

## **RECON**

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# **AUSTIN MULTIFAMILY OUTLOOK: EMPLOYMENT HIGH, VACANCIES LOW**

AUSTIN (Marcus & Millichap) – Expect widespread job growth in Austin to bring apartment vacancy to its lowest level in more than a decade, says Marcus & Millichap in its 2012 multifamily market forecast.

According to the report, "The professional and business services sector will be the primary generator of top-tier apartment demand as relocating and growing firms add to payrolls. Several major tech companies have already announced expansion plans, offsetting losses in the public sector."

**Among those is Rackspace, which Marcus & Millichap said plans to triple its local workforce over the next few years, supporting Class-A operations.**

Meanwhile, "Class B- and -C apartments will benefit from job growth in the typically lower-paying leisure and hospitality and trade, transportation and utilities sectors, which will add 6,000 jobs. As operations improve, developers will begin moving projects through the planning stages to capture elevated demand."

Among the firm's other projections for the year:

- Local employment will expand by 3.8 percent, an increase of 30,000 positions. Last year, job growth reached 3 percent, or 23,000 jobs.
- Apartment construction will pick up, as 3,000 units are slated for delivery. In addition, approximately 21,000 units are in some stage of the planning pipeline.
- Apartment vacancy will drop 70 basis points in 2012 to 4.3 percent, slowing down from the 200-basis-point plunge reported last year.
- Average asking rents will rise 4.1 percent to \$927 per month while effective rents gain 6.2 percent to reach \$868 per month.
- As operations strengthen, buyers will begin their search for Class-B assets near the University of Texas and major employers in Northwest and Southwest Austin.

**Courtesy of JB Goodwin**