



**WILDHORN
CAPITAL**

Central Texas Market Report: Spring 2025

Austin has not fallen into a giant sinkhole and disappeared into oblivion. Far from it. In fact, it remains one of the fastest-growing and most prolific creators of jobs in the entire country. And in following up on the most recent data available, we continue to see evidence of that growth continuing as we project out over the next decade.

As an investment firm that focuses on Central Texas residential assets, we pay keen attention to the local economy and the multifamily industry at both a macro and micro level. A couple of times per year, we endeavor to package up the most up-to-date and insightful information that we have seen to help educate and provide some context for the investment decisions we are making. This report covers data through the end of 2024 and into the first quarter of 2025.

Outside of just the multifamily market and the Austin economy, a large cloud of uncertainty swirls in the air surrounding the macroeconomic environment. Will the proposed tariffs ever go into effect? Will the stock market claw back any of the trillions of value wiped away since the beginning of the year? Will the day-to-day volatility start to subside? Does the dollar get devalued? What happens to interest rates? Are we headed for a recession? We obviously can't control any of that, but understand that how that plays out stands to impact our business. And it certainly weighs on the minds of investors.

Specific to our core business, we would say our headline is that there is light at the end of the tunnel—we know the light is very bright, but we don't know exactly how long the tunnel is.

The reason for the darkness, and where is this light coming from? Simple supply and demand. Economics 101.

What has put us in the tunnel (covered in darkness) over the last 18-24 months has been related to supply. As a percentage of existing supply, the number of new apartments delivered has led the nation. That glut of new product has required operators to drop rents, offer concessions, and compete vigorously to maintain occupancy. The result has been a decrease in overall NOI and a drop in asset values. It has made for a challenging operating environment, to be sure—and it has halted acquisitions to very nearly zero.

Sitting here in April, Austin is at the peak of new apartment deliveries for 2025, with about 25,000 units left to deliver in this supply wave. Looking into next year and beyond, new supply falls off a cliff. Deliveries in 2026, 2027, and 2028 will be as low as 5,000 units. The supply side of the equation is about to hit the brakes. Really quickly.



On the demand side, Austin and the greater Central Texas area continue to grow and to attract jobs. Those will always be the things we pay the most attention to as that is what drives the need for housing. Over the last 10 years, Austin has continued to lead the nation in both job growth and population growth. And in looking out to 2030, we project to see a nation leading 10% employment growth and 16% GDP growth. Quarter after quarter, those headlines continue to stay true. Those headlines contribute to part of the light we see down at the end of the tunnel.

What makes the light seem very bright is the absorption rate we are seeing across the market. Last year, Austin set a record for absorption. Depending on the data source you look at, Austin absorbed between 22,000 – 31,000 units last year, which equals the pandemic-fueled 2021 figures. Looking ahead to this year, early estimates show upwards of 35,000 units being absorbed, with only 25,000 units left to deliver. After that, the new supply falls off a cliff. As you project out over the next 2-3 years, new supply is expected to be very low. In Q4 of last year, there were zero new projects started—the first time in a decade that has been true.

When you combine continued demand and the lack of coming supply, you can understand why most 3rd party data providers are calling for strong rent growth to begin in 2026, with some very optimistic forecasts for 2027 and 2028. As we look out through the rest of this decade, we're bullish on the market and the upward performance that we will experience.

In the current moment, we continue to keep our heads down, managing our portfolio. That will continue to require a lot of hard work (and always does) to navigate through this current environment. At the same time, we are seeing acquisition opportunities emerge in real time. And with a good understanding of the supply and demand forces coming at us, we feel great about our ability to execute the right opportunities.

As we come across any new opportunities, we will for sure keep you posted. Outside of that, we would welcome the chance to talk through any of this data and our market, and just catch up with you in general. We hope you have a great summer.

With Gratitude,
Andrew & Cooper



A photograph of the Austin skyline, featuring several prominent skyscrapers. In the foreground, a river is filled with people kayaking and paddleboarding. A bridge with a banner is visible in the mid-ground. The sky is blue with scattered clouds.

THIS REPORT BUILDS ON OUR Q2 2024 ANALYSIS, PART OF OUR ONGOING COMMITMENT TO DIGEST AND SHARE KEY TRENDS SHAPING CENTRAL TEXAS. WILDHORN HAS ALWAYS BEEN DEEPLY ROOTED IN THIS MARKET—LEVERAGING OUR LOCAL EXPERTISE AND RELATIONSHIPS TO INVEST WITH CONVICTION.



Market Economy & Demographics

AUSTIN IS PROJECTED TO SIGNIFICANTLY OUTPERFORM OTHER MAJOR METROS IN TERMS OF EMPLOYMENT GROWTH AND GDP OVER THE NEXT 5 YEARS

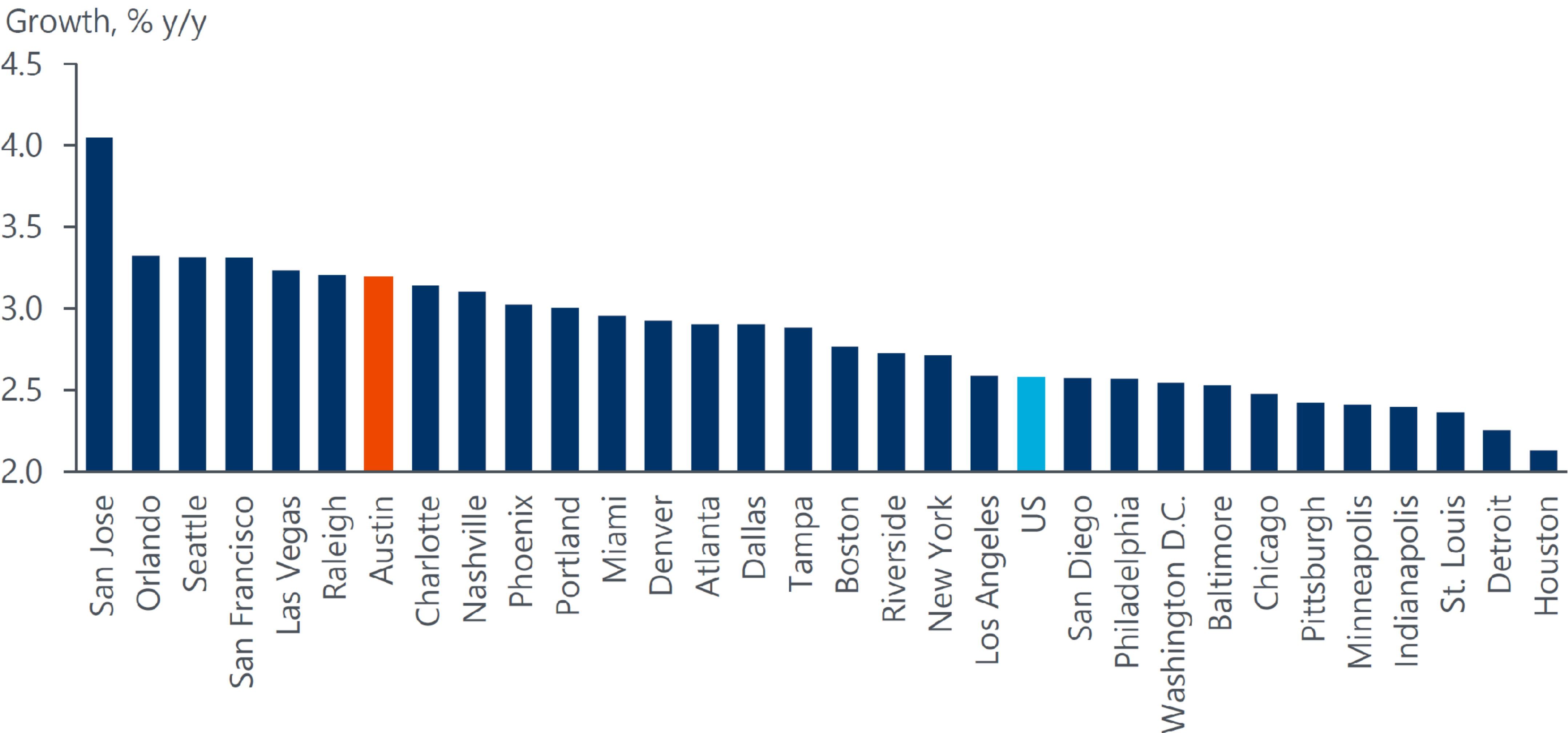


Source: JLL Research, Oxford Economics (February 4, 2025)
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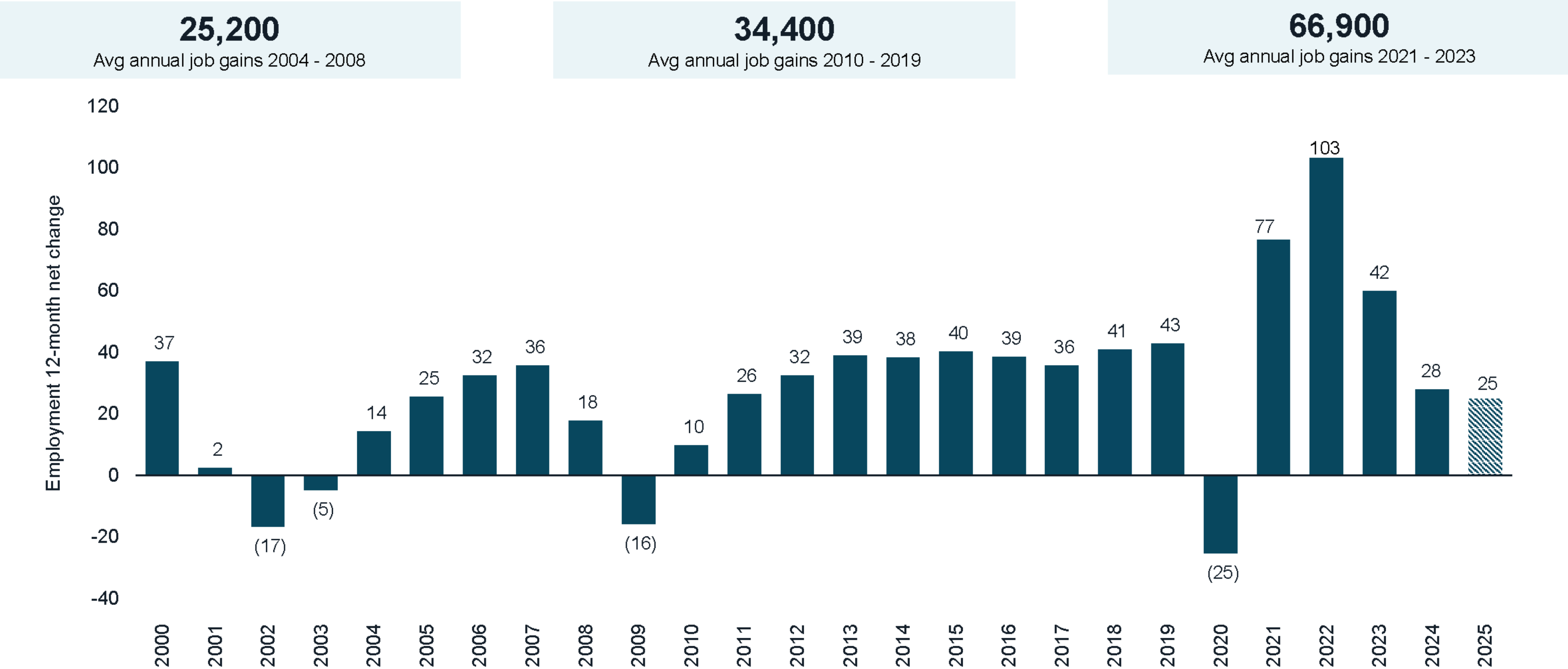
GDP GROWTH PROJECTIONS FOR 2025

Major metros and the US: GDP, 2025



Source: Oxford Economics

AUSTIN EMPLOYMENT CONTINUES TO GROW, AND THE MARKET IS ESTIMATED TO ADD 25,000 NEW JOBS IN 2025



25,200

Avg annual job gains 2004 - 2008

34,400

Avg annual job gains 2010 - 2019

66,900

Avg annual job gains 2021 - 2023

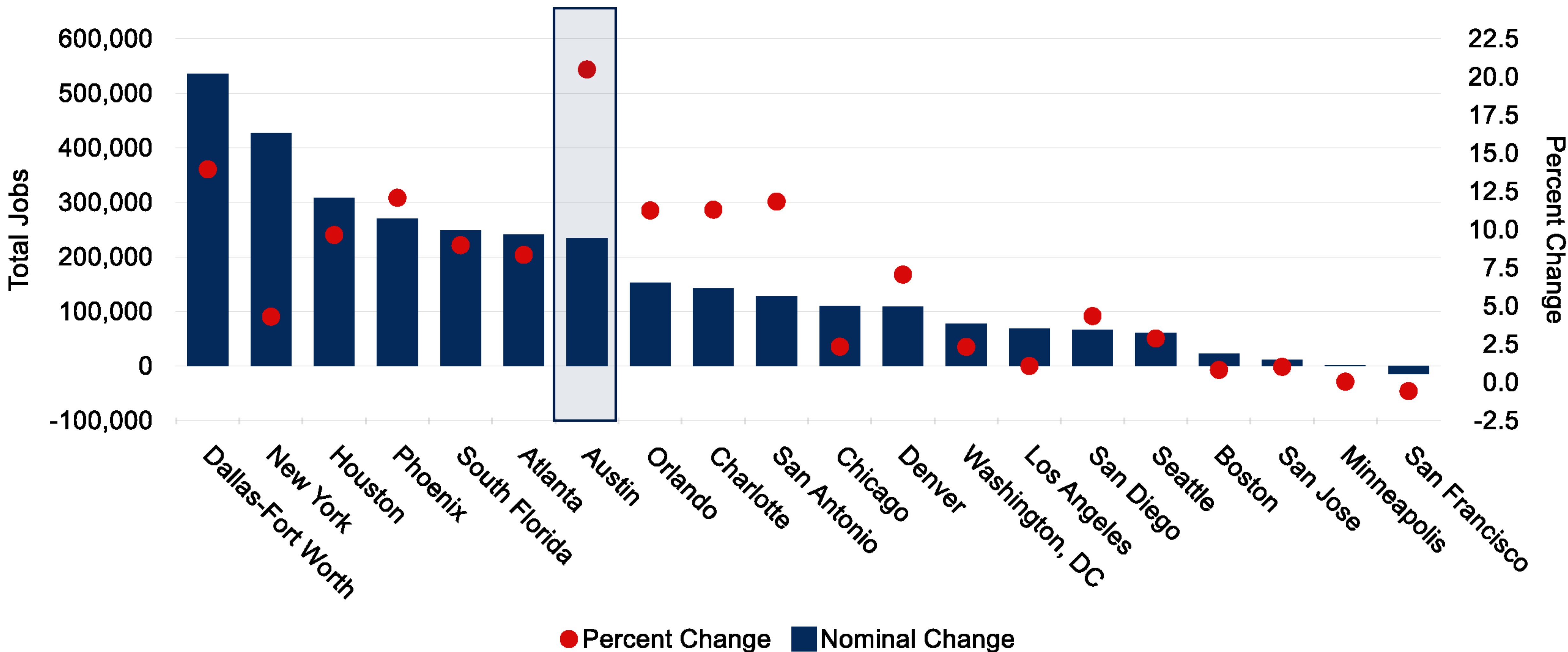
Source: JLL, Oxford Economics, Bureau of Labor Statistics – total nonfarm seasonally adjusted 12-month net change

Note: 2024 employment figures are still preliminary

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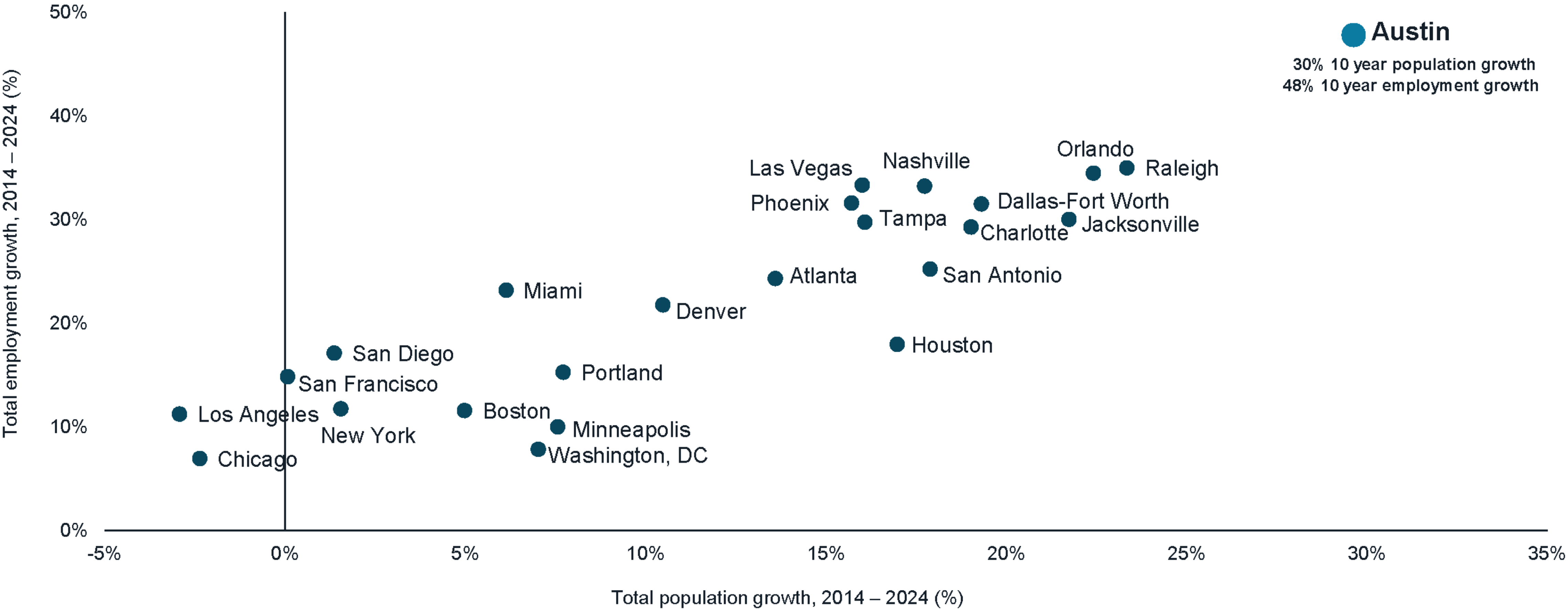
AUSTIN CONTINUES TO ATTRACT JOBS, SHOWING HIGHEST PERCENTAGE GROWTH SINCE 2020



Source: U.S. Bureau of Labor Statistics (BLS)



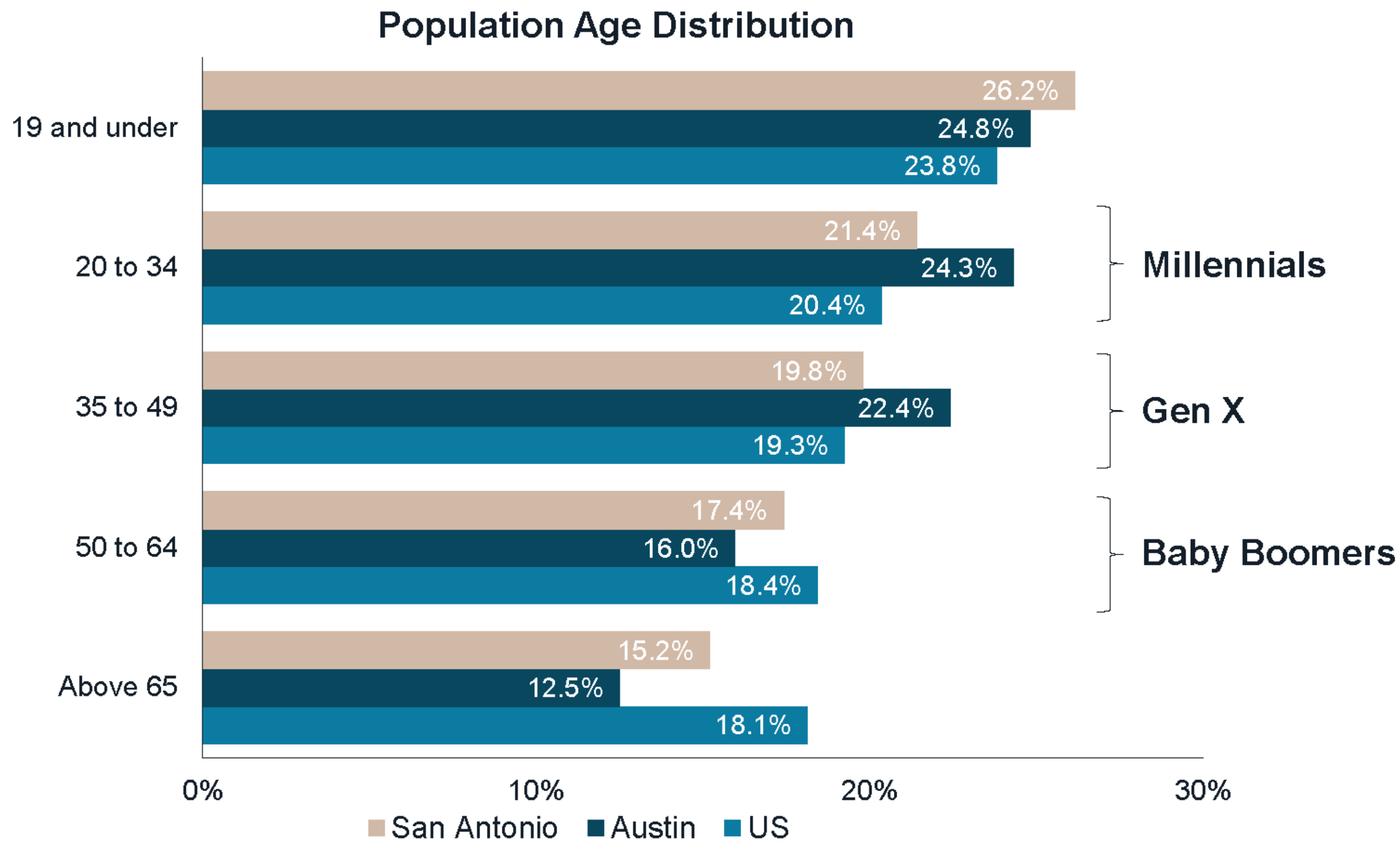

AUSTIN HAS FAR EXCEEDED EVERY OTHER MAJOR U.S. MARKET IN TERMS OF PERCENTAGE POPULATION AND EMPLOYMENT GROWTH IN THE LAST 10 YEARS




Source: JLL Research, Oxford Economics
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BOTH CENTRAL TEXAS METROS HAVE A CRITICAL MASS OF YOUNG AND EDUCATED TALENT, PROVIDING A COMPETITIVE WORKFORCE TO ATTRACT NEW AND EXPANDING BUSINESSES

35.5
Austin Median Age



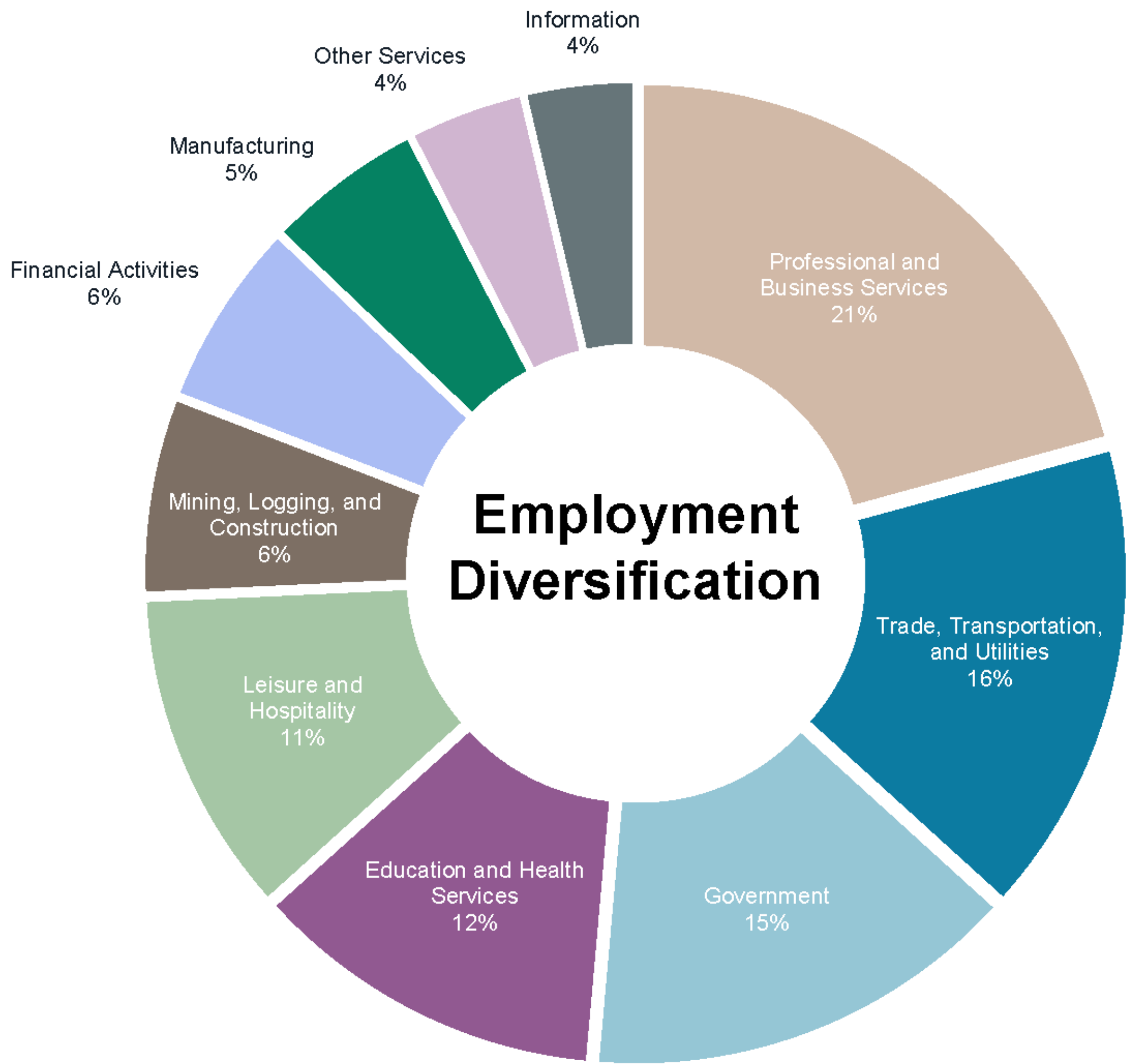
36.7
San Antonio Median Age

39.3
U.S. Median Age

Source: JLL Research, ESRI (2024)
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COMPLEMENTED BY ITS RICH TECHNOLOGY SECTOR EMPLOYMENT, AUSTIN BENEFITS FROM A HIGHLY DIVERSIFIED ECONOMY

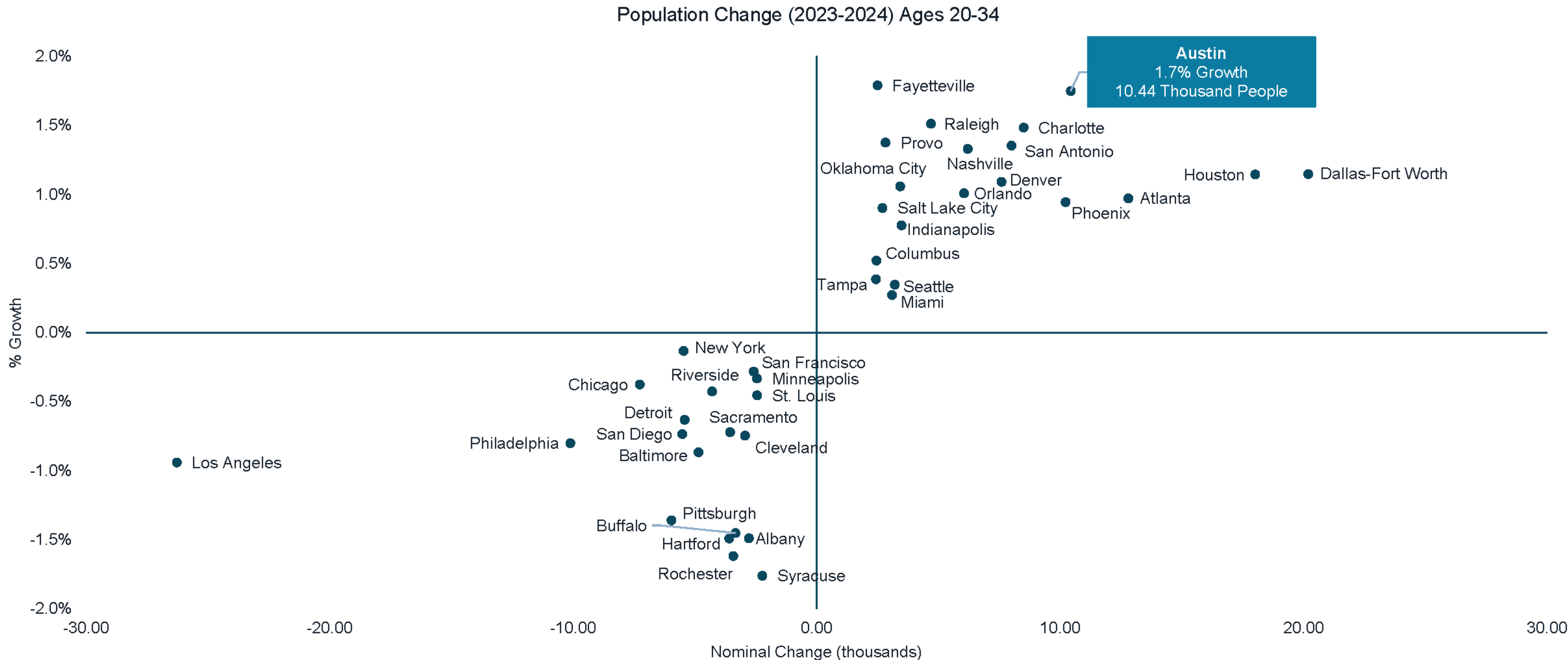
Major Employers	# of Employees
The University of Texas System	19,514
Dell Technologies	18,371
State Of Texas	13,334
Apple	10,004
Austin Independent School District	8,320
Amazon	8,294
City of Austin	6,963
Texas State University	6,449
Ascension	6,153
IBM	6,060
H-E-B	5,470
Austin Community College District	4,764
Round Rock Isd	4,633
Tesla	4,312
Samsung	4,279



Source: JLL Research, Bureau of Labor Statistics, Lightcast 19 | © 2025 Jones Lang LaSalle IP, Inc. All rights reserved.



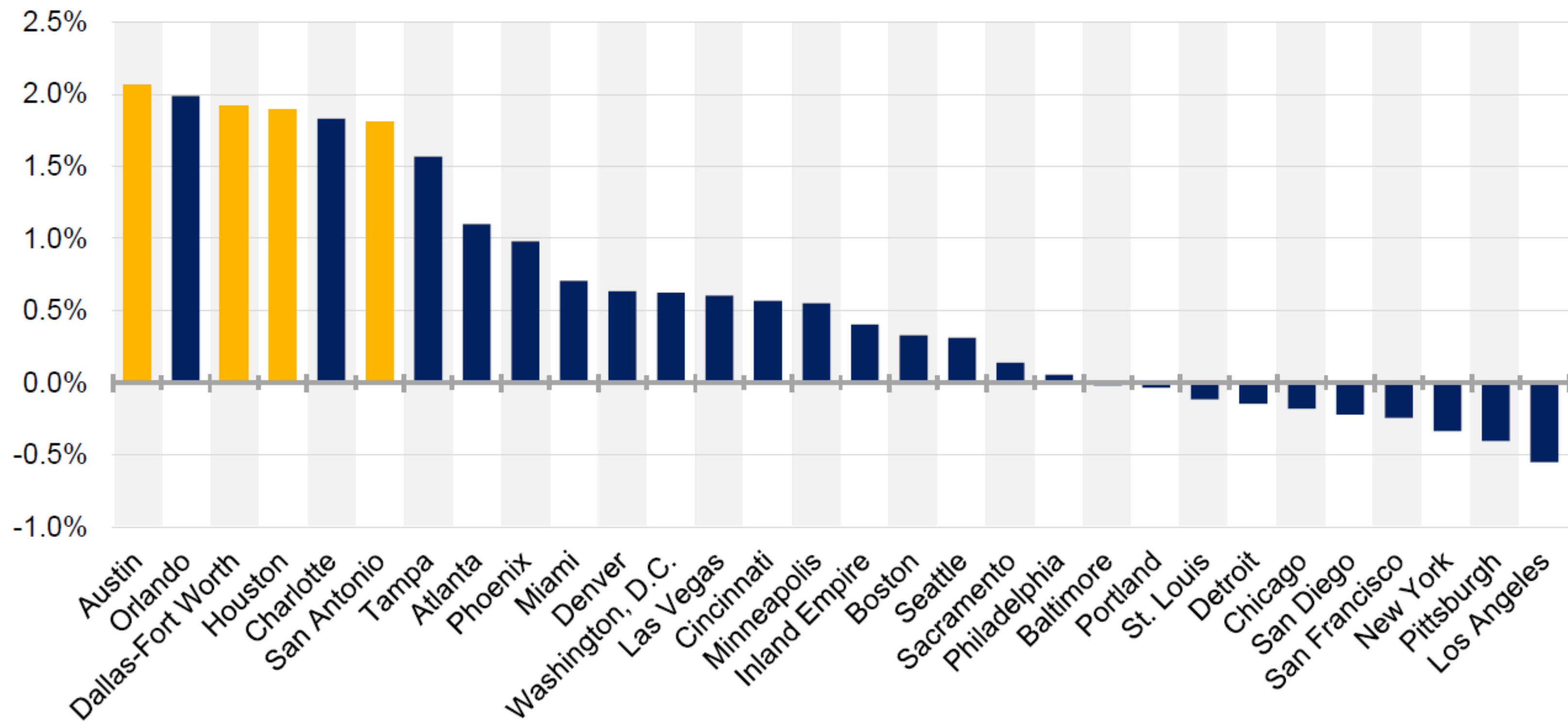
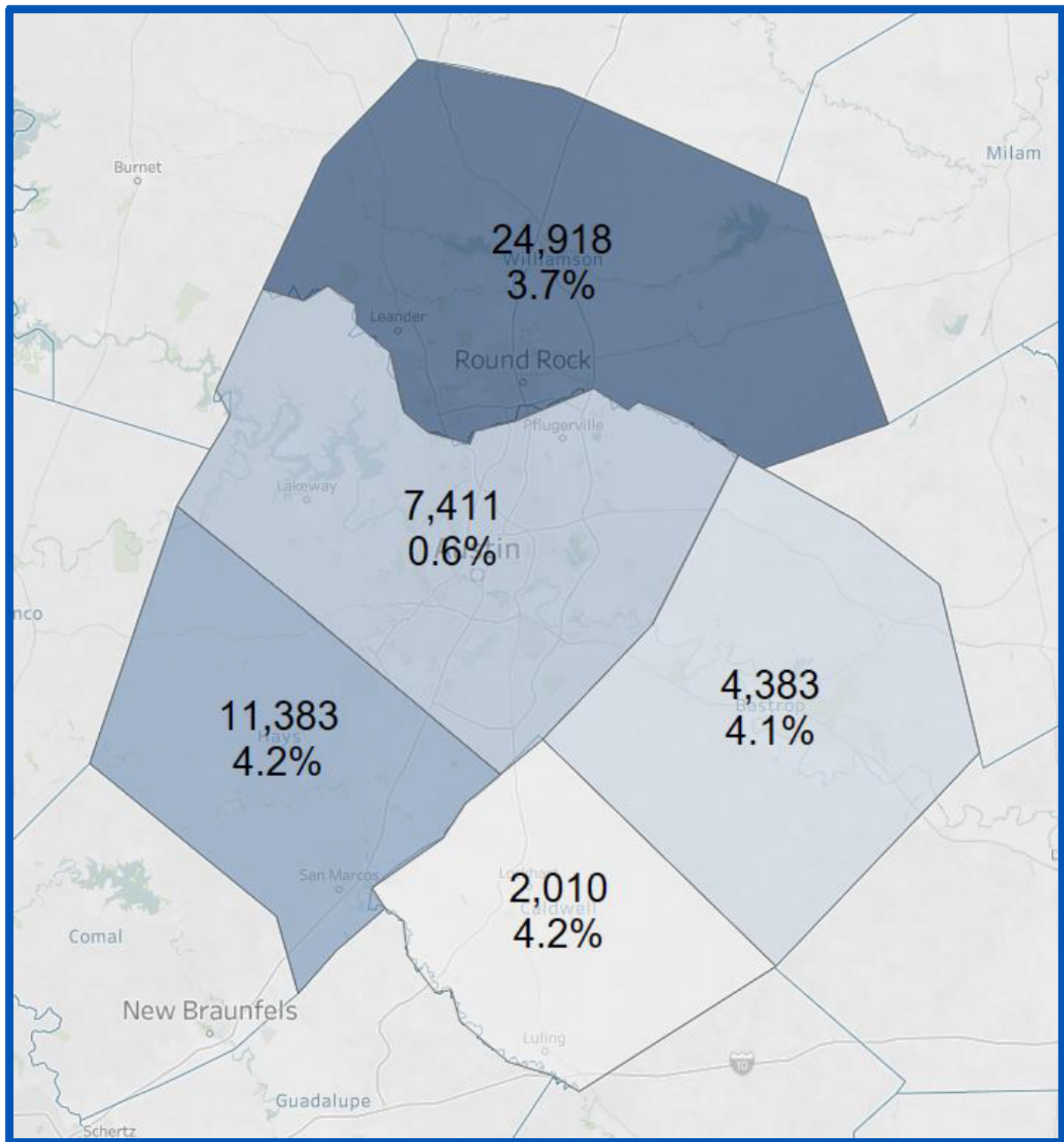
AUSTIN HAS BEEN A MAGNET FOR RENTING-AGED INDIVIDUALS, ADDING OVER 10,000 NEW YOUNG ADULTS YOY



Source: JLL Research, Jay Parsons, Oxford Economics (Note: top and bottom 20 metros for net-nominal change shown)
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SUBURBS OF AUSTIN METRO CONTINUE TO DRIVE RAPID EXPANSION AND TEXAS CONTINUES TO LEAD NATION'S POPULATION



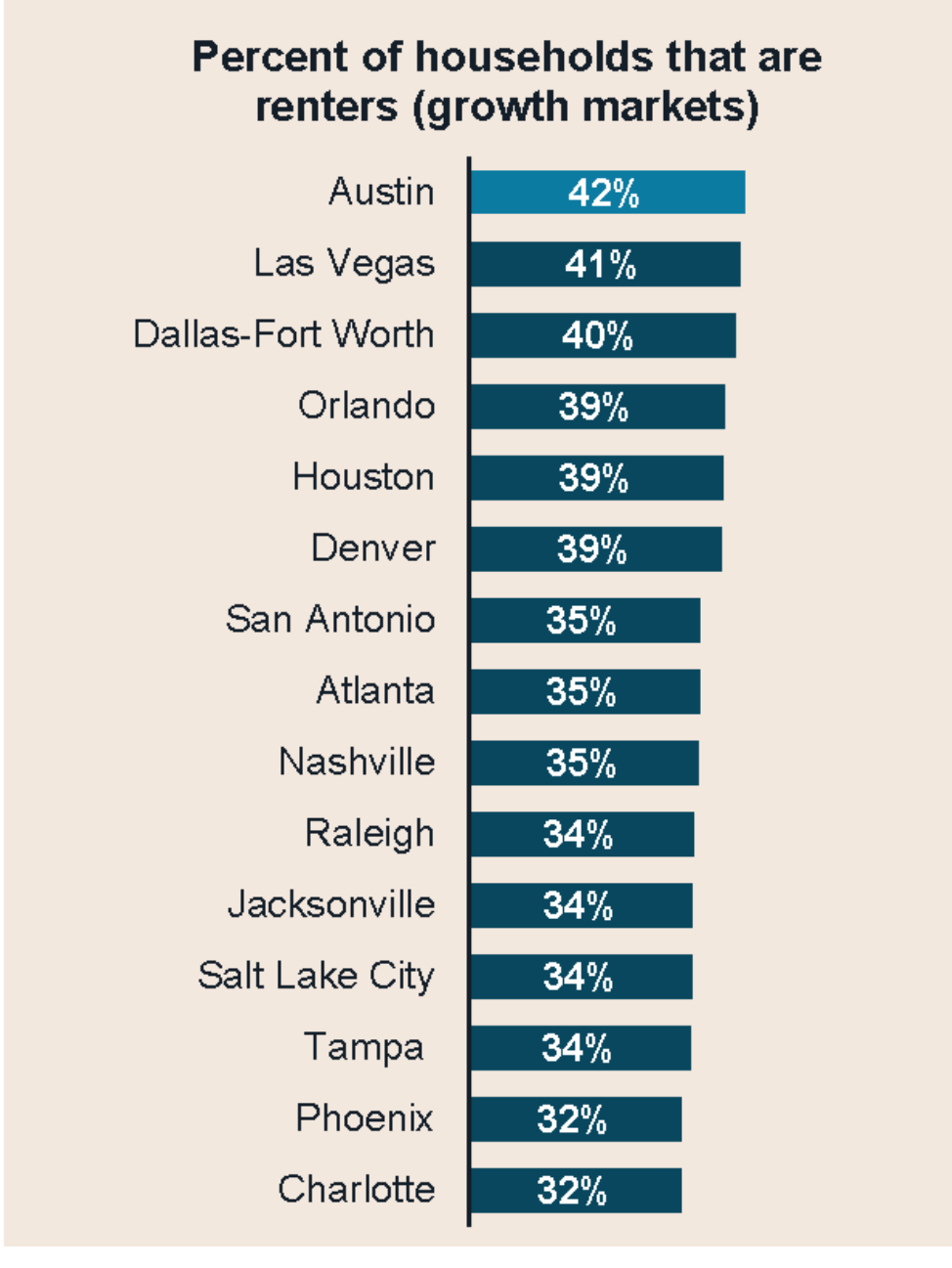
Source: Census Bureau, 2024
 Note: The list ranks the 30 largest U.S. metros



AUSTIN HAS ONE OF THE LOWEST RENT-TO-INCOME RATIOS AND HIGHEST RENTING POPULATIONS IN THE COUNTRY

Top 30 Population Markets		Average Monthly Rent	Rent-to-Income Ratio %	Pop Rank	2024 Population	2024 Household Median Income
1	Austin-Round Rock-San Marcos, TX	\$1,577	19.2%	26	2,550,817	\$98,368
2	Minneapolis-St. Paul-Bloomington, MN-WI	\$1,583	19.6%	16	3,790,663	\$96,864
3	St. Louis, MO-IL	\$1,307	19.9%	23	2,824,501	\$79,002
4	San Antonio-New Braunfels, TX	\$1,252	19.9%	24	2,733,998	\$75,580
5	Dallas-Fort Worth-Arlington, TX	\$1,490	20.2%	4	8,195,415	\$88,391
6	Houston-Pasadena-The Woodlands, TX	\$1,378	20.5%	5	7,624,200	\$80,537
7	Detroit-Warren-Dearborn, MI	\$1,314	20.7%	14	4,364,290	\$76,092
8	Cincinnati, OH-KY-IN	\$1,388	21.0%	30	2,284,819	\$79,242
9	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$2,176	21.3%	6	6,429,395	\$122,325
10	Phoenix-Mesa-Chandler, AZ	\$1,579	21.7%	10	5,149,752	\$87,166
11	Denver-Aurora-Centennial, CO	\$1,917	22.0%	19	3,081,342	\$104,506
12	Atlanta-Sandy Springs-Roswell, GA	\$1,645	22.1%	7	6,399,274	\$89,276
13	Portland-Vancouver-Hillsboro, OR-WA	\$1,761	22.2%	25	2,593,190	\$94,993
14	Baltimore-Columbia-Towson, MD	\$1,820	22.7%	21	2,867,112	\$96,253
15	Charlotte-Concord-Gastonia, NC-SC	\$1,569	23.1%	22	2,851,936	\$81,494
16	Las Vegas-Henderson-North Las Vegas, NV	\$1,489	23.5%	29	2,387,864	\$76,033
17	Seattle-Tacoma-Bellevue, WA	\$2,241	23.7%	15	4,176,271	\$113,257
18	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$1,830	24.6%	8	6,307,532	\$89,278
19	Pittsburgh, PA	\$1,535	24.9%	28	2,447,995	\$73,985
20	Sacramento-Roseville-Folsom, CA	\$1,992	25.3%	27	2,466,648	\$94,611
	AVERAGE	\$1,954	25.6%		5,131,667	\$91,191
21	San Francisco-Oakland-Fremont, CA	\$2,949	26.4%	12	4,746,767	\$134,234
22	Chicago-Naperville-Elgin, IL-IN	\$2,010	27.5%	3	9,280,082	\$87,746
23	Orlando-Kissimmee-Sanford, FL	\$1,779	28.2%	20	2,884,681	\$75,807
24	Tampa-St. Petersburg-Clearwater, FL	\$1,815	29.5%	17	3,356,667	\$73,773
25	Riverside-San Bernardino-Ontario, CA	\$2,251	31.4%	13	4,719,812	\$86,112
26	San Diego-Chula Vista-Carlsbad, CA	\$2,827	32.4%	18	3,299,130	\$104,597
27	Boston-Cambridge-Newton, MA-NH	\$2,995	33.0%	11	4,982,394	\$108,918
28	Los Angeles-Long Beach-Anaheim, CA	\$2,805	35.8%	2	12,940,761	\$94,047
29	Miami-Fort Lauderdale-West Palm Beach, FL	\$2,513	39.5%	9	6,257,826	\$76,390
30	New York-Newark-Jersey City, NY-NJ	\$3,830	47.5%	1	19,954,881	\$96,850

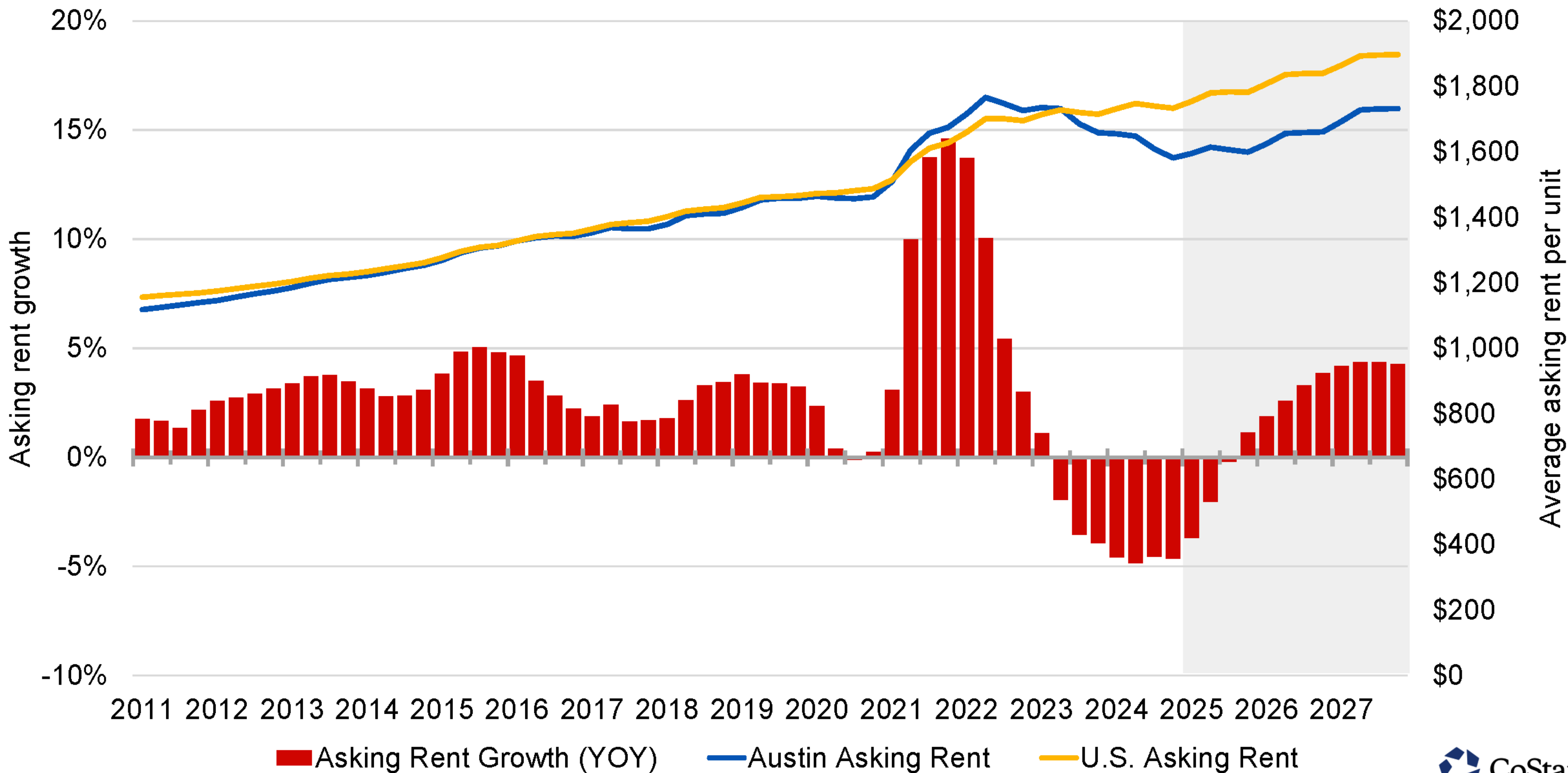
Median HH Income	2024	2029 Forecast
Austin	\$98,368	\$110,244
Dallas-Fort Worth	\$88,391	\$102,012
Houston	\$80,537	\$93,584
United States	\$79,068	\$91,442
San Antonio	\$75,580	\$84,692



Source: JLL Research, ESRI (2024), Real Page



AUSTIN RENT GROWTH STILL DECLINING BUT EXPECTED TO IMPROVE THIS YEAR



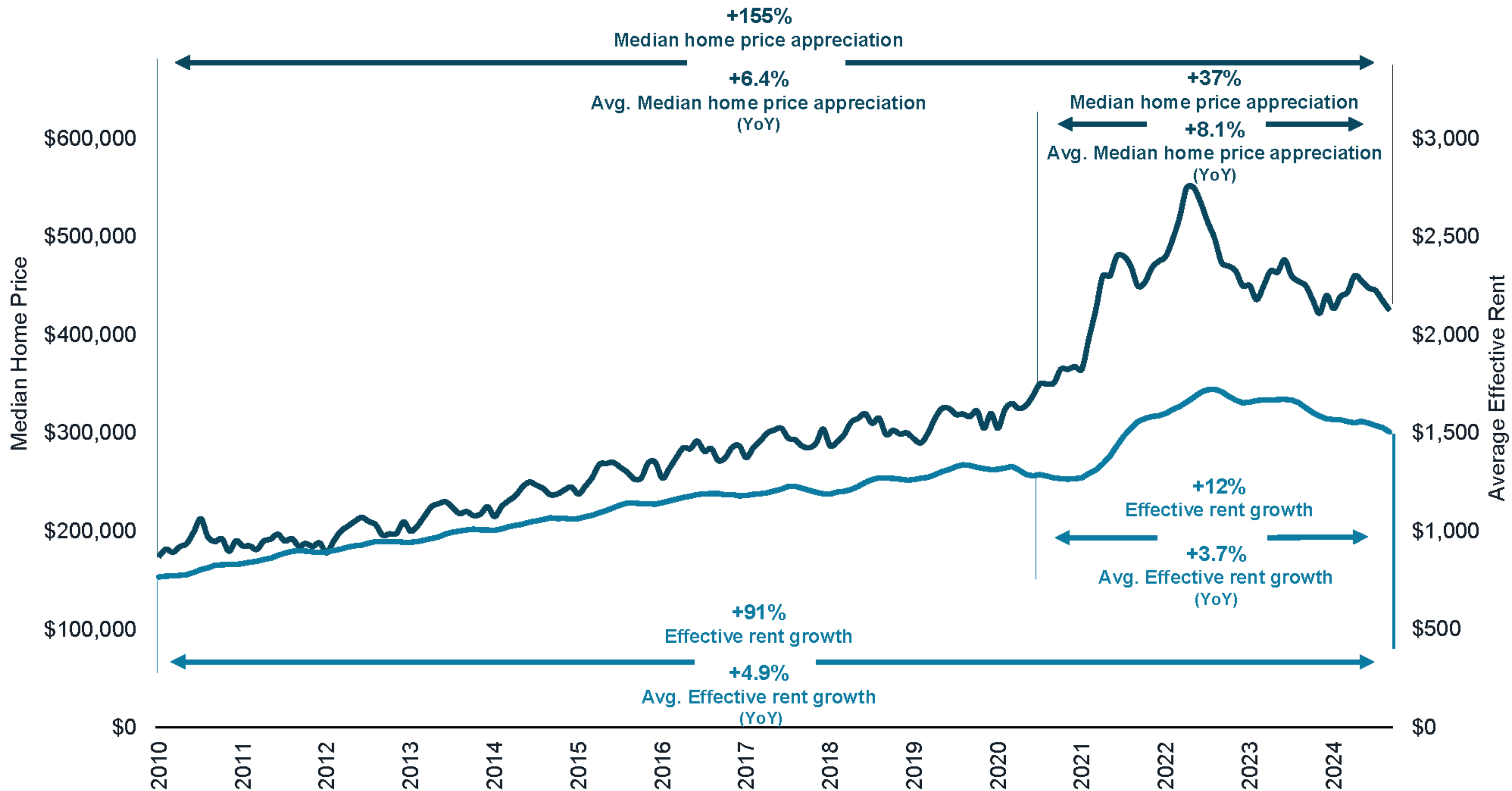
Source: CoStar, Q1 2025





Demand: Record Absorptions

AUSTIN'S HOUSING MARKET EXPERIENCED A SURGE IN PRICES THROUGHOUT 2021, BUT HAS SINCE RETURNED TO THE TRENDLINE



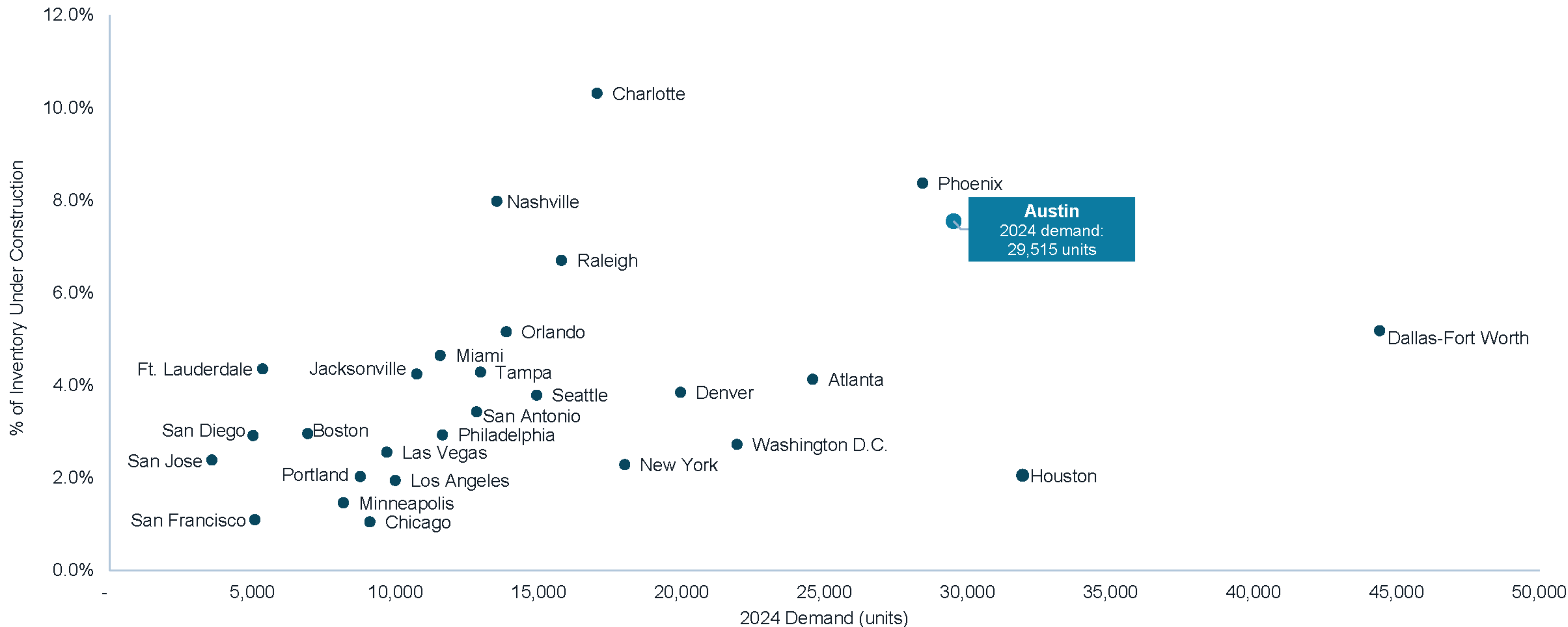
\$435,048
Q4 2024 Median home price

\$1,478
Average effective rent

Source: JLL Research, Texas Real Estate Research Center, Real Page 32 | © 2025 Jones Lang LaSalle IP, Inc. All rights reserved.

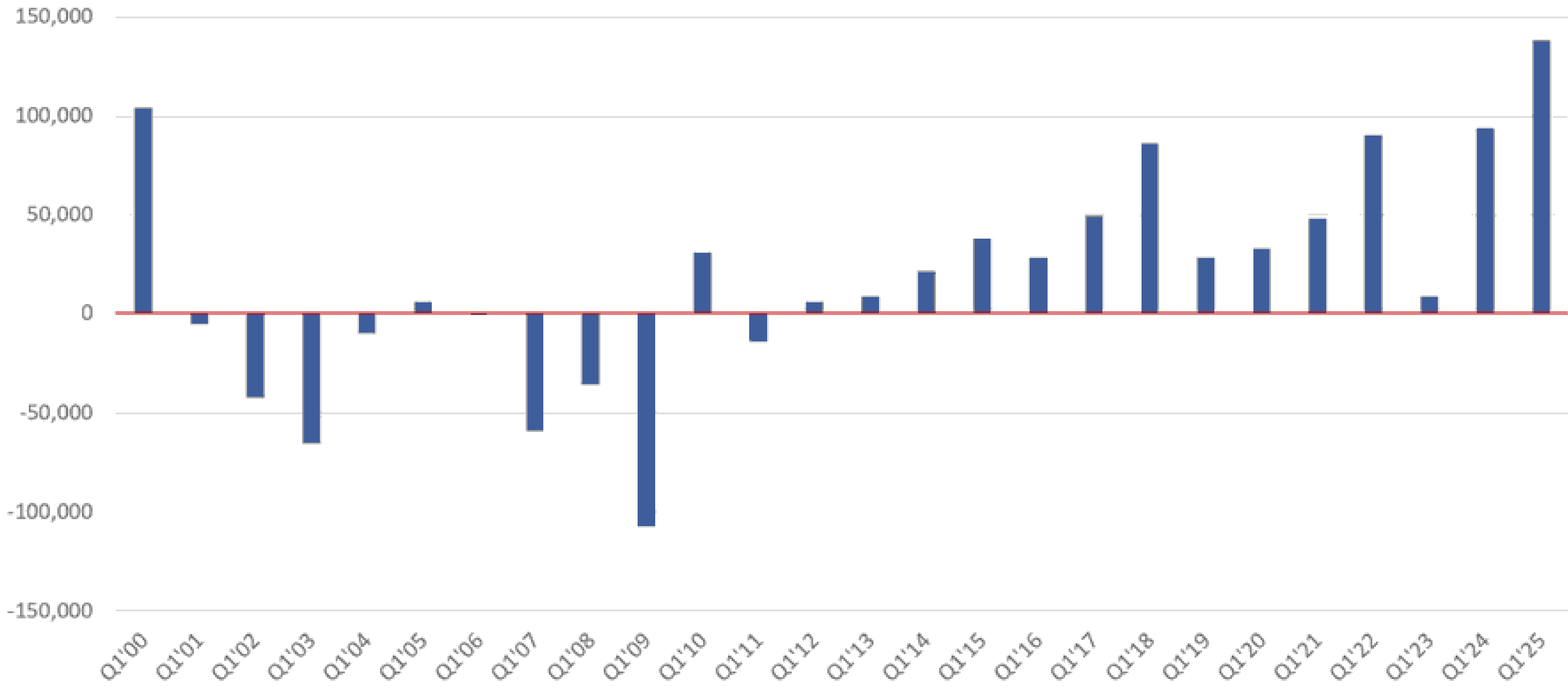


THOUGH MANY GATEWAY MARKETS ARE LEADING IN RENT GROWTH, THEY ARE ONLY SEEING A FRACTION OF THE SUNBELT'S DEMAND



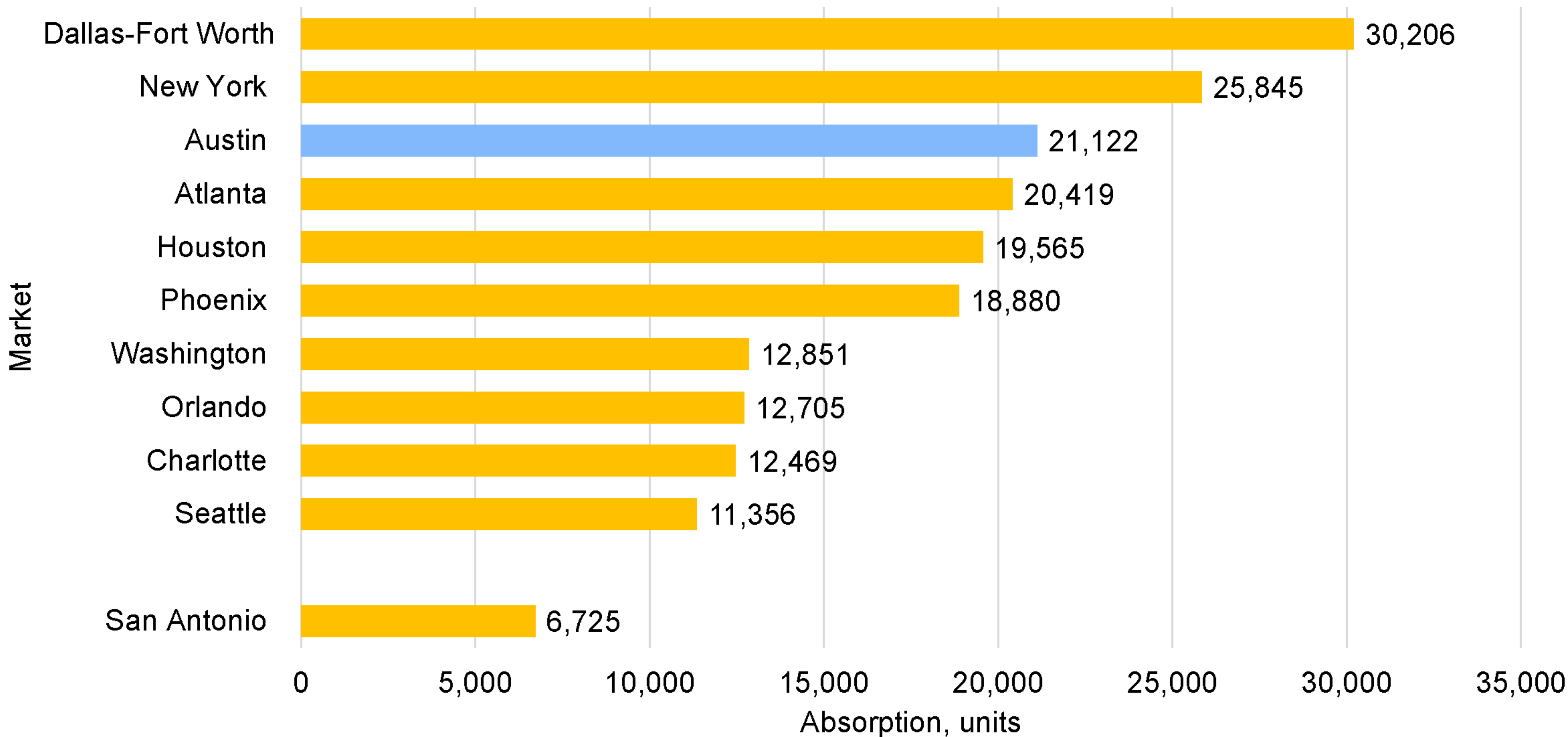
U.S. APARTMENT DEMAND SURGED IN 1ST QUARTER 2025

Net Apartment Absorption (Units) in 1st Quarter, By Year



Sources: JPI research, RealPage Market Analytics

MULTIFAMILY DEMAND LEADERS IN 2024

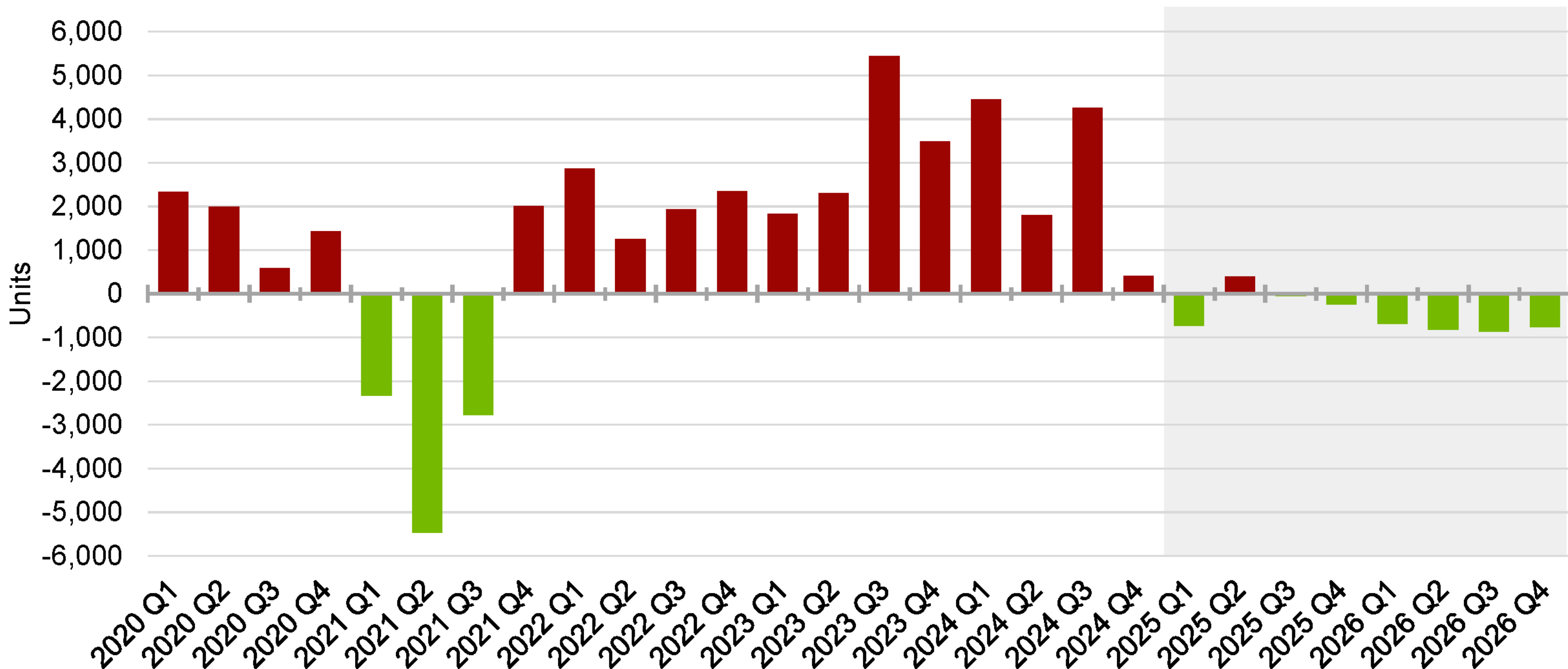


Source: CoStar, Q1 2025



FORECASTS SUGGEST A MORE BALANCED AUSTIN MARKET IN 2025

Net Deliveries minus Net Absorption

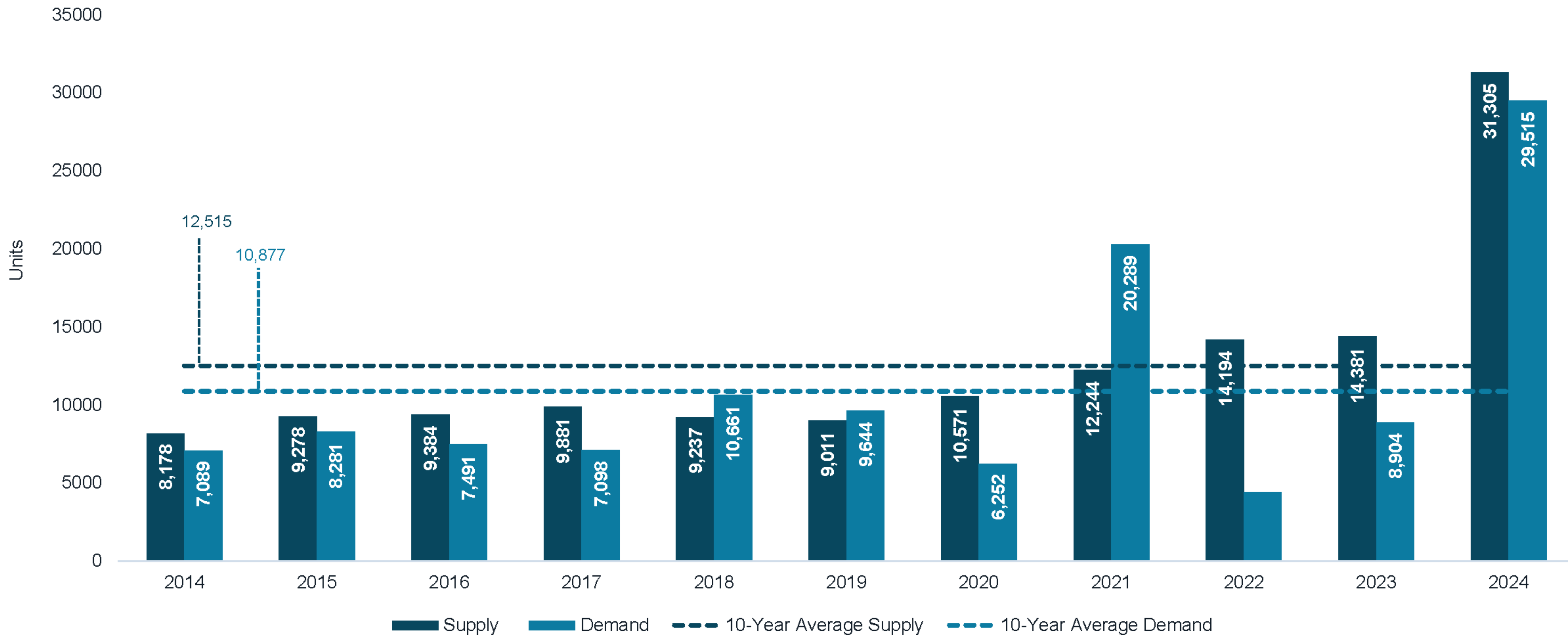


Source: CoStar, Q1 2025
 Note: The shaded area indicates the forecast



AUSTIN DEMAND IS BETTER THAN EVER. 2024 MULTI-HOUSING DEMAND SURPASSED THE METRO'S PRIOR HIGH-WATER MARK BY OVER 9,000 UNITS

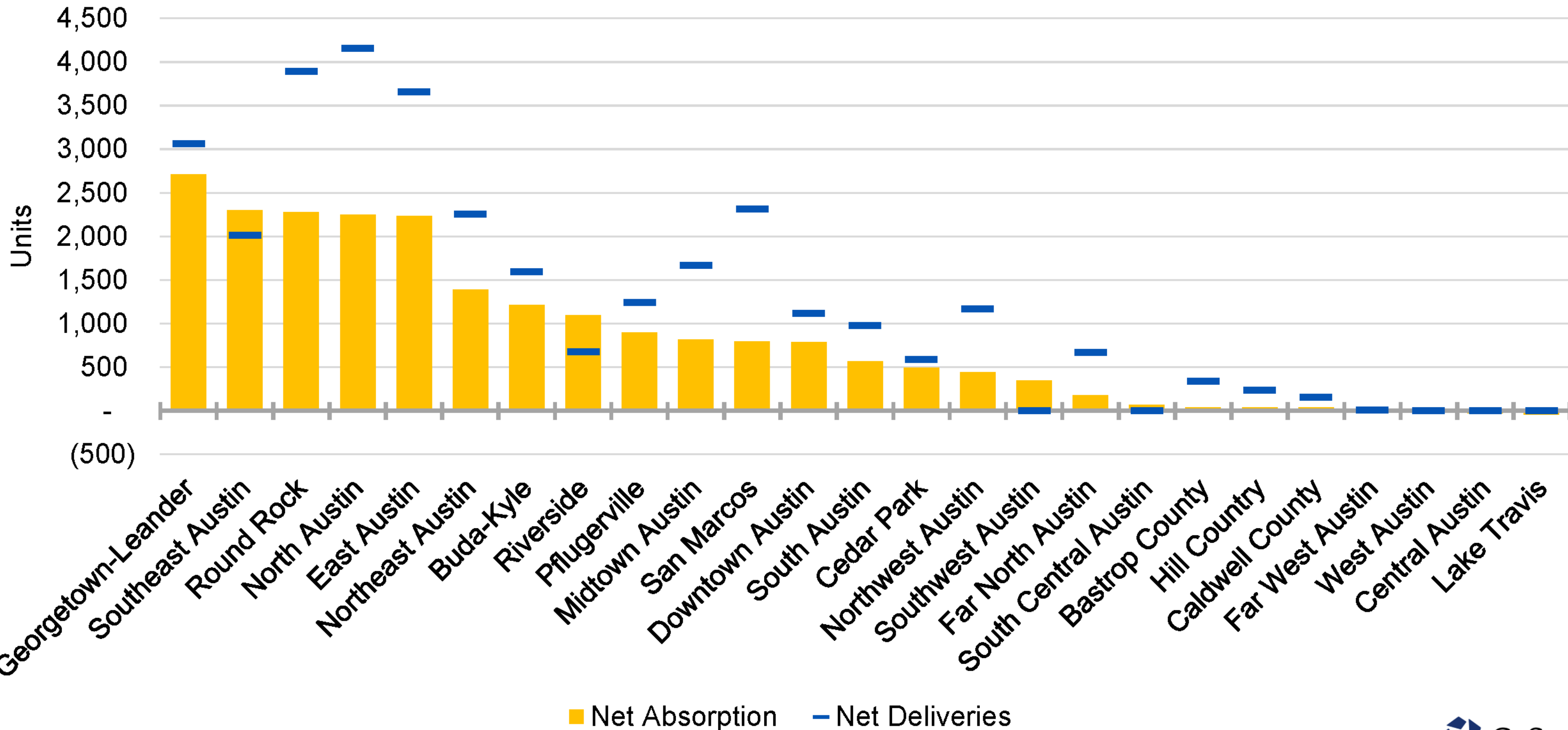
Austin Annual Supply & Demand



Source: JLL Research, Real Page
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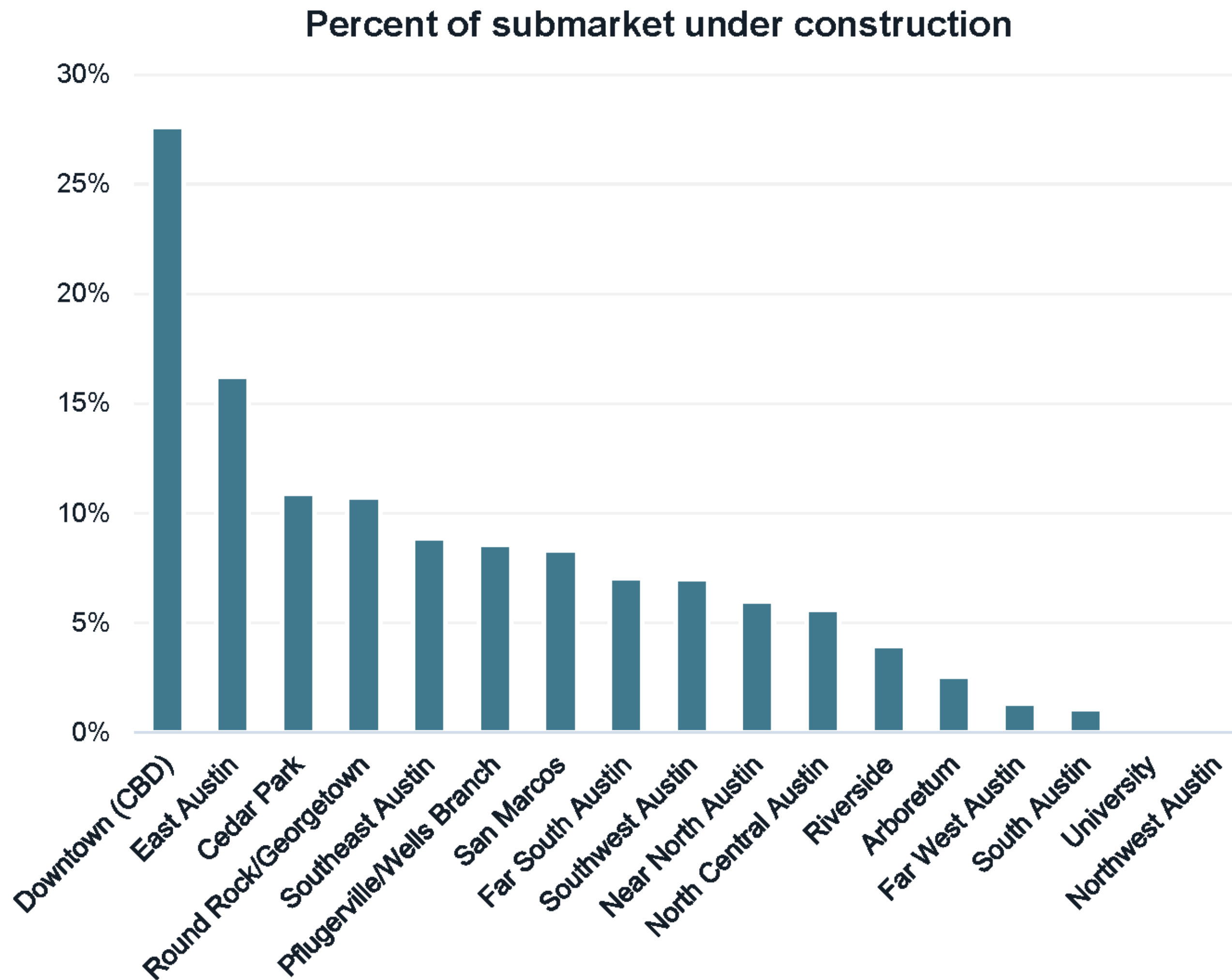
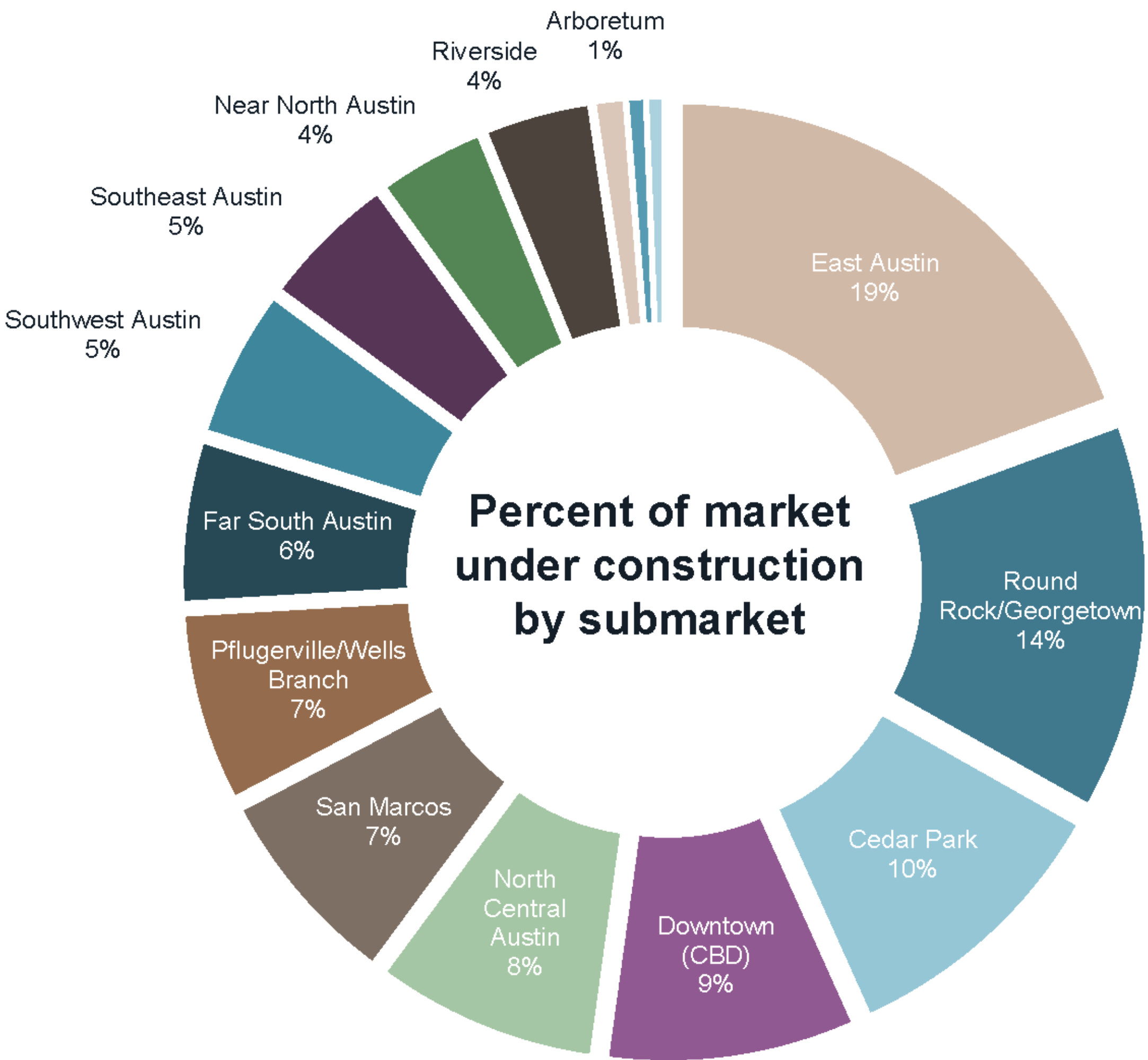
DEMAND LEADERS ACROSS ALL AUSTIN SUBMARKETS IN 2024



Source: CoStar, Q1 2025



A CLOSER LOOK AT WHERE NEW CONSTRUCTION IS LOCATED



Source: JLL Research, Real Page (as of Q4)
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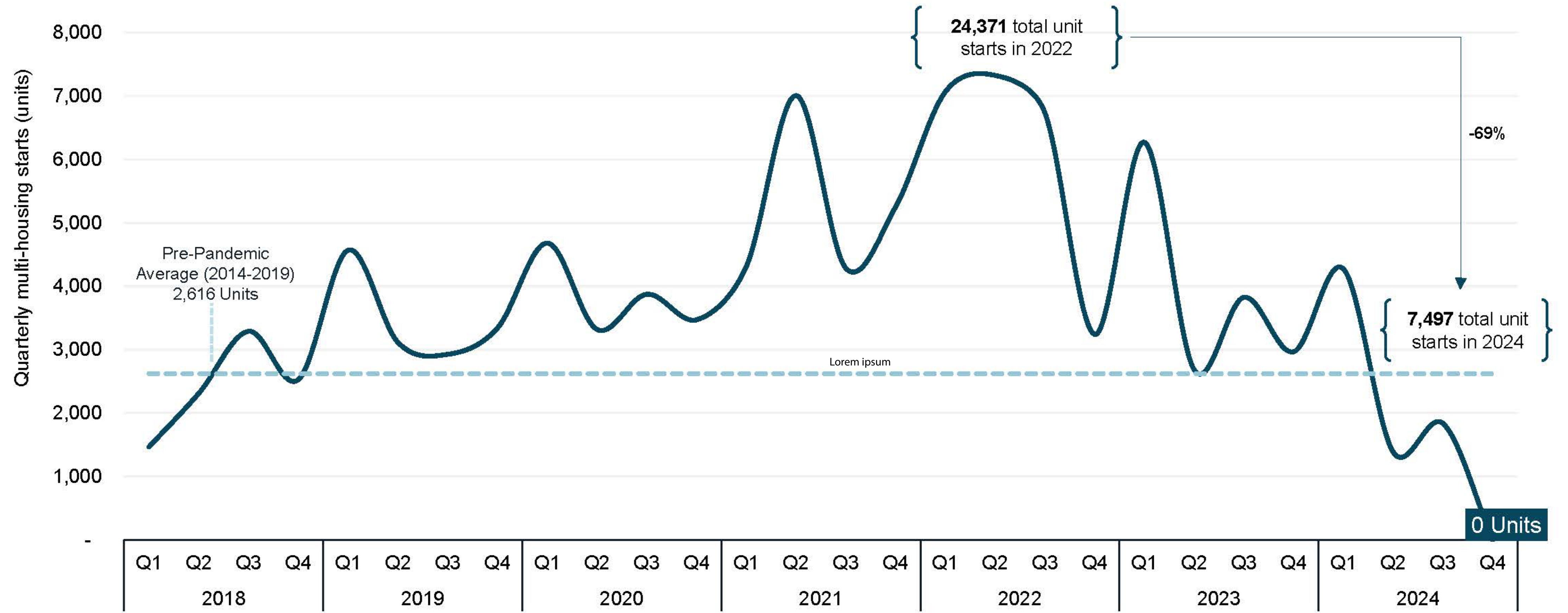




Supply: New Starts Falling Off A Cliff

AUSTIN SAW ZERO QUARTERLY UNITS START FOR THE FIRST TIME IN 10 YEARS

Austin multi-housing starts

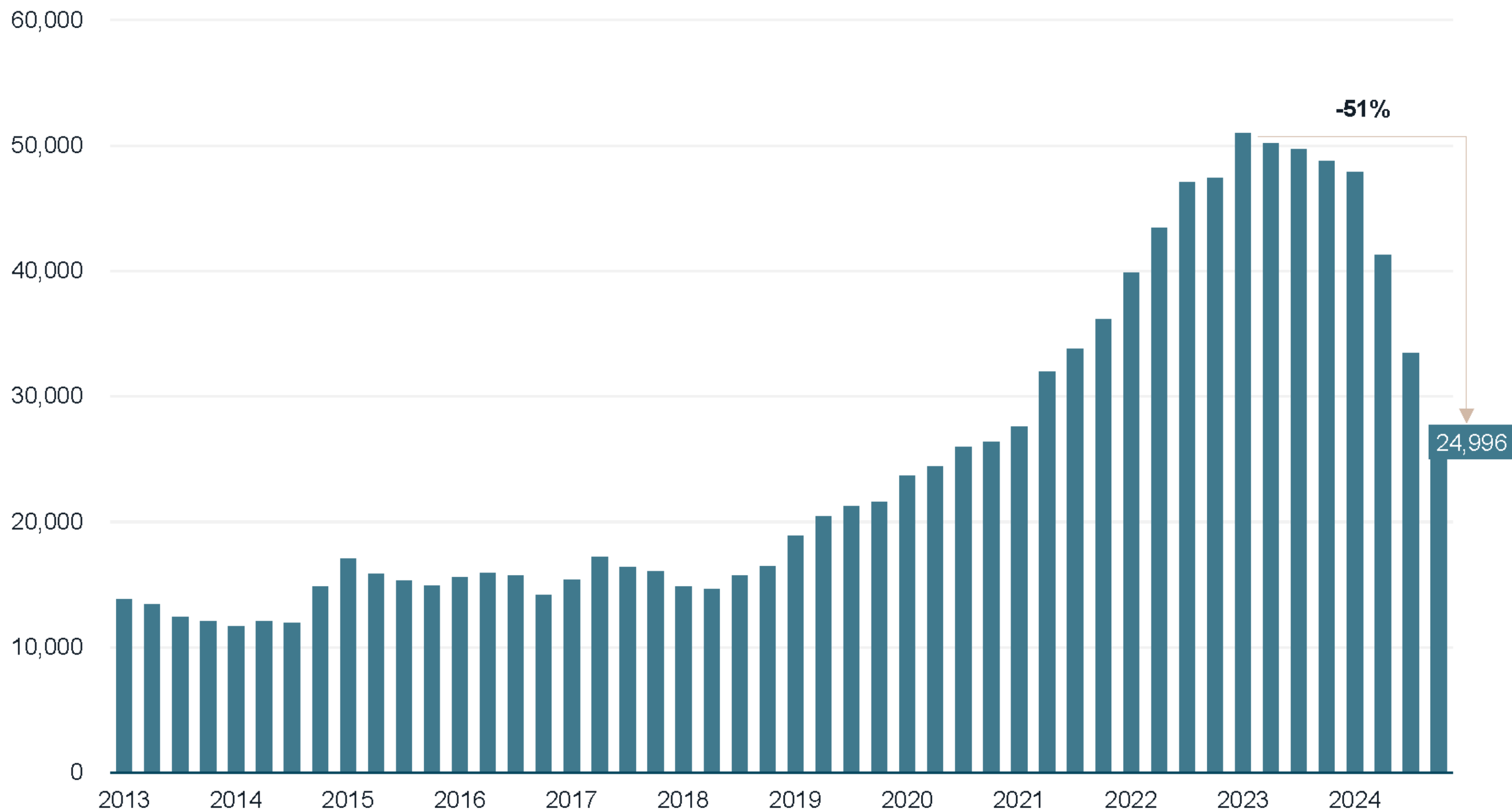


Source: JLL Research, Real Page
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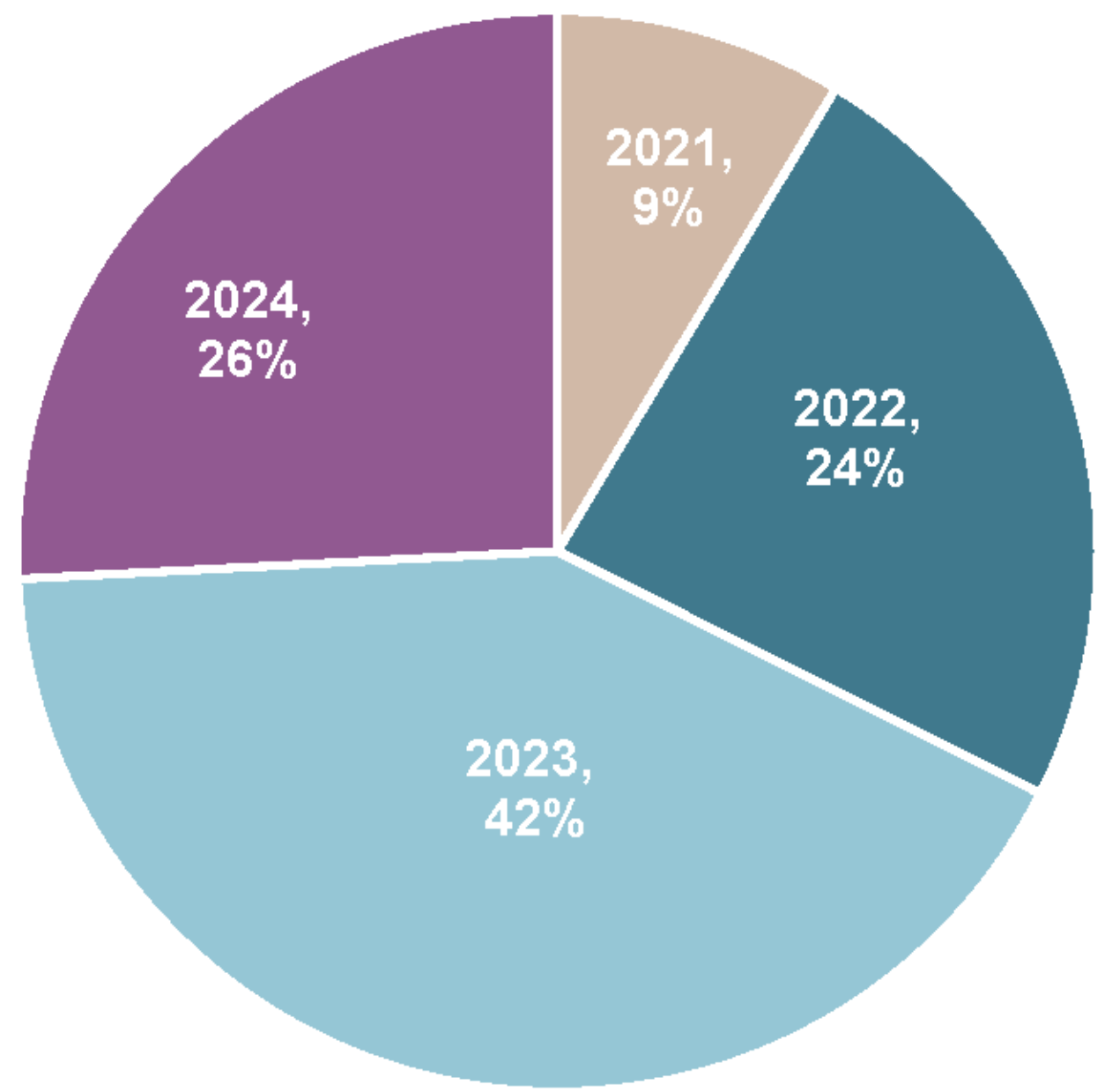


AUSTIN'S CONSTRUCTION PIPELINE CONTINUES TO SHRINK, DOWN 51% FROM ITS PEAK

Austin Units Under Construction



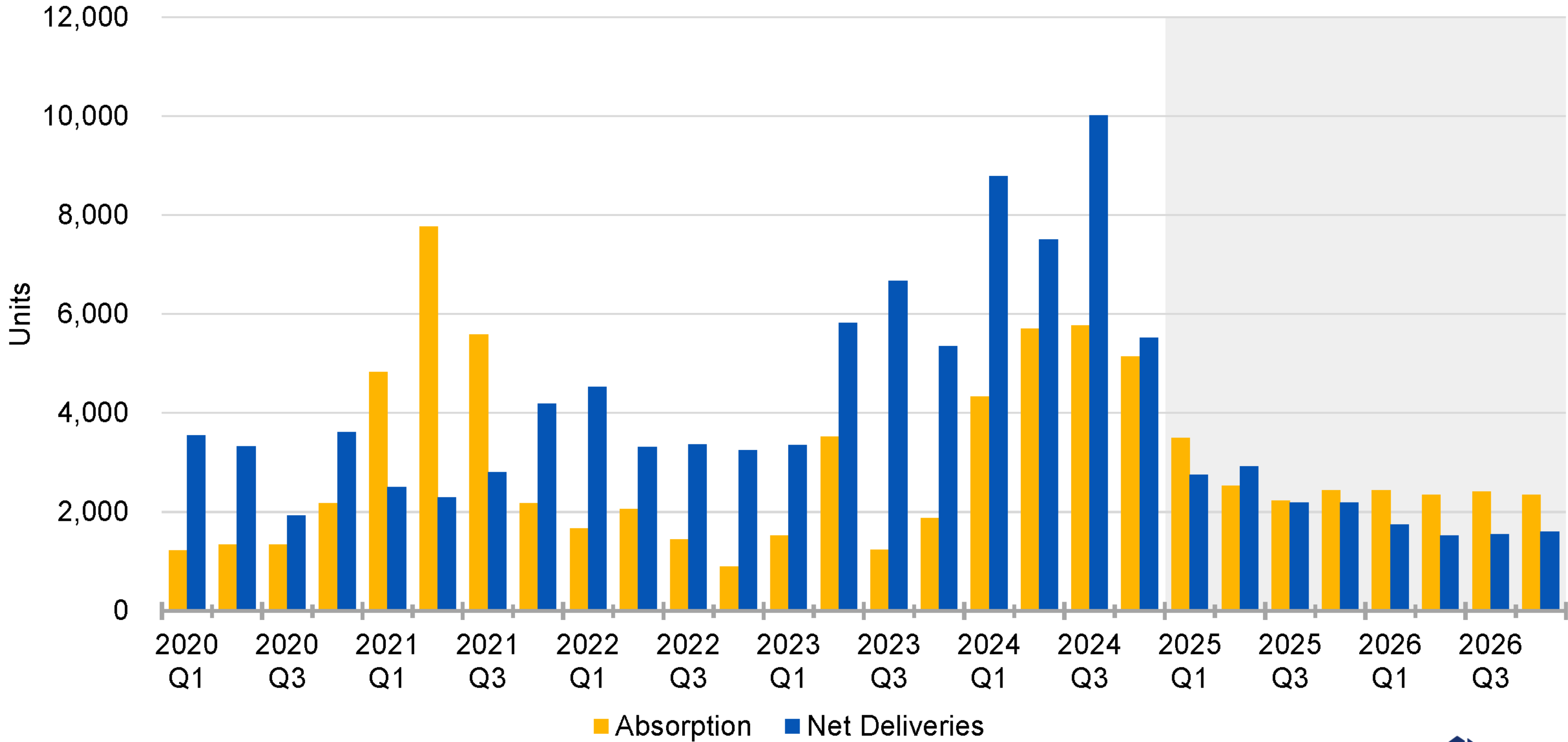
Units currently under construction by kick off year



Source: JLL Research, Real Page
 Note: Total units under construction includes some properties in lease up status.
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DEMAND PROJECTED HIGHER THAN SUPPLY FOR THE FORESEEABLE FUTURE

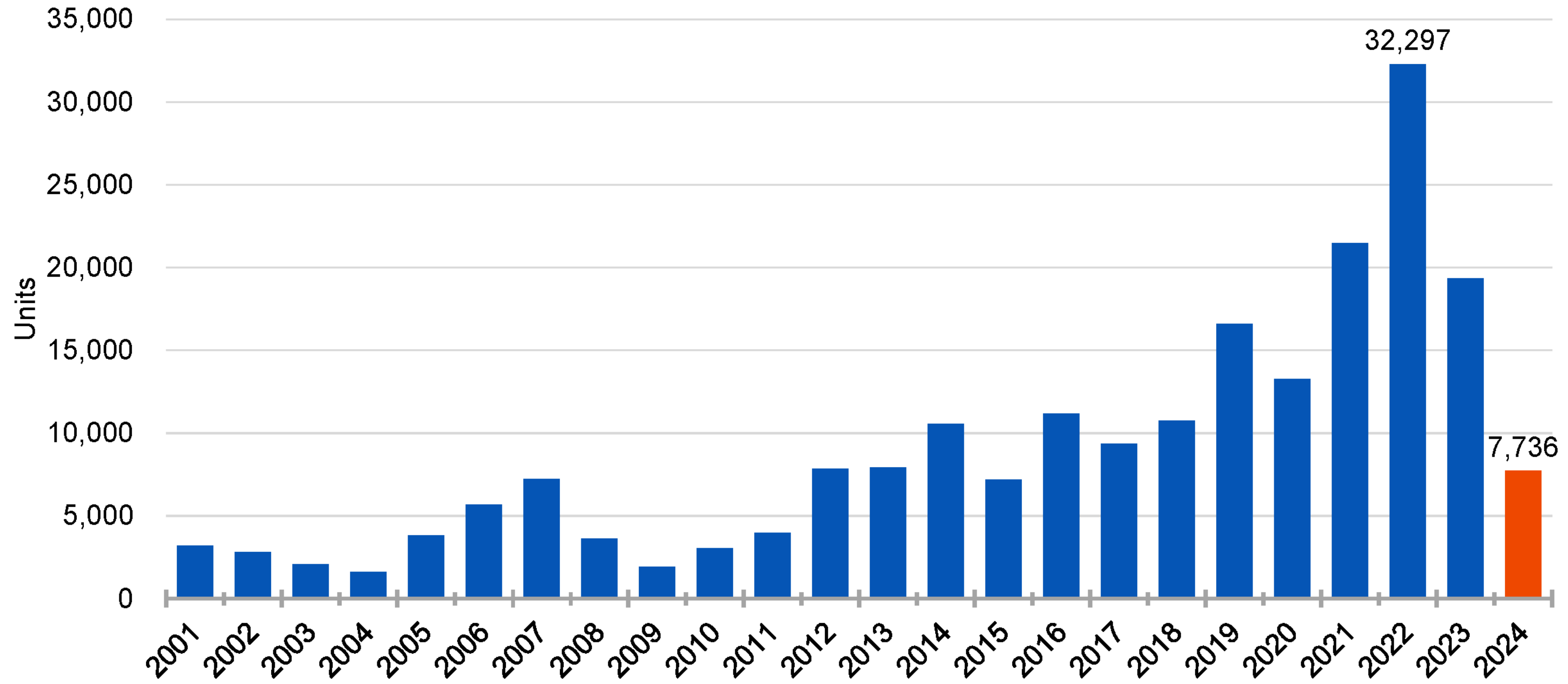


Source: CoStar, Q1 2025
Note: The shaded area indicates the forecast



MULTIFAMILY CONSTRUCTION STARTS AT MORE THAN DECADE LOW

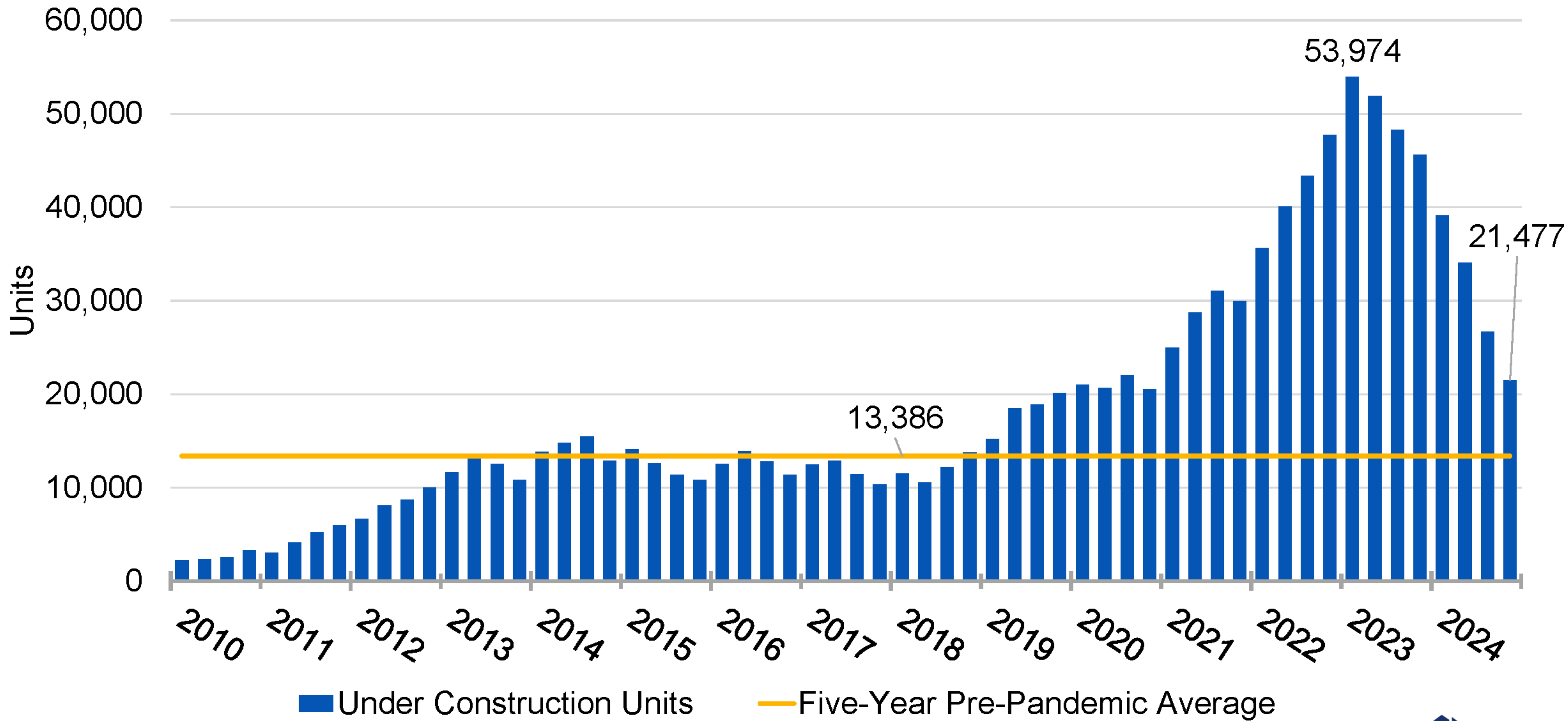
Construction Starts



Source: CoStar, Q1 2025



UNITS UNDER CONSTRUCTION CONTINUES TO DECLINE



Source: CoStar, Q1 2025



THANK YOU!

If you'd like to learn more or are interested in receiving further market updates, please join our newsletter or visit our website **WildhornCap.com**.

For more information, feel free to reach out to us.

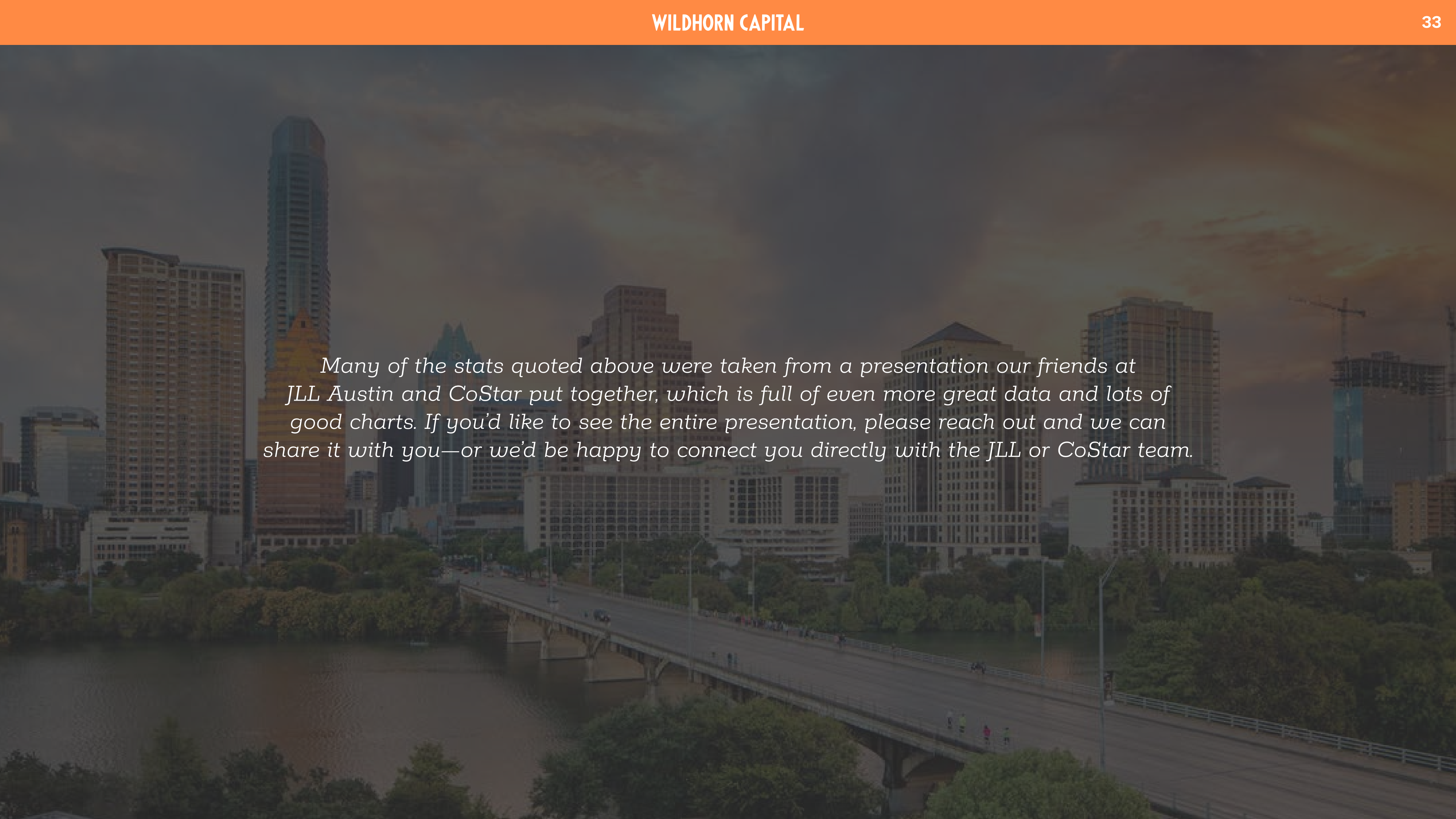
Andrew Campbell

andrew@wildhorncap.com

Cooper Drenner

cooper@wildhorncap.com



A wide-angle photograph of the Austin skyline at dusk, featuring the UT Tower and other high-rise buildings. In the foreground, a multi-lane bridge spans across a river, with a few people walking on the sidewalk. The sky is a mix of dark blues and oranges from the setting sun.

Many of the stats quoted above were taken from a presentation our friends at JLL Austin and CoStar put together, which is full of even more great data and lots of good charts. If you'd like to see the entire presentation, please reach out and we can share it with you—or we'd be happy to connect you directly with the JLL or CoStar team.