2022 MULTIFAMILY

NATIONAL INVESTMENT FORECAST

IPA | INSTITUTIONAL PROPERTY ADVISORS

TO OUR VALUED CLIENTS

To Our Valued Clients,

The health crisis unlocked a wave of medical, economic and societal changes that continue to have a profound impact on the housing market. The pandemic-driven economic shutdown and ensuing brief but severe recession took a toll on employment and lifestyles. Working from home and social distancing altered housing needs, labor markets and where people opt to live. Inflation, labor shortages and supply chain challenges continue to weigh on the economy and the outlook for 2022. Ultimately, these many changes have created opportunities, especially for institutional multifamily investors.

Household formation has surged, driving housing demand to record highs. Migration trends and changing lifestyles have transformed multifamily markets across much of the country. Supply chain disruptions have slowed the development pipeline, mitigating future supply risks, and elevated inflation looks like it will be the hallmark of the 2022 economy, making multifamily assets a prime hedge for investors.

The health crisis has driven the alignment of factors that coalesced into record rental housing performance. Last year, multifamily properties delivered record low vacancy rates, record rent growth and record price appreciation in numerous markets across the U.S. Exceptional capital liquidity has channeled into multifamily assets at an unprecedented level, driving competition for large professionally managed assets and pushing prices beyond the historical norm. Despite record low multifamily cap rates in many markets, the long-term demand drivers and inflationary outlook reinforce the aggressive underwriting when multi-year hold periods are considered. The economic and societal trends that drove stellar fundamentals remain in place for 2022 and likely beyond, boding well for multifamily investments.

To help institutional commercial real estate investors adapt to and capitalize on the unprecedented health crisis-driven economic and investment climate, Institutional Property Advisors presents the 2022 National Multifamily Investment Forecast. As always, our investment brokerage and financing specialists across the U.S. and Canada are at your disposal, providing street-level guidance to empower your decisions.

Thank you and here's to your continued success,

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National Perspective

Market Overviews

Client Services

Developed by IPA Research Services. Additional contributions were made by IPA investment brokerage professionals nationwide.

National Multifamily Index (NMI)

- Nation-leading rates of job creation and household formation place Orlando at the top of the U.S. National Multifamily Index for 2022. Robust in-migration also positions other major Florida and Southwest metros near the top of the rankings.
- Greater ground to make up after the impact of the pandemic place primary gateway markets such as Seattle-Tacoma (#18), San Francisco (#20), and San Jose (#21) toward the middle of the Index for this year. Uncertainty over the return-to-office process places New York (#27) slightly lower.

National Economy

- Savings accumulated during the pandemic is supporting record retail spending and robust housing demand, buttressing the overall economy. The main impediment this year is high inflation, driven in no small part by supply chain disruptions that will persist throughout 2022.
- After the shock and recovery pattern of 2020 and 2021, employers began this year facing an acute shortage of qualified candidates. Labor participation dropped at the onset of the pandemic and may take some time to recover as employee expectations of workplace flexibility are higher and some households retired or transitioned to one income.
- Competition for talent will continue to lift wages after an already rapid climb in average earnings in 2021. Higher pay should prompt more people to join the workforce, while also raising employee costs. These two forces will drive the labor market to a new equilibrium this year.

National Apartment Overview

- After a banner period for multifamily properties in 2021, fundamentals are projected to improve even further this year, albeit at a more typical pace. Housing demand will continue to grow, surpassing a record 400,000 units of construction to keep availability low across quality tiers. Difficulties obtaining some raw materials and labor do, however, increase the chance that some projects could be delayed until 2023.
- The health crisis accelerated household migration from dense urban cores to more suburban settings. The aging of the population will continue to support suburban relocations, although central business districts will also see new renter demand, fueled by reopened lifestyle amenities.
- Federal stimulus and eviction moratoriums kept many renters in place despite job losses and other hardships. While eviction moratoriums have ended, over $40 billion in rental aid is being rolled out, helping prevent mass relocations.

Capital Markets

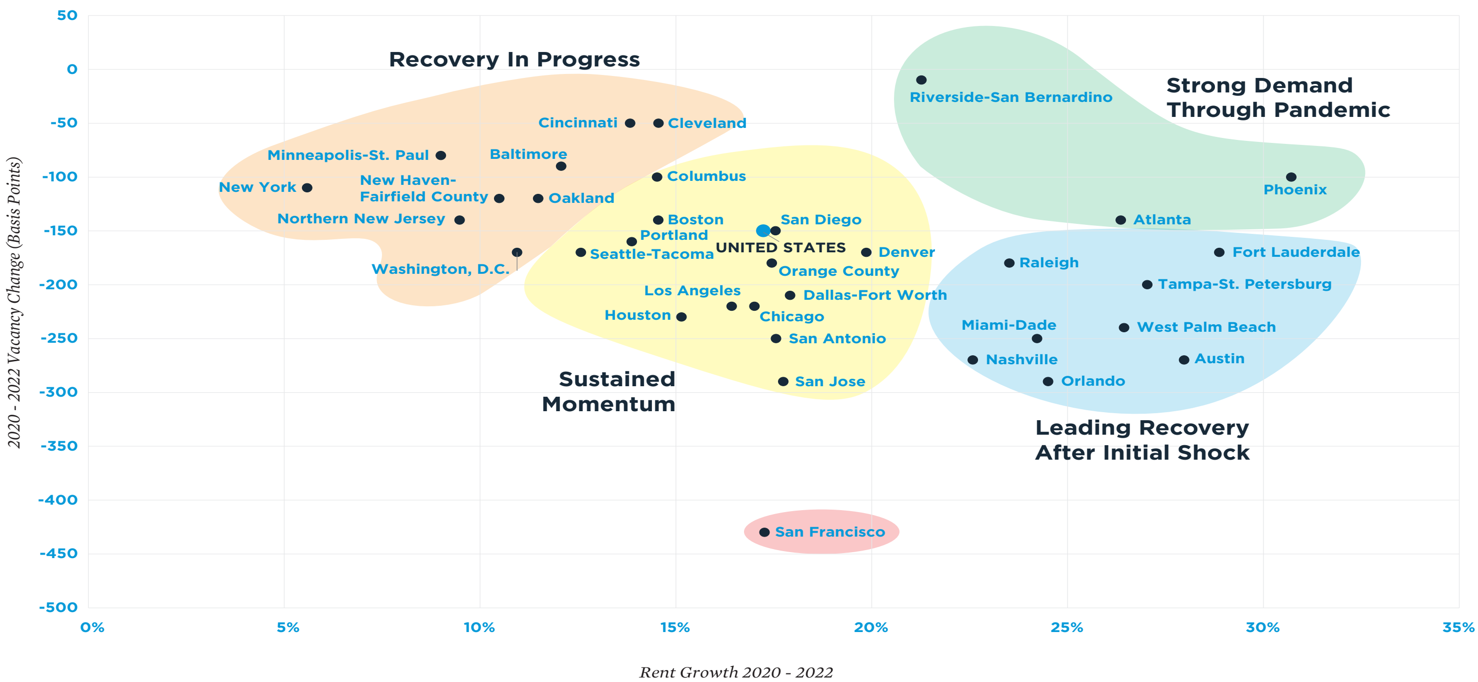
- The Federal Reserve will balance controlling inflation with sustaining economic growth. The Fed has already begun unwinding its $120 billion per month asset purchase program, which should conclude before mid-2022. More than one rate hike has been implied for this year as well.
- Capital is readily available for multifamily investment this year following a robust period for originations in 2021. Most lenders have returned in force after the initial phase of the pandemic, when Freddie Mac and Fannie Mae played a critical stabilizing role.
- Inflation worries highlight the strong potential of multifamily properties as a favorable option in such a climate. Appreciating property values and the ability to adjust rents contribute to the positive outlook and are likely to draw new buyer demand this year.

Investment Outlook

- The multifamily investment landscape concluded 2021 with a historic level of trading activity following a marked slowdown in 2020, translating into compressing cap rates. Best-in-class assets in the most sought-after markets are changing hands with yields in the mid-2 percent range.
- The search for yield amid an increasingly competitive bidding environment will compel investors to consider assets across a range of new markets. This corresponds with a demographic shift to secondary/tertiary cities that is benefiting apartment operations.
- Anticipated gradual increases in interest rates this year will likely have little impact on multifamily investment. However, unexpectedly high inflation could prompt the Fed to raise rates much faster, potentially curtailing investment sales activity.

Post-Pandemic Recovery Not One-Size-Fits-All

2020-2022 Vacancy Change vs. 2020-2022 Rent Growth



Top 10 Markets by Rent Growth

Highest Rent Growth	Change Since 2020	Vacancy Change Since 2020 (bps)
Phoenix	30.7%	-100
Fort Lauderdale	28.9%	-170
Austin	28.0%	-270
Tampa-St. Petersburg	27.0%	-200
West Palm Beach	26.4%	-240
Atlanta	26.4%	-140
Orlando	24.5%	-290
Miami-Dade	24.2%	-180
Raleigh	23.5%	-180
Nashville	22.6%	-270
U.S.	**17.2%**	**-150**

Lowest Rent Growth	Change Since 2020	Vacancy Change Since 2020 (bps)
New York City	5.6%	-110
Minneapolis-St. Paul	9.0%	-80
Northern New Jersey	9.5%	-140
New Haven-Fairfield County	10.5%	-120
Washington, D.C.	11.0%	-170
Oakland	11.5%	-120
Baltimore	12.1%	-90
Seattle-Tacoma	12.6%	-170
Cincinnati	13.8%	-50
Portland	13.9%	-160
U.S.	**17.2%**	**-150**

2022 Recovery Classes

Leading Recovery After Initial Shock: Markets in this category are distinguished by outsized declines in vacancy and rental rates that are climbing well above pre-pandemic benchmarks. Robust in-migration, household formation and corporate expansion have led to unprecedented levels of renter demand following negative shocks to availability during 2020.

Strong Demand Through Pandemic: The metros in this cohort share many of the same exemplary demographic trends as the above category, with a similarly favorable effect on rents. Vacancy rates have declined by less, largely due to a lack of rising availability in 2020.

Sustained Momentum: Markets in this group are performing broadly in line with the nation as a whole. Metros such as Orange County already have tight vacancies without much room left to contract, while supply additions constrain rent growth in Dallas-Fort Worth. An outsized pandemic shock to San Jose in 2020 leaves room left for the market to recover this year.

Recovery in Progress: Some of the metros in this category feature less robust employment and household creation trends, including Baltimore. Others, such as New York, are still recovering after weathering significant impacts to operations early in the health crisis. Certain markets face unique challenges, as is the case with new rent controls enacted in St. Paul.

Specialty Cases: San Francisco is in a league of its own. Following a significant setback in 2020, vacancy in the metro is dropping sharply back toward historical norms, while the comparatively elevated nature of monthly rates places an upper limit on rent growth possibilities.

U.S. Multifamily Index

Housing Availability, Labor Market Improvements and Migration Patterns Impact Investment Strategies in 2022

Florida, Texas and Rocky Mountain metros command top Index positions. Nation-leading rates of job creation and household formation characterize many of the markets that lead this year's U.S. Multifamily Index. Orlando claims the top spot by surpassing all other ranked metros in these two categories, in turn fostering outsized jumps in effective rent. High rates of rent growth, bolstered by robust in-migration, distinguish many of the top-performing metros in the Index, including Fort Lauderdale (#2), Phoenix (#4) and Austin (#5). Many coastal residents are moving to these metros for lower-cost living arrangements. Other major Florida markets also populate the top 10 for similar demographic reasons. Individuals, predominantly from the Northeast and Midwest, are relocating to the warmer climates of West Palm Beach (#3) and Tampa (#6). Rapid hiring in Miami (#8) is also driving renter demand in the market, while strong pre-pandemic property performance and a relatively quick economic recovery place Atlanta in the seventh slot. Other metros favored with hearty population expansions, including Dallas-Fort Worth (#10) and Raleigh (#12), sit slightly lower due to large construction pipelines that add short-term vacancy pressure.

Gateway markets fall lower in rankings with more ground left to make up. The Bay Area metros of San Francisco (#20) and San Jose (#21) lie just below the middle of the Index as the region continues to recover from the pandemic despite growing staff counts. Employers in tech-centric Seattle-Tacoma (#18) are also hiring, although a heavy development pipeline adds near-term pressure. A nation-leading 7 percent increase in inventory this year also places Nashville (#17) about center in the rankings despite overall favorable household growth. Conversely, minimal building activity is benefiting Los Angeles (#19), where vacancy is also tight. Uncertainty regarding the degree and speed to which companies and public agencies return staff to offices plays a prominent role in the positioning of Washington, D.C. (#26) and New York (#27) in the bottom half of the Index. As with the higher-ranked markets, demographics heavily factor into which metros fall into the lower bound of the Index. The populations of Chicago (#29) and Cleveland (#31) will mildly contract this year, while slow household and job creation places Baltimore at 34.

Index Methodology

The NMI ranks 34 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including projected job growth, vacancy, construction, housing affordability and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to show relative supply-and-demand conditions at the market level.

Users of the Index are cautioned to keep several important points in mind. First, the NMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NMI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, the NMI is an ordinal Index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

Market Name	Rank
Orlando	1
Fort Lauderdale	2
West Palm Beach	3
Phoenix	4
Austin	5
Tampa-St. Petersburg	6
Atlanta	7
Miami	8
Denver	9
Dallas-Fort Worth	10
Riverside-San Bernardino	11
Raleigh	12
Portland	13
San Antonio	14
Orange County	15
Houston	16
Nashville	17
Seattle-Tacoma	18
Los Angeles	19
San Francisco	20
San Jose	21
San Diego	22
Columbus	23
Minneapolis-St. Paul	24
Oakland	25
Washington, D.C.	26
New York	27
Cincinnati	28
Chicago	29
Boston	30
Cleveland	31
New Haven-Fairfield County	32
Northern New Jersey	33
Baltimore	34

[1] *See National Multifamily Index Note on Page 80.*

Economic Outlook Robust Regardless of Labor Shortage and Inflationary Pressure

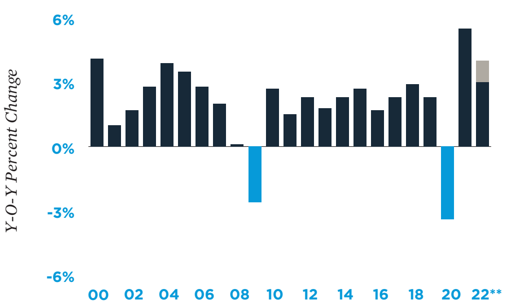
Job creation, pent-up savings propel economy forward amid inflation concerns. Despite the challenges of the past two years, households entered 2022 with more aggregate wealth than they had before the pandemic. Multiple sizable stimulus packages and a recovering labor market have helped those who temporarily lost jobs, while individuals who maintained incomes had fewer outlets for consumption during lockdowns. Overall, 2022 began with more than $5 trillion additional funds in savings deposits and money market funds than before the pandemic. This accumulated wealth is supporting record retail spending and robust housing demand, buttressing the overall economy. The main impediment to this positive outlook is high inflation. While the Federal Reserve considers many of the factors driving this trend to be transitory, several components will likely persist through 2022. This implies inflation will likely continue to exceed historical norms through a large portion of this year, eroding some of the real value of the accumulated savings.

Labor market to find new balance this year. After the unprecedented loss of 22.4 million jobs in spring 2020 and the equally unprecedented recovery of about 20 million of those positions over the subsequent 20 months, employers entered 2022 facing a shortage of qualified candidates. Participation in the labor pool dropped at the onset of the health crisis as some individuals retired early or stayed home to take care of children. While health concerns are abating and students are largely back in classrooms, labor participation may take time to fully recover. Some households have transitioned to one income, while employee expectations of workplace flexibility are higher. Companies pressing for complete returns to offices may face some staff shakeup this year. Competition for talent will continue to lift wages after the average pay accelerated by roughly 5 percent in 2021. Higher earnings should prompt more people to join the workforce, while at the same time rising employee costs require firms to streamline operations. These two forces will drive the labor market to a new equilibrium between business needs and available human capital this year, from which future organic employment growth can occur.

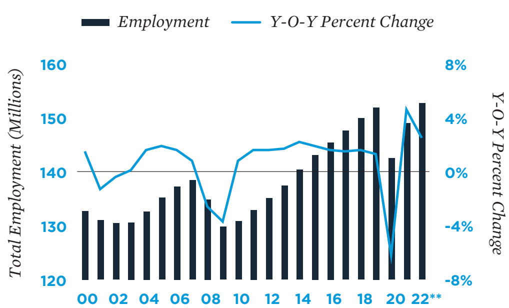
2022 National Economic Outlook

- **Shortage of dwellings constrains household formation.** New job opportunities and household debundling will contribute to the formation of 1.6 million households this year, which aligns with the number of new residences that will be constructed in 2022. While this figure is a record, the population-driven growth would likely be higher, were it not restrained by the housing shortage. Homebuying picked up last year, aided by low mortgage rates, as inventory for sale dropped. The corresponding lift in prices, over 20 percent at the peak, has ultimately pushed homeownership beyond the means of many, further reinforcing multifamily housing demand.
- **Supply shortfall creates persistent inflation pressure in 2022.** The widespread shortage of supplies, ranging from raw materials to finished products, contributed substantially to last year's historic inflation. Fewer goods relative to demand, combined with added production expenses and transportation costs, drove inflation to its highest level in more than 30 years. This may force Fed action, putting upward pressure on interest rates.
- **Infrastructure improvements bolster longterm economic outlook.** New funding for nationwide infrastructure improvement will begin to be applied this year. While the process will take time, repairing and expanding the nation's inland waterways, roads and bridges, as well as utilities, will help the country avoid a future logistics logjam like the one it is currently experiencing. Over time, the significant capital investment and removal of inefficiencies will aid economic growth and may drive new private investment.

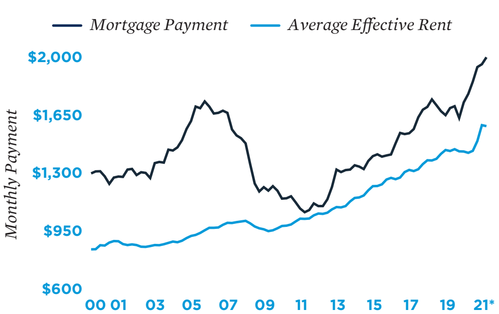
GDP Growth Trends



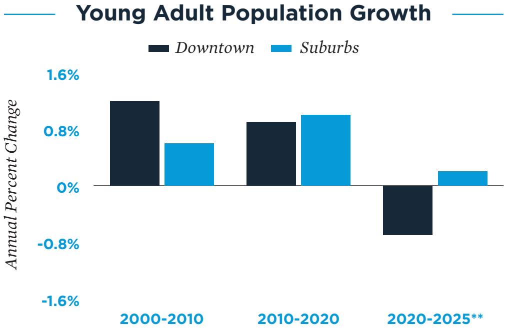
Employment Trends



Apartment Rent and Home Payment Trends



Young Adult Population Growth



* Estimate
** Forecast

Record Housing Demand Exceeds Ample Development; Migration Trends Redefine Most Sought After Rentals

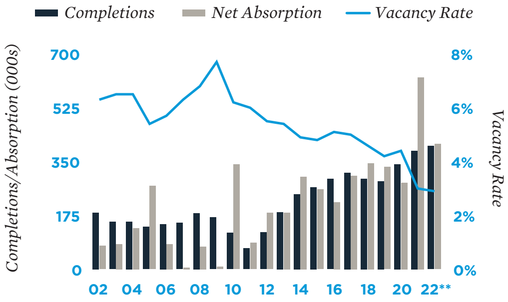
Housing demand to surpass landmark supply wave. Last year was a banner period for apartments. After the struggles of 2020 put many life decisions on hold, renewed job creation and a broad economic reopening led to a surge in multifamily leasing. A record number of units were absorbed on a net basis in 2021, driving the national vacancy rate down to the lowest year-end level in more than two decades. The average effective rent grew by a similarly historic margin. Fundamentals across property tiers are projected to improve even further this year, albeit at a more typical pace following the negative shock and recovery pattern observed in 2020 and 2021. The scale of gains will also be tempered by ample construction activity. A record 400,000 rentals are slated for completion this year, although more difficulty obtaining raw materials and labor creates a higher-than-normal chance that some projects will be pushed into 2023. While likely to be more sizable, the national development pipeline is also more dispersed this year. The 10 metros welcoming the most openings represent about 40 percent of all deliveries, down from 45 percent in 2019. About half of all major metros will actually record fewer new units in 2022 than in 2021. Household growth is also accelerating, which will drive absorption above openings, keeping Class A availability near last year's multi-decade low and facilitating continued rent growth.

Urban areas recover as suburban demand intensifies. The onset of the global health crisis and associated lockdowns accelerated a migration of households from dense urban areas and large gateway markets to more suburban settings and secondary/tertiary metros. Vacancy in the central business districts of the country's primary markets rose 230 basis points in 2020, versus a 10-basis-point contraction among suburban submarkets in smaller cities. Availability has continued to compress in these secondary and tertiary locales even as the severity of the pandemic has eased. Excluding immigration, an estimated 44 million people will enter their 30s over the next decade, a stage of life associated with family formation. Growing households are likely to seek larger accommodations, which are more affordable outside of downtown areas. While this demographic migration will continue for the near future, urban cores are also recovering at a fast clip. The 2020 shock to primary market CBDs reversed by the third quarter of last year, with further improvement anticipated. Reopened lifestyle amenities such as bars, restaurants and entertainment venues, the ongoing return to offices, and a new class of recent college graduates all fuel demand for the unique lifestyle offered by urban apartments.

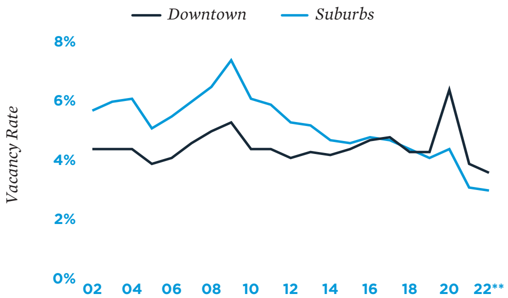
2022 National Apartment Outlook

- **Larger units, workspaces and pet-friendly options gain importance.** While the health situation is improving, lifestyle trends adopted during the pandemic will not be so quickly forgotten. The uptick in remote work has placed an added emphasis on greater apartment square footage as well as common coworking spaces within facilities. A sharp increase in pet ownership during lockdowns also now raises the importance of pet-friendly properties.
- **Federal aid wards off worst-case eviction scenarios.** Historically, changes in the Class C vacancy rate have moved in tandem with the unemployment rate. During the pandemic, however, when unemployment jumped to 14.8 percent, Class C vacancy never rose above 4 percent. Federal stimulus and eviction moratoriums kept many renters in place despite job losses and other hardships. While eviction moratoriums have ended, over $40 billion in rental aid is being rolled out, helping prevent mass relocations.
- **Housing demand expands into single-family rentals.** As millennials age, a greater number are favoring the unique characteristics of single-family layouts, yet many lack the ability to own a home. Under-construction build-to-rent single-family housing communities are poised to capture a large share of this demand, with single-family rents climbing 10 percent last year on average.

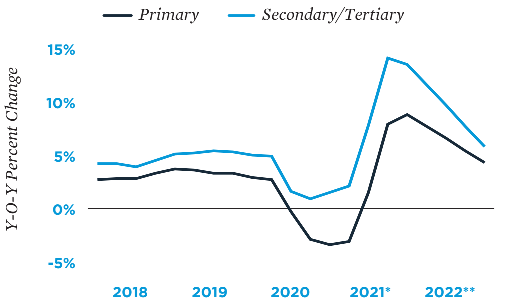
Supply and Demand Trends Normalize



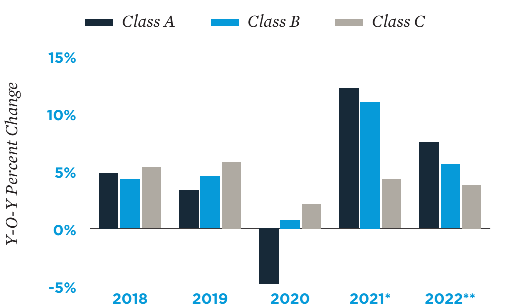
Vacancy Improves in Downtown & Suburbs



Rent Growth by Market Type

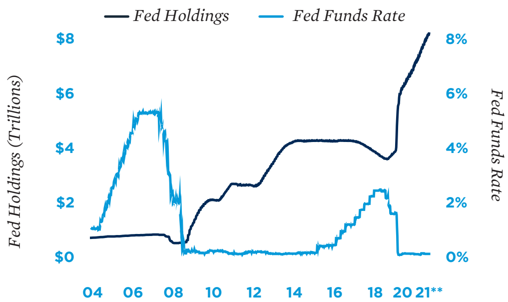


Rent Growth by Class

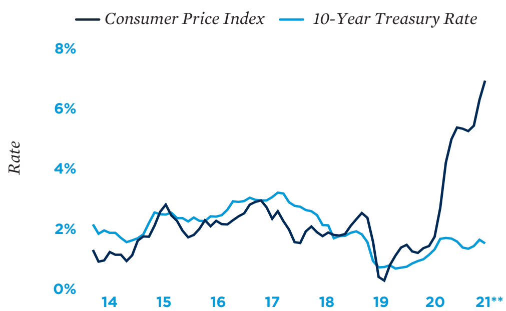


* Estimate
** Forecast

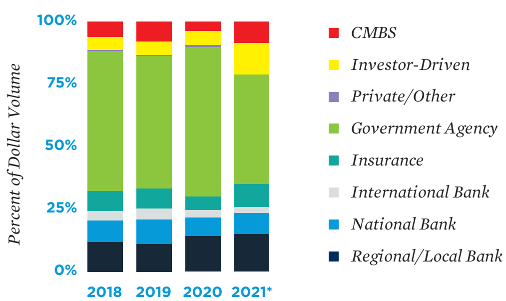
Accommodative Monetary Policy



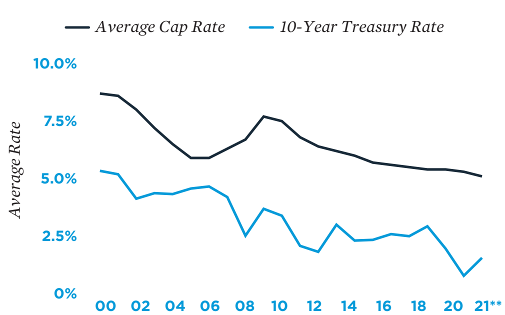
Inflation Climbs to Historic Levels



Apartment Lender Composition



Apartment Cap Rate vs. Treasury



** Estimate*
*** Through Dec. 15; CPI through November*

Fed Balances Economic Growth With Inflation Worries; Capital Broadly Available for Multifamily Investment

Fed easing health crisis support amid inflation concerns. In 2022 the Federal Reserve will need to balance controlling inflation with sustaining economic growth. Following the pandemic-induced recession of 2020, the Federal Open Market Committee anticipated accelerated inflation and established policies permitting an extended period of above-2 percent price growth. That expectation became reality last year when multiple consumer pricing indices spiked by multidecade-high margins. Inflation is being driven in large part by raw materials shortages, production shutdowns, labor shortages and logistics-induced supply shortages. These headwinds should diminish over time as challenges in the supply chain are overcome. Recent increases in wages, however, will prove more permanent. In response, the Fed began unwinding its $120 billion per month asset purchase program in November last year, which should conclude before mid-2022. The FOMC has also implied that they will raise the overnight lending rate more than once this year. Factors that could delay this action include a slowdown of the labor market recovery, an unanticipated shock to interest rates, or the sudden worsening of the health situation. These or other scenarios could prompt the Fed to extend quantitative easing or delay rate hikes.

Bullish outlook by lenders amplifies capital liquidity. Capital is readily available for multifamily investment this year following a record period of originations in 2021. Most lenders have returned in force since the initial phase of the health crisis, when Freddie Mac and Fannie Mae played a critical role in stabilizing the financing landscape. Private debt funds have become especially active, enabling investors to reposition non-stabilized assets by offering variable rate bridge capital at loan-to-value (LTV) ratios rising above 70 percent. Once a property is stabilized, operators often refinance with more traditional lenders, including local, regional and national banks as well as the agencies, who provide loans with more conservative terms. Life insurance companies continue to allocate capital for properties in urban centers, with LTVs generally in the low-60 percent range. Financiers are anticipating an active year, indicated by the increase in Freddie Mac and Fannie Mae's combined loan purchase cap from $140 billion in 2021 to $156 billion, although at least 50 percent of those funds must be allocated to mission-driven affordable housing.

2022 Capital Markets Outlook

- **Debt funds more active in construction lending.** As with the acquisition market, debt funds have taken a more prominent role in providing financing for apartment construction. Local, regional and national banks are still the primary financiers, however, with capital available for both suburban garden-style properties as well as more central mid- and high-rise buildings. Multifamily construction starts slowed by nearly 40 percent during the health crisis but have since returned to pre-pandemic levels.
- **Apartments offer compelling long-term return potential.** While stabilized multifamily properties are changing hands at a premium with correspondingly tight cap rates, long-term renter demand growth justifies investment. While first-year yields may not exceed financing costs, an acute housing shortage exacerbated by an aging population and supply shortages creates strong rent growth potential beyond 2022, leading to greater returns over a further time horizon.
- **Inflation concerns favor apartment assets.** In addition to the many other favorable factors driving multifamily investor demand, inflation worries are highlighting the property type's potential as an inflation hedge. Appreciating property values and the ability to adjust rents position apartments as a favorable option in a higher-inflation climate, a dynamic likely to drive new buyer demand this year.

Investors Shrug Off Pandemic Hurdles; Resurgent Transaction Activity Pressures Yields

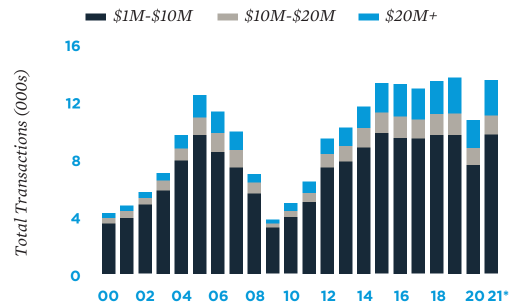
Institutional demand returns to pre-pandemic track as uncertainty diminishes. The investment landscape for multifamily properties concluded 2021 with robust trading activity following a marked slowdown the year prior. After a 22 percent contraction in 2020, the transaction velocity for apartments priced $20 million and above expanded by approximately 40 percent last year to post activity on par with the most liquid years on record. Initial concerns over a lifestyle transition away from renting have given way to historically low vacancy levels and double-digit rent growth, resolving uncertainty that paused some investment. Trepidation over changes to the capital gains tax rate also prompted some sellers to complete deals before any legislation was finalized. Abundant investor demand has translated into higher sales prices as a result. The U.S. average price per unit rose about 6 percent in 2021 to over $210,000. Cap rates have compressed as a result, with the national mean dropping into the mid-4 percent band. Best-in-class assets in the most sought after markets are changing hands at initial yields in the mid-2 percent range, with historically low interest rates assisting with deal flow. Interest rates are expected to rise this year, which may restrain the downward pressure on multifamily yields. Paired with often intense bidding competition, this trend will likely drive investors to consider new markets, given limited options in established locations.

Investors consider opportunities in new markets and development options. The search for yield amid an increasingly competitive bidding environment is compelling institutions to consider a wider range of markets than they have in the past. Over the past 20 years, the share of trades priced over $20 million occurring in secondary and tertiary metros has risen from about 45 percent in 2000 to over 65 percent in 2021. Beyond higher yields for comparable assets, properties in non-primary markets also benefit from favorable demographics. The general aging of the population will continue to encourage relocations to areas with larger living spaces and lower tax burdens. Investors are also pursing alternative investment strategies, including in-progress assets and ground-up construction. The number of land transactions for future development has nearly doubled over the past three years. Some investors prefer the return prospects from construction relative to current tight cap rates, even with higher material and labor costs. These land trades are most common in high-population growth areas, including major markets in Florida, Texas, North Carolina and Arizona, that should facilitate rapid lease-up. The sale of properties still under construction has also become much more frequent, indicating buyer demand for assets without immediate income.

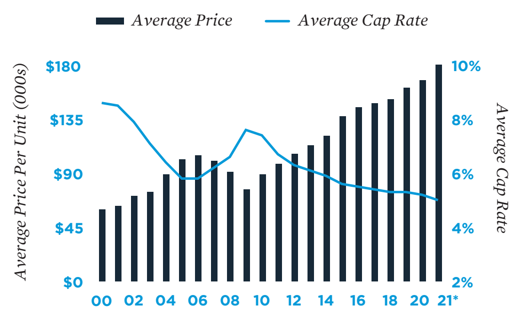
2022 Investment Outlook

- **Funds confident in urban areas.** REITs and other publicly traded funds have collectively become more active on the acquisition side of exchanges. After six consecutive quarters of net dispositions, aggregate investment volume shifted to net acquisitions in the July-to-September period of last year. Demand was highest for mid- and high-rise properties, speaking well of the long-term outlook for urban areas held by these entities with extended investment horizons.
- **More capital from outside the U.S. considering apartments.** Competition from domestic buyers has constrained the amount of investment dollars that have crossed the U.S. border in recent quarters to about 8 percent of dollar volume. Nevertheless, an increasing amount of capital from out-of-country is going into multifamily assets. Top foreign capital sources for apartments include Canada, the United Kingdom, and Saudi Arabia.
- **Multifamily conversions becoming more popular.** Investors and developers both are focusing more attention on adaptive reuse. A record 20,000 apartments opened last year as part of conversions, with the forward-looking pipeline appearing similarly elevated. Underused offices and hotels have become more popular candidates for conversion in recent years, which allow for reduced construction timelines and budgets.

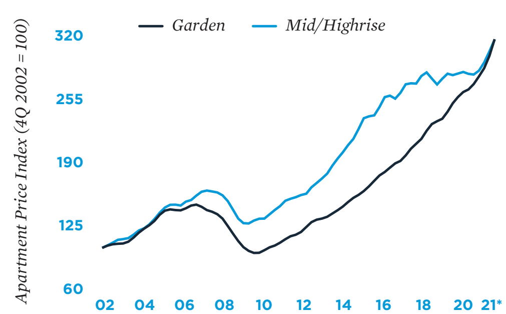
Apartment Transaction Activity



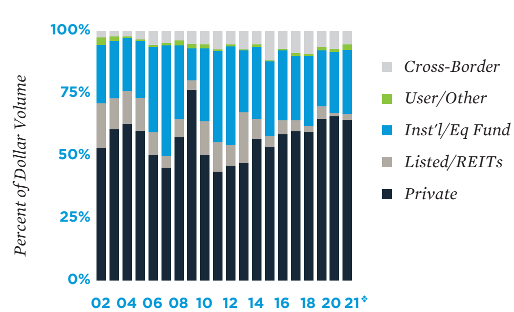
Price vs. Cap Rate



Apartment Price Index



Apartment Buyer Composition

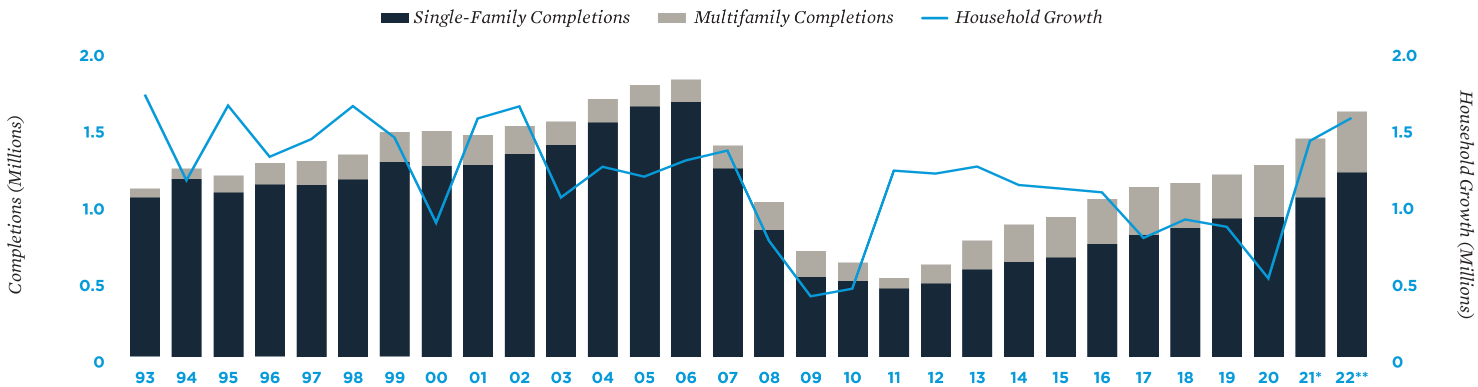


* Estimate
✧ Trailing 12 months through 3Q

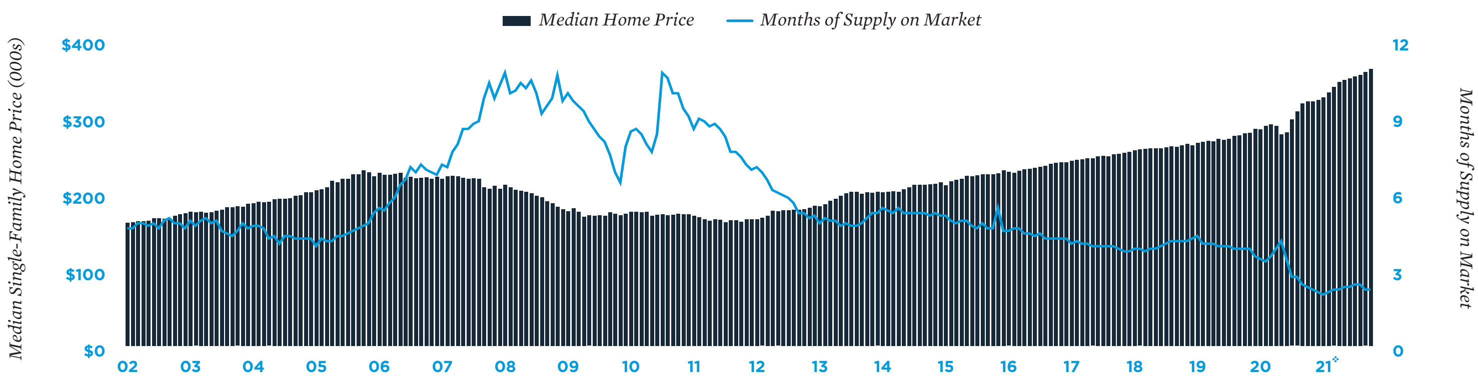
Current Shortage of Dwellings a Constraint on Future Growth

Limited Supply of Residences Caps Household Formation, Lifts Home Prices

Household Formation Constrained By Availability



Lack of Construction, Listings Lead to Jump in Home Prices



2022 Housing Outlook

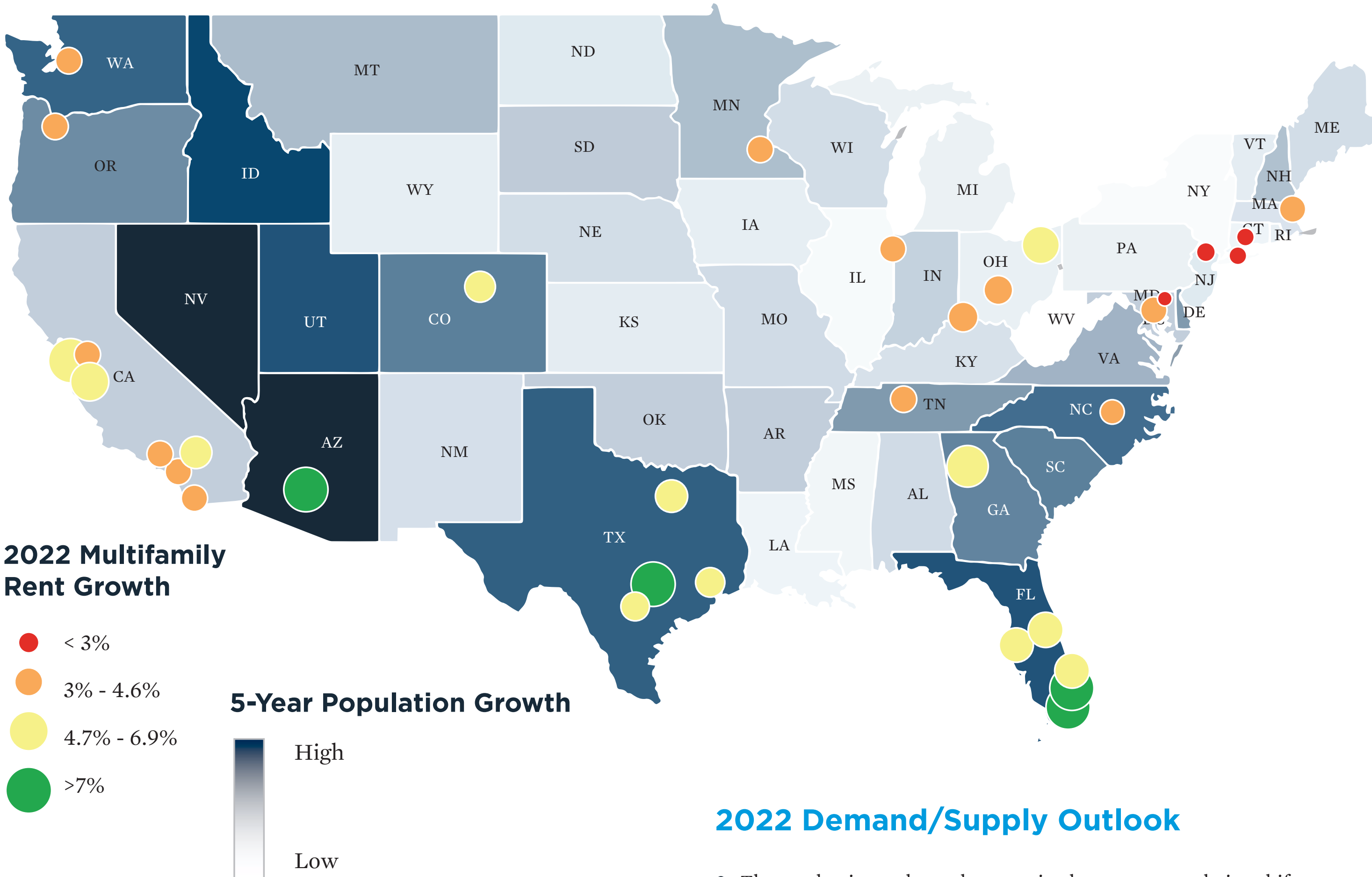
Demographics, pandemic increase housing demand. The U.S. faces an acute shortage of both single- and multi-family housing, due to both long-term structural factors and recent pandemic-induced behaviors. First, this year marks a transition point when over two thirds of the millennial generation are over 30. As millennials get older, many are advancing in their careers and forming families, giving them both the resources and inclination to expand their living situations. At the same time, the arrival of the health crisis fostered a lockdown situation that emphasized the appeal of suburban residences. Renter demand for apartments in such settings notably picked up while falling mortgage rates helped spur on a wave of home purchasing. The resulting increase in single-family home prices has cooled the market to a certain extent, but the demand to own homes still exceeds supply, especially for entry-level options.

Legacy of Financial Crisis limits supply. Contrasting with the increase in demand, the construction of single-family homes has trailed historical levels since the overbuilding leading up to the Great Financial Crisis. Multifamily development activity has accelerated over the past decade but is not enough to meet all housing needs, as made clear by record low apartment vacancy. The severity of the housing shortfall has advanced to a point where it is constraining household formations. Whereas households that formed following the recession had the inventory overhand created from 2003-2006 to choose from, options are limited today, keeping some people in their current living situations longer. This acts as a constraint to economic growth. Prospective employees may eschew relocating for new job opportunities, while fewer homeowners or renters trade up for their next residences, thereby occupying entry-level options that would otherwise be available for future users.

** Estimate ** Forecast * Through October*
Sources: Marcus & Millichap Research Services; National Association of Realtors; RealPage, Inc.; Moody's Analytics; U.S. Census Bureau

Migration Patterns Reflected in Rent Growth

2022 Average Effective Rent Growth vs. 2017-2022 Population Growth



2022 Demand/Supply Outlook

- The pandemic accelerated an ongoing long-term population shift away from parts of the Northeast, Midwest and West Coast to regions of the Sunbelt and Rocky Mountains. The lower cost of living in these areas appeals to retirees on fixed incomes and growing families seeking larger accommodations. Businesses that enter or expand in these lower-cost areas in turn create jobs that drive more in-migration. Favorable climate and tax policies also benefit certain areas.
- States that have grown the most over the past five years include Nevada and Arizona at 10.4 percent and 10.3 percent, respectively. The influx of new residents has had a clear impact on apartment demand. Vacancy in Phoenix began this year at a multidecade low, which will help drive rents up by some of the largest margins in the country by the end of 2022.
- Even in states with flat-to-declining populations, apartments in major commerce centers continue to report improving property fundamentals. Rents in New York City and Cleveland will rise this year as the frequent turnover of residents in these settings continues to drive leasing activity.

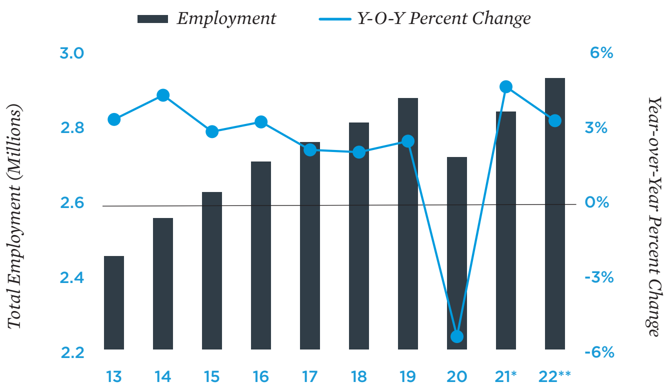
Top 10 Markets by Population Growth

Highest Population Growth	2017-2022* Population Change	2022* Rent Growth
Austin	11.4%	7.3%
Phoenix	8.7%	7.2%
Raleigh	8.3%	3.5%
Orlando	7.5%	5.7%
Dallas-Fort Worth	7.4%	5.3%
Nashville	6.9%	4.1%
Houston	6.6%	4.7%
San Antonio	6.5%	4.9%
Atlanta	6.0%	6.7%
West Palm Beach	5.8%	5.8%
U.S.	**2.3%**	**5.2%**

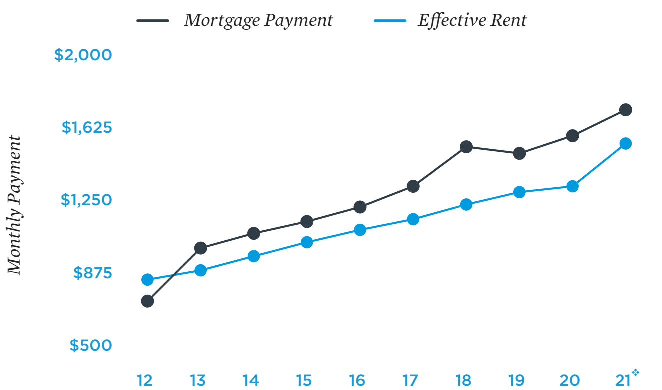
** Forecast*

Sources: Marcus & Millichap Research Services; CoStar Group, Inc; Moody's Analytics; RealPage, Inc.; U.S. Census Bureau

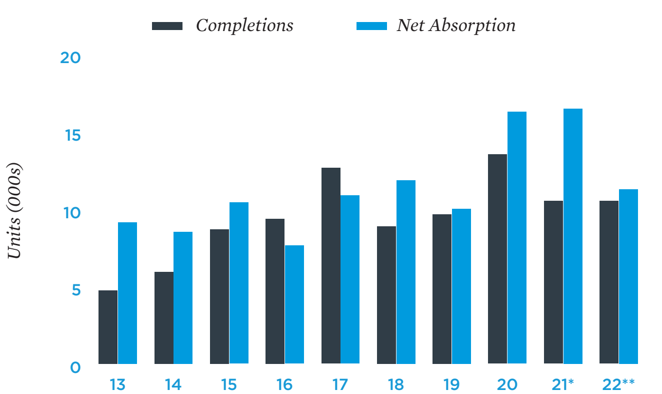
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Favorable Household Growth Helps Preserve Capital Migration into Atlanta

Tailwinds build in Atlanta. Following the largest annual absorption of apartments in more than two decades, the metro is poised to record another strong year as in-migration and job growth facilitate household formation. The pace of renter demand gains will ease from 3.3 percent last year to 2.2 percent in 2022, largely due to the lack of available apartments. Vacancy improvement is projected to be the most robust in Midtown and Buckhead, which have the most empty units. White-collar workers are moving back into the densely populated areas following the distribution of vaccines and reopening of offices. Companies are also expanding operations in those locations, generating additional renter demand. Google, Cisco and Microsoft, among others, are adding thousands of jobs in the area this year. Suburban properties, meanwhile, will also continue to perform well as remote workers from the Northeast and West Coast remain in the market long term.

Out-of-area investors form foundation of buyer demand. Much of the capital flowing into Atlanta apartments is coming from the Northeast, and to a lesser extent California, as portfolio expansion and arbitrage plays are frequent. Atlanta's improving fundamentals and inexpensive financing resulted in double-digit valuation gains last year, and upward pressure will remain on pricing entering 2022. However, the rapid increase in prices is generating a bid-ask gap between buyers and sellers as some owners overshoot listing values, and investors entering the metro underestimate the recent rise in prices. As long as interest rates remain low, buyers will likely need to move more than sellers to close that gap. Entering the year, the average cap rate is hovering near 5 percent, with the range moving to sub-4 percent for core Class A assets. Institutional capital and high-net-worth individuals are pursuing Class A and Class B-plus properties in suburban areas where many white-collar workers are putting down roots. In core areas, top-tier assets with a vacancy component provide some upside through operations. A dearth of these listings is anticipated, however, limiting the potential for discounting. Despite low vacancy across all property classes, some value-add deals can still be found in the metro, namely suburban Class B assets that can be upgraded.

20.7% *2021 share of local population between 20 and 34 years old*

35.5% *of local population hold bachelor's degree or higher⌘*

$300,500 *2021 median home price*

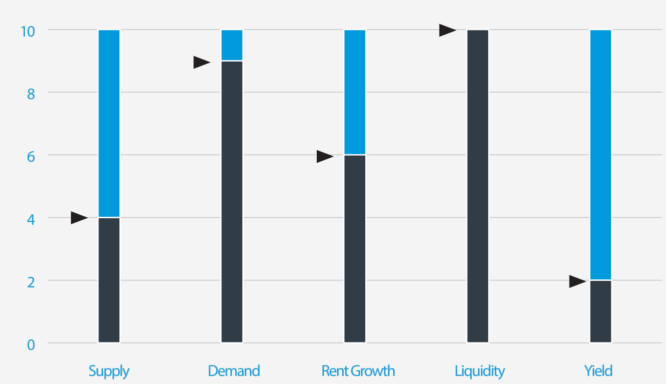
2022 Investment Outlook

Robust in-migration, job creation and household formation are boosting demand for rentals and tightening vacancy. As a result, Atlanta claims a 9 on the demand portion of the Key Performance Index. Nonetheless, an aggressive pace of construction weighs on the supply ranking.

Very strong transaction activity is elevating liquidity and allowing the metro to grab the highest score possible on that segment of the Index. Competition for assets is placing downward pressure on cap rates though, contributing to a low ranking on the yield section.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 7

Employment
89,000 jobs
Metro **3.1%**
U.S. **2.5%**

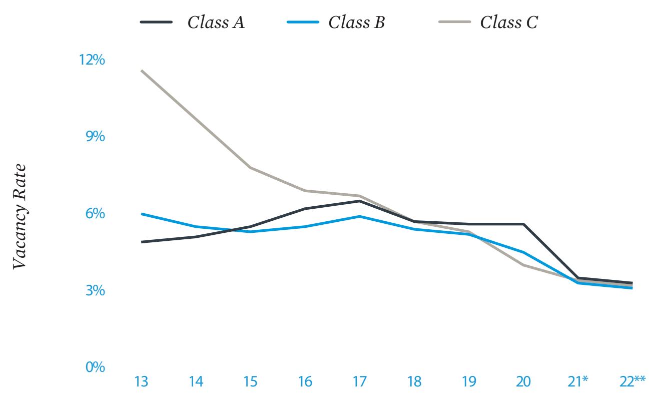
Construction
as % of inventory❖
Metro **2.0%**
U.S. **2.2%**

Class A Vacancy
Down 20 bps
Metro **3.1%**
U.S. **3.6%**

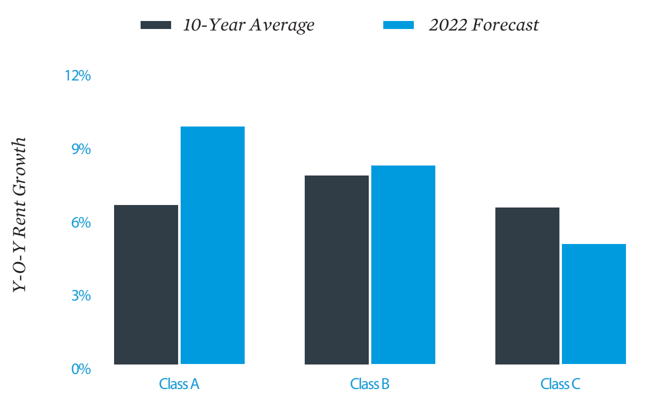
Class A Rent
$2,129 per month
Metro **9.7%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **137**
Volume: **$6.8 Billion**

Vacancy By Class

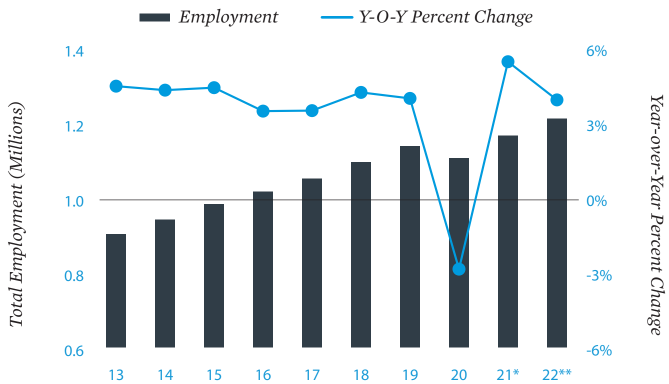


Rent Growth By Class

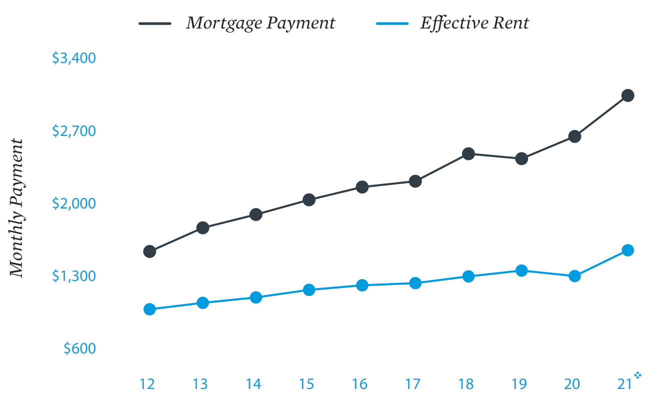


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

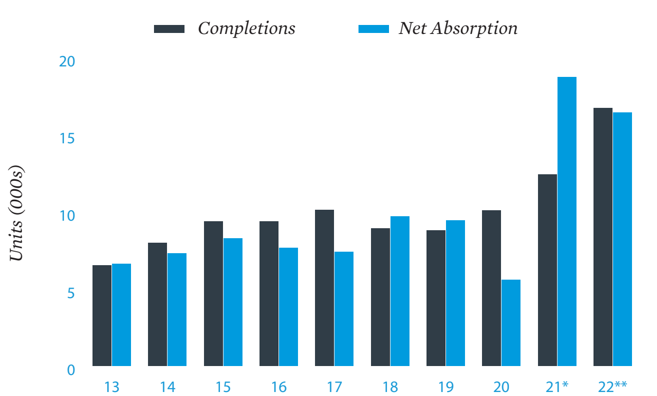
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✧ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Tesla's Commitment to East Austin is a Microcosm of the Market's Evolution

East Austin epitomizes the larger story. Austin is one of only a handful of markets in the U.S. that recovered all of the jobs lost during the pandemic before the end of 2021 and has now entered a new growth phase. The leisure and hospitality sector remains impaired in the aftermath of the health crisis, but the trend of technology firms migrating in has accelerated, stimulating higher-wage job creation and bolstering demand for Class A and B rentals. The arrival of Tesla, a company that was publicly disgruntled by local policies in California, illustrates this movement and the allure of Austin. Tesla first established a Gigafactory in East Austin and later announced plans to relocate its headquarters to the market. The Chamber of Commerce estimates the firm was responsible for at least 5,000 jobs created in 2021, with plans to grow that count to 15,000 positions within the next few years. East Austin serves as an example of the broader market landscape; while the rental demand drivers are evident, an aggressive construction pace could pose some near-term hurdles. Austin's apartment inventory will grow by the second-fastest pace in the nation in 2022, with nearly 5,000 units headed for the East submarket.

Long-term potential compels institutions and international investors. Cross-border transactions in Austin rose last year, with sales volume to international buyers approaching $1 billion, just short of primary markets like Los Angeles, Boston and Chicago. The stronger economic recovery in Austin relative to many gateway metros may prompt greater international interest this year, as well as a cascade of institutional activity. Many investment groups are eager to deploy capital and get a foot in the door of the rapidly growing metro. The widening buyer pool and high expectations for future multi-year growth are reflecting in sale prices and cap rates. Upper-tier assets trade with first-year returns as low as the mid-2 percent range, nearly matching coastal markets in California. Class A properties in technology-firm-saturated North Austin as well as the rapidly growing suburbs just north of here like Cedar Park, Round Rock, Georgetown and Pflugerville have traded with minimum returns in the 3 percent range. Entry costs in these areas frequently exceed $200,000 per unit as well. Institutions focusing on the urban core prefer neighborhoods north of the University of Texas, especially those in Midtown such as Highland and Brentwood. Sale prices exceeding $30 million for 200-plus-unit properties built in the past five years are recorded here.

24.3% *2021 share of local population between 20 and 34 years old*

41.3% *of local population hold bachelor's degree or higher⌘*

$451,900 *2021 median home price*

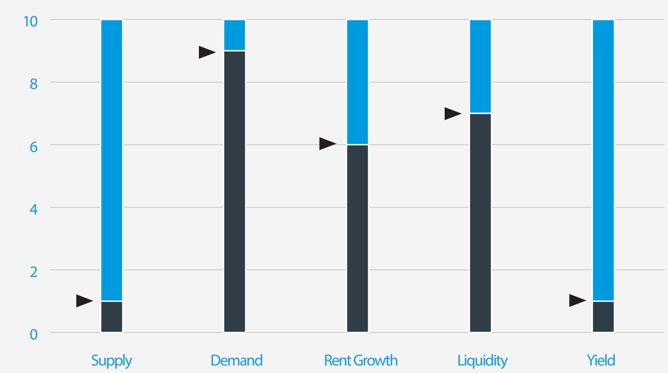
2022 Investment Outlook

The contrasting high demand score and low supply ranking depict the state of the Austin multifamily landscape. The creation of new high-paying jobs is fueling absorption of upper-tier rentals, yet at the same time construction activity is at record volumes.

More investors are setting their sights on Austin amid an accelerated population growth trajectory and a strengthening local economy. The large buyer pool results in a solid liquidity score of 7, but an active bidding market is compressing cap rates and pushing down on the yield ranking.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 5

Employment
45,500 jobs
Metro **3.9%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **6.1%**
U.S. **2.2%**

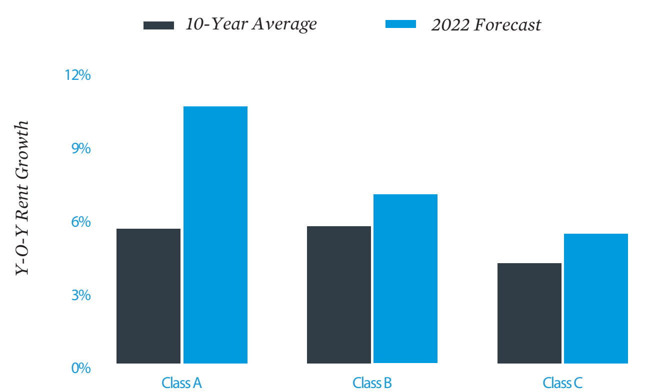
Class A Vacancy
Down 10 bps
Metro **4.0%**
U.S. **3.6%**

Class A Rent
$2,189 per month
Metro **10.5%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **31**
Volume: **$1.7 Billion**

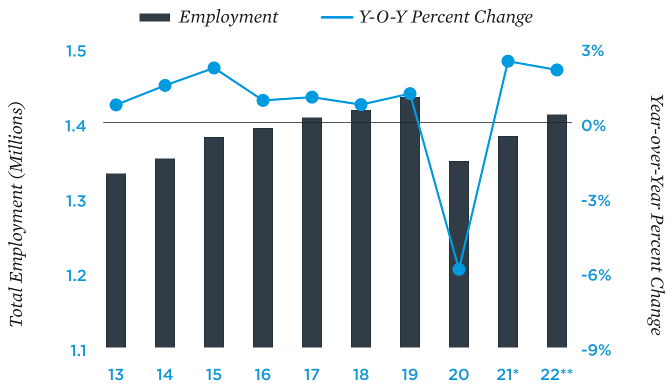
Vacancy By Class

Rent Growth By Class

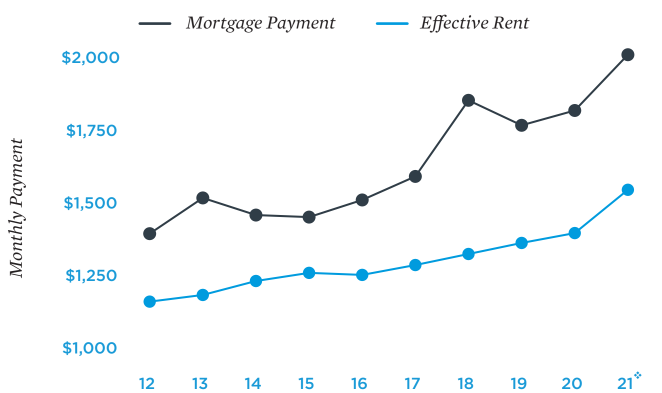


** Estimate   ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

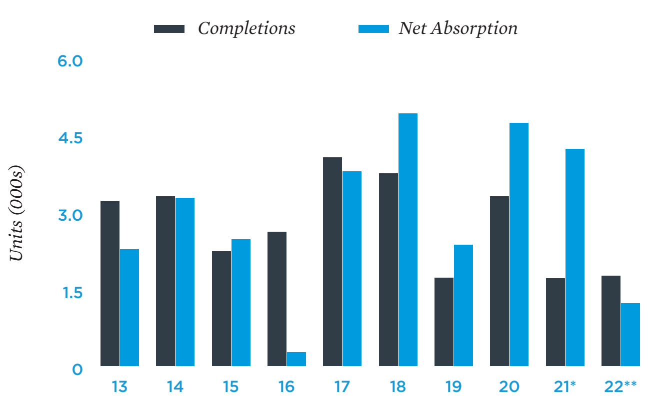
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ❖ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Leasing Accelerates in the CBD; Out-of-State Investors Propel Deal Flow

Availability stays near two-decade low. Baltimore's multifamily sector proved resilient during the health crisis amid one of the toughest economic stretches in the metro's history. Demand for rentals remained elevated over the past year, fueled by a resurgence of leasing activity in the central business district. As a result, metrowide vacancy contracted to the lowest rate since 2000. Maryland recently announced it will relocate 3,300 state employees to the CBD, and notable employers like T. Rowe Price have announced return to office plans, boding well for future demand in the urban core. However, population growth projections well below the national average will likely hamstring this momentum. The pace of absorption across the metro is expected to decline and place upward pressure on availability in 2022. Nevertheless, Baltimore still remains affordable relative to the Washington, D.C., market, and may attract renters seeking lower-cost housing if work-from-home trends persist. Moreover, supply additions will fall 40 percent below the trailing-five-year average, which will help moderate vacancy increases this year.

Attractive pricing and historically tight fundamentals accelerate trading. Transaction velocity for $20 million-plus assets has steadily increased over the past three years, reaching a 20-year high in 2021. Appealing first-year returns and low entry costs are expanding the metro's buyer pool, with investment activity increasing from REITs and cross-border capital sources. Additionally, Baltimore continues to attract buyers from out of state, as the region offers stable market conditions and higher returns relative to comparable assets in other gateway markets. This momentum is likely to be sustained, as availability is expected to remain well below historical averages and rents are projected to further escalate this year. The combination of more investors entering the market and a moderate supply pipeline will elevate competition for available assets, placing upward pressure on sale prices. Rising valuations may incentivize developers to list recently stabilized assets as they look to capitalize on the metro's strong investor demand, potentially further stimulating interest from institutional capital.

20.5% *2021 share of local population between 20 and 34 years old*

36.6% *of local population hold bachelor's degree or higher⌘*

$378,700 *2021 median home price*

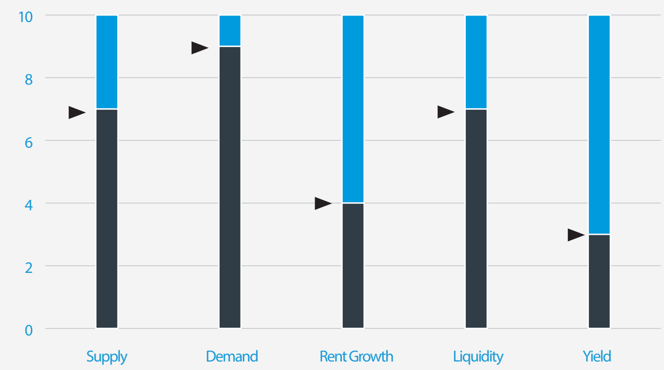
2022 Investment Outlook

Baltimore faces minimal pressure from new development in the near-term, producing a score of 7 on the supply Index; that score is tied for the highest among markets covered. Conversely, rent growth is moderate and the 4 on that section ranks below most other metros.

Deal flow is improving with more investors from the Northeast adjusting their search parameters as historically favored gateway markets face steeper recovery hurdles. Out-of-state activity helps liquidity rank as a 7 on the Key Performance Index, while yields remain regionally elevated.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 34

Employment
29,000 jobs
Metro **2.1%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **0.7%**
U.S. **2.2%**

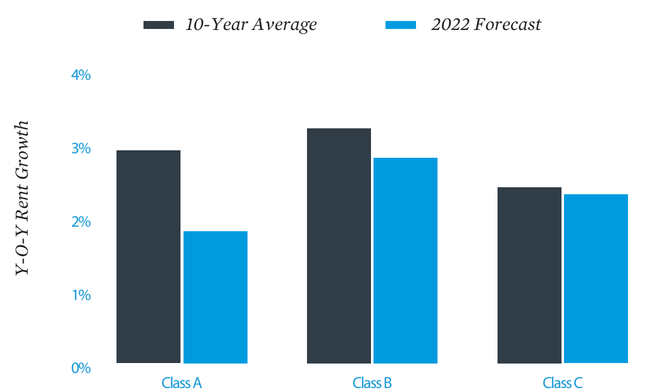
Class A Vacancy
Up 30 bps
Metro **3.1%**
U.S. **3.6%**

Class A Rent
$2,005 per month
Metro **1.8%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **26**
Volume: **$1.5 Billion**

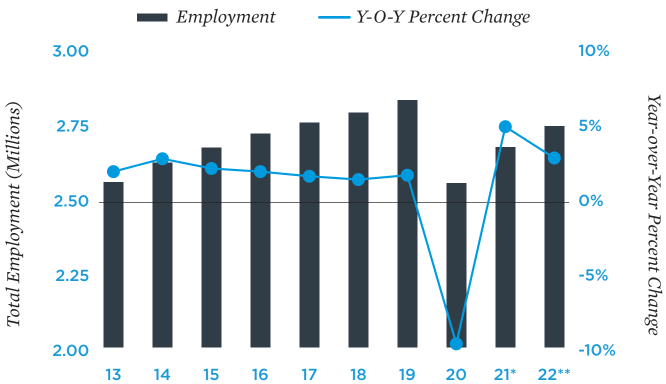
Vacancy By Class

Rent Growth By Class

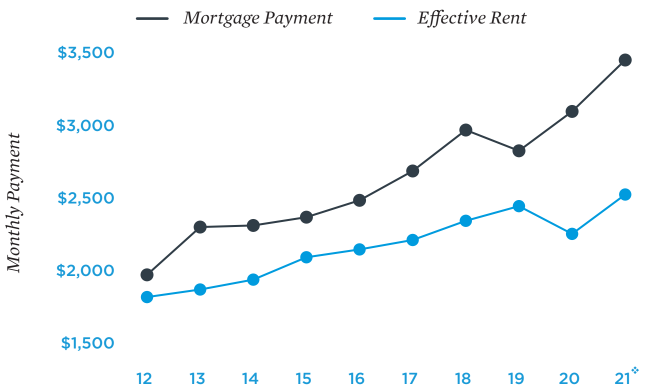


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

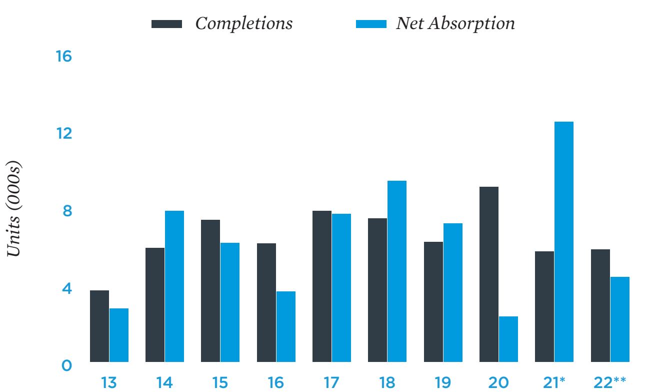
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ⁘ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Recovery Ongoing with Room to Grow; Suburban Fundamentals Draw Investors

Renter demand to normalize after last year's surge. Boston's employment market recorded workforce gains slightly above the national average last year. While the metro suffered acute job loss during the pandemic due to the region's relatively strict lockdown procedures, falling employment levels were somewhat cushioned by the area's substantial professional and business services sector, which has gone on to surpass pre-pandemic headcounts. Boston's prolific education and health services sector, constituting the area's largest employers, still reports sizeable room for growth before reaching previous peaks. As health conditions improved, many area universities ended remote schedules, increasing demand for both campus-adjacent housing and nearby higher-end rentals used by faculty. Nevertheless, as last year's surge dissipates, tapering demand growth in 2022 will fall below a moderate construction pipeline. Builders are projected to finalize 5,800 new units by the end of the fourth quarter, a slight uptick from last year's eight-year-low delivery pace. Local policy decisions regarding the spread of COVID-19 variants may create additional hurdles in the path to full economic recovery.

Lower costs outside of the CBD spur flourishing sales activity. Overall transaction volume across the metro has increased measurably year-over-year since 2015, primarily driven by deal flow north of Boston proper. Investors seeking to take advantage of recent household growth are pursuing listings outside the urban core. Last year suburban properties exceeding $15 million traded at an average of just below $370,000 per unit, nearly $200,000 under properties of the same tranche located within the Boston-Cambridge-Newton area. The suburbs may attract more institutions in the near future due to a changing development landcape in the CBD. As builders in Boston's burgeoning biotechnology sector continue to outbid multifamily investors for real estate in core areas of Boston and Cambridge, capital placement opportunities in recent completions will diminish. Investors seeking newer developments at comparatively lower cost may flock to the suburbs, applying upward pressure to pricing and maintaining downward pressure on cap rates.

22.3% *2021 share of local population between 20 and 34 years old*

43.8% *of local population hold bachelor's degree or higher⌘*

$663,100 *2021 median home price*

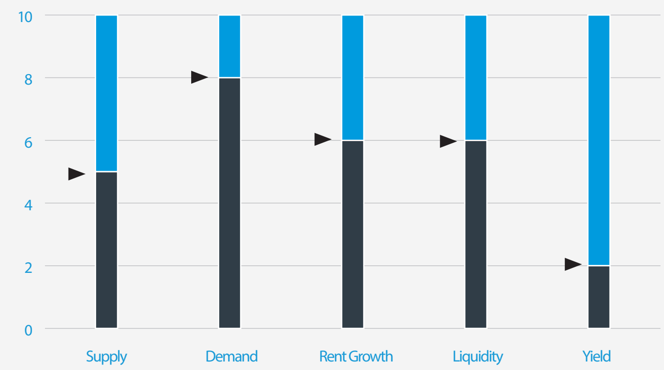
2022 Investment Outlook

Conditions in Boston are expected to remain relatively stable with a supply Index score of 5, indicating that construction is mild and will not hamper momentum. The demand and rent growth ranks are near the middle of the pack in the 2022 Key Performance Index.

Historically strong multifamily metrics and the ongoing employment rebound from the pandemic underscore investment appeal. Capital continues to flow in from other regions in the U.S. as well as overseas, contributing to the liquidity score of 6 this year.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 30

Employment *70,000 jobs* — *Metro* **2.6%** *U.S.* **2.5%**

Construction *as % of inventory*❖ — *Metro* **1.4%** *U.S.* **2.2%**

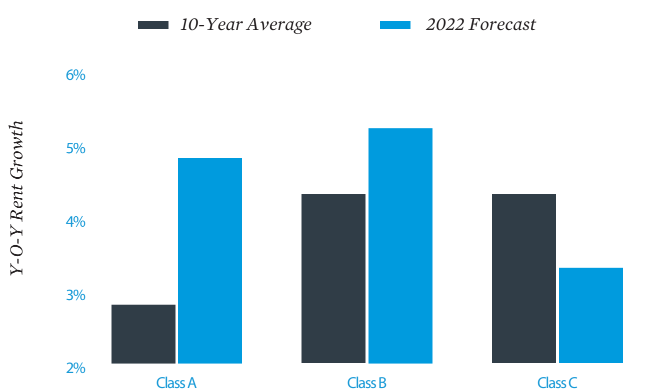
Class A Vacancy *Down 140 bps* — *Metro* **2.3%** *U.S.* **3.6%**

Class A Rent *$3,505 per month* — *Metro* **4.8%** *U.S.* **7.5%**

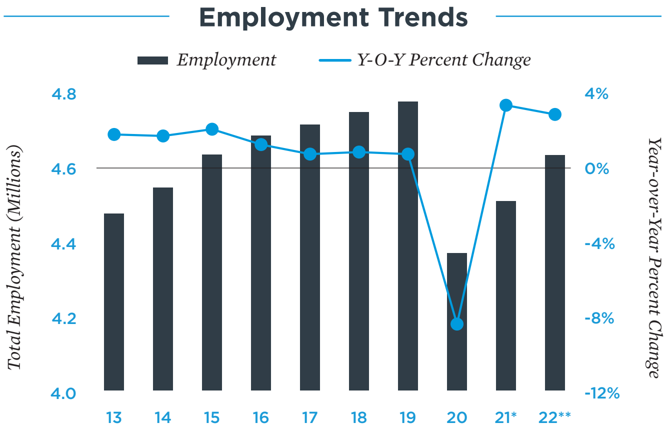
Investment *3-yr. avg. activity $20+ million* — *Deals:* **33** *Volume:* **$2.4 Billion**

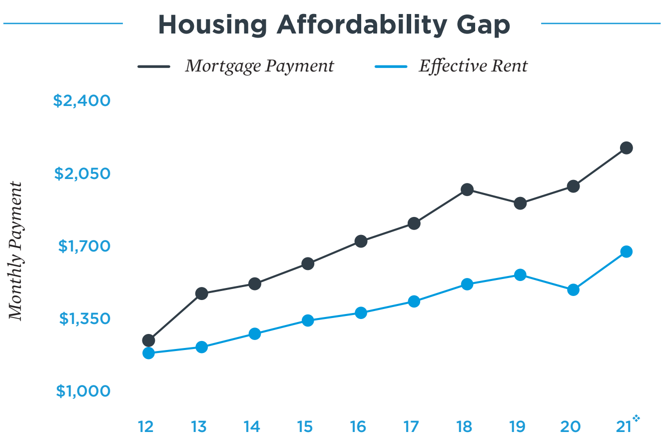
Vacancy By Class

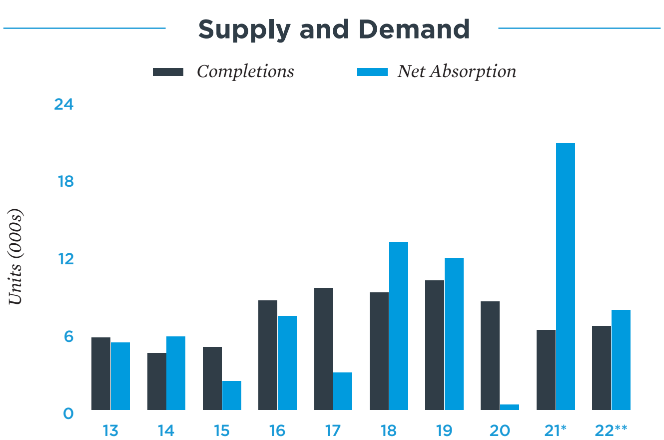
Rent Growth By Class



** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics







*Estimate ** Forecast ✧ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

CBD Leasing Surges Amid Slow Recovery; Investors Cautious Ahead of Assessments

Moderate supply additions apply vitality to vacancy and rent. Chicago's current development pipeline is diminishing, despite a recent surge in renter demand. Among the construction that is taking place, most is concentrated in the core, Lincoln Park-Lakeview, and nearby areas, where Class A demand is rising. These submarkets recorded the strongest absorption rates heading into this year as workers began to return to offices and amenities reopened. In addition to the demand swell downtown, vacancy continues to tighten in suburban areas after falling below 4 percent last year. Overall payroll projections for this year are still well below the 2019 peak but tech, finance and other corporate opportunities will supply jobs for high-income renters in the metro. Tax incentives are in place to further recruit firms to the area, leading Chicago to be a cost-efficient destination for housing data centers and startups. Job creation by this collection of firms will foster strong demand for both luxury and mid-tier units this year, supporting low vacancy and a sustainable pace of rent growth.

Investors patient with the CBD in the face of tax reassessment. Despite the strong demographics surrounding the inner city's recovery, investors continue to focus on areas outside of downtown. Tax reassessments conducted last year in Chicago proper will take effect in 2022 with speculation that commercial property owners will pay a higher tax rate than in the past. This has curbed sales velocity in the core, evidenced by the large reduction in assets $20 million and above that traded during the prior two years. Sales volume for institutional grade assets has remained constantly high in North Side, especially in the Gold Coast neighborhood. The Naperville and Lisle submarkets and nearby areas in southwest DuPage County are seeing transaction volume for higher-priced assets increase dramatically, potentially the result of institutions and investors shying away from the downtown market amid reassessments. First-year yields approaching 5 percent are typical for these trades. Additionally, several large trades have occurred in Elgin-Dundee recently despite no such sales being recorded here in 2019 or 2020, a testament to the level of investor demand that exists for sizable suburban assets. South Side Chicago remains a rarity for institutional investments, with the notable exception of Hyde Park. Home to the University of Chicago, the submarket is one of the few in the area where these kinds of trades occur, with discounted pricing the norm.

20.8% *2021 share of local population between 20 and 34 years old*

34.8% *of local population hold bachelor's degree or higher⌘*

$330,000 *2021 median home price*

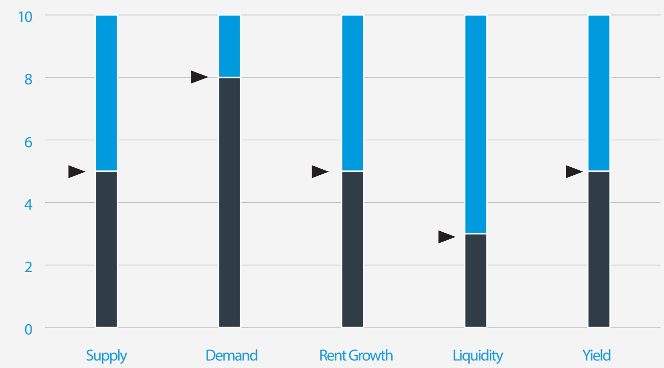
2022 Investment Outlook

Development has tapered in Chicago relative to the years leading up to the pandemic, producing a solid supply score of 5 on the Key Performance Index. On the other hand, the market has a lot of jobs that still need to be recovered, which presses on the demand metric.

Many investors are awaiting more clarity on the state of the Chicago multifamily environment, which has resulted in a low ranking of 3 on the liquidity Index. In turn, reduced competition for assets is allowing for a higher yield score of 5.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 29

Employment
122,500 jobs
Metro **2.7%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **0.9%**
U.S. **2.2%**

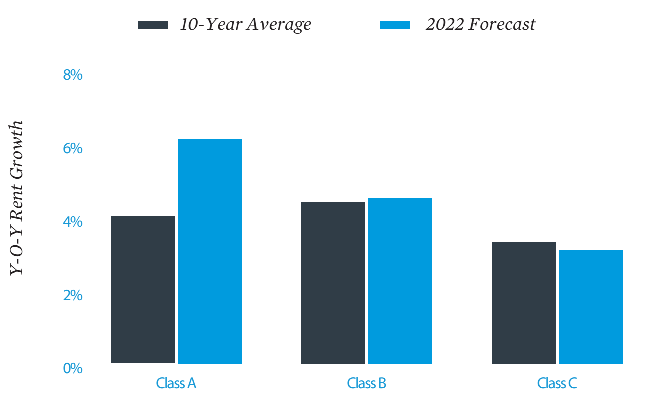
Class A Vacancy
Down 20 bps
Metro **4.7%**
U.S. **3.6%**

Class A Rent
$2,571 per month
Metro **6.1%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **36**
Volume: **$2.1 Billion**

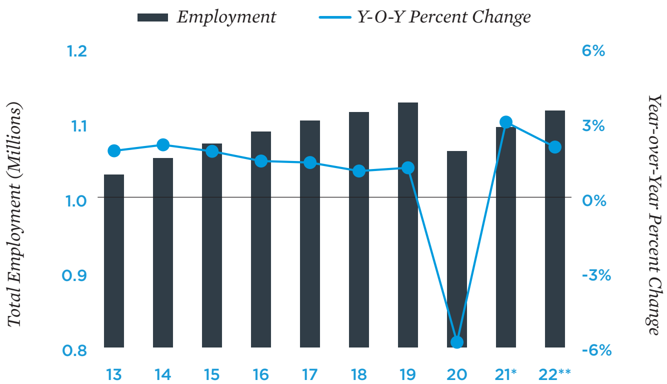
Vacancy By Class

Rent Growth By Class

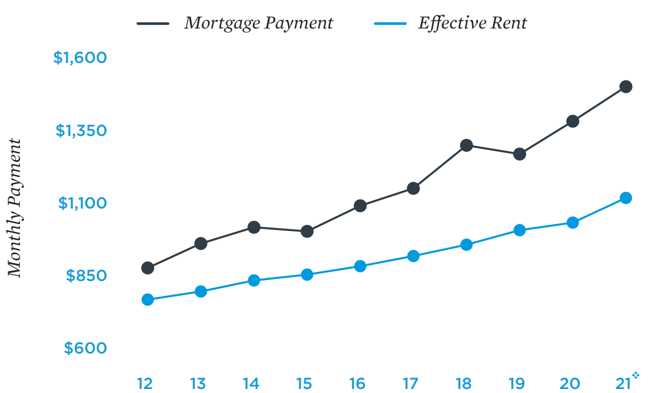


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

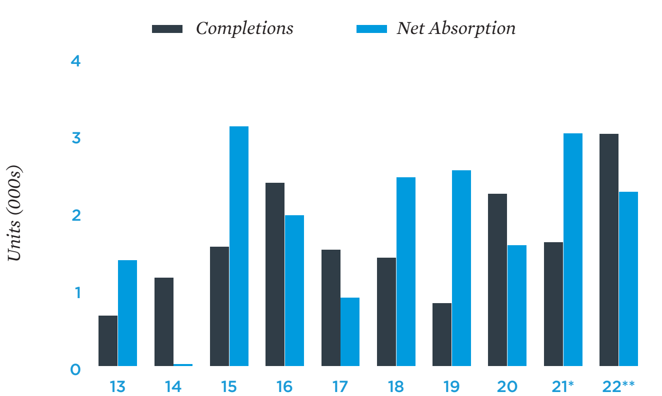
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Strong Pillars of Local Economy Altering Institutional Perception

Major employment sectors in a position of strength. Cincinnati enters 2022 following a year highlighted by economic resiliency and stout renter demand for Class A and B apartments. The performance of the professional and business services and education and health services industries are largely responsible for fueling these conditions as both sectors saw headcounts exceed pre-pandemic peaks during the third quarter of last year. Moving forward, these employment segments are poised for continual growth, backed by numerous medical centers and a collection of locally based Fortune 500 companies that have pledged to bolster staffs. Expansions by these organizations will support demand for higher-priced units at a time when apartment deliveries are slated to elevate, namely in the Northern Kentucky and Northwest Cincinnati neighborhoods. While supply additions may place some upward pressure on overall unit availability, vacancy rates in both the upper- and mid-tier rental sectors will hold well below their long-term historical averages this year.

High yields and strong fundamentals catch institutional attention. Investors focused on consistent cash flow-producing assets in Midwest markets are pursuing opportunities in Cincinnati. Home to an average cap rate significantly above the national mean, the metro is positioned to record a rise in institutional activity this year, especially if the number of listings that feature upward of 100 units elevates. Historically, available properties that fit this description are 1980s- to post-2000-built Class B complexes in Cincinnati suburbs and Northern Kentucky. In these submarkets, 6 percent to 7 percent first-year returns are obtainable for assets of this vintage. Demand among out-of-state equity and select REITs may also heat up for what is historically a sparse number of Class A acquisition opportunities. The significant drop in luxury vacancy over the past year and the return of positive rent growth have the potential to increase these properties' near-term valuations. Additionally, efforts to create an uptown district near the University of Cincinnati and adjacent medical centers may spark ground-up and redevelopment opportunities for institutions with construction experience.

20.0% *2021 share of local population between 20 and 34 years old*

31.1% *of local population hold bachelor's degree or higher⌘*

$242,200 *2021 median home price*

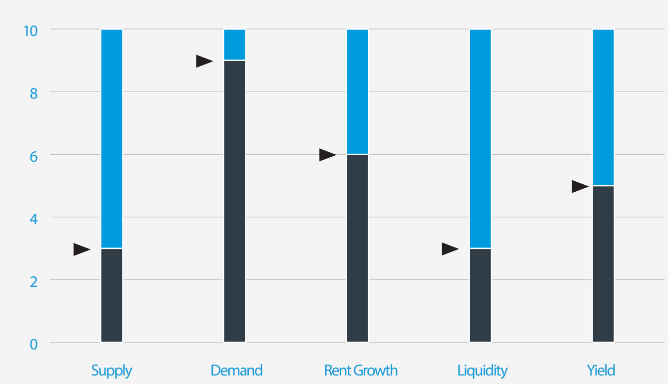
2022 Investment Outlook

Strong demand as shown by the 9 on that section of the Key Performance Index is driving absorption and providing a tailwind for rent growth. Cincinatti's score on the rent growth portion has climbed relative to the pre-pandemic Index, although the supply measure has declined.

Cincinnati ranks near the top of the pack in the 2022 Index with a yield score of 5. Investors seeking higher first-year returns find opportunities in the market. Overall, though, deal flow is relatively moderate, as indicated by the low liquidity metric.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 28

Employment
22,000 jobs
Metro **2.0%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **1.8%**
U.S. **2.2%**

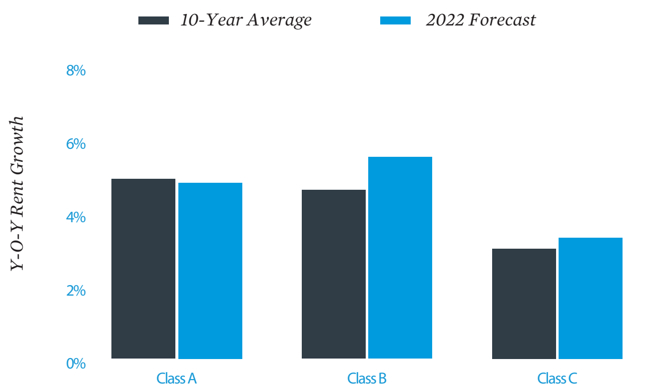
Class A Vacancy
Up 40 bps
Metro **3.7%**
U.S. **3.6%**

Class A Rent
$1,658 per month
Metro **4.8%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **4**
Volume: **$117 Million**

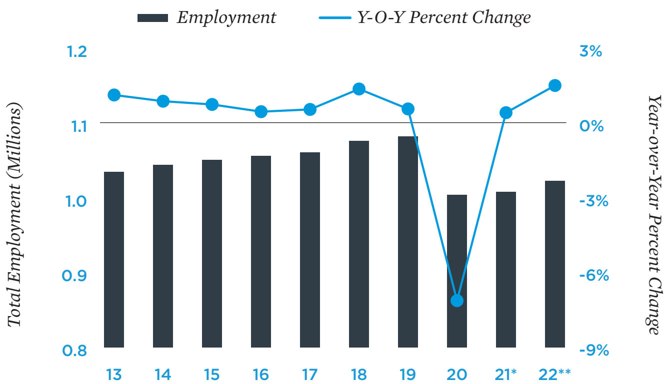
Vacancy By Class

Rent Growth By Class

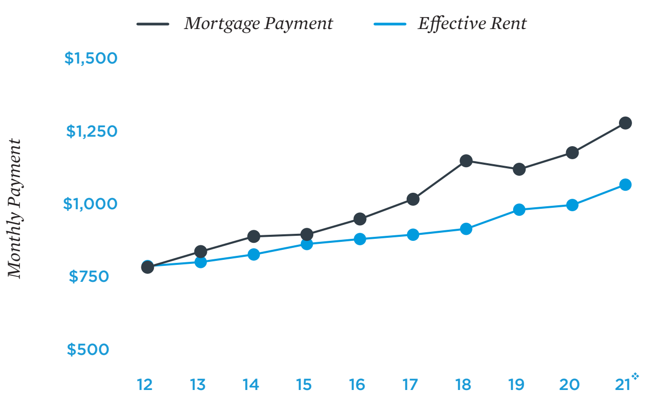


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

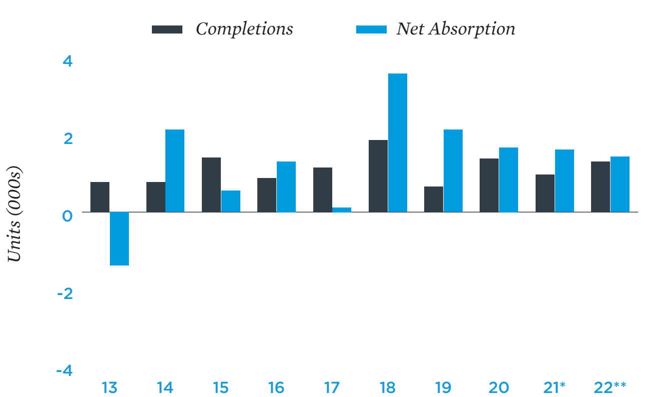
Employment Trends



Housing Affordability Gap



Supply and Demand



*Estimate ** Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Tight Suburban Vacancy and Quest for Yield Broaden Cleveland's Buyer Pool

Strong fundamentals persist outside central Cleveland. Robust demand for suburban units, which account for more than 90 percent of Cleveland's inventory, puts metro vacancy at a more than two-decade low entering 2022. Moving forward, the combination of increasing home prices, improving hiring velocity and a moderate multifamily pipeline outside the central business district are poised to keep near-term apartment fundamentals strong. Spanning the past five years, the metro's median home price rose by 50 percent, double the pace of rent growth. While the metro is considered a low-cost market for homeownership, this disparity may keep prospective buyers into the rental pool this year as catalysts for suburban job growth emerge. For example, Nexen Tire will relocate its headquarters to Richfield in 2022, while Park Place Technologies is slated to bolster staff in Mayfield Heights. Additionally, Sherwin-Williams is making progress on a new research and development center in Brecksville, which is estimated to create 3,000 construction jobs, many of which will be established this year. Job gains in suburban submarkets will occur at a time when availability is around 3 percent and just 600 units are slated to come online this year. These conditions are poised to aid existing properties with available units.

Upside potential in suburbs attracts buyers with large-scale strategies. Cleveland continues to offer apartment investors some of the lowest entry costs nationally at a time when each property tier's vacancy rate is significantly below its long-term average. These factors combined with some of the highest cap rates nationally are attracting more investors to the metro. Select regional owners and larger equity sources are pursuing Class B and C properties in western suburbs with upside potential and extremely tight vacancy. In these areas, 1970s- to 1990s-built communities with more than 200 units are trading from sub-$100,000 per unit to around $170,000 per door. These price points and recently strong rent growth may enhance the appeal of sizable value-add assets in the near term, with some complexes transacting as part of larger portfolio deals. In the central business district, revitalization efforts in Downtown Cleveland have the ability to generate buyer competition for mid-tier and luxury properties. Last year, assets of this caliber commanded more than $200,000 per unit.

19.1% *2021 share of local population between 20 and 34 years old*

28.4% *of local population hold bachelor's degree or higher⌘*

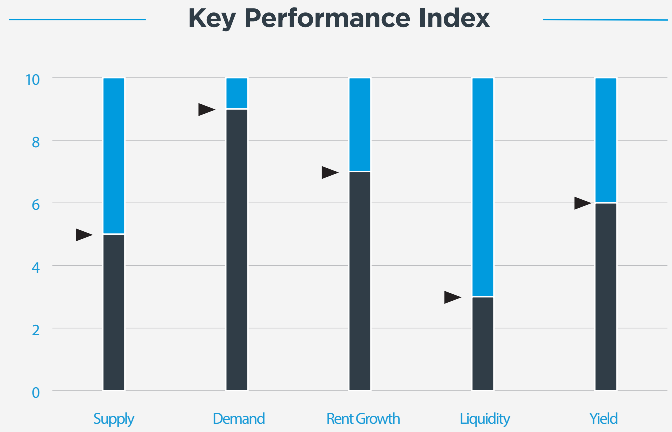
$203,200 *2021 median home price*

2022 Investment Outlook

The multifamily landscape in Cleveland is steady, with restrained development helping keep vacancy tight. Relative to the Key Performance Index measured before the onset of the pandemic, the scores for supply, demand and rent growth have not changed substantively.

Cleveland has the highest yield score among all markets covered in the Index at 6. The metro offers comparatively lofty first-year returns, which attracts investors. However, out-of-state interest is mild, which weighs on liquidity as transaction volume is modest.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

NMI Rank 31

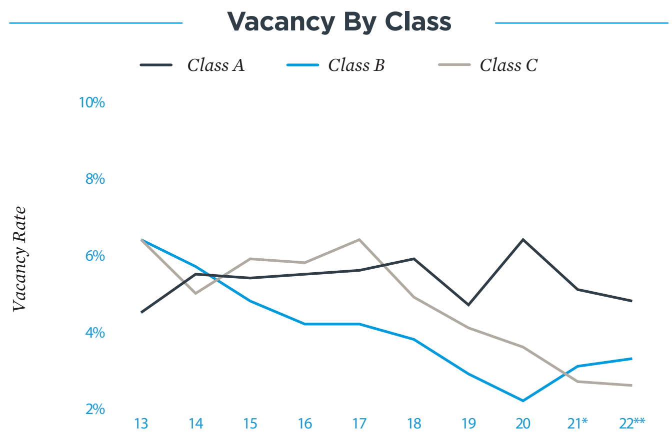
Employment
15,000 jobs
Metro **1.5%**
U.S. **2.5%**

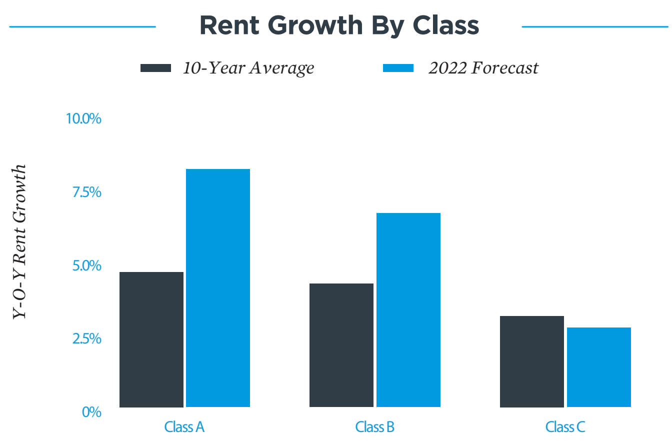
Construction
as % of inventory❖
Metro **0.8%**
U.S. **2.2%**

Class A Vacancy
Down 30 bps
Metro **4.7%**
U.S. **3.6%**

Class A Rent
$1,635 per month
Metro **8.1%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **2**
Volume: **$48 Million**





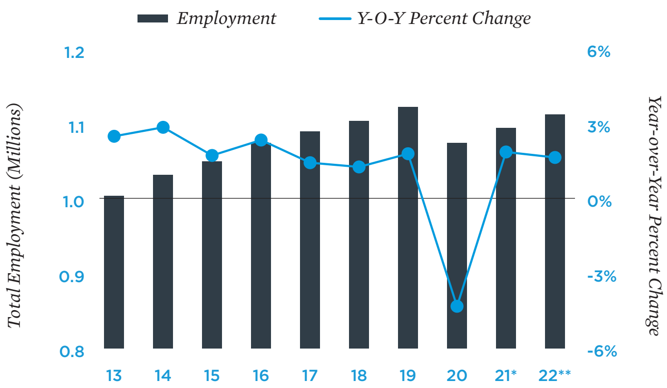
* Estimate ** Forecast
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

Foundations For Future Economic Growth Emerge, Augmenting Buyer Pool

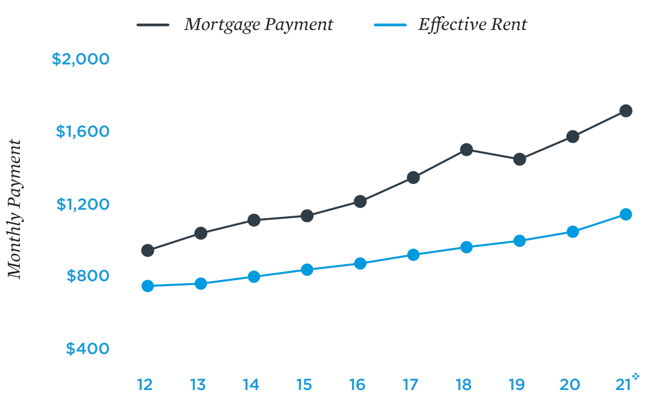
Tight vacancy, prospective high-paying job growth warrant additions. The return of students to Ohio State University has boosted Columbus' apartment fundamentals. During the third quarter of last year, 3,500 rentals were absorbed metrowide, including more than 1,000 in the Downtown Columbus-University District. This activity and positive suburban demand throughout the health crisis dropped overall vacancy to around 3 percent. With availability at a record low entering 2022, developers are slated to finalize more than 3,000 units for a 10th straight year. Upcoming completions are divided between the Outerbelt and nine neighborhoods adjacent to either Downtown Columbus or Ohio State University. Fortunately for developers, the number of professional services and financial-related positions is poised to grow this year. Square, the Original Bark Co., Upstart and NetJets have all committed to bolstering payrolls. Nationwide, Cardinal Health and other locally based Fortune 500 firms are also likely to expand staffs as the economic recovery advances. This job creation will fuel historically robust household formation and demand for newly built units.

Outside buyers expand pursuit of suburban listings and newer assets. Columbus has a larger inventory of institutional-grade rental properties than other Ohio markets, equating to a more diverse buyer pool. The metro's historically low Class B and C vacancy rates at the onset of this year are poised to further enlarge investor mixes within both property tiers. Out-of-state buyers that target 100-unit-plus complexes with value-add potential are most active in suburban submarkets east of Interstate 71 and locales near Westerville Road. Despite six consecutive years of double-digit average price growth, closing values for larger Class C assets in these areas still hover below $100,000 per unit. Additionally, pricing for Class B properties ranges from $150,000 to the low-$200,000 band per unit, depending on vintage. Elsewhere, the metro's Class A buyer pool is also poised for expansion. Inventory growth of 25 percent over the past 10 years has the potential to increase the number of luxury acquisition opportunities this year, namely in the CBD, Westerville-New Albany-Delaware and Dublin-Hilliard.

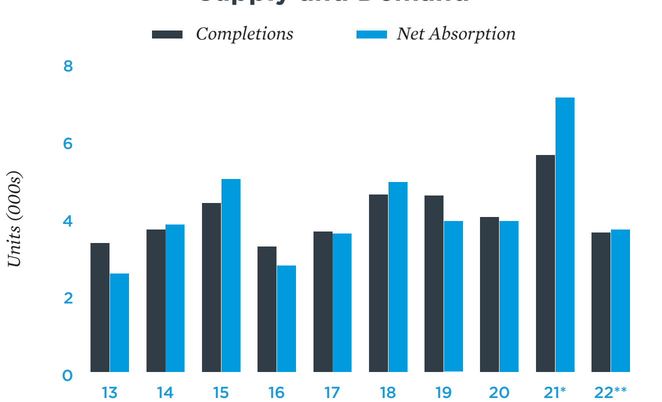
Employment Trends



Housing Affordability Gap



Supply and Demand



22.1% *2021 share of local population between 20 and 34 years old*

34.0% *of local population hold bachelor's degree or higher⌘*

$278,300 *2021 median home price*

** Estimate ** Forecast ✧ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

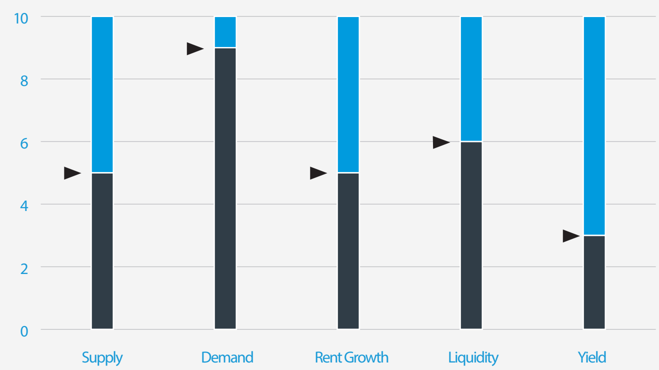
2022 Investment Outlook

A slowdown in construction activity supports a sharp jump on the supply Index relative to the pre-pandemic recording. Meanwhile, absorption totals remain on par with deliveries, which contributes to a strong demand score of 9 on the Key Performance Index.

Transaction activity in Columbus is relatively robust in terms of Ohio markets. The liquidity ranking of 6 is significantly higher than the ranking for both Cleveland and Cincinnati. Conversely, the metro has a lower yield score than other markets in the state due to greater competition.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 23

Employment
18,000 jobs
Metro **1.6%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **1.9%**
U.S. **2.2%**

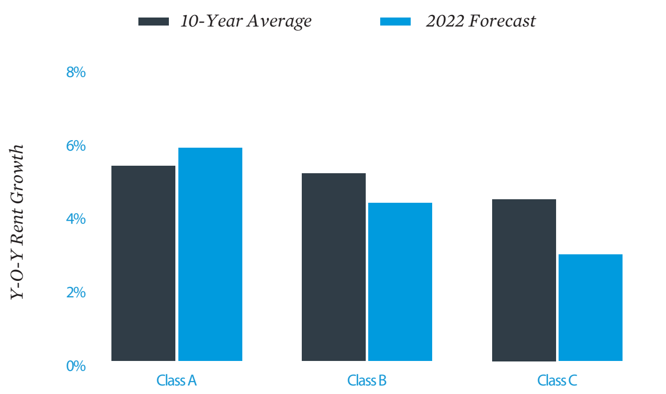
Class A Vacancy
Down 10 bps
Metro **3.9%**
U.S. **3.6%**

Class A Rent
$1,562 per month
Metro **5.8%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **10**
Volume: **$348 Million**

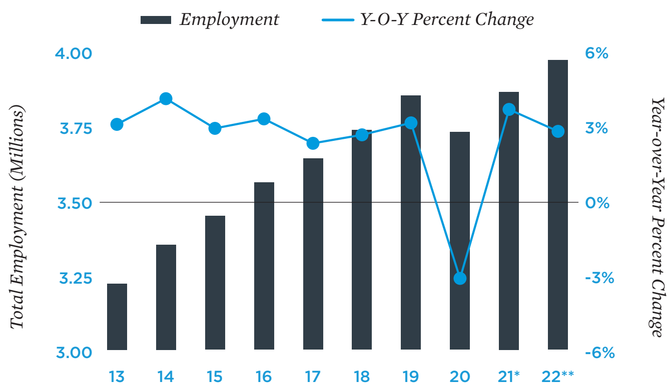
Vacancy By Class

Rent Growth By Class

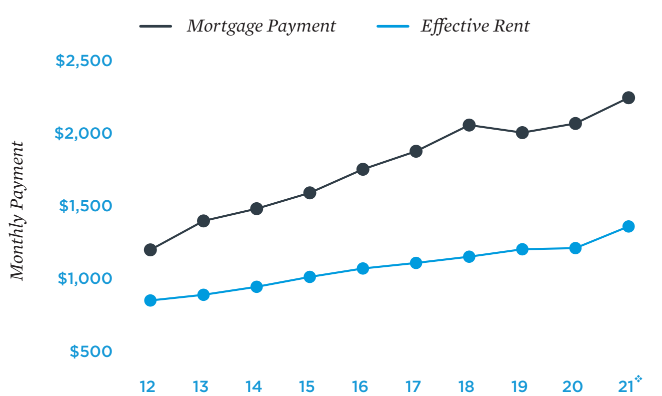


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

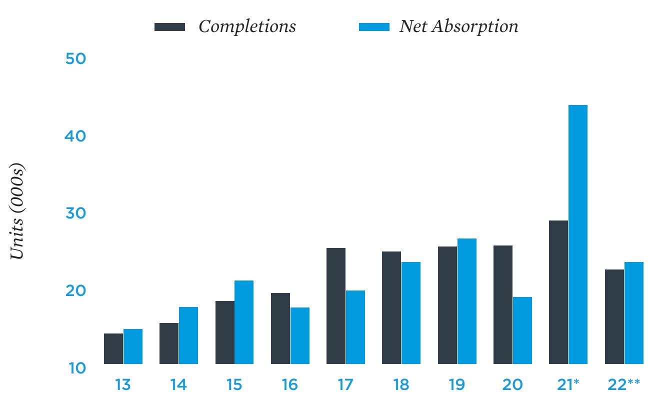
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✧ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Metroplex Construction Eases Amid Robust In-Migration

Construction pace slowdown, strong migration trends to aid operations. Dallas-Fort Worth led all major U.S. metros in terms of annual delivery volume in each of the past four years, and it was not particularly close. During that span, the Metroplex added over 100,000 rentals; that's 24,000 units more than New York City, which was the second-highest-ranking market in that period. This year, Dallas-Fort Worth once again lays claim to the nation's largest pipeline, though the pace of building has retreated. Projected inventory growth of 2.5 percent in 2022 will be the slowest expansion in eight years. The moderation in development comes at a time when the market is adding new residents at an expedited clip, boding well for owners of existing complexes. In-migration to Dallas-Fort Worth is expected to surpass 70,000 net new residents this year, a total that will lead all markets by a sizable margin. As a result of the new people and the households they create, apartment absorption will exceed deliveries in 2022, producing downward pressure on vacancy and providing a tailwind for sustained rent growth.

Suburban household formation, metro price appreciation delight buyers. Amid rapid population and household growth, assets in Dallas-Fort Worth are attractive to a number of institutions. The expansive field of buyers eager to acquire properties here is pushing up sale prices and compressing yields. From 2013-2020, the mean sale price elevated by an average of more than 10 percent per year, a trajectory sustained in 2021. Meanwhile, Class A and B cap rates in the Metroplex have abated into the 3 percent band. Many institutions are following household formation trends to North Dallas suburbs, with deal velocity ramping up in locations beyond Interstate 635 like Carrollton, Frisco and Garland. Sub-3 percent first-year returns are being recorded for some luxury trades here as 200-plus-unit buildings completed within the past 20 years exchange frequently. Entry costs for these types of properties in the fast-growing North Dallas suburbs often exceed $200,000 per unit as well. Institutions chasing higher yields are concentrating on East Dallas, Arlington and North Fort Worth. Upper-tier complexes occasionally trade with cap rates above 4 percent in these areas, but sub-4 percent initial yields are more common. Meanwhile, deal flow has been slower to return to Downtown Dallas and Downtown Fort Worth. Competition in the suburbs and a broader return to offices could encourage more institutional buyers to target the urban cores in 2022.

21.4% *2021 share of local population between 20 and 34 years old*

32.7% *of local population hold bachelor's degree or higher⌘*

$329,900 *2021 median home price*

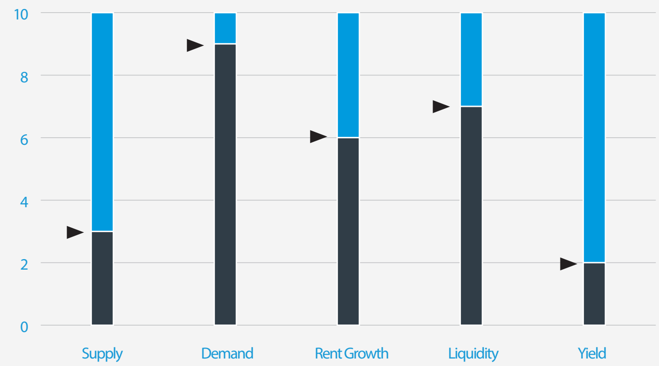
2022 Investment Outlook

The Metroplex is in a good position to sustain momentum in 2022 as construction slows while demand trends persist. Robust in-migration and household formation catalyze the need for rentals, lifting the demand ranking to a 9, which is up from where it was prior to the pandemic.

Dallas-Fort Worth is appealing to multifamily investors throughout the world, and a high level of trading activity produces a very solid liquidity score of 7 on the Key Performance Index. Strong demand for Metroplex assets results in a relatively low yield ranking, however.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank — 10

Employment
106,000 jobs
Metro **2.7%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **2.5%**
U.S. **2.2%**

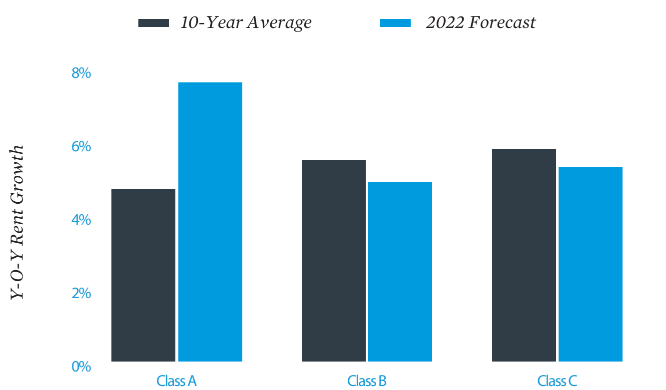
Class A Vacancy
Down 20 bps
Metro **3.4%**
U.S. **3.6%**

Class A Rent
$1,753 per month
Metro **7.6%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **84**
Volume: **$3.9 Billion**

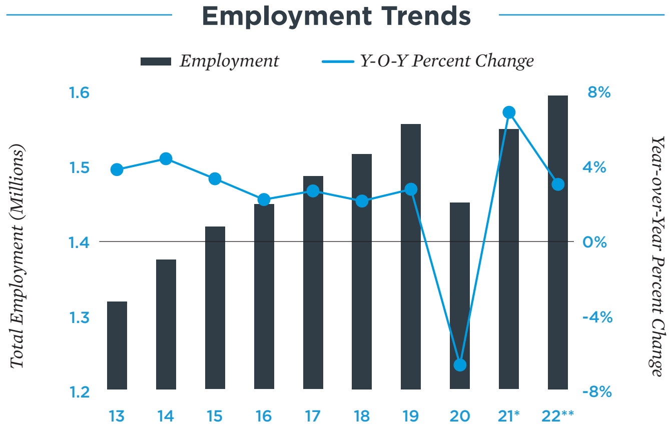
Vacancy By Class

Rent Growth By Class

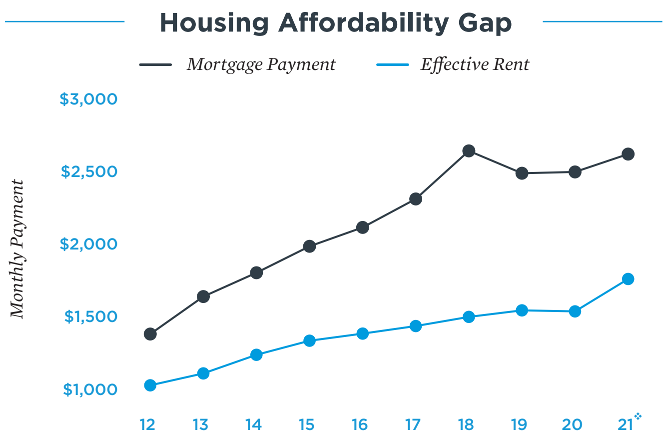


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

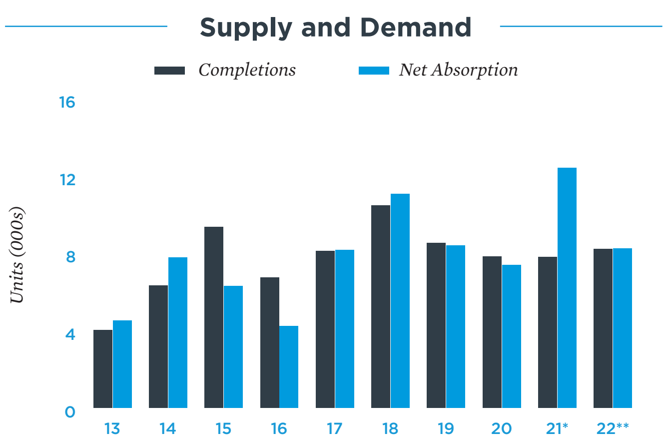
Newly Untethered Workers Arrive; Competitive Bidding Pressures Sales Prices



Arrival of coastal firms bolsters outlook for rents and vacancy. The Mile High City provides business-friendly policies and access to a skilled workforce at a lower cost than coastal cities. The health crisis accelerated the movement of tech firms to Denver as many companies chose to follow renter demand into less dense cities. In addition, Denver is more in line with coastal culture than competing markets, a motivating factor for software developer Palantir's move. Vacancy rates in urban Denver spiked when COVID-19 lockdowns began but have recovered beyond pre-pandemic levels without siphoning demand from suburban neighborhoods. Entering this year, all submarkets had vacancy rates below 4 percent besides downtown, which sat at 4.1 percent. The majority of 2022 construction will open downtown; however, in-migration will push rental demand above supply this year, putting upward pressure on rents across the metro. High-income job opportunities opening up in Highlands Ranch and Lone Tree should boost Class A renter demand in the southern portion of the metro.



Institutions target assets downtown and along public transit routes. Sales volume in downtown is robust as institutional and international investors compete for properties in the city center. Entry costs for Class A assets in the core are experiencing explosive growth as low vacancy and consistent rent increases draw investors willing to accept cap rates in the mid-3 percent range. LoDo and Uptown continue to be the most active investor markets; however, a sizable number of trades also occur near Coors Field and in the affluent Capitol Hill neighborhood. Outside the core, West Denver remains a highly liquid sales market, driven by the area becoming more desirable to renters and thus investors. West Colfax is a targeted location, due to renewal efforts in recent years. This rejuvenation has now extended into other West Denver neighborhoods, like Jefferson Park and LoHi. Entry costs here are similar to those recorded in the core but can dip below market average in less developed areas south of Colfax Avenue. Transactions exceeding $20 million are also occurring with more frequency heading into this year in Arvada, Northglenn, and the Denver Tech Center-Centennial area. Cap rates near 4 percent are reported on exchanges here as investors look to take advantage of household formation in the suburbs.



22.8% *2021 share of local population between 20 and 34 years old*

40.7% *of local population hold bachelor's degree or higher⌘*

$542,400 *2021 median home price*

** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

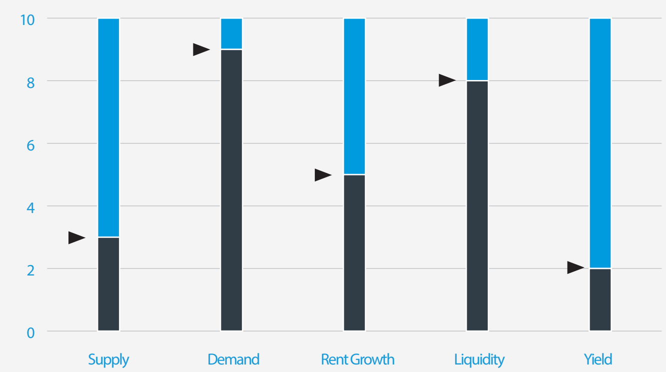
2022 Investment Outlook

Denver maintains an active development pipeline, keeping the supply ranking toward the bottom of the spectrum. At the same time, new rentals are typically absorbed quickly amid strong household creation and population growth, shown by the high demand metric of 9.

The liquidity and yield rankings have not deviated drastically from the Key Perfomance Index measured prior to the health crisis. Denver continues to support strong levels of trading as local and nonlocal investors deploy capital, supporting a liquidity score of 8.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 9

Employment *45,000 jobs* — *Metro* **2.9%** *U.S.* **2.5%**

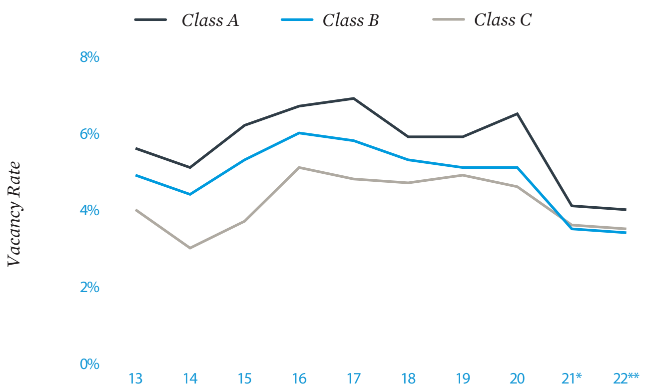
Construction *as % of inventory*❖ — *Metro* **2.6%** *U.S.* **2.2%**

Class A Vacancy *Down 10 bps* — *Metro* **3.9%** *U.S.* **3.6%**

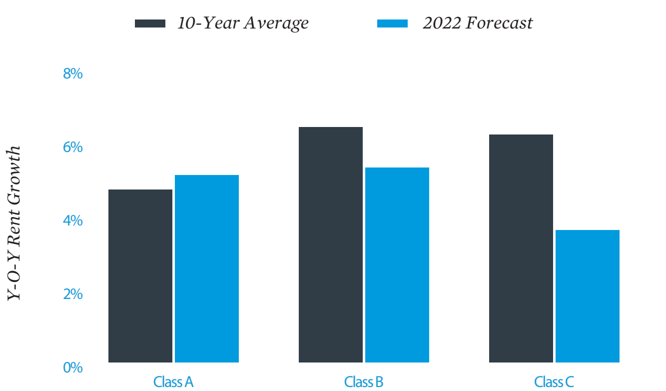
Class A Rent *$2,168 per month* — *Metro* **5.1%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **51** *Volume:* **$4.0 Billion**

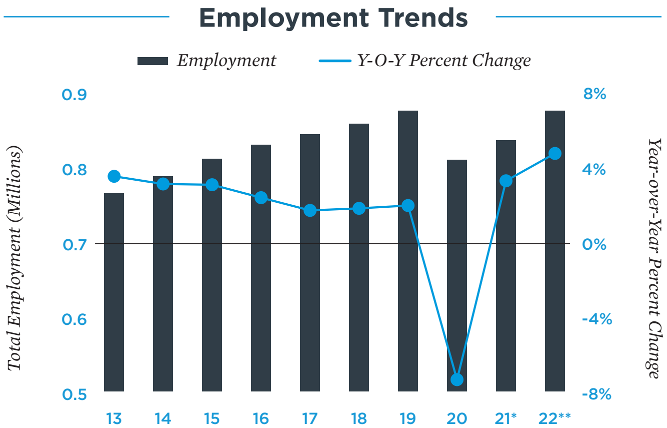
Vacancy By Class

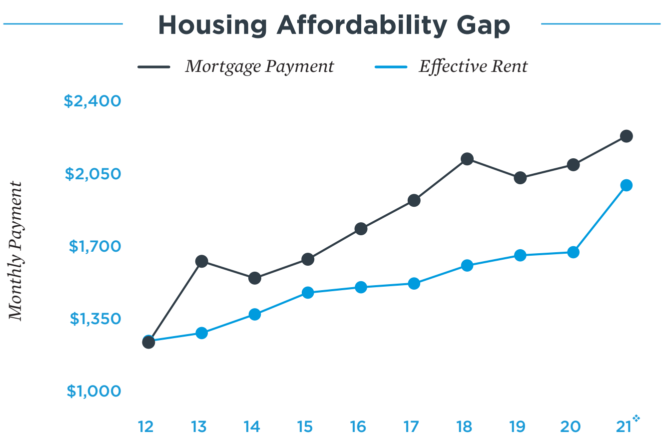


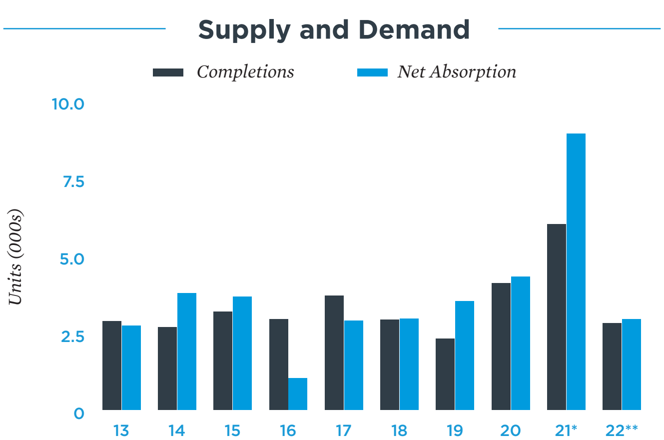
Rent Growth By Class



* Estimate ** Forecast
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics







** Estimate ** Forecast ✧ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Relocation Sparks Leasing Boom; Institutional Investors Take Notice

Climate and COVID-19 considerations fuel in-migration. Fort Lauderdale has been a beneficiary of remote work policies adopted in other markets, leading rental demand to escalate during the pandemic period. In addition to retirees, the metro has attracted younger workers looking for a warmer climate and relaxed COVID-19 policies. Surging home prices are prompting more of these individuals to consider the advantages of multifamily living, bolstering rental needs and fostering an absorption surge last year. A similar rate of household formation is expected in 2022 that will coincide with a moderation in construction activity. Developers are following renter demand as the majority of units added will open in Fort Lauderdale proper and Hollywood, the two submarkets with the strongest absorption tallies entering this year. Minimal construction is slated to open in Pembroke Pines-Miramar in 2022 despite sub-2 percent vacancy and relatively high net absorption, pushing rents higher.

Historic rent growth increases investor appetite for luxury units. After a brief slowdown in sales velocity at the onset of the health crisis, transaction activity has ramped back up in the metro. Class A properties were trading more frequently in the metro during the months leading into this year as more than three times the number of Class A assets changed hands last year than in either 2019 or 2020. Out-of-state and international investors spurred the recent increase, targeting Central Fort Lauderdale and achieving cap rates in the high-3 percent range most often. Oakland Park, Pembroke Pines and Pompano Beach have also seen such investments with first-year yields similar to those in the central neighborhoods. However, several other submarkets have become more frequently targeted by institutions heading into this year. Coral Springs and Plantation-Sunrise have observed increased exchanges of assets priced at or above $20 million due to rapid in-migration in these western areas. These trades report cap rates roughly 100 basis points above those recorded in Central Fort Lauderdale.

19.1% *2021 share of local population between 20 and 34 years old*

29.2% *of local population hold bachelor's degree or higher⌘*

$410,800 *2021 median home price*

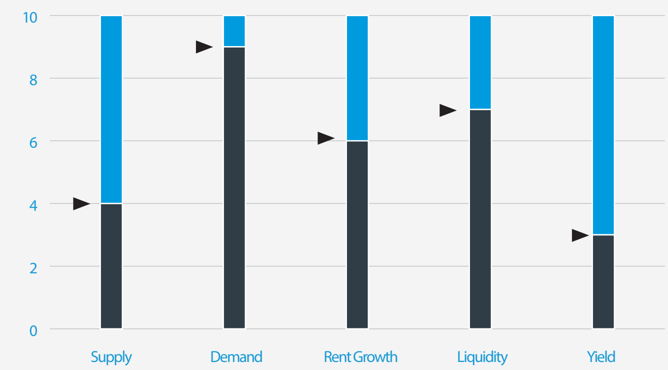
2022 Investment Outlook

Fort Lauderdale apartments are in high demand as in-migration underscores household formation. These trends have accelerated, supporting a higher demand score than the metro received before the pandemic. Supply-side pressure is also expected to be mild in 2022.

Many investors who focus on Southeast Florida are paying more attention to Fort Lauderdale as multifamily metrics strengthen. Deal flow is expected to remain solid in 2022, supporting a high liquidity ranking. Meanwhile, the yield score of 3 is a tick above nearby West Palm Beach.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 2

Employment *39,000 jobs* — *Metro* **4.7%** *U.S.* **2.5%**

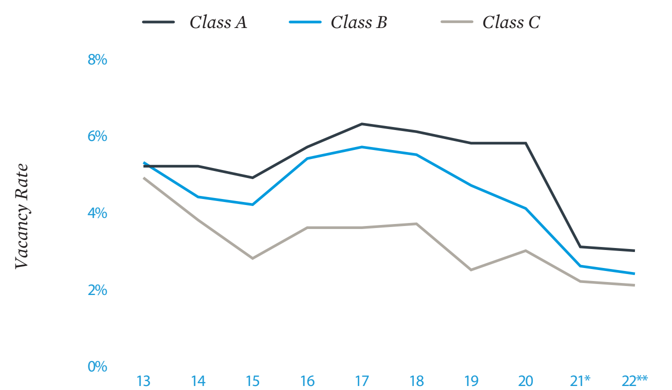
Construction *as % of inventory*❖ — *Metro* **1.4%** *U.S.* **2.2%**

Class A Vacancy *Down 10 bps* — *Metro* **2.9%** *U.S.* **3.6%**

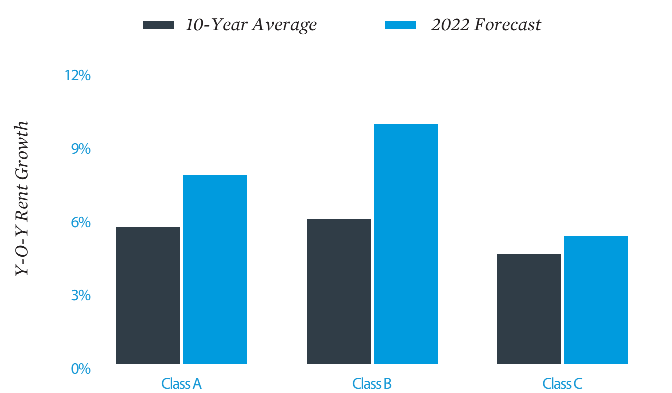
Class A Rent *$2,595 per month* — *Metro* **7.7%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **23** *Volume:* **$1.7 Billion**

Vacancy By Class

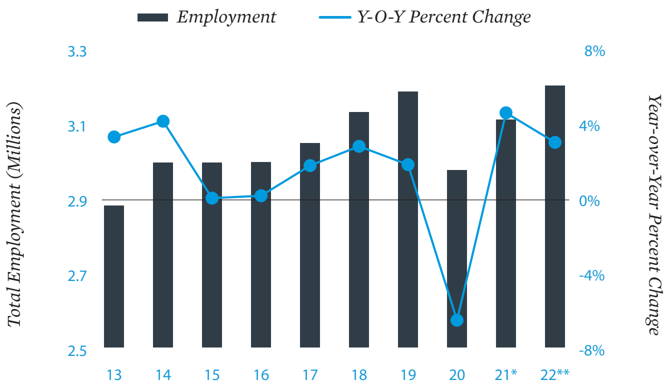


Rent Growth By Class

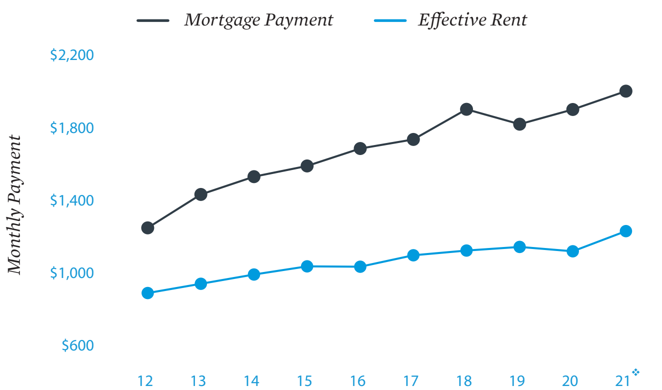


* Estimate ** Forecast
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

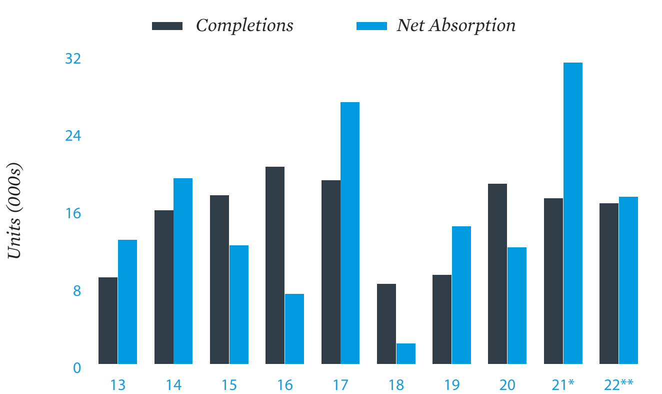
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Steady Improvement After a Lackluster Stretch Calls for Revived Buyer Interest

Prolonged period of elevated vacancy in the rear view. Apartment fundamentals in Houston have turned the corner after a decade-plus span of high availability and modest rent growth. The market posted its strongest absorption total in at least 20 years in 2021, producing the tightest vacancy rate and fastest annual rent gain over that same duration. Availability in both the Class A and Class B segments also dipped below 5 percent for the first time since 2014. Multifamily metrics will again improve this year, with overall vacancy expected to settle in the upper-4 percent range by year-end, compared with an average rate above 7 percent from 2010 through 2020. Momentum on the leasing side is largely driven by robust household formation, which is a product of both in-migration and population composition. In terms of people relocating to the metro, Houston is expected to record the third-largest influx of new residents among major U.S. metros this year. Adding to this, the 20-to-34-year-old population is anticipated to grow by the second-highest amount in the nation in 2022. As this is a key demographic for the rental segment, the outlook is favorable for apartments.

Demographic trends, high regional yields drive activity. The turnaround in apartment metrics as well as a promising in-migration and household creation outlook garner attention, especially with the average first-year return in Houston sitting above nearby Dallas-Fort Worth and Austin. Institutions concentrating on Inner Loop neighborhoods focus on west side submarkets like Medical Center-West University and Neartown-River Oaks. Class A complexes with more than 200 units account for a large share of deals in these areas and in the Energy Corridor. Institutional sentiment is strengthening as the oil and gas sector rebounds from the pandemic and firms expand operations in Houston. Meanwhile, buyers looking at fast-growing suburbs home in on the northern section from Spring to Conroe, as well as the southeastern portion from the Space Center area down to Galveston. Class A and B assets in Montgomery County or in the suburbs just south trade with cap rates in the mid-4 percent to low-5 percent band. First-year returns for similar assets in Galveston County are in the same range, though higher yields can be found closer to the Gulf.

21.3% *2021 share of local population between 20 and 34 years old*

30.3% *of local population hold bachelor's degree or higher⌘*

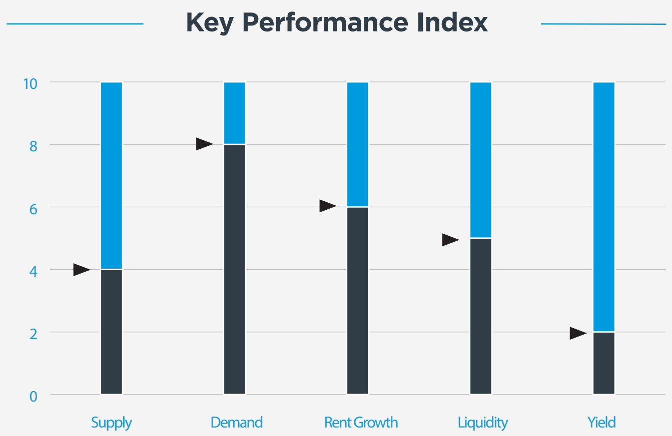
$292,700 *2021 median home price*

2022 Investment Outlook

On the 2022 Key Performance Index, Houston improved on both the demand and rent growth portions relative to the ranking prior to the pandemic. The steady flow of new residents and solid employment rebound are providing a jolt to multifamily fundamentals.

Houston has a lower liquidity score than the other three major Texas markets, as higher vacancy and challenges over the past decade keep some investors hesitant. Still, the bidding market is active amid positive momentum, which places downward pressure on cap rates.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

NMI Rank 16

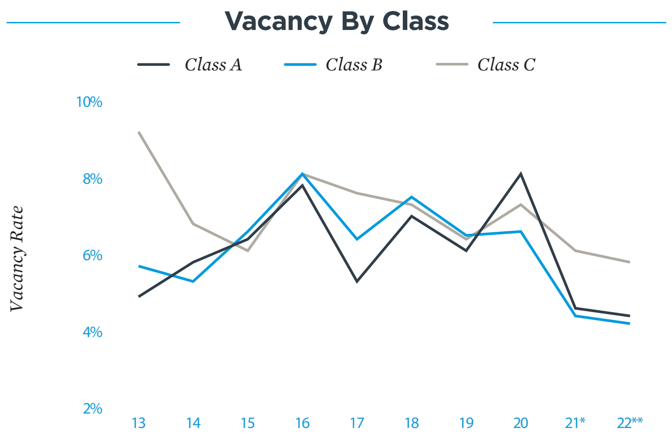
Employment
91,000 jobs
Metro **2.9%**
U.S. **2.5%**

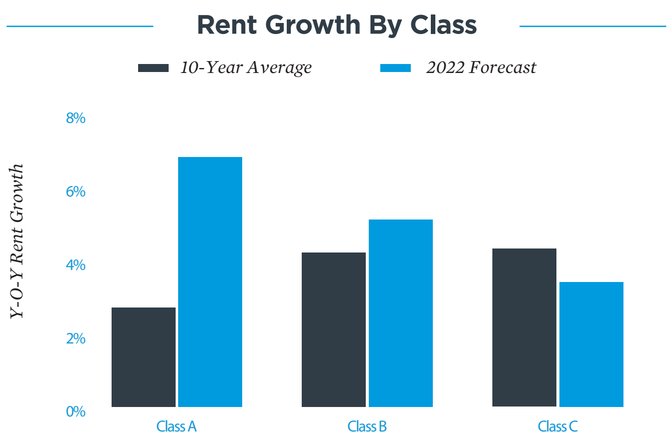
Construction
as % of inventory❖
Metro **2.3%**
U.S. **2.2%**

Class A Vacancy
Down 20 bps
Metro **4.3%**
U.S. **3.6%**

Class A Rent
$1,690 per month
Metro **6.8%**
U.S. **7.5%**

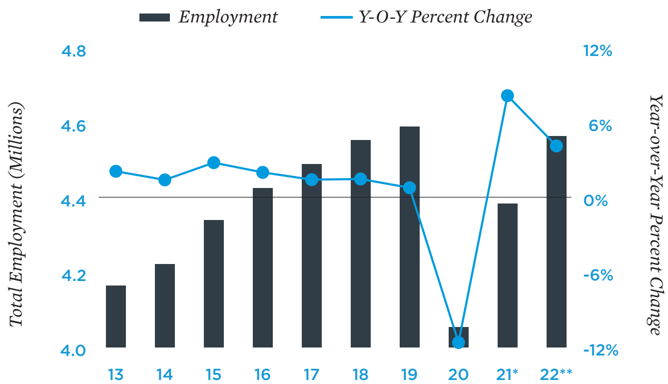
Investment
3-yr. avg. activity $20+ million
Deals: **50**
Volume: **$2.2 Billion**



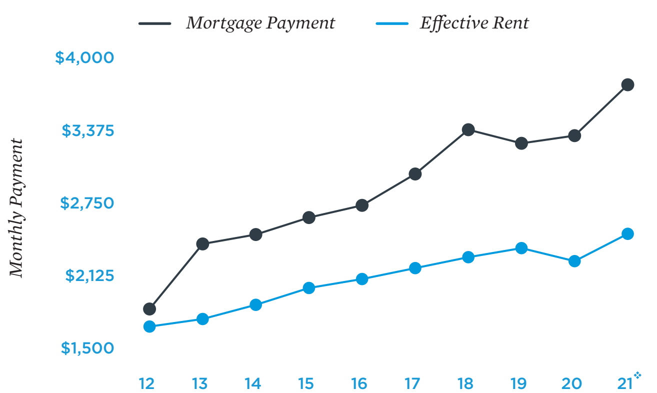


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

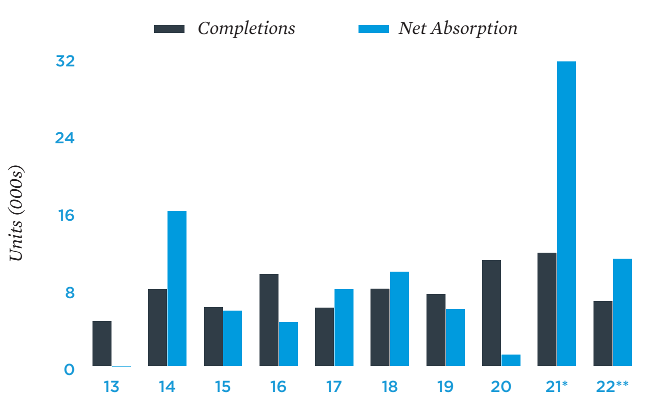
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Lowest Vacancy in Two Decades; Pipeline Moderation Propels Institutional Activity

Robust leasing velocity widespread for a second consecutive year. Los Angeles County renters absorbed more than 30,000 units last year, slashing apartment vacancy to a 20-year low. Conditions that supported stout multifamily demand will extend through 2022, further compressing unit availability. Organizations are expected to push the metro's total job count to a tally slightly below the pre-pandemic mark this year, supporting the formation of more than 30,000 new households. For many of these residents, dwelling options will be limited as the county's median home price surpasses $800,000. Suburban submarkets, neighborhoods south of Downtown Los Angeles and Silicon Beach should all benefit as more households seek areas of regionally lower rent or proximity to tech hubs. Additionally, demand for rentals in the San Fernando Valley, South Bay and Westside Cities will coincide with a moderation in each region's construction pipeline. Year-over-year declines in delivery volumes will direct more renters to existing properties, enabling regional vacancies to hold at historically low levels.

Historically strong luxury fundamentals broaden upper-tier buyer pool. Los Angeles County enters this year with its lowest Class A vacancy rate since 2005. This is heightening institutional competition for luxury listings at a time when cap rates for these assets hover in the 3 percent range. The significant increase in suburban absorption during the second half of last year is generating institutional demand for larger, high-quality properties in the San Fernando Valley. Here, Class A vacancy is below 3 percent for the first time since 2000. Additionally, the region is recording a pace of luxury rent growth that notably exceeds its historical average. Together, these factors are garnering the attention of both California and out-of-state investors willing to deploy more than $500,000 per unit. Similar commentary can be applied to the Westside Cities market, where the in-office returns of major tech companies are poised to sustain strong renter demand for upper-tier apartments. Further enhancing the appeal of relatively newer assets in this area, pre-1980-built properties in Santa Monica, West Hollywood and Los Angeles are subject to rent control. Similar restrictions exist in Beverly Hills and Culver City, only these mandates apply to properties built prior to 1995. For institutions with construction experience, smaller Class C properties positioned for teardown and redevelopment could represent another attractive investment strategy.

23.1% *2021 share of local population between 20 and 34 years old*

29.7% *of local population hold bachelor's degree or higher⌘*

$778,900 *2021 median home price*

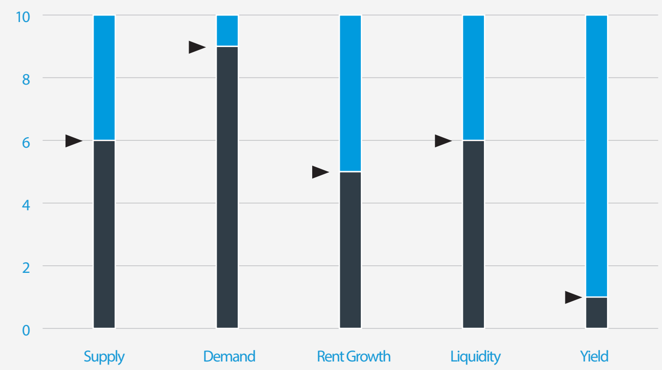
2022 Investment Outlook

The development pipeline is notably smaller than it has been in recent years, resulting in a relatively high supply score of 6 in 2022. At the same time, jobs are being recovered after the pandemic disruption, which is fueling demand for apartment units and lifting that segment of the Index.

Los Angeles has one of the lowest average cap rates in the nation, and as a result scores a 1 on the yield section of the Key Performance Index. Assets remain desirable to an array of investors despite modest first-year returns, keeping liquidity strong.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 19

Employment *180,000 jobs* — *Metro* **4.1%** *U.S.* **2.5%**

Construction *as % of inventory*❖ — *Metro* **0.6%** *U.S.* **2.2%**

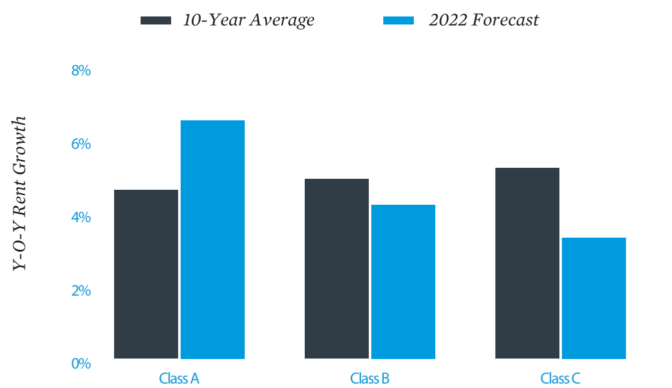
Class A Vacancy *Down 40 bps* — *Metro* **3.0%** *U.S.* **3.6%**

Class A Rent *$3,509 per month* — *Metro* **6.5%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **48** *Volume:* **$3.2 Billion**

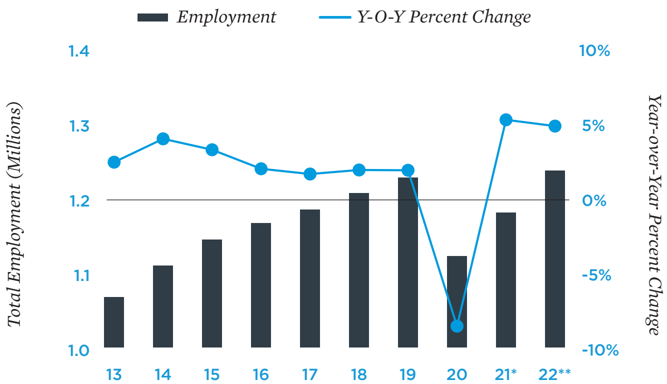
Vacancy By Class

Rent Growth By Class

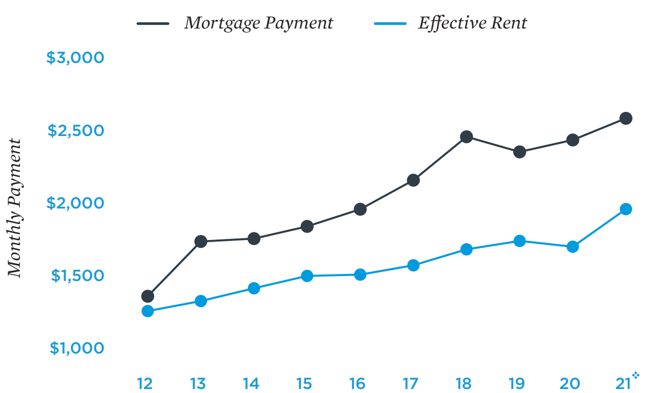


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

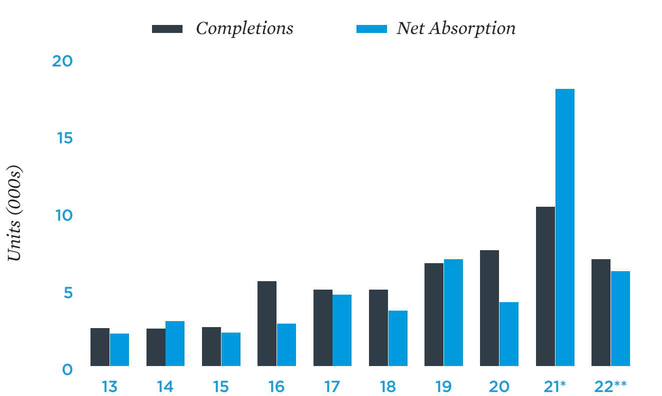
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Low Vacancy Attracts Additional International Capital to South Florida

Miami among tightest apartment markets in the country. A prime destination for renters seeking to avoid stricter lockdowns in Northeastern and West Coast metros, Miami recorded significant vacancy compression last year. Tight conditions are positioned to persist in the near term as the metro attracts more workers, boosting the local population count. The number of well-paid employees on waiting lists from JPMorgan Chase and Goldman Sachs requesting transfers to Florida is at an all-time high. Recent vacancy compression has come without the benefit of international tourism, which should increase this year as travel restrictions ease. Furthermore, an increase in cruise ship calls will spur hiring in the leisure and hospitality sector, which remains roughly 25,000 spots below the pre-recession figure. A return to previous staffing should help pull down one of the state's highest unemployment rates and facilitate renter demand. Finally, supply chain issues have the potential to increase the number of container ships that permanently include Miami as a stop, boosting the trade and transportation sectors and adding to the variety of economic drivers in the market.

Elevated yields preserve outside investor activity. Buyers are taking advantage of the relatively favorable returns in Miami and the potential for near-term rent growth. Despite the very low vacancy level, construction will decline this year, providing investors with an opportunity to acquire assets with upside rent potential. Out-of-state buyers are the most active in the market, accounting for approximately 80 percent of the transactions during the past year. Additional capital from outside Florida is expected in 2022, including international funds from Latin American buyers. These investors tend to gravitate to South Florida due to familial experience or leveraging property ownership to acquire a visa. Additionally, metro submarkets enter the year with average cap rates in the low- to mid-5 percent range. Top-tier returns fall into the 4 percent area, and even lower in some cases for A-plus properties or high-rise apartments. Class B-plus listings will attract the most investors due to a lack of available Class A properties.

20.1% *2021 share of local population between 20 and 34 years old*

26.5% *of local population hold bachelor's degree or higher⌘*

$477,700 *2021 median home price*

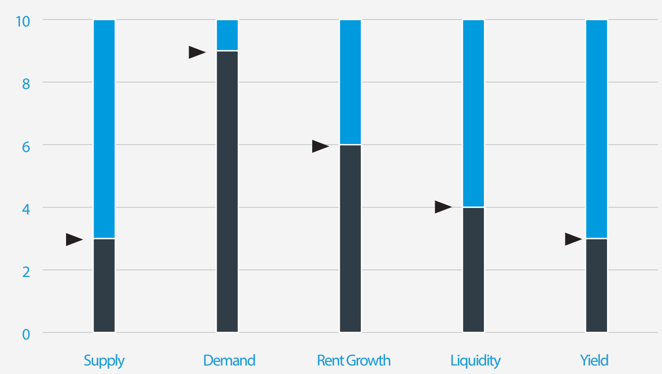
2022 Investment Outlook

The expansion of the resident pool buoyed by in-migration from both inside the U.S. and immigration bolsters demand for rentals. Miami receives a score of 9 on the demand section of the Key Performance Index, up considerably from the measure before the health crisis.

Liquidity has dipped to a 4 as some nearby markets in Southeast Florida are garnering more attention. Nonetheless, Miami is appealing to U.S. and international investors, which supports deal flow. The yield score of 3 is also higher than most other primary metros.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 8

Employment *56,000 jobs* — *Metro* **4.7%** *U.S.* **2.5%**

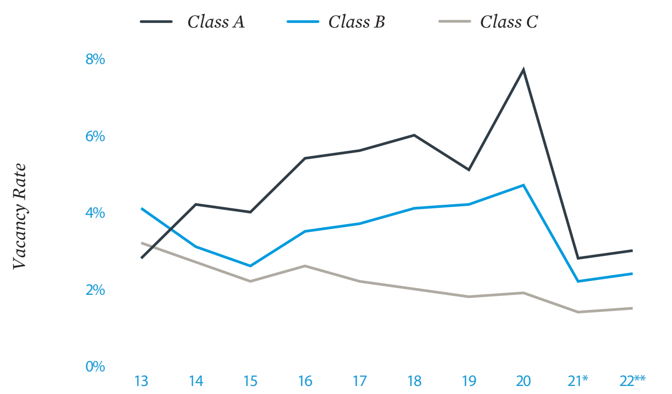
Construction *as % of inventory*❖ — *Metro* **2.2%** *U.S.* **2.2%**

Class A Vacancy *Up 20 bps* — *Metro* **2.9%** *U.S.* **3.6%**

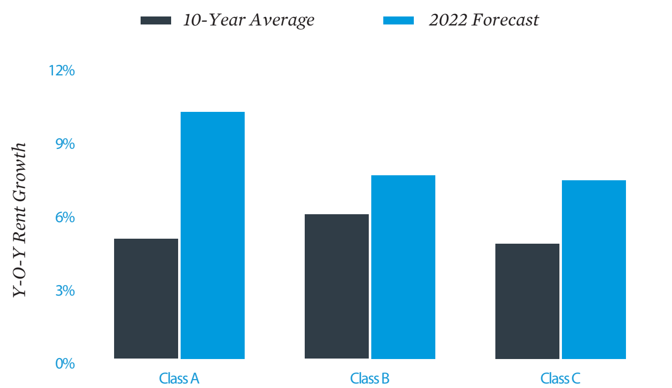
Class A Rent *$2,714 per month* — *Metro* **10.1%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **11** *Volume:* **$702 Million**

Vacancy By Class

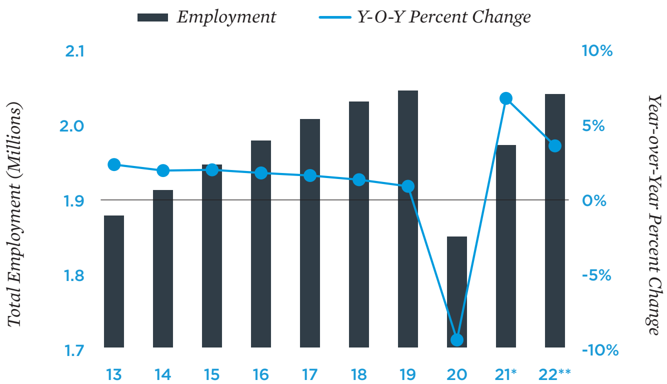


Rent Growth By Class

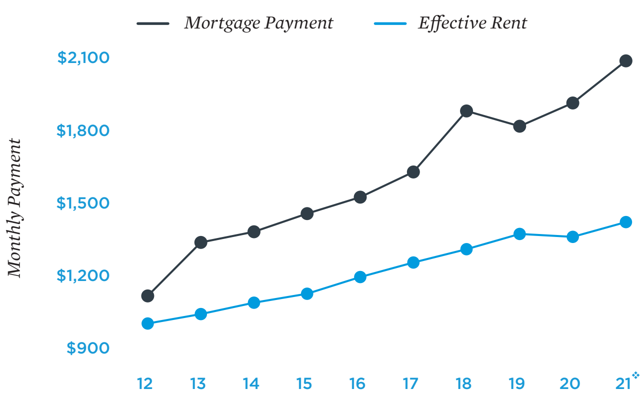


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

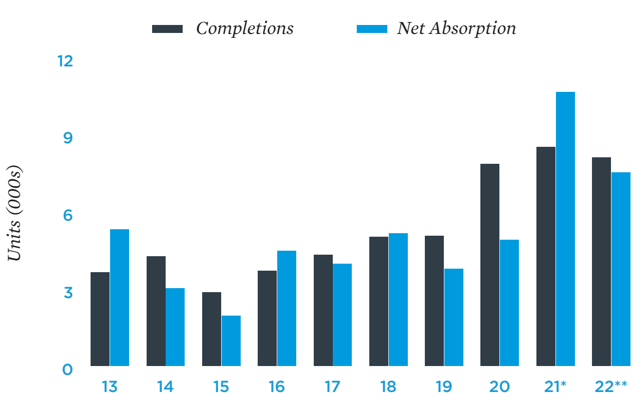
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Suburbs Favored by Tenants; St. Paul Rent Control Shakes Up Investment Landscape

Pandemic-era trends reveal transformation of leasing decisions. From the beginning of 2020 through the third quarter of last year, the suburbs were responsible for nearly 82 percent of net absorption. This is up notably from the 68 percent suburban share logged during the same length period prior to 2020. Several factors are influencing renter preferences and funneling more demand to outlying areas. Many residents are seeking larger units in more spacious communities, coinciding with civil unrest in urban districts that could also be impacting decision-making. At the same time, remote and hybrid work schedules are making commute times less relevant to some renters. Suburban submarkets including South St. Paul-Eagan, East St. Paul and Burnsville-Apple Valley had low-2 percent vacancy rates late last year. Conditions should remain tight in these areas as demand trends persist and the three submarkets combine for less than 25 percent of the 2022 pipeline. Conversely, almost 1,600 new rentals are headed to Downtown Minneapolis-University, where vacancy held above 5 percent in 2021.

Investor considerations include rent control, suburban strength. Pandemic-induced hurdles and near-term supply pressure in Downtown Minneapolis have softened transaction activity in the corridor that historically supports high levels of trading. Many institutions are repositioning their focus to the suburbs in between and surrounding the Twin Cities, where apartment metrics are improving as household formation accelerates. The Maple Grove-Golden Valley-Plymouth submarket is an area garnering more interest among buyers, especially those targeting 100-plus-unit complexes. These types of assets in the suburbs spanning Interstate 494 on the west side typically exchange with entry costs near $200,000 per unit. Farther east, the introduction of a stringent rent control measure in St. Paul late last year is impacting the strategies of both investors and developers. The ordinance caps annual rent hikes at 3 percent and applies to new construction. Some builders have announced plans to pause projects here, which could lead to a heavier share of development on the Minneapolis side of the Twin Cities in the coming years. Institutions are likely to also favor areas outside of St. Paul, where faster rent growth can be achieved.

20.5% *2021 share of local population between 20 and 34 years old*

38.8% *of local population hold bachelor's degree or higher⌘*

$365,600 *2021 median home price*

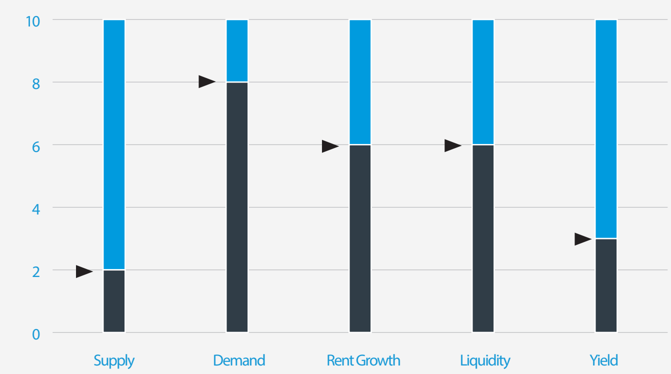
2022 Investment Outlook

New development may pressure fundamentals, with the supply score at 2 in the 2022 Key Performance Index and a demand ranking of 8, which is below most other markets this year. The ongoing jobs recovery, supported by the numerous Fortune 500 companies headquartered in the metro, should underpin demand for rentals and sustain rent growth, though.

Minneapolis-St. Paul has a higher average cap rate than many metros along the coasts and in the Sun Belt, increasing its cashflow appeal within institutional portfolios. Solid trading activity contributes to a liquidity score of 6 this year.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 24

Employment
67,500 jobs
Metro **3.4%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **2.6%**
U.S. **2.2%**

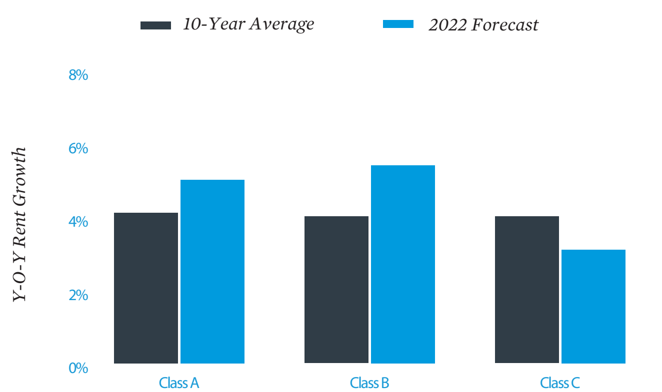
Class A Vacancy
Up 20 bps
Metro **4.8%**
U.S. **3.6%**

Class A Rent
$1,880 per month
Metro **5.0%**
U.S. **7.5%**

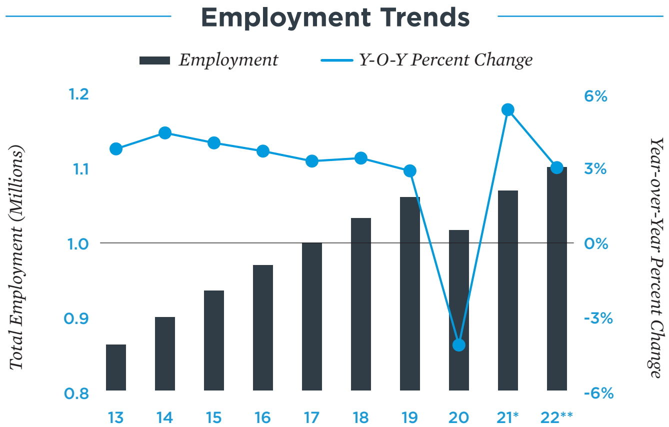
Investment
3-yr. avg. activity $20+ million
Deals: **22**
Volume: **$902 Million**

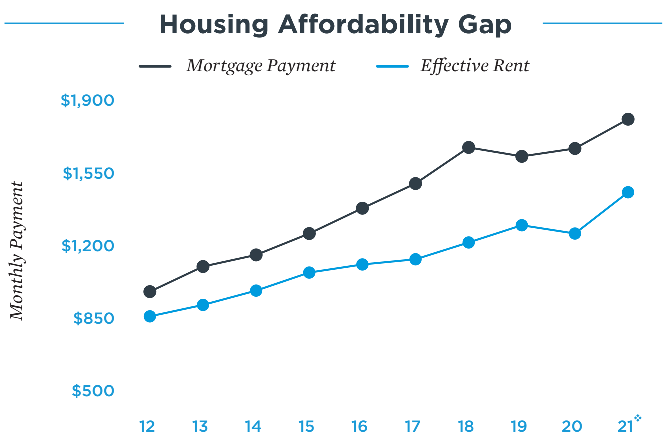
Vacancy By Class

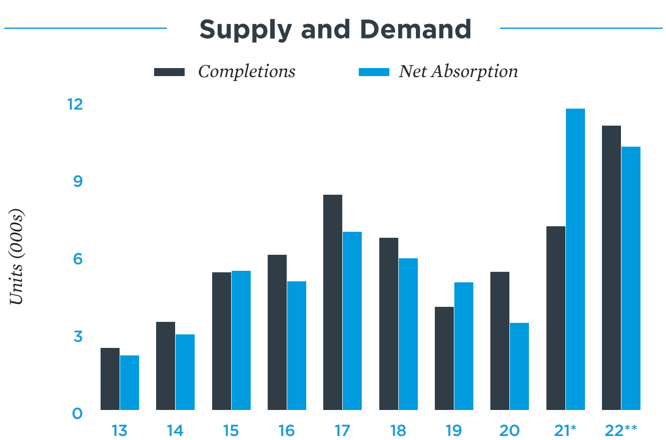
Rent Growth By Class



** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics







* Estimate ** Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Rising Incomes Spark Class A Demand; Construction Up Across Most Submarkets

Greater economic diversity supports apartment demand at all levels. Nashville has been successful in attracting new businesses as companies converge on the urban center and provide an abundance of new job opportunities. While Amazon and Asurion complete their moves into downtown, construction continues on Nashville Yards, a 17-acre, mixed-use development. New projects and businesses downtown grow the number of middle- to high-income jobs in the metro in 2022. This employment growth will support demand for the record 11,000 rentals added to inventory this year. Despite the completion of 4,000 more units this year than last, strong leasing will enable absorption to nearly match supply additions, keeping pressure on rents. Additionally, this construction surge will provide numerous options to renters in a crowded market where vacancy rates have plummeted to their lowest levels since 2000. Rising rents and tight conditions in the city's core will encourage spillover demand into the metro's suburban neighborhoods, particularly on the southern end.

Investors follow household formation into southern suburbs. Buyer demand for Downtown Nashville properties has caused a spark in apartment pricing. Out-of-state investors are paying premiums for Class A buildings in the urban core, where rejuvenation efforts are ongoing, bidding sales prices up to as much as double the metro average per-unit price of $170,000. Last year, investors accepted cap rates near or below 4 percent for these assets, encapsulating a wide spectrum of property sizes. Elsewhere in the metro, trades of more than $20 million are most common in the southern submarkets. Larger properties that trade in Southeast Nashville, Smyrna-La Vergne and Williamson County frequently contain more than 200 units, with per-unit entry costs of nearly $230,000 on average. Entry costs fall even lower in the other suburban neighborhoods with institutional activity. Bellevue, on the west end of the metro, and Donelson-Hermitage, to the east, both see sales of assets priced above $20 million. The majority of these trades involve large Class B and Class C buildings. Renter demand here is driven by workers searching for more affordable dwellings than they can find in the core or in more affluent suburbs.

22.1% *2021 share of local population between 20 and 34 years old*

32.8% *of local population hold bachelor's degree or higher⌘*

$342,100 *2021 median home price*

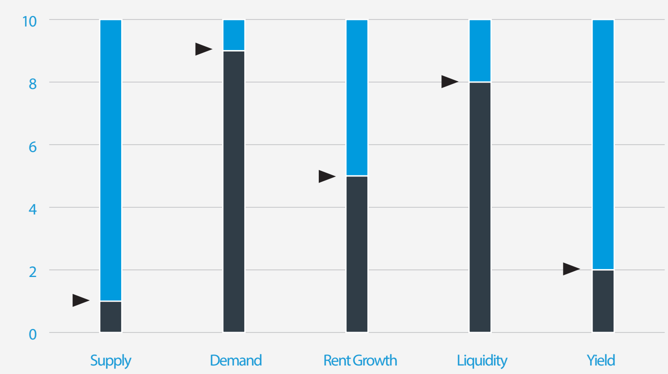
2022 Investment Outlook

Demand drivers are extremely strong as in-migration and household creation spearhead the need for living options. Developers are responding with an historically large pipeline. The supply score at the bottom of the spectrum and demand up at 9 represent market conditions.

The strong multifamily performance in Nashville is catching the attention of a wide array of investors, producing strong transaction activity and an elevated liquidity score of 8 on the Key Performance Index. Nevertheless, an intense bidding market compresses the yield ranking to a 2.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 17

Employment
31,000 jobs
Metro **2.9%**
U.S. **2.5%**

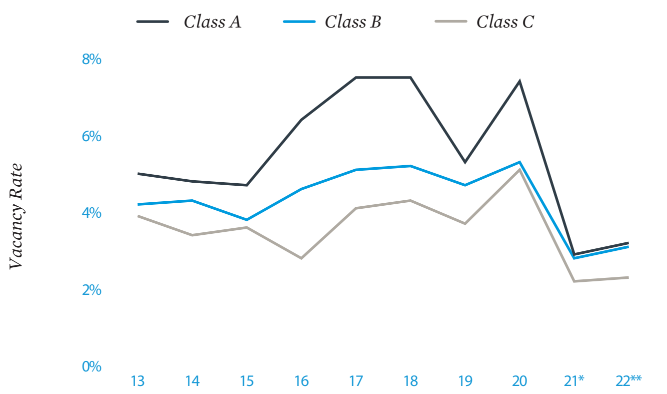
Construction
as % of inventory❖
Metro **6.7%**
U.S. **2.2%**

Class A Vacancy
Up 30 bps
Metro **3.1%**
U.S. **3.6%**

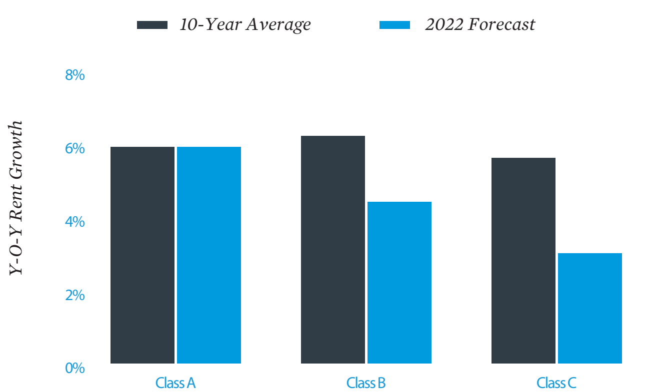
Class A Rent
$2,076 per month
Metro **5.9%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **26**
Volume: **$1.4 Billion**

Vacancy By Class

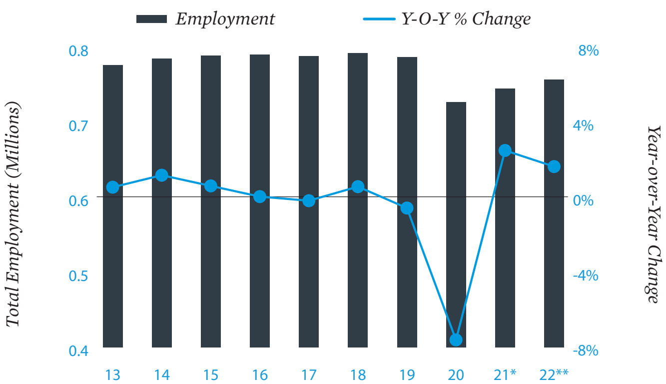


Rent Growth By Class

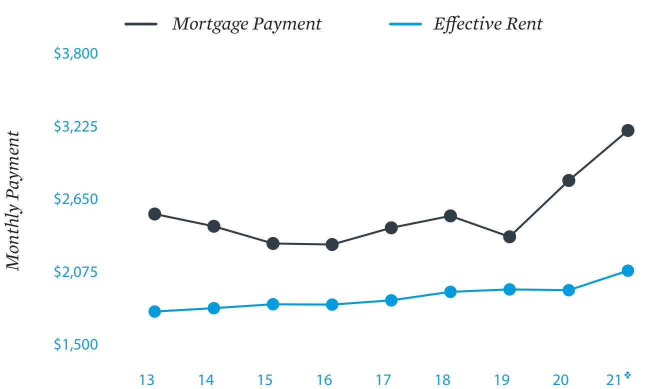


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

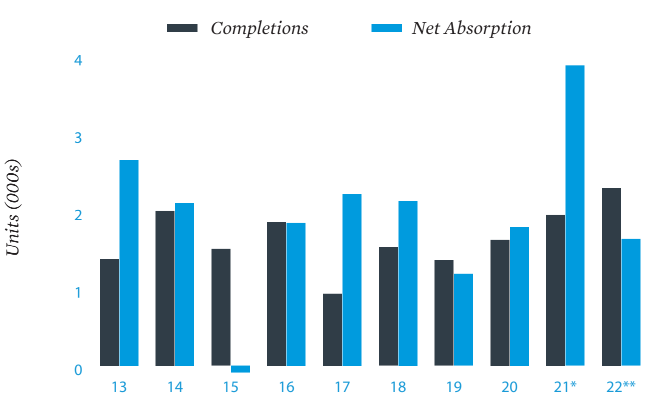
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✥ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Heavy Development Along Transit Routes; Buyers Move In From Nearby Markets

Last year's demand surge spurs new supply in coastal urban cores. Many developers expect more renters to reside in southwestern Connecticut, evidenced by recent supply growth in the locale. Deliveries totalled nearly 2,000 units last year, with another 2,300 apartments expected to finalize in 2022. Last year's release of pent-up leasing demand coinciding with job growth in nearby markets and in-migration from New York are some of the factors driving the development surge. However, as employment growth stabilizes, continued stock expansion through this year is projected to generate elevated vacancy. Nearly all of the new supply is being built in the southern portion of the market along the Interstate 95-Metro North corridor, giving workers access to Southern Westchester County and New York City. Commuters are a traditionally large demand driver for Fairfield County's luxury apartments, but the market has observed solid renter demand growth for Class B units recently. New York's lockdowns led many renters to depart for more affordable suburban units deeper into New Haven and Fairfield counties, and a significant portion of this population is likely to remain in these neighborhoods due to the region's similar wage level and a lower local cost of living.

Investors consider receding yields and new demand drivers. The release of pent-up investor demand compressed yields across all segments of the region's diverse multifamily market. In Fairfield County, elevated activity in Stamford's urban core contracted first-year returns to around 4.5 percent on average, while suburban multifamily returns dipped to just above 5.0 percent. Though cap rates in New Haven have been traditionally higher than the western portion of the market, the area reported yield expectations as low as those in Fairfield County last year. New Haven County presents investors many options at entry costs below $5 million. Notable in-migration from New Yorkers into suburban units provides a new source of demand for these rentals, on top of the population of Ivy League students and members of various trades who provide consistent demand for urban Class C housing. Assets in this tier have been mostly pursued by private investors in the past, though institutions compiling smaller properties into larger portfolios may present a new source of investor demand moving forward.

19.0% 2021 share of local population between 20 and 34 years old

37.5% of local population hold bachelor's degree or higher⌘

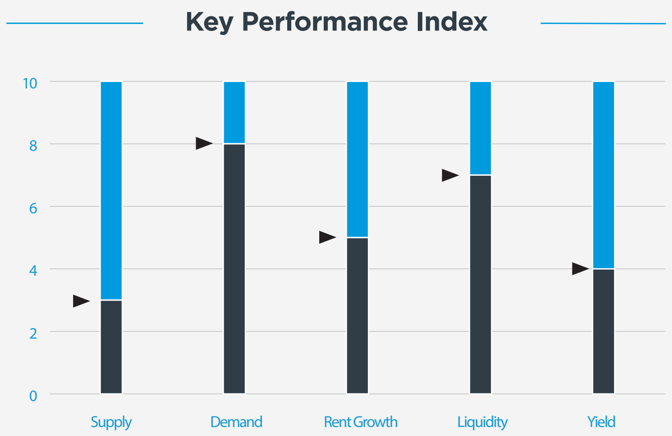
$511,400 2021 median home price

2022 Investment Outlook

New Haven-Fairfield County's supply score declined relative to the pre-pandemic measure as developers have ramped up activity. The demand ranking is solid at 8 though, which should help absorb the new units and underscore rent growth in 2022.

The metro's liquidity score jumped up to a 7 in the Key Performance Index with more regional investors entering the marketplace. Yields remain relatively attractive at 4 this year, which is compelling to buyers when compared with other Northeast markets where cap rates are lower.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

NMI Rank — 32

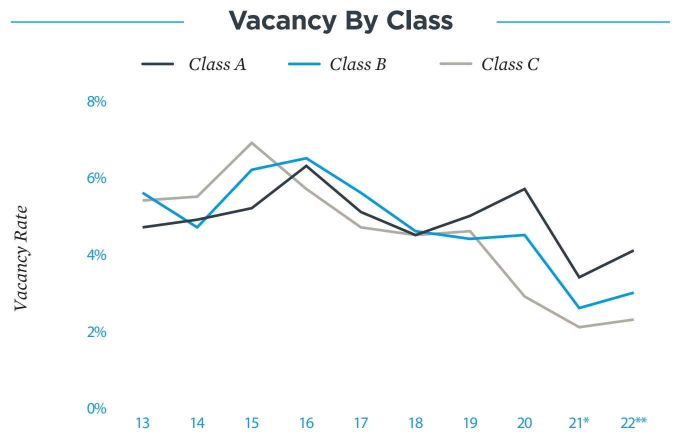
Employment *12,000 jobs* — *Metro* **1.6%** *U.S.* **2.5%**

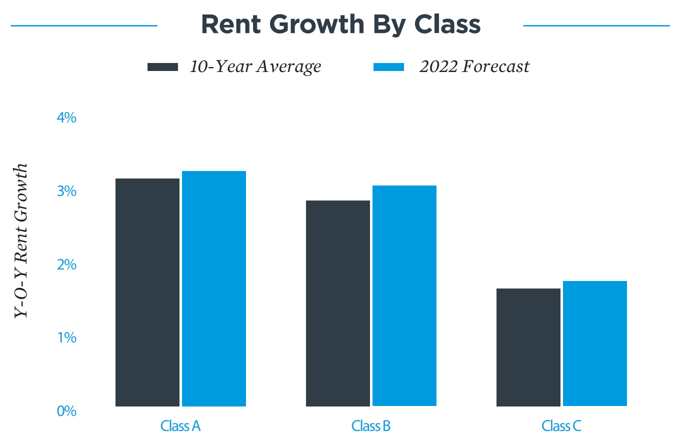
Construction *as % of inventory*❖ — *Metro* **1.9%** *U.S.* **2.2%**

Class A Vacancy *Up 70 bps* — *Metro* **4.0%** *U.S.* **3.6%**

Class A Rent *$2,820 per month* — *Metro* **3.2%** *U.S.* **7.5%**

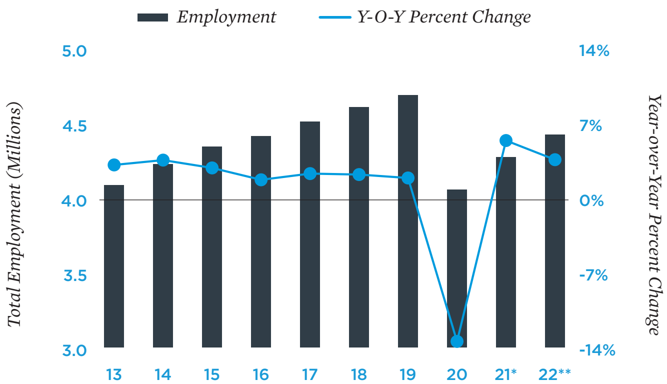
Investment *3-yr. avg. activity $20+ million* — *Deals:* **10** *Volume:* **$639 Million**



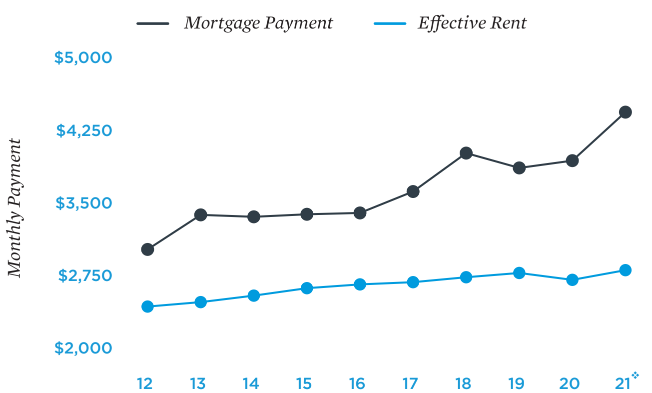


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

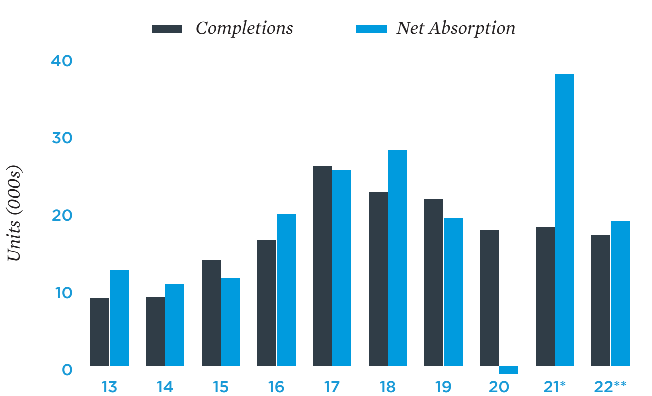
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Reopening Fosters Rental Demand; Investment Buoyed by Capital In-Migration

Multifamily market dynamics return to pre-pandemic levels. Given the severe economic impact of the health crisis on the metro, total employment will have yet to surpass its pre-pandemic peak by the end of 2022. Despite a protracted labor market recovery, multifamily fundamentals had already returned to pre-2020 values by the end of last year. A general reopening of urban amenities underscored the appeal of living in New York City and brought back some in-person jobs, helping lower vacancy across all building classes to figures comparable to before the health crisis. Submarkets in core areas that reported the heaviest losses due to the city's lockdown policies were among those reporting the steepest vacancy declines in 2021. The marketwide average effective rent is also now above the high reported prior to the health crisis. Advancing through this year, stock expansion will modestly slow, further aiding operations and rent growth. A heavy concentration of deliveries in Brooklyn and Manhattan could weigh on local property performance if office-using firms extend return-to-workplace timelines. A higher proportion of permanent remote staff may curtail renter demand for apartments in submarkets with shorter commutes to offices.

Investment market springs back, but room for growth remains. Following the downturn in 2020, sales activity flourished last year across the five boroughs as investors unleashed demand pent up earlier in the health crisis. As buyer appetites normalize, potential regulatory changes could spark sudden market behavior shifts. Following measures passed in several other cities across the state, New York City is considering Good Cause Eviction legislation, adding among other regulations an effective rent-growth cap of 5 percent. The introduction of previous rent-control policies in 2019 prompted many owners to abruptly put regulated properties on the market ahead of the new policy, while some others chose to transition from value-add strategies to holding investments long-term. However, discussion over rent control policy has done little to discourage capital inflows. The city observed a swell of out-of-state investors making purchases in the market over the course of last year, particularly in Queens. Here, institutions looking for higher yields are competing with private investors for Class B and C complexes.

24.0% *2021 share of local population between 20 and 34 years old*

34.5% *of local population hold bachelor's degree or higher⌘*

$792,400 *2021 median home price*

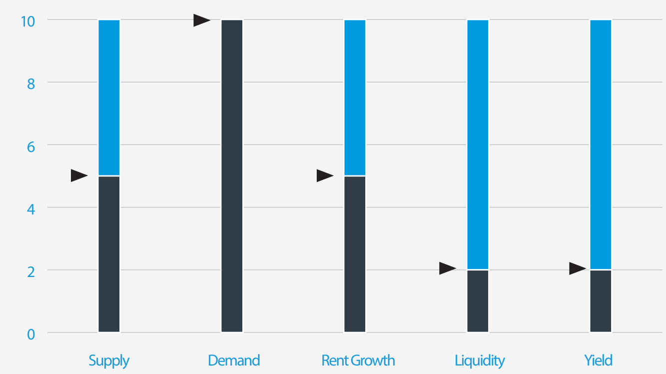
2022 Investment Outlook

New York is projected to sustain a strong recovery of jobs lost during the pandemic in 2022, which will underscore a greater need for rental housing amid high home prices. The market gets the highest possible score on the demand portion of the Key Performance Index as a result.

Liquidity is down notably from the pre-pandemic Key Performance Index, with the 2022 score of 2 being one of the lowest in the country. Many investors have taken a wait-and-see approach in the aftermath of the health crisis, but deal flow should ramp up once conditions stabilize.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 27

Employment *150,000 jobs* — *Metro* **3.5%** *U.S.* **2.5%**

Construction *as % of inventory*❖ — *Metro* **0.8%** *U.S.* **2.2%**

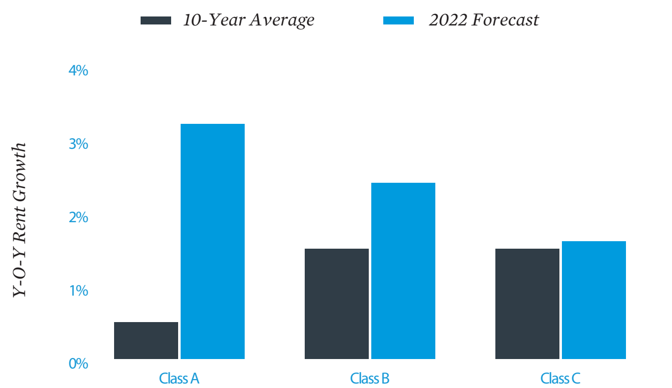
Class A Vacancy *Down 30 bps* — *Metro* **5.1%** *U.S.* **3.6%**

Class A Rent *$4,245 per month* — *Metro* **3.2%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **45** *Volume:* **$3.0 Billion**

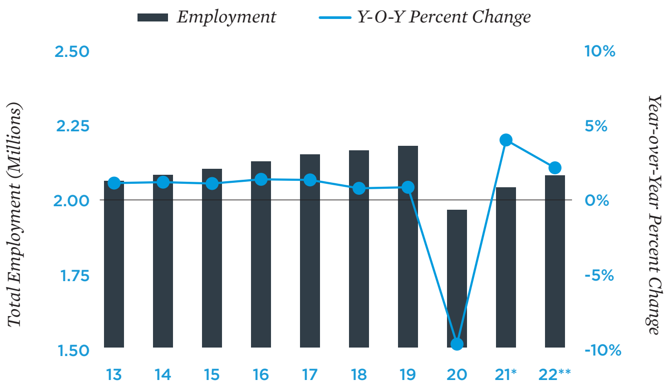
Vacancy By Class

Rent Growth By Class

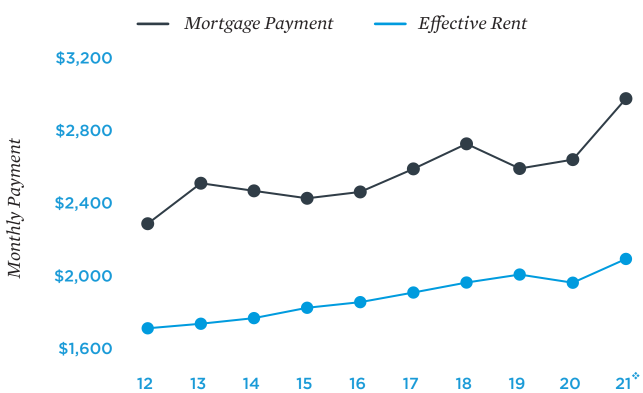


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

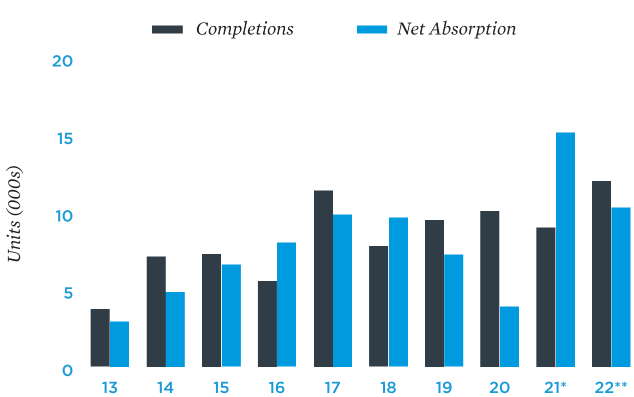
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✧ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Supply Growth Overshoots Renter Demand; Regulatory Changes Drive Investor Trends

Last year's rapid employment growth drives current stock expansion. After a year of surging rents and declining vacancy, Northern New Jersey is projected to experience a year of effective rent growth and multifamily occupancy closer to the trailing 10-year-long average. Renter demand growth is expected to remain strong due to a mix of endemic and exogenous factors. Many renters who migrated from nearby urban cores during the pandemic for more spacious and affordable suburban units are expected to stay, due in part to companies expanding headcounts in New Jersey's economic hubs of Trenton and Newark. In-migration from New York will coincide with robust supply gains in Essex and Hudson counties this year. Most of the 12,000 units slated for delivery are concentrated near commuter corridors into Manhattan. As New York-based firms tentatively schedule office reopenings, these new units may appeal to a large pool of renters who commute across the Hudson River. This ample stock expansion exceeds new demand from 2022's relatively tepid employment growth, which along with New Jersey's continuing overall net out-migration will lead to an uptick in vacancy by the end of the year.

Pandemic aftershocks and nearby regulatory changes drive local activity. Due to extended eviction moratoriums and health crisis-related regulatory issues, many long-time owners chose to put their properties on the market last year. These listings added more capital placement opportunities for institutional investors who have expanded their strategies to include suburban Class B apartments in addition to high-cost luxury assets in the urban core. Recent pandemic-related migration to the suburbs has boosted multifamily fundamentals far from the CBD. This year, institutions flush with capital may seek to integrate less expensive suburban units into a larger portfolio for higher first-year returns than a single luxury apartment would yield. However, capital in-migration may generate a competitive bidding environment in the near term. If adopted across the river next year in New York City, Good Cause Eviction legislation may incentivize buyers to look west of the Hudson. The introduction of previous rent regulations in 2019 coincided with a Northern New Jersey record for multifamily transactions involving New York-based buyers. A westward movement of private buyers into New Jersey will likely target Class B and C properties, putting downward pressure on cap rates in that segment.

20.1% *2021 share of local population between 20 and 34 years old*

38.2% *of local population hold bachelor's degree or higher⌘*

$463,400 *2021 median home price*

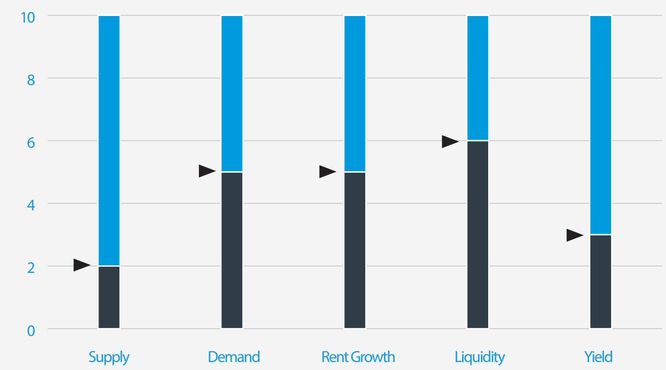
2022 Investment Outlook

The Northern New Jersey apartment market could face some hurdles this year, with the Key Peformance Index showing supply and demand scores below most other metros. The market still has a sizable amount of jobs to recover, which is weighing on apartment absorption and rent growth.

Despite the rather unimpressive marks on the supply and demand portions of the Index, Northern new Jersey maintains a solid liquidity score of 6. The yield ranking is above several other metros in the Northeast, generating interest from investors seeking higher returns.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 33

Employment
40,000 jobs
Metro **2.0%**
U.S. **2.5%**

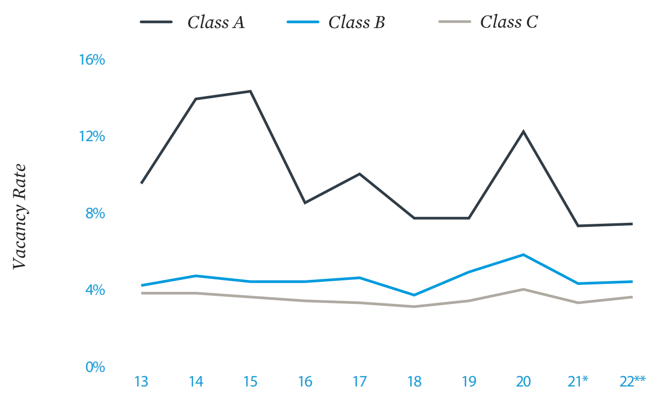
Construction
as % of inventory❖
Metro **3.1%**
U.S. **2.2%**

Class A Vacancy
Up 10 bps
Metro **7.2%**
U.S. **3.6%**

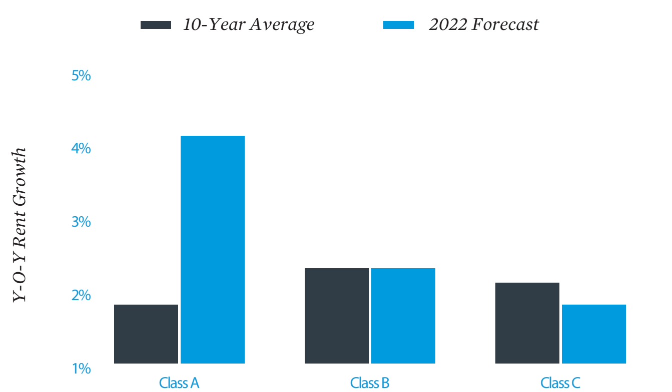
Class A Rent
$2,982 per month
Metro **4.1%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **24**
Volume: **$1.4 Billion**

Vacancy By Class

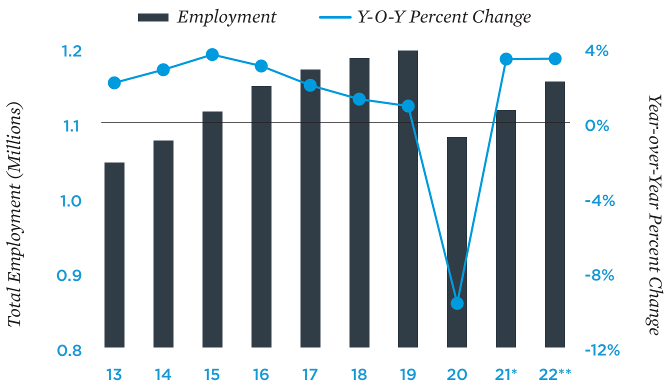


Rent Growth By Class

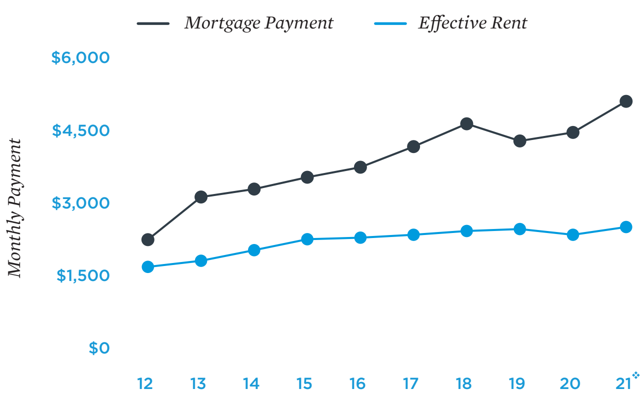


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

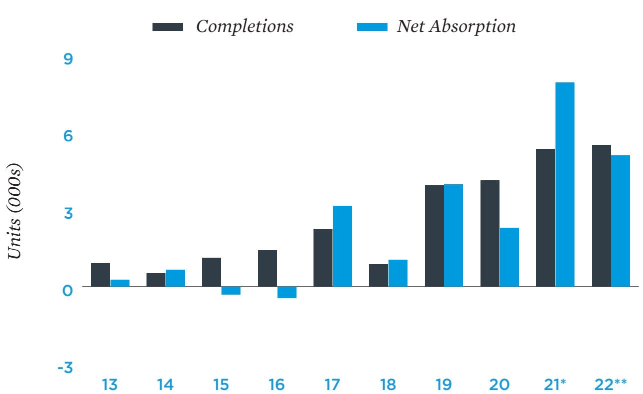
Employment Trends



Housing Affordability Gap



Supply and Demand



*Estimate ** Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Tight Vacancy and Broader Reopening Attract Large Buyers to East Bay

Soft landing gives way to protracted recovery. The inability of a large percentage of East Bay employees to transition into remote work kept apartment vacancy relatively low throughout the downturn. Traditional office-using sectors comprise roughly 24 percent of local employment, compared with 44 percent in San Francisco and 36 percent in San Jose. Workers in these fields were the most likely to leave the Bay Area. As a result, vacancy had returned to pre-recession levels in the third quarter of 2021. Stability is anticipated this year, though competition from across the Bay Bridge will remain a challenge in the Class A sector. The impetus for a stronger recovery that leads to robust rent growth hinges on the pace of fundamental improvement throughout the Bay Area. As the tech giants recall their employees and units vacated during the early stages of the health crisis are reoccupied, more renters will consider East Bay options. The other major group of incoming tenants are cost-conscious workers. The average rent in the market is more than $300 per month lower than the rest of the Bay Area.

Relatively high yields draw regional capital. As fundamentals continue to improve, local investors and institutions will enter the market or expand their portfolios. The window to take advantage of apartment prices impacted by COVID-19 is anticipated to be slightly longer than in the rest of the Bay Area, though the bottom of the market is well in the rearview mirror. Due to the potential for an extended recovery, more opportunities may arise in the coming months. Owners considering cashing out in the next few years may expedite plans, while others trade out of apartments for less management-intensive real estate. These sellers will be met with a buyer pool poised to own Bay Area assets at relatively attractive cap rates. Entering 2022, the average first-year return was a shade under 5 percent, offering a premium of about 70 basis points above cap rates in the nearby markets. Class A deals are already changing hands below 4 percent in some cases. Due to transaction costs, little downward pressure is anticipated in the first half of 2022, and upward momentum hinges on Fed action. Similar to the early stages of previous economic expansionary periods, institutions and REITs are expected to search the western portion of the market until more clarity emerges.

20.8% *2021 share of local population between 20 and 34 years old*

41.6% *of local population hold bachelor's degree or higher⌘*

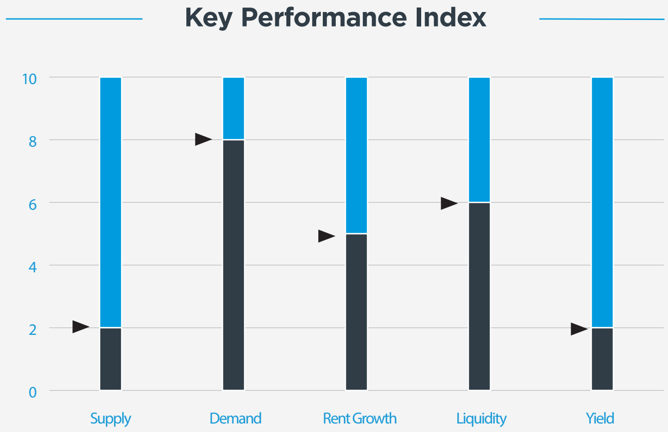
$1,054,000 *2021 median home price*

2022 Investment Outlook

Construction is on the rise in Oakland, resulting in a supply score of 2, down from the Key Performance Index measure before the pandemic. The demand and rent growth ranks are slightly higher, though, as the jobs recovery is expected to stimulate absorption of rentals.

Oakland scores a 2 on the yield Index, which is low relative to the bucket of all U.S. metros but high when compared to other Bay Area markets. A level of uncertainty is stunting deal flow, though, which has pushed the liquidity ranking below the pre-pandemic count.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

NMI Rank 25

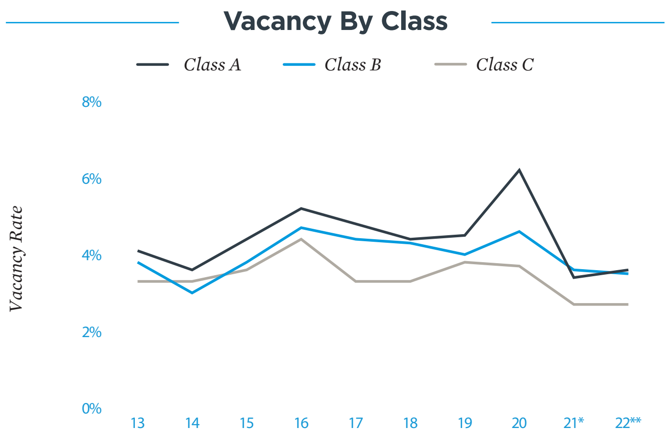
Employment *38,000 jobs* — *Metro* **3.4%** *U.S.* **2.5%**

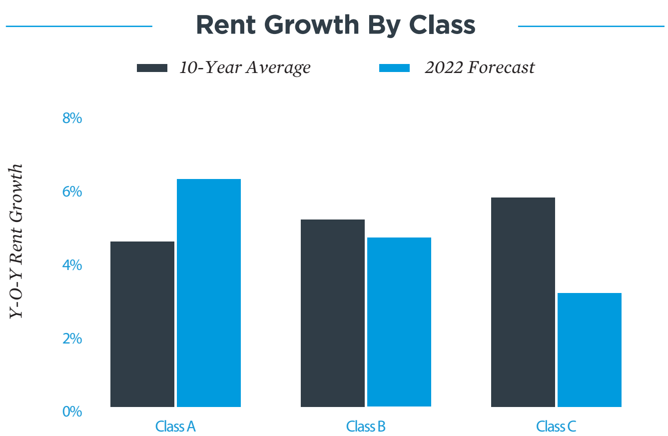
Construction *as % of inventory*❖ — *Metro* **2.5%** *U.S.* **2.2%**

Class A Vacancy *Up 20 bps* — *Metro* **3.5%** *U.S.* **3.6%**

Class A Rent *$3,092 per month* — *Metro* **6.2%** *U.S.* **7.5%**

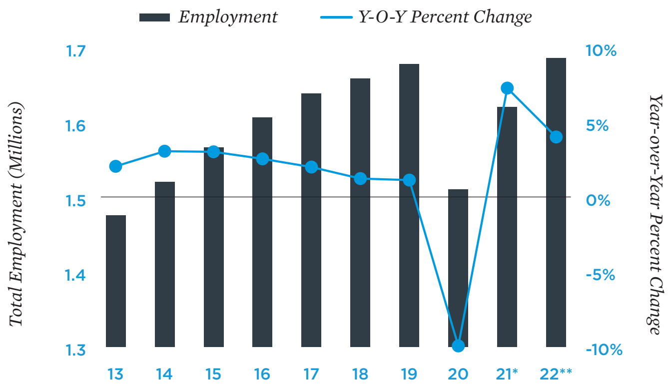
Investment *3-yr. avg. activity $20+ million* — *Deals:* **22** *Volume:* **$1.3 Billion**



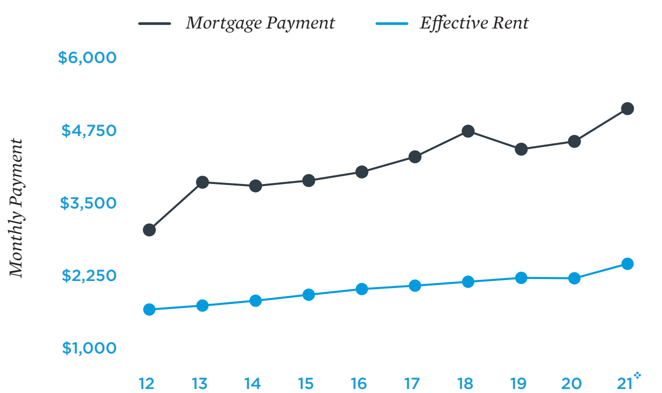


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

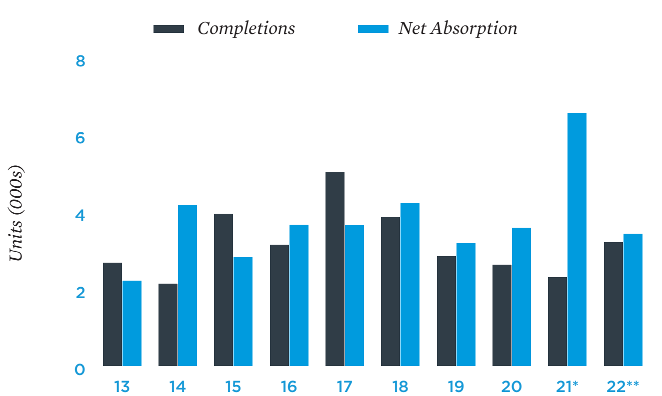
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✢ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Record Demand Establishes Orange County as Nation's Tightest Market

Homeownership hurdles, high-paying jobs support historic conditions. Renter demand for high-end and mid-tier apartments surged in Orange County over the past year, reducing vacancy in both the Class A and B sectors below 2 percent. Job creation by professional and business services firms supported the rise in absorption, with the employment segment responsible for roughly 20 percent of the total jobs added last year. While wages in this sector are typically above the market average, most professionals are unable to afford the metro's median home price, which now exceeds $1 million. With limited housing options available, these individuals will continue to filter into the renter pool in 2022, coinciding with the delivery of large-scale projects in Santa Ana, Costa Mesa and Irvine. Current fundamentals indicate these units will be well received, allowing Class A vacancy to rank among the nation's lowest. A lack of available luxury units may force some prospective renters to lease Class B apartments, further compressing conditions in the subsector.

Competition for luxury apartments establishes new price benchmarks. Record low Class A vacancy in Orange County is fueling demand among institutions for recently built assets that warrant significant capital commitments. With more than 30,000 rentals added to inventory over the past 10 years, opportunities to acquire these properties are emerging in Anaheim and other cities undergoing inventory expansion. Rent growth projections for newly built, larger complexes have buyers willing to deploy $450,000 to more than $500,000 per unit, while also accepting cap rates in the 3 percent range. Larger regional owners priced out of the luxury sector are targeting Class C assets with upward of 80 units. Depending on location, pre-1980s vintage complexes are requiring investments of $250,000 to $400,000 per unit as vacancy in the property tier is around 1 percent. Santa Ana has historically been an epicenter for Class C deal flow; however, the enactment of rent control late last year, which applies to units built prior to 1995, is poised to impact local deal flow moving forward.

20.9% *2021 share of local population between 20 and 34 years old*

36.9% *of local population hold bachelor's degree or higher⌘*

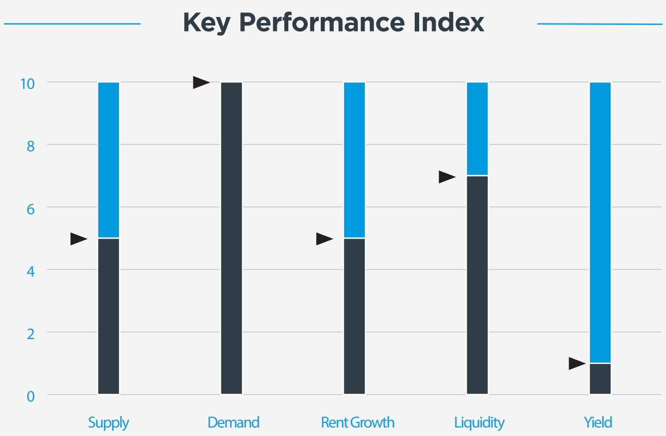
$1,062,200 *2021 median home price*

2022 Investment Outlook

Orange County is in a great position in 2022, grabbing the highest score possible on the demand segment of the Key Performance Index while supply concerns are minimal. Very tight vacancy amid strong demand supports rent growth this year.

Liquidity is up considerably on the Index when comparing Orange County's score of 7 to the recording prior to the health crisis. Transaction velocity is strong in the nation's tightest rental market, creating a competitive bidding market and pushing down on yields.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

NMI Rank 15

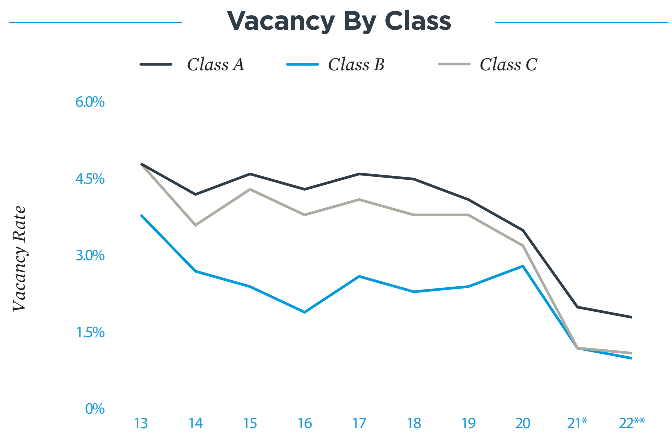
Employment
65,000 jobs
Metro **4.0%**
U.S. **2.5%**

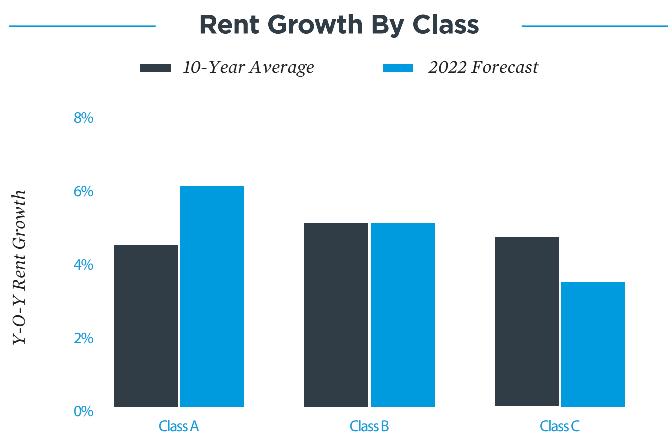
Construction
as % of inventory❖
Metro **1.2%**
U.S. **2.2%**

Class A Vacancy
Down 20 bps
Metro **1.7%**
U.S. **3.6%**

Class A Rent
$2,838 per month
Metro **6.0%**
U.S. **7.5%**

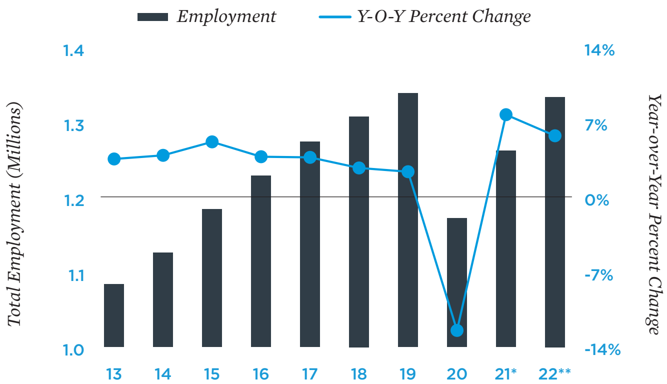
Investment
3-yr. avg. activity $20+ million
Deals: **14**
Volume: **$910 Million**



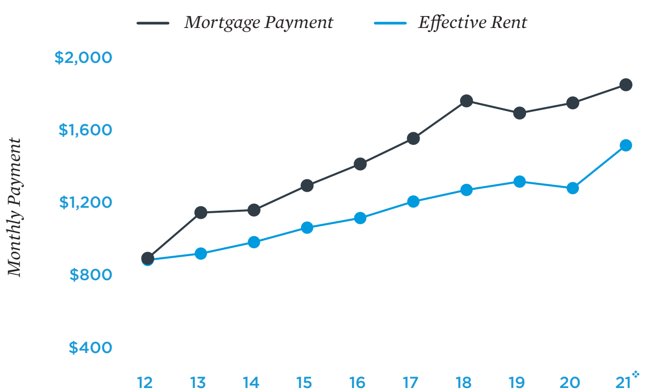


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

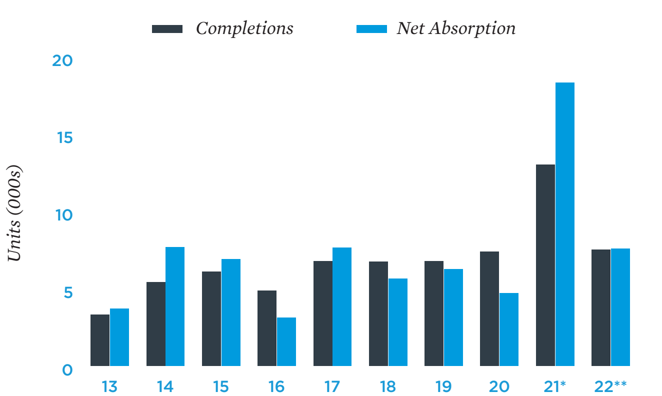
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Vacancy Moving Toward Record Low As Corporate Relocations Stoke Demand

Construction activity tempers amid tight market conditions. Vigorous job growth and in-migration trends are fueling record levels of leasing in Orlando's multifamily sector. Amid the largest supply wave in over two decades, renters absorbed over 18,000 units last year, slicing metrowide vacancy to the lowest level in the last 20 years. Rental demand is expected to remain elevated in 2022, as population growth and household formation nearly triple the national rate. Additionally, the market's growing talent pool and the state of Florida's business-friendly tax rates continue to attract corporate relocations and expansions. Disney, KPMG and InnovaCare Health are a few notable firms that recently announced plans to expand or move to the metro. Household growth across the region prompted developers to increase construction activity over the past five years. The supply wave, however, is moderating, with deliveries projected to decline this year. Reduced supply pressure coupled with favorable demand drivers will support improvement in apartment fundamentals in 2022.

Robust demographic tailwinds drive investment activity. Strong in-migration trends are bolstering renter demand in the market, positioning Orlando as one of the fastest-expanding metros in the nation. Historically tight market conditions are increasing competition for available assets, lifting sale prices by nearly 50 percent over the past five years and compressing the average cap rate below those in South Florida markets. However, this has not affected deal flow; transaction velocity exceeded pre-pandemic levels last year with trades above $20 million reaching a two-decade high. Activity from cross-border and institutional capital sources continue to accelerate due to the record levels of rent growth registered in the metro, highlighting the optimistic long-term outlook investors have on the Orlando apartment market. These buyers are targeting assets in East Orlando and the International Drive area, where complexes often garner sale prices above $200,000 per unit. Investor demand is expected to remain elevated as projections suggest absorption will stay strong in 2022. Additionally, the metro's pipeline is expected to taper this year, further stimulating rent growth in luxury assets across the metro.

21.9% *2021 share of local population between 20 and 34 years old*

29.6% *of local population hold bachelor's degree or higher⌘*

$335,800 *2021 median home price*

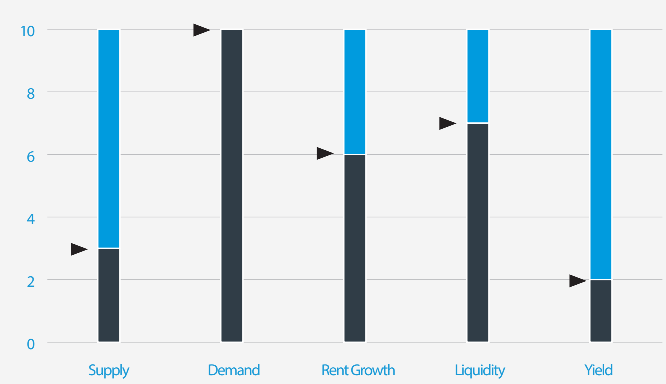
2022 Investment Outlook

Orlando claims the highest score obtainable on the demand portion of the Key Performance Index. Tight vacancy and strong absorption driven by in-migration and the economic rebound from the pandemic support the score. Development is also lofty, producing a 3 on the supply section.

Liquidity sits at 7 on the 2022 Index as transaction velocity is robust with many investors taking notice of migration trends and the momentous multifamily performance in Orlando. The yield score has fallen to 2, however, as cap rates are pushed down by the competitive environment.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 1

Employment
72,000 jobs
Metro **5.7%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **2.9%**
U.S. **2.2%**

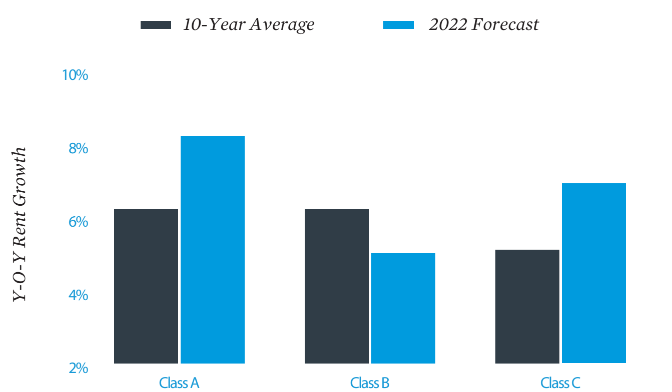
Class A Vacancy
Down 20 bps
Metro **2.5%**
U.S. **3.6%**

Class A Rent
$1,881
per month
Metro **8.2%**
U.S. **7.5%**

Investment
3-yr. avg. activity
$20+ million
Deals: **41**
Volume: **$2.3 Billion**

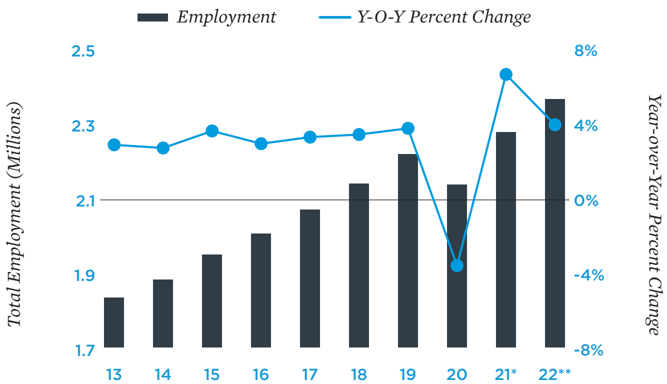
Vacancy By Class

Rent Growth By Class

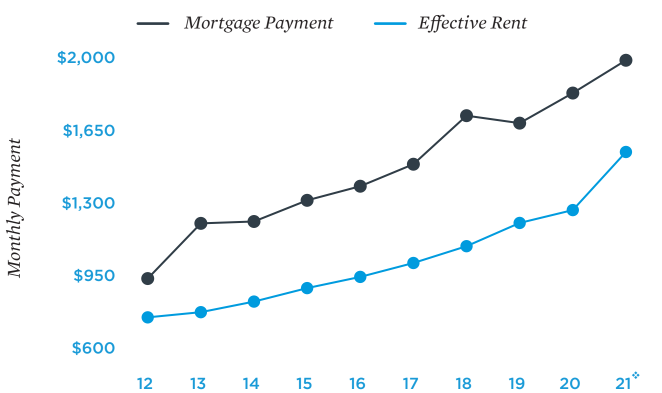


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

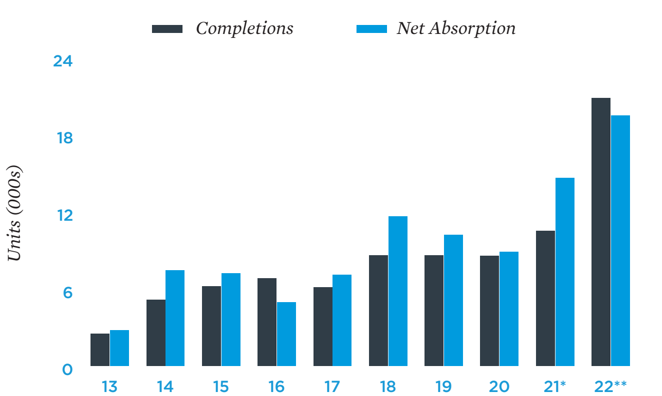
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Scorching Rental Market Met With Historic Pipeline; Institutional Activity on the Rise

Phoenix positioned to register outsized rent growth again. Several indicators showcase the impressive demand tailwinds in Phoenix. The market is projected to add nearly 50,000 households this year, growing at a pace more than twice as fast as the national average. Robust in-migration is the driving force, with many individuals and families relocating from colder weather climates or more expensive metros along the coasts. At the same time, the local economy is welcoming. The job total surpassed the pre-recession crest by the third quarter of 2021, yet the unemployment rate held above 5 percent, keeping job availability elevated and leaving room for further gains. This multitude of demand drivers is catalyzing remarkable rent growth amid very tight vacancy. Phoenix was one of only three major U.S. metros to record an annual rent increase exceeding 20 percent in 2021 and will remain near the top of the pack this year. Nonetheless, completions in 2022 will practically double the previous annual peak across the past two decades, putting some upward pressure on vacancy. The additions are necessary, however, as availability entered 2022 more than 100 basis points below the next-lowest year-end rate going back to the turn of the century.

Price appreciation and lower cap rates are byproducts of competition. Many institutions and overseas buyers are aware of the stellar performance in Phoenix and are retooling their strategies, placing a higher priority on acquiring assets in the Valley as some primary markets face a longer rebound from the pandemic. An enlarged investor pool with an appetite for apartment buildings throughout Phoenix has translated to robust price appreciation. In 2021, the average sale price jumped to a level more than twice as high as the same metric in 2016. Over that same span, the mean cap rate fell 120 basis points to 4.9 percent and higher-quality properties are often trading at least 100 basis points below that mean. Institutions willing to pay premium entry costs for buildings in areas that appeal to young adults focus on Tempe, Old Town Scottsdale and Downtown Phoenix. Upper-tier assets transact with initial yields in the low-3 percent to mid-4 percent range in these submarkets, depending on location and vintage. Comparatively higher yields in the suburbs on the far east and west sides of the Valley attract institutions with broader scopes. The wave of new development also presents various opportunities to investors favoring modern facilities that require minimal upkeep and renovations to competitively attract tenants in the coming years.

21.0% *2021 share of local population between 20 and 34 years old*

29.0% *of local population hold bachelor's degree or higher⌘*

$385,600 *2021 median home price*

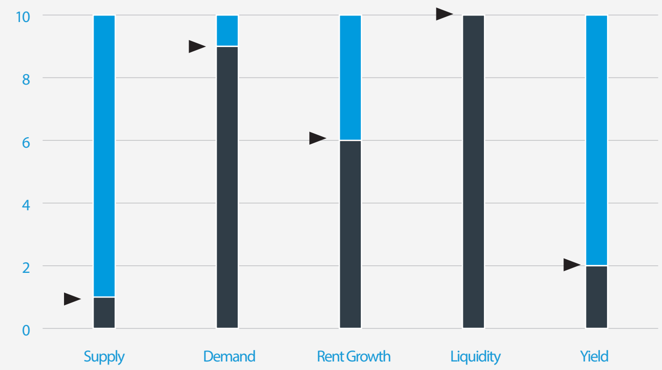
2022 Investment Outlook

Developers are responding to the recent surge in demand in a big way, with the market projected to have a record-setting delivery volume in 2022. Therefore, Phoenix receives a 1 on the supply segment of the Index, though the new units should be absorbed quickly with demand at a 9.

The Valley gets a top-notch score on the liquidity section of the Key Performance Index. Deal flow will remain very strong following an historic year for rent growth and extremely tight vacancy. While the active bidding market boosts liquidity, it also presses down on yields.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 4

Employment *88,000 jobs* — *Metro* **3.9%** *U.S.* **2.5%**

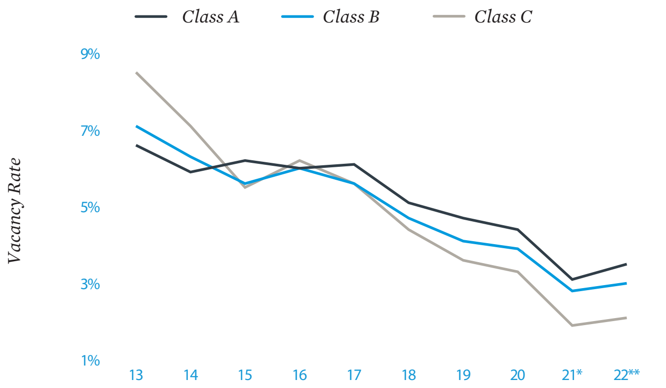
Construction *as % of inventory*❖ — *Metro* **5.5%** *U.S.* **2.2%**

Class A Vacancy *Up 40 bps* — *Metro* **3.4%** *U.S.* **3.6%**

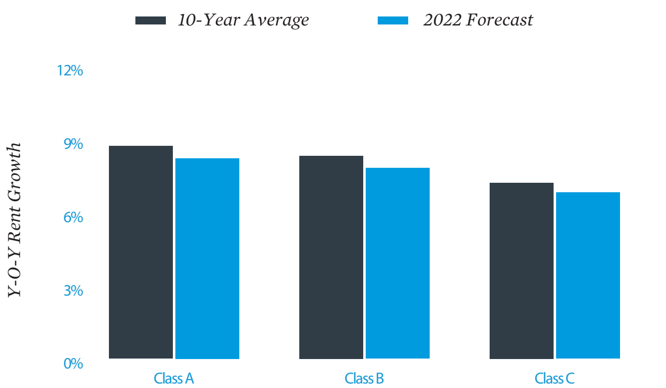
Class A Rent *$1,965 per month* — *Metro* **8.2%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **99** *Volume:* **$5.4 Billion**

Vacancy By Class

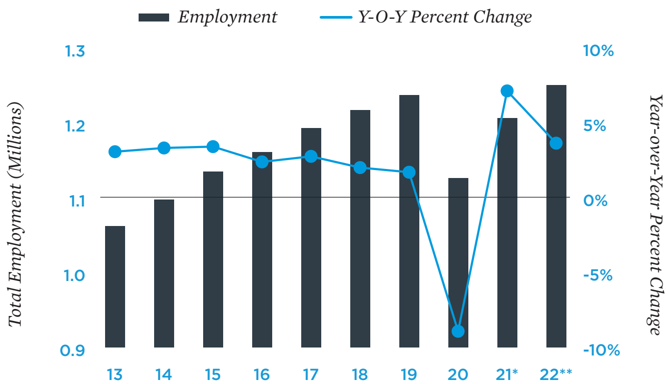


Rent Growth By Class

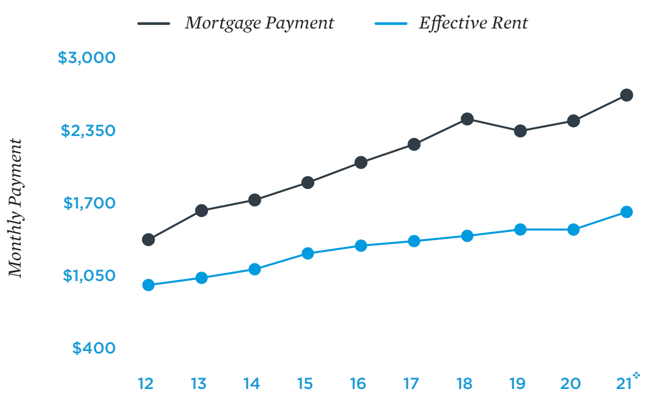


* Estimate ** Forecast
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

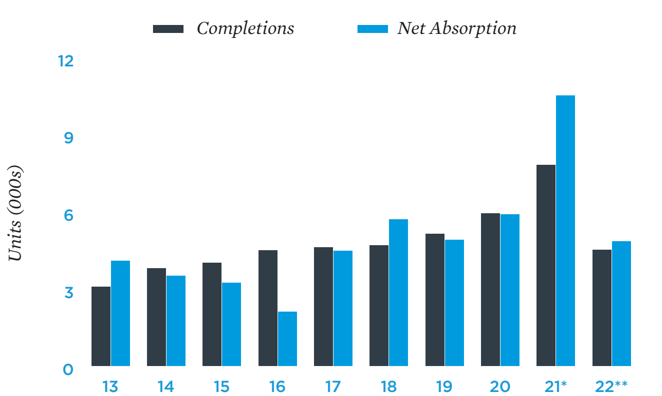
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Newcomers Strengthen Rental Demand; Regionally High Yields Drive Sales Activity

Strong population growth stimulates leasing in the apartment sector. Portland offers a less dense, more affordable environment for residents looking to relocate from other higher-cost West Coast markets. Robust in-migration spurred record levels of demand for rentals last year, with net absorption reaching a 20-year high in 2021. Projections for 2022 suggest this momentum will carry on. The metro will continue to add jobs and attract new residents at a pace well above the national average. Additionally, housing shortages across the metro have resulted in single-family home prices surging to over six times the median household income, above the overall U.S. measure. This will likely delay homeownership for prospective first-time buyers, further bolstering rental demand in the near term. While developers ramped up multifamily construction in each of the past 10 years, deliveries are anticipated to decline in 2022, falling below the trailing-five-year average. Reduced construction activity in Portland will steer more renters to existing properties, allowing vacancy to contract near a historical low this year.

Investors shift focus to well-located suburban assets. Portland's affordability and high first-year returns relative to other major West Coast markets are garnering interest from local and national investors alike. The metro's apartment sector remained resilient during the health crisis and rebounded swiftly, accelerating transaction velocity to a 20-year high in 2021 despite concerns over rent control laws in the state of Oregon. Near-term supply pressure and a prolonged recovery from the pandemic have softened deal flow in Downtown Portland, while record low vacancy rates and vigorous renter demand are shifting investors' focus to the suburbs. Vancouver, Beaverton, Hillsboro and Aloha all observed an uptick in activity as these submarkets registered double-digit rent growth in 2021. The combination of low interest rates and the underperformance in other property types has lifted valuations, with the average sale price exceeding $200,000 per unit for the first time in the metro's history. This could potentially result in a rise in listings across the metro as owners look to capitalize on current pricing. Robust in-migration and further tightening fundamentals will likely sustain high levels of buyer demand this year.

21.3% *2021 share of local population between 20 and 34 years old*

35.8% *of local population hold bachelor's degree or higher⌘*

$520,500 *2021 median home price*

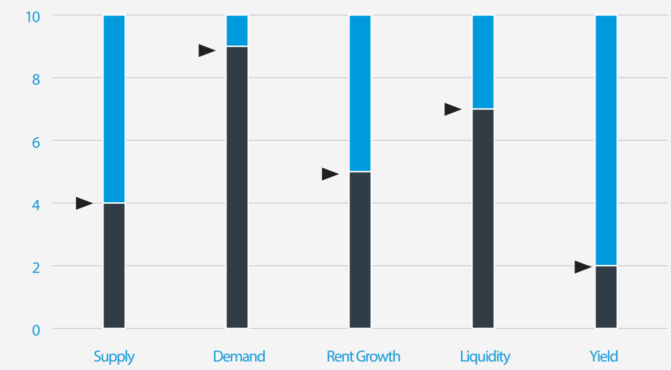
2022 Investment Outlook

Compared to the Key Performance Index measured before the pandemic, Portland has improved both its supply and demand scores, highlighting the market's strong position. In 2022, the pace of new supply is projected to slow considerably, paving the way for vacancy compression.

Investor demand for Portland multifamily assets remains solid, supporting a steady flow of transactions. Liquidity scores as a 7 on the 2022 Index, which is near the top of the pack when comparing to all markets. The yield score is relatively low at 2, though.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 13

Employment
43,500 jobs
Metro **3.6%**
U.S. **2.5%**

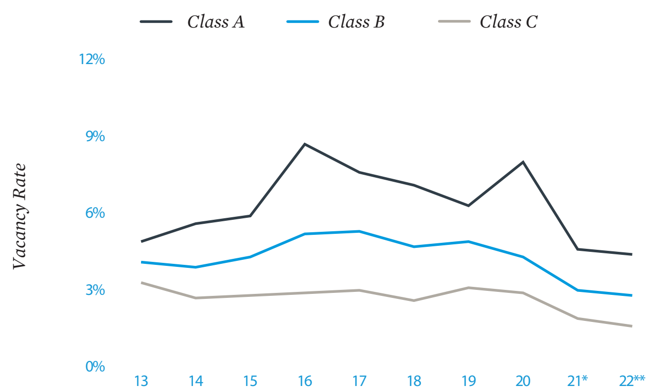
Construction
as % of inventory❖
Metro **2.0%**
U.S. **2.2%**

Class A Vacancy
Down 20 bps
Metro **4.2%**
U.S. **3.6%**

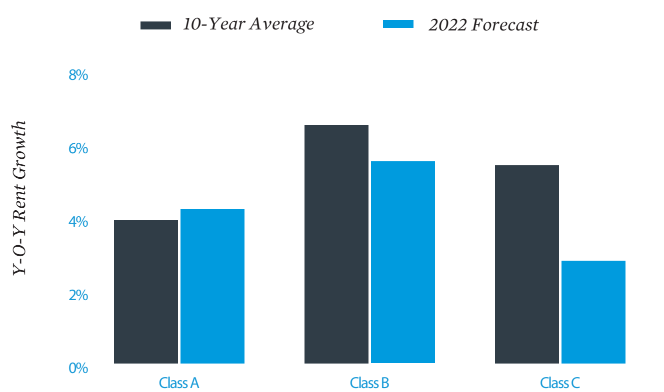
Class A Rent
$1,909 per month
Metro **4.2%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **26**
Volume: **$1.4 Billion**

Vacancy By Class

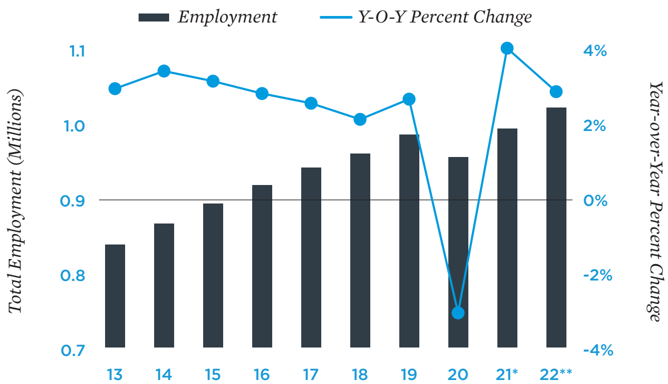


Rent Growth By Class

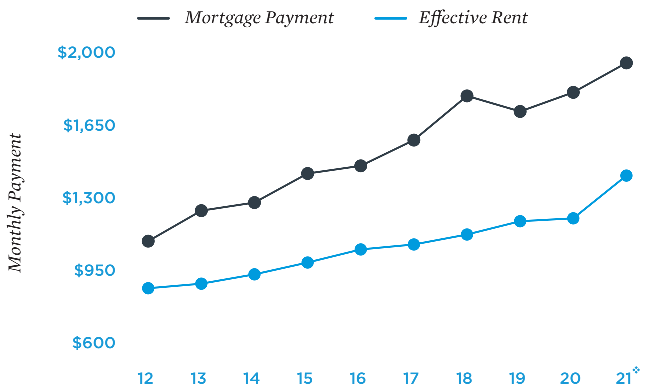


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

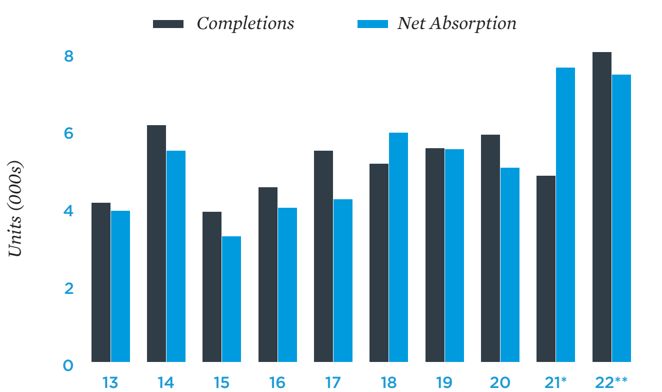
Employment Trends



Housing Affordability Gap



Supply and Demand



*Estimate ** Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Arriving Tech Firms Enliven Labor Market; High Incomes Bolster Upper-Tier Assets

Research Triangle Park attracts new businesses and skilled labor. An educated labor force and business-friendly tax policies have induced consistent population, employment and wage growth across the metro. Last year, Google, Gilead Sciences and Apple all announced moves into the region. More companies are expected to follow in the future as the area's plethora of elite academic institutions foster a skilled and diverse workforce while also providing renter demand for apartments near all three major colleges. The metro is home to a workforce that is younger, more educated and wealthier than the national average, providing a strong level of high-income renter demand for investors to capitalize on. Vacancy rates are tight for luxury rentals across the metro and high-income job growth is aiding demand for new Class A offerings. Despite the injection of 8,000 new units in 2022, in-migration will limit vacancy rate climbs this year in a market already experiencing record lows in availability. A shortage of single-family housing and diminished apartment construction in city centers will benefit existing higher-tier rentals in urban areas, while rising wages and limited availability will propel rents in the coming years.

Capital targets active urban centers and employment hubs. Since 2018, transaction volume has been elevated for assets priced above $20 million, despite rapidly increasing entry costs in recent years. The market's resilience to pandemic-related disruptions has resulted in cap rates dropping below many other East Coast markets, and strong occupancy and rent growth have kept investors active. Trade velocity for buildings priced at or above $20 million is robust in Raleigh, Durham and Chapel Hill, mostly for Class B properties, where initial returns average around 4 percent but can move around 50 basis points in either direction depending on age and amenities. In Raleigh, these exchanges occur most frequently in the northeastern neighborhoods. Here, per-unit entry costs exceed those observed on similar trades in other sections of the metro including Downtown Durham. Elsewhere, the expansion of Research Triangle Park is heating institutional competition for newer properties in the southern portions of Durham and the North Cary-Morrisville submarket.

20.4% *2021 share of local population between 20 and 34 years old*

43.5% *of local population hold bachelor's degree or higher⌘*

$372,700 *2021 median home price*

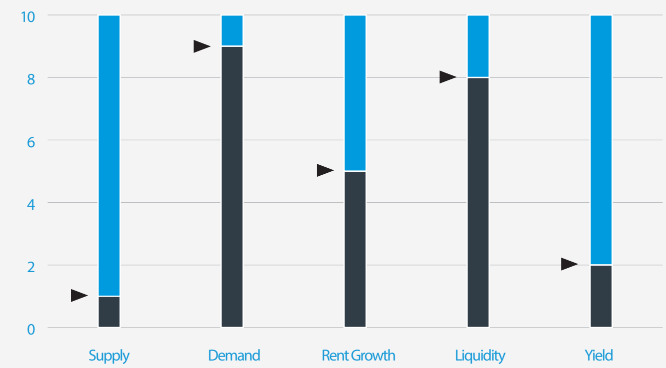
2022 Investment Outlook

Development in Raleigh is elevated, as warranted by high absorption counts in recent years. In-migration and job creation underscore a demand score of 9 on the Key Performance Index, but the 1 on the supply portion indicates potential pressure from new construction.

The 8 on the liquidity segment is high in comparison to most other metros but lower than the pre-pandemic measure. The primary cause is a lack of listings, with some owners holding amid the strong performance. A 2 on the yield portion is on par with the previous recording.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 12

Employment
28,000 jobs
Metro **2.8%**
U.S. **2.5%**

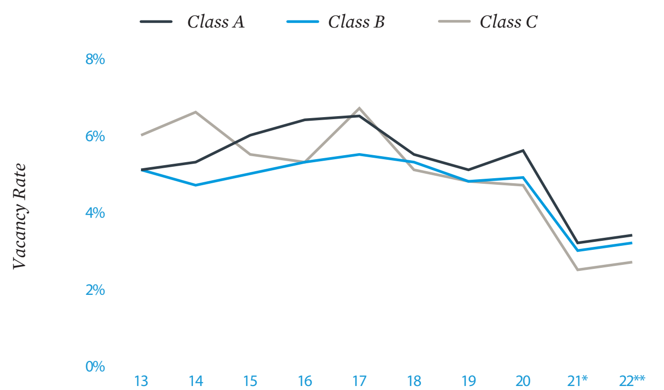
Construction
as % of inventory❖
Metro **4.6%**
U.S. **2.2%**

Class A Vacancy
Up 20 bps
Metro **3.3%**
U.S. **3.6%**

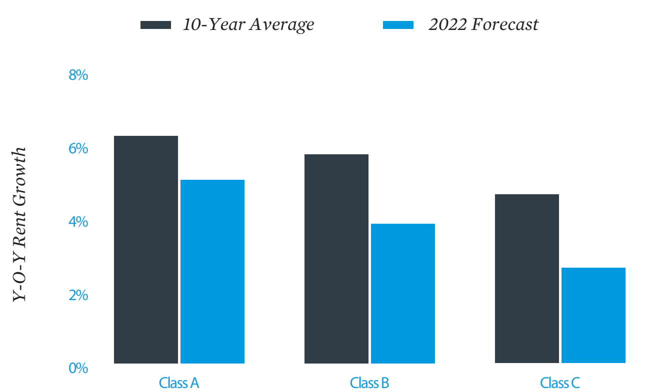
Class A Rent
$1,857 per month
Metro **5.0%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **42**
Volume: **$2.1 Billion**

Vacancy By Class

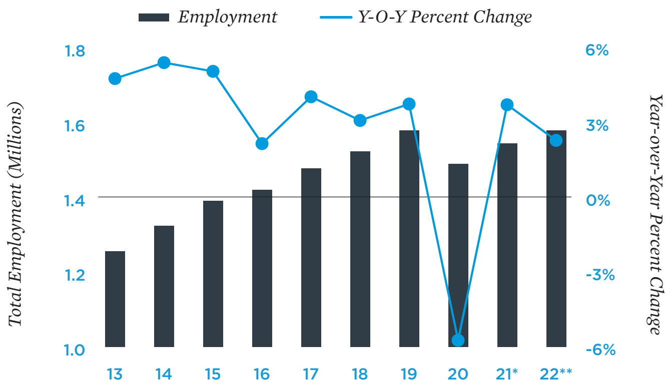


Rent Growth By Class

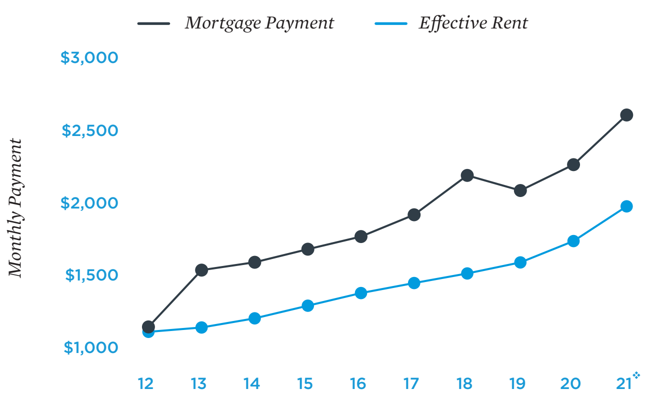


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

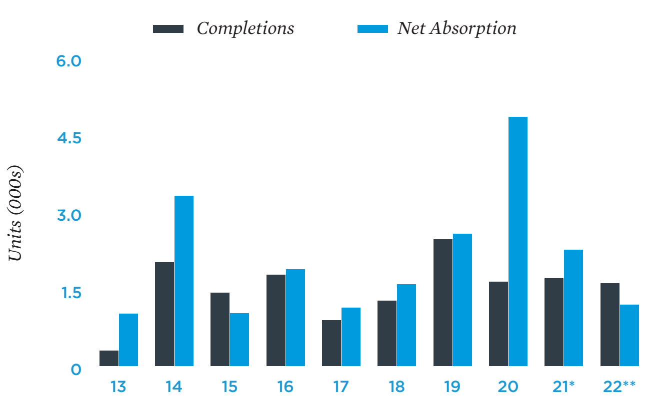
Employment Trends



Housing Affordability Gap



Supply and Demand



*Estimate **Forecast ✣ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Southern California's Most Affordable Market Draws In Neighboring Residents

Record headcounts in foundational industries preserve low vacancy. Metro-to-metro migration from Los Angeles County to Riverside-San Bernardino last year fueled the strongest rate of household formation in the Inland Empire since 2006. This growth backed robust rental demand that pushed vacancy rates below 2 percent across the class spectrum and supported double-digit rent growth throughout the market. Despite significant rent gains, the metro's average effective rate was $500 per month lower than Los Angeles' mean entering 2022. A lower cost of living and expansion of the Inland Empire's largest employment sectors will continue to draw new residents to the area this year. Recognized as an industrial hub, the market is expected to add transportation and warehousing-related positions at a consistent pace as new facilities come online. Additionally, the number of education and health services positions is poised to reach a record mark. The combined growth of these two sectors drives overall job creation and apartment demand, enabling the metro to remain among the nation's tightest multifamily markets.

Regional and national investors with varying criteria drawn to the area. Home to one of the lowest Class A vacancy rates nationally and widespread double-digit rent growth, Riverside-San Bernardino is seeing competition for luxury properties heat up. A relatively small pipeline will limit near-term housing options for households and individuals seeking higher-quality apartments, funneling most of these renters into existing luxury properties. This expected dynamic is heightening competition among investment managers, regional owners and public REITs for recently stabilized properties or complexes in lease up. Pricing for these upper-tier communities can exceed $400,000 per unit in Riverside, Greater Ontario-Rancho Cucamonga, and Southwest Riverside County. Minimum returns for these $30 million to $100 million-plus investments are hovering in the 3 percent range. Institutions with alternative strategies are also active throughout the Inland Empire, pursuing 1980s-built Class B listings and older Class C properties with upside potential. Across both property tiers, a preference for 200-unit-plus complexes exists among these investors, with those seeking the lowest price points active in the San Bernardino submarket.

21.7% *2021 share of local population between 20 and 34 years old*

20.1% *of local population hold bachelor's degree or higher⌘*

$531,200 *2021 median home price*

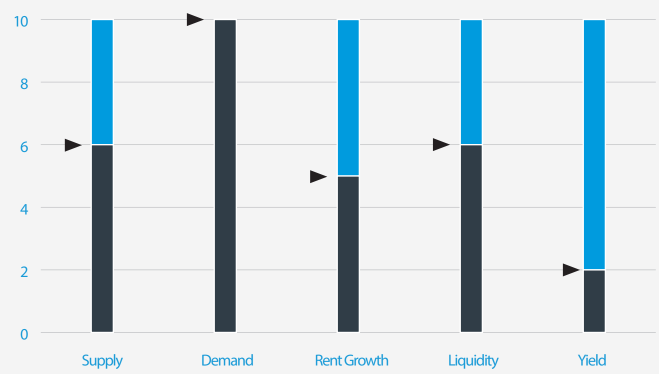
2022 Investment Outlook

The Key Performance Index showcases the strength of the Riverside-San Bernardino multifamily market. Demand is at 10 while supply is at a 6, which is one of the highest scores of the two metrics across all metros. These figures are also both up from the pre-pandemic level.

Low vacancy and strong rent growth entice investors from throughout the U.S., which leads to elevated competition for assets. This pushes down on cap rates, which contributes to the low ranking on the yield Index. At the same time, liquidity is solid at 6.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 11

Employment — 35,000 jobs — *Metro* **2.3%** *U.S.* **2.5%**

Construction — as % of inventory❖ — *Metro* **0.8%** *U.S.* **2.2%**

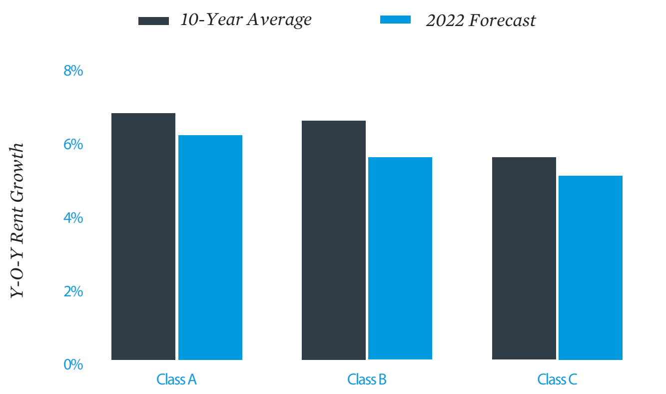
Class A Vacancy — Up 20 bps — *Metro* **2.0%** *U.S.* **3.6%**

Class A Rent — $2,512 per month — *Metro* **6.1%** *U.S.* **7.5%**

Investment — 3-yr. avg. activity $20+ million — *Deals:* **17** *Volume:* **$1.0 Billion**

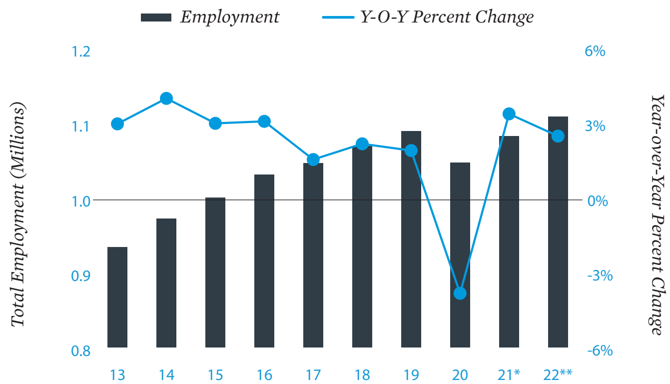
Vacancy By Class

Rent Growth By Class

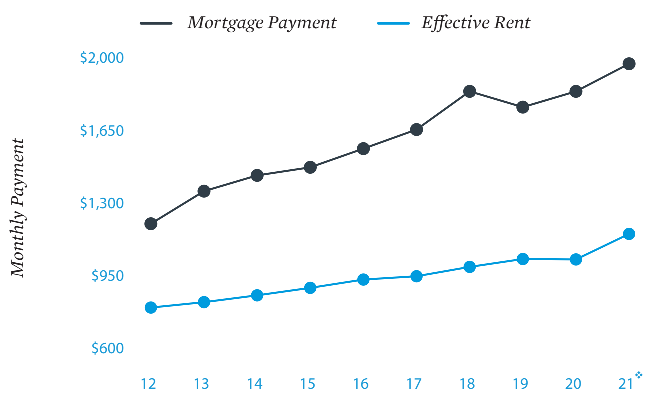


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

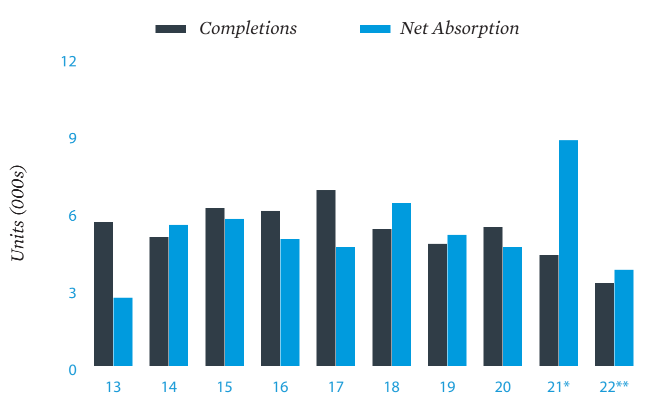
Employment Trends



Housing Affordability Gap



Supply and Demand



*Estimate ** Forecast ❖ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Vacancy Compression Coincides with Relocations and Lower Construction

Development dwindles despite improved demand tailwinds. San Antonio's household count is projected to increase by nearly 2 percent this year, beating the national average and placing it in the 20 fastest U.S. market expansions. This surge in residents, and ultimately demand for rental housing, warrants an aggressive multifamily construction pace that has yet to occur. San Antonio's apartment inventory will grow by a mild 1.5 percent this year, compared with supply jumps of more than 2.0 percent in all three other major Texas markets, including a 6-plus percent rise in neighboring Austin. Slower construction in San Antonio allows for the steepest vacancy contraction among major Texas markets this year, with demand for apartments bolstered by robust in-migration trends. Out-of-state residents prioritizing quality of life as well as Texas residents seeking comparatively lower-cost housing will be drawn to the metro. In 2022 and in the coming years, more people residing in Austin will migrate south to San Antonio, where the average effective rent is expected to be $425 per unit lower at year-end, compared with $260 per unit just five years earlier.

Higher cap rates relative to other Texas metros drive in capital. The market became attractive to a new swath of institutions during the health crisis as many widened their scope to include tertiary metros in the Sunbelt. An expanded buyer pool is heightening competition, producing upward pressure on sale prices and downward movement on cap rates. Nonetheless, first-year returns for Class A and B assets in San Antonio remain higher on average than Dallas-Fort Worth and Austin, attracting yield-focused institutions. The northern segment of the metro is the most sought after due to the presence of major employers like USAA, colleges including The University of Texas at San Antonio and entertainment attractions such as Six Flags Fiesta Texas. Neighborhoods north of Loop 410 and proximate to interstates 10 and 35 are favored but also command premium entry costs. Class A and B cap rates here often fall in the high-3 percent to low-4 percent range. Higher first-year returns for upper-tier buildings and opportunities for outsized gains exist south of the core, where projects like Port San Antonio could lure employers and draw new renters. Trading activity in the urban core is muted relative to the suburbs, though revitalization projects around the River Walk district could generate greater institutional interest once tourism returns and service jobs are recovered.

22.0% *2021 share of local population between 20 and 34 years old*

26.2% *of local population hold bachelor's degree or higher⌘*

$288,500 *2021 median home price*

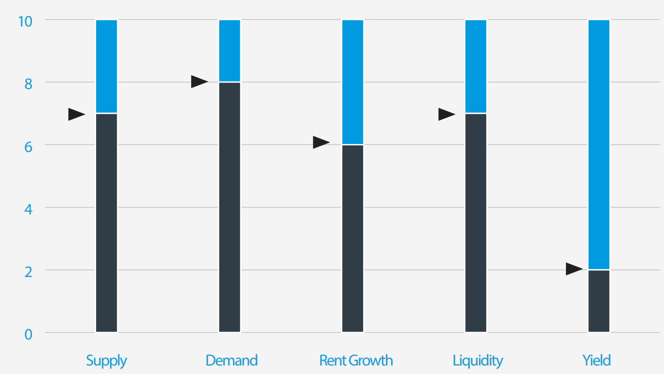
2022 Investment Outlook

On the 2022 Key Performance Index, San Antonio claims a 7 on the supply portion, which is one of the highest scores across all markets. The demand ranking has also moved higher relative to the pre-pandemic measure, pointing to a strong year for multifamily momentum.

Minimal supply pressure in the near-term paired with strong demand buoyed by in-migration and household creation has investors eager to deploy capital. Robust trading activity solidifies the liquidity score at 7 this year, while stiff competition for assets pushes down on yields.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 14

Employment *26,500 jobs* — *Metro* **2.4%** *U.S.* **2.5%**

Construction *as % of inventory*❖ — *Metro* **1.5%** *U.S.* **2.2%**

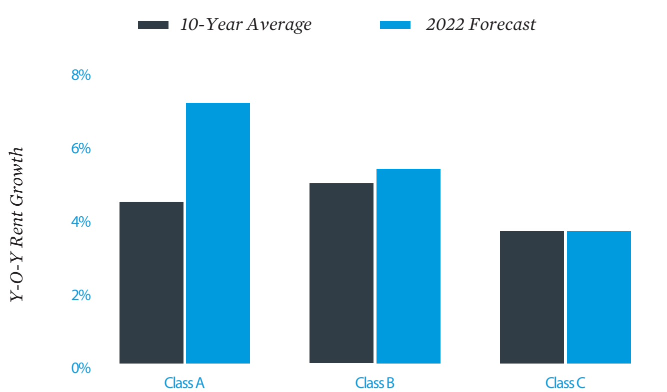
Class A Vacancy *Down 30 bps* — *Metro* **3.3%** *U.S.* **3.6%**

Class A Rent *$1,477 per month* — *Metro* **7.1%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **19** *Volume:* **$785 Million**

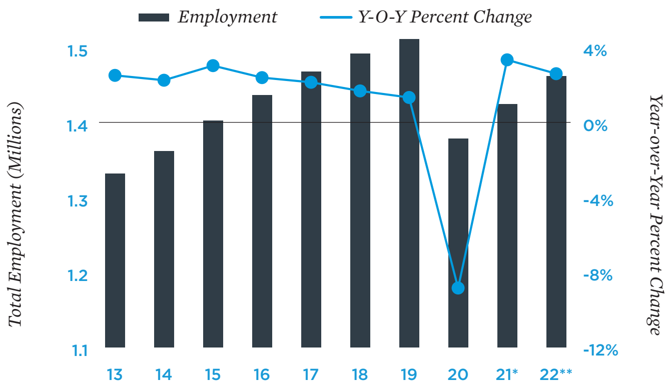
Vacancy By Class

Rent Growth By Class

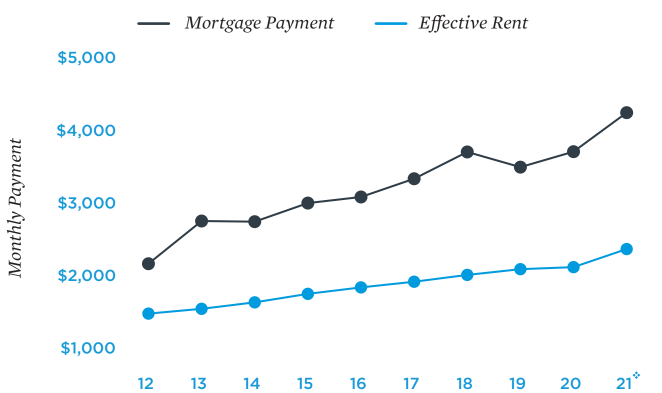


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

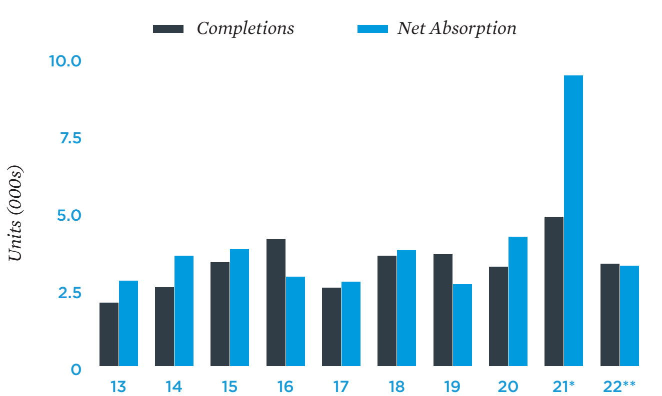
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast * Through 3Q
*2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Economic Gains and Record Home Prices Extend Span of Extremely Sparse Vacancy

Three-pronged job growth fuels demand across tiers. Net absorption in San Diego County last year nearly doubled a two-decade-high volume of unit deliveries. This performance has placed the metro among the least-vacant markets in the nation heading into 2022, with several factors poised to maintain this standing. The local biotech sector continues to expand this year, evident by the number of projects that are transforming office and warehouse properties into life science facilities. While many employees in this industry earn a high wage, the median home price surpassing $900,000 this year puts homeownership out of reach for many. Class A rentals will benefit as the number of units slated for delivery falls below the prior five-year average. Elsewhere, a rebound in tourism should boost leisure and hospitality hiring, with industrial growth near the U.S.-Mexico border driving trade, transportation and utilities-related job creation as well. Together, the growth of these sectors preserves what is already robust Class B and C demand.

Divergent institutional strategies deployed. Unit availability at Class A and B complexes is extremely sparse in San Diego County, fueling competition among institutional investors for properties with triple-digit unit counts. Class B listings in cities along the Highway 78 Corridor are attracting buyers seeking areas of population expansion and locally discounted rent. Here, mid-tier complexes constructed 20 to 40 years ago have recently traded at low-3 percent to low-4 percent cap rates. Similar properties are coveted in East County, where Class B vacancy is approximately 1 percent, and the average effective rent is more than $500 below the metro mean. Institutions with a preference for luxury apartments and $30 million-plus commitments are focusing on recently built Class A properties. Downtown San Diego and adjacent neighborhoods will provide these investors with the most opportunities as these areas accounted for one-third of the nearly 18,000 units completed over the past five years. Within the CBD, buyers are accepting first-year returns in the 3 percent range for these assets, with price tags above $400,000 per unit common.

23.8% *2021 share of local population between 20 and 34 years old*

35.1% *of local population hold bachelor's degree or higher**

$876,400 *2021 median home price*

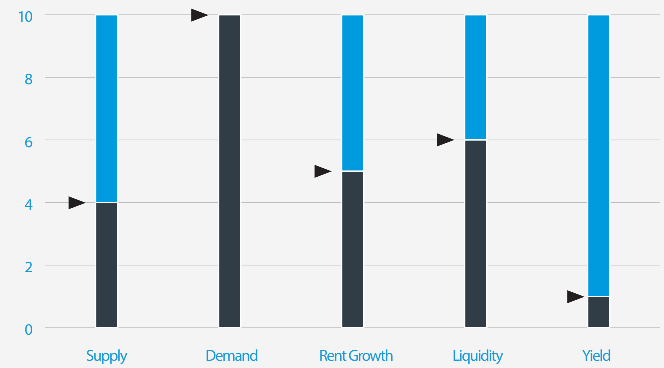
2022 Investment Outlook

Coming off a very strong year for absorption, San Diego grabs the highest possible score on the demand section of the Key Performance Index amid tight rental availability. The supply ranking is also moderate at 4, signaling another solid year for the metro's multifamily segment.

Liquidity in San Diego ranks near the middle of the pack at 6, which is roughly on par with the measure registered prior to the onset of the pandemic. Meanwhile, first-year returns are low when compared to the nation as a whole, contributing to the yield score of 1.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank — **22**

Employment
37,000 jobs
Metro **2.6%**
U.S. **2.5%**

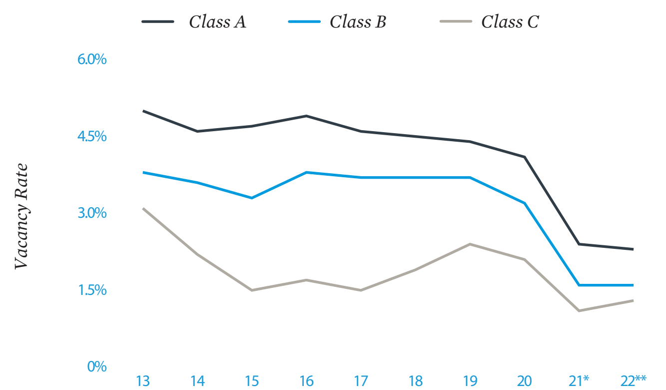
Construction
as % of inventory❖
Metro **1.0%**
U.S. **2.2%**

Class A Vacancy
Down 10 bps
Metro **2.2%**
U.S. **3.6%**

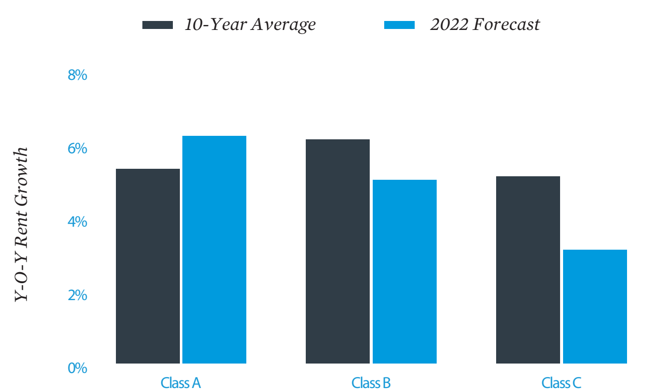
Class A Rent
$2,904 per month
Metro **6.2%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **17**
Volume: **$1.3 Billion**

Vacancy By Class

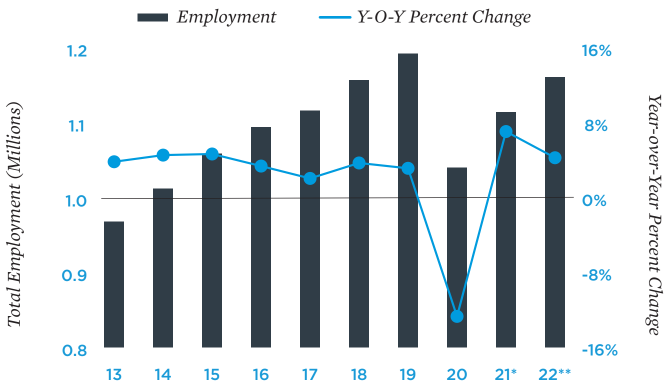


Rent Growth By Class

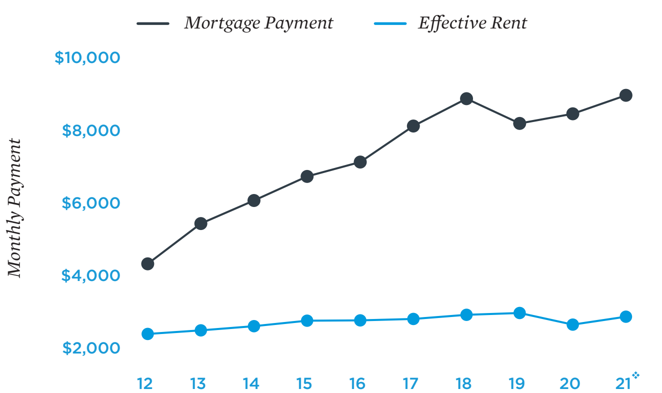


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

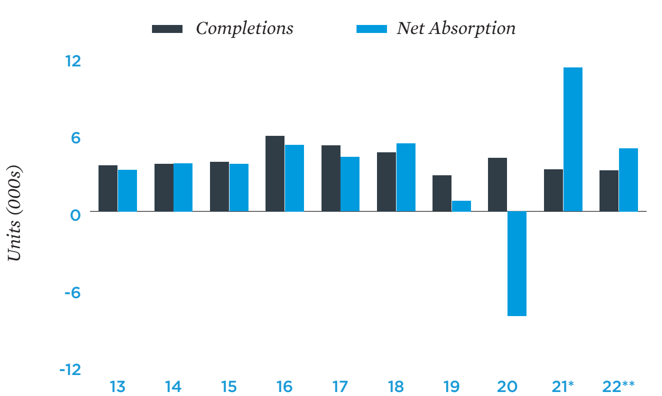
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

San Francisco Moves Forward After Worst Downturn Since Dot-Com Recession

Apartment market continues long climb back from health crisis. San Francisco was the hardest-hit metro in the country following the onset of COVID-19. A combination of strict prevention measures, a high concentration of jobs that could be transitioned to remote work, and traditionally smaller apartments encouraged many of the area's tech employees to seek larger accommodations elsewhere. Some major tech firms in both San Francisco and the South Bay were initially slated to recall workers to offices late last year, though a rise in virus cases pushed those target dates into early 2022. Once these companies require more employees to visit offices at least part time, the overhang of empty Class A apartments will begin to diminish more quickly. Already tight conditions in Silicon Valley will also benefit the city and peninsula as spillover demand increases. Nonetheless, some headwinds will persist. San Francisco tech companies like Salesforce, Pinterest and Twitter have more readily adopted permanent remote work, so the percentage of returning staff will likely be lower than in San Jose. Additionally, the area's cautious approach to the health crisis could slow a reintroduction to tourism, which is vital to the local economy.

Investor interest slowly shifting back to the city. Through the downturn, buyers focused on some of the less dense submarkets on the peninsula, where units tend to be larger and demand remained more resilient. As fundamentals solidify in core locations in 2022, investors are anticipated to shift back to a more urban focus. Institutions and REITs that are awash with inexpensive capital are poised to take advantage of low interest rates before the Fed is encouraged to act in the face of steep inflation. Private buyers able to navigate San Francisco's strict rent control laws may also act, taking advantage of the modest price correction that occurred during the downturn. Entering the year, the average cap rate was in the low-4 percent range, with top-tier returns dipping into the mid-3 percent area. While more attention will be focused on properties in the city, particularly in SoMa, some opportunities are available on the peninsula. South San Mateo County, which offers renters manageable commutes to several major corporate campuses, should see healthy tenant demand and buyer interest.

24.9% — *2021 share of local population between 20 and 34 years old*

49.3% — *of local population hold bachelor's degree or higher⌘*

$1,876,900 — *2021 median home price*

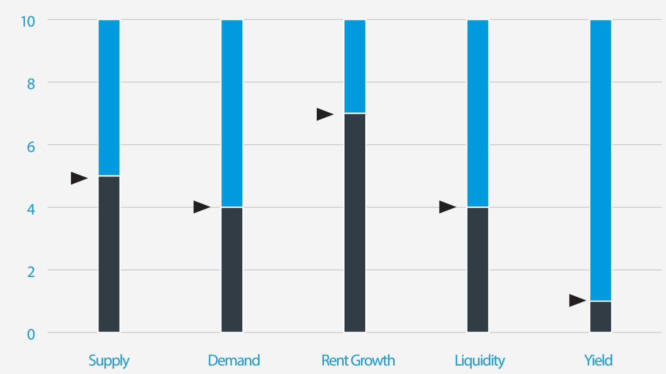
2022 Investment Outlook

San Francisco was among the most impacted markets during the health crisis, and there is still significant ground to make up. As a result, the metro gets a 4 on the demand section of the Index. However, rents are expected to rebound, supporting a 7 on that portion in 2022.

Some investors are taking a wait-and-see approach as technology firms delay return-to-office timelines and the overall job total holds below the pre-pandemic level. Therefore, liquidity is relatively muted at 4 this year, while the average cap rate is still one of the lowest in the country.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 20

Employment *47,000 jobs* — *Metro* **4.2%** *U.S.* **2.5%**

Construction *as % of inventory*❖ — *Metro* **1.4%** *U.S.* **2.2%**

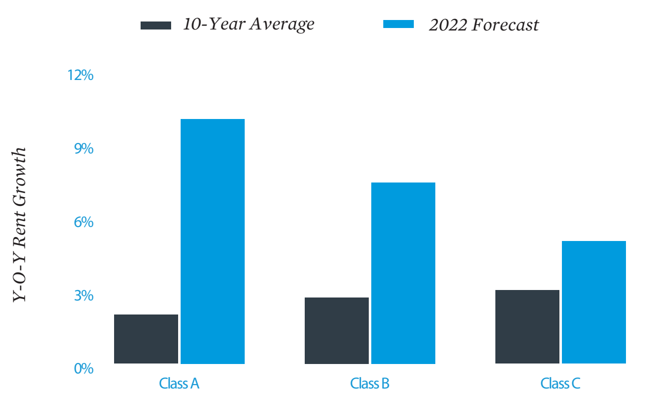
Class A Vacancy *Down 80 bps* — *Metro* **10.6%** *U.S.* **3.6%**

Class A Rent *$3,828 per month* — *Metro* **10.0%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **12** *Volume:* **$796 Million**

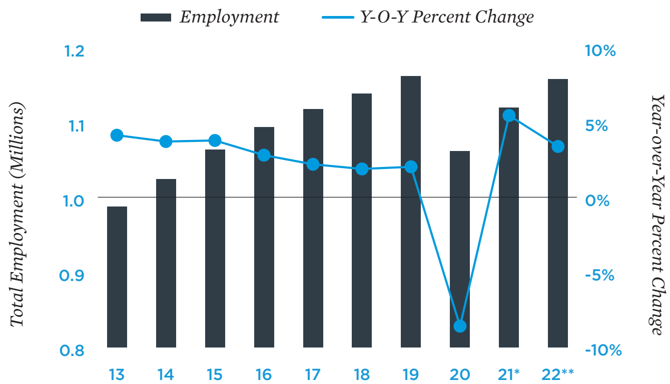
Vacancy By Class

Rent Growth By Class

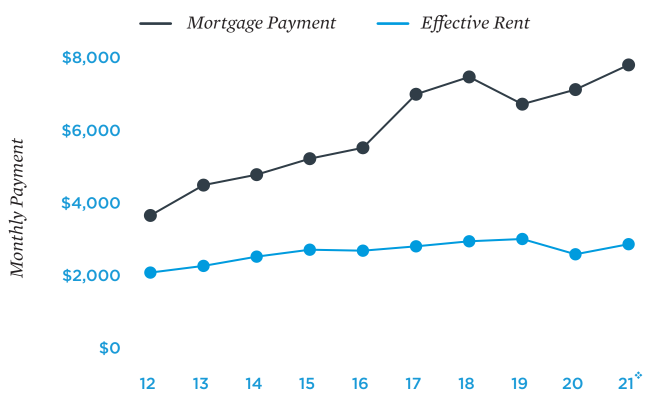


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

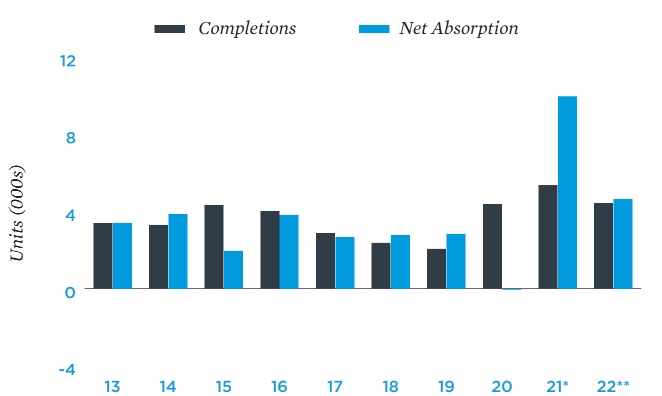
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Tech Firms Eventual Return to Campuses Attracting Apartment Renters and Investors

Anchor employers set stage for another strong year. The eventual return of Google and Apple workers to offices will support more gains in apartment fundamentals. Vacancy retreated to pre-health crisis levels late last year as remote workers moved back in preparation for a return to campuses. The early rebound relative to adjacent San Francisco is partially due to Google's delayed announcement that offices would not fully reopen until 2022 because of the delta variant. Smaller tech firms that contract with the tech giants take their cues from them, inevitably recalling their own employees in late 2021. Due to low vacancy entering the year and the construction pipeline moderating in 2022, rent growth will be the primary source of fundamental gains in the coming months in the Class A segment. South Sunnyvale-Cupertino and West San Jose-Campbell, where vacancy is already well below 3 percent, hold the strongest prospects for top-tier rent gains in the coming year. There are a few areas with room for Class A vacancy improvement. Mountain View-Palo Alto-Los Altos and Santa Clara have above-average availability and strong renter demand is anticipated in the coming months.

Broad array of buyers compete in the South Bay. The return of renters was preceded by investors taking advantage of a brief window in which prices dipped modestly. Those buyers will remain active this year, increasing the competition for assets. Navigating rent control measures and the prevalence of new projects that support household growth will drive buyer behavior in 2022. Sunnyvale, for example, does not have rent control and is central to many of the major employers, keeping the area popular. Adjacent Mountain View's laws, on the other hand, heighten due diligence and make pricing more difficult to ascertain. Investors will also target properties near Google's Downtown West campus in San Jose, which will eventually have sufficient office space to host 20,000 workers. Several apartment projects are planned for the area, which could provide institutional buyers additional prospects. Overall, average cap rates vary across the market depending on proximity to major employers. Near Google and Apple, top-tier assets can trade in the mid-3 percent range and rise to 4 percent farther away. Class B properties changed hands in the low-4 percent area entering the year.

22.3% *2021 share of local population between 20 and 34 years old*

47.6% *of local population hold bachelor's degree or higher⌘*

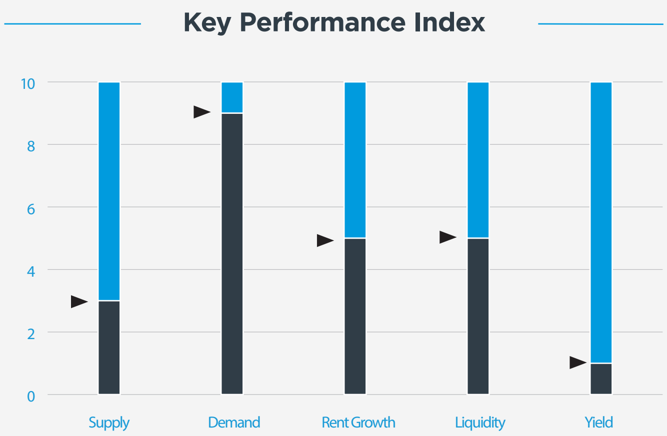
$1,627,700 *2021 median home price*

2022 Investment Outlook

San Jose's low score on the supply Index should be balanced by a high score on the demand portion, helping keep market conditions relatively stable. The economic rebound and technology firms recalling workers to offices support the demand ranking of 9 in the Key Performance Index.

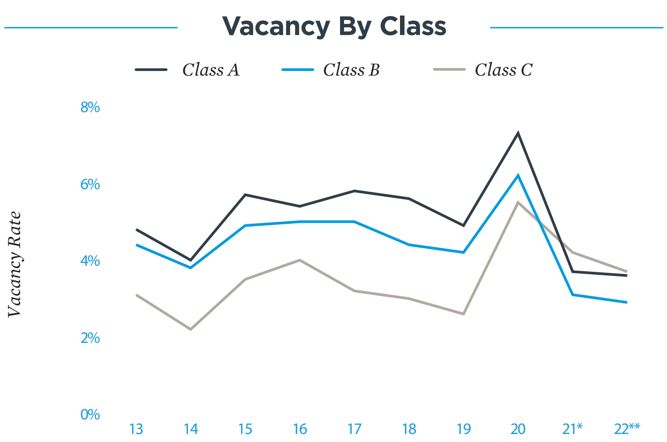
Following a challenging stretch during the pandemic when uncertainty weighed heavily on deal flow, buyer interest is expected to strengthen in 2022. The liquidity score of 5 is about the same as the pre-health crisis measure, as is the 1 on the yield segment of the Index.

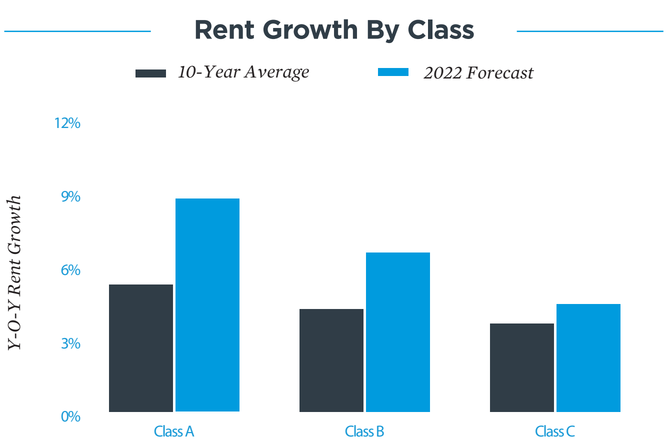
Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

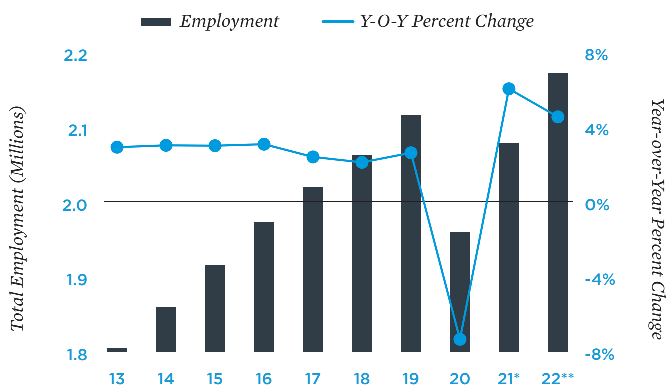
NMI Rank	21	
Employment *38,000 jobs*		*Metro* **3.4%** *U.S.* **2.5%**
Construction *as % of inventory*❖		*Metro* **2.4%** *U.S.* **2.2%**
Class A Vacancy *Down 10 bps*		*Metro* **3.5%** *U.S.* **3.6%**
Class A Rent *$3,719 per month*		*Metro* **8.7%** *U.S.* **7.5%**
Investment *3-yr. avg. activity $20+ million*		*Deals:* **10** *Volume:* **$885 Million**



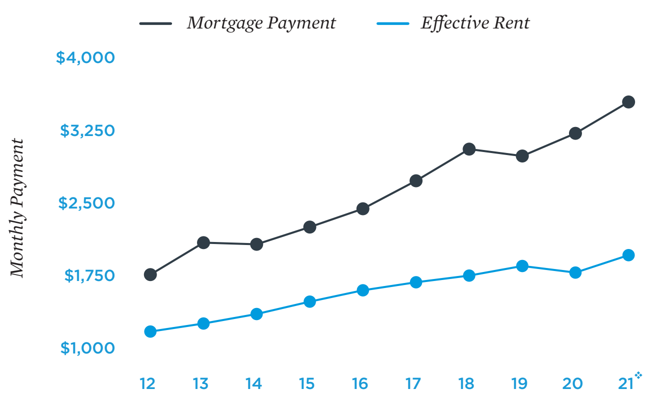


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

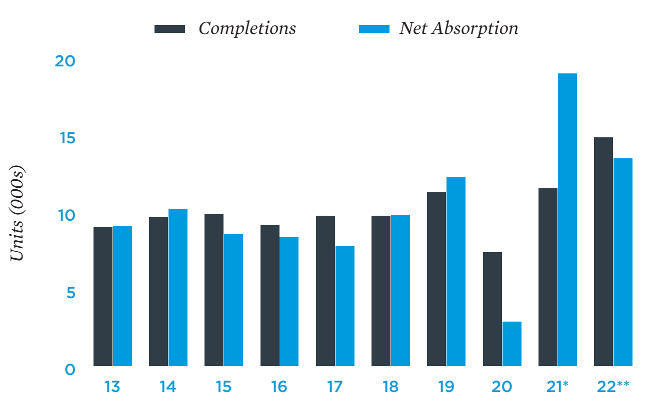
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Robust In-Migration and Rising Home Prices Strengthen Rental Demand

Completions poised to reach a two-decade high. Seattle's diverse economy is attracting residents to the metro, underpinning rental demand in the Puget Sound, especially in suburban neighborhoods. The rise in population coupled with the addition of 118,000 jobs last year contributed to the largest spike in annual net absorption over the past two decades. As a result, vacancy contracted around 200 basis points to near a historical low, despite deliveries reaching a 20-year high in 2021. Expectations for robust employment growth this year will continue to stimulate in-migration, further bolstering apartment demand. Additionally, many prospective homebuyers are opting to delay homeownership, as single-family home prices rank among the highest in the nation. Limited housing options will steer these individuals to the rental market, prompting developers to ramp up construction. Deliveries will surpass last year's record supply wave, resulting in a modest uptick in vacancy in 2022. However, the rate still remains below the 10-year-trailing average.

Investors shift their focus to suburban submarkets. Following a brief slowdown in investment activity during the pandemic, transaction velocity returned to pre-recession levels in 2021, with deals over $20 million reaching a record level. The metro attracts plenty of interest from out-of-state investors, particularly from Southern California and the Bay Area, where cap rates are generally the lowest in the nation. Additionally, Seattle led all major metros in cross-border transaction volume in 2021, highlighting the deep and diverse investor pool that is elevating competition for assets across the Puget Sound. As a result, sale prices are surging to record highs and first-year returns are compressing to the mid-4 percent range. As work-from-home trends became more prevalent, renter demand shifted to suburban submarkets and buyers took notice. Assets in Pierce County, particularly in Tacoma and Puyallup, are highly sought after, and rents are growing at a pace well above the market average. Investors are also targeting well positioned assets in Bellevue and Everett as corporate relocations and the extension of the metro's light rail system bolstered demand in neighborhoods north and east of central Seattle. Tight fundamentals anticipated throughout 2022 should maintain the current positive momentum in the Seattle area at large.

23.1% *2021 share of local population between 20 and 34 years old*

39.2% *of local population hold bachelor's degree or higher⌘*

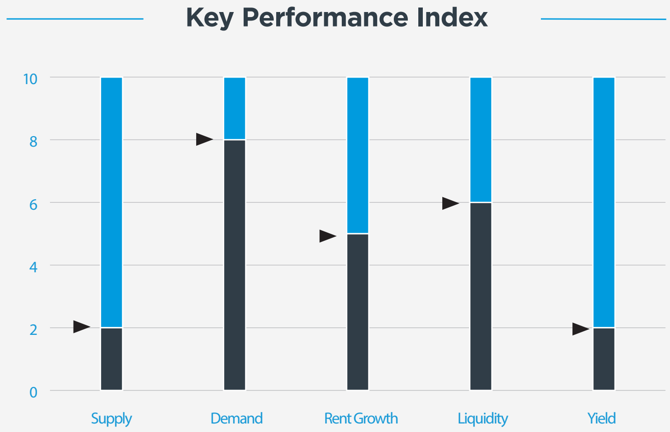
$701,300 *2021 median home price*

2022 Investment Outlook

The supply, demand and rent growth portions of the Key Performance Index are all mostly unchanged relative to the pre-pandemic measure, despite plenty of turbulence since then. The jobs recovery is going strong, helping lift absorption totals to match or exceed new supply.

Multifamily momentum in Seattle is noteworthy, but some investors remain cautious, leading to a liquidity score of 6. This is a solid ranking compared to all U.S. markets, but below the pre-pandemic level. Meanwhile, yield sits at 2 as the market has a low average cap rate.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2022 Market Forecast

NMI Rank 18

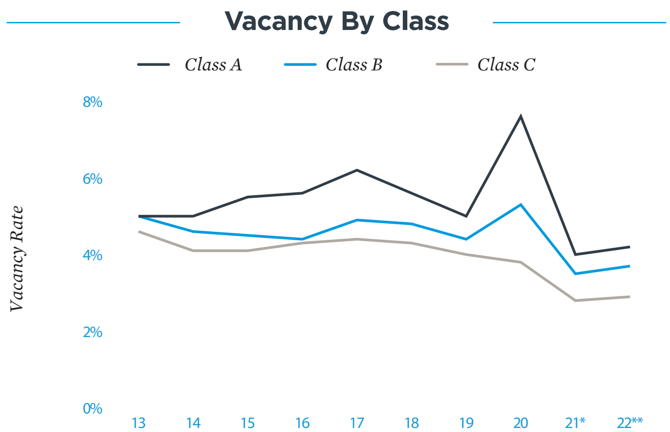
Employment
94,000 jobs
Metro **4.5%**
U.S. **2.5%**

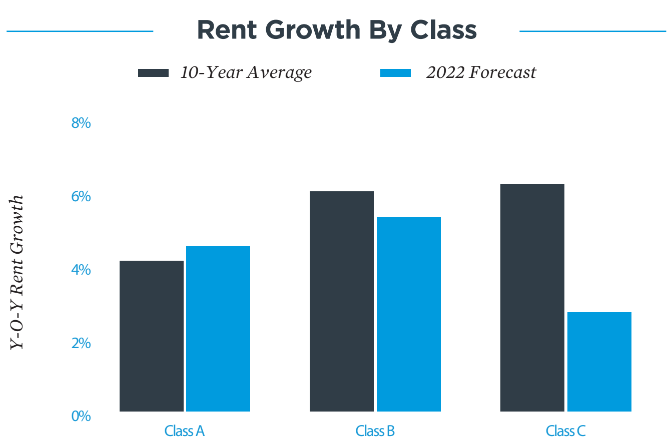
Construction
as % of inventory❖
Metro **3.5%**
U.S. **2.2%**

Class A Vacancy
Up 20 bps
Metro **4.1%**
U.S. **3.6%**

Class A Rent
$2,382 per month
Metro **4.5%**
U.S. **7.5%**

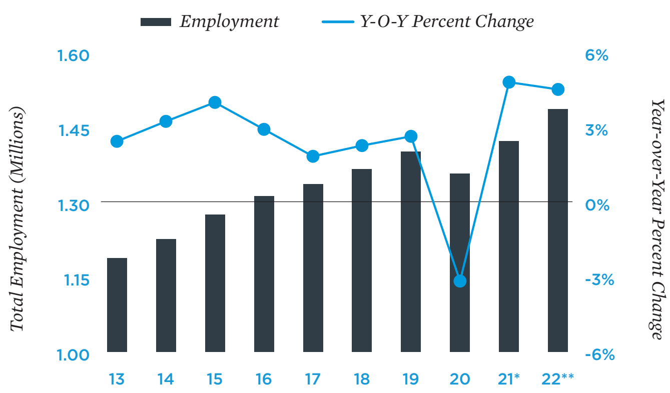
Investment
3-yr. avg. activity $20+ million
Deals: **48**
Volume: **$3.2 Billion**



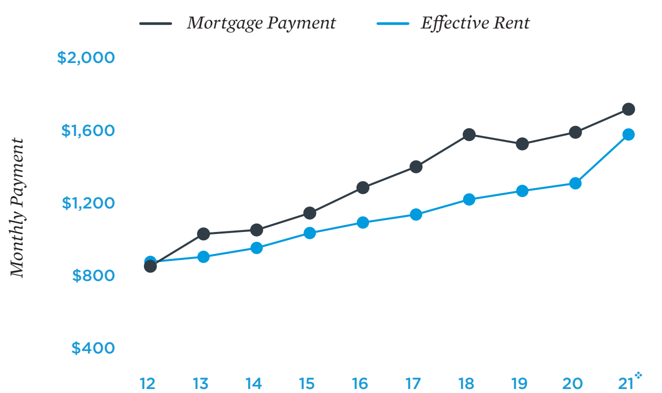


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

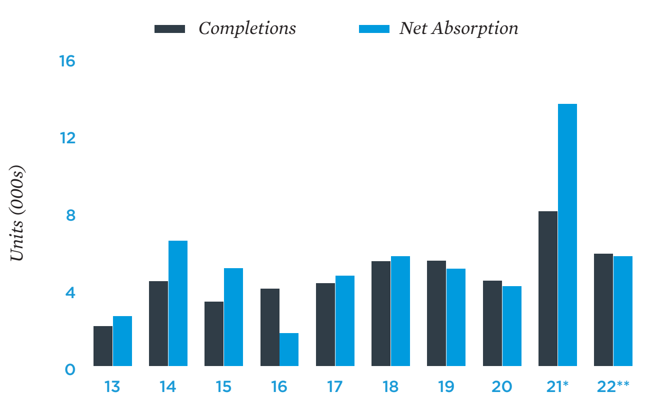
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Elevated Demand Preserves Record Low Vacancy, Diversifying Local Buyer Pool

Employment gains bolster in-migration. Limited restrictions in Florida during the health crisis allowed the Tampa-St. Petersburg economy to recover more quickly than most major U.S. markets. The local employment sector is growing at a rapid pace, spurring robust in-migration, which is strengthening apartment demand to record levels. Renters absorbed over 13,500 units in 2021, contracting vacancy to 2 percent and boosting effective rents by over 20 percent amid the largest supply wave in over two decades. Market conditions are the tightest in recent history and there is little reason to expect any setbacks this year. Tampa's favorable tax rates and highly skilled labor force entice many corporate relocations. Signode Industrial Group and ConnectWise will be moving their headquarters to Tampa this year, further bolstering job gains in the metro. Despite a bullish outlook on demographic growth, supply additions are expected to moderate this year, benefiting projects in lease up and holding vacancy steady at a record low. Furthermore, limited availability will sustain rent growth in the market, positioning Tampa as one of the top-performing apartment locales in the nation.

Historic rent growth intensifies buyer competition. Lower entry costs relative to other major Florida markets and unprecedented rent growth are driving sales activity in the metro. Transaction velocity exceeded pre-pandemic levels last year, with deals above $20 million reaching a 20-year high. Historically tight market conditions are increasing competition across all asset classes, which is boosting sale prices and compressing average cap rates to the mid-5 percent range. Despite the downward pressure on yields from the rise in pricing, first-year returns in Tampa remain 50 basis points above the national average, attracting capital sources searching for greater returns to the metro. As a result, the region's buyer pool continues to expand, with more out-of-state and cross-border capital sources entering the market. Tampa entered this year with significant momentum that should be sustained as forecasts predict strong rent growth and absorption in 2022, keeping pricing competitive across the metro. Deal flow should remain elevated as existing owners look to capitalize on rising valuations, which in turn will aid in satisfying the high demand for properties in the region.

18.9% *2021 share of local population between 20 and 34 years old*

27.6% *of local population hold bachelor's degree or higher⌘*

$310,200 *2021 median home price*

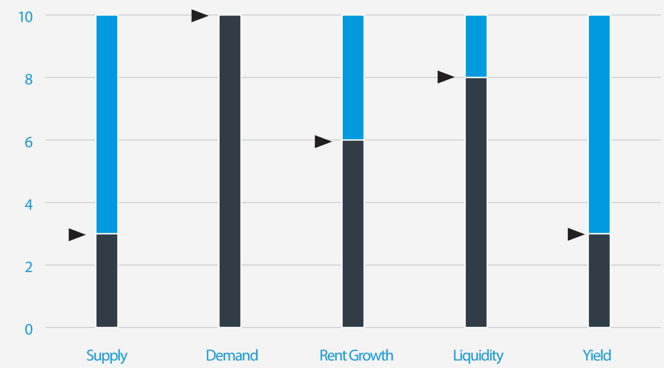
2022 Investment Outlook

An accelerated pace of in-migration, household formation and employment growth underscores Tampa-St. Petersburg's top-notch score on the demand section. At the same time, development is notable but not overwhelming, with supply at a 3, pointing to sustained momentum.

Robust investor demand for assets in Tampa-St. Petersburg contributes to a very solid score of 8 on the liquidity segment of the Key Performance Index. The market also offers compelling first-year returns compared to the nation as a whole, with a yield ranking at 3 in 2022.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 6

Employment *64,000 jobs* — *Metro* **4.5%** *U.S.* **2.5%**

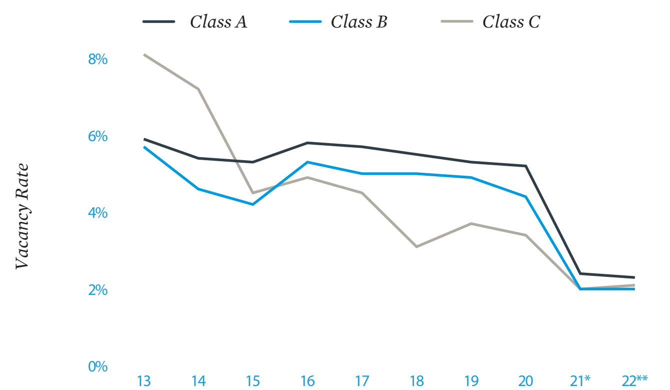
Construction *as % of inventory*❖ — *Metro* **2.2%** *U.S.* **2.2%**

Class A Vacancy *Down 10 bps* — *Metro* **2.2%** *U.S.* **3.6%**

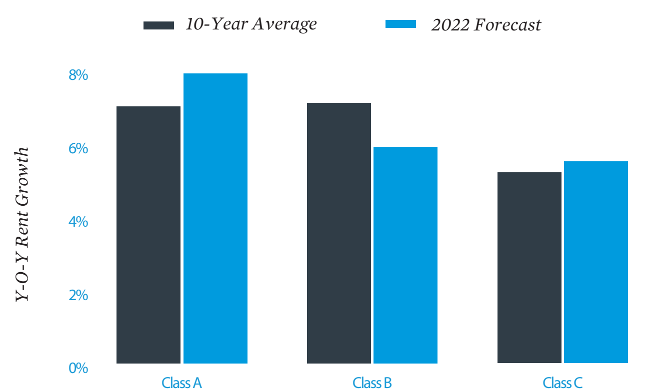
Class A Rent *$2,176 per month* — *Metro* **7.9%** *U.S.* **7.5%**

Investment *3-yr. avg. activity $20+ million* — *Deals:* **46** *Volume:* **$2.5 Billion**

Vacancy By Class

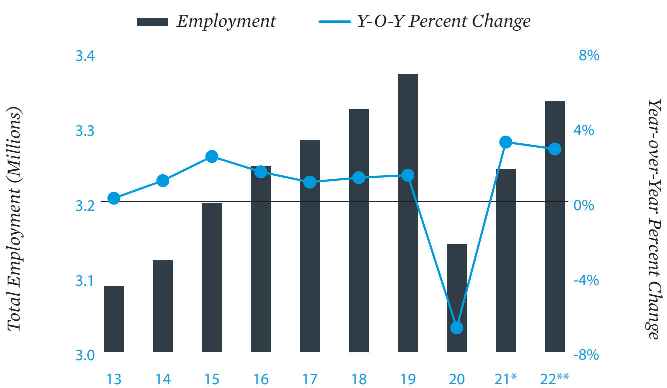


Rent Growth By Class

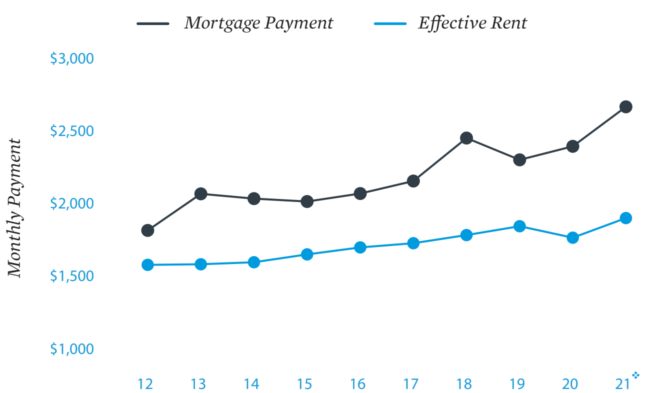


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

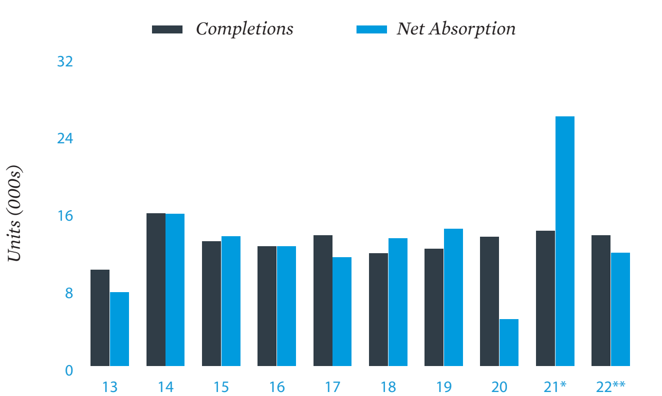
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ❖ Through 3Q
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Swift Recovery and Widespread Demand Warrant Elevated Development

Local economic pillars support historically strong fundamentals. Washington, D.C., registered a limited rise in unemployment during the pandemic that allowed the metro to quickly move into recovery. Supported by its sizable professional and business services and government sectors, roughly 100,000 jobs were regained last year, elevating apartment demand to record levels. As a result, vacancy contracted to 3.3 percent despite completions reaching a two-decade high. Suburban rentals in Virginia and Maryland were highly sought after during the initial months of the health crisis due to their affordability relative to the central business district. However, leasing activity returned in force inside the District as restrictions for dining and entertainment venues loosened and in-person classes resumed at universities. Barring any setbacks from COVID-19 variants, demand across the region will likely be sustained as access to high-paying positions continues to draw residents to the metro. Heightened renter interest has bolstered the market's construction pipeline, with over 30,000 units underway at the onset of 2022. This will likely place upward pressure on availability in the near term, resulting in a small uptick in vacancy. Still, the rate will remain 120 basis points below the 10-year-trailing average.

District's resiliency a catalyst for acquisition activity. Investors' confidence in Washington, D.C., has improved with transaction velocity returning to pre-pandemic levels last year. The metro offers buyers a diverse inventory mix that appeals to numerous investment strategies, which is elevating competition for assets across the region. The rise in valuations is placing downward pressure on first-year returns, lowering the average cap rate under 5 percent for the first time on record. Institutional capital sources are focusing on higher-quality properties in Silver Spring, North Prince George's County and Alexandria. The latter locale's buyer pool may expand in the near term as Phase I of Amazon's HQ2 nears completion. Listings in Southeast D.C. neighborhoods near the Anacostia Waterfront are highly sought after due to revitalization efforts in the area. Furthermore, the Silver Line Phase II extension of the metro rail line is expected to be operational this year, potentially directing investor interest to Reston, Herndon and Eastern Loudoun County. Historically low availability and robust rent growth projections for this year will likely support strong investment activity over the next 12 months.

21.0% *2021 share of local population between 20 and 34 years old*

46.0% *of local population hold bachelor's degree or higher⌘*

$571,200 *2021 median home price*

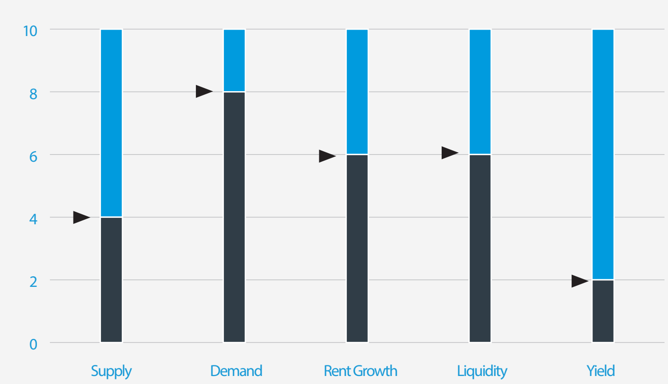
2022 Investment Outlook

The demand and supply scores on the Key Performance Index mirror the rankings prior to the pandemic, though rent growth has increased marginally. Tight availability amid improving demand driven by the ongoing jobs recovery should fuel rent gains in 2022.

Washington, D.C., maintains a solid liquidity score of 6, which is higher than some nearby primary metros like New York. The metro remains attractive to international investors, which helps drive deal flow but also creates a competitive bidding environment that presses down on yields.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

Key Performance Index



2022 Market Forecast

NMI Rank 26

Employment
91,000 jobs
Metro **2.8%**
U.S. **2.5%**

Construction
as % of inventory❖
Metro **2.0%**
U.S. **2.2%**

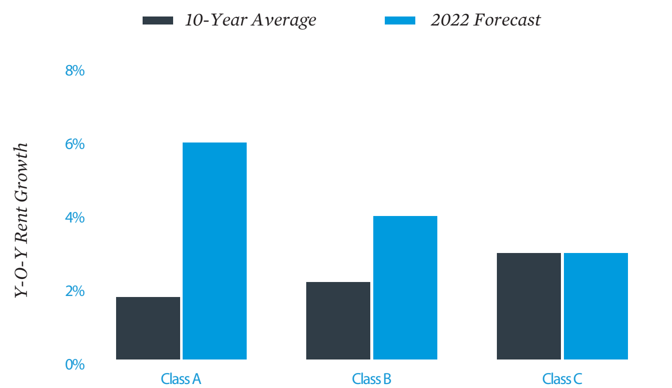
Class A Vacancy
Up 20 bps
Metro **4.2%**
U.S. **3.6%**

Class A Rent
$2,622 per month
Metro **5.9%**
U.S. **7.5%**

Investment
3-yr. avg. activity $20+ million
Deals: **69**
Volume: **$5.4 Billion**

Vacancy By Class

Rent Growth By Class



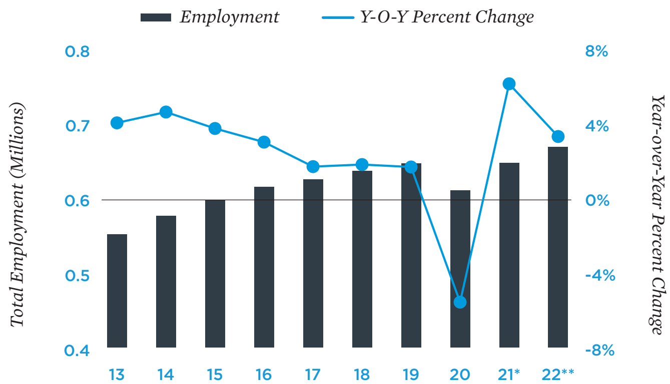
** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

Metro Leads South Florida in Population Gains; Investors Taking Notice

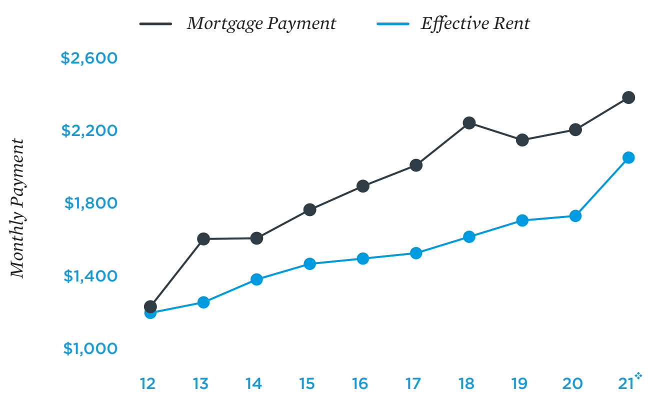
In-migration keeps demand near pace with supply. Employment and population gains will serve as the foundations for Palm Beach County's strong multifamily fundamentals this year. Due in part to lenient statewide COVID-19 policies, all South Florida metros recorded employment gains far above the national average last year. However, of those markets, only West Palm Beach entered 2022 with headcounts exceeding pre-pandemic levels. Beyond the recovery of lost jobs, the county has become a target destination for financial firms like Colony Capital and Goldman Sachs. The establishment of new regional offices by these firms is attracting high-income employees to the metro, lifting demand for luxury rentals. The market is also projected to lead the region in population growth this year, driven predominantly by gains in the 20- to 34-year-old cohort. While long-term demand benefits from the expansion of this key renter demographic, near-term supply growth is positioned to end the recent downward trend in vacancy rates. Builders are expected to complete 3,500 units this year, just slightly below the record total registered last year. While this rapid stock expansion is met with an eager market, a slight uptick in vacancy is expected as last year's release of pent-up leasing activity dissipates and rental demand growth normalizes.

Solid fundamentals support a thriving investment market. Sales activity recovered last year in the wake of the health crisis. The metro reported record trading velocity as investor sentiment reacted to above-average in-migration, which is expected to continue through 2022. While the city of West Palm Beach's sales landscape is typically dominated by Class C trades, higher-tier offerings are attracting more attention entering this year. Institutions looking to capitalize on renter demand from incoming office professionals are targeting Class A, amenity-rich apartments with short commutes to employment hubs. Larger investors with a focus on Class B portfolio expansion are seeking deals in Boca Raton, where midrise and garden-style apartments comprise the majority of inventory. Overall, increasing market competition in the face of robust fundamentals this year may require more buyers to accept lower returns than in previous periods.

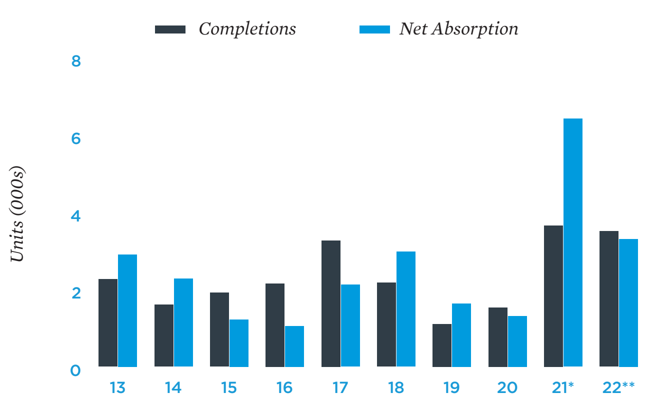
Employment Trends



Housing Affordability Gap



Supply and Demand



17.2%  *2021 share of local population between 20 and 34 years old*

32.5%  *of local population hold bachelor's degree or higher⌘*

$439,700  *2021 median home price*

** Estimate ** Forecast ✣ Through 3Q*
⌘2021: 25+ years old
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

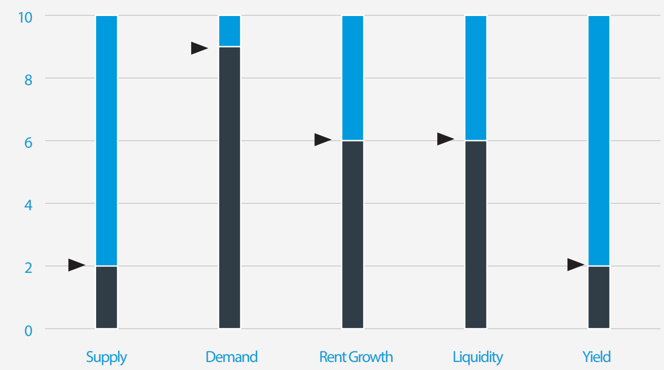
2022 Investment Outlook

The market's resilient employment performance during the pandemic paired with robust growth from in-migration result in a high demand score of 9. On the other hand, construction activity is elevated which leads to a low supply ranking of 2 on the Key Performance Index.

Liquidity sits at a 6 on the 2022 Index, which is just shy of nearby Fort Lauderdale but above Miami. Tight rental availability amid strong demand has piqued the interest of more investors, supporting higher transaction activity while compressing cap rates.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.

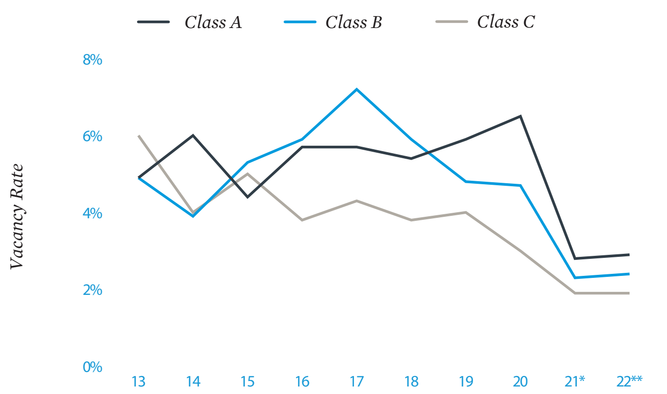
Key Performance Index



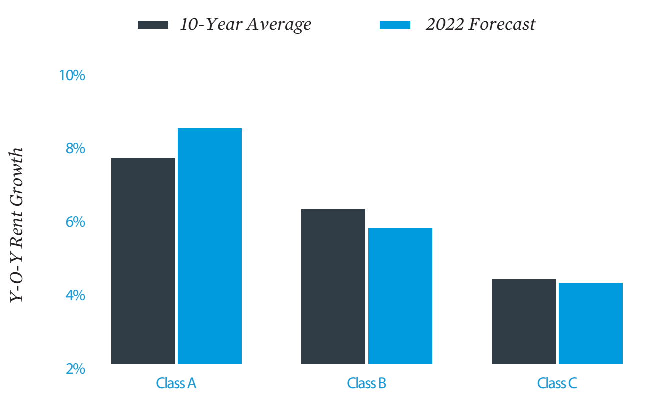
2022 Market Forecast

NMI Rank	3	
Employment *21,000 jobs*		*Metro* **3.2%** *U.S.* **2.5%**
Construction *as % of inventory*❖		*Metro* **2.9%** *U.S.* **2.2%**
Class A Vacancy *Up 10 bps*		*Metro* **2.8%** *U.S.* **3.6%**
Class A Rent *$3,157 per month*		*Metro* **8.4%** *U.S.* **7.5%**
Investment *3-yr. avg. activity $20+ million*		*Deals:* **14** *Volume:* **$871 Million**

Vacancy By Class



Rent Growth By Class



** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2021
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

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[1]National Multifamily Index Note: Employment and apartment data forecasts for 2022 are based on the most up-to-date information available as of December 2021 and are subject to change.

[2] Statistical Summary Note: Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December2021. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and apartment data are made during December 2021 and represent estimates of future performance. Sales data includes transactions valued at $1,000,000 and greater unless otherwise noted. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; American Council of Life Insurers; Blue Chip Economic Indicators; Bureau of Economic Analysis; Commercial Mortgage Alert; CoStar Group, Inc.; Experian; Fannie Mae; Federal Reserve; Freddie Mac; John Burns Real Estate Consulting; Moody's Analytics; Mortgage Bankers Association; National Association of Realtors; Real Capital Analytics; RealFacts; RealPage, Inc; SVN | SFRHUB Advisors; Standard & Poor's; The Conference Board; Trepp; TWR/Dodge Pipeline; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Securities and Exchange Commission; U.S. Treasury Department.

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2022 U.S. Multifamily Investment Forecast

	Employment[2]				Completions[2]				Class A Vacancy[2]				Class A Rent[2]				T-12 3Q 2021 Sales Activity ($15M+)[2]			
	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	2022**	Transactions	Volume	Share of Volume $15M+	
Atlanta	2.3%	-5.5%	4.5%	3.1%	9,645	13,497	10,500	10,500	5.4%	5.4%	3.3%	3.1%	$1,658	$1,622	$1,941	$2,129	242	$12,280,000,000	94.4%	Atlanta
Austin	4.0%	-2.9%	5.4%	3.9%	8,769	10,066	12,400	16,700	5.4%	7.2%	4.1%	4.0%	$1,810	$1,643	$1,981	$2,189	45	$2,409,000,000	97.8%	Austin
Baltimore	1.1%	-5.9%	2.4%	2.1%	1,711	3,286	1,700	1,750	5.4%	4.6%	2.8%	3.1%	$1,806	$1,781	$1,970	$2,005	39	$2,420,000,000	94.3%	Baltimore
Boston	1.5%	-9.8%	4.7%	2.6%	6,183	9,046	5,700	5,800	3.4%	6.9%	3.7%	2.3%	$3,534	$3,032	$3,343	$3,505	53	$3,798,000,000	82.8%	Boston
Chicago	0.6%	-8.5%	3.2%	2.7%	10,006	8,398	6,200	6,500	5.6%	9.0%	4.9%	4.7%	$2,303	$2,144	$2,424	$2,571	43	$2,169,000,000	60.8%	Chicago
Cincinnati	1.2%	-5.8%	3.0%	2.0%	809	2,231	1,600	3,000	4.0%	5.3%	3.3%	3.7%	$1,478	$1,444	$1,582	$1,658	11	$273,000,000	69.2%	Cincinnati
Cleveland	0.5%	-7.1%	0.4%	1.5%	658	1,384	970	1,300	4.6%	6.3%	5.0%	4.7%	$1,415	$1,394	$1,512	$1,635	8	$223,000,000	54.5%	Cleveland
Columbus	1.8%	-4.3%	1.9%	1.6%	4,559	4,001	5,600	3,600	4.4%	6.4%	4.0%	3.9%	$1,346	$1,333	$1,477	$1,562	16	$551,000,000	86.3%	Columbus
Dallas-Fort Worth	3.1%	-3.2%	3.6%	2.7%	25,173	25,276	28,500	22,200	5.6%	6.1%	3.6%	3.4%	$1,464	$1,443	$1,628	$1,753	158	$7,825,000,000	95.7%	Dallas-Fort Worth
Denver	2.6%	-6.7%	6.8%	2.9%	8,520	7,822	7,800	8,200	5.8%	6.4%	4.0%	3.9%	$1,885	$1,790	$2,062	$2,168	95	$6,907,000,000	88.0%	Denver
Fort Lauderdale	1.9%	-7.4%	3.2%	4.7%	2,303	4,090	6,000	2,800	5.7%	5.7%	3.0%	2.9%	$2,031	$1,979	$2,409	$2,595	44	$3,053,000,000	88.0%	Fort Lauderdale
Houston	1.7%	-6.6%	4.5%	2.9%	9,191	18,577	17,100	16,600	6.0%	8.0%	4.5%	4.3%	$1,566	$1,431	$1,583	$1,690	68	$2,410,000,000	90.3%	Houston
Los Angeles	0.8%	-11.6%	8.1%	4.1%	7,444	10,954	11,700	6,700	4.3%	6.0%	3.4%	3.0%	$3,036	$2,934	$3,295	$3,509	105	$5,540,000,000	46.1%	Los Angeles
Miami-Dade	1.8%	-8.6%	5.2%	4.7%	6,641	7,471	10,300	6,900	5.0%	7.6%	2.7%	2.9%	$2,236	$2,103	$2,465	$2,714	31	$1,960,000,000	71.7%	Miami-Dade
Minneapolis-St. Paul	0.7%	-9.5%	6.6%	3.4%	5,058	7,838	8,500	8,100	4.8%	6.8%	4.6%	4.8%	$1,749	$1,709	$1,791	$1,880	38	$1,459,000,000	69.0%	Minneapolis-St. Paul
Nashville	2.8%	-4.2%	5.2%	2.9%	3,985	5,345	7,100	11,000	5.2%	7.3%	2.8%	3.1%	$1,806	$1,648	$1,960	$2,076	60	$3,611,000,000	97.3%	Nashville
New Haven-Fairfield County	-0.6%	-7.6%	2.5%	1.6%	1,361	1,630	1,950	2,300	4.9%	5.6%	3.3%	4.0%	$2,568	$2,515	$2,733	$2,820	23	$1,300,000,000	88.3%	New Haven-Fairfield County
New York City	1.8%	-13.5%	5.3%	3.5%	21,616	17,519	18,000	17,000	5.6%	6.6%	5.4%	5.1%	$4,265	$3,974	$4,114	$4,245	46	$2,434,000,000	44.9%	New York City
Northern New Jersey	0.7%	-9.8%	3.8%	2.0%	9,480	10,073	9,000	12,000	7.5%	12.0%	7.1%	7.2%	$2,825	$2,668	$2,865	$2,982	37	$1,635,000,000	64.7%	Northern New Jersey
Oakland	0.9%	-9.7%	3.4%	3.4%	3,919	4,121	5,350	5,500	4.4%	6.1%	3.3%	3.5%	$3,015	$2,711	$2,911	$3,092	34	$2,020,000,000	70.0%	Oakland
Orange County	1.1%	-10.0%	7.3%	4.0%	2,836	2,615	2,300	3,200	4.0%	3.4%	1.9%	1.7%	$2,391	$2,366	$2,677	$2,838	40	$2,641,000,000	72.6%	Orange County
Orlando	2.3%	-12.5%	7.7%	5.7%	6,773	7,387	13,000	7,500	5.0%	5.8%	2.7%	2.5%	$1,544	$1,461	$1,738	$1,881	69	$4,085,000,000	96.7%	Orlando
Phoenix	3.7%	-3.7%	6.6%	3.9%	8,578	8,571	10,500	20,800	4.6%	4.3%	3.0%	3.4%	$1,445	$1,471	$1,816	$1,965	259	$14,786,000,000	91.0%	Phoenix
Portland	1.7%	-8.9%	7.1%	3.6%	5,132	5,923	7,800	4,500	6.1%	7.8%	4.4%	4.2%	$1,754	$1,659	$1,831	$1,909	49	$2,197,000,000	74.5%	Portland
Raleigh	2.6%	-3.1%	4.0%	2.8%	5,523	5,856	4,800	8,000	5.0%	5.5%	3.1%	3.3%	$1,507	$1,465	$1,768	$1,857	85	$4,811,000,000	95.4%	Raleigh
Riverside-San Bernardino	3.7%	-5.7%	3.7%	2.3%	2,462	1,630	1,700	1,600	4.1%	2.2%	1.8%	2.0%	$1,824	$2,033	$2,368	$2,512	33	$2,090,000,000	79.9%	Riverside-San Bernardino
San Antonio	1.9%	-3.8%	3.3%	2.4%	4,742	5,393	4,300	3,200	6.5%	6.8%	3.6%	3.3%	$1,255	$1,221	$1,379	$1,477	35	$1,549,000,000	93.7%	San Antonio
San Diego	1.3%	-8.8%	3.3%	2.6%	3,621	3,202	4,800	3,300	4.3%	4.0%	2.3%	2.2%	$2,426	$2,407	$2,734	$2,904	43	$2,887,000,000	58.5%	San Diego
San Francisco	3.1%	-12.7%	7.0%	4.2%	2,788	4,169	3,250	3,200	9.5%	18.6%	11.4%	10.6%	$3,904	$3,154	$3,481	$3,828	13	$750,000,000	47.1%	San Francisco
San Jose	2.0%	-8.6%	5.5%	3.4%	2,046	4,350	5,350	4,400	4.8%	7.2%	3.6%	3.5%	$3,503	$3,062	$3,422	$3,719	12	$371,000,000	45.3%	San Jose
Seattle-Tacoma	2.6%	-7.4%	6.0%	4.5%	11,216	7,352	11,500	14,800	4.9%	7.5%	3.9%	4.1%	$2,224	$2,088	$2,280	$2,382	91	$5,843,000,000	85.1%	Seattle-Tacoma
Tampa-St. Petersburg	2.6%	-3.2%	4.8%	4.5%	5,447	4,417	8,000	5,800	5.2%	5.1%	2.3%	2.2%	$1,693	$1,655	$2,016	$2,176	68	$4,179,000,000	88.8%	Tampa-St. Petersburg
Washington, D.C.	1.4%	-6.7%	3.2%	2.8%	12,137	13,365	14,000	13,500	4.4%	7.7%	4.0%	4.2%	$2,476	$2,312	$2,475	$2,622	73	$6,617,000,000	94.8%	Washington, D.C.
West Palm Beach	1.6%	-5.6%	6.1%	3.2%	1,100	1,526	3,650	3,500	5.8%	6.4%	2.7%	2.8%	$2,204	$2,410	$2,913	$3,157	24	$2,178,000,000	92.0%	West Palm Beach
United States	1.3%	-6.2%	4.6%	2.5%	285,684	341,395	385,000	400,000	4.7%	5.4%	3.4%	3.6%	$1,862	$1,773	$1,989	$2,139	3,982	$192,000,000,000	79.0%	United States

** Estimate ** Forecast [2] See Statistical Note on Page 80*

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