REGIONAL ANALYSIS

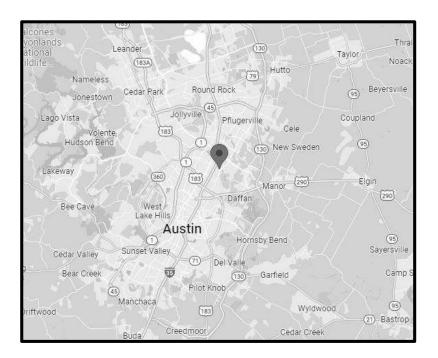
AREA OVERVIEW

The Austin-Round Rock MSA is a metropolitan region of 2.3 million people with a highly-trained workforce, renowned quality of life, moderate cost environment, and vast experience in technology, manufacturing, and research and development. Austin is the State Capital of Texas and the seat of Travis County, and is home to The University of Texas at Austin, one of the largest universities in the nation. The city supports a politically-charged and culturally-rich environment. The region is known for its Hill Country scenery and laid-back lifestyle.

GEOGRAPHIC FORCES

The region is located in the east-central part of Texas and includes Bastrop, Caldwell, Hays, Travis, and Williamson counties. Austin's strategic location provides its residents convenient access to Houston and the Dallas/Fort Worth Metroplex (each within 200 miles of Austin), as well as San Antonio (75 miles southwest). The MSA resides at the eastern edge of the Texas Hill Country which, combined with the Highland Lakes chain, makes for dramatic terrain.

REGIONAL MAP



MOODY'S ECONOMY.COM METRO SUMMARY

The following profile of the Austin-Round Rock MSA was provided by Economy.com, a leading provider of economic, financial, and industry information.

Moody's AUSTIN-ROUND ROCK TX Data Buffet # MSA code: IUSA MAUS **ECONOMIC DRIVERS EMPLOYMENT GROWTH RANK** RELATIVE COSTS VITALITY QUALITY BUSINESS RELATIVE OF LIFE 2022-2024 2022-2027 30 18 1111 116% **BUSINESS CYCLE STATUS** ANALYSIS Recent Performance. Austin-Round Rock 17% of all state jobs in Texas and the industry Mid has decelerated measurably since November. share of total employment is twice the national Late and job growth is now no higher than that of average. However, payrolls have been trending Recovery the nation. The weakness has been concentrated down since before the pandemic and are now at in core professional, construction and financial a 15-year low. One reason is political. In 2015, services, with some offsetting gains in personal Governor Greg Abbott observed that the ratio of services. Additionally, following a sharp drop in state employees to total population was higher mid-2022, state government employment rein Texas than in Ohio or California; he resolved to STRENGTHS & WEAKNESSES mains subdued. The unemployment rate has address this issue by cutting back. More recently, STRENGTHS been stable at 3% over the past year, essentially another driver is that private sector wage rates » Strong population growth supports full employment. During that time, the labor have risen much faster than those in the public demographically driven consumer demand. force has grown at twice the national average. sector, causing many government workers to » Well-educated labor force attracts high-value-The housing market has contracted more than leave for better opportunities. added tech businesses. elsewhere in the country. Residential construction. Homebuilding will IT. The turbulence in high tech will continue WEAKNESSES be weak over the coming year but should begin » High tech adds to cyclical volatility of economy. for the rest of the year, but a deep decline is unto recover. New permits for single-family homes » Cost of living and housing affordability are likely. For example, locally based job search firm have fallen by nearly 60% since the beginning relatively high for Texas. Indeed recently announced layoffs of 15% of its of 2022, much more than the 33% recorded global workforce. Large AUS employer Dell annationally. Rising mortgage rates in 2022 folnounced job cuts of 5%, citing plunging PC sales. lowing extremely fast house price increases in In general, many of the largest national employ-2021 caused affordability in AUS to fall by nearly FORECAST RISKS ers, including Google, Amazon, Meta (formerly 45%, comparable to the national decline. As Facebook), Microsoft, and Twitter made similar a result, house prices have already dropped by SHORTTERM LONG TERM announcements-and all have a significant AUS 10% compared with 3% nationally. Longer term, RISK EXPOSURE 2023-2028 presence. However, conditions have not eroded prospects will improve again, driven by solid de-1st quintile further. At the national level, March data from mographics. Population growth averages more the lob Openings and Labor Turnover Survey than 2% per year compared with the less than UPSIDE show that layoffs in the information industry de-0.5% nationally as young professionals relocate » Past population growth boosts personal services clined in March and openings rose. The bottom to AUS to take high-skilled jobs. more than expected. The Austin-Round Rock economy will adline is that employees with IT skills are still in de-» Growth of auto and semiconductor mand across a variety of industries. After the curvance faster than the nation in 2023, once manufacturing is greater than expected. the IT industry stabilizes. Growth in state rent period of weakness ends, the prospects for DOWNSIDE job growth in AUS remain positive because the government employment will decline. Lon-» Mortgage rates rise more than expected, ger term, the especially well-educated labor cost of doing business is somewhat lower than deepening decline in housing. in places such as Silicon Valley and San Jose. That force, the high concentration of technology » Downturn in tech slows in-migration and job said, the proliferation of remote working has businesses, the relatively low costs of dogrowth more than expected. ing business compared with other high-tech caused some potential IT employees to consider doing their job in even lower-cost locations. centers, and fast population growth will yield above-average performance. State government. The metro area's sta-MOODY'S RATING 1-866-275-3266 tus as the capital of Texas will continue to be Edward Friedman COUNTY an impediment to job gains. AUS accounts for May 2023 helpeconomy@moodys.com Aaa AS OF FEB 09, 2023 2017 2019 2020 2021 2022 INDICATORS 2023 2024 2025 2026 2027 2028 123.9 132.6 137.6 140 3 158 3 173.0 Gross metro product (C12\$ bil) 1822 187.9 196.0 205.2 214 3 223.4 1.9 9.3 4.1 7.0 3.8 12.9 % change 5.3 3.1 4.3 4.7 4.5 4.3 1.037.0 1.077.8 1120.2 1.091.0 1171.6 1.273.8 Total employment (ths) 1.312.2 1.331.2 1.352.0 1.370.3 1.388.1 1,407.3 3.4 3.9 3.9 -2.6 7.4 8.7 3.0 1.4 1.6 1.4 1.3 1.4 % change 32 3.0 2.7 6.3 4.1 29 Unemployment rate (%) 3.1 3.1 3.2 3.2 32 3.2 9.8 8.7 7.7 54 12.5 8.7 Personal income growth (%) 8.2 6.1 5.8 5.8 55 5.4 73.9 772 80.8 83.9 86.5 886 Median household income (\$ ths) 91.8 947 98.0 101.3 104.6 1079 Population (ths) 2.128.8 2184.6 2.246.2 2.300.3 2.354.9 2.420.4 2.479.0 2.529.1 2.577.0 2.625.3 2.674.8 2.725.5 2.7 2.6 2.8 2.4 2.4 2.8 % change 2.4 2.0 1.9 1.9 41.0 403 472 420 45 2 53.3 Net migration (ths) 44 5 356 33.4 33.9 352 364

Single-family permits (#)

Multifamily permits (#)

FHFA house price (1995Q1=100)

13.310

15.108

512.6

14:225

12 5 43

4729

15.288

12 015

456.3

340.0 MOODY'S ANALYTICS / Précis® U.S. Metro / May 2023

18.426

13 611

23.134

19.705

363.4

25.174

26 505

455.4

21.479

23 776

553 5



14.510

10 665

4817

15.609

11 645

468.8

16.119

10.581

301.9

17.030

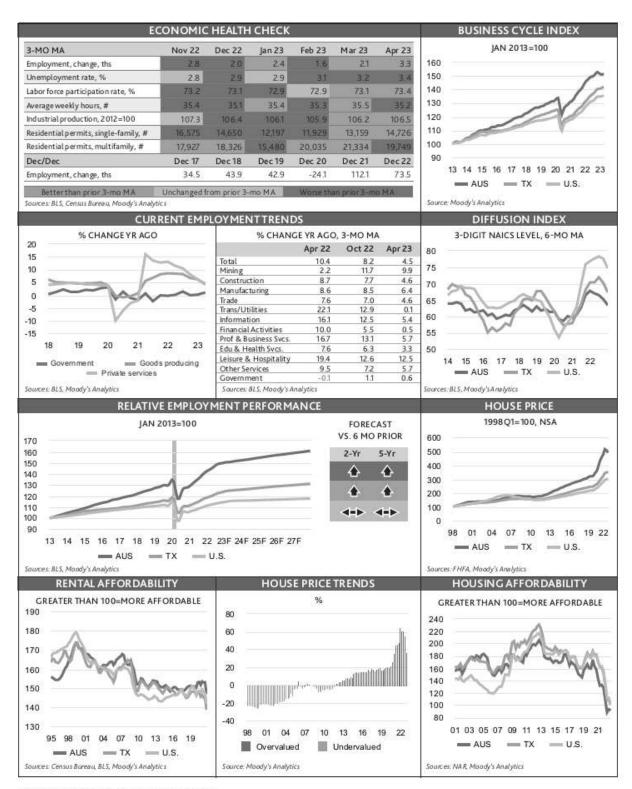
13.005

319.3

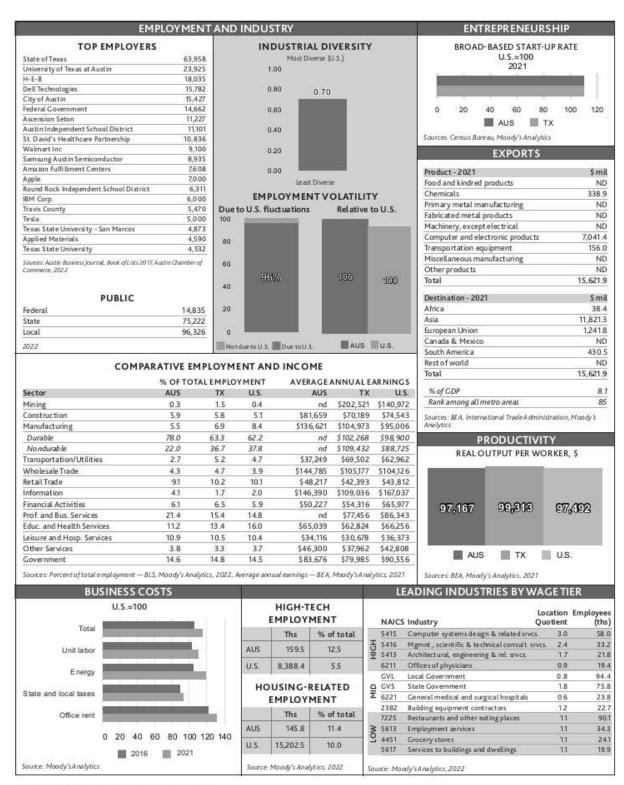
15.990

12 051

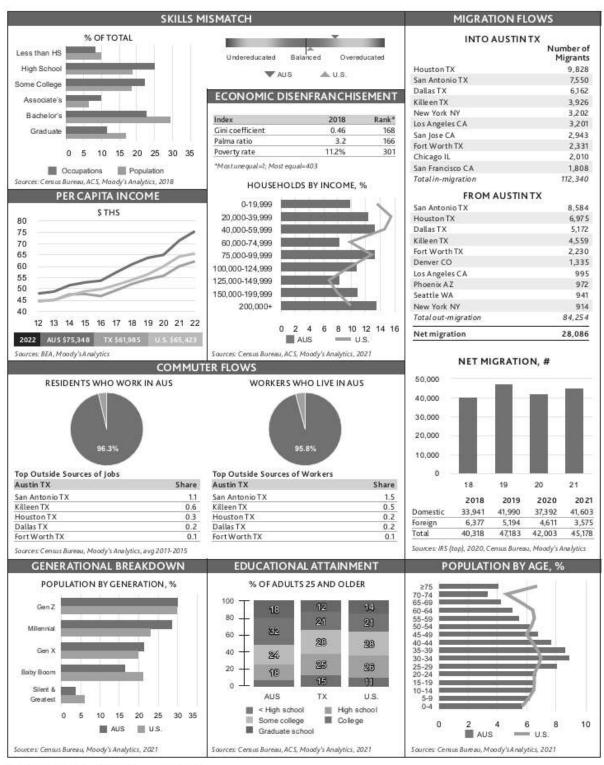
459.2



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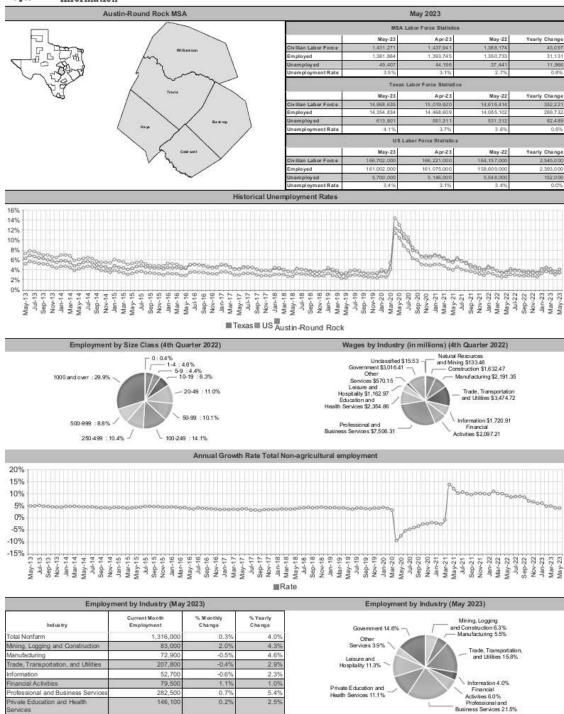
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LABOR FORCE

The following tables show a recent snapshot of labor statistics for the Austin-Round Rock MSA.







191.50

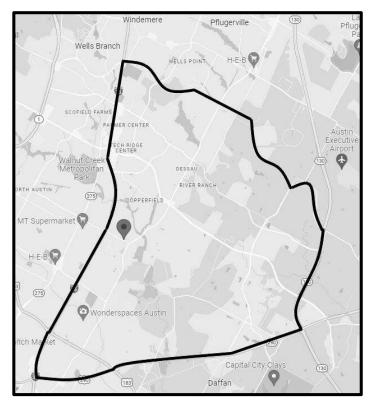
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MARKET AREA OVERVIEW

INTRODUCTION

The purpose of a market analysis is to provide a bridge between the study of general influences on all property values and the analysis of a particular subject. Market boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental, and environmental) operate in the same way they affect the subject property.

The subject's market area is defined as the area bounded by Wells Branch Parkway on the north; SH 130 on the east; US 290 on the south; IH 35 on the west. The subject is located in the western portion of the defined area. Retail and employers are drawn to the area due to Austin's explosive growth, which makes it well-positioned to capture growth and investment from the greater Austin area, as well as proximity to the Austin CBD to the south and the major tech employers along Parmer Lane in north and northwest Austin.



Market Area Map (Subject denoted with arrow)

Access

Access to and from the market area is considered good as IH 35 is the main north/south route through Austin. IH 35 runs north through Austin, the D/FW area, through Oklahoma to the Wichita, Kansas area and south to the US/Mexico border. SH 130 serves as the market area's eastern boundary and is a limited access tollway that provides an alternate route to the areas north of Austin, while also providing southern access to IH 10 east of San Antonio. US 183 provides additional access to the southern and northwestern portions of Austin, along with the Austin-Bergstrom International Airport. US 290 provides access to towns east of Austin and into Houston. The market area's



GENERAL SITE DESCRIPTION OVERVIEW

Location North side of E Braker Ln, between Walnut Ridge Dr and January Dr.

Parcel Number 500994

Legal Description BRAKER WOODS SUBD BLK A LOT 1

Site Area

Primary Site 83,267 square feet (1.912 acres)

Configuration Generally Rectangular

Topography Sloping

Drainage Drainage of the site appears adequate and is facilitated by the natural topography.

Utilities/Municipal Services The site is provided electricity by Austin Energy and public water/sewer service by the City of Austin.

Floodplain Zone Map Date

Zone X (Unshaded) 48453C0460K January 6, 2016

Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.

Census Tract No. 0415.00

Latitude Longitude 30.374148, -97.668227

Soil/Subsoil Conditions We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity

is sufficient to support structure(s). We did not observe any evidence to the contrary during

inspection of the property.

Environmental Concerns No unusual conditions observed. No studies were provided. Site is assumed to be free of any

environmental concerns.

GENERAL SITE DESCRIPTION OVERVIEW CONT.

Easements, Encroachments and Deed Based on visual observations made during the site visit and review of the survey, primarily typical

Restrictions

easements encumber the site; that is, we are unaware of any easements, encroachments and/or

restrictions that would impact marketability of the property, or its value.

Hazards Nuisances None known, and the site is assumed free from any such conditions.

Frontage E Braker Lane
Access E Braker Lane
Visibility Average

Surrounding Land Uses North: Multifamily

East: Single Family West: Single Family

South: E Braker Lane, followed by Graham Elementary School

Opportunity Zone Yes
Enterprise Zone No

Transportation Facilities Private vehicular transportation is most common in the immediate area. Cap Metro bus service runs

along E Braker Lane.

Comments The owner provided a preliminary site feasibility plan that indicates 22 units in 11 buildings, totaling

49,500 SF GBA and 41,580 SF NRA.

