

INVESTMENT FORECAST

Multifamily
Austin

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Investment Confidence Building as Some Demographic Tailwinds Ease

Vacancy declines as supply pressures recede. Austin's rapid post-pandemic expansion has begun to moderate, signaling a shift toward more sustainable growth. Since 2020, the metro's employment base has grown by about 25 percent, spread across sectors. This hiring surge spurred a 33 percent increase in apartment inventory from 2020 to 2025 — the fastest rate among major U.S. markets. However, both employment and construction activity are expected to slow in 2026. The tech sector, in particular, faces headwinds from infrastructure constraints and return-to-office mandates requiring employees to report to headquarters outside Texas, which may dampen renter demand. At the same time, a sharp pullback in deliveries should ease supply-side pressure, allowing demand to outpace new supply and further reduce metrowide vacancy. Northern suburbs such as Pflugerville and Round Rock, where vacancy hovered near 7 percent in late 2025, may benefit most from this dynamic. However, elevated construction activity should continue in submarkets such as San Marcos and Near North Austin, which may keep pressure on local vacancy rates.

Long-term market fundamentals fare well. Despite four consecutive years of rent declines, investor sentiment in Austin's multifamily market remains cautiously optimistic. The metro's average cap rate — in the low-5 percent range as of late 2025 — ranks among the lowest nationally outside of California, signaling continued confidence in the long-term viability of the metro's apartment sector. Much of this outlook is shaped by the belief that recent underperformance reflects short-term market corrections tied to supply imbalances and economic shifts, rather than deeper structural issues. Austin will approach a turning point in 2026, marked by slower but more sustainable growth. Investors may see this as a final opportunity for well-timed acquisitions. High-demand infill areas near major employment centers, including Midtown and North Austin, are expected to remain top targets. Additionally, recent trades have clustered along the corridor between Interstate 35 and Highway 1, highlighting the importance of location and connectivity. Infrastructure improvements across the metro, including MetroRail expansions, roadway upgrades, and new mixed-use projects near transit stations, are likely to remain central to investment strategies.



24.0%

2025 share of local population between 20 and 34 years old



46.7%

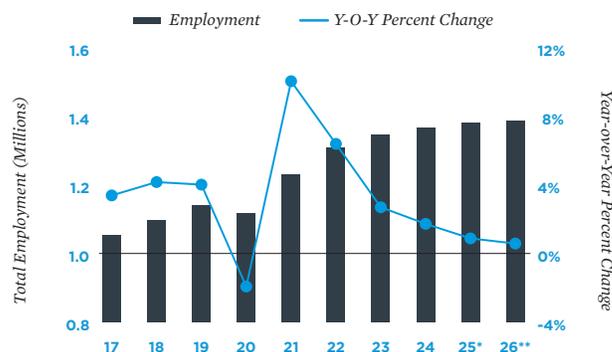
of local population hold bachelor's degree or higher*



\$461,100

2025 median home price*

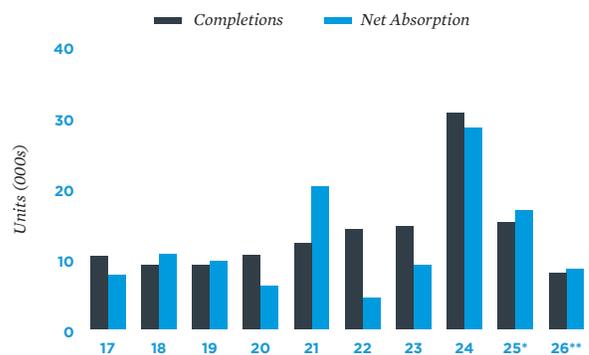
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast * Through 3Q
*2025: 25+ years old

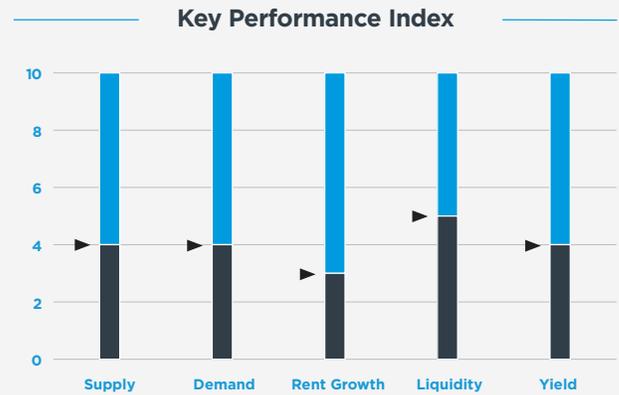
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

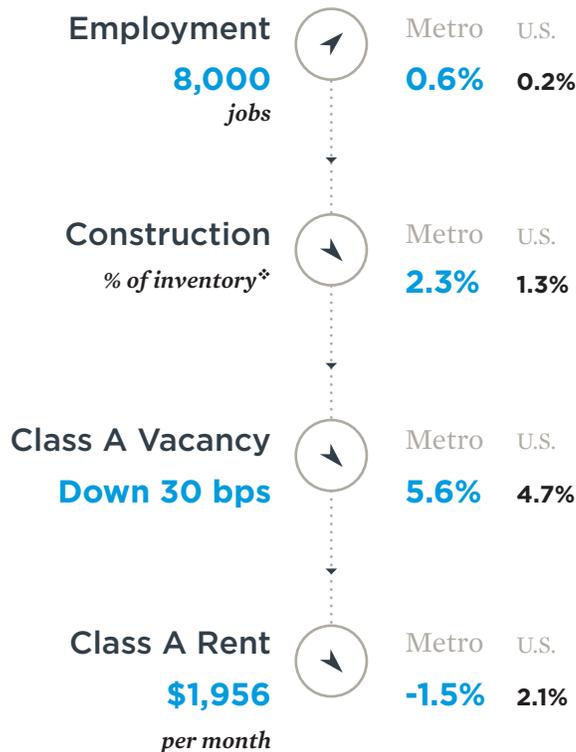
The need for rental housing in Austin continues to climb in 2026 as the market's KPI score for demand doubles from last year to a current rating of 4. Contributing to this reading is an even more improved supply score, which jumps up from 1 to 4 this year. Amid these gains, Austin's rent value stays at a 3.

Whereas Austin's KPIs for property performance fundamentals had noteworthy improvements year-over-year, the metro's reading for liquidity and yield stay the same at 5 and 4 respectively. These metrics, nevertheless, hold up well from a national perspective.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK



IPA Multifamily

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* Estimate ** Forecast
 * Arrow reflects completions trend compared with 2025
 Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics