

2022 MID-YEAR

SAN ANTONIO TX

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

47,300

↑ 4.5%

NEXT 12 MONTHS*

21,700

↑ 2.0%

Unemployment

MID-YEAR 2022

3.6%

↓ 160 BPS YOY

MID-YEAR 2023*

3.3%

↓ 30 BPS YOY

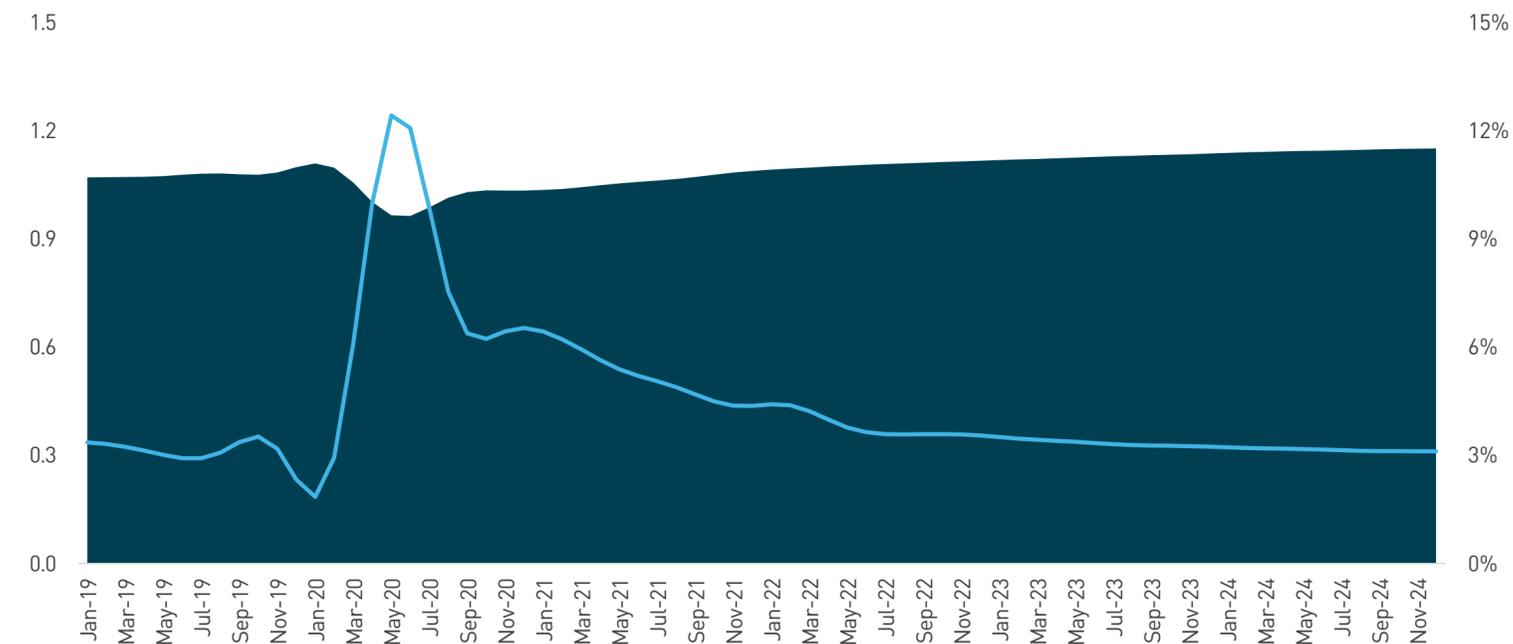
*Projected

SAN ANTONIO, TX EMPLOYMENT

With multiple companies relocating to San Antonio over the past few years, the metro's economy was able to rebound back to pre-pandemic norms earlier in 2022. Companies such as NISSEI, Pabst Brewing Company, and SAUERESSIG Group moved their headquarters to the San Antonio area. Among the list of companies moving to San Antonio, DeLorean Motor Company invested \$18.5 million to revive their San Antonio facility to work on their new electric cars. DeLorean has said that their new headquarters will house 450 new employees. DeLorean has planned to source future employees from local universities, such as Texas State University, Trinity University, University of Texas at San Antonio, and Texas

A&M University-San Antonio. During the last 12 months, local employers have added 47,300 net jobs to payrolls across the San Antonio metro. Employment rose 4.5% year over year, 320 basis points above the metro's five-year growth average. Businesses in the leisure and hospitality sector added the most net jobs – 11,400 – compared to other jobs sectors in the metro. Before the pandemic, approximately 34 million people visited San Antonio each year. Home to the historic Alamo, hospitality contributes about \$14 billion to the local economy. Specifically in 2021, the San Antonio Missions National Historic Parks generated its biggest economic impact in the last nine years, an estimated \$165 million.

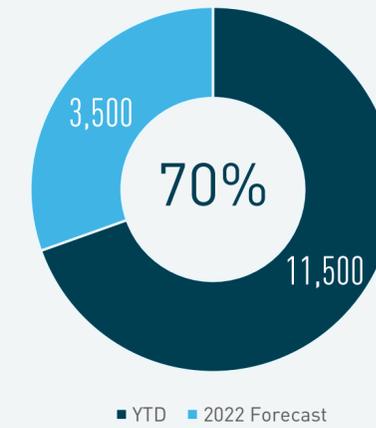
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

EDUCATION & HEALTH SERVICES INDUSTRY



16%
OF ALL JOBS IN THE METRO

\$88,300
AVERAGE ANNUAL SALARY

Top Education & Health Services Employers



13,600 JOBS



12,500 JOBS



8,600 JOBS

In The News

- Major companies that have settled in San Antonio in past 5 years
- DeLorean plans to revive San Antonio headquarters
- Arrive Logistics expansion will create 200 jobs



SAN ANTONIO, TX DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

3,516

ABSORPTION

-263

2023 Units*

DELIVERIES

7,305

ABSORPTION

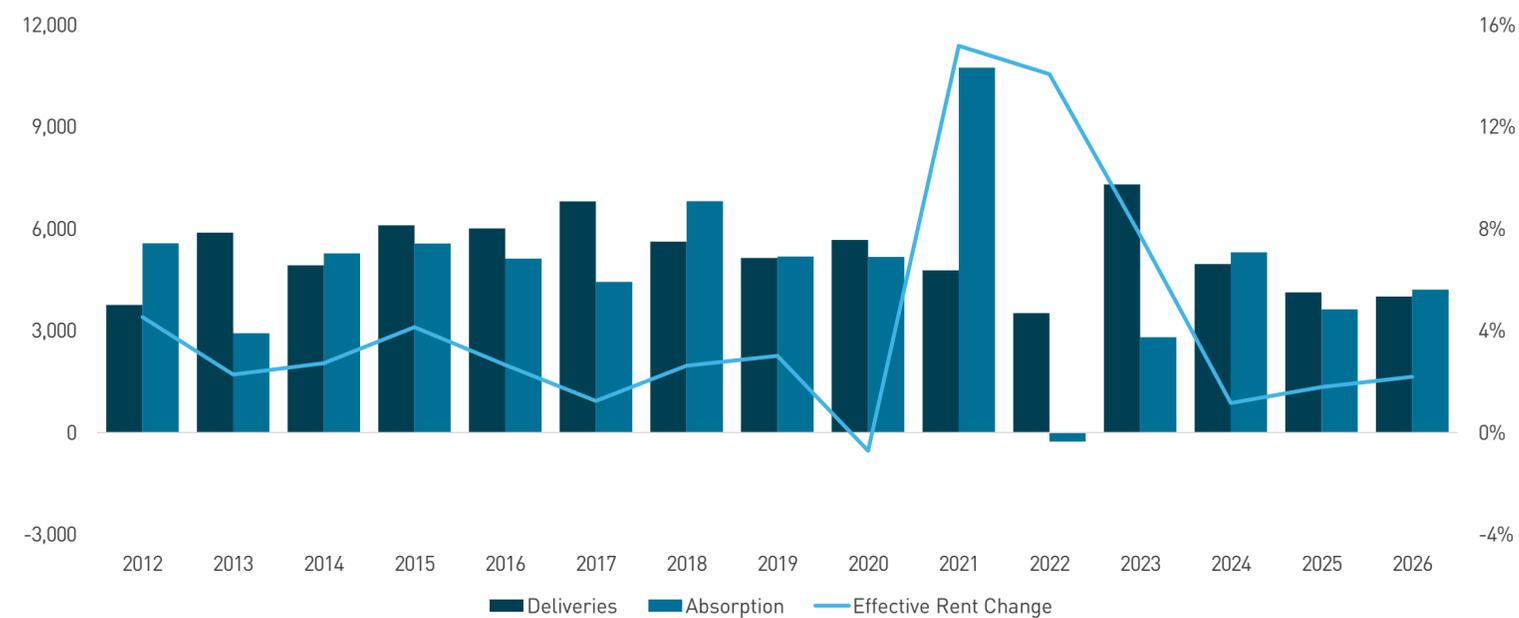
2,805

*Projected

According to a Redfin study, the San Antonio metro was named within the top 10 of U.S. cities that people are moving to, outranking Dallas in the second quarter of 2022. The metro's affordability, paired with its strengthening economy, made Greater San Antonio a popular relocation destination and growing metro. During the past 12 months, 3,463 apartment units were added to the metro's inventory. Though this was a slowdown compared to past years, these units were a part of a 31% increase in inventory over the past decade. The Far Northwest San Antonio and New Braunfels/Schertz/Universal City submarkets accounted for 46.8% of the total units added to the metro with a combined 1,623 units. The New Braunfels/Schertz/Universal City had 895 new

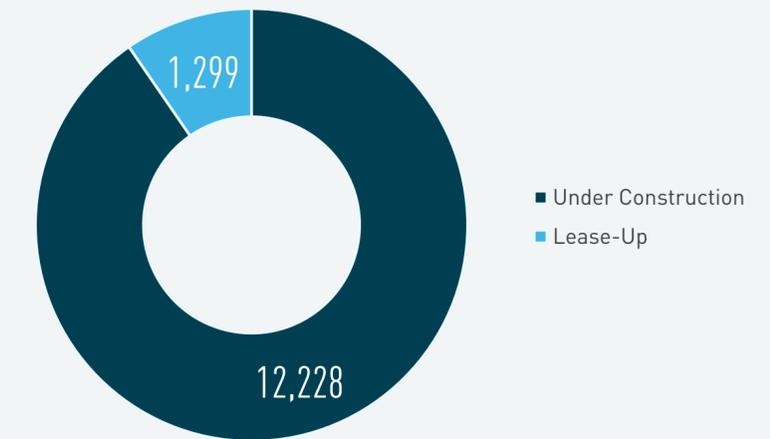
units come online over the past year, while builders in the Far Northwest San Antonio submarket added 728 units. Multifamily builders targeted these suburban submarkets to keep up with elevated demand, which made up over a fourth of the metro's total leasing activity. Since June 2021, 6,402 net units were absorbed in the San Antonio area. The consistent demand throughout the years, even during the pandemic, was supported in part by the area's defense sector. Joint Base San Antonio employs over 74,000 people and is the No. 1 employer in the metro.

Deliveries, Absorption, & Effective Rent Change

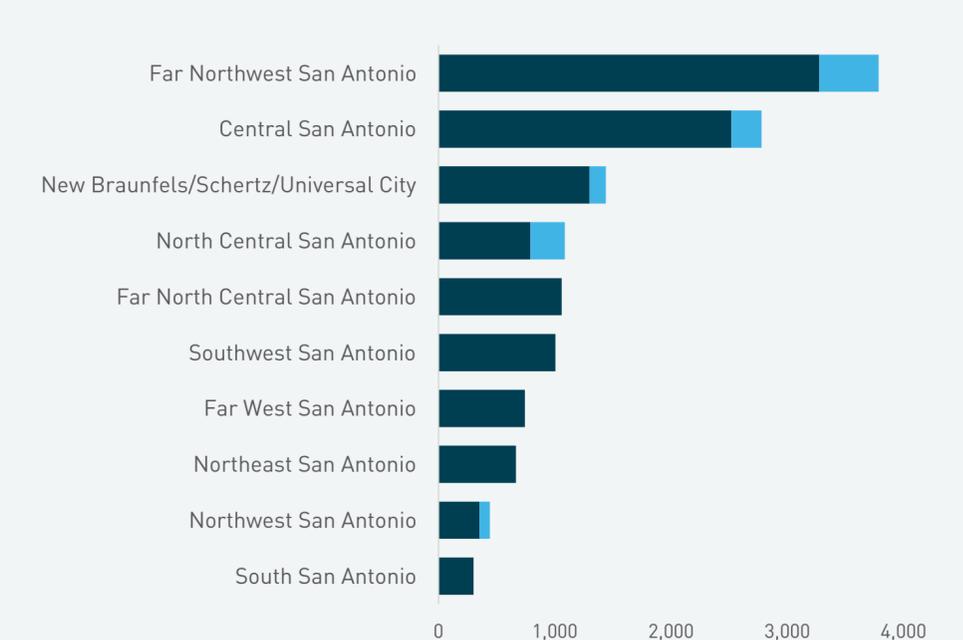


Source: RealPage

Market Pipeline



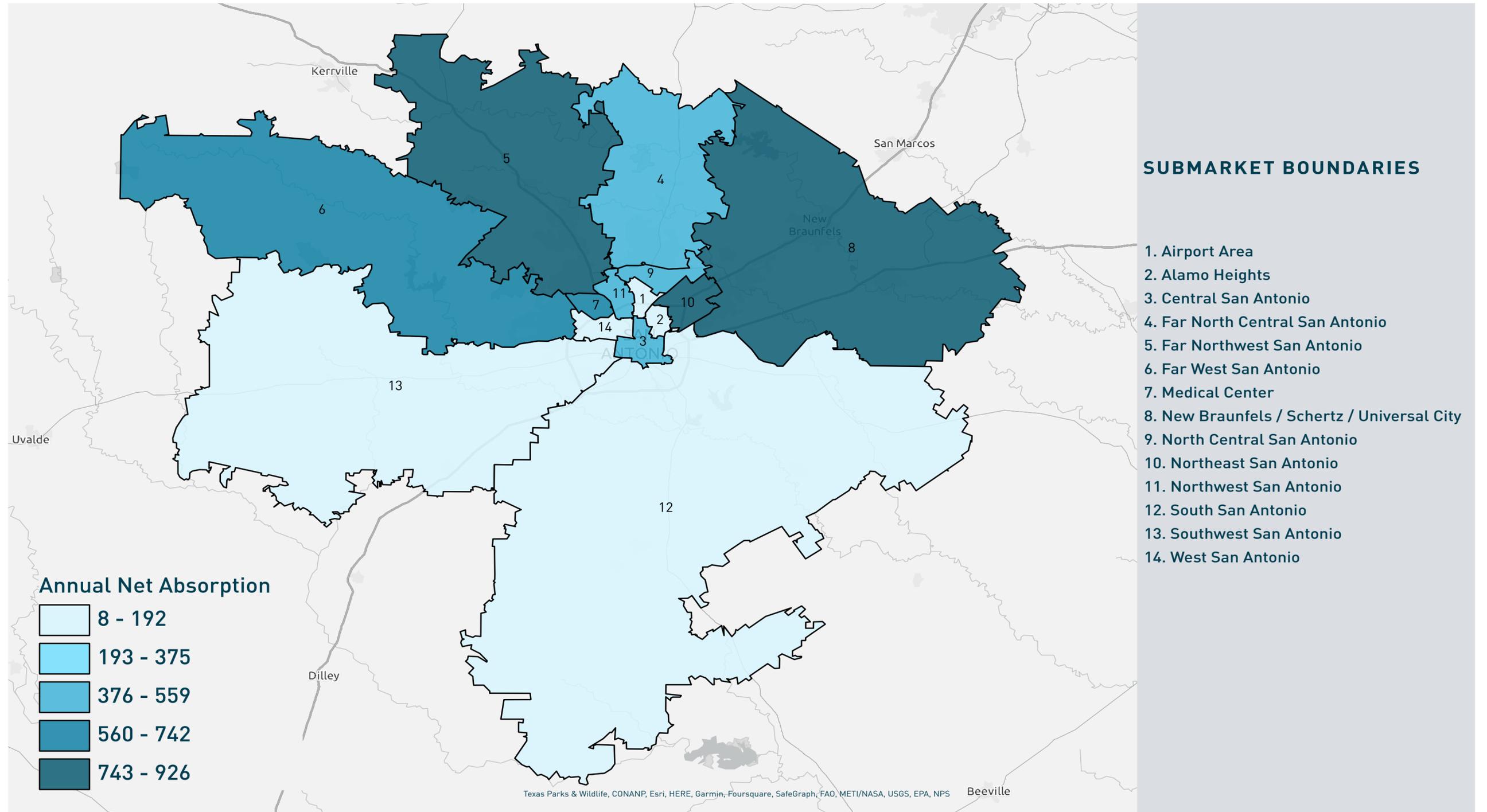
Top 10 Submarket Pipelines





San Antonio's consistent multifamily development and economic growth has fostered healthy leasing activity across the metro. Between Greater San Antonio's 14 submarkets, all had net positive absorption in the past 12 months. With 6,402 net-move ins, 2,555 of them were sourced from three submarkets. The Far Northwest San Antonio added 813 units; meanwhile, 926 units came online in New Braunfels/Schertz/Universal City 926, and 816 units joined the Northeast San Antonio submarket's inventory. With a hot single-family market, many households have been priced out of owning a home and have turned to multifamily rentals in these areas. Specifically, the Northeast San Antonio submarket is a short distance from the Joint Base San Antonio Joint Base and offers lower effective rent compared to the Alamo Heights submarket, which is where the base is located.

SAN ANTONIO, TX SUBMARKET ANNUAL ABSORPTION





SAN ANTONIO, TX RENT & OCCUPANCY

Effective Rent

2Q 2022

\$1,245

↑ 15.3% YOY

Occupancy

2Q 2022

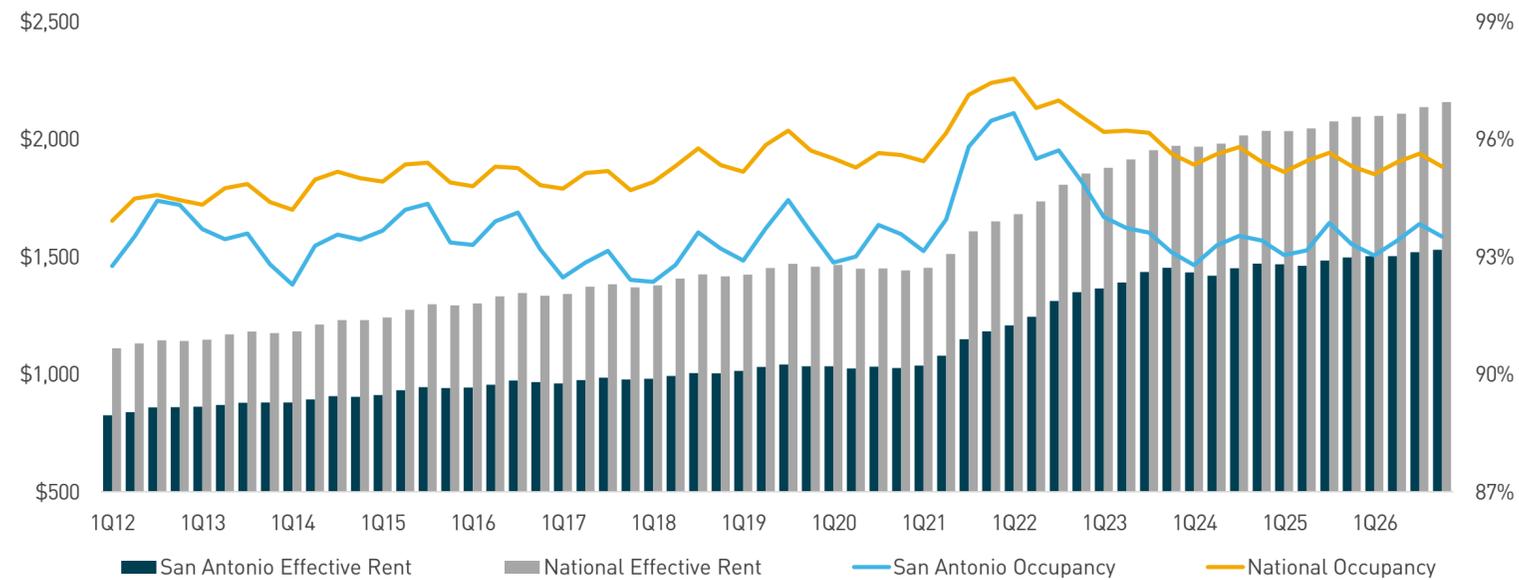
95.5%

↑ 150 BPS YOY

San Antonio's affordability has been attracting new residents for years. With persistent and consistent demand over the past few years, effective rent across the metro increased 15.3% year over year to \$1,245 per month in the second quarter of 2022. The rent surge over the past year was the highest in the past decade. Annual effective rent change at mid-year 2021 was 5.3%, 1,000 basis points down from the past year. As of the second quarter of 2022, the metro's effective rent is below the national average of \$1,736 and the least expensive compared to other large markets in Texas, such as Austin boasting \$1,734 per month, Dallas-Fort Worth offering \$1,478 per month, and Houston sitting at \$1,277 per month. With demand outpacing deliveries across Greater San Antonio

during the past year and new lease trade outs steadily increasing from 12% over the last year to nearly 17% in June 2022, metrowide occupancy rose 150 basis points annually, reaching 95.5% in the second quarter of 2022. Out of Greater San Antonio's 14 submarkets, each one had a positive change in occupancy. The Northeast San Antonio, Northwest San Antonio, and Alamo Heights submarkets had the highest annual growth in occupancy, each growing over 250 basis points. These submarkets are home to some of the most sought-after neighborhoods in the metro. The Terrell Hills neighborhood, located within the Alamo Heights submarket, was rated among the Top 20 Places to Live in Texas by Niche.

San Antonio vs. National Effective Rent & Occupancy



Source: RealPage

Submarket Performance

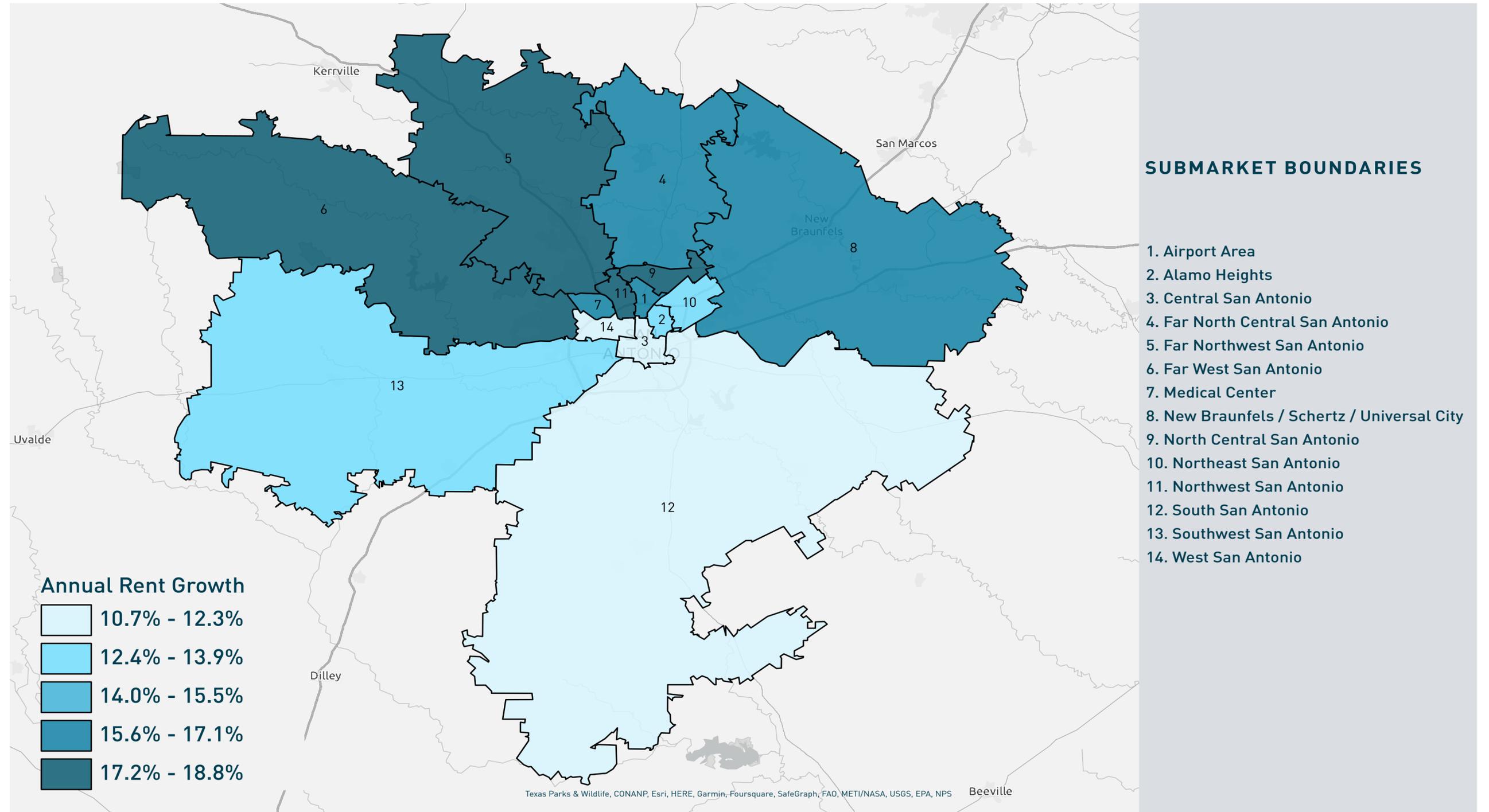
SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Airport Area	95.10%	10	\$1,107	16.50%
Alamo Heights	96.10%	250	\$1,454	13.80%
Central San Antonio	94.80%	110	\$1,484	10.70%
Far North Central San Antonio	96.50%	190	\$1,477	16.20%
Far Northwest San Antonio	95.30%	60	\$1,517	17.80%
Far West San Antonio	95.60%	80	\$1,312	17.30%
Medical Center	95.40%	250	\$1,139	16.50%
New Braunfels/Schertz/Universal City	96.40%	40	\$1,327	15.60%
North Central San Antonio	96.40%	220	\$1,272	18.80%
Northwest San Antonio	95.30%	250	\$1,163	17.30%
South San Antonio	94.50%	110	\$1,051	11.50%
Southwest San Antonio	95.20%	200	\$1,074	12.90%
West San Antonio	95.20%	150	\$976	11.00%



SAN ANTONIO, TX

SUBMARKET ANNUAL RENT CHANGE

Sustained leasing activity has contributed to half of the submarkets' rent increasing over 16.0% during the last year. The Far Northwest San Antonio submarket led the metro as one of the submarkets with the highest demand, inventory growth, and now effective rent change. Effective rent in Far Northwest San Antonio rose 17.8% year over year to \$1,517 per month, the highest rent among the other submarkets. Beyond being supported by elevated demand, the growing rent is supported by the submarket's demographics. The submarket is a hot spot for young professionals with nearly 40% of residents having a bachelor's degree or higher and 36.4% being between the ages of 20 and 34 years old. These young professionals are drawn to the submarket to be close to the University of Texas at San Antonio, which had an enrollment of over 34,000 students for the fall 2021 semester.





SAN ANTONIO, TX SALES

2022 Year to Date*

	VOLUME Nondisclosure		PRICE PER AVERAGE (AVG) Nondisclosure
	TRANSACTIONS 72		CAP RATE (AVG) Nondisclosure

What's Trading?*

	UNITS (AVG) 851		YEAR BUILT (AVG) 1991
	BUILDINGS (AVG) 16		ACRES (AVG) 13.04

Source: Real Capital Analytics
*\$10m+

Top Buyers**

BUYER	LOCATION
American Landmark	Tampa, FL
River Rock Capital	Lawrence, NY
PEM Real Estate Group	Scottsdale, AZ
SPI Advisory	Dallas, TX
Shippy Multifamily Group	Austin, TX

Top Sellers**

SELLER	LOCATION
Kobrinsky Group	Salinas, CA
Benjamin E Sherman & Sons Inc	Deerfield, IL
Alliance Residential	Phoenix, AZ
Fortress	New York, NY
Fulton Prop Group	Alamo Heights, TX

**Past 24 Months

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

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