

Go-Getters 6th Annual Multifamily Summit

Texas Secondary Markets



Introductions



Agenda

Markets Served

Fundamentals

Income/Expense Survey

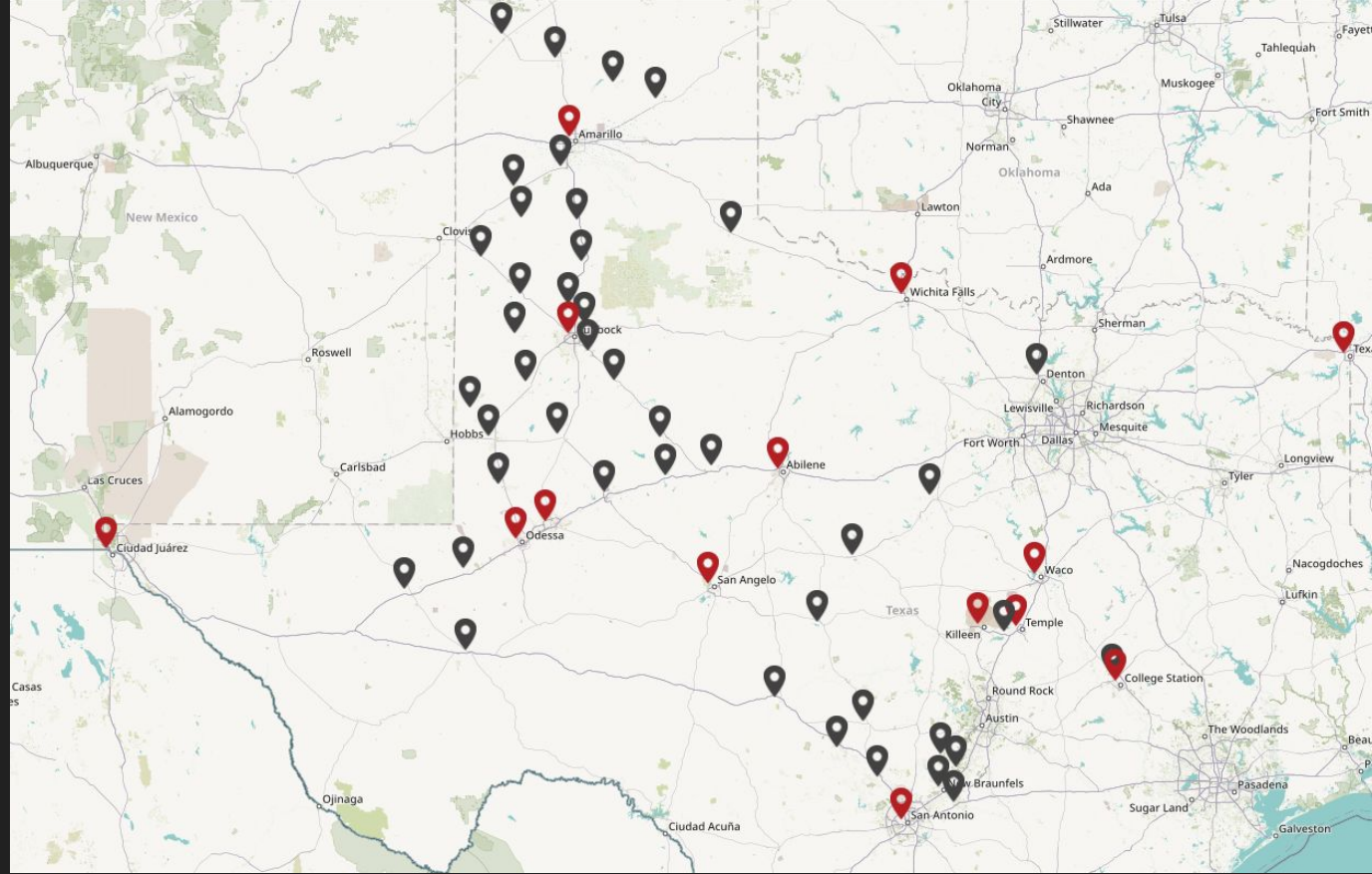
Sales

New Construction and BTR

Website and Resources

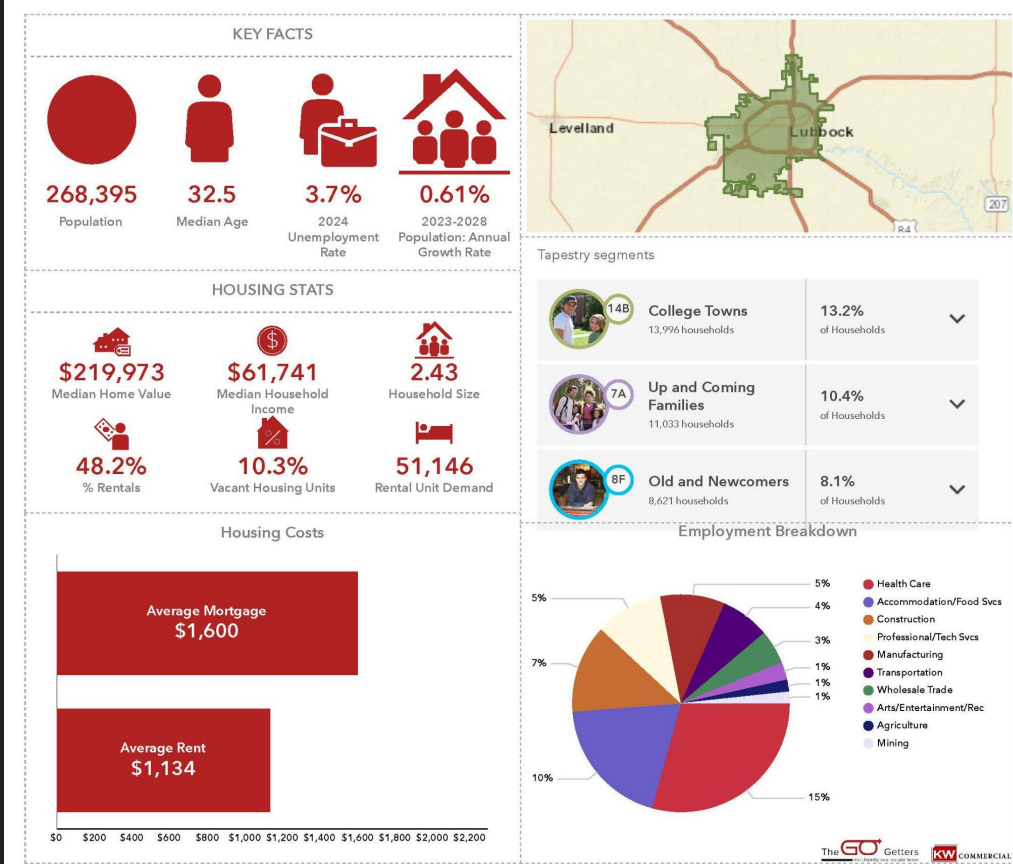


Markets Served



<i>Market</i>	Properties	Units
Abilene	105	10,623
Amarillo	227	19,321
Canyon	51	1,549
El Paso	437	52,877
Fredericksburg	17	1,594
Kerrville	47	2,553
Lubbock	492	35,223
Midland	108	17,437
New Braunfels	70	12,155
Odessa	108	13,655
San Angelo	103	9,822
San Antonio	1,008	223,472
Waco	178	18,385
Wichita Falls	63	7,646

Lubbock



Source: This infographic contains data provided by Esri (2024, 2029).

Market Fundamentals

Jobs

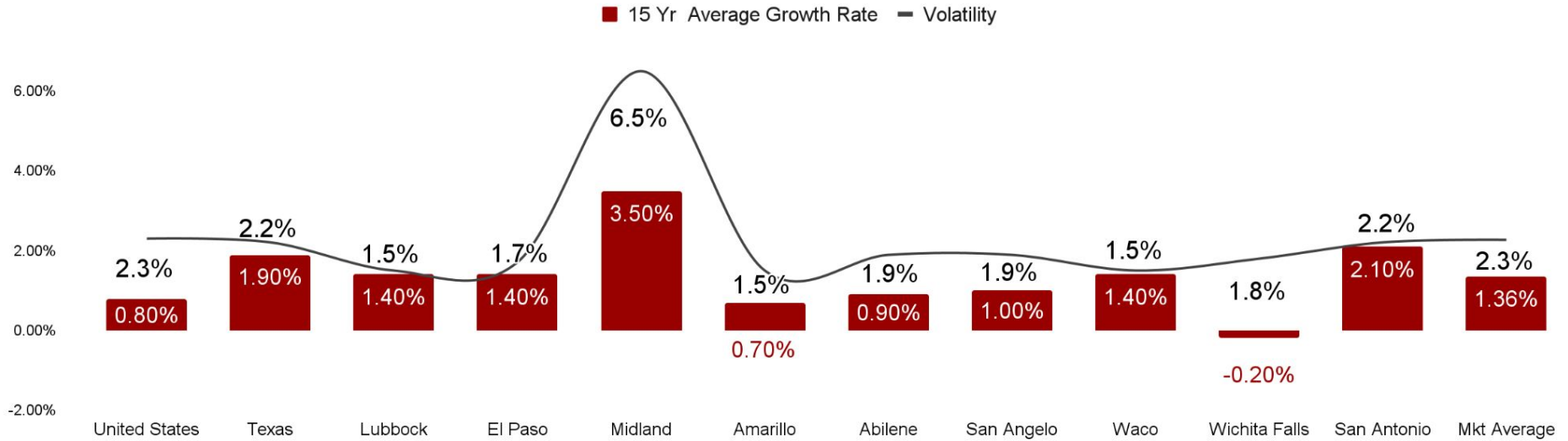
Rent Growth and Occupancy

Lubbock Rent and Occupancy

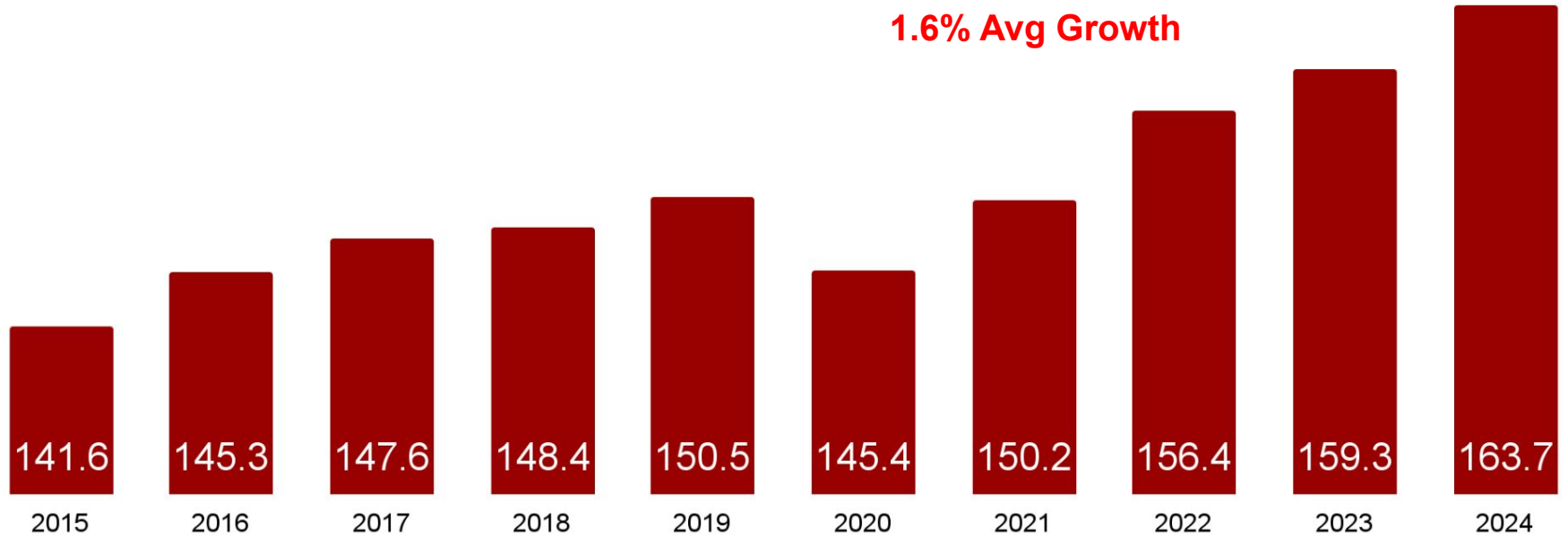
Rent vs. Cost to Own



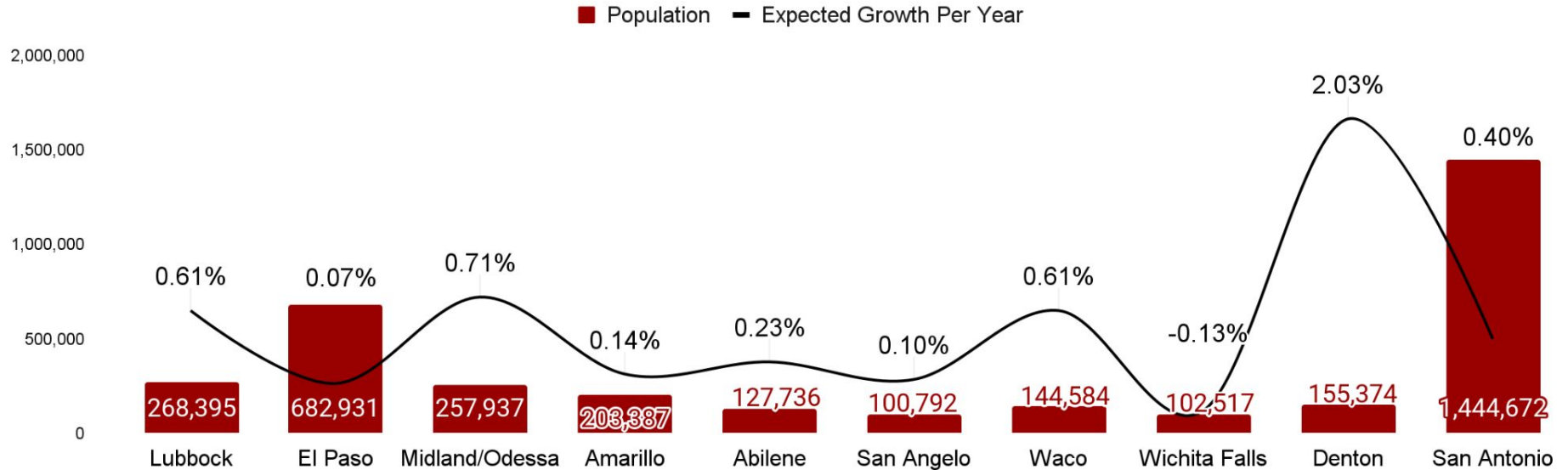
Job Growth and Volatility



Jobs in Lubbock



Current Population and Expected Growth



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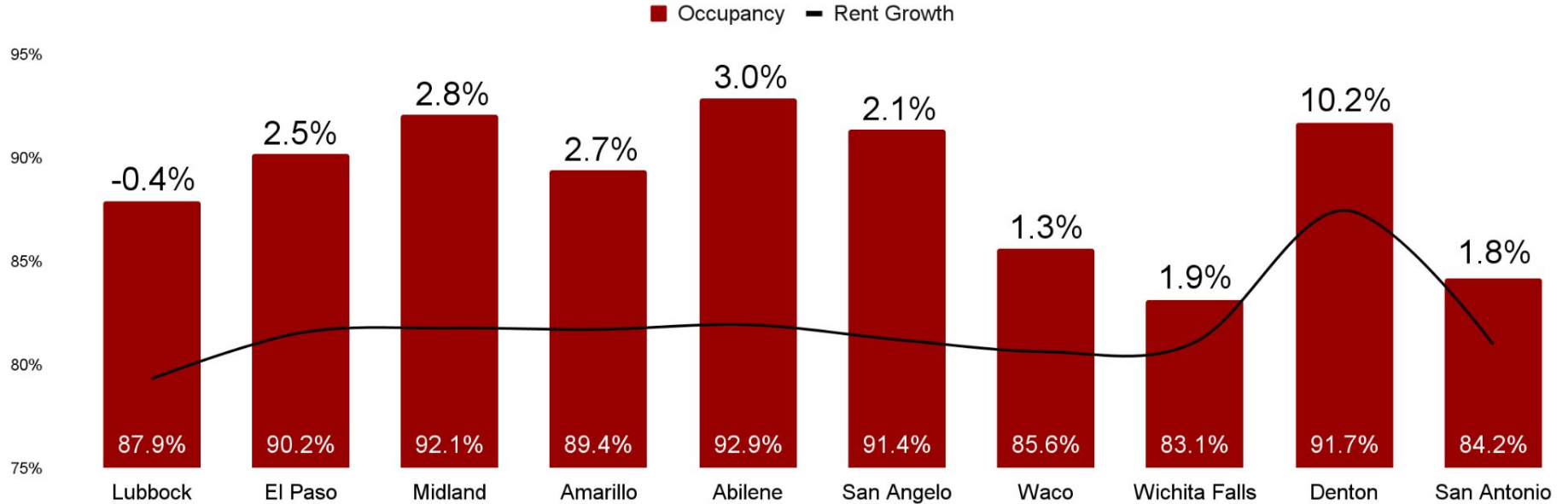
Market ↑↓	Average Occupancy ↑↓	Occupancy Change ('23 to '24 YTD) ↑↓	Average Monthly Rent ↑↓	Annual Rent Change ('23 to '24 YTD) ↑↓
Austin	83.7%	-1.8%	\$1,650	-1.7%
San Antonio	84.2%	-3.1%	\$1,285	1.8%
Houston	87.6%	2.1%	\$1,361	2.1%
Dallas	86.9%	0.3%	\$1,549	1.1%
Amarillo	89.4%	0.3%	\$941	2.7%
Lubbock	87.9%	-0.5%	\$1,123	-0.4%
Abilene	92.9%	5.0%	\$1,059	3.0%
Midland/Odessa	92.7%	-0.6%	\$1,358	2.8%
Waco	85.6%	-5.4%	\$1,202	1.3%
El Paso	90.2%	-3.2%	\$1,057	2.5%
College Station	92.4%	-0.2%	\$1,552	5.5%
San Angelo	91.4%	0.1%	\$1,014	2.1%
Wichita Falls	83.1%	-4.8%	\$867	1.9%
Albuquerque	87.6%	-2.8%	\$1,361	5.6%



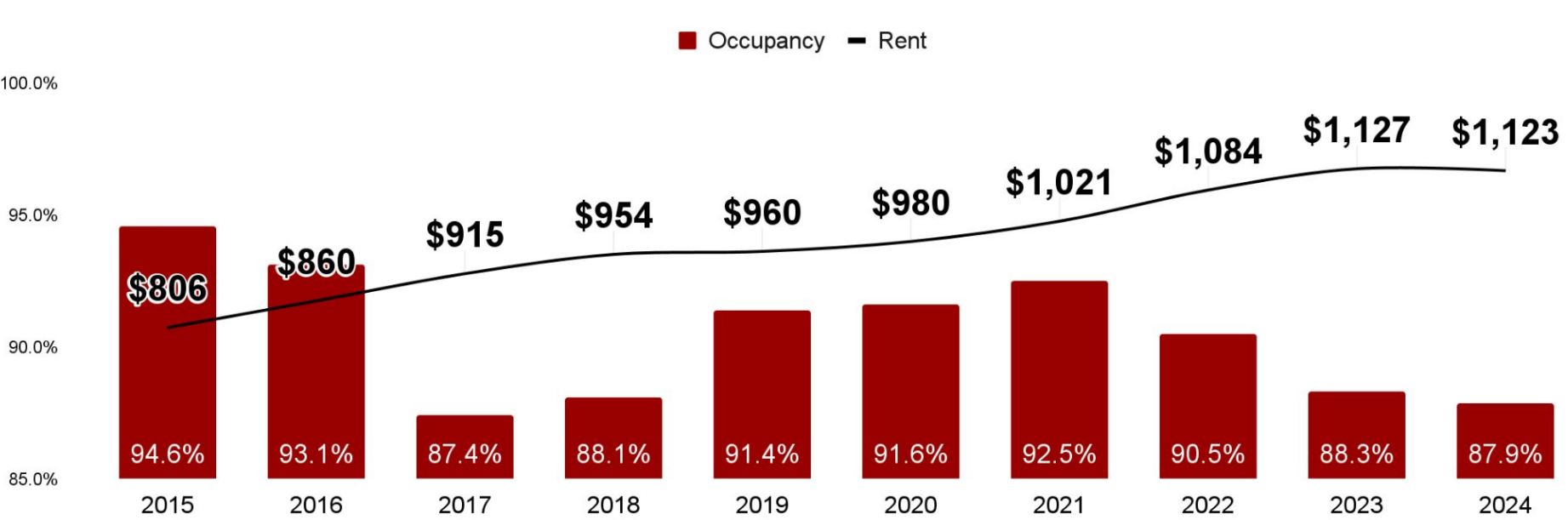
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YOY 2024 Conventional Rent Growth and Occupancy

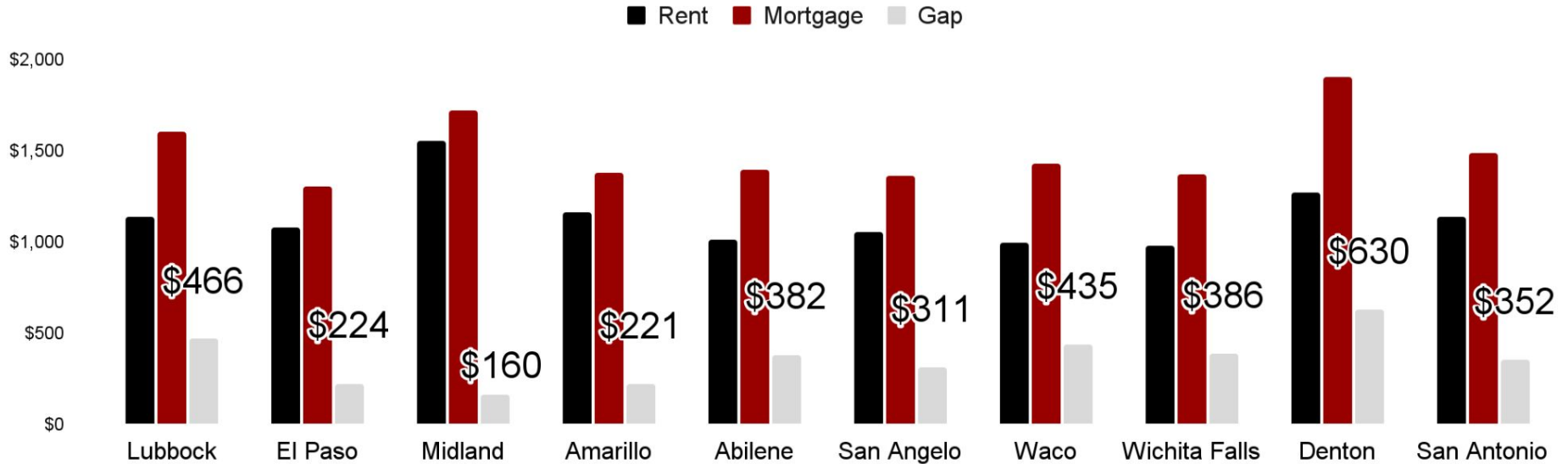


Average Rent and Occupancy for Lubbock



Rent vs. Cost to Own

*Source: STDB (Includes all Rentals 2 Units +)



FHA/First Time Home Buyer Comparison

2024

Median Home Price	FHA Down Payment	Interest Rate	Est Tax Rate@1.82%	Insurance @0.8%	P&I	Total Avg. Monthly Payment
235,000	3.5%	6.125%	\$356.42	\$156.67	1,377.91	1,890.99

2021

Median Home Price	FHA Down Payment	Interest Rate	Est Tax Rate@1.82%	Insurance @0.8%	P&I	Total Avg. Monthly Payment
215,000	3.5%	2.500%	\$326.08	\$143.33	819.78	1,289.20

2024	2021
Avg. Rent- \$1,123	Avg. Rent- \$1,021
Avg. PITI- \$1,890	Avg. PITI- \$1,289
<i>Gap</i>	<i>Gap</i>
\$768	\$268



Operations

NOI

Benchmarking

Value Add Opportunities



Net Operating Income (NOI)

$$\begin{array}{r} \text{Income} \\ - \text{Expenses} \\ \hline = \text{NOI} \end{array}$$

Common
Examples:

INCOME: Collected Rents, Pet Rent, Laundry Income, Utility Reimbursement, etc.

EXPENSES: Utilities, Repairs & Maintenance, Landscaping, Taxes & Insurance

West/Central TX Income & Expenses

	\$/Unit	% of GPR	\$/sf
# of Properties	185		
# of Units	23,236		
Gross Potential Rent	\$10,822	100.0%	\$12.73
Vacancy, Collection Loss	-\$1,570	-14.5%	-\$1.85
Loss to Lease	-\$428	-4.0%	-\$0.50
Concessions	-\$176	-1.6%	-\$0.21
Bad Debt	-\$324	-3.0%	-\$0.38
Total Rental Income	\$9,065	83.8%	\$10.66
Other Income	\$835	7.7%	\$0.98
Total Income	\$9,790	90.5%	\$11.52
Admin	\$378	3.5%	\$0.44
Advertising	\$125	1.2%	\$0.15
Contract Services	\$235	2.2%	\$0.28
Payroll	\$1,208	11.2%	\$1.42
Repairs Maintenance	\$682	6.3%	\$0.80
Management Fees	\$558	5.2%	\$0.66
Property Taxes	\$1,074	9.9%	\$1.26
Insurance	\$739	6.8%	\$0.87
Landscaping	\$175	1.6%	\$0.21
Turnover Cost	\$336	3.1%	\$0.39
Cable & Internet	\$145	1.3%	\$0.17
Gas	\$117	1.1%	\$0.14
Electric - Common	\$298	2.7%	\$0.35
Electric - Vacant	\$107	1.0%	\$0.13
Water Sewer	\$623	5.8%	\$0.73
Trash	\$158	1.5%	\$0.19
Total Expenses	\$5,384	49.7%	\$6.33
NOI	\$5,006	46.3%	\$5.89
Capital Expenses	-\$1,017	-9.4%	-\$1.20

Yardi Operational Expenses

	Amarillo	Central East TX	El Paso	Lubbock	Midland/ Odessa	San Antonio	Weighted Average	% of GPR
Properties	17	73	74	15	40	247	466	
Income								
Metrics Per Unit								
Income Assumptions								
Gross Potential Rent	\$11,830	\$13,531	\$12,492	\$11,170	\$16,206	\$15,145	\$14,313	100.0%
Economic Vacancy	-\$836	-\$1,131	-\$937	-\$932	-\$1,204	-\$1,403	-\$1,233	-8.6%
Net Rental Income	\$10,994	\$12,400	\$11,555	\$10,237	\$15,001	\$13,742	\$13,079	91.4%
Other Income	\$1,221	\$1,608	\$1,347	\$1,660	\$2,310	\$1,729	\$1,678	11.7%
Total Income	\$12,215	\$14,009	\$12,901	\$11,897	\$17,311	\$15,470	\$14,758	103.1%
Expenses								
Operating Expenses								
Payroll	\$1,675	\$1,629	\$1,487	\$1,693	\$1,760	\$1,669	\$1,642	11.5%
Marketing & Advertising	\$202	\$331	\$191	\$222	\$196	\$314	\$280	2.0%
Repairs & Maintenance	\$1,024	\$1,052	\$867	\$746	\$1,170	\$1,031	\$1,011	7.1%
Administrative	\$293	\$405	\$428	\$432	\$337	\$446	\$421	2.9%
Management Fees	\$599	\$491	\$461	\$453	\$566	\$470	\$484	3.4%
Utilities	\$602	\$1,068	\$1,108	\$810	\$1,014	\$986	\$1,001	7.0%
Electric	\$150	\$192	\$134	\$166	\$191	\$187	\$178	1.2%
Gas	\$49	\$48	\$66	\$23	\$28	\$16	\$32	0.2%
Water/Sewer	\$402	\$828	\$908	\$621	\$796	\$783	\$792	5.5%
Real Estate & Other Taxes	\$961	\$1,846	\$1,062	\$1,361	\$1,604	\$2,620	\$2,063	14.4%
Insurance	\$568	\$762	\$563	\$511	\$581	\$778	\$708	4.9%
Total Operating Expense	\$5,923	\$7,633	\$6,166	\$6,229	\$7,238	\$8,350	\$7,639	53.4%
Net Operating Income	\$6,292	\$6,376	\$6,735	\$5,668	\$10,074	\$7,120	\$7,119	49.7%
Capital Expenditures	\$660	\$1,933	\$1,617	\$1,089	\$663	\$1,538	\$1,491	10.4%

*Information from Yardi Matrix. Line item titles modified to match our income and expense format.

Why does 'Net Operating Income' (NOI) Matter?

$$\text{Value} = \frac{\text{NOI}}{\text{Cap Rate}}$$

Examples: Value affected by varying NOI (7% Cap Rate)

\$50,000 (NOI) / 7% (Cap Rate) = ~\$715,000 (Value)

\$100,000 (NOI) / 7% (Cap Rate) = ~\$1,430,000mm (Value)

\$150,000 (NOI) / 7% (Cap Rate) = ~\$2,140,000mm (Value)

Occupancy vs. Value

Average Rent	Number of units	Occupancy %	NOI Per Unit	Monthly NOI	Annual NOI	Market Cap Rate	Market Value
\$1,000	100	100%	\$450	\$45,000	\$540,000	7.00%	\$7,714,286
\$1,000	100	90%	\$450	\$40,500	\$486,000	7.00%	\$6,942,857
\$1,000	100	85%	\$450	\$38,250	\$459,000	7.00%	\$6,557,143
\$1,000	100	80%	\$450	\$36,000	\$432,000	7.00%	\$6,171,429
\$1,000	100	75%	\$450	\$33,750	\$405,000	7.00%	\$5,785,714
\$1,000	100	70%	\$450	\$31,500	\$378,000	7.00%	\$5,400,000



Value Add Potential per unit

Improvement	Investment	Additional Cash Flow	Additional Value @ 6% cap
RUBS - recoup 75% of \$800/unit/yr bill		\$600	\$10,000
Reduce utility expenses: low flow toilets - Save 45% water bill	\$375	\$360	\$6,000
Landscaping - change grass to rocks	\$300	\$210	\$3,500
Tenant Retention (save vacancy, makeready, utilities)		\$1,600	\$26,667

PFC/HFC



Boosting NOI through Income & Expenses

Rental Income	Trailing 12 Months	Year 1 Forecast
Gross Potential Rent	500,000	500,000
Vacancy	(\$40,000)	(\$35,000)
Loss to Lease	(\$30,000)	(\$25,000)
Concessions	(\$25,000)	(\$20,000)
Bad Debt / Delinquency	(\$20,000)	(\$15,000)
Net Rental Income	\$385,000	\$405,000
Utility Reimbursement	\$20,000	\$21,000
Laundry	\$10,000	\$11,000
Parking	\$7,500	\$8,500
Late Fees	\$5,000	\$6,000
Pet Fees	\$2,000	\$3,000
Total Other Income	\$44,500	\$49,500
Gross Operating Income	\$429,500	\$454,500
Operating Expenses		
Advertising	\$15,000	\$5,000
Payroll	\$85,000	\$80,000
Repairs & Maintenance	\$30,000	\$27,000
Management Fee	\$60,000	\$55,000
Property Taxes	\$20,000	\$19,000
Insurance	\$30,000	\$25,000
Turnover	10,000	7,500
Utilities	25,000	23,000
Total Operating Expenses	\$275,000	\$241,500
Net Operating Income (NOI)	\$154,500	\$213,000
Value at a 7% Cap rate	\$2,207,143	\$3,042,857

OPERATING STATEMENT	T-12	YEAR 1	CHANGE
Total Operating Income	429,500	454,500	25,000
Total Operating Expenses	275,000	241,500	33,500
Net Operating Income	154,500	213,000	58,500
Value at a 7% Cap Rate	2,207,143	3,042,857	835,714



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Sales

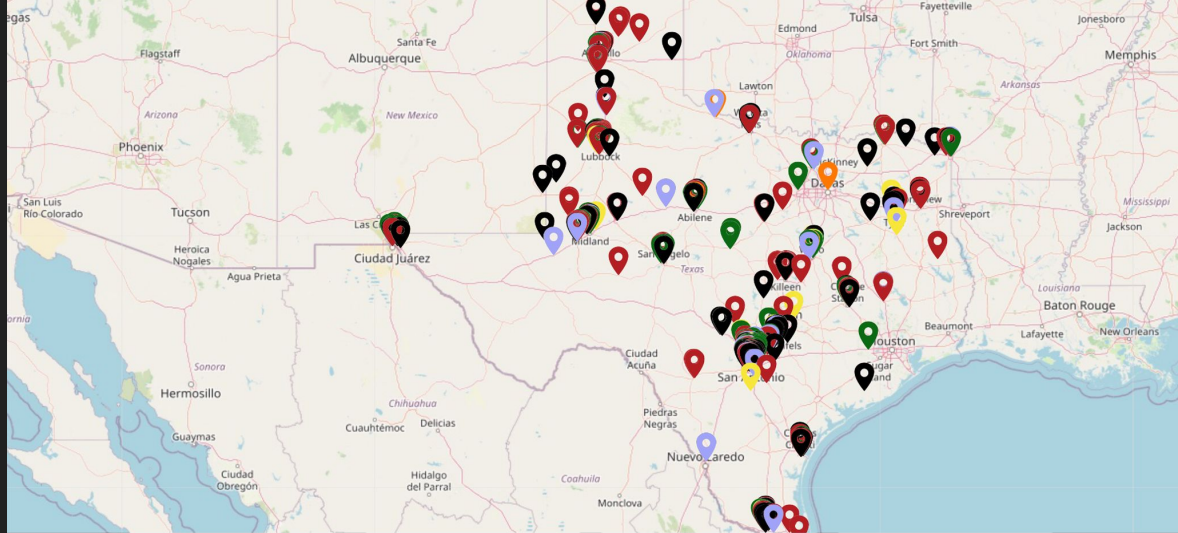
Property Tracker

Market Sales Activity

Lubbock Sales by Year



How we track properties



Properties:
564

Units:
17,198

Average DOM:
207

MSI:
17.63

Active:
166

Expired:
190

Under Contract:
29

Sold:
118

Active Price/Unit:
\$81,092

Active Price/SF:
\$93

Active Cap Rate:
3.0%

Active GRM:
5.5

Sold Price/Unit:
\$93,952

Sold Price/SF:
\$113

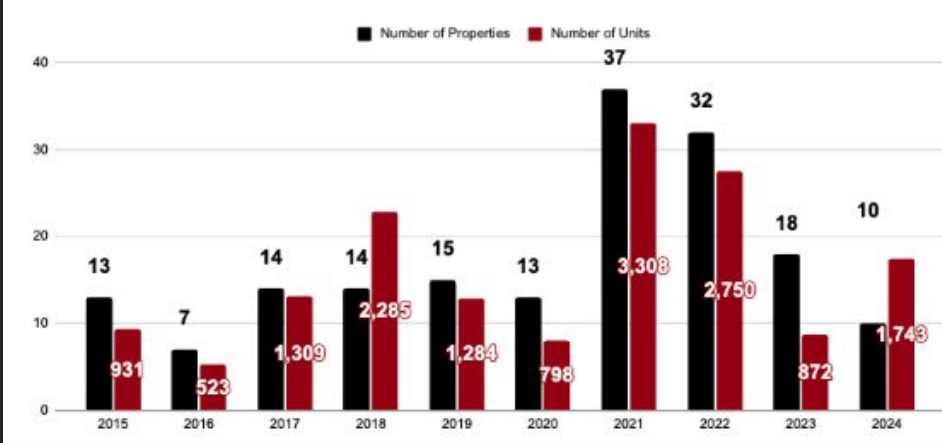
Sold Cap Rate:
6.2%

Sold GRM:
7.4



Stats by Year - Lubbock

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Properties	13	7	14	14	15	13	37	32	18	10
Number of Units	931	523	1,309	2,285	1,284	798	3,308	2,750	872	1,743
Properties with Pricing Data	13	5	13	13	13	12	26	26	8	6
Average Sold Price/Unit	\$33,810	\$43,915	\$48,749	\$67,050	\$61,013	\$45,801	\$82,490	\$72,331	\$52,906	\$56,025
Average Sold Cap Rate	10.0%	6.3%	6.2%	8.1%	7.3%	7.9%	5.5%	5.1%	5.4%	3.7%
Average Sold PPSF	\$49	\$47	\$59	\$84	\$65	\$66	\$102	\$86	\$76	\$74
Average Sold GRM	6.9	5.8	6.3	7.4	5.2	5.6	8.0	7.5	7.8	5.6
Class A Properties	1	0	0	2	2	2	8	3	3	2
Class B Properties	0	1	2	2	1	0	4	2	1	2
Class C Properties	12	6	12	10	11	11	24	27	14	6



New Construction

Yearly Activity

Construction Pipeline

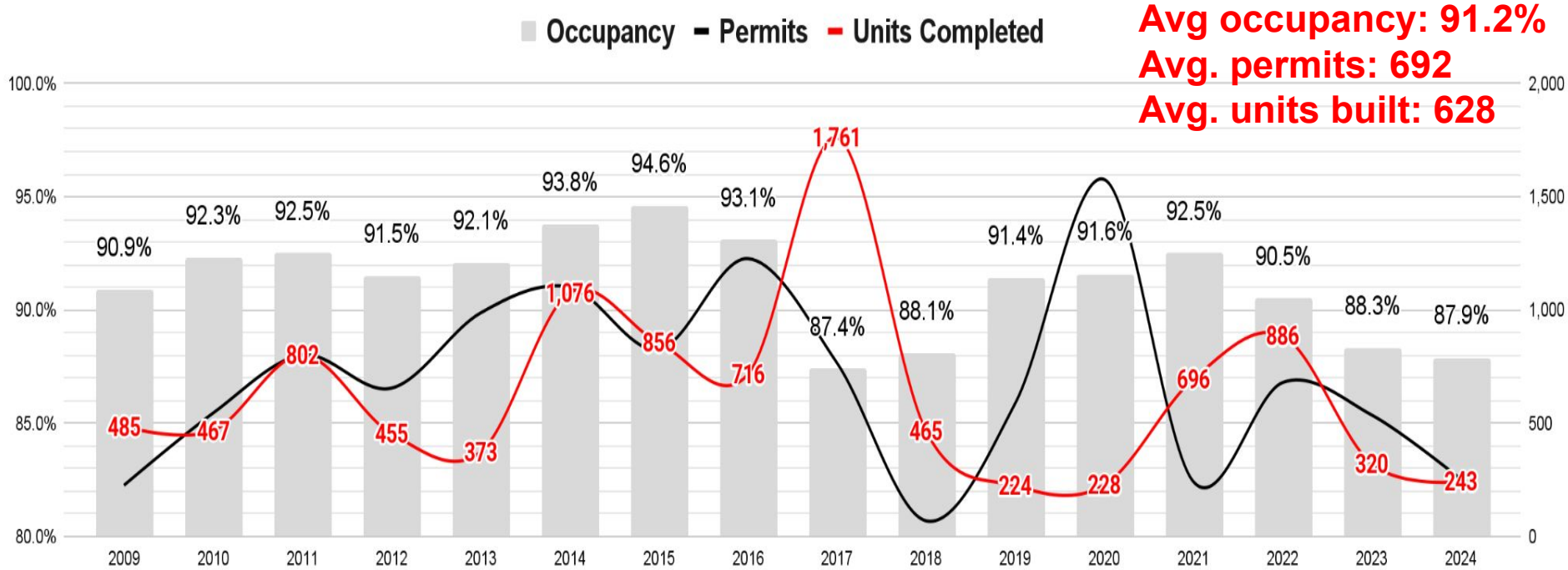
Permits and Absorption

Lubbock Projects

Build to Rent



Permits, Units Built, and Occupancy for Lubbock





Completed in 2024

257 units

Status: Complete | Type: Market

Falcons Nest

11101 University Avenue
Lubbock, TX 79423



Estimated Late 2025

56 units

Status: Under Construction | Type: Affordable

Inn Town Lofts

1202 Main Street
Lubbock, TX 79401



Estimated Fall 2025

234 units

Status: Lease-Up | Type: Student Housing

The Wyatt

5010 Auburn Street
Lubbock, TX 79416



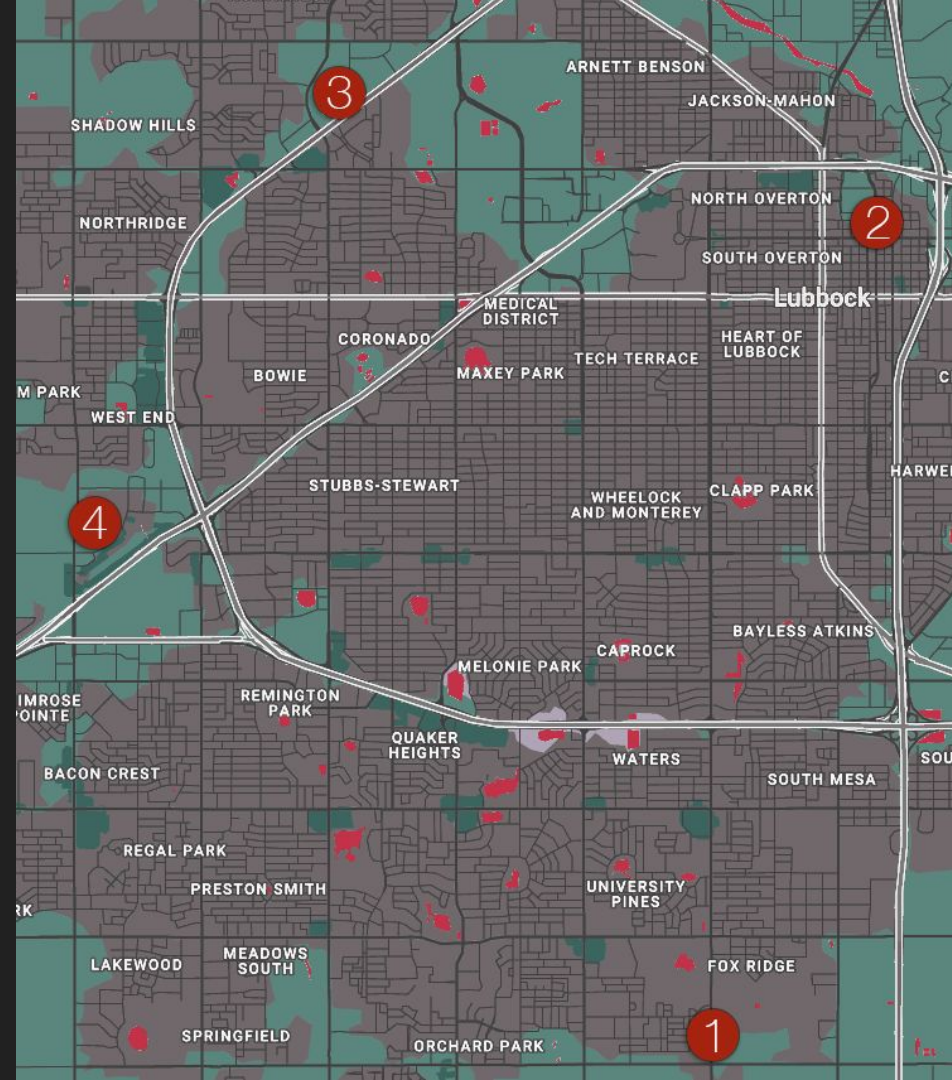
Completed in 2024

188 units

Status: Complete | Type: Market

La Ventana

4515 Milwaukee Ave
Lubbock, TX 79407



Building Permits 2024

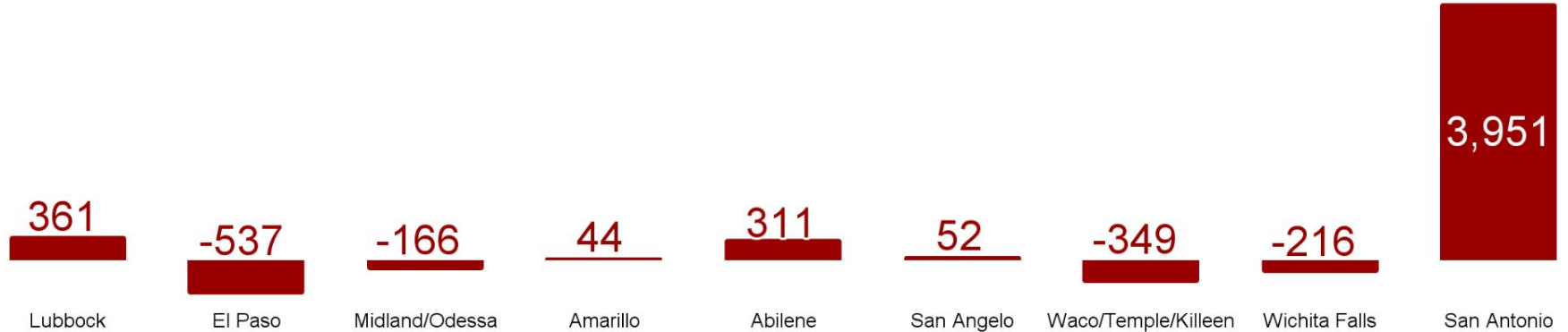
*Source Texas Real Estate Research Center | Building Permits | Nov 2024 5 Units+



Annual Absorption

*Source: San Antonio - Yardi Matrix | All other markets - ALN Data

■ 2024 Absorption





1
6040 24th St
Lubbock, TX 79407

48 units

West End Townhomes

Year Built: 2019

Average Rent: \$1,775

Price Per Square Foot: \$0.99



2
2420 144th St
Lubbock, TX 79423

62 units

Bell Farms Townhomes

Year Built: 2019

Average Rent: \$1,400

Price Per Square Foot: \$1.31



3
3402 Itasca St
Lubbock, TX 79415

25 units

Tech Village North

Year Built: 2018

Average Rent: \$1,756

Price Per Square Foot: \$0.98



4
7421-7419 28th St
Lubbock, TX 79407

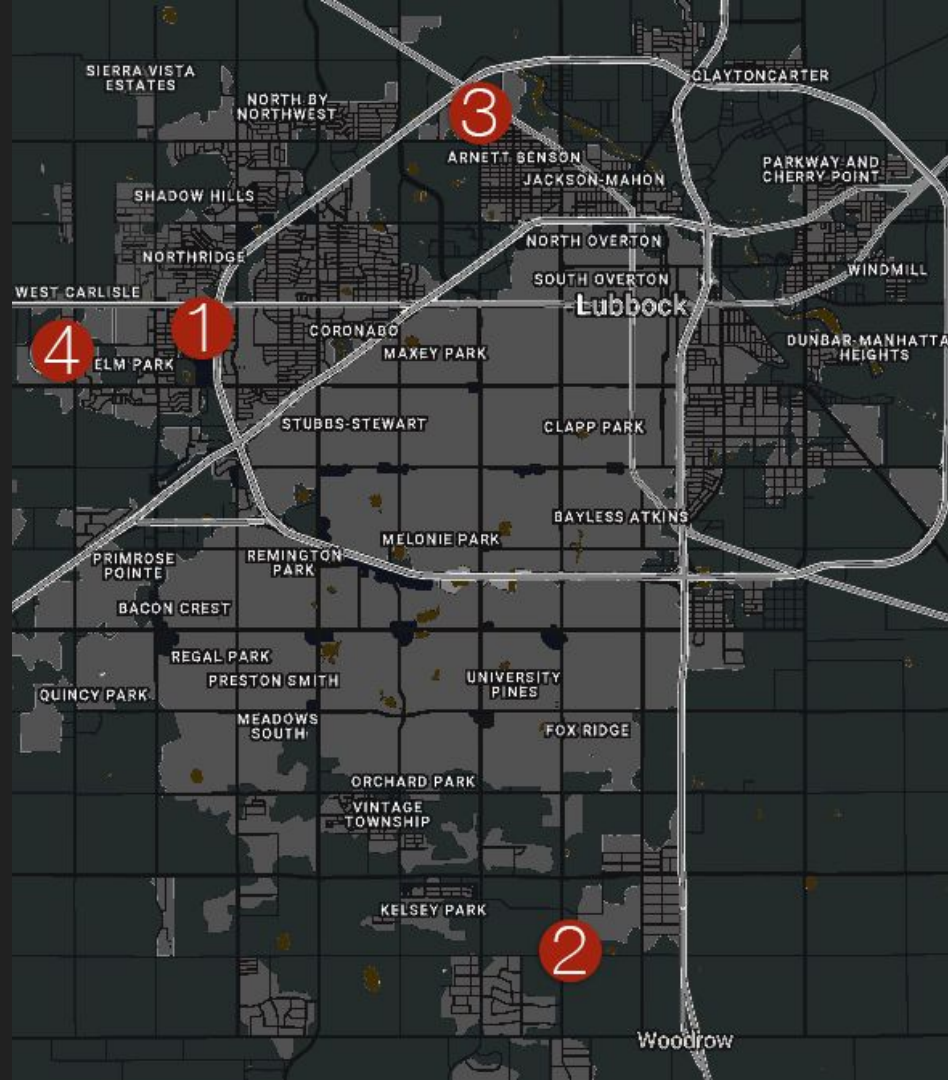
52 units

Hayden's Park at Upland Crossing

Year Built: 2020

Average Rent: \$1,877

Price Per Square Foot: \$1.13





- Download this years Presentation
- View our previous Presentations
- Download previous years books

Q & A



Thank You

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