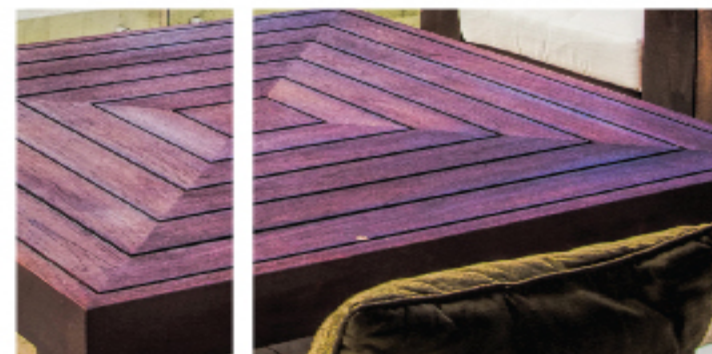


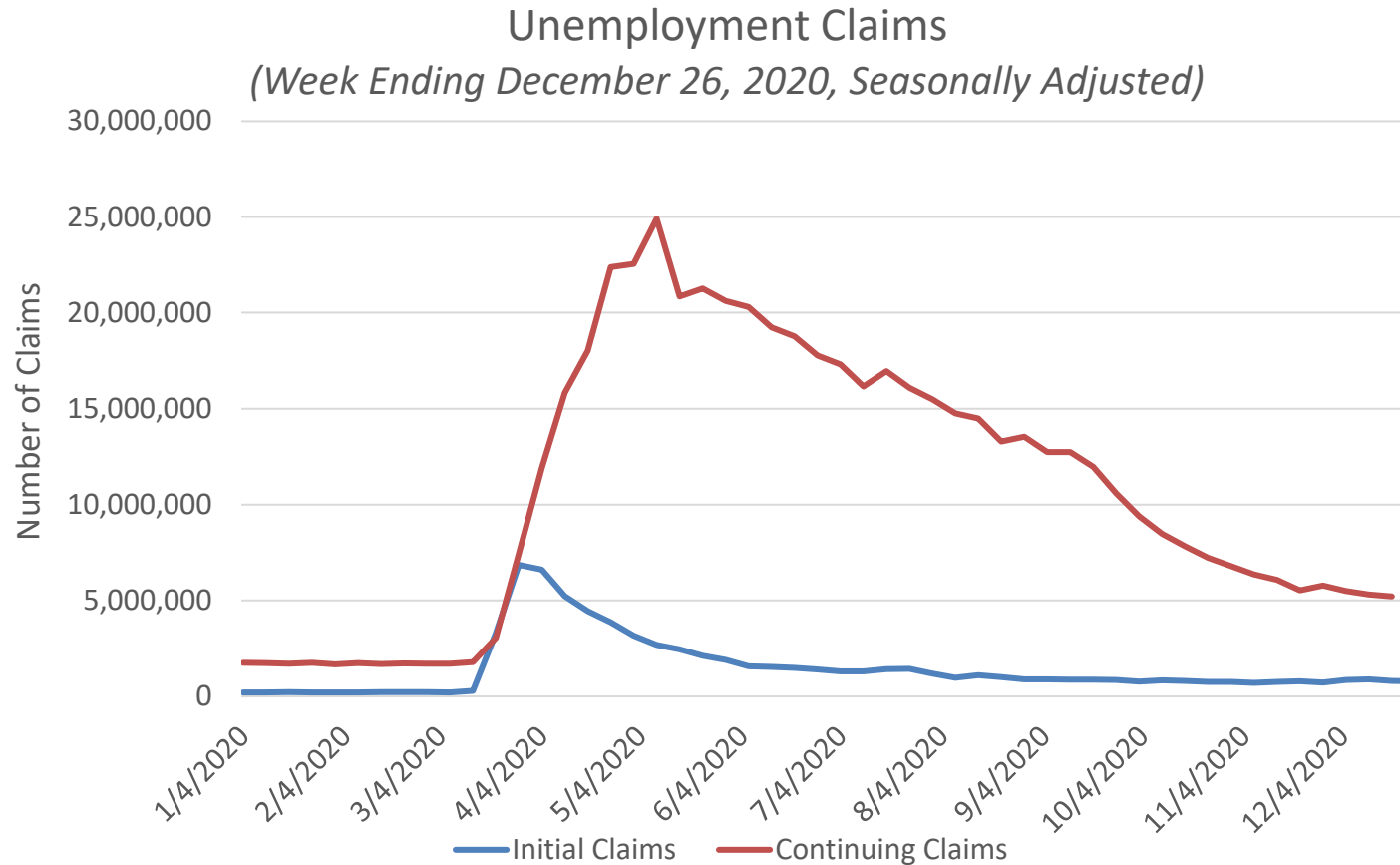


January 6, 2021

Covid-19 Economic & Industry Update



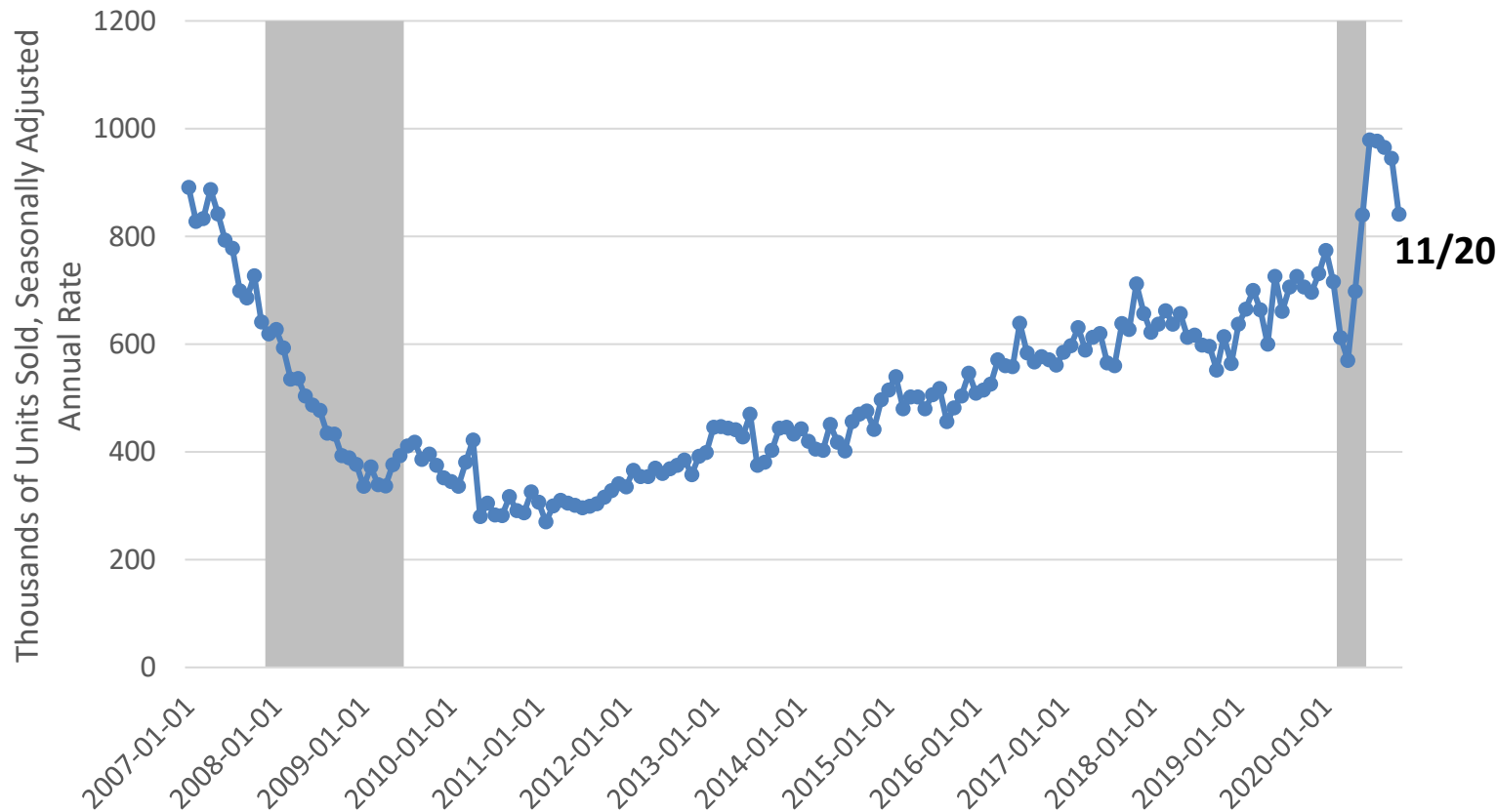
Economic Impacts



- Initial claims and continued claims for unemployment posted modest declines in the two percent range but remained highly elevated.
- Some 19.5 million people ended 2020 receiving some sort of unemployment benefit.

Economic Impacts

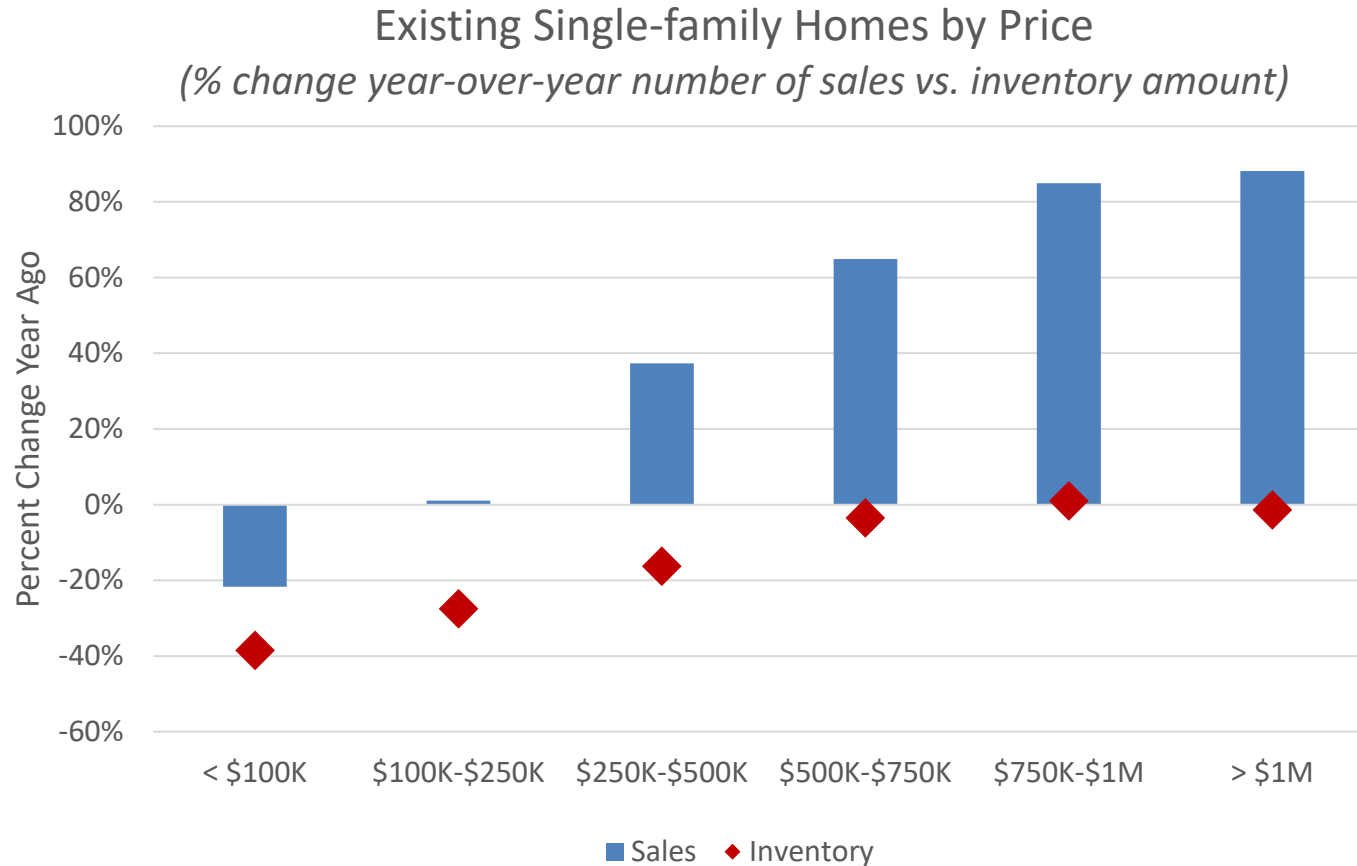
New Home Sales



- New home sales have declined for four consecutive months but remain 21% above year-ago levels.
- Sales were strongest in the South and West while the Midwest saw sales contract over the year.

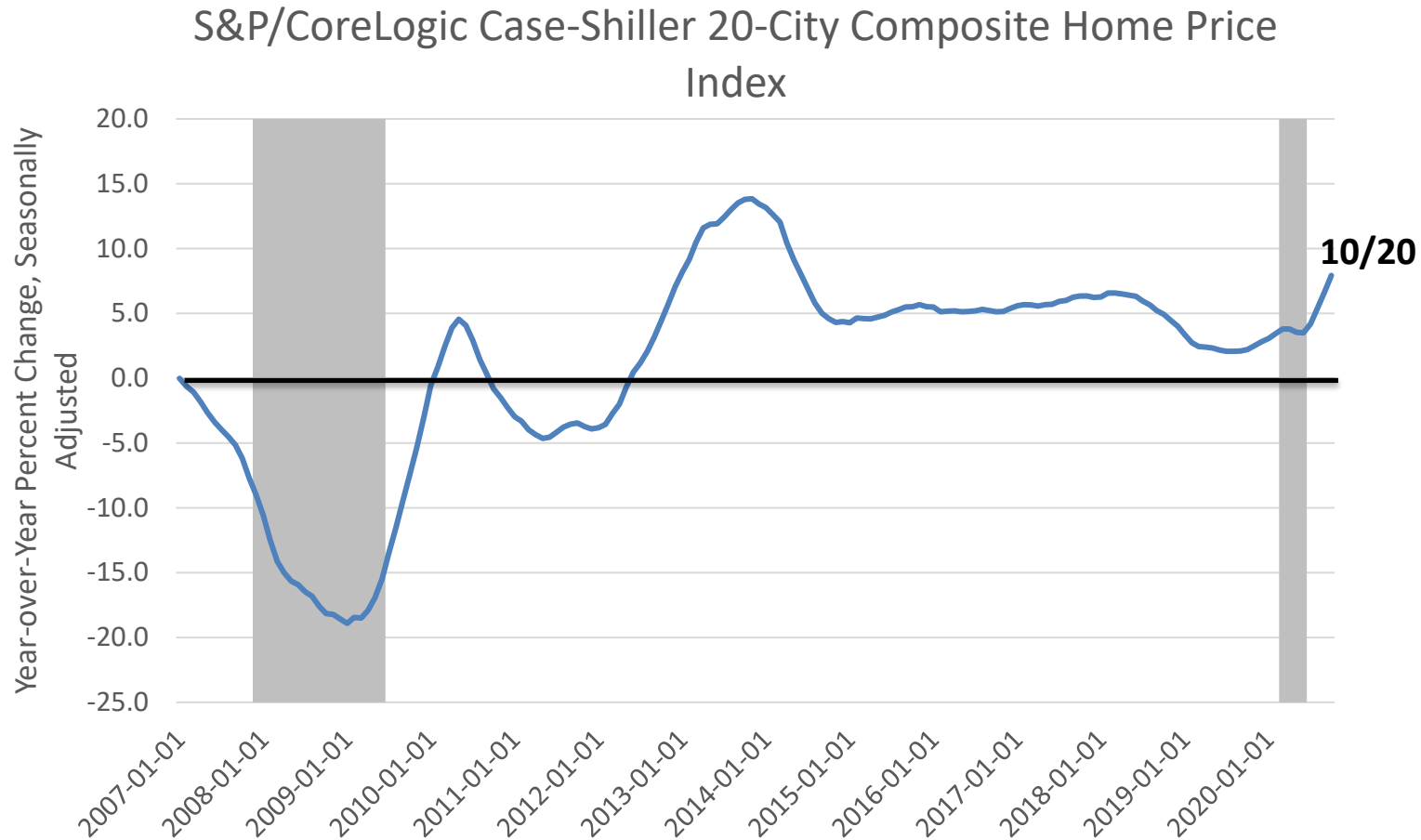
Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, December 23, 2020

Economic Impacts



- Existing home sales declined 2.5% in November after five consecutive months of increases but were up 25.8% year-over-year.
- Median home prices increased 14.6% year-over-year.
- At the current pace of sales, only 2.3 months of supply remains on the market, a new record low.

Economic Impacts

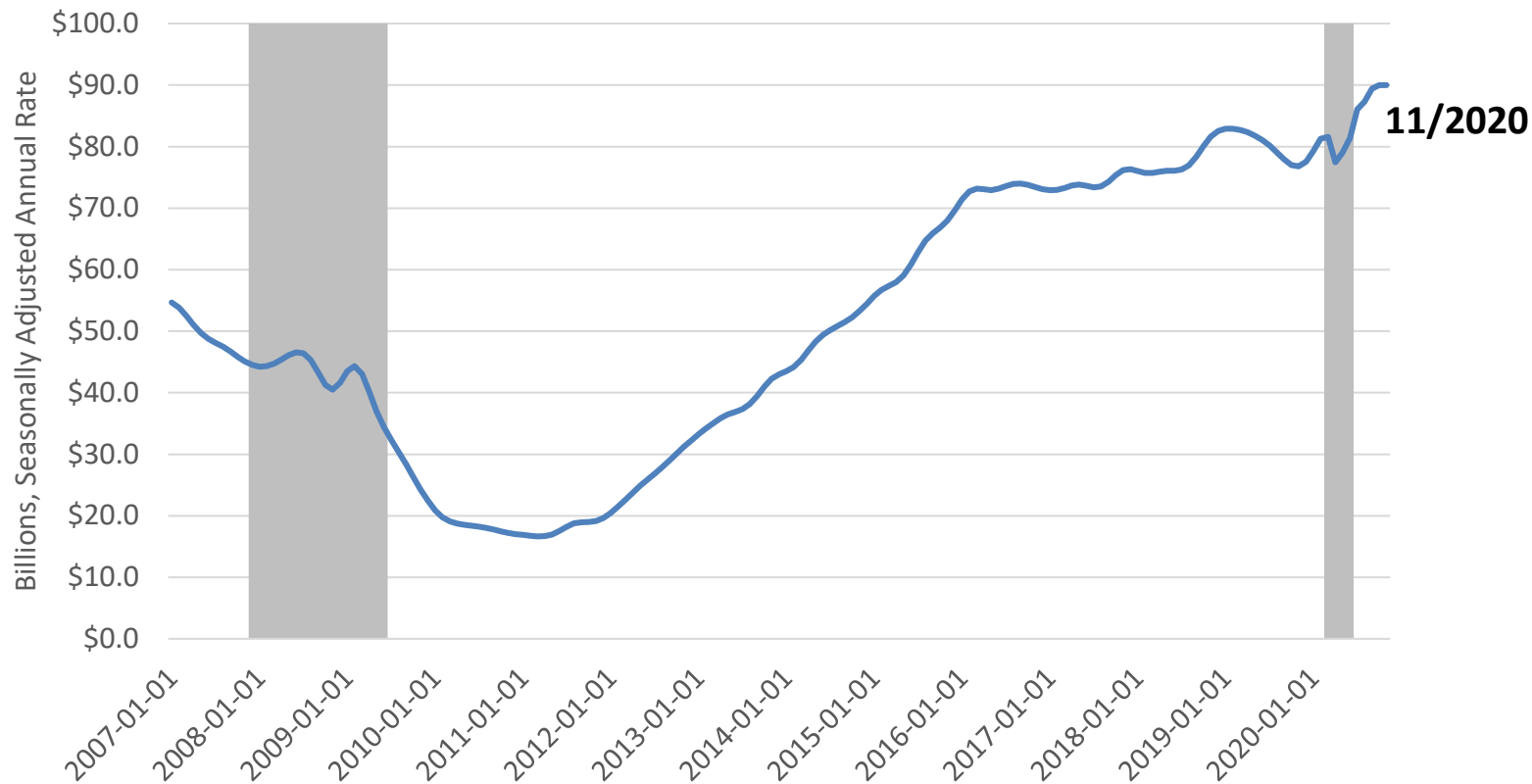


- The S&P/CoreLogic Case-Shiller 20-City Composite Home Price Index increased 7.9% year-over-year, the highest gain since 2014.
- Phoenix, Seattle and San Diego experienced double-digit increases in home prices.

Source: S&P Dow Jones Indices LLC, S&P/Case-Shiller 20-City Composite Home Price Index

Economic Impacts

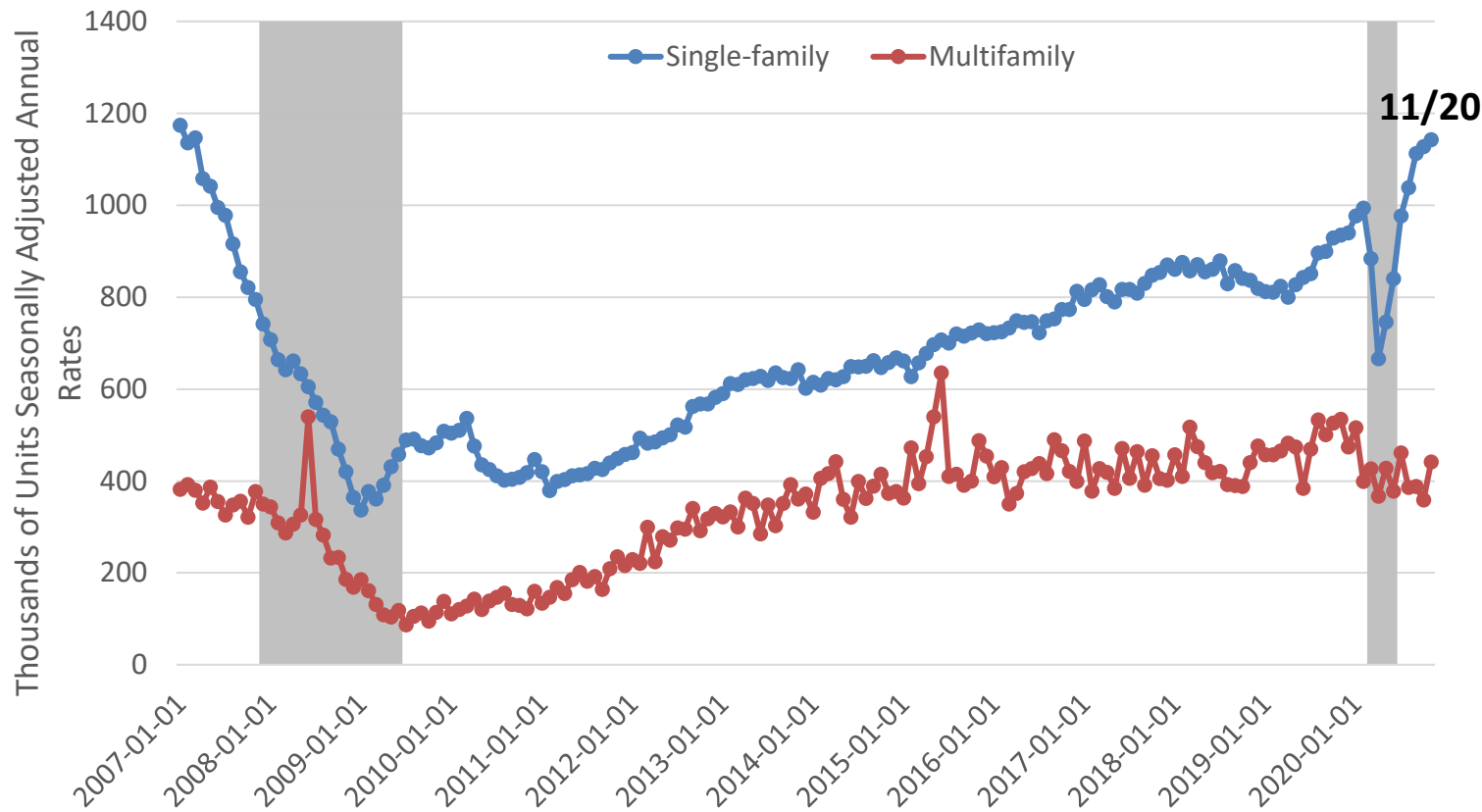
Construction Spending, Multifamily, Private



- Multifamily construction spending rose slightly in November, its 4th consecutive month of increase.
- Construction spending includes the cost of labor and materials, architectural and engineering work, overhead, interest and taxes paid during construction, as well as contractors' profits.

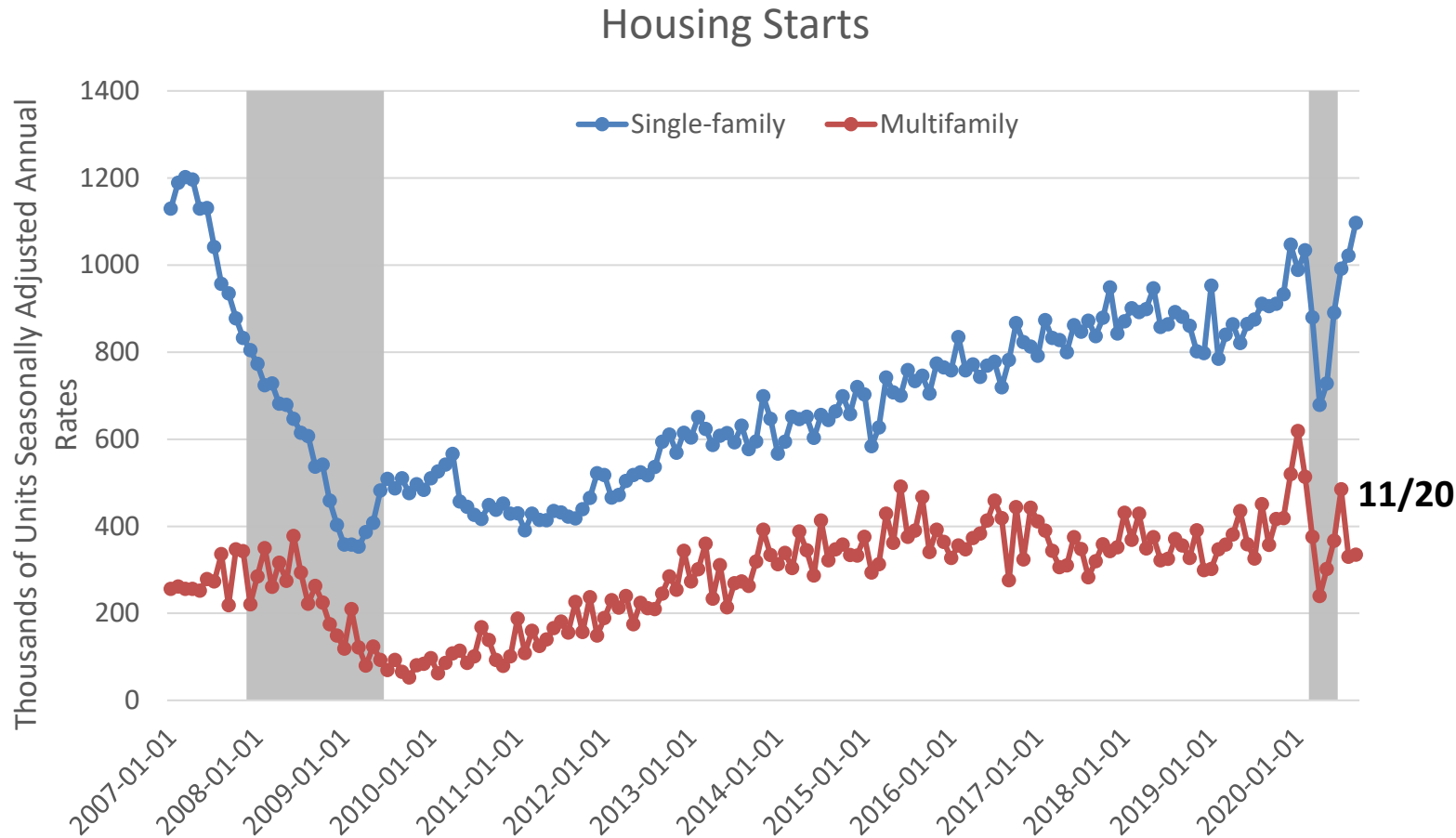
Economic Impacts

Housing Permits



- Multifamily permitting activity increased in November but was off 17% from last year's feverish pace.
- Single-family permits have been hitting levels not seen since 2007.

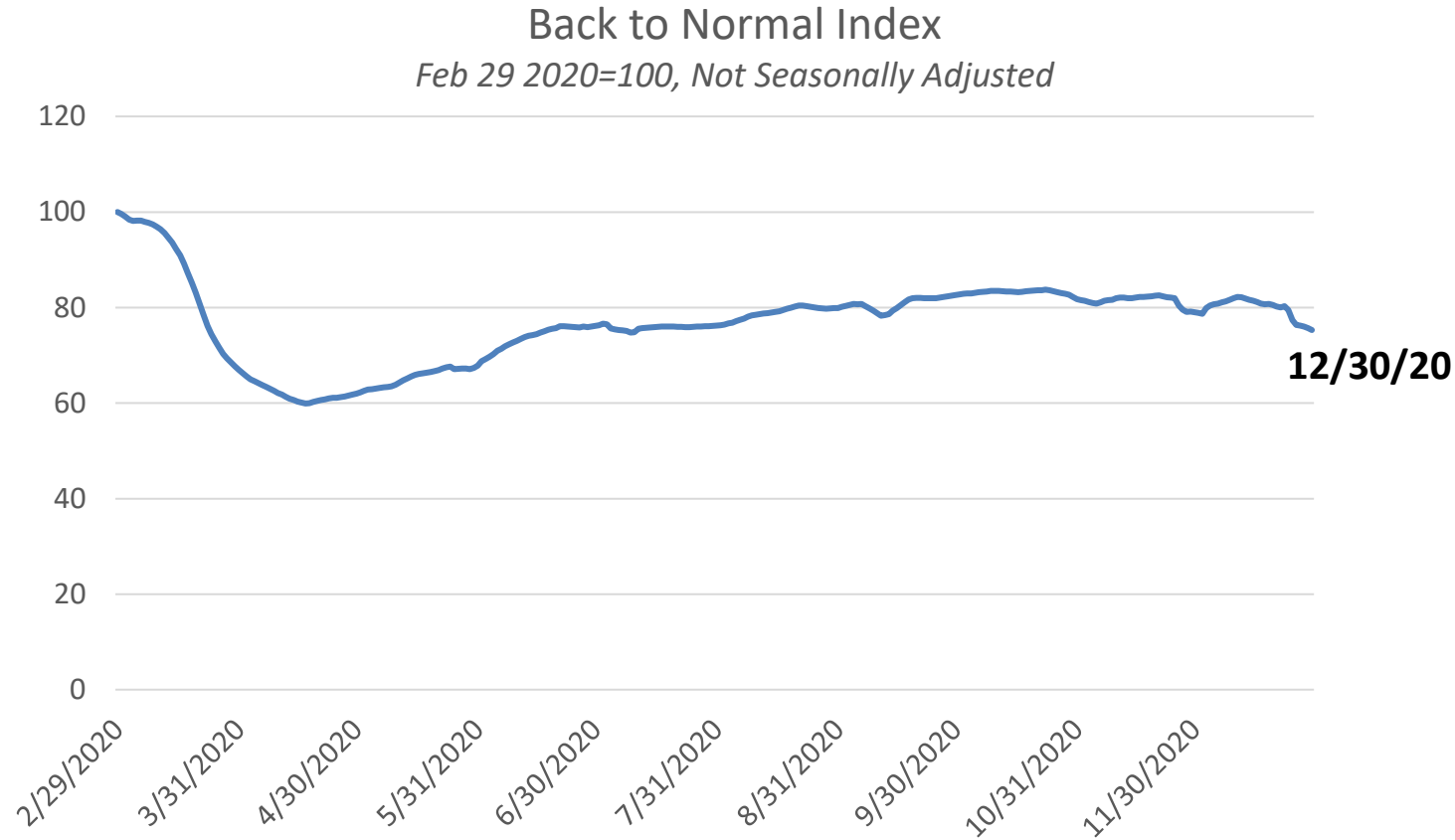
Economic Impacts



- Outside of some spikes at the end of 2019 and into 2020, multifamily housing starts are averaging 386,000 this year, on par with last year's level.
- In November, single-family starts hit their highest level since April 2007.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Construction, December 17, 2020.

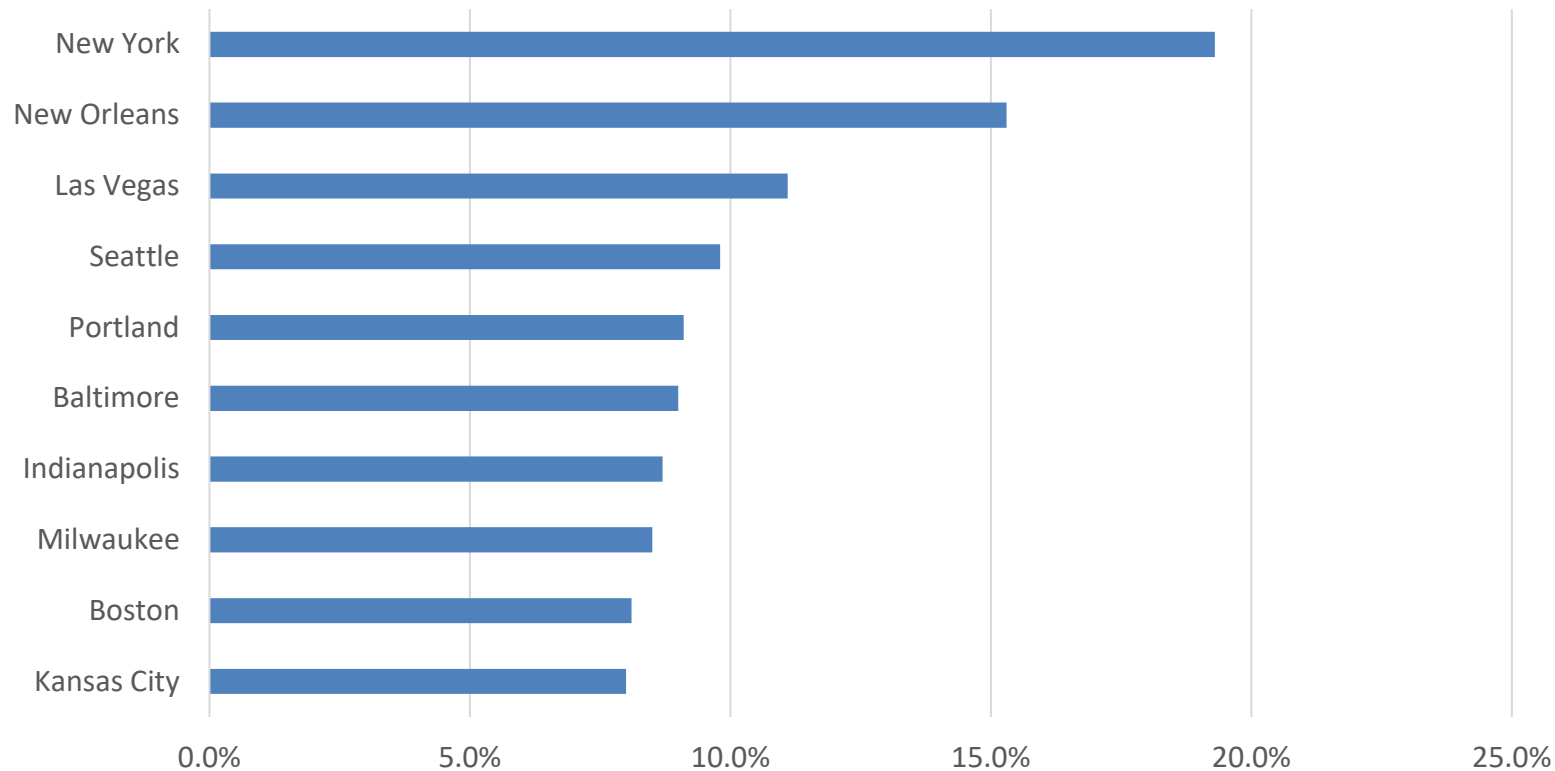
Economic Impacts



- The Back to Normal Index tracks twelve high frequency data series plus monthly employment figures, using February 29, 2020 as the baseline for “normal.”
- The index dropped 5 points last week due to decreased economic activity over the holidays, a temporary blip expected to reverse itself in the coming weeks.

Apartment Industry Impacts

Hardest Hit Metro Areas for Rent Collection
(Percent of Households Making No Payment Through December 20)

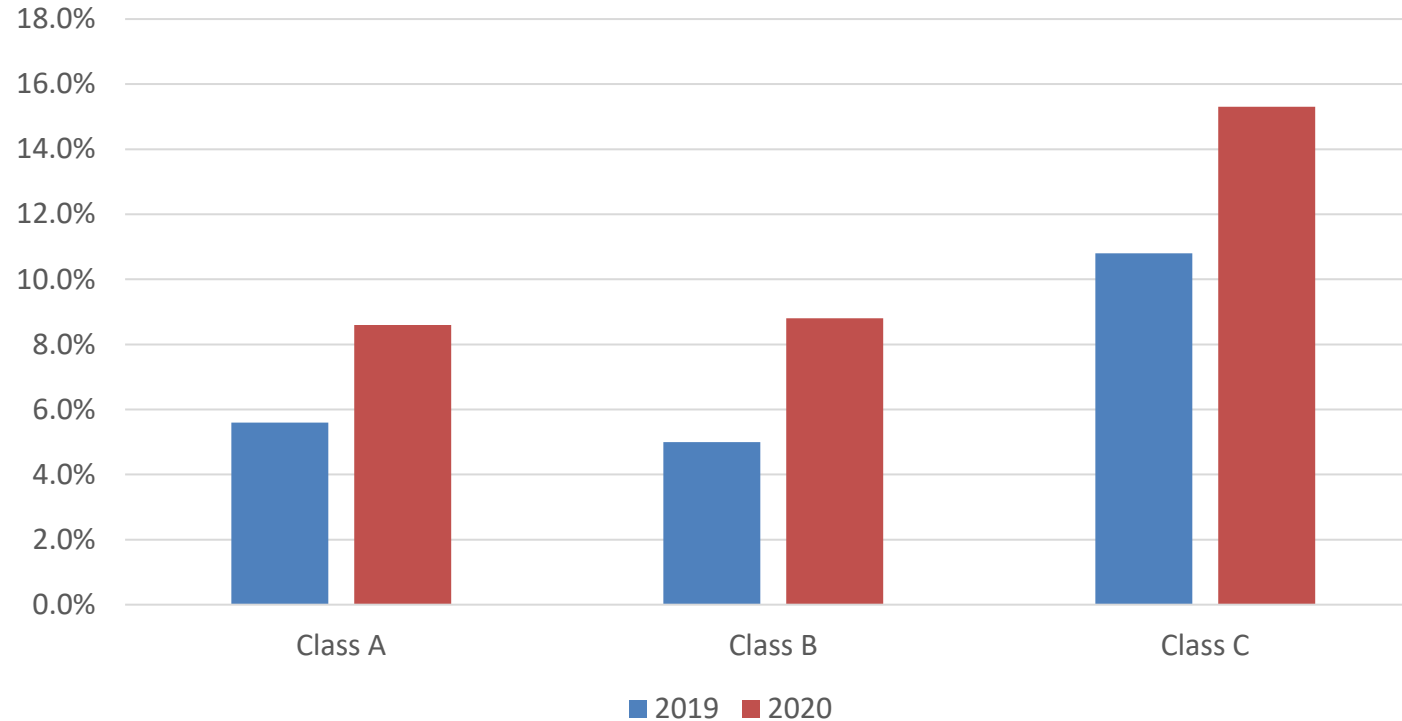


- The bottom ten markets for rent payments generally change little from week to week.
- Collections were down compared to last year's levels in 50 of the 51 markets tracked by RealPage.

Source: RealPage, Inc. Rent Payments December 1-20, 2020.

Apartment Industry Impacts

Rent Collections by Class
(Percent of Households Making No Payment Through December 20)



- Collections declined 3.4 percentage points year-over-year through December 20.
- Roughly 15% of households in Class C properties made no payments through December 20, up from 11% during the same time period last year.

Apartment Industry Impacts

- Apartment transaction volume totaled \$8.7 billion in November, down 38% year-over-year.
- Although deal volume has fallen, pricing has increased by 6.7%.
- Apartment cap rates fell 30 basis points year-over-year to 5.1%.
- The RCA Commercial Property Price Index (CPPI) for the apartment sector climbed 7.6% from a year earlier in November.
- Individual asset sales were down 39% while portfolio and entity-level sales were down 35%.
- Garden style apartment cap rates fell to a new low of 5.3%, also down 10 basis points since the previous year.