

EL PASO, TEXAS

YEAR-END 2021 EMPLOYMENT TO EXCEED 96% OF PRE-PANDEMIC LEVELS

By year-end 2020, local payrolls in the trade, transportation, the financial activities, the education and health services, and the government sectors reached at least 96% of pre-pandemic levels. Approximately 21,000 of the 44,000 metro-wide jobs lost from January 2020 to May were recovered by December. The gradually improving economy supported apartment demand as renters occupied 258 additional apartments in 2020, with positive net absorption in the second and third quarters transitioning to seasonal negative net absorption in the fourth quarter. Annual absorption outpaced the 160 newly completed apartments in 2020, resulting in a 20-basis-point increase in occupancy to 95.9% in December. While rent continued to rise, the 1.3% annual rent growth last year was noticeably lower than the 3%-plus rent appreciation in each of the prior two years. In 2021, operators are expected to start returning rent growth to the annual pace prior to the pandemic. Average monthly effective rent is projected to rise 2.0% to \$833 per month. Meanwhile, slowing apartment demand is anticipated, spurred in part by continued softness in leisure and hospitality payrolls. Net apartment absorption is forecast to approximate the number of deliveries in 2021, keeping average occupancy unchanged from 2020. Only about a dozen apartment units are anticipated to come online in 2021, followed by 544 units slated for delivery in 2022. As the economy continues recovering in 2022, apartment occupancy is forecast to rise 30 basis points to 96.2% while monthly effective rent reaches \$857, a 2.9% increase.



2021 MARKET AT A GLANCE



OCCUPANCY RATE
95.9%
 Unchanged YOY

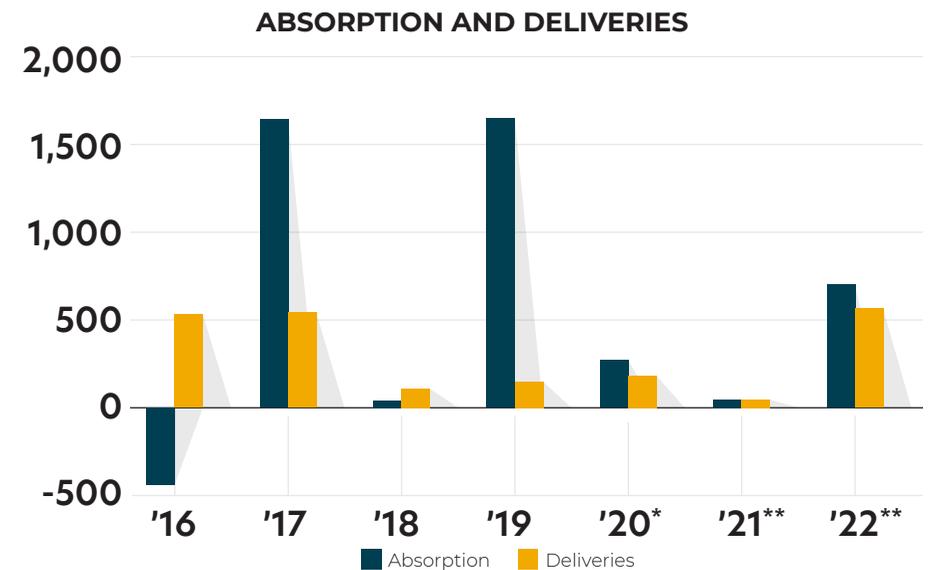
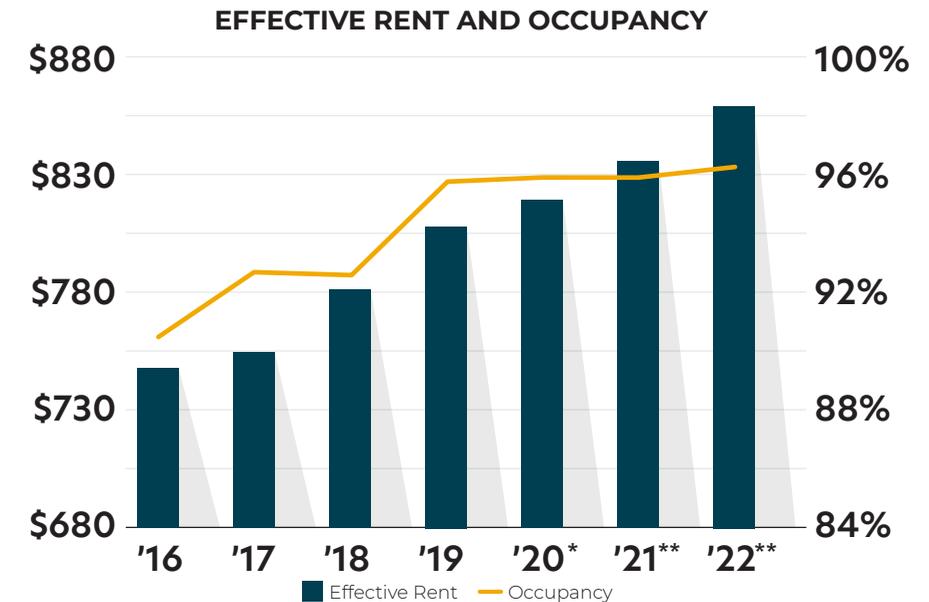


EFFECTIVE RENT
\$833
 Up 2.0% YOY



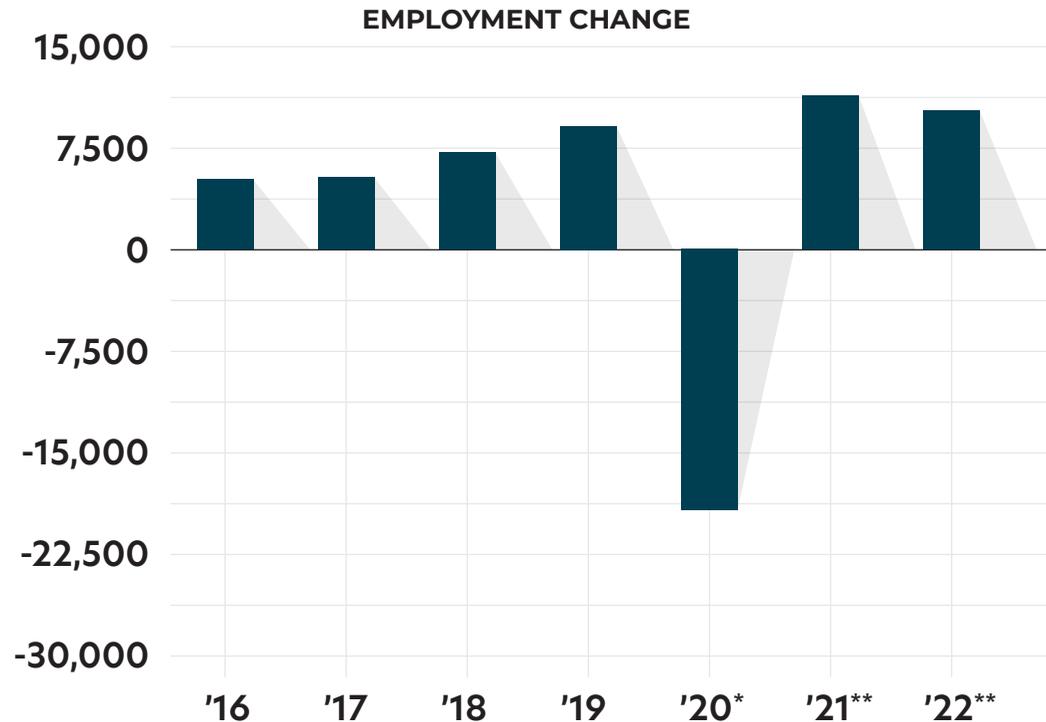
RENT SHARE OF WALLET
20.0%
 Unchanged YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
330,900	-5.7%	311,900	3.6%	323,100

2019	YOY CHANGE	2020	YOY CHANGE	2021
3.0%	400 BPS	7.0%	-30 BPS	6.7%

2019	YOY CHANGE	2020	YOY CHANGE	2021
846,600	0.5%	850,700	0.5%	854,900

2019	YOY CHANGE	2020	YOY CHANGE	2021
286,900	0.7%	288,900	0.9%	291,400

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$49,311	-0.7%	\$48,966	1.8%	\$49,865

SALES TRENDS

2019	YOY CHANGE	2020*
\$36,032	148.0%	\$89,348

2019	YOY CHANGE	2020
7.0%	-130 BPS	5.7%



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