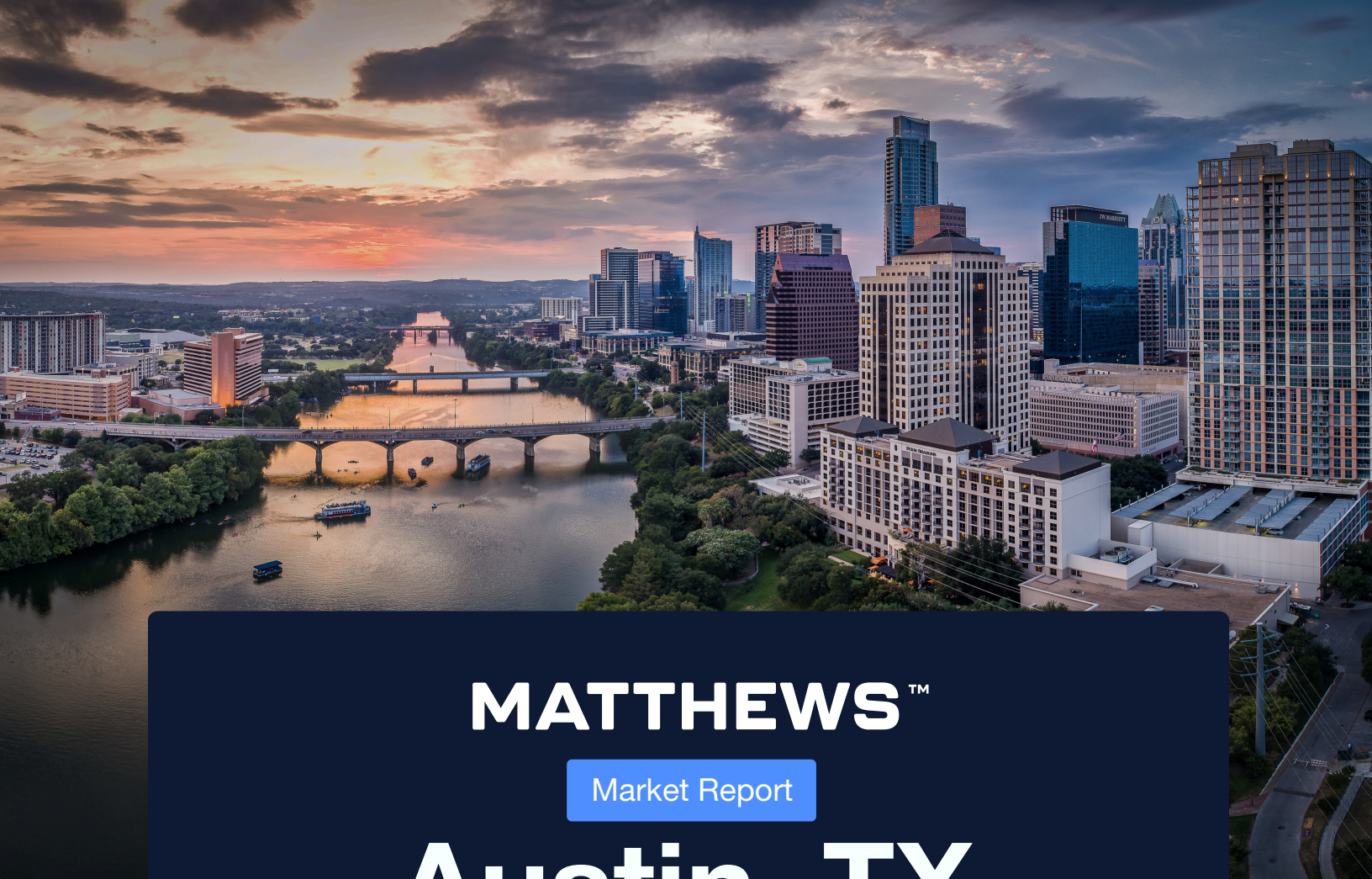




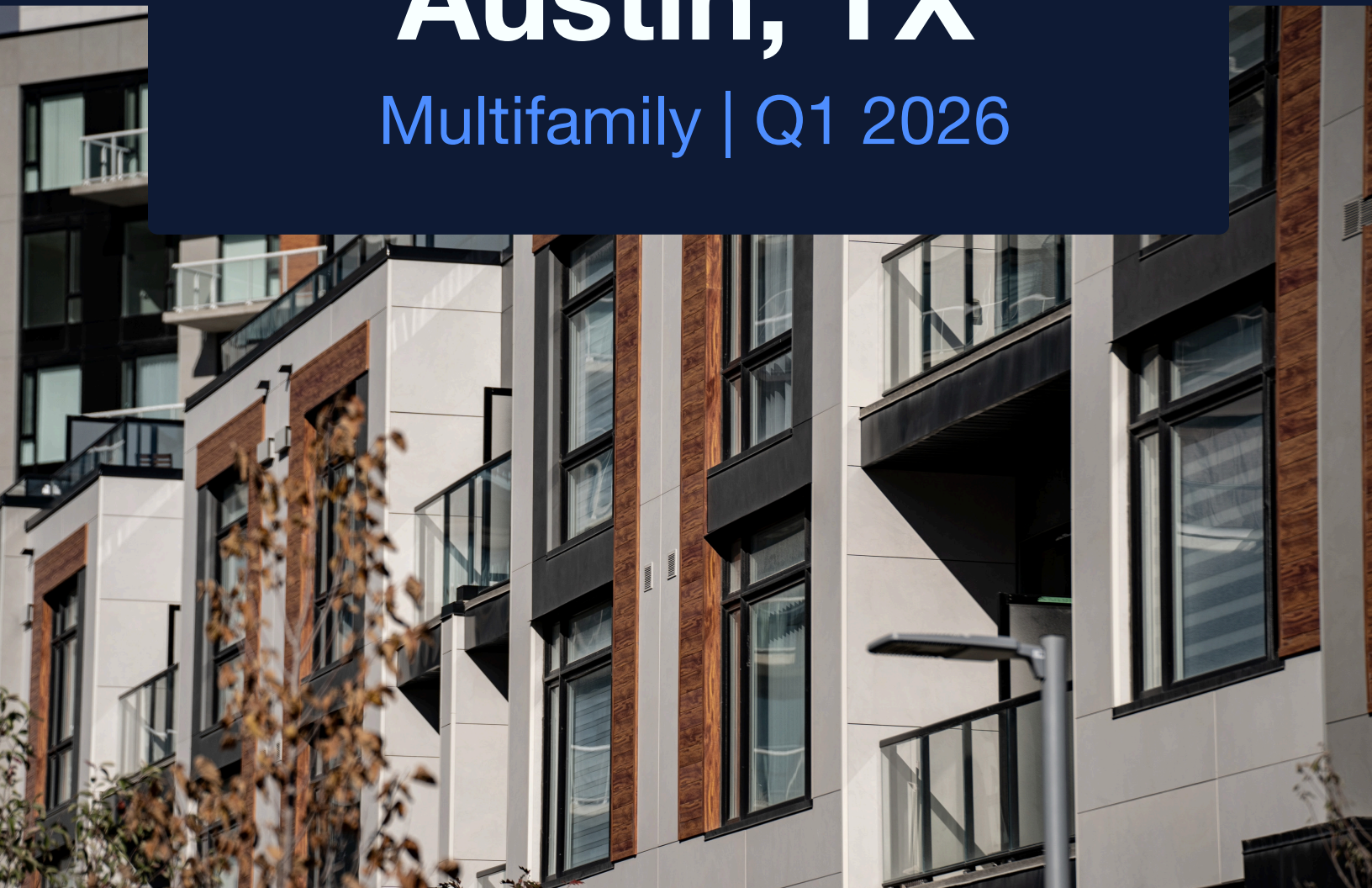
A panoramic view of the Austin skyline at sunset. The city is reflected in the water of the Colorado River, with a bridge spanning the river. The sky is filled with orange and yellow clouds, and the city lights are beginning to glow.

MATTHEWS™

Market Report

Austin, TX

Multifamily | Q1 2026



A close-up view of a modern apartment building with large windows and balconies. The building features a mix of white, grey, and wood paneling. The balconies have glass railings, and some have small trees or plants. The building is set against a clear sky.

Key Findings

- Austin multifamily fundamentals remained pressured in Q1 2026 as elevated vacancy and negative rent growth reflected continued supply-side challenges.
- Leasing activity has shown resilience, with demand keeping pace and beginning to make progress against recent deliveries.
- A sizable construction pipeline is expected to sustain competitive pressure, delaying a full recovery in occupancy and rent growth.

By the Numbers

Q1 2026 | Source: CoStar Group, Inc.

5.7%	13.5%	(4.7%)	\$1.5K
Cap Rate	Vacancy Rate	Rent Growth	Asking Rent Per Unit
14.6K units	2K units	3.8K units	
Under Construction	Delivered	Absorbed	

Austin's economy continued to provide a solid demand base for multifamily housing in Q1 2026, supported by its diverse employment drivers and long-term population growth. The market remains anchored by technology, professional services, education, healthcare, government, and advanced manufacturing. While hiring momentum has moderated from the rapid expansion seen earlier in the cycle, Austin continues to benefit from corporate relocations, a skilled labor pool, and a relatively young workforce. Population growth and in-migration remain important structural drivers for apartment demand, particularly among renters seeking flexibility and access to employment centers. Overall, Austin's economic foundation remains healthy, but near-term multifamily performance is being shaped more by supply conditions than by a lack of demand.

Austin Demographics

Source: CoStar Group, Inc.

3.7%	2,634,190
Unemployment Rate	Current Population
1,101,663	\$103,299
Households	Median Household Income

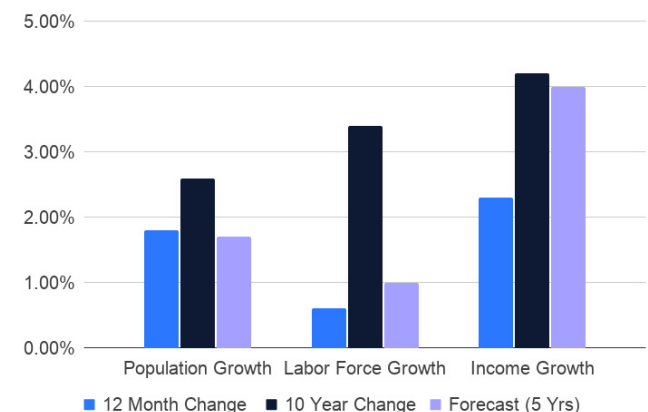
Austin National Accolades

Source: Opportunity Austin

- 3rd Highest Labor Force Participation
- 4th Highest Educational Attainment
- 7th In Startup Density

Population, Labor Force, & Income Growth

Source: CoStar Group, Inc.





Market Performance

Austin’s multifamily market remained soft in Q1 2026, with asking rents averaging \$1,500 per unit. Rent growth declined by 4.7%, reflecting continued pressure from elevated vacancy and competition across newly delivered communities. Vacancy stood at 13.5%, signaling that the market remains oversupplied relative to current demand conditions. Despite this, absorption totaled 3,800 units during the quarter, indicating that renters are still moving into the market at a meaningful pace. Importantly, absorption exceeded the 2,000 units delivered during the quarter, which suggests that demand is beginning to work through some of the recent supply overhang. However, the high vacancy rate indicates that operators are likely continuing to use concessions, flexible lease terms, and pricing adjustments to maintain leasing velocity. Demand remains strongest in well-located assets near major employment nodes, retail amenities, and transportation corridors.

Performance by Class Sector

Source: CoStar Group, Inc.

	Vacancy Rate	Asking Rent	Inventory Units	Units Under Construction
Class A	13.1%	\$1,692	1,017	10,870
Class B	14.7%	\$1,308	349	3,387
Class C	13.7%	\$1,130	(89)	375

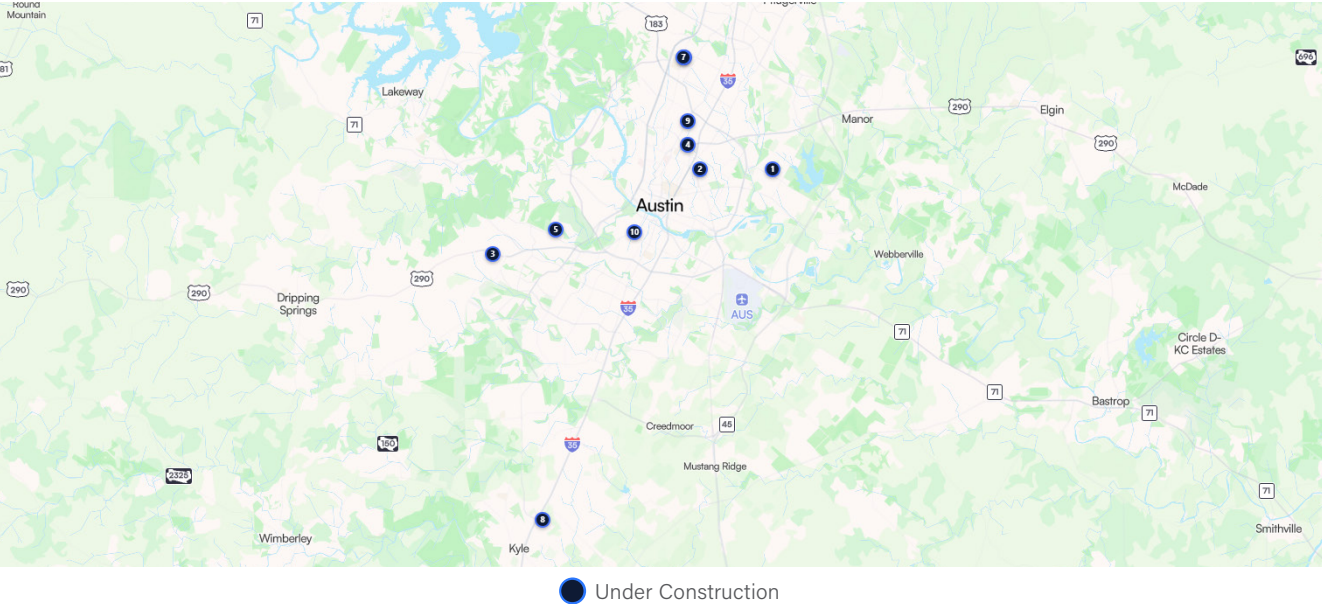
Quarterly Metrics Comparison

Source: CoStar Group, Inc.

	Vacancy Rate	Rent Growth	Units Absorbed	Units Delivered
Q1 2026	13.5%	(4.7%)	3.8K	2K
Q4 2025	14.2%	(4.5%)	3K	2.7K
Q3 2025	14.5%	(4.3%)	5.7K	3.8K
Q2 2025	15.1%	(4.0%)	6.6K	6.5K
Q1 2025	15.4%	(4.5%)	4.6K	4K
Q4 2024	15.8%	(4.3%)	4.7K	5.9K
Q3 2024	15.7%	(4.7%)	5.8K	10.5K
Q2 2024	14.7%	(4.4%)	5.7K	7.6K
Q1 2024	14.4%	(3.7%)	4.3K	8.8K
Q4 2023	13.3%	(3.3%)	1.5K	5K
Q3 2023	12.3%	(1.7%)	1.2K	6.7K
Q2 2023	10.6%	(1.2%)	3.3K	5.6K
Q1 2023	9.9%	(4.1%)	1.3K	3.1K

Under Construction Properties

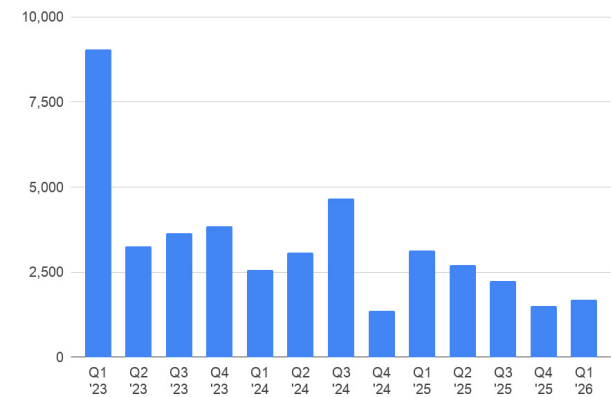
Source: CoStar Group, Inc.



Construction activity remained elevated in Q1 2026, with 14,600 units under construction across the Austin market. This pipeline continues to represent one of the most important headwinds facing near-term multifamily performance. Deliveries totaled 2,000 units during the quarter, adding to an already competitive leasing environment. While quarterly absorption exceeded deliveries, the broader volume of units under construction suggests additional supply pressure will continue through the near term. New communities are likely to compete aggressively for renters, particularly in submarkets with concentrated development activity. This may keep concessions elevated and limit landlords’ ability to increase rents. Properties delivered during the current cycle may face a longer stabilization period than in prior years due to elevated vacancy across the market. Over time, slowing starts should help the market rebalance, but the existing pipeline remains large enough to weigh on fundamentals in 2026.

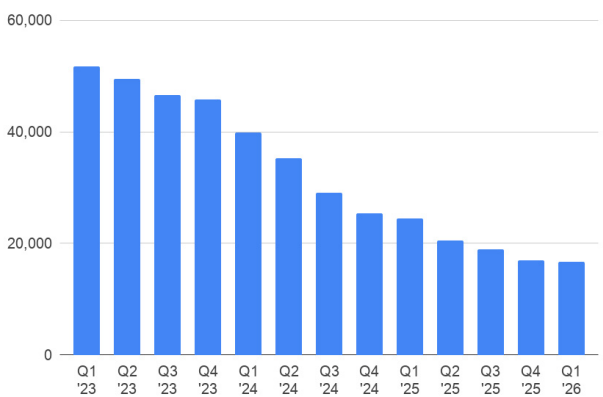
Units Construction Starts

Source: CoStar Group, Inc.



Units Under Construction

Source: CoStar Group, Inc.

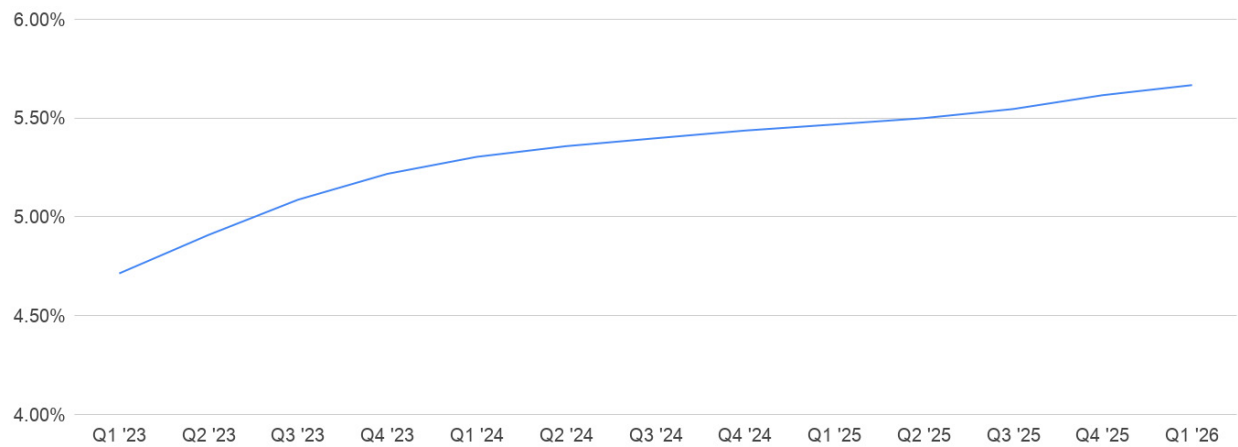


Sales

Investment activity remained cautious in Q1 2026 as investors continued to evaluate pricing against softer operating fundamentals and higher capital costs. The market cap rate stood at 5.7%, reflecting a higher-yield environment than during the peak of the prior cycle. Buyers are likely placing greater emphasis on stabilized cash flow, basis, submarket positioning, and the ability to achieve long-term rent recovery. Capital market conditions are also influencing transaction volume, as financing costs and lender scrutiny remain important constraints. Despite these challenges, Austin continues to attract investor interest, owing to its long-term demographic growth, employment base, and institutional market profile. Investors with longer hold periods may view current softness as a potential entry point, particularly for well-located assets trading below prior pricing expectations. Overall, sales activity is likely to remain measured until rent growth stabilizes, vacancy improves, and buyer-seller pricing expectations narrow.

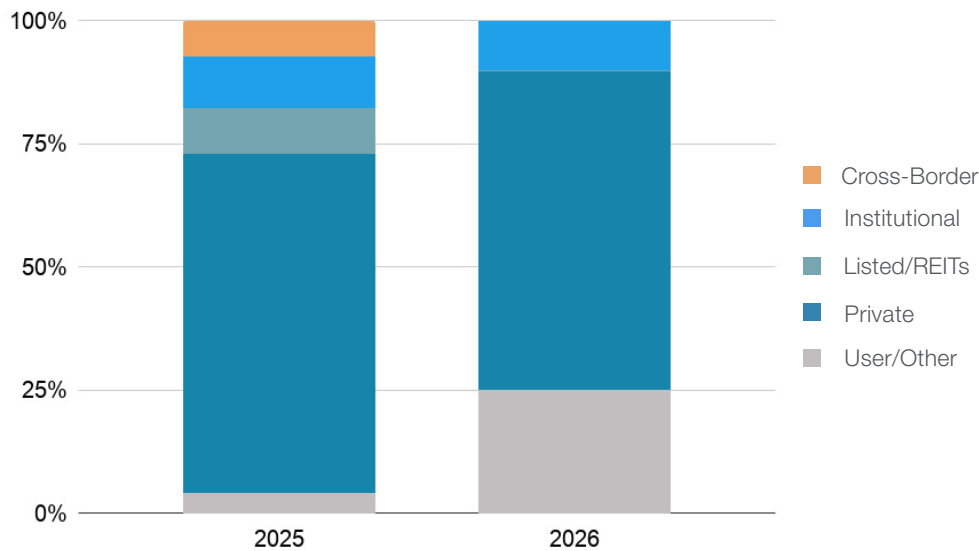
Cap Rate

Source: CoStar Group, Inc.



Buyer Composition

Source: Real Capital Analytics



Significant Sales

Q1 2026 | Source: CoStar Group, Inc.

Address	Year Built	Units	Sale Date
1909 Alexander Ave	2024	344	1/21/2026
10000 N Lamar Blvd	1983	320	3/19/2026

Submarket Highlights

Source: CoStar Group, Inc.

Submarket	Rent Growth	Market Rent Per Unit	Units Absorbed (12 Mo)
Northeast Austin	(4.8%)	\$1,392	2,092
Central Austin	(1.1%)	\$1,620	8
Downtown Austin	1.5%	\$3,615	1,035
Georgetown-Leander	(4.6%)	\$1,533	1,908
San Marcos	(6.1%)	\$1,245	1,057



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