



First Quarter 2025 Earnings Call
May 2, 2025 – 10:00 AM CT

Kim Callahan – Camden Property Trust

Good morning and welcome to Camden Property Trust's First Quarter 2025 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 First Quarter 2025 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 re-join 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 on-hold music for our call today featured the 1970's rock band Bad Company. This week, Bad Company was finally admitted to the Rock and Roll Hall of Fame, filling one of the most glaring omissions from

rock music's Hall of Fame. Also in April, Camden was once again named by Fortune Magazine as one of the 100 Best Companies to Work For. This marks the 18th consecutive year Camden has achieved this honor. So, this April was an excellent month for 100 Great Companies but also an excellent month for one Bad Company. If Fortune magazine ever decides to select a Best Company to Work For Hall of Fame, we suspect Camden would be a first ballot inductee.

Thank you to our Camden team for your unwavering commitment to improving the lives of our teammates, our customers, and our shareholders, one experience at a time. We had a great first quarter and exceeded our operating expectations, beating our guidance by \$0.04 per share. Clearly, in the last month the operating outlook has become more complicated. The good news is clear. New supply has peaked in our markets and apartment absorption continues to be strong. In fact, new starts are at a 13-year low and are down 80% in Austin and between 65% and 80% in Houston, Denver, Charlotte, Raleigh, Atlanta, Nashville, and Washington DC. Rent affordability continues to be a tailwind with wage growth outpacing rent growth by over 300 basis points for the past 28 months. The premium to own vs rent continues to be at historically high levels making apartment homes more affordable.

Camden's sunbelt markets continue to dominate job growth, population growth and growth in young adult household between 20 and 39 years old. Camden's sunbelt markets are 50% to 60% less expensive for residents than high-cost coastal markets. Today's economic uncertainty is not new for us. We have positioned our company to do well in all market conditions with a strong balance sheet, a geographically diverse portfolio, and a great team. We are in the sunbelt because that's where the growth is, and the sunbelt has historically weathered tougher economic conditions better and bounced back faster than other markets. People always need a place to live, and our Camden teams will welcome them home. Thank you. Keith Oden is up next.

Keith Oden – Camden Property Trust

Operating conditions across our portfolio are playing out as we expected. In our market outlook on last quarter's call, we projected our top five markets for revenue growth this year would be Tampa, LA/Orange County, San Diego/Inland Empire, Washington DC Metro, and Houston. Not surprisingly, those were in fact the top five performers for the quarter, with same-property revenue growth ranging from 1.3% to 4.5% in those markets, compared to our overall portfolio at 0.8%.

Rental rates for the first quarter had effective new leases down 3.1% and renewals up 3.3%, for a blended rate of negative 0.1%. This was in line with our expectations for the quarter and reflected a 100 basis point

improvement from the negative 1.1% blended rate we reported in 4Q24. Our preliminary April results are also on track and showing improvement versus 1Q25. Occupancy for the first quarter showed slight improvement averaging 95.4% vs. 95.3% in 4Q24, and we expect occupancy to remain relatively stable for the remainder of the year. Renewal offers for May, June and July were sent out with an average increase of 4.2%.

Turnover rates across our portfolio remain very low, and our 1Q25 annualized net turnover rate of 31% was one of the lowest in our company's history. We attribute this in part to continued low levels of moveouts for home purchases, which were 10.4% this quarter, along with high resident retention driven by the hard work, dedication, and commitment of our team members in delivering exceptional service and support to our customers, as indicated by our Customer Sentiment Score.

Camden's Customer Sentiment Score (CSS) was 91.1 for the first quarter of 2025. This is the highest score we have ever received since we began measuring customer sentiment in 2014, and clearly demonstrates the appreciation and satisfaction our residents and customers feel for Camden. And as Ric mentioned earlier, we are proud to have been recognized for the 18th consecutive year as one of the 100 Best Companies to Work For by FORTUNE magazine, most recently ranking #18. Thank you Team Camden for your energy and commitment to maintaining a truly amazing work environment. We know that happy team members, along with happy residents and customers, ultimately lead to happy shareholders. I'll now turn the call over to Alex Jessett, Camden's President and Chief Financial Officer.

Alex Jessett – Camden Property Trust

Thanks Keith. I'll begin today with an update on our recent real estate and capital markets activities, then move on to our first quarter results, and our guidance for second quarter and full-year 2025. We have been active this year on both the acquisition and development fronts, completing two acquisitions for a total of \$199 million and commencing construction on one new development community with a total estimated cost of \$184 million. Our acquisitions to date included: Camden Leander, a newly constructed 352-unit suburban Austin community, and Camden West Nashville, a 435-unit community built in 2020. During the quarter, we also broke ground on Camden Nations, a 393-unit Nashville development community, which is expected to open for leasing in early 2028. These transactions enhance our presence in two of the fastest growing, high-demand markets in the nation, and will ultimately serve to double our presence in the dynamic Nashville market.

We continue to make progress leasing up our three development communities which completed construction

during 2024: Camden Woodmill Creek and Camden Long Meadow Farms, our single-family rental communities located in suburban Houston, along with Camden Durham, a traditional multifamily community located in the Raleigh/Durham market of North Carolina, and we expect to achieve stabilization at each of these communities later this year. In addition, we recently began lease-up at Camden Village District, a 369-unit new development in Raleigh, which is currently 14% leased and 8% occupied.

At the midpoint of our guidance range, we are still anticipating \$750 million of both acquisitions and dispositions. While we did not complete any dispositions during the first quarter, we are actively marketing a few of our older, more capital-intensive assets for sale, and anticipate some closings in either the second or third quarters of 2025. Our original guidance for development starts in 2025 was \$175 to \$675 million, and to date we have started \$184 million. We will continue to monitor market conditions and may start additional projects later this year.

Additionally, in the first quarter we entered into a \$600 million commercial paper program to supplement our existing line of credit. As our line of credit backstops this commercial paper program, we have not gained incremental borrowing capacity, but we have successfully added another financing vehicle which often produces lower interest rates.

Turning to financial results; last night we reported Core Funds from Operations for the 1st quarter of \$189.8 million, or \$1.72 per share, \$0.04 ahead of the midpoint of our prior quarterly guidance. \$0.02 of this outperformance came from higher revenues resulting from the combination of lower-than-expected bad debt, higher occupancy, and higher other income. \$0.01 of the outperformance came from favorable timing of repair and maintenance and property tax refunds, partially offset by slightly higher utility expenses. The remainder of our outperformance came from lower than anticipated interest expense, along with the timing of fee income and overhead expenses.

While we are pleased with our strong first quarter outperformance, at this point we are not adjusting our full-year same store guidance. However, we are increasing the midpoint of our full year Core FFO guidance by \$0.03 per share from \$6.75 to \$6.78, primarily resulting from lower projected interest expense incurred through our new commercial paper program. Under this program, we are currently borrowing at rates approximately 50 basis points below those of our line of credit. We anticipate an average of \$565 million outstanding under the commercial paper program for the remainder of the year at an average rate of 4.2%.

We also provided earnings guidance for the 2nd quarter of 2025. We expect Core FFO per share for the 2nd quarter to be within the range of \$1.67 to \$1.71 representing a \$0.03 per share sequential decline at the midpoint, primarily resulting from an approximate:

- \$0.02 sequential decrease in same store NOI as higher expected revenues during our peak leasing periods are offset by the seasonality of certain repair and maintenance expenses and the timing of our annual merit increases.
- A \$0.02 increase in interest expense due to higher borrowings, and
- A \$0.01 increase in overhead costs due to the timing of various public company fees.

This \$0.05 per share sequential decrease in core FFO is partially offset by \$0.02 of additional earnings from our new developments and completed and proforma net acquisitions. Non-core FFO adjustments for 2025 are still anticipated to be approximately \$0.10 per share and are primarily legal expenses and expensed transaction pursuit costs.

At this time, we will open the call up to questions.

Eric Wolfe - Citibank

You mentioned that you're maintaining your same-store guidance given the recent macro uncertainty. I'm just curious if there wasn't that uncertainty, and we were more in an environment like we were last year or maybe earlier this year when you gave guidance, would you have raised your same-store revenue, would you have lowered same-store expense? Just trying to see how the environment is impacting your guidance specifically.

Ric Campo – Camden Property Trust

Clearly, the environment has everyone's head spinning in America, and maybe the world today. I would say that uncertainty is kind of the watchword today. If we had more certainty about what the summer was going to look like and what the end of the year was going to look like, we might have been more constructive on our guidance change. But that isn't where we are today. So I think like most other folks we are going to be in a wait-and-see mode. We feel really good about where we are. We have seen really no cracks in the ice, if you want to call it that, for the business. Things are going along very well for our business. But on the other hand, when you have these wild gyrations in the market and uncertainty about jobs long-term, you have to be a little cautious.

Jamie Feldman – Wells Fargo

Can you talk about which of your Sunbelt markets you're seeing quicker stabilization of deliveries, where new leases could turn positive as we enter peak leasing? And then on the opposite side, where do you think you'll see the biggest drag, whether it's Austin, Nashville, Raleigh, or some of the more pressured? Just trying to get an update on when things could turn positive across the more challenged markets.

Keith Oden – Camden Property Trust

Nashville and Austin clearly are going to continue to be challenged throughout 2025. The level of deliveries in both of those markets came down slightly this year, but not a meaningful difference between 2024 and 2025 deliveries. The good news is they trail off pretty significantly towards the back half of 2025. So I think there's a good chance for improvement in those two markets. And again, that's measured by the trade-out on new leases at some point in 2025 hopefully getting closer to a positive number. So those two are clearly in their own little category.

The other markets that performed well for us in the first quarter are the markets that have had the better supply-demand ratios both last year and into this year, and I think they'll continue to perform at the top of our portfolio. That would be D.C. Metro, Houston, San Diego/Inland Empire, and L.A./Orange County - they had a really good first quarter. Because they're responding to the better balance between supply and demand, I think they'll continue to lead the portfolio throughout 2025, and that's why those markets were all rated at the top of the pack in our annual scorecard that we provided in the first quarter.

Ric Campo – Camden Property Trust

I would add Tampa and Orlando. Tampa is definitely going to be one of the markets that turns in terms of positive new lease rate growth for sure. The other thing I would add is while Nashville and Austin are definitely going to be slower out, we think once they come out, they're going to be faster up. And that's why we bought a property in Austin, and we bought a property in Nashville, and we started a development in Nashville. It's always interesting because they're definitely the two whipping markets today for oversupply, but they're also the best-growing markets we have in America from a job growth perspective and future prospects. So when they turn, they're going to turn hard, hard up and high to the right.

Jamie Feldman – Wells Fargo

Okay. And then along the same lines, do you have a sense of what you're expecting for new and renewal leases in the second quarter given some of these tightening up?

Alex Jessett – Camden Property Trust

I would tell you that the blend for the second quarter for us should be sort of flat to positive 1%. So a good increase from the first quarter and in line with the positive view of how we're looking at everything right now.

Brad Heffern – RBC Capital Markets

Can you give your perspective on D.C. and DOGE? Are you seeing anything on the ground right now? And do you expect to at some point? And when might that be?

Ric Campo – Camden Property Trust

We are seeing absolutely zero anecdotal information about DOGE and the negative effect that I think some people think it's going to have on the D.C. market. As a matter of fact, D.C. continues to be really good - high occupancy, very good new lease rate growth and renewal growth. The highest blended lease rates that we have in our system are in D.C. I think it's like the initial question I got about guidance, and that is that people's heads are spinning because of all the rhetoric and all the uncertainty out there. Yet on the ground, people are signing new leases at incredibly high rates relative to what they were. Our occupancies are really high, and we haven't had people coming in to say, "Oh my gosh, I've lost my job in the federal government, you need to let me off my lease." We just haven't seen that.

If you looked at the employment data today, I thought it was really interesting. If you dig down into it, it was obviously a good print nationally. But when you look at the government side of the equation, the actual government if you take the gross number was up 10,000. Now federal government ex-postal was down 9,000, but state and local governments were up more than the federal government was down. So you had an actual increase in government employment in April. I think what's happening out there when you think about a low unemployment rate, we have a 4.2% unemployment rate. If you look at the unemployment rate for people that are 25 or older with college educations or higher, the unemployment rate is 3.2%. D.C. has the highest percentage of college graduates, and most of our residents are high median income, and there are definitely college graduates - a lot of them. So, you have this situation where even with the noise from 9,000 federal government job losses, you still have so much tightness in the labor market relative to the people that are in our customer base, that we just haven't seen a major impact.

Unless you multiply those government job losses by 5 or 10, maybe if you start having 10 times then you start having some issues, but a lot of the folks who are losing their jobs are people who own homes and aren't living in apartments. The other part of the equation is that 75% of our portfolio is outside the district, and we're in

the suburbs. There's a lot of discussion, a lot of noise, but absolutely zero evidence on the ground that it's having any negative effect on our business at all.

Alex Jessett – Camden Property Trust

I'd add some numbers around that. If you look at our effective blended rent increase for the DMV in the first quarter, it was up over 4%. If you look at signed blended leases, which is obviously a leading indicator of what the second quarter is going to look like, signed blended leases for the first quarter were higher at 5%. And our occupancy in the DMV is the highest in our system at 97%. So very, very, very strong.

Steve Sakwa – Evercore ISI

Ric, I wanted to follow up on your comment about the developments. I know you're being a bit careful on the starts. But how are you underwriting construction costs today? And what are you putting in for tariff impacts on that part of the development that's being impacted? And what adjustments, if any, are you making on the rent and expense side of things?

Ric Campo – Camden Property Trust

Sure. In terms of cost, we're putting in roughly 2% to 3% in terms of costs related to tariffs. And the reason it's not more is that we've been to this movie before. Under the administration 1.0, there were tariffs. And there were issues, and COVID created a lot of interesting supply chain issues, as we all know. So, what a lot of folks have done, including the apartment industry and construction industry, is we have tried to get our supply chain closer to our projects and a lot of effort has gone into getting supply chains that are not as vulnerable as Asian supply chains. I would say that's part of the reason why we're talking about 2% to 3%. On the other hand, if you think about margin compression on the construction, contractors' profit margins are coming in because we had a 50-year peak in new construction. If you look at the forward starts, they're falling off the edge of the earth. The builders out there that are subcontractors all see their business shrinking. So, what they're doing is shrinking their margins to offset these costs. And keep in mind, when you're at a 50-year high in construction, the margins are wide because there's not enough people to go around from a construction business perspective. So, there's a lot of room in the margin for people to bring that down and to offset these costs. I think that's the good news. I think the bad news is that we are worried that there are going to be certain components that might have supply chain challenges. Not just price but getting the product. Are the shelves going to be full of the things that you need? If there's one component that's not available, that could slow your whole project down. I think there's definitely some risk in that for sure. In terms of how we're underwriting today, we're underwriting with a view that rents are going to be flattish for this year, and then

they're going to start to rise next year at probably better-than-normal rates. And then in 2027 -2028, we're going to have outsized revenue growth. So, we're starting with current rates, and then we are putting in our models the effect of what we think is going to be some of the best rental growth markets that we've seen since the end of the financial crisis, ex maybe the COVID craziness that happened in 2022.

Haendel St. Juste - Mizuho

Alex, maybe a question for you on the FFO guide here. You gave a second quarter guide. We backed into full year, first half versus second half numbers of \$3.41-ish for the midpoint of the first half, \$3.37 in the back half of the year. I know that market conditions are expected to improve as supply falls. You have some developments coming online. Your borrowing costs are lower. It's early in the year, but maybe you can help us understand if there's anything contemplated in the second half that we're not aware of. Because again, there seems to be some deceleration implied in the back half of the year based on this updated guide.

Alex Jessett – Camden Property Trust

Yes, Haendel, absolutely. If you remember, we've got \$750 million of acquisitions and \$750 million of dispositions built into our math. And as I said on the last call, because the initial assets that we're going to be selling are our older, more capital-intensive assets, they are going to be trading at a higher yield than our acquisitions. And so we're going to have some negative impact on that spread on an FFO basis in the latter part of '25. But remember, that's on an FFO basis. On an AFFO basis, these assets will probably trade pretty much in line with one another. And then the second thing you have to remember is that as we're selling these older assets, although the yield is a little higher today, the newer assets that we're buying are going to grow at a faster pace. So, the dilution that we expect to see in the latter part of 2025 should be eliminated in pretty short order as we go into 2026 and 2027 and beyond. But that's what you're looking at.

Alex Goldfarb – Piper Sandler

Alex, a question for you on the commercial paper program. You're following a long list of other larger REITs that have entered this. Whenever I speak to the unsecured Mafia, I always hear some pushback on the CP program. Can you elaborate a little bit more what the cost advantage is versus the line of credit, why you do it? I mean, the unsecured community is a pretty powerful community. You want them on your good side. So is there a pricing impact to your bonds? Or why is there all this commotion that I hear about?

Alex Jessett – Camden Property Trust

First of all, I absolutely love our unsecured community. So any of you that are out there listening, we love you

guys. What I would tell you is those folks that generally were against it, a lot of them have changed their tune. There are a few who are vocal and push back against it. But the real thing is that you have to be prudent in how you use it, and we're absolutely going to be prudent in how we use it. It is not in addition to your line of credit. As your line of credit backstops it, it is merely a substitute for your line of credit for short-term borrowings. A lot of the unsecured community gets worried that people will use short-term debt to fund long-term assets. It's absolutely not what we will do. It is just in lieu of our line of credit. The pricing differential is fairly significant, 50 basis points, which obviously as you can see in our guidance increase works out to be \$0.03 per share for us in 2025. So, that's why we do it. It's a large pricing increase, but we absolutely will use it in a prudent, effective manner. There will be no impact to our bond pricing. As you pointed out, the largest REITs in the REIT universe do have a commercial paper program in place, so this is not something that we think will cause us any disadvantages on the unsecured side.

John Kim – BMO Capital Markets

Alex, we love you, too. I was wondering on the April commentary of basically showing positive momentum versus the first quarter. I was wondering if you could provide that information on new leases as well. If we look at the CoStar data, it seems like April has kind of stalled out for you and some of your peers. I know that's not really an apples-to-apples comparison necessarily, but I was wondering if you can comment if you've seen any softness on new leases in April?

Alex Jessett – Camden Property Trust

No, we have not. Not at all. I'm not sure about the data sources and what they're pulling, but we're not seeing that one bit. In fact, we are seeing the uptick that we would expect going from the first quarter to April.

Rich Hightower – Barclays

I was wondering if you could give us a sense of your projections for A assets versus B assets in the sunbelt markets. And is there any difference in history if we go back and look at historical patterns? Because you've got a different composition of the workforce, higher income, higher education, all that versus maybe where we stood 10-20 years ago, how will those assets perform?

Alex Jessett – Camden Property Trust

Yes. I'll tell you one of the reasons why we always have a blend between Class A and Class B and a blend between urban and suburban is we know that those different classes behave differently at points in time. If you look over the past 4-5 years, Class B suburban absolutely was outperforming. But a lot of that was a

function of where the supply was. The supply was Class A urban assets. As we're working through the urban Class A supply, what we're actually seeing this year in actuals from the first quarter and what we have for the full year is that Class A and urban assets are performing slightly better. Pretty close, but still slightly better on that side.

Rich Hightower - Barclays

Okay. That's interesting. Maybe a follow-up on the \$750 million of acquisitions and dispositions. On the disposition side, help us understand who the buyer pool is, cap rates, capital structures, who's got the capacity to buy, who's lending against those assets? Is it a value-add type of plan generally? What's going on there?

Alex Jessett – Camden Property Trust

Yes, absolutely. It's value-add. It's interesting. There are so many funds out there, and a lot of funds that you've never even heard of that have a great deal of capacity. We do have deals in the marketplace. I'll tell you the folks that are showing up and making strong bids are more of the local operator, local shops with good-sized funds, good operating histories. They are treating them as value-add opportunities. If you look at the spread differential on cap rates, as I said a little while ago, it's probably around 100 basis points on a pure FFO-type yield differential between the acquisitions, but that's not what it is once you put real CapEx in because these are older assets, more capital-intensive assets. But there are a lot of folks out there with money, and they really do like this product type.

Ric Campo – Camden Property Trust

Just to put a fine point on that. We have a property in Dallas that we're marketing and I think the number of offers is like 35 on it. It's a bite-sized deal, so there are a lot of people who want to do these size transactions. They're right in the sweet spot of Freddie and Fannie financing, and there's really no limit on the financing side of the equation. Insurance companies and banks are still out there in the marketplace. So, there's plenty of capital out there. And as to Alex's point, even the private capital is probably more aggressive today than the broader pension capital because I think they're nervous about the market the way most people are. But these private equity/private office or family office groups have been consistent buyers and have consistent capital over a long period of time.

Jana Galan - BofA

I appreciate your comments on the renewals being sent out at about 4.2%. Can you remind us what the historical take rate is post-negotiations? Where they kind of settle out on the renewals?

Keith Oden – Camden Property Trust

Yes. From the stated rate or what we go out at, there's usually about a 50 basis point decline to what leases get entered into. Our renewal rate is one of the highest that we've seen ever in our company's history. It's pretty interesting that despite Ric's point about heads spinning, maybe part of the heads spinning is "I think I'm just going to stay here where I'm comfortable, where I've been treated well, renew my lease, and reconsider that somewhere down the road." But our renewal rates were really high. And our take rate is about a 50 basis point spread.

Alex Jessett – Camden Property Trust

We're assuming that renewals in the second quarter are going to be in the high 3% range. That's in line with what we're sending out and what we would expect to sign.

Adam Kramer – Morgan Stanley

Thank you for the time here. I think on the last call, you talked about full year blended lease growth between 1% and 2% with new leases slightly negative and renewals in the high 3% range. And I think you also talked about the cadence of that over the course of the year. I'm wondering if there's any change to number one, the full year numbers, both the new and renewal? And also wondering, number two, if there's any change to the cadence of new lease growth and the max new lease growth that you expect at some point this year?

Alex Jessett – Camden Property Trust

So first of all, you're exactly right. That's exactly what I said last quarter. And at this point in time, there is no change to our full year assumptions nor any changes to the cadence of how we get there. And we still do believe that sometime in the third quarter is when you should see some positivity on the new lease side.

Wes Golladay – Robert W. Baird

When you look at your acquisition pipeline, are you going to make a big push in Austin and Nashville this year? And are there any other markets you want to boost exposure to?

Ric Campo – Camden Property Trust

Definitely. Austin and Nashville are on our radar screen big time, and primarily because of the percentage of net operating income we have from those markets. We've stated we don't want markets to be over 10%, but we want them to get closer to that, and Austin and Nashville are in that zone where we need to increase our

exposure to get closer to those numbers. There are other markets like Raleigh that we're looking at as well.

Alex Jessett – Camden Property Trust

Tampa is a market that's high on our list. Dallas is a market that's high on our list. Dallas will be a little bit of trading assets in and out. But really every single one of the markets that we operate in, with the exception we talked about last quarter being Houston and the DMV, because they're our 2 largest markets. We're looking for quality real estate in all of those other markets, real estate where we think we can create value for our shareholders.

Ami Probandt – UBS

First, compliments on the music choice. I was wondering, as you're seeing a much better outlook for your markets as we head towards 2027, could you look to rebuild the land bank to be able to start more projects? You recently sold down the land bank a bit, so I'm wondering if you'd look to rebuild.

Ric Campo – Camden Property Trust

Absolutely. We are in the marketplace trying to rebuild the land bank. We are definitely a developer and have created significant value over the years through development, and we will continue to do that. Even though I will say it is much more difficult today to underwrite projects given cost and that rent growth has been flat for the last couple of years. So, you definitely have to be very optimistic about the future, but also disciplined about what returns you're willing to take as well.

Linda Tsai - Jefferies

On the SFR products, Woodmill Creek and Long Meadow Farms in suburban Houston, how is lease-up trending relative to expectations? And can you share what you're learning in terms of how residents are responding to the projects and maybe how you're driving traffic to these assets?

Alex Jessett – Camden Property Trust

Yes, absolutely. I talked about this a little bit on the last call. For this particular product type, we were warned when we got started that it's a very slow lease-up. It's just the demographic that generally moves into this product takes longer to make decisions. And they were right. So, it has been a very slow lease-up. The good news is that we're almost across the finish line, and we'll have both of them stabilized later this year. The other good news, and I talked about this last time as well, is that if it takes somebody this long to make a decision to move into a community, we think they're going to be sticky. We think it's going to take them quite some time

to make a decision to leave the community. So all in all, we feel very good about the product. What we really need to see is how it is to operate once it becomes stabilized. If we can operate it efficiently like we think we can, nesting it with our existing traditional multifamily communities, then you're likely to see us do more of this. But at this point in time, probably the biggest lesson we learned is that it does take a while to lease up, but we feel very good about where we are with them.

Conor Peaks – Deutsche Bank

Bad debt continued to improve this quarter at 60 basis points. Would you say you've reached a normalized level at this point? Or are you seeing further improvement or maybe upside pressures?

Alex Jessett – Camden Property Trust

I would tell you that we are pretty close to reaching a normalized level. Keep in mind that normalized for us is 50 basis points, and we were at 60 basis points in the first quarter. So, we're still 10 basis points high, but we've seen really significant improvements in the markets that were more problematic for us, primarily in California and in Southeast Florida. We've got another 10-plus basis points to go, but we feel very, very good about where we are. We're certainly ahead of plan for the year. A lot of this is tied to some of the technology initiatives we rolled out to make sure that we close the front door on folks coming in on a fraudulent basis. And that technology is absolutely working. We can see it in our results, and we feel good about the progress.

Keith Oden – Camden Property Trust

Yes. Conor, just a point on that. I recall during the midst of the COVID mess when our bad debt expense went to levels that we thought we would never see. We got a question on the conference call where someone asked "do you think that bad debt expense will ever get back to what it was pre-COVID?" And my answer was - "ever" is a long time. We probably will. We just couldn't see it at the time. But as Alex said, we're basically 10 points away from our 30-year average bad debt expense. So, we're definitely trending in the right direction, and I think "ever" will come eventually.

Alex Kim - Zelman

Congrats on the strong quarter. I just wanted to pull the thread a little on the transaction market. You quoted that Camden Leander was able to be acquired 15% below replacement cost previously, and that ability to buy below replacement cost has been a boon thus far. Just curious, is that still the case in your markets? How long do you expect that to last, especially as the forward outlook just grows more positive consistently?

Ric Campo – Camden Property Trust

I think it's going to last for a while in Austin and Nashville because those markets are going to take longer to recover. There are folks who are just not going to buy there until they see more light at the end of the tunnel. I think the economic uncertainty has made people nervous, especially when you saw technology shares collapsing as a result of tariffs and stuff like that. Austin and Nashville are very high tech and medical markets. So, I think you're going to still be able to buy properties below replacement cost in those markets. I think in other markets that have the view that rental rates are going to turn positive sooner, rather than those other two markets, you are probably going to be a little less able to buy below replacement cost.

I still think there's a fair amount of uncertainty in the marketplace that's keeping a fair amount of institutional investors on the sidelines. When you have the volatility like you do in the ten-year, I know it just makes people wait. And I think that waiting is going to continue to keep prices at a reasonable level where we can buy below replacement cost. Ultimately, the other driver is how many properties are coming into the markets. Banks need to be paid off by merchant builders. Banks have been very accommodative over the last couple of years, and they see the light at the end of the tunnel as well, and they're going to start putting more pressure on people to sell or refinance in some fashion. There are a lot of merchant builders out there that have to write checks to refinance, and they probably aren't going to want to do that, so they're likely to sell. You should have more merchant builder product in the market as a result of that over the next 12 months. So, with all that said, I think it's going to be a reasonable environment to acquire properties. In some markets, you'll get big discounts like Austin and Nashville. In other markets, it's going to be closer to replacement cost or maybe slightly less, but not the 10% or 15% number that we've seen in Austin and Nashville.

Alex Goldfarb – Piper Sandler

A combo market question on Houston and L.A. Ric, obviously, oil is back in the limelight. Just curious, with the drop in oil prices, any ramifications down in the Houston market? And out in L.A., with what's going on in Hollywood, the delayed reboot, how are you thinking about your Hollywood and Glendale assets?

Ric Campo – Camden Property Trust

Sure, let's start with oil. Oil prices obviously are lower, and they are lower for two reasons. One, people are worried about the economy, but more importantly OPEC is pumping more oil. I was talking to some CEOs of oil companies here in the last week or so, and their view is that oil prices cannot stay at these levels very long for a couple of reasons. One is that even though OPEC has a lower breakeven price for oil than the U.S. does, they need \$70-plus oil to make their economies work. And so bringing oil prices down, maybe for political reasons,

is what they're doing now, but ultimately that's probably fairly short-lived. If the economy doesn't crash and you have a more accommodative economy, most people think oil prices are going to be \$70-plus fairly quickly.

On the other hand, when you think about Houston specifically, unless it's a massive decline because of COVID or something like that, the price of oil has really not changed the dynamic of the energy business, because the energy business today has consolidated so much and has become more efficient. The price of oil doesn't really drive their business as much, especially big oil. Chevron and Exxon both announced earnings today. Chevron wasn't as good as Exxon, but both said that they're going forward with their projects. They're not changing their capital allocation strategies. They're not doing much other than just dealing with the current environment. Both companies have moved their headquarters - Exxon from Dallas to Houston, and Chevron last year moved their headquarters from the Bay Area to Houston. Houston continues to get the consolidation effect and the employment from moving those headquarters. So, I don't think that oil prices are going to be a big issue to Houston at all. In terms of L.A. I'll let Keith answer that.

Keith Oden – Camden Property Trust

Yes, Alex, the two properties you mentioned, Camden Hollywood and Glendale, they both averaged 96% occupancy in the first quarter. They continue to be really good, and even recently in April, they're doing really well. We're down to probably a handful of holdover bad actors from the COVID experience. In a lot of cases, we turned over a pretty significant percentage of the tenancy in both of those communities. 96% occupied feels like a really good place to be versus our overall portfolio average of 95.4% occupied right now. So, I think we're fine there. You're always going to wonder about the next bullet in California from a regulatory standpoint. But actually there's been some pretty interesting news from a positive sense on the regulatory zeal for jumping into regulatory regimes around rent control, etc. in the last 6 months in L.A. I hope it's a trend that continues.

Ric Campo – Camden Property Trust

I'll just add one last thing on Houston that I wanted to mention. That is, you probably saw the announcement that Apple is expanding a plant here in Houston. Apple and Foxconn just bought 175 acres adjacent to the existing manufacturing facility they have. So, a lot of the discussion about onshoring or reshoring or whatever you want to call it is starting to take place. And places like Texas are drawing those companies here. When you think about Houston, it gained 1.1 million people in the last 10 years. That's a combination of domestic migration and international migration. We're projected to have 100,000 more people this year. Some people say that's changing. I think that the answer is it's not really changing because the reason people come to this

market is because we are low cost, highly productive and low risk. And we have energy, by the way. When you think about data centers, data center production is exploding here locally. The reason data centers are coming to Texas is because we have the thing they need, which is power. We allow new power plants to be built. I'm trying to think when the last new power plant was built in California. So, the reshoring, the data center activity, it's all continuing to produce lots of jobs and lots of growth for Houston and for Texas overall. That really applies to all the Texas markets. It's just a good story that continues to keep going.

Brad Heffern – RBC Capital Markets

Another one on D.C. Last quarter you formalized a plan to work down the exposure to both Houston and D.C. Obviously, you made positive comments on the fundamentals in D.C. But are you planning to market assets in D.C. in the near term? Or does the uncertainty there push out your transactions and presumably, other transactions as well?

Ric Campo – Camden Property Trust

I think it definitely makes sense to slow down on dispositions in D.C. in this current environment. Until you get more certainty about what's going on, I think investors all have a wait-and-see attitude, and that makes a lot of sense for us as well. The Texas markets are buoyant and there's lots of excitement about expanding Texas exposure for investors. So, we're not going to sell just because we said we will into a market that we maybe think is a little less constructive for sales.

Haendel St. Juste – Mizuho

Alex, I wanted to go back to the question I asked earlier on the first half versus second half in terms of FFO. Maybe from a blends perspective, you gave some updates on expectations for second quarter, and it still seems like the first half for blends is looking to be somewhat flattish. To get to your full year guide, it implies a pretty meaningful ramp in the back half of the year to I think over 2%. Maybe help us understand what's driving that, your confidence threshold, and maybe any additional perspectives?

Alex Jessett – Camden Property Trust

Yes, absolutely. So once again, the blended trade-out that I've got for the full year is 1% to 2%. So, clearly there's a range and there are different ways we can get to the range. One of the things I want to remind folks about is that in February or March of last year, if you recall, we ran a special program to move all of our stale units. We had lower pricing when we went through that particular program. I will tell you that on average, most of those leases signed were 16-month leases. And so 16-month leases clearly become helpful for us when

you start to look out 16 months from March of last year. That certainly does help a lot in our comparison basis. But yes, we still feel very comfortable with the range of 1% to 2%, and we feel comfortable that there's a path that we can absolutely get there.

Jamie Feldman – Wells Fargo

Just quickly on your insurance renewal coming up in May. I'm just curious, what have you included in guidance for that? And how are things trending in those conversations?

Alex Jessett – Camden Property Trust

So, we actually renewed yesterday. I will tell you, as I've said many times, there's a very cyclical market when it comes to insurance. A lot of insurance providers made a lot of money over the past several years. Insurance, as we know, is oftentimes a commodity and the best way insurance providers can get more business is to drop rates. That is exactly what we saw. So, our total premiums were down a little bit over 10% and I feel very good about that. Now keep in mind that premiums are only one component of our total insurance costs. The second component is losses. If you look at 2024, we had a very low year in terms of losses. We are not currently anticipating that '25 is going to be as low as '24 just because we're looking at historical trends. So, when you put the very successful insurance renewal and combine that with the idea that losses will likely be up from '24, we are assuming that insurance for '25 is going to be a flat number. That being said, we obviously did not change our full year expense growth assumptions. We are anticipating that perhaps some of the savings we're seeing on the insurance side may get eaten up with slightly higher R&M tied to some of the tariff activity. And we're also seeing a little bit of slightly higher utilities as well. But a very, very good insurance renewal.

Ric Campo – Camden Property Trust

Thank you for being on the call today, and we look forward to following up with you in the future and seeing you at future meetings.

Edited for Readability