



Citizens
National Bank

Quarterly Report

12.31.23



Economy

The Fed – Beige Book – January 17, 2024 Federal Reserve Bank of Dallas

Summary of Economic Activity

The Eleventh District economy expanded at a modest pace over the reporting period, with most sectors holding steady or experiencing slight growth. Job growth picked up in the service sector. Wage growth moderated but high labor costs remained a key concern for many businesses. Overall input cost and selling price growth held slightly above average. Demand for nonprofit services remained elevated, and housing affordability and daycare access continued as key issues. Business outlooks were neutral to pessimistic, with contacts citing weakening demand as the primary concern going forward. Heading into an election year, U.S. political uncertainty was also noted by many firms.

Labor Markets

Employment expanded modestly over the past six weeks, with services job growth picking up while manufacturing job growth abated. In a Dallas Fed survey of 365 business executives, around half reported still being understaffed. While labor availability has improved, many firms noted a mismatch between the skills and experience they desire and those of the job candidates. Some firms noted they were overstaffed, particularly in financial services and manufacturing, though very few were laying off workers. One contact said he considered layoffs but held off because he expects a rebound in business, and rehiring is difficult.

Wage growth was moderate across most sectors but remained slightly elevated in energy. Higher labor costs remained a top outlook concern for many businesses, particularly in education and health services and the leisure and hospitality industry. An urgent care center said wages and salaries were at a dangerously elevated level that is not sustainable in the long term. A December Dallas Fed survey showed that Texas businesses expect wage growth in 2024 to be 4.3 percent, on average, down from 5.6 percent in 2023.

Prices

Input cost growth remained slightly elevated overall, though energy firms continued to note strong rises in exploration and production costs while manufacturing raw materials price growth remained subdued. Selling price growth picked up a bit in the service sector but prices remained fairly flat for manufactured goods. District firms reported declining margins on net, with a manufacturer noting that maintaining a reasonable profit margin was elusive in 2023, with costs rising faster than they were able to raise prices. This sentiment was echoed by retail and services firms as well. Overall, contacts said they raised prices by 3.9 percent last year, on average, and expect to push through price increases this year on the order of 3.5 percent amid increased consumer price sensitivity.

Manufacturing

Texas manufacturing activity was flat in December after contracting in November. Year-end weakness came largely from durables, particularly metals manufacturing. Manufacturers generally reported continued declines in demand, though chemical producers noted a stabilization as the unprecedented year-long global destocking cycle may have finally run its course. New orders for oil and gas machinery and equipment continued at a modest pace. Overall, manufacturing outlooks worsened slightly. More than a third of contacts cited uncertainty heading into an election year as a primary outlook concern, second only to weakening demand.

Retail Sales

Retail sales largely stabilized in December after a few months of declines. Auto dealers noted stronger sales and increased inventories, though they expressed concern over high interest rates. High interest rates also remained a top concern for wholesalers and construction-related retailers. Retail outlooks worsened overall, and uncertainty increased notably.



Nonfinancial Services

Service sector activity increased modestly in December after contracting slightly in November. Year-end strength was led by revenue growth in health care and leisure and hospitality. Professional and business services exhibited weakness, with some contacts saying new business is down and backlogs have shrunk. Revenue declines continued in transportation services, and contacts said air cargo volumes over the reporting period fell short of expectations. Passenger air travel was a bright spot, however, with record traffic and revenues over the Thanksgiving holiday and expectations for a strong finish to the fourth quarter. Overall, outlooks in the service sector were stable heading into 2024. Weakening demand remained the top concern, followed by higher labor costs and elevated inflation. Numerous contacts also cited U.S. political uncertainty, with one saying it "weighs heavily on business leaders' minds right now."

Construction and Real Estate

Housing demand improved slightly, as the recent decline in mortgage rates buoyed home sales. Buyer incentives remained prevalent, however, and outlooks stayed cautious with contacts citing economic uncertainty, diminished affordability, and tighter credit standards for construction and development loans as headwinds. Activity in commercial real estate was little changed. Apartment leasing picked up slightly though rents remained flat. Office leasing remained weak; vacancy rates were elevated, and concessions remained widespread. Industrial vacancy rates rose as new supply continued to outpace demand. Macroeconomic uncertainty, high capital costs, and reduced appetite to lend continued to deter investment sales and construction starts across property types.

Financial Services

Loan volumes stabilized over the past six weeks after declines, and the pace of credit tightening decelerated. Loan demand continued to decline, though at the slowest pace since the end of 2022. Loan nonperformance rose again, still largely driven by consumer loans. Loan pricing continued to increase but at a slower rate. Bankers reported that core deposit volumes increased over the reporting period, following several months of decreases. Although bankers remain pessimistic and expect future business activity and loan demand to decline, the slowdown is anticipated to be milder than prior expectations.

Energy

Oil and gas activity was essentially flat over the past six weeks. Exploration and production firms continued to report increases in oil and natural gas production, while support services firms continued to report declines in business activity and equipment utilization. The increase in mergers and acquisitions seen in 2023 continued put a lid on growth in oilfield activity and is expected to extend into 2024. Production growth this year is expected to be driven by higher productivity more so than from drilling more wells. Several firms noted elevated uncertainty, citing mounting downside risks to the global demand outlook.

Agriculture

Drought conditions continued to recede, and contacts noted generally good soil moisture and an expectation for better crop production prospects this year with El Niño conditions forecasted through the spring. Agricultural prices were down across the board over the past six weeks. While cattle prices remained higher than a year ago, some grain prices have pulled back to two or three-year lows. Contacts noted that farmers will need strong crop yields this year to make the budget work with high production costs and relatively low grain and cotton prices.

Community Perspectives

Demand for nonprofit services remained elevated. Housing affordability continued to be a top concern, with higher rent outpacing income among many renters, and higher mortgage rates making home ownership less attainable. Nonprofits noted that families are also struggling with the costs of healthcare, food, utilities, and transportation. Access to affordable childcare remained a key barrier to parents' participation in education and the workforce although some contacts noted that more work schedule flexibility has been helpful. Contacts said that childcare subsidies, while helpful, are not immediately available and come with limitations. An executive at a workforce development board said she has never seen so much interest in solving childcare issues, particularly among employers.





Austin Market

While 2023 started out with recession predictions, a series of high-profile layoffs and significant economic uncertainty, new data shows job growth still outpaced job cuts in Texas in the first quarter.

That's according to new data from the Bureau of Labor Statistics, which found gross job gains from opening and expanding private-sector businesses totaled 8 million in the first quarter. That eclipsed the 7.1 million in gross job losses from business closures and contractions. The net gain nationally was 976,000.

The dynamic is one of the factors keeping the hiring market tight and giving employees more leverage than they had before the pandemic — although the pendulum has shifted back toward employers compared to 2021 and 2022. Texas posted job gains of 693,258 in the first quarter, compared to losses of 583,324 for a net gain of 109,934.

Job gains in Texas were down 2% in the first quarter of 2023 compared to a year ago. Job losses were also down 0.80%. Despite the positive growth of jobs across the state, there has been a number of layoffs in Austin this year, particularly in the tech sector.

Earlier this month, trucking technology company Hyliion Holdings Corp. said it would eliminate 175 employees – or approximately 67% of its staff– as it winds down its powertrain business. Austin-based Sana Benefits Inc., which provides small group health insurance, announced Nov. 1 it laid off 73 employees, or about half its team, as venture funding declines.

LegalZoom.com Inc. is cutting more than 100 positions, and Accenture LLP is laying off 351 employees in another round of workforce reductions for the year. Freedom Solar also cut about 9% of its national workforce, and legal-tech company CS Disco Inc. has announced layoffs of more than 100 workers throughout the year.



On the other hand, employers like Tesla Inc. have ramped up hiring efforts and have more planned as the Elon Musk-led company strives to employ 60,000 workers in the coming years. The Austin-based electric car maker currently has more than 20,000 people working daily from its factory in eastern Travis County, making it one of the region's largest employers in almost no time. H-E-B LP holds the top spot with 22,955 people employed in the metro, according to ABJ list research.

The Austin-Round Rock metro's unemployment rate was 3.3% in October, according to data released by the Texas Workforce Commission on Nov. 17. That compares with the state unemployment rate of 3.8% for the month.

Source: Austin Business Journal "Why the hiring market is still tight in Texas". Written by Joanne Drilling. Published on 11/23/23.

Austin Employment By Industry

INDUSTRY (NON FARM)	SEP 2023	SEP 2022	% GROWTH
Mining, Logging & Construction	85,700	80,400	6.6%
Manufacturing	73,300	70,800	3.5%
Trade, Transportation & Utilities	208,500	206,700	0.9%
Information	52,800	53,500	-1.3%
Financial Services	79,500	79,100	0.5%
Professional & Business Services	290,800	281,000	3.5%
Education & Health Services	150,200	145,100	3.5%
Leisure & Hospitality	149,700	139,900	7.0%
Other Services	51,900	49,100	5.7%
Government	190,200	184,800	2.9%
TOTAL	1,332,600	1,290,400	3.3%

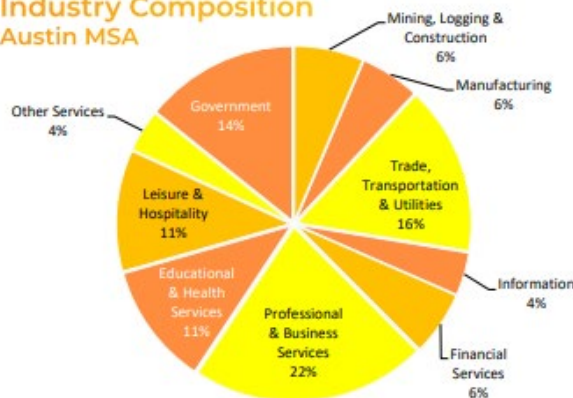
SOURCE: Texas Workforce Commission

Unemployment Rate

	AUSTIN MSA	TEXAS	U.S.
Year-End 2016	3.2%	4.6%	4.5%
Year-End 2017	2.7%	3.7%	3.9%
Year-End 2018	2.7%	3.6%	3.7%
Year-End 2019	2.4%	3.3%	3.4%
Year-End 2020	5.1%	7.1%	6.5%
Year-End 2021	2.9%	4.3%	3.7%
Year-End 2022	2.7%	3.6%	3.3%
September 2023	3.6%	4.1%	3.6%

SOURCE: Texas Workforce Commission

Industry Composition Austin MSA



Population

YEAR-END	AUSTIN MSA	TEXAS	U.S.
2016	2,062,808	27,914,064	323,071,755
2017	2,115,999	28,291,024	325,122,128
2018	2,166,805	28,624,564	326,838,191
2019	2,228,106	28,986,794	328,329,953
2020	2,295,303	29,360,759	329,484,123
2021	2,363,245	29,527,541	331,449,281
2022	2,495,674	31,172,832	334,233,854

SOURCE: US Census Bureau

Average Home Prices :: September 2023

	AUSTIN MSA	TEXAS	U.S.
Average Price	\$582,407	\$418,009	\$487,300
Median Price	\$452,080	\$339,900	\$412,081
Mo. of Inventory	4.0	3.7	2.5

SOURCE: MLS Austin

Sales taxes, the barometer of local economies statewide, are listed below, according to the State Comptroller's Office for the most recent quarter available.

County	Sales Subject to Tax (000's)	% Change from year on year
Bell	1,132,287	7.7%
Williamson	3,019,954	3.5%
Milam	38,893	-19.1%
Lee	62,196	-50.9%
Travis	9,072,924	11.1%



Projects

BASTROP (*Austin Business Journal*) – The city council has approved more than \$1 million in incentives for Acutronic USA Inc.'s planned jet engine manufacturing facility, which would be Texas' first. The plant will be on about ten acres in the Bastrop Business and Industrial Park, east of the small city's downtown area and south of SH 71. The company's aerospace components division is already in Austin, building things like flight hardware, small jet engines, actuators, and power systems. Three Acutronic companies work under that umbrella with about 60 employees. The Bastrop location will continue to serve the aerospace components division. The city will sell the land to Acutronic for \$1.1 million. In return, the company has agreed to build at least 20,000 sf of production and manufacturing space, invest at least \$4 million, and hire at least 50 full-time employees within five years. Average employee compensation must be at least \$56,240, with at least 75 percent of employees residing in Bastrop County. The company also must start construction 120 days after the city delivers a shovel-ready site and must move into the building within 32 months of starting construction. The city has also committed to spending an estimated \$1 million in infrastructure improvements at the site.

GEORGETOWN (*Community Impact Newspaper*) – A 100-acre, 255-home "boutique" community called The Retreat at San Gabriel is moving toward the finish line. The community is being built out by Tri Pointe Homes, KB Home, and Brightland Homes. There will be 40 floor plans, with the smallest being 1,271 sf. Prices will start at \$340,995. The neighborhood will not have some standard amenities, such as a pool or a park. "It has more of what we like to call 'natural amenities,'" Tri Pointe Homes' vice president of community experience said. "The community has a trail system that connects down to the San Gabriel River that has a beautiful tree-lined walking path." The community's location between Ronald Reagan Blvd. and I-35 is being marketed as one of its major selling points. The first homes are expected to be ready by 2025.

HUTTO (*Community Impact Newspaper*) – Fidelis is planning Huggins Crossing, a mixed-use development on 113 acres between SH 130 and Chris Kelly Blvd. Plans for the development include 600 multifamily units, 60,000 sf of restaurant and retail space, grocery store, hotel, medical facility, and three logistics buildings totaling 700,000 sf. Developers anticipate 800-1,000 jobs will be created. The development is expected to generate an estimated \$9.8 million in property and sales tax revenue. However, the development would require a three-party agreement between Fidelis, the city, and MUD 22, as part of the property is outside of Hutto jurisdiction. The city would be responsible for providing utilities, but that would require tax negotiation for fair service compensation. Developers anticipate construction on industrial buildings will begin in late 2025 and construction of residential and retail segments in 2026.

AUSTIN (*Austin Business Journal*) – Greystar Development and Toronto-based HGC Investment Management Inc. are planning a community called Big Valley that could bridge the gap between Austin and Buda. Big Valley would be in the Austin extraterritorial jurisdiction at 2115 Big Valley Drive on the Hays-Travis County line. Greystar closed on 13 acres for the project earlier this year. The community will house a reported 40 single-family homes, 280 multifamily units, 65,000 sf of office space, 6,000 sf of retail, a 90-room hotel, and 80,000 sf of warehouse space.

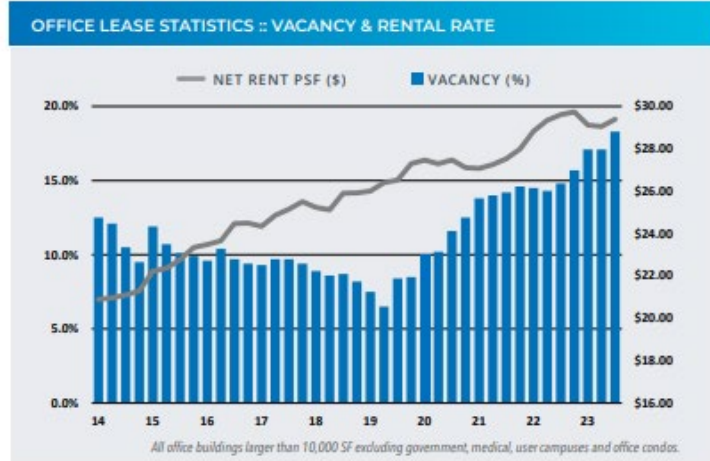
TAYLOR (*Austin Business Journal*) – Quannah Partners LLC is seeking to create a public improvement district to help fund the upcoming Park79 Commerce Center, a 69-acre industrial park. The developer is asking for an estimated \$10 million in infrastructure improvements for the site, which is along US 79. Quannah has proposed three buildings totaling about 357,000 sf that would have an estimated value of \$75.4 million at buildout. Much of the PID money would be used to extend CR 401 to the site. The property, previously owned by Taylor Texas Holdings Inc., was rezoned last year before being listed for sale. Quannah currently has the land under contract.



Office

Recent Office Leases

- Southwest :: Swinerton (renew)
23,067 SF at Encino Trace
- North :: Samsung
13,932 SF at Domain Tower 2
- Northwest :: Contigo Technology
11,397 SF at Campus at Arboretum
- Southwest :: Electric Power Engineers
17,132 SF at Uplands Corporate Center



Recent Office Sales

- Southwest :: Three Barton Skwyay
1221 South MoPac Expressway
182,503 SF Class A Office Building
Buyer: Riverside Resources / Keller Williams
Seller: Brandywine Realty Trust

Office Sales Statistics

	AUSTIN TRAILING 12 MO.	AUSTIN Q3 2023	U.S. TRAILING 12 MO.	U.S. Q3 2023
Volume (\$ Mil)	\$1,092.3	\$364.0	\$56,755.8	\$10,199.9
Number of Properties	57	12	4,291	942
Total Square Feet	3,217,228	969,214	250,663,150	50,612,976
Average Price per SF	\$390	\$378	\$226	\$200
Average Cap Rate (Yield)	6.8%	6.9%	6.9%	6.9%

SOURCE: Real Capital Analytics

Q3 2023 Office Lease Statistics By Submarket

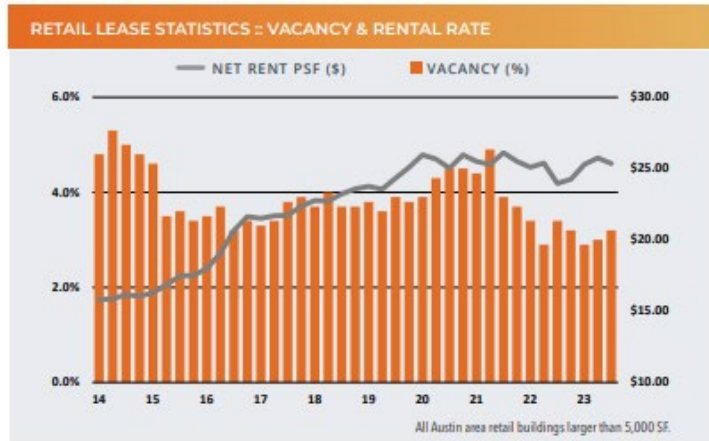
SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	YTD LEASING ACTIVITY	DIRECT OCCUP.	TOTAL OCCUP.	UNDER CONSTR.	CLASS A NET RENT	CLASS B NET RENT	CLASS C NET RENT	AVE NET RENT
Bastrop County	9	181,027	0	0	90.0%	90.0%	0	\$0.00	\$15.88	\$14.88	\$15.81
Caldwell County	1	10,832	0	0	100.0%	100.0%	0	\$0.00	\$0.00	\$15.21	\$15.21
CBD	134	17,048,467	(27,283)	409,993	78.6%	71.8%	2,244,105	\$44.34	\$28.96	\$23.00	\$39.74
Cedar Park	58	1,854,770	14,313	35,575	86.2%	81.3%	190,484	\$27.25	\$24.18	\$18.60	\$25.46
Central	108	4,684,120	(153,554)	125,566	82.1%	79.5%	101,717	\$36.89	\$21.45	\$24.40	\$24.76
East	82	5,040,991	54,796	106,977	85.3%	80.4%	1,778,873	\$45.28	\$32.25	\$18.00	\$34.85
Far Northeast	17	350,813	7,418	4,846	83.5%	83.5%	44,742	\$0.00	\$21.04	\$16.13	\$20.14
Far Northwest	61	4,450,623	(78,118)	64,023	80.6%	65.5%	0	\$25.24	\$19.99	\$18.98	\$21.96
Georgetown	43	997,249	59,846	40,988	89.2%	88.9%	48,266	\$27.50	\$21.41	\$14.82	\$21.65
Hays County	49	1,164,183	68,474	98,870	86.3%	83.6%	72,234	\$24.64	\$21.55	\$18.75	\$21.55
North	89	8,166,336	(20,259)	123,315	90.3%	83.8%	695,865	\$41.29	\$24.58	\$17.26	\$32.19
Northeast	61	4,070,079	(48,656)	74,088	68.7%	52.5%	257,000	\$24.05	\$17.51	\$15.43	\$20.26
Northwest	251	13,809,159	(542,214)	399,647	79.1%	73.7%	0	\$28.31	\$21.78	\$17.97	\$25.22
Round Rock	86	2,675,517	(6,805)	58,737	92.1%	90.5%	600,293	\$24.00	\$24.24	\$18.97	\$23.47
South	112	4,433,292	(236,759)	112,895	74.4%	66.8%	422,649	\$30.29	\$27.16	\$22.78	\$27.76
Southeast	41	3,467,030	(48,438)	62,875	80.4%	73.1%	58,738	\$29.16	\$24.49	\$15.29	\$24.90
Southwest	275	13,861,510	(159,533)	402,296	83.9%	78.9%	307,514	\$31.38	\$24.69	\$20.12	\$28.75
West Central	32	1,714,027	28,064	44,403	88.6%	87.5%	72,230	\$34.74	\$25.04	\$20.32	\$29.69
AUSTIN	1,509	87,980,025	(1,088,708)	2,165,094	81.7%	75.3%	6,894,710	\$35.21	\$24.32	\$20.50	\$29.39



Retail

Recent Retail Leases

- **Northeast :: House of Gainz Gym**
41,000 SF at 235 Canyon Ridge
- **Far Northeast :: Spec's Wine & Food**
30,000 SF at Stone Hill Towne Center
- **Northeast :: Suvida Healthcare**
11,045 SF at Rundberg Square
- **Northeast :: New South Windows**
11,068 SF at The Shops at Tech Ridge



Recent Retail Sales

- **North :: The Shops at Arbor Walk**
10515 North MoPac Expressway
458,467 SF power center
Buyer: O'Connor Capital Partners
Seller: Simon Property Group

Retail Sales Statistics

	AUSTIN TRAILING 12 MO.	AUSTIN Q3 2023	U.S. TRAILING 12 MO.	U.S. Q3 2023
Volume (\$ Mil)	\$836.8	\$69.0	\$62,010.7	\$14,877.9
Number of Properties	71	9	8,101	1,781
Total Square Feet	2,977,318	314,199	327,256,547	75,808,087
Average Price per Square Foot	\$265	\$595	\$193	\$198
Average Cap Rate (Yield)	5.5%	5.0%	6.6 [^]	6.7%

SOURCE: Real Capital Analytics

Q3 2023 Retail Lease Statistics By Submarket

SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	YTD LEASING ACTIVITY	DIRECT OCCUPANCY	TOTAL OCCUPANCY	AVE. ASKING NET RENT
Bastrop County	82	2,462,816	22,203	8,838	99.7%	99.7%	\$24.03
Caldwell County	21	586,557	53,169	5,850	95.7%	95.7%	\$21.31
CBD	56	1,441,770	22,136	16,081	99.0%	99.0%	\$42.00
Cedar Park	188	7,899,611	459,143	69,336	97.7%	97.7%	\$28.02
Central	204	6,773,994	(116,494)	74,247	93.1%	92.9%	\$25.47
East	97	3,405,091	5,402	34,808	96.8%	96.8%	\$24.08
Far Northeast	110	4,061,808	18,725	68,093	96.2%	96.2%	\$24.35
Far Northwest	98	3,333,373	(39,481)	75,250	94.7%	94.7%	\$29.06
Georgetown	238	7,026,090	422,848	169,778	97.4%	97.3%	\$24.00
Hays County	234	8,116,347	425,356	58,278	98.7%	98.6%	\$26.68
North	163	6,755,688	15,391	40,228	98.0%	97.9%	\$23.32
Northeast	74	3,049,709	11,651	82,536	94.5%	94.5%	\$24.03
Northwest	133	4,834,446	(1,494)	89,351	94.7%	94.5%	\$27.40
Round Rock	194	6,946,498	39,348	105,121	97.0%	96.9%	\$22.12
South	245	9,892,717	(65,370)	124,419	97.4%	97.4%	\$28.35
Southeast	71	2,249,356	8,723	8,928	98.6%	98.4%	\$23.12
Southwest	214	7,992,940	(13,007)	104,860	97.0%	96.7%	\$20.11
West Central	38	902,835	127,510	35,773	93.1%	93.0%	\$27.27
AUSTIN	2,460	87,731,646	1,395,759	1,171,775	96.8%	96.7%	\$25.35



Industrial

Recent Industrial Leases

- Hays County :: Tesla (prelease)
1,045,817 sf at Kyle35 Logistics 2, 3, 5
- Georgetown :: US Farathane
262,874 sf at GTX Logistics 1
- Far Northwest :: Wholesale Electric Supply
83,084 sf at Crossroads Logistics Ctr 5
- Far Northeast :: 3-Way Logistics
110,440 SF at Northeast Crossing 3



Recent Industrial Sales

- Georgetown :: NorthPark35 1-3
503,709 SF in 3 industrial buildings
Buyer: LBA Realty
Seller: Polk Street Properties

Industrial Sales Statistics

	AUSTIN TRAILING 12 MO.	AUSTIN Q3 2023	U.S. TRAILING 12 MO.	U.S. Q3 2023
Volume (\$ Mil)	\$833.3	\$282.3	\$99,112.5	\$20,021.0
Number of Properties	48	8	7,545	1,510
Total Square Feet	4,516,987	1,498,041	868,655,821	169,367,318
Average Price per SF	\$194	\$231	\$134	\$127
Average Cap Rate (Yield)	6.1%	6.0%	5.8%	6.1%

SOURCE: Real Capital Analytics

Q3 2023 Industrial Lease Statistics By Submarket

SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	QUARTERLY ABSORPTION	DIRECT OCCUP.	TOTAL OCCUP.	UNDER CONSTR.	FLEX NET RENT	INDUST. NET RENT	AVE NET RENT
Bastrop County	25	810,185	0	0	95.0%	95.0%	902,867	\$9.91	\$7.92	\$8.05
Caldwell County	15	710,154	(283,332)	0	57.3%	57.3%	234,484	\$10.38	\$8.94	\$9.06
CBD	5	87,424	0	0	100.0%	100.0%	0	N/A	N/A	N/A
Cedar Park	55	1,967,650	2,796	1,171	96.7%	91.0%	0	\$14.81	\$10.55	\$12.71
Central	61	1,637,239	13,598	14,060	89.7%	89.5%	176,050	\$15.32	\$9.40	\$11.19
East	161	10,149,128	105,248	84,038	96.6%	96.2%	1,533,913	\$12.72	\$10.13	\$10.19
Far Northeast	171	11,562,962	1,202,347	(27,076)	96.7%	95.5%	2,484,251	\$12.39	\$8.09	\$8.24
Far Northwest	38	1,059,656	37,040	(10,000)	97.5%	97.5%	118,750	\$13.89	\$9.84	\$10.23
Georgetown	171	9,303,335	1,264,377	780,990	77.3%	77.2%	2,235,543	\$12.10	\$10.54	\$10.61
Hays County	198	12,697,471	108,136	442	89.3%	88.4%	2,543,969	\$13.48	\$10.78	\$10.84
North	334	15,637,755	(54,411)	30,149	92.8%	91.2%	0	\$13.52	\$9.52	\$10.35
Northeast	213	15,177,160	(31,412)	4,513	96.6%	95.4%	395,436	\$13.19	\$9.39	\$10.42
Northwest	34	3,648,739	(28,434)	(13,575)	96.6%	94.8%	0	\$12.00	\$8.40	\$9.82
Round Rock	155	5,753,112	77,162	92,301	97.6%	97.6%	4,433,276	\$12.17	\$9.48	\$9.70
South	128	3,099,628	(115,655)	(87,050)	93.1%	92.3%	43,600	\$12.92	\$9.83	\$10.15
Southeast	263	15,454,237	218,488	213,195	93.4%	92.2%	3,248,996	\$12.06	\$9.33	\$9.70
Southwest	52	3,624,707	(2,474)	(12,179)	92.6%	92.1%	4,000	\$13.28	\$9.80	\$10.09
West Central	2	69,128	0	0	100.0%	100.0%	0	N/A	N/A	N/A
AUSTIN	2,081	112,449,670	2,513,474	1,070,979	92.7%	91.7%	18,355,135	\$13.06	\$9.60	\$10.07
w/o SpaceX (BC) or Samsung (RR):							15,433,614			



Apartments

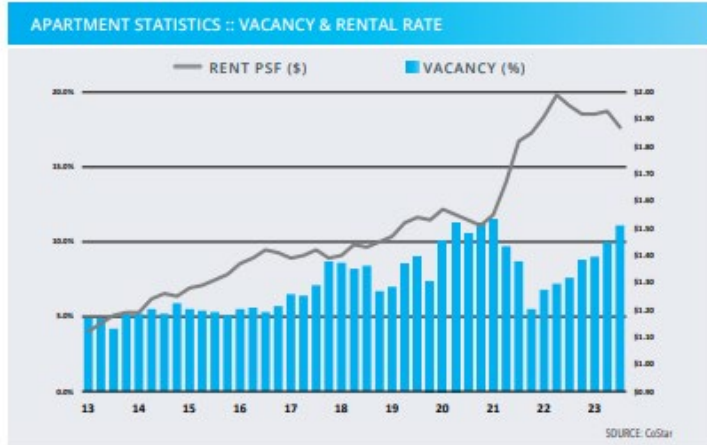
Recent Apartment Sales

- Northwest :: Residences at Riata**
 307 Units at 5705 Diehl Trail
 Buyer: Draper & Kramer
 Seller: IMT Capital II/Griffis Residential
- South :: Terraces at Southpark Meadows**
 244 Units at 10101 S 1st Street
 Buyer: SPI Advisory
 Seller: BREIT JV Cortland
- Southwest :: Palo Verde**
 296 Units at 7880 US 290 West
 Buyer: UDR
 Seller: Steadfast Companies
- Pflugerville :: The Warner**
 336 Units at 2670 W Grimes Blvd
 Buyer: Harbor Group International
 Seller: Stanmore Partners JV TIG

Apartment Statistics At-A-Glance

AUSTIN MSA	TRAILING 12 MONTHS	HISTORICAL AVERAGE
Vacancy Change	2.6%	8.4%
Units Absorbed	9,529	6,121
Units Delivered	18,594	7,136
Units Under Construction	42,432	
Average Unit Size (SF)	869	
Asking Rent Growth (YoY)	-4.7%	2.5%
Effective Rent Growth (YoY)	-5.4%	2.5%
Sales Volume	\$849M	\$1.2B
% Offering Concessions	30.0%	
Average Concession Package	6.3%	

SOURCE: ALN Apartment Data, CoStar, RCA



Q3 2023 :: Apartment Statistics By Submarket

SUBMARKET	NO. OF PROJECTS	NO. OF UNITS	VACANCY	TRAILING 12 ABSORPTION	AVE RENT (PER UNIT)	AVE RENT (PSF)
Bastrop County	16	1,340	14.3%	122	\$1,402	\$1.55
Buda-Kyle	33	8,736	14.2%	1,215	\$1,558	\$1.74
Caldwell County	13	584	21.7%	117	\$1,180	\$1.29
Cedar Park	44	13,703	11.6%	334	\$1,575	\$1.70
Central Austin	168	4,354	6.5%	(6)	\$1,605	\$2.27
Downtown Austin	41	6,663	10.9%	339	\$3,212	\$3.35
East Austin	120	14,655	10.4%	980	\$1,819	\$2.26
Far North Austin	23	2,598	10.5%	577	\$1,627	\$1.77
Far West Austin	7	173	5.0%	64	\$1,449	\$1.34
Georgetown-Leander	68	11,727	21.3%	1,677	\$1,611	\$1.64
Hill Country	8	1,018	6.9%	(20)	\$1,647	\$1.71
Lake Travis	16	3,624	7.8%	(47)	\$1,830	\$1.69
Midtown Austin	236	14,919	8.9%	(26)	\$1,573	\$2.06
North Austin	137	26,463	7.7%	569	\$1,535	\$1.93
Northeast Austin	66	13,078	10.3%	890	\$1,476	\$1.67
Northwest Austin	122	34,089	7.1%	(225)	\$1,495	\$1.67
Pflugerville	75	22,128	12.2%	1,715	\$1,544	\$1.74
Riverside	80	17,035	11.3%	37	\$1,529	\$1.89
Round Rock	75	16,950	8.7%	88	\$1,554	\$1.67
San Marcos	67	7,353	9.5%	102	\$1,269	\$1.45
South Austin	101	18,997	9.7%	256	\$1,549	\$1.80
South Central Austin	153	13,078	9.2%	(75)	\$1,797	\$2.29
Southeast Austin	51	11,739	9.1%	907	\$1,496	\$1.69
Southwest Austin	55	12,764	9.2%	(107)	\$1,765	\$1.90
West Austin	75	2,142	4.8%	(31)	\$2,009	\$2.49
AUSTIN MSA TOTAL:	1,850	279,910	11.1%	9,452	\$1,618	\$1.87

Source: CoStar



DECEMBER 2023 STATISTICS

These statistics are for single-family homes, condos, and townhomes, compared year-over-year.
Visit [ABOR.com/MarketStatistics](https://www.abor.com/MarketStatistics) for additional housing market data.

AUSTIN-ROUND ROCK MSA

Median Sales Price



\$443,753 ↓ 1%

Closed Sales



2,295 ↓ 8%

Average Days on Market

84 DAYS  ↑ **11** DAYS

1,956

New Listings ↑ 8%

7,717

Active Listings ↑ 4%

2,082

Pending Sales ↑ 13%

Total Sales Dollar Volume



\$1.27 BILLION ↓ 8%

Months of Inventory ↑ 0.4 MONTHS



3.0 MONTHS



AUSTIN, Texas —In 2023, the median price for a home in the Austin-Round Rock MSA decreased 10.2% to \$450,000, according to the Austin Board of REALTORS® December 2023 and Year-End Central Texas Housing Market Report. When compared to the steep 24.2% decline in pending sales in 2022, 2023 saw a slight 3.0% decline to 30,353 sales emphasizing that the Central Texas housing market continues to find its footing despite macroeconomic factors impacting the broader housing market and economy.

“In 2023 the Austin-Round Rock MSA housing market continued its move towards a more sustainable pace,” Kent Redding, 2024 ABoR president, said. “Housing inventory reached the highest level it’s been in more than eight years, and while there was a drop in closed sales and median close price, these were both symptomatic of higher mortgage rates. In the current housing market, prospective homebuyers and sellers should engage the services of an expert REALTOR® who can help navigate the real estate transaction process. Buyers can utilize this favorable market condition to get pre-qualified while sellers can use the time afforded by the balanced market to enhance their property before listing it for sale.”

In 2023, sales dollar volume in the MSA dropped 17.0% to yield a \$17,498,390,950 on the Austin-area economy. At the same time, new listings dipped 7.0% ending the year at 42,623 listings.

In the month of December, closed listings across the MSA declined 8.9% to 2,295 year-over-year as sales dollar volume decreased 8.5% to \$1,270,818,458. The median sales price dropped 1.4% to \$443,753. New listings increased 8.4% to 1,956 listings, active listings ticked up 4.6% to 7,717 listings, and pending sales rose 13.8% in December to 2,082 sales. Last month, homes spent an average of 84 days on the market, 9 more compared to December 2022.

Clare Losey, Ph.D., housing economist for ABoR, identified higher mortgage rates as being the biggest constraint for potential homebuyers in 2023 and underscores the lack of housing accessibility, specifically for first-time homebuyers.

“The single biggest factor constraining the Central Texas housing market in 2023 was the gradual rise in mortgage rates, which peaked in late October. This caused sellers, and buyers essentially, to continually readjust to the current rate environment. While we have seen some leveling off in home prices, the Central Texas region still lacks a sufficient inventory of affordable homes for sale, especially those homes priced below \$300,000, which is keeping many would-be first-time homebuyers on the sidelines.”

When looking to 2024, Losey foresees annual trends to be relatively consistent with this year and mentions that current data is favorable compared to pre-pandemic numbers.

“Home prices and sales will likely remain essentially flat, to the tune of a 5.0% increase or decrease year over year in 2024. While the market continues to find its footing, it’s noteworthy that total sales dollar volume is up 30.5%, there are 21.9% more active listings and 38.4% more months of inventory today than there were five years ago. Housing demand is still strong and the uptick in the inventory of homes for sale in 2023 has provided more options for repeat buyers.”

Redding emphasized the need of working to address the challenge of housing Central Texas’ rapidly growing population.

“Housing is the most crucial infrastructure within a community. Our housing market is still demand driven and the anomalies over the past three years were unsustainable. We still have a desirable and sought-after market, but our community, city and elected officials must prioritize tackling the housing accessibility challenges. ABoR will continue to advocate for making homeownership attainable to more Austinites and looks forward to continuing to participate as a stakeholder in important policy discussions and providing recommendations to make the greatest impact on our housing supply.”

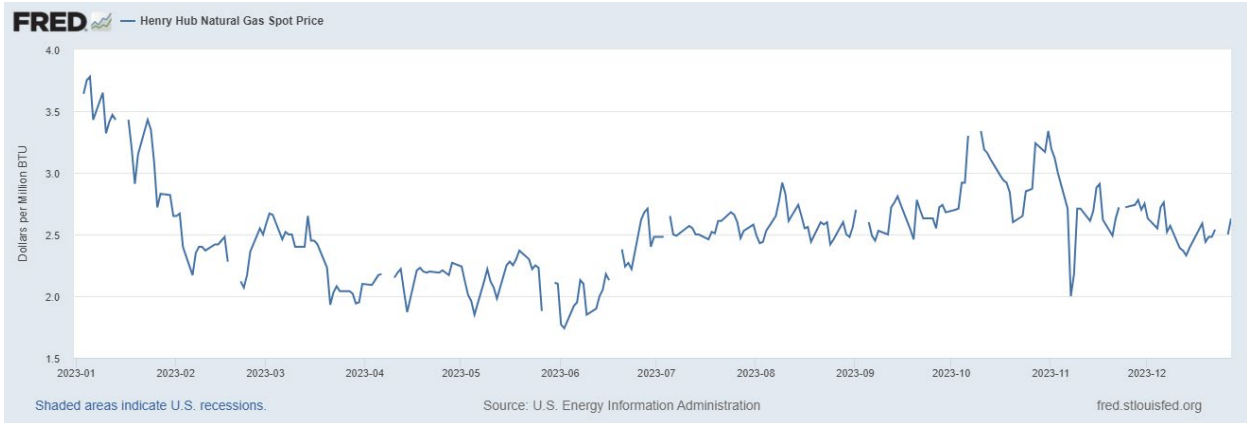
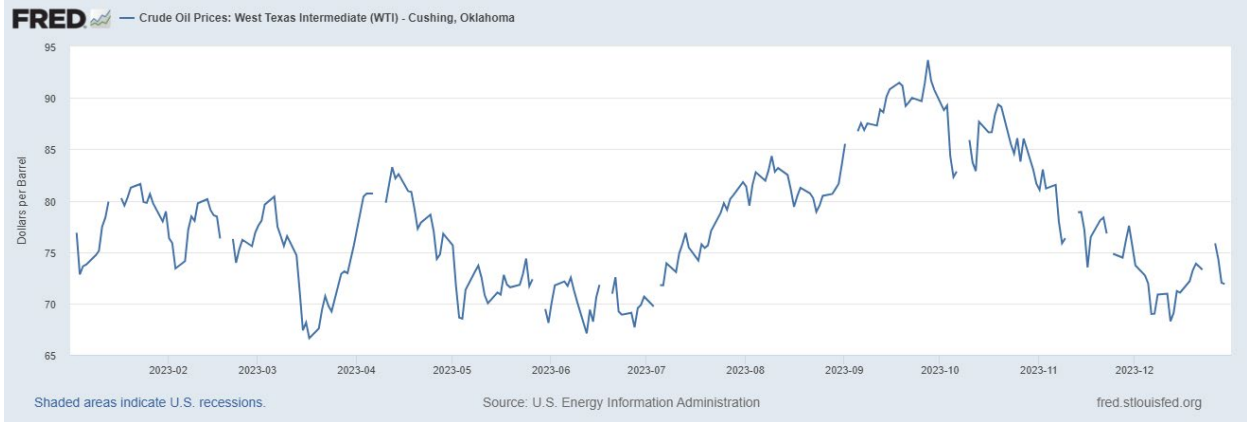
Source: Austin Board of Realtors [“December 2023 & Year-End Central Texas Housing Market Report”](#). Published January 17, 2024.



Capital Markets

As of 12/31/23 mortgage interest rate levels for conventional, conforming fixed rate loans, as published by TIB Mortgage Services were 6.50% for a 30-year mortgage. The U.S. 10 Year Treasury sat at 3.87%.

Energy



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