

Executive Summary

DATE: January 4, 2017
TO: Mr. Shawn A. Kirkpatrick
COMPANY: Bastrop Economic Development Corporation
FROM: Todd LaRue
SUBJECT: Update of Comprehensive Housing Supply and Demand Analysis in Bastrop, TX

RCLCO previously conducted a comprehensive housing market analysis for the City of Bastrop, providing market-driven demand recommendations and a review of current availability of housing in Bastrop. Our objective is to update relevant market conditions to ensure the previously presented strategy captures the best opportunity for the City.

Economics and Demographics

Since RCLCO's original housing study was conducted in 4Q 2014, employment in the Austin MSA has grown by 8%, or 71,600 new jobs. The pace of economic expansion within the Austin MSA has been quite robust, exceeding that of the other metropolitan areas in the Texas Triangle, comprising Dallas-Fort Worth, Houston, and San Antonio, as well as the US as a whole.

However, the pace of growth has moderated over the prior two quarters. Furthermore, the size of the Austin MSA employment base neither grew nor shrunk in the 3Q of 2016, with the metro containing just over 994,000 non-farm jobs. The Austin MSA economy is likely being affected by the decline in oil prices over the past two years and the resultant slowdown in State government hiring and growth, a stronger US Dollar curbing Texas exports, as well as consolidation and mergers within the tech space.

Professional & Business Services employment has enjoyed the highest growth between 2014 and 2016. The next fastest growing sector has been Trade, Transportation, & Utilities, as the Austin region's economy grows in national importance from its historically local serving nature.

Although Bastrop County represents a small share (4.3%) of the Austin region's total population, the County is projected to nearly double in size by 2050, enjoying an annual growth rate faster than 4%. This will increase the County's share of total MSA population to 5.3% by 2050.

Housing Market Conditions

The Austin resale housing market continues to experience significant increases in resale transactions and price appreciation as the new home market has struggled to deliver product in meaningful amounts. The number of resale transactions in the Austin MSA in 2015 marked a record high. Additionally, resale transactions through the 3Q of 2016 put the metro area on pace to exceed 2015's record high.

However, resale listings have not risen commensurate with the increase in transactions, pushing the level of inventory down to three months whereas six months of inventory represents equilibrium levels. This tight inventory environment has led to continued resale price growth across the Austin region, with each year setting a new record high resale price.

This trend of rising resale pricing is also found at the local level in Bastrop County, and to a more rapid degree. Three-fourths of total resale transactions in 2011 occurred below \$200,000 in Bastrop County. In 2016, this proportion fell to 46%. As home prices continue to increase considerably with more buyers entering the supply constrained Austin metropolitan area resale market, the Bastrop area has attracted buyers interested in lower priced options or getting more home than is available in other parts of the metro area. Although the Bastrop area has maintained its total share of Austin MSA resales between 2012 and 2015, it has increased its capture of homes priced below \$200,000, reflecting buyers' interest in Bastrop offerings.

Although single-family permitting activity in the Austin MSA remained flat between 2014 and 2015, new home sales still increased in 2015 as builders had inventory permitted in 2014 to work through and sell. The Austin MSA is on pace to exceed 2015 permitting levels in 2016, which should translate to higher new home closings in the near-term (the annual pace of starts among homebuilders has reached a nine-year high in 3Q 2016, suggesting a near-term rise in new home closings).

New Housing Demand Conditions and Strategy

During the Great Recession, new housing activity in the Southeast submarket, which includes Bastrop, was more subdued, with the submarket's capture of closings decreasing from 9% in 2007 to 5% in 2012. Additionally, during this time period months of inventory for new homes was higher in the Bastrop area than the overall MSA average. More desirable, established markets like the North submarket (which includes Round Rock and other parts of Williamson County) were in higher demand and experienced tighter levels of new home inventory as buyers flocked to quality developments in proven areas.

The Southeast submarket has yet to fully return to prior levels of new housing activity since the recovery and expansion from the Great Recession. Closings in the Southeast submarket are small in volume, representing 6% of total MSA closings on average since 2013. However, the relative level of new housing starts and lot availability as of late make for tight inventory dynamics. Since 2014, the Southeast submarket has experienced tighter levels of inventory than the Austin MSA average, with the submarket currently containing just one and a half months of new home inventory. Homebuilders in the Southeast submarket, and especially the Bastrop area, have difficulty finding lots at reasonable prices in quality developments that offer competitive returns relative to those found along the I-35 corridor.

This tight level of housing inventory has particularly limited the Bastrop area's ability to capture a larger share of new home closings. Were the area more active, featuring additional new communities and product types, the Bastrop area would likely have been able to capture a larger share of MSA closings coming out of the Great Recession and would currently be experiencing greater sales volume.

In the near term, offering new, value-oriented product targeting young families and empty-nesters, will allow the submarket to increase its capture of the MSA. In the medium-term, as employment access and schools improve, the Southeast submarket should compete effectively with the South and East submarkets.

Critical Assumptions

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will grow at a stable and moderate rate to 2020 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when an economic and real estate upturn will end.

With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- Availability and cost of capital and mortgage financing for real estate developers, owners and buyers.
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

General Limiting Conditions

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

Comprehensive Housing Supply and Demand Analysis Update Bastrop, Texas

Prepared for Bastrop Economic Development Corporation | Bastrop, Texas | January 4, 2017

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Background & Objectives

RCLCO previously conducted a comprehensive housing market analysis for the City of Bastrop, providing market-driven demand recommendations and a review of current availability of housing in Bastrop. Our objective is to update relevant market conditions to ensure the previously presented strategy is captures the best opportunity for the City.

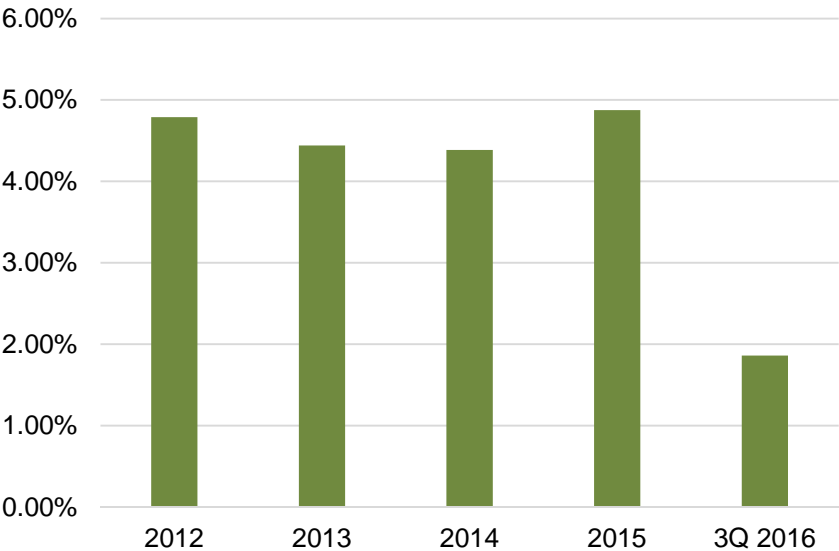


Economics and Demographics

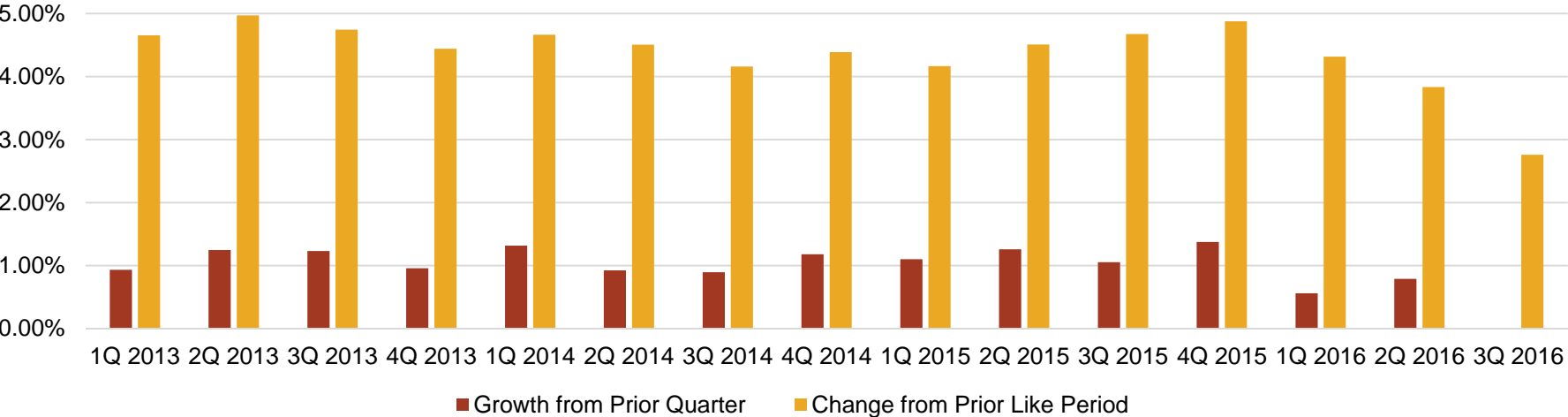
Economics/Demographics

- Since RCLCO's original housing study conducted in 4Q 2014, employment in the Austin MSA has grown by 8%, or 71,600 new jobs.
- At an average year-over-year growth rate of 4.2%, the pace of economic expansion within the Austin MSA has been quite robust, exceeding that of the other metropolitan areas of the Texas Triangle, comprising Dallas-Fort Worth, Houston, and San Antonio, as well as the US as a whole.
- However, the pace of growth has moderated over the prior two quarters, with year-over-year employment growth slowing to 2.8% in the 3Q of 2016. Furthermore, the size of the Austin MSA employment base neither grew nor shrunk in the 3Q of 2016 with the metro containing just over 994,000 non-farm jobs.
- The Austin MSA economy is likely being affected by the decline in oil prices over the past two years and the resultant slowdown in State government hiring and growth, a stronger US Dollar curbing Texas exports, as well as consolidation and mergers within the tech space.

**Annual Employment Growth
Austin, TX MSA; 2012 – 2016**



**Change in Employment
Austin, TX MSA; 2013 – 3Q 2016**



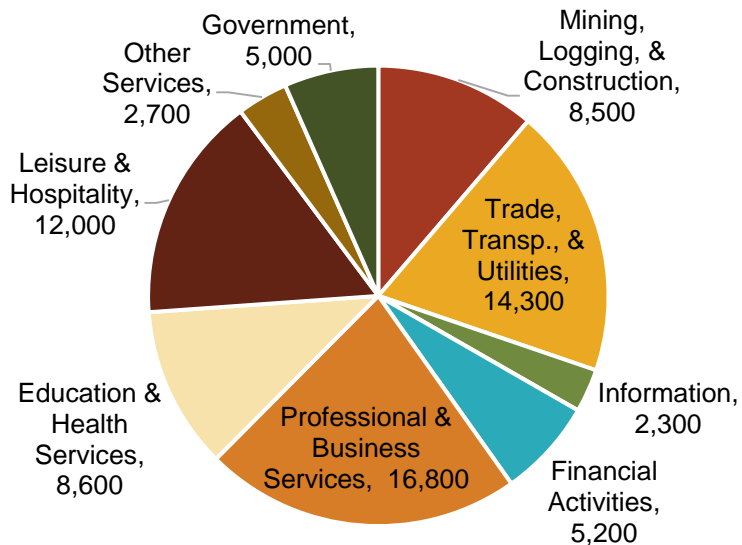
Source: Moody's Economy.com; Bureau of Labor Statistics; RCLCO



Economics/Demographics

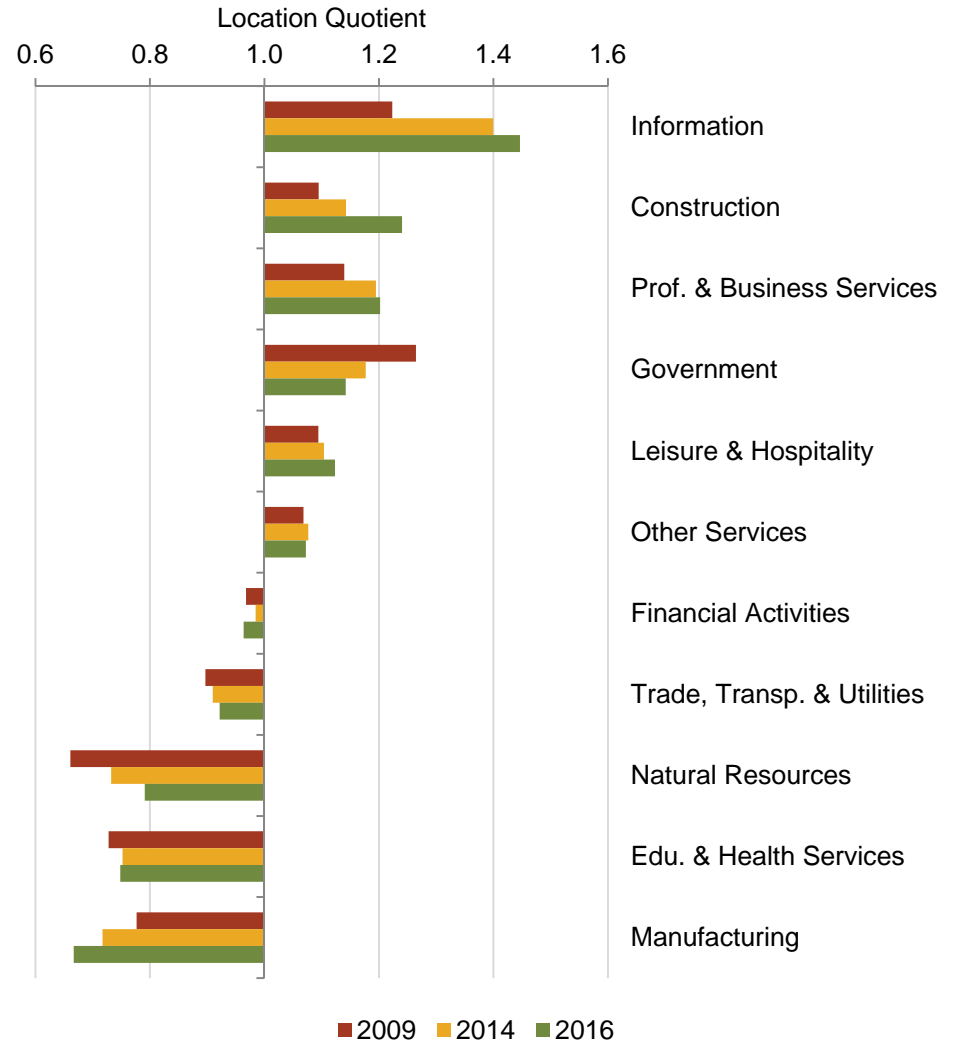
- Professional & Business Services employment has enjoyed strong growth of 11% over the past two years, driven by numerous corporate relocations and expansions due to the local area culture's attractiveness and lower cost of doing business compared to the East and West Coasts. This generally higher paying sector of the employment base has increasingly become more important to the area's overall economy, growing from 16.5% of total MSA employment to 17%, the largest positive move among all sectors.
- The next fastest growing sector following Professional & Business Services has been Trade, Transportation, and Utilities, with employment growing by 9%. This sector of the Austin MSA economy has typically been household serving in nature, with the area's employment in this sector comprising a smaller share of total jobs than at the national level.

Employment Growth by Industry
Austin, TX MSA; 3Q 2014 – 3Q 2016



Note: Manufacturing excluded in chart due to its contraction over this time period.
Source: Bureau of Labor Statistics; RCLCO

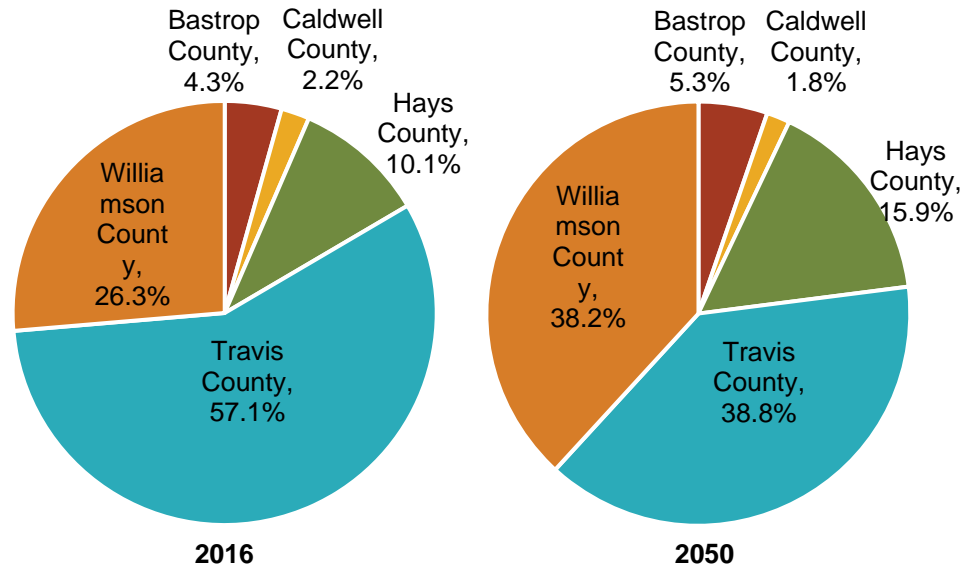
Change in Industry Location Quotient
Austin, TX MSA; 2009, 2014, 2016



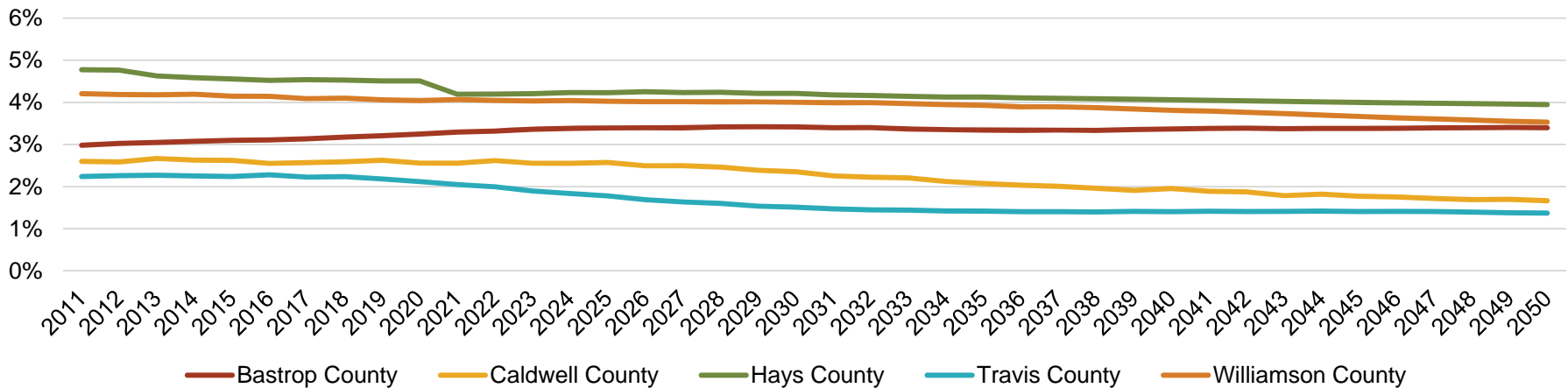
Economics/Demographics

- Historically, Bastrop County has represented a small share of total Austin MSA total population and capture of new growth. The County's share of total Austin MSA population has ranged from 4.6% in 2000 to its current level, a historical low, of 4.1%.
- While the County's share has declined slightly since 2000, this trend is likely to reverse in the future. By 2032, the county's share of MSA population is projected to return to its historical high of 4.6% indicating an average annual population growth rate just faster than 4% in Bastrop County over the next 20 years.
- Additionally, Bastrop County is projected by the Texas State Data Center to grow at the fastest annual rate among all counties within the Austin, TX MSA. However, given the rapid rate of projected growth throughout the region, Bastrop County is projected to only grow its share of total MSA population from 4.3% in 2010 to 5.3% in 2050. While small in share, this growth represents approximately 180,000 new residents, causing the County to double in size from 2016 level.

**Share of Total Population by County
Austin, TX MSA; 2016, 2050**



**Annual Population Growth Rate by County
Austin, TX MSA; 2011-2050**



Note: Projections are 1.0 Scenario which models growth based on 2000-2010 historical growth rates.
Source: Texas State Data Center; RCLCO

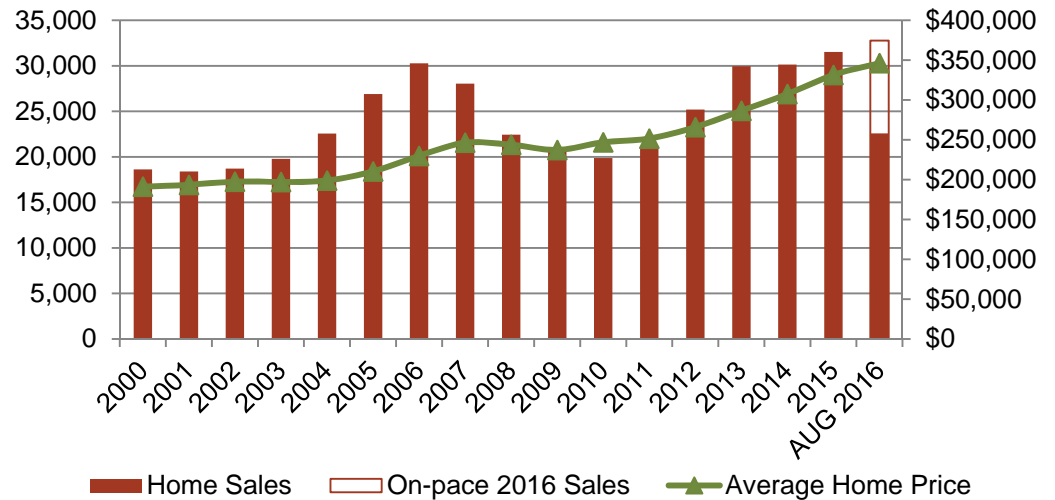


Housing Market Conditions

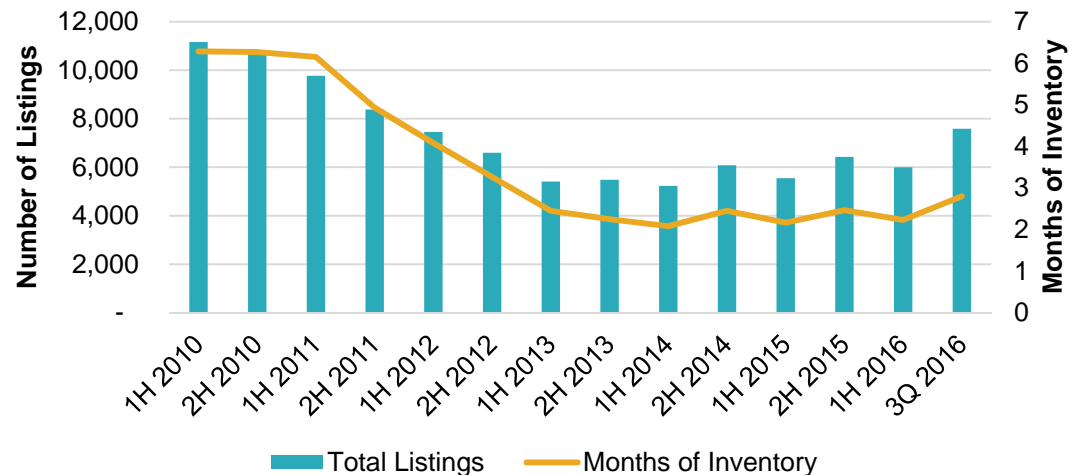
Housing Market Conditions – Resale Activity

- The Austin resale housing market continues to experience significant increases in resale transactions and price appreciation as the new home market has struggled to deliver product in meaningful amounts.
- The number of resale transactions in the Austin MSA in 2015 marked a record high, surpassing the previous pre-recession high in 2006 by 4%.
- In 2015, resale volume grew 4.6% over 2014 levels after having remained essentially flat between 2013 and 2014. Additionally, resale transactions through the 3Q of 2016 put the metro area on pace to exceed 2015's record high level by 3.8%, reaching nearly 32,800 transactions.
- Resale volume growth has been hamstrung by low levels of listings inventory. The number of existing home listings declined by 53% between 1H 2010 and 1H 2014 to a multiyear low, with inventory levels declining from 6 months of inventory to only 2 months. Since 1H 2014, the number of resale listings has increased by 14% and 2.8 months of inventory.
- However, resale listings have not risen commensurate with the increase in transactions, leading to continued resale price growth across the Austin MSA. The average resale price reached a record high in 2015, after having risen 7% on average per year during this low inventory environment. Transactions through the 3Q 2016 are priced 4.5% higher on average than those in 2015.

Resale Transaction Volume
Austin, TX MSA; 2013-2015



Number of Listings and Months of Inventory of Existing Homes
Austin, TX MSA; 2010 – 3Q 2016



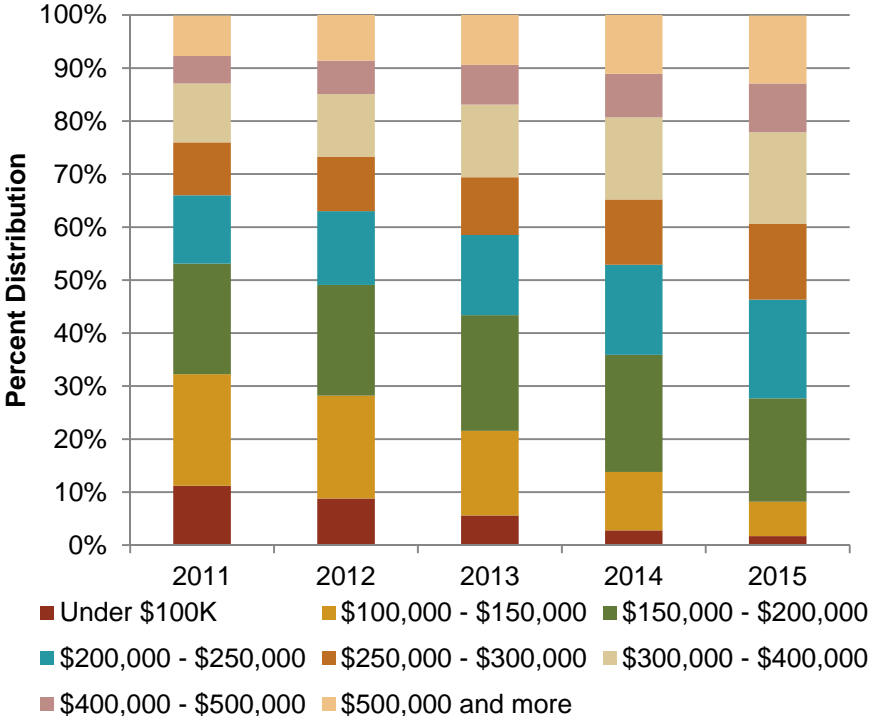
Source: Austin Board of Realtors; TAMU Real Estate Center; RCLCO

Housing Market Conditions – Existing Home Price Appreciation

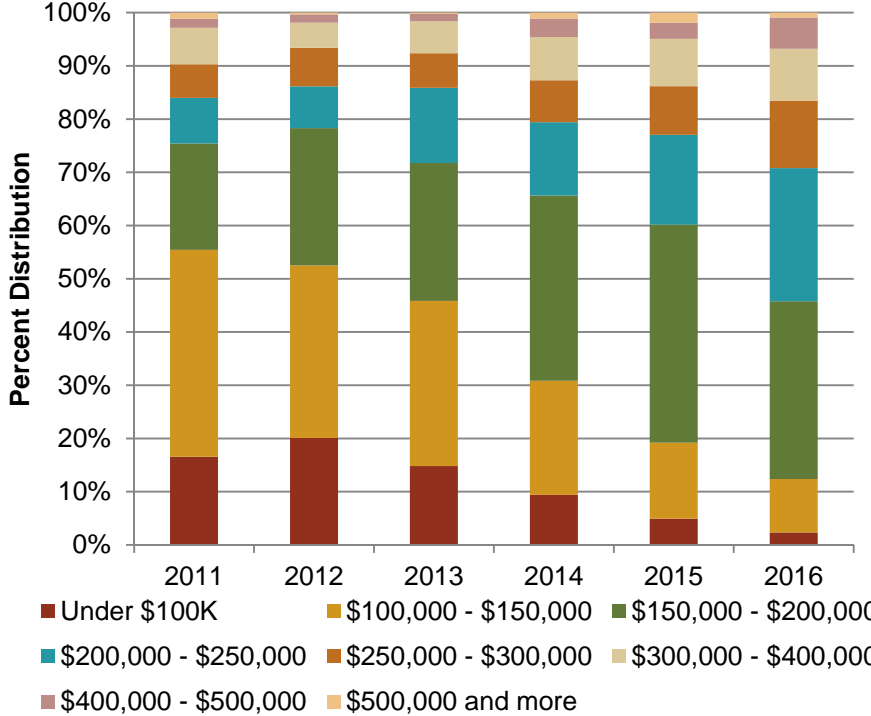
- In 2011, just over half of existing home transactions across the Austin MSA occurred below \$200,000; as of RCLCO’s original housing study conducted in 2014, this segment of the market decreased to 35% of total transactions. These price appreciations continued through 2015 with fewer than 28% of total transactions occurring below \$200,000.

- This trend is also found within Bastrop, and to a more severe degree. In 2016, 46% of all transactions occurred below \$200,000 while in 2011 this proportion was three-fourths of total transactions. However, Bastrop is a lower priced market than the MSA as a whole. As such, below \$150,000 is a more appropriate upper threshold for demonstrating price increases within Bastrop. Homes priced below this price point comprised 55% of all transactions in 2011 whereas in 2016 homes priced below accounted for merely 12% of all home sales.

Resale Transactions by Price Band
Austin, TX MSA; 2011–2015



Resale Transactions by Price Band
Bastrop ISD, Texas; 2011– September 2016



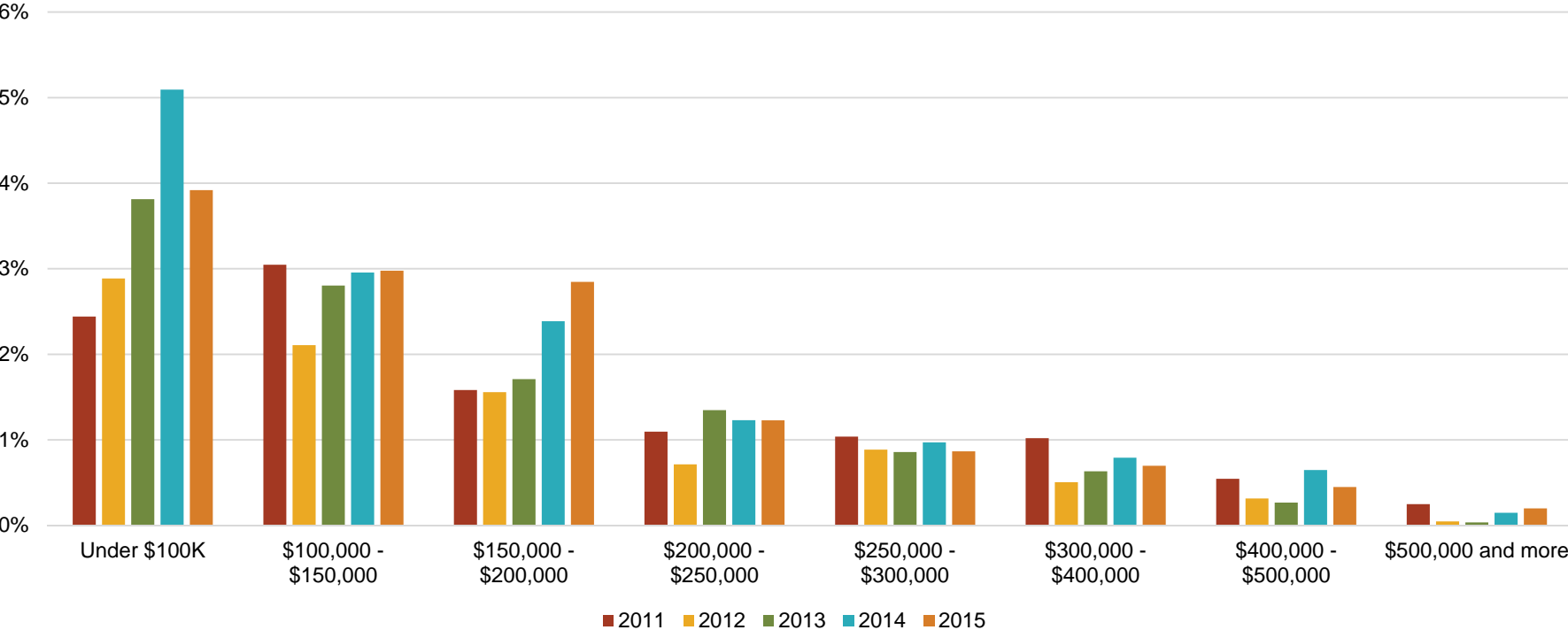
Note: Data unavailable at the MSA level for 2016.
Source: Real Estate Center of Texas; Independence Title; RCLCO



Housing Market Conditions – Bastrop Existing Home Sales

- As home prices continue to increase considerably with more buyers entering the supply constrained resale market, the Bastrop area has attracted buyers interested in lower priced options or getting more home than is available in other parts of the metro area. Although the Bastrop area has increased its capture of homes priced below \$200,000 from 2% in 2012 to 2.9% in 2015, its overall share of MSA sales has remained the same.

**Bastrop Area Capture of Austin MSA Resales by Price Band
Austin, TX MSA; 2011–2015**



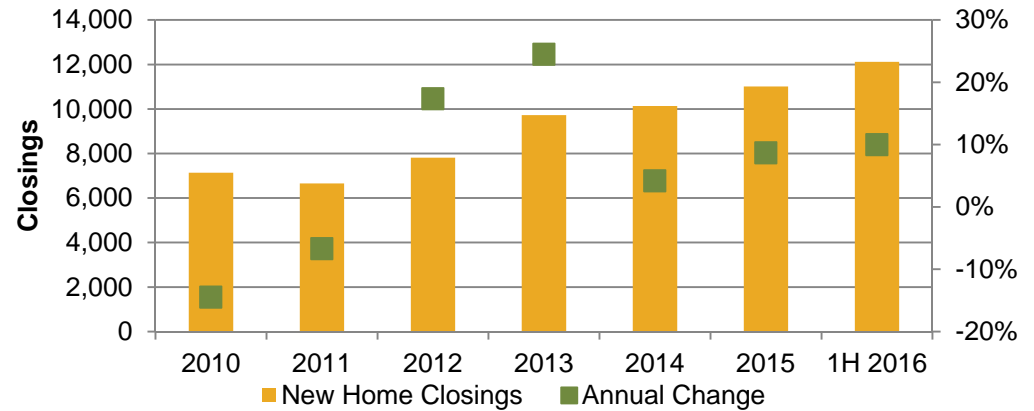
Source: Real Estate Center of Texas; Independence Title; RCLCO



Housing Market Conditions – New Home Market

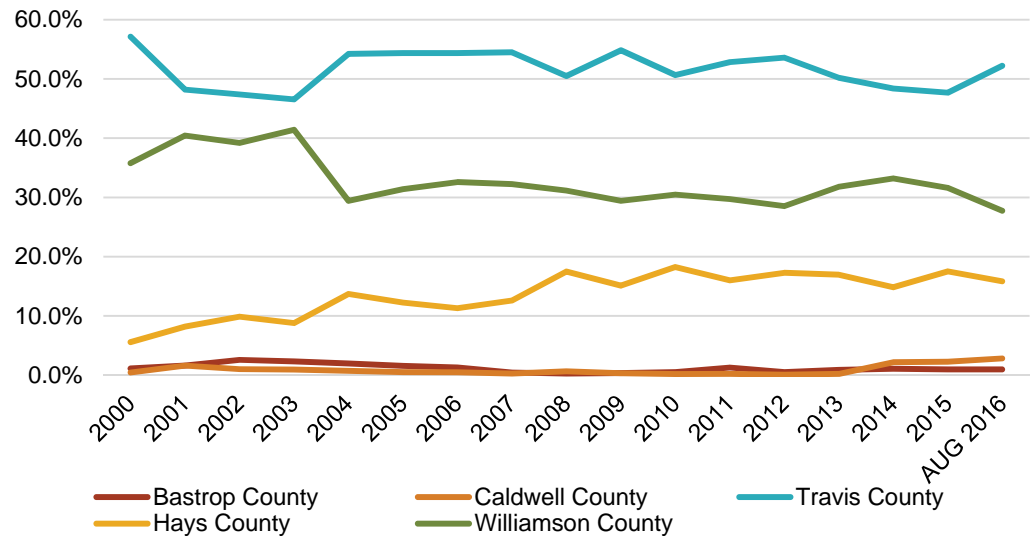
- Annual single-family permitting activity in the Austin MSA remained flat between 2014 and 2015 with just over 11,800 permits issued, as weather delays and labor shortages contributed to increased construction times. However, new home sales still increased as builders had inventory permitted in 2014 to work through and sell. Given single-family permits issued through August of 2016, the MSA is on-pace to exceed 2015 levels by 5%.
- As alluded to above, new home closings in 2015 grew by 9% over 2014 figures as the market continues its steady recovery from recession lows. Closings through the 1H 2016 suggest the Austin MSA is on-pace to increase by 10% from 2015 levels.
- Looking ahead, this trend is likely to continue as permits issued continue to increase and builders start construction on more homes. The annual pace of home starts has increased sharply to a nine-year high in 3Q 2016 with 13,400 starts, up by 16% over the annual pace of starts in 3Q 2015.
- Since the recovery from the Great Recession, counties within the Austin MSA have maintained their capture of total MSA activity. Bastrop County continues to capture the same share of MSA single-family permitting activity, at 1%, as it has since 2013. Hays County and Travis County have largely absorbed Williamson County's lost share of permitting activity.

New Home Closings
Austin, TX MSA; 2010 – 2016



Note: Data through 1H 2016 represents an on-pace figure for 2016.

Bastrop County Share of MSA Single-Family Permitting Activity
Austin, TX MSA; 2000 – August 2016

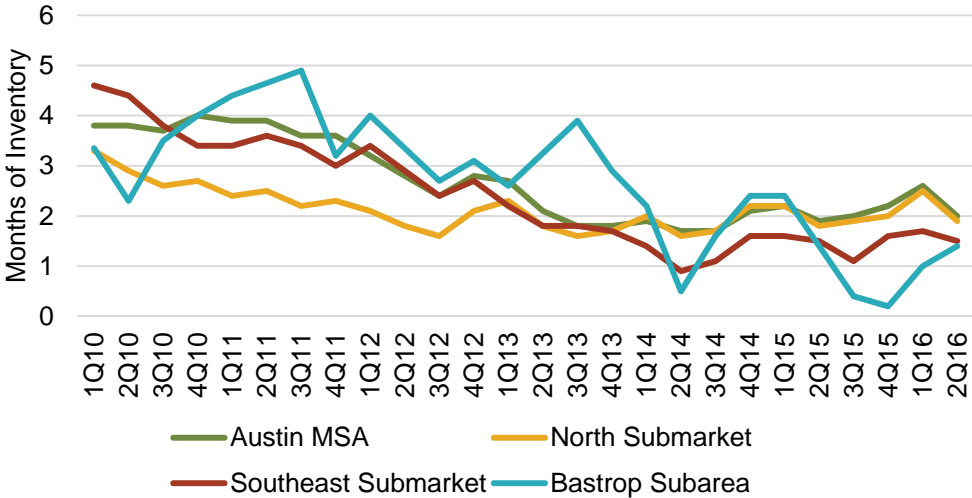


Source: U.S. Department of Housing and Urban Development; Metrostudy; RCLCO

Housing Market Conditions – Southeast Submarket New Home Market

- New home closings in the Southeast Submarket, which includes Bastrop, have captured a small share of approximately 6% of the total MSA activity. This capture rate has remained consistent between 2011 through the first half of 2016.
- While closings are small in volume, the relative level of new starts and lot availability as of late make for tight inventory dynamics. During the Great Recession, new housing activity in the Southeast submarket tracked the overall MSA while more desirable, established markets like the North submarket (which includes Round Rock and other parts of Williamson County) were in higher demand as buyers flocked to quality developments in proven areas.
- However, the Southeast submarket has yet to fully return to prior levels of activity since the recovery and expansion from the Great Recession, with a lower level of inventory than the MSA as a whole.
- Homebuilders in the Southeast, and especially the Bastrop area, have difficulty finding lots at reasonable prices in quality developments that offer competitive returns relative to those found along the I-35 corridor. This very tight level of housing inventory has particularly limited the Bastrop area's ability to capture a larger share of new home closings.

Inventory of New Homes
Austin, TX MSA; 2010 – August 2016



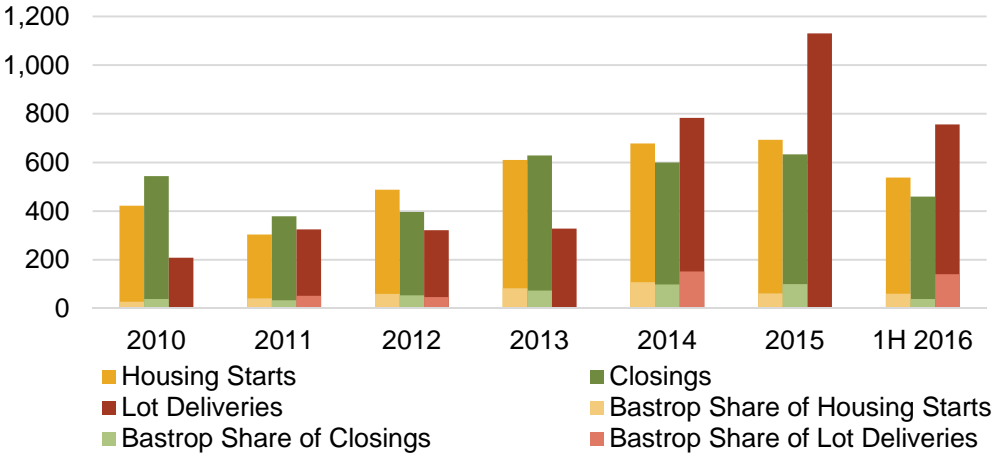
Source: Metrostudy; RCLCO



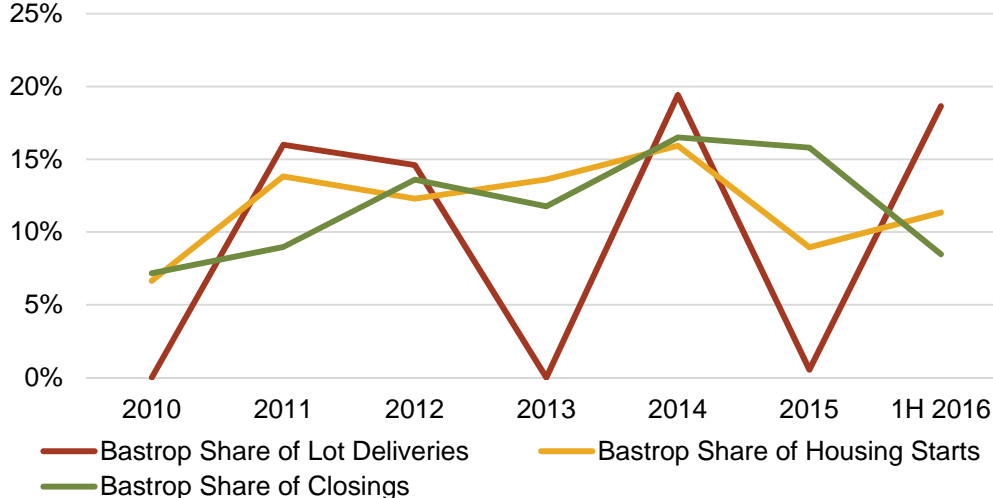
Housing Market Conditions – Bastrop Area New Home Market

- Were the submarket more active, featuring a variety of new communities and product types, the Southeast would likely have been able to capture a larger share of MSA closings coming out of the Great Recession.
- This is especially relevant to the Bastrop area which has, in some years, failed to deliver any new developable lots. Despite capturing 12% of submarket closings between 2010 and 2015, the Bastrop area has only delivered 8% of the submarket's total new developable lots during this time period, leading to the area's tight level of lot supply.
- These dynamics are likely changing with the opening of new communities in the Southeast submarket, such as Easton Park, Addison, and Goodnight Ranch, which have helped the submarket deliver three times as many developable lots in 2015 as were delivered in 2013. While located closer in to central Austin employment, these communities are in otherwise overlooked areas outside of the MSA's north-south growth paradigm.
- The delivery of Pecan Park helped the Bastrop area represent 19% of total new lot deliveries in the Southeast submarket. Ensuring that new communities and lots continue to develop in Bastrop will allow the area to maintain, and even increase, its capture of the submarket's new home closings.

Southeast Submarket New Home Starts and Closings
Austin, TX MSA; 2010 – 2Q 2016



Bastrop Area Share of Southeast Submarket New Home Activity
Austin, TX MSA; 2010 – 2Q 2016



Source: Metrostudy; RCLCO



Competitive Supply

New Regional Communities

- Two communities have been included among the list of regionally significant master-planned communities, Easton Park and Siena.
- Although Siena was delivered in 2013, this community in Round Rock has recently achieved notable success, closing on 164 homes in 2015 and 103 homes through the first half of 2016. Much of the current product offerings from the 10 homebuilders onsite appeal to young families with attainable price points largely in the \$200Ks.

Siena Community Pool and Splash Pad



Highland Homes; Siena



Source: Community Websites; RCLCO

- Easton Park, located southeast of Austin near McKinney Falls State Park, has closed out all 150 homes in its first section with homebuilders offering interesting, differentiated, and attainably priced product. Further contributing to Easton Park's success, is the focus on appealing and attractive community-wide amenities.

Easton Park Planned Amenity Center



Bryant Park; Easton Park



Regional Positioning – Master-Planned Communities

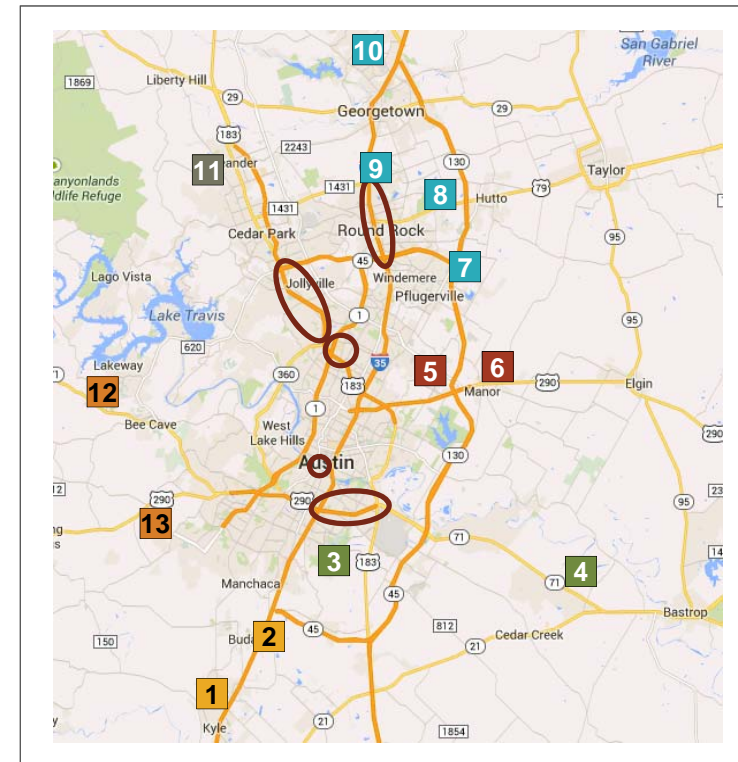
- Among the regional master-planned communities that RCLCO has tracked from the original housing study, homes have become more expensive, as a whole, with builders able to retain some lower priced product by situating homes on smaller lot sizes.
- Base minimum home prices among these large master-planned communities have increased between 10 to 22%, with the exception of Sweetwater and Belterra as these communities have delivered smaller lot and smaller home size offerings to maintain lower price points.
- Despite rising prices across the MSA, collective closings among the below master-planned communities have increased their capture of **Comparable Master-Planned Communities in Austin MSA, TX 2016**

MAP KEY	COMMUNITY	MILES TO DWTWN	PLANNED UNITS	2014 RANGE \$(1,000)	2016 RANGE \$(1,000)
1	Plum Creek	21	3,233	\$164-\$272	\$181-\$292
2	Sunfield	16	4,700	\$168-\$266	\$198-\$374
3	Easton Park	11	10,000	-	\$234-\$356
4	The Colony	23	3,144	\$260-\$332	\$269-\$332
5	Harris Branch	12	1,822	\$154-\$209	\$239-\$294
6	Presidential Meadows	16	1,925	\$163-\$201	\$191-\$272
7	Falcon Pointe	22	1,624	\$189-\$340	\$230-\$405
8	Siena	25	1,728	-	\$210-\$360
9	Teravista	23	3,890	\$190-\$710	\$227-\$453
10	Sun City Texas	34	9,975	\$184-\$337	\$205-\$359
11	Crystal Falls	28	3,471	\$220-\$528	\$253-\$669
12	Sweetwater	22	1,900	\$308-\$660	\$305-\$660
13	Beltterra	19	2,000	\$290-\$465	\$298-\$621

MAP KEY	SUBMARKET	OTHER
[Yellow]	SOUTH	○ FIVE LARGEST EMPLOYMENT CORES
[Red]	EAST	
[Blue]	NORTH	
[Orange]	NORTHWEST	
[Green]	SOUTHEAST	

total MSA closings between 2014 and 2016, from 13% to 15%, demonstrating the appeal of master-planned communities to quality conscious buyers.

- Siena, a new community in Round Rock featuring 10 homebuilders, overtook Sun City Texas' position as the top selling community in the Austin MSA by offering attainably priced products with attractive access to employment cores.
- However, higher priced communities, such as Beltterra, Sweetwater, and Crystal Falls, have maintained their pace of closings but lost overall market share.



Source: Community and Homebuilder Websites and Interviews; RCLCO

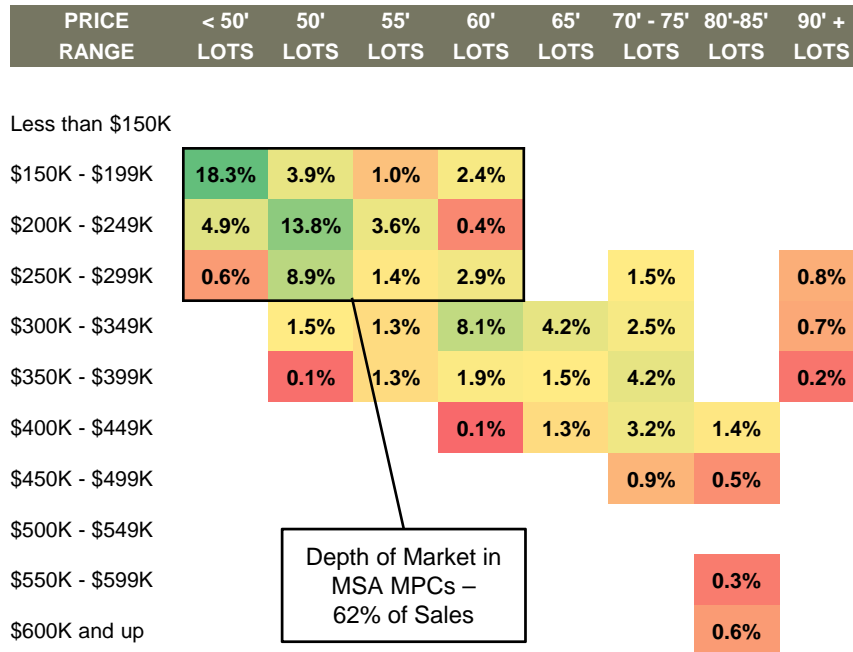


Regional Positioning – Master Planned Communities

- Whereas the half of structural demand in the MSA lies between \$150K and \$300K, master-planned communities typically capture an outsized share of the market by offering segmented product types with a variety of orientations targeting the bulk of buyers. In 2014, over 62% of closings among the surveyed communities (as shown on page 13), occurred between \$150K and \$300K.

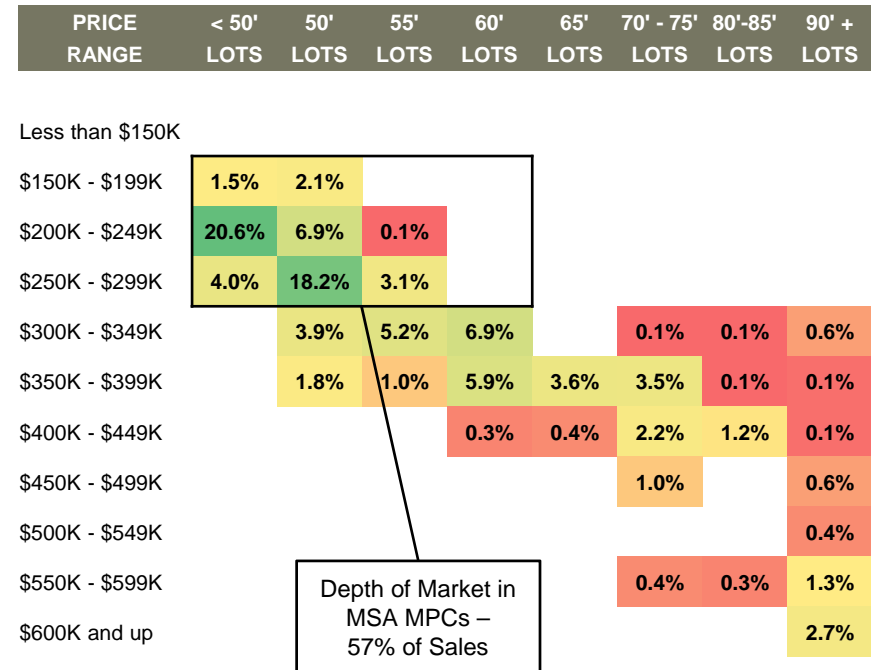
- However, price appreciation pressures across the MSA have decreased this share of total closings to 57%. As this share of product decreases, the master-planned community capture of total MSA closings will likely decrease, improving the opportunity for lower priced builder subdivisions and master-planned communities in less developed submarkets, such as Bastrop’s Southeast, to capitalize on this underserved segment.

Sales by Price and Lot Size: Austin Master-Planned Communities 2014



Source: RCLCO

Sales by Price and Lot Size: Austin Master-Planned Communities 2H 2015 – 1H 2016



Bastrop Area Communities

At the local level, there are five master-planned communities of significance with a variety of existing and planned orientations.

1. The Colony

This community of large lot custom and semi-custom homes has been under development since the early 2000s. Sitterle Homes is offering 32 production homes on half acre lots, with base home prices between \$308K and \$380K, to appeal to buyers interested in less hassle and a more immediate move in.

2. Hunter's Crossing

The last phase of 170 homes for this community of over 500 homes was developed by DR Horton starting in 2011. With an average sales pace of 3 – 4 homes per month, DR Horton found success with entry level product priced between \$159K and \$204K.

3. Pecan Park

This community, located along the Colorado River, is currently under-development with plans for over 680 units at build out. Scott Felder and David Weekley have taken down 62 lots in the first section of this community. Combined, these two builders have closed on six homes and started on 21 homes since the spring of 2016. Base home prices range from \$226K to \$274K. In addition to 69 acres of commercial pad sites, 11 acres of the development are permitted for multifamily development.

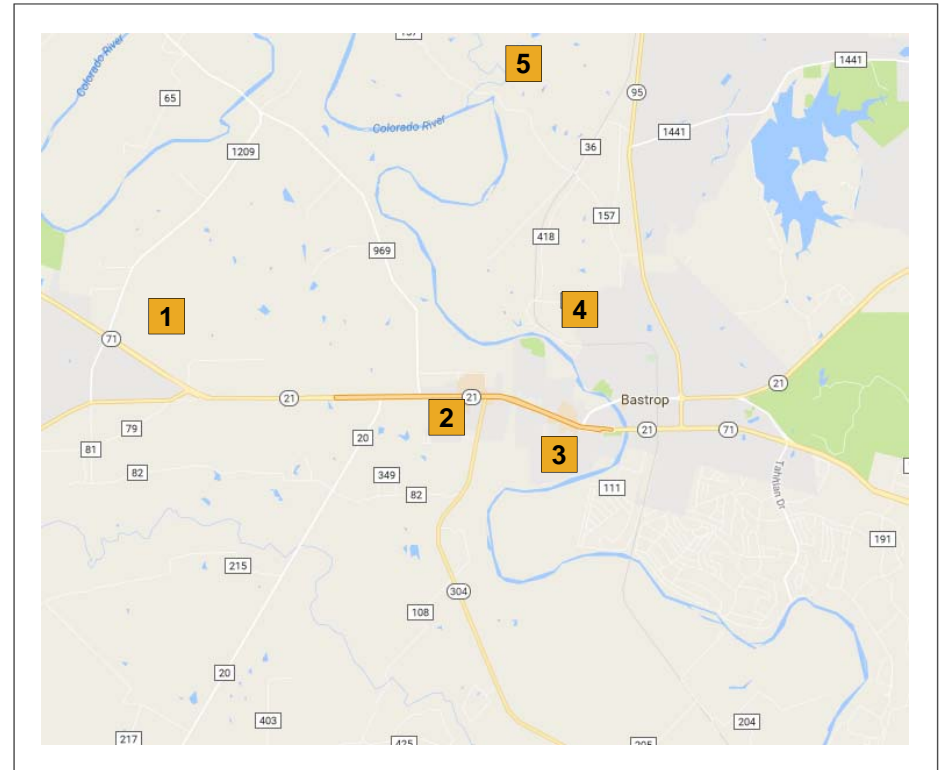
4. Piney Creek Bend

The Bastrop City Council rezoned the 99 acre property from single-family to planned development, permitting higher density products. At build out, this community will feature 170 homes with 25 acres set aside for park and greenspace.

5. XS Ranch

Since RCLCO's housing study in 2014, the Bastrop City Council established a PID in September of 2015, with the District permitted to issue \$45M during the first three years of development for infrastructure improvements. In April of 2016, the Bastrop City Council approved a plat for the first section of the 8,700 acre property.

Actively Selling and Planned Bastrop Area Communities 2016



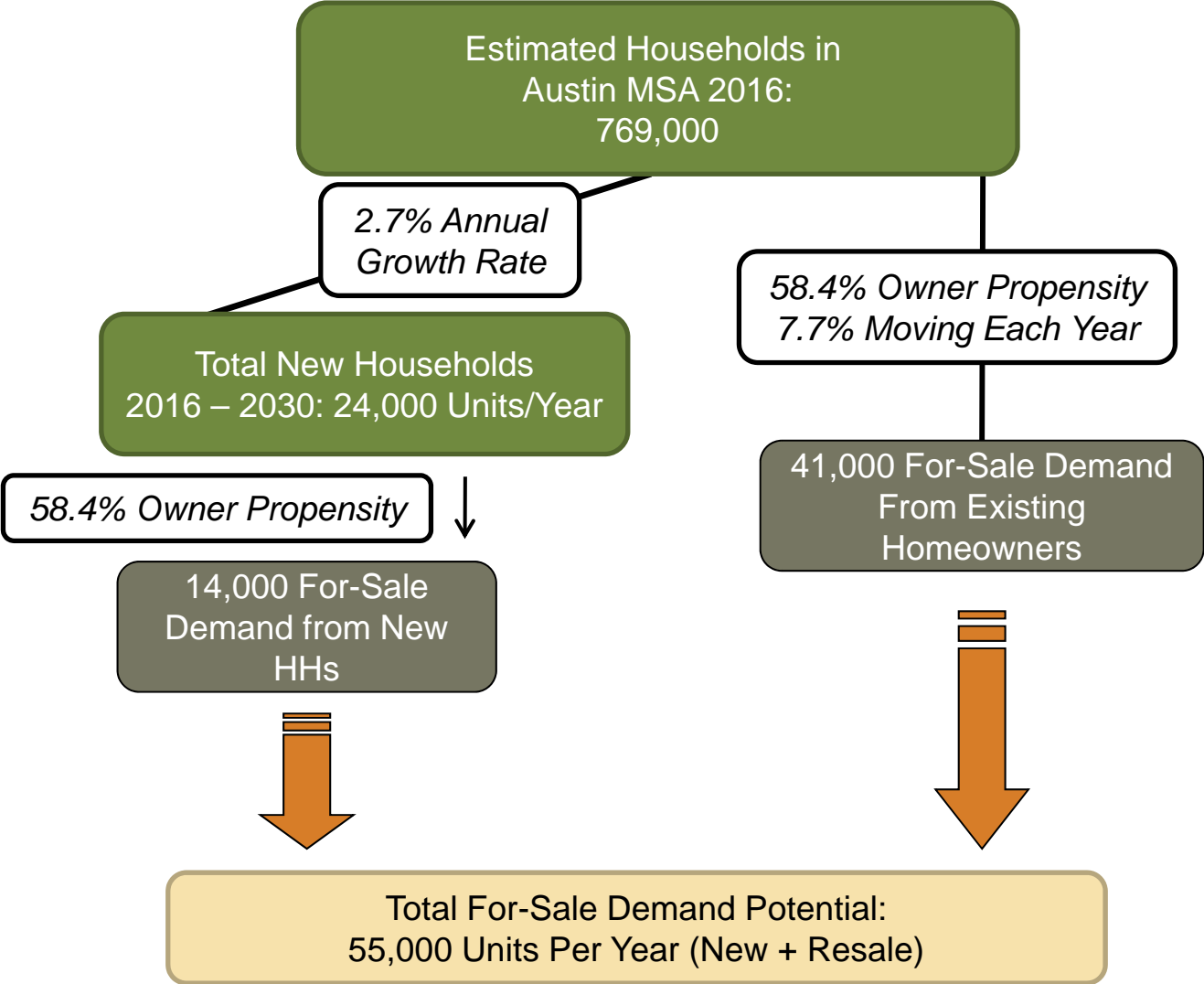
Source: Community and Homebuilder Websites; Austin American Statesman Bastrop Market Place; Bastrop Texas Network; RCLCO



New Home Demand

For-Sale Home Demand – Austin MSA

Estimated For-Sale Demand: Austin, TX MSA
2016 – 2030



Source: U.S. Census American Community Survey; Moody's Economy.com; Texas State Data Center; RCLCO



New Home Demand – Austin MSA

Estimated For-Sale Demand: Austin, TX MSA
2016 – 2030

Austin MSA Average For-Sale
Housing Transactions:
55,000 Units/Year



x Distribution by Affordable Home Price Range 8%-17%
x Single-Family Propensity: 75%-98%
x 8%-33% Propensity to Choose New by Price band

Austin MSA Average New For-Sale Housing Demand:
13,000 Units/Year

HOME PRICE	AUSTIN MSA NEW HOME DEMAND
Less than \$150K	549
\$150K-\$200K	1,570
\$200K-\$250K	2,587
\$250K-\$300K	2,397
\$300K-\$350K	1,992
\$350K-\$450K	2,222
\$450K-\$600K	1,079
Above \$600K	643
Total	13,038

Source: U.S. Census American Community Survey; Moody’s Economy.com; Texas A&M Real Estate Center; RCLCO



Southeast Submarket Demand – Potential Capture of MSA

- Southeast submarket continues to capture only 6% of sales in the MSA, limited by the lack of new supply available in the submarket. However, new home activity across the MSA has increased such that the strategy outlined on the following page will likely help the Southeast submarket realize higher closings than previously projected.
- In the near term, offering new, value-oriented product targeting young families, will allow the submarket to achieve closer to a 10% capture of the MSA, once a critical mass of development is achieved. This is comparable to what is currently being achieved in the South submarket. The delivery of Pecan Park will replace lost activity as a result of the buildout of Hunters Crossing. However, the Bastrop area needs to increase its offering of these types of communities in order to achieve its full near-term capture potential.
- In the medium-term, as employment access and schools improve, the Southeast submarket competes effectively with the South and East submarkets. Over the past two years, workers in Bastrop

County have started commuting to closer employment cores, with 44% of workers commuting less than 25 miles in 2014 compared to 2011 figures, suggesting that new employment has located in areas closer to Bastrop County workers. Additionally, Hwy 71 improvements currently underway will increase access to Central Austin employment. Efforts to improve local schools appear to be effective with Bastrop ISD ratings rising relative to its peers, surpassing Hays CISD for Student Progress.

- Long term: As the area matures, as recent trends suggest the area is on pace for, and multiple communities with various orientations and products are offered simultaneously including XS Ranch, the Southeast submarket, namely the Bastrop area, has the potential to become one of Austin's most desirable areas, achieving attractive pricing and strong sales pace.

Average Annual Capture of MSA Demand Potential Southeast Submarket; 2016-2030

Price Range	2016		Phase 1 (Years 0-5)			Phase 2 (Years 5 – 10)			Phase 3 (Years 10+)		
	Capture	Year-end Estimate	Capture	2014 RCLCO Forecast	2016 RCLCO Forecast	Capture	2014 RCLCO Forecast	2016 RCLCO Forecast	Capture	2014 RCLCO Forecast	2016 RCLCO Forecast
\$150,000 or Less	15%	74	18%	88	92	16%	76	90	13%	65	76
\$150,000 - \$199,999	14%	187	14%	200	211	18%	246	290	23%	339	399
\$200,000 - \$249,999	9%	199	12%	283	298	18%	405	479	23%	559	657
\$250,000 - \$299,999	6%	118	8%	173	182	13%	273	322	18%	407	478
\$300,000 - \$349,999	4%	65	4%	79	83	7%	113	134	9%	169	199
\$350,000 - \$449,999	3%	58	4%	82	86	7%	126	149	8%	153	180
\$450,000 - \$599,99	1%	12	1%	10	11	1%	9	11	2%	17	19
\$600,000 and above	1%	7	1%	6	6	1%	5	6	2%	10	12
Total	6%	720	8%	921	970	11%	1,253	1,482	14%	1,718	2,020

Source: U.S. Census American Community Survey; Moody's Economy.com; Texas Education Agency; Texas A&M Real Estate Center; RCLCO

Bastrop Area Demand – Potential Capture of Southeast Submarket

	Phase 1 (0-5 Years)	Phase 2 (5-10 Years)	Phase 3 (10+ Years)
Assumptions	<ul style="list-style-type: none"> Multiple product lines (2-4) are offered in the following price ranges: \$150K-\$200K; \$200K-\$250K; \$250K-\$350K SE submarket is able to attract similar demand as currently being achieved in South submarket with the offering of new product; SW, West, North, and NW Submarkets continue to dominate in higher price points 	<ul style="list-style-type: none"> North and Northwest submarkets approach build out in well-located and desirable locations resulting in a submarket shift; Bastrop is well suited to capitalize on shift Improved access challenges and strong branding and marketing alleviate the notion of Bastrop as "far out" from MSA employment 	<ul style="list-style-type: none"> North and Northwest submarkets are unable to offer affordable homes in meaningful numbers, shifting momentum to South and SE submarkets Emergence of local employment core, in addition to other emerging cores located south of current concentrations
SE Submarket Share of the MSA	<ul style="list-style-type: none"> 8% MSA Capture, beginning to offer product in the \$250,000-\$350,000 price point 	<ul style="list-style-type: none"> 11% MSA Capture; simultaneous maturity of area and submarket shift continues 	<ul style="list-style-type: none"> Up to 14%+ MSA capture in SE Submarket potential; assuming a broad range of price points are being penetrated
Annual Average Sales in SE Submarket (Percent of Sales \$250+)	970 (38%)	1,480 (42%)	2,000 (44%)
Annual Average Sales in Bastrop (Assuming MPC and Builder Subdivisions)	+/- 250	+/- 400	500+

- Assuming the development of a large scale master-planned community as well as multiple builder subdivisions, Bastrop could build up to a capture of 25%-30% of Submarket closings. This capture rate has been achieved during the pre-recession years, when the Travis County portion of the Southeast submarket did not provide a competitive commute to employment cores with the fast-growing North and Northwest submarkets and the Bastrop area provided a distinct lifestyle alternative to other areas of the MSA.

- Going forward, the Southeast submarket will garner housing momentum from submarket shifts across the MSA. The opportunity Bastrop stands to capture differs from the rest of the Southeast submarket, which will benefit more from employment cores emerging along I-35 South Corridor and value-oriented product offerings, while Bastrop will benefit more from the lifestyle afforded by the area's amenities, both natural and man-made.

Source: RCLCO



Critical Assumptions

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

We assume that the economy and real estate markets bottomed out in the current cycle in 2012, and that they will grow at a stable and moderate rate, more or less in a straight line on average for the duration of the analysis period (to 2020 and beyond). However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time, and that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when the current economic and real estate downturns will end, and what will be the shape and pace of growth once they are recovered.

With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and

when they occur. Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

General Limiting Conditions

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

Appendix: Supporting Exhibits

LIST OF EXHIBITS

I. REGIONAL MAPS

- Exhibit I-1* Median Household Income by Block Group; Greater Austin Region; 2015
- Exhibit I-2* Nominal Household Growth by Block Group; Greater Austin Region; 2010 - 2015
- Exhibit I-3* Change in Total Households by Block Group; Greater Austin Region; 2010-2015

II. SOCIOECONOMICS

- Exhibit II-1* Population And Household Summary; Austin-Round Rock-San Marcos MSA ; 2000-2021
- Exhibit II-2* Population Trends; Austin-Round Rock-San Marcos MSA; 2000-2032
- Exhibit II-3* Households by Age and Income; Bastrop County; 2016
- Exhibit II-4* Households by Age and Income; Austin MSA; 2016
- Exhibit II-5* Households by Age and Income; Bastrop, TX; 2016
- Exhibit II-6* Historical Single-Family and Multifamily Permits; Bastrop County, TX; 1994-August 2016
- Exhibit II-7* Historical Single-Family and Multifamily Permits; Austin MSA; 1992-August 2016
- Exhibit II-8* Home Sales and Average Price; Austin-Round Rock-San Marcos MSA; 1979-Aug 2016
- Exhibit II-9* Home Sales Percent Distribution by Price Range; Austin-Round Rock-San Marcos MSA; 2004-2015
- Exhibit II-10* Home Sales Percent Distribution by Price Range; Austin-Round Rock-San Marcos MSA; 2004-2015
- Exhibit II-11* Total Non-Agricultural Employment and Projections; Austin-Round Rock-San Marcos MSA; 2000-2030
- Exhibit II-12* Historical Employment by Industry; Austin-Round Rock-San Marcos MSA; 1990-2015

LIST OF EXHIBITS

- Exhibit II-13* Historical and Projected Employment by Industry; Austin-Round Rock-San Marcos MSA; 2000-2040
- Exhibit II-14* Job Growth by Sector; Austin-Round Rock-San Marcos MSA; 2001-2030
- Exhibit II-15* Near-Term Job Growth by Sector; Austin-Round Rock-San Marcos MSA; 2014-2018
- Exhibit II-16* Annual Employment Growth; Austin-Round Rock-San Marcos MSA; 1990-2020
- Exhibit II-17* Percentage of Austin MSA Employment by County; Bastrop County, Caldwell County, Hays County, Travis County, and Williamson County, TX; 2001-2013
- Exhibit II-18* Fair Share of Austin MSA Employment Growth by County; Bastrop County, Caldwell County, Hays County, Travis County, and Williamson County, TX; 2001-2015
- Exhibit II-19* Job Sector as a Proportion of Overall Employment; Austin-Round Rock-San Marcos MSA; 2015
- Exhibit II-20* Commuting Patterns of Bastrop County Workers; Austin MSA, TX; 2011-2014
- Exhibit II-21* School District and Campus Ratings; Austin MSA Schools; 2016
- Exhibit II-22* Map of Employment Cores and Corridors; Austin, Texas; 2014
- Exhibit II-23* Employment Core and Corridor Summary; Austin, Texas; 2014

III. COMMUNITY OVERVIEW

- Exhibit III-1* Comparable Community Map; Austin, TX Area; October 2016
- Exhibit III-2* Summary of Best Performing Communities by Submarket; Austin MSA; 3Q 2015-2Q 2016
- Exhibit III-3* Sales by Price and Lot Size for Select Austin MSA Master Planned Communities; Competitive Master-Planned Communities; 3Q 2015-2Q 2016

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LIST OF EXHIBITS

IV. RESIDENTIAL FOR-SALE DEMAND

Exhibit IV-1 Total New For-Sale Housing Demand; Austin-Round Rock, TX MSA; 2016-2030

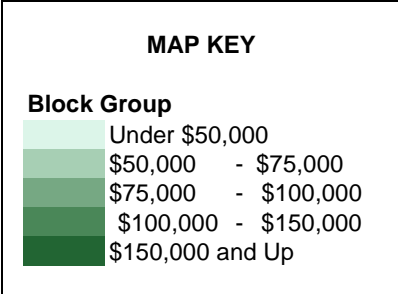
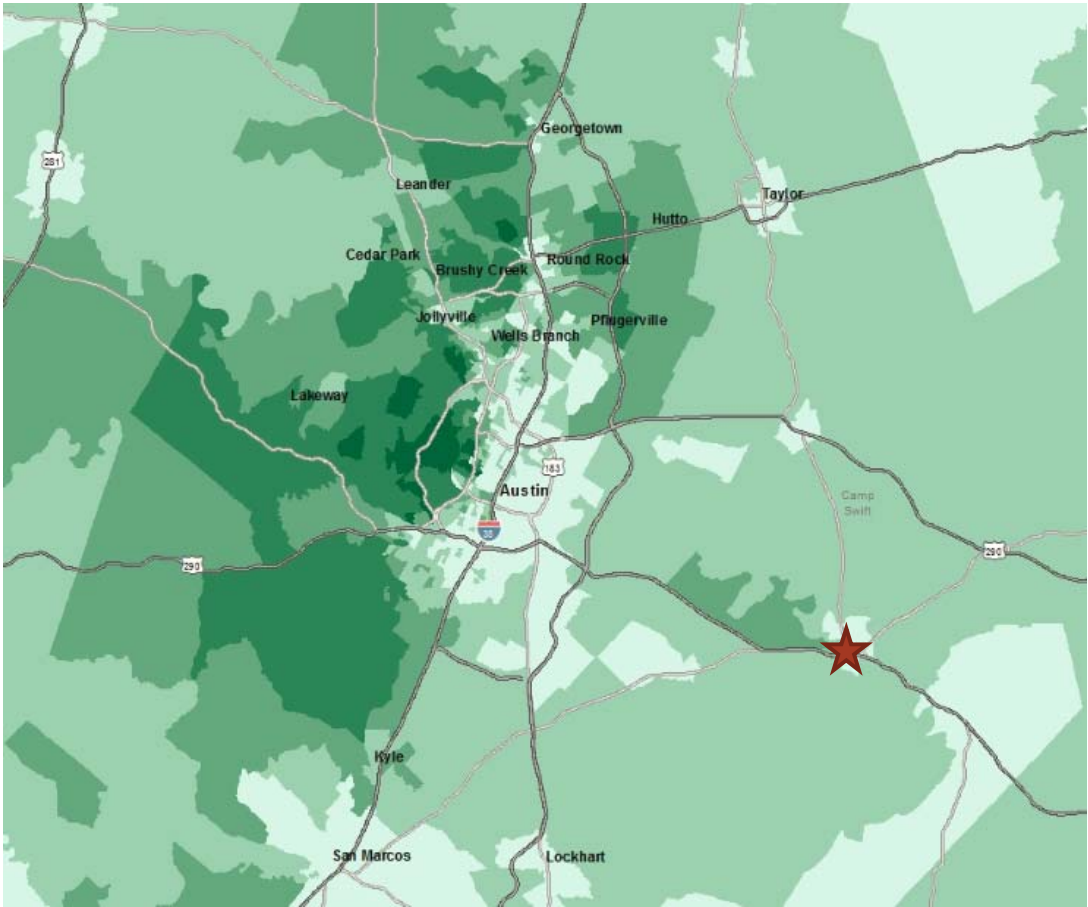
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I. REGIONAL MAPS

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Exhibit I-1

MEDIAN HOUSEHOLD INCOME BY BLOCK GROUP GREATER AUSTIN REGION 2015

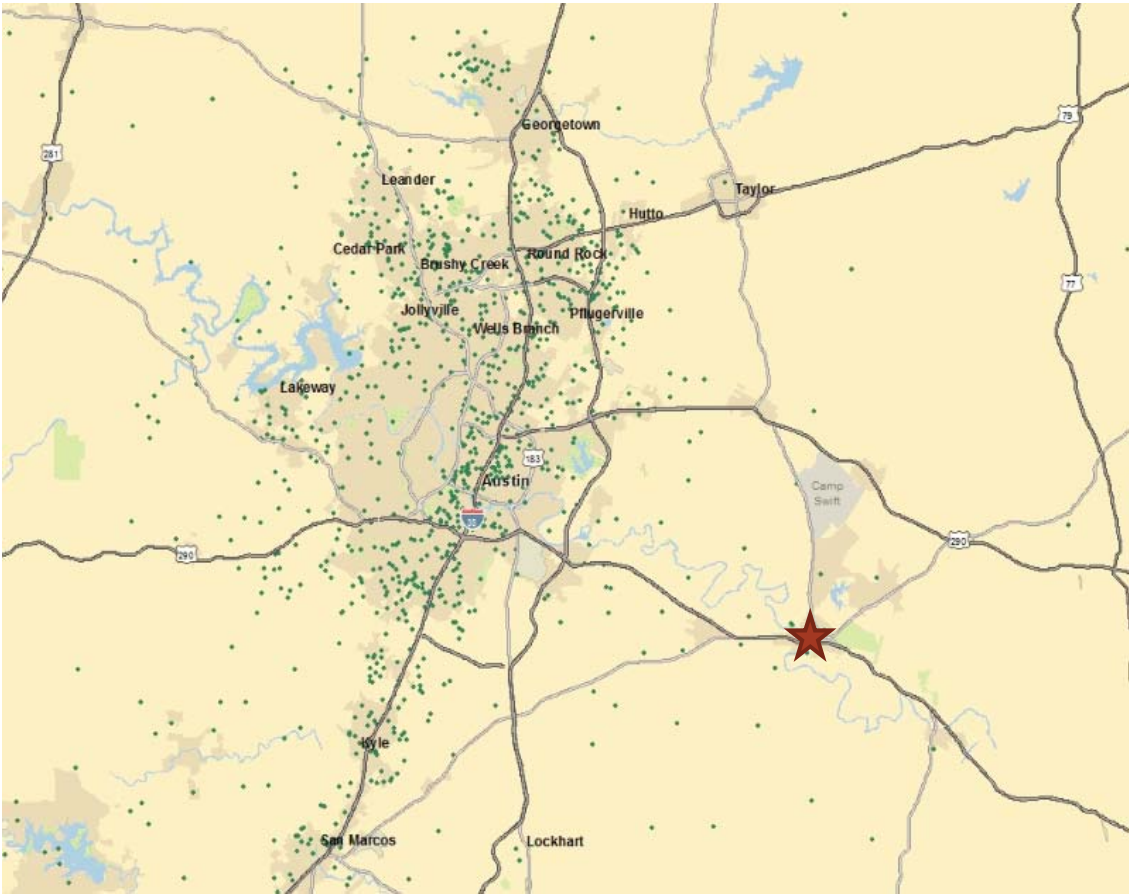


SOURCE: Esri Business Analyst

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Exhibit I-2

NOMINAL HOUSEHOLD GROWTH BY BLOCK GROUP GREATER AUSTIN REGION 2010 - 2015



MAP KEY

- 75 Households

SOURCE: Esri Business Analyst

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Exhibit I-3

CHANGE IN TOTAL HOUSEHOLDS BY BLOCK GROUP GREATER AUSTIN REGION 2010-2015



SOURCE: Esri Business Analyst

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II. SOCIOECONOMICS

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Exhibit II-1

POPULATION AND HOUSEHOLD SUMMARY AUSTIN-ROUND ROCK-SAN MARCOS MSA 2000-2021

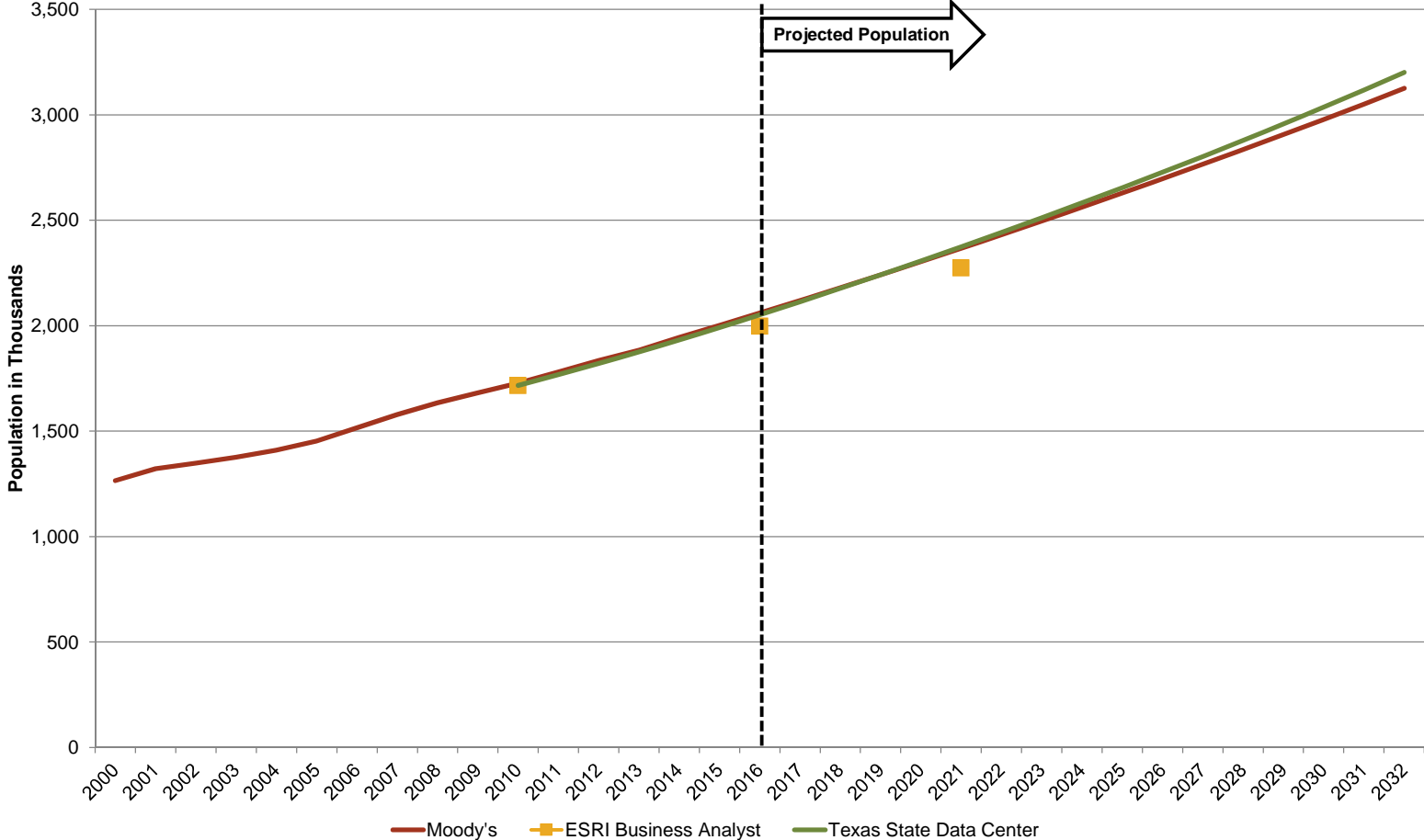
Austin-Round Rock-San Marcos MSA	CENSUS			ESRI	
	2000	2010	2016	2021	
Population	1,249,763	1,716,289	1,997,049	2,272,790	
Average Annual Change		46,653	46,793	55,148	
Compounded Annual Growth Rate		3.22%	2.56%	2.62%	
Households	471,855	650,459	747,578	848,232	
Average Annual Change		17,860	16,187	20,131	
Compounded Annual Growth Rate		3.26%	2.35%	2.56%	
Bastrop County	CENSUS			ESRI	
	2000	2010	2016	2021	
Population	57,733	74,171	82,757	90,636	
Average Annual Change		1,644	1,431	1,576	
Compounded Annual Growth Rate		2.54%	1.84%	1.84%	
% of MSA	4.62%	4.32%	4.14%	3.99%	
Households	20,097	25,840	28,550	31,138	
Average Annual Change		574	452	518	
Compounded Annual Growth Rate		2.55%	1.68%	1.75%	
% of MSA	4.26%	3.97%	3.82%	3.67%	
Bastrop	CENSUS			ESRI	
	2000	2010	2016	2021	
Population	5,821	7,218	8,301	9,765	
Average Annual Change		140	1,083	293	
Compounded Annual Growth Rate		2.17%	2.36%	3.30%	
% of MSA	1.23%	1.11%	1.11%	1.15%	
Households	2,164	2,695	3,060	3,557	
Average Annual Change		53	61	99	
Compounded Annual Growth Rate		2.22%	2.14%	3.06%	
% of MSA	0.46%	0.41%	0.41%	0.42%	

SOURCE: Esri; US Census

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Exhibit II-2

POPULATION TRENDS AUSTIN-ROUND ROCK-SAN MARCOS MSA 2000-2032



SOURCE: Moody's Analytics; Esri

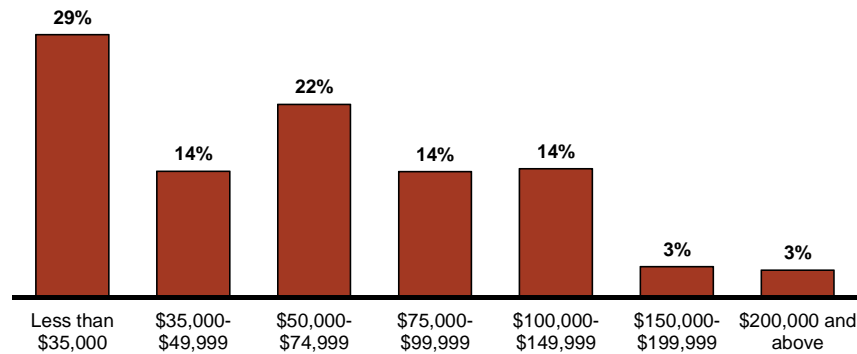
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Exhibit II-3

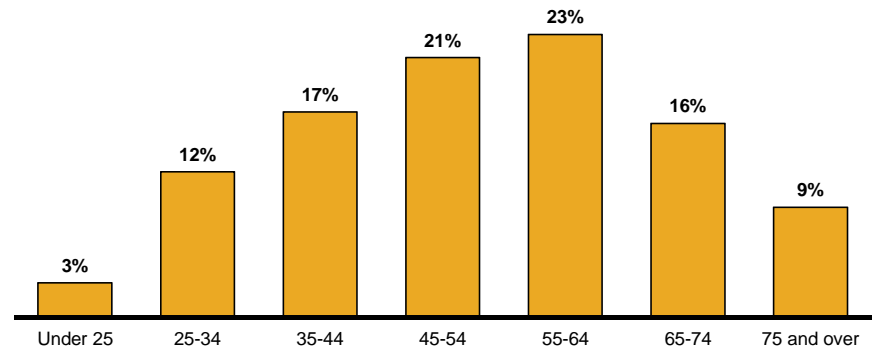
HOUSEHOLDS BY AGE AND INCOME BASTROP COUNTY 2016

INCOME RANGE	UNDER 25		PROFESSIONALS				EMPTY NESTERS				RETIREES				TOTAL	
	TOTAL	PCT.	25-34		35-44		45-54		55-64		65-74		75 AND OVER		TOTAL	PCT.
			TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.		
Less than \$25,000	238	30%	648	19%	776	16%	892	15%	1,186	18%	1,057	24%	997	39%	5,794	20%
\$25,000 - \$34,999	132	16%	340	10%	408	9%	449	7%	379	6%	481	11%	404	16%	2,593	9%
\$35,000 - \$49,999	135	17%	483	14%	708	15%	742	12%	797	12%	733	16%	430	17%	4,028	14%
\$50,000 - \$74,999	162	20%	786	23%	1,033	22%	1,333	22%	1,540	24%	937	21%	372	15%	6,163	22%
\$75,000 - \$99,999	69	9%	482	14%	770	16%	1,028	17%	1,047	16%	467	10%	151	6%	4,014	14%
\$100,000 - \$149,999	50	6%	453	13%	789	17%	1,024	17%	1,091	17%	562	13%	138	5%	4,107	14%
\$150,000 - \$199,999	8	1%	135	4%	136	3%	309	5%	218	3%	140	3%	35	1%	981	3%
\$200,000 and above	11	1%	48	1%	137	3%	240	4%	294	4%	115	3%	25	1%	870	3%
TOTAL	805	100%	3,375	100%	4,757	100%	6,017	100%	6,552	100%	4,492	100%	2,552	100%	28,550	100%
Percent of Total	3%		12%		17%		21%		23%		16%		9%		100%	

HOUSEHOLDS BY INCOME



HOUSEHOLDS BY AGE



SOURCE: ESRI Business Analyst; RCLCO

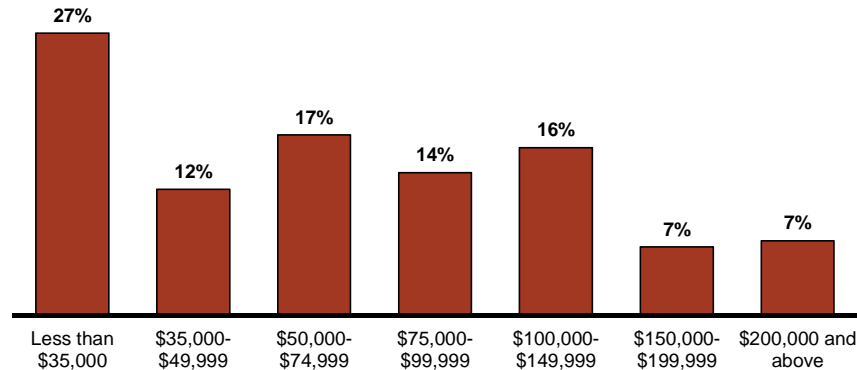
BASTROP EDC

Exhibit II-4

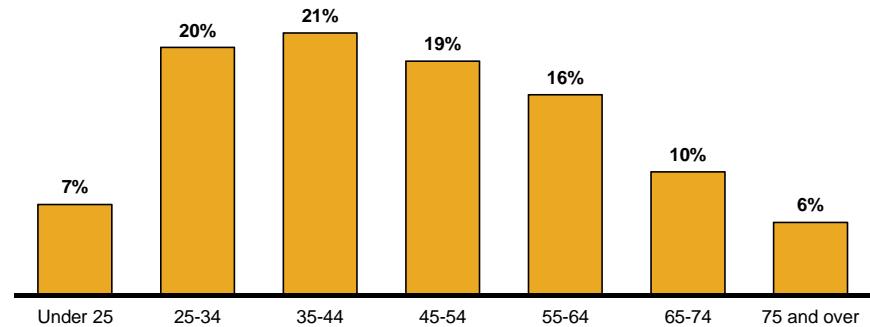
HOUSEHOLDS BY AGE AND INCOME AUSTIN MSA 2016

INCOME RANGE	UNDER 25		PROFESSIONALS				EMPTY NESTERS				RETIREES				TOTAL	
	TOTAL	PCT.	25-34		35-44		45-54		55-64		65-74		75 AND OVER		TOTAL	PCT.
			TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.		
Less than \$25,000	25,870	47%	29,223	19%	20,517	13%	16,408	12%	18,431	15%	13,376	18%	13,536	31%	137,361	18%
\$25,000 - \$34,999	7,712	14%	15,664	10%	12,168	8%	9,161	6%	7,588	6%	6,762	9%	5,911	13%	64,966	9%
\$35,000 - \$49,999	7,441	13%	21,596	14%	18,564	12%	13,579	10%	11,467	9%	10,519	14%	7,295	16%	90,461	12%
\$50,000 - \$74,999	6,663	12%	29,095	19%	26,170	16%	23,266	16%	20,995	17%	14,850	20%	8,409	19%	129,448	17%
\$75,000 - \$99,999	3,491	6%	20,694	14%	23,513	15%	22,455	16%	19,391	16%	9,428	13%	3,379	8%	102,351	14%
\$100,000 - \$149,999	2,753	5%	21,688	14%	31,810	20%	28,055	20%	21,720	18%	10,675	14%	3,591	8%	120,292	16%
\$150,000 - \$199,999	719	1%	7,503	5%	12,670	8%	13,210	9%	9,723	8%	4,202	6%	1,105	2%	49,132	7%
\$200,000 and above	566	1%	4,875	3%	13,756	9%	15,908	11%	12,296	10%	5,039	7%	1,121	3%	53,561	7%
TOTAL	55,215	100%	150,338	100%	159,168	100%	142,042	100%	121,611	100%	74,851	100%	44,347	100%	747,572	100%
Percent of Total	7%		20%		21%		19%		16%		10%		6%		100%	

HOUSEHOLDS BY INCOME



HOUSEHOLDS BY AGE



SOURCE: ESRI Business Analyst; RCLCO

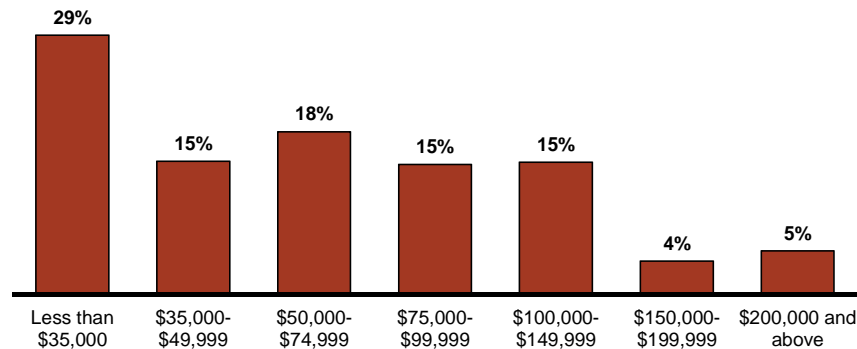
BASTROP EDC

Exhibit II-5

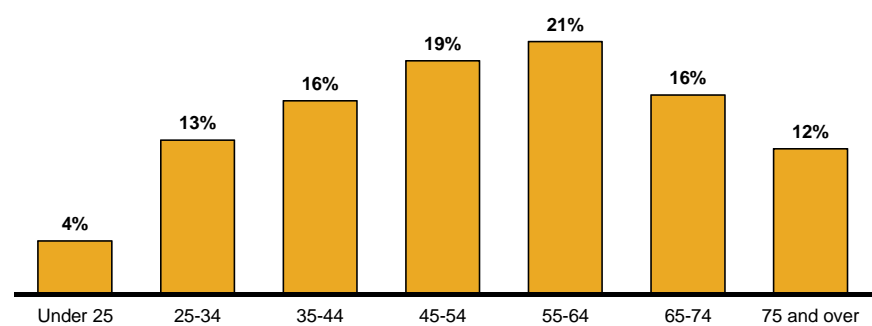
HOUSEHOLDS BY AGE AND INCOME BASTROP, TX 2016

INCOME RANGE	UNDER 25		PROFESSIONALS				EMPTY NESTERS				RETIREEES				TOTAL	
	TOTAL	PCT.	25-34		35-44		45-54		55-64		65-74		75 AND OVER		TOTAL	PCT.
			TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.		
Less than \$25,000	38	29%	72	19%	73	15%	79	14%	104	17%	104	21%	129	36%	599	20%
\$25,000 - \$34,999	25	19%	42	11%	40	8%	41	7%	35	6%	53	11%	53	15%	289	9%
\$35,000 - \$49,999	21	16%	59	15%	78	16%	78	13%	82	13%	77	16%	61	17%	456	15%
\$50,000 - \$74,999	24	18%	73	19%	85	18%	104	18%	123	20%	93	19%	55	15%	557	18%
\$75,000 - \$99,999	12	9%	58	15%	83	17%	103	18%	103	16%	57	12%	29	8%	445	15%
\$100,000 - \$149,999	9	7%	56	15%	82	17%	105	18%	108	17%	68	14%	25	7%	453	15%
\$150,000 - \$199,999	1	1%	16	4%	19	4%	34	6%	24	4%	17	3%	3	1%	114	4%
\$200,000 and above	3	2%	7	2%	21	4%	36	6%	49	8%	26	5%	7	2%	149	5%
TOTAL	133	100%	383	100%	481	100%	580	100%	628	100%	495	100%	362	100%	3,062	100%
Percent of Total	4%		13%		16%		19%		21%		16%		12%		100%	

HOUSEHOLDS BY INCOME



HOUSEHOLDS BY AGE

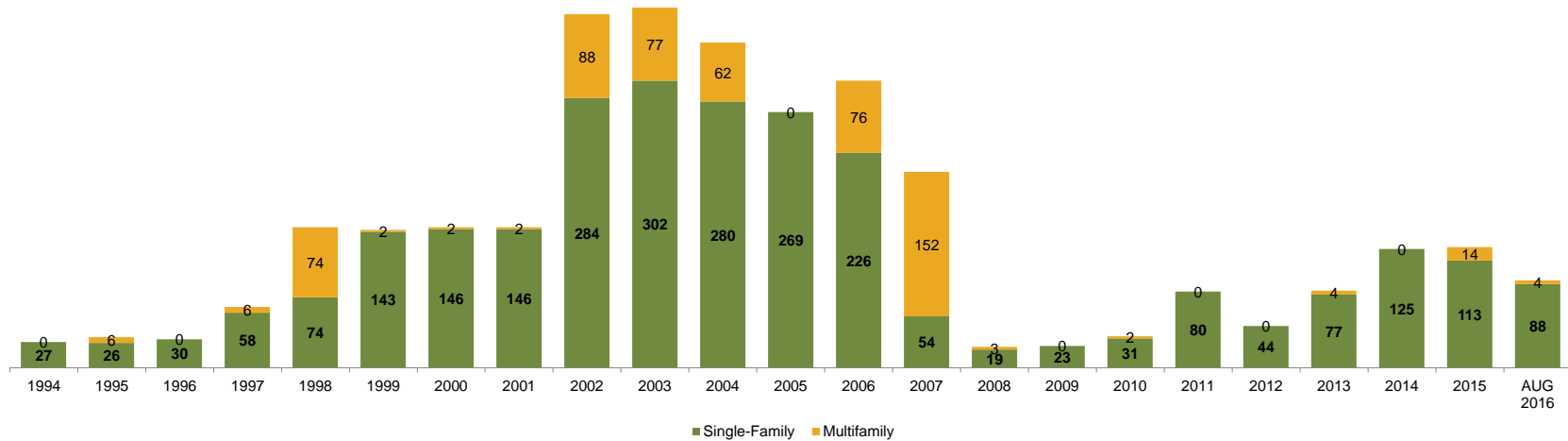


SOURCE: ESRI Business Analyst; RCLCO

BASTROP EDC

Exhibit II-6

HISTORICAL SINGLE-FAMILY AND MULTIFAMILY PERMITS BASTROP COUNTY, TX 1994-AUGUST 2016



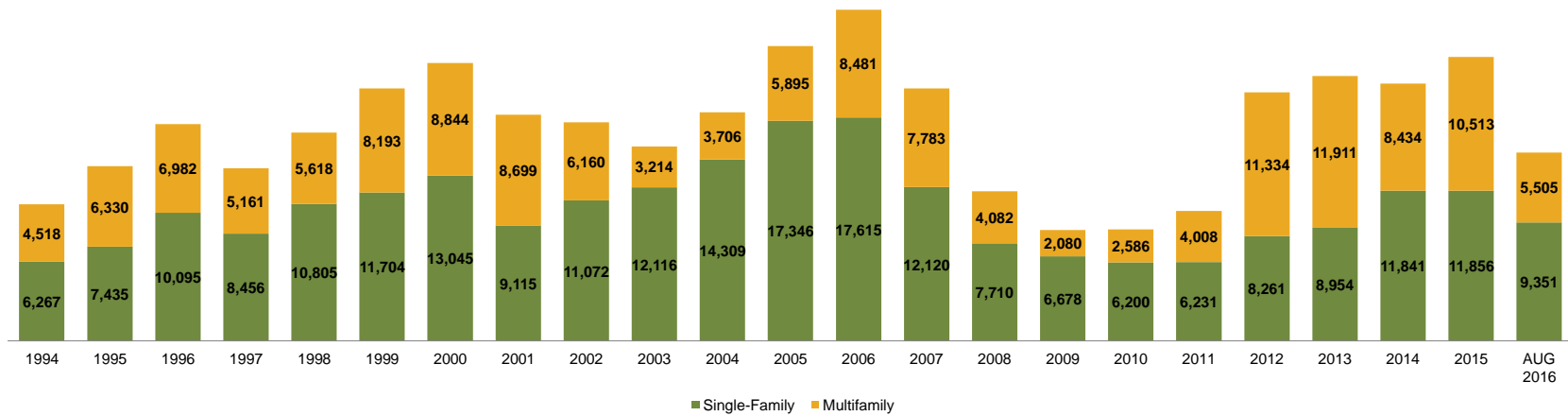
LAND USE	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	AUG 2016
RESIDENTIAL-BUILDING PERMITS																							
Single-Family	27	26	30	58	74	143	146	146	284	302	280	269	226	54	19	23	31	80	44	77	125	113	88
Multifamily	0	6	0	6	74	2	2	2	88	77	62	0	76	152	3	0	2	0	0	4	0	14	4
TOTAL	27	32	30	64	148	145	148	148	372	379	342	269	302	206	22	23	33	80	44	81	125	127	92
Annual Change	15	5	-2	34	84	-3	3	0	224	7	-37	-73	33	-96	-184	1	10	47	-36	37	44	2	-35
MF as % of Total	0%	19%	0%	9%	50%	1%	1%	1%	24%	20%	18%	0%	25%	74%	14%	0%	6%	0%	0%	5%	0%	11%	4%

SOURCE: U.S. Department of Housing and Urban Development; RCLCO

BASTROP EDC

Exhibit II-7

HISTORICAL SINGLE-FAMILY AND MULTIFAMILY PERMITS AUSTIN MSA 1992-AUGUST 2016



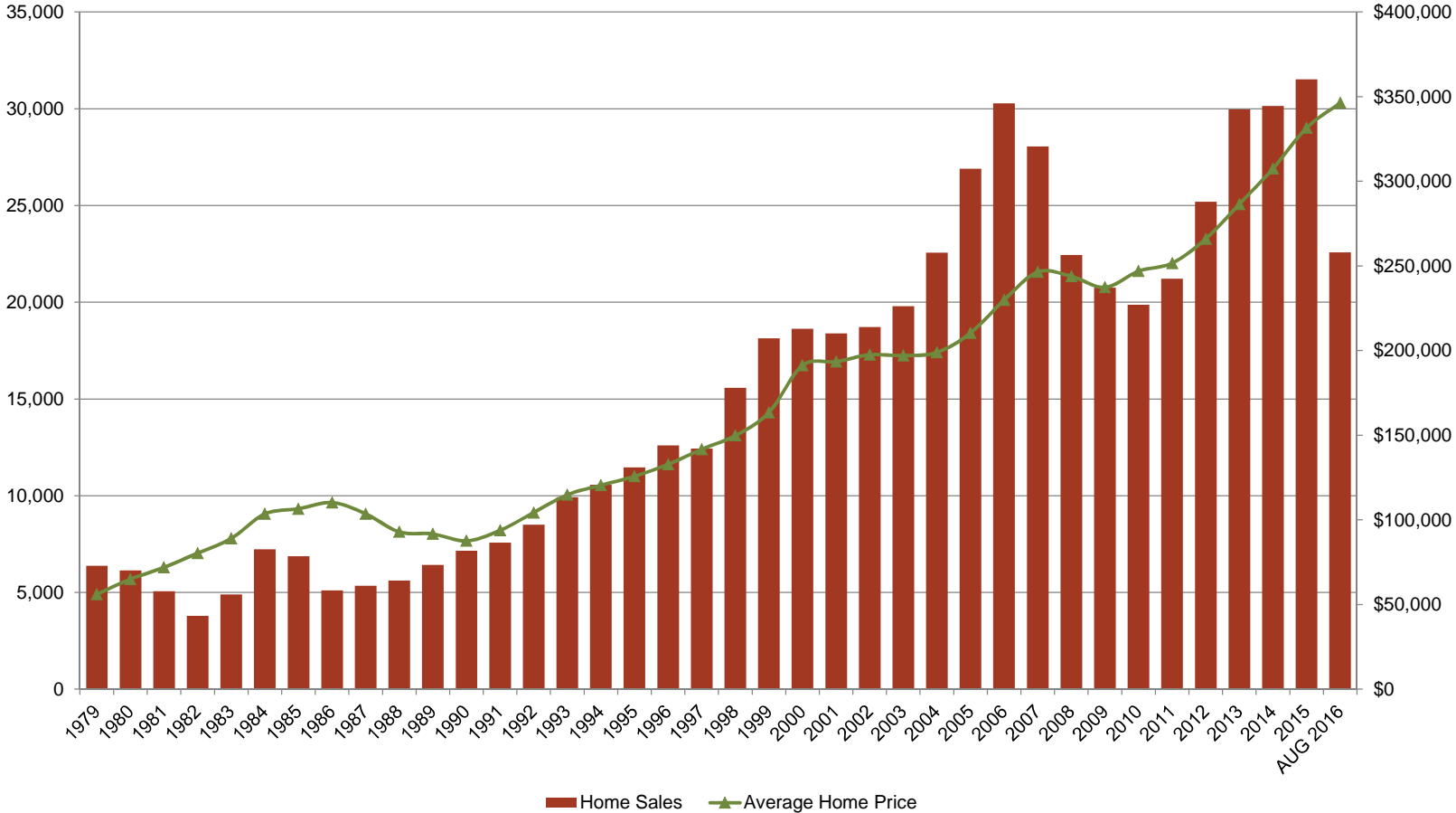
LAND USE	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	AUG 2016
RESIDENTIAL-BUILDING PERMITS																							
Single-Family	6,267	7,435	10,095	8,456	10,805	11,704	13,045	9,115	11,072	12,116	14,309	17,346	17,615	12,120	7,710	6,678	6,200	6,231	8,261	8,954	11,841	11,856	9,351
Multifamily	4,518	6,330	6,982	5,161	5,618	8,193	8,844	8,699	6,160	3,214	3,706	5,895	8,481	7,783	4,082	2,080	2,586	4,008	11,334	11,911	8,434	10,513	5,505
TOTAL	10,785	13,765	17,077	13,617	16,423	19,897	21,889	17,814	17,232	15,330	18,015	23,241	26,096	19,903	11,792	8,758	8,786	10,239	19,595	20,865	20,275	22,369	14,856
Annual Change	2,242	2,980	3,312	-3,460	2,806	3,474	1,992	-4,075	-582	-1,902	2,685	5,226	2,855	-6,193	-8,111	-3,034	28	1,453	9,356	1,270	-590	2,094	-7,513
MF as % of Total	42%	46%	41%	38%	34%	41%	40%	49%	36%	21%	21%	25%	32%	39%	35%	24%	29%	39%	58%	57%	42%	47%	37%
																			33%	8%	32%	0%	-21%

SOURCE: U.S. Department of Housing and Urban Development; RCLCO

BASTROP EDC

Exhibit II-8

HOME SALES AND AVERAGE PRICE AUSTIN-ROUND ROCK-SAN MARCOS MSA 1979-AUG 2016

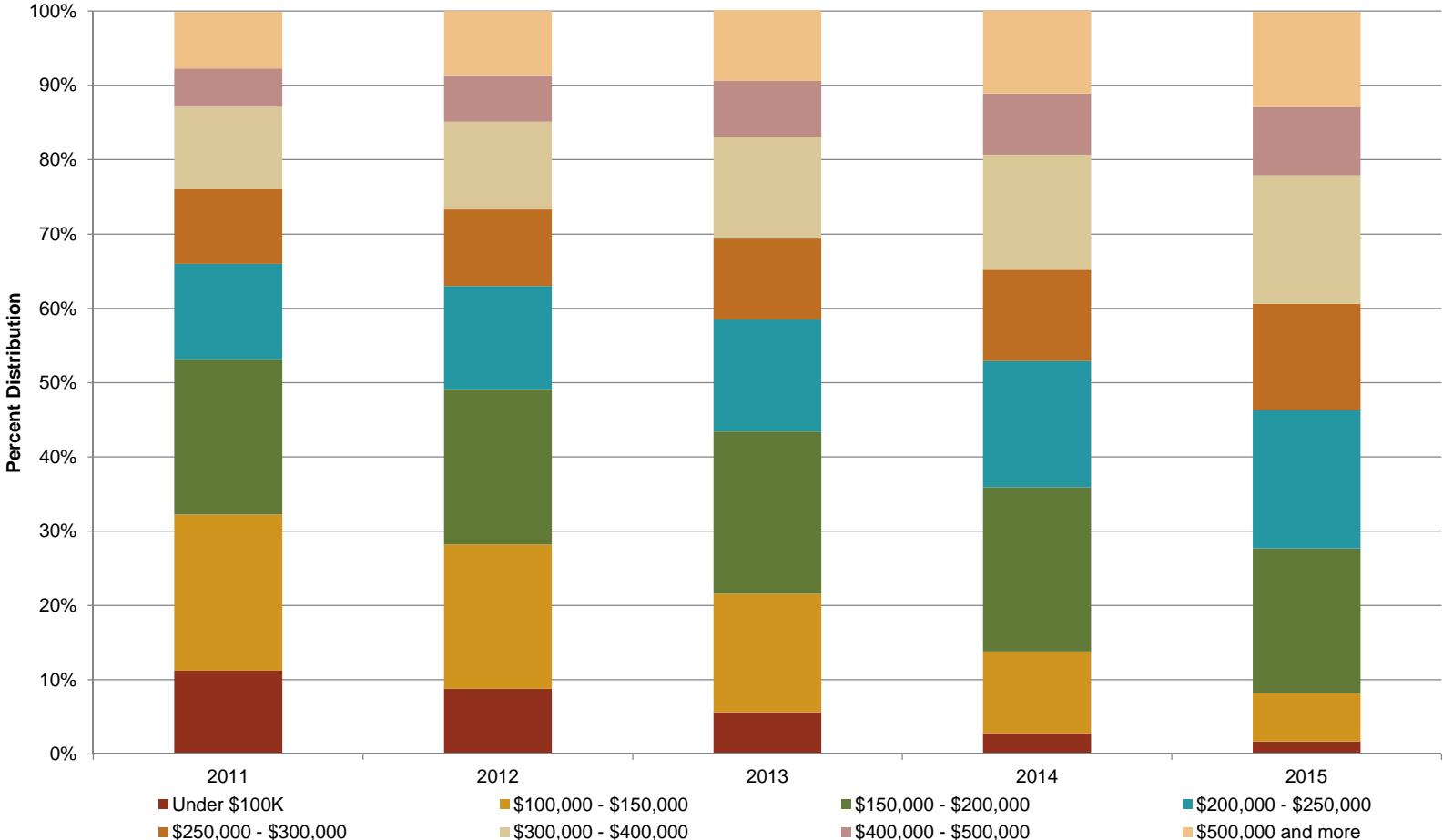


SOURCE: Austin Board of Realtors and TAMU Real Estate Center

BASTROP EDC

Exhibit II-9

HOME SALES PERCENT DISTRIBUTION BY PRICE RANGE
AUSTIN-ROUND ROCK-SAN MARCOS MSA
2004-2015

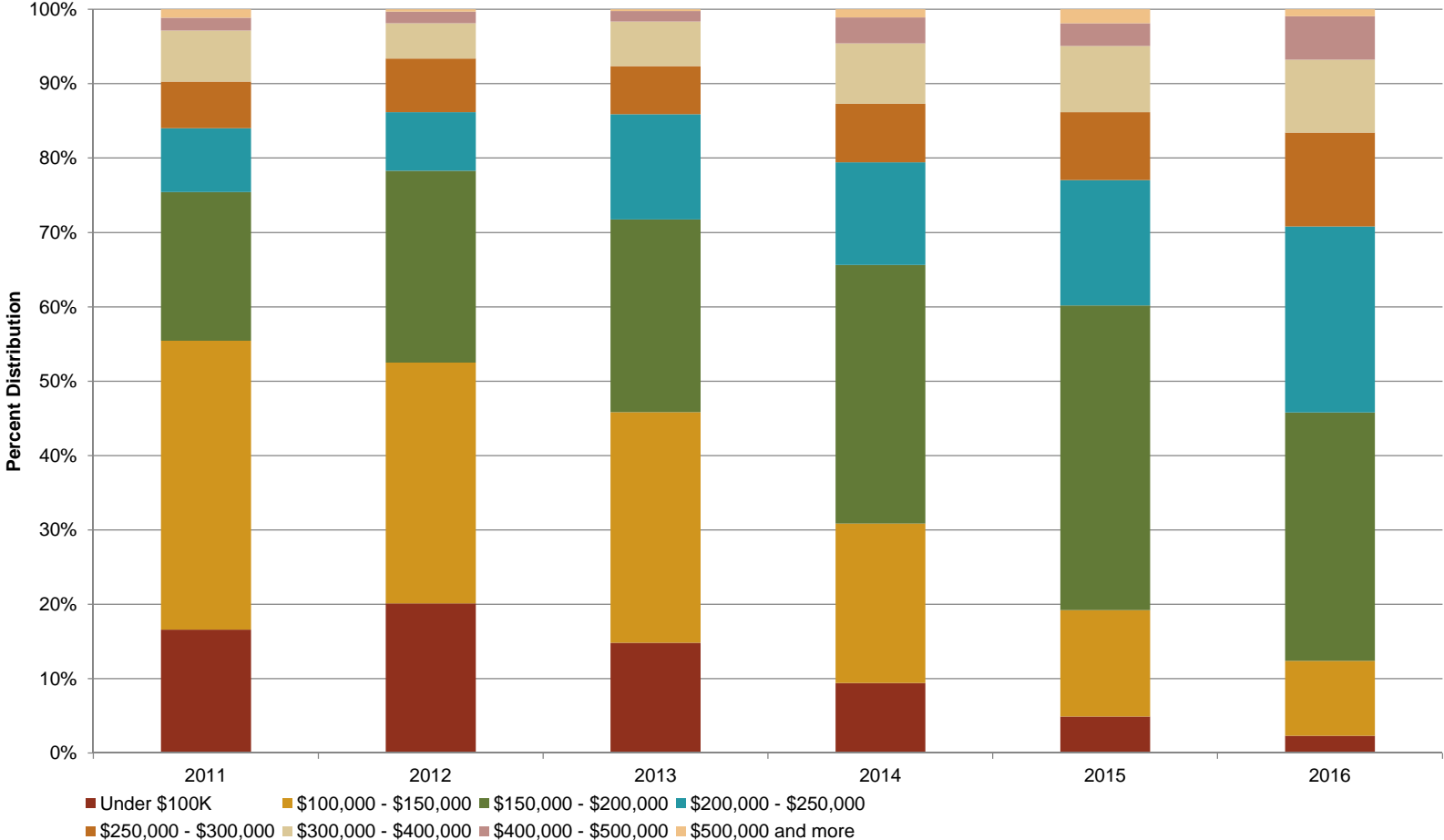


SOURCE: Austin Board of Realtors and TAMU Real Estate Center

BASTROP EDC

Exhibit II-10

HOME SALES PERCENT DISTRIBUTION BY PRICE RANGE AUSTIN-ROUND ROCK-SAN MARCOS MSA 2004-2015

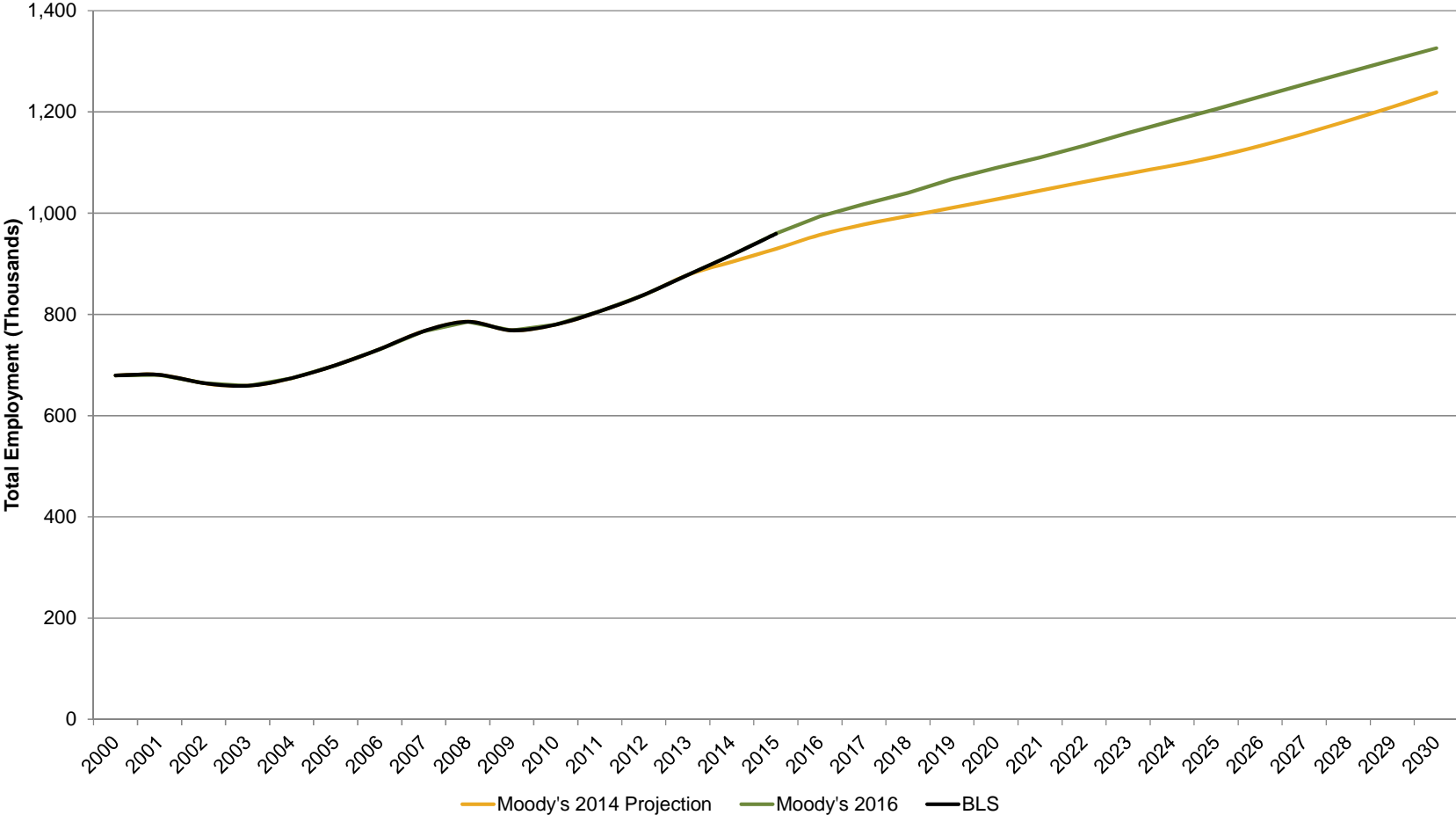


SOURCE: Austin Board of Realtors and TAMU Real Estate Center

BASTROP EDC

Exhibit II-11

TOTAL NON-AGRICULTURAL EMPLOYMENT AND PROJECTIONS
AUSTIN-ROUND ROCK-SAN MARCOS MSA
2000-2030

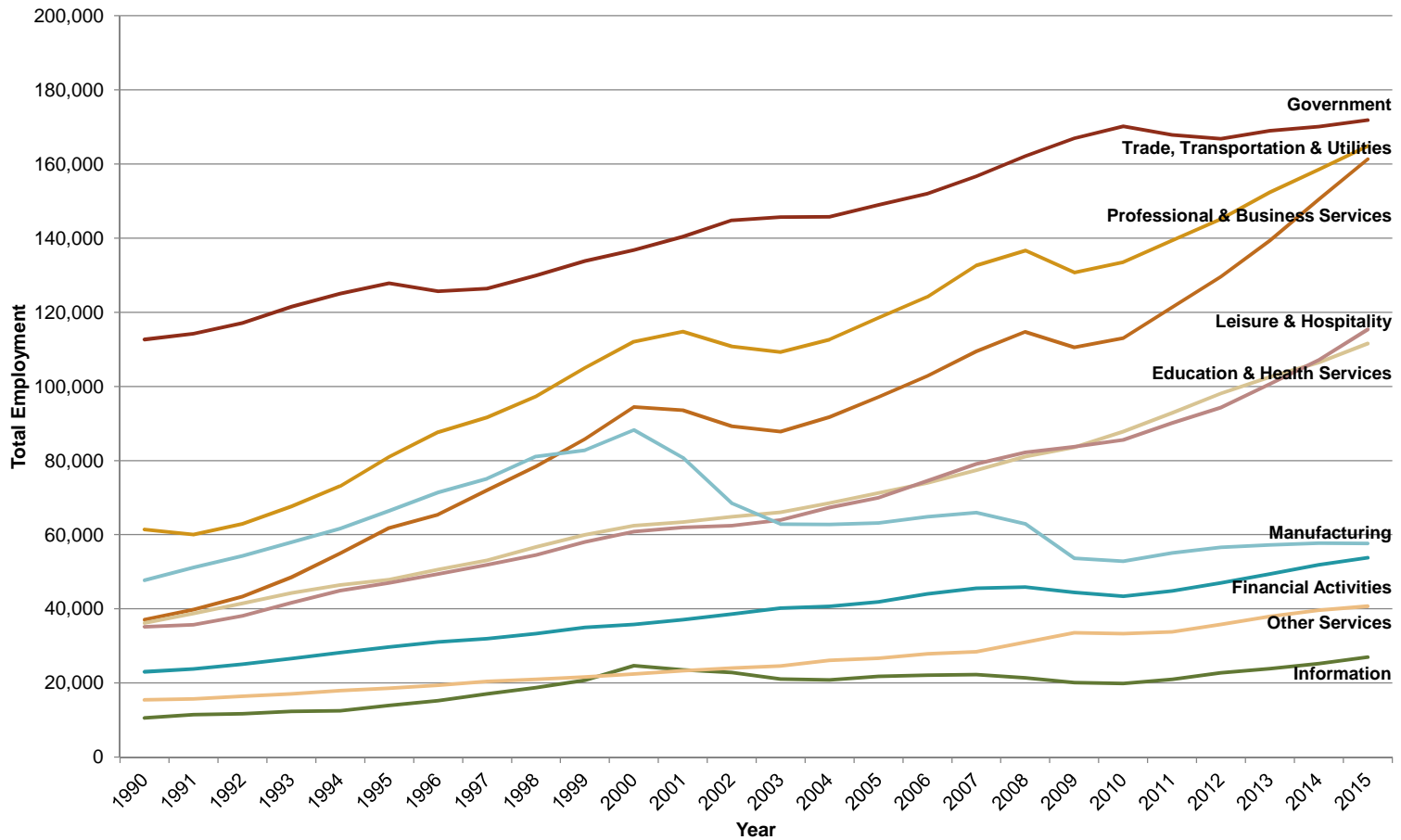


SOURCE: BLS; Moody's Economy.com; RCLCO

BASTROP EDC

Exhibit II-12

HISTORICAL EMPLOYMENT BY INDUSTRY AUSTIN-ROUND ROCK-SAN MARCOS MSA 1990-2015

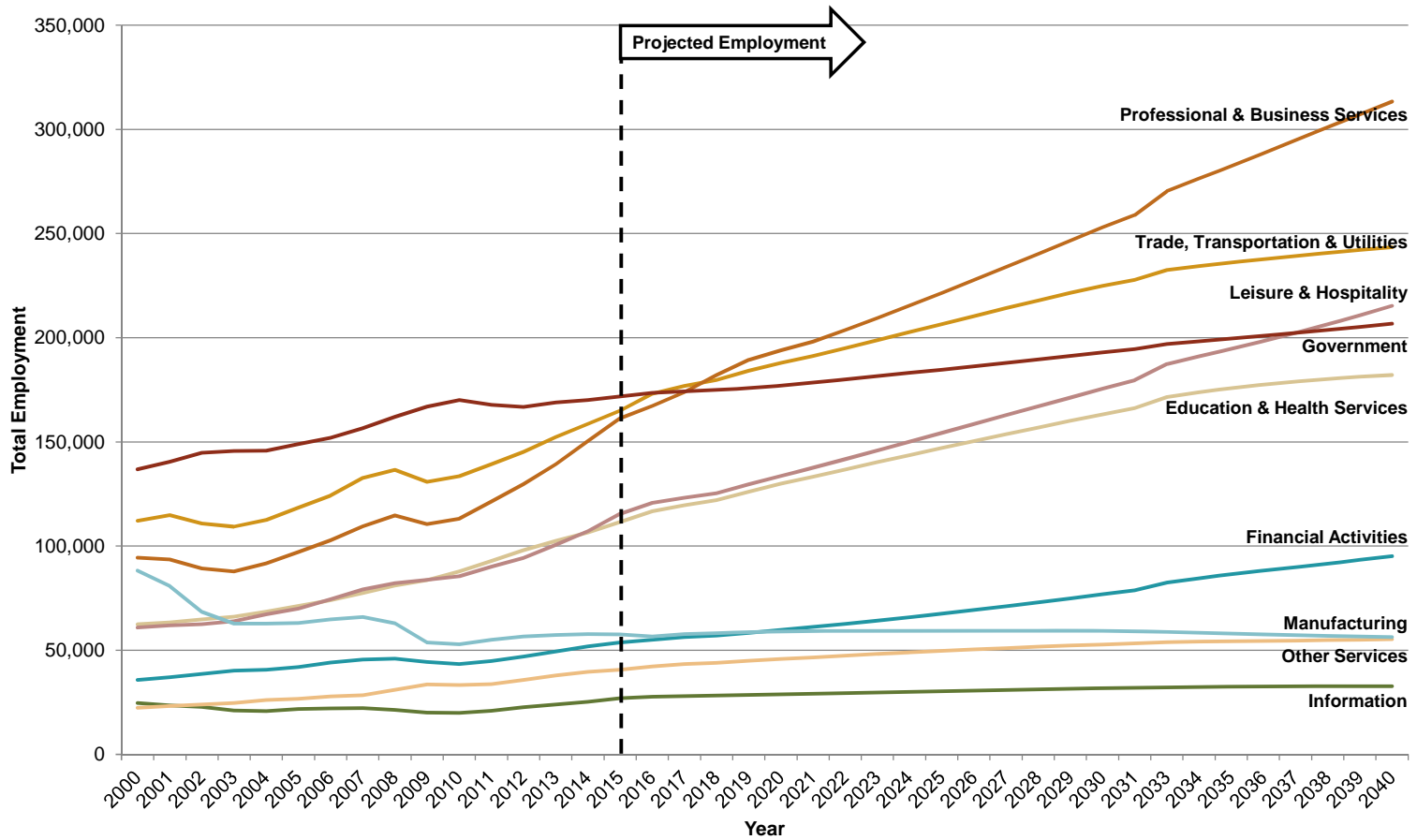


SOURCE: Moody's Economy.com

BASTROP EDC

Exhibit II-13

HISTORICAL AND PROJECTED EMPLOYMENT BY INDUSTRY AUSTIN-ROUND ROCK-SAN MARCOS MSA 2000-2040

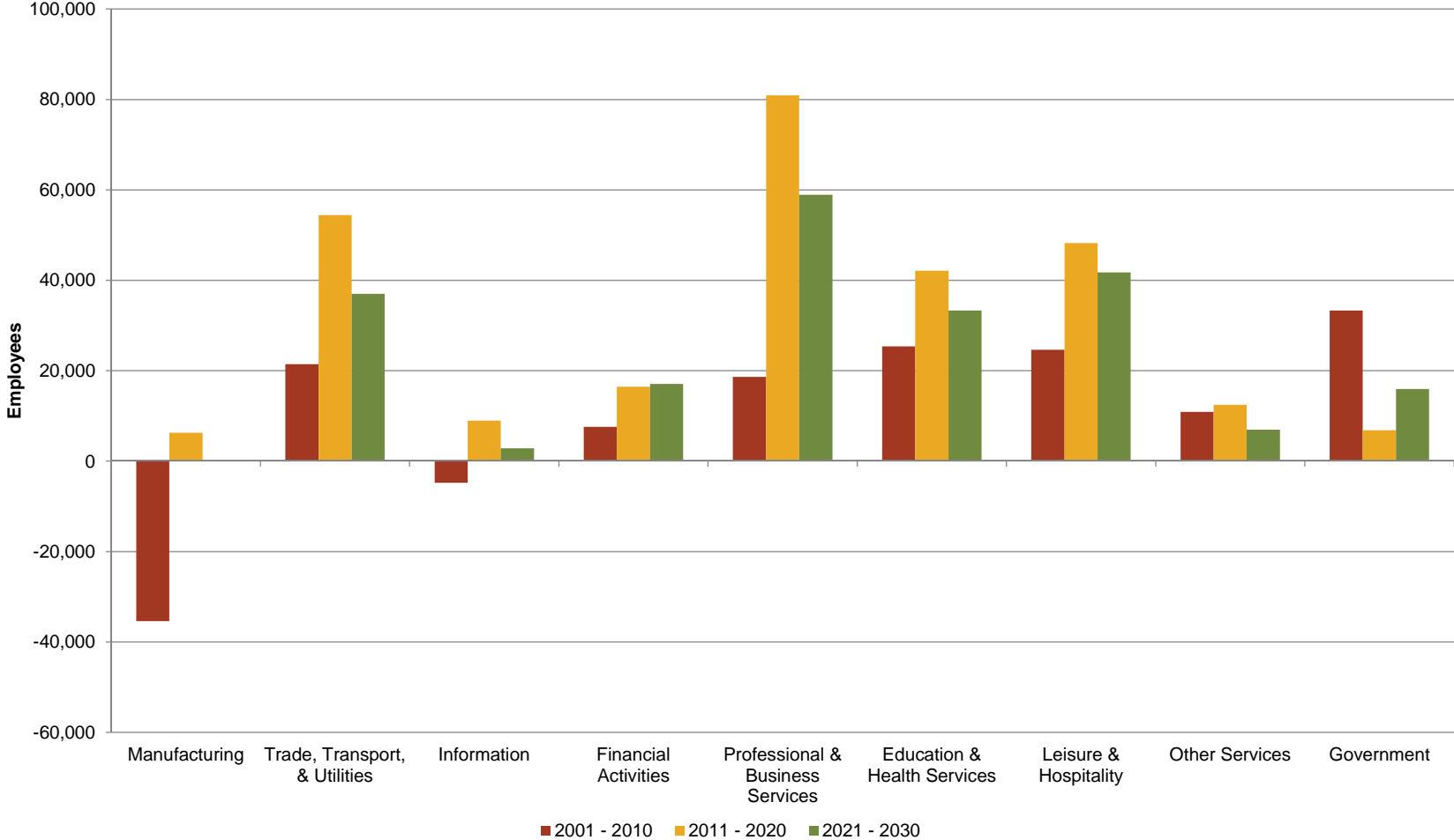


SOURCE: Moody's Economy.com

BASTROP EDC

Exhibit II-14

JOB GROWTH BY SECTOR AUSTIN-ROUND ROCK-SAN MARCOS MSA 2001-2030

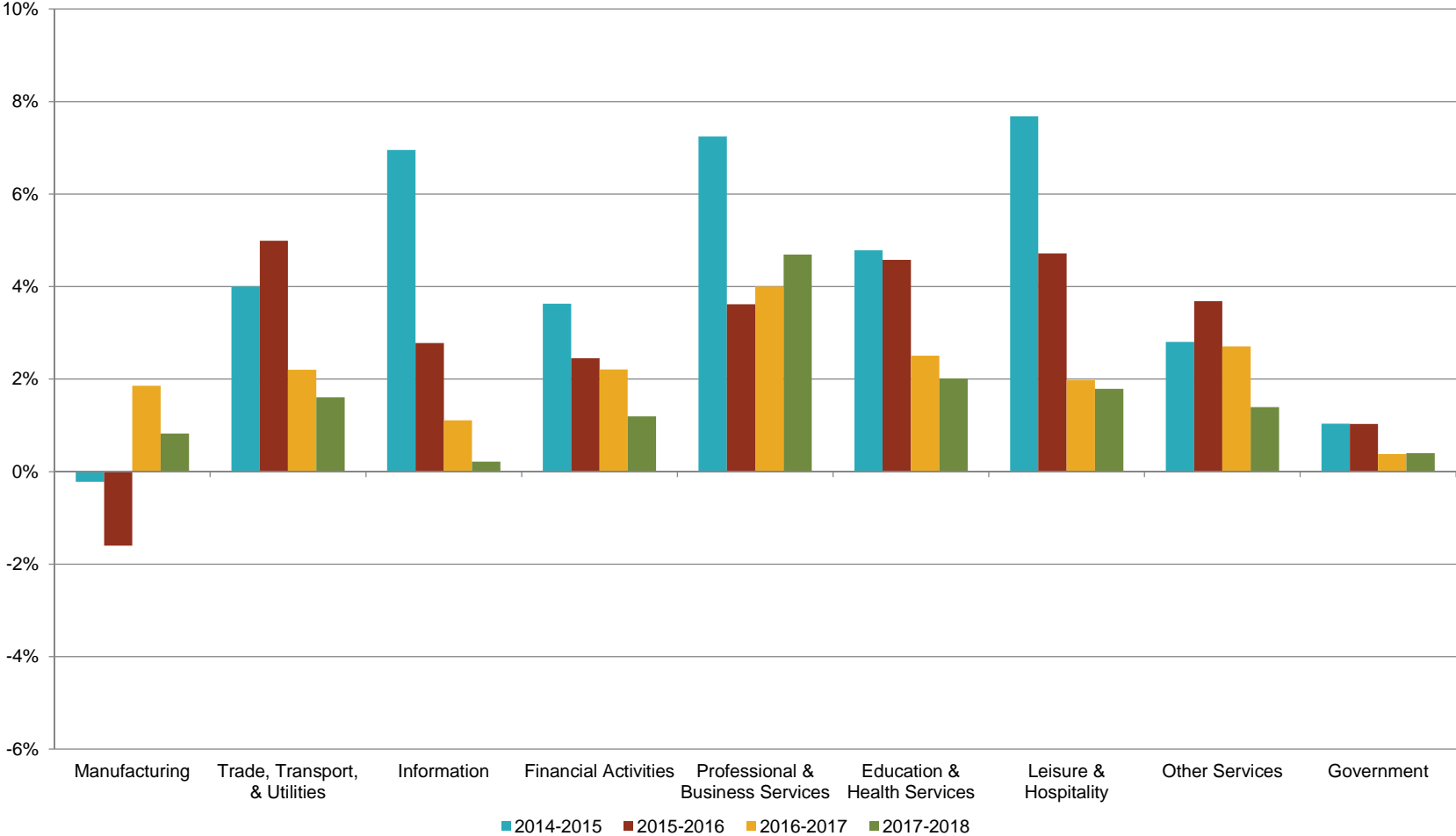


SOURCE: Moody's Economy.com

BASTROP EDC

Exhibit II-15

**NEAR-TERM JOB GROWTH BY SECTOR
AUSTIN-ROUND ROCK-SAN MARCOS MSA
2014-2018**

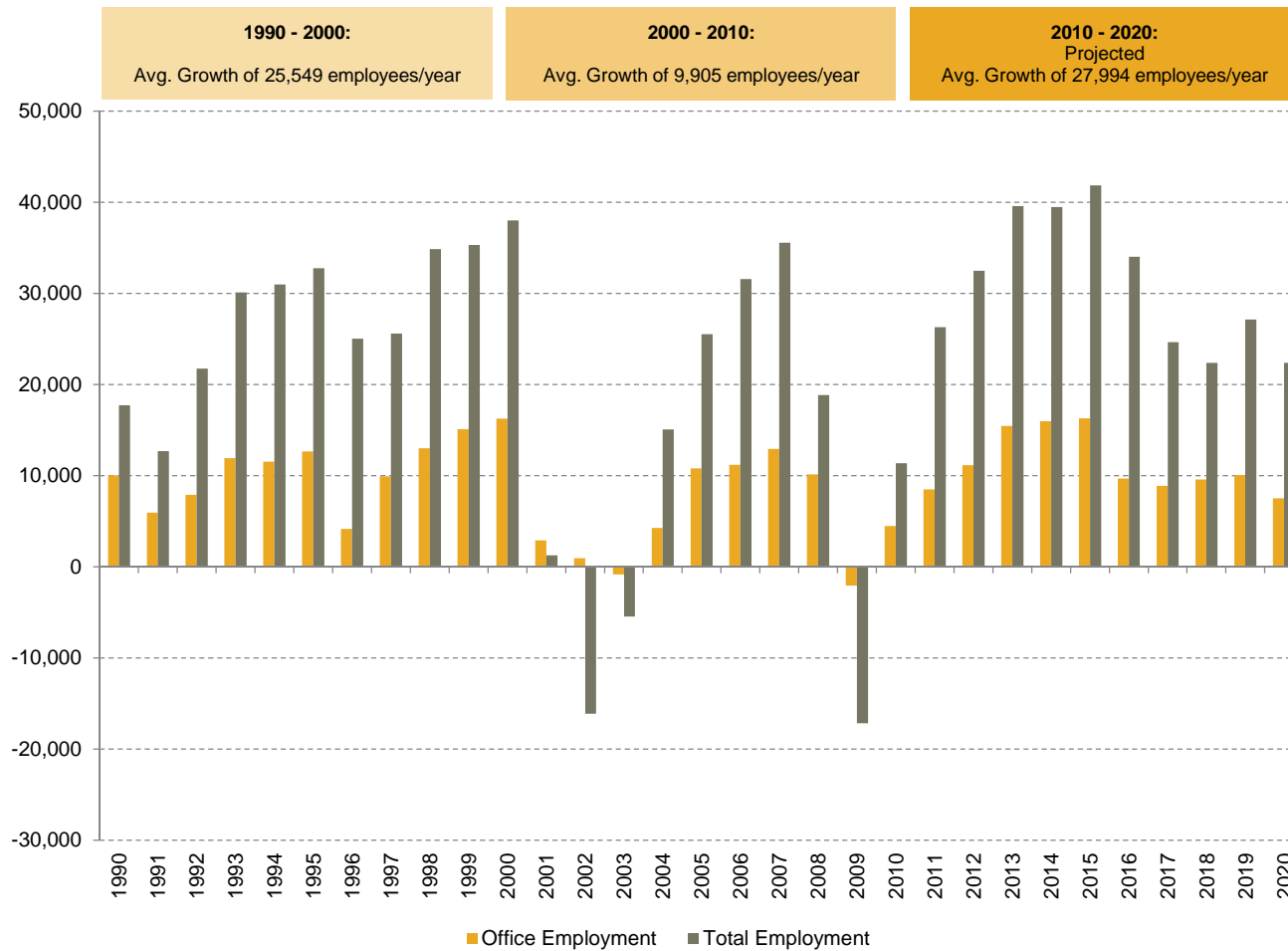


SOURCE: Moody's Economy.com

BASTROP EDC

Exhibit II-16

ANNUAL EMPLOYMENT GROWTH AUSTIN-ROUND ROCK-SAN MARCOS MSA 1990-2020



YEAR	TOTAL EMPLOYMENT	CAGR
1990	392,225	
1995	520,533	5.82%
2000	679,367	5.47%
2005	699,692	0.59%
2010	779,858	2.19%
2015	959,517	4.23%
2020	1,090,075	2.58%

AVG. ANNUAL GROWTH		
1990 - 2000	28,714	
2000 - 2010	10,049	
2010 - 2020	31,022	

YEAR	EMPLOYMENT	CAGR
1990	183,214	
1995	233,181	4.94%
2000	291,654	4.58%
2005	309,740	1.21%
2010	346,438	2.26%
2015	413,830	3.62%
2020	459,556	2.12%

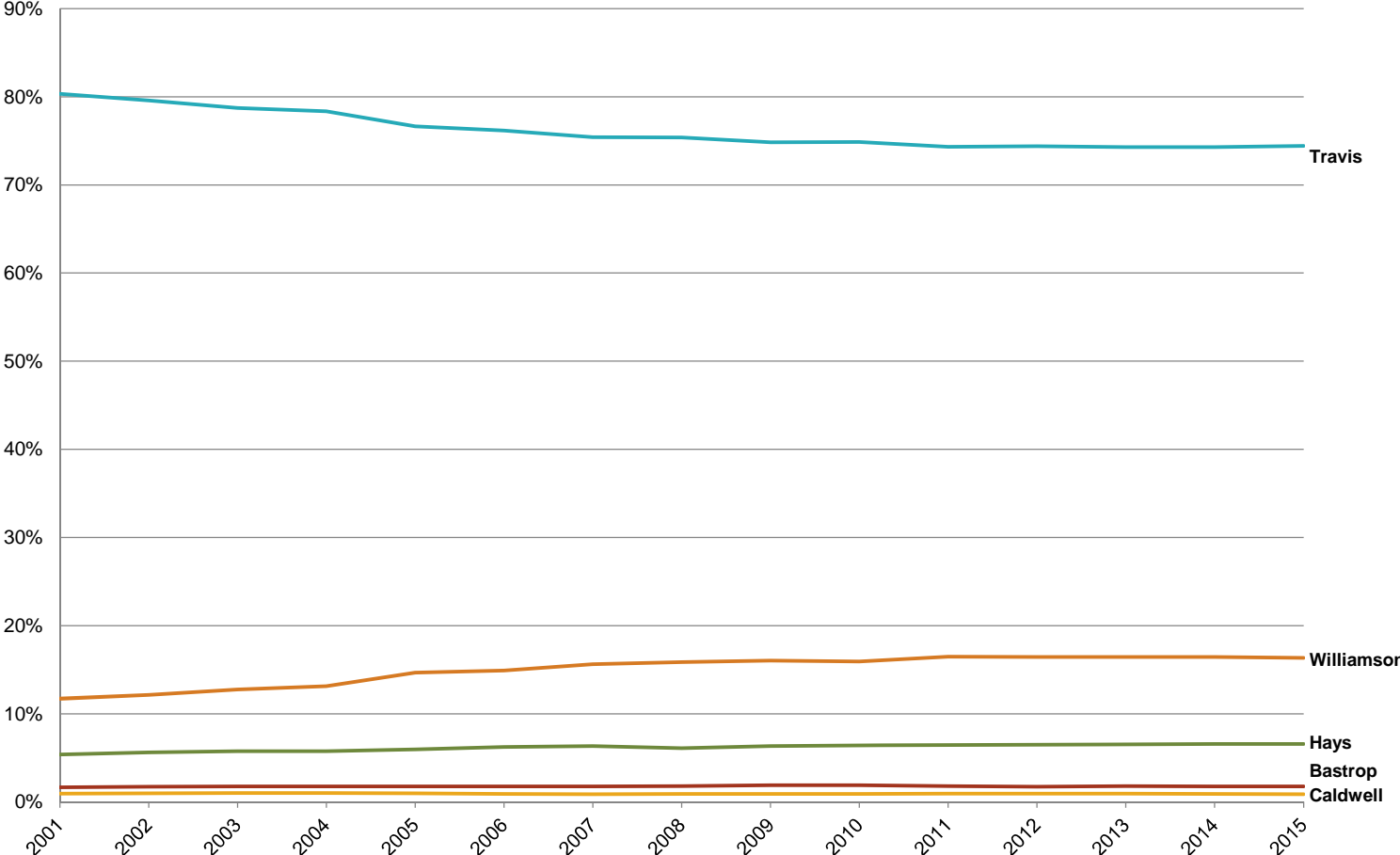
AVG. ANNUAL GROWTH		
1990 - 2000	10,844	
2000 - 2010	5,478	
2010 - 2020	11,312	

SOURCE: Moody's Economy.com

BASTROP EDC

Exhibit II-17

**PERCENTAGE OF AUSTIN MSA EMPLOYMENT BY COUNTY
BASTROP COUNTY, CALDWELL COUNTY, HAYS COUNTY, TRAVIS COUNTY, AND WILLIAMSON COUNTY, TX
2001-2013**

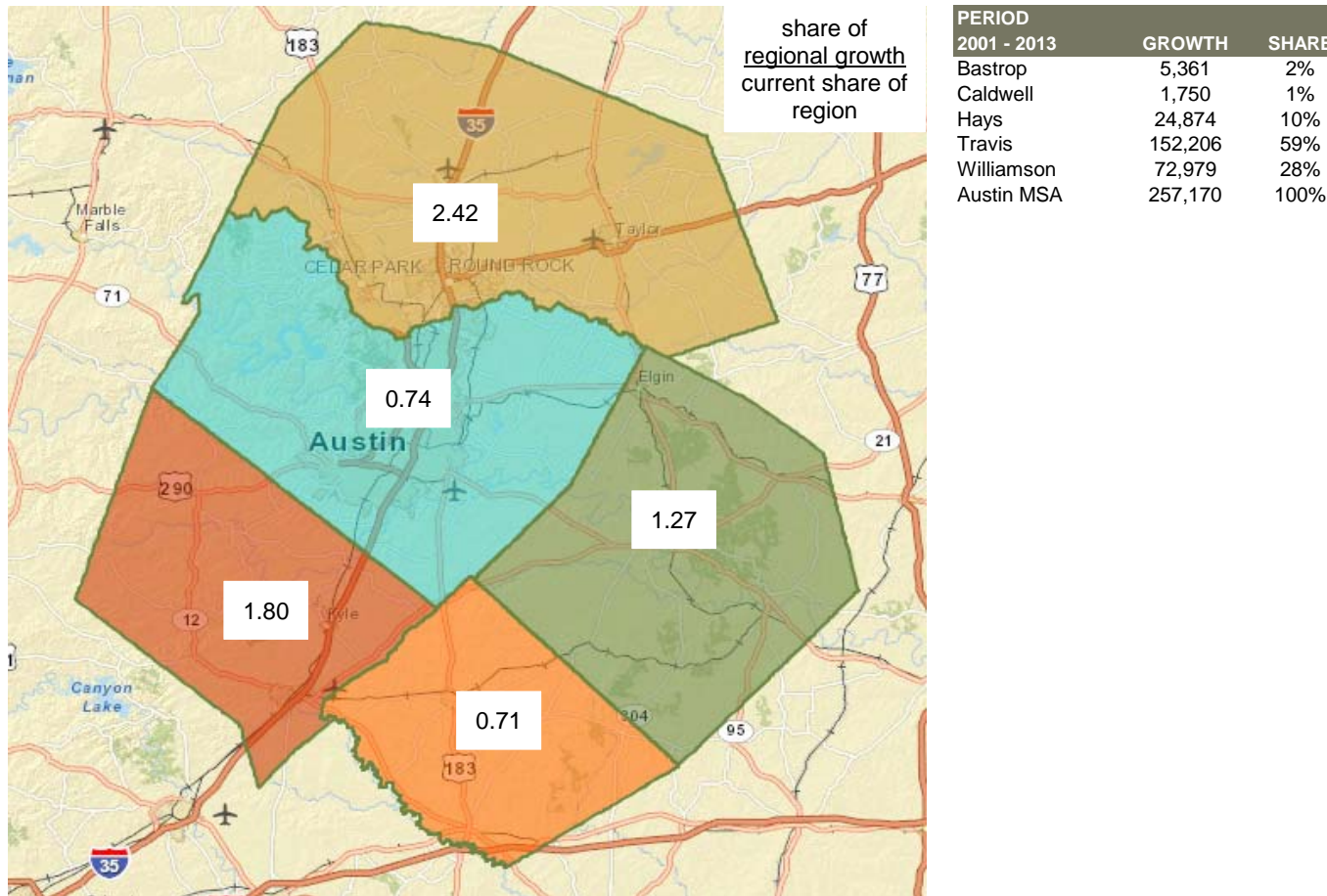


SOURCE: U.S. Bureau of Labor Statistics; RCLCO

BASTROP EDC

Exhibit II-18

FAIR SHARE OF AUSTIN MSA EMPLOYMENT GROWTH BY COUNTY BASTROP COUNTY, CALDWELL COUNTY, HAYS COUNTY, TRAVIS COUNTY, AND WILLIAMSON COUNTY, TX 2001-2015

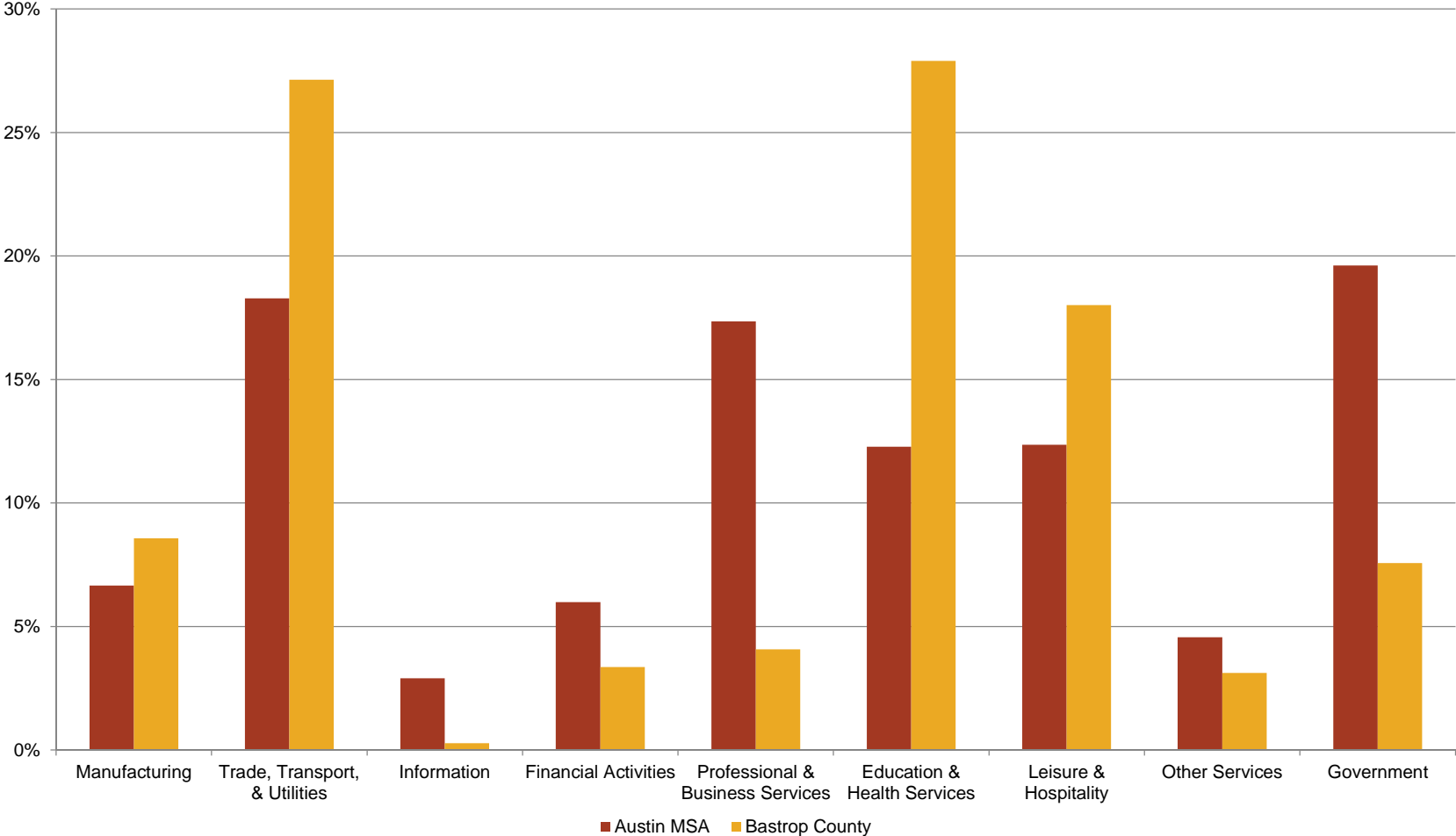


SOURCE: U.S. Bureau of Labor Statistics; RCLCO

BASTROP EDC

Exhibit II-19

**JOB SECTOR AS A PROPORTION OF OVERALL EMPLOYMENT
AUSTIN-ROUND ROCK-SAN MARCOS MSA
2015**

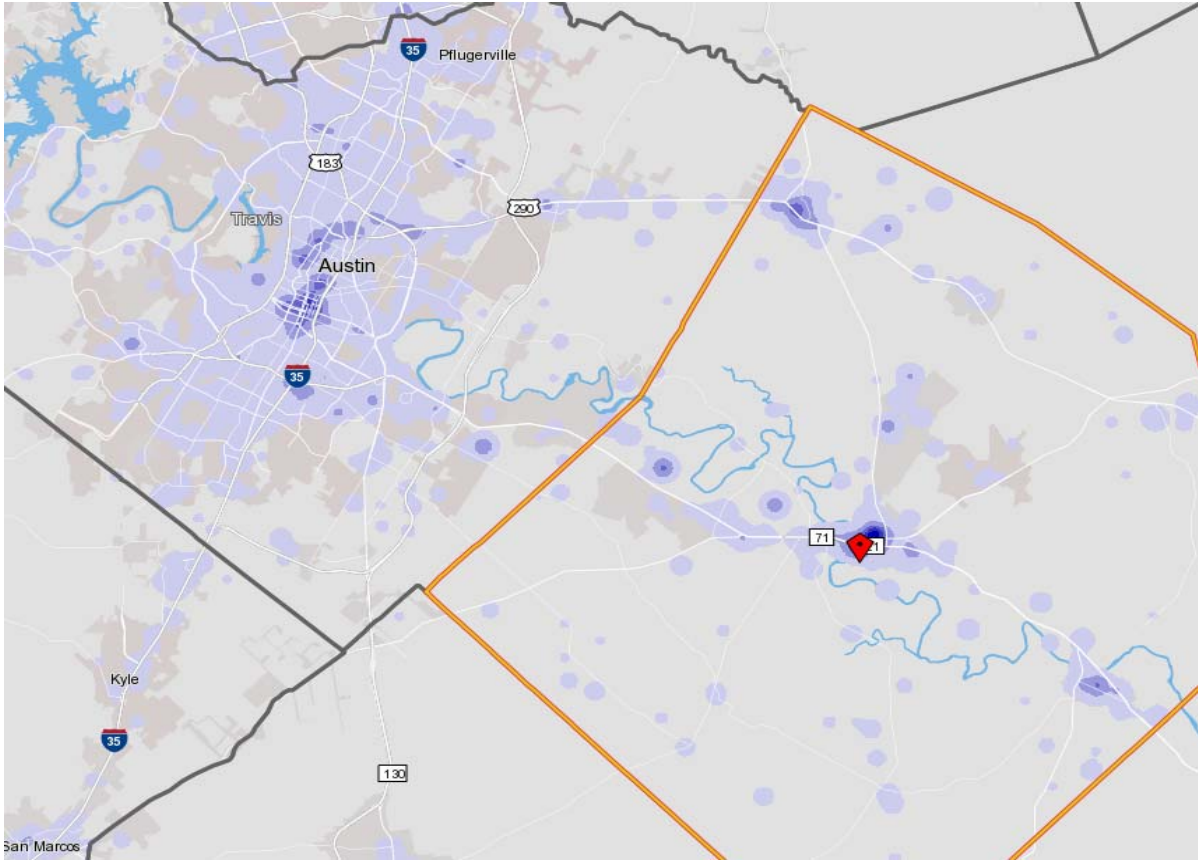


SOURCE: Moody's Economy.com; BLS

BASTROP EDC

Exhibit II-20

COMMUTING PATTERNS OF BASTROP COUNTY WORKERS AUSTIN MSA, TX 2011-2014



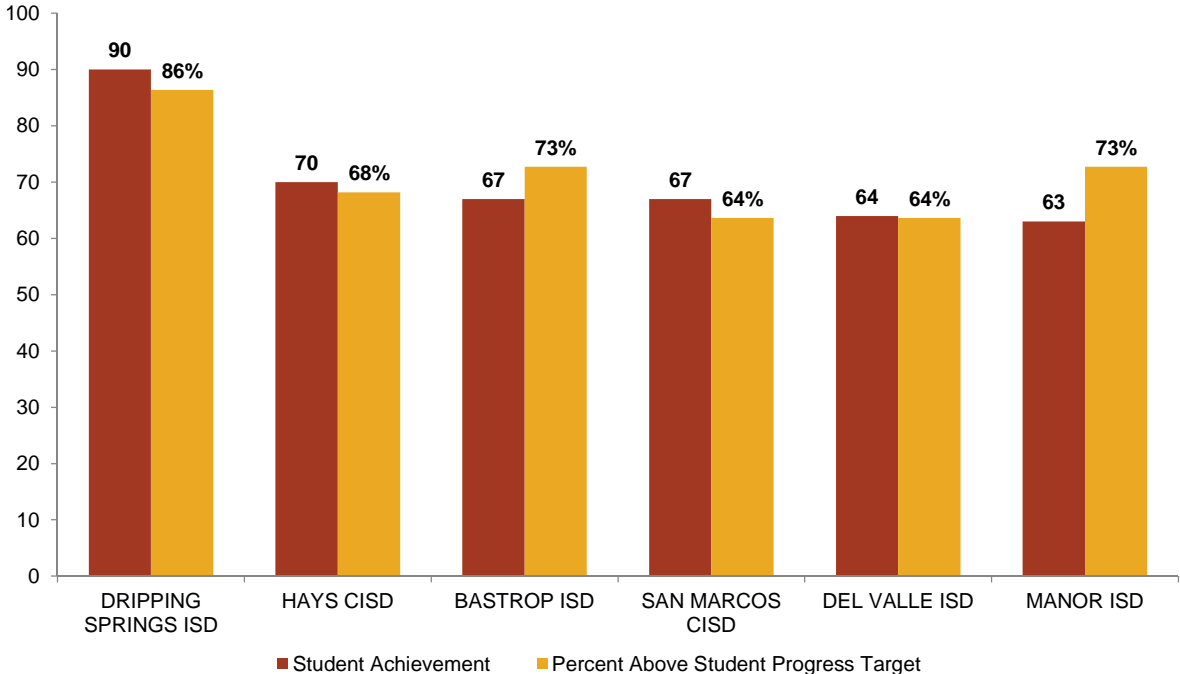
DISTANCE TO PLACE OF WORK	2011 SHARE	2014 SHARE
< 10 miles	11%	15%
10 - 24 miles	23%	29%
25 - 50 miles	22%	27%
> 50 miles	44%	30%

SOURCE: U.S. Census Bureau

BASTROP EDC

Exhibit II-21

SCHOOL DISTRICT AND CAMPUS RATINGS AUSTIN MSA SCHOOLS 2016



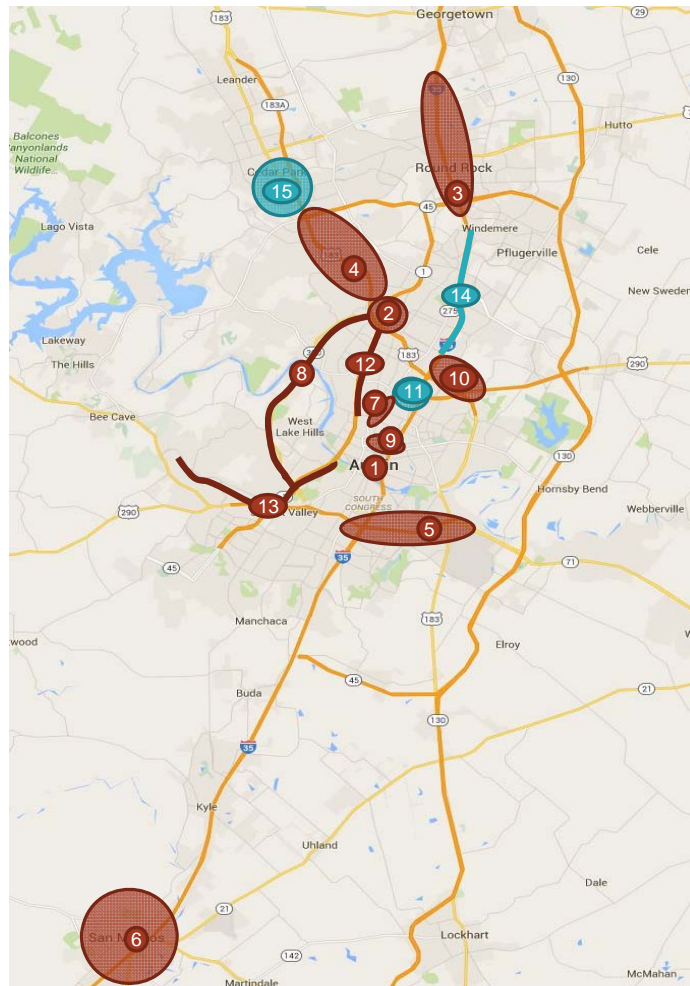
SCHOOL DISTRICT RATINGS						
	DRIPPING SPRINGS ISD	HAYS CISD	BASTROP ISD	SAN MARCOS CISD	DEL VALLE ISD	MANOR ISD
Student Achievement	90	70	67	67	64	63
Percent Above Student Progress Target	86%	68%	73%	64%	64%	73%

SOURCE: Texas Education Agency



BASTROP EDC

Exhibit II-22

MAP OF EMPLOYMENT CORES AND CORRIDORS AUSTIN, TEXAS 2014



MAP KEY	CORE/CORRIDOR NAME	2014 EMPLOYEES	CAGR 2004-2014	OCC. COMMERCIAL SPACE (2014)	JOBS:HH RATIO
1	Central Business District	87,100	2.5%	16,066,404	17.9
2	Domain/Arboretum	59,700	1.9%	22,559,293	5.0
3	Round Rock	46,100	5.1%	17,249,917	1.9
4	Research Blvd/Parmer	44,000	3.9%	17,453,813	1.6
5	Interstate 35 & 71/AUS Airport	36,400	2.3%	19,001,575	2.7
6	San Marcos (City)	34,900	2.2%	9,041,312	1.5
7	Triangle/Central Park	32,300	2.6%	2,342,827	8.6
8	Capital of Texas Hwy/360	31,800	5.8%	5,875,129	2.5
9	University of Texas	30,800	0.0%	1,563,857	3.4
10	183/290/35	29,900	5.8%	9,435,192	3.9
11	Highland Mall	28,800	2.0%	7,944,071	4.1
12	North Mopac	28,600	0.8%	6,345,342	2.2
13	South Mopac/Southwest Pkwy	26,700	8.9%	10,370,976	4.2
14	Tech Ridge/Interstate 35N	18,500	5.9%	13,429,449	1.0
15	Cedar Park (City)	17,000	9.2%	6,150,244	0.6

 Emerging Core/Corridor
 Existing Core/Corridor

Source: U.S. Census Bureau - Longitudinal Employer-Household Dynamics; RCLCO

BASTROP EDC

Exhibit II-23

EMPLOYMENT CORE AND CORRIDOR SUMMARY AUSTIN, TEXAS 2014

MAP KEY	CORE/CORRIDOR NAME	SECTOR SHARE OF EMPLOYMENT (2014) ¹								OCCUPIED COMMERCIAL SPACE (2014)			
		2014 EMPLOYEES	ANN GROWTH 2009-2014	CAGR 2009-2014	2014 FIRE, STEM, & PROF. SERVICES	FIRE, STEM, & PROF. SERVICES	EDUCATION, HEALTHCARE, & GOVT. ²	RETAIL, HOSPITALITY, & SERVICES	MANU, UTILITIES, TRANSP, CONSTR	OFFICE SF	RETAIL SF	INDUSTRIAL /FLEX SF	TOTAL
1	Central Business District	87,100	2,340	2.9%	20,900	24%	46%	20%	6%	13,051,718	2,885,882	128,804	16,066,404
2	Domain/Arboretum	59,700	1,580	2.9%	18,400	31%	14%	22%	25%	8,374,684	5,418,595	8,766,014	22,559,293
3	Round Rock	46,100	2,160	5.5%	5,500	12%	11%	30%	41%	4,428,186	7,590,951	5,230,780	17,249,917
4	Research Blvd/Parmer	44,000	1,680	4.3%	14,100	32%	13%	27%	17%	7,463,180	6,856,070	3,134,563	17,453,813
5	Interstate 35 & 71/AUS Airport	36,400	1,540	4.9%	7,000	19%	21%	21%	33%	2,560,905	2,001,200	14,439,470	19,001,575
6	San Marcos (City)	34,900	1,020	3.2%	2,800	8%	36%	37%	16%	869,641	5,341,227	2,830,444	9,041,312
7	Triangle/Central Park	32,300	300	1.0%	1,300	4%	83%	10%	1%	1,218,493	1,008,611	115,723	2,342,827
8	Capital of Texas Hwy/360	31,800	1,600	5.9%	17,400	55%	15%	14%	10%	5,002,219	846,854	26,056	5,875,129
9	University of Texas	30,800	-840	-2.5%	1,500	5%	81%	12%	1%	763,568	742,167	58,122	1,563,857
10	183/290/35	29,900	1,240	4.7%	4,700	16%	17%	11%	45%	1,920,057	514,266	7,000,869	9,435,192
11	Highland Mall	28,800	1,500	6.2%	4,000	14%	35%	24%	4%	2,892,048	4,113,545	938,478	7,944,071
12	North Mopac	28,600	840	3.3%	8,100	28%	28%	23%	9%	4,444,725	1,550,274	350,343	6,345,342
13	South Mopac/Southwest Pkwy	26,700	420	1.7%	10,900	41%	6%	18%	29%	4,907,535	2,575,852	2,887,589	10,370,976
14	Tech Ridge/Interstate 35N	18,500	1,160	7.8%	3,500	19%	8%	34%	32%	2,132,496	4,129,656	7,167,297	13,429,449
15	Cedar Park (City)	17,000	1,040	7.7%	2,400	14%	19%	40%	18%	900,689	3,726,748	1,522,807	6,150,244
Core Subtotal (61.8%)		552,400	17,560	3.5%	122,600	22%	30%	22%	18%	60,930,144	49,301,898	54,597,359	164,829,401
AUSTIN MSA		894,524		2.7%	168,111	19%	29%	25%	19%	90,503,160	105,786,556	94,786,585	291,076,301

¹ NAICS codes 11 and 56, encompassing Agriculture and Administrative Services employment respectively, not included in any of below categories. Total distributions will not sum up to 100%.

² Some data issues with NAICS Code 61 – Education. University of Texas' employment decline likely attributed to a change in employee reporting by the University of Texas System.

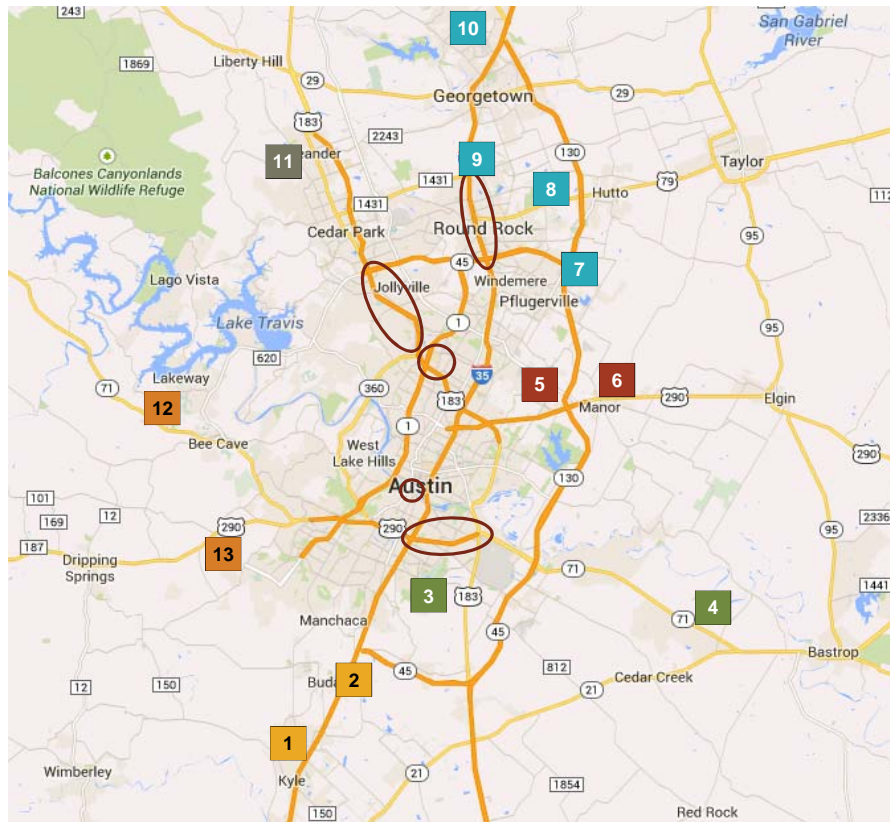
Source: U.S. Census Bureau - Longitudinal Employer-Household Dynamics; RCLCO

III. COMMUNITY OVERVIEW

BASTROP EDC

Exhibit III-1

COMPARABLE COMMUNITY MAP AUSTIN, TX AREA OCTOBER 2016



SOURCE: Google; RCLCO

MAP KEY	COMMUNITY	MILES TO DWNTWN	TOTAL UNITS	2014 RANGE \$ (1,000)	2016 RANGE \$ (1,000)
1	Plum Creek	21	3,233	\$164-\$272	\$181-\$292
2	Sunfield	16	4,700	\$168-\$266	\$198-\$374
3	Easton Park	11	10,000	-	\$234-\$356
4	The Colony	23	3,144	\$260-\$332	\$269-\$332
5	Harris Branch	12	1,822	\$154-\$209	\$239-\$294
6	Presidential Meadows	16	1,925	\$163-\$201	\$191-\$272
7	Falcon Pointe	22	1,624	\$189-\$340	\$230-\$405
8	Siena	25	1,728	-	\$210-\$360
9	Teravista	23	3,890	\$190-\$710	\$227-\$453
10	Sun City Texas	34	9,975	\$184-\$337	\$205-\$359
11	Crystal Falls	28	3,471	\$220-\$528	\$253-\$669
12	Sweetwater	22	1,900	\$308-\$660	\$305-\$660
13	Belterra	19	2,000	\$290-\$465	\$298-\$621

MAP KEY	SUBMARKET
Yellow	SOUTH
Red	EAST
Blue	NORTH
Grey	NORTHWEST
Orange	WEST & SOUTHWEST
Green	SOUTHEAST

○ Five Largest Employment Cores

BASTROP EDC

Exhibit III-2

SUMMARY OF BEST PERFORMING COMMUNITIES BY SUBMARKET AUSTIN MSA 3Q 2015-2Q 2016

SUBMARKET	COMMUNITY	SALES	PRICE RANGE MIN - MAX	SHARE OF SUBMARKET
CENTRAL				
	Meuller	195	\$402,000 - \$755,000	39%
	Crestview Station	68	\$320,000 - \$460,000	13%
		263	\$320,000 - \$755,000	52%
SOUTH				
	Sunfield	203	\$198,000 - \$374,000	12%
	Shadow Creek	145	\$200,000 - \$237,000	9%
	Garlic Creek West	108	\$228,000 - \$327,000	6%
	Post Oak	90	\$171,000 - \$232,000	5%
	Meadows @ Buda	73	\$245,000 - \$345,000	4%
	Stonefield	73	\$217,000 - \$296,000	4%
	Waterleaf	63	\$163,000 - \$215,000	4%
		755	\$163,000 - \$374,000	45%
EAST				
	Harris Branch	163	\$239,000 - \$294,000	22%
	Presidential Glen	104	\$191,000 - \$272,000	14%
	Woodland Hills (Woodlands)	33	\$148,000 - \$182,000	4%
		300	\$148,000 - \$294,000	40%
NORTH				
	Siena	323	\$205,000 - \$359,000	7%
	Sun City	229	\$240,000 - \$420,000	5%
	Teravista	212	\$152,000 - \$213,000	5%
	Paloma Lake	210	\$209,000 - \$360,000	5%
	Avalon	180	\$283,000 - \$488,000	4%
	Falcon Pointe	154	\$252,000 - \$339,000	4%
	Northwoods at Avery Ranch	137	\$186,000 - \$233,000	3%
	Sonterra	132	\$217,000 - \$271,000	3%
	Highland Park South	129	\$176,000 - \$207,000	3%
	Glenwood	116	\$220,000 - \$405,000	3%
	Pinnacle, The	105	\$227,000 - \$453,000	2%
	Preston Village	78	\$224,000 - \$415,000	2%
		2,005	\$152,000 - \$488,000	46%

BASTROP EDC

Exhibit III-2

SUMMARY OF BEST PERFORMING COMMUNITIES BY SUBMARKET AUSTIN MSA 3Q 2015-2Q 2016

SUBMARKET	COMMUNITY	SALES	PRICE RANGE MIN - MAX	SHARE OF SUBMARKET
NORTHWEST				
	Crystal Falls	191	\$253,000 - \$669,000	8%
	Rancho Sienna	129	\$339,000 - \$441,000	5%
	Travisso	114	\$230,000 - \$584,000	5%
	Santa Rita	108	\$247,000 - \$467,000	5%
	Ranch at Brushy Creek	93	\$190,000 - \$240,000	4%
	Savanna Ranch	83	\$246,000 - \$678,000	4%
	Caballo Ranch	80	\$229,000 - \$310,000	3%
	Pecan Creek	74	\$283,000 - \$416,000	3%
	Northside Meadows	71	\$309,000 - \$666,000	3%
	Hazlewood	71	\$213,000 - \$411,000	3%
	Summerlyn	61	\$325,000 - \$708,000	3%
	Mayfield Ranch	58	\$246,000 - \$370,000	2%
	Twin Creeks Country Club	55	\$243,000 - \$358,000	2%
		1,188	\$190,000 - \$708,000	50%
WEST & SOUTHWEST				
	Belterra	119	\$349,000 - \$637,000	7%
	Sweetwater	107	\$290,000 - \$465,000	6%
	Rim Rock	61	\$459,000 - \$690,000	4%
	Ridgeview	42	\$305,000 - \$660,000	2%
	Rocky Creek Ranch	34	\$423,000 - \$469,000	2%
		363	\$290,000 - \$690,000	22%
SOUTHEAST				
	Easton Park	150	\$152,000 - \$212,000	20%
	Chaparral Crossing	50	\$180,000 - \$296,000	7%
	Bradshaw Crossing	48	\$154,000 - \$173,000	6%
		248	\$152,000 - \$296,000	33%

SOURCE: RCLCO

BASTROP EDC

Exhibit III-3

SALES BY PRICE AND LOT SIZE FOR SELECT AUSTIN MSA MASTER PLANNED COMMUNITIES COMPETITIVE MASTER-PLANNED COMMUNITIES 3Q 2015-2Q 2016

PRICE RANGE	< 50' LOTS	50' LOTS	55' LOTS	60' LOTS	65' LOTS	70' - 75' LOTS	80'-85' LOTS	90' + LOTS
Less than \$150K								
\$150K - \$199K	1.5%	2.1%						
\$200K - \$249K	20.6%	6.9%	0.1%					
\$250K - \$299K	4.0%	18.2%	3.1%					
\$300K - \$349K		3.9%	5.2%	6.9%		0.1%	0.1%	0.6%
\$350K - \$399K		1.8%	1.0%	5.9%	3.6%	3.5%	0.1%	0.1%
\$400K - \$449K				0.3%	0.4%	2.2%	1.2%	0.1%
\$450K - \$499K						1.0%		0.6%
\$500K - \$549K								0.4%
\$550K - \$599K						0.4%	0.3%	1.3%
\$600K and up								2.7%

NOTE: Each number represents the number of sales in each price band.
SOURCE: RCLCO

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IV. RESIDENTIAL DEMAND

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Exhibit IV-1

TOTAL NEW FOR-SALE HOUSING DEMAND AUSTIN-ROUND ROCK, TX MSA 2016-2030

AUSTIN MSA DEMAND POTENTIAL	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand from New Households															
Total Households ¹	768,733	789,999	811,984	834,393	857,377	880,481	904,087	928,021	952,463	977,485	1,002,865	1,028,538	1,054,420	1,080,369	1,107,171
* Annual Growth Rate	2.8%	2.8%	2.8%	2.8%	2.8%	2.7%	2.7%	2.6%	2.6%	2.6%	2.6%	2.6%	2.5%	2.5%	2.5%
Annual New Households	20,932	21,266	21,984	22,409	22,984	23,104	23,606	23,934	24,442	25,022	25,380	25,673	25,883	25,949	26,801
Owner Propensity of New HH ²	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%
Annual For-Sale Demand from New HH	12,220	12,420	12,840	13,080	13,420	13,490	13,780	13,970	14,270	14,610	14,820	14,990	15,110	15,150	15,650
Demand from Existing Households															
Total Existing Households ¹	747,801	768,733	789,999	811,984	834,393	857,377	880,481	904,087	928,021	952,463	977,485	1,002,865	1,028,538	1,054,420	1,080,369
Owner Propensity ²	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%	58.4%
Owners in Turnover ³	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Annual For-Sale Demand from Existing HH	33,820	34,760	35,720	36,720	37,730	38,770	39,820	40,880	41,970	43,070	44,200	45,350	46,510	47,680	48,850
TOTAL ANNUAL FOR-SALE DEMAND POTENTIAL	46,040	47,180	48,560	49,800	51,150	52,260	53,600	54,850	56,240	57,680	59,020	60,340	61,620	62,830	64,500
New Home Demand by Price Range															
New Home Demand by Price Range⁴															
Home Price	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
\$150,000 or Less	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
\$150,000 - \$199,999	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
\$200,000 - \$249,999	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
\$250,000 - \$299,999	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
\$300,000 - \$349,999	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
\$350,000 - \$449,999	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
\$450,000 - \$599,999	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
\$600,000 and Above	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Single-Family Propensity⁵															
Home Price	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
\$150,000 or Less	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
\$150,000 - \$199,999	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
\$200,000 - \$249,999	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
\$250,000 - \$299,999	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
\$300,000 - \$349,999	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
\$350,000 - \$449,999	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
\$450,000 - \$599,999	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
\$600,000 and Above	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
Single-Family Home Sales by Price Range															
Home Price															
\$150,000 or Less	5,936	6,083	6,261	6,421	6,595	6,738	6,911	7,072	7,251	7,437	7,610	7,780	7,945	8,101	8,316
\$150,000 - \$199,999	5,635	5,774	5,943	6,095	6,260	6,396	6,560	6,713	6,883	7,059	7,223	7,385	7,541	7,689	7,894
\$200,000 - \$249,999	7,008	7,181	7,391	7,580	7,786	7,955	8,159	8,349	8,560	8,780	8,984	9,184	9,379	9,563	9,818
\$250,000 - \$299,999	6,037	6,187	6,368	6,531	6,708	6,853	7,029	7,193	7,375	7,564	7,740	7,913	8,081	8,239	8,458
\$300,000 - \$349,999	4,934	5,056	5,204	5,337	5,482	5,601	5,744	5,878	6,027	6,182	6,325	6,467	6,604	6,734	6,913
\$350,000 - \$449,999	6,346	6,503	6,693	6,864	7,050	7,203	7,388	7,560	7,751	7,950	8,135	8,317	8,493	8,660	8,890
\$450,000 - \$599,999	3,508	3,595	3,700	3,795	3,897	3,982	4,084	4,179	4,285	4,395	4,497	4,598	4,695	4,787	4,915
\$600,000 and Above	3,510	3,597	3,702	3,797	3,900	3,984	4,086	4,182	4,288	4,398	4,500	4,600	4,698	4,790	4,918
TOTAL SINGLE-FAMILY HOME SALES	42,914	43,977	45,263	46,419	47,677	48,712	49,961	51,126	52,422	53,764	55,013	56,243	57,436	58,564	60,121

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Exhibit IV-1

TOTAL NEW FOR-SALE HOUSING DEMAND AUSTIN-ROUND ROCK, TX MSA 2016-2030

AUSTIN MSA DEMAND POTENTIAL	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
New Home Demand by Price Range															
New Sales as a % of Total Sales¹															
Home Price															
\$150,000 or Less	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	7%	7%	7%
\$150,000 - \$199,999	23%	24%	24%	24%	24%	24%	24%	23%	23%	23%	23%	23%	22%	22%	22%
\$200,000 - \$249,999	30%	32%	32%	32%	32%	31%	31%	31%	31%	31%	31%	31%	30%	29%	29%
\$250,000 - \$299,999	32%	35%	34%	35%	34%	34%	34%	33%	33%	33%	33%	32%	32%	32%	32%
\$300,000 - \$349,999	33%	35%	35%	35%	35%	34%	34%	34%	34%	34%	33%	33%	33%	32%	32%
\$350,000 - \$449,999	29%	31%	30%	30%	30%	30%	30%	29%	29%	29%	29%	29%	28%	28%	28%
\$450,000 - \$599,999	25%	27%	27%	27%	27%	26%	26%	26%	26%	26%	25%	25%	25%	24%	25%
\$600,000 and Above	15%	16%	16%	16%	16%	16%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Total New Homes Sales by Price Range															
Home Price															
\$150,000 or Less	479	487	504	513	527	529	541	548	560	573	581	588	593	594	614
\$150,000 - \$199,999	1,372	1,394	1,441	1,468	1,506	1,514	1,547	1,568	1,602	1,640	1,663	1,683	1,696	1,701	1,757
\$200,000 - \$249,999	2,260	2,297	2,375	2,419	2,482	2,495	2,548	2,584	2,639	2,702	2,741	2,772	2,794	2,802	2,894
\$250,000 - \$299,999	2,094	2,129	2,201	2,242	2,300	2,312	2,362	2,394	2,446	2,504	2,540	2,569	2,590	2,596	2,682
\$300,000 - \$349,999	1,740	1,768	1,828	1,862	1,911	1,921	1,962	1,989	2,032	2,080	2,110	2,134	2,151	2,157	2,228
\$350,000 - \$449,999	1,941	1,973	2,040	2,078	2,132	2,143	2,189	2,219	2,267	2,321	2,354	2,381	2,400	2,407	2,486
\$450,000 - \$599,999	942	958	990	1,009	1,035	1,040	1,063	1,077	1,100	1,127	1,143	1,156	1,165	1,168	1,207
\$600,000 and Above	562	571	590	601	617	620	633	642	656	671	681	689	694	696	719
TOTAL NEW HOME DEMAND	11,390	11,577	11,968	12,192	12,509	12,574	12,844	13,021	13,301	13,618	13,814	13,972	14,084	14,121	14,587
Southeast Submarket New Home Demand Price Range															
Southeast Submarket Capture Rate⁷															
Home Price															
\$150,000 or Less	6%	7%	8%	8%	9%	10%	11%	11%	12%	12%	13%	14%	14%	15%	15%
\$150,000 - \$199,999	15%	16%	18%	19%	20%	19%	17%	16%	15%	15%	14%	13%	13%	12%	12%
\$200,000 - \$249,999	14%	14%	14%	15%	15%	16%	17%	19%	20%	20%	21%	22%	24%	25%	25%
\$250,000 - \$299,999	9%	10%	11%	13%	15%	16%	17%	19%	20%	20%	21%	22%	24%	25%	25%
\$300,000 - \$349,999	6%	7%	8%	9%	10%	11%	12%	14%	15%	15%	16%	17%	19%	20%	20%
\$350,000 - \$449,999	4%	4%	4%	5%	5%	6%	6%	7%	8%	8%	8%	9%	9%	10%	10%
\$450,000 - \$599,999	3%	3%	4%	4%	5%	6%	6%	7%	8%	8%	8%	8%	8%	8%	8%
\$600,000 and Above	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%
Southeast Submarket Closings by Price Range															
Home Price															
\$150,000 or Less	74	80	88	96	105	99	94	88	84	86	82	79	75	71	74
\$150,000 - \$199,999	187	195	206	215	226	244	268	292	320	328	352	376	401	425	439
\$200,000 - \$249,999	199	231	273	317	372	402	441	481	528	540	580	620	661	700	724
\$250,000 - \$299,999	118	139	165	194	230	256	289	325	367	376	409	445	482	519	536
\$300,000 - \$349,999	65	71	79	86	96	106	120	135	152	156	170	185	200	216	223
\$350,000 - \$449,999	58	67	79	91	107	119	134	150	170	174	177	179	180	181	186
\$450,000 - \$599,999	12	11	11	11	10	10	11	11	11	11	14	16	20	23	24
\$600,000 and Above	7	7	7	6	6	6	6	6	7	7	8	10	12	14	14
TOTAL SOUTHEAST NEW HOME DEMAND	720	800	908	1,018	1,152	1,242	1,363	1,488	1,639	1,678	1,792	1,910	2,030	2,150	2,221

¹ Per Texas State Data Center Population Projections and 2010 Census Bureau Headship Rates
² American Community Survey: Long-Term Average Owner Propensity (2006-2015)
³ American Community Survey: 2013-2015 Average Turnover Rate
⁴ American Community Survey, RCLCO: Achievable home price derived from household income distribution
⁵ American Community Survey: 2012-2015 Average Single-Family Propensity
⁶ Price distribution of new homes and resales in the Austin MSA, derived from Metrostudy and Texas A&M Real Estate Center.
⁷ Capture for Southeast Submarket derived from the demonstrated capture and projected trends.

SOURCE: Texas State Data Center; U.S. Census Bureau; Metrostudy; Texas A&M Real Estate Center; RCLCO

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