

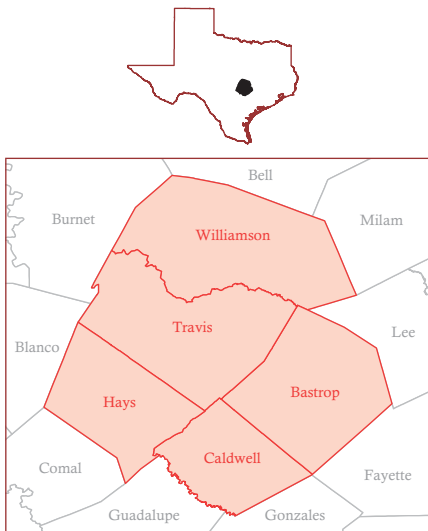


Austin-Round Rock, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2016



Housing Market Area



The Austin-Round Rock Housing Market Area (HMA) in central Texas is approximately 80 miles northeast of San Antonio. The Austin HMA is composed of Bastrop, Caldwell, Hays, Travis, and Williamson Counties and is coterminous with the Austin-Round Rock, TX Metropolitan Statistical Area. The city of Austin is the capital of Texas.

Market Details

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Summary

Economy

The economy of the Austin-Round Rock HMA has improved each year since 2010, although the rate of job growth slowed in 2015. During 2015, nonfarm payrolls increased by 30,600 jobs, or 3.3 percent, compared with an increase of 36,100 jobs, or 4.1 percent, in 2014. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average annual rate of 27,000 jobs, or 2.9 percent. The government sector is the largest sector in the HMA, accounting for 18 percent of nonfarm payrolls, because the city of Austin is the state capital and the home of the flagship campus of the University of Texas System.

Sales Market

The sales housing market in the HMA is tight, with an estimated sales vacancy rate of 1.2 percent, down from 2.3 percent in April 2010. During the forecast period, employment and population gains are expected to support demand for 36,950 new homes (Table 1). The 3,700 homes currently under construction and a portion of the 24,000 other vacant units in the HMA that may reenter the market will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is slightly tight, with an estimated overall rental vacancy rate of 5.1 percent, down from 8.6 percent in April 2010. The apartment market is also slightly tight, because employment growth resumed in 2010 after losses in 2009, and because annual net migration since 2010 has exceeded the level of net migration from 2008 to 2010. The apartment vacancy rate as of the fourth quarter of 2015 was 4.1 percent, down from 4.6 percent a year ago and 9.7 percent in April 2010 (MPF Research). During the forecast period, demand is expected for 26,850 new market-rate rental units (Table 1). The 14,000 units currently under construction will satisfy a portion of the forecast demand.

Table 1. Housing Demand in the Austin-Round Rock HMA During the Forecast Period

	Austin-Round Rock HMA	
	Sales Units	Rental Units
Total demand	36,950	26,850
Under construction	3,700	14,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2016. A portion of the estimated 24,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 2,100 mobile homes. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Economic Conditions

Nonfarm payrolls in the Austin-Round Rock HMA have grown every year since 2010, after job losses in 2009, when the national recession impacted the economy of the HMA. During 2015, total nonfarm payrolls in the HMA grew by 30,600 jobs, or 3.3 percent, to 944,800 jobs (Table 2). The unemployment rate averaged 3.3 percent, down from 4.2 percent a year ago. By comparison, from 2010 through 2014, the unemployment rate averaged 5.7 percent. Figure 1 shows the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2015.

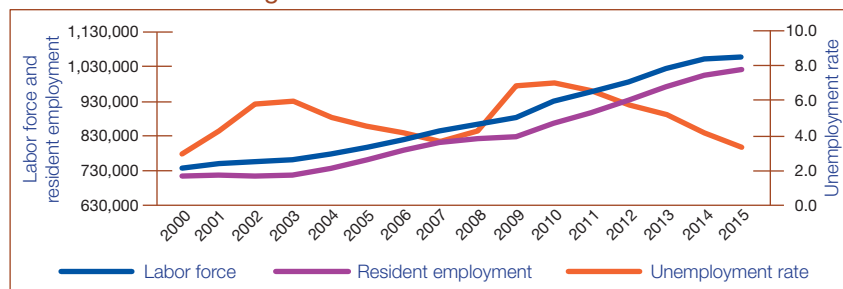
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Austin-Round Rock HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2014	December 2015		
Total nonfarm payroll jobs	914,200	944,800	30,600	3.3
Goods-producing sectors	107,900	109,500	1,600	1.5
Mining, logging, & construction	50,100	52,000	1,900	3.8
Manufacturing	57,700	57,500	-200	-0.3
Service-providing sectors	806,300	835,300	29,000	3.6
Wholesale & retail trade	142,400	146,100	3,700	2.6
Transportation & utilities	15,600	16,100	500	3.2
Information	25,000	26,000	1,000	4.0
Financial activities	52,000	53,600	1,600	3.1
Professional & business services	149,200	157,300	8,100	5.4
Education & health services	106,400	111,000	4,600	4.3
Leisure & hospitality	106,400	112,800	6,400	6.0
Other services	39,600	40,900	1,300	3.3
Government	169,800	171,500	1,700	1.0

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2014 and December 2015.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Austin-Round Rock HMA, 2000 Through 2015



Source: U.S. Bureau of Labor Statistics

From 2002 through 2003, nonfarm payrolls in the HMA declined by 10,800 jobs, or 1.6 percent, annually, when the 2001 recession impacted the HMA. The manufacturing sector led job losses during this period, declining by an average of 9,000 jobs, or 11.8 percent, annually. From 2004 through 2008, payrolls increased by an average of 25,300 jobs, or 3.6 percent, annually. The professional and business services sector led job growth during this period, adding an average of 5,400 jobs, an increase of 5.5 percent, annually. In 2009, the HMA lost 17,000 jobs, or 2.2 percent; losses were greatest in the manufacturing sector, which lost 9,200 jobs, or 14.6 percent. From 2010 to 2014, the HMA gained an average of 29,100 jobs, or 3.5 percent, annually. During this period, the professional and business services sector led job gains in the HMA, when it gained an average of 7,700 jobs, or 6.2 percent, annually.

During 2015, most nonfarm payroll sectors added jobs. The professional and business services sector led job growth in the HMA, gaining 8,100 jobs, or 5.4 percent, to 157,300 jobs. In July 2015, General Motors Company purchased a 302,604-square-foot building to expand its Information Technology Innovation Center in North Austin, adding 500 jobs to the sector. In 2014, Apple Inc completed the first phase of its Americas Operations Center expansion, a \$300 million investment that is expected to create 3,600 jobs by the time it is complete in 2021. Apple's hiring of an unspecified number of employees through the current date had contributed to employment growth in the sector.

The leisure and hospitality sector also had strong growth during 2015,

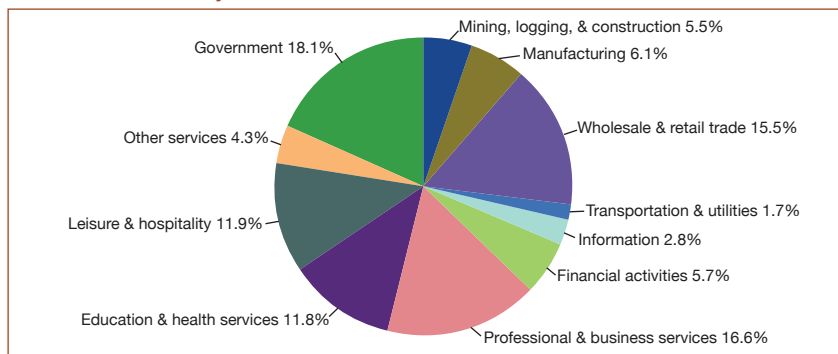
gaining 6,400 jobs, or 6.0 percent, to total 112,800 jobs. The 2015 opening of the music-themed Van Zandt Hotel in the city of Austin, which includes a coffee shop, a restaurant, and 12,000 square feet of event and meeting space, contributed an unspecified number of jobs to the sector. From 2000 through the current date, the leisure and hospitality sector grew 85 percent and was the fastest-growing sector. The tourism industry contributes significantly to employment in the leisure and hospitality sector. During 2014 (the latest data available), direct travel spending in the HMA totaled \$6.69 billion, up from \$3.43 billion in 2000, an increase of nearly 5.0 percent annually (Dean Ruyuan Associates). A number of events hosted in the HMA draw tourists year round, including South by Southwest

Conferences and Festivals, Austin City Limits Music Festival, and the Circuit of the Americas motor racing. The completion of the \$400 million Circuit of the Americas facility that includes the open-air Austin 360 Amphitheatre in 2012 created an unspecified number of jobs in the leisure and hospitality sector. The economic impact of the Circuit of the Americas facility on the HMA is estimated at \$700 million annually (Circuit of the Americas website).

The education and health services sector grew by 4,600 jobs, or 4.3 percent, to 111,000 jobs during 2015. In December 2014, St. David's HealthCare Partnership opened St. David's Children's Hospital in North Austin, a \$16 million investment, which contributed to job growth in the sector. From 2000 through the current date, the education and health services sector grew 78.0 percent and was the third fastest-growing sector in the HMA. Seton Medical Center Hays, part of the Seton Healthcare Family, the fourth largest employer in the HMA, opened in Kyle, adding 2,300 jobs to the education and health services sector.

With the city of Austin being the state capital and home to the flagship campus of the University of Texas System, the government sector is the largest in the HMA (Figure 2), accounting for 18 percent of nonfarm payrolls. The State of Texas is the largest employer in the HMA, with 34,500 employees, a figure that excludes employment in state higher education institutions (Table 3). The University of Texas at Austin (UT Austin), which enrolls 50,950 students, is the second largest employer in the HMA, with approximately 24,200 employees. The annual economic impact of UT Austin on

Figure 2. Current Nonfarm Payroll Jobs in the Austin-Round Rock HMA, by Sector



Note: Based on 12-month averages through December 2015.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Austin-Round Rock HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Texas	Government	34,500
The University of Texas at Austin	Government	24,200
Dell Inc.	Manufacturing	13,000
City of Austin	Government	12,600
Seton Healthcare Family	Education & health services	10,950
St. David's Healthcare Partnership	Education & health services	8,375
International Business Machines Corporation	Professional & business services	6,000
Internal Revenue Service	Government	5,400
Travis County	Government	5,300
NXP Semiconductors	Manufacturing	5,000

Notes: Excludes local school districts. State of Texas employment figures exclude The University of Texas at Austin and Texas State University San Marcos.

Source: Austin Chamber of Commerce

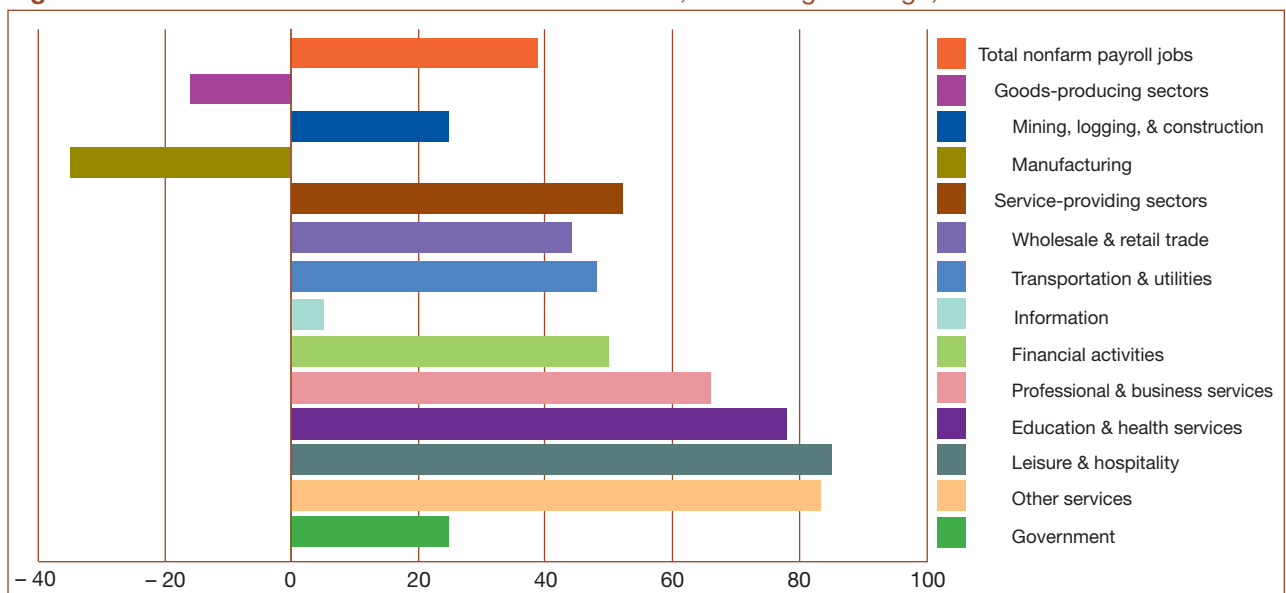
the state of Texas is estimated at \$8.8 billion (Economic Modeling Specialists International). During 2015, the government sector gained 1,700 jobs, or 1.0 percent. Despite the gains, losses occurred in the state government subsector, which lost 500 jobs, or 0.7 percent, because of cutbacks by the state government.

The manufacturing sector was the only sector to lose jobs in 2015, declining by 200 jobs, or 0.3 percent. The recent strengthening of the U.S. dollar, which has reduced the price competitiveness of U.S. exports, is the cause for the losses in this sector. From June 2014 until the current date, the U.S. dollar strengthened by 25.0 percent relative to an index of major currencies (Federal Reserve Bank of St. Louis). Texas, which exports more than any state, accounts for 18 percent of U.S. exports (Federal Reserve Bank of Dallas; U.S. Census Bureau). In March 2015, Hamilton Scientific, a laboratory equipment manufacturer, closed its facility in Round Rock, which caused the loss of 67 jobs and contributed to the contraction of the manufacturing

sector in 2015. The manufacturing sector declined 35.0 percent from 2000 to the current date (Figure 3). The losses in the manufacturing sector were greatest from 2001 through 2003, when the sector lost an average of 8,475 jobs, or 10.7 percent, annually, although significant losses were also recorded from 2008 through 2009, when the sector lost 9,200 jobs, or 14.6 percent, annually. In 2009, Samsung Group laid off 500 workers when it closed an old semiconductor manufacturing facility, which contributed to job losses in the manufacturing sector during the period. After recording gains of 800 jobs, or 1.4 percent, annually from 2010 through 2014, the sector lost 200 jobs, or 0.3 percent, in 2015.

During the 3-year forecast period, non-farm payrolls are expected to increase by an average annual rate of 27,000 jobs, or 2.9 percent. Amazon.com, Inc., is building an 855,000-square-foot fulfillment center in the city of San Marcos, which is expected to create 350 jobs in the transportation and utilities sector by the time the facility opens in 2017; an additional 650 jobs

Figure 3. Sector Growth in the Austin-Round Rock HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through December 2015.

Source: U.S. Bureau of Labor Statistics

are expected when the facility reaches full capacity. The \$370 million, 37-story 1,068-room Fairmont Hotel, which is under construction in downtown Austin, is expected to create 1,000 jobs in the leisure and hospitality sector when it is complete in 2017. The Riverbend, a 220-acre mixed-used development under construction northeast of Austin-Bergstrom International Airport, includes apartments and a 30- to 50-acre commercial site that is expected to include a shopping center, restaurants, and a hotel, which are expected to contribute to job growth in the leisure and hospitality sector by the time the development is complete.

In December 2015, ProPortion Foods completed an incentive agreement with the city of Round Rock to expand into Round Rock. The \$13 million expansion is expected to create 400 jobs in the manufacturing sector by the time it is complete. Development has begun on the \$2 billion Whisper Valley, a 2,063-acre mixed-use planned community, located in East Austin's "preferred development zone." The development is expected to include 2 million square feet of retail space that will contribute to job gains in the leisure and hospitality sector and the retail trade subsector by the time it is complete.

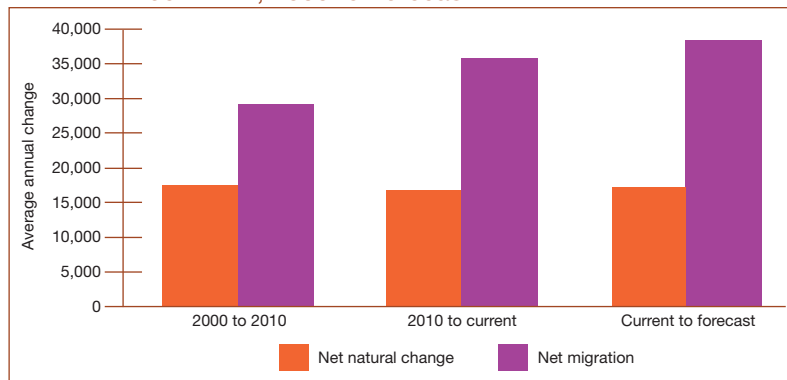
Population and Households

As of January 1, 2016, the population of the Austin-Round Rock HMA is estimated at 2.02 million, reflecting an average annual increase of 52,450, or 2.9 percent, from 1.72 million on April 1, 2010. From 2010 to 2014, the HMA was the third fastest-growing metropolitan area in the United States. As of July 1, 2014, the city of Austin had

a population of 912,791, accounting for approximately 47 percent of the HMA population compared with 46 percent in 2010 and 53 percent in 2000 (U.S. Census Bureau).

Net in-migration to the HMA has been the primary component of population growth since 2000 (Figure 4). From 2010 to the current date, net in-migration averaged 35,800 people annually, or 68 percent of population growth, because of job gains during the period; net natural change (resident births minus resident deaths) averaged 16,650 people annually. Increased enrollments at UT Austin and Texas State University San Marcos (TSUSM) also contributed to population growth during the period, albeit at a slowing rate. During the period, the combined enrollment at both universities increased by an average of 1,400 students, or 1.6 percent, annually, to total 88,950 students in 2015.

Figure 4. Components of Population Change in the Austin-Round Rock HMA, 2000 to Forecast



Notes: The current date is January 1, 2016. The forecast date is January 1, 2019.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast–estimates by analyst

Population and Households *Continued*

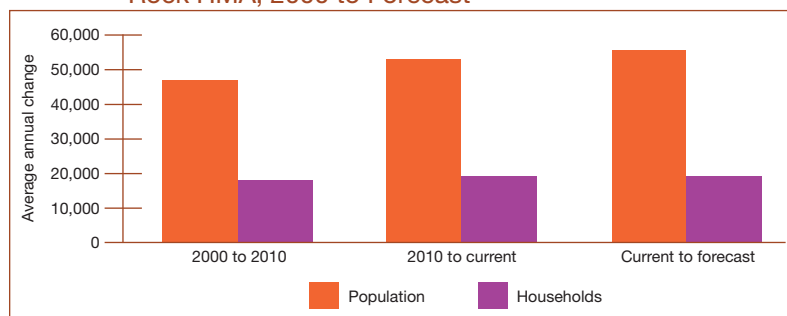
From 2000 to 2010, the population of the HMA increased by an average annual rate of 46,650, or 3.2 percent. Population growth fluctuated during the decade and was influenced by labor market conditions. From 2000 to 2001, the population grew by an average of 57,250, or 4.6 percent, annually (U.S. Census Bureau, July 1 estimates). During the period, net in-migration averaged 41,900 people annually, or 73 percent of population growth, while net natural change averaged 15,350 people annually. From 2001 to 2004, population growth slowed to an average of 29,600 people, or 2.2 percent, annually because of job losses from 2002 through 2003. During the period, net in-migration slowed to an average of 13,550 people annually, or 46 percent of population growth. During the same period, net natural change averaged 16,050 people annually. From 2004 to 2008, in response to job gains, the population grew by an average of 55,950, or 3.8 percent, annually. During the same period, net in-migration increased to an average of 37,950 people annually, or 68 percent of population growth, while net natural change increased to an average of 18,000 people annually. From 2008 to 2010, population growth slowed to an average annual rate of 47,100 people, or 2.9 percent, because of job losses during 2009. During the same period, net

in-migration slowed to 27,850 people annually, or 59 percent of population growth, because of job losses in 2009. From 2008 to 2010, net natural change averaged 19,250 people annually. Increased enrollment at UT Austin and TSUSM contributed to in-migration during the period. During the period, the combined enrollment at both universities increased by an average of 1,950 students, or 2.5 percent, annually, to 82,000 students in 2010. By comparison, from 2005 to 2008, the combined enrollment at both universities increased by an average of 540 students, or 0.7 percent, annually.

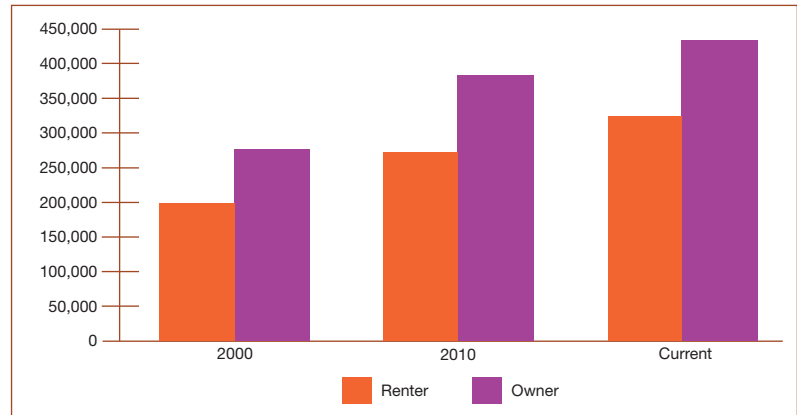
During the 3-year forecast period, the population of the HMA is expected to increase by an average of 55,350, or 2.7 percent, annually, to 2.18 million by January 1, 2019 (Figure 5). During the forecast period, net in-migration to the HMA is expected to increase to an average of 38,350 people a year.

The number of households in the Austin-Round Rock HMA has increased at a slightly slower rate since 2010 than during the previous decade because population growth slowed during the period. Since 2010, the number of households has increased 2.7 percent, or by 18,750 households, annually compared with an average annual increase of 3.3 percent, or 17,850 households, during the past decade. The current number of households in the HMA is estimated at 758,300. Figure 6 illustrates the number of households by tenure for 2000, 2010, and the current date. During the forecast period, the number of households in the HMA is expected to increase by 19,050, or 2.5 percent, annually, to approximately 815,500 households by January 1, 2019. Table DP-1 at the end of this report provides additional demographic data for the HMA.

Figure 5. Population and Household Growth in the Austin-Round Rock HMA, 2000 to Forecast



Notes: The current date is January 1, 2016. The forecast date is January 1, 2019.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Austin-Round Rock HMA, 2000 to Current

Note: The current date is January 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Austin-Round Rock HMA is tight because of strong job gains and population growth since 2010. The current home sales vacancy rate is estimated at 1.2 percent, down from 2.3 percent in April 2010, because of strong job and population growth since 2010. During 2015, the number of new and existing homes sold in the HMA (including single-family homes, townhomes, and condominiums) increased 4.0 percent, to 32,450 homes sold, when compared with the number sold during the previous year (Real Estate Center at Texas A&M University). The current level of sales exceeds the average of 27,200 homes sold annually from 2004 through 2007, the previous peak period, when the HMA had strong job and population growth, and is the highest number of sales on record. From 2008 through 2011, new and existing home sales

declined to an average of 21,300 homes sold annually in response to the national recession that lasted from December 2007 to June 2009. From 2012 through 2015, home sales increased to an average of 31,450 homes sold annually because of solid growth in nonfarm payrolls and population growth. Despite the recent increase in home sales volume, the current homeownership rate in the HMA is estimated at 57.1 percent, down from 58.5 percent in April 2010 because of an increased preference for rental housing.

During 2015, the average sales price for new and existing single-family homes, townhomes, and condominiums in the HMA increased 8.0 percent, to \$327,700, compared with prices during the previous year (Real Estate Center at Texas A&M University). Home prices in the HMA are the

Housing Market Trends

Sales Market *Continued*

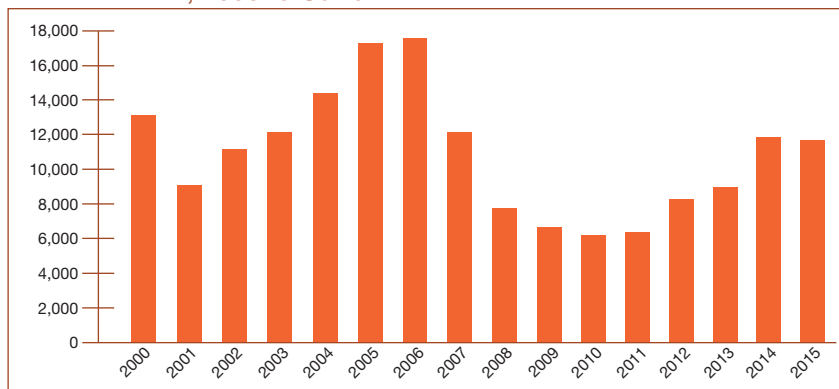
highest on record, are the highest of any metropolitan area in Texas, and have increased every year since 2010. Because of increased demand from 2004 through 2007, home prices increased an average of nearly 6.0 percent annually until reaching \$245,400 in 2007. From 2008 through 2009, home prices declined to an average of \$239,900 as a result of overbuilding during the previous period coupled with the national recession. From 2010 through 2015, home prices increased nearly 6.0 percent a year until reaching \$327,700 in 2015. During 2015, the available inventory of new and existing homes in the HMA averaged a 3-month supply, unchanged from a year ago; the current supply level is lower than the average of 4 months that prevailed from 2004 through 2007 and is near the lowest level recorded since 2000. In December 2015, 1.5 percent of mortgage loans in the HMA were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 1.9 percent in December 2014 and down from the peak of 4.1 percent in January 2010 (Black Knight Financial Services, Inc.). By comparison, in December 2015, 3.0 percent of mortgage loans in Texas

were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, down from 3.4 percent in December 2014 (Black Knight Financial Services, Inc.). In 2015, REO sales accounted for nearly 4 percent of all home sales, down from nearly 5 percent in 2014 and down significantly from 12 percent in 2011.

The condominium market in the HMA is also strong. During 2015, the average sales price for new and existing condominiums increased 24 percent, to an average of \$318,600. During the same period, the number of condominiums sold increased 8 percent, to 3,650 units (Metrostudy, A Hanley Wood Company). In December 2015, the median price for new and existing condominiums in the Yahoo!-Zillow-defined Downtown Austin market area was approximately \$453,100, up 15 percent from \$391,600 a year ago (Yahoo!-Zillow Real Estate Network).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased slightly in the Austin-Round Rock HMA in 2015 (Figure 7). The number of single-family homes permitted decreased 2 percent, to 11,550 homes, compared with 11,850 homes permitted during 2014 (preliminary data). The current level of permitting activity remains well below the average of 14,100 homes permitted annually from 2002 through 2007, when the sales market was historically strong because of job gains during that period. From 2008 through 2011, single-family permitting activity decreased to an average of 6,700 homes annually because of overbuilding during the previous period coupled with the effects of the national recession. From 2012 through 2015, single-family

Figure 7. Single-Family Homes Permitted in the Austin-Round Rock HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through December 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

permitting activity increased to an average of 10,150 annually because of strong job growth during the period. Sales prices for new single-family homes start at approximately \$140,000, but the lowest prices are found primarily in the outlying areas. Ongoing developments include Meadows at Buda, located in the city of Buda, with prices starting at \$234,000; an estimated 450 of the 500 homes planned are complete, and the remaining 50 homes are expected to be complete by the end of 2016. At Rough Hollow Lakeway, a new development in southeast Austin, prices start at \$320,000. The development is expected to comprise 1,800 homes by the time it is complete; 600 homes are already complete. In late 2015, construction began on Whisper Valley, a mixed-use development near the city of Manor that is planned to

include 7,500 energy-efficient homes with prices expected to range from \$150,000 to \$275,000; construction is in the early stages. The 158-acre Vistas of Austin in southeast Austin is in the planning stages and is expected to include 670 homes by the time it is complete. Condominium development has resumed after almost no development from 2009 through 2010 because of weak sales market conditions coupled with tight mortgage lending standards. Development has begun on the Independent, a 58-story, \$300 million, 370-unit residential highrise building, which is expected to be the tallest building in downtown Austin by the time it is complete in 2018. An estimated 750 condominium units are under construction, primarily in downtown Austin.

During the next 3 years, demand is expected for 36,950 new homes in the HMA (Table 1). The 3,700 homes currently under construction and a portion of the estimated 24,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 2,100 mobile homes during the forecast period is excluded from this table. The forecast period is January 1, 2016, to January 1, 2019.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Austin-Round Rock HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
140,000	199,999	6,975	20.0
200,000	249,999	8,025	23.0
250,000	299,999	5,925	17.0
300,000	349,999	4,175	12.0
350,000	399,999	2,800	8.0
400,000	499,999	4,175	12.0
500,000	and higher	2,800	8.0

Notes: The 3,700 homes currently under construction and a portion of the estimated 24,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 2,100 mobile homes during the forecast period is excluded from this table. The forecast period is January 1, 2016, to January 1, 2019.

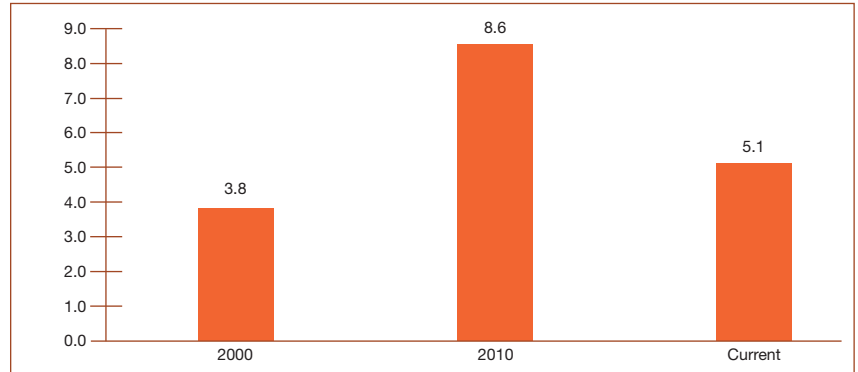
Source: Estimates by analyst

Rental Market

Rental housing market conditions in the Austin-Round Rock HMA are slightly tight because of sustained employment and population growth since 2010. The current overall rental vacancy rate is estimated at 5.1 percent, down from 8.6 percent in April 2010 (Figure 8). An estimated 28 percent of the current rental inventory consists of

single-family homes, up slightly from 24 percent in 2000. By comparison, apartments comprise an estimated 56 percent of the rental inventory, relatively unchanged since 2000. In 2010, duplexes and buildings with three and four units in the structure comprised 9 and 8 percent of the rental inventory, respectively; by 2014, their share of

Figure 8. Rental Vacancy Rates in the Austin-Round Rock HMA, 2000 to Current



Note: The current date is January 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

the rental inventory had declined to 6 and 7 percent, respectively. The apartment market is also slightly tight. The apartment vacancy rate as of the fourth quarter of 2015 was 4.1 percent, down from 4.6 percent a year ago and 9.7 percent in April 2010 (MPF Research). Apartment vacancy rates in the 16 MPF Research-defined market areas within the Austin metropolitan area range from 5.6 percent in the Pflugerville/Wells Branch area to 2.9 percent in the Downtown/University area. Current asking apartment rents average \$995, \$1,249, and \$1,587 for one-, two-, and three-bedroom units, respectively. The average asking rent for all apartment units increased by \$72, or nearly 7 percent, to \$1,151, compared with the rents recorded a year ago. Rent increases were broad based, with increases recorded in every MPF-defined market area, in every product age group, and in every apartment class group. Average rents ranged from \$955 in the North Central Austin market area to \$2,092 in the Downtown/University market area. In the fourth quarter of 2015, concessions were offered at less than 1.0 percent of apartment units, down from 3.2 percent in the fourth quarter of 2014 and down significantly from 51.0

percent in the first quarter of 2010. Asking rents for units completed since 2000 are significantly higher, averaging \$1,305, up by \$77, or 6 percent, from \$1,228 a year ago.

Student households comprise an estimated 7 percent of renter households in the HMA. Student enrollments at UT Austin and TSUSM are 50,950 and 38,000 students, respectively; of those students, approximately 80 percent reside off campus. The impact of students on the rental market is localized in the Downtown/University and the San Marcos ALN-defined market areas, where UT Austin and TSUSM are located, respectively. The increase in student enrollment at UT Austin from 49,700 in 2005 to 50,950 students in 2015 encouraged apartment construction in the Downtown/University market area and is part of the reason why that market area is the tightest in the HMA. An estimated 25 percent of the apartments in the Downtown/University market area are private-market student housing apartments. Since 2000, 3,097 units in 25 private-market student housing apartment projects have been completed in that market area (ALN Apartment Data, Inc.). The increase

in student enrollment at TSUSM from 23,500 in 2002 to 38,000 students in 2015 has stimulated apartment construction in the San Marcos market area. An estimated 42 percent of the apartments in that market area are private-market student housing apartments. Since 2000, 4,778 units in 21 private-market student housing apartment projects have been completed in the San Marcos market area (ALN Apartment Data, Inc.).

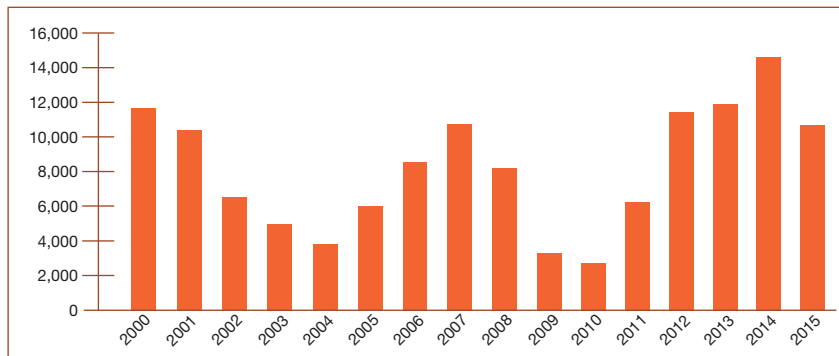
Income-restricted units comprise an estimated 9 percent of the apartment inventory in the HMA. The apartment vacancy rate for income-restricted units is currently 2.9 percent, unchanged from a year ago. Asking rents for income-restricted units currently average \$727, \$870, and \$978 for one-, two-, and three-bedroom units, respectively. The average effective rent for income-restricted units of all sizes increased 2 percent, to \$851.

Rent growth was also strong in the single-family and condominium rental markets. In December 2015, the median rent for single-family homes in the HMA was \$1,500, up nearly 8 percent from \$1,395 in December 2014 and up from \$1,315 in December 2013 (Yahoo!-Zillow Real Estate Network). In December 2015, the median rent for condominium homes offered

for rent in the HMA was \$1,575, up 9 percent from \$1,450 in December 2014 and up from \$1,437 in December 2013 (Yahoo!-Zillow Real Estate Network). In December 2015, the median rent for condominium homes offered for rent in the Downtown Austin market area was \$2,449, up 2 percent from \$2,400 in December 2014 and up from \$2,325 in December 2013 (Yahoo!-Zillow Real Estate Network).

Since 2012, multifamily construction activity, as measured by the number of units permitted, has exceeded the peak levels in the Austin-Round Rock HMA from 2006 through 2008 (Figure 9). During 2015, 10,550 multifamily units were permitted, a 28-percent decrease from the 14,600 units permitted in 2014 (preliminary data; analyst's estimates). The decline is primarily because of construction delays that were caused by labor shortages. The current level of activity is above the average of 9,125 units permitted annually from 2006 through 2008. From 2009 through 2010, construction activity declined to an average of 2,950 units annually because of job losses during 2009. From 2011 through 2015, construction activity increased to an average of 10,900 units annually because of continued employment and population growth, tighter lending standards in the sales market, and rising rents. From 2006 through 2008, condominiums constituted an estimated 13 percent of multifamily construction activity. From 2009 through 2010, condominium activity decreased to less than 1 percent of all multifamily construction. From 2011 through the current date, condominium construction activity increased to an estimated 4 percent of all multifamily construction because of strong sales market conditions.

Figure 9. Multifamily Units Permitted in the Austin-Round Rock HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through December 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Although new construction starts are distributed throughout the HMA, the greatest concentrations are in the Far South Austin, Southwest Austin, and East Austin MPF-defined market areas, with an estimated 14, 11, and 11 percent of all units under construction, respectively (MPF Research; analyst's estimates). Developments currently under construction in the city of Austin include the 512-unit Still Waters at Southpark Meadows, which is expected to be complete by mid-2017, and the 442-unit Lamar Union, expected to be complete by late 2016, with rents starting at \$1,875 for one-bedroom units. The residential portion of The Riverbend, the mixed-use development in the city of Austin, has 600 apartment units in the planning stages. In San Marcos, the 71-unit Ella Lofts, a development currently under construction near

TSUSM targeting the student market, is expected to be complete by late 2016, with rents starting at \$999 for a one-bedroom unit. Saddlebrook, a 600-home manufactured housing community, is also under construction in San Marcos, with leases starting at \$899; 300 homes have already been placed, but a final completion date for the remaining 300 homes has not been announced. Customers will be able to rent a lot and then have the option to buy or rent the home.

During the 3-year forecast period, demand is estimated for 26,850 new market-rate rental units in the HMA. The 14,000 units currently under construction will meet a portion of that demand (Table 1). Demand is expected to remain relatively stable during the forecast period. Table 5 shows forecast demand by number of bedrooms and rent levels.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Austin-Round Rock HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
770 to 969	95	750 to 949	2,475	900 to 1,099	370	1,200 to 1,399	90
970 to 1,169	150	950 to 1,149	2,925	1,100 to 1,299	2,325	1,400 to 1,599	490
1,170 to 1,369	180	1,150 to 1,349	4,625	1,300 to 1,499	2,525	1,600 to 1,799	270
1,370 to 1,569	200	1,350 to 1,549	2,000	1,500 to 1,699	1,225	1,800 to 1,999	100
1,570 to 1,769	95	1,550 to 1,749	1,700	1,700 to 1,899	840	2,000 to 2,199	120
1,770 or more	80	1,750 or more	1,700	1,900 or more	2,050	2,200 or more	220
Total	810	Total	15,400	Total	9,350	Total	1,300

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 14,000 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Data Profile

Table DP-1. Austin-Round Rock HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	716,709	865,461	1,021,000	1.9	3.4
Unemployment rate	3.0%	7.0%	3.3%		
Nonfarm payroll jobs	679,500	779,900	944,800	1.4	3.9
Total population	1,249,763	1,716,289	2,018,000	3.2	2.9
Total households	471,855	650,459	758,300	3.3	2.7
Owner households	274,712	380,448	433,000	3.3	2.3
Percent owner	58.2%	58.5%	57.1%		
Renter households	197,143	270,011	325,300	3.2	3.3
Percent renter	41.8%	41.5%	42.9%		
Total housing units	496,004	706,505	805,000	3.6	2.3
Owner vacancy rate	1.2%	2.3%	1.2%		
Rental vacancy rate	3.8%	8.6%	5.1%		
Median Family Income	\$55,400	\$73,300	\$75,400	2.8	0.6

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2015. Median Family Incomes are for 1999, 2009, and 2014. The current date is January 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 1/1/2016—Analyst’s estimates
 Forecast period: 1/1/2016–1/1/2019—Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Austin_RoundRockTX_16.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.