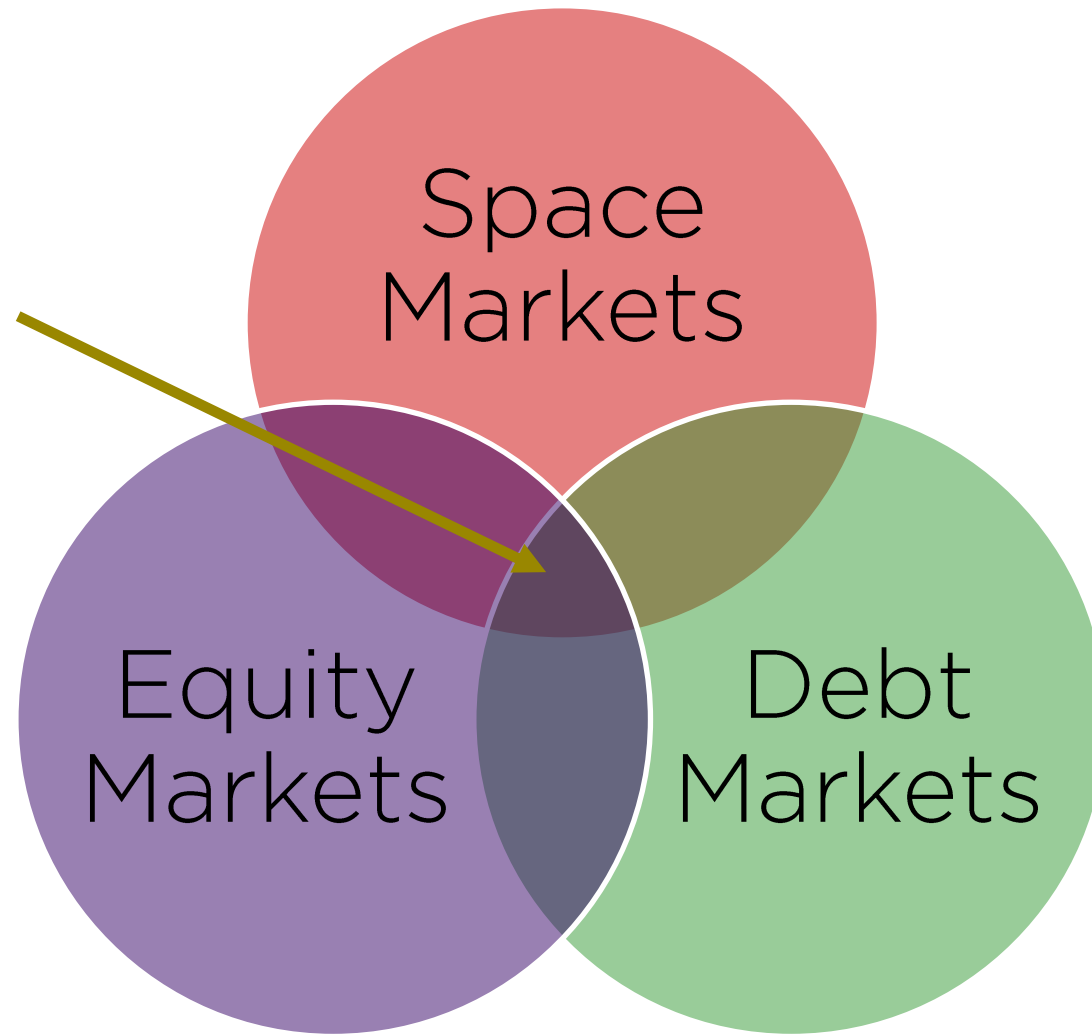


MBA
Multifamily
Economic & Market Outlook

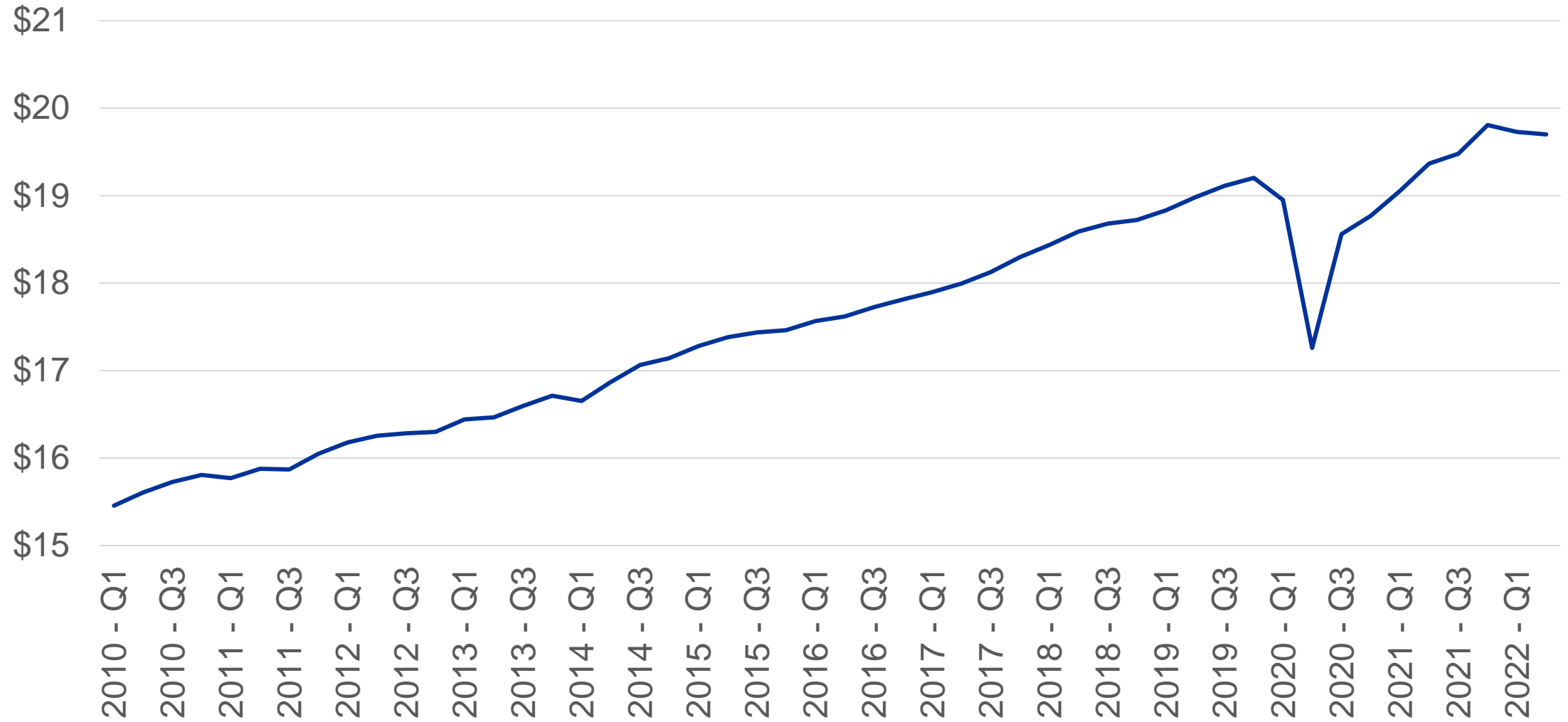
September 2022

Commercial &
Multifamily
Real Estate

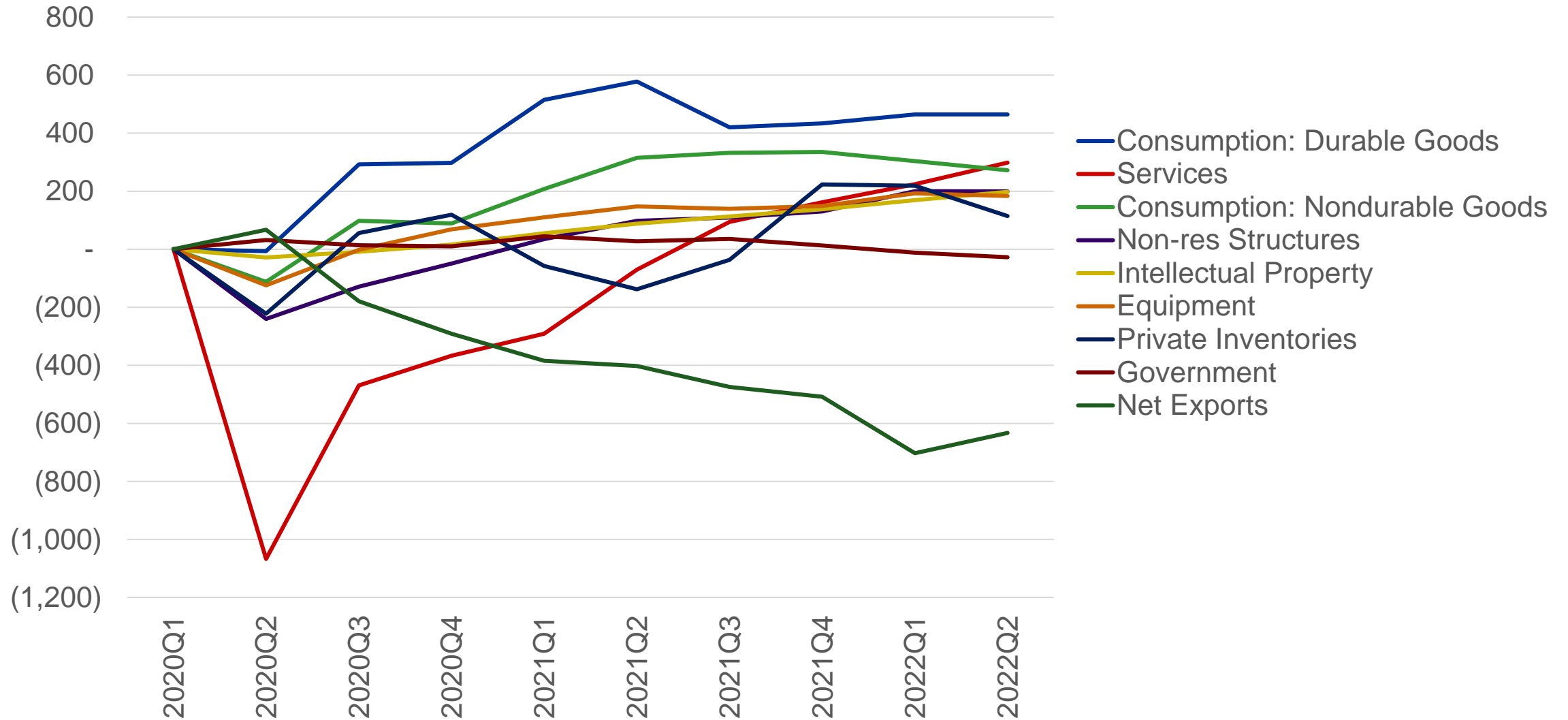


The Economy

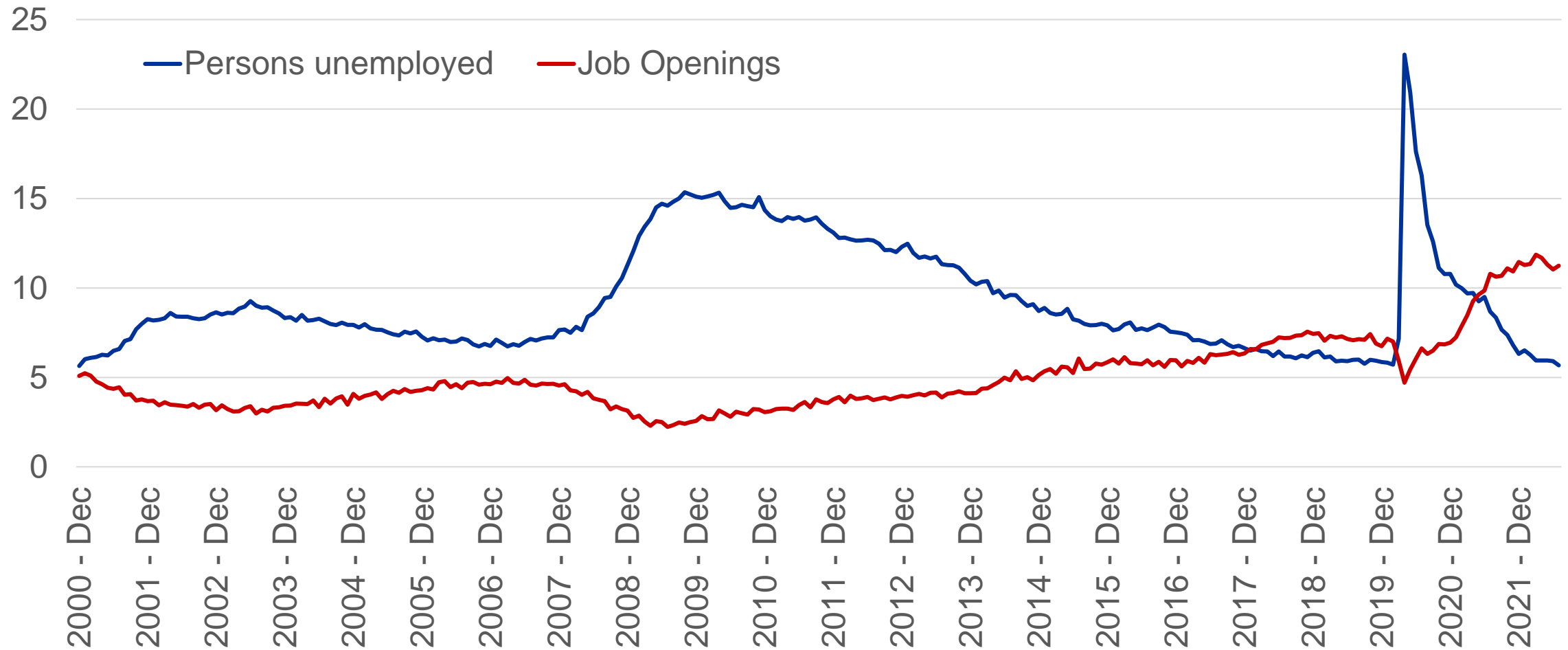
Real GDP (Trillions, Chained 2012 dollars, seasonally adjusted)



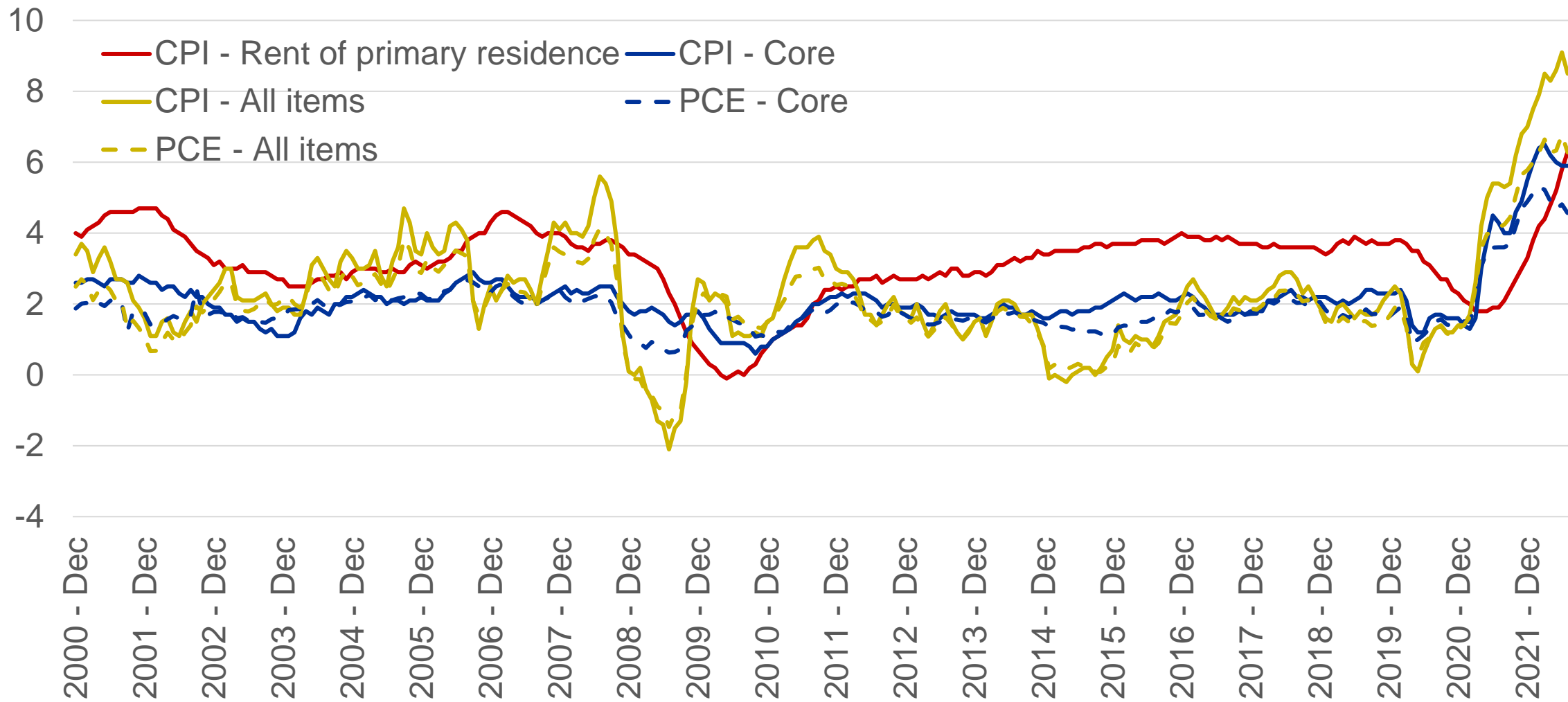
Real GDP, Change from 2020 Q1 (\$billions)



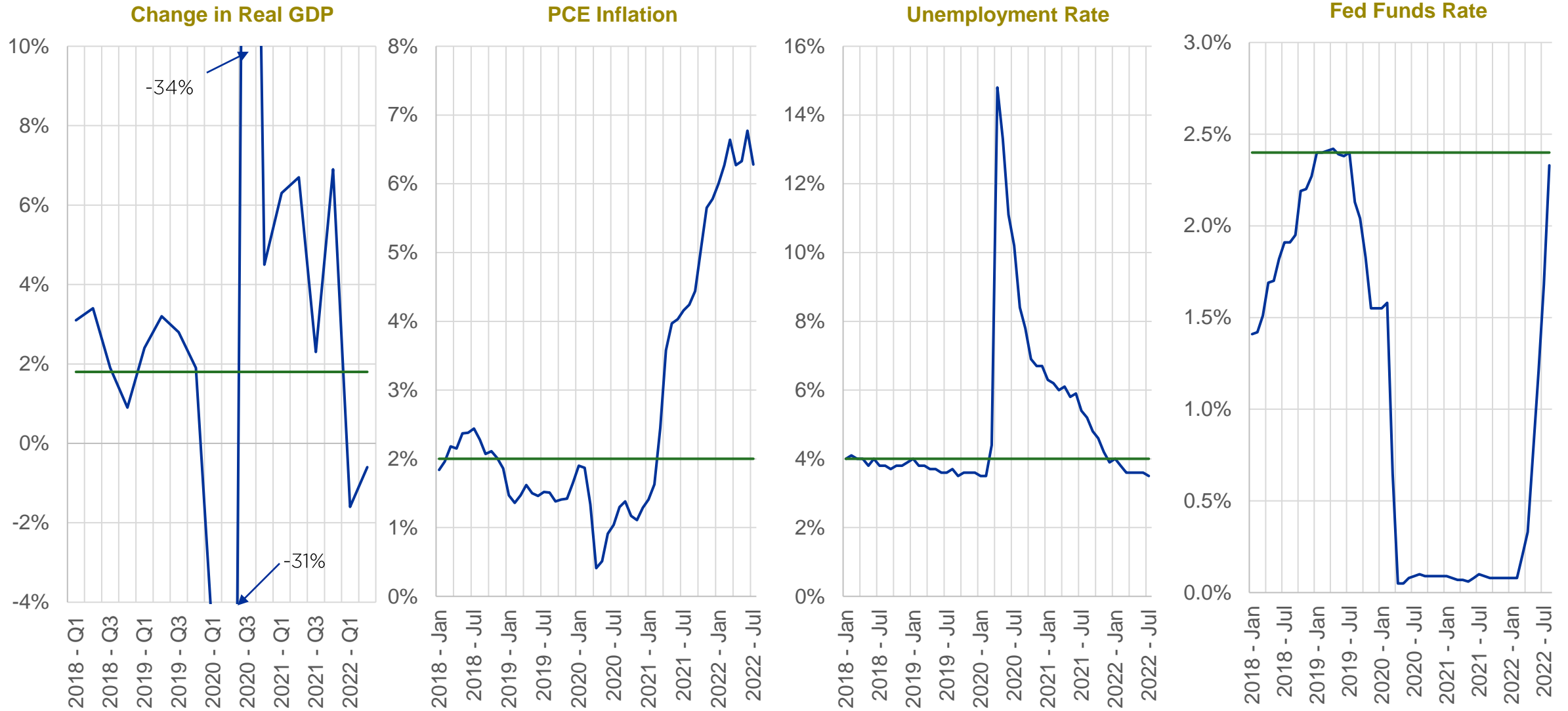
Persons Unemployed and Number of Job Openings (millions)



Year-over-year Rates of Inflation

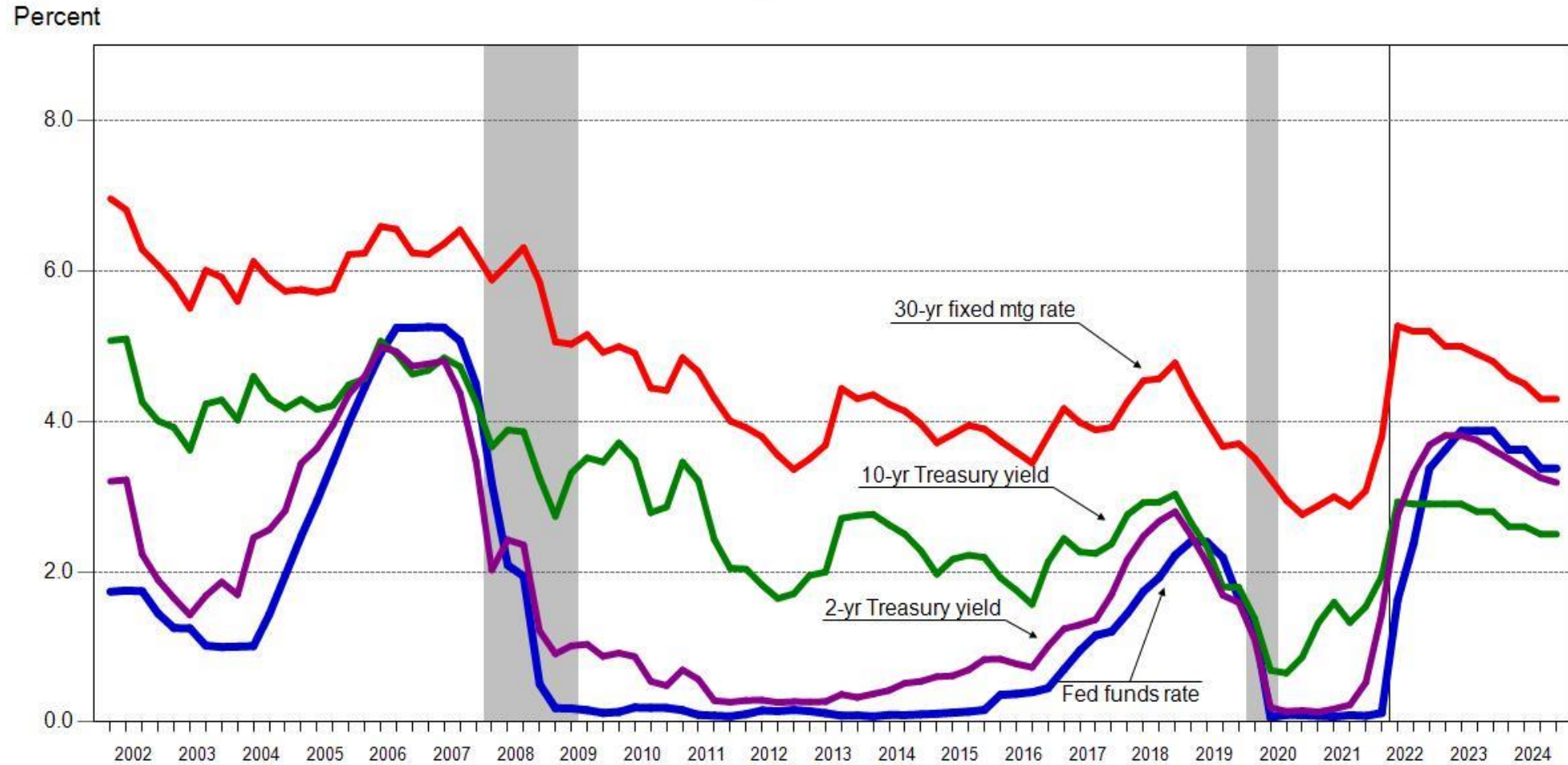


Federal Reserve Dot Plots – Historical and Longer Run Estimate



Many More Rate Hikes in 2022

Rate History and Forecast



Property Markets

Ways People Are Talking About the Pandemic's Impact on CRE

1. Counter-cyclical

The pandemic has created tailwinds for these properties -- e.g., Industrial

2. Accelerated Change

The pandemic sped up changes that were likely to take place in coming years -- e.g., Retail

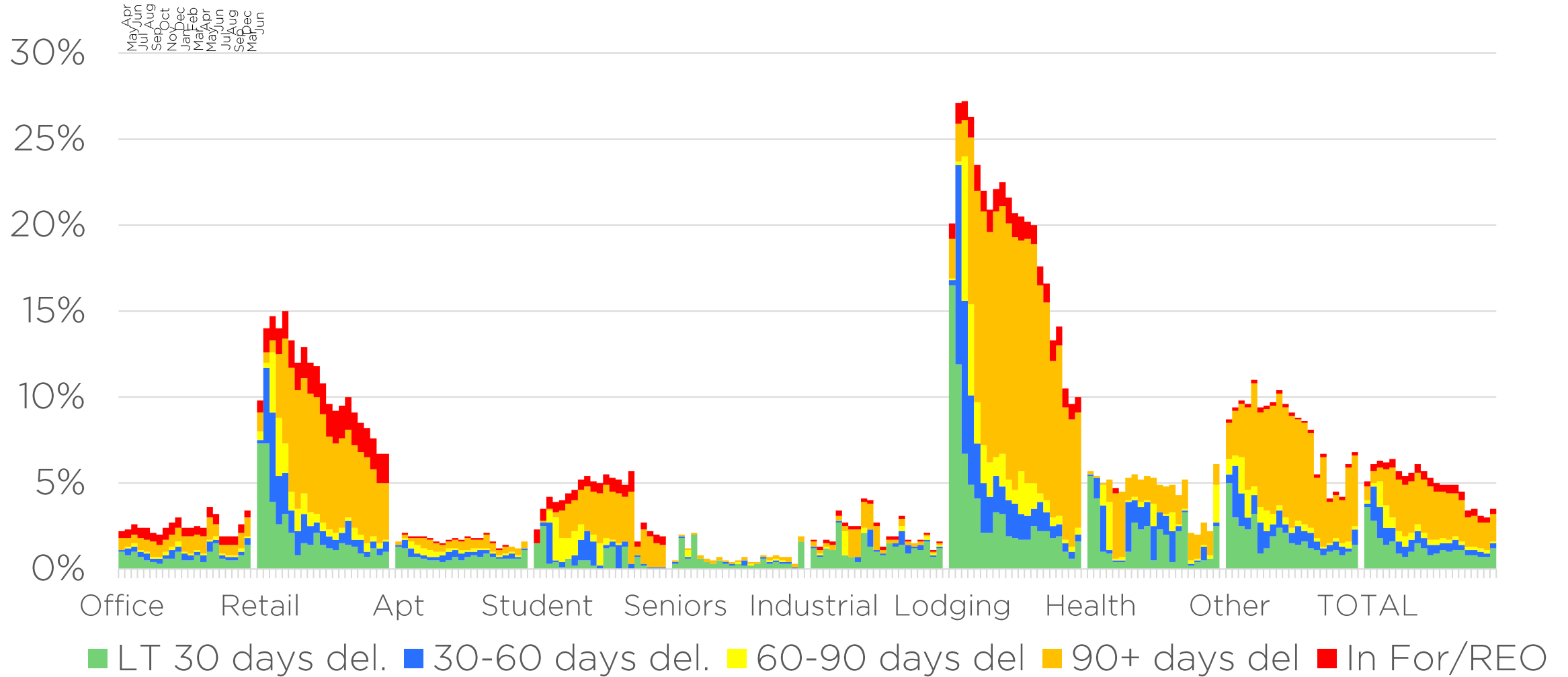
3. Changed Relationship Permanently

The pandemic fundamentally changed how we use these properties -- e.g., Office

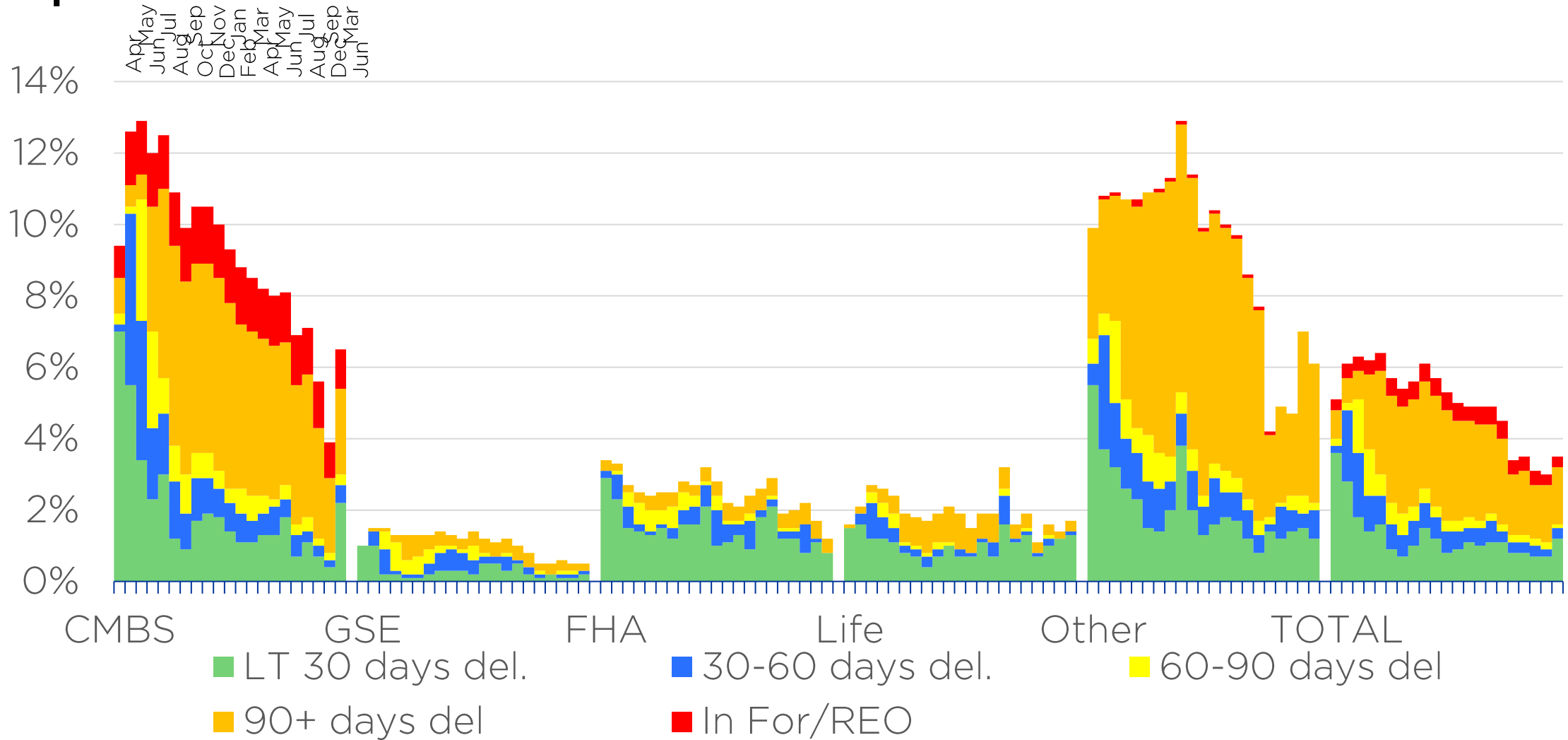
4. Speedbump

The pandemic has created a temporary disruption that will dissipate once the pandemic passes -- e.g., Hotel, Multifamily

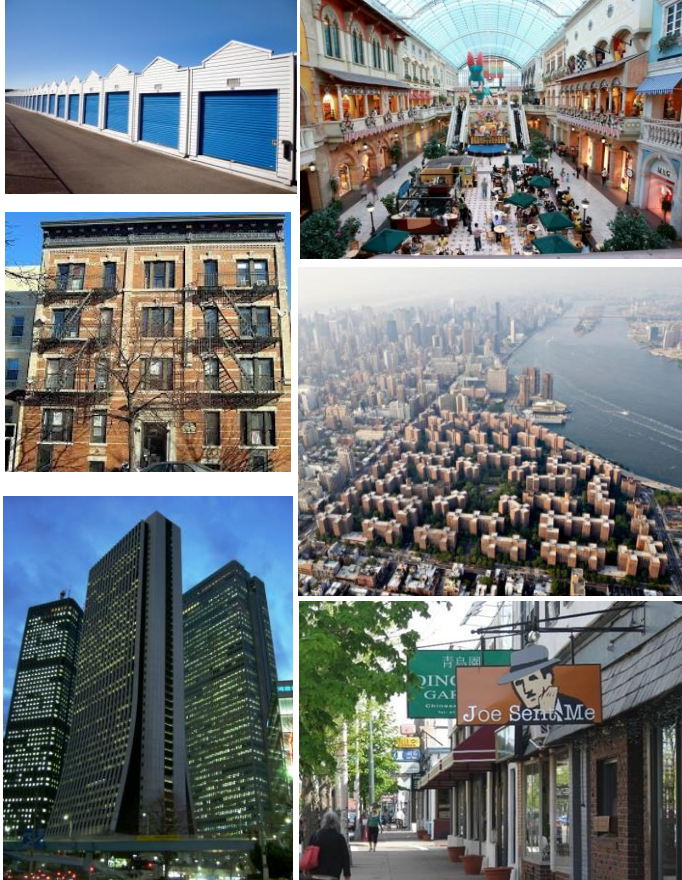
Delinquency Status, by Property Type, Share of Total Unpaid Principal Balance April 2020 – June 2022



Delinquent Loans, by Capital Source, Share of Total Unpaid Principal Balance April 2020 – June 2022



Different Property Types, Different Drivers



APARTMENTS:

- Tightest housing market on record
- Strong new development pipeline
- Jump in mortgage rates

INDUSTRIAL:

- Tight conditions
- Changing demands (Last mile)
- Amazon giving up space
- Built-in market-to-market rent growth

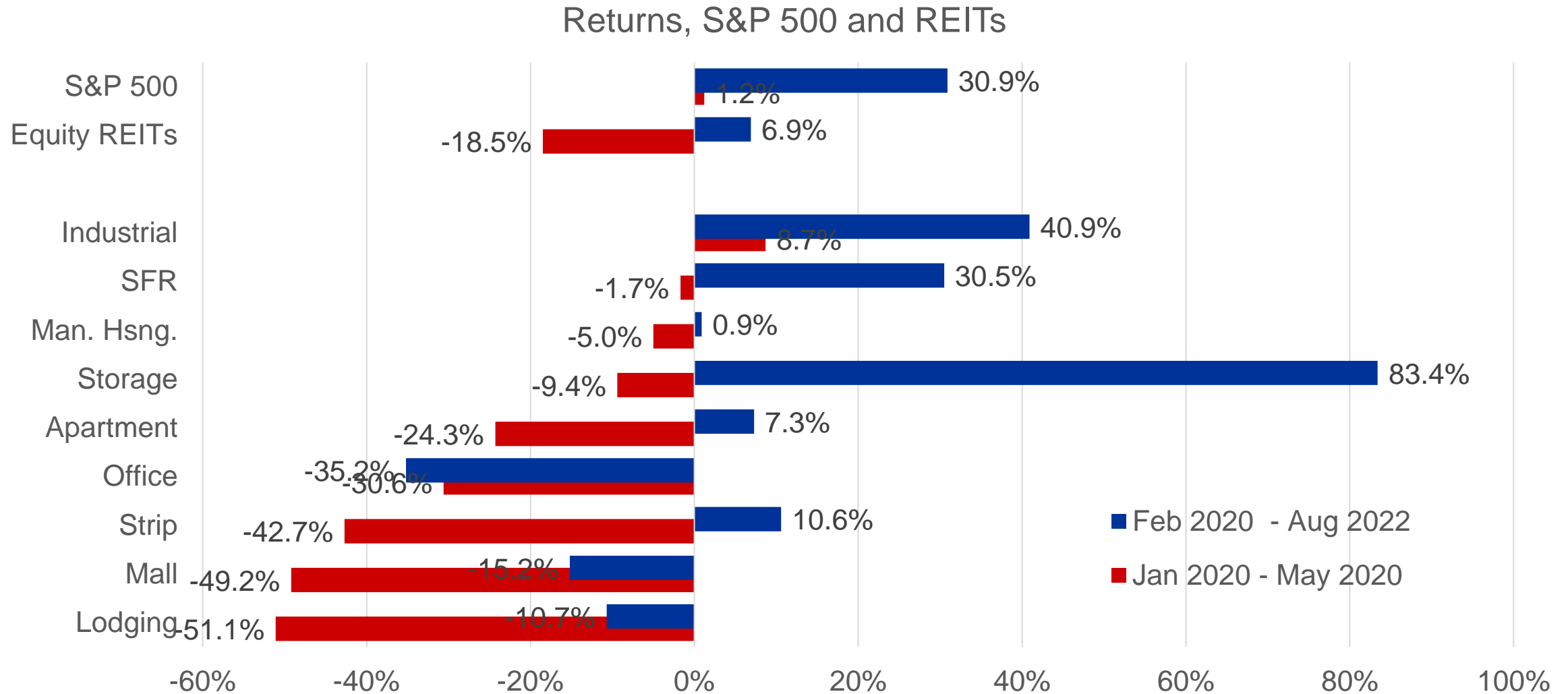
RETAIL:

- Variation by subtype – mall versus strip
- Return of “experiential retail”?
- Impact of potential slowdown

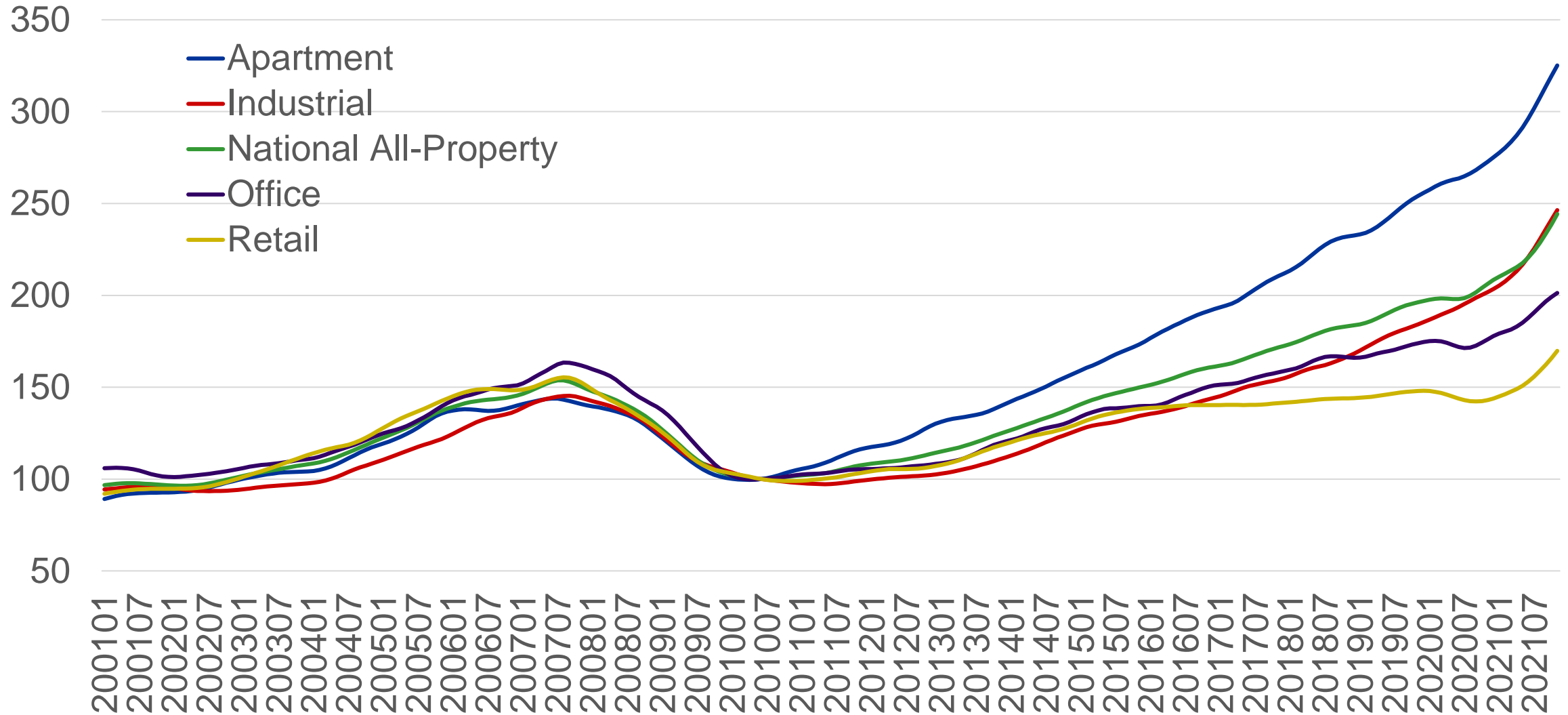
OFFICE:

- Work-from-home/Hybrid/In-the-office
- From “have to” to “get to”
- Variety by market/submarket/property/tenant
- Long lease structures

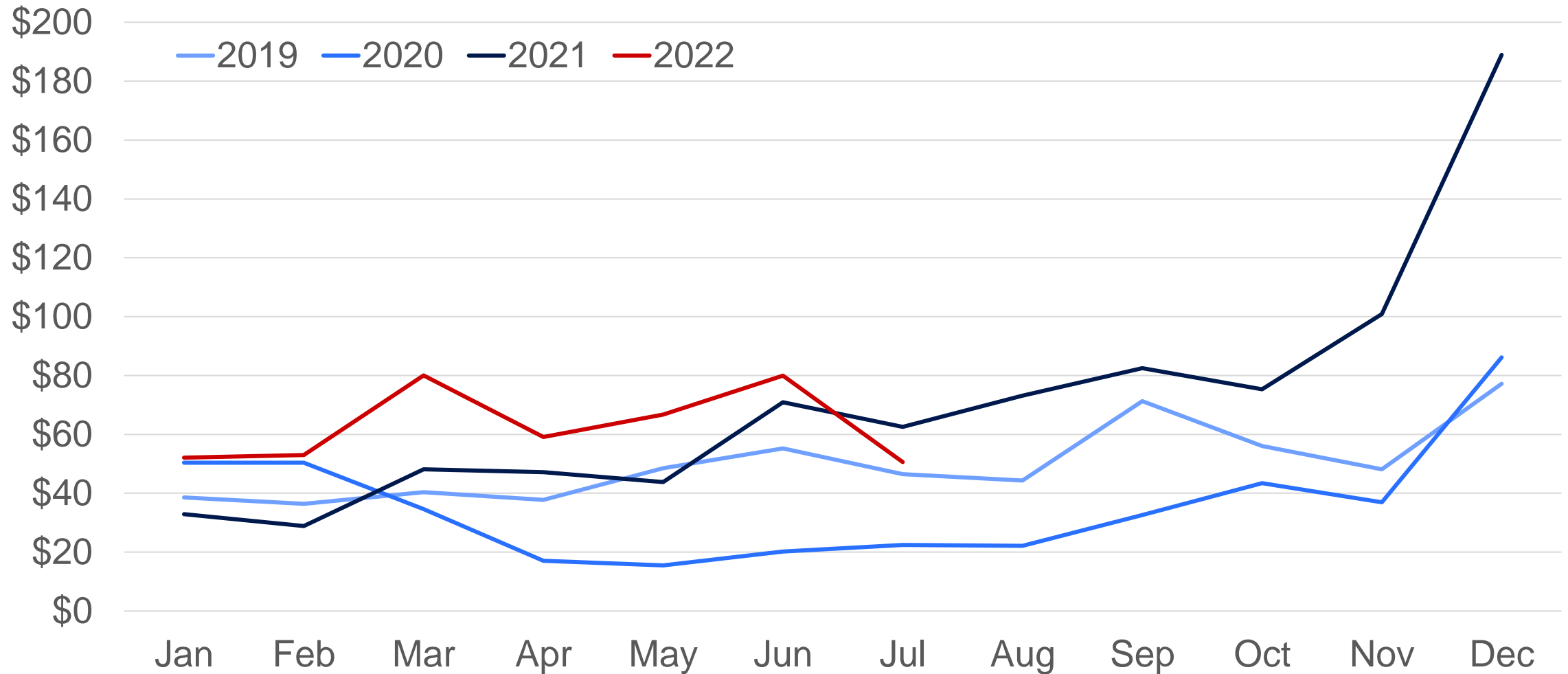
REIT Total Returns, Jan - May 2020 and Feb 2020 - Aug 2022



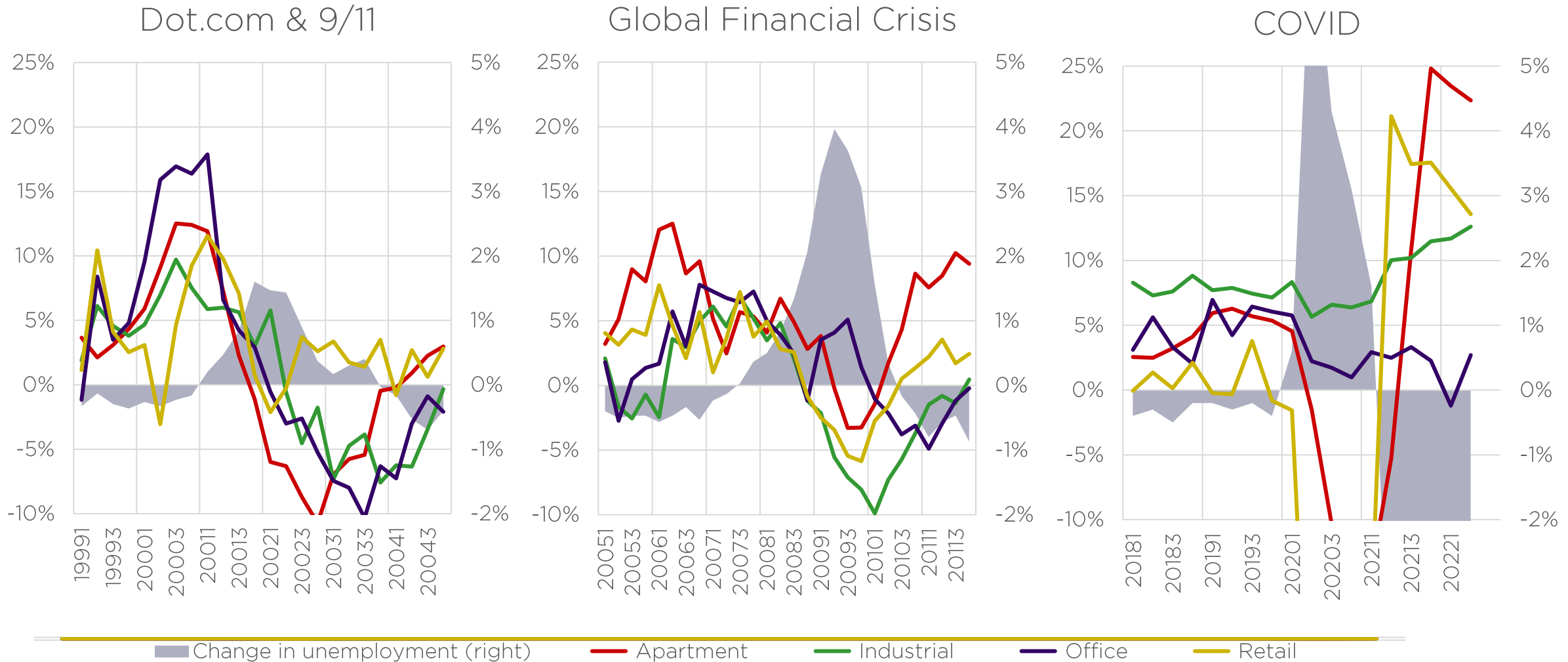
Commercial Property Prices (June 2010 = 100)



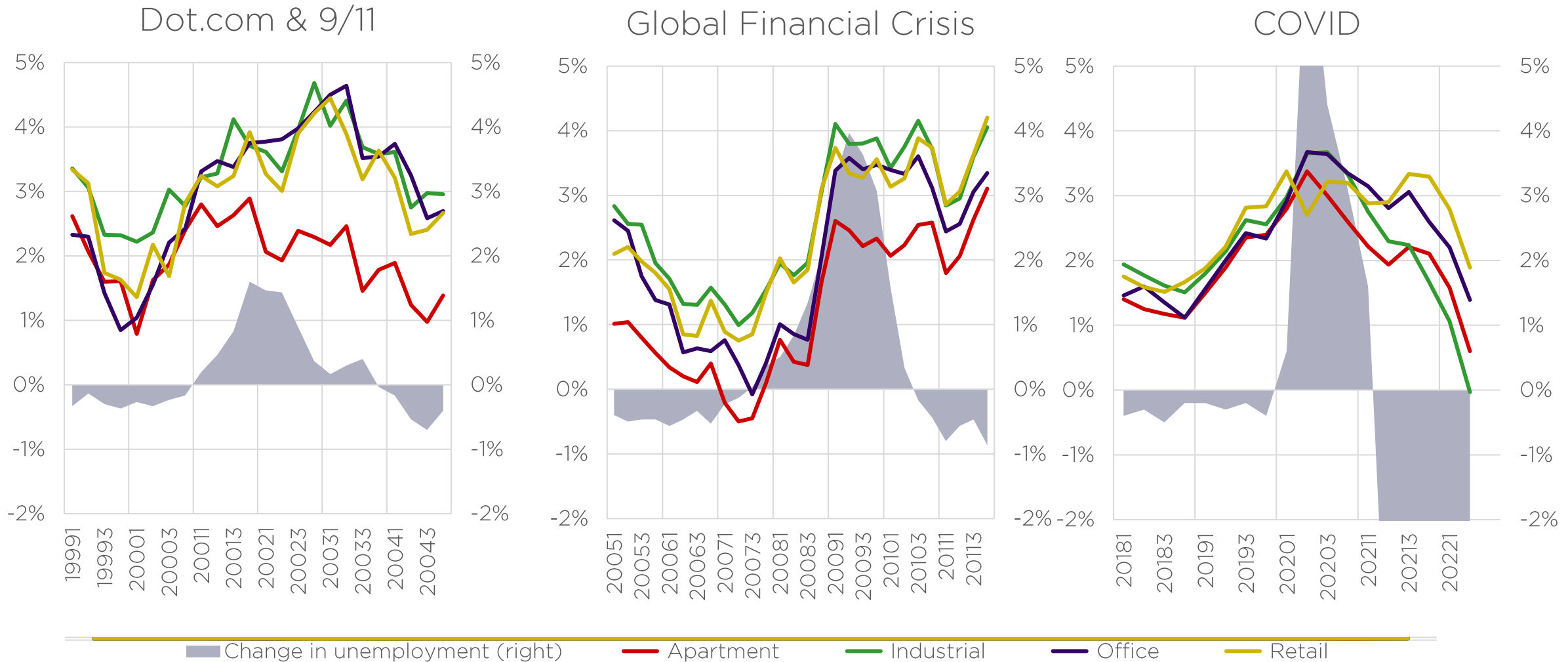
Commercial/Multifamily Property Sales Volume (\$billions)



Year-over-year Changes in Property Incomes (NOIs) and Unemployment Rate

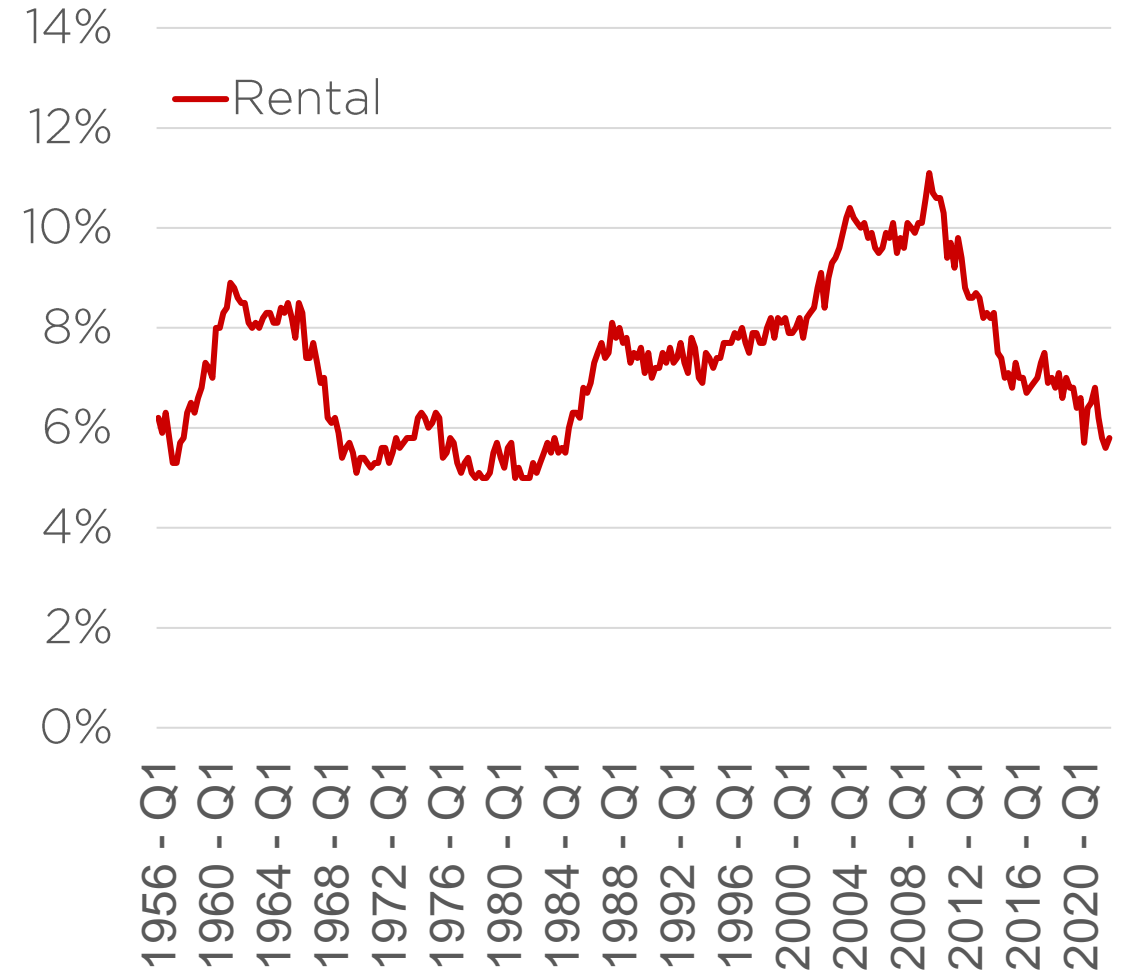
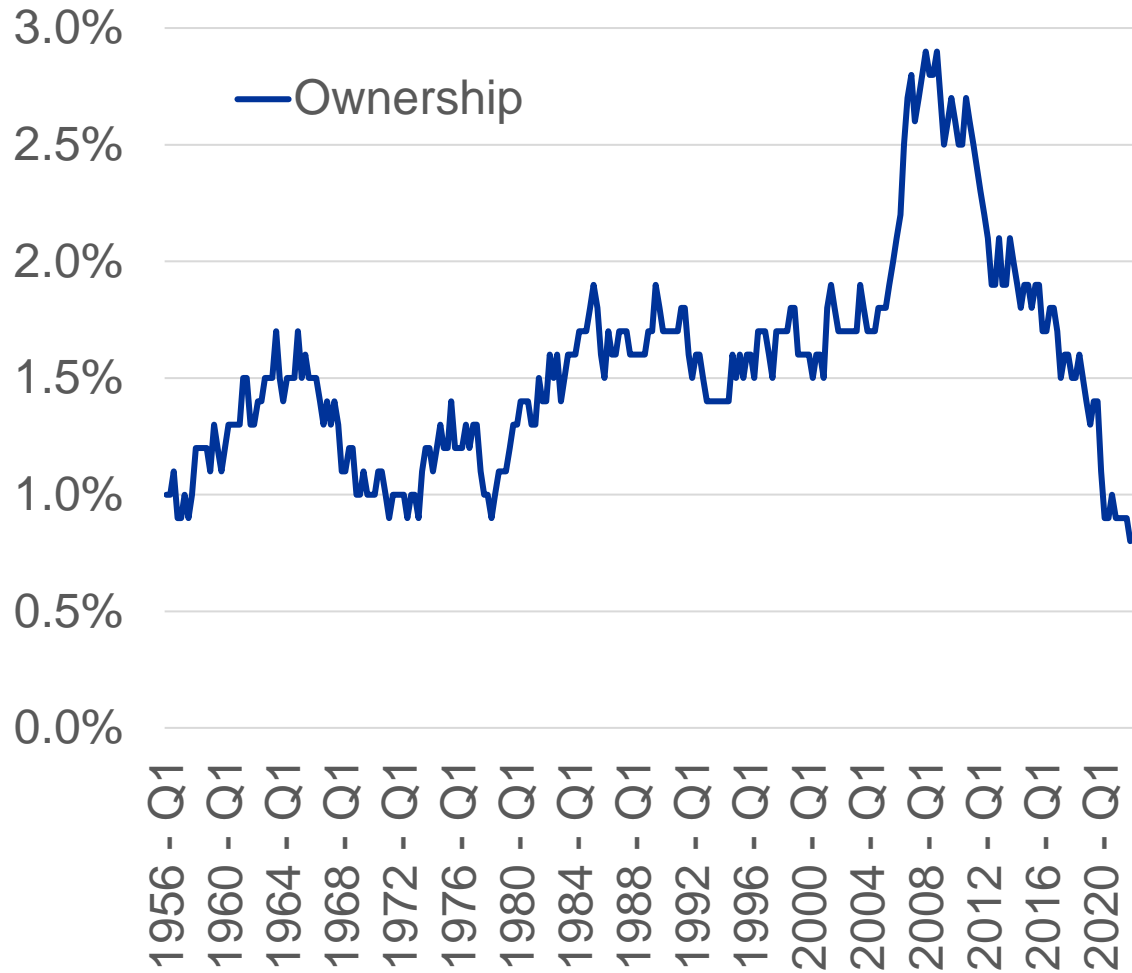


Cap Rate Spreads and Year-over-year Change in Unemployment Rate



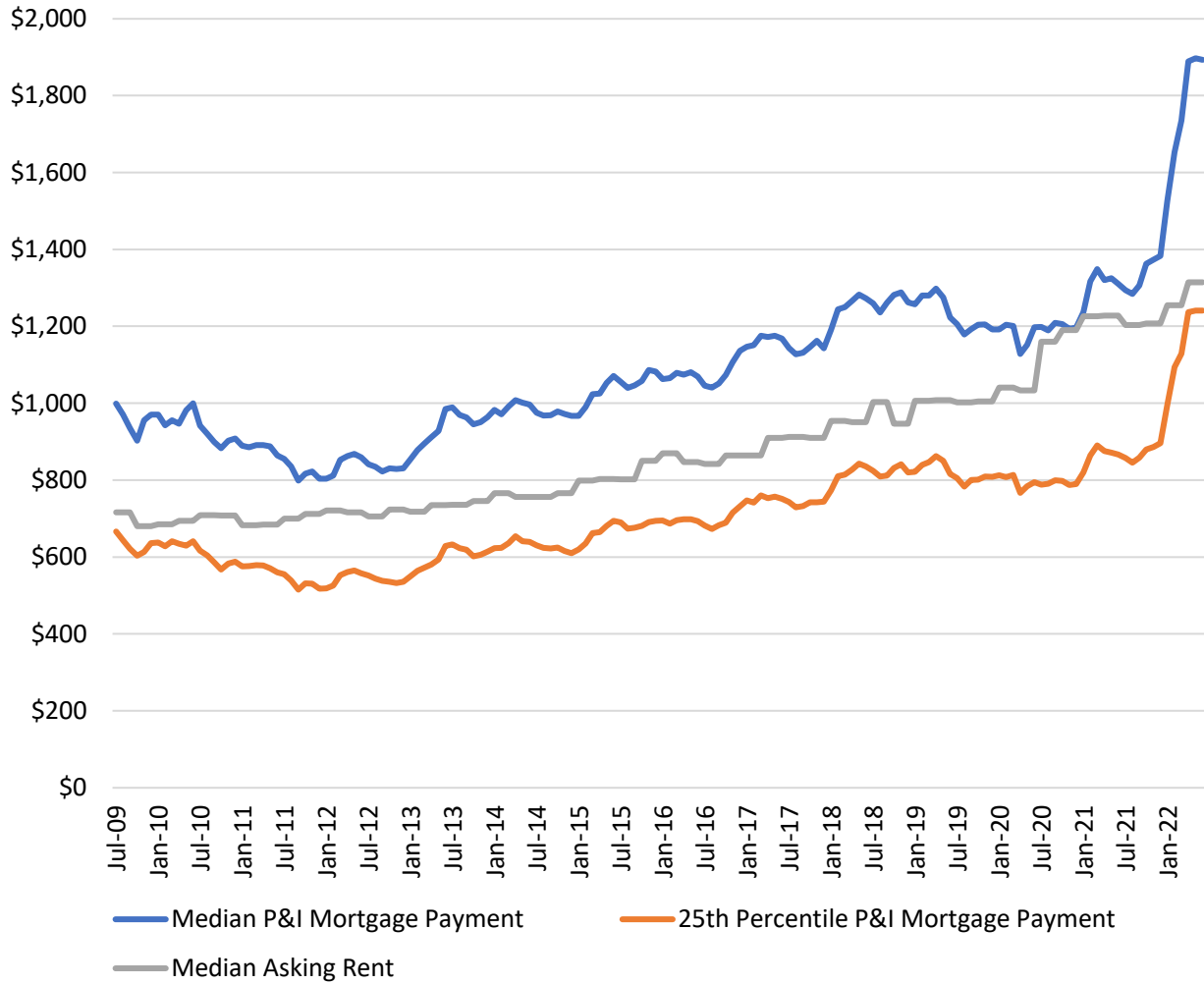
Housing Markets

Ownership and Rental Vacancy Rates

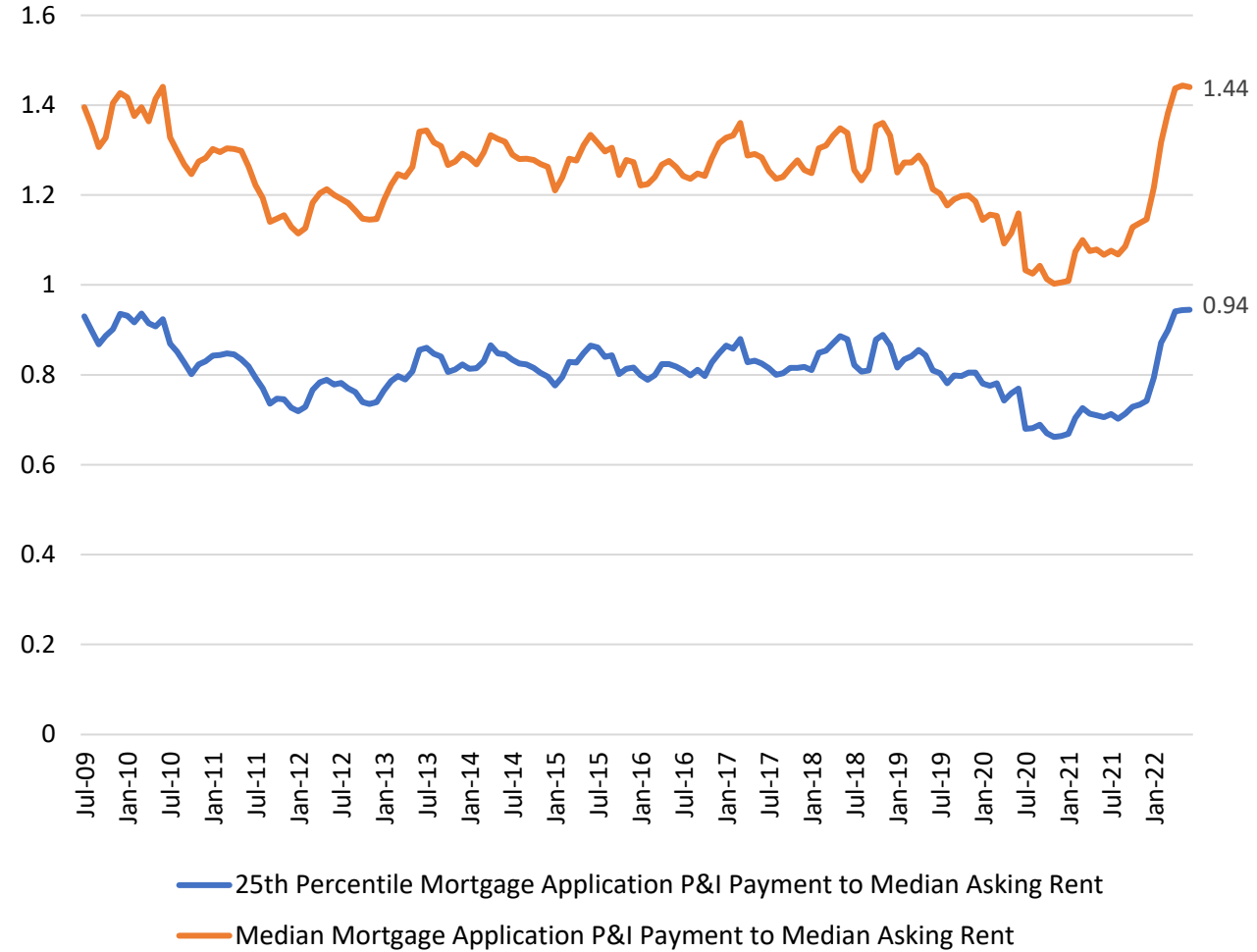


PAPI slide 6 – HVS Asking Rents and Mortgage P&I

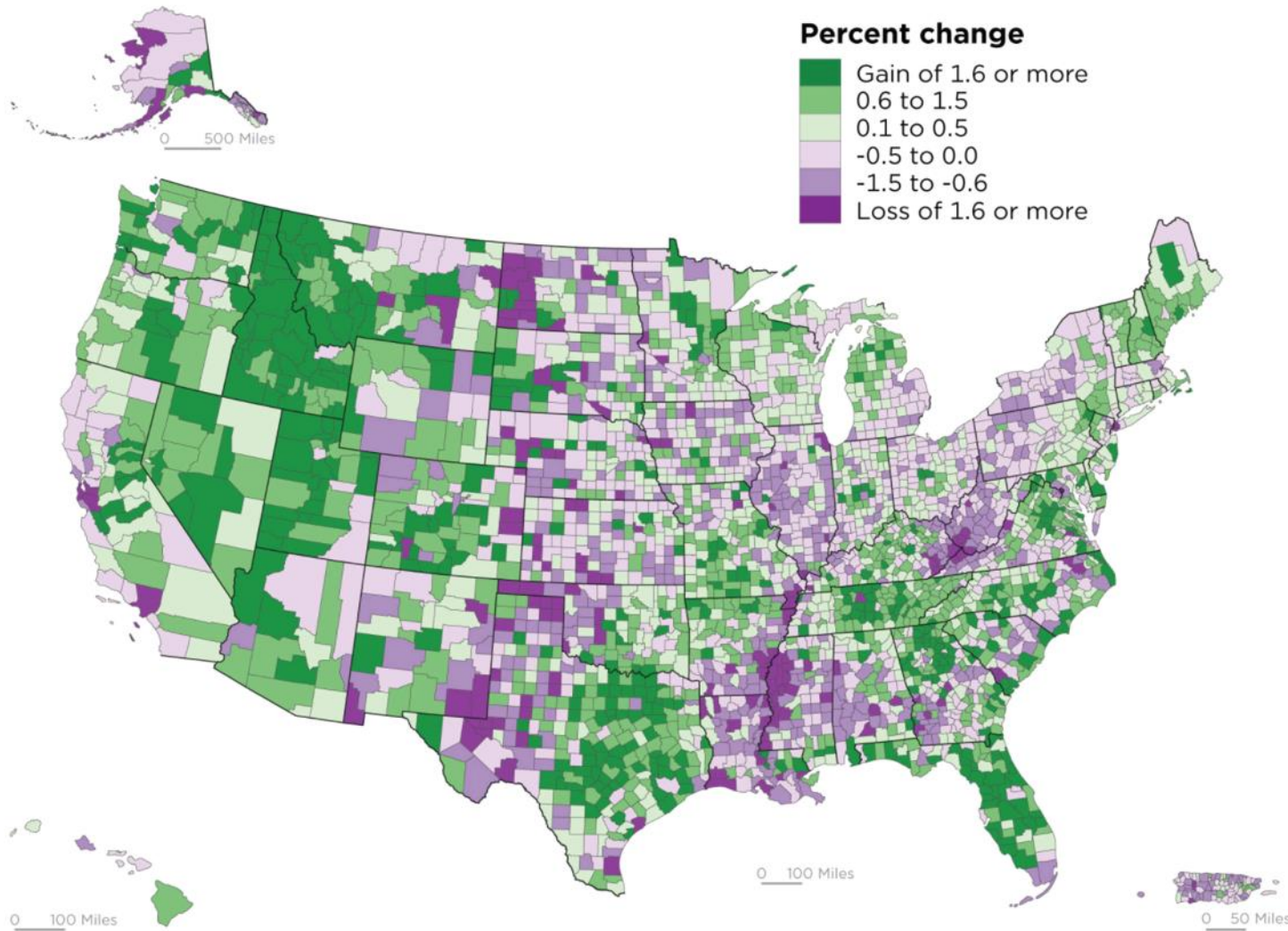
National Median Asking Rents and Mortgage Payments



Mortgage Payment to Rent Ratio



Percent Change in Population by County, 2020 to 2021



Largest Percentage Gains:

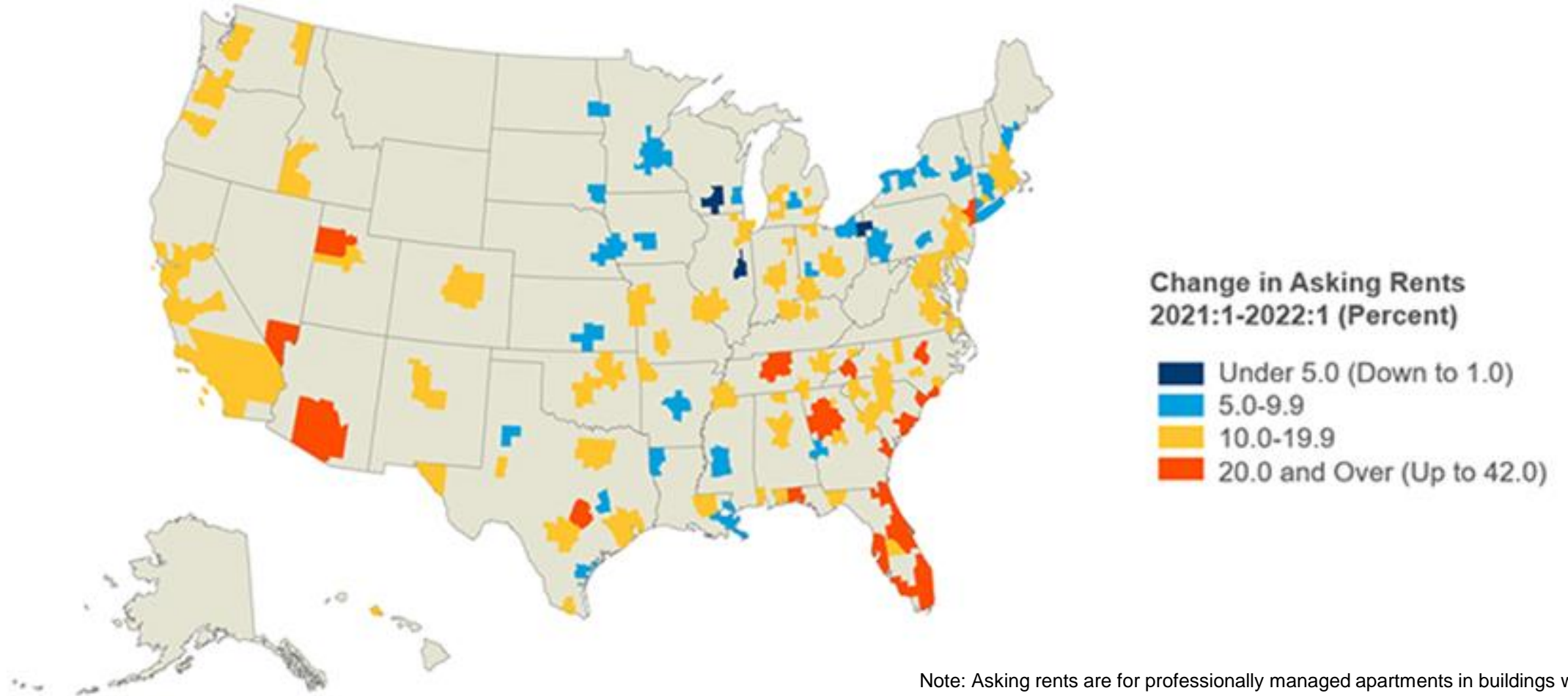
St. George, UT
Coeur d'Alene, ID
Myrtle Beach-Conway-North Myrtle Beach, SC-NC
Punta Gorda, FL
The Villages, FL
Boise City, ID
Lakeland- Winter Haven, FL
Provo-Orem, UT
Cape-Coral-Fort Myers, FL
Logan, UT-ID

Largest Percentage Losses:

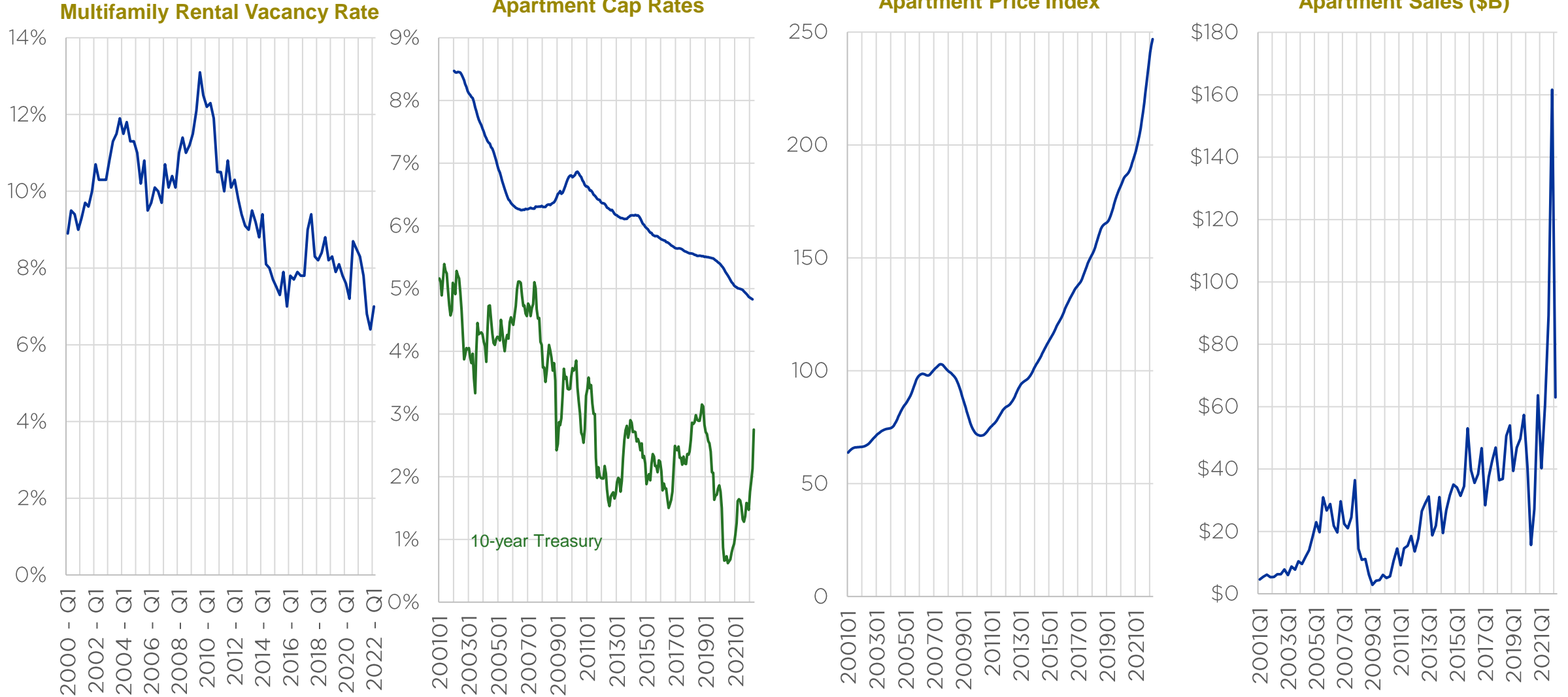
Lake Charles, LA
Odessa, TX
San Francisco-Oakland-Berkeley, CA
San Jose-Sunnyvale-Santa Clara, CA
New York-Newark-Jersey City, NY-NJ-PA
Los Angeles-Long Beach-Anaheim, CA
Midland, TX
Urban Honolulu, HI
Decatur, IL
Enid, OK

Change in Asking Rents, Q1 2021 – Q1 2022

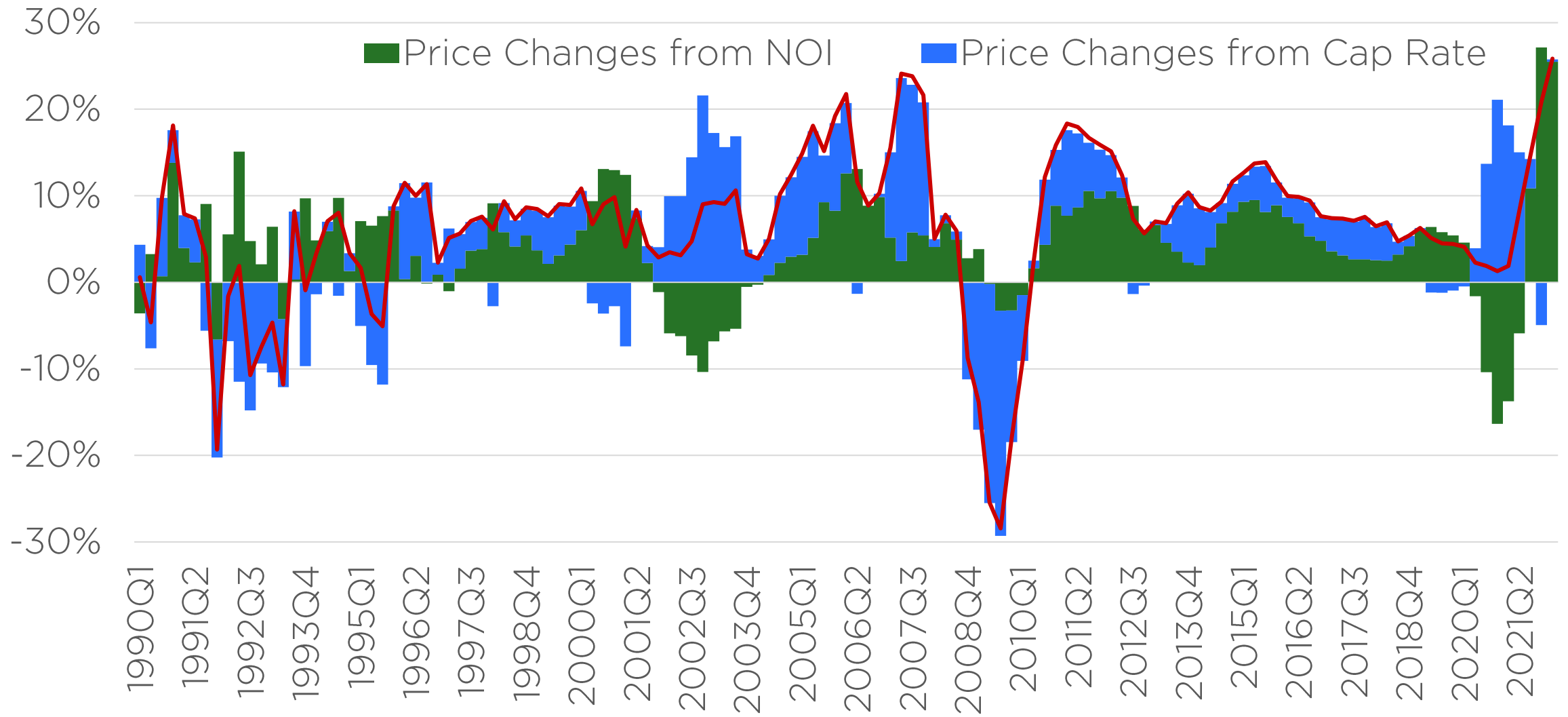
✓



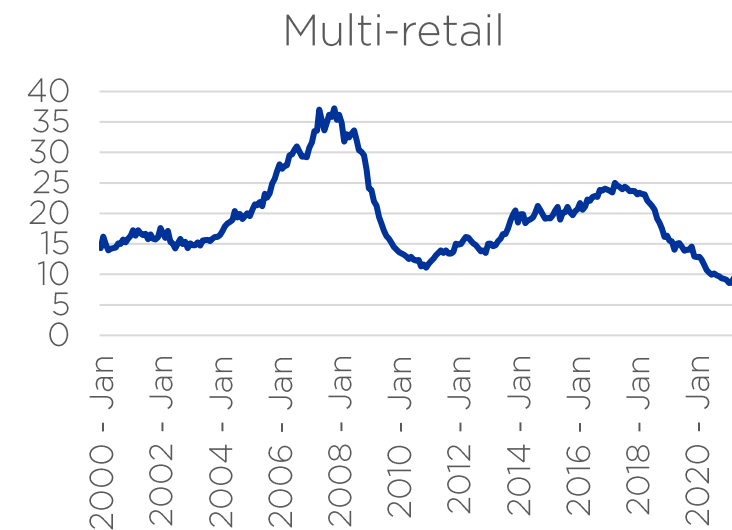
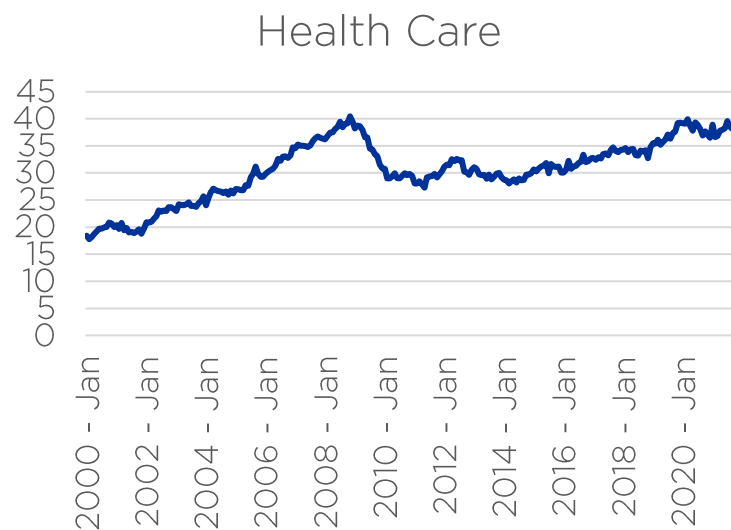
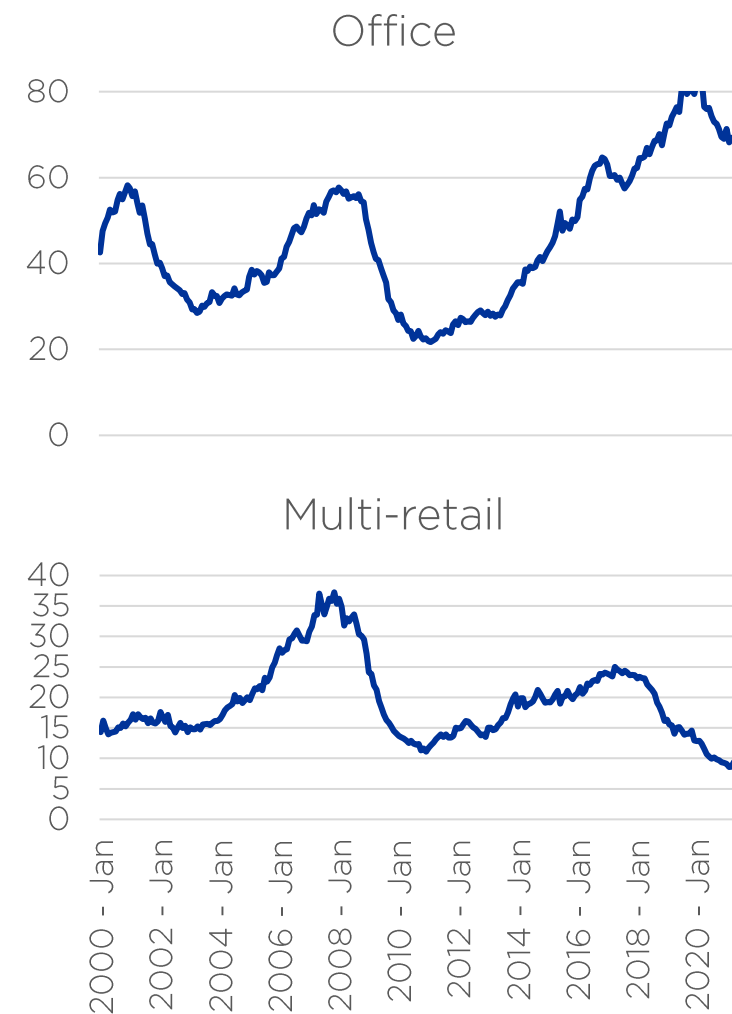
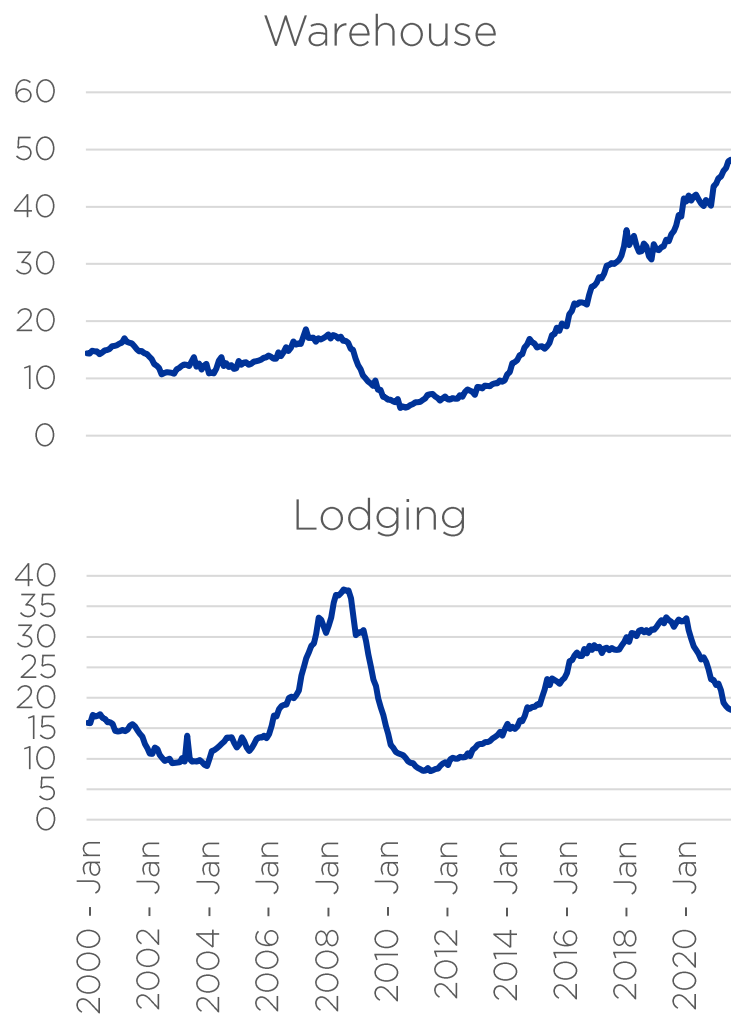
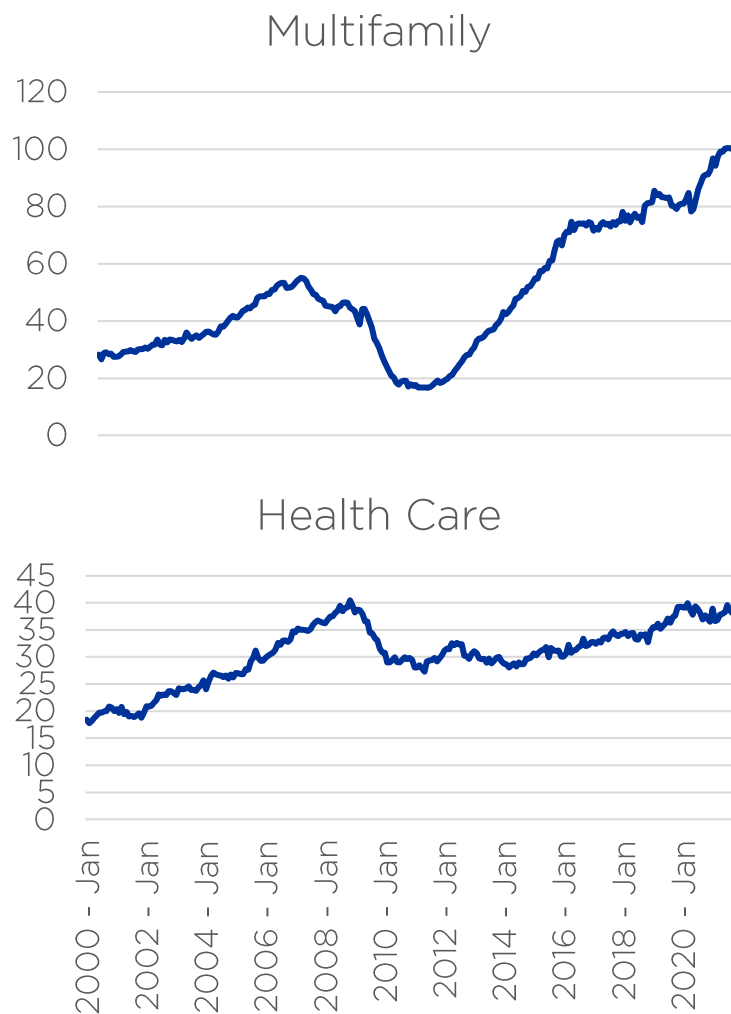
Rental Housing Market Conditions



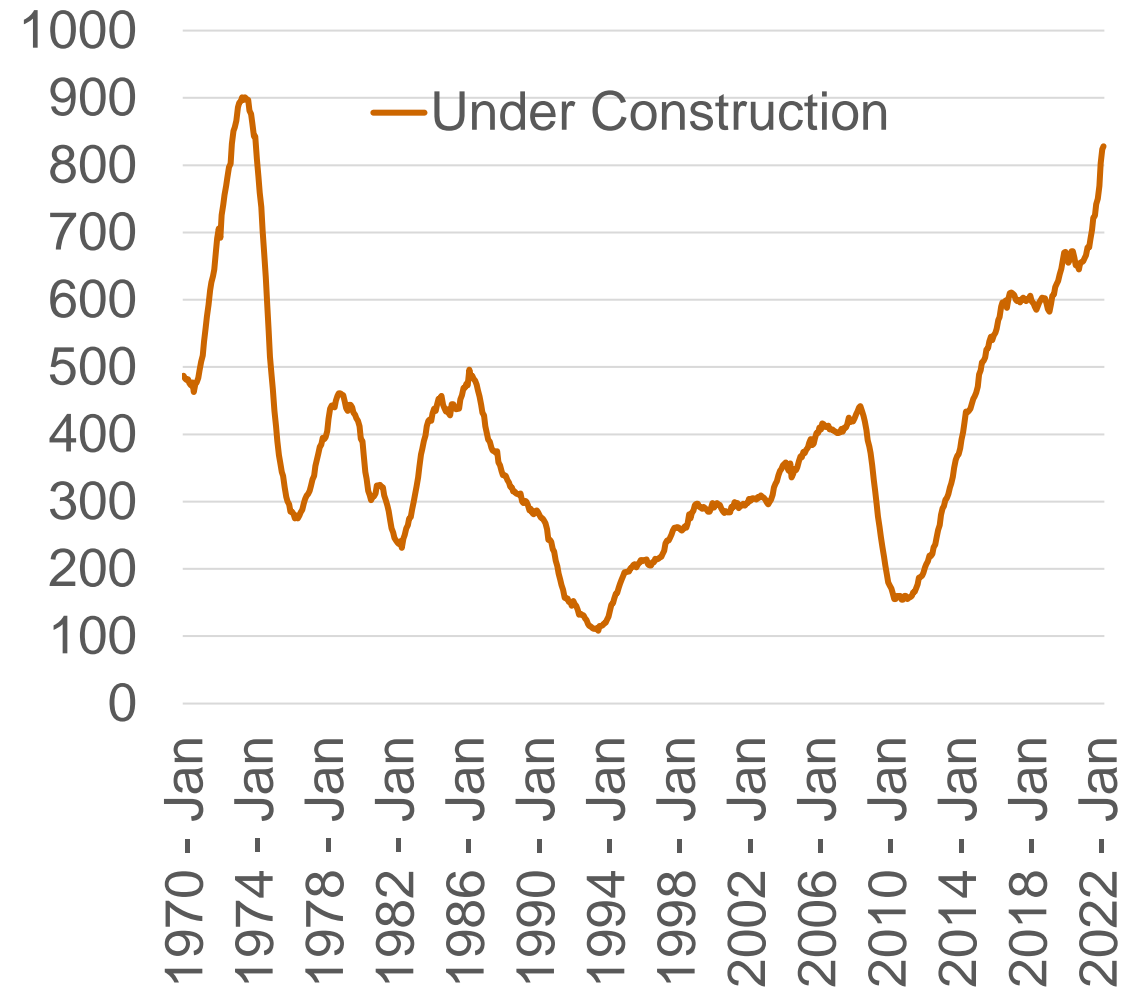
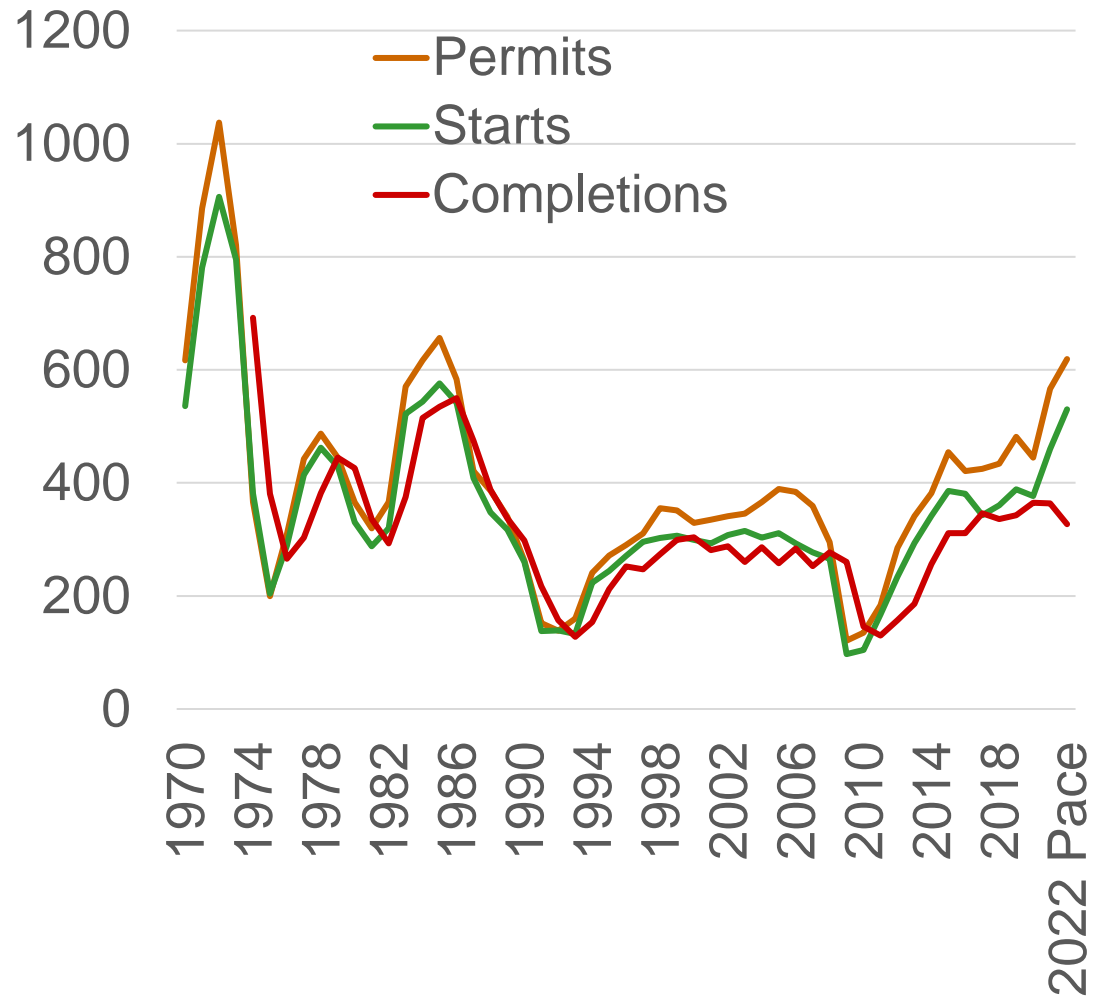
Year-over-year Changes in NCREIF Multifamily Real Estate Values



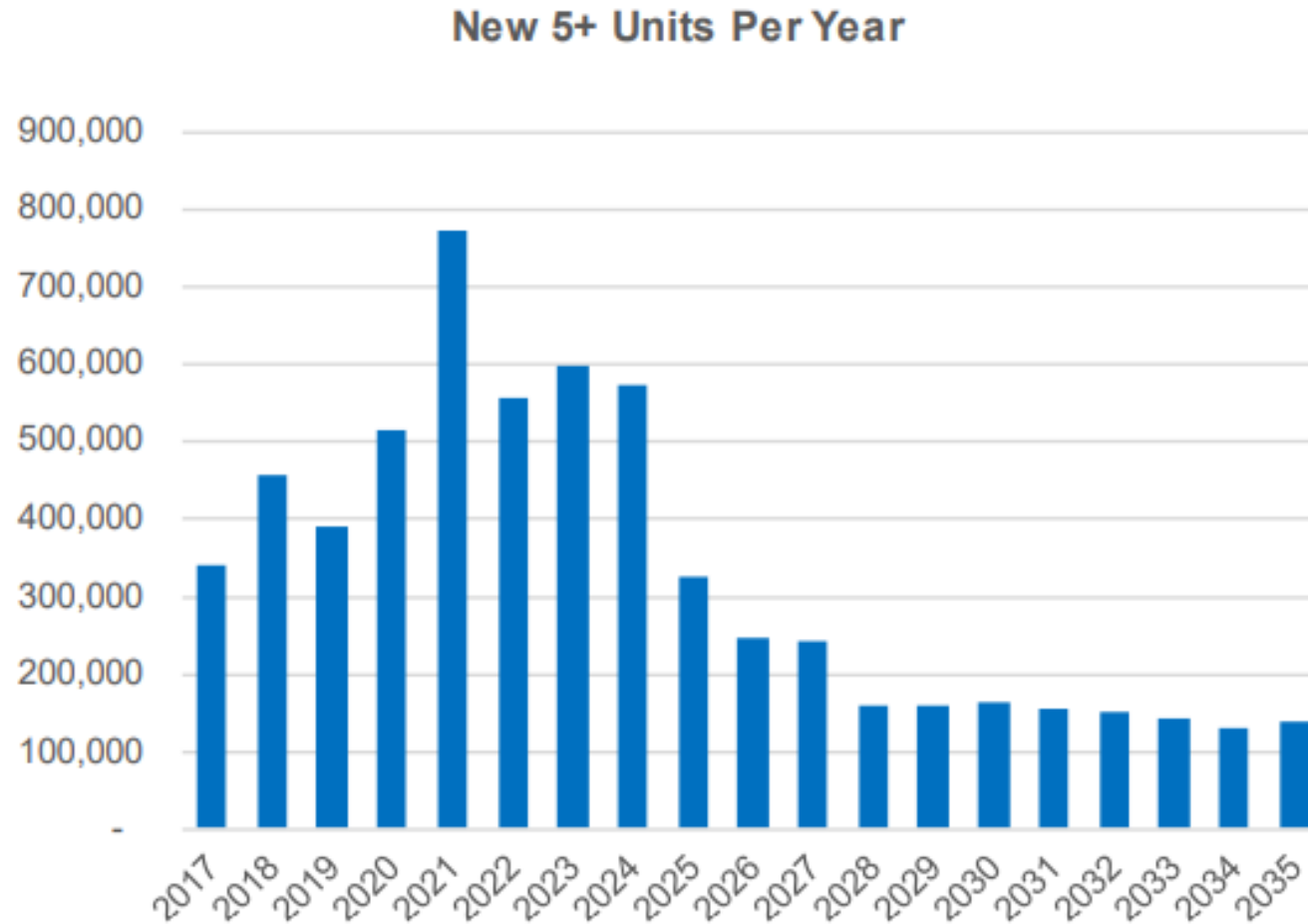
Value of Selected Private CRE-Related Construction Put-In-Place \$billions, Seasonally Adjusted Annual Rate



Multifamily Construction Permits, Starts and Completions & Under Construction (SAAR, 1,000s)

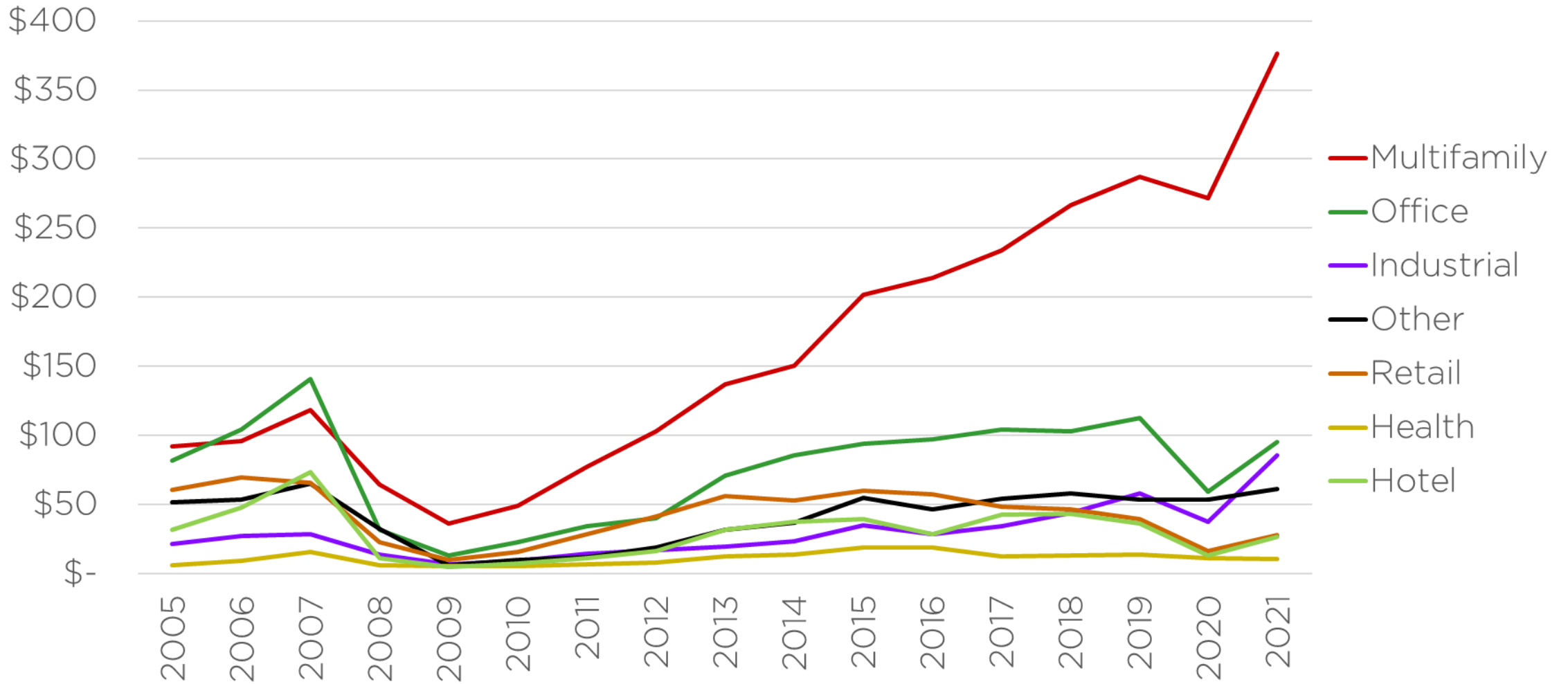


NMHC/Hoyt Estimates of Multifamily Housing Demand in Coming Years

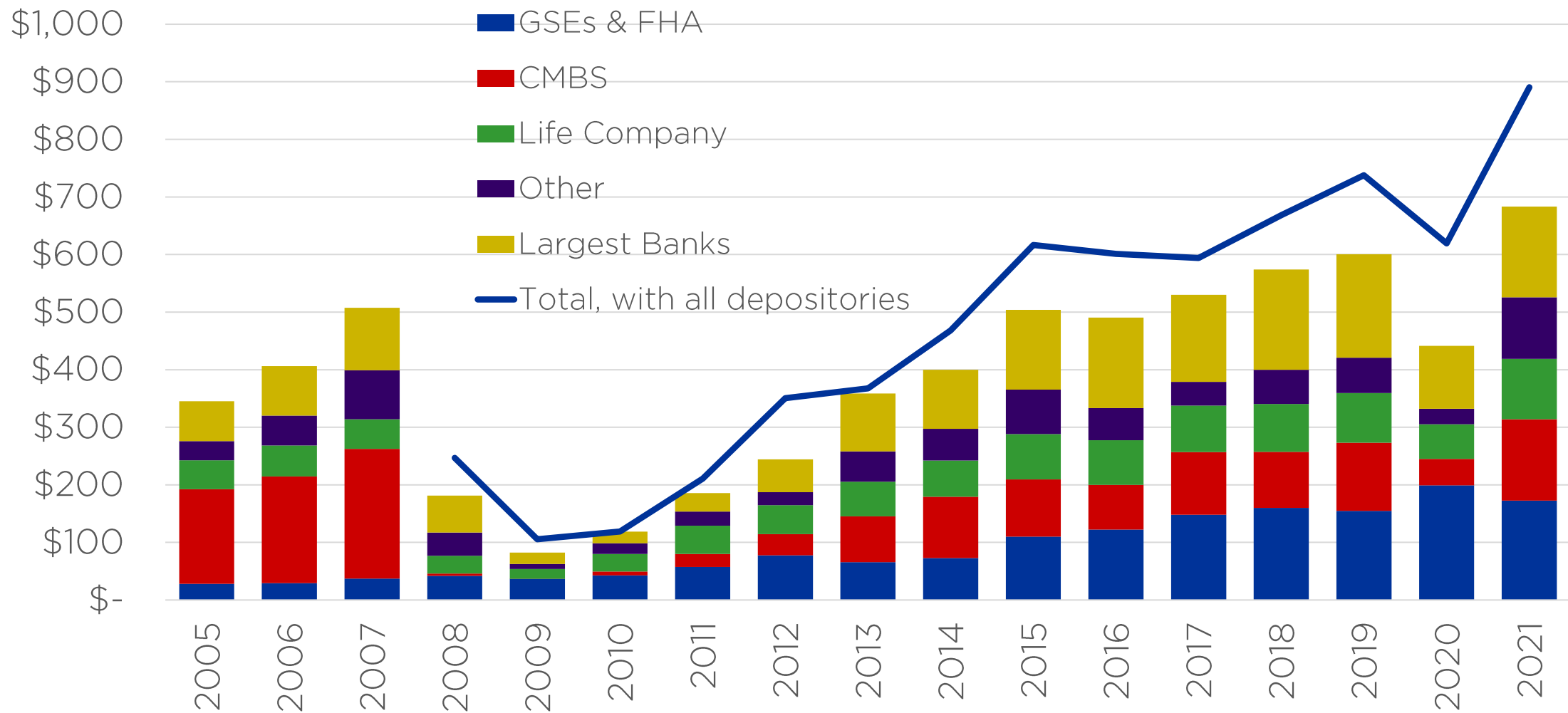


Mortgage Markets

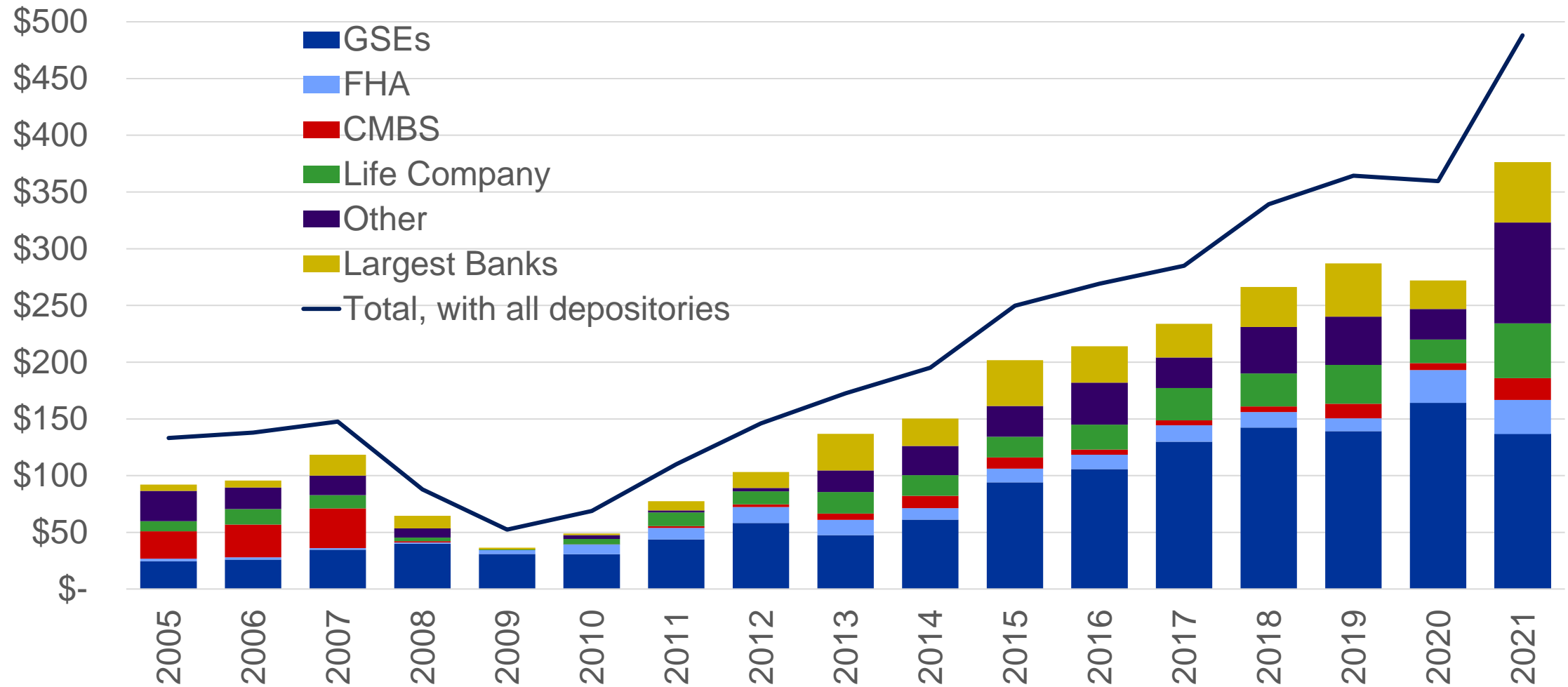
Mortgage Bankers Originations, by Property Type (\$billions)



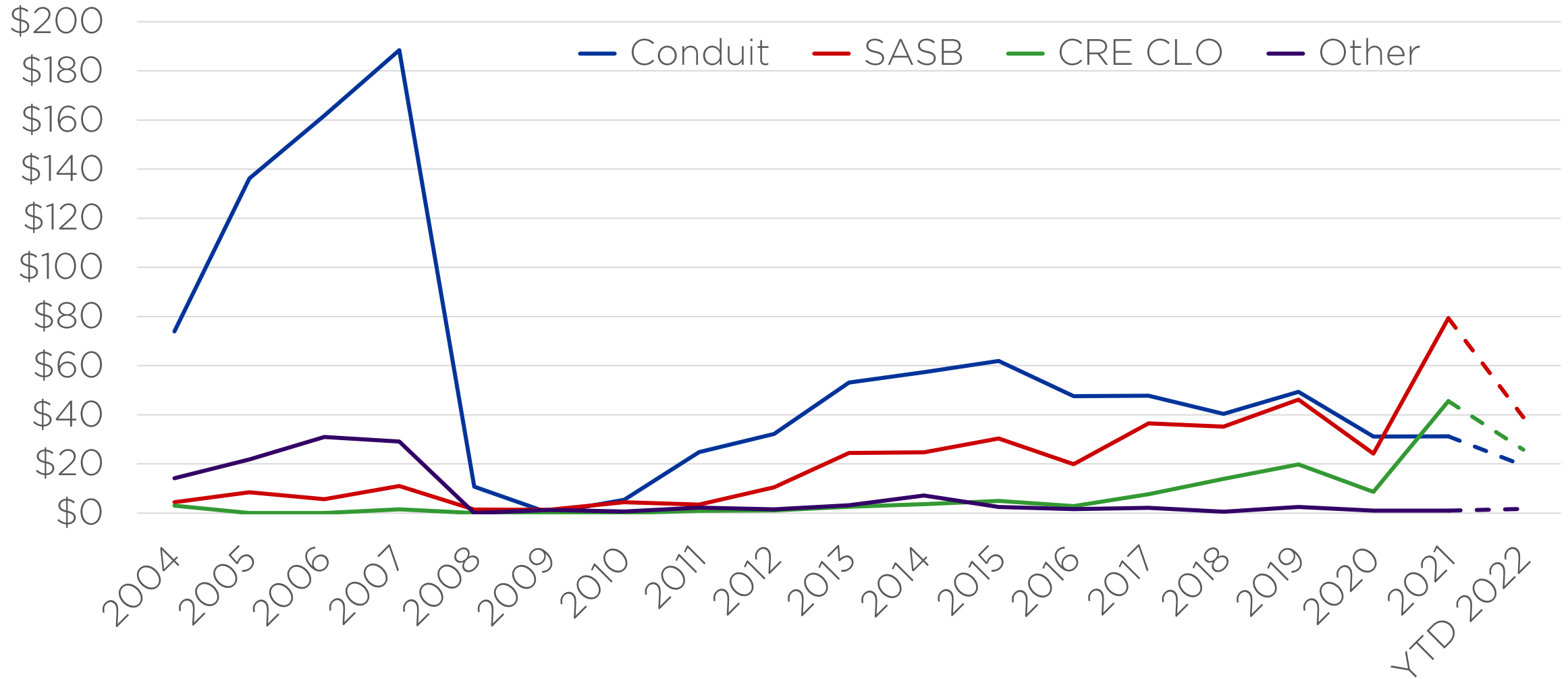
Total Commercial/Multifamily Mortgage Lending, by Capital Source (\$billions)



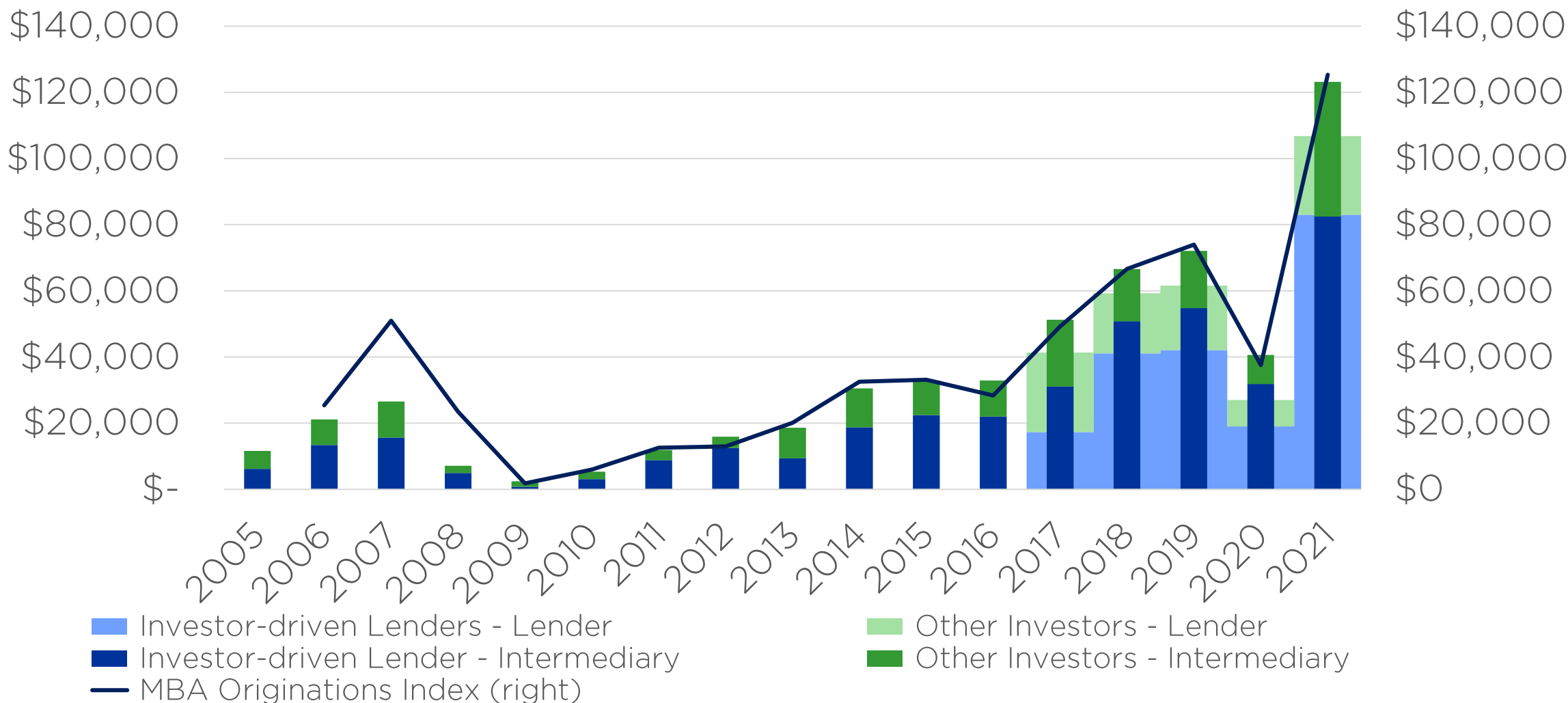
Total Multifamily Mortgage Lending, by Capital Source (\$billions)



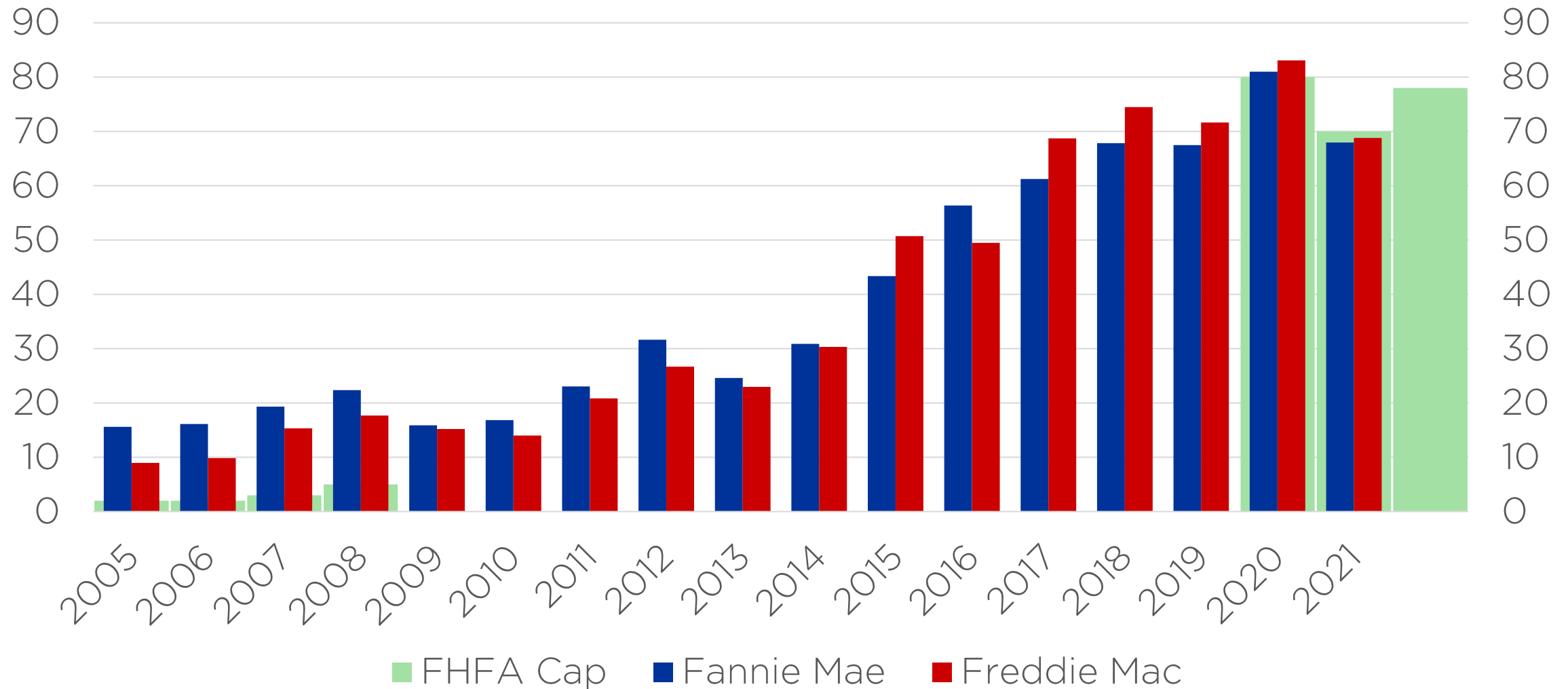
Issuance of Private-label CMBS and CRE CLOs (\$billions)



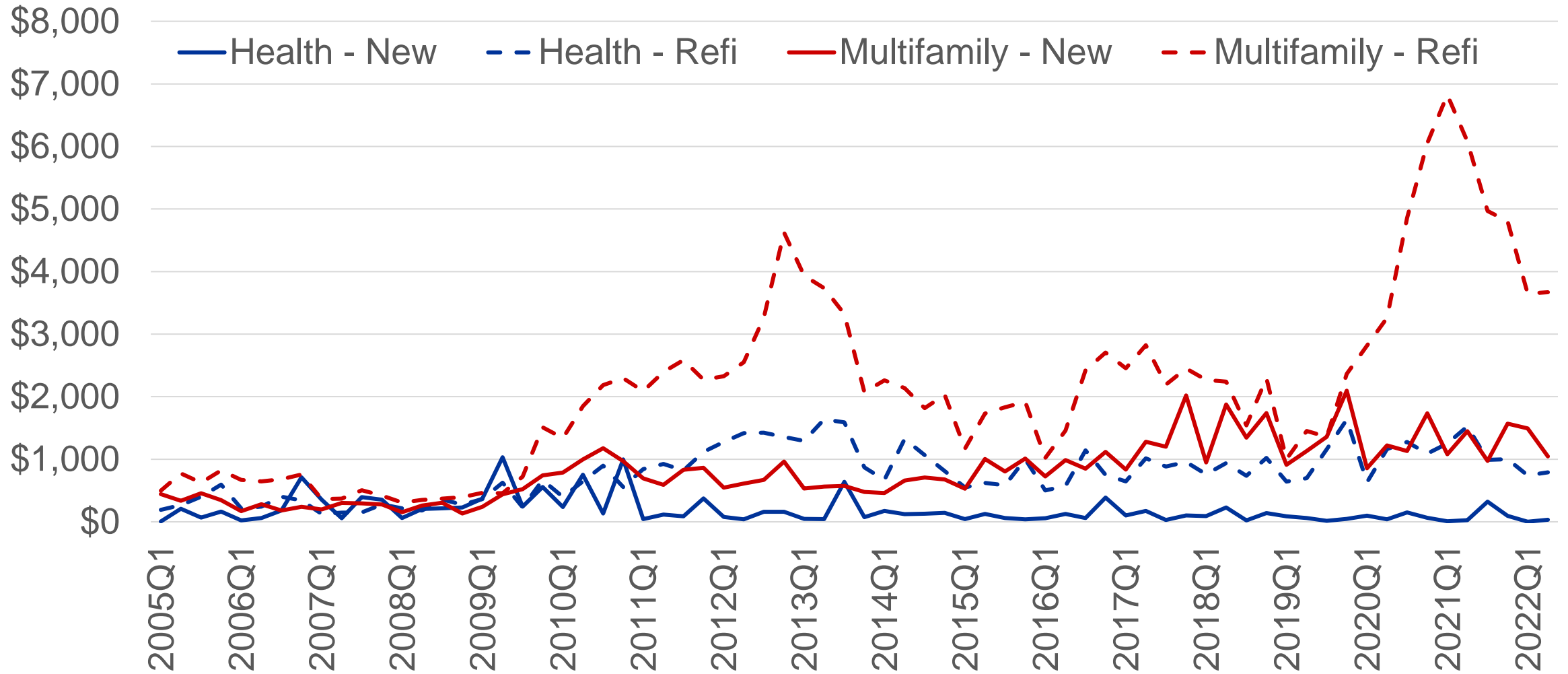
Investor-driven Lender Originations, as Reported by Lenders and by Intermediaries, and MBA Originations Index for the Group (\$millions)



Fannie Mae and Freddie Mac Multifamily Lending (\$billions)

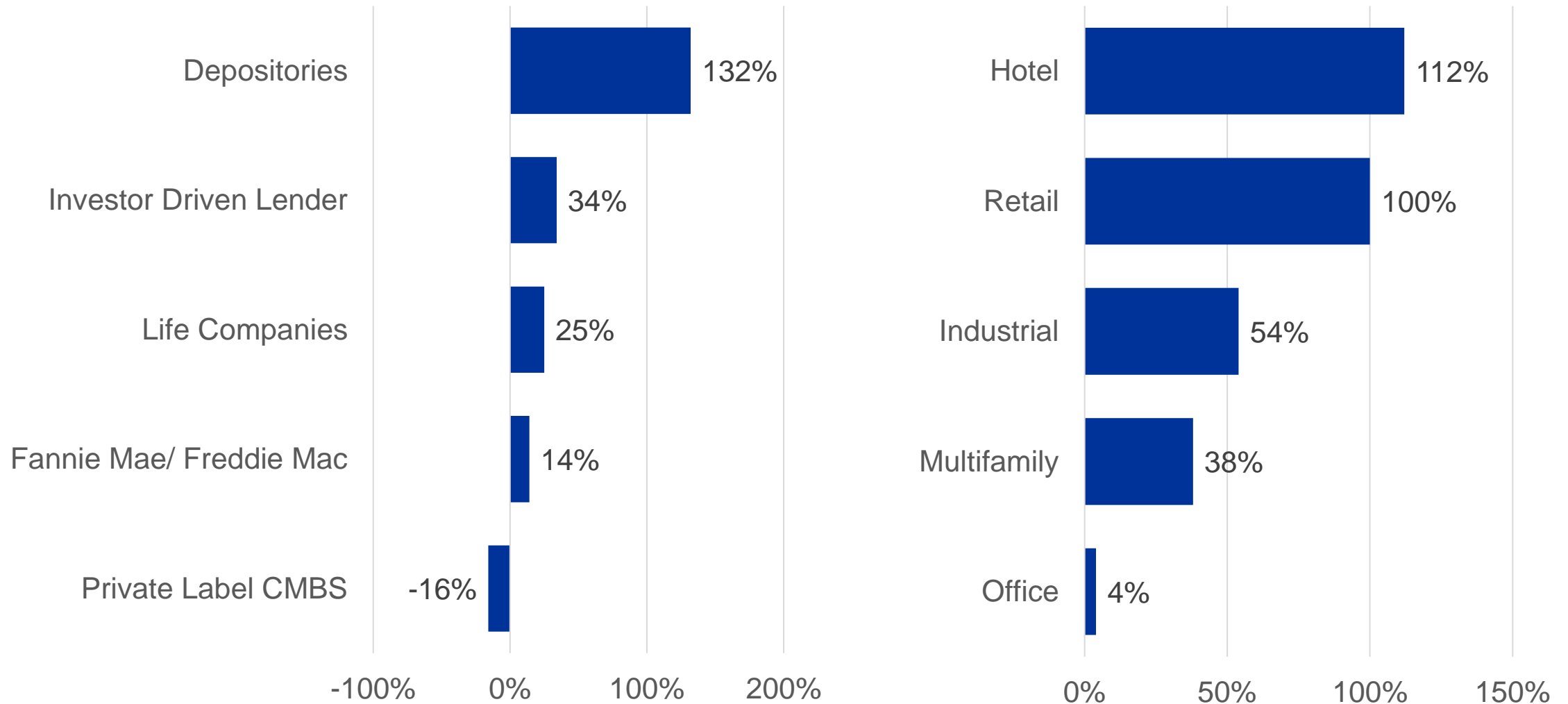


Quarterly FHA Healthcare and Multifamily Initial Endorsements (\$millions)



Record start to the year for commercial/multifamily borrowing & lending

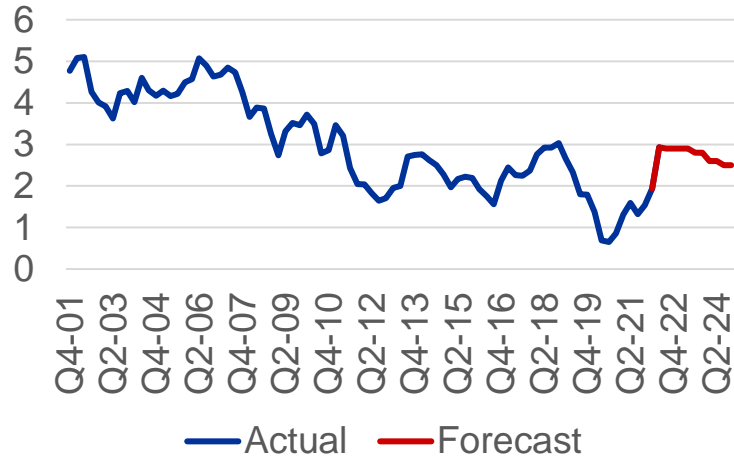
H1 2022 Commercial/Multifamily Originations, year-over-year change



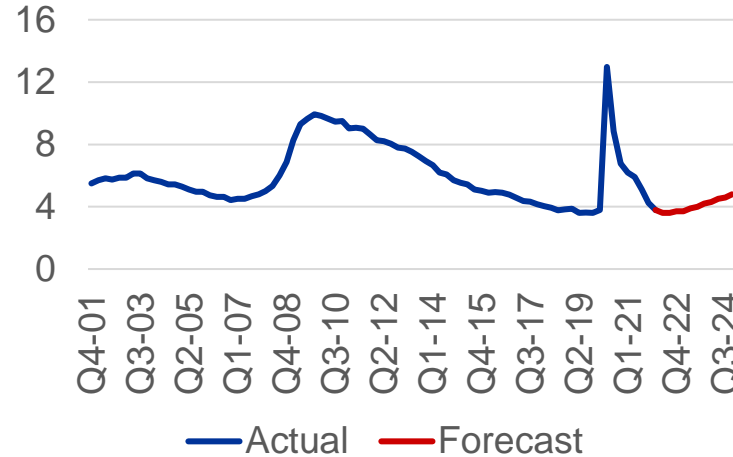
Outlook

Economic Backdrop

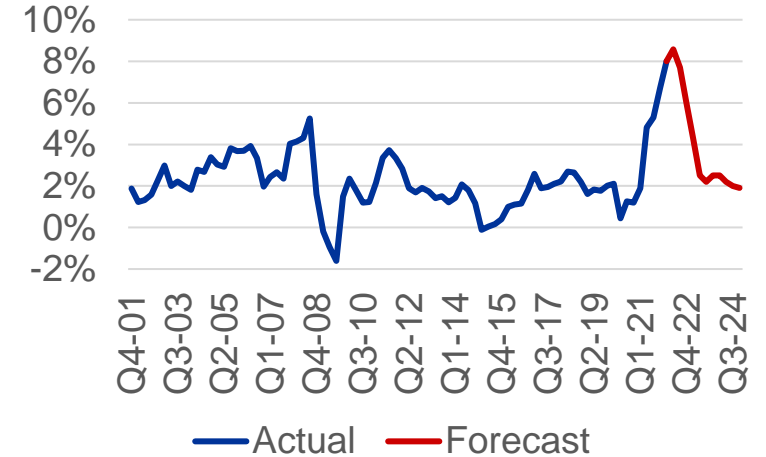
10-year Treasury Yield



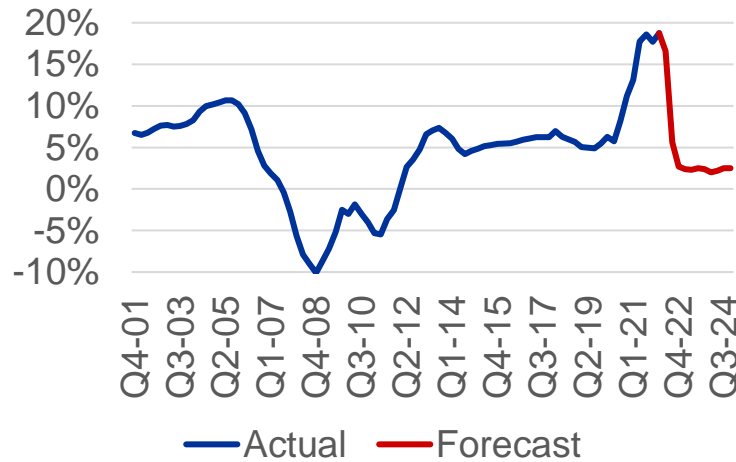
Unemployment Rate



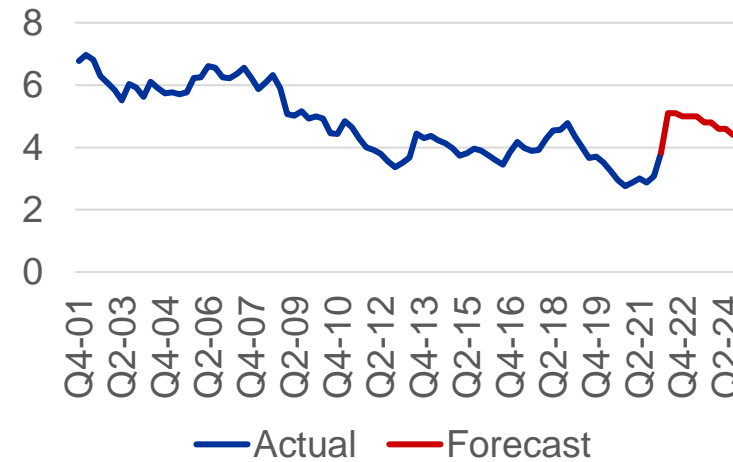
CPI-U Growth



FHFA Home Price Growth

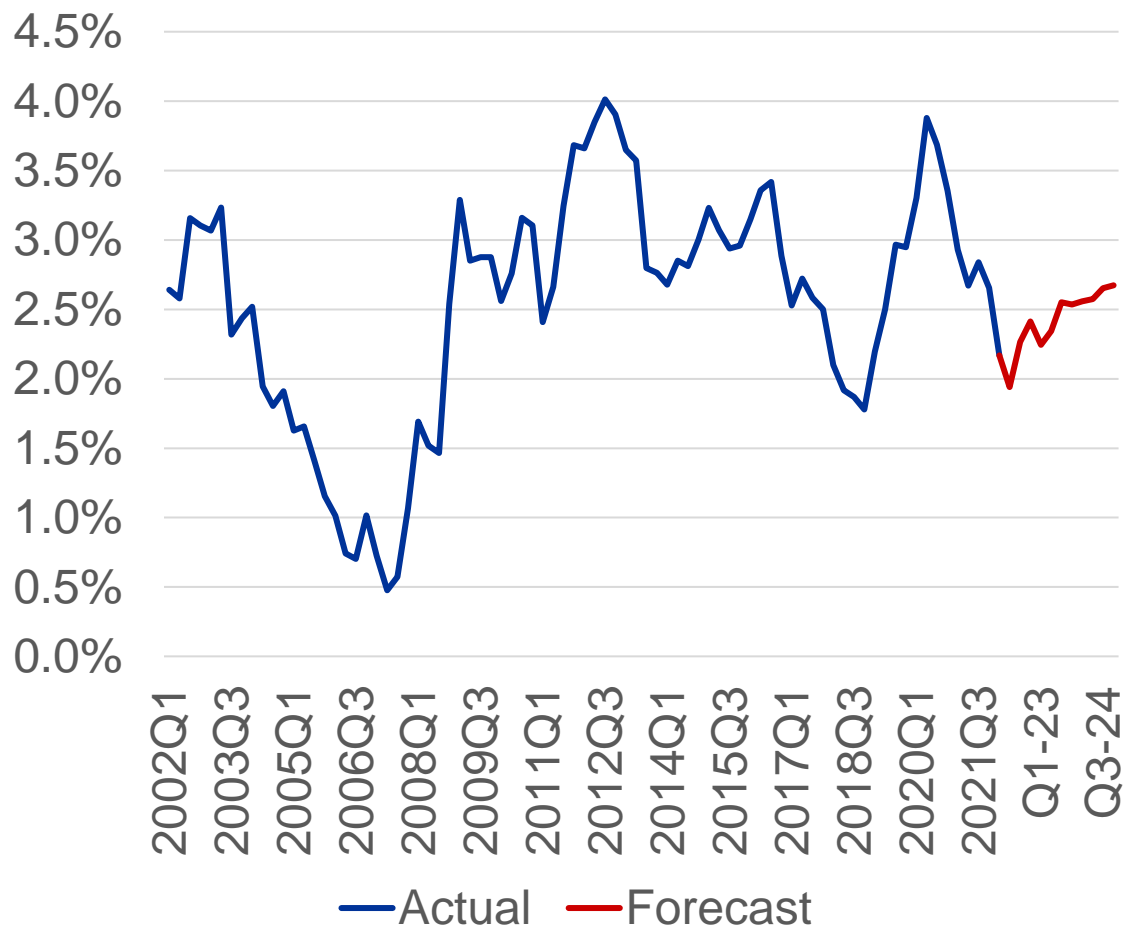


Home Mortgage Rates

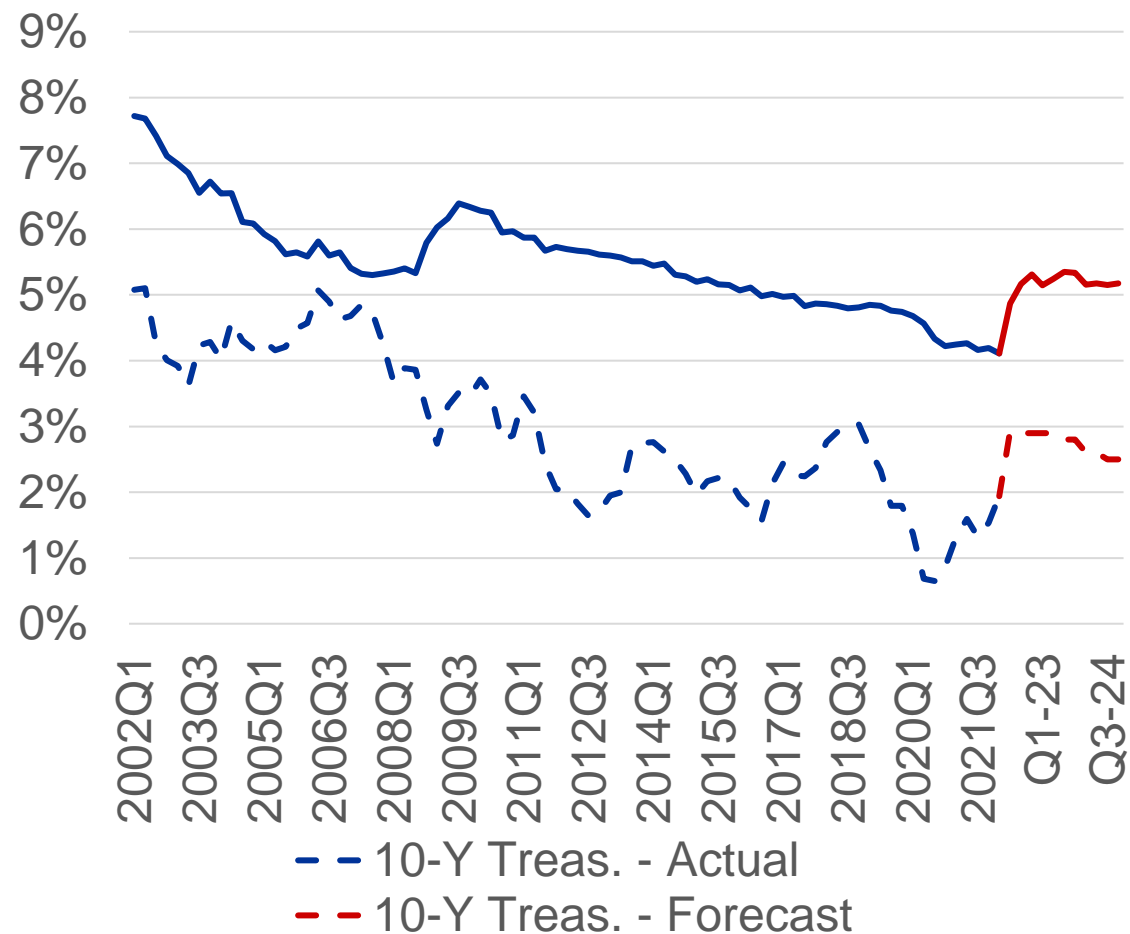


Apartment Cap Rate

Cap Rate Spread

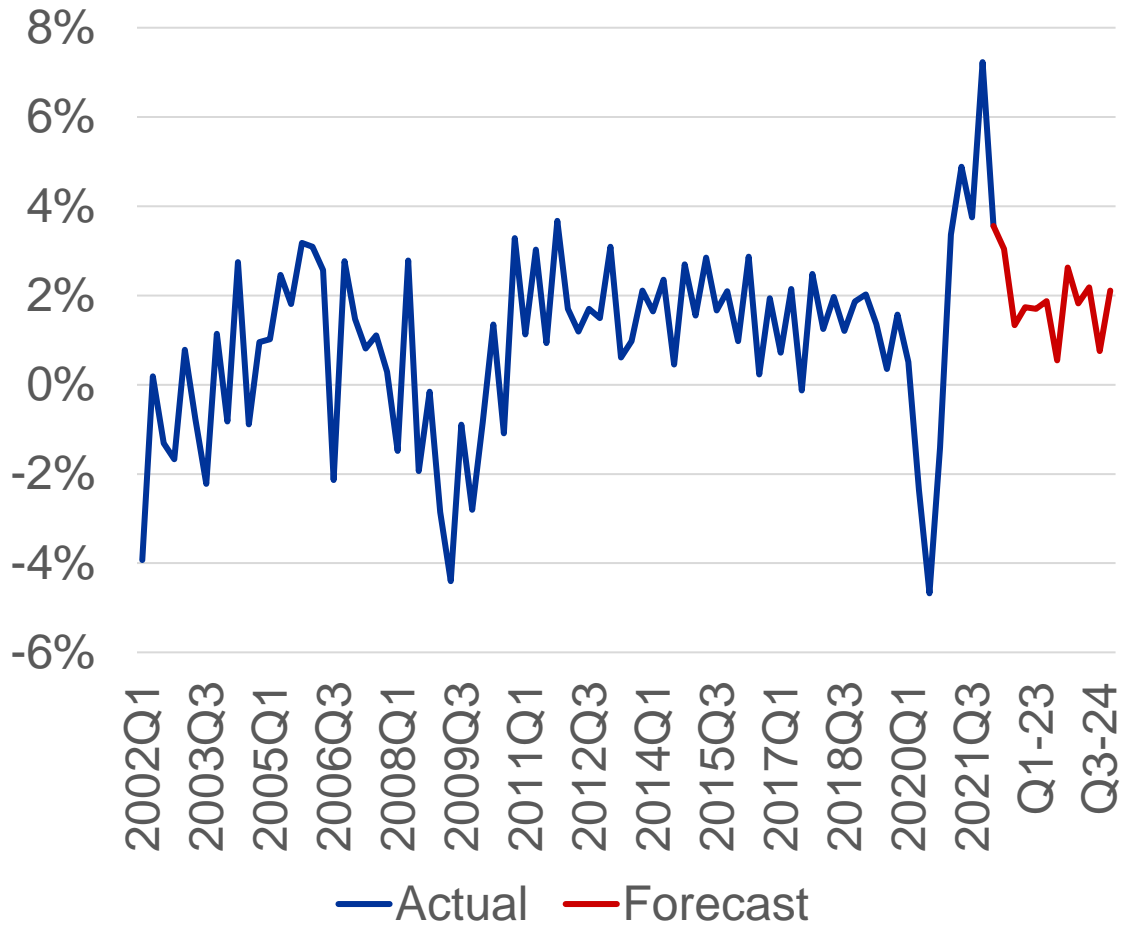


Cap Rates & 10-year Treasuries

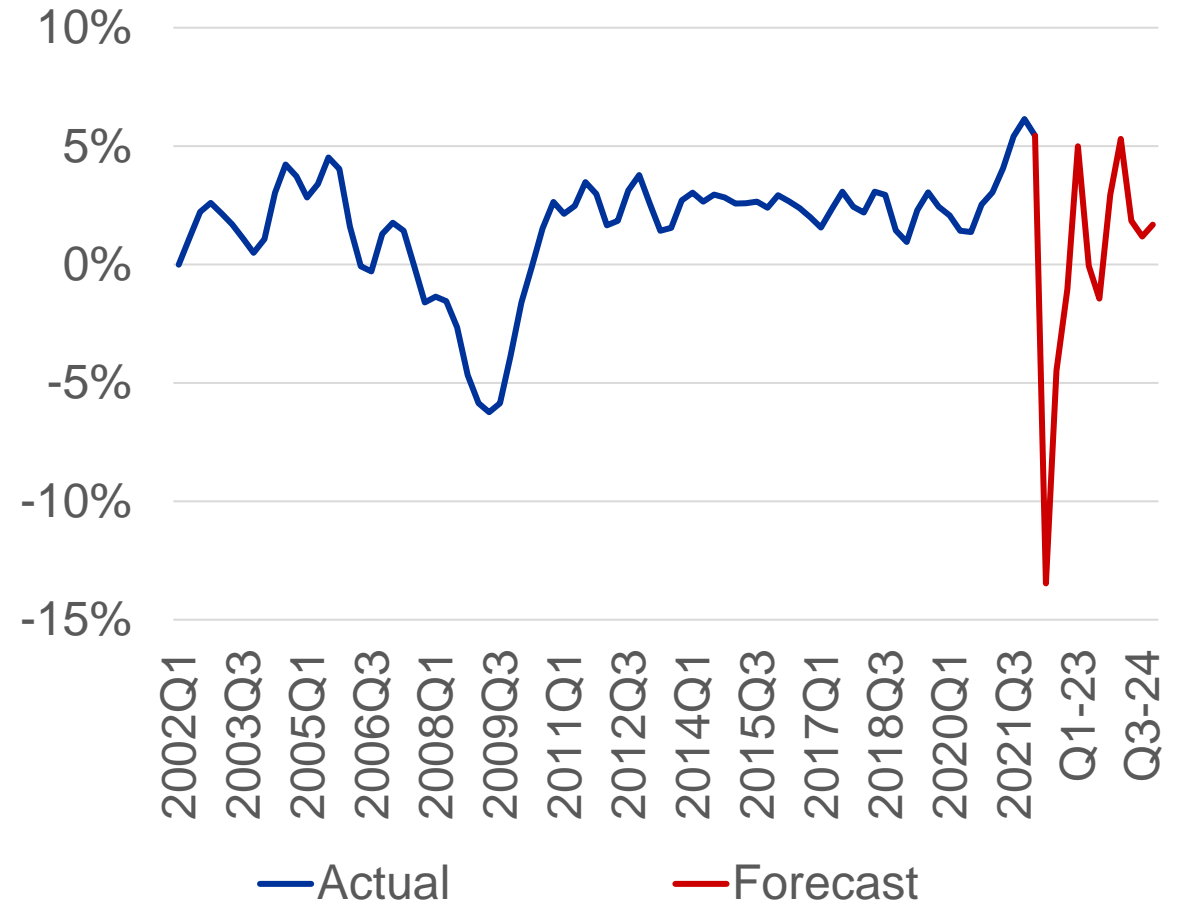


Apartment NOIs & Values

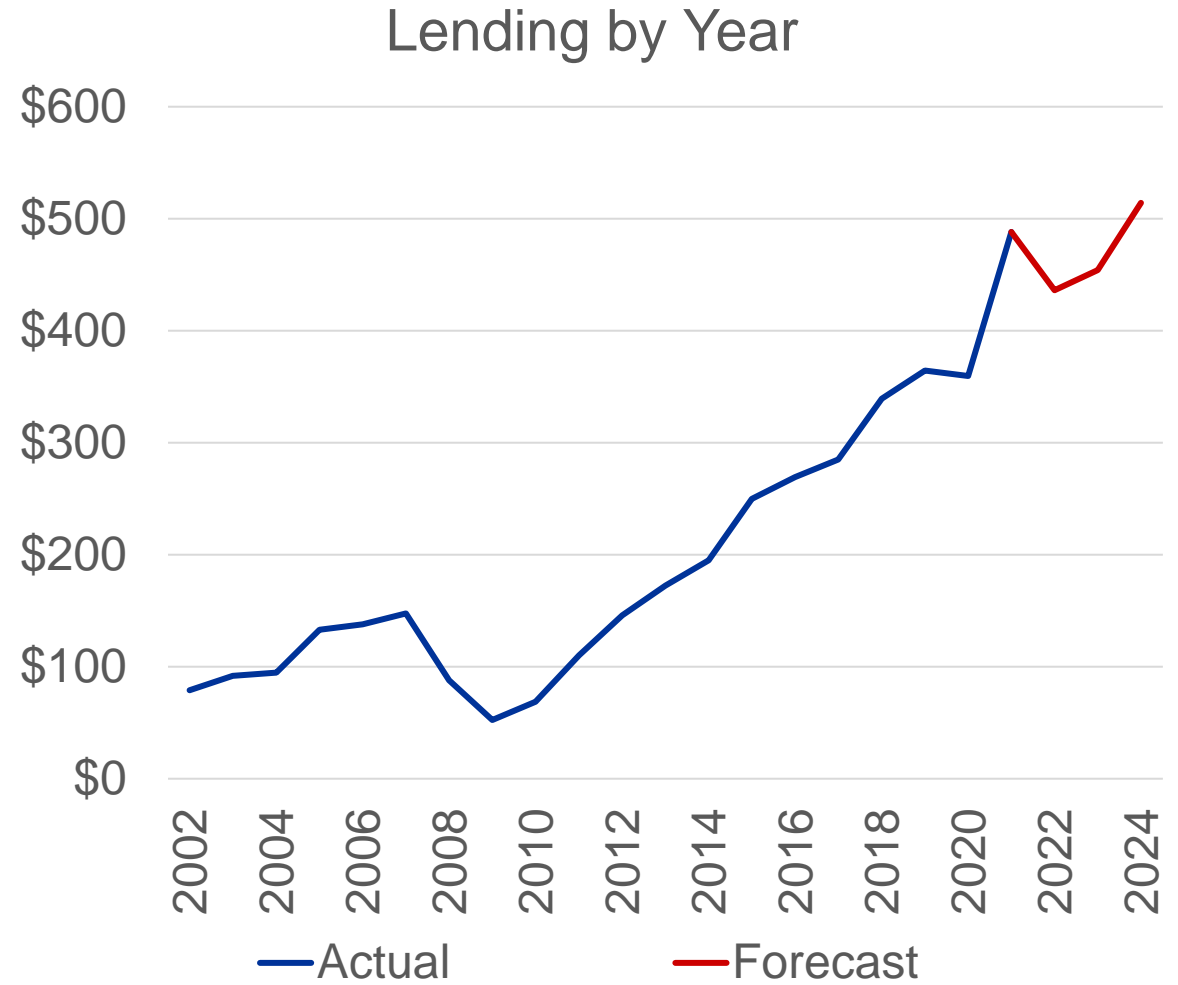
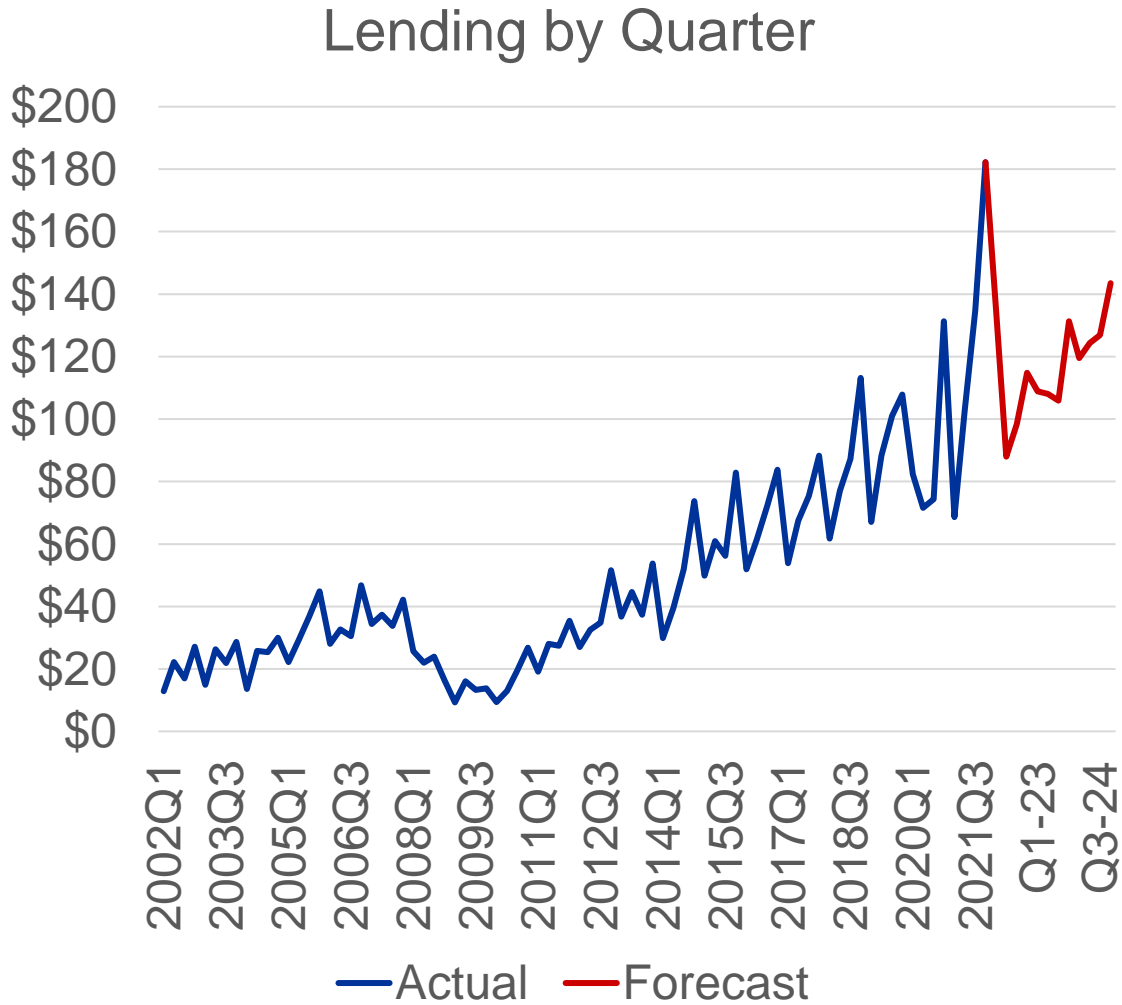
Quarterly NOI Growth



Quarterly Property Price Change



Total Multifamily Lending (\$billions)



MBA Economic Forecast

August 22, 2022

	2021				2022				2023				2021	2022	2023	2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Percent Change, SAAR																
Real Gross Domestic Product	6.3	6.7	2.3	6.9	-1.6	-0.9	1.5	2.1	1.2	1.3	1.4	1.8	5.5	0.3	1.4	1.5
Personal Consumption Expenditures	11.4	12.0	2.0	2.5	1.8	1.0	2.4	2.8	1.6	1.5	2.0	2.3	6.9	2.0	1.8	2.1
Business Fixed Investment	12.9	9.2	1.7	2.9	10.0	-0.1	5.8	3.8	1.6	0.5	0.1	0.3	6.6	4.8	0.6	-0.2
Residential Investment	13.3	-11.7	-7.7	2.2	0.4	-14.0	-27.3	-15.4	4.3	9.6	11.1	12.6	-1.5	-14.6	9.4	8.6
Govt. Consumption & Investment	4.2	-2.0	0.9	-2.6	-2.9	-1.9	-0.4	1.6	3.2	1.2	1.3	1.4	0.1	-0.9	1.8	1.0
Net Exports (Bil. Chain 2012\$)	-1033.0	-1048.4	-1112.3	-1139.5	-1311.0	-1247.5	-1226.1	-1211.7	-1266.2	-1282.8	-1306.8	-1331.1	-1083.3	-1249.1	-1296.7	-1399.7
Inventory Investment (Bil. Chain 2012\$)	-75.1	-143.3	-56.8	164.3	160.3	69.4	74.0	67.8	74.0	69.5	57.0	45.4	-27.7	92.9	61.5	34.1
Consumer Prices (YOY)	1.9	4.8	5.3	6.7	8.0	8.6	8.5	6.7	4.7	2.8	1.9	2.2	6.7	6.7	2.2	1.7
Percent																
Unemployment Rate	6.2	5.9	5.1	4.2	3.8	3.6	3.6	3.7	3.7	3.9	4.1	4.3	5.4	3.7	4.0	4.6
Federal Funds Rate	0.125	0.125	0.125	0.125	0.375	1.625	2.375	3.375	3.625	3.875	3.875	3.875	0.125	3.375	3.875	2.875
10-Year Treasury Yield	1.3	1.6	1.3	1.5	1.9	2.9	2.9	2.9	2.9	2.9	2.8	2.8	1.5	2.9	2.8	2.5

Notes:

The Fed Funds Rate forecast is shown as the mid point of the Fed Funds range at the end of the period.

All data except interest rates are seasonally adjusted

The 10-Year Treasury Yield is the average for the quarter, while the annual value is the Q4 value

Forecast produced with the assistance of the Macroeconomic Advisers' model

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MBA

MORTGAGE BANKERS ASSOCIATION

What are the key issues CRE finance professionals are discussing in 2022?

B	I	N	G	O
Climate risk	Cap rates	Distressed debt	Office 2.0	Viruses (computer)
ESG	Apartment supply	Inflation/reflation	Staffing	Business travel
China and/or Russia	The Fed & rates	COVID	Immigration/population growth	Work-from-home
Taxes	Affordability	Omicron thru Omega	State/local mandates	Federal deficit
GSEs' future	Flood of capital	Experiential retail	NOIs	City v. suburbs

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Research & Economics

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MBA Homepage

www.mba.org

MBA Research on Commercial/Multifamily

www.mba.org/CREFresearch

MBA CREF Market Intelligence Blog

www.mba.org/CREFintel

The Research Institute for Housing America

www.HousingAmerica.org

MBA Commercial Real Estate Finance (CREF) Research & Economics

Industry Surveys and Analysis

- Mortgage Originations
 - League Tables
 - Annual Summation
 - Quarterly Index
 - Multifamily Lending
- Servicing
 - League Tables
 - Mortgage Debt Outstanding
 - Loan Maturity Volumes
- Loan Performance
 - Quarterly Survey
 - Analysis of 3rd Party Data
- Quarterly Data Book
- CREF Database
- CREF Forecast

MBA CREF Research Page: www.mba.org/crefresearch

MBA Market Intelligence Blog: www.mba.org/crefintel

Benchmarking

- CREF Technology Catalog
- MSR Accounting Assumptions Survey
- Green CRE Lending Survey
- McLagan Compensation Survey
- Life Company Loan Performance Database

Peer Business Roundtables (PBRs)

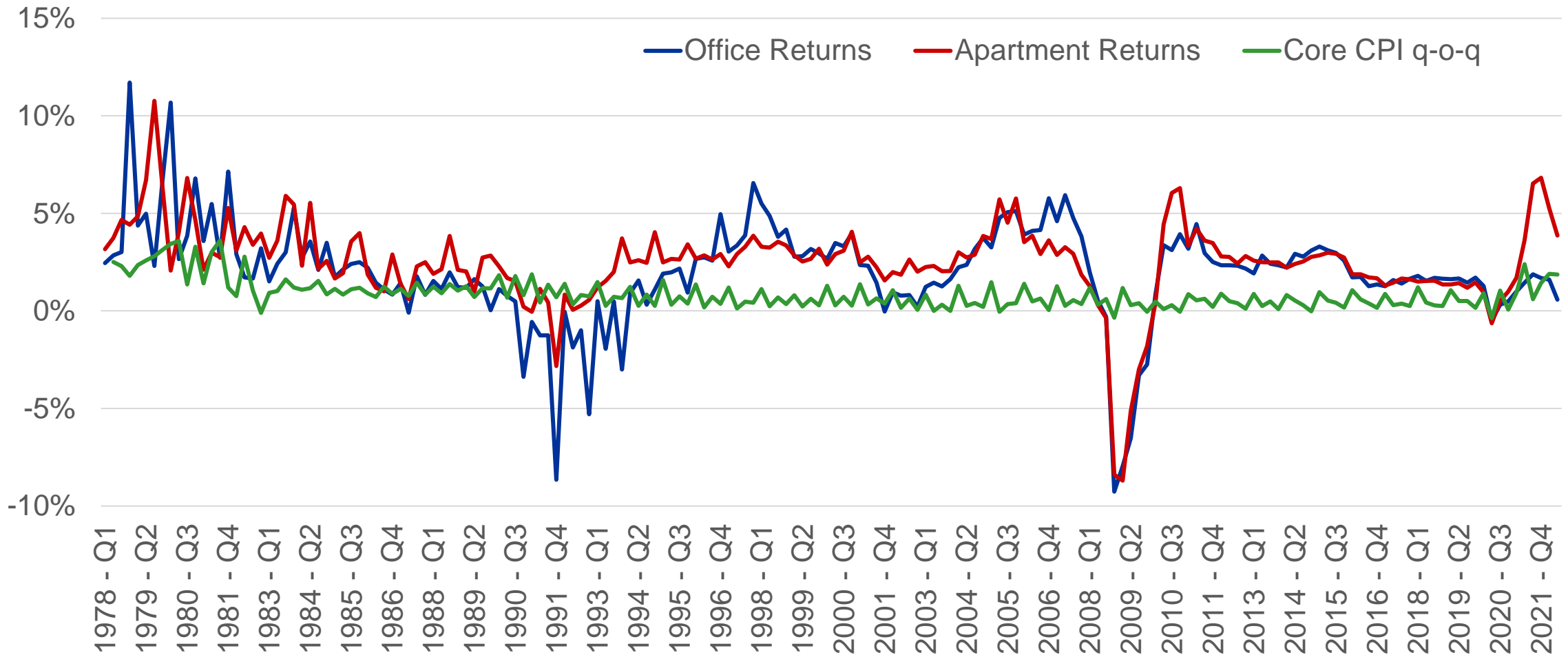
- Financial Officers
- Technology Officers
- Human Resources
- Marketing Officers
- Green Lending

CREF Careers

CREF Conferences & Meetings

- CREF Convention
- CREF Servicing & Technology
- Technology Solutions
- Accounting & Financial Management
- National Policy Conference
- Market Intelligence Symposium

Quarterly NCREIF Property Returns and Quarterly Change in Core CPI



Quarterly Commercial/Multifamily Property Sales and Mortgage Originations (\$billions)

