

HOUSTON TX

INSTITUTIONAL MULTIFAMILY REPORT

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HOUSTON, TX EMPLOYMENT

JOBS ADDED / LOST

LAST 12 MONTHS

210,300

↑ 7.4%

NEXT 12 MONTHS*

146,000

↑ 4.8%

UNEMPLOYMENT

MID-YEAR 2021

6.9%

↓ 670 BPS YOY

MID-YEAR 2022*

5.0%

↓ 190 BPS YOY

*PROJECTED

Houston's labor market is undergoing a speedy recovery, in part supported by the state's reopening plan and a revival of leisure and hospitality. The Houston economy ranked fifth in year-to-date job creation across the nation's cities, according to the Texas Workforce Commission.

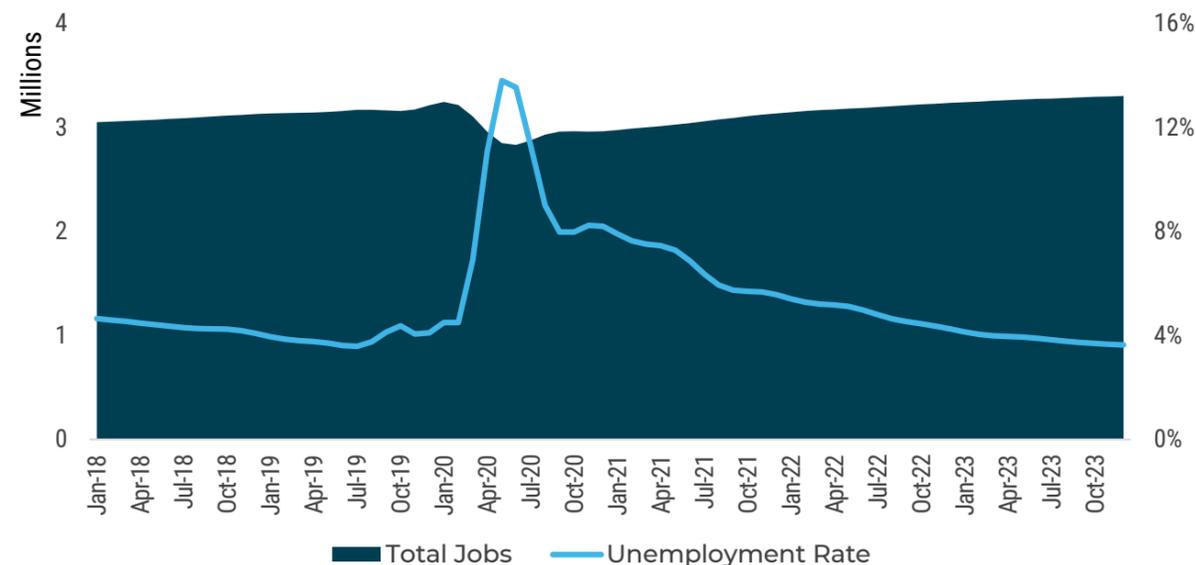
Making a resurgence is the metro's leisure and hospitality sector, contributing over 83,000 net jobs to the Houston economy in the last 12 months, and comprising nearly 40% of all net job creation during that time. As such, Houston's unemployment rate plummeted to under 7%, down from 13.5% one year prior.

The Houston labor market will continue to

benefit from employers moving to the metro. So far in 2021, large firms like Google, Avetta, NRG Energy, Contango, and others have chosen to call Houston home. Amazon also announced plans to expand its Houston Tech Hub – creating 150 jobs and opening early 2022.

Next year, total nonfarm employment is forecast to expand 4.8%, with 146,000 net jobs. The recovery in the leisure and hospitality industry will remain a driving force in the local economy. Hiring will also be robust in the metro's largest sector: trade, transportation, and utilities. Employers in the industry are forecast to grow payrolls 4.2% with 26,600 additional personnel.

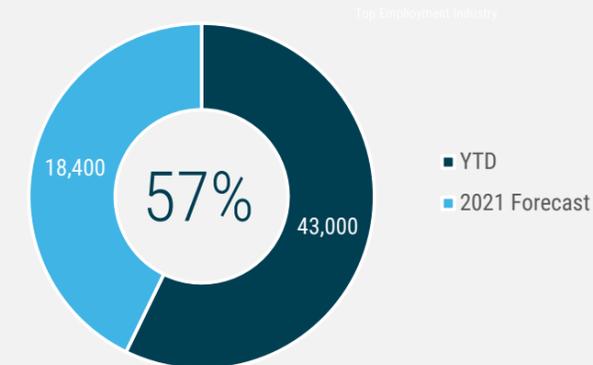
EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

WHO'S HIRING?

LEISURE & HOSPITALITY INDUSTRY



10%
OF ALL JOBS IN THE METRO

\$24,500
AVERAGE ANNUAL SALARY

TOP LEISURE & HOSPITALITY EMPLOYERS



IN THE NEWS

- United Airlines brings thousands of jobs to Houston
- Amazon expands Houston tech hub, adds 150 new jobs
- Lowe's to hire hundreds in Houston
- Aimbridge Hospitality looking to fill 1,000 open positions
- McDonald's aims to fill 2,500 jobs in Houston



HOUSTON, TX

DELIVERIES & ABSORPTION

2021 UNITS*

DELIVERED

18,077

ABSORBED

15,554

2022 UNITS*

DELIVERED

16,254

ABSORBED

30,355

*PROJECTED

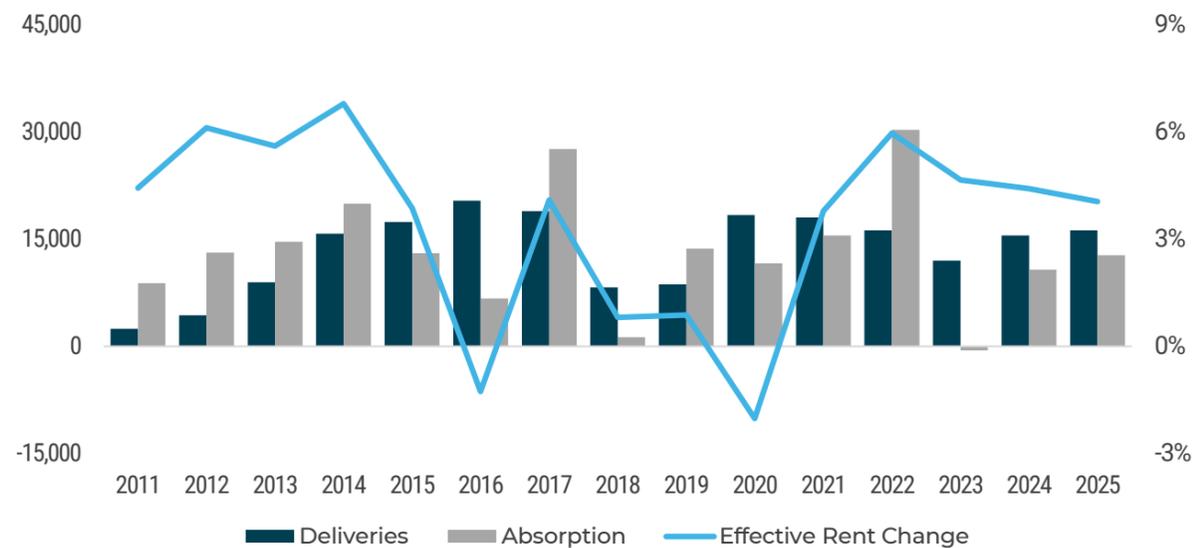
Company and tenant interest in Houston are two of many factors contributing to Houston becoming a popular metro in which to build and to rent. Houston apartment deliveries in 2021 are expected to surpass 18,000 units, far surpassing figures witnessed in 2018 and 2019.

While deliveries will be spread throughout Greater Houston, development is focused on the urban core of the metro. A combined 4,400 units are scheduled to come online in the Greater Heights/Washington Avenue and the Downtown/Montrose/River Oaks submarkets in 2021. With many downtown employers welcoming back office workers, these two submarkets are projected to lead net absorption in the metro this year.

Looking forward to 2022, it is expected that net absorption will reach nearly twice that of 2021. The prospect of declining raw materials costs, coupled with a resurging jobs market, should continue to support apartment construction in Houston. Additionally, the state's commitment to attracting out-of-state technology firms will further bolster the metro's status as a technology and energy hub and provide support to the overall Houston apartment market.

Houston's rising rent environment will be another factor incentivizing developers to build in the metro, supporting the competitiveness of the metro with coastal markets.

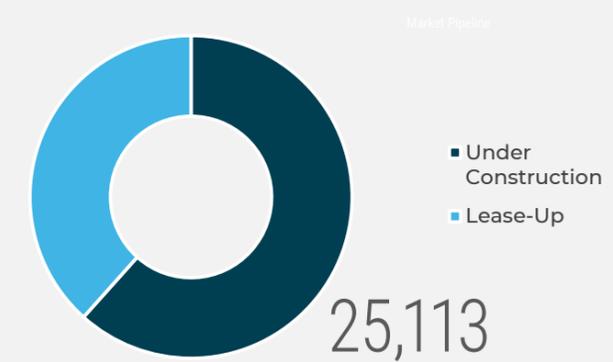
DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



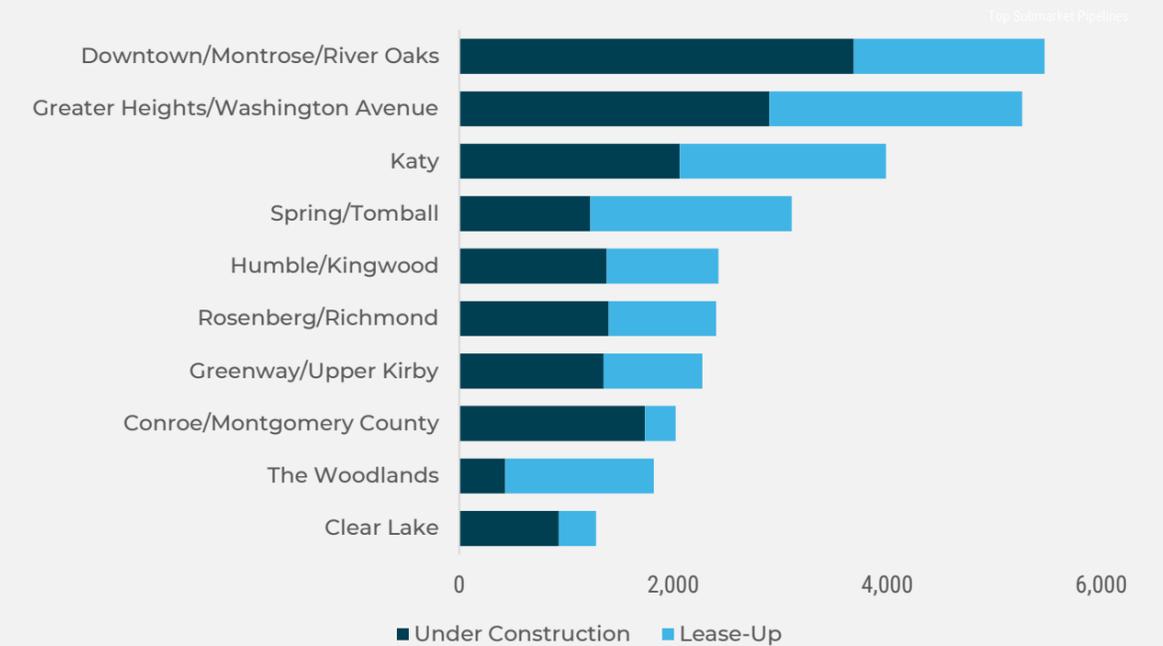
SOURCE: REALPAGE

MARKET PIPELINE

15,635



TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



HOUSTON, TX

RENT & OCCUPANCY

EFFECTIVE RENT

2Q 2021

\$1,122

↑ 2.8% YOY

OCCUPANCY

2Q 2021

93.3%

↑ 50 BPS YOY

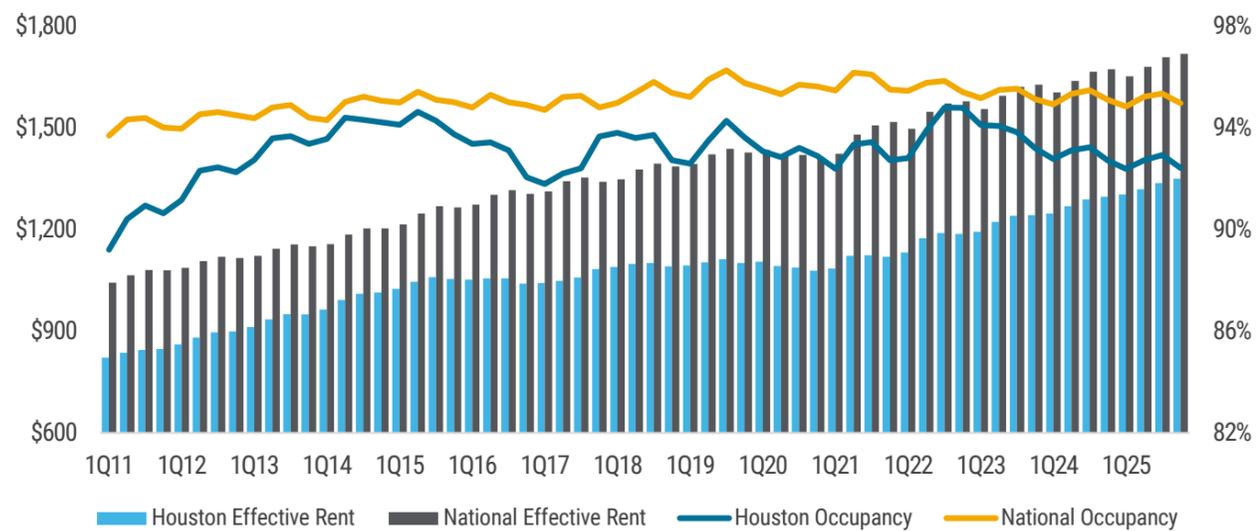
Rent and occupancy figures in Houston were consistent with an increasingly optimistic outlook, supported by a recovering jobs market and suburban housing demand. Metro effective rent increased 2.8% from one year ago to an average of \$1,122 per month in the second quarter of 2021, marking the first quarter of annual growth since the first quarter of 2020.

Alongside a resurgence in rental growth, Houston occupancy was 50 basis points higher relative to one year prior at an average of 93.3% in the second quarter of 2021. All three submarkets with the strongest growth in effective rent, consisting of Conroe/Montgomery County, Katy, and Rosenberg/Richmond, are suburban, indicating some suburban apartment operators

are comfortable engaging in aggressive rent raises. Each area also had occupancy rates higher than the metro average in the second quarter of 2021.

With expected increases in employment and in-migration in the near term, Houston's apartment occupancy rate is expected to surpass year-end 2019 figures by mid-2022. The rise will continue as occupancy is forecast to reach 94.8% by the end of next year. With the increase in occupancy, it is projected that 2022 annual effective rent growth in the metro will approach 6% - a rate of growth not seen since 2015.

HOUSTON VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE

SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Alief	93.1%	0	\$892	3.1%
Baytown	92.2%	-20	\$959	2.5%
Bear Creek	94.1%	20	\$1,122	3.3%
Braeswood Place/Astrodome/South Union	92.0%	90	\$1,181	1.7%
Brazoria County	90.8%	-100	\$955	1.0%
Champions East	92.7%	10	\$929	4.2%
Champions West	95.0%	100	\$1,134	4.7%
Clear Lake	94.6%	100	\$1,125	5.9%
Conroe/Montgomery County	95.6%	330	\$1,082	6.9%
Cypress/Waller	94.3%	130	\$1,317	4.8%
Downtown/Montrose/River Oaks	92.2%	40	\$1,751	-3.2%
East Inner Loop	93.8%	-130	\$1,152	-2.1%
Far West Houston	93.5%	10	\$1,075	4.0%
Friendswood/Pearland	94.7%	140	\$1,267	5.9%
Galleria/Uptown	92.1%	-20	\$1,298	-1.3%
Galveston/Texas City	93.3%	60	\$1,042	4.9%
Greater Heights/Washington Avenue	92.9%	-20	\$1,488	-2.9%
Greenway/Upper Kirby	93.0%	90	\$1,659	-3.4%
Gulfton/Westbury	93.7%	-50	\$944	0.1%
Hobby Airport	90.4%	-10	\$841	3.2%
Humble/Kingwood	93.4%	50	\$1,140	4.2%
Katy	96.4%	300	\$1,311	7.8%
Memorial	92.1%	40	\$1,425	-1.9%
North Central Houston	94.2%	80	\$790	2.4%
Northeast Houston	92.0%	100	\$989	4.9%
Northwest Houston	93.6%	-30	\$890	3.1%
Pasadena/Southeast Houston	92.3%	90	\$896	3.3%
Rosenberg/Richmond	95.1%	-10	\$1,239	8.7%
Sharpstown/Fondren Southwest	93.0%	-20	\$800	2.2%
Spring Branch	92.4%	30	\$1,067	3.4%
Spring/Tomball	94.2%	150	\$1,181	3.3%
Sugar Land/Stafford	95.9%	100	\$1,291	6.6%
The Woodlands	95.1%	210	\$1,273	4.4%
West University/Medical Center/Third Ward	93.0%	80	\$1,722	-1.8%
Westchase	92.0%	-50	\$1,022	2.5%



HOUSTON, TX

POPULATION & MIGRATION

2021 RESIDENTS*

7,329,300

↑ 1.4% YOY

2022 RESIDENTS*

7,434,000

↑ 1.4% YOY

*PROJECTED

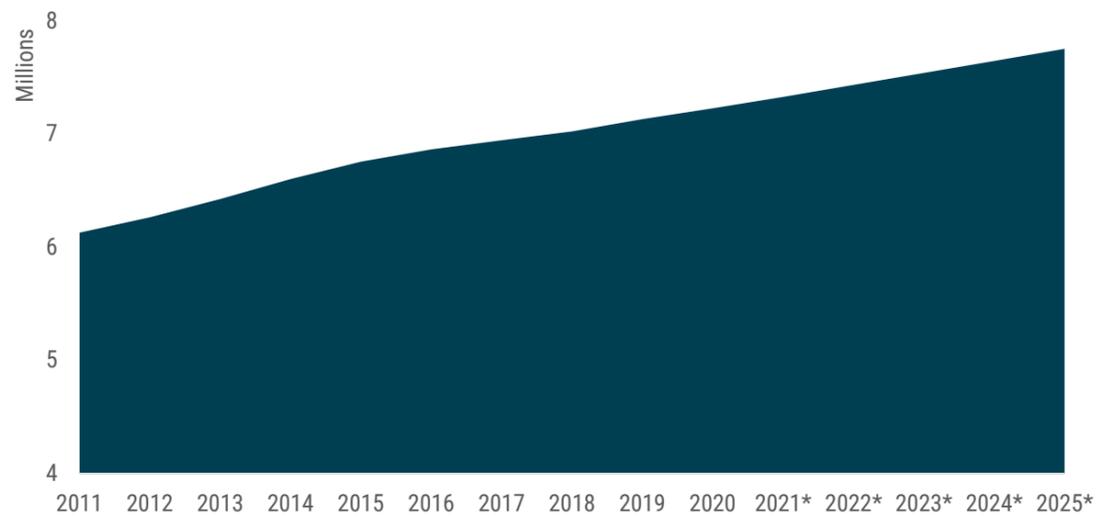
Houston's recent urban migratory environment can be characterized by a flight to the suburbs. Since the pandemic began, the appeal of the suburbs has dominated Houston's migratory patterns to the extent that 76% of all urban migration flowed into the suburbs. The metro's second most prevalent migratory trend has been a flight to low-cost large metros.

Given resident affinities for the suburbs, it is no surprise that some suburban operators have capitalized on their ability to raise rents. With remote work options becoming more widespread, Houston could face further suburbanization, but the extent to which this trend continues is unknown. If firms begin reverting to in-office work schedules, then more

residents could find themselves desiring a home closer to the office.

With an already existing preference for large metros, a return to the office could mean higher population inflows into metro Houston as net migration is forecast to reach 56,700 new residents in 2022. The return to the office is forecast to benefit the urban core in the near term as the Downtown/Montrose/River Oaks submarket is projected to lead all submarkets for net absorption in 2022. Downtown Houston is home to approximately 51 million square feet of office space that can house approximately 168,600 employees, according to the Houston Downtown Management District.

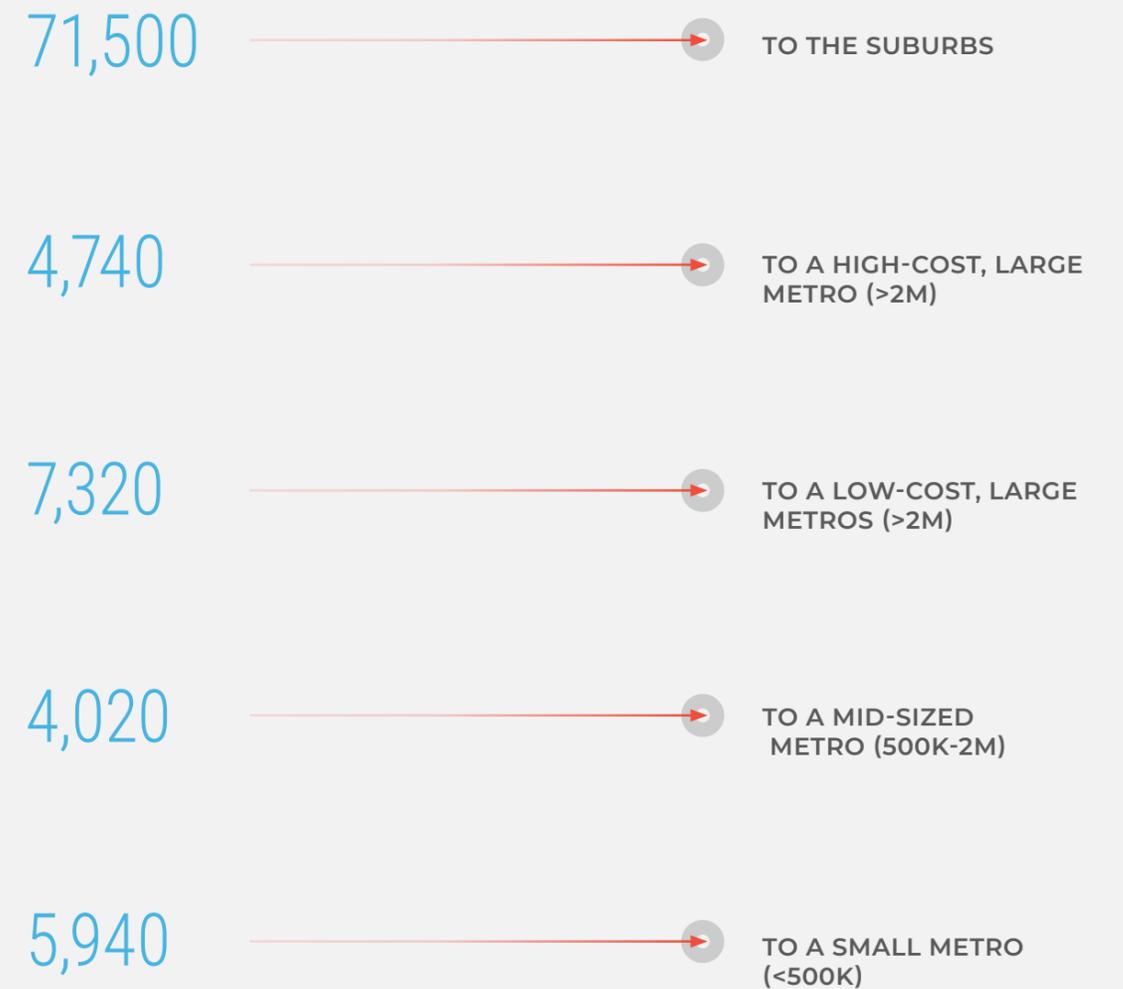
HOUSTON POPULATION



SOURCE: MOODY'S ANALYTICS

URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



HOUSTON, TX SALES

2021 YEAR TO DATE*



VOLUME

Nondisclosure



PRICE PER AVERAGE (AVG)

Nondisclosure



TRANSACTIONS

9



CAP RATE (AVG)

Nondisclosure

WHAT'S TRADING?*



UNITS (AVG)

347



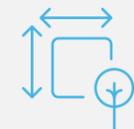
YEAR BUILT (AVG)

2010's



BUILDINGS (AVG)

7



ACRES (AVG)

14.22

TOP BUYERS**

BUYER	LOCATION
MLG Capital	Brookfield, WI
Madera Equity	Lubbock, TX
CBRE Global Investors	Los Angeles, CA
PSP Investments	Ottawa, CAN
Camden Property Trust	Houston, TX

TOP SELLERS**

SELLER	LOCATION
Martin Fein Interests	Houston, TX
Berkshire Group	Boston, MA
Simpson Housing LLLP	Denver, CO
Novare Group	Atlanta, GA
Crow Holdings	Dallas, TX

**Past 24 Months

*\$50M+
SOURCE: REAL CAPITAL ANALYTICS



HOUSTON, TX

SALES

\$50+ MILLION TRANSACTIONS



WATERFORD GROVE

Houston, TX

UNITS	YEAR BUILT
552	1973
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



CENTURY EDGEWATER

Webster, TX

UNITS	YEAR BUILT
414	2008
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



THE DOMAIN

Houston, TX

UNITS	YEAR BUILT
370	2008
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



TIMBERGROVE STATION

Houston, TX

UNITS	YEAR BUILT
342	2020
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



LAURELWOODE

Magnolia, TX

UNITS	YEAR BUILT
324	2008
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



PARKWAY ON WESTLAKE

Humble, TX

UNITS	YEAR BUILT
320	2018
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



ALEXAN SOUTHSIDE PLACE

Southside Place, TX

UNITS	YEAR BUILT
270	2017
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



THE MARK AT CITYPLACE

Spring, TX

UNITS	YEAR BUILT
268	2017
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



ADLEY AT GLEANNLOCH

Houston, TX

UNITS	YEAR BUILT
260	2019
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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