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From the Austin Business Journal:

<http://www.bizjournals.com/austin/news/2016/12/29/austin-apartment-rent-hikes-stall-in-november-as.html>

Austin apartment rent hikes stall in November as new construction peaks

Dec 29, 2016, 8:02am CST

The cost to rent an apartment in Austin grew just 1.9 percent in November year over year — the smallest jump in more than six years.

A surge in apartment supply and reduced job growth slowed the steady climb of rent in the Texas capital last month, according to a report from Dallas-based **Axiometrics** Inc. But the reprieve will be short-lived — growth is expected to pick back up in 2017, reaching an average of 2.9 percent for the year.

“Austin’s supply stream likely peaked in the second half of 2016, unlike the nation as a whole, which is expected to reach its peak in mid-2017,” Stephanie McCleskey, vice president of research for Axiometrics, said in a statement. “With the reduction in supply, we expect increased demand. **We are forecasting 25,000 new jobs in Austin next year, compared to the 21,000 added in the 12 months that ended in October.**”



COURTESY PHOTO

A rendering of the Tacara Steiner Ranch apartments being built in Austin's far northwest submarket, where rents increased 4.6 in November — one of the steepest climbs in the region.

The breakdown:

- Central Texas submarkets where rent is growing fastest: Eastern Travis County (up 7 percent in November year over year), far north central (up 6 percent), far northwest (up 4.6 percent), San Marcos (up 3.7 percent) and North Travis County (up 3.7 percent)
- Average Austin rent per unit in November: \$1,198, up 1.9 percent from \$1,176 in November 2015
- Average national rent in November: \$1,278, up 2.4 percent from \$1,248 a year earlier
- Austin occupancy in November: 94.2 percent, compared with 95.1 percent a year earlier
- National occupancy in November: 94.6 percent, compared with 94.9 percent a year earlier.

Slowing rent growth in major metros across the U.S. and a regular seasonal dip weighed on the multifamily market in the fourth quarter of 2016, according to Axiometrics.

“Though the market has moderated, it’s important to stress that we’ve seen a very strong market for more than six years,” Jay Denton, Axiometrics senior vice president of analytics, said in a statement. “Axiometrics had predicted this moderation, since the market could not sustain the peak of 2014 and 2015.

Now, we're forecasting that though rent growth may fall below the long-term average for periods in 2017, it will remain positive, with a rebound expected in 2018 and 2019."

Will Anderson

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