IPA INSTITUTIONAL PROPERTY ADVISORS

2025
MULTIFAMILY

National Investment Forecast


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TO OUR VALUED CLIENTS

The coming year offers the prospect of abating headwinds for the multifamily sector, clearing some of the hurdles facing institutional investors. The Fed's battle with inflation and the resulting cycle of elevated interest rates may finally conclude, while the supply shock of record multifamily deliveries is waning. At the same time, household formation has begun to accelerate, and the lending climate is strengthening. The convergence of these trends may pave the way for increased investor action this year.

Some uncertainty still surrounds the 2025 investment outlook, however, as the newly elected administration enters the White House and imparts its influence on Congress. A single-party majority in the legislature could lead to increased federal policy change. The tax climate will likely remain favorable for investors, but a variety of proposed policies could create new headwinds for some aspects of the economy and some commercial real estate sectors. Nevertheless, 2025 could be a turning point for the market, delivering new opportunities for institutional investors.

The generally positive outlook for 2025 will likely lift the multifamily sector, but as always, each market will follow its own trajectory. To help institutional commercial real estate investors capitalize on the complexities of the investment climate, Institutional Property Advisors presents the 2025 National Multifamily Investment Forecast.

The IPA team appreciates your continued partnership and we look forward to joining you and your organization in navigating the transaction and financing market.

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IPA Multifamily

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IPA Research Services

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Developed by IPA Research Services. Additional contributions were made by IPA investment brokerage professionals nationwide.

NATIONAL MULTIFAMILY INDEX (NMI)

- A slowdown in apartment construction nationally, paired with rising renter demand, paves the way for improving multifamily occupancy and rents overall this year. Trends vary by market, however. Many Sun Belt metros will register standout inventory gains this year, yet most also slot into the upper echelon of the 2025 National Multifamily Index, backed by high levels of population growth.
- Modest inventory growth and high barriers to homeownership place markets such as New York City, Los Angeles, Orange County and Chicago in the top half of the Index this year. While certain Midwest markets share similarly minor stock gains, subdued levels of household formation lead them to the lower echelon of the NMI.

NATIONAL ECONOMY

- Last year, the economy exceeded expectations. The employment market overachieved, and consumer spending proved more durable than expected. This positive momentum should carry the economy forward, supported by an anticipated uptick in consumer sentiment. While climbing home prices have bolstered wealth for homeowners, it has also raised barriers for prospective buyers, strengthening renter retention for multifamily operators.
- As the Federal Reserve aligns their policies to reduce inflation while sustaining moderate economic growth, crosswinds could impede their headway. The anticipated extension of the 2017 Tax Cuts and Jobs Act could spur growth in the coming year, but other prospective policies including deregulation, tariffs and immigration control risk the re-ignition of inflation.

NATIONAL MULTIFAMILY OVERVIEW

- Upward vacancy momentum in the multifamily sector may have crested. Despite the historically high volume of units delivered in 2024, the number of apartments absorbed on net marked the second-highest tally on record. This momentum should carry into 2025, as the tight labor market translates into above-average household creation. Reduced supply-side pressures this year should help rein in concessions.
- A notable decline in multifamily permitting over the past two years is now beginning to materialize with tapering completions in 2025. The high cost of capital, elevated material expenses and potential construction labor shortages may further restrict new supply in the coming years.

CAPITAL MARKETS

- After keeping the overnight benchmark rate unchanged for more than a year, the Federal Open Market Committee cut the rate by 100 basis points in the latter part of 2024. This returned the target lower bound to 4.25 percent, reflecting progress on both sides of the FOMC's dual mandate to support price stability and full employment. Moving forward, however, the near-term outlook for the Federal Reserve remains uncertain.
- Many investors are focused on the 10-Year Treasury and if it will once again reach 4 percent. That appears to be the consensus tipping point below which deal flow will accelerate. In the third quarter of last year, ahead of the September Federal Reserve rate reduction, the yield on the 10-Year fell below that benchmark. However, in October, the measure climbed back into the mid-4 percent range, where it ended the year. The trajectory of the instrument going forward may depend on the federal budget deficit and how the U.S. Treasury manages the issuance of debt.

INVESTMENT OUTLOOK

- After several years of financial hurdles and softer fundamentals, a significant volume of dry powder capital has accumulated on the sidelines. In 2025, this backlog should flow back into the multifamily sector amid positive trends. Based on preliminary data, national multifamily sales velocity gained ground in the second half of 2024. While private buyers active in the sub-$10 million tranche accounted for a majority of the closings, moving forward, sales may gain momentum as institutional-level activity responds to improved operations. This may be particularly true in the secondary and primary metros, as private buyers have been more active recently in tertiary markets.
- Many institutions moved to the sidelines in 2022 when the Federal Reserve began raising rates. Several spent that time repairing their portfolios, pruning unfavorable assets and recapitalizing those they chose to hold. Looking forward, many of the major investment funds will need to put their dry power capital to work or potentially face increased withdrawals. A re-engagement by major institutional investors could boost transaction flow but also increase competition for high-quality multifamily assets among investors, potentially lifting prices.

Sun Belt Remains the Top Region for Relocations

Upcoming Wave of In-Migration Driven by Southwest Improvement

Sun Belt Net In-Migration Outlook

Southwest Markets

2020-2024
Net In-Migration:
-45,600

2025-2029
Net In-Migration:
+370,000

Standout Metro:
Phoenix

Texas Markets

2020-2024
Net In-Migration:
+1.128 million

2025-2029
Net In-Migration:
+902,000

Standout Metros:
Dallas-Fort Worth, Houston

Southeast Markets

2020-2024
Net In-Migration:
+1.396 million

2025-2029
Net In-Migration:
+1.286 million

Standout Metros:
Miami, Orlando

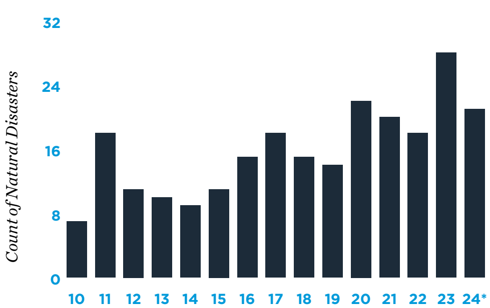
Appealing Dynamics in Place

Migration drivers set to strengthen multifamily fundamentals. Among the Sun Belt's major metros, two-thirds entered this year with an average effective rent below the national mean of roughly $1,830 per month. This cost-of-living advantage — which is widespread outside of Southern California and South Florida — as well as expectations for above-average employment growth in many cases during 2025, will elevate the region's resident count. Near term, the boost to rental demand on a metro level will support positive net absorption across every major Sun Belt market. All but six are projected to register vacancy compression ranging from 10 to 50 basis points this year.

Southwest market ranks as a top destination. Projections of net in-migration for the next five years across the major Sun Belt metros outside of Southern California suggest local multifamily vacancy rates may return to or dip below historical averages, especially as rental construction pulls back. From 2025 through 2029, Phoenix is expected to drive a larger share of regional growth, adding the most residents on net among Sun Belt metros. Rounding out the top five will be Dallas-Fort Worth, Houston and Orlando, followed at six, seven and eight by Atlanta, Austin and Tampa-St. Petersburg. Continued in-migration to these markets will provide a needed boon for local apartment performance, as apart from Houston, these metros entered 2025 with vacancy rates 70 to 200 basis points above their long-term average. In contrast, Los Angeles, Orange County and San Diego are expected to record out-migration over the five-year span. Nevertheless, sizable homeownership hurdles should foster levels of local rental demand that allow these three metros to rank among the Sun Belt's least vacant markets for the foreseeable future.

Natural Disasters Alter Some Renter Sentiment

U.S. Is Experiencing More Natural Disasters



The U.S. now averages almost 22 natural disasters per year — up from about 13 in the 2010s. Over the past five years, severe storms and tropical cyclones accounted for 80 percent of the nation's major weather events that caused more than $1 billion in damage each.

A survey conducted after Hurricane Helene found nearly one-third of U.S. residents between the ages of 18 and 34 are reconsidering future moving plans because of recent major weather events.

Apartment insurance rates doubled from 2019 to 2024, with insurance costs now representing 8 to 10 percent of owners' total expenses. Landlords that have been hit with outsized insurance rate hikes, specifically those in Florida and California, may attempt to pass the cost onto apartment tenants in the form of rent increases.

** Year-to-date through October 10; event included if damages totaled greater than $1 billion*
Sources: IPA Research Services; National Oceanic and Atmospheric Administration; RealPage, Inc.; Redfin

Local Delivery Slates in Sun Belt and Coastal Primary Metros Better Aligned With Household Growth

Expanding markets well equipped to absorb new units. Multifamily deliveries moderate on a national scale during 2025, with completions falling 110,000 units short of last year's record tally. Still, many Sun Belt markets will register standout inventory gains by historical standards. Despite this supply-side pressure, most of these metros slot into the upper echelon of the 2025 Index. Dallas-Fort Worth (#2), Houston (#4) and Austin (#7) will benefit from having high rates of projected population growth and propensity to rent, with each metro also among the leaders in employment growth. Phoenix (#8) and Charlotte (#18) will each record more deliveries in 2025 than last year, yet this new supply appears warranted, as both also notch some of the nation's strongest household growth. Southeast Florida's (#1) three major markets — Miami, Fort Lauderdale and West Palm Beach — and Orlando (#3), meanwhile, all note a pullback in deliveries. When paired with consistent household growth, this dynamic supports local revenue growth that ranks among the nation's best. Of note, while Florida may face increased weather-related risk, this was not factored into the rankings.

Permitting declines beginning to influence market performance. A group of markets are slated to register mild sub-1 percent stock growth in 2025, but how apartments perform with this light pressure will hinge on other factors. Chicago (#20) is expected to notch the smallest inventory gain among major U.S. markets this year, with New York City (#15) claiming the eighth-lowest boost to stock. Rental properties in Orange County (#6) and Los Angeles (#10) are positioned to benefit from moderate inventory increases, as local median home price-to-income ratios limit housing options for most residents. Similar to these metros, several Bay Area markets — Oakland (#30) and San Francisco (#26) — also note stock growth of less than 1 percent. Beyond this year, minor stock growth may continue across this group of primary markets as developers react to nonimal changes in these metros' populaces during 2025.

Index Methodology

The NMI ranks 34 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, household growth and size of renter pool. Weighing the history, forecasts and incremental change over the next year, the Index is designed to show supply and demand conditions at the market level. Index rankings do not take insurance costs and natural disaster risks into account.

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, a market's ranking may fall from one year to the next, even if its fundamentals are improving. The NMI is an ordinal Index, and differences in rankings should be interpreted carefully. 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.

RANK	MARKET
1	*Southeast Florida*
2	*Dallas-Fort Worth*
3	*Orlando*
4	*Houston*
5	*Salt Lake City*
6	*Orange County*
7	*Austin*
8	*Phoenix*
9	*Tampa-St. Petersburg*
10	*Los Angeles*
11	*Raleigh*
12	*San Diego*
13	*Boston*
14	*Seattle-Tacoma*
15	*New York City*
16	*Minneapolis-St. Paul*
17	*Washington, D.C.*
18	*Charlotte*
19	*Portland*
20	*Chicago*
21	*Northern New Jersey*
22	*Denver*
23	*San Jose*
24	*Nashville*
25	*Columbus*
26	*San Francisco*
27	*Atlanta*
28	*San Antonio*
29	*Riverside-San Bernardino*
30	*Oakland*
31	*New Haven-Fairfield County*
32	*Baltimore*
33	*Cincinnati*
34	*Cleveland*

[1] *See National Multifamily Index Note on Page 80.*

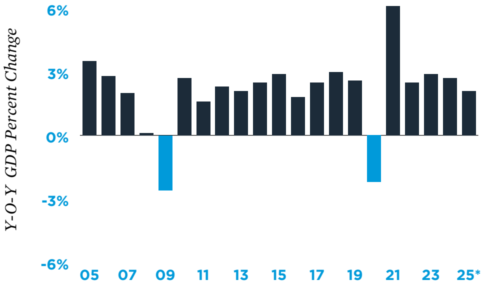
Economy Enters 2025 With Positive Momentum; Policy Uncertainty Presents a Wildcard

Growth outlook moderate by design. Last year, the economy exceeded expectations with real GDP growth of 2.7 percent. The employment market overachieved and consumer spending proved more durable than anticipated. Inflation pressures moderated, with core PCE nearing the mid-2 percent range by year-end. This positive momentum is expected to carry the economy forward in 2025 at a more modest 2.1 percent pace, supported by an expected uptick in consumer sentiment. The cumulative 100-basis-point reduction of the federal funds rate in the latter part of 2024, while positive, reiterates the transition of the Federal Reserve's focus from inflation risk to supporting the employment market. Although additional rate reductions are expected this year, they will likely be modest. Uncertainty surrounding the implementation of potentially inflationary federal policies, including tariffs and stricter immigration controls, will remain a consideration of the Federal Reserve as they set rate policy.

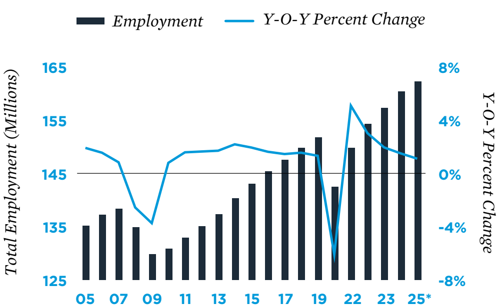
Soft landing strategy faces crosswinds. As the Federal Reserve aligns their policies to reduce inflation while sustaining modest economic growth, crosswinds could impede their headway. The anticipated extension of many Tax Cuts and Jobs Act provisions are expected to spur growth in the coming year, but other prospective policies, such as deregulation, tariffs and immigration control, risk the re-ignition of inflation. At the same time, challenges including low-income household financial distress, record consumer debt and continued labor supply shortages could restrain the economy.

Housing market a key economic ingredient. The median single-family home price increased by 4 percent to a record $415,000 in 2024, reiterating the sustained housing shortage. For existing homeowners, the gains bolstered household wealth, pushing total owners' equity to a record $35 trillion, but for renters, the price increases exacerbated a long-standing barrier to purchasing their first home. Only 27 percent of U.S. households can qualify for a standard Freddie Mac loan on a median priced home, and the spread between the median priced home payment and the average rent stands near $1,200 per month. This barrier to homeownership has emerged as a major political topic that could spur policy changes, but it also strengthens renter retention for multifamily operators.

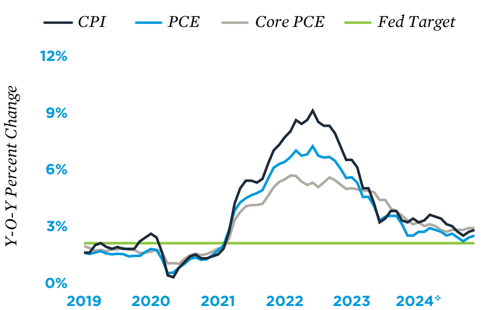
Consumer Spending Backs Recent GDP Growth



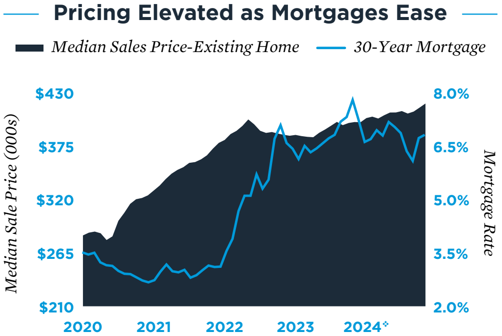
Hiring to Slow for a Fourth-Straight Year



Inflation Continues to Taper



Pricing Elevated as Mortgages Ease



* Forecast

* Through November

2025 NATIONAL ECONOMIC OUTLOOK

- **Labor shortage could weigh on job creation.** Following the creation of over 2 million new jobs in 2024, employment growth is expected to slow to 1.8 million roles in 2025. This reflects mildly slower economic growth anticipated and a labor shortage. The expected tightening of immigration rules could weigh on labor force availability, particularly in the construction, health care and hospitality sectors.
- **Retail sales remain robust.** Core retail sales stood at a record-high $531 billion in the fourth quarter of 2024, generating 1 percent year-over-year growth on an inflation-adjusted basis. Supported by wage growth exceeding inflation, still-low unemployment levels and nearly $25 trillion in total savings, which includes money market mutual funds, consumers are well positioned to sustain consumption levels.
- **Fundraising reflects economic strength.** Firms are set to issue $1.5 trillion in U.S. corporate bonds in 2025 as they refinance maturing debt. This maneuvering builds off 2024, which was the second-busiest year on record for corporate bond sales.

Easing New Supply on a Trajectory to Re-Align With New Demand for the First Time in Four Years

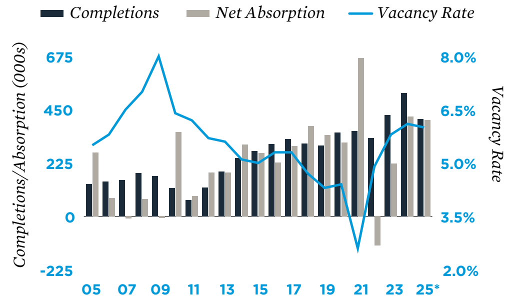
Apartment delivery tally begins to taper. Upward vacancy momentum in the multifamily sector may have crested. The historically high volume of units delivered in 2024 outpaced demand, raising vacancy for a third consecutive year. Still, the number of apartments absorbed on net marked the second-highest tally on record, with demand for existing and newly built rentals supported by a significant rise in household formations. This momentum should carry into 2025. The tight labor market should sustain income growth comparable to last year, translating into household formation that exceeds the 10-year average by more than 250,000. Expansion of the renter pool will coincide with a moderation in apartment deliveries with 410,000 units on track to enter lease-up this year, down from 520,000 units in 2024. Reduced multifamily completions will span most metros, with 35 of 50 major U.S. markets registering a year-over-year pullback. Reduced supply-side pressure across numerous metros will likely aid leasing at existing complexes, helping to rein in concessions. Net absorption is projected to match new supply in 2025 as a result, moderately lowering vacancy and spurring modest rent growth of 3 percent as leases signed in 2024 with concessions come up for renewal. Beyond this year, a broader reduction in supply-side pressure may materialize, given a notable a decline in multifamily permitting over the last two years.

Home sales unlikely to impact rental demand. Prospective homeowners now need to earn more than $110,000 a year to afford a median-priced home in nearly half of U.S. states. This threshold is higher in parts of the West and Northeast. A substantial income barrier and record home prices across most major metros, combined with mortgage rates that are expected to hover in the 5.5 percent to 6 percent range, mean only a select percentage of renters will purchase a home in 2025. This situation is poised to benefit demand and rent growth potential in major markets' suburbs and CBDs, especially in metros with significant barriers to homeownership. Entering this year, national suburban vacancy was nearly on par with its long-term average. Urban vacancy, meanwhile, was largely unchanged year over year, as renters absorbed a net of more than 50,000 units in 2024 — nearly matching the prior two-year tally combined.

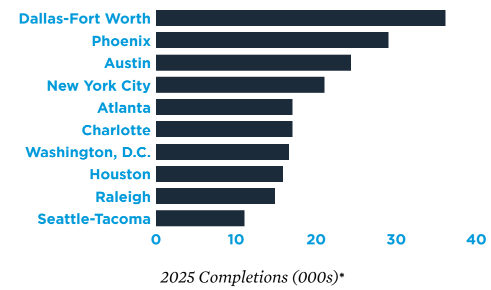
2025 NATIONAL MULTIFAMILY OUTLOOK

- **Asset class price gaps substantial.** The disparity between the average Class A and Class B rent was $510 per month in the third quarter of 2024, with the gap between Class B and C effective rates at $320 per month. The rent-spread may pose barriers to mobility between property tiers, especially as concessions burn off. This could induce increased rental demand stabilization and renewal in 2025.
- **Regions poised to notch strong near-term demand.** Home to average rents that are $400 to $550 per month below the national mark, eight Midwest metros entered last October with vacancy below their long-term mean. Only eight of the 39 other major U.S. markets achieved that, with four of them located in the Northeast.
- **Barriers to development bolster long-term outlook.** As construction starts taper, the multifamily supply and demand balance is moving toward equilibrium. However, the high cost of construction capital, elevated materials costs and potential construction labor shortages may further restrict new supply in coming years, putting an additional emphasis on existing units.

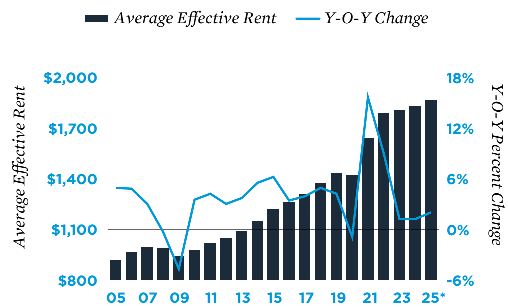
Supply and Demand Come Into Alignment



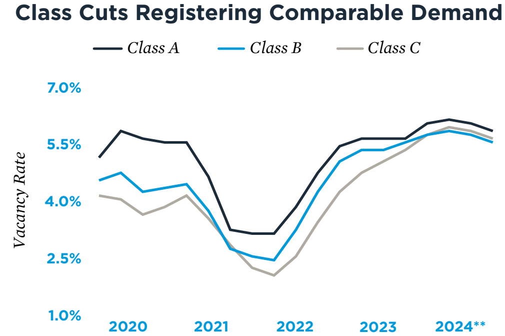
Deliveries Concentrated in Ten Markets



Stretch of Moderate Rent Growth Extends



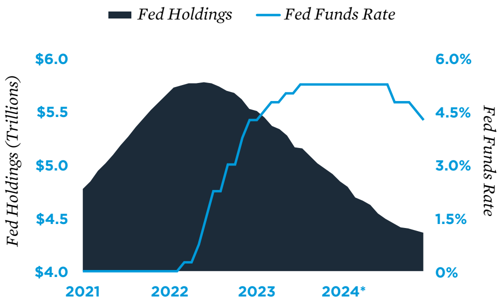
Class Cuts Registering Comparable Demand



* Forecast

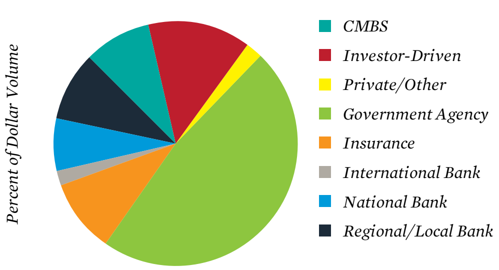
** Through 3Q

Fed Reduces Rates and Balance Sheet

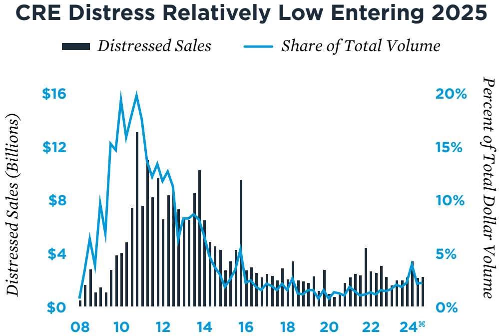


Treasury Yield Trends

Multifamily Lender Composition**



CRE Distress Relatively Low Entering 2025



** Through Dec. 19*

*** Sales $2.5 million and greater; 1H 2024*

⁕ Through 3Q

Late 2024 Federal Reserve Rate Cuts Lifted Sentiment; Lending Liquidity Poised to Rise in 2025

Interest rates adjust to new public policies. After keeping the gauge unchanged for more than a year, the Federal Open Market Committee cut the overnight benchmark rate by 100 basis points in the latter part of last year. This returned the target lower bound to 4.25 percent, reflecting progress on both sides of the FOMC's dual mandate to support price stability and full employment. Moving forward, however, the near-term outlook for the Fed remains uncertain. While the renewal of the Tax Cuts and Jobs Act — together with other proposed tax reductions — could foster economic growth, new tariffs and tighter immigration restrictions could reignite inflation. This combination might spur the FOMC to adopt more cautious interest rate policies in 2025.

Ten-year Treasury remains elusive. In the third quarter of last year, ahead of the September Federal Reserve rate deduction, the yield on the 10-year Treasury fell below 4 percent, sparking a surge of investor activity. However, in October, the measure had climbed by more than 60 basis points, back into the low- to mid-4 percent range and returning some investors to the sidelines. Looking forward into 2025, many believe the 10-year Treasury will face downward pressure as the Fed reduces the underlying overnight rate. The trajectory of the instrument may depend on the federal budget deficit and how the U.S. Treasury manages the issuance of additional debt. With the Federal Reserve still utilizing quantitative tightening to shrink their balance sheet, buy-side pressure on Treasury auctions may be limited, and rates may face upward pressure. Many investors are focused on the 10-year once again reaching 4 percent. That appears to be the consensus tipping point below which deal flow will accelerate.

2025 CAPITAL MARKETS OUTLOOK

- **Government-sponsored enterprises may transform.** Fannie Mae and Freddie Mac were the go-to lenders of 2024, but they fell modestly short of their $140 billion disbursal cap. In the coming year, their combined cap has been increased to $146 billion and, under the new administration, some regulations may be eased. It is also possible the GSE's could begin transitioning out of conservatorship, which could substantively change their lending guidelines.
- **Lending liquidity in transition.** While 66 banks were on the FDIC's Problem Bank list at midyear 2024, a reduced regulatory climate under the new administration could ease some of the pressure. As of the fourth quarter last year, fewer banks were tightening their loan standards, debt service coverage ratios were in the 1.4 range and apartment loan-to-value levels were trending up from an average of 62 percent. With the exception of construction loans, which will likely remain restrictive, lending liquidity should gain momentum in 2025.
- **Number of distressed property sales may rise.** Of the commercial real estate sales closed during the first nine months of last year, approximately 2.7 percent involved distressed properties. This pool has the potential to enlarge in 2025. The value of assets considered to be in potential distress stood at $261 billion last September, with the multifamily sector composing nearly $76 billion of this total.

Improving Market Performance, Rising Expenses and Recent Supply Additions Alter Investors' Strategies

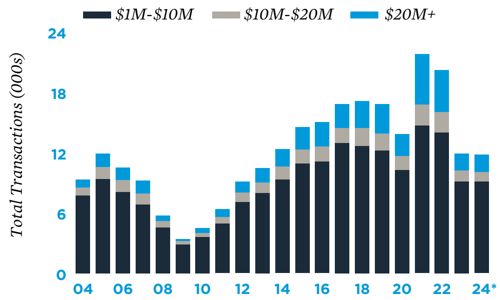
Improved operating landscape to bolster transaction activity. After several years of financial hurdles and softer fundamentals, a significant volume of dry powder capital has accumulated on the sidelines. In 2025, this backlog should flow back into the multifamily sector amid positive trends. Last year, more than half of the nation's 50 major rental markets recorded vacancy compression, with all but eight noting rent growth. Meanwhile, interest rate reductions and a broader lender pool are lowering debt costs for borrowers. This, along with higher cap rates, has reopened the yield spread. The average cap rate for trades completed from October 2023 to September 2024 climbed to 5.9 percent, increasing by 120 basis points from 2022's all-time low. This allowed more deals to pencil during the latter quarter of this stretch, in turn aiding price discovery. This dynamic will help reduce the buyer/seller expectation gap moving forward and set the stage for revived trading momentum in 2025.

Investors evaluate criteria. Based on preliminary data, national multifamily sales velocity gained ground in the second half of 2024. Private buyers active in the sub-$10 million tranche accounted for a majority of closings. Moving forward, however, institutional-level activity may respond to improved operations. NCREIF's measure of quarterly apartment returns improved by over 1 percent in the third quarter of 2024, on par with previous historical periods. Improving apartment operations may entice more institutional investors to come off the sidelines. Another factor influencing where investors look is the recent increase in the costs of insurance, taxes and other operating expenses squeezing margins. Some investors may shift away from regions with severe weather and natural disaster risks due in part to the ensuing elevated insurance rates.

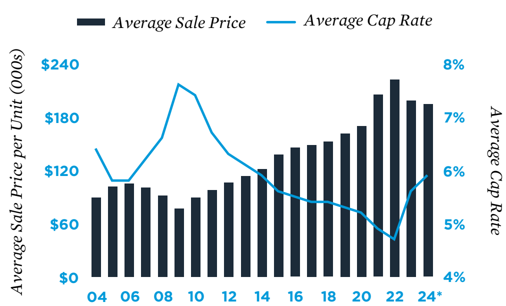
2025 INVESTMENT OUTLOOK

- **Capital shifts northward.** While major Sun Belt markets have been an interstate migration magnet, the surging housing demand naturally attracted a significant wave of development that has created a short-term supply overhang. Northern markets have delivered far fewer units, resulting in tighter vacancy and modestly more substantive rent growth entering 2025, in turn drawing increased investor interest.
- **Supply waves translate into opportunities.** Developers added nearly 2 million units over the past five years. This wave of recent supply greatly expands the field of potential acquisition targets competitive with upcoming deliveries, but generally for sale prices below today's replacement costs. Builders, meanwhile, may be looking to sell properties prior to stabilization to free up capital so they can exit short-term construction loans that often carry notably higher rates.
- **Pent-up capital losing patience.** Many institutional investors moved to the sidelines in 2022 when the Federal Reserve began raising rates. Some spent that time repairing their portfolios, pruning unfavorable assets and recapitalizing those they chose to hold. Looking forward, many major investment funds will need to put their dry powder capital to work. A re-engagement by these investors could boost deal flow and increase competition for high-quality assets, potentially driving prices higher.

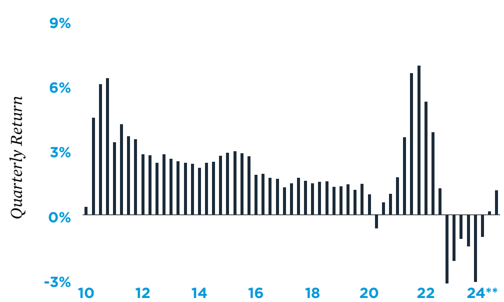
Multifamily Transaction Activity



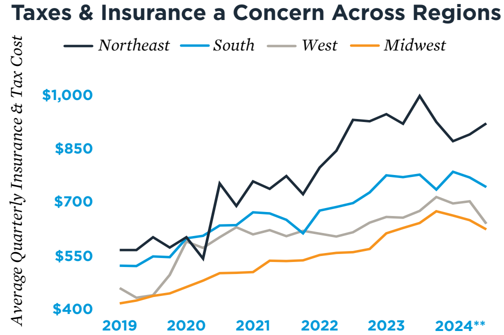
Price vs. Cap Rate



NCREIF Apartment Returns Gain Momentum



Taxes & Insurance a Concern Across Regions



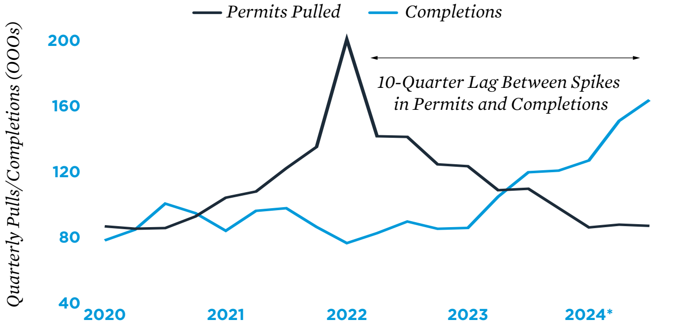
* Estimate

** Through 3Q

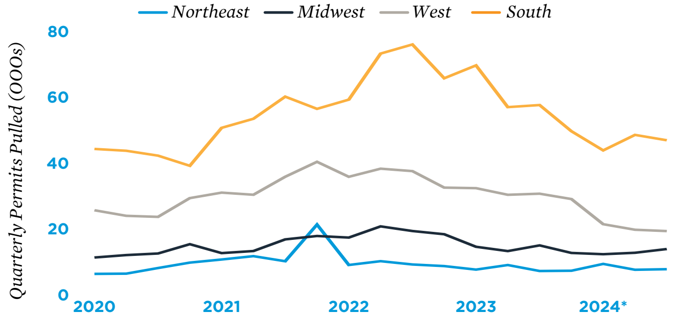
MULTIFAMILY PERMIT ACTIVITY PULLING BACK

Decline in Project Starts Evident Across Regions and Markets

Permit Activity Points to Fewer Completions



Permitting Down Across Regions



Leaders in Inventory Growth Poised for Declines in Supply-Side Pressure Beyond 2025

METRO	INVENTORY GROWTH (2020-2024)	VACANCY CHANGE (2020-2024)	VACANCY (YEAR-END 2024)	Y-O-Y CHANGE IN PERMIT ACTIVITY**	UNIT DELIVERIES (2025 VS. 2024)
Austin	*31.5%*	*Up 310 bps*	*7.8%*	*-27.4%*	*Down 4,500*
Nashville	*28.6%*	*Up 130 bps*	*5.8%*	*-60.5%*	*Down 4,700*
Charlotte	*25.6%*	*Up 260 bps*	*7.3%*	*-26.1%*	*Up 4,000*
Raleigh	*25.1%*	*Up 230 bps*	*7.1%*	*-32.8%*	*Down 200*
Salt Lake City	*24.2%*	*Up 190 bps*	*6.1%*	*-61.0%*	*Down 1,500*
Phoenix	*20.1%*	*Up 310 bps*	*7.1%*	*-19.9%*	*Up 3,500*
Orlando	*19.8%*	*Up 200 bps*	*6.5%*	*-10.6%*	*Down 4,200*
Dallas-Fort Worth	*17.4%*	*Up 230 bps*	*7.4%*	*-11.0%*	*Down 5,500*

Falling Permit Activity to Bolster Multifamily Fundamentals

Recent slowdown in project starts has long-term implications. Overall apartment delivery volume is expected to temper this year, but a larger pullback in completions is on the horizon. During the first eight months of 2024, the number of multifamily permits pulled nationwide declined by approximately 24 percent year over year. The initial impacts of this decline, however, will not be felt until sometime in 2026; historically, an eight- to 10-quarter gap exists between a permit pull and a reasonably-sized project's completion. Still, the anticipated slowdown in deliveries slated to occur beyond this year is poised to aid properties that come online in 2025 as they navigate the rental stabilization process.

Supply and demand moving toward alignment. Household formation has begun to accelerate, spurred by the still-strong employment market, rising wages, tempered inflation and increasing consumer sentiment. As the pace of deliveries begins to ebb, vacancy rates should drift lower. Though rent growth momentum will likely remain tepid through much of 2025, the pace of rate growth could pick up as the year advances, especially in metros that closed 2024 with downward moving vacancy rates. Accounting for the highest vacancy among property tiers, the Class A sector stands to benefit the most from a drop in permit activity, with segment vacancy potentially returning to its long-term mean of 5.5 percent by the end of 2025.

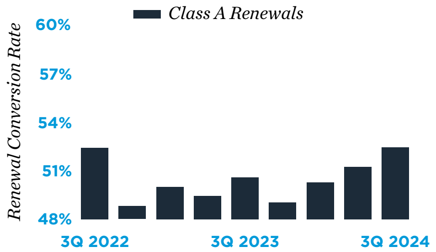
** Permits and completions through 3Q 2024*

*** First eight months of 2024 compared with same period in 2023*

Sources: IPA Research Services; CoStar Group, Inc; RealPage, Inc.

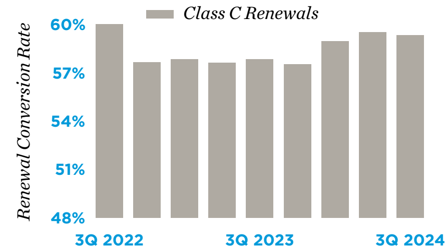
RISE IN RENEWALS APPARENT ACROSS MULTIFAMILY PROPERTY TIERS

Luxury Renewals Reach Nine-Quarter High



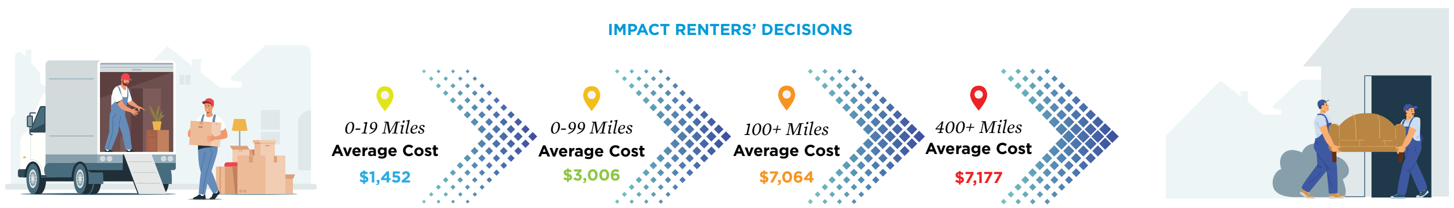
Mid-Tier Momentum Mirrors Class A Sector

Lower-Tier Retention Rate Ranks Highest



MOVING COSTS

IMPACT RENTERS' DECISIONS

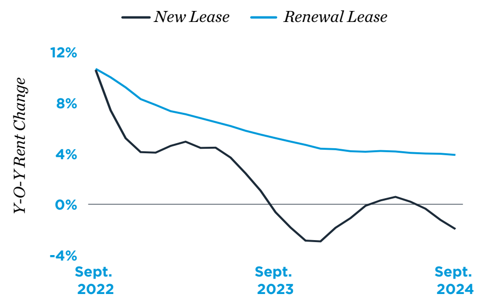


RENEWALS DRIVE OVERALL RENT GROWTH AMID RISE IN CONCESSION USAGE

Renewal Dynamics

- Each property tier registered a renewal rate above the 52 percent threshold during the July–September stretch of 2024 — an accomplishment last recorded in the third quarter of 2022.
- Rent for renewal leases rose by roughly 4 percent year over year across property tiers in the third quarter of last year. In contrast, effective rates for new leases dipped 0.7 percent to 1.4 percent, depending on the asset class.
- Concession usage rose notably last year. In 2025, more property owners intent on raising rents at renewal may lean on upfront incentives as a way to retain tenants; however, as new supply pressure eases, concession usage should recede.

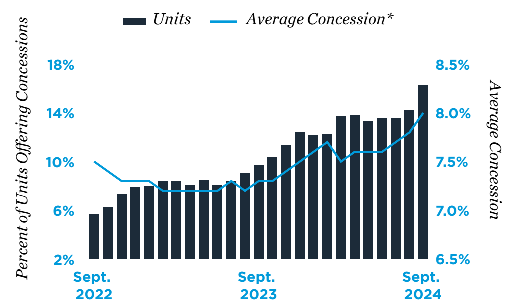
Recent Rent Growth Buoyed by Renewals



Financial Impacts of a Move

- A recent survey found 21 percent of Americans who relocated within the past year went into debt to pay for their move.
- More than half of the households surveyed also stated they underestimated the cost of their move, spending an average of nearly $550 more than planned.
- The rising cost to move will play a role in the near-term number of household relocations, which declined in each of the past two years. Some households considering a move to another metro may now opt for an in-market relocation instead.

Concession Usage Ascends to Near-Term High



* Average concession as a percentage of a 12-month lease

Sources: IPA Research Services; RealPage, Inc., USA Today

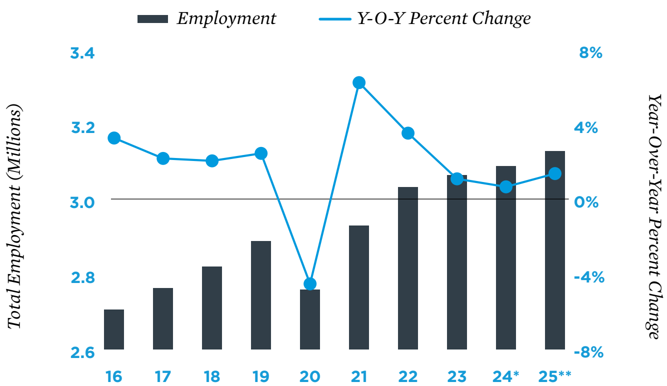
ATLANTA

Arriving Young Adults and Corporate Expansions Elicit Investment

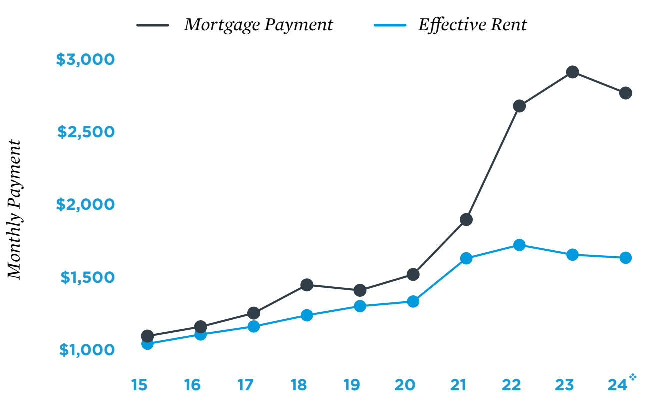
Improved job growth aids multifamily demand. Corporate expansions like AIG's innovation center, PrizePicks' expanded headquarters and Anovion's new manufacturing facility will support future local job gains. As such, the metro's rate of employment growth will surpass the U.S. pace in 2025. Many of these new roles will be filled by younger talent — a dynamic that will extend a recent growth trend. Last year, only three other major markets registered a larger increase in their 20- to 34-year-old resident count than Atlanta. An expanding young professional base with a high propensity to rent has potential to heighten overall demand for apartments in 2025. This trend will coincide with a moderation in deliveries following 2024's peak. New supply will be front-loaded in the the first half of 2025, concentrated in the northern and western suburbs outside the Interstate 280 loop. Here, the 2,600 combined doors slated for addition may moderate local performance metrics over the near term. Meanwhile, Midtown and Northeast Gwinnett County will each record a roughly 40 percent reduction in arrivals year over year. These pullbacks in supply additions occur at a time when both areas' vacancy rates are below market average, suggesting near-term compression could materialize should local demand hold.

Early indicators point to heightened investment. Transaction activity improved across all asset classes during the second half of last year when compared with the prior six months. During the recent window, institutional investors increasingly targeted Class A properties built in the last decade proximate to Scottdale and within the stretch from Midtown to Sandy Springs. Those seeking similar listings in 2025 may encounter more competition as the market enters a period when deliveries are expected to recede. These buyers are likely to focus on assets near corporate developments and other areas poised for long-term renter pool gains. Home to highly-educated, affluent residents, the region from Midtown to Sandy Springs should continue to represent a primary focus for institutions. The area is slated to welcome a Fortune 500 company in 2025 as Asbury Automotive relocates its headquarters to Sandy Springs. Noting a decline in upper-tier vacancy last year, Class A demand here and in surrounding areas should be sustained, as AIG's future headquarters will likely bolster an influx of new renters.

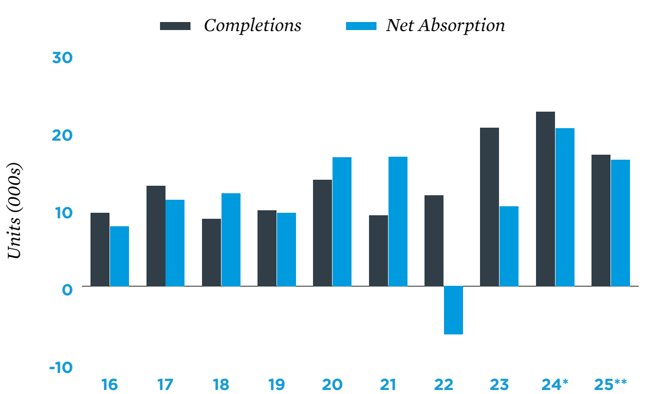
Employment Trends

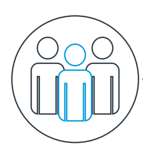


Housing Affordability Gap



Supply and Demand





21.0%
2024 share of local population between 20 and 34 years old

38.4%
of local population hold bachelor's degree or higher ⌘

$378,600
2024 median home price✤

** Estimate ** Forecast ✤ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

Atlanta is among a group of markets with a supply score of 2, as the metro's apartment stock will expand by nearly 3 percent this year, a feat that until two years ago had not been achieved since 2001. Higher job growth than in many other major markets, however, supports a demand score near the middle of the range.

Atlanta's yield ranking improves slightly from last year to a value of 5, matching the liquidity score. Higher local cap rates may help more trades pencil amid a potentially lower interest rate climate.

Key Performance Index

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

2025 MARKET FORECAST

NMI Rank 27

Employment
42,000 *jobs*
Metro 1.4% *U.S.* 1.1%

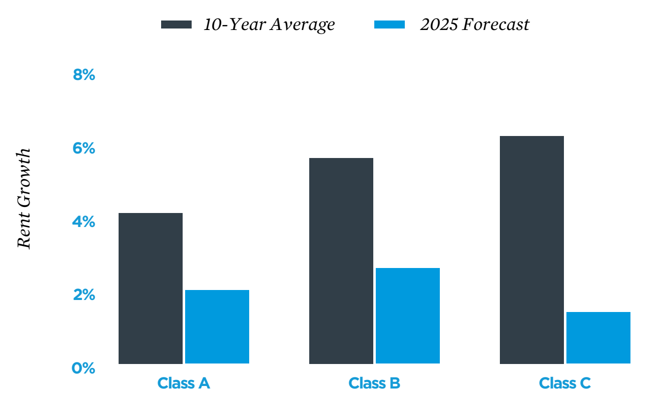
Construction
% of inventory❖
Metro 2.9% *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 7.2% *U.S.* 6.1%

Class A Rent
$2,049 *per month*
Metro 2.0% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

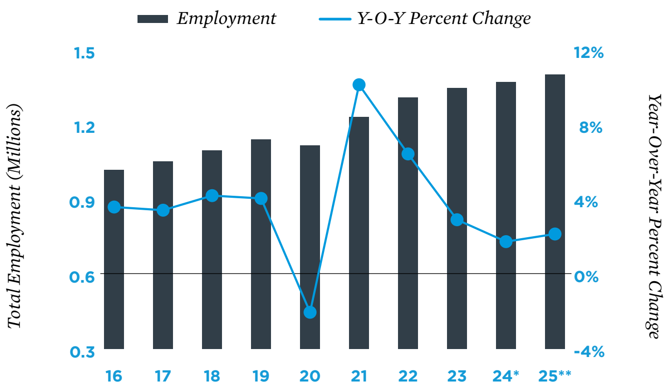
AUSTIN

Tech Growth and Permitting Slowdown Boost Austin's Long-Term Potential

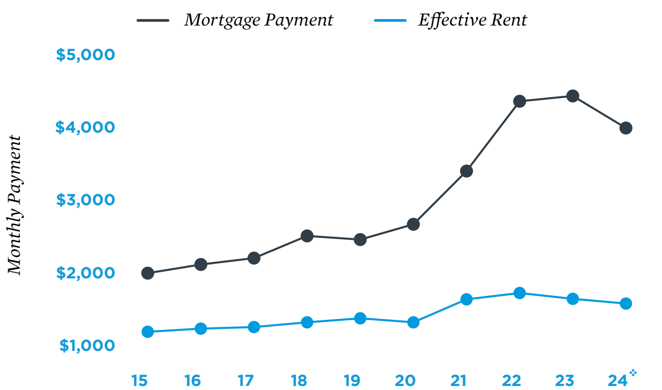
Corporate expansions align with ongoing historic supply wave. In 2025, Austin will remain one of the nation's fastest-growing metros for both employment and population, fueled by an influx of young professionals and large corporate commitments. Upcoming high-profile developments, such as Samsung's forthcoming $17 billion semiconductor plant in Taylor and X Corp.'s newly designated headquarters in the metro, are laying the groundwork for future employment growth and housing demand. In the meantime, the established presence of Tesla's 1.4 million-square-foot battery facility in East Austin provides ongoing employment opportunities. Developers are counting on these dynamics to aid leasing velocity for the roughly 24,000 units slated to come online this year. Considering the size of this year's delivery slate, representing 7.4 percent of existing stock, concessions usage — which rose last year — should continue to be frequent among newly built properties. For that reason, meaningful rent growth is unlikely to resume until late 2025. As the supply wave crests early in the year, demographic tailwinds and steady in-migration should maintain demand. Beyond 2025, supply pressures are expected to ease notably, as a broad pullback in multifamily permitting is materializing.

Investor sentiment strengthens in Austin for 2025. Favorable demographics and rental growth signal long-term stability. Though elevated vacancy dampened Class A sales in 2024 — pushing activity more than 20 percent below 2023 levels and shifting most trades to the suburbs — a tapering development pipeline beyond 2025 may help to restore investor confidence in the coming year. Multifamily permitting in 2024 reached its lowest level since 2019, indicating that future supply additions may moderate. This measured delivery pipeline could benefit prospective investors, considering submarkets like Round Rock, Georgetown, Cedar Park and Leander, where ongoing employer commitments are poised to sustain rental demand. While effective rents declined across all classes of apartments last year, the drop in Class A rents was less severe than that of the other property tiers, which should serve to heighten the appeal of luxury investment in Austin. Among submarkets, downtown posted the smallest decrease in upper-tier rates — a dynamic that may increase competition for newer-built listings.

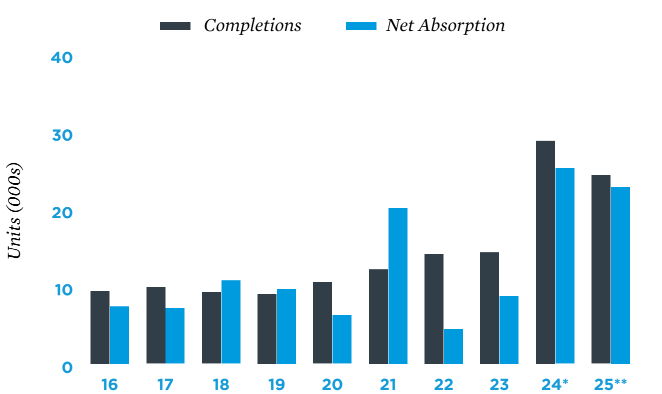
Employment Trends



Housing Affordability Gap



Supply and Demand



24.3%
2024 share of local population between 20 and 34 years old

46.2%
of local population hold bachelor's degree or higher ⌘

$468,700
2024 median home price✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

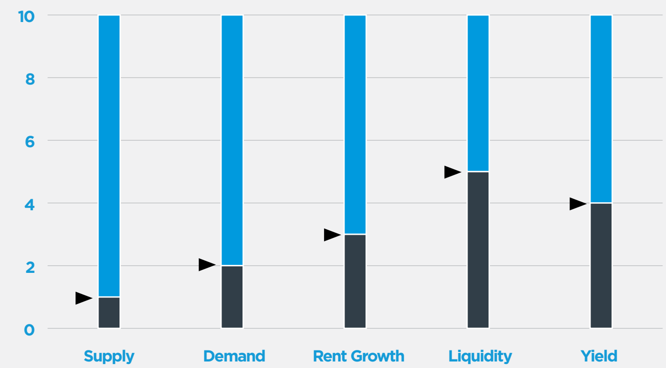
Investment Outlook

Though Austin boasts some of the strongest levels of job and household growth in the country this year, it also notes a nation-leading pace of inventory growth. The pace of new supply will outweigh the other two rates in the short term, resulting in supply, demand and rent scores that are at or below 3.

Despite substantial new supply pressure, favorable demographic trends are keeping investors' interest in the market, leading to an above-average liquidity score. A yield rating of 4, meanwhile, ties with Dallas-Fort Worth for the lowest reading in Texas.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 7

Employment
29,000
jobs
Metro 2.1% | *U.S.* 1.1%

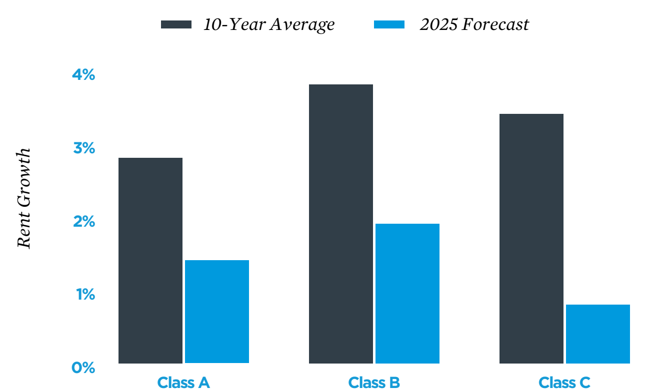
Construction
% of inventory❖
Metro 7.4% | *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 7.8% | *U.S.* 6.1%

Class A Rent
$2,081
per month
Metro 1.4% | *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



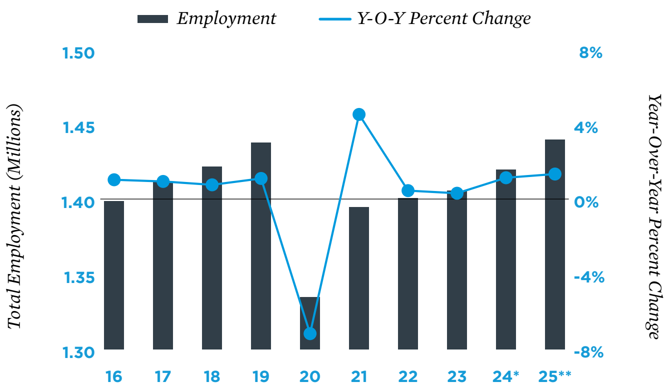
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

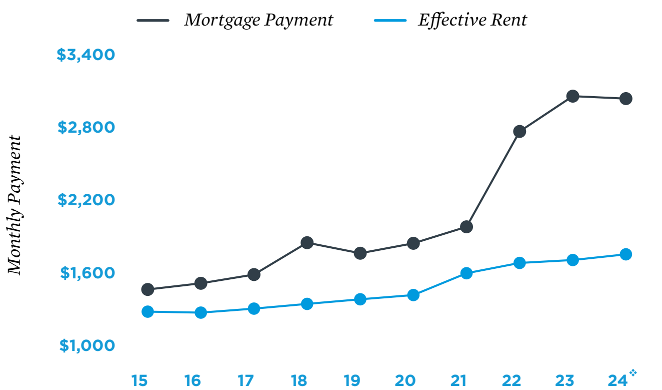
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

BALTIMORE

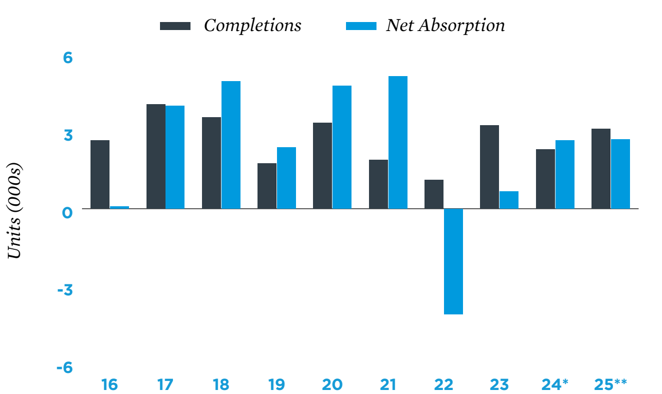
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Renter Demand Improves in City's Core; Property Sales Dispersed Across Metro

Downtown initiatives buttress supply intake. About half of the 3,100 units scheduled for completion this year will be in the central business district. Such concentration appears warranted, however. Last year, downtown Baltimore's vacancy rate dropped over 100 basis points to below 6 percent, with compression across all property tiers supporting the highest net absorption total of any submarket. Robust demand helped concession offerings here decline to match the national rate going into 2025, paving the way for rent growth. This positive momentum is aided by Maryland's ongoing $6.9 billion redevelopment initiative for the CBD. Aiming to improve underutilized commercial properties and infrastructure, the state is awarding grants to enhance building exteriors, restore public parks and replace abandoned public structures with green spaces to boost pedestrian activity downtown. Meanwhile, with construction centered in the core, there is a scarcity of apartments being developed in the suburbs. This may lead to outperformance in areas such as the Columbia-North Laurel submarket, where a lack of significant projects last year was met with a level of demand that lowered vacancy below 5 percent.

Major investors emphasize harbor area and southwest suburbs. Although Baltimore City led the metro in total trades last year, transactions involving properties with 100 or more units were scattered outside the metro's core. Institutional investors may continue to seek suburbs including Howard County, given the area's strategic position between Washington, D.C., and Baltimore proper. Here, several large-scale Class A and B properties traded last year, with buyers acquiring assets of various vintage years. While newer assets offer contemporary amenities, assets built before 1990 could be available for less than $100,000 per unit. More central neighborhoods between the National Aquarium and Greektown, like Canton and Fells Point, have also recorded Class A property trades in recent years, capturing a similar cultural renter appeal to downtown or the Federal Hill-Baltimore Peninsula area. Outside of key cultural and employment hubs, submarkets with little construction and improving fundamentals last year are likely to attract investors, such as North Baltimore. Investors bullish on the renter-by-necessity cohort and intending to deploy more than $20 million per deal may acquire local Class C properties as part of larger portfolio transactions.

20.0%
2024 share of local population between 20 and 34 years old

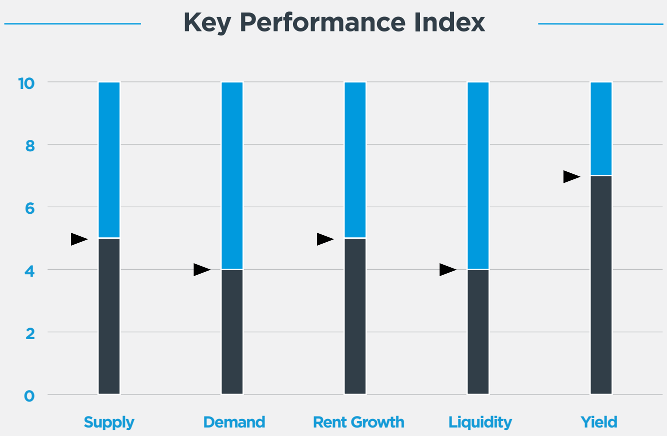
39.9%
of local population hold bachelor's degree or higher ⌘

$418,800
2024 median home price✣

Investment Outlook

An improved supply rating of 5 places Baltimore within the top 10 major markets for least new supply pressure, which supports a matching score on the rent index. The market's Mid-Atlantic neighbor, Washington, D.C., does not score as high on that metric this year.

A liquidity reading of 4 aligns Baltimore with the overall average for markets this year. At a score of 7, Baltimore boasts one of the higher yield ratings achieved by metros in 2025.



Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

2025 MARKET FORECAST

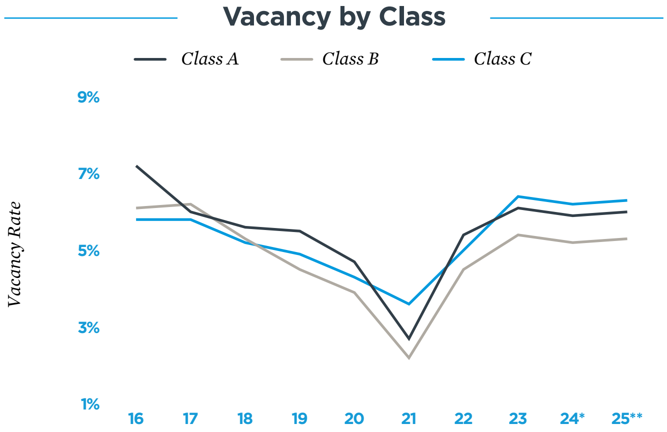
NMI Rank 32

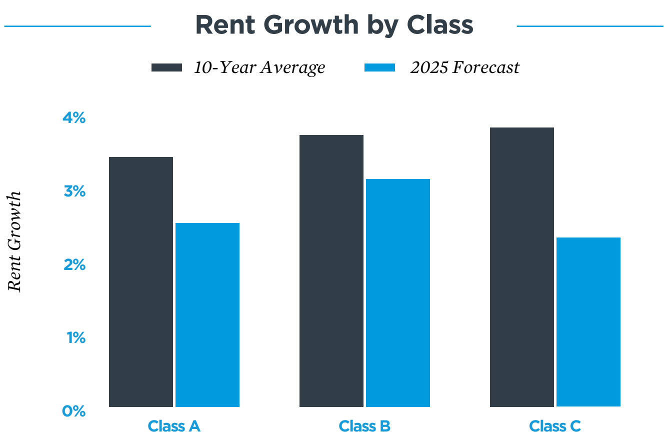
Employment — **19,000** *jobs* — *Metro* 1.3% — *U.S.* 1.1%

Construction — *% of inventory*❖ — *Metro* 1.3% — *U.S.* 2.1%

Class A Vacancy — **Up 10 bps** — *Metro* 5.9% — *U.S.* 6.1%

Class A Rent — **$2,304** *per month* — *Metro* 2.5% — *U.S.* 2.8%





** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

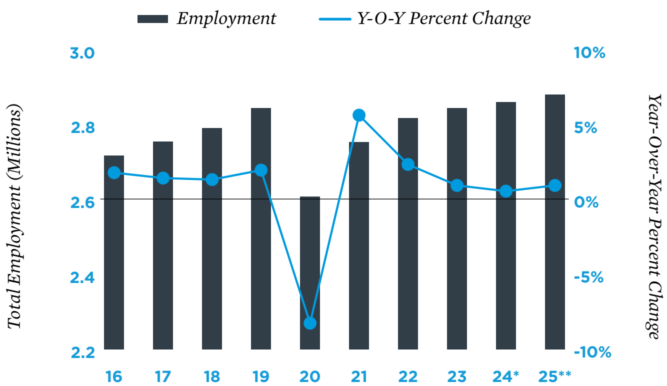
BOSTON

Boston's Supply-Demand Dynamics Poised to Entice Sidelined Multifamily Investors

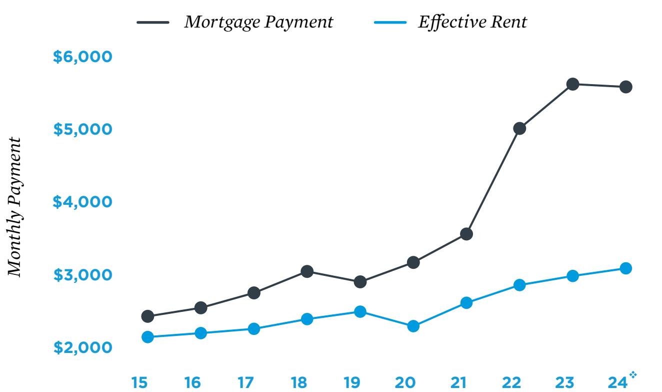
Demand outweighs supply; new initiatives recently enacted. Boston's more cycle-resistant economy, anchored by world-class educational and health care institutions, is expected to drive new rental demand despite broader uncertainties. A vibrant local retail environment, new return-to-office mandates and corporate expansions by firms such as Amazon and Moderna will further aid the appeal of apartments in the urban core. Growing business hubs that offer lower housing costs such as Waltham — highlighted by Welch's planned relocation to the area this spring — are also likely to attract renters to the suburbs. These factors are expected to keep demand for apartments ahead of new supply, with metrowide inventory growth projected to remain under 2 percent for the fifth consecutive year. Although the MBTA Communities zoning law removed some impediments to development, high construction and financing costs have tempered these efforts. A statewide $5 billion housing bill passed in August 2024 could spur local construction activity, however, as it will fund affordable housing, incentivize office-to-residential conversions and legalize accessory dwelling units over the next five years. In the near term, easing inflationary pressures will revive household formation in Boston, supporting tighter vacancy and improved rent growth.

Supply trends favor modern projects and transit hubs. Sub-2 percent supply growth and stable economic drivers are set to sustain investor interest in Boston. A more active lending environment and stronger rent growth are also likely to draw sidelined buyers back into the market. Due to the metro's chronic undersupply of housing, particularly in the urban core where homeownership is out of reach for many, projects delivered within the past decade should remain sought-after investments. Last year, multifamily permits trailed the 2021 peak by 40 percent — a dynamic that could further entice investors anticipating a prolonged supply slowdown. Buyers targeting properties between 50 and 100 units may focus on Class C apartments, which recorded lower vacancy and stronger rent growth last year than higher-tier properties. Neighborhoods expanding their transit infrastructure, such as Allston and Somerville, may also see more sales activity. These prospects should bolster local demand for mid-tier housing, as Class B rent growth already led the metro here last year.

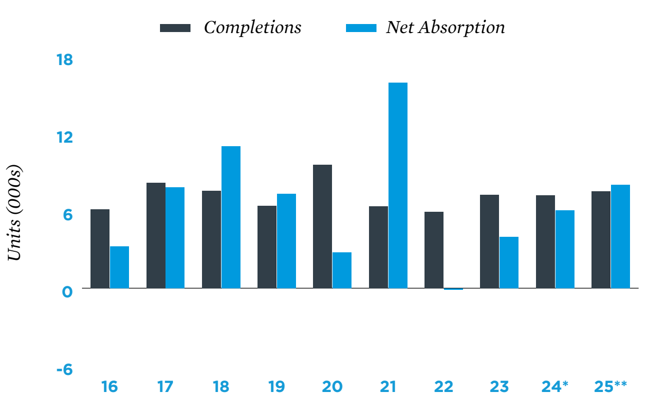
Employment Trends



Housing Affordability Gap



Supply and Demand



21.9%
2024 share of local population between 20 and 34 years old

47.0%
of local population hold bachelor's degree or higher ⌘

$769,500
2024 median home price ✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

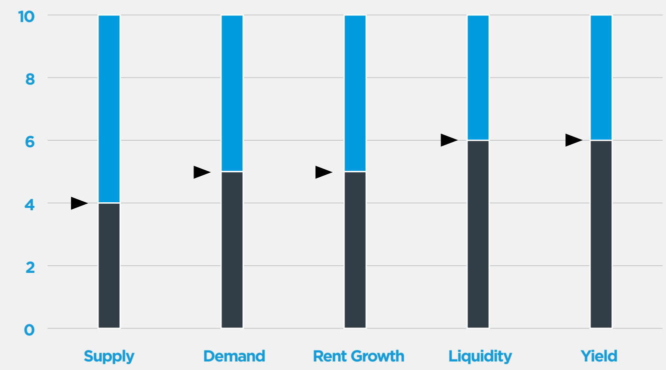
Investment Outlook

The first vacancy drop in four years results in a higher rating of 5 on the demand index for 2025. This aligns with the measures for supply and rent growth, holding stable at 4 and 5, respectively. A half-decade high net absorption total will help support a local pace of rent improvement above the overall U.S. average.

Boston is the only market tracked by the KPI this year to record a rating of 6 in both liquidity and yield. The only metro with a higher combined score — Cleveland — is considerably smaller by inventory and transaction activity.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



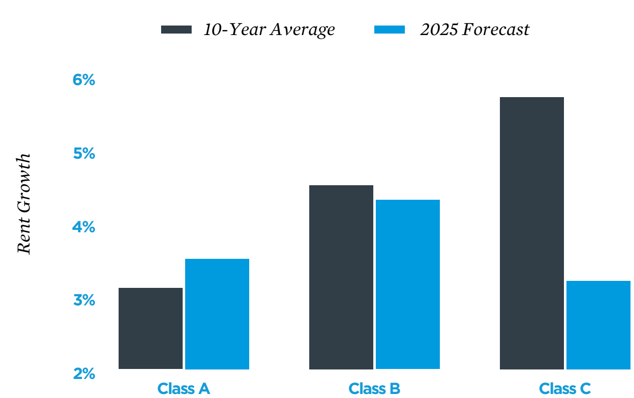
2025 MARKET FORECAST

NMI Rank 13

	Metro	U.S.
Employment 26,000 *jobs*	0.9%	1.1%
Construction *% of inventory*❖	1.7%	2.1%
Class A Vacancy Down 20 bps	4.9%	6.1%
Class A Rent $4,150 *per month*	3.5%	2.8%

Vacancy by Class

Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

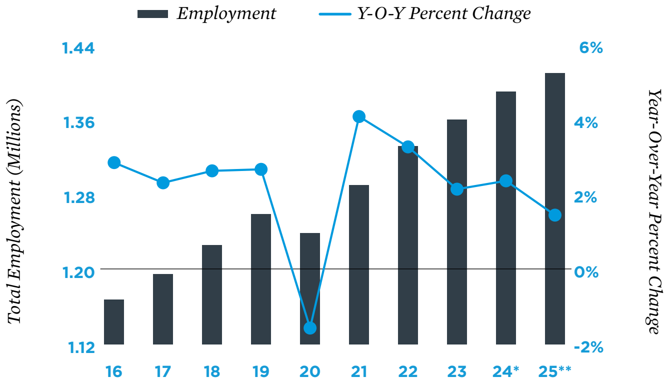
CHARLOTTE

Sizable White-Collar Workforce Helps to Offset the Impact of Record Supply Wave

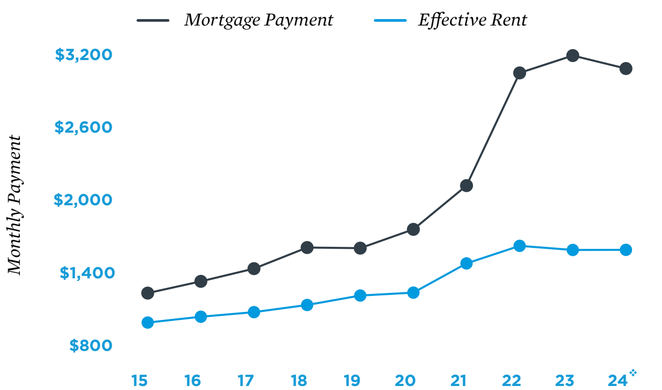
Corporate hubs fuel need for nearby apartments. For the third consecutive year, developers will add over 12,000 new units in Charlotte, primarily in neighborhoods adjacent to the urban core, as more young professionals seek proximity to local office parks. Atrium Health's partnership with Wake Forest University to establish a medical school and innovation campus in Midtown signifies a transformative investment in the region's medical and research ecosystem. Eli Lilly's new medical device manufacturing center in Concord will further diversify the local employment base, supporting rental demand in the suburbs. These projects are poised to collectively raise the metro's count of professional and business services positions, which stood at a record tally near the end of 2024. This dynamic will widen the pool of well-compensated renters, underpinning sustained demand for Class A and B apartments through this year and beyond. Meanwhile, this year may mark the construction cycle's peak, as a record 17,000 units are slated for completion throughout the metro.

Investors widen parameters, optimistic about long-term growth. Declining mean per-unit prices in Charlotte over the past two years, combined with the metro's rent growth potential, may prompt institutional buyers to engage more actively in 2025. Core areas like South End and Woodford Green, with their younger demographics and low vacancy, are positioned to remain popular. Meanwhile, communities in Union County, where listings often trade below $200,000 per unit, allow for larger portfolio assemblies with favorable yields. Although Class B and C properties have recently led trading activity, Class A assets should garner greater buyer attention as recently delivered projects come on the market. The number of newer-built properties available for acquisition may surpass the norm, following the completion of more than 42,000 units over the past four years and an expected 7.1 percent inventory expansion in 2025 driven by merchant builders. Ongoing corporate moves, including Cedar Fair's relocation to Charlotte and Vanguard's purchase of Centene's office campus in University City, reinforce long-term economic growth. With these drivers set to keep the metro's job growth rate above the national average, institutional buyers active in the market may expand during 2025.

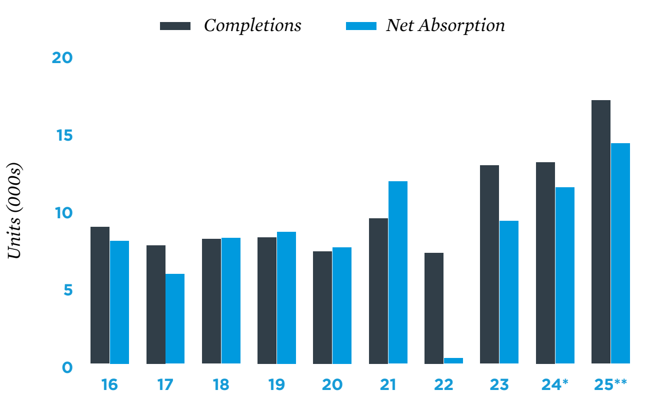
Employment Trends



Housing Affordability Gap



Supply and Demand



20.5%
2024 share of local population between 20 and 34 years old

36.6%
of local population hold bachelor's degree or higher ⌘

$414,800
2024 median home price✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

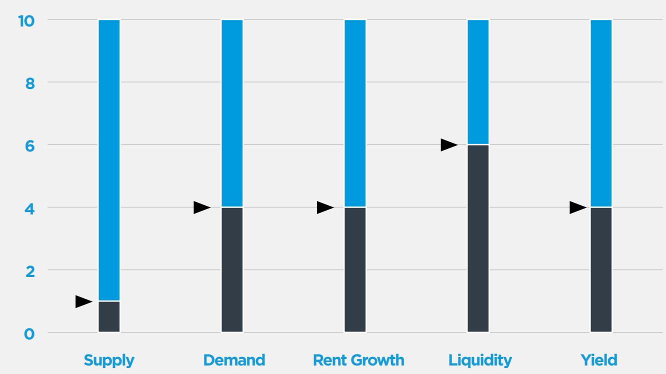
Investment Outlook

While record completions slated for this year lead to a supply index rating of 1 and weigh on property fundamentals in the short term, a top 10 pace of household formation underpin renter demand in the market. Favorable demographic trends contribute to demand and rent growth ranks of 4 in 2025.

The growth of Charlotte's multifamily sector over the past decade contributes to a liquidity score of 6 this year, although the metro's mean cap rate has not decompressed as much as other major markets. Charlotte records a yield rating of 4 on the 2025 KPI.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 18

Employment
20,000 *jobs*
Metro 1.4% *U.S.* 1.1%

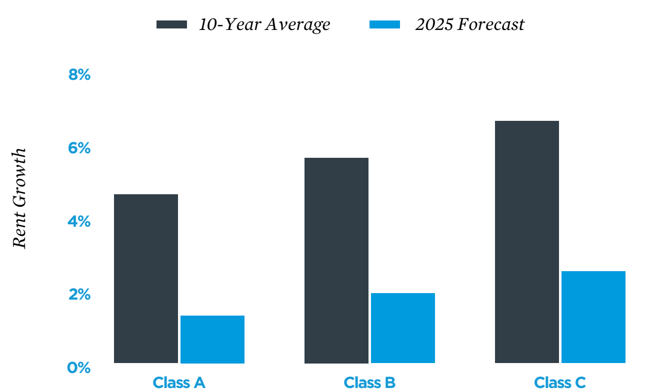
Construction
% of inventory❖
Metro 7.1% *U.S.* 2.1%

Class A Vacancy
Up 60 bps
Metro 8.1% *U.S.* 6.1%

Class A Rent
$2,022 *per month*
Metro 1.3% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



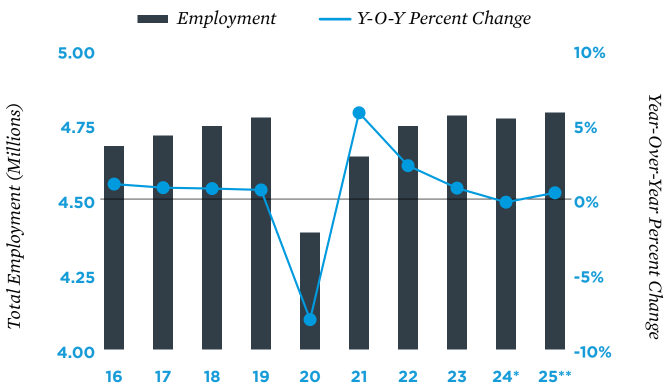
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

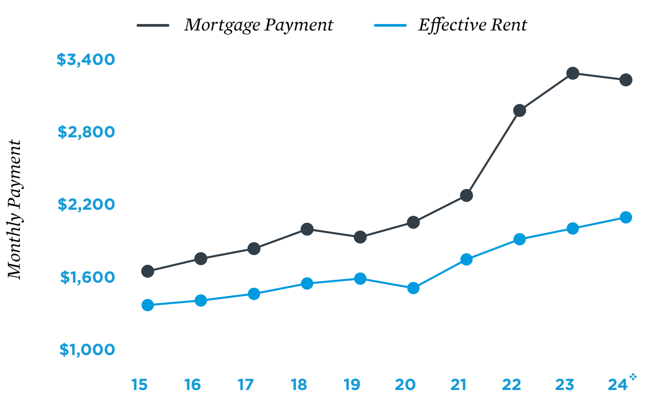
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

CHICAGO

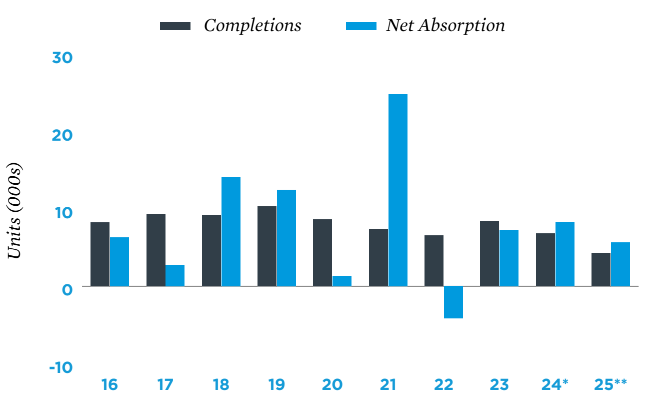
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Chicago Is One of Midwest's Least Vacant Markets, Maintaining Institutional Appeal

Chicago's easing pipeline strengthens market outlook. Last year, the metro recorded its lowest number of multifamily project starts since 2014. This broad pullback in construction activity should have positive implications for larger submarkets. Entering 2025, vacancy was already tight in key areas like Hyde Park-South Shore and the North Side neighborhoods from Uptown to Evanston, where the number of available units trended lower in 2024. Meanwhile, the West Loop and River North submarkets continue to attract young professionals with expanding technology and health care sectors, sustaining low vacancy and rent growth. Chicago's multifamily landscape has demonstrated resilience despite concerns over some population decline. Investments in public transportation have improved citywide connectivity, while the $7 billion redevelopment near the United Center — featuring mixed-income housing, retail and green spaces — supports long-term economic revitalization. Together, these factors aid Chicago's ability to sustain demand, keeping vacancy below 5 percent for a second consecutive year, even amid more moderate economic growth in 2025.

Institutional investors key off improving fundamentals. Chicago's multifamily market continues to attract large-scale capital. Effective rents rose over 6 percent for Class A units during 2024, nearly double the national average. Luxury assets transactions in 2024 matched 2023's tally, reinforcing investor confidence in top-tier properties. Downtown submarkets like Streeterville-River North offer the metro's highest rents and led sales activity last year as stabilized Class A assets attracted institutional buyers. Meanwhile, suburban mid- and low-tier properties — often larger in unit count or included in portfolio acquisitions exceeding $15 million — maintained solid performance. South Shore and Rogers Park experienced vacancy compression in 2024, while Class C rents posted over 5 percent growth — the highest among asset classes. Largely insulated from new supply pressures, these suburban communities continue to provide stable cash flows and value-add opportunities. The combination of strong rent growth, diverse inventory and competitive pricing is poised to sustain institutional interest in Chicago's multifamily sector in 2025.

20.6%
2024 share of local population between 20 and 34 years old

37.6%
of local population hold bachelor's degree or higher ⌘

$374,200
2024 median home price✣

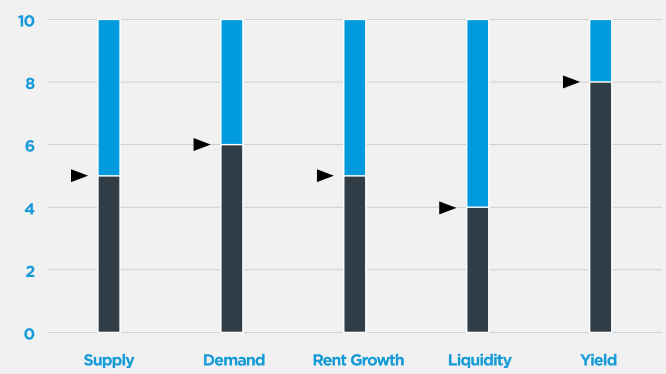
Investment Outlook

The Chicago multifamily market is on solid ground, with demand and rent growth readings in the middle of the scale. These scores are all consistent with last year's Key Performance Index, reflecting a metro that is proving comparatively sturdy amid greater challenges elsewhere.

The yield and liquidity scores have improved since last year. Resilient multifamily performance has bolstered liquidity up to a 4 this year, accompanied by a yield metric that ties for the highest in the 2025 KPI.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 20

Employment
20,000
jobs
Metro 0.4%
U.S. 1.1%

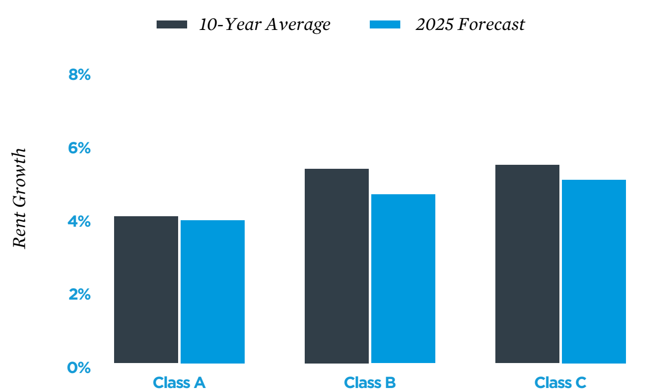
Construction
% of inventory❖
Metro 0.6%
U.S. 2.1%

Class A Vacancy
Down 20 bps
Metro 5.5%
U.S. 6.1%

Class A Rent
$2,919
per month
Metro 3.9%
U.S. 2.8%

Vacancy by Class

Rent Growth by Class

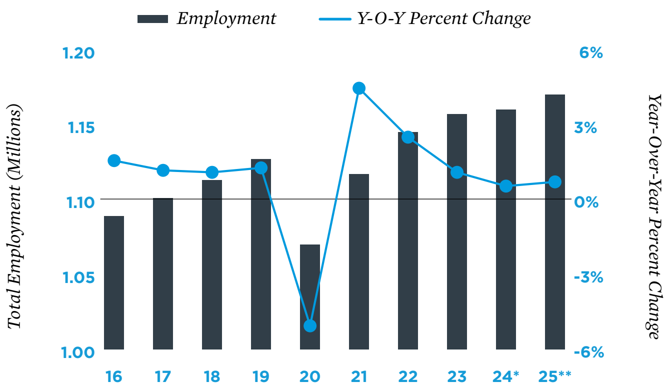


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

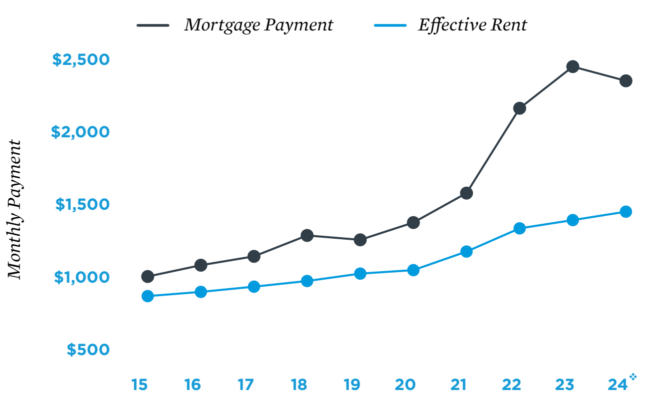
CINCINNATI

Growing Suburbs and New Industrial Developments Boost Cincinnati's Appeal

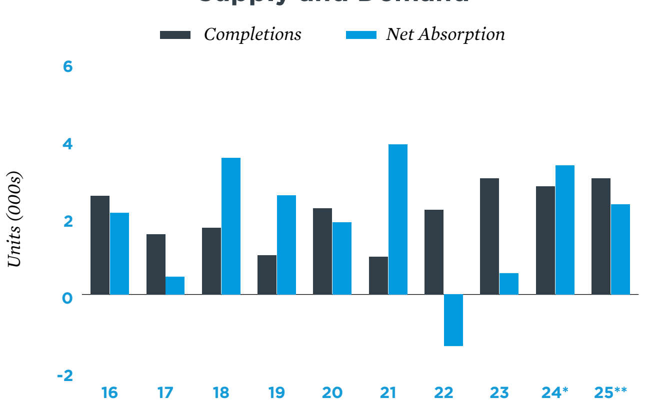
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✤ Through 3Q

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Suburban demand noted ahead of new supply. Cincinnati ranked among the top 10 major U.S. markets for rent growth last year. During 2024, suburban vacancy was pushed to under 5 percent — more than 100 basis points below its long-term average. This spike in rental demand enabled more upward movement on monthly payments outside the urban core. Concession usage may increase going forward, however, prompted by deliveries in Southeast Cincinnati and Butler County slated to rise in 2025, guiding rent growth back toward pre-pandemic norms over the short term. New supply will also influence Cincinnati's CBD, with the Covington Central Riverfront project set to break ground in 2025. The redevelopment of the former IRS site into a mixed-use district — including offices, housing and educational institutions — will eventually add over 250 residential units, roughly 2 percent of the CBD's total stock. Though this initiative will stimulate long-term demand and support urban revitalization, its near-term construction phase is unlikely to significantly affect rents or vacancy within the CBD in 2025.

Industrial projects poised to revive institutional interest. High interest rates in 2024 slowed transactions over $20 million, which saw a roughly 70 percent decrease compared with the previous year. Recent top sales ranged from $10 million to $40 million, largely in Northern Cincinnati and Northern Kentucky. Across the broader metro, more than 4 million square feet of industrial space delivered in both 2023 and 2024, highlighted by the $550 million Purina Pet Food plant in Williamsburg Township, which will be fully operational by 2025 and employ over 300 workers. This growth, along with a pipeline that includes facilities from Chick-fil-A Supply and Republic Wire, is poised to expand the local base of manufacturing, warehouse and transportation-related jobs. Historically, these workers have occupied Class B and C rentals, which rarely change hands as large, single-asset transactions. As such, institutions may consider assembling multiple smaller Class B and C properties to deploy $15 million or more, taking advantage of stable occupancy and consistent rent growth while industrial-driven renter demand solidifies. At the same time, reforms eliminating single-family-only zoning further expand multifamily development possibilities across the metro.

20.0%

2024 share of local population between 20 and 34 years old

33.9%

of local population hold bachelor's degree or higher ⌘

$292,900

2024 median home price✤

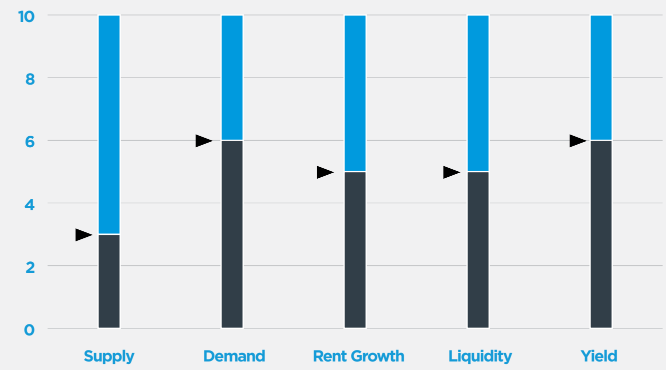
Investment Outlook

Though construction picks up slightly in Cincinnati this year, supply pressure here remains below that of Columbus, translating into a higher score of 3. The metro's demand reading of 6 is the highest among Ohio's major markets, while Cincinnati, Cleveland and Columbus each record rent growth KPI values of 5.

The metro's liquidity and yield scores of 5 and 6, respectively, match those of Columbus. Cincinnati's liquidity score shifted down one level from 2024, but the yield ranking improved by the same margin as investor expectations realign.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 33

Employment
8,000 *jobs*
	Metro	U.S.
Employment	0.7%	1.1%

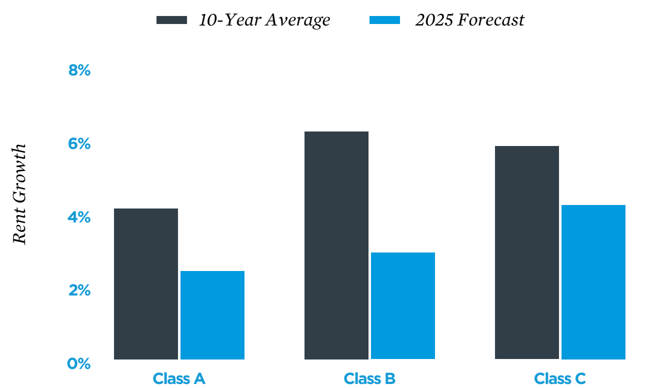
Construction
% of inventory❖
	Metro	U.S.
Construction	1.8%	2.1%

Class A Vacancy
Up 30 bps
	Metro	U.S.
Class A Vacancy	5.8%	6.1%

Class A Rent
$1,925 *per month*
	Metro	U.S.
Class A Rent	2.4%	2.8%

Vacancy by Class

Rent Growth by Class



* Estimate ** Forecast

❖ Arrow reflects completions trend compared with 2024

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

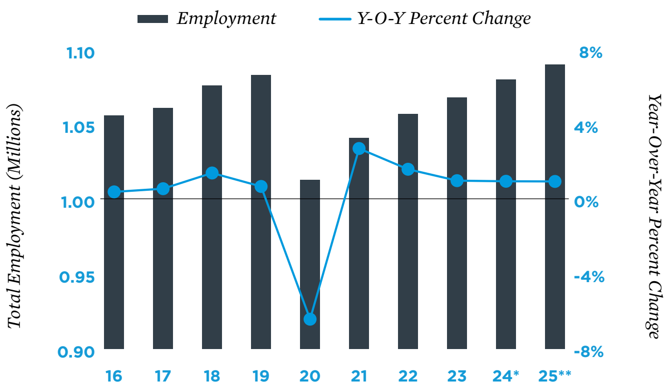
CLEVELAND

Developments in Downtown Cleveland Facilitate Long-Term Growth

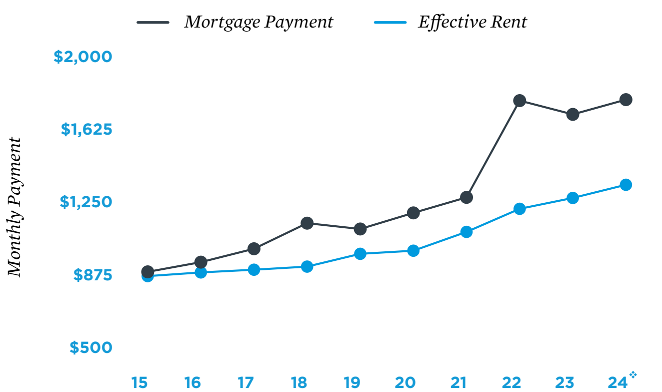
Suburban performance may be joined by downtown resurgence. Aided by limited new supply, five of Cleveland's nine suburban submarkets saw Class A vacancies below 5 percent heading into 2025. This is associated with robust rent growth over the past three years, particularly in the more near-in submarkets. As such, the gap with downtown rents has narrowed, which may prompt some inter-market relocation. Notably, overall suburban vacancy has begun to rise, standing over 100 basis points above the 10-year average of 4.6 percent entering this year. More vacancy pressure may come to East Cleveland in 2025, with developers set to deliver 700 units here before 2026, which is one-third of market additions. By comparison, Downtown Cleveland's vacancy rate neared 10 percent at the end of 2024, but major projects like Sherwin-Williams' new headquarters and the $3.5 billion riverfront development will likely boost long-term housing demand in the core. These targeted expansions and public investments point to an eventual uptick in tenant demand for well-located Class A units, fostering a more attractive environment for institutional capital.

Cleveland's nationally high yields and low prices entice investors. In 2024, the metro claimed the second-highest average cap rate and the second-lowest mean per unit sale price among major U.S. markets. These yield and entry cost advantages are attracting more out-of-state investors, a trend likely to continue in 2025. While institutional investment slowed last year, current pricing may draw larger investors with mid- to long-term hold strategies. Recent zoning reforms and limited for-sale housing support demand among the renter-by-choice cohort, particularly as Cleveland's downtown plans to add more amenities. With roughly 1,100 units underway in the urban core, the market is evolving into a more vibrant, mixed-use destination. This includes the Erieview Tower redevelopment expected to deliver in 2026, which will add luxury apartments, a high-end hotel, retail and office spaces. If financing conditions improve, institutional capital targeting stabilized or value-oriented properties near employment nodes — like the expanding Cleveland Clinic — could gradually re-engage, restoring Cleveland's place on the radar of more opportunistic institutional buyers.

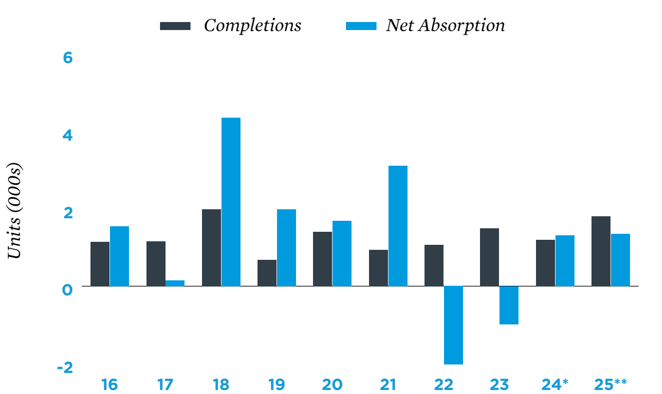
Employment Trends



Housing Affordability Gap



Supply and Demand



19.2%
2024 share of local population between 20 and 34 years old

31.4%
of local population hold bachelor's degree or higher ⌘

$218,100
2024 median home price ✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

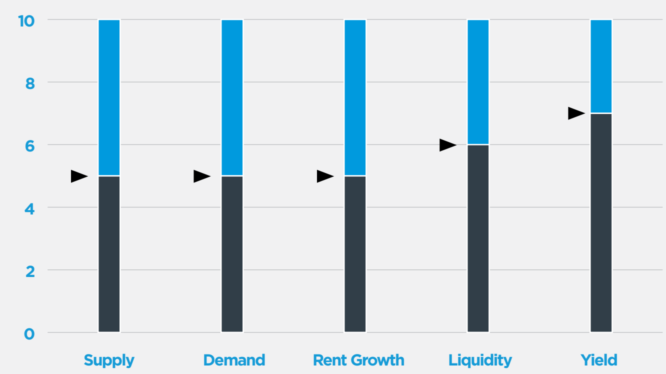
Investment Outlook

All three of Cleveland's property performance KPI metrics log a recording of 5 this year. Only four metros have a combined score across those three categories that is higher. Cleveland's supply rating is above that of Cincinnati and Columbus, while the demand and rent growth readings are more aligned.

Cleveland's yield metric holds at a 7, tied for the second-highest rating of any major metro in 2025. Higher yields may be facilitating more trades, as the market's liquidity score improves to a 6 this year.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 34

Employment 10,000 *jobs* — *Metro* 0.9% — *U.S.* 1.1%

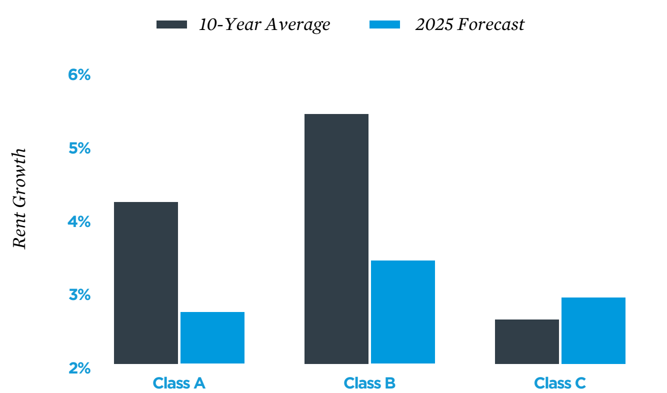
Construction *% of inventory*❖ — *Metro* 1.0% — *U.S.* 2.1%

Class A Vacancy Up 20 bps — *Metro* 7.7% — *U.S.* 6.1%

Class A Rent $1,956 *per month* — *Metro* 2.7% — *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



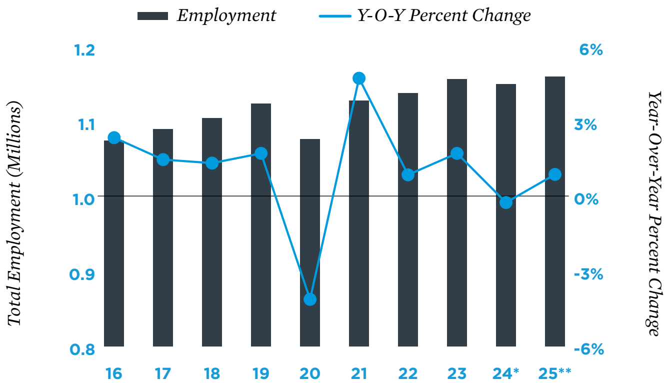
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

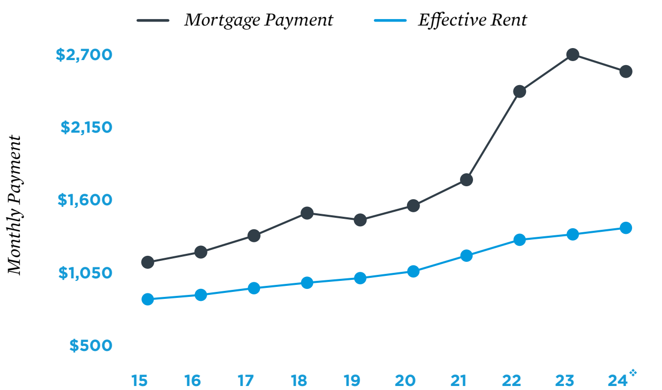
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

COLUMBUS

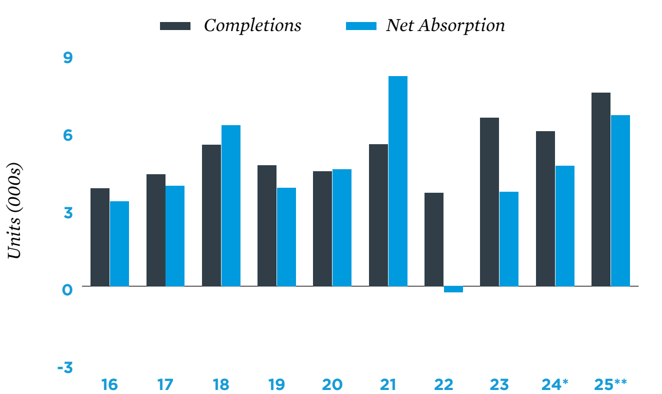
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Corporate Commitments Keep Suburban Vacancy Tight, Enticing Large Investors

Growing job opportunities attract new residents. Fueled by its lower cost of living and expanding job market, Columbus is projected to record one of the largest population growth rates among major Midwest metros this year. Suburban areas near major business centers are expected to attract an outsized share of new residents. This includes northern areas like New Albany, spurred by the construction of Google and Amazon's new data centers, along with Intel's manufacturing plant. A growing logistics presence in southern neighborhoods like Lincoln Village and the Honda battery factory, set to open 30 miles southeast of Columbus proper this year, will also draw residents. Developers have pursued these economic centers, becoming most active in affluent northern suburbs like Dublin and Westerville. Property fundamentals here should remain sturdy amid deliveries, as a record number of completed units in the area last year failed to raise vacancy above 5 percent, supporting rent growth around 4 percent. In contrast, vacancy in the city center climbed above 7 percent last year, stalling rent gains — a trend likely to persist with over 2,000 units set for delivery here this year. Still, projects like the city's $8 billion transit infrastructure investment could enhance the CBD's long-term rental appeal.

Midwest stability offers favorable investment climate. Between supply overhangs in many Sun Belt markets and stricter building regulations on the coasts, the Midwest is expected to remain a balanced option for investors. Last year, as affluent residents drove demand for high-quality apartments, more buyers favored recently built or renovated complexes in Columbus. In first-ring suburbs, these properties often sold for over $225,000 per unit last year, while deals outside the Interstate 270 Beltway could be found for under $200,000 per unit. For investors targeting post-2000 built assets, Upper Arlington and Dublin are expected to remain popular neighborhoods, having led the metro in Class A vacancy compression and rent growth in 2024. Meanwhile, older buildings that offer value-add potential frequently traded for under $100,000 per unit last year. Buyers seeking these types of properties may focus on southern areas near the Rickenbacker International Airport, where major employers such as Honeywell and Amazon anchor the metro's industrial base. In these areas, Class B and C vacancy remaining under 6 percent last year supported some of the strongest segment rent gains in the metro.

21.9%
2024 share of local population between 20 and 34 years old

36.8%
of local population hold bachelor's degree or higher ⌘

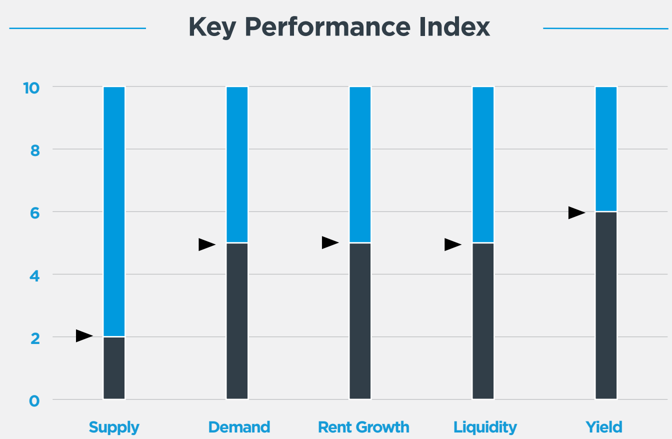
$321,400
2024 median home price✣

Investment Outlook

While elevated completions for 2025 decrease Columbus' supply rating one interval to a 2 this year, the lowest of Ohio's three major markets, vacancy and rents are holding up. Both the demand and rent growth metrics maintain readings of 5 this year. Few markets have a higher score in the latter category for 2025.

Columbus' yield rating holds at a 6 in 2025 — the second-highest measure of any metro this year. Higher yields may facilitate more trades, as the market's liquidity score improves to a 5 this year.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.



2025 MARKET FORECAST

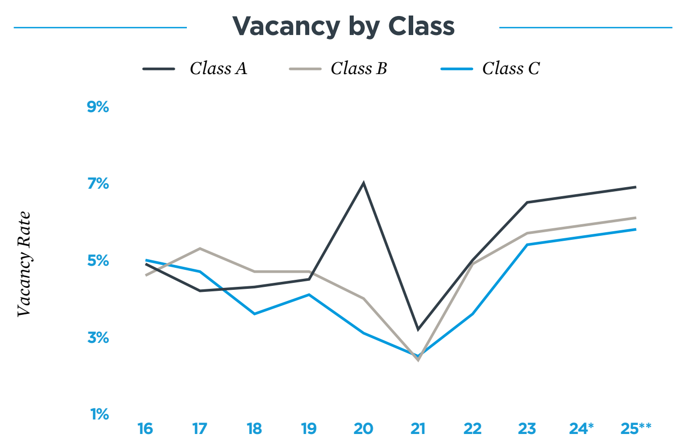
NMI Rank 25

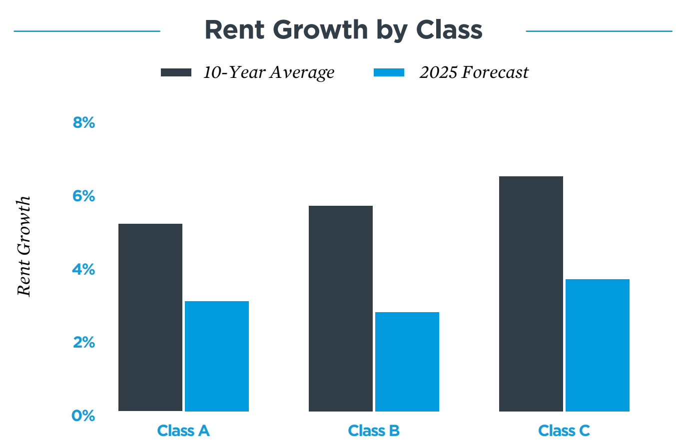
Employment
10,000 *jobs*
Metro 0.9% | *U.S.* 1.1%

Construction
% of inventory❖
Metro 3.6% | *U.S.* 2.1%

Class A Vacancy
Up 20 bps
Metro 6.8% | *U.S.* 6.1%

Class A Rent
$1,811 *per month*
Metro 3.0% | *U.S.* 2.8%





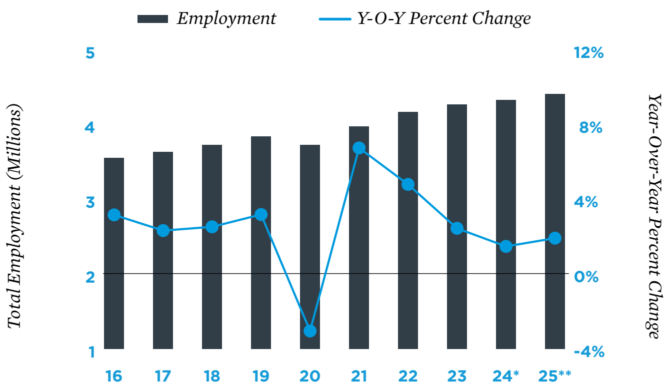
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

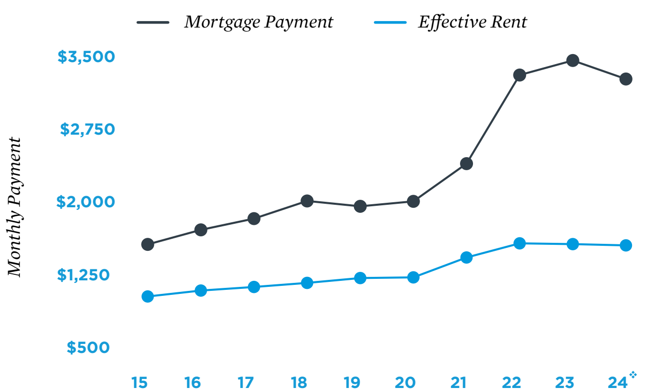
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

DALLAS-FORT WORTH

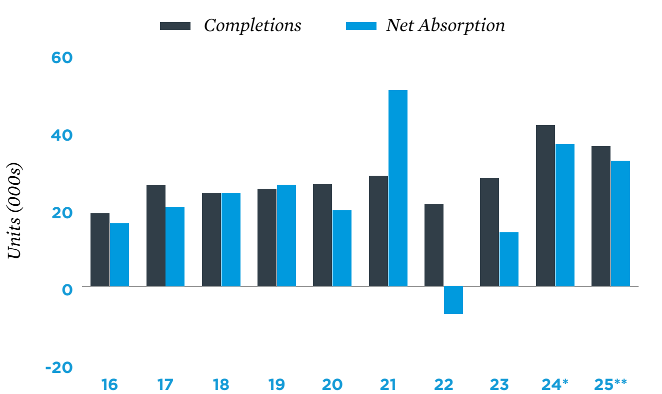
Employment Trends



Housing Affordability Gap



Supply and Demand



Dallas-Fort Worth Remains the Front-Runner of Nation's Multifamily Expansion

Sturdy renter base warrants another influx of new units. The metro will lead the country in completions this year as over 36,000 doors open. Submarkets on the far north end of the metro will receive the bulk of these deliveries, led by the Allen-McKinney area, where over 8,000 units will be added by year-end. Offsetting the metro's robust completions slate is one of the top household formation rates in the nation, as 67,600 new households will be formed here in 2025. Many young professionals are flocking to Dallas-Fort Worth to join its quickly growing job market backed by multiple Fortune 500 companies' headquarters, including AT&T, Charles Schwab and Southwest Airlines. Composing nearly one-third of local employment, traditionally office-using jobs support demand for luxury apartments. Last year, Class A vacancy inched up marginally despite a record number of new apartments coming online. Dallas proper enters 2025 with slightly lower vacancy than Fort Worth in the luxury segment, even with triple the inventory size. If supply additions wane in the future, Class A vacancy will begin to fall back toward the 10-year average of roughly 5.6 percent.

Metroplex offers active investors a variety of options. Given strong Class A property performance in the face of substantial supply pressure, investors may exhibit heightened interest for luxury apartment listings this year. Buyers have previously targeted East Dallas, influenced by its relatively lower price points and an average effective rent that was growing quickly prior to 2024. Class A trading has lagged during the last two years, however, while some buyers sat on the sidelines. Of the luxury apartments that traded over the past two years, nearly half of the units were in Plano. Institutional investors likely targeted Class A assets here in part because of the segment's relatively lower vacancy rate compared with both Dallas and Fort Worth proper over the last five years. With borrowing costs now modestly lower, criteria could widen. Investors interested in Class B and C apartments in the $10 million-plus price tranche have been active in Tarrant County in the last couple years. If more investors reenter the market, however, buyer attention may expand toward the Dallas side of the Metroplex due to the area's large inventory and lower vacancy than Fort Worth, although entry costs still tend to be lower in Fort Worth.

21.7%
2024 share of local population between 20 and 34 years old

36.1%
of local population hold bachelor's degree or higher ⌘

$382,200
2024 median home price❖

** Estimate ** Forecast ❖ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

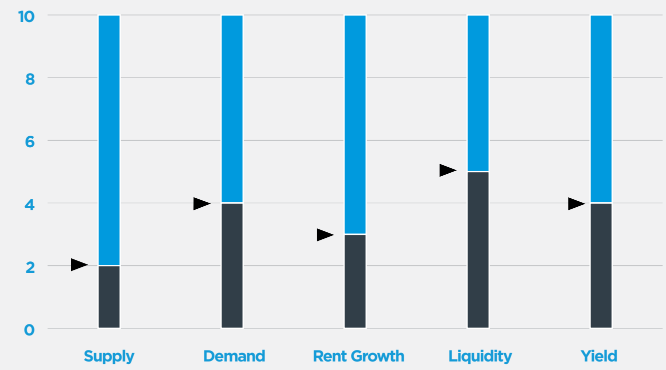
Investment Outlook

While the Metroplex will welcome the most new jobs and residents of any market in the country this year, historically elevated construction will weigh on multifamily fundamentals in the short term. The supply rating drops to 2 as a result, while the demand score holds at 4 and the rent growth reading dips to 3.

Dallas-Fort Worth's liquidity rate decreases to a neutral level of 5, while the yield value doubles from the 2024 mark to a score of 4. This shift, paired with the modest drop in interest rates closing out 2024, may aid deal flow in the year ahead.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 2

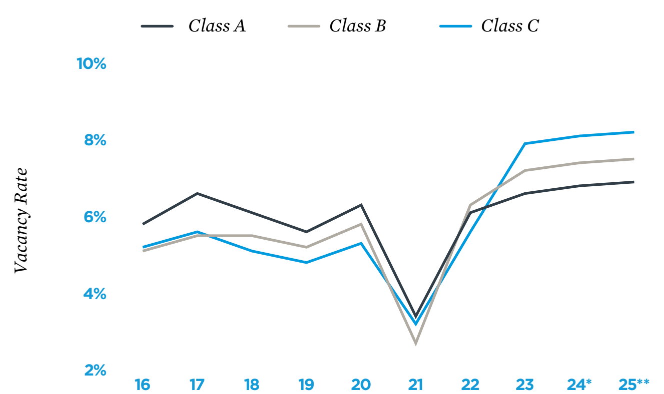
Employment
82,000
jobs
Metro 1.9%
U.S. 1.1%

Construction
% of inventory❖
Metro 3.7%
U.S. 2.1%

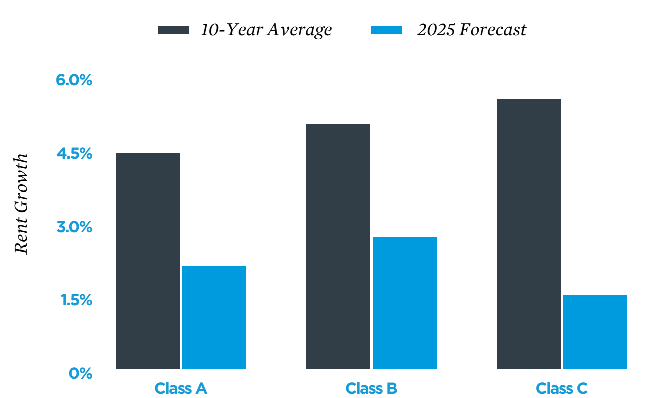
Class A Vacancy
Up 10 bps
Metro 6.8%
U.S. 6.1%

Class A Rent
$1,952
per month
Metro 2.1%
U.S. 2.8%

Vacancy by Class



Rent Growth by Class



** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

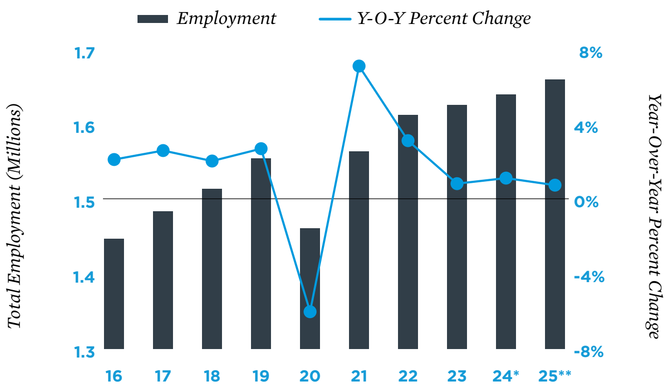
DENVER

Tempering New Supply and Growing Urban Rental Demand Bolster Denver's Outlook

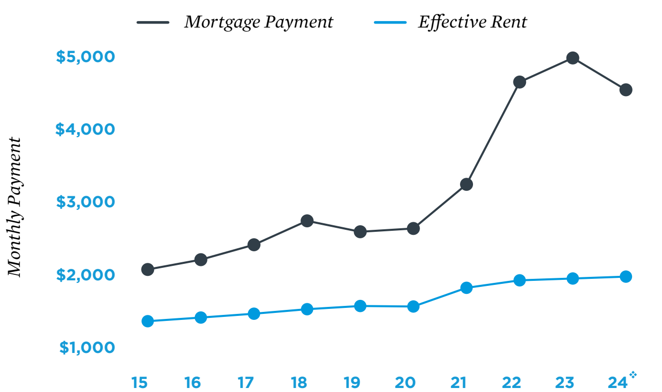
Easing construction paves the way for tighter conditions. Following a local record-breaking delivery total in 2024, developers in the metro are scaling back as they grapple with elevated financing and construction costs as well as slackened rent growth and higher vacancy. Suburban areas like North Aurora and Montbello in Northeast Denver will register a more than 80 percent decline in completions compared with last year, with similar drops in Thornton and Highlands Ranch. In contrast, deliveries will stay historically elevated in popular neighborhoods near Downtown Denver, such as River North and Capitol Hill. However, slowing construction starts — partly driven by the Expanding Housing Affordability Ordinance of 2022, which mandates affordable units in all new projects within the city of Denver — signal easing future supply infusions. For now, demand for urban living from both in-place and new residents should aid leasing. The metro welcomed record net in-migration last year, with modest job gains expected to sustain household formation in 2025. Hiring in the high-paying tech sector will further lift demand for new units, supporting moderate vacancy compression and rent growth on a metrowide level.

Tailwinds emerge for downtown investors. As new multifamily projects in the downtown area stabilize, investment activity is expected to increase. High building costs, along with recently passed legislation creating barriers to future development, are expected to provide tailwinds for existing assets. The influx of recently delivered projects may also limit sales price growth. This environment should provide appealing opportunities for investors to enter the market below replacement costs, given the rapid rise in construction expenses since 2019. More stable vacancy should also support higher rent growth, which, combined with potentially easing lending conditions, may further unlock buyer demand. Legislation aimed at attracting renters downtown could also help. This includes a $500 million investment made in May 2024 to revitalize the 16th Street Mall and fund mixed-use projects. Elsewhere, buyers targeting middle-tier units are expected to remain active in the metro's suburban areas, where moderating supply additions are likely to sustain stronger performance relative to properties in the urban core.

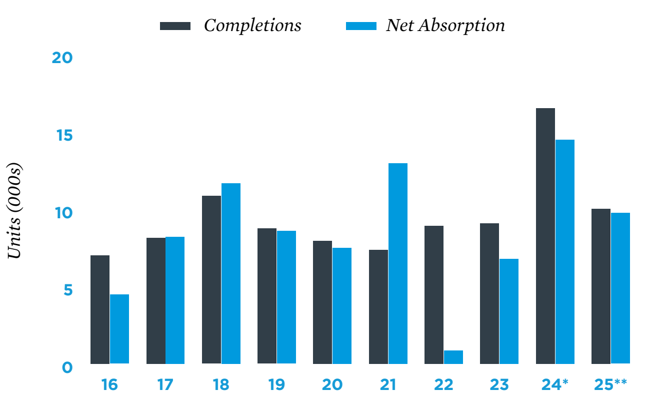
Employment Trends



Housing Affordability Gap



Supply and Demand



23.2%
2024 share of local population between 20 and 34 years old

44.9%
of local population hold bachelor's degree or higher ⌘

$652,600
2024 median home price✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

Despite a supply score of 1 reflecting above-average development activity, Denver records demand and rent growth KPI values just under the neutral level of 5. Although employment growth is below average this year, a relatively high home price-to-income ratio continues to bolster the structural need for apartments.

Denver's liquidity levels continue to hold at a KPI rating of 5, while its yield measure improves to 5 as well amid rising cap rates. Properties changed hands in 2024 with the highest mean cap rate in more than half a decade.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index

2025 MARKET FORECAST

NMI Rank 22

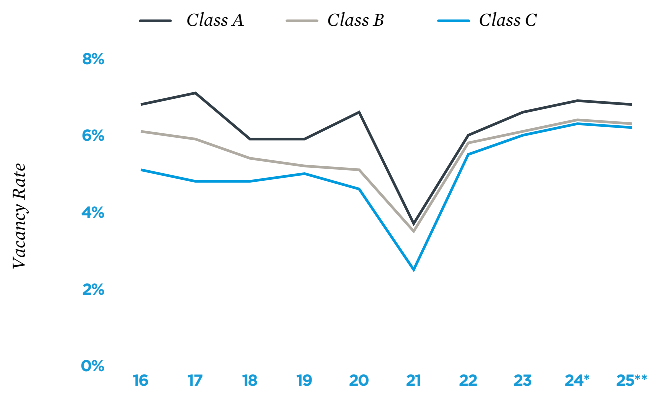
Employment
12,000
jobs
Metro 0.7% *U.S.* 1.1%

Construction
% of inventory❖
Metro 2.9% *U.S.* 2.1%

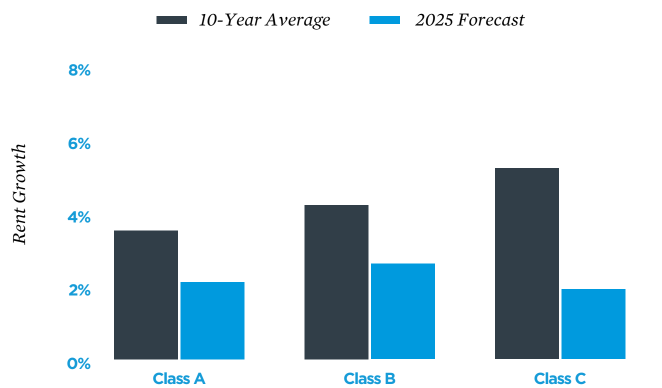
Class A Vacancy
Down 10 bps
Metro 6.7% *U.S.* 6.1%

Class A Rent
$2,306
per month
Metro 2.1% *U.S.* 2.8%

Vacancy by Class



Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

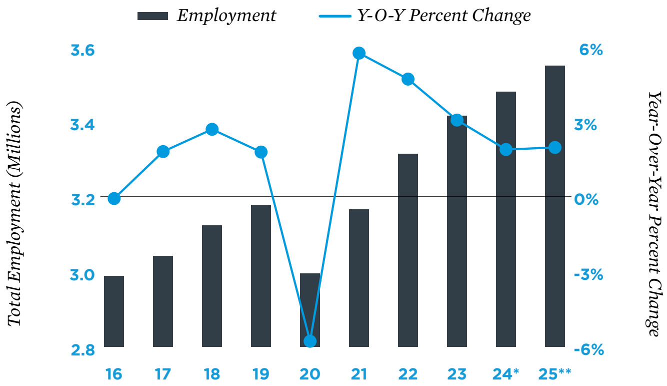
HOUSTON

Job Growth Sustains Houston's Expanding Population and Apartment Demand

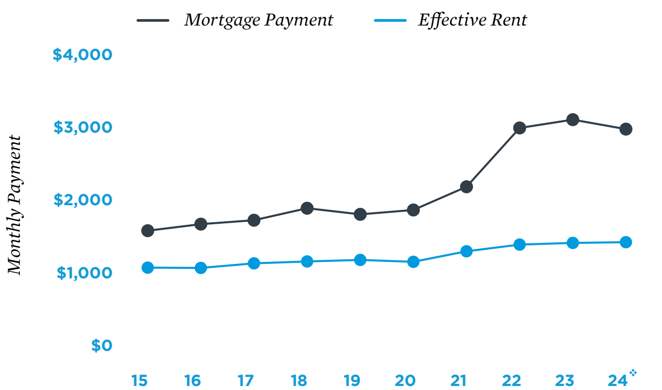
Growing economy amid slowing delivery slate fosters stability. Following Chevron's move to Houston, the metro houses 24 Fortune 500 company headquarters, third behind only New York and Chicago. This corporate presence fuels economic activity and will support the metro's robust labor market with a growing volume of well-compensated positions. A second year of strong median household wage gains, coupled with a relatively low cost of living, will enable Houston to receive the second-largest 2025 net in-migration total among major metros, expecting 100,000 new residents. These individuals will arrive amid fewer apartment deliveries, helping multifamily fundamentals in most of Houston's 33 submarkets to hold ground in the near term. The Rosenburg-Richmond and Sugar Land-Stafford regions could outperform, however, as both areas saw vacancy rates decrease last year, even with a notable influx of new units. In these two areas, a smaller 2025 delivery schedule is likely to help vacancy fall further. Similar factors are at play in Katy and the Spring-Tomball submarket.

Renter demand in a segmented market draws various investors. Anticipating the second-largest 2025 labor expansion among major markets, investors may focus their efforts toward submarkets within Beltway 8, as renter demand for housing close to key employment hubs is poised to rise. Suburbs east of Downtown in the area bounded by Interstates 10, 69 and 610 may attract commuting renters and subsequent investors. Over half of 2024's Class A trades within Beltway 8 were in this region. Favorable labor dynamics here should sustain the appeal in 2025, including for post-2015-built Class A assets with upward of 100 units. This boon, augmented by a slimmer delivery slate, will aid owners of luxury complexes in attracting and retaining tenants. Beyond Loop 610, Class B and C assets of a similar unit scale may remain appealing options for non-local investors. While 2024 deals for these complexes were frequent in areas southwest of Greater Uptown, buyers may begin combing listings to the northwest, where property performance suggests opportunities for upside exist. Class B trades in Champion West may pick up after mid-tier vacancy fell last year. This was also the only local segment to see rent growth. Meanwhile, Class C assets in Spring Branch will warrant attention, as the net absorption of over 1,000 units here last year lowered vacancy below the metro average.

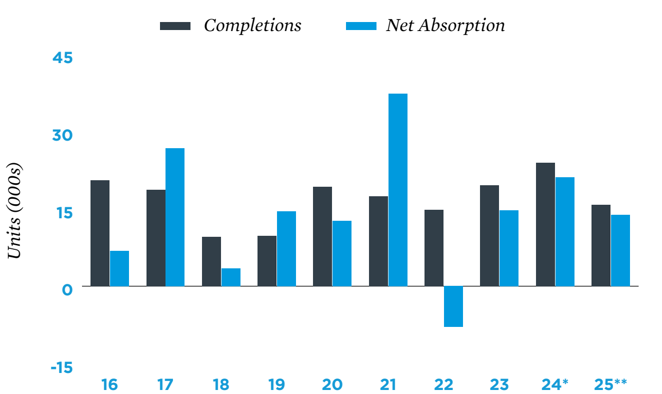
Employment Trends



Housing Affordability Gap



Supply and Demand



21.1%
2024 share of local population between 20 and 34 years old

33.0%
of local population hold bachelor's degree or higher ⌘

$344,800
2024 median home price✣

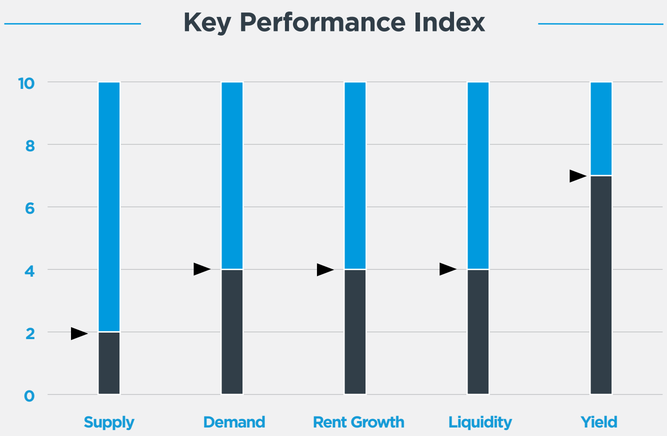
* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

Houston joins Dallas-Fort Worth in recording a supply rating of 2, as developers key in to the Gulf Coast market's robust demographics. Houston will note the second-highest level of net in-migration this year, behind its northern neighbor, supporting demand and rent growth values of 4 in the 2025 KPI.

While Space City's yield score improves to 7 this year, reflecting the realigning of investor expectations, the market's liquidity score holds at a lower rating of 4. Trading activity may pick up, though, as rent growth momentum is anticipated to build throughout 2025.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.



2025 MARKET FORECAST

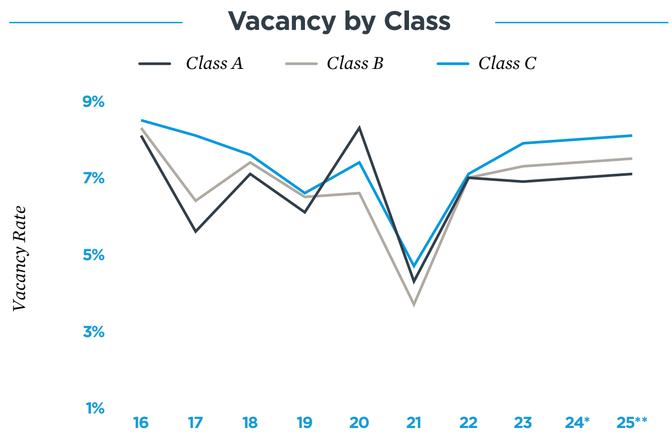
NMI Rank 4

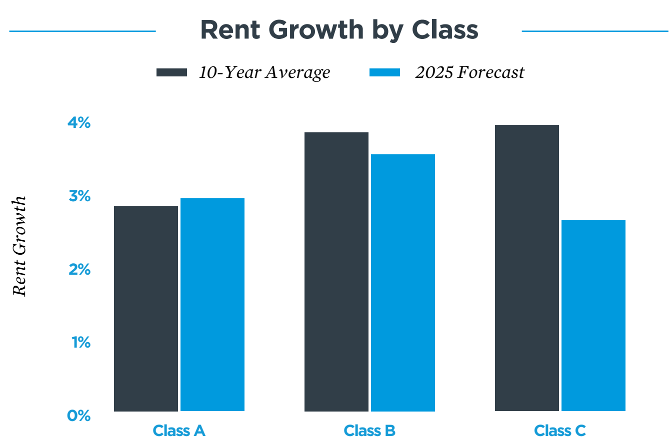
Employment 68,000 *jobs* — *Metro* 2.0% | *U.S.* 1.1%

Construction *% of inventory*❖ — *Metro* 2.0% | *U.S.* 2.1%

Class A Vacancy Up 10 bps — *Metro* 7.0% | *U.S.* 6.1%

Class A Rent $1,924 *per month* — *Metro* 2.9% | *U.S.* 2.8%





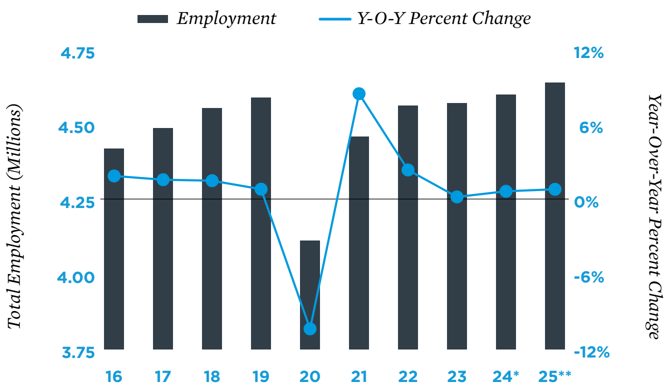
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

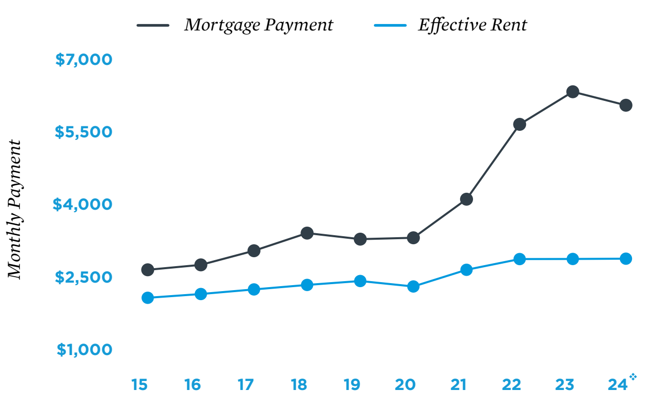
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

LOS ANGELES

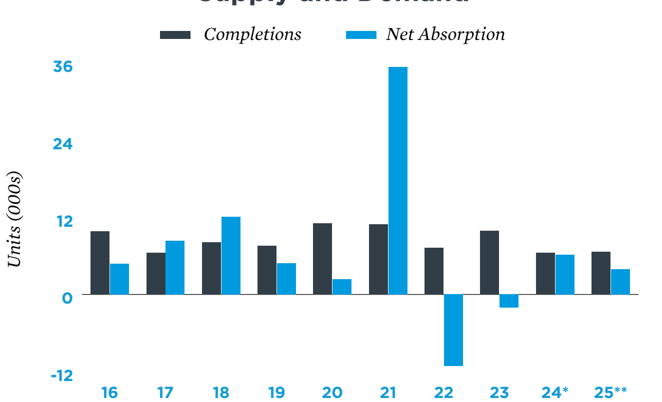
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Epicenters of Supply Additions Shift as Builders Respond to Emerging Trends

Deliveries focused in some of the least vacant submarkets. After falling to 2.1 percent in early 2022, vacancy in Los Angeles rose 300 basis points over the subsequent eight quarters, driven by a more pronounced rise in Class A availability. This spike prompted a pullback in multifamily permitting, dropping deliveries 1,800 units below the local average of the past 10 years. The most notable reduction will occur in the CBD, which is comprised of Downtown Los Angeles, Mid-Wilshire and Hollywood. Here, the decline is warranted, as more than 8,000 rentals were added over the prior two years — a supply wave that pushed local vacancy near 6 percent. Westside Cities will also register a noteworthy pullback in completions, with South Bay and the Burbank-Glendale-Pasadena area also adding a minimal number of units. In contrast, the San Gabriel and San Fernando valleys — home to some of the metro's lowest vacancy rates — receive a collective 3,100 units in 2025 after combining for 1,000 new rentals last year. This supply-side pressure may translate into some local upward vacancy momentum in the short term. Still, the moderation in deliveries elsewhere and expectations for white-collar job creation should help foster a level of demand for Class A and B rentals that supports a second-straight year of positive net absorption overall.

Institutional focus also realigns. Investors seeking top- and mid-tier properties in the county that require capital deployments above $10 million targeted areas outside the city of Los Angeles with increased frequency last year. This trend will continue in 2025 as a direct result of Measure ULA, which imposes a 5.5 percent tax on property sales above $10 million. Following California voters' denial of rent control-focused Proposition 33 last November, institutional capital is expected to fully re-engage with the marketplace. For these entities, suburban settings with ample inventories of relatively newer-built assets and older complexes with triple-digit unit counts may prove attractive. Home to some of the metro's lowest Class A vacancy, the San Fernando Valley may top the list, along with South Bay-Long Beach, where Class A vacancy is also below average. Investors metrowide may have to contend with higher insurance costs, however, following the historic destruction caused by January's several wildfires.

22.5%

2024 share of local population between 20 and 34 years old

32.5%

of local population hold bachelor's degree or higher ⌘

$891,700

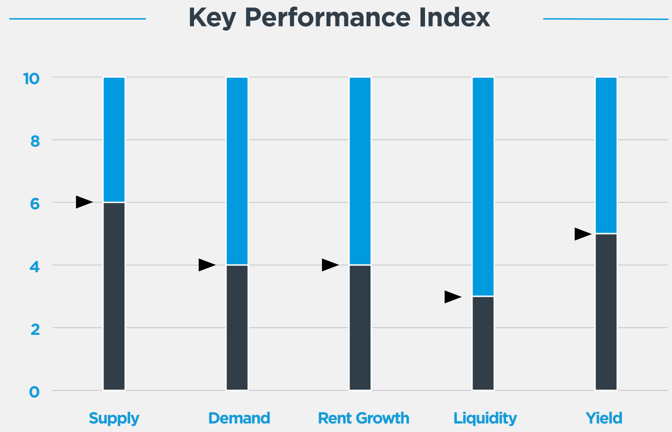
2024 median home price✣

Investment Outlook

A slow pace of inventory growth, both nationally and among major California markets, earns Los Angeles a supply rating of 6, while the metro's demand value improves by one spot to 4. The benefits of less development pressure and high homeownership barriers are offset slightly by comparatively modest employment growth.

Though Los Angeles remains one of the most active investment markets in the country, recent sales velocity has been below historical norms. This has translated into a liquidity value of 3, while the yield rating rises slightly to 5.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.



2025 MARKET FORECAST

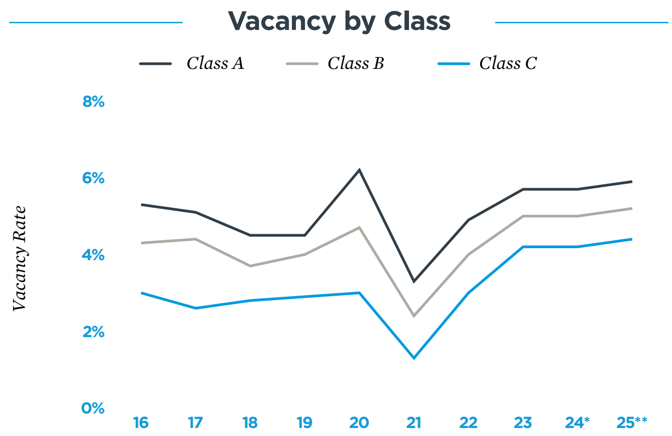
NMI Rank 10

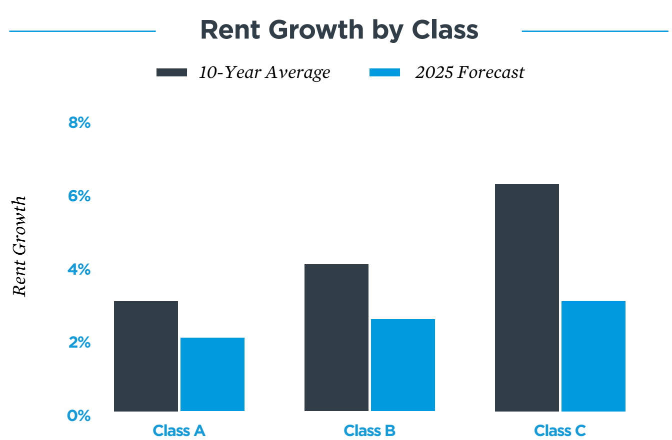
Employment
36,000 *jobs*
Metro 0.8% *U.S.* 1.1%

Construction
% of inventory❖
Metro 0.6% *U.S.* 2.1%

Class A Vacancy
Up 20 bps•
Metro 5.8% *U.S.* 6.1%

Class A Rent
$3,676 *per month*
Metro 2.0% *U.S.* 2.8%





** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
• The January wildfires could increase multifamily housing demand as displaced households seek short-term living options
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

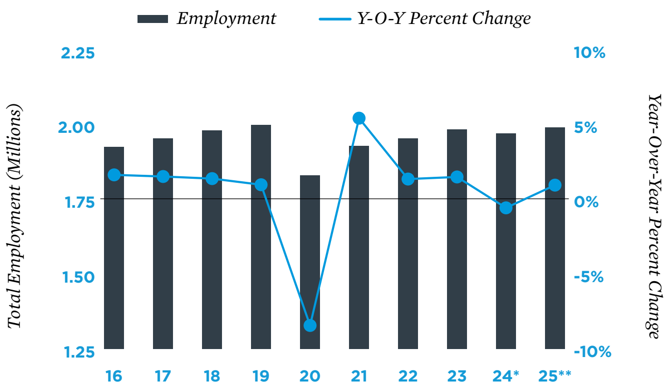
MINNEAPOLIS-ST. PAUL

Suburban Demand Intensifies Amid Tapering Supply and Policy Shifts

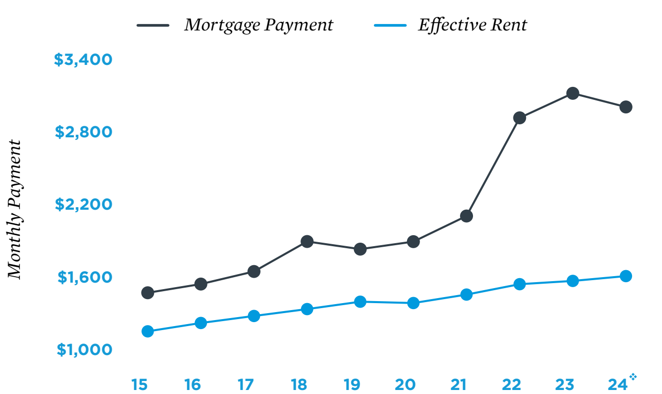
Fewer completions bolster suburban rent growth. Construction will slow in the Twin Cities in 2025. The metro's delivery slate will shrink from over 8,800 units last year, nearly double the 2015-2019 average, to roughly 3,600 doors. The reduced construction combined with population growth will help tighten vacancy in areas like Burnsville-Apple Valley and South St. Paul-Eagan, where the Southwest light rail extension and larger living spaces are increasing the appeal of suburban living. These submarkets had the metros' lowest Class A vacancy rates in 2024 at under 5 percent and led in upper-tier rent growth. Several submarkets entered 2025 in more challenging positions. Anoka County and the Plymouth-Maple Grove area began the year with Class A vacancies above 10 percent. Still, with fewer units set for delivery, the supply pullback will limit competition for recently completed Class A units, aiding newer-built properties in these submarkets.

Technology expansion shapes investment strategies in 2025. After rent control was enacted in St. Paul in 2021, capping annual rent increases at 3 percent, institutional investment slowed. Following amendments made in 2023 that introduced a 20-year exemption for new construction, as well as ongoing discussions on further policy adjustments, institutional interest may rekindle in 2025. Trading activity across the metro picked up steadily quarter over quarter last year, surpassing 2023's total and signaling potential future improvement. Investors are now eyeing resilient suburban areas with steady rent growth. Maple Grove is an investment hotspot, with Boston Scientific's $170 million campus set to boost local employment and housing demand in the coming years. In the urban core, properties may require more price discovery due to elevated vacancies and policy uncertainties while Minneapolis debates rent control similar to St. Paul's. Despite policy risks, the Twin Cities' 17 Fortune 500 firms, stable vacancy trends and measured supply will help maintain balance. In 2025, institutions may reassess opportunities, weighing new regulations and growth corridors against historically steady fundamentals.

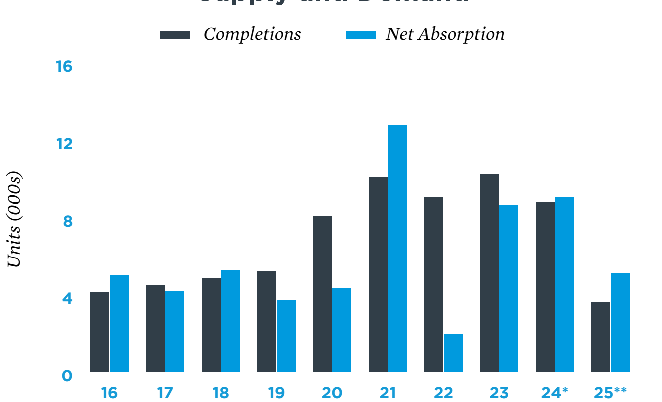
Employment Trends



Housing Affordability Gap



Supply and Demand



20.1%
2024 share of local population between 20 and 34 years old

41.6%
of local population hold bachelor's degree or higher ⌘

$391,400
2024 median home price✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

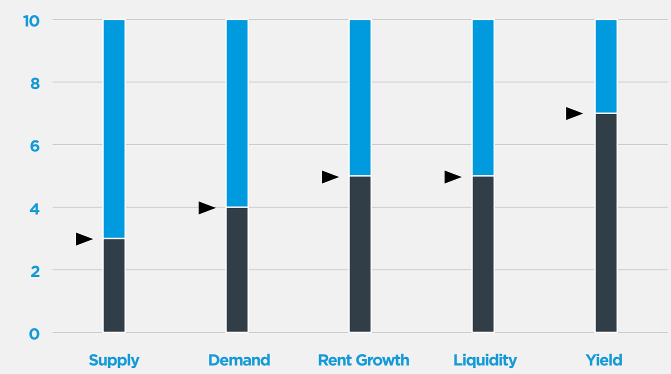
Investment Outlook

Minneapolis-St. Paul joins Columbus and Cincinnati in the Midwest with sub-4 supply ratings. Contracting vacancy, however, shows that apartment absorption is keeping ahead of openings, supporting a higher demand score of 4. Effective rents will rise in the market for the fifth consecutive year, warranting a KPI value of 5.

Similar to most other major Midwest markets, Minneapolis-St. Paul holds a liquidity rating of 5. A yield score of 7, meanwhile, reflects comparatively greater cap rate decompression, as the metro's mean for 2024 trades returned to 2014 levels.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 16

Employment — **18,000** *jobs* — *Metro* **0.9%** — *U.S.* **1.1%**

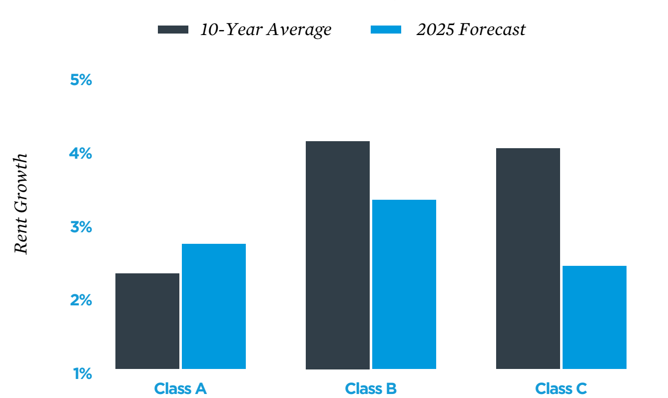
Construction — *% of inventory*❖ — *Metro* **1.1%** — *U.S.* **2.1%**

Class A Vacancy — **Down 50 bps** — *Metro* **6.2%** — *U.S.* **6.1%**

Class A Rent — **$1,936** *per month* — *Metro* **2.7%** — *U.S.* **2.8%**

Vacancy by Class

Rent Growth by Class



* Estimate ** Forecast

❖ Arrow reflects completions trend compared with 2024

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

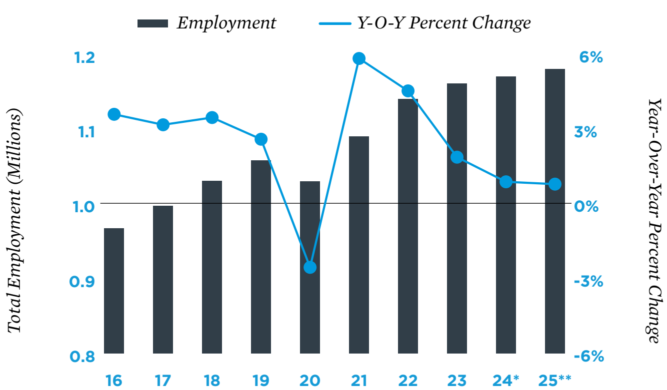
NASHVILLE

Strong Job Market Aids Rental Demand as Investors Eye Moderating Supply Pressures

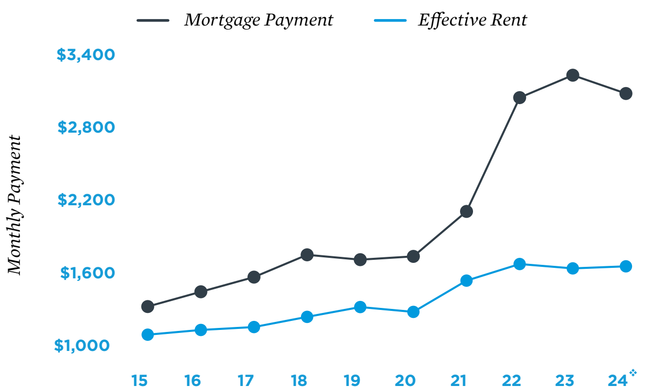
New units readily absorbed as lower-tier rentals lag behind. Nashville has established itself as a magnet for young workers, propelled by the nation's second-lowest unemployment rate entering 2025, which encourages recruitment from outside the metro. This dynamic is expected to drive a household formation rate nearly twice the national average this year. Major investments, such as Oracle's future national headquarters and the addition of over 500,000 square feet of pre-leased office space at Nashville Yards in early 2025, will grow the number of major employers in the urban core. The metro's expanding industrial sector will also boost hiring, encouraging a steady influx of residents that should keep renter demand ahead of new supply. Fewer deliveries this year are expected to sustain downward pressure on suburban vacancy after Class A rates outside the core fell in 2024. Concentrated new supply in Central Nashville should also be generally well received, as upper-tier vacancy held firm around 7 percent last year. In contrast, lower-tier rentals have experienced weaker demand while price pressures constrain moderate-income households. Still, Nashville's wage growth outpacing regional inflation — which fell in line with the national rate at the end of last year — should aid leasing.

Declining construction starts bolster long-term outlook. Rapid population growth and a diversifying economy are poised to catalyze a rise in investment activity during 2025. Close-in suburbs should remain prime targets, especially South Nashville near the neighborhoods of McMurray and Antioch, where limited new supply is expected to support sturdy apartment performance. Many buyers last year focused on recently renovated projects, deploying an average of $150,000 per unit. Improving rent growth, however, may draw more investors to post-2015-built assets, which traded near $250,000 per unit. With local multifamily permitting in 2024 down over 70 percent from the 2021 peak, institutions anticipating a prolonged supply slowdown may start pursuing listings during a period of elevated cap rates. Buyers seeking lower entry costs might turn to the metro's outskirts, where mid- and low-tier vacancy has remained tighter than more central locations. Cities like Murfreesboro and Hendersonville, with fast-growing populations fueled by families seeking lower living costs and proximity to local employers, are well positioned to garner greater investor interest.

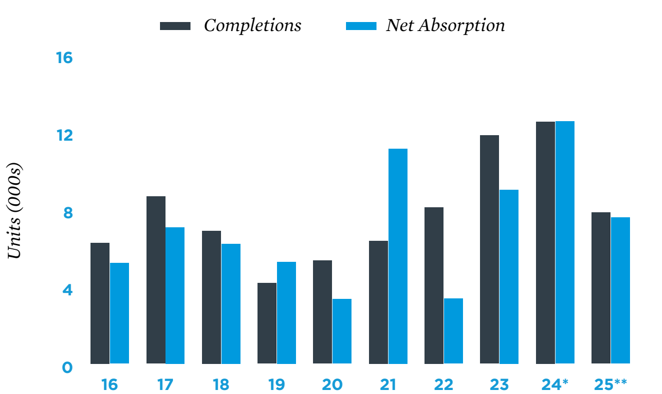
Employment Trends



Housing Affordability Gap



Supply and Demand



22.3%

2024 share of local population between 20 and 34 years old

37.3%

of local population hold bachelor's degree or higher ⌘

$412,600

2024 median home price ❖

** Estimate ** Forecast ❖ Through 3Q*

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

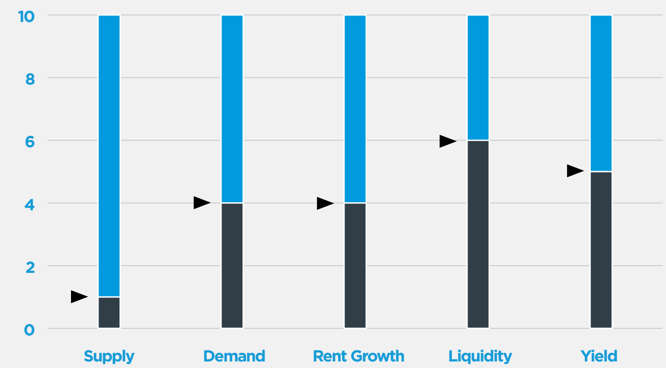
Investment Outlook

Nashville maintains the same KPI values in 2025 as the year before in nearly every category. The supply score stays at 1, given one of the nation's higher levels of inventory expansion. Meanwhile, a population gain double the U.S. pace helps support consistent demand and rent growth readings of 4.

The sole metric to change this year for Nashville, its yield rating, jumps to 5 in response to some decompression from 2021, when the mean cap rate on a transaction was in the mid-4 percent band. A liquidity reading of 6 reflects an active investment landscape.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 24

Employment
9,000 *jobs*
Metro 0.8% *U.S.* 1.1%

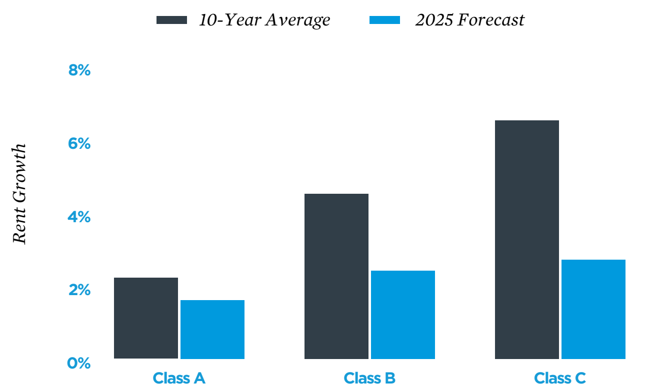
Construction
% of inventory❖
Metro 4.0% *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 6.4% *U.S.* 6.1%

Class A Rent
$1,926 *per month*
Metro 1.6% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



* Estimate ** Forecast

❖ Arrow reflects completions trend compared with 2024

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

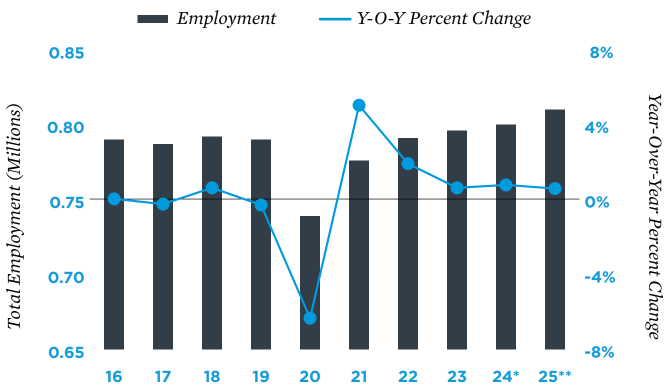
NEW HAVEN-FAIRFIELD COUNTY

Transit Access Still Important for Development as Investors Look Afield

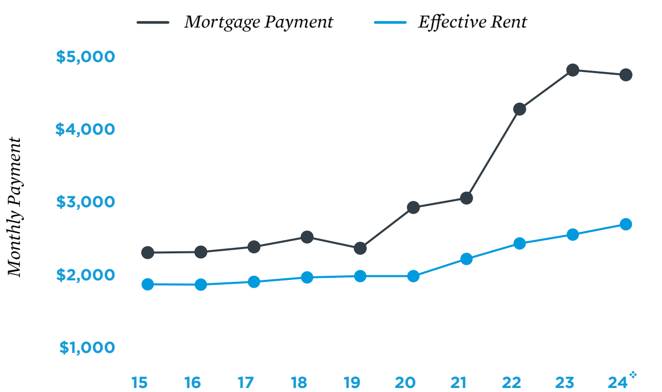
Despite new supply pressure, vacancy is low. Over the past decade, local rental stock has expanded the most in the Stamford-Norwalk area — up 36 percent in that span — with development accelerating in recent years. More apartments were built from 2019 to 2024 here, amid the health crisis, than in the prior five years; however, local Class A vacancy was 70 basis points tighter in late 2024 than in 2019. A key factor aiding demand for these rentals has been transit access. The majority of post-pandemic openings were within a few miles of Interstate 95, Route 1 or the Metro-North rail line. While ridership on the line has yet to fully return to pre-pandemic levels, it is still among the country's busiest commuter rails. This trend reflects the importance of access to New York City, as well as the appeal of developed local town centers. Further north, overall vacancy in New Haven County was also low entering 2025, standing at under 5 percent in the city proper and 3 percent across the towns of Waterbury, Meriden and Hamden. Rents grew faster in these areas last year than elsewhere in the market, yet monthly payments stayed the lowest in the region, providing options for necessity renters.

Larger-scale deal volume beginning to pick up. While opportunities to deploy more than $15 million in capital on individual assets have been limited across the two-county region since 2022, sales velocity in this price tranche did pick up in the second half of last year. Trades involved both pre-1980-built Class C and post-2000-built Class B properties, indicating wide acquisition criteria. Investment groups have also pursued multi-property transactions, with sales last year involving pairings of sub-$5 million Class C assets with fewer than 25 units apiece. Bridgeport was the most common target area, with initial yields that could range above 6 percent and local Class C rent growth that surpassed the market average. Across both counties, properties changed hands last year with a mean cap rate near 7 percent — the highest level since 2014. Investor expectations aligning with this benchmark may faciliate more transactions this year. Buyers focused on post-2010-built properties, whose yields trend lower, may find more options in Norwalk, New Haven proper or Downtown Stamford, where construction has been prevalent.

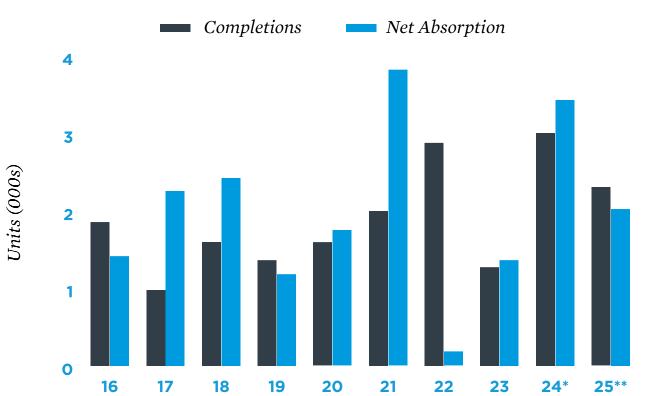
Employment Trends



Housing Affordability Gap



Supply and Demand



18.9%

2024 share of local population between 20 and 34 years old

39.8%

of local population hold bachelor's degree or higher ⌘

$576,700

2024 median home price✣

** Estimate ** Forecast ✣ Through 3Q*

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

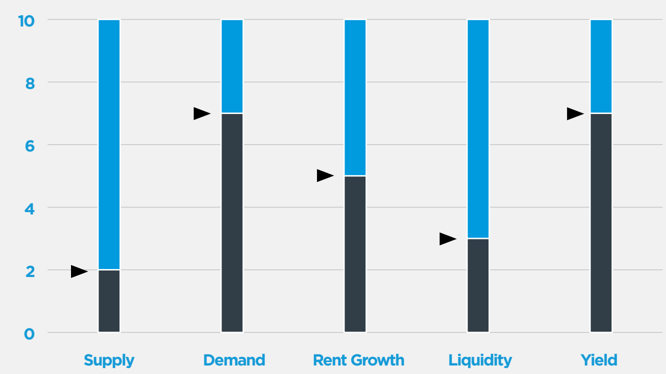
Investment Outlook

While the two-county region continues to see some development pressure with a supply KPI of 2, against many markets with higher vacancy levels, a vacancy rate near 4 percent leads to a demand ranking of 7. Steady growth in effective rents further underscores the favorable relationship between supply and demand this year.

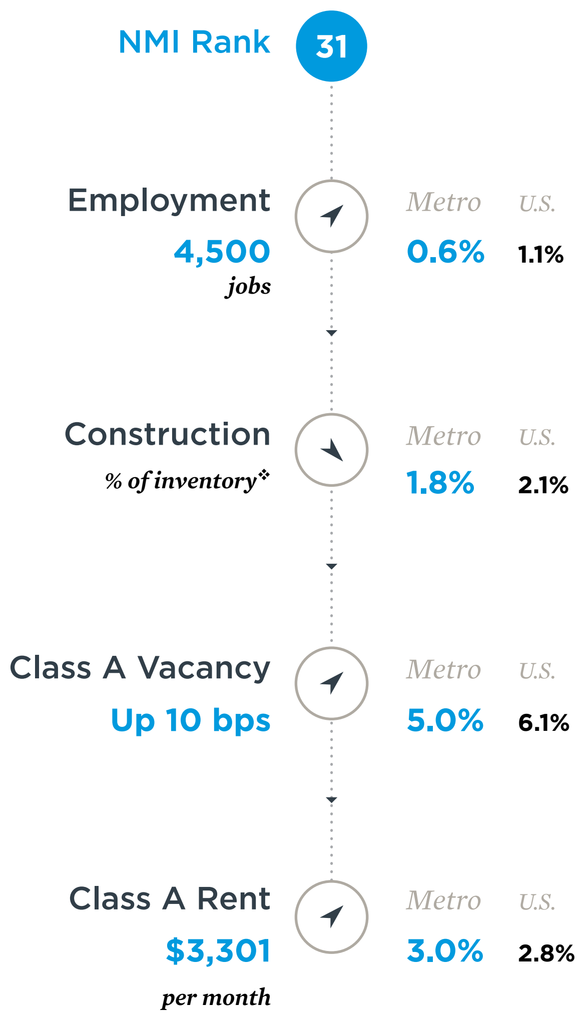
The highest average cap rate among Northeast markets on transactions closed last year warrants a yield KPI of 7. A liquidity reading of 3, however, reflects less sales activity compared with other metros and the market's own recent history.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index

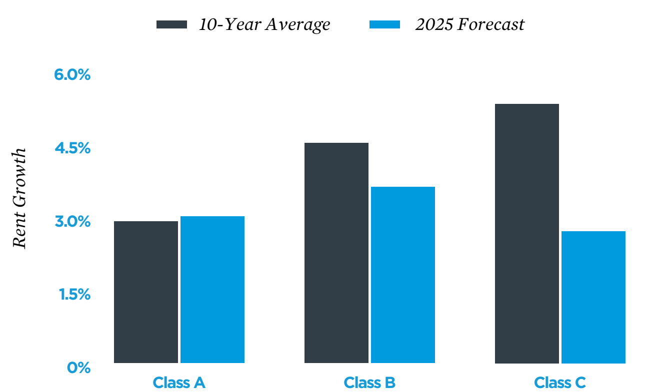


2025 MARKET FORECAST



Vacancy by Class

Rent Growth by Class



* Estimate ** Forecast

❖ Arrow reflects completions trend compared with 2024

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

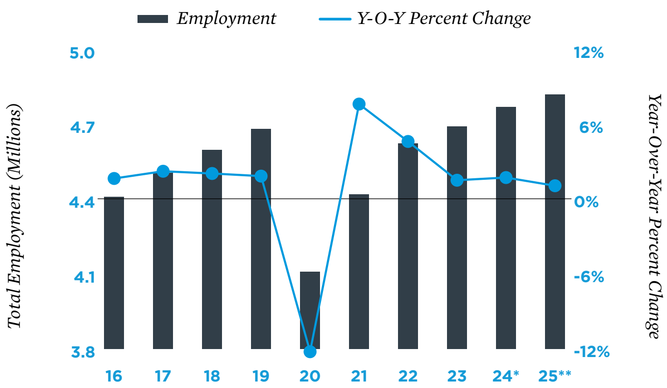
NEW YORK CITY

New Office Jobs Draw Affluent Renters as Investors Navigate Regulatory Landscape

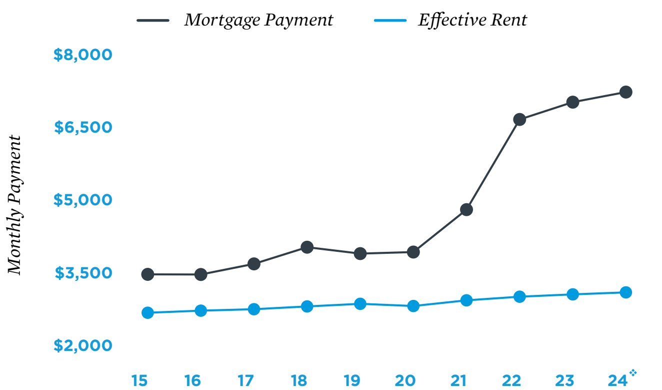
Employment growth fuels transit-oriented rental demand. Following a surge in office space leasing at the end of 2024, hiring among the metro's traditionally office-using firms is climbing. Expansions by major employers such as Apple and Amazon underscore this trend, with new high-paying roles at these companies attracting residents and bolstering local demand for market-rate apartments. While metrowide inventory growth is forecast to remain under 1 percent this year, nearly half of the new supply will be concentrated in Brooklyn, potentially leading to some localized supply pressure. Demand here is expected to remain strong, however, as lower living costs than in Manhattan, new job opportunities and extensive transit infrastructure have fueled the metro's fastest-growing renter base. Meanwhile, supply pressure is easing in the Bronx despite a vacancy rate near 1 percent. Vacancy is also under the 2 percent threshold in Queens, whose 2025 delivery slate falls below that of Brooklyn and Manhattan. Moreover, new traffic congestion laws that took effect at the onset of this year could heighten demand near major transit hubs and within the toll zone as renters seek to mitigate rising commuting costs.

Legislation across classes influencing investment strategies. Rent-regulated assets are facing ongoing hurdles due to high interest rates and inflation, with upcoming policies like the FARE Act and background check restrictions potentially adding challenges. This may allow some buyers to acquire lower-priced assets that offer tight vacancy, aided by higher caps on recoverable expenses. Realigning buyer and seller expectations also helped these assets trade at cap rates above 6 percent last year, sometimes approaching 8 percent, in areas like Lower and Upper Manhattan, which may further aid deal flow this year. Investors seeking market-rate units will have to grapple with the April 2024 "Good Cause Eviction" law, which limits tenant evictions and effectively caps rent increases to the lower end of 10 percent or 5 percent plus CPI inflation. Exemptions for properties built after 2009 or with rents 245 percent above fair market value are likely to boost demand for newer assets. Some investors may also partner with developers to leverage the anticipated rise in construction resulting from zoning reforms under the City of Yes plan, which received initial approval in late 2024, along with the codification of the 485-x tax incentive.

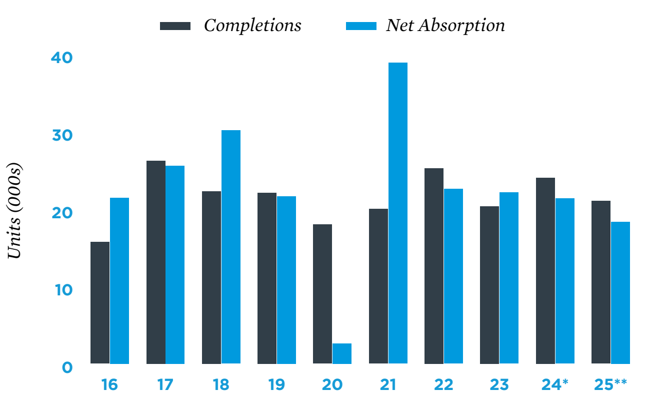
Employment Trends



Housing Affordability Gap



Supply and Demand



23.1%
2024 share of local population between 20 and 34 years old

37.4%
of local population hold bachelor's degree or higher ⌘

$941,900
2024 median home price✣

* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

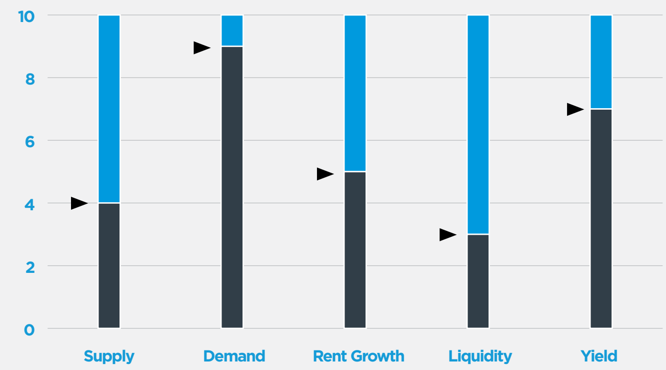
Investment Outlook

Consistently reporting the lowest vacancy rate in the country, New York City records a demand score of 9 in the 2025 Index. While the market will have the fourth-largest number of deliveries this year, they will represent only a modest increase to existing inventory, producing a supply score of 4.

While New York City's liquidity rating holds at 3 this year, which is among the lower scores observed by major metros in 2025, a higher yield metric of 7 may entice more transactions going forward.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 15

Employment
50,000 *jobs*
Metro 1.0% *U.S.* 1.1%

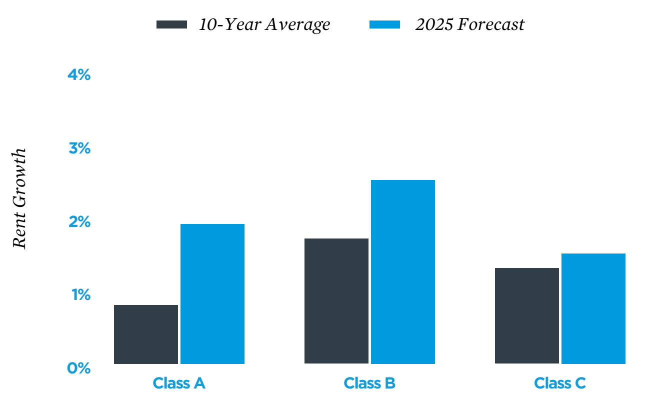
Construction
% of inventory❖
Metro 0.9% *U.S.* 2.1%

Class A Vacancy
Up 10 bps
Metro 5.6% *U.S.* 6.1%

Class A Rent
$4,945 *per month*
Metro 1.9% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

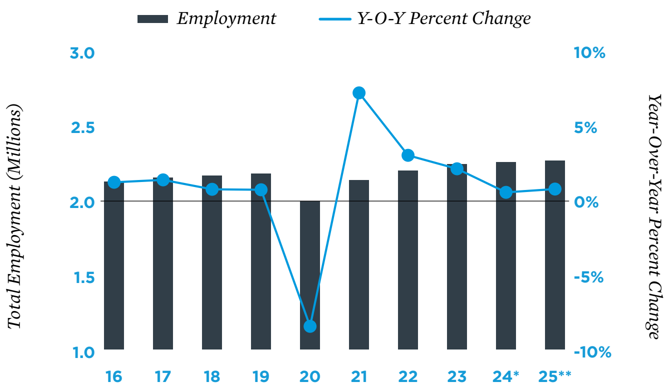
NORTHERN NEW JERSEY

Supply-Demand Balance Surfacing Amid Anticipated Delivery Pullback

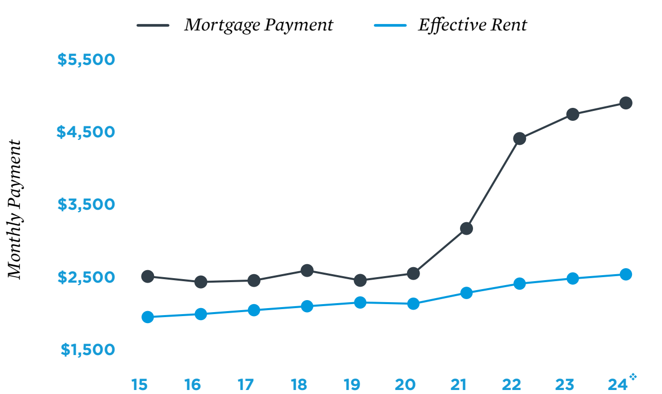
Property performance improves as white-collar woes ease. Apartment openings in 2025 will drop below 10,000 units for the first time in six years, ending Northern New Jersey's eight-year reign as the most active major Northeast market by inventory growth rate. Developers appear to be responding to a slowdown in local population expansion that will extend through this year. Still, tailwinds for apartment demand are present. Approximately one-third of this year's job gains are projected to stem from traditionally office-using employers, which should aid leasing at newly built apartment complexes. Additionally, areas close to New York City via public transit may attract renters looking for lower monthly payments and no car congestion fee. Hiring in the transportation, trade and utilities segment, meanwhile, will continue to support renter demand for lower-tier apartments across the market. Class C vacancy has held below 3 percent for four consecutive years, with the sector poised to remain tight over the near term. This trend may also create some spillover demand for Class B units.

Favorable entry costs support competitive investment landscape. Hudson County should continue to be the front-runner for trades across the metro, with transactions likely weighted toward Jersey City, given proximity to major business hubs. About one-third of all trades that closed in the $10 million-plus tranche over the last two years took place here. Passaic County, however, did see outsized activity in 2024 relative to its share of inventory. Institutional investors interested in this submarket may be attracted to assets in and around Little Italy, where a large number of Class B and C properties with 100-plus units exist. Buyers may respond to the submarket's scant Class B and C vacancy rates, which are the lowest among metro submarkets and imply above-average rent growth potential. As a whole, Northern New Jersey has distinguished itself to buyers across the nation with its long run of moderate vacancy measures, as rates have remained around 5 percent for the past 25 years. These recordings also usually come in below the U.S. rate. Additionally, entry costs for luxury apartments here over the last two years were nearly half that of New York City.

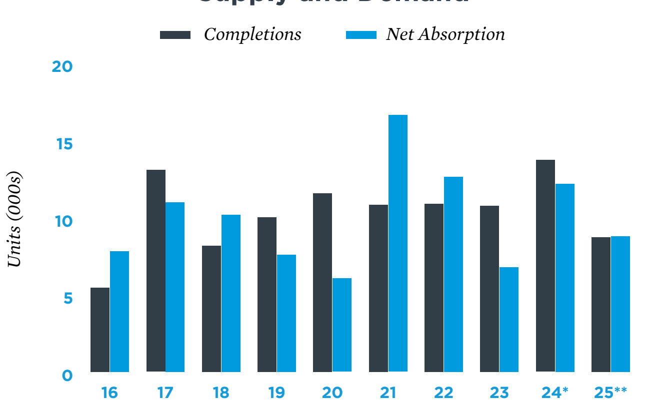
Employment Trends



Housing Affordability Gap



Supply and Demand



20.1%
2024 share of local population between 20 and 34 years old

41.1%
of local population hold bachelor's degree or higher ⌘

$588,200
2024 median home price✣

* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

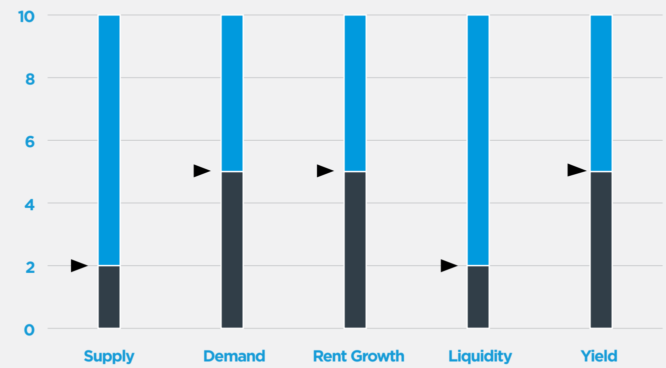
Investment Outlook

Northern New Jersey's demand and rent growth KPI values of 5 represent a market in relative balance with other major metros and its own history. One challenge remains: the low supply rating of 2. The pace of openings is slowing from last year, however, indicating that new supply pressure is now on a downward trend.

A yield score of 5, below several other major metros, adds a hurdle to sales activity, reflected in the market's liquidity rating of 2. Nevertheless, advancing effective rents and tighter vacancy amid established renter demand drivers may draw investor attention.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 21

Employment
15,000 *jobs*
Metro 0.7% *U.S.* 1.1%

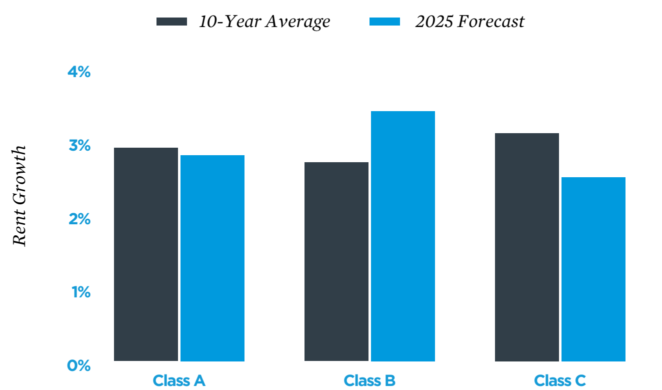
Construction
% of inventory❖
Metro 1.9% *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 7.2% *U.S.* 6.1%

Class A Rent
$3,495 *per month*
Metro 2.8% *U.S.* 2.8%

Vacancy by Class

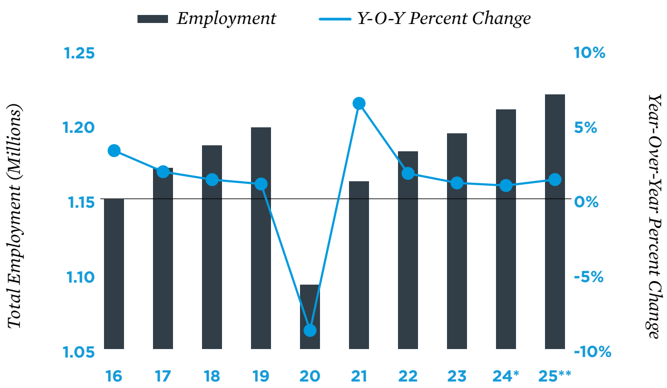
Rent Growth by Class



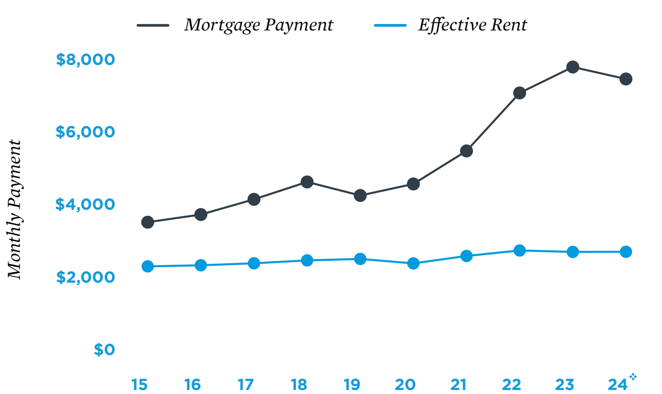
** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

OAKLAND

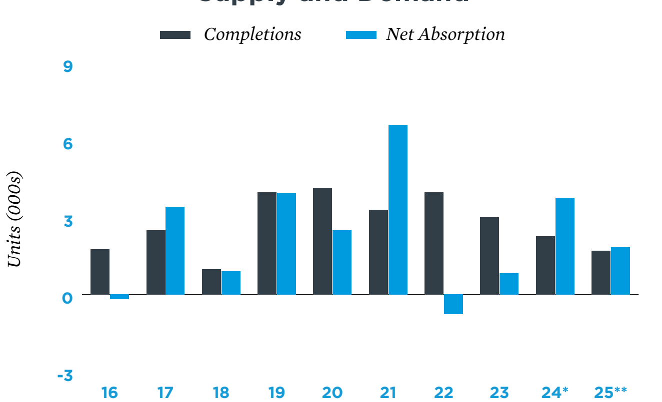
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Fewer Arrivals Aid Upper-Tier Fundamentals, Drawing Investor Interest

Oakland hits an inflection point with tightening vacancy. Leading the Bay Area in post-pandemic workforce recovery, the metro experienced an uptick in renter demand in 2024, with favorable conditions expected to carry over into 2025. Demand was widespread last year — seven of the nine submarkets reported declining vacancy as metrowide net absorption reached its highest level since 2021. With 2025 development focused in Fremont and the Oakland-Berkeley area, 2024's vacancy tightening trend should continue this year. Oakland-Berkeley's inventory has grown over 15 percent since 2018 — the highest among submarkets — but mild development beyond 2025 should allow for gradual absorption and rent stabilization. Class A vacancy remains lower than Class B or C here, suggesting new luxury supply is being well-absorbed. Elsewhere, Class B assets see the tightest vacancy, especially in the Fremont, Concord-Martinez and San Ramon-Dublin areas. Here, the notable rent gap between Class A and B units underscores demand for mid-tier options from those priced out of luxury rentals.

Strong upper-tier apartment performance attracts attention. Higher-end assets are positioned to see heightened interest from institutional investors, particularly in areas near Fremont and Pleasanton. Last year, investors from outside the Bay Area were more active in acquiring institutional grade product in these areas, potentially driven by declining local Class A and B vacancy through this period. Pleasanton, in particular, may draw greater investor interest, as minimal new supply expected here poises the submarket for further compression. Despite anticipating a large 2025 delivery slate, Berkeley and the city of Oakland may also see greater attention for newer units. An October 2024 ridership report suggests a growing weekday commuter base in the area as more companies enforce an in-person work model. This submarket also saw the greatest 2024 net absorption among submarkets at over 1,200 units, more than double the runner-up, while noting a drop in Class A and B vacancy. This dynamic may have driven the recent uptick in higher-end transactions in the stretch from Downtown Berkeley to the Marina and Downtown Oakland. Meanwhile, investors interested in larger Class C complexes may look to the San Ramon-Dublin area. Class C vacancy here has stayed consistently under 3 percent since 2020, supporting the second-highest mean rent among submarkets.

19.9%
2024 share of local population between 20 and 34 years old

45.3%
of local population hold bachelor's degree or higher ⌘

$1,101,600
2024 median home price✣

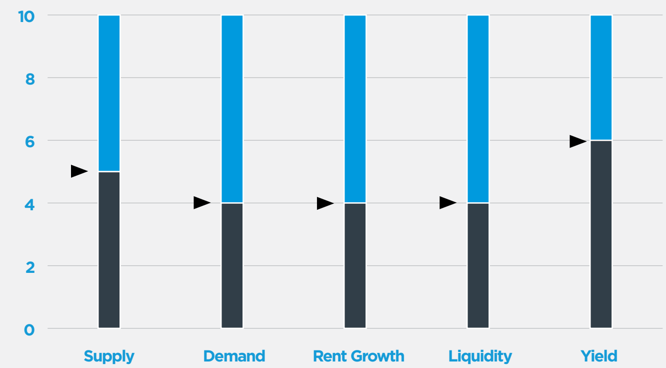
Investment Outlook

Modest inventory growth of 0.8 percent grants a supply index rating of 5, one of the most positive scores for major markets this year. While Oakland's demand and rent growth scores of 4 are also each up one level from 2024, vacancy in the metro will decrease for the second consecutive year, supporting higher effective rents.

Of the major California markets, only San Diego notes a higher liquidity value than Oakland and San Francisco at a value of 4. Contributing to that activity is a yield rating of 6 — the highest among the same group of markets.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 30

Employment
15,500 *jobs*
Metro 1.3% — *U.S.* 1.1%

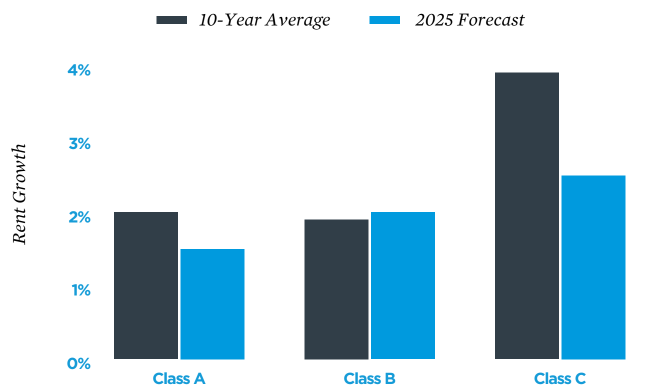
Construction
% of inventory❖
Metro 0.8% — *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 6.0% — *U.S.* 6.1%

Class A Rent
$3,246 *per month*
Metro 1.5% — *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class

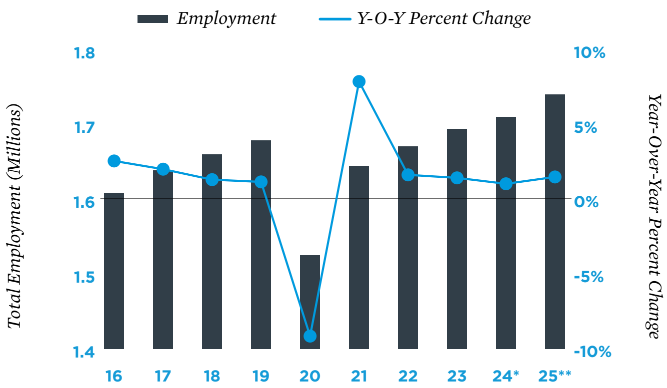


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

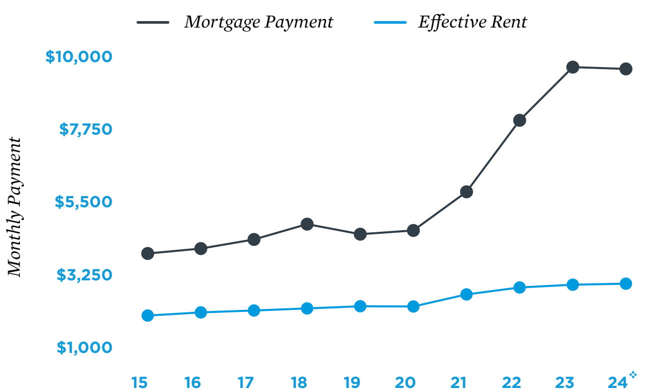
ORANGE COUNTY

Irvine Development Gains Momentum as Supply Remains Tight Across the Metro

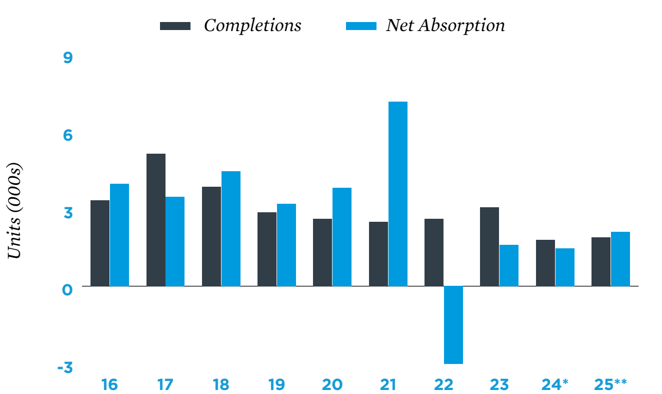
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ❖ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

White-collar job growth aids luxury rental demand. Expectations for accelerated hiring among traditionally office-using firms is poised to drive a higher pace of household formation that strengthens local rental demand for Class A and B units this year. The metro's median home price-to-income ratio, which is the highest in the nation, will also serve to benefit upper- and mid-tier apartment complexes at a time when minimal deliveries are forecasted for the market. Of the rentals slated for completion in 2025, more than 1,000 units are located within the Irvine Business Complex. Home to a large share of the metro's office-using positions, the area is well positioned to support new highly amenitized multifamily construction. The city's median household income is among the highest in the metro and local vacancy near the lowest, indicating new supply should be readily absorbed. Looking ahead, the Irvine Business Complex will likely remain the epicenter of development in Orange County after zoning changes near the end of 2024 overruled local objections and permitted up to 15,000 high-density residential units to be built here over the next two decades. This is driven by efforts to meet California's housing mandate, which requires the city to zone for over 23,000 new units by 2029.

Varied returns shape investment patterns across submarkets. Stable vacancy fostered an improvement in deal flow last year — a trend expected to continue, as the metro is well positioned to remain one of the nation's least vacant Class A and B markets. Voters' rejection of Proposition 33, which sought to allow California cities and counties to enact broader rent controls, should expand the buyer pool for local listings, potentially influencing property owners mulling a sale. Costa Mesa and Newport Beach will likely draw increased investor interest after Class A rent growth was around 5 percent last year, leading the metro. Buyers seeking lower entry costs may focus on areas with strong demand for budget-friendly housing. West Anaheim and Santa Ana are set to remain key targets, with the former posting particularly strong rent growth last year and the latter offering tight vacancy and relatively higher cap rates. Yet, Santa Ana's rent control ordinance, capping rent increases for pre-1995 properties at the lower end of 3 percent or annual CPI inflation, could temper investor enthusiasm.

20.8%
2024 share of local population between 20 and 34 years old

39.9%
of local population hold bachelor's degree or higher ⌘

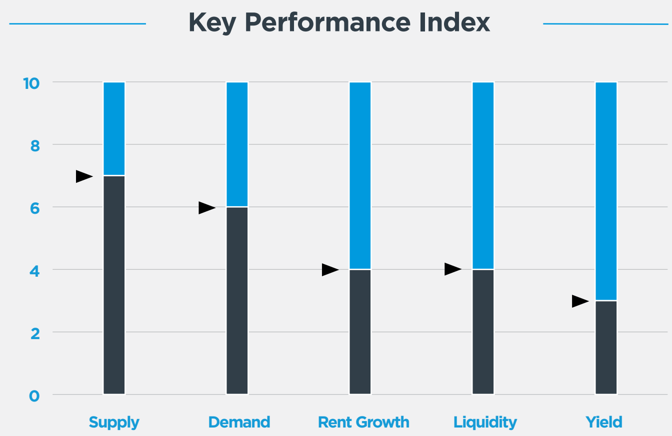
$1,427,100
2024 median home price❖

Investment Outlook

A supply score of 7, the highest of major U.S. markets, paves the way for increased renter demand to have a greater effect on operations. Vacancy falling even further below the 4 percent threshold grants Orange County a demand KPI of 6 — the best on the West Coast.

Orange County ties with Riverside-San Bernardino for reporting the second-best liquidity score in Southern California in 2025 at a value of 4. This is one level below San Diego's reading, although Orange County boasts the better yield value of 3.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.



2025 MARKET FORECAST

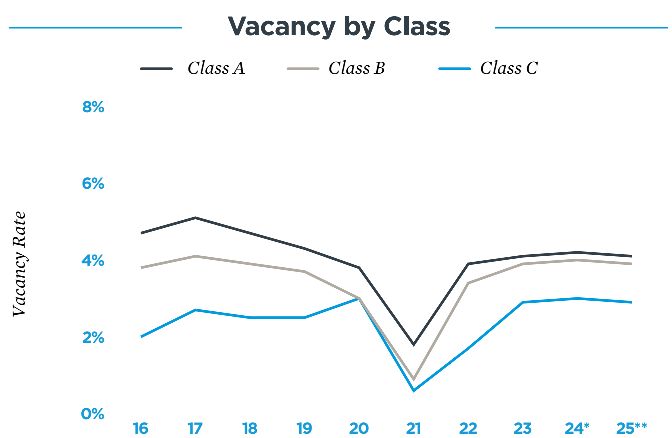
NMI Rank 6

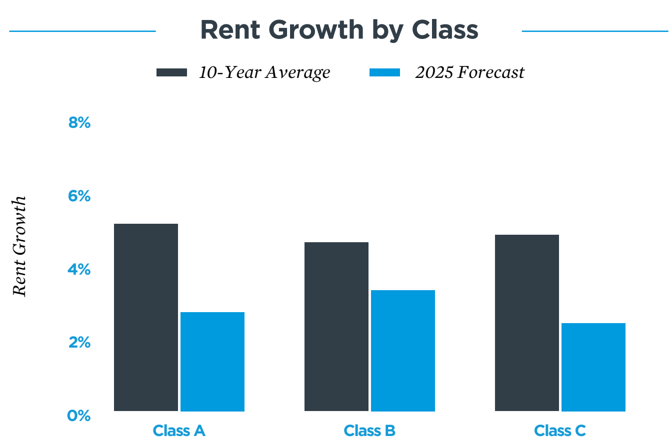
Employment
25,000 *jobs*
Metro 1.5% *U.S.* 1.1%

Construction
% of inventory❖
Metro 0.7% *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 4.0% *U.S.* 6.1%

Class A Rent
$3,360 *per month*
Metro 2.7% *U.S.* 2.8%





** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

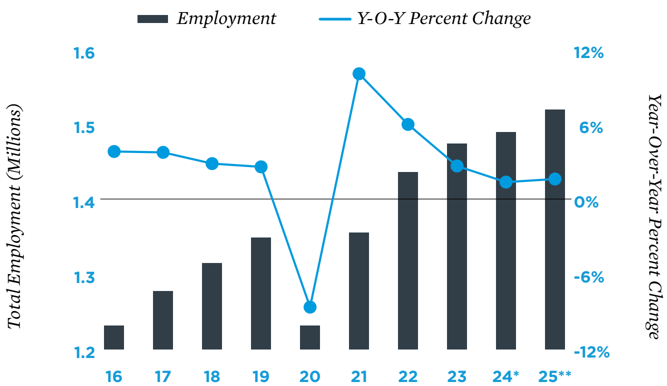
ORLANDO

Youth-Driven Rental Demand Attracts Investors as Supply Pressures Ease

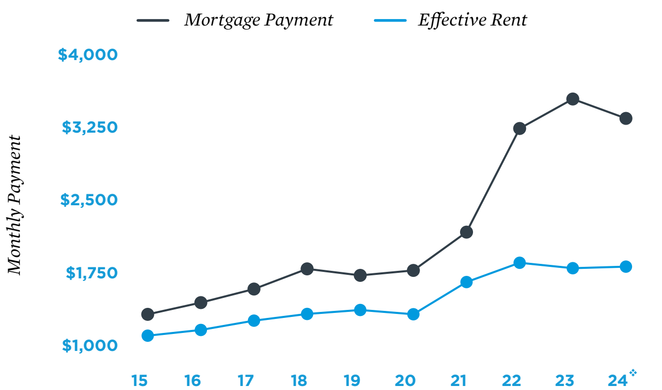
Young adults keep household formation elevated. Orlando's population swelled by nearly 80,000 people last year, fueled by young adults and wealthy retirees. This dynamic, coupled with expectations for steady job gains, is anticipated to strengthen household formation this year, particularly among young professionals who may have delayed moving out due to the pandemic and elevated inflation. With the metro projected to record the highest household formation rate in the country this year and the gap between the average mortgage payment on a median-priced home and monthly rent holding at over $1,500, housing options will be limited for many individuals. Growth in the local renter pool should help to absorb new units as deliveries are forecast to moderate, with supply pressures easing most notably in Kissimmee and Horizon West. Class A apartments are expected to experience improved fundamentals as a result, reflecting a wide-ranging renter base that will position Orlando for one of the fastest rent growths nationwide this year. At the same time, completions are shifting toward areas like Pine Hills and Oak Ridge, driven partly by more relaxed zoning laws. Elsewhere, developers in St. Cloud and Osceola County have reported local opposition to newly proposed projects, which may deter other builders from targeting these areas.

Higher returns draw buyers as market conditions tighten. After subdued investment activity last year, trading is expected to pick up as rent growth improves. Notably, Orlando's mean cap rate rose approximately 100 basis points to the high-5 percent band in 2024 — the largest increase among major Florida metros and the highest local average since 2017 — enticing investors seeking higher yields. Fast-growing suburbs like Lake Nona and Clermont are likely to remain focal points. Buyers here acquired post-2015 built assets for an average of roughly $250,000 per unit last year, with cap rates above 5 percent common. Those focused on larger Class C properties, meanwhile, found deals for under $150,000 per unit, with cap rates that could extend into the low-7 percent range. Moving forward, tight vacancy could draw buyers to neighborhoods near downtown Orlando like Clear Lake, where Class A vacancy under 5 percent was the lowest in the metro. AdventHealth's $145 million hospital expansion in Winter Park and a travel company signing the largest downtown office lease in five years may also draw buyers here.

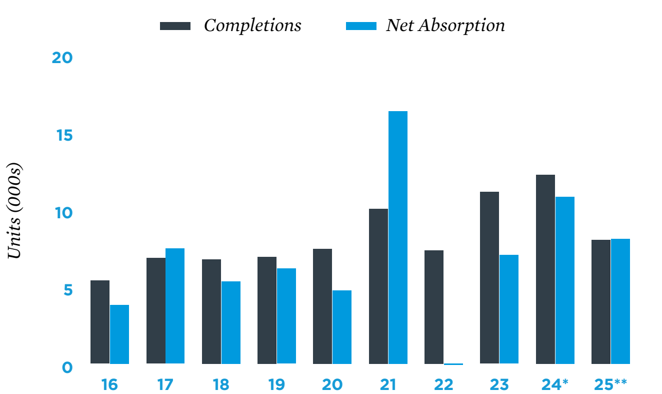
Employment Trends



Housing Affordability Gap



Supply and Demand



21.5%
2024 share of local population between 20 and 34 years old

33.0%
of local population hold bachelor's degree or higher ⌘

$447,700
2024 median home price❖

** Estimate ** Forecast ❖ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

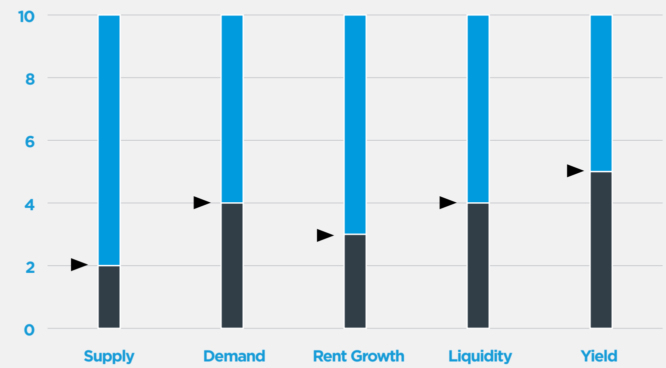
Investment Outlook

Orlando joins its in-state peers with a sub-3 supply score as population gains drive elevated apartment construction. The metro, meanwhile, reports demand and rent growth scores matching Jacksonville at 4 and 3, respectively. Nevertheless, the metro's actual vacancy and rent measures are improving year over year.

Orlando's liquidity score eases one notch on the KPI for 2025 to a measure of 4, whereas the yield metric improves by two notches to a reading of 5. This exceeds the yield value for Jacksonville while aligning with the Southeast Florida region.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 3

Employment
24,000 *jobs*
Metro 1.6% *U.S.* 1.1%

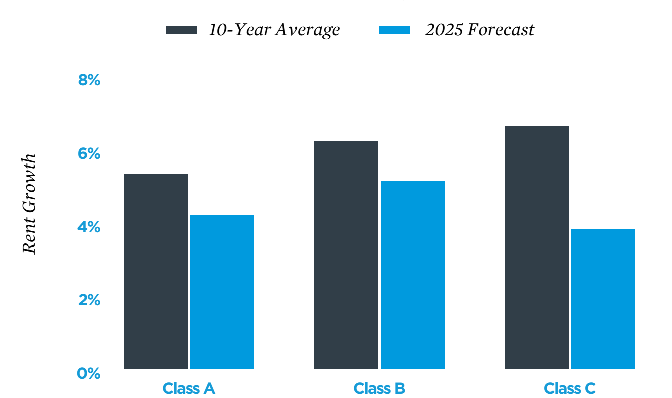
Construction
% of inventory❖
Metro 2.8% *U.S.* 2.1%

Class A Vacancy
Down 20 bps
Metro 6.4% *U.S.* 6.1%

Class A Rent
$2,116 *per month*
Metro 4.2% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class

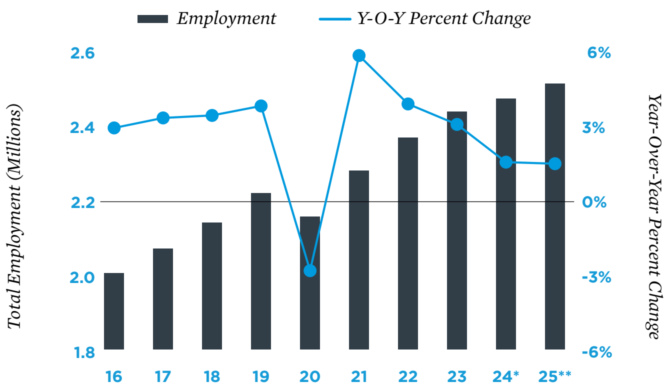


** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

PHOENIX

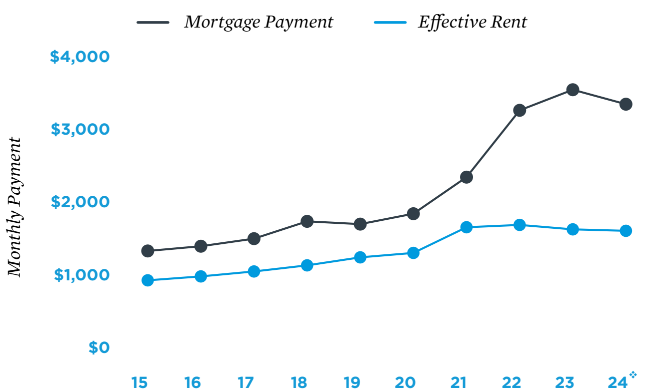
Record New Supply Met With Equivalent Demand as In-Migration Continues

Employment Trends



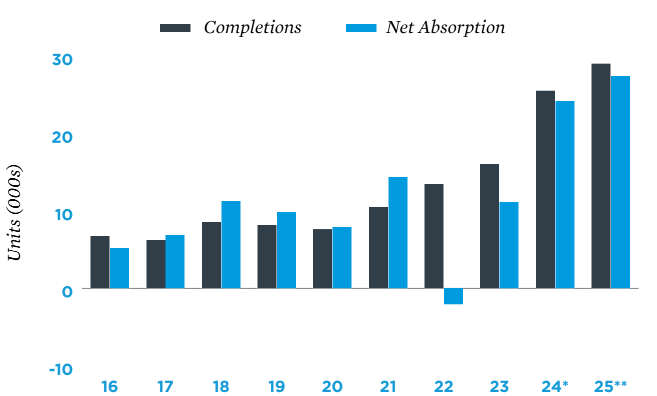
Perimeter areas seeing strong demand amid population growth. After a record 2024, net absorption will rise further this year, aided by the third-largest in-migration total among U.S. markets. This influx of residents will help keep renter demand ahead of the market's largest annual supply wave since at least before 2000. This trend is evident in the Avondale-Goodyear-West Glendale area, where net absorption largely kept pace with a local stock expansion of over 20 percent last year, warranting a notable 2025 delivery slate. With a local median age under 40, this area is popular with younger renters. The Peoria-Sun City-Surprise region, which serves an older demographic, is expected to follow a similar path. Elsewhere, vacancy rates should tighten in areas with fewer arrivals, such as East and Central Phoenix, appealable to renters for their proximity to the CBD and Arizona State University campuses. To the east, apartment demand is rising in Chandler, Gilbert and Northwest Mesa, with the three areas entering 2025 with the market's lowest vacancy rates.

Housing Affordability Gap



City developments and population expansions drive investment. Non-local institutional investors are likely to target the urban core, East Valley and Deer Valley, driven by strong property fundamentals indicating near-term market stabilization. Projects like Hayden's $70 million data center and Comtech's headquarters relocation to Chandler could also appeal to investors seeking multifamily assets proximate to areas of localized economic growth. Last year, the East Valley-to-Central Phoenix corridor accounted for over 40 percent of the metro's $15 million-plus transactions, which mainly involved Class A assets. However, under a larger 2025 delivery slate, buyers may gravitate to Class C assets that are insulated from this supply influx. Roughly 50 percent of Class C deals over $10 million in 2024 transacted in the stretch from the Phoenix Mountains Preserve down to Tempe. South Scottsdale, a highly amenitized area where tightened vacancy was paired with a year-over-year rent increase as of September 2024, may see greater 2025 sales activity. High-growth residential regions such as the Southwest Valley should also draw focus. Class B sales activity here picked up near West Gate and along Interstate 10 west of Tolleson, with new developments such as the VAI resort likely drawing investor interest. As the labor market expands, investor demand is set to strengthen in peripheral Phoenix markets, where residential expansion is accelerating.

Supply and Demand



21.3%

2024 share of local population between 20 and 34 years old

31.9%

of local population hold bachelor's degree or higher ⌘

$475,300

2024 median home price✣

** Estimate ** Forecast ✣ Through 3Q*

⌘2024: 25+ years old

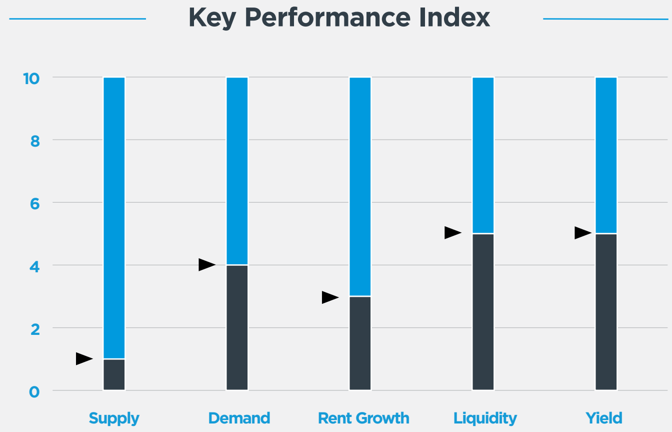
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

The development pipeline in Phoenix is one of the largest in the country, with completions increasing from the year before. These deliveries not only produce a supply score of 1 but also contribute to a historically elevated vacancy rate and below-average rent growth, producing sub-5 KPIs in both related categories.

Despite short-term supply-driven pressures on property operations, favorable demographics, such as the third-largest net in-migration wave of any market nationally, support investment activity. Both liquidity and yield KPIs come out to 5 this year.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.



2025 MARKET FORECAST

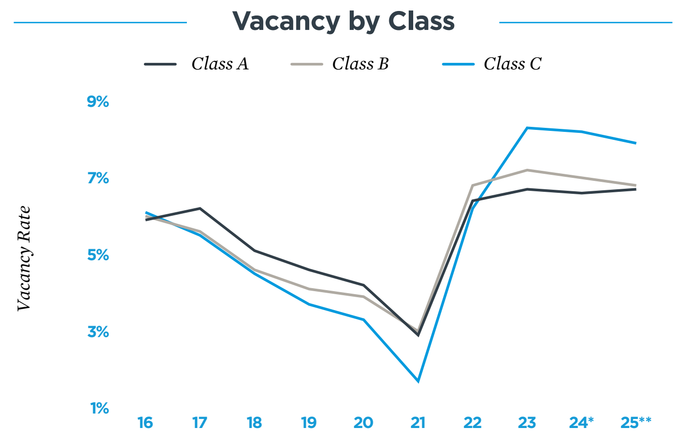
NMI Rank 8

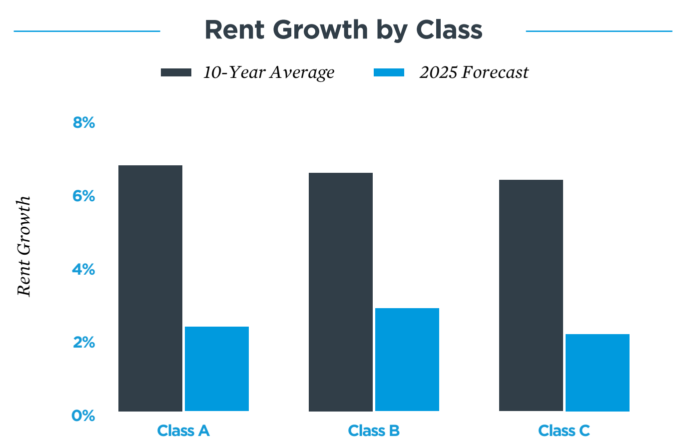
Employment
35,000
jobs
	Metro	U.S.
Employment	1.4%	1.1%

Construction
% of inventory❖
	Metro	U.S.
Construction	6.8%	2.1%

Class A Vacancy
Up 10 bps
	Metro	U.S.
Class A Vacancy	6.6%	6.1%

Class A Rent
$1,897
per month
	Metro	U.S.
Class A Rent	2.3%	2.8%





** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

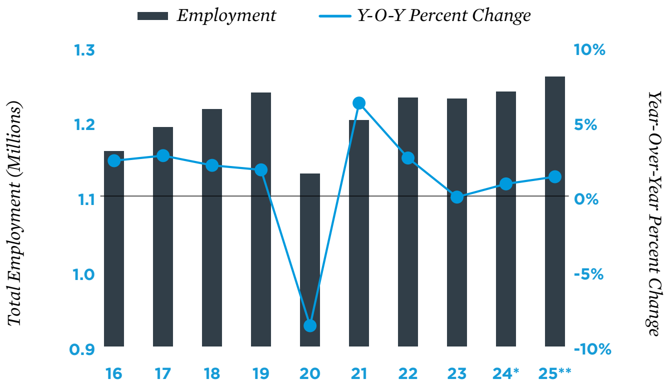
PORTLAND

Portland's Multifamily Sector Rounds Corner, Builds Momentum in 2025

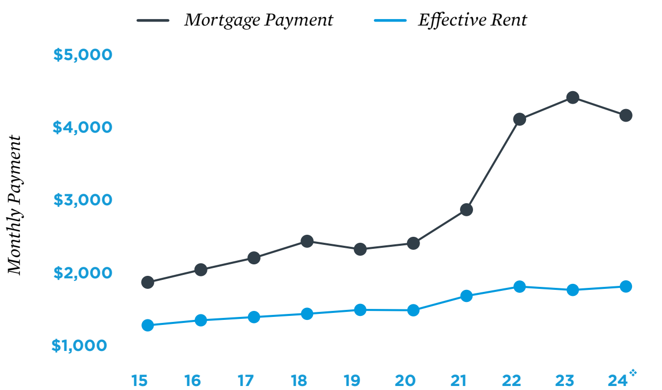
Rising population coincides with construction slowdown. After two years of increasing vacancy, Portland's multifamily market changed course in 2024, setting the stage for further vacancy compression and moderate rent growth. Though hiring was soft last year, the demographic fundamentals driving apartment demand remain solid. Both Portland's population and household growth rates are projected to surpass the national average this year, while net in-migration will exceed the market's 2014–2019 average. This underpins demand for rental housing at a time when metrowide inventory expansion is expected to slow to 1.7 percent this year — 60 basis points below the 2014-2019 mean. New supply will be outpaced by demand as a result, positioning 2025 to build on last year's gains, particularly in regard to Class A and B performance. The upper-tier sector is likely to lead this year in vacancy contraction after Class A rates fell last year. Positive job creation will be key for these trends.

Sales activity for larger deals improving. The number of $15 million-plus transactions closed in Portland last year reached a total comparable to recordings from 2018 and 2019. Vancouver has been the top submarket for these trades over the past two years. While the submarket saw a ramp up in construction starting in 2023, its Class A vacancy rate has contracted in the time since. Renter demand in the area is encouraged by features such as the lack of a state income tax for those living and working on the Washington side of the metro. Broadly, sales in the $15-million-plus price range last year consistently involved Class A and B complexes trading $20,000 to $40,000 above the market's average price per unit. The suburbs west of Portland proper saw a cluster of Class B sales in the area around Highway 26, north of Aloha. These were mostly garden-style properties built between 1980 and 2000. Several of the cities here might receive more attention this year for their recently improving performance metrics in the mid- and upper-tier property segments. Hillsboro and East Beaverton, in particular, each noted among the lowest vacancy rates for luxury apartments in Greater Portland as 2024 came to a close.

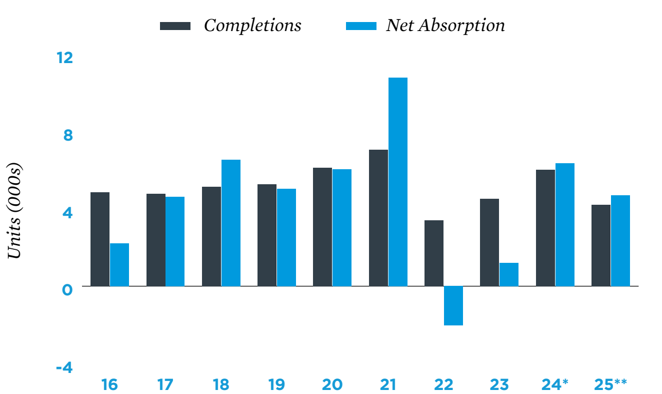
Employment Trends



Housing Affordability Gap



Supply and Demand



21.1%
2024 share of local population between 20 and 34 years old

38.6%
of local population hold bachelor's degree or higher ⌘

$596,600
2024 median home price ✣

** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

By the end of 2025, more apartments will have been absorbed on net in Portland over the last two years than in the prior three. Declining vacancy and higher monthly payments will manifest as a result. Portland's demand KPI of 4 is consistent with 2024's reading, while the metro's rent growth measure improves to a 4 as well.

Though Portland's yield score of 5 is below that of some other markets, it is on par or above that of any other West Coast metro, with the exception of Oakland. Portland notes a comparatively stronger liquidity value, however, of 5.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index

2025 MARKET FORECAST

NMI Rank 19

Employment
16,000 *jobs*
Metro 1.3% *U.S.* 1.1%

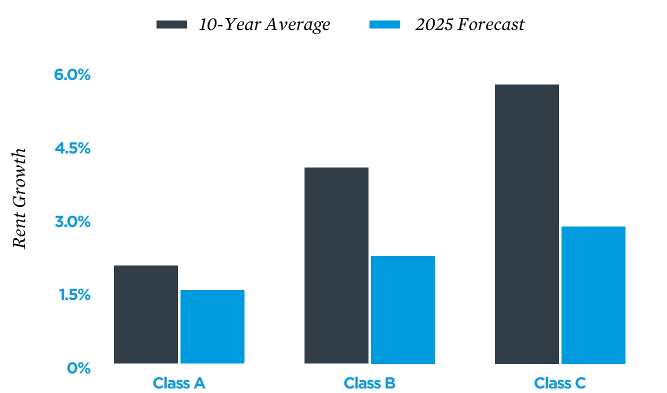
Construction
% of inventory❖
Metro 1.7% *U.S.* 2.1%

Class A Vacancy
Down 50 bps
Metro 7.2% *U.S.* 6.1%

Class A Rent
$1,919 *per month*
Metro 1.5% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



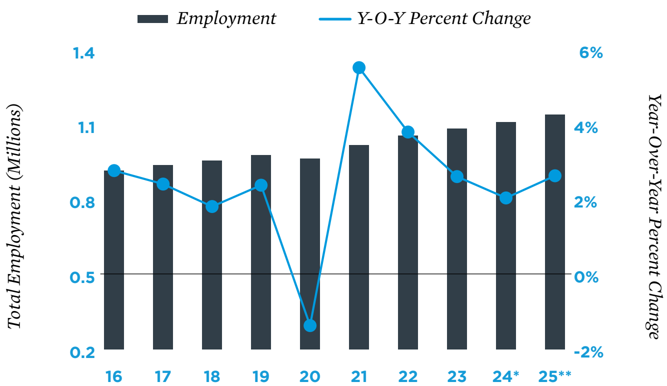
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

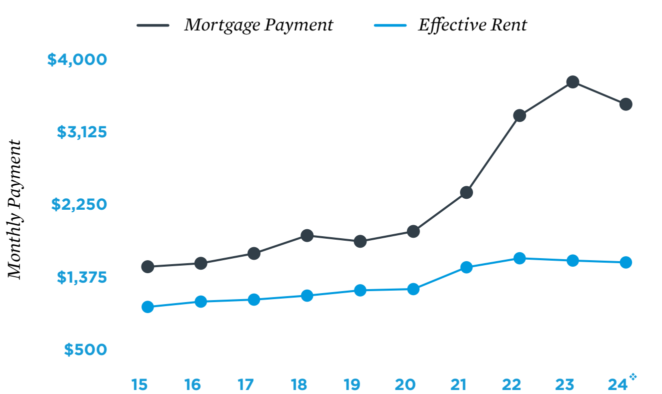
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

RALEIGH

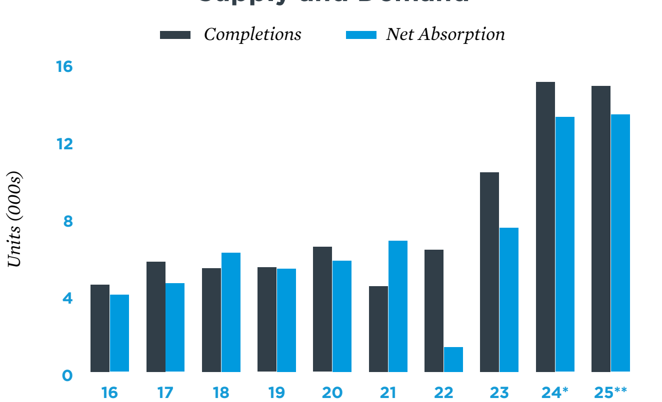
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Thriving Tech Center Aids High-Income Job Growth and Warrants Supply Wave

Highly educated renter base brightens outlook. Raleigh's vacancy rate was near 7 percent at the onset of 2025 — the highest level since 2009 — due to elevated supply over the last two years. With another large completion slate scheduled for 2025, the market will be further tested. Balancing this influx, however, is solid demand. Net absorption is expected to set an annual record this year. Standout leasing will be driven by the metro's highly skilled workforce, as approximately 45 percent of the population held a bachelor's degree as of 2024. Raleigh's Research Triangle Park will continue to attract both white-collar professionals and large businesses. As the area's roster of tenants continues to grow, the limited land available for proximate residential development may drive long-term expansion within neighboring submarkets such as South and East Durham, as well as Northwest Raleigh. A limited 2025 pipeline in these three submarkets, with a combined 1,500 new units, should aid fundamentals at existing properties amid localized population growth. Elsewhere, significant office development in the North Hills of Northeast Raleigh will be accompanied by nearly 1,600 new apartment units in 2025.

Buyers key in on growing suburbs, yet CBD maintains appeal. Investors remained active in Raleigh and Durham's downtown areas last year despite a drop-off in transaction volume across the board. Over the last two years, the two CBDs have succeeded in attracting buyers from across the country, pulling from at least nine different states, while also gaining appeal internationally. Commitments from highly esteemed employers expanding in Raleigh endorses the metro's long-term outlook and may further draw affluent investors. Outside of the urban centers, South Durham deal flow held relatively firm amid the elevated interest rate environment of the past few years thanks to the area's proximity to the Research Triangle Park. As that section of the metro continues to draw notable companies, investors' desire for nearby properties may grow in tandem. Luxury apartment clusters closer to Raleigh will enter 2025 with better metrics than their Durham counterparts. Class A vacancy rates in both the Central Raleigh and North Cary-Morrisville submarkets were in the low- to mid-7 percent band at the end of 2024, slightly below the metrowide average.

20.6%

2024 share of local population between 20 and 34 years old

47.1%

of local population hold bachelor's degree or higher ⌘

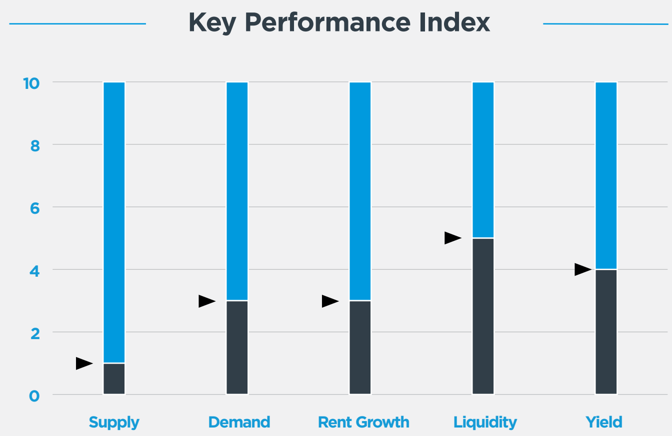
$465,300

2024 median home price✣

Investment Outlook

As with other high in-migration markets that saw apartment vacancy drastically fall in 2021, the Raleigh metro is currently experiencing elevated construction activity, leading to a supply reading of 1. Amid this short-term pressure, the market's demand and rent growth readings both come in at 3 for the year.

Raleigh's liquidity value of 5 puts it in the top half of major markets in this year's KPI, reflecting investors' positive long-term view. A yield value of 4 is among the lower scores for this group of markets.



Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

2025 MARKET FORECAST

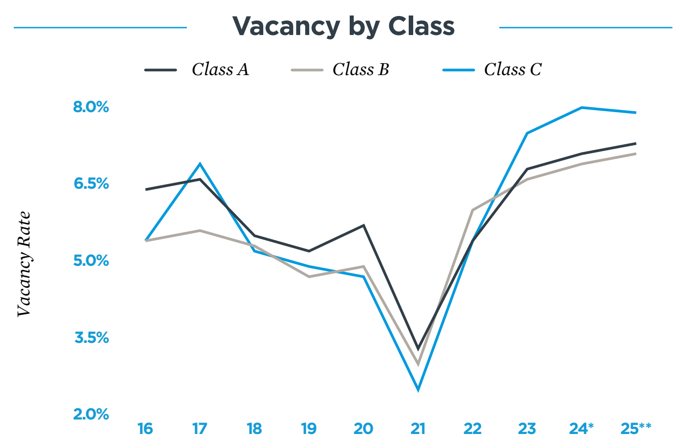
NMI Rank 11

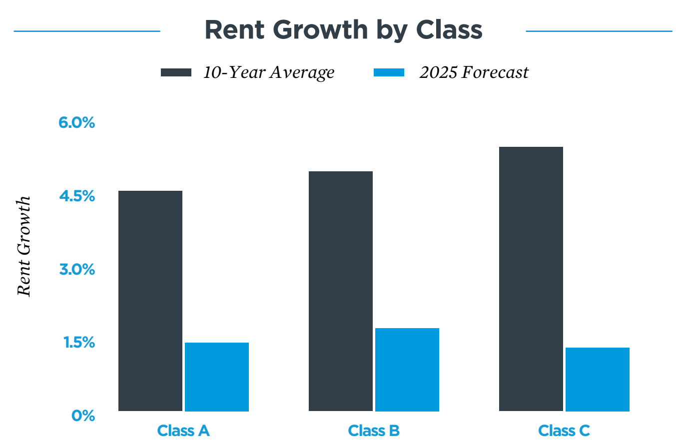
Employment
29,000 *jobs*
Metro 2.6% *U.S.* 1.1%

Construction
% of inventory❖
Metro 7.2% *U.S.* 2.1%

Class A Vacancy
Up 20 bps
Metro 7.2% *U.S.* 6.1%

Class A Rent
$1,876 *per month*
Metro 1.4% *U.S.* 2.8%

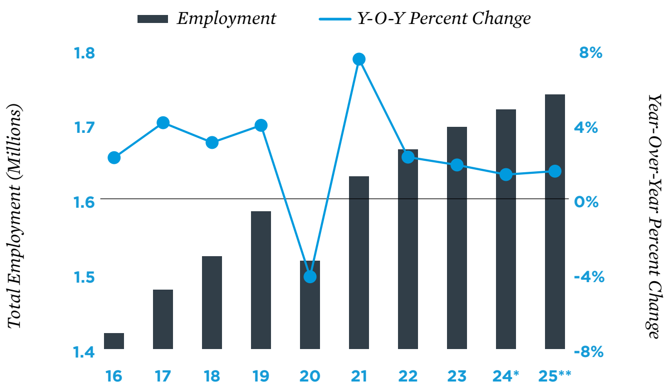




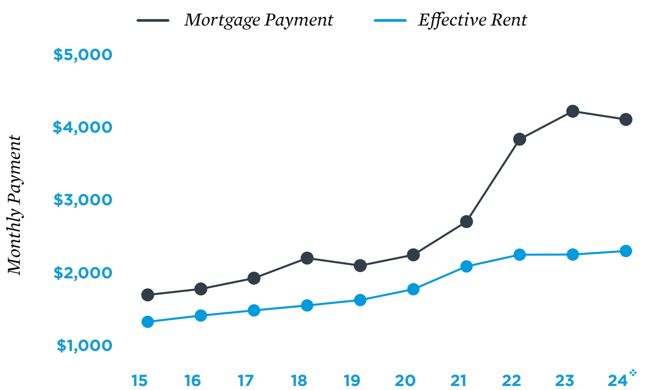
** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

RIVERSIDE-SAN BERNARDINO

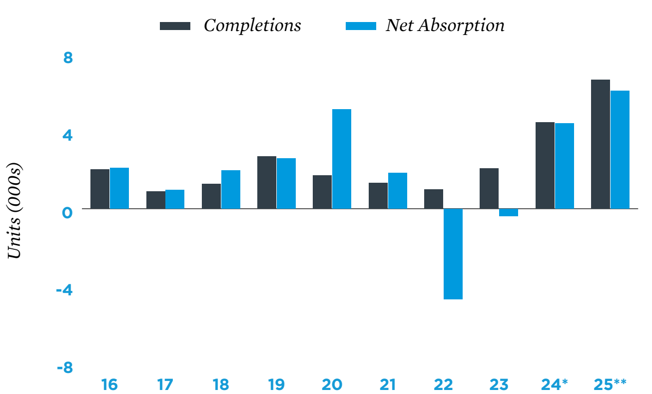
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Regional Affordability Drives Absorption; Buyers Look to Areas Near Major Highways

Living costs and focused deliveries aid select submarkets. Entering 2025, the average effective rent in the Inland Empire accounted for less than one-third of the region's monthly median household income, directing demand for local apartments. This dynamic is evident with low vacancy across many submarkets, including Corona and Riverside proper, which rank as two of the least vacant areas in the metro. A historically scant pipeline, in particular, supports Corona's Class A outlook. In contrast, Riverside may record some upward vacancy pressure in its luxury sector, as local delivery volume is slated to lift year over year. Similar to Riverside, the Temecula-Murrieta and Hemet-Perris-Lake Elsinore submarkets are bracing for a rise in completions, with as many as 2,850 units added across the two areas during 2025. This shift may translate into a near-term rise in both submarkets' vacancy rates despite expectations for strong net in-migration. The Ontario-Chino area, which faced a similar dynamic last year, is poised to see further vacancy compression under a notable downshift in 2025 deliveries.

Areas proximate to major interstates prove appealing. Buyers have been increasingly focused on Riverside and Corona over the past two years with a preference for assets near Highway 91, which serves as the area's primary connector to Anaheim and other parts of Orange County. This trend may continue in 2025, as the two submarkets exhibited two of the metro's lowest Class B and C vacancy rates at the onset of this year. As such, institutional investors seeking capital deployments above $15 million may pursue mid- and lower-tier listings here that feature upward of 100 units, with opportunities to acquire Class A product being historically limited. Buyers targeting larger Class C complexes with value-add potential may also compete for assets in Riverside proper, where segment vacancy compressed significantly last year to a rate well below the local long-term average of 3.2 percent. Elsewhere, submarkets with a large warehouse and transportation sector presence may attract more investors in the future, following the passage of Assembly Bill 98 last year. Officially effective in 2026, this policy will tighten building standards for new warehouses and restrict diesel truck routes through residential neighborhoods, potentially improving the quality of life for certain neighborhoods in areas including Ontario, Moreno Valley and Fontana.

21.6%
2024 share of local population between 20 and 34 years old

22.1%
of local population hold bachelor's degree or higher ⌘

$600,600
2024 median home price✣

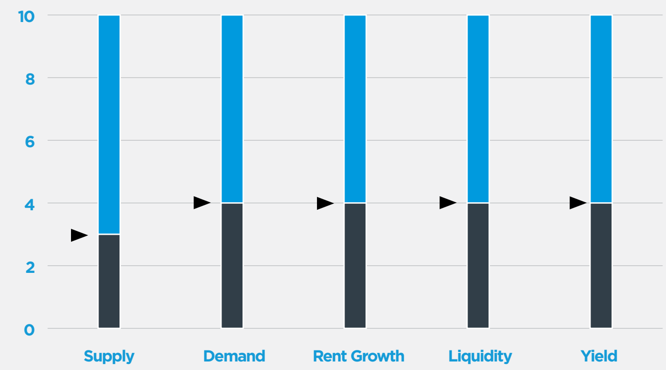
Investment Outlook

The strongest net in-migration expectations in California — about four times that of the next closest market in the state — is balanced out by the most intense development pressure in the region. This results in a supply score of 3, along with demand and rent gain values of 4. The former rating is an improvement from 2024.

Riverside-San Bernardino's liquidity rating of 4 exceeds that of nearby Los Angeles, where legislative hurdles such as Measure ULA continue to impact investment decisions. The Inland Empire's yield rating advances from last year's recording, also reaching 4.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 29

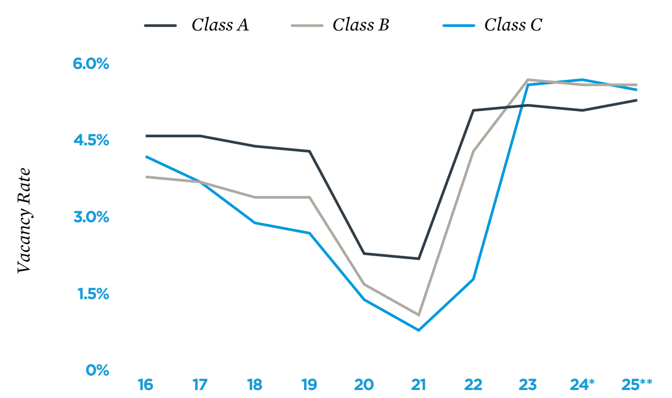
Employment
25,400 *jobs*
Metro 1.5% *U.S.* 1.1%

Construction
% of inventory❖
Metro 3.3% *U.S.* 2.1%

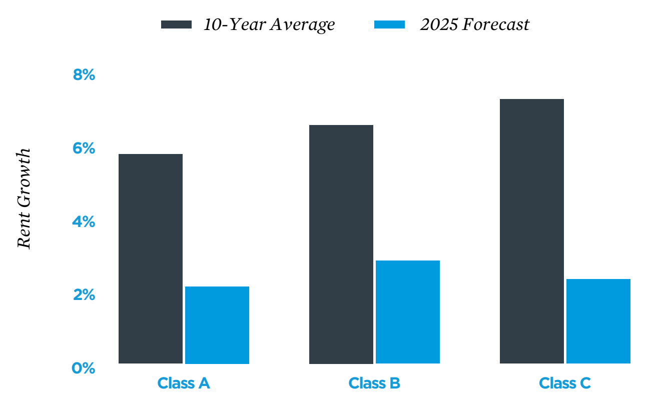
Class A Vacancy
Up 20 bps
Metro 5.2% *U.S.* 6.1%

Class A Rent
$2,587 *per month*
Metro 2.1% *U.S.* 2.8%

Vacancy by Class



Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

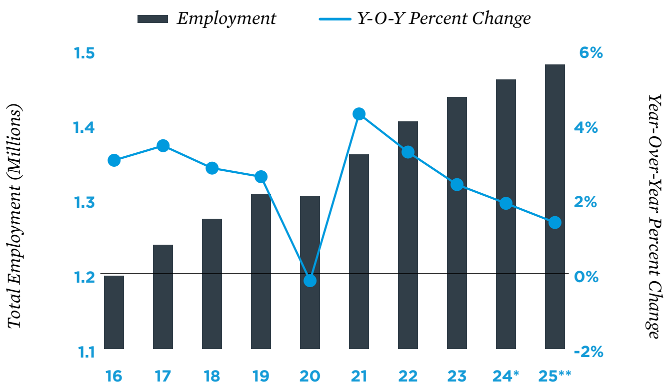
SALT LAKE CITY

Record Job Count and Major Investments Strengthen Salt Lake City's Rental Market

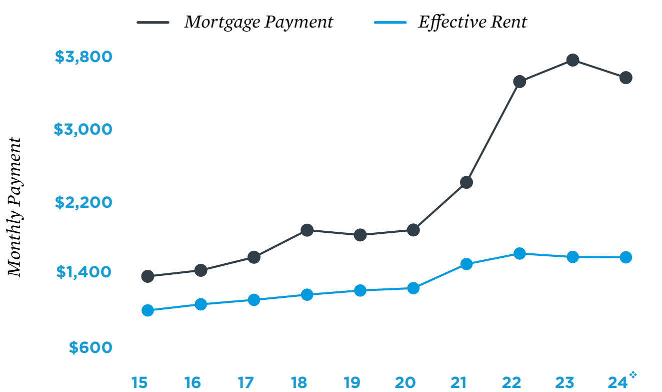
Strong renter demand continues amid easing construction. Salt Lake City will again see above-average net rental absorption in 2025, fueled by an over 2 percent increase in its 20- to 34-year-old population — the fastest among major metros west of Texas. Renters seeking a live-work-play lifestyle are driving leasing activity, particularly employees from Lehi's burgeoning tech industry. With metrowide Class A rents averaging more than 20 percent below the U.S. mean, luxury rentals are more accessible, boosting demand and intensifying competition among new developments. Roughly 5,500 units are scheduled to finalize in 2025, concentrated in areas including Downtown Salt Lake City-University, South Salt Lake-Murray and West Valley City-Airport Area. The pace of deliveries, however, continues to moderate from the 2023 peak. Although the supply wave pressured occupancy and increased concessions in late 2024, job creation supports improved property performance, boosted by a new urban hospital and the arrival of an NHL team. By late 2025, strong demographic growth and high single-family home costs are expected to set rents and vacancy on dual paths to improvement.

Favorable conditions revitalize investment prospects in 2025. With renter demand projected to exceed supply for a second-straight year and modestly lower borrowing costs available to investors, Salt Lake City is poised for increased trading activity in 2025. Average pricing per unit, which fell to its lowest point in three years during 2024, should attract active buyers. Transaction velocity gained momentum, particularly at price points above $20 million, signaling a willingness among REITs and syndicates to target stabilized, larger-scale assets. Much of this recent activity involved properties that demonstrated resilience amid the construction boom. Deals involving newer Class A buildings typically commanded pricing above $320,000 per unit, while established Class B communities — often 1980s- or 1990s-vintage — traded between $180,000 to $225,000 per unit. Select larger Class C assets with over 100 units have also garnered interest from institutional buyers seeking to achieve scale in proven submarkets. As liquidity improves and strong employment and population trends persist, institutions are poised to pursue more local acquisitions in 2025.

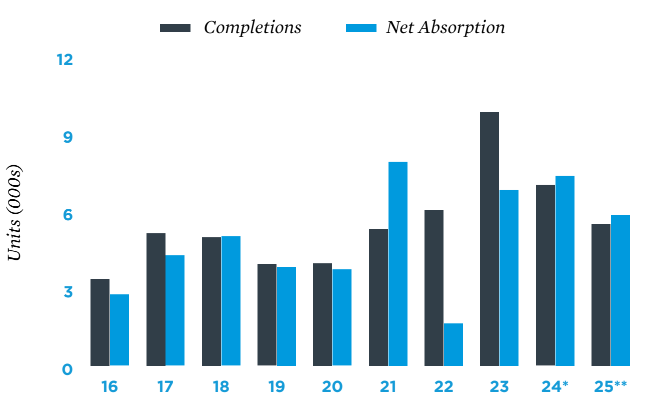
Employment Trends



Housing Affordability Gap



Supply and Demand



25.3%
2024 share of local population between 20 and 34 years old

36.7%
of local population hold bachelor's degree or higher ⌘

$535,400
2024 median home price✣

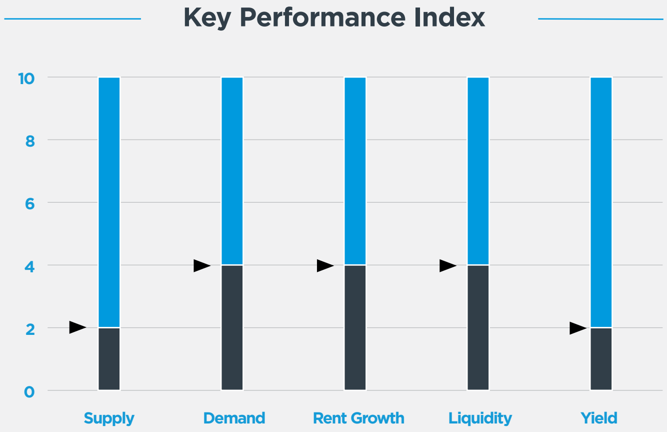
** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

With a consistent supply KPI score of 2, existing Salt Lake City apartments continue to experience pressure from recent deliveries. Yet, the market's demand index value still improves to a 4 this year. The metro joins other markets in recording greater rent gains in 2025, translating into a steady rent growth KPI value of 4 as well.

Salt Lake City is one of 16 other major markets to record net absorption for each year since 2019, while also noting the fifth-fastest pace of job growth in the same span. These favorable factors contribute to a low yield rating of 2.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.



2025 MARKET FORECAST

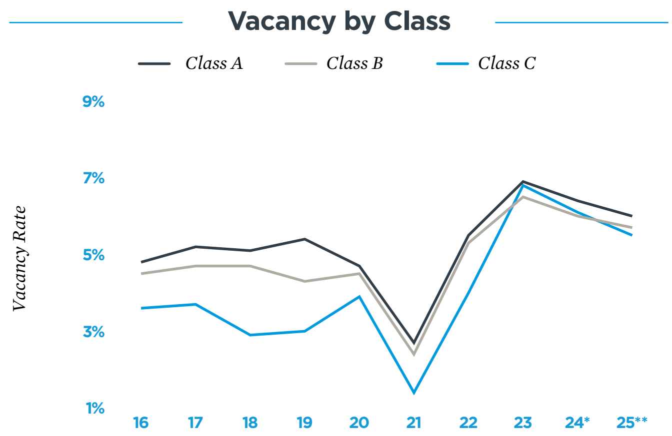
NMI Rank 5

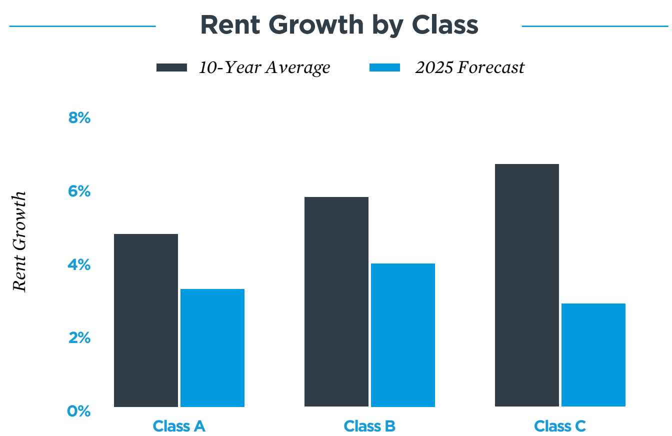
Employment
20,000
jobs
Metro 1.4% *U.S.* 1.1%

Construction
% of inventory❖
Metro 3.4% *U.S.* 2.1%

Class A Vacancy
Down 40 bps
Metro 5.9% *U.S.* 6.1%

Class A Rent
$1,911
per month
Metro 3.2% *U.S.* 2.8%





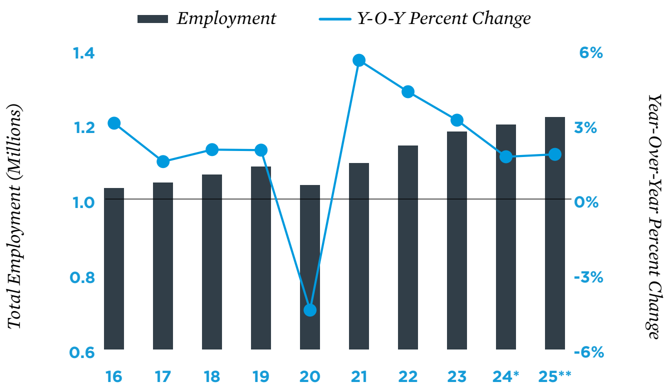
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

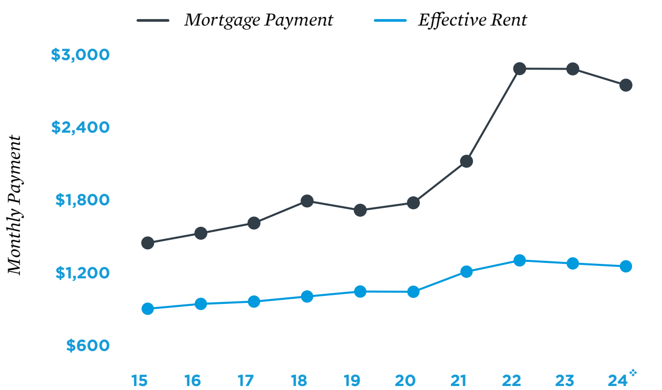
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

SAN ANTONIO

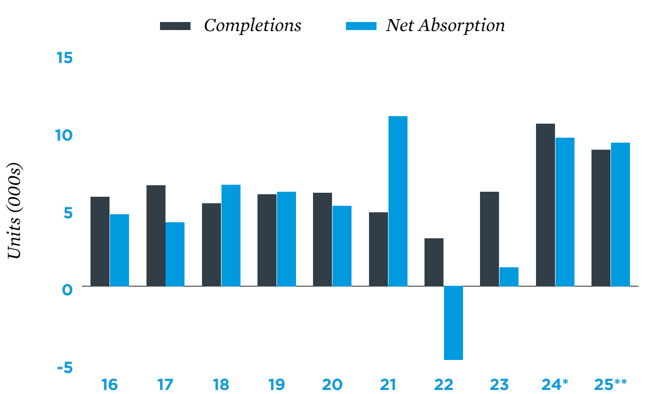
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Sizable Contingent of Young Professionals Underpinning Demand For Luxury Units

Affluent renters account for significant share of in-migration. San Antonio continues to grow at its borders with a near record number of apartments slated to open, heaviest in New Braunfels, Far Northwest and South San Antonio. Most of this pipeline, however, is comprised of Class B properties, allowing existing Class A assets to absorb much of the demand for luxury units this year. The metro continues to be popular with Gen Z and other young professionals, drawn by a lower cost of living compared with the Northeast and West Coast, as well as job opportunities at large companies headquartered here, such as USAA, Valero and H-E-B. Many migrating to San Antonio are unmarried, well educated and fall into the renter-by-choice demographic — a dynamic that has allowed Class A vacancy to hold below the metrowide average since 2023. Notably, submarkets in the western half of San Antonio have been highly sought-after by renters, especially in the Northwest where the median age is under 30. This area's proximity to The University of Texas at San Antonio, combined with a direct travel route to downtown, allowed Class A vacancy here to enter 2025 in the mid-6 percent band. This local rate is likely to hold below the metrowide mean throughout this year.

Institutional interest may shift slightly. With a higher share of 20- to 34-year-olds than the national average and a Class A vacancy rate below the U.S. mean, San Antonio may attract additional interest from active buyers in 2025. While institutional investor activity was constrained over the last couple of years, some transactions within the $15 million-plus price tranche still occurred. Most recent luxury apartment trades have been in the northern half of San Antonio, though elevated development here may sway this momentum in the near term. Going forward, sales velocity for this property type may improve northwest of the metro, from the CBD to the far western outskirts. Class A vacancy here entered 2025 at the lowest rate across the metro. With many young renting professionals seeking highly amenitized living spaces specifically west of downtown, luxury vacancy here may continue its downward trend this year. Demand for Class A space will be further aided by the local construction pipeline, which is largely comprised of Class B product.

21.8%
2024 share of local population between 20 and 34 years old

29.6%
of local population hold bachelor's degree or higher ⌘

$319,600
2024 median home price✣

Investment Outlook

San Antonio joins nearby Austin and five other markets in recording a supply KPI of 1 this year — a drastic drop from the year before. Yet, the metro's demand and rent growth readings hold firm at 3 and 2, respectively. While San Antonio's vacancy rate is above 8 percent, it is falling this year, helping encourage a modest mean rent increase.

Though San Antonio is smaller than Austin by apartment inventory, it records a comparable liquidity KPI of 5 this year, with a higher yield index value of 6. Last year, assets changed hands in the Alamo City at a mean cap rate over 6 percent.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index

2025 MARKET FORECAST

NMI Rank 28

Employment
21,500
jobs
Metro 1.8%
U.S. 1.1%

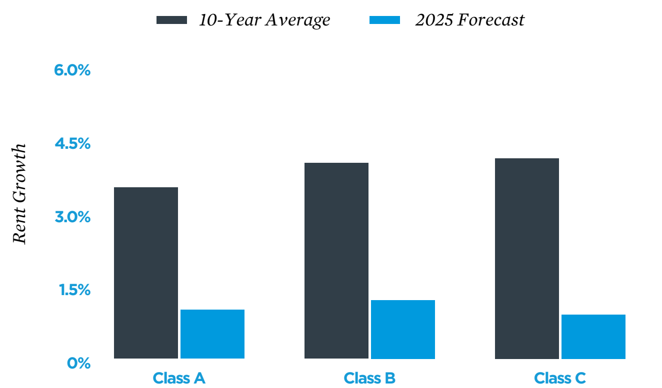
Construction
% of inventory❖
Metro 3.7%
U.S. 2.1%

Class A Vacancy
Down 50 bps
Metro 7.4%
U.S. 6.1%

Class A Rent
$1,512
per month
Metro 1.0%
U.S. 2.8%

Vacancy by Class

Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

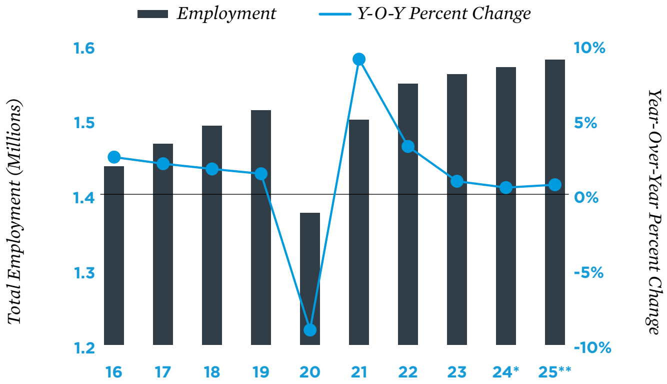
SAN DIEGO

Cost-of-Living Factors and Fewer Deliveries Aid Luxury and Mid-Tier Metrics

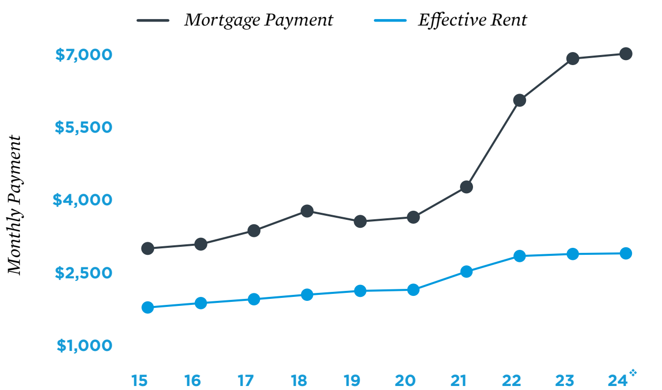
Supply-side pressure poised to ease downtown. San Diego's median home price surpassed the $1 million mark last year — a milestone that will limit housing options for a large share of the local populace in 2025. Concurrently, the metro entered this year with sub-5 percent vacancy. Together, these factors will facilitate strong near-term demand for available units across the multifamily spectrum. Higher-earning residents priced out of homeownership will gravitate to Class A and B apartments, which will aid leasing activity at both existing properties and large-scale projects slated for completion. Contrasting prior delivery waves, upcoming additions of size are primarily located in the suburbs of San Diego proper, including Mission Valley, Serra Mesa and Linda Vista. As such, the relatively small number of doors slated for Downtown San Diego — potentially less than 500 units — should be well received. This dynamic and positive net absorption in the urban core last year point to CBD vacancy returning to a rate more in line with its prior 10-year mean during 2025. After this year, a construction pullback may extend beyond the CBD, as multifamily permit activity metrowide slowed by nearly 20 percent in 2024.

Long-term stability attracts investors. Dating back to 2000, local Class A vacancy has only eclipsed the 6 percent mark once, with the Class B rate holding below this threshold throughout. This long period of consistency should continue to place San Diego among the top secondary U.S. metros for institutional activity despite representing one of the highest-cost major markets for multifamily investment. Buyers seeking newer-built assets, which can command more than $500,000 per unit, may find the lion's share of listings in Downtown's East Village and neighborhoods near Balboa Park, where completions have concentrated over the past five years. Those seeking similar complexes in the suburbs may look to Chula Vista's Otay Ranch. Strong renter demand for lower-cost units, meanwhile, will steer some buyers to larger Class B and C complexes with upside potential. Older properties of size may prove especially appealing if near a college campus, as San Diego State University, University of California San Diego and Cal State San Marcos all posted record Fall 2024 enrollment.

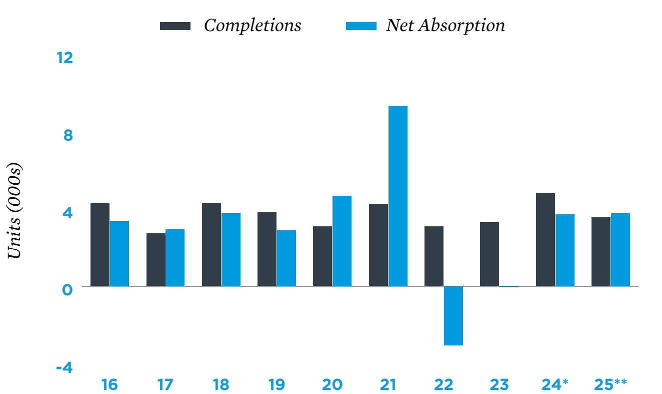
Employment Trends



Housing Affordability Gap



Supply and Demand



23.2%
2024 share of local population between 20 and 34 years old

38.5%
of local population hold bachelor's degree or higher ⌘

$1,038,300
2024 median home price ✣

* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

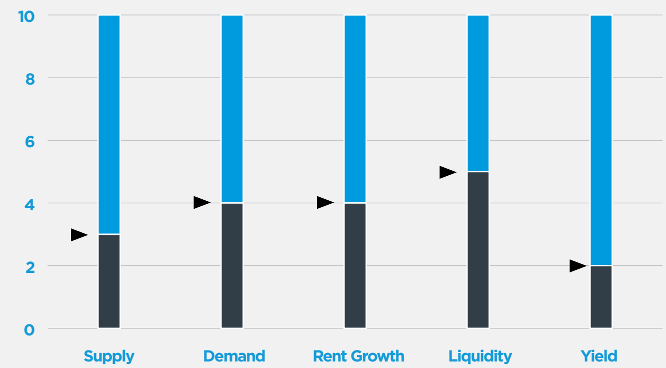
Investment Outlook

While San Diego's supply, demand and rent growth KPI values all take one step back in 2025 to values of 3, 4 and 4, respectively, this is largely a reflection of shifts in other markets' performances relative to San Diego. Local vacancy is forecast to fall in the southern California metro along with a larger mean rent increase.

San Diego boasts the highest liquidity reading of its home state's eight major markets this year with a value of 5. While San Diego's yield score of 2 is the tightest, the market's multifamily outlook continues to draw investment activity.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 12

Employment
10,000 *jobs*
Metro 0.6% *U.S.* 1.1%

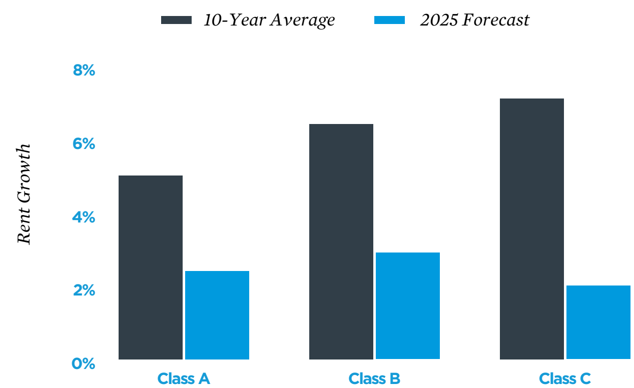
Construction
% of inventory❖
Metro 1.1% *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 5.4% *U.S.* 6.1%

Class A Rent
$3,349 *per month*
Metro 2.4% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

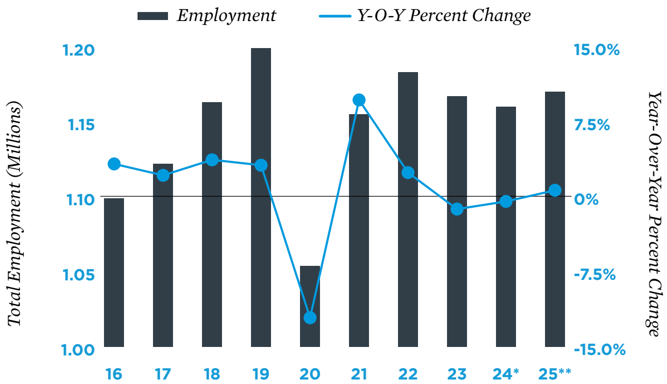
SAN FRANCISCO

Return-to-Office Trends Aid Demand; Focused Deliveries Present Opportunities

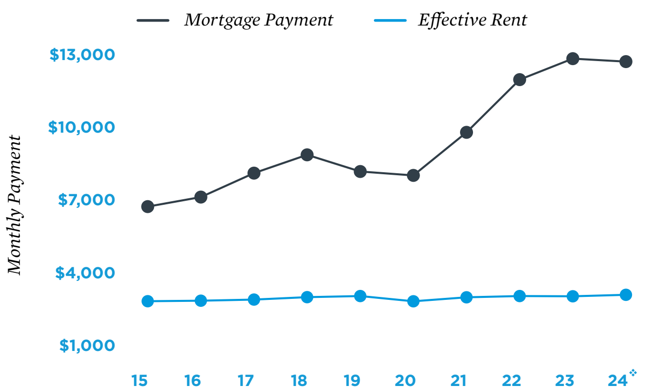
Corporate policies extend post-pandemic multifamily recovery. San Francisco's employment base will expand this year on net for the first time since 2022. In-person work policies, such as Salesforce's four-day mandate, and tech firm developments, like OpenAI's 315,000-square-foot office expansion, are contributing to headcounts and aiding migration back into the metro. This dynamic bodes well for apartment fundamentals citywide in the near future. Downward vacancy momentum should continue, following declines across nearly all submarkets last year. The stretch from Visitacion Valley to Downtown is likely to again be a focal point for renters, after accounting for over 50 percent of the city's net absorption last year. As household formation returns to pre-pandemic levels — exceeding 1 percent in 2025 — suburbs from the city of South San Francisco to San Mateo are seeing similar positive trends. These areas, with flexible access to both San Francisco and Palo Alto, saw vacancy fall last year and over 70 percent of San Mateo County's net absorption. Under a lighter 2025 delivery slate, vacancy compression may continue over the near term.

Pockets of construction unlock prospects for investors. Improving property fundamentals, augmented by interest rate cuts, have lifted investor confidence, as evidenced by a bump in trade counts over the course of last year. With new arrivals focused in the Mission Bay-China Basin-Potrero Hill area, non-luxury assets that evade this supply pressure near downtown are positioned to garner greater appeal. Renter demand, aided by labor market growth, may backstop ongoing Class B and C vacancy compressions. Investors bullish on this dynamic may comb mid- and low-tier listings near Nob Hill, where several assets traded in the last half of 2024. Less populated and more affluent areas west of Interstate 101 that are insulated from supply-side risk may attract investors with long-term hold strategies. Since September 2024, deal flow picked up for all asset classes from Mission District to Haight-Ashbury and in the Richmond District, with holding periods roughly between four and eight years. Buyers seeking stable Class C assets outside San Francisco proper may look to San Mateo City, where entry costs have been in the $300,000 to $400,000 per unit band. Mild 2025 development here should aid vacancy and bolster rent momentum.

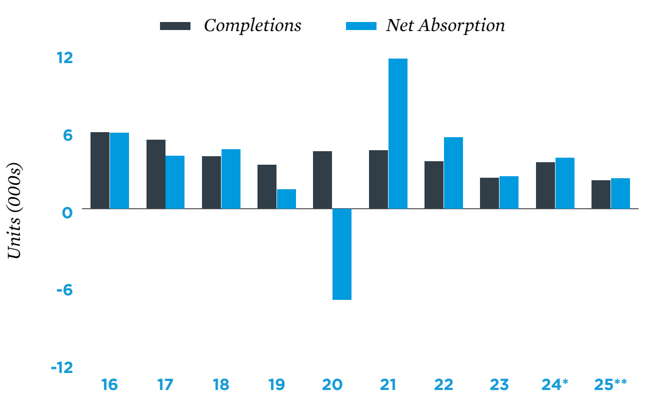
Employment Trends



Housing Affordability Gap



Supply and Demand



22.8%
2024 share of local population between 20 and 34 years old

52.6%
of local population hold bachelor's degree or higher ⌘

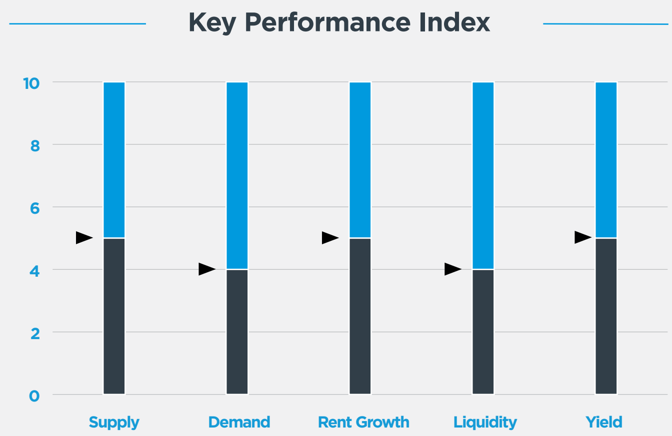
$1,890,500
2024 median home price✣

* Estimate ** Forecast ✣ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

San Francisco's multifamily sector recovery extends into its fifth year in 2025 as overall vacancy nears the 2019 mark. This is reflected in demand and rent growth scores that are consistent with the year before, even though the supply KPI drops to a 5. This is nevertheless one of the better scores for California markets.

Both San Francisco's liquidity and yield scores improve from 2024 as recovering renter demand in both the suburbs and CBD assuage some concerns from the peak of the pandemic. The liquidity score, in particular, doubles to a rating of 4.



Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

2025 MARKET FORECAST

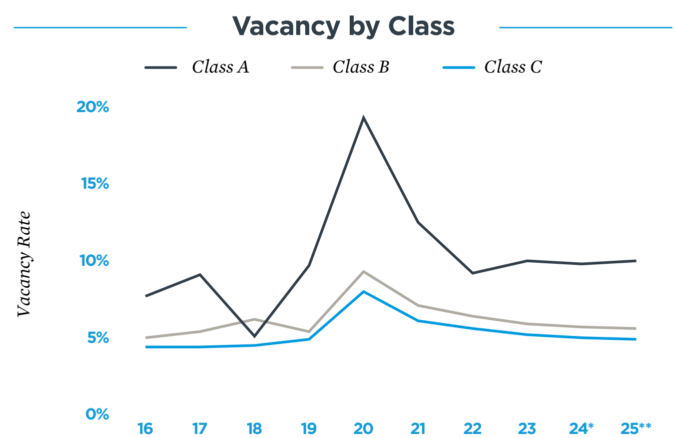
NMI Rank 26

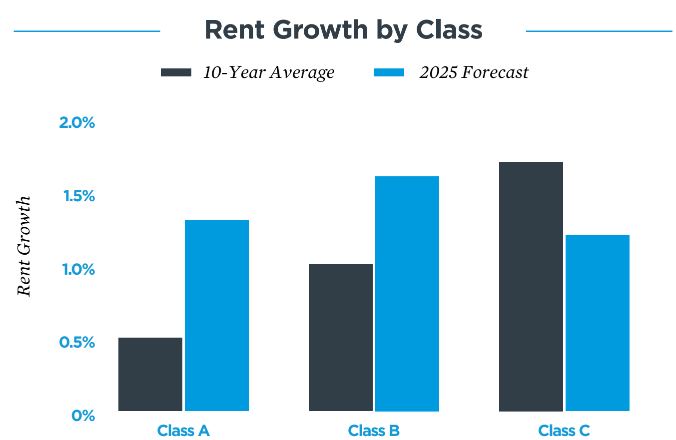
Employment
7,000 *jobs*
Metro 0.6% | *U.S.* 1.1%

Construction
% of inventory❖
Metro 0.8% | *U.S.* 2.1%

Class A Vacancy
Up 20 bps
Metro 9.7% | *U.S.* 6.1%

Class A Rent
$3,773 *per month*
Metro 1.3% | *U.S.* 2.8%





** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

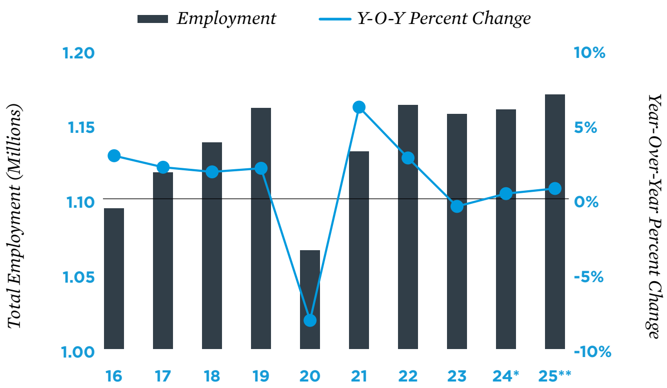
SAN JOSE

Expanding Economic Activity Drives San Jose's Renter and Investor Demand

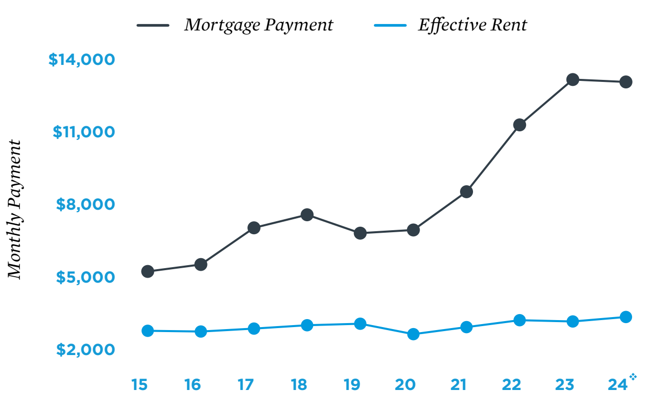
Improving labor market helping sustain market equilibrium. San Jose, fully recovered from 2023 job losses, is poised for stronger labor market growth in 2025. The metro's unemployment rate decreased to be in line with the national average at the onset of this year, which will help the metro's household formation growth rate hit its highest level since 2015. Submarkets between Mountain View and Downtown San Jose are well positioned to see new renter demand and subsequent improvements in fundamentals, given large employers like Google and Amazon are expected to expand their workforce in 2025. Among the submarkets in this stretch, North Sunnyvale is positioned to hold as the least vacant as development eases following an influx of units last year. Nearby, Santa Clara will receive the largest 2025 supply influx among submarkets. Demand for Class C units in the South Sunnyvale-Cupertino area, meanwhile, should remain robust after interest in obtainable housing in the metro's priciest submarket led to a triple-digit basis point decline in Class C vacancy last year. East San Jose also featured this trend, with mid- and low-tier apartment vacancy falling at a similar magnitude. Class A may see this effect to a lesser degree, as deliveries are to stay mild in 2025.

Larger pipline imposes new challenges; investors adjust. Investor demand for Class C units in the South Sunnyvale-Cupertino area is likely to remain robust after last year's triple-digit basis point vacancy drop. Non-local investors have shifted their attention to post-2000 Class A assets in Midtown San Jose and those along Highway 82 and Interstate 280 with a focus on Mountain View and Cupertino, where 2024 construction was mild. North Sunnvale may also garner attention as it is positioned to evade much of the future supply-side risk. This dynamic may provide further upside potential among upper-tier assets that displayed strong performances after the second-largest delivery slate among submarkets in 2024. Class A vacancy here ranked the second tightest among submarkets entering this year. Investors bullish on corporate developments may shift their focus to areas near Santana Row in West San Jose. Cisco will consolidate four North San Jose offices and subsidiary Splunk into a single office here, which is likely to drive local economic activity and subsequent renter demand through 2025.

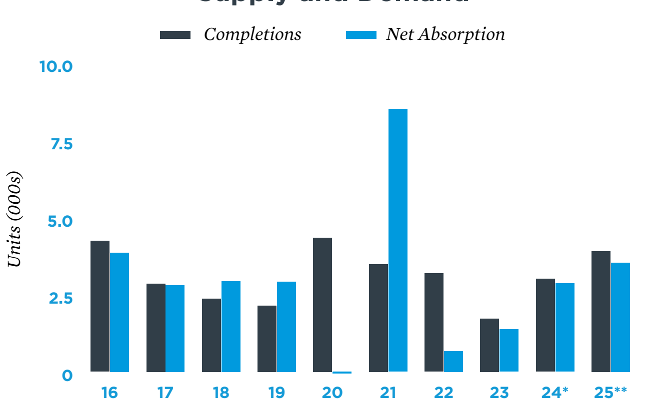
Employment Trends



Housing Affordability Gap



Supply and Demand



22.2%
2024 share of local population between 20 and 34 years old

51.8%
of local population hold bachelor's degree or higher ⌘

$1,945,100
2024 median home price❖

* Estimate ** Forecast ❖ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

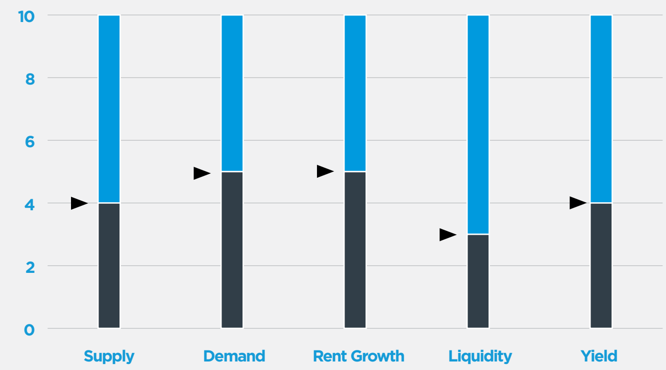
Investment Outlook

A supply score of 4 places San Jose in the middle of California's major markets in that category, as the delivery pipeline picks up slightly from the year before. Nevertheless, with labor market tailwinds expected to pick up, the market will maintain a sub-5 percent overall vacancy rate, supporting a demand score of 5.

San Jose joins Los Angeles with a liquidity value of 3 as the highest average sale price in the state limits options for some buyers. High entry costs translate into comparatively lower cap rates and a yield KPI of 4 for the market this year.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 23

Employment
8,000
jobs
Metro **0.7%** *U.S.* **1.1%**

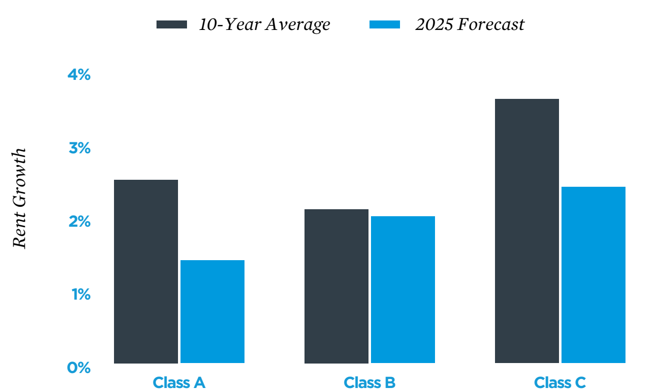
Construction
% of inventory❖
Metro **2.1%** *U.S.* **2.1%**

Class A Vacancy
Up 10 bps
Metro **5.4%** *U.S.* **6.1%**

Class A Rent
$3,846
per month
Metro **1.4%** *U.S.* **2.8%**

Vacancy by Class

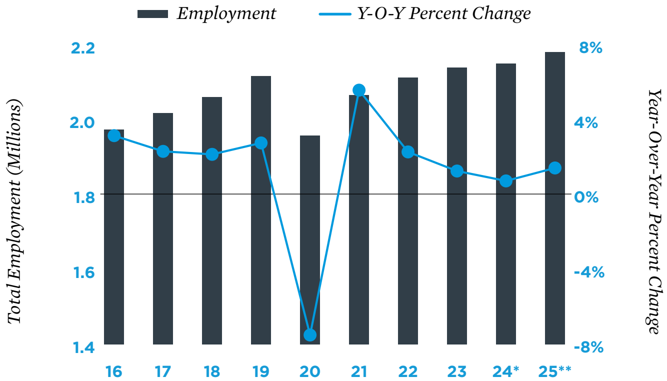
Rent Growth by Class



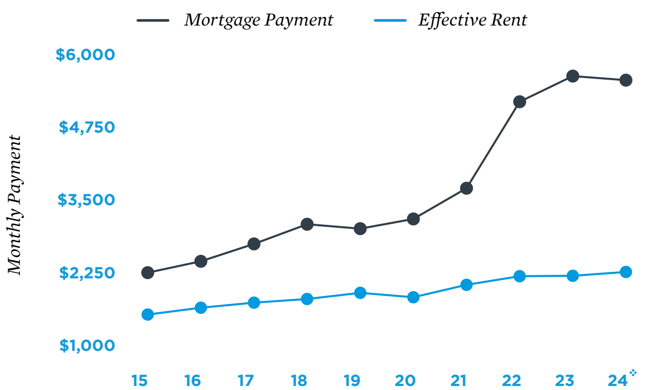
** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

SEATTLE-TACOMA

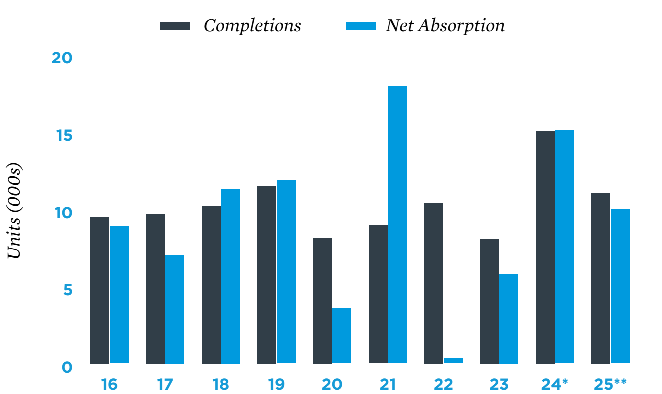
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✣ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Renter and Investor Momentum Picking Up in Key Submarkets Across the Metro

Operations aligning across suburbs and CBD. After widening during the pandemic, the gap in vacancy between core Seattle and the metro's greater suburbs has narrowed to within 100 basis points. Rates decreased across both zones last year, with availability in the central business district entering 2025 below the 6 percent threshold for the first time in two years. This was led by Downtown Seattle and the South Lake Union-Queen Anne area, while a 6 percent increase to local inventory weighed on operations in Capitol Hill. Net absorption is picking up here, however, despite some nearby employer office relocations to the Bellevue area, including from Amazon and Perkins-Coie. Vacancy in both East and West Bellevue, meanwhile, ended last year under 5 percent. That dynamic should hold this year amid a dearth of notable construction. Development is also low in the South Tacoma-University Place area, where vacancy fell by over 100 basis points last year, with a sub-5 percent reading for top-tier units. Class A vacancy remains most challenged in the North Seattle-Shoreline area amid ongoing new supply pressure. After last year's near-8 percent jump in local stock, in 2025, openings here will tally a modestly lower 1,000 units.

Downtown and adjacent neighborhoods retain focus. Investment activity ended last year with upward momentum, as the third quarter of 2024 marked the most active three-month period for multifamily transactions since the same span in 2022. For trades priced $10 million and above, neighborhoods in and around Downtown Seattle continued to have the most draw. Investment groups from both in and outside of Washington state were able to find post-2000-built Class A and B complexes spanning more than 100 units in Queen Anne, Lake Union and Downtown Seattle for entry costs above $300,000 per unit. Buyers seeking assets of similar class with at least 50 units but lower per-door entry costs have turned to Tacoma. Mid- and top-tier properties changed hands last year in South Tacoma and University Place with sale prices just above $200,000 per unit. Improving property performance in all of these locales is likely to retain investor interest this year. Meanwhile, investors looking outside of the main city centers may turn to denser suburbs such as Kirkland-Bothell or Redmond, where vacancy rates were near or under 4 percent moving through the end of 2024.

23.0%
2024 share of local population between 20 and 34 years old

42.7%
of local population hold bachelor's degree or higher ⌘

$799,200
2024 median home price✣

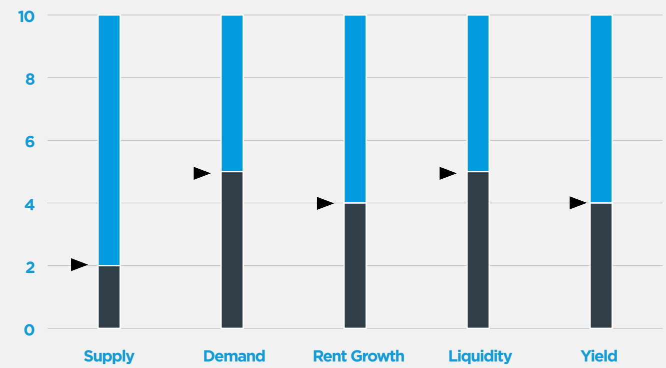
Investment Outlook

The third-highest net absorption total in six years translates into a demand KPI of 5, tied for second highest on the West Coast. A rent growth score of 4 aligns with most other markets in that region, as a low supply rating of 2 reflects competition from recent and upcoming deliveries on existing properties.

At a KPI of 5, Seattle-Tacoma is among the highest scoring markets on the West Coast in the liquidity category, whereas its yield rating of 4 is not uncommon among that cohort for 2025. That rating was a 3 last year, though, marking an improvement since then.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 14

Employment
30,000
jobs
Metro 1.4%
U.S. 1.1%

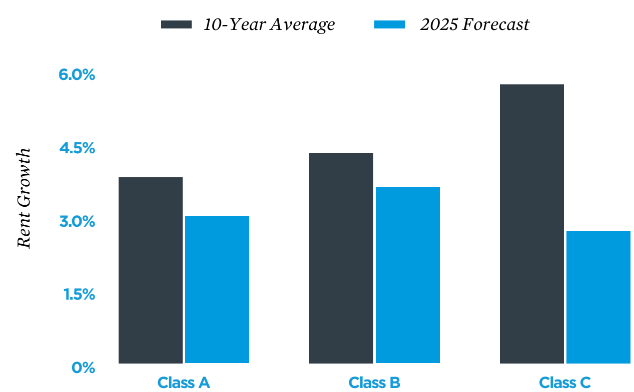
Construction
% of inventory❖
Metro 4.0%
U.S. 2.1%

Class A Vacancy
Up 10 bps
Metro 5.7%
U.S. 6.1%

Class A Rent
$2,680
per month
Metro 3.0%
U.S. 2.8%

Vacancy by Class

Rent Growth by Class



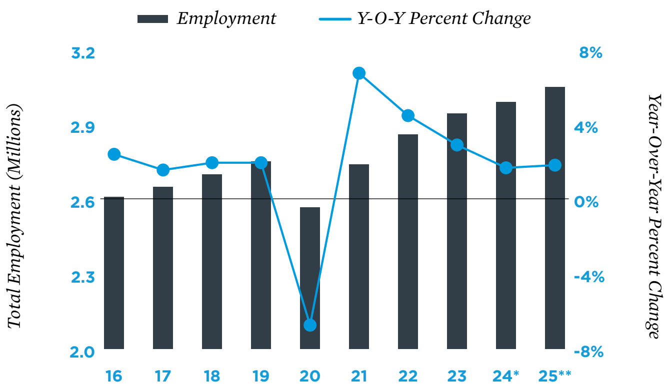
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

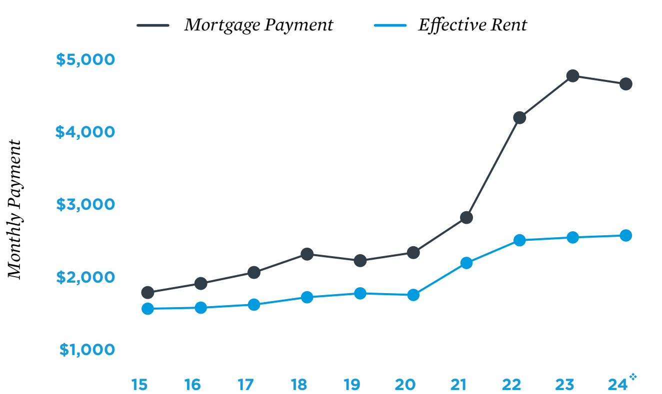
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

SOUTHEAST FLORIDA

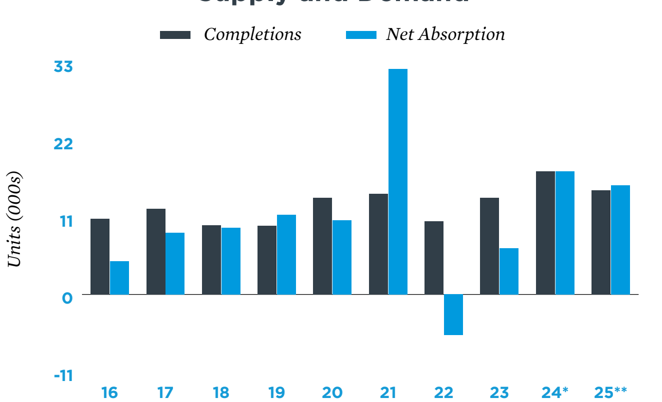
Employment Trends



Housing Affordability Gap



Supply and Demand



** Estimate ** Forecast ✤ Through 3Q*

⌘2024: 25+ years old

Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Expanding Workforce Bolsters Multifamily Stability Amid Elevated Construction

Steady in-migration boosts renter demand. Southeast Florida's population grew by nearly 200,000 in the past two years, driven by historically elevated net in-migration. This trend is set to continue, with the region projected to welcome another 80,000 residents in 2025, supported by broad-based employment gains. Major projects, such as Miami hosting the world's largest cruise ship and Broward County's $1 billion convention center expansion, reinforce expectations for sustained economic growth and apartment needs this year. While deliveries are forecast to moderate from 2024's record tally, the number of completed units will still mark the second-highest annual total on record. Development is centered in urban locations though, which will confine supply pressures to this market segment. In downtown Miami, high-end units should be well received after local Class A vacancy fell 100 basis points to under 5 percent in 2024. While upper-tier vacancy in central Fort Lauderdale and West Palm Beach enter 2025 at the highest levels since 2020, the latter area's Class A rent growth of around 5 percent underscores the strong demand that exists locally for luxury units. Meanwhile, suburban areas and existing low- to mid-tier properties across the region should remain well leased due to limited new competition and strong demand for budget-friendly housing.

Tight supply shapes regional investment landscape. Amid expectations for steady job gains and fewer deliveries, Southeast Florida's suburban areas should stay attractive institutional targets. Fort Lauderdale neighborhoods, such as Pembroke Pines, may draw buyers targeting newer assets, with local Class A vacancy the lowest in the region last year. Further out areas like North Palm Beach County may appeal to those seeking middle-tier units, where Class B vacancy remains regionally tight. In Miami, value-oriented properties may elicit greater investor interest, as the metro entered this year with the nation's second-lowest Class C vacancy rate. More capital could be directed to Miami's CBD as well, following luxury vacancy compression. Recent changes to the Live Local Act may also expand options for investors seeking development opportunities, including reduced parking requirements and enhanced tax incentives. Broadly speaking, investors will have to contend with the costs associated with potential future extreme weather.

18.6%
2024 share of local population between 20 and 34 years old

32.2%
of local population hold bachelor's degree or higher ⌘

$630,600
2024 median home price✤

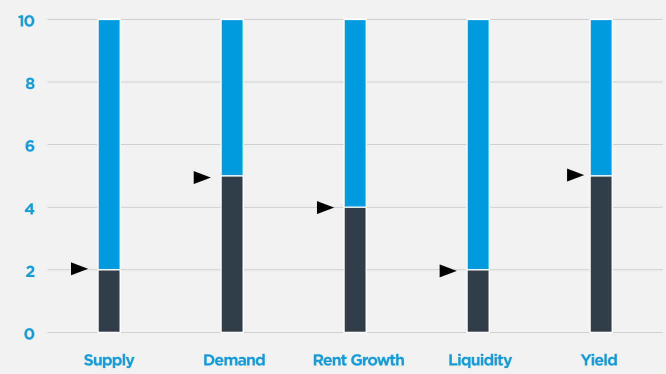
Investment Outlook

Among the three metros that make up the region, Miami and West Palm Beach tie for the highest demand rating of 5, while all three markets — including Fort Lauderdale — share identical rent growth KPIs of 4. The trio of metros also face similar short-term supply pressures, with index values of 2 recorded in each market.

Fort Lauderdale distinguishes itself in the region with the highest liquidity score of 5, which matches its yield rating of 5. Miami-Dade holds the same yield value but a lower liquidity of 1. West Palm Beach scores a 2 and 6, respectively, on liquidity and yield.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 1

Employment
54,000 *jobs*
Metro 1.8% *U.S.* 1.1%

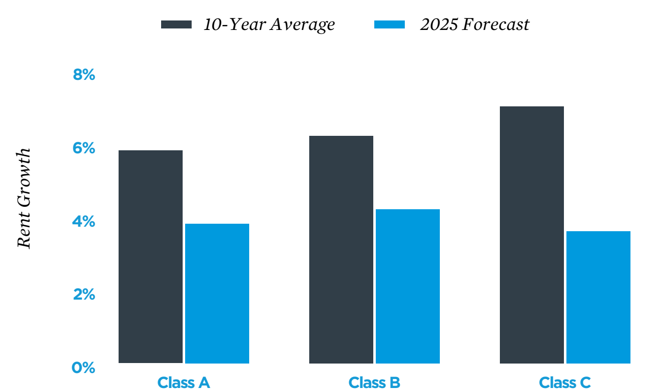
Construction
% of inventory❖
Metro 2.2% *U.S.* 2.1%

Class A Vacancy
Down 10 bps
Metro 5.4% *U.S.* 6.1%

Class A Rent
$3,268 *per month*
Metro 3.8% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

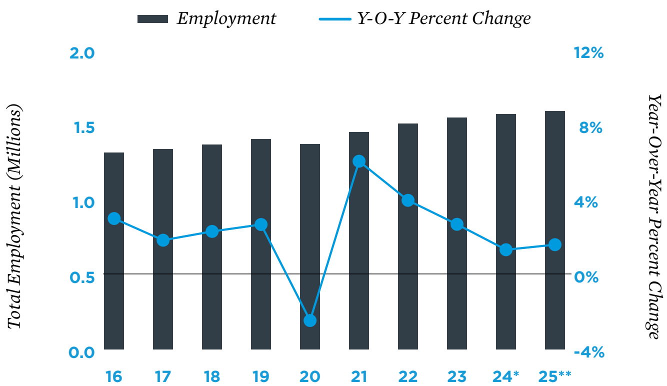
TAMPA-ST. PETERSBURG

Supply-Demand Metrics Align, Improving the Trajectory of Vacancy and Rent

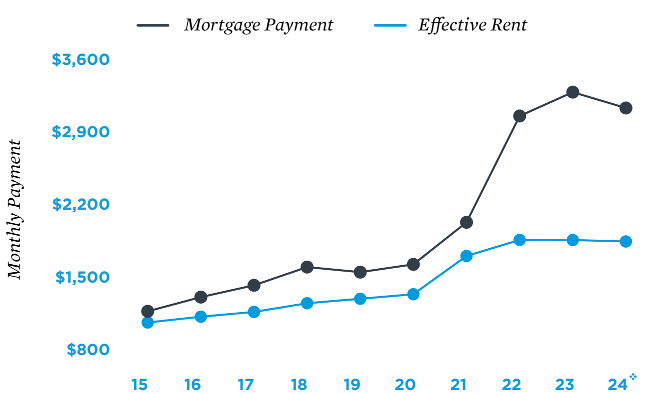
Employer relocations increase the need for rentals. Tampa-St. Petersburg continues to attract businesses, providing new local job opportunities that will bolster economic activity. The staffing and talent firm Insight Global is one such relocation, as they are expected to lease 20,000 square feet in Midtown starting in early 2025. Foot Locker has also moved their headquarters to St. Petersburg from New York City, encouraging some of their current employees to migrate as well. Lower living and operating costs compared with many northeastern metros, in addition to not having an individual state income tax, enhance Tampa's appeal for both relocating businesses and renters — a dynamic that holds true for many professionals, even as the risk of natural disasters has raised the insurance burden for property owners. New demand, in combination with a pullback in completions, will translate into a net absorption tally in 2025 that aligns with new supply. This dynamic will foster a slight decline in metrowide vacancy that supports moderate upward rent momentum, reversing the trajectory from the prior two years.

Rising insurance costs may steer investors to specific submarkets. The monthly insurance premium for an apartment in Tampa-St. Petersburg has more than tripled since 2018. At an average upward of $115 per unit as of September 2024, before the impact of Hurricane Milton, the metro already noted the second-highest insurance premium among major Florida metros. This may cause some investors to rethink their strategies, potentially opting for less coverage or seeking assets in areas with more flood resistance. As such, properties along the Interstate 75 corridor in Hillsborough County may garner more interest. This area's inventory includes a variety of sizes and ages, with a large cluster of luxury apartments near the interchanges for Highway 60 and US 301. Downtown St. Petersburg is also home to a noteworthy inventory of Class A properties that are in a lower risk flood area. On the other hand, rising insurance costs may act as an additional barrier to homeownership, which could prove to be a boon for the local vacancy rate. With Florida's homeowners' insurance premiums nearly 50 percent over the U.S. mean — exceeding $3,700 per year on average — renters are given further incentive to renew their current leases.

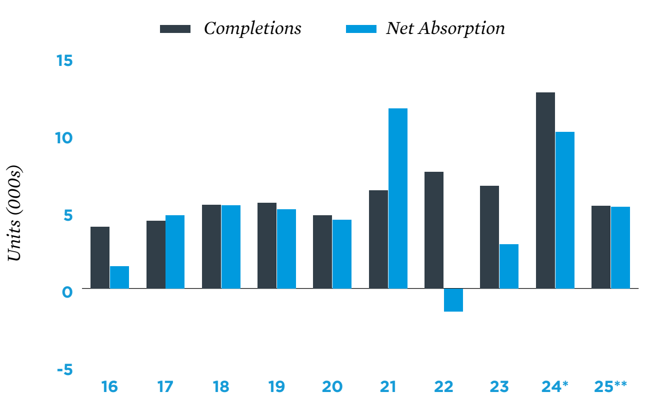
Employment Trends



Housing Affordability Gap



Supply and Demand



19.0%
2024 share of local population between 20 and 34 years old

31.0%
of local population hold bachelor's degree or higher ⌘

$418,700
2024 median home price✜

** Estimate ** Forecast ✜ Through 3Q*
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

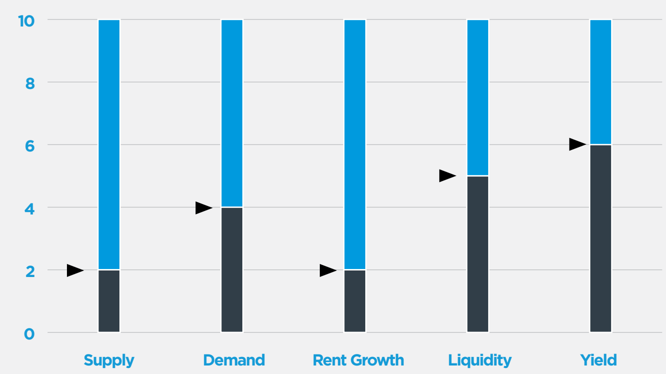
Investment Outlook

Vacancy above 7 percent, the second-highest rate among major Florida metros, weighs on rent momentum in Tampa-St. Petersburg, resulting in demand and rent growth Index values of 4 and 2, respectively. A supply score of 2 reflects the pressure of recent construction activity despite generally positive demographics.

Tampa-St. Petersburg reports the strongest combined liquidity and yield score among major Florida markets. While not unique to the market, the threat of future natural disasters may sway some investors' decision-making going forward.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 9

Employment
24,500 *jobs*
Metro 1.6% *U.S.* 1.1%

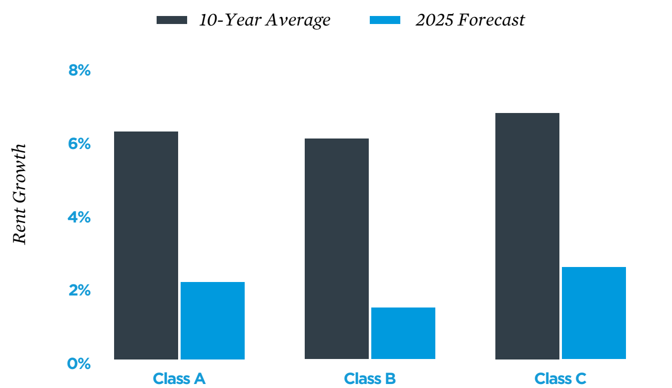
Construction
% of inventory❖
Metro 1.8% *U.S.* 2.1%

Class A Vacancy
Down 20 bps
Metro 6.6% *U.S.* 6.1%

Class A Rent
$2,456 *per month*
Metro 2.1% *U.S.* 2.8%

Vacancy by Class

Rent Growth by Class



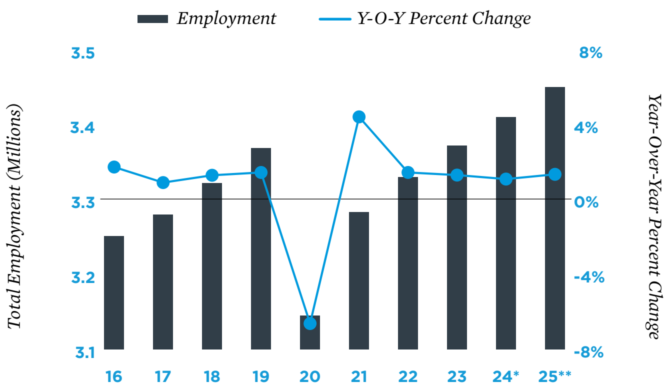
** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

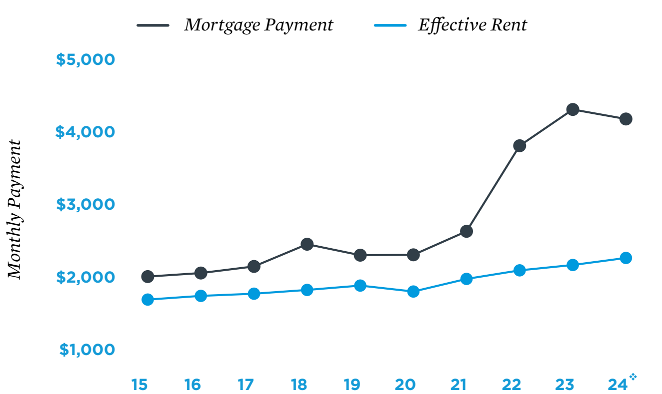
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

WASHINGTON, D.C.

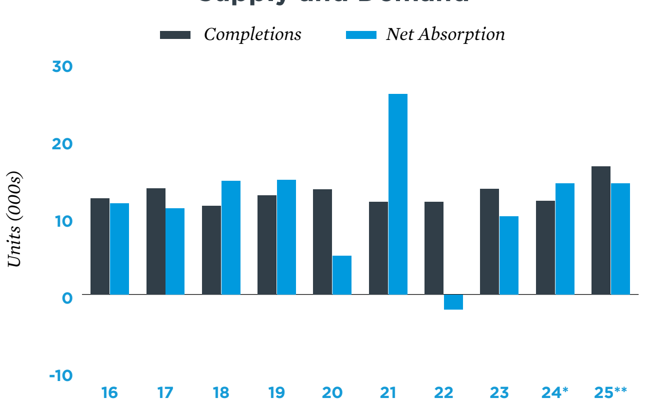
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast ✣ Through 3Q
⌘ 2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Nationally Strong Labor Market and Low-Vacancy Suburbs Attract Investors

Affluent earners sustain demand for luxury apartments. The metro will tie with Baltimore for the Northeast's fastest-growing labor market this year, driven by strong professional services hiring, as office-sector job gains are forecast to rank second nationally. This dynamic, coupled with local living costs lower than Boston and New York, is expected to draw young adults to the metro. The influx of new residents will bolster apartment demand at an opportune time — a record 16,000 units are slated for completion in 2025. These deliveries should be generally well received, as demand from high-earning households reduced both Class A and B vacancy rates last year. Household income growth outpacing inflation may also support greater leasing demand across the market over the near term. Still, heavy development in the metro's CBD may create some local supply pressure. Concurrently, necessity renters facing budget constraints are impacting lower-tier property performance in suburban Maryland, where Class C vacancy is now higher than the Class B rate. In contrast, fundamentals should remain tight in Northern Virginia amid corporate growth and modest supply additions. The area posted the lowest vacancy rate of the metro's three regions last year.

Investors target modern assets in high-demand locales. Net absorption exceeded new supply last year for the first time since 2021, encouraging greater investment activity. Tightening vacancy in Virginia's affluent suburbs should sustain buyer interest in 2025, particularly in areas like Fairfax County and Manassas, which recorded vacancy below 4 percent and rent growth of around 7 percent last year. Elsewhere, improved office-centric hiring should maintain investor demand for urban apartments, especially in highly sought-after District neighborhoods like NoMa and West End. In these areas, Class A properties fetched upward of $400,000 per unit in 2024. Meanwhile, those seeking to limit entry costs to under $300,000 per unit this year are likely to focus on older properties with value-add potential, including in outlying suburbs like Fredericksburg. Here, Class B and C vacancy around 4 percent supported rent growth above 5 percent in 2024. Newer assets in the area sold for around $300,000 per unit last year, while 1990s-vintage properties frequently went for under $200,000 per unit.

20.6%
2024 share of local population between 20 and 34 years old

48.7%
of local population hold bachelor's degree or higher ⌘

$637,100
2024 median home price ✣

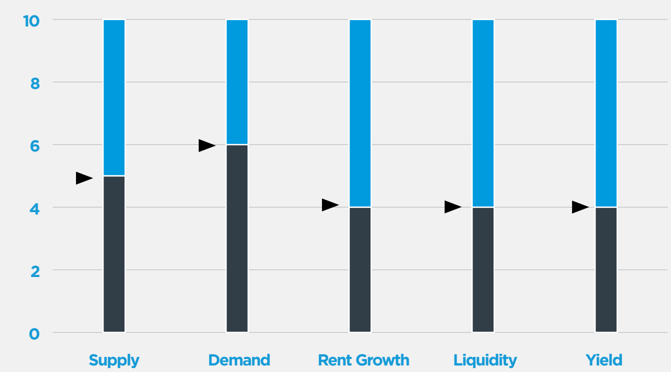
Investment Outlook

The nation's capital records one of the 10 best demand KPIs in the country this year at a rating of 6. A supply score of 5 indicates a neutral position on supply pressure. While requiring a high cost of living, the market's economic centricity supports a middle-of-the road pace for household formation, which both aid renter demand.

Unlike some other East Coast markets, Washington, D.C.'s liquidity and yield Index values are in comparative balance at a reading of 4 each. Not only does the market have a lower average entry cost than New York or Boston, but its mean cap rate is also lower.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1 to 10 for five key metrics.

Key Performance Index



2025 MARKET FORECAST

NMI Rank 17

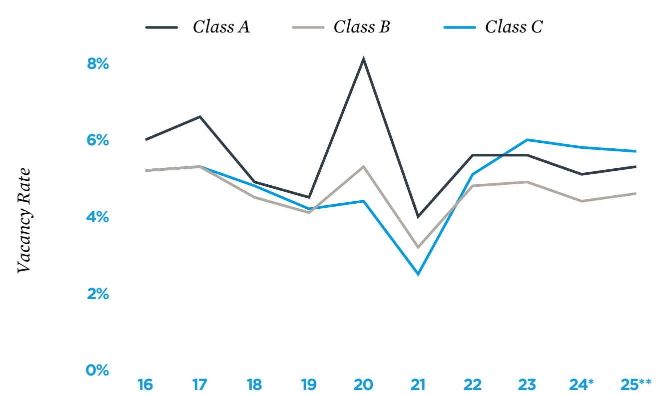
Employment
45,000
jobs
Metro 1.3% *U.S.* 1.1%

Construction
% of inventory❖
Metro 2.4% *U.S.* 2.1%

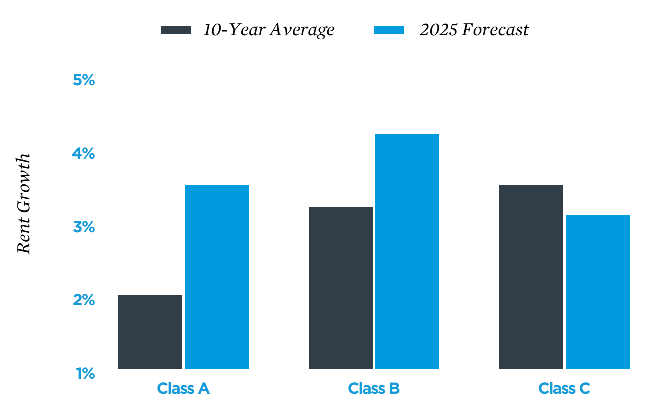
Class A Vacancy
Up 20 bps
Metro 5.2% *U.S.* 6.1%

Class A Rent
$2,811
per month
Metro 3.5% *U.S.* 2.8%

Vacancy by Class



Rent Growth by Class



** Estimate ** Forecast*

❖ Arrow reflects completions trend compared with 2024

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

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[1] National Multifamily Index Note: Employment and apartment data forecasts for 2025 are based on the most up-to-date information available as of December 2024 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 2024. 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 guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: IPA Research Services; CoStar Group, Inc.; Experian; Federal Deposit Insurance Corp.; Federal Reserve; Freddie Mac; Moody's Analytics; Mortgage Bankers Association; National Association of Realtors; National Oceanic and Atmospheric Administration; NCREIF; Real Capital Analytics; RealPage, Inc.; Redfin; USA Today; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Treasury Department; various city and state government websites

STATISTICAL SUMMARY

Market Name	Employment[2]				Completions[2]				Class A Vacancy[2]				Class A Rent[2]				Share of Sales Volume ($15M+)[2]			Market Name
	2022	2023	2024*	2025**	2022	2023	2024*	2025**	2022	2023	2024*	2025**	2022	2023	2024*	2025**	2022	2023	2024*	
Atlanta	3.5%	1.1%	0.7%	1.4%	11,700	20,500	22,500	17,000	6.1%	7.3%	7.3%	7.2%	$2,119	$2,047	$2,009	$2,049	90.2%	95.8%	92.8%	Atlanta
Austin	6.4%	2.9%	1.7%	2.1%	14,200	14,400	28,800	24,300	6.4%	7.6%	7.9%	7.8%	$2,168	$2,133	$2,052	$2,081	93.7%	96.0%	95.0%	Austin
Baltimore	0.5%	0.3%	1.1%	1.3%	1,100	3,200	2,300	3,100	5.3%	6.0%	5.8%	5.9%	$2,141	$2,179	$2,247	$2,304	91.5%	94.7%	82.3%	Baltimore
Boston	2.3%	0.9%	0.5%	0.9%	5,900	7,300	7,200	7,500	4.3%	5.0%	5.1%	4.9%	$3,732	$3,890	$4,008	$4,150	81.7%	76.7%	81.9%	Boston
Charlotte	3.3%	2.1%	2.4%	1.4%	7,200	12,800	13,000	17,000	6.7%	7.1%	7.5%	8.1%	$2,009	$1,956	$1,996	$2,022	92.3%	92.7%	89.8%	Charlotte
Chicago	2.2%	0.7%	-0.2%	0.4%	6,600	8,500	6,800	4,300	5.4%	6.0%	5.7%	5.5%	$2,617	$2,689	$2,808	$2,919	55.5%	69.4%	66.0%	Chicago
Cincinnati	2.5%	1.1%	0.5%	0.7%	2,200	3,000	2,800	3,000	4.9%	5.9%	5.5%	5.8%	$1,747	$1,821	$1,879	$1,925	44.1%	46.2%	71.5%	Cincinnati
Cleveland	1.6%	1.0%	0.9%	0.9%	1,100	1,500	1,200	1,800	5.3%	7.6%	7.5%	7.7%	$1,814	$1,880	$1,904	$1,956	26.9%	55.5%	82.6%	Cleveland
Columbus	0.9%	1.7%	-0.3%	0.9%	3,600	6,500	6,000	7,500	4.9%	6.4%	6.6%	6.8%	$1,635	$1,698	$1,759	$1,811	76.4%	83.7%	74.5%	Columbus
Dallas-Fort Worth	4.8%	2.4%	1.5%	1.9%	21,300	27,800	41,600	36,100	6.0%	6.5%	6.7%	6.8%	$1,877	$1,919	$1,913	$1,952	90.3%	95.3%	89.0%	Dallas-Fort Worth
Denver	3.1%	0.8%	1.1%	0.7%	8,900	9,100	16,500	10,000	5.9%	6.5%	6.8%	6.7%	$2,197	$2,231	$2,258	$2,306	85.9%	87.3%	90.0%	Denver
Houston	4.7%	3.0%	1.9%	2.0%	14,700	19,500	23,900	15,800	6.9%	6.8%	6.9%	7.0%	$1,810	$1,846	$1,870	$1,924	91.1%	94.5%	89.0%	Houston
Los Angeles	2.3%	0.2%	0.6%	0.8%	7,200	9,900	6,500	6,600	4.8%	5.6%	5.6%	5.8%	$3,555	$3,577	$3,604	$3,676	28.6%	50.6%	41.9%	Los Angeles
Minneapolis-St. Paul	1.3%	1.5%	-0.6%	0.9%	9,000	10,200	8,800	3,600	6.7%	7.0%	6.7%	6.2%	$1,880	$1,845	$1,885	$1,936	73.7%	69.1%	73.2%	Minneapolis-St. Paul
Nashville	4.5%	1.9%	0.9%	0.8%	8,100	11,800	12,500	7,800	5.8%	6.9%	6.5%	6.4%	$2,065	$1,919	$1,896	$1,926	92.1%	95.2%	93.1%	Nashville
New Haven-Fairfield County	1.9%	0.6%	0.8%	0.6%	2,900	1,300	3,000	2,300	5.8%	5.3%	4.9%	5.0%	$3,066	$3,136	$3,205	$3,301	79.5%	88.1%	67.7%	New Haven-Fairfield County
New York City	4.6%	1.5%	1.7%	1.0%	25,200	20,300	24,000	21,000	6.0%	5.1%	5.5%	5.6%	$4,729	$4,781	$4,853	$4,945	57.3%	47.0%	59.8%	New York City
Northern New Jersey	2.9%	2.0%	0.4%	0.7%	10,900	10,800	13,700	8,700	5.9%	7.1%	7.3%	7.2%	$3,252	$3,307	$3,400	$3,495	67.3%	61.0%	44.0%	Northern New Jersey
Oakland	1.7%	1.1%	0.9%	1.3%	4,000	3,000	2,250	1,700	6.6%	7.0%	6.1%	6.0%	$3,247	$3,184	$3,198	$3,246	57.2%	75.0%	73.2%	Oakland
Orange County	1.6%	1.4%	1.0%	1.5%	2,600	3,000	1,800	1,900	3.8%	4.0%	4.1%	4.0%	$3,054	$3,226	$3,271	$3,360	61.7%	72.2%	71.5%	Orange County
Orlando	6.0%	2.7%	1.4%	1.6%	7,300	11,100	12,200	8,000	5.4%	6.5%	6.6%	6.4%	$2,101	$2,033	$2,031	$2,116	96.8%	97.7%	95.7%	Orlando
Phoenix	3.8%	3.0%	1.5%	1.4%	13,400	16,000	25,500	29,000	6.3%	6.6%	6.5%	6.6%	$1,942	$1,895	$1,854	$1,897	86.7%	92.0%	93.3%	Phoenix
Portland	2.5%	-0.1%	0.8%	1.3%	3,400	4,500	6,000	4,200	6.3%	7.8%	7.7%	7.2%	$1,917	$1,879	$1,890	$1,919	62.5%	76.9%	77.6%	Portland
Raleigh	3.8%	2.6%	2.0%	2.6%	6,300	10,300	15,000	14,800	5.3%	6.7%	7.0%	7.2%	$1,875	$1,874	$1,850	$1,876	94.9%	95.1%	95.3%	Raleigh
Riverside-San Bernardino	2.2%	1.8%	1.3%	1.5%	1,000	2,100	4,450	6,650	5.0%	5.1%	5.0%	5.2%	$2,504	$2,488	$2,534	$2,587	77.4%	82.3%	73.0%	Riverside-San Bernardino
Salt Lake City	3.3%	2.4%	1.9%	1.4%	6,000	9,800	7,000	5,500	5.4%	6.8%	6.3%	5.9%	$1,824	$1,836	$1,852	$1,911	73.4%	78.6%	80.1%	Salt Lake City
San Antonio	4.3%	3.2%	1.7%	1.8%	3,100	6,100	10,500	8,800	6.9%	8.0%	7.9%	7.4%	$1,558	$1,533	$1,496	$1,512	84.5%	92.2%	89.2%	San Antonio
San Diego	3.2%	0.9%	0.4%	0.6%	3,100	3,300	4,800	3,575	4.0%	5.3%	5.5%	5.4%	$3,193	$3,228	$3,270	$3,349	51.5%	63.9%	68.0%	San Diego
San Francisco	2.4%	-1.3%	-0.5%	0.6%	3,700	2,400	3,600	2,200	8.9%	9.7%	9.5%	9.7%	$3,735	$3,634	$3,725	$3,773	41.3%	45.0%	49.1%	San Francisco
San Jose	2.7%	-0.5%	0.3%	0.7%	3,200	1,700	3,000	3,900	6.0%	5.3%	5.3%	5.4%	$3,691	$3,628	$3,793	$3,846	75.9%	58.9%	78.6%	San Jose
Seattle-Tacoma	2.3%	1.2%	0.7%	1.4%	10,400	8,000	15,000	11,000	6.0%	5.9%	5.6%	5.7%	$2,466	$2,547	$2,602	$2,680	74.7%	84.0%	80.3%	Seattle-Tacoma
Southeast Florida	0.5%	0.8%	1.6%	1.8%	10,500	13,800	17,500	14,800	5.0%	5.7%	5.5%	5.4%	$3,069	$3,082	$3,149	$3,268	80.5%	84.5%	66.9%	Southeast Florida
Tampa-St. Petersburg	3.9%	2.7%	1.3%	1.6%	7,500	6,600	12,700	5,350	5.6%	6.0%	6.8%	6.6%	$2,379	$2,449	$2,407	$2,456	91.3%	88.8%	89.4%	Tampa-St. Petersburg
Washington, D.C.	1.4%	1.3%	1.1%	1.3%	12,000	13,700	12,100	16,600	5.5%	5.5%	5.0%	5.2%	$2,641	$2,700	$2,718	$2,811	95.1%	94.9%	94.1%	Washington, D.C.
United States	**3.0%**	**2.0%**	**1.5%**	**1.1%**	**329,700**	**426,600**	**520,000**	**410,000**	**5.4%**	**6.0%**	**6.5%**	**6.1%**	**$2,230**	**$2,275**	**$2,305**	**$2,350**	**72.7%**	**80.9%**	**74.4%**	**United States**

** Estimate ** Forecast*

[2] See Statistical Note on Page 80

CONNECTING THE RIGHT **INVESTORS** WITH THE RIGHT **OPPORTUNITIES**

IPA embraces a new world of commercial real estate with institutional connectivity and a versatile platform. We are constantly evolving our process, exceeding expectations, and delivering results.

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