U.S. MULTIFAMILY OUTLOOK

MAY 2025

AGENDA

- Current State of the U.S. Economy:
  - Inflation and Interest Rates
  - Demographics and Labor Markets
  - Deglobalization and U.S. Public Policy
- Current Multifamily Performance & Forecasts
- Multifamily Investment Themes:
  - **Core Strategy:** Core Market Recovery
  - **Distress Strategy:** Mapping the Recovery of High-Supply Markets
  - **Value-Add Strategy:** Next Wave of Emerging Markets

PRESENTERS

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OPENING REMARKS

Yardi Matrix House View – May 2025

MACROECONOMIC UPDATE

- The U.S. economy grew at a steady pace in 2024, however, GDP fell in 1Q25 to an annual rate of -0.3% and the outlook remains cloudy
- The Fed has held rates steady after cutting rates by 1 percentage point in the second half of 2024
  - In a “wait and see” mode amid concerns that tariffs could lead to higher unemployment and inflation
- Inflation remains steady between 2.4% and 3.0% because of reduced global trade, unless there is a significant decrease in energy prices or more deregulation
  - Tariffs and shortages could amplify price pressures
- Stress among lower income consumers is real and consumer sentiment continues to decline
- The U.S. labor market is tight due to demographic reasons; even higher productivity will be needed to absorb lower immigration
- **With immigration policy decided, a new policy mix is emerging with de-regulation and lower energy costs hoping to offset trade and potential labor cost pressures**
- U.S. economy looks to continue to expand at ~1%; large federal deficits (>$1.6 Trillion) are counteracting monetary policy; and the U.S. 10 Yr has backed up to 4.3%+ from 3.6% (at least down from 4.7% in Jan)

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Source: Yardi Matrix

Yardi Matrix House View – May 2025

MULTIFAMILY UPDATE

- Overall, the multifamily market is performing well, as demand continues to absorb supply
  - The high cost of home ownership will continue to fuel renter demand
- Market-level performance confirms the importance of the supply/demand balance:
  - Core markets are recovering; Midwest market rents are up 40-50% since COVID and growing; Tech markets slowing after the COVID surge due to a large supply response
- Multifamily completions are expected to decline after 2024’s peak, dropping significantly by 2027
  - Construction starts began slowing in 2023 and moderated significantly in 2024, driving a slowdown in new supply in 2026
  - However, elevated completion times and a still-large under-construction inventory implies that supply will not completely bottom until 2027
  - The decline in new supply over the next few years will boost performance of multifamily fundamentals
- The U.S. has a structural housing shortage due to building regulations, zoning and permitting delays, which is unlikely to be resolved for at least 10 years; what supply is added is at the high end of the market, but filtering is real nonetheless, still the “long pole” in the inflation tent
- Distress in multifamily is only "sort of" showing up and remains relatively low from a historical perspective
- ***There are a range of strategies that work within this current environment…***

Source: Yardi Matrix

U.S. ECONOMY: INFLATION AND INTEREST RATES

Contextual Overview – May 2025

TREND

- Geopolitical/economic deglobalization
- Demographics – aging population
  - Declining birth rates
- COVID aftershocks
  - Hybrid work, more remote work
  - Higher gov't debt/GDP ratio
- Housing shortage – compounded post GFC
  - Stunted supply response – zoning, permitting, building code, etc.
- Political polarization
  - Rising local political risk, operational regulation

IMPLICATION

- Near-shoring, U.S. re-industrialization, and sticky inflation
- Slow to no population growth absent immigration – tight labor markets, pick the migration winners
- Spreading U.S. population, suburbanization, smaller future urban cohorts, higher LT interest rates
- Absent significant state & local changes, supply surge ('24-'25) will pass without resolving housing shortage
- Local response to shortage matters – enable abundance or allocate shortage

Source: Yardi Matrix

U.S. Public Policy Discussion – Trump's "Revenge of the Physical World"

Trump Presumed Policy Mix

- Energy Production - high levels of domestic production & transmission - to reduce inflation and export to Europe and Allied Asia
- Gov't De-Regulation as back-ended tax cuts; driven by government staff reductions/department closures; shows up in Productivity increases
- Lower Taxes - retain 2017 taxes and other tax cuts
- Trade & China Policy - further restrictions to shift production out of China
- Immigration - very restrictive - results in higher labor costs, but benefits political base, offset by other factors above
- Government Spending - Still high, don't touch entitlements
- Slowing Short Term Interest Rate reductions
- Long Term Rates based on expectation of future Debt/GDP Ratio; requires GDP growth in excess of Entitlement Spending

Housing Policy- Secondary Priority

- Federal Rent Control Off the table; shifts to states
- Federal Regulation of Revenue Mgmt & Fees - shift to states
- Continued LIHTC program, Extend Opportunity Zone program
- Encourage GSEs toward Mission Lending - Workforce Housing; outside caps, special partially affordable programs
- Encourage Supply of SF & MF & MH
    - Tie LIHTC/QCT/DDA/MIHTC/ New OZs/Transport/Infrastructure funds to local pro-growth changes in
        - Zoning
        - Permitting
        - Design Reviews
        - Land & Infrastructure Investments
        - Grow the New Rochelle Model

Source: Yardi Matrix

Forecasts for Real GDP Are for a Choppy 2025, with an Uptick in Inflation & Unemployment During a Period of Transition

Evercore ISI / Yardi Matrix Economic Forecasts

	2023	2024	2025 Forecast Annualized	2026 Forecast Annualized
Real GDP	2.5%	Q1: 1.6% Q2: 3.0% Q3: 3.1% Q4: 2.4%	**Q1: -0.3% Q2: 1.0% Q3: 1.0% Q4: 1.5%**	**Q1: 1.75% Q2: 2.00% Q3: 2.25% Q4: 2.50%**
Nominal GDP	6.1%	Q1: 4.6% Q2: 5.5% Q3: 5.0% Q4: 4.8%	**Q1: 3.4% Q2: 3.6% Q3: 3.8% Q4: 4.5%**	**Q1: 4.55% Q2: 4.60% Q3: 4.65% Q4: 4.90%**
Inflation (GDP Deflator)	3.6%	Q1: 3.0% Q2: 2.5% Q3: 1.9% Q4: 2.3%	**Q1: 3.7% Q2: 2.6% Q3: 2.8% Q4: 3.0%**	**Q1: 2.8% Q2: 2.6% Q3: 2.4% Q4: 2.4%**

Evercore ISI / Yardi Matrix Economic Forecasts

	2023	2024	2025 Forecast Annualized	2026 Forecast Annualized
Unemployment Rate	3.7%	Q1: 3.8% Q2: 4.1% Q3: 4.1% Q4: 4.1%	**Q1: 4.1% Q2: 4.3% Q3: 4.4% Q4: 4.5%**	**Q1: 4.3% Q2: 4.3% Q3: 4.2% Q4: 4.2%**
Bond Yield*	4.0%	Q1: 4.2% Q2: 4.4% Q3: 3.9% Q4: 4.3%	**Q1: 4.25% Q2: 4.00% Q3: 3.75% Q4: 4.00%**	**Q1: 4.25% Q2: 4.25% Q3: 4.25% Q4: 4.25%**
Fed Funds*	5.5%	Q1: 5.5% Q2: 5.5% Q3: 5.2% Q4: 4.5%	**Q1: 4.50% Q2: 4.50% Q3: 4.25% Q4: 4.00%**	**Q1: 4.00% Q2: 4.00% Q3: 4.00% Q4: 4.00%**

Movement in UST 10 YR dependent on path of Debt/GDP ratio- Faster Growth, Slower Spending or a Mix?

*Quarter average. Historical Bond Yield data shown as long-term government bond yields: 10-year: main (including benchmark) for United States, not seasonally adjusted
Source: Yardi Matrix; Evercore ISI; U.S. Bureau of Economic Analysis; Federal Reserve Bank of St. Louis; Moody's Analytics

Yardi Matrix Economic Forecasts – Underlying Assumptions

Baseline	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Real GDP Growth	-0.30%	1.50%	2.00%	2.00%	2.50%	2.50%	2.50%	2.50%
GDP Deflator	3.70%	2.40%	2.40%	2.40%	2.20%	2.20%	2.20%	2.20%
Unemployment Rate	4.10%	4.20%	4.30%	4.30%	3.90%	3.90%	3.90%	3.90%
10 Yr Bond Yield	4.25%	4.50%	4.75%	4.25%	4.25%	4.25%	4.00%	4.00%
Fed Funds	4.50%	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.50%

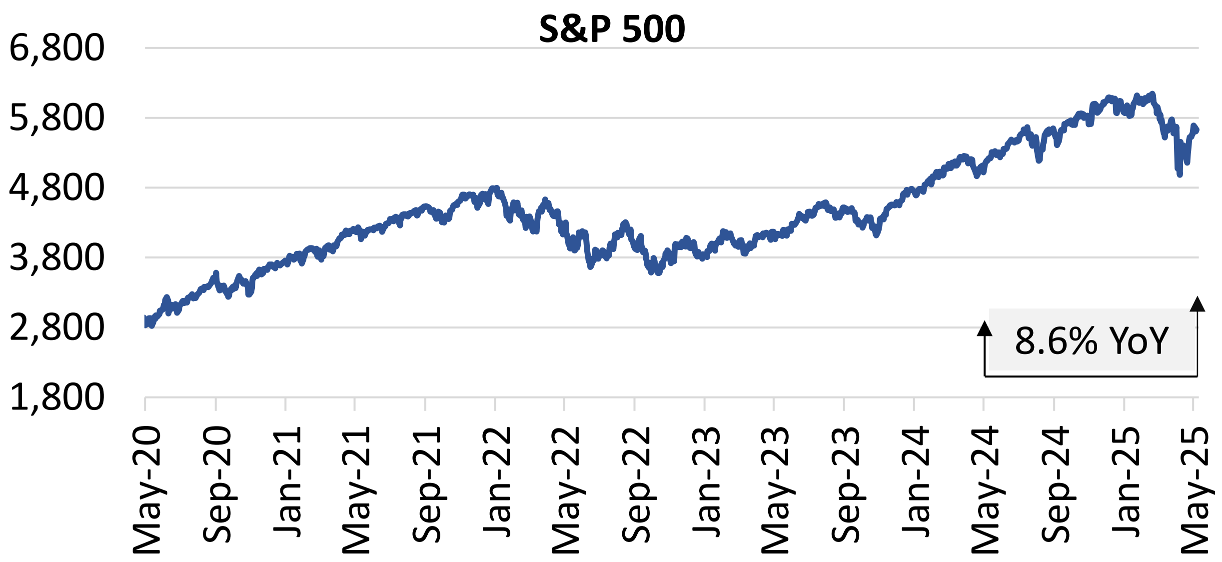
Tariff & Govt Employee Reduction Impact	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Real GDP Growth	0.00%	-0.50%	-1.50%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
GDP Deflator	0.00%	0.50%	0.70%	1.20%	0.60%	0.40%	0.40%	0.40%
Unemployment Rate	0.00%	0.10%	0.20%	0.40%	0.50%	0.60%	0.70%	0.70%
10 Yr Bond Yield	0.00%	-0.50%	-1.00%	-0.25%	0.00%	0.00%	0.50%	0.50%
Fed Funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.50%

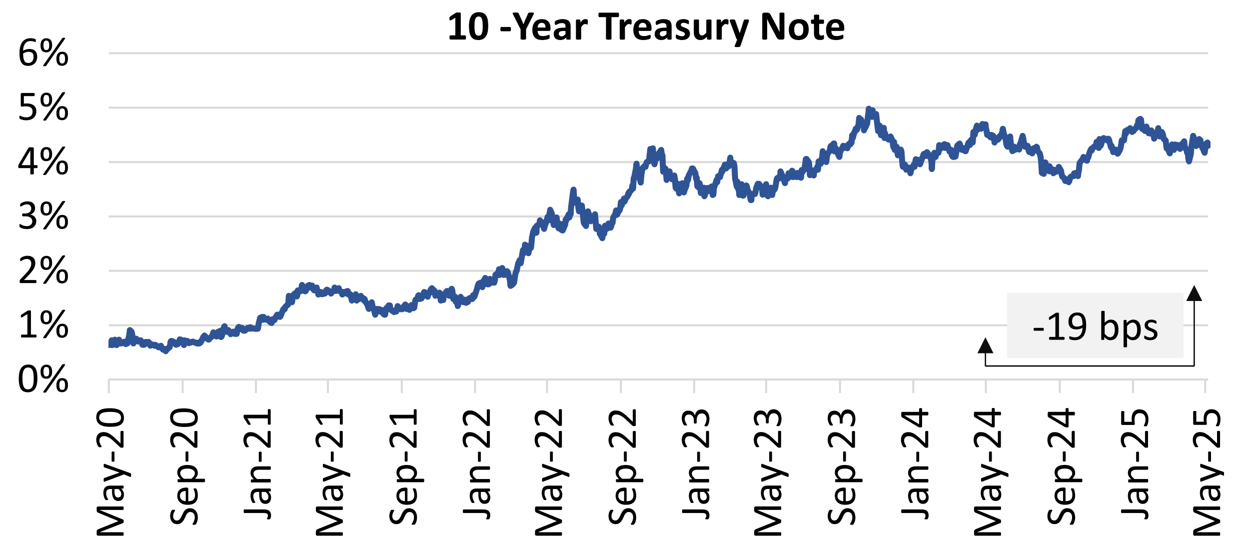
Oil Price/ De-Regulation & Tax Policy Impact	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Real GDP Growth	0.00%	0.00%	0.50%	0.50%	0.25%	0.50%	0.75%	1.00%
GDP Deflator	0.00%	-0.30%	-0.30%	-0.60%	0.00%	0.00%	-0.20%	-0.20%
Unemployment Rate	0.00%	0.00%	-0.10%	-0.20%	-0.10%	-0.20%	-0.40%	-0.40%
10 Yr Bond Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.25%	-0.25%
Fed Funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

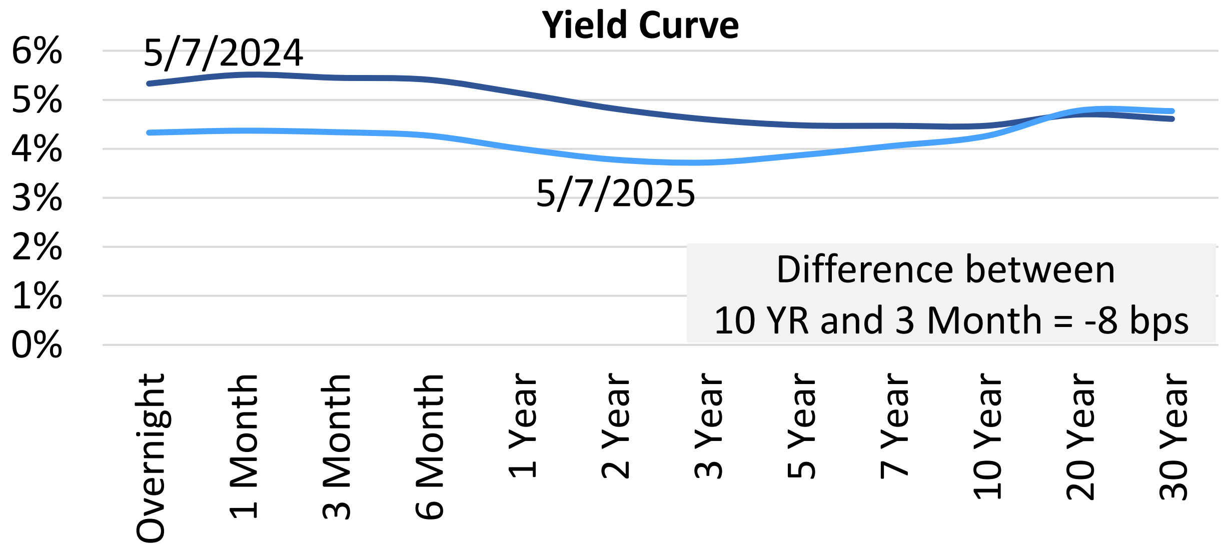
YARDI

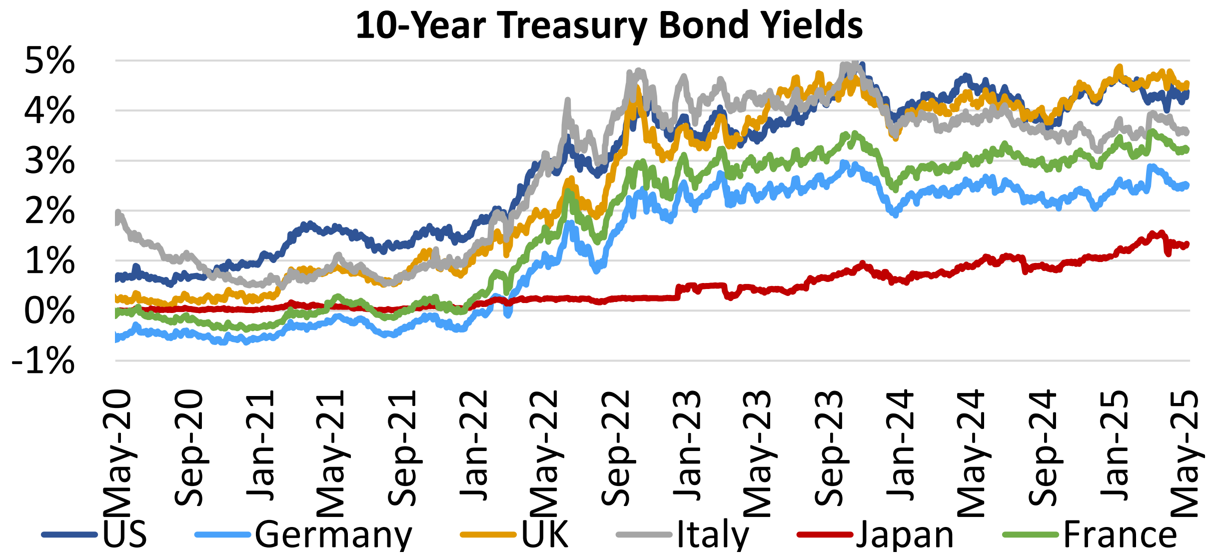
Source: Yardi Matrix

U.S. and International Financial Markets









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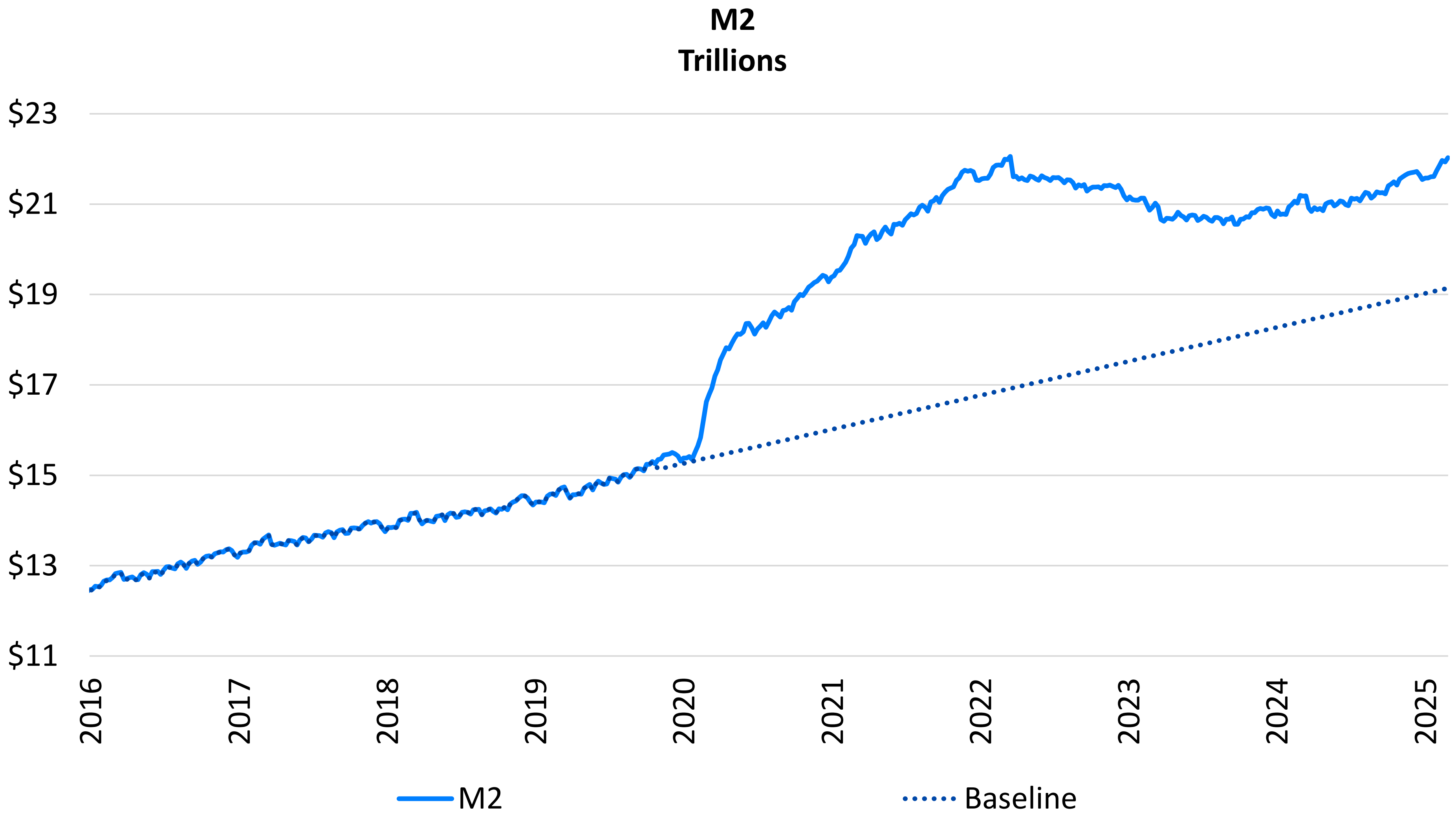
Source: Yardi Matrix; Moody’s Analytics; Investing.com [Data updates daily with a 2-3 day lag]

The Money Supply Is Moderating Towards its Pre-Pandemic Trend

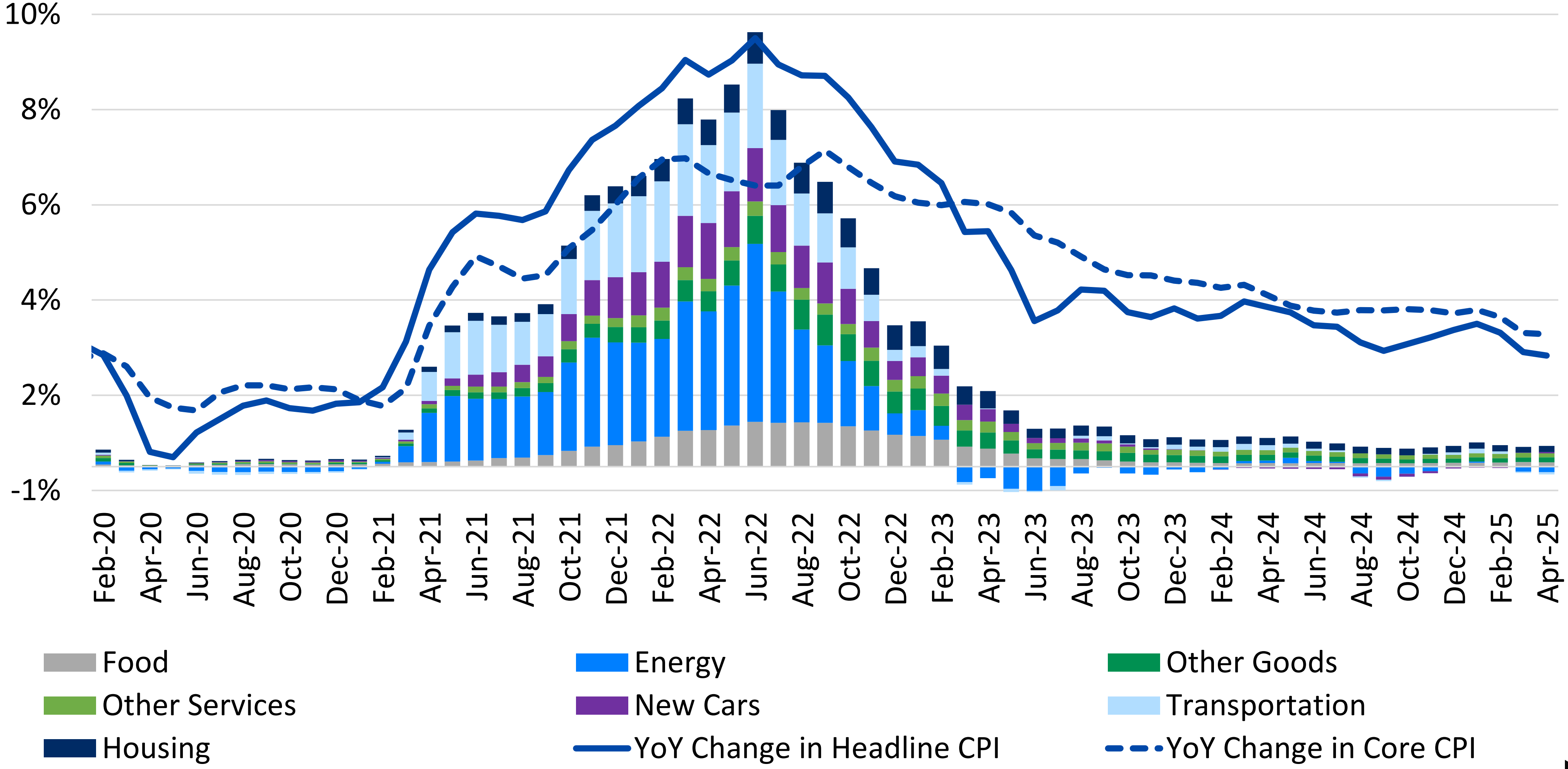


Data through March 2025| Source: Yardi Matrix; Moody's Analytics; Federal Reserve Bank of St. Louis

Inflation Impacted by Higher Prices for Food and Shelter, and Lower Prices For Energy in April

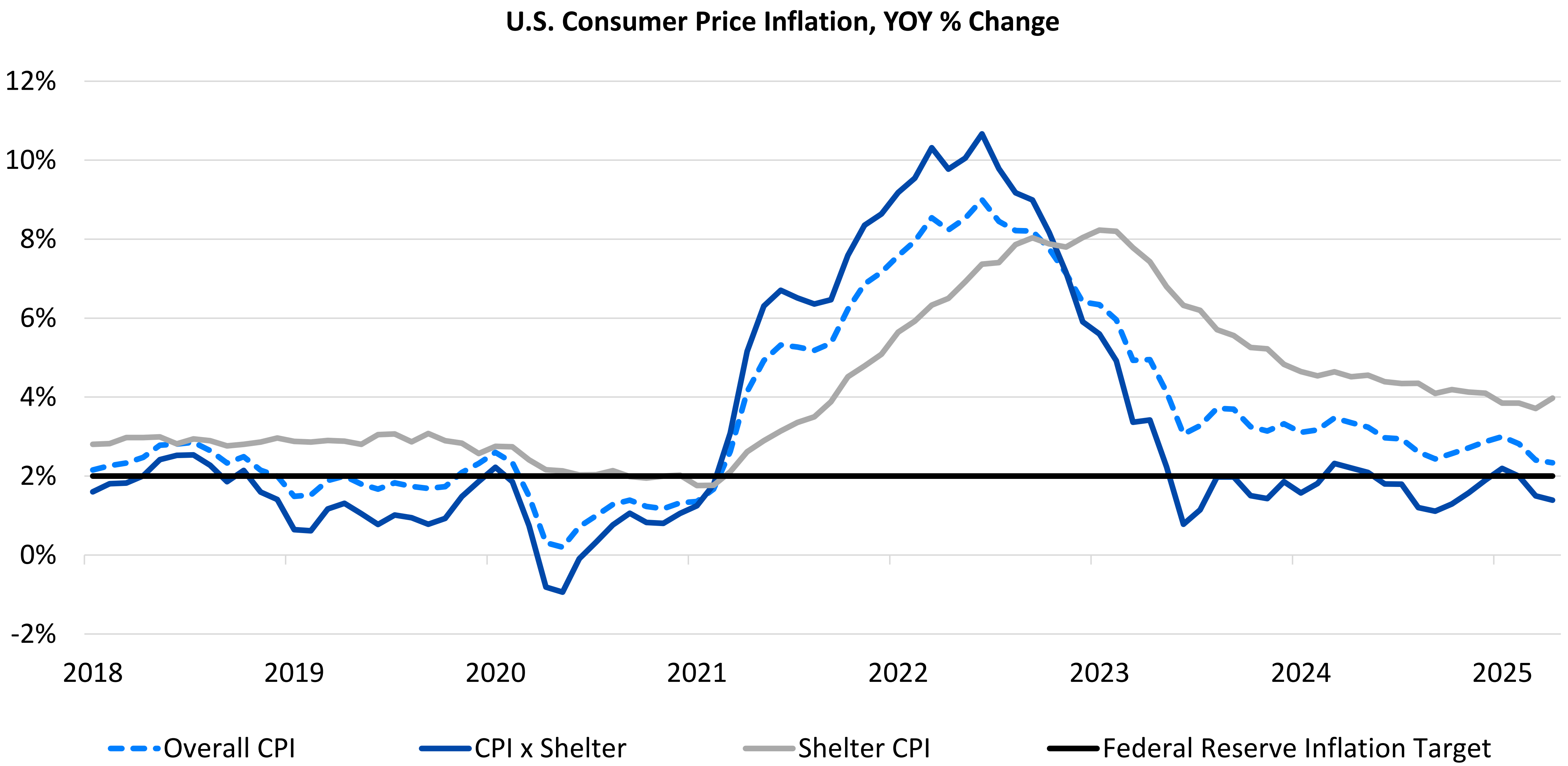
Bars Represent Key Categories Percent of Headline CPI

(Does not include all categories)



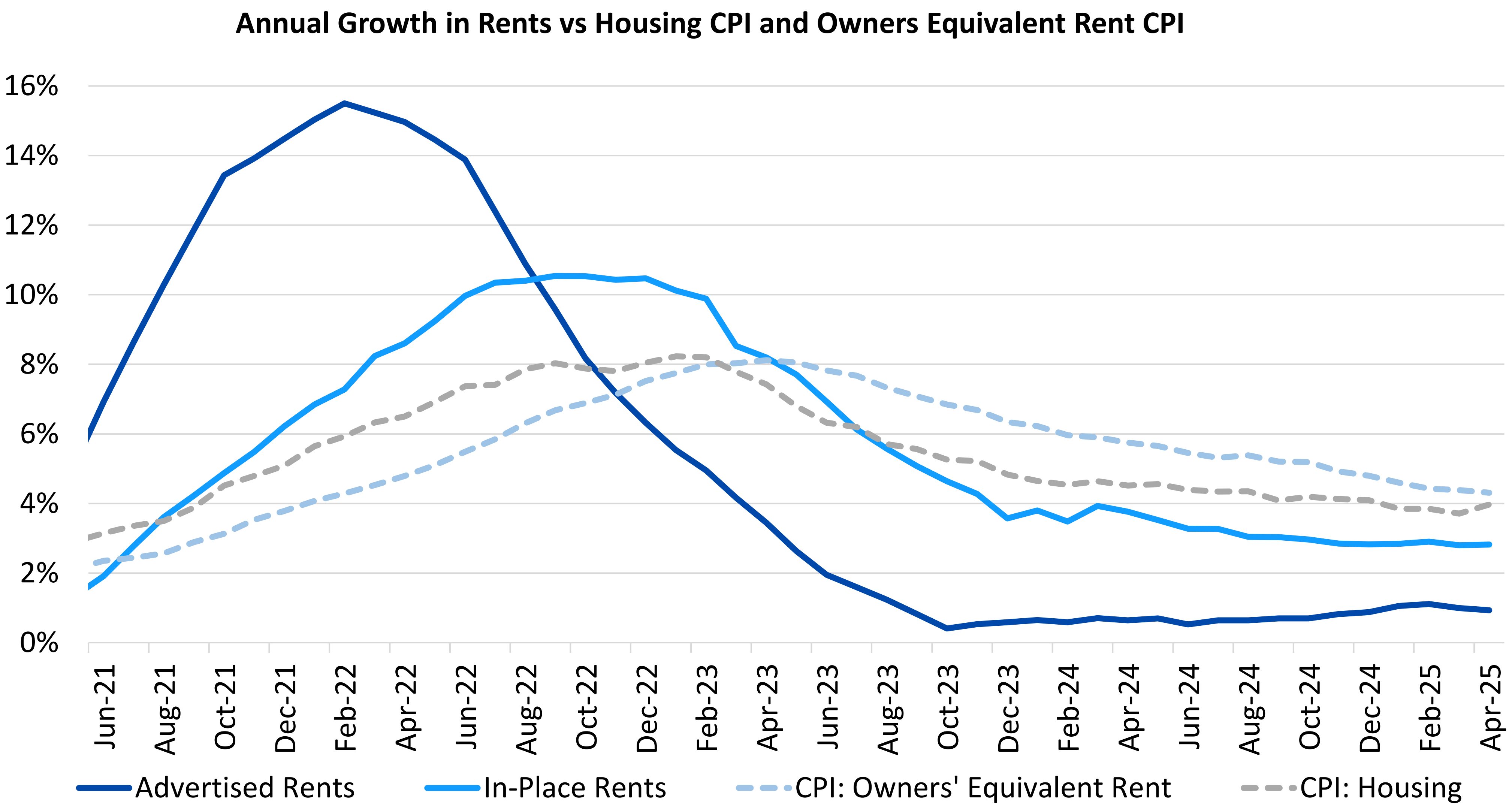
Source: Yardi Matrix; Bureau of Labor Statistics (BLS)

Inflation Was Coming Closer to Meeting the Federal Reserve's Target



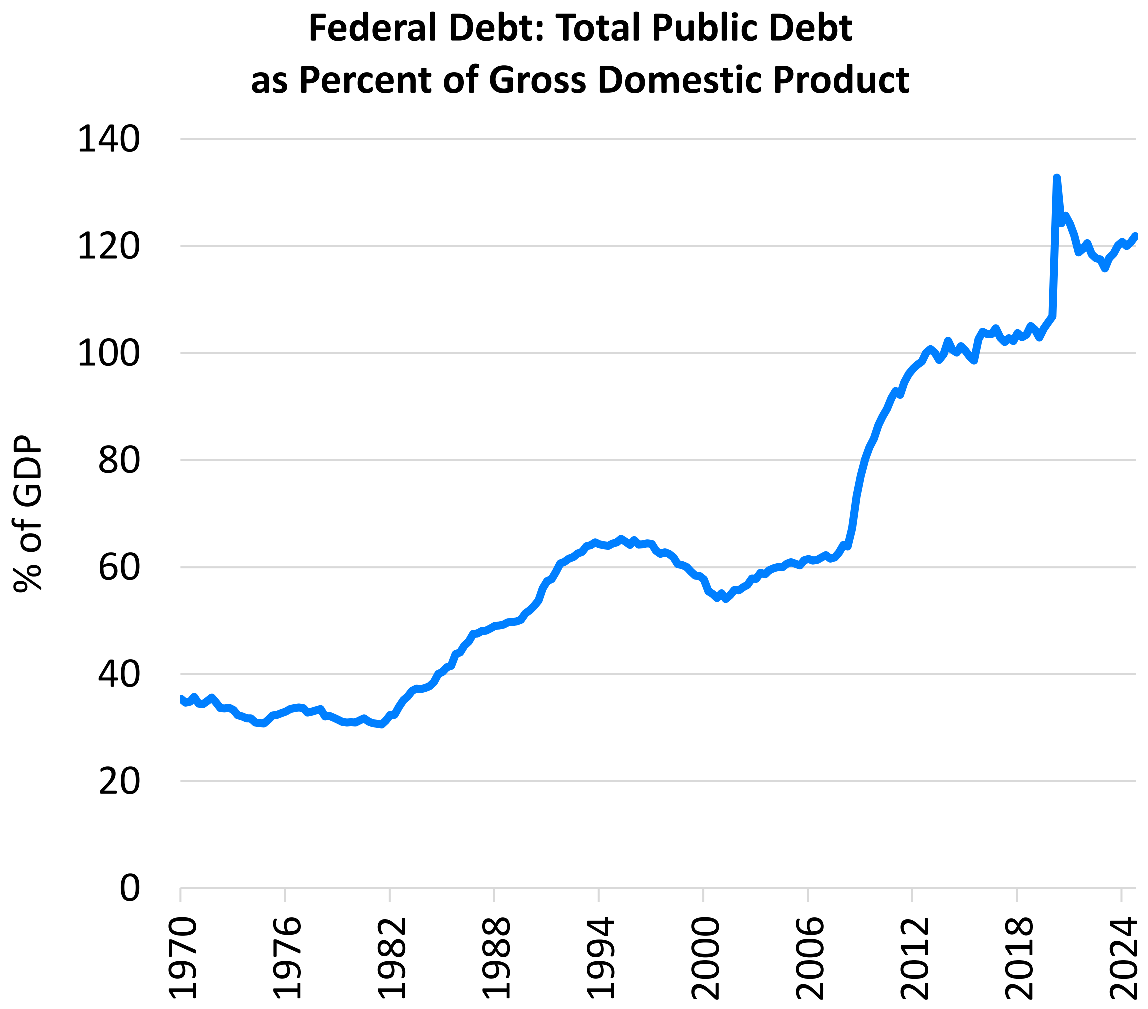
Data through April 2025 | Source: Yardi Matrix; Moody's Analytics; Bureau of Labor Statistics

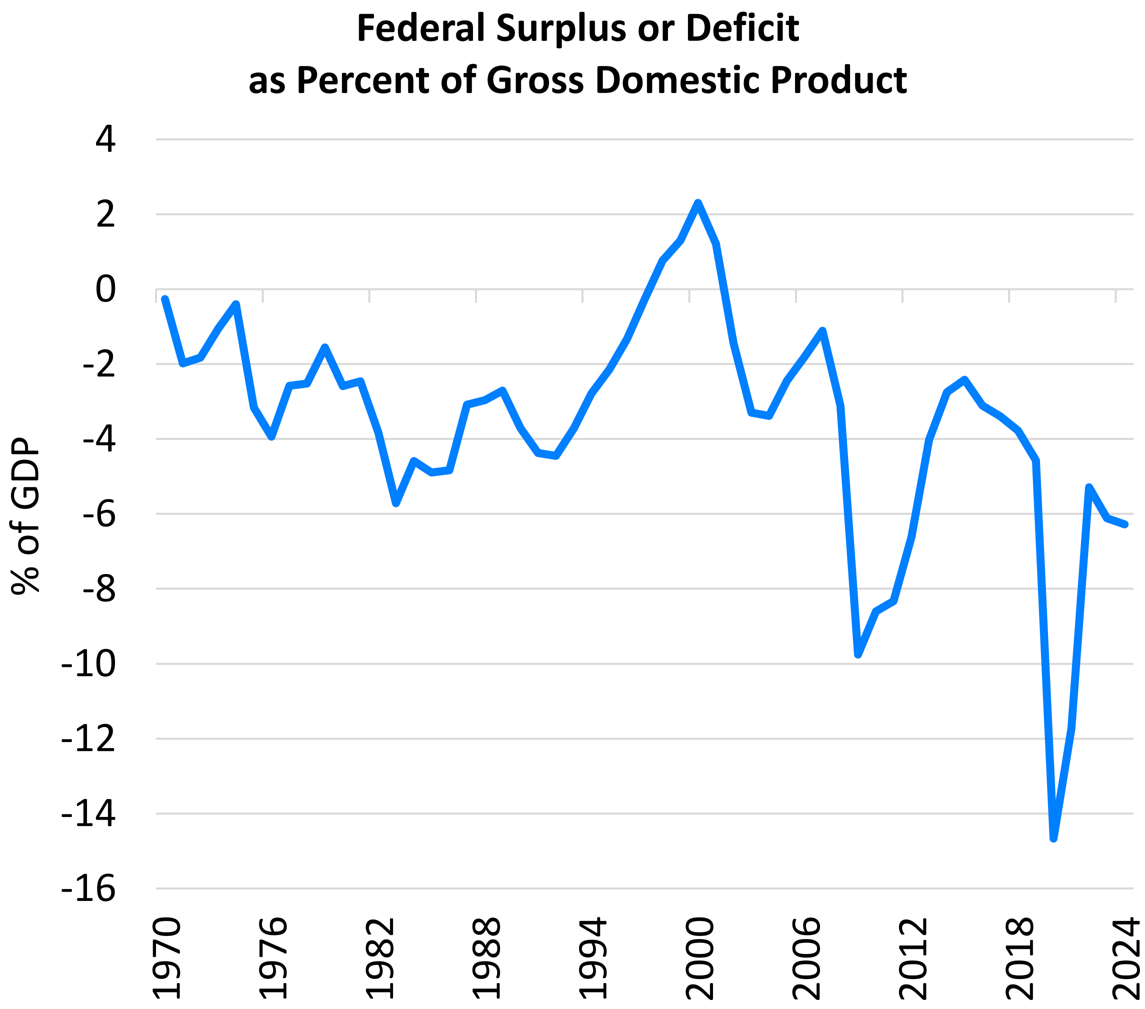
Housing CPI Tracks Closely to U.S. Multifamily In-Place Rents



Source: Yardi Matrix, Yardi Matrix Expert; Bureau of Labor Statistics

Total Federal Debt Has Skyrocketed and the U.S. Has Been Operating on a Federal Deficit Since 2002





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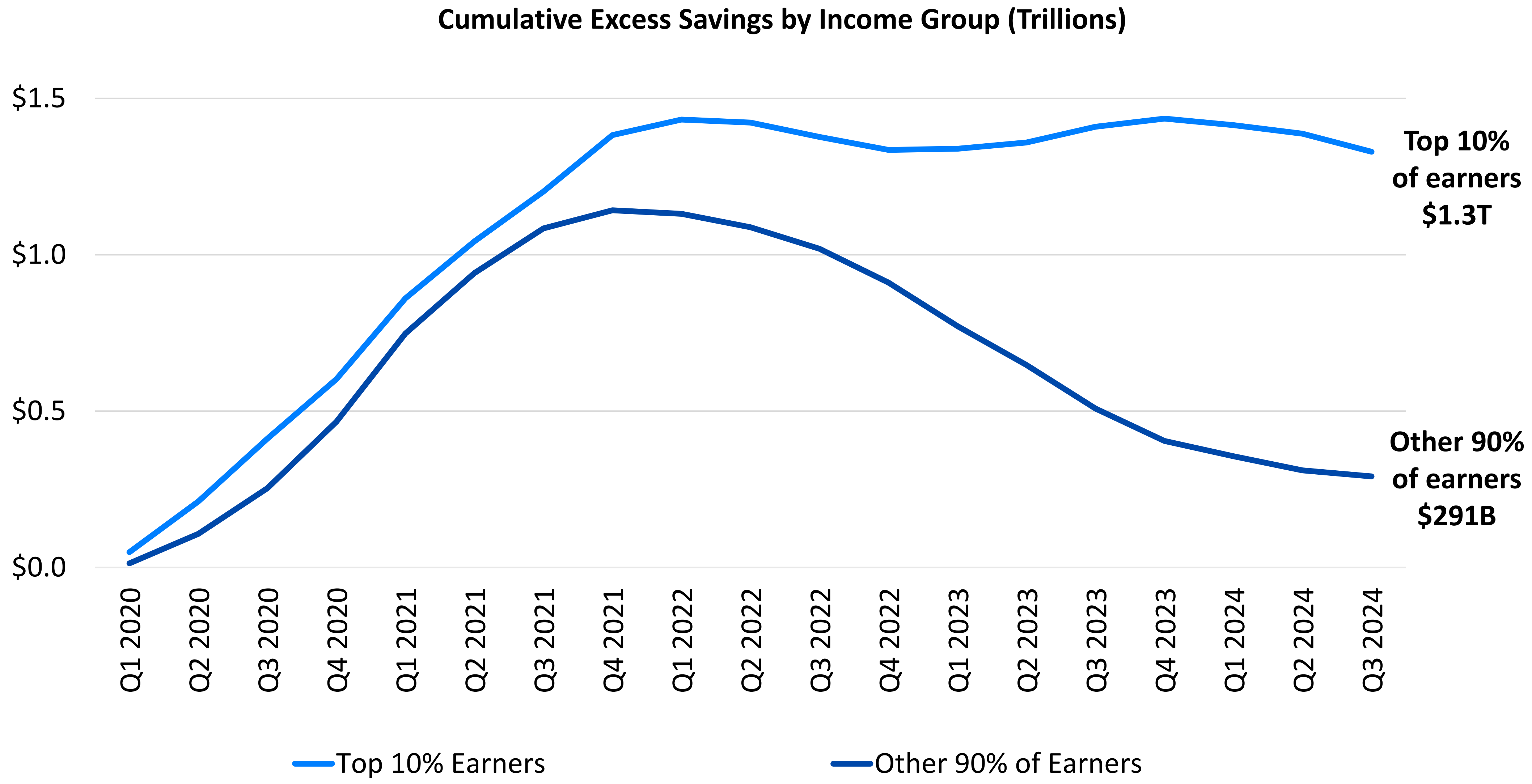
Source: Yardi Matrix; U.S. Office of Management and Budget; Federal Reserve Bank of St. Louis

The Top 10% of Earners Have Held Onto Most of Their Pandemic Savings



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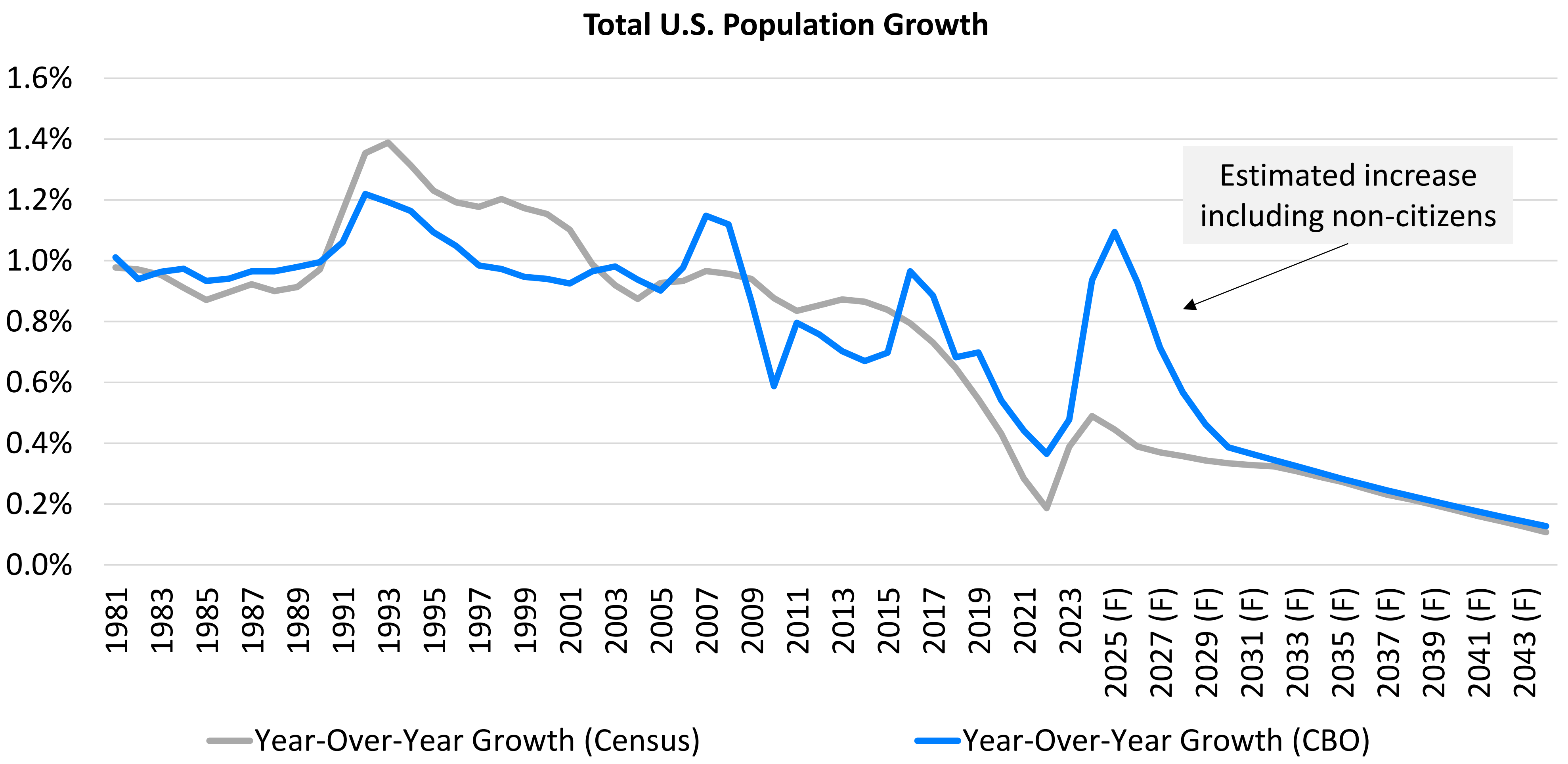
Source: Yardi Matrix; Moody's Analytics; Federal Reserve Board; BEA; Census

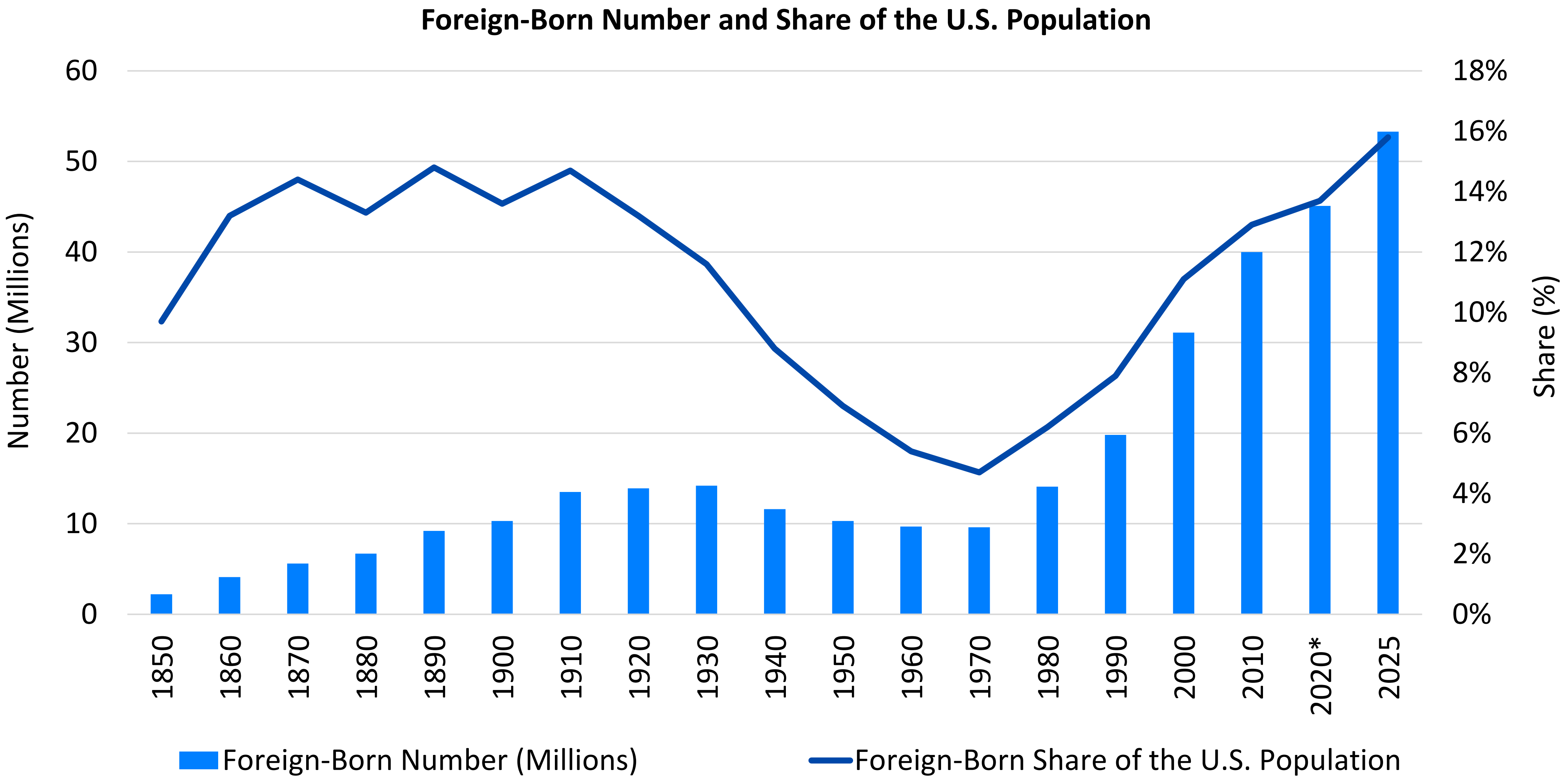
POPULATION AND MIGRATION PATTERNS

U.S. Population Growth Is Slowing, but There Has Been an Uptick in Recent Years Due to an Increase in Noncitizens



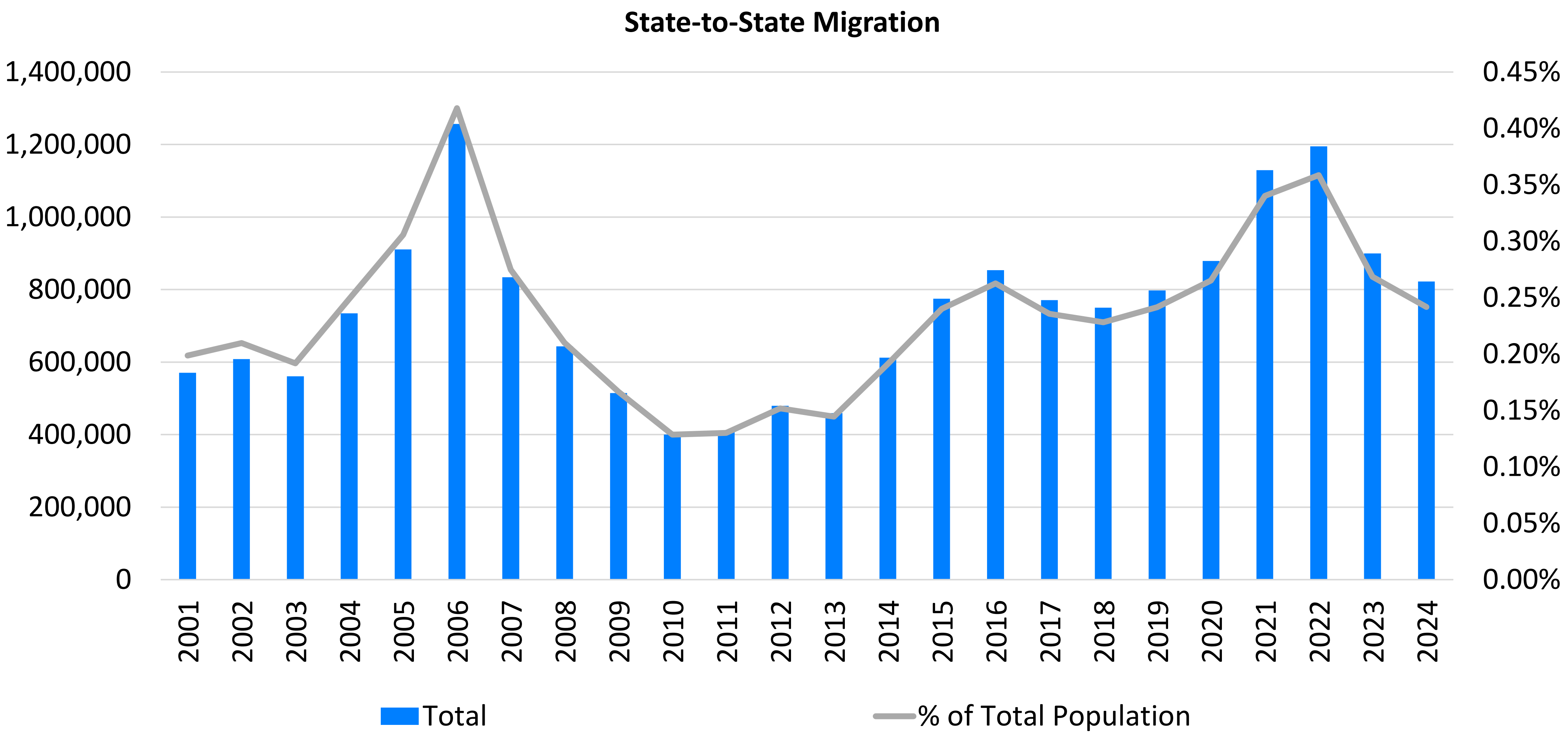
Source: Yardi Matrix; Moody's Analytics; U.S. Census Bureau; Congressional Budget Office, *The Demographic Outlook: 2025 to 2055*

Foreign-Born Share of U.S. Population Is at an All-Time High



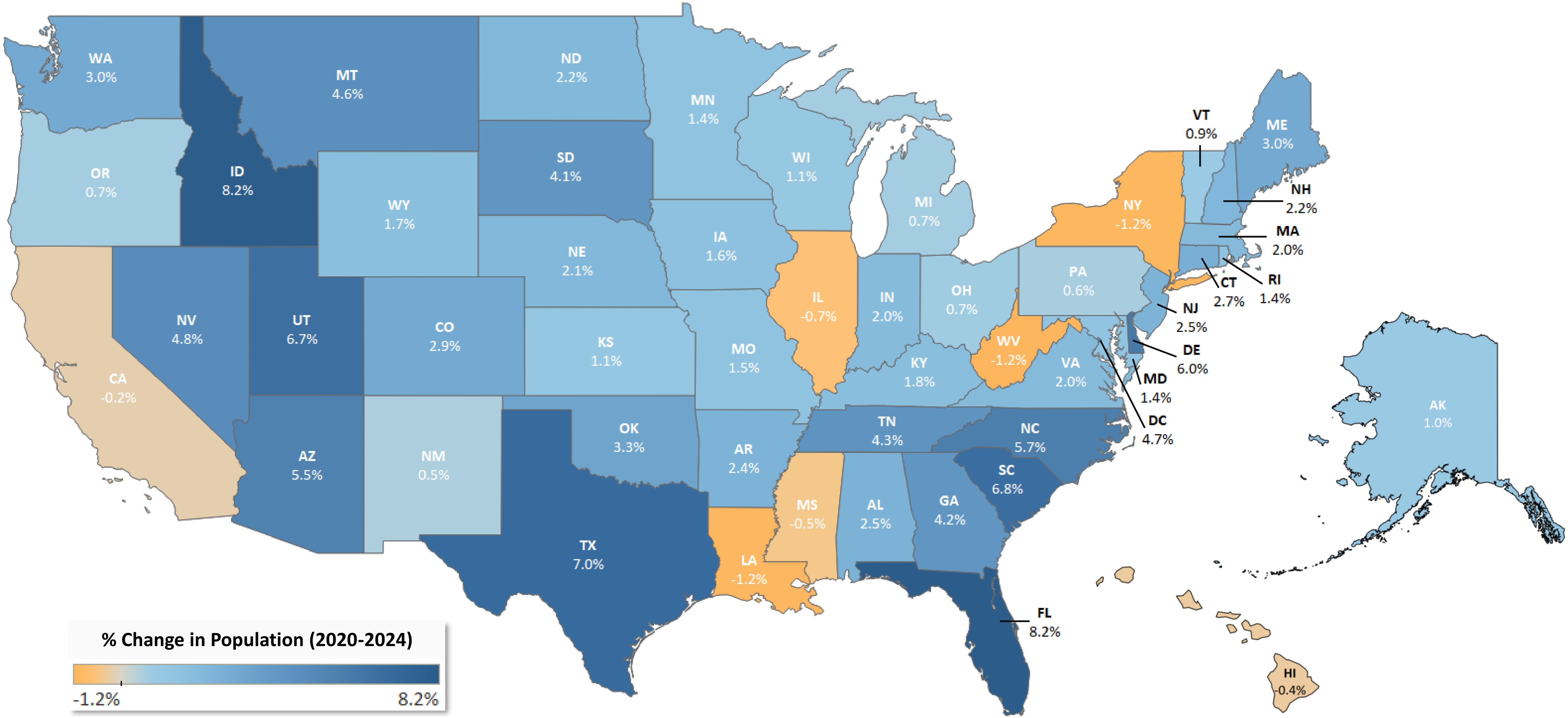
*2020 ACS shows 43.5 million foreign born residents (13.2% of population). However the Census Bureau reports that it does not have confidence in the 2020 ACS due to pandemic related issues. Averaging the 2019 and 2021 ACS surveys shows a foreign born number of 45.1 million (13.7% of population) | Source: Yardi Matrix; Center for Immigration Studies; Decennial censuses for 1850 to 2000, American Community Survey for 2010 and 2020, January Current Population Survey for 2025.

State-to-State Migration Decreased in 2024, Nearing a Return to Pre-Pandemic Norms



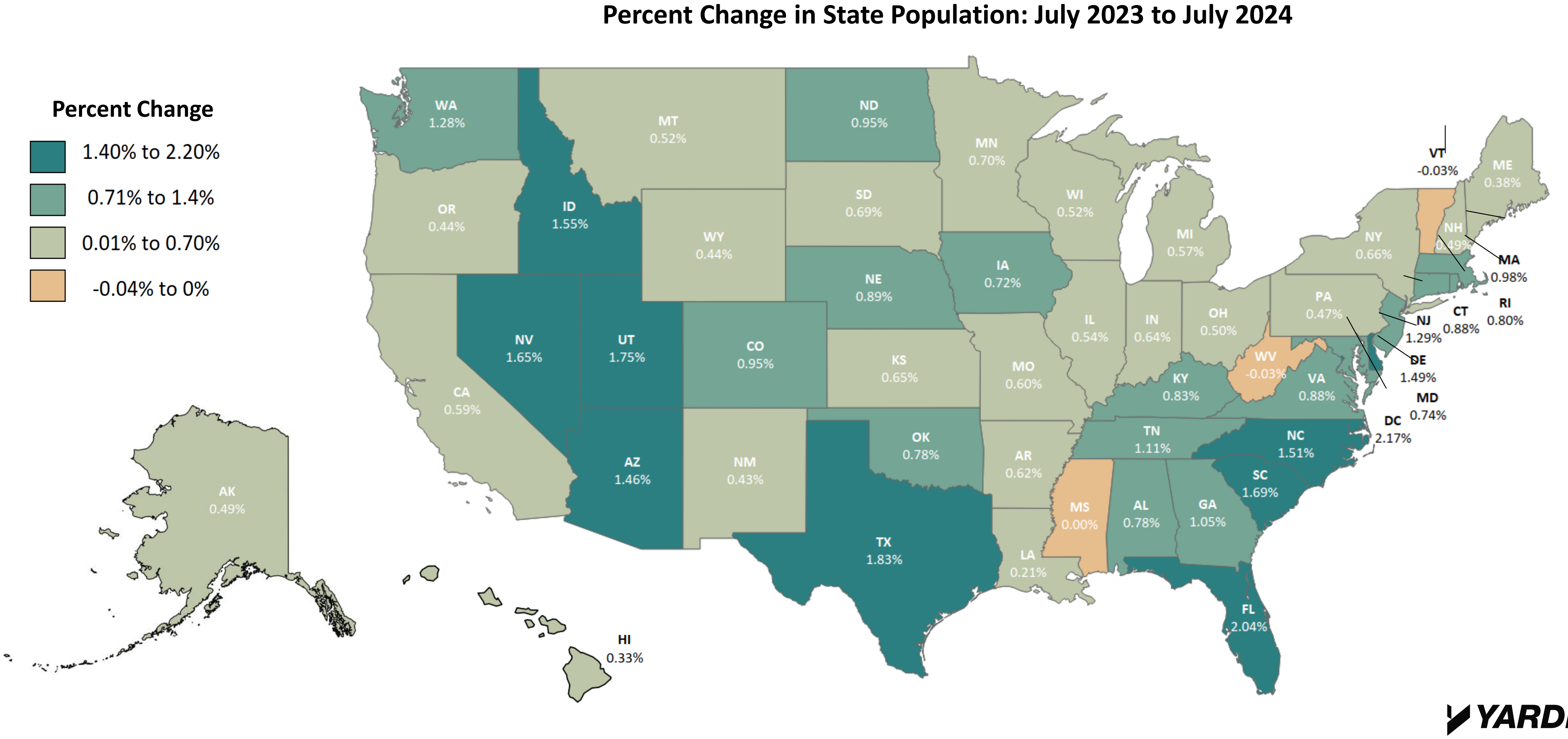
Migration data is for July – July of each year | Source: Yardi Matrix; U.S. Census Bureau

Since 2020, Florida, Idaho and Texas Saw Population Growth Exceed 7%



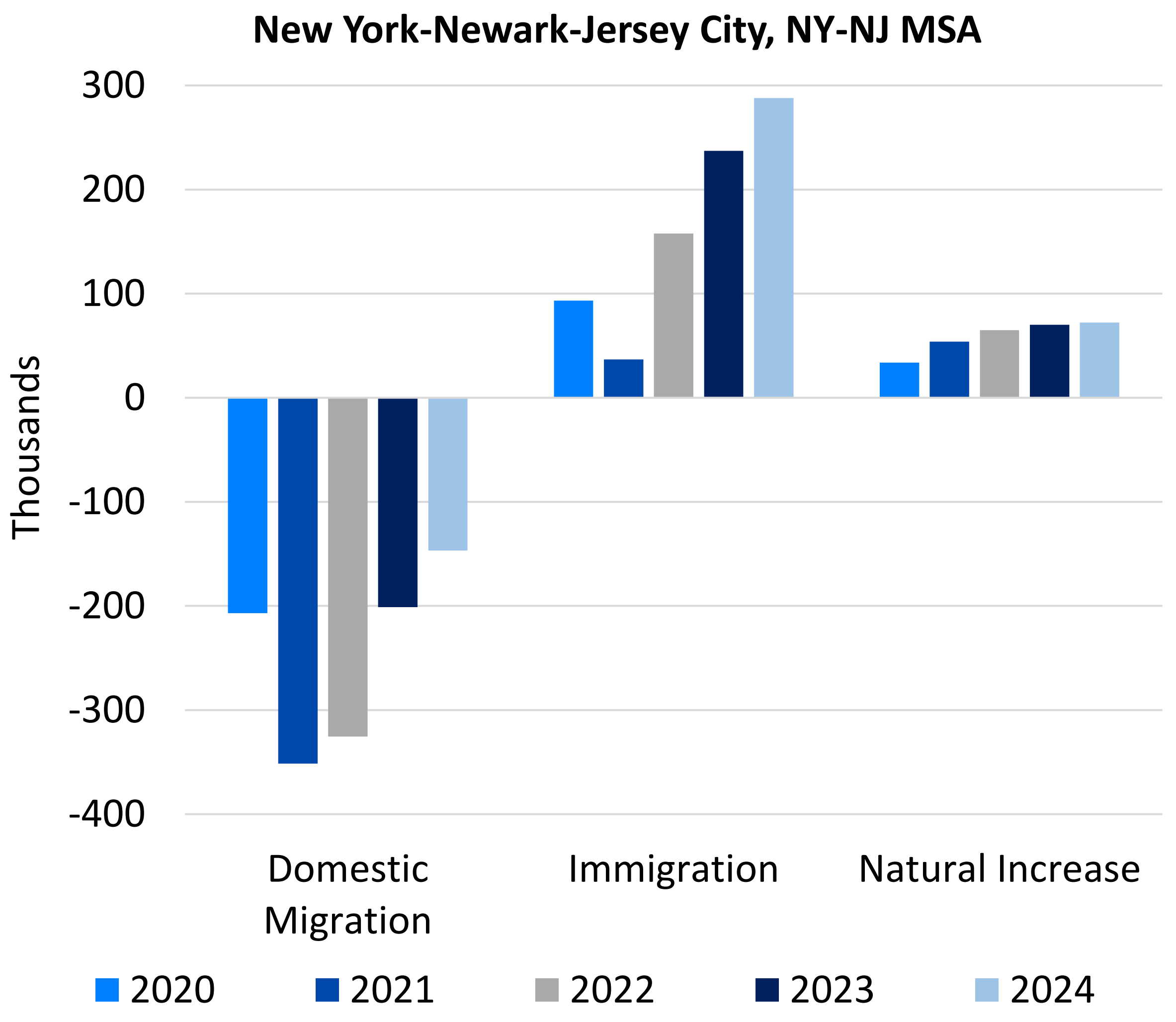
Source: Yardi Matrix; U.S. Census Bureau (BOC)

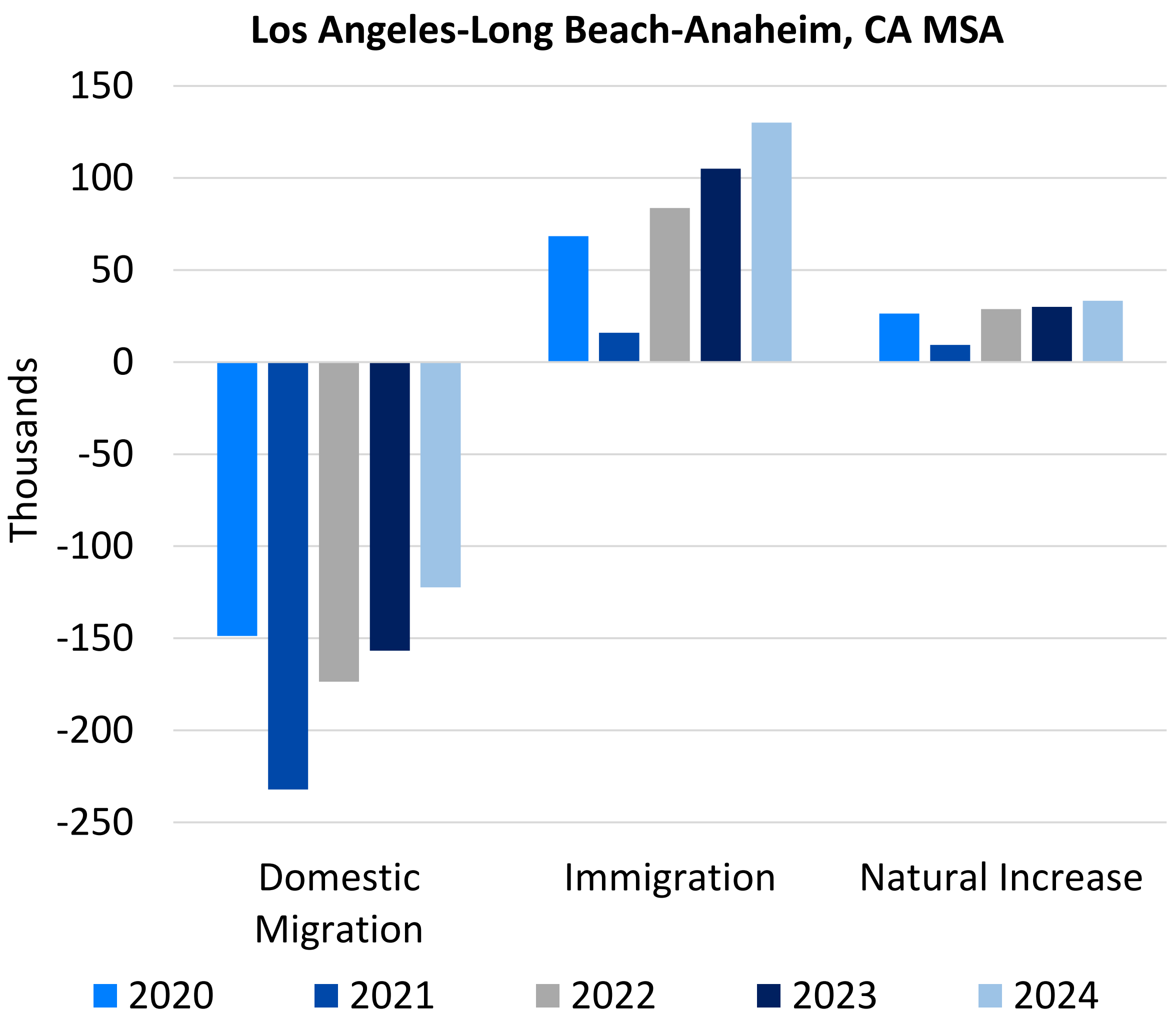
Western and Southern States Have Experienced Significant Population Growth in the Last Year



Source: Yardi Matrix; U.S. Census Bureau, Vintage 2024 Population Estimates

Immigration Is Leading the Rebound in the Largest Metros Areas, Mitigating the Consequences of Out-Migration and Declining Birth Rates





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Source: Yardi Matrix; brookings.edu; U.S. Census Bureau (BOC); U.S. National Center for Health Statistics; U.S. Internal Revenue Service (IRS); Moody’s Analytics

The Greatest Population Growth Over the Next 5 Years on a Percentage Basis Will Be in Secondary Markets

Top 15 Markets: 2025-2030 Population Growth

Market	2024 Population	2025-2030 (F) Population Growth	Absolute Change
Boise	846,141	11.8%	102,380
Austin	2,571,116	9.6%	252,280
Phoenix	5,183,157	8.3%	437,252
Raleigh - Durham	2,184,214	7.4%	166,284
Orlando	3,762,812	6.9%	265,374
Dallas	8,672,406	6.6%	578,857
Houston	7,698,099	6.4%	497,815
Charlotte	2,853,104	5.9%	172,554
Salt Lake City	2,950,180	5.5%	164,990
Savannah	760,868	4.9%	37,467
Nashville	2,149,982	4.8%	103,956
Las Vegas	2,399,566	4.6%	112,273
Tampa	4,290,117	4.5%	196,851
Miami	6,371,204	4.4%	285,706
Columbus	2,219,910	4.3%	96,122

Bottom 15 Markets: 2025-2030 Population Growth

Market	2024 Population	2025-2030 (F) Population Growth	Absolute Change
Chicago	9,555,845	-2.1%	-198,252
Pittsburgh	2,343,338	-1.7%	-40,941
Albuquerque	1,086,417	-0.8%	-8,979
New York	14,582,948	-0.7%	-99,078
San Diego	3,312,554	-0.3%	-9,836
Los Angeles	9,797,776	-0.3%	-24,815
Philadelphia	6,323,873	-0.1%	-4,059
Boston	5,442,782	0.5%	26,097
Tulsa	1,055,574	1.0%	10,929
San Francisco	5,707,223	1.1%	61,193
Grand Rapids	1,636,080	1.6%	26,869
Washington DC	7,997,075	1.7%	135,397
Omaha	1,352,340	1.8%	24,119
Kansas City	2,377,214	1.9%	46,406
Portland	2,528,617	2.2%	55,857

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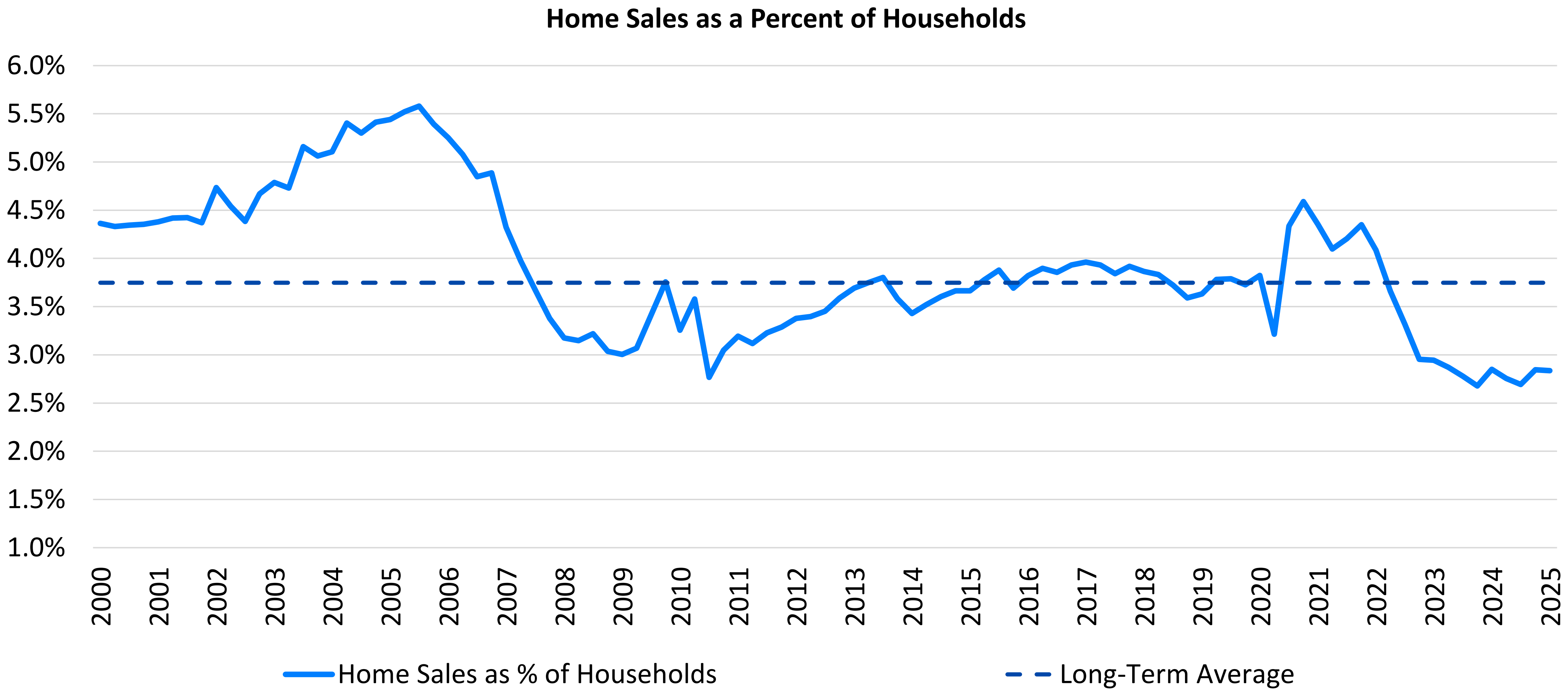
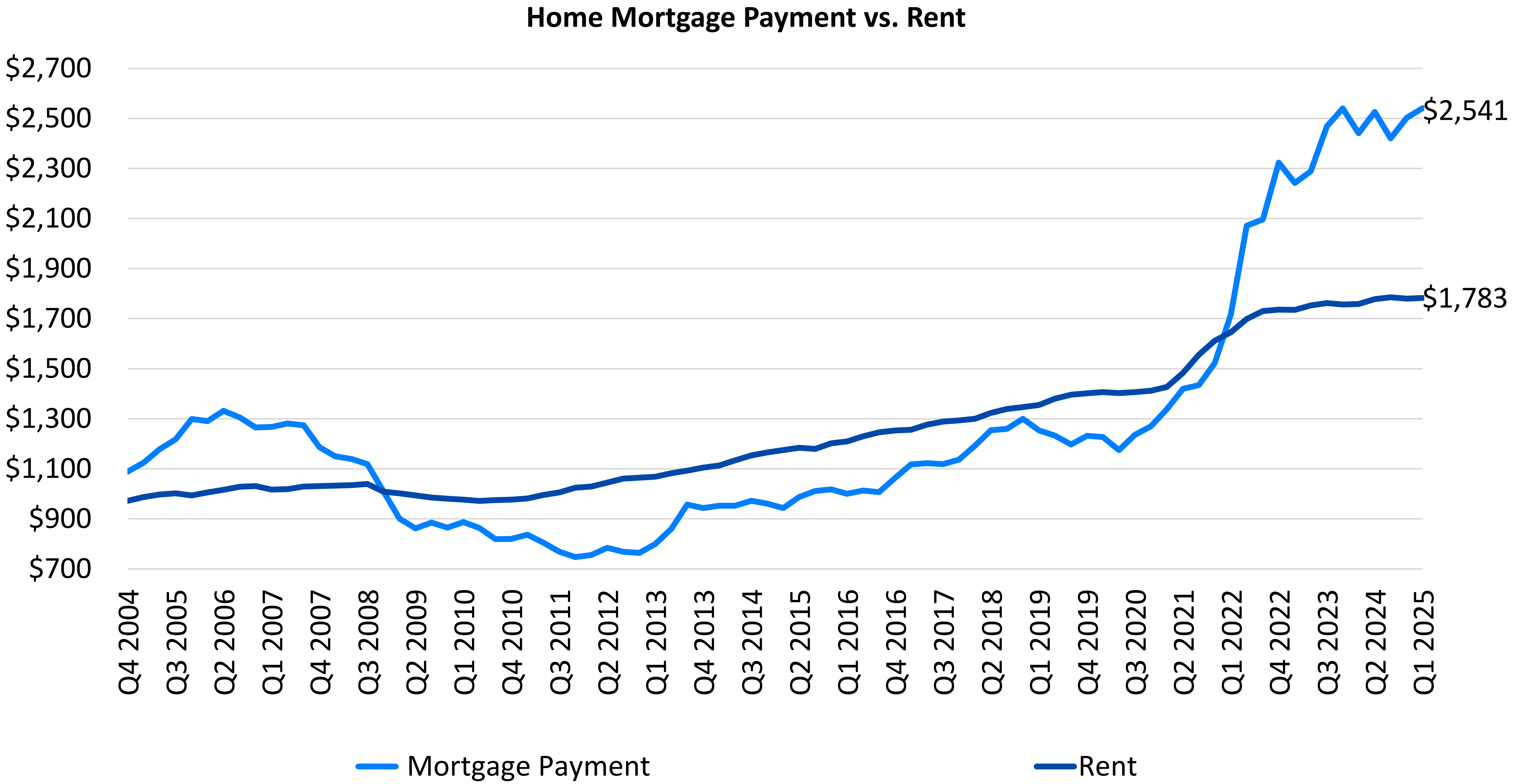
Gateway markets in bold. Sorted by % population growth | Source: Yardi Matrix; Moody's Analytics; U.S. Census Bureau

Home Sales as a Percent of Households Is Down to GFC Levels, 91 Basis Points Below Long-Term Average



Data through Q1 2025 | Source: Yardi Matrix; Moody's Analytics; National Association of Realtors (NAR)

Renting Is Still a Better Deal Compared to the Cost of Owning



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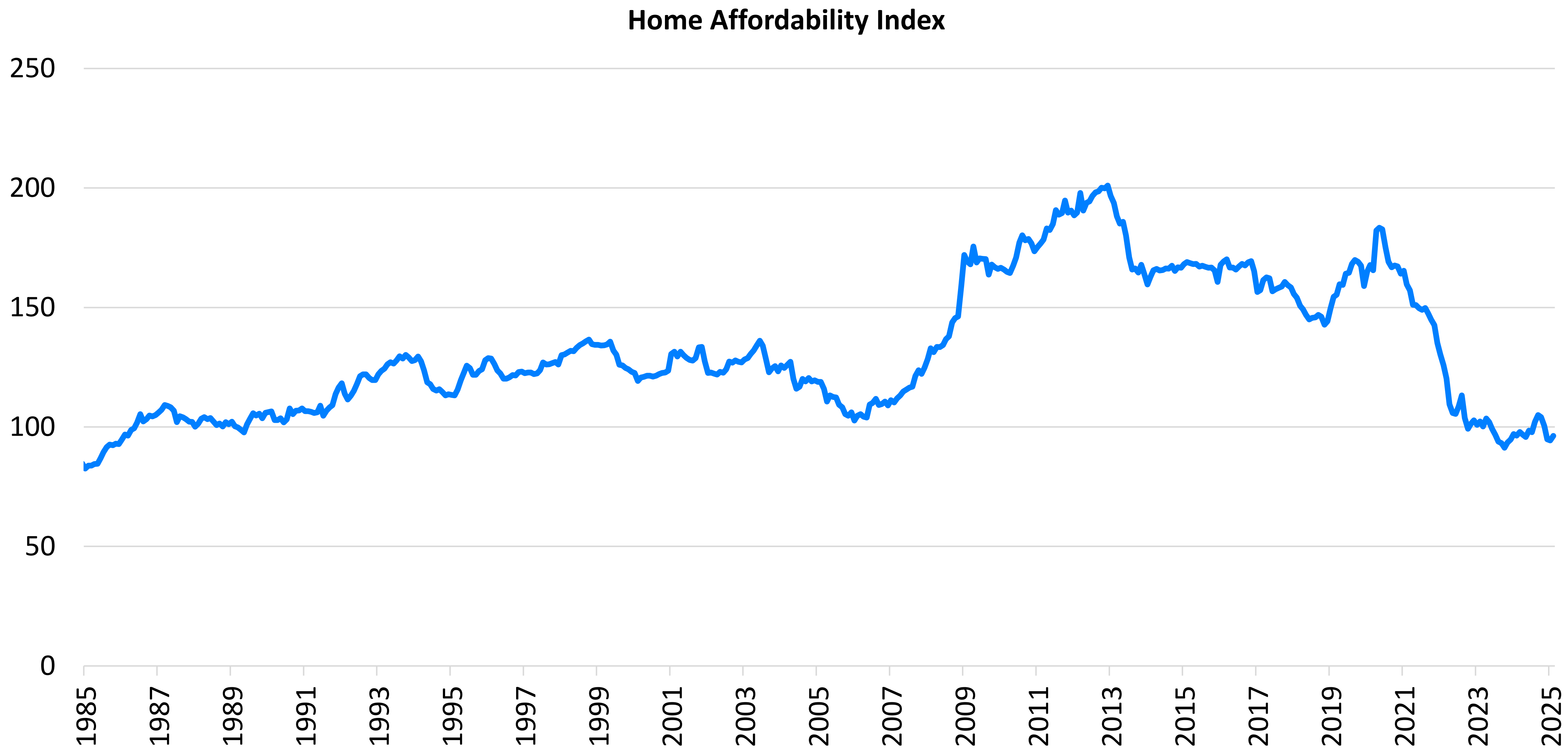
Mortgage payments based on median home price for 30-year fixed rate mortgage, 90% LTV | Source: Yardi Matrix; Moody's Analytics

Home Affordability at Lowest Point Since 1986



Data through February 2025 | Source: Yardi Matrix; Moody's Analytics; National Association of Realtors (NAR)

Home Affordability Is Driving Migration Out of California and Migration Is Driving Lower Affordability in Sunbelt

Least Affordable Markets Q1 2025

MSA	Affordability Index	Migration % 2020-2024
San Jose, CA	35.3	-7.0%
Los Angeles, CA	40.0	-5.2%
Honolulu, HI	43.2	-4.5%
San Francisco, CA	43.8	-6.6%
San Diego, CA	47.5	-3.3%
Oxnard, CA	50.8	-3.1%
Miami, FL	54.8	-4.1%
Riverside, CA	62.6	0.6%
New York, NY	65.1	-5.1%
Seattle, WA	66.6	-2.5%

Least Affordable Markets Versus Long-Term Average

MSA	Affordability Index	Average Since 2000	Versus LT Average	Migration % 2020-2024
Winston-Salem, NC	101.1	195.5	51.7%	3.6%
Grand Rapids, MI	112.0	216.3	51.8%	-0.2%
Spokane, WA	81.3	156.6	52.0%	2.1%
Deltona-Daytona Beach, FL	87.9	166.0	53.0%	11.1%
Boise City, ID	81.9	154.2	53.1%	7.3%
Las Vegas, NV	71.2	132.4	53.8%	2.1%
Salt Lake City, UT	75.4	138.9	54.3%	-2.7%
Charlotte, NC	96.5	177.5	54.4%	4.2%
Ogden, UT	88.2	161.9	54.5%	1.0%
Palm Bay, FL	94.6	172.6	54.8%	8.9%

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Source: Yardi Matrix; Moody's Analytics; National Association of Realtors (NAR); Internal Revenue Service

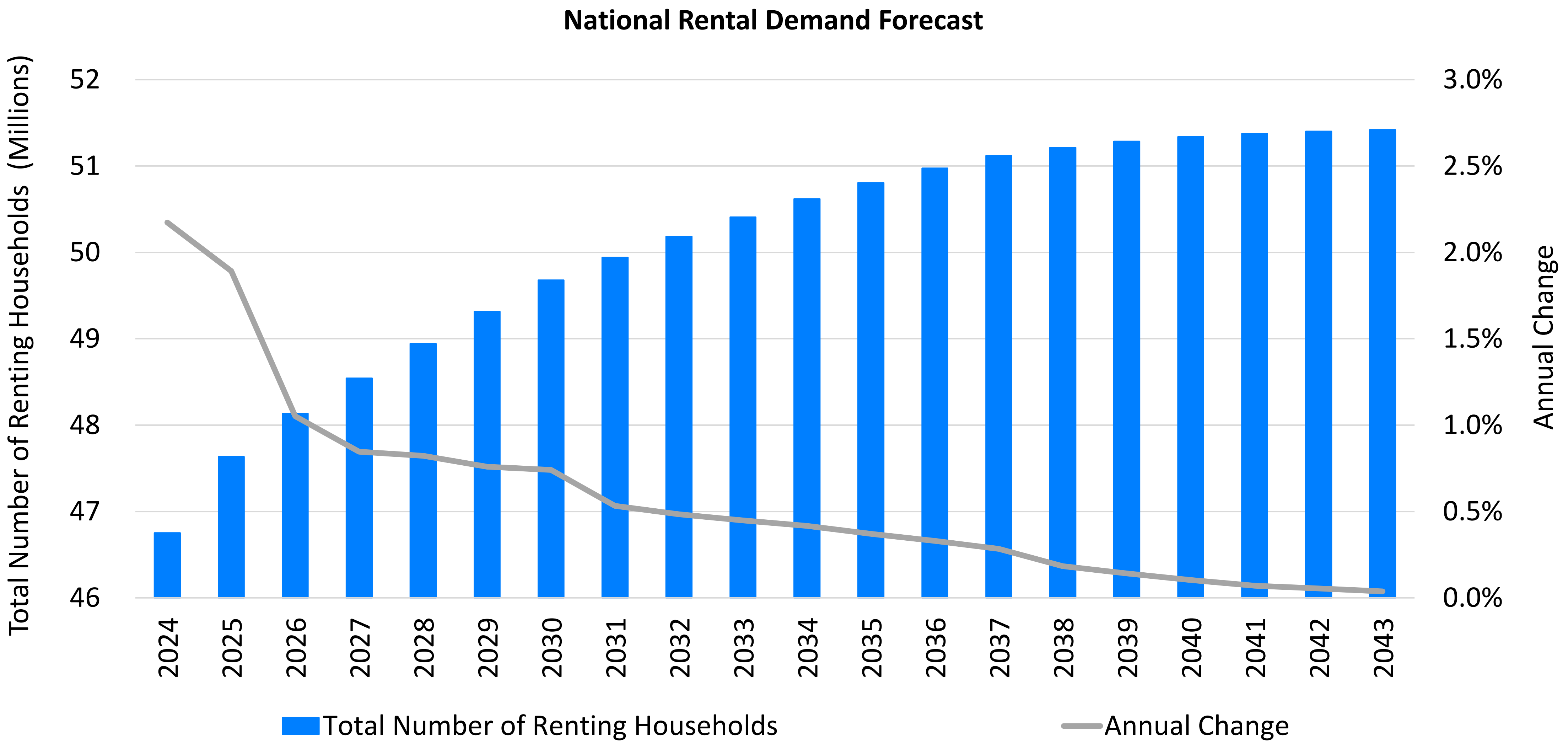
Demographic Changes and How They Could Impact a 20-Year National Rental Demand Forecast

Factor	Direction	Impact
Population Growth	Slowing	**Negative Impact:** Low population growth in the next 20 years will reduce the number of new HH formations
Birth Rate	Down	**Impact is Baked in:** Impacts population growth and thereby HH growth in the long-term, but factors less in a 20-year outlook as today's primary and youngest renter cohort (Gen Z, whose population size is known) will be the most consequential players
Immigration	Slowing in the long-term (But subject to political changes)	**Negative Impact:** The recent immigration surge increases population growth, labor supply growth and renter growth in the short-term, but the long-term trend is forecasted for minimal growth, thereby limiting population growth and new household formations
Domestic Migration	Slowing	**Impact is Local:** While important to a market-level analysis, irrelevant to a national forecast
Household Formations	Slowing	**Negative Impact:** The pandemic boom was a flash in the pan and recent financial hardships have since curtailed growth
Household Types/Size	Down	**Positive Impact:** There has been a rise in single-person households, which will increase HH formations
Homeownership	Down	**Positive Impact:** Lower homeownership rates will create more renters
Home Prices	Up	**Positive Impact:** Reduced home affordability pushes more would-be homebuyers into the rental market

YARDI

Source: Yardi Matrix

The Total Number of Renting Households Is Expected to Increase for the Next 10 Years, Then Flatline Heading into the 2040s



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Renter Households = Population * Headship Rate * (1 – Homeownership Rate)
Source: Yardi Matrix; Moody's Analytics; Annual Social and Economic Supplement; Congressional Budget Office; IPUMS CPS; National Center for Health Statistics

Given These Demographic Themes, What Are Some Strategies?

In general, there has been a ***movement of people*** and ***spreading of the population***, benefitting the following areas:

- **Movement of people:**
  - Markets that had a tremendous influx of people into the metro, especially those in cheaper states with warmer climates
    - Markets in the Sunbelt states (FL, TX, NC, AZ & SC)
  - Smaller tertiary markets benefit from the population flow out of major, higher-cost cities
    - Bridgeport – New Haven, Louisville, Milwaukee, Dayton, Madison, Little Rock & Richmond – Tidewater
  - Markets that have relatively good growth but are not getting a big supply response
    - Savannah, Indianapolis, Kansas City, Columbus
  - High-growth markets with high supply, will be under pressure for next few years but have strong enough growth to recover
    - Dallas, Phoenix, Austin, Charlotte, Atlanta, Raleigh-Durham, Orlando, Houston & Tampa

- **Spreading of the population:**
  - People within larger metros have spread out within that metro area since they either no longer have to commute, or their commute is significantly less
    - Suburban areas of Philadelphia, Seattle, Los Angeles, Chicago, Boston, Atlanta, New Jersey & San Francisco

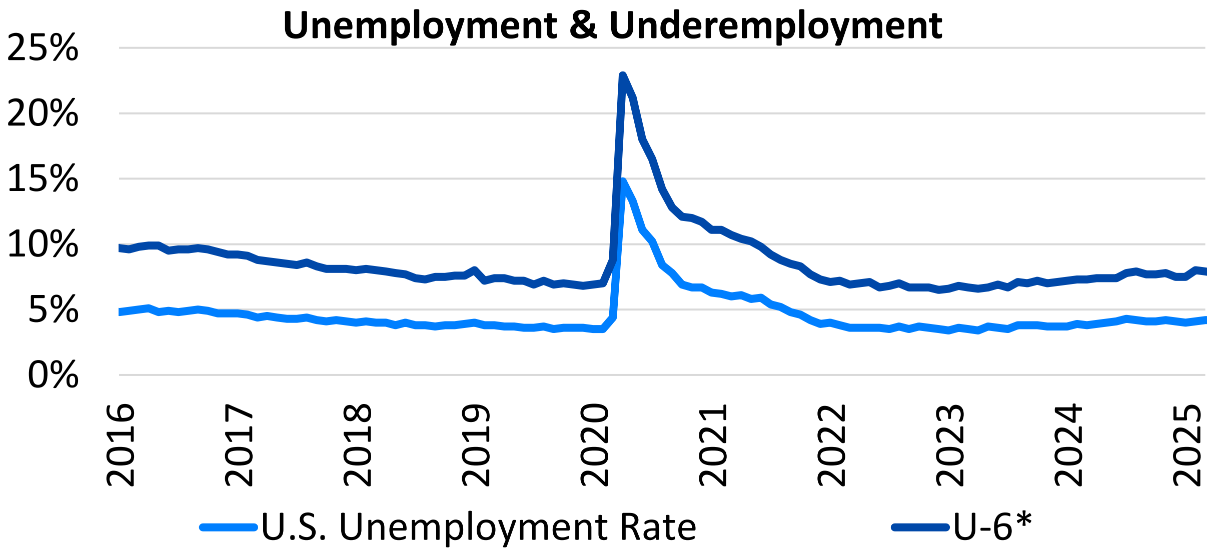
- **As the overall national renter population levels out in 20 years—** ***absent any change in immigration policy or other major change*** **— selecting metros that can sustain population growth becomes more important than ever**
  - Markets that have maintained the fastest growth & will be able to sustain that growth, especially those in states projected to see the most population growth by 2050* — *TX, NV, UT, FL, AZ & SC*

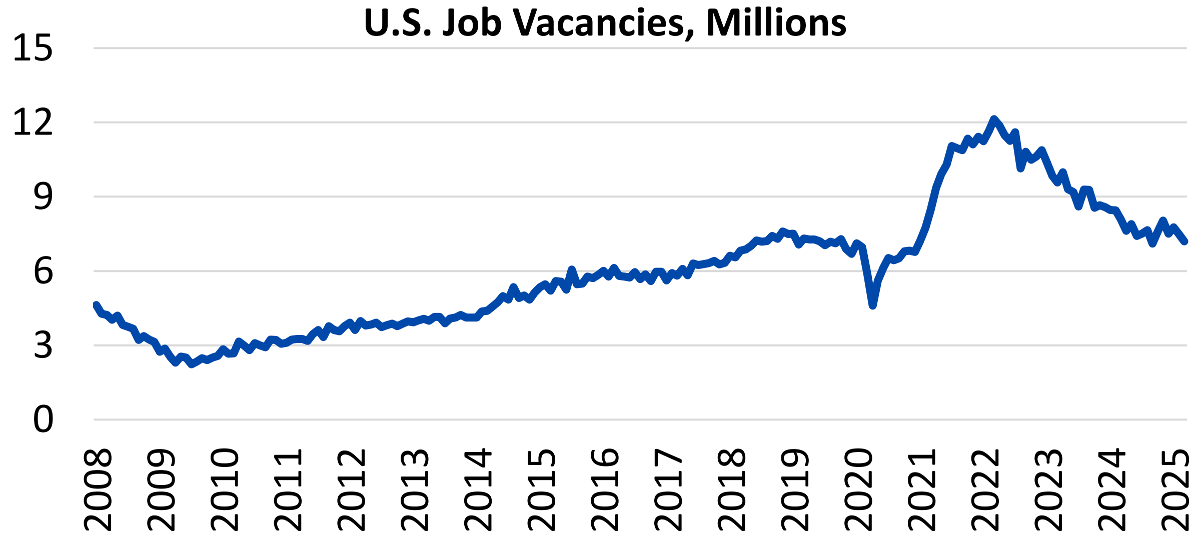
YARDI

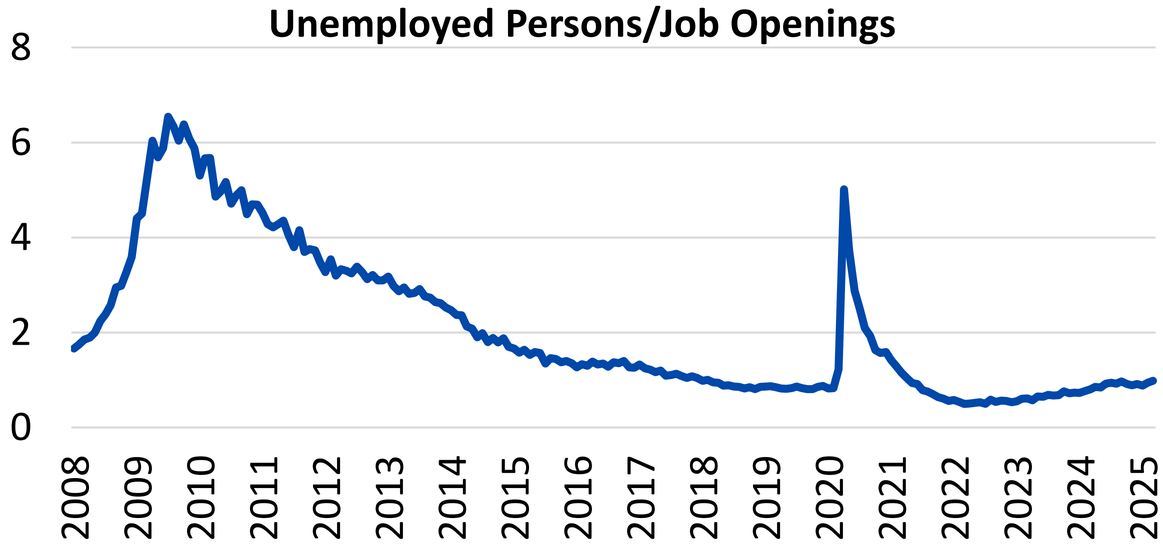
Source: Yardi Matrix

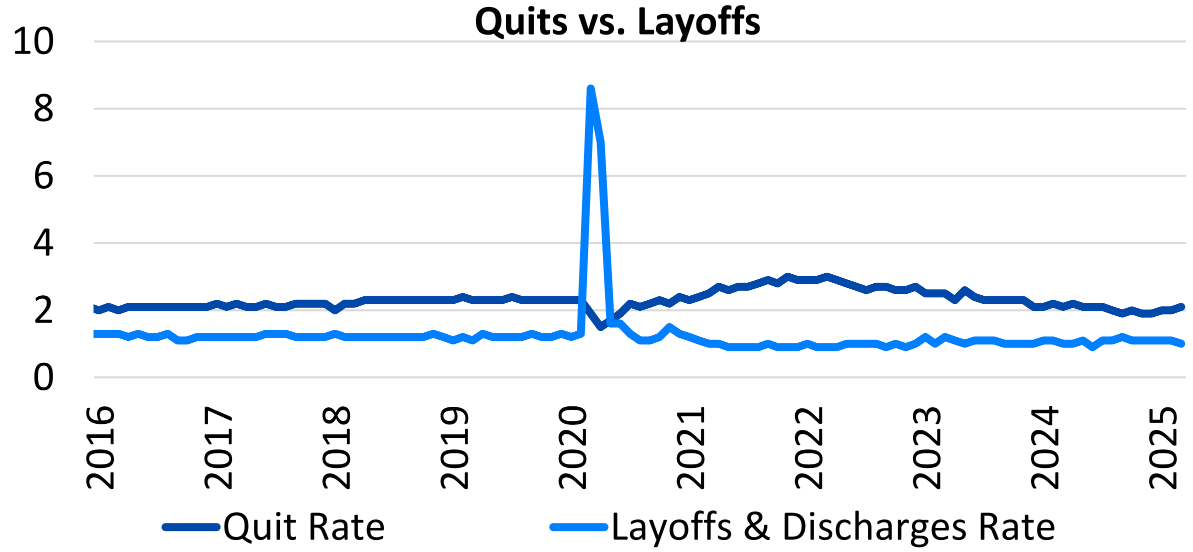
LABOR MARKETS

The Labor Market Is Tight, But Is Gradually Loosening





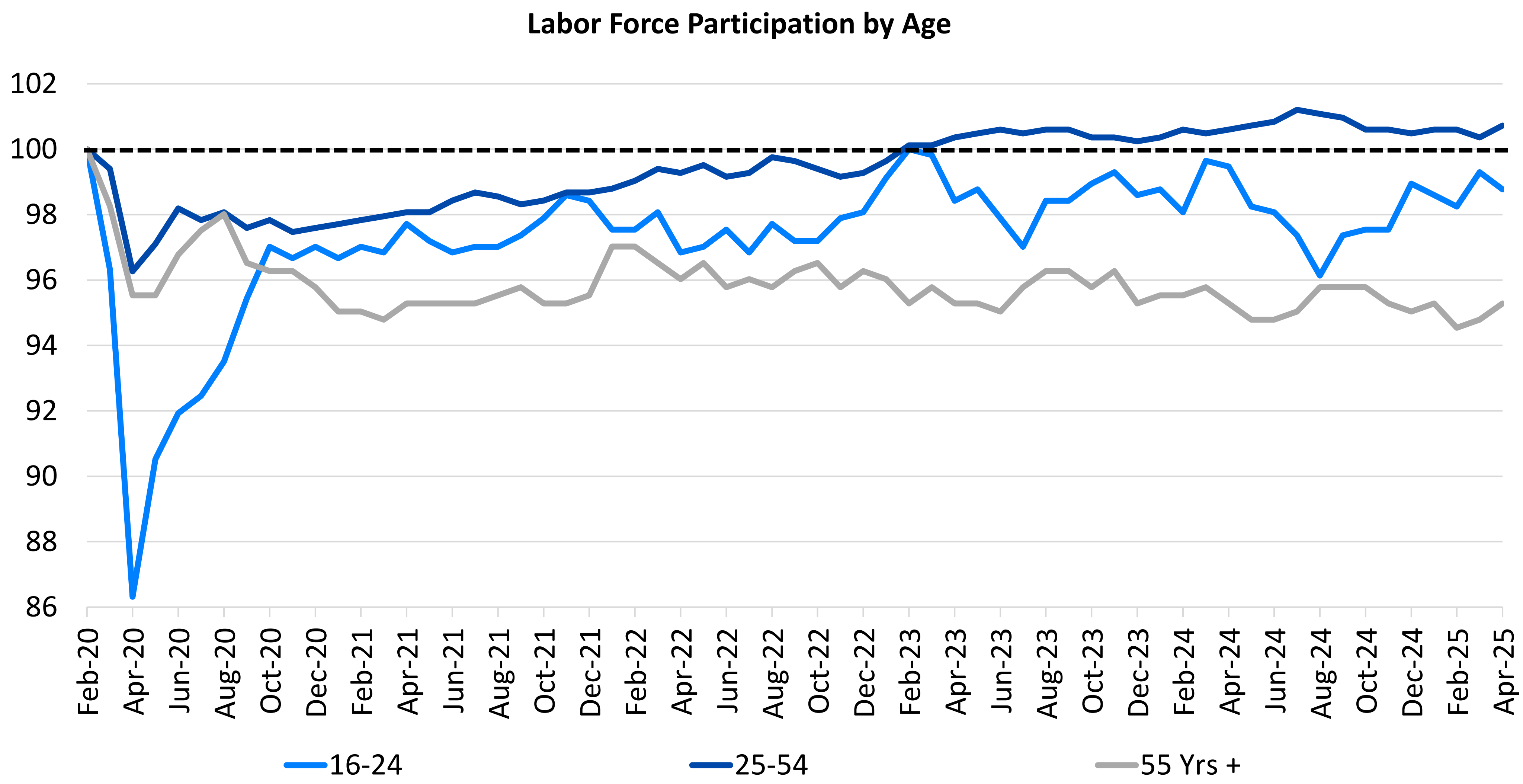




*U-6: Unemployed + Marginally Attached + Part-Time for Economic Reasons. Data through March 2025.

Source: Yardi Matrix; Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

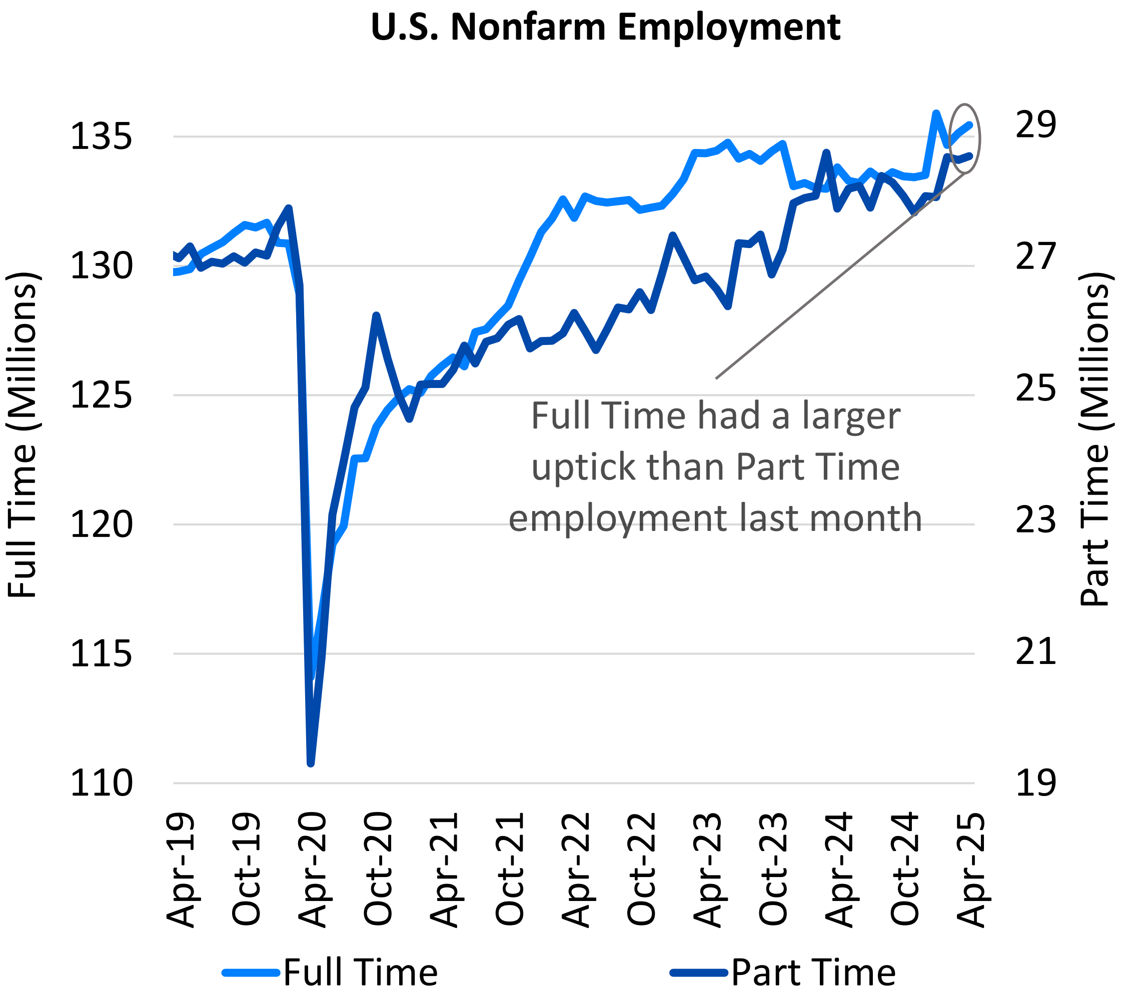
The Labor Force Has Fully Recovered for Prime Age Adults (but Not for Older Americans), thus Mitigating Wage Growth and Tempering Inflation

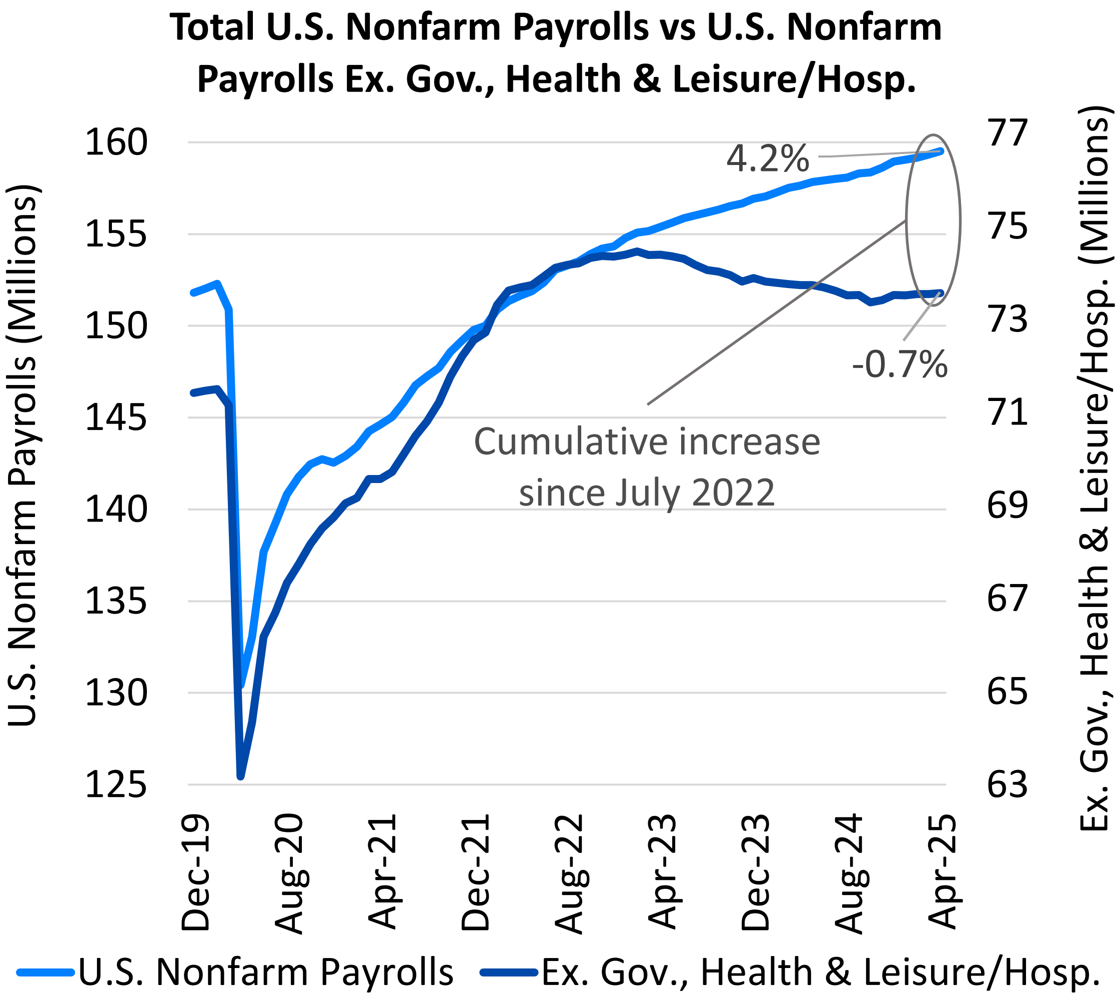


YARDI

Source: Yardi Matrix; U.S. Bureau of Labor Statistics

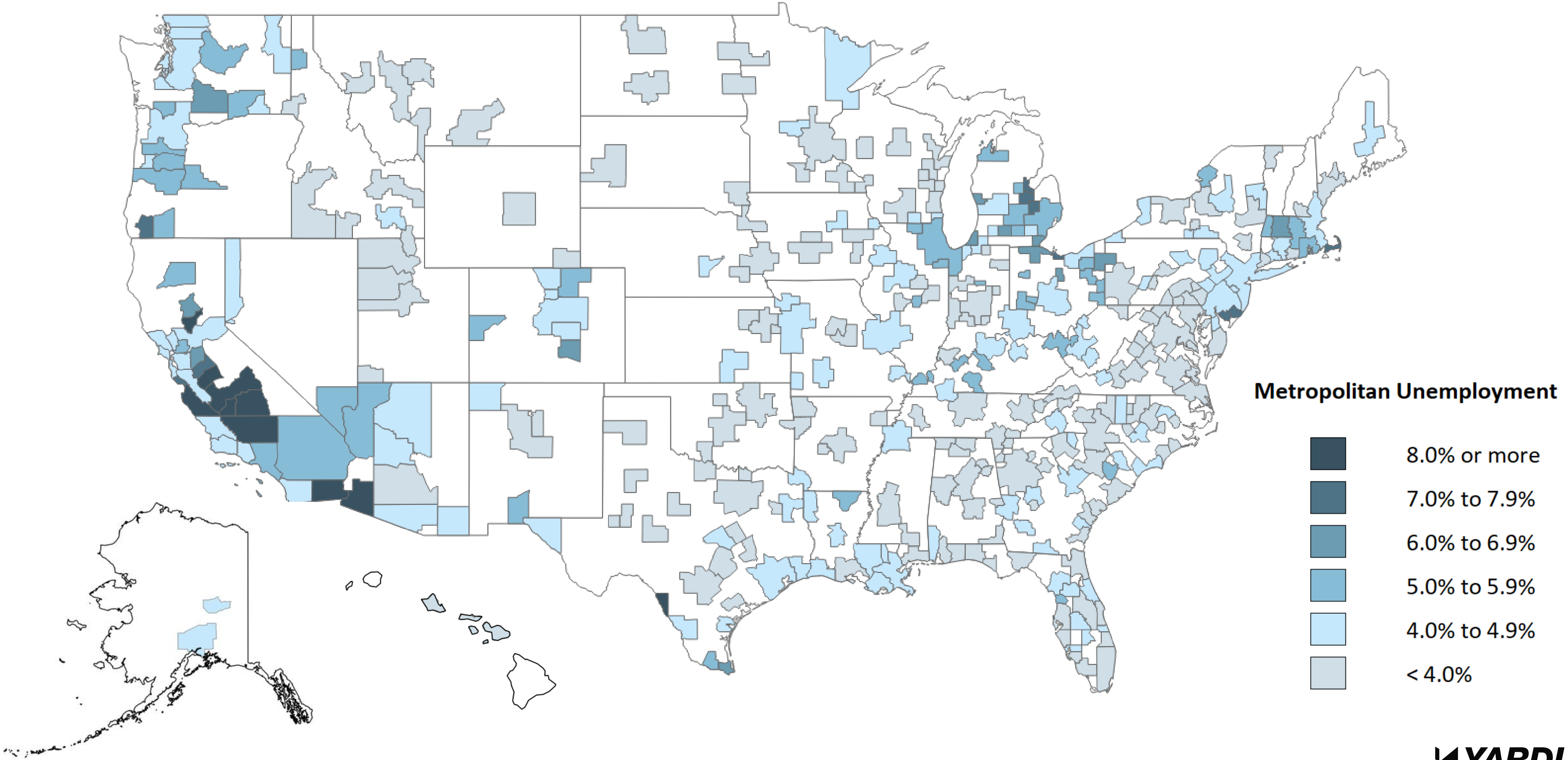
Despite a Good Jobs Report, the Employment Picture Is Not as Strong as it Seems





Source: Yardi Matrix; Moody’s Analytics; U.S. Bureau of Labor Statistics

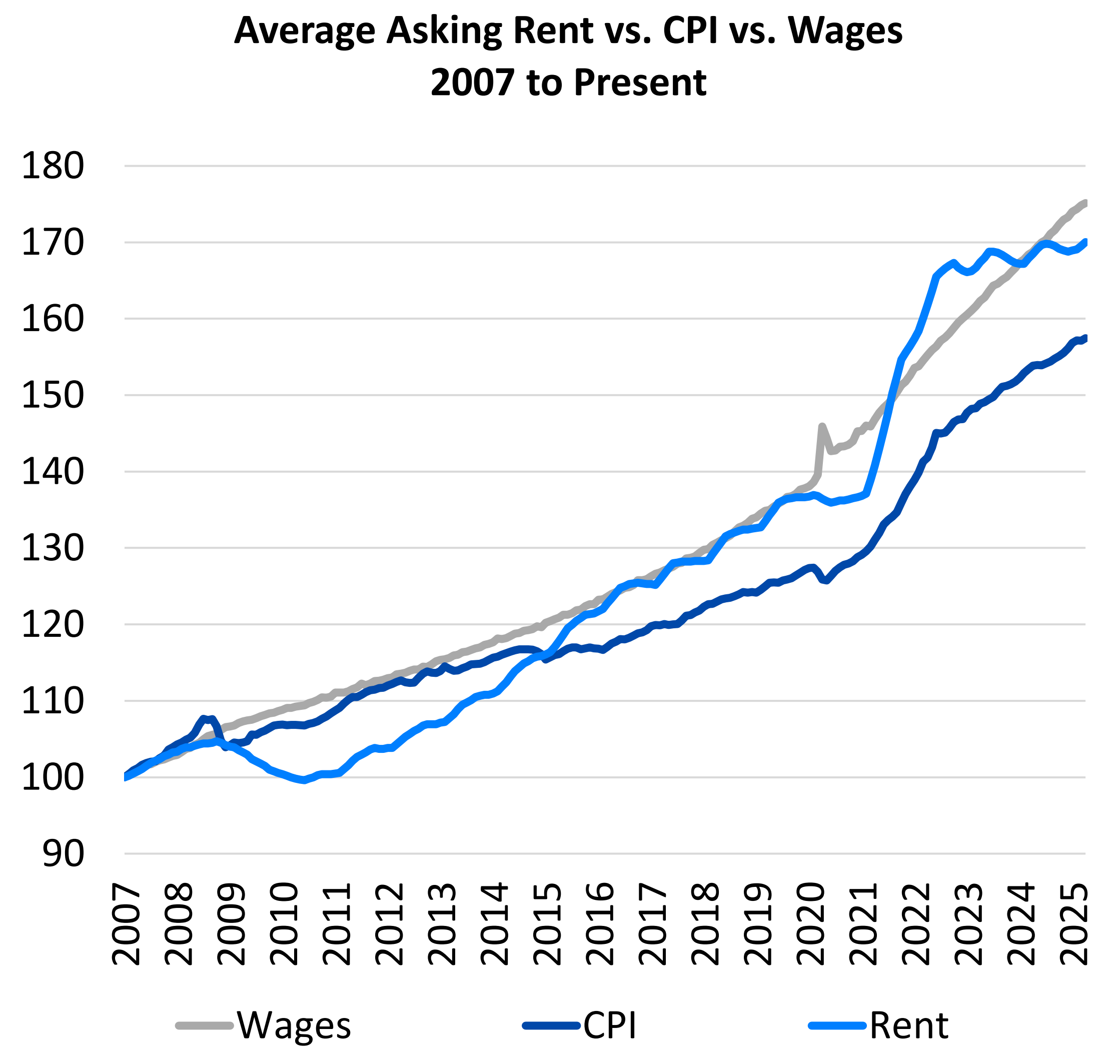
West Coast & Midwest Cities Are Experiencing Higher Unemployment Rates

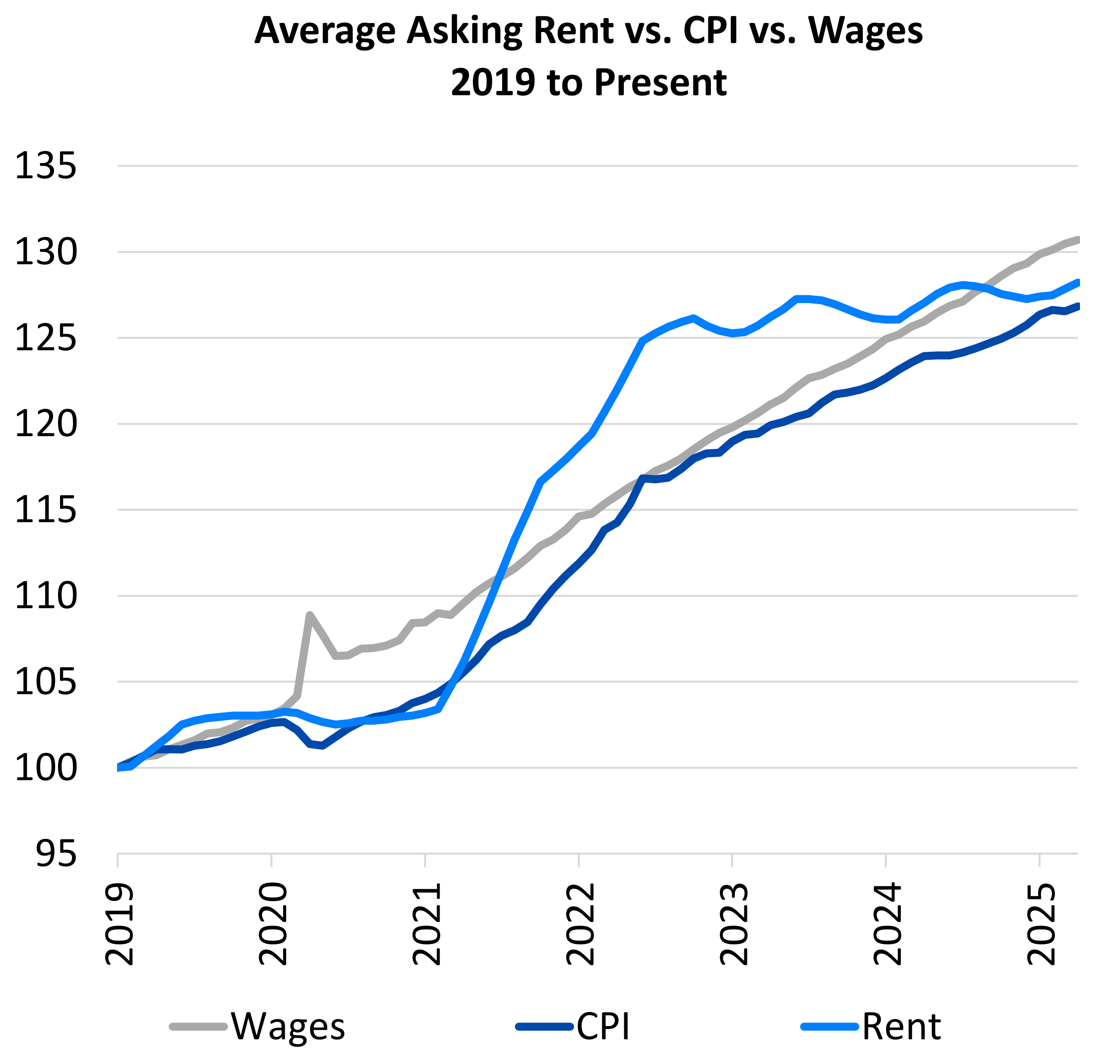


YARDI

Data as of March 2025, not seasonally adjusted | Source: Yardi Matrix; Bureau of Labor Statistics

Wage Growth Has Surpassed Rent Growth, as Both Outpace Inflation

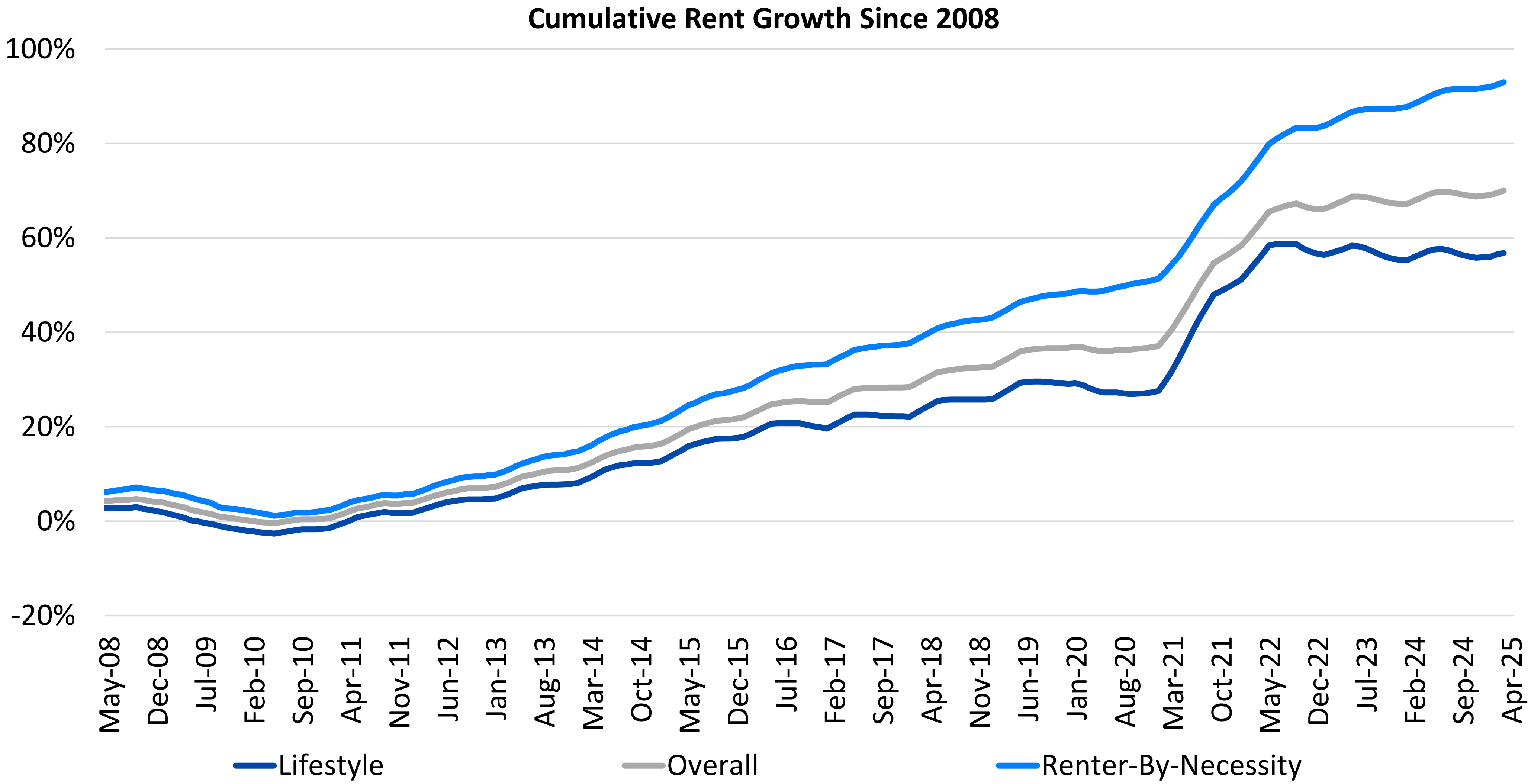




YARDI

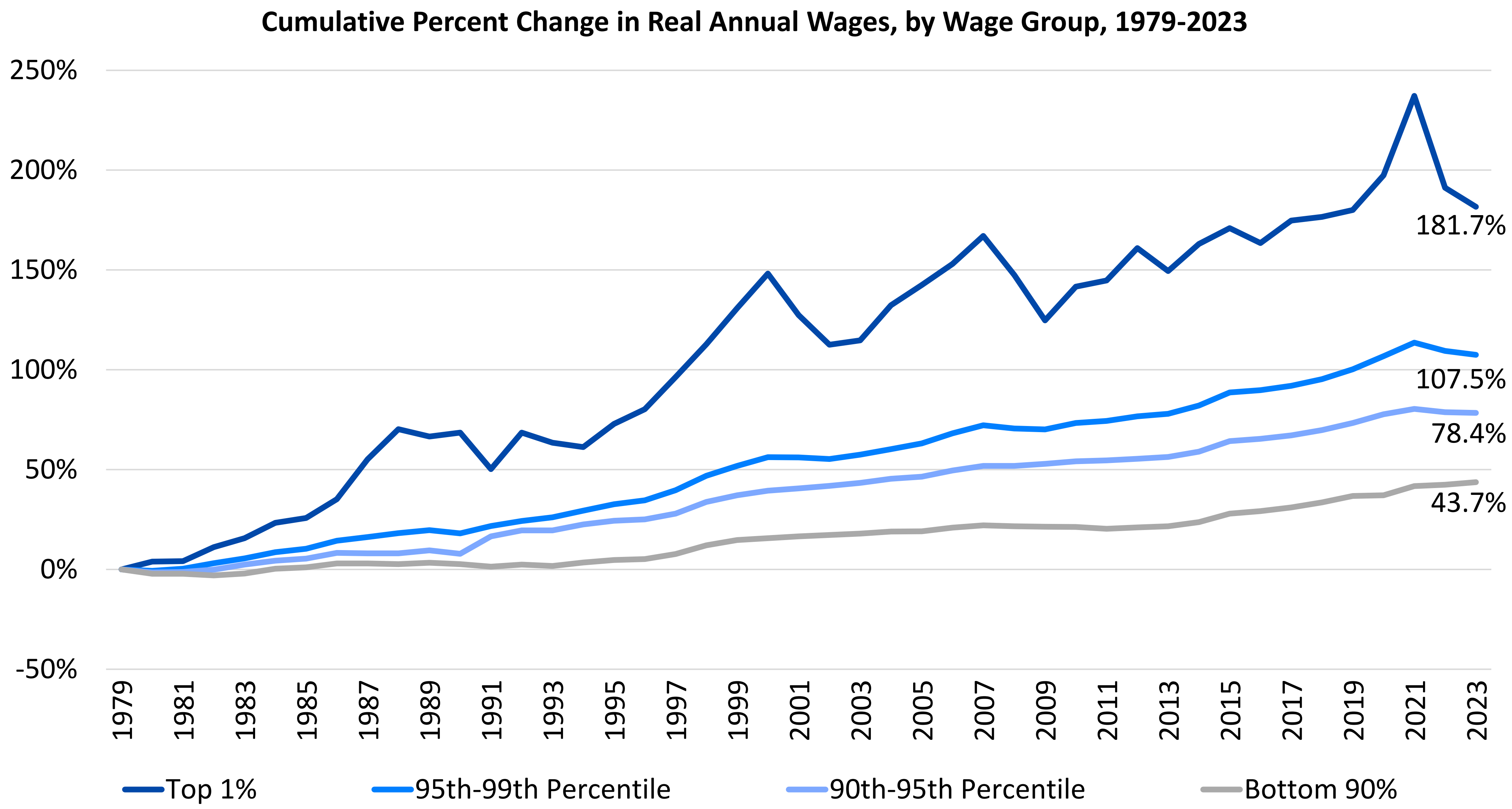
Data through April | Source: Yardi Matrix; Moody’s Analytics; U.S. Bureau of Labor Statistics (BLS)

Renter-By-Necessity Properties Saw the Largest Cumulative Increases in Rents Post-Pandemic



Source: Yardi Matrix

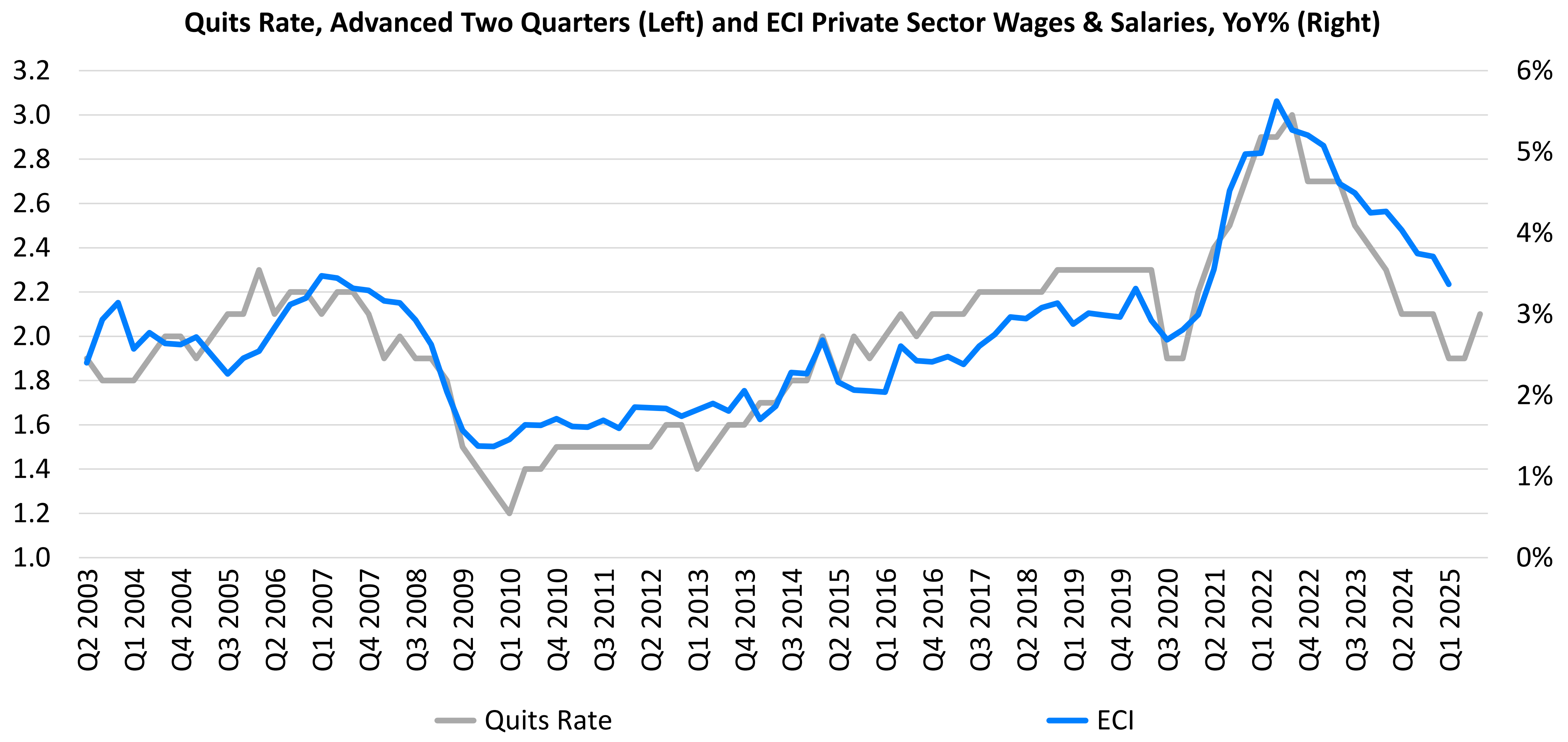
Wage Growth Has Skewed to Higher Income Earners Since the Mid-80s



YARDI

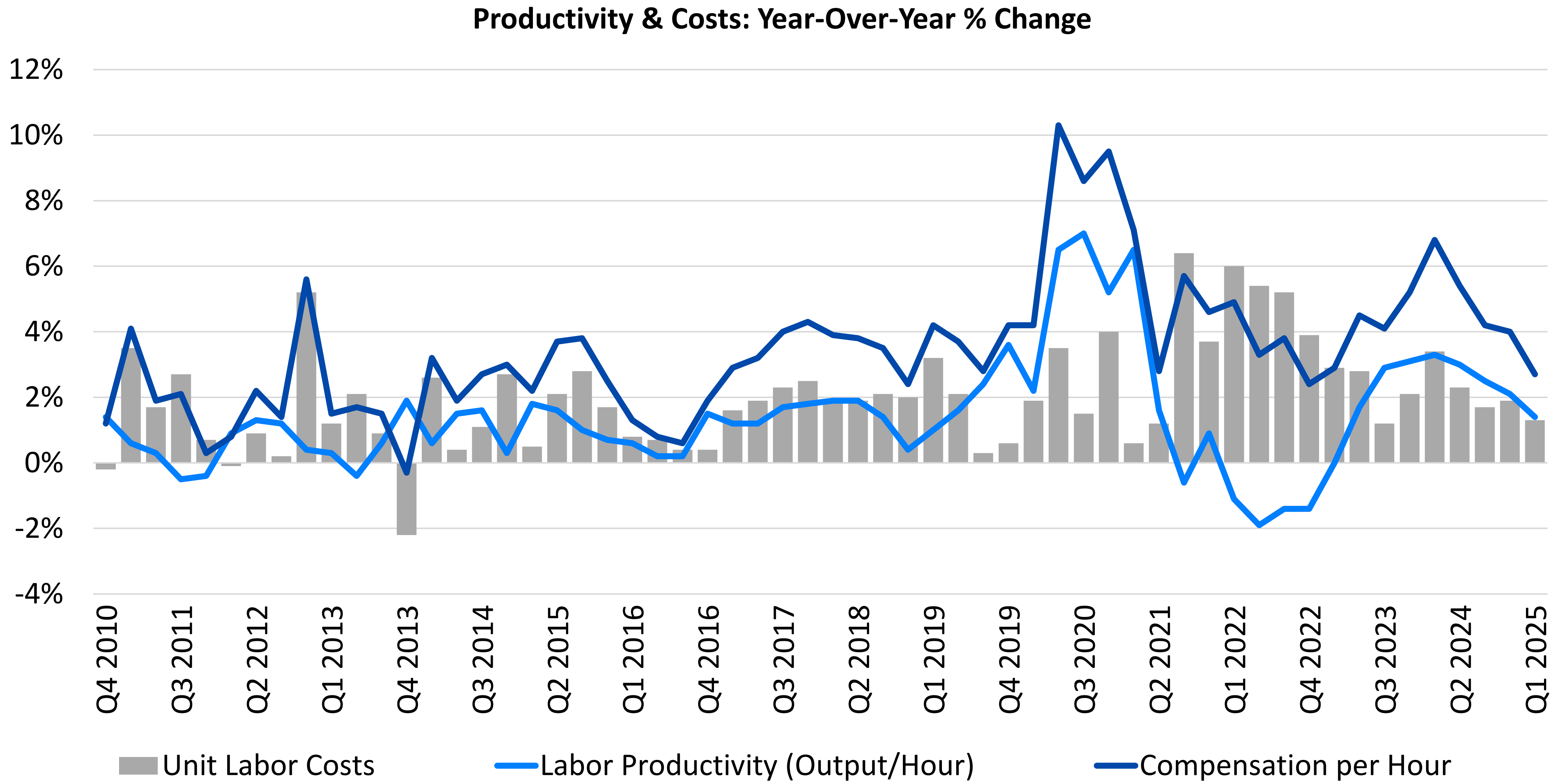
Source: Yardi Matrix; Economic Policy Institute, EPI analysis of Social Security Administration wage statistics

A Low Quits Rate Suggests a Slowdown in Wage Growth, a Positive in Controlling Inflation and Supporting Future Short-Term Interest Rate Reductions



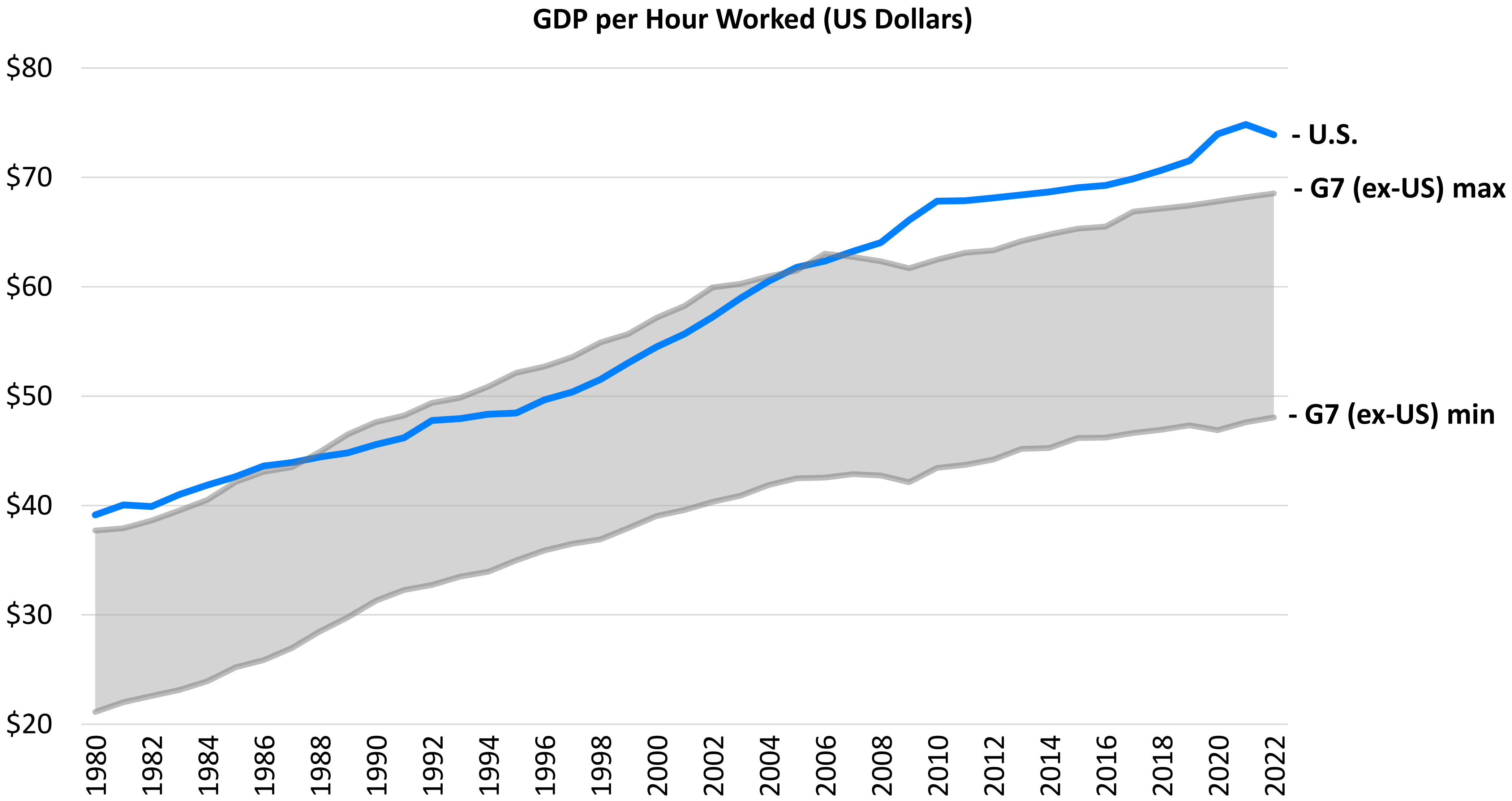
Source: Yardi Matrix; U.S. Bureau of Labor Statistics, ECI= Employment Cost Index

Unit Labor Costs, a Measure of Underlying Inflation, Has Moderated as Compensation Growth Slows, but Labor Productivity Slumped in Q1



Nonfarm business sector, all persons, seasonally adjusted | Source: Yardi Matrix; Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

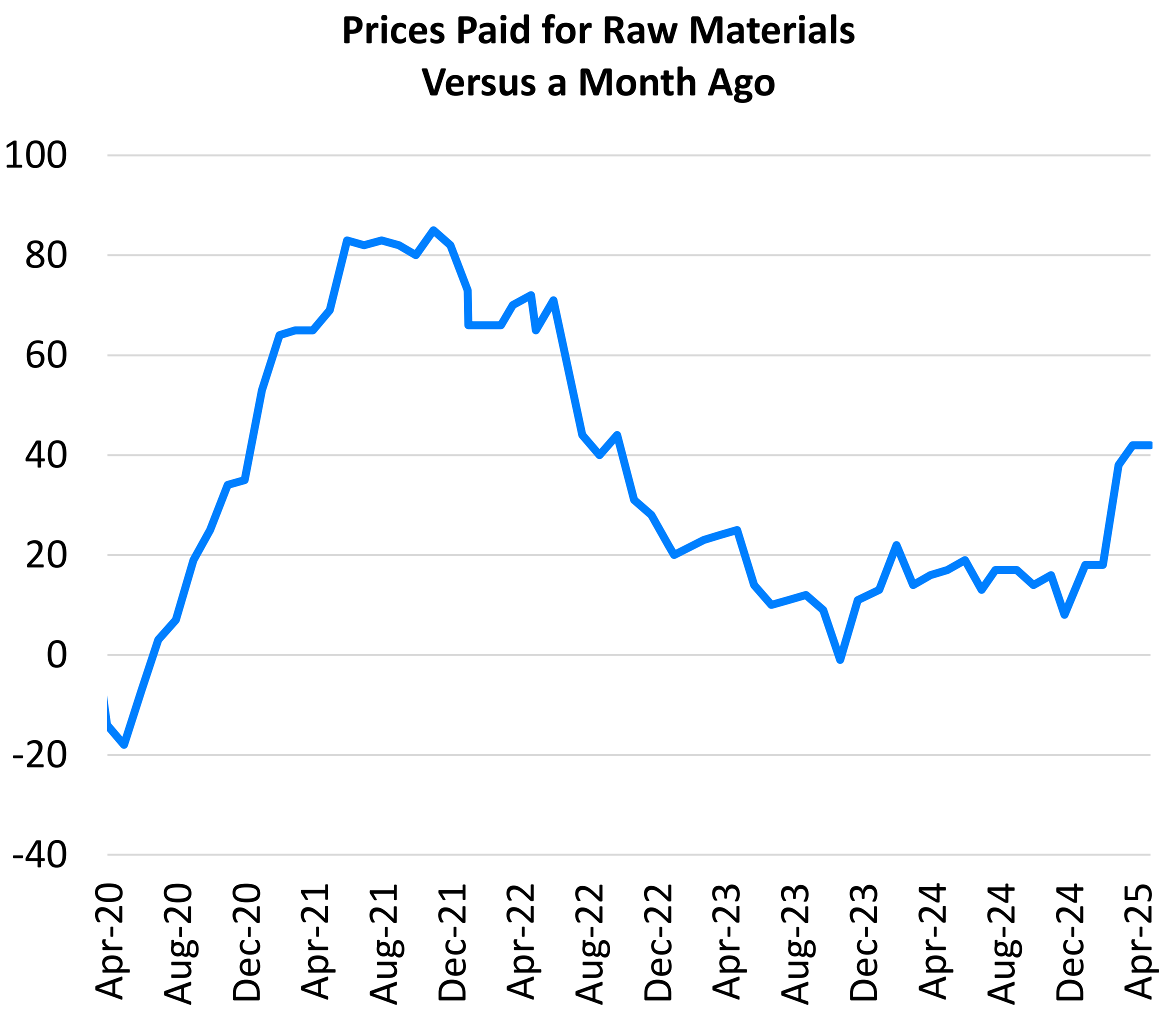
U.S. Labor Productivity Has Continued to Outpace the Rest of the G7

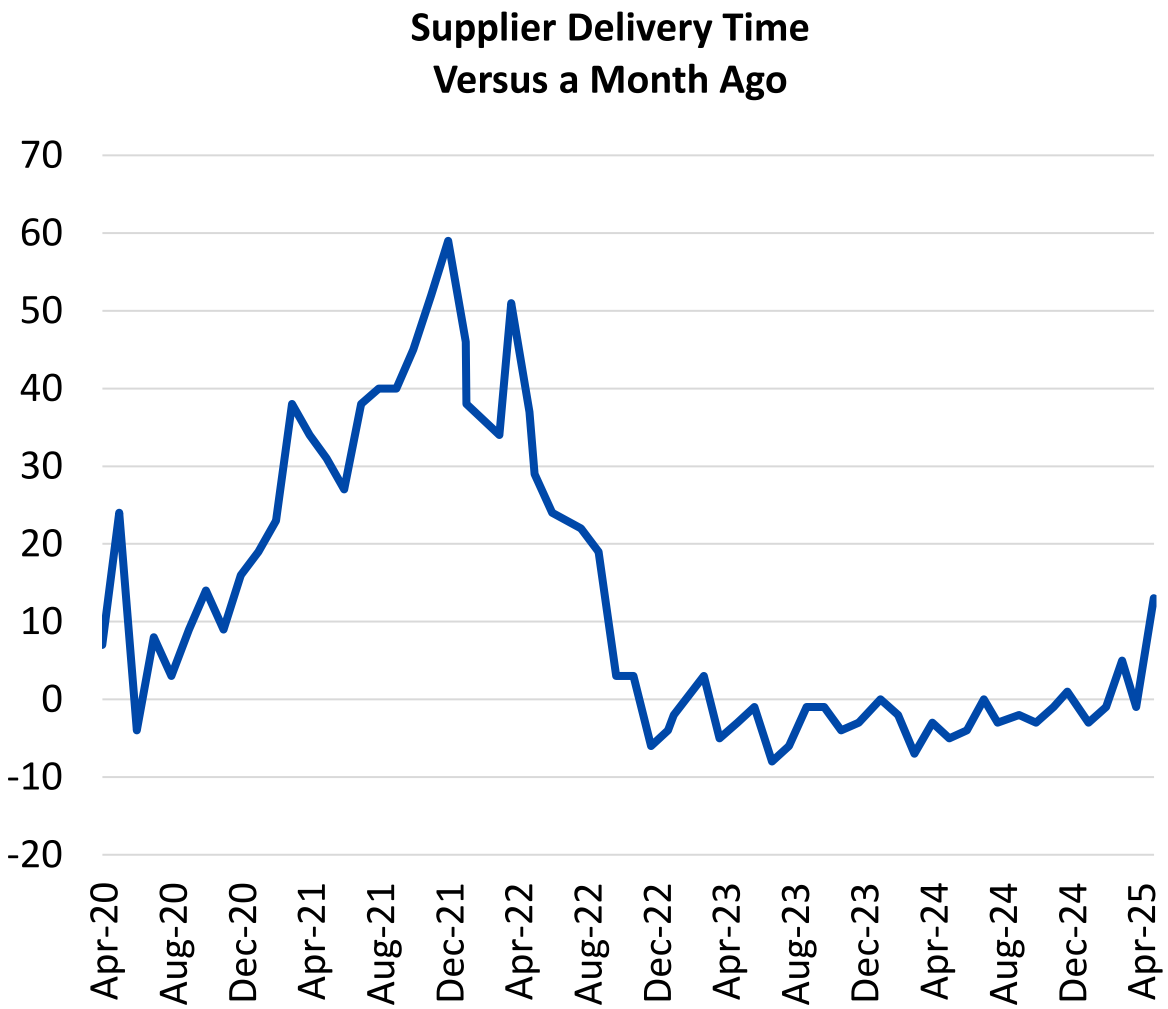


Source: Yardi Matrix; The Organization for Economic Co-operation and Development (OECD)

DEGLOBALIZATION

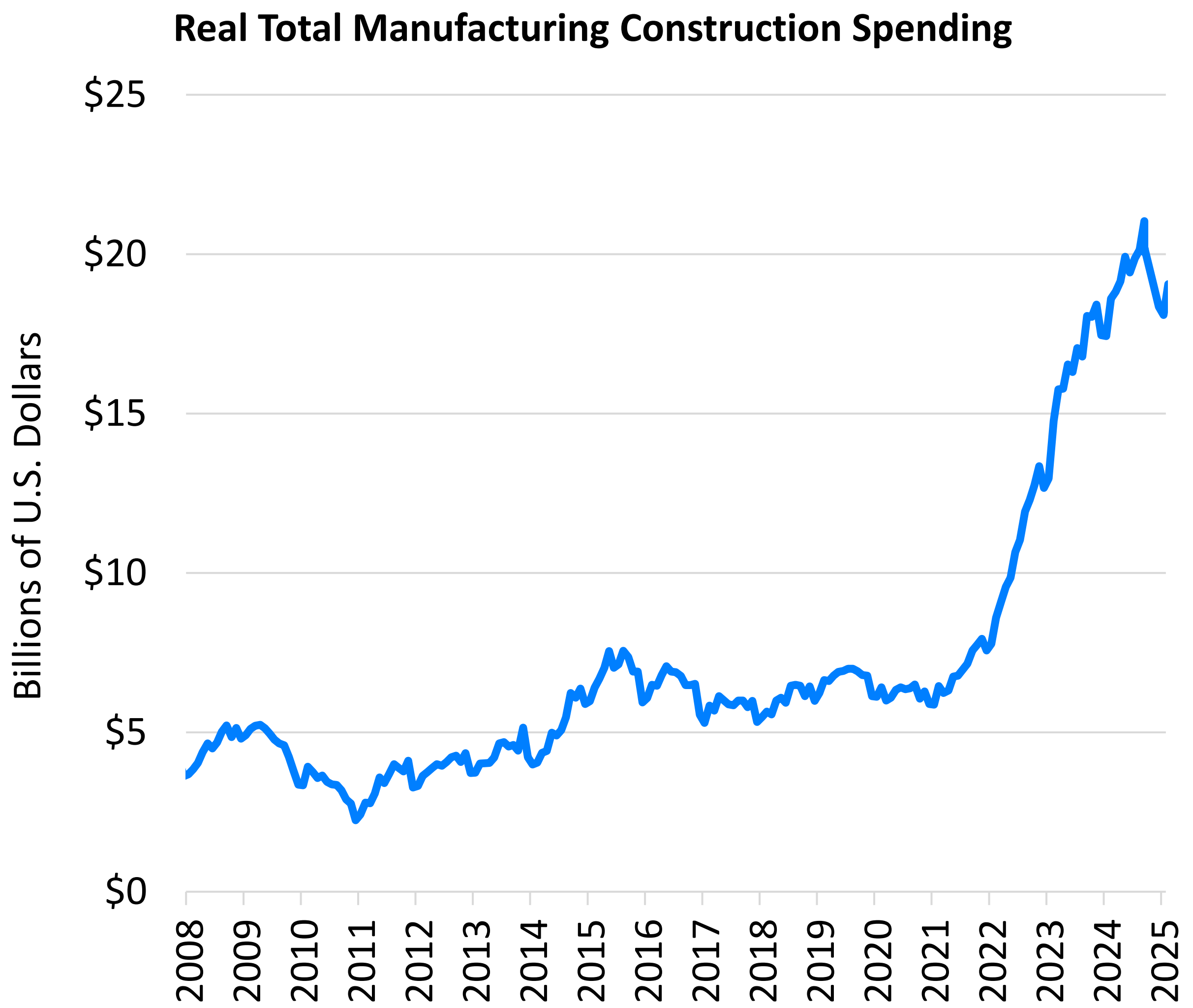
Raw Materials Prices in April Remain High Compared to the Previous Year

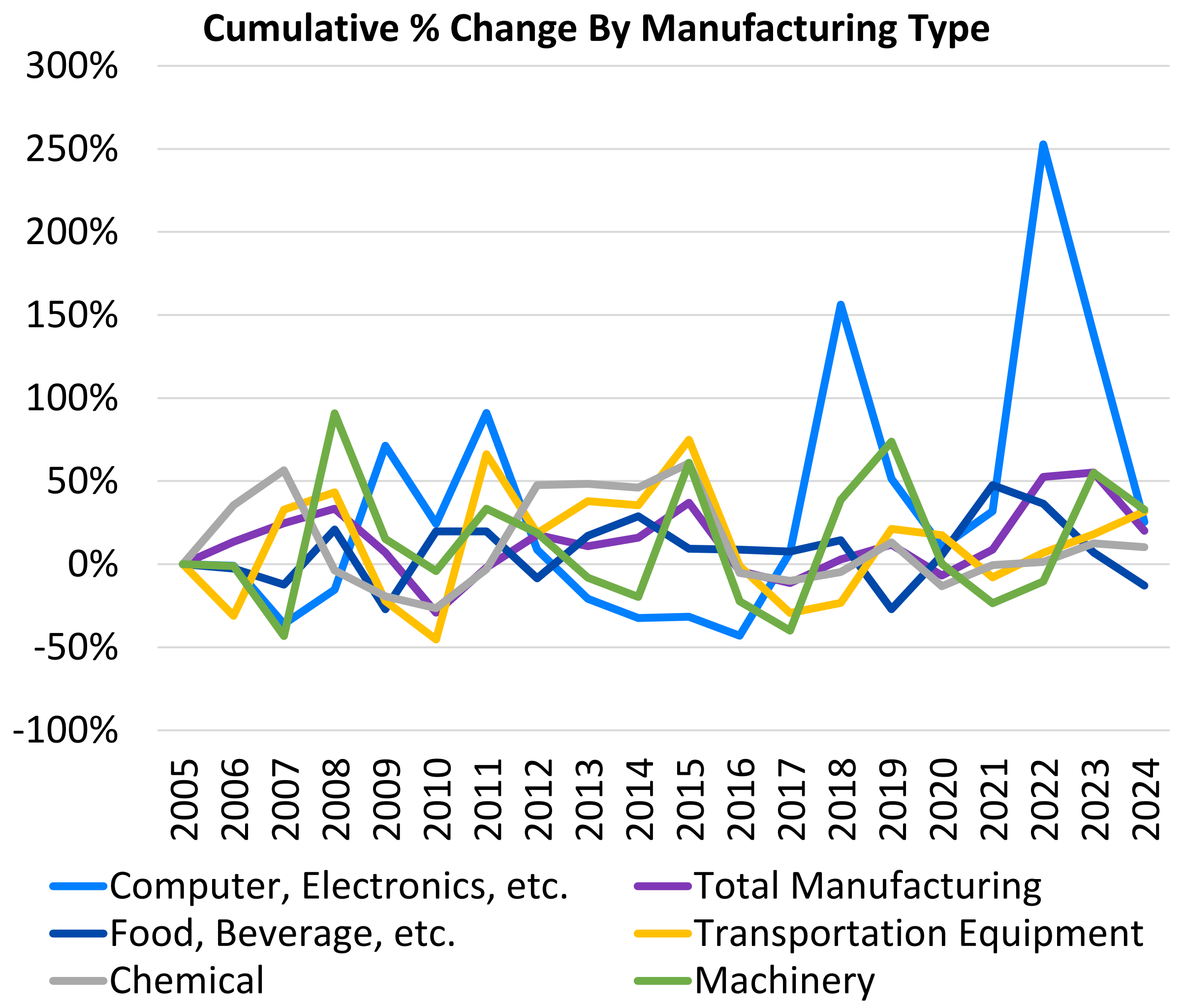




Source: Yardi Matrix; Kansas City Fed Manufacturing Survey

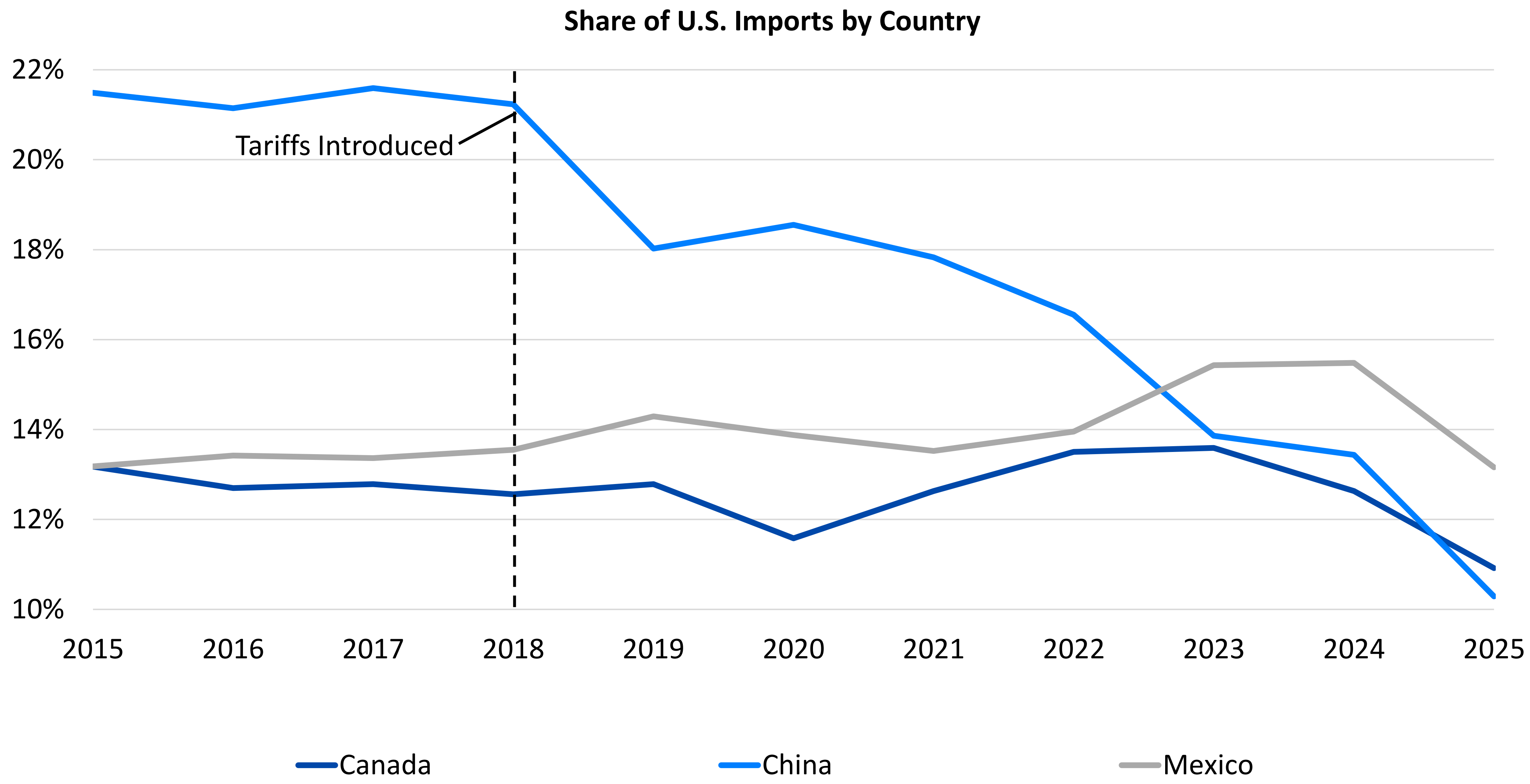
The U.S. Has Significantly Increased its Domestic Manufacturing Spending, Especially Within the Computer & Electronics Segment





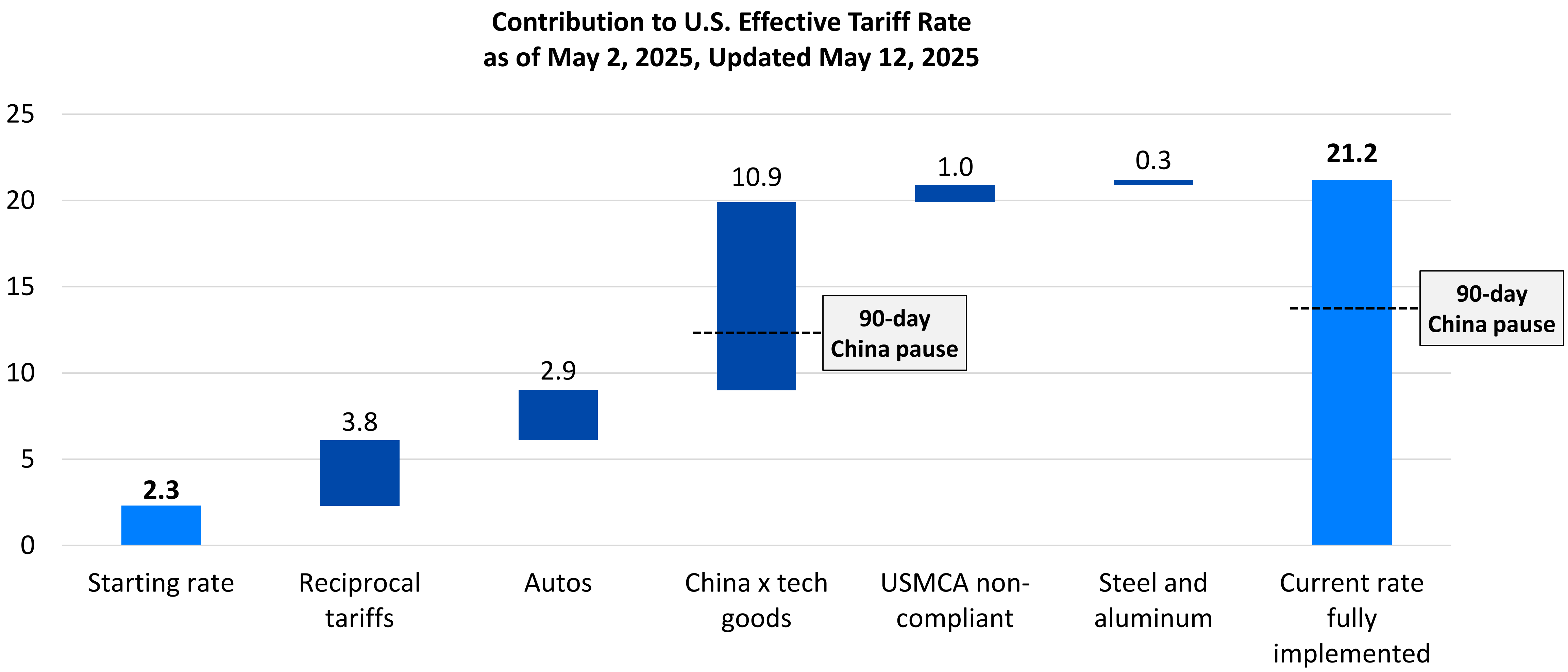
Left chart: Data through March 2025 | Source: Yardi Matrix; Moody's Analytics; U.S. Census Bureau

Trade with Top U.S. Import Partners Has Declined in 2025



Source: Yardi Matrix; U.S. Census Bureau

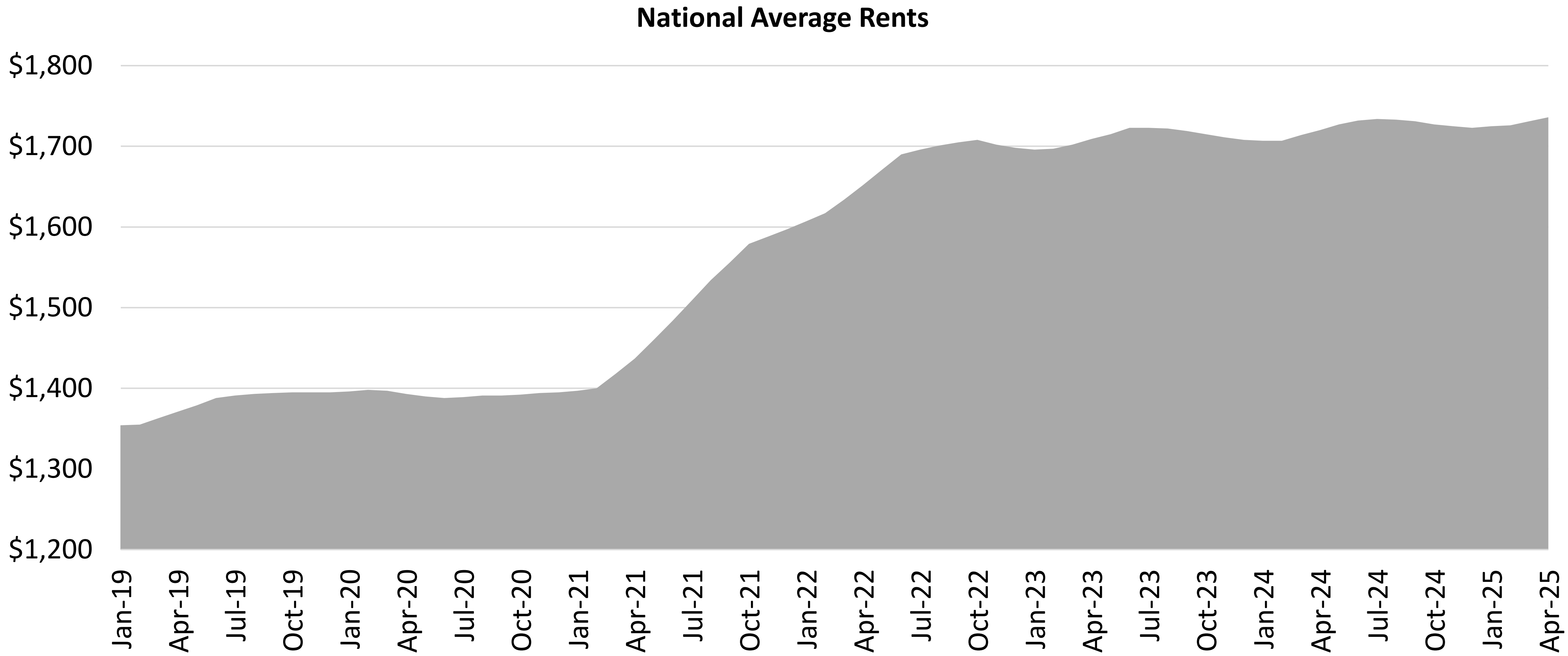
Trump's Average Tariff Rate Would Be Highest in Decades



Source: Yardi Matrix; Moody’s Analytics

MULTIFAMILY PERFORMANCE AND MEDIUM-TERM FORECASTS

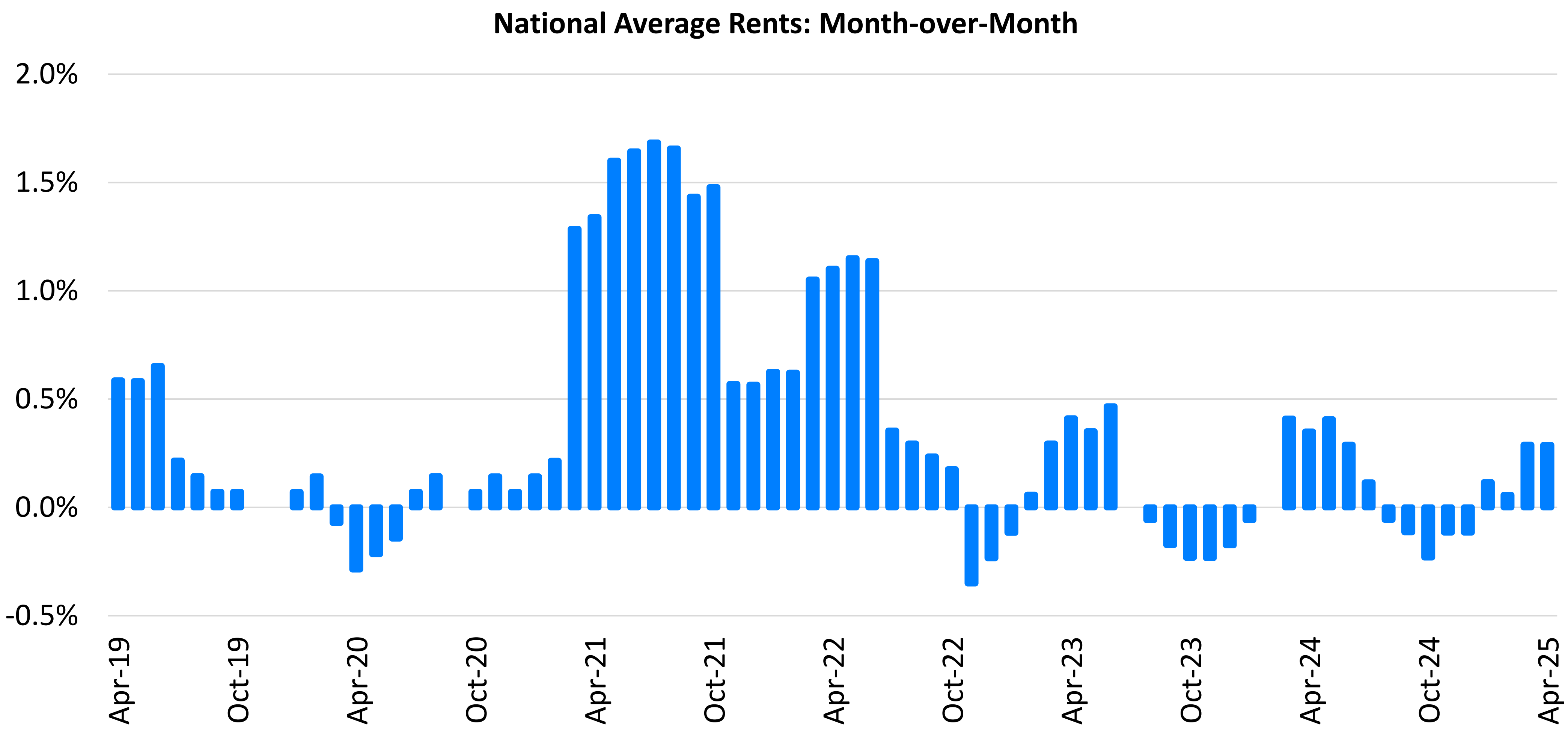
National Multifamily Rent Growth Has Remained Fairly Stable in Recent Months



	% Change	$ Change
Year-over-Year: Apr ‘24 – Apr ’25	0.9%	$16
Month-over-Month: Mar ‘25 – Apr ’25	0.3%	$5
Pre-pandemic to Current: Feb ‘20 – Apr ‘25	24.2%	$338

Source: Yardi Matrix

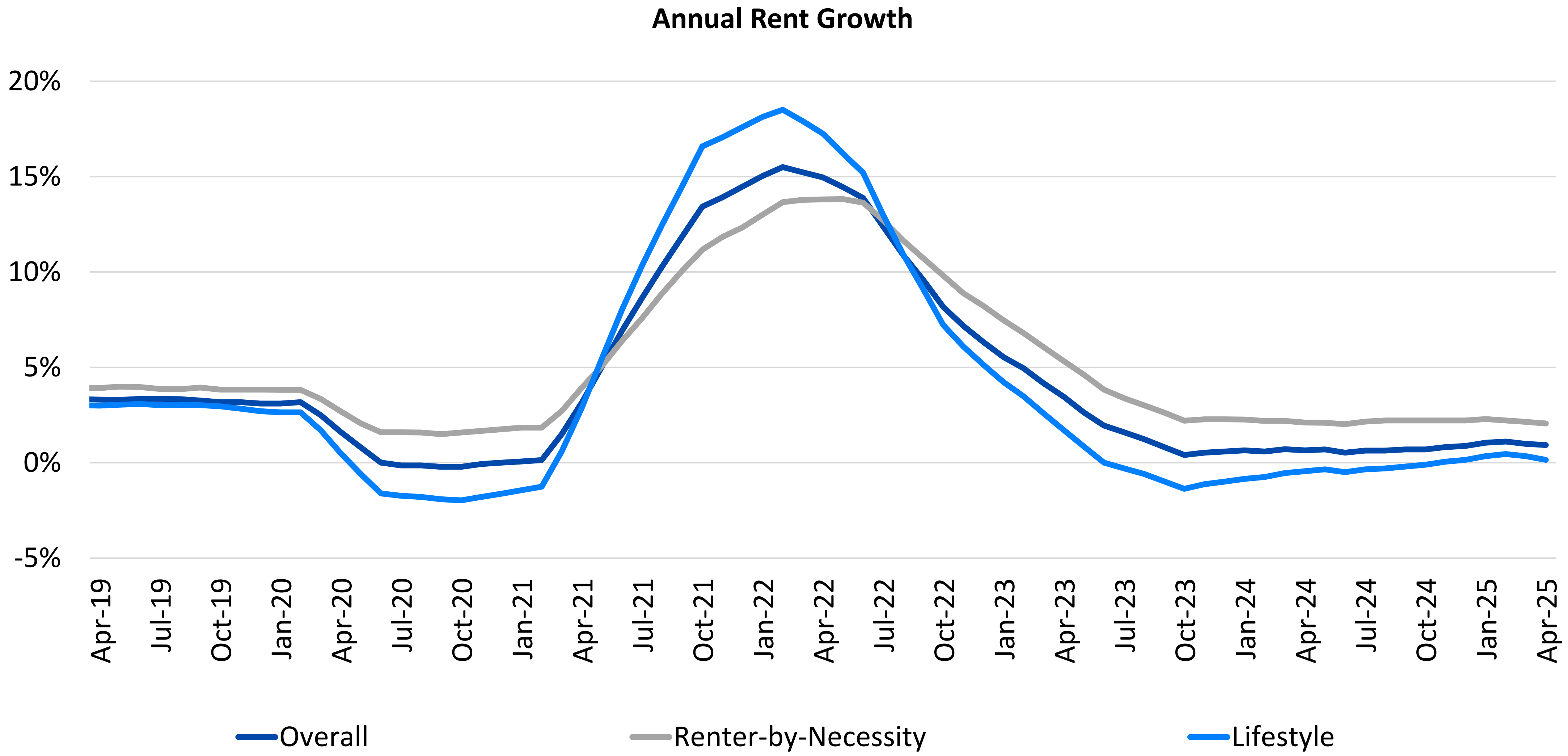
Monthly Rent Growth Increased in April, Following Typical Seasonal Patterns



YARDI

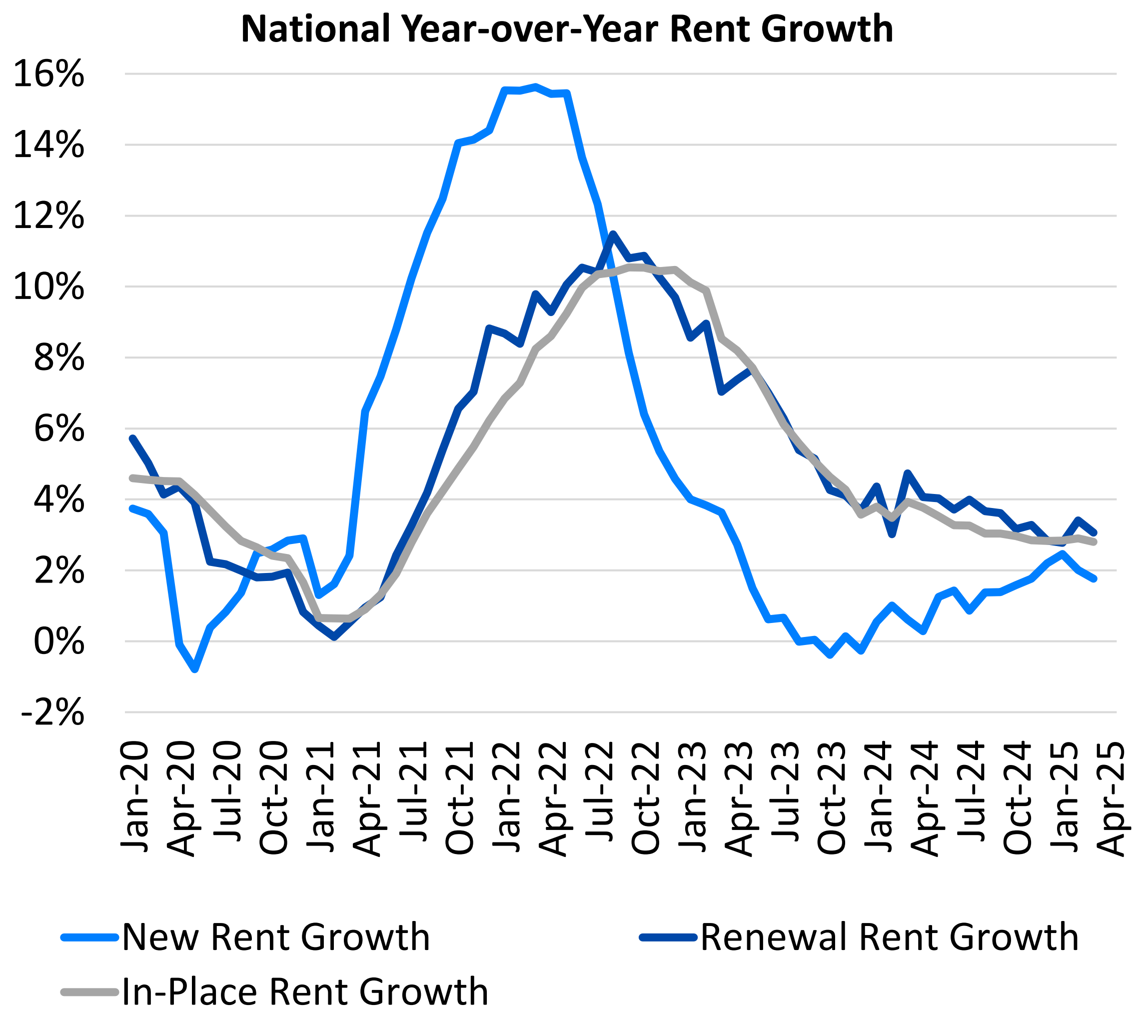
Source: Yardi Matrix

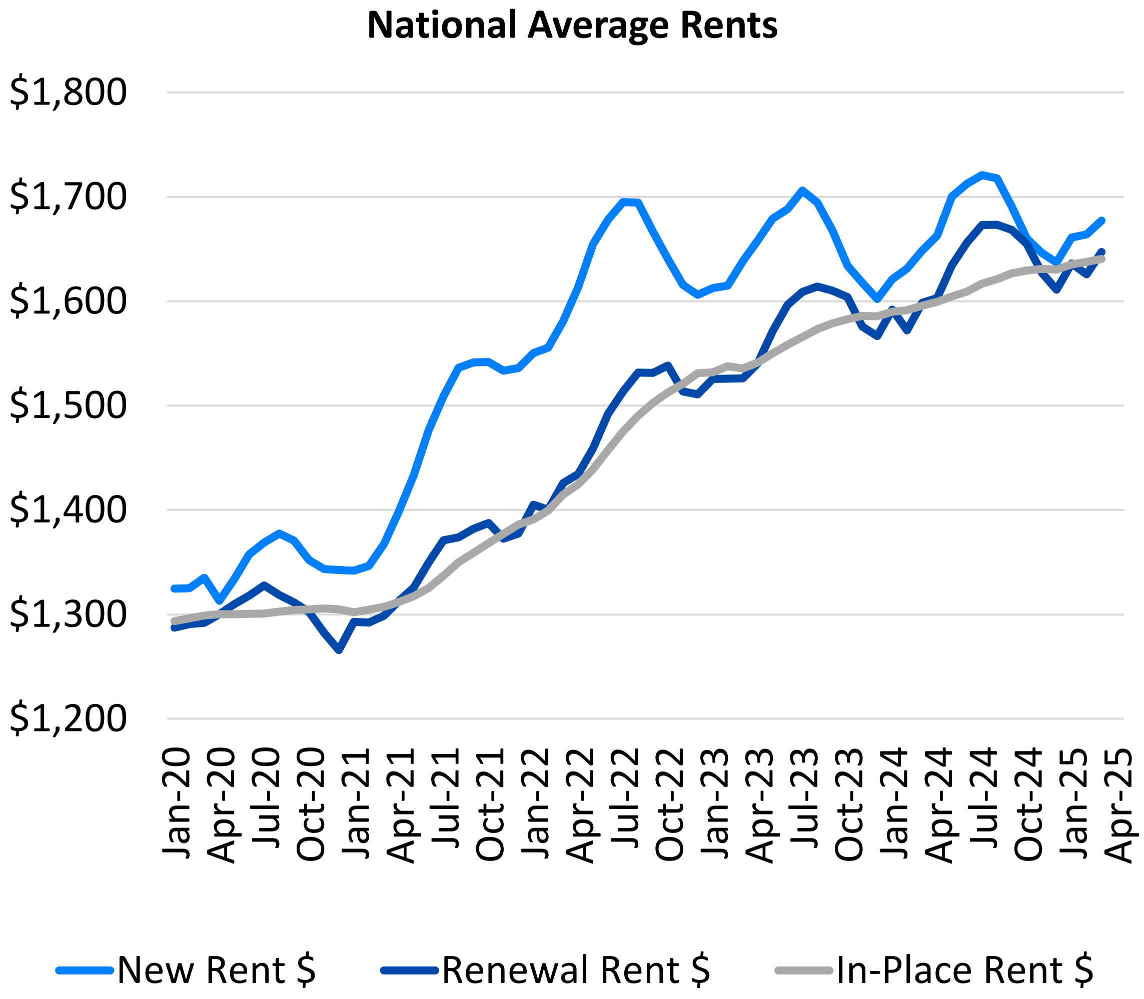
Lifestyle Rent Growth Surged in Early 2021, but Has Since Fallen Behind Renter-by-Necessity Rent Growth



Source: Yardi Matrix

Multifamily Rent Growth on New, Renewal and In-Place Transacted Leases Remain Positive

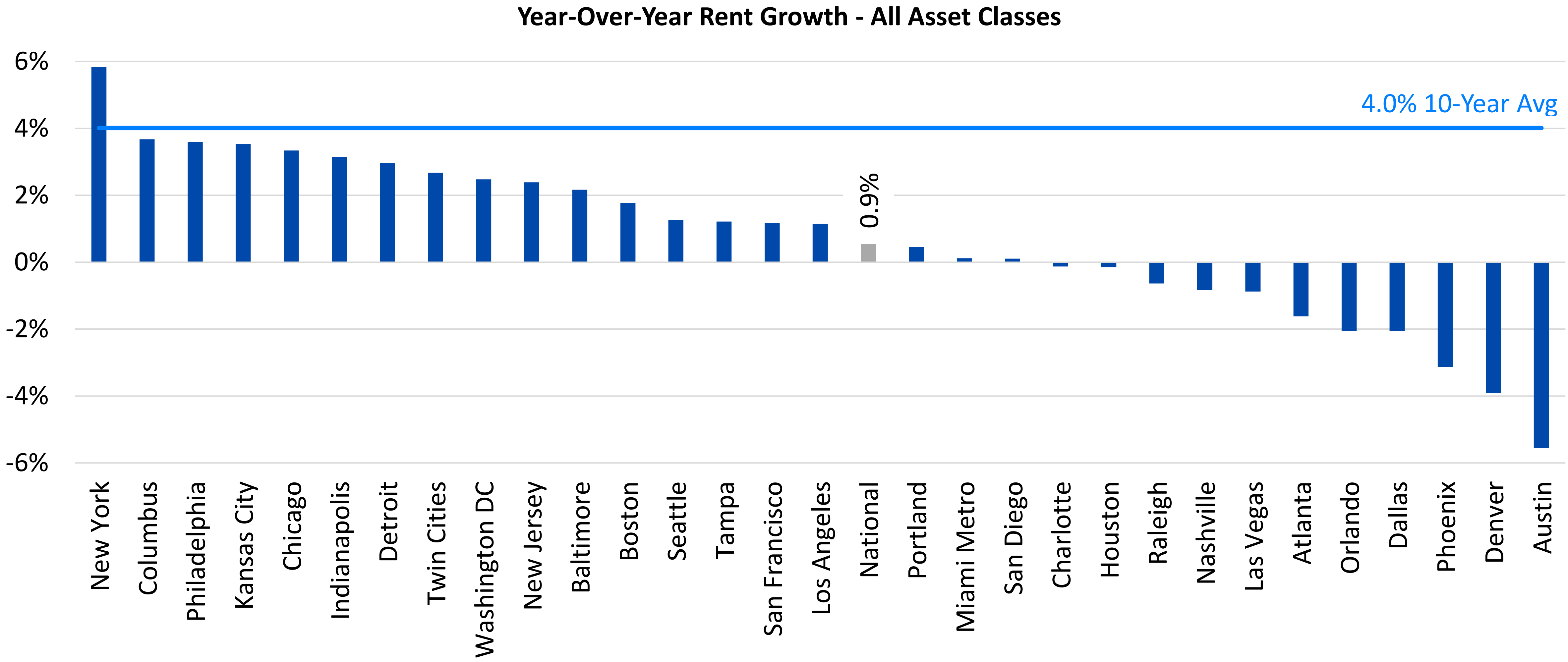




YARDI

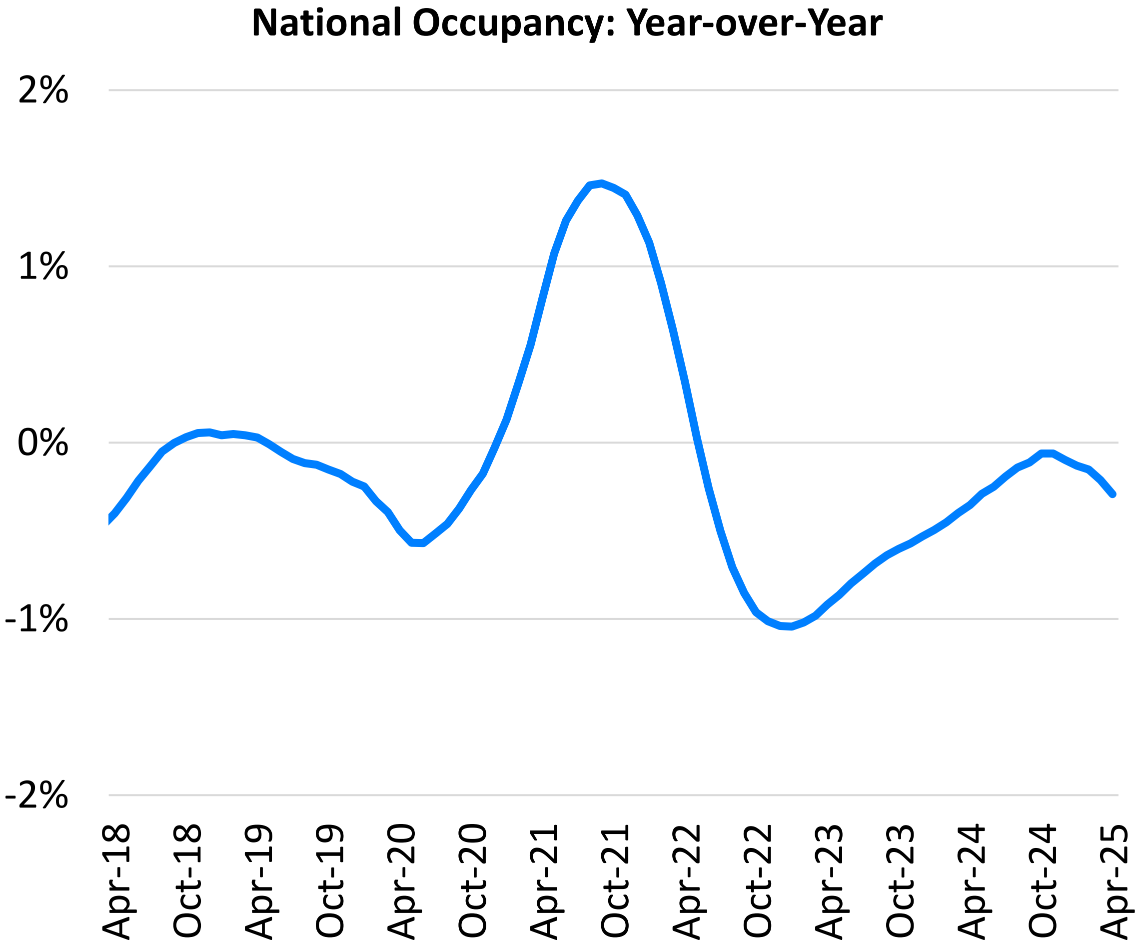
Source: Yardi Matrix Expert

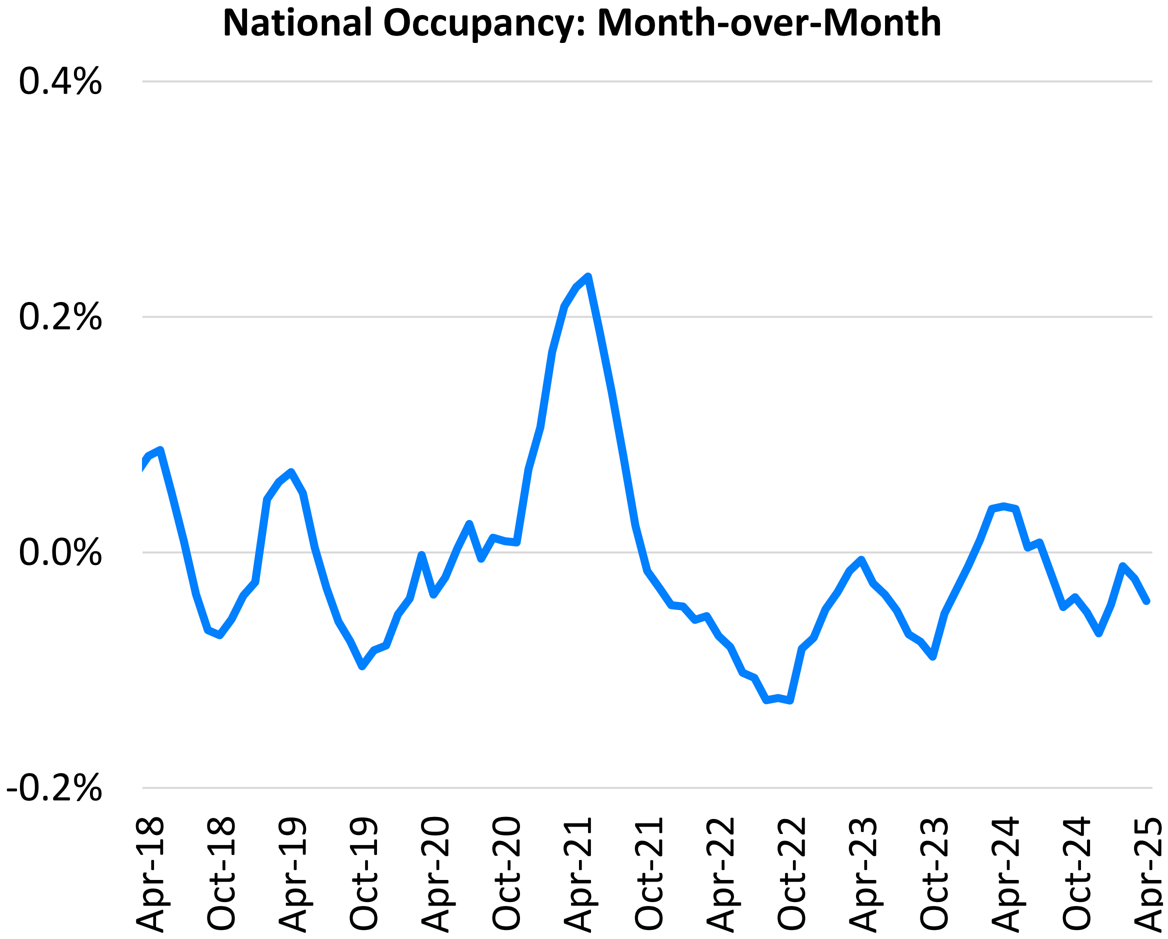
Rent Growth Has Been Softening in Many Matrix Top Markets



Data as of April 2025 | Source: Yardi Matrix

Multifamily Occupancy Growth Is Negative and Continues to Decline



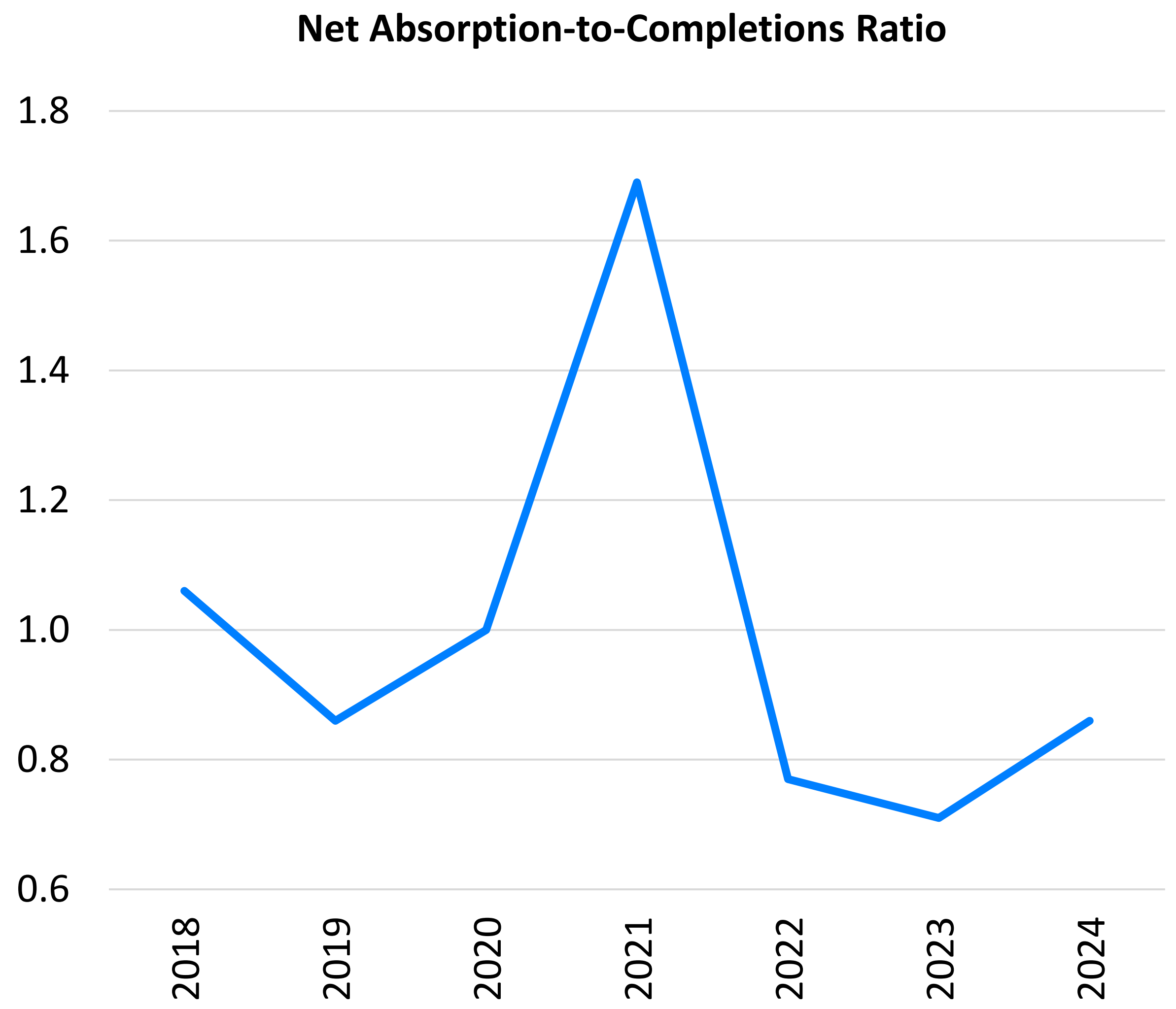


YARDI

Source: Yardi Matrix

Multifamily Absorption Rebounded in 2024

Year	Completed Units	Net Absorbed Units	Net Absorption-to-Completions Ratio
2018	381,253	403,542	1.06
2019	369,194	315,976	0.86
2020	389,087	389,314	1
2021	444,063	748,557	1.69
2022	406,306	312,567	0.77
2023	510,187	361,290	0.71
2024	636,725	544,915	0.86



YARDI

Metrics revised monthly and will be restated as new completions are confirmed | Source: Yardi Matrix

Many Tertiary Markets Are Still Performing Well

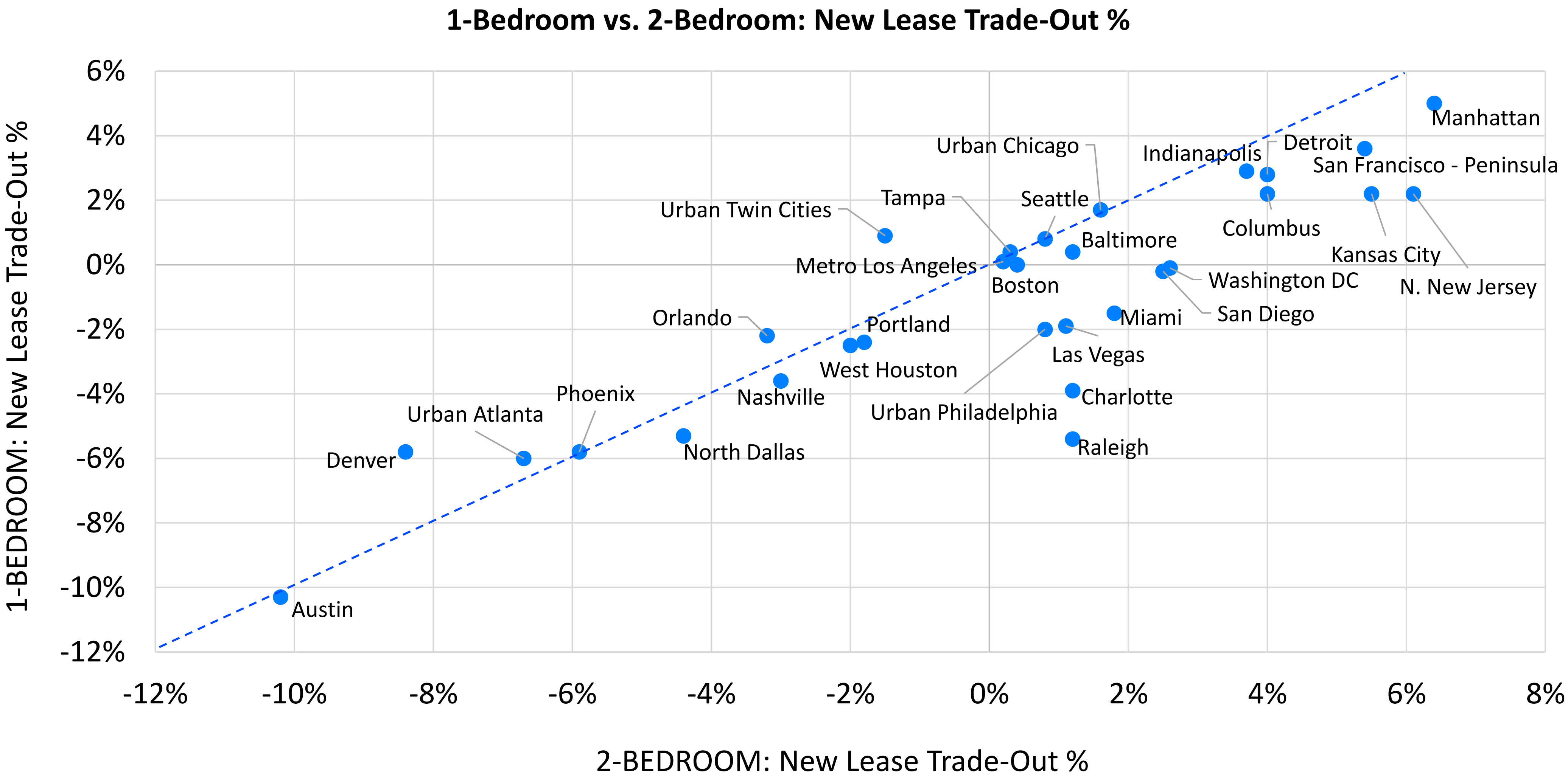
Market	April 2024 Rent	April 2025 Rent	YOY Rent Growth
Dayton	$1,126	$1,176	4.4%
Lansing - Ann Arbor	$1,219	$1,271	4.3%
Cleveland - Akron	$1,178	$1,222	3.7%
Bridgeport - New Haven	$1,976	$2,049	3.7%
Cincinnati	$1,348	$1,393	3.3%
Grand Rapids	$1,302	$1,344	3.2%
Milwaukee	$1,485	$1,530	3.0%
Richmond - Tidewater	$1,530	$1,574	2.9%
Tulsa	$997	$1,023	2.6%
Louisville	$1,234	$1,266	2.6%
Madison	$1,584	$1,623	2.5%
Little Rock	$1,000	$1,024	2.4%
Reno	$1,576	$1,609	2.1%
New Orleans	$1,274	$1,297	1.8%
Greenville	$1,340	$1,364	1.8%
Spokane	$1,414	$1,431	1.2%

Market	April 2024 Rent	April 2025 Rent	YOY Rent Growth
Birmingham	$1,221	$1,235	1.1%
Central Valley	$1,585	$1,603	1.1%
Memphis	$1,180	$1,193	1.1%
Tacoma	$1,763	$1,781	1.0%
El Paso	$1,084	$1,093	0.8%
Eugene	$1,572	$1,584	0.8%
Baton Rouge	$1,152	$1,153	0.1%
Central East Texas	$1,132	$1,132	0.0%
Savannah - Hilton Head	$1,677	$1,673	-0.2%
Pensacola	$1,584	$1,577	-0.4%
Huntsville	$1,201	$1,185	-1.3%
Tucson	$1,210	$1,188	-1.8%
Jacksonville	$1,515	$1,486	-1.9%
Southwest Florida Coast	$2,009	$1,939	-3.5%
Colorado Springs	$1,517	$1,461	-3.7%

YARDI

Source: Yardi Matrix

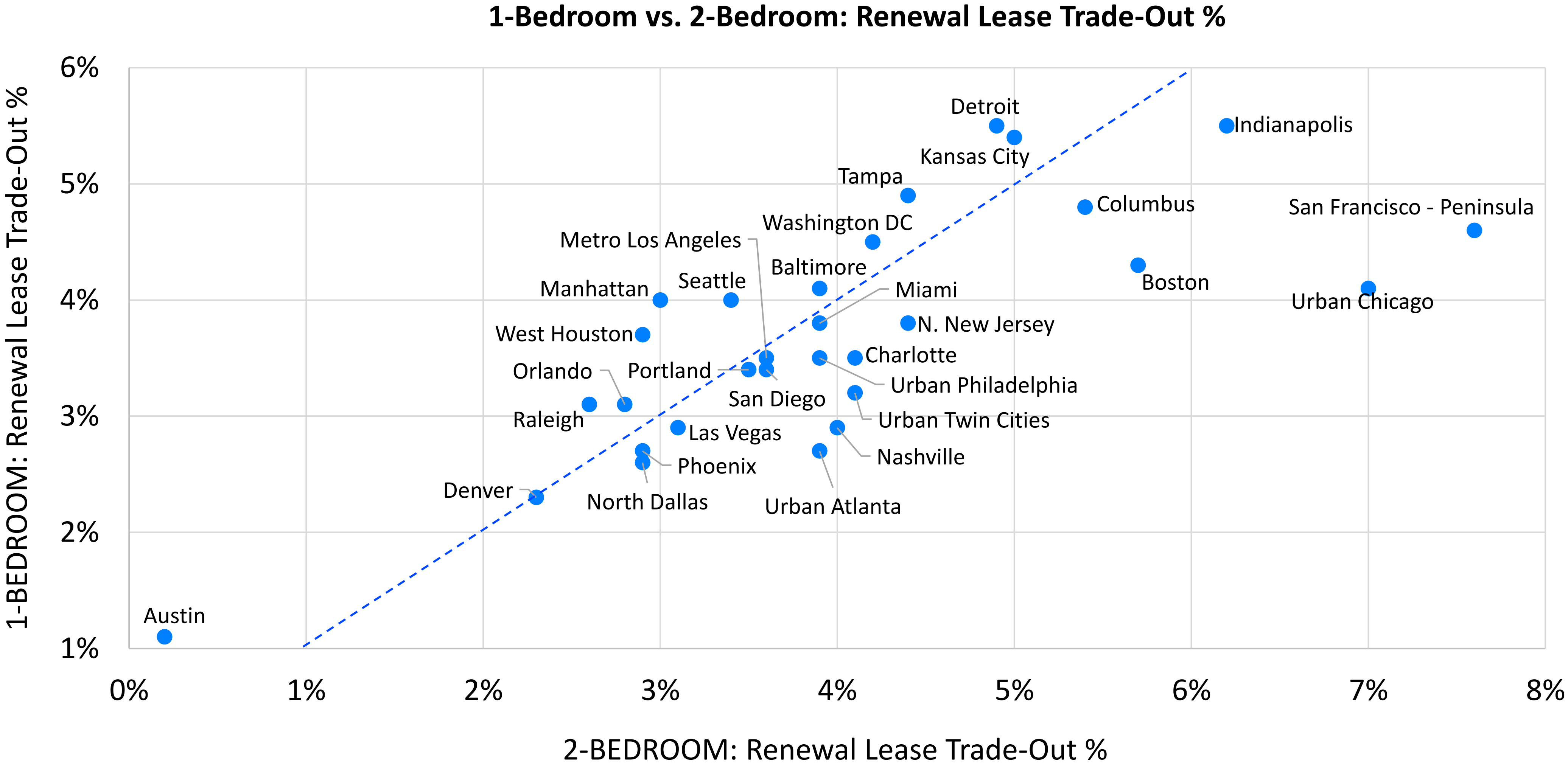
New Lease Trade-out Is Higher for 2-Bedroom Units Then 1-Bedroom Apartments in Most Top Metros



Data as of March 2025. Average change % per market-rate unit for the last 13 months. New Lease trade out is the monthly rent % change between new leases and their corresponding previous leases for the same unit | Source: Yardi Matrix Expert

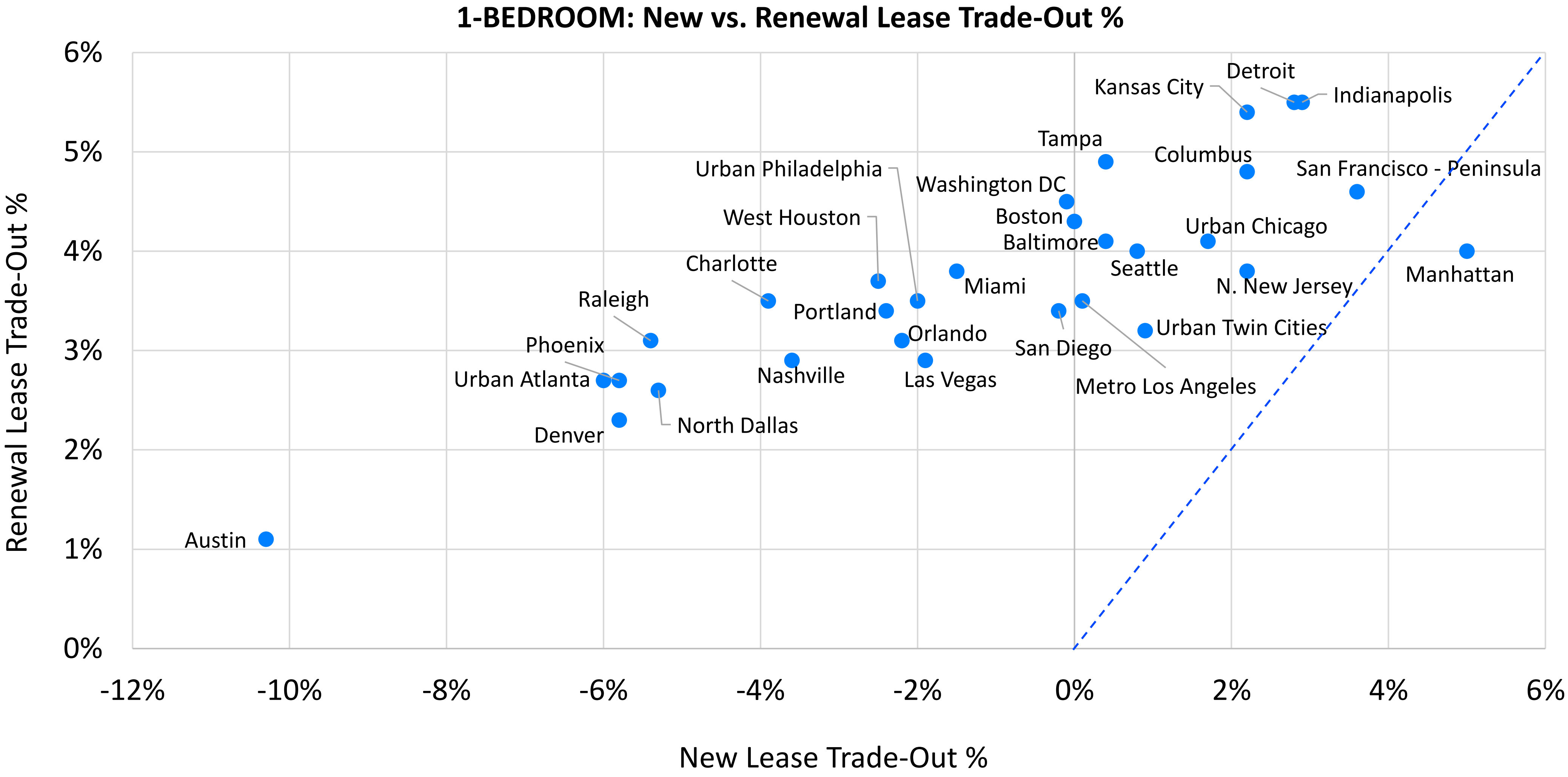
YARDI

Renewal Lease Trade-Outs Are Also Greater for 2-Bedroom Units Versus 1-Bedroom in the Majority of Top Markets



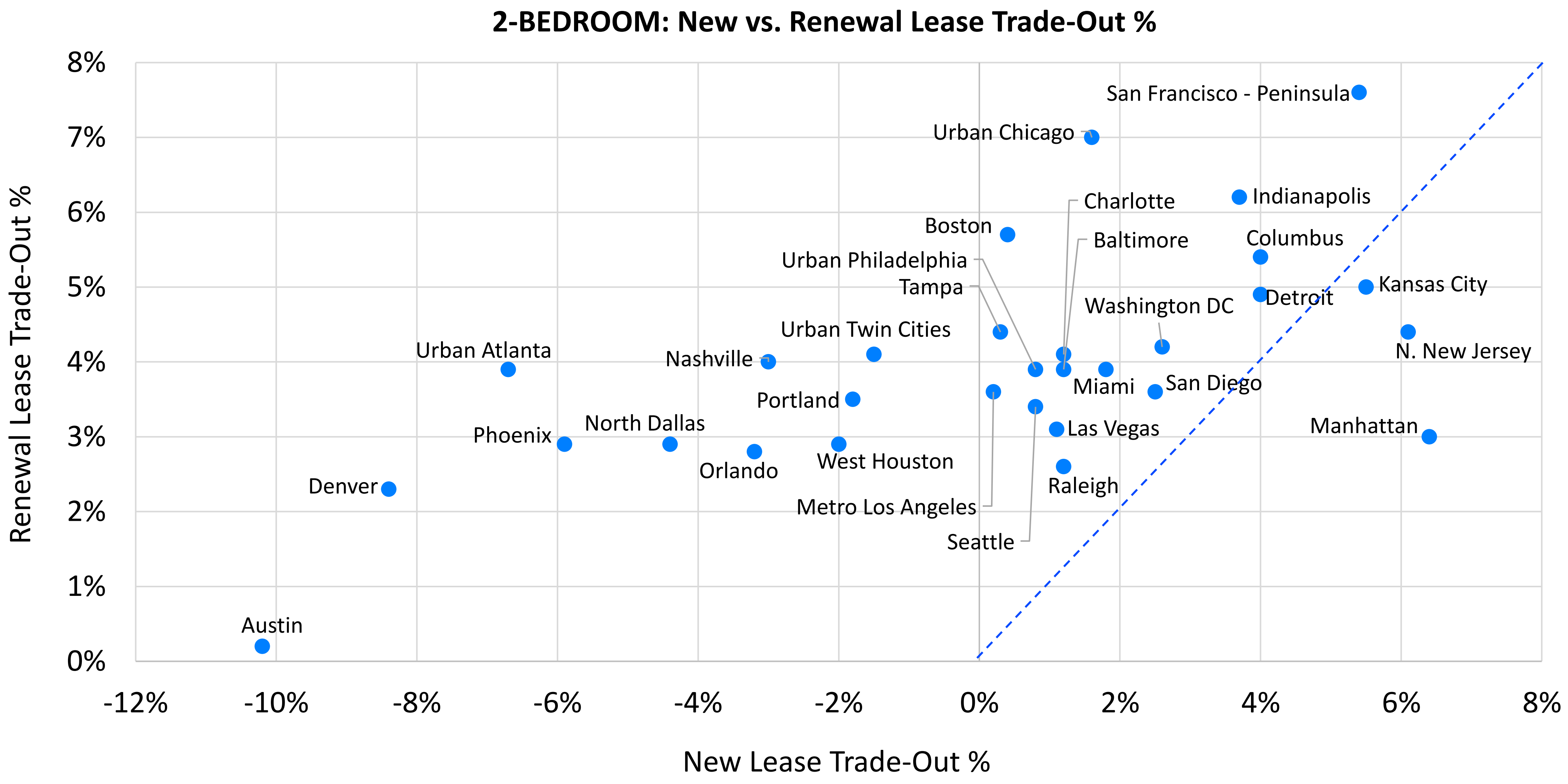
Data as of March 2025. Average change % per market-rate unit for the last 13 months. Renewal Lease trade out is the monthly rent % change between renewals and their corresponding previous leases for the same tenant | Source: Yardi Matrix Expert

Lease Trade-Outs for 1-Bedroom Apartments Are Higher for Renewals Than New Leases in Nearly All of the Top Markets



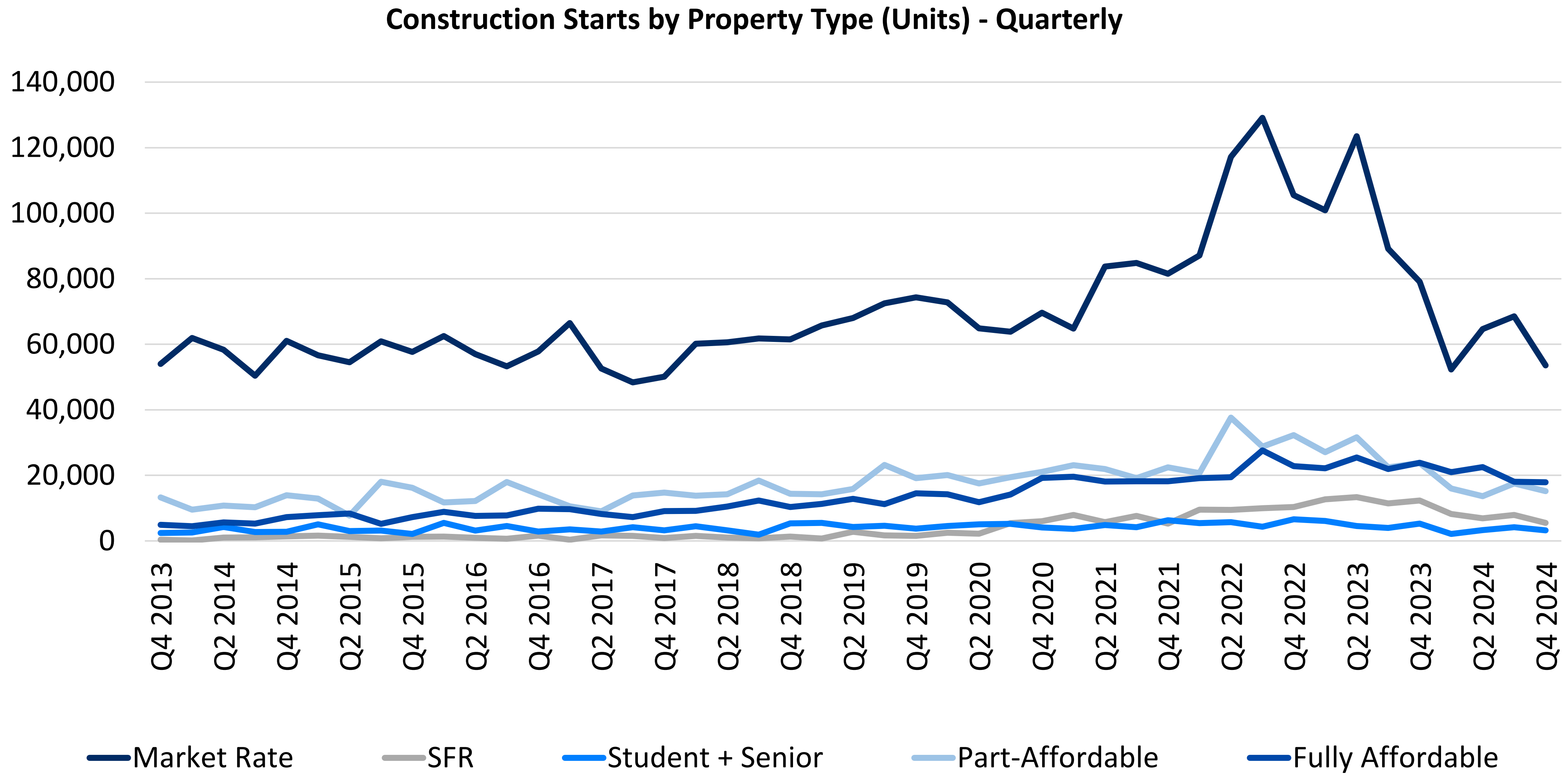
Data as of March 2025. Average change % per market-rate unit for the last 13 months. New Lease and Renewal Lease trade out refer to the monthly rent percentage change between new or renewed leases and their corresponding previous leases for the same unit or tenant, respectively. | Source: Yardi Matrix Expert

Renewal Lease Trade-Outs Are Also Greater for 2-Bedroom Units in the Majority of Top Markets



Data as of March 2025. Average change % per market-rate unit for the last 13 months. New Lease and Renewal Lease trade out refer to the monthly rent percentage change between new or renewed leases and their corresponding previous leases for the same unit or tenant, respectively. | Source: Yardi Matrix Expert

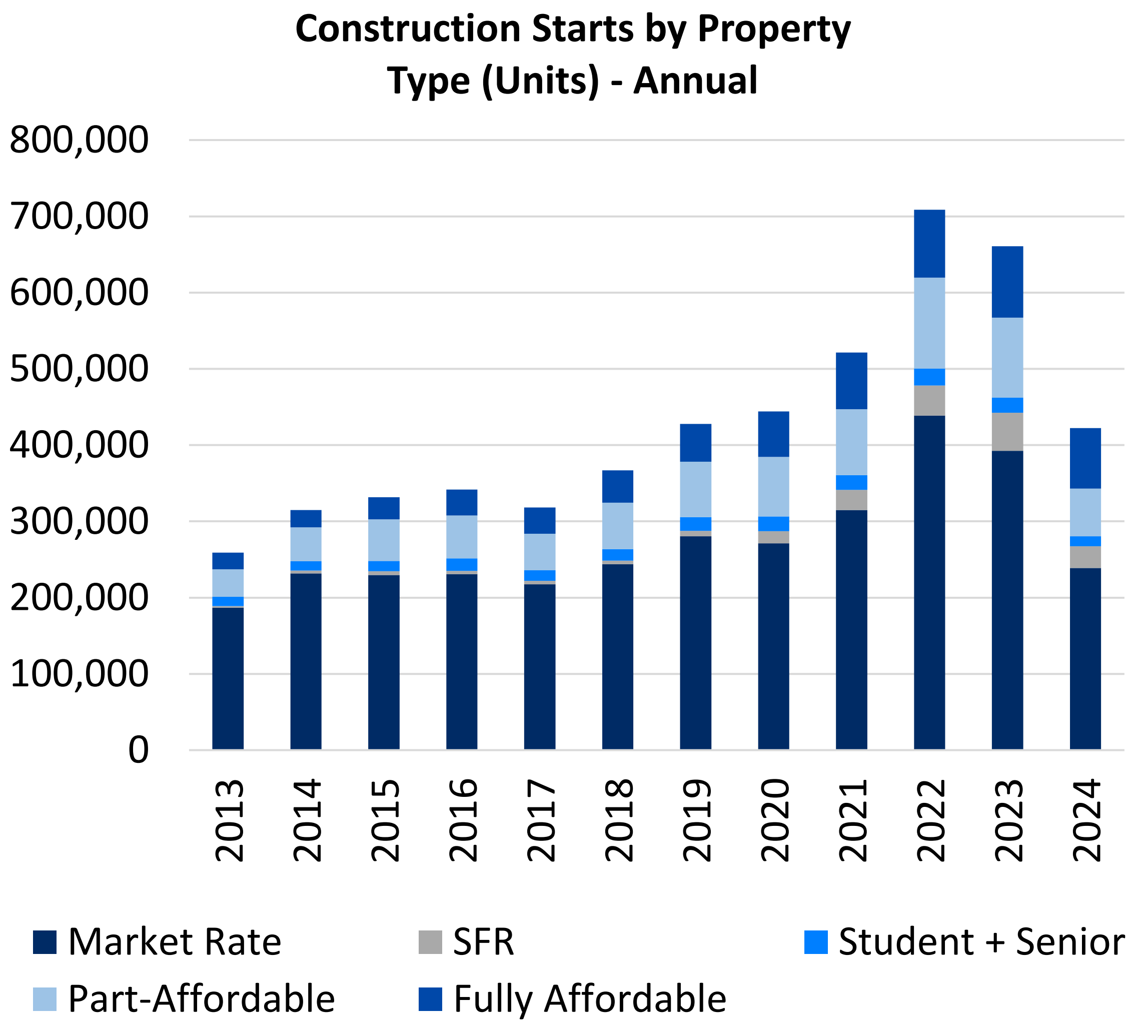
Construction Starts Increased After the Pandemic for All Product Types, but Have Started to Trend Down Over the Past Couple Years

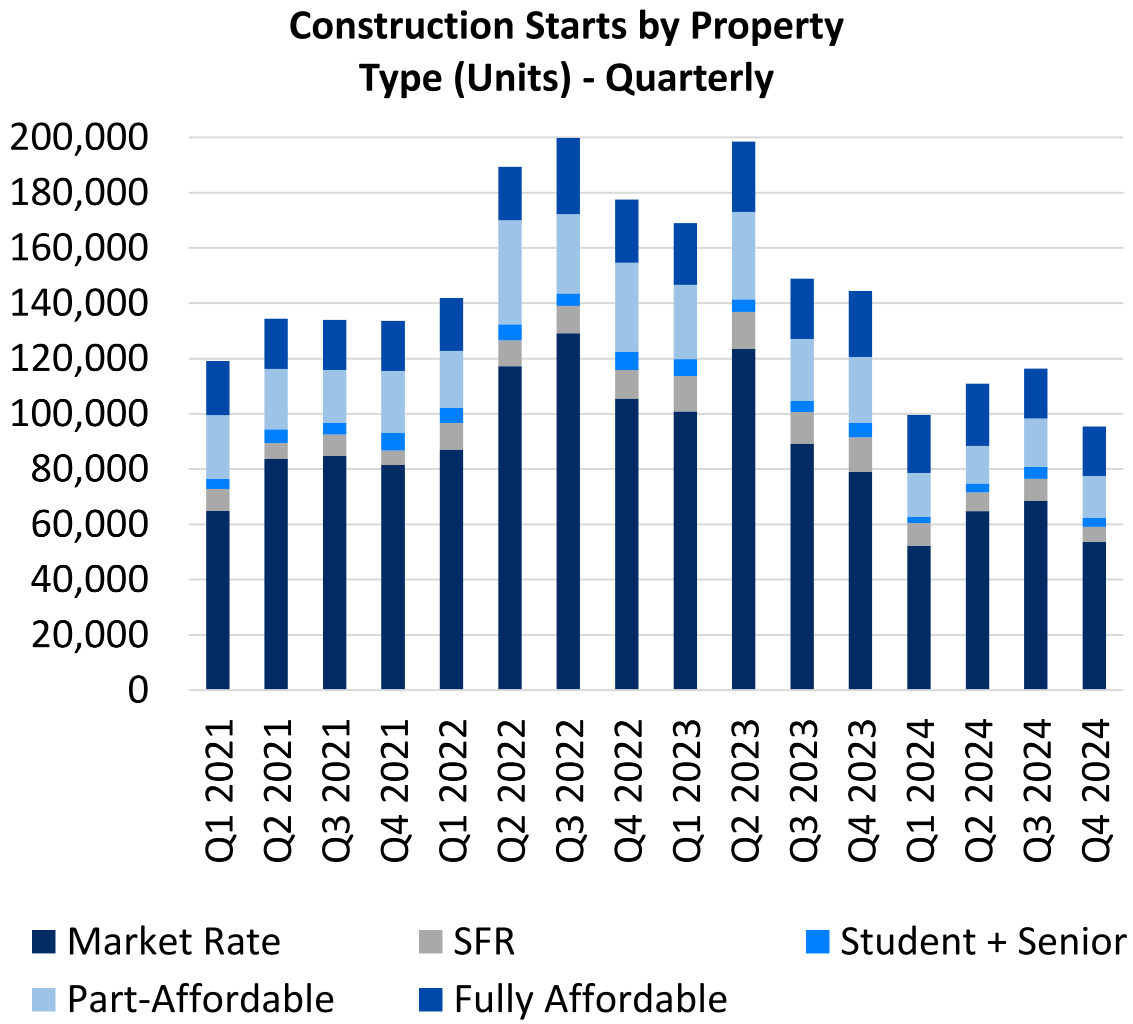


YARDI

Source: Yardi Matrix

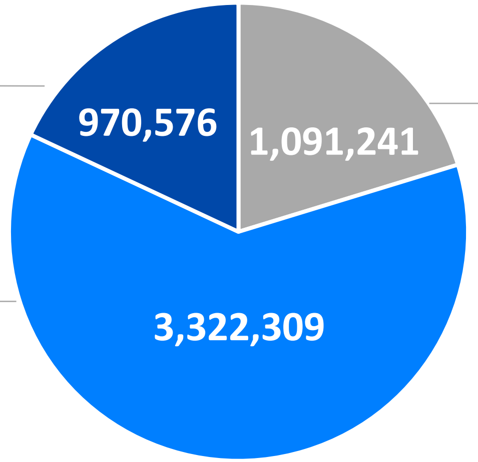
Total Starts Have Slowed Since 2022, but Affordable Has Slowed to a Lesser Degree Than Other Property Types





Source: Yardi Matrix

New **Multifamily** Supply Pipeline: Where Is New Supply Concentrated?



Top 10 Markets	Units	UC as a % of Existing Stock
Montana	5,201	25.5%
Asheville	5,253	22.7%
SW Florida Coast	19,765	20.1%
Brooklyn	26,127	15.6%
Mankato	754	15.3%
Charlotte	33,692	14.5%
Port St. Lucie	2,807	13.6%
South Dakota	4,274	12.8%
Salt Lake City	16,870	12.7%
Colorado Springs	5,979	11.8%

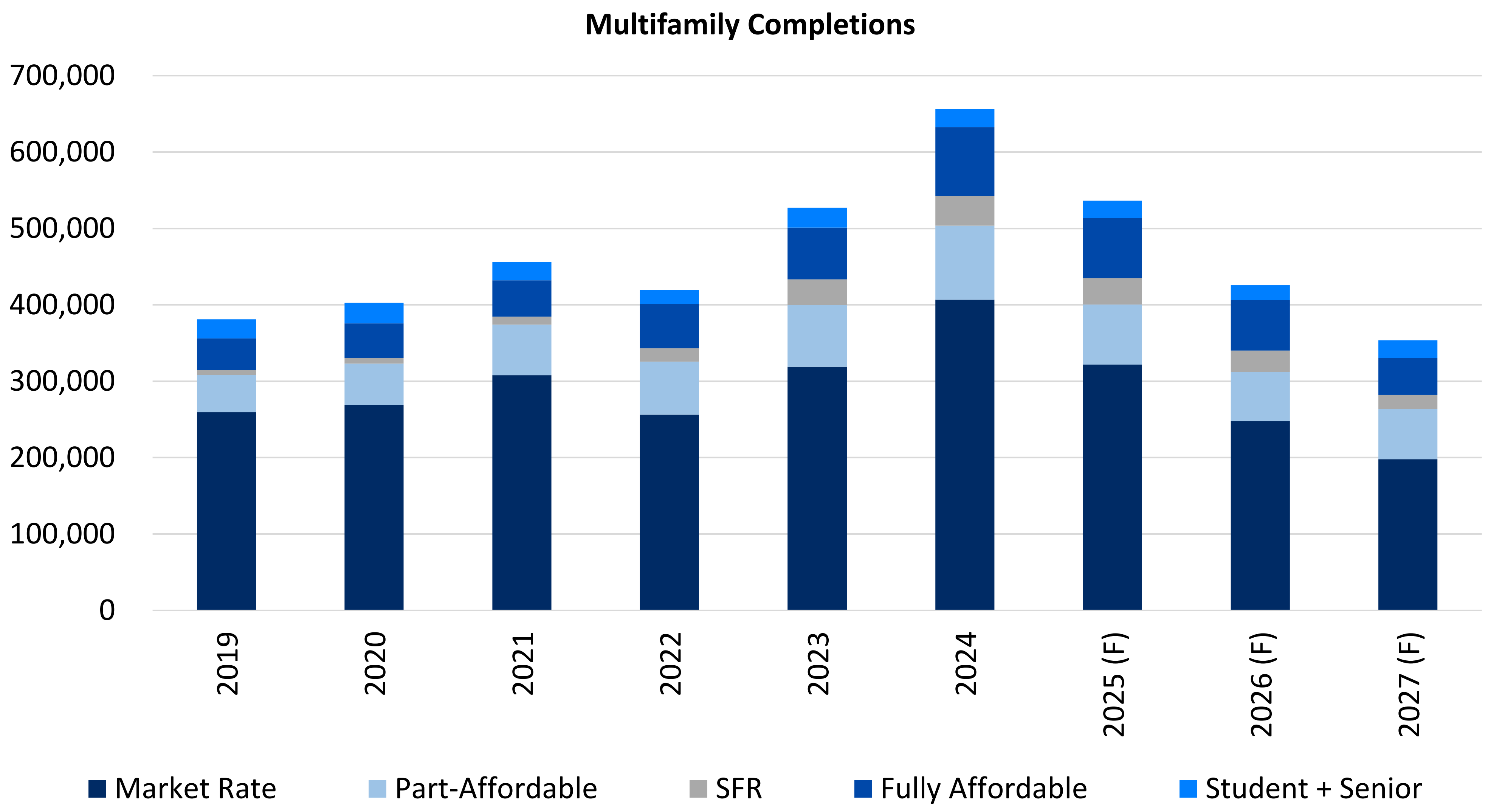
Top 10 Markets	Units	Planned as a % of Existing Stock
Port St. Lucie	7,168	34.7%
Boise	9,937	32.9%
Miami	46,781	26.7%
Portland ME	4,234	23.8%
Asheville	5,237	22.6%
Fort Lauderdale	22,003	17.5%
Los Angeles - Met	37,215	17.0%
San Francisco	22,548	15.6%
N. New Jersey	39,624	14.2%
SW Florida Coast	12,868	13.1%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Miami	153,375	87.5%
Port St. Lucie	13,636	66.1%
SW Florida Coast	59,544	60.6%
Wilmington	12,189	44.3%
Boise	13,356	44.2%
Montana	8,746	43.0%
Raleigh - Durham	85,163	42.5%
White Plains	35,464	41.0%
Orlando	115,311	40.5%
Central Coast	14,306	38.3%

YARDI

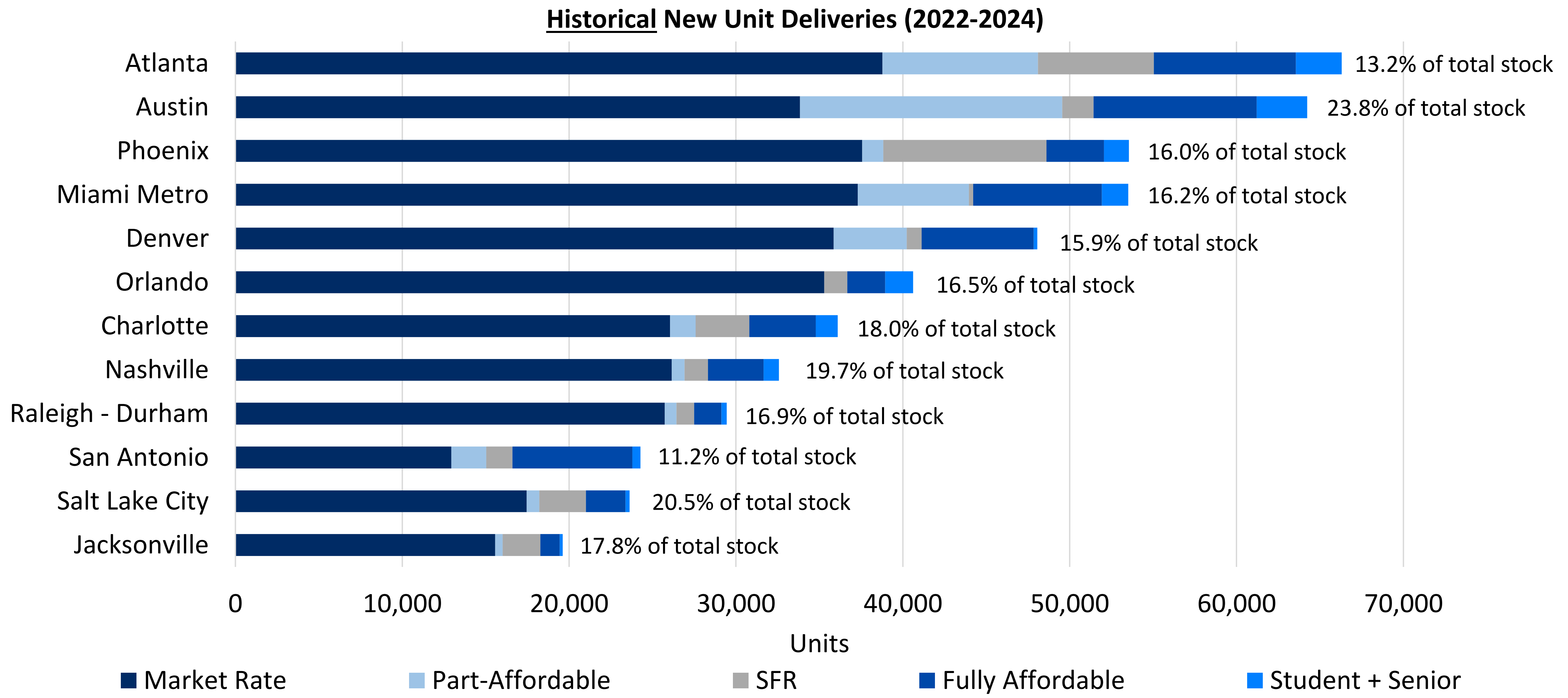
Supply excludes single-family rental and student housing units. Data as of April 2025 | Source: Yardi Matrix

New Multifamily Supply Is Expected to Decline After 2024's Peak



Source: Yardi Matrix

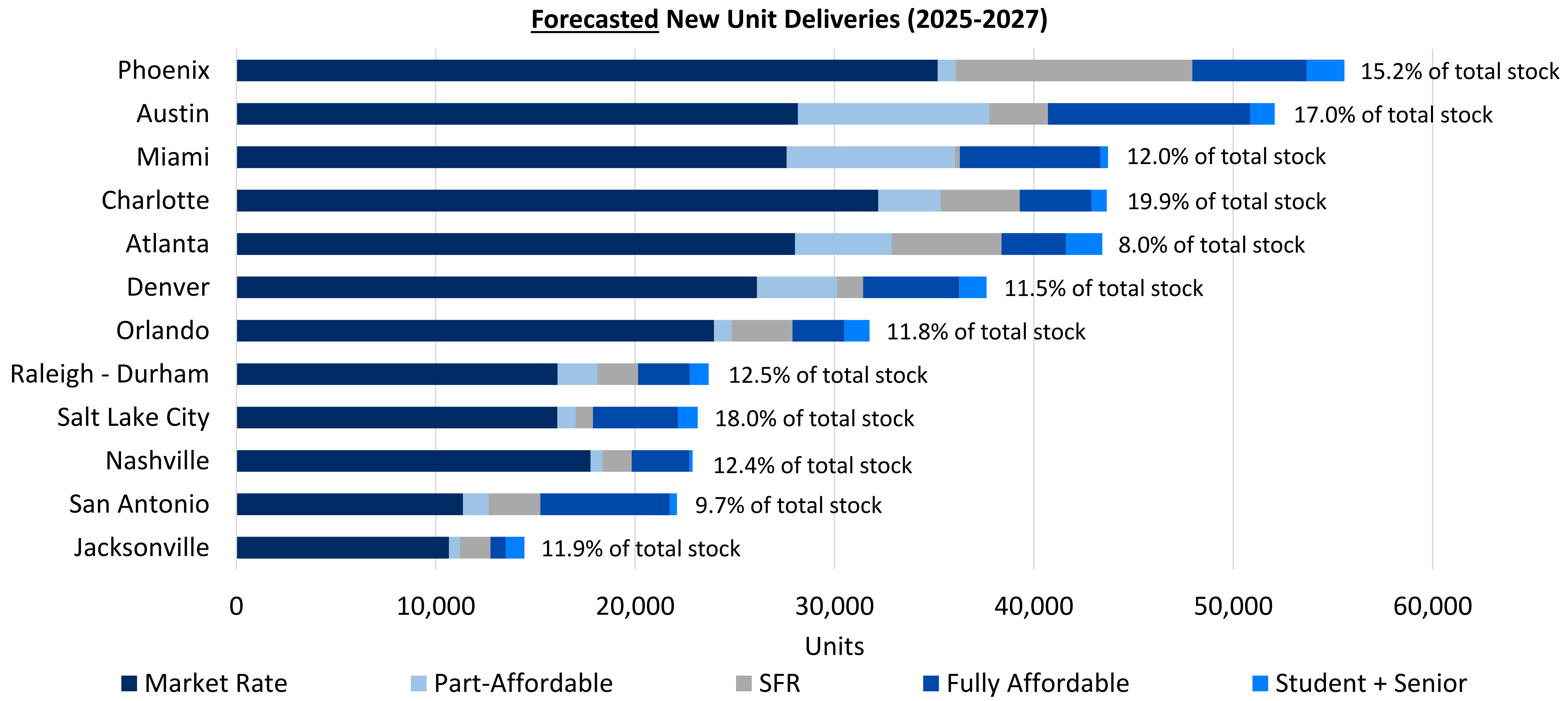
New Deliveries Accounted for 16.6% of Existing Stock in High Supply Markets Between 2022-2024



YARDI

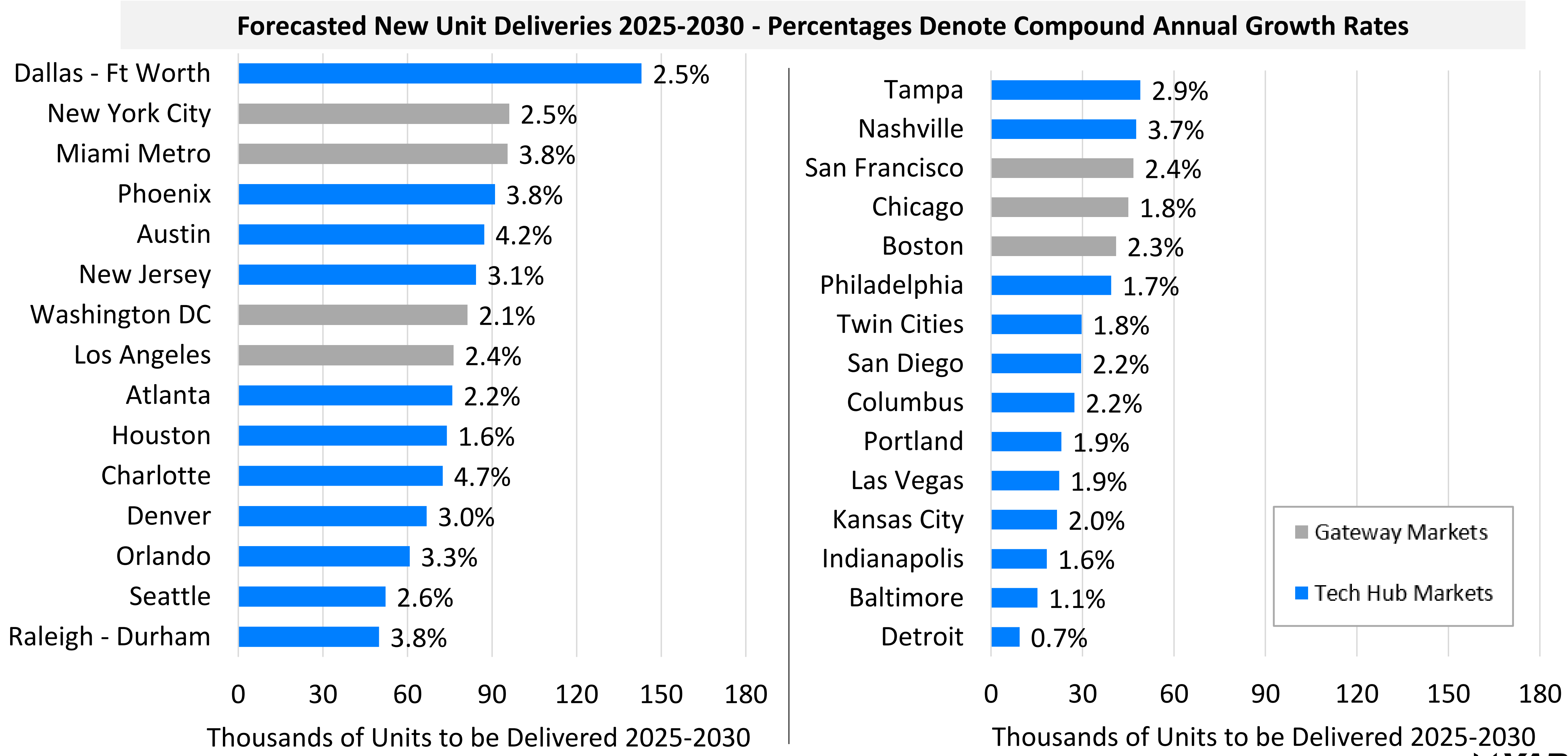
Source: Yardi Matrix

The Pace of New Deliveries Will Slow in High Supply Markets in 2025-2027, With an Estimated 12.8% Increase to Existing Stock Total in the 12 Markets



Source: Yardi Matrix

For Almost All Markets, the Amount of New Supply Over a 5 Year Period Is Quite Manageable, and Not Enough to Resolve the Supply Shortage



YARDI

Supply includes market-rate, fully affordable and single-family rental units | Gateway markets have gray bars. Data as of April 2025 | Source: Yardi Matrix

Yardi Matrix Multifamily Forecast Summary

Year-End	Rent	Rent Growth	Occupancy	Occupancy Growth	Inventory Forecast
2025	$1,776	1.5%	95.1%	0.6%	536,278
2026	$1,796	1.1%	95.2%	0.1%	422,301
2027	$1,846	2.7%	95.2%	0.0%	350,257
2028	$1,901	3.0%	95.0%	-0.2%	406,856
2029	$1,964	3.3%	95.0%	0.0%	426,461
2030	$2,030	3.4%	95.2%	0.2%	451,670

Supply includes market-rate multifamily, single-family rental and fully affordable multifamily units | Source: Yardi Matrix

Takeaways from Our April 2025 Multifamily Rent and Occupancy Forecast

- National multifamily advertised rents increased month-over-month by 0.3% to $1,736 in April, while year-over-year rent growth fell slightly to 0.9%
- Northeast and Midwest metros are posting strong rent growth due to limited new supply and robust job markets
- Sun Belt markets are facing weakened rent growth due to oversupply, particularly in cities like Austin, Charlotte, Phoenix and Nashville
- Our national rent forecast has decreased to 1.5%
    - Metro-level performance has been mixed; high-supply growth metros have seen advertised rents turn negative, while metros with low supply have recorded moderate growth. In high-supply markets, rent growth will continue to be weak until the new supply is absorbed
- The change in U.S. federal administrations has inserted a degree of volatility, which is, for now, difficult to encapsulate in any of our forecasts

Source: Yardi Matrix

Core Markets Are Forecasted For a Modest Year of Multifamily Rent Growth, While Growth for High-Supply Markets Will Be Subdued

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
New York	3.5%	98.3%	2.8%	98.5%
Kansas City	3.0%	95.0%	2.1%	95.2%
New Jersey	3.0%	97.2%	2.7%	97.4%
Detroit	2.8%	95.4%	2.5%	95.7%
Washington DC	2.2%	95.5%	2.1%	95.8%
Chicago	2.1%	95.9%	2.0%	96.2%
Indianapolis	2.1%	94.2%	1.7%	94.5%
Columbus	2.1%	94.7%	1.6%	94.9%
Philadelphia	2.1%	95.6%	1.9%	95.8%
Baltimore	1.7%	95.1%	1.7%	95.4%
Miami	1.4%	95.4%	1.6%	95.6%
Twin Cities	1.2%	95.3%	1.3%	95.5%
Los Angeles	1.1%	96.1%	1.9%	96.3%
Seattle	1.1%	95.6%	1.6%	95.8%
San Diego	0.8%	96.1%	1.5%	96.3%

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
San Francisco	0.7%	95.6%	1.1%	95.8%
Houston	0.7%	92.7%	1.2%	93.0%
Boston	0.7%	96.5%	1.5%	96.7%
Portland	0.6%	95.5%	1.3%	95.7%
Tampa	0.4%	94.2%	0.3%	94.5%
Las Vegas	-0.4%	94.5%	0.5%	94.8%
Charlotte	-0.7%	93.9%	0.1%	94.1%
Dallas	-0.7%	92.8%	0.5%	93.0%
Orlando	-1.0%	94.2%	0.2%	94.5%
Nashville	-1.0%	94.0%	0.1%	94.2%
Atlanta	-1.2%	92.7%	0.0%	93.0%
Raleigh - Durham	-1.4%	93.7%	-0.4%	94.0%
Phoenix	-1.7%	93.1%	-0.2%	93.4%
Denver	-1.9%	94.4%	1.3%	94.6%
Austin	-3.5%	92.8%	-0.9%	93.1%

Top 30 Matrix markets, sorted by YOY Rent Growth Year-End 2025 | Source: Yardi Matrix

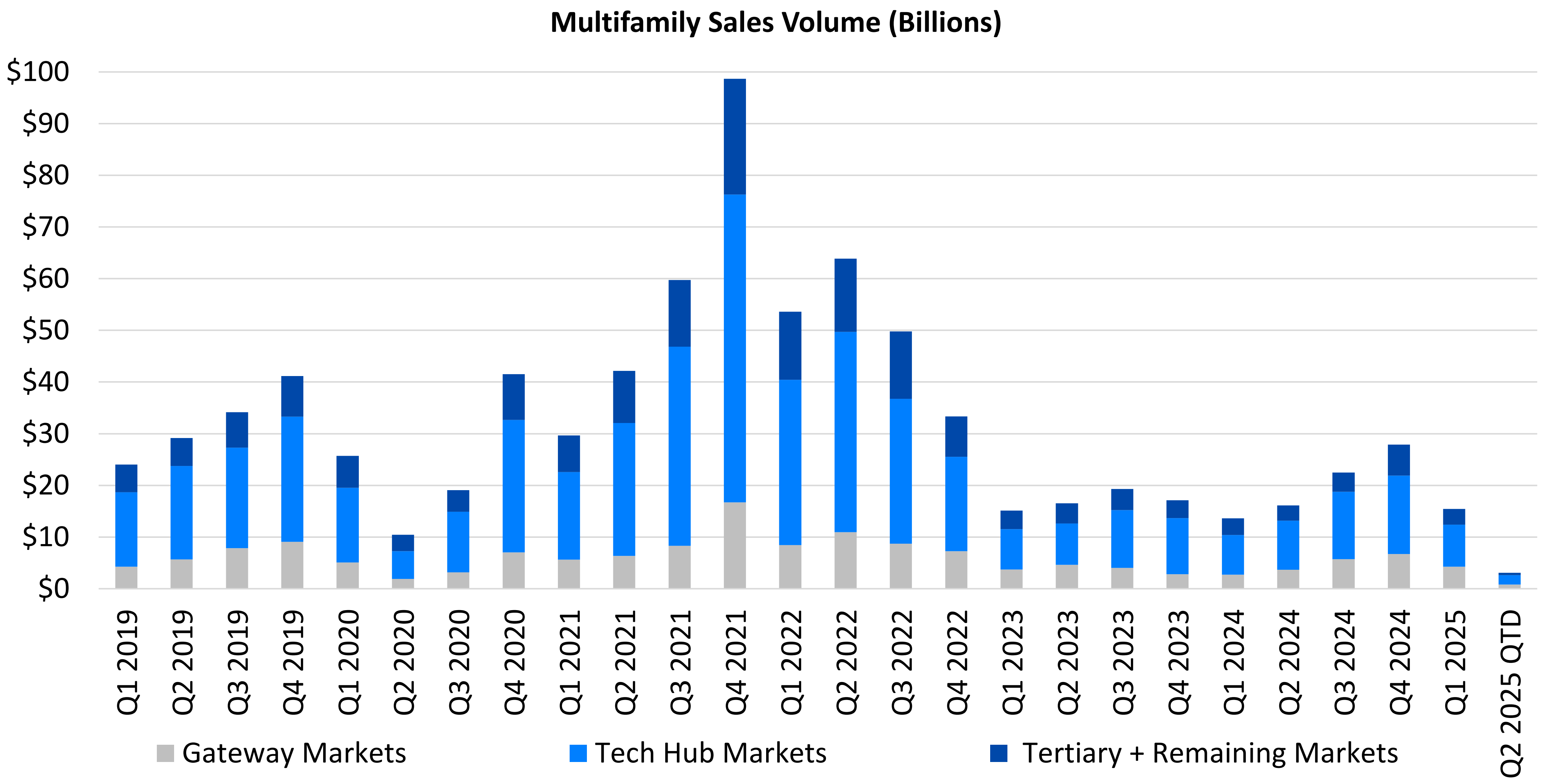
Multifamily Capital Markets Weakened by High Interest Rates, But Outlook Cautiously Brightens

- Capital markets weakened as interest rates rapidly increased in 2022, impacting transaction volume and construction financing
- ***Short-term interest rates are not likely to drop as fast as hoped due to persistent inflation, while long-term rates are subject to the long-term debt-to-GDP ratio***
  - The Fed has temporarily paused rate cuts after lowering them by a full percentage point since September 2024
  - However, now faced with the challenging scenario of rising inflation amid labor-market weakening, the Fed is waiting for greater clarity before making any adjustments to interest rates
- ***Construction starts have slowed due to the cost of construction financing, as well as the cost of materials and labor***
  - Completions for all property types peaked in 2024 and are forecasted to decline through 2027
- Nonetheless, high mortgage rates, along with tariffs and economic uncertainty, are boosting apartment demand
  - Mortgage rates have been stuck between 6% and 7% despite economic uncertainty, as the costs of homeownership remains unaffordable for many
  - In addition, economic uncertainty is making potential home buyers rethink their decisions
- **Stabilizing rents and declining vacancy brightens the multifamily investment outlook, as a result buyer and seller sentiment has improved for core and value-add assets**

YARDI

Source: Yardi Matrix; Urban Land Institute (ULI), Emerging Trends in Real Estate 2025; The Wall Street Journal; GlobeSt

Multifamily Transaction Activity Is Sluggish, but Had Been Increasing



QTD as of April 2025 | Source: Yardi Matrix

MULTIFAMILY INVESTMENT STRATEGIES INTRO

Multifamily Investment Strategies

CORE

- Core markets aren't dead; rent growth has recovered and occupancy has stabilized
  - Performance across the metros varies, with some submarkets seeing stronger rent growth than others
- Office-to-apartment conversions increasing, especially in urban core markets
  - Remain relatively small percent compared to overall pipeline
- *Benefits & risks* — Local government incentives encouraging development, however, the political risk may work against the opportunities

VALUE ADD

- There are new tech hubs emerging through re-industrialization and energy production
- Primarily markets that have been overlooked, despite performing well (rising employment, rent growth and low supply)
- Numerous public policies helping to stimulate growth in emerging markets

DISTRESS

- Most high supply markets have already seen new supply peak, which has slowed rent and occupancy growth
- There are pockets of opportunities in submarkets that have had limited new supply with some rent growth
- As new supply slows, and absorption catches up, the recovery timeline will be gradual

- **Overall, we anticipate a reversion to the mean in all these regions**

Source: Yardi Matrix

Core Markets Are Recovering, While Previously Hot Tech Hub Markets Are Feeling the Impact of New Supply

Annual Realized Revenue Growth														
Category	**Metro**	**Mar-20**	**Apr-24**	**May-24**	**Jun-24**	**Jul-24**	**Aug-24**	**Sep-24**	**Oct-24**	**Nov-24**	**Dec-24**	**Jan-25**	**Feb-25**	**Mar-25**	**Apr-25**
Core Market	New York	2.0%	4.6%	4.8%	4.8%	5.4%	5.0%	5.3%	5.4%	4.9%	4.9%	5.4%	5.4%	5.6%	5.8%
Emerging Market	Lexington	1.1%	6.5%	6.3%	5.7%	5.4%	5.2%	5.0%	5.0%	5.2%	5.2%	5.9%	6.0%	6.3%	5.3%
Emerging Market	Dayton	4.1%	4.3%	4.4%	3.9%	3.7%	3.7%	4.0%	3.4%	3.3%	3.8%	4.4%	4.5%	4.2%	4.4%
Core Market	Chicago	0.5%	3.2%	2.7%	2.6%	2.5%	2.5%	2.9%	3.1%	3.3%	3.7%	3.9%	3.9%	3.8%	3.4%
Emerging Market	Lafayette	2.2%	7.0%	7.9%	8.3%	7.8%	6.4%	6.3%	6.3%	6.0%	5.3%	5.2%	5.1%	4.0%	3.2%
Emerging Market	Kansas City	2.9%	2.3%	2.5%	2.8%	2.9%	3.3%	3.4%	3.5%	3.5%	3.7%	3.9%	3.7%	3.5%	3.1%
Emerging Market	Milwaukee	1.6%	3.5%	3.4%	3.2%	3.5%	3.6%	3.7%	3.8%	3.5%	3.3%	3.4%	3.1%	3.0%	3.0%
Emerging Market	Indianapolis	3.2%	1.8%	2.0%	2.0%	2.3%	2.7%	2.8%	3.1%	3.1%	3.2%	3.2%	3.1%	2.6%	2.9%
Emerging Market	Cincinnati	3.6%	2.7%	2.4%	2.1%	2.0%	2.0%	2.0%	2.1%	2.0%	2.1%	2.0%	1.7%	2.3%	2.7%
Emerging Market	Omaha	2.9%	2.9%	3.0%	2.8%	2.9%	3.0%	2.8%	3.3%	3.3%	3.1%	3.0%	2.5%	2.9%	2.7%
Core Market	Washington DC	1.6%	3.0%	3.0%	3.0%	3.2%	3.2%	3.2%	3.1%	3.1%	3.1%	3.2%	3.0%	2.6%	2.3%
Emerging Market	Louisville	1.9%	5.2%	5.5%	5.7%	5.3%	5.2%	4.7%	4.7%	3.9%	3.9%	2.9%	2.0%	2.2%	1.8%
Emerging Market	Columbus GA	5.2%	4.8%	4.1%	3.9%	4.0%	4.2%	4.8%	4.3%	5.1%	4.1%	3.0%	3.4%	2.5%	1.8%
Emerging Market	Oklahoma City	3.1%	2.2%	2.4%	2.3%	2.6%	2.6%	2.5%	2.7%	2.4%	2.4%	2.0%	1.7%	2.0%	1.8%
Core Market	Boston	1.1%	2.9%	3.2%	3.2%	3.2%	3.0%	2.9%	2.6%	2.4%	2.3%	2.0%	1.9%	2.0%	1.4%
Emerging Market	Madison	2.6%	3.8%	3.4%	3.4%	2.8%	2.6%	2.0%	2.0%	1.9%	1.8%	1.6%	1.6%	1.0%	1.3%
Core Market	Los Angeles	0.4%	-0.7%	-0.2%	0.0%	0.3%	0.4%	0.5%	0.4%	0.7%	0.9%	1.0%	1.3%	1.4%	1.2%
Core Market	San Francisco	-0.4%	-0.4%	-0.3%	-0.6%	-0.2%	-0.2%	0.1%	0.2%	0.5%	0.7%	1.2%	1.2%	1.0%	1.2%
Core Market	Seattle	3.5%	1.4%	1.6%	1.6%	1.6%	1.7%	1.5%	1.4%	1.6%	1.7%	1.7%	1.5%	1.6%	0.9%
High Supply Market	Miami	0.0%	1.3%	1.7%	1.8%	2.2%	2.2%	1.8%	1.9%	2.0%	2.2%	1.7%	1.7%	0.7%	0.2%
High Supply Market	Charlotte	3.3%	-2.5%	-2.5%	-2.7%	-2.3%	-2.2%	-2.1%	-1.8%	-1.3%	-0.7%	-0.3%	-0.3%	0.1%	-0.1%
High Supply Market	Raleigh - Durham	2.5%	-3.1%	-3.3%	-3.7%	-3.3%	-3.6%	-3.5%	-3.4%	-2.8%	-2.5%	-2.1%	-1.8%	-1.6%	-0.7%
High Supply Market	Nashville	3.1%	-2.4%	-2.3%	-2.7%	-2.5%	-2.2%	-2.1%	-2.1%	-1.9%	-1.2%	-1.2%	-1.1%	-1.1%	-1.4%
High Supply Market	Atlanta	1.2%	-3.5%	-3.6%	-3.9%	-3.4%	-2.8%	-2.4%	-2.3%	-2.2%	-2.1%	-1.9%	-1.7%	-1.5%	-1.6%
High Supply Market	Salt Lake City	1.9%	-1.4%	-1.3%	-1.0%	-1.3%	-1.5%	-1.9%	-2.5%	-1.8%	-1.9%	-1.8%	-1.7%	-2.7%	-2.4%
High Supply Market	Jacksonville	1.6%	-4.3%	-3.8%	-3.9%	-3.2%	-2.7%	-2.3%	-2.0%	-2.0%	-2.3%	-1.6%	-1.9%	-1.9%	-2.4%
High Supply Market	Orlando	0.0%	-3.3%	-3.0%	-3.2%	-2.6%	-2.4%	-2.2%	-2.1%	-2.0%	-2.0%	-1.9%	-1.7%	-1.6%	-2.5%
High Supply Market	San Antonio	0.8%	-3.6%	-3.6%	-3.9%	-3.8%	-3.4%	-3.3%	-3.0%	-2.7%	-2.8%	-2.7%	-2.5%	-2.2%	-2.8%
High Supply Market	Phoenix	5.8%	-3.0%	-3.1%	-3.3%	-3.0%	-2.9%	-2.9%	-2.7%	-2.7%	-2.8%	-2.8%	-2.7%	-3.4%	-4.2%
High Supply Market	Denver	0.5%	0.7%	0.5%	0.2%	-0.1%	-0.6%	-1.2%	-1.9%	-2.5%	-3.2%	-3.5%	-4.1%	-4.6%	-5.1%
High Supply Market	Austin	2.1%	-6.9%	-6.7%	-7.4%	-6.8%	-6.6%	-6.4%	-6.3%	-6.0%	-6.1%	-5.9%	-5.7%	-6.0%	-6.0%

Sorted by April 2025 annual realized revenue growth (realized revenue = rent x occupancy) | Source: Yardi Matrix

Forecasts Show Emerging Markets with the Most Multifamily Rent Growth, Core Markets with Modest Growth and High Supply Markets with Negative Growth

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
Lafayette	5.2%	96.7%	2.4%	97.0%
Columbus GA	4.3%	94.9%	2.5%	95.2%
New York	3.6%	98.3%	2.8%	98.5%
Lexington	3.5%	96.1%	2.5%	96.3%
Dayton	3.4%	95.6%	2.8%	95.8%
Kansas City	3.0%	95.0%	2.1%	95.2%
Madison	2.6%	95.9%	1.6%	96.2%
Omaha	2.6%	95.9%	2.3%	96.1%
Oklahoma City	2.5%	93.3%	2.3%	93.6%
Cincinnati	2.2%	95.0%	1.8%	95.3%
Washington DC	2.2%	95.6%	2.1%	95.8%
Milwaukee	2.2%	96.5%	2.1%	96.7%
Chicago	2.2%	95.9%	2.0%	96.2%
Indianapolis	2.1%	94.2%	1.7%	94.5%
Louisville	2.0%	95.2%	2.2%	95.5%
Miami	1.4%	95.4%	1.6%	95.6%

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
Los Angeles	1.1%	96.1%	1.9%	96.3%
Seattle	1.1%	95.6%	1.6%	95.8%
San Francisco	0.7%	95.6%	1.1%	95.8%
Boston	0.7%	96.5%	1.5%	96.7%
Charlotte	-0.7%	93.9%	0.1%	94.1%
San Antonio	-0.9%	91.1%	0.6%	91.4%
Orlando	-1.0%	94.2%	0.2%	94.5%
Nashville	-1.0%	94.0%	0.1%	94.2%
Atlanta	-1.2%	92.7%	0.0%	93.0%
Salt Lake City	-1.3%	94.5%	0.8%	94.7%
Jacksonville	-1.4%	92.8%	-0.1%	93.1%
Raleigh - Durham	-1.4%	93.7%	-0.4%	94.0%
Phoenix	-1.7%	93.1%	-0.2%	93.4%
Denver	-1.9%	94.4%	1.3%	94.6%
Austin	-3.5%	92.8%	-0.9%	93.1%

Core markets, emerging markets and high supply markets | Sorted by YOY Rent Growth Year-End 2025 | Source: Yardi Matrix

MULTIFAMILY INVESTMENT STRATEGIES:
CORE MARKET RECOVERY

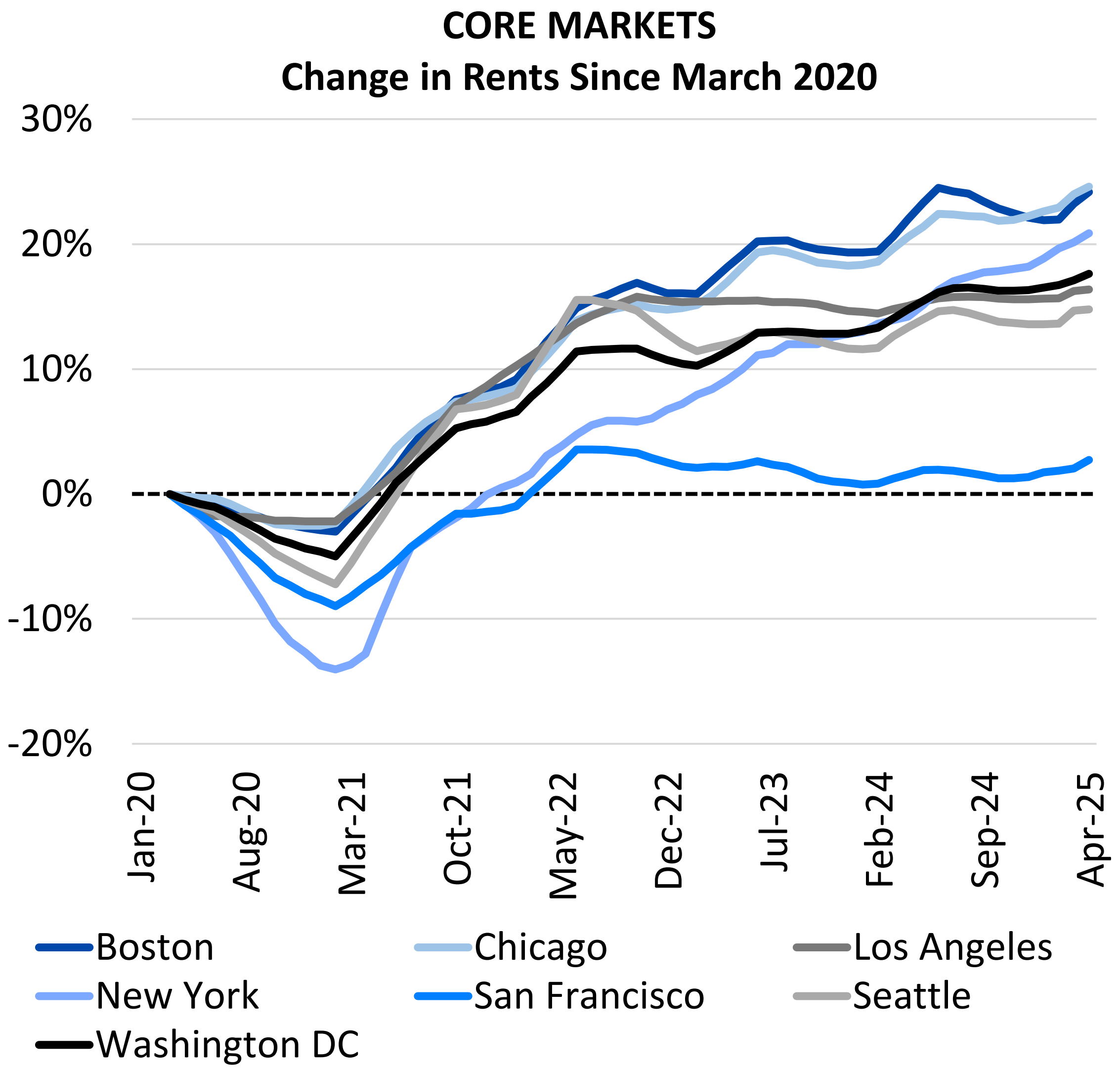
YARDI

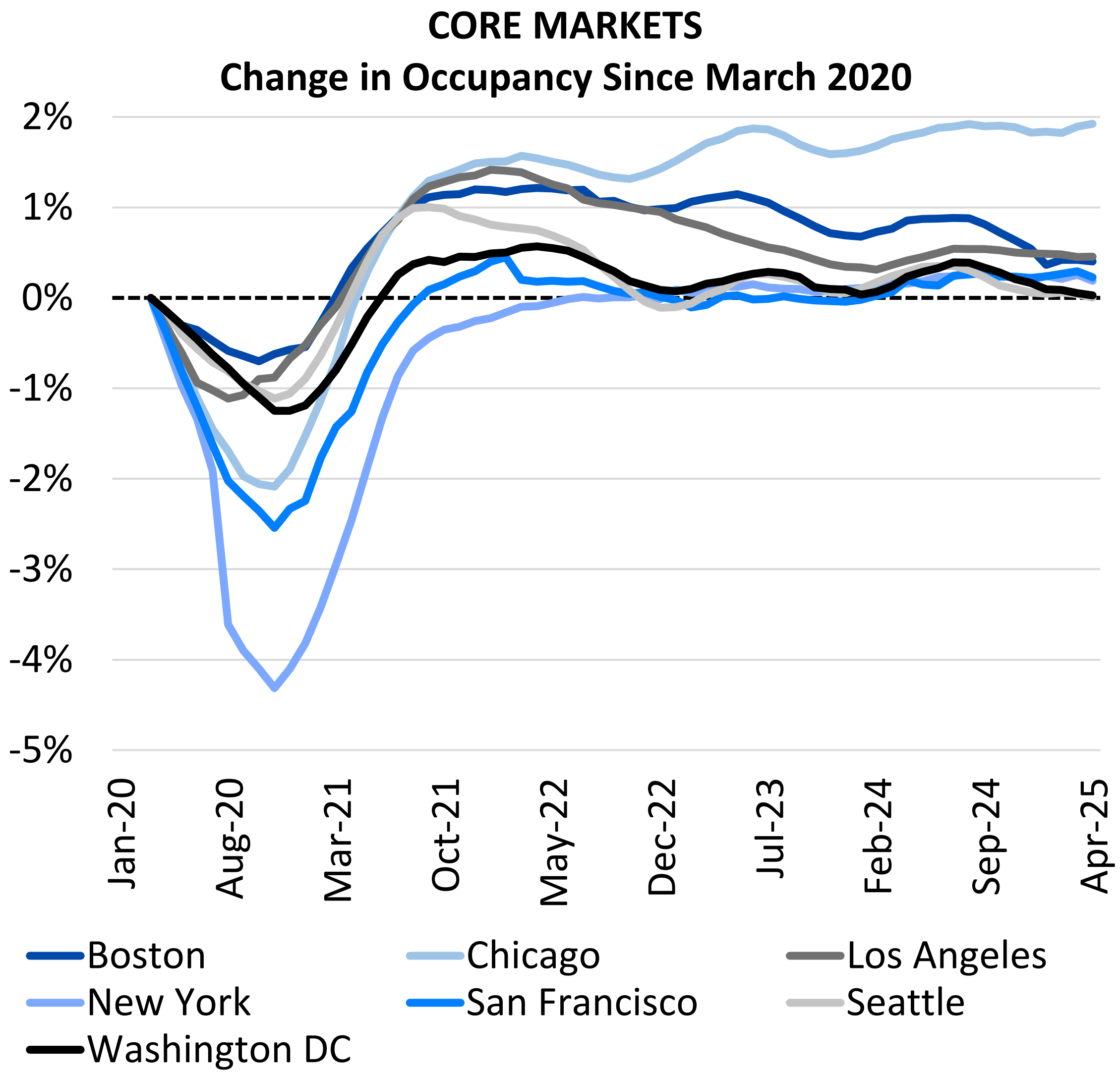
CORE MARKETS

BOSTON	SAN FRANCISCO
CHICAGO	SEATTLE
LOS ANGELES	WASHINGTON DC
NEW YORK	

YARDI

Aside from San Francisco, Multifamily Rent Growth Has Recovered in Core Markets



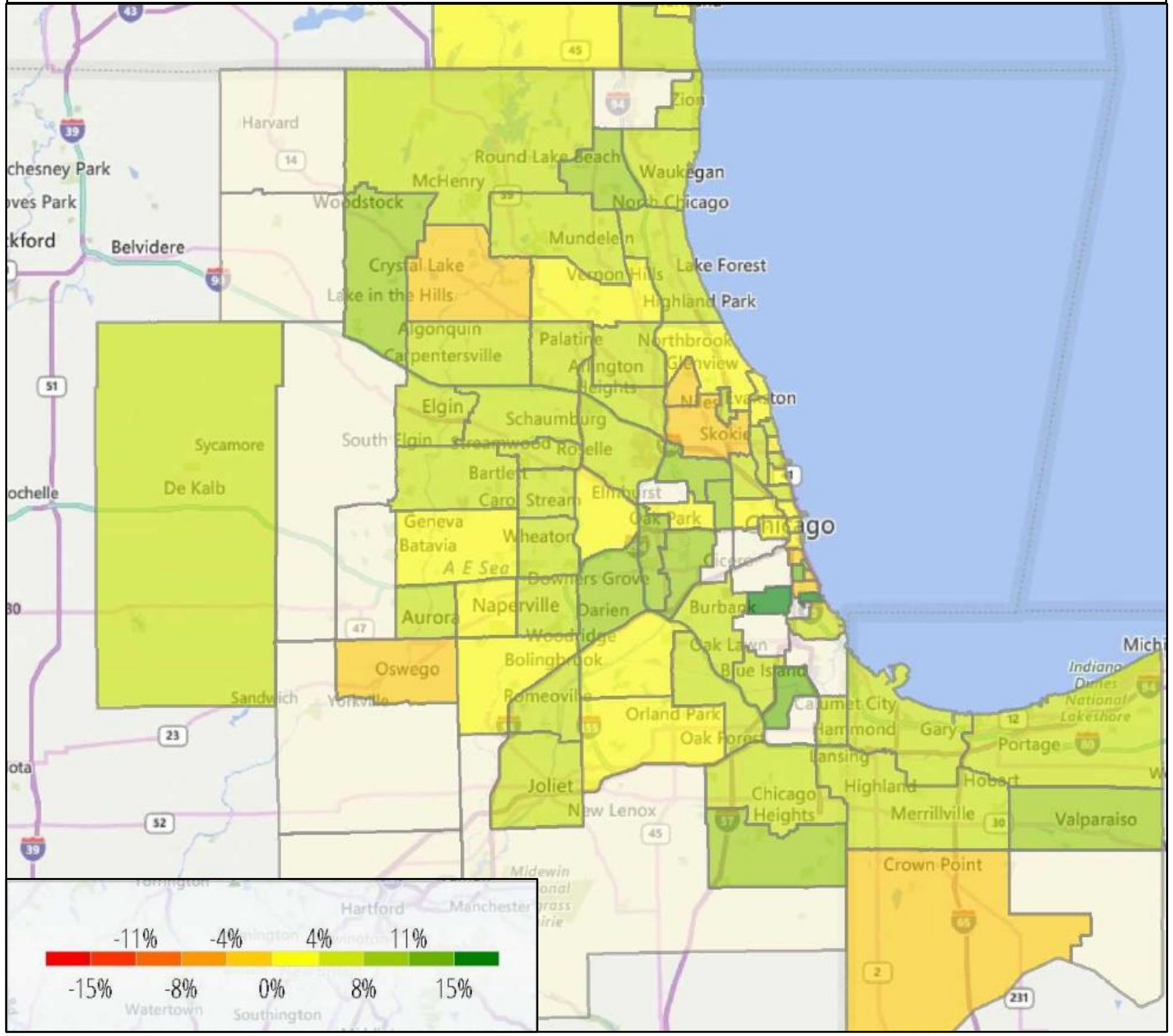


YARDI

Source: Yardi Matrix

Chicago Rent Growth Is Spread Throughout the Metro

Year-over-Year Rent Growth by Submarket



HIGHEST OVERALL PERFORMING SUBMARKETS

Submarket	Rent	Occupancy	YOY Change
Englewood	$1,323	96.9%	16.6%
Woodlawn	$1,480	92.3%	16.0%
Grand Boulevard	$1,546	97.4%	13.7%
Riverdale	$1,119	96.3%	13.3%
Countryside - Westchester	$1,611	99.5%	11.0%

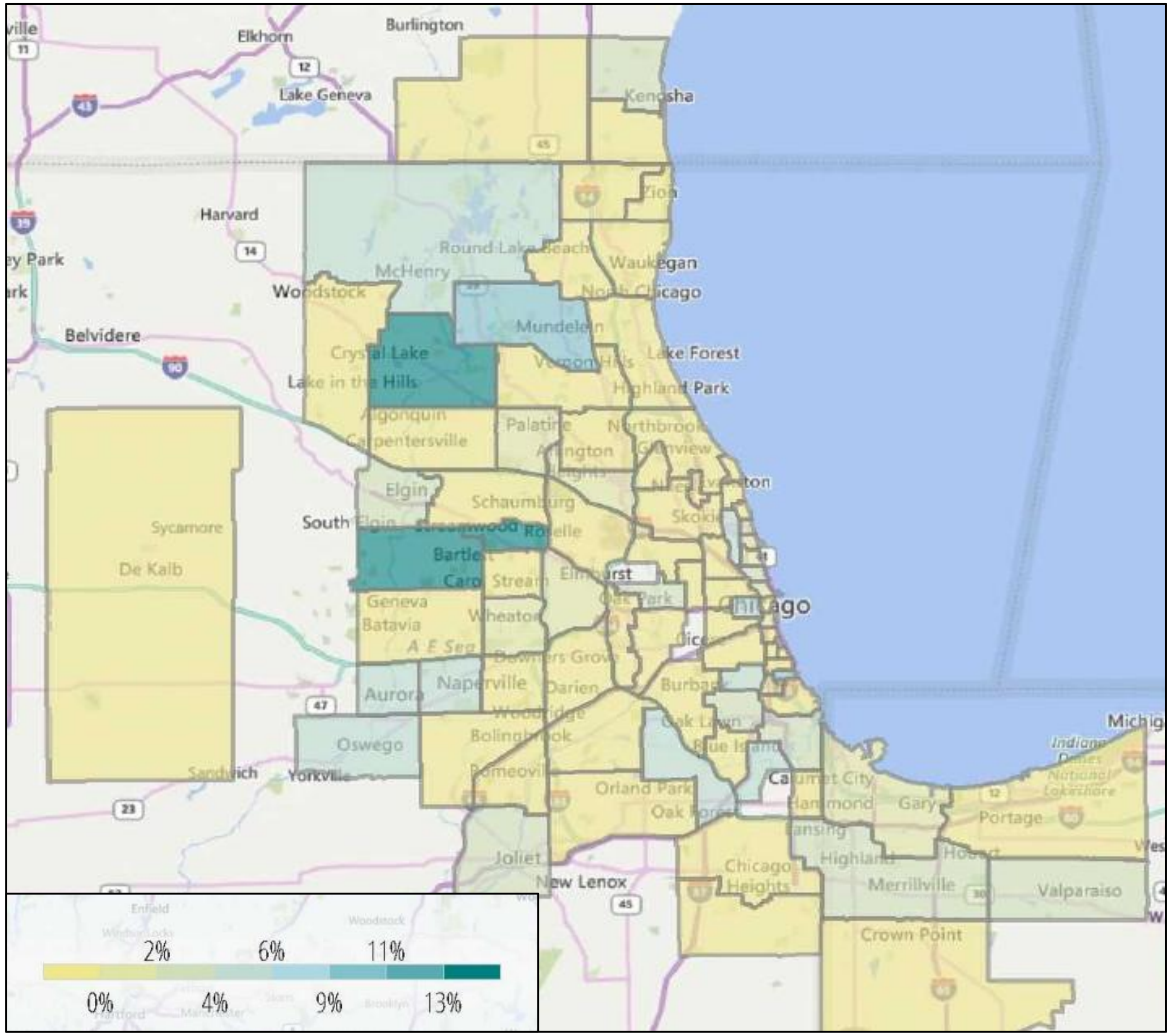
LOWEST OVERALL PERFORMING SUBMARKETS

Submarket	Rent	Occupancy	YOY Change
Yorkville	$1,965	96.5%	-1.0%
North Park - Niles	$2,360	95.5%	-1.5%
Des Plaines	$1,757	95.2%	-1.9%
Crystal Lake	$2,001	95.6%	-2.7%
Douglas	$1,528	96.4%	-3.7%

YARDI

Rent and occupancy as of March 2025 | Source: Yardi Matrix

New Supply Over the Next Year Will be Concentrated in the Outer Ring of Chicago



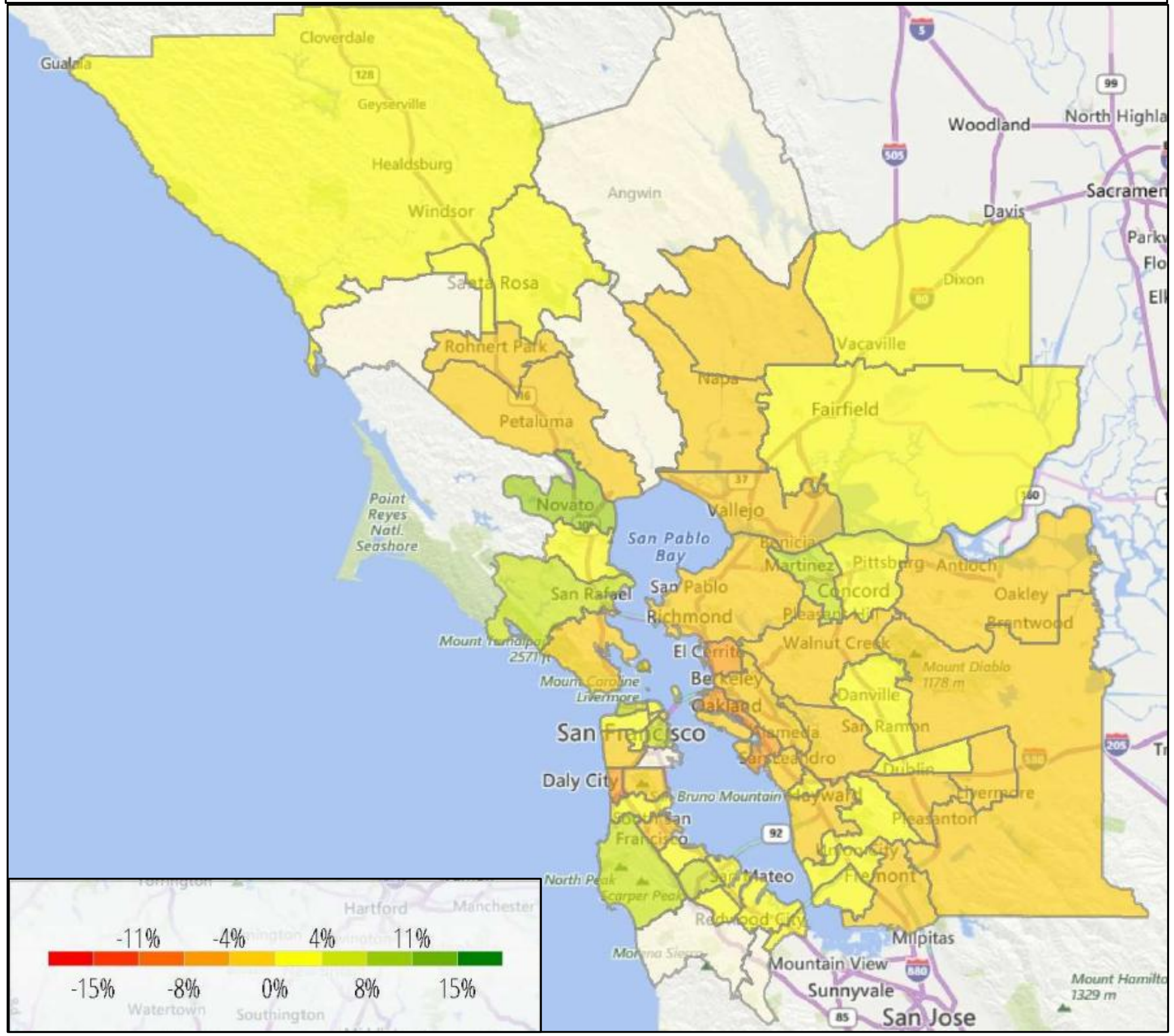
Top 10 Submarkets for Projected Completions as a % of Prior Inventory – 12 months ending February 2026		
Submarket	**% Growth**	**# Units**
St Charles	28.1%	819
Crystal Lake	17.5%	384
Roselle	15.8%	295
Mundelein	9.5%	298
Woodlawn	9.4%	240
Gary – south	7.0%	540
Bolingbrook	6.7%	321
Palos Heights - Oak Forest	6.2%	90
Yorkville	6.0%	177
McHenry - Round Lake	5.9%	270
Market Overall	**1.9%**	**7,743**

YARDI

Source: Yardi Matrix

Rent Growth in San Francisco Is Stronger on the Peninsula and Weaker in East Bay Submarkets

Year-over-Year Rent Growth by Submarket



HIGHEST OVERALL PERFORMING SUBMARKETS

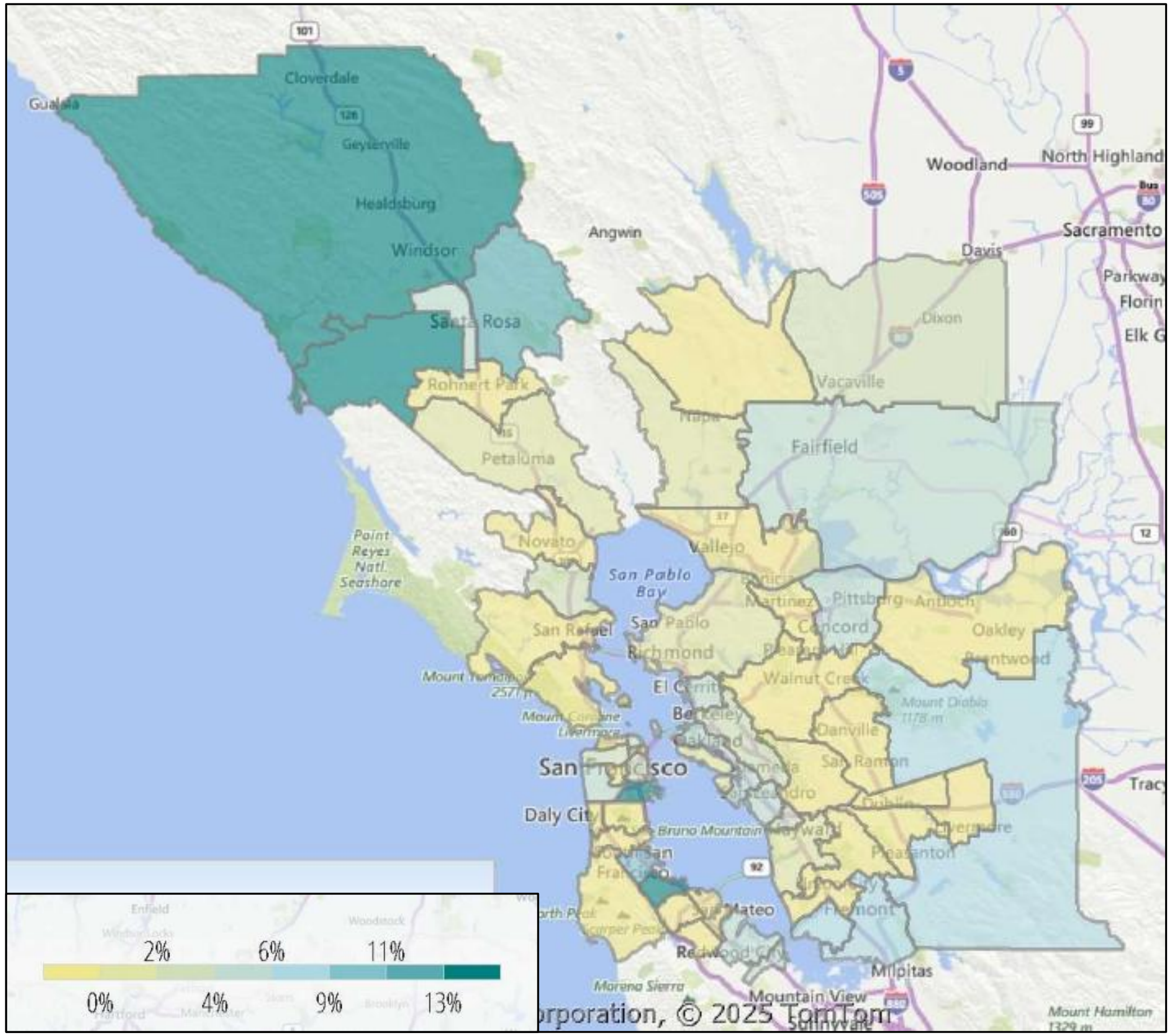
Submarket	Rent	Occupancy	YOY Change
Novato	$2,783	98.6%	8.2%
Moss Beach	$2,893	98%	6.6%
San Rafael	$2,771	97.2%	4.8%
Pleasant Hill / Martinez	$2,485	96.3%	4.8%
San Mateo	$3,598	97.5%	4.0%

LOWEST OVERALL PERFORMING SUBMARKETS

Submarket	Rent	Occupancy	YOY Change
Colma / Brisbane	$3,150	96%	-2.4%
Richmond	$2,512	95.4%	-2.7%
Downtown Oakland	$2,598	92.8%	-4.0%
Broadmoor / Daly City	$2,498	96.1%	-4.1%
Berkeley	$3,259	90.5%	-4.7%

Rent and occupancy as of March 2025 | Source: Yardi Matrix

New Supply Over the Next Year Will be Concentrated in the Outer Ring of San Francisco, Especially up North in Sonoma County



Top 10 Submarkets for Projected Completions as a % of Prior Inventory – 12 months ending February 2026		
Submarket	**% Growth**	**# Units**
Northern Sonoma County	39.4%	473
Burlingame	28.7%	800
SE San Francisco	14.4%	472
Sebastapol	14.4%	84
Santa Rosa	10.7%	623
Millbrae / Airport	10.0%	134
East Fremont	7.7%	1,023
San Ramon - East	7.7%	185
Newark	6.8%	79
Downtown Oakland	6.0%	1,115
Market Overall	**3.2%**	**10,030**

Source: Yardi Matrix

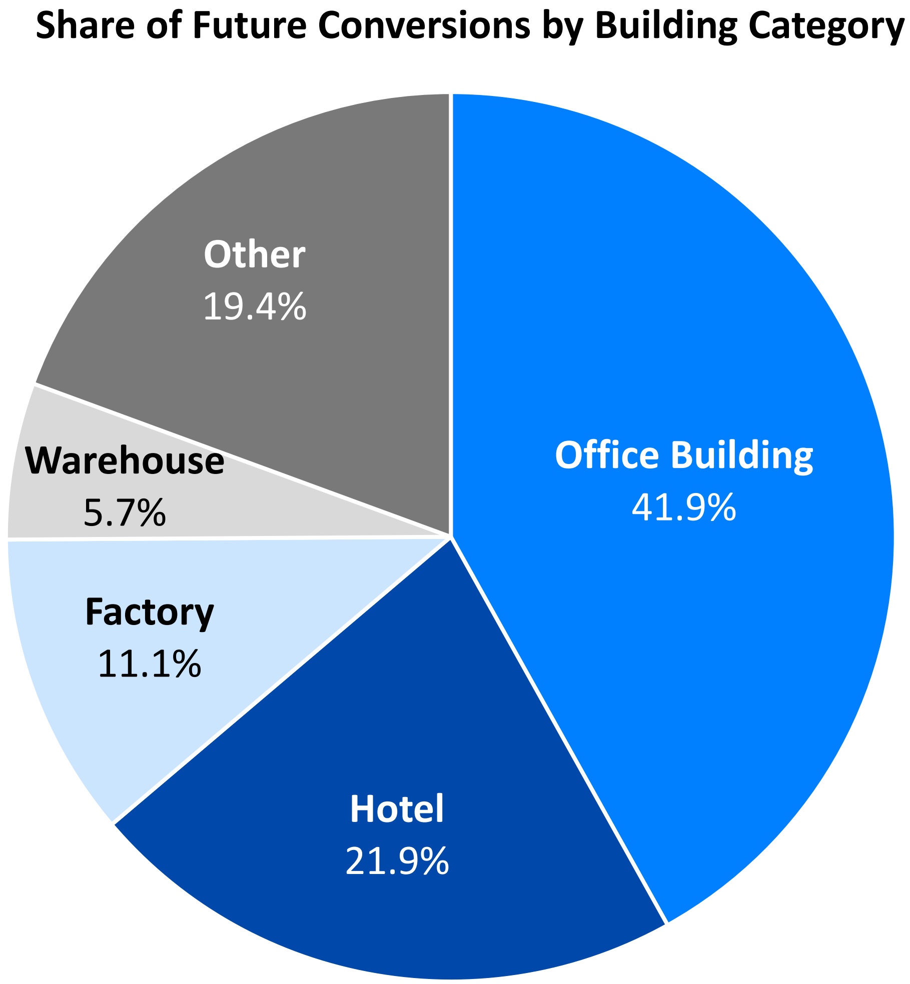
Record-Breaking 71K Office-to-Apartment Conversions in the Pipeline

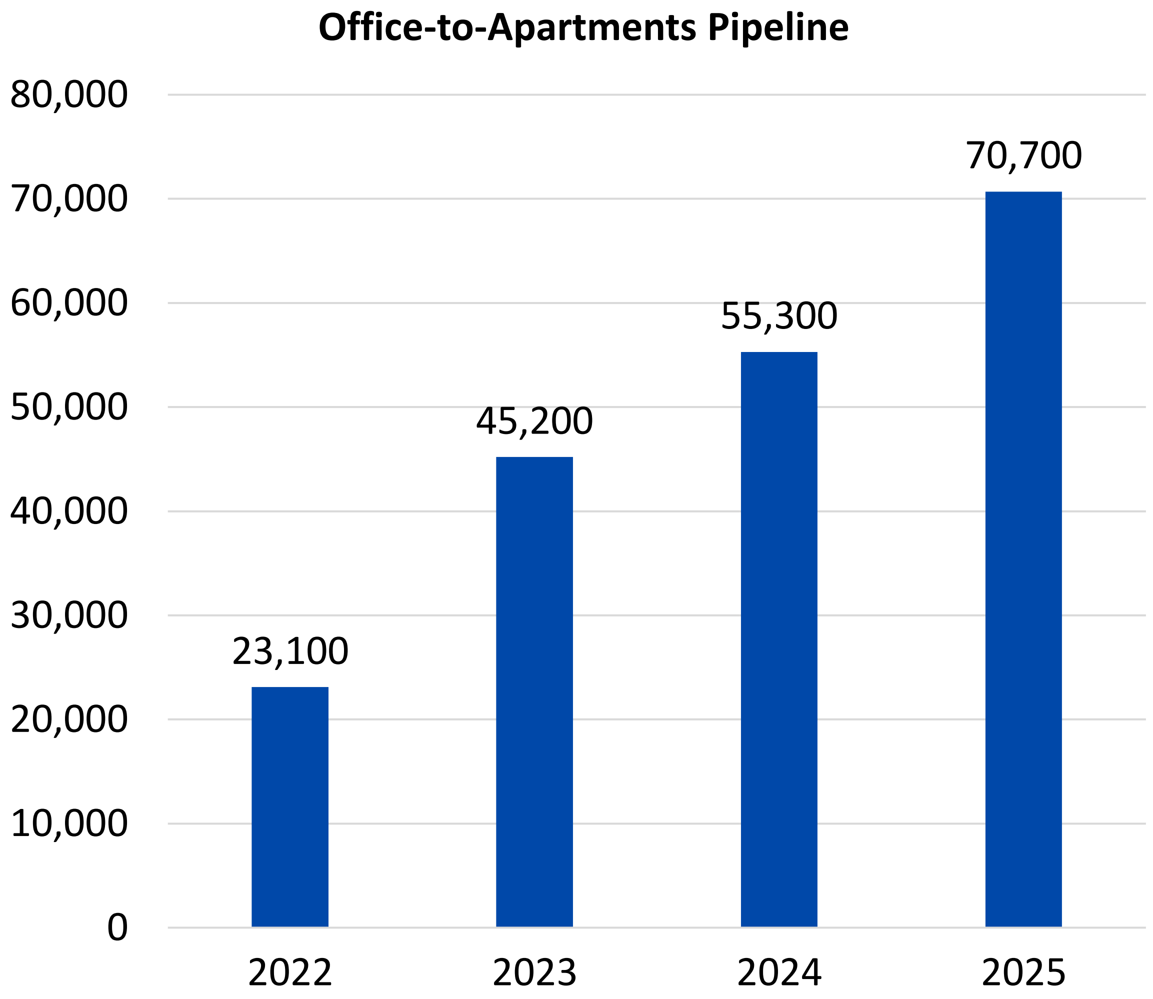
- **The number of office-to-apartment conversions in the pipeline has surged from 23,100 in 2022 to 70,700 in 2025, now making up 42% of future adaptive reuse projects**
- Adaptive reuse of **newer buildings** (built between the 1990s and 2010s) is on the rise, increasing from 1.3% of past projects to a **projected 7% of future projects**
- **The New York metro leads the nation in future office-to-apartment conversions with 8,310 units in its pipeline. Followed by last year's #1, Washington, D.C. (6,533 units), and then Los Angeles in third place (4,388 units)**
- Despite growing interest and an increase in volume of office-to-apartment conversions, many projects carry over year-to-year due to factors like feasibility, conversion costs and local incentives
    - Of 55,339 units in development last year, only 3,709 were completed, with 51,630 carrying over into 2025, plus 19,021 new proposals marking a 28% growth in the pipeline

YARDI

Source: February 2025 RentCafe Analysis of Yardi Matrix Data

The Office-to-Apartment Conversions Pipeline Has More Than Tripled Since 2022





Future conversions include projects that are under construction, as well as planned and prospective redevelopment | Source: February 2025 RentCafe Analysis of Yardi Matrix Data

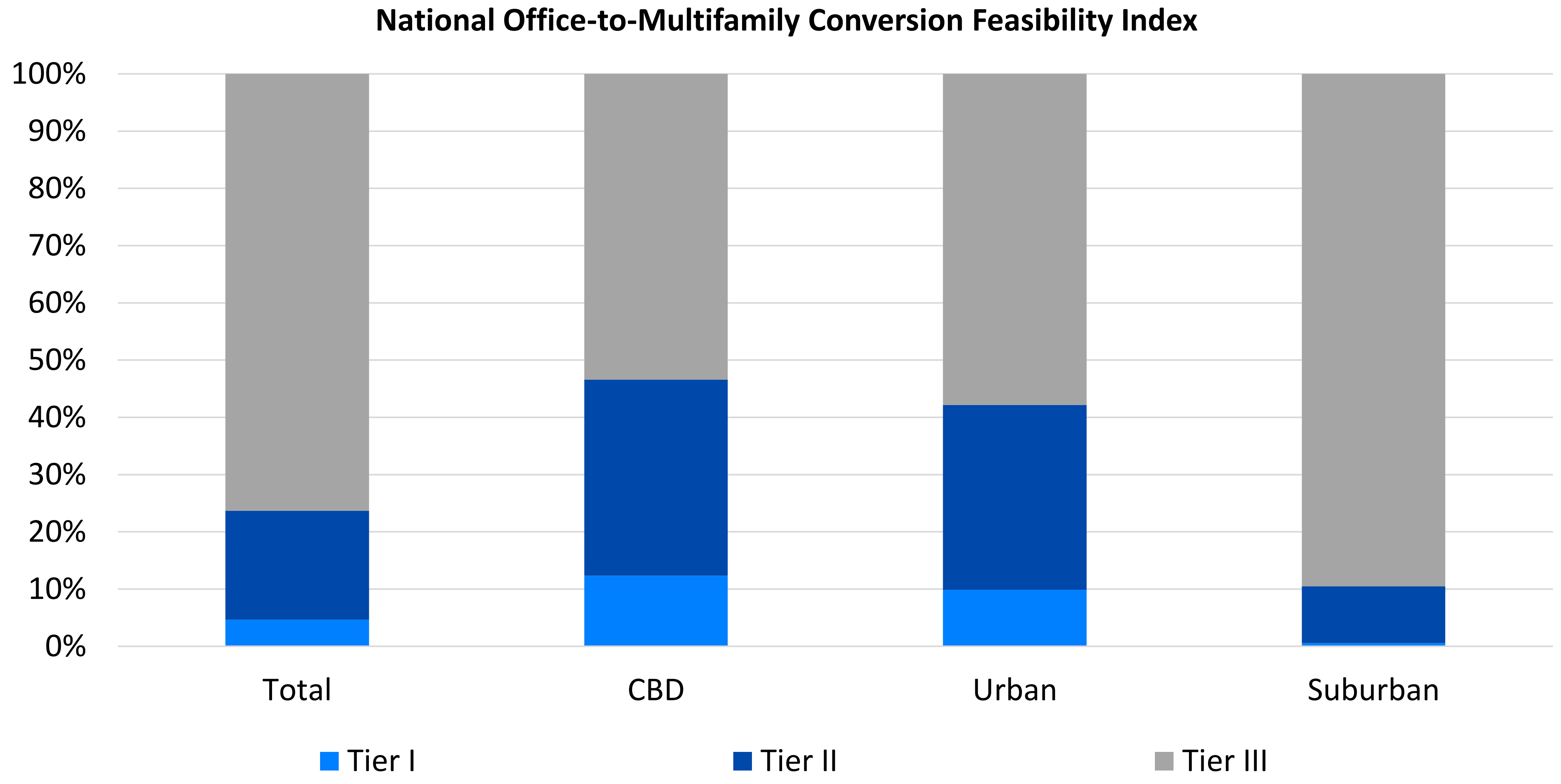
Core Markets Have the Largest Office-to-Apartment Conversion Pipelines

	Metro Area	Office-to-Apartments Pipeline as of 2025	YoY Change in Office-to-Apartments Pipeline	Total Conversions Pipeline (All Building Types)	Office-to-Apartments % of Total Conversions	Office-to-Apartments % of Total Office Pipeline
1	New York, NY	8,310	59.4%	15,710	52.9%	5.9%
2	Washington, D.C.	6,533	12.3%	10,527	62.1%	2.6%
3	Los Angeles, CA	4,388	79.7%	8,985	48.8%	2.1%
4	Chicago, IL	3,606	27.8%	6,669	54.1%	3.7%
5	Dallas, TX	2,725	-13.9%	3,451	79.0%	1.3%
6	Atlanta, GA	2,239	57.5%	3,980	56.3%	1.4%
7	Minneapolis, MN	1,873	40.4%	2,404	77.9%	3.0%
8	Charlotte, NC	1,787	106.8%	3,260	54.8%	1.5%
9	Cincinnati, OH	1,753	12.2%	2,768	63.3%	6.5%
10	Kansas City, MO	1,676	11.0%	3,066	54.7%	2.5%
11	Phoenix, AZ	1,634	18.7%	2,307	70.8%	1.2%
12	Cleveland, OH	1,619	-19.5%	2,728	59.4%	8.1%
13	Bridgeport, CT	1,473	71.3%	2,419	60.9%	2.3%
14	Jacksonville, FL	1,418	150.1%	2,782	51.0%	3.3%
15	Denver, CO	1,398	55.0%	2,741	51.0%	0.9%
16	Omaha, NE	1,294	141.0%	1,528	84.7%	4.3%
17	Pittsburgh, PA	1,250	53.6%	2,232	56.0%	6.5%
18	Philadelphia, PA	1,232	26.4%	4,450	27.7%	1.3%
19	Boston, MA	1,167	159.9%	3,026	38.6%	1.1%
20	Detroit, MI	962	-10.1%	3,843	25.0%	3.1%

YARDI

Future conversions include projects that are under construction, as well as planned and prospective redevelopment | Source: February 2025 RentCafe Analysis of Yardi Matrix Data

Over 4.5% of Office Space Nationwide Are Tier I Candidates for Multifamily Conversion, with the Majority of Those Properties in CBDs



YARDI

As of March 2025 | Source: Yardi Matrix; CommercialEdge

Large, Expensive Markets Have a Lot of Tier I and Tier II Office Space Prime for Conversion

Market	Tier I % of Total Sq. Ft.	Tier II % of Total Sq. Ft.	Tier III % of Total Sq. Ft.
Manhattan	19.5%	34.7%	45.8%
San Francisco	9.1%	25.4%	65.5%
Los Angeles	7.6%	32.7%	59.7%
Chicago	6.0%	19.2%	74.8%
Seattle	4.9%	19.8%	75.3%
National	**4.6%**	**19.0%**	**76.3%**
Boston	3.7%	16.4%	79.9%
Washington, D.C.	3.4%	20.2%	76.4%

As of March 2025 | Source: Yardi Matrix; CommercialEdge

Political Risk Threatens to Counteract Local Government Incentives to Build and Operate in Gateway Markets

Market	Incentives	Risks
Boston	• **Office to Residential Conversion Program**: Offers PILOT agreements (up to a 75% abatement on the fair market-assessed residential value for up to 29 years) • **Neighborhood Housing Trust Fund**: Offers gap financing, up to $750K per project, to support various housing developments serving low-income households	• **Mandatory Inclusionary Zoning**: Market-rate developments (7+ units) must set aside 15-17% of its units as affordable (either on-site or nearby), plus 3% of units for voucher holders in large rental projects (can pay into a city fund in lieu) • 24 bills introduced including rent control, just cause eviction protections, anti-displacement zones and renter protections ○ **H1507**: proposes a 5% limit on rent increases
Chicago	• **LaSalle Street Reimagined**: Allocation of $151M in public funding and TIF assistance for conversion of 4 LaSalle St office buildings into ~1K apartments (319 affordable)	• **Affordable Requirements Ordinance**: Requires developers to set aside 20% of units as affordable or pay an in-lieu fee • **SB1260**: would repeal the Rent Control Preemption Act • **HB 3564**: Landlords cannot charge a move-in fee, and late payment fees are limited to a one-time charge of $15 for every $1,500 of rent (passed House; moves to Senate)
Los Angeles	• **Citywide Housing Incentive Program (CHIP)**: Rezoning plan allowing denser multifamily housing near transit, with incentives for projects that include affordable units • **Los Angeles County Development Authority (LACDA) Bond Financing**: Offers tax-exempt bonds to finance multifamily housing; requires developers to set aside a percentage of units for very low-income tenants	• **CA statewide rent control (AB 1482)**: Restricts allowable annual rent increase to 5% plus a local cost-of-living adjustment of no more than 5% ○ **AB 1157**: could lower to 2% + inflation (capped at 5%) • **LA's Rent Stabilization Ordinance**: Rents capped annually (4% through June 2025) for most buildings built pre-1979 • **Inclusionary Housing Ordinance**: Mandates affordable units in new residential projects; percentages vary, but generally 20% set-aside at 80% AMI

YARDI

Source: Yardi Matrix; boston.gov; commercialedge.com; chicago.gov; illinoispolicy.org; caanet.org; thechicagolandjournal.com

Political Risk Threatens to Counteract Local Government Incentives to Build and Operate in Gateway Markets (Cont'd)

Market	Incentives	Risks
New York	• **467-m**: Offers tax benefits for adaptive reuse projects • **485-x**: Provides tax incentives for new multifamily construction; varying levels of benefits depending on size of project and level of affordability provided	• **Rent control**: Applies to most buildings built pre-1947 where tenant is in continuous occupancy pre-1971; operates under the Max Base Rent (MBR) system • **Rent stabilization**: Rent increases determined by the Rent Guidelines Board for most buildings built pre-1974 • **Mandatory Inclusionary Housing**: Newly rezoned areas, affordable ranging 20-30% of floor area and varying AMI levels
San Francisco	• **Downtown Adaptive Reuse Program**: Transfer taxes for the first sale of commercial-to-residential properties waived, along with inclusionary housing requirements and impact fees • **AB 2488**: Allows city to finance commercial-to-residential projects by utilizing incremental property tax revenues, which are reinvested to help offset the development costs	• **CA statewide rent control (AB 1482)** and proposed **AB 1157** (would limit rent increases even lower to 2%): (see prev. slide) • **San Francisco Rent Ordinance**: Rent Board calculates allowed rent increase each year (1.4% through Feb '26) • **Inclusionary Affordable Housing Program**: Projects with 10+ units either pay a fee or include below-market-rate units
Seattle	• **Multifamily Property Tax Exemption**: Provides a tax exemption on eligible multifamily housing in exchange for income- and rent-restricted units	• **Rent Control**: Recently passed HB 1217 caps annual rent increases at 7% + inflation (10% max) in WA state • **Mandatory Housing Affordability Program**: Developers must either include affordable units or pay a fee
Washington DC	• **Housing in Downtown Program**: Offers a 20-year tax break for converting commercial buildings into housing • **Mortgage Revenue Bond Program**: Provides financing for affordable multifamily projects through tax-exempt bonds	• **Rent Control**: applies to most buildings built pre-1975; rent increases based on CPI for DC MSA +2% but cannot exceed a total increase of 10% • **Mandatory Inclusionary Zoning**: Requires 8-10% of units to be set aside as affordable

YARDI

Source: Yardi Matrix; commercialedge.com; sfplanning.org; seattle.gov; dchfa.org; komonews.com; steadily.com; dhcd.dc.gov; bungalow.com; sf.gov; axios.com

Some Developers Are Switching from Market Rate to Affordable to Obtain Better Financing

Factors driving this trend:

- **Financial incentives:** LIHTC, state or local funds and nonprofit partnerships help make affordable housing projects more financially viable than market-rate developments
- **Market demand:** The shortage of affordable housing has led developers to convert market-rate properties into affordable units, addressing demand while utilizing existing infrastructure
- **Regulatory and competitive advantages:** Some localities provide incentives or mandate private developers to include affordable housing in their projects, offering benefits like tax abatements and expedited permitting

Converting to affordable is cost-effective, as financing is simpler than ground-up development

- Lower cost of capital as Fannie Mae and Freddie Mac loans can be used to acquire market-rate buildings
- In southern California, ground-up development for affordable housing can cost $600K-$700k per unit, while the average acquisition costs ~$300K per unit
- Successful strategies include buying properties with strong job markets and rising incomes (can raise the rent as AMI increases), buying buildings with high incomes for people with varied levels of AMI and gradually turning mixed-income properties into affordable housing
- BDP Impact Real Estate Solutions, BRIDGE Housing and Avanath Capital Management have had success with these types of conversions

Source: Yardi Matrix; Urban Land Institute

Core Market Recovery Summary

- Core markets are not dead
  - Multifamily rent growth has recovered, and occupancy has stabilized
- Performance across the metros varies, with some submarkets seeing stronger rent growth than others
  - In San Francisco, rent growth has been stronger on the peninsula than in the East Bay area
  - Rent growth in Seattle's suburbs has outpaced downtown
- While the pandemic's effects on urban population shifts have not completely subsided, Census Bureau estimates suggest a trend toward demographic revival for many large metro areas and urban cores
  - Core markets have benefitted from increased immigration, which has offset effects of out-migration
- Office-to-apartment conversions, which are becoming more popular, are heavily focused in core markets
  - However, they remain a relatively small percentage compared to the total pipeline
  - Washington DC is experiencing a relatively high number of office-to-apartment conversions
    - Unsure the full effect of the fallout from the recent federal government layoffs, however, this disruption could be an opportunity
- Benefits & risks
  - Local government incentives are encouraging development, however, the local political risk may work against opportunities

YARDI

Source: Yardi Matrix

MULTIFAMILY INVESTMENT STRATEGIES: MAPPING THE RECOVERY OF HIGH-SUPPLY MARKETS

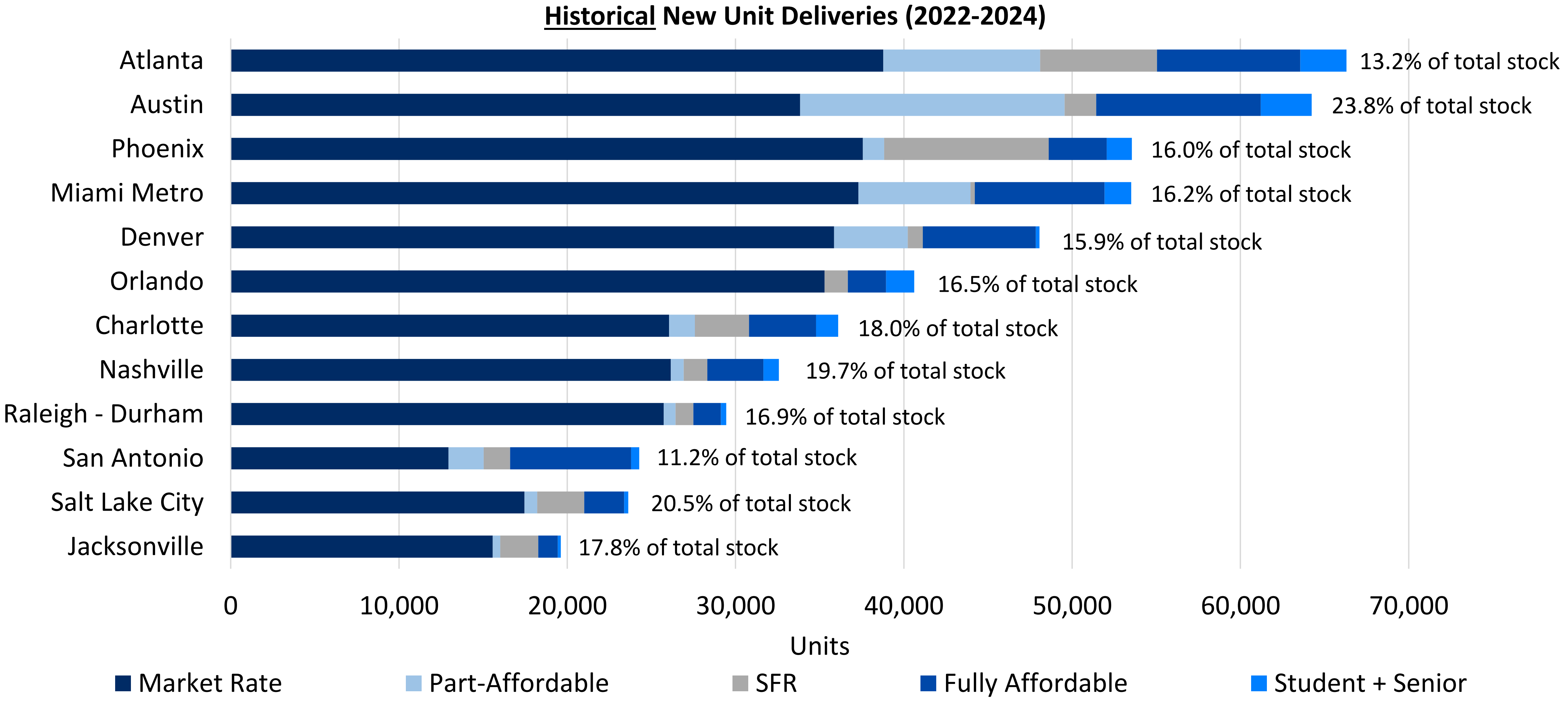
YARDI

HIGH SUPPLY MARKETS

ATLANTA	NASHVILLE
AUSTIN	ORLANDO
CHARLOTTE	PHOENIX
DENVER	RALEIGH-DURHAM
JACKSONVILLE	SALT LAKE CITY
MIAMI	SAN ANTONIO

YARDI

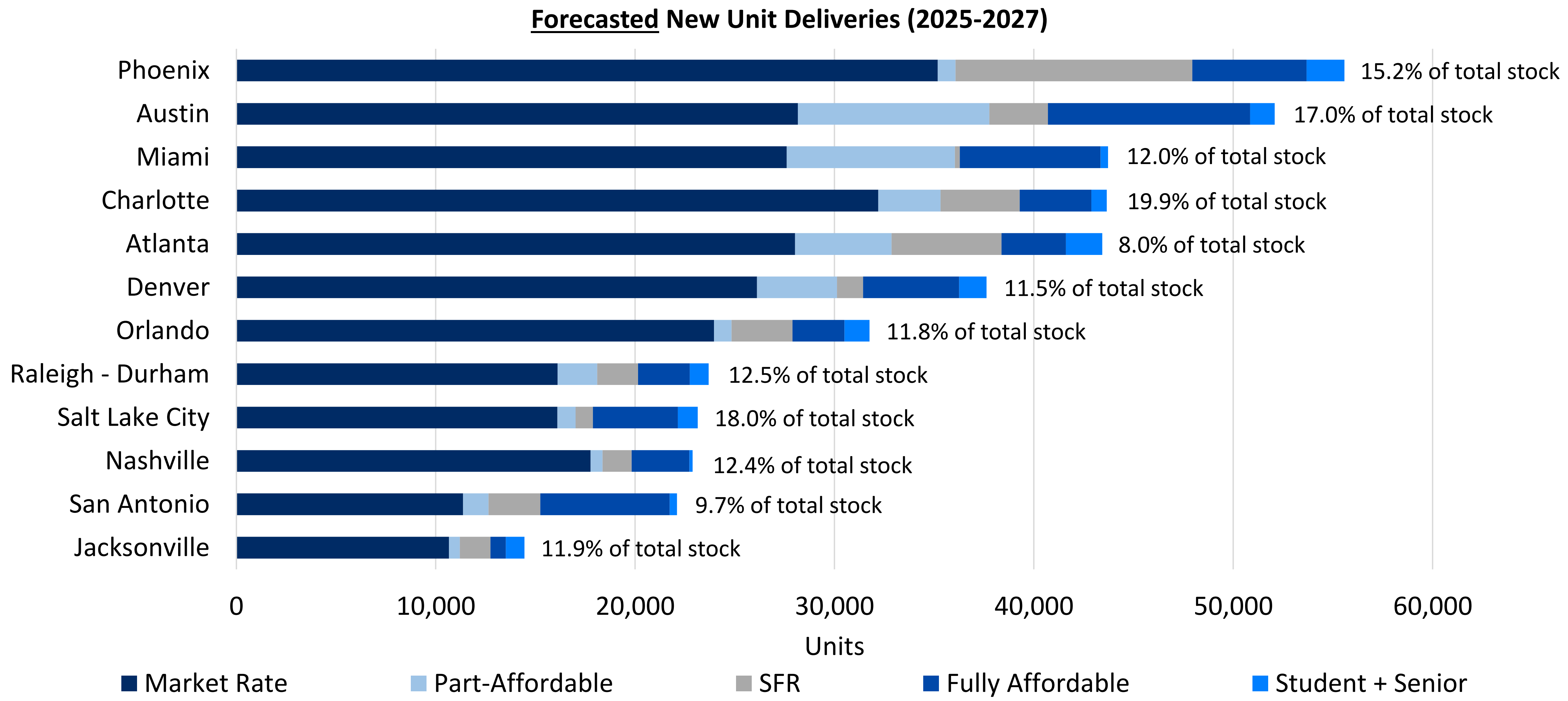
New Deliveries Accounted for 16.6% of Existing Stock in High Supply Markets Between 2022-2024



YARDI

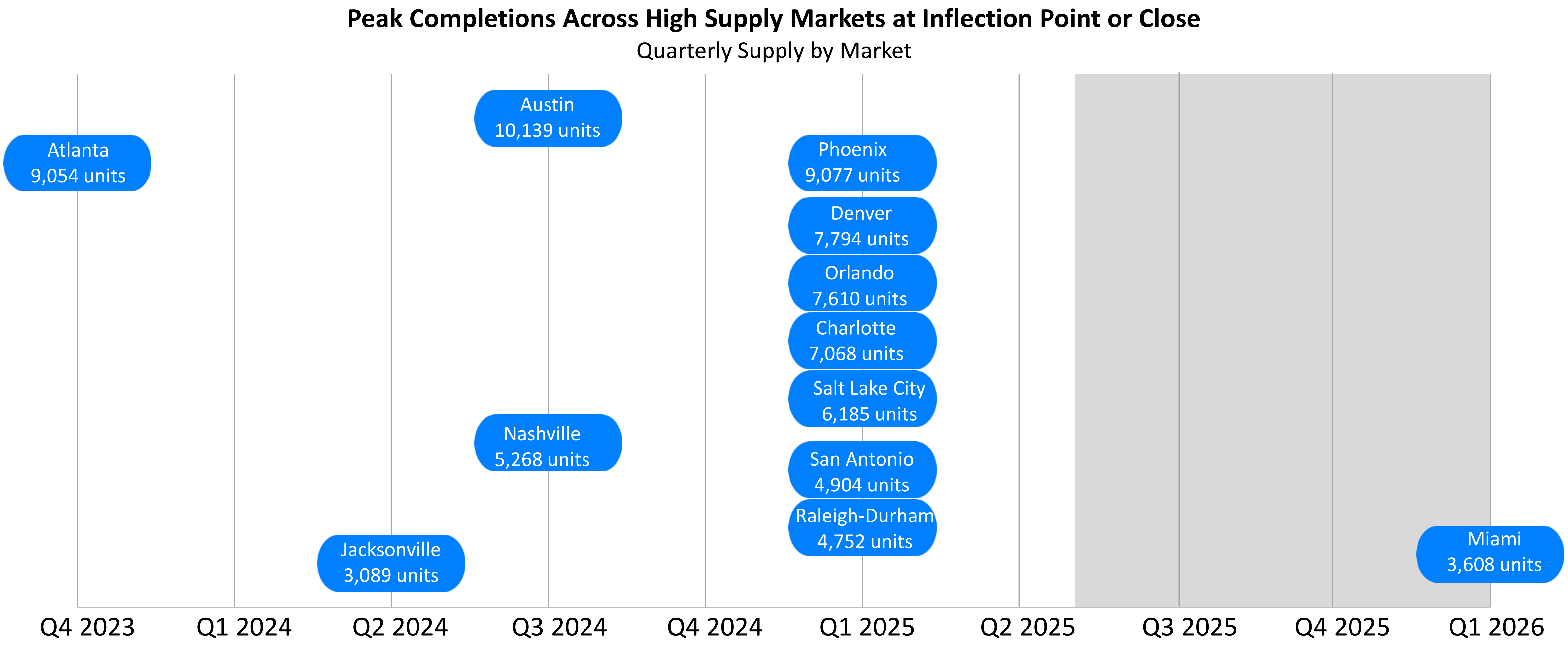
Source: Yardi Matrix

The Pace of New Deliveries Will Slow in High Supply Markets in 2025-2027, with an Estimated 12.8% Increase to Existing Stock Total in the 12 Markets



Source: Yardi Matrix

Most High Supply Markets Reached Their Peak Annual New Supply Last Quarter



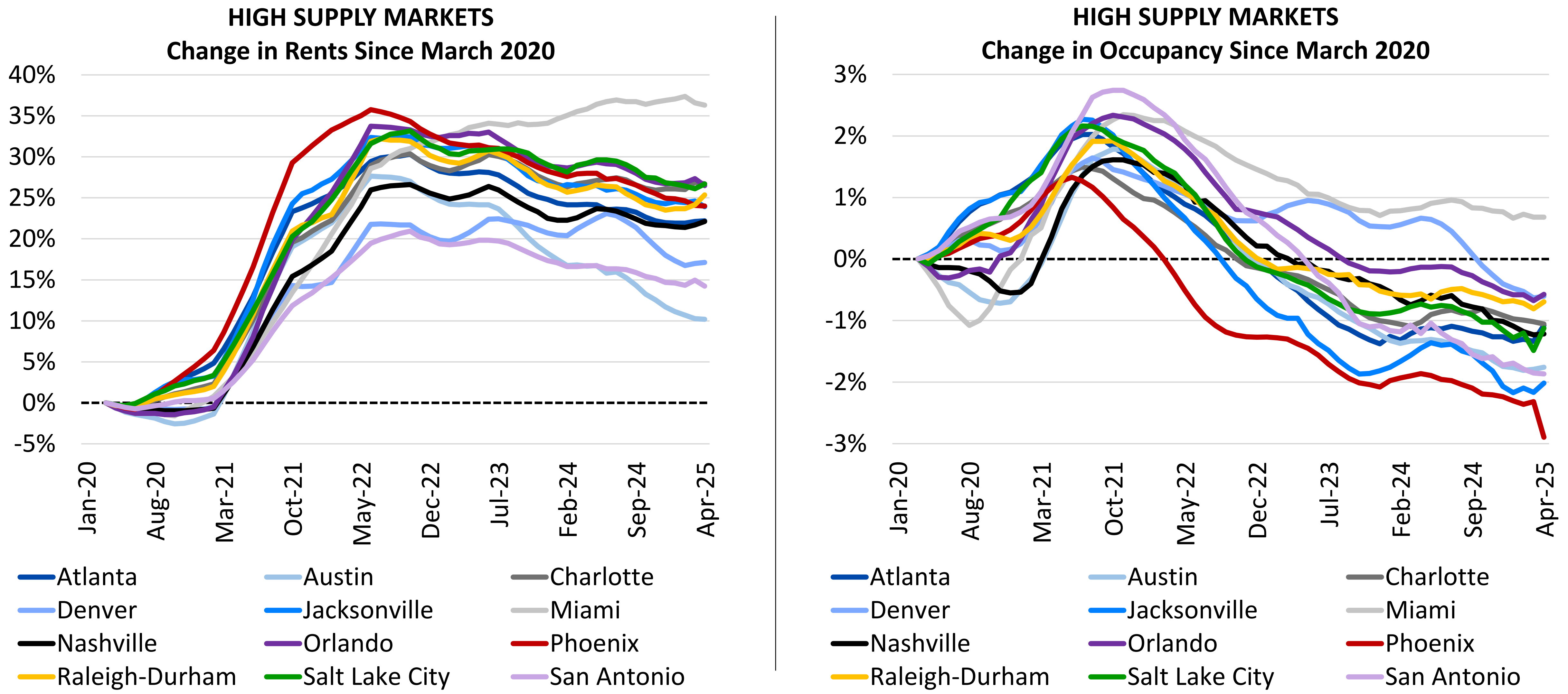
Data as of April 2025 | Source: Yardi Matrix

After Supply Started to Significantly Outpace Demand in 2022, High Supply Markets Saw Net Absorption Plummet

Metro	NET ABSORPTION						
	2018	2019	2020	2021	2022	2023	2024
Salt Lake City	0.87	0.8	1.02	1.32	0.69	0.67	0.97
Orlando	0.89	0.76	1.04	1.24	0.86	0.66	0.81
Nashville	1.04	1.23	0.82	1.34	0.82	0.8	0.8
Charlotte	1	0.83	1.2	1.13	0.82	0.59	0.79
Miami	0.92	0.45	0.98	1.6	1.18	0.94	0.78
Raleigh-Durham	0.94	0.89	1.01	1.73	-0.01	0.8	0.71
Atlanta	0.94	0.64	1.39	1.44	0.33	0.51	0.71
Phoenix	1.13	0.98	1.16	1.02	0.46	0.73	0.69
Austin	1.14	0.61	0.62	1.45	0.82	0.66	0.67
San Antonio	1.26	1.21	0.97	1.81	-0.1	0.68	0.66
Jacksonville	0.97	0.6	1.47	1.53	0.29	0.46	0.64
Denver	0.73	0.93	0.77	1.74	0.88	0.82	0.59

Color scale by metro row. Sorted by 2024 net absorption. Data as of May 2025 | Source: Yardi Matrix

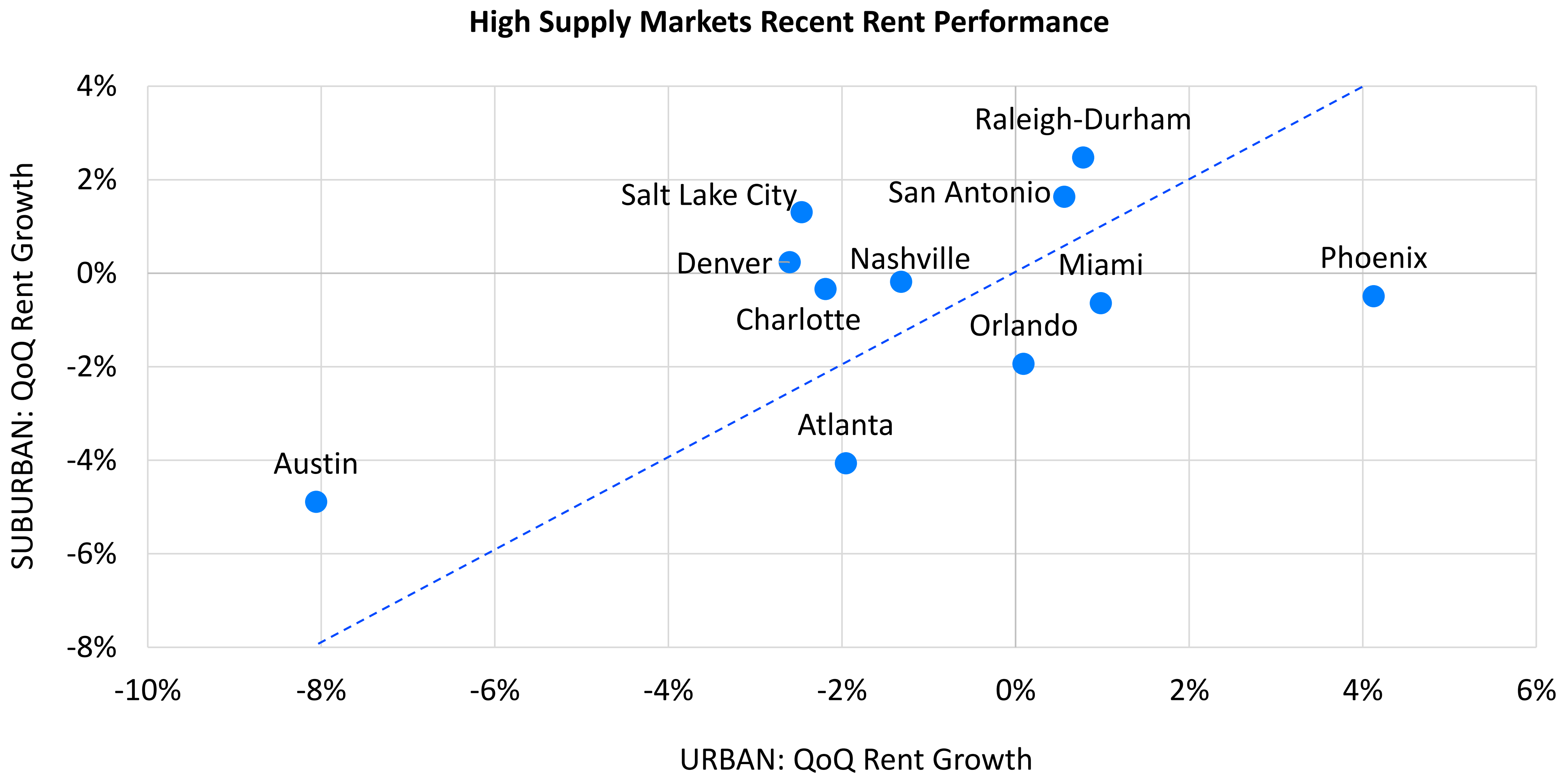
Multifamily Rent Growth Gradually Sinking in High Supply Markets



YARDI

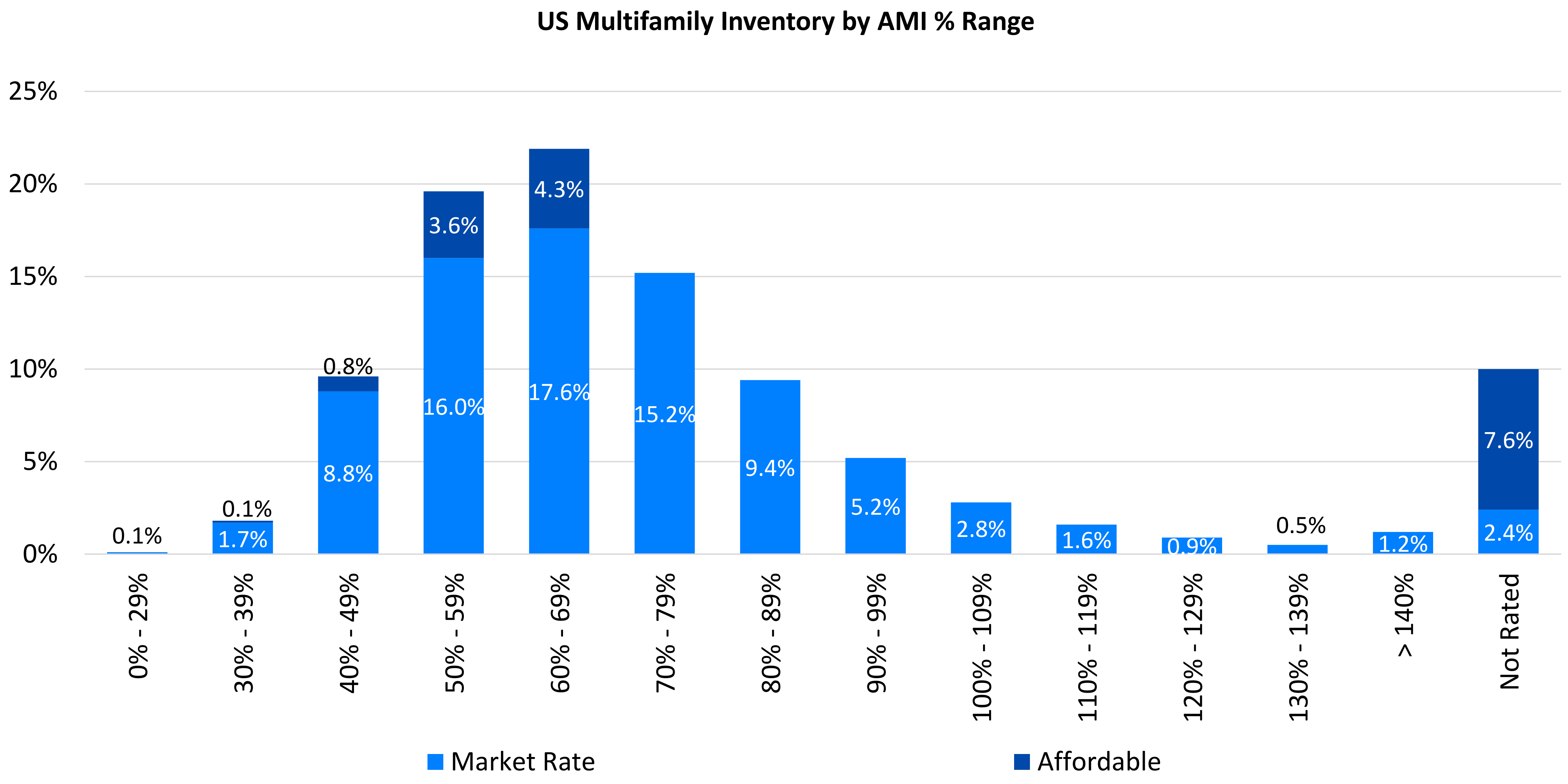
Source: Yardi Matrix

Over the Last Quarter, Most High Supply Markets Have Seen Stronger Performance in the Suburbs for New Properties



Quarter-over-quarter rent growth: Q4 2024 vs Q1 2025. Includes only Multifamily properties completed since January 2022 with average rent >= $2,000.
Jacksonville excluded due to lack of representative sample | Source: Yardi Matrix

Market Inventory Affordability Report: Affordable and Conventional Stock



Data may be different than total coverage due to filtered data | Data as of April 2025 | Source: Yardi Matrix

Average AMI (Area Median Income) Percent Metric is the Basis for the Analysis

Number of Units	304
Address	14115 North Highway 183 Austin, TX 78717
Website	View
Market	Austin
Submarket	3 - Cedar Park
Phone	
Improvements Rating	
Location Rating	
Location Class	
Completion Year	
Average AMI Percent	71%

Property Unit Breakdown

Collapsed | Expanded ☐ Include Bedroom count and rates

Unit Type	Unit		Actual Rent
	Count	% of Total	Per Unit
One Bedroom	217	71.38%	$1,631
Two Bedroom/One and Three Quarter Bath	87	28.62%	$2,133
	304	**100.00%**	**$1,775**

Owner Groups
Security Properties
Bob Krokower
(206) 622-9900
701 5th Avenue #5700 Seattle, WA 98104

Manager Groups
Security Properties Residential
Tali Reiner
(206) 787-8481
701 5th Avenue #5700 Seattle, WA 98104

"Affordability" is defined as housing costs that consume 30% of gross household income

Actual rents are used to determine the AMI level where housing costs would be considered affordable

On average, the rents at this property are "affordable" to households earning 71% of the county's Area Median Income (AMI)

Source: Yardi Matrix

Austin's Affordable Housing is Highly Competitive with Conventional Multifamily

The AMI percentile where rent equals 30% of income, the affordability standard

Average AMI Percent for each asset class minus the Average AMI Percent for Fully Affordable

Grouping Title	Average AMI Percent	Total Units	% Stock by Unit	AMI % Premium to Affordable	Competitive w/ Affordable
Discretionary (A+, A)	78%	64,765	23%	20%	-
Upper Mid-Range (A-, B+)	67%	129,044	46%	9%	46%
Low Mid-Range (B, B-)	54%	56,338	20%	-3%	20%
Workforce - Upper (C+, C)	51%	14,347	5%	-6%	5%
Fully Affordable - Private Sector	57%	14,393	5%	-	-
Total/Average	59%	278,887	100%	-	**~71%**

% of stock competitive with affordable housing

AMI % Premiums less than 10% are considered competitive with Affordable

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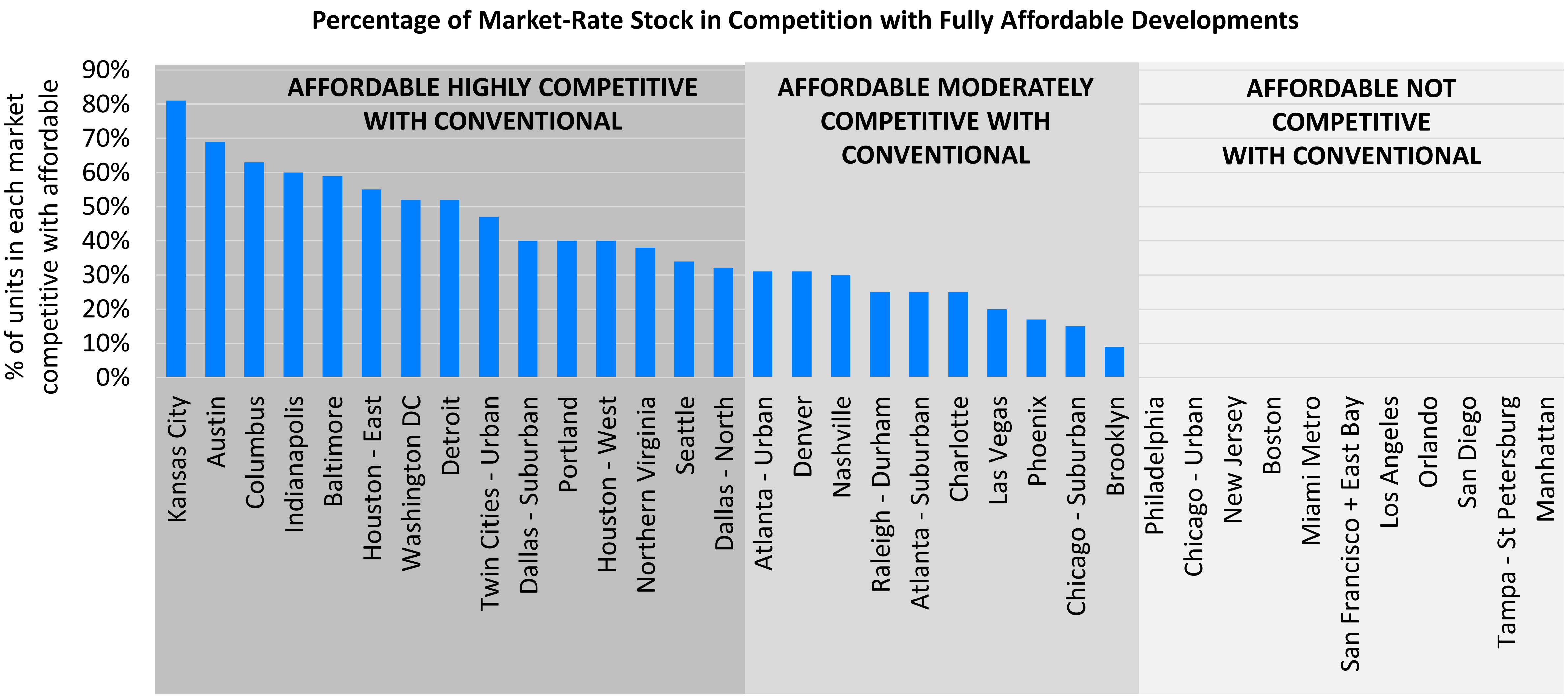
"Total" row may not always sum due to rounding | Source: Yardi Matrix

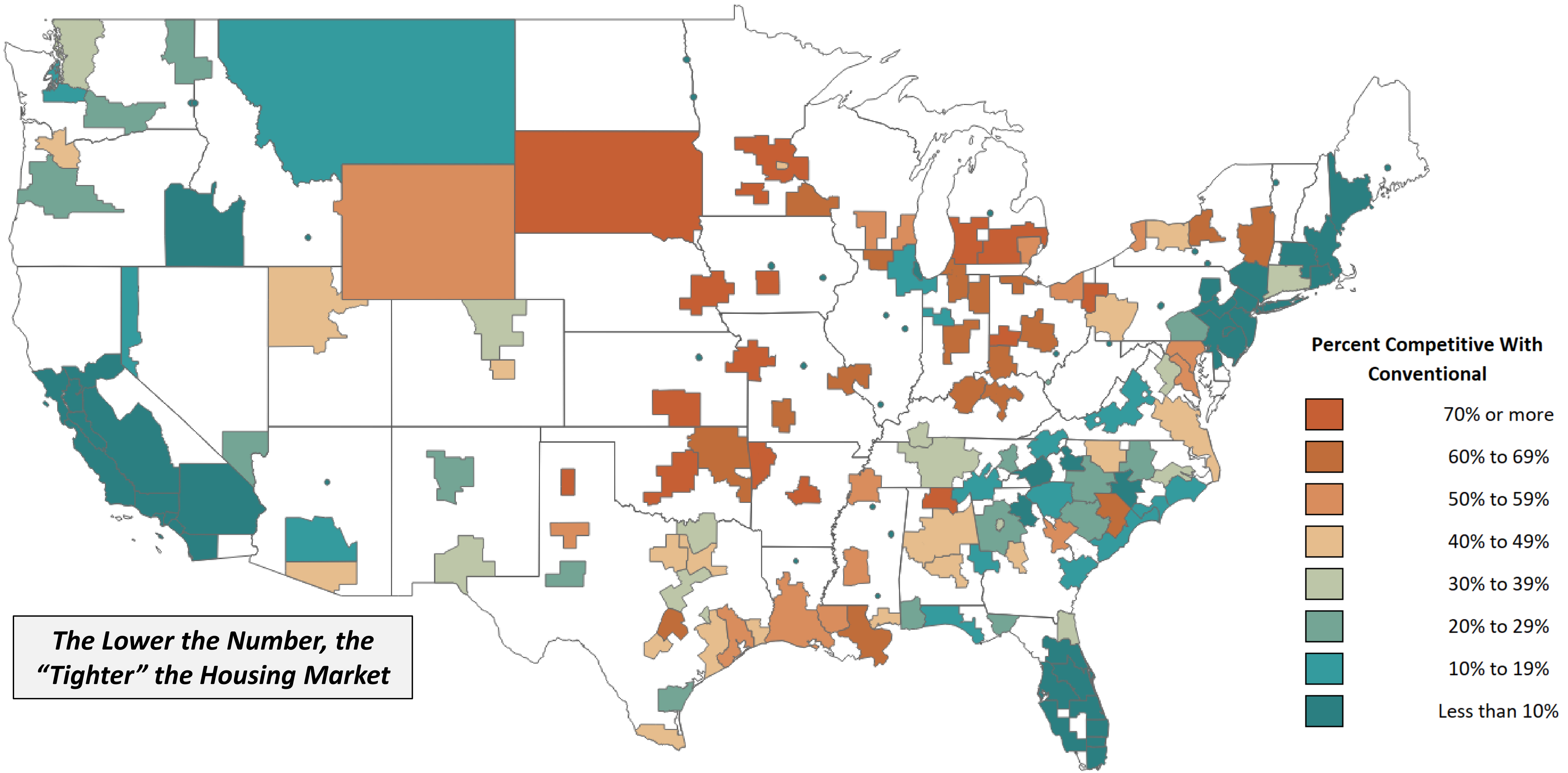
In Some Markets, Affordable Housing is Highly Competitive with Conventional



Percentage of stock is by number of units. Competing units are defined as a <10% difference in AMI% Premiums between market-rate and fully affordable – private sector properties | Data as of April 2025 | Source: Yardi Matrix

YARDI

There Are Still Affordability Concerns in High-Supply Markets

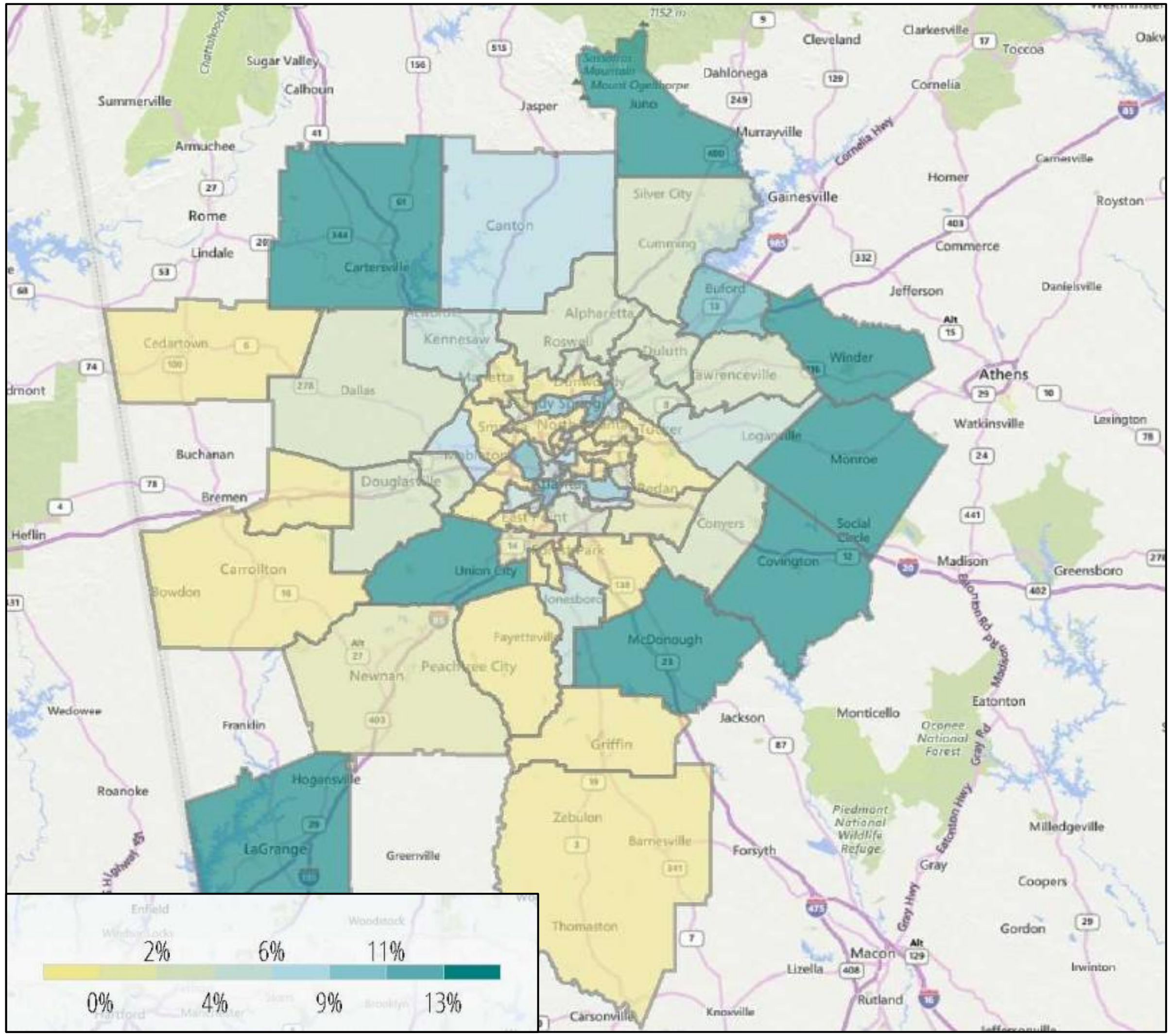


The Lower the Number, the "Tighter" the Housing Market

YARDI

Data as of April 2025 | Source: Yardi Matrix

Pockets of Opportunity in Atlanta: There are Submarkets with Limited New Supply Coming in Some of the Highest New Supply Markets



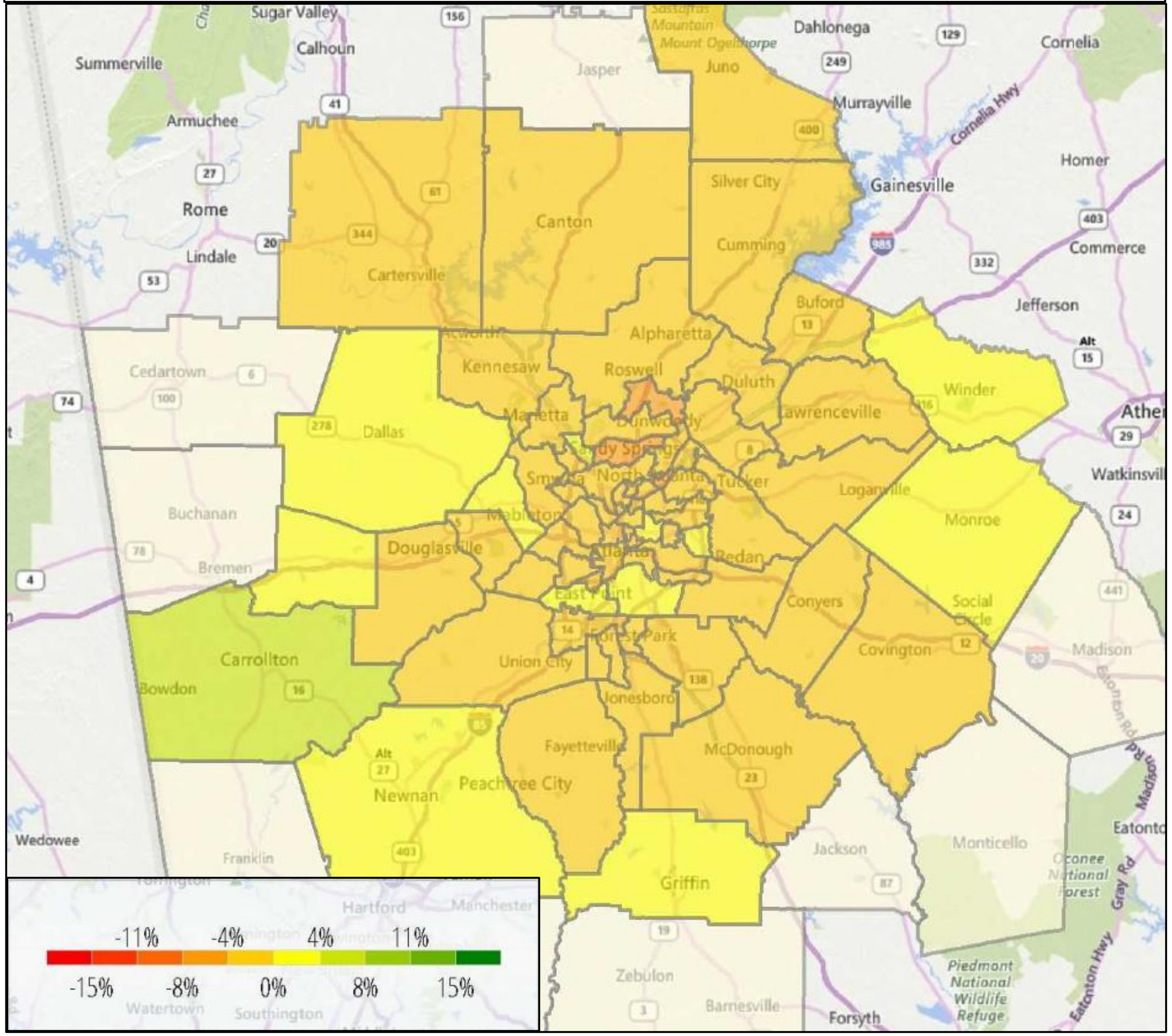
Top 10 Submarkets for Projected Completions as a % of Prior Inventory – 12 months ending February 2026		
Submarket	**% Growth**	**# Units**
Winder	40.7%	721
Dawsonville	37.1%	528
Covington	34.6%	1,359
Monroe	23.9%	282
McDonough	23.2%	2,416
Cartersville	21.9%	1,224
Union City - Fairburn	13.2%	1,046
LaGrange	13.1%	566
Bankhead	12.5%	576
Buford	11.1%	1,248
Market Overall	**4.5%**	**25,987**

YARDI

Source: Yardi Matrix

Pockets of Opportunity in Atlanta: Some Submarkets with Less Supply Growth Are Still Seeing Rent Growth

Year-over-Year Rent Growth by Submarket



HIGHEST OVERALL PERFORMING SUBMARKETS

Submarket	Rent	Occupancy	YOY Change
Carrollton	$1,559	94.6%	5.3%
Monroe	$1,685	95.4%	3.1%
Newnan	$1,632	93.8%	1.9%
Winder	$1,867	94.3%	1.9%
Griffin	$1,356	92.3%	1.3%

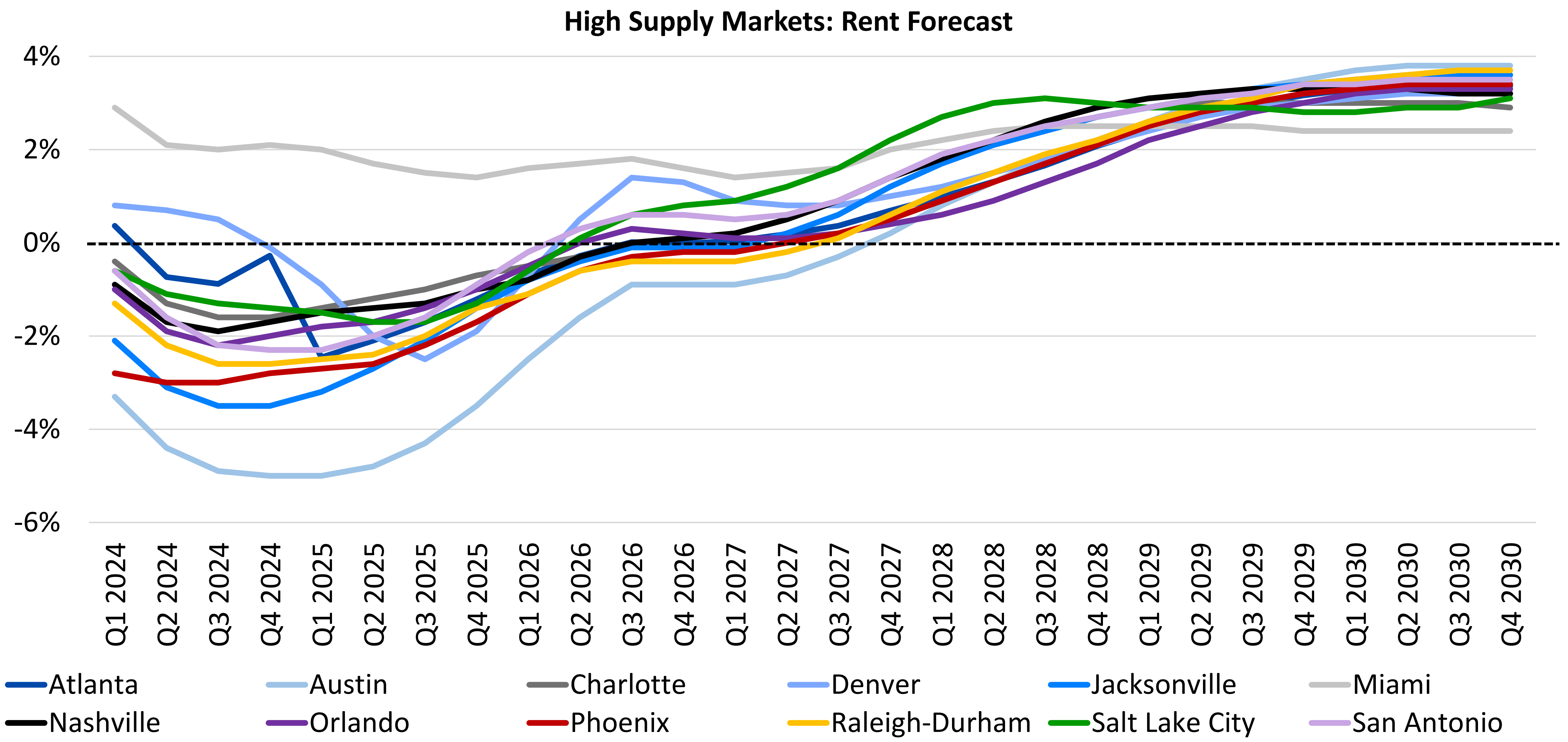
LOWEST OVERALL PERFORMING SUBMARKETS

Submarket	Rent	Occupancy	YOY Change
West End/Fairlie Poplar/Underground	$1,891	87.6%	-3.7%
Dawsonville	$1,757	92.8%	-3.7%
Brookhaven	$1,618	93.5%	-3.8%
North Buckhead	$1,710	92.4%	-3.8%
Sandy Springs	$1,511	92.8%	-4.7%

YARDI

Rent and occupancy as of March 2025 | Source: Yardi Matrix

High Supply Markets Will Have Negative Rent Growth for the Next Year, but Will Normalize Between 2-4% After 2029



Source: Yardi Matrix

Mapping the Recovery Summary

- New multifamily deliveries are expected to decline after 2024's peak
  - New deliveries accounted for 16.6% of existing stock in high supply markets between 2022-2024, however, the pace of new deliveries will slow to 12.8% in 2025-2027
  - Most high supply markets hit their peak for new supply in Q1 2025

- High supply markets have seen net absorption plummet since 2022 with the influx of new supply, and rent growth has gradually slowed as a result

- In some high supply markets, new supply is concentrated in specific submarkets, and there are still opportunities in submarkets with limited new supply and higher rent growth than the overall market

- As new supply slows, and absorption catches up, the recovery timeline will be gradual
  - High supply markets will have negative rent growth for the next year, but will turn positive in 2026 and normalize between 2-4% over the next few years

Source: Yardi Matrix

MULTIFAMILY INVESTMENT STRATEGIES: THE NEXT WAVE OF EMERGING MARKETS

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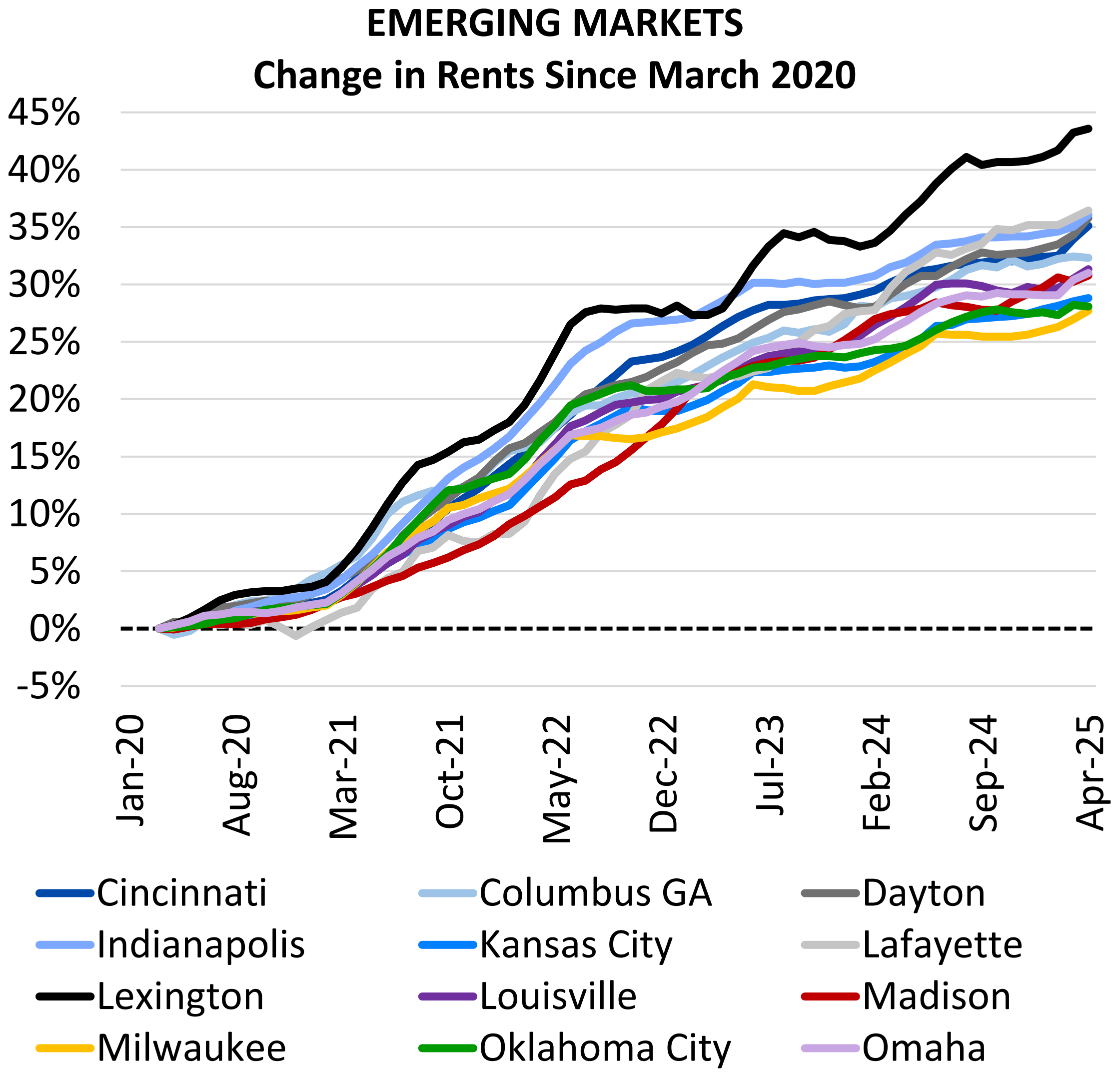
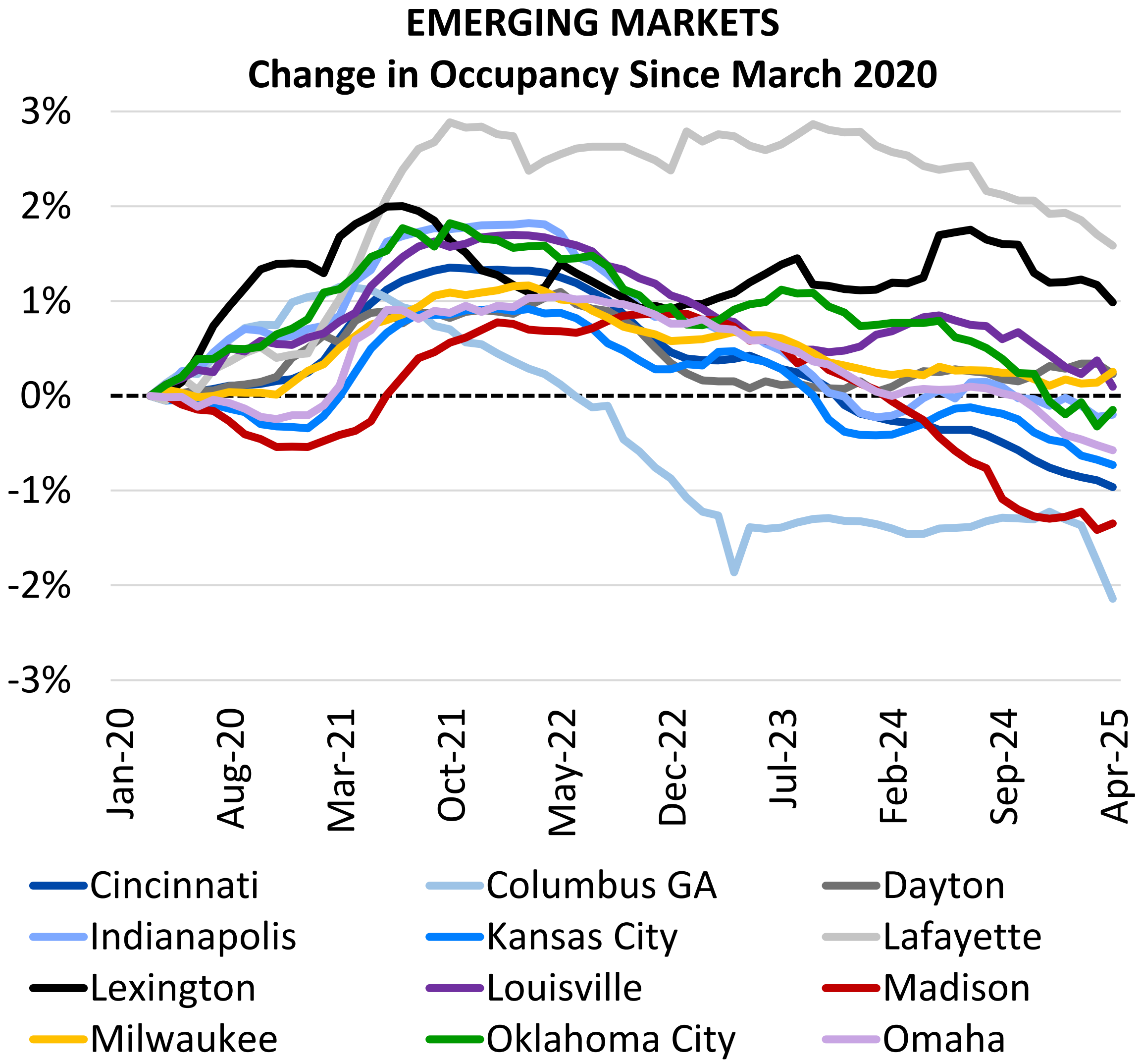
NEXT WAVE OF EMERGING MARKETS

CINCINNATI, OH	LEXINGTON, KY
COLUMBUS, GA	LOUISVILLE, KY
DAYTON, OH	MADISON, WI
INDIANAPOLIS, IN	MILWAUKEE, WI
KANSAS CITY, MO	OKLAHOMA CITY, OK
LAFAYETTE, IN	OMAHA, NE

YARDI

Multifamily Rent Growth Remains Strong in Emerging Markets, Though Occupancy Is Dropping Off





Source: Yardi Matrix

A 2018 Timeline for Austin Shows the Path: Tech Development Takes Time

1967
IBM Moves to Austin

1969
Texas Instruments Opens in Austin

1974
Motorola Moves to Austin

1983
3M Opens Offices

1983
Microelectronics and Computer Technology Consortium (MCC) Opens

1984
Dell Founded

1988
Sematech Opens Offices

1989
Austin Technology Incubator Starts

2006
HomeAway Founded

2007
Twitter Appears at SXSW & Goes Viral

2010
Facebook Announces Move to Austin

2013
Google Announces Google Fiber Coming to Austin

NOW

Apple, Amazon, Facebook, Indeed, HP, Google, Dell, IBM, 3M, Oracle, eBay, and more

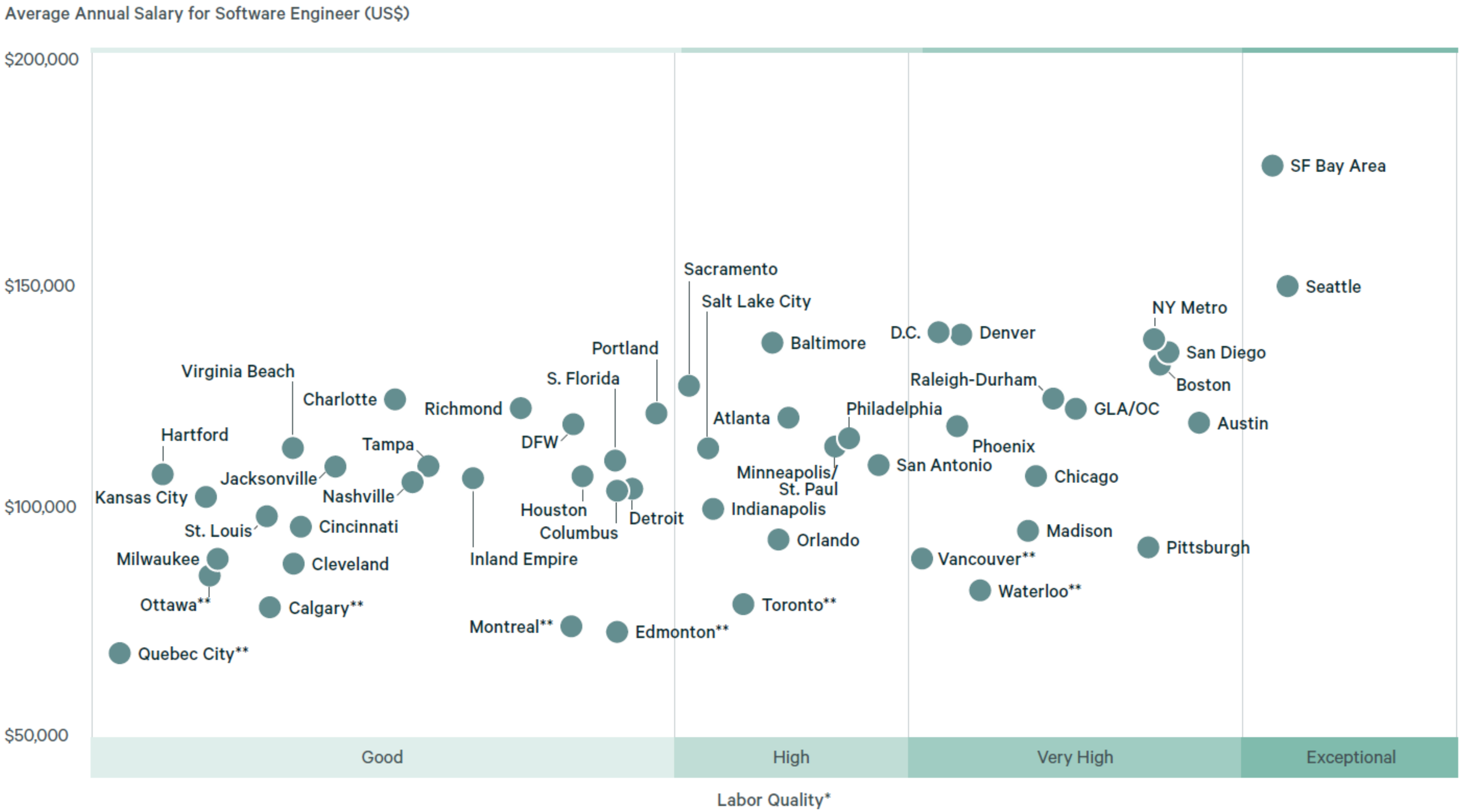
Known for:

- Business-friendly environment
- Tech scene
- Educated workforce

Source: Yardi Matrix

Tech Talent Quality vs. Cost Analysis

Concentrations of Quality Software Engineers are Available in Relatively Low Cost Markets



Source: Yardi Matrix; U.S. Bureau of Labor Statistics, April 2024; Statistics Canada, April 2024; U.S. News & World Report; CBRE Labor Analytics; CBRE Research, 2024

LinkedIn Disclaimer: LinkedIn Talent Insights data is derived by aggregating profile data voluntarily submitted by LinkedIn members. As such, LinkedIn cannot guarantee the accuracy of LinkedIn Talent Insights data. | *Concentration of software engineers/developers with 3+ years of experience that have earned degrees from the top 25 computer information science programs in the U.S. and top 5 in Canada relative to total software engineers/developers, as rated by U.S. News & World Report. | **Data in U.S. dollars

YARDI

Public Policy and Public-Private Partnerships, Particularly Those Focused on STEM, Are Revitalizing the Local Ecosystems in Emerging Markets

Market	Notable Public Policy or Public Private Partnerships (PPPs)
Cincinnati, OH	• **Cincinnati Innovation District:** PPP between University of Cincinnati, Cincinnati Children's Hospital and JobsOhio to build, retain and attract talent to drive city's growth, with a goal of 15K STEM graduates and $2B in research investment through 2030
Columbus, GA	• **Synovus Park**: $50M project anticipated to complete in 2025 will bring minor league baseball back to the city and will be used to leverage economic development, with subsequent plans for a $350M mixed-use development in the surrounding South Commons area
Dayton, OH	• **onMain Innovation Hub:** Supported by $35M in state funding, Ohio's newest innovation hub will bring together government, academia and private industry partners to develop digital transformation technologies, particularly for the U.S. Air Force
Indianapolis, IN	• **The Data Center Gross Retail and Use Tax Exemption**: a sales and use tax exemption for up to 25 years on qualifying equipment and energy for investments under $750M, and up to 50 years for larger investments
Kansas City, MO	• **The Economic Development Corporation of Kansas City (EDCKC)**: The EDCKC is actively supporting projects by Google, Meta and Edged, focusing on job creation, economic stimulus and sustainable tech innovation as KC rapidly becomes a key hub for data center development
Lafayette, IN	• **SK Hynix Inc.** will build a $3.9B advanced semiconductor packaging facility in west Lafayette, focusing on high-bandwidth (HBM) chips crucial for AI systems, with production expected to begin in 2028 ○ The project is supported by various state incentives as well as federal CHIPS Act funding

Source: Yardi Matrix; ledger-enquirer.com; development.ohio.gov; edckc.com; wrtv.com; jobsohio.com; iedc.in.gov

Public Policy and Public-Private Partnerships, Particularly Those Focused on STEM, Are Revitalizing the Local Ecosystems in Emerging Markets (Cont'd)

Market	Notable Public Policy or Public Private Partnerships (PPPs)
Lexington, KY	• Toyota will spend $1.3B on a plant for a new battery-powered SUV assembly line in nearby Georgetown, and will receive up to **$240M in state economic incentives** from the Kentucky Economic Development Finance Authority
Louisville, KY	• A joint venture between PowerHouse Data Centers and Poe Companies is developing a 400-MW hyperscale data center campus, with the first 130 MW expected to be available by Oct '26 ○ Facilitated by a **50-year tax exemption (HB 8) for data centers** within Jefferson County
Madison, WI	• **Wisconsin Investment Fund**: Combines state and venture capital to support startups in key sectors like biohealth and technology and is expected to create at least a $500M impact in its early years ○ The $100M program launch is the largest public-private investment in startups in state history
Milwaukee, WI	• Microsoft is investing $3.3B in SE WI, focusing on AI and cloud computing infrastructure with a new data center in Mount Pleasant, creating 2K permanent jobs, training over 100K AI workers and becoming the nation's first **manufacturing-focused AI co-innovation lab at the University of Wisconsin-Milwaukee** ○ The project will benefit from **WI's Data Center Sales and Use Tax Exemption**
Oklahoma City, OK	• Governor Stitt created a task force (**SB 473**) to analyze the implementation and impact of creating a **business court**, which would handle complex commercial litigation and business disputes faster than the existing court system with the goal of making OK a more business-friendly state
Omaha, NE	• **Project Health**: a $2.2B PPP between the University of Nebraska Medical Center and Nebraska Medicine that will focus on building a new, state-of-the-art healthcare facility to bolster the region's healthcare sector by enhancing clinical learning and research and creating jobs

Source: Yardi Matrix; wedc.org; apps.legislature.ky.gov; lge-ku.com; kentucky.com; news.microsoft.com; koco.com; news9.com; unmc.edu

Midwest Performing Well via Re-industrialization and Modest New Supply

Market	2025 Unit Completions (F)	% of Starting Inventory	2024 YOY Rent Growth	April 2025 Average Rent	April 2025 YOY Rent Growth	Year-End 2025 Rent Growth (F)
Kansas City	4,401	2.4%	4.3%	$1,319	3.5%	3.0%
Indianapolis	4,997	2.6%	4.3%	$1,309	3.2%	2.1%
Cincinnati	2,961	2.4%	4.2%	$1,393	3.3%	2.2%
Columbus, OH	5,943	2.9%	4.4%	$1,355	3.7%	2.1%
Milwaukee	2,777	2.8%	5.1%	$1,530	3.0%	2.2%
Louisville	2,540	2.8%	5.8%	$1,266	2.6%	2.0%
Omaha	4,731	4.9%	4.2%	$1,272	3.3%	2.6%
Lexington	-	-	6.2%	$1,229	5.5%	3.5%

Factors Driving Growth in the Midwest:

- Affordability
  - The continuance of work-from-home policies has allowed many to move from expensive coastal cities to more affordable Midwest metros
  - High mortgage rates have kept many potential buyers in the rental market, thus putting greater pressure on demand
- Modest development
  - Completions are keeping better pace with demand than the Sun Belt which has seen an influx of supply
- Job growth
  - The growing electric vehicle industry is expected to create over 25,000 jobs in Ohio by 2030
  - Meta and Google are both slated for data center projects in Indiana in the coming years

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Table sorted high to low by population | Source: Yardi Matrix; multihousingnews.com; dispatch.com; kiplinger.com

Next Wave Market Performance: Markets Across the Midwest Have Had Strong Fundamentals Since COVID

Market	Rent Growth Since COVID	Occupancy Growth Since COVID	Forecasted Rent Growth '25-'27	Employment Growth Since COVID	Population Growth Since COVID	New Supply As a % of Stock Since COVID	New Supply As a % of Stock '25-'27
Lexington, KY	43.6%	0.9%	9.0%	-0.3%	3.6%	11.2%	3.8%
Lafayette, IN	36.4%	1.5%	10.8%	1.6%	-0.5%	13.4%	3.2%
Indianapolis, IN	36.1%	-0.2%	6.2%	1.4%	3.6%	9.7%	5.7%
Dayton, OH	35.8%	0.2%	10.3%	-0.6%	1.1%	8.7%	3.5%
Cincinnati, OH	35.1%	-0.9%	6.6%	0.1%	2.3%	11.6%	6.0%
Columbus, GA	32.3%	-2.1%	10.2%	-3.7%	1.8%	11.5%	3.7%
Louisville, KY	31.3%	0.1%	7.0%	0.5%	2.6%	18.7%	7.1%
Omaha, NE	31.0%	-0.6%	7.7%	-6.1%	4.3%	14.3%	10.7%
Madison, WI	30.8%	-1.3%	6.6%	1.4%	3.3%	27.9%	8.5%
Kansas City, MO	28.8%	-0.7%	8.1%	1.0%	3.2%	13.3%	5.2%
Oklahoma City, OK	28.1%	-0.1%	7.9%	-7.2%	2.0%	6.4%	2.8%
Milwaukee, WI	27.7%	0.3%	7.3%	0.0%	2.8%	14.8%	6.7%

Sorted by rent growth since COVID | Data as of April 2025 | Source: Yardi Matrix; U.S. Census Bureau (BOC); U.S. Bureau of Labor Statistics (BLS); State Business Patterns (CBP); Moody's Analytics

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Houston Has Seemingly Been Ignored, but Houston Is Currently Posting the Strongest Numbers in Texas, Presenting Potential Opportunity

Although Houston's performance has been a bit lackluster, Houston is performing better than the other major Texas markets

- Houston leads Texas markets in YoY rent growth (albeit slightly negative)
- Although Houston's occupancy growth is flat, the metro leads Texas markets in YoY occupancy growth
- In 2024, Houston had the lowest number of completions as a % of stock and led Texas markets in absorption
- This year, Houston is forecasted for the least number of completions as a % of stock

Houston Performance Compared to Other Major Texas Markets

Market	April Rent	YoY Rent Growth	April Occ	YoY Occ Growth	2024 Completions	2024 Completions as a % of Stock	2024 Net Absorption-to-Completions Ratio	2025 (F) Completions	2025 (F) Completions as a % of Stock
Houston	**$1,365**	**-0.1%**	**92.6%**	**0.0%**	**24,512**	**3.4%**	**1.0**	**15,005**	**2.0%**
Austin	$1,546	-5.6%	92.5%	-0.4%	28,618	9.9%	0.7	23,701	7.4%
Dallas	$1,519	-2.1%	92.6%	-0.4%	40,944	4.7%	0.7	28,930	3.2%
San Antonio	$1,244	-2.1%	90.7%	-0.6%	11,820	5.3%	0.7	9,960	4.2%

Source: Yardi Matrix

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Emerging Markets Summary

- There is a new wave of emerging markets as the well-established tech hubs were hit with record supply growth

- Markets that have been overlooked despite performing well, and share some of the following characteristics:
  - Rising employment, rent growth and low supply
  - Emerging technology and information hubs
  - Markets benefitting from re-industrialization
  - Energy production-based markets
  - Numerous public policies helping to stimulate growth in emerging markets

- The next wave of markets have experienced between 27.7% to 43.6% rent growth since COVID, with solid population growth and limited new supply

- Other emerging markets not included:
  - Knoxville; Central East Texas; Columbia, SC; White Plains; North Central Florida; Tucson

- Other overlooked markets, not necessarily “next wave”:
  - Portland, ME; Providence, RI; Worcester, MA; Youngstown, OH; Montana

Source: Yardi Matrix

Yardi Matrix House View – May 2025

MACROECONOMIC UPDATE

- The U.S. economy grew at a steady pace in 2024, however, GDP fell in 1Q25 to an annual rate of -0.3% and the outlook remains cloudy
- The Fed has held rates steady after cutting rates by 1 percentage point in the second half of 2024
    - In a “wait and see” mode amid concerns that tariffs could lead to higher unemployment and inflation
- Inflation remains steady between 2.4% and 3.0% because of reduced global trade, unless there is a significant decrease in energy prices or more deregulation
    - Tariffs and shortages could amplify price pressures
- Stress among lower income consumers is real and consumer sentiment continues to decline
- The U.S. labor market is tight due to demographic reasons; even higher productivity will be needed to absorb lower immigration
- **With immigration policy decided, a new policy mix is emerging with de-regulation and lower energy costs hoping to offset trade and potential labor cost pressures**
- U.S. economy looks to continue to expand at ~1%; large federal deficits (>$1.6 Trillion) are counteracting monetary policy; and the U.S. 10 Yr has backed up to 4.3%+ from 3.6% (at least down from 4.7% in Jan)

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Source: Yardi Matrix

Yardi Matrix House View – May 2025

MULTIFAMILY UPDATE

- Overall, the multifamily market is performing well, as demand continues to absorb supply
  - The high cost of home ownership will continue to fuel renter demand
- Market-level performance confirms the importance of the supply/demand balance:
  - Core markets are recovering; Midwest market rents are up 40-50% since COVID and growing; Tech markets slowing after the COVID surge due to a large supply response
- Multifamily completions are expected to decline after 2024's peak, dropping significantly by 2027
  - Construction starts began slowing in 2023 and moderated significantly in 2024, driving a slowdown in new supply in 2026
  - However, elevated completion times and a still-large under-construction inventory implies that supply will not completely bottom until 2027
  - The decline in new supply over the next few years will boost performance of multifamily fundamentals
- The U.S. has a structural housing shortage due to building regulations, zoning and permitting delays, which is unlikely to be resolved for at least 10 years; what supply is added is at the high end of the market, but filtering is real nonetheless, still the "long pole" in the inflation tent
- Distress in multifamily is only "sort of" showing up and remains relatively low from a historical perspective
- ***There are a range of strategies that work within this current environment…***

Source: Yardi Matrix

Upcoming Events

Affordable Housing National Outlook

JUNE 18, 2025

Find more information and register at:
www.YardiMatrix.com/webinars

THANK YOU!

Feel free to contact us with any questions.

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