

Eleven

811 E 11th Street
Austin, TX

Units:	257
Rentable SF:	203,757
Average Unit Size:	793
Commercial SF:	0
Date Acquired:	4/18/2016
Year Built:	2014
Occupancy 4/30/2019:	93.4%
GAV 3/31/2019:	\$69,000,000
Value Per Unit:	\$268,482
Debt Balance:	\$33,000,000
NAV:	\$36,000,000



Eleven by Windsor is a 257 unit mid-rise apartment building located in Austin, TX. The property was developed by Forestar in 2014 and acquired in April 2016. The Property has two courtyards, one featuring a resort style swimming pool and cabanas, while the other courtyard features bocce courts and BBQ grilling stations. The top floor of the Property features a Sky Lounge – an indoor/outdoor rooftop deck with downtown and Texas State Capitol views.

Property Trends	Actual		FY 2019 (1) v. FY 2018		Budget	2020 Budget v. 2019 Actual	
	FY 2018	FY 2019 (1)	Variance	Variance %	FY 2020	Variance	Variance %
Occupancy	95.2%	95.0%	-22 bps	-0.22%	95.2%	15 bps	0.15%
NER Per Unit	\$1,698	\$1,780	\$82	4.85%	\$1,855	\$75	4.20%
NER Per SF	\$2.14	\$2.25	\$0.10	4.85%	\$2.34	\$0.09	4.20%
NOI (000's)	\$2,543	\$2,856	\$313	12.30%	\$2,976	\$120	4.19%

(1) FY 2019 Actual consists of July 2018 - April 2019 Actual and May 2019 - June 2019 Updated Budget.

FINANCIAL VARIANCE REPORT

Revenue

- Total Income increased by 5.6% in FY 2019 driven by concessions substantially lower than budget (\$144k) and topline rent growth of 1.9%. Net Effective Rents benefitted as well with growth of 4.8%. Average Occupancy remained strong at 95%.
- While Austin continues to see new supply, the deliveries are spread throughout the overall market with the Downtown area deliveries low as a percentage of the total submarket. The Austin economy, job and population growth continue outperform the US making Austin an attractive long-term investment market.

Expenses

- Total Operating Expenses increased a nominal 0.2% over 2018 Actuals. A 6.5% reduction in Controllable Expenses was offset by a 4.5% increase in Real Estate Taxes. While the assessed value increases were appealed and are now under litigation, further increases in the property's assessed value are expected to continue.

Net Operating Income

- Net operating income increased 12.3% in FY 2019 driven by strong Total Income growth and flat expense growth.

Capital Expenditures

- Capital projects completed in FY 2019 include hallway painting, energy conservation program/LED lighting retrofit and landscaping improvements.

FY 2019 BUSINESS PLAN OBJECTIVES

Revenue

- Total income is projected to increase 2.7% driven by top line rent growth of 3.0% and Net Effective Rent increasing 4.2%. Occupancy will remain strong, averaging 95.2%.
- While the property continues to offer concessions, submarket new supply is slowing and concessions are expected to decline.

Expenses

- Total operating expenses are expected to increase 1.3% in FY 2019. A nominal increase of 0.7% in Total controllable expenses are forecasted as well as a 1.3% increase in property taxes.

Net Operating Income

- Net operating income is expected to increase by 4.2% in FY 2019 driven by strong Total Income growth and nominal expense growth.

Capital Expenditures

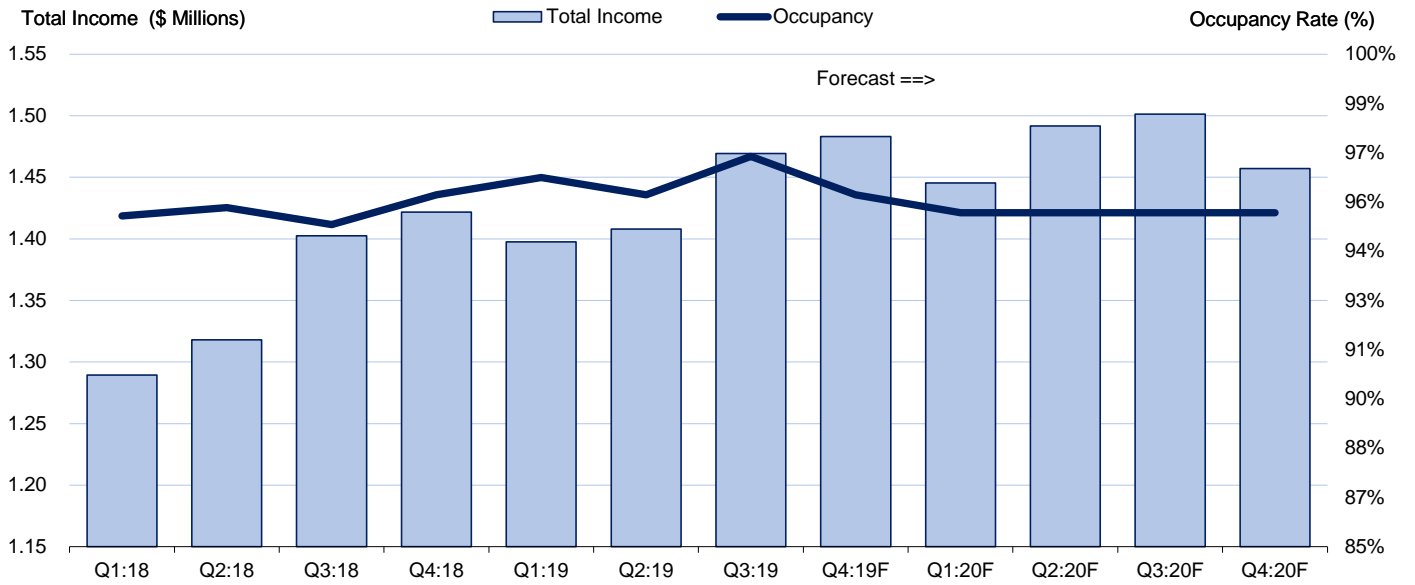
- FY 2020 capital projects include pool resurfacing (\$45k), Dog Wash improvements (\$40k), FF&E improvement in the club room and typical mechanical replacements.

HOLD SELL RECOMMENDATION

- We recommend holding Eleven. The property is well located in a market with strong fundamentals, stable forecasted rent growth and a diverse economic base supported by above average employment and population growth.
- The subject' location proximate to the Town Lake and Downtown entertainment areas makes it an attractive housing option for its targeted renter demographic.

Quarterly Property Trends

Income/Occupancy (FY)



Net Effective Monthly Rent (FY)

