Yardi Matrix

National Multifamily Report

May 2021

Multifamily Market Reaches Pre-Pandemic Performance Levels

- Multifamily rents increased by 2.5% year-over-year in May, which is almost exactly where rent growth was in March 2020 when the pandemic began spreading in the U.S. Many metros have recovered and surpassed pre-pandemic rent growth numbers.
- Rents grew $12 in May to $1,428, the largest one-month increase in our data set's history. The 0.8% month-over-month growth rate was the largest since June 2015. For the second month in a row, all top 30 metros had positive MoM rent growth and 90% had MoM gains of 0.5% or more.
- Yardi Matrix now includes single-family rental units exclusively in built-to-rent communities. Our data set covers more than 90,000 units nationwide. The pandemic has driven demand for single-family rentals, and the SFR industry boasted 7.3% year-over-year rent growth as of May.

The U.S. economy continues to show strength, as more than 50% of Americans have received at least one COVID vaccine shot. The Centers for Disease Control and Prevention (CDC) has advised that fully vaccinated people no longer need to wear masks. Most states have followed suit and have dropped mask mandates and all other COVID-19 restrictions as the U.S. gears up for a busy summer full of travel and gatherings.

Nationally, there is little weakness left in the multifamily sector. YoY rent growth is back to pre-pandemic levels, and rents on a dollar amount basis increased the most in a single month in the history of our data set.

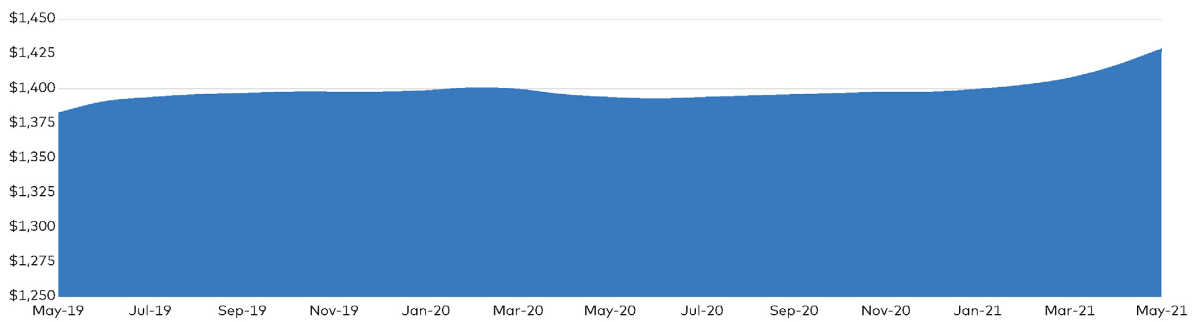
While all gateway markets are showing signs of recovery, some are recovering faster than others. In New York, rents increased by 3.4% on a month-over-month basis, well above all other top 30 metros.

Banks in New York, like Goldman Sachs and JP Morgan Chase & Co., have mandated that workers return to the office this summer. This, coupled with lower rents in New York driven by the pandemic, has likely contributed to an increase in demand.

On the other hand, Seattle (0.2% MoM) and San Francisco (0.3% MoM) are rebounding, but at a much slower pace. Part of the difference in rebound could be due to the type of industries concentrated in each city and their return-to-work plans.

New York has a large concentration of banks with employees required to return to the office this summer, whereas Seattle and San Francisco have a large concentration of tech workers that are more likely to be able to work on a hybrid or fully remote schedule.

National Average Rents

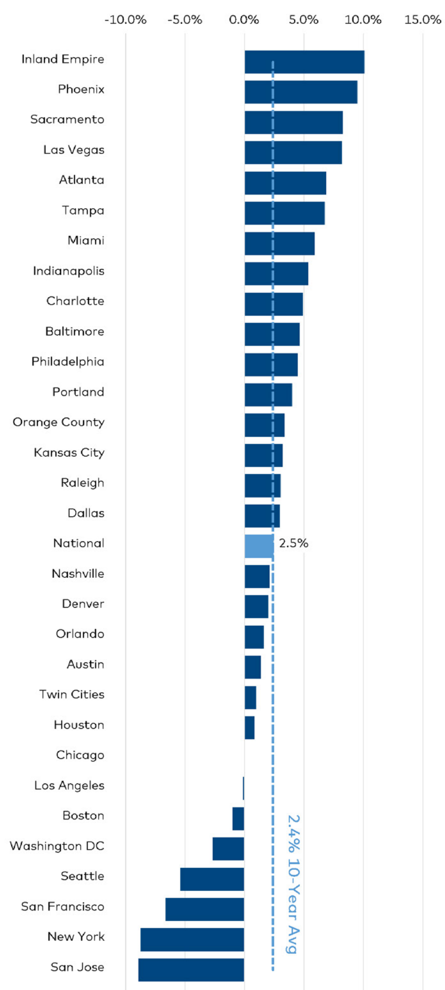


National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.

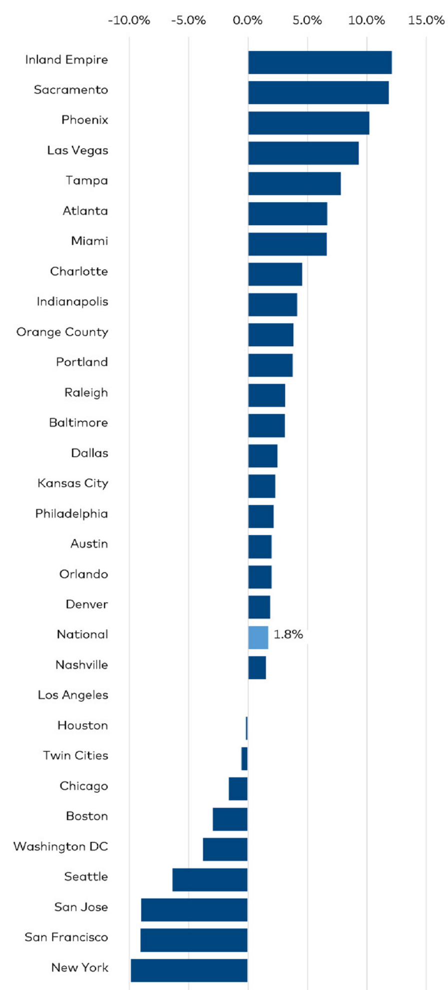
Year-Over-Year Rent Growth: Inland Empire Achieves Double Digits

- Multifamily rents increased by 2.5% on a year-over-year basis in May, the largest increase since February 2020. Of our top 30 metros, 22 had positive YoY rent growth this month.
- Year-over-year gains in the Inland Empire (10.2%), Phoenix (9.6%) and Sacramento (8.3%) seem unstoppable. YoY growth reached double digits in the Inland Empire this month—the first time in the metro's history.
- Gateway market rents continued to rebound in May, with Miami (6.0%) posting the strongest gains. Chicago (0.0%) and Los Angeles (-0.1%) are likely to turn positive next month. San Jose (-9.0%), New York (-8.8%) and San Francisco (-6.7%) still have a lot of ground to make up, but the recovery is in full swing.

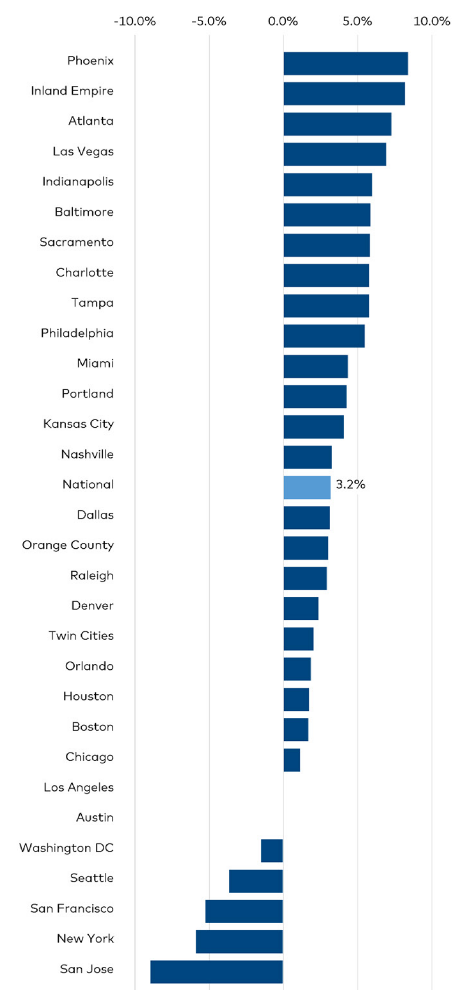
Year-Over-Year Rent Growth—All Asset Classes



Year-Over-Year Rent Growth—Lifestyle Asset Class



Year-Over-Year Rent Growth—Renter-by-Necessity Asset Class



Source: Yardi Matrix

Short-Term Rent Changes: New York Tops MoM Gains

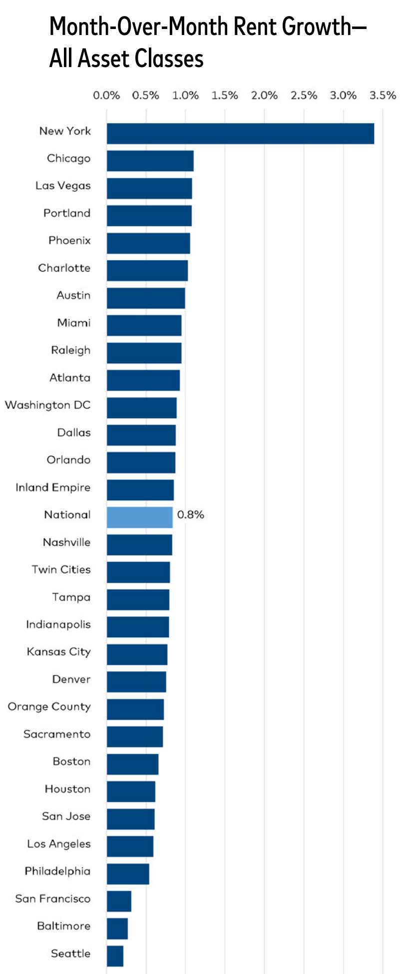
- Rents increased nationally by 0.8% in May. For the second month in a row, all 30 metros had positive month-over-month rent growth.
- New York (3.4%) had the strongest month-over-month gains, followed by Chicago, Las Vegas and Portland (all 1.1%).

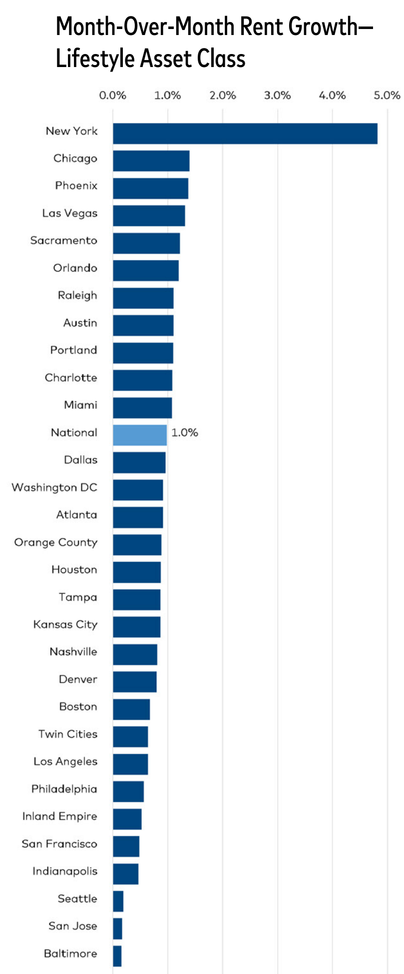
Most of the top 30 metros have already returned to pre-pandemic levels. The gateway markets that are not there yet are clearly on an accelerated path to recovery.

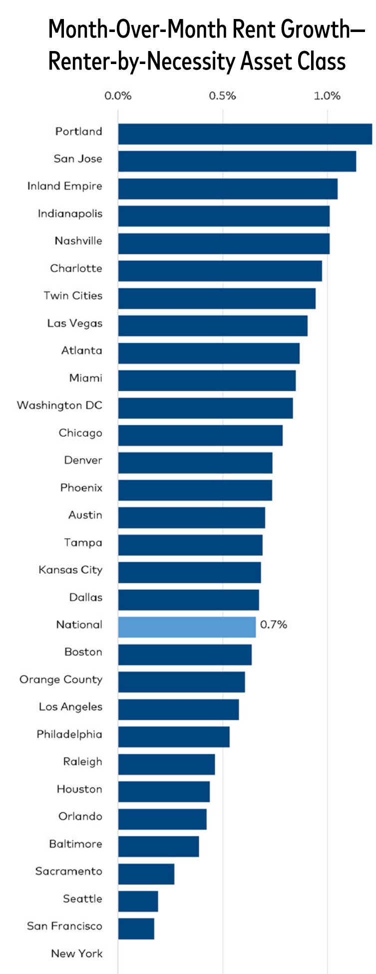
Surprisingly, New York ranked first among the top 30 metros for MoM rent growth in May. Lifestyle rent growth in New York was even more surprising at 4.8% MoM.

Seattle (0.2%) had the weakest month-over-month rent growth in May, although it was one of the top five cities in the U.S. for tech job postings. Multifamily would typically benefit from tech job listings, but a lot are remote.

The largest drivers of the tech listings in Seattle are Amazon, Salesforce and Facebook. Depending on how each company's stance on remote work evolves, the strong tech hiring may not translate to a strong multifamily market as it has in the past.







Source: Yardi Matrix

Employment and Supply Trends; Forecast Rent Growth

- Jobless claims fell to 406,000 in the week ending May 22, a decline of 38,000 from the previous week's revised level and another pandemic low.
- With 23 states and counting soon ending their emergency unemployment programs, continuing jobless claims will likely decline rapidly in the next few months.
- The unemployment rate rose to 6.1% in April. But with states fully open for business and extra unemployment benefits ending, hiring is expected to pick up this summer.

Tenant demand for multifamily has been extremely strong this year, especially in gateway markets that struggled with an exodus of renters in 2020.

Through the end of April 2021, almost 120,000 units, or 0.8% of stock, were absorbed nationally. This puts absorption on track for one of the best years since the 2008 recession; it will easily top the 270,000 units absorbed in 2020.

Demand year-to-date is led by fast-growing metros including Dallas (8,200 units absorbed), Miami (5,700), Atlanta (5,400) and Phoenix (4,600). As a percentage of stock, leading markets include Nashville (2.1% of stock), Miami, Charlotte and Chicago (all 1.9%).

The gateway markets are all rebounding after absorption was negative in most of these high-cost metros in 2020. Chicago was second to Dallas with just under 7,000 units absorbed as of April 2021, after negative (-1,800) demand in 2020.

All other gateway metros have strong year-to-date numbers, as well. San Francisco has had 3,400 units absorbed in 2021 after -2,200 in 2020; San Jose has 1,300 units of absorption so far this year after -2,000 in 2020; and New York had 2,400 units absorbed through April 2021 after -16,000 in 2020.

New York was the best-performing metro in our top 30 this month, with 3.4% month-over-month rent growth. The strong rent growth coupled with elevated demand sets the metro up for a faster recovery pace than previously forecast.

The Inland Empire and Sacramento continue to top the charts with extremely strong rent growth. Both metros enjoyed strong demand in 2020, but that demand has fallen in 2021. The Inland Empire had almost 6,500 units absorbed (or 4.1% of stock) in 2020, and Sacramento had almost 3,500 units absorbed (2.6% of stock).

As rents continue to skyrocket in both metros, YTD absorption is extremely weak, falling at the bottom of the top 30 metros. The Inland Empire has had only 531 units absorbed this year (0.3% of stock), and Sacramento has had 209 units absorbed (0.2% of stock). These metros are still underpriced compared to other California markets, but with double-digit YoY rent increases, the gap in cost of living is starting to narrow.

Single-Family Rentals:
Pandemic Fuels Surge in Demand

- We are now tracking the single-family rental asset class! Our national data set includes more than 90,000 units in 700 communities across the U.S.

- The metros with the largest concentration of single-family rentals are the Inland Empire, Phoenix and Detroit.

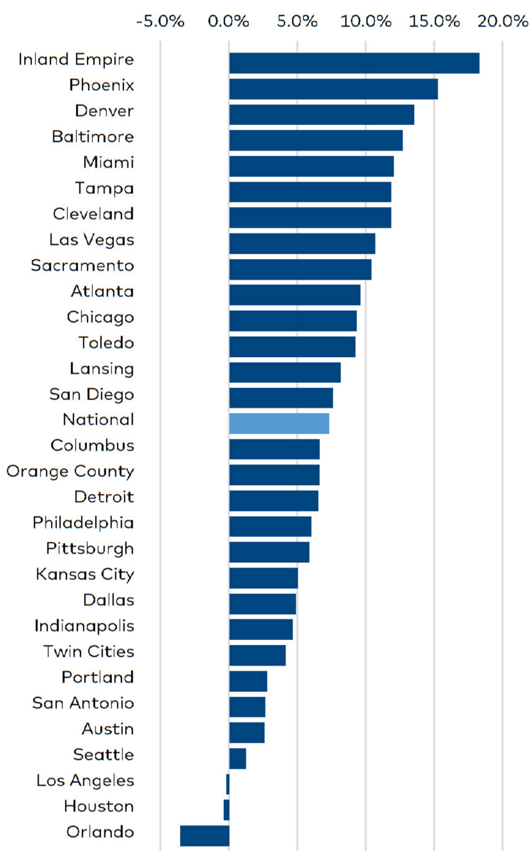
Single-family rentals have been around for a long time but attracted large institutional investment after the Great Recession.

The pandemic has fueled even more demand, and new institutional investors are pursuing the sector every day. The current constraints to purchase a home coupled with demand for more space is fueling strong rent and occupancy growth across metros.

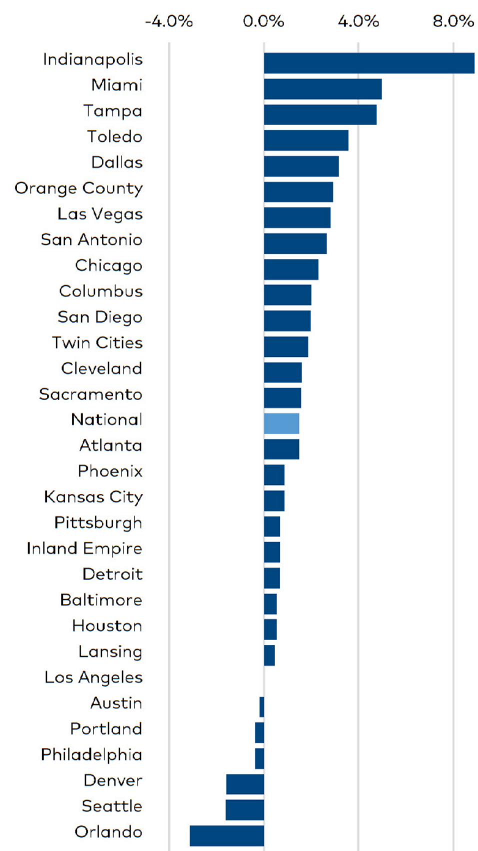
Nationally, rents increased by 7.3% in May on a YoY basis. Overall rents increased by $14 in May to $1,761. Occupancy is strong on a national level, as well, with overall occupancy at 96.6% in April, a 1.5% increase from a year ago.

The Inland Empire (18.3%), Phoenix (15.3%) and Denver (13.5%) topped the list for YoY rent growth. These three metros have benefited from migration and are dealing with competitive housing markets pushing more people to rent.

Year-Over-Year Rent Growth— Single-Family Rentals



Year-Over-Year Occupancy Change— Single-Family Rentals



Source: Yardi Matrix

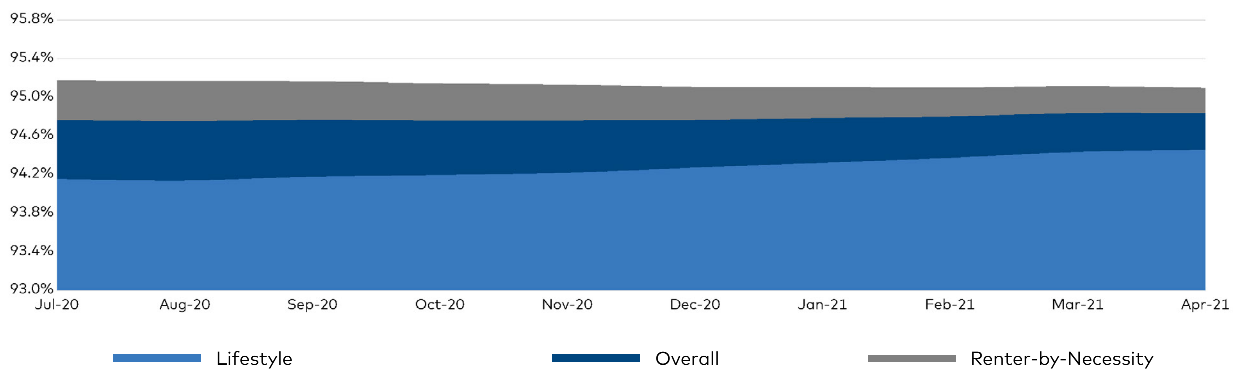
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of May - 21	Forecast Rent Growth (YE 2021)	YoY Job Growth (6-mo. moving avg.) as of Mar - 20	Completions as % of Total Stock as of May - 21
Phoenix	9.6%	6.1%	-3.5%	3.3%
Inland Empire	10.2%	5.5%	-5.5%	0.7%
Miami Metro	6.0%	5.4%	-7.4%	3.2%
Sacramento	8.3%	5.4%	-5.9%	1.0%
Orlando	1.7%	5.3%	-10.9%	3.4%
Las Vegas	8.3%	4.6%	-13.7%	1.4%
Austin	1.4%	4.6%	-2.8%	4.3%
Portland	4.1%	4.5%	-8.1%	2.8%
Charlotte	5.0%	4.4%	-3.7%	4.3%
Atlanta	6.9%	4.1%	-5.5%	2.9%
Tampa	6.8%	3.9%	-2.6%	2.6%
Houston	0.9%	3.8%	-6.6%	2.0%
Philadelphia	4.5%	3.7%	-7.5%	1.9%
Nashville	2.2%	3.5%	-4.0%	2.4%
Raleigh	3.1%	3.4%	-3.3%	3.3%
Denver	2.1%	3.3%	-5.9%	3.3%
Indianapolis	5.4%	3.2%	-4.1%	1.3%
Chicago	0.0%	3.2%	-8.2%	1.8%
Dallas	3.0%	3.2%	-3.4%	2.9%
Kansas City	3.3%	3.1%	-4.3%	2.9%
Orange County	3.4%	3.0%	-10.1%	1.0%
San Jose	-9.0%	2.9%	-8.2%	3.2%
Twin Cities	1.0%	2.9%	-8.2%	3.9%
Boston	-1.0%	2.8%	-9.0%	2.8%
Baltimore	4.7%	2.7%	-6.2%	1.3%
New York	-8.8%	2.2%	-11.4%	0.7%
San Francisco	-6.7%	2.1%	-10.7%	2.7%
Los Angeles	-0.1%	1.6%	-11.2%	2.9%
Washington DC	-2.7%	1.5%	-6.3%	2.0%
Seattle	-5.4%	1.3%	-6.8%	2.7%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy—All Asset Classes by Month



Source: Yardi Matrix

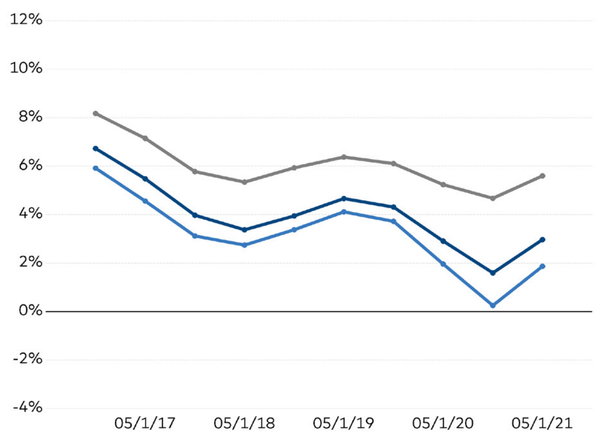
Year-Over-Year Rent Growth, Other Markets

Market	May 2021		
	Overall	Lifestyle	Renter-by-Necessity
Reno	9.7%	10.5%	9.2%
Colorado Springs	9.1%	9.2%	8.9%
Tucson	8.9%	9.2%	9.0%
Central Valley	8.8%	12.8%	7.8%
Albuquerque	8.3%	10.7%	6.8%
Tacoma	8.0%	8.0%	8.0%
NC Triad	7.0%	7.9%	6.1%
Jacksonville	6.9%	6.9%	6.6%
Long Island	6.3%	5.9%	6.5%
SW Florida Coast	6.2%	6.3%	5.8%
Salt Lake City	5.7%	6.4%	5.3%
Bridgeport–New Haven	5.6%	5.8%	5.5%
Indianapolis	5.4%	4.2%	6.0%
El Paso	5.1%	4.9%	5.1%
St. Louis	3.2%	2.5%	3.7%
Central East Texas	3.1%	2.5%	3.7%
Louisville	2.5%	2.0%	2.6%
San Fernando Valley	2.0%	2.0%	1.9%
Northern New Jersey	-1.1%	-4.5%	2.2%

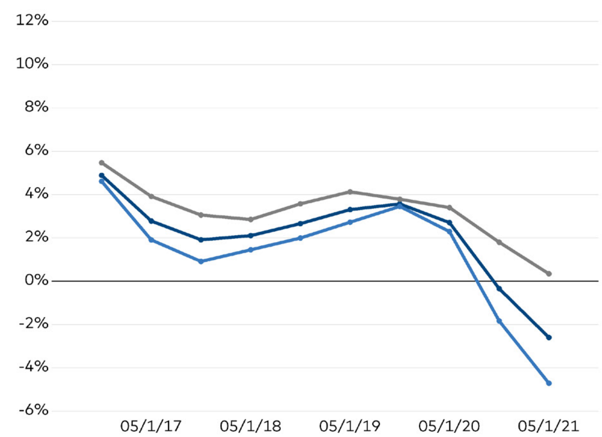
Source: Yardi Matrix

Market Rent Growth by Asset Class

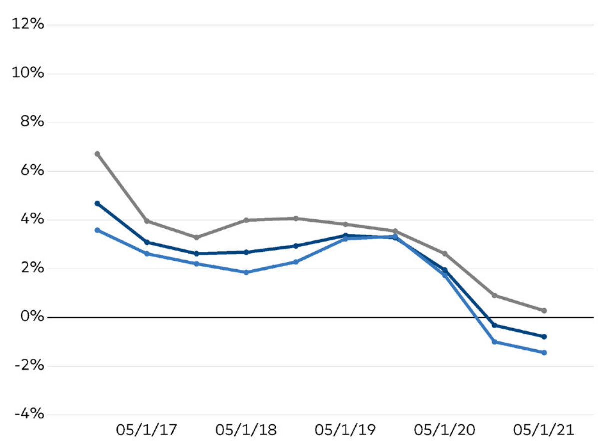
Atlanta



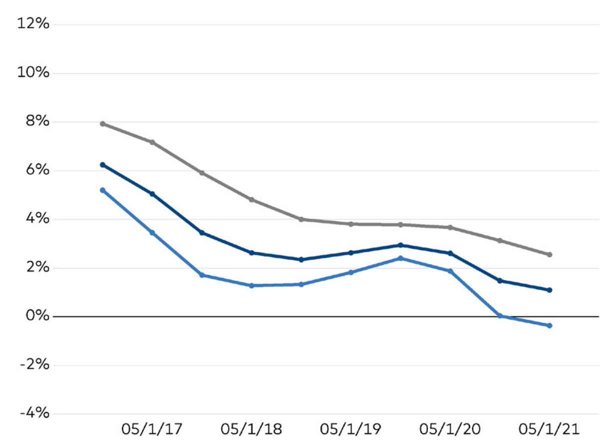
Boston



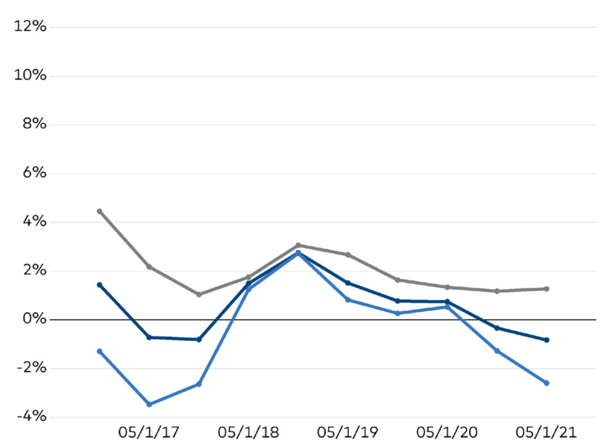
Denver



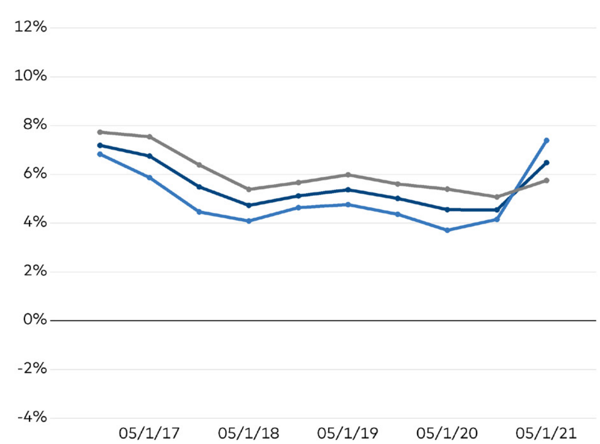
Dallas



Houston



Inland Empire

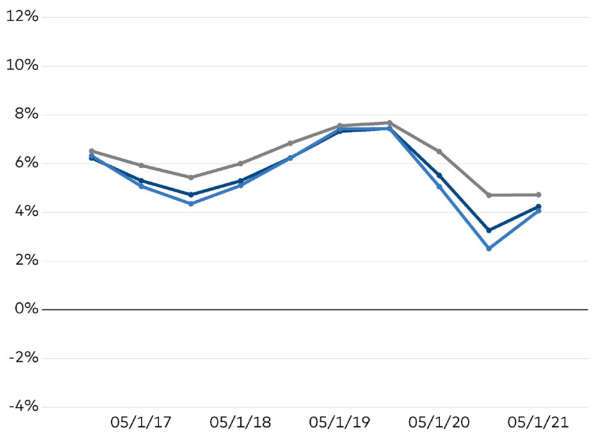


Trailing 12 Months Overall   Trailing 12 Months Lifestyle   Trailing 12 Months Renter-by-Necessity

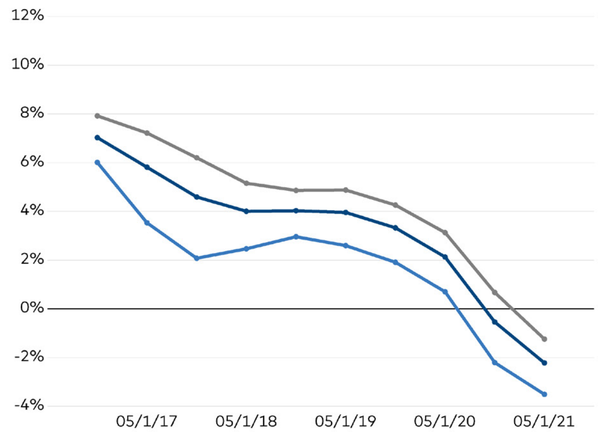
Source: Yardi Matrix

Market Rent Growth by Asset Class

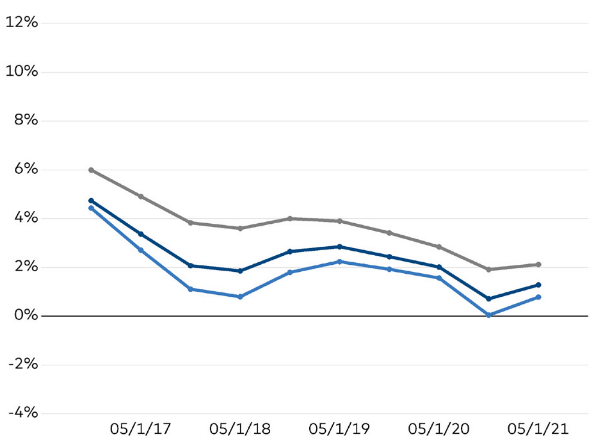
Las Vegas



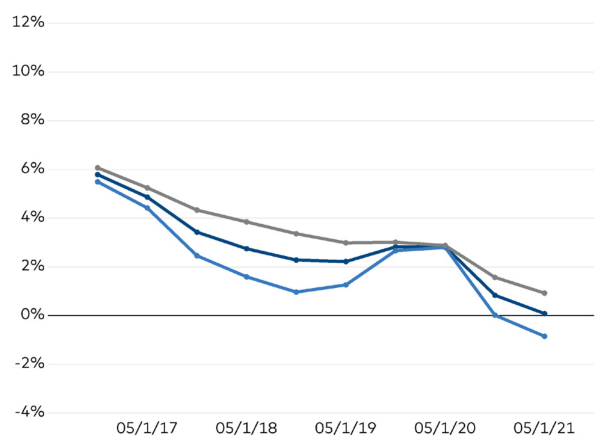
Los Angeles



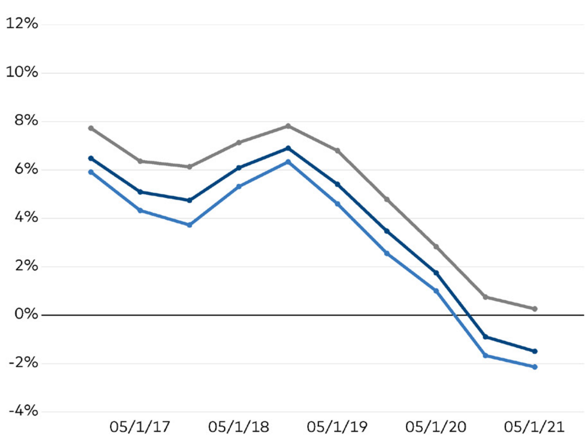
Miami



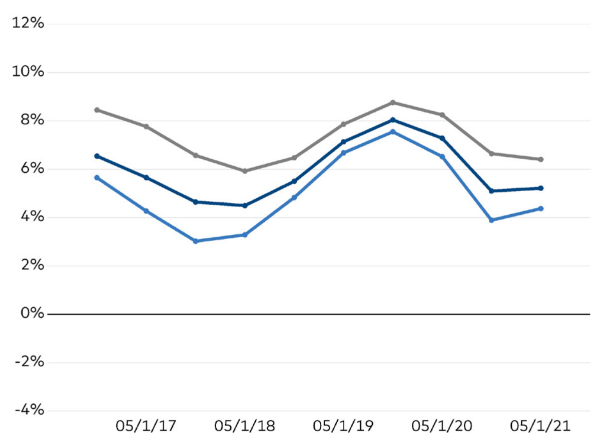
Orange County



Orlando



Phoenix

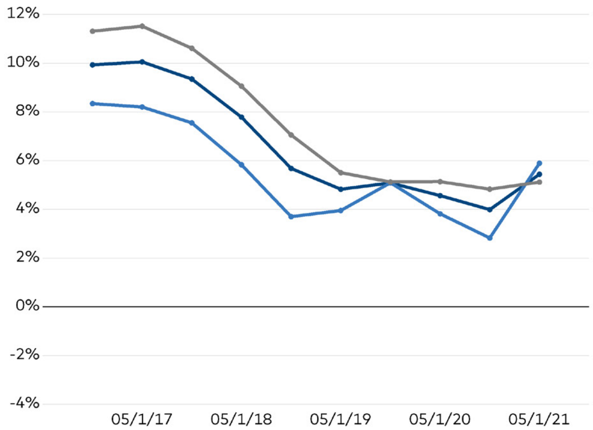


Trailing 12 Months Overall Trailing 12 Months Lifestyle Trailing 12 Months Renter-by-Necessity

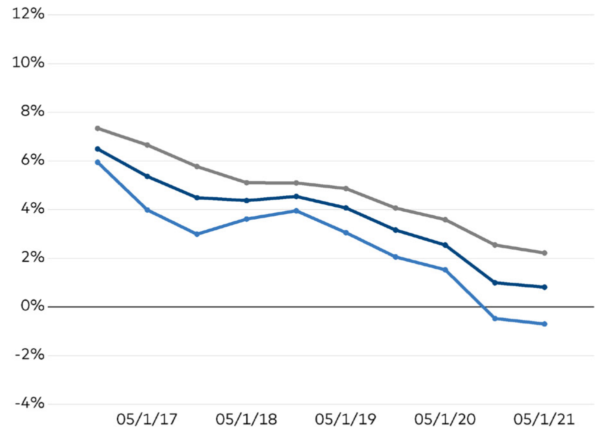
Source: Yardi Matrix

Market Rent Growth by Asset Class

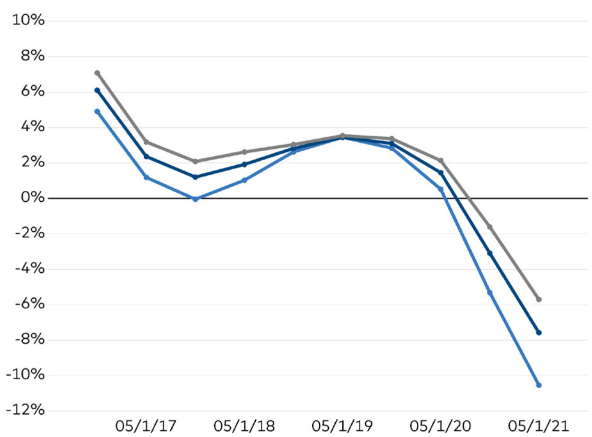
Sacramento



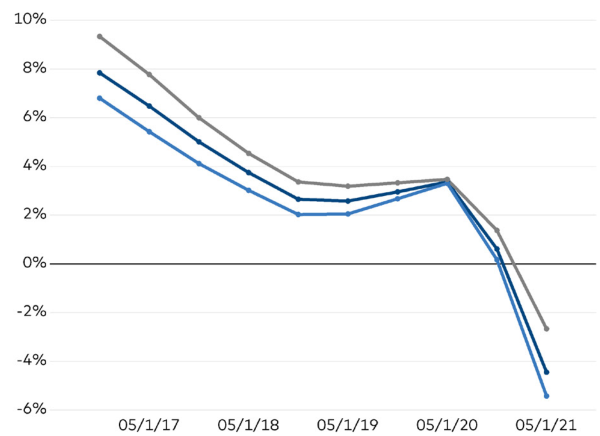
San Diego



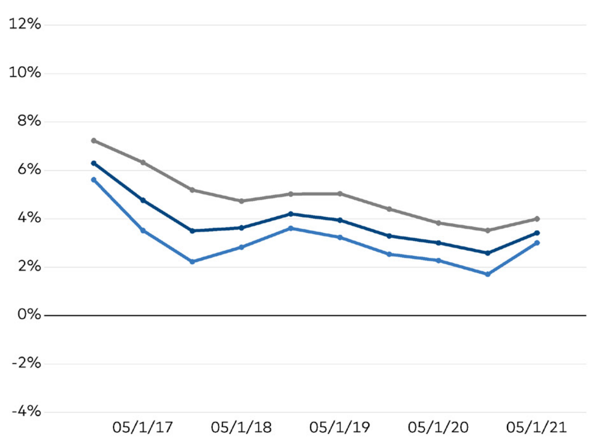
San Francisco



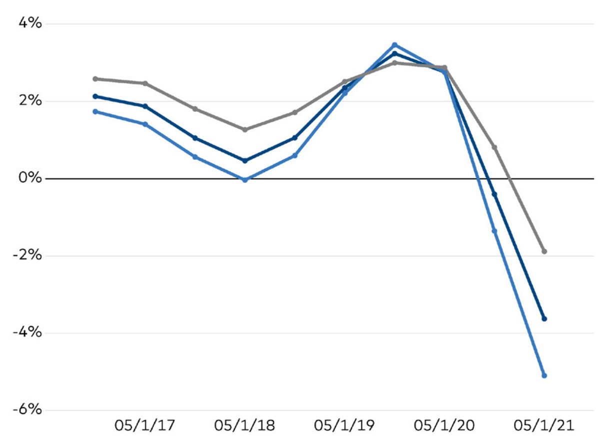
Seattle



Tampa



Washington, D.C.



Trailing 12 Months Overall   Trailing 12 Months Lifestyle   Trailing 12 Months Renter-by-Necessity

Source: Yardi Matrix

Definitions

Reported Market Sets:

- National rent values and occupancy derived from all 134 markets with years of tracked data that makes a consistent basket of data

Average Rents: Average Same-Store index rent (mean), rolled up from unit mix level to metro area level, weighted by units

Rent Growth, Year-Over-Year: Year-over-year change in average market rents, as calculated by same month

Rent Growth, Quarterly: Year-over-year change in average market rents, as calculated by same-quarter average. Partially completed quarters are only compared to partial quarters.

Forecast Rent Growth: Year-over-year change in average forecasted market rents, as calculated by same month

Market rent: Converted rent that reflects the effect of differences in relevant attributes that hold reasonably quantifiable value

Actual (effective) rent: Monthly rate charged to residents to occupy an apartment and is shown as-is without additional concessions or adjustments.

Same-Store index rent: Rents adjusted to new supply as it joins the market

Employment Totals: Total employment figures and categories provided by Bureau of Labor Statistics, seasonally adjusted

Employment Data Geography: Comprises entirety of United States, which Matrix data covers 90% of US metro population. Reported information is for MSAs that overlap Matrix Markets.

Market: Generally corresponds to a Standard Metropolitan Statistical Area (SMSA), as defined by the United States Bureau of Statistics, though large SMSA are split into 2 or more Markets

Metro: One or more Matrix markets representing an economic area. Shown with combined Matrix markets when necessary, and do not necessarily fully overlap an SMSA.

Occupancy Rates: Ratio of occupied unit count and total unit count, as provided by phone surveys and postal records. Excludes exception properties: closed by disaster/renovation, affordable, and other relevant characteristics.

Completions as % of Total Stock: Ratio of number of units completed in past 12 months and total number of completed units

Ratings:

- Lifestyle/Renters by Choice
- Discretionary—has sufficient wealth to own but choose rent
- Renters by Necessity
- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo
- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc
- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent
- Other Categories
- Student—may span range of income capability
- Military—subject to relocation
- Subsidized—Partially to fully subsidized by a governmental agency subsidy. Can extend to middle-income households in high-cost markets.

Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

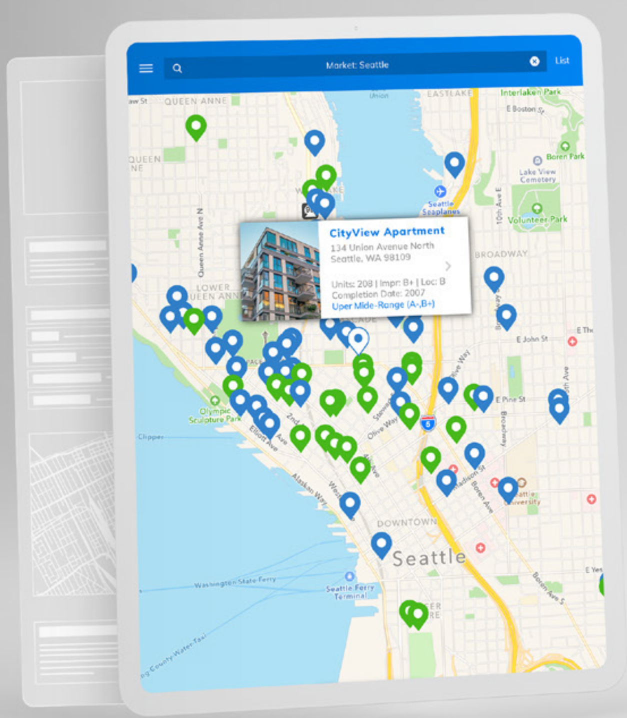
The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.

Yardi® Matrix

Power your business with the industry's leading source for originating, pre-underwriting and managing assets for profitable loans and investments.



Yardi Matrix Multifamily provides accurate data on **19+ million units**, covering over **90% of the U.S. population**.

Key features

- Pierce the LLC every time with true ownership and contact info
- Leverage patented improvement and location ratings, unit mix, rental, occupancy and current manager information
- Gain complete new supply pipeline information at the asset, competitive set and market level
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access exclusive aggregated and anonymized residential revenue and expense comps

See how we can help you achieve your investment goals.
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YARDI

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