



# BUYER'S AGENT PORTFOLIO

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# DEMOGRAPHIC TRENDS IN CENTRAL TEXAS

As a key indicator of the demand for housing, demographics play an integral role in shaping the housing market. While financial factors significantly affect a household's ability to afford homeownership, lifestyle factors—death, divorce (or any change in marital status), diplomas, diapers, and downsizing—also considerably affect the demand for homeownership. For instance, population growth would indicate the demand for housing will likely increase, which would increase the number of buyers in the market. Understanding demographic trends provides you with a leg up in your business in that it allows you to build better practices around your clients' current and future housing needs.

## POPULATION GROWTH

Demographers project sustained strong population growth in the Austin-Round Rock-Georgetown MSA. Over the next several decades, the population of the MSA is expected to outpace that of Texas by more than double. From 2024 to 2030, the MSA is projected to add nearly 400,000 more residents, an increase of 15.5%—twice that of the rate of growth for Texas (7.5%).

## AGE

According to the NAR 2024 Home Buyers and Sellers Generational Trends Report, Millennials and Gen Xers currently comprise over 60% of buyers. Those age cohorts encompass individuals born between 1965 and 1998 (i.e., between 26 and 59 years of age). The Austin-Round Rock-Georgetown MSA contains a higher proportion of Millennials and Gen Xers than the state: 17.1% of individuals in the MSA are between 25 and 34

years old; 16.6%, between 35 and 44 years old; and 12.9%, between 45 and 54 years old. Overall, 46.6% of the population in the MSA is between 25 and 54 years old, compared to 40.8% of the population in Texas. This indicates that a higher proportion of the population in the MSA is inclined to buy homes than in Texas—i.e., the age distribution of the MSA indicates a higher demand for homes than that of the state.

By and large, the Gen Z cohort is still too young (the oldest are 25) to represent a meaningful segment of homebuyers (3% according to the report). It will likely be another 5+ years (i.e., until the oldest are approaching 30) before this cohort becomes a more significant portion of buyers.

Year	Population (Austin-Round Rock- Georgetown MSA)	% Change from 2024 (Austin-Round Rock- Georgetown MSA)	Population in Texas	% Change from 2024 (Texas)
2025	2,590,720	2.5%	30,995,030	1.2%
2030	2,918,491	15.5%	32,912,882	7.5%
2035	3,258,377	28.9%	34,857,869	13.8%
2040	3,611,330	42.9%	36,807,213	20.2%
2045	3,979,743	57.5%	38,740,127	26.5%
2050	4,371,103	73.0%	40,645,784	32.7%
2055	4,791,311	89.6%	42,518,254	38.9%
2060	5,237,825	107.3%	44,391,658	45.0%

SOURCE: TEXAS DEMOGRAPHIC CENTER

Age (Years)	Austin-Round Rock-Georgetown MSA	Texas	Difference
<b>Under 20</b>	24.2%	27.6%	-3.3%
<b>20 to 24</b>	7.0%	7.1%	-0.2%
<b>25 to 34</b>	17.1%	14.4%	2.7%
<b>35 to 44</b>	16.6%	14.1%	2.5%
<b>45 to 54</b>	12.9%	12.3%	0.6%
<b>55 to 64</b>	10.2%	11.0%	-0.8%
<b>65 to 74</b>	7.5%	8.2%	-0.7%
<b>75 to 84</b>	3.4%	4.0%	-0.6%
<b>85+</b>	1.0%	1.3%	-0.3%

SOURCE: U.S. CENSUS BUREAU

## TAKEAWAYS

- Demographics help determine the demand for housing. Leveraging the trends highlighted in this report can help you optimize your business practices.
- Over the next several decades, the demand for housing in the Austin-Round Rock-Georgetown MSA will outpace that of Texas due to higher levels of population growth in the MSA.
- Relative to Texas, the Austin-Round Rock-Georgetown MSA contains a higher proportion of individuals who tend to comprise the largest share of homebuyers (i.e., Millennials and Gen Xers). These individuals will continue to drive the demand for homeownership.
- Given a higher proportion of younger individuals (25 to 34 years old) than the state of Texas (17.1% in the MSA vs. 14.4% in Texas), the MSA contains a slightly higher percentage of individuals who have never married. Depending, as these individuals eventually marry, this could drive a greater uptick in the demand for homes.

## MARITAL STATUS

Marriage is one of the key drivers behind the demand for homeownership. The Austin-Round Rock-Georgetown MSA contains a slightly higher proportion of never-married individuals (36.2%) than the state of Texas (34.3%). Depending on the proportion of these individuals who eventually marry, this could indicate an uptick in the demand for homeownership in the future. Meanwhile, the proportion of individuals who are married or divorced resembles that of Texas.

	Texas	Austin-Round Rock-Georgetown MSA
<b>Married</b>	49.2%	49.5%
<b>Widowed (except separated)</b>	4.8%	3.4%
<b>Divorced</b>	9.8%	9.5%
<b>Separated</b>	2%	1.5%
<b>Never Married</b>	34.3%	36.2%

SOURCE: U.S. CENSUS BUREAU

# BUY VS. RENT INDEX ADDENDUM

Homeownership typically constitutes the single largest expenditure—and source of wealth—for households across the U.S. However, potential homebuyers face a myriad of investment opportunities—from stocks and bonds to less traditional assets, such as NFTs. Amid a higher interest rate environment and recent housing market shifts, potential homebuyers may receive noisy signals from a variety of sources as to the factors that affect the financial outcomes of homeownership, from the “right” time to purchase a home to the effect of mortgage rates. The expertise of qualified professionals—particularly REALTORS®—may help potential homebuyers better understand the wealth-building potential of homeownership.

## Top Takeaways for Your Buyers:

- A unique feature of the wealth-building potential of homeownership lies in leverage—i.e., the loan-to-value ratio allows a homebuyer to expend a small cash sum relative to the nest egg to which that sum grows as the duration of homeownership progresses. Greater leverage (a higher loan-to-value ratio) increases the wealth multiplier.
- Time is imperative to building wealth: 1) the longer the duration of homeownership, on average, the more wealth an owner can expect to build and 2) the longer a potential buyer chooses to delay a home purchase, the longer it will take to build wealth. (For an existing homeowner, it is important to remember that selling the existing home and buying another home enhances wealth—again, via leverage.)
- All else equal, as the housing tenure and appreciation rate increase, the wealth multiplier increases. As wealth increases, homeowners face more opportunities to invest in additional assets.

This report acts as an addendum to the [Buy vs. Rent Index](#). The index compares the financial outcomes of purchasing a home vs. renting and investing in the stock market for three types of homebuyers: first-time, move-up, and luxury buyers. Homeownership was repeatedly shown to favor renting and investing in the stock market for all three types of buyers. This addendum to the Buy vs. Rent Index boils down the wealth-building potential of homeownership into three simple tables—one table for each type of buyer (first-time, move-up, and luxury).

Each table quantifies the wealth multiplier—the magnitude by which the downpayment would increase—based on the annual appreciation rate and housing tenure (i.e., the duration of homeownership). All else equal, the wealth-building potential of homeownership increases as housing tenure and the appreciation rate increase. For example, should a first-time buyer retain a home for seven years, the downpayment would increase 7.2 times if the annual appreciation rate averaged 3% and 10.7 times if the rate averaged 5%. Over that seven-year span, a downpayment of \$15,000 would rise to \$51,579 with an annual appreciation rate of 3% and \$71,048 with a rate of 5%. (In the Austin-Round Rock-Georgetown MSA, the annual appreciation rate averaged 4.5% from the end of the Great Recession to the beginning of the COVID-19 recession.)

It is crucial to highlight the independence of the multiplier from mortgage rates. The multiplier is a function of three factors: 1) leverage—i.e., the loan-to-value ratio, 2) housing tenure, and 3) the appreciation rate. The multiplier is calculated by dividing home equity (the numerator) by the downpayment (the denominator). All else equal, a higher loan-to-value ratio decreases the denominator, which thereby leads to a higher wealth multiplier. In this sense, the wealth multiplier measures higher for first-time buyers—again, this is a function of leverage.

**TABLE 1. WEALTH MULTIPLIER FOR FIRST-TIME BUYERS BY YEARS OF HOMEOWNERSHIP AND ANNUAL APPRECIATION RATE**

Years of Homeownership	Annual Appreciation Rate						
	2%	3%	4%	4.5%	5%	6%	7%
3	2.8	3.4	4.1	4.4	4.7	5.4	6.1
5	4.1	5.2	6.4	7.0	7.6	8.8	10.1
7	5.6	7.2	8.9	9.8	10.7	12.7	14.7
10	7.9	10.4	13.2	14.6	16.1	19.4	22.9
15	12.7	16.9	21.8	24.5	27.3	33.7	40.9

**TABLE 2. WEALTH MULTIPLIER FOR MOVE-UP BUYERS BY YEARS OF HOMEOWNERSHIP AND ANNUAL APPRECIATION RATE**

Years of Homeownership	Annual Appreciation Rate						
	2%	3%	4%	4.5%	5%	6%	7%
3	1.4	1.6	1.8	1.8	1.9	2.1	2.3
5	1.8	2.0	2.3	2.5	2.6	2.9	3.3
7	2.1	2.5	2.9	3.2	3.4	3.9	4.4
10	2.7	3.3	4.0	4.3	4.7	5.5	6.4
15	3.8	4.8	6.1	6.7	7.5	9.0	10.9

**TABLE 3. WEALTH MULTIPLIER FOR LUXURY BUYERS BY YEARS OF HOMEOWNERSHIP AND ANNUAL APPRECIATION RATE**

Years of Homeownership	Annual Appreciation Rate						
	2%	3%	4%	4.5%	5%	6%	7%
3	1.2	1.3	1.4	1.4	1.4	1.5	1.6
5	1.4	1.5	1.6	1.7	1.8	1.9	2.1
7	1.5	1.7	1.9	2.0	2.2	2.4	2.7
10	1.8	2.1	2.4	2.6	2.8	3.2	3.6
15	2.3	2.8	3.4	3.7	4.1	4.9	5.8

ALL GRAPH SOURCES: ABOR, FREDDIE MAC, FRED, TEXAS REAL ESTATE RESEARCH CENTER AT TEXAS A&M UNIVERSITY

“Homeownership was repeatedly shown to favor renting and investing in the stock market.”  
 - DR. CLARE LOSEY  
 ABOR & UNLOCK MLS HOUSING ECONOMIST



SCAN FOR PREVIOUS BUY VS. RENT INDEX REPORTS + MORE RESEARCH

# MID-YEAR REVIEW: A RECAP OF THE FIRST-HALF OF 2024

## 1) AFFORDABILITY REMAINS A KEY CONSTRAINT TO BUYERS

In 1Q2024, mortgage rates and home prices remained essentially flat relative to 1Q2023. However, between 1Q2019 and 1Q2024, the home price index for first-time buyers rose 51%, while buyer's purchasing power only increased 10%. For repeat buyers, during the same period, the home price index rose 52%, while buyer's purchasing power rose 24%. In other words, for both first-time and repeat buyers, income growth has not been sufficient to offset the rise in home prices.

### FOR FIRST-TIME BUYERS

Quarter	Change in Home Price Index Relative to 1Q2024	Change in Purchasing Power Relative to 1Q2024
1Q2014	-117%	-37%
1Q2015	-95%	-28%
1Q2016	-77%	-27%
1Q2017	-66%	-25%
1Q2018	-57%	-19%
1Q2019	-51%	-10%
1Q2020	-44%	1%
1Q2021	-17%	6%
1Q2022	11%	10%
1Q2023	3%	-2%

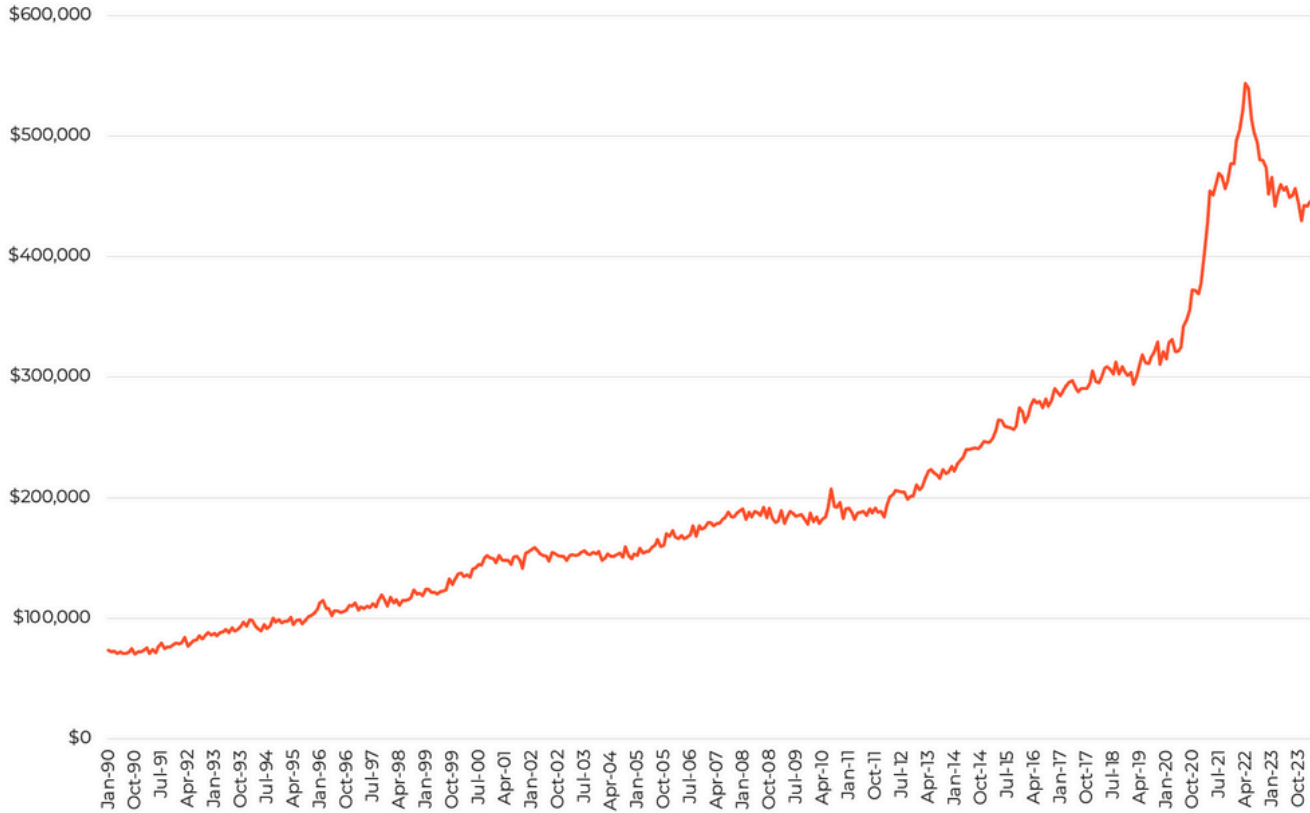
SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

### FOR REPEAT BUYERS

Quarter	Change in Home Price Index Relative to 1Q2024	Change in Purchasing Power Relative to 1Q2024
1Q2014	-97%	-42%
1Q2015	-81%	-34%
1Q2016	-70%	-32%
1Q2017	-62%	-30%
1Q2018	-57%	-24%
1Q2019	-52%	-12%
1Q2020	-41%	-4%
1Q2021	-12%	2%
1Q2022	11%	6%

SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

## MEDIAN SALES PRICE (SF/C/TH) IN THE AUSTIN-ROUND ROCK-SAN MARCOS MSA (SA)



Year	Months of Inventory (SA)	% Change from May '24
May-11	6.3	30%
May-12	4.0	-10%
May-13	2.4	-81%
May-14	2.2	-96%
May-15	2.2	-97%
May-16	2.2	-99%
May-17	2.6	-67%
May-18	2.5	-75%
May-19	2.4	-82%
May-20	1.9	-132%
May-21	0.4	-879%
May-22	1.1	-280%
May-23	3.2	-36%
May-24	4.4	

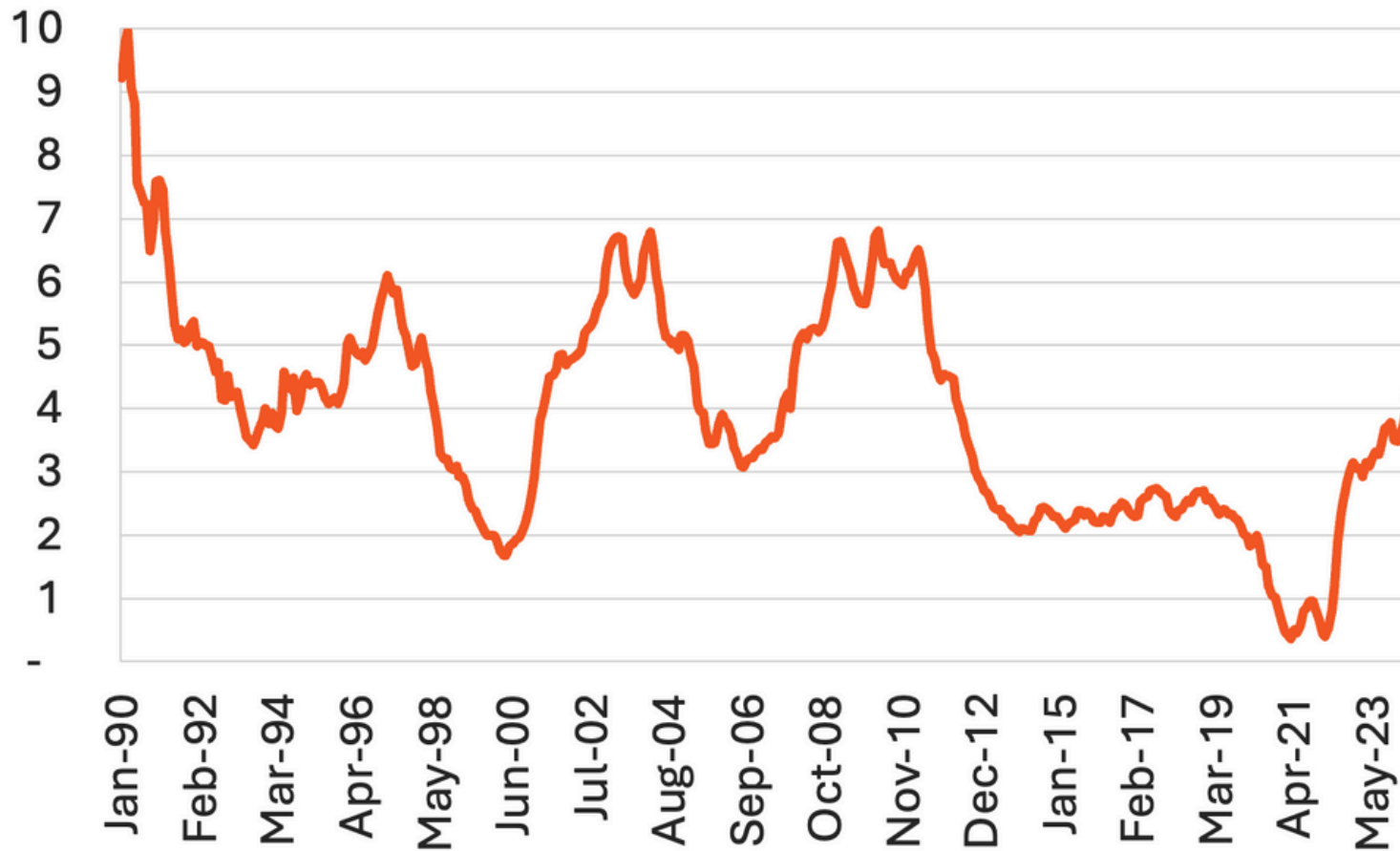
SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS



## 2) NO CLEAR BENT TOWARD A BUYER'S MARKET OR A SELLER'S MARKET

Although we tend to label a market as being inclined to buyers or sellers based on months of inventory, this measure does not reflect the single-largest headwind currently facing buyers: mortgage rates. Driven by the rise in mortgage rates and still-elevated home prices, the decline in buyer's purchasing power continues to pose a hurdle to would-be buyers. However, the uptick in active listings provides buyers with more negotiating power. Meanwhile, sellers face increased competition from the uptick in active listings (i.e., more sellers in the market) and must also contend with the decline in buyer's purchasing power but receive a boost from still-elevated home prices. These counteracting forces among buyers and sellers indicate there is no clear bent in the market toward either a buyer's or a seller's market.

**MONTHS OF INVENTORY (SF/C/TH) IN THE AUSTIN-ROUND ROCK-SAN MARCOS MSA (SA)**



### 3) MORE AFFORDABLE INVENTORY; BIFURCATION IN THE MARKET

From January through May, the Austin-Round Rock-San Marcos MSA witnessed a significant YoY uptick in active listings (13.7%). The most considerable increase in active listings occurred among the lowest-priced homes—those under \$300,000, for which active listings rose nearly 47% YoY. There was also a considerable YoY rise in active listings (30%) among the highest-priced homes—those at least \$1,000,000. This indicates that the 2024 homebuying season is proving to be a particularly favorable one to first-time and luxury buyers, who face more options.

Price Range	Active Listings in the MSA (Jan.-May '24)	Active Listings in the MSA (Jan.-May '23)	%YoY Change in Active Listings in the MSA (Jan.-May '24)
< \$300,000	7.8%	6.0%	46.7%
\$300,000 - \$399,000	21.0%	22.0%	8.6%
\$400,000 - \$499,000	19.0%	21.1%	2.3%
\$500,000 - \$599,000	12.8%	14.3%	1.6%
\$600,000 - \$699,000	9.1%	8.9%	15.5%
\$700,000 - \$799,000	6.2%	5.9%	19.9%
\$800,000 - \$899,000	4.6%	4.5%	17.6%
\$900,000 - \$999,000	3.5%	3.3%	21.4%
> \$1,000,000	16.0%	14.0%	30.0%
Total	50,044	44,027	13.7%

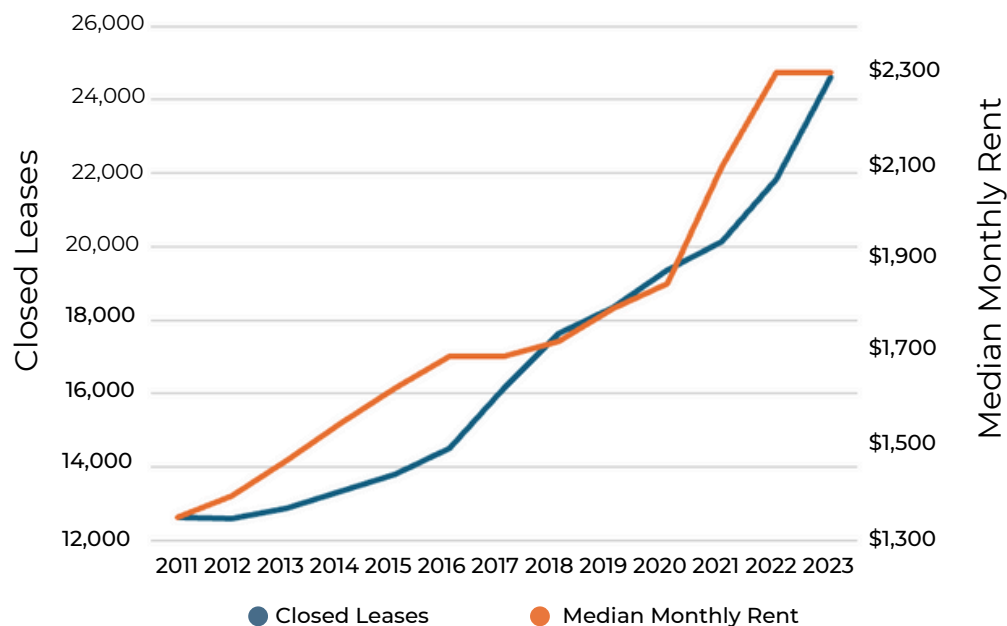
SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

# CENTRAL TEXAS LEASING

Leasing plays an integral role in the broader Austin housing market. Renting a single-family home is the most comparable alternative to homeownership—and in the Austin-Round Rock-Georgetown MSA, it offers an especially affordable option for would-be first-time buyers. Moreover, renting offers tenants more flexibility than homeownership.

Given the growing affordability constraints facing potential buyers—and the rise of the leasing market in the broader Austin region—it's imperative that you stay attuned to trends related to this topic. Here's a run-down of need-to-know stats on leasing activity in the Austin-Round Rock-Georgetown MSA:

- The number of closed leases rose by nearly 50% from 2011 to 2023. The median monthly rent also almost doubled, moving from \$1,350 in 2011 to \$2,300 in 2023.



- In 2022 and 2023, closed leases comprised a higher share of total sales and leasing activity in the MSA at 40% and 45%, respectively. On average, closed leases tend to represent around one-third of total sales and leasing activity in the MSA.

Year	Closed Leases as a % of Closed Sales and Leases in the MSA
2011	38%
2012	34%
2013	31%
2014	31%
2015	31%
2016	31%
2017	33%
2018	34%
2019	34%
2020	33%
2021	33%
2022	40%
2023	45%

SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

Home Price	Monthly Mortgage Payment/Rent	Percent of Closed Sales (2023)	Percent of Closed Leases (2023)	Differential between the % of Closed Sales & Closed Leases
Less Than \$200,000	Less Than \$1,888	0.7%	12.6%	-11.9%
\$200,000 - \$249,999	\$1,888 - \$2,359	1.9%	42.2%	-40.2%
\$250,000 - \$299,999	\$2,360 - \$2,831	6.3%	22.9%	-16.6%
\$300,000 - \$349,999	\$2,832 - \$3,303	12.9%	10.1%	2.8%
\$350,000 - \$399,999	\$3,304 - \$3,774	14.8%	4.2%	10.6%
\$400,000 - \$449,999	\$3,775 - \$4,246	12.1%	2.7%	9.4%
\$450,000 - \$499,999	\$4,247 - \$4,718	9.6%	1.5%	8.1%
\$500,000 - \$599,999	\$4,719 - \$5,662	13.0%	1.7%	11.4%
\$600,000 - \$699,999	\$5,663 - \$6,605	8.3%	0.9%	7.5%
\$700,000 - \$799,999	\$6,606 - \$7,549	5.6%	0.4%	5.2%
\$800,000 - \$899,999	\$7,550 - \$8,492	3.8%	0.2%	3.6%
\$900,000 - \$999,999	\$8,493 - \$9,436	2.7%	0.2%	2.5%
\$1,000,000+	\$9,437+	8.2%	0.5%	7.7%

- In 2023, more than half of leases closed for rents comparable to the monthly mortgage payment on a home priced under \$250,000. Over 75% of leases closed for rents comparable to the monthly mortgage payment on a home priced under \$300,000.
- Meanwhile, homes priced under \$300,000 comprised fewer than 10% of all homes sold in 2023.

SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

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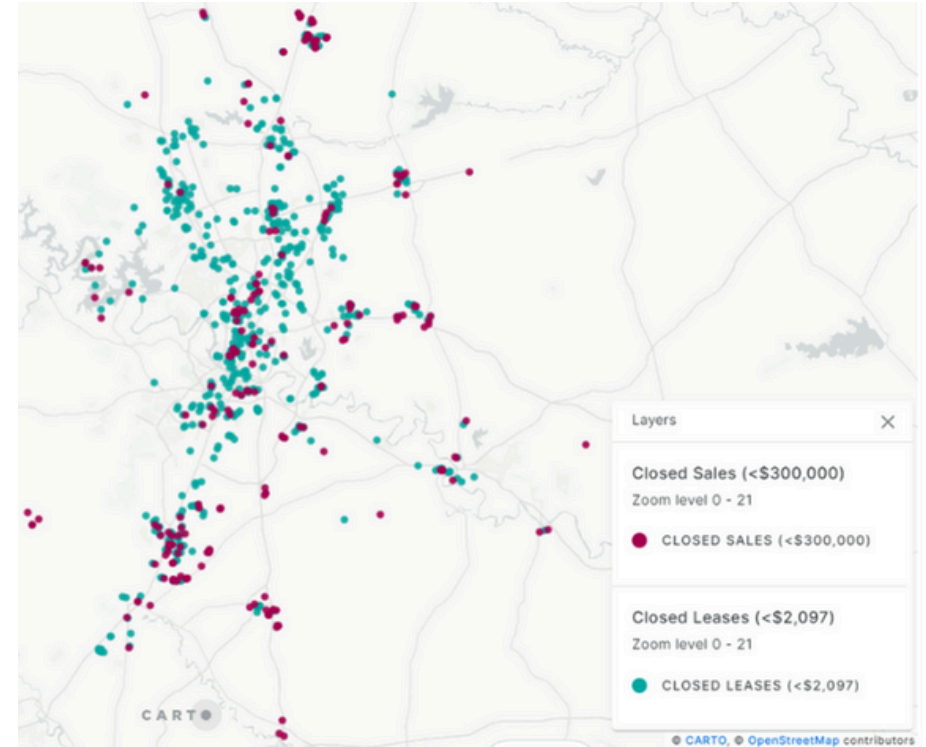
**- DR. CLARE LOSEY  
ABOR & UNLOCK MLS HOUSING ECONOMIST**

- The growing differential between the median mortgage payment and the median rent reflects the decline in affordability for homeownership.

Year	Median Monthly Rent	Median Monthly Mortgage Payment	Difference between Median Mortgage Payment & Rent
2011	\$1,350	\$1,529	\$179
2012	\$1,395	\$1,545	\$150
2013	\$1,470	\$1,721	\$251
2014	\$1,550	\$1,894	\$344
2015	\$1,625	\$2,019	\$394
2016	\$1,695	\$2,129	\$434
2017	\$1,695	\$2,294	\$599
2018	\$1,725	\$2,485	\$760
2019	\$1,795	\$2,439	\$644
2020	\$1,850	\$2,510	\$660
2021	\$2,100	\$3,265	\$1,165
2022	\$2,300	\$4,308	\$2,008
2023	\$2,300	\$4,269	\$1,969

SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

During periods of higher mortgage rates, leasing tends to be a more attractive option to would-be first-time buyers as the decline in home purchasing power due to higher rates 1) raises the income required to qualify for a mortgage loan and 2) reduces the for-sale inventory affordable to buyers. In 2023, fewer than 10% of sales closed for homes under \$300,000, while over 75% of leases closed for homes with a comparable rent. In other words, a buyer needed to earn a minimum of essentially \$100,000 to meaningfully step into the market for homeownership in the broader Austin region, but needed to earn slightly less than \$65,000 to meaningfully enter the market for single-family leasing.



**While closed sales for single-family homes priced under \$300,000 tend to be located north, south, or east of the city, leases closed for rents comparable to the monthly mortgage payment on a home priced under \$300,000 are more geographically widespread.**

## TAKEAWAYS

- During periods of higher mortgage rates, leasing may provide a more affordable alternative to homeownership, particularly for would-be first-time buyers. As rates essentially doubled from 2022 to 2023, closed leases also rose at a faster annual rate—9% in 2022 and 13% in 2023, relative to a long-term average of 5%.
- In 2023, a monthly rent of approximately \$3,300 was essentially the upper threshold for renting a single-family home—only slightly more than 10% of leases closed for rents above that threshold. This is a natural byproduct of the minimum income required to meaningfully enter the market for homeownership in the broader Austin region in 2023 (essentially at least \$100k, which equated to a minimum home price of \$300k).
- In addition to a higher inventory of affordable rental properties than for-sale properties, the inventory of affordable rental properties are more geographically widespread than the inventory of for-sale properties.

Home Price	Required Income to Qualify for a Mortgage Loan (2023)
\$200,000	\$64,704
\$250,000	\$80,880
\$300,000	\$97,056
\$350,000	\$113,233
\$400,000	\$129,409
\$450,000	\$145,585
\$500,000	\$161,761
\$600,000	\$194,113
\$700,000	\$226,465
\$800,000	\$258,817
\$900,000	\$291,169
\$1,000,000	\$323,522

SOURCE: AUSTIN BOARD OF REALTORS®, UNLOCK MLS

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