MARKET INTELLIGENCE

Austin Multifamily Market & Investment Report

Q3 2026

Fundamentals, Capital Markets, Development and the Next Phase of Austin's Apartment Cycle

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AUSTIN MULTIFAMILY MARKET INTELLIGENCE

Q3 2026 Austin Multifamily Market Report

Fundamentals are improving. The capital markets are reopening. The next phase of Austin's apartment cycle is becoming more selective.

A comprehensive review of Austin multifamily fundamentals, rents, vacancy, absorption, development, investment sales, capital markets and selected submarkets across the metro.

Prepared by Greg Cooper | August 2026

341,409 MARKET UNITS	11.4% VACANCY	22,010 12-MO ABSORPTION
12,468 12-MO DELIVERIES	$526.7M 12-MO SALES	5.7% MARKET CAP RATE

EXECUTIVE SUMMARY

Austin Is Moving From Oversupply Toward Rebalancing

The Austin multifamily market is no longer defined simply by the record supply wave that pushed vacancy to historic highs. By Q3 2026, the defining issue is how quickly individual submarkets and asset classes can absorb the remaining excess inventory while the development pipeline contracts.

Marketwide vacancy has fallen to 11.4% from a 15.8% peak in 2024. The primary driver is exceptional renter demand: Austin absorbed roughly 22,010 units over the past 12 months while 12,468 units were delivered. That positive demand-versus-supply spread has materially improved occupancy even though vacancy remains elevated compared with Austin's own long-term average and the national market.

Rental pricing is lagging the occupancy recovery. Average asking rents are approximately $1,565 per month and remain down 1.1% year over year. Effective rents are weaker because concessions remain widespread. In other words, the physical market has improved faster than the revenue line. For owners, that distinction matters: the next stage of recovery depends not only on filling units, but on reducing concessions and converting occupancy gains into durable NOI growth.

The construction pipeline has contracted dramatically. Approximately 14,610 units are currently under construction across the market, and annual construction starts have fallen to the lowest level since 2012. That shrinking pipeline is the most important medium-term support for the Austin apartment recovery.

Capital markets are also showing early signs of thawing. Trailing-12-month sales volume reached $526.7 million across 80 transactions, up approximately 50% year over year, although still below the 10-year average. Market cap rates are around 5.7%, pricing is down roughly 2% year over year on a per-unit basis, and institutional activity has begun to return—particularly for newer, higher-quality assets with strong occupancy and credible long-term locations.

The Cooper Perspective

The market has moved beyond the question of whether Austin was overbuilt. It was. The more useful question now is where the supply hangover is clearing fastest—and which assets can convert improving occupancy into future rent and NOI growth before the next development cycle begins.

MARKET FUNDAMENTALS

Demand Has Been Strong Enough to Change the Direction of the Market

VACANCY	12-MONTH ABSORPTION	12-MONTH DELIVERIES
11.4%	22,010	12,468
Down roughly 3.3 percentage points year over year and well below the 2024 peak.	One of the strongest annual demand readings in Austin's recorded multifamily history.	Still substantial, but materially below the prior development surge.

Austin's recovery has been driven by a simple but powerful shift: demand is now exceeding new supply. After multiple years in which new deliveries overwhelmed apartment absorption, the relationship reversed. That has allowed the market to work through a meaningful portion of the vacant inventory created during the 2022–2024 development cycle.

Higher-quality product has captured the majority of renter demand. The 4 & 5 Star segment contains approximately 204,883 units and currently carries a 10.8% vacancy rate. The 3 Star segment, with approximately 108,106 units, has a 12.3% vacancy rate, while 1 & 2 Star inventory is around 12.1% vacant. These broad averages obscure an increasingly important phenomenon: in several submarkets, newer 4 & 5 Star properties are recovering faster than older mid-tier product.

North Austin is a particularly clear example. Its overall vacancy remains elevated at 12.8%, but the 4 & 5 Star vacancy rate has fallen to 7.5% while 3 Star vacancy is 19.9%. That divergence suggests that “class B is safer” is not a universally valid thesis in the current cycle. Product quality, location, operating condition and renter preference matter as much as nominal rent level.

> Austin’s headline vacancy rate is improving, but the market is fragmenting. The best-performing assets are increasingly separated from the average by product quality, submarket supply and the ability to compete without excessive concessions.

RENTS & CONCESSIONS

Occupancy Is Recovering Before Pricing Power

Marketwide Rents

Average asking rents are approximately $1,565 per month, down 1.1% year over year. Effective rents are approximately $1,432 per month, reflecting the continued use of concessions and incentives. Roughly three-quarters of properties are reported to be offering some form of concession, commonly one to two months of free rent.

This is typical of a market emerging from oversupply. Owners first use pricing and concessions to rebuild occupancy. Only after vacant units fall to more manageable levels can operators pull back incentives and begin to test higher effective rents.

The Recovery Is Uneven

Selected submarkets are already showing positive asking-rent growth. Downtown Austin is up 2.1% year over year, Central Austin is up 1.2%, and Round Rock is up 0.6%. Georgetown-Leander is nearly flat at -0.1%, while East Austin is down just -0.2%.

By contrast, Buda-Kyle remains under significant pressure at -4.1%, Northwest Austin is down -2.9%, North Austin is down -2.5%, and Pflugerville is down -1.5%.

SELECTED SUBMARKET	ASKING RENT	12-MO RENT GROWTH	VACANCY	READ-THROUGH
Downtown Austin	$3,806	**+2.1%**	12.9%	Premium pricing power is returning despite recent luxury deliveries.
Central Austin	$1,655	**+1.2%**	8.1%	Constrained supply is supporting pricing.
Round Rock	$1,484	**+0.6%**	9.2%	Recovery aided by a sharp supply slowdown.
Georgetown-Leander	$1,556	-0.1%	10.6%	Near an inflection after a severe supply shock.
East Austin	$1,835	-0.2%	10.5%	Strong demand, but late-2026 supply remains a risk.
Pflugerville	$1,415	**-1.5%**	10.8%	Improving occupancy, but recent supply still restrains rents.
North Austin	$1,421	**-2.5%**	12.8%	High-quality product outperforming older mid-tier assets.
Northwest Austin	$1,351	**-2.9%**	8.9%	Occupancy has recovered faster than rents.
Buda-Kyle	$1,443	**-4.1%**	12.7%	One of the clearest remaining examples of supply pressure.

DEVELOPMENT & SUPPLY

The Construction Pullback Is the Market's Most Important Tailwind

Austin's apartment recovery is being reinforced by a steep contraction in development activity. Construction starts totaled roughly 7,000 units over the latest 12-month period—the lowest annual level since 2012.

Approximately 14,610 units are currently under construction, equal to roughly 4.3% of existing inventory. That is a fraction of the 19.5% pipeline peak reached in early 2023. The implication is straightforward: even if renter demand moderates from the extraordinary pace of the past year, fewer new units should compete for that demand.

UNDER CONSTRUCTION	PIPELINE SHARE	RECENT STARTS
14,610	4.3%	~7,000
Current marketwide pipeline.	Under construction as a percentage of inventory.	Lowest annual construction-start total since 2012.

However, development exposure is not evenly distributed. East Austin has approximately 2,763 units under construction, including major projects in Mueller, Govalle and East Cesar Chavez. Northwest Austin has approximately 1,026 units underway, with deliveries expected primarily in 2027 and early 2028. North Austin has about 720 units under construction. Buda-Kyle has roughly 648 units underway after a renewed round of starts. Georgetown-Leander carries about 574 units, while Downtown has roughly 352 units under construction.

At the other end of the spectrum, Central Austin and Round Rock currently have essentially no units under construction in the selected data. That supply constraint is a major reason both submarkets are showing comparatively healthy vacancy and improving rents.

SUBMARKET	UNITS UNDER CONSTRUCTION	DEVELOPMENT READ
East Austin	2,763	Largest selected pipeline; near-term recovery may be interrupted by late-2026/2027 deliveries.
Northwest Austin	1,026	New starts reintroduce supply risk after a period of stabilization.
North Austin	720	Development is sharply below prior-cycle levels but not fully dormant.
Buda-Kyle	648	Recent starts extend the recovery timeline.
Georgetown-Leander	574	Pipeline is modest relative to the scale of the recent boom.
Downtown Austin	352	Pipeline has collapsed from prior-cycle highs; scarcity may support premium rents.
Central Austin	0	Highly supply constrained.
Round Rock	0	Supply pause is central to current recovery.

Development implication: the next development opportunity may emerge first in locations where current vacancy has normalized, rents are stabilizing and the forward pipeline is thin—not necessarily where historic population growth was fastest during the last cycle.

CAPITAL MARKETS

Liquidity Is Returning, but Buyers Remain Selective

Trailing-12-month Austin multifamily sales volume is approximately $526.7 million across 80 transactions involving 77 properties and roughly 15,200 units. Sales activity is still about 28% below the 10-year average, but volume is up roughly 50% year over year. This is an early sign that the prolonged buyer-seller standoff is beginning to ease.

ASSET VALUE

$78.5B

Estimated Austin multifamily asset base.

12-MO SALES VOLUME

$526.7M

Up meaningfully from the prior year, though still below historical norms.

MARKET CAP RATE

5.7%

After two years of expansion, yields appear to be stabilizing.

Higher-quality 4 & 5 Star assets represented approximately 60% of sales volume over the latest four quarters. Market pricing for these assets is estimated around $250,000 per unit with cap rates generally in the low- to mid-5% range.

For 3 Star product, market pricing is closer to $175,000 per unit, with yields generally higher and greater variation based on occupancy, age and capital needs.

Private buyers remain important, but institutional capital has become more active. Institutional acquisitions increased approximately 45% year over year from mid-2025, signaling that large buyers are once again willing to accept Austin exposure where basis, product and submarket fundamentals align.

National capital dominates the market. The capital-markets data indicates that approximately 89% of trailing-12-month buyer volume originated from national buyers versus about 11% from local buyers. This matters for sellers: Austin is once again competing for capital in a national allocation framework, not simply a local buyer pool.

What Investors Are Paying For

Current transaction evidence favors newer assets, strong locations, occupancy visibility and a believable path to rent normalization. Buyers are increasingly willing to underwrite Austin's long-term growth again—but they are not ignoring near-term concessions, insurance, taxes, capex or submarket supply.

INVESTMENT SALES

Transaction Activity Is Concentrated in a Handful of Submarkets

The most active selected submarkets by disclosed trailing-12-month volume include North Austin at approximately $134.2 million, Northwest Austin at $130.9 million, East Austin at $103 million and Pflugerville at $101.4 million. These four areas account for a disproportionate share of recent Austin multifamily liquidity.

SUBMARKET	12-MO SALES VOLUME	TRANSACTIONS	UNITS TRADED	MARKET CAP RATE	MARKET PRICE / UNIT
North Austin	$134.2M	8	1,636	5.8%	$197,036
Northwest Austin	$130.9M	7	1,824	6.0%	$172,455
East Austin	$103.0M	4	1,123	5.5%	$272,447
Pflugerville	$101.4M	8	2,754	5.7%	$203,789
Central Austin	Not fully disclosed	7	224	5.9%	$235,784
Round Rock	Not fully disclosed	4	981	5.7%	$201,597
Georgetown-Leander	Not fully disclosed	2	230	5.7%	$212,049
Buda-Kyle	Not fully disclosed	2	939	6.0%	$187,933

Notable Transaction: The Blockyard

The Blockyard at 1909 Alexander Avenue in East Austin sold in January 2026 for approximately $103 million, or $299,418 per unit. The 344-unit, 2024-vintage property was approximately 90% occupied at sale and traded at a reported 4.3% actual cap rate. The transaction illustrates the premium institutional capital can place on newer infill assets with strong long-term positioning even while broader market fundamentals remain in recovery.

More broadly, the capital-markets data suggests that newer 4 & 5 Star assets—especially those delivered in 2020 or later—have represented a large share of recent sales volume. This is less a signal that older properties are uninvestable than evidence that pricing clarity has returned first for assets with cleaner operational stories and more standardized institutional underwriting.

SELECTED SUBMARKETS

One Metro, Several Different Stages of Recovery

The strongest conclusion from the submarket data is that Austin should not be treated as a single apartment market. Selected submarkets are now occupying very different points in the recovery cycle.

SUBMARKET	VACANCY	12-MO ABSORPTION	12-MO DELIVERIES	RENT GROWTH	UNDER CONSTRUCTION
Central Austin	8.1%	49	38	**+1.2%**	0
Northwest Austin	8.9%	825	0	**-2.9%**	1,026
Round Rock	9.2%	1,011	345	**+0.6%**	0
East Austin	10.5%	1,208	549	-0.2%	2,763
Georgetown-Leander	10.6%	1,831	509	-0.1%	574
Pflugerville	10.8%	1,519	566	**-1.5%**	0
Buda-Kyle	12.7%	687	644	**-4.1%**	648
North Austin	12.8%	990	528	**-2.5%**	720
Downtown Austin	12.9%	1,111	1,349	**+2.1%**	352

1 Central Austin: Supply-Constrained and Firming

With 8.1% vacancy, no meaningful construction pipeline and positive rent growth, Central Austin is one of the cleanest examples of how limited new supply can restore owner pricing power.

2

Round Rock: Strong Recovery After the Supply Wave

Vacancy has fallen to 9.2% from a peak above 18%. Absorption of 1,011 units materially exceeded 345 deliveries, while the near-term pipeline is minimal. The market is one of the stronger suburban recovery stories.

3

Georgetown-Leander: From Extreme Oversupply Toward Balance

Vacancy has fallen dramatically and trailing absorption of 1,831 units is among the highest in the metro. With only 574 units currently under construction, the submarket may be entering a more durable stabilization phase after an extraordinary development boom.

4

East Austin: Strong Demand, but Supply Risk Returns

East Austin combines high rents, strong absorption and a vacancy rate below the metro average. However, its 2,763-unit construction pipeline is the largest among the selected submarkets and could temporarily interrupt the recovery as projects deliver.

5

North Austin: A Two-Speed Market

Overall vacancy is 12.8%, but 4 & 5 Star vacancy is just 7.5% while 3 Star vacancy approaches 20%. Investors should underwrite this submarket at the asset level rather than rely on broad averages.

6

Buda-Kyle: Recovery Has More Work to Do

Vacancy is 12.7%, rents are down 4.1%, and the construction pipeline has increased again. Long-term population growth remains attractive, but owners face more near-term pricing pressure than in most of the selected submarkets.

AUSTIN MULTIFAMILY OUTLOOK

The Recovery Should Continue—but It Will Be More Selective

The balance of the source data points to continued improvement through the next several quarters. Vacancy has already fallen materially, construction starts have collapsed from peak levels, and many submarkets are approaching the point at which owners can begin reducing concessions. The broad direction is constructive.

The main risk is demand normalization. Austin’s recent absorption has been extraordinary and is not likely to continue indefinitely. Market forecasts anticipate a meaningful slowdown in absorption over the coming year. If job growth and household formation moderate more rapidly than expected, the market could take longer to reach equilibrium even with fewer deliveries.

Development risk is also highly geographic. East Austin and Northwest Austin still have meaningful pipelines. Buda-Kyle has seen renewed construction starts. By contrast, Central Austin and Round Rock have little or no current construction in the selected data, which improves the probability of continued rent and occupancy recovery.

Capital markets should continue to improve if operating fundamentals stabilize. Cap rates have stopped expanding as quickly, pricing appears to be finding a range, and institutional capital is re-entering selectively. A stronger transaction market does not require a return to 2021 conditions; it requires enough pricing clarity that sellers can accept current values and buyers can underwrite forward NOI with confidence.

Base Case for the Next 12–18 Months

Vacancy continues to decline, rent growth moves gradually back into positive territory, concessions ease unevenly, development remains constrained, and transaction volume increases from depressed levels. The strongest performance should accrue to assets in submarkets where the forward supply pipeline is thin and current occupancy already supports a credible path to NOI growth.

INVESTMENT IMPLICATIONS

What the Current Cycle Means for Owners, Buyers and Developers

For Existing Owners

Owners should distinguish between occupancy recovery and true revenue recovery. If a property has reached stabilized occupancy but still relies on heavy concessions, the next objective is to convert occupancy into effective-rent growth. In selected submarkets, holding through another 12–24 months of fundamental improvement may materially change NOI and valuation. In others, new deliveries may delay that benefit.

For Sellers

The transaction market is more functional than it was a year ago. Assets with strong occupancy, clean financial reporting, manageable capital needs and credible submarket stories are receiving more attention. However, seller expectations need to reflect current

For Buyers

The opportunity is shifting from buying “Austin distress” broadly to selecting individual assets where basis and forward fundamentals align. Buyers should pay particular attention to the lease-up profile of nearby properties, the expiration of concessions, competing deliveries, tax resets, insurance and the durability of in-place rents.

For Developers

The collapse in starts is creating the conditions for the next development window, but timing remains critical. The best future opportunities are likely to be in submarkets where current vacancy has normalized, new starts are scarce and achievable rents can support financing costs and the underwriting of taxes, insurance and concessions.

replacement cost without depending on aggressive rent-growth assumptions.

> The market is becoming investable again precisely because it is no longer moving in one direction. Dispersion creates opportunity—for buyers who can distinguish temporary weakness from structural weakness, and for owners who know when recovery is worth waiting for.

METHODOLOGY & SOURCES

How to Read This Report

This report synthesizes third-party Austin multifamily market, capital-markets and selected submarket data supplied for August 2026, together with Greg Cooper's interpretation of current market conditions. The selected submarkets reviewed in detail are Central Austin, Downtown Austin, East Austin, North Austin, Northwest Austin, Pflugerville, Round Rock, Georgetown-Leander and Buda-Kyle.

Statistical-area boundaries do not always align with municipal boundaries or common brokerage usage. Market figures may be revised as leases, construction starts, completions and sales are reported. Where individual sale consideration was not disclosed in the underlying data, this report does not infer a transaction price.