

GREYSTONE



SPRING ISSUE

2021

MARKET INSIGHT REPORT



Austin

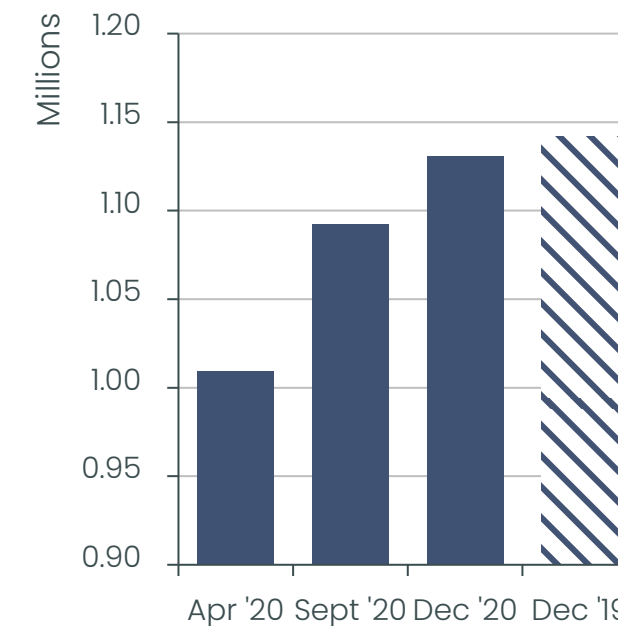
Texas MSA

Employment / Unemployment

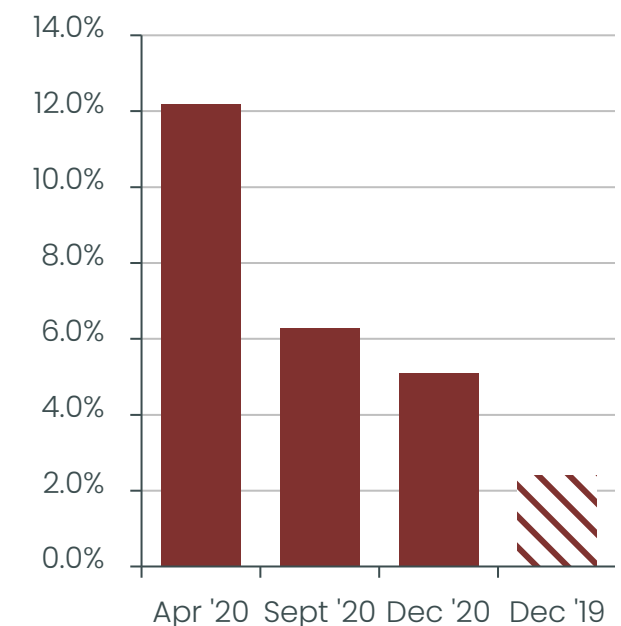
The Austin economy concluded 2020 in a strong position with payroll employment down just 1.0%, or 11,500 jobs, YoY. With unemployment at 5.1%, Austin was one of the best performing large metros of the U.S., with only small-sized metros being more insulated from the effects of the pandemic. Regionally, Austin's unemployment rate of 5.1% trounced that of Dallas-Fort Worth (6.3%), San Antonio (6.4%), Phoenix (6.9%), Albuquerque (7.3%), Houston (8.0%), Denver (8.5%), Los Angeles (9.9%), and Las Vegas, which posted a rate more than double Austin's rate at 10.4%.

The current Moody's Analytics forecast for Austin shows a total job increase of 3.9% in 2021 and an increase of 3.3% in 2022, which could mean near to 84,000 more jobs in total. With its overall lower costs and skilled talent pool, the Austin metro has been attracting companies from expensive markets with new factories being built and office space being filled. Most recently, Oracle officially designated its 1± million SF Austin office in the East Riverside corridor as its headquarters. Tesla is fast-tracking its new Gigafactory in east Austin along TX-130 to build the company's new Model Y Cybertruck and Semi, and recent reports suggest that the remaining land owned by Tesla could mean even bigger plans for the Austin site. Samsung Electronics is pursuing plans for a proposed \$17 billion plant that could begin development by summer if Austin is selected for the outsized manufacturing operation. The plant would be built on 640 acres in Central Texas where it has existing operations. An additional 1,800 new jobs could be supported at build out. Samsung is seeking more than \$1 billion from various Texas government incentives to build the plant and other cities are under consideration, including Phoenix, AZ.

TOTAL EMPLOYMENT



UNEMPLOYMENT



METRO AREA EMPLOYMENT (THOUSANDS)	DECEMBER 2020	PERCENT CHANGE FROM DECEMBER 2019
Total Nonfarm	1,130.50	-1.0%
Mining, Logging, and Construction	73.0	1.2%
Manufacturing	68.2	8.3%
Trade, Transportation, and Utilities	196.8	1.5%
Information	35.1	-10.7%
Financial Activities	79.6	17.1%
Professional and Business Services	214.6	5.2%
Education and Health Services	125.9	-4.1%
Leisure and Hospitality	109.9	-19.9%
Other Services	48.5	-0.2%
Government	178.9	-3.1%

Sources: U.S. BLS, Current Employment Statistics

Rental Market

- First annual decline in rental rates in recent history
- Not even through the Great Recession did Austin rents post negative growth
- A further slide is projected for 2021 before rent growth returns in 2022
- Vacancy rate of 6.6% in 2020 will trend up to 7.9% in 2021 due to a robust volume of new apartment deliveries



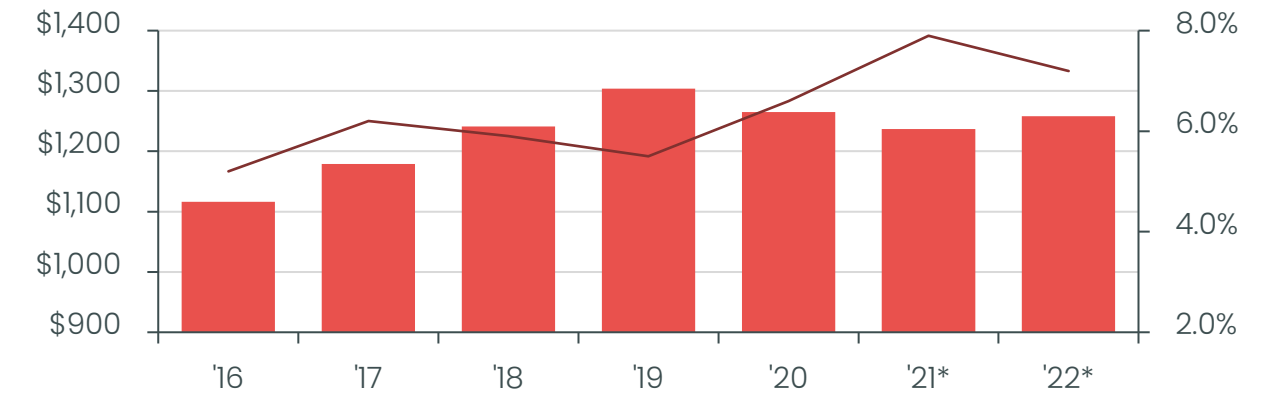
-3.0%

Average Rent Decrease
From \$1,304 to \$1,265
YoY

YEAR BUILT	ASKING RENT	VACANCY RATE
Before 1970	\$1,192	4.2%
1970-1979	\$1,077	4.5%
1980-1989	\$1,056	4.8%
1990-1999	\$1,364	5.7%
2000-2009	\$1,380	5.8%
2010-2019	\$1,571	7.2%
After 2019*	\$1,756	26.0%

*Includes Properties in Lease-Up

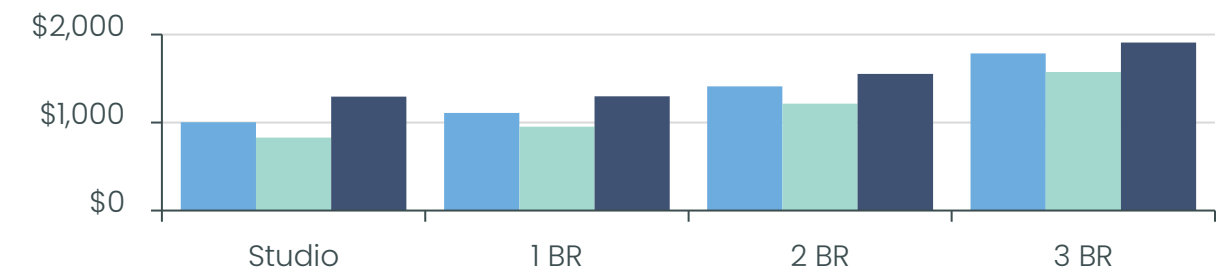
AVERAGE RENT / VACANCY



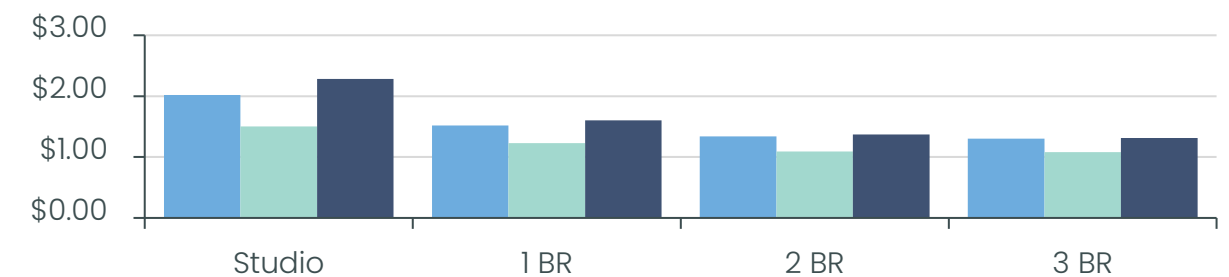
■ Average Rent ■ Average Vacancy

Source: Reis, *Projected

ASKING RENT COMPARISON



ASKING RENT PSF



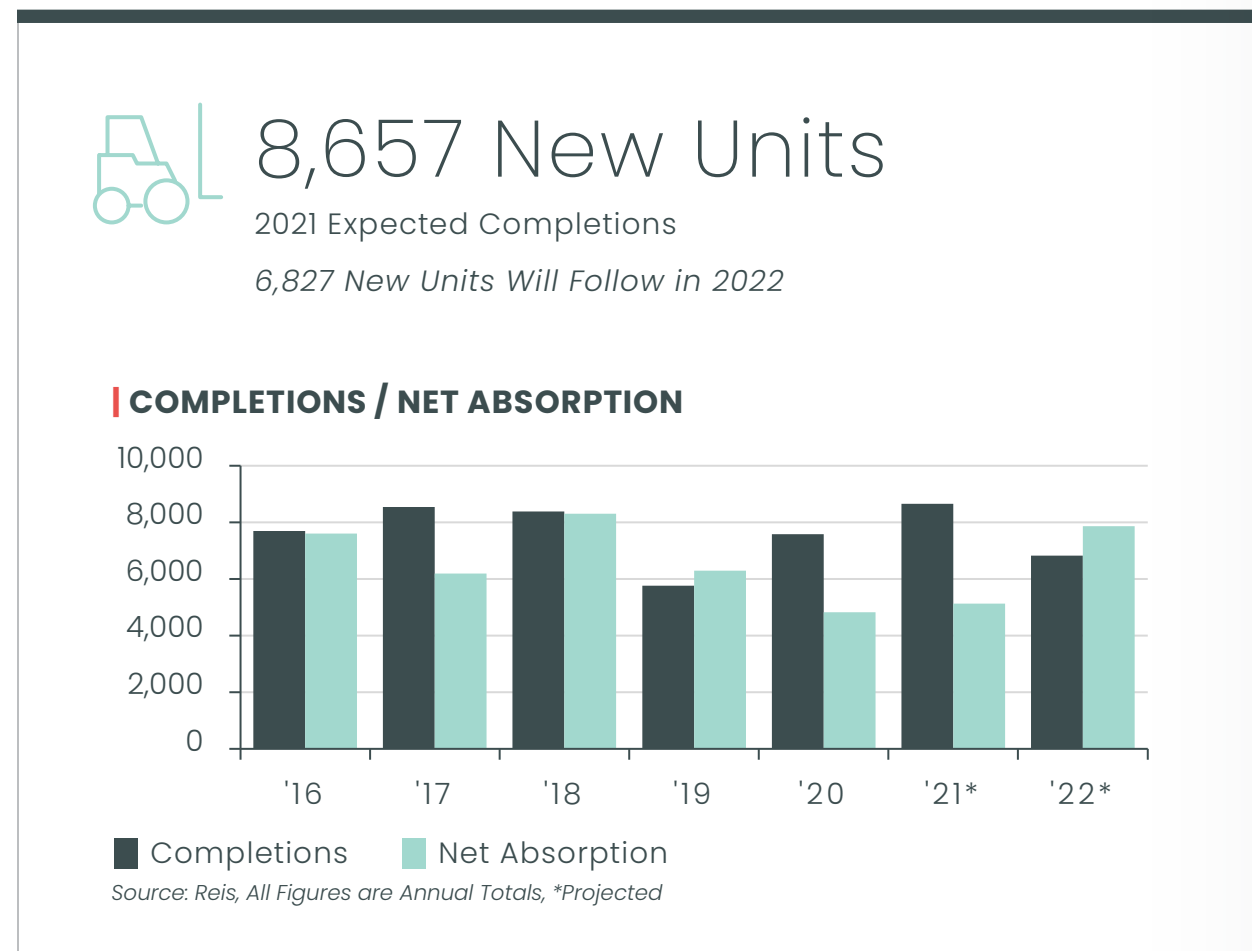
■ Austin MSA ■ Southwest ■ U.S.

Source: Reis, 4Q 2020

Multifamily Construction

The Austin market has a cumulative apartment inventory growth forecast of 3.9% for 2021, above that of the U.S. average of 2.4%. However, the Austin metro remains the nation's population growth leader and was the fastest-growing major metro from 2010-2019, adding 169 people per day on average from mid-2018 to mid-2019.

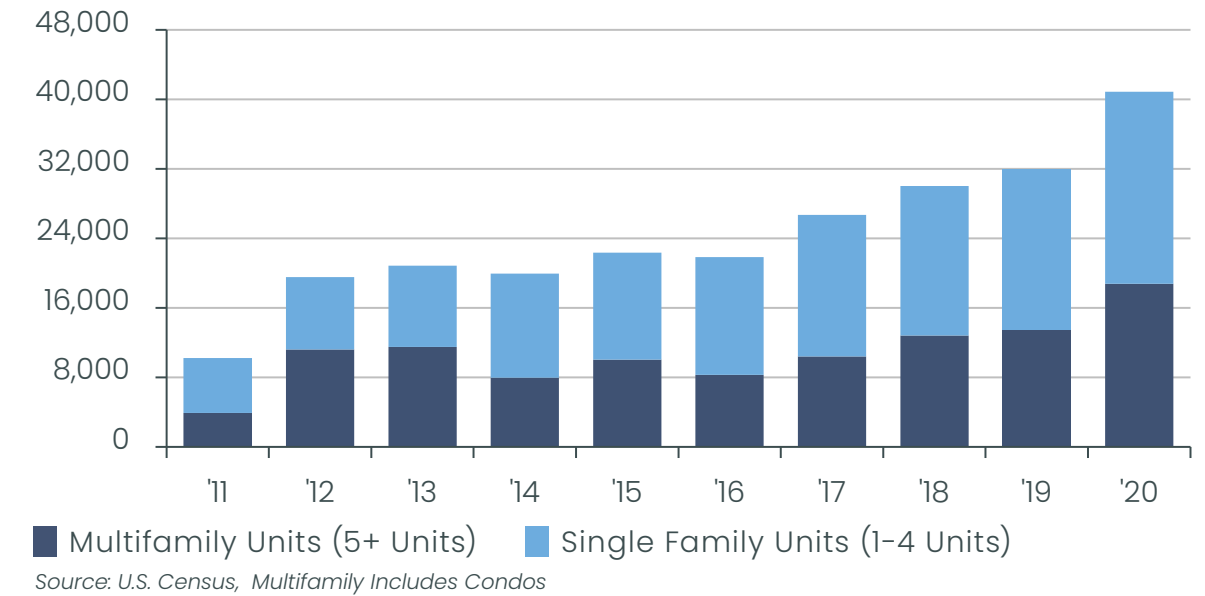
With an annual population growth rate of 2.8% as of 2019 Census estimates, Austin shines with a growth rate 4X the national average.



Permits

- Single family sold volume increased 8.4% YoY in 2020, to 3,626 closed transactions. Only 0.6 months of inventory was available for sale in December 2020, a 66.4% decrease YoY.
- With permits issued for 22,076 single family homes in 2020, this represented the 9th-consecutive year of increasing volume.

TOTAL RESIDENTIAL BUILDING PERMITS



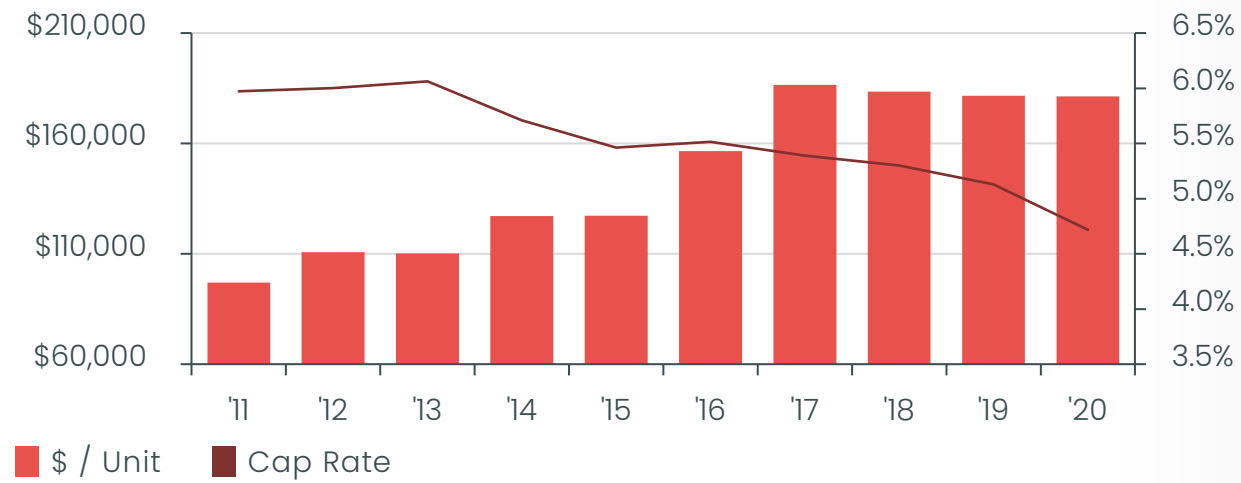
22,076
Single Family Permits
+19.4% YoY

18,799
Multifamily Permits (5+ Units)
+38.9% YoY


\$370K
Median Single Family Price
+15.8% YoY

Multifamily Sales


AVERAGE SALES PPU / CAP RATE




Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater




\$181,380
Avg. Sold Price / Unit
-0.1% YoY




4.7%
Avg. Cap Rate
-40 bps YoY





\$3.8B
Sales Volume
-25.0% YoY



21,982
Total # Units Sold
-24.0% YoY

APARTMENT SALES TRANSACTIONS



Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater

Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Sperling's; Censusreporter.org; Austin American Statesman; Austin Business Journal

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