

Investment Sales Market Report

Q4 2020

Sales. While the pandemic has slowed transaction activity across asset classes, multifamily has been the preferred asset class of investors. While it's off step from previous years, more than 3.5% of Austin's inventory has sold since March, ahead of Dallas' sub-2% figure and Houston's sub-1.5%. Despite some near-term risk, investors continue to focus on Austin's long-term growth, sustained by strong population and job growth.

Vacancy. Occupancies track fairly closely with construction levels in Austin, but the coronavirus will likely flatten out absorption levels in the near term. The apartment market is looking at an interesting situation. About 15,000 units are underway, one of the highest totals over the past decade at the same time leasing activity will likely slow. That could result in rising vacancies. If Austin's ability to attract talent continues, relocations from expensive coastal metros may be able to hold up leasing in Austin's more expensive product and work through much of the new inventory.

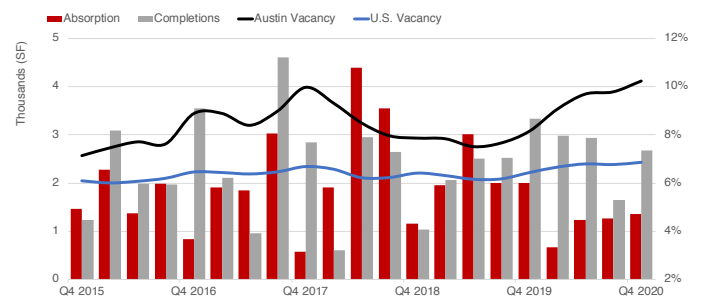
Construction. Austin has been a favorite for developers over the past decade. Since the beginning of 2010, inventory has expanded by more than 35%, meaning a significant portion of the metro's current inventory is 10 years old or less.

Economy. The Federal Reserve Bank of Dallas reported that the Austin economy slowed in November, however job growth was positive in most industries, and regional consumer spending since mid-July continues to hold at pre-COVID-19 levels. Austin's unemployment rate increased to 6.3% in November, while the state's rate rose to 8.1%, and the nation's rate fell to 6.7%. The rise in metro and state unemployment rates was largely due to an increase in individuals reentering the labor force seeking jobs. Austin payrolls grew an annualized 7.4%, or 19,320 net jobs, in the three months ending in November. Financial activities led job expansion (25.5%, or 4,000 jobs). Financial activities and professional and business services were the only sectors to post positive job growth for the first 11 months of the year.

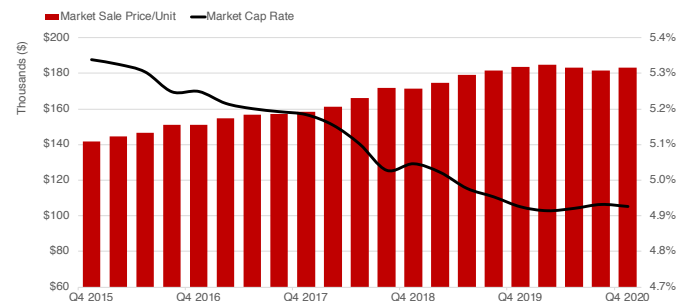
Market Indicators

	Austin Market		National Index	
Market Sale Price/Unit	\$184,000	↓	\$203,000	↑
12 Mo Asking Sale Price/Unit	\$77,200	↑	\$158,000	↓
Market Cap Rate	4.9%	▬	5.6%	↓
12 Mo Sales Volume	\$1.7 B	↓	\$107 B	↓
12 Mo Transactions	100	↓	15,481	↓
For Sale Listings	7	↑	5,490	↑

Absorption, Completions & Vacancy



Market Sale Price & Cap Rate



Vacancy & Market Asking Rent Per Unit



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