Dirt & Data: The Austin Land Market

Comprehensive Market Trends Analysis 2017-2025

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Overview

The Austin MSA land market experienced a complete expansion, peak, correction, and normalization cycle between 2017 and 2025. The five-county region (Travis, Williamson, Hays, Caldwell, and Bastrop) saw transaction volumes reach historic highs during the low-interest-rate environment of 2021, followed by a sharp market reset beginning in 2022 as borrowing costs increased at the fastest pace in decades.

This newsletter examines market trends across three distinct periods, analyzing transaction volumes, pricing patterns, and key market drivers that shaped the region's land sales activity.

Period 1: 2017-2019

Steady Growth & Market Expansion

Period 2: 2020-2022

Peak Cycle & Market Reset

Period 3: 2023-2025

Recovery & New Normal

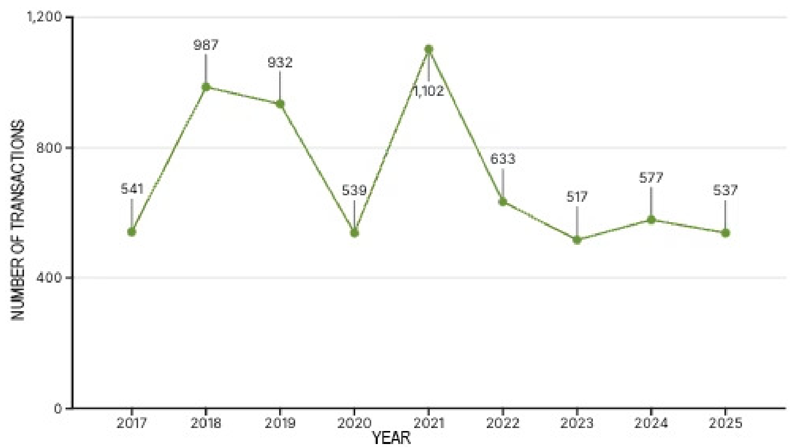
Key Findings

Consistent Growth Halted (2018-2020)

After years of considerable growth and consistency, COVID halted the CRE Market in 2020, but it quickly rebounded.

Peak Transaction Volume (2021)

The market reached historic highs in 2021 with 1,102 transactions, representing a 104% increase from 2020 levels. This surge was driven by pandemic-era migration, unprecedented liquidity, and rock-bottom interest rates creating a perfect storm of demand



Market Correction (2022-2025)

Following the Federal Reserve's aggressive rate hikes beginning in March 2022, transaction volume collapsed by 51% in 2022 and continued declining through 2025. The 537 transactions in 2025 represent a 51% decrease from peak levels, returning to near-2017 baseline activity.

Geographic Shifts

Williamson County emerged as the growth leader, accounting for 31% of 2021 transactions. Meanwhile, Caldwell County experienced explosive growth from virtual non-existence (Averaging fewer than 10 transactions per year prior to 2020) to significant activity (59 transactions in 2025), signaling geographic expansion of the Austin development footprint.

2017-2019 -The Foundation Years: Steady Growth and Market Stability

Market Overview and Transaction Dynamics

The 2017-2019 period established baseline market conditions that would later prove exceptional in hindsight. Total transaction volumes demonstrated robust growth, escalating from 541 sales in 2017 to an impressive 987 sales in 2018, and 932 sales in 2019. This 82% surge from 2017 to 2018 represented genuine market expansion driven by Austin's strong economic fundamentals and population growth.

Transaction Volume Analysis

Year	2017	2018	2019
Under 5 Acres	239	419	534
5-100 Acres	269	470	336
100+ Acres	33	98	62
TOTAL TRANSACTIONS	541	987	932

Key Insights and Market Implications

This period represented a classic growth market characterized by strong fundamentals, rational pricing appreciation, and geographic expansion.

Transaction volume growth outpaced price appreciation in most segments, suggesting healthy market conditions rather than speculative excess. The geographic diffusion pattern, with activity spreading from Travis County outward to Williamson, Hays, and eventually Bastrop counties, demonstrated textbook suburban expansion dynamics.

Market Structure

Several structural characteristics defined the Austin land market during these foundation years:

- **Job Growth:** From 2017 to 2019, Austin added approximately 47,000 jobs, an average of more than 15,600 per year, driven by the expansion of 315 companies and the relocation of 155 businesses to the market, according to Opportunity Austin.
- **Strong economic drivers:** Austin’s population growth by 2.9% year over year and technology sector expansion created sustained demand for residential and commercial development land.
- **Suburban expansion:** Transaction activity increasingly moved north into Williamson County, south toward Hays County and eastern Travis County as core Travis County land became more scarce and expensive, as long as the area had adequate utilities available.
- **Balanced buyer pool:** The market included a mix of developers, long-term land bankers, and private investors rather than purely speculative buyers and developers.
- **Healthy absorption:** Rising transaction counts indicated that all asset classes were being absorbed quickly by the market.

2020-2022 – Peak Cycle & Market Reset

The 2020-2022 period witnessed the most dramatic market cycle in Austin's recent history. The COVID-19 pandemic initially created uncertainty in early 2020, but by late-2020, unprecedentedly low interest rates, and a surge in remote work drove explosive demand throughout 2021. By 2022, aggressive Federal Reserve rate hikes triggered a sharp market correction.

Job Growth

2020 and 2021 marked historic years for business activity in Austin, with job creation averaging 24,500 annually. The momentum included a record 90 companies relocating to Austin and 138 expansions in 2021 alone. Although 2022 saw a pullback to roughly 14,000 new jobs, it still remained well above the historical norm. In total, the three-year period produced 349 expansions and 199 relocations.

Transaction Volume Analysis

Category	2020	2021	2022
Under 5 Acres	228	409	324
5-100 Acres	279	627	278
100+ Acres	32	66	31
TOTAL	**539**	**1,102**	**633**

Key Observations:

- 2021 represented the absolute peak with 1,102 transactions—the highest in the entire 2017-2025 period
- The 5-100 acre category exploded to 627 transactions in 2021, more than double the 2020 volume
- 2022 saw a dramatic 43% decline in total transactions as Federal Reserve rate hikes began in March 2022
- The 5-100 acre segment experienced the steepest correction, dropping 56% from 2021 to 2022

The Federal Reserve Impact

The 2022 Federal Reserve Rate Hikes

From 2022 through 2025, the Austin MSA land market showed a clear response to rapid monetary tightening led by the Federal Reserve. In 2022 alone, benchmark rates rose more than four percentage points, including two fast two-point jumps between May–July and September–December. That speed and magnitude of change significantly disrupted land underwriting models.

Because land produces no in-place income and depends entirely on future development feasibility, small rate moves can change the deal. A four-point shock effectively resets pricing expectations and buyer behavior market wide.

Date	% Increase	Total Increase
March 2022	+0.25%	0.25%
May 2022	+0.50%	0.75%
June 2022	+0.75%	1.50%
July 2022	+0.75%	2.25%
Sept 2022	+0.75%	3.00%
Nov 2022	+0.75%	3.75%
Dec 2022	+0.50%	4.25%

2023-2025 – Recovery & New Normal

Market Overview

The Correction Takes Hold

The 2023-2025 period represents a significant market correction and recalibration following the speculative excess of 2020-2022. Total transaction volumes remained relatively stable but depressed, ranging from 517 sales in 2023 to 577 in 2024 and 537 in 2025. These volumes represented approximately half the peak activity level of 2021, suggesting the market continued to work through excess inventory and speculative positions accumulated during the boom years.

Transaction Volume Analysis

Category	2023	2024	2025
Under 5 Acres	228	235	222
5-100 Acres	255	298	277
100+ Acres	34	44	38
TOTAL	**517**	**577**	**537**

Market Recalibration: Stabilized Pricing and the Return of Developer-Driven Timelines

Following the sharp interest rate increases in 2022, land pricing began to stabilize as many speculative investors pulled back from the market. During the run-up, speculative investors, often driven by lower risk tolerance and yield compression, had outpaced traditional developers. However, as we moved into 2023, traditional merchant developers re-emerged as the primary buyers, bringing a more disciplined underwriting approach.

As a result, pricing has largely held steady, with notable adjustments occurring primarily in distressed scenarios. Rather than reducing price, many sellers shifted to offering concessions on terms—particularly timing. At the height of investor activity, transactions were often closing in less than six months trading time for risk. Today, we have returned to more typical developer contract structures, with timelines of 12 months or longer becoming the norm.

Market Structure

Several structural characteristics defined the Austin land market during this recalibration period:

- **Job Growth:** From 2023 through 2025, company growth moderated as job creation returned to a more typical pace of about 13,500 per year. During this three-year span, 122 companies relocated to Austin while 199 existing businesses expanded their operations.
- **Segmented market behavior:** Different parcel sizes moved through distinct cycles rather than reacting uniformly to macroeconomic conditions.
- **Geographic consolidation:** Transaction activity concentrated around established infrastructure corridors and employment centers, particularly in Williamson and Hays Counties, while Travis County remained constrained but stable.
- **Emerging peripheral counties:** Caldwell and Bastrop Counties gained relevance as affordability and available land attracted developers willing to move further from Austin's core for both commercial and residential buyers.

Market Cycle: 2017-2025

1 — 2017-2019: Steady Growth & Expansion

- Explosive market & population growth
- Rapid rise in land values
- Tight supply conditions

2 — 2020-2022: Peak Cycle & Dramatic Reset

- Unprecedented peak activity
- Rapid market correction
- Significant impact of Fed policy

3 — 2023-2025: Recovery & New Normal

- Gradual market normalization
- Rising inventory, selective buyers
- Median values moderating

4 — 2026+: Looking Forward

- Sustainable baseline post-peak
- Focus on quality sites & alignment with demand
- Infrastructure investment unlocking new tracts

Key Insights

Multifamily Resilience

The multifamily land sector demonstrated strong resilience, maintaining demand amidst market shifts.

Federal Reserve Impact

Monetary policy dramatically influenced transaction velocity and investment decisions.

Outer-Ring Growth

Suburban and exurban counties emerged as key growth drivers due to affordability and accessibility.

Office Decline

Office land saw major declines post-2020, as work from home was prevalent and land experienced a drop in value due to vacancy increases.

As we look toward 2026 and beyond, the market appears to be establishing a sustainable baseline approximately 50% below the 2021 peak, with selective activity favoring quality sites, experienced developers, and projects aligned with evolving demand patterns in industrial, retail, multi-family, and single-family development.

Property Type	Vacancy	Trend	Demand	Outlook
Office	Elevated	Stabilizing	Moderate	Positive
Multifamily	14% (High)	Normalizing	Strong	Recovery
Industrial	20% (High)	Correcting	Selective	Stabilizing
Single-Family	Balanced	Normalizing	Steady	Selective
Retail	Low	Strong	Robust	Favorable

2026 Outlook: Retail Land

Why Retail Land Still Works in Austin

The retail land market continues to demonstrate solid fundamentals, supported by low vacancy, sustained population growth, and a tenant base concentrated in necessity-based and service-oriented retail across Central Texas. Demand remains strongest for well-located land with strong access, visibility, and proximity to residential growth, as retailers prioritize sites that offer development certainty and long-term relevance. Grocery-anchored and daily-needs retail continue to anchor demand, reinforcing the sector's resilience relative to other commercial property types.

Land demand has increasingly shifted toward suburban and emerging growth corridors, particularly in Williamson and Hays Counties, as limited infill availability and elevated pricing in core Austin push development outward. Developers are prioritizing sites near master-planned communities and along major transportation corridors, often favoring larger tracts that allow for phased development or mixed-use integration.

Land activity is increasingly concentrated in parcels that support efficient site layouts, clear access, and streamlined entitlement paths, while sites with physical or regulatory constraints are seeing wider pricing dispersion. Higher land and construction costs, combined with more conservative financing, have tempered speculative activity; however, most new retail projects remain anchored or pre-leased, helping maintain overall market balance.

Outlook (2026–2028)

Looking ahead, retail land demand in the Austin MSA is expected to remain healthy, with growth occurring at a measured and sustainable pace. Suburban submarkets are likely to capture the majority of new activity as rooftops continue to expand and infrastructure investment keeps pace. While rent growth is expected to moderate, land fundamentals remain supported by tight supply, disciplined development, and continued demographic expansion. Overall, the outlook for retail land remains favorable, with long-term performance closely tied to site quality, access, and alignment with suburban growth patterns.

Hot Areas

Retailers and developers continue to focus on high-rooftop suburban corridors with strong highway access and parcels capable of supporting neighborhood, big-box, or mixed-use retail formats.

- **Leander, Liberty Hill & Cedar Park** – Grocery-anchored centers and retail corridors along US-183 and Ronald Reagan Boulevard.
- **South Austin** – Neighborhood retail, service-oriented uses, and mixed-use projects aligned with residential growth.
- **Round Rock** – Large-format retail opportunities supported by continued suburban expansion.
- **San Marcos / Kyle / Hays County** – More attainable land pricing, rapid population growth, and strong demand for daily-needs retail.

2026 Outlook: Industrial Land

Industrial Future

The Austin industrial market is undergoing a supply-driven correction following several years of rapid expansion. Vacancy rates reached multiyear highs near 20% in 2025 as speculative deliveries continued to outpace tenant absorption. This has led to softer asking rents and a rise in concessions or flexible lease structures as landlords compete for occupancy.

Despite near-term challenges, demand for industrial land remains grounded in Austin's strong fundamentals—steady population and job growth, increasing logistics demand, and a vibrant manufacturing base. Current market activity emphasizes strategic site selection and targeted product types. Well-located parcels near major transportation corridors and intermodal facilities continue to attract interest, particularly for build-to-suit and owner-occupied projects that mitigate speculative exposure. Sites offering substantial power capacity are also drawing attention from data center developers, often commanding premium land pricing.

Developers and users still show strong interest in well-positioned, utility-served industrial sites, typically trading in the $5.00–$10.00/sf range. Smaller infill parcels can reach higher values, especially where entitlements or permits are already in place.

Outlook (2026–2028)

Over the next few years, the industrial land market is expected to gradually stabilize as new supply slows and tenant absorption levels out. Vacancy should begin normalizing alongside a more measured construction pace, bringing new deliveries closer in line with demand. Rents are likely to hold steady or post modest gains in high-demand logistics corridors, though price pressure may persist in submarkets with heavy speculative inventory. Overall, Austin's industrial land fundamentals remain resilient, with the near-term environment favoring disciplined development, prime site positioning, and tenant-oriented design.

Hot Areas

Developers and users continue to prioritize highway access, rail/intermodal connectivity, large lot options, and affordability relative to central Austin.

· **North Austin / SH 130 & I-35 Corridor –** Key logistics hub offering proximity to regional distribution networks and large-scale development sites.

· **South Austin / Burleson / Montopolis** – Targeted for smaller industrial, last-mile delivery uses, airport, freight, and third-party logistics.

· **Williamson County / Taylor / Hutto** – Relatively cost-effective land for light industrial and warehouse projects with nearby utilities available. The "Samsung Affect" and proximity to SH 130 drove prospective investors and developers into Williamson County.

· **Hays County / Buda / Kyle / San Marcos** – Competitive land pricing, cheap workforce and housing supply with connectivity to both Austin and San Antonio. The "Tesla Affect" was felt as companies moved South into Hays.

· **East Austin / Manor / Pflugerville** – Strong demand for build-to-suit industrial and e-commerce distribution facilities.

2026 Outlook: Suburban Office Land

Suburban Office Land

The Austin office market continues to navigate a period of recalibration marked by elevated vacancy, slow absorption, and conservatively priced capital markets. While market conditions remain tenant-favorable, a clear “flight to efficiency” has taken hold, with leasing and development interest shifting toward suburban submarkets where occupancy costs are lower, access is easier, and growth in nearby rooftops is accelerating.

Suburban submarkets are outperforming the CBD in both stability and leasing activity, thanks to lower total occupancy costs, convenient access, stronger parking ratios, and proximity to expanding residential communities. Land demand remains selective yet consistent, driven by build-to-suit users, owner-occupants, and small-scale condo developers targeting well-located parcels with strong road access and nearby amenities. Most new projects are tied to pre-leasing or end-user commitments, reflecting disciplined development practices that limit speculative exposure. Data also notes that much of the construction underway is owner-occupied, further reducing oversupply risk. A decrease in sublease availability and modest absorption gains suggest the suburban segment may approach balance ahead of the downtown core.

Outlook (2026–2028)

Suburban office markets are expected to lead Austin’s office market recovery as population growth in surrounding areas continues and employers prioritize flexibility and cost control. While large speculative projects remain unlikely, suburban office land should remain viable for phased developments, mixed-use nodes, and build-to-suit opportunities. Future demand will be strongest for small, efficient suites (2,000–5,000 SF) that support boutique campuses, office condos, and low-rise suburban formats. Overall, Austin’s business-friendly environment and demographics position it to outperform the national office sector over the next cycle, with clearer recovery momentum emerging by 2027.

Hot Areas

Suburban office land evaluations continue to emphasize population growth, strong access, competitive cost structure, and proximity to retail and amenities.

- **North Austin / Round Rock –** Established corporate nodes, strong visibility, and access along I-35.
- **Williamson County (Leander / Cedar Park / Georgetown) –** Expanding rooftops driving demand for professional and owner-user space, along with increasing employment relocations - Firefly, Samsung, etc.
- **South Austin / Slaughter Lane Corridor –** Light suburban office parks catering to service-based tenants and local users.
- **East Austin / Manor / Pflugerville –** Build-to-suit opportunities near highway corridors and industrial employment centers.

2026 Outlook: Multifamily Land

The Austin MSA multifamily market has moved from the ultra-tight conditions of the past decade into a supply-driven adjustment phase. Following a record wave of completions—more than 30,000 new units delivered in 2024—vacancy rates climbed into the low- to mid-teens (around 14%), among the highest of any major U.S. metro, as construction temporarily outpaced tenant demand.

Rents, which surged during the pandemic boom, have since moderated but remain healthy. Urban projects are averaging around $2.75–$3.50 per square foot, while new suburban developments typically range from $1.50–$2.25 per square foot. Across the metro, average asking rents have declined about 4–5% year-over-year as landlords offer concessions to stay competitive in a more balanced environment.

Encouraging signs of stabilization are emerging. Deliveries are expected to slow sharply to roughly 12,000–13,000 units in 2025, while absorption continues to strengthen. Recent quarters have seen demand slightly outpace new supply, helping relieve vacancy pressure and signaling that the market is gradually regaining equilibrium. Performance varies by submarket: urban and inner-core areas such as Downtown and West Austin have maintained stronger occupancy levels—with some even posting rent gains—driven by persistent demand for walkable, amenity-rich living.

Outlook (2026–2028)

Looking ahead, the multifamily sector is expected to continue normalizing as the construction pipeline moderates and absorption improves. Solid population and employment growth should support declining vacancy rates and lay the groundwork for rent recovery by the mid-2020s. The most attractive opportunities will likely be found in submarkets offering strong amenities, accessibility, and newer product. While conditions remain sensitive to broader economic forces and household formation trends, Austin's long-term multifamily fundamentals remain firmly positive.

Hot Areas

Developers are focusing on locations that combine access to employment, transportation, and nearby retail amenities.

· **North Austin / Round Rock / Cedar Park –** High rental demand near growing employment hubs and major corporate campuses.

· **South Austin / Slaughter Lane / South Congress Corridor –** Amenity-rich settings suited for infill and mixed-use multifamily development.

· **East Austin / Manor / Pflugerville –** Strong growth potential with newer product and a lower cost basis.

· **West Austin / Bee Cave / Lakeway –** Established premium submarkets attracting lifestyle- and luxury-oriented projects.

2026 Outlook: Single-Family Subdivisions

Single-Family Subdivisions

The Austin single-family subdivision land market is adapting to a shifting regional housing environment marked by rising inventory and more selective buyer behavior. After several years of rapid growth and tight supply, home sales and prices have moderated, with median values posting slight year-over-year declines in 2025. Inventory levels have risen toward balanced conditions, giving buyers greater leverage and choice compared to the competitive market of recent years.

Residential development activity remains solid, with single-family building permits still running above long-term averages. This reflects sustained builder confidence in subdivision land across suburban and exurban submarkets. Communities such as Taylor, Round Rock, Elgin, Hutto, and Manor continue to draw interest for their relative affordability, larger lot sizes, and accessibility to employment centers and amenities—all at significantly lower price points than central Austin.

Affordability and zoning policies remain central themes. Within the City of Austin, high land costs continue to drive overall housing expense, prompting ongoing land-use reforms aimed at increasing housing density on single-family lots. These measures are intended to expand supply and moderate cost pressures over time.

Outlook (2026–2028)

Looking forward, demand for single-family subdivision land should remain consistent but increasingly selective. Developers and builders will focus on well-located parcels capable of delivering cost-efficient homes near quality schools and employment hubs. Continued normalization of pricing and inventory is expected to stabilize absorption, while new infrastructure investment will open additional tracts for near-term development. As affordability remains a top buyer priority, subdivision land supporting a range of housing sizes and price points will be best positioned to capture both entry-level and move-up demand.

Hot Areas

Areas offering relative affordability, access to employment, schools, transportation, and community amenities continue to attract the most interest.

· **Williamson County (Round Rock, Leander, Georgetown)** – High-growth corridors with strong schools and major highway connectivity.

· **Hays County / San Marcos / Kyle** – Affordable options catering to first-time buyers and move-up homeowners.

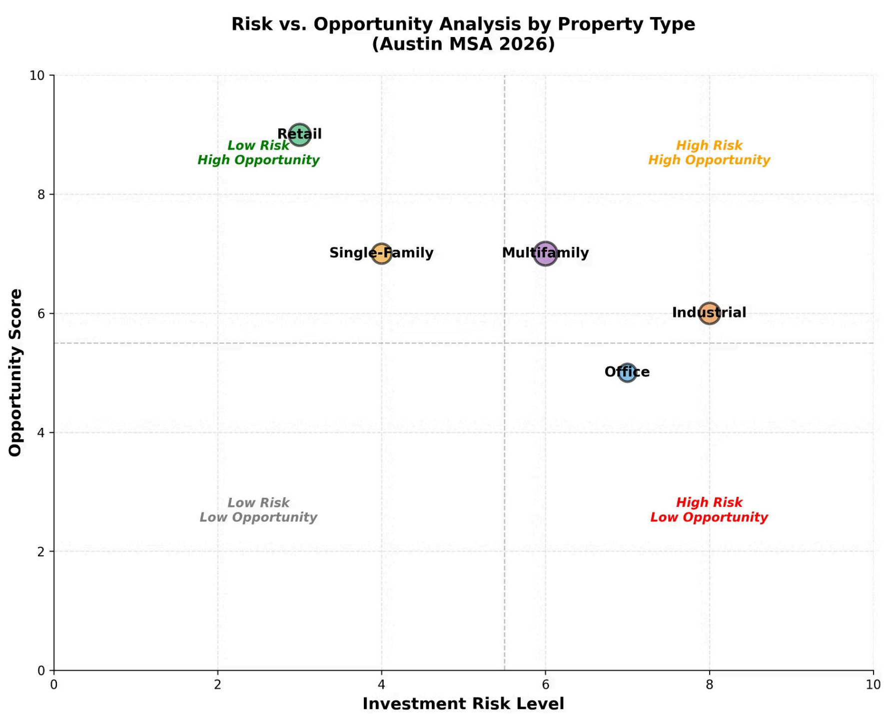
· **Travis County Exurbs (Manor, Elgin, Pflugerville)** – Strategic suburban expansions with larger development Tracts and friendly zoning allowed for density and affordability.

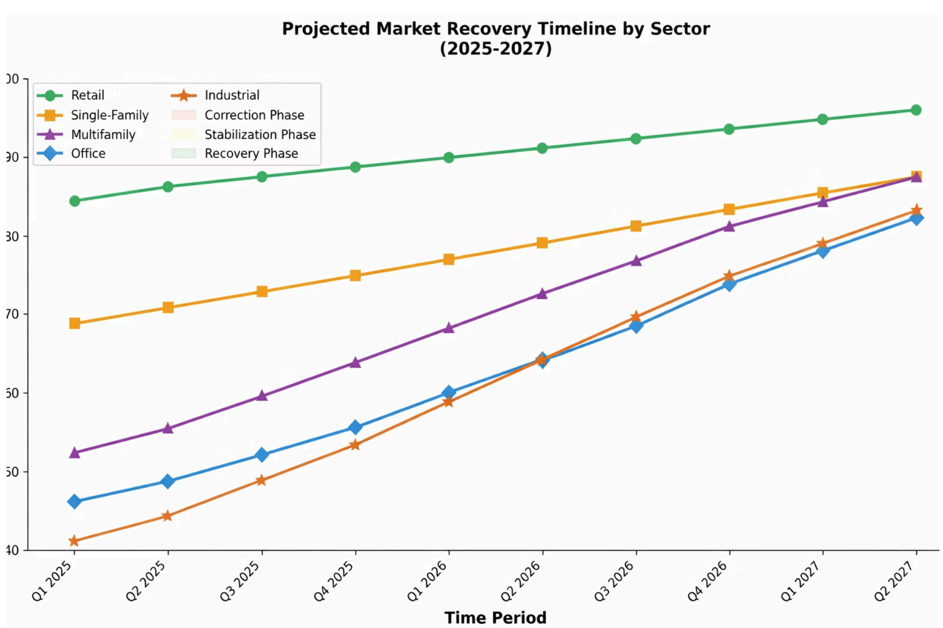
· **Southwest Austin / Dripping Springs / Driftwood** – Premium and lifestyle-driven single-family communities benefiting from scenic settings and strong demand.

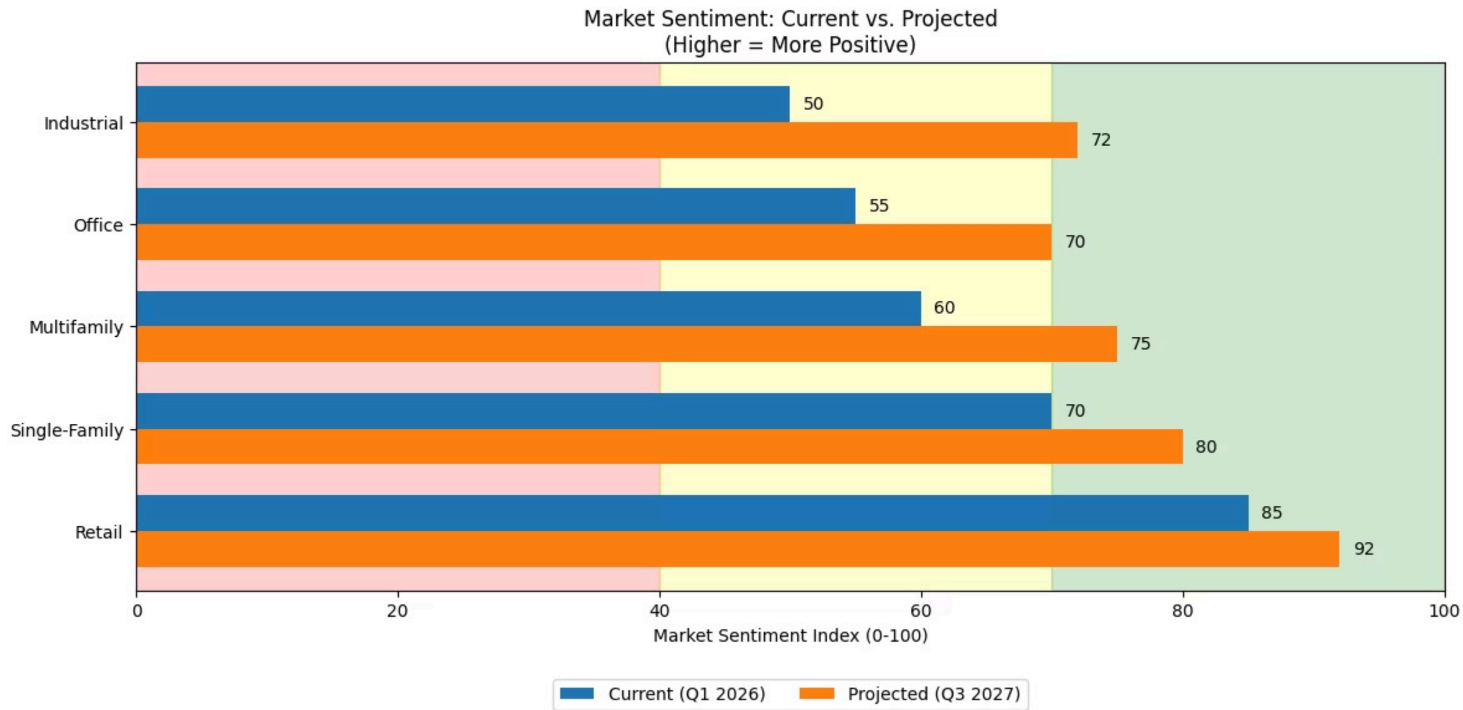
Executive Summary

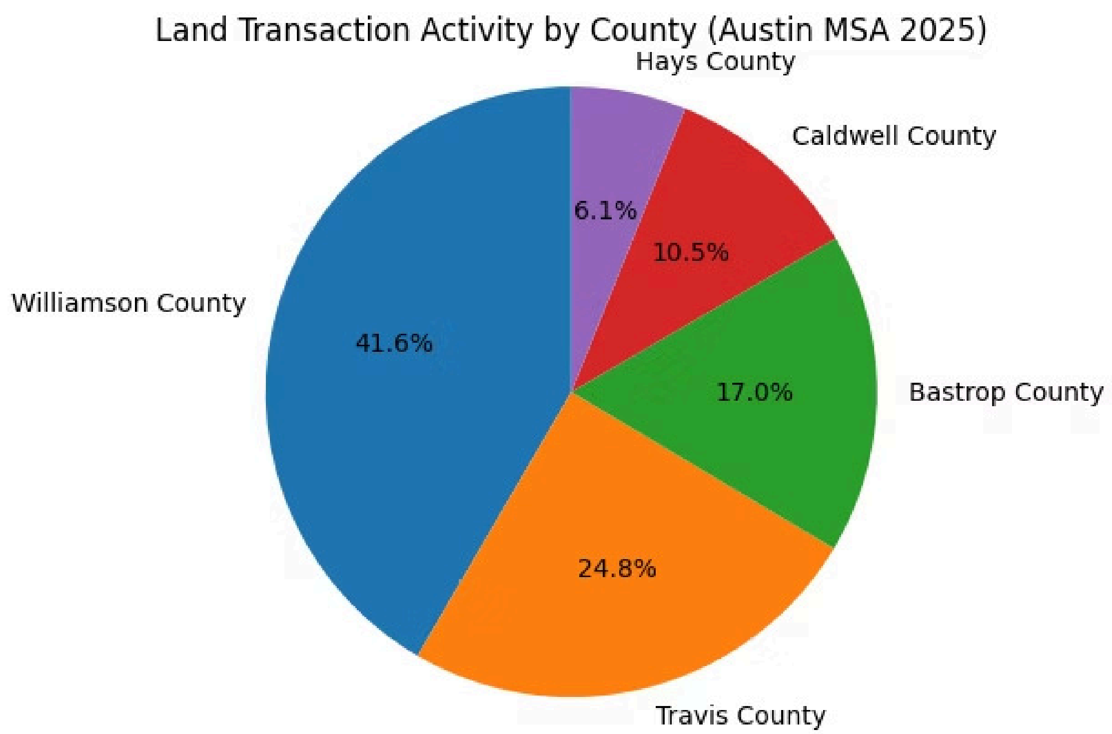
The Austin MSA land market is undergoing a comprehensive recalibration across property types following several years of exceptional growth. Market dynamics vary significantly by sector: retail shows continued strength with low vacancy and robust demand; multifamily is normalizing after record deliveries pushed vacancy to 14%; industrial faces near-term correction with vacancy near 20%; office markets are stabilizing with suburban outperformance; and single-family markets have achieved balanced conditions.

Despite sector-specific adjustments, Austin's fundamental drivers remain intact: sustained population growth, business-friendly environment, expanding employment base, and strong demographics position the market for recovery by 2027.









Market Outlook Summary

While Austin's land market navigates sector-specific adjustments, the metro's long-term fundamentals remain firmly positive. Population and employment growth, business-friendly policies, and expanding infrastructure continue positioning Austin to outperform national averages through the next cycle. The current environment rewards patience, disciplined underwriting, and strategic site selection, with suburban submarkets and necessity-based retail offering the most immediate opportunities. As construction pipelines moderate and absorption strengthens across property types, market balance should return progressively through 2026-2027, setting the stage for renewed development activity and land value appreciation into 2028.

Our Team

Our land team is composed of experienced and knowledgeable professionals who specialize in the acquisition and disposition of land in the Austin area. We have a deep understanding of local market trends, zoning regulations, development opportunities, and environmental issues that can affect land transactions. Whether you are looking for a site for your next project, or you want to sell your land at the best possible price, let us be your trusted partner to achieve your goals. We have a proven track record of success in representing buyers and sellers of land across various sectors, including residential, commercial, industrial, and mixed-use. Contact us today and let us show you why we are the leading land team in Austin.

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