

AUSTIN Q2 2026



Q2 2026 MULTIFAMILY MARKET SNAPSHOT

KEY TAKEAWAYS

1

Demand remains resilient, with trailing 12-month absorption of 19,522 units exceeding 12,726 units delivered, while Q2 absorption of 5,414 units marked the strongest quarterly performance in recent periods.

2

The construction pipeline is contracting decisively—trailing 12-month starts fell to 7,156 units from 12,107 a year ago, and 15,174 units remain under construction (4.5% of inventory), down 22% over four quarters.

3

Effective rents of \$1,412 per unit remain down 4.2% year-over-year, but the 2.0% quarter-over-quarter gain signals a potential inflection point, while occupancy of 89.8% improved 45 basis points sequentially.

AVERAGE RENT

\$1,412

ANNUAL RENT CHANGE

-4.2%

AVERAGE OCCUPANCY

89.8%

YOY OCCUPANCY CHANGE

-35 BASIS POINTS

NET ABSORPTION

19,522 T4Q

UNIT COMPLETIONS

12,726 T4Q

DEMAND TRENDS

Austin's multifamily market continued to demonstrate robust leasing momentum in Q2 2026, with 5,414 units absorbed—up from 4,128 units in the prior quarter and marking the fourth consecutive quarter of positive net absorption. Trailing 12-month absorption reached 19,522 units, comfortably exceeding the 12,726 units delivered over the same period. For the first time since the current supply cycle began, demand has consistently outpaced new supply on a sustained basis, signaling that the market is actively working through its inventory overhang rather than simply accumulating it.

The durability of absorption is notable given the broader macroeconomic backdrop. Annual demand of 19,522 units has held remarkably steady compared to the roughly 20,900 units absorbed in the prior trailing 12-month period, even as the delivery pace has decelerated sharply. This consistency suggests that Austin's underlying demand drivers—population growth, employment diversification, and relative affordability versus coastal markets—remain intact. With absorption outpacing deliveries by nearly 6,800 units over the past year, the market is positioned to gradually rebuild occupancy if this trajectory holds.

Leasing activity was broad-based but concentrated in corridors absorbing heavy recent deliveries. Northeast Austin led with 2,503 units absorbed over the trailing 12 months against 1,803 delivered, while Georgetown-Leander absorbed 1,852 units versus 769 completions. Downtown Austin posted 1,116 units of net absorption, outpacing its 926 deliveries—a constructive signal for the urban core. Notably, all 24 tracked submarkets recorded positive trailing 12-month absorption.

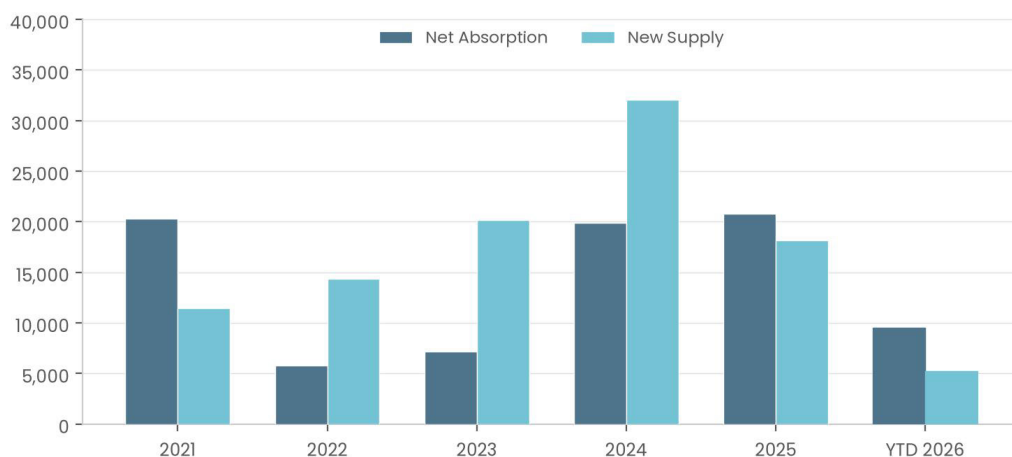
CONSTRUCTION TRENDS

Austin's delivery wave is receding meaningfully. Developers completed 2,898 units in Q2 2026, bringing trailing 12-month completions to 12,726 units—down 52% from 26,260 units delivered during the prior four-quarter period. This sharp deceleration marks a definitive downshift in the supply cycle that has weighed on Austin's fundamentals since 2022. As of Q2 2026, 15,174 units remain under construction, representing 4.5% of the market's 339,886-unit inventory. While this pipeline remains above-average relative to national norms, the trajectory is clearly contracting.

New project starts have pulled back substantially, with trailing 12-month starts totaling 7,156 units—down 41% from 12,107 units a year ago. This contraction reflects developer caution amid negative rent growth and elevated concession activity, which have eroded pro forma returns for new developments. The under-construction pipeline has shrunk 22% over four quarters, declining from 19,493 to 15,174 units. This trajectory points to further delivery reductions through late 2026 and into 2027, which should provide meaningful relief for existing operators.

Development activity is concentrated in a handful of submarkets. East Austin (3,003 units), Northeast Austin (2,466 units), Midtown Austin (1,434 units), and Southeast Austin (1,259 units) collectively account for approximately 54% of active construction. Several suburban submarkets—including Cedar Park, Pflugerville, Round Rock, and Riverside—have fully cleared their pipelines with zero units under construction, positioning them for earlier rent recovery.

UNIT COMPLETIONS VS NET ABSORPTION



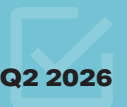
NET ABSORPTION

5,414



UNIT COMPLETIONS

2,898 Q2 2026



RENT TRENDS

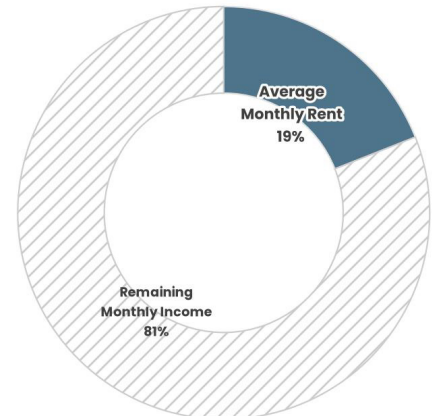
Average effective rents in Austin stood at \$1,412 per unit as of Q2 2026, reflecting a 4.2% year-over-year decline but a 2.0% quarter-over-quarter increase. That sequential gain is significant: it marks the first positive quarterly rent movement after three consecutive quarters of declines, with the trajectory improving from -2.8% in Q3 2025 to -2.7%, -0.7%, and now +2.0%. While annual rent growth remains firmly negative, the momentum shift suggests the market may be approaching an inflection point in pricing.

Concession activity among lease-up properties continues to weigh on effective rents market-wide, as operators compete for a finite pool of renters across a still-elevated delivery pipeline. However, the improving quarterly trajectory reflects tightening conditions as absorption consistently outpaces new supply. With only one quarter of positive rent change logged thus far, it is too early to declare a durable recovery—but the direction of travel is constructive and aligns with the deceleration in completions.

Rent pressure remains pervasive, with 23 of 24 tracked submarkets posting negative annual rent growth. Lake Travis is the sole exception at 1.7% year-over-year growth (\$1,778/unit), supported by tight 94.2% occupancy. At the other extreme, Hill Country recorded -13.9% annual declines, while Buda-Kyle fell -9.0%. Premium submarkets showed relative resilience: Downtown Austin (-0.1% at \$3,519/unit) and Central Austin (-0.3%) approached flat performance, suggesting pricing power is returning first in supply-constrained, high-amenity locations.



MONTHLY RENT AS SHARE OF INCOME



AVERAGE MONTHLY RENT
\$1,412

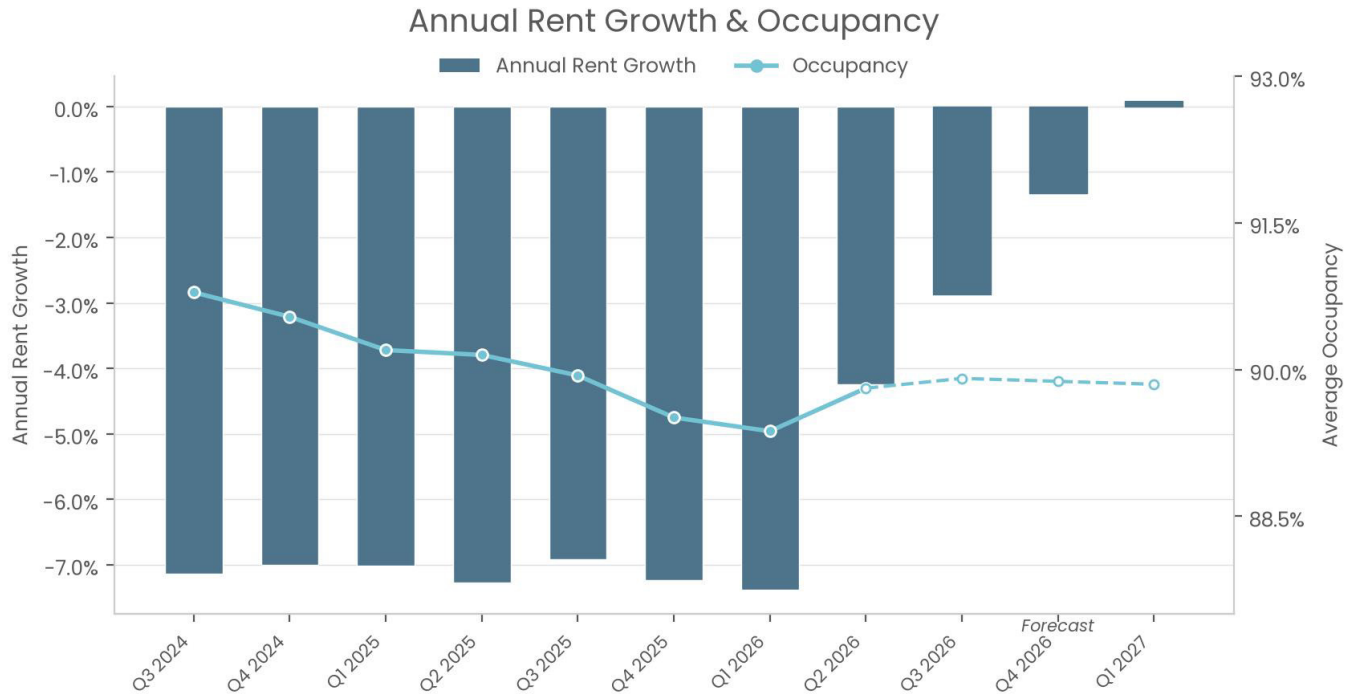
RENT & OCCUPANCY

SUBMARKET TOP 10 EFFECTIVE ANNUAL RENT GROWTH

#	Submarket	Inventory of Units	Q2 2026 Occupancy	Annual Occupancy Change	Q2 2026 Effective Annual Rent Growth	Annual Effective Rent/Unit
1	Lake Travis	3,978	94.2%	0.8%	1.7%	\$1,778
2	Downtown Austin	9,193	92.9%	0.8%	-0.1%	\$3,519
3	Central Austin	3,934	91.3%	-0.2%	-0.3%	\$1,636
4	Round Rock	21,951	91.0%	-0.3%	-2.2%	\$1,347
5	East Austin	19,209	90.7%	-0.2%	-2.6%	\$1,674
6	West Austin	2,183	93.9%	0.1%	-2.7%	\$1,906
7	South Central Austin	13,667	91.2%	0.0%	-2.8%	\$1,667
8	Midtown Austin	17,331	89.7%	0.2%	-3.1%	\$1,466
9	South Austin	21,711	90.7%	-1.1%	-3.5%	\$1,307
10	Caldwell County	812	75.8%	4.6%	-3.6%	\$1,283

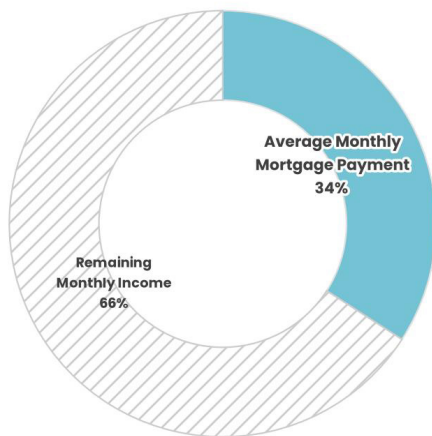
FULL SUBMARKET TABLE IN APPENDIX

ANNUAL RENT GROWTH AND OCCUPANCY



RENT & OCCUPANCY

MONTHLY MORTGAGE AS SHARE OF INCOME



AVERAGE MONTHLY MORTGAGE
\$2,534

OCCUPANCY TRENDS

Stabilized occupancy in Austin registered 89.8% as of Q2 2026, reflecting a 45 basis point increase quarter-over-quarter but a 35 basis point decline year-over-year. The sequential improvement is encouraging and represents the first quarterly occupancy gain in recent quarters, driven by Q2's strong absorption of 5,414 units against just 2,898 deliveries. However, occupancy remains well below the market's pre-cycle norms, underscoring the cumulative drag from years of elevated supply additions. Despite trailing 12-month absorption of 19,522 units exceeding deliveries of 12,726 units by a wide margin, occupancy has yet to stabilize on an annual basis. This disconnect reflects the depth of the supply overhang—many recently delivered properties remain in lease-up, pulling stabilized metrics lower even as demand strengthens. With 15,174 units still under construction (4.5% of inventory), the path to sustained occupancy recovery depends on continued moderation in deliveries through the coming quarters. Submarket occupancy dispersion is striking, spanning 1,845 basis points from Caldwell County at 75.8% to Lake Travis at 94.2%. Several submarkets with limited or no remaining pipeline—West Austin (93.9%), Southwest Austin (93.2%), and Cedar Park (92.4%)—are maintaining occupancy well above the metro average. Conversely, North Austin (87.4%) and Pflugerville (87.7%) continue to lag, reflecting the lingering impact of recent deliveries and competitive lease-up dynamics in more supply-heavy corridors.

MARKET OUTLOOK

Austin's multifamily market is firmly in the late stages of its supply cycle. Deliveries have halved over the past year, trailing 12-month starts have contracted 41% to 7,156 units, and the under-construction pipeline of 15,174 units (4.5% of inventory) continues to shrink. With absorption of 19,522 units materially outpacing 12,726 completions, the market is absorbing excess supply at a healthy pace. The sequential rent improvement to 2.0% quarter-over-quarter and the 45 basis point occupancy gain in Q2 suggest fundamentals are inflecting, though the market remains below historical operating norms.

Rents are projected to approach flat year-over-year growth by early 2027, with forecasts suggesting 0.1% annual growth by Q1 2027. Occupancy is expected to hold near 89.8% as an additional 8,230 units are projected to deliver over the forecast horizon. The trajectory favors gradual improvement rather than a sharp snapback—operators should expect concession pressure to persist in lease-up-heavy submarkets through late 2026, even as stabilized properties begin to regain pricing leverage. Patience remains essential, but the worst of the supply cycle appears to be behind the market.

Submarkets with cleared pipelines—Cedar Park, Pflugerville, Round Rock, and Riverside—are best positioned for near-term rent recovery and occupancy stabilization. Conversely, East Austin and Northeast Austin, which collectively account for over 5,400 units under construction, will face continued competitive pressure. For investors, the divergence between pipeline-free and pipeline-heavy submarkets will likely define performance dispersion over the next two to four quarters.

Sources: Costar; U.S. Census Bureau; Federal Reserve Bank of St. Louis; National Association of Realtors





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APPENDIX

SUBMARKET FUNDAMENTALS

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9	South Austin	21,711	90.7%	-1.1%	-3.5%	\$1,307
10	Caldwell County	812	75.8%	4.6%	-3.6%	\$1,283
11	Pflugerville	24,269	87.7%	-1.2%	-4.3%	\$1,259
12	Southwest Austin	13,891	93.2%	-0.2%	-4.3%	\$1,632
13	Bastrop County	2,201	91.0%	-3.2%	-4.6%	\$1,350
14	Georgetown-Leander	17,489	90.0%	0.2%	-5.0%	\$1,331
15	Northwest Austin	35,524	90.3%	-0.3%	-5.0%	\$1,232
16	North Austin	32,248	87.4%	-1.4%	-5.0%	\$1,289
17	Riverside	19,003	90.6%	3.0%	-5.2%	\$1,271
18	Cedar Park	16,165	92.4%	0.7%	-5.6%	\$1,285
19	Northeast Austin	19,865	87.9%	-0.5%	-6.3%	\$1,234
20	Far North Austin	4,340	87.5%	-2.9%	-6.4%	\$1,352
21	Southeast Austin	16,442	88.1%	-1.4%	-6.6%	\$1,263
22	San Marcos	11,220	84.8%	-0.9%	-6.9%	\$1,150
23	Buda-Kyle	11,355	88.8%	-1.2%	-9.0%	\$1,254
24	Hill Country	1,756	92.2%	2.2%	-13.9%	\$1,424