



Citizens
National Bank

Quarterly Report

03.31.24



Economy

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

Summary of Economic Activity

The Eleventh District economy expanded modestly. While activity in services and housing grew, manufacturing output, retail sales, and loan demand declined slightly. Employment growth slowed as wages, input costs, and selling prices grew at a moderate pace. Demand for nonprofit services remained elevated. Overall, Texas firms noted an uptick in uncertainty, particularly among manufacturing firms. Weakening demand and domestic political uncertainty were top outlook concerns.

Labor Markets

Employment growth slowed over the past six weeks. Labor availability improved and contacts noted higher retention rates. A few contacts continued to cite difficulty hiring, particularly for positions such as truck drivers and engineers. Staffing firms mentioned that despite a slow-down in hiring, there is an increased preference for permanent employees over temporary or contract workers.

Wage growth was moderate over the past six weeks. Staffing firms noted continued declines in wage pressure, while a technology firm stated that wage increases were now in line with historical averages. A manufacturer mentioned not having to increase wages at all due to plentiful job applicants and higher retention. A Dallas Fed survey of about 350 Texas business executives in March showed that wage growth was 4.9 percent over the past 12 months, on average, and is expected to slow to 3.6 percent over the next 12 months.

Prices

Prices rose moderately over the past six weeks. Growth in prices for manufactured goods resumed and raw materials price growth ticked up. Meanwhile, price growth in the service sector held steady at a moderate pace. Auto dealers reported that while increased car inventories placed downward pressure on vehicle prices, they increased inventory costs. Airlines noted input prices rose due to elevated labor costs, fuel prices, and maintenance. Retail motor fuel prices were slightly higher as refineries on the Gulf Coast were coming online again after both unplanned and annual maintenance outages. Manufacturers expect selling price growth to pick up over the next 12 months but remain moderate, while service sector executives expect price growth to moderate further.

Manufacturing

Overall manufacturing activity declined slightly over the past six weeks. The decline was overwhelmingly due to weakness in durables good production, particularly metals, machinery, and computer and electronics manufacturing. Nondurable goods production increased moderately, driven by food and chemical manufacturing. Chemical plant utilization ticked up, and contacts noted rising new orders, better pricing and margins, and a return of capacity after unplanned winter outages and early spring maintenance. Weakening demand, domestic political uncertainty, and elevated input costs were the top three outlook concerns for the manufacturing sector.

Retail Sales

Retail sales declined modestly over the past six weeks. Auto dealers noted higher sales volume but declining margins and increasing inventory. Some contacts including a health store retailer and a nondurable goods wholesaler reported consumers pulling-back in purchases because of higher prices. Meanwhile, another nondurable wholesaler commented that consumers are returning, and sales picked up because consumers have baked-in higher prices into their budgets. Retail outlooks remained pessimistic, weighed down by weakening demand and elevated input costs.



Nonfinancial Services

Service sector activity continued to rise modestly in the reporting period. Revenue growth was led by professional and business services and leisure and hospitality. Airline travel in the District remained strong with continued robust demand for leisure travel and growing demand for business travel.

Transportation and warehousing activity declined overall; however, activity at Gulf Coast ports was up, particularly driven by resin exports. Health care reported weakening activity while staffing firms noted an unexpected slowdown in demand, but expect a pick-up in the second quarter, particularly for white-collar jobs. Weakening demand, domestic political uncertainty, and higher labor costs are the top three outlook concerns for the service sector.

Construction and Real Estate

Home sales rose during the reporting period. Some contacts noted that sales so far this year were ahead of plan. Builders' margins strengthened and backlogs increased. Outlooks were positive, though affordability remained a key concern.

Commercial real estate market conditions were little changed from the previous reporting period. Apartment leasing was moderate, but there continued to be downward pressure on occupancy and rents, and concessions were becoming more widespread. In the office market, leasing activity stayed sluggish, and vacancy was high. Industrial demand was solid, though vacancy continued to rise due to an elevated level of supply. Outlooks were mixed, with some commercial market segments expected to remain challenging either due to weak demand or the sizeable amount of new construction slated for delivery in the near term.

Financial Services

Loan volumes declined after having largely stabilized over the past three months. Credit standards continued to tighten, and loan pricing continued to rise. While the pace of credit tightening picked-up for commercial and industrial loans and commercial mortgages, it slowed for residential mortgages and consumer loans. Overall loan nonperformance rose slightly, with commercial real estate experiencing a significant increase in past-due loans. Bankers' outlooks remained mixed: they expect an increase in loan demand six months from now but a deterioration in loan performance and overall business activity.

Energy

Oilfield activity was flat over the reporting period. Contacts expect oil prices to orbit \$80 per barrel for the remainder of the year, well above breakeven levels, and oil production growth to slow. Meanwhile, natural gas pricing is expected to remain "below cost" barring any severe weather-driven demand. As a result, contacts noted reduced activity and decreased capital investment in natural gas.

Agriculture

Drought conditions remained prevalent in West Texas and southern New Mexico, while the rest of the District received ample rainfall over the reporting period. Texas experienced the largest wildfire in state history, burning over a million acres in the Texas Panhandle in late February and early March. Several thousand cattle were lost, and the fire destroyed infrastructure and pastures used for grazing. An illness recently identified as avian influenza has been afflicting chickens and dairy cows in the Texas Panhandle, leading to lower milk production. The extent of the impact to dairy product supply, if any, is unknown at this point, but contacts noted that there is not a food safety issue. More cotton acres are expected this year as prices are relatively strong compared with corn and sorghum prices, which are at three-year lows. Contacts were optimistic about crop production prospects this year. On the livestock side, cattle prices pushed to record highs and beef demand has held up well.

Community Perspectives

Nonprofits reported sustained high demand for services as more individuals discover the resources they offer. While demand for food pantry services was stable at an elevated level, there was an increased demand for assistance with health insurance and basic clothing. Cost-of-living was an ongoing concern, and more people were looking for second jobs to make ends meet. The tax season provided low-income families with a temporary income boost with many planning to spend tax refunds on used cars, household appliances, and cell phones.





Austin Market

It's probably a mistake to bet against robust growth for the local economy in 2024, even if it clearly slowed in 2023 from its post-pandemic boom. That's according to a number of economists who expect business activity in the Austin metro to be relatively strong in the new year. The jobs, and the people, will keep flocking here throughout 2024, they said.

"As long as there is not a major economic disruption (nationwide), Austin is going to beat the head of the pack," in terms of U.S. economic growth, said Peter Rodriguez, dean of Rice University's Jones Graduate School of Business. "It would take something really strange to make Austin stumble."



Growth in the Austin area roared ahead after the 2020 slump at the height of the Covid-19 pandemic, when business activity locally and across the country essentially hit a standstill. Since that crisis, real gross domestic product in the Austin metro area— meaning the value of all goods and services produced, adjusted for inflation — climbed by a whopping 10.5% in 2021 and a still-huge 7.4% in 2022, according to federal statistics.

For comparison, U.S. real GDP growth came in at 5.8% in 2021 and 1.9% in 2022. In Texas, it came in at 5.7% and 2.7%, respectively, in those years. Metro-level GDP data is not yet available for 2023. But expectations are that the Austin area will likely once again log a solid gain — albeit just not at the nosebleed levels of the previous two years, which economists say were turbocharged by extremely low interest rates and the federal government's massive stimulus spending designed to speed a pandemic recovery.

"Those (GDP growth) rates, 8% or 10%, are unsustainable," said Luis Torres, senior business economist at the Federal Reserve Bank of Dallas. "You can't achieve those levels forever." But Torres said the Austin-area economy still has plenty going for it as the new year gets underway, even as he declined to make specific GDP forecasts for 2023 or 2024. "Right now, I can't see any redlines or red flags" that might prevent the Austin area from continuing to grow at a solid clip, he said. "People still want to move to Austin and people still want to live in Austin."

Other economists contacted by the Austin Business Journal were less reticent in making predictions, with their forecasts for the region's likely 2023 growth rate ranging from 2% to 5% and for a 2024 growth rate potentially near 5%. "Anything at 3% or higher is very good" for a typical U.S. metro, said Rice's Rodriguez, who estimated that Austin-area GDP growth probably came in at a high-4% pace in 2023 and is likely to duplicate that performance this year.

To be sure, higher interest rates enacted in 2023 have cooled the once-sizzling local housing market, while layoffs in the technology sector last year — a byproduct in some cases of post-pandemic hiring sprees — hit the Austin area particularly hard because of its status as a tech hub. The woes have trickled into other sectors, such as the office space market.

According to an analysis last month by the Dallas Fed, the Austin area had an "unusually high" level of layoffs through the first 10 months of 2023 that were large enough to require reporting to state officials under the federal Worker Adjustment and Retraining Notification Act, known as the WARN act. The Austin area accounted for about 20% of statewide WARN layoffs during that period — equating to about 3,500 jobs — which came in well above the region's average of about 6% of the statewide total from 2012 to 2019.

WARN notices don't encapsulate all layoffs in a region because many don't meet the reporting requirements, meaning job cuts in Austin and elsewhere last year were higher than the WARN numbers reflect. Still, the layoffs have come within the context of what has been a torrid pace of local hiring in recent years, culminating in about 1.34 million people working in the Austin metro in November — the most ever — according to figures from the Dallas Fed.

The region added more than 245,000 jobs, or a 22% gain, from November 2018 to November 2023, a recent review of federal data by real estate data analytics firm RealPage showed. It was the biggest percentage increase among the major U.S. markets tracked. The Dallas metro topped the ranking, in terms of total number of jobs added over that period, with a gain of more than 456,000, or 17%.

"I don't want to discount the individual pain of layoffs, but on net we are still adding jobs," said Jason Schenker, president of Austin-based Prestige Economics. "That means for everyone who gets laid off, there is more than one person getting a job." The local unemployment rate also remains low relative to many other regions, even though it ticked up in 2023. Adjusted for seasonal factors, it came in at 3.4% in November, the most recent figure available, higher than its rate of 2.8% in November 2022 but below both the comparable U.S. jobless rate of 3.6% and the statewide rate of 4.1%.



Meanwhile, plenty of magnets remain in the Austin area to attract new residents and workers. They include the \$17 billion semiconductor plant being built in Taylor northeast of Austin by electronics giant Samsung, the growing regional footprint of electric vehicle maker Tesla Inc. and the myriad other companies that have expanded or relocated to the area in recent years. And, as always, the city's status as the seat of state government and home to the University of Texas keep them coming.

With the U.S. Federal Reserve widely anticipated to cut interest rates in 2024 as inflation comes into check, economists expect the local real estate market to rekindle. "It should be a good year," Schenker said for Austin. "I think there are a lot of reasons to be optimistic about both the Austin economy and the Texas economy." He said local GDP probably grew 2% to 5% last year and appears well positioned to hit the top end of that range in 2024.

Dirk Mateer, an economist and University of Texas professor, forecast growth for the Austin-area economy at a solid 5% in 2023 and said it should hit that mark again this year, barring an unforeseen shock to the national economy that reverberates across the country. "I don't think it can touch the 7.4% (of 2022), but if it were 5%, that would be fantastic" for a major U.S. metro, Mateer said. "There are so many new people in the area that it just naturally increases the GDP, (so) 4 to 5% is an easy call. All these major companies are here and all these related businesses are here and there is still a lot of migration into Texas — it's a perfect confluence."

Source: Austin Business Journal "Strong growth seen as likely for Austin metro in new year despite speed bumps in '23". Written by Bob Sechler. Published January 8, 2024.

Austin Employment By Industry

INDUSTRY (NON FARM)	NOV 2023	NOV 2022	% GROWTH
Mining, Logging & Construction	86,500	78,400	10.3%
Manufacturing	71,600	73,100	-2.1%
Trade, Transportation & Utilities	214,100	212,500	0.8%
Information	52,400	53,200	-1.5%
Financial Services	79,300	77,800	1.9%
Professional & Business Services	296,100	282,700	4.7%
Education & Health Services	154,300	145,600	6.0%
Leisure & Hospitality	146,600	150,000	-2.3%
Other Services	52,300	50,000	4.6%
Government	195,100	188,200	3.7%
TOTAL	1,348,300	1,311,500	2.8%

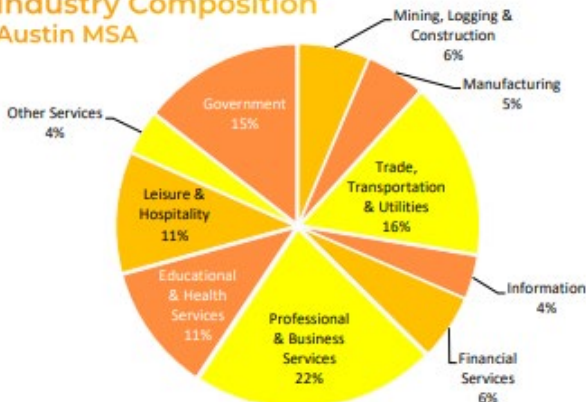
SOURCE: Texas Workforce Commission

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%
November 2023	3.0%	3.5%	3.5%

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	2,299,994	29,360,759	329,484,123
2021	2,358,130	29,527,541	331,449,281
2022	2,421,115	31,172,832	334,233,854

SOURCE: Texas A&M Real Estate Center

Average Home Prices :: November 2023

	AUSTIN MSA	TEXAS	U.S.
Average Price	\$541,217	\$406,518	\$488,900
Median Price	\$424,450	\$330,000	\$434,700
Mo. of Inventory	3.7	3.7	9.2

SOURCE: Texas A&M Real Estate Center, US Census Bureau



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	1,157,244	-1.6%
Williamson	3,052,647	-2.6%
Milam	45,730	-3.9%
Lee	60,086	-9.6%
Travis	9,940,030	6.1%

Projects

ROUND ROCK (*Austin Business Journal*) – One of the region's most-anticipated projects is back on track — and much bigger than previously planned. Eight years ago, Mark IV Capital, a Newport Beach, California-based commercial real estate firm, purchased a 66-acre plot near Interstate 35 and the State Highway 45 toll road for a project known as The District. But the plans subsequently stalled, mostly due to shifting market conditions stemming from the coronavirus pandemic. Since then, the size of the project has more than doubled. The District is planned as a \$500 million investment that will result in 3 million square feet of development and a minimum of 5,000 jobs at full buildout in 2039. Original plans called for 1 million square feet by 2039 and a \$200 million investment. Developers took a big step toward completion on Feb. 23 when they secured approval from the Round Rock City Council for an amended development agreement. If all goes as planned, that would enable construction to start by the beginning of 2025.

AUSTIN (*Austin Business Journal*) — Months after a Dallas-based developer revealed its vision for the 31,000-acre former Alcoa aluminum plant near Rockdale, officials have announced plans to build a 1,200-megawatt natural gas power plant on the site that can support the equivalent of 800,000 homes. The Feb. 12 announcement ties together potential area-changing plans aimed at breathing new life into the site, which was an aluminum smelting plant for decades. The ranch is mostly reclaimed coal-mining land and the industrial space was in the past slated for Bitcoin mining. The site stretches across Milam and Lee counties and is located about 15 miles east of Taylor, where Samsung Electronics Co. Ltd. is building a multibillion-dollar chip factory. Xebec Holdings LLC purchased the land in 2021 for \$240 million from Alcoa Corp. Xebec remained quiet on its redevelopment plans until last year when developers said they were aiming to build up to 50 million square feet of industrial space on 3,300 acres they called the Advanced Manufacturing and Logistics Campus.

HUTTO (*Community Impact Newspaper*) – Construction is underway on the main thoroughfare, currently dubbed Spine Rd., which will become a hub for big tech manufacturing developments off US 79. The road will serve as the main roadway to the 1,400-acre Megasite, where tech companies are planning to build data center campuses. Titan Development has already begun working on an industrial park to provide companies with more storage, distribution, and manufacturing space. The \$16 million roadway off FM 3349 is being funded by bonds issued by the city. Construction is expected to be finished around August.

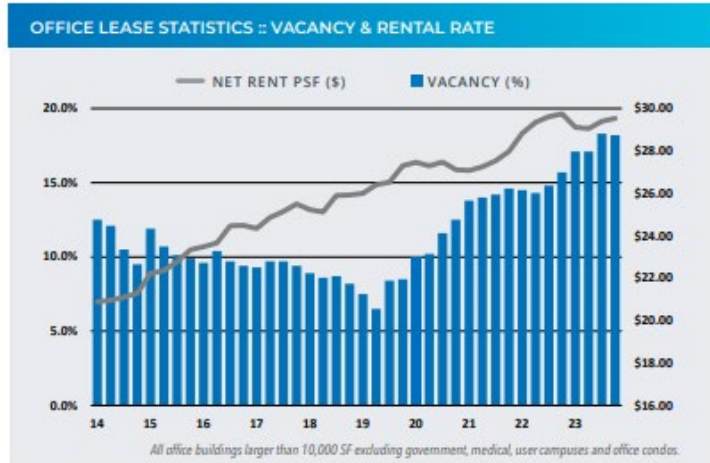
CEDAR PARK (*Austin Business Journal*) – WorldSprings is planning to develop an eight-acre project in the New Hope development that could have more than 40 pools, including hot springs, a Dead Sea floating pool, and cold plunges. The WorldSprings project would be in the portion of the site that is dedicated to entertainment, restaurants, hotels, and more. Commissioners expressed concern about the water usage of the project amid Cedar Park's drought restrictions. Developers said their water use is comparable to that of a fast-food restaurant. New Hope is a joint venture of Cordova Real Estate Ventures, Riverside Resources, and Live Oak. The \$250 million project is expected to total at least 430,000 sf of industrial space and roughly 29,000 sf of retail space.



Office

Recent Office Leases

- Far Northwest :: Google (renew)
180,133 SF at 7700 Parmer B
- North :: Wise
28,000 SF at Domain Tower 2
- Central :: Armanino
14,130 SF at River South
- Southwest :: AMD (renew)
98,920 SF at The Summit at Lanata 1



Recent Office Sales

- Far Northwest :: Arbor Square I & II
12885 Research Blvd
75,918 SF 2-Story Value Office Buildings
Buyer: Kyle Campbell
Seller: Entrada Partners

Office Sales Statistics

	AUSTIN TRAILING 12 MO.	AUSTIN Q4 2023	U.S. TRAILING 12 MO.	U.S. Q4 2023
Volume (\$ Mil)	\$914.9	\$32.0	\$48,126.6	\$11,017.2
Number of Properties	48	6	3,723	663
Total Square Feet	2,793,141	85,897	219,036,853	47,533,033
Average Price per SF	\$377	N/A	\$221	\$251
Average Cap Rate (Yield)	6.9%	N/A	7.0%	7.2%

SOURCE: Real Capital Analytics

Q4 2023 Office Lease Statistics By Submarket

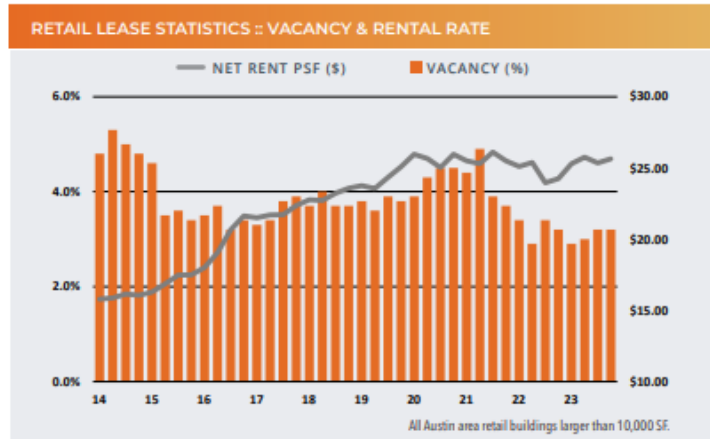
SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	YTD LEASING ACTIVITY	DIRECT OCCUP.	TOTAL OCCUP.	ALL UNDER CONSTR.	CLASS A NET RENT	CLASS B NET RENT	CLASS C NET RENT	AVE NET RENT
Bastrop County	9	181,027	0	5,719	93.1%	93.1%	0	\$0.00	\$18.00	\$14.88	\$17.78
Caldwell County	1	10,832	0	0	100.0%	100.0%	22,500	\$0.00	\$0.00	\$15.35	\$15.35
CBD	134	17,267,751	(25,631)	544,135	78.1%	71.4%	2,127,105	\$44.31	\$28.54	\$23.00	\$39.43
Cedar Park	61	1,849,559	(5,066)	40,695	86.0%	81.1%	173,006	\$27.72	\$23.73	\$18.60	\$25.43
Central	108	4,674,390	(175,015)	161,910	81.0%	78.5%	101,717	\$36.36	\$21.34	\$24.56	\$24.64
East	82	5,134,601	86,863	135,078	83.0%	79.4%	1,650,873	\$45.30	\$32.52	\$18.38	\$35.51
Far Northeast	17	350,813	8,720	9,066	84.7%	84.7%	44,742	\$0.00	\$21.09	\$15.35	\$20.04
Far Northwest	60	4,463,523	(85,761)	67,844	80.2%	66.0%	0	\$25.69	\$20.20	\$18.45	\$22.24
Georgetown	43	973,864	63,866	45,329	88.0%	87.7%	118,325	\$30.53	\$22.50	\$16.34	\$23.06
Hays County	49	1,164,183	69,392	103,415	86.3%	83.6%	3,900	\$27.95	\$24.93	\$18.75	\$24.60
North	89	8,452,776	(19,011)	129,013	90.5%	85.0%	363,000	\$40.97	\$24.68	\$17.26	\$32.49
Northeast	62	4,082,618	9,047	79,134	70.9%	54.7%	254,961	\$24.50	\$17.77	\$15.30	\$20.54
Northwest	250	13,673,418	(552,535)	572,394	79.5%	73.8%	0	\$27.63	\$21.52	\$17.98	\$24.79
Round Rock	86	2,679,185	(14,585)	69,581	91.9%	90.2%	853,170	\$26.35	\$25.38	\$19.14	\$24.90
South	114	4,454,472	(218,914)	247,971	78.8%	72.5%	414,623	\$37.58	\$28.29	\$23.10	\$30.72
Southeast	41	3,467,030	(44,219)	96,153	80.8%	73.4%	58,738	\$28.65	\$21.41	\$23.47	\$22.85
Southwest	274	13,816,770	(241,784)	698,688	83.3%	78.9%	284,077	\$31.46	\$23.68	\$20.92	\$28.38
West Central	33	1,727,752	38,804	103,188	89.8%	88.0%	0	\$37.00	\$25.04	\$20.56	\$30.77
AUSTIN	1,513	88,424,564	(1,105,829)	3,109,313	81.8%	75.7%	6,470,737	\$35.55	\$24.15	\$20.99	\$29.53



Retail

Recent Retail Leases

- **Far Northeast :: The Home Depot**
135,000 SF at Manor Crossing
- **Round Rock :: Desi Brothers Market**
48,814 SF at Round Rock Crossing
- **Southwest :: Shield Wall Indoor Range**
14,125 SF at 6200 West US Hwy 290
- **South :: Dave & Busters**
23,000 SF at Southpark Meadows II



Recent Retail Sales

- **Round Rock :: Triangle Center**
2000 North Mays Street
58,929 SF unanchored strip center
Buyer: Catalyst Real Estate
Seller: NAI Partners Capital

Retail Sales Statistics

	AUSTIN TRAILING 12 MO.	AUSTIN Q4 2023	U.S. TRAILING 12 MO.	U.S. Q4 2023
Volume (\$ Mil)	\$462.7	\$43.1	\$54,345.0	\$8,984.0
Number of Properties	65	7	7,043	879
Total Square Feet	1,704,208	85,869	288,522,772	43,155,585
Average Price per Square Foot	\$294	\$385	\$194	\$203
Average Cap Rate (Yield)	6.4%	5.9%	6.7%	7.1%

SOURCE: Real Capital Analytics

Q4 2023 Retail Lease Statistics By Submarket

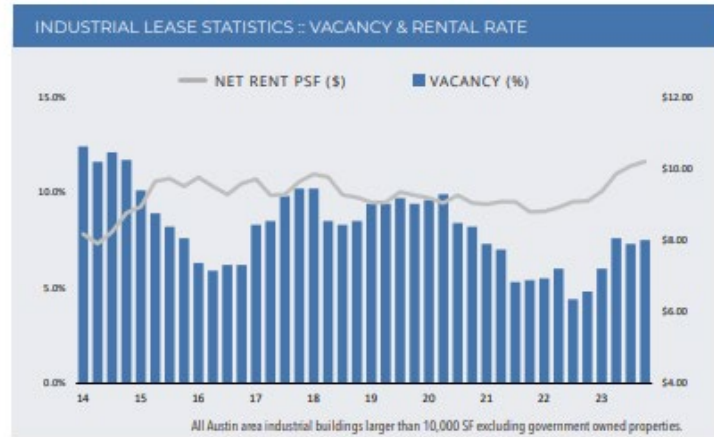
SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	YTD LEASING ACTIVITY	DIRECT OCCUPANCY	TOTAL OCCUPANCY	ALL RETAIL UNDER CONST.	AVE. ASKING NET RENT
Bastrop County	83	2,450,275	22,203	8,838	99.7%	99.7%	0	\$27.25
Caldwell County	23	604,129	54,169	5,850	96.0%	96.0%	15,000	\$21.31
CBD	56	1,441,770	5,712	16,581	97.9%	97.9%	0	\$42.00
Cedar Park	194	7,980,071	440,417	105,562	97.3%	97.3%	160,465	\$28.20
Central	203	6,875,892	(92,210)	118,478	93.8%	93.8%	103,700	\$27.35
East	96	3,395,246	10,660	44,973	96.8%	96.8%	92,378	\$24.38
Far Northeast	110	4,608,572	599,937	578,047	97.3%	97.3%	164,120	\$24.91
Far Northwest	99	3,366,685	(16,045)	82,991	94.9%	94.9%	75,050	\$27.10
Georgetown	245	7,191,550	497,547	335,775	97.3%	97.2%	410,497	\$23.39
Hays County	236	8,162,042	440,434	81,440	98.8%	98.7%	428,065	\$27.74
North	165	6,815,282	40,335	68,101	98.3%	98.3%	0	\$24.20
Northeast	76	3,091,614	75,442	153,060	96.5%	96.5%	53,041	\$23.12
Northwest	133	4,819,662	(8,751)	106,115	94.6%	94.4%	0	\$23.60
Round Rock	194	6,960,161	27,256	158,920	96.4%	96.3%	68,388	\$22.89
South	247	10,045,622	(14,103)	292,012	97.0%	97.0%	147,500	\$29.34
Southeast	69	2,227,760	7,642	13,951	98.6%	98.6%	2,000	\$23.44
Southwest	213	7,993,430	15,151	136,909	97.3%	97.2%	43,314	\$20.22
West Central	39	925,466	73,218	37,314	87.0%	86.9%	0	\$27.69
AUSTIN	2,481	88,955,229	2,179,014	2,344,917	96.8%	96.8%	1,763,518	\$25.64



Industrial

Recent Industrial Leases

- **Hays County :: Four Hands Home**
181,829 SF at Park 35 Building 2
- **Southeast :: NEFCO**
73,964 SF at 5900 Ben White
- **Southeast :: Waymo**
72,000 SF at Expo 1
- **Round Rock :: CORT Furniture**
64,523 SF at Round Rock 35 Bldg 1



Recent Industrial Sales

- **Far Northeast :: 130 Crossing 3-5**
510,300 SF in 3 industrial buildings
Buyer: BentallGreenOak
Seller: Ironwood/USAA

Industrial Sales Statistics

	AUSTIN TRAILING 12 MO.	AUSTIN Q4 2023	U.S. TRAILING 12 MO.	U.S. Q4 2023
Volume (\$ Mil)	\$876.4	\$281.2	\$80,089.1	\$13,982.0
Number of Properties	43	8	6,370	1,114
Total Square Feet	4,509,023	1,321,351	657,724,196	121,338,693
Average Price per SF	\$214	\$292	\$130	\$122
Average Cap Rate (Yield)	6.2%	6.1%	6.0%	7.0%

SOURCE: Real Capital Analytics

Q4 2023 Industrial Lease Statistics By Submarket

SUBMARKET	N.O. OF BLDGS	INVENTORY	YTD NET ABSORPTION	QUARTERLY ABSORPTION	DIRECT OCCUP.	TOTAL OCCUP.	ALL UNDER CONSTR.	ALL YTD DELIVERIES	FLEX NET RENT	INDUST. NET RENT	AVE NET RENT
Bastrop County	25	810,185	160,748	0	95.0%	95.0%	242,346	534,715	\$11.47	\$7.21	\$7.49
Caldwell County	16	720,154	(322,887)	147,718	57.9%	57.9%	443,172	170,994	\$12.25	\$8.94	\$9.22
CBD	5	87,424	0	0	100.0%	100.0%	0	0	N/A	N/A	N/A
Cedar Park	61	2,164,238	52,268	15,159	96.6%	91.4%	458,357	139,436	\$14.22	\$10.70	\$12.14
Central	61	1,597,703	28,705	17,109	91.2%	90.9%	0	0	\$15.96	\$10.84	\$12.35
East	155	10,088,875	94,642	13,624	97.5%	97.2%	4,098,147	246,764	\$18.72	\$10.39	\$10.60
Far Northeast	175	12,546,394	1,976,402	614,529	93.5%	92.6%	1,605,192	2,501,325	\$12.72	\$8.65	\$8.78
Far Northwest	37	1,047,776	40,206	4,683	97.4%	97.4%	125,000	53,820	\$13.37	\$9.47	\$9.85
Georgetown	176	9,761,112	2,045,764	316,790	80.3%	80.0%	2,344,453	4,594,194	\$12.73	\$10.31	\$10.41
Hays County	199	12,824,582	322,921	53,143	89.4%	88.4%	1,869,712	3,177,496	\$12.00	\$10.39	\$10.43
North	330	15,461,620	(142,366)	(18,342)	92.5%	90.9%	0	155,030	\$13.45	\$9.65	\$10.41
Northeast	212	15,225,463	(187,930)	(61,867)	96.3%	95.1%	423,436	14,400	\$13.15	\$9.75	\$10.69
Northwest	33	3,398,919	(29,354)	(10,800)	95.4%	93.4%	0	0	\$12.00	\$8.40	\$9.91
Round Rock	158	5,717,483	222,926	193,761	96.4%	96.4%	4,656,804	1,090,107	\$12.67	\$10.01	\$10.24
South	127	3,046,714	(170,917)	(52,860)	89.0%	88.5%	43,600	0	\$12.44	\$9.95	\$10.18
Southeast	267	15,356,662	666,366	429,982	94.0%	92.0%	3,076,263	816,355	\$12.12	\$9.57	\$9.93
Southwest	54	3,778,252	2,830	3,959	92.4%	91.7%	0	4,000	\$13.73	\$9.50	\$9.88
West Central	2	69,128	0	0	100.0%	100.0%	0	0	N/A	N/A	N/A
AUSTIN	2,093	113,702,684	4,760,324	1,666,588	92.5%	91.4%	19,386,482	13,498,636	\$13.13	\$9.74	\$10.19
w/o SpaceX (BC) or Samsung (RR):							16,464,961				



Apartments

Recent Apartment Sales

- Pflugerville :: Villas Tech Ridge**
 350 Units at 13838 The Lakes Blvd
 Buyer: Pegasus Real Estate
 Seller: New York Life
- East :: Alta Trailhead**
 308 Units at 1105 Airport Blvd
 Buyer: Park Property Capital
 Seller: Stonelake Capital Partners
- Northwest :: Onyx 183**
 390 Units at 6800 McNeil Drive
 Buyer: CIM Group / FPG
 Seller: Wateron Associates
- Northeast :: Paloma**
 300 Units at 9911 Dessau Road
 Buyer: Housing Authority of Austin
 Seller: Stonelake Capital Partners

Apartment Statistics At-A-Glance

AUSTIN MSA	TRAILING 12 MONTHS	HISTORICAL AVE (YOY)
Vacancy Change	3.3%	8.4%
Units Absorbed	10,002	6,142
Units Delivered	21,726	7,301
Units Under Construction	39,594	
Average Unit Size (SF)	872	
Asking Rent Growth (YoY)	-5.1%	2.4%
Effective Rent Growth (YoY)	-6.0%	2.3%
Sales Volume	\$504M	\$1.2B
% Offering Concessions	37.0%	
Average Concession Package	7.7%	

SOURCE: ALN Apartment Data, CoStar, RCA

APARTMENT STATISTICS :: VACANCY & RENTAL RATE



SOURCE: CoStar

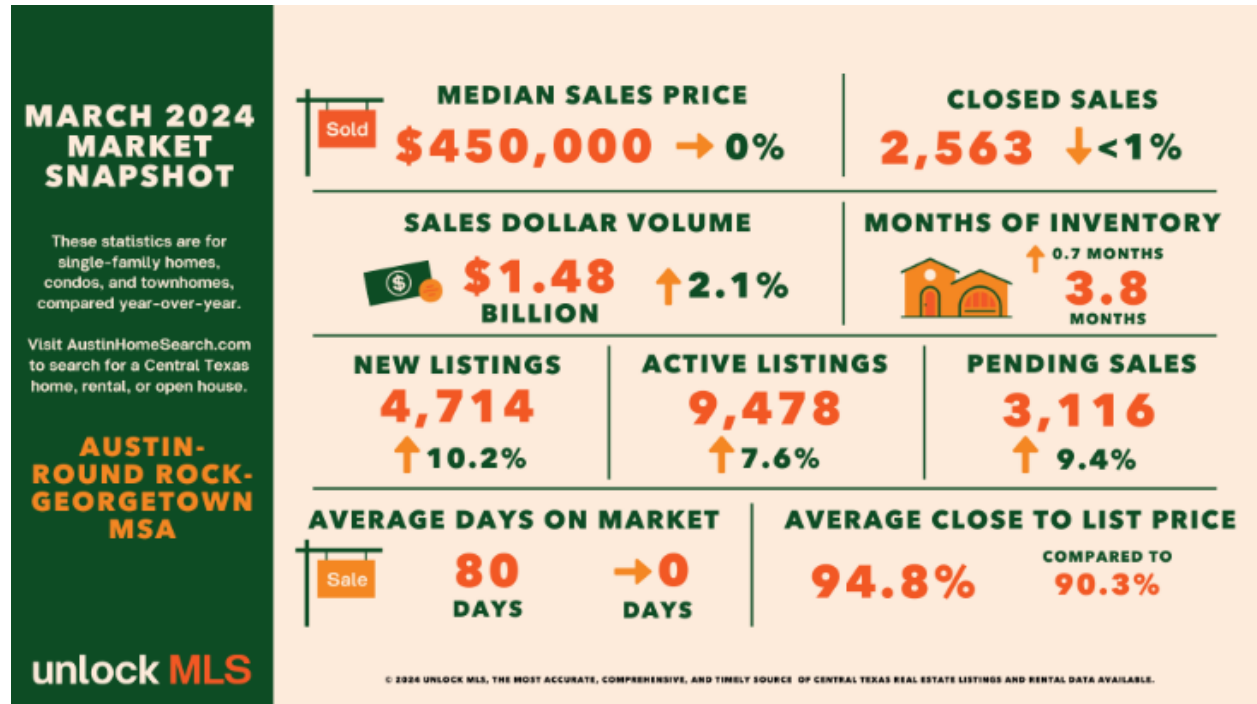
Q4 2023 :: Apartment Statistics By Submarket

SUBMARKET	NO. OF PROJECTS	NO. OF UNITS	VACANCY	TRAILING 12 ABSORPTION	AVE RENT (PER UNIT)	AVE RENT (PSF)
Bastrop County	16	1,279	8.8%	121	\$1,415	\$1.58
Buda-Kyle	35	9,016	18.4%	1,178	\$1,522	\$1.67
Caldwell County	13	584	17.0%	43	\$1,148	\$1.25
Cedar Park	46	14,104	10.0%	463	\$1,538	\$1.67
Central Austin	166	4,195	6.5%	(43)	\$1,657	\$2.36
Downtown Austin	42	6,695	13.1%	295	\$3,105	\$3.28
East Austin	122	15,029	14.4%	571	\$1,766	\$2.18
Far North Austin	23	2,598	12.1%	528	\$1,603	\$1.74
Far West Austin	7	173	5.8%	17	\$1,442	\$1.33
Georgetown-Leander	69	12,347	24.5%	2,122	\$1,606	\$1.62
Hill Country	8	1,018	6.0%	19	\$1,714	\$1.77
Lake Travis	17	3,656	7.3%	17	\$1,795	\$1.66
Midtown Austin	239	15,218	10.8%	313	\$1,558	\$2.03
North Austin	142	27,630	12.3%	(37)	\$1,523	\$1.91
Northeast Austin	67	13,607	14.3%	870	\$1,436	\$1.63
Northwest Austin	122	34,171	8.6%	(312)	\$1,476	\$1.67
Pflugerville	76	22,168	14.2%	1,584	\$1,517	\$1.71
Riverside	81	17,415	13.8%	(40)	\$1,489	\$1.85
Round Rock	76	17,286	12.0%	436	\$1,544	\$1.65
San Marcos	67	7,353	10.7%	129	\$1,288	\$1.48
South Austin	104	19,293	9.8%	356	\$1,502	\$1.75
South Central Austin	153	13,083	9.8%	(90)	\$1,710	\$2.18
Southeast Austin	56	13,197	20.8%	1,390	\$1,451	\$1.64
Southwest Austin	56	13,094	11.4%	86	\$1,682	\$1.81
West Austin	76	2,149	6.1%	(17)	\$2,041	\$2.53
AUSTIN MSA TOTAL:	1,879	286,358	12.6%	9,999	\$1,587	\$1.83

Source: CoStar



Housing / Construction & Demographics



AUSTIN, Texas —In March, new home listings across the Austin-Round Rock-Georgetown MSA jumped to 4,714 new listings, 10.2% more than March 2023, leading to multiple markets reaching four months of inventory, according to the latest Central Texas Housing Report released by Unlock MLS. The data indicates that homeowners have confidence in their ability to sell their homes for good value while buyers now have a larger selection of home options, helping to keep price growth flat.

Clare Losey, Ph.D., housing economist for Unlock MLS and the Austin Board of REALTORS®, noted that the increase in monthly inventory is a sign of a healthier and robust housing market.

“The current housing market is more favorable for first-time homebuyers, with an uptick in new listings for the lowest priced homes. More inventory means more options tailored to buyers’ specific needs and interests, allowing them more personalization and choice of location when looking for their new home. It’s great to see the stability of the current market in the first quarter of 2024.”

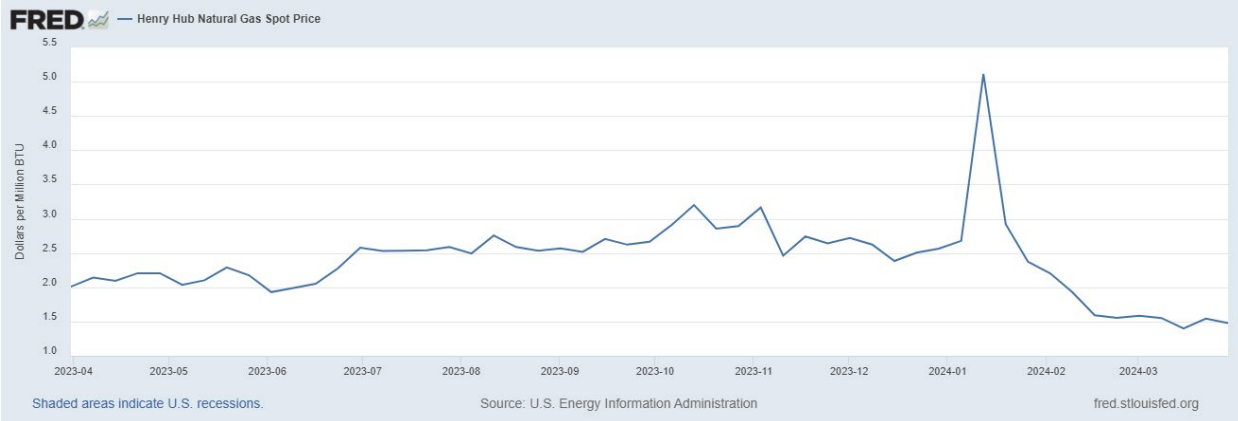
Source: Austin Board of Realtors “[March 2024 Central Texas Housing Market Report](#)”. Published April 12, 2024.

Capital Markets

As of 03/31/23 mortgage interest rate levels for conventional, conforming fixed rate loans, according to Freddie Mac, averaged 6.79% for a 30-year mortgage. The U.S. 10 Year Treasury sat at 4.21%.



Energy



CNB Commercial Lenders



Joe Mahan, Branch President
Cameron, TX - 254.697.6653



Jim Morse, Branch President
Rockdale, TX - 512.430.6316



Ryan Stiba, Branch President
Taylor, TX - 512.352.7641



Tim Walther, Branch President
Giddings, TX - 979.542.3136



**Jonathan Kamenicky,
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Pflugerville, TX - 512.670.1200



**Brian Cauthorn, Branch
President**
Round Rock, TX - 512.218.5100



Jeff Baker, Branch President
Cedar Park, TX - 512.335.1748



**Claudia Conroy, Market
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Killeen, TX - 254.870.4743



**Brad Hickman, Lending
Officer**
Pflugerville, TX - 512.670.1200



About Citizens National Bank

We are a \$600 million in assets community financial institution and have been proudly serving Central Texas since 1900. That experience is what sets Citizens National Bank apart. A Cameron, TX based financial institution with eight branches across Central Texas including Milam, Lee, Williamson, Travis, and Bell counties. From Cameron to Cedar Park and several towns in between, we know and are active in each of our communities, making us better able to meet the banking needs of the communities we serve. Additional information can be found at cnbanktexas.com.

Contact a lender for a copy of this report.



Check out our current commercial real estate loan special.

