

SAN ANTONIO TX

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company



SAN ANTONIO, TX EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

105,100
↑ 10.9%

NEXT 12 MONTHS*

44,100
↑ 4.1%

Unemployment

MID-YEAR 2021

5.2%
↓ 680 BPS YOY

MID-YEAR 2022*

4.1%
↓ 110 BPS YOY

*Projected

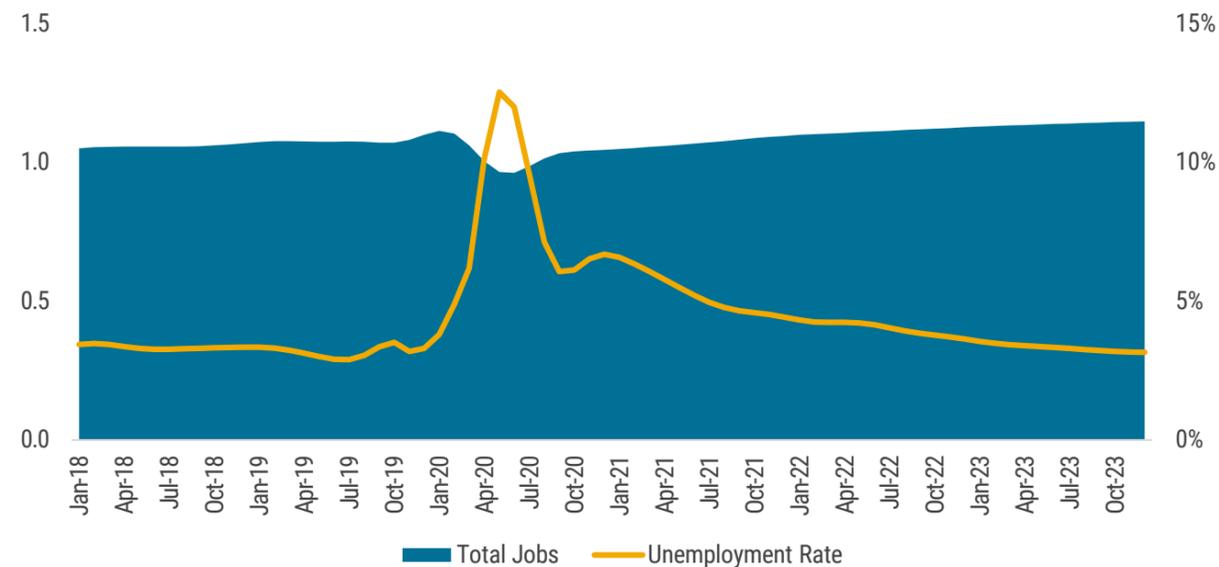
The sudden onset of the pandemic sent ripples through the Greater San Antonio economy. Since then, payrolls are slowly recovering as federal travel restrictions continue to hinder the metro's largest employment sector: trade, transportation, and utilities. Even so, the sector's rebound has outpaced the overall employment. trade, transportation, and utilities headcounts in June 2021 were nearly on par with pre-pandemic levels, while Greater San Antonio employment was still down 46,300 jobs from the start of 2020.

Like practically every U.S. market, San Antonio's leisure and hospitality industry was severely affected by pandemic-induced restrictions. As Texas restrictions been lifted and other states easing or eliminating travel restraints, leisure and

hospitality headcounts have swelled. Since June 2020, leisure and hospitality businesses created or rehired a metro-leading 37,900 employees. Part of recover came as large entertainment venues like SeaWorld San Antonio and Six Flags Fiesta Texas reopened.

Another good indicator for the health of the local leisure and hospitality industry is the slow return of conventions to San Antonio. Nearly 50 conventions and gatherings were booked in the third quarter of 2021 at the Henry B. González Convention Center. Increased tourism will be essential for continued growth in the leisure and hospitality workforce. This sector is forecast to again lead hiring in the metro over the next 12 months with 11,000 net personnel added.

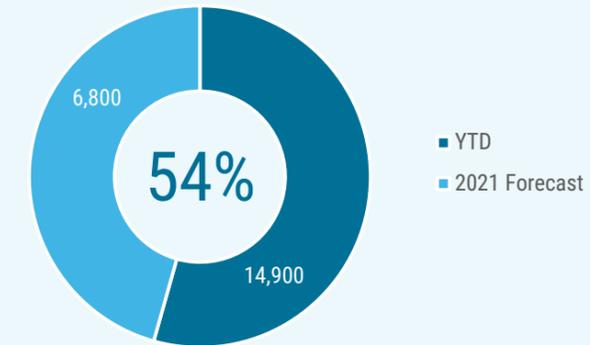
Employment Trends



SOURCE: MOODY'S ANALYTICS

Who's Hiring?

LEISURE & HOSPITALITY INDUSTRY



12%
OF ALL JOBS IN THE METRO

\$25,000
AVERAGE ANNUAL SALARY

Top Leisure & Hospitality Employers

	2,800 JOBS
	1,600 JOBS
	1,000 JOBS

In The News

- Delivery app moving HQ to downtown San Antonio
- UT Health San Antonio breaks ground on multi-specialty care and research center
- New UTSA center set to open in 2022, will anchor high-tech corridor in downtown



SAN ANTONIO, TX

DELIVERIES & ABSORPTION

2021 Units*

DELIVERED

4,256

ABSORBED

5,218

2022 Units*

DELIVERED

4,539

ABSORBED

3,965

*Projected

Apartment development has been measured across the San Antonio metropolitan area in recent years, a philosophy that benefitted the operators during the pandemic. In the last decade, annual additions averaged approximately 5,000 units. With delays in construction timelines due to supply-chain disruptions and labor shortages, apartment additions are expected to be below the historic pace in 2021. Builders are scheduled to bring nearly 4,300 units online this year.

A metro-leading 950 units are on pace to be added to the Central San Antonio submarket. Serving as the heart of the city, the area offers the perfect experience to live, learn, work, and play. This has led to more than 40% population growth in downtown since 2012. And now the

area is home to approximately 75,000 workers. Apartment builders are working to meet the housing needs as nearly 1,300 units were under construction in the Central San Antonio submarket at mid-2021, more than 600 of which are scheduled to come online over the next four quarters.

Inventory growth has been met by pent-up in the Central San Antonio submarket, as leasing activity outpaced deliveries in the last year. The submarket trend was reflected at the metro level. A surge in apartment demand across Greater San Antonio in the first half of 2021 led annual net absorption outpacing deliveries by 34%.

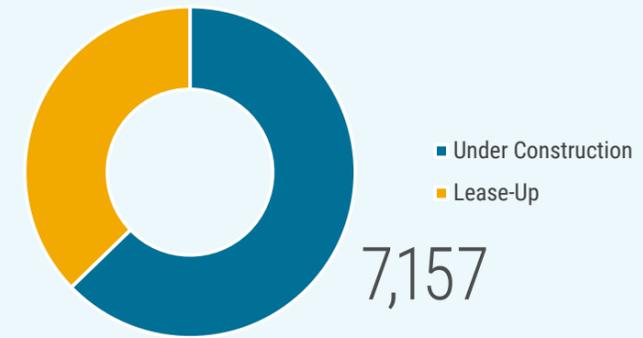
Deliveries, Absorption, & Effective Rent Change



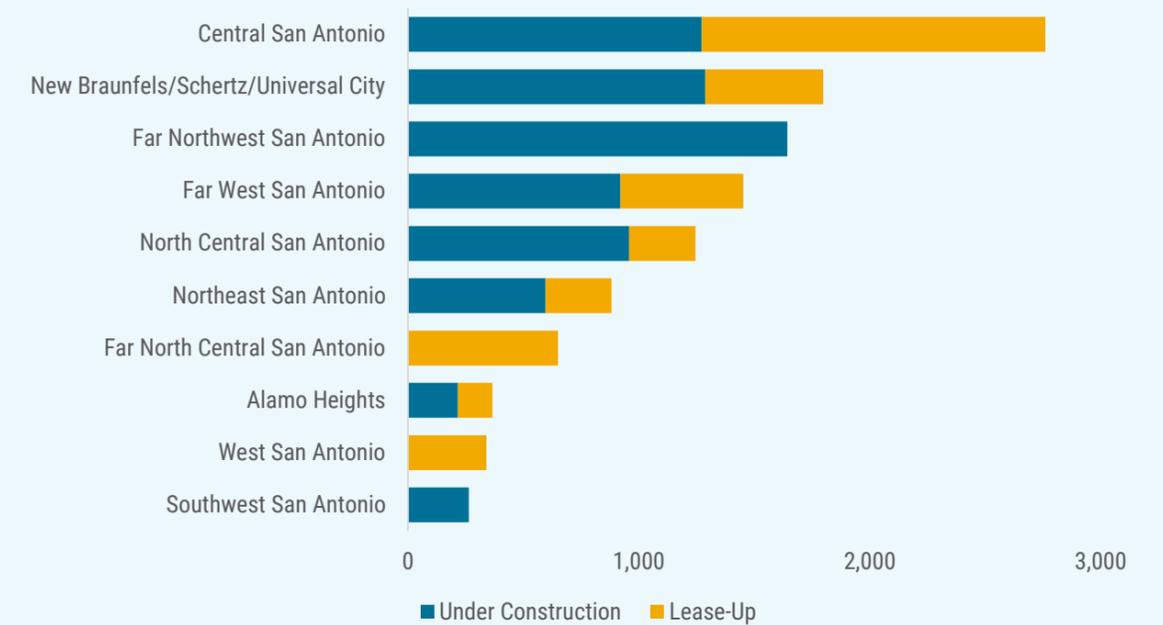
SOURCE: REALPAGE

Market Pipeline

4,246



Top 10 Submarket Pipelines



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



SAN ANTONIO, TX

RENT & OCCUPANCY

Effective Rent

2Q 2021

\$1,066

↑ 5.4% YOY

Occupancy

2Q 2021

94.0%

↑ 100 BPS YOY

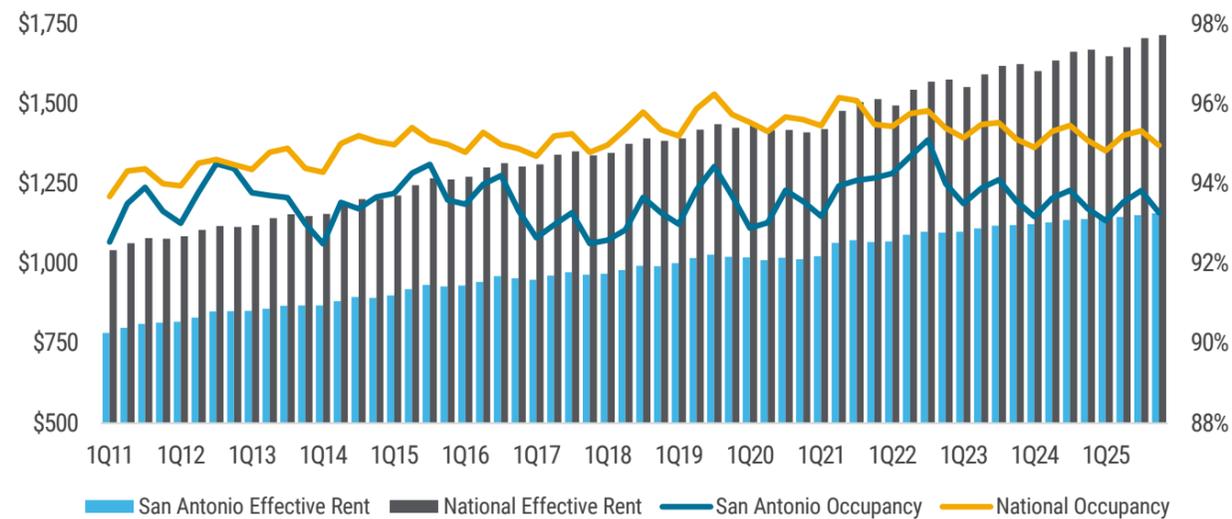
Like many communities across the country, San Antonio apartment operators on average expanded concessions at the onset of the pandemic to entice new renters. This led to an annual drop in effective rent by mid-2020.

The local apartment market showed signs of resilience as leasing activity was positive in three of the last four quarters. Apartment demand was so strong, annual net absorption overtook inventory growth. As a result, metrowide occupancy advanced 100 basis points to an average of 94.0% in the second quarter of 2021. With the increase, the latest occupancy rate was 70 basis points higher than the quarterly average over the preceding five years.

Operators capitalized on healthy occupancy by advancing effective rent 5.4% year over year to an average of \$1,066 per month in the second quarter of 2021.

Apartment operators are expected to remain measured with rent increases over the next year to foster new leases. With an additional 4,400 units scheduled to come online over the next four quarters, the slowdown in rent growth should help sustain leasing activity. The move by operators combined with sustained hiring should contribute to healthy net absorption as metrowide occupancy is forecast to rise another 70 basis points to 94.7% by mid-2022.

San Antonio vs. National Effective Rent & Occupancy



SOURCE: REALPAGE

Submarket Performance

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Airport Area	94.8%	140	\$959	4.7%
Alamo Heights	93.6%	60	\$1,263	6.8%
Central San Antonio	93.7%	210	\$1,288	1.4%
Far North Central San Antonio	94.6%	140	\$1,267	6.6%
Far Northwest San Antonio	94.9%	260	\$1,266	7.9%
Far West San Antonio	94.9%	80	\$1,112	6.5%
Medical Center	92.9%	40	\$979	5.4%
New Braunfels/Schertz/Universal City	96.1%	210	\$1,142	7.6%
North Central San Antonio	94.2%	90	\$1,084	5.9%
Northeast San Antonio	93.4%	-90	\$936	3.4%
Northwest San Antonio	92.8%	100	\$992	3.6%
South San Antonio	93.3%	40	\$917	5.0%
Southwest San Antonio	93.3%	50	\$945	4.3%
West San Antonio	93.7%	-100	\$836	3.0%



SAN ANTONIO, TX

POPULATION & MIGRATION

2021 Residents*

2,634,200

↑ 1.2% YOY

2022 Residents*

2,667,300

↑ 1.3% YOY

*Projected

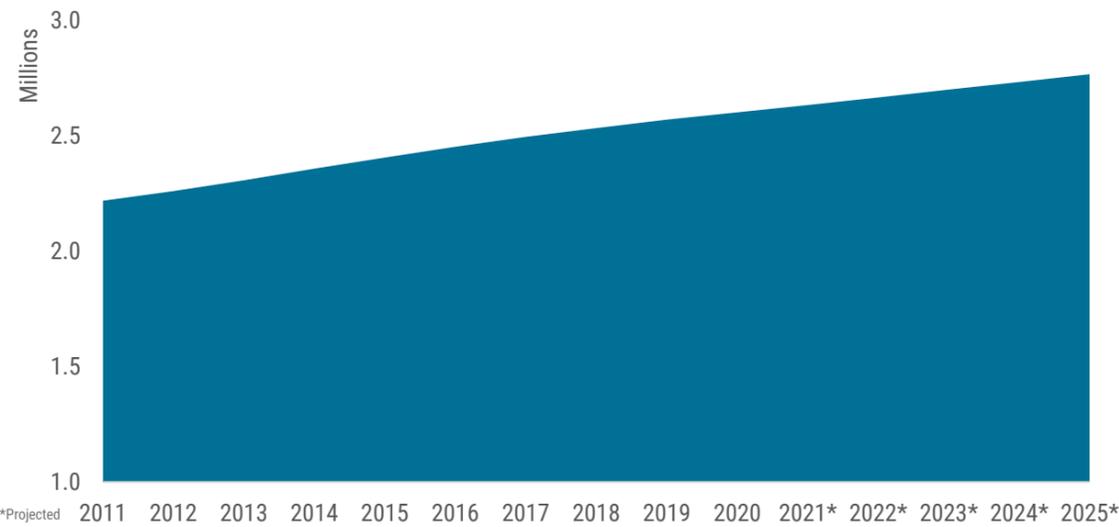
In recent years, Metro San Antonio's population growth has outpaced the national average. While a significant portion of the local expansion is organic, net-migration provided a meaningful boost as the population expanded 1.2% in 2020.

In the most recent study by the local chamber of commerce, San Antonio was ranked among the top 10 fastest-growing U.S. cities. Underpinning the appeal of San Antonio was a more affordable cost than neighboring metropolitan areas, a diverse economy that has weathered the effects of the pandemic, and a lack of income tax by the state. Supporting the study findings, approximately 16,300 more people moved to the metro than out of it during 2020.

As San Antonio's employment returns to pre-pandemic levels, the appeal of the metro is expected to grow. Net migration is forecast to total more than 98,200 new residents by 2025, beginning with the in-migration of 15,800 net persons this year.

This will benefit apartment operators as leasing activity is expected to be positive in most submarkets. So far this year, renters showed a propensity for Downtown San Antonio where apartment development has been focused. The preference is expected to continue in the second half of 2021 as annual net absorption is forecast to be highest in the Central San Antonio submarket.

San Antonio Population



SOURCE: MOODY'S ANALYTICS

Urban Migration During the Pandemic

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



SAN ANTONIO, TX

SALES

2021 Year to Date*



VOLUME

Nondisclosure



PRICE PER UNIT (AVG)

Nondisclosure



TRANSACTIONS

134



CAP RATE (AVG)

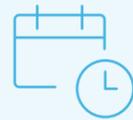
Nondisclosure

What's Trading?*



UNITS (AVG)

276



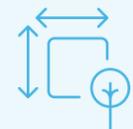
YEAR BUILT (AVG)

2000's



BUILDINGS (AVG)

14



ACRES (AVG)

13.64

*\$10M+
SOURCE: REAL CAPITAL ANALYTICS

Top Buyers**

BUYER	LOCATION
Cortland	Atlanta, GA
CWS Capital Partners	Newport Beach, CA
Berkshire Group	Boston, MA
Passco Companies	Irvine, CA
Benjamin E Sherman & Sons Inc	Deerfield, IL

Top Sellers**

SELLER	LOCATION
Pure Multi-Family REIT	Vancouver, CAN
Oden Hughes MultiFam RE	Dallas, TX
Western Rim Properties	Irvine, CA
White Conlee Builders	San Antonio, TX
NRP Group	Garfield Heights, OH

**Past 24 Months



SAN ANTONIO, TX

SALES

\$10+ Million Transactions



PRESTON PEAK

San Antonio, TX

UNITS	YEAR BUILT
596	1995
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



LIMESTONE OAKS

San Antonio, TX

UNITS	YEAR BUILT
400	1981
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



PECOS FLATS

San Antonio, TX

UNITS	YEAR BUILT
384	2015
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



AURA STONE OAK

San Antonio, TX

UNITS	YEAR BUILT
375	2019
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



MELA*

San Antonio, TX

UNITS	YEAR BUILT
360	2020
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



OVERLOOK AT STONE OAK PARK

San Antonio, TX

UNITS	YEAR BUILT
360	2013
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



CITY TRAILS

San Antonio, TX

UNITS	YEAR BUILT
336	1984
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



EDGE AND STONE

Timberwood Park, TX

UNITS	YEAR BUILT
335	2020
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



SALADO AT RED BERRY*

San Antonio, TX

UNITS	YEAR BUILT
330	2020
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



EVANS RANCH

San Antonio, TX

UNITS	YEAR BUILT
329	2011
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure

*BERKADIA TRANSACTION

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

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