



MARKET AT A GLANCE



OCCUPANCY RATE 95.0%
Up 90 bps since 2Q18



EFFECTIVE RENT \$1,345
Up 4.3% since 2Q18

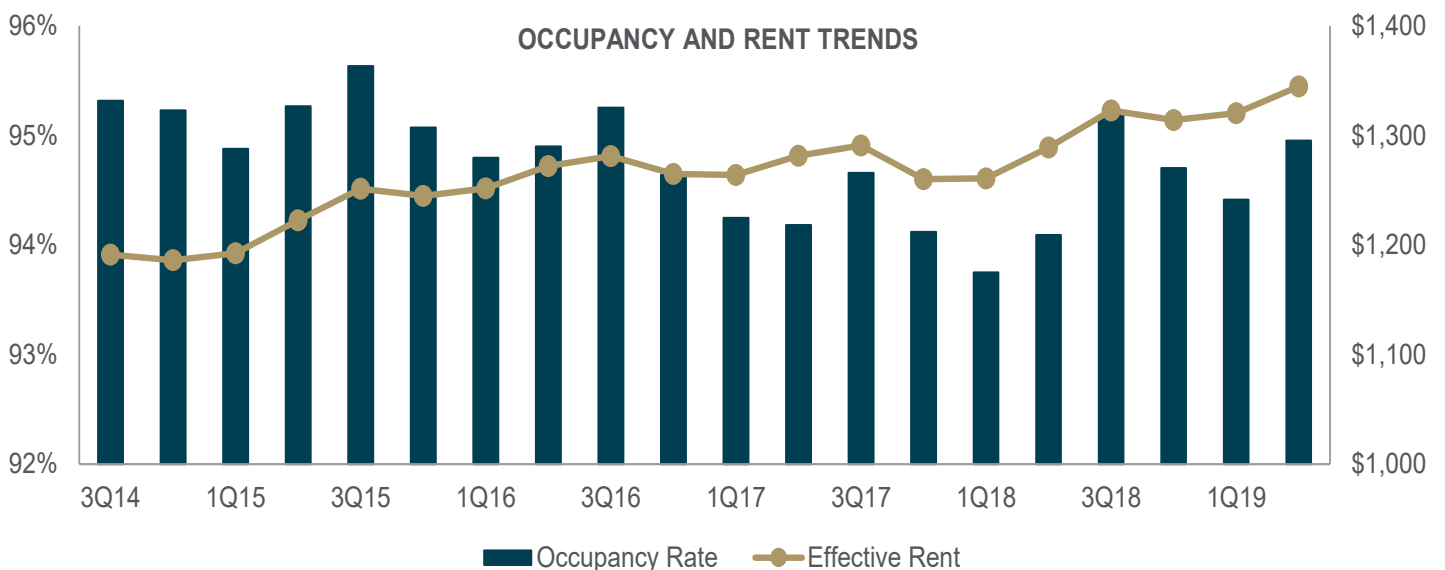


TOTAL INVENTORY 250,262

OCCUPANCY AND RENT TRENDS

SUSTAINED APARTMENT DEMAND LEADS TO RISING OCCUPANCY

A slowdown in deliveries across Greater Austin led to improved apartment fundamentals in the last year. After additions hit a postrecession peak of 11,519 new units during one year prior, builders limited deliveries to 6,976 units since mid-2018. While inventory growth slowed metrowide, apartment construction activity heightened in the Southwest Austin submarket. Construction completed on a metro-leading 1,239 units in the submarket since mid-2018, more than three times the additions in the area during the year prior. Highlighting the pent-up demand for housing in the submarket, leasing activity since mid-2018 outpaced apartment additions to lead to occupancy elevating 120 basis points to an average of 94.9% in the second quarter of 2019. The submarket trend was reflected in the metro, although at a more moderate increase. At 95.0% in the second quarter of 2019, Greater Austin apartment occupancy increased 90 basis points year over year. Operators responded to the sharp rise in occupancy by accelerating rent growth. After advancing 0.6% during the year prior, effective rent advanced on average 4.3% since mid-2018 to \$1,345 per month in June 2019.



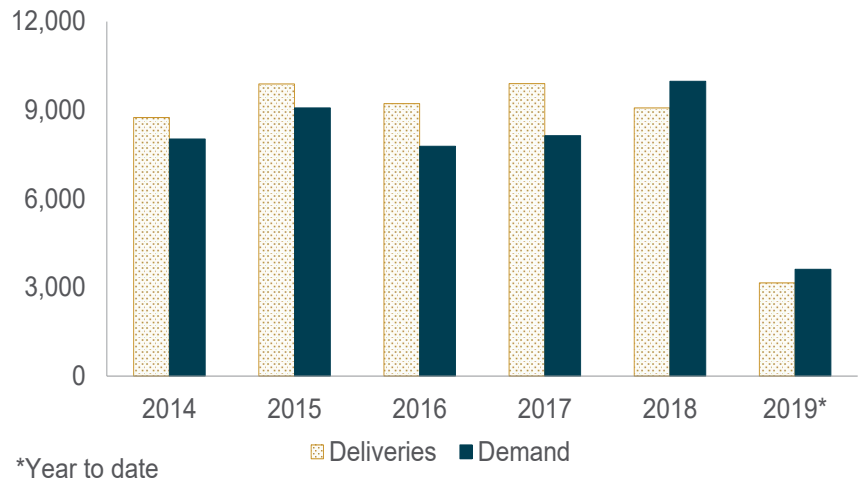
DELIVERIES AND DEMAND



DELIVERIES 3,153
Units YTD



NET ABSORPTION 3,612
Units YTD



ECONOMIC TRENDS

2018 **3.0%** **UNEMPLOYMENT*** 2019 **3.0%**
0 BPS CHANGE

2018 **1.06m** **EMPLOYMENT*** 2019 **1.09m**
2.2% CHANGE

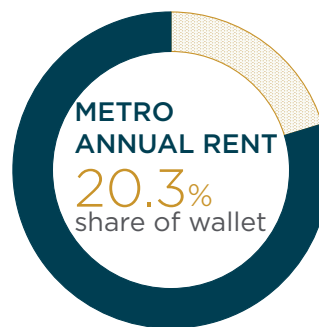
2018 **34.4k** **EXISTING SFH SALES**** 2019 **33.5k**
-2.6% CHANGE

2018 **\$318.3k** **MEDIAN SFH PRICE**** 2019 **\$319.2k**
0.3% CHANGE

2018 **2.91%** **10-YEAR TREASURY**** 2019 **2.07%**
-80 BPS CHANGE

Steady in-migration and overall population growth created a continual stream of available workers needed by employers as the Austin metropolitan unemployment rate remained at 3.0%. With an increasing pool of applicants, Austin employers grew the labor force 2.2% annually through April 2019, outpacing 1.7% national expansion at the same time. Job creation was widespread across Greater Austin last year with 23,000 net jobs. The 7,700 workers added to the professional and business services segment led all other sectors. The metro's largest employment sector expanded 4.2%, boosted by Indeed's expansion across Greater Austin. The company will triple its presence in the area and eventually employ more than 4,500 workers over the next several years. Another white-collar segment posting gains was the financial activities sector. Local employers added 2,600 net jobs, for 4.2% annual growth since April 2018. Part of the additions were by Progressive Insurance, which has the goal of hiring 1,000 new employees in Austin by year-end 2019.

*April; **June



AUSTIN

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT CHANGE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Arboretum	94.3%	95.3%	0.2%	5.9%	\$1,128	\$1,195	-10	101	0	0
Cedar Park	94.3%	94.9%	-0.1%	5.6%	\$1,155	\$1,219	138	489	77	436
Downtown/University	95.1%	95.4%	2.8%	5.9%	\$2,304	\$2,439	100	410	151	362
East Austin	94.3%	95.8%	2.9%	5.8%	\$1,306	\$1,381	225	895	102	694
Far South Austin	93.3%	94.8%	0.3%	5.3%	\$1,153	\$1,215	62	218	0	35
Far West Austin	94.9%	94.6%	2.3%	2.8%	\$1,184	\$1,218	208	271	104	321
Near North Austin	94.5%	95.1%	0.9%	3.0%	\$1,287	\$1,325	170	492	104	430
North Central Austin	94.6%	95.9%	0.2%	4.5%	\$1,045	\$1,092	642	1,314	403	993
Northwest Austin	94.2%	94.3%	-2.3%	3.7%	\$1,144	\$1,186	106	13	0	0
Pflugerville/Wells Branch	93.6%	94.3%	-3.8%	4.0%	\$1,091	\$1,135	116	731	79	676
Riverside	92.9%	94.8%	0.3%	3.4%	\$1,189	\$1,230	201	637	129	279
Round Rock/Georgetown	94.7%	94.3%	0.3%	3.4%	\$1,129	\$1,168	250	593	164	708
San Marcos	93.2%	94.2%	0.9%	2.5%	\$1,028	\$1,054	128	556	27	439
South Austin	93.5%	94.9%	3.6%	3.3%	\$1,553	\$1,604	46	214	0	0
Southeast Austin	93.7%	94.5%	0.2%	3.6%	\$1,107	\$1,147	35	411	0	364
Southwest Austin	93.7%	94.9%	2.3%	5.2%	\$1,377	\$1,449	311	1,370	127	1,239
TOTALS	94.1%	95.0%	0.6%	4.3%	\$1,289	\$1,345	2,729	8,717	1,467	6,976



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