

# AUSTIN APARTMENT MARKET

## 2018 Year End Summary



1102 West Avenue, Ste. 100, Austin, Texas 78701, Ph: (512) 476-5000, email: cheimsath@cmraustin.com

Austin area rents have continued their increase over the last six months of 2018, rising 1.4% from \$1.44 per square foot in June 2018. The current December 2018 average rent per square foot is \$1.46. Citywide occupancy remained stable, dropping just 0.1 percentage points since June to end the year at 93.1%. Thirty-four new (2018) communities have brought units to the market in the last six months, adding a total of 4,314 new units since June. Citywide, absorption has slowed but remained strong in the last six months of 2018, with 3,672 units absorbed.

Rental rates increased in most market areas, with the exception of a slight drop (-1.5%) in San Marcos. Citywide, the average rate increased (1.4%), reaching \$1.46 per square foot. The thirty-four new apartment communities that delivered units in the last six months of 2018 (four mid-rise and thirty garden style) are leasing, on average, at \$1.47 per square foot, just \$0.01 higher than the citywide average.

Occupancy rates increased in six of the thirteen market areas, including an increase of 5.41% in East Austin and 3.29% in Georgetown. Of the seven market areas that experienced a decline in occupancy, Southwest fell (-5.25%) to 90.2% as five properties delivered new units. Across the region, the occupancy rate decreased slightly from 93.2% to 93.1%, with a total of 45 projects with 10,208 rentable units in "lease up". Occupancy for all new (2018) projects is currently 70.5%.

The first six months of 2018 saw the completion of twenty-nine new properties, delivering 4,095 units to the market, while fifteen projects continued their construction, adding 1,848 rentable units between December 2017 and June 2018. In the last six months of 2018, 14 projects that started delivering units at the beginning of 2018 completed construction adding 1,790 units, while three new projects opened and deliv-

*Rental rates have continued to increase to \$1.46 per square foot. Annual totals for both new units and absorption exceeded 10,000 units, with absorption setting a historical record of 11,313 units in 2018.*

ered all their units between June and December, adding an additional 295 new units to the market. In addition, there are seventeen projects under construction which together have delivered a total of 2,229 rentable units in the last six months of 2018 (out of a total of 4,345 units)

Absorption during the first half of 2018 was an astonishing 7,641 units, while the last six months of 2018 absorption slowed, with 3,672 units absorbed. The region has absorbed a record-breaking yearly total of 11,313 units between December 2017 and December 2018. The number of units added exceeded 10,000 units in 2018, for the third year in a row, and 2018 was the first time that absorption exceeded 10,000 units.

As confirmed by the recent announcement by Apple and additional expansions at Google, Facebook, and Indeed, Austin continues to generate new jobs which, in turn, draws new residents. Many of these migrants choose to rent before buying, and this drives new unit absorption. In the short term, with approximately 21,000 units under construction and scheduled to deliver in 2019 and 2020, some parts of the region will experience a slight decrease in occupancy, as nine of the thirteen market areas are scheduled to deliver over 1,000 units each in 2019. There are over 30,000 units in the pipeline, either in initial stages of site evaluation or working through a jurisdiction planning process.

