

**CONSTRUCTION
ACTIVITY**



UNDER CONSTRUCTION **19,412**

UNITS DELIVERED (YTD) **3,390**

**MARKET
FUNDAMENTALS**



VACANCY RATE **11.5%**

YEAR-OVER-YEAR CHANGE **-90bps**

EFFECTIVE RENTS **\$1,293**

YEAR-OVER-YEAR CHANGE **-6.9%**

**TRANSACTION
ACTIVITY (YTD)**



AVERAGE PRICE PER UNIT **\$193,100**

**AUSTIN MULTIFAMILY
Q1 2026**

MARKET INSIGHTS

Sales volume off to a strong start in 2026

HIGHLIGHTS

- The Austin multifamily market is showing signs of stabilizing. Vacancy improved 90 basis points year-over-year, rent declines are moderating, and new supply during the first quarter was 35% lower than the same period last year.
- Vacancy held steady in the first quarter at 11.5%, unchanged from year-end 2025. Improvement across Class B and Class C properties, which together account for 60% of total inventory, helped offset pressure on Class A assets.
- Asking rents ticked lower, though the pace of decline is narrowing. Rents fell just 0.1% from the prior quarter, the smallest quarterly drop in three years, suggesting the rental market may be approaching a pricing floor.
- Multifamily investment sales in Austin recorded the most active first quarter since 2022. The average sale price edged down to \$193,100 per unit, reflecting a greater share of Class C acquisitions in the sales mix.

AUSTIN MULTIFAMILY MARKET OVERVIEW

The Austin market is moving through the final stages of a prolonged supply growth cycle, and first quarter data suggests market recovery may be closer than in recent periods. Absorption outpaced new deliveries over the trailing 12 months, pushing annual vacancy down 90 basis points to 11.5%. Vacancy improvement was concentrated in Class B and Class C product, offsetting continued pressure in Class A assets, where lease-up competition among recently delivered communities has kept vacancy elevated. The outlook for rents is beginning to improve. After 12 consecutive quarters of decline, average rents fell just 0.1% from the prior quarter, the smallest quarterly drop since 2023. A period of flat rents would signal a positive change for operators after a few consecutive years of annual declines.

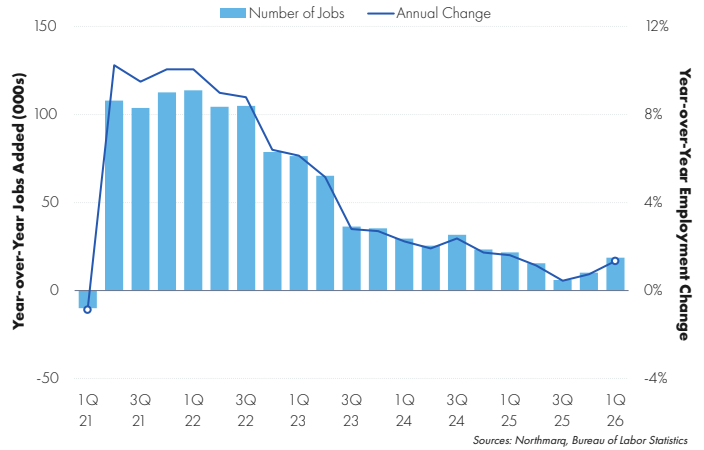
The multifamily investment market in Austin opened 2026 with its strongest first quarter since 2022, a recovery in activity that reflects growing investor conviction that the market is emerging from its cyclical bottom. The composition of transactions shifted, with Class C properties in the North Austin submarket accounting for the highest concentration of closed deals and representing a greater share of the sales mix than in 2025. The average price in the first quarter totaled \$193,100 per unit, slightly lower than in the prior year. Some of the decline can be attributed to the sales mix that included more Class C properties. Institutional buyers continued to dominate activity, representing nearly three-quarters of year-to-date transaction volume. Cap rates stabilized in the 5.5% to 6.5% range, reflecting a bit more competition for available assets as more capital is deployed in anticipation of recovery.

EMPLOYMENT

- Employers added 18,700 jobs in Austin during the past 12 months, an annual growth rate of 1.3%. The Austin economy continues to perform relatively well compared with other major Texas metros, with employment growth remaining above national benchmarks.
- Construction employment increased by 5.0% over the past year, adding 4,600 workers and serving as one of the leading sources of job growth.
- Austin’s economy is still strongly anchored by technology and semiconductors, but it is becoming more diversified. Employment in the local financial activities sector grew by 3.0% during the past 12 months, expanding by 2,700 positions.
- **FORECAST:** Employment growth in 2026 is forecast to maintain its recent pace of growth in the coming quarters. Austin employers are estimated to add at least 18,000 new jobs in 2026, an annual increase of 1.3%.

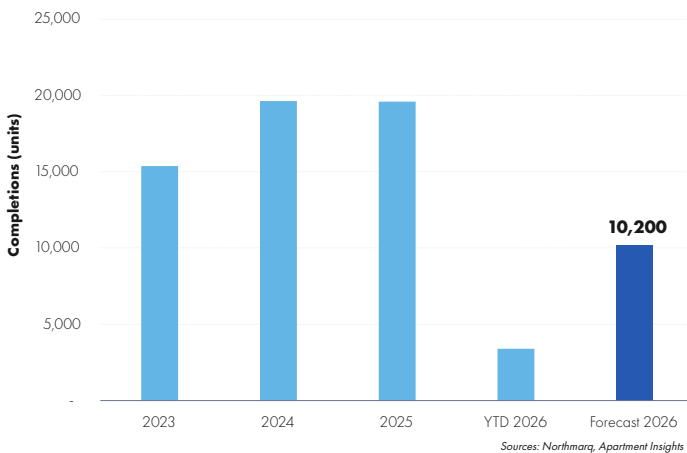
The financial activities sector grew by 3.0% annually.

EMPLOYMENT OVERVIEW



Only 3,400 units were delivered during the first quarter.

DEVELOPMENT TRENDS

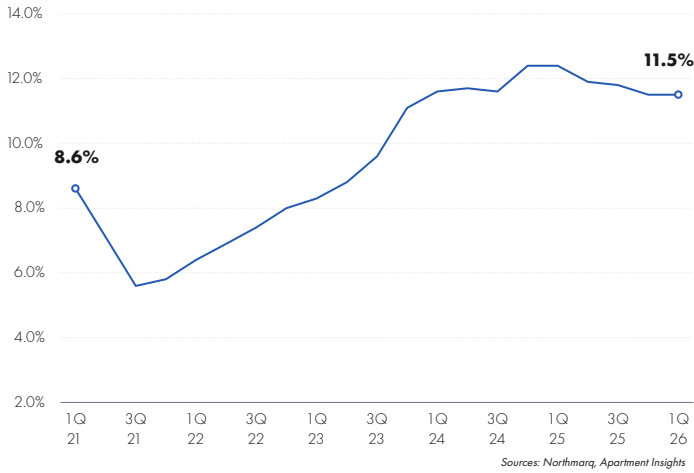


DEVELOPMENT & PERMITTING

- The slowing rate of completions confirms that supply is continuing to ease from its cyclical peak. Only 3,400 units were delivered during the first quarter of 2026, down 35% from the 5,250 units delivered in the same period last year.
- The development pipeline is contracting. Roughly 19,400 units were under construction at the end of the quarter, a 42% decline from the 2024 peak of 33,400 units. The Southeast submarket accounts for the largest share of future supply, at 13% of the total pipeline.
- Multifamily permitting has been steadily declining since peaking in 2021, when more than 25,600 units were permitted. In 2025, permits for about 12,000 units were issued. The trend is expected to continue in 2026, with permitting projected at roughly 11,000 units for the full year.
- **FORECAST:** The Austin market is showing early signs of a slowing supply cycle. Projects totaling about 10,200 units are slated for completion in 2026, a sharp drop after almost 20,000 units delivered in each of the past two years.

Vacancy improved by 90 basis points year-over-year.

VACANCY TRENDS



VACANCY

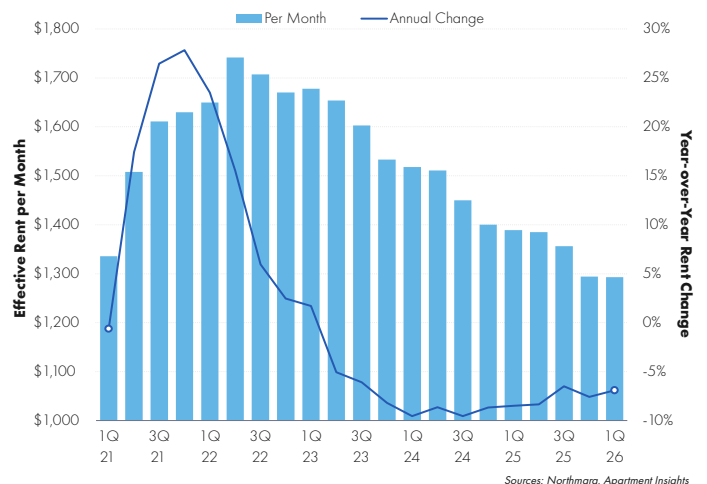
- The vacancy rate improved during the past year and held flat in the first quarter of 2026. Vacancy was unchanged from last quarter at 11.5% and improved by 90 basis points year-over-year.
- More than 16,600 market-rate units were absorbed during the past 12 months. During the same period, Northeast Austin led all submarkets with over 2,800 units absorbed.
- Vacancy in stabilized Class A apartments trended higher by 130 basis points annually, ending the quarter at 9.6%. This increase was offset by improvements in Class B and Class C properties, which together account for 60% of existing inventory.
- **FORECAST:** As construction activity declines and job growth drives absorption, vacancy is forecast to dip 50 basis points in 2026 to 11.0%.

RENTS

- Rents declined 6.9% from the same period last year to \$1,293 per month. The pace of rent declines appears to be moderating, with rents falling just 0.1% from the previous quarter, the smallest quarterly decline in three years.
- Submarkets including West/Mid-Southwest, Round Rock, and the CBD posted rent growth between 2.2% and 4.6% for the quarter. In contrast, areas with significant inventory growth, including East Central, Hays, Northeast, and San Marcos, recorded rent declines of nearly 2%.
- Class A rents declined 4.5% year-over-year to \$1,385 per month. Larger declines were recorded in Class B properties, where rents fell 5.7% to \$1,350 per month, and in Class C properties, where rents dropped 11.8% to \$1,141 per month.
- **FORECAST:** As the supply-demand balance improves and vacancy declines, multifamily operators may begin to regain pricing power. Annual rent growth is projected to reach 1.0% in 2026, bringing average rents to \$1,307 per month.

Rents declined just 0.1% from the previous quarter.

RENTS TRENDS

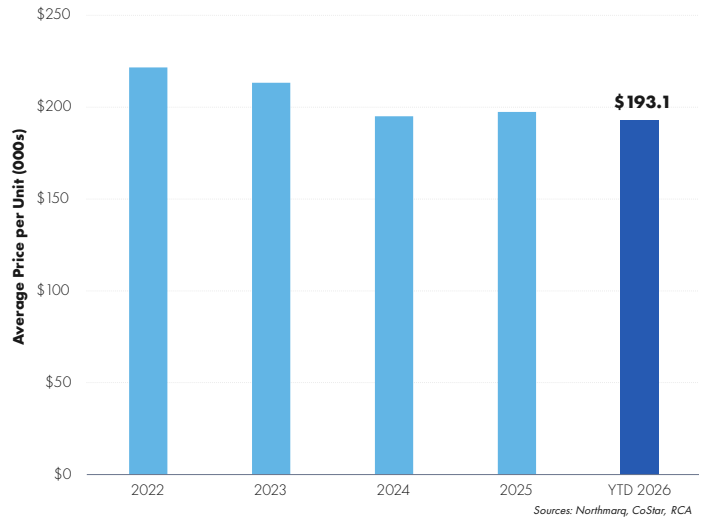


MULTIFAMILY SALES

- Austin showed renewed signs of sales activity to begin 2026, recording its most active first quarter for multifamily investment sales since 2022. The greatest concentration of transactions occurred in Class C properties within the North Austin submarket.
- The average sale price for properties sold in the first quarter was \$193,100 per unit, a 2% decline from 2025. Class C properties accounted for a larger share of transaction activity than in 2025.
- Institutional buyers remain the most active investor group, accounting for 74% of year-to-date transaction volume, while private equity investors represented the remaining 26%. Cap rates have stabilized between 5.5% and 6.5% so far in 2026.

The first quarter average sale price was \$193,100 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

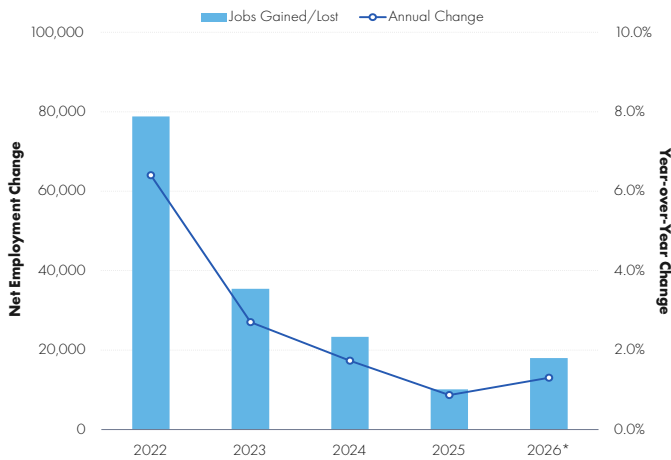
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
The Blockyard	1909 Alexander Ave., Austin	2024	344	\$102,000,000	\$296,512
Cortland River Place	10301 Ranch Road 2222, Austin	2000	498	\$94,000,000	\$188,755
Emerson At Wells Branch	1010 S. Heatherwilde Blvd., Pflugerville	2023	352	\$70,250,000	\$199,574
Adair at Onion Creek	1900 Onion Creek Pkwy., Austin	2016	276	\$46,700,000	\$169,203

LOOKING AHEAD

Austin’s operating fundamentals appear positioned for their most meaningful improvement since the latest supply wave began. Deliveries are forecast to fall to roughly 10,200 units in 2026, about half the pace of the prior two years, as the construction pipeline continues to thin. With absorption healthy and supply growth slowing sharply, vacancy is expected to fall to 11.0% by year-end. Austin’s employment base provides a durable foundation for apartment demand, with about 18,000 new jobs projected in 2026. Construction, financial services, advanced manufacturing, and aerospace are expected to be meaningful contributors to employment growth, reducing the market’s sensitivity to a slowdown in any single sector. As supply-demand conditions tighten, operators are expected begin to regain pricing power. Rents are forecast to gain ground in 2026, with modest rent growth returning after three years of declines.

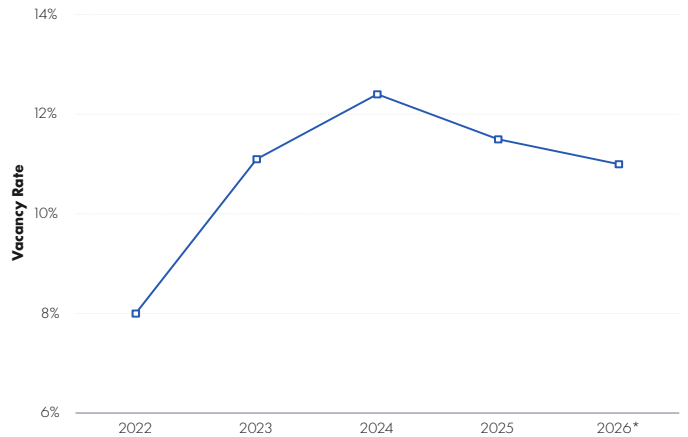
The investment outlook for Austin is becoming more favorable as the market cycle turns. Transaction volume is expected to build momentum as improving clarity around vacancy and rent trends strengthens underwriting confidence. The elevated level of Class C activity reflects opportunistic capital moving early in the recovery, with value-add buyers positioning ahead of broader market stabilization. As vacancy in Class B and Class C assets tightens, those segments are expected to have the greatest influence on performance, supporting broader rent growth and attracting additional investor interest. Institutional capital is expected to target stabilized Class A assets as lease-up timelines shorten and in-place rent growth recovers. Cap rates, currently ranging from 5.5% to 6.5%, could begin to compress modestly in the Class A segment if rent growth materializes as forecast.

EMPLOYMENT FORECAST



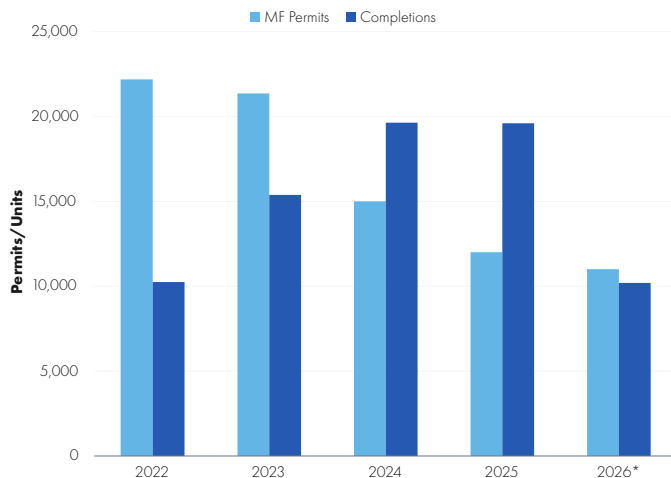
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



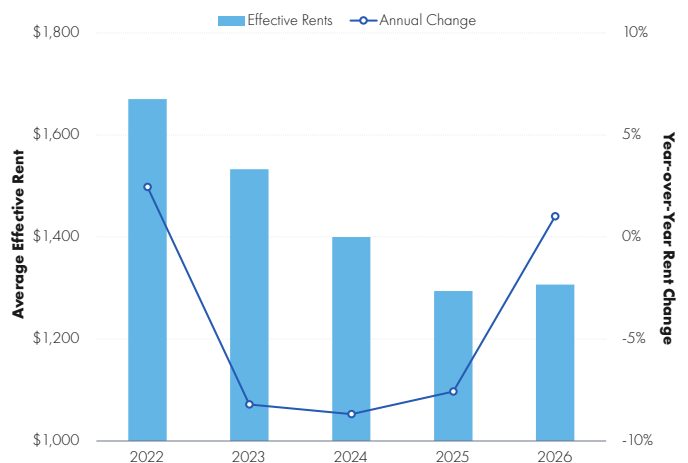
* Year End Forecast
Sources: Northmarq, Apartment Insights

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights



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