FINAL TRANSCRIPT

BSR Real Estate Investment Trust

First Quarter 2026 Financial Results Conference Call

Event Date/Time: May 14, 2026 — 12:00 p.m. E.T.

Length: 35 minutes

CORPORATE PARTICIPANTS

Spencer Andrews
BSR Real Estate Investment Trust — Vice President of Marketing and Investor Relations

Dan Oberste
BSR Real Estate Investment Trust — Chief Executive Officer

Tom Cirbus
BSR Real Estate Investment Trust — Chief Financial Officer

Susan Rosenbaum
BSR Real Estate Investment Trust — Chief Operating Officer

CONFERENCE CALL PARTICIPANTS

Jimmy Chen
RBC Capital Markets — Analyst

Brad Sturges
Raymond James — Analyst

Jonathan Kelcher
TD Cowen — Analyst

Dean Wilkinson
CIBC — Analyst

Kyle Stanley
Desjardins — Analyst

Sairam Srinivas
ATB Cormark Capital Markets — Analyst

PRESENTATION

Operator

Good morning. My name is Regina (phon), and I will be your conference coordinator today. At this time, I would like to welcome everyone to the BSR REIT First Quarter 2026 Financial Results Conference Call.

All lines have been placed on mute to prevent any background noise.

After management's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, press *, 1 again.

I would now like to turn the conference over to Spencer Andrews, Vice President of Investor Relations and Marketing. Please go ahead, sir.

Spencer Andrews — Vice President of Marketing and Investor Relations, BSR Real Estate Investment Trust

Thank you and good morning, everyone. Welcome to BSR REIT's conference call to discuss our financial results for the first quarter ending March 31, 2026.

I'm joined on the call today by our CEO, Dan Oberste; our Chief Financial Officer, Tom Cirbus; and our Chief Operating Officer, Susie Rosenbaum, who are all available to answer your questions after our prepared remarks.

Before we begin, I want to remind listeners that certain statements made on this conference call about future events are forward-looking in nature. Any such information is subject to risks, uncertainties, and assumptions that could cause actual results to differ materially.

In addition, we will reference certain non-GAAP financial measures that we believe are useful supplemental information about our financial performance. For more information, please refer to the cautionary statements on forward-looking information and a description of our non-GAAP financial measures in our news release and MD&A dated May 13, 2026.

Dan, over to you.

Dan Oberste — Chief Executive Officer, BSR Real Estate Investment Trust

Thanks, Spencer.

We believe that the first quarter marks the beginning of a period of significant momentum for BSR REIT.

Our Same Community NOI and NOI margins strengthened sequentially from the fourth quarter of 2025, and we've made progress in bringing our 2025 acquisition class to stabilization, including further lease-up at The Ownsby, our August 2025 lease-up acquisition.

We also continued to ramp up our bulk internet and valet trash initiatives, two key drivers of organic growth. And externally, rental market dynamics shifted further in our favour.

Recapping the first quarter, Same Community NOI increased 11 percent from Q4 last year, due largely to the normalization of expenses, which had an outsized adverse impact on Q4 of last year.

Same Community weighted average occupancy ended the quarter at 94.3 percent, flat to the end of 2025. Same Community blended rates improved 30 basis points in Q1 from Q4, and I would add that this trend continued in April, improving another 80 basis points versus Q1 results.

Our retention rate was 59.8 percent at quarter-end, a 30-basis-point expansion from the end of 2025 and a significant increase from 56.9 percent a year earlier.

Physical occupancy at our August 2025 lease-up reached 73.1 percent at the end of March, up from 70.4 percent at the end of December.

And importantly, we began the ramp-up of bulk internet at five of our properties in earnest, which is already showing positive results in our other income line item.

The results we posted last night reflect the exact momentum we spoke to last quarter and underlie the fundamental shift we see in our business.

I will remind everyone that our December investor presentation laid out and provided transparency on our organic growth plans. Yesterday's results also reflect the very early innings of those returns. While there's still a lot of upside in each of the initiatives we laid out, I'm proud of the tangible progress we've made to date.

Even more encouragingly, fundamentals continue to improve in our core markets. Trade-outs were once again improved year over year and have demonstrated largely positive momentum. Frankly, the months of May and June will tell us a lot more about the exact extent of the health of the multifamily market. But sitting here today, we're generally encouraged by the results to date.

Given our hand-selected, high-quality portfolio, our value-adding lease-up, and our operational enhancement initiatives, and a total absence of debt or swap maturities this year, we are in an ideal position to drive growth on a per-unit basis as market conditions steadily improve.

As we always have, we'll keep focusing on what we can control and carefully allocate capital to its best use to deliver the strongest possible returns.

I will now invite Tom to review our first quarter financial results in more detail. Tom?

Tom Cirbus — Chief Financial Officer, BSR Real Estate Investment Trust

Thanks, Dan.

Our operational performance in the first quarter met our expectations and, as Dan highlighted, demonstrated substantial improvement on a sequential quarterly basis. While the pace of this quarter-over-quarter improvement will obviously slow, we expect this positive momentum to continue as we keep moving ahead with the lease-up and operational enhancements that we have discussed at length.

Beginning with leasing. Effective rates on new leases declined by 5.4 percent in the quarter, while renewals increased by 2.3 percent in the quarter, resulting in a blended rate reduction of 1.0 percent. That represented an improvement of 30 basis points in the blended rate compared to the fourth quarter. To put that number in more perspective, on a year-over-year basis, blended rates improved by 220 basis points.

Similarly, our April 2026 rates improved 80 basis points relative to our April 2025 results. This, along with several other operational indicators, gives us confidence that rates are generally moving in a positive direction, certainly compared to last year's operating environment.

Same Community revenue ultimately decreased by 1.6 percent compared to Q1 last year, primarily driven by the lower average occupancy and the lower average monthly in-place leases that I just spoke to.

Lower rental income was partially offset by an increase in other property income of $0.2 million, driven by higher utility reimbursements and the beginning of our rollout of bulk internet.

Same Community NOI for Q1 '26 was $14.1 million, a 4.7 percent decrease from last year, but an 11 percent sequential increase from Q4. The year-over-year decline was attributable to the lower revenue I just described, an increase in utility expenses of $0.2 million, and higher overhead and administrative costs of $0.3 million related to our strategic decision to retain overhead. These factors were partially offset by a decrease in property insurance expenses of $0.2 million.

Importantly, the sequential improvement was driven primarily by a normalization of the expense load in the first quarter, relative to the confluence of anomalies we faced in the fourth quarter on the expense side.

More directly, real estate taxes improved as our typical levels of refunds returned, improvements in turn and repair and maintenance costs driven by a higher retention flowed through, and lower administrative and utility expenses.

A quick side note before moving on and appreciating the quarter-over-quarter movement in our taxes was historically challenging to decipher, on our financials, we've sought to increase transparency in our MD&A this year via breaking out refunds as a separate line item in the disclosure package. This change will hopefully allow all stakeholders to better appreciate and explain the quarterly changes in this key figure.

Below NOI, G&A expense increased by $0.4 million year over year, due primarily to higher legal and professional fees, as well as payroll expenses. Sequentially, G&A was essentially flat.

Finally, net finance costs declined by $1.2 million year over year, primarily related to the 2025 strategic disposition of assets.

Overall, FFO in Q1 '26 was up 29 percent to $0.18 per unit, compared to $0.14 per unit in the fourth quarter.

I'm happy to report that the 2025 asset rotations continue to gain momentum and are now accretive, relative to our dispositions made during the year, despite our August lease-up acquisition sitting at essentially breakeven, at only 73 percent physically occupied. The contribution of our results from the 2025 acquisitions cohort should only improve throughout the balance of 2026.

The year-over-year decrease in FFO per unit was primarily driven by three items: higher borrowing costs of $0.03 per unit, lower Same Community results of $0.01 per unit, and higher G&A of $0.01 per unit.

Sequentially, Same Community improvements added $0.03 per unit, and non-Same Community added nearly $0.02, slightly offset by $0.01 related to headwinds in borrowing costs.

AFFO was $0.17 per unit for the first quarter, 55 percent higher than the $0.11 per unit in Q4.

To state the obvious, the sequential and quarterly improvements are highly encouraging and demonstrate our momentum in driving organic growth.

Moving to the balance sheet. The REIT's debt-to-gross book value as of March 31, '26 was 52 percent compared to 51.2 percent at the end of 2025. This amounts to $738 million of debt outstanding with a weighted average interest rate of 4.1 percent and a weighted average term to maturity of 3.7 years.

Total liquidity was $67.3 million at quarter-end, including cash and cash equivalents of $7.4 million, and $59.9 million available under our revolving credit facility. And as usual, we have the ability to obtain additional liquidity by adding unencumbered properties to the current borrowing base of the facility.

On March 10, 2026, we refinanced the $28 million mortgage onto the REIT's credit facility and, as a result, the REIT has no remaining 2026 maturities.

Importantly, subsequent to quarter-end, we locked in the REIT's cost of credit for the balance of 2026 via a $175 million swap, which amended two previously outstanding swaps at a rate of 2.98 percent.

And finally, as you're likely aware, we are reiterating our original 2026 earnings and Same Community portfolio guidance that we provided in March. It calls for full year FFO per unit of $0.75 to

$0.79, or $0.77 per unit at the midpoint, and full year AFFO of $0.68 to $0.74 per unit, or $0.71 per unit at the midpoint.

This guidance assumes 50 to 150 basis points of Same Community revenue growth, 100 to 200 basis points of Same Community Property operating expense, and real estate tax growth amounting to 0 to 100 basis points of Same Community NOI growth.

We continue to expect our core real estate business to be healthy as we continue building revenue from our lease-up activity, along with marginal additional overhead costs. We will update this guidance as needed throughout the year.

I will now turn it back to Dan for his closing remarks.

Dan Oberste

Thanks, Tom.

We are increasingly excited about our business outlook. The asset rotations we completed last year, along with our subsequent stabilization efforts, have obviously caused volatility in our short-term financial performance, but they put us in an increasingly strong competitive position to benefit from positive rental market fundamentals.

Obviously, the focus on the last couple of years has been on the increased multifamily apartment supply in the Texas Triangle. The absorption process persisted longer than we would have hoped, but here's what we're looking at now.

After peaking in 2024, new apartment deliveries declined by 25 percent to 50 percent of last year across Austin, Dallas, and Houston. In 2026, deliveries are projected to drop by a further 43 percent in Austin, nearly 30 percent in Dallas, and 7 percent in Houston. Another 40 percent decline is expected in Austin in 2027. There's minimal new product coming, and high development costs all but ensure that we won't get a surprising surge of new construction.

Demand, meanwhile, continues to be very strong. Our three Texas markets have been among the leaders in supply absorption among all MSAs in the United States. Their economies are strong, and housing is highly affordable, which has made them magnets for migrants from other states and other countries. Texas added more residents in 2025 than any other state. Population growth has been notably strong in the age of the 20-to-34 cohort, which has the highest propensity to rent of any demographic.

You'll recall that back in December, we laid out a plan to drive incremental organic growth in FFO per unit of approximately $0.13 to $0.22 from 2026 to 2028. That plan remains entirely on track.

All of these initiatives are entirely independent of what happens in our broader rental markets. When you combine them with the anticipated turnaround in rental rates, due to rapidly improving supply-demand fundamentals, we believe that we are in a position to drive very strong returns for unitholders.

That concludes our prepared remarks this morning. Tom, Susie, and I would now be pleased to answer your questions. Please open the line for questions.

Q&A

Operator

We will now begin the question-and-answer session. To ask a question, press *, then the number 1 on your telephone keypad. Please pick up your handset and ensure that your phone is not on mute when asking your question.

Our first question will come from the line of Jimmy Chen with RBC Capital Markets. Please go ahead.

Jimmy Chen — RBC Capital Markets

Thanks. So just a question on the lease spreads. The sequential improvement that you're seeing, would you say that's more than the typical seasonal uptick that you'd see as you end the spring leasing season and actually seeing improvement in market rents? I guess that would be number one.

And then two is sort of the retention rate. Did that sustain into April? And what would be expectation for the summer?

Susan Rosenbaum — Chief Operating Officer, BSR Real Estate Investment Trust

Yeah. Hey, Jimmy. So first, let's talk about the trade-outs in April versus the end of Q1. You're right. The blended rate went up 80 percent. We think that is a true turn to seasonality. You can also—well, May, thus far, is holding up about the same.

The second question that you had was about ... What's your second question? Sorry. Oh, retention? Yeah. Thanks.

Jimmy Chen

Retention rate. Yeah.

Susan Rosenbaum

By 60 percent, roughly, at the end of Q1. We're looking the same now, too. Why is that? It's basically less people are moving out to buy homes. The stats here are looking pretty good. It was about 11.6 percent the end of Q1, compared to 12.1 percent in Q4, and almost 14 percent in Q1 of 2025.

People, if they can't afford to buy a home and either have to rent or want to continue to rent, right, they have several choices. They can incur the cost to move, or they can stay put if they like the services they're getting. I think that our teams, our operations teams, are really good at delivering excellent service, and people are choosing to stay with us.

Jimmy Chen

Okay. Sorry. Those stats that you just quoted, 11.6 percent versus 12.1 percent. What was that again? That's the percentage of tenants moving out to buy a home?

Susan Rosenbaum

(unintelligible) homes.

Jimmy Chen

Okay. Got it. Okay. Thank you.

Operator

Our next question will come from the line of Brad Sturges with Raymond James. Please go ahead.

Brad Sturges — Raymond James

Hey, there. Just following on Jimmy's question there, it sounds like you're cautiously optimistic about sort of the demand trends you're seeing. Just how would things—how are things trending this year versus what you would have saw last year?

And then just, maybe, a broader comment around which markets you're seeing kind of better demand trends in right now? It seems like it might be Dallas, just given what you're doing on the rate side, but curious to get your thoughts.

Dan Oberste

Hey, Brad. This is Dan.

I've seen a few of these leasing seasons and cycles in Texas in particular. And I would say the last two years were somewhat—were anomalies. So two years ago, everyone recalls, we had a massive spring leasing season throughout the sector, and we saw a significant amount of absorption. And it really gave everyone in the industry some real positive feelings about lease-ups.

Now you move forward to last year, you had another strange thing happened, and you had, really, a buildup in January and February that looked—it looked to be a very promising leasing season.

And then, I guess, you can time it on the watch with the tariff day, whatever it's called in the US. But really, just right after that—what's the name of it? The—

Tom Cirbus

Liberation.

Dan Oberste

Liberation Day, I think, is what they called it on Fox News. Right after that Liberation Day occurred, I think what we all saw throughout the sector was really a massive chilling effect on the leasing season. Right? And we all saw what happened last year.

I think the last two years were abnormal. We haven't seen leasing seasons like the last two years on different levels of the extreme. And I think you're right to characterize this as cautiously optimistic because what we're seeing right now looks like a traditional leasing season. It looks like the leasing velocity, the asking rents, the effective rents, very predictable. The 17.5 percent or so of our apartments that either renew or lease throughout this Q2, we see traditional and positive momentum there.

So we don't see evidence of either extreme as of today. That's leaving us fairly cautiously optimistic about, I think, the path of our same-store portfolio on a look forward for the rest of the year.

Brad Sturges

That's great. And I guess my other question would be, I really appreciate the breakdown on the real estate tax and the breakout of the refunds. Just as a reminder, when you put out the guidance ranges, how do you account for refunds within your guidance? Is that included? Or would that—depending on how the refunds come in, that would be incremental to the guidance?

Tom Cirbus

Yeah. No. It’s included, Brad. This is Tom. It’s included in the guidance.

Again, as we say often, real estate taxes in Texas are hand-to-hand combat every single year. When we’re budgeting and thinking about our guidance at the beginning of the year, we really lean on our third-party experts, our consultants that we help—that help us litigate taxes and work on the refunds and their assessment of where we think we’re going to land. And then we use our 30 years of operating history to make a judgment call on what we believe is a realistic outcome and that is actionable, and we budget and guide accordingly. So the guidance reflects all of that.

Brad Sturges

Okay. Appreciate that. I’ll turn it back.

Operator

Our next question comes from the line of Jonathan Kelcher with TD Cowen. Please go ahead.

Jonathan Kelcher — TD Cowen

Thank you. On the $0.13 to $0.22 that you guys expect to get over the next three years, how much or any of that was in Q1?

And can you remind us what you expect for 2026 and ‘27?

Susan Rosenbaum

Sure. So first, let’s start with the non-same store portfolio. It looks like we leased between 70 and 80 more units after Q4, in Q1, which gave us about $100,000 in additional revenue. Now you got to remember that’s not the fully loaded amount. Why? Because we’re leasing over the quarter. So that should contribute a little over $300,000 for those additional units in Q2 and then in quarters forward. You also have to remember that we’re going to continue leasing as we move forward throughout the year.

The other piece of it is our August acquisition, which is in lease-up. We ended the quarter at 73 percent physical occupancy. We expect that one, at the latest by July, to be physically stabilized. That's physically, though. We still then will continue to burn off concessions, which is the second bite of the apple, so to speak. So that would be over the next year as well, before that one gets to true stabilization.

Also, bulk internet—there you go. So we brought online the first five that we started in 2025. As I've said before, Q1, there's not a contribution really to revenue there because we're in the ramp-up period. However, by the end of the year, we would expect to have a net $400,000 in additional revenue in 2026 related to the bulk internet project.

Jonathan Kelcher

Mm-hmm.

Susan Rosenbaum

Now, as I also said during our last call, however, we're going to recognize a wrap on 70 percent of total realization for those we're bringing online this year too, which is the remainder of the portfolio, in 2027, and then the tail of it in the first quarter of 2028.

Jonathan Kelcher

Okay. So it sounds like not a ton yet, and it's going to continue to build with the bigger portion—the biggest portion, I guess, coming on next year. Is that fair?

Susan Rosenbaum

Correct.

Jonathan Kelcher

Okay. And then secondly, Dan, probably for you, just on capital recycling. Are you seeing right now any opportunities to sell assets and redeploy into new opportunities?

Dan Oberste

Yeah. Right now, Jonathan, we don't have anything in our guidance related to dispositions or acquisitions. I think my sense of the market—we're seeing some transaction volume in our markets, several billion dollars of, but in speaking with the buyers and sellers, capital feels threatened, and lower transaction velocity makes sense.

We kind of see this as transitory and prefer to transact specifically on the sell side in markets where capital doesn't feel threatened and where transaction volume is heightened.

So there's some read-throughs on some low caps, but the buyer pool is generally smaller, not institutional grade. And I think I'm going to blame this entirely on the volatility in credit spreads. If the buyer pool's leading—if the private buyer pool's leading on the acquisition front right now in our markets, Jonathan, then they're going to be more highly reliant on the interest rate curve. And I think we've seen it evolve, like 16 different shapes in the last two months.

So what we've seen is we've seen a lot of evidence of transactions being placed, our properties being placed under contract as promising values, and then those transactions being thrown back by the market for one or more reasons, but they all lead to credit rates, credit spreads.

So we've bought and sold in several different types of markets. When interest rate volatility is doing what it does in a market like this, it becomes a real popular excuse for a buyer to throw back a deal. And you see a lot more buyers enter the market that are more promoter-oriented, where they try to put a property under contract and then go raise capital behind it. And we've found, in our experience, that a non-reliable buyer like that creates an uncertain transaction. And we just can't run our business in that environment for dispositions.

Does that answer your question?

Jonathan Kelcher

Yeah. I guess we need a calmer credit environment before volumes pick up.

Dan Oberste

Yeah. More or less.

Jonathan Kelcher

Right? Yeah. Okay. Thanks. I'll turn it back.

Operator

Our next question will come from the line of Dean Wilkinson with CIBC. Please go ahead.

Dean Wilkinson — CIBC

Thank you. I just want to follow on Jonathan's question there. Dan, do you think that, that reticence from the buyer is coming more from the equity side of things? Or do you think that credit is starting to clamp down on them a little bit? And then, maybe, these were potentially sort of higher levered acquirers that just are not getting that access to credit? And you look at the 30-year, now—Pearson through 5, 10's probably heading there—that it's more of a debt issue than an equity one?

Dan Oberste

Yeah. I think the debt begets the equity, Dean. I mean, if debt's pricing in at 5 30 and 5 40, in some of these markets for the leverage that the private buyer's trying to take out, I think you got to be very convicted on the revenue growth to underwrite an acquisition at a negative leverage. So your equity can afford to be patient, but your credit partner's going to have a hard time levering at 80 percent advance rates on those acquisitions. And that's speaking specifically to just our observations of the private market and how it's acting right now.

I think the other thing you're seeing is the mindset of the seller. Fortunately for our investors, we picked up our acquisitions and lease-ups in our '25 acquisition class. The mindset of those sellers right now is they understand there's a clear, distinctive line and value between a lease-up value and an occupied value. So we're seeing a lot of those developers pivot to, I think, completing their lease-ups before they're really actively and sincerely engaged in disposing.

Now, naturally, we see the greatest benefit in buying a lease-up asset—

Dean Wilkinson

Right.

Dan Oberste

—but we see sellers that aren't necessarily interested. They want to hold on to that value as long as they can.

So it's an interesting game of chicken you're seeing in the market for inciting a seller who might have the highest value—the buyer wants to generate income increases by buying lease-ups. The seller wants to hold onto the lease-up because they believe that the occupied asset's going to trade at a higher value. The seller probably walked into that deal higher levered to begin with and is just trying to recoup some of their capital that they placed on the deal from the outset.

All that, to me, leads to sellers hanging on to lease-ups a little bit longer and, I would say, potentially a less reliable private buyer pool than in calmer waters.

Dean Wilkinson

But not necessarily indicative of, say, a stressed seller?

Dan Oberste

No. Not at this time. I mean, there's always a handful of stressed sellers in just about any environment.

Dean Wilkinson

Yeah.

Dan Oberste

But I don't see—I mean, in our discussions with operators, I see them very patient and developers very patient. I'm sure there's probably some—a little bit of acrimony related to partnership behaviours, but nothing on the level of people picking up pitchforks and partnerships blowing up.

Dean Wilkinson

Not yet, anyway. All right. Thanks, Dan. Appreciate it.

Operator

Our next question comes from the line of Kyle Stanley with Desjardins. Please go ahead.

Kyle Stanley — Desjardins

Thanks. Hi, everyone. Just going to your leasing spreads for the first quarter. Obviously, Austin looked like there was a pretty good improvement, but Dallas did look a little bit softer than the fourth quarter. Just curious if you can talk about the difference in dynamics between the two markets and what maybe drove that in Dallas.

Susan Rosenbaum

Yeah. Sure. So, look, supply in Dallas, particularly the northern submarkets, Frisco, McKinney, Prosper, and Celina, is still pretty tough. There is a lot of supply that still needs to be absorbed, and it will be because we still have a lot of people moving into these markets as well. But you've got lease-ups there that are still offering up to 10 free weeks concessions with gift cards anywhere from $500 to $1,500.

Now we continue to lease-up our August acquisition. Right? And we're offering maybe eight weeks free on only certain one- and two-bedroom floor plans. And some, we offer four weeks free on some of our three-bedroom floor plans.

With that, we're balancing rate, right, against physical occupancy as we continue to lease. We're excited about the momentum that we got at the end of the first quarter, and we continue to see happening right now, which is why I believe it'll be physically stabilized by July. But we're also looking at the rates as well. We're comfortable with the physical occupancy between 94 percent and 96 percent, as we've said, and we tweak the rates to fall within that range.

Kyle Stanley

Okay. Thank you for that. That was very helpful.

As we look at the non-same property portfolio, excluding The Ownsby, it does look like you've had great success there and it's near stabilization. Something you've talked about in the past is the ability to see margin enhancement as that part of the portfolio becomes more stabilized. Where would the margins be today versus where could they end up as you start to turn over leases and get your second or third kick at the can on these?

Susan Rosenbaum

Right. So—all right. So if you take out the August acquisition, we're probably average physically occupied at about 94 percent. Once we burned off all concessions, we would figure the margins on those new properties would be around 60 percent.

Kyle Stanley

Okay. Okay. Perfect. That's it for me. I will turn it back. Thank you very much.

Operator

Again, for any questions, press *, 1.

And our next question will come from the line of Sairam Srinivas with ATB Cormark Capital Markets. Please go ahead.

Sairam Srinivas — ATB Cormark Capital Markets

Thank you, Operator. Good afternoon, guys, and thanks for doing the question. I did miss the initial part of the call, so my apologies if this has already been discussed. But just, so when you look at occupancy in these markets and you see the ramp-up—and, obviously, you guys focus more on occupancy through the winter quarters—but there's still a year-over-year gap in terms of where (unintelligible) occupancy was and where it is right now. As you see the next couple of quarters play out, are we still comfortable in seeing that supply cliff drop off coming towards the end of this year and probably into '27?

Dan Oberste

Yeah. Sai, this is Dan.

I think we're really comfortable. I mean, we engaged an advisor—and I think you might have been there when we spoke to it in December—who, for example, walked through Austin and looked at the supply numbers in Austin and then physically walked through every asset that was listed as a delivery or in place or a construction start in the city of Austin. And their numbers, I'd say, more or less supported what you would see on CoStar. I think it was like 60 or 70 units off.

So if that's step one, step two is, you can kind of understand, I'll say down to the month, how long it takes to deliver a product from shovels in the ground to delivery. So we feel like we have a pretty good picture of construction and process on the supply side of the equation, and when those units are going to be delivered or, in this particular case, when they have been delivered in from '22 through '25.

And then I think the other end is the demand equation. The numbers on net employment growth continue to support our thesis. I know that we all underwrote probably a little bit less employment and population growth in Texas through 2030. Those numbers are fairly accurate. Those numbers have been out for 10 years, and they tend to be fairly accurate as well. And what we're seeing on the ground is that continuous flow of population, but it's in line with our expectations.

So when you balance out the projects in place against the population growth, particularly in the 18- or the 20-to-24 category, it's—like it really doesn't have to be that much more complicated. There's people coming in, households form. A percentage of those households are going to rent. A percentage of those renters are going to be new renters. There's a certain number of available units in the market and a certain number of expected residents that are going to be seeking new apartments in that market. And then you just kind of do some little addition and subtraction over a period of time, and you can extrapolate some absorption numbers.

I think we would all be hopeful that the rates would turn sooner, but the absorption picture has been pretty clear and rigid for the last two years—hadn't seen many surprises there.

Sairam Srinivas

That is great colour, Dan. Thank you. I'll turn it back.

Operator

This concludes our question-and-answer session. I'll hand the call back over to Dan for any closing comments.

Dan Oberste

Thank you, Regina.

Thank you, all. We look forward to seeing you in Nareit in early June for our investor presentations. And between now and then, if any of our investors would like a tour of our markets, please, you know where to find us. Please reach out to us. We’re happy to tour you through our properties.

Thank you, everyone, and have a good May.

Operator

This concludes our call today. Thank you again for joining. You may now disconnect.