

GREYSTONE



AUSTIN

TEXAS, MSA

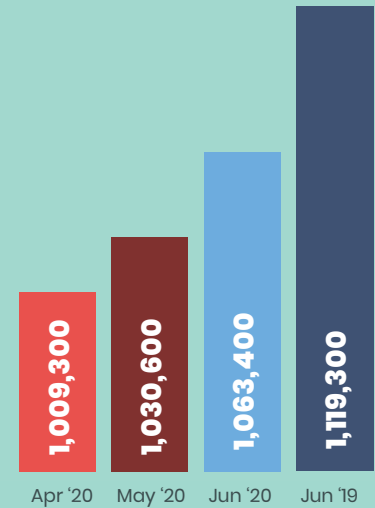
MARKET INSIGHT REPORT

FALL **2020**

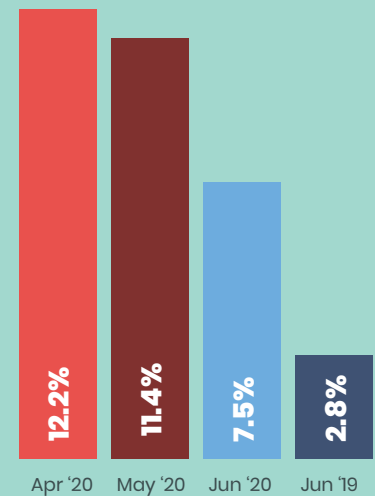
Total nonfarm employment for the Austin-Round Rock Metropolitan Statistical Area stood at 1,063,400 in June 2020, down 55,900 over the year, the U.S. Bureau of Labor Statistics has reported. Austin's 5.0% rate of job loss was less than the national decline of 8.7% and was about mid-pack with other Texas markets, performing a little better than Houston and El Paso, at -5.6% and -5.8%, respectively, though performing worse than San Antonio (-4.4%) and Dallas-Fort Worth-Arlington, at -3.7%. Austin's unemployment rate of 7.5% in June was also below the U.S. unemployment rate of 11.1%.

Employment in Austin's fifth-largest sector, leisure and hospitality, plunged by 27.1% for the 12 months ending in June, the largest loss of jobs (-37,300) among local major industry sectors and accounting for roughly 66% of all jobs lost for the metro area. Austin's over-the-year rate of job loss for the leisure and hospitality industry was equal to the national rate (-27.1%). Austin's financial activities sector witnessed strong growth of 13.2% during this period, with major employers such as Dimensional Fund Advisors; Charles Schwab; PIMCO; VISA; Progressive Insurance; and State Farm Insurance leading as pillars to the local economy.

Total Employment



Unemployment



Metro Area Employment (Thousands)	June 2020	Change from June 2019	
		Number	Percent
Total Nonfarm	1,063.4	-55.9	-5.0
Mining, Logging, and Construction	73.4	4.1	5.9
Manufacturing	65	2.1	3.3
Trade, Transportation, and Utilities	181.7	-1.3	-0.7
Information	33.5	-5.4	-13.9
Financial Activities	74.7	8.7	13.2
Professional and Business Services	198.2	0.8	0.4
Education and Health Services	117.8	-10.0	-7.8
Leisure and Hospitality	100.5	-37.3	-27.1
Other Services	44.8	-3.5	-7.2
Government	173.8	-14.1	-7.5
Government	241.5	-3.0	-1.2

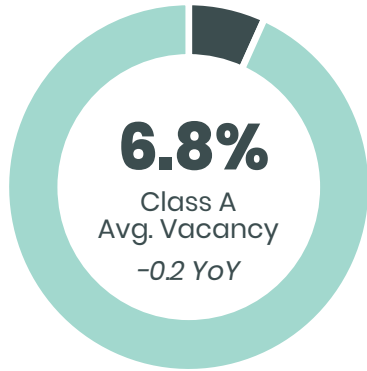
Source: U.S. BLS, Current Employment Statistics

RENTAL MARKET



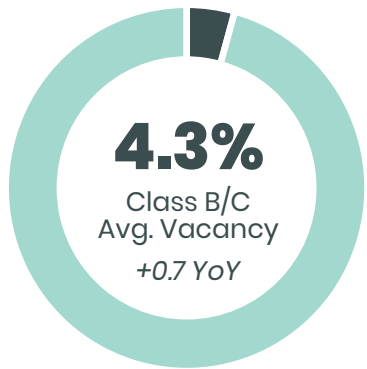
\$1,477

Class A Avg. Rent
+2.2% YoY



\$999

Class B/C Avg. Rent
+3.2% YoY



Mean Unit Prices 2Q 2020

\$1,048

Studios

\$1,164

One Bedrooms

\$1,466

Two Bedrooms

\$1,778

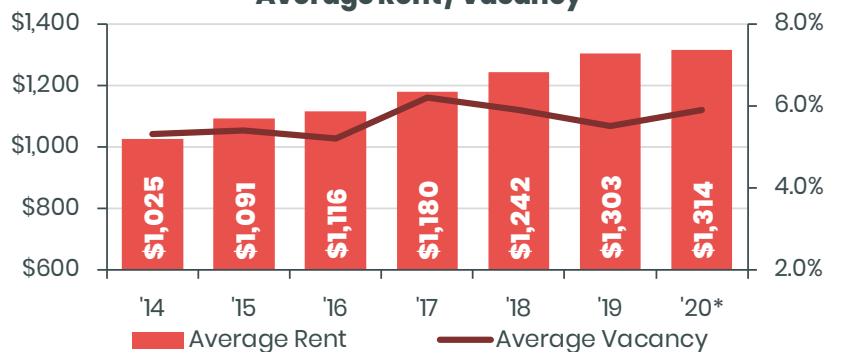
Three Bedrooms

+2.8% YoY 2Q

Average Rent Increase
From \$1,278 to \$1,314

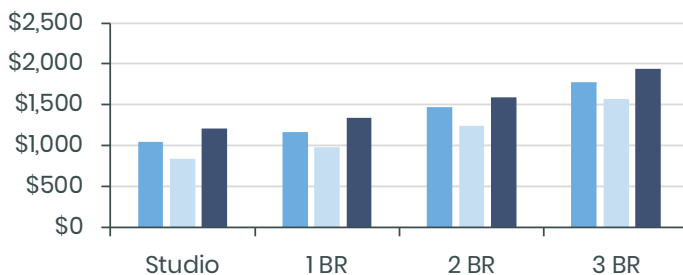
- The second quarter brought a 0.1% decrease in rent from first quarter
- Annual rent loss is expected to magnify by 3.8% for the year, and down 0.7% in 2021 to \$1,244
- Vacancy rate of 5.9% in 2Q expected to rise to 8.1% by year end and to 8.5% in 2021

Average Rent / Vacancy



Source: Reis, *2Q 2020

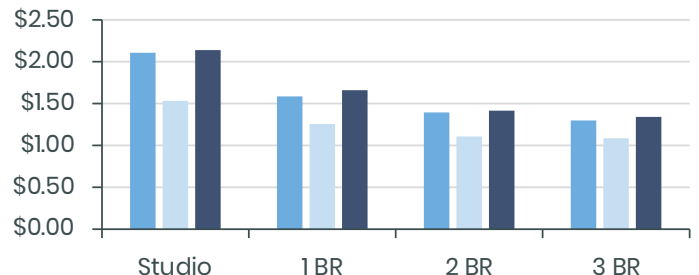
Asking Rent Comparison



Source: Reis, 2Q 2020

■ Austin MSA ■ Southwest ■ U.S.

Asking Rent PSF



Source: Reis, 2Q 2020

MULTIFAMILY CONSTRUCTION

2020: Expected completions of 8,920 new units

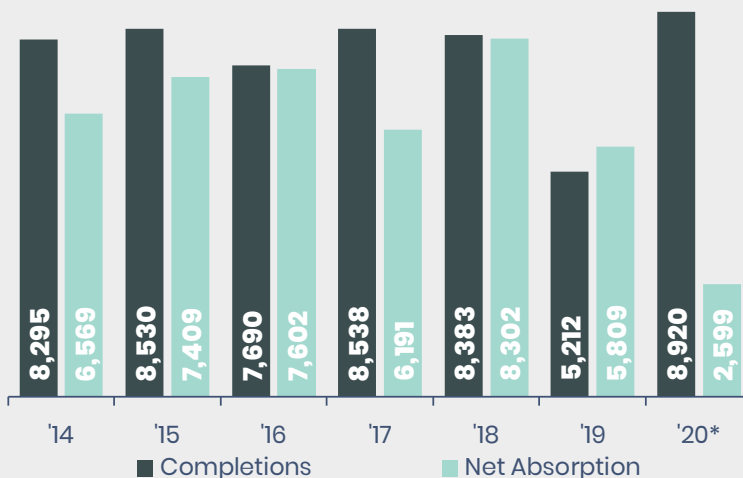
4,680 new units will follow in 2021

The Austin market has a cumulative inventory growth forecast of 9.7%, ranking it #16 of all U.S. metros and placing it ahead of San Jose at #14 and Fort Lauderdale at #15.

Downtown Austin faces supply-side risk with roughly 2,000 units underway, representing about 40% of the submarket's small inventory.

Though inventory growth will measure 4.1% in 2020, a downward trend will follow, with inventory gaining 2.1% in 2021 and 1.7% in 2022. Demand is not expected to outpace deliveries until 2022.

Completions / Net Absorption



Source: Reis, All figures are annual totals, *Projected

PERMITS



9,776

Single Family Permits
+5.1% YoY



9,276

Multifamily Permits
(5+ Units)
+66.7% YoY

YTD Through 2Q 2020

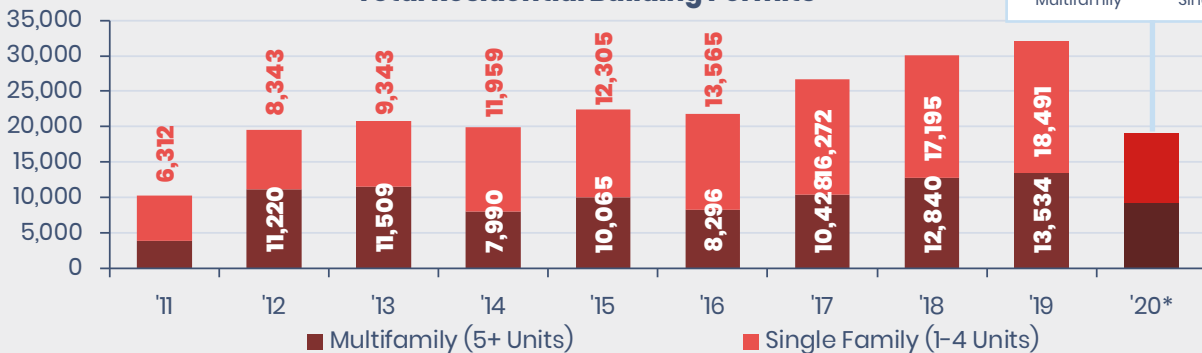
\$340,000

Median Single Family Price
+4.6% YoY

June 2020

- Active for-sale inventory was down 32% in June as compared to one year prior.
- Months inventory for single-unit residential housing declined from 2.7 to a mere 1.8 months supply, and days to sell declined from 82 to 81.

Total Residential Building Permits



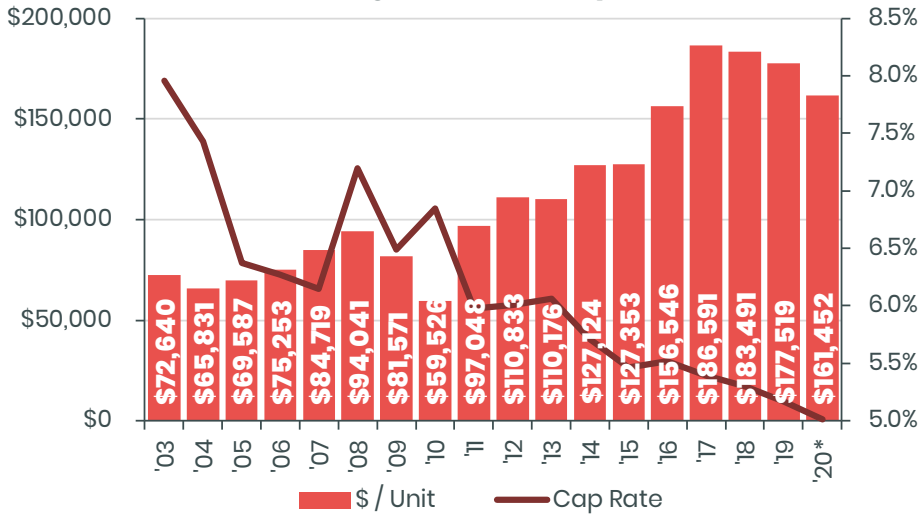
Mid-Year Permit Volume

9,276 Multifamily
9,776 Single Family

Source: U.S. Census, *Through June, Multifamily Includes Condos

MULTIFAMILY SALES

Average Sales PPU / Cap Rate



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, *YTD through June 30



\$1.3B

Sales Volume YTD
-43.4% YoY



\$161,452

Avg. Sold Price / Unit YTD
-10.3% YoY



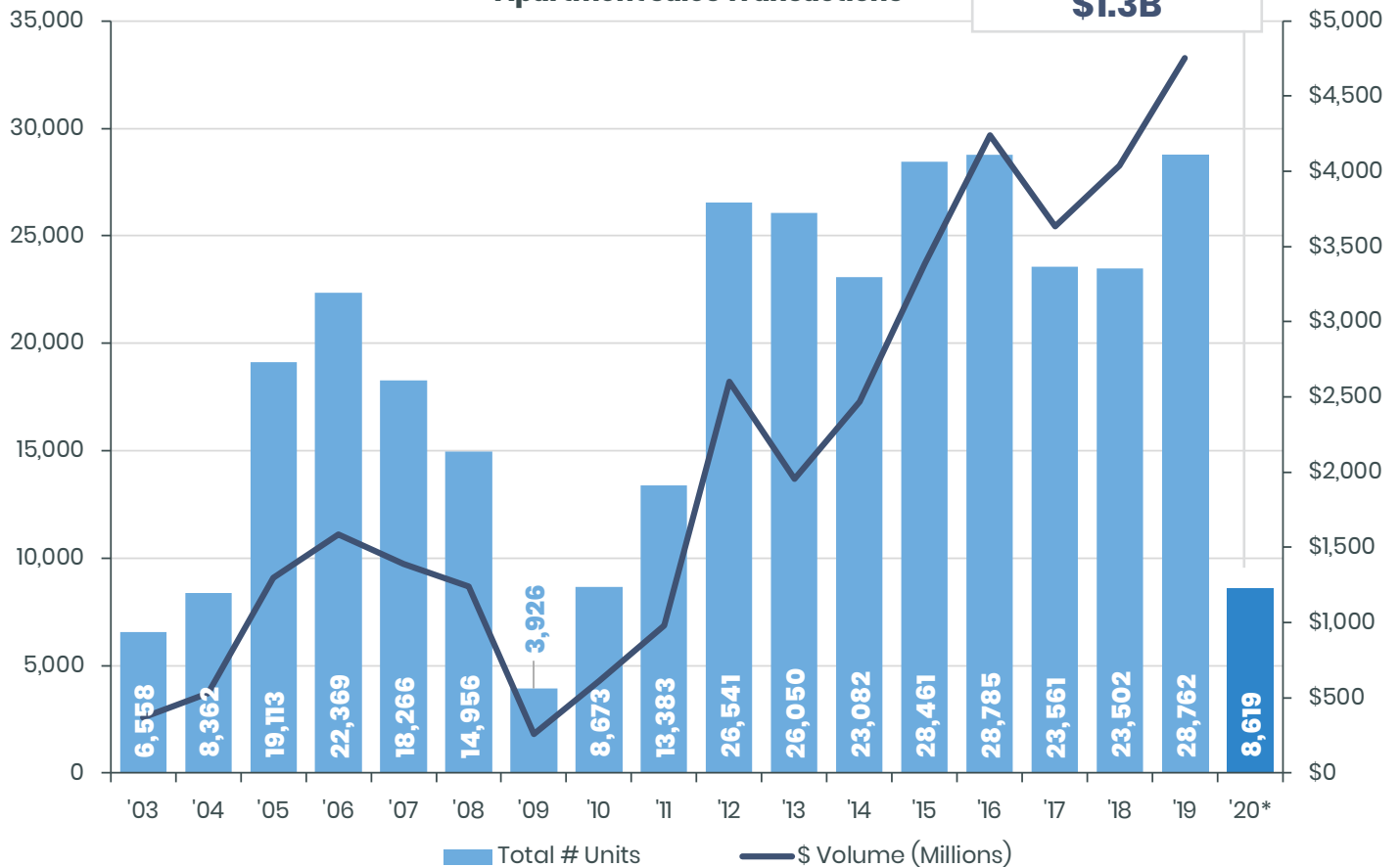
5.0%

Avg. Cap Rate YTD
-20 bps YoY

Apartment Sales Transactions

Mid-Year Sales Volume

\$1.3B



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, YTD through June 30

To learn more about Greystone Real Estate Advisors and our capabilities please visit www.greycoadvisors.com

Joe James

Managing Director

512.275.6204

joe.james@greyco.com

Travers Warnke

Director

512.275.6205

travers.warnke@greyco.com

Greystone Real Estate Advisors

9442 Capital of Texas Highway North

Suite 500

Austin, TX 78759

www.greycoadvisors.com

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Austin Chamber of Commerce, Texas A&M

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