

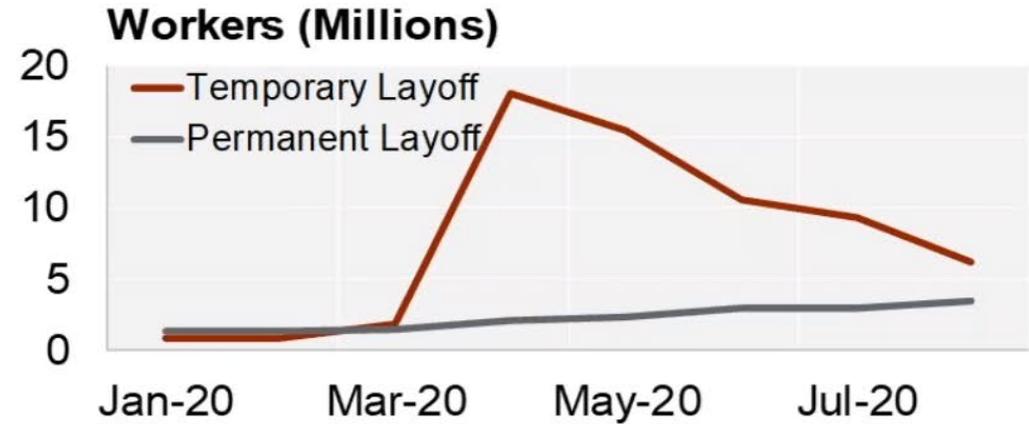
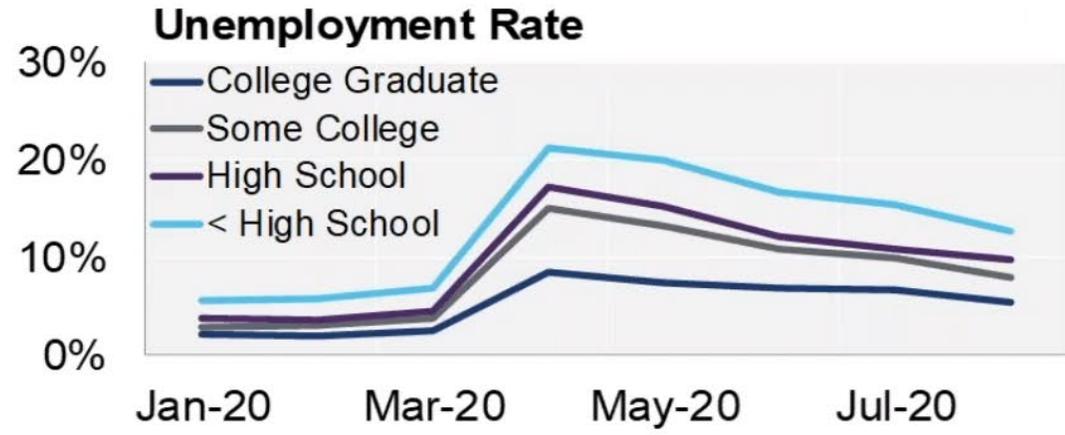
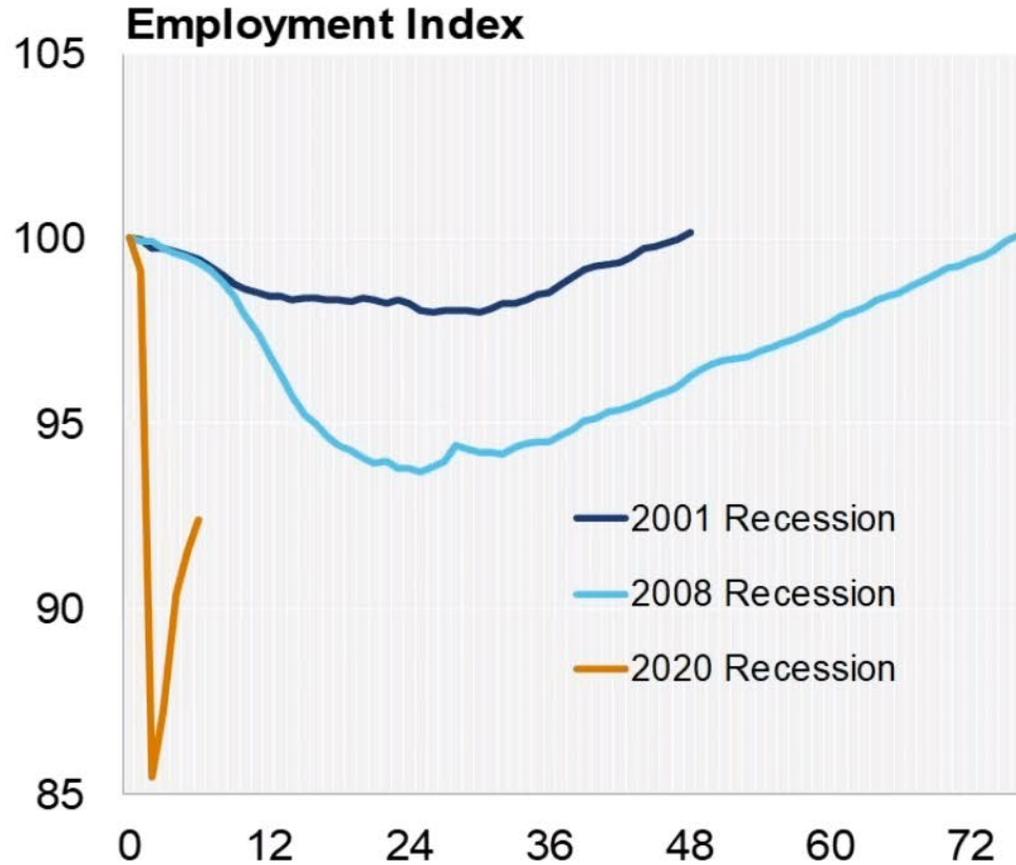


Multifamily Economic Update Sept 2020

Is the worst behind us or just a lull in the action?

Headline Numbers Don't Tell The Whole Story

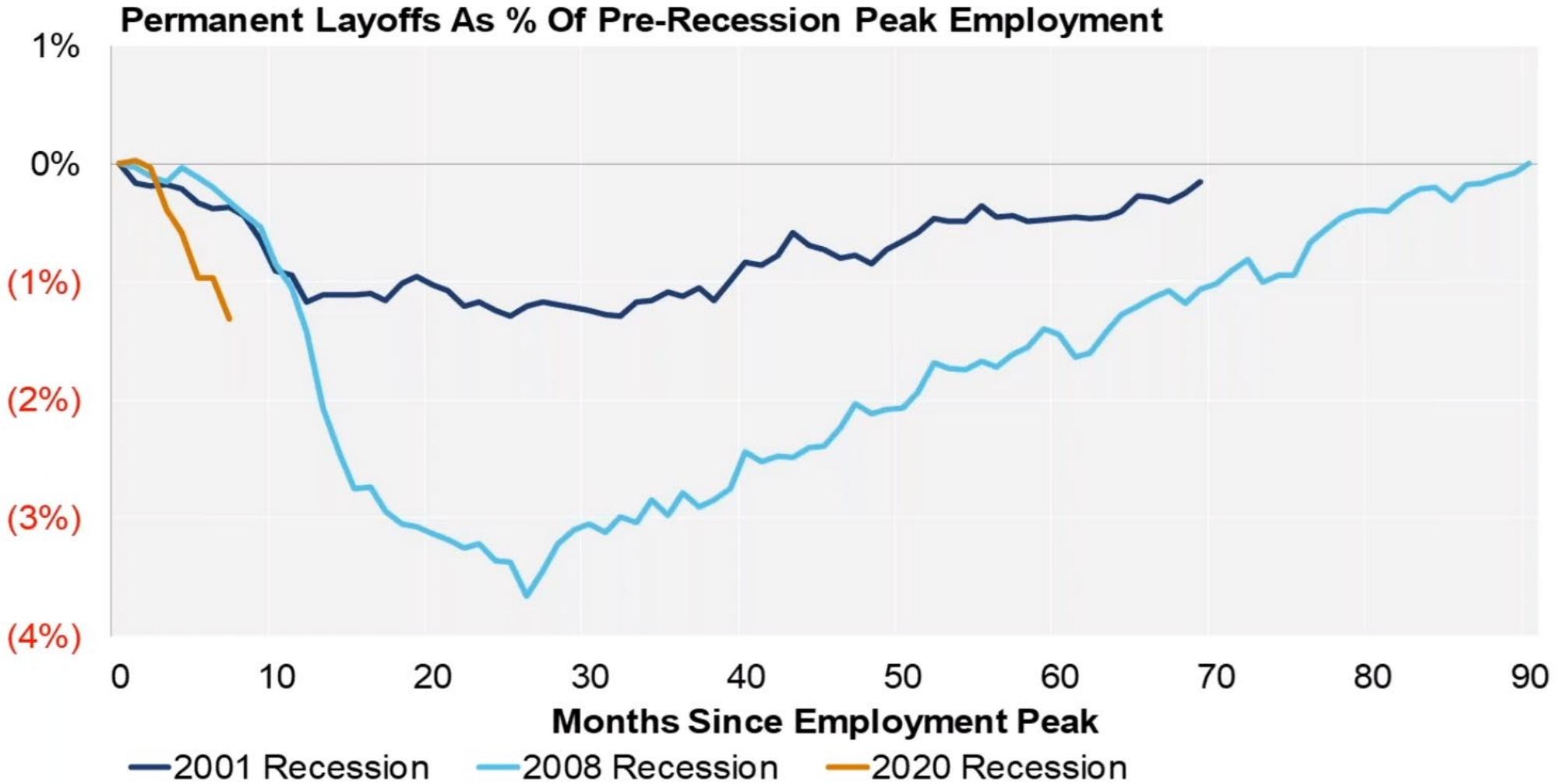
Unemployment Rate By Education, Labor Utilization, Type Of Layoff



Permanent Layoffs Are Beginning To Mount



Permanent Layoffs As A Percent Of Pre-Recession Peak Employment

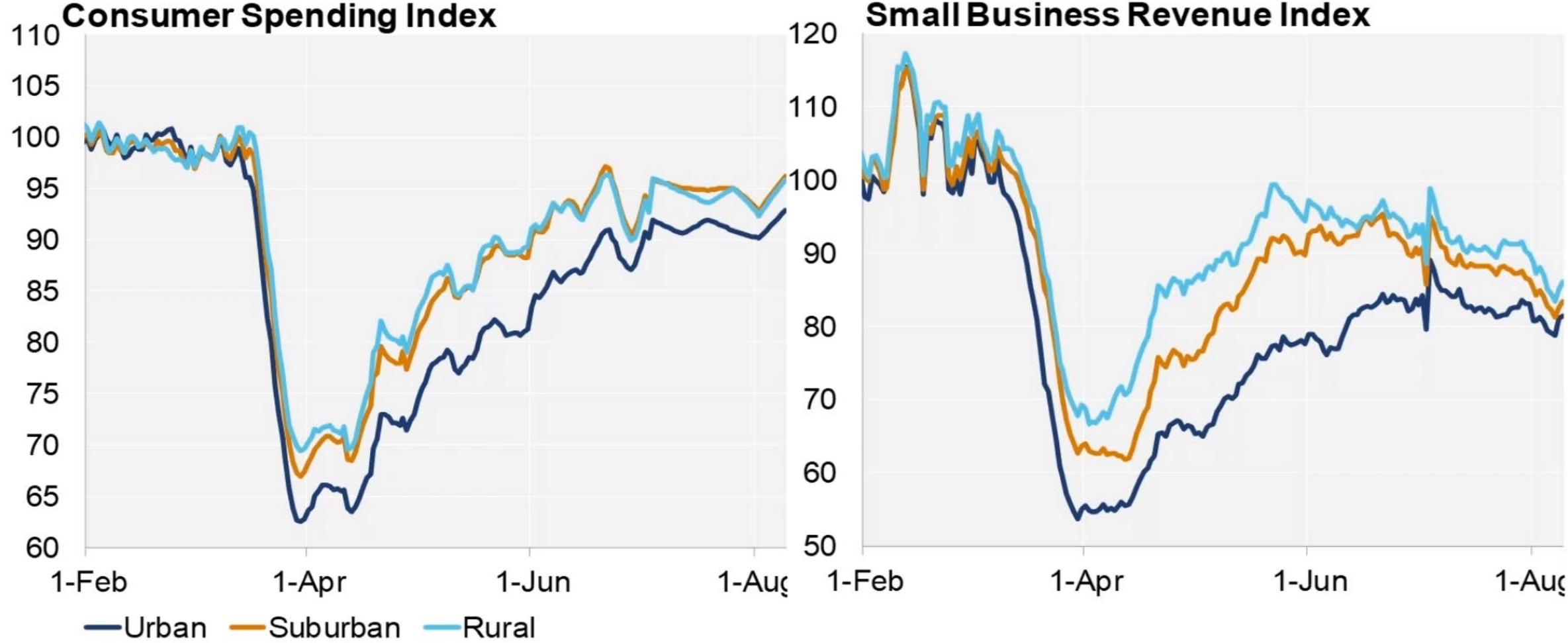


Source: FRED; CoStar Advisory Services

As of August, 2020

Suburban Consumers And Businesses Were Less Impacted

Consumer And Small Business Revenue Index (100 = Jan 23rd)

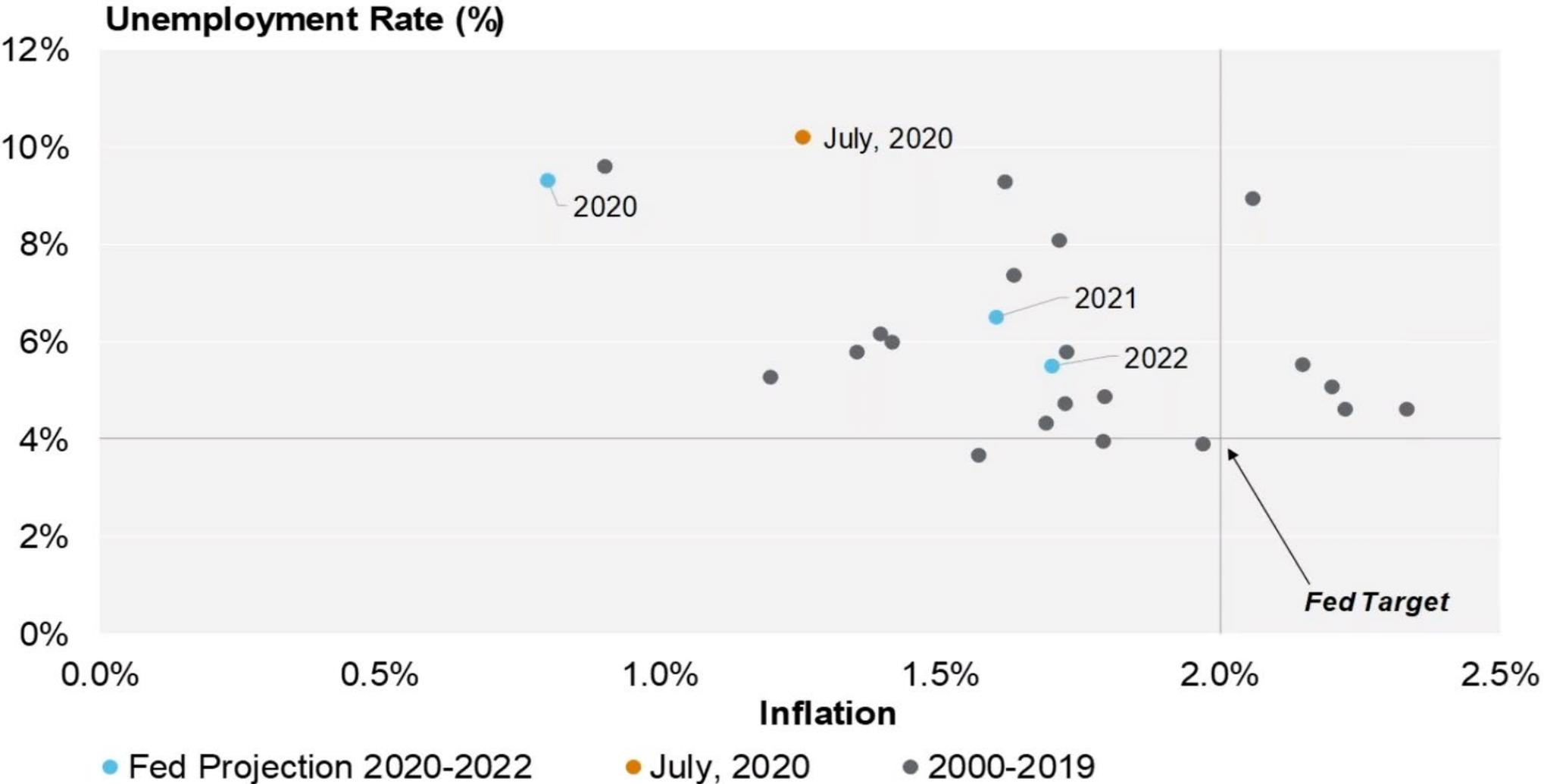


Sources: Affinity Solutions; Womply; CoStar Advisory Services

As of 8/26/2020

Long Way To The Target

Unemployment Rate And Inflation 2000-2022

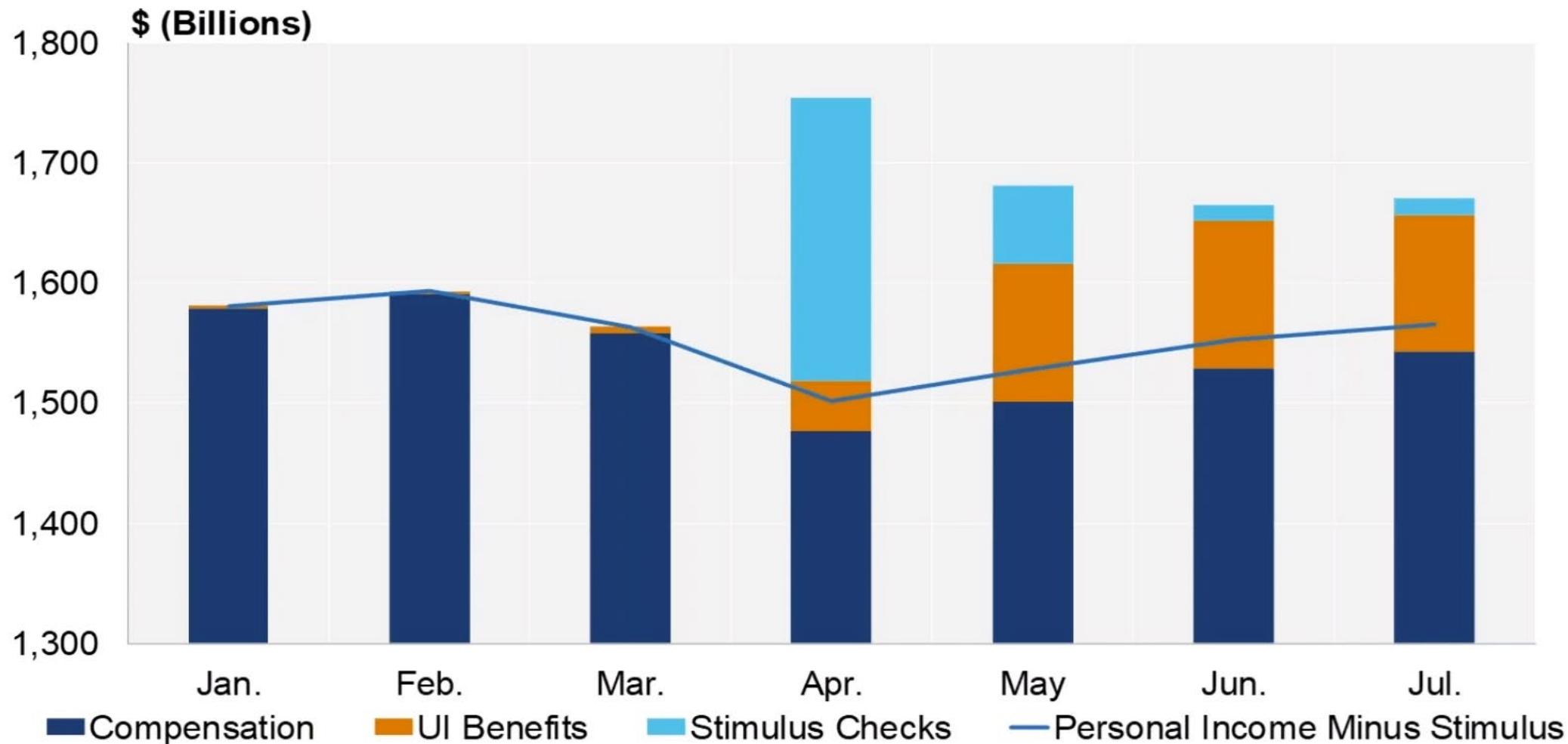


Sources: Federal Reserve Board Of Governors; CoStar Advisory Services

As of August, 2020

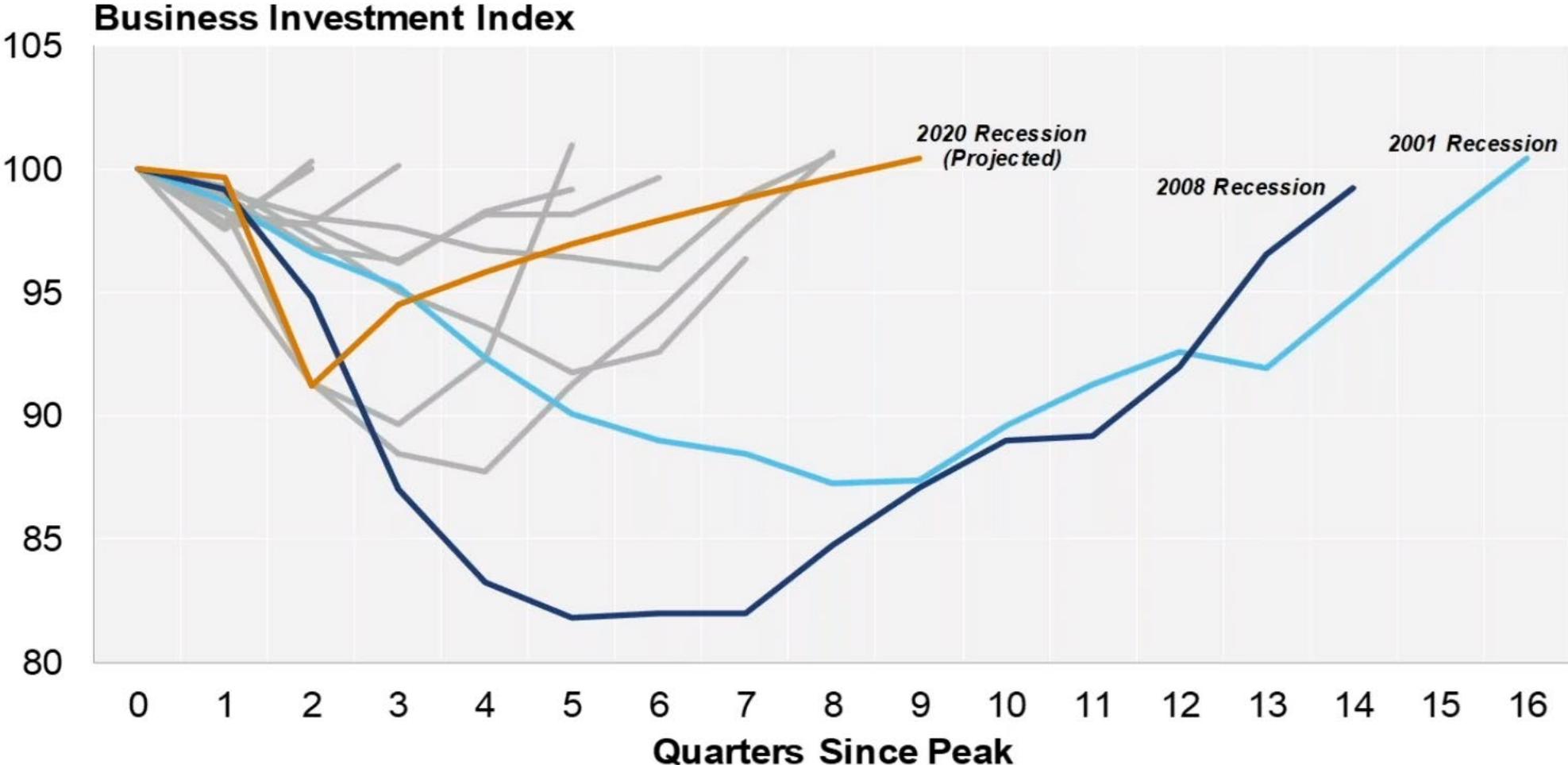
Stimulus Was Supporting Households

Disposable Income Stimulus Decomposition



Business Investment Decline Shallower Than Previous Two Recessions

Business Investment Index By Recession 1947-2020

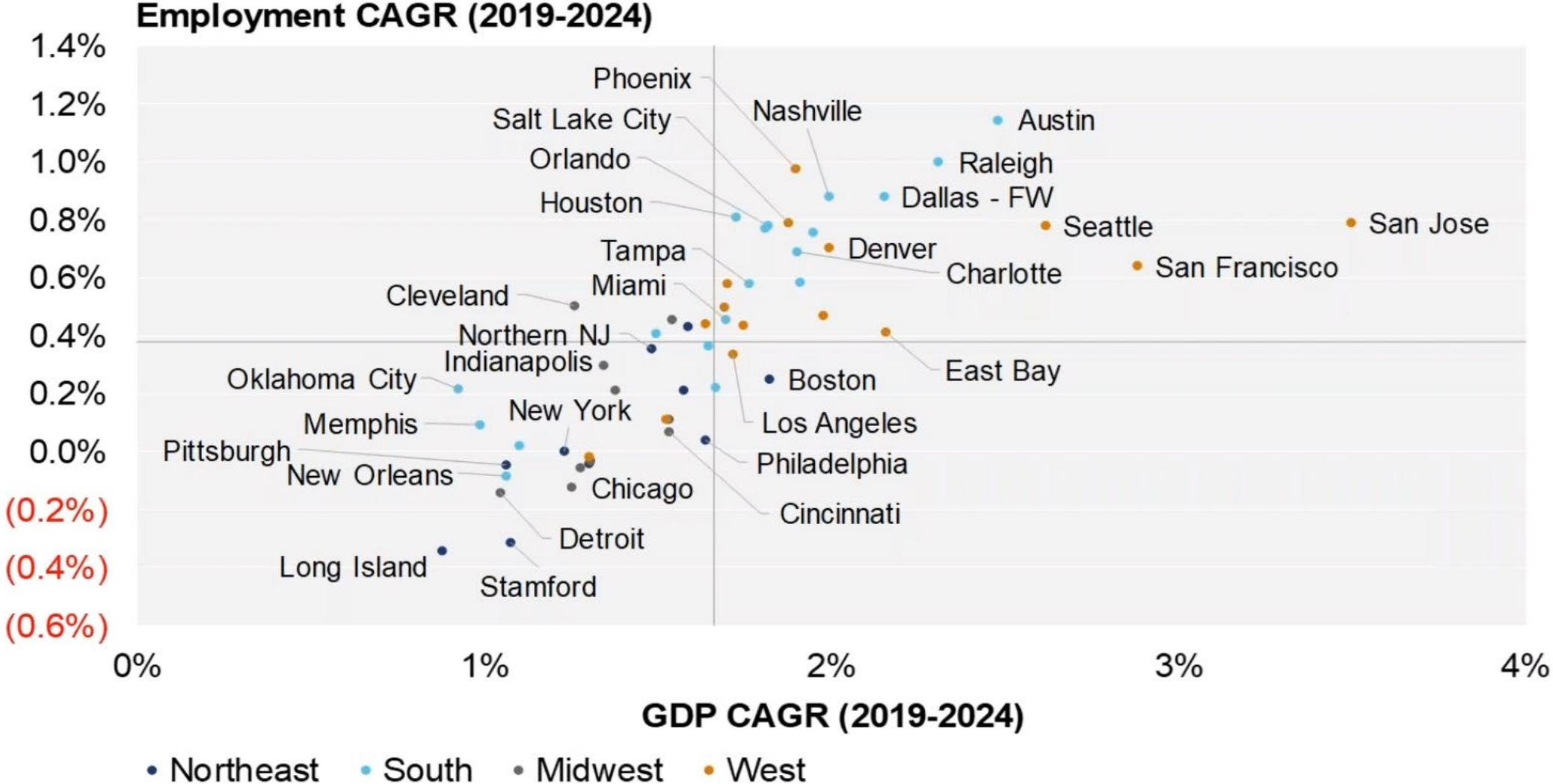


Sources: FRED; CoStar Advisory Services

As of 20Q2

Southern And Western Metros Should Continue To Outperform

GDP And Employment Growth Rates



Sources: BLS; BEA; Oxford Economics; CoStar Advisory Services

As of 20Q2

Economy Summary

Economy Reopening

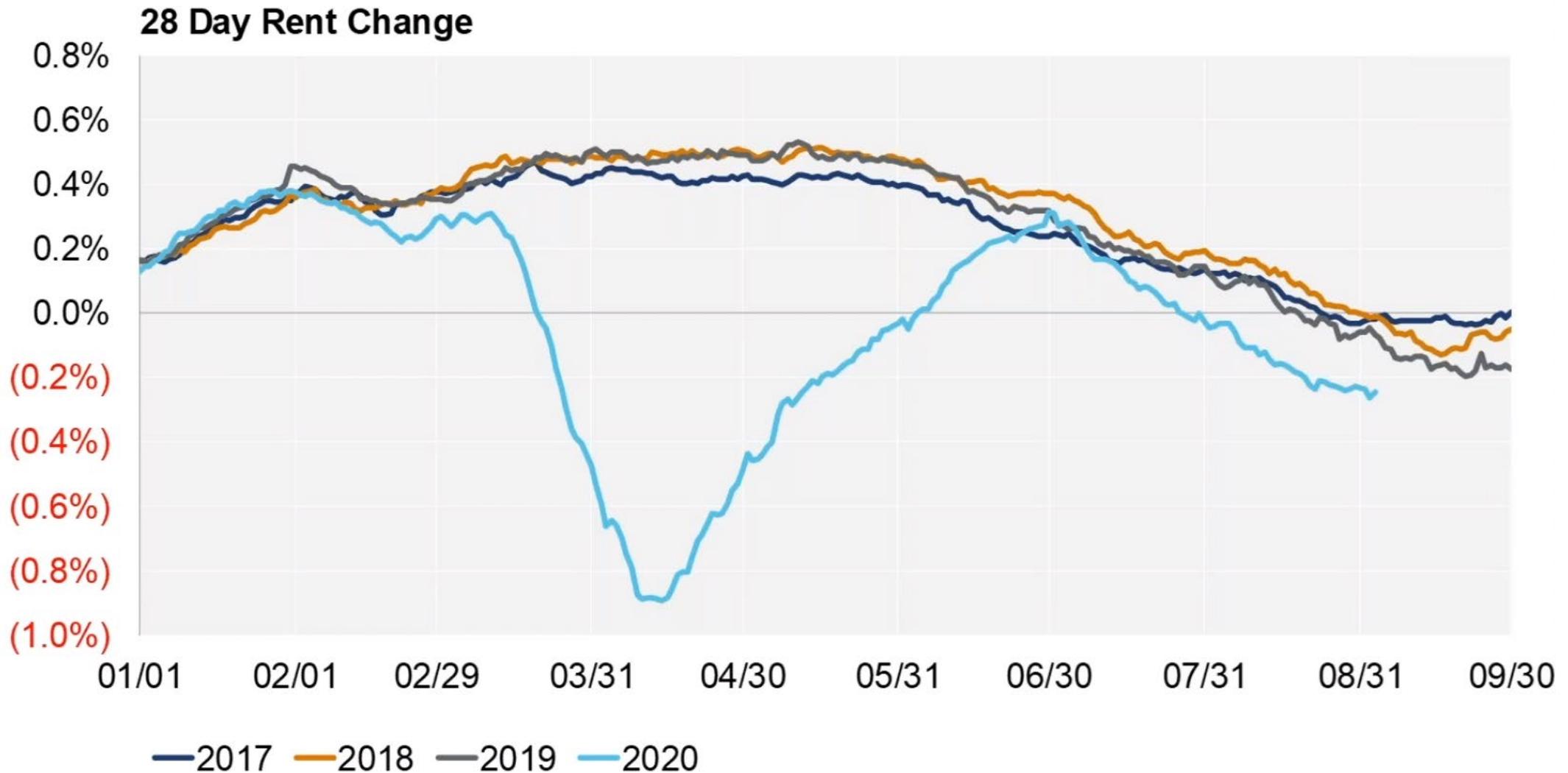
- ◆ Job recovery still happening, but decelerating
 - ◆ Recoveries have started earlier than expected
 - ◆ Permanent unemployment continues to be a concern
- ◆ High-frequency data is showing increased, but plateaued, activity across the country
 - ◆ Suburbs in particular have performed

Stimulus Still A Question

- ◆ Federal Reserve To Remain Accommodative
 - ◆ Low rates beneficial to CRE
 - ◆ During crisis, both supply and demand of credit is restricted for CRE
 - ◆ Prices for assets and necessities continue to increase, but deflation persists overall
- ◆ Additional fiscal stimulus is a question
 - ◆ PPP and additional unemployment benefits

Second Divergence In Rents Indicates Further Weakness

Four Week Rent Growth By Star Rating For 2020 And Past Years

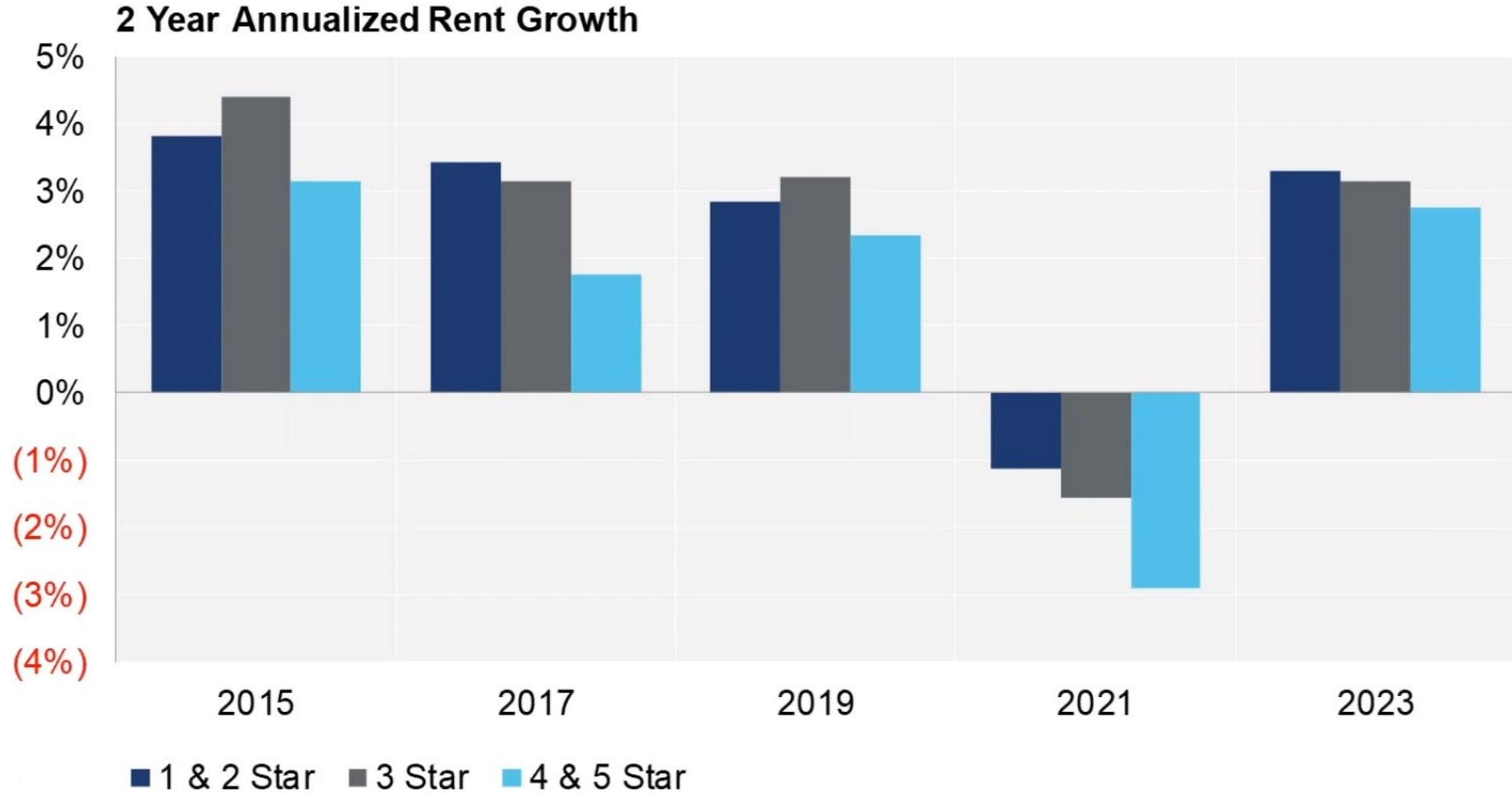


Source: CoStar Advisory Services

As of 9/4/2020

Supply Caused 4 & 5 Star Units To Underperform For Years

2 Year Annualized Rent Growth By Star Rating

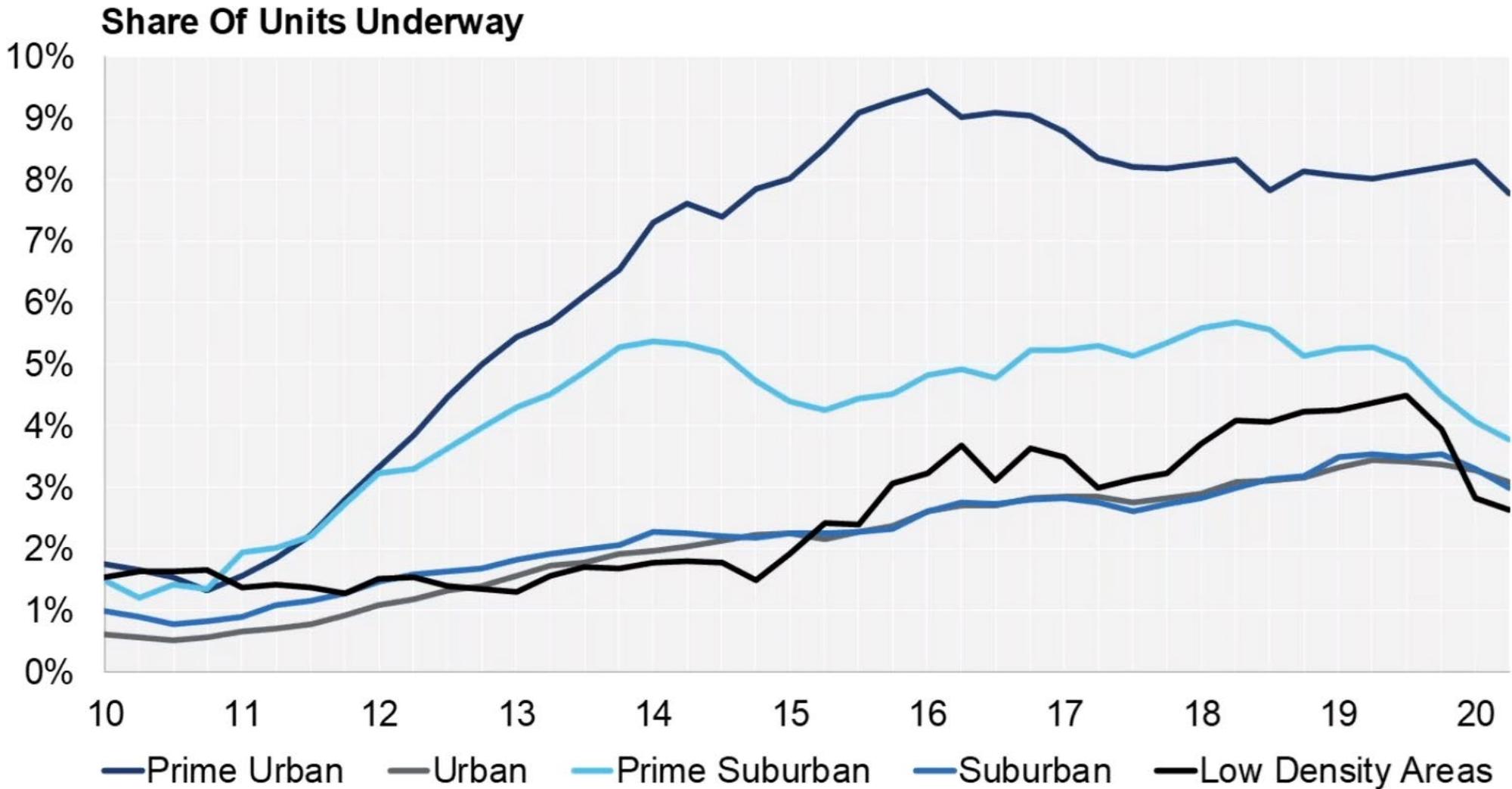


Source: CoStar Advisory Services

As of 20Q2

Although Units Underway Are Declining, Prime Urban Still Has An Overhang

Share Of Units Underway By Submarket Designation

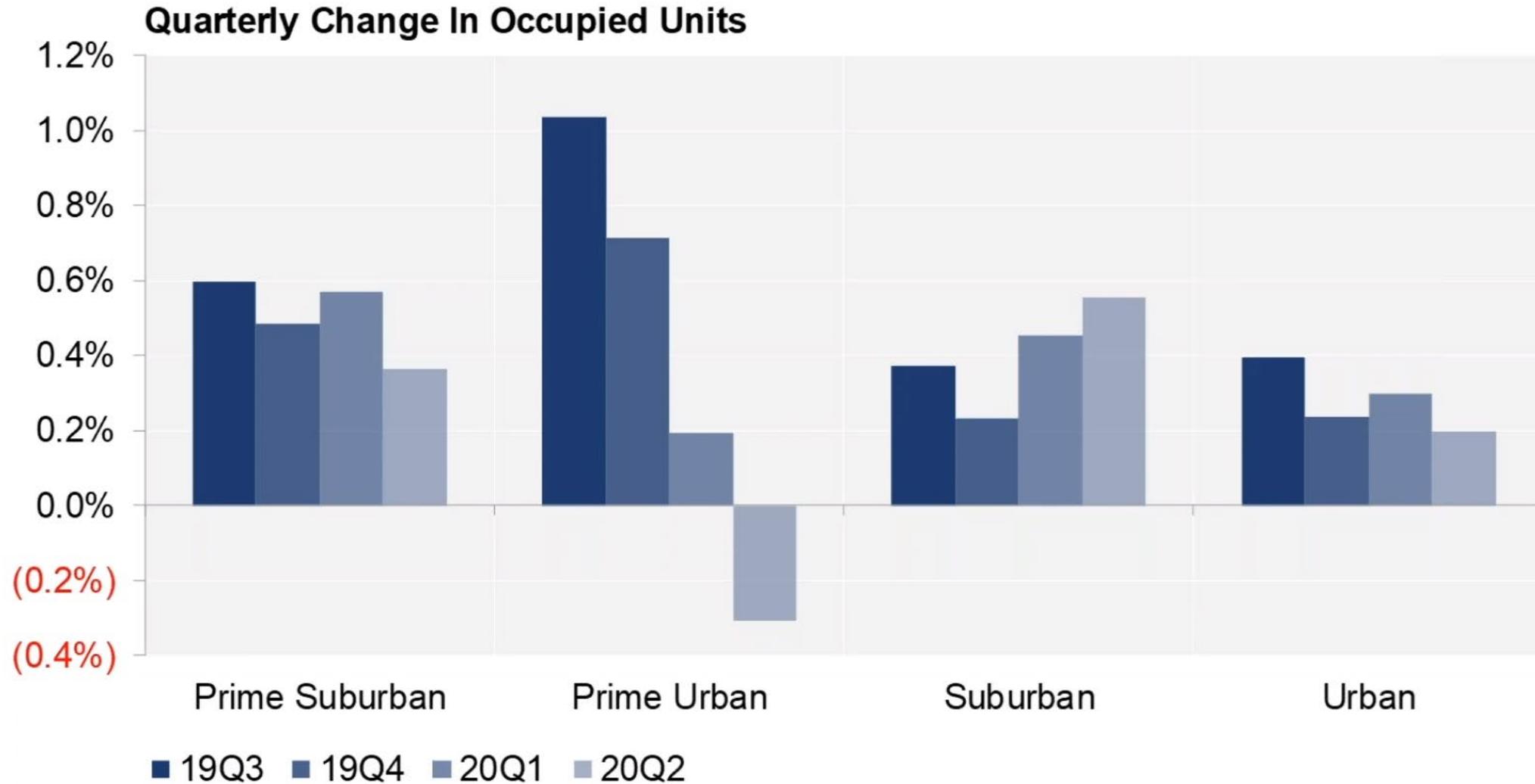


Source: CoStar Advisory Services

As of 20Q2

Downtowns Are Suffering To The Benefit Of The Suburbs

Change In Stabilized Vacancy By Submarket Designation

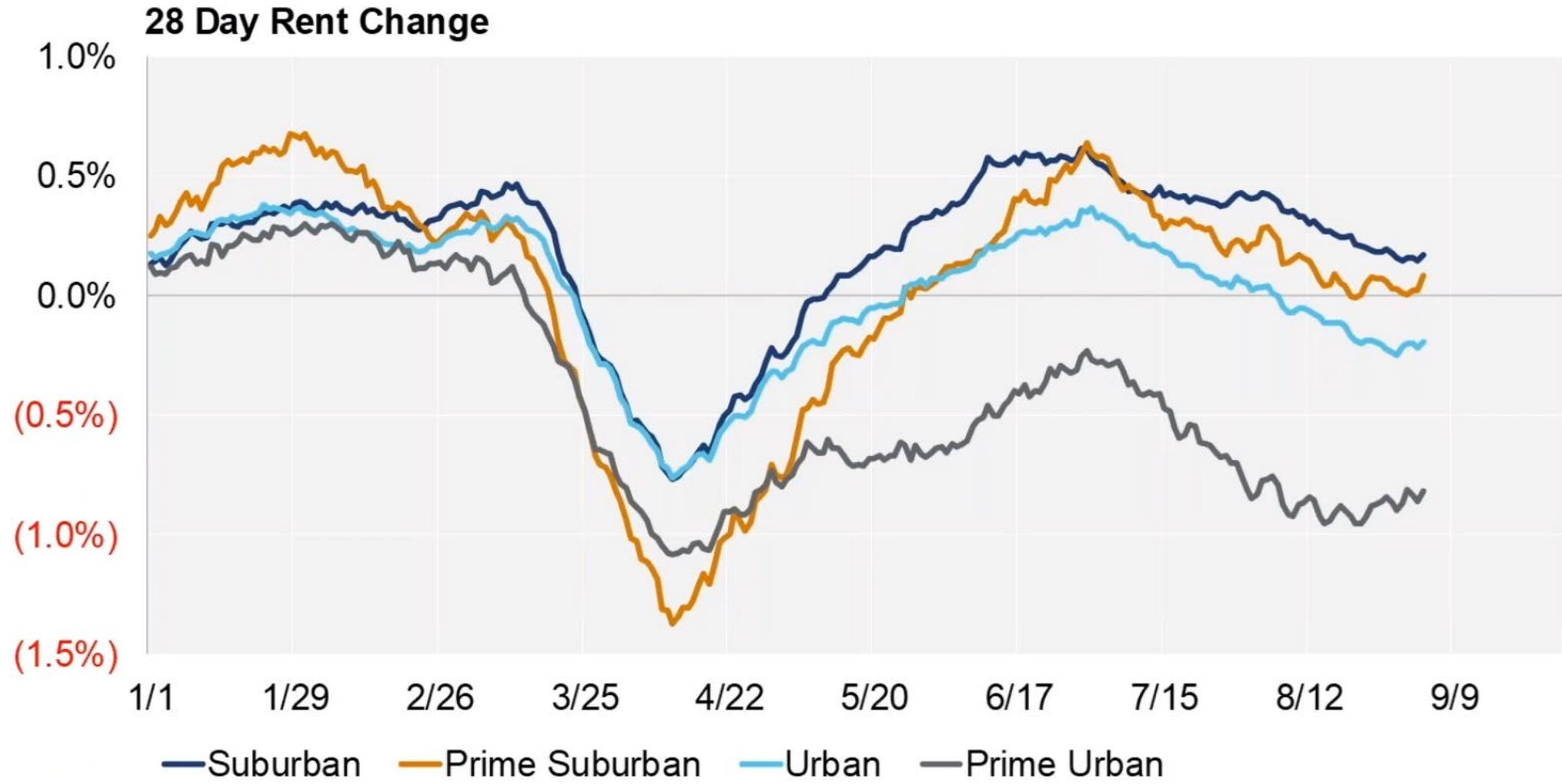


Source: CoStar Advisory Services

As of 20Q2

Suburban Rents Recovered Best, Though They Won't Prove Immune

Four Week Change In Daily Rents By Submarket Designation

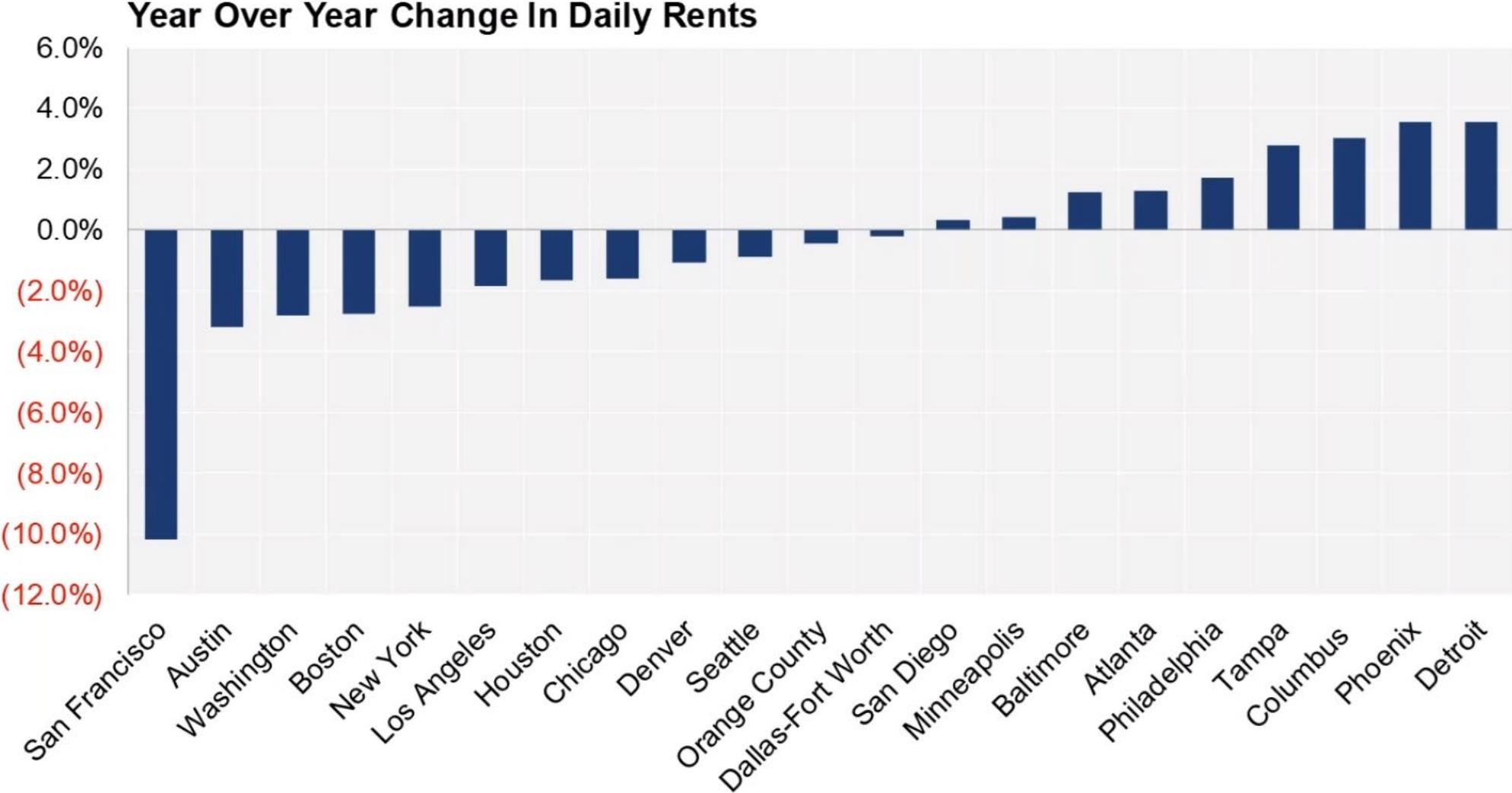


Source: CoStar Advisory Services

As of 8/25/2020

Many Core Metros Stand Out For Poor Rent Performance

YoY Change In Multifamily Daily Rent Series

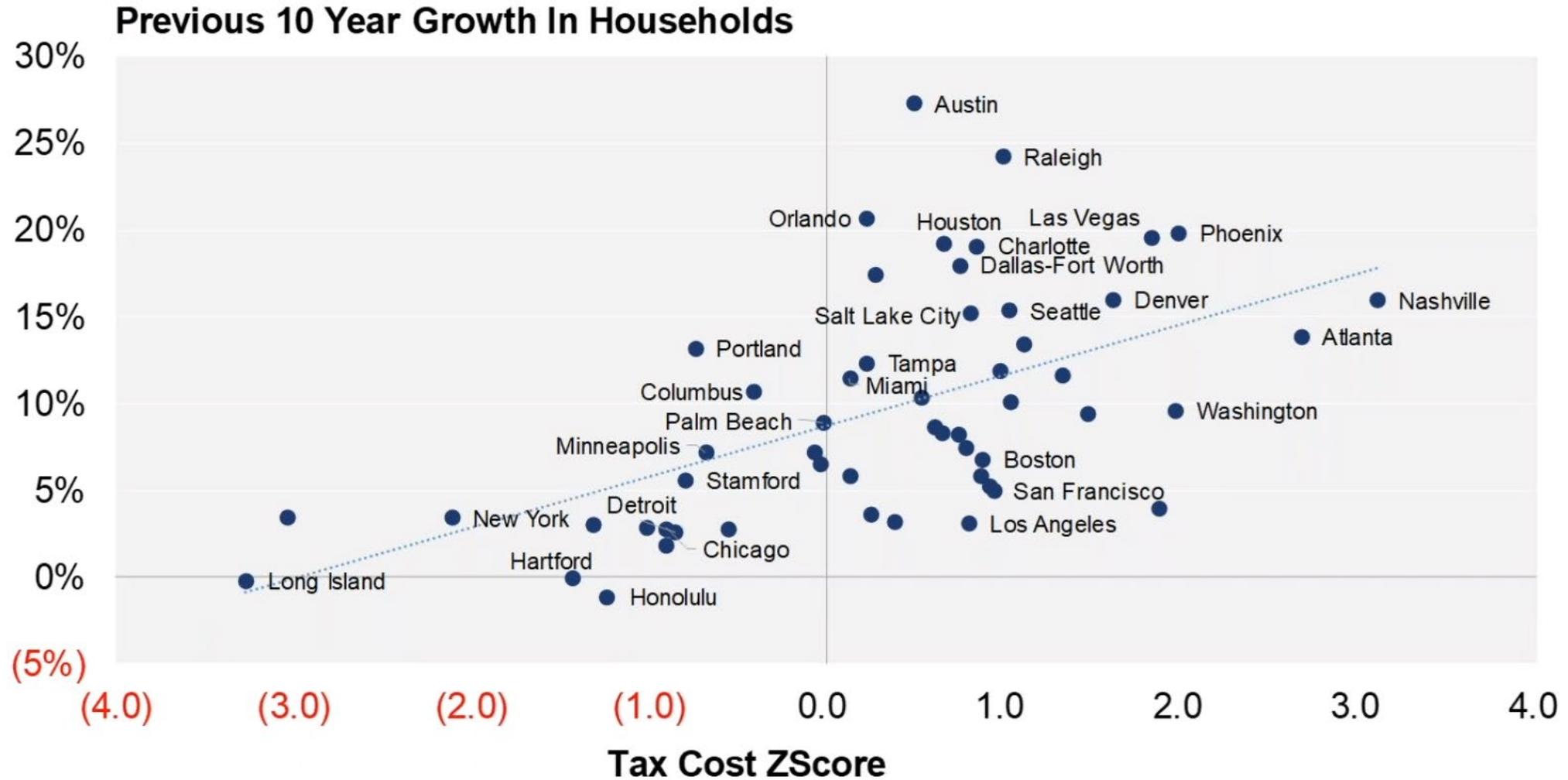


Source: CoStar Advisory Services

As of 9/4/2020

Low Cost Metros Get Their Names Based On Governance

Cost Of Taxes Vs Growth In Households



Source: U.S. Census, Tax Policy Center, BEA, CoStar Advisory Services
Note: Tax Cost Zscore based on local and state tax policy