



Western US Multifamily Market Update

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AGENDA

- NATIONAL TRENDS
- WEST MARKETS:
 - DEMAND AND SUPPLY
 - RENTS
 - BASELINE FORECASTS
- INVESTMENT MARKET



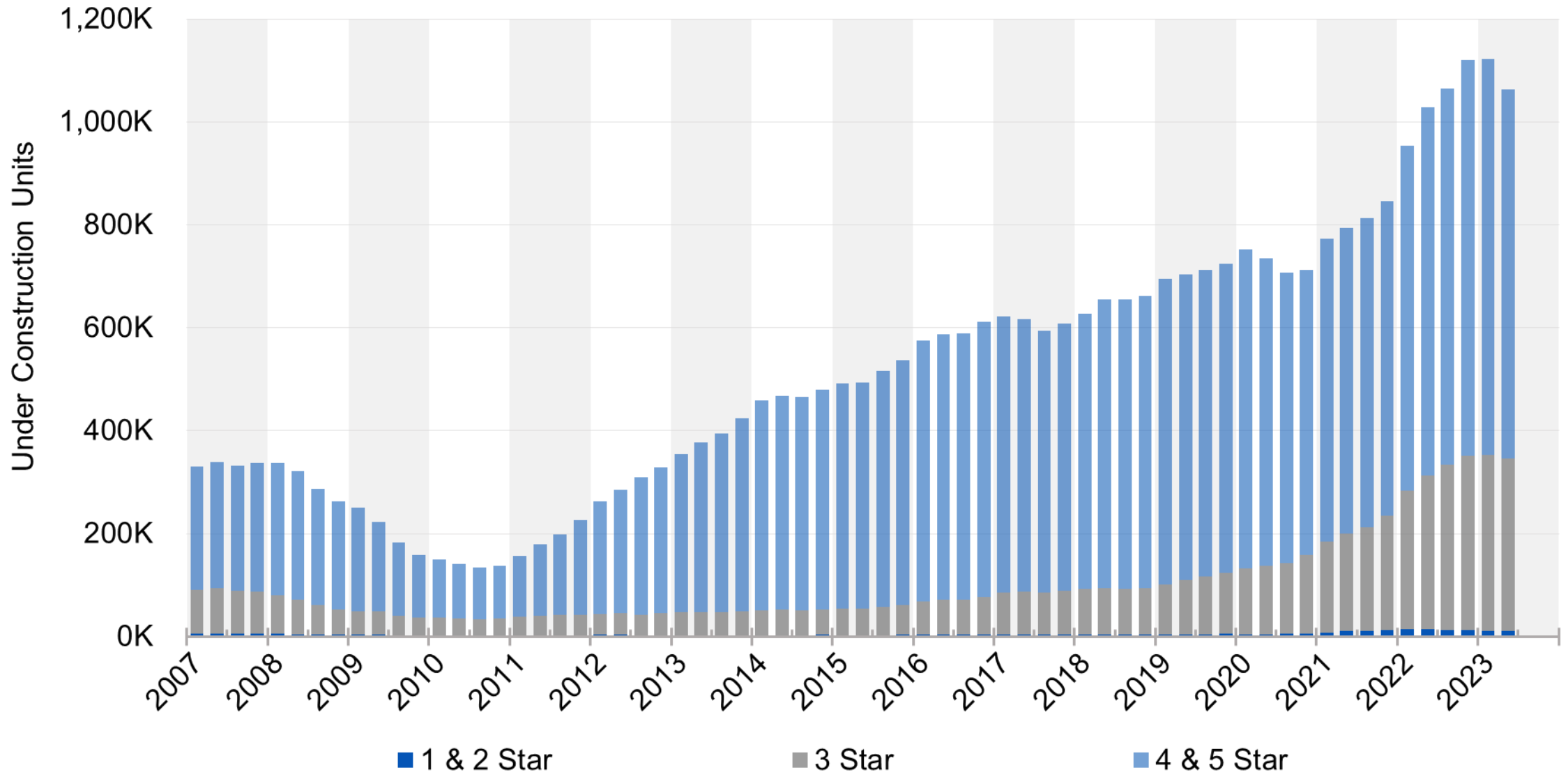
NATIONAL



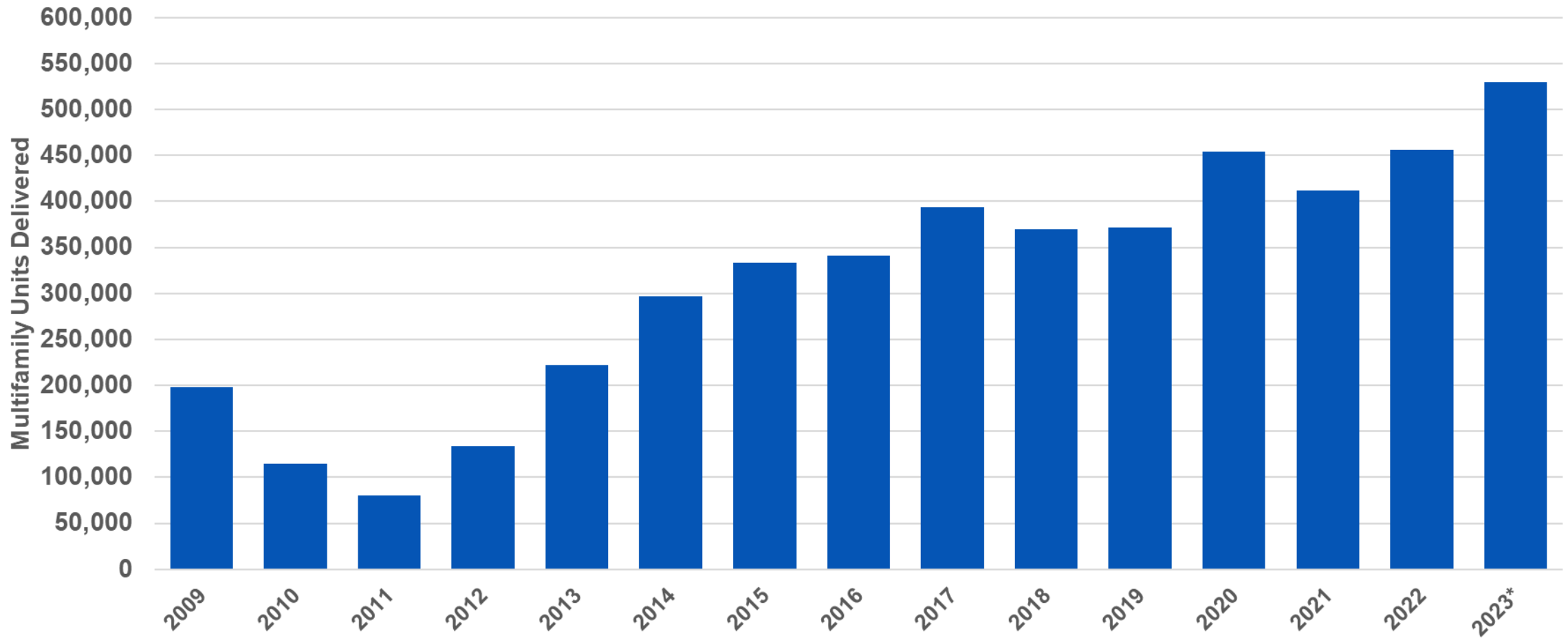
CoStar[™]



National construction pipeline at record levels



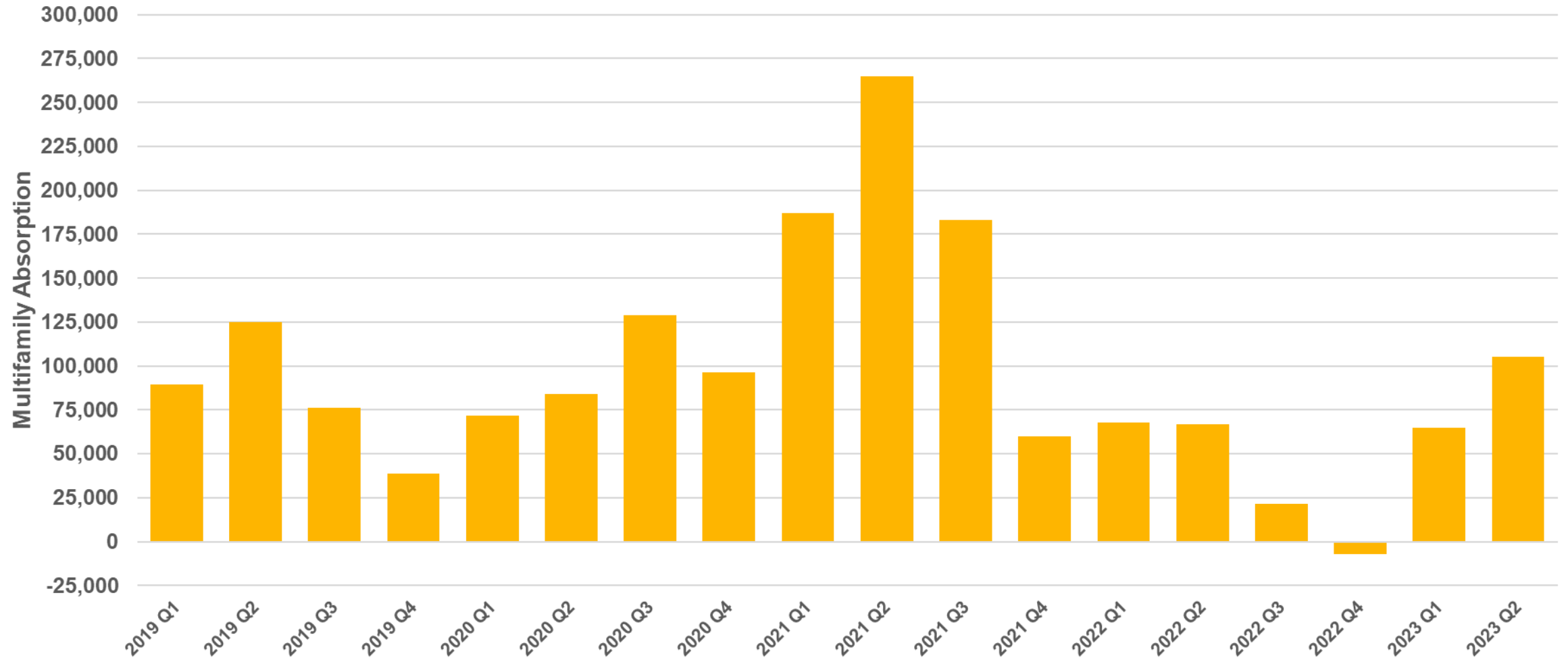
2023 national deliveries highest since 1980s



Source: CoStar, August 2023

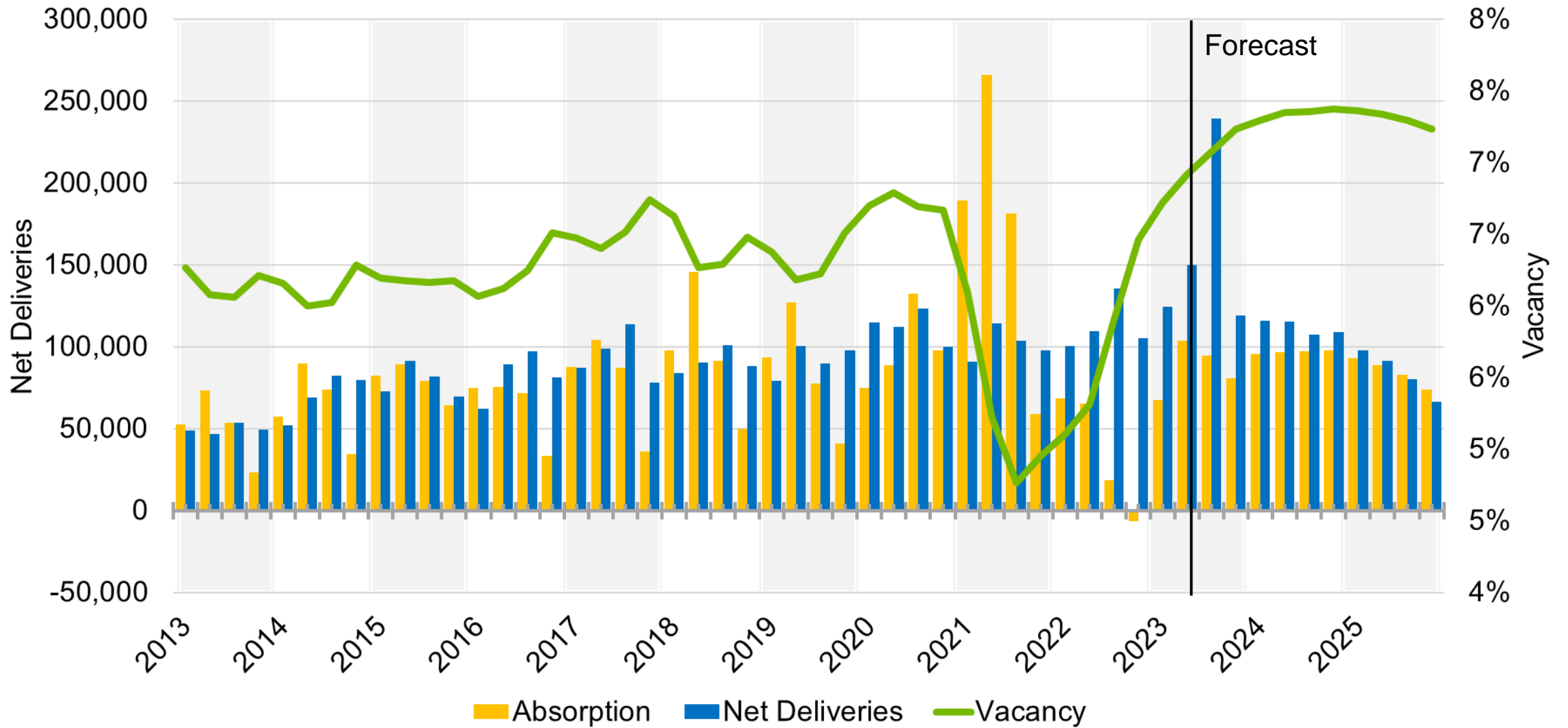
*Forecast

Pick up in multifamily demand still not enough to match supply

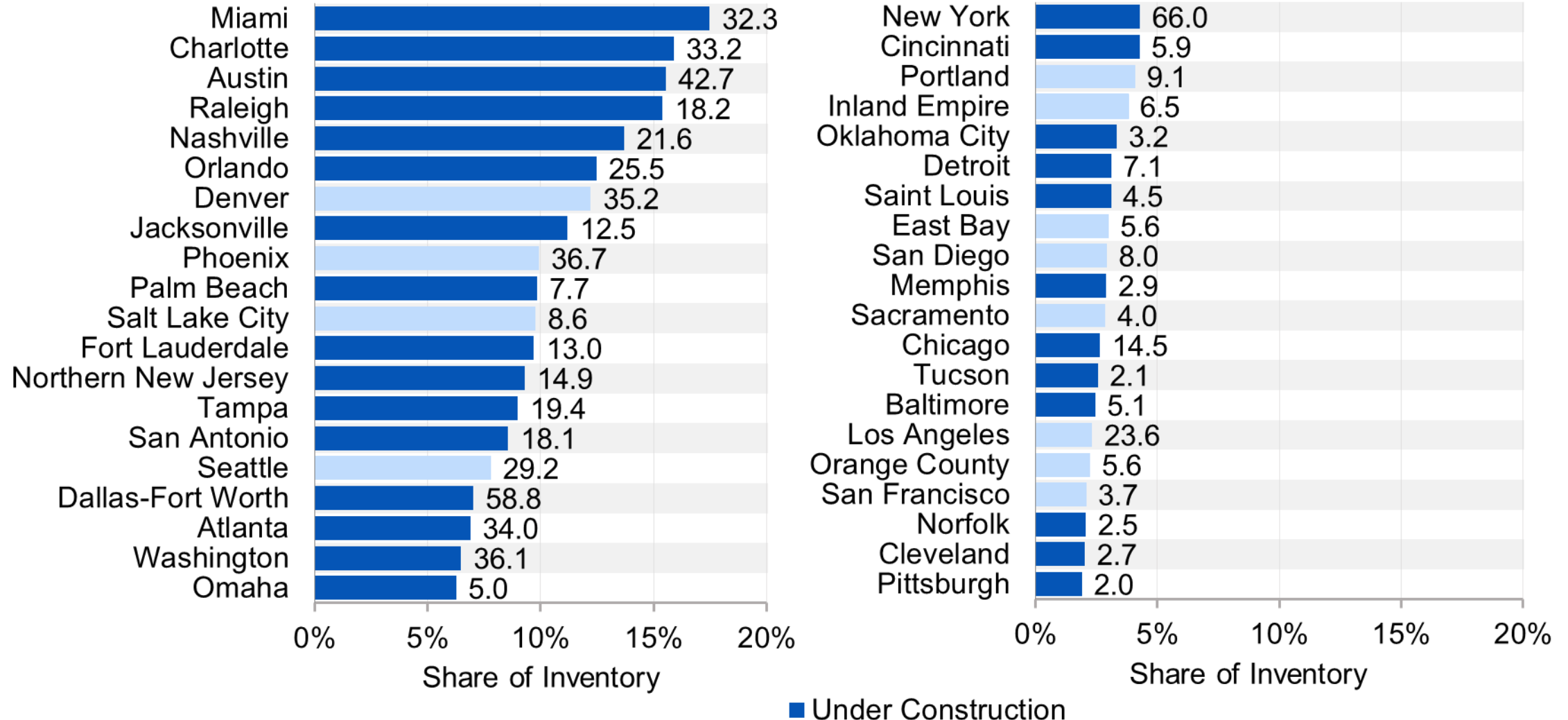


Source: CoStar, June 2023

National baseline forecast

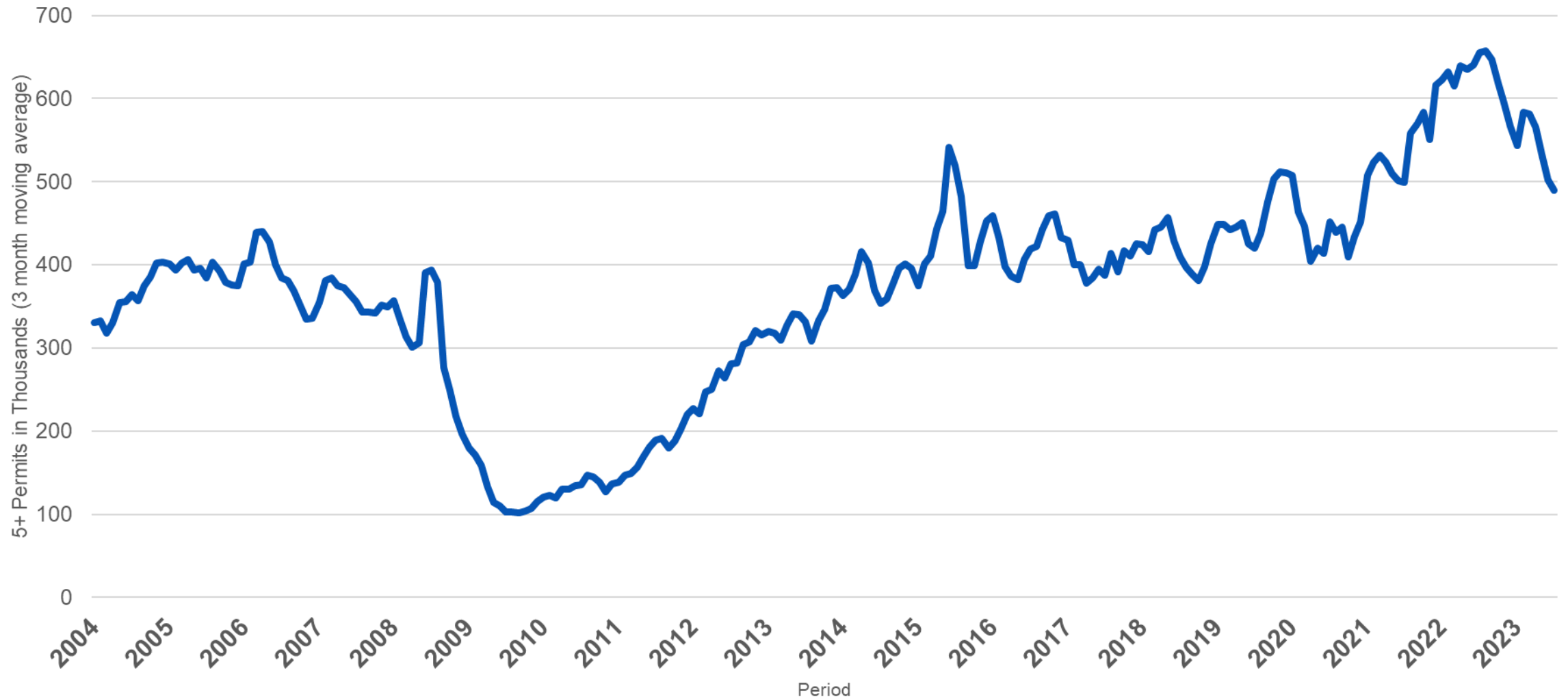


Units Under Construction As Share of Inventory



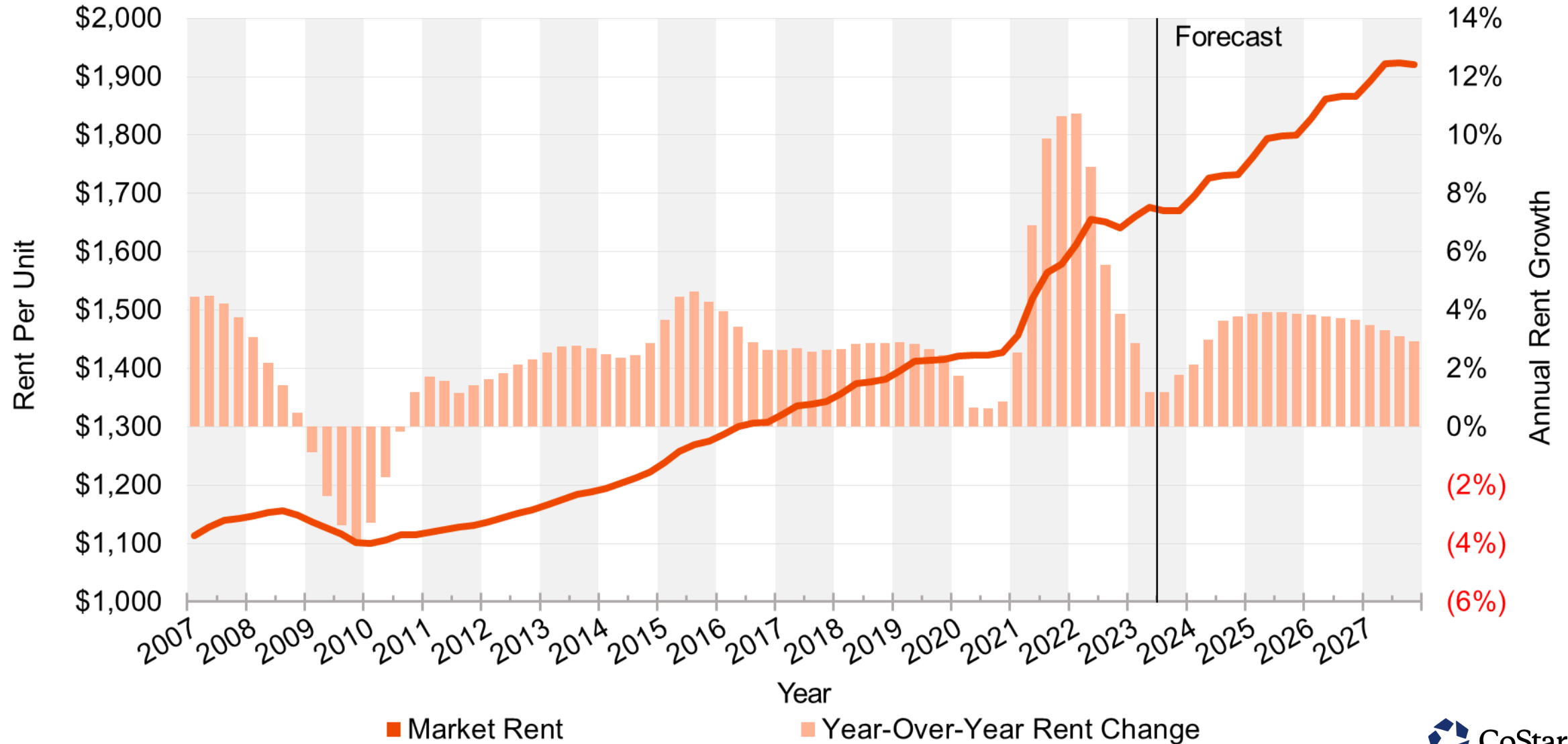
Note: Includes markets with 75,000+ units inventory. Labels show Under Construction in Thousand Units.

5 Unit Plus permits falling as developers can't break ground

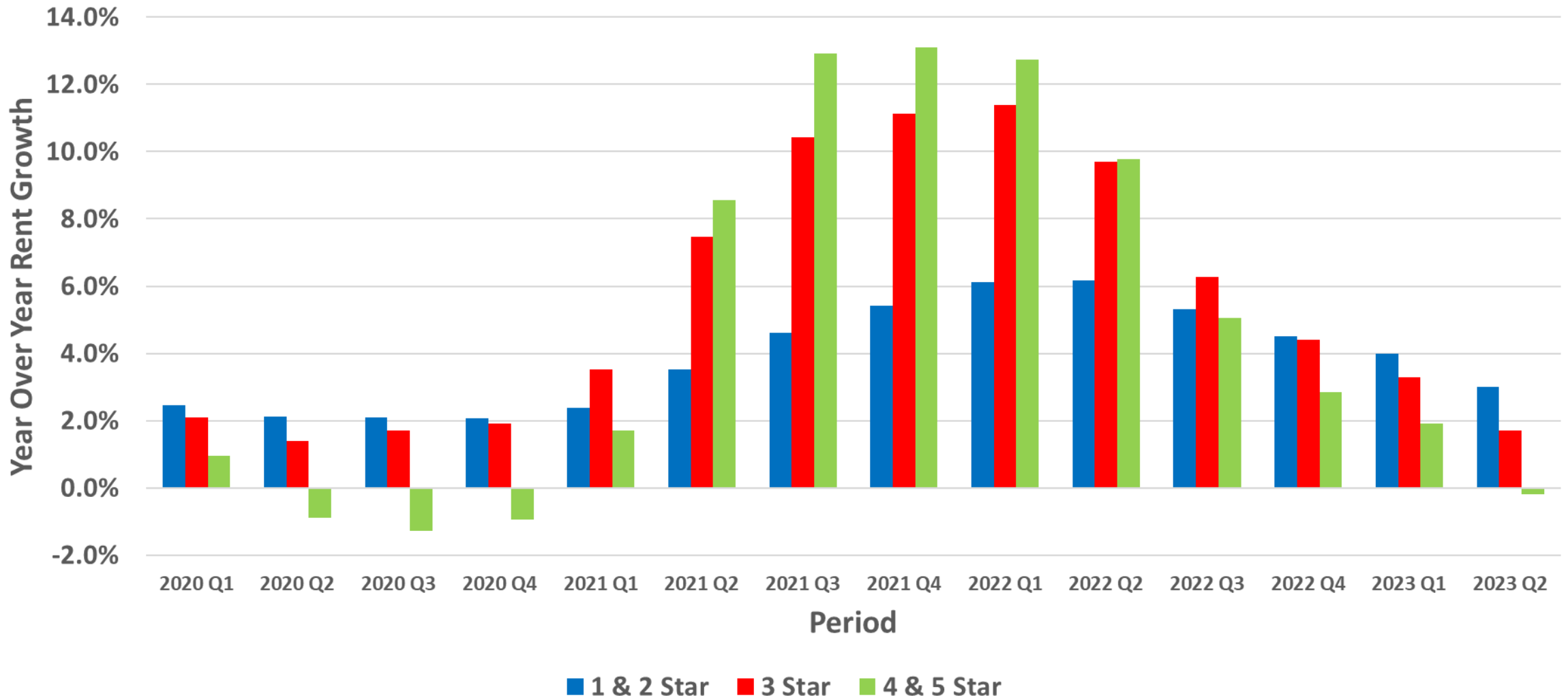


Source: US Census, July 2023

Multifamily Rent Growth: Base Case Forecast

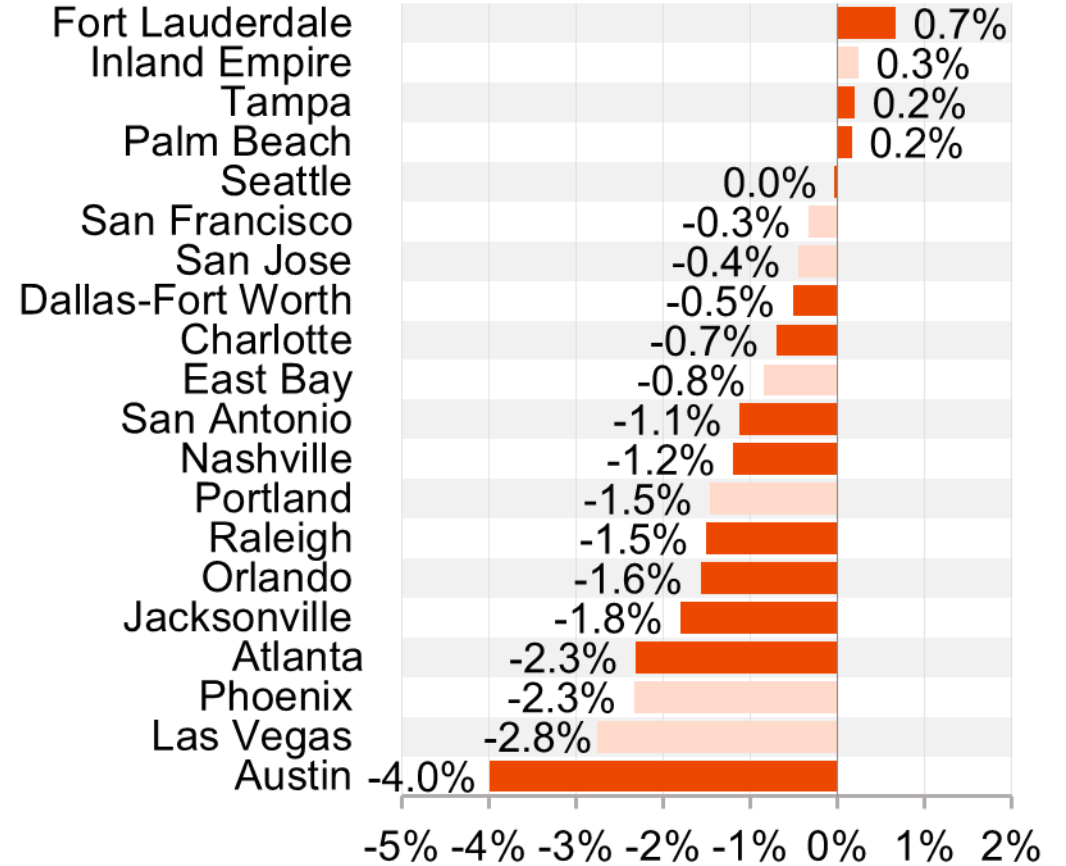
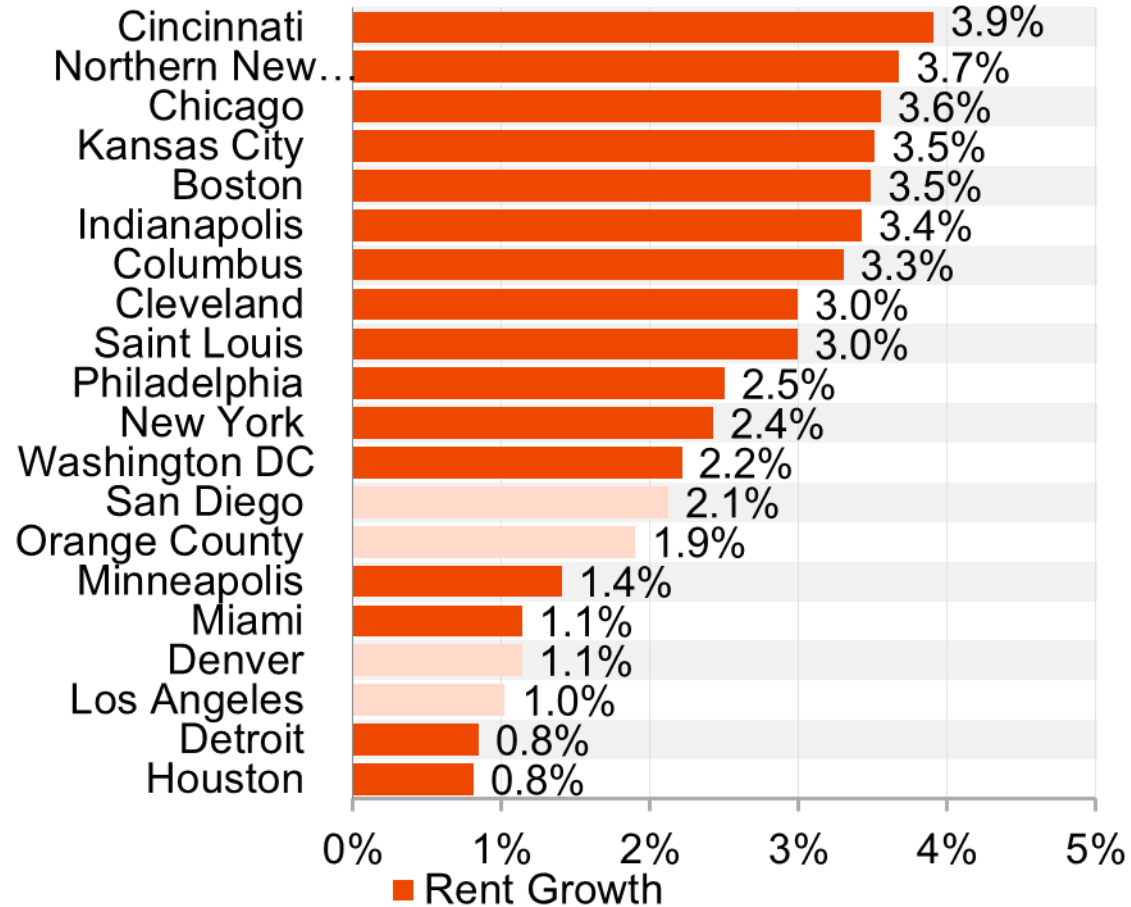


4&5 Star properties drove rent growth in 2021, but now negative



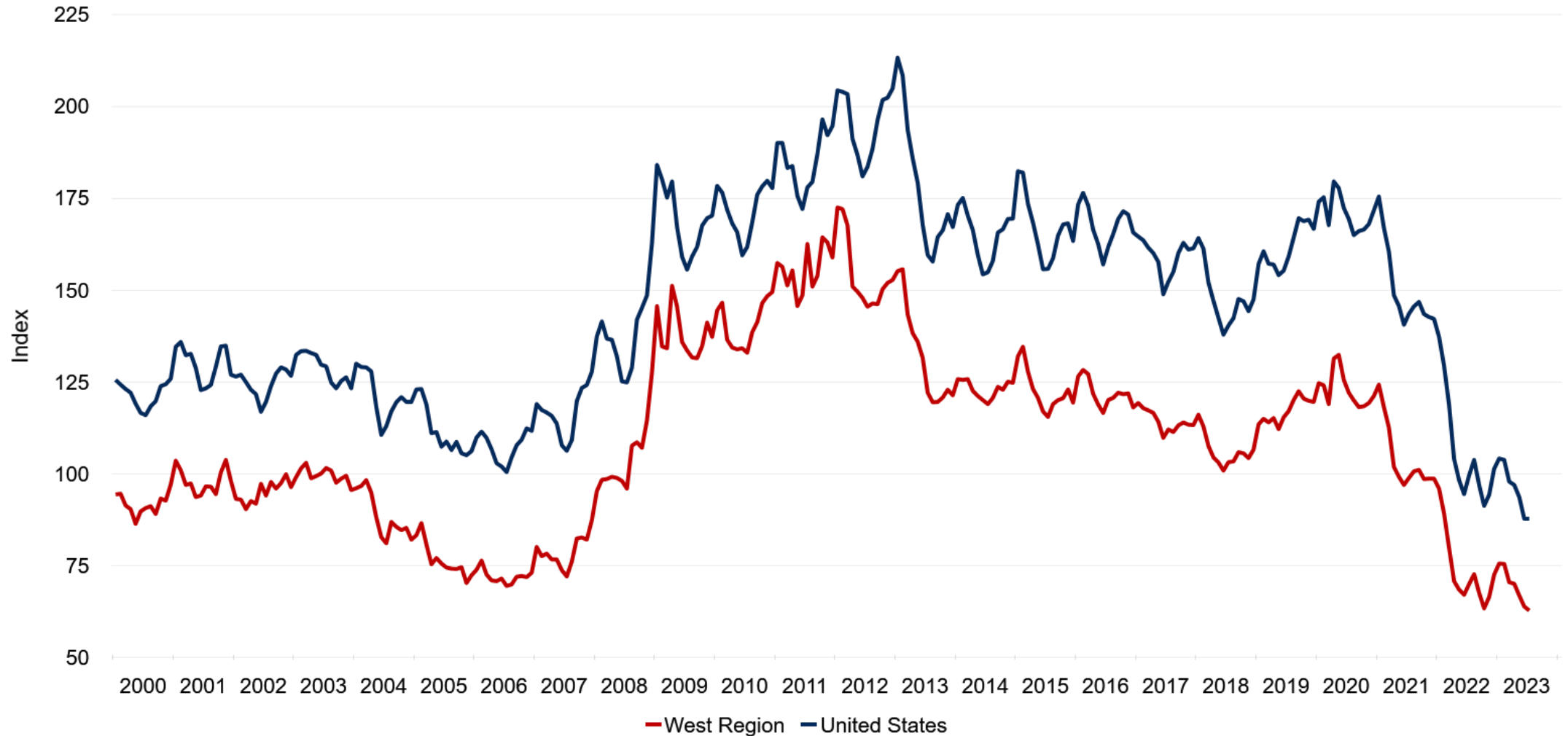
Source: CoStar, August 2023

Year Over Year Rent Growth, by Market – August 2023



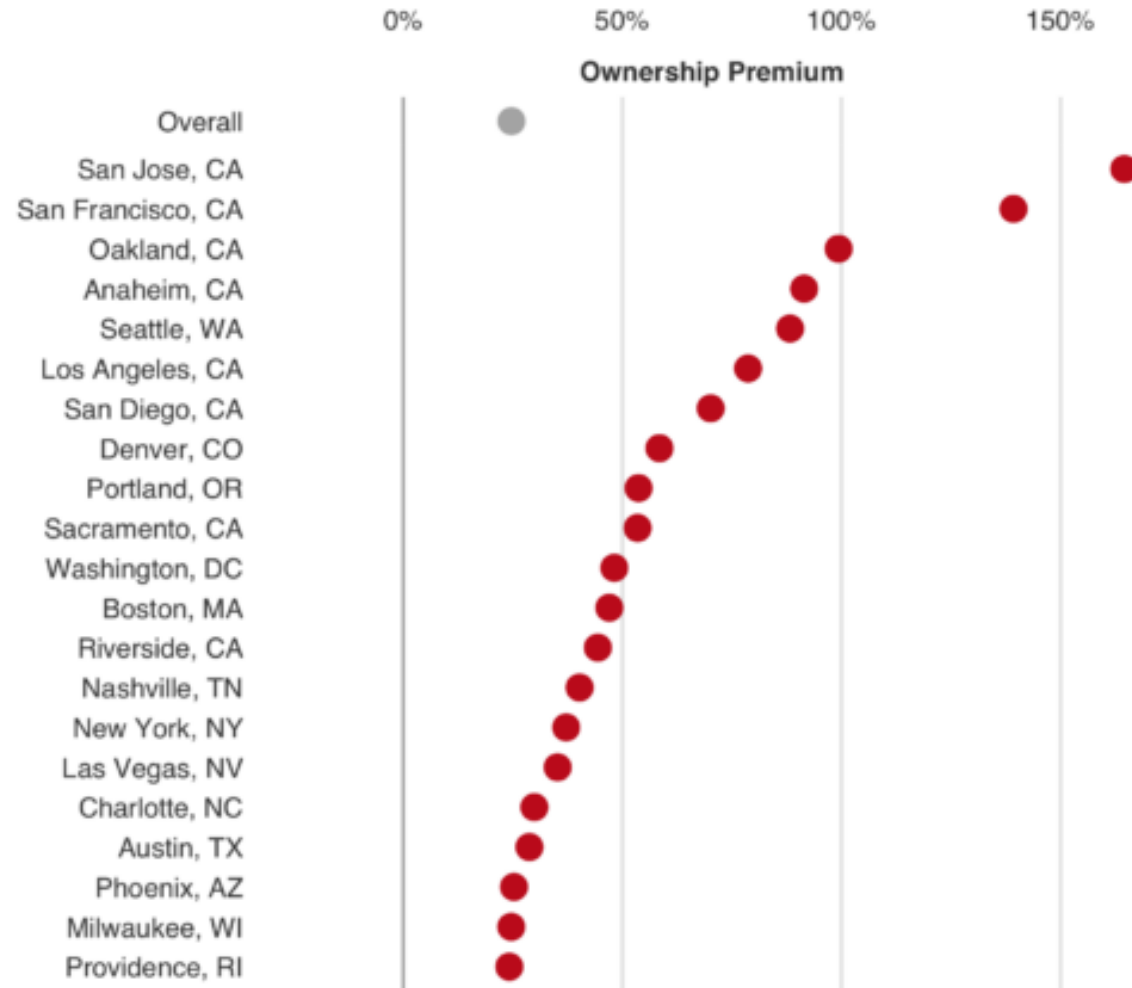
Note: Includes markets with 75K+ units inventory.

Low housing affordability supports multifamily demand

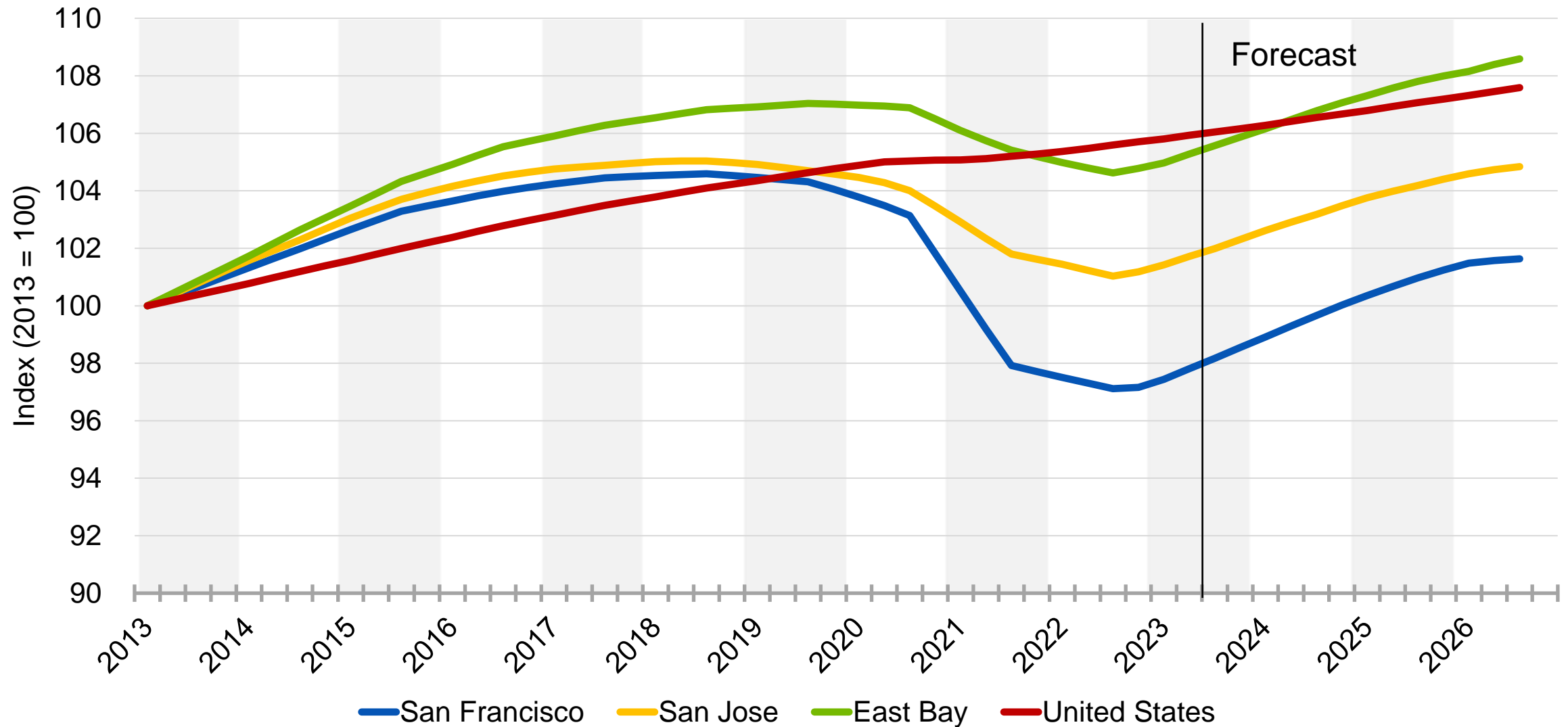


Source: National Association of Realtors (NAR), 7/2023

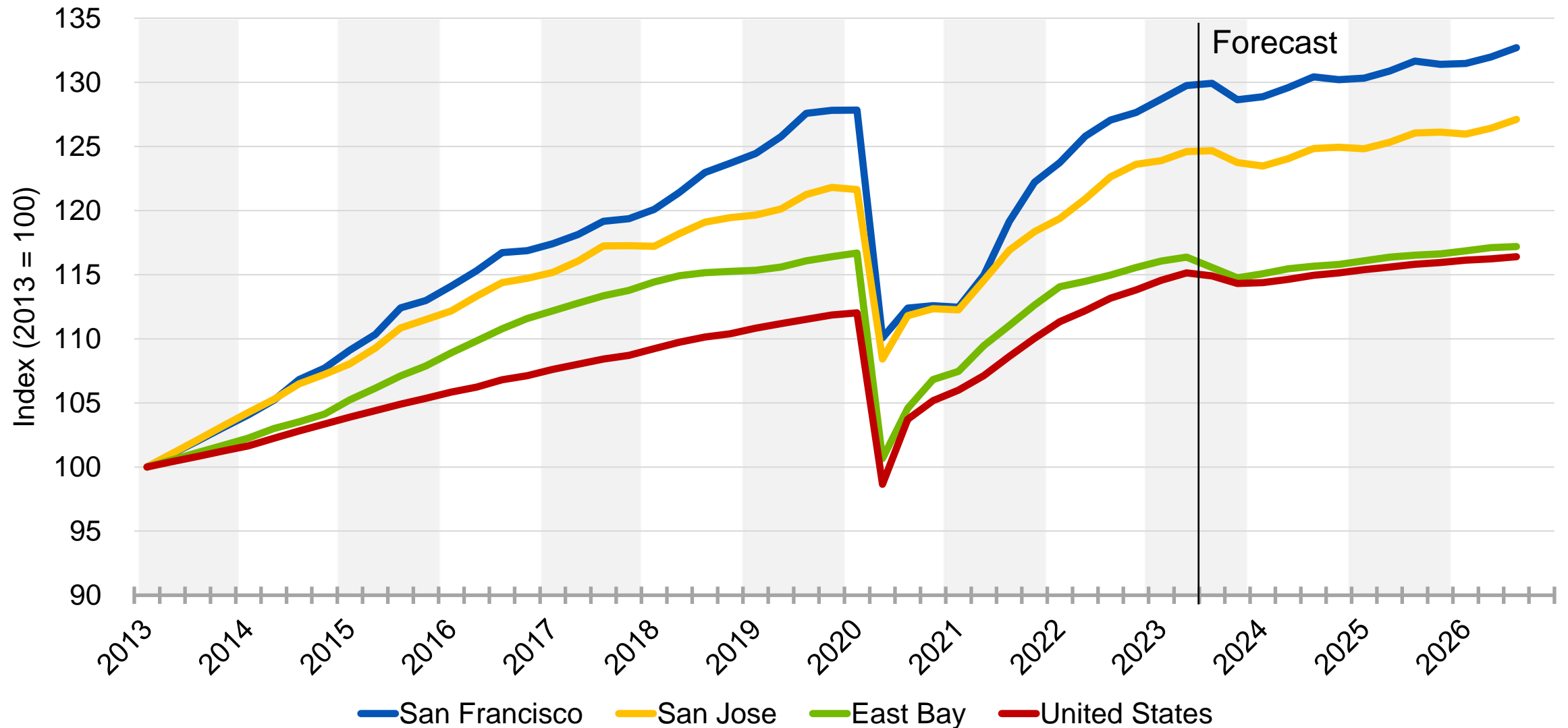
Bay Area has largest rent-buy affordability gap



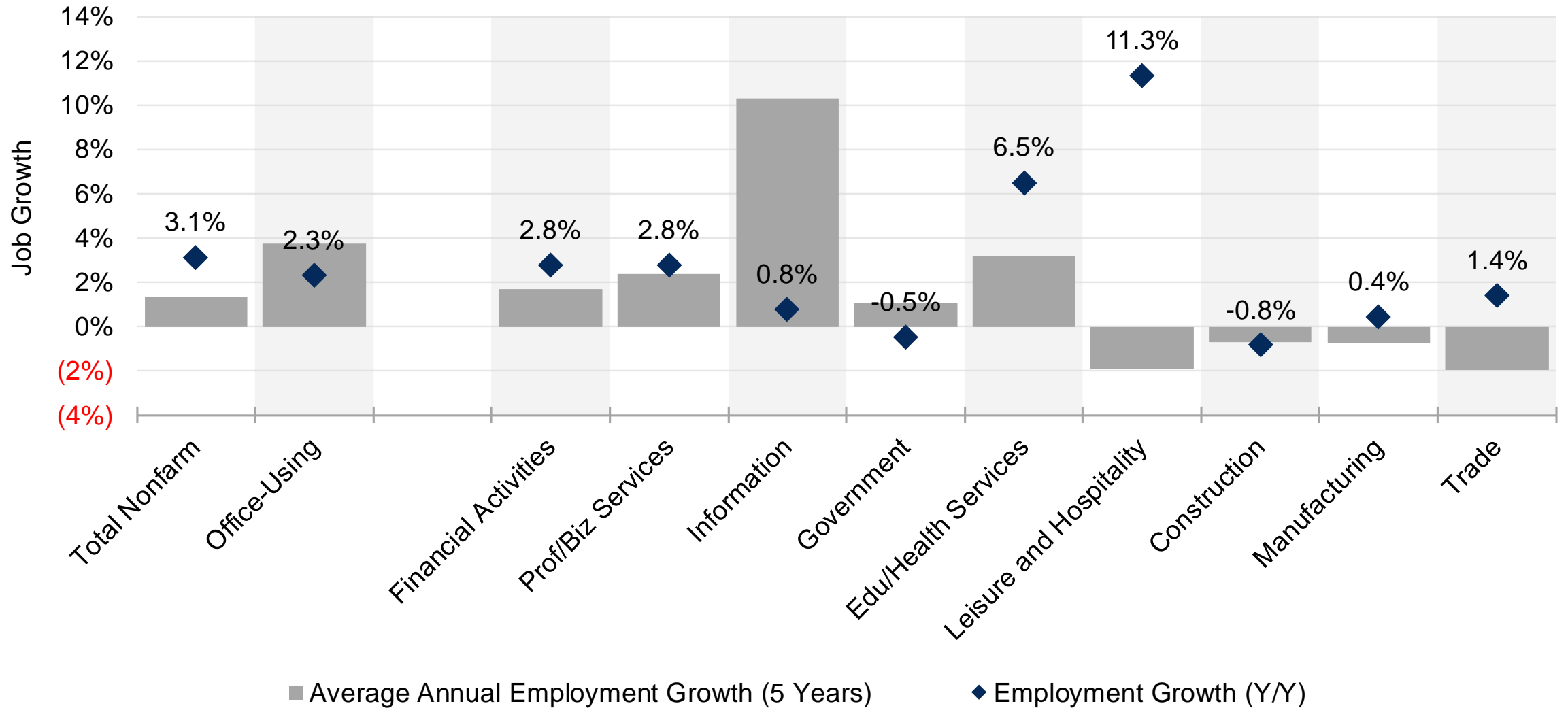
Bay Area population will take several years to recover



San Francisco and San Jose employment has recovered



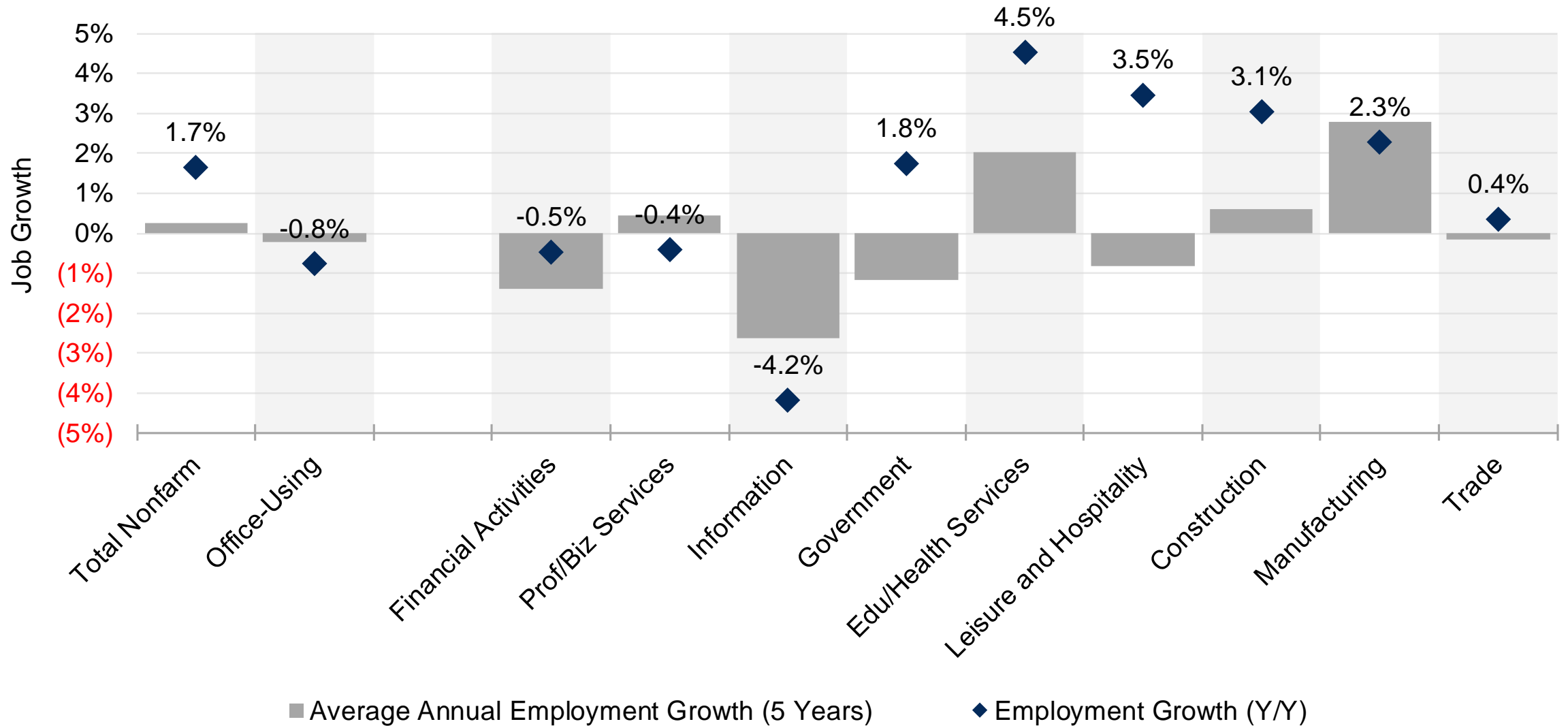
San Francisco: Job Growth By Sector



Source: Oxford Economics

End of 23Q2

East Bay: Job Growth By Sector



Source: Oxford Economics

End of 23Q2

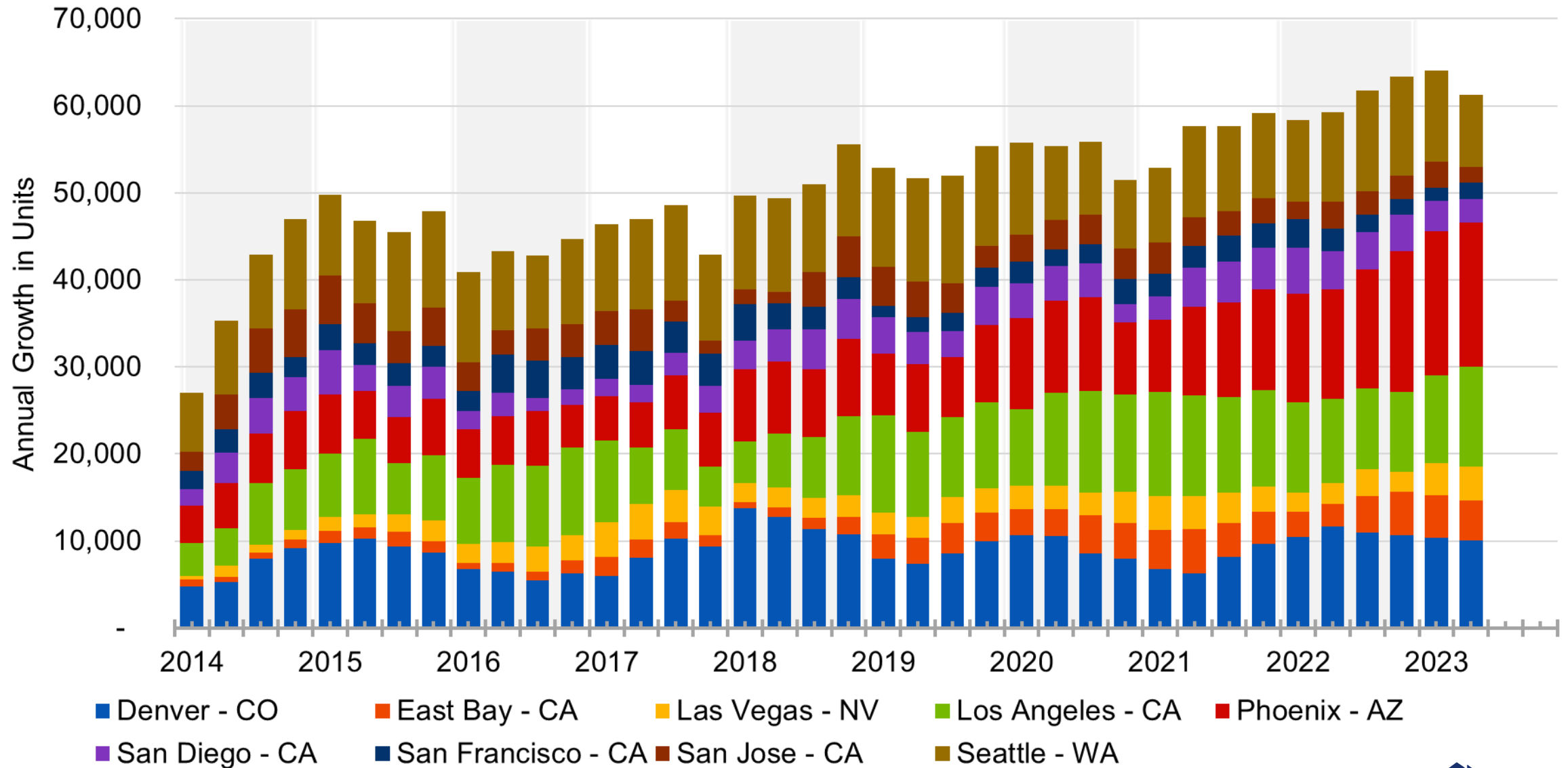
WEST MARKETS: DEMAND AND SUPPLY



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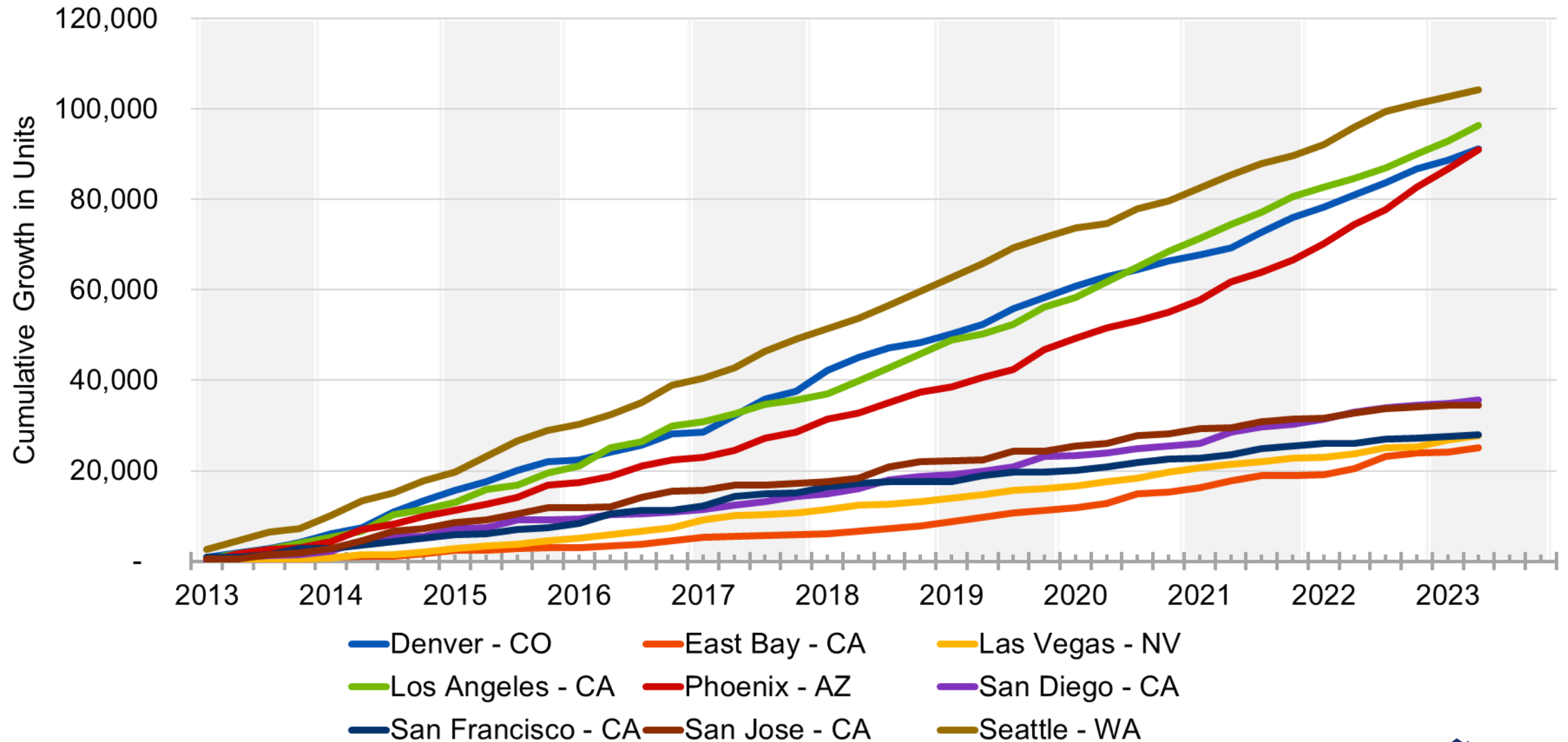


Inventory growth slowed in Q2

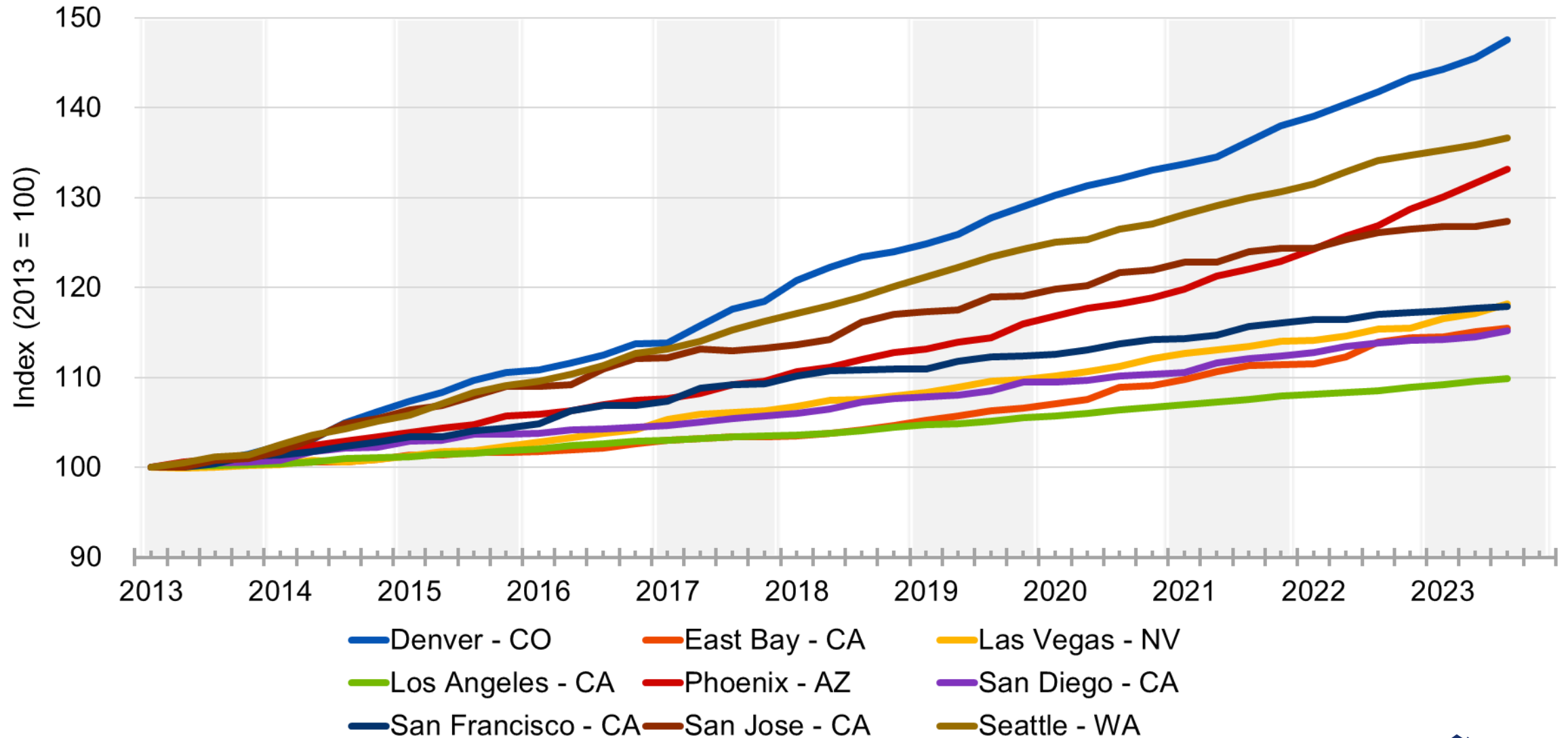


Source: CoStar

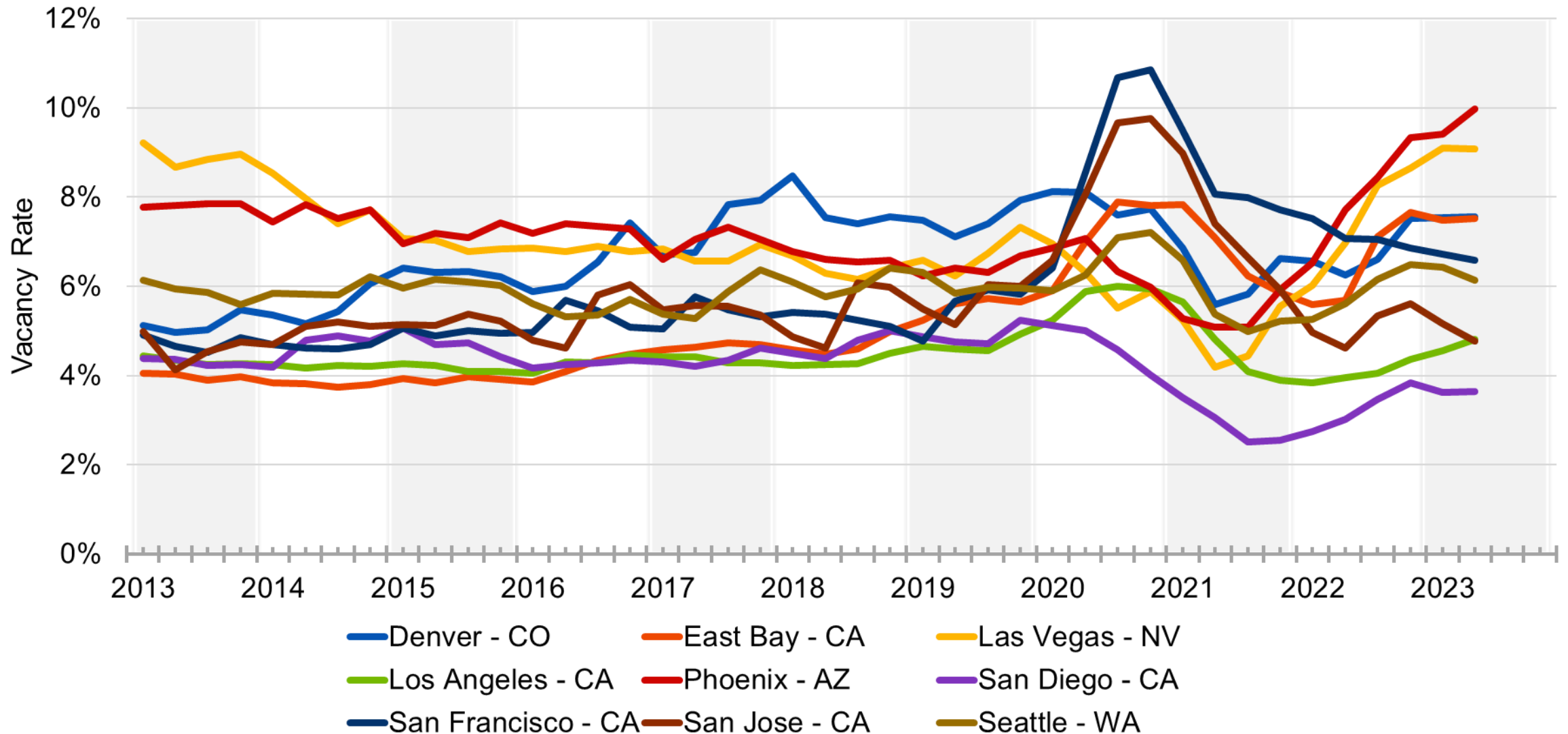
Highest growth in Seattle, Los Angeles, Denver, Phoenix



Denver, Seattle, Phoenix seeing highest growth in inventory



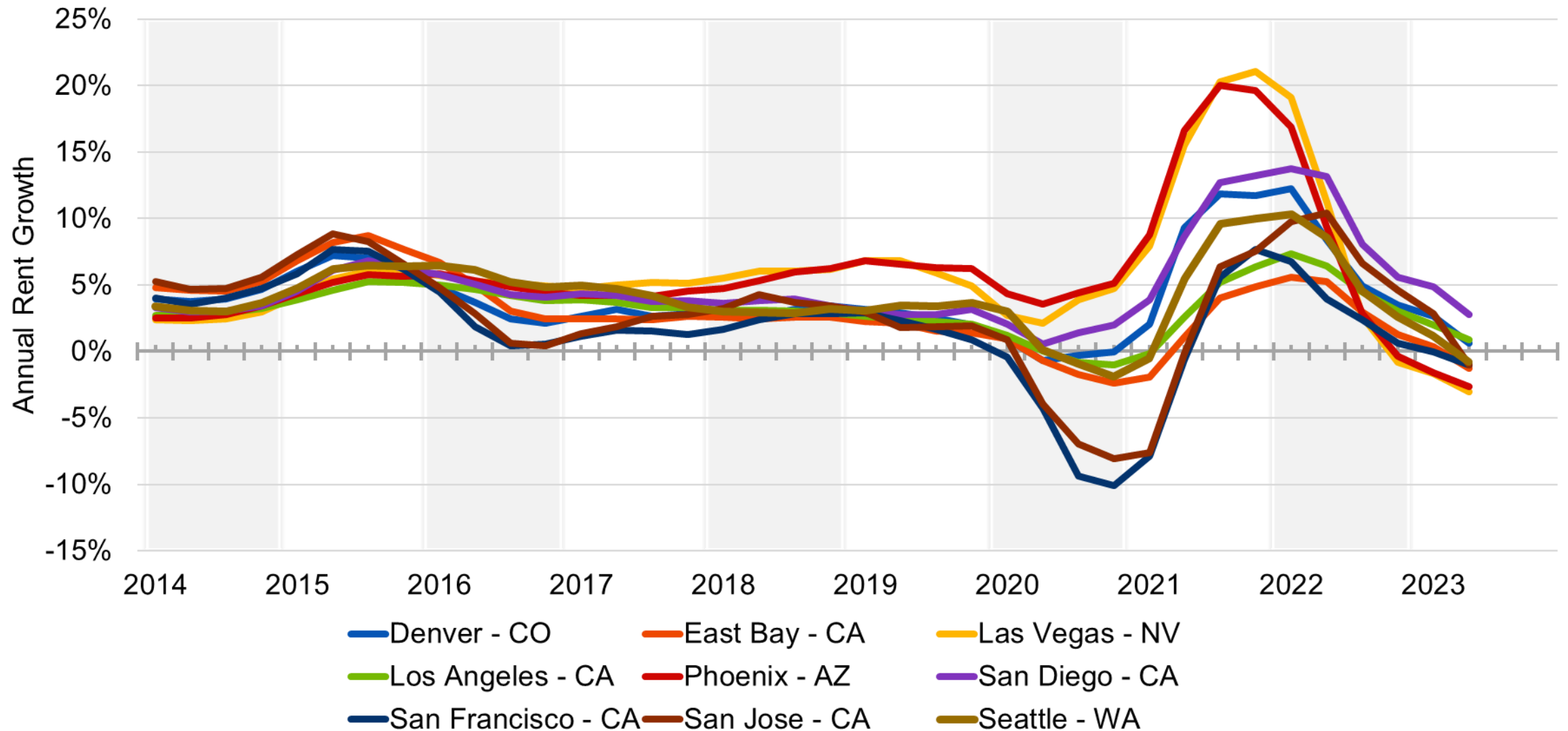
Vacancy impacted by pandemic shift in demand



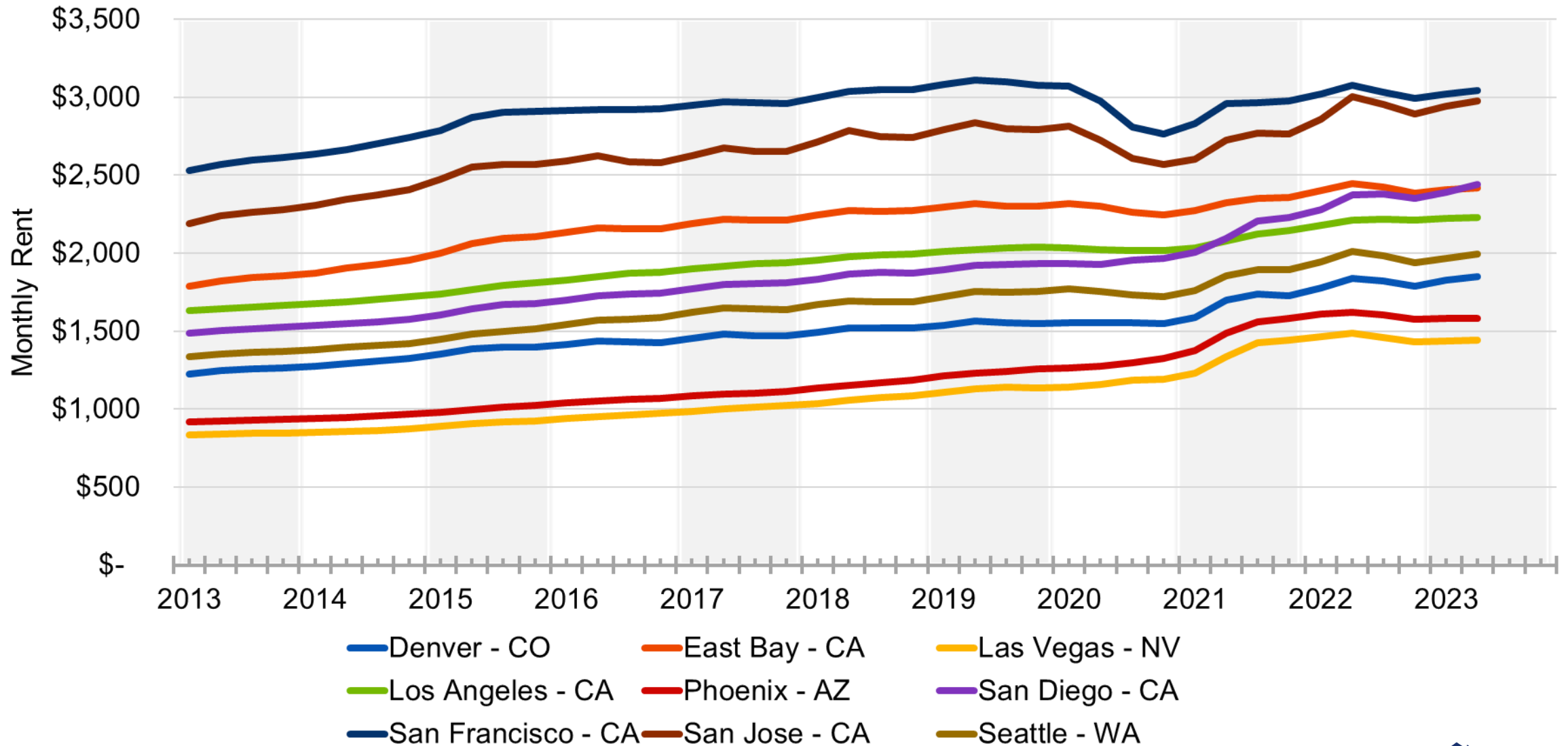
RENTS



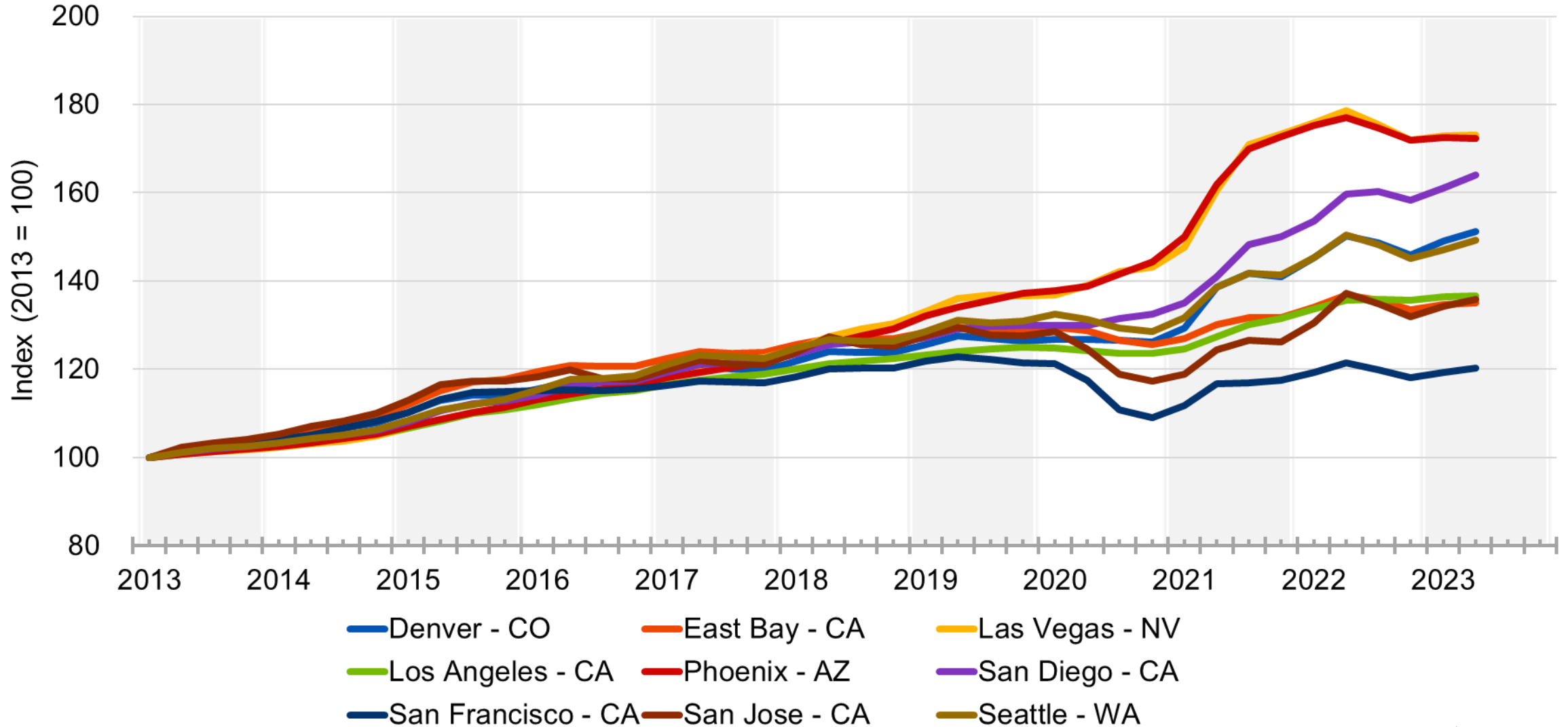
Rent growth turning negative in some markets



Average rents: a changing order



Average rents: a changing order



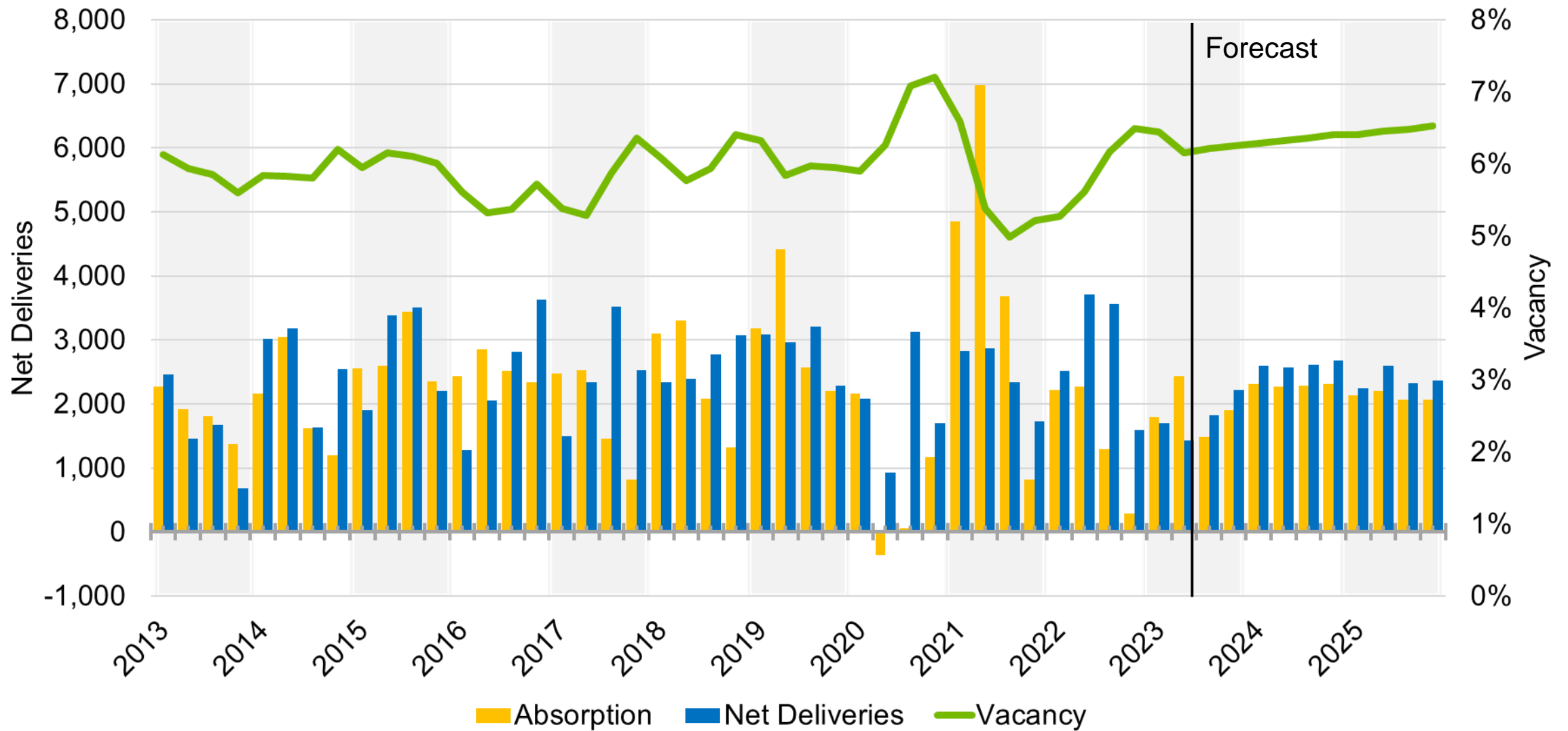
BASELINE FORECASTS



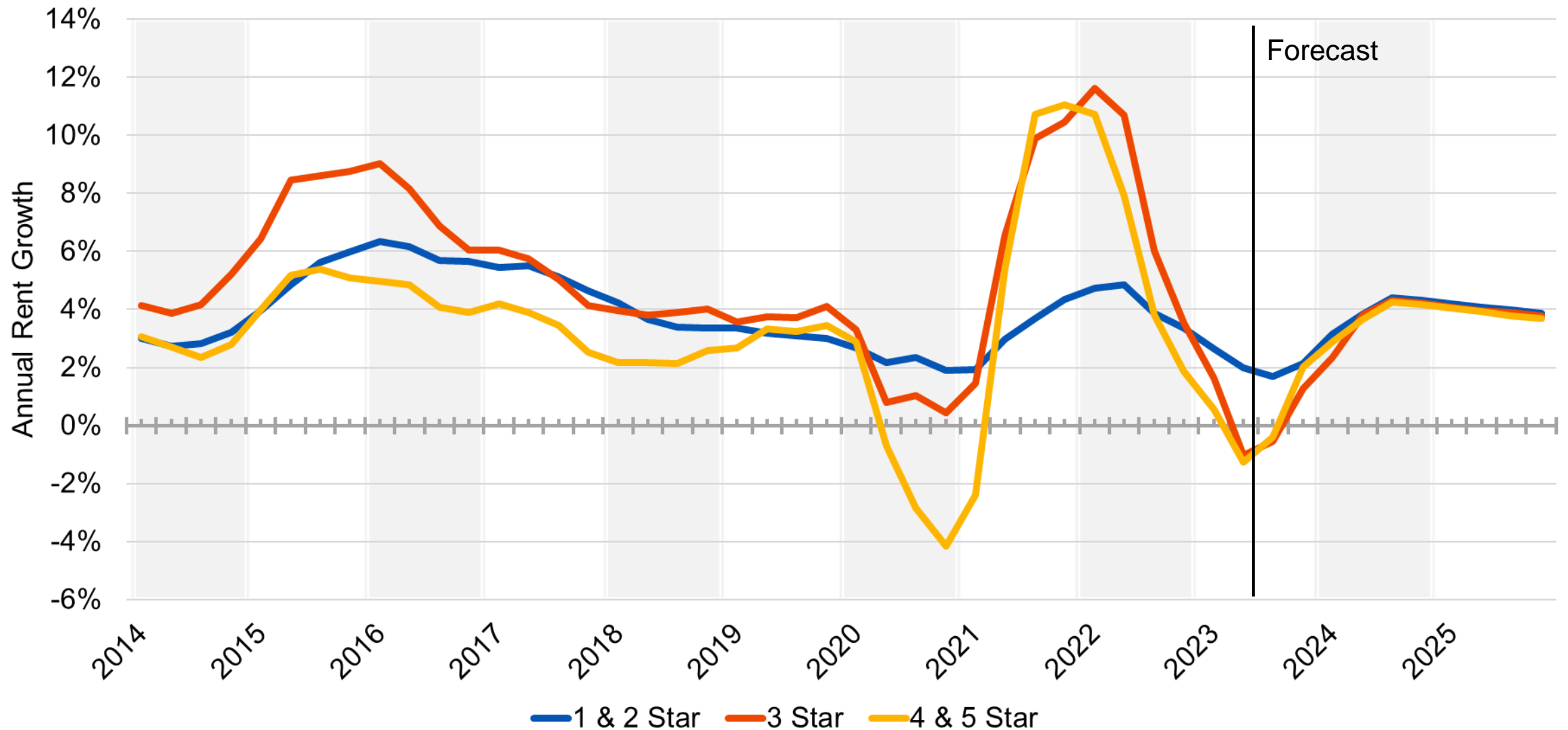
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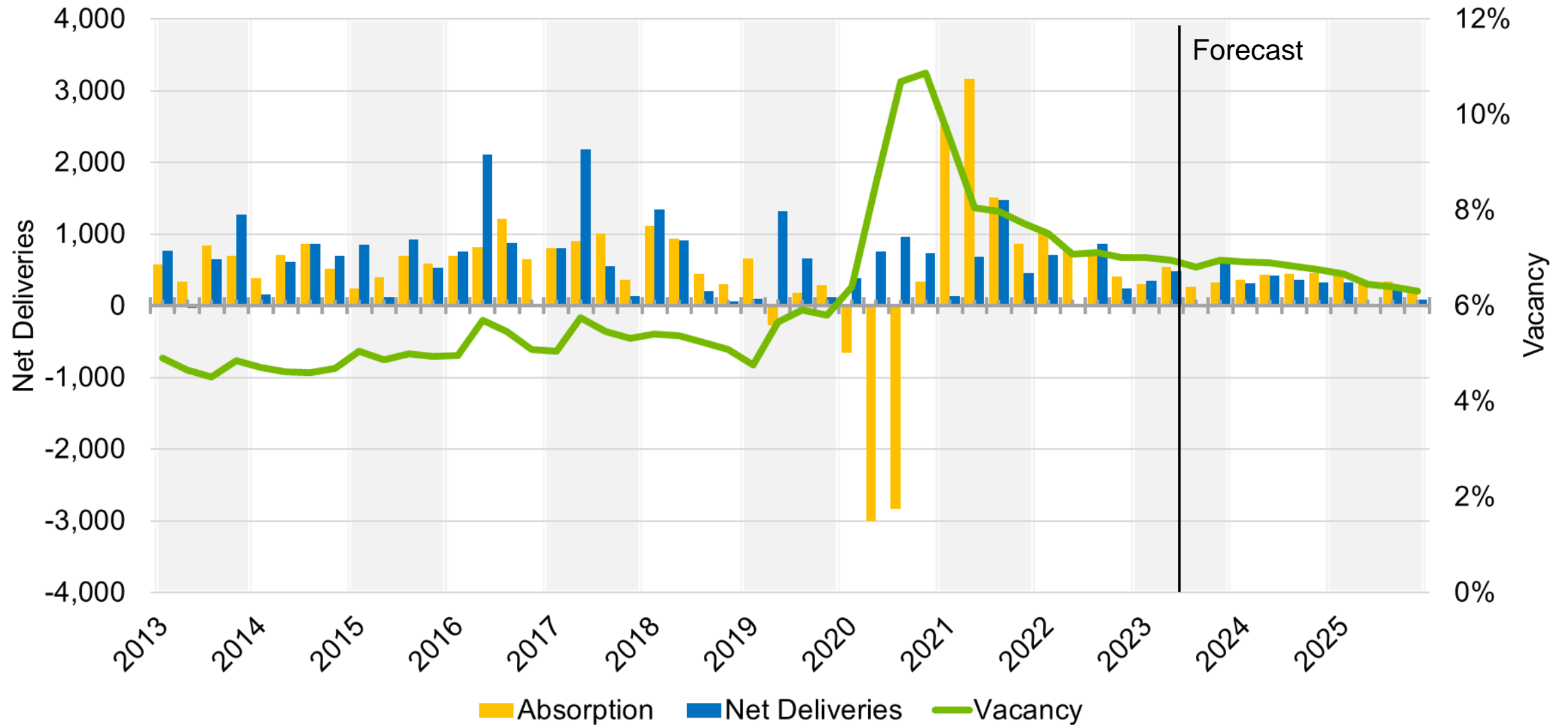
Seattle baseline forecast



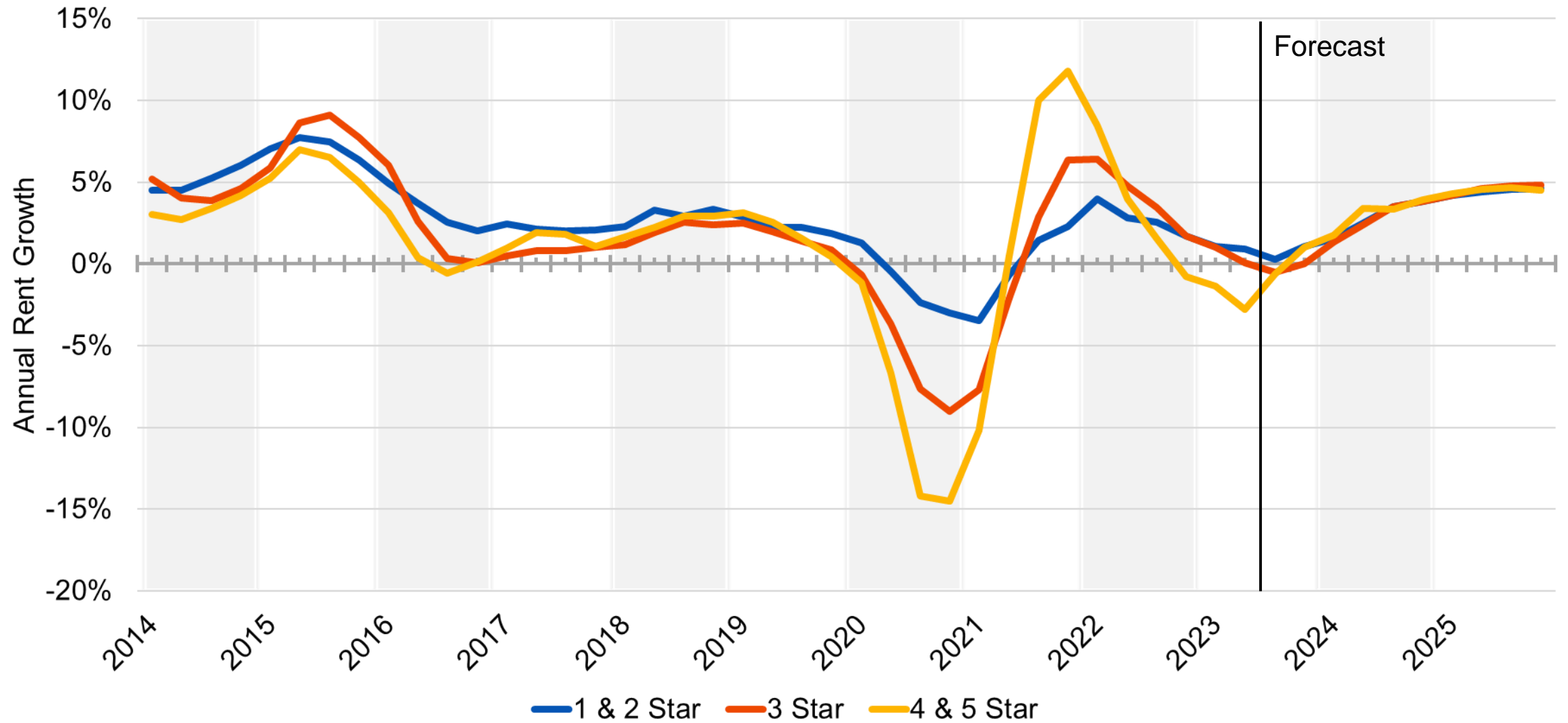
Seattle baseline forecast



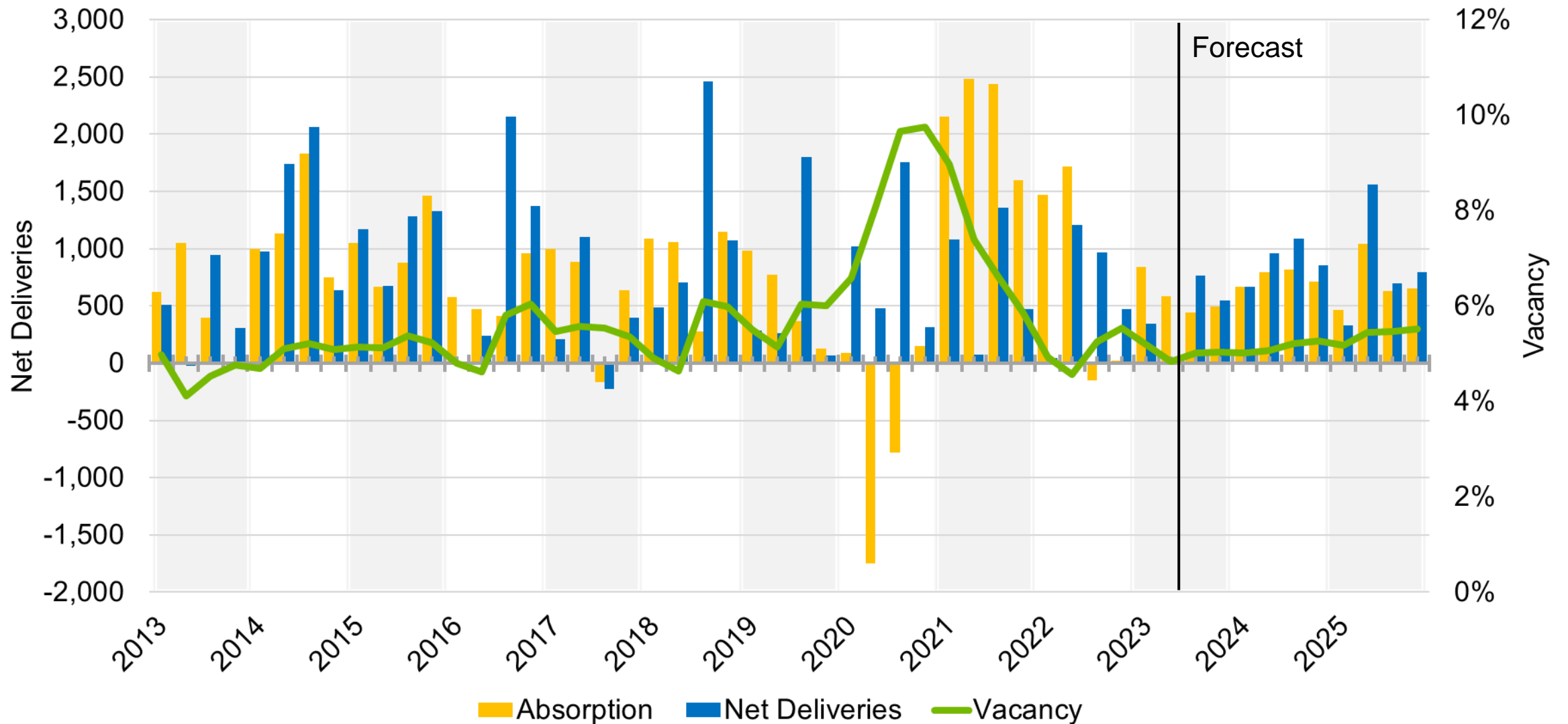
San Francisco baseline forecast



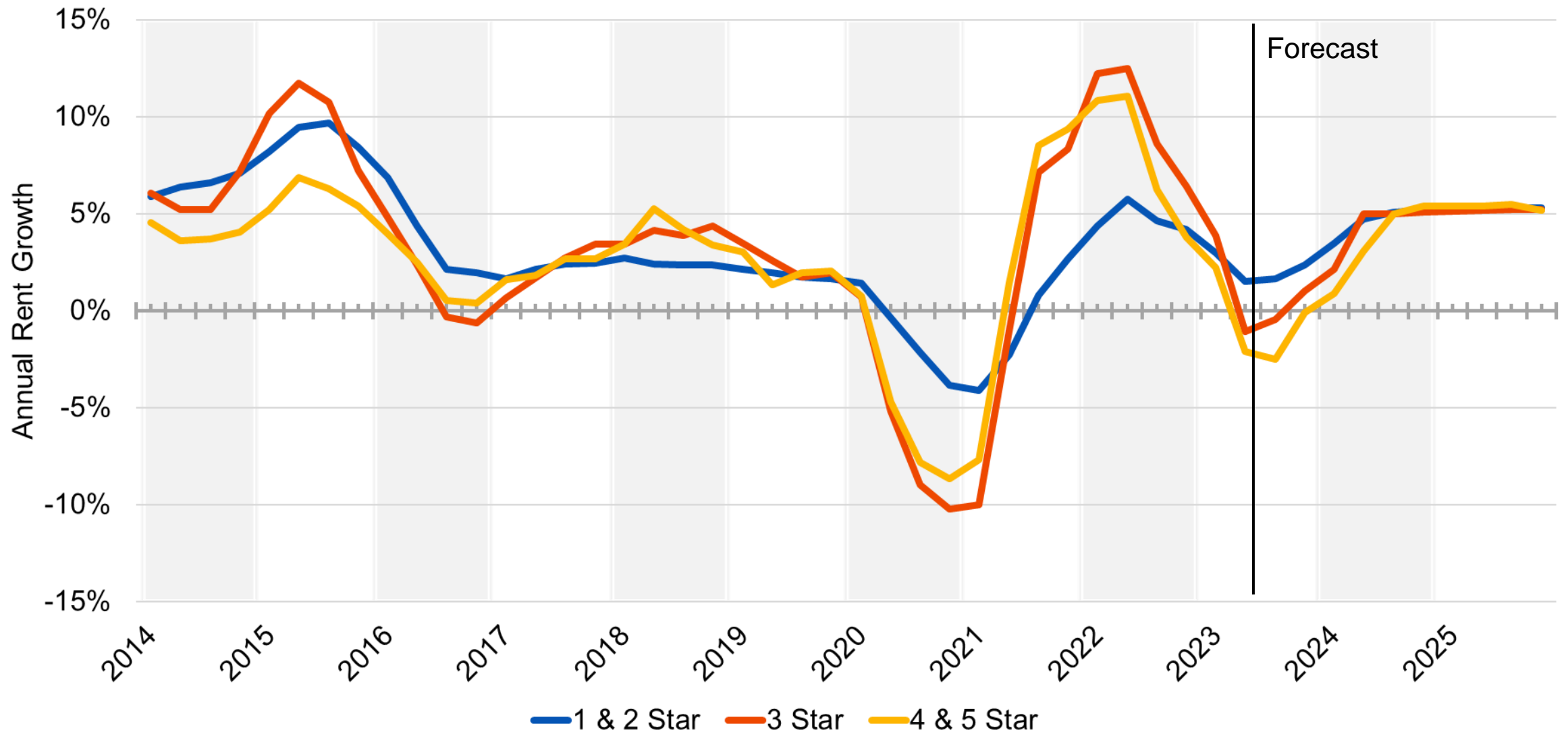
San Francisco baseline forecast



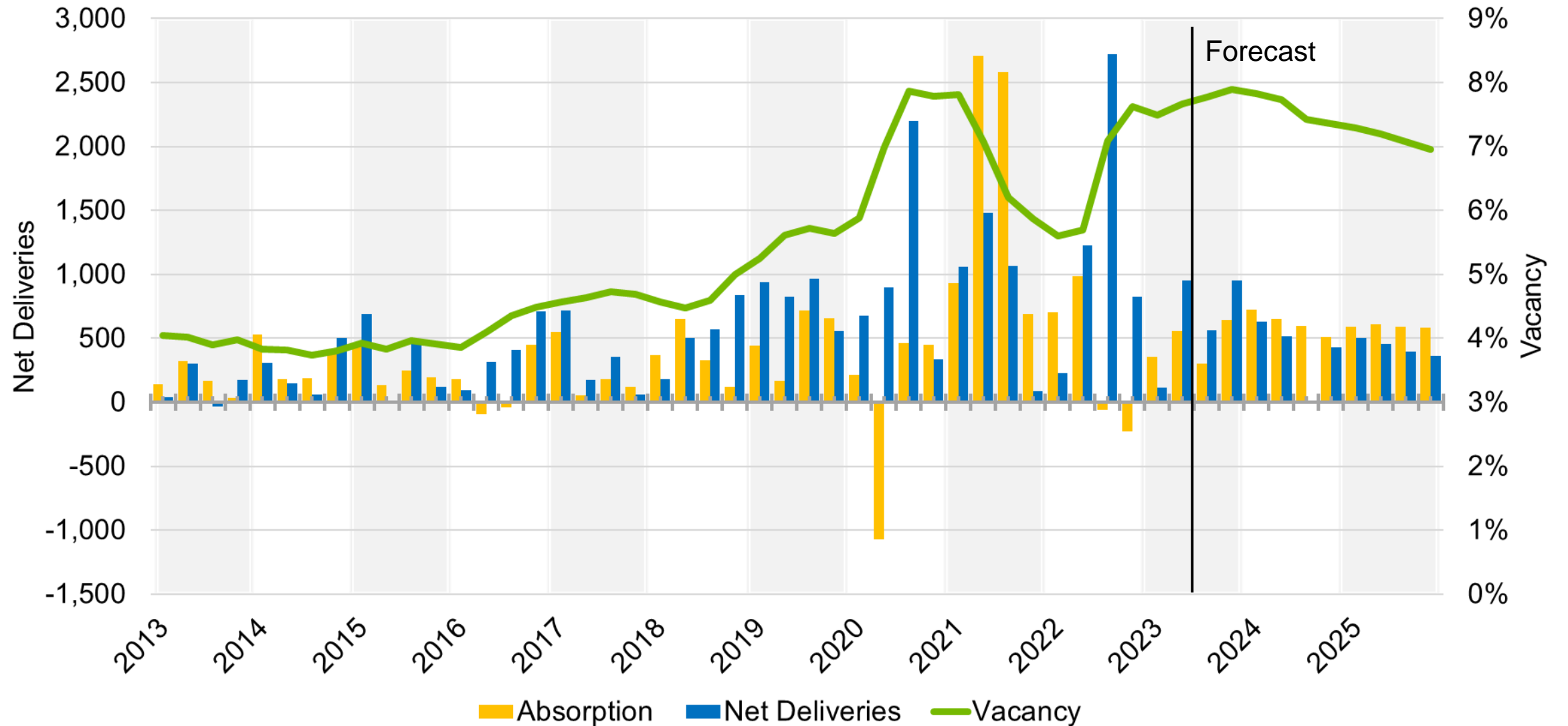
San Jose baseline forecast



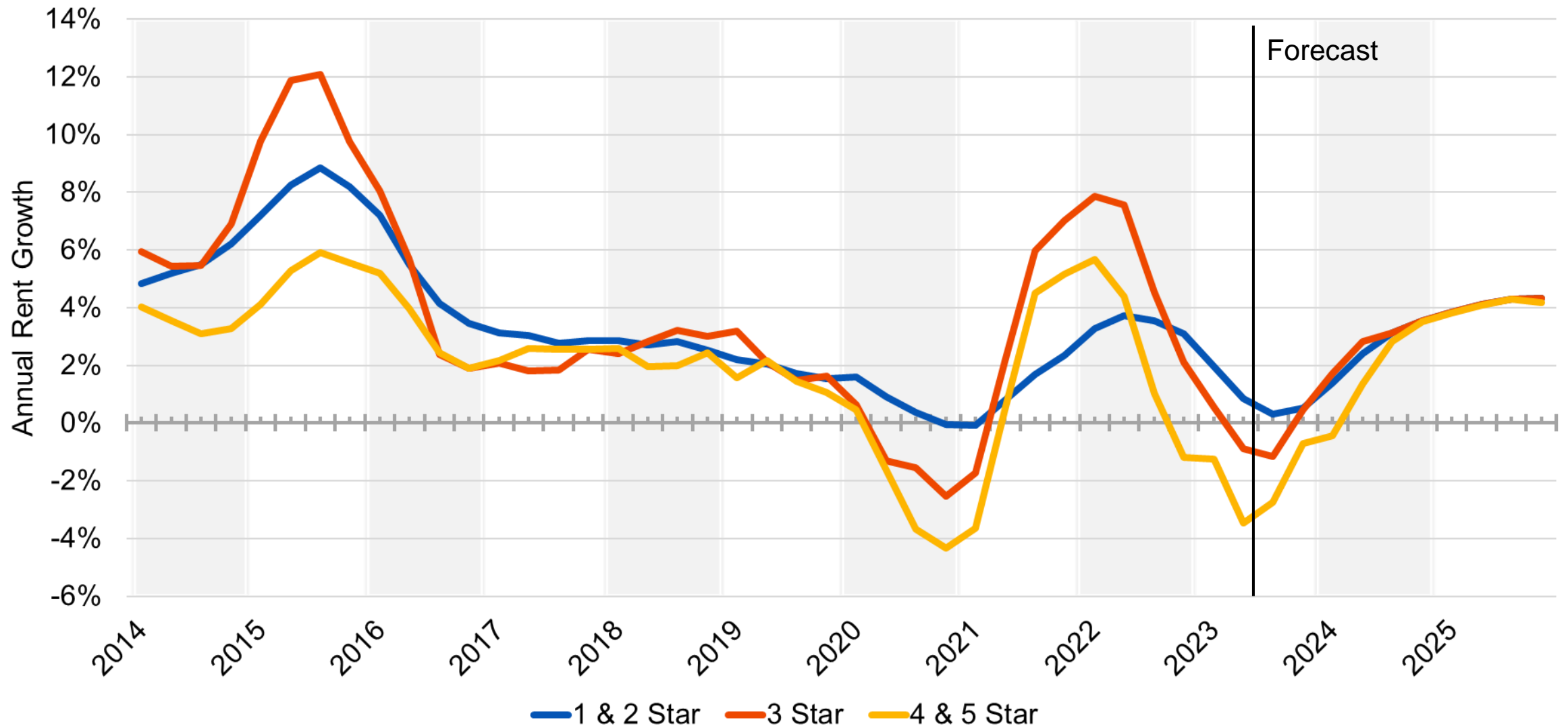
San Jose baseline forecast



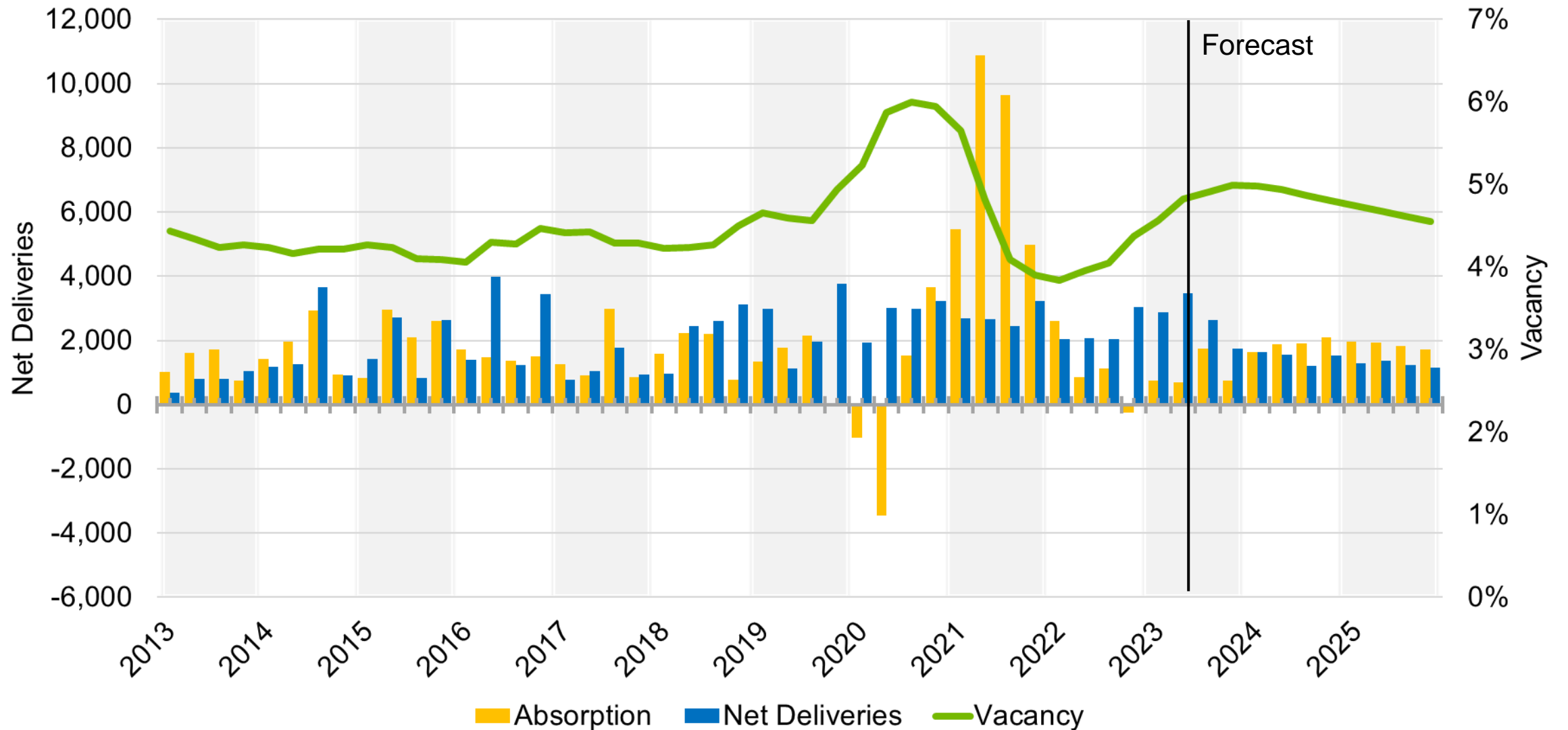
East Bay baseline forecast



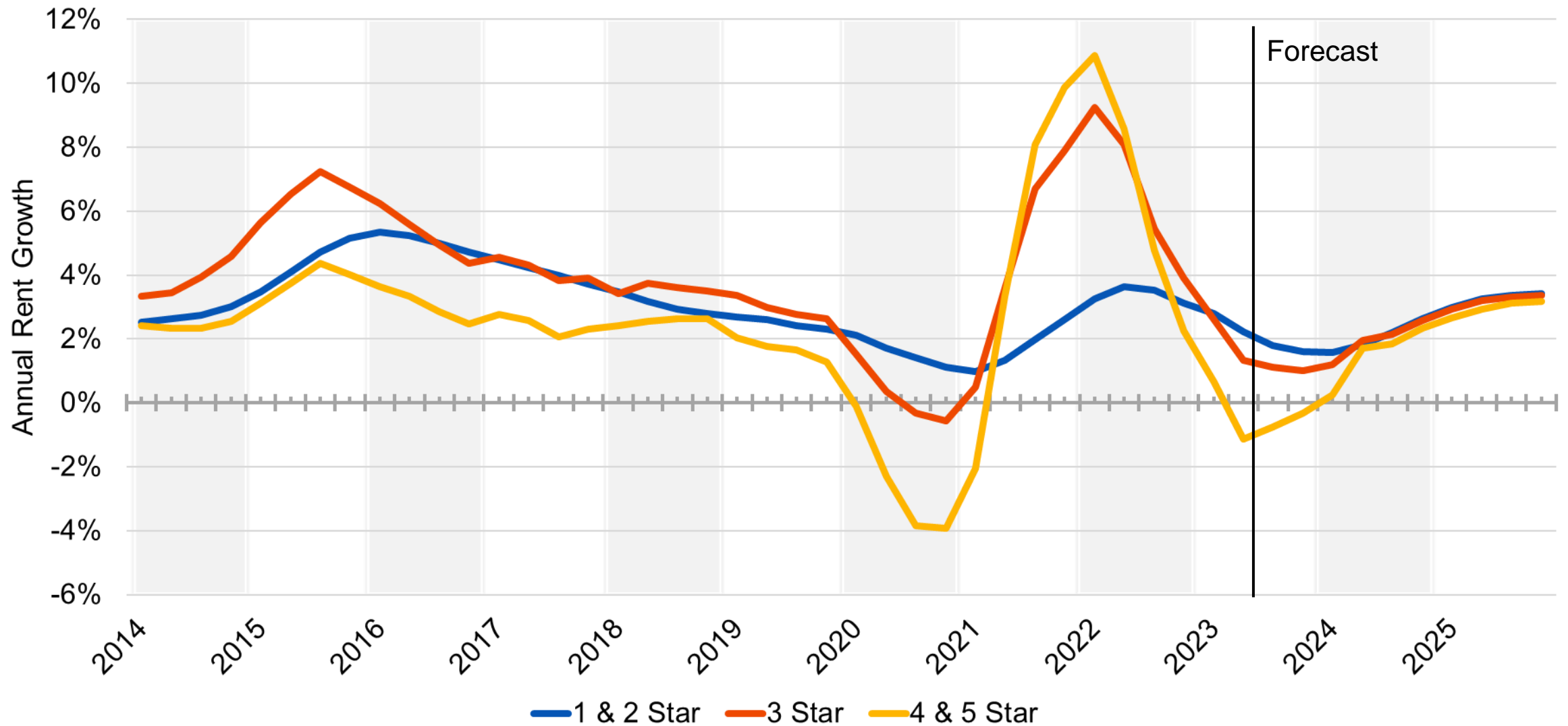
East Bay baseline forecast



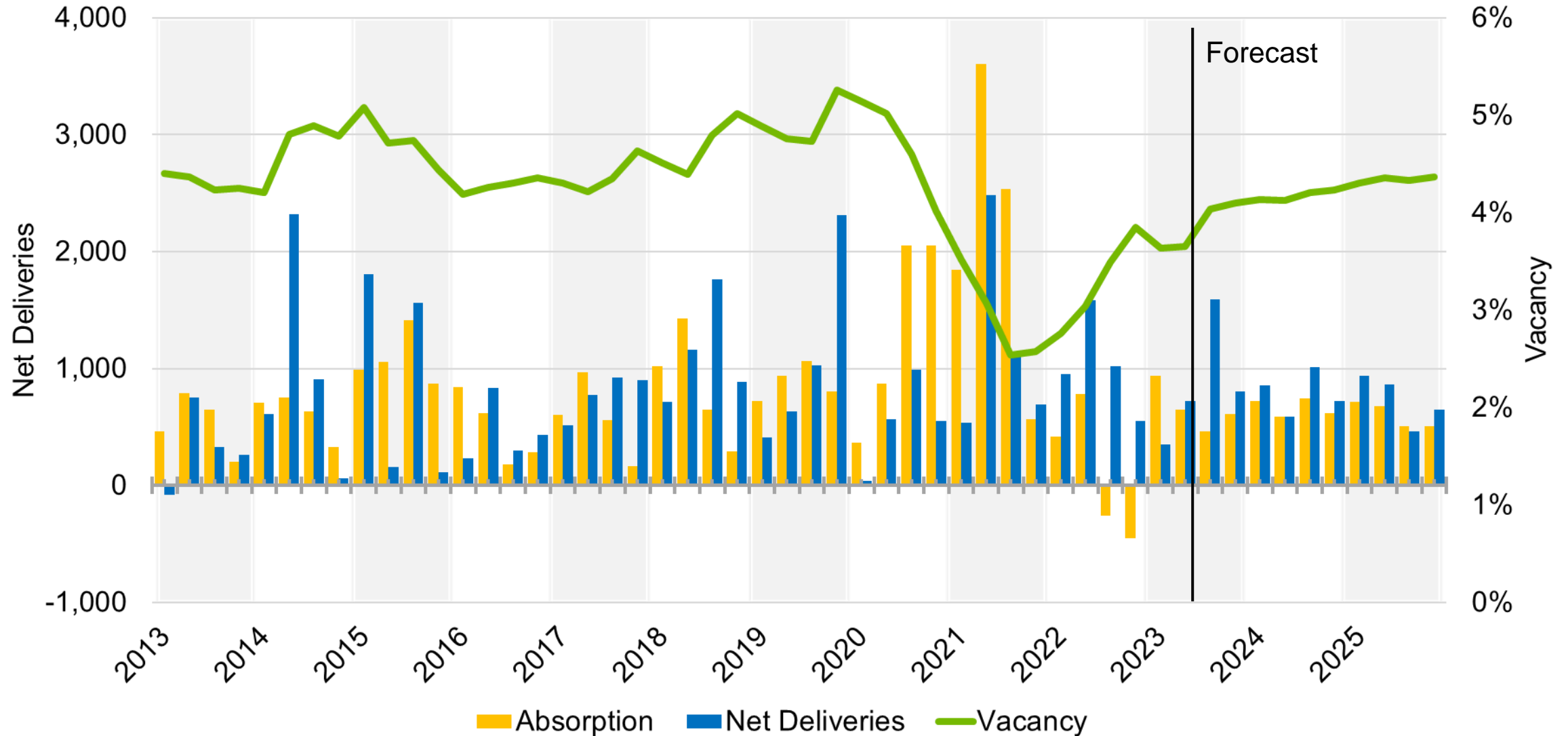
Los Angeles baseline forecast



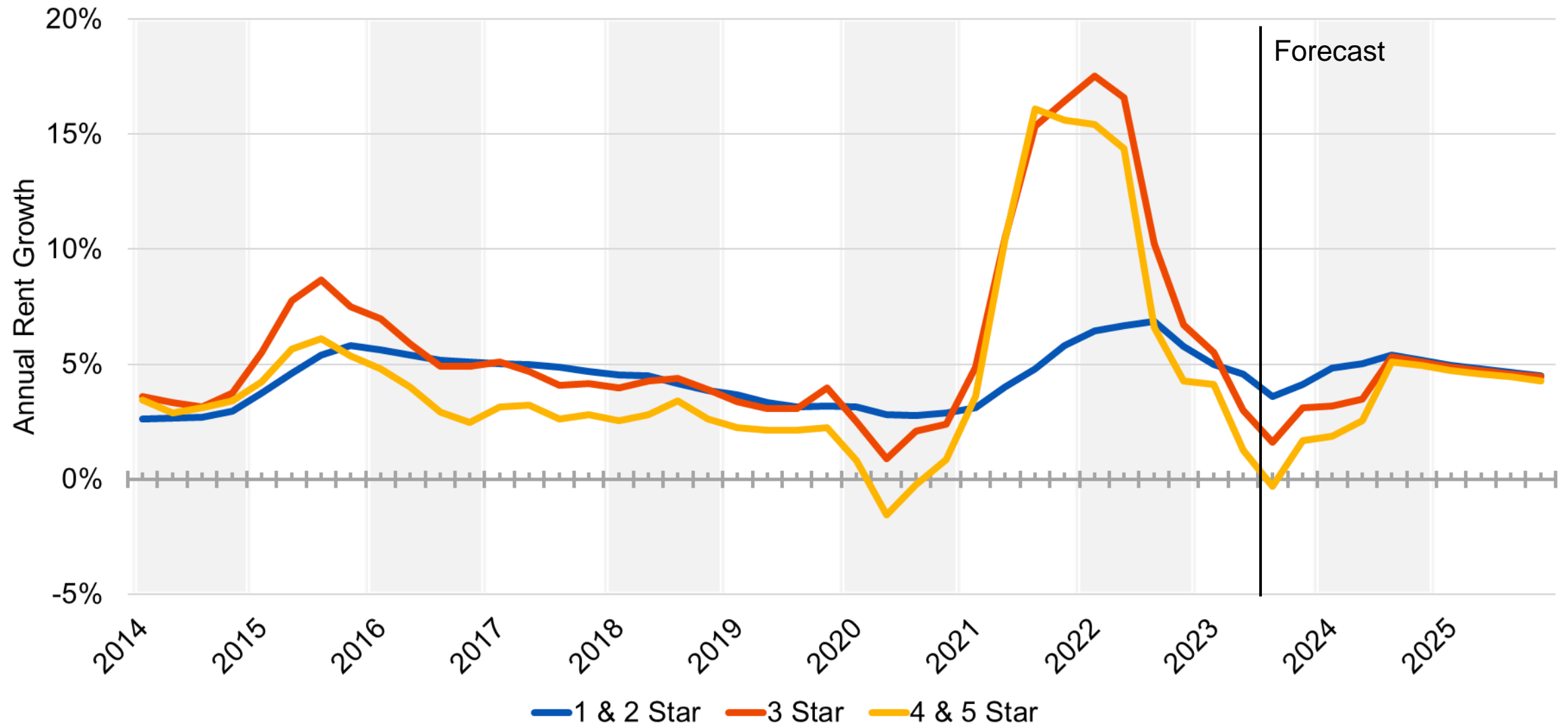
Los Angeles baseline forecast



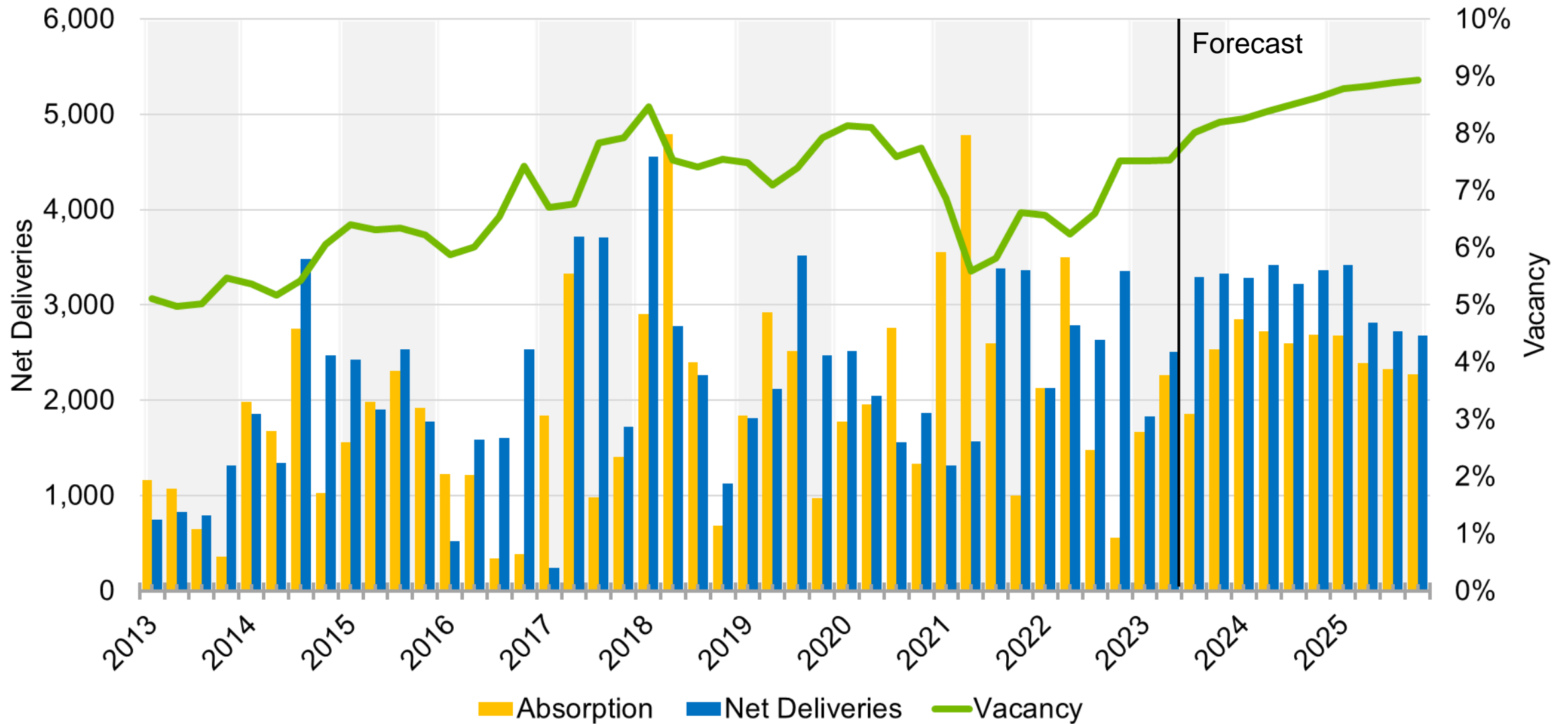
San Diego baseline forecast



San Diego baseline forecast

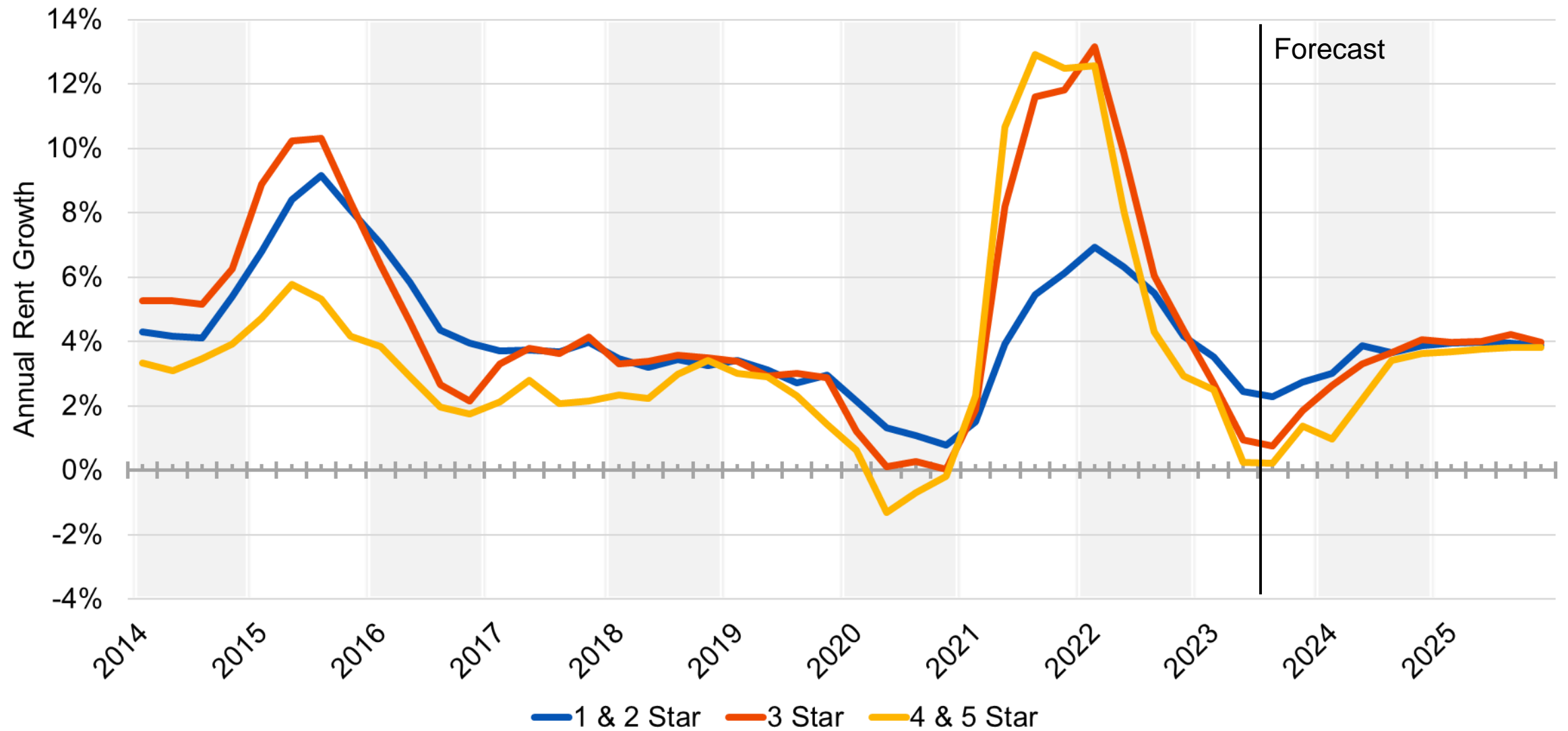


Denver baseline forecast

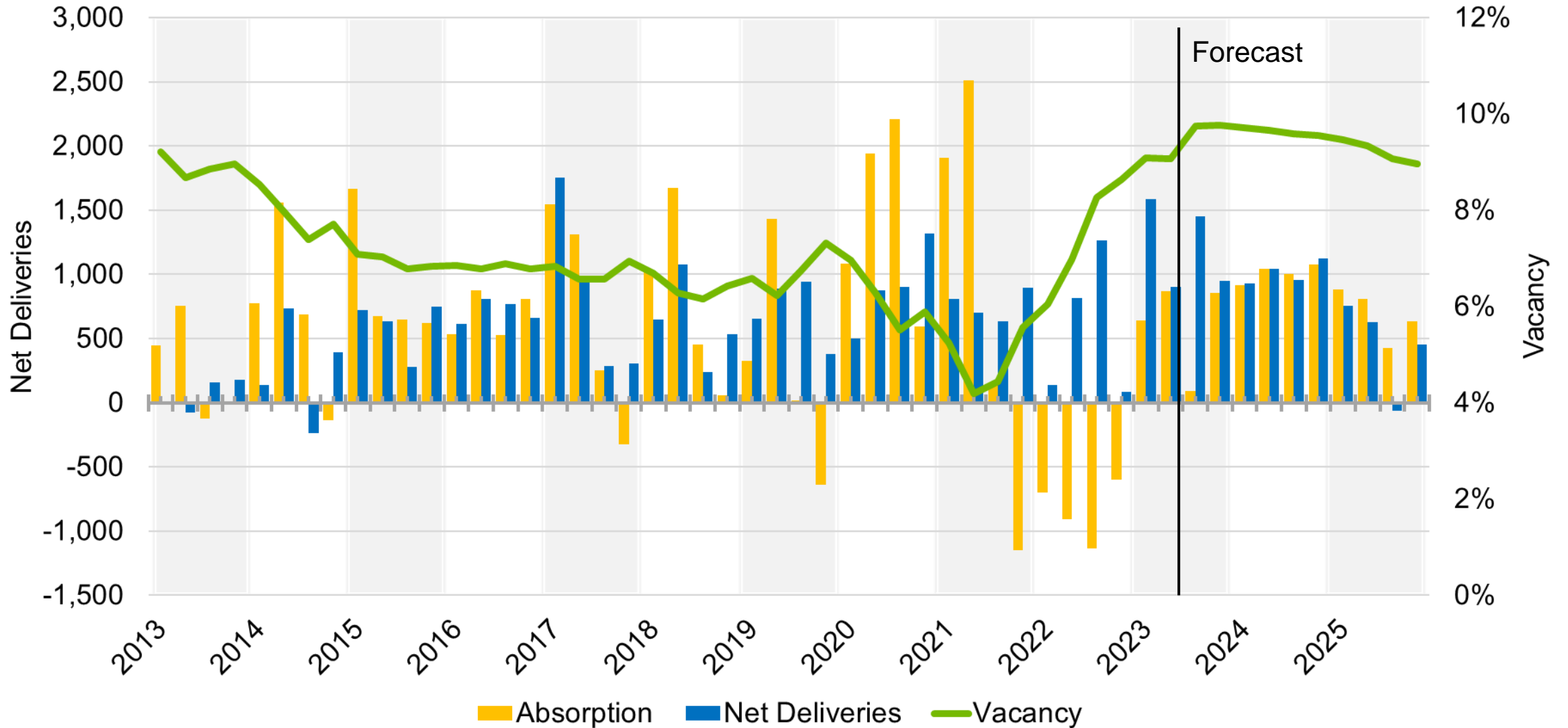


Source: CoStar, September 2023

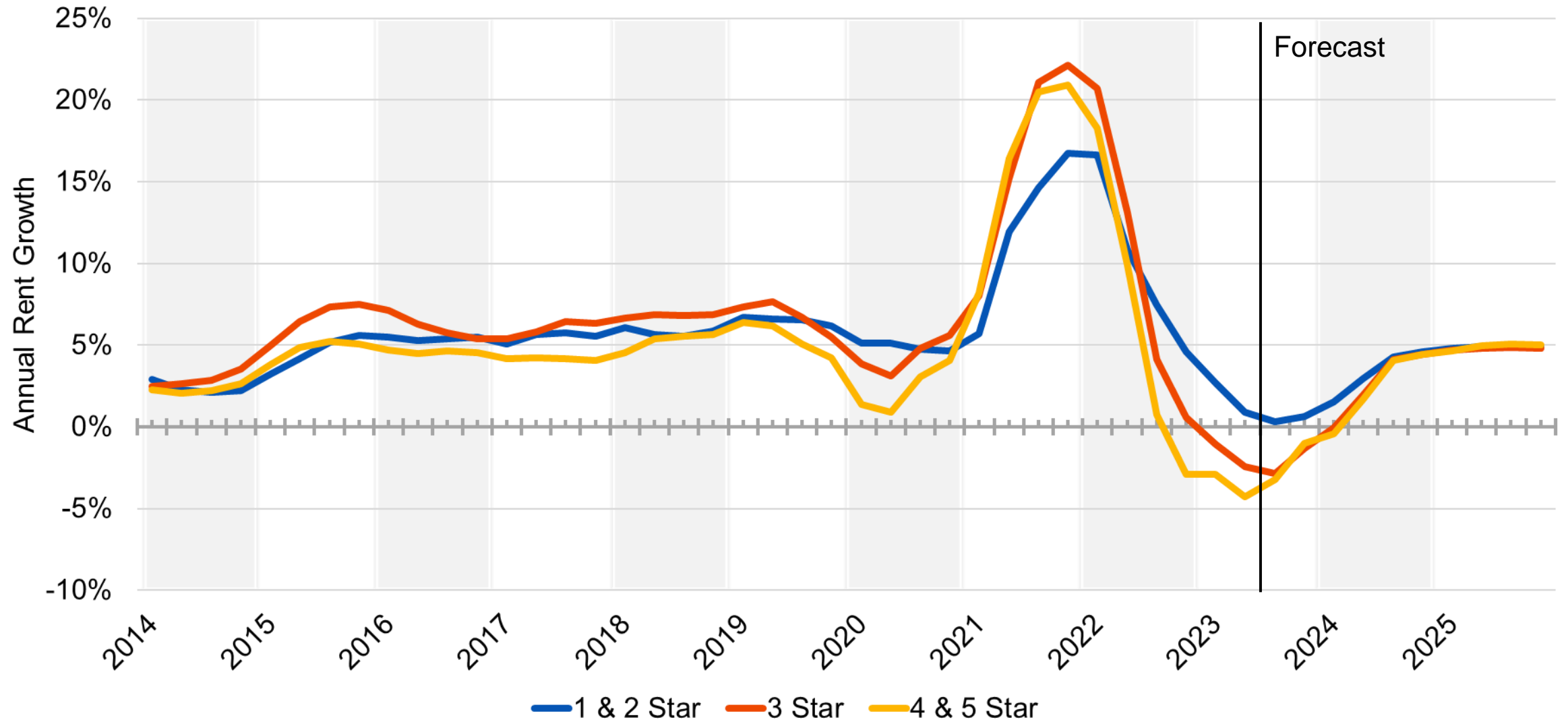
Denver baseline forecast



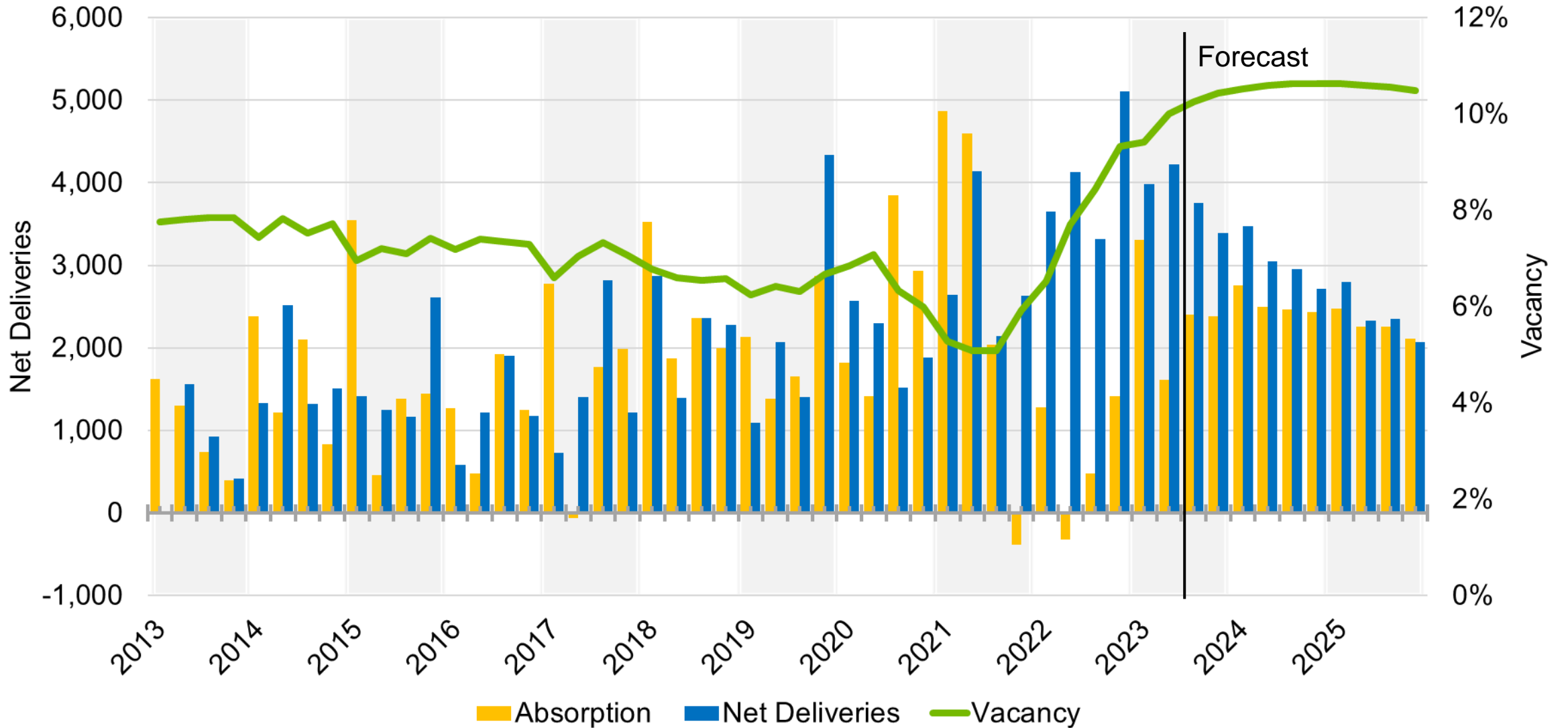
Las Vegas baseline forecast



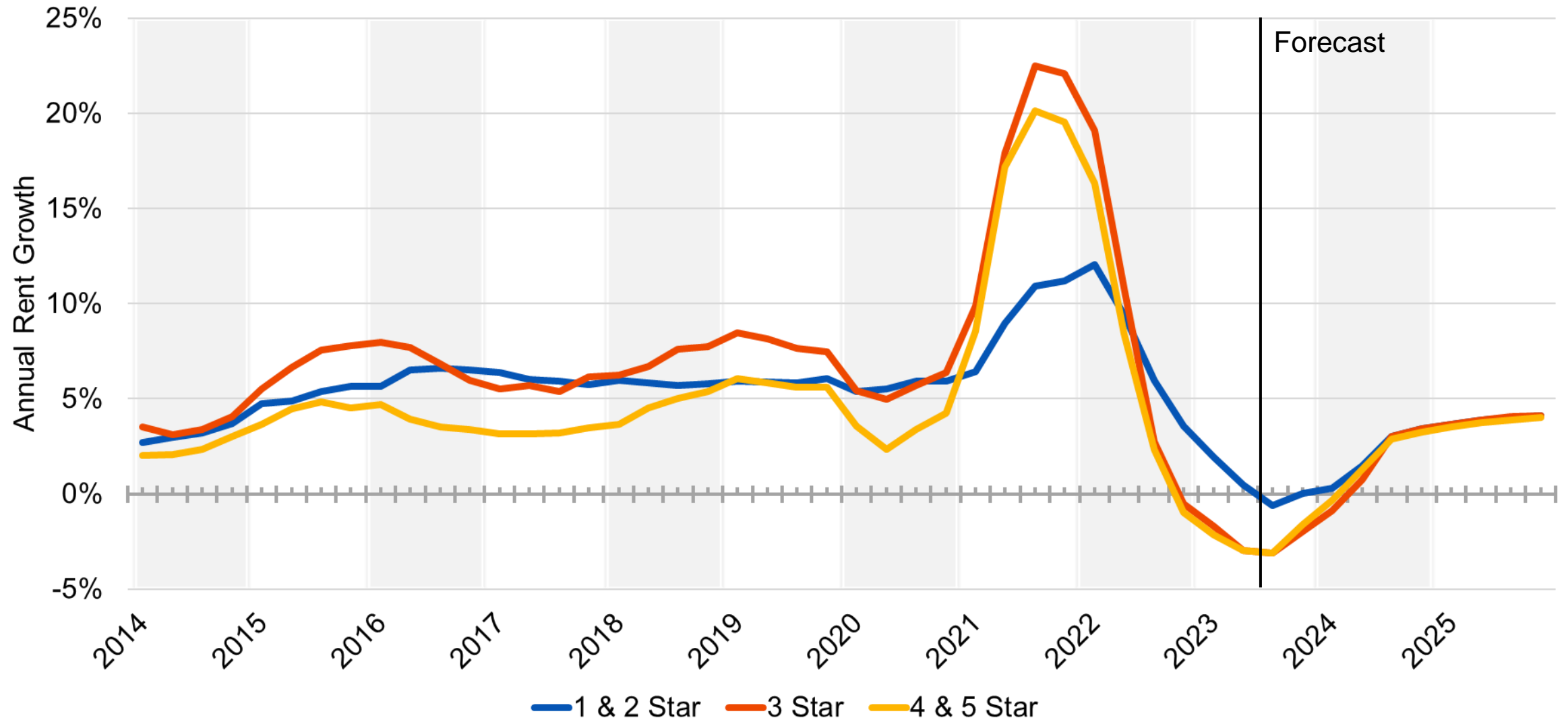
Las Vegas baseline forecast



Phoenix baseline forecast



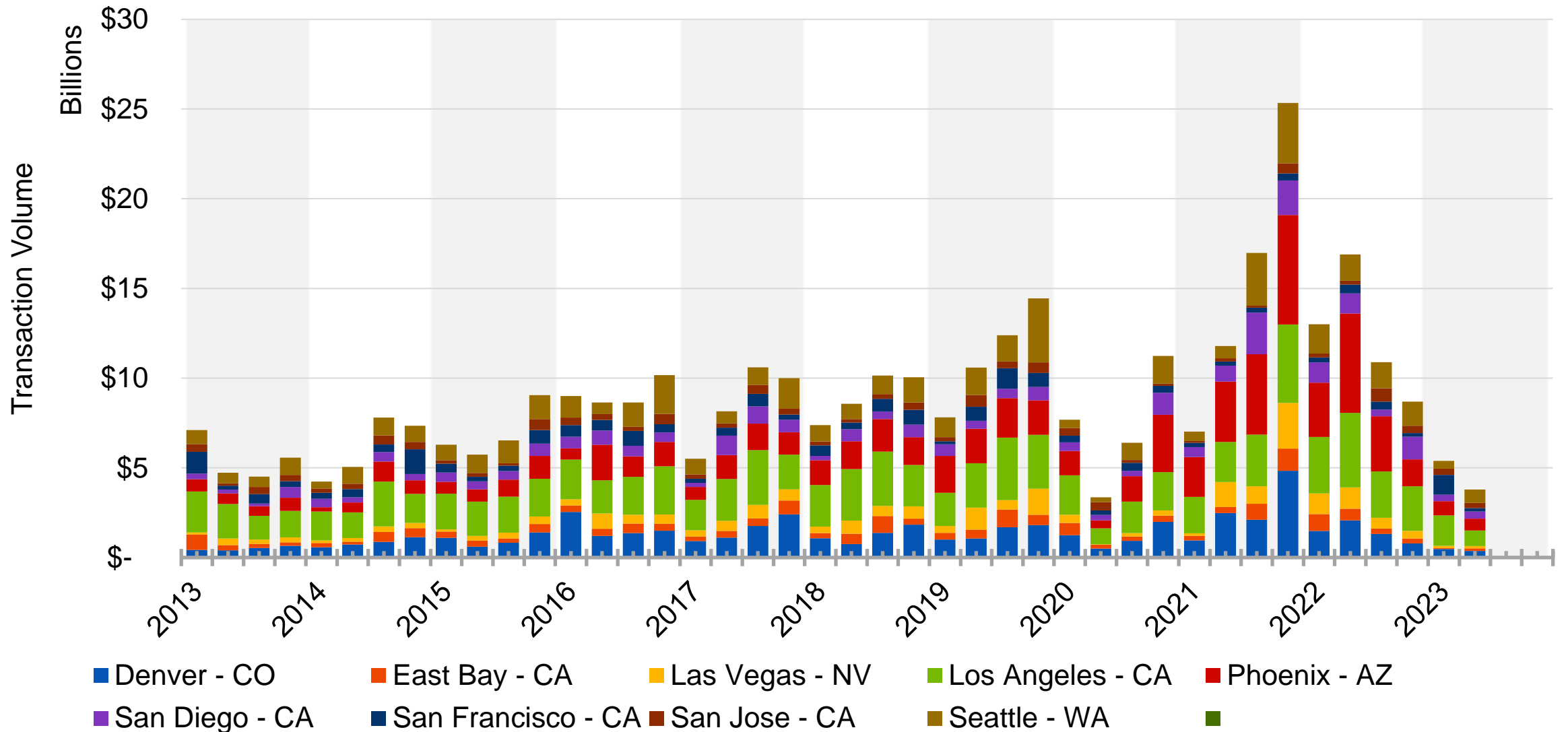
Phoenix baseline forecast



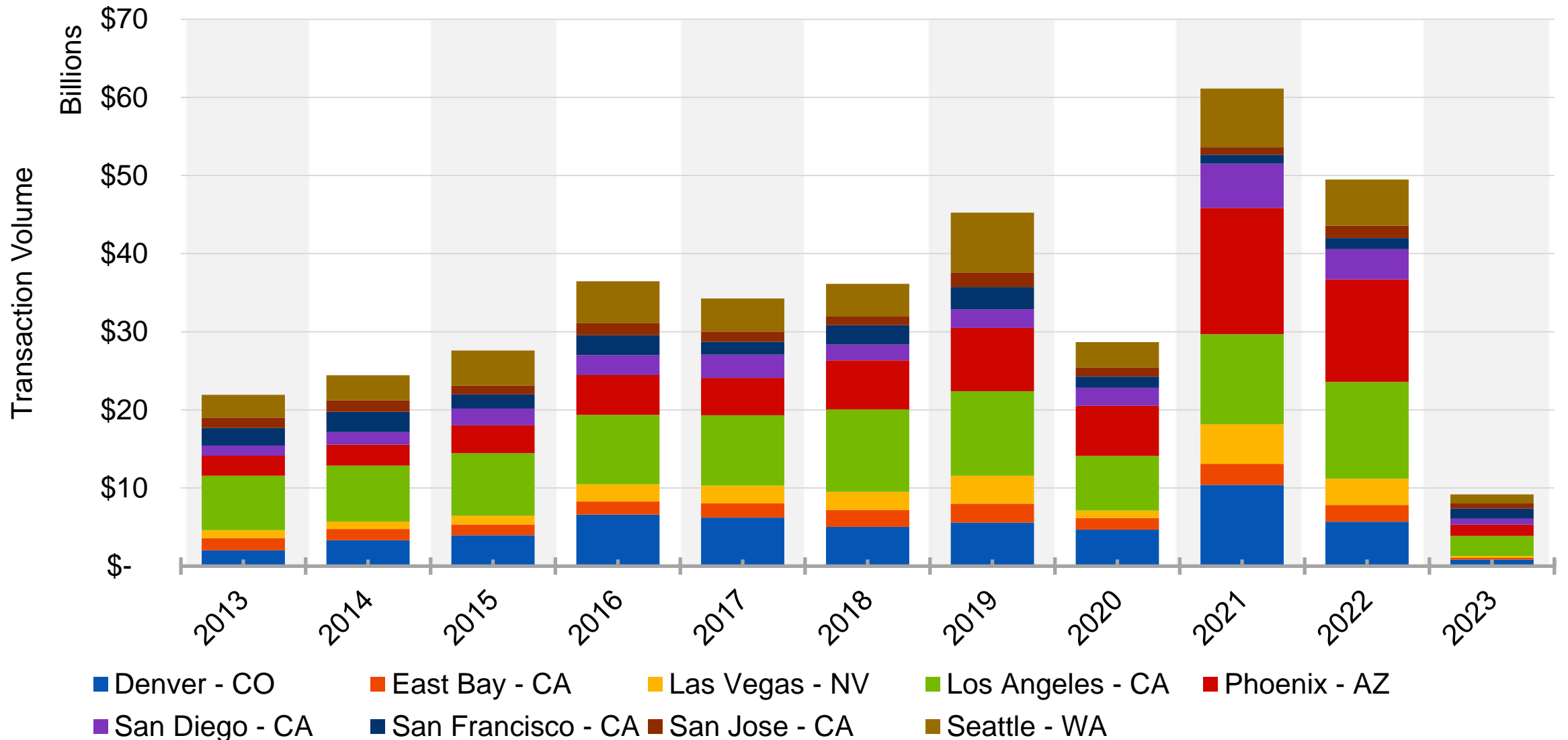
INVESTMENT MARKET



Transaction volume has declined across all markets

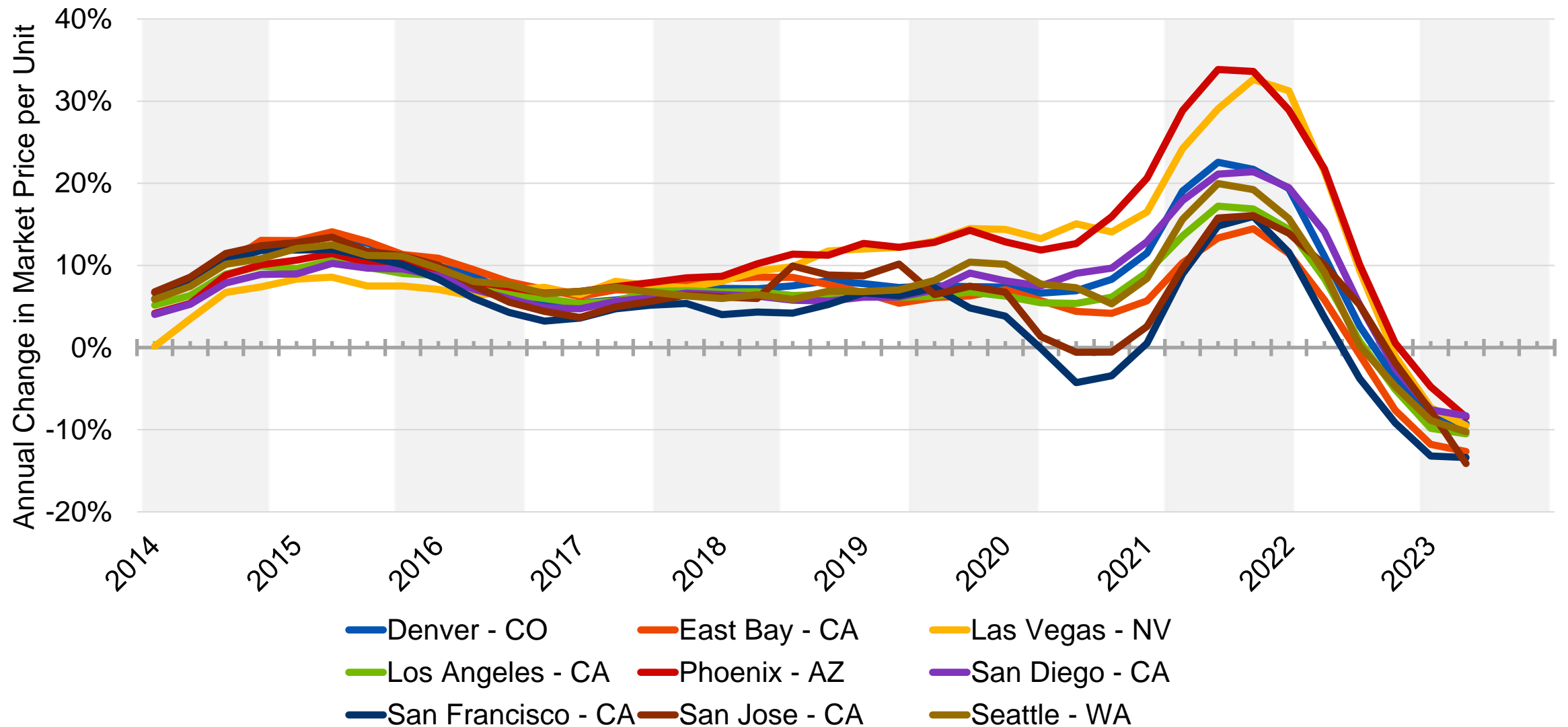


Transaction volume has declined across all markets

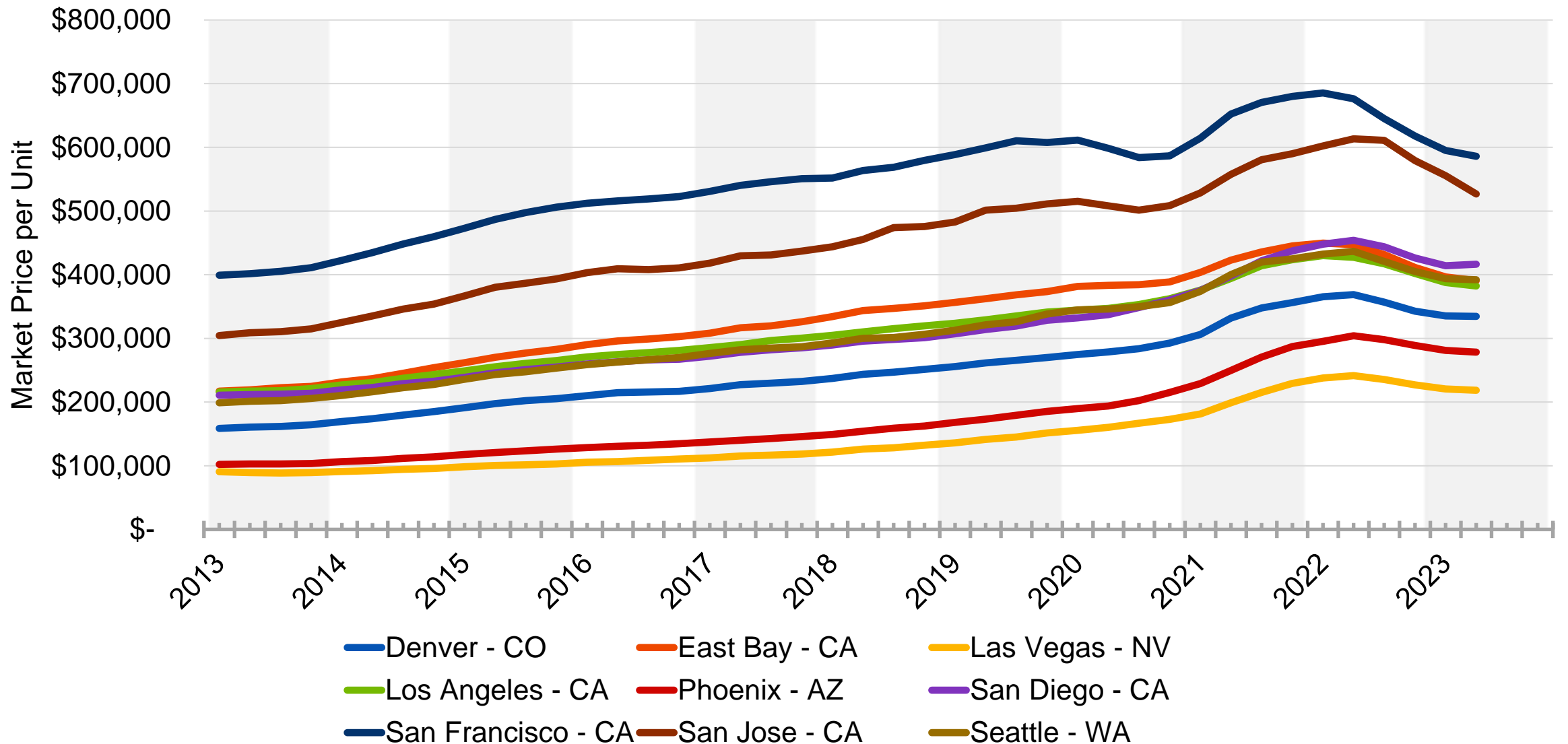


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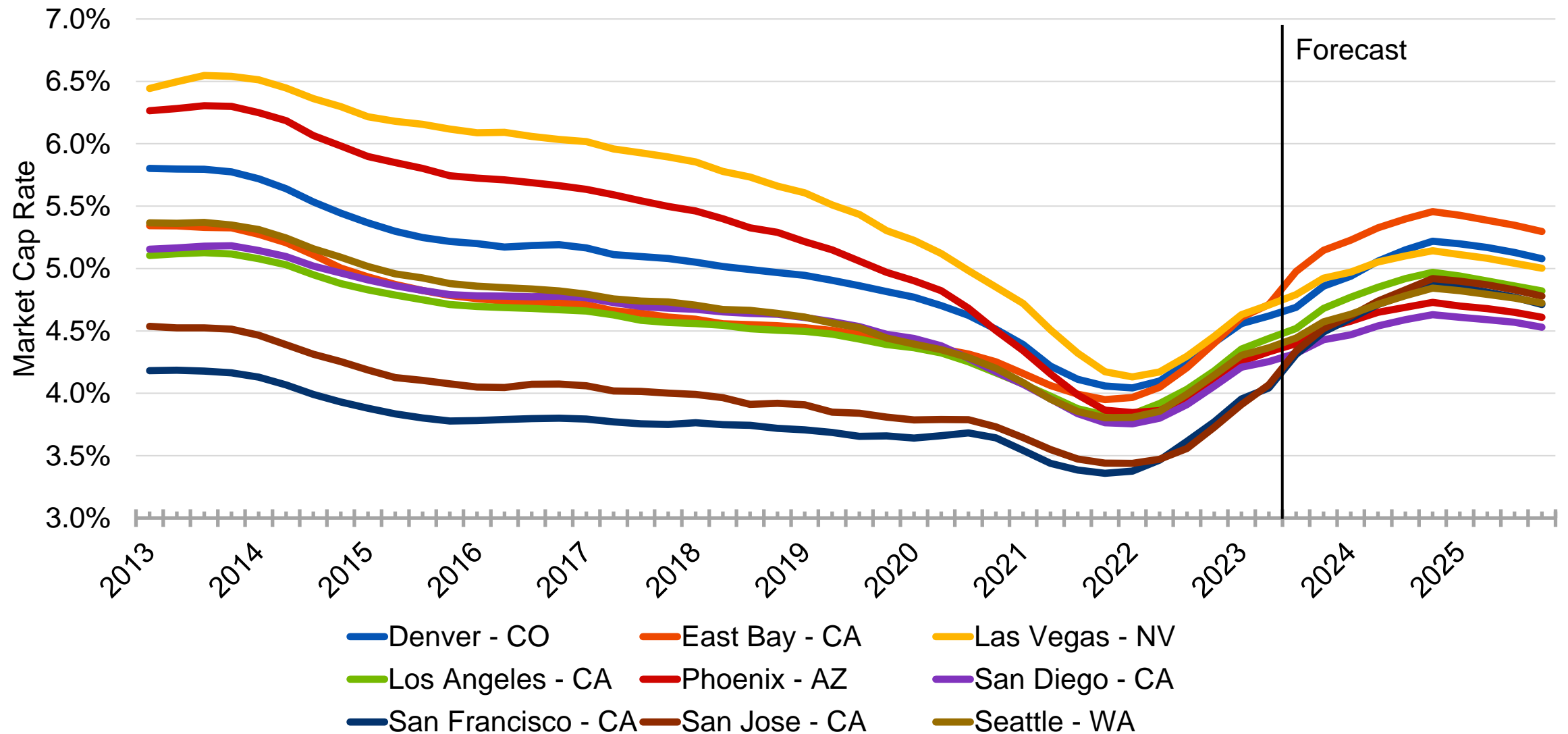
Market pricing has fallen as cap rates rise



Market pricing has fallen as cap rates rise



Market cap rates up by 75 bps over past 18 months





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