



**Third Quarter 2024 Earnings Call
November 1, 2024 – 10:00 AM CT**

Kim Callahan – Camden Property Trust

Good morning, and welcome to Camden Property Trust's Third Quarter 2024 Earnings Conference Call. I'm Kim Callahan, Senior Vice President of Investor Relations. Joining me today are Ric Campo, Camden's Chairman and Chief Executive Officer; Keith Oden, Executive Vice Chairman; and Alex Jessett, President and Chief Financial Officer. Today's event is being webcast through the Investors section of our website at camdenliving.com, and a replay will be available shortly after the call ends. And please note, this event is being recorded.

Before we begin our prepared remarks, I would like to advise everyone that we will be making forward-looking statements based on our current expectations and beliefs. These statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from expectations. Further information about these risks can be found in our filings with the SEC, and we encourage you to review them. Any forward-looking statements made on today's call represent management's current opinions, and the company assumes no obligation to update or supplement these statements because of subsequent events.

As a reminder, Camden's complete third quarter 2024 earnings release is available in the Investors section of our website at camdenliving.com, and it includes reconciliations to non-GAAP financial measures which will be discussed on this call. We would like to respect everyone's time and complete our call within one hour, so please limit your initial question to one, then rejoin the queue if you have a follow-up question or additional items to discuss. If we are unable to speak with everyone in the queue today, we'd be happy to respond to additional questions by phone or email after the call concludes. At this time, I'll turn the call over to Ric Campo.

Ric Campo – Camden Property Trust

Thanks, Kim. The theme for our on-hold music today is coming together and getting along. With our national election just four days away and what looks like an even split among voters, a message of unity seems appropriate. To all our Camden associates, if you haven't already done so, please use the time off Camden allows for you to get out and vote. And whether your preferred candidate wins or loses on Tuesday, please remember Tim McGraw's advice:

“When the dreams you've been dreaming come to you, when the work you put in is realized, let yourself feel the pride, but always stay humble and kind.”

We had a good third quarter with earnings ahead of expectations, and the rest of the year is playing out as we anticipated. Apartment absorption in our markets has been the best in 20 years, excluding 2021. Strong multifamily demand continues to be driven by: strong job growth; Camden markets growing faster than the U.S.; in-migration to Camden markets; and fewer consumers choosing homeownership, renting well-managed apartments from Camden. Apartment rents continue to be more affordable than buying a home. High prices for homes, mortgage rates, property taxes and insurance continue to support rental demand, and this is not changing anytime soon.

A recent Wall Street Journal article on October 27th titled, *This Year's Housing Turnaround Ended Before It Started*, reports that 2024 sales of existing homes is on track to be the worst year for housing since 1995. New apartment supply is at an all-time high and 50-year peak, as we all know. And while absorption has been great, filling these apartments has limited meaningful rent growth in most of our markets. Trailing 12-month starts are off 35% with monthly starts off 49% from the highs. This backdrop should put new multifamily starts in the mid-200,000 range next year. Witten Advisors projects rents bottoming out in 2024 and through the first half of 2025, then starting to accelerate through 2026 and 2027. We look forward to sharing additional details on our strategic plan and future market concentration goals along with our 2025 guidance when we report fourth quarter and full results next year.

I want to give a big shout out to our Camden teams. Thank you for a great quarter and I know that they are ready for a strong finish to the year. And thank you for improving the lives of our teammates, our residents, and our shareholders, one experience at a time. Keith Oden is up next.

Keith Oden – Camden Property Trust

Thanks, Ric. Our third quarter same-property results had revenues in line with expectations, with slightly lower-than-anticipated operating expenses. Our top markets for same-property revenue growth this quarter were the same as last quarter and included Southern California, Washington, D.C. Metro, Southeast Florida, Denver, and Houston, all with revenue growth above the portfolio average of 0.6% and ranging from up 1% to up 5% for the quarter.

Rental rates for the third quarter showed signed new leases down 2.8% and renewals up 3.6% for a blended rate of up 0.1%, with an average occupancy of 95.5%. Preliminary results for October reflect moderation in both new lease and renewal pricing and in overall occupancy levels. Renewal offers for November and December were sent out with an average increase of 3.5%. Resident retention remains high, and turnover

remains low, with less than 10% of our third quarter move-outs attributed to home purchases. Net turnover for the third quarter of 2024 was 46% compared to 51% in the third quarter of '23. Year-to-date net turnover was 41% compared to 44% in 2023.

I would also like to encourage all of Team Camden to do three things: number one, get out there and vote; number two, finish the year strong; and number three, always stay humble and kind. I'll now turn the call over to Alex Jessett, Camden's President and Chief Financial Officer.

Alex Jessett – Camden Property Trust

Thanks Keith. Recently, the Southeast United States experienced two hurricanes, Helene and Milton, and although our thoughts and prayers are with those affected, we are very thankful that our team members and residents were safe and that we have only minor property damages reported. We issued a press release shortly after Hurricane Milton with a preliminary assessment, leading one of our analysts to ask if Camden communities are built like Fort Knox, to which we replied that we attribute our minimal damage to quality construction, great preparation, and a healthy serving of luck. Quality construction really does matter, and we built over 60% of our Southeast portfolio. And great preparation matters including making sure trees are appropriately trimmed, drains are clear, pools are drained, and roofs are strong; solid vendor and supplier relationships to ensure mitigation is prepositioned; and great communication with our residents and staff to ensure the communities are storm ready. So, thank you Camden team members for doing such an amazing job to enable us to fare so well through the storms, allowing us to continue to provide quality housing in the incredibly high-demand high-growth Southeast markets.

Moving on to our development activities, in the second half of 2024 we commenced construction on approximately \$320 million worth of new developments. We anticipate starting an additional \$375 million of new developments in the early part of 2025, and we plan on starting our remaining owned land parcel, which is a \$300 million development, in either late 2025 or early 2026. And finally, we have additional land parcels under contract which may lead to future starts in either 2025 or 2026.

Turning to our financial results, for the 3rd quarter we reported Core FFO of \$1.71 per share, \$0.03 ahead of the midpoint of our prior quarterly guidance. This outperformance was driven in large part by \$0.015 per share in lower than anticipated operating expenses resulting primarily from continued lower core insurance claims. Additionally, during the 3rd quarter, we had \$0.015 per share of favorability resulting primarily from higher fee income, lower interest expense, and lower income tax expense. These favorable line items were driven by the combination of cost savings and additional fee income from our 3rd party construction business, higher interest income from our cash balances, lower line of credit interest expense, and lower franchise taxes in Tennessee resulting from recently enacted legislative changes to the applicable calculation.

Property revenues for the quarter were in line with our expectations.

Last night we maintained the midpoint of our full year same-store NOI guidance at 0.75% but narrowed the ranges and slightly adjusted the components. We now anticipate full-year same-store revenue growth will be within the range of 1.1% to 1.5% with a midpoint of 1.3% and full-year same-store expense growth will be within the range of 2.1% to 2.5% with a midpoint of 2.3%.

Our 20-basis point reduction in full-year revenue guidance is driven primarily by slightly lower blended lease trade out, in line with typical seasonality. We are assuming 4th quarter occupancy will be in the range of 95.2% to 95.4%, blended lease trade out will be slightly negative, and bad debt will be within the range of 75 to 85 basis points, in line with the full year.

Our 55-basis point reduction in full year expense guidance is driven primarily by the assumption of continued lower than anticipated insurance and property taxes.

We are increasing the midpoint of our full year Core FFO from \$6.79 to \$6.81 which results entirely from the non-property components of our 3rd quarter outperformance.

We also provided earnings guidance for the 4th quarter of 2024. We expect Core FFO per share for the 4th quarter to be within the range of \$1.68 to \$1.72 representing a \$0.01 per share sequential decline at the midpoint, primarily resulting from an approximate:

- \$0.01 in higher property NOI resulting from \$0.025 in decreased revenue, driven primarily by the typical seasonality of occupancy, offset entirely by \$0.035 in lower property expenses resulting from typical seasonal declines.

This \$0.01 per share increase in sequential property NOI is entirely offset by:

- A combined \$0.015 per share decrease in Interest and Other Income as we are no longer in a net cash position, and Fee and Asset Management Income due to the timing of our 3rd party construction activity, and
- An approximate \$0.005 cent per share increase in net interest expense driven by an approximate \$0.01 per share impact of no longer capitalizing interest on development sites that we have decided not to move forward with at the present time, offset by ½ cent in lower interest rates on our floating rate debt.

As of today, approximately 80% of our debt is fixed rate. We have less than \$200 million outstanding on our \$1.2 billion credit facility, only \$65 million of maturities over the next 24 months, and less than \$270 million left to fund under our existing development pipeline. Our Balance Sheet remains incredibly strong with Net Debt to EBITDA at 3.9 times. At this time, we will open the call up to questions.

Eric Wolfe - Citibank

If you think about the four predevelopment projects that you paused, how much would rents have needed to be up from current levels before those projects made sense? And then more generally, how much do you think rents need to rise relative to construction costs for development to be more economic?

Ric Campo – Camden Property Trust

Well, let me just start out broadly first, and then I'll answer the question about what rents need to do. Clearly, what's happening in the development market today is that construction costs have not come down and rents have come down. And clearly, the supply that is coming into the market has had a muting effect on rents in all markets. As part of our planning process for 2025 and 2026 capital deployment, we review all of our properties and decide what we're going to start, and what we're not going to start. We've operated over the years, and maybe this is the old CPA in me and Keith, but we employ conservative financial policies. When we reviewed the four projects that we wrote down and moved off, it was about making sure that we focused on proper capital allocation. These properties today do not meet our investment criteria. And more than that, when you think about those four properties specifically, there are three categories. One is California, and we have been reducing our exposure in California, and there are lots of California issues that we all talk about. The second issue would be Houston. We've talked for a long time about wanting to lower our exposure in Houston and also wanting to have less urban and more suburban exposure in Houston. The two projects in Houston are both urban projects, and we would much rather deploy capital in the suburbs rather than the urban core. And then in Atlanta, we have two projects that we did. We bought this land in the financial crisis. The interesting thing is the land that we're holding on our books today, when you look at the total purchase price for the land in Atlanta, it's substantially less than what we have this one on our balance sheet for, which is pretty amazing. In Atlanta, we just have a concentration issue in Buckhead, and we have 700-plus units that are really high-end units with three high-rises and a mid-rise and a stick construction build. So, we just don't want more exposure in Buckhead like that. The highest and best use could be a condo or hotel or something, which would actually benefit the neighborhood, including our properties as well.

So, it's really about capital allocation, and we're disciplined in our capital allocation. We think 2025 and 2026 are going to be a really interesting couple of years. You have \$650 billion worth of multifamily debt coming due. You have merchant builders who have prefs that are eating into their profits and banks who want their loans paid down. And so, I think there will be a very robust transaction market over the next couple of years. We're

going to take advantage of that to increase our market balance and try to move the portfolio to be less urban and more suburban. We just think that capital allocation makes sense rather than starting developments today. When you look at long-term growth, when we do underwriting, we look at a 7-year untrended IRR. Most of the time we use anywhere from a 3.0%-3.5% compounded growth rate in our rents to make those numbers. We don't want to have to take that number up much more than the long-term average rent growth. To get those four developments to work in today's market, you'd probably have to have 100 basis points of growth wide of that, so call it 4.5% plus or minus. When you look at the projections out there, Witten Advisors has most of our markets growing at 4%-6% in 2026 and 2027. So theoretically, if you had to build, you could do a pro forma that showed outsized rent growth in the second, third, fourth and fifth years that could get those IRRs to work. The challenge that we have is we just don't want to push the edge of the envelope that hard today. We don't have to build, and we would rather deploy the capital in markets we want to grow in and buy existing properties at below replacement cost that don't have the lease-up risk.

That doesn't mean we're not going to be in the development business. Alex mentioned we're going to start two properties in 2025, and we still have additional development pipeline coming. And I'll just put a big caveat on this. If you look at the last write-down that we did, we did a write-down of multiple properties right after the financial crisis because nothing underwrote right after the financial crisis. Interestingly enough, we never sold one of those land parcels, and we developed all of them. And today, if you take the written down value of the land at the time, plus the value we had on the books, those properties are all probably worth 50%-70% more today than the cost plus the write-offs that we did before. So, at the end of the day, it's really just about capital allocation, and we want to allocate capital to some of our smaller markets and build up that net operating income from there.

Alex Goldfarb – Piper Sandler

Ric, maybe just keeping with that merchant developer theme, you guys for the past number of years and the industry overall has been waiting to capitalize on developers that have to sell, the financial clock is ticking, they need to pay back, et cetera. And yet all these developers seem to get lifelines, the banks don't pressure them, the rents come back, or something happens. What gives you confidence that in the next few years you'll see more opportunity from these sorts of forced sales? Or are your comments more just in general that, hey, it's one area that we think is going to provide opportunity rather than we think there's a huge opportunity from these merchant guys?

Ric Campo – Camden Property Trust

I don't know. I think the huge opportunity is there's going to be more transaction volume. I don't think you're going to find distressed transactions. You could find distressed transactions, but they're properties that we don't want. A lot of the syndicators that bought really, really substandard Class C/D properties are definitely

having serious trouble. You can go buy those at a discount, but I wouldn't want to take you on a tour of those properties, and you don't want to tour as well. The merchant builder model, when you think about it, it's a merchant builder, right? You build, you lease up, you sell. You build, you lease up, you sell, and it's a cycle. Their profit motivation is to build and lease up and sell in order to reload their pipeline in the future. We know that development starts are going below 200,000. I think the reason multifamily is so desirable today on the private side of the ledger is because people can look at the end of 2025 and into 2026 and 2027 and see above-average rent growth. And so, they're willing to buy today. The merchant builders don't have a gun at their head to sell. But when you have an 8% pref eating into your profit, every month you stay and you haven't sold and paid those investors back plus their pref, the developer profit goes down. The developers are incented to maximize their profits and they can't do that if they don't sell.

Banks, on the other hand, if you look at 2023 and 2024, there was a lot of multifamily debt that came due, and banks kicked the can down the road. If you had a maturing loan, they renewed the loan and moved it into the future under the theory that the Fed was going to cut rates and rates will come down, and therefore, you won't have to put as much equity in the project. So, the \$650 billion of debt that's coming due, a lot of that is from 2023 and 2024 where lenders moved the maturities into 2025 and 2026. The market is just a natural market that needs to move.

Now on the acquisition side, people have tons of dry powder. People have been holding their powder waiting for the signs that 50-year supply is going to start going down, and there will be an inflection point where rents will have a positive second derivative and start rising again. If you look at sales in multifamily assets in our markets, they're pretty much at the same level they were in 2022. They're still below 2021, but the market is starting to thaw, and people are starting to come to the market. So, I think the reason you won't have a real distressed scenario is there's a massive wall of capital that needs to get deployed, and it's going to deploy into multifamily.

Austin Wurschmidt - KeyBanc

It hasn't really come up for a while about Houston, so revisiting the comment about reducing exposure to this market. I think it's around 13% of NOI today. How much of a decrease makes sense to you today when you revisit strategically taking a look at the portfolio? And could dispositions from this market be a source of funds to redeploy into some of the investment opportunities you just spoke about to the earlier questions?

Ric Campo – Camden Property Trust

Absolutely. We've talked about wanting to lower our exposure in D.C. and Houston. Houston right now and D.C. are actually two of the best markets, which is good for us. On the other hand, we've been painted with Houston. When oil prices fall, people think investors either buy or sell Camden based on Texas and oil prices,

and that's been a challenge over the years. Clearly we can grow in other markets, and we have a very low levered balance sheet, so we don't necessarily have to sell a lot to grow or to lower the exposure. But we've continued to look to trim our portfolio in Houston over a period of time, and we'll continue to do that. We'll sell assets that are growing slower than the rest of the portfolio. I think when you think about market balance, anywhere from 6%-9% of assets in a certain market is probably the right place to be. One of the things we also do is weighting of where we want our market balance to be based on population and inventory in that market. You don't want to be too overexposed to Houston given that it's an 800,000-unit market and the fourth largest city in the country. You can have a little bit overexposure relative to maybe a Tampa, which is much smaller.

Brad Heffren – RBC Capital Markets

You maintained leasing spreads higher through September than your Sunbelt peers, but then it seems like there was a significant falloff for the October, both effective leases and the signed leases. Was there a strategy change there moving towards occupancy? Was that more of an impact from supply? Or what would you attribute that to?

Alex Jessett – Camden Property Trust

Yes. What you saw in the third quarter was absolutely a drive more towards occupancy, and you're seeing that impact roll over into the fourth quarter. So that's exactly what it is.

Steve Sakwa – Evercore ISI

I wanted to go back on development. A couple of things. I noticed that the projects that are currently in lease-up didn't seem to have a huge movement in percent leased from mid-July to mid-October. So, I was just wondering if you could comment on that. And then for the projects that it looks like you're going to start in the near future, the cost went up quite a bit. I realize the Nashville project got more units, but I think the cost went up considerably versus the number of units. Can you maybe talk about the cost creep and whether those yields really still hit your return thresholds?

Alex Jessett – Camden Property Trust

Yes, absolutely. So, we'll talk about leasing first on the three developments that we have in lease-up. If you look at the two that are single-family rental communities, we've said all along those generally lease up slower than a typical multifamily and somewhere in the range of 10-15 units a month, whereas with a typical multi, we'd see somewhere between 20-30 units a month. If you look at our Durham development, that one is actually leasing up 25 units a month. So that one is doing in line with what we would expect, if not even a little bit better. So, we feel good with all of the leasing trends. And as I said, they're really pretty much in line with what we had expected.

When you think about the overall construction cost of our pipeline, as Ric said in the very beginning, we did a full analysis of all of our developments as we do on a periodic basis. We got the most up-to-date pricing that we've seen, and that is what's represented on the development pipeline page. I will tell you that at this point in time, we think that all of these yields work, and that's why we said that we anticipate starting one of the Nashville deals and the Denver deal in the first part of 2025 and why we anticipate starting the remaining Nashville deal in either late 2025 or early 2026. So, we think all of those returns still work for us.

Rich Anderson – Wedbush

A question on cap rates. Ric, you mentioned the opportunity set with debt coming due and merchant developers being stretched in a few years. If there's a lack of transaction activity, but when we do see something it's a 5% or lower perhaps, is that just a function of the moment something does hit, there's a wave of capital? I'll use the example of senior housing, which the opportunity set in front of it right now is very positive, yet cap rates are 7.5%-8.0%. The opportunity set in front of multifamily, at least in your markets, may get positive soon but for the time being is a little bit of a question and yet cap rates are still in the 5%. Is it just there's so many people that want so few deals? That's question number one. And the corollary to that is, do cap rates need to adjust for you to be active on that opportunity set I described earlier? Or are you willing to take a little bit of a hit upfront to get a deal that will make sense for you two or three years later?

Ric Campo – Camden Property Trust

Sure. I think that multifamily has come to the forefront again of investment choice for institutional investors. At the beginning of the year, there were a lot of surveys of what properties you want to invest in, and multifamily was down on the list at the beginning of the year. People wanted retail and industrial more. Multifamily now, if you take third quarter numbers, whether it be from AxioMetrics or a lot of different groups that look at investor preference, multifamily is now #1 in terms of commercial real estate that people want to buy. It's multifamily, industrial, retail and then office is a way distant fourth. What's happened is that we've gotten closer to what people think is going to be an inflection point in the supply and demand equation. When you think about it, we're at a 50-year high in terms of deliveries. And yet when you look at our markets, only two of our markets on a year-to-date basis have negative rent growth, and that's Austin and Nashville. And the reason is that Austin and Nashville are definitely the two most overbuilt cities in America and have double the supply of all the rest of the markets. All the rest of our markets are either flat or up, even in spite of massive supply relative to historical norms. I think what's happened is private investors are pivoting towards multifamily. And you're exactly right, the developers out there still don't have a gun at their head to sell. They also believe that as the supply picture continues to improve, and when you get that first positive second derivative on revenues, there's going to be a flood of buyers in the market. And the thing that's really interesting, too, is over the last

60 days cap rates were in the 5% then went into the 4%. The last few deals that we've looked at had multiple buyers and the cap rates are mid-4% today, not 5% or 5.5%. The reason for that is there's more buyers than sellers. Ultimately, the only way that you make a 7% unlevered IRR, which is what people are trying to get I think generally, is you have to have outsized growth two, three and four years out, which most people are pretty comfortable in underwriting. The last 30 days has been a different animal. You've had the ten-year go up 50 basis points or more in the last 30 days, and that changes the calculus a little bit. You're back to negative leverage when you start with the 10-year the way it is today. So, the question will be, will the 10-year treasury stabilize? And then how will people underwrite and will that drive cap rates back to 5%? But from our perspective, as long as we can buy below replacement cost in that 4.5%-5.0% zone, believe that we can improve operations, and believe that we can catch that above-average long-term rental rate growth in 2026, 2027 and 2028, we'll transact in that environment. We'll also sell properties to fund it and continue to try to rebalance our portfolio where we want it. We'll spend a lot of time on that in the first quarter call because we're going to lay out where we want our markets to be, but we haven't done that yet exactly. We'll get that to you all in the first quarter.

Jamie Feldman – Wells Fargo

One for Alex. I think you and several of your peers over the course of this year have been reducing your top line outlook but getting nice cost savings to keep your NOI outlook. Two questions here. Number one, can you talk about where you probably were most conservative to start the year and where you got the benefit throughout the year? And then secondly, as we think about 2025, do you think there's still enough juice in expense savings to have a similar outcome given there is so much uncertainty around top line revenue, where you could start the year on a conservative basis and get some upside?

Alex Jessett – Camden Property Trust

Clearly where we were the most conservative, although I didn't think we were at the time, was insurance and taxes. Those have been the two really bright spots for us. We think that taxes for us for full-year 2024 are going to be basically flat, and keep in mind that taxes make up about 36% of our total expenses. When we started the year, I thought they were going to be up 3%. So obviously, that was an incredibly pleasant surprise. And then on the insurance side, keep in mind that insurance last year was up something like 40% and this year it's going to be down something like 10%. So, you really have a couple of factors that drove that. Number one, we had a flat renewal, which was fantastic. But then number two is we were very, very proactive in addressing the root causes of some of our insurance claims and making sure that we were putting the appropriate R&M and CapEx in to make sure that we can minimize those risks on a go-forward basis. We're absolutely getting positive results from those actions in our insurance numbers today. If you're looking at 2025, it's a little early. We're still in our budgeting process. What I would tell you is getting another year of property taxes flat is probably unlikely. Over a long period of time, property taxes are generally up about 3%. The good news is that if you go

back and look at real values today and you compare them to two to three years ago, there's no doubt that real values are down. Hopefully, we still have a little more juice that we can squeeze out of that, and we'll fight as best we can against the taxing authorities. And then when it comes to insurance, our policy renews in the beginning of May. We'll have to see what the rest of this year and the early part of next year does in terms of global insurance claims, because this is a global market. If we have light claims, then we may have another productive year on the insurance side. When I think about the rest of our expenses, it's a 3% business. And I think that's what you'd expect to see.

John Kim – BMO Capital Markets

I wanted to follow up on Austin's question on Houston. If you look on your presentation, page six, the migration trend for Houston seems like it's going to accelerate quite a bit over the next couple of years. I'm wondering what's driving that? And also, we do have a chance that we'll have another Trump presidency, who's been very supportive of the oil and gas industry. Can you remind us if that's a positive for the Houston economy? And if either of those items come into fruition, acceleration of migration or if Trump wins the presidency, will that impact your decision to reduce your exposure to the market?

Keith Oden – Camden Property Trust

Yes. Houston continues to be very much impacted by what goes on in the oil and gas industry. Higher oil prices historically have been great for Houston, lower oil prices have not been great. So, anything that is good for the oil and gas business ends up being good for Houston and ends up being good for Houston real estate. So, without prognosticating on outcomes of elections, our strategy to lower our exposure in Houston predated Trump's first election. It's been out there for a long time. We've made some progress. Obviously, we had a fairly sizable acquisition that increased our exposure to Houston, but we're still committed to getting it more in line with our other markets. For a long time, when we were in 9 to 10 markets, we talked about having a market balance that would be no double digits in any single market. I think you'll see that's the direction we're headed. In markets where we have double-digit concentration, it's Houston and Washington D.C. Metro, and those obviously will be part of the rebalancing effort that we do.

Ami Probandt – UBS

I was just curious, was there anything that changed on the demand side that led to blended spreads in the third quarter and fourth quarter coming in really well below your prior expectations in the mid-1% range? And how should we be thinking about the supply-demand balance as we head into 2025?

Alex Jessett – Camden Property Trust

I don't know if there's anything significantly different. Certainly we made a decision, and we talked about it last quarter. In the third quarter, we made a decision to push occupancy at the expense of rates. As we said several

times, we don't really tell our teams, these are the rates you must get, or this is the occupancy you must get. We're really trying to maximize revenue. We feel really good about what we did in terms of maximizing revenue in the third quarter, which is why our third quarter revenue results were in line with expectations. When you look at what we're going to see in the fourth quarter, clearly when you do push occupancy, rates are going to come down a little bit, and that's what you're seeing rolling through the fourth quarter numbers. But keep in mind, we started the year thinking that at the midpoint revenue was going to be up 1.5%, and we're within 20 basis points of our initial guidance, despite record levels of supply. So, we feel very good about the way that we've worked through this year.

Keith Oden – Camden Property Trust

And Ami, to your question on 2025, if you look at Witten's numbers for employment growth across Camden's markets in 2024, he's got us at about 460,000. I'm not sure what he modeled for the most recent report, but it probably wasn't 10,000. But in any case, he's got that number at about 440,000 in job growth across Camden's markets in 2025. On the supply side, 2025 is going to look a lot like 2024 across most of Camden's markets in terms of new deliveries. So, supply-demand dynamics in 2025 are going to look fairly similar to what they've been in 2024.

Haendel St. Juste - Mizuho

I know you're not giving a guide at this point, but I was hoping you could perhaps give some color on some of the building blocks, like the estimated earn-in for next year, like some of your peers have provided. And maybe some thoughts on where you think you can get bad debt to overall by the end of next year, and maybe some thoughts on Atlanta and L.A. specifically.

Alex Jessett – Camden Property Trust

Yes, absolutely. If our plan works out for the next two months of the year, our earn-in for 2025 should be flat to slightly positive. If you think about bad debt, I think it's very reasonable to anticipate that bad debt is going to be back down to about 50 basis points by the end of 2025. If you think about our portfolio in the whole, once you strip out Atlanta and California, that's pretty much where we are. We're pretty much back to the 50 basis points. The good news is that we can work through and we are working through Atlanta and L.A. County, in particular, because that's where most of the issues in California are. We've completely shut the front door. So, we know that we're not getting any bad actors in currently. We've got some folks that came in from fraud in the past. We're working them through the system, and we feel pretty good that we're going to get this problem solved by the end of 2025.

Keith Oden – Camden Property Trust

We have three communities in L.A. County, and they all have their challenges. Some of them started back in COVID and some of them continue today. But the biggest challenge that we continue to have in L.A. is the time

component between when somebody first becomes delinquent and when you can get it processed for them to move on. It's still way too long. We have seen improvement, and we hope to continue to see improvement both in L.A. and Atlanta. In Atlanta, it's the same story. It's really a processing issue with regard to how long it takes to get someone from delinquency through to a new home address. Again, both of them have made progress. There's room to go. I think Alex is right that in 2025, we'll work through both L.A. and Atlanta, and we'll be able to get back to more of a normal cadence for processing evictions. I'm certainly hopeful that we can make good progress. And as Alex mentioned, most of our other markets are back to regular order with regard to processing delinquencies.

Ric Campo – Camden Property Trust

I think the issue in L.A. from a revenue perspective is that L.A. has a demand problem, not a supply problem. Just to put a couple of points on this, since February 2020 Houston added 268,000 jobs and L.A. is down 16,000 jobs from that point in time. Dallas added 467,000 jobs. San Francisco has lost nearly 50,000 jobs. And so even though you have low supply in those markets and their revenues are growing a bit better than the supply markets, they're basically just growing because they went down so much to start with. They had a bigger hole to climb out of. Demand is the real issue there. Long term, I don't see that changing dramatically.

Julien Blouin – Goldman Sachs

Just wanted to ask, what do you expect for trajectory of new lease rates into November and December relative to the negative 4.8% you saw in October? It does seem like comps year-over-year seem to get a bit easier in November and December. And then on the renewal side, you said you sent out offers in the mid-3% for November and December. Where do you think that actually shakes out? Could it be like 100 basis points lower? Any sort of guidepost you can give us on that side?

Alex Jessett – Camden Property Trust

Yes. I think the fourth quarter is going to look probably pretty similar to what you see effectively for October. If you look at October, the effective new lease rate is down 4.4% and that feels about right. The effective renewal rate is up 3.4%. Once again, I think that's going to be right. The difference, and there's going to be a slight difference, is that when you get to November and December, you start to have more renewals than new leases. And so, the blend changes a little bit. If you look at what we had for October of effective blended lease rates down 0.8%, I think it's going to get a little bit better than that for November and December just because of the weighting changes with more renewals versus leases.

Michael Lewis - Truist

Ric, you mentioned keeping some land parcels that you have written down in past downturns and those eventually recovered in value, or the development viability came back. The parcels that you're writing down

now, do you intend to sell those? And then also related to land, I think Alex mentioned that you have some additional parcels under contract. Where are you looking to buy land now?

Ric Campo – Camden Property Trust

If the development numbers don't pencil before we sell the land, we'll sell the land. It's not a great time to sell land today. When you think about the transaction environment, we don't have to sell land, so we don't need to sell land. We'll just hold it on our books until we think it's the right time to sell, then we'll look at an analysis again and decide whether we should build it or sell it. There is no pressure on us to sell. When you think about the merchant builder market today, their starts are going to be down significantly. Part of that is the deals don't pencil, and they're stuck in deals they already have, and they haven't sold them yet, so they don't have new capital to be able to put into new deals. If you're selling land today, it's probably not a great land sale market. That could create opportunities for us to buy shovel-ready deals. We've definitely bought a lot of shovel-ready deals over the years. The transactions we have under contract right now are in Tampa, and we have a large land parcel that's a suburban 3-story/4-story stick construction project. You're going to see us move more from urban mid-rise to more suburban simple construction. That's just the direction that we have been moving, and that's why the four projects we identified were all urban projects. If they were suburban walk-ups, we probably wouldn't have written them down. We probably would have started them by now.

Adam Kramer – Morgan Stanley

With the development shift, I was wondering where you would rank acquisitions versus development versus other uses of capital, if you were to rank the different capital allocation possibilities here? I noticed you guys haven't bought anything in some time. If you could also categorize the state of the acquisitions market and maybe early expectations for deal flow in the coming quarter or two?

Ric Campo – Camden Property Trust

Well, we think there's going to be big deal flow in 2025 from an acquisition perspective for all the reasons that I've already gone through. When you think about capital allocation, it's all about driving cash flow growth. When we look at our weighted average cost of capital, we're going to invest in new transactions that will give us a reasonable spread over our weighted average cost of capital. Development makes sense, and that's why we've started \$300-plus million this year. We'll start \$375 million next year. But the balance between how much development and how much acquisitions you'll do will really be a function of what the market allows. So far this year, we just didn't see a great amount of opportunity on the acquisition side, and that's why we didn't really do anything. But you can expect us to be more active in 2025 and 2026 for sure. When you think about capital allocation, if stock prices get to the point where they were when we bought \$50 million of shares at \$97, at today's stock price it's pushing up on a 6% cap rate. It's hard for me to find a going in at 6% that's existing today, or a development going in at 6%. So, if the public markets don't believe

that private markets cap rates are 4.5%, and we can buy our stock at 6%, you can expect more of that.

Wes Golladay – Robert W. Baird

I want to go back to that comment about construction costs increasing. Was that a market-specific labor thing? Or is that pretty broad-based? And then can you comment on how land pricing is versus the peak?

Ric Campo – Camden Property Trust

Construction costs are really not going up, they're flat.

Wes Golladay – Robert W. Baird

Looking at Camden Baker and Camden Gulch, the cost -- not for the active construction, but the shadow pipeline, Baker and Gulch, went up. I didn't know if that was market-specific labor that went up or just construction costs overall? And then the follow-up question was, how is land pricing versus the peak?

Alex Jessett – Camden Property Trust

Okay. Absolutely. If you look at what's in our pipeline, we have gone through and substantially redesigned those sites, and most of what you're seeing on cost changes is really enhancements. We're building a much better product than what we originally had laid out. And so that's what you're really seeing there. Land prices today, Ric, I don't know if you want to hit that one.

Ric Campo – Camden Property Trust

Yes. Land prices today are lower than they were at the peak, probably 15%-20%, maybe more. But landholders are just like merchant builder holders. If you don't have to sell, why would you sell into a weak market? Most people don't have to sell, so there hasn't been a lot of major land transactions getting done. It's just a sit and wait kind of scenario. So, it's hard to put a pin in it, is it down 15%-20% or what, because there really hasn't been a lot of land transactions out there.

Linda Tsai - Jefferies

Given your comments about the quality of your construction, building a better product, and luck helping you avoid the worst of some of the recent hurricane impacts. The average age of your portfolio is also lower. Is there any way to quantify the resiliency of your portfolio versus the surrounding multifamily buildings in the regions in which your portfolio operates?

Alex Jessett – Camden Property Trust

I think it's very hard to quantify other than to say that clearly, once Milton went through and our teams were out on our sites assessing, what they would report back is that our neighbors certainly looked a lot different

than we do. We talked about the quality of the real estate, but it's also the upkeep. It's very important that you put the money in, and you make sure that the trees are appropriately trimmed, that you do things to make sure that your drains are clear. We go through and we'll drain all of our pools to make sure that we don't have overflow from that. There are a lot of factors that we do because, quite frankly, we look after our real estate. I will tell you that when you drive around, you look at the neighborhood, it's not always the same.

Ric Campo – Camden Property Trust

Keith - talk about Harvey and the portfolio here and now how we fared.

Keith Oden – Camden Property Trust

Just to follow up on Alex's comment, our hometown is Houston, Texas. We've had a lot of experience with dodging hurricanes and making sure that we're prepared. And then in the aftermath of the hurricanes, making sure that our residents are taken care of. But in Harvey, which is the flood of record in Harris County, probably by most people's estimation a 500-year flood, we had one community that actually had flood water damage, and it was only two buildings within that community, and we're spread all over Harris County. First of all, it starts with making sure that you buy communities that are out of the floodplain and out of the floodplain by some measure. When the storm does happen, the things that we have to deal with most of the time are things that deal with the quality of the asset that you've built, and that's windstorm damage. But it doesn't make any difference what kind of quality you built if you have rising water damage to your community. There's just no way to mitigate that either before or during a storm event. So, it starts with knowing where to own real estate in the markets that we're in, and then it runs all the way through the things that Alex talked about - great preparation in the event that you are going to have a windstorm event.

David Segall – Green Street

I was curious what kind of difference in performance do you see between your urban and suburban assets in submarkets? Is it just driven by rent growth? Is there an element of CapEx differences? And I was also curious if your thinking on the urban/suburban divide is consistent across markets? Or are there any exceptions?

Alex Jessett – Camden Property Trust

What I'll tell you is suburban continues to outperform. When we look at revenue growth, our suburban assets in the aggregate are doing about 80 basis points better than our urban assets. And by the way, that's across our entire portfolio.

Ric Campo – Camden Property Trust

When you look at demographics, more than 75% of our demographic target of 21- to 32-year-old residents live in the suburbs. So, that's where the customers are. That's why suburbs tend to be better than urban. If you think about the development mindset over the last 10 years, everybody wanted to do urban, and it was driven by institutional investor appetite. And so urban markets had more supply put in them, which created more downward pressure on rents from the urban core versus suburban. That's changed some because in the last slug of supply, there was definitely more in the suburbs, but there's still plenty of urban. So, I think suburban is going to continue to outperform urban over a long period of time.

Alex Kim – Zelman & Associates

I wanted to ask about turnover quickly, which was down 4% year-over-year in the third quarter. Could you talk about some of the drivers there and your expectations moving forward?

Keith Oden – Camden Property Trust

One of the biggest changes in the turnover rate goes straight back to move-outs to purchase homes. We were in the 9% range and have been for the entire year, which is historic for us. We had normally averaged somewhere between 15%-20% move-outs to home purchases depending on where you are in the cycle. So, a 9% rate over an extended period of time makes a huge difference. That 5%-8% differential in residents who historically would have purchased a home and are not doing so because of the conditions in the housing market is a difference maker. So, we've seen results on retention, and that's been really for the last couple of years. We certainly expect that will continue into 2025 because, as Ric said, there's really no short-term solution or change that's coming in the single-family home market that's going to change the dynamic.

Ric Campo – Camden Property Trust

Thank you. I appreciate you being on the call today, and we will see you at Nareit in Las Vegas in a couple of weeks. Thanks, and take care.

Edited for Readability