



MARKET AT A GLANCE



OCCUPANCY RATE **91.7%**
Down **40 bps** since 3Q16



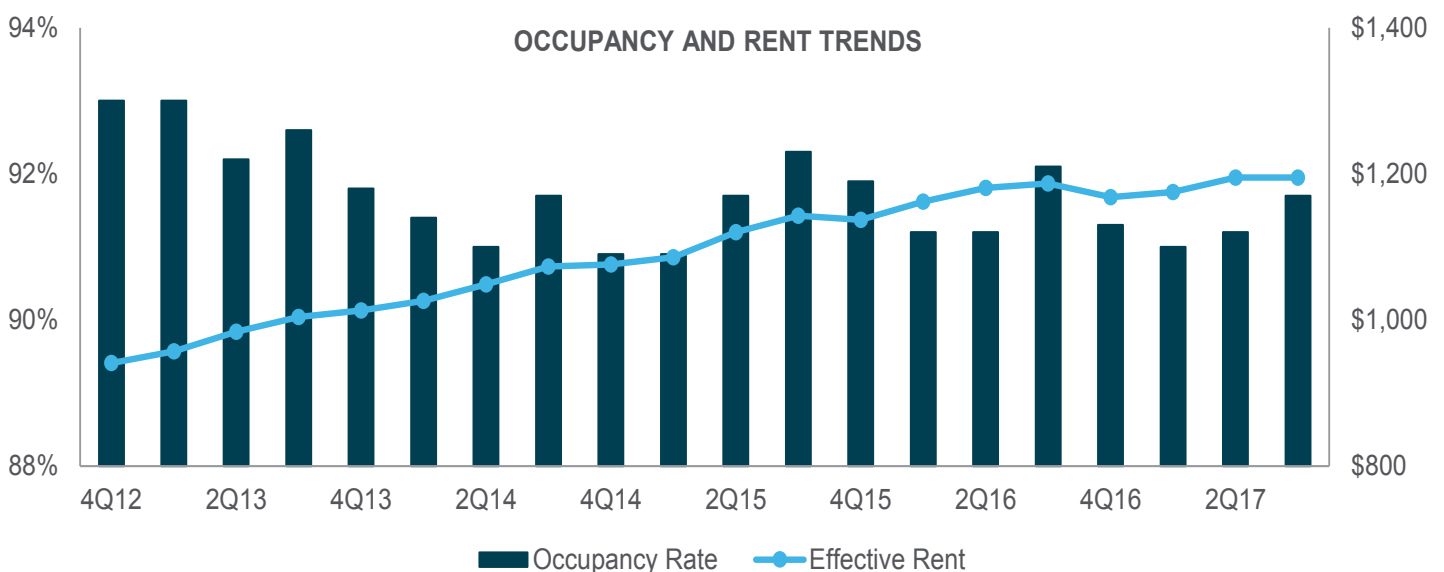
EFFECTIVE RENT **\$1,195**
Up **0.7%** since 3Q16

OCCUPANCY AND RENT TRENDS

ROBUST RENTAL DEMAND DRIVES OCCUPANCY UP TO 91.7%

Demand for apartments drove occupancy up in the Austin metropolitan area. Renters newly occupied 2,243 net units during the third quarter. Rental demand exceeded the 1,272 deliveries during the third quarter to push occupancy up 50 basis points since mid-2017. At 91.7% in the third quarter of 2017, the occupancy rate was on par with the five-year average. While occupancy rose from the second quarter to the third quarter, effective rent held \$1,195 per month.

The quarterly supply-demand trend mirrored the rental environment all year as Austin in one of the fastest-growing cities in America. The latest leasing activity was part of 6,174 units absorbed year to date. The 5,828 units that came online since the start of 2017 trailed leasing activity to cause average apartment occupancy to elevate 40 basis points since December. At the same time, effective rent advanced 2.3%. Developers worked to meet the demand with 38 communities under construction by the end of the third quarter, which will bring 9,269 units online in the upcoming years.



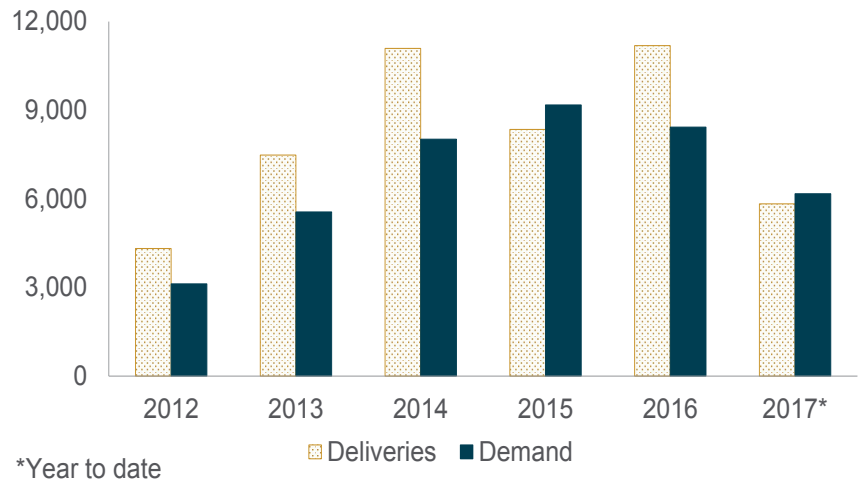
DELIVERIES AND DEMAND



DELIVERIES 5,828
Units YTD



NET ABSORPTION 6,174
Units YTD



ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
3.3% **-20 BPS CHANGE** 3.1%

2016 **EMPLOYMENT*** 2017
1.00m **1.8% CHANGE** 1.02m

2016 **EXISTING SFH SALES**** 2017
33.3k **16.8% CHANGE** 38.9k

2016 **MEDIAN SFH PRICE**** 2017
\$287.2k **3.0% CHANGE** \$295.9k

2016 **10-YEAR TREASURY**** 2017
1.63% **60 BPS CHANGE** 2.20%

*August; **September

The leisure and hospitality industry was a significant economic driver in the Austin metropolitan area with the creation of a metro-leading 5,300 positions for a 4.3% increase annually through August 2017. Part of the additions were 800 workers at the Fairmont Austin, ahead of the fall opening of the 1,048-room hotel. Hiring in the education and health services sector nearly matched the leisure and hospitality industry. Education and health services organizations recruited 4,900 personnel, to expand 4.2% year over year. The government sector created an additional 2,600 new jobs since August 2016. Austin total nonfarm employment expanded 1.8%, or by 17,800 net jobs. While metrowide job growth was down from 3.7% during the preceding year, the latest local increase exceeded the national average expansion of 1.4% since August 2016. Contraction in the professional and business services sector contributed to the metrowide slowdown. In one of the largest employment sectors, a metro-leading 2,500 jobs were eliminated for a 1.5% reduction year over year.



AUSTIN

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	# OF COMMUNITIES	# OF UNITS	SIZE (SF)	PRICE (\$ / MO.)	RENTAL RATE (\$ / SF / MO.)	OCCUPANCY
Downtown/SoCo/Barton Springs	58	11,733	884	1,990	2.25	88.3%
UT/Mueller	67	9,635	823	1,497	1.82	91.7%
St Edwards/South Lamar	49	8,806	782	1,209	1.55	90.5%
Northeast	60	11,293	818	931	1.14	90.6%
Research Blvd/North Lamar	84	16,940	750	970	1.29	93.7%
Pflugerville/Tech Ridge/Wells Branch	68	21,205	891	1,096	1.23	89.6%
Round Rock/Georgetown	69	16,617	920	1,094	1.19	90.8%
Northwest/Arboretum/Domain	101	28,276	853	1,175	1.38	93.3%
Cedar Park/Leander/Four Points	72	21,787	965	1,132	1.17	91.7%
Southeast/Riverside Dr	68	15,138	859	1,215	1.41	92.4%
Outlying Metro	9	1,029	914	967	1.06	97.6%
I-35 South	70	17,612	877	1,113	1.27	90.2%
San Marcos/Kyle/Buda	75	13,783	905	1,204	1.33	95.3%
West/Sunset Valley/Barton Creek	64	17,674	913	1,280	1.40	92.5%
TOTALS	914	211,528	872	1,195	1.37	91.7%



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