



SPRING 2020  
**MARKET INSIGHT  
REPORT**

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AUSTIN  
TEXAS, MSA

GREYSTONE

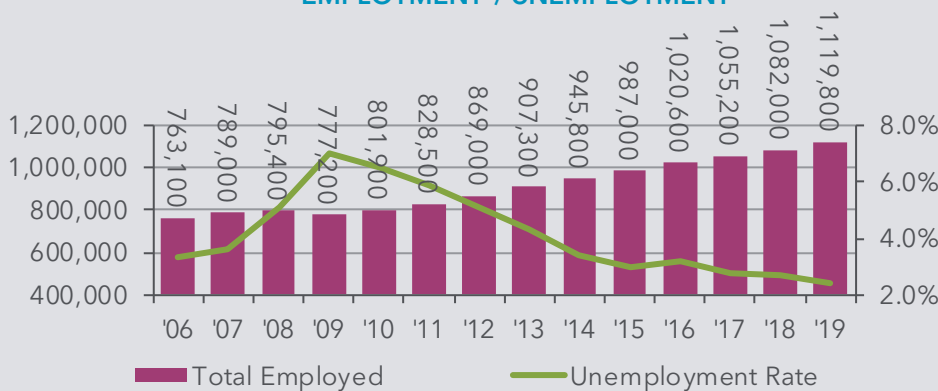
# EMPLOYMENT / UNEMPLOYMENT

The Austin metro area economy surged forward in 2019, closing the year with a gain of 37,800 jobs YoY in December, equivalent to 3.5% growth as compared to 2.5% the year prior. This gain propelled Austin to the second-fastest growing major metro in the U.S. based on percentage growth, with the Dallas metro division taking the No. 1 spot. Austin unemployment was an ultra-low 2.4% in December, well below the national rate of 3.5%. Professional and business services added the most jobs, 10,600 (5.6%), over the 12-month period. Growing at faster-than-average rates were construction and natural resources (8.2% or 5,200); leisure and hospitality (6.1% or 7,800); and transportation, warehousing and utilities (5.3% or 1,200).

Austin also placed in the top 10 markets nationally for venture capital funding in 2019, setting a new record for the metro. Venture funding in Austin totaled \$1.84 billion for the year, up 19.5% YoY, and up 87% compared to \$983 million in 2017.

Some of the dozens of firms new to the Austin area in the second-half of 2019 included SmileDirectClub in Kyle, bringing 850 jobs, WAC Lighting (200 jobs), EF Education First (150 jobs), and A Cloud Guru, Bold Commerce, LeanDNA, Additive Manufacturing Technologies, and Gold Coast Logistics that hired hundreds more employees. Some of the significant expansions included Republic National Distributing in Pflugerville (304 jobs), Amazon (600 jobs), and Opcity (208 jobs).

**AUSTIN MSA  
EMPLOYMENT / UNEMPLOYMENT**



Source: Bureau of Labor. All annual figures through December.

**2,303,770** EST.  
+2.4% ANNUAL GROWTH

AUSTIN MSA  
2020 POPULATION

**\$80,951** EST.

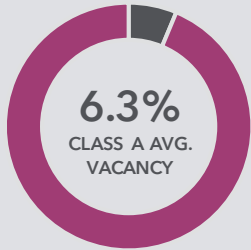
AUSTIN MSA  
MEDIAN HOUSEHOLD INCOME

**104.3**

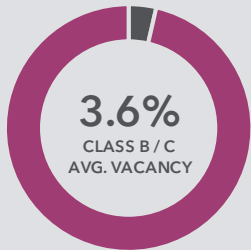
AUSTIN MSA  
COST OF LIVING INDEX

U.S. Avg. = 100.0

 **\$1,456**  
CLASS A AVG. RENT



 **\$985**  
CLASS B / C AVG. RENT



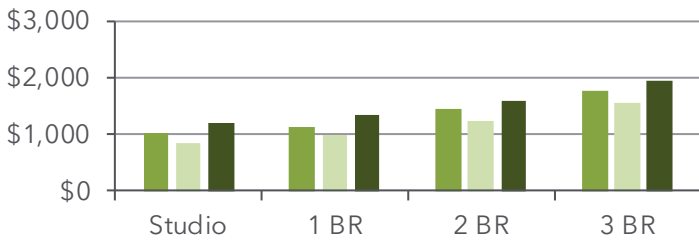
# RENTAL MARKET

Asking rent increased by an average of 4.8% in 2019 across the Austin metro area, rising to a metro average of \$1,292 in 4Q 2019 from \$1,233 one year prior. The annual gain in 2019 surpassed the Austin market's 10-year annual average of 4.0%. Average rent ranged from a high of \$1,688 in the Central submarket, to a low of \$925 in the Far North Central submarket.

Class A properties realized an overall increase of 4.2% for average rent over the same period, rising from \$1,397 to \$1,456 YoY, while B / C properties netted a 5.1% gain over the same period, rising to a metro average of \$985.

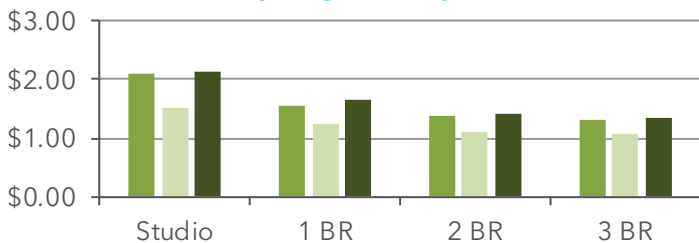
The average apartment vacancy rate was 5.4% in December, tightening from 5.7% in the fourth quarter of 2018 as positive demand (4,626 units) trounced the volume of new deliveries (4,218) for the year. Despite the volume of new completions - nearly all Class A - that sector saw improvement with a recorded 6.3% vacancy rate in December, down 40 basis points YoY. The B / C sector remained tight, with a 20 basis point improvement to 3.6% vacancy.

**ASKING RENT COMPARISON**



Source: Reis, 4Q 2019

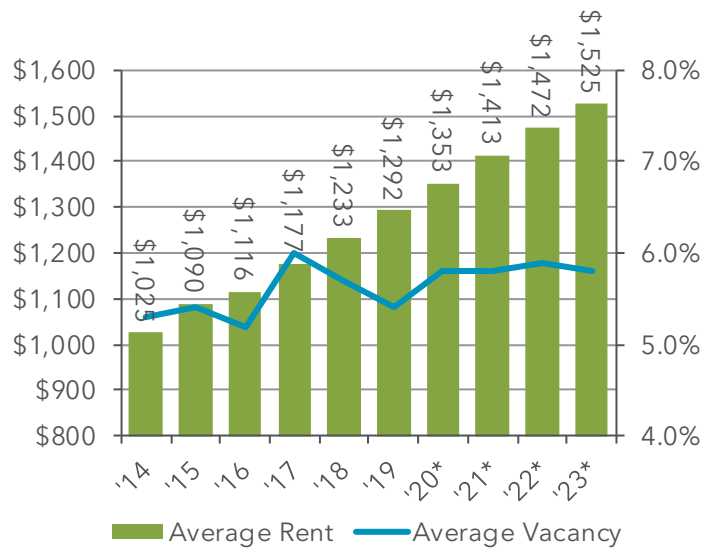
**ASKING RENT PSF**



Source: Reis, 4Q 2019

Austin Southwest U.S.

**AUSTIN MSA APARTMENT MARKET AVERAGE RENT / VACANCY**



Source: Reis, All annual figures year end, \*Projected

# SUBMARKET CONSTRUCTION



## PARKSIDE AT ROUND ROCK

At 433 units, Parkside is one of the largest on-going apartment developments in the Austin metro area. The luxury property is set to complete in fall 2020 and is located adjacent to Round Rock Premium Outlets. The development is a collaboration between Simon and Columbus Realty Partners.

The volume of new apartment completions in 2019, at 4,218 units or 2.0% of total inventory, trailed that of recent years in which inventory growth ranged from 3.5% in 2018 to as high as 4.9% in 2014, with total annual deliveries in the range of 7,000-8,000 units from 2014-2018. To be sure, development will surge in 2020, and over 8,500 units are expected to deliver. Just over 11,200 units were in the development pipeline as of year-end 2019, and 2020 will tally the highest total of new product to be introduced in years, though at 4.0% inventory growth, it will not surpass higher inventory growth realized in 2014, 2015, and 2016.

New apartment development is centered along the I-35 corridor, though concentrated in the Austin urban core submarkets. Some development extends north to Georgetown, Round Rock, Pflugerville, and to the Hwy 183 / Cedar Park submarket, which has a sizeable volume of product under development and under consideration. There is, however, not much that breaks out east or west of the I-35, except for two large developments underway of 300 units and 410 units in Del Valle, which is a 25-minute commute to downtown Austin, but near to the Austin-Bergstrom International Airport. Metro wide, the projects are sizeable, with 24 communities of 300+ units under construction.

SUBMARKET	COMPLETED	UNDER CONSTRUCTION	PLANNED / PROPOSED
Far South	748	1,180	2,588
Near South Central	0	0	637
Southeast	844	1,397	1,581
Central	454	1,797	4,708
East	322	1,397	2,562
Near North Central	0	648	832
Far North Central	0	0	0
North Travis	1,099	1,258	2,751
Far Northwest	1,016	691	3,510
Hwy 183 / Cedar Park	238	1,211	4,150
Round Rock / Georgetown	334	270	1,589
San Marcos / N Hays	432	252	1,979
Ranch Rd 620N / FM2222	312	0	0
Non-Submarket Areas	247	1,159	3,568

Source: Reis, 4Q 2019, \*Completed Construction 3Q 2018 - 4Q 2019

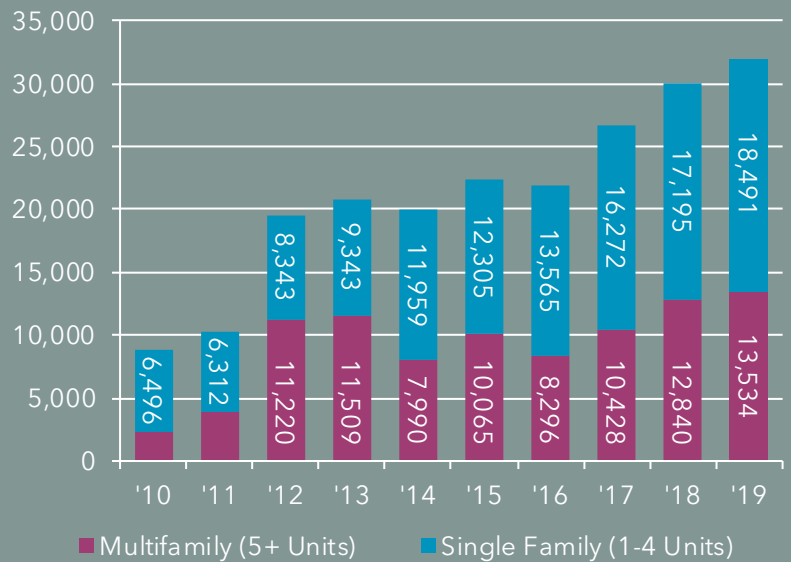
# PERMITS

What began as a weak 2019 for multifamily permitting in the Austin metro area - with the first-half of the year at 30% below 2018's mid-year total, turned to a robust second-half of 2019 with the annual total of 13,534 units permitted eclipsing all previous records. Though new condo communities have been predominant in downtown Austin, CoStar reports that apartment developers are flocking to the urban core, driven by the prospects of attracting the young, wealthy demographic, many from California who have relocated to Austin for its vibrant job market. Some condos have been selling for more than \$700 per square foot on average and sometimes for more than \$1,000 per square foot, leaving apartment developers plenty of competitive space. A \$600,000 condo with 10% down payment would land in the range of a \$3,300 / month mortgage payment with HOA fees included.

Single-family permits also set a record high for volume, at 18,491 units, up over 7.0% from 2018's record volume. This comes in response as Austin continues to attract newcomers in droves, at about 100 people per day. Austin also ranked as the No. 4 Best Place to Find a Job by WalletHub in 2020, as well as the Best U.S. City for Starting a Business per Inc.'s 2020 Surge City Index.

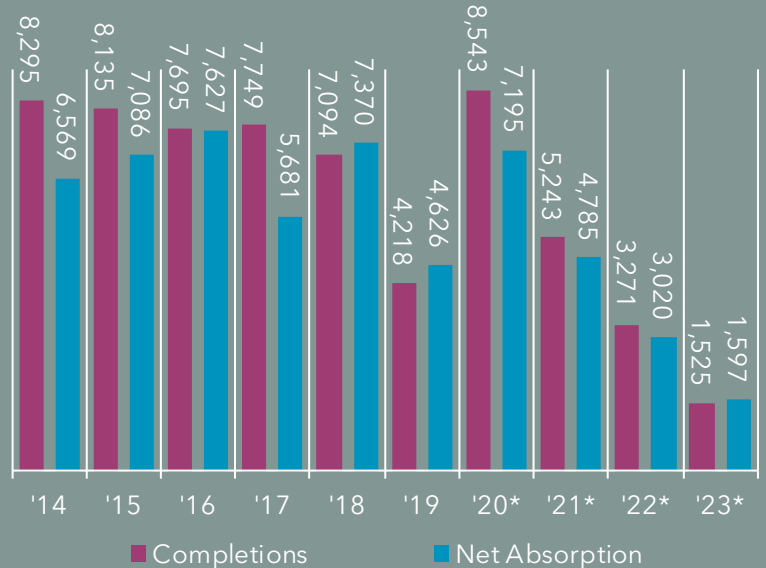
The single-family permit volume is indicative of Austin's fast-paced residential market. The months inventory of for-sale single-unit residential housing declined from 2.2 to 1.8 months supply in December, and days to sell declined from 103 to 95. The median price rose 7.3% YoY from \$300,000 to \$321,950, while the median price per square foot also rose from \$151.94 to \$161.30.

**TOTAL RESIDENTIAL BUILDING PERMITS  
AUSTIN METRO AREA**



Source: U.S. Census, Multifamily Includes Condos

**AUSTIN MSA APARTMENT MARKET  
COMPLETIONS / NET ABSORPTION**



Source: Reis. All figures are annual totals. \*Projected

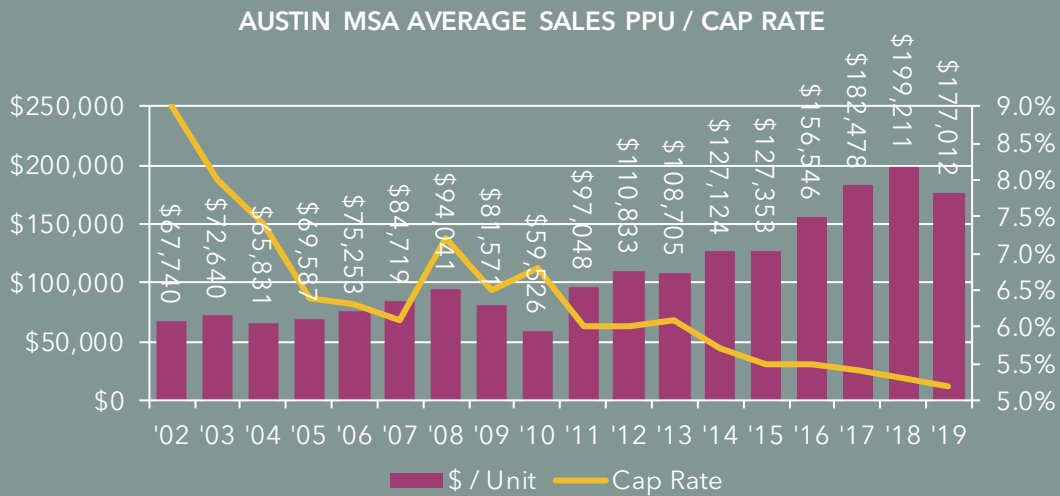
# AVERAGE SALES

Austin metro apartment transaction sales volume topped \$4.75 billion in 2019, exceeding 2018's dollar volume by more than \$700 million. The average price per unit was \$177,012 for the year, lower than in 2018. Total number of units was up though, by nearly 18% YoY, and transactions were up by 18%, to 132.

Institutional buyers accounted for 21.6% of all purchases in 2019, while cross-border buyers were involved in 15.0% of all buying. Private buyers accounted for 58.7% of all buying, and REITs returned after being absent in 2017-2018, though were responsible for 3.0% of buying. Indicative of the lower sold price per unit in 2019, private sellers appeared to cash out, at 69.2% of all sales, the highest percentage in over eight years.

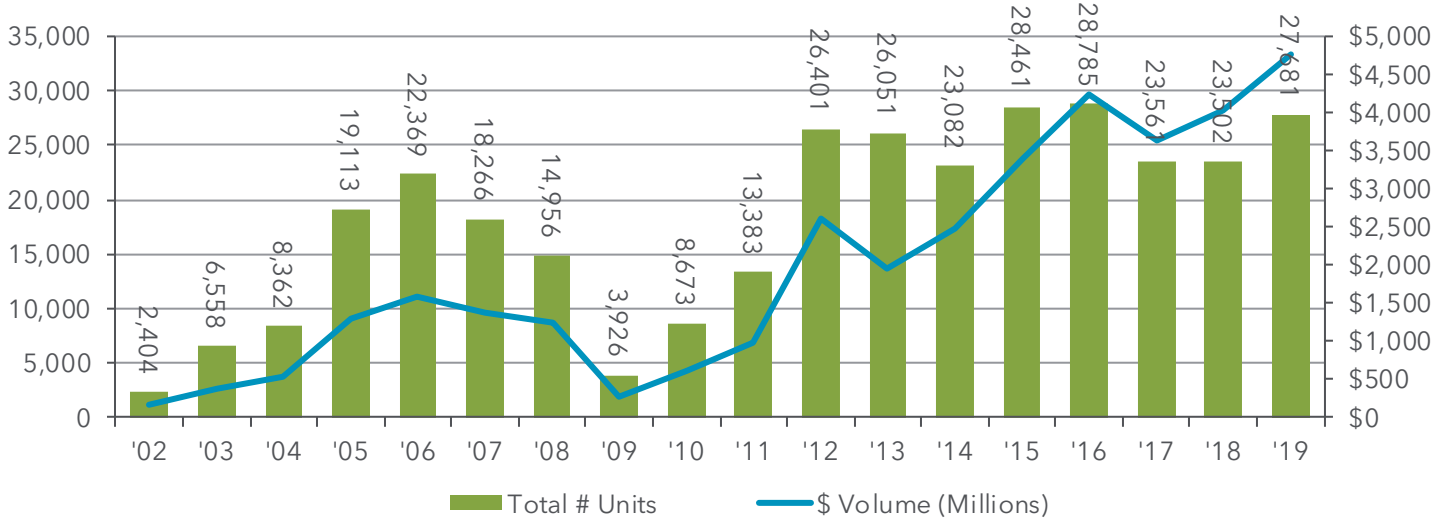
Some of the significant transactions of 2019 include:

- Starlight Investments sold the 552-unit Madrone Apartments to BSR REIT for \$104.4 million (\$189,130 per unit).
- Castle Lanterra Partners sold the 449-unit The Bridge at Asher Apartments to The Community Development Trust for \$70 million (\$155,902 per unit).
- The 326-unit Camden Rainey Street was sold for \$120.4 million at \$417 per square foot. The property was built in 2016.



Source: Real Capital Analytics. Based on sales of \$2.5 million and greater.

### APARTMENT SALES TRANSACTIONS AUSTIN METRO AREA



Source: Real Capital Analytics. Based on sales of \$2.5 million and greater.



GREYSTONE

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**JOE JAMES**

Managing Director  
512.275.6204

[joe.james@greyco.com](mailto:joe.james@greyco.com)

**TRAVERS WARNKE**

Director  
512.275.6205

[travers.warnke@greyco.com](mailto:travers.warnke@greyco.com)

**MATT YARBROUGH**

Director  
512.275.6206

[matt.yarbrough@greyco.com](mailto:matt.yarbrough@greyco.com)

**GREYSTONE REAL ESTATE ADVISORS**

9442 Capital of Texas Highway North, Suite 500  
Austin, TX 78759

[www.greycoadvisors.com](http://www.greycoadvisors.com)

Sources: Greystone, Reis, RealCapitalAnalytics, CoStar, U.S. Census, Bureau of Labor, Sperling's, Censureporter.org, Austin Statesman, City of Austin, Texas A&M.

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