

A magnifying glass is positioned over a bar chart. The chart displays data for four quarters: Q1, Q2, Q3, and Q4. Each quarter has two bars, one blue and one green. The blue bars are consistently taller than the green bars. The magnifying glass is centered over the Q2 and Q3 data points. The text 'National Market Update' is overlaid in white, bold font across the center of the image.

# National Market Update

1,000

Q1

Q2

Q3

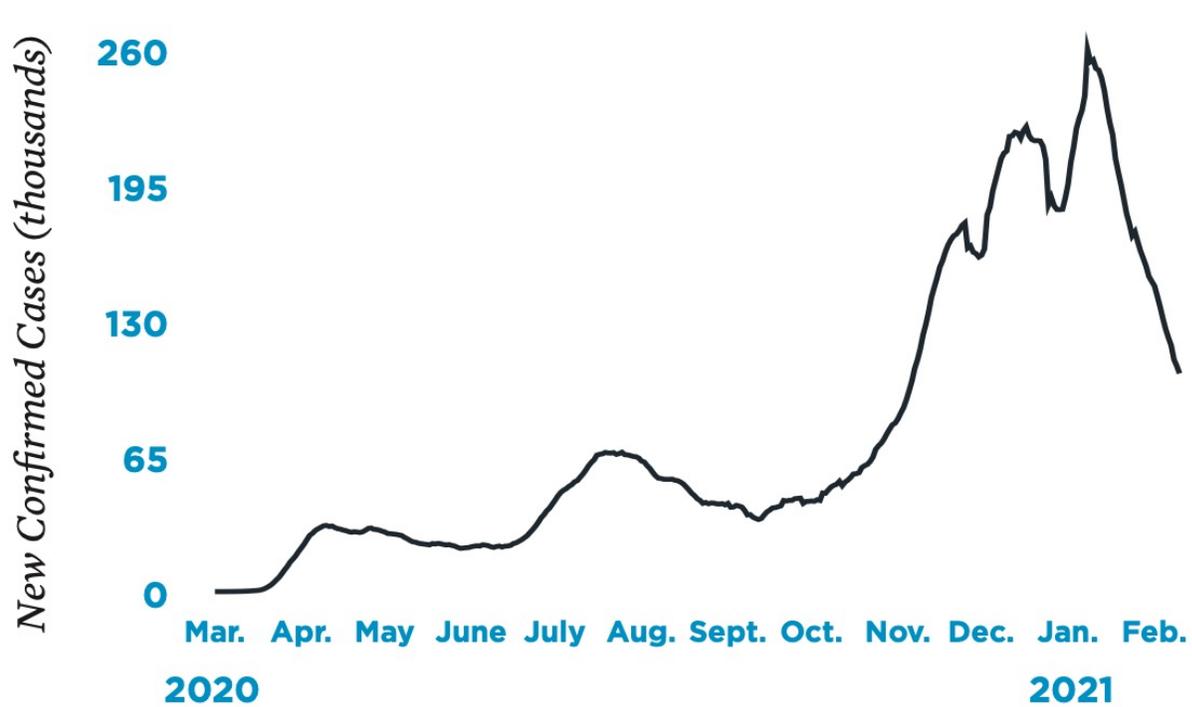
Q2

Q3

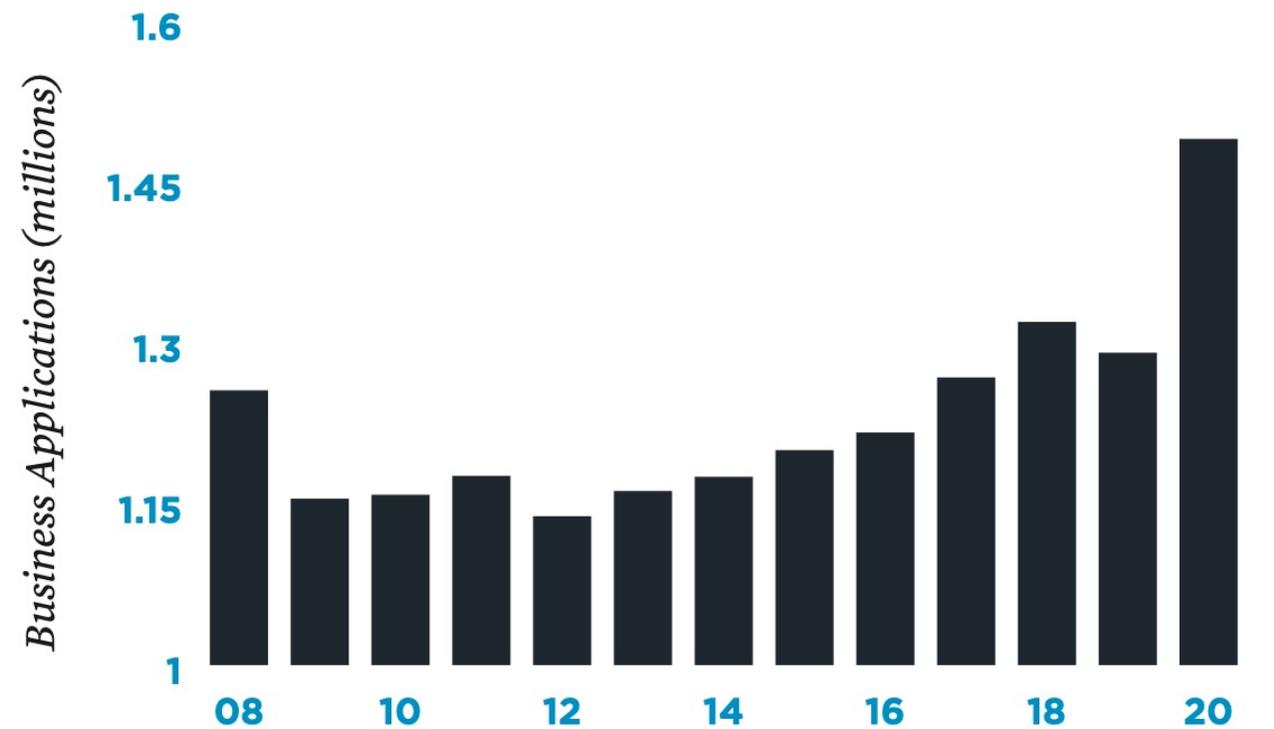
Q4

# Economic Update

## Daily U.S. COVID-19 Cases Ease From Spike

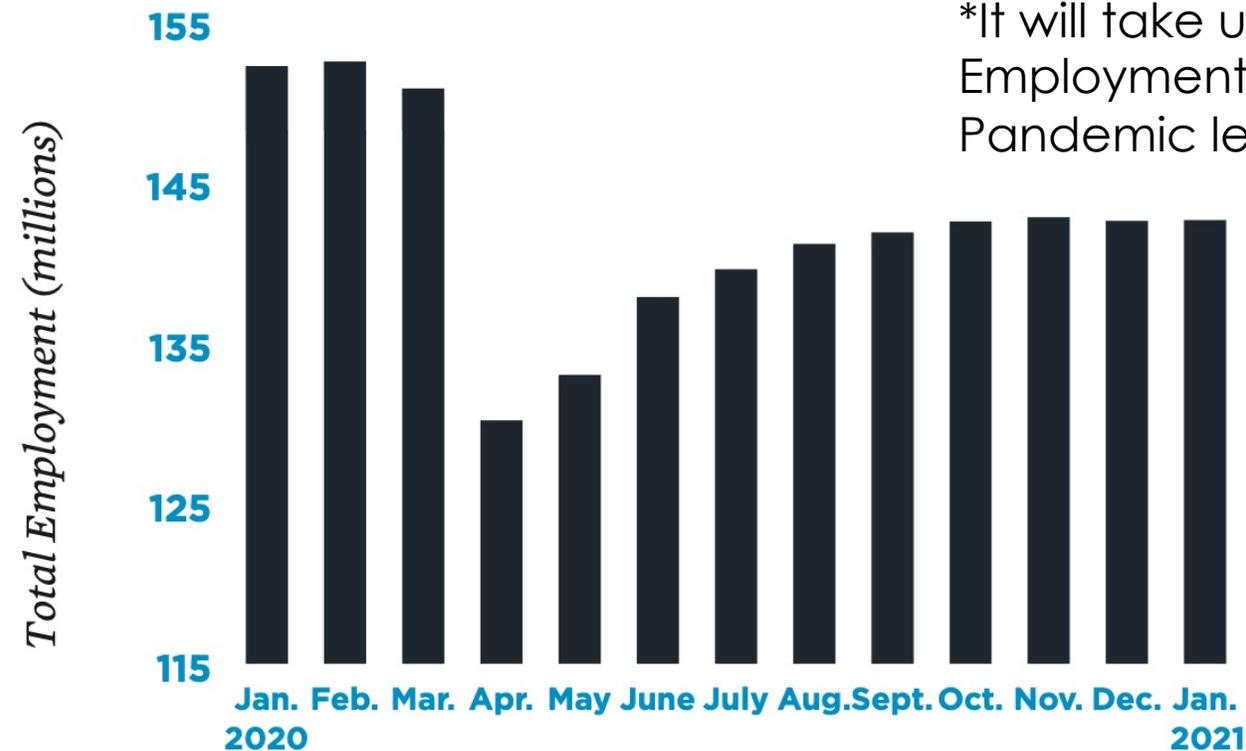


## New Business Applications Surge



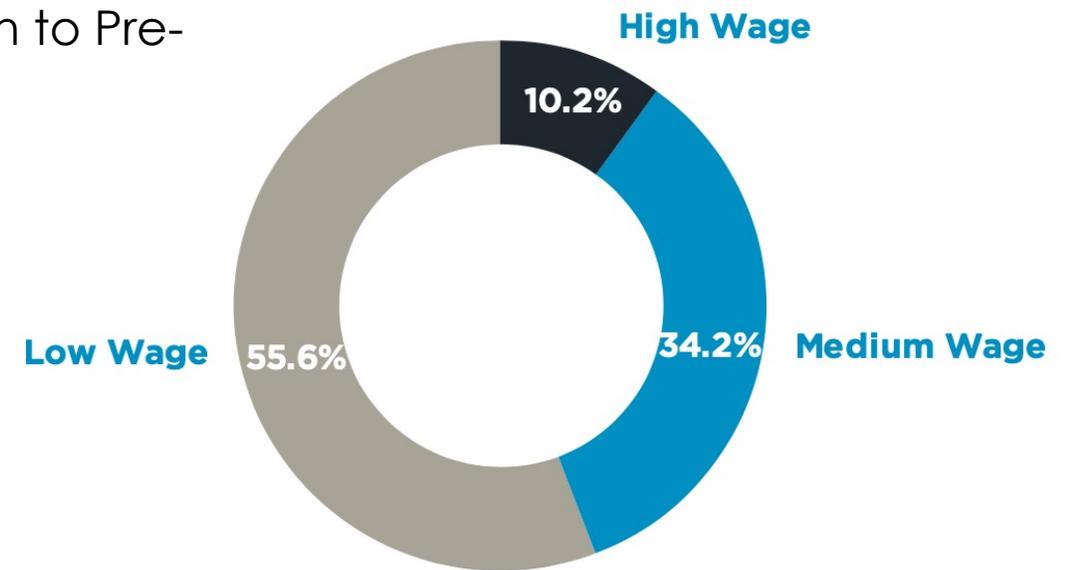
# Economic Update

## Employment Trends

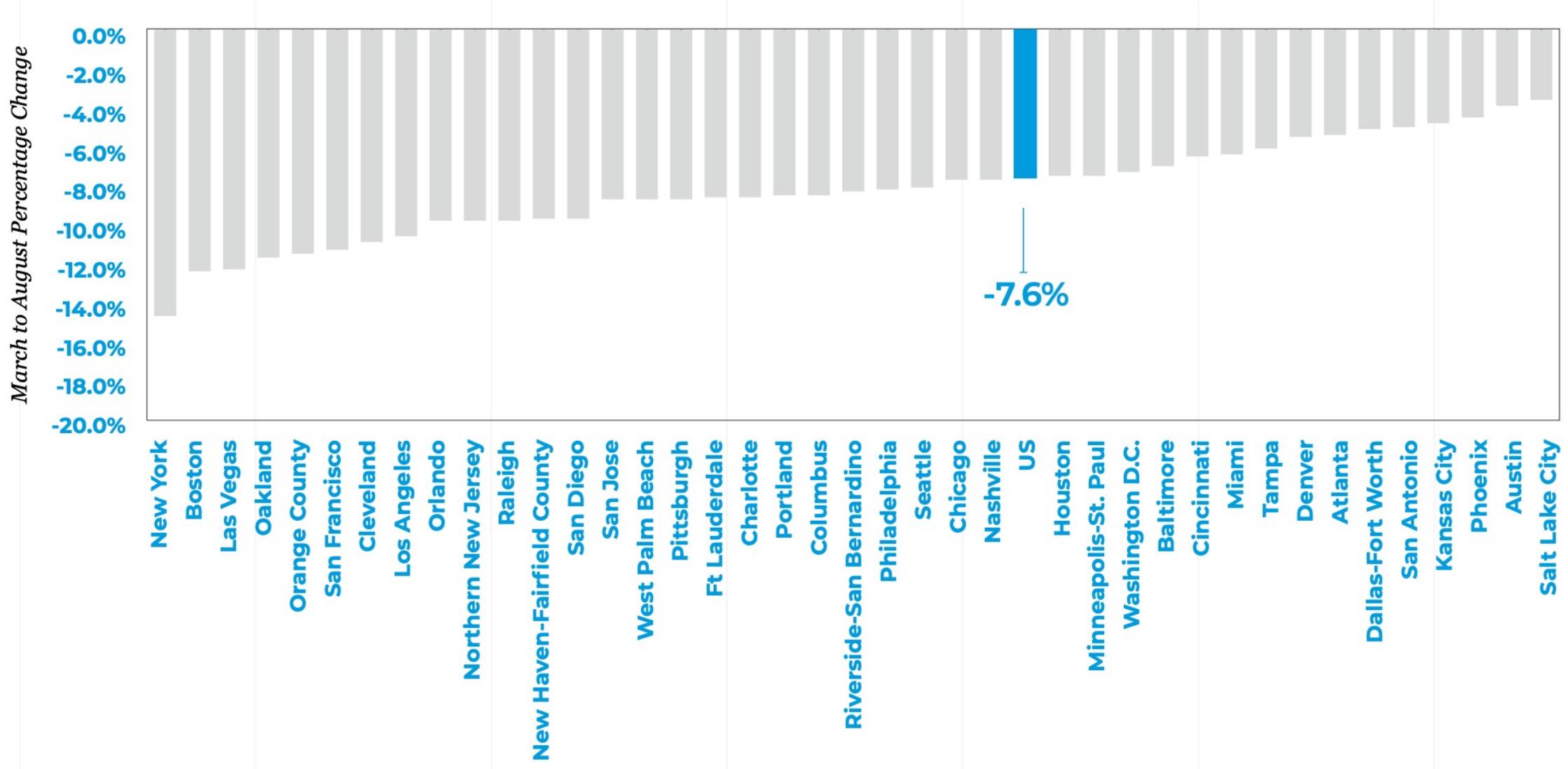


\*It will take until **2023** for Employment to return to Pre-Pandemic levels

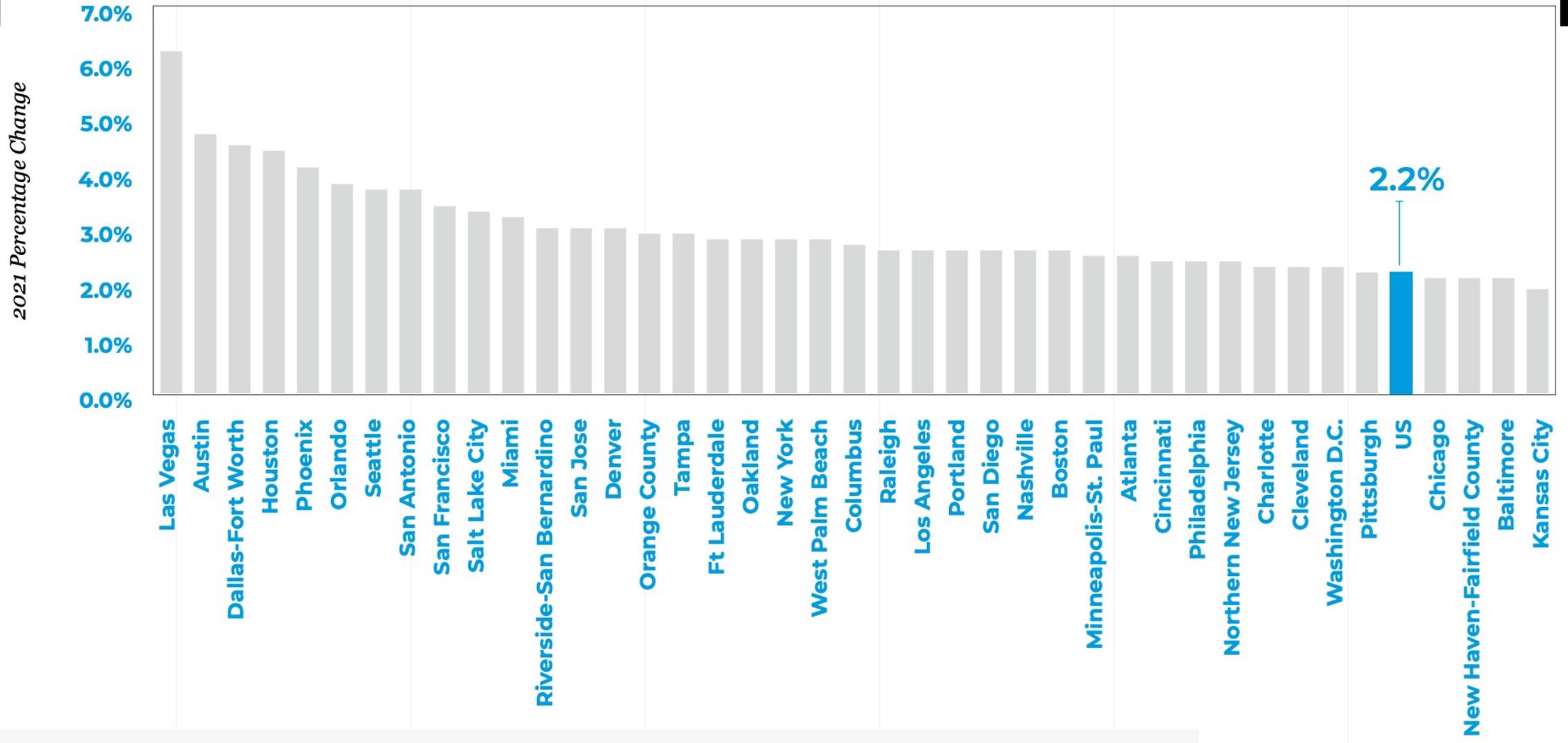
## Share of Job Losses\*



# Metro Employment Percentage Lost

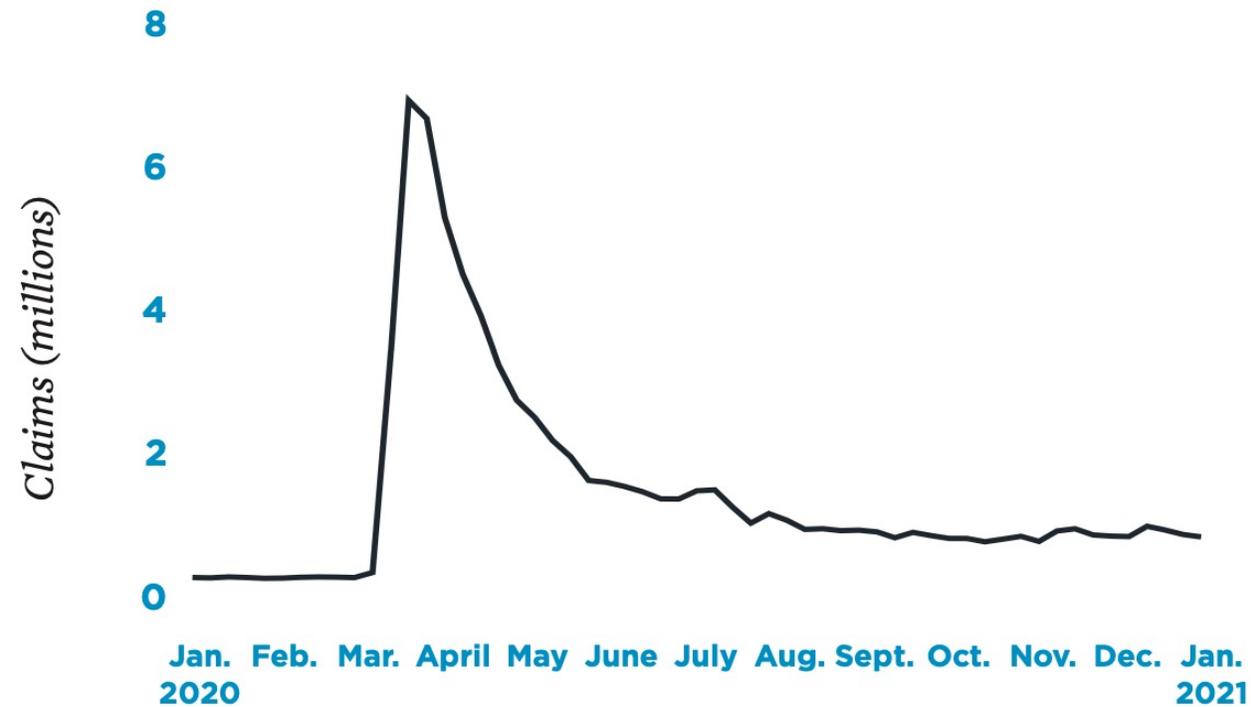


# Employment Forecast 2021

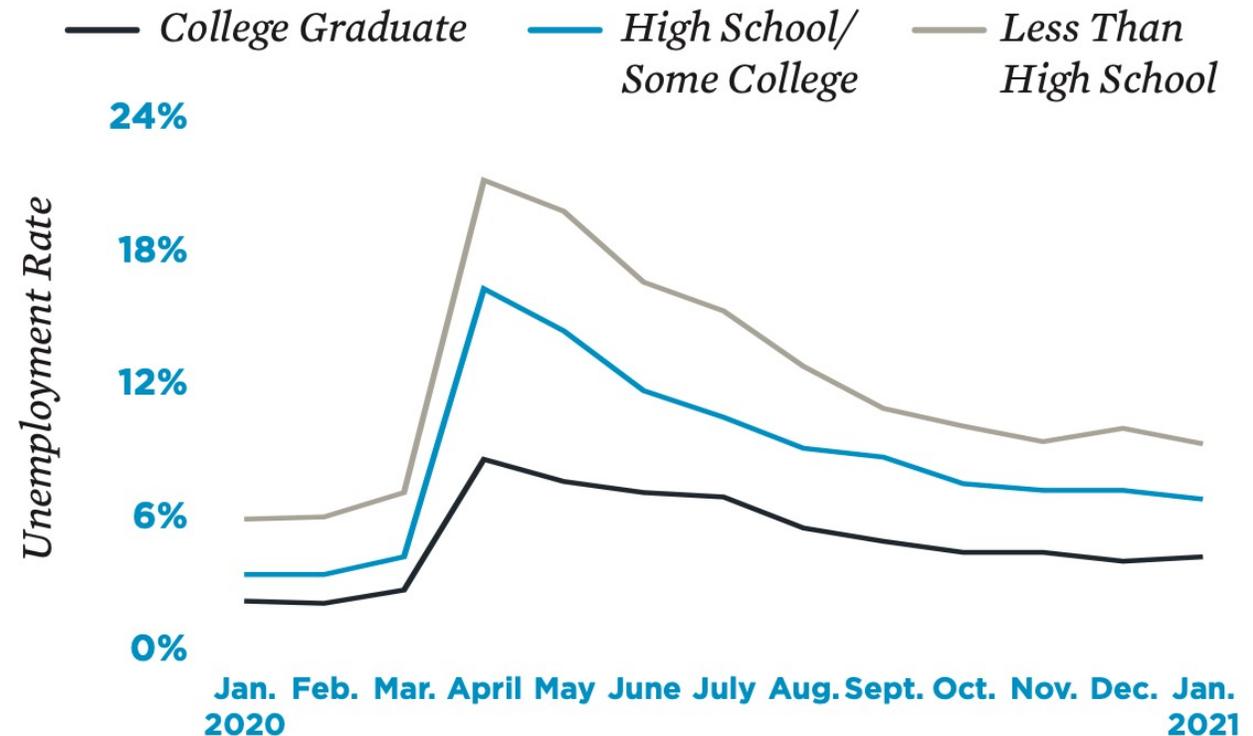


# Economic Update

## Unemployment Claims

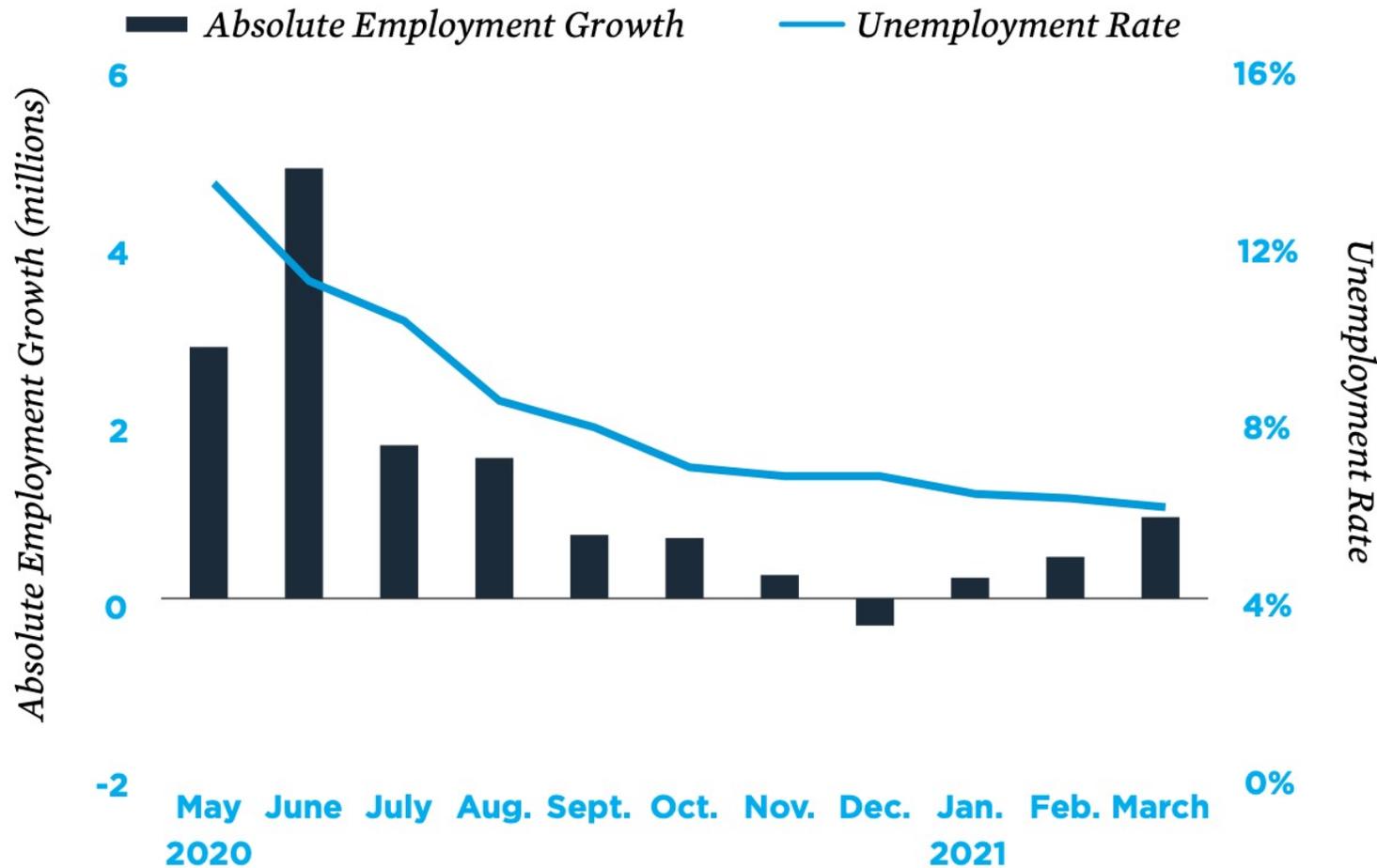


## Unemployment Rate by Education Level



# Economic Update

## Job Creation Gets Second Wind

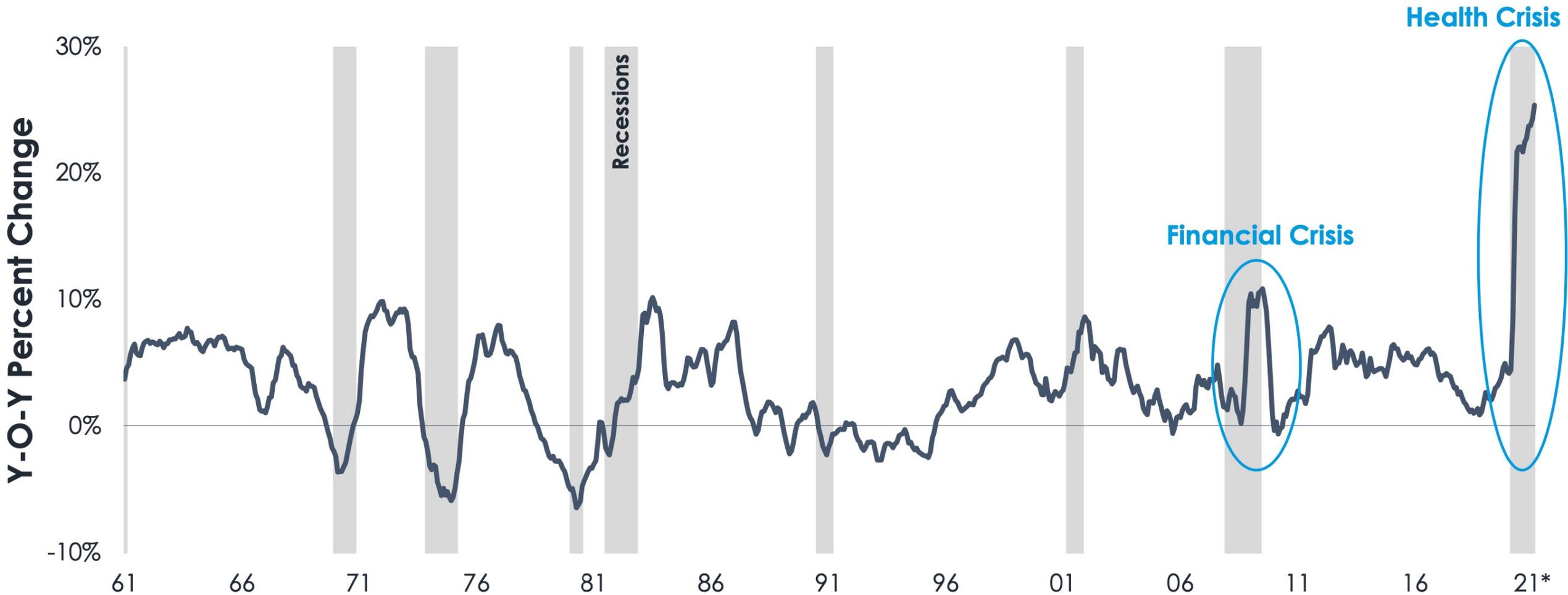


**6.0%** Unemployment Rate in March 2021

**14M** Jobs Recovered Since April 2020

# Real Money Supply (M2)

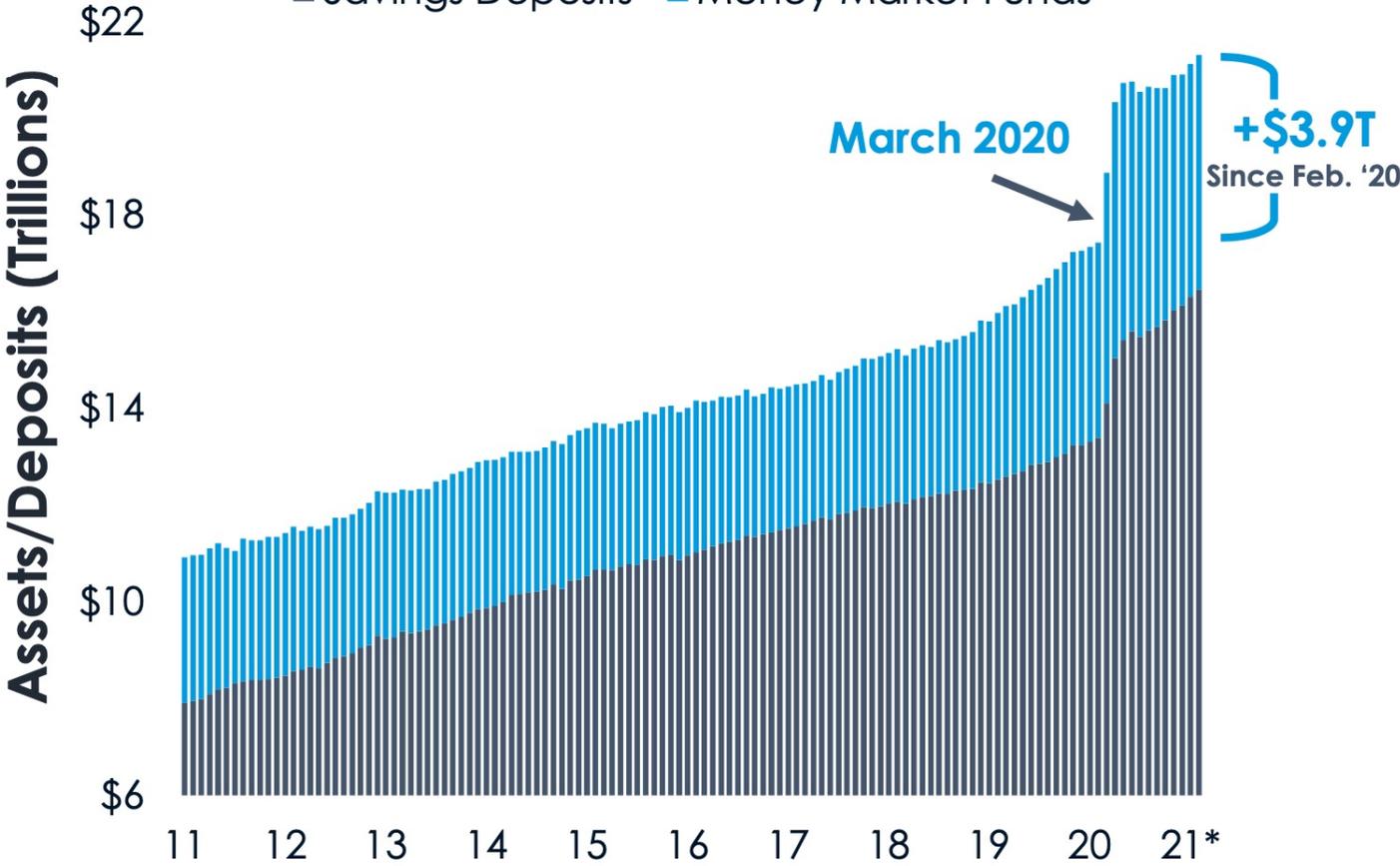
## Unprecedented Increase to Offset Pandemic



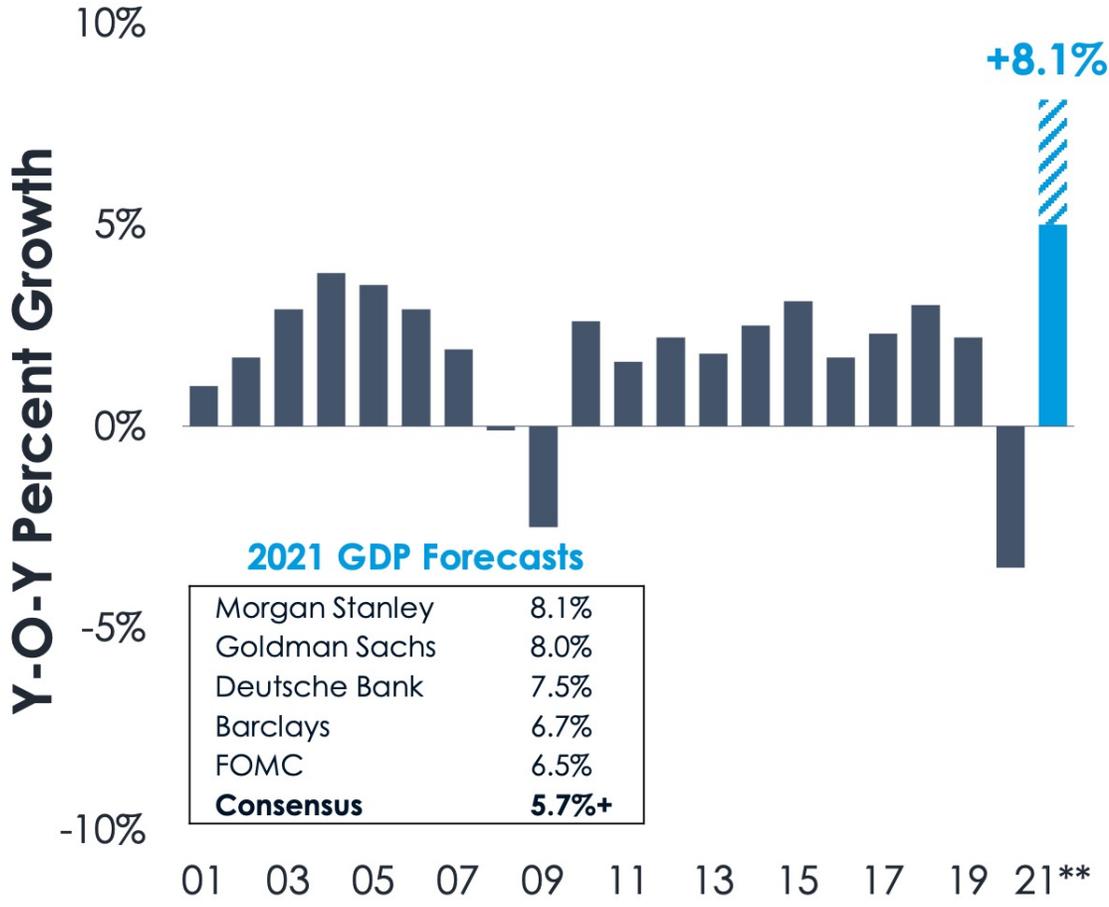
# Nearly \$4 Trillion of Pent-Up Consumer Spending and Business Expansion

U.S. Total Savings Deposits and Money Market Mutual Funds

■ Savings Deposits ■ Money Market Funds

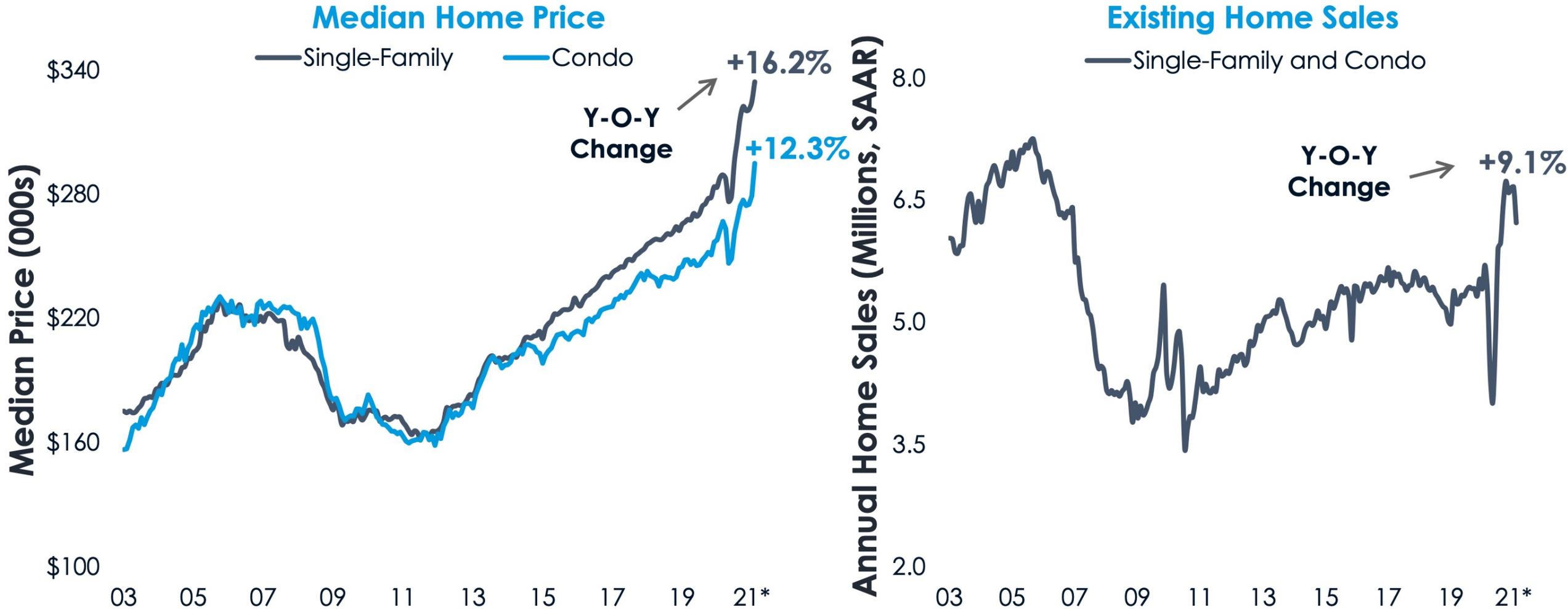


GDP Growth



# Housing Market – Positive Force

## Interest Rates Rising – Bubble Concerns Rising



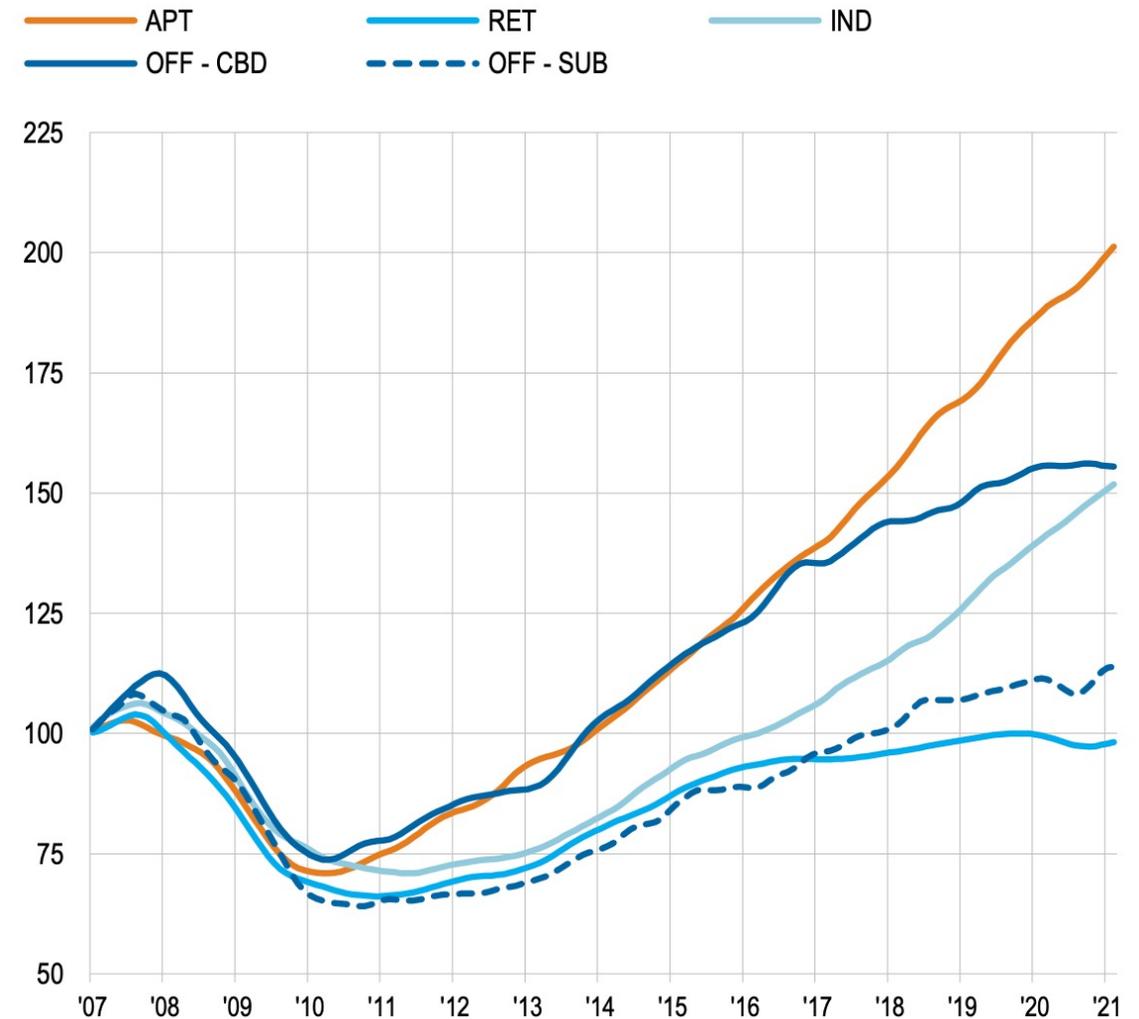
# Economy: Conclusions

- Accelerating Recovery – beating most estimates
- Retail Sales grew 9.8% in March vs. estimate of 6.1%
- Unemployment Claims in March 2021 = Lowest since March 2020
  - (Still 576,000 though...)
- Corporate Profits and Balance Sheets are very strong
  - Great for job growth, investment, expansion
- Personal savings and balance sheets also very strong
- Housing Market Supply – Demand points to further growth
- Bullish for most real estate – Especially Multifamily

# Capital Markets Update



- Multifamily has vastly outperformed all other CRE product types
- Price Index for Multifamily separated from the rest in 2017 and continues to outpace
- Retail and CBD Office have stagnated over the same time period



# Commercial Property Price Index (CPPI)

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	0.3%	1.7%	2.0%	11.1%	28.3%	76.0%
Office - CBD	0.0%	-0.3%	-0.1%	7.9%	25.3%	99.4%
Office - Sub	0.2%	2.2%	2.2%	12.0%	28.5%	73.9%
Industrial	0.6%	1.8%	8.1%	30.3%	52.3%	113.1%
Retail	0.3%	0.8%	-1.4%	2.0%	5.2%	48.2%
Commercial	0.7%	2.3%	5.2%	15.6%	29.0%	80.1%
Apartment	0.7%	2.2%	7.2%	29.6%	57.3%	166.3%
All Types	0.9%	2.9%	6.8%	21.1%	40.4%	110.5%
6 Major Metros All Types	0.1%	0.4%	1.7%	12.2%	30.3%	102.4%
Non-Major Metros All Types	1.1%	3.6%	8.4%	24.1%	43.5%	114.1%

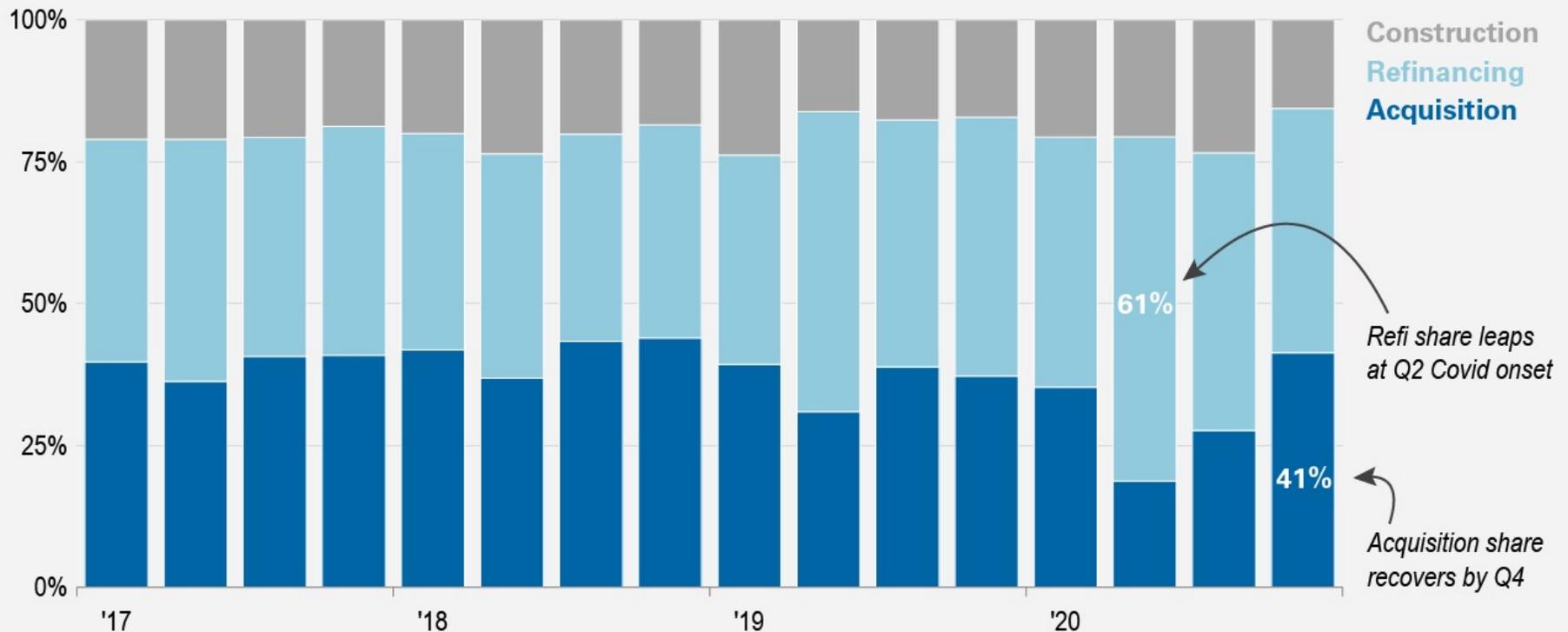
The 6 Major Metros (6MM) are Boston, Chicago, Los Angeles, New York, San Francisco and Washington DC.  
Non-Major Metros (NMM) refers to all secondary and tertiary markets.

# Capital Markets Update

## Why Did Prices Hold Up This Time vs. The Global Financial Crisis (GFC) of 2008-2009?

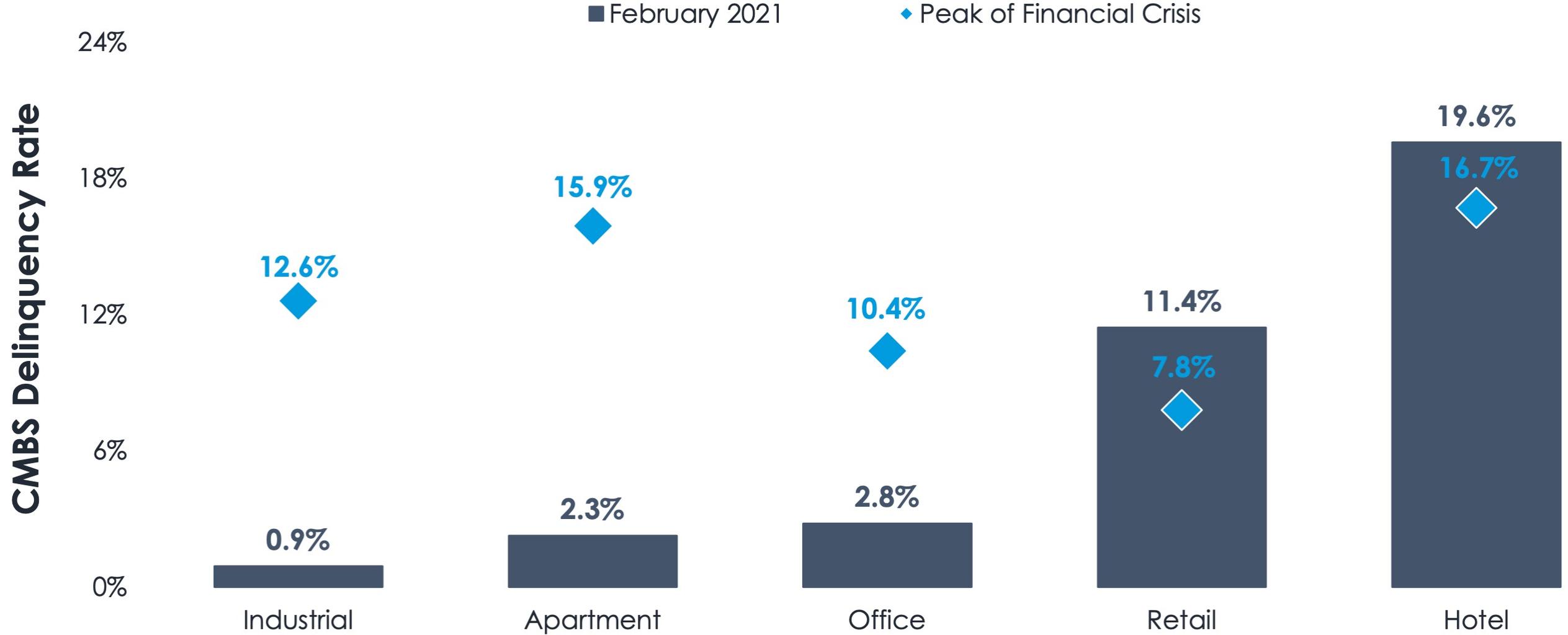
- Volume contracted, but prices did not collapse as they did in the GFC
- Availability of debt for refinancing was the big difference

## Composition of US Commercial Property Capital Flows



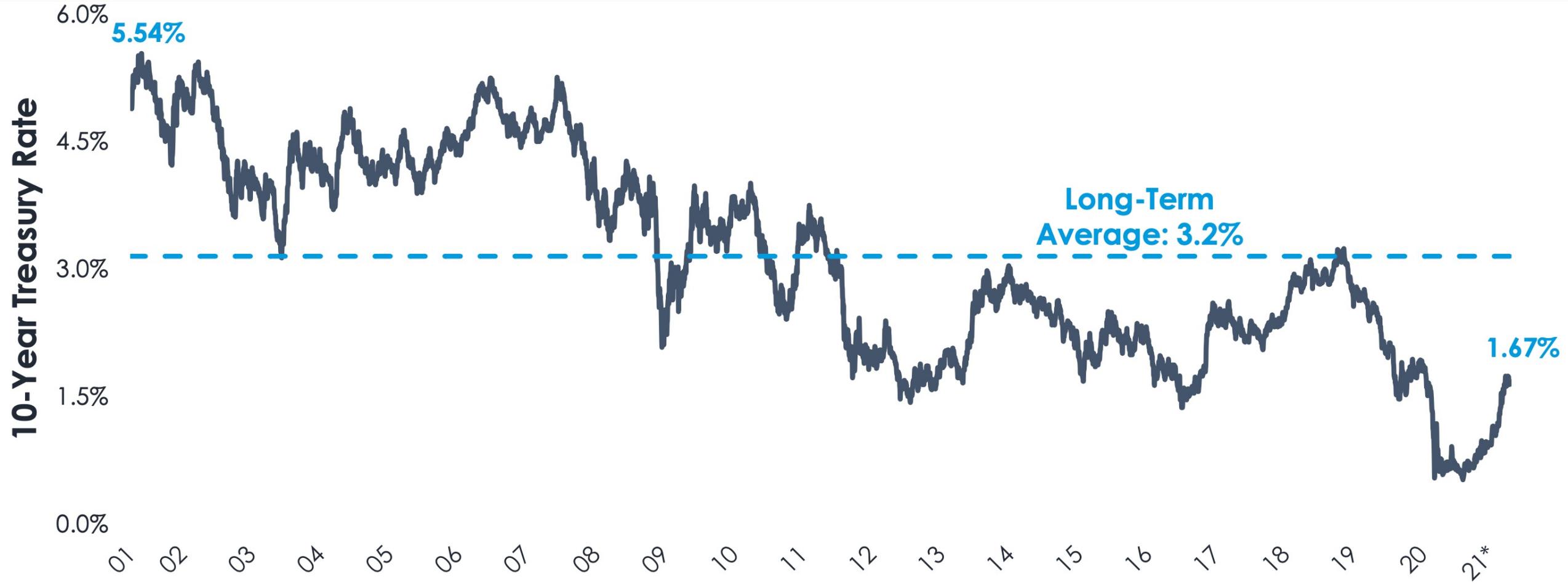
Value of property acquisitions and properties being refinanced;  
estimated value of construction starts.

# Commercial Mortgage Delinquencies Primarily in Hotel and Retail



# What About Recent Interest Rate Rise?

Perspective: Still Below Pre-Covid & Long-Term Average



# Multifamily Market Update

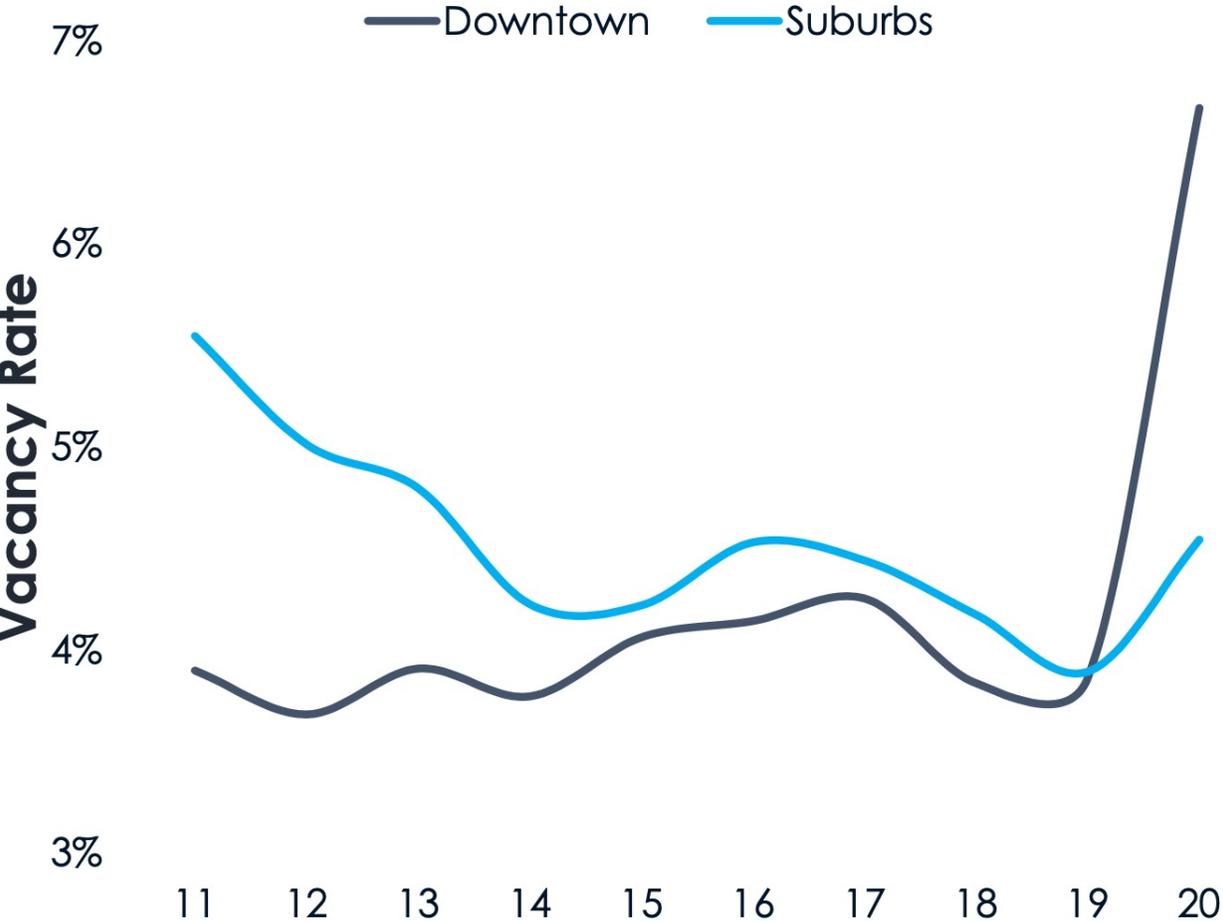
## Class A Vacancies Most Impacted by Economic Shock and New Supply



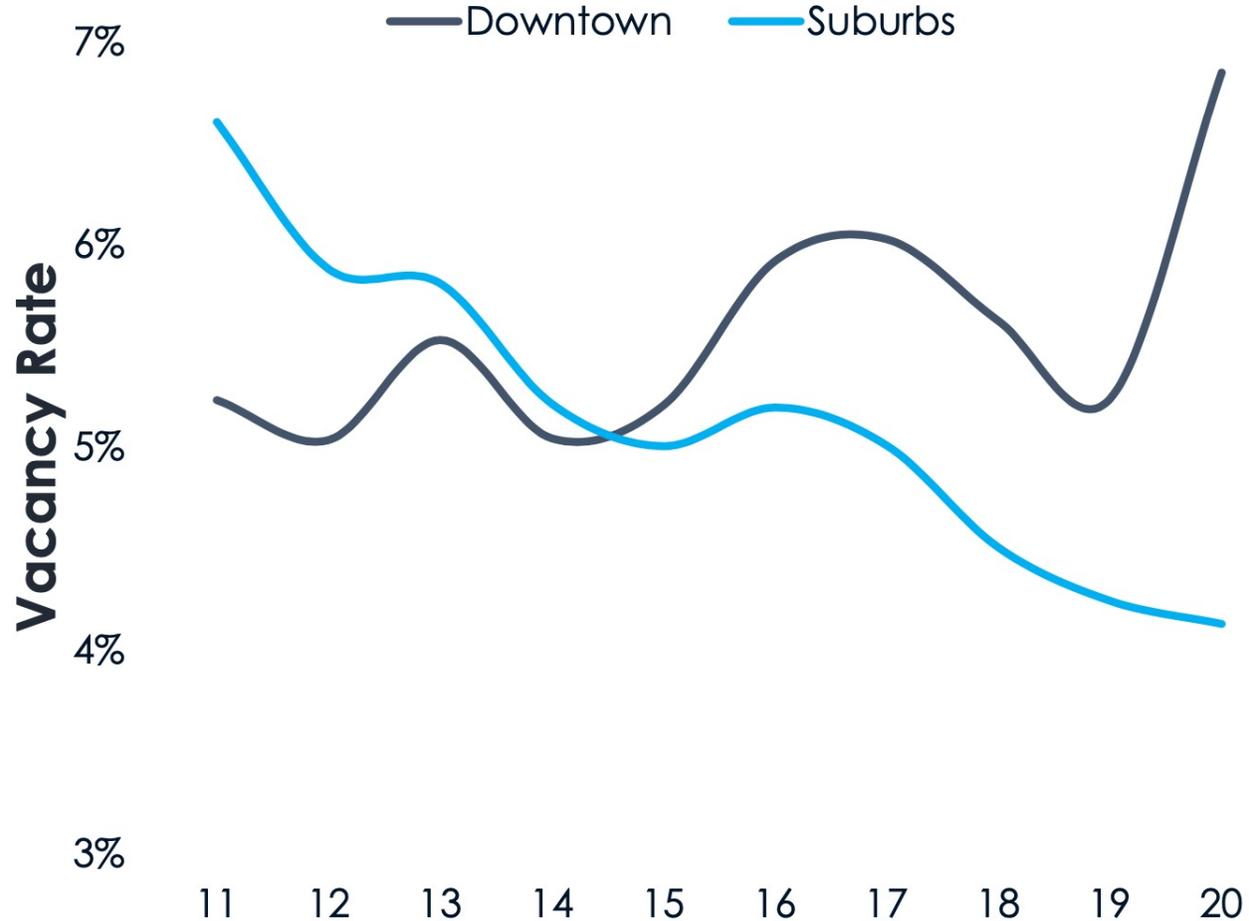
# Multifamily Market Update

## Suburban Properties Outperforming in all Market Types

### Primary Markets

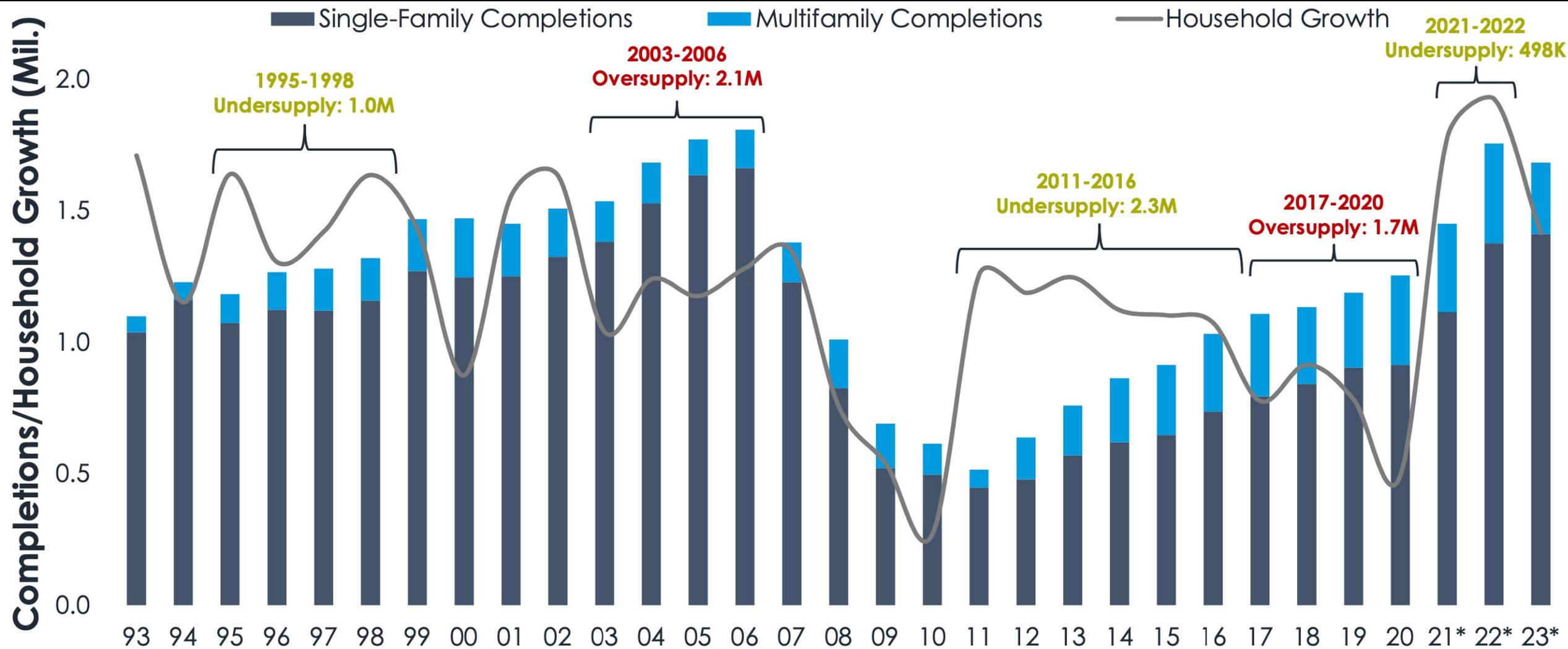


### Secondary/Tertiary Markets



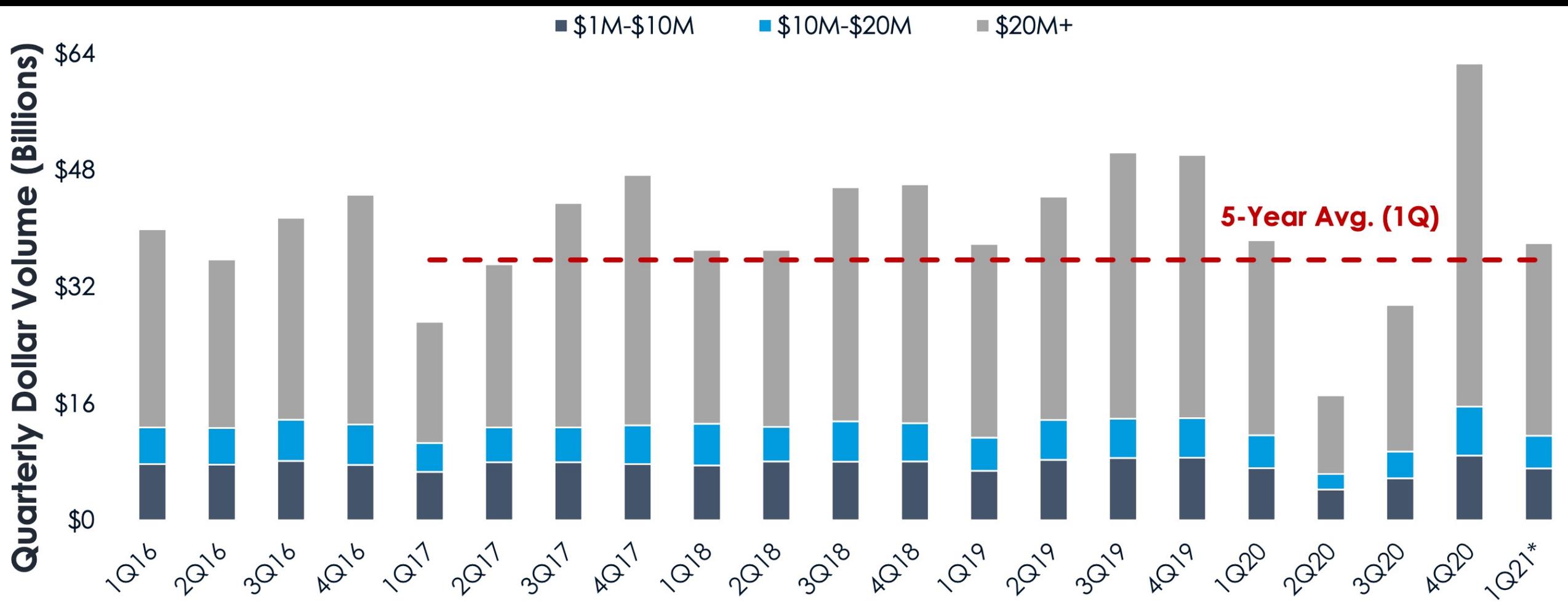
# Multifamily Market Update

## Household Formations vs. Housing Completions



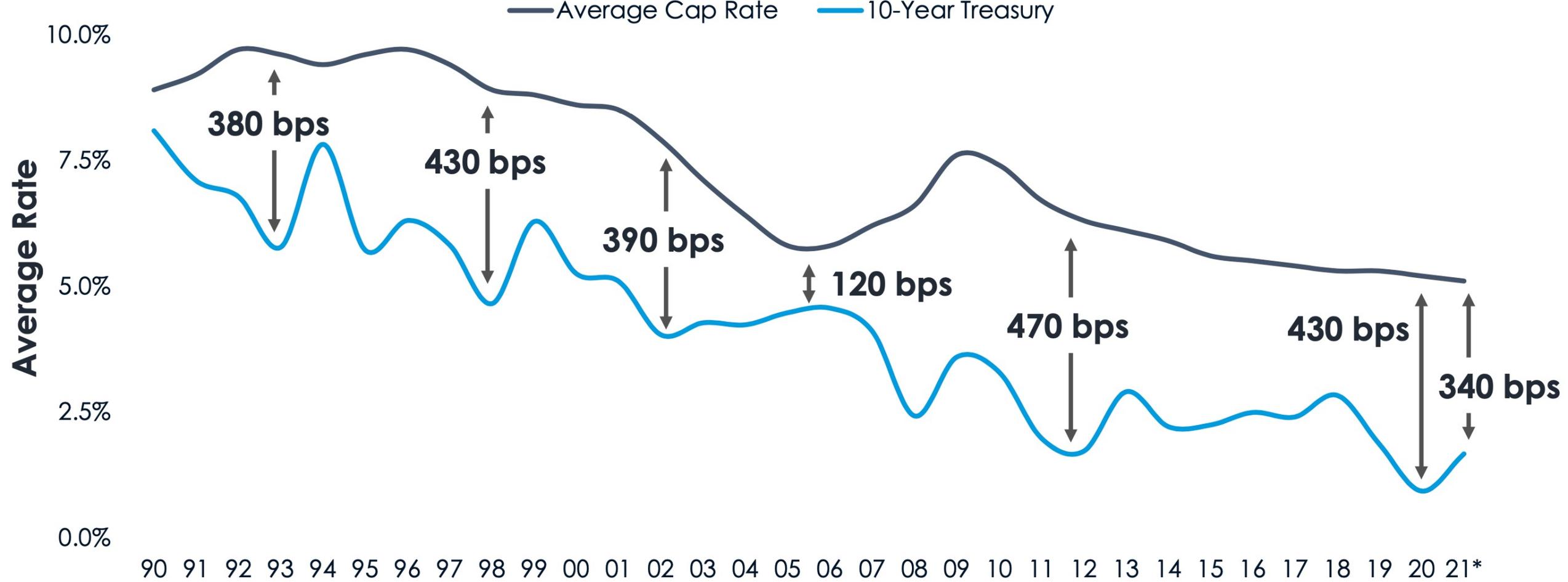
# Multifamily Market Update

## Volume Back to “Normal” after 2 Quarter Shock



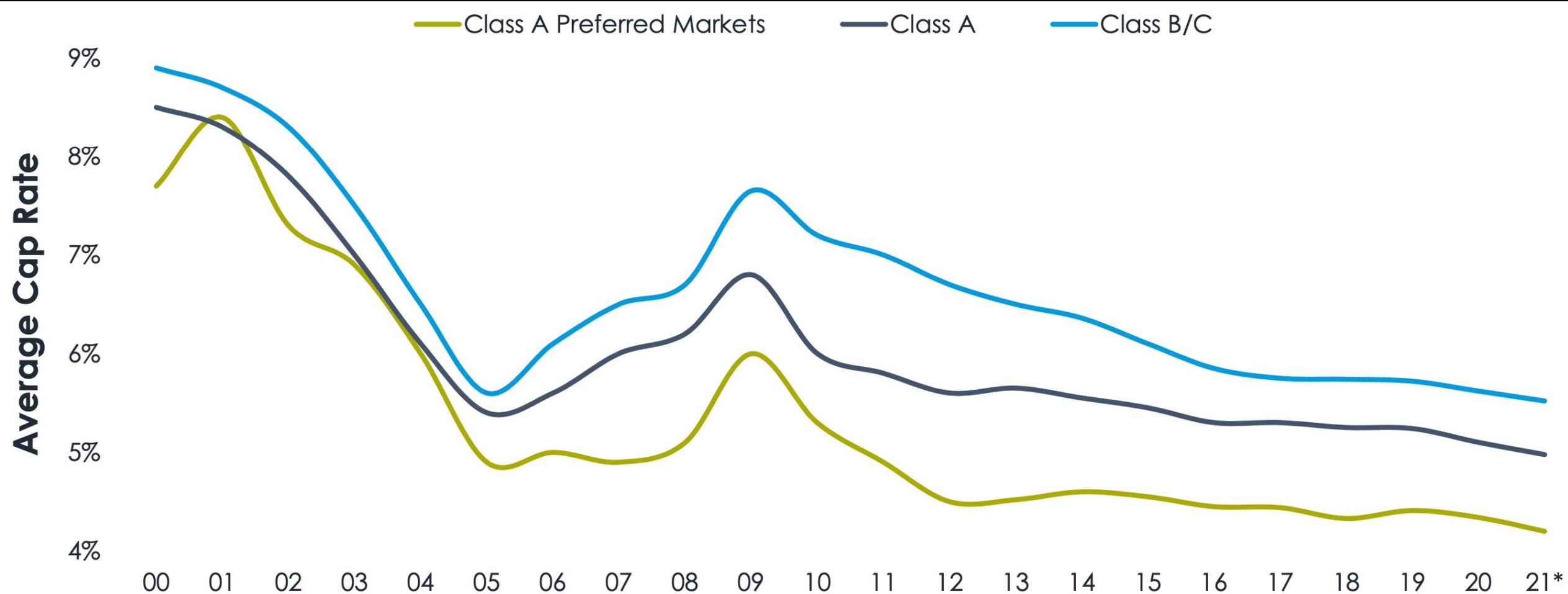
# Multifamily Market Update

## Cap Rates vs. 10-Year Treasuries: Bubble? Not Really

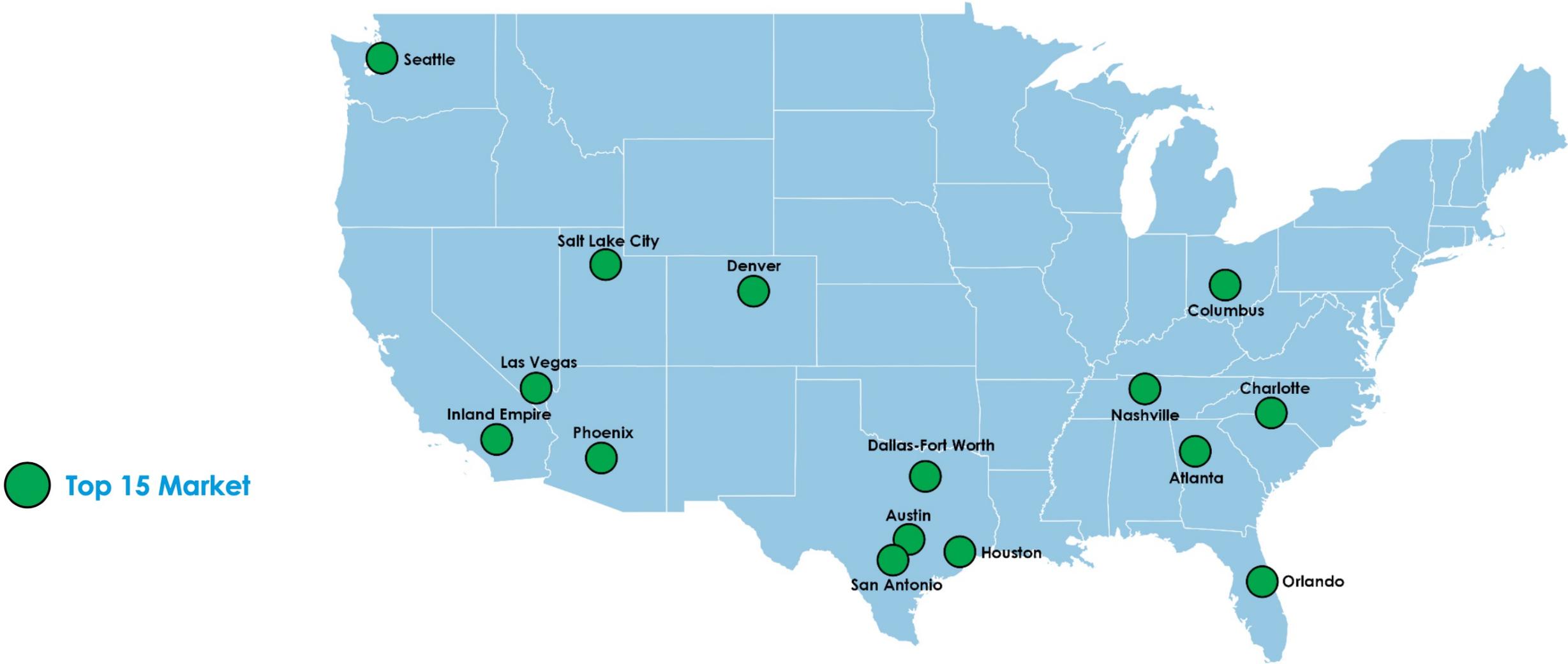


# Multifamily Market Update

## Cap Rates by Class



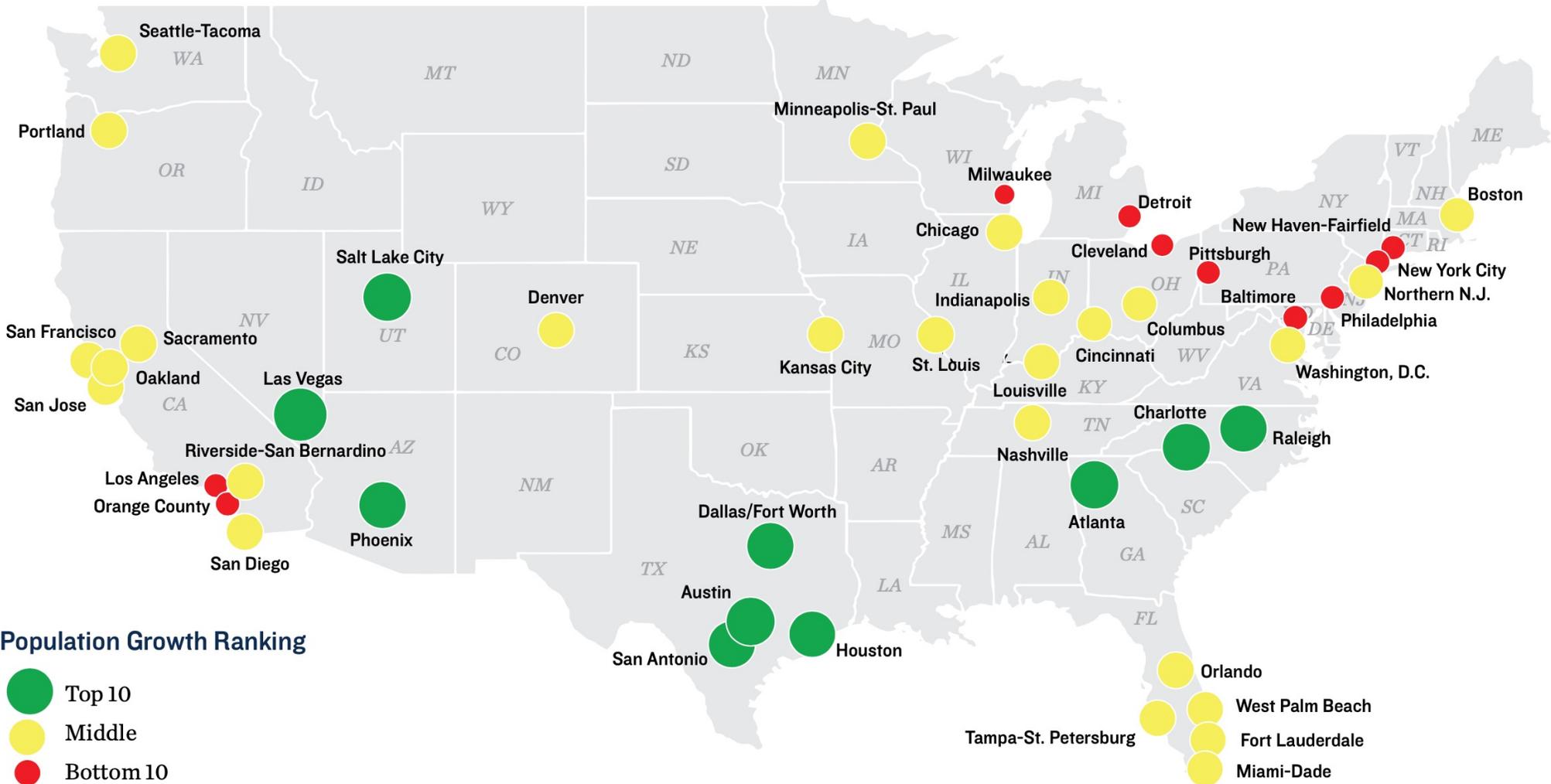
# Population Growth Five-Year Percentage Change



# Young Adult Population Growth

## Five-Year Percentage Change Forecast: 2021-2025

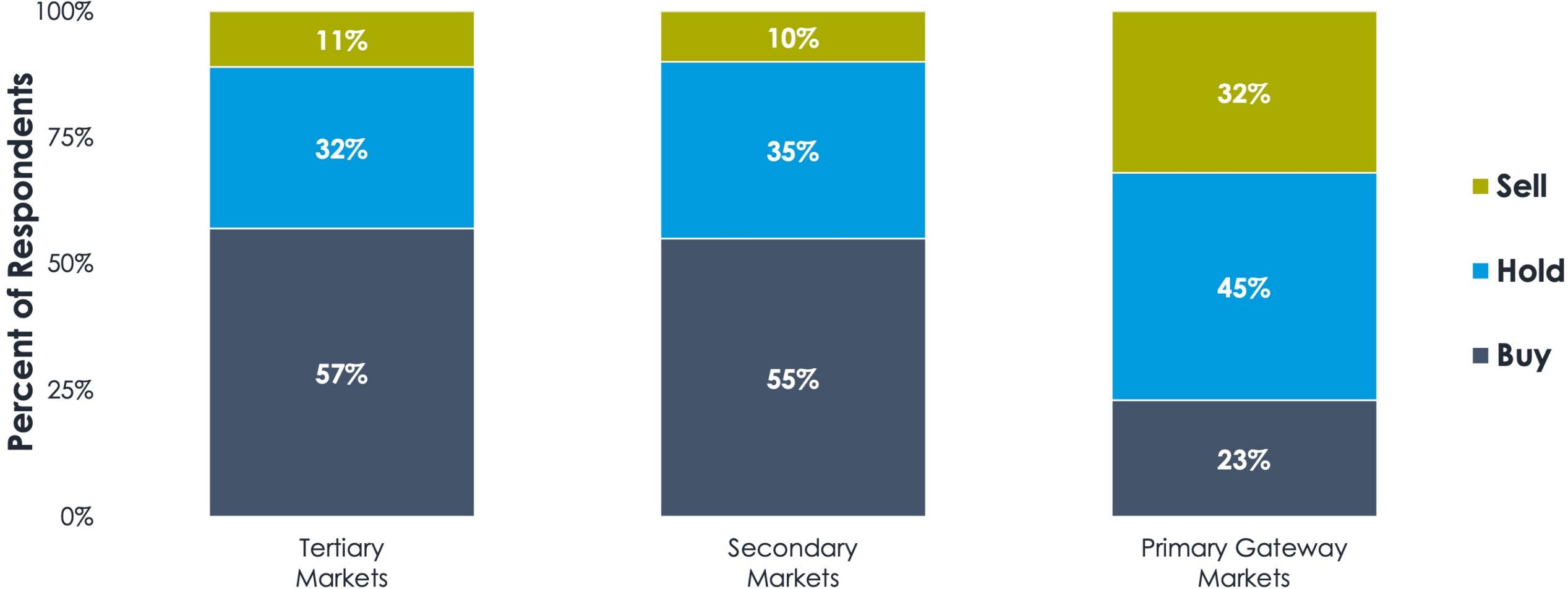
### Primary Source of Apartment Rental Demand



# Market Type Preferences

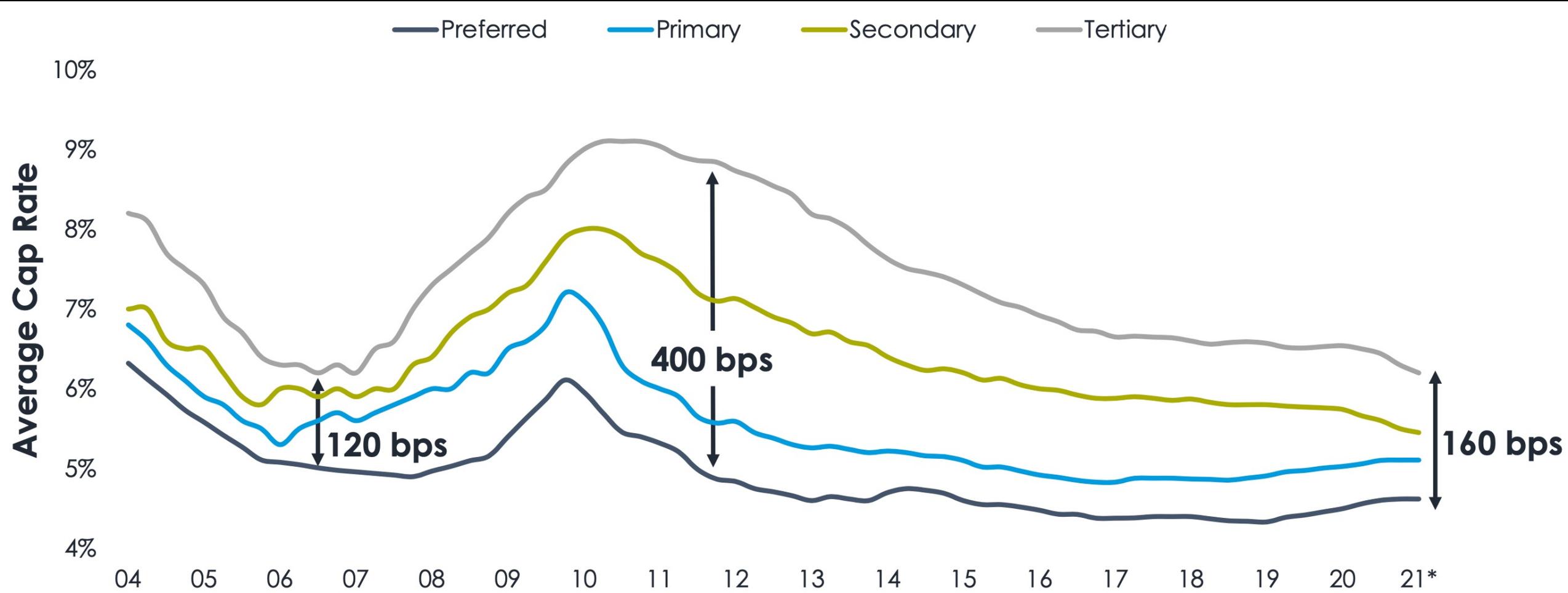
## Investors Believe Now is the Time to Buy in Smaller Markets

“In your view, is now the time to buy, hold or sell each of the following locations?”



# Apartment Cap Rate Spreads

## Continued Compression Could Be a Warning Sign

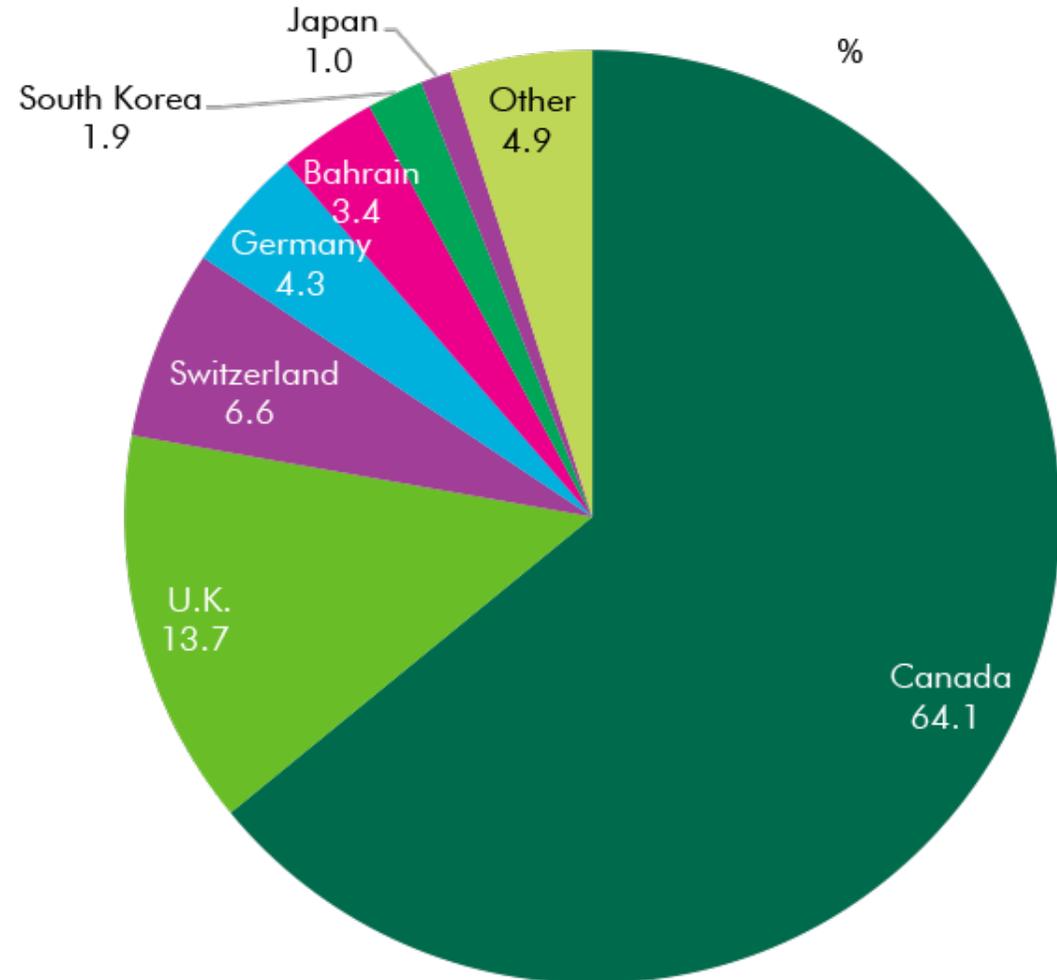


# International Multifamily Investment

## Leading Country Sources H2 2020

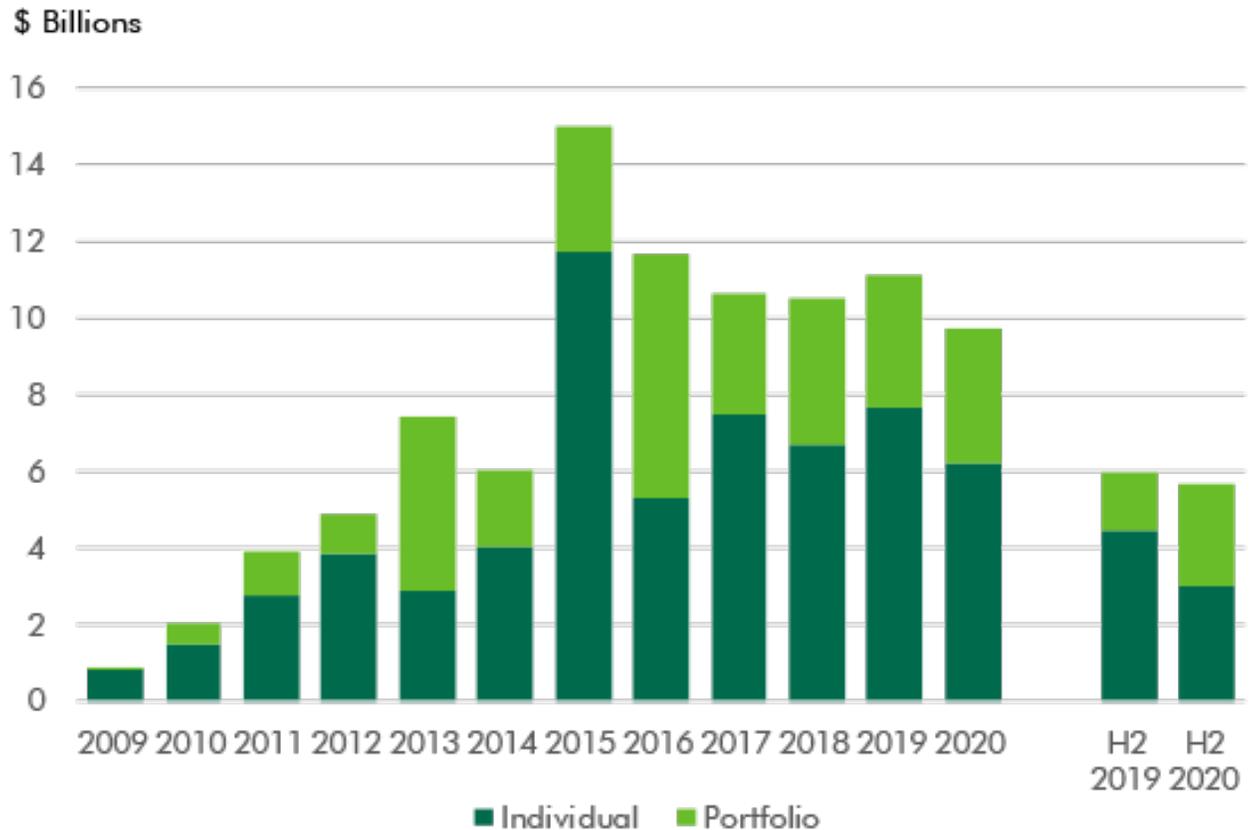
- **International capital**

- 6.4% of all U.S. multifamily investment in H2 2020
- 6.7% for full-year 2020
- Below the 2015-2019 average of 8.6%
- Washington, D.C., Atlanta, Dallas/Ft. Worth, Phoenix and Seattle were the leading destinations, comprising 40.3% of total international volume in multifamily



# International Capital Flows

## INTERNATIONAL INVESTMENT IN U.S. MULTIFAMILY ASSETS BY DEAL TYPE



## TOTAL GLOBAL CAPITAL INTO U.S. MULTIFAMILY H2 2020 | FY 2020



**\$5.7B H2**  
**\$9.7B FY**  
Total

**\$3.0B H2**  
**\$6.2B FY**  
Individual Assets

**\$2.7B H2**  
**\$3.5B FY**  
Portfolios

**-5.0% H2**  
**-22.3% FY**  
Decrease from  
2019

# International Investment in Multifamily

## Top 14 Market Destinations 2016 - 2020

