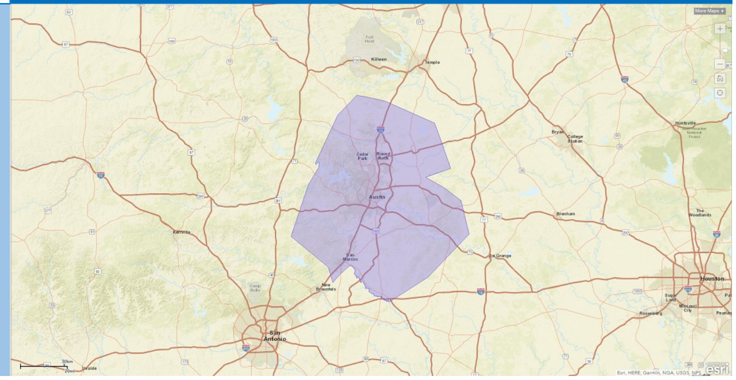
BARRIERS to APARTMENT CONSTRUCTION

AUSTIN

BARRIERS RANKING[1]	NEW MF DEMAND[2]	HIGH RENT BURDEN[3]	STAR SHARE[4]
21	98.1k	40%	17%

MEDIAN RENTAL HOUSEHOLD INCOME	$50,305
INCOME REQUIRED FOR AVERAGE RENT[5]	$48,920

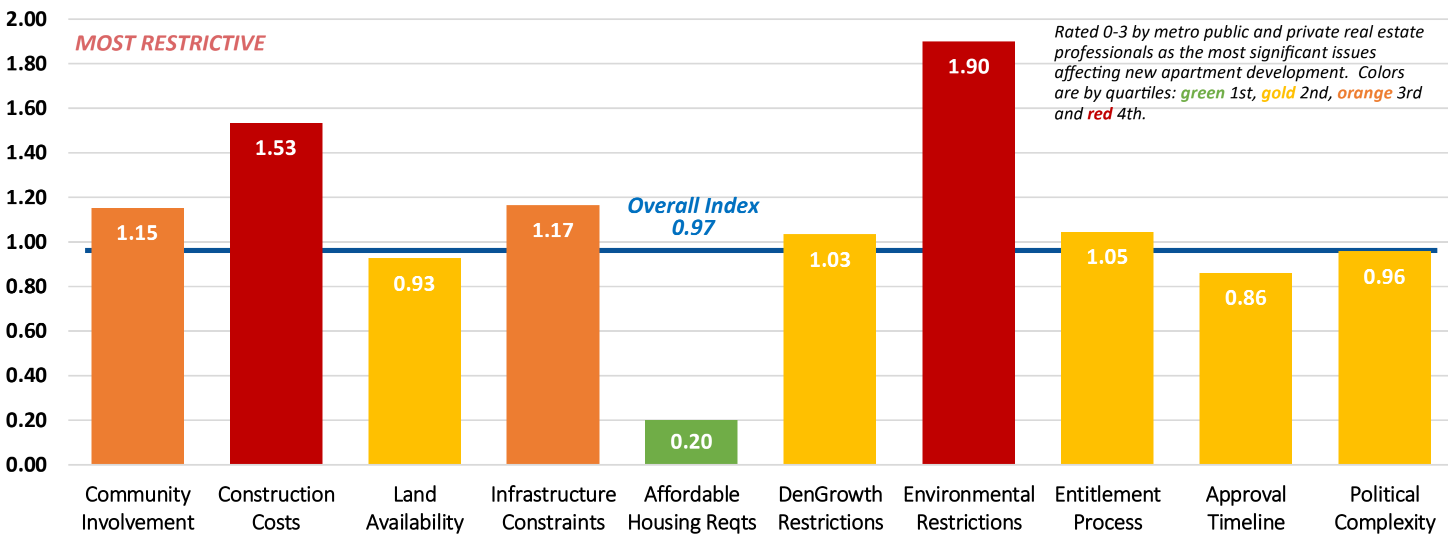


MOST RESTRICTIVE APARTMENT CATEGORIES:

- ENVIRONMENTAL RESTRICTIONS
- CONSTRUCTION COSTS

Austin was one of four pilot metro markets explored with an earlier survey and is recast below with updated indexing. A young and growing housing market, Austin metro is in the top third least restrictive of major markets with a supply index of 0.97 and ranked sixth among metro demand. Austin was one of four pilot metros for a national approach and the original subindices plotted below. Respondents cited heavy environmental restrictions as their top barrier, followed by high construction costs and increased land costs. Other above-index issues were community involvement and constraints on infrastructure. All others were below index, including a slight 0.20 for affordable housing requirements. Current median incomes for rental households rank in the top sixth of major markets, while their income requirement for today's average rent is a slight 3.0% below the median. Yet, some 40% of renters are paying over 35% of incomes on the average market rents of $1,225.

Barriers to Apartment Construction Subindices



BARRIERS INDEX METHODOLOGY:

These NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development, process and timing questions in ten categories and sourced digitally from real estate professionals in both the public and private realms. An initial overall metro **Barriers to Apartment Construction *Index*** is also plotted above.

DEFINITIONS and NOTES:

[1]**BARRIERS RANKING** is the relative ranking among 58 major metro apartment markets based upon the average index of each metro from the least restricted to the most; ranges from 1 (Albuquerque) to 58 (San Jose). Rankings consider expert responses from throughout the extended metro that includes but not isolates the urban core.

[2]**NEW MF DEMAND** is the updated total demand for new multifamily units (in thousands) through 2030 based upon the forecasted total rental housing demand 2017-2030 from the NAA-NMHC demand study by HAS: *U.S. Apartment Demand—A Forward Look (2017)*; ranges from 3,890 (Sioux Falls) to 222,589 (New York).

[3]**HIGH RENT BURDEN** refers to that share of 2017 households spending over 35% of combined household income on rent; major metro ranges from 56% and rents of $1,370 (Miami) to 38% and rents of $865 (Sioux Falls) with a major metro average of 43%.

[4]**STAR SHARE** is that share of metro rental housing stock with five or more units HAS qualified as ***S**econd-**T**ier **A**ffordable **R**entals or those non-institutional sites of typically lower unit count, lower quality and greater age, often overlooked as crucial affordable housing already in place. Using CoStar® ratings of 1-5 for sites of five units or more, STAR is the lower ratings of 1-2. This share ranges from 61% (Los Angeles) to 17% (Austin) with a major metro average of 36%.

[5]**INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of rental household income needed for the average metro contract rent.