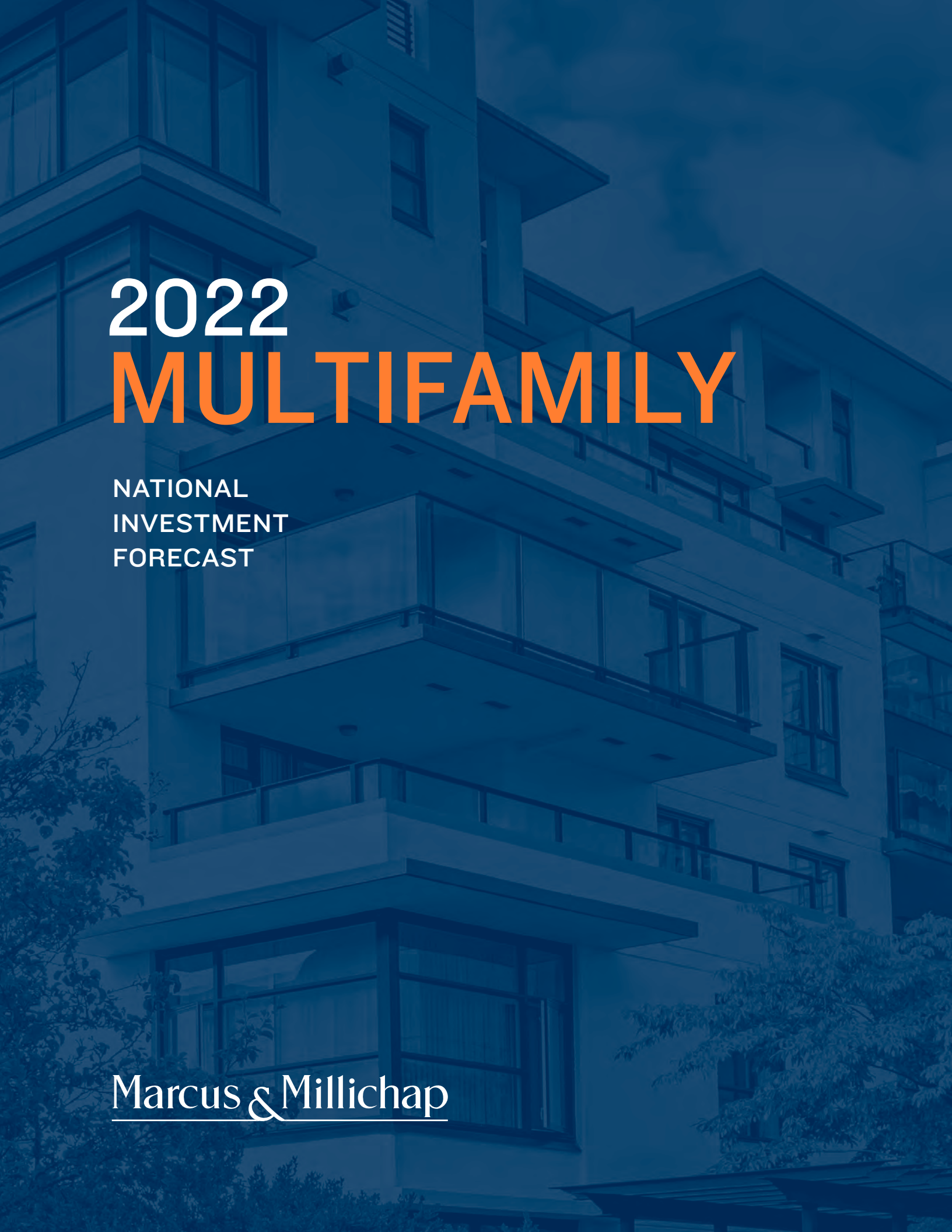




2022

MULTIFAMILY

NATIONAL
INVESTMENT
FORECAST

Marcus & Millichap

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 changed housing needs, labor markets and where people chose 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 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. Elevated capital liquidity has increasingly channeled into commercial real estate, especially property types like apartments that frequently recalibrate leases to reflect inflationary pressure.

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. Many of the economic and societal trends that drove these stellar results remain in place for 2022, boding well for multifamily investments in the year to come.

To help commercial real estate investors adapt to and capitalize on the unprecedented health crisis-driven economic and investment climate, Marcus & Millichap 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 investment guidance to empower your decisions.

Thank you and here's to your continued success,



JOHN SEBREE
Senior Vice President/National Director
Multi Housing Division



JOHN CHANG
Senior Vice President/National Director
Research Services

National Perspective

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National Multifamily Index (NMI)

- Nation-leading rates of job creation and household formation place Orlando and Las Vegas at the top of the U.S. National Multifamily Index for 2022. Robust in-migration also positions other major Southwest and Florida 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 (#22), San Francisco (#25), and San Jose (#26) toward the middle of the Index. Uncertainty over the return-to-office process places New York (#34) 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

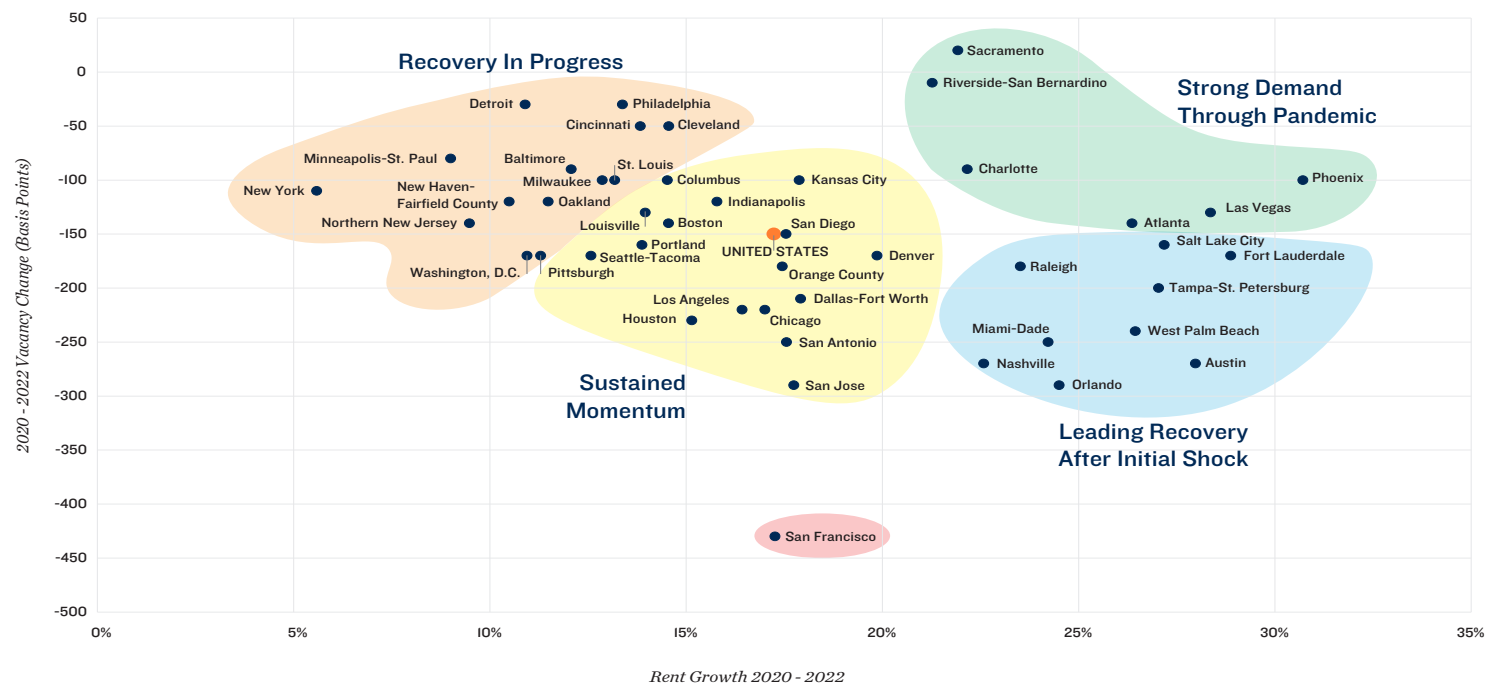
- The Federal Reserve will balance controlling inflation with sustaining economic growth. The Fed has already begun unwinding its \$120 billion per month asset purchase program, which should conclude before mid-2022. More than one rate hike is anticipated for this year as well.
- Capital is readily available for multifamily investment this year following a record 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. Financiers are expecting an active year ahead, as indicated by the expanded purchase caps of both of these government-sponsored agencies.
- 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 greater selection of 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
Las Vegas	28.4%	-130
Austin	28.0%	-270
Salt Lake City	27.2%	-160
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
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
Detroit	10.9%	-30
Washington, D.C.	11.0%	-170
Pittsburgh	11.3%	-170
Oakland	11.5%	-120
Baltimore	12.1%	-90
Seattle-Tacoma	12.6%	-170
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 and Detroit. 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

Labor Market Recovery, Migration Patterns and Housing Affordability Impacting Investment Strategies in 2022

Sunbelt metros command top positions in the Index. Nation-leading rates of job creation and household formation characterize the markets that lead this year's U.S. Multifamily Index. Orlando and Las Vegas claim the top spots 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 Phoenix (#5), Salt Lake City (#6) and Austin (#7). Many coastal residents are moving to these metros for lower-cost living arrangements. Multiple 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 Fort Lauderdale (#3), West Palm Beach (#4) and Tampa (#8). Rapid hiring in Miami (#10) is also driving renter demand in the market, while strong pre-pandemic property performance and a relatively quick economic recovery place Atlanta in the ninth slot. Other metros favored with hearty population expansions, including Dallas-Fort Worth (#12), Charlotte (#13) and Raleigh (#15), sit slightly lower due to large construction pipelines that add short-term vacancy pressure.

Larger markets have more ground to make up, falling lower on the Index. The Bay Area metros of San Francisco (#25) and San Jose (#26) lie in the middle of the Index as the region continues to recover from the pandemic despite growing staff counts. Employers in tech-centric Seattle-Tacoma (#22) are also hiring, although a heavy development pipeline adds near-term pressure. Conversely, minimal building activity is benefiting Los Angeles (#23), where vacancy is also tight. Less new supply also aids renter demand in Indianapolis (#24), while Kansas City (#28) is distinguished among Midwest metros for its high rent growth. 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. (#33) and New York (#34) 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 (#37) and Cleveland (#41) will mildly contract this year, while slow household and job creation places Pittsburgh at 46.

Index Methodology

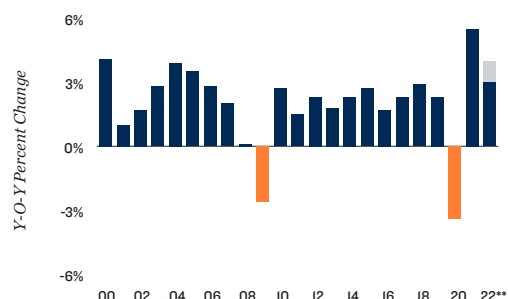
The NMI ranks 46 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted average scores for various indicators, including projected job growth, vacancy, construction, housing affordability, rents, historical price appreciation and cap rate trends. Weighing the history, 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.

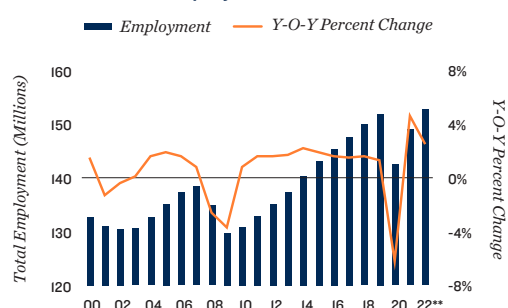
Market	Rank
Orlando	1
Las Vegas	2
Fort Lauderdale	3
West Palm Beach	4
Phoenix	5
Salt Lake City	6
Austin	7
Tampa-St. Petersburg	8
Atlanta	9
Miami-Dade	10
Denver	11
Dallas-Fort Worth	12
Charlotte	13
Riverside-San Bernardino	14
Raleigh	15
Portland	16
San Antonio	17
Orange County	18
Houston	19
Nashville	20
Sacramento	21
Seattle-Tacoma	22
Los Angeles	23
Indianapolis	24
San Francisco	25
San Jose	26
San Diego	27
Kansas City	28
Columbus	29
Minneapolis-St. Paul	30
Oakland	31
Milwaukee	32
Washington, D.C.	33
New York	34
Louisville	35
Cincinnati	36
Chicago	37
Detroit	38
Philadelphia	39
Boston	40
Cleveland	41
New Haven-Fairfield County	42
Northern New Jersey	43
Baltimore	44
St. Louis	45
Pittsburgh	46

¹ See National Multifamily Index Note on page 60

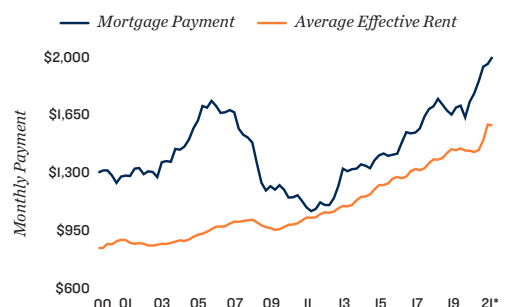
GDP Growth Trends



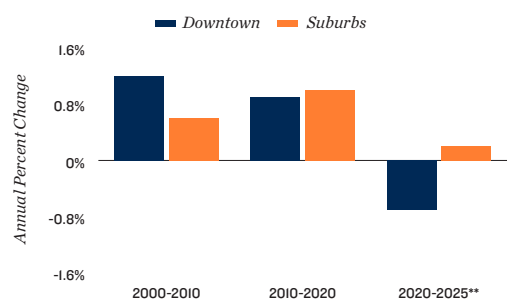
Employment Trends



Apartment Rent and Home Payment Trends



Young Adult Population Growth



* Estimate

** Forecast

Economic Outlook Strong Despite 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 spending money 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 savings.

Labor market to find new equilibrium 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

- **Housing shortage challenging affordability.** A record 1.6 million households will form in 2022, fueled by new job opportunities and household debundling. This figure will align with the total number of residences that will be constructed, underscoring an ongoing housing shortage that is even more acute for entry-level options. Homebuying picked up last year, aided by low mortgage rates, but a drop in inventory for sale lifted prices, ultimately making homeownership more expensive. As mortgage rates rise, the demand for multifamily housing will be reinforced.
- **Supply shortfall creates persistent inflation pressure.** 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 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.

Apartment Build Upon Record Performance As Household Growth Underpins 2022 Outlook

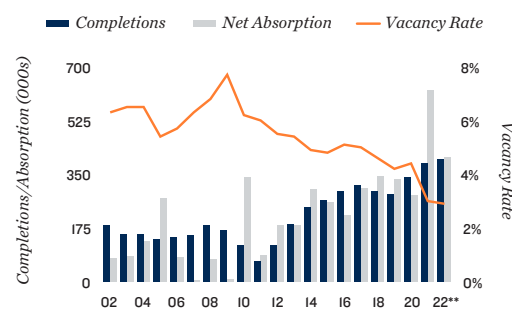
Housing demand to surpass landmark supply wave. Last year was a banner period for apartments. After the struggles of 2020 put many life decisions on hold, renewed job creation and a broad economic reopening led to a surge in multifamily leasing. A record number of units were absorbed in 2021, driving the national multifamily 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 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. Under a more stabilized economic outlook, renter demand will continue to grow. Accelerating household formation will drive absorption above the record 400,000 apartments slated to come online this year. Availability among supply-sensitive Class A units began 2022 at one of the lowest rates since 2000. Demand for Class B and C units, whose inventories are more fixed, will also improve this year as rising prices prompt renters to manage budgets. Raw material and labor shortages also raise risks of construction delays. As such, all multifamily classes will perform well this year.

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.

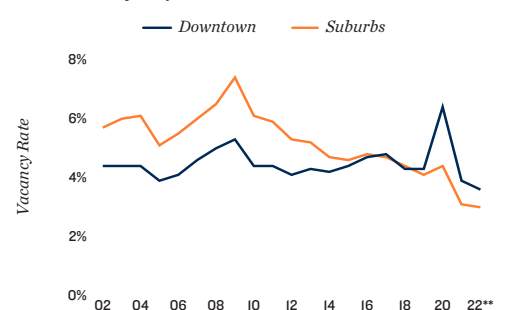
2022 National Apartment Outlook

- **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 alternative dwellings.** Households are forming just as fast as residences are being built, directing some renters to other options. Millennials favoring larger floor plans at lower costs are turning toward single-family rentals while those priced out of Class C units are looking more at manufactured home communities.
- **Workspaces, 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.

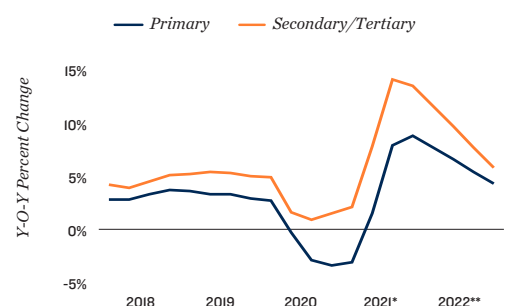
Supply and Demand Trends Normalize



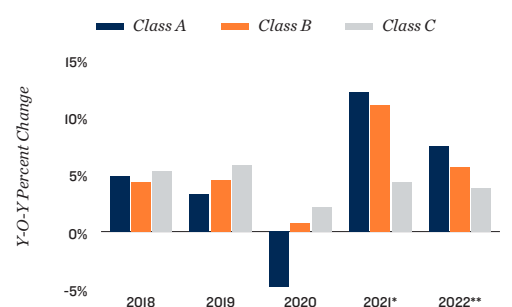
Vacancy Improves in Downtown & Suburbs



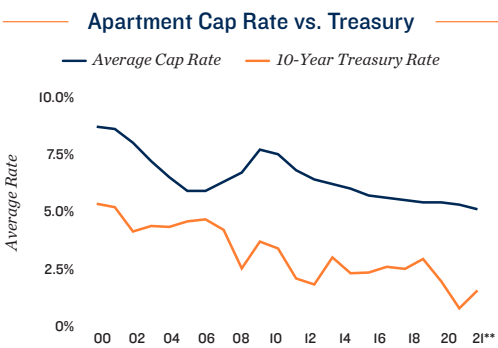
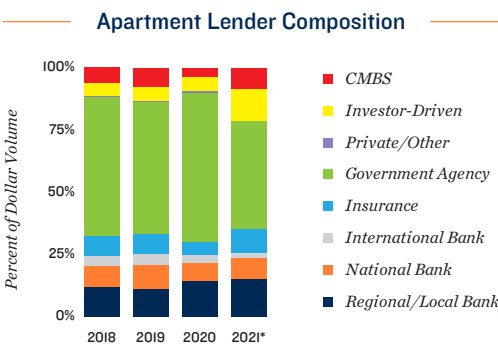
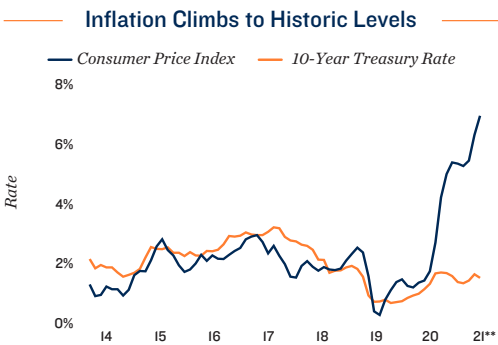
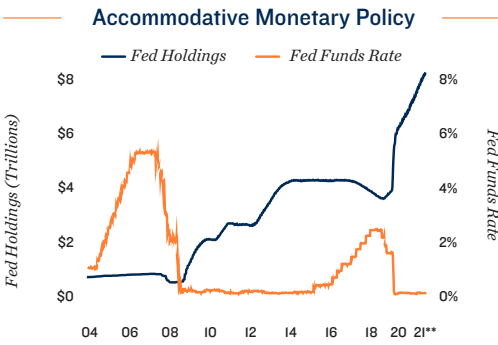
Rent Growth by Market Type



Rent Growth by Class



* Estimate
** Forecast



* 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.

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.

Transaction Activity Races Past Pandemic Hurdles as Competition Drives Investors to Smaller Markets

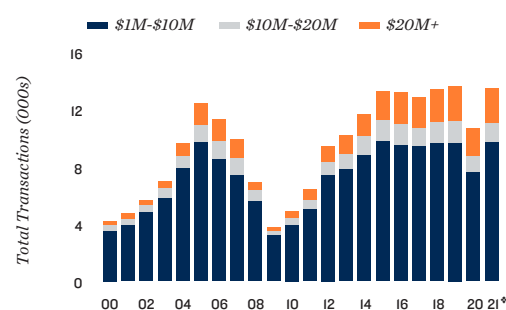
Investment demand exceeding pre-pandemic levels. The investment landscape for multifamily properties concluded 2021 with a historic level of trading activity following a marked slowdown the year prior. After a 22 percent contraction in 2020, the transaction velocity for apartments priced \$1 million and above expanded by close to 50 percent last year to align with the most active years on record. Initial concerns over rent collection have given way to record-low vacancy levels and double-digit rent growth, bringing more investors to the resilient property type. Concerns 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 nearly 9 percent in 2021 to over \$180,000. Cap rates have compressed as a result, with the national mean dropping to 5 percent. Best-in-class assets in the most sought after markets have changed hands at initial yields as tight as the mid-2 percent range, with historically low interest rates assisting with deal flow. Rates are expected to rise to some degree this year, which may restrain the downward pressure on multifamily yields. Paired with competition from other parties, this trend will likely drive investors to widen criteria this year, bolstered by a generally recovered economy.

Investors broaden scope as cap rates compress. The search for yield amid an increasingly competitive bidding environment will compel investors to consider assets across a greater selection of markets. Over the past 20 years, the share of investment flowing into secondary and tertiary metros has increased, rising from 38 percent of trades in 2000 to 53 percent in 2019. The pandemic further extended this trend. About 57 percent of transactions completed in 2021 were outside primary cities. Beyond lower entry costs and higher yields for comparable assets, properties in non-primary markets also benefit from favorable demographics. Migration out of dense city cores accelerated over the past two years and will continue moving forward due to the aging of the population. Improving apartment operations have also increased institutional investor demand, often targeting core properties in high-growth markets. After pausing in 2020, the number of trades priced over \$20 million completed last year was on par with 2019. Competition from larger investors will push some smaller buyers to less active asset classes and locations.

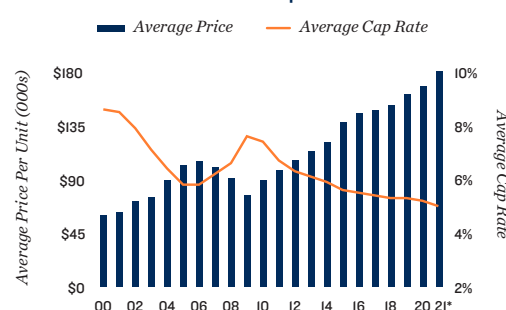
2022 Investment Outlook

- **Rising interest rates not deterring investors.** Tightening monetary policy will foster gradually rising interest rates this year. This increase will likely have little impact on multifamily sales activity, given the property type's inflation resistance relative to other investment vehicles. If inflation becomes unexpectedly high, the Fed could potentially raise rates much more substantially, possibly curtailing trading volume.
- **More capital from outside the U.S. pursue 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, allowing for reduced construction timelines and budgets.

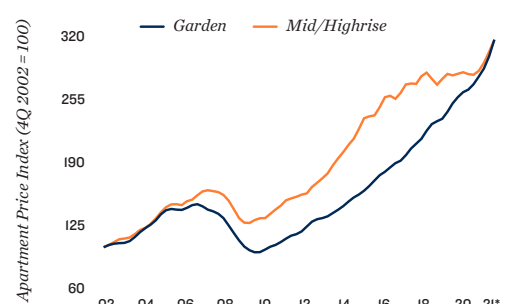
Apartment Transaction Activity



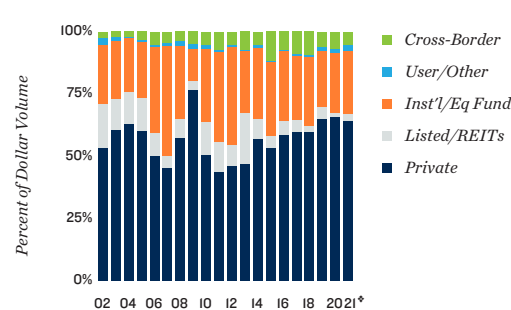
Price vs. Cap Rate



Apartment Price Index



Apartment Buyer Composition

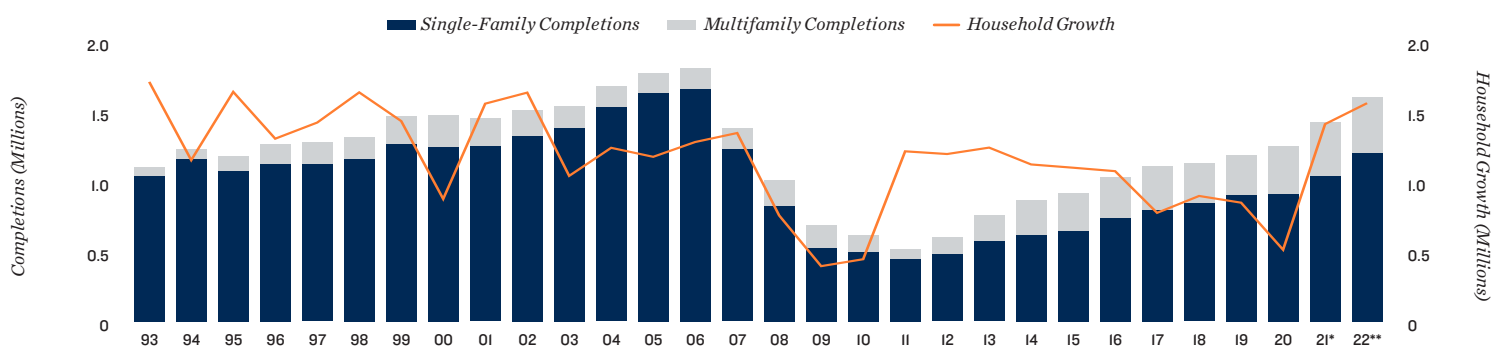


* Estimate
* Trailing 12-months through 3Q

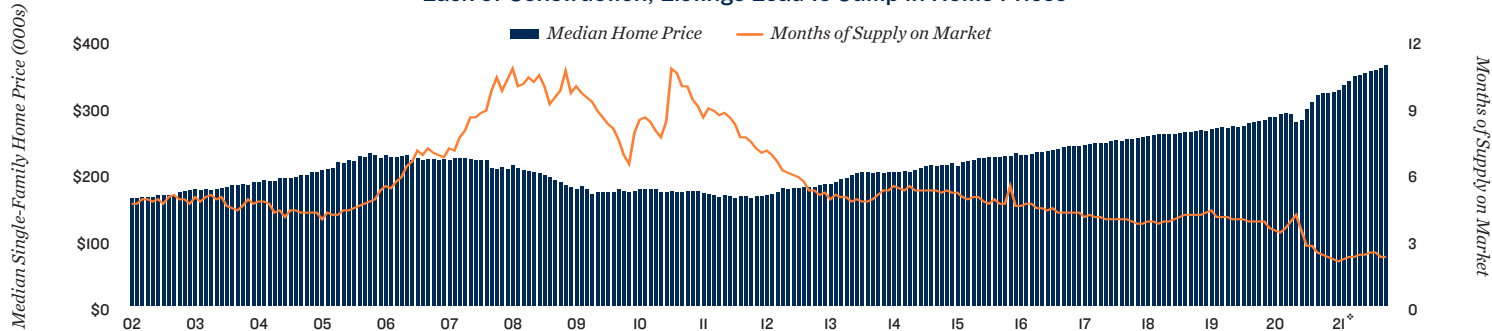
Current Housing Shortage a Constraint on Future Growth

Limited Housing Supply Caps Household Formation, Lifts Home Prices

Household Formation Constrained By Housing 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 as well as recent pandemic-induced behaviors. First, this year marks a transition point when over two thirds of the millennial generation are over the age of 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.

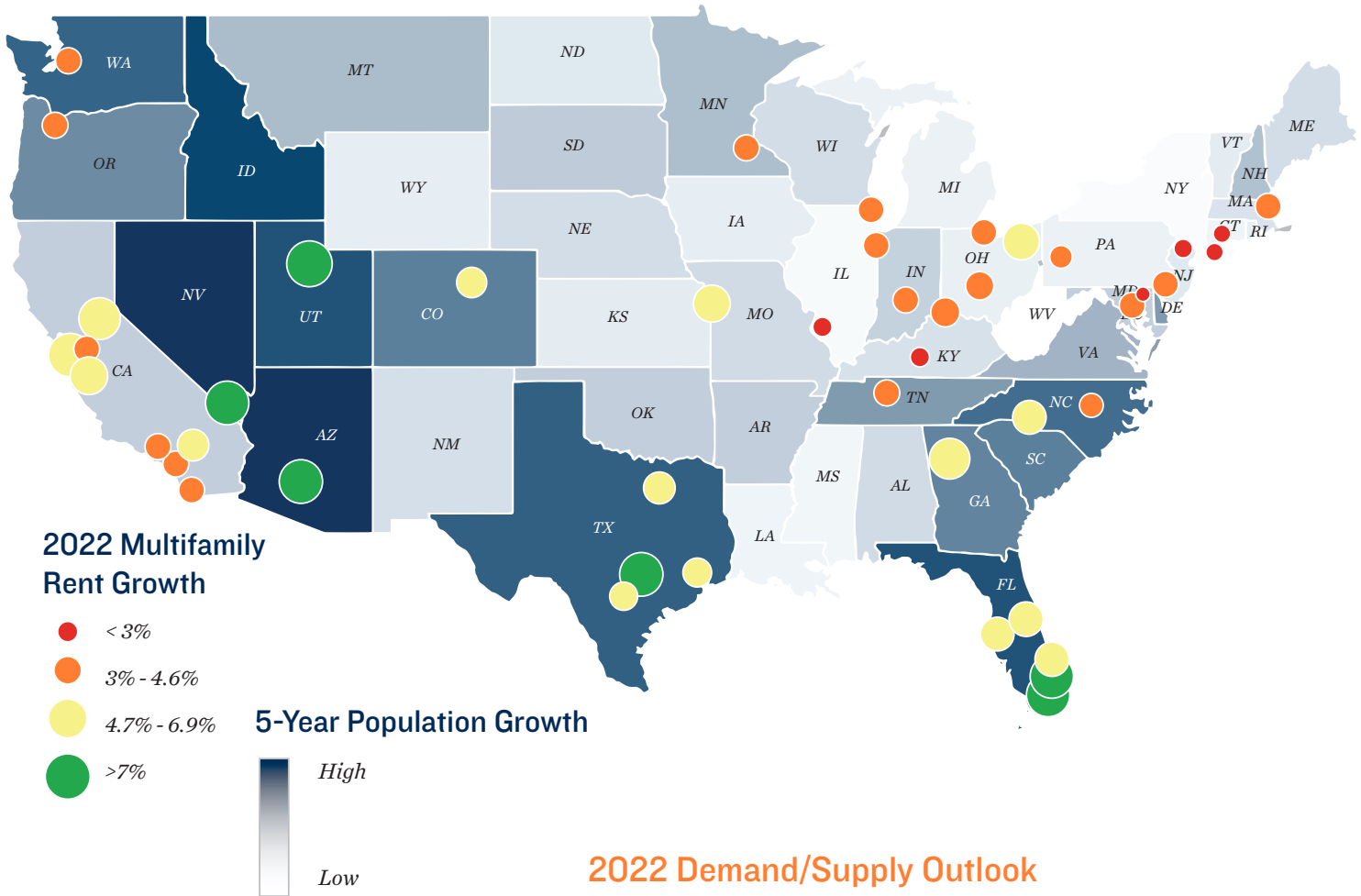
Legacy of Financial Crisis limits supply. Contrasting with the increase in demand, the construction of single-family homes has trailed historical levels since the overbuilding leading up to the Great Financial Crisis. Multifamily development activity has accelerated over the past decade but is not enough 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 overhang 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



Top 10 Markets by Population Growth

Highest Population Growth	2017-2022* Population Change	2022* Rent Growth
Austin	11.4%	7.3%
Las Vegas	9.4%	7.2%
Phoenix	8.7%	7.2%
Raleigh	8.3%	3.5%
Orlando	7.5%	5.7%
Dallas-Fort Worth	7.4%	5.3%
Salt Lake City	7.3%	7.7%
Charlotte	6.9%	5.4%
Nashville	6.9%	4.1%
Houston	6.6%	4.7%
U.S.	2.3%	5.2%

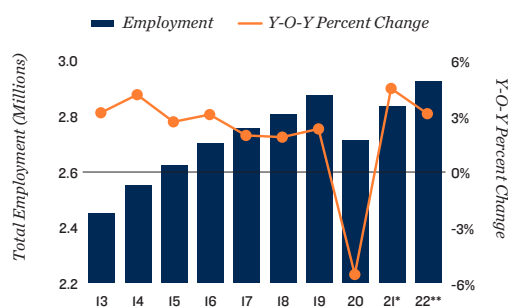
2022 Demand/Supply Outlook

- 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 both Las Vegas and Phoenix began this year at multidecade lows, 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, Philadelphia, Detroit and Cleveland will all rise this year as the frequent turn-over of residents in these settings continues to drive leasing activity.

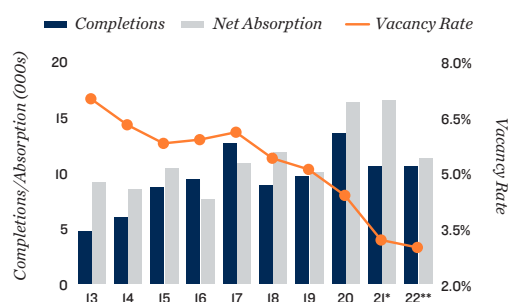
* Forecast

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

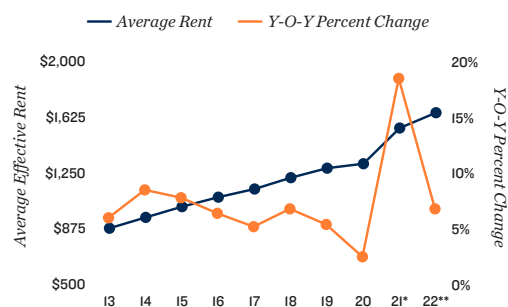
Employment Trends



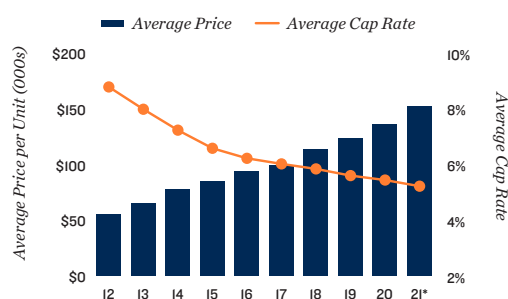
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Atlanta Apartments Bolstered by Solid Household Growth; Capital Migration into Area Consistent

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. Renters leased more than 16,000 units for the second consecutive year in 2021 as in-migration and job growth facilitated household formation. The pace of renter demand gains will ease from 3.3 percent in 2021 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. The 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. Despite low vacancy across all property classes, some value-add deals can be found around the metro. Improving suburban Class B assets to provide remote professionals more options will be the most frequent target for these investors. Entering the year, cap rates range from sub-4 percent for core Class A assets to 7 percent for suburban Class C properties.

2022 Market Forecast

NMI Rank 9 Atlanta holds a spot in the top 10 of the NMI as a result of easing vacancy, fast rent growth and solid household creation trends.

Employment Payrolls surpass the pre-recession level this year as companies add 89,000 workers, representing a 3.1 percent increase.

Construction Deliveries in 2022 will match 2021 as 10,500 units come online, lifting inventory by 2.0 percent. Over the past five years, builders have completed approximately 11,000 apartments annually.

Vacancy Renter demand supports a 20-basis-point decline in apartment vacancy to 3.0 percent this year. In 2021, the average rate declined 120 basis points.

Rent Following an 18.4 percent rise last year, the average effective rent is projected to advance 6.7 percent this year to \$1,644 per month in 2022.

Investment Institutional capital is chasing Class A and Class B-plus properties in suburban areas where many white-collar workers are putting down roots.

Tesla's Commitment to East Austin is a Microcosm of the Market's Evolution; More International Buyers Tune In

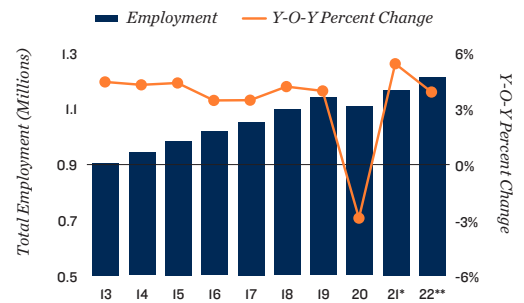
East Austin epitomizes the larger story. Austin is one of only a handful of markets in the U.S. that recovered all of the jobs lost during the pandemic before the end of last year and is now entering a new growth phase. While the leisure and hospitality sector remains debilitated in the aftermath of the health crisis, the trend of technology firms migrating into the metro has accelerated. 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, pandemic resilience compel investors from around the globe. 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. The widening of the buyer pool and high expectations for future growth are reflecting in sale prices and cap rates. Class A and B assets have been trading with first-year returns in the mid-3 percent band in Austin, nearly matching coastal markets in California. Higher-quality properties in technology firm saturated North Austin as well as 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.

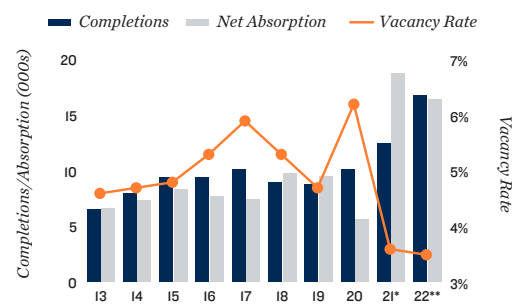
2022 Market Forecast

- NMI Rank 7** The fast-growing local economy and population is powering fundamental improvement, giving Austin a high ranking.
- Employment**  Austin's job count grows by 45,500 personnel, pushing the total above the pre-recession peak by nearly 66,000 positions.
up 3.9%
- Construction**  Builders finalize 4,300 more rentals than last year, expanding inventory by 6.1 percent. The East Austin, Round Rock-Georgetown and Cedar Park areas combine for over half of deliveries.
16,700 units
- Vacancy**  Availability inches down to 3.5 percent despite record-level completions. Net absorption is expected to surpass 16,000 units for the second consecutive year.
down 10 bps
- Rent**  The market's effective rent is projected to grow by the second fastest pace among major U.S. metros in 2022. The average metrowide rate will rise to \$1,610 per month.
up 7.3%
- Investment**  Outstanding rent growth and a metrowide vacancy rate in the mid-3 percent range underscore investment appeal. Buyers expand their search parameters to far west and south suburbs.

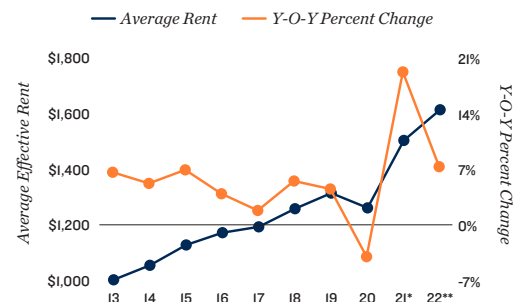
Employment Trends



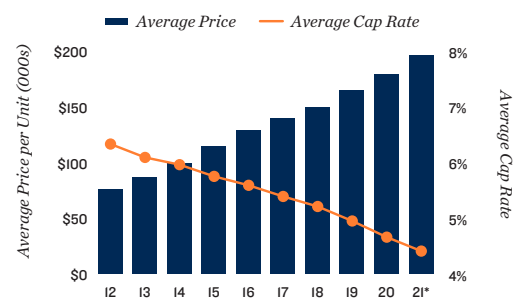
Supply and Demand



Rent Trends



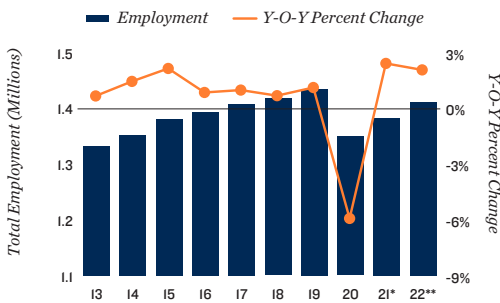
Sales Trends



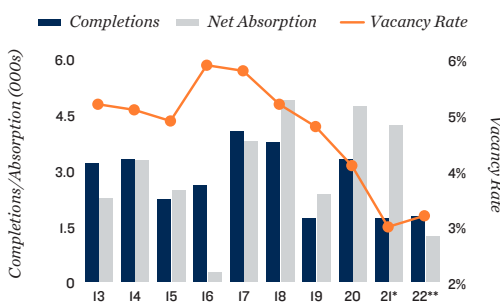
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

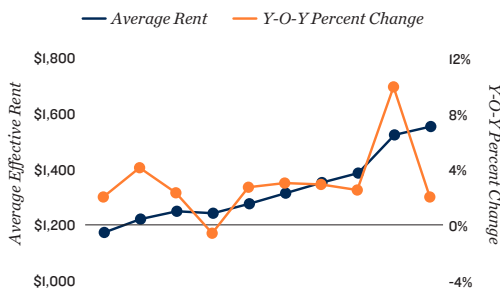
Employment Trends



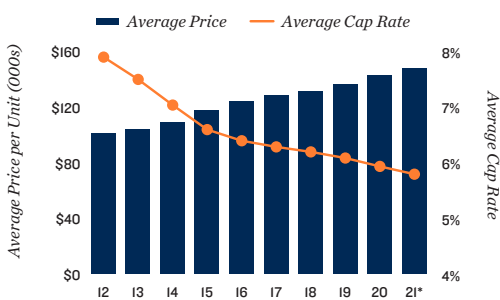
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Leasing Activity Accelerates in the Urban Core; Out-of-State Investors Propel Deal Flow

Availability stays nears 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 CBD. 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 less expensive housing if work-from-home trends persist. Additionally, supply additions will fall 40 percent below the trailing-five-year average, which will help moderate vacancy increases this year.

Strong performance elevates transaction volume and pricing. Tight market conditions and lower entry costs relative to other major Northeast markets make Baltimore an attractive option for both local and out-of-state investors. Buyers briefly stepped to the sidelines during the pandemic but made a swift return, elevating transaction velocity to one of the highest levels in the past 20 years in 2021. Competition for available assets is lifting sale prices and placing downward pressure on cap rates, which average in the high-5 percent range. Buyers have remained active in Downtown Baltimore, where fundamentals are improving rapidly and many value-add opportunities exist. While fewer listings are marketed in Annapolis and Howard County, demand for properties in these areas persists. Assets here often garner sale prices above \$250,000 per unit, well above the metro average of \$147,000 per unit.

2022 Market Forecast

NMI Rank 44 Tame rent growth and vacancy moving up produce a low ranking on this year's NMI for Baltimore.

Employment up 2.1% Roughly 29,000 jobs will be added this year, placing total employment within 1.5 percent of the metro's pre-pandemic level.

Construction 1,750 units The pace of deliveries will slightly increase relative to the 1,700 units delivered last year. Supply additions will expand the metro's apartment inventory by 0.7 percent in 2022.

Vacancy up 20 bps Completions this year will slightly outpace net absorption, placing upward pressure on availability. As a result, vacancy will climb to 3.2 percent by year end.

Rent up 2.0% A small rise in vacancy this year will taper rent growth relative to last year's 9.9 percent gain. Still, the metro's average effective rent will increase to \$1,550 per month.

Investment Improving renter demand in Downtown Baltimore will continue to attract investment activity to the urban core, where first-year returns average in the mid-7 percent range.

Metro Recovery Underway With More Room to Grow; Class C Trades Drive Growth in Transaction Activity

Renter demand to normalize after last year's surge. Boston's employment market recorded workforce gains slightly above the national average last year after suffering acute pandemic job loss due to the region's relatively strict lockdown procedures. As conditions improved, many area universities ended remote schedules, bringing students and staff back to campus and increasing demand for both local student housing and nearby higher-end rentals used by faculty. Demand growth will taper in 2022 following last year's unprecedented display of renter enthusiasm and fall below a weightier construction pipeline. Builders are projected to finalize 5,800 new units by the end of the fourth quarter, ticking up 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. Boston's sizable education and health services sector, constituting the area's largest employers, is still a long way off from reaching pre-pandemic heights.

Lower costs north of the city spur flourishing sales activity. Overall transaction volume across the metro has increased measurably year-over-year beginning 2015. Nearly all of the growth pertains to Class C trades, particularly those by in-state investors acquiring property in Essex County. Concern over potential capital gains tax increases has incentivized many owners to put these properties on the market, while recent high migration of renters from the urban core draws the attention of buyers. Deals on Class C assets here have average pricing at just over \$200,000 per unit, nearly half of the mean per unit sale price in Suffolk County and \$110,000 under nearby Middlesex County. The suburbs may attract more institutional investment in the near future, applying further upward pressure to pricing. As developers in Boston's burgeoning biotechnology sector continue to outbid multifamily investors for real estate in the urban core, capital placement opportunities in recent completions will diminish.

2022 Market Forecast

NMI Rank 40 Akin to other metros in the region, Boston scores near the bottom of the ranking, as the impacts from the pandemic persist.

Employment up 2.6% Boston businesses are projected to expand headcounts by 70,000 employees as the metro's economic recovery continues.

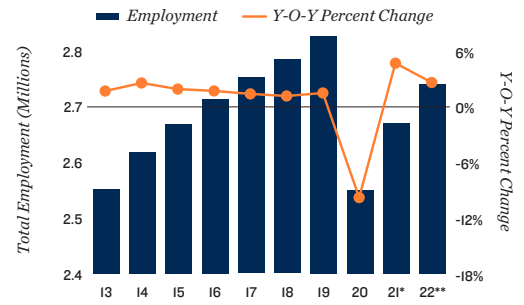
Construction 5,800 units Builders will complete a higher amount of units than 2021, but still under the trailing-decade average as material shortages continue to create headwinds for property developers.

Vacancy up 30 bps Despite a moderate market delivery pace, the dissipation of last year's pent-up demand will push vacancy up to 3.5 percent by the end of the year.

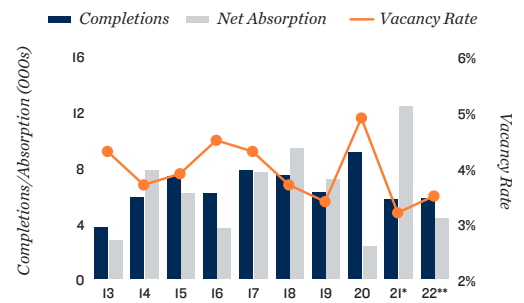
Rent up 4.5% The average effective rent surpasses \$2,500 per month as year-over-year rent growth reverts closer to typical pre-pandemic market levels of around 4 percent.

Investment Class C bidding remains competitive for locals seeking options in the \$1 million to \$5 million range; while many out-of-state buyers focus on luxury options near the city center.

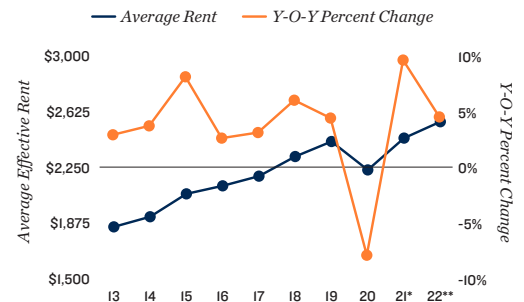
Employment Trends



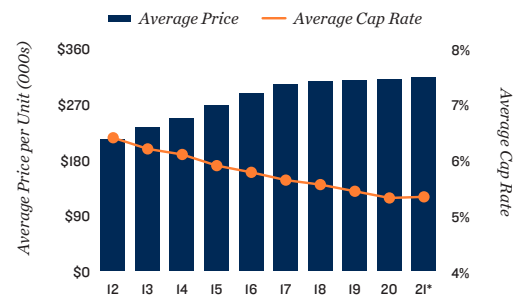
Supply and Demand



Rent Trends



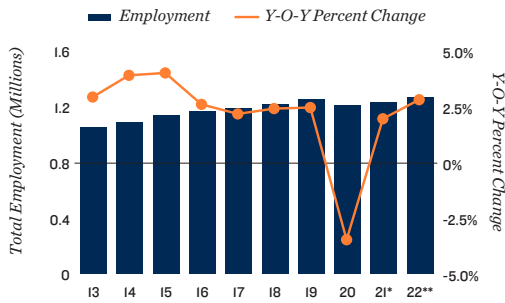
Sales Trends



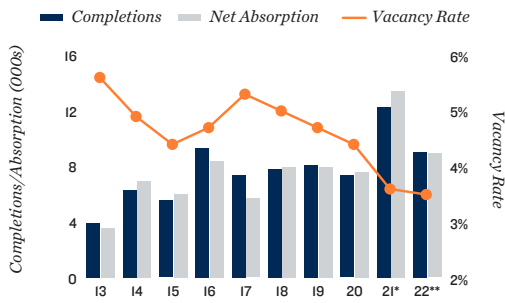
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

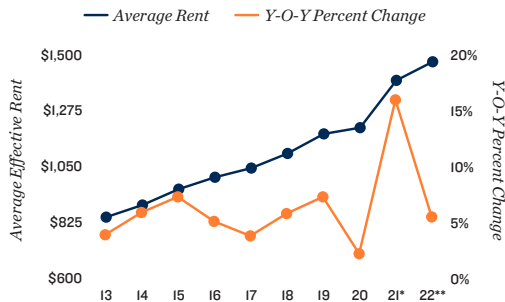
Employment Trends



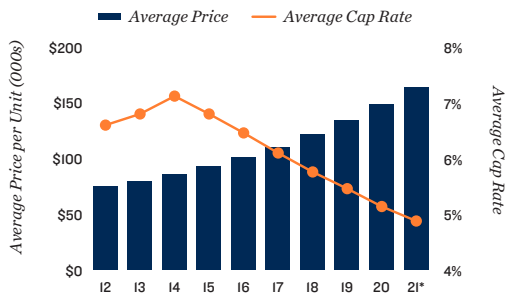
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Queen City Apartments Benefiting From Demographic Tailwinds; Investors Target Attractive Returns

Charlotte top destination for apartment renters. The market will benefit again in 2022 from the influx of Northeast transplants as relaxed COVID-19 restrictions and larger apartments help retain a sizable share of the workers that left densely populated areas. Financial sector positions, which were among the easiest to transition to remote work, are prevalent in the area, solidifying the local employment base. For the most part, the banking sector in Charlotte expanded during the downturn whereas traditional banking powerhouses, such as New York, experienced steep losses. Many of these transferred employees are requesting to stay in the area, leading to broad economic health. Household formation is projected to reach 2.5 percent in 2022, more than doubling the national rate. At the same time, apartment vacancy is well below 4 percent, giving operators significant pricing power when setting monthly rents. Class C vacancy is particularly tight, and a lack of development for those renters will keep pressure on rates.

Investors remain keen on the market. Capital from nearby metros, including New York and other Northeast cities, will continue to flow into Charlotte this year as institutions awash with cash seek destinations to place it. Local buyers remain active as well, though finding returns commensurate with their long-standing expectations is encouraging them to widen their geographical criteria into more distant suburbs. Concord and Gastonia have been favorites, though most buyers are driven by yield expectations. Cap rates are favorable relative to other high-growth markets, with returns near 5 percent entering the year. Class A properties trade at a premium as much as 100 basis points below that level, while Class C assets change hands at first-year returns in the high-5 percent area. The spread between Class C and Class B initial yields tightened in the past year, largely due to the upside projected in revenues. Still, with strong rent growth anticipated and ongoing inflation concerns, apartment investment in the area will remain an attractive option this year.

2022 Market Forecast

NMI Rank 13 In-migration is fueling household formation and rental demand, aiding metrics and supporting a high rank for Charlotte.

Employment up 2.8% Headcounts grow by 35,000 this year as employers accelerate their pace of hiring from 2021's pace of 2.0 percent.

Construction 9,000 units Development eases modestly though inventory expansion remains brisk. This year, local apartment stock rises 4.3 percent, following a 6.2 percent enlargement in 2021.

Vacancy down 10 bps Nearly 9,000 units will be absorbed in Charlotte this year, pulling down the average vacancy rate to 3.5 percent. Last year, vacancy dropped 80 basis points.

Rent up 5.4% Following a robust 15.9 percent increase in the average effective rent last year, rent growth is projected to remain strong. By year-end 2022, the average monthly rate will reach \$1,466.

Investment Attractive yields in one of the fastest-growing markets in the country will continue to draw capital. Local buyers are expected to increase their parameters as well.

Downtown Leasing Surges Despite Slow Job Recovery; Investors Still Cautious Ahead of Assessments

Low construction while workers return applies vitality to vacancy and rents. Chicago's development pipeline is diminishing as construction costs spike on supply-chain and inflation factors. This coincides with surging renter demand to foster low vacancy and high rent growth in the metro. Among the construction that is taking place most is concentrated in Downtown, 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 surge downtown, vacancy continues to tighten in suburban areas after falling below 4 percent last year. Payroll projections are still climbing towards the 2019 peak, but tech, finance, and corporate opportunities supply jobs for high-income renters while roles in transportation support Class C rentals. Leisure and hospitality jobs are still at 65 percent of 2019 levels, a factor that will aid Class C vacancy upon the return of tourism.

Investors patient with downtown recovery in the face of tax reassessment. Despite the strong demographics surrounding the inner city's recovery, investors continued to focus on areas outside of downtown. Tax reassessments occurring last year in Chicago proper will take effect in 2022 with speculation that commercial property owners will pay a higher rate than they have in the past. While this has curbed sales velocity in the core, exchange volume has remained constant in North Side, South Side and other suburban neighborhoods. North Side from Old Town to Lincoln Square is the most liquid region in the market and regularly records transactions involving all apartment classes, with assets here yielding close to 6 percent on average. Investors looking for prices below market average are targeting lower-tier apartments in the South Side area and achieving cap rates in the mid-8 percent range; however, these returns can tick up higher in areas farther from Lake Michigan toward South Chicago.

2022 Market Forecast

NMI Rank 37 An unimpressive employment recovery from the health crisis contributes to the bottom 10 ranking for Chicago.

Employment Job creation is expected to slow this year with 122,500 roles set to hit payrolls. Total employment is well below the 2019 peak.
up 2.7%

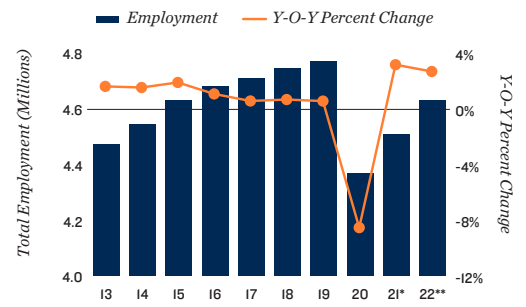
Construction Completions will inch up to 6,500 rentals compared to the 6,200 units added in the previous year, yet the 2022 projection is roughly 2,000 units below the five-year trailing average.
6,500 units

Vacancy The vacancy rate metrowide will compress to 3.7 percent by the end of this year. The last time Chicago's year-end vacancy rate fell beneath this level was in 2000.
down 20 bps

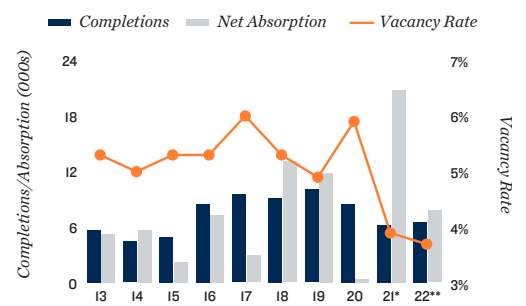
Rent The average effective rent climbs to \$1,720 per month as low availability, limited construction, and anticipated tax increases apply upward pressure on rent growth this year.
up 4.2%

Investment Investment activity in the districts in and near the city center should return as details of the tax reassessment materialize and upon tightening vacancy rates in the reassessed submarkets.

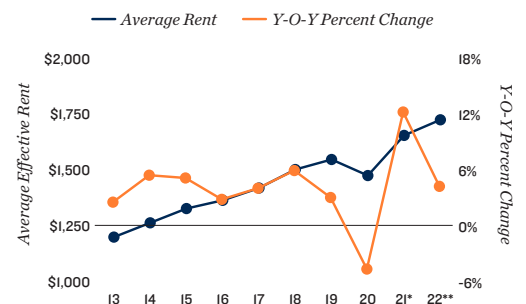
Employment Trends



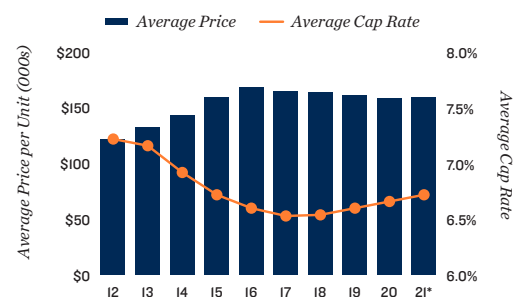
Supply and Demand



Rent Trends



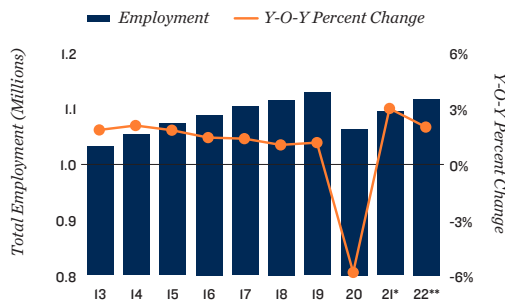
Sales Trends



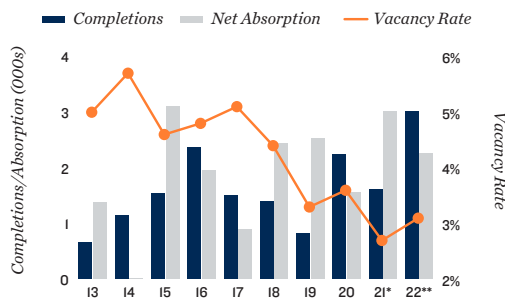
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

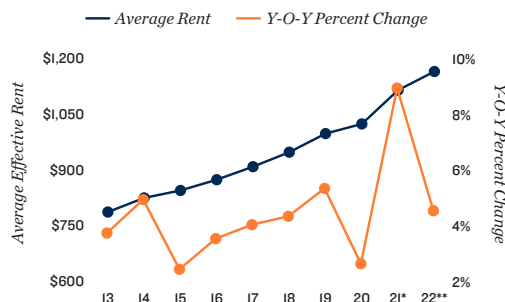
Employment Trends



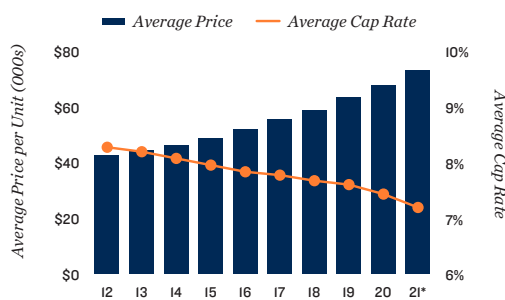
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Pillars of Local Economy Catalyze Apartment Fundamentals, Reinforce Private Investors' Confidence

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 these sectors saw headcounts exceed pre-pandemic peaks during the third quarter of last year. Moving forward, these employment segments are positioned 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 are poised to hold well below their long-term historical averages this year.

Lower-tier assets attract buyers seeking stability. Home to a relatively small institutional presence due to the typical size of available listings, Cincinnati represents a target for private investors seeking consistent cash flow in Midwest markets. The metro's Class C sector appeals to these buyers. Vacancy in this asset class held in the mid-2 to low-3 percent range throughout the health crisis with positive rent growth recorded in every quarter. Additionally, higher than average returns and price points below \$80,000 per unit are widely available in submarkets where vacancy is at or below the metrowide average. Investors targeting sub-30-unit properties near major employers or the CBD have been most active in Clifton and Over-The-Rhine. Those seeking areas of scant vacancy where the potential for long-term steady rent growth exists are pursuing opportunities in Northwest Cincinnati neighborhoods, including Price Hill.

2022 Market Forecast

- NMI Rank 36** Increasing vacancy and moderate job creation push Cincinnati to the bottom half of the 2022 Index.
- Employment** up 2.0% Employers raise the metro's job count to within 1 percent of the pre-pandemic peak through the creation of 22,000 positions.
- Construction** 3,000 units After finalizing 1,600 units last year developers increase delivery volume in 2022, growing inventory by 1.8 percent. Completions, however, will be sparse in Downtown Cincinnati.
- Vacancy** up 40 bps Rental availability rises moderately to 3.1 percent in 2022 after compression of 90 basis points was noted last year. Still, vacancy will hold 70 basis points below the prior five-year average.
- Rent** up 4.5% The rate of rent growth in 2022 returns to a more sustainable pace following last year's nearly 9 percent gain, lifting the metro's average rent to \$1,160 per month.
- Investment** Efforts to create an uptown district near the University of Cincinnati and adjacent medical centers may spark more investment activity in surrounding neighborhoods.

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 considered a low-cost market for homeownership, this disparity may push more prospective buyers into the rental pool this year as catalysts for suburban job growth emerge. Nexen Tire will relocate its headquarters to Richfield in 2022, while Park Place Technologies is slated to bolster staff in Mayfield Heights and Sherwin-Williams is making progress on a new research and development center in Brecksville. The development of the latter facility 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.

Eastern suburbs entice wide range of investors. Cleveland continues to offer apartment investors some of the lowest entry costs nationally at a time when local Class B vacancy is historically low and Class C availability is significantly below its long-term mean. These factors combined with cap rate above other major markets are attracting more investors to the metro. Responsible for the largest vacancy compression among submarkets last year, East Cleveland is a focal point for both out-of-state and local buyers. Here, strong absorption has lifted the average effective rent by nearly 30 percent over the past three years. This has allowed a percentage of owners to achieve their return benchmarks ahead of schedule, prompting some to list amid strong investor demand.

2022 Market Forecast

NMI Rank **41** The relatively slow pace of employment growth and household formation constrain Cleveland's position in the 2022 NMI.

Employment **up 1.5%** Cleveland's rate of employment growth improves on an annual basis as organizations add 15,000 positions in 2022.

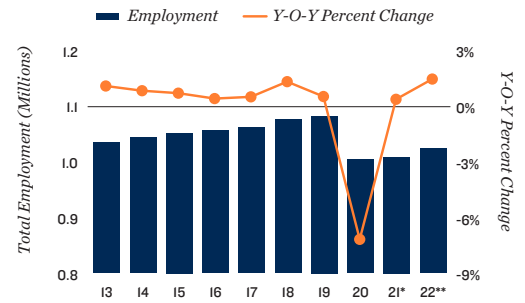
Construction **1,300 units** For the third time in five years developers finalize more than 1,000 units. Still, inventory expands by just 0.8 percent with the largest concentration of rentals delivered along Lorain Avenue.

Vacancy **down 10 bps** Positive household formation and an improving rate of job creation allow rental demand to slightly exceed supply additions, lowering unit availability to 3.0 percent.

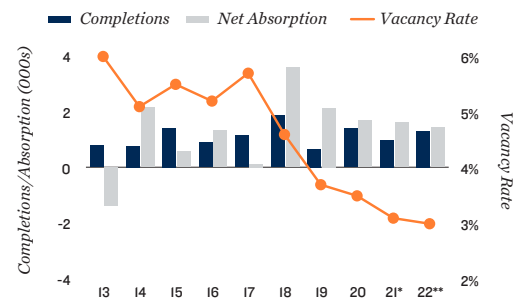
Rent **up 6.1%** Historically low vacancy warrants a second consecutive year of above-average rent growth, lifting the metro's mean effective rate to \$1,125 per month.

Investment Revitalization efforts in Downtown Cleveland generate buyer competition for mid-tier and luxury properties. Last year, assets of this caliber commanded more than \$200,000 per unit.

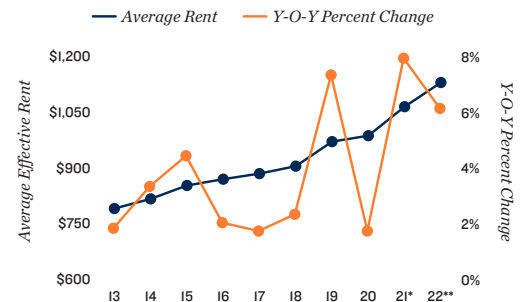
Employment Trends



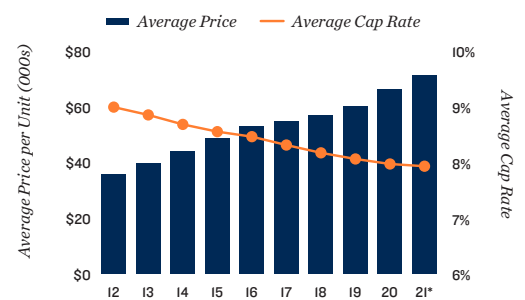
Supply and Demand



Rent Trends



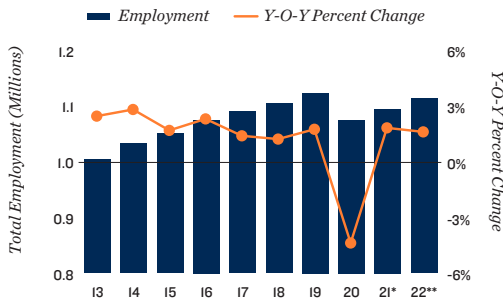
Sales Trends



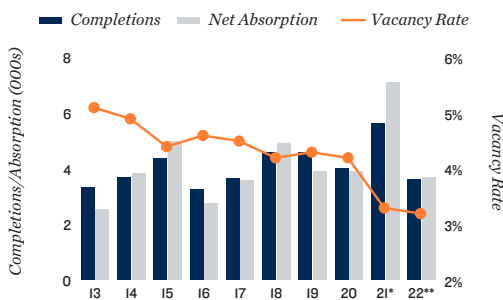
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

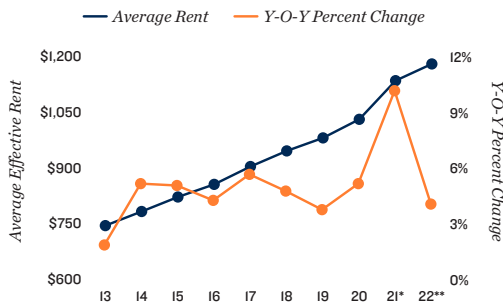
Employment Trends



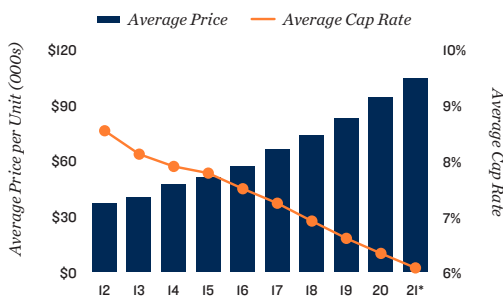
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Foundations For Future Economic Growth Emerge, Stoking Rental Demand and Augmenting Buyer Pool

Recent absorption and expectations of 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 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. Employers including Square, the Original Bark Co., Upstart and NetJets have all committed to bolstering payrolls. Nationwide, Cardinal Health and other locally based Fortune 500 companies are also likely to expand staffs as the economic recovery advances. This job creation will fuel a historically robust rate of household formation and demand for newly built units.

Buyers pursue large-scale suburban assets. Columbus offers investors more opportunities to acquire larger 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 2022 are poised to further expand investor mixes within both property tiers. Out-of-state investors and Ohio-based buyers with a preference for 100-unit-plus complexes 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 Class C assets in these areas still hover below \$100,000 per unit. Additionally, pricing for Class B properties range from \$150,000 to the low-\$200,000 range per unit, dependent on vintage.

2022 Market Forecast

NMI Rank 29 Columbus grabs the highest ranking among Ohio markets but falls outside the top half overall due to weak job gains.

Employment up 1.6% Hiring velocity nearly matches the rate of employment growth recorded last year as 18,000 positions are added in 2022.

Construction 3,600 units Developers expand rental inventory by 1.9 percent in 2022, the smallest increase in the past five years. Completions in the city of Columbus account for 60 percent of this year's volume.

Vacancy down 10 bps Strong suburban demand and the return of pre-pandemic conditions in the CBD support a third consecutive year of vacancy compression, lowering year-end availability to 3.2 percent.

Rent up 4.0% The average effective rent grows at a more sustainable pace in 2022 after last year's 10 percent surge. Columbus' mean monthly rate of \$1,175 will rank highest among major Ohio markets.

Investment Inventory growth of 25 percent over the past 10 years provides investors with opportunities to acquire newer built assets in the CBD, Westerville-New Albany-Delaware and Dublin-Hilliard.

Metroplex Holds Top Spot For Development, But an Ease Amid In-Migration Fosters Conditions for Lower Vacancy

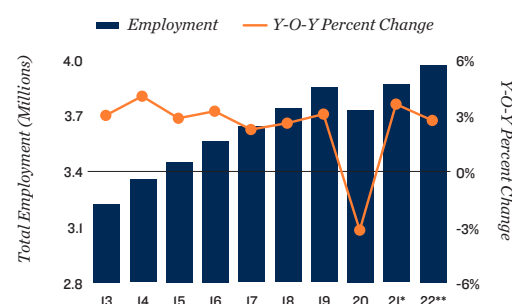
Construction pace, strong migration trends to aid operations. Dallas-Fort Worth led all major U.S. metros in terms of annual delivery volume in each of the past four years, and it was not particularly close. Over that span, the Metroplex added more than 100,000 rentals, exceeding New York City by 24,000 units, 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 eased. 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 new residents this year, a total that will lead the nation. As a result of the new people and households they create, apartment absorption will exceed deliveries in 2022, producing downward vacancy pressure and sustaining rent growth.

Suburban household formation, metrowide price appreciation drive market. Amid rapid population growth and household formation, assets in Dallas-Fort Worth are attractive to investors throughout the world. The sizable field of buyers eager to acquire properties in the Metroplex 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. The average cap rate also dipped below 5 percent for the first time on record last year. Many buyers are following household formation trends to North Dallas suburbs, with deal velocity ramping up in locations beyond Interstate 635 like Carrollton, Frisco and Garland. Cap rates in the mid-3 percent band for higher-quality assets are becoming the norm here, while Class C trades are muted amid a low supply of older properties. Investors striving for higher first-year returns often concentrate on Fort Worth suburbs, particularly neighborhoods proximate to Interstate 30 on the west side.

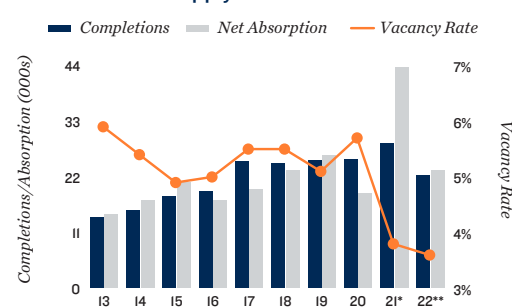
2022 Market Forecast

- NMI Rank** 12 Outstanding in-migration and household formation help Dallas-Fort Worth grab a spot in the top 15 of the 2022 NMI.
- Employment** ↑ Job gains will realign with the annual average prior to the pandemic between 2015-2019, as 106,000 roles are added this year. up 2.7%
- Construction** ↓ Compared with last year, about 6,300 fewer rentals are expected to finalize in 2022. Areas that will receive the most new supply include Frisco, South Arlington-Mansfield and Intown Dallas. 22,200 units
- Vacancy** ↓ Following a 190-basis-point drop in 2021, downward vacancy movement continues this year as net absorption exceeds new supply. The rate will fall to a two-plus decade low of 3.6 percent. down 20 bps
- Rent** ↑ It will be difficult to mirror the 12.0 percent gain from last year, but rent growth in 2022 will be the second fastest in the past six years. The mean effective rate reaches \$1,395 per month. up 5.3%
- Investment** ● Competition for assets in North Dallas suburbs, Downtown and in the Mid-Cities leads buyers to search farther out. Denton, McKinney and Waxahachie may offer compelling prospects.

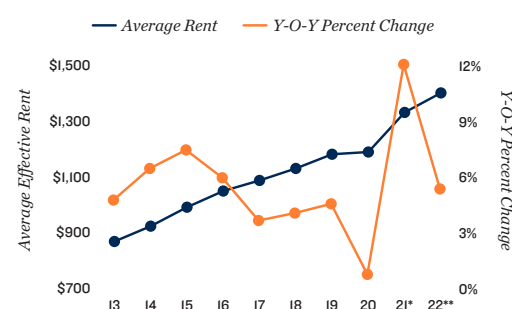
Employment Trends



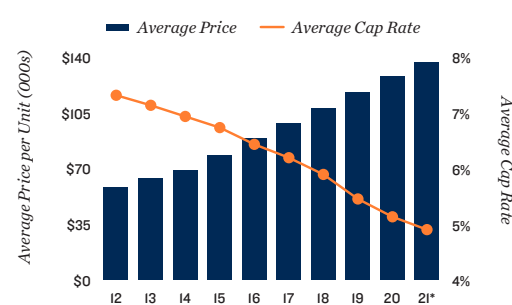
Supply and Demand



Rent Trends



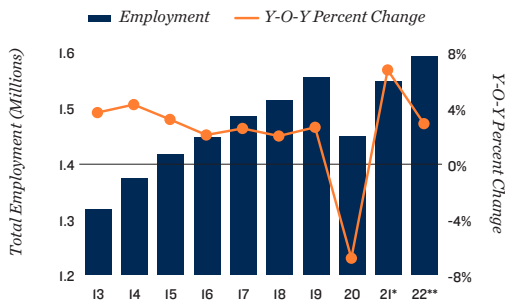
Sales Trends



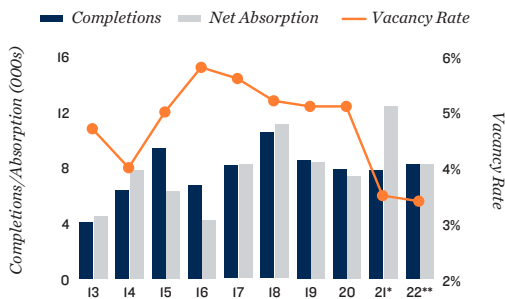
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

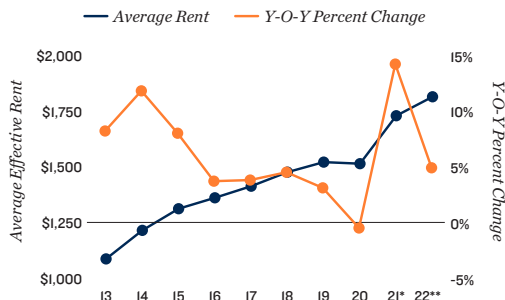
Employment Trends



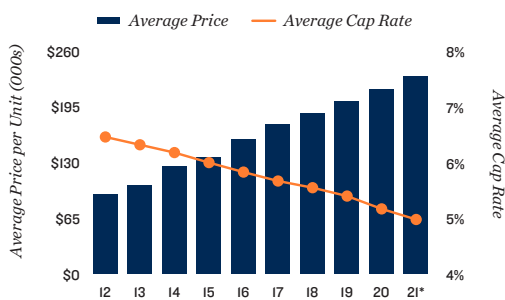
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Denver Welcoming Newly Untethered Workers; Competitive Bidding to Further Pressure Sales Price

Arrival of coastal firms bolster 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 crises accelerated this movement in 2020 as many tech firms 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 recent 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 sits 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.

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. West Denver remains a highly liquid sales market, driven by the area becoming more desirable to renters and thus, investors. West Colfax is also a targeted location, however renewal efforts in recent years have now extended into other western neighborhoods. Entry costs in downtown-adjacent Jefferson Park and Lohi are similar to the core but can dip below market average in more distant areas south of Colfax. Farther west in Lakewood, local investors keep transaction activity high as they seek lower price points. Class B/C buildings make up most of these exchanges with first-year yields usually recorded around 5 percent. Aurora is the most active trading site in East Denver, as cap rates near 6 percent and lower per-door prices lure smaller investments.

2022 Market Forecast

- NMI Rank** || Downward vacancy movement and noteworthy rent growth help Denver secure a high position in the 2022 NMI.
- Employment** up 2.9% The gain of 45,000 roles will push Denver ahead of the February 2020 employment tally by nearly 35,000 jobs.
- Construction** 8,200 units Construction represents 2.6 percent of all rental units. Deliveries have ranged between 2.5 percent and 3.0 percent of inventory each year since 2018, when it was nearly 4 percent.
- Vacancy** down 10 bps Net absorption exceeding 8,000 units contracts vacancy slightly to 3.4 percent. Year-end vacancy rates have not increased in Denver for six years.
- Rent** up 4.9% The average effective rent reaches \$1,810 per month in 2022, driven by low levels of vacancy and the addition of new Class A units in submarkets popular with high-income earners.
- Investment** Sub-4 percent Class A vacancy metrowide is a far lower rate for higher-tier buildings than seen in other large tech hubs. This has drawn many investors to luxury assets in Denver.

Vacancy Remains Near Record Low Despite Heightened Supply Wave; Local Buyers Drive Transaction Velocity

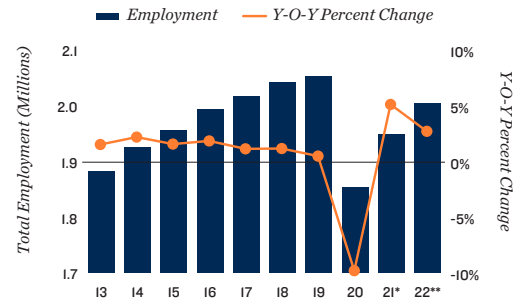
Economic turn around bolsters Detroit's multifamily sector. The strength of Detroit's labor market has played a pivotal role in tightening market conditions in the apartment sector. Roughly 96,000 positions were regained last year, lowering unemployment below the market's pre-pandemic level and bringing stability to the metro. Meanwhile, vacancy contracted to 2 percent and effective rents grew nearly 7 percent, both record levels in the past two decades. This year, notable employers like Amazon and Ford Motor Co. plan to expand operations within the metro, providing further optimism to the labor market moving forward. However, a few headwinds remain, potentially slowing momentum. The population of Detroit is expected to decline for a third consecutive year and supply additions are projected to reach a 19-year high in 2022. This combination will likely place upward pressure on availability this year, especially in the CBD as return-to-office timelines remain uncertain. Even though the rate is expected increase, metrowide vacancy is still projected to rank among the lowest in the nation at year-end.

In-state capital drives investment activity. Despite low entry costs and higher yields relative to the national average, out-of-state investor activity remains limited. This has been an ongoing trend, as local buyers accounted for nearly 75 percent of all deals over the past four years. Deal flow slowed at the onset of the health crisis, but has accelerated as of late, surpassing pre-pandemic levels in 2021. Tight market conditions limit the number of listings on the market, elevating sale prices across the metro and compressing cap rates in the mid 6-percent range. Buyers continue to be active in Macomb County, where availability is the lowest in the metro, and rents continue to grow at a pace above the metro average. Additionally, Ford's transformation of Michigan Central Station in the Corktown neighborhood is anticipated to be completed this year, which will generate renter demand while also strengthening buyer interest in rental assets nearby.

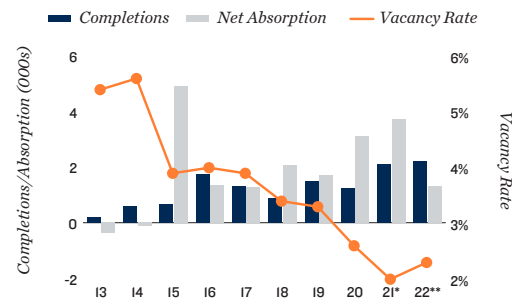
2022 Market Forecast

- NMI Rank 38** Tight availability is outweighed by moderate household and job creation, placing Detroit near the low-end of the Index.
- Employment** up 2.8% Employment growth in Detroit will outpace the national average this year with the addition of 54,000 positions.
- Construction** 2,200 units Robust demand prompts developers to accelerate construction activity. Total inventory will expand by 0.8 percent in 2022, the largest supply wave since 2003.
- Vacancy** up 30 bps Following a 60-basis-point drop last year, elevated development coupled with unfavorable migration trends will contribute to vacancy rising to 2.3 percent in 2022.
- Rent** up 4.0% The average effective rate will reach \$1,170 per month in 2022, marking 13 consecutive years of positive annual rent growth in the Detroit metro.
- Investment** Low vacancy rates are providing operators with steady cash flow and limiting the number of active listings in the market, increasing competition for available assets.

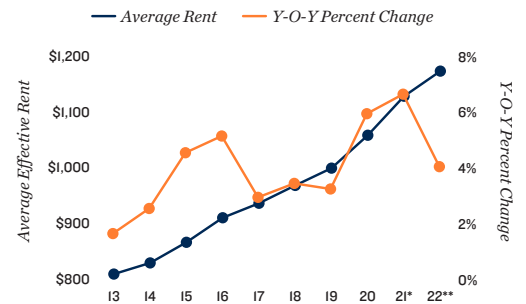
Employment Trends



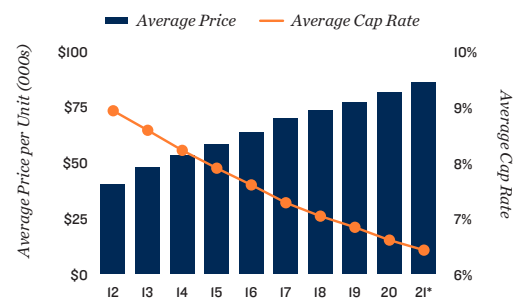
Supply and Demand



Rent Trends



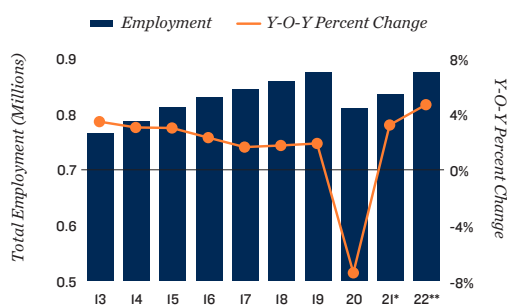
Sales Trends



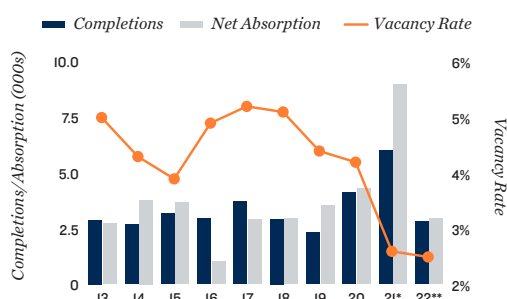
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

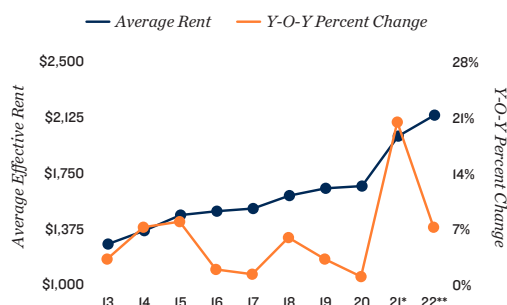
Employment Trends



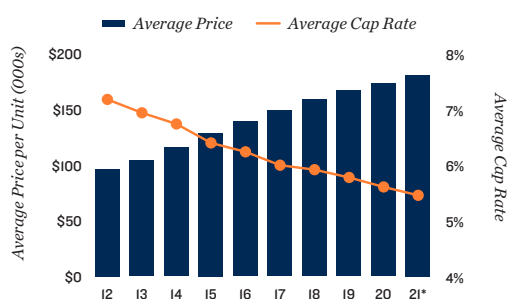
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Pandemic-Induced Relocation Sparks Leasing Boom; International and 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.

Rent growth increases investor appetite for luxury units. After a brief slowdown in investment activity at the onset of the health crisis, transaction activity has ramped back up. 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 most often, with entry costs on these exchanges roughly \$100,000 per unit higher than the average sales price. Investors seeking lower entry costs in the market have targeted Class B/C buildings with sub-3 percent vacancy most often. The Hollywood-Dania Beach submarket is the most targeted locale for such exchanges, especially the Parkside neighborhood, with cap rates ranging from 50 to 100 basis points above the metro average. Oakland Park is another target for these investors; however, first-year yields are about 100 basis points lower here.

2022 Market Forecast

- NMI Rank** 3 A strong rent growth trajectory amid fast in-migration and low availability boost Fort Lauderdale in the NMI.
- Employment** up 4.7% Employment gains put the labor market almost even with the pre-pandemic peak, as 39,000 roles are added this year.
- Construction** 2,800 units Construction tempers following the two largest development years in metro history. Building activity here is slowing down more than in West Palm Beach or Miami.
- Vacancy** down 10 bps Net absorption will surpass completions for the fifth straight year. This will lead to yet another decline in the metrowide vacancy rate to 2.5 percent.
- Rent** up 7.1% The average effective rent reaches \$2,129 per month, building on last year's 20 percent spike. This is the largest percent increase amongst South Florida's three major markets.
- Investment** Notably, entry costs remain lower here than in Miami despite monthly rents that are growing more rapidly through 2022. Both measures are higher in West Palm Beach.

Houston Is on a Steady Growth Trajectory After Years of Lackluster Metrics, Calling for Revived Buyer Interest

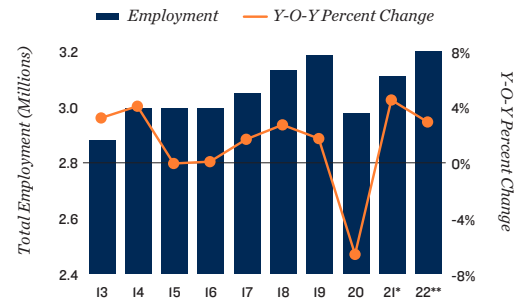
Prolonged stretch of elevated vacancy in the rear view. Apartment fundamentals in Houston have turned the corner after a decade-plus span of high availability and modest rent growth. The market posted its strongest absorption total in at least 20 years in 2021, producing the tightest vacancy rate and fastest annual rent gain over that same time frame. Multifamily metrics will again improve this year, with 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 2022. As this is a key demographic for the rental segment, the outlook is favorable for apartments.

Diverse landscape, comparatively higher yields drive activity. The turnaround in apartment metrics and promising outlook are garnering attention, especially with the average first-year return in Houston sitting roughly 40 basis points above nearby Dallas-Fort Worth. Buyers concentrating on Inner Loop neighborhoods look on the west side from Montrose to Greater Heights. Class C assets with fewer than 30 units comprise a sizable share of deals here as private buyers home in on locales popular among young adults. Meanwhile, investors with greater purchasing power often target 300-plus unit luxury buildings west of here in the Energy Corridor. Other suburbs drawing greater interest amid fast household creation include the northern section from Spring to Conroe, as well as the southeastern portion from the Space Center area down to Galveston. An array of strategies are utilized in these areas. Class A assets trade here with cap rates ranging into the mid-4 percent band, with Class C returns up to 300 basis points higher.

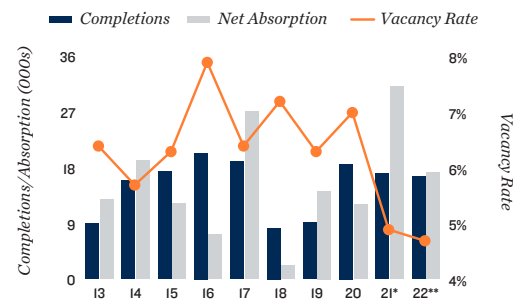
2022 Market Forecast

- NMI Rank** **19** Improving fundamentals help Houston's ranking, but a vacancy rate above the national level keeps it beyond the top 15.
- Employment** **up 2.9%** The metrowide headcount grows by 91,000 personnel this year, producing a total that is on par with the pre-pandemic peak.
- Construction** **16,600 units** Completions fall to a three-year low in 2022, though builders will still expand market inventory by more than 2 percent. The suburbs account for about three-fourths of the new supply.
- Vacancy** **down 20 bps** Availability dips to 4.7 percent by year-end, down 230 basis points from the 2020 recording. Class B vacancy may contract below the 4 percent threshold for the first time in 20 years.
- Rent** **up 4.7%** New residents boost demand for rentals amid tightening availability, aiding rent growth in 2022. The average effective rate will reach \$1,262 per month by the end of the fourth quarter.
- Investment** As many investors focus on the quickly growing outlying suburbs, opportunities could emerge in the urban core as a broader return to offices catalyzes demand for nearby rentals.

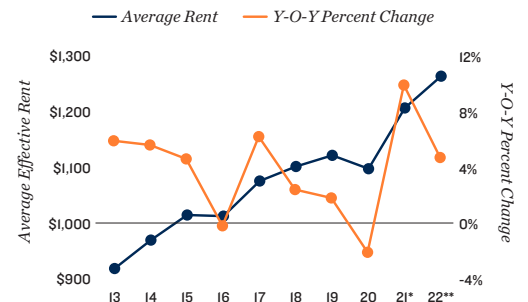
Employment Trends



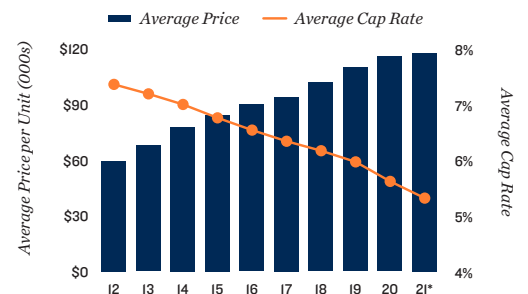
Supply and Demand



Rent Trends



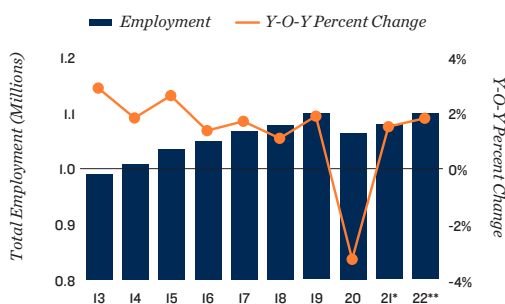
Sales Trends



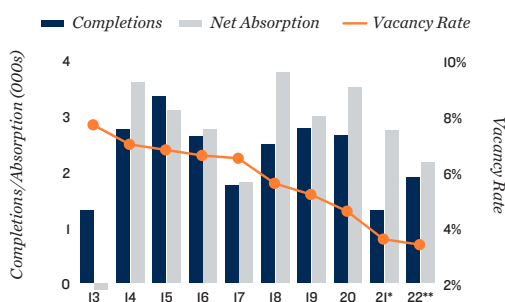
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

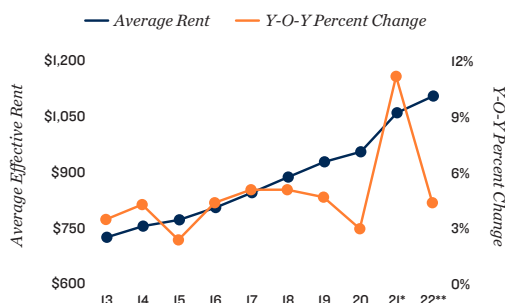
Employment Trends



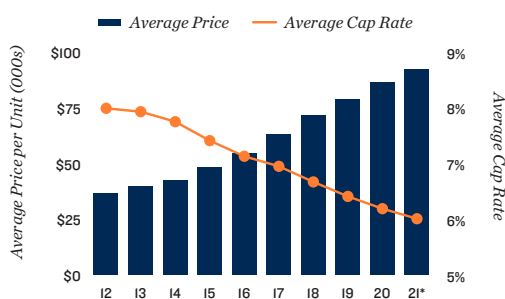
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Diminished Pipeline Benefits Existing Rentals; Investors Eye Return to the Core

Robust rental demand and limited construction boost outlook. Net absorption has outpaced completions every year since 2016, causing a steady decrease in vacancy over the same period. Moderate development will help keep vacancy tight in 2022 with expected completions growing inventory by just 1.1 percent, a pace half of the national expansion rate. Recent and upcoming deliveries outside the core are concentrated in the far northern suburbs, like Carmel and Fishers, where Class A demand is strongest and new buildings typically lease up quickly. Meanwhile, Downtown has recovered from pandemic-related renter demand decreases as vacancy has receded to near pre-COVID-19 levels. The core is home to employers in the expanding technology and biosciences sectors, headlined by Salesforce and Eli Lilly, providing high-income jobs to Class A renters. FedEx and Radial recently announced intentions to employ more entry-level workers at their fulfillment centers, bolstering lower tier rental demand in nearby neighborhoods.

Upside potential and lower-than-average entry costs keep market active. The densely populated northern neighborhoods from 16th Street to Interstate 465 see the most investment activity in the metro. Entry costs are slightly higher than the metro's average of \$92,000 per unit, with cap rates around 6 percent recorded for assets in these neighborhoods. Higher sales volume here is largely driven by out-of-state investors seeking higher returns and lower prices than they can find for comparable assets in their home metro, evidenced by the overwhelming majority of exchanges over \$10 million dollars. Trade velocity is weaker in the core as buyers willing to pay a premium look north of downtown and those seeking below-average entry costs target areas south of the core in South Marion County and Southeast Indianapolis. First-year returns around the metro average of 6 percent are typical in these submarkets. Above average cap rates have come primarily from buildings priced under \$5 million dollars north of I-465 and in Madison County.

2022 Market Forecast

NMI Rank 24 Indianapolis ranks near the middle of the pack this year, aided by low vacancy but limited by a mild employment outlook.

Employment up 1.8% A gain of 19,500 roles is enough to push total employment in the metro near the 2019 end-of-year figure.

Construction 1,900 units Deliveries will come nearly 300 units short of the five-year trailing average. This makes 2021 and 2022 the lowest two-year period for completions since 2012-2013.

Vacancy down 20 bps The limited construction pipeline this year and last will help compress the vacancy rate to 3.4 percent. Availability has not been at this level since at least 2000.

Rent up 4.3% After climbing 11.1 percent last year, the average effective rent reaches \$1,100 per month in 2022, comparable to the annual average gain of 4.4 percent logged between 2016 and 2020.

Investment Investors looking for Class A buildings target suburbs north of I-465 most and can expect to pay entry costs above the metro average. These trades often report cap rates close to 5 percent.

Enhanced Demand from Robust Industrial Sector Employment Fortifies Investor Confidence

Diversified economy sustains historic conditions and demand for new units. Net absorption exceeded a record supply wave last year as unemployment in Kansas City held below the national average and the local rate of household formation improved. This performance slashed vacancy to a more than two-decade low and lifted the average effective rent by double digits. Looking to 2022, strong fundamentals are positioned to persist. The metro's standing as one of the largest industrial markets in the Midwest will support job creation in the trade, transportation and utilities sector, supporting demand in the Class B and C sectors. Meanwhile, the metro's populace of young professionals is expected to expand as traditional office-using companies return to in-person operations and bolster staffs. Projects slated to deliver units near employment centers will benefit. Rental additions this year will be concentrated in Johnson County, highlighted by a collection of properties in Overland Park and Shawnee. Deliveries in the city of Kansas City will be dispersed between eight different neighborhoods, minimizing the impact of supply additions on CBD vacancy.

Larger properties provide attractive returns for out-of-state buyers. Class B and C listings featuring more than 100 units are playing a significant role in Kansas City sales as outside investors scour the Midwest for larger yields. Higher-end suburbs and lower cost submarkets warranting value-add executions are registering healthy competition for complexes. Still, cap rates in the 5 percent to 7 percent range remain available as the metro's average rate of return has held in the high-6 percent range for five straight years. Investors targeting older properties in locales where renovations can net a noticeable rent boost may focus on Jackson and Wyandotte counties. Those with a preference for the area's tightest submarkets will focus on Overland Park and Shawnee-Lenexa-Mission, also home to some of the metro's highest average rents.

2022 Market Forecast

NMI Rank 28 Kansas City ranks low on the Index as rent growth is not enough to overshadow weak household creation.

Employment up 2.7% Headcounts surpass the pre-pandemic peak this year as 30,000 positions are added.

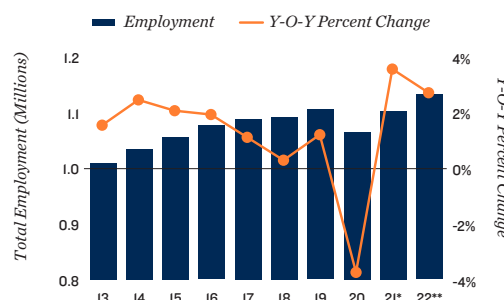
Construction 3,700 units Following the highest annual delivery volume in more than two decades, developers increase inventory by 2.1 percent. Completions, however, are minimal in downtown Kansas City.

Vacancy down 10 bps Demand for luxury and mid-tier rentals keeps pace with delivery volume allowing vacancy to compress to 3.9 percent. Last year, unit availability declined by 90 basis points.

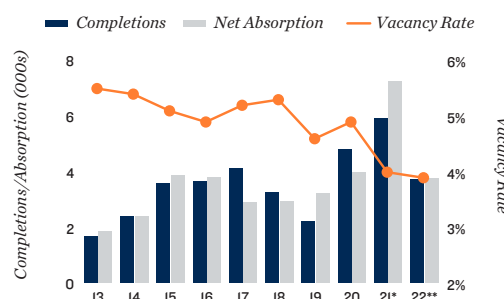
Rent up 6.3% Tight conditions across asset classes lift the metro's effective rent to an average of \$1,180 per month. This gain exceeds the prior five-year mean.

Investment The extension of the Kansas City Streetcar along Main Street will generate investment activity in Midtown neighborhoods near future transit stops this year.

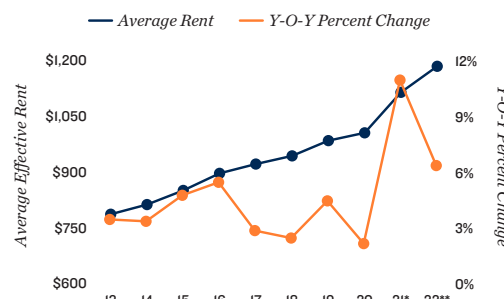
Employment Trends



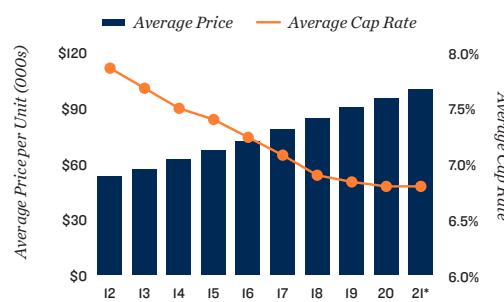
Supply and Demand



Rent Trends



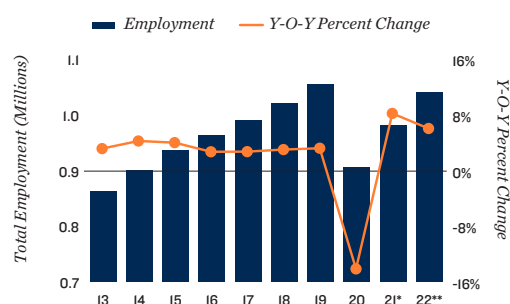
Sales Trends



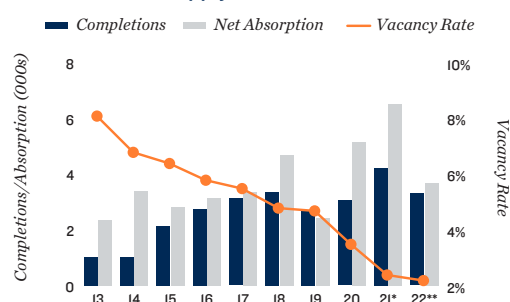
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

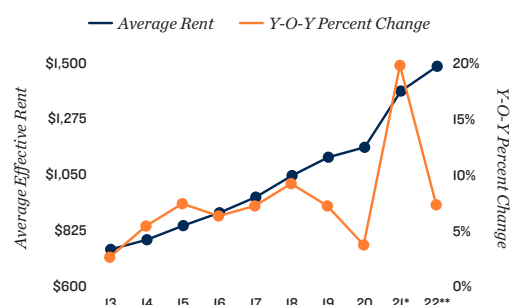
Employment Trends



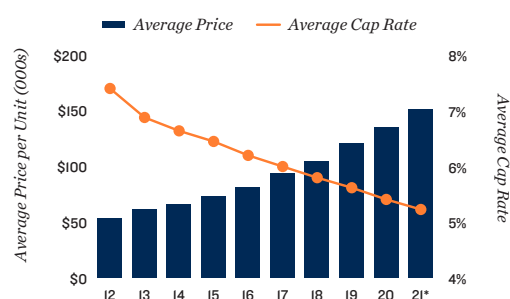
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Outside Buyers Target Southern Submarkets as Greater Economic Diversification Underpins Market Strength

Sparse vacancy persists across asset classes. A record number of apartments were absorbed last year as Las Vegas' regionally low cost of living attracted new residents and sustained a robust rate of household formation. Expectations for more diverse job creation this year are positioned to further expand the metro's populace and preserve strong demand across all rental tiers. The rapid growth of the local industrial sector will bolster the number of trade, transportation and utilities workers, individuals that historically occupy Class B and C units. The anticipated return of most conventions by the summer has the potential to further drive lower- and mid-tier apartment demand as the volume of leisure and hospitality jobs climbs. Hiring activity by traditional office-using firms last year suggests the amount of higher-paying positions will reach a pre-pandemic mark in 2022. Class A complexes stand to benefit in particular, as new construction is not widespread throughout the metro. Of the units slated for 2022 completion, roughly two-thirds are in Spring Valley and neighboring Sova. Pockets of development suggest deliveries will minimally impact unit availability marketwide, enabling Las Vegas to maintain the lowest vacancy among Mountain metros.

Luxury submarkets poised to capture larger share of deal flow. The brisk pace at which Las Vegas' apartment values are rising is not deterring transaction velocity. Instead, the buyer pool has swelled as sparse vacancy across all apartment tiers and regionally high cap rates are intensifying bidding activity. Out-of-state investors, largely from California, are targeting properties in Southwest Las Vegas and Henderson. These locales are recording the most multifamily expansion and are home to some of the highest rents in the market. Additionally, Class A and B unit availability in both submarkets is below the metrowide average. Heightened buyer competition for properties in these classes may increase the number of apartments that trade at high-3 to low-4 percent cap rates in 2022.

2022 Market Forecast

- NMI Rank** 2 Las Vegas' organic growth from in-migration is augmenting the service sector recovery.
- Employment** up 6.1% Las Vegas employers add 60,000 jobs in 2022 as the local rate of employment growth exceeds the national pace of increase.
- Construction** 3,300 units The number of market rate units delivered in 2022 will match the prior five-year average of 3,300 doors, translating to inventory expansion of 1.5 percent.
- Vacancy** down 20 bps The metro's regionally lower cost of living supports robust demand for apartments in 2022. Vacancy is expected to compress for a 10th straight year to a record low of 2.2 percent.
- Rent** up 7.2% After last year's double-digit gain, the average effective rent rises by roughly 7 percent in 2022. Las Vegas' year-end rate of \$1,480 per month will rank lowest among Mountain metros.
- Investment** Confident in the outlook for mid-tier rentals, more investors target Class B properties. Most feature upwards of 75 units, supporting a sizable number of \$10 million-plus trades.

Lowest Vacancy in Two Decades, Pipeline Moderation Propel Investor Activity Throughout Los Angeles

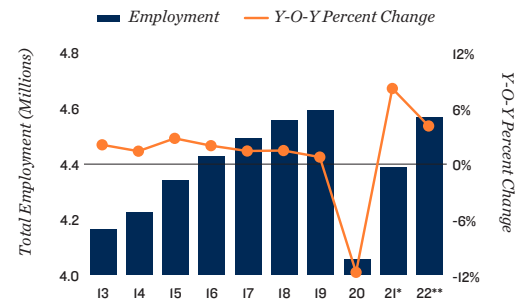
Robust leasing velocity widespread for a second consecutive year. Los Angeles County renters absorbed more than 30,000 units last year, slashing apartment vacancy to a 20-year low. Conditions that supported stout multifamily demand will extend through 2022, further compressing unit availability. Organizations 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 regions' 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 this year.

Long-term outlook for lower- and mid-tier assets bolsters buyers' confidence. Tight Class C vacancy is attracting more investors to the property tier, including those seeking to reduce risk exposure via 1031 exchanges. These buyers and other private investors from California are competing for sub-30-unit complexes. Those targeting returns in the 5 percent range pursue listings in Southeast Los Angeles, Greater Inglewood and Korea town. In these locales, Class C pricing remains largely below \$300,000 per unit. Similar pricing is available in Long Beach, a top target among out-of-state investors seeking areas of double-digit rent growth. Investors focused on mid-tier assets are competing for similar-sized Class B complexes in higher priced Westside and San Fernando Valley cities. Competition for rentals in Santa Monica, Glendale and Studio City-North Hollywood has lowered local cap rates into the 2 percent to 3 percent band for many properties.

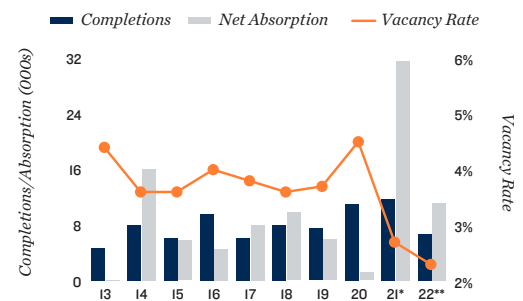
2022 Market Forecast

- NMI Rank** **23** The deeper employment shock from the pandemic keeps Los Angeles in the middle of the ranking despite tight availability.
- Employment** **up 4.1%** Hiring velocity exceeds the national rate of increase for a second straight year as employers add 180,000 positions in 2022.
- Construction** **6,700 units** After completing more than 10,000 apartments in each of the prior two years, developers increase the metro's rental inventory by just 0.6 percent in 2022.
- Vacancy** **down 40 bps** Net absorption exceeds delivery volume by more than 4,000 units in 2022, lowering vacancy to 2.3 percent. This compression follows last year's 180-basis-point decrease.
- Rent** **up 4.5%** The average effective rent in Los Angeles rises at a pace consistent with increases registered from 2016 through 2019. This gain elevates the mean monthly rate to \$2,580.
- Investment** **●** Rent control in Los Angeles, Santa Monica and West Hollywood may lift investor demand for post-1980-built assets in these cities as complexes of this vintage are not subject to restrictions.

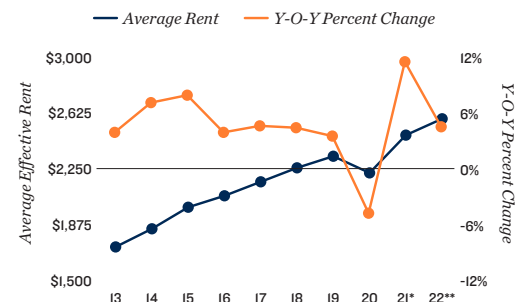
Employment Trends



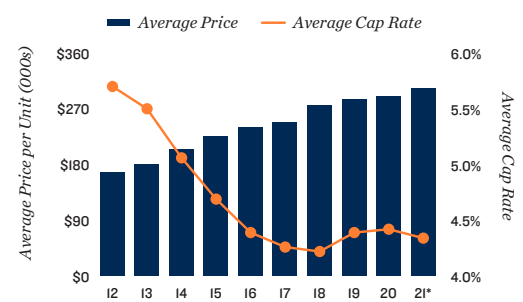
Supply and Demand



Rent Trends



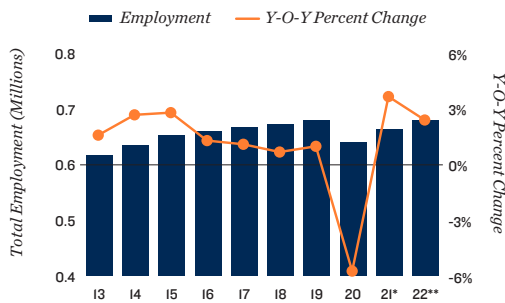
Sales Trends



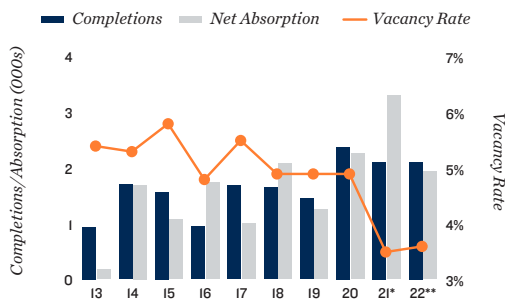
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

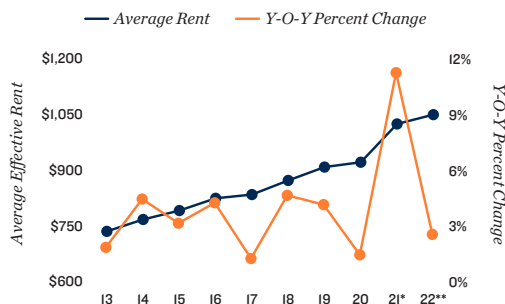
Employment Trends



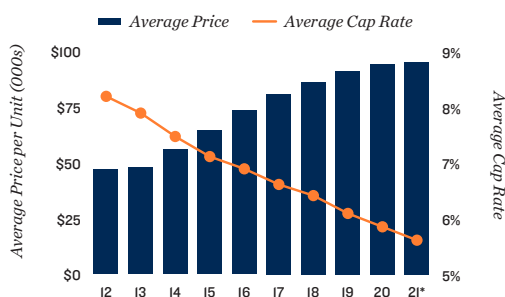
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Prominent Air Freight Sector Brings Renter Demand; Suburban Growth Provides New Opportunities

Targeted job growth benefits Class B/C offerings. Employment gains as a result of Louisville's robust shipping and logistics industry provide strong demand for Class B/C rental housing across the metro, but especially in the southeastern submarkets due to the location of the metro's largest employers. UPS has made Louisville's airport one of the busiest cargo airports in the nation, leading the trade, transportation and utilities sector to represent nearly one-fourth of all employment in the metro. Supply-chain bottlenecks surrounding the nation's ports will drive producers to utilize air shipments more frequently as the cost of sea transport increases. This will directly benefit Louisville as the need for workers in the metro climbs, causing the demand for lower-tier units to elevate. Meanwhile, in the Class A sector, demand comes primarily from eastern portions of the metro, driven by the location of high-income employment opportunities. These areas, however, may be impacted by elevated single-family housing construction siphoning rental demand in Northern Kentucky.

Out-of-state capital reacts to renter preferences. Sales velocity for eastern and southern submarkets is robust, driven by institutional and out-of-state investment. Prices in these suburbs have climbed as a result, compressing cap rates to the mid-5 percent level. Investors are following renter demand and employment trends away from the core, lifting per-unit pricing in many suburbs. In South Jefferson County and Crescent Hill entry costs can often be higher per unit than they are in central submarkets, as these neighborhoods provide shorter commute times to employment hotbeds near the airport. First-year returns above the market average will primarily stem from value-add opportunities located along the Ohio River, west of the core, or south of downtown, between the university and airport. In these locales, cap rates between 7 percent and 8 percent will continue to be obtainable occasionally.

2022 Market Forecast

NMI Rank 35 Metro vacancy above the national average and a mild pace of rent growth place Louisville in the bottom half of the ranking.

Employment up 2.4% A total of 16,000 new jobs will be added in 2022, down from the 23,500 positions gained last year.

Construction 2,100 units Deliveries will remain constant with last year's total as 2,100 units are set to enter the market. This figure is roughly 300 doors ahead of the previous five-year moving average.

Vacancy up 10 bps The net absorption of just under 2,000 units will create a small uptick in availability, pushing the vacancy rate to 3.6 percent after last year's 140-basis-point contraction.

Rent up 2.5% After an 11.2 percent increase last year, average effective rent reaches \$1,045 per month as a comparably affordable single-family housing market limits potential rent growth.

Investment Out-of-state investors represent a majority of buyers in the market, motivated by higher cap rates than they can find in their home metros for comparable properties.

Low Vacancy Attracts Additional Capital From Around the World to South Florida

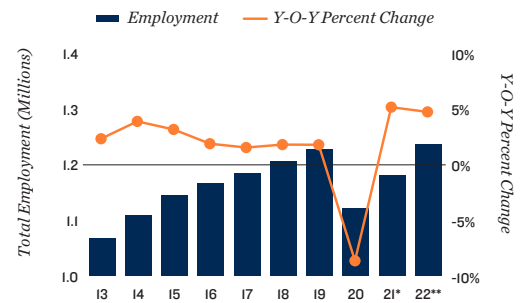
Miami among tightest apartment markets in the country. A prime destination for renters seeking to avoid stricter lockdowns in the Northeast and on the West Coast, Miami recorded significant vacancy compression last year. Tight conditions are positioned to persist in the near term as the metro attracts more workers, boosting the local population count. The number of executives and other employees on waiting lists from JP Morgan 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 will increase this year as travel restrictions ease. Furthermore, an increase in cruise ship calls will enhance hiring in the leisure and hospitality sector. The number of those positions remains approximately 25,000 spots below the pre-recession level and a return to previous staffing levels should help pull down the unemployment rate, which remains among the highest in Florida.

Elevated yields preserve outside investor activity. Buyers are capitalizing on 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. More capital from outside Florida is expected in 2022, especially from Latin America 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. Lower-tier assets in the suburbs can be acquired for first-year returns in the high-5 percent area.

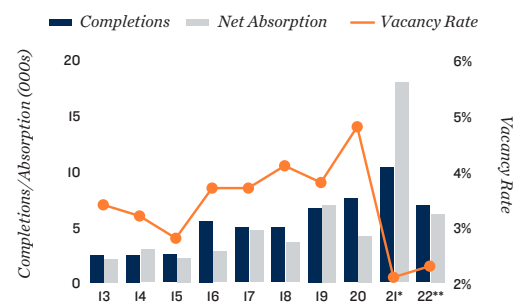
2022 Market Forecast

- NMI Rank** 10 A swift pace of rent growth, tight apartment vacancy and an expanding employment count spearhead Miami's high ranking.
- Employment** ↑ up 4.7% Employment gains 56,000 positions this year as Miami recoups all of the jobs lost during the recession.
- Construction** ↓ 6,900 units Builders slow the pace of construction this year as inventory expands just 2.2 percent. In 2021, developers added 10,300 units to local apartment stock.
- Vacancy** ↑ up 20 bps The vacancy rate should rest at 2.3 percent at the end of 2022, one of the lowest levels in the nation. Last year, the rate declined 270 basis points.
- Rent** ↑ up 7.0% After an impressive 16.1 percent jump in 2021, the average effective rent is projected to climb to \$2,077 per month this year. Rent growth is robust due to low housing affordability.
- Investment** ● International investors will compete with institutional capital for top-end apartments in the market. Local buyers will move into the suburbs.

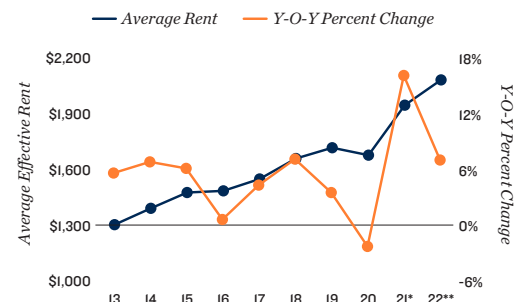
Employment Trends



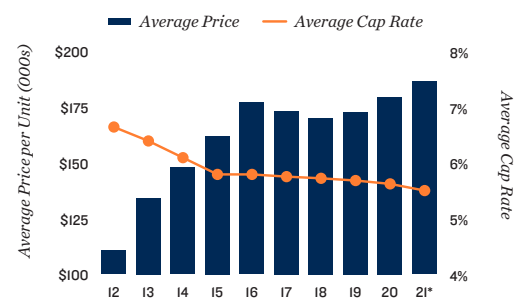
Supply and Demand



Rent Trends



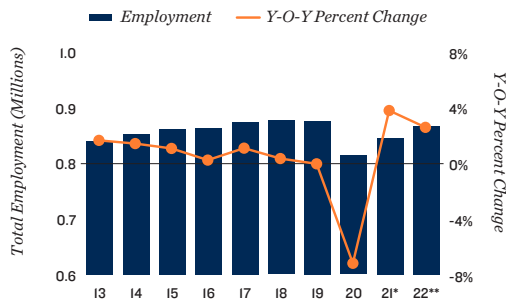
Sales Trends



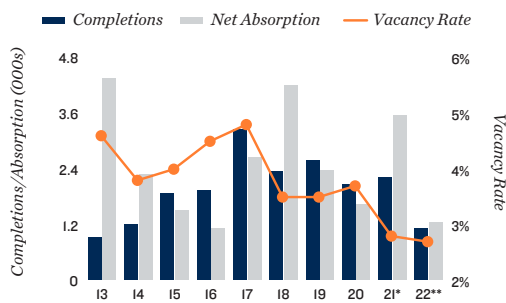
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

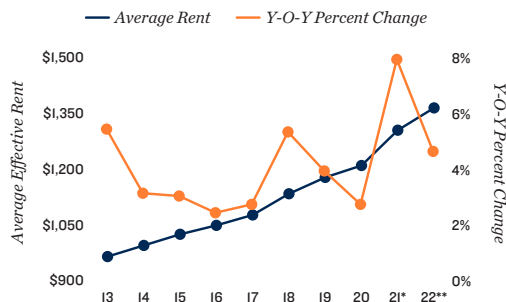
Employment Trends



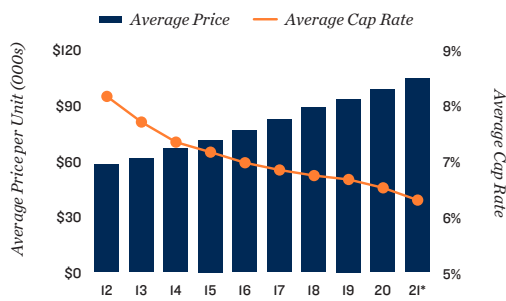
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Workforce Composition Signals Strong Rental Demand; Local Operators Remain Dominant Buyer Force

Rising home prices contribute to low rental availability. Apartment vacancy was below the national average entering 2022, and the metro is in a position to sustain last year's strong performance. Local workforce and housing conditions underscore the necessity of rentals in the market. Milwaukee has a large share of low- to middle-income households, as the manufacturing and trade, transportation and utilities sectors combine for more than 30 percent of the employment base. This drives demand for Class B/C units, especially in south suburbs along the Interstate 94 corridor. Residents higher on the income spectrum are increasingly opting to rent as well, with barriers to homeownership elevating. The median home price jumped from roughly \$269,000 at the end of 2019 to \$339,000 in the late stages of last year. Over that same span, the median household income advanced by just 2.1 percent. With apartment inventory projected to expand by less than 1 percent this year, coupled with a disparity between wages and single-family home prices, apartment vacancy will hold below 3 percent in 2022, stimulating rent growth.

Less competition may be favorable for private investors. Despite the sub-3 percent vacancy rate, a streak of annual rent gains dating back to 2011 and an average first-year return 100-plus basis points above the national average, out-of-state acquisitions remain limited. Investors from Wisconsin accounted for roughly two-thirds of buy-side activity over the past two years. Even as many investors expanded their criteria during the pandemic, Milwaukee flew under the radar. As a result, buyers often face less competition acquiring assets, despite lower entry-costs and higher yields than many other metros. Investors seeking Class A/B apartments home in on Downtown neighborhoods as well as suburbs just west like Wauwatosa, West Allis and Brookfield, where cap rates in the low- to mid-5 percent range are common. Buyers chasing first-year returns above 7 percent favor Class C properties in northwest suburbs along the Interstate 41 corridor.

2022 Market Forecast

NMI Rank 32 Tight availability gives Milwaukee a boost in the Index, but weaker job growth and demographics keep it outside the top 30.

Employment up 2.6% Led by hiring in the service sector as the economy recovers, the employment count grows by 22,000 roles this year.

Construction 1,100 units Builders will finalize fewer rentals in 2022 than in any year since 2013. Developers are most active in Waukesha County suburbs such as Brookfield and Oconomowoc.

Vacancy down 10 bps The vacancy rate dips to 2.7 percent as absorption outpaces new supply. This will be the lowest year-end recording in at least a decade and the Class C rate should hold under 2 percent.

Rent up 4.6% On par with the trailing-five-year annual average, the mean effective rent moves up to \$1,360 per month in 2022. This jump enhances the market rate for the 12th straight year.

Investment Revitalization projects Downtown such as the Harbor District could present upside potential for investors. The crop of older buildings in the core may be utilized for value-add strategies.

Suburbs Favored by Tenants as Preferences Shift; Rent Control in St. Paul 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 amid declining availability. 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.

Rent control and a strong suburban outlook highlight investor considerations. Pandemic-induced hurdles and near-term supply pressure in Downtown Minneapolis have softened transaction activity in the corridor. Many buyers are repositioning their focus to the suburbs middling and surrounding the Twin Cities, where apartment metrics are improving as household formation accelerates. Meanwhile, the introduction of a stringent rent control measure in St. Paul late last year produced a temporary surge in activity here. The ordinance caps annual rent hikes at 3 percent and applies to new construction. Areas of St. Paul that witnessed an uptick in trading as a result include the section north of Interstate 94 as well as the southwest segment containing several colleges such as St. Thomas and Concordia. Many investors are adjusting their strategies and exchanging garden-style complexes built pre-1950 amid a likely pullback in development in St. Paul.

2022 Market Forecast

NMI Rank 30 Lingering impacts of the pandemic on the employment count and a notable pace of building result in a bottom half ranking.

Employment up 3.4% About 78,000 positions are needed to return to the pre-recession peak. That gap will shrink to roughly 10,000 roles in 2022.

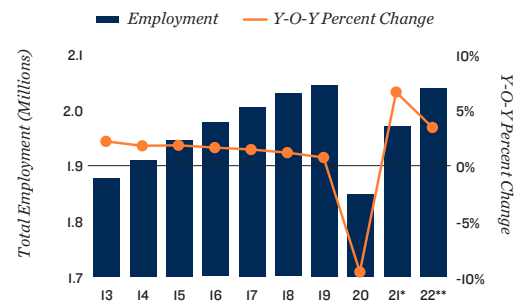
Construction 8,100 units The annual delivery volume matches the trailing-two-year average as market inventory expands by 2.6 percent. Anoka County leads suburban submarkets with 1,060 units finalized.

Vacancy up 10 bps Metrowide vacancy inches up to 3.4 percent as completions outpace demand in some pockets of the urban core. The suburban rate, however, should hold closer to 3 percent.

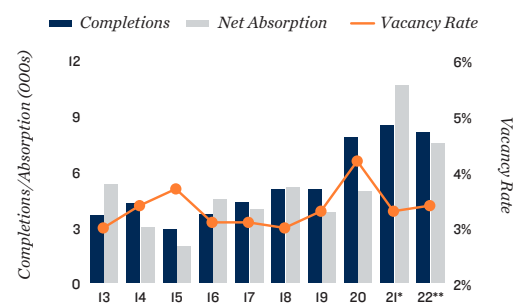
Rent up 4.3% Rent gains are consistent, with the mean rate growing between 3 percent and 6 percent in all but two of the past 10 years. In 2022, a similar pace brings the average up to \$1,465 per month.

Investment West suburbs spanning Interstate 494 like Plymouth and Maple Grove are growing quickly, benefiting multifamily operations and encouraging investors to expand their scope to these areas.

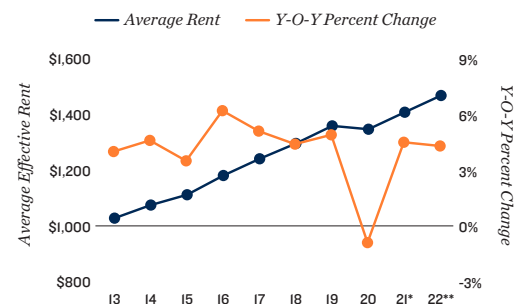
Employment Trends



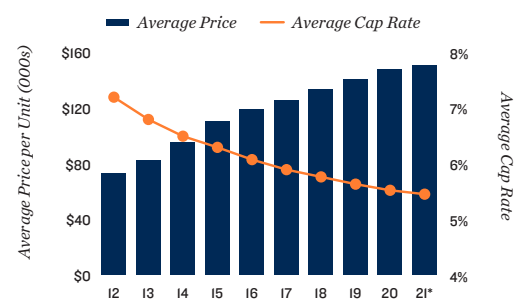
Supply and Demand



Rent Trends



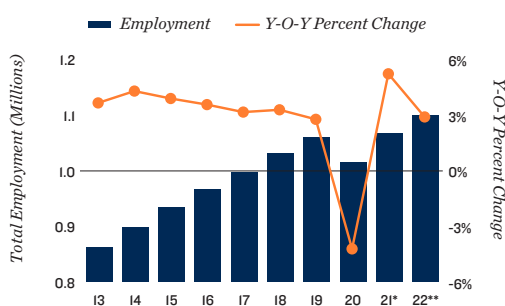
Sales Trends



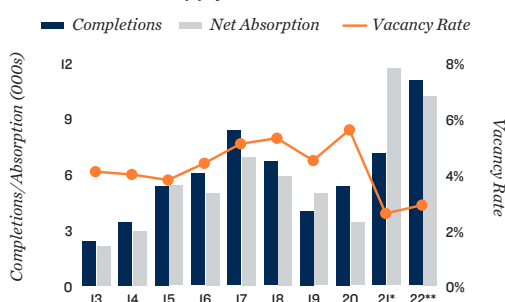
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

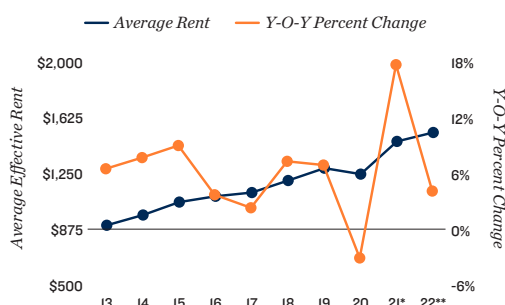
Employment Trends



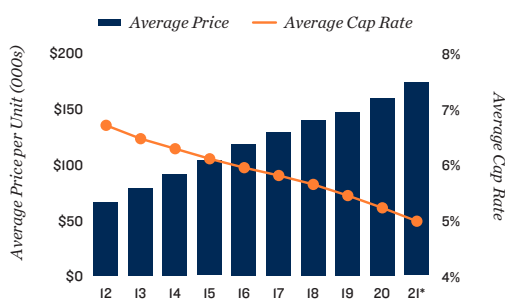
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

High-Income Job Growth Sparks Renter Surge; Construction Up Across All 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 development containing music venues, residences, offices, and retail space along with vast public walking spaces. New developments and businesses downtown provide ample supply of middle- to high-income jobs, boosting demand for Class A housing in core areas. At the same time, the robust leisure and hospitality industry in Nashville will continue to augment demand for lower-tier housing. Despite the completion of 4,000 more units this year than last year, strong tenant demand will lead to the absorption of more than 90 percent of the new stock, keeping pressure on apartment rents. This construction surge will provide additional 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 cities core will encourage spillover demand into the metro's suburban neighborhoods.

Local investors pursue higher yields and lower costs in suburbs. Buyer demand for downtown properties has caused a spike in per-unit prices in the metro, with overall returns around the 5 percent level entering the year. Deals involving large Class A buildings in the core are targeted by out-of-state investors paying a nearly 50 percent premium above the market average per-unit price and accepting cap rates near or below 4 percent. This has prompted many local investors to widen their search parameters. Deal velocity remains high in the southern suburbs as buyers seek opportunities as far south as Columbia, taking advantage of higher first-year returns as household formation moves south. Trades have also increased in the eastern part of the metro and north of the Cumberland River where cap rates have been near 6 percent.

2022 Market Forecast

NMI Rank 20 Strong in-migration and employment growth help situate Nashville above the midpoint in this year's NMI ranking.

Employment up 2.9% Job recovery in the city's crucial leisure and hospitality industry will help add 31,000 jobs in the metro in 2022.

Construction 11,000 units Construction of new units annually will cross the 10,000 mark for the first time in Nashville's history. This represents 6.7 percent increase in apartment inventory.

Vacancy up 30 bps A swell of deliveries negates outstanding net absorption, increasing the vacancy rate 30 basis points to 2.9 percent following last year's 300 basis point tightening.

Rent up 4.1% Expanding on explosive rent growth last year, the average effective rent will reach \$1,520 per month, putting the two-year growth rate above 22 percent.

Investment Class A and B buildings have represented a larger proportion of all transactions each of the past four years as investors notice the demand created by high-income job growth in the metro.

Rapid Development Along Commuter Infrastructure; Investors and Renters Move In From Nearby Markets

Last year's demand surge spurs supply growth in coastal urban cores. Many property developers expect more renters in southwestern Connecticut, evidenced by high supply growth in the local multifamily sector. The area's construction pipeline delivered nearly 2,000 units last year, with another 2,300 apartments expected in 2022. Robust development is driven in part by last year's high demand created by job growth across nearby markets and in-migration from New York. However, as employment growth stabilizes continued stock expansion is projected to lead to increasing vacancy this year. Nearly all of this inventory expansion is occurring in the southern portion of the market along the Interstate 95-Metro North corridor, giving commuters 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 heavy renter demand growth for Class B units. New York's lockdowns led many renters to leave for more affordable suburban units deeper into New Haven and Fairfield counties, and a significant portion of this population is likely to remain due to the region's similar income level and lower local cost of living.

Investors faced with lower 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 elevated activity in Stamford's urban core compressed rates to around 4.5 percent, while suburban multifamily housing dipped to just above 5 percent. Though yields in New Haven have traditionally been higher than the western portion of the market, the area this year reported yield expectations as low as those in Fairfield County. New Haven County presents investors many options at an entry cost in the \$1 million to \$2 million range. Notable in-migration from New Yorkers pushing into suburban units provides a new source of demand for these units on top of the population of Ivy League students and members of various trades who provide consistent demand for urban Class C housing.

2022 Market Forecast

NMI Rank **42** The bottom five placement in the 2022 NMI is largely a result of subpar rent growth and a sizable increase in availability.

Employment **up 1.6%** After last year's surge, the market adds 12,000 new jobs in 2022, the second highest net increase since 1998.

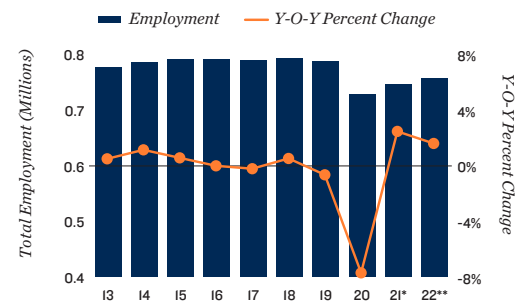
Construction **2,300 units** New unit completions are projected to surpass last year's steady pace through 2022, with builders delivering roughly 350 more units than completed in 2021.

Vacancy **up 50 bps** Normalizing job growth is outweighed by a large delivery volume, pushing vacancy up to 3.1 percent, the largest increase in the market since 2015.

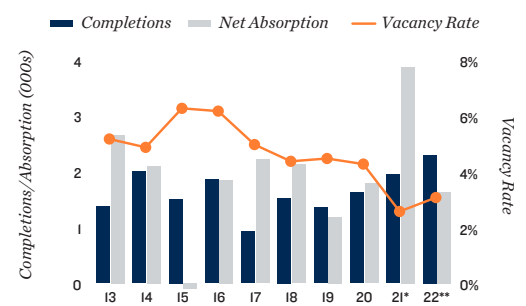
Rent **up 2.2%** Effective rent increases stabilize after passing \$2,000 per month in 2021, slowing to 2.2 percent as year-over-year rent growth returns to market norms.

Investment Capital migration from New York intensifies as investors flow to submarkets with lighter regulations, leading to downward pressure on cap rates across all property types.

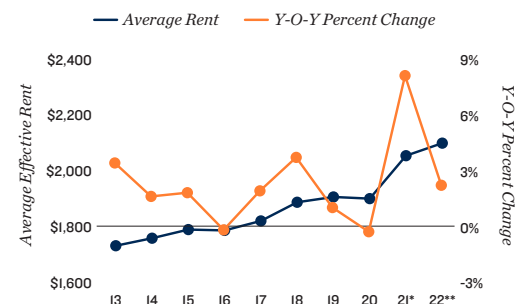
Employment Trends



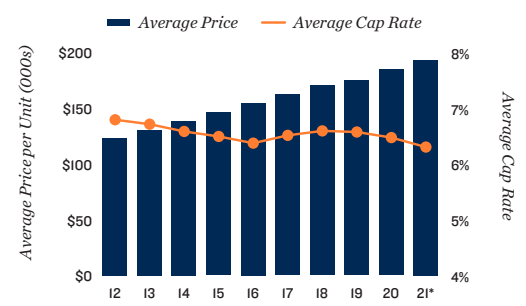
Supply and Demand



Rent Trends



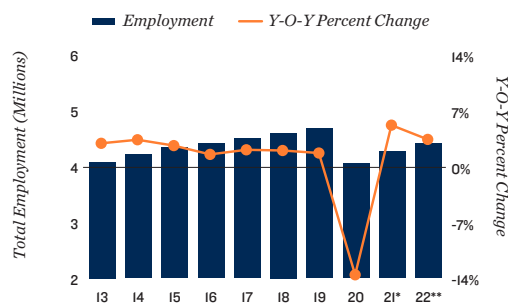
Sales Trends



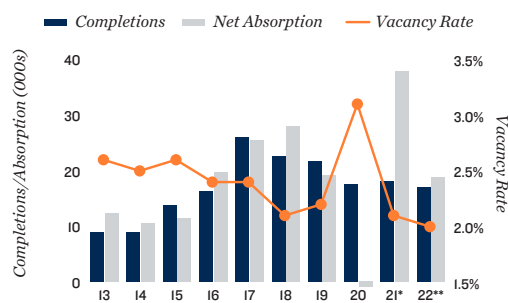
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

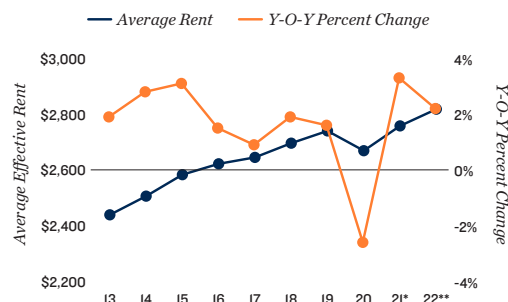
Employment Trends



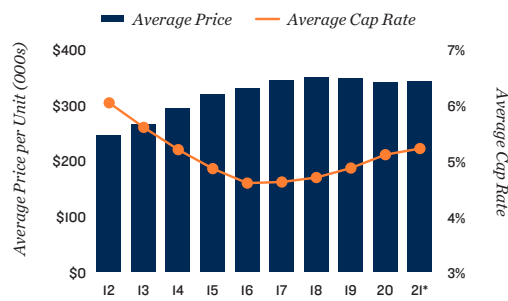
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Reopening Market Facilitates Rental Demand Growth; Capital In-Migration Buys Recovering Investment

Multifamily market dynamics return to pre-pandemic levels. While the metro's job recovery continues at an above national pace, total employment will have yet to surpass the pre-pandemic peak by the end of this year. In contrast to the city's slower labor 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. The 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 with short commutes to offices.

Investment market springs back to life, but room for growth remains. Following surging trade activity throughout 2021, investor demand may dip this year while staying well above health crisis lows. As pent-up buyer fervor dissipates, potential regulatory changes could spark sudden shifts to market behavior. Following measures passed in other cities across the state, New York City is considering a "good cause eviction" policy, introducing among other regulations an effective rent-growth cap of 5 percent. Previous rent-control legislation in 2019 prompted many owners to abruptly put rent-regulated assets on the market ahead of the new policy, while some others chose to transition from value-add strategies to holding long term investments. 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 this year, particularly in Queens, where private investors now compete with institutions for Class B and C complexes.

2022 Market Forecast

NMI Rank 34 New York faces a longer labor recovery timeline after a significant pandemic impact, resulting in a bottom half ranking.

Employment up 3.5% Employers will expand payroll counts by 150,000 positions this year, faster than the national average of 2.5 percent.

Construction 17,000 units Developers will finalize 1,000 fewer units this year than the 18,000 completed throughout 2021. Stock is scheduled to expand by 0.8 percent, the smallest margin in six years.

Vacancy down 10 bps High renter demand keeps net absorption above the trailing-five-year average as vacancy declines to 2.0 percent due to a combination of returning and new renters entering the market.

Rent up 2.2% Slower inventory growth and high housing demand keep effective rent growth above the historical market average as rent hits a mean of \$2,815 per month in 2022.

Investment Class B cap rates could face downward pressure due to renewed investor interest, while regulatory uncertainty may prompt some private investors to seek deals outside New York City.

Supply Growth Overshoots Normalizing Rental Demand; Regulatory Changes Drive Investment Trends

Last year's employment surge along the Hudson 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 decadelong average. Renter demand growth is expected to slow yet remain strong due to the area's mix of endemic and exogenous demand factors. Many renters that 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. Additionally, rental demand from commuters to New York plays a strong role as firms tentatively schedule reopening Manhattan offices through the next 12 months. Supply gains are strongest in Essex and Hudson counties, with most deliveries concentrated near commuter corridors into Manhattan. Marketwide stock increases are expected to exceed last year's completions by over 3,000 units. This ample stock expansion exceeds new demand from 2022's relatively tepid employment growth, which along with New Jersey's continuing net out-migration will lead to an uptick in vacancy by the end of the year.

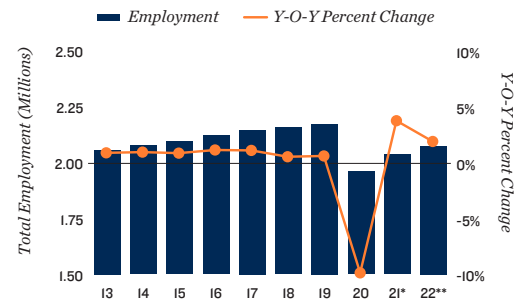
Pandemic aftershocks and nearby regulatory changes drive local market activity. Due to yearlong eviction moratoriums and pandemic-related regulatory issues on both the federal and state levels in New Jersey, many longtime owners who were formerly hesitant to sell chose to put their properties on the market in 2021. If adopted across the river in New York City, "good cause eviction" legislation already signed into law in several upstate New York localities may push capital migration west of the Hudson. The introduction of previous New York City rent regulations in 2019 coincided with a Northern New Jersey record for transactions with New York-based buyers. A westward movement of buyers into New Jersey will put downward pressure on cap rates in B and C class buildings, and create more competition for the institutional investors expanding their portfolios to include Class B apartments.

2022 Market Forecast

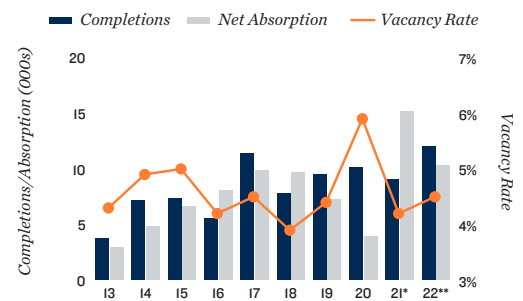
NMI Rank 43 Northern New Jersey ranks near the bottom of the 2022 Index as vacancy rises further above the U.S. average.

- Employment** up 2.0%  Job growth will be modest in 2022 with 40,000 new positions, leaving the area still short of pre-pandemic employment.
- Construction** 12,000 units  While nationwide construction delays and material shortages continue, developers are expected to finalize 3,000 more units than in 2021 by the end of this year.
- Vacancy** up 30 bps  The market observes a slight bump in vacancy to 4.5 percent due to the high amount of construction projects slated for 2022, exceeding more modest local demand.
- Rent** up 2.4%  Rent growth tapers from 2021's record pace, but maintains a rate comparable to the trailing five-year average as effective rent reaches an average of \$2,125 per month.
- Investment**  Last year's compression of cap rates continues marketwide. Investors seeking higher yields on Class C complexes may seek Passaic County deals where offers can hit the 6 percent tranche.

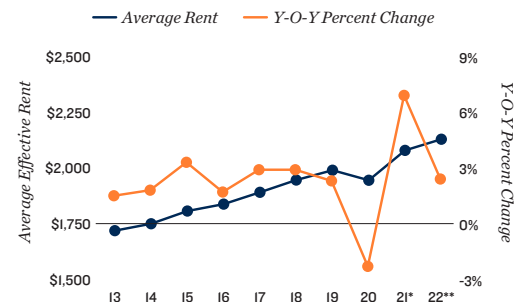
Employment Trends



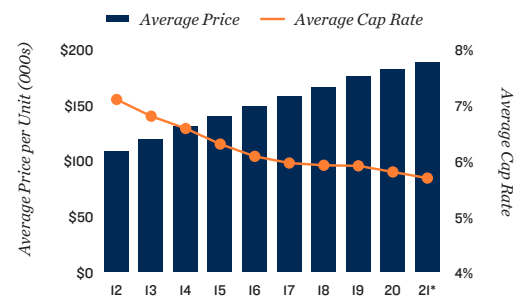
Supply and Demand



Rent Trends



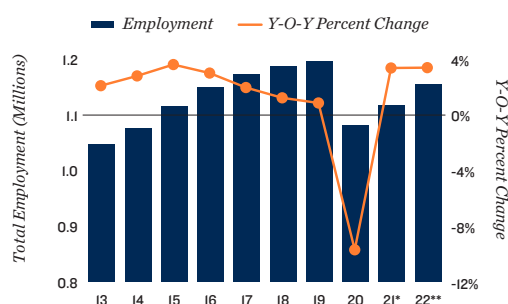
Sales Trends



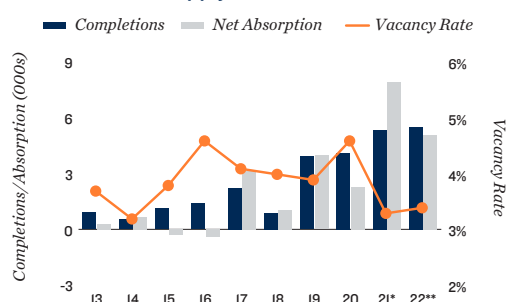
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

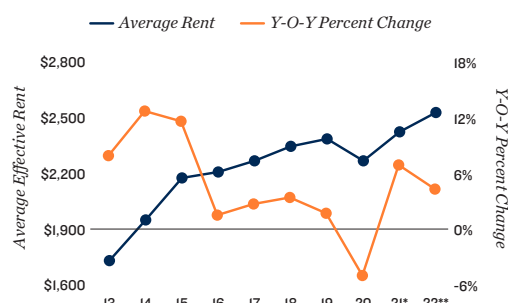
Employment Trends



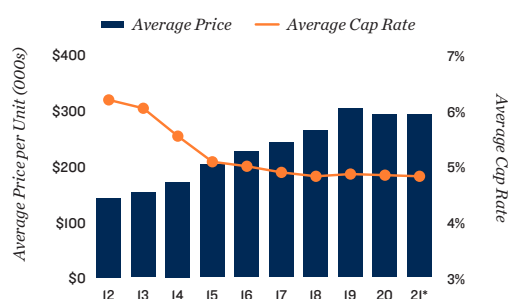
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Apartment Performance Steady Through Health Crisis; Buyers Take Advantage of Bay Area's Highest Cap Rates

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. Approximately 24 percent of the local jobs are in traditional office-using sectors, 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 will 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 and into less management-intensive real estate. These sellers will be met with a buyer pool poised to own Bay Area real estate at relatively attractive cap rates. Entering 2022, the average first-year return was a shade under 5 percent, offering a premium of approximately 70 basis points above cap rates in the nearby markets.

2022 Market Forecast

- NMI Rank** **31** Oakland is enduring recovery hurdles and lofty construction, producing a rank below most other California metros.
- Employment** **up 3.4%** Payrolls will expand this year at the same pace observed in 2021. Employers will add 38,000 new positions.
- Construction** **5,500 units** Construction ticks up modestly this year, expanding inventory 2.5 percent. The Oakland-Berkeley area will receive approximately one-half of the new units.
- Vacancy** **up 10 bps** Demand nearly matches new supply in 2022, resulting in an uptick in vacancy to 3.4 percent. Last year, the rate improved 130 basis points.
- Rent** **up 4.3%** Following a 6.9 percent increase last year, the average effective rent is projected to rise to \$2,523 per month. Class C properties have the greatest rent growth potential.
- Investment** Bay Area investors set to acquire East Bay assets to balance their portfolios with higher returns. A hedge against inflation further benefits apartment owners.

Record Demand Across Apartment Tiers Establishes Orange County as Nation's Tightest Apartment Market

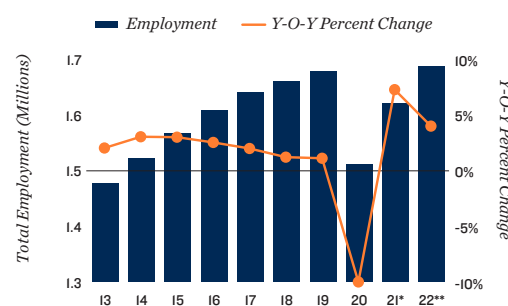
Homeownership hurdles and high-paying job creation support historic conditions. Renter demand for high-end and mid-tier apartments surged in Orange County over the past year, reducing vacancy in both the Class A and B sectors below 2 percent. Job creation by professional and business services firms supported the rise in absorption with the employment segment responsible for roughly 20 percent of the total jobs added last year. While many of these positions provided individuals with an above-average wage, most professionals were unable to afford the metro's median home price, which soared beyond \$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.

Substantial renter demand for lower-cost units elevates buyer competition. Private investors' appetite for Class C assets is considerable in Orange County as vacancy entered the year around 1 percent. Pre-1980s vintage complexes with fewer than 30 units are attracting a host of Southern California buyers, improving deal flow in the \$1 million to \$5 million tranche. Areas with lower rents and scant vacancy are warranting the most activity, led by Anaheim and Santa Ana. Deal flow in the latter locale however may be impacted by recently enacted rent control, which applies to units built prior to 1995. Elsewhere in Garden Grove and the city of Orange, pricing for Class C listings can trail the metrowide mean by \$40,000 to \$60,000 per unit, with high-3 to high-4 percent cap rates frequent. Investors focused on higher-cost coastal cities in Orange County pursue opportunities in Huntington Beach, where similar assets trade for an average of \$400,000 per door.

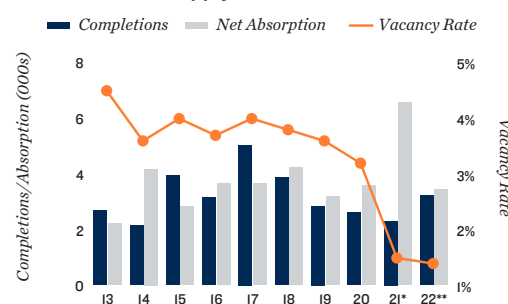
2022 Market Forecast

- NMI Rank** 18 Slow household creation keeps Orange County in the middle of the ranking for 2022.
- Employment** up 4.0% Companies create 65,000 positions in 2022, allowing the metro's year-end job count to nearly match the pre-pandemic peak.
- Construction** 3,200 units Delivery volume reaches a four-year high, expanding inventory by 1.2 percent. Properties featuring more than 300 units account for most of the rentals completed in 2022.
- Vacancy** down 10 bps After declining by 170 basis points last year, the metro's vacancy compresses to 1.4 percent in 2022 as demand exceeds the increase in apartment deliveries.
- Rent** up 4.6% Extremely sparse vacancy limits concessions usage, enabling owners to raise the metro's average effective rent to \$2,510 per month this year.
- Investment** The addition of more than 30,000 units over the past 10 years is providing institutional investors with opportunities to acquire newer Class A assets, driving up sales volume.

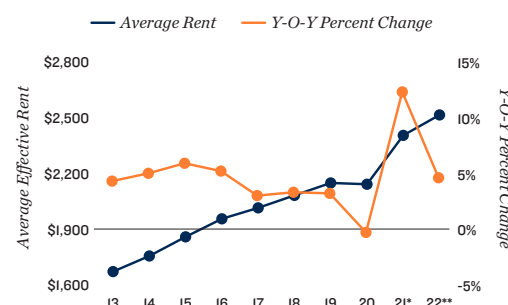
Employment Trends



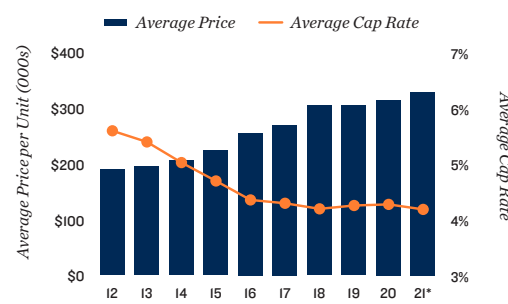
Supply and Demand



Rent Trends



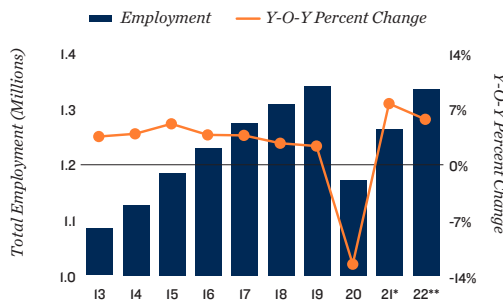
Sales Trends



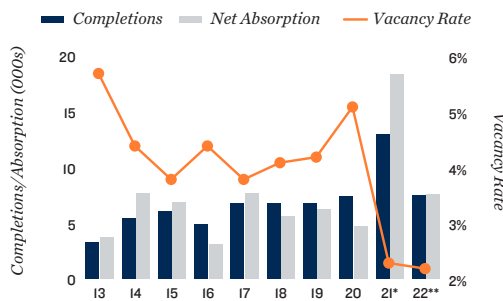
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

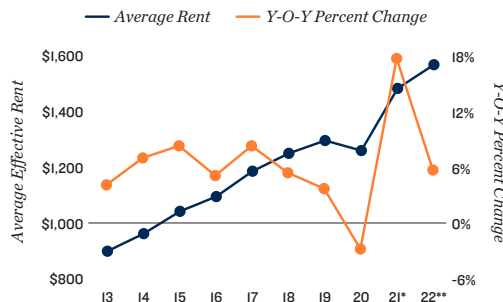
Employment Trends



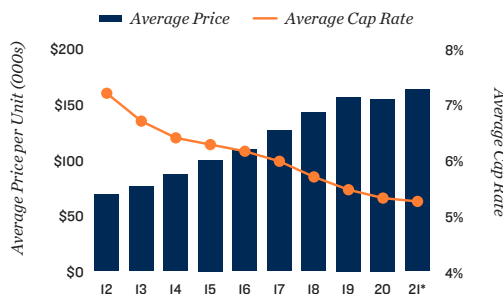
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Vacancy Moving Toward Record Low
As Corporate Relocations Stoke Demand

Construction activity tempers despite a rise in rental demand. Vigorous job growth and in-migration trends are fueling record levels of demand 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 over 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. Demographic 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 continue to tighten apartment fundamentals in 2022.

Transaction velocity returns in force. Investors remain bullish on Orlando's apartment sector, as the metro's swift economic recovery has accelerated deal flow above the pre-pandemic level. Vacancies near historical lows are attracting cross-border and out-of-state buyers seeking stable investments, a trend that will likely remain as apartment fundamentals are projected to tighten further this year. Increased competition for assets elevated sale prices by nearly 50 percent over the past five years, compressing cap rates to the low-5 percent range. Yield-driven buyers find value-add opportunities in outlying areas like Apopka and North Lake County, where entry costs fall well below the metro average, and first-year returns average in the low-7 percent span. Institutional investors are also active, targeting luxury assets in East Orlando and the International Drive area where complexes often garner sale prices above \$200,000 per unit.

2022 Market Forecast

NMI Rank

Orlando grabs the top spot of this year's Index as robust job gains and household formation benefit rental metrics.

Employment

up 5.7%



Employers will add 72,000 positions in 2022, ranking Orlando among the top metros in the nation for job growth.

Construction

7,500 units



Development activity moderates this year following the largest supply wave in over 20 years. Additions will expand the metro's inventory by 2.9 percent.

Vacancy

down 10 bps



Robust demand will outpace construction this year, contracting metrowide vacancy to 2.2 percent. This compression builds off the 280-basis-point decline from last year.

Rent

up 5.7%



Rent growth remains strong in 2022 as the average effective rate rises to \$1,565 per month, following a 17.7 percent increase registered last year.

Investment



Many employers plan on expanding or moving to the Lake Nona community, which will likely draw investor interest to South Orange County over the next year.

Development Pushes Back Into the Urban Core; Bidding for Class B and C Deals Intensifies

Developers shift focus to downtown where rebound is further behind. Despite below-national rate of employment growth overlapping with the most rapid supply growth in at least two decades, multifamily fundamentals improved last year and going into 2022. Suburban areas were at the forefront, with vacancy outside of the urban core falling into the low-2 percent range, fueling rent growth amid historically tight availability. The market's 2022 construction pipeline comes short of last year's record-setting delivery volume; however, the location of development could apply upward pressure to vacancy in certain areas. The epicenter of upcoming inventory expansion is projected to shift back to the urban core with over 50 percent of apartments slated for 2022 located within Philadelphia city limits. During the previous two years, the majority of stock enlargement took place in the outlying suburbs. Substantial supply growth could translate into modest increases in availability and slower rent growth in popular core submarkets like Northeast Philadelphia and Center City.

Urban core provides opportunities for capital improvement. Despite concerns over the pace of the economic recovery, Philadelphia's multifamily investment market recovered to pre-pandemic sales volume in 2021. Investors are confident about the future of area Class B and C properties, and bidding is causing downward pressure on cap rates. First-year returns marketwide on Class B trades fell into the low-5 percent tranche on average. While urban Class C apartments offered yields in the low-5 to mid-6 range, yields up to 200 basis points higher were also sometimes recorded. Investors seeking value-add prospects typically look to Center City or Philadelphia's northern neighborhoods, which offer an ample supply of options in the \$1 million to \$5 million range. Steady stock growth in the core will present investors in top tier complexes more opportunities in the city center in the years to come.

2022 Market Forecast

NMI Rank 39 A slow economic rebound from the pandemic and elevating vacancy put Philadelphia in the bottom 10 of the Index.

Employment up 2.4% Employment growth is expected to remain steady, but below the national average as headcounts expand by 70,000 workers.

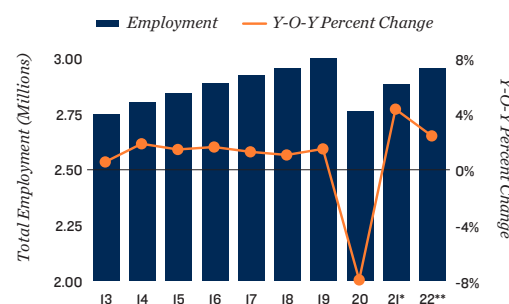
Construction 6,400 units Total deliveries this year will be roughly 700 units shy of the 7,100 doors added in 2021. This slower pace is partially a result of builders facing continuing supply chain shortages.

Vacancy up 40 bps Metrowide vacancy rises to 3.0 percent as renter demand remains upward trending but fails to keep pace with the market's rate of stock expansion.

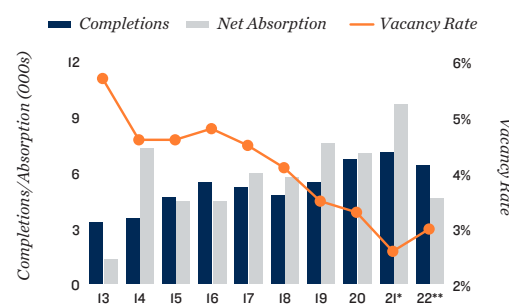
Rent up 4.2% Rent growth will normalize after 2021's jump of 8.8 percent. Still the average effective rent is projected to reach \$1,610 per month by the end of this year.

Investment Urban stock growth will create competition in the core for current owners and present new investors diverse opportunities, while North Philadelphia provides many value-add options.

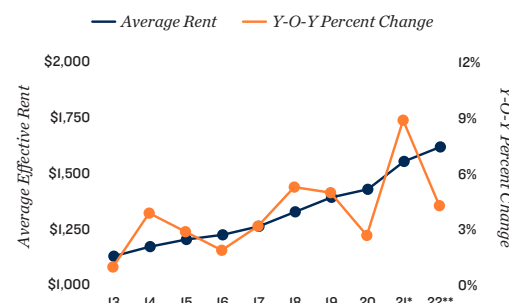
Employment Trends



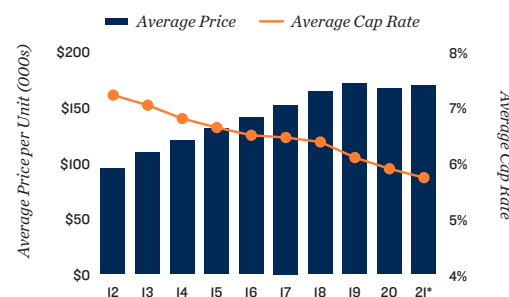
Supply and Demand



Rent Trends



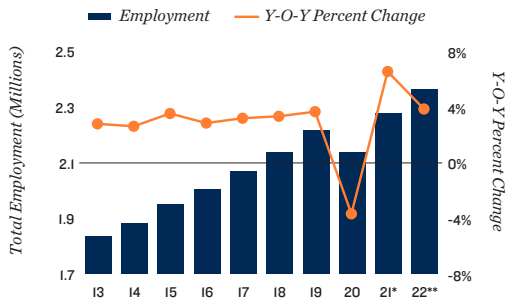
Sales Trends



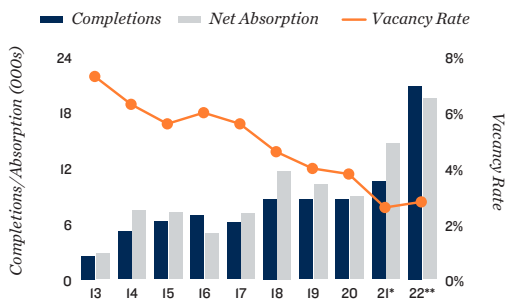
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

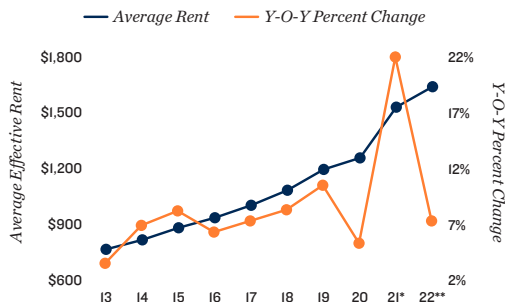
Employment Trends



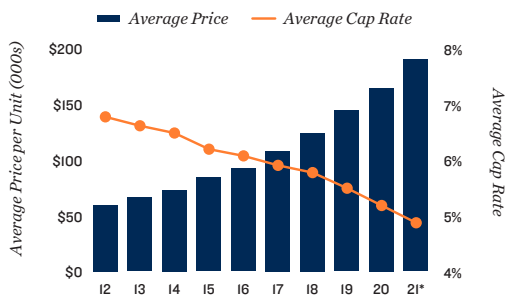
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Scorching Apartment Market Met With Historic Supply Infusion; Buyers Eager to Get a Foot in the Door

Phoenix positioned to register outsized rent growth again. Several indicators showcase the 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 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 myriad 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 cap rate compression a byproduct of competition. Many investors across the country and overseas are aware of the stellar performance in Phoenix. An enlarged buyer pool with an appetite for assets throughout the Valley 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. Buyers willing to pay steeper entry-costs for apartment buildings in areas that appeal to young adults focus on Tempe, Old Town Scottsdale and Downtown Phoenix. First-year returns in the upper-3 percent range are increasingly common in these submarkets, though Class C cap rates can occasionally exceed 5 percent. Investors seeking higher yields scour the far east and west sides of the Valley where household creation is strong.

2022 Market Forecast

- NMI Rank** 5 Strong rent growth, low availability and robust household creation combine to give Phoenix a high ranking this year.
- Employment** ↑ Total jobs expand by 88,000 roles, producing a count that exceeds the pre-pandemic peak by 137,400 positions.
up 3.9%
- Construction** ↑ Phoenix rental inventory climbs by 5.5 percent this year, the fourth fastest pace among major U.S. metros. Development is heaviest Downtown and in West Valley suburbs like Glendale.
20,800 units
- Vacancy** ↑ Net absorption surpasses 19,000 units, the highest annual total since at least 2000. Still, the record setting wave of supply results in a slight vacancy increase to 2.8 percent.
up 20 bps
- Rent** ↑ Rent growth will settle from last year's 21.9 percent gain but remain strong. The mean will jump to \$1,630 per month in 2022, aligning with the 2016-2020 annual average growth rate.
up 7.2%
- Investment** ● More buyers pursue Class B and C assets Downtown and in North Phoenix. These may better align with the budgets of some renters in the area amid a wave of new modern facilities.

Recovery Continues as Economy Diversifies; Growing Tech Sector Provides Brighter Outlook

Three years of limited construction aids vacancy. Annual delivery volume will cross the 1,500-unit mark for the first time since 2018, after a lull in construction produced an average of just 750 rentals finalized over the past three years. The new supply in 2022 is located primarily in the central business district. Job gains in technology-based fields like autonomous driving, robotics and education had been supporting demand for luxury rentals in central submarkets until lockdowns began. The return to in-person work will help drive occupancy in these central areas back toward pre-pandemic levels as new completions and existing Class A rentals are leased up. Meanwhile, the suburbs have seen vacancy rates plummet as limited deliveries and steady demand have pushed down on availability. Toward the end of last year suburban vacancy stood at 2 percent, the lowest rate in at least two decades. Tight conditions here will persist as developers focus on urban corridors despite strong household formation figures in the suburbs.

Activity strong for value-add opportunities amid transaction retreat. Exchange velocity has descended over the past two years after hitting its peak in 2019, with the sharpest decrease coming from out-of-state buyers. Both trades occurring in the central business district and of Class A assets throughout the market maintain rare status as many investors target older suburban buildings with per-unit prices below metro average and entry costs under \$10 million. In prior years, Class C buildings of this kind were heavily sought after in South Allegheny as the neighborhoods around the airport benefited from new business and retail developments. Transactions in this submarket have slowed as areas in East Allegheny and Westmoreland County present more compelling value-add opportunities with cap rates near 8 percent obtainable, compared with the mid-5 percent market average. Westmoreland County boasts a sub-1 percent vacancy rate along with a minuscule construction pipeline, encouraging greater transaction interest this year.

2022 Market Forecast

NMI Rank 46 While conditions are improving, sluggish household creation and employment growth constrain the metro's 2022 ranking.

Employment up 2.3% A gain of 26,000 positions this year keeps the metro below peak employment as leisure and hospitality jobs recover.

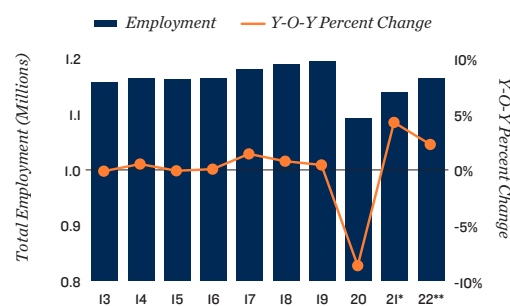
Construction 1,700 units Developers will increase the amount of units added to the market this year. This total is only 160 doors below the completions from the previous two years combined.

Vacancy up 20 bps The net absorption will be 900 units shy of the five-year trailing average of 2,200. Completions will outnumber absorption by 300 units, inducing a rise in vacancy to 2.8 percent.

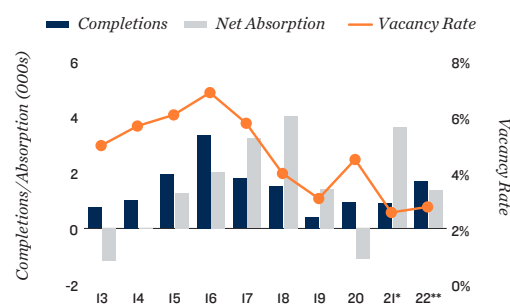
Rent up 3.1% The average effective rent will grow to \$1,320 per month, building on a near 8 percent gain last year. This is the fourth increase of more than 3 percent in the last five years.

Investment In-state investors make up the vast majority of capital allocated in the market. Transactions over \$10 million are infrequent but target buildings Downtown and in South Allegheny most often.

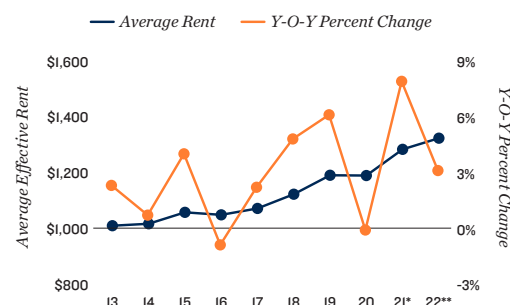
Employment Trends



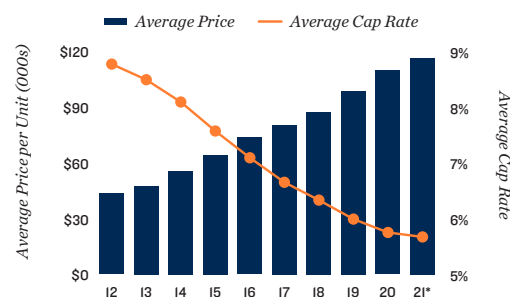
Supply and Demand



Rent Trends



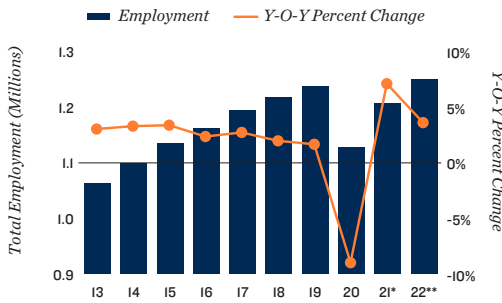
Sales Trends



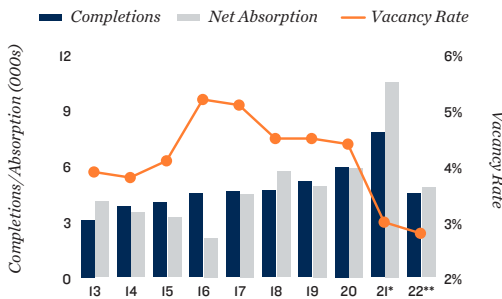
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

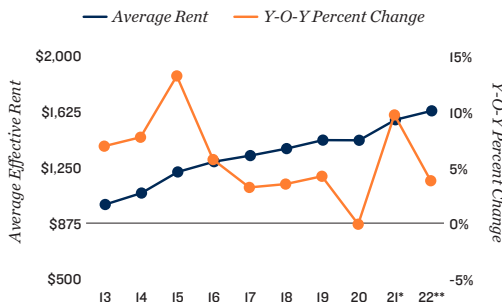
Employment Trends



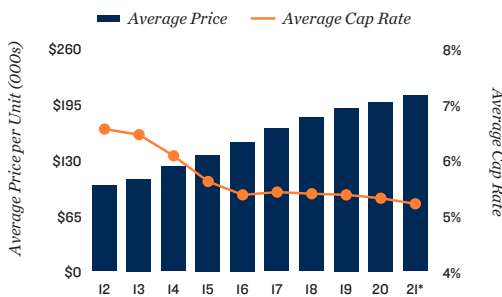
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Newcomers to Portland 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 same ratio for the nation as a whole. 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.

Downtown-adjacent submarkets register increase in buyer interest. Following a brief slowdown induced by the pandemic, deal flow soared to a 20-year high in 2021. Out-of-state buyers, particularly from Washington and California are active in the metro, where first-year returns on average are higher relative to their home markets. Concerns over Oregon's statewide rent control continue to propel activity in Vancouver, where competition for assets has compressed cap rates to the low-5 percent range. Apartments in Portland's Southwest and Inner Eastside neighborhoods have also been highly sought after. Demand for rentals accelerated here during the health crisis as these areas provide affordable alternatives to Downtown. Outside urban Portland, Intel's expansion of its DIX research factory is anticipated to be completed early this year, which will likely boost renter demand and pique investor interest in Hillsboro.

2022 Market Forecast

NMI Rank 16 Consistent vacancy contraction amid solid household formation help Portland crack the top 20 on this year's list.

Employment up 3.6% The addition of 43,500 positions in 2022 will lift total employment in Portland above its pre-recession peak.

Construction 4,500 units Development activity will moderate following a record number of deliveries observed in 2021. Developers will expand the metro's rental inventory by 2 percent this year.

Vacancy down 20 bps A reduced pipeline coupled with favorable in-migration patterns will allow for vacancy to contract for the third consecutive year. The rate will fall to 2.8 percent by year-end.

Rent up 3.8% Tight market conditions will lift the average effective rent to \$1,625 per month in 2022, a slowdown from the 9.7 percent increase observed last year.

Investment Oregon's rent control laws are unlikely to affect deal flow. Higher yields relative to other major West Coast markets will continue to attract out-of-state investors to the metro.

Arriving Tech Companies Enliven Labor Market; High Incomes Spur Rent Growth Across Metro

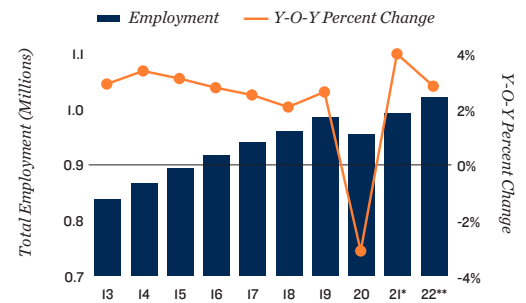
Research Triangle Park attracts new businesses and skilled labor. An educated labor force and business-friendly tax policies have induced consistent population, employment, and wage growth across the metro. Last year, Google, Gilead Sciences, and Apple all announced moves into the region. More companies are expected to follow in the future as the area's multiple elite academic institutions foster a skilled and diverse workforce while also providing renter demand for apartments near all three major colleges. Class B/C vacancies are tight 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-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 construction in space-constricted urban centers will also help keep vacancy rates tight, while rising wages and limited availability will propel rents higher in the coming years.

Capital targets active urban centers. Interest stayed strong from both out-of-state and local buyers, fueling rapidly increasing entry costs. Sales prices have been rising across the metro, evidenced by per-unit prices climbing 600 basis points more quickly than the national mean since 2018. Trade velocity is highest in the areas around all three major college campuses, Downtown Raleigh-Durham, and RTP. Initial returns have been recorded near 4 percent on average for these exchanges. Cap rates above 5 percent come from either value-add Class B/C buildings in Downtown Raleigh-Durham or from assets near or below \$10 million in suburban Raleigh and South Cary-Apex. Local owners have accelerated their selling activity in the face of upward price movements, potentially as a result of reaching desired business objectives before their initial time horizon has ended. Still, this has not removed the bullish sentiment from the market, evidenced by 11 straight years of at least 5 percent growth in average per-unit costs.

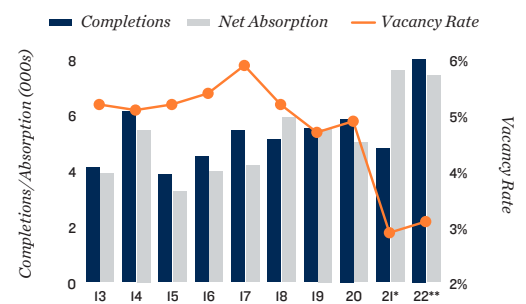
2022 Market Forecast

- NMI Rank 15** Raleigh claims a top 15 ranking as the quickly expanding job count aids apartment fundamentals.
- Employment**  Employers will add 28,000 jobs total in 2022, with many being high-income tech and cloud computing opportunities.
up 2.8%
- Construction**  Completions this year will be the largest injection of deliveries into the metro since at least 2000. This figure is 2,650 units above the five-year trailing average for completions.
8,000 units
- Vacancy**  The large construction pipeline will cause vacancy to inch up to 3.1 percent as net absorption surpasses 7,000 rentals for just the second time in the last two decades.
up 20 bps
- Rent**  Expected rent growth for 2022 is a slowdown from last year's 19.3 percent surge, but reaching an average effective rent of \$1,460 per month brings the two-year rate to 23.5 percent.
up 3.5%
- Investment**  Institutional investors are increasing their buy-side activity amid high rent growth as properties in Downtown Raleigh and Durham are experiencing higher interest from out-of-state.

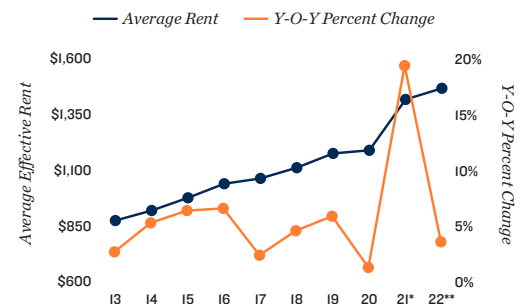
Employment Trends



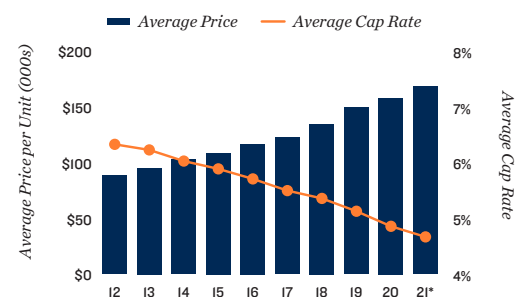
Supply and Demand



Rent Trends



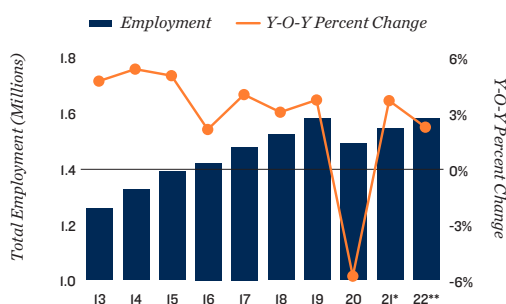
Sales Trends



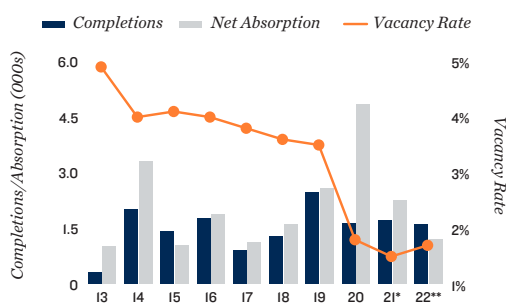
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

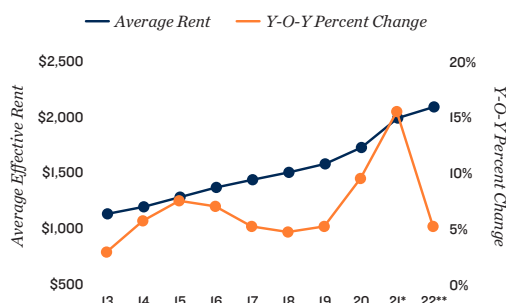
Employment Trends



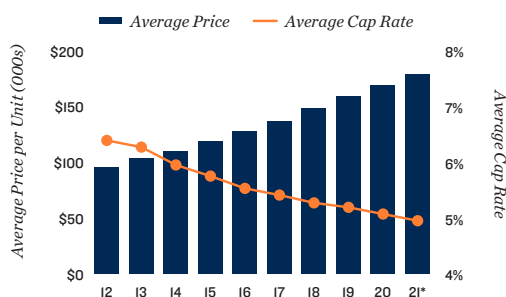
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Southern California's Most Affordable Rental Market Draws Residents From Neighboring Metros

Record headcounts in foundational industries preserve low vacancy. Local 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 throughout the housing spectrum, and supported double-digit rent growth across submarkets. 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.

Spectrum of opportunities draws diverse investor pool. Home to some of the lowest Class B and C vacancy rates nationally and widespread double-digit rent growth Riverside-San Bernardino is attracting many California-based investors. The variety of assets available for acquisition has produced a diverse buyer pool. Private investors targeting \$1 million to \$5 million complexes at regionally discounted price points are active in Coachella Valley and the high desert cities of San Bernardino County. Here, sub-30-unit properties are available for less than \$150,000 per door. Similar assets trade in Riverside-Corona and San Bernardino; however, these submarkets also provide institutional buyers with chances to deploy more than \$15 million. These opportunities come in the form of Class A and B listings with upwards of 200 apartments. Minimum first-year returns for these communities now hover in the 3 percent range.

2022 Market Forecast

NMI Rank 14 Riverside-San Bernardino grabs the highest ranking in California due to very low vacancy and minimal supply pressure.

Employment up 2.3% Headcounts near a pre-pandemic mark as employers add 35,000 positions, this after creating 55,000 jobs last year.

Construction 1,600 units Apartment inventory expands by less than 1 percent for a third consecutive year. Large projects in Rancho Cucamonga and Ontario account for most of the units delivered in 2022.

Vacancy up 20 bps Despite two years of significant rent growth the Inland Empire remains a regionally lower cost market, supporting apartment demand. This allows vacancy to hold below 2 percent.

Rent up 5.1% Sparse vacancy across property tiers facilitates a pace of rent growth that exceeds the long-term average, elevating the mean effective rate to \$2,075 per month in 2022.

Investment Class A rent surged by roughly \$500 last year amid tightening conditions. This and the metro's relatively small pipeline are increasing buyer competition for available luxury listings.

Market Cements Itself as Technology Stronghold; Investors Follow Workers into Metro

Sacramento remains prime destination for tech workers. Following the onset of the health crisis many tech employees sought accommodations in the metro to balance the need for larger apartments and houses and remain relatively close to their employers' campuses in the Bay Area. As a result, the cost of homeownership has increased at one of the highest rates in the nation. The rising expense of purchasing a home has facilitated one of the lowest apartment vacancy rates in the nation. Although some tech giants are recalling staff, many people are comfortable working remotely and do not wish to return to the high costs and elevated traffic associated with the Bay Area. Additionally, several employers are expanding offices in the market to alleviate expenses while also taking advantage of the proliferation of talented tech workers that have moved to the area. Sacramento appears to be on a path as an established technology market rather than a spillover metro when conditions get tight in the Bay Area.

West Coast investors target inland assets. First-year returns in Sacramento are nearly 100 basis points above those in San Francisco and San Jose. Given the relatively low cost of capital, metro-area properties are particularly attractive to Bay Area buyers that have a long history of acquisitions in Northern California. Institutions have largely pushed local buyers out of San Francisco, even in the Class B sector as real estate becomes an attractive hedge against inflation. Entering the year, first-year returns in Sacramento are in the 5 percent area and could compress further if the Fed raises rates to combat inflation. In the meantime, buyers will keep expanding their portfolios outside of their home markets. Institutions are also active in Sacramento, searching for Class A assets to expand their holdings. Local and coastal investors are acquiring suburban garden-style properties in the suburbs.

2022 Market Forecast

NMI Rank **21** Sacramento holds a spot near the middle of the 2022 NMI due to a sizable delivery pipeline that will lead to higher availability.

Employment **up 3.1%** Local firms add 31,000 positions to payrolls this year, building on the 4.0 percent gain in 2021.

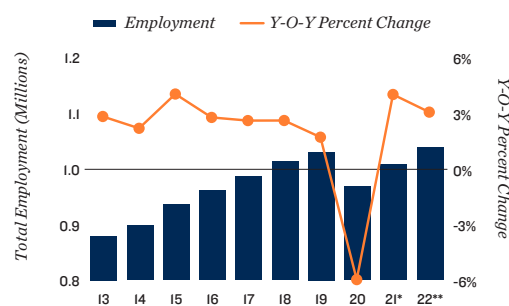
Construction **3,000 units** Apartment supply increases by 2.0 percent this year as the pace of deliveries more than doubles. Last year, approximately 1,500 doors were completed.

Vacancy **up 40 bps** Conditions remain tight though vacancy is expected to tick up to 2.8 percent this year as construction rises. In 2021, the rate decreased 20 basis points.

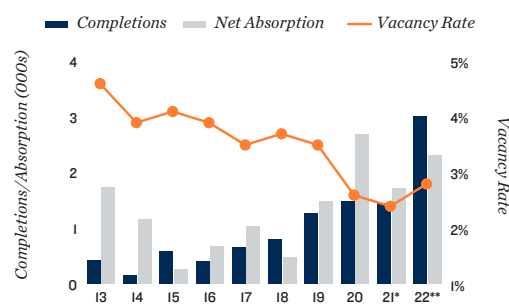
Rent **up 6.8%** After a banner year when the average effective rent soared 14.2 percent, gains will remain robust again in 2022, lifting the average monthly rent to \$1,952 per month.

Investment Local investors compete with Bay Area capital this year as attractive yields and the ongoing strength of the market draw additional buyers to Sacramento listings.

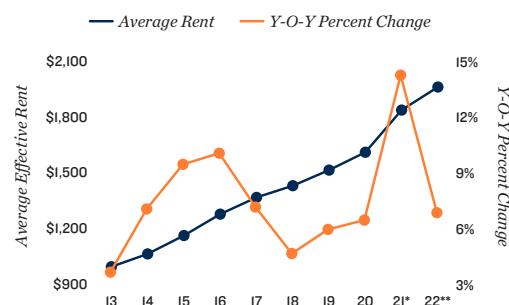
Employment Trends



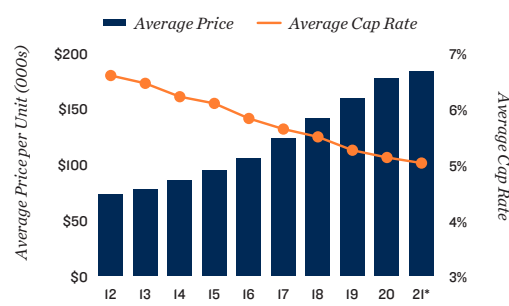
Supply and Demand



Rent Trends



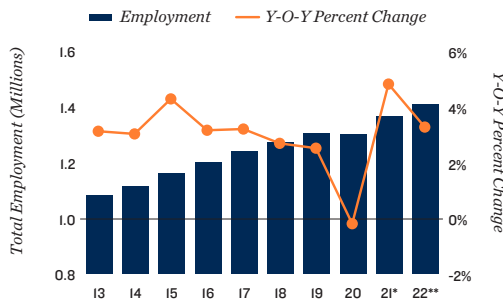
Sales Trends



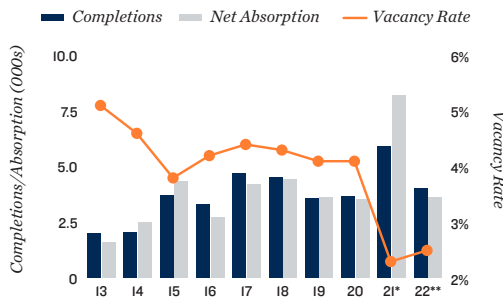
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

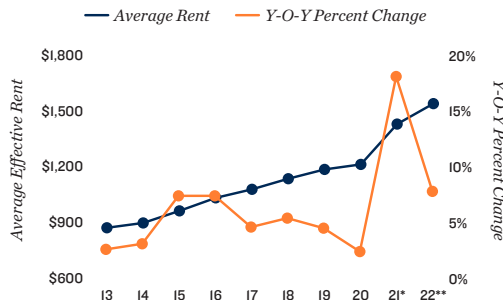
Employment Trends



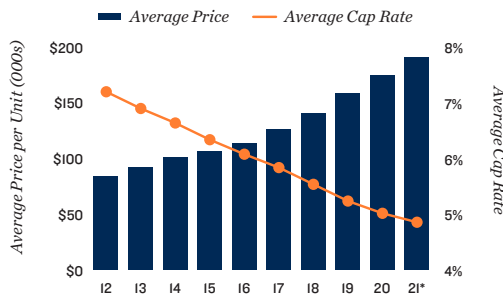
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Pandemic Resilience Leads to Rapid Rent Growth, Inciting Intensified Out-of-State Investment

Population gains propel rent climb amid tight conditions. The pandemic's effect on employment was smaller in Salt Lake City than in any other major metro in the country, allowing all positions to be recovered by February of last year. Entering 2022, the market boasts one of the lowest unemployment rates in the nation, prompting employers to recruit from outside the area. The resulting in-migration will contribute to one of the highest rates of rent growth in the country. Sub-3 percent vacancy across most of the market also supports a sizable construction pipeline. Most projects are slated to open in central Salt Lake, where Class A vacancy fell and stayed below Class C availability during the pandemic. Tech firms like Adobe and Micron are expanding while various other tech firms are establishing a market near the "Silicon Slopes" in north Lehi, leading developers to expand projects in nearby Draper. On the other hand, construction has slowed in both Ogden and Provo as developers respond to renter demand in Salt Lake City proper. Less development will aid vacancy and rents in these outlying submarkets.

Fundamentals provoke injection of out-of-state capital. High levels of population and employment growth coupled with a tight renter market have caused investor interest in Salt Lake City apartments to swell. Historically, transactions in the metro have been largely fueled by local investors; however, buyers from outside the state have become more common due to near-nation-leading improvements in fundamentals. Institutional acquisitions occur frequently in the areas between the core and suburbs, like Cottonwood at the south end of the Belt Route. Cap rates in the mid-3 percent range are typical for these exchanges. First-year yields above this level have been recorded in both Weber and Utah counties, as Provo and Ogden become more viable for smaller investors nudged out of Salt Lake City proper by rising entry costs. Assets in both suburbs face less competition from new supply and have recorded cap rates in the 6 percent band on occasion.

2022 Market Forecast

- NMI Rank** 6 An outstanding rent growth trajectory and rapid job creation bolster Salt Lake City near the front of the 2022 NMI.
- Employment** up 3.3% Firms will add 45,000 jobs to payrolls this year. The pace of job growth here will exceed the national average by 80 basis points.
- Construction** 4,000 units Construction will decrease from last year's delivery of 5,900 units. Much of the 2022 pipeline is composed of 100-plus-unit buildings in Downtown Salt Lake City.
- Vacancy** up 20 bps Vacancy inches up to 2.5 percent after dropping to record-low levels toward the end of last year. Availability is being pressured by an uptick in construction activity in recent years.
- Rent** up 7.7% The average effective rent climbs to \$1,530 per month, a slower growth trajectory than last year. This does, however, put the two-year rate of rent increase above 27 percent.
- Investment** Since 2018, the share of buyers from the state of California has doubled. This trend is escalating into this year as investors look for relatively higher yields in a more rapidly growing market.

Regionally Low Construction and Rents Will Help Tighten Vacancy, Captivating Yield-Driven Investors

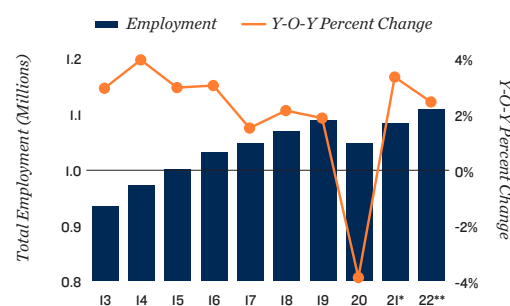
Development dwindles despite improved demand tailwinds. The household count in San Antonio is projected to increase by 1.8 percent this year, beating the national average and placing it in the 20 fastest U.S. market expansions. This surge in residents, and ultimately demand for rental housing, warrants an aggressive multifamily construction pace which has yet to occur. San Antonio's apartment inventory will grow by 1.5 percent this year, compared with supply jumps of more than 2.0 percent in all three other major Texas markets, including a 6.1 percent rise in neighboring Austin. Slower construction in San Antonio allows for the steepest vacancy contraction among major Texas markets this year, with demand bolstered by robust in-migration trends. Out-of-state residents prioritizing quality of life as well as Texas residents seeking 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 about \$425 per month lower at year-end, compared with \$260 per month just five years earlier.

Comparatively higher cap rates drive capital to San Antonio. The market became attractive to a new swath of investors as many widened their scope to include tertiary metros in the Sunbelt. An expanded buyer pool heightens competition, producing upward pressure on sale prices and downward pressure on cap rates. Nonetheless, first-year returns in San Antonio remain 30 to 80 basis points higher on average than Dallas-Fort Worth and Austin, attracting yield-focused investors. The northern segment of the metro is the most sought after due to the presence of major employers and strong demographics. Neighborhoods north of Loop 410 and proximate to Interstates 10 and 35 are favored but also command premium entry-costs and cap rates for top-tier buildings can dip into the high-3 percent range. Many private investors seeking higher returns are looking south, where projects like Port San Antonio could lure employers and draw new renters.

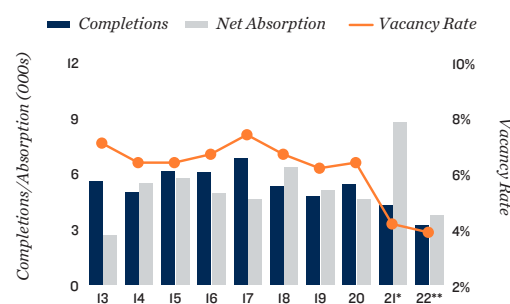
2022 Market Forecast

- NMI Rank** 17 Vacancy compression amid moderate development help San Antonio place in the front half of the 2022 NMI.
- Employment** ↑ up 2.4% San Antonio's headcount surpasses the pre-recession peak by 10,200 positions, as the total grows by 26,500 roles in 2022.
- Construction** ↓ 3,200 units Builders will finalize fewer rentals in 2022 than in any year going back to 2011. About 80 percent of expected completions are in suburban areas.
- Vacancy** ↓ down 30 bps Vacancy drops below the 4 percent threshold for the first time in at least two decades. Even with net absorption projected to decline relative to last year, low construction supports the ease.
- Rent** ↑ up 4.9% Augmenting the 12.1 percent gain posted in 2021, the average effective rent in San Antonio climbs to \$1,185 per month this year. Contracting vacancy spearheads the growth trajectory.
- Investment** ● The combination of a strong household growth outlook and minimal near-term supply pressure makes San Antonio very appealing to out-of-state buyers, fueling competition for assets.

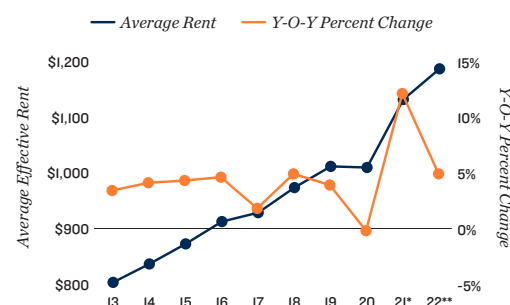
Employment Trends



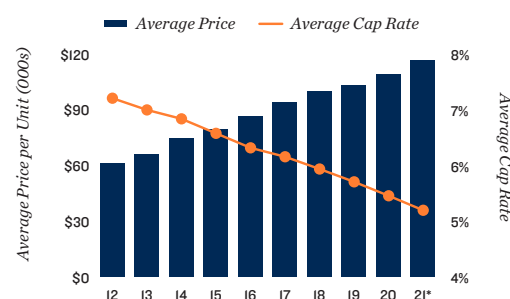
Supply and Demand



Rent Trends



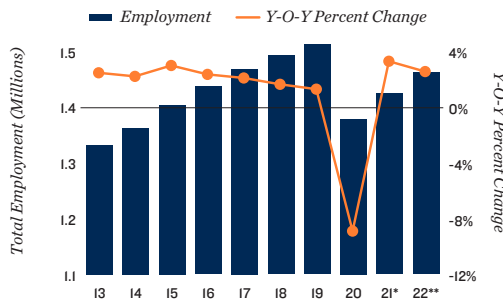
Sales Trends



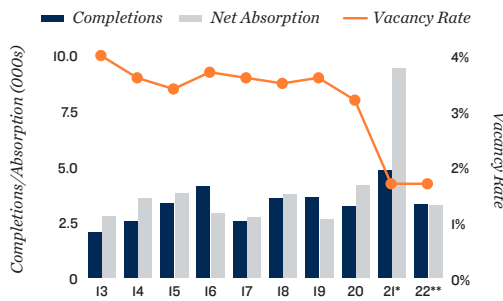
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

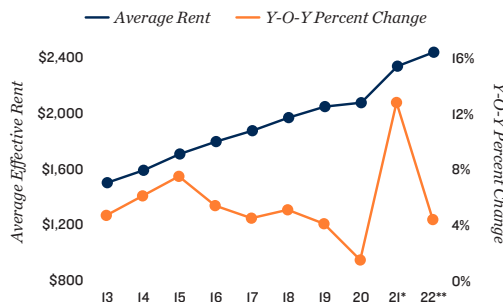
Employment Trends



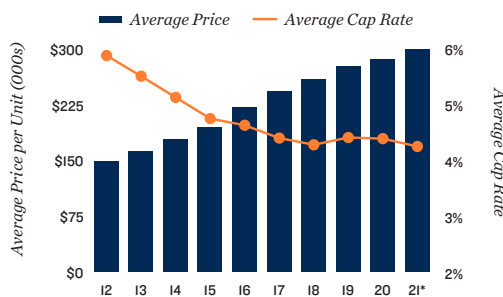
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Economic Improvement and Record Home Prices Extend Stretch 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, homeownership may be out of reach as the area's median home price surpasses \$900,000 this year. 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. Together, growth of these sectors preserves what is already robust Class B and C demand.

Investors target similar assets in divergent submarkets. San Diego entered the fourth quarter of last year with the tightest Class C vacancy rate in the nation, a position that is fueling investor competition for lower-tier properties. Buyers are focusing on neighborhoods with large millennial populations or areas that offer the lowest rents in the county. Across these locales, sub-30-unit complexes are accounting for the bulk of transactions; however, price points and obtainable cap rates vary depending on submarket. In Balboa Park-adjacent neighborhoods including North Park and Golden Hill, pricing below \$300,000 per unit is rare, with cap rates largely ranging from 3 percent to mid-4 percent. Buyers seeking price points below \$250,000 per door are discovering the most opportunities in El Cajon, La Mesa and communities near San Diego State University. Here, first-year returns in the mid-4 percent to mid-5 percent band are available.

2022 Market Forecast

- NMI Rank 27** San Diego has a large amount of jobs to recover, but low vacancy and a moderate pipeline puts it near the middle of the NMI.
- Employment up 2.6%** Employers add 37,000 positions this year as San Diego's pace of employment growth surpasses the national rate of increase.
- Construction 3,300 units** Following a historic year for apartment completions, developers expand inventory by 1 percent in 2022. Supply additions are concentrated in the cities of San Diego and Chula Vista.
- Vacancy no change** The metro remains one of the tightest apartment markets in the nation this year as rental demand matches delivery volume, holding vacancy at 1.7 percent.
- Rent up 4.3%** Limited unit availability allows rents to rise at a pace that exceeds the long-term mean, lifting San Diego's average effective rent to \$2,425 per month.
- Investment** A popular neighborhood for millennials and service industry workers, Ocean Beach attracts a mix of investors seeking high-3 percent to low-4 percent returns for smaller coastal properties.

San Francisco Moves Forward Following Worst Apartment 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 positive cases pushed those target dates into early 2022. As 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, a larger resumption of international travel will be necessary to recoup losses in the Class C sector.

Investor interest set to slowly shift 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 areas in the coming months, investors are anticipated to shift back to the area, particularly institutions that are awash with inexpensive capital and taking 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 take 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 and Class C properties trading in the mid- to high-4 percent range.

2022 Market Forecast

NMI Rank 25 San Francisco posts one of the largest vacancy drops this year, but the significant ground to make up weighs on its ranking.

Employment up 4.2% A gain of 4.2 percent in payrolls leads to the creation of 47,000 jobs this year following an increase of 73,000 positions in 2021.

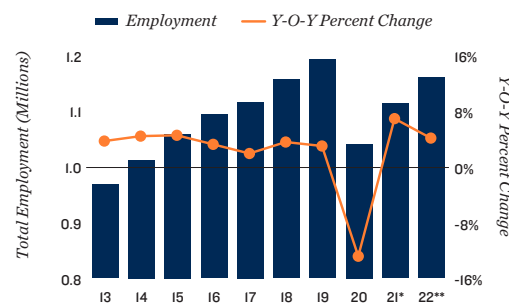
Construction 3,200 units Construction activity is nearly on par with 2021 as builders complete 3,200 units this year, lifting inventory 1.4 percent. SoMa will welcome more than 1,200 apartments in 2022.

Vacancy down 80 bps Vacancy will continue to recover from the steep increase recorded immediately following the onset of the health crisis. The rate falls 80 basis points to 6.2 percent this year.

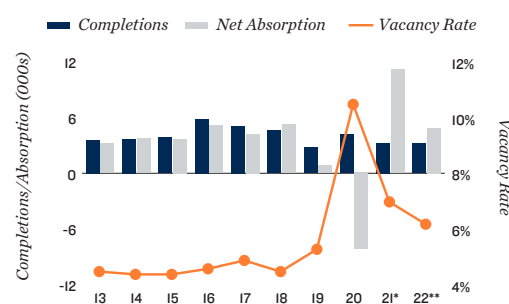
Rent up 6.9% Following a 9.7 percent gain in 2021, the average effective rent will advance 6.9 percent to \$2,982 per square foot in 2022, driven by a rise in Class A rent.

Investment Investment capital moves back into the city core, following renters returning to the area. Buyers will still remain active on the peninsula while also looking more closely at Class A assets.

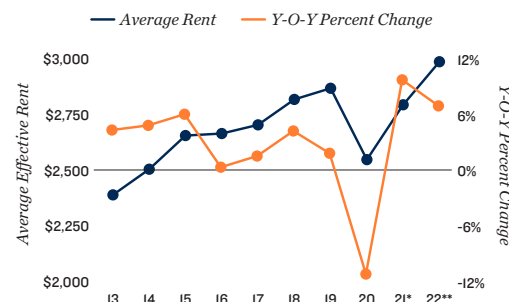
Employment Trends



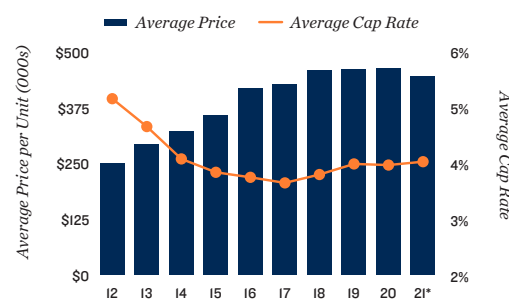
Supply and Demand



Rent Trends



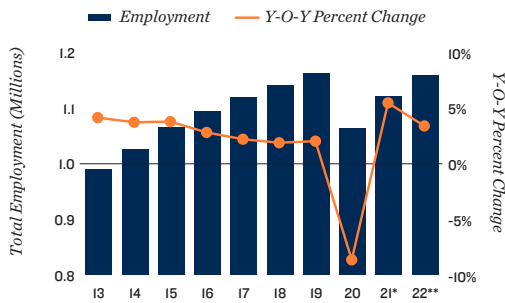
Sales Trends



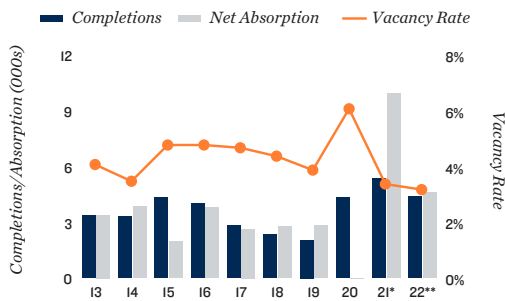
* Estimate; ** Forecast

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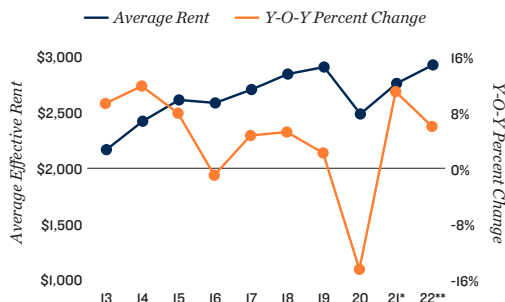
Employment Trends



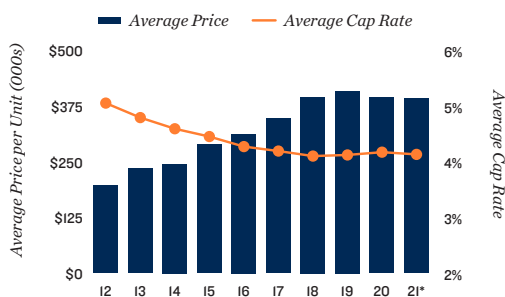
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Tech Firms Eventual Return to Campuses Attracting Both 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 virus variants. Smaller tech firms that contract with the tech giants take their cues from them, inevitably recalling their own employees in late 2021. Since vacancy was low entering the year and the construction pipeline moderates in 2022, rent growth will be the primary source of fundamental gains in the coming months in the Class A segment. Room for occupancy improvement does exist in the Class C sector. As jobs dependent on foot traffic by high-paid tech workers return, such as at restaurants, vacancy in these units will tighten.

Broad buyer pool active in the South Bay. The return of renters was preceded by investors taking advantage of a window in which prices dipped modestly. Those buyers will remain active this year, from first-time owners to institutions. Navigating the rent control measures and the prevalence of new projects that support household growth will drive buyer behavior this year. 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, which will have sufficient office space to host 20,000 workers. 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, while Class C deals generally average in the mid- to high-4 percent range.

2022 Market Forecast

NMI Rank 26 Declining vacancy helps San Jose's ranking, but a tedious economic rebound pushes the market outside the top half in 2022.

Employment up 3.4% Following a 5.5 percent rise in 2021, employers will add 38,000 jobs this year, representing a 3.4 percent increase.

Construction 4,400 units The pace of construction eases modestly this year as inventory growth slows to 2.4 percent. North Sunnyvale and Santa Clara will receive a total of 1,800 units.

Vacancy down 20 bps Additional job growth will facilitate a modest decline in vacancy this year to 3.2 percent. In 2021, the metrowide rate fell 270 basis points as workers returned.

Rent up 6.0% Tight conditions will provide operators sufficient leverage to lift the average effective rent 6 percent to \$2,920 per month, building on last year's 11 percent rise.

Investment The prospect of adding South Bay apartments to their portfolios will keep buyers active, particularly private investors seeking 10- to 15-unit complexes.

Transplants and Rising Home Prices Strengthen Rental Demand in the Puget Sound

Deliveries reach a record 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 net absorption over the past two decades. As a result, vacancy contracted nearly 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 this year. However, the rate still remains below the 10-year-trailing average.

Suburban submarkets garner investor interest. Following a brief slowdown in investment activity during the pandemic, transaction velocity returned to pre-recession levels in 2021. Large institutional deals are elevating sale prices while first-year returns remain steady in the mid-4 percent range. The metro attracts plenty of interest from out-of-state investors, particularly from Southern California and the Bay Area where cap rates are among the lowest in the nation. As work-from-home trends became more prevalent, renter demand shifted to suburban submarkets and buyers took notice. Assets in Tacoma and Puyallup are highly sought after; entry costs there are lower than the metro average and yields average in the high-4 percent span. Institutional investors are targeting well positioned assets in Bellevue and Everett as corporate relocations and the extension of the metro's light rail system bolstered demand in the metro's Eastside submarkets.

2022 Market Forecast

NMI Rank 22 Mild rent growth and rising vacancy subdue Seattle on the ranking, but a strong local economy keeps it in the front half.

Employment up 4.5% Total employment will surpass the metro's pre-pandemic peak this year with the addition of 94,000 jobs.

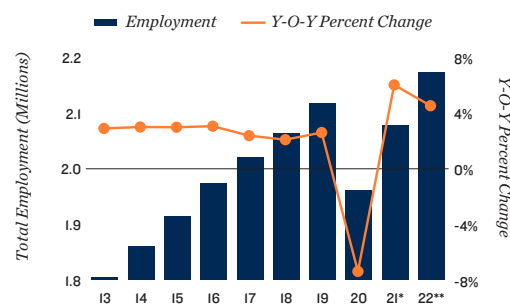
Construction 14,800 units Supply additions will rise by more than 3,000 units on a year-over-year basis this year, increasing the metro's apartment inventory by 3.5 percent.

Vacancy up 20 bps Elevated development will place pressure on metrowide vacancy. The rate will climb to 3.6 percent this year, following a 190 basis point drop observed in 2021.

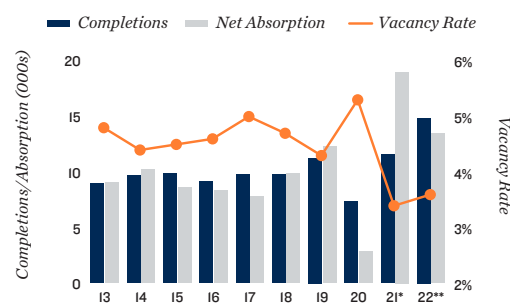
Rent up 3.7% Effective rents will continue to grow in Seattle, albeit at a slower pace than the 8.6 percent jump registered in 2021. The average rate will rise to \$1,960 per month by year end.

Investment Assets in submarkets like Lynnwood and Redmond will garner investor interest as the extension of the metro's light rail system nears completion.

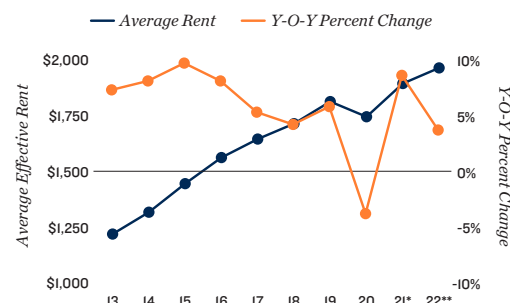
Employment Trends



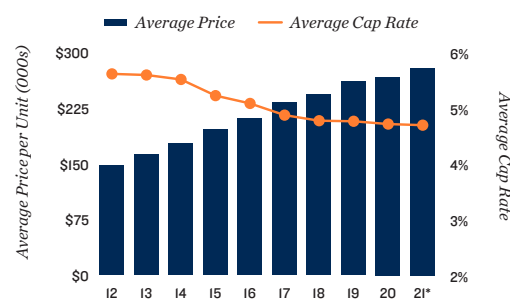
Supply and Demand



Rent Trends



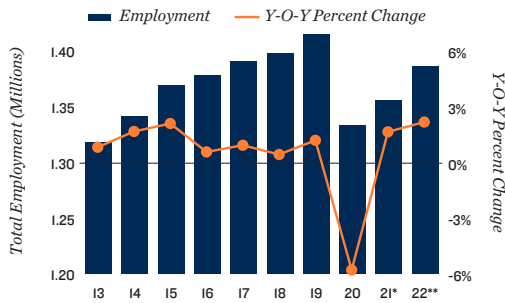
Sales Trends



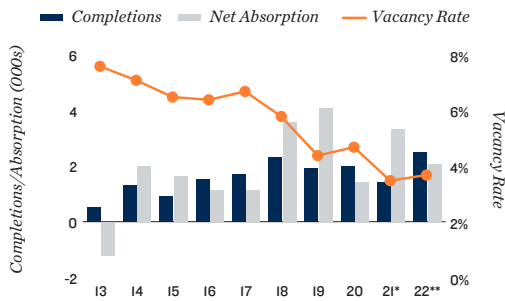
* Estimate; ** Forecast

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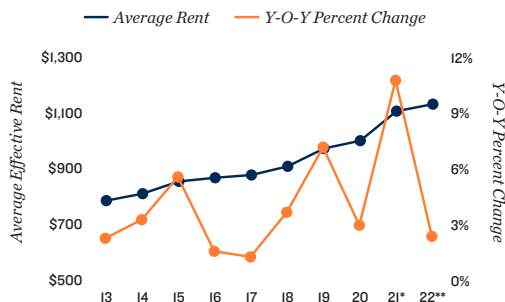
Employment Trends



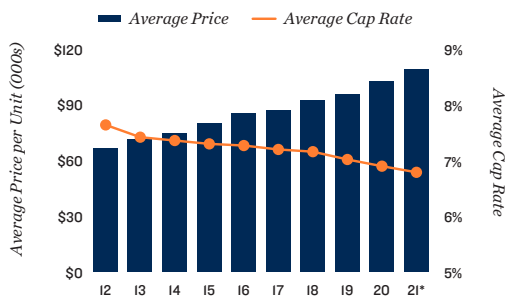
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Firm Arrivals Draw Renters and Investors to Interstate 64 Corridor and Western Suburbs

Strong fundamentals fueled by broadening economic growth. St. Louis' economy has become more diverse than it has been in the past by attracting large firms in the financial and geospatial sectors. The National Geospatial Intelligence Agency continues construction on its \$1.7 billion campus in North St. Louis, the announcement of which has brought numerous private sector geospatial firms to the metro. On the financial side, firms like Ameriprise and Stifel Financial ramped up recruiting efforts toward the end of last year. The personnel these companies employ support demand for Class A units in the nearby suburbs, leading Class A vacancy to dip below Class C vacancy in the metro as a whole. At the same time, fueled by St. Louis' transportation sector, availability for Class C housing is at 20-year lows in western submarkets ranging from Maryland Heights into St. Charles County, which will keep upward pressure on rents.

Investors seek opportunities near employment hotbeds. Neighborhoods stretching from Clayton to Chesterfield along Interstate 64 host many of the Class A trades due to firms with high-income job openings relocating to this area, however, rising entry costs along this corridor have compressed cap rates into the mid-4 percent range for many of these exchanges. Investors seeking entry costs below market average target the southern suburbs most, often reporting cap rates near the market average in the high-6 percent zone. Meanwhile, limited availability for Class C housing has drawn investors toward such assets near the airport. These mostly value-add opportunities serve the airport's transportation and logistics workers and regularly record cap rates in the mid-6 percent band but can be higher on occasion. Additionally, due to its proximity to Forest Park, academic institutions, and downtown employers, the Central West End-Maplewood-University City area remains a targeted location for trades across the entry-cost spectrum.

2022 Market Forecast

NMI Rank 45 The second-to-last position in the ranking belongs to St. Louis as a result of slow economic growth and above national vacancy.

Employment up 2.2% The creation of 30,000 jobs this year leaves St. Louis still nearly 30,000 total jobs below the pre-pandemic peak.

Construction 2,500 units Deliveries surge above 2,000 units for just the second time since the year 2000, up from 1,400 rentals completed last year. New projects are mostly in the core and St. Charles County.

Vacancy up 20 bps The net absorption of more than 2,000 units doesn't prevent an uptick in vacancy to 3.7 percent, a value still well below any period spanning the decade prior to 2021.

Rent up 2.3% The average effective rent will reach \$1,125 per month in 2022. This is the fifth year in a row with at least 2 percent annual rent growth. Rents are increasing across all apartment tiers.

Investment Investors maintain interest in St. Charles County where population growth and household formation continue to substantially outpace the rate in St. Louis County.

Elevated Demand Preserves Tampa-St. Petersburg's Record Low Vacancy, Diversifying Local Buyer Pool

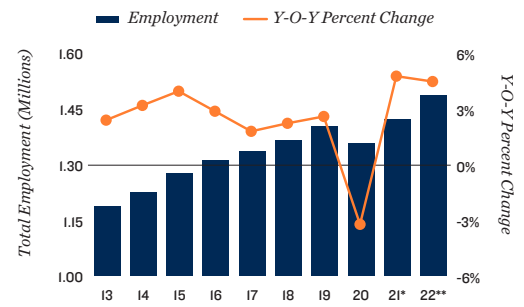
Employment gains bolster in-migration. Limited restrictions in Florida during the health crisis allowed the Tampa-St. Petersburg economy to recover more quickly than most major U.S. markets. The local employment sector is growing at a rapid pace, spurring robust in-migration, which is strengthening apartment 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 metrowide 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.

Regionally discounted pricing increases buyer competition. Lower entry costs relative to other major Central and South Florida markets and robust rent growth are driving sales activity in the metro. Competition for available assets is escalating sale prices and compressing cap rates to the mid-5 percent range. Despite the downward pressure from the rise in pricing, first-year returns in Tampa remain 50 basis points above the national average, attracting yield-driven investors to the metro. These buyers are most active in Southeast Tampa and Pasco County, where returns can rise well above the market average. Deal flow from institutional capital and private equity is also increasing as rents surge in the region. Investors from these segments are most active in North Tampa and Pinellas County, where luxury assets often garner sale prices near \$180,000 per unit.

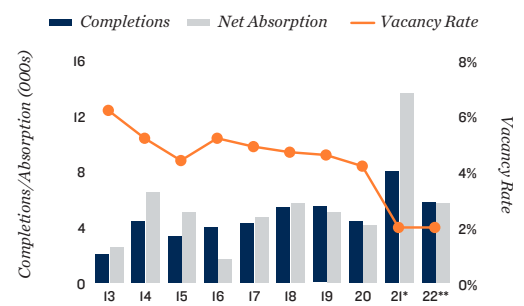
2022 Market Forecast

- NMI Rank** 8 Migration to the market is accelerating, providing a tailwind for multifamily metrics and supporting a top 10 ranking for Tampa.
- Employment** up 4.5% Firms will add 64,000 positions this year, building off the 4.8 percent rise in total employment registered in 2021.
- Construction** 5,800 units Construction activity moderates this year following the addition of 8,000 units in 2021. Deliveries will increase the metro's rental inventory by 2.2 percent.
- Vacancy** no change Availability will remain unchanged at 2 percent as net absorption nearly mirrors completions in 2022. Last year a 220-basis-point decline occurred, lowering vacancy to a record low.
- Rent** up 5.5% Tight market conditions will lift the average effective rent to \$1,635 per month, marking the 13th consecutive year of annual rent growth in the metro.
- Investment** Historically tight apartment fundamentals will draw further interest from out-of-state investors and continue to elevate competition for available assets.

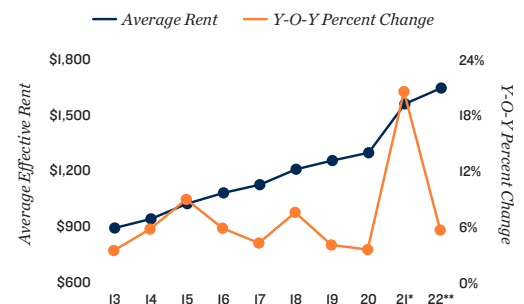
Employment Trends



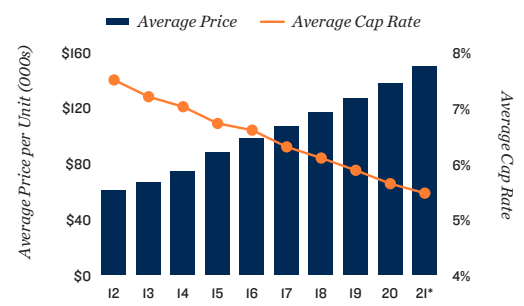
Supply and Demand



Rent Trends



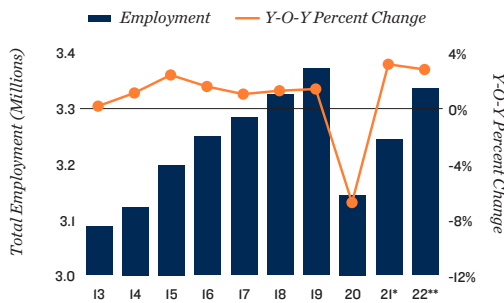
Sales Trends



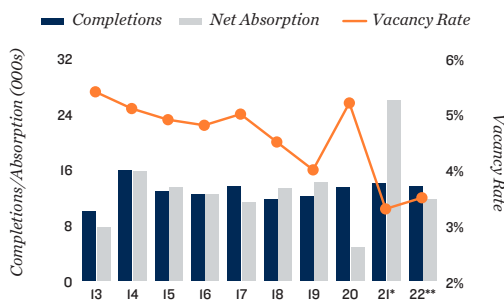
* Estimate; ** Forecast

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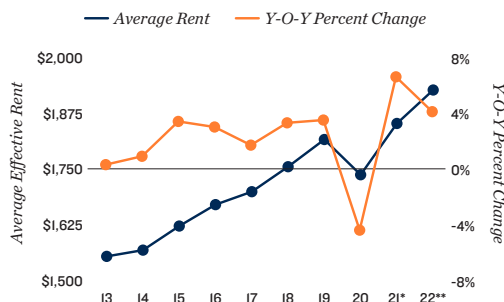
Employment Trends



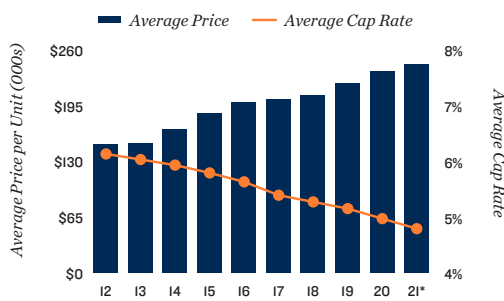
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Swift Recovery Warrants Widespread Demand And Elevated Construction Activity

Pillars of the local economy 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 submarkets in Virginia and Maryland were highly sought after during the initial months of the health crisis due to their affordability relative to the CBD. 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 deal flow. Investors' confidence in the metro has improved, with transaction velocity returning to pre-pandemic levels last year. Competition for available assets elevated sale prices, lowering the average cap rate under 5 percent for the first time on record. Still, value-add opportunities remain attractive to private investors. Inside the District these buyers are targeting listings in Southeast neighborhoods. Outside of the core, similar opportunities in Prince William and Stafford counties are garnering attention. Institutional buyers are also active, focusing on higher-quality properties in Silver Spring, North Prince Georges County and Alexandria. The latter locale's buyer pool may expand in the near term as Phase I of Amazon's HQ2 nears completion.

2022 Market Forecast

NMI Rank 33 Similar to other primary metros, a longer employment rebound from the pandemic leads to a low position for Washington, D.C.

Employment up 2.8% Employment growth outpaces the national average with the addition of 91,000 jobs in 2022.

Construction 13,500 units Developers will expand the metro's inventory by 2 percent this year. Deliveries are concentrated in Navy Yard-Capitol South, Northeast D.C. and East Alexandria.

Vacancy up 20 bps Metrowide vacancy will inch up to 3.5 percent this year after the rate fell 190 basis points in 2021. Still, availability remains well below historical averages for the region.

Rent up 4.1% Following a 6.6 percent increase in 2021, rents continue to grow in the metro. The average effective rate will rise to \$1,925 per month this year.

Investment 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.

Metro Leads Southeastern Florida in Population Growth Investors Capitalize on Sunbelt Migration

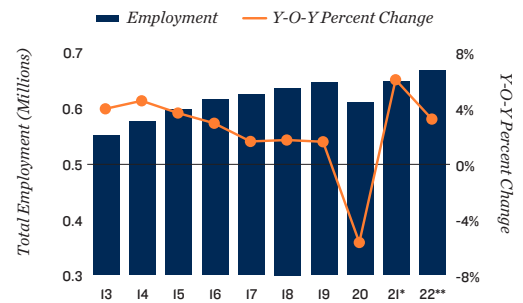
Relocating young adults help keep demand near pace with supply. Employment and population gains bode well for local multifamily fundamentals this year. Due in part to lenient statewide COVID-19 policies, West Palm Beach entered 2022 reporting a higher employment count than prior to the health crisis. Beyond a recovering hospitality sector, the metro has also become a target destination of financial firms like Goldman Sachs and Colony Capital for new offices, bringing highly-skilled employees and 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, eclipsing the national pace in this segment eightfold. While long-term demand benefits from the expansion of this key renter demographic, high short-term supply growth ends the downward trend in vacancy rates. Builders this year are expected to complete the second highest amount of units after 2021's record delivery pipeline. 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 trade velocity as investor sentiment reacted to above-average in-migration, which is expected to continue through 2022. While the city of West Palm Beach is typically highest in Class C trades, buyers looking to capitalize on renter demand from incoming office professionals are also targeting higher-tier offerings in the submarket. Investors seeking higher yields will look to Lake Worth, which is often the second most popular market for Class C transactions. Increasing market competition in the face of robust multifamily fundamentals is causing buyers to accept lower returns than in previous periods, putting downward pressure on cap rates marketwide.

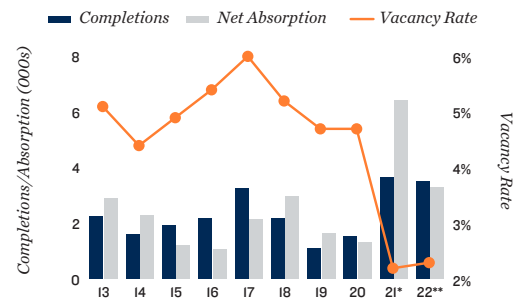
2022 Market Forecast

- NMI Rank** 4 Very strong household creation buoyed by in-migration gives West Palm Beach a premium spot in this year's Index.
- Employment** ↑ up 3.2% Employment growth exceeds the national average of 2.5 percent as metro employers expand staff counts by 21,000.
- Construction** ↓ 3,500 units The construction pipeline is projected to deliver just 150 units under 2021's record delivery pace, making 2022 the second highest year observed for completed apartments.
- Vacancy** ↑ up 10 bps Despite net absorption of over 3,200 units, the dissipation of last year's pent-up demand in the face of high stock expansion causes a marginal increase in vacancy to 2.3 percent.
- Rent** ↑ up 5.8% After surging nearly 20 percent in 2021, the pace of rent growth declines to a more sustainable level. Effective rent will rise to \$2,161 per month on average.
- Investment** ● The metro presents investors with a large selection of properties with capital improvement potential, with Lake Worth and West Palm Beach proper acting as epicenters for Class C deals.

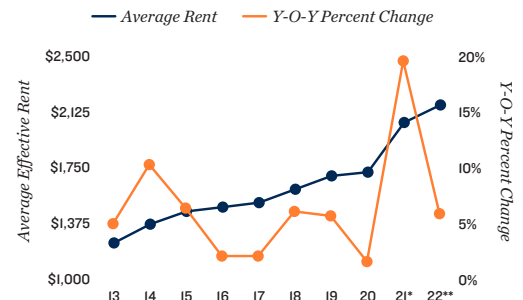
Employment Trends



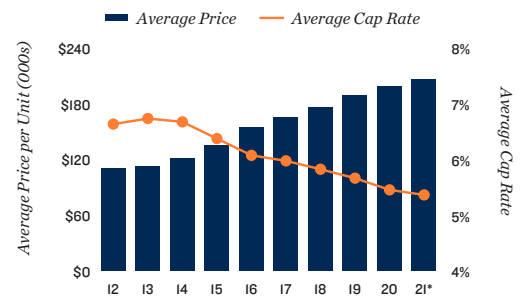
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.;

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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 December 2021. 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 the fourth quarter and represent estimates of future performance. 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; Marcus & Millichap/NREI Investor Survey; American Health Care Association; Apple; Austin Chamber of Commerce; Blue Yonder; CBRE; Centers for Disease Control and Prevention; Centers for Medicare & Medicaid Services; CIA World Factbook; CoStar Group, Inc.; Creditintell; College Crisis Initiative; Economy.com; Employment and Training Administration; Experian; Federal Reserve; Freddie Mac; Gensler; Global Business Travel Association; Kastle Systems; Google Community Mobility Reports; Harvard Joint Centers for Housing Studies; John Burns Real Estate Consulting; major U.S. port authorities; McKinsey & Company; Moody's Analytics; Mortgage Bankers Association; National Association of Realtors; National Center for Assisted Living; National Center for Health Statistics; National Restaurant Association; Nareit; New York Times; NIC Map® Data and Analysis Service (www.nicmap.org); NMHC; Oxford Economics; Phillips; Placer.ai; Primary Care Collective; Radius+; Real Capital Analytics; RealPage, Inc.; Self Storage Association; Senior Housing News; Small Business Administration; Standard & Poor's; STR, Inc.; The Conference Board; The Larry A. Green Center; Thomasnet; Trepp; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Bureau of Transportation Statistics; U.S. Census Bureau; U.S. Department of Education; U.S. Department of Labor; U.S. Transport Security Administration; U.S. Travel Association; Yardi Matrix

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Market Name	Employment Growth ²				Completions (Units) ²				Vacancy Rate ²				Effective Monthly Rate ²				Average Price/Unit ²			Market Name
	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	2022**	2019	2020	2021*	
Atlanta	2.3%	-5.5%	4.5%	3.1%	9,645	13,497	10,500	10,500	5.1%	4.4%	3.2%	3.0%	\$1,271	\$1,301	\$1,541	\$1,644	\$123,462	\$135,865	\$151,802	Atlanta
Austin	4.0%	-2.9%	5.4%	3.9%	8,769	10,066	12,400	16,700	4.7%	6.2%	3.6%	3.5%	\$1,311	\$1,258	\$1,500	\$1,610	\$164,326	\$179,201	\$195,730	Austin
Baltimore	1.1%	-5.9%	2.4%	2.1%	1,711	3,286	1,700	1,750	4.8%	4.1%	3.0%	3.2%	\$1,349	\$1,383	\$1,520	\$1,550	\$135,727	\$142,088	\$147,453	Baltimore
Boston	1.5%	-9.8%	4.7%	2.6%	6,183	9,046	5,700	5,800	3.4%	4.9%	3.2%	3.5%	\$2,417	\$2,226	\$2,440	\$2,550	\$307,696	\$308,960	\$312,432	Boston
Charlotte	2.5%	-3.4%	2.0%	2.8%	8,094	7,313	12,250	9,000	4.7%	4.4%	3.6%	3.5%	\$1,175	\$1,200	\$1,391	\$1,466	\$134,253	\$148,220	\$163,575	Charlotte
Chicago	0.6%	-8.5%	3.2%	2.7%	10,006	8,398	6,200	6,500	4.9%	5.9%	3.9%	3.7%	\$1,542	\$1,470	\$1,650	\$1,720	\$160,809	\$158,400	\$158,841	Chicago
Cincinnati	1.2%	-5.8%	3.0%	2.0%	809	2,231	1,600	3,000	3.3%	3.6%	2.7%	3.1%	\$993	\$1,019	\$1,110	\$1,160	\$63,249	\$67,481	\$72,832	Cincinnati
Cleveland	0.5%	-7.1%	0.4%	1.5%	658	1,384	970	1,300	3.7%	3.5%	3.1%	3.0%	\$966	\$982	\$1,060	\$1,125	\$60,220	\$66,061	\$71,060	Cleveland
Columbus	1.8%	-4.3%	1.9%	1.6%	4,559	4,001	5,600	3,600	4.3%	4.2%	3.3%	3.2%	\$976	\$1,026	\$1,130	\$1,175	\$82,756	\$93,690	\$104,024	Columbus
Dallas/Fort Worth	3.1%	-3.2%	3.6%	2.7%	25,173	25,276	28,500	22,200	5.1%	5.7%	3.8%	3.6%	\$1,175	\$1,183	\$1,325	\$1,395	\$117,792	\$127,883	\$136,842	Dallas/Fort Worth
Denver	2.6%	-6.7%	6.8%	2.9%	8,520	7,822	7,800	8,200	5.1%	5.1%	3.5%	3.4%	\$1,517	\$1,510	\$1,725	\$1,810	\$200,861	\$215,353	\$229,880	Denver
Detroit	0.5%	-9.7%	5.2%	2.8%	1,472	1,231	2,100	2,200	3.3%	2.6%	2.0%	2.3%	\$996	\$1,055	\$1,125	\$1,170	\$76,763	\$81,190	\$86,023	Detroit
Fort Lauderdale	1.9%	-7.4%	3.2%	4.7%	2,303	4,090	6,000	2,800	4.4%	4.2%	2.6%	2.5%	\$1,637	\$1,652	\$1,988	\$2,129	\$166,446	\$172,840	\$180,386	Fort Lauderdale
Houston	1.7%	-6.6%	4.5%	2.9%	9,191	18,577	17,100	16,600	6.3%	7.0%	4.9%	4.7%	\$1,120	\$1,096	\$1,205	\$1,262	\$109,489	\$115,417	\$117,363	Houston
Indianapolis	1.9%	-3.3%	1.5%	1.8%	2,774	2,645	1,300	1,900	5.2%	4.6%	3.6%	3.4%	\$923	\$950	\$1,055	\$1,100	\$78,637	\$86,210	\$92,130	Indianapolis
Kansas City	1.2%	-3.7%	3.6%	2.7%	2,214	4,779	5,900	3,700	4.6%	4.9%	4.0%	3.9%	\$980	\$1,001	\$1,110	\$1,180	\$90,297	\$94,866	\$100,050	Kansas City
Las Vegas	3.3%	-14.0%	8.3%	6.1%	2,665	3,047	4,200	3,300	4.7%	3.5%	2.4%	2.2%	\$1,113	\$1,153	\$1,380	\$1,480	\$120,936	\$135,192	\$151,082	Las Vegas
Los Angeles	0.8%	-11.6%	8.1%	4.1%	7,444	10,954	11,700	6,700	3.7%	4.5%	2.7%	2.3%	\$2,328	\$2,216	\$2,470	\$2,580	\$284,896	\$289,324	\$303,091	Los Angeles
Louisville	1.0%	-5.7%	3.7%	2.4%	1,447	2,368	2,100	2,100	4.9%	4.9%	3.5%	3.6%	\$904	\$917	\$1,020	\$1,045	\$91,200	\$94,320	\$95,215	Louisville
Miami-Dade	1.8%	-8.6%	5.2%	4.7%	6,641	7,471	10,300	6,900	3.8%	4.8%	2.1%	2.3%	\$1,712	\$1,672	\$1,941	\$2,077	\$172,813	\$179,402	\$186,499	Miami-Dade
Milwaukee	0.0%	-7.1%	3.8%	2.6%	2,581	2,054	2,200	1,100	3.5%	3.7%	2.8%	2.7%	\$1,173	\$1,205	\$1,300	\$1,360	\$93,110	\$98,428	\$104,217	Milwaukee
Minneapolis-St. Paul	0.7%	-9.5%	6.6%	3.4%	5,058	7,838	8,500	8,100	3.3%	4.2%	3.3%	3.4%	\$1,356	\$1,344	\$1,405	\$1,465	\$140,196	\$147,130	\$150,231	Minneapolis-St. Paul
Nashville	2.8%	-4.2%	5.2%	2.9%	3,985	5,345	7,100	11,000	4.5%	5.6%	2.6%	2.9%	\$1,280	\$1,240	\$1,460	\$1,520	\$146,497	\$158,740	\$172,783	Nashville
New Haven-Fairfield County	-0.6%	-7.7%	2.5%	1.6%	1,361	1,630	1,950	2,300	4.5%	4.3%	2.6%	3.1%	\$1,902	\$1,896	\$2,050	\$2,095	\$174,822	\$184,588	\$193,039	New Haven-Fairfield County
New York City	1.8%	-13.5%	5.3%	3.5%	21,616	17,519	18,000	17,000	2.2%	3.1%	2.1%	2.0%	\$2,737	\$2,666	\$2,755	\$2,815	\$347,443	\$340,499	\$340,877	New York City
Northern New Jersey	0.7%	-9.8%	3.8%	2.0%	9,480	10,073	9,000	12,000	4.4%	5.9%	4.2%	4.5%	\$1,986	\$1,941	\$2,075	\$2,125	\$175,547	\$181,532	\$187,501	Northern New Jersey
Oakland/East Bay	0.9%	-9.7%	3.4%	3.4%	3,919	4,121	5,350	5,500	3.9%	4.6%	3.3%	3.4%	\$2,381	\$2,263	\$2,419	\$2,523	\$302,801	\$291,386	\$291,702	Oakland/East Bay
Orange County	1.1%	-10.0%	7.3%	4.0%	2,836	2,615	2,300	3,200	3.6%	3.2%	1.5%	1.4%	\$2,144	\$2,137	\$2,400	\$2,510	\$304,228	\$314,087	\$328,843	Orange County
Orlando	2.3%	-12.5%	7.7%	5.7%	6,773	7,387	13,000	7,500	4.2%	5.1%	2.3%	2.2%	\$1,293	\$1,257	\$1,480	\$1,565	\$156,111	\$154,451	\$162,531	Orlando
Philadelphia	1.5%	-7.9%	4.3%	2.4%	5,487	6,700	7,100	6,400	3.5%	3.3%	2.6%	3.0%	\$1,384	\$1,420	\$1,545	\$1,610	\$170,752	\$166,739	\$168,989	Philadelphia
Phoenix	3.7%	-3.7%	6.6%	3.9%	8,578	8,571	10,500	20,800	4.0%	3.8%	2.6%	2.8%	\$1,185	\$1,247	\$1,520	\$1,630	\$144,004	\$164,602	\$189,756	Phoenix
Pittsburgh	0.4%	-8.6%	4.3%	2.3%	401	958	900	1,700	3.1%	4.5%	2.6%	2.8%	\$1,187	\$1,186	\$1,280	\$1,320	\$98,769	\$109,602	\$116,467	Pittsburgh
Portland	1.7%	-8.9%	7.1%	3.6%	5,132	5,923	7,800	4,500	4.5%	4.4%	3.0%	2.8%	\$1,428	\$1,427	\$1,565	\$1,625	\$190,398	\$197,218	\$204,841	Portland
Raleigh	2.6%	-3.1%	4.0%	2.8%	5,523	5,856	4,800	8,000	4.7%	4.9%	2.9%	3.1%	\$1,168	\$1,182	\$1,410	\$1,460	\$149,400	\$157,863	\$168,510	Raleigh
Riverside-San Bernardino	3.7%	-5.7%	3.7%	2.3%	2,462	1,630	1,700	1,600	3.5%	1.8%	1.5%	1.7%	\$1,564	\$1,711	\$1,975	\$2,075	\$159,044	\$169,413	\$179,130	Riverside-San Bernardino
Sacramento	1.7%	-5.9%	4.0%	3.1%	1,267	1,474	1,440	3,000	3.5%	2.6%	2.4%	2.8%	\$1,505	\$1,601	\$1,828	\$1,952	\$159,238	\$176,789	\$183,799	Sacramento
Salt Lake City	2.5%	-0.2%	4.8%	3.3%	3,556	3,672	5,900	4,000	4.1%	4.1%	2.3%	2.5%	\$1,176	\$1,203	\$1,420	\$1,530	\$157,889	\$174,219	\$190,788	Salt Lake City
San Antonio	1.9%	-3.8%	3.3%	2.4%	4,742	5,393	4,300	3,200	6.2%	6.4%	4.2%	3.9%	\$1,010	\$1,008	\$1,130	\$1,185	\$103,228	\$108,713	\$116,249	San Antonio
San Diego	1.3%	-8.8%	3.3%	2.6%	3,621	3,202	4,800	3,300	3.6%	3.2%	1.7%	1.7%	\$2,035	\$2,063	\$2,325	\$2,425	\$275,912	\$285,908	\$299,603	San Diego
San Francisco	3.1%	-12.7%	7.0%	4.2%	2,788	4,169	3,250	3,200	5.3%	10.5%	7.0%	6.2%	\$2,863	\$2,543	\$2,789	\$2,982	\$461,662	\$462,672	\$443,956	San Francisco
San Jose	2.0%	-8.6%	5.5%	3.4%	2,046	4,350	5,350	4,400	3.9%	6.1%	3.4%	3.2%	\$2,901	\$2,480	\$2,754	\$2,920	\$408,228	\$393,477	\$391,183	San Jose
Seattle-Tacoma	2.6%	-7.4%	6.0%	4.5%	11,216	7,352	11,500	14,800	4.3%	5.3%	3.4%	3.6%	\$1,809	\$1,741	\$1,890	\$1,960	\$260,096	\$266,743	\$278,522	Seattle-Tacoma
St. Louis	1.2%	-5.7%	1.7%	2.2%	1,919	1,980	1,400	2,500	4.4%	4.7%	3.5%	3.7%	\$966	\$994	\$1,100	\$1,125	\$95,726	\$102,427	\$108,736	St. Louis
Tampa-St. Petersburg	2.6%	-3.2%	4.8%	4.5%	5,447	4,417	8,000	5,800	4.6%	4.2%	2.0%	2.2%	\$1,245	\$1,287	\$1,550	\$1,635	\$126,795	\$137,213	\$149,436	Tampa-St. Petersburg
Washington, D.C.	1.4%	-6.7%	3.2%	2.8%	12,137	13,365	14,000	13,500	4.0%	5.2%	3.3%	3.5%	\$1,814	\$1,735	\$1,850	\$1,925	\$220,406	\$234,877	\$243,153	Washington, D.C.
West Palm Beach	1.6%	-5.6%	6.1%	3.2%	1,100	1,526	3,650	3,500	4.7%	4.7%	2.2%	2.3%	\$1,684	\$1,709	\$2,043	\$2,161	\$189,135	\$198,283	\$206,399	West Palm Beach
United States	1.3%	-6.2%	4.6%	2.5%	285,684	341,395	385,000	400,000	4.2%	4.4%	3.0%	2.9%	\$1,421	\$1,410	\$1,571	\$1,653	\$161,187	\$167,627	\$180,421	United States

* Estimate ** Forecast ² See Statistical Summary Note on Page 60.

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