

Texas | Multifamily

QUARTERLY REPORT | Q2 2023

Note: This report combines all four Texas multifamily locations—Houston, San Antonio, Austin, and Dallas-Fort Worth—into one convenient summary

Multifamily segment records positive absorption for Q2 across each of the four major Texas metros.

Houston Multifamily

By the end of Q2 2023, multifamily deliveries hit a record-high in Houston with 8,273 units completed across 33 buildings, more than doubling the previous year's 3,520 deliveries (25 buildings). The largest deliveries in Q2 2023 included a 3-story, 338,256-sq.-ft. apartment building (378 units) at 12806 Buffalo Speedway in April 2023, and a 3-story, 323,904-sq.-ft. apartment building (360 units) at 22000 Bellaire Boulevard in June 2023. More than 70% of deliveries have vacancy rates higher than 50%, which contributed to the overall occupancy rate decreasing from 90.7% in Q1 2023 to 90.3% in Q2 2023. In addition, 4,184 units were absorbed in Q2 2023, up slightly from 4,035 units in Q1 2023, and up 31% from 3,187 units in Q2 2022. Lastly, the average monthly asking rent stood at \$1,309, up slightly from \$1,301 in Q1 2023.

San Antonio Multifamily

In Q2 2023, 969 units were absorbed in San Antonio's multifamily market, moderately up from -63 units in Q2 2022. Although 7% down from Q1 2023 (1,045 units), the city has recorded positive absorption in the multifamily sector for four straight quarters. Year-to-date, absorption units totaled 2,014. Deliveries—3,060 units in Q2 2023—increased 50% from 2,031 units in Q1 2023, and almost tripled from 1,131 units in Q2 2022. However, more than 57% of deliveries have vacancy rates over 50%, contributing to the overall occupancy rate decreasing from 89.9% in Q1 2023 to 89.2% in Q2 2023.

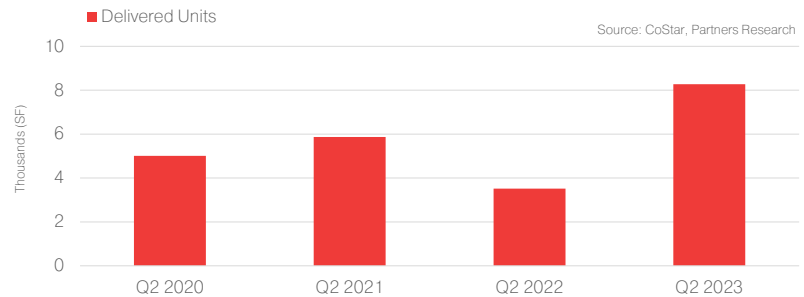
Austin Multifamily

Within the past 10 years (Q2 2013), inventory in Austin's multifamily market has grown by 30%, totaling 314,112 units—or 2,326 buildings—by the end of Q2 2023. As of Q2 2023, 48,660 units are underway in Austin—slightly lower than the record-high in Q1 2023 (53,335 units). In addition, 6,689 units were completed in Q2 2023, up 57% quarter-over-quarter from 4,250 units in Q1 2023, and up 74% year-over-year from 3,824 units in Q2 2022. As supply outpaced demand during the quarter, the overall occupancy rate decreased slightly from 90.5% in Q1 2023 to 90.2% in Q2 2023. Despite the decrease in occupancy, the number of absorbed units almost doubled quarter-over-quarter, increasing from 2,844 units in Q1 2023 to 4,574 units in Q2 2023.

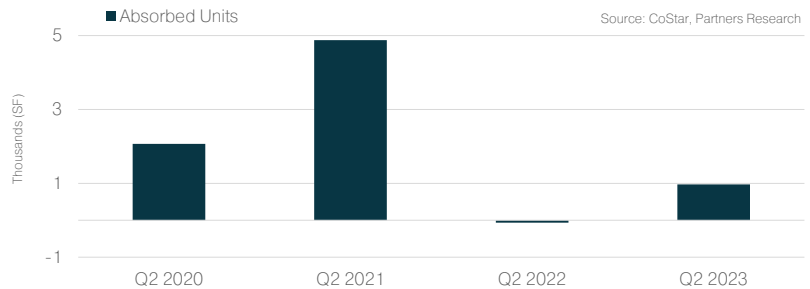
Dallas Multifamily

During the quarter, Dallas-Fort Worth (DFW) led multifamily construction in Texas with 66,817 units underway in Q2 2023, followed by Austin with 48,660 units. Over the prior three years, construction averaged around 47,000 sq. ft. annually. Notable projects underway in Q2 2023 included a 5-story, 475,000-sq.-ft. apartment building (435 units) along the 1-35 East Express Tollway in June 2023, and a 4-story, 457,620-sq.-ft. apartment building (384 units) at 1735 North Greenville Avenue in May 2023. In addition, deliveries increased 41% year-over-year from 5,900 units in Q2 2022 to 8,325 units in Q2 2023. As supply outpaced demand in the second quarter, the overall occupancy rate fell 10 basis points from 91.5% in Q1 2023 to 91.4% in Q2 2023. Lastly, rent growth slowed during the second quarter as the average asking rent (\$1,519) remained unchanged from the previous year.

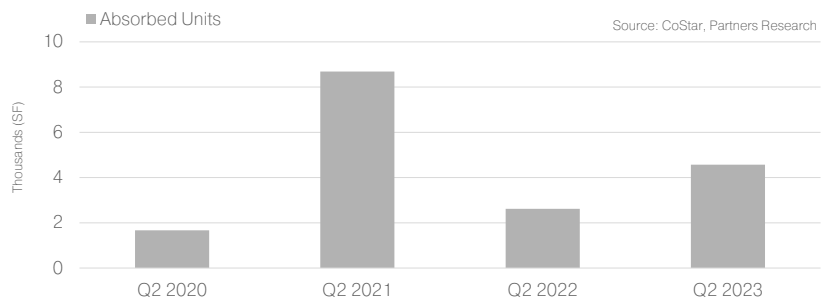
Houston | Deliveries



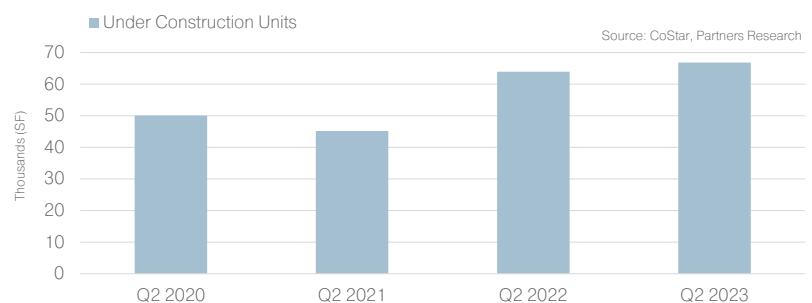
San Antonio | Absorption



Austin | Absorption



Dallas | Construction



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