021 Through 2022

By 2021, 10 of the 11 payroll sectors surpassed their prepandemic 2019 levels. The government sector was the only sector to lose jobs, down 500 jobs, or 0.2 percent, compared with 2019. From 2021 through 2022, nonfarm payroll growth averaged 92,300, or 8.1 percent, annually—well above the national rate of 3.6 percent. Strong payroll growth, amounting to 34 percent of all HMA nonfarm payroll gains during the period, occurred in the professional and business services sector, which increased by an average of 31,600 jobs, or 14.0 percent, a year. Low interest rates, particularly in 2021, led to an increase in venture capital investments, totaling \$6.6 billion in 2021 and \$4.9 billion in 2022, up from \$3.0 billion during 2019 and \$2.8 billion during 2020 (Austin Chamber of Commerce). Due in part to relocations and expansions since the onset of the pandemic, 16.3 percent of jobs in the HMA were in the technology industry by 2022 compared with 9.0 percent nationally (Austin Chamber of

Commerce, 2024). During 2022, CellLink Corporation started construction on a manufacturing plant in Williamson County, and TikTok moved some jobs to the HMA after routing all U.S. user data through the Austin-based technology company Oracle Corporation. Throughout the period, TikTok and Facebook added approximately 750 and 400 jobs, respectively. The information and the financial activities sectors increased by respective averages of 6,100 and 5,900 jobs, or 14.3 and 8.3 percent, a year in 2021 and 2022. Additional gains occurred in the wholesale and retail trade and the mining, logging, and construction sectors, each adding respective averages of 9,100 and 4,900 jobs, or 5.8 and 6.8 percent, a year. H-E-B, LP and Austin-based Whole Foods Market, Inc. added several stores or expanded throughout the HMA, increasing local employment in the wholesale and retail trade sector. Housing and commercial construction surged when new residents and businesses entered the HMA. Tesla, Inc. moved its headquarters to the HMA in 2021, and the number of employees grew from approximately 3,500 contingent and permanent employees in 2021 to approximately 12,300 workers in 2022. The manufacturing sector—with an emphasis on the computer, electronics, semiconductor, and now electric vehicle industries locally—increased by an average of 3,900 jobs, or 6.1 percent, a year. Samsung Austin Semiconductor LLC (Samsung) expanded and announced a \$17 billion new semiconductor manufacturing facility in the nearby city of Taylor in 2021. In 2022, the existing manufacturing site and the Taylor construction site had a local economic impact of \$13.6 billion, up from \$6.3 billion in 2021. The transportation and utilities sector increased by an average of 3,800 jobs, or 13.4 percent, a year during 2021 and 2022, and Amazon.com, Inc. added approximately 4,000 jobs to accommodate increased demand.

Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase an average of 3.4 percent annually. Continued growth is expected in the education and health services, the manufacturing, the wholesale and retail trade, and the leisure and hospitality sectors. Job growth is expected to be strongest in the second and third years of the forecast period, partly because of several announced layoffs in the technology industry. After 4 years since arriving to the HMA, Oracle Corporation announced that it would move its headquarters to Nashville, Tennessee, which is expected to negatively affect associated employment. Expansion developments underway,

including several hospital additions and the Samsung plant construction, are anticipated to offset losses throughout the forecast period. Samsung expects to add approximately 17,000 construction jobs and 4,500 manufacturing jobs during the next 5 years. In addition, the Austin Convention Center is undergoing a \$1.6 billion expansion and redevelopment project. Demolition and construction are expected to begin in 2025, with a scheduled opening in 2029. The \$4.5 billion Interstate 35 (I-35) Capital Express Central project, expected to begin work this year and last a decade, will remove existing I-35 decks, lower the highway, add lanes, rebuild bridges, and add pedestrian paths, ultimately contributing to employment.



Population and Households

Current Population: 2.53 Million

Since 2010, population growth was slowest from 2022 to 2023, when net out-migration occurred in the Travis County submarket.

Population Trends

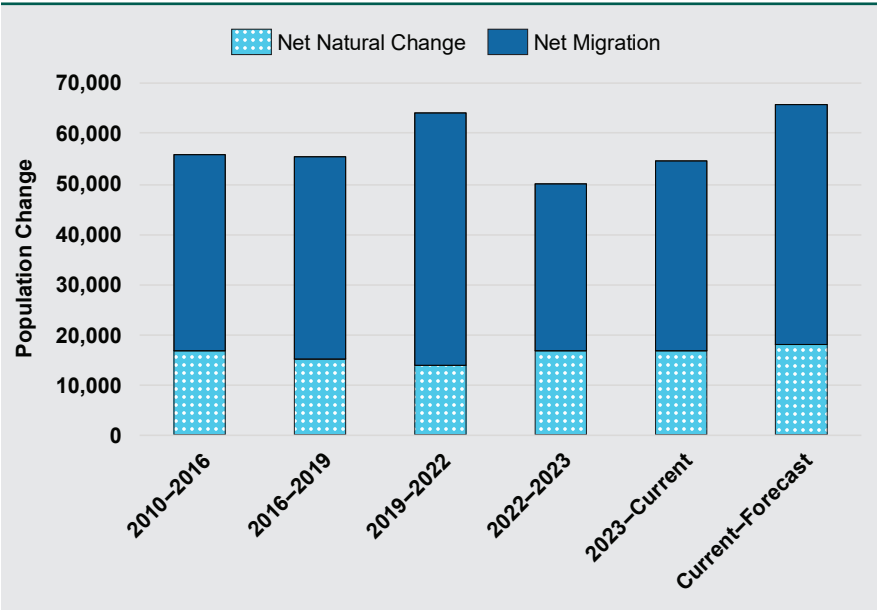
Population growth was remarkably strong in the Austin HMA from July 2019 to July 2022. As of July 1, 2024, the population is estimated at nearly 2.53 million (Table 3), reflecting an average annual increase of 57,600, or 2.4 percent, since April 2020 with net in-migration and net natural change running at respective averages of 42,500 and 15,100 people a year. From 2010 to 2016, when economic conditions recovered and then strengthened following the Great Recession, the population increased by an average of 55,550, or 3.0 percent, annually. Net in-migration averaged 38,800 people a year, accounting for nearly 70 percent of population growth, while net natural change averaged 16,750 people annually (Census Bureau decennial census counts and population estimates as of July 1). Population growth from 2016 to 2019 also averaged 55,550 people, or 2.6 percent, a year. Net in-migration increased to an average of 40,500 people, or 73 percent of growth, and net natural change averaged 15,050 people a year. From 2019 to 2022, population growth accelerated, increasing by an average of 64,400, or 2.8 percent, a year, with net in-migration averaging 50,650 people annually, or 79 percent of total population growth. Strong economic growth contributed to elevated in-migration. Due to the COVID-19 pandemic, deaths increased, contributing to a significant decline in net natural change to an average of 13,750 people annually. As economic growth slowed in conjunction with higher interest rates and layoffs in the technology industry, population growth slowed to 50,100 people, or 2.1 percent, from 2022 to 2023 (Figure 5). Net in-migration totaled 33,300 people, accounting for 66 percent of growth, and increased births combined with decreased deaths led to net natural change of 16,800 people.

Table 3. Austin HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	2,283,371	2,528,000	2,726,000
	Average Annual Change	56,700	57,600	66,000
	Percentage Change	2.9	2.4	2.5
Household Quick Facts		2020	Current	Forecast
	Households	880,668	1,009,500	1,105,000
	Average Annual Change	23,000	30,300	31,650
	Percentage Change	3.1	3.3	3.1

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (July 1, 2024) to July 1, 2027. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Austin HMA, 2010 Through the Forecast Period



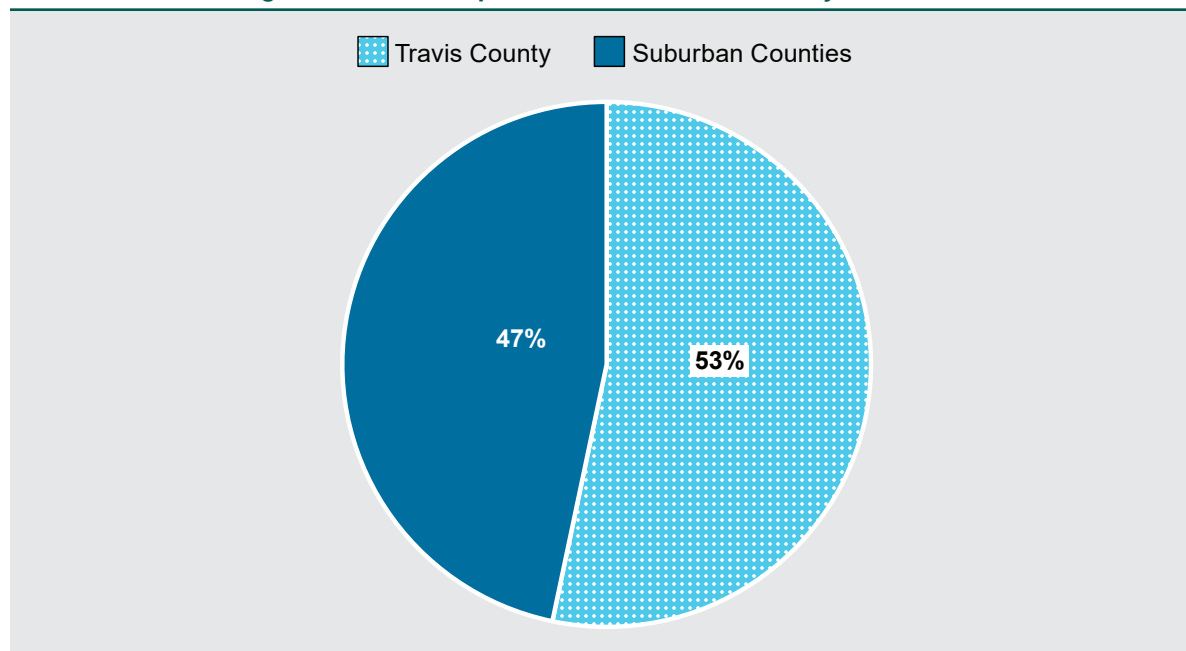
Notes: Data displayed are average annual totals. The forecast period is the current date (July 1, 2024) to July 1, 2027. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst



Population by Submarket

Since 2020, population growth has moderated in the Travis County submarket, although growth in the HMA was strong overall. As of July 1, 2024, Travis County was the most populous county in the HMA, with approximately 53 percent of the population, or nearly 1.35 million (Figure 6). Since April 2020, the Travis County submarket has increased by an average of 13,450 people, or 1.0 percent, annually compared with an average increase of 26,600, or 2.3 percent, each year from 2010 to 2020—a substantial deceleration of population growth between the two periods. The changing job landscape—including layoffs in the technology industry announced in the past couple of years, plus out-migration to the suburbs—greatly subdued population growth in the submarket. From 2010 to 2020, net in-migration to the submarket averaged 16,300 people annually, or 61 percent of population growth, compared with an average of 4,400 people each year since 2020, or 33 percent of population growth. From April 2020 to July 2021, the population increased by 14,950, or 1.2 percent, with net in-migration averaging 7,250 people and accounting for 48 percent of population growth. Net in-migration increased to 9,875 people from 2021 to 2022, accounting for 53 percent of population growth, with the population increasing by 18,700, or 1.4 percent. However, as layoffs were announced and more people were required to return to office work

Figure 6. Current Population in the Austin HMA, by Submarket



Source: Estimates by the analyst

in lieu of remote work, net in-migration turned to net out-migration, totaling 2,575 people from 2022 to 2023, when the population increased by 7,400, or 0.6 percent.

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 in the nation on a percentage basis from 2010 through 2020, with populations of 100,000 or more, ranking first and fourth, respectively (Census Bureau). As of July 1, 2024, the estimated population of the Suburban Counties submarket is 1.18 million, or an average increase of 44,150, or 4.2 percent, annually since April 2020. Relatively affordable housing compared with nearby Travis County has supported high levels of net in-migration to the submarket. Net in-migration has averaged 38,100 people a year, or 86 percent of population growth since April 2020. By comparison, from April 2010 to April 2020, the population increased an average of 30,100, or 3.7 percent, a year, and average annual net in-migration of 24,350 people accounted for 81 percent of that growth.

Demographic Trends

The HMA is a popular destination for young professionals and students, largely due to 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 influx generally from the Houston-The Woodlands-Sugar Land Metropolitan Area (Table 4). During the period from 2016 to 2020, other notable domestic in-migration from areas outside of Texas originated from the Los Angeles and New York metropolitan areas. The population of the HMA is notably young and well educated. The median age in the HMA was 36.3 as of 2023, well below the national median of 39.2 years of age (Table 5; 2023 American Community Survey [ACS] 1-year data). Approximately 33.8 percent of the population in the HMA is 25 to 44 years of age compared with 26.9 percent nationally (Figure 7). In addition, 52.1 percent of all people in the HMA aged 25 or older hold a bachelor's degree or higher compared with 34.2 percent for Texas and 36.2 percent for the nation. The educational attainment of HMA residents rose sharply during the past decade, which has contributed to continued investment by many employers.

Table 4. Metro-to-Metro Migration Flows in the Austin HMA: 2016–20

Into the HMA	
Houston-The Woodlands-Sugarland, TX Metro Area	15,222
Dallas-Fort Worth-Arlington, TX Metro Area	14,520
San Antonio-New Braunfels, TX Metro Area	9,641
Los Angeles-Long Beach-Anaheim, CA Metro Area	4,805
New York-Newark-Jersey City, NY-NJ-PA Metro Area	3,796
Out of the HMA	
Houston-The Woodlands-Sugarland, TX Metro Area	10,056
Dallas-Fort Worth-Arlington, TX Metro Area	9,636
San Antonio-New Braunfels, TX Metro Area	8,266
Killeen-Temple, TX Metro Area	4,752
College Station-Bryan, TX Metro Area	2,381

Source: U.S. Census Bureau Migration Flows, 2016–2020, American Community Survey 5-year data

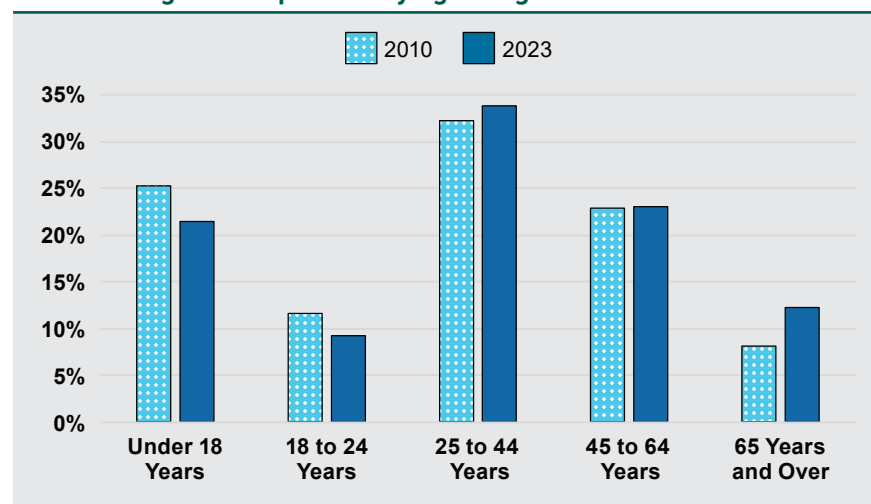
Table 5. Selected Population and Household Demographics

	Austin HMA	Nation
Population Aged Under 18	21.4%	21.7%
Population Aged 65 and Over	12.3%	17.7%
Median Age	36.3	39.2
White	75.6%	72.3%
Black or African-American	9.1%	14.4%
Asian	9.6%	7.4%
Other Race	24.3%	16.4%
Hispanic	32.2%	19.4%
Non-Hispanic	67.8%	80.6%
Aged 25+ with Bachelor's Degree or Higher	52.1%	36.2%
Householder Living Alone	30.4%	28.8%
Average Household Size	2.34	2.49
Median Household Income	\$98,508	\$77,719

Note: Race is defined as a single race or a combination of two or more races.

Source: 2023 American Community Survey 1-year data

Figure 7. Population by Age Range in the Austin HMA



Source: American Community Survey 1-year data

Household Trends and Composition

Household growth has outpaced population growth since 2010, a trend that has accelerated since the mid-2010s, when household composition notably changed. Largely because of multiperson households decoupling, which accelerated from 2016 to 2021, household growth has been faster than population growth. During 2023, approximately 30 percent of HMA households consisted of one person. One-person households increased at an average annual rate of 6.1 percent annually from 2016 to 2021 but slowed slightly to 5.7 percent from 2021 to 2023 (ACS 1-year data). By comparison, one-person households increased an average of 2.7 percent annually from 2010 to 2016. An estimated 1.01 million households are in the HMA, reflecting an average increase of 30,300, or 3.3 percent, since 2020. The average household size in the HMA declined from 2.60 in 2010 to 2.34 in 2023. The trend toward smaller households was most pronounced in the Travis County submarket, where the average household size fell from 2.50 to 2.15 from 2010 to 2023. An estimated 576,100 households currently reside in the Travis County submarket, an average annual increase of 2.4 percent since 2020 compared with an average annual 2.6-percent increase from 2010 to 2020. The number of households in the Suburban Counties submarket is currently estimated at 433,400, an average annual increase of 17,350, or 4.5 percent, since 2020. By comparison, the number of households increased an average of 11,350, or 3.9 percent, annually from 2010 to 2020.

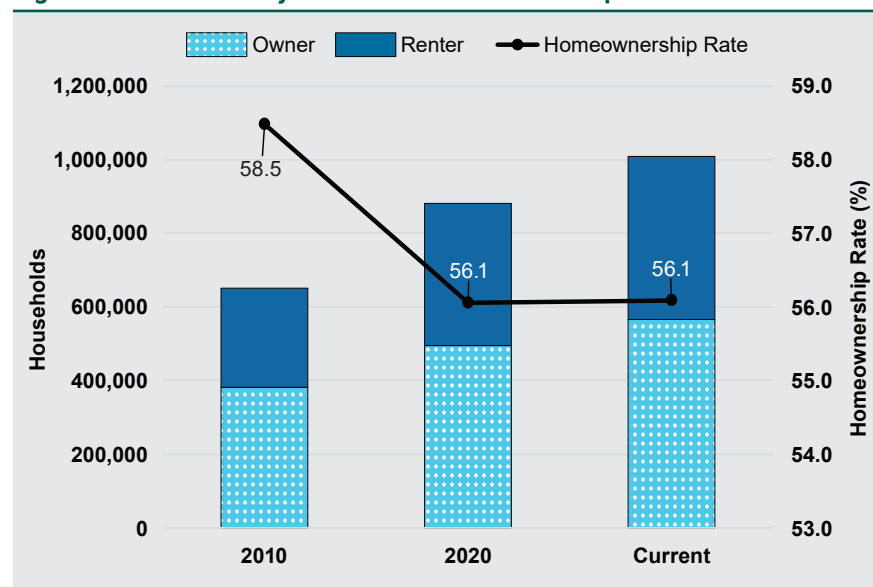
Households by Tenure

The homeownership rate in the HMA has declined since 2010. The rate is currently estimated at 56.1 percent, unchanged from 2020 but down from 58.5 percent in 2010 (Figure 8). In the Travis County submarket, the current homeownership rate is 48.5 percent, down from 49.6 percent in 2020. By comparison, in the Suburban Counties submarket, homeowners currently account for 66.2 percent of all households, up from 65.5 percent in 2020.

Forecast

During the next 3 years, the population in the HMA is expected to increase by an average of 66,000 people, or 2.5 percent, annually to nearly 2.73 million by July 1, 2027. Net in-migration is expected to average 48,050 people, or

Figure 8. Households by Tenure and Homeownership Rate in the Austin HMA



Note: The current date is July 1, 2024.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

73 percent of population growth, similar to prepandemic growth trends. Net in-migration is expected to be higher during the second and third years of the 3-year forecast period, when the economy expands at a faster pace than in the first year. Net natural change is expected to rise and contribute to larger household sizes as deaths from the pandemic wane. Population growth is expected to be faster in the Suburban Counties submarket than in the Travis County submarket, with respective rates averaging 3.8 and 1.5 percent a year. Household growth in the HMA is expected to average 31,650 households, or 3.1 percent, annually, with respective rates of 3.9 and 2.4 percent a year in the Suburban Counties and Travis County submarkets. Household growth in the Travis County submarket is expected to continue to outpace population growth—a consistent trend—but at a slower pace compared with 2016 to 2021.

Home Sales Market

Sales Market—Austin HMA

Market Conditions: Balanced

As of June 2024, the available for-sale housing inventory in the Austin HMA was 5.0 months, up from a 3.7-month supply during June 2023 (Austin Board of REALTORS®).

Current Conditions

Due to higher mortgage rates, slower net in-migration, a slowdown in investor purchases, and elevated housing construction during 2020 through 2022, the housing market in the HMA eased from very tight conditions that characterized the pandemic housing boom. The home sales market in the HMA is currently balanced, with an estimated sales vacancy rate of 2.0 percent, up from 1.4 percent during April 2020 (Table 6). As of June 2024, active listings increased 26 percent, whereas pending sales declined

Table 6. Home Sales Quick Facts in the Austin HMA

Home Sales Quick Facts	Austin HMA		Nation
	Vacancy Rate	2.0%	NA
	Months of Inventory	5.0	3.5
	Total Home Sales	48,800	4,917,000
	1-Year Change	-13%	-12%
	New Home Sales Price	\$451,300	\$497,000
	1-Year Change	-4%	0%
	Existing Home Sales Price	\$472,800	\$417,300
	1-Year Change	0%	7%
	Mortgage Delinquency Rate	0.5%	0.9%

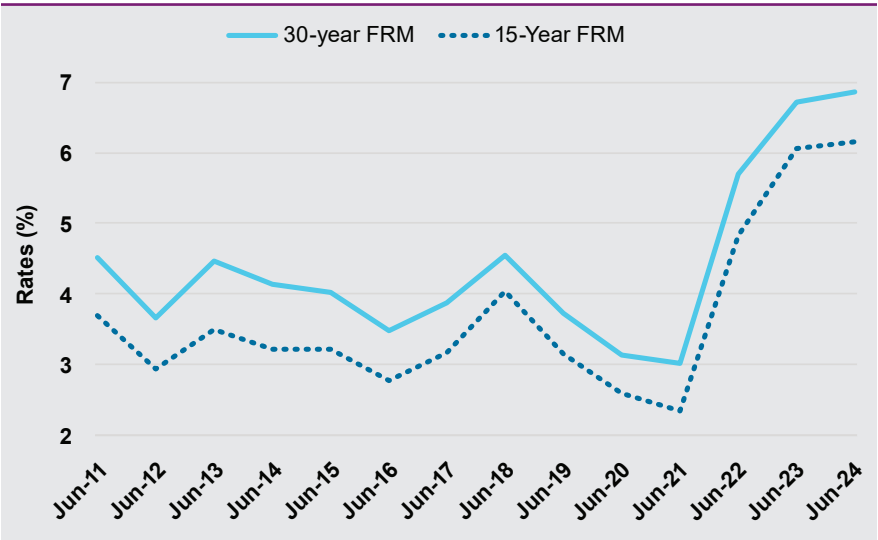
NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.

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

2 percent compared with a year ago (Austin Board of REALTORS®). Despite more inventory, the housing market ranges from tight for homes priced below \$300,000, with supply ranging from 2.6 to 3.6 months, to soft for homes priced above \$750,000, with a supply ranging from 6.5 to 9.5 months (Texas Real Estate Research Center at Texas A&M University). As of June 2024, 63 percent of active listings in the HMA were priced above \$500,000, with supply ranging from 5.5 to 9.5 months, depending on the price band. In the 12 months ending June 2024, home sales were down largely because of higher mortgage interest rates compared with 2020 and 2021 (Figure 9), resulting in a reduction of purchasing power amid record price growth and increased inflation following the onset of the pandemic. Higher costs have affected investor purchasing decisions recently. In the HMA, profits for house flips were estimated at approximately 9 percent in 2022 but reversed to losses of approximately \$18,650, or more than 4 percent, during 2023 (ATTOM Data Solutions).

Figure 9. Mortgage Rates, June 2011 Through June 2024



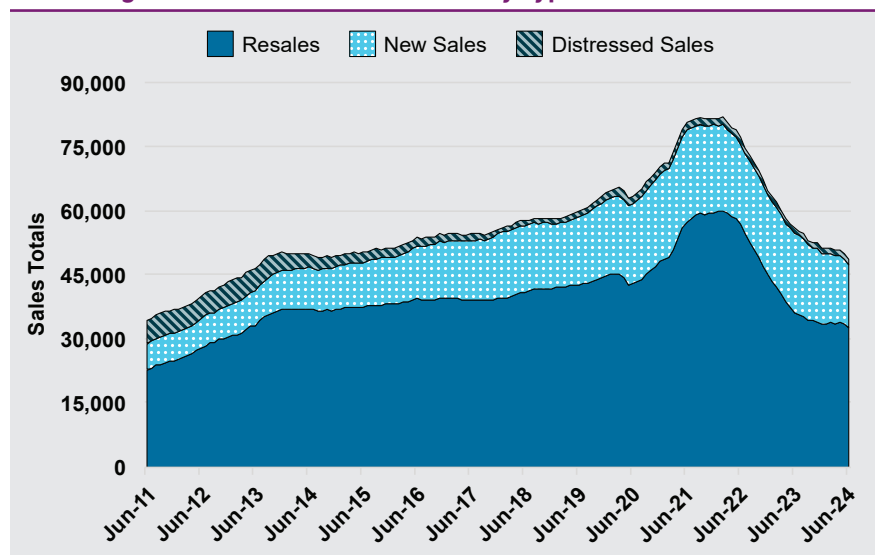
FRM = fixed-rate mortgage.
Note: Data are for the last week of June.
Source: Freddie Mac



Home Sales

During the 12 months ending June 2024, 48,800 homes sold in the HMA, down by 7,050, or 13 percent, from the previous year because the number of homebuyers continued to moderate during the past year (CoreLogic, Inc., with adjustments by the analyst). By comparison, total home sales decreased by 21,300, or 28 percent, during the 12 months ending June 2023, when 55,800 homes sold because elevated interest rates contributed to lower levels of demand (Figure 10). Resale home sales in the HMA totaled 32,700 during the 12 months ending June 2024, accounting for 67 percent of total home sales and down 10 percent from 36,200 during the previous 12 months. New home sales totaled 14,650 during the 12 months ending June 2024, down 21 percent from 18,550 during the previous 12 months. As of the 12 months ending June 2024, 31 percent of all home sales in the HMA were cash sales, down from 32 percent the previous year because of rapidly rising prices (CoreLogic, Inc., with adjustments by the analyst). Mortgage originations for second home

Figure 10. 12-Month Sales Totals by Type in the Austin HMA



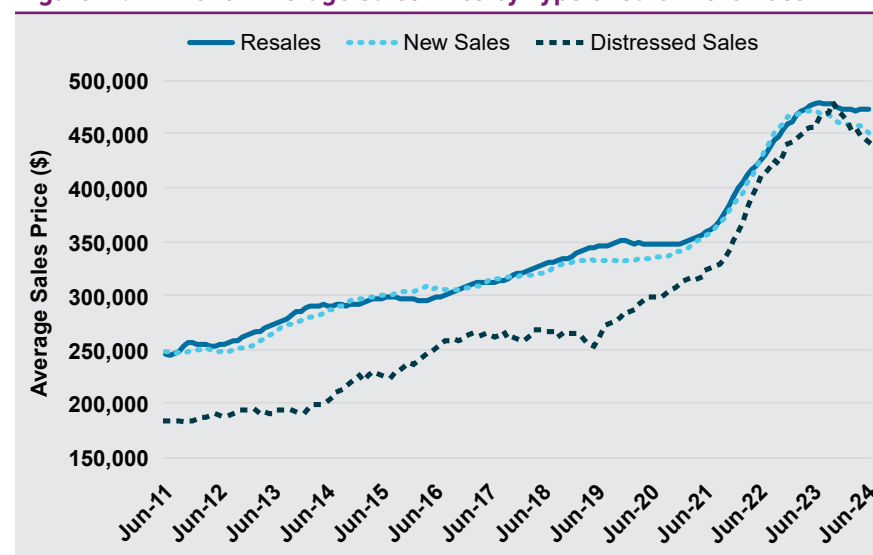
Source: CoreLogic, Inc., with adjustments by the analyst

purchases fell the most in the HMA out of the 50 most populated metropolitan areas surveyed during 2023, falling approximately 63 percent year over year (Redfin, a national real estate brokerage).

Home Sales Prices

Rising inventory and declining sales have led to a slight decline in home prices as the for-sale housing market moderates from the pandemic housing boom. The average price of a home in the HMA decreased 1 percent to \$465,400 during the 12 months ending June 2024, a reversal from a 5-percent increase a year earlier (CoreLogic, Inc., with adjustments by the analyst). Partly due to smaller home and average lot sizes, the average price for a new home declined 4 percent to \$451,300 during the 12 months ending June 2024 compared with a 10-percent increase a year earlier (Figure 11). For a resale home, the average price declined less than 1 percent to \$472,800 during the 12 months ending June 2024 compared with a 3-percent increase during the previous 12 months. Since 2016, the average price for a resale home

Figure 11. 12-Month Average Sales Price by Type of Sale in the Austin HMA



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

has been higher than the price for a new home, partly because of location and house or lot size. Approximately 25 percent of all homes sold in the HMA during the 12 months ending June 2024 were priced from \$300,000 to \$399,999, and an additional 21 percent were priced from \$400,000 to \$499,999 (Zonda; Figure 12).

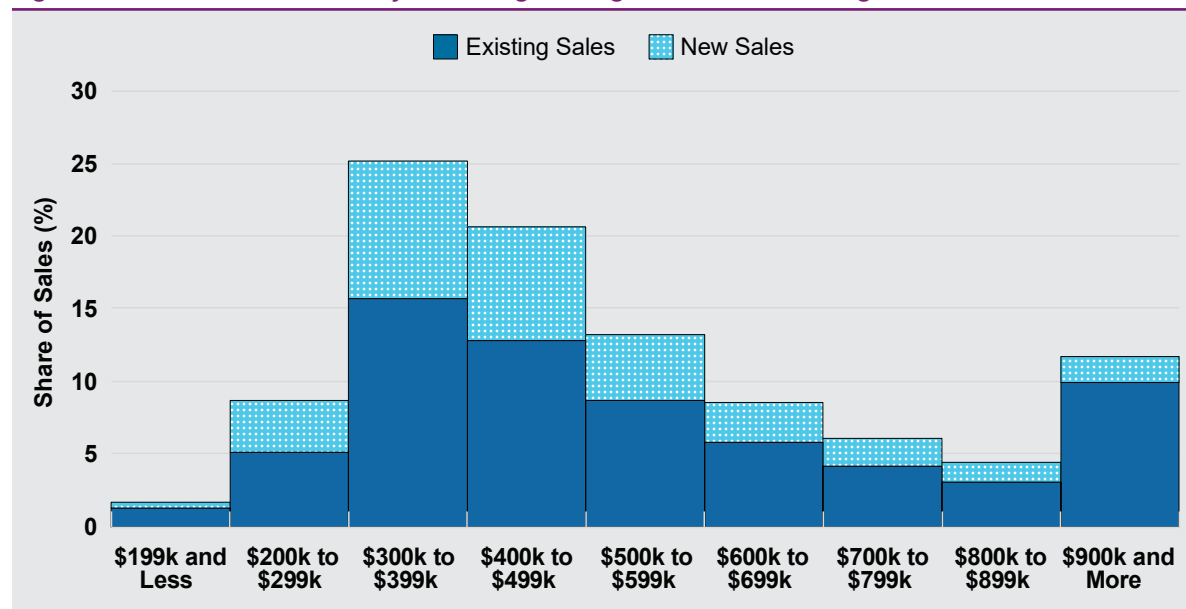
Real Estate Owned Properties and Delinquent Mortgages

As of June 2024, 0.5 percent of home loans in the HMA were seriously delinquent or in real estate owned (REO) status (CoreLogic, Inc.). That percentage is unchanged from a year earlier and well below the recent high of 3.7 percent as of August 2020, which was primarily due to delinquent mortgages during the early stages of the COVID-19 pandemic. Many homeowners were able to avoid foreclosure because of mortgage forbearance programs. The current seriously delinquent rate in the HMA is below the rates of 1.1 and 0.9 percent in Texas and the nation, respectively.

Distressed Sales

Currently, distressed sales in the HMA are relatively low compared with the early 2010s. Distressed sales were at a high of 5,875 homes, or 20 percent of all existing home sales, during 2010 but generally declined during the next 9 years to 1,700 homes, accounting for nearly 4 percent of existing sales during 2019. From 2010 through 2019, the average price of a distressed home increased from \$177,600 to \$284,400, or 5 percent a year. Distressed

Figure 12. Share of Overall Sales by Price Range During the 12 Months Ending June 2024 in the Austin HMA



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

sales increased to nearly 1,900 homes during the 12 months ending April 2020 but remained 4 percent of all existing home sales in the HMA. During the 12 months ending April 2020, the average price for distressed homes increased 16 percent to \$294,600 compared with the previous 12 months. By 2023, the number of distressed sales fell to 1,350 homes, or 4 percent of existing home sales, and home prices averaged \$467,400, up 6 percent from the previous year. The number of distressed sales totaled 1,425, or 4 percent of all existing home sales, during the 12 months ending June 2024, up from 1,050 sales, or 3 percent of existing sales, during the previous 12 months. The average price for a distressed home sale during the 12 months ending June 2024 was \$443,000, down 3 percent from the previous 12 months.

Sales Construction

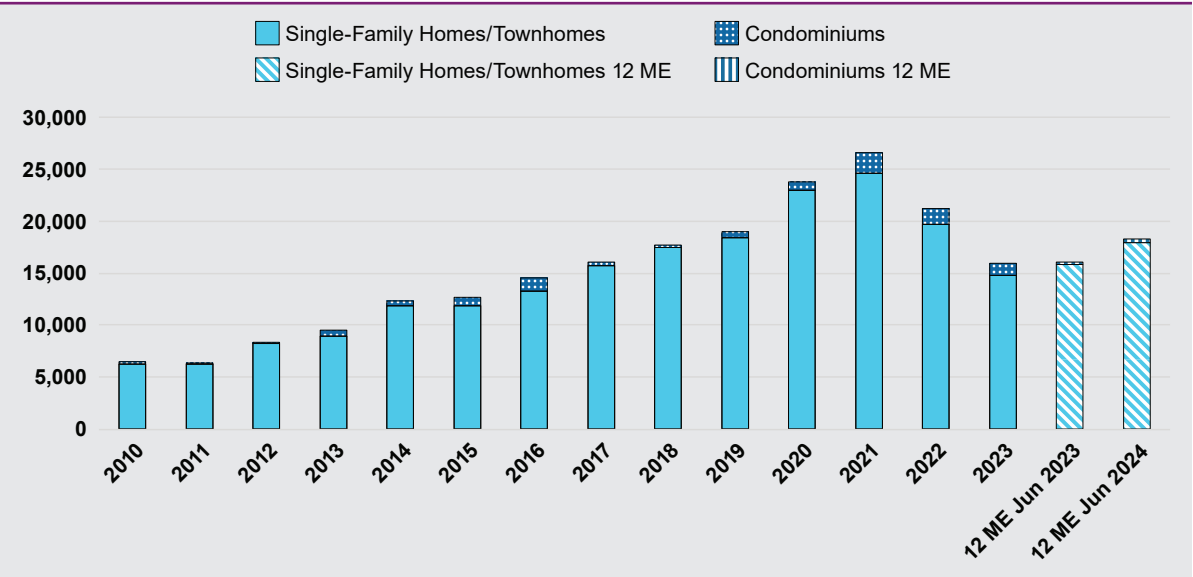
During the 12 months ending June 2024, homebuilding activity—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—totaled approximately 18,250 homes in the HMA, a 13-percent increase from the 16,100 homes permitted during the 12 months ending June 2023 due to an increase in single-family home permits in the Suburban Counties submarket

(preliminary data, with estimates by the analyst; Figure 13). During 2021, a record 26,650 homes were permitted, increasing an average of 15 percent a year since 2019. The current level of homebuilding activity is approximately 4 percent less than the 19,000 homes permitted in 2019, prepandemic.

Forecast

During the 3-year forecast period, demand is expected for an estimated 66,100 new homes in the HMA (Table 7). The 9,050 new homes 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 in the short term. However, the recent passage of the Home Options for Mobility and Equity initiative updates the Land Development Code for the City of Austin to allow for a reduction in minimum lot sizes, from 5,570 square feet to 1,800 square feet (HOME Phase 2, passed May 2024). Due in part to those changes, an increase in various housing types within the urban core is expected during the forecast period in the Travis County submarket.

Figure 13. Annual Sales Permitting Activity in the Austin HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 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	66,100 Units
Under Construction	9,050 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Sales Market—Travis County Submarket

Market Conditions: Balanced

As of June 2024, a 5.8-month supply of homes was on the market, up from a 4.0-month supply a year earlier (Austin Board of REALTORS®).

Current Conditions

The home sales market in the Travis County submarket has generally been tight since 2012 but is currently balanced after a higher mortgage interest rate led to lower demand and increased inventory. The sales vacancy rate is currently estimated at 2.2 percent, up from 1.3 percent in April 2020 (Table 8). The popularity of the city of Austin among technology companies and professionals resulted in an influx of new residents, and the ensuing elevated housing demand was amplified because mortgage rates were at historic lows following the onset of the pandemic. The portion of cash purchases also increased during 2021 because investor interest followed elevated employment (Figure 14). However, lower employment growth in the technology industry and increased borrowing costs after several years of substantive price growth tempered housing demand recently. As of June 2024, pending sales decreased more than 9 percent compared with June 2023 because a higher interest rate environment resulted

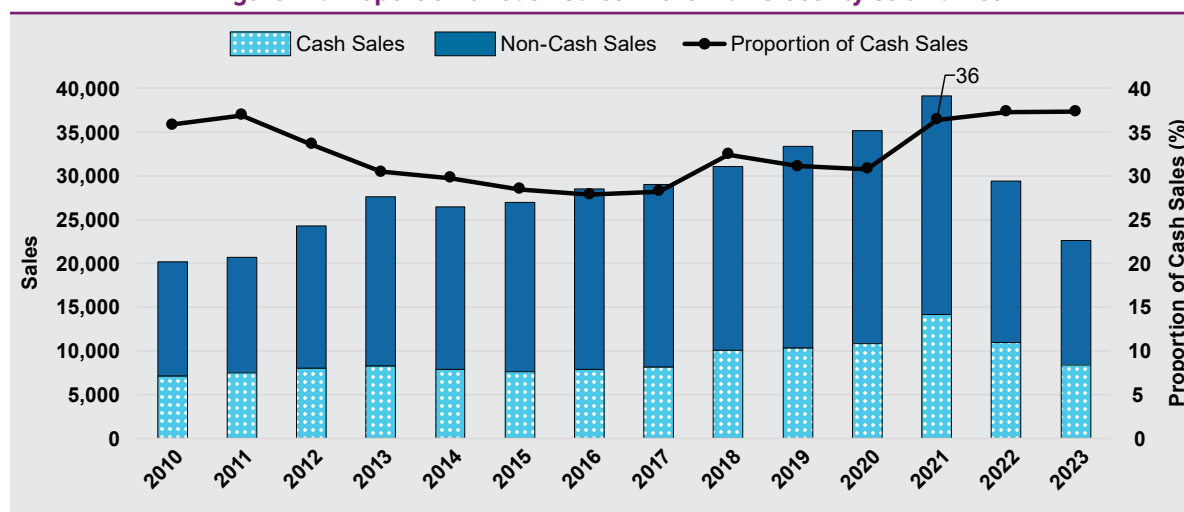
Table 8. Home Sales Quick Facts in the Travis County Submarket

	Travis County	Austin HMA
Vacancy Rate	2.2%	2.0%
Months of Inventory	5.8	5.0
Total Home Sales	22,000	48,800
1-Year Change	-11%	-13%
New Home Sales Price	\$483,100	\$451,300
1-Year Change	-2%	-4%
Existing Home Sales Price	\$514,000	\$472,800
1-Year Change	1%	0%
Mortgage Delinquency Rate	0.5%	0.5%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.

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

Figure 14. Proportion of Cash Sales in the Travis County Submarket



Note: Annual totals.

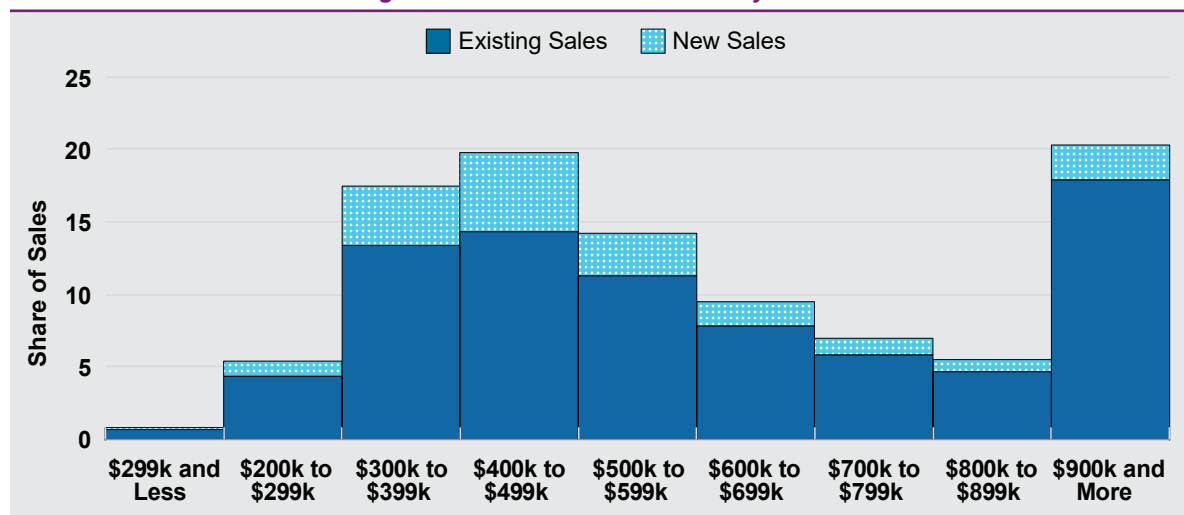
Source: CoreLogic, Inc., with adjustments by the analyst

in fewer potential buyers (Austin Board of REALTORS®). During the 12 months ending June 2024, approximately 19 percent of home sales were priced from \$400,000 through \$499,999, and another 20 percent were priced at \$900,000 or more partly because of more luxury residential options (Zonda; Figure 15).

New Home Sales and Prices

The rise in average mortgage interest rates notably affected home purchasing in the Travis County submarket during the past year, and the number of new home sales declined. During the 12 months ending June 2024, new home sales totaled 3,875, a decrease of 1,275, or 25 percent, from the previous 12 months, when 5,150 new homes sold (CoreLogic, Inc.; Figure 16). The average price of a new home in the submarket was \$483,100 during the 12 months ending June 2024, down 2 percent from a year earlier, when prices increased 7 percent (Figure 17). Following a low of 3,175 new homes sold in 2011, new home sales subsequently rose during the rest of the 2010s, with the local economy rapidly improving and attracting many new residents. The average price of a new home increased 11 percent to \$274,700 during 2011 before declining 2 percent the following year because of increased new home development at slightly lower price points, particularly in the eastern part of the submarket. During 2013 and 2014, the average price of a new home increased 10 percent a year to \$326,600, but despite strengthening economic conditions, the average new home price remained relatively stable during 2015 and 2016, when development activity rose and the available for-sale inventory increased. New home prices began to increase steadily in 2017 and were up to \$362,800 in 2020, an average increase of 3 percent annually, when 8,200 new homes sold. From 2021 through 2023, the number of new home sales declined

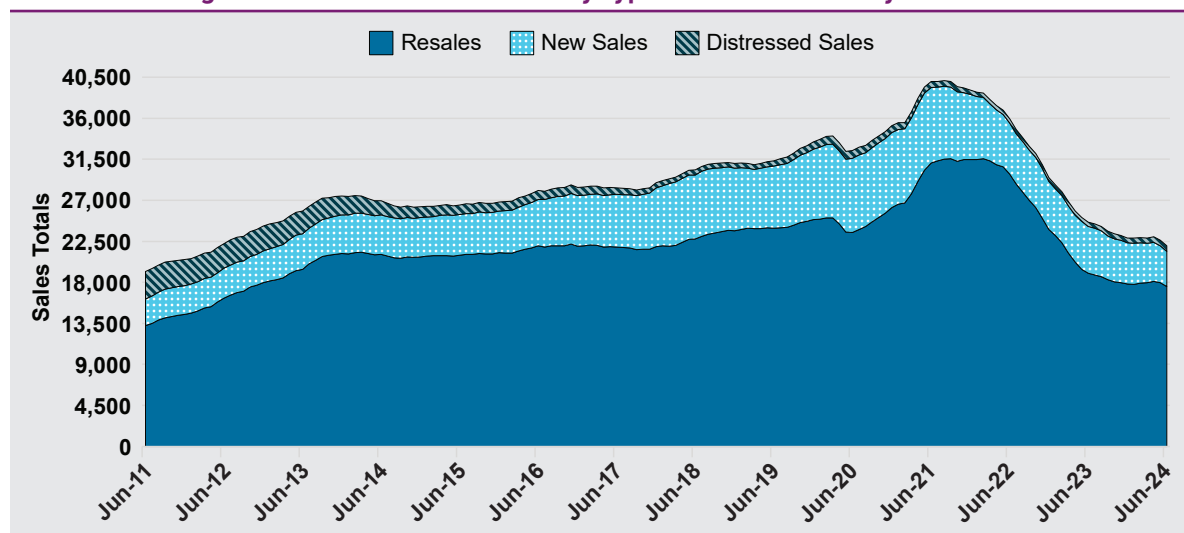
Figure 15. Share of Overall Sales by Price Range During the 12 Months Ending June 2024 in the Travis County Submarket



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

Source: Zonda

Figure 16. 12-Month Sales Totals by Type in the Travis County Submarket



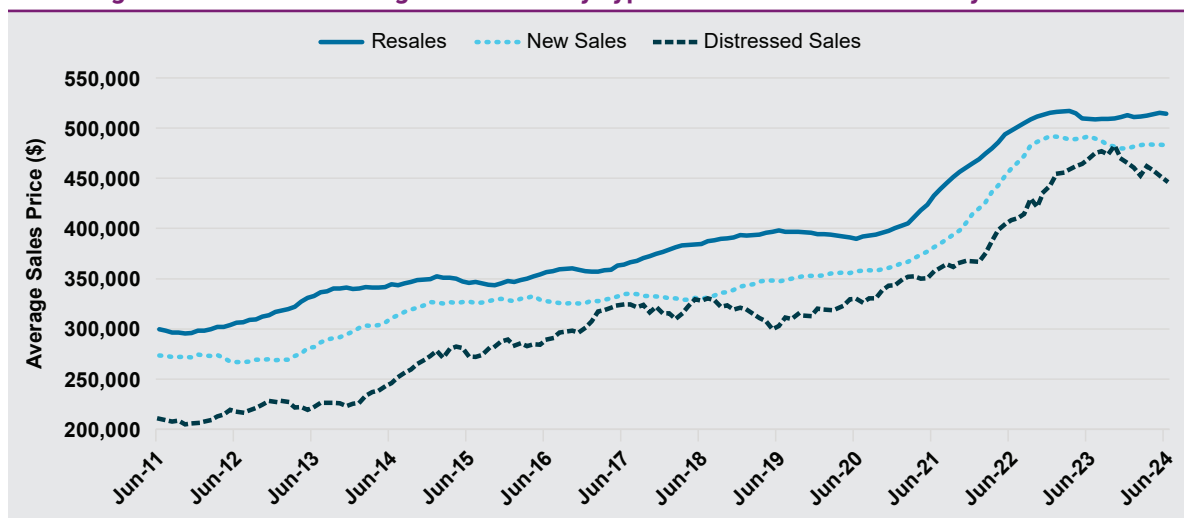
Source: CoreLogic, Inc., with adjustments by the analyst

by an average of 1,225, or 18 percent, a year to 4,500 new homes sold in 2023, partly because of rapidly increasing prices the previous 2 years, reducing the number of potential buyers. The average new home price rose an average of \$64,550, or 16 percent, a year during 2021 and 2022, reaching an average price of \$491,900 before declining 3 percent to \$479,400 in 2023.

Resale Home Sales and Prices

Resale home sales have generally followed new home sales trends in the submarket. During 2011, 14,450 resale homes sold. When the economy strengthened, resale home sales rose, and the average resale price increased to \$349,700 during 2014, an average increase of 5 percent annually since 2011. Due in part to an increase in housing inventory throughout the submarket, the average resale home price fell slightly to \$347,600 during 2015. The average price of a resale home rose 3 percent a year to \$400,200 from 2016 through 2020, when 26,200 resale homes sold. Resale home sales totaled 31,450 during 2021, a record level, before declining an average of 25 percent a year during 2022 and 2023. When the available supply of resale homes declined during 2021 and 2022, the average price of a resale home increased by \$57,550, or 13 percent, to \$515,300. However, as higher mortgage rates prevailed and the buyer pool declined, the average resale price declined to \$512,600 during 2023. During the 12 months ending June 2024, 17,500 resale homes sold, down 8 percent from the previous

Figure 17. 12-Month Average Sales Price by Type of Sale in the Travis County Submarket



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

12 months, when 19,000 resale homes sold. The average price of a resale home was \$514,000 during the 12 months ending June 2024, a 1-percent increase from the previous 12 months, when the average resale home price increased 2 percent to \$509,200. The current average price of a resale home is higher than a new home, partly because of a relatively high concentration of resale sales within Austin city limits and in the more scenic western portion of the submarket.

Real Estate Owned Properties and Delinquent Mortgages

As of June 2024, 0.5 percent of home loans in Travis County were seriously delinquent or in REO status, unchanged from a year earlier (CoreLogic, Inc.). The current rate is the same as the 0.5-percent rate in March 2020, just before the pandemic affected the labor and housing markets. By August 2020, home loans that were seriously delinquent or in REO status reached a high of 3.6 percent, entirely because of an increase in the number of mortgages 90 or more days past due, a result of the pandemic.

Sales Construction Activity

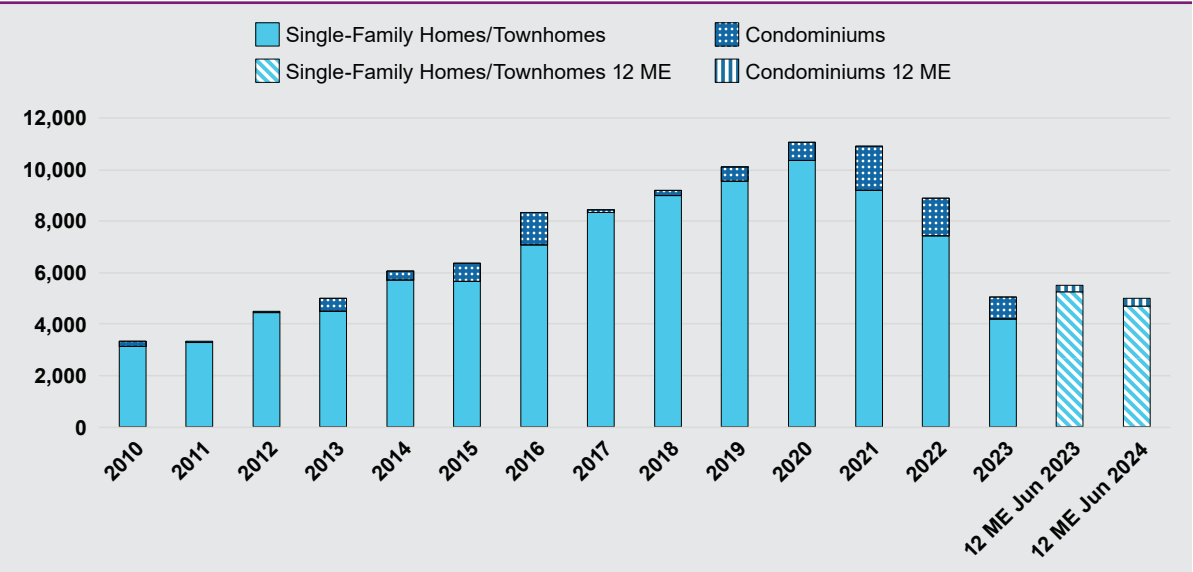
During the 12 months ending June 2024, homebuilding activity—as measured by the number of single-family homes, townhomes, and condominiums permitted—totaled 5,025, an 8-percent decline from the previous 12 months, when 5,475 homes were permitted (preliminary data, with adjustments by the analyst). A recent peak

of 11,050 homes were permitted during 2020, more than triple the average of 3,350 homes permitted during 2010 and 2011 (Figure 18). From 2012 through 2015, as builders responded to expanding local economic conditions and continued net immigration, homebuilding activity rose an average of 17 percent annually to 6,375 homes permitted in 2015. Homebuilding activity rose 31 percent to 8,325 homes permitted during 2016 because of continued strong local economic conditions, and production continued to increase. By 2019, 10,100 homes were permitted, or a 7-percent increase a year since 2017. The number of single-family homes permitted declined slightly from the peak of 11,050 in 2020 to 10,900 in 2021. During 2022, when interest rates increased and for-sale housing demand moderated, 8,875 homes were permitted, down 19 percent compared with the previous year. Sales construction declined to 5,075 homes during 2023, the lowest level since 2013.

Recent Construction Activity

Recent new home development has generally been concentrated in the eastern part of the submarket. Loyola, a new community, recently began presales for 63 single-family homes northeast of the city of Austin near Mueller Lake Park and Little Walnut Creek Greenbelt. Prices start in the \$500,000s for three- or four-bedroom homes ranging from 1,531 to 2,120 square feet. To date, 38 homes have sold.

Figure 18. Annual Sales Permitting Activity in the Travis County Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Forecast

During the 3-year forecast period, demand is estimated for 26,800 new sales units in the submarket, which accounts for 41 percent of the estimated demand for new homes in the HMA (Table 9). The 3,700 units 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	
Demand	26,800 Units
Under Construction	3,700 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Sales Market—Suburban Counties Submarket

Market Conditions: Balanced

The inventory of available homes for sale increased to 4.5 months as of June 2024, up from 3.6 months of supply as of June 2023 (Austin Board of REALTORS®, with adjustments by the analyst).

Current Conditions

The sales housing market in the Suburban Counties submarket is currently balanced, with an estimated sales vacancy rate of 1.8 percent, up from 1.6 percent in 2010 (Table 10). Sales market conditions vary by county, ranging from slightly tight in Caldwell County to balanced in Bastrop County. As of June 2024, the supply of available inventory ranged from 3.0 months in Caldwell County to 5.7 months in Bastrop County (Austin Board of REALTORS®). Home prices are slightly lower in the Suburban Counties submarket than in the Travis County submarket, including a notably higher percentage of homes that sold for less than \$400,000 (Figure 19).

New Home Sales and Prices

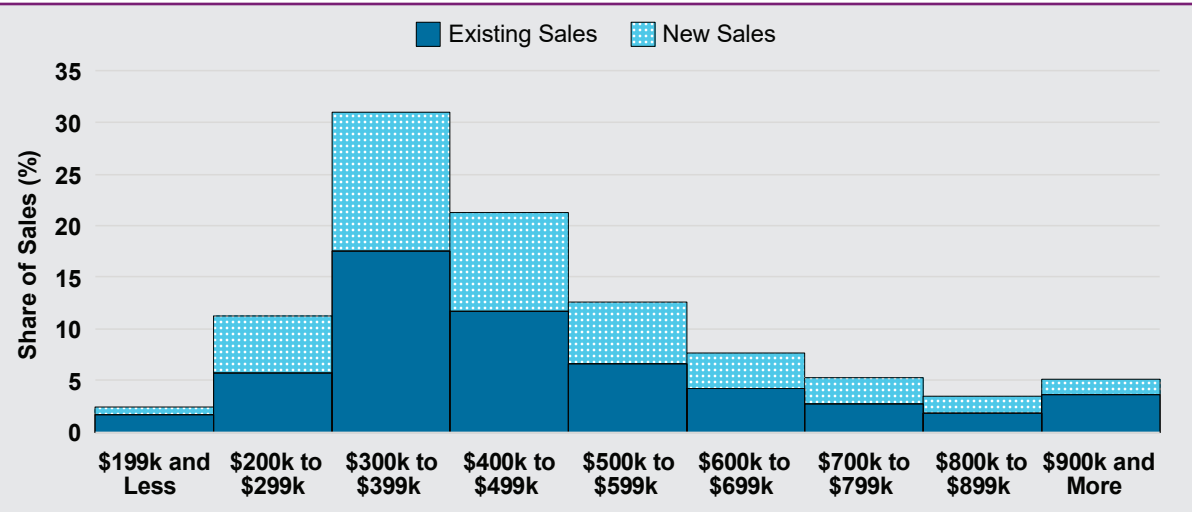
Strong in-migration to the submarket increased the demand for new homes, and new home sales generally trended upward because of strong job growth before declining recently. During the 12 months ending June 2024, 10,750 new

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

Home Sales Quick Facts	Suburban Counties		Austin HMA
	Vacancy Rate	1.8%	2.0%
	Months of Inventory	4.5	5.0
	Total Home Sales	26,800	48,800
	1-Year Change	-16%	-13%
	New Home Sales Price	\$442,000	\$451,300
	1-Year Change	-5%	-4%
	Existing Home Sales Price	\$426,700	\$472,800
	1-Year Change	-1%	0%
	Mortgage Delinquency Rate	0.6%	0.5%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Austin Board of REALTORS® and National Association of REALTORS®; mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

Figure 19. Share of Sales by Price Range During the 12 Months Ending June 2024 in the Suburban Counties Submarket



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

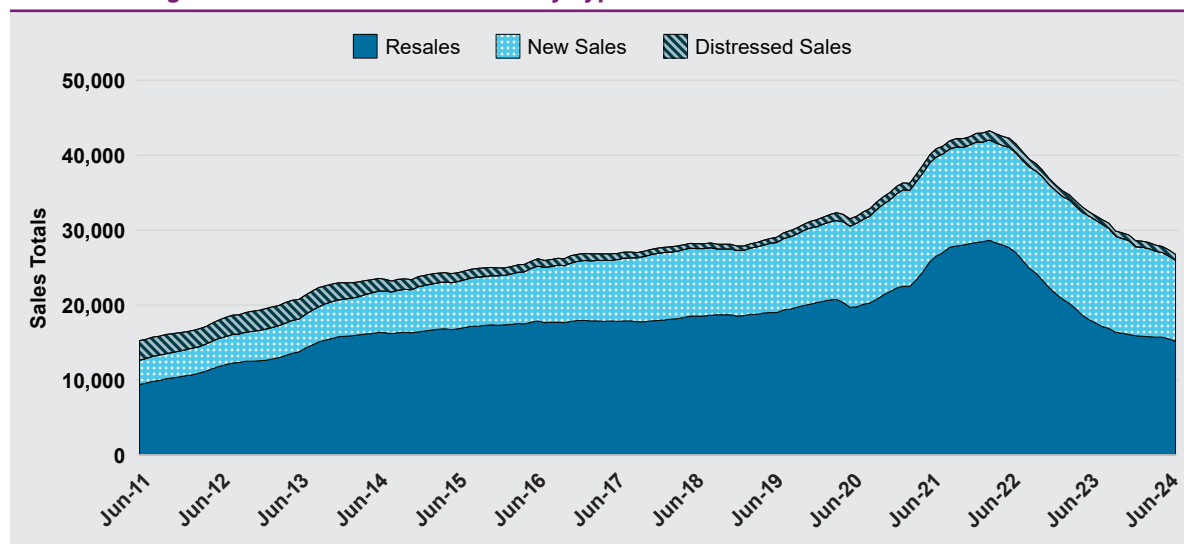
homes sold, down 22 percent compared with the previous 12 months, when new home sales increased 3 percent (Figure 20). The decline during the past year was largely due to higher interest rates that reduced home purchases throughout the submarket. During the 12 months ending June 2024, new home

prices averaged \$442,000, down 5 percent compared with the previous 12 months, when the average price increased 12 percent. Within the submarket, during the 12 months ending June 2024, average new home prices ranged from \$291,900 in the more rural Caldwell County to \$483,500 in Williamson County, a growing industrial hub and location of the Samsung factory. New home sales totaled 3,450 in 2011 and increased an average of 15 percent annually from 2012 through 2020, when 12,600 new homes sold. Home prices increased an average of 4 percent a year from 2012 to \$328,100 in 2020. The number of new home sales increased to 13,350 during 2021. Average home prices increased 13 percent when the market quickly tightened because of an influx of new residents and lower home prices compared with the nearby Travis County submarket. New home sales increased to 13,700 during 2022, and the average home price increased a record 23 percent from the previous year to \$456,500, outpacing resale price growth (Figure 21). By August 2023, 2 months sooner than in the Travis County submarket, new home sales in the Suburban Counties submarket began to decline year over year. By the end of 2023, the number of new home sales totaled 11,900, or a 13-percent decline compared with 2022, and the average price of a new home declined slightly to \$452,600.

Resale Home Sales and Prices

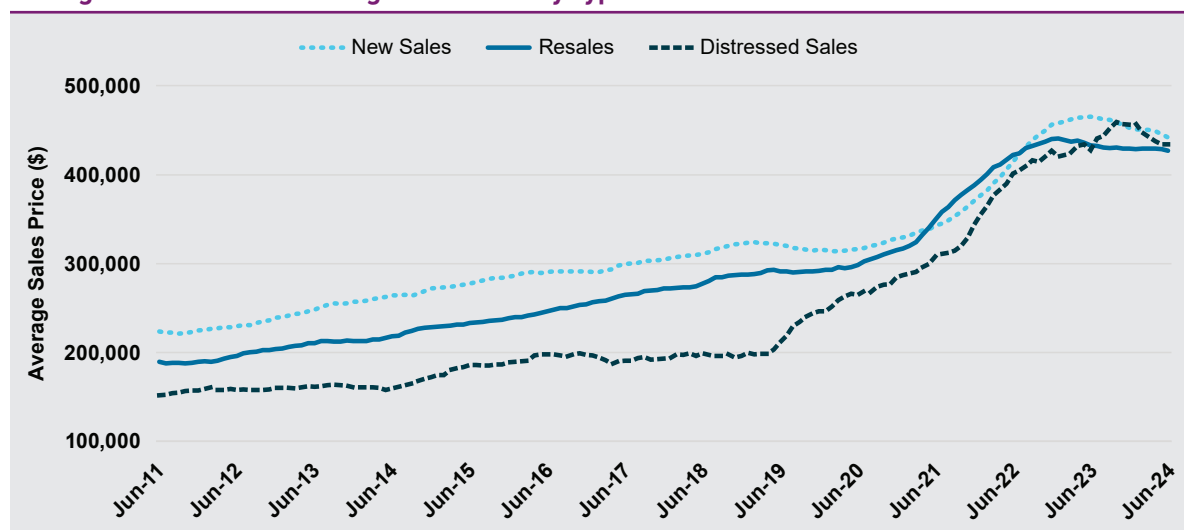
Before the decline beginning in July 2022, the number of resale home sales had consistently increased for more than a decade. During the

Figure 20. 12-Month Sales Totals by Type in the Suburban Counties Submarket



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

Figure 21. 12-Month Average Sales Price by Type of Sale in the Suburban Counties Submarket



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

12 months ending June 2024, the number of resale home sales declined 14 percent to 15,200 compared with 17,600 during the 12 months ending June 2023. Resale home prices averaged \$426,700 during the 12 months ending June 2024, down 1 percent compared with the previous 12 months, when the average price was up 3 percent. During 2011, the average resale home price increased 2 percent to \$189,500, and resale home sales were relatively low at 10,400 sales. Since 2012, resale home sales have generally trended upward. Elevated net in-migration and relatively lower home prices compared with the Travis County submarket contributed to strong demand. From 2012 through 2020, resale home sales increased an average of 9 percent annually to 22,300 sales, and the average resale home price increased 6 percent a year during the period to \$315,000. New home prices were consistently higher than resale home prices in the submarket from 2010 through 2020 and until mid-2021 to mid-2022, when the inventory for resales fell below a 1-month supply. During 2021, 28,400 resale homes sold, up 27 percent from the previous year. Average resale home prices increased 23 and 13 percent, respectively, during 2021 and 2022 to \$439,900. By mid-2022, resale home sales began to decline year over year, falling 24 percent to 21,550 sales during 2022. The decline continued in 2023, when 15,900 resale homes sold, down 26 percent compared with 2022, and the average price of a resale home was \$429,200, a decline of \$10,650, or 2 percent, when higher interest rates slowed demand, affecting price growth.

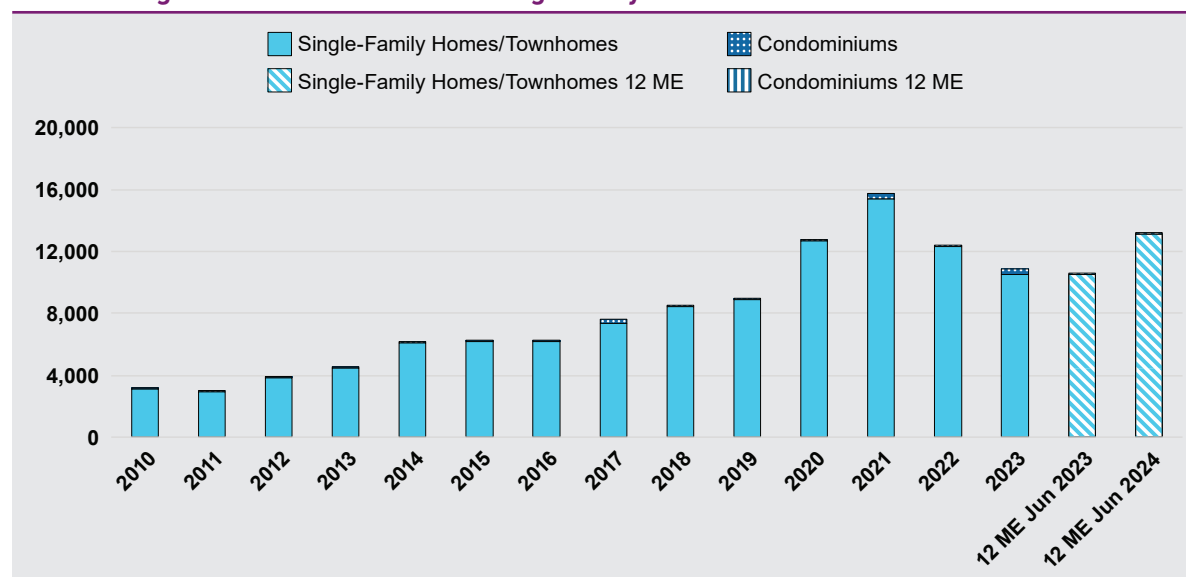
Real Estate Owned Properties and Delinquent Mortgages

As of June 2024, 0.6 percent of mortgages in the Suburban Counties submarket were seriously delinquent or in REO status, unchanged from the previous year 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 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 when some homeowners struggled to keep current on mortgage payments during the pandemic.

Sales Construction Activity

Home sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted—increased 25 percent in the submarket to 13,200 units during the 12 months ending June 2024 compared with 10,600 units a year earlier (preliminary data, with adjustments by the analyst; Figure 22). Builders increased activity in response to announced semiconductor manufacturing

Figure 22. Annual Sales Permitting Activity in the Suburban Counties Submarket



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

expansions and distribution centers, particularly in Williamson County. Sales construction activity has increased since the average low of 3,025 homes permitted in 2010 and 2011, which was due to reduced demand stemming from the Great Recession. From 2012 through 2019, homebuilding activity increased an average of 15 percent annually to 8,925 homes permitted during 2019 because of strong economic conditions and demand for new housing, and elevated price growth prevailed when the market tightened. In response, homebuilding activity increased during 2020 and 2021, rising an average of 33 percent a year to a high of 15,750 homes permitted in 2021. When higher costs decreased buyer demand, builders pulled back production in 2022 and 2023, and homebuilding activity fell an average of 17 percent a year to 10,900 homes in 2023.

Recent Construction Activity

Relative to the Travis County submarket, the Suburban Counties submarket has significant amounts of developable land, particularly near major transportation arteries. Williamson County, which is north of Travis County and bisected by the I-35 corridor, accounted for approximately 50 percent of all new homes during the 12 months ending June 2024, and Hays County, which is south of Travis County along I-35, accounted for approximately 34 percent of all new homes in the submarket. Current developments underway include Flora, an 835-acre master-planned community in the city of Hutto near the Samsung plant. Phase 1 is expected to include 400 three- and four-bedroom single-

family homes ranging in size from 1,520 to 3,199 square feet, with presales expected in early 2025. The complete buildout of the planned 2,800 homes is expected to take 7 to 10 years. The Porter Country development in the city of Buda is underway and anticipated to have 980 homes at buildout. Currently, 35 homes are available for sale, and 86 homes are planned to begin construction, with prices for single-family homes starting at \$287,999 for home sizes ranging from 1,416 to 2,745 square feet.

Forecast

During the next 3 years, demand is expected for 39,300 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 growth, partly because of more affordably priced housing options in the Suburban Counties submarket compared with the Travis County submarket. The 5,350 homes under construction will meet a portion of the demand for the first year of the forecast period.

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

Sales Units	
Demand	39,300 Units
Under Construction	5,350 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Rental Market

Rental Market—Austin HMA

Market Conditions: Soft

The Austin HMA continues to contend with a high volume of deliveries amid lower absorption compared with 2021; annual rental absorption totaled 8,000 and 9,025 units in 2022 and 2023, respectively, whereas respective deliveries totaled 17,000 and 24,050 units (CoStar Group).

Current Conditions and Recent Trends

The overall rental market in the HMA is soft, with an estimated 13.8-percent vacancy rate, up from 7.9 percent in April 2020 (Table 12). Net in-migration and increased renter household growth contributed to generally tight rental market conditions in the HMA during much of the late 2010s. However, multifamily construction boomed following the outbreak of the COVID-19 pandemic because of record-low interest rates and tight rental market conditions. Since the second quarter of 2020, approximately 78,750 rental

units have been added to the market, or an increase to the total rental market inventory of 28 percent (CoStar Group). Approximately 25 percent of all renter-occupied units in the HMA were single-family homes as of 2023, unchanged from 2010 (2010 and 2023 ACS 1-year data). As of 2023, 63 percent of renter households lived in multifamily buildings with five or more units, typically apartments, up from 56 percent in 2010.

Apartment Market Conditions

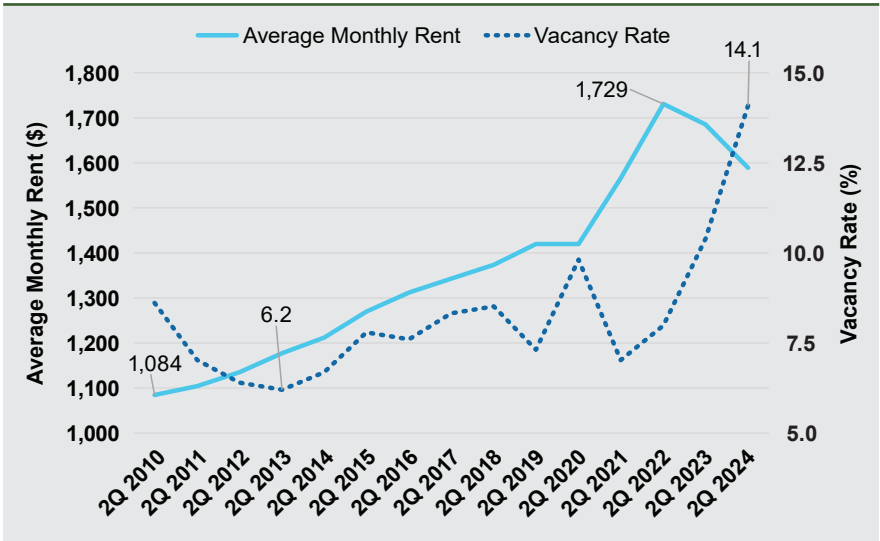
Apartment market conditions in the HMA are currently soft. The overall apartment vacancy rate increased to 14.1 percent as of the second quarter of 2024, up from 10.4 percent the previous year (CoStar Group; Figure 23). Increasing levels of in-migration and new household formations have increased rental demand throughout the HMA following several business relocations since 2020. Average apartment rents rose an average of \$155, or 10 percent, a year from the second quarters of 2020 to 2022 as apartment

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

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	7.913.8
	2010 (%)	2023 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	2525
	Multifamily (2–4 Units)	1510
	Multifamily (5+ Units)	5663
	Other (Including Mobile Homes)	43
Apartment Market Quick Facts	2Q 2024	YoY Change
	Apartment Vacancy Rate	14.13.7
	Average Rent	\$1,589-6%

2Q = second quarter. YoY= year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Figure 23. Apartment Rents and Vacancy Rates in the Austin HMA



2Q = second quarter.
Source: CoStar Group



units were absorbed. Developers responded by ramping up production, but construction delays have been ongoing since 2020, limiting completions. During 2021, the apartment market quickly tightened, but during 2022, 14,400 apartment units—or approximately 20 percent more—were delivered in the HMA compared with 2021, pushing up average vacancy rates among properties. As of the second quarter of 2022, average apartment rents were \$1,729, but they declined 3 percent to \$1,685 as of the second quarter of 2023. The average apartment rent in the HMA was \$1,589 as of the second quarter of 2024, down 6 percent from a year ago. Approximately 20,950 apartment units were delivered in the HMA during 2023, further increasing average vacancy rates and leading to concessions offered at approximately 43 percent of all apartment properties as of June 2024, up from 23 percent the previous year, with concession packages averaging 8.2 percent and rents continuing to decline (ALN Apartment Data, Inc.).

Apartment Market Conditions by Geography

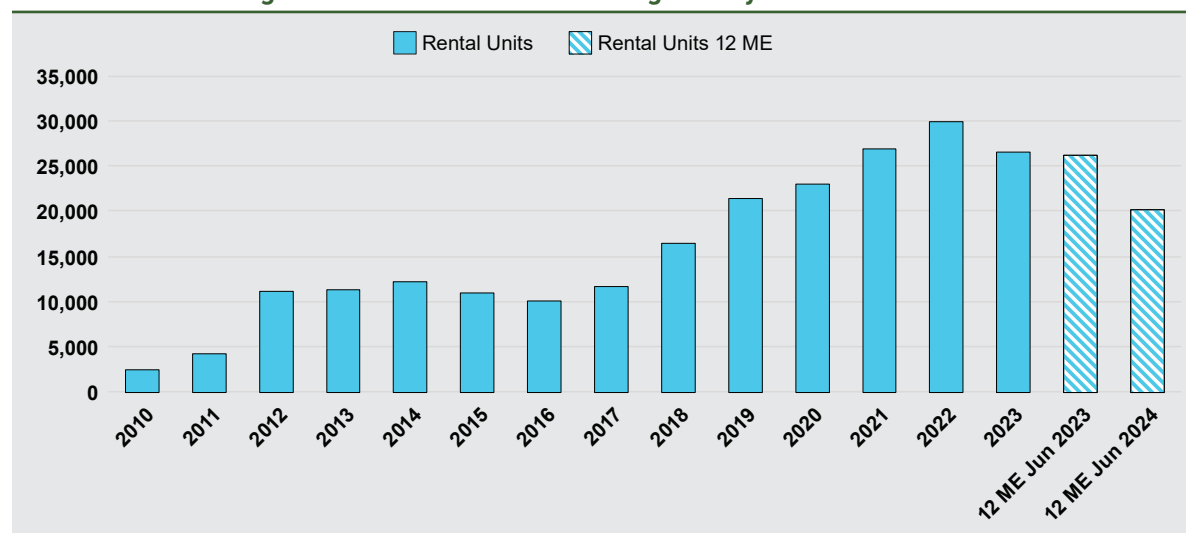
Of the 25 CoStar Group-defined market areas in the HMA, apartment market conditions ranged from slightly tight in the Far North Austin market area to soft in the Buda-Kyle market area, with respective average vacancy rates of 6.5 and 24.6 percent as of the second quarter of 2024. The Buda-Kyle market area has the highest vacancy

rate in the HMA because of the sharp increase in new supply. As of the second quarter of 2024, the Far North Austin and Buda-Kyle market areas had average respective rent declines of \$48 and \$126, or 4 and 7 percent, to \$1,618 and \$1,566 compared with a year ago, when respective average apartment vacancy rates were 9.0 and 16.7 percent. Average apartment rents in the HMA ranged from \$1,178 in the Caldwell County market area to \$3,156 in the Downtown Austin market area, the location of UT. During the past year, average rents declined in every CoStar-defined market in the HMA, with declines ranging from less than 1 percent in the San Marcos and Central Austin market areas to 8 percent in the Far West Austin and Pflugerville market areas.

Rental Construction

Rental building activity, as measured by the number of rental units permitted, declined during the 12 months ending June 2024 because developers pulled back production as the apartment vacancy rate continued to increase. During the period, approximately 20,200 rental units were permitted in the HMA (preliminary data), down by 6,000 units, or 23 percent, from the previous 12 months (Figure 24). The

Figure 24. Annual Rental Permitting Activity in the Austin HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

number of rental units permitted was relatively stable from 2012 through 2017, averaging 11,250 units a year. However, as developers responded to increased multifamily rental demand, rental construction activity increased sharply by an average of 3,650, or 21 percent, a year from 2018 through 2022 to a peak of 29,950 units in 2022. Of the 30 largest metropolitan areas surveyed since 2017, the most multifamily units per capita have been built in the HMA (Apartment List, Inc.). When average vacancy rates increased throughout the HMA and record rent growth declined year over year, production declined by 3,375 units, or 11 percent, to 26,600 rental units during 2023.

Forecast

During the 3-year forecast period, demand is estimated for 32,250 new rental units in the HMA, after accounting for the current excess supply of vacant units to be absorbed (Table 13). The current pipeline of units under construction, totaling 36,150, 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 17,250 rental units in the Travis County submarket, which accounts for 53 percent of the estimated demand for new rental units in the HMA. The 24,500 units under construction in that submarket are expected to satisfy the rental demand during the forecast period. Demand is expected for an estimated 15,000 rental units in the Suburban Counties submarket during the forecast period. The 11,650 units under construction, which represent 36 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	
Demand	32,250 Units
Under Construction	36,150 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Rental Market—Travis County Submarket

Market Conditions: Soft

During the 12 months ending June 2024, rental absorption totaled nearly 8,000 units compared with deliveries of 17,850 rental units (CoStar Group), outpacing demand and leading to average apartment rent declines of 6 percent—a continuation of rent declines that started in the second quarter of 2023.

Current Conditions and Recent Trends

The overall rental market in the Travis County submarket is currently soft, with an estimated 13.0-percent vacancy rate, up from 7.8 percent in April 2020 (Table 14). With rapidly rising rents in the submarket during early 2021 and early 2022, a significant number of rental units were permitted, including single-family homes offered for rent. Approximately 21 percent of all renter households lived in single-family homes in the submarket in 2023, unchanged from 2010 (2010 and 2023 ACS 1-year data). The share of occupied multifamily structures with five or more units, typically apartments, was 68 percent of the occupied rental stock during 2023, up from 61 percent in 2010.

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

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	7.813.0
	2010 (%)	2023 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	2121
Apartment Market Quick Facts	Multifamily (2–4 Units)	1510
	Multifamily (5+ Units)	6168
	Other (Including Mobile Homes)	32
	2Q 2024	YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate	13.1%3.3
	Average Rent	\$1,617-6%

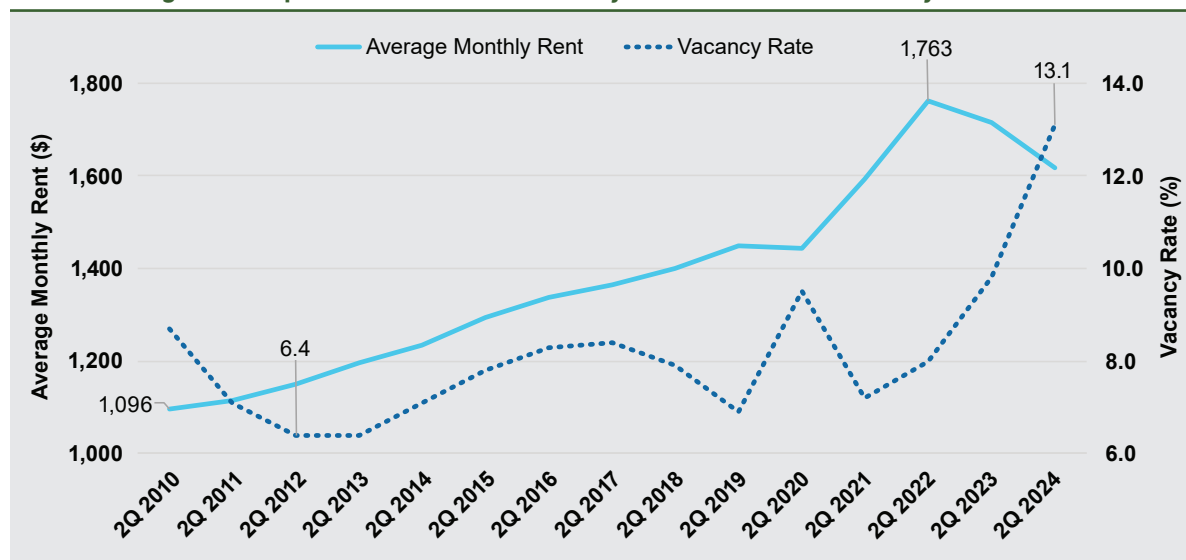
2Q = second quarter. YoY= year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group



Apartment Market Conditions

The apartment market in the Travis County submarket is soft. As of June 2024, approximately 40 percent of all market-rate apartment properties in Travis County are offering concessions, up from 27 percent the previous year. Concession packages average 8.3 percent (ALN Apartment Data, Inc.). As of the second quarter of 2024, the average apartment market vacancy rate was 13.1 percent, up from 9.8 percent a year earlier, when the market was slightly soft, and up from 8.0 percent as of the second quarter of 2022, when the market began to moderate from tight conditions (CoStar Group, Inc., with adjustments by the analyst; Figure 25). New units continue to deliver at a faster pace than absorption, and average apartment vacancy rates increased during the past 2 years. In the early 2010s, the opposite occurred, and demand for apartments outpaced completions after years of low rental construction. As of the second quarter of 2010, the average apartment vacancy rate was 8.7 percent, but by the second quarter of 2012, the apartment market had tightened, and average apartment vacancy rates fell to a low of 6.4 percent. When multifamily development increased in response to tight apartment market conditions, the average apartment vacancy rate increased to 8.4 percent as of the second quarter of 2017 before the market tightened and the vacancy rate declined to 6.9 percent as of the second quarter of 2019. In 2019, approximately 5,575 apartment units were

Figure 25. Apartment Rents and Vacancy Rates in the Travis County Submarket



2Q = second quarter.
Source: CoStar Group

absorbed. The temporary outflux of some residents from the urban core occurred when remote work and online schooling were prevalent during 2020, and the average apartment vacancy rate increased to 9.5 percent as of the second quarter of 2020. When apartment market conditions were briefly soft during 2020, tempered absorption of 2,950 apartment units occurred throughout the year. The average apartment vacancy rate declined to 7.2 percent as of the second quarter of 2021, and a record level of absorption totaling 14,850 units in 2021 spurred elevated apartment construction.

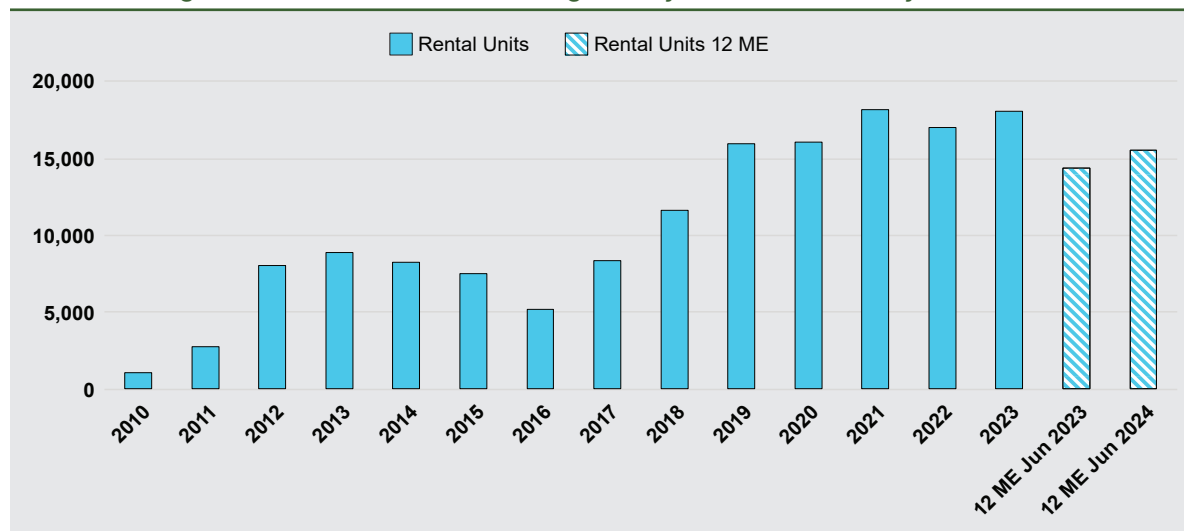
The surplus of rental units has put downward pressure on average apartment rents. The average rent for an apartment in the Travis County submarket is \$1,617 as of the second quarter of 2024, down \$99, or 6 percent, from a year ago. As of the second quarter of 2023, average apartment rents declined 3 percent to \$1,716 from the peak of \$1,763 the previous year. Due in part to migration and the resumption of in-person activity following the initial stages of the pandemic, elevated absorption combined with many newer and more expensive apartments entering the market contributed to a rapid increase in average apartment rents. Average apartment rents fell \$6, or less than 1 percent, to \$1,443 as of the second quarter of 2020 from a year earlier, partly because of less rental demand in the urban core—the result of countermeasures to

slow the spread of the pandemic. This decline in the average apartment rent was the first in the submarket since the second quarter of 2010, when market conditions were slightly soft and average rents declined 2 percent to \$1,096. From 2011 to 2013, when the apartment market was tightening because of higher levels of demand, the average second quarter rent for apartments increased 4 percent a year to \$1,197. In 2014, when the apartment vacancy rate increased, the rate of rent growth slowed slightly. From 2014 to 2019, the average second quarter rent increased 3 percent a year, preceding an 11-percent annual increase from 2020 to 2022.

Rental Construction Activity Trends

Rental construction activity, as measured by the number of rental units permitted, has generally been at high levels since accelerating sharply in 2018 from the early 2010s. Approximately 15,600 rental units were permitted during the 12 months ending June 2024, an increase of 1,200, or 8 percent, from the previous 12 months (preliminary data, with adjustments by the analyst; Figure 26). After the onset of the national housing crisis, rental construction remained low, and during 2010 and 2011, an average of 1,875 rental units were permitted annually. With strong net immigration and strong apartment rent growth from 2012 through 2017, rental production averaged 7,675 units annually amid the redevelopment

Figure 26. Annual Rental Permitting Activity in the Travis County Submarket



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

of older rental communities. Apartment vacancy rates remained generally low during the period, and developers responded with increases in production, increasing an average of 2,475 units, or 22 percent, annually from 2018 through 2021 to a high of 18,150 rental units permitted in 2021. Although vacancy rates rose in 2022 and 2023, rental construction activity remained at a relatively high level, averaging 17,750 units permitted each year. Construction timelines have lengthened since the late 2010s, contributing to tight conditions during 2021 before completions ramped up during 2023. Rental unit completions averaged 8,500 units a year during 2019 and 2020, increasing to an average of 10,450 units during 2021 and 2022. Another 14,300 units were delivered during 2023 (CoStar Group, with adjustments by the analyst).

Rental Construction Activity by Type and Geography

Within the submarket, the type and composition of rental units being built have changed notably since the 2010s. Since 2016, 45 percent of all apartment units built in the submarket have been one-bedroom or studio units compared with 23 percent of all apartment units built before 2016 (CoStar Group, with adjustments by the analyst). More than 50 percent of all apartment units have been in midrise or highrise

buildings compared with 14 percent built before 2016, contributing to longer construction times. In addition, Class A apartment development has been approximately 50 percent of all apartment development since 2020 compared with 22 percent before 2016. Recent development activity has been notable in eastern Travis County. The Howard apartments, a 360-unit complex approximately 12 miles northeast of Austin in the city of Manor, is expected to open in September 2024, offering 245 one-, 65 two-, and 50 three-bedroom units, with monthly rents starting at \$1,395. East of downtown Austin, The Prado, a 396-unit apartment complex, is expected to open in December 2024 in the city of Del Valle, home to

the headquarters of Tesla, Inc. This property has 36 studios and 238 one-, 104 two-, and 18 three-bedroom units, with rents ranging from \$1,300 to \$2,675 per month.

Forecast

During the 3-year forecast period, demand is estimated for 17,250 new rental units after accounting for excess vacancy (Table 15). The 24,500 rental units currently under construction are expected to satisfy rental demand for the next 3 years. In addition, 11,700 units are in final planning, with proposed start dates within the next 3 months. Any units added during the forecast period beyond what is already under construction are anticipated to contribute to prolonged soft rental market conditions despite strong job growth.

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

Rental Units	
Demand	17,250 Units
Under Construction	24,500 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Rental Market—Suburban Counties Submarket

Market Conditions: Soft

During the 12 months ending June 2024, absorption totaled 5,975 rental units compared with 12,000 deliveries of rental units, outpacing demand.

Recent Market Conditions and Trends

As of the second quarter of 2024, the overall rental market in the Suburban Counties submarket is soft, with an estimated 15.5-percent vacancy rate, up from 8.0 percent in April 2020 (Table 16). With rapidly rising rents in the submarket during early 2021 and early 2022, a significant number of rental units were permitted in addition to a portion of single-family homes being offered for rent, contributing to rising average rental vacancy rates. Single-family homes accounted for approximately 34 percent of occupied rental units in the submarket in 2023, unchanged from 2010 (2010 and 2023 ACS 1-year data). The share of occupied multifamily structures with five or more units, typically apartments, was 51 percent of the occupied rental stock in 2023, up from 43 percent in 2010.

Apartment Market Conditions

The apartment market in the submarket is currently soft, with a 16.5-percent vacancy rate as of the second quarter of 2024, up from

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

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	8.015.5
	2010 (%)	2023 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	3434
Apartment Market Quick Facts	Multifamily (2–4 Units)	1411
	Multifamily (5+ Units)	4351
	Other (Including Mobile Homes)	94
	2Q 2024	YoY Change
	Apartment Vacancy Rate	16.54.4
	Bastrop County	9.2-4.8
	Caldwell County	10.57.2
	Hays County	21.49.8
	Williamson County	15.63.3
	Average Rent	\$1,522-5.2%
	Bastrop County	\$1,368-3.9%
	Caldwell County	\$1,178-2.6%
	Hays County	\$1,466-4.0%
	Williamson County	\$1,545-5.6%

2Q = second quarter. YoY= year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

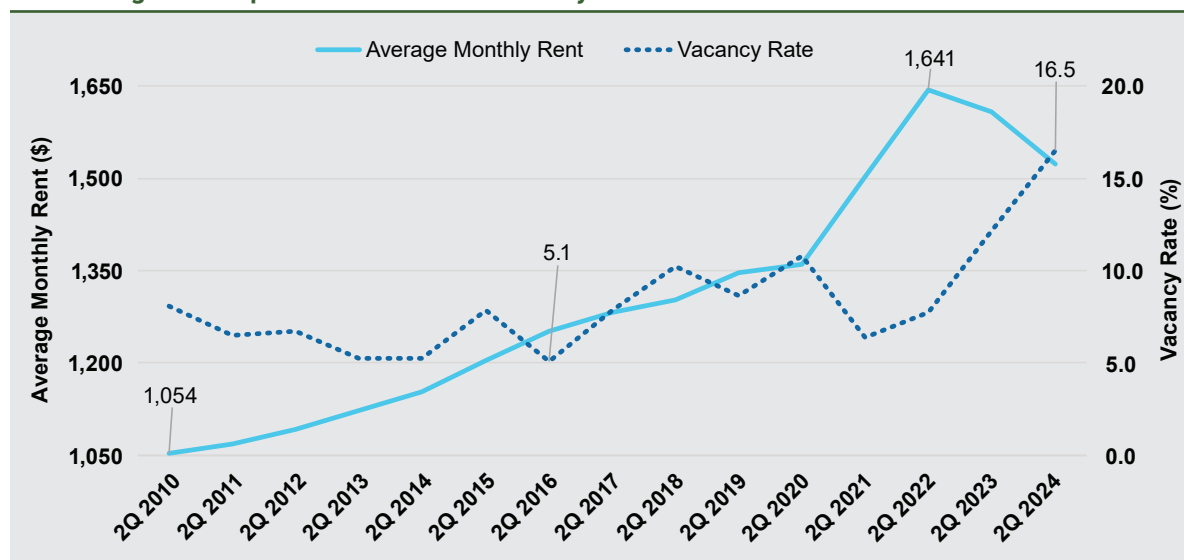
12.1 percent a year ago and up significantly from 7.7 percent as of the second quarter of 2022 (CoStar Group., with adjustments by the analyst; Figure 27). Apartment market conditions shifted to slightly soft as of the second quarter of 2010, with an average apartment vacancy rate of 8.1 percent. By the second quarter of 2013, the average apartment vacancy rate declined to a low of 5.3 percent, where it remained the following year as absorption outpaced additions to the apartment stock. A general trend of increased apartment construction led to higher average apartment vacancy rates during much of the 2010s, except for the low in 2016. The average apartment vacancy rate reached 7.9 percent by the second quarter of 2015 before falling to 5.1 percent as of the second quarter of 2016, when the apartment market tightened and rent growth accelerated amid higher demand. The subsequent increase from 7.9 to 10.2 percent during the following 2 years was largely due to an increase in rental construction in response to elevated rent



growth during the previous 2 years. As of the second quarter of 2019, the average apartment vacancy rate declined to 8.6 percent, when units were absorbed, before increasing to 10.8 percent the following year during the pandemic. In response to elevated net in-migration, the apartment market quickly tightened, and the average apartment vacancy rate fell to a recent low of 6.4 percent as of the second quarter of 2021.

Average apartment rents moderated after completions accelerated in the submarket. As of the second quarter of 2024, the average rent was estimated at \$1,522, down \$84, or 5 percent, from a year ago. Average rent declines accelerated as apartment completions increased 39 percent compared with the previous year (CoStar Group, with adjustments by the analyst). As of the second quarter of 2023, when approximately 7,575 apartment units were delivered, average apartment rents declined \$35, or 2 percent, compared with the previous year. From 2010 through 2014, second quarter average rents for an apartment increased an average of 2 percent annually before increasing an average of 4 percent a year until 2016. During the next 3 years, the average apartment rent increased 2 percent annually to \$1,345 as of the second quarter of 2019. As of the second quarter of 2020, average apartment rents were relatively unchanged because of uncertainty surrounding

Figure 27. Apartment Rents and Vacancy Rates in the Suburban Counties Submarket



2Q = second quarter.
Source: CoStar Group

the pandemic. Rents then rose by \$142, or 10 percent, during the next year partly because of strong population growth following a quick rebound in the local economy. A continuation of elevated in-migration trends in the submarket led to an increase in average apartment rents of \$139, or 9 percent, from a year earlier to \$1,641 as of the second quarter of 2022.

Rental Construction Activity Trends

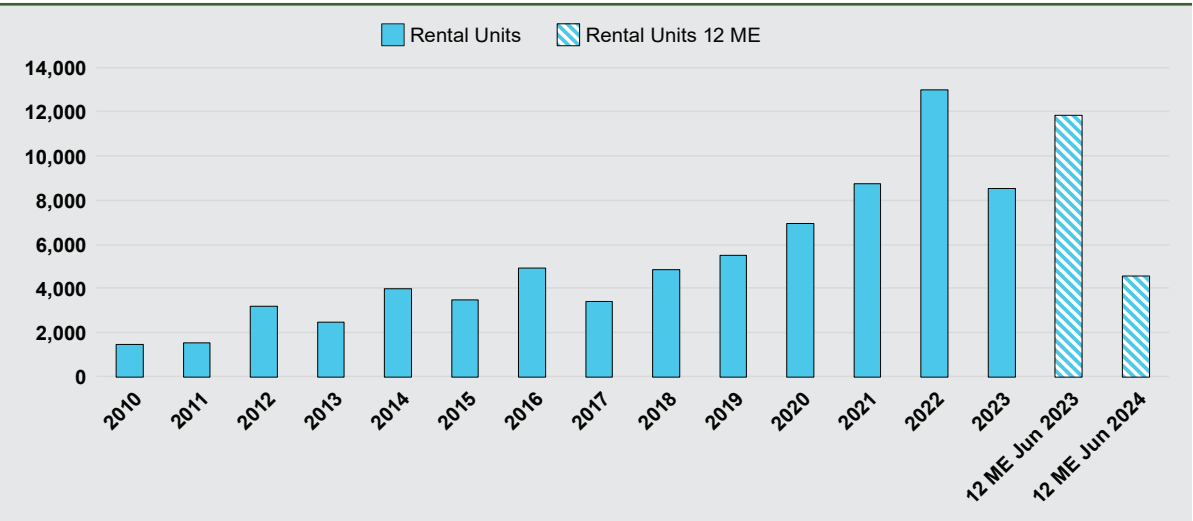
Rental construction activity, as measured by the number of rental units permitted, has been notably higher in the submarket since the 2010s because of substantial net in-migration. Rental construction activity declined significantly following the Great Recession and did not increase notably until 2012, when the rental market tightened. An average of 1,475 rental units were permitted each year during 2010 and 2011, and that number more than doubled to an average of 3,300 rental units permitted each year from 2012 through 2015. Approximately 4,900 new rental units were permitted in 2016, but when average apartment vacancy rates increased, construction activity slowed to 3,400 rental units permitted during 2017. In response to strong population growth, rental construction activity increased an average of 1,925

units, or 31 percent, annually, from 4,875 rental units in 2018 to 12,975 in 2022. In 2023, builders slowed production to 8,525 units, or a decline of 34 percent from the previous year in response to softening market conditions as an abundance of units entered the market, placing downward pressure on average rents. During the 12 months ending June 2024, 4,575 rental units were permitted in the submarket, down 61 percent from 11,825 units during the previous 12 months (preliminary data and estimates by the analyst; Figure 28).

Rental Construction Activity by Geography

Recent rental construction in the Suburban Counties submarket has been particularly prevalent in and around I-35. Williamson County, immediately north of Travis County, has accounted for approximately 62 percent of known multifamily starts in the submarket during the 12 months ending June 2024, and Hays County, just south of Travis County, has accounted for approximately 30 percent. Azola Avery Centre is a 359-unit apartment community under construction north of the city of Round Rock, home to Dell Technologies, Inc., Kalahari Resorts and Conventions, Ascension Seton Williamson Hospital, and Amazon.com, Inc. The development is preleasing for late 2024 and is expected to offer a mix of studios and one-, two-, and three-bedroom units, with rents ranging from \$1,350 to \$2,600 per month. In Hays County, recent development has been concentrated near

Figure 28. Annual Rental Permitting Activity in the Suburban Counties Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

the cities of Kyle and San Marcos. Alta Center Point, a 330-unit apartment community in the city of San Marcos, began leasing in June 2024. The one-, two-, and three-bedroom units have average starting rents ranging from \$1,290 to \$2,575 per month.

Forecast

During the 3-year forecast period, demand is expected for 15,000 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. The 11,650 rental units 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. In addition, 180 units are in final planning and are expected to begin construction within the next 3 months.

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

Rental Units	
Demand	15,000 Units
Under Construction	11,650 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Zonda data include regular resales and REO sales. CoreLogic, Inc., data include resales, short sales, and REO sales.
Forecast Period	7/1/2024–7/1/2027—Estimates by the analyst.

Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
House Flips	A single-family home or condominium flip is any arms-length transaction or a transaction between unrelated parties that occurred in the quarter in which a previous arms-length transaction on the same property had occurred within the past 12 months. The average gross flipping profit is the difference between the purchase price and the flipped price (not including rehab costs and other expenses incurred, which flipping veterans estimate typically run between 20 and 33 percent of a property's after-repair value).
Net Natural Change	Resident births minus resident deaths.
Pandemic Housing Boom	A period after the early stages of the COVID-19 pandemic in which historically low mortgage interest rates, federal government transfer payments, and the suspension of some student loan payments contributed to high housing demand and rapid home price growth.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once it reaches a 90-percent or above occupancy rate or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2020 Census.

C. Additional Notes

1.	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.
2.	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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Contact Information

Cameron Ehrlich, Economist
Fort Worth HUD Regional Office
817-978-9417
cameron.n.ehrlich@hud.gov

