



U.S. MULTIFAMILY OUTLOOK

FALL 2025



AGENDA

- Contextual Overview
- Rising U.S. Housing Affordability Problems
- U.S. Population & Migration Patterns
- U.S. Multifamily Performance & Medium-Term Forecasts
- Multifamily Investment Strategies: *What's Changed?*
 - Core Strategy
 - Next Wave Strategy
 - Sunbelt Recovery Strategy
- Recap of 2025 & Outlook for 2026

PRESENTERS

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OPENING REMARKS

Yardi Matrix House View – October 2025

MACROECONOMIC UPDATE

- U.S. GDP contracted at an annualized rate of -0.5% in 1Q25, following steady, but gov't driven growth in 2024; 2Q25 was 3.8%, but really 1H was ~1.5%, and we believe it will settle in the ~1.25% range for 2025, accelerating in 2026
- The Federal Reserve approved a quarter-point interest rate cut in September, the first in nine months
 - Signaled more cuts possible in 2025; short-term rates expected to decline add'l 50bps in 2025; long rates steady
- Inflation is holding between 2.4% and 3.0%, driven by reduced global trade; further declines depend on energy prices, de-regulation, lower taxes, higher investment, offsetting rising low end labor costs and partial tariff pass through
- Lower-income households are under financial stress; spending has been bolstered by top 20% of households
- The labor market has recently shown softness; U.S. private sector shed 32,000 jobs in September, according to ADP
 - Revised data show the U.S. added 911,000 fewer jobs through March—a 0.6% drop, the largest revision in a decade
 - AI-driven productivity could be the “supply shock” keeping the economy intact until growth resumes in mid-2026
- With immigration policy decided, a new policy mix is emerging, with deregulation, tax cuts and lower energy costs aiming to counterbalance trade and immigration (labor cost) pressures
- The economy is projected to grow at a modest ~1-2% pace
- Large federal deficits (>\$1.6 trillion) need resolution through faster growth, reduced spending and some consumer tax increases, but unlikely until =>2027 – Read “How Countries Go Broke” by Ray Dalio for more
- The U.S. 10-year Treasury yield is in a 4.00%-4.50% range, up from 3.6% in 4Q24, though down from 4.7% in Jan '25

Yardi Matrix House View – October 2025

U.S. MULTIFAMILY UPDATE

- Overall, the U.S. multifamily market is performing relatively well, as demand continues to absorb supply
 - Rental demand remains strong due to high homeownership costs, but recent (Sep) performance is faltering
 - Our new Rent forecast is for a positive, but less so (2% vs 3%) national increase in '27
- Market-level performance confirms the importance of the supply/demand balance:
 - Core markets are stabilizing; Midwest market rents are up 30-40% since COVID; Tech markets have slowing rent growth due to oversupply; Emerging markets show strong fundamentals
- Multifamily completions peaked in 2024 and are expected to decline through 2027, which will boost performance;
 - Newly Revised Supply Forecast shows '27 on par with '26 deliveries; back to pre-COVID trends
- 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
- Multifamily investment strategies: What’s changed? — Investors are adapting as rents and occupancy remain stable in core markets, targeting emerging tech hubs with strong fundamentals and positioning for a Sunbelt recovery as oversupplied regions normalize by late 2026

CONTEXTUAL OVERVIEW

Contextual Overview – October 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

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 in OBBBA
 - 100% bonus depreciation on Qualified Improvement Properties to encourage development & renovation
 - Section 179 cap for accelerated write-offs up to \$2.5M
 - Tax benefits to take until late Q2 2026 to see full effect
- Security, 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

ROAD to Housing Bill passes out of Senate

- 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-

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: -0.6% Q2: 3.8% Q3: 1.0% Q4: 1.0%	Q1: 1.50% Q2: 2.00% Q3: 2.25% Q4: 2.25%
Nominal GDP	6.1%	Q1: 4.6% Q2: 5.5% Q3: 5.0% Q4: 4.8%	Q1: 2.9% Q2: 6.0% Q3: 3.8% Q4: 4.0%	Q1: 4.30% Q2: 4.60% Q3: 4.65% Q4: 4.65%
Inflation (GDP Deflator)	3.6%	Q1: 3.0% Q2: 2.5% Q3: 1.9% Q4: 2.3%	Q1: 3.5% Q2: 2.2% 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	3.6%	Q1: 3.8% Q2: 4.0% Q3: 4.2% Q4: 4.1%	Q1: 4.1% Q2: 4.2% Q3: 4.3% Q4: 4.5%	Q1: 4.3% Q2: 4.3% Q3: 4.3% Q4: 4.3%
Bond Yield*	4.0%	Q1: 4.2% Q2: 4.4% Q3: 3.9% Q4: 4.3%	Q1: 4.45% Q2: 4.36% Q3: 4.25% Q4: 4.25%	Q1: 4.50% Q2: 4.50% Q3: 4.50% Q4: 4.50%
Fed Funds*	5.3%	Q1: 5.3% Q2: 5.3% Q3: 5.1% Q4: 4.5%	Q1: 4.50% Q2: 4.50% Q3: 4.25% Q4: 3.75%	Q1: 3.50% Q2: 3.25% Q3: 3.00% Q4: 3.00%

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

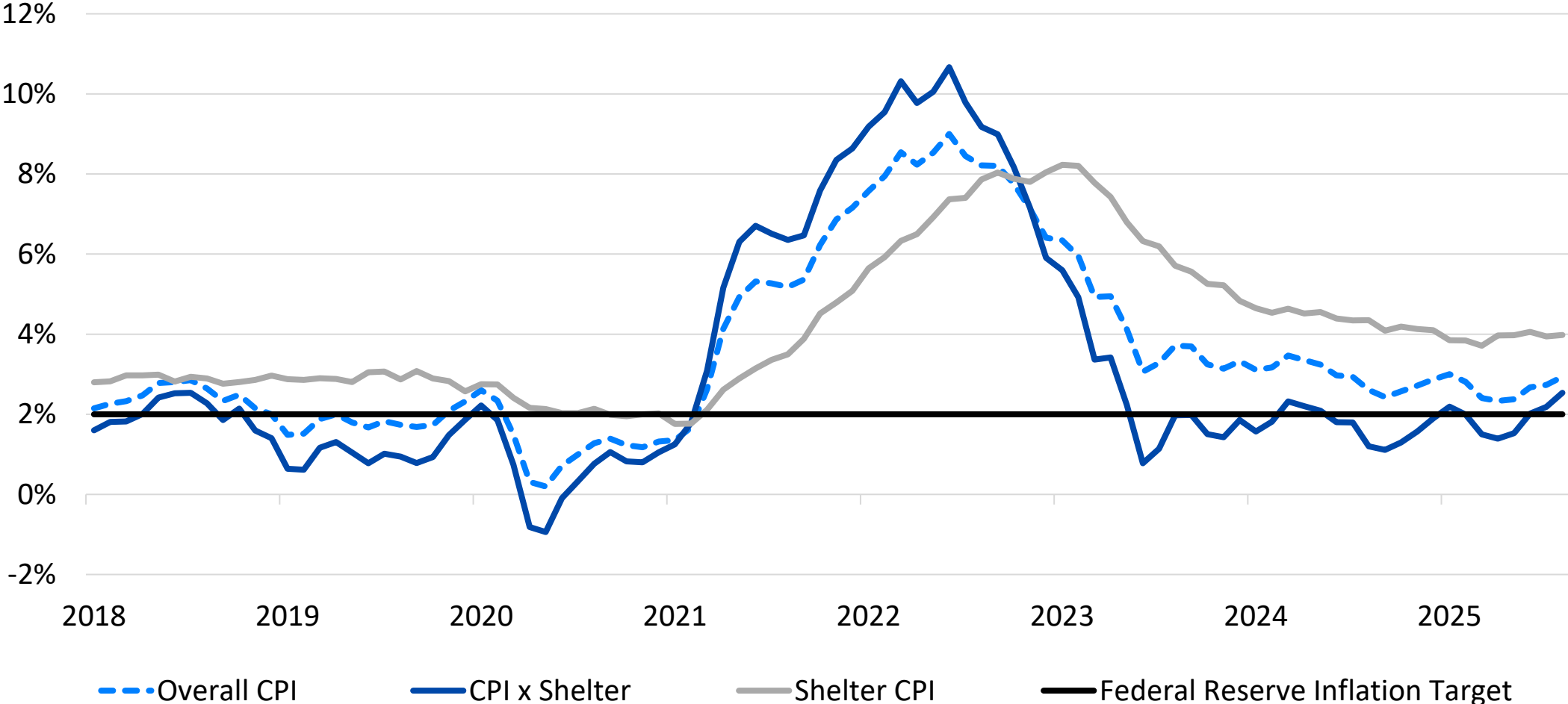
*Quarter average. Historical Bond Yield data shown as long-term government bond yields: 10-year: main (including benchmark) for United States, not seasonally adjusted

Source: Yardi Matrix; Evercore ISI; U.S. Bureau of Economic Analysis; Federal Reserve Bank of St. Louis; Moody's Analytics



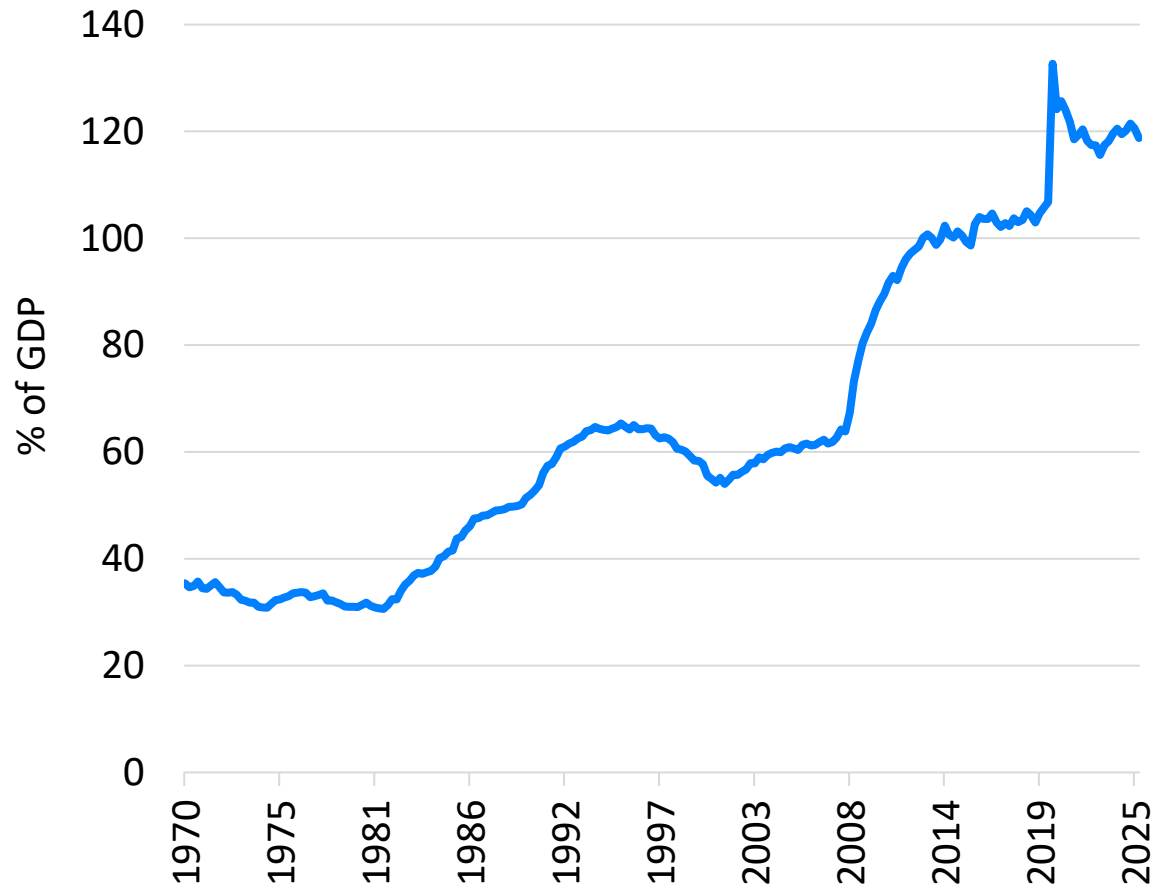
Housing Costs Are In Part Driven by Interest Costs, But Housing Inflation Is Keeping Overall Inflation Above Goals

U.S. Consumer Price Inflation, YOY % Change

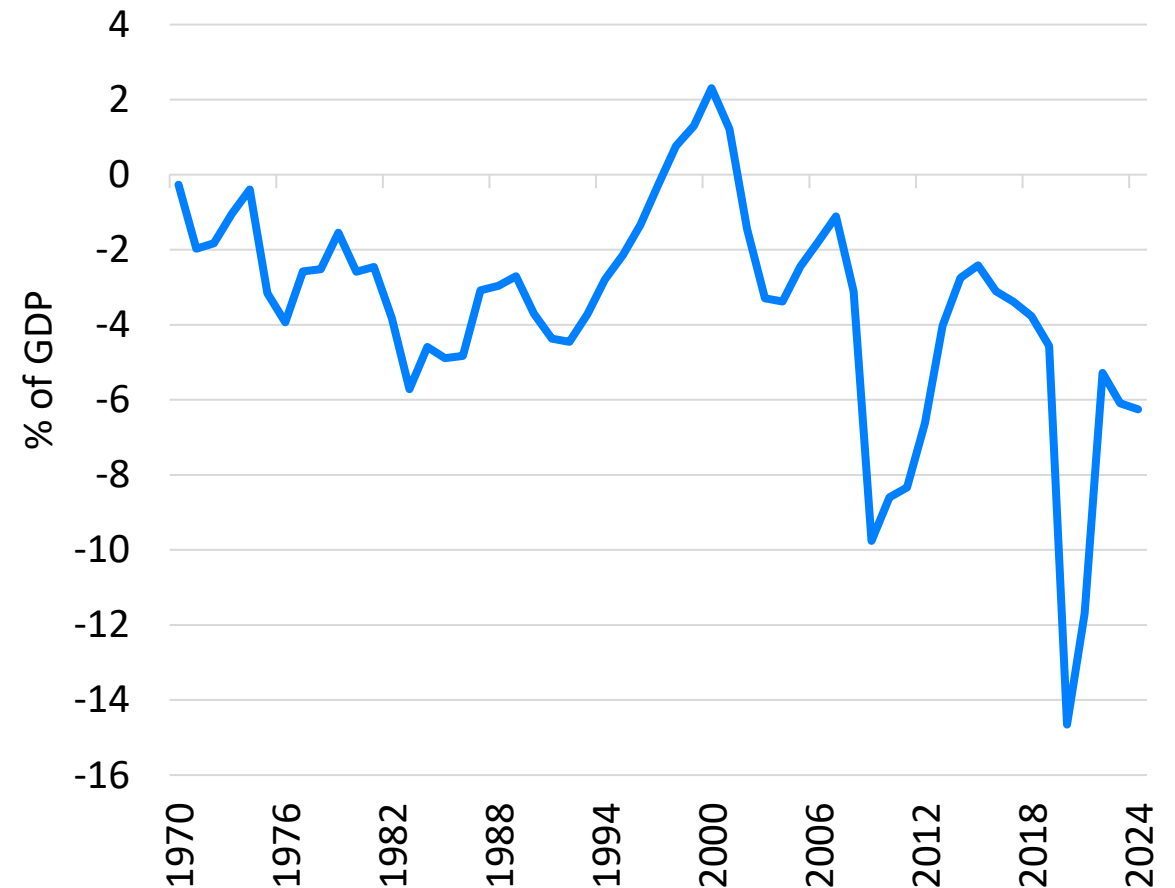


Large Federal Deficits and Growing Levels of Federal Make Reductions in Long Term Interest Rates Unlikely Until the Deficit Is Cut to -3% of GDP

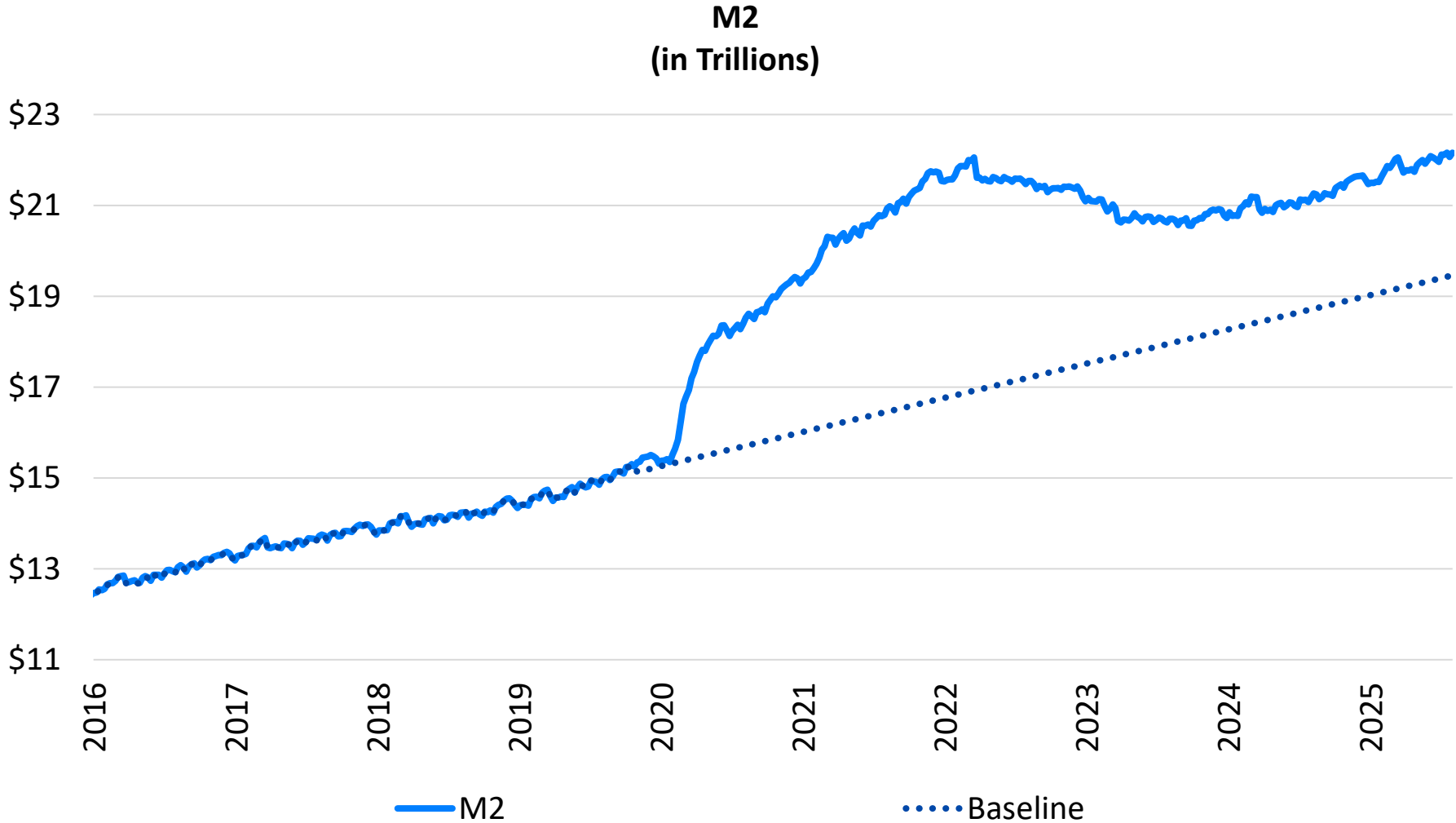
Federal Debt: Total Public Debt as Percent of Gross Domestic Product



Federal Surplus or Deficit as Percent of Gross Domestic Product

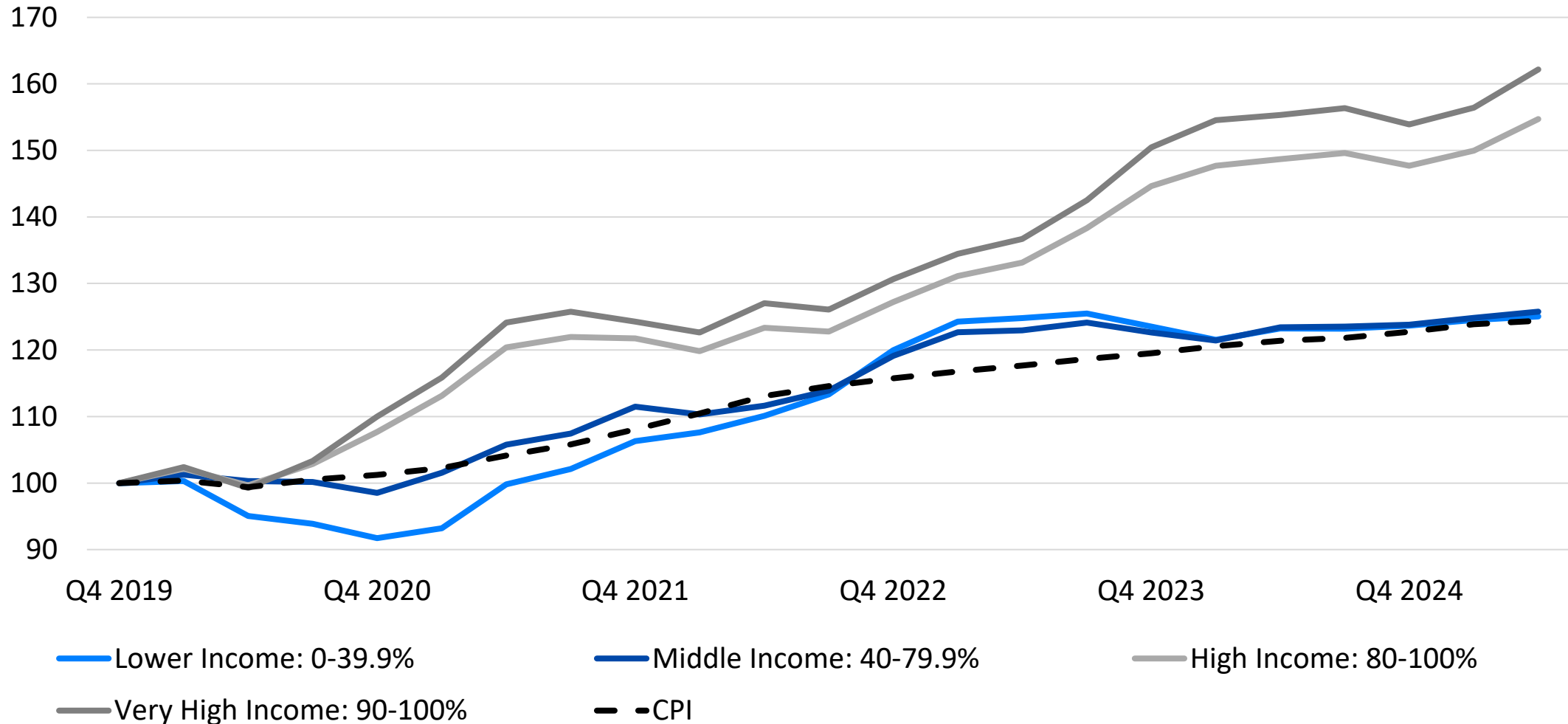


The M2 Money Supply Has Surpassed the Previous Peak in 2022, Growing On Trend at the New Elevated Level



The Bottom 80% Struggles to Keep Up With Inflation as Growth Is Driven by Higher-Income Households

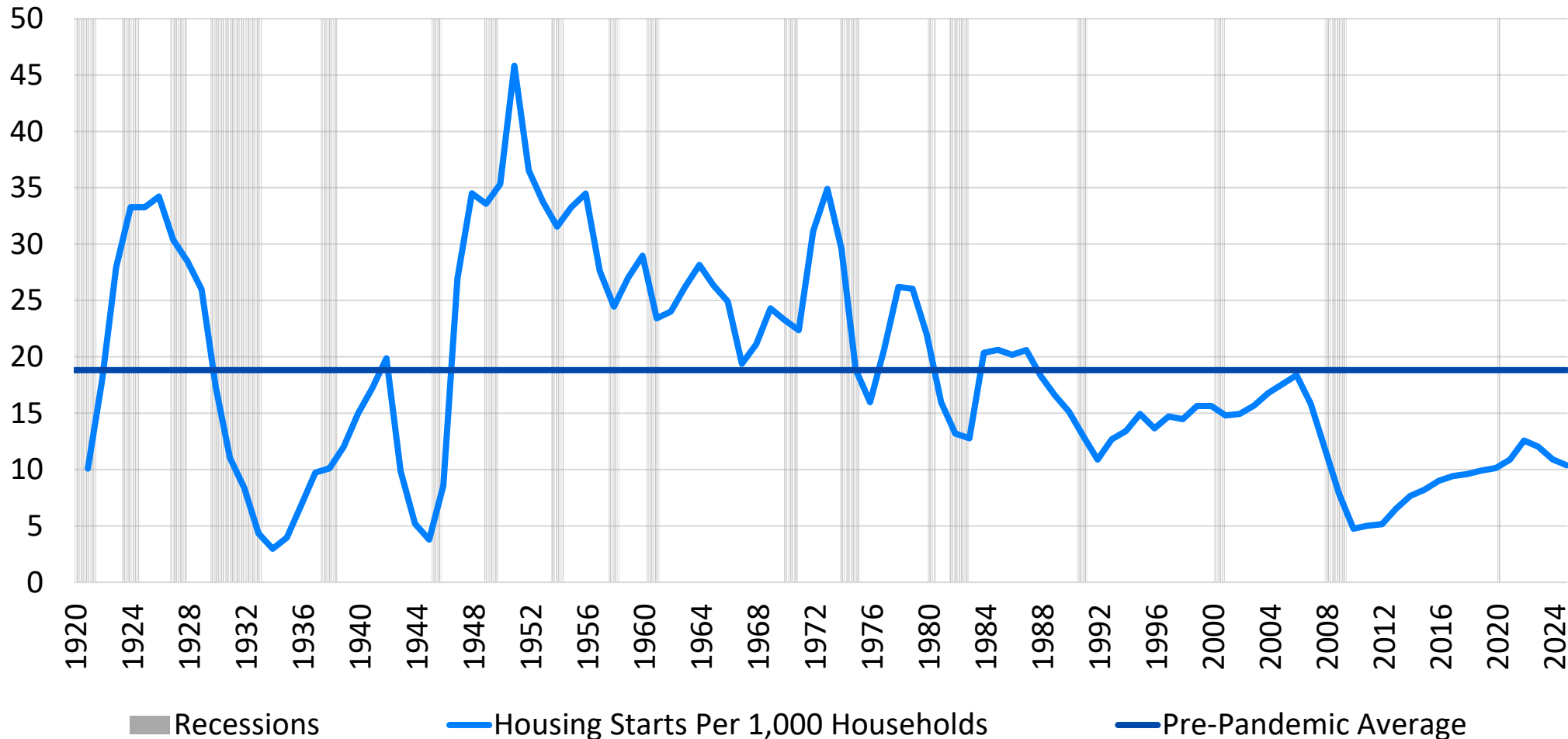
Consumer Spending: Personal Outlays by Income Group (Q4 2019 = 100)



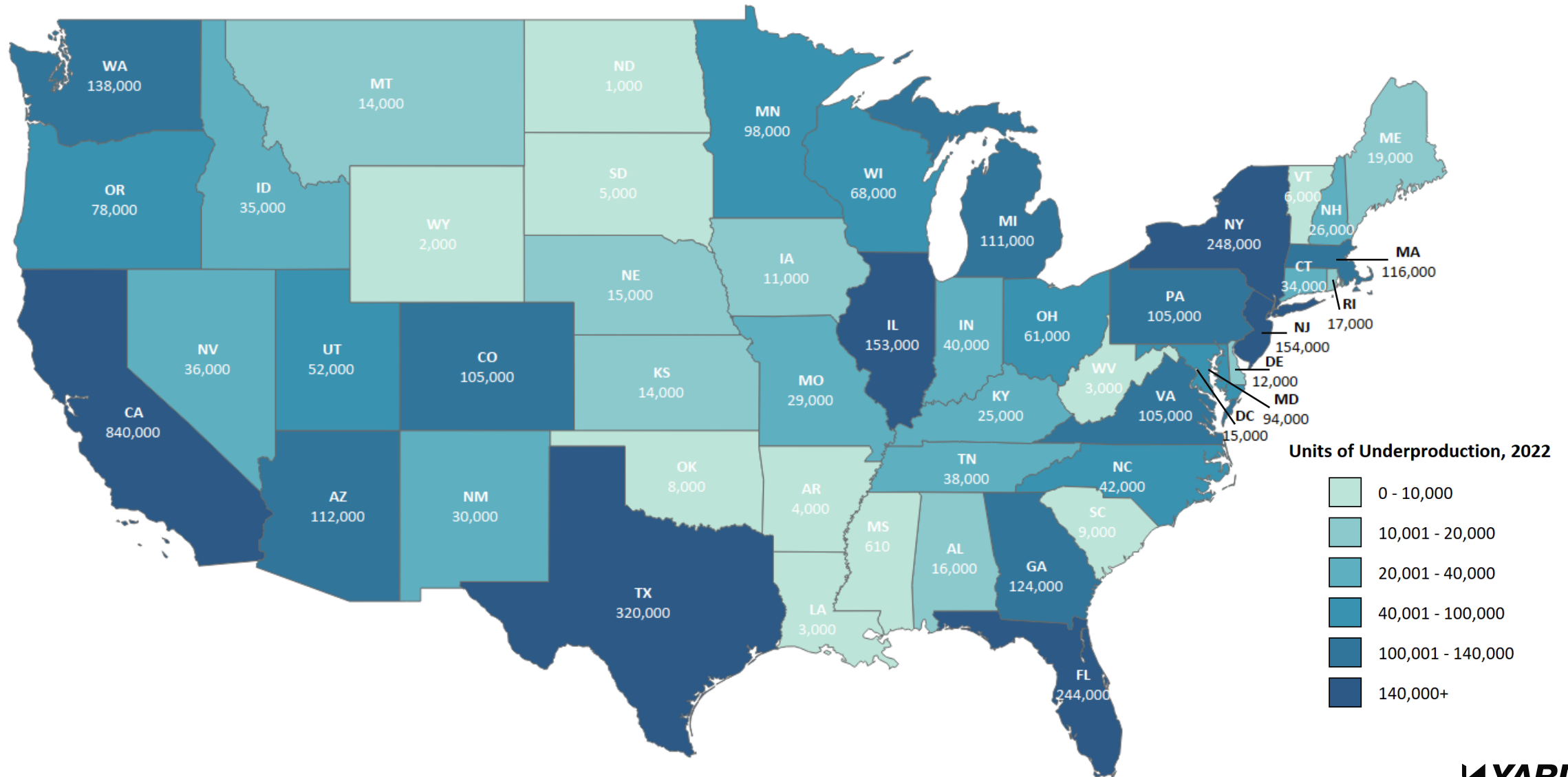
RISING U.S. HOUSING AFFORDABILITY PROBLEMS

There Has Been Significant Underbuilding in the Last Decade, with Most Recent Data Showing Only 10 Housing Starts per 1,000 Households

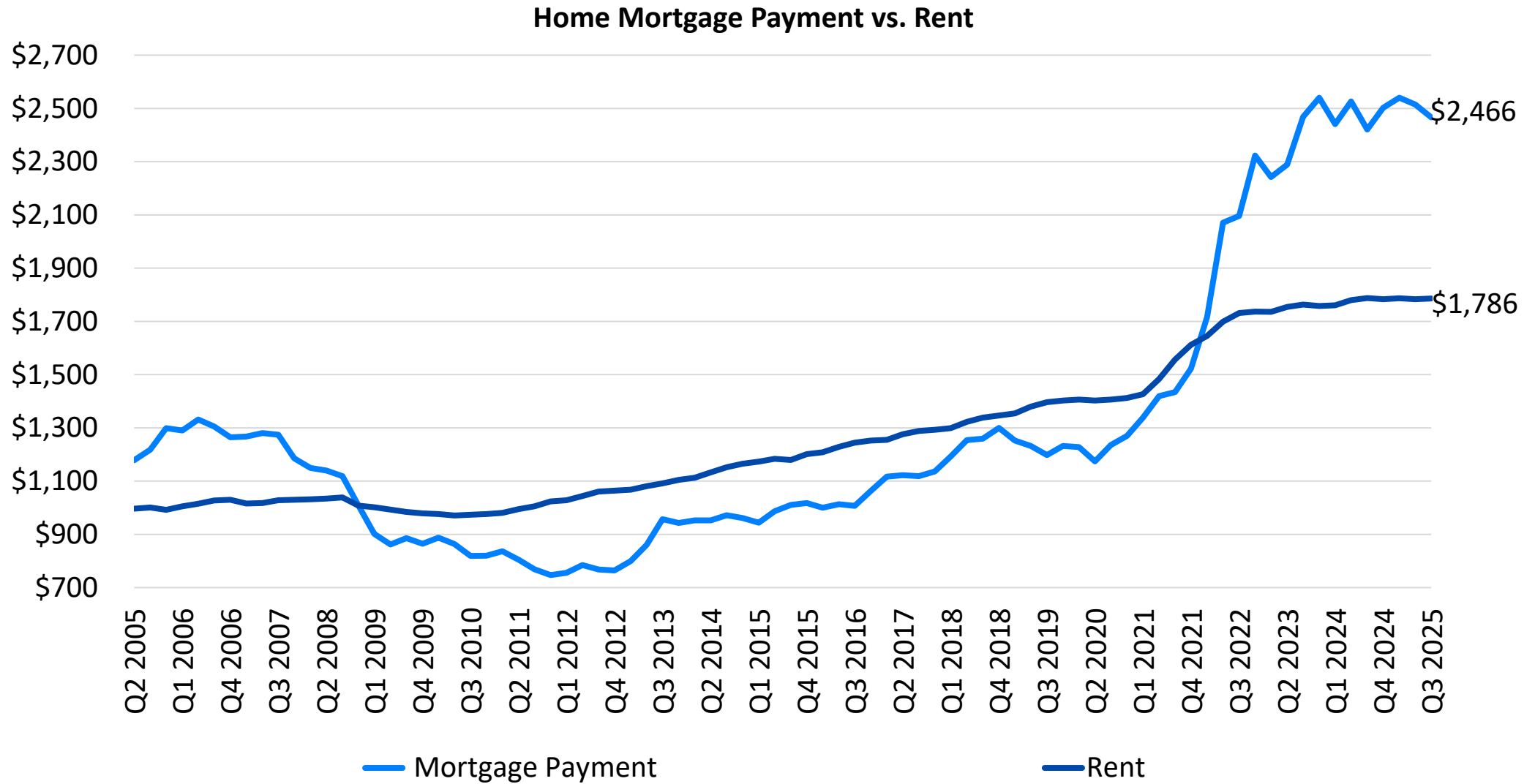
The Big Building Short: Housing Starts Per 1,000 Households



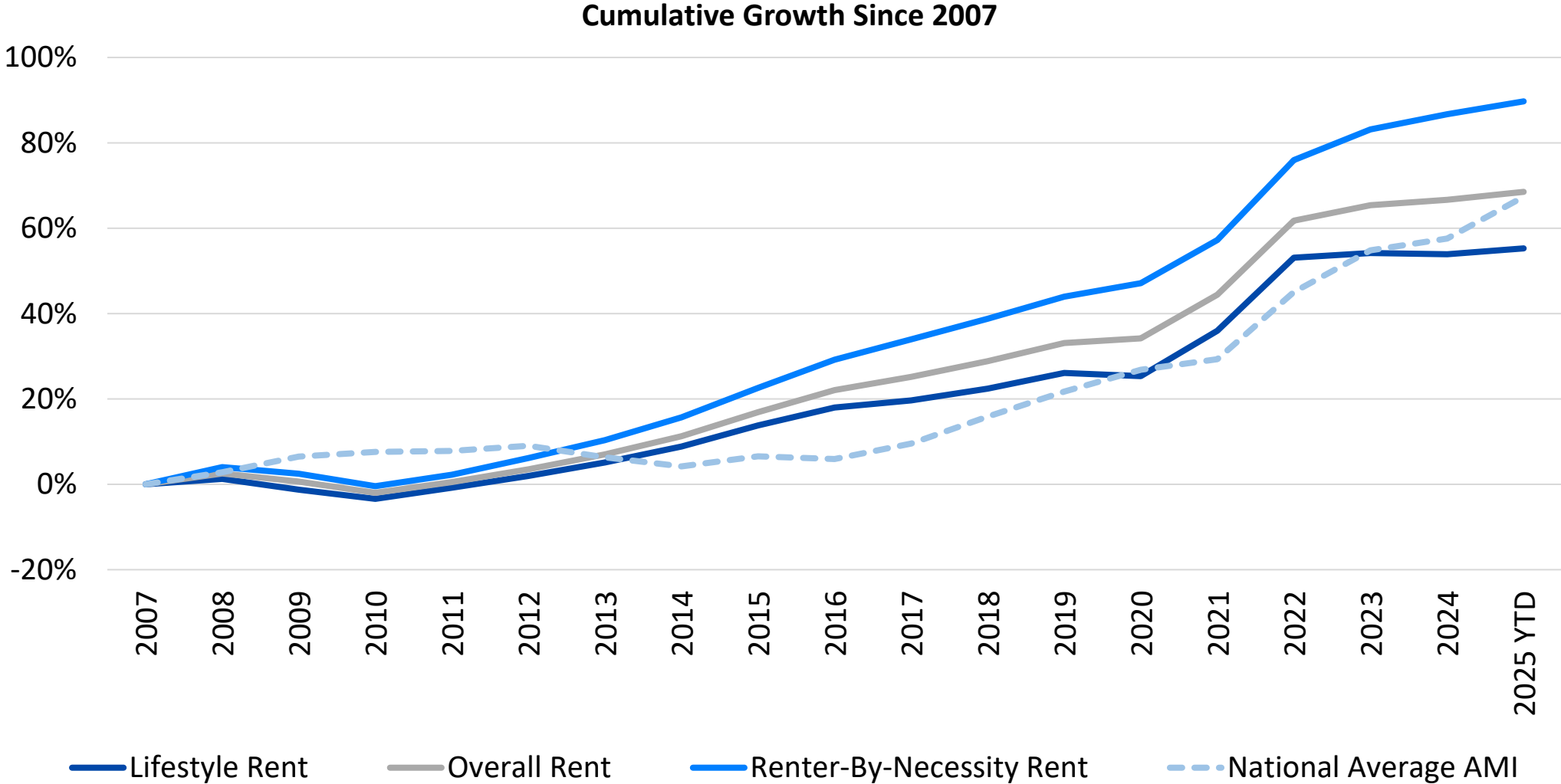
New Housing Supply Is not Meeting Demand, Leading to Underproduction in Every State



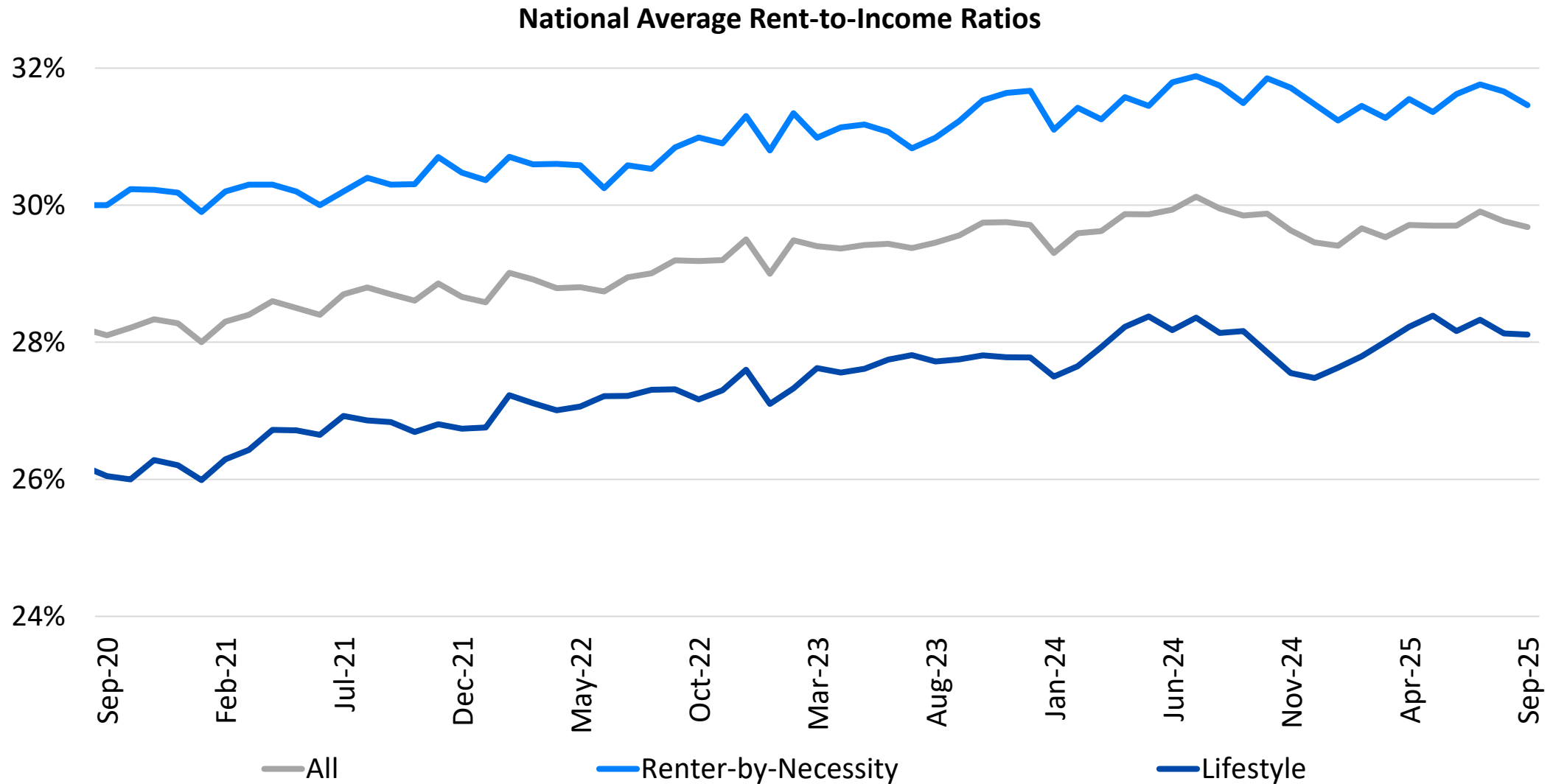
Renting Is Still a Better Deal Compared to the Cost of Owning



The Cumulative Increase in Renter-By-Necessity Rent Has Outpaced AMI, Adding to the Affordability Problem Impacting Lower Income Americans



Rent-to-Income Ratios Highest in Renter-by-Necessity Class but Have Stabilized

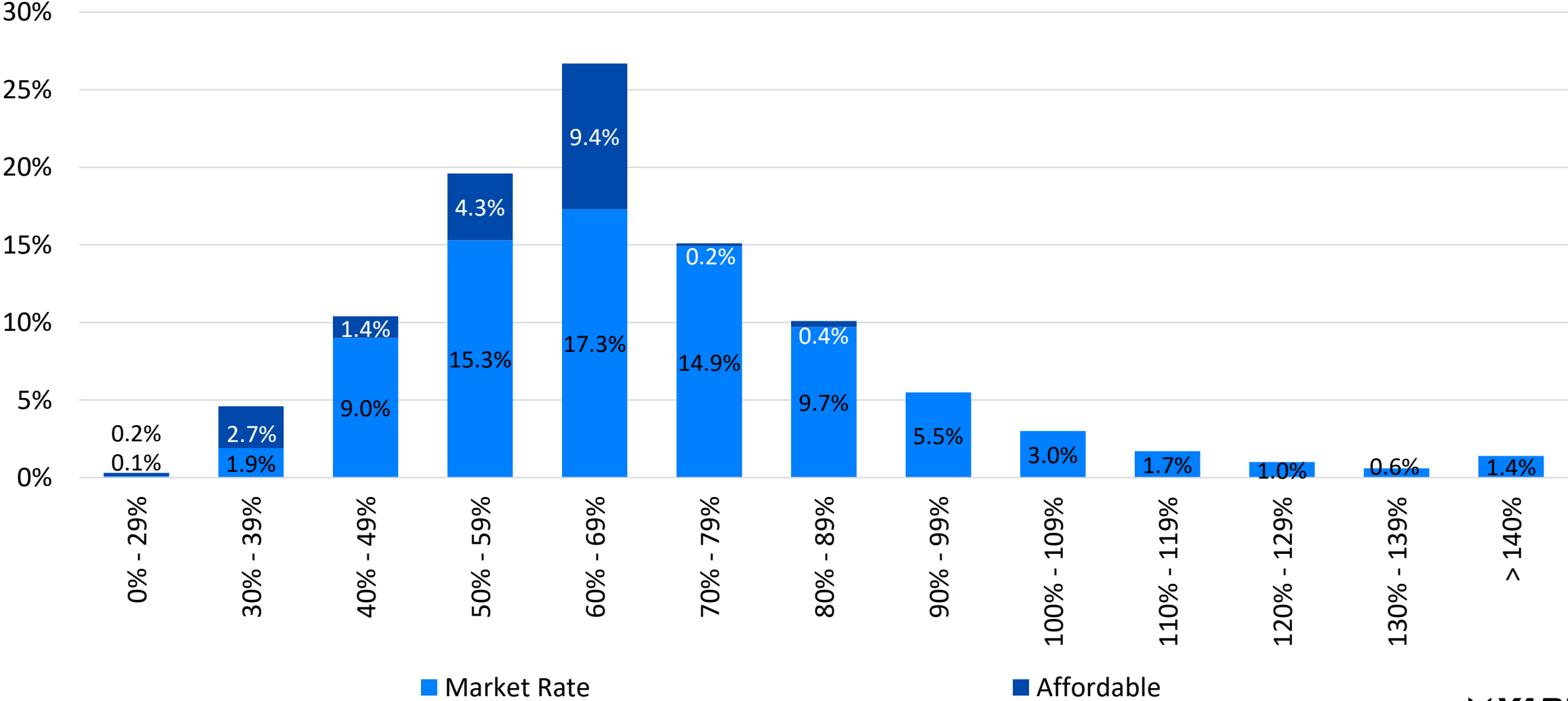


High Rent-to-Income Ratios at the Lower-End Put Pressure on Those Already Cost Burdened

Market	Lifestyle Units			Renter-by-Necessity Units		
	Sep 2024	Sep 2025	Change	Sep 2024	Sep 2025	Change
Chattanooga	25.0%	23.7%	-1.3%	65.3%	53.5%	-11.8%
Worcester - Springfield	27.2%	27.5%	0.4%	49.4%	48.2%	-1.2%
Central Coast	40.3%	39.2%	-1.1%	41.0%	41.6%	0.6%
Bridgeport - New Haven	30.4%	29.2%	-1.3%	41.4%	40.7%	-0.7%
McAllen	39.6%	39.5%	-0.1%	38.7%	38.7%	0.0%
Corpus Christi	17.0%	18.6%	1.6%	38.6%	38.4%	-0.2%
Memphis	28.3%	28.3%	0.1%	40.2%	38.3%	-1.9%
North Central Florida	32.2%	31.3%	-0.9%	38.4%	38.2%	-0.2%
Central New Jersey	37.2%	31.8%	-5.3%	37.1%	36.8%	-0.3%
Pensacola	29.2%	27.4%	-1.8%	36.1%	36.1%	0.0%
Washington DC	33.8%	34.6%	0.9%	36.4%	36.1%	-0.3%
Central Valley	22.4%	27.6%	5.2%	36.2%	35.5%	-0.7%
Seattle	31.9%	31.6%	-0.4%	36.0%	35.5%	-0.5%
Eugene	29.9%	34.1%	4.2%	35.3%	35.5%	0.2%
White Plains	28.7%	31.0%	2.2%	36.8%	35.4%	-1.4%

Market Inventory Affordability Report: Affordable and Conventional Stock

US Multifamily Inventory by AMI % Range



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

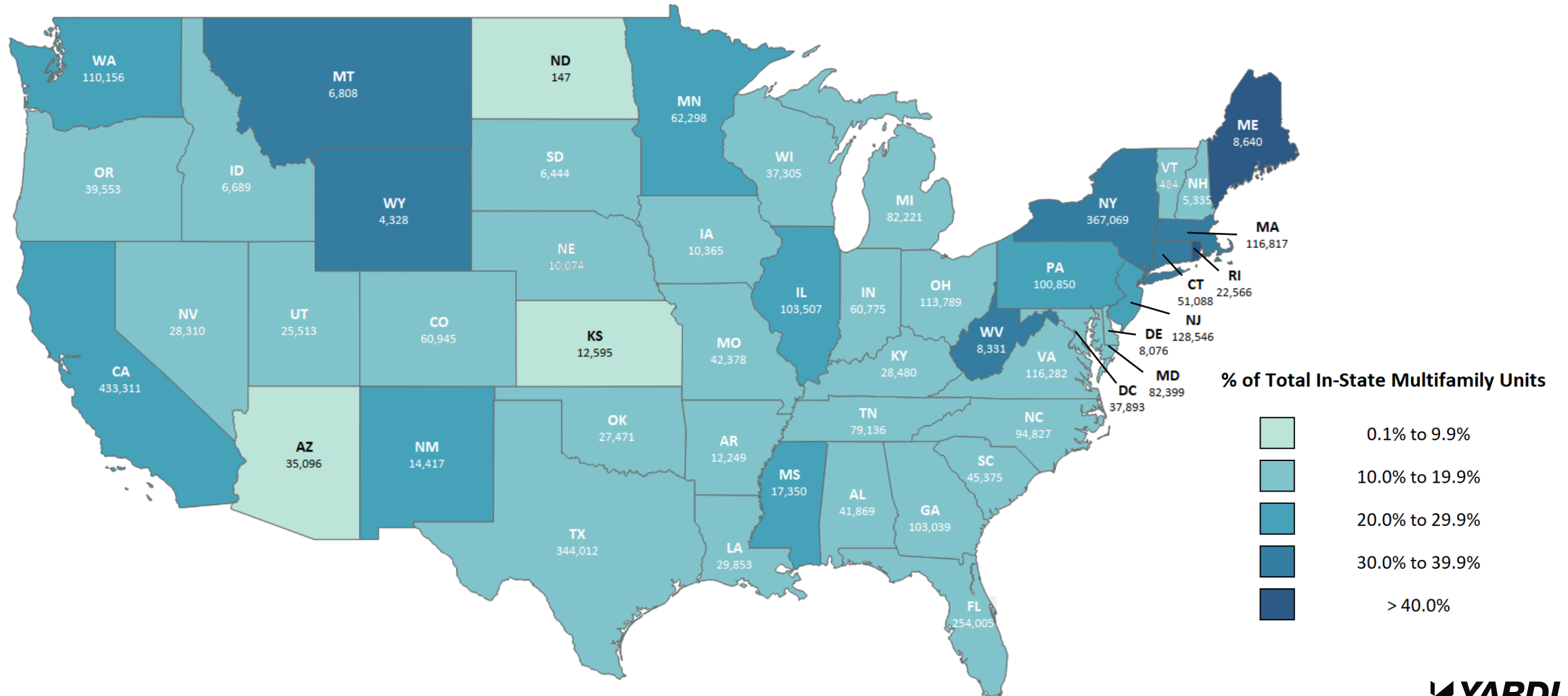
Yardi Matrix Fully Affordable Housing Coverage

Completed Properties, =>50 Units, a Total of 3+ MM Units

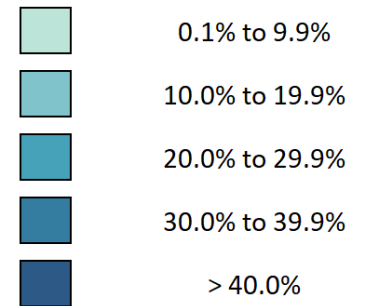
Fully Affordable Status	# of Properties
Private Sector	13,868
Tax Credits	10,863
PB Section 8	2,329
Other Regular	644
Other Special	29
Total Non-Profit	9,113
Public Housing Authority (PHA)	3,680
<i>Tax Credits</i>	<i>1,400</i>
<i>PB Section 8</i>	<i>470</i>
<i>Other Regular</i>	<i>1,809</i>
<i>Other Special</i>	<i>1</i>
Non-Governmental Organization (NGO)	5,433
<i>Tax Credits</i>	<i>3,561</i>
<i>PB Section 8</i>	<i>900</i>
<i>Other Regular</i>	<i>964</i>
<i>Other Special</i>	<i>5</i>
TOTAL Market Coverage	24,036

Northeastern States Lead the Nation in Fully Affordable Units as a Percent of In-State Housing

Number of Fully Affordable Units as a Percent of Total In-State Multifamily Units



% of Total In-State Multifamily Units



Federal Efforts to Increase Supply May Take Time to Address the Affordability Problem *(Top 8 of >350 Programs We're Tracking)*

Program	Type	# of Properties	Program Requirements
Low-Income Housing Tax Credit (LIHTC)	Federal Financing	15,022	20% units at 50% AMI or 40% units at 60% AMI
Project-based Section 8	Federal Program	3,756	50% or less AMI
Tax-Exempt Housing Bonds	Federal Financing	3,806	20% of units at 50% AMI or 40% units at 60% AMI.
HOME Investment Partnerships Program	Federal Financing	1,958	20% of units at 50% AMI and up to 80% AMI
Public Housing	Federal Grant	1,924	Funds units at 80% AMI or below, elderly residents, and those with disabilities. Priority given to extremely low incomes (30% AMI).
Supportive Housing for the Elderly Program	Federal Financing	1,495	Interest free capital to fund age-restricted housing at 30% to 50% AMI. Capital advance does not have to be repaid if the requirements are met for 40 years.
Rental Assistance Demonstration	Federal Program	742	Facilitates the conversion of public housing and HUD-assisted properties to long-term, Section 8 rental assistance.
Rural Rental Housing	Federal Financing	556	USDA loans to build, rehab, or acquire rural properties that serve households at 50% to 80% AMI.



Local Initiatives to Promote Development and Preservation of Affordable Housing

Top Financing Program per Location	Location	# of Properties	Program Requirements
State Apartment Incentive Loan Program	FL	216	Subordinated loans to develop properties with at least 20% of units at 50% AMI or 40% of units at 60% AMI
Multifamily Housing Program	CA	170	Long term loans with low interest for construction and rehab of affordable housing ≤ 60% AMI
Washington Housing Trust Fund	WA	106	Loans/Grants for construction and rehab at 50% to 80% AMI
Housing Development Assistance Program	OH	101	Supports affordable housing projects ≤ 50% AMI
Rental Production Program	NC	80	Gap loans for LIHTC awarded developments ≤60% AMI. Must comply with HOME program regulations
Housing Development Grant	CO	77	Loans/Grants for construction and rehab at ≤ 100% AMI
New York Housing Trust Fund	NY	73	Loans/grants for housing developments ≤90% AMI
Rental Housing Program	MD	71	Loans/Grants for construction and rehab at ≤60% AMI
Massachusetts Affordable Housing Trust Fund	MA	63	Loans, grants, subsidies, and other financial assistance to serve the creation and preservation of housing ≤110% AMI
Housing Production Trust Fund	DC	50	Special revenue fund that provides gap financing for low (50%-80% AMI), very low- (30%-50% AMI) and extremely low-income (30% AMI) households.

Good Intentions Don't Deliver Results in Affordable Housing

SAN FRANCISCO CASE STUDY

- **Regulatory Hurdles**

- Despite substantial public funding, San Francisco struggles to deliver affordable housing efficiently
- Complex zoning, environmental and compliance regulations can hinder rapid development
- Policies that prioritize small contractors exclude larger, more efficient firms—resulting in a limited labor market, project delays and inflated costs

- **Impact**

- In 2023, it took an average of 523 days for project clearance and another 605 days for permits
- Affordable housing projects cost between \$600K-\$700K per unit and take up to 6 years to complete
- Strict standards delay timelines & increase costs. Developers may need multiple financing sources, including private funds
- Projects that overcome these standards need to be profitable to justify the increasing costs
 - As a result, developers may opt to build luxury condos instead of affordable housing

- **San Francisco vs Houston**

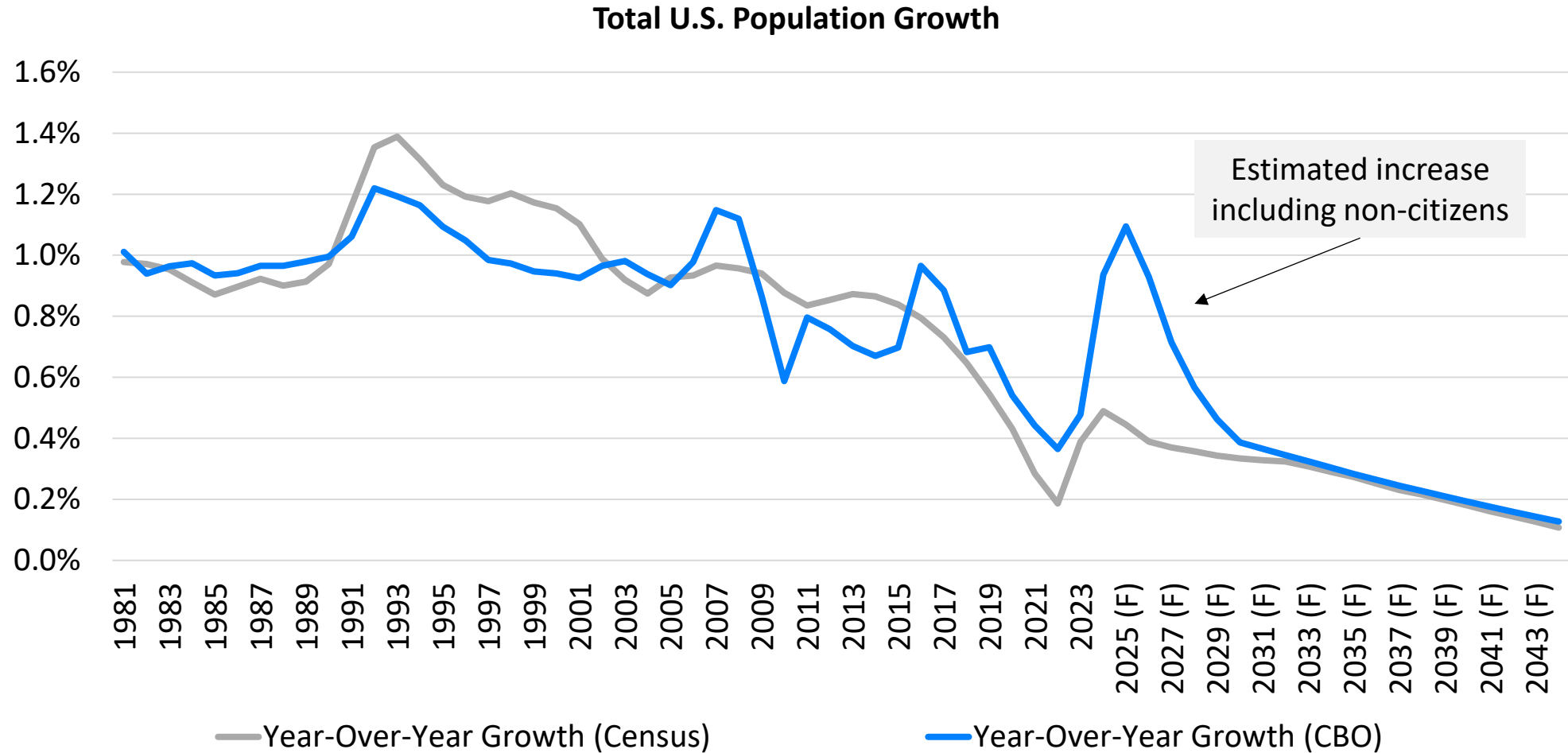
- In 2023, Houston, with minimal zoning laws, issued 70,000 new housing permits
 - San Francisco issued only 7,500 permits, far fewer than current demand
- Housing costs per homeless person totaled \$12K in Houston and \$35K in San Francisco

- **California's Progress Toward Increasing Supply**

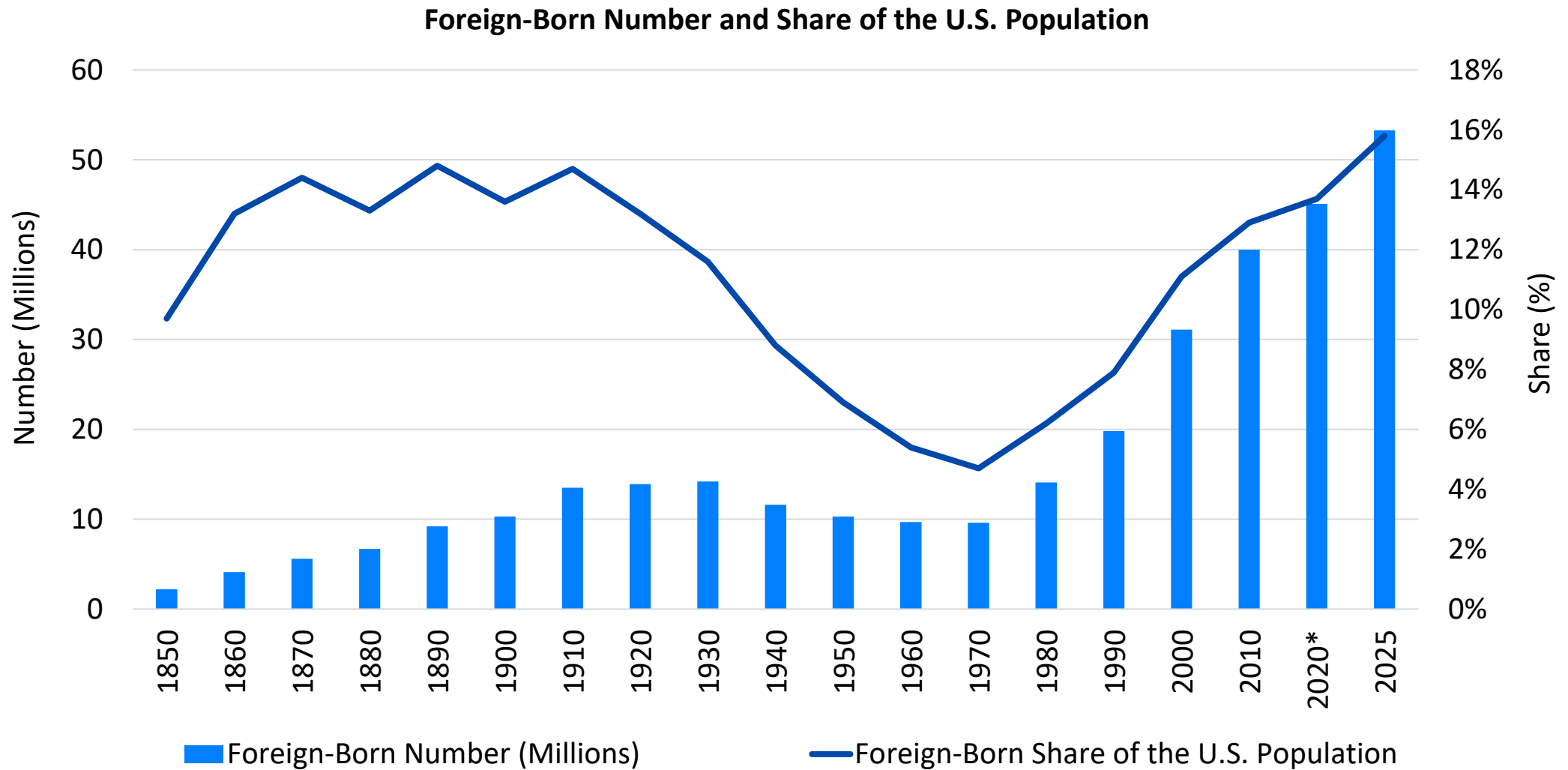
- **SB 79:** Mandates by-right zoning near transit hubs, allowing for increased height and density for qualifying projects
- **AB 130 & SB 131:** Streamlines permitting and allows some environmental exemptions, pauses new standards through 2031, and creates a revolving fund that reinvests equity from stabilized affordable housing into new developments

U.S. POPULATION & MIGRATION PATTERNS

U.S. Population Growth Is Slowing, and the Surge in Illegal Immigration is Unlikely to Recur for Some Time

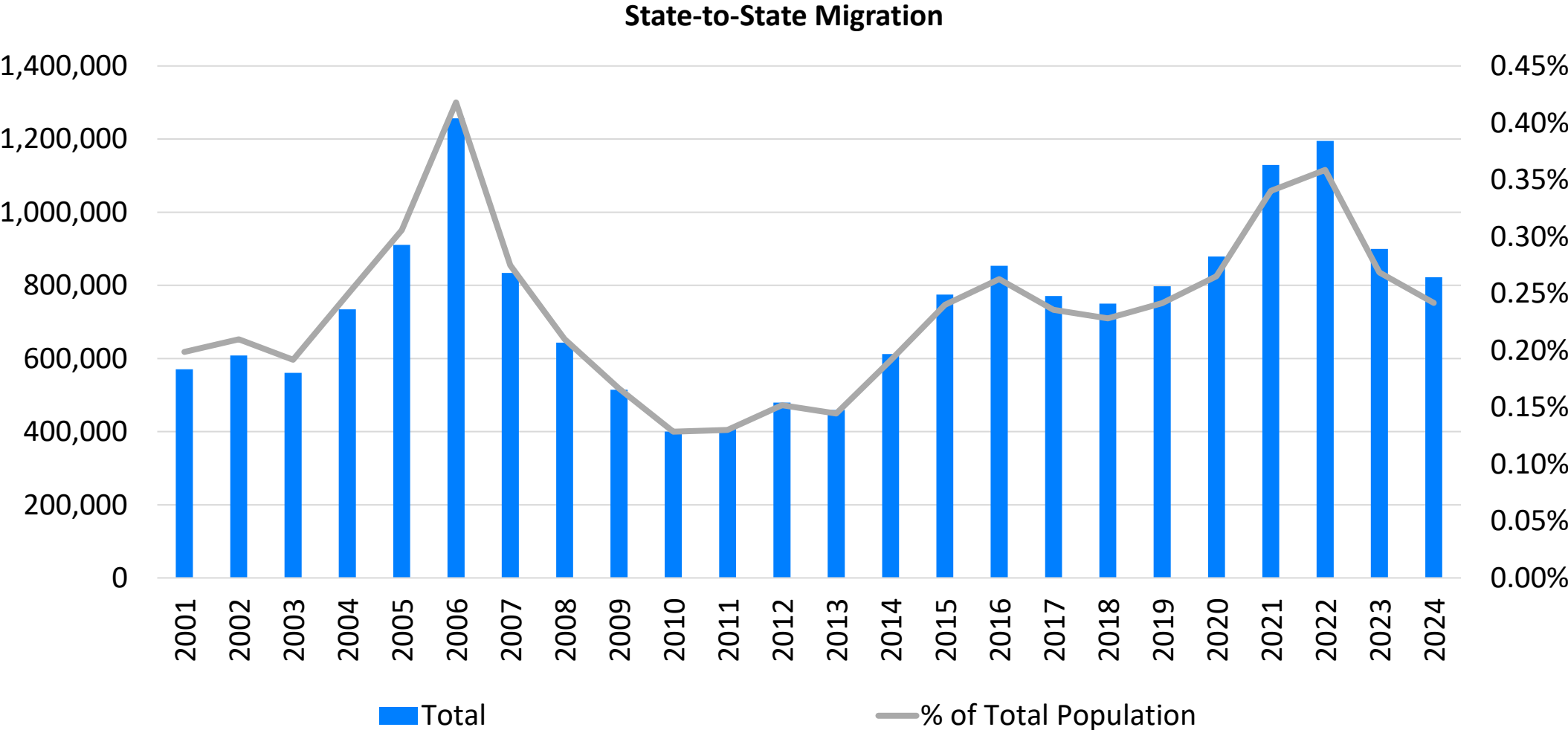


Foreign-Born Share of U.S. Population Is at an All-Time High Akin to the 1890's



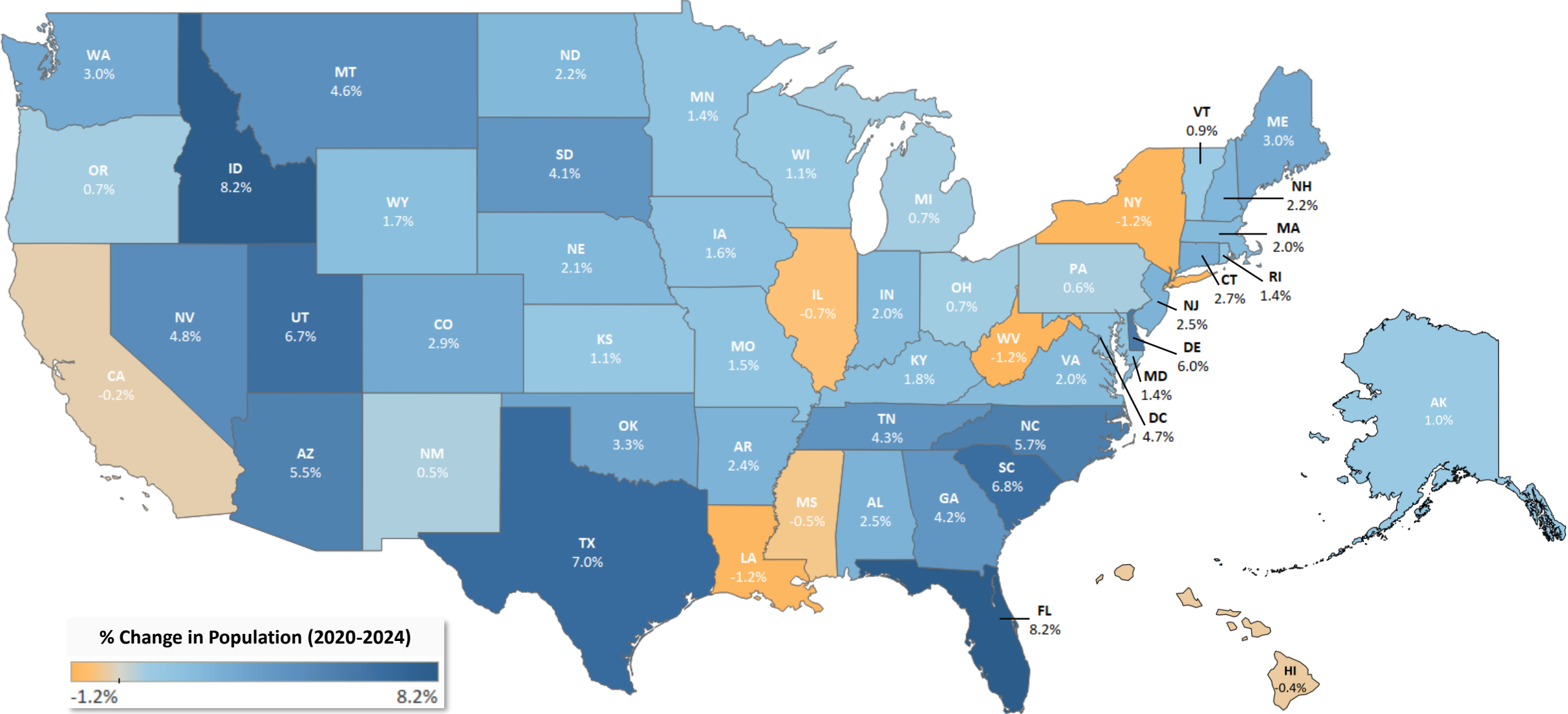
*2020 ACS shows 43.5 million foreign born residents (13.2% of population). However the Census Bureau reports that it does not have confidence in the 2020 ACS due to pandemic related issues. Averaging the 2019 and 2021 ACS surveys shows a foreign born number of 45.1 million (13.7% of population) | Source: 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

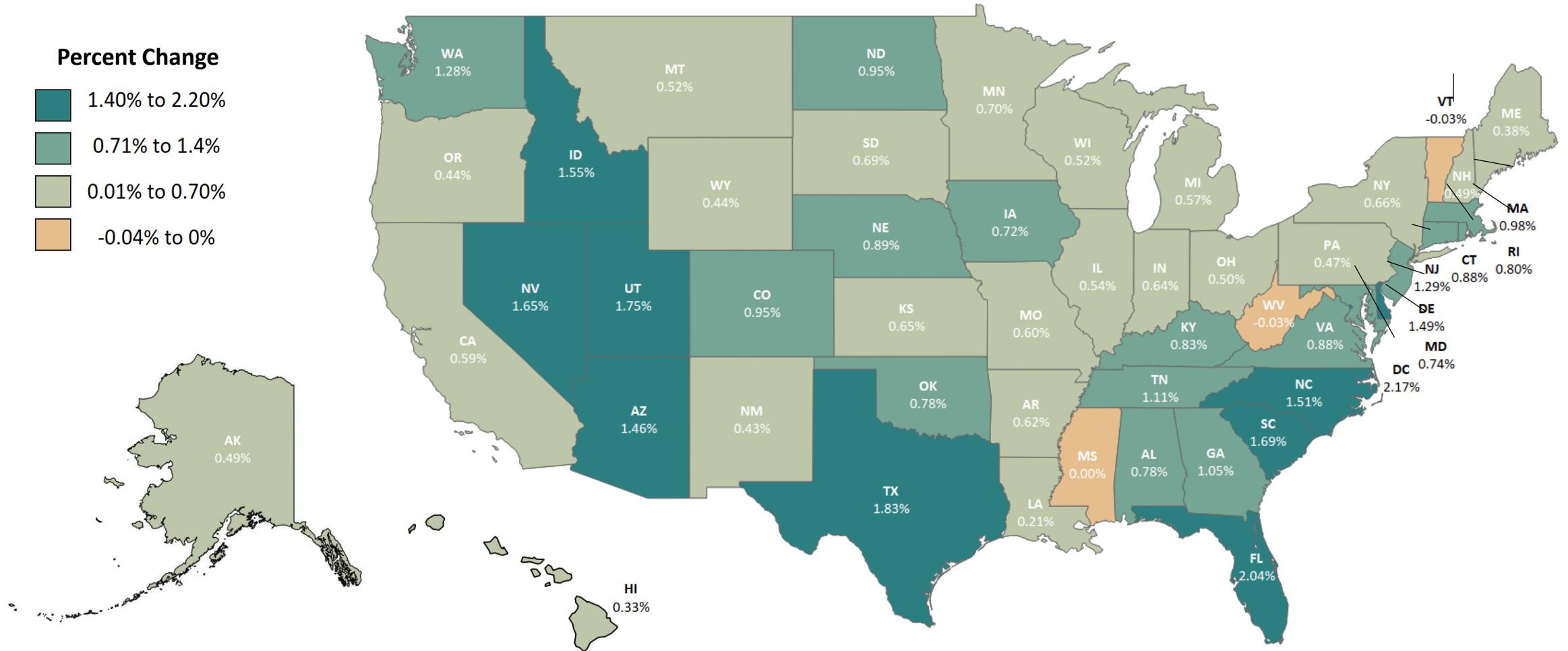
Since 2020, Florida, Idaho and Texas Saw Population Growth Exceed 7%



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

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

Percent Change in State Population: July 2023 to July 2024



The Greatest Population Growth Over the Next 5 Years on a Percentage Basis Will Be Outside of “Gateway” Markets

Top 15 Markets: 2025-2030 Population Growth

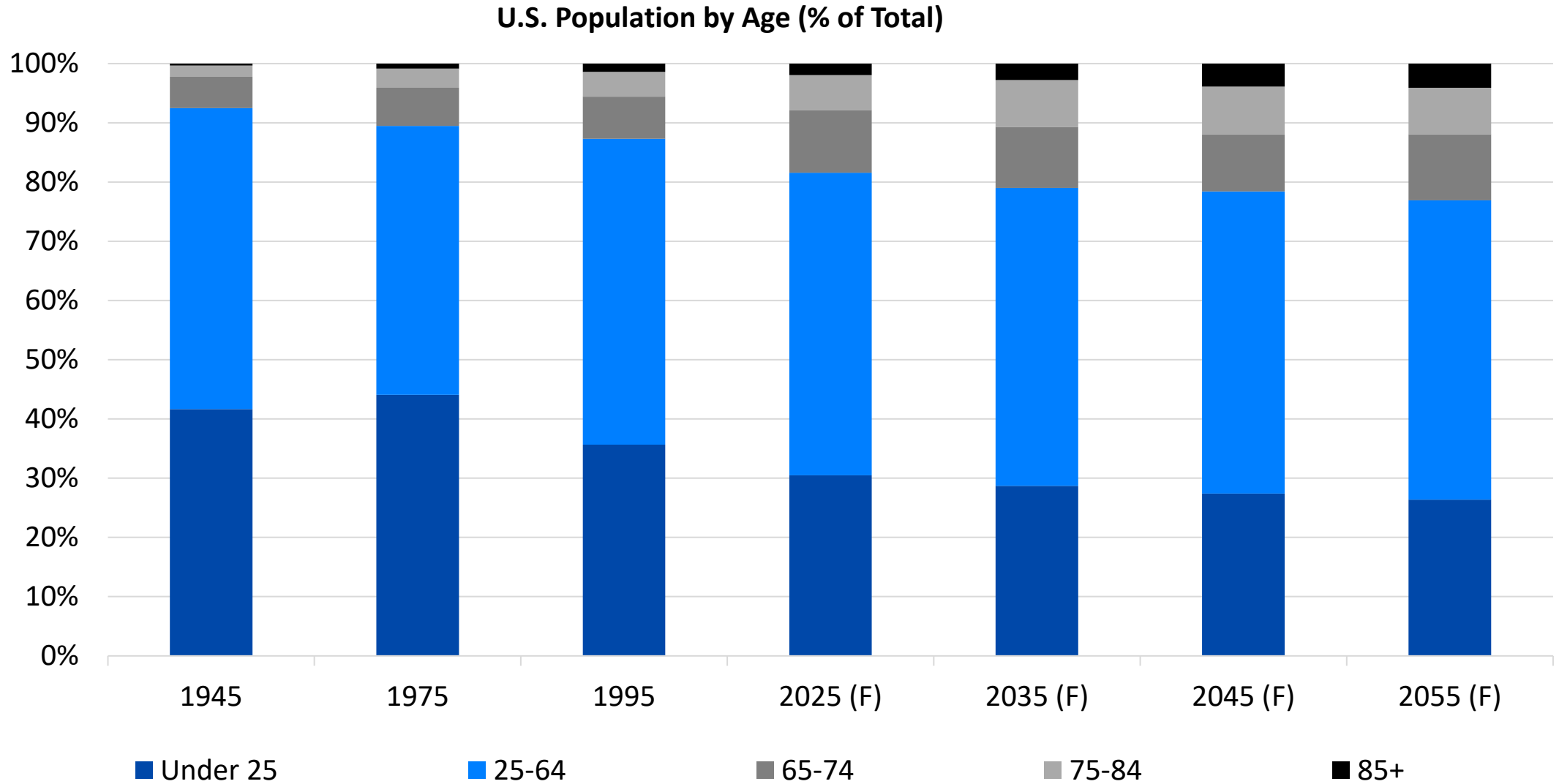
Market	2024 Population	2025-2030 (F) Population Growth	Absolute Change
Boise	845,877	11.8%	102,846
Austin	2,550,637	9.6%	252,639
Raleigh - Durham	2,182,531	7.5%	167,532
Orlando	3,753,653	7.1%	272,569
Dallas	8,593,123	6.6%	394,842
Houston	7,796,182	6.5%	519,507
Charlotte	2,883,370	6.1%	178,579
Salt Lake City	2,890,099	5.6%	164,637
Savannah	758,028	5.0%	38,475
Nashville	2,150,553	4.8%	105,611
Las Vegas	2,398,871	4.7%	113,356
Atlanta	4,991,637	4.5%	226,698
Miami	6,457,988	4.4%	288,714
Madison	707,606	4.4%	31,335
Columbus	2,225,377	4.3%	97,902

Bottom 15 Markets: 2025-2030 Population Growth

Market	2024 Population	2025-2030 (F) Population Growth	Absolute Change
Chicago	9,408,576	-2.0%	-187,799
Pittsburgh	2,429,917	-1.7%	-40,366
New York	12,172,495	-0.6%	-76,220
Philadelphia	6,330,422	-0.3%	-19,692
Albuquerque	1,084,068	-0.3%	-3,239
San Francisco	5,721,689	-0.2%	-13,755
San Diego	3,298,799	-0.2%	-6,911
Los Angeles	9,757,179	-0.1%	-13,534
Boston	5,455,979	0.5%	29,169
Tulsa	1,059,803	1.1%	11,652
Washington DC	8,029,461	1.7%	137,754
Omaha	1,351,636	1.9%	25,570
Kansas City	2,375,568	2.1%	49,268
Grand Rapids	1,621,034	2.1%	34,733
Portland	2,537,904	2.3%	58,108

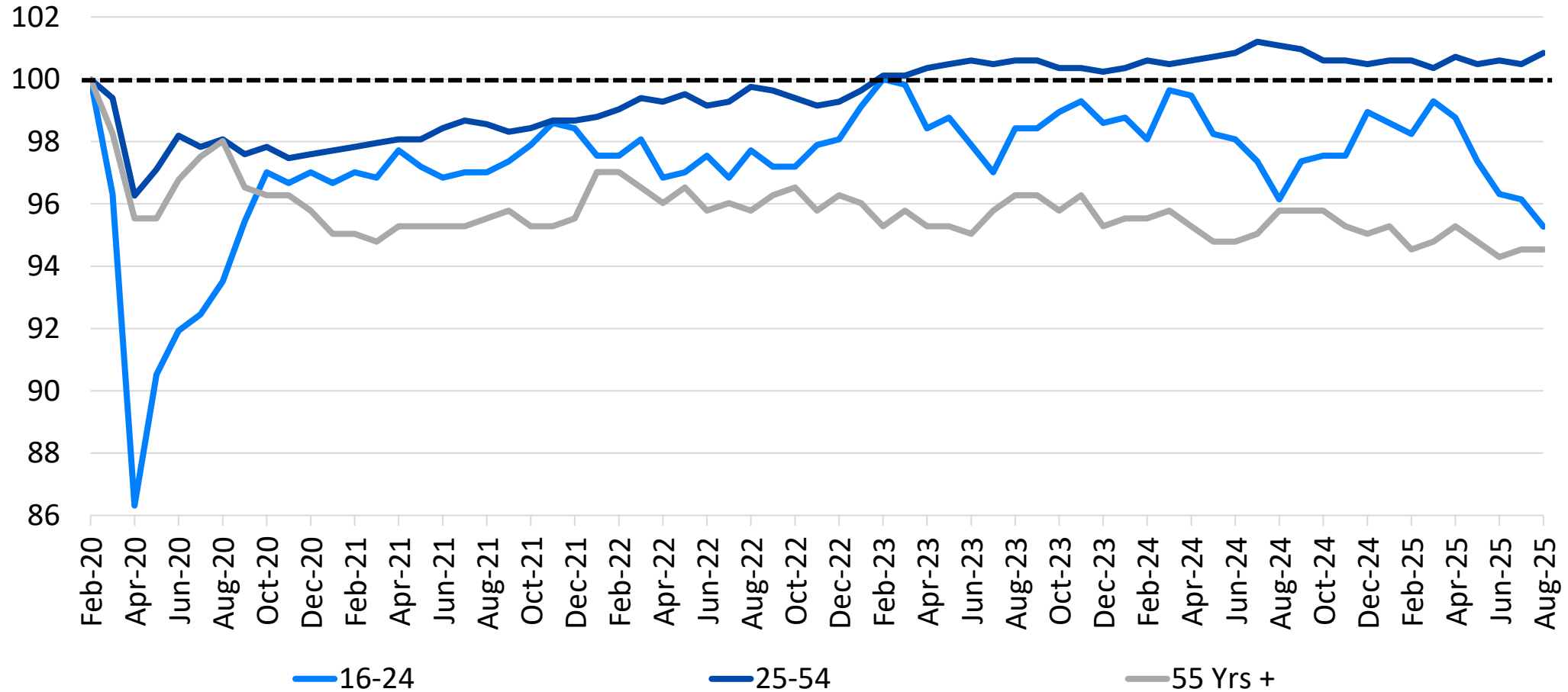


The U.S. Population Will Continue to Grow Older Over the Next Three Decades



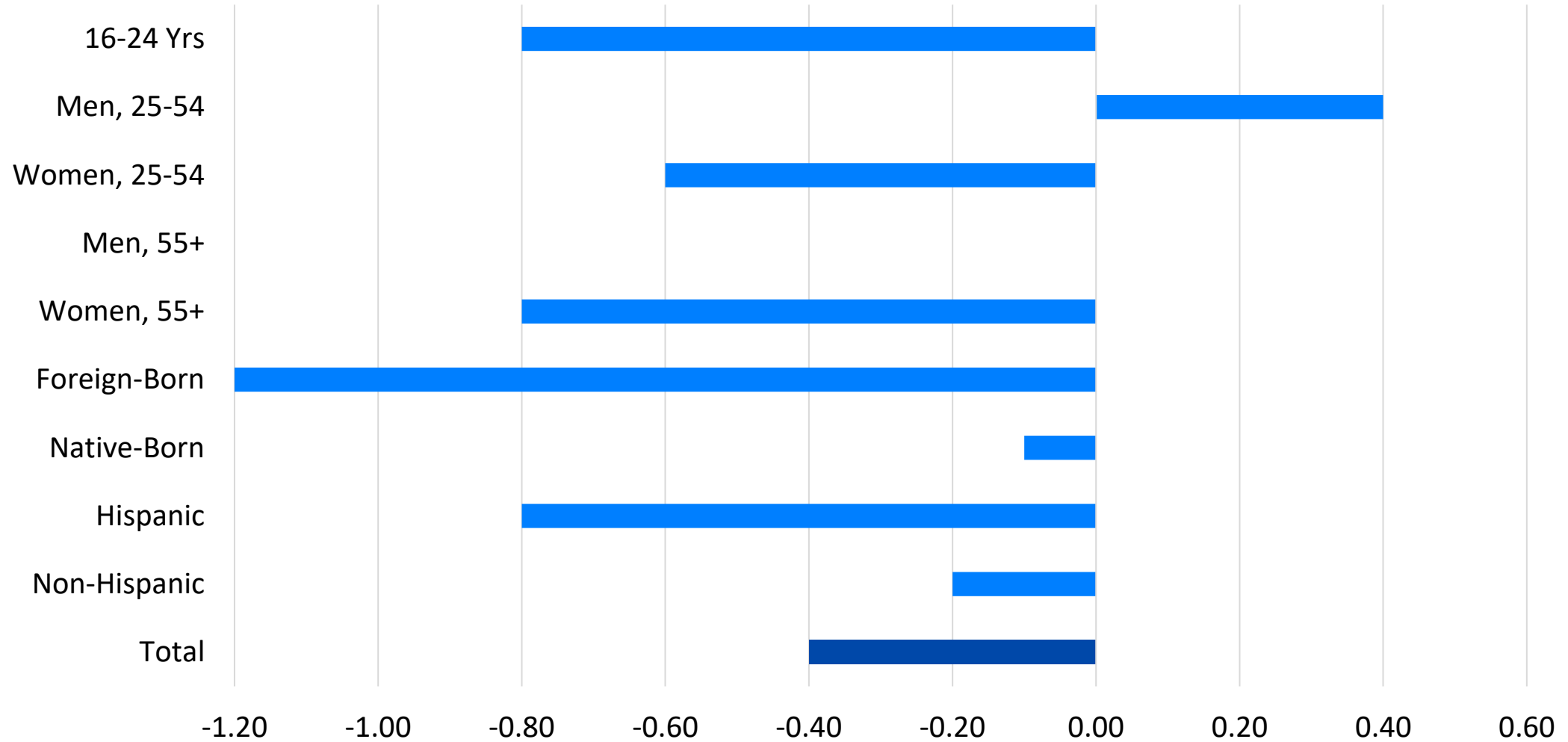
The Labor Force Has Fully Recovered for Prime Age Adults, But Age 55+ Is Well Below Prior Levels

Labor Force Participation by Age

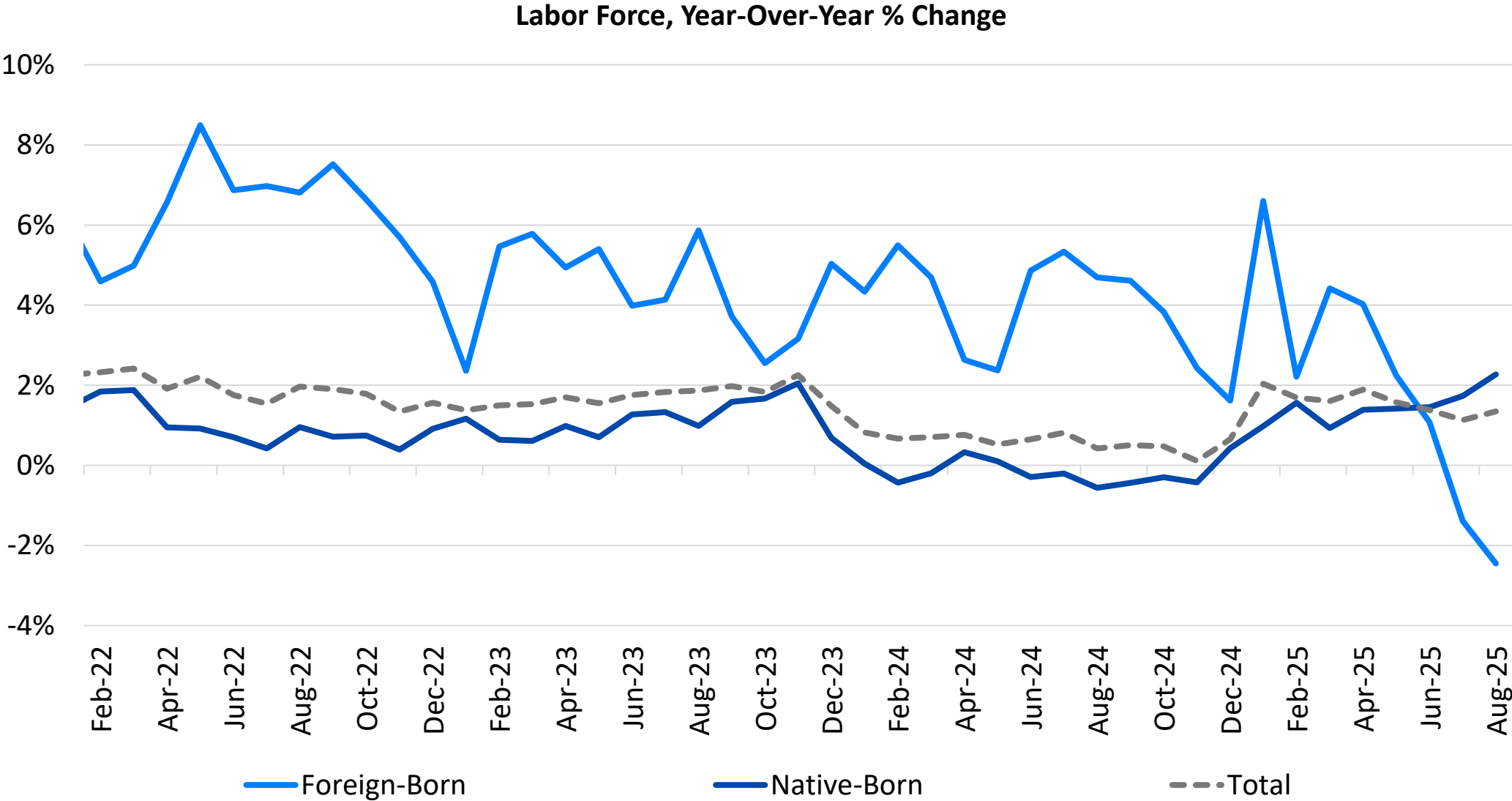


Labor Force Participation Has Fallen for Most Demographic Groups

Labor Force Participation Rates, Year-Over-Year Difference, August 2025



The Foreign-Born Labor Force Has Dropped Substantially in 2025

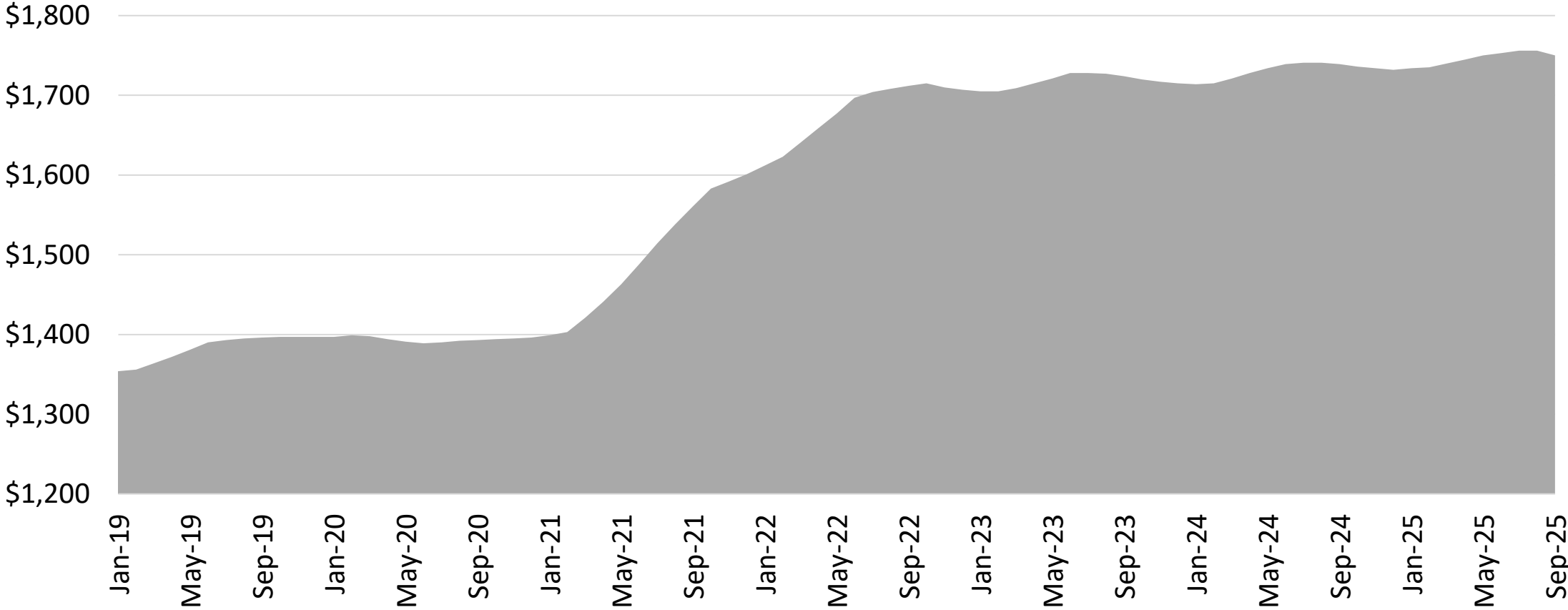


Not seasonally adjusted | Source: Yardi Matrix; Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

U.S. MULTIFAMILY PERFORMANCE & MEDIUM-TERM FORECASTS

National Multifamily Rent Growth Has Remained Fairly Stable in Recent Months

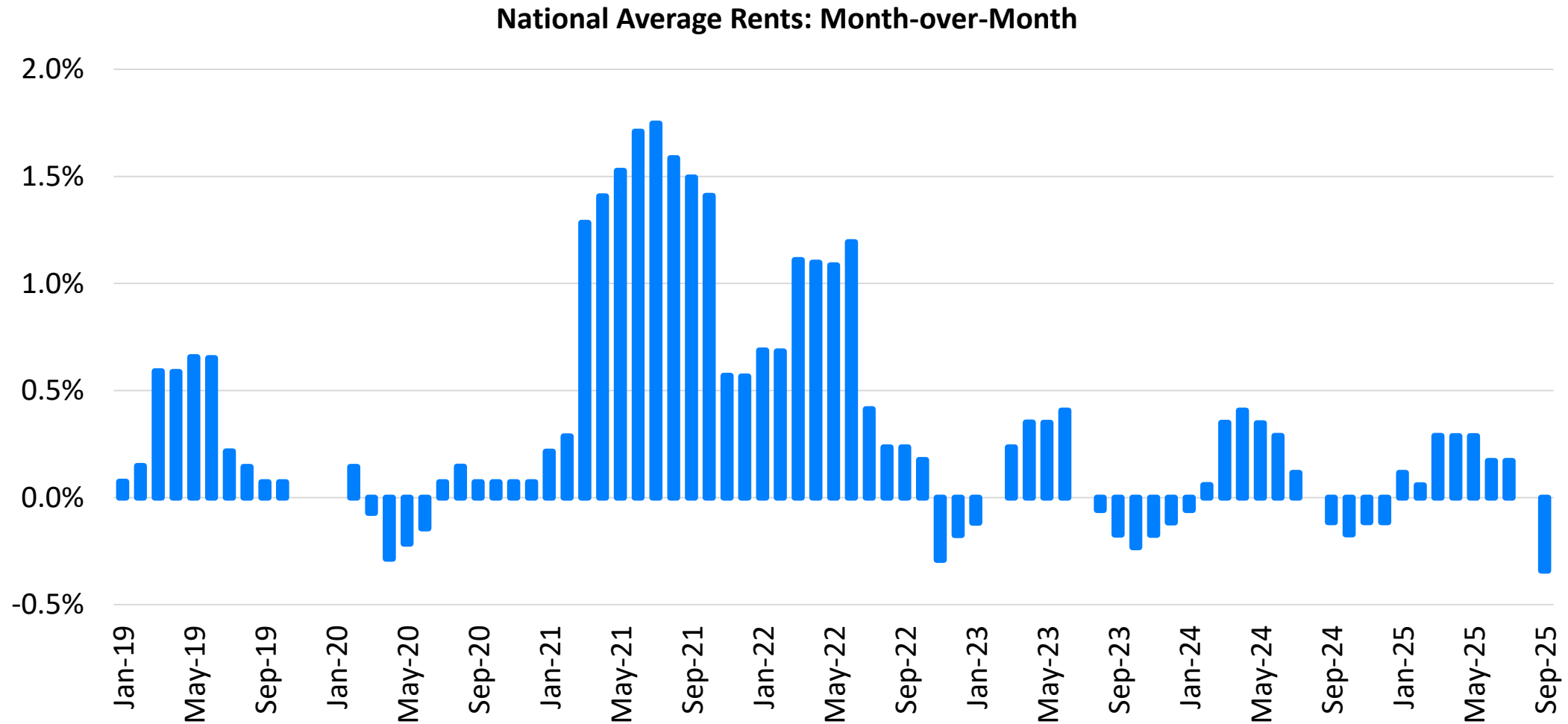
National Average Rents



	% Change	\$ Change
Year-over-Year: Sep '24 – Sep '25	0.6%	\$11
Month-over-Month: Aug '25 – Sep '25	-0.3%	-\$6
Pre-pandemic to Current: Feb '20 – Sep '25	25.1%	\$351

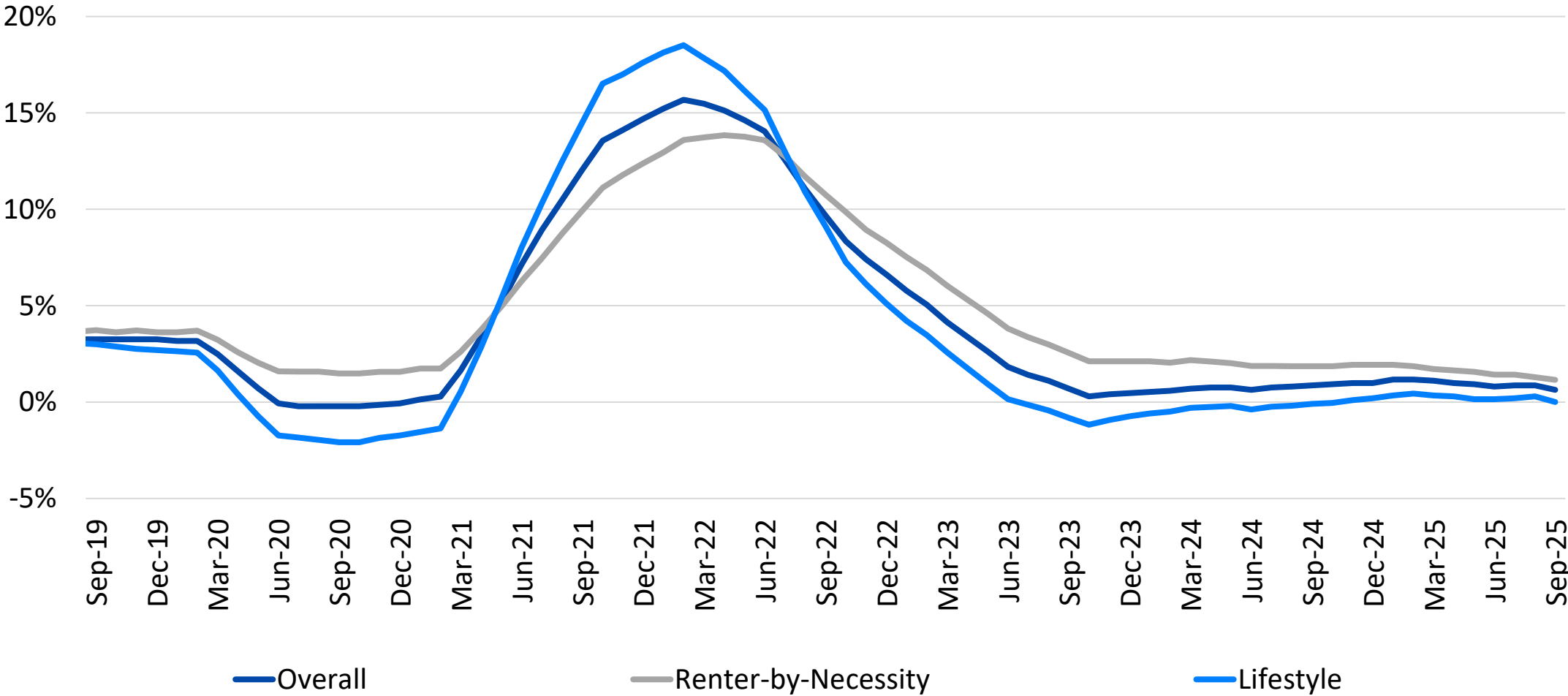


Monthly Rent Growth Was Sharply Negative in September, a Divergence from Seasonal Patterns



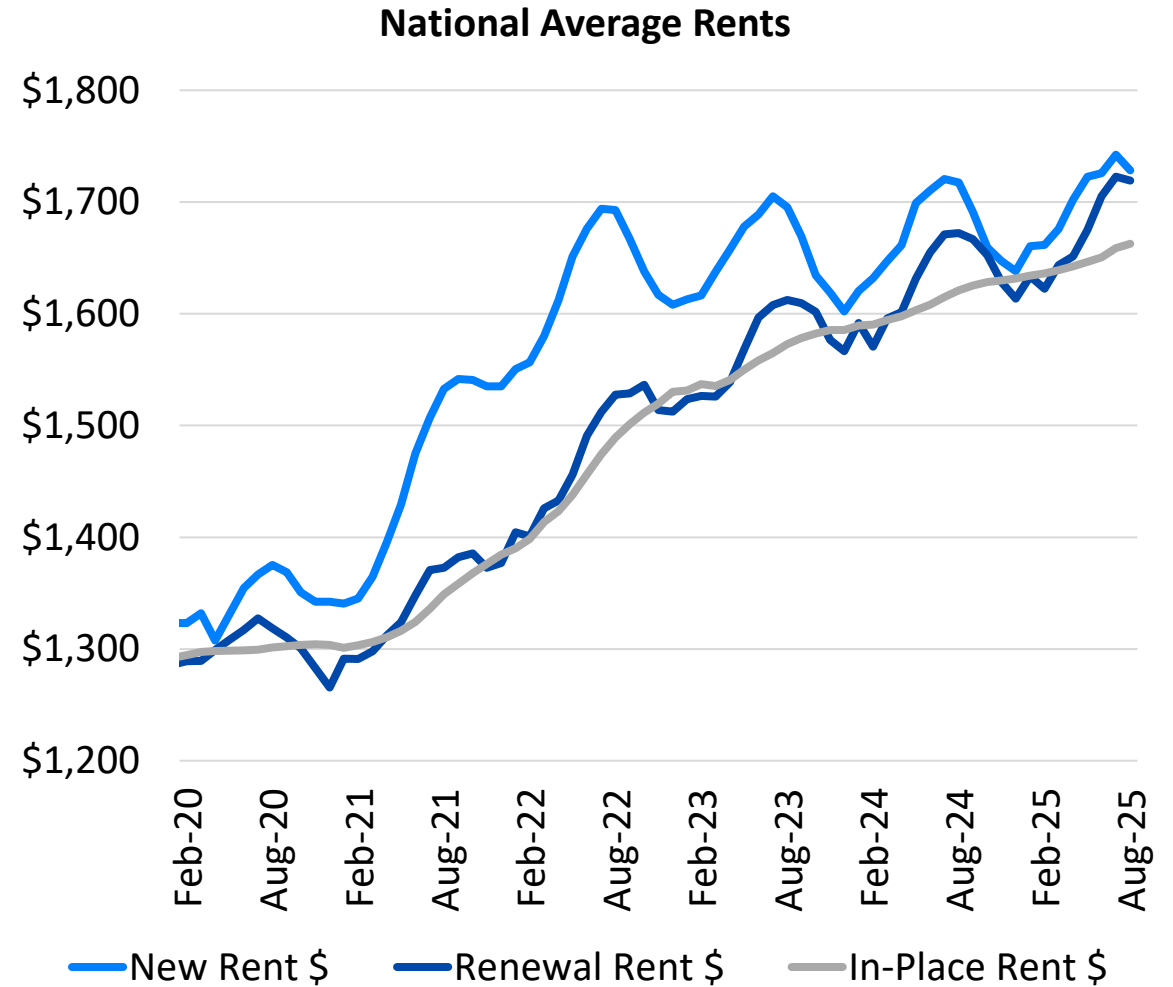
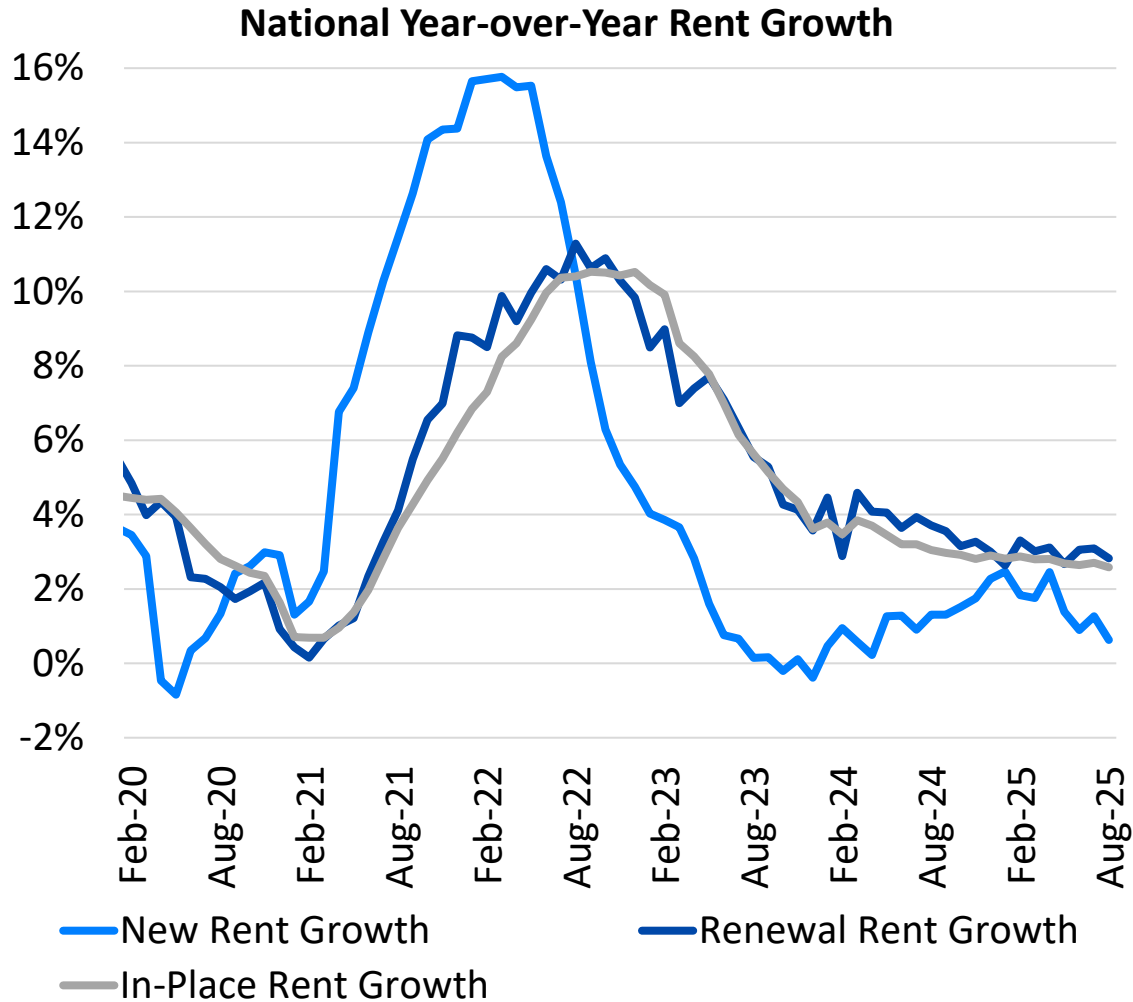
Lifestyle Rent Growth Surged in Early 2021, but Has Since Fallen Behind Renter-by-Necessity Rent Growth

Annual Rent Growth



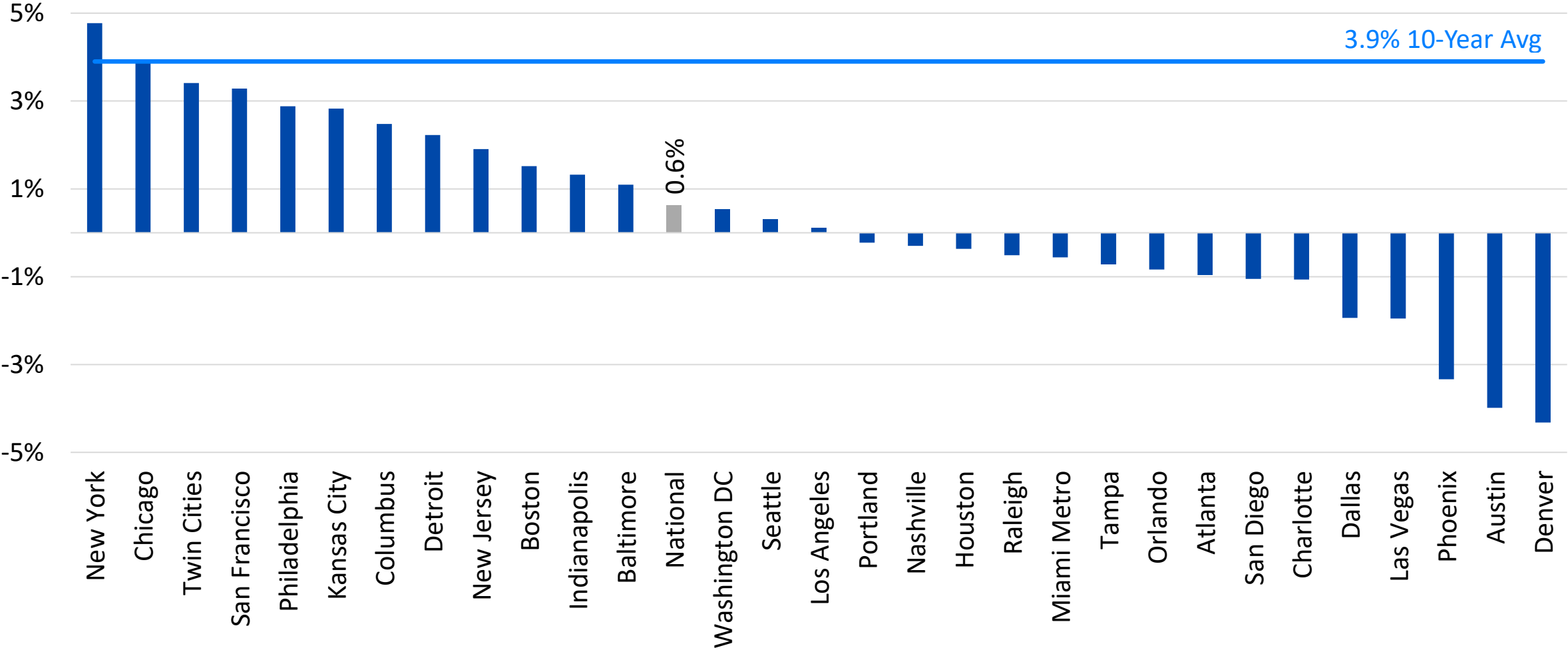
Source: Yardi Matrix

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

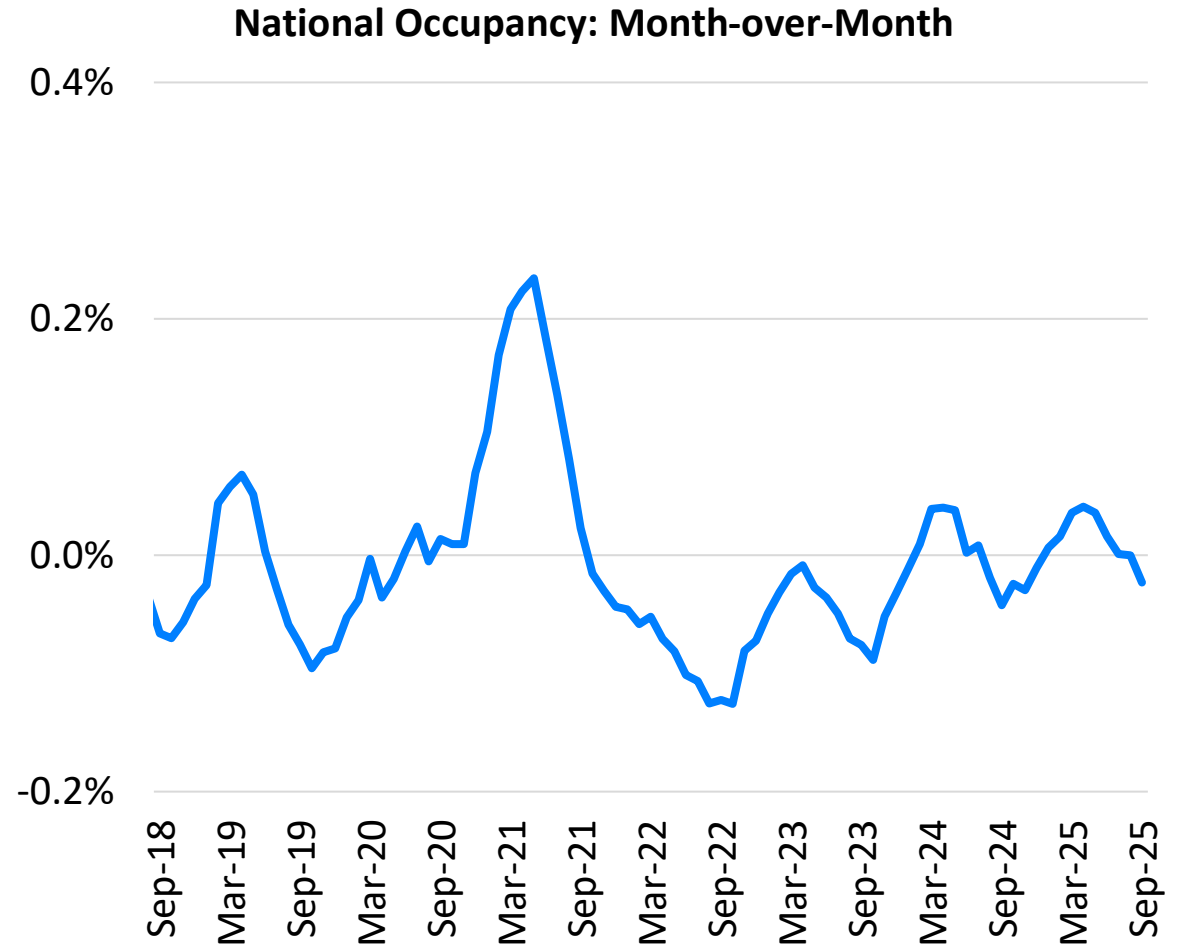
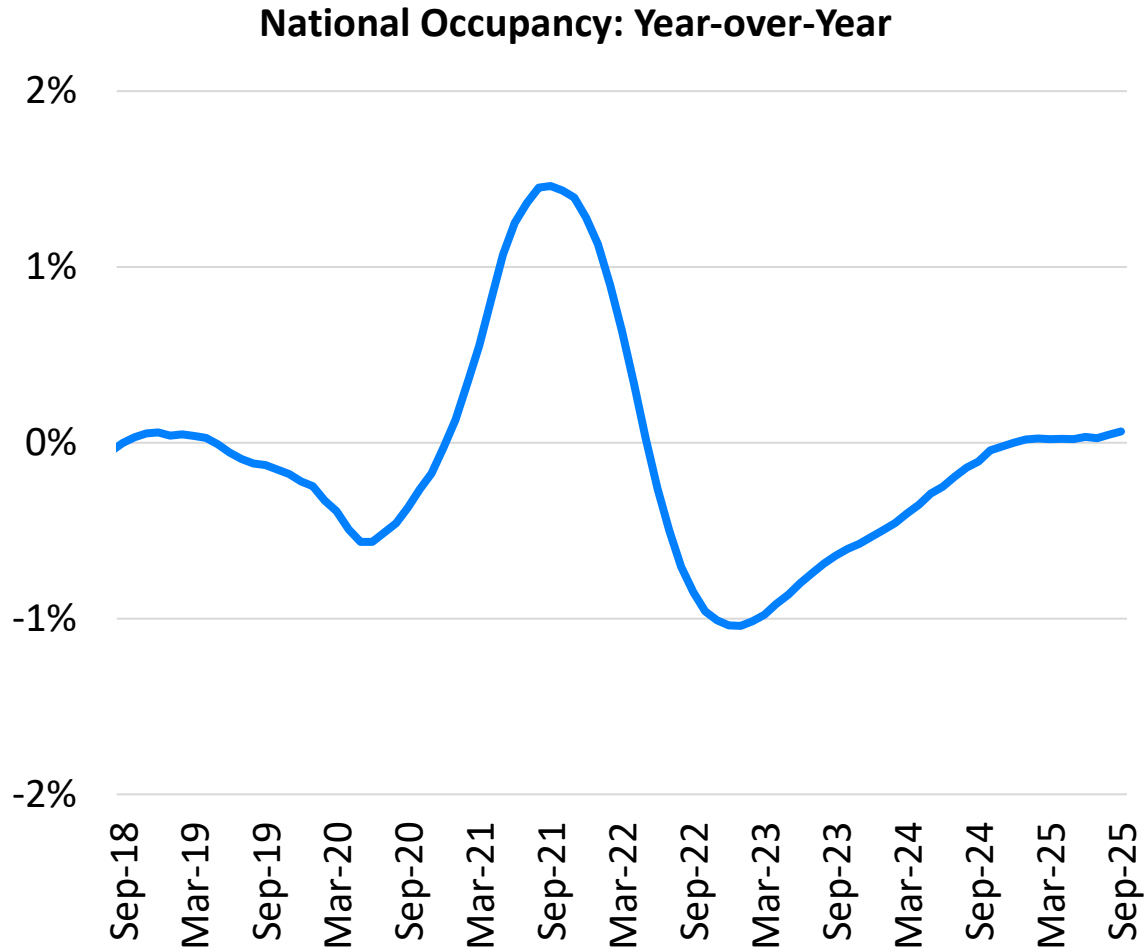


Apartment Asking Rent Growth Has Been Softening in Many Matrix Top Markets

Year-Over-Year Rent Growth - All Asset Classes

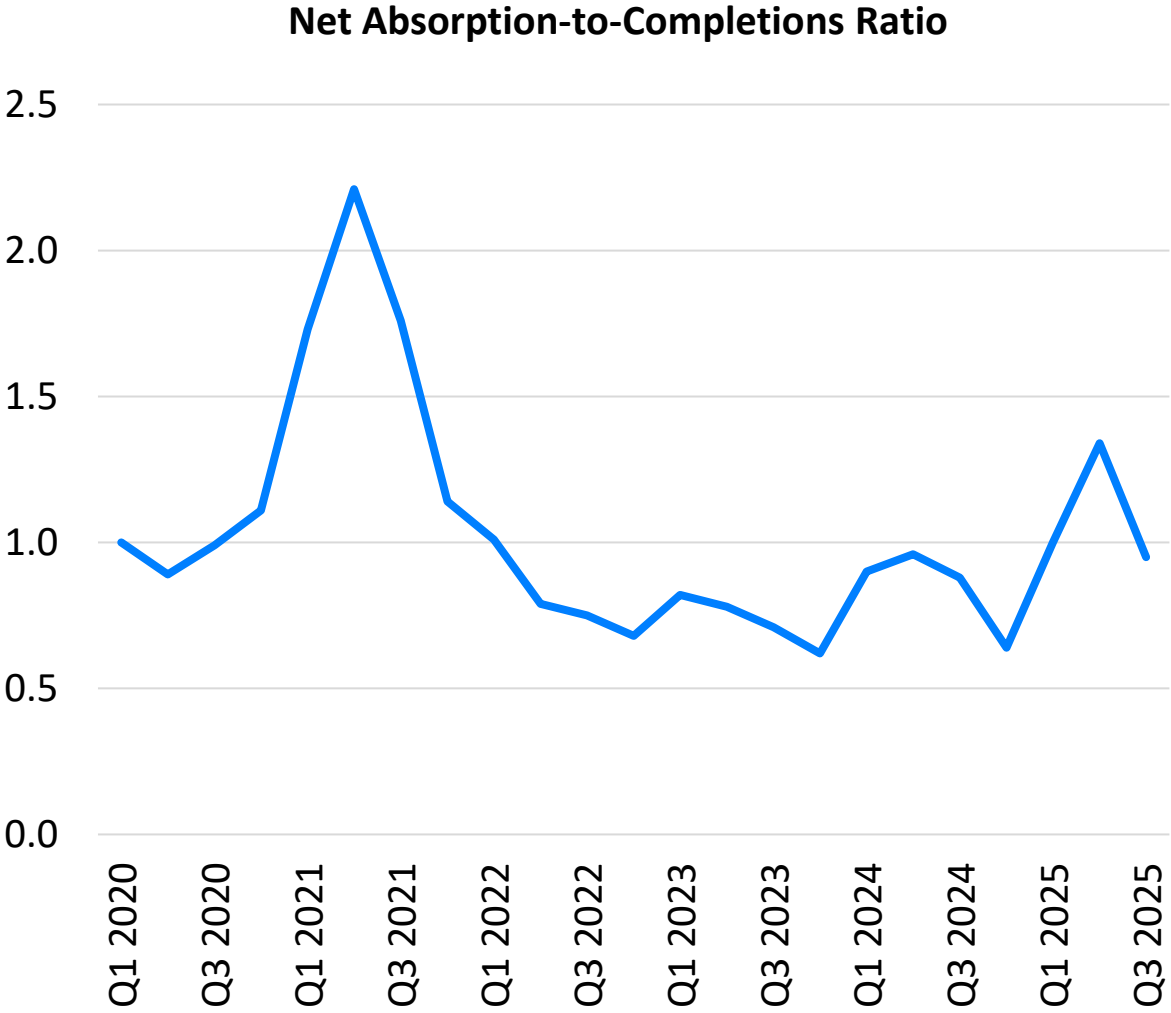


Annual Multifamily Occupancy Growth Increased In September After Months of Stagnant Growth, While Monthly Growth Follows Typical Seasonal Patterns



Third Quarter '25 Multifamily Absorption Was Sharply Lower Than 2Q

Quarter	Completed Units	Net Absorbed Units	Net Absorption-to-Completions Ratio
Q3 2024	182,128	161,116	0.88
Q4 2024	197,899	125,767	0.64
Q1 2025	155,163	155,604	1.00
Q2 2025	161,742	217,312	1.34
Q3 2025	115,889	110,369	0.95



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

Many Tertiary Markets Are Still Performing Well

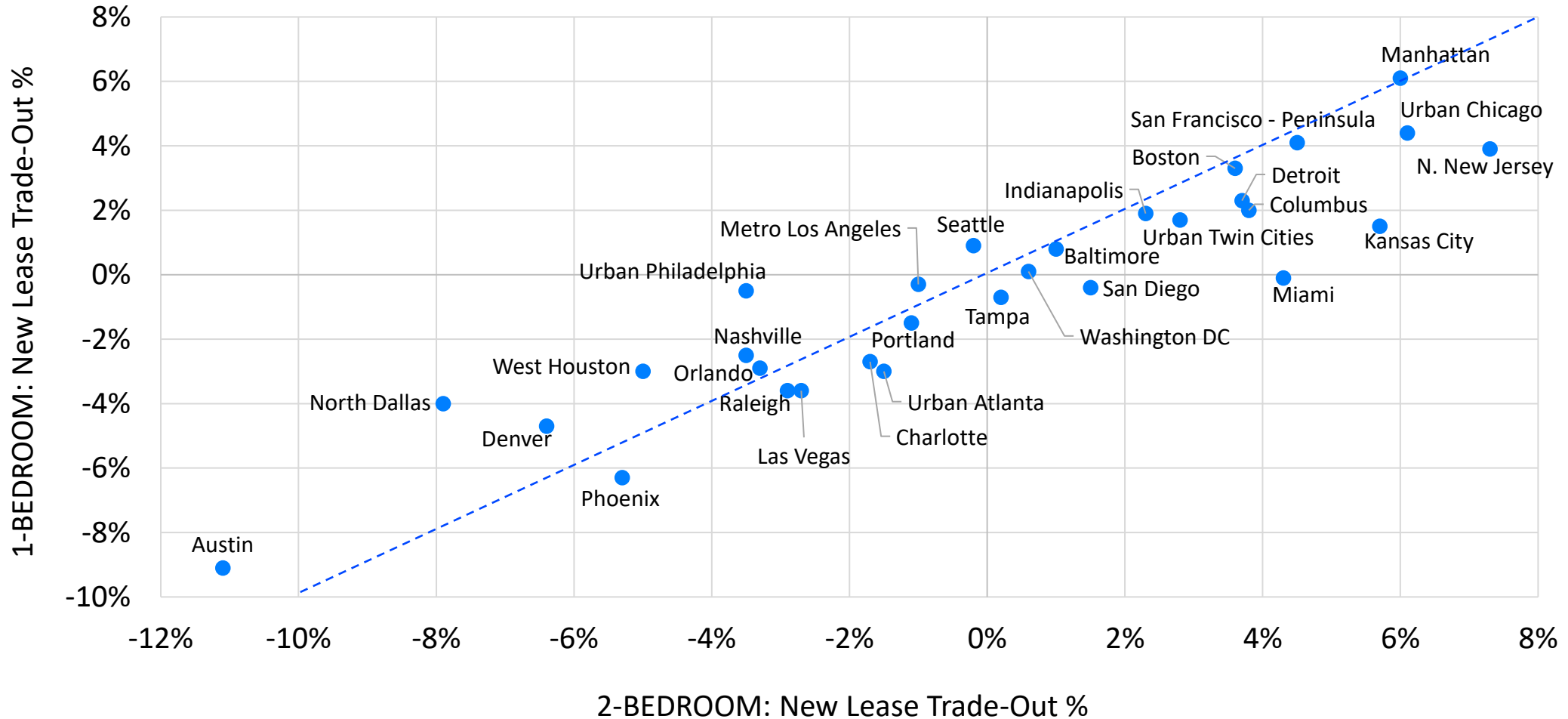
Market	Sep 2024 Rent	Sep 2025 Rent	YOY Rent Growth
Madison	\$1,590	\$1,651	3.8%
Reno	\$1,614	\$1,674	3.7%
Cleveland - Akron	\$1,200	\$1,238	3.2%
Grand Rapids	\$1,328	\$1,369	3.1%
Cincinnati	\$1,367	\$1,409	3.1%
Dayton	\$1,154	\$1,189	3.0%
Lansing - Ann Arbor	\$1,240	\$1,270	2.4%
Bridgeport - New Haven	\$2,031	\$2,080	2.4%
Milwaukee	\$1,514	\$1,545	2.0%
Richmond - Tidewater	\$1,564	\$1,596	2.0%
Greenville	\$1,341	\$1,365	1.8%
Birmingham	\$1,235	\$1,257	1.8%
Tulsa	\$1,016	\$1,034	1.8%
El Paso	\$1,087	\$1,106	1.7%
Little Rock	\$1,021	\$1,037	1.6%
Tacoma	\$1,777	\$1,803	1.5%

Market	Sep 2024 Rent	Sep 2025 Rent	YOY Rent Growth
Central East Texas	\$1,134	\$1,146	1.1%
Louisville	\$1,254	\$1,267	1.0%
Memphis	\$1,185	\$1,194	0.8%
Baton Rouge	\$1,167	\$1,172	0.4%
Eugene	\$1,590	\$1,596	0.4%
Central Valley	\$1,610	\$1,607	-0.2%
Spokane	\$1,428	\$1,424	-0.3%
Savannah - Hilton Head	\$1,695	\$1,686	-0.5%
Jacksonville	\$1,515	\$1,506	-0.6%
Huntsville	\$1,207	\$1,198	-0.7%
Pensacola	\$1,617	\$1,604	-0.8%
New Orleans	\$1,292	\$1,275	-1.3%
Tucson	\$1,211	\$1,188	-1.9%
Colorado Springs	\$1,516	\$1,456	-4.0%
Southwest Florida Coast	\$1,962	\$1,877	-4.3%



New Lease Trade-outs for 2-Bedroom Units Exceed 1-Bedrooms in Most Top Markets

1-Bedroom vs. 2-Bedroom: New Lease Trade-Out %

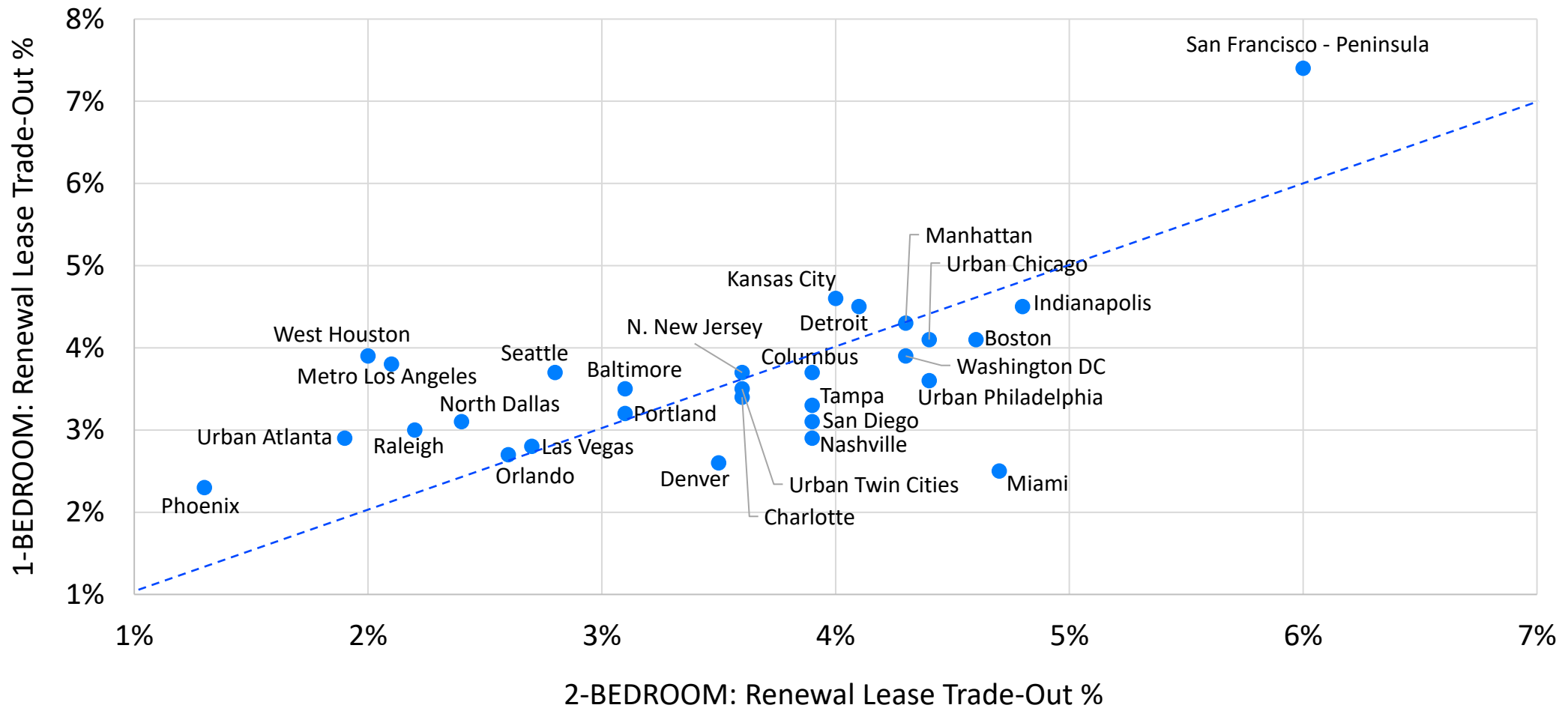


Data as of August 2025. Average change % per market-rate unit for the last 13 months. New Lease trade out is the monthly rent % change between new leases and their corresponding previous leases for the same unit | Source: Yardi Matrix Expert



Renewal Trade-Outs for 2-Bedroom Units Outperform 1-Bedrooms in About Half of the Top Markets

1-Bedroom vs. 2-Bedroom: Renewal Lease Trade-Out %

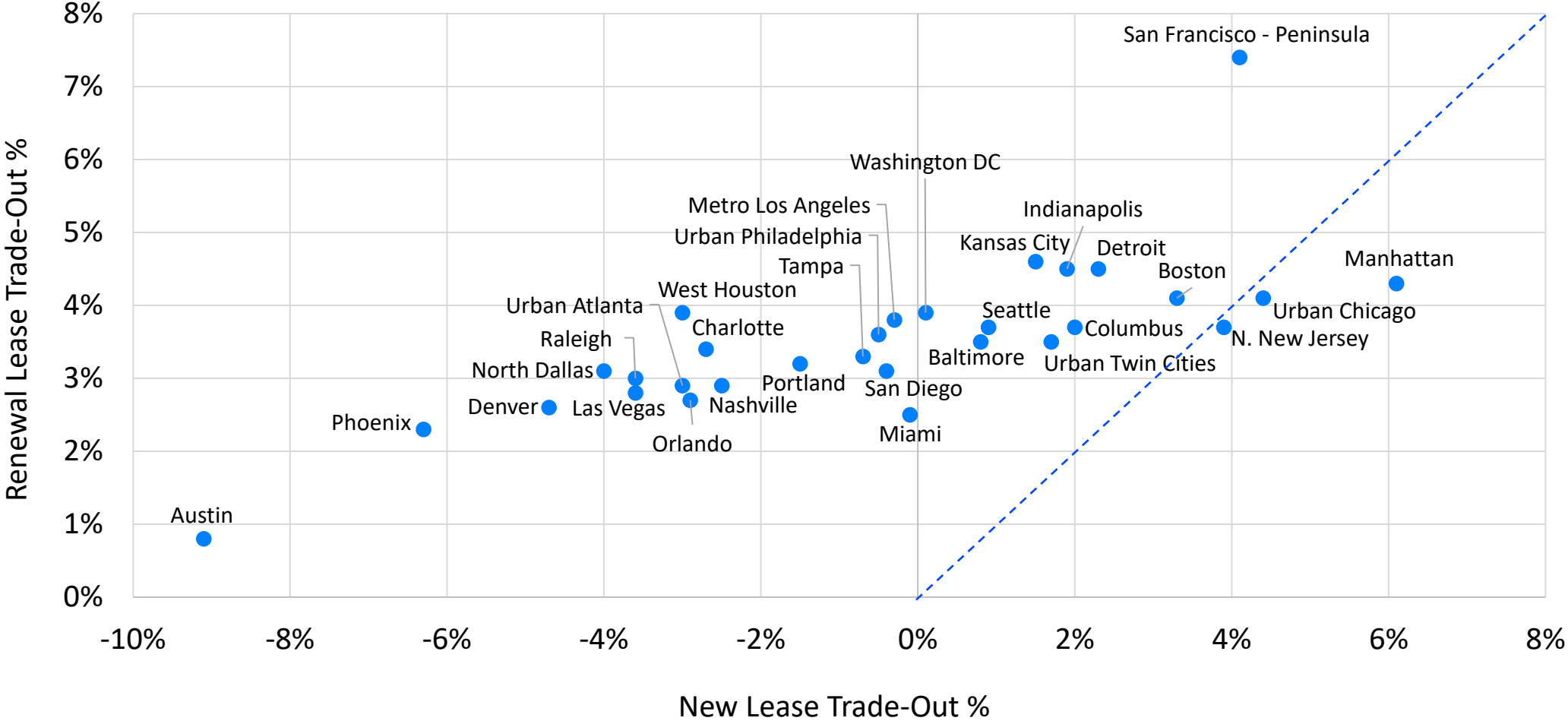


Data as of August 2025. Average change % per market-rate unit for the last 13 months. Renewal Lease trade out is the monthly rent % change between renewals and their corresponding previous leases for the same tenant | Source: Yardi Matrix Expert



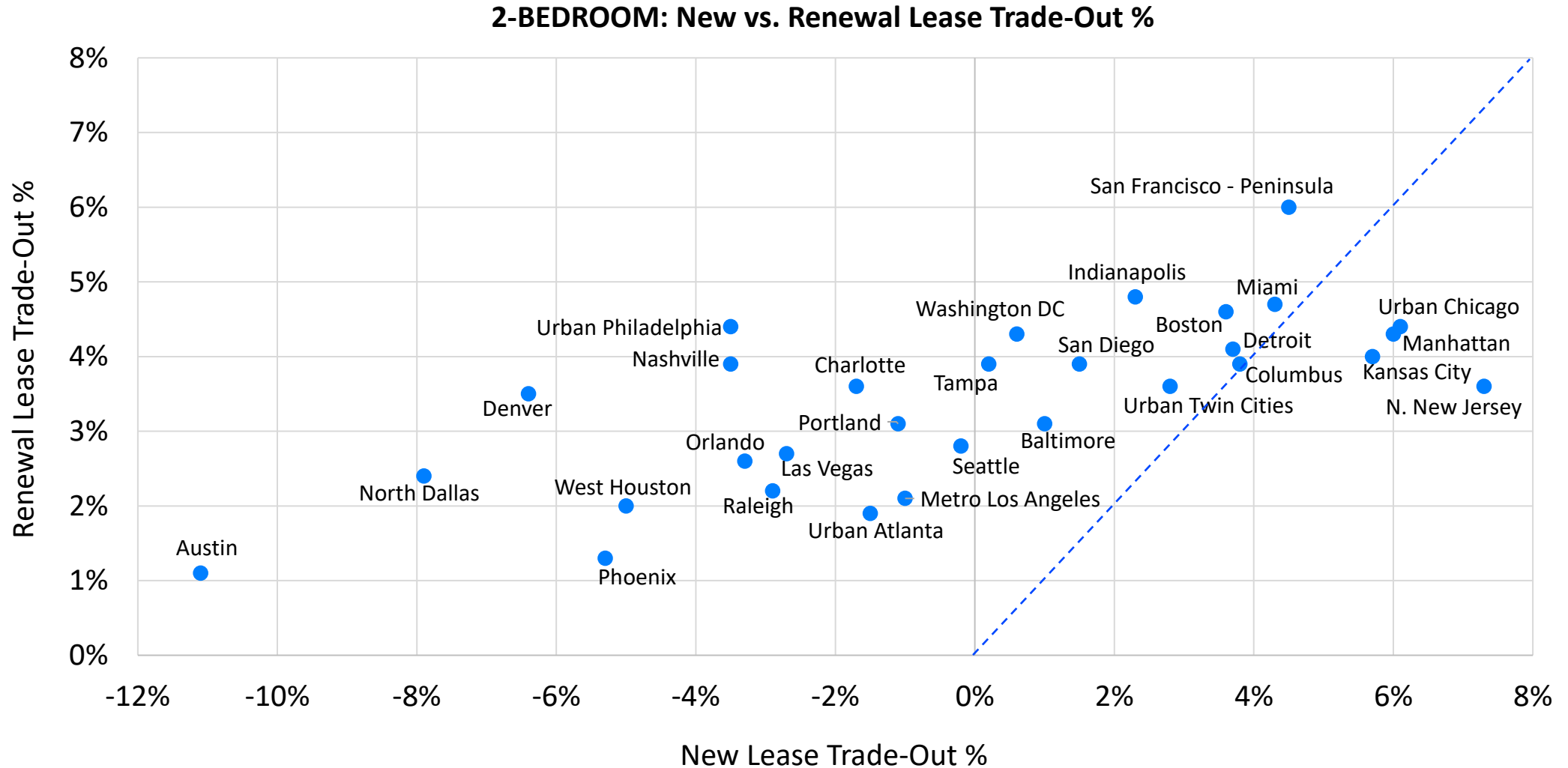
In Nearly All Top Markets, 1-Bedroom Renewals Yield Higher Trade-Outs Than New Leases

1-BEDROOM: New vs. Renewal Lease Trade-Out %



Data as of August 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 Trade-Outs for 2-Bedroom Units Also Exceed New Leases in Most Top Markets

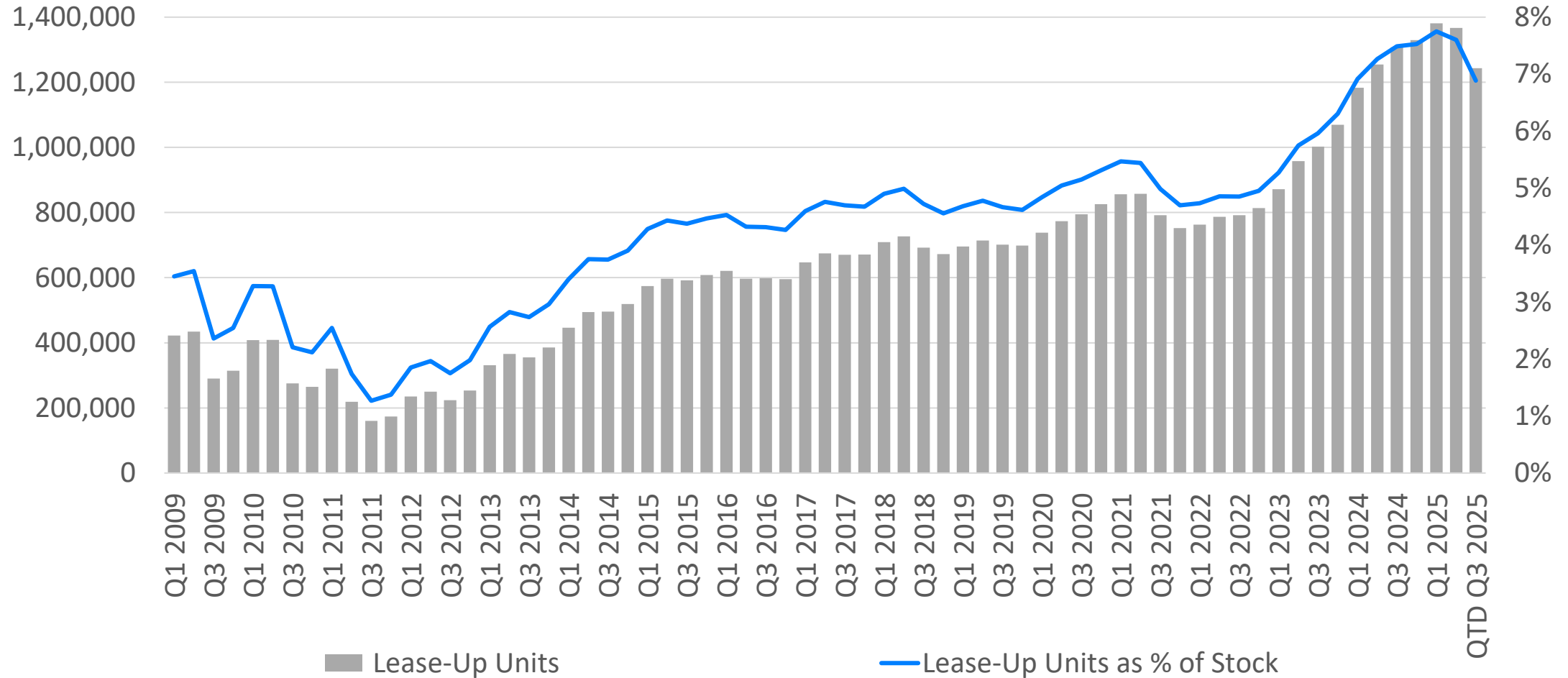


Data as of August 2025. Average change % per market-rate unit for the last 13 months. New Lease and Renewal Lease trade out refer to the monthly rent percentage change between new or renewed leases and their corresponding previous leases for the same unit or tenant, respectively. | Source: Yardi Matrix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



Lease-Up Competition Has Been Exceptionally High Over the Last Year

Multifamily Units In Lease-Up



Yardi Matrix Multifamily Forecast Summary

Year-End	Rent	Rent Growth	Occupancy	Occupancy Growth	Inventory Forecast
2025	\$1,759	1.5%	94.9%	0.2%	584,875
2026	\$1,781	1.2%	95.0%	0.1%	440,702
2027	\$1,816	2.0%	95.0%	0.0%	406,757
2028	\$1,877	3.4%	94.9%	-0.1%	410,823
2029	\$1,946	3.7%	94.8%	-0.1%	425,073
2030	\$2,019	3.8%	95.1%	0.3%	451,959

Multifamily Supply Forecast Update: Q4 2025

- Despite trade and immigration uncertainty, supportive fiscal policy and Fed easing should sustain steady but moderate economic growth, with inflation continuing to cool and labor markets softening
- Lower short-term rates are expected to ease construction loan costs and support ongoing rent growth and absorption
- Absent a deeper economic downturn, the national economy seems capable of supporting the development and absorption of 400K-450K units per year
- Construction activity has normalized to pre-pandemic levels, and new supply is still expected to decline through 2027
- **Upward Forecast Revisions:** Yardi Matrix increased its multifamily supply forecast by 6.8% for 2025, 2.5% for 2026, and **12.8% for 2027** due to stronger-than-expected construction activity this year
- **Long-Term Outlook (2028–2030):** Forecast remains unchanged, with steady economic growth, easing interest rates and new supply projected to reach 410,000 units in 2028 and over 450,000 by 2030

The National Multifamily Supply Forecast Is No Longer Anticipating as Significant of a Drop in Completions in '26-'27

HOW HAVE THE FOLLOWING FACTORS IMPACTED THE SUPPLY FORECAST, IF AT ALL?

MIX SHIFT BETWEEN MARKET RATE AND AFFORDABLE

- Starts data shows that the product mix between affordable and market rate is relatively stable (77% market vs 15% affordable)
- Most of the change in product mix happened a couple of years ago

PACE OF STARTS IN 2025 VS 2024

- The pace of starts through Sep 2025 is slightly ahead of 2024's pace
- 2025 recording at least 400K starts is a reasonable bet, suggesting that 2027 completions should be at least 400K units

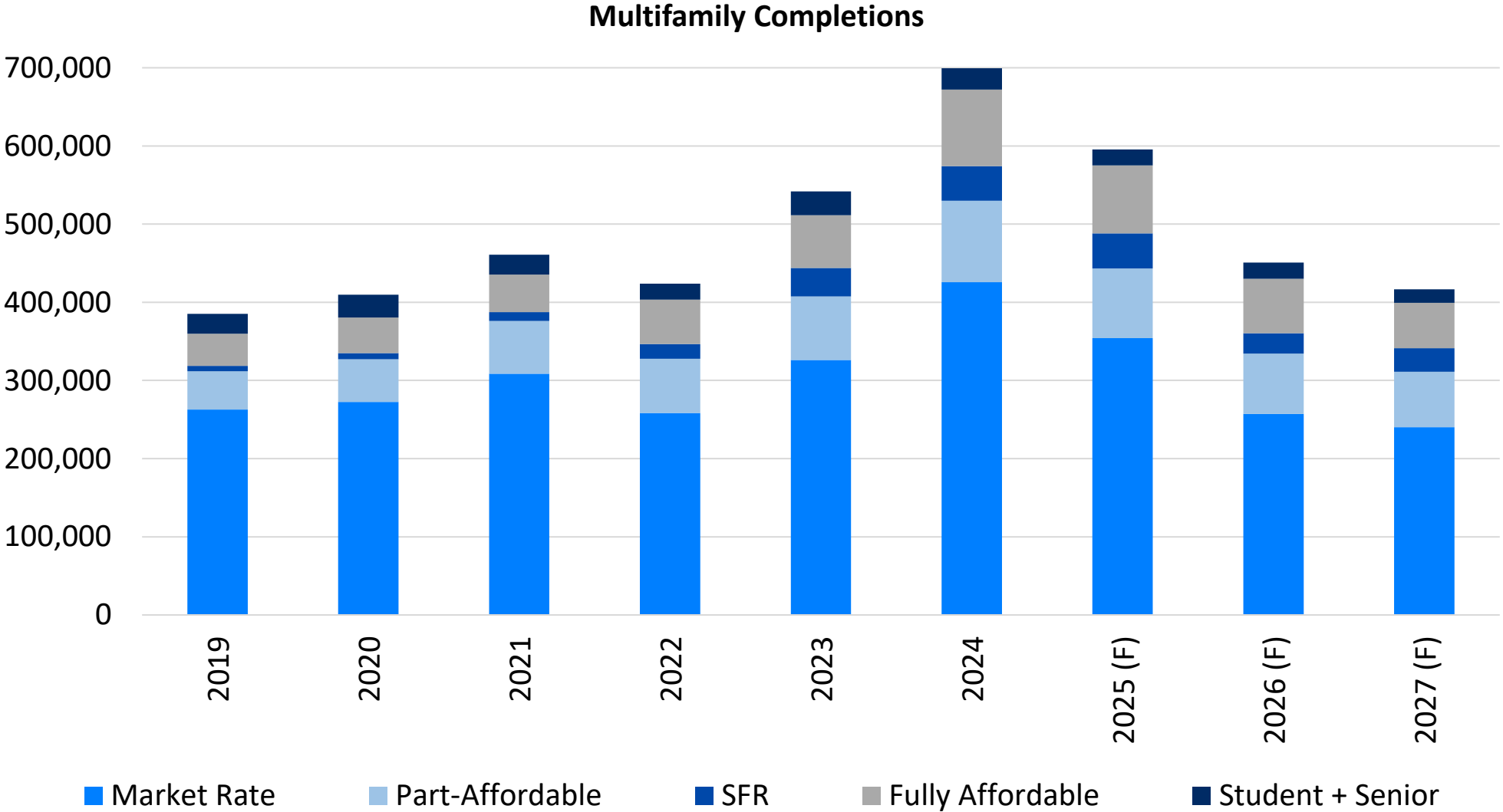
DELAYS IN CYCLE TIME OF CONSTRUCTION

- Construction completion times remain elevated
- Properties completing today started in ~2023 when the under construction pipeline was at record levels
- Labor and material constraints at that time likely affected current completion times; Immigration policy could further impact
- Days in the "planned" phase has been relatively flat for the last 8 quarters

MARKET SHIFT AWAY FROM SUNBELT TOWARDS MIDWEST/NORTHEAST

- The Sun Belt continues to lead in absolute # of construction starts
- But, comparing 2025 YTD vs 2024 YTD starts shows some markets from California, the Midwest and the Northeast

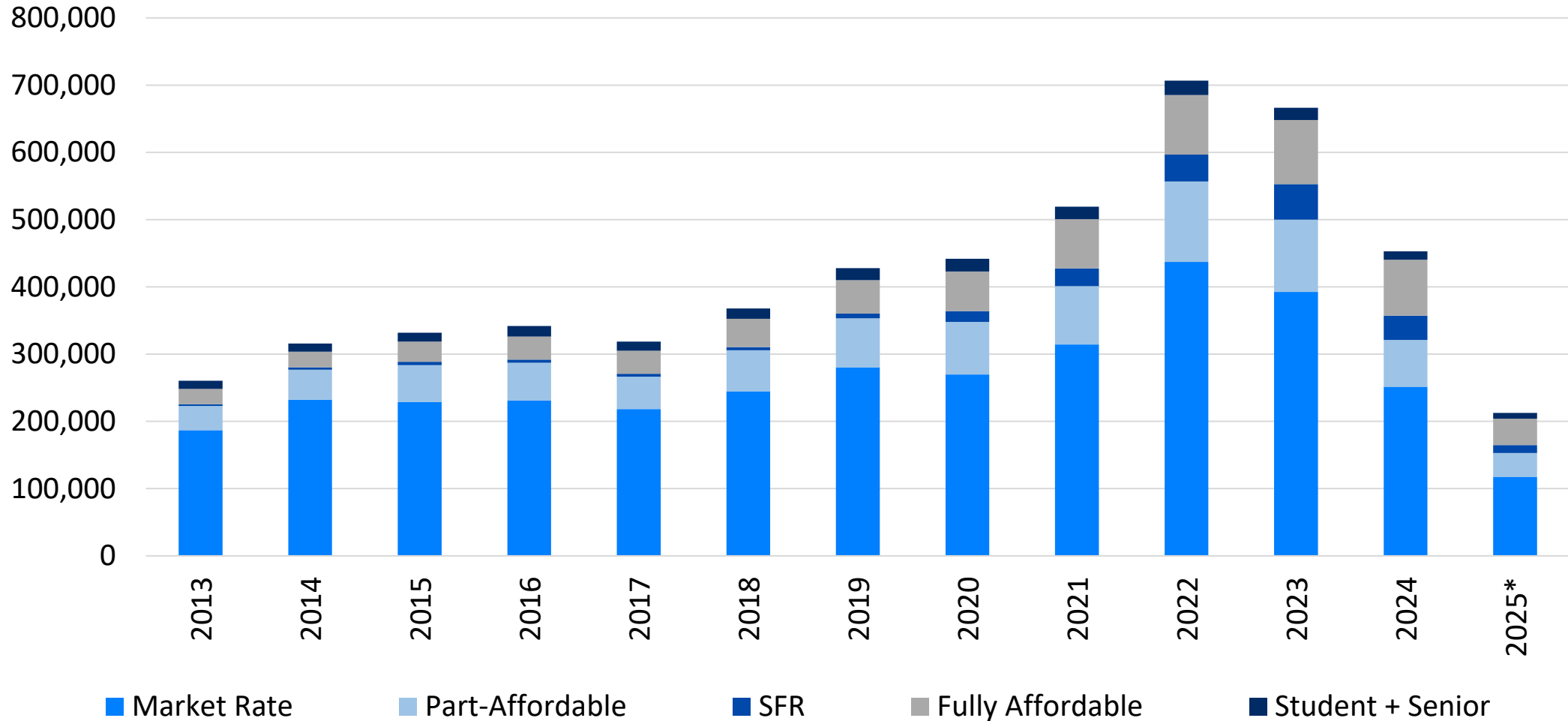
New Multifamily Supply Is Expected to Decline After 2024's Peak



Source: Yardi Matrix

Total Starts Have Slowed Since 2022 for All Multifamily Segments

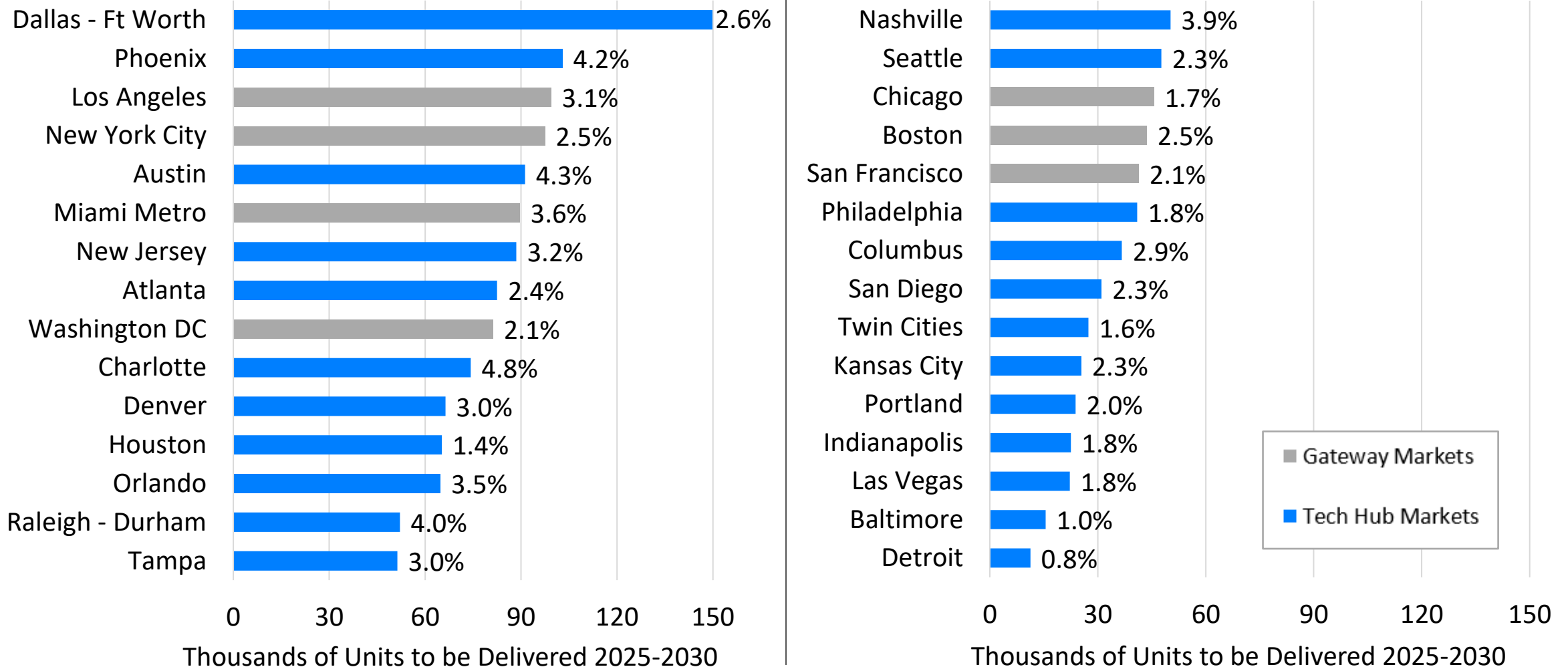
Construction Starts by Property Type (Units) - Annual



*2025 data through September | 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

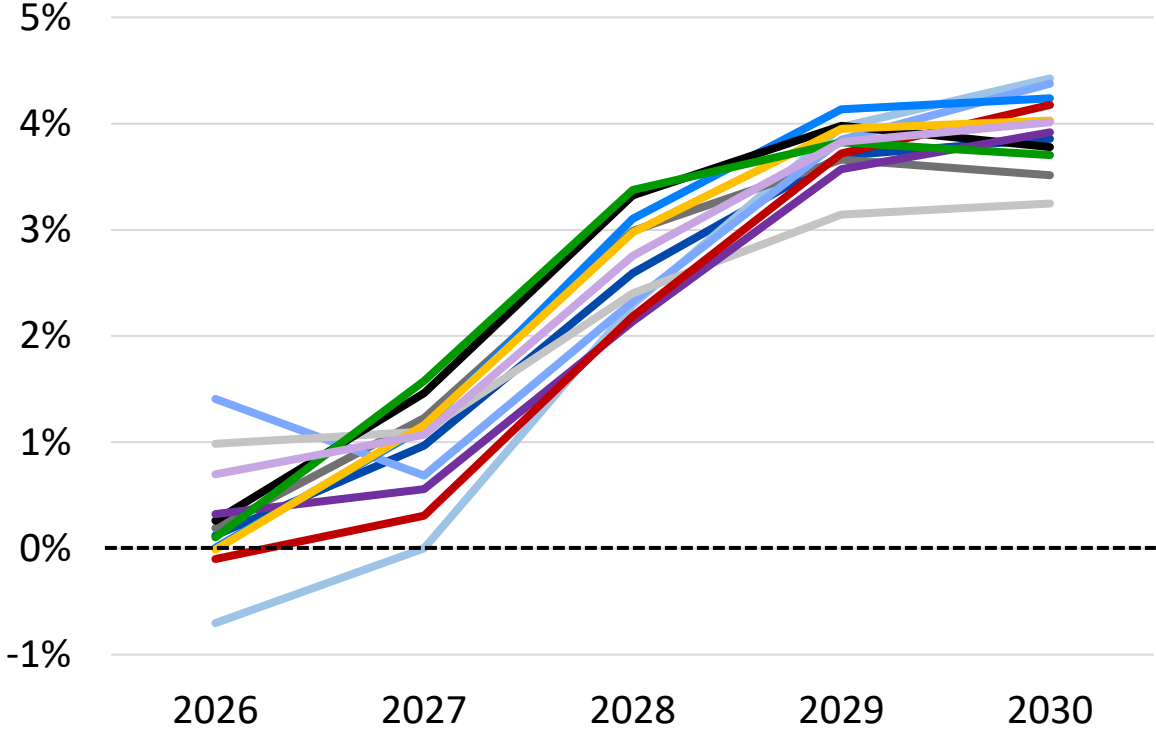
Forecasted New Unit Deliveries 2025-2030 - Percentages Denote Compound Annual Growth Rates



A Blended Rent *Projection* Indicates a Smoother and Faster Recovery Growth Path in High Supply Markets

HIGH SUPPLY MARKETS

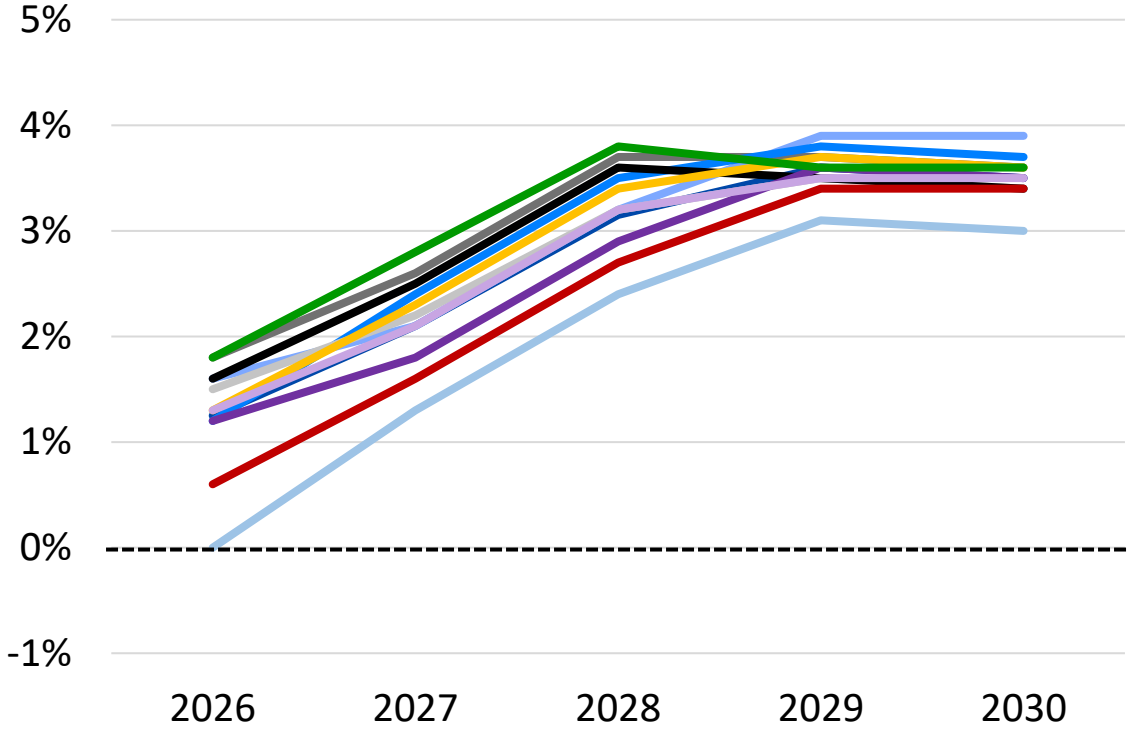
Standard Rent Forecast



- Atlanta
- Denver
- Nashville
- Raleigh-Durham
- Austin
- Jacksonville
- Orlando
- Salt Lake City
- Charlotte
- Miami
- Phoenix
- San Antonio

HIGH SUPPLY MARKETS

Blended Rent Forecast



- Atlanta
- Denver
- Nashville
- Raleigh - Durham
- Austin
- Jacksonville
- Orlando
- Salt Lake City
- Charlotte
- Miami
- Phoenix
- San Antonio



Blended rent growth = (new lease forecast * turnover) + (renewal trade-out * (1 - turnover)) | Source: Yardi Matrix

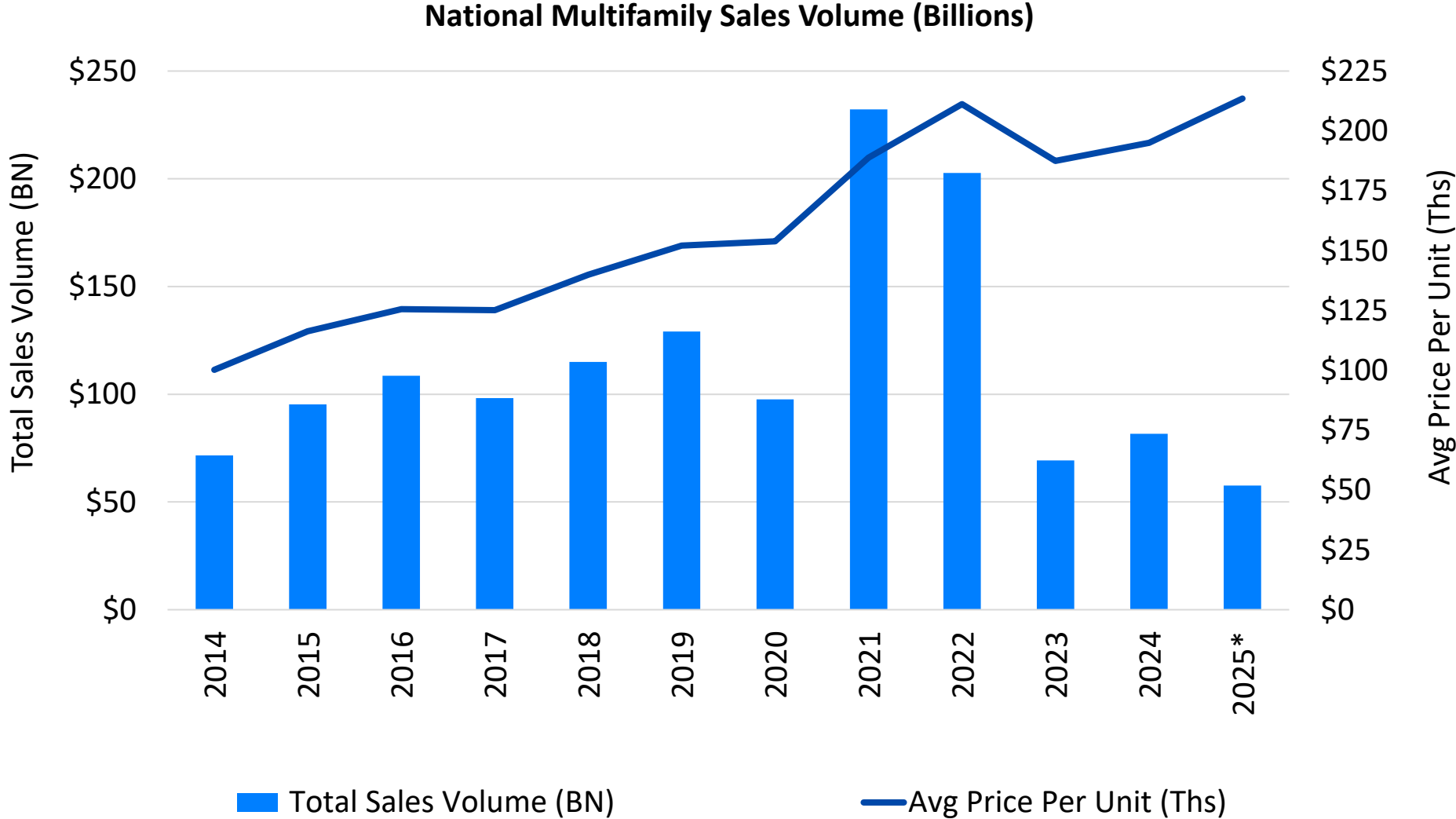
Core Markets Are Forecasted For a Modest Year of Multifamily Rent Growth, While Growth for High-Supply Markets Will Be Subdued

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
New York	6.2%	98.4%	0.1%	98.5%
Chicago	3.5%	96.2%	1.6%	96.4%
Kansas City	3.3%	94.7%	1.9%	94.9%
New Jersey	3.1%	97.0%	1.4%	97.2%
Detroit	2.8%	95.0%	1.8%	95.1%
Columbus	2.8%	94.7%	1.8%	94.8%
Philadelphia	2.4%	95.5%	1.7%	95.7%
Twin Cities	2.2%	95.5%	1.7%	95.6%
Washington DC	2.1%	95.2%	2.1%	95.3%
Indianapolis	2.0%	94.1%	1.9%	94.3%
Boston	2.0%	96.4%	2.1%	96.5%
Baltimore	1.8%	95.1%	1.3%	95.2%
San Francisco	1.8%	95.8%	0.8%	95.9%
Seattle	0.9%	95.4%	1.2%	95.6%
Miami	0.6%	95.6%	1.0%	95.7%

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
Los Angeles	0.6%	96.0%	1.6%	96.2%
Portland	0.4%	95.0%	1.4%	95.2%
Tampa	0.2%	94.7%	0.2%	94.8%
Houston	0.1%	92.6%	1.0%	92.7%
San Diego	0.0%	96.3%	1.6%	96.4%
Charlotte	-0.5%	94.2%	0.2%	94.3%
Nashville	-0.6%	94.1%	0.3%	94.2%
Raleigh - Durham	-0.7%	93.9%	0.0%	94.1%
Las Vegas	-0.7%	93.8%	0.4%	93.9%
Atlanta	-0.9%	93.4%	0.1%	93.6%
Orlando	-0.9%	94.4%	0.3%	94.6%
Dallas	-1.1%	93.0%	0.5%	93.2%
Phoenix	-2.3%	93.3%	-0.1%	93.4%
Denver	-2.6%	94.3%	1.4%	94.4%
Austin	-3.9%	92.7%	-0.7%	92.9%



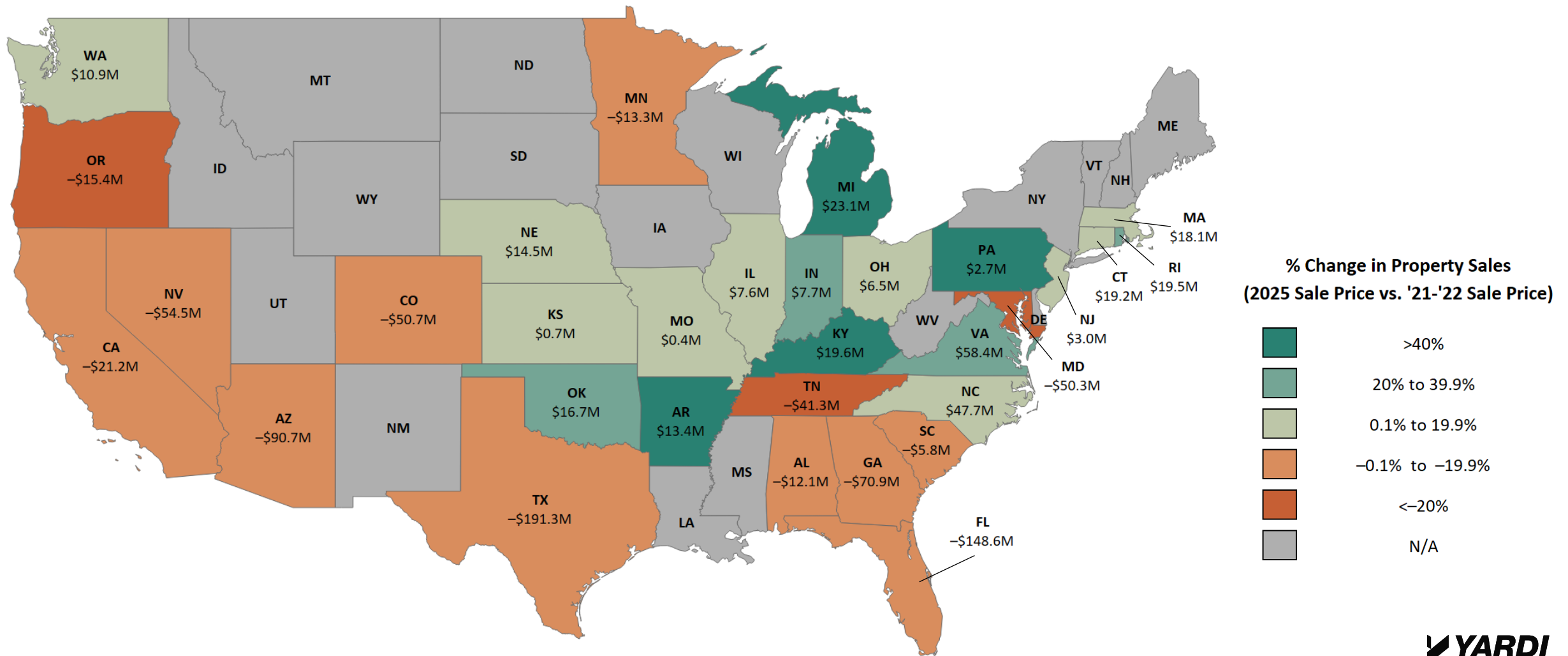
National Sales Volume is Below Recent Levels, But is Expected to Rebound in 2026



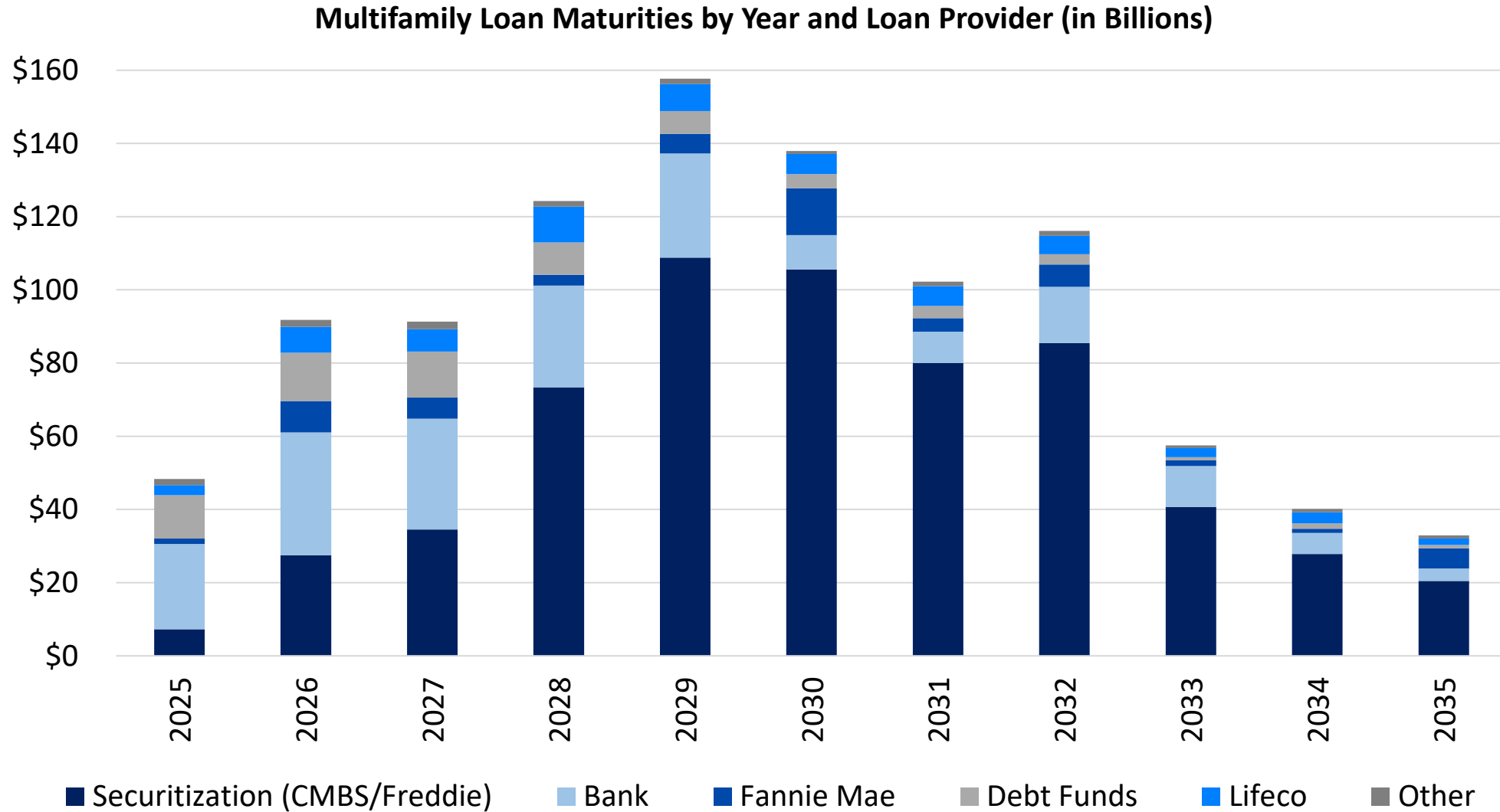
*2025 data through September; Source: Yardi Matrix

Same-Store Multifamily Sale Prices Drop 6.8% From '21-'22 to '25, With the Biggest Declines in Sunbelt

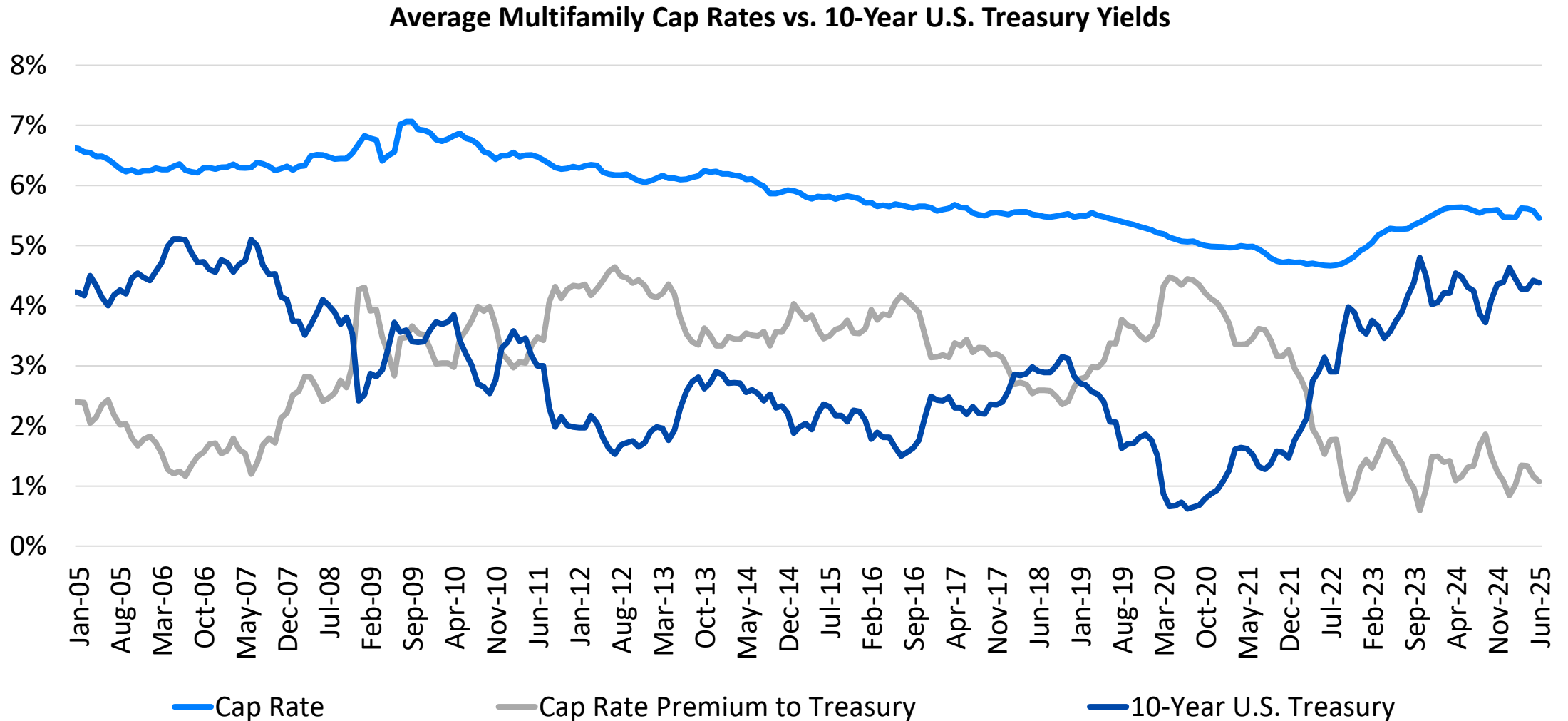
Price Change for Repeat-Sale Multifamily Properties Aggregated by State (2025 Sale vs. '21-'22 Sale)



Multifamily Loan Maturities to Peak in 2029



Since 2021, Rising Treasury Yields Have Reduced Cap Rate Spreads



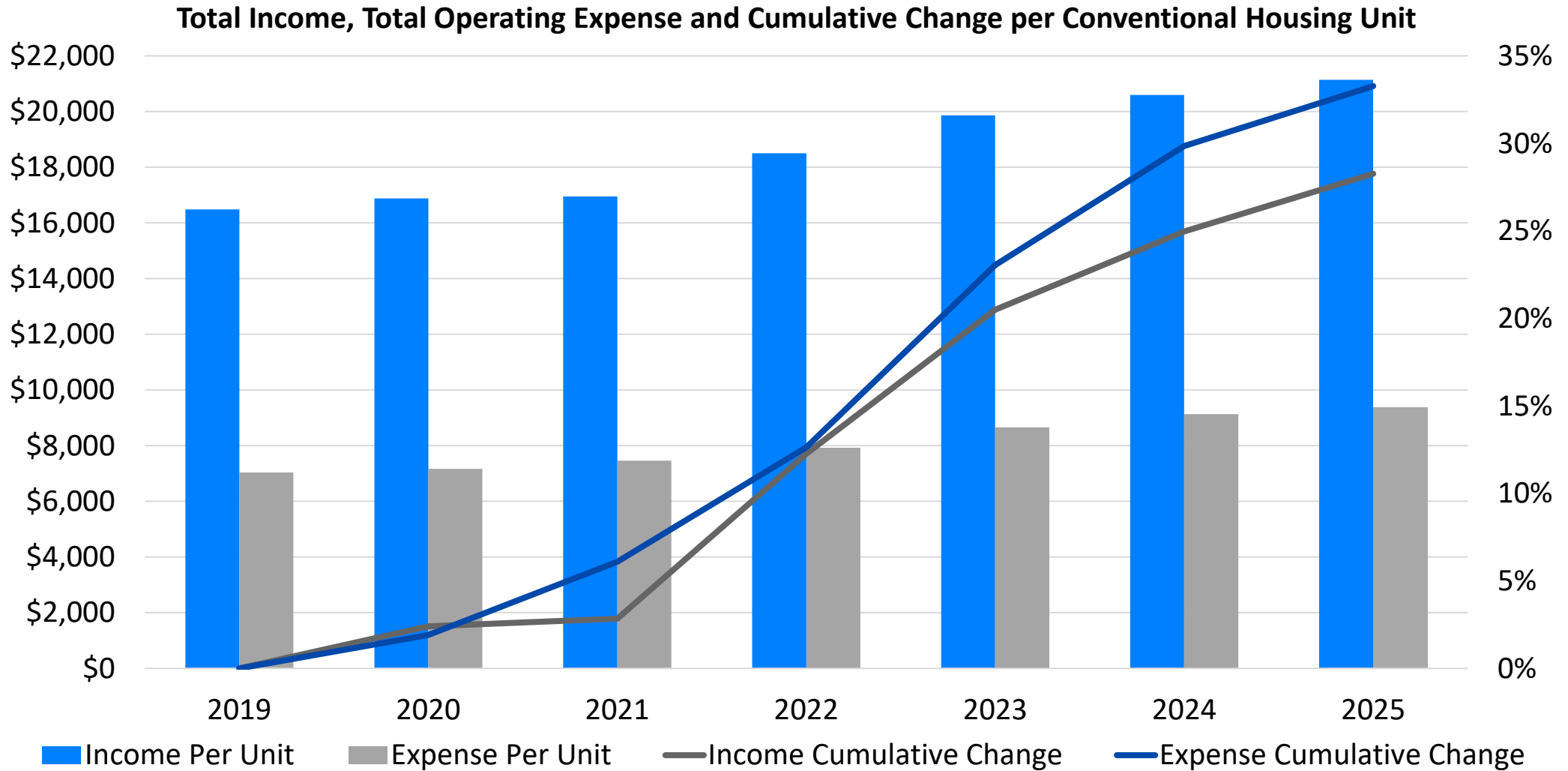
PROPERTY PERFORMANCE

WHY IS THIS IMPORTANT?

It's important to understand operating revenues and expenses to do quality underwriting and benchmarking, and **Yardi Matrix** has the information you need to do that

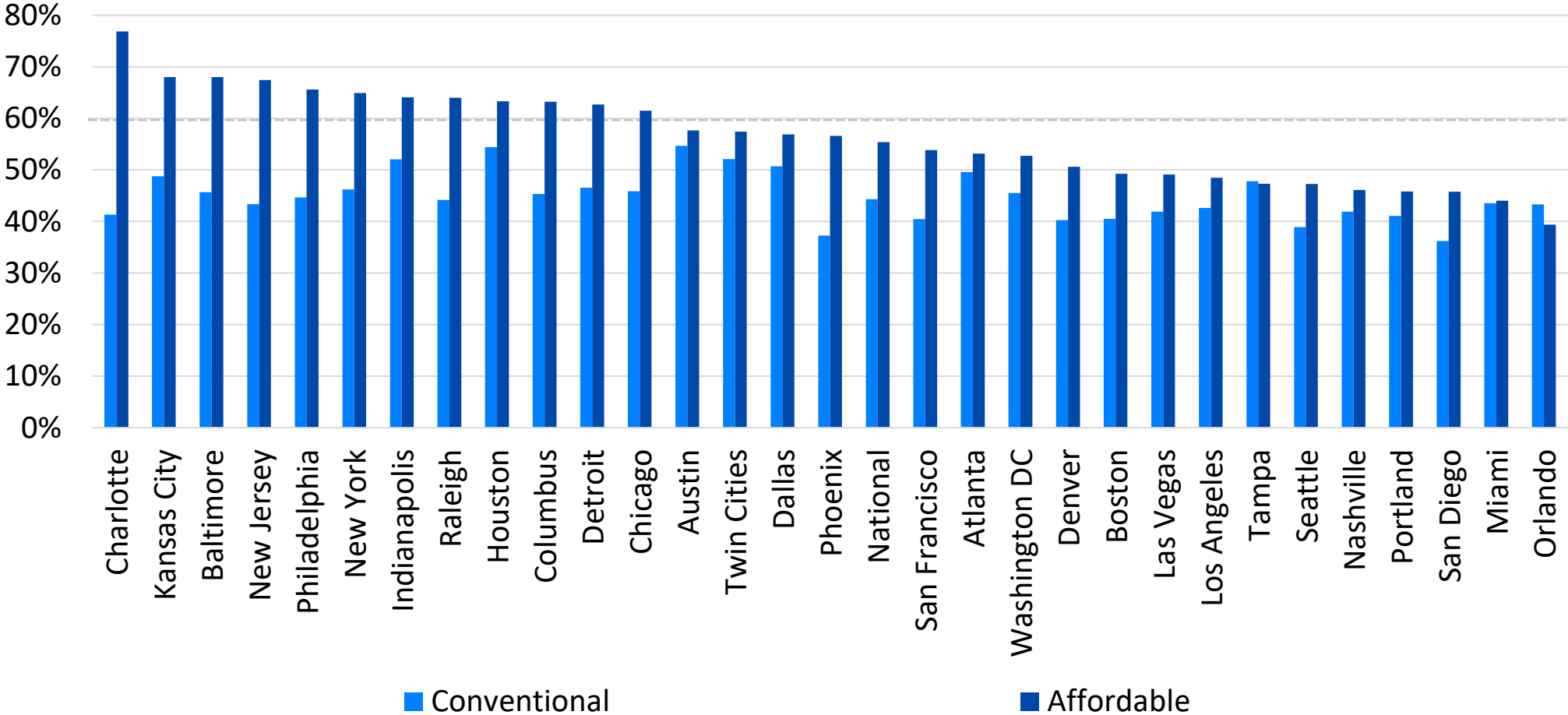


Income for Conventional Units Has Grown 28% While Total Operating Expenses Have Grown 33% Since 2019



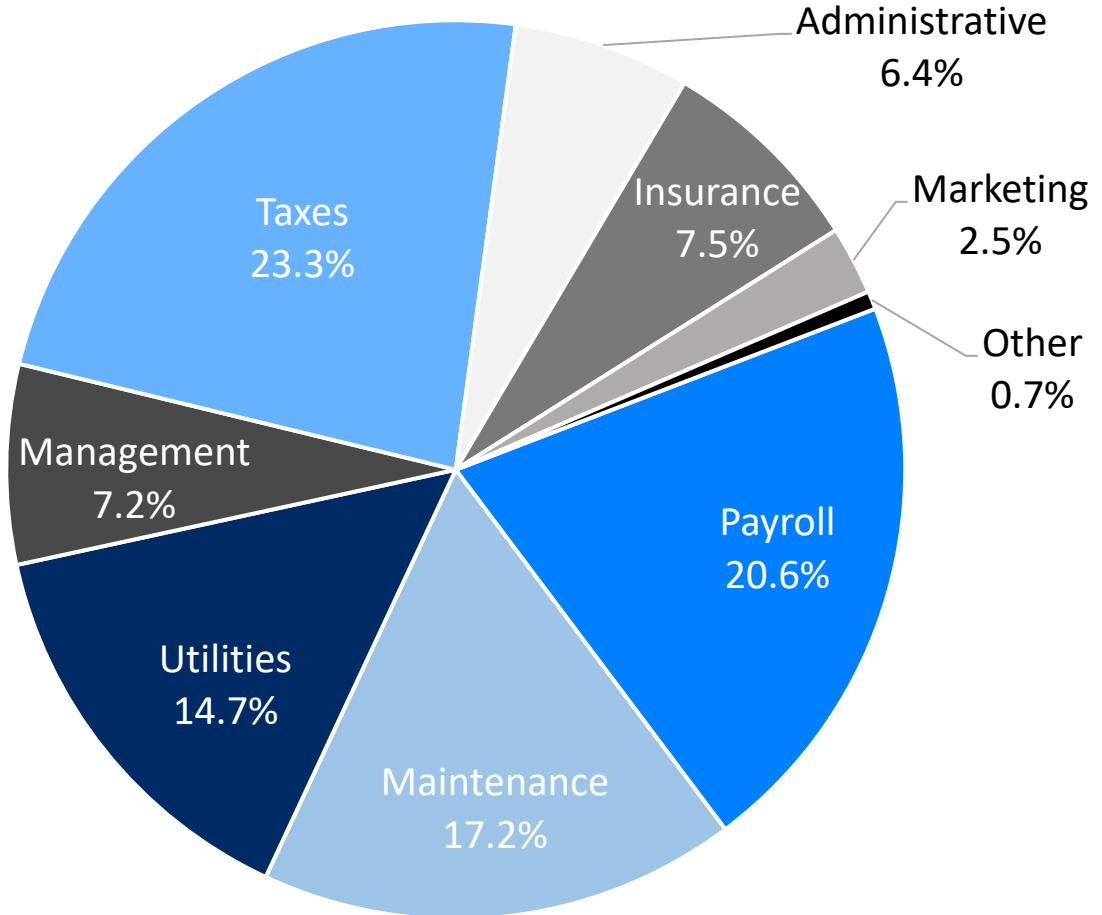
Compared to Conventional, Affordable Units Often Have Higher OpEx as a % of Income, Especially in the Northeast and Midwest

Total Operating Expenses as a Percent of Total Income



Total Operating Expenses by Category for Conventional Housing: *Total Expenses Grew by 2.6% YoY*

% of Total Expenses per Conventional Housing Unit by Category

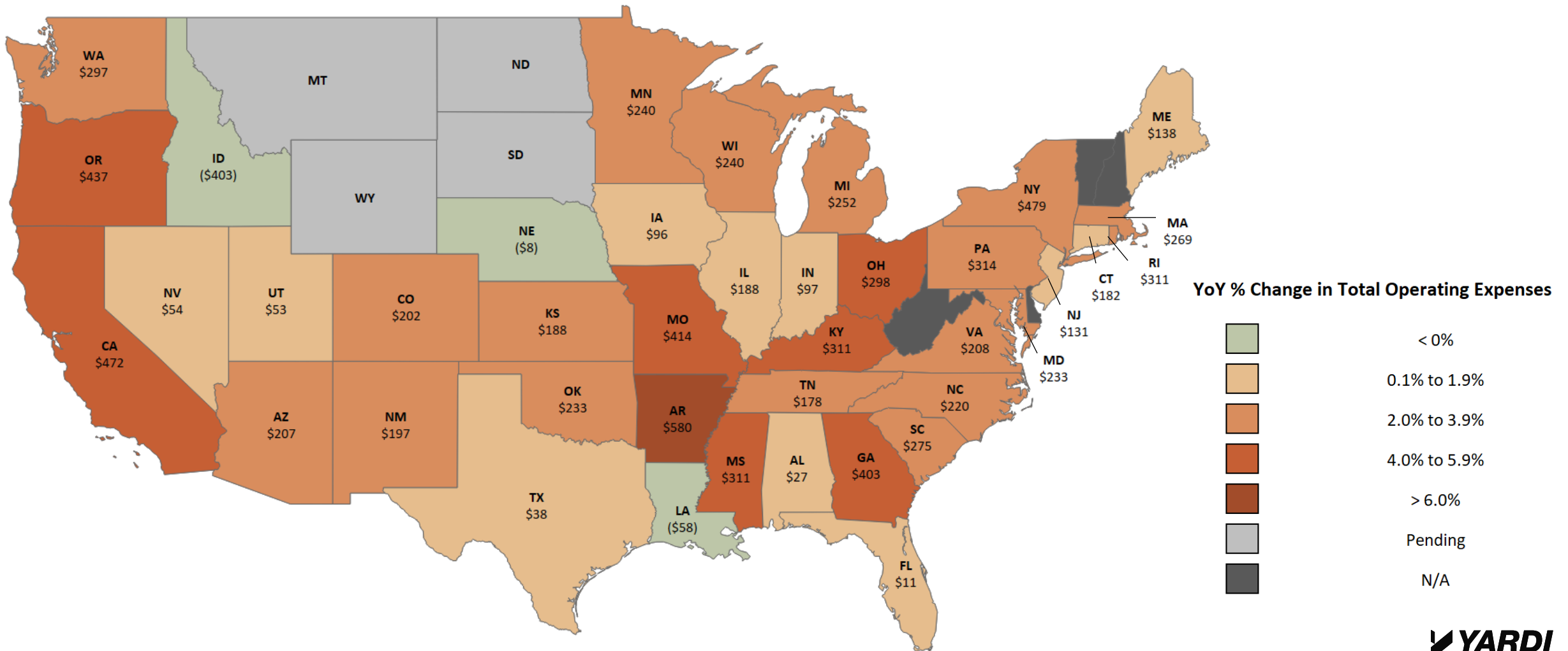


Expense Category	Annual Value Per Unit	YoY % Growth
Taxes	\$2,188	1.5%
Payroll	\$1,931	2.9%
Maintenance	\$1,611	2.0%
Utilities	\$1,373	5.7%
Insurance	\$708	1.3%
Management	\$674	-0.9%
Administrative	\$597	4.9%
Marketing	\$231	4.9%
Other	\$61	12.0%
Total Expense	\$9,374	2.6%



The Western Region of the U.S. Had the Largest Increase in Operating Expenses for Conventional Housing Units at 3.8% Year-Over-Year

YoY \$ and % Change in Annual Operating Expenses per Conventional Unit



MULTIFAMILY INVESTMENT STRATEGIES

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

NEXT WAVE MARKETS

- 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

SUN BELT RECOVERY

- 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

Asking Rents for New Leases Are Declining in Markets With Strong Supply Responses, But it Won't Last Past 2026

Category	Metro	Annual Realized Revenue Growth													
		Mar-20	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Core Market	New York	2.4%	4.7%	4.8%	4.4%	4.4%	4.8%	5.0%	5.2%	7.6%	7.8%	7.1%	7.9%	7.3%	7.6%
Core Market	Chicago	0.4%	3.0%	3.2%	3.5%	3.9%	4.2%	4.3%	4.2%	4.3%	4.3%	4.1%	4.6%	4.8%	4.3%
Next Wave Market	Madison	2.7%	2.3%	2.4%	2.5%	2.3%	2.2%	2.1%	2.1%	2.2%	2.5%	2.4%	2.9%	3.6%	3.9%
Core Market	San Francisco	-0.4%	0.2%	0.5%	0.7%	1.0%	1.5%	1.7%	1.8%	2.0%	2.4%	2.6%	3.2%	3.0%	3.8%
Next Wave Market	Lexington	1.1%	4.9%	4.7%	5.2%	5.5%	6.3%	6.3%	6.6%	5.8%	5.5%	4.9%	4.3%	2.9%	3.7%
Next Wave Market	Cincinnati	3.7%	2.1%	2.1%	2.0%	2.2%	2.2%	2.0%	2.5%	2.8%	3.2%	3.6%	4.0%	4.1%	3.2%
Next Wave Market	Omaha	2.8%	3.0%	3.5%	3.5%	3.4%	3.3%	2.9%	3.2%	3.4%	3.2%	3.2%	3.7%	3.9%	3.0%
Next Wave Market	Dayton	4.1%	4.0%	3.7%	3.6%	3.9%	4.3%	4.4%	4.1%	4.4%	4.4%	4.2%	3.9%	3.3%	3.0%
Next Wave Market	Kansas City	2.7%	3.3%	3.5%	3.4%	3.9%	4.1%	4.0%	3.9%	3.8%	3.8%	3.1%	2.3%	2.7%	2.9%
Next Wave Market	Milwaukee	1.5%	3.8%	3.7%	3.5%	3.4%	3.5%	3.1%	2.9%	2.7%	2.3%	1.7%	2.0%	1.9%	2.1%
Next Wave Market	Oklahoma City	2.9%	2.6%	2.6%	2.3%	2.5%	2.1%	1.9%	2.2%	2.2%	1.6%	1.1%	1.4%	1.3%	1.5%
Core Market	Boston	1.2%	2.7%	2.7%	2.5%	2.4%	2.2%	2.3%	2.2%	1.8%	1.6%	1.4%	1.9%	1.9%	1.4%
Next Wave Market	Indianapolis	3.3%	2.9%	3.2%	3.2%	3.5%	3.4%	3.1%	2.7%	2.8%	2.7%	2.4%	1.5%	1.8%	1.0%
Core Market	Seattle	3.7%	1.6%	1.6%	1.8%	1.9%	2.0%	1.9%	1.5%	1.1%	1.0%	0.9%	0.6%	0.3%	0.5%
Next Wave Market	Louisville	1.5%	4.8%	4.5%	3.9%	3.9%	3.0%	2.1%	1.9%	1.5%	0.9%	0.3%	1.2%	0.5%	0.4%
Next Wave Market	Columbus GA	5.1%	4.8%	4.5%	5.1%	4.1%	3.1%	3.5%	3.1%	2.4%	2.6%	1.9%	1.9%	1.4%	0.3%
Core Market	Washington DC	1.5%	3.2%	3.2%	3.1%	3.2%	3.2%	3.1%	2.7%	2.2%	1.8%	1.4%	1.3%	0.8%	0.3%
Sunbelt Recovery Market	Jacksonville	1.8%	-2.6%	-2.1%	-2.1%	-2.1%	-1.4%	-1.6%	-1.4%	-1.1%	-0.9%	-0.3%	-0.3%	0.3%	0.2%
Core Market	Los Angeles	0.4%	0.3%	0.3%	0.6%	0.8%	1.0%	1.1%	0.9%	0.7%	0.5%	0.2%	0.5%	0.4%	0.1%
Sunbelt Recovery Market	Nashville	3.1%	-2.1%	-2.2%	-1.9%	-1.2%	-1.2%	-1.0%	-0.8%	-0.9%	-1.2%	-0.9%	-0.4%	0.3%	0.0%
Sunbelt Recovery Market	Atlanta	1.4%	-2.5%	-2.2%	-2.0%	-1.8%	-1.5%	-1.2%	-1.0%	-0.8%	-0.6%	0.0%	0.3%	0.7%	0.0%
Sunbelt Recovery Market	Raleigh - Durham	2.5%	-3.3%	-3.3%	-2.7%	-2.3%	-1.9%	-1.4%	-1.3%	-0.9%	-0.8%	-0.6%	-0.7%	0.1%	-0.4%
Next Wave Market	Lafayette	2.2%	6.0%	6.0%	5.7%	4.9%	4.7%	4.6%	3.3%	2.8%	1.7%	1.1%	1.4%	0.3%	-0.4%
Sunbelt Recovery Market	Salt Lake City	1.8%	-1.9%	-2.2%	-1.6%	-1.6%	-1.3%	-1.1%	-1.6%	-1.3%	-1.1%	-1.0%	-1.1%	-0.7%	-0.4%
Sunbelt Recovery Market	Orlando	-0.3%	-2.3%	-2.2%	-2.1%	-1.8%	-1.7%	-1.5%	-1.3%	-1.5%	-1.5%	-1.2%	-1.0%	-1.0%	-0.6%
Sunbelt Recovery Market	Charlotte	3.3%	-2.2%	-1.8%	-1.3%	-0.7%	-0.2%	0.0%	-0.1%	-0.1%	-0.3%	-0.4%	-0.8%	-0.1%	-0.6%
Sunbelt Recovery Market	Miami	1.3%	0.7%	0.5%	0.5%	0.6%	0.7%	0.6%	0.4%	0.4%	0.2%	-0.2%	-0.4%	-0.3%	-0.6%
Sunbelt Recovery Market	San Antonio	0.9%	-3.2%	-3.0%	-2.7%	-2.8%	-2.6%	-2.5%	-2.4%	-2.2%	-2.5%	-1.9%	-1.4%	-1.6%	-1.6%
Sunbelt Recovery Market	Phoenix	5.9%	-2.6%	-2.5%	-2.4%	-2.3%	-2.2%	-2.1%	-2.4%	-2.7%	-2.7%	-2.2%	-2.4%	-2.6%	-3.0%
Sunbelt Recovery Market	Austin	2.0%	-6.3%	-6.0%	-5.9%	-5.9%	-5.6%	-5.4%	-5.6%	-5.2%	-5.3%	-4.9%	-4.7%	-4.3%	-4.0%
Sunbelt Recovery Market	Denver	0.4%	-1.2%	-2.0%	-2.5%	-3.1%	-3.5%	-3.9%	-4.3%	-4.4%	-4.6%	-4.5%	-4.3%	-4.2%	-4.3%



Forecasts Show Next Wave Markets with the Most Multifamily Rent Growth, Core Markets with Modest Growth and Sunbelt Recovery 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
New York	6.2%	98.4%	0.1%	98.5%
Lexington	4.4%	95.6%	2.1%	95.7%
Columbus GA	3.6%	95.0%	1.9%	95.2%
Chicago	3.5%	96.2%	1.6%	96.4%
Kansas City	3.3%	94.7%	1.9%	94.9%
Omaha	3.3%	95.8%	2.7%	95.9%
Madison	3.2%	96.4%	2.3%	96.6%
Lafayette	3.1%	96.3%	3.4%	96.6%
Cincinnati	2.8%	95.1%	2.2%	95.2%
Dayton	2.7%	95.5%	1.0%	95.7%
Oklahoma City	2.5%	93.0%	2.2%	93.2%
Milwaukee	2.2%	96.6%	1.6%	96.7%
Washington DC	2.1%	95.2%	2.1%	95.3%
Indianapolis	2.0%	94.1%	1.9%	94.3%
Boston	2.0%	96.4%	2.1%	96.5%
Louisville	1.9%	94.4%	2.2%	94.6%

Market	YoY Rent Growth Year-End 2025	Occupancy Year-End 2025	YoY Rent Growth Year-End 2026	Occupancy Year-End 2026
San Francisco	1.8%	95.8%	0.8%	95.9%
Seattle	0.9%	95.4%	1.2%	95.6%
Miami	0.6%	95.6%	1.0%	95.7%
Los Angeles	0.6%	96.0%	1.6%	96.2%
Charlotte	-0.5%	94.2%	0.2%	94.3%
Nashville	-0.6%	94.1%	0.3%	94.2%
Raleigh - Durham	-0.7%	93.9%	0.0%	94.1%
Atlanta	-0.9%	93.4%	0.1%	93.6%
Orlando	-0.9%	94.4%	0.3%	94.6%
Salt Lake City	-1.0%	94.8%	0.1%	94.9%
Jacksonville	-1.1%	93.1%	0.0%	93.2%
San Antonio	-1.1%	90.7%	0.7%	90.9%
Phoenix	-2.3%	93.3%	-0.1%	93.4%
Denver	-2.6%	94.3%	1.4%	94.4%
Austin	-3.9%	92.7%	-0.7%	92.9%





CORE MARKETS

BOSTON

SAN FRANCISCO

CHICAGO

SEATTLE

LOS ANGELES

WASHINGTON DC

NEW YORK

The Core Markets: What Has Happened Since the Last Time We Talked?

MAY TRENDS

- **Multifamily rent growth in core markets had recovered**
- **Occupancy had stabilized**

- **Core market performance varied by metro, and some submarkets saw stronger rent growth performance than others**

- **Census data indicated that many core markets were reviving, as immigration offset out-migration**

SEPTEMBER TRENDS

- Core markets still stable
- **Boston, Seattle & Washington DC** posting modest rent growth while **Los Angeles** is slightly down
- **Chicago & New York** remain top rent growth performers
 - Job growth sluggish & limited new supply
- **San Francisco** in upward cycle, recording positive annual rent growth
 - Likely driven by the AI boom, high-paid workers are returning to the city

- **San Francisco** Peninsula rents are still outperforming the East Bay
 - Atherton / Portola leading at 18% YoY, but rent growth is also strongest in downtown (NW SF, Market Street, China Basin and Eastern SF) at 7%+
- In **Boston** and **Washington DC**, suburban rent growth is outpacing urban

- Recent enforcement actions are reducing inflows, especially in cities with outsized undocumented migration (**Los Angeles, New York** and **Chicago**)
 - Net international migration will be lower moving forward
- Early data show measurable declines in arrivals, but full metro-level impacts may take months/ years to register in population estimates



NEXT WAVE OF EMERGING MARKETS

CINCINNATI, OH

COLUMBUS, GA

DAYTON, OH

INDIANAPOLIS, IN

KANSAS CITY, MO

LAFAYETTE, IN

LEXINGTON, KY

LOUISVILLE, KY

MADISON, WI

MILWAUKEE, WI

OKLAHOMA CITY, OK

OMAHA, NE

Next Wave Markets: What Has Happened Since the Last Time We Talked?

MAY TRENDS

- **Next wave markets featured: strong job and rent growth with low supply; emerging tech hubs; regions boosted by re-industrialization or energy production; and pro-growth public policies**

- **Next wave markets recorded 28%-47% rent growth since COVID**

- **Next wave markets flagged in May but excluded from analysis: Knoxville, Central East TX, Columbia (SC), White Plains, North Central FL, Tucson, Portland (ME), Providence (RI), Worcester (MA), Youngstown (OH), Montana**

SEPTEMBER TRENDS

- AI, reindustrialization and energy production are not slowing down in the next wave markets
 - [Kansas City](#), [Madison](#), [Milwaukee](#), [Oklahoma City](#) and [Omaha](#) have made major AI/ data center announcements in recent months
 - Meanwhile, [Cincinnati](#), [Columbus \(GA\)](#), [Dayton](#), [Indianapolis](#), [Lafayette](#), [Lexington](#) and [Louisville](#) have made major manufacturing announcements
- Annual rent growth is still positive, but some are stronger than others
 - Average annual rent growth since May has been as low as 1.4% in [Louisville](#) and as high as 4.2% in [Lexington](#)
- The excluded markets are a mixed-bag; average annual rent growth since May is as low as -2.0% in [Tucson](#) and as high as 4.2% in [Worcester](#)
- New markets to consider: [Colorado Springs](#), [Des Moines](#), [Grand Rapids](#) and [Las Vegas](#) (2025 CBRE Emerging Tech Talent Markets)
 - However, these markets have had weak or modest rent growth

Both AI and Reindustrialization Are Ramping Up in the Next Wave Markets

Market	Notable Announcements/ Developments Since May 2025
Cincinnati, OH	<ul style="list-style-type: none"> • GE Aerospace will invest \$113M in its SW OH manufacturing facilities
Columbus, GA	<ul style="list-style-type: none"> • JS Link America will invest \$223M to establish a new rare-earth permanent magnet manufacturing plant, creating over 520 jobs and producing 3K tons annually starting in 2027 <ul style="list-style-type: none"> ○ The project strengthens the U.S. supply chain for critical industries like aerospace, mobility, energy and defense, while boosting Georgia’s role in advanced manufacturing
Dayton, OH	<ul style="list-style-type: none"> • Joby Aviation plans to build a \$500M large-scale factory, capable of producing up to 500 EVTOL aircraft annually • United Alloy is investing \$48M to expand its Union, OH (Dayton metro) facility to by 350K SF <ul style="list-style-type: none"> ○ The project will add 250 jobs to support rising demand for data center fuel tanks and exhaust components
Indianapolis, IN	<ul style="list-style-type: none"> • Roche will invest \$550M over the next 5 years to expand its Indianapolis facility, making it a hub for manufacturing Continuous Glucose Monitoring (CGM) systems used by diabetes patients



Both AI and Reindustrialization Are Ramping Up in the Next Wave Markets (Cont'd)

Market	Notable Announcements/ Developments Since May 2025
Kansas City, MO	<ul style="list-style-type: none"> • Google's Project Mica will be a \$10B, 500-acre data center campus intended to support Google's AI operations <ul style="list-style-type: none"> ○ Project includes \$1.75M for local workforce development
Lafayette, IN	<ul style="list-style-type: none"> • SK Hynix plans to build a \$3.8B advanced chip-packaging plant
Lexington, KY	<ul style="list-style-type: none"> • Apple is investing \$2.5B in Corning's Harrodsburg, KY (Lexington metro) plant, expanding production of its Ceramic Shield glass so that all iPhone and Apple Watch cover glass will now be made in Kentucky
Louisville, KY	<ul style="list-style-type: none"> • GE Appliances will invest \$490M into its Louisville headquarters, reshoring laundry production from China and creating 800 full-time jobs • Taiwanese electronics giant Foxconn is considering a \$174M manufacturing plant in Louisville which would create 180 new jobs



Both AI and Reindustrialization Are Ramping Up in the Next Wave Markets (Cont'd)

Market	Notable Announcements/ Developments Since May 2025
Madison, WI	<ul style="list-style-type: none"> • Bills passed to advance nuclear fusion development, including a \$2M site study and a new board to promote research and host a 2028 summit, aiming to position the state as a national leader in clean energy innovation • Wisconsin passed 2025 Act 16 to exempt Port Washington and Beaver Dam from tax district limits, paving the way for major data center projects <ul style="list-style-type: none"> ○ The law is part of the state's push to attract tech investment and expand its data center industry
Milwaukee, WI	<ul style="list-style-type: none"> • Microsoft has announced plans to increase its investment in Wisconsin to over \$7B, including a second massive AI data center <ul style="list-style-type: none"> ○ Part of that investment is a \$4B expansion of its data center in Mount Pleasant
Oklahoma City, OK	<ul style="list-style-type: none"> • Google is investing \$9B in Oklahoma over the next 2 years to expand its AI & cloud infrastructure <ul style="list-style-type: none"> ○ Includes building a new data center campus in Stillwater, expanding its facility in Pryor and establishing education and workforce training programs • Oklahoma's Hamm Institute Lab is launching AI testbeds and energy R&D initiatives, including work on grid modernization and advanced nuclear, geothermal, natural gas, to support AI demand
Omaha, NE	<ul style="list-style-type: none"> • Omaha Public Power District (OPPD) is adding two new natural gas power plants in response to rising energy demand from manufacturing and AI usage • The Greater Omaha Chamber and nonprofit Scott Data launched a partnership to accelerate AI adoption among local businesses, especially small and midsize firms, through training, technical help, and affordable access to computing infrastructure



CBRE Has Identified Four Emerging Tech Talent Markets in the U.S. Based on a Multitude of Factors*

- **Colorado Springs**
 - Military and educational institutions underpin a growing tech industry focused on aerospace, defense, IT and cybersecurity, supported by a rising startup ecosystem and talent pipeline
- **Des Moines**
 - Des Moines has become a hub for agtech, fintech, insurance, data centers and manufacturing, driven by low costs, tax incentives, public-private partnerships, a central U.S. location and strong university-backed talent
- **Grand Rapids**
 - This market specializes in software, manufacturing tech and cybersecurity, with talent growth fueled by local organizations, public-private partnerships, population gains and strong college graduate pipelines
- **Las Vegas**
 - The region's tech ecosystem spans AI, cybersecurity, green tech and software, supported by startups, major tech firms, UNLV's supercomputing institute, major conferences, no state tax and low living costs
- **Stamford, CT**
 - Stamford is emerging as a tech hub in finance, cybersecurity and healthcare, leveraging its location near top universities and New York City to attract startups and established tech firms



SUNBELT RECOVERY MARKETS

ATLANTA

NASHVILLE

AUSTIN

ORLANDO

CHARLOTTE

PHOENIX

DENVER

RALEIGH-DURHAM

JACKSONVILLE

SALT LAKE CITY

MIAMI

SAN ANTONIO

The High Supply Markets: What Has Happened Since the Last Time We Talked?

MAY TRENDS

- **Nearly all high supply markets hit their peak for new supply**
- **High supply markets had seen net absorption plummet since 2022**
- **Rent growth had gradually slowed as a result**
- **Opportunities lay in low-supply submarkets with above-market rent growth**
- **Recovery expected to be gradual, with high-supply markets turning positive by YE 2026 and normalizing at 2-4% in subsequent years**

SEPTEMBER TRENDS

- Starts have declined sharply across all markets, with completions projected to fall through 2026-2028 before gradually improving in 2029-2030
- Net absorption has strengthened in 2025 for several markets, with the highest net absorption-to-completions ratios led by [Jacksonville](#) (1.8), [San Antonio](#) (1.7), [Austin](#) (1.3), [Charlotte](#) (1.2) and [Salt Lake City](#) (1.0) in Q3 2025
- Annual rent growth was negative in all high supply markets, as the national drop marked the worst September decline in over a decade
- Opportunities remain: In 2025, submarkets such as Southwest Bexar County ([San Antonio](#)), Pulaski ([Nashville](#)) and Polk County ([Atlanta](#)) have recorded double-digit annual rent growth almost every month
- Recovery is expected later, with all high-supply markets turning positive by YE 2027 and rent growth normalizing at 3-4% by YE 2030; Renewals cushion the impact in '26 & '27
- Some markets are projected to recover earlier, as [Miami](#), [Denver](#) and [San Antonio](#) are forecasted for positive growth for all quarters through 2026

Recap of 2025: *What Did We Predict, and How Did Things Shake Out?*

2025 RECAP

- **Supply:**
 - Predicted: Multifamily completions were expected to decline in 2025 after 2024's peak
 - Outcome: Multifamily completions still expected to decline in 2025 and the following years
- **Core Markets:**
 - Predicted: Core market rent growth & occupancy stabilizing; Immigration offsetting out-migration
 - Outcome: Core markets held, led by Chicago, New York and San Francisco; Immigration inflows slowed due to enforcement
- **Next Wave Markets:**
 - Predicted: Strong job & rent growth in low-supply, pro-growth tech & industrial markets
 - Outcome: AI & manufacturing booms continue; rent growth varies (1.4%–4.2%); Some excluded markets show promise, but rent trends are mixed
- **Sunbelt Recovery Markets:**
 - Predicted: High-supply markets would recover gradually, turning positive by YE 2026; Rent growth would normalize at 2%–4%; low-supply submarkets offered near-term upside
 - Outcome: Starts declined; absorption improved in most markets; Recovery now expected later, with positive rent growth for all markets by YE 2027; Renewals cushion the impact in '26 & '27

What Do We See Going Into Next Year?

2026 OUTLOOK

- **Overall, things will be about the same...**
- **Supply** will continue to wane, with completions declining through 2027
- **Demand** may recede at the same level, however, occupancy rates expected to remain relatively stable
- **Rent growth** recovery expected, with national rent growth stabilizing around ~3% by 2028, supported by high-income renters-by-choice who remain priced out of ownership due to high mortgage rates and limited supply
- Expect **transaction volume** to pick up by mid-2026 as capital costs ease and recovery in 2026-28 takes hold, though likely at a more moderate pace than initially anticipated
- **Tax law benefits** will take time to emerge; we think it will begin late in the second quarter of 2026
 - **Enhanced business depreciation** incentives support CRE, though their potential as a supply-side stimulus remains underrecognized
- Solid, if somewhat slower, **economic activity**
 - **GDP growth** expected to accelerate somewhat to around ~2% in 2026 after a choppy 2025
 - **Unemployment** will rise before stabilizing around ~4%
 - Fed lowered **interest rates** by a quarter-point and signaled that more cuts could be ahead, which will help mitigate the weakness exhibited by the economy, giving it marginally more strength
 - **AI Driven productivity** may be the “supply shock” necessary to hold the economic picture together, but just barely until re-acceleration occurs mid-year 2026



Upcoming Events

NMHC Student Housing Conference

OCTOBER 20TH, 2025

Yardi Matrix Affordable Housing National Outlook

NOVEMBER 13TH, 2025

AHF Live

NOVEMBER 17TH, 2025

Yardi Matrix Student Housing National Outlook

DECEMBER 10TH, 2025

Find more information and register at:

www.YardiMatrix.com/webinars



THANK YOU!

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