

2022 MID-YEAR

# AUSTIN TX

## Multifamily Report

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**BERKADIA**<sup>®</sup>  
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





## Jobs Added / Lost

### LAST 12 MONTHS

62,100

↑ 5.3%

### NEXT 12 MONTHS\*

31,600

↑ 2.6%

## Unemployment

### MID-YEAR 2022

3.1%

↓ 110 BPS YOY

### MID-YEAR 2023\*

2.9%

↓ 20 BPS YOY

\*Projected

## AUSTIN, TX

# EMPLOYMENT

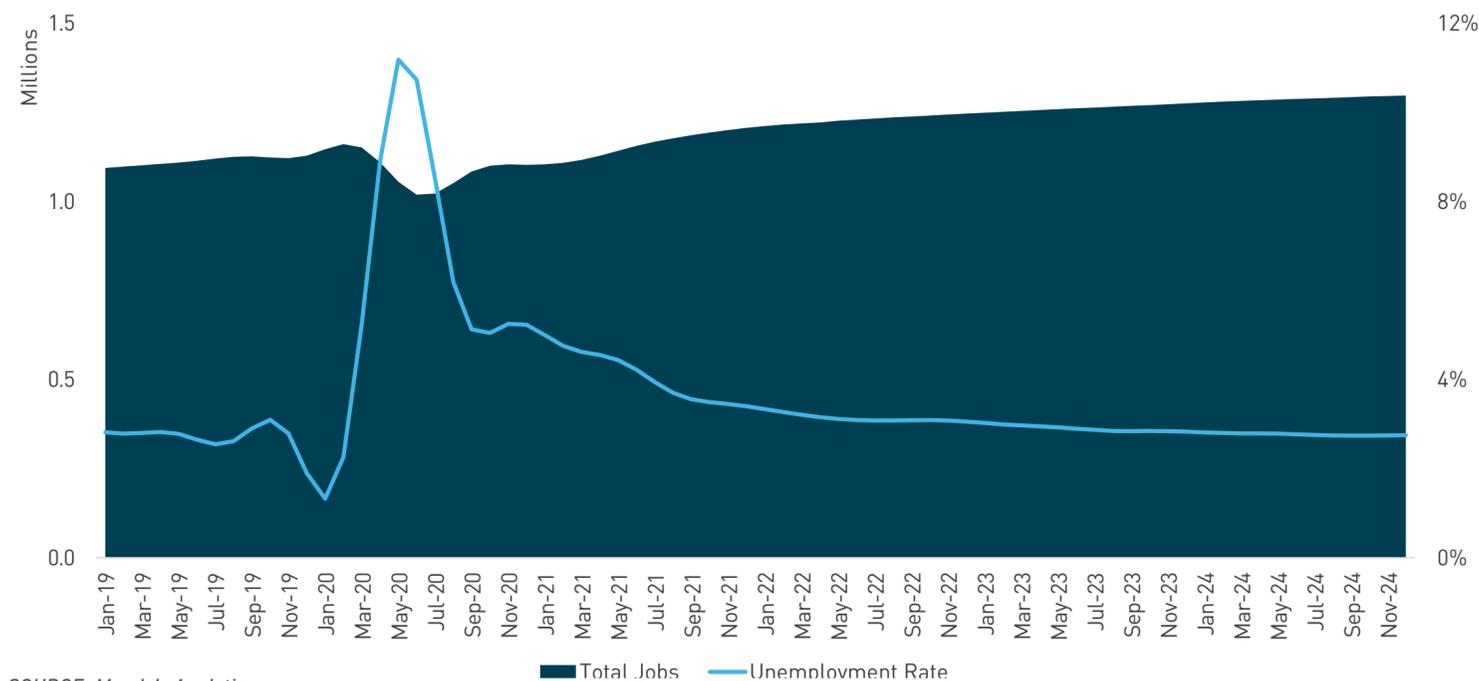
Metro Austin has become a relocation hotspot for major technology companies over the past few years. Companies such as Tesla Inc., Apple Inc., and Amazon.com Inc. have invested over a billion dollars and added thousands of jobs in the Austin area. Tesla is expected to hire at least 10,000 employees for their new manufacturing plant, which wrapped up construction in April 2022.

Meanwhile, the first phase of Apple's \$1 billion new campus was completed in early 2022. The campus will initially house 5,000 employees, and plans to add 10,000 more employees, which would make Apple the largest private employer in Austin. Amazon's 3.8-million-square-foot fulfillment center in Pflugerville became fully

operational in the fall of 2021. Amazon will hire 400 more employees, reaching a total of 1,000 created full-time jobs.

With large companies creating a hiring frenzy in the metro, total nonfarm employment has risen 5.3% in the last 12 months, outpacing the national average expansion at the same time. The professional and business services sector added the most net jobs over the past year to the Austin MSA, representing a 9.6% increase. The unemployment rate has dropped to the lowest level the metro has seen since February 2020, decreasing 110 basis points annually to 3.1% in June 2022.

## Employment Trends



SOURCE: Moody's Analytics

## Who's Hiring?

### PROFESSIONAL & BUSINESS SERVICES INDUSTRY



21%  
OF ALL JOBS IN THE METRO

\$81,300  
AVERAGE ANNUAL SALARY

■ YTD ■ 2022 Forecast

## Top Professional & Business Services Employers



3,800 JOBS



3,200 JOBS



1,600 JOBS

## In The News

- [Apple to hire 5,000 employees for new \\$1 billion campus](#)
- [Google expands in Downtown Austin](#)
- [Tesla files to expand Gigafactory Texas with new building](#)



## AUSTIN, TX

# DELIVERIES & ABSORPTION

2022 Units\*

**DELIVERIES**

15,362

**ABSORPTION**

10,796

2023 Units\*

**DELIVERIES**

22,339

**ABSORPTION**

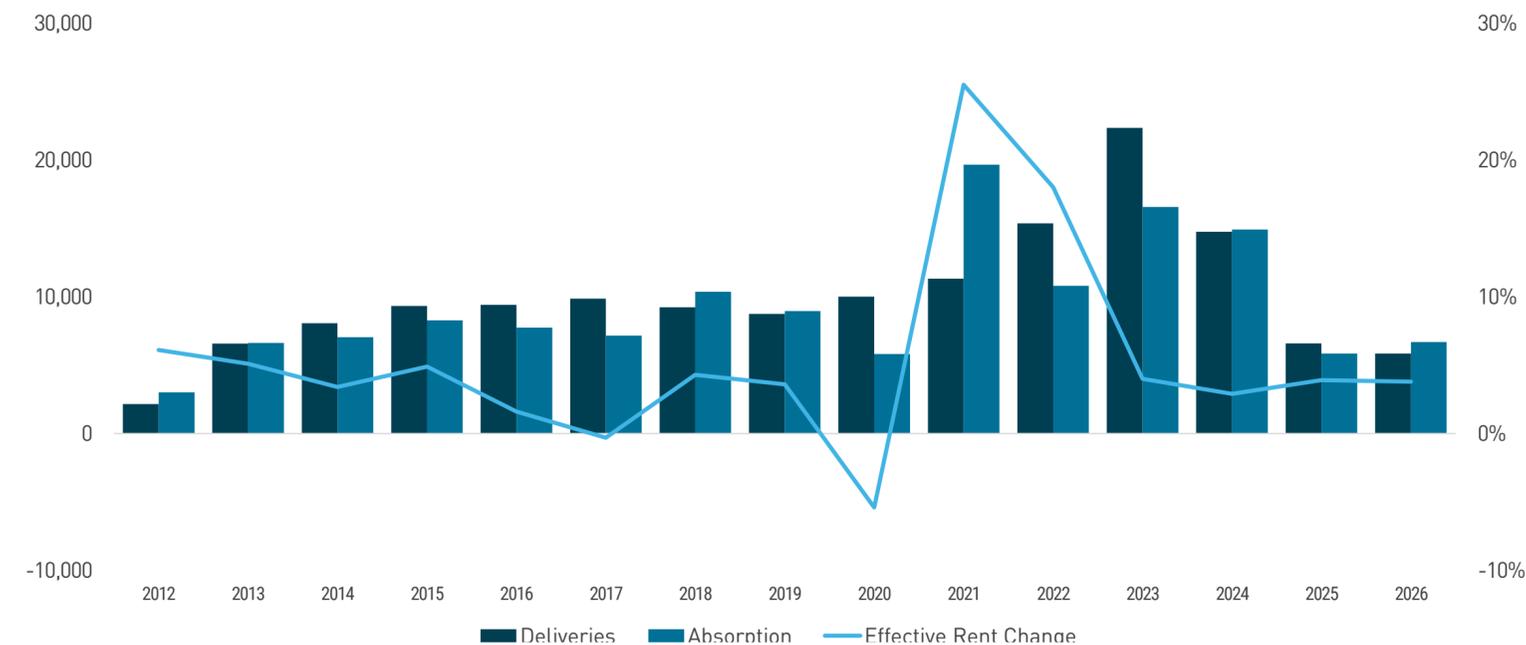
16,568

\*Projected

To keep pace with rapid household formation, multifamily builders expanded Greater Austin's inventory 47.2% with more than 89,000 units over the past 10 years. Robust inventory growth is projected to continue throughout the rest of 2022 and into 2023. Over 15,300 units are predicted to come online by the end of 2022, a 35.8% increase from 2021. Furthermore, Greater Austin could add over 22,300 new units in 2023. The East Austin and Round Rock/Georgetown submarkets account for nearly 38% of the metro's projected deliveries. In early 2022, a \$2 billion, multi-use Pearson Ranch development was proposed near the new Apple campus in Northwest Austin. Once completed, the 156-acre Pearson Ranch will include office space; 200,000 square feet of retail,

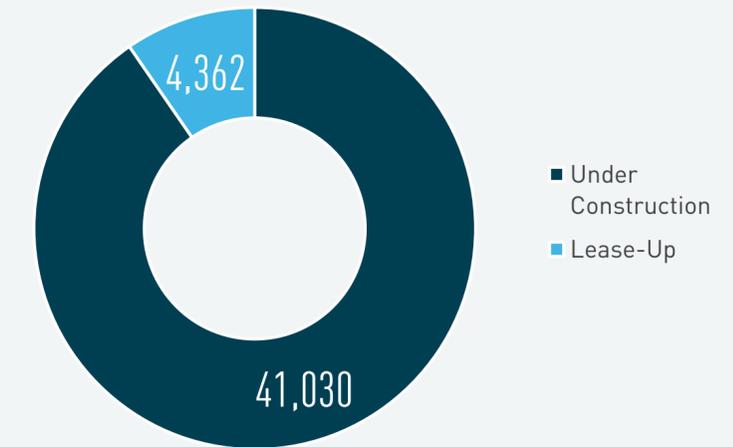
restaurant, community, and cultural space; thousands of high-end residences; and 30 acres of parkland. The flood of development coming into the Greater Austin area is partially owed to increasing demand over the past few years. In 2021, apartment leasing activity reached a record high of nearly 19,700 net units with nearly doubling the metro's previous record absorption. Net absorption has remained high in the Greater Austin area due to the growing economy and the work-life balance that attracts young professionals. During the remainder of 2022, demand is expected to cool down. Even so, annual net absorption is forecast to remain above the Austin's MSA five-year average.

## Deliveries, Absorption, & Effective Rent Change

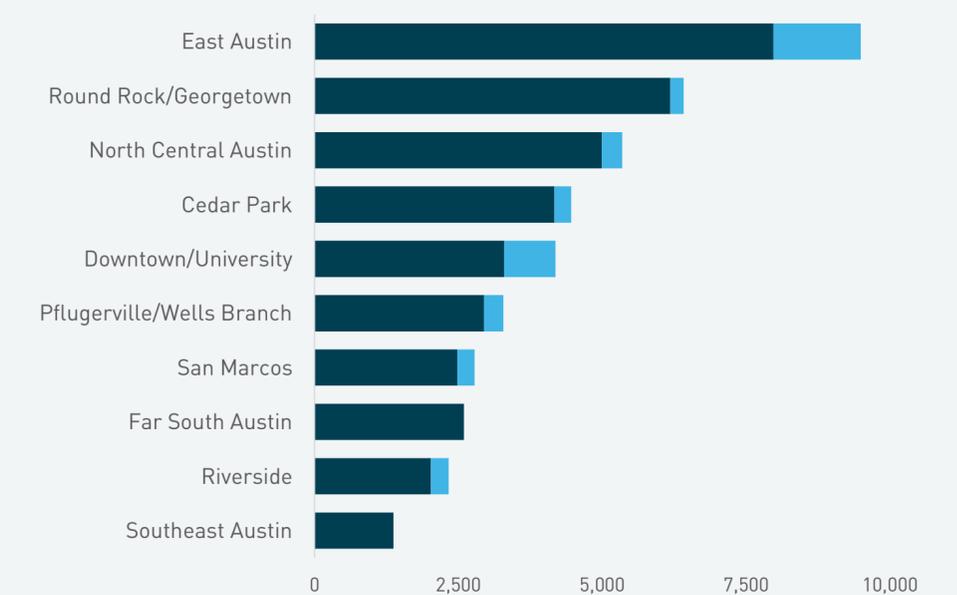


Source: RealPage

## Market Pipeline



## Top 10 Submarket Pipelines

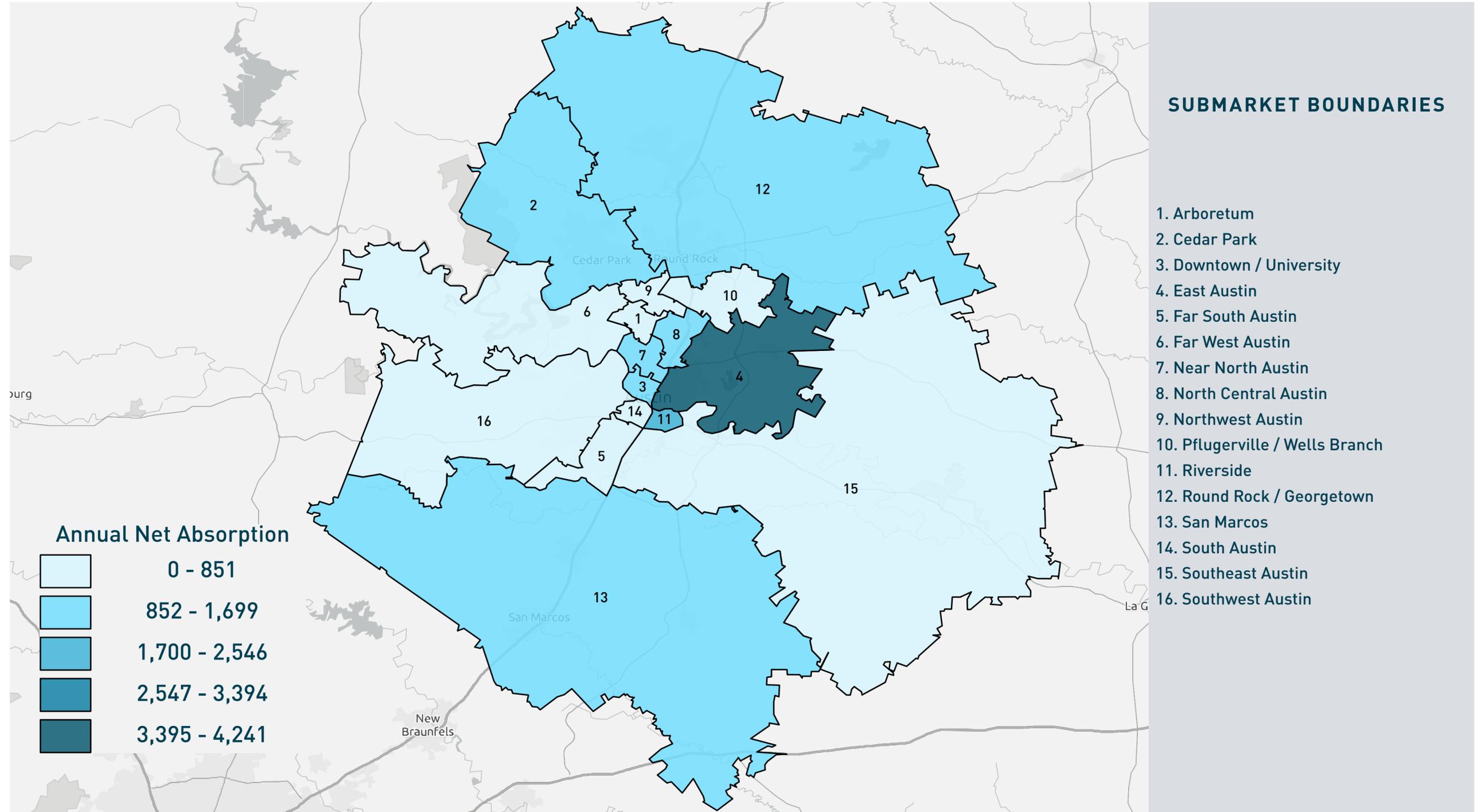




## AUSTIN, TX

# SUBMARKET ANNUAL ABSORPTION

The East Austin submarket has the highest net move-ins out of the 16 submarkets in the Greater Austin area in the first six months of 2022. Nearly 2,200 net units were absorbed. East Austin's proximity to Downtown Austin and the submarket's relative affordability have made East Austin a vibrant, attractive place for young professionals. As a result, East Austin has become the fastest growing region in the metro based off inventory. East Austin's demand in the first half of 2022 is the highest level of absorption in the first six months of any year since 2003 for the submarket. East Austin's average effective rent is approximately \$1,000 less expensive than the Downtown/University submarket and still offers its residents diverse entertainment options from unique cafes and coffee shops to lively bars and music venues.





## AUSTIN, TX

# RENT & OCCUPANCY

### Effective Rent

2Q 2022

\$1,734

↑ 20.5% YOY

### Occupancy

2Q 2022

96.1%

↑ 110 BPS YOY

Effective rent growth skyrocketed in the Greater Austin areaduring the past year with limited single-family housing options, increased job opportunities, and growing population. The metro’s effective rent increased 20.5% annually, higher than the MSA’s 6.7% rent increase during the year prior. Austin landlords raised the monthly effective rent to \$1,734 in the second quarter of 2022.

Greater Austin continued its reign as the most expensive major market to live in Texas, with an average rent 14.8% higher than the Dallas-Fort Worth metro and 26.4% higher than the Houston MSA. Looking forward, Austin’s annual rent growth is projected to remain far above the metro’s norm of 5.3%, increasing 12.2% by June 2023.

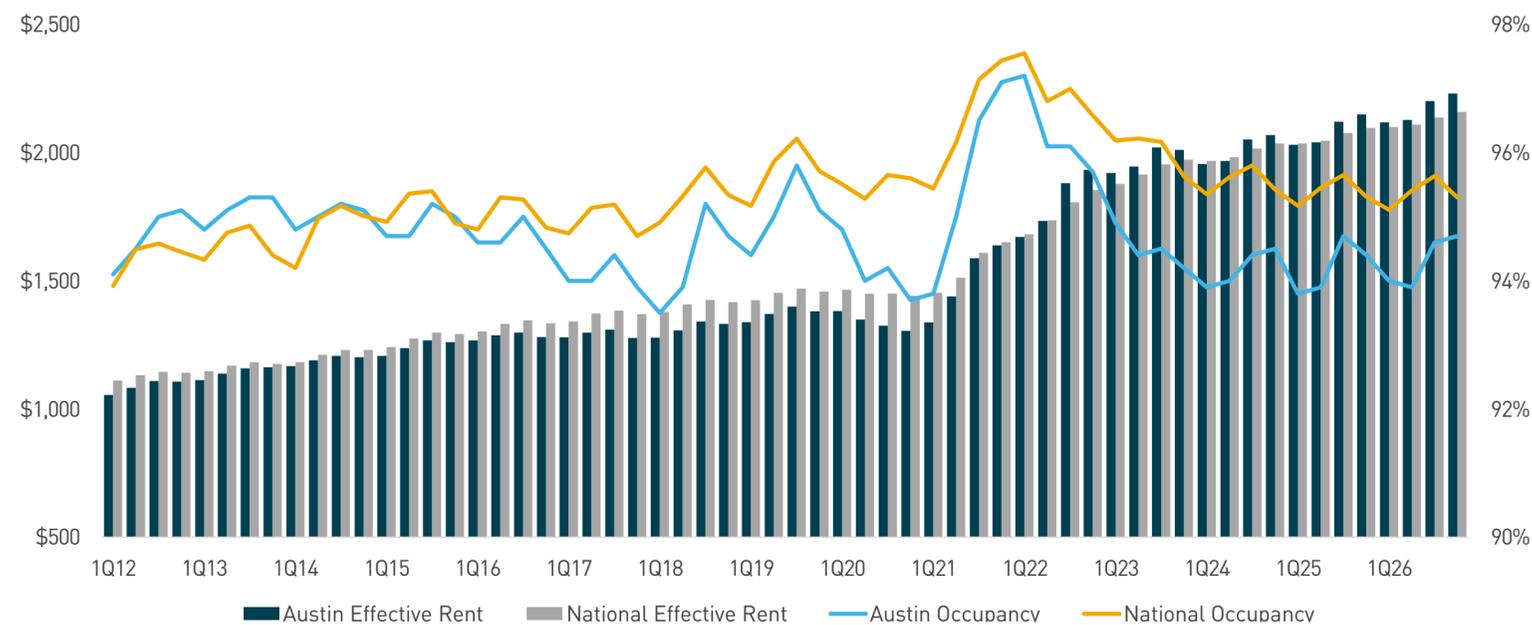
As of the second quarter of 2022, apartment occupancy in the Austin metro was 96.1%, up 110 basis points from last year. Though occupancy rose from 2021 at the market level, it is projected to start shifting closer to the long-term average over the next year.

In part, this is a product of the vast amount of apartment inventory set to hit the market in the next year. Nearly 18,400 units are projected to come online over the upcoming four quarters, a response to the high demand the apartment operators experienced in the past few years.

## Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Arboretum	95.7%	140	\$1,576	26.8%
Cedar Park	96.2%	50	\$1,724	24.4%
Downtown/University	95.9%	-20	\$2,845	12.6%
East Austin	96.1%	230	\$1,765	19.7%
Far South Austin	96.0%	30	\$1,597	22.4%
Far West Austin	95.8%	0	\$1,705	21.8%
Near North Austin	95.7%	160	\$1,664	21.5%
North Central Austin	96.3%	180	\$1,507	22.4%
Northwest Austin	95.7%	50	\$1,660	26.4%
Pflugerville/Wells Branch	96.4%	70	\$1,560	23.9%
Riverside	96.6%	310	\$1,575	21.0%
Round Rock/Georgetown	96.1%	-10	\$1,579	19.9%
San Marcos	96.4%	60	\$1,373	18.7%
South Austin	95.9%	210	\$1,960	18.1%
Southeast Austin	97.3%	260	\$1,534	18.4%
Southwest Austin	96.0%	150	\$1,875	20.7%

## Austin vs. National Effective Rent & Occupancy



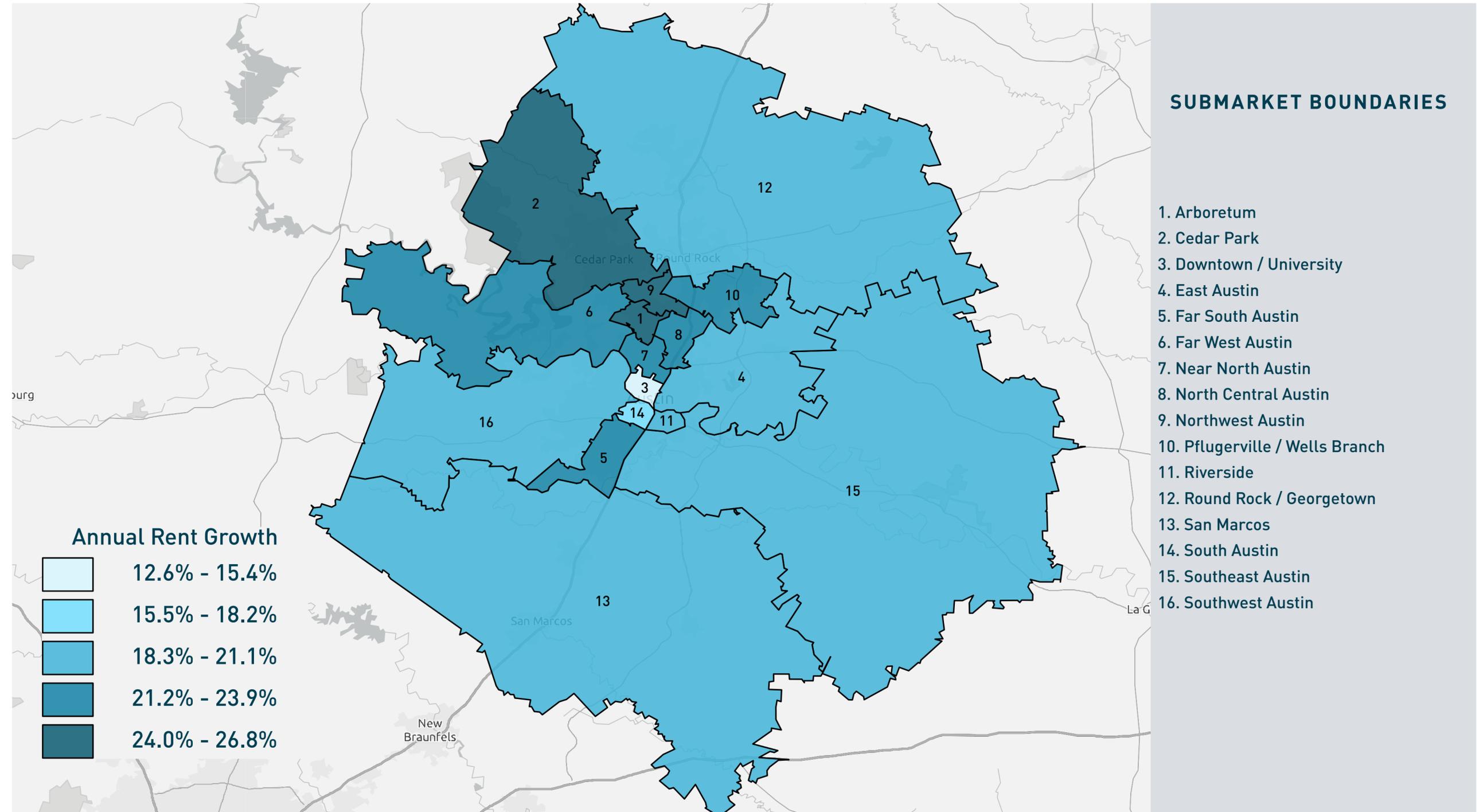
Source: RealPage



## AUSTIN, TX

# SUBMARKET ANNUAL RENT CHANGE

In the Austin metro, all 16 submarkets experienced at least a 12.6% annual rent increase year over year. Meanwhile, 10 out of the 16 submarkets' effective rent rose at least 20% annually. The extreme rent growth across the Austin market stems from increasing demand and expanding economy. The Arboretum and Northwest Austin submarkets had the highest annual rent change, each raising over 26%. In the Arboretum submarket, effective rent rose 26.8% annually, reaching \$1,576; meanwhile, the Northwest Austin submarket was \$1,660 in the second quarter of 2022, increasing 26.4%. The rising rents in these two submarkets resulted from Austin emerging as the "Silicon Hills," as tech companies flock to or grow around this area. Just within these submarkets, Oracle established their new headquarters and Apple broke ground on their new \$1 billion campus.



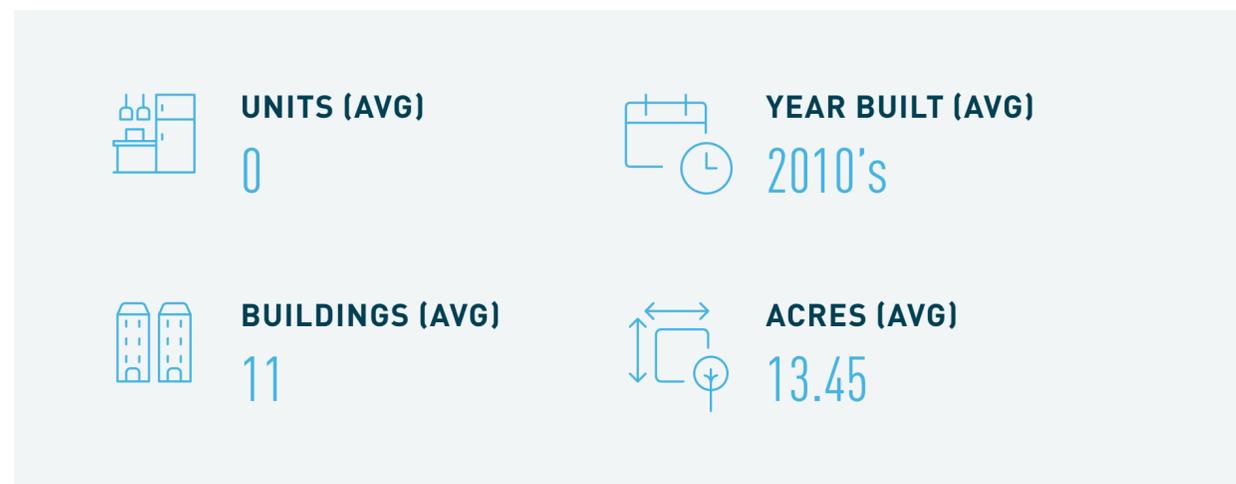


# AUSTIN, TX SALES

2022 Year to Date\*



What's Trading?\*



Source: Real Capital Analytics  
\*\$50m+

Top Buyers\*\*

BUYER	LOCATION
BREIT	New York, NY
KKR	New York, NY
Starwood Capital	Miami Beach, FL
SREIT	Miami Beach, FL
Treeline Partners	Denver, CO

Top Sellers\*\*

SELLER	LOCATION
Bell Partners	Greensboro, NC
Investors Management	Los Angeles, CA
Centennial Holding Co	Atlanta, GA
Trinsic Residential	Dallas, TX
Endeavor RE Group	Austin, TX

\*\*Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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