

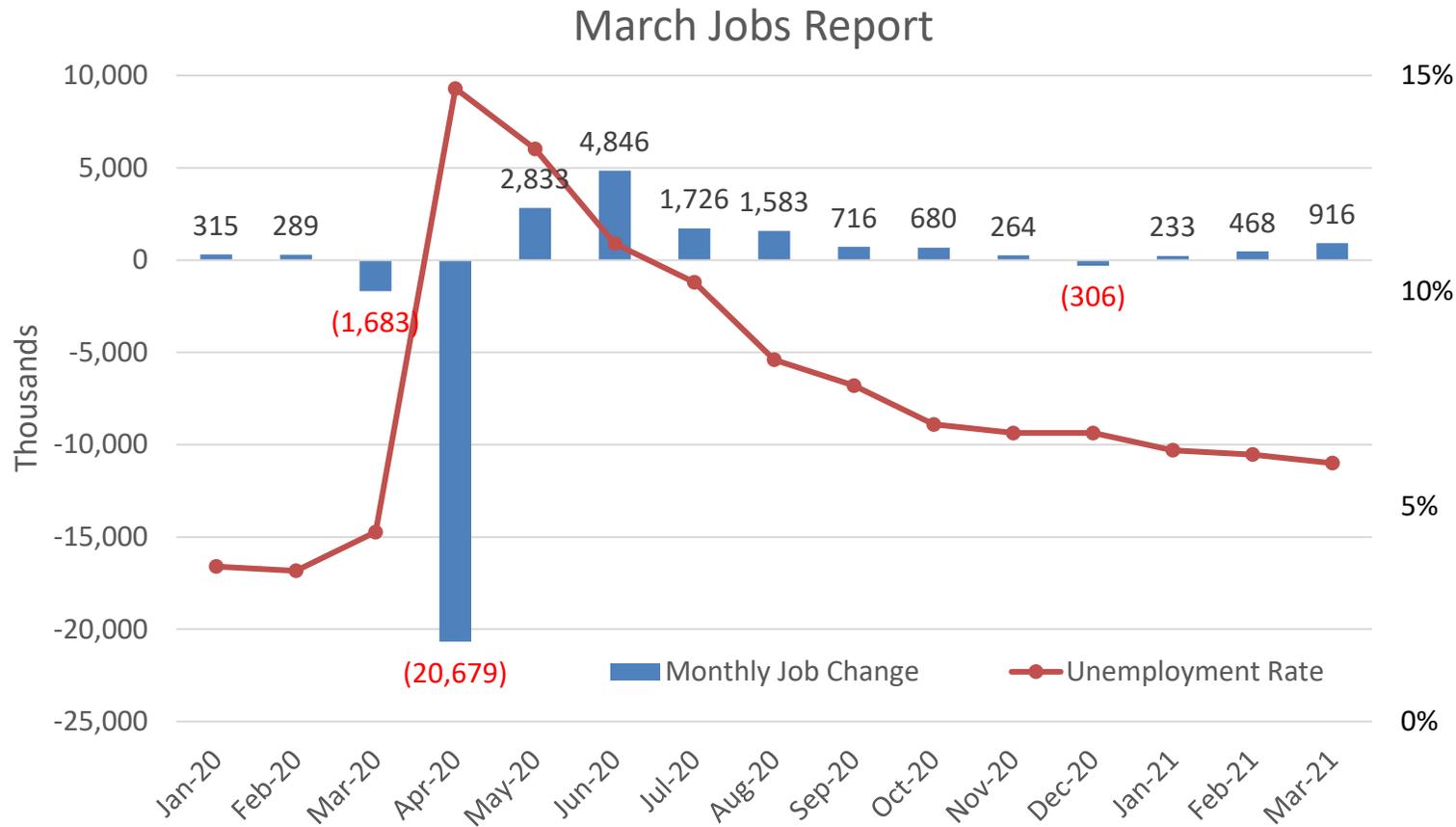


April 21, 2021

Economic & Industry Update



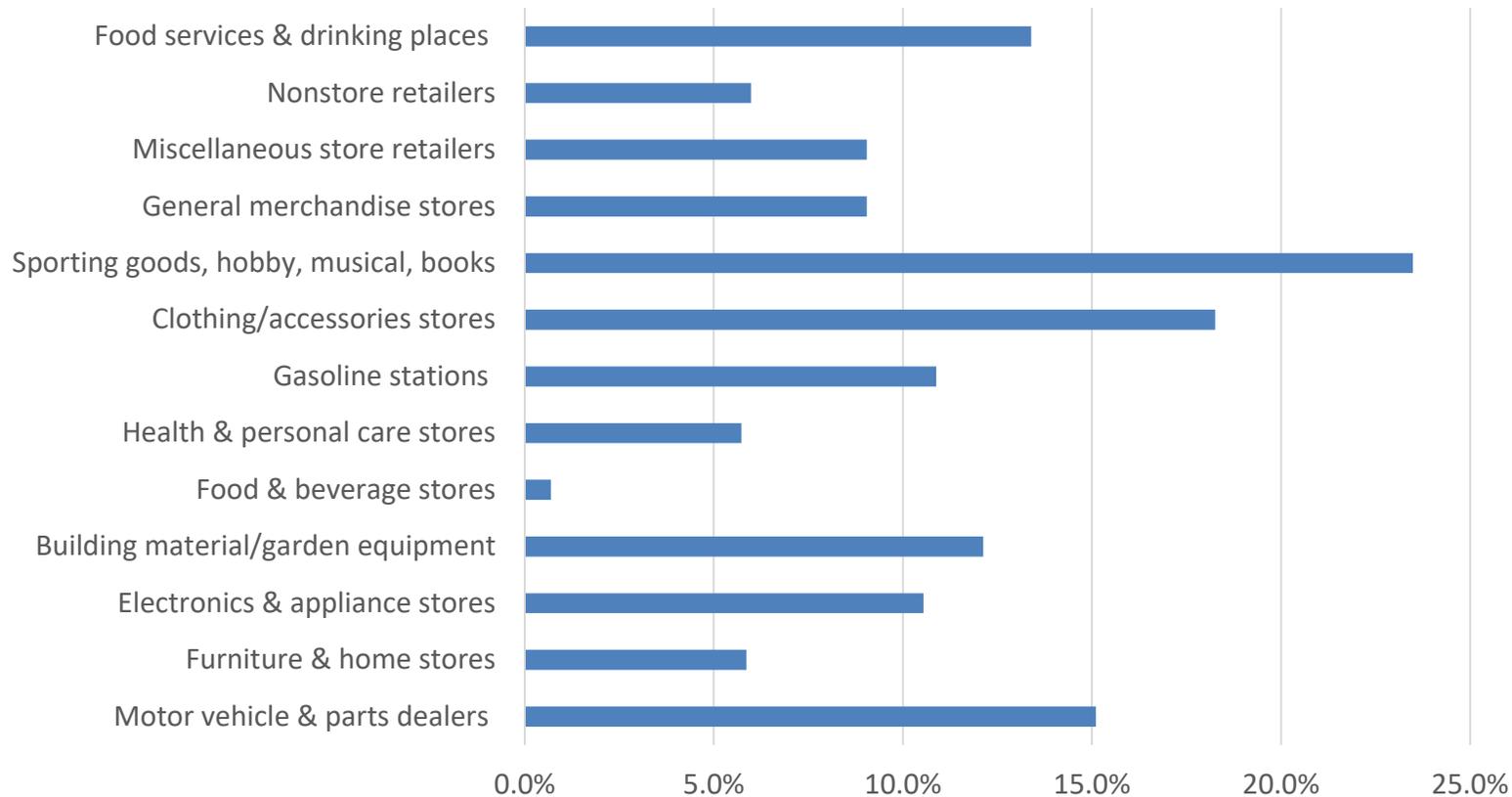
Economic Indicators



- In March, the Employment Situation Report turned in its strongest performance since the height of last summer with 916,000 jobs added.
- Upward revisions to January and February translated into an additional 156,000-job gain.
- Pandemic job losses remained elevated at 8.4 million.

Economic Indicators

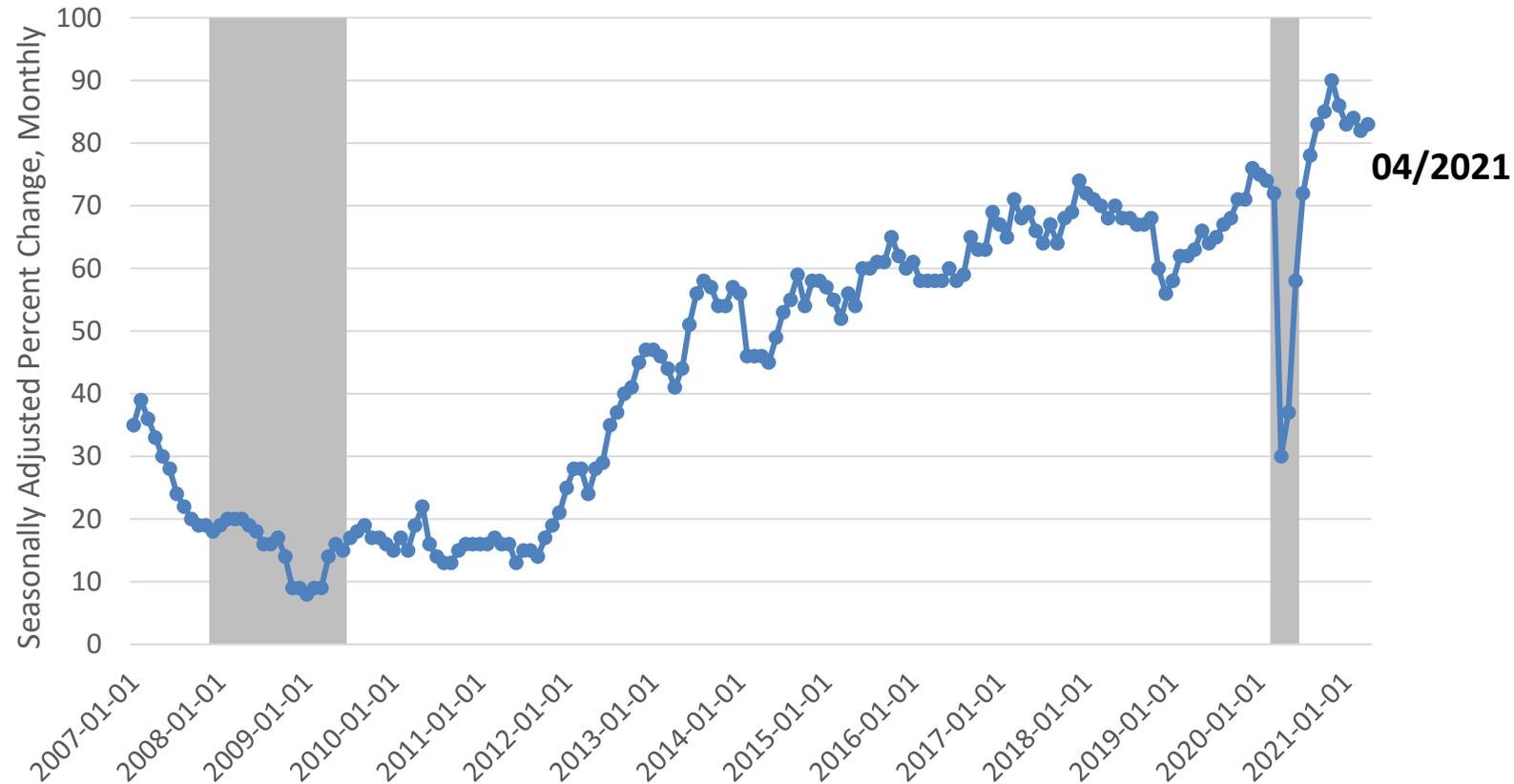
Retail Sales Month-Over-Month Percent Change



- March retail sales handily beat concession expectations, rising 9.8% from February, the second largest gain on record.
- All categories increased with sporting goods, clothing and motor vehicle parts the biggest winners.
- Stimulus checks, pent-up demand and easing restrictions sent consumers on a spending spree.

Economic Indicators

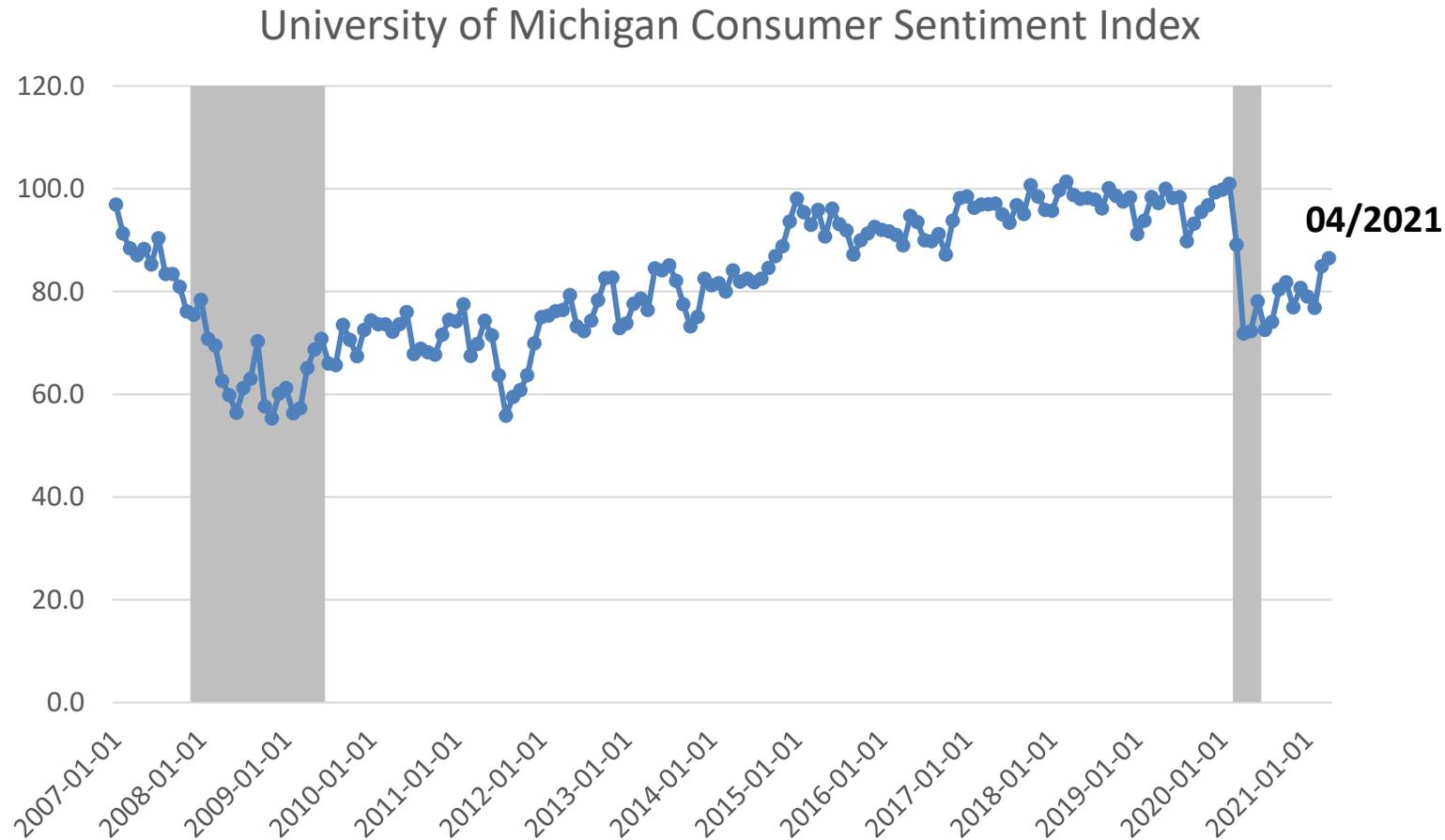
NAHB/Wells Fargo Housing Market Index



- Homebuilder confidence has been moving sideways in 2021, rising one point in April.
- Both the current sales and buyer traffic components increased while builder confidence in future sales dropped off as supply chain challenges persisted.

Source: NAHB/Wells Fargo Housing Market Index, April 15, 2021

Economic Indicators

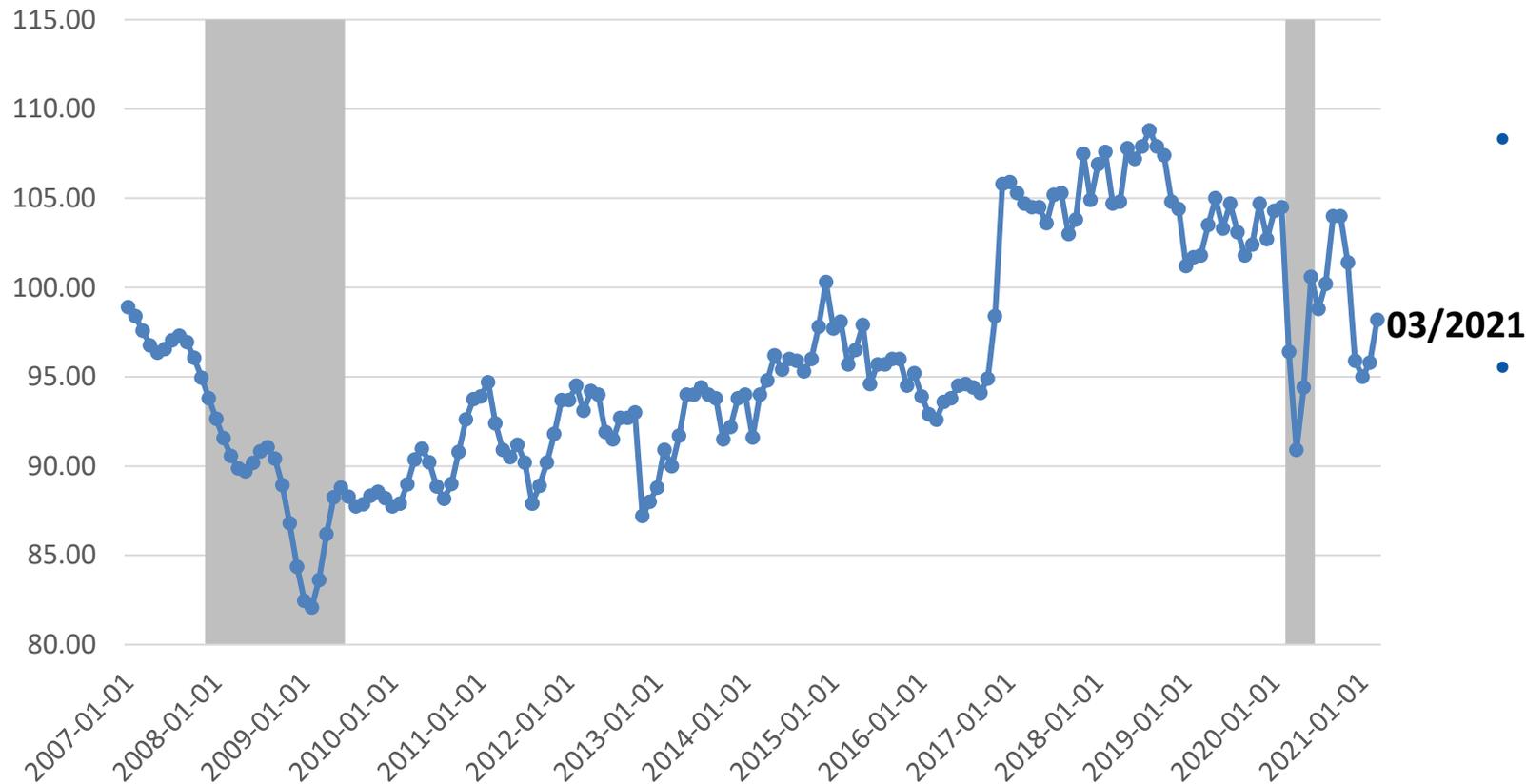


- Initial estimates of consumer sentiment in April rose to 86.5, its highest level since the pandemic begin.
- Consumers' estimations of present conditions rose 4.2 points to 97.2 thanks in large part to stimulus payments.
- Expectations for the future flatlined at 79.7 after a 9-point increase in March.

Source: University of Michigan, April 16, 2021

Economic Indicators

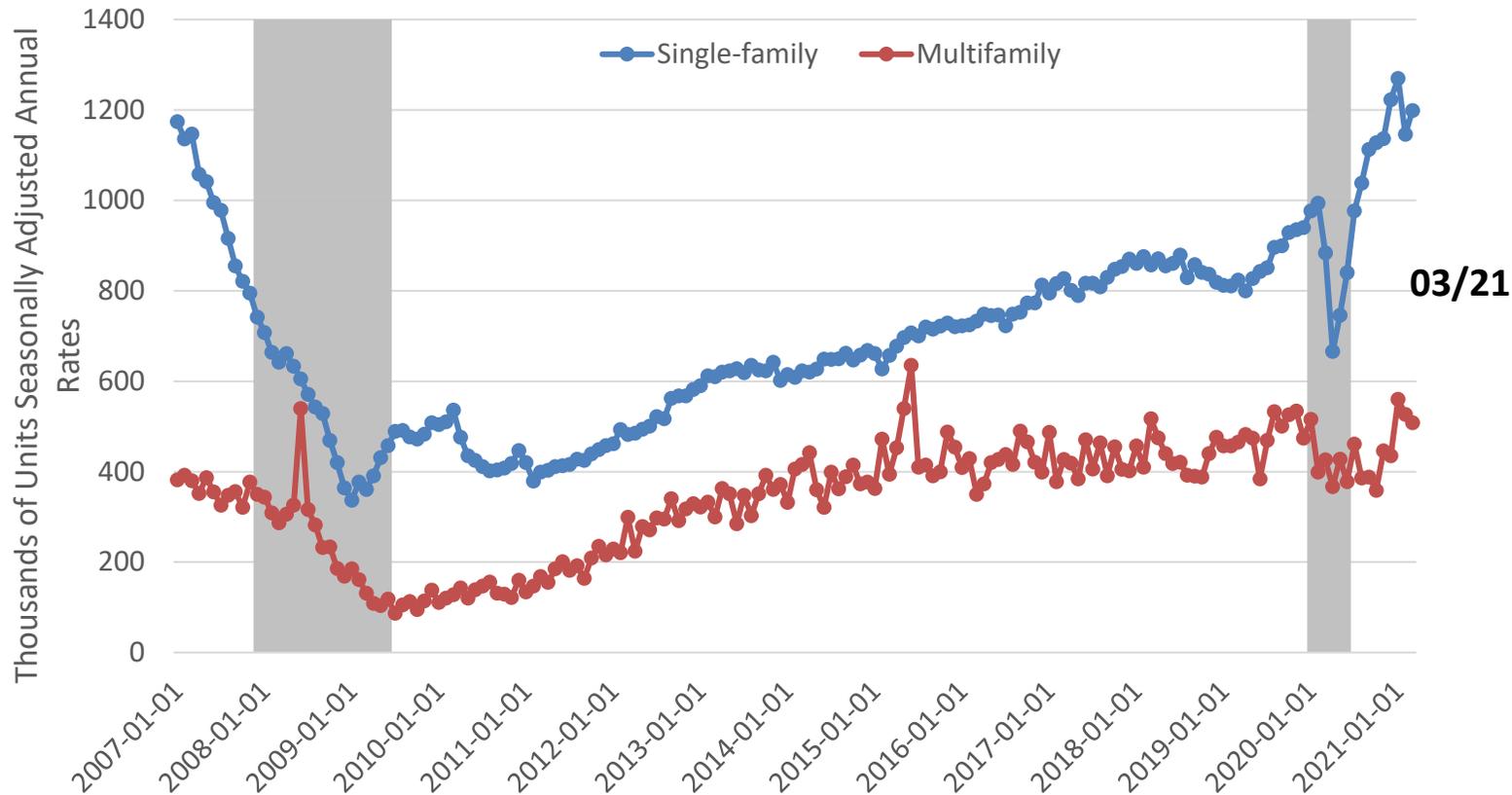
NFIB Small Business Optimism Index



- The Small Business Optimism Index increased 2.4 points in March, with seven components increasing and three declining.
- The net percent of business owners planning to hire within the next three months rose 4 points to 22%.

Economic Indicators

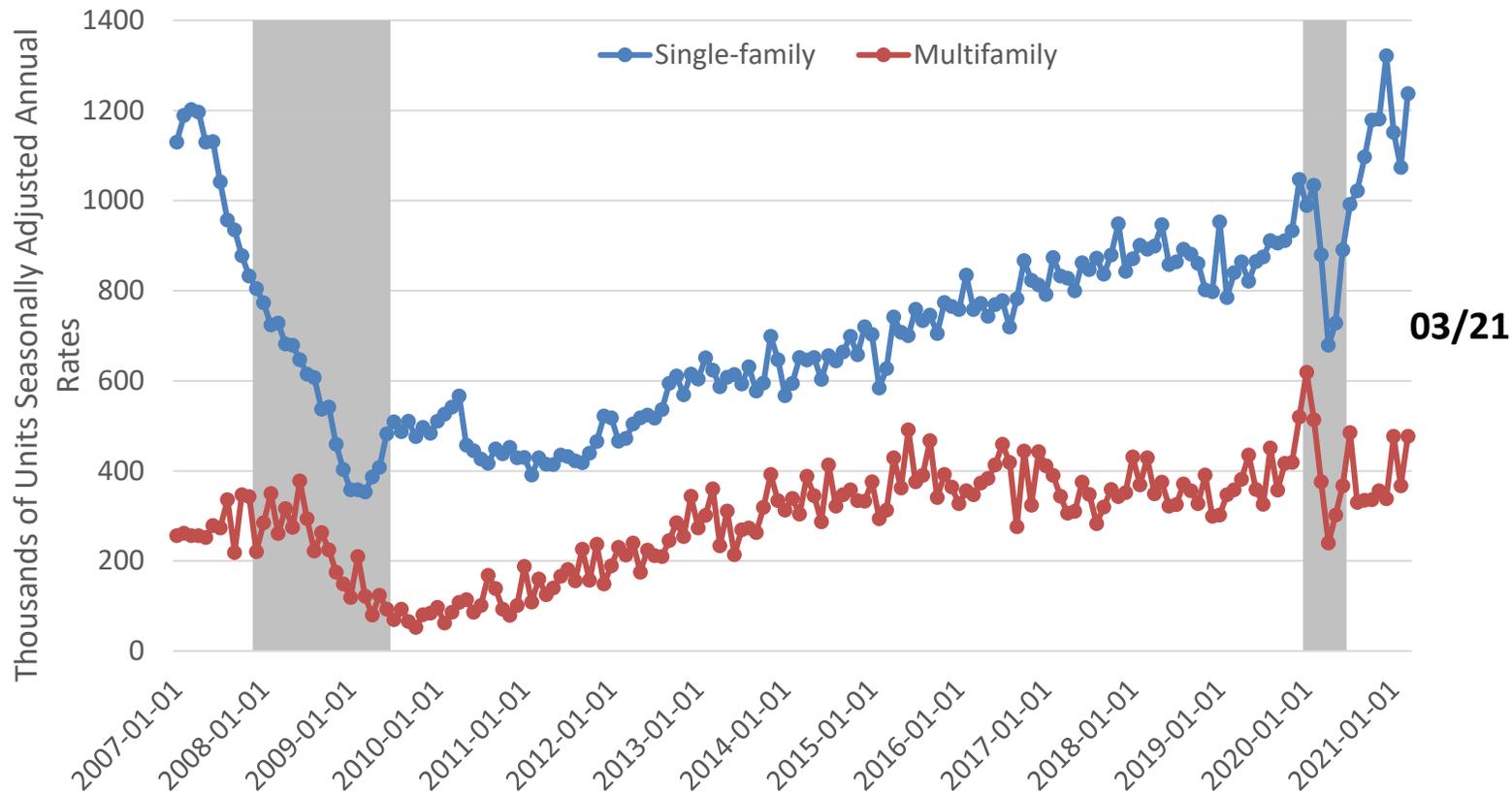
Housing Permits



- Single-family permitting activity increased 4.6% in March after weather-related declines in February.
- Multifamily permits were down 3.6% but remain above the 500,000-unit annual rate, signaling expectations for strong demand in the future.

Economic Indicators

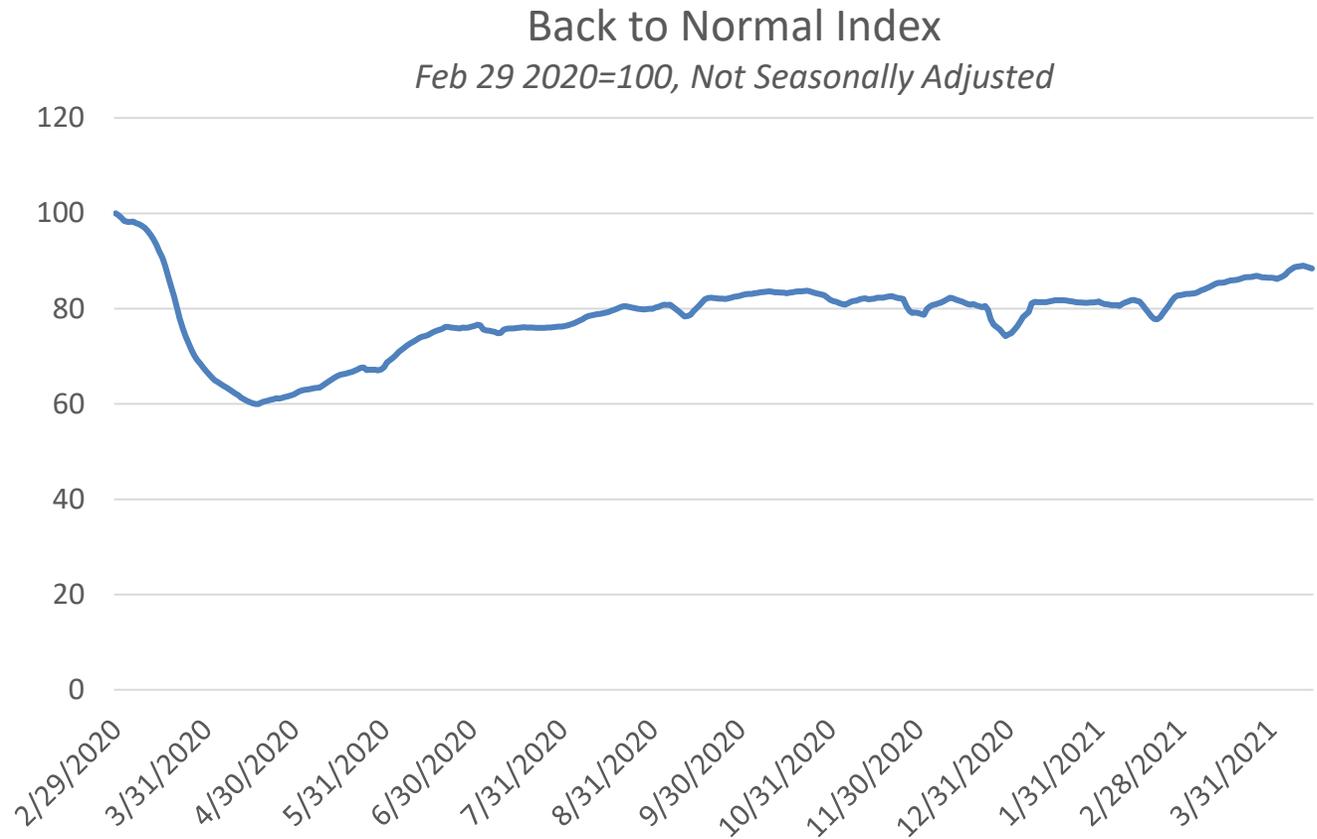
Housing Starts



- Housing starts also recovered from weather-related issues, up 15% for single-family and 30% for multifamily.
- At 1.6 million annualized units, total housing completions hit their highest level since March 2007.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Construction, April 16, 2021

Economic Indicators

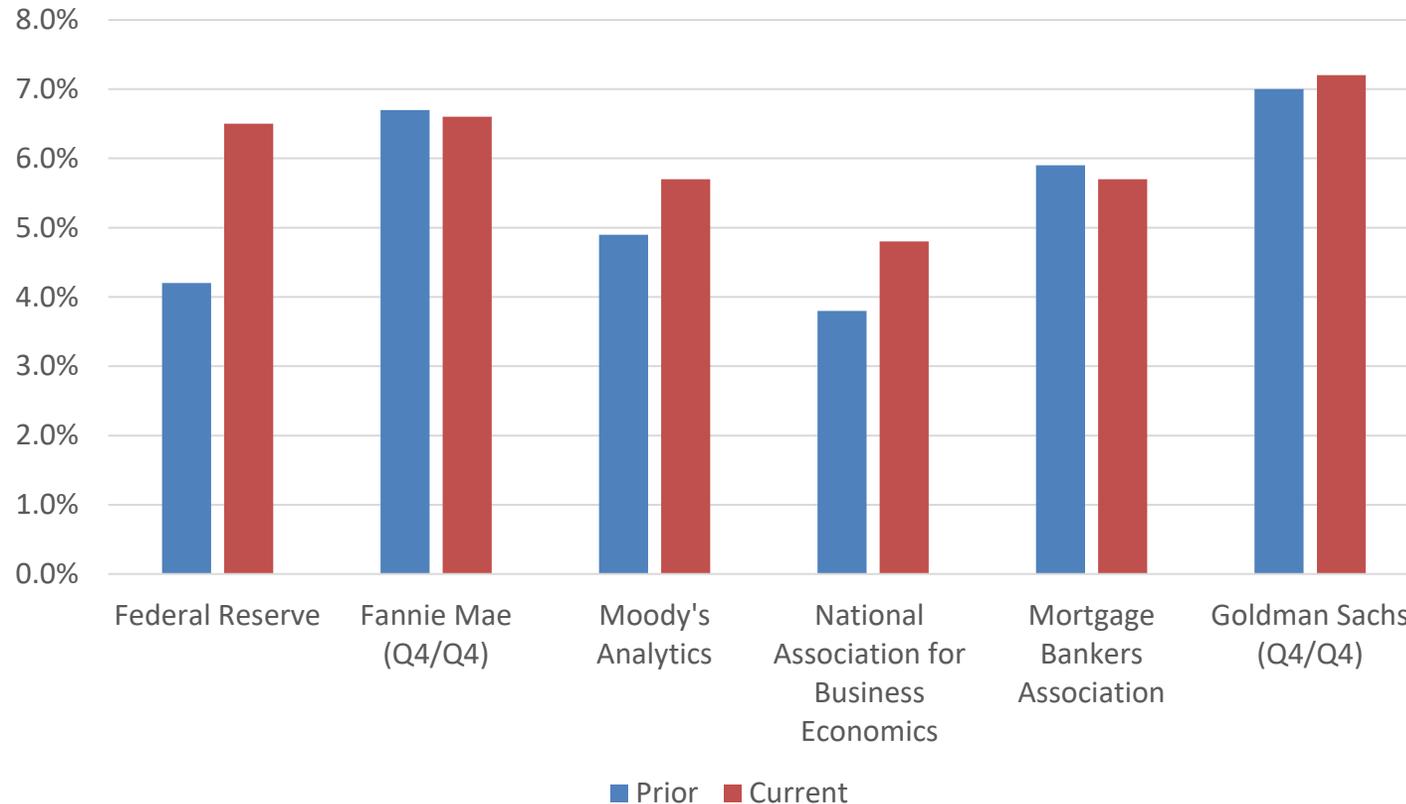


4/14/21

- 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 Back to Normal Index flirted with 90% last week, driven by a decline in unemployment claims, an increase in hours worked and time spent at workplaces.
- Florida operated at 97.8% of pre-pandemic levels while New York lagged at 77%.

Economic Indicators

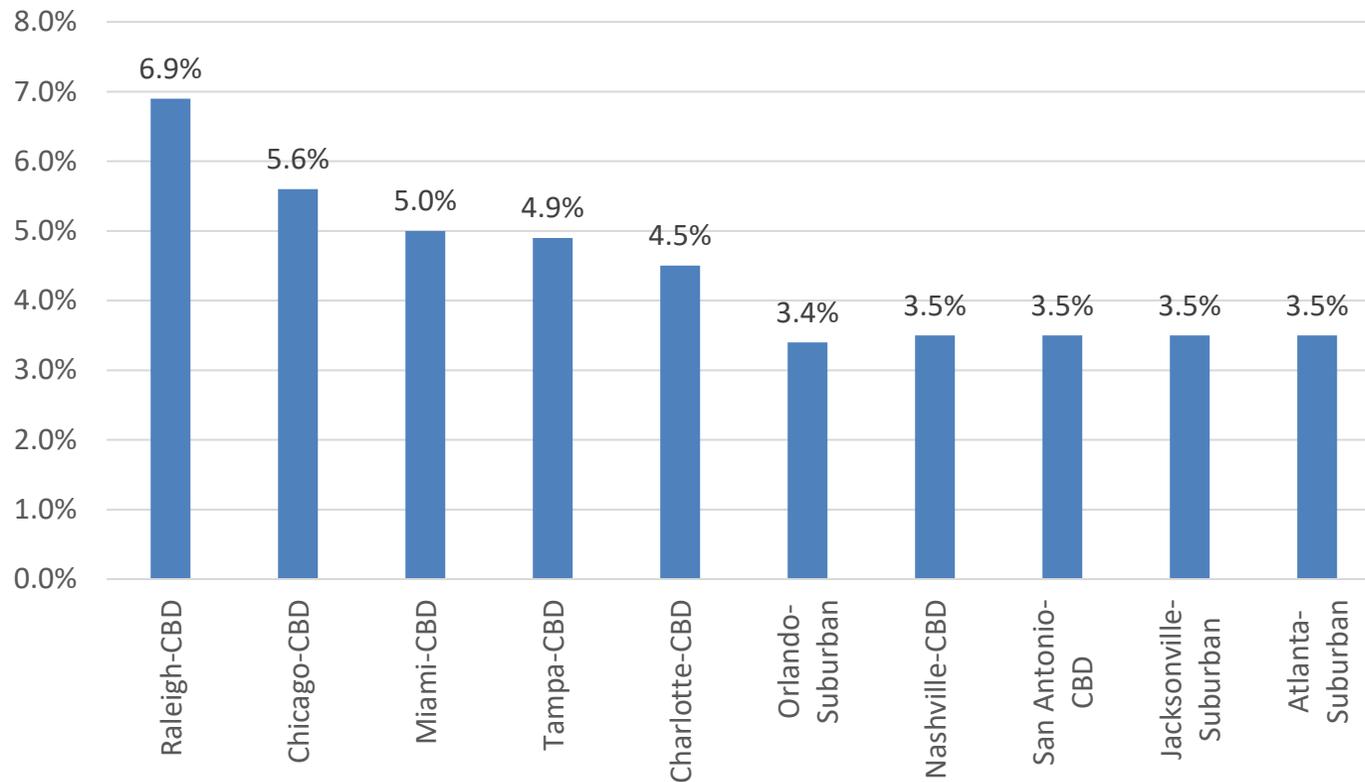
2021 GDP Forecasts



- The ramp up in vaccinations, the passage of the \$1.9 trillion American Rescue Plan and other strong economic indicators caused many economists and analysts to substantially increase their employment and GDP forecasts, most of which exceed 5% in 2021.
- Some of the larger investment firms are forecasting 2021 GDP growth in the 8% range, a rate of growth not seen since 1950.

Apartment Industry Indicators

Q1 2021 Top/Bottom Markets
(Year-to-Date Asking Rent Change)



- Renter demand has already fueled national rent growth to significantly outpace that of a typical Q1.
- If the trend continues, overall rent growth for 2021 would surpass 6%.
- Apartment demand in the suburbs may have set a record at over 50,000 units in Q1 2021.
- Search activity on Apartments.com was up more than 40% year-over-year.

Apartment Industry Indicators

	Year-over-Year Rent Growth Year-End 2021	Occupancy Year-End 2021	Year-over-Year Rent Growth Year-End 2022	Occupancy Year-End 2022
Top Markets				
Las Vegas	5.2%	95.3%	3.5%	94.9%
Boise	4.5%	96.5%	4.5%	96.9%
Phoenix	4.3%	95.1%	4.2%	94.9%
Atlanta	3.9%	94.3%	3.4%	93.9%
Raleigh	3.8%	94.6%	3.7%	94.7%
Bottom Markets				
San Francisco	-0.8%	93.0%	2.2%	93.2%
Los Angeles	1.0%	94.4%	2.7%	94.3%
Pittsburgh	1.5%	95.6%	1.6%	95.9%
Manhattan	1.8%	93.5%	2.5%	93.7%
Madison	1.8%	97.2%	1.7%	96.9%

Source: Multifamily National Outlook Spring 2021 Webinar by Yardi Matrix, April 15, 2021

Apartment Industry Indicators

- Multifamily rents increased by 0.6% on a year-over-year basis in March, a sign that the multifamily market has turned a corner.
- As more of the population gets vaccinated and things begin to open, gateway markets and urban cores will begin to recover, although slowly.
- Tech hub markets continued to have strong rent growth, occupancy and absorption after benefitting from in-migration fueled from the pandemic.
- Urban cores are still forecasted to deliver the most supply over the next couple years as projects that were started prior to the pandemic get delivered, but new construction will be muted in response to the decline in demand.
- Prior to the pandemic, about 10% of the U.S. labor force worked remotely full-time. As much as 25% of the labor force is projected to work remotely full-time in the long term.
- The greatest risk to multifamily is the people who work remotely full-time deciding to move out of the metro entirely.