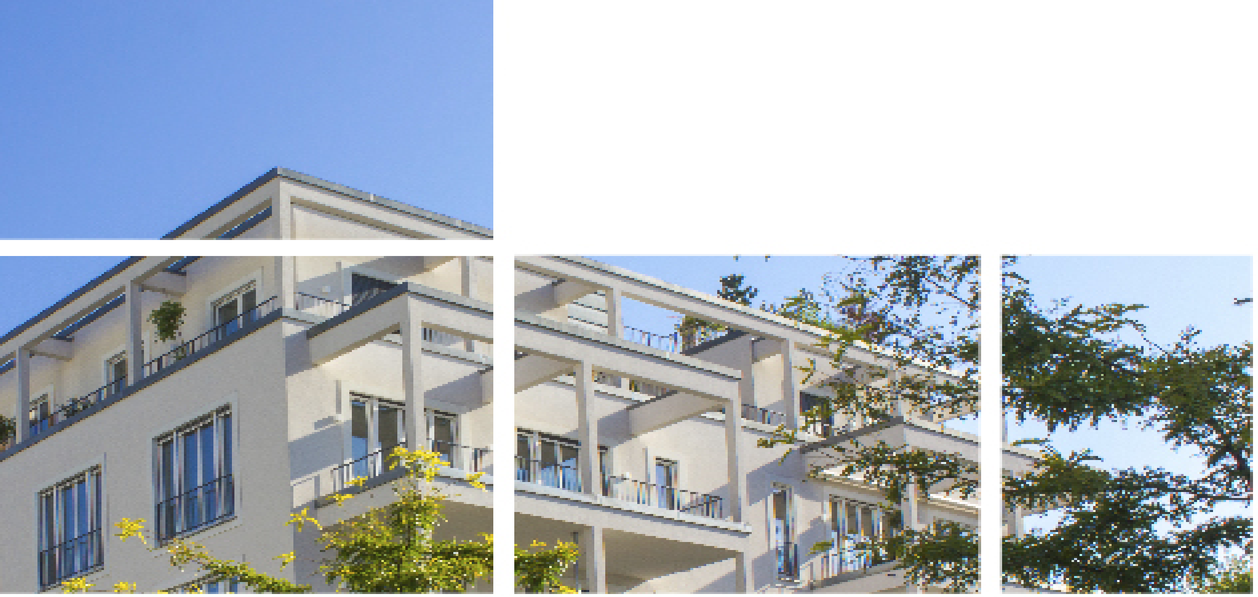
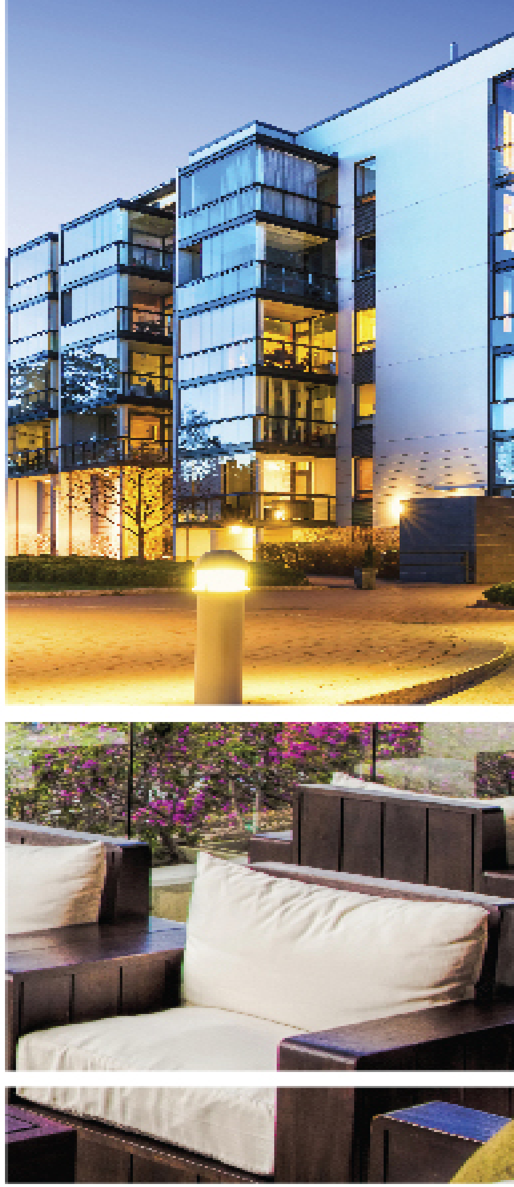
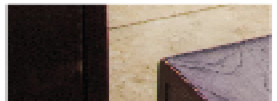




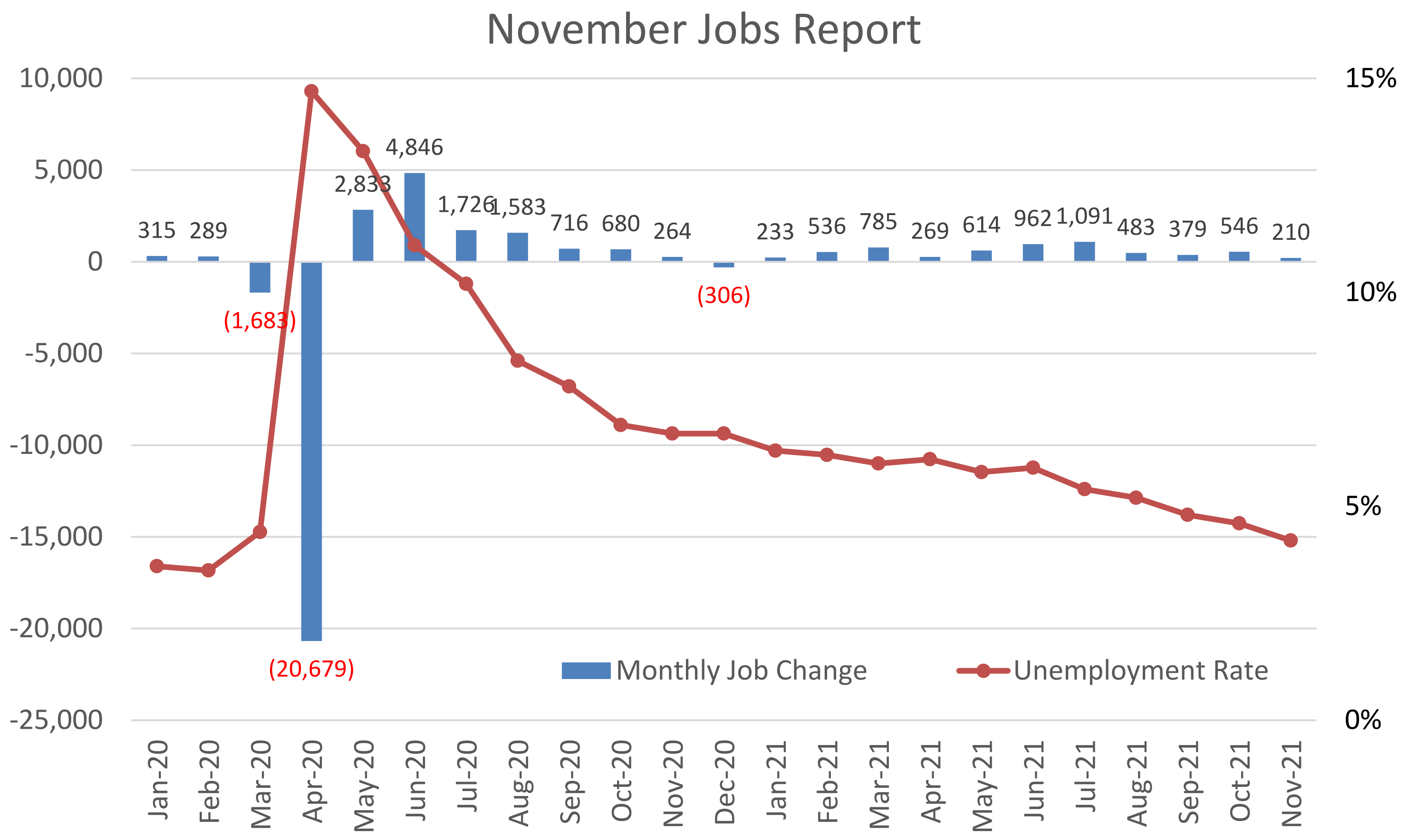


December 22, 2021

Economic & Industry Update

NATIONAL APARTMENT ASSOCIATION
We Lead the Way Home

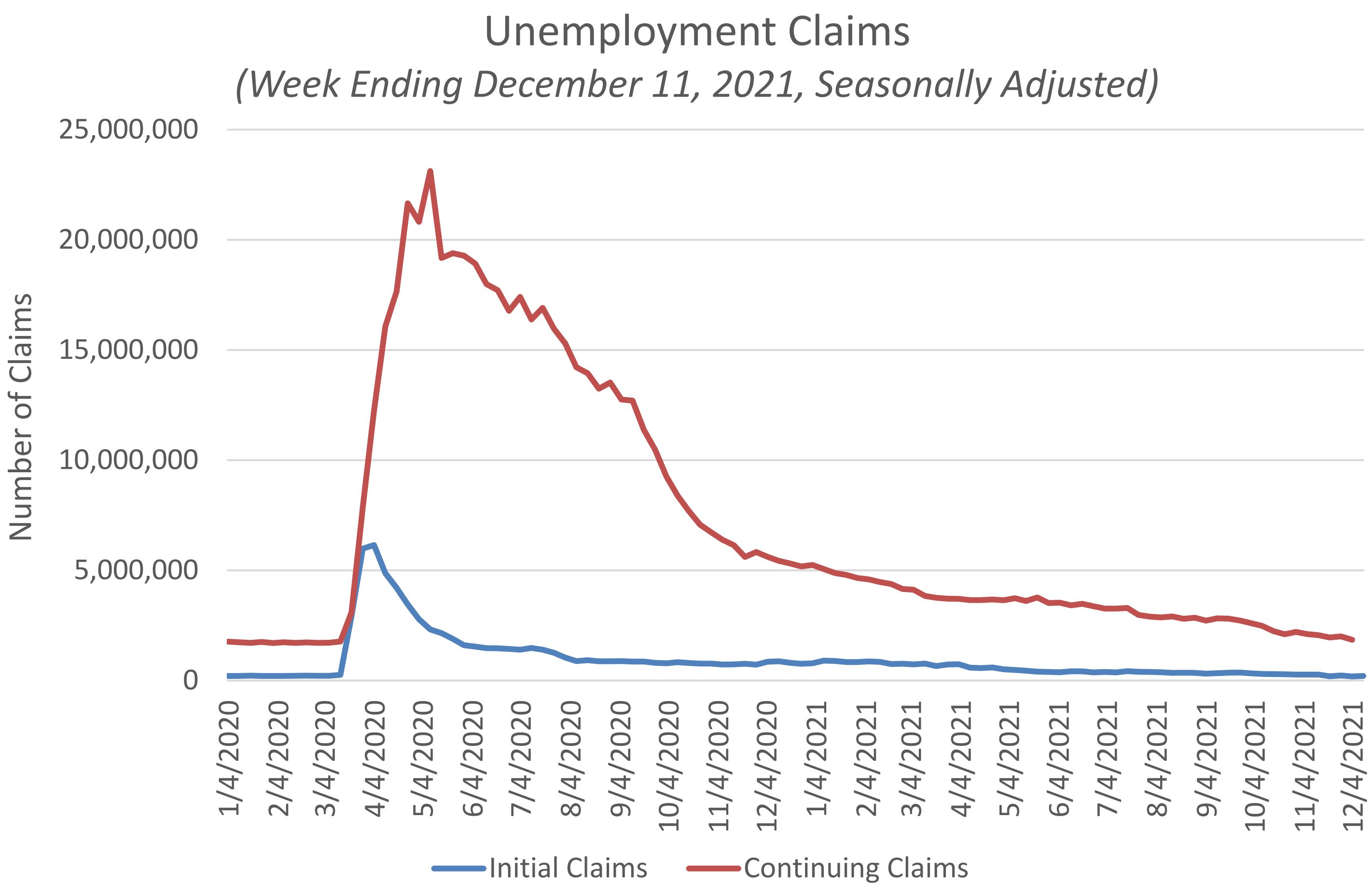
Economic Indicators



Source: U.S. Bureau of Labor Statistics

- Employment growth in November came in far lower than expectations, up 210,000 plus an 82,000-job upward revision for the two prior months.
- The unemployment rate hit another pandemic low, falling to 4.2%.
- Importantly, the labor force participation rate ticked up 0.2 percentage points to 61.8%, its highest pandemic level and indicative of new entrants to the labor force.

Economic Indicators



- After coming off a reading not seen since the late 1960s, initial claims for unemployment increased to 206,000, still very low by historical standards.
- Continuing claims dipped to 1.8 million, just 4.2% off pre-pandemic levels.

Source: U.S. Employment and Training Administration, Initial Claims [ICSA], retrieved from FRED, Federal Reserve Bank of St. Louis: December 16, 2021

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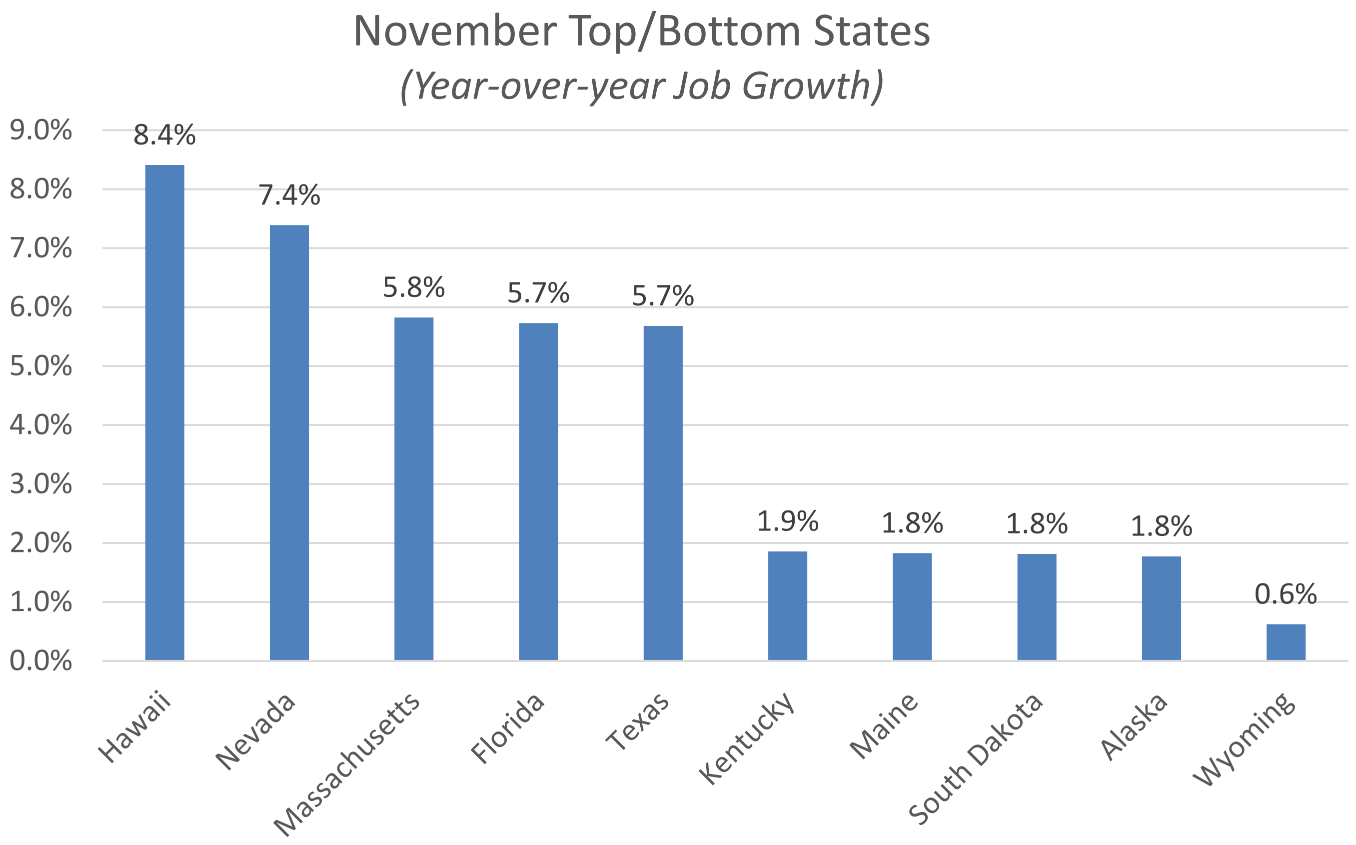
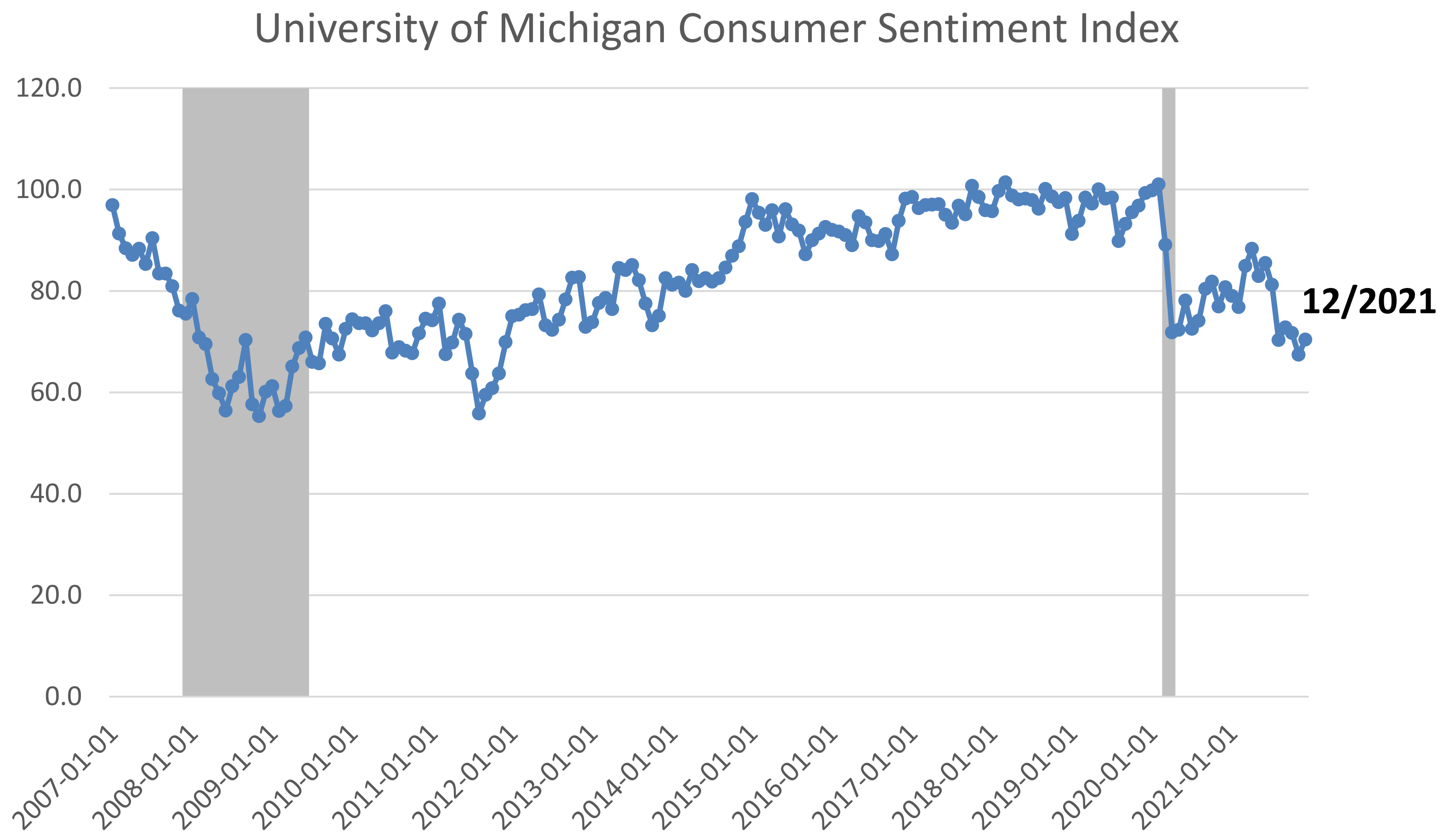
Economic Indicators



- States dependent on tourism and convention business gained ground in their recoveries while Florida and Texas continued to attract new jobs, growing by 5.7% each since least year.
- Slower growth in Wyoming and Alaska was mainly driven by losses in state government employment.

Source: U.S. Bureau of Labor Statistics

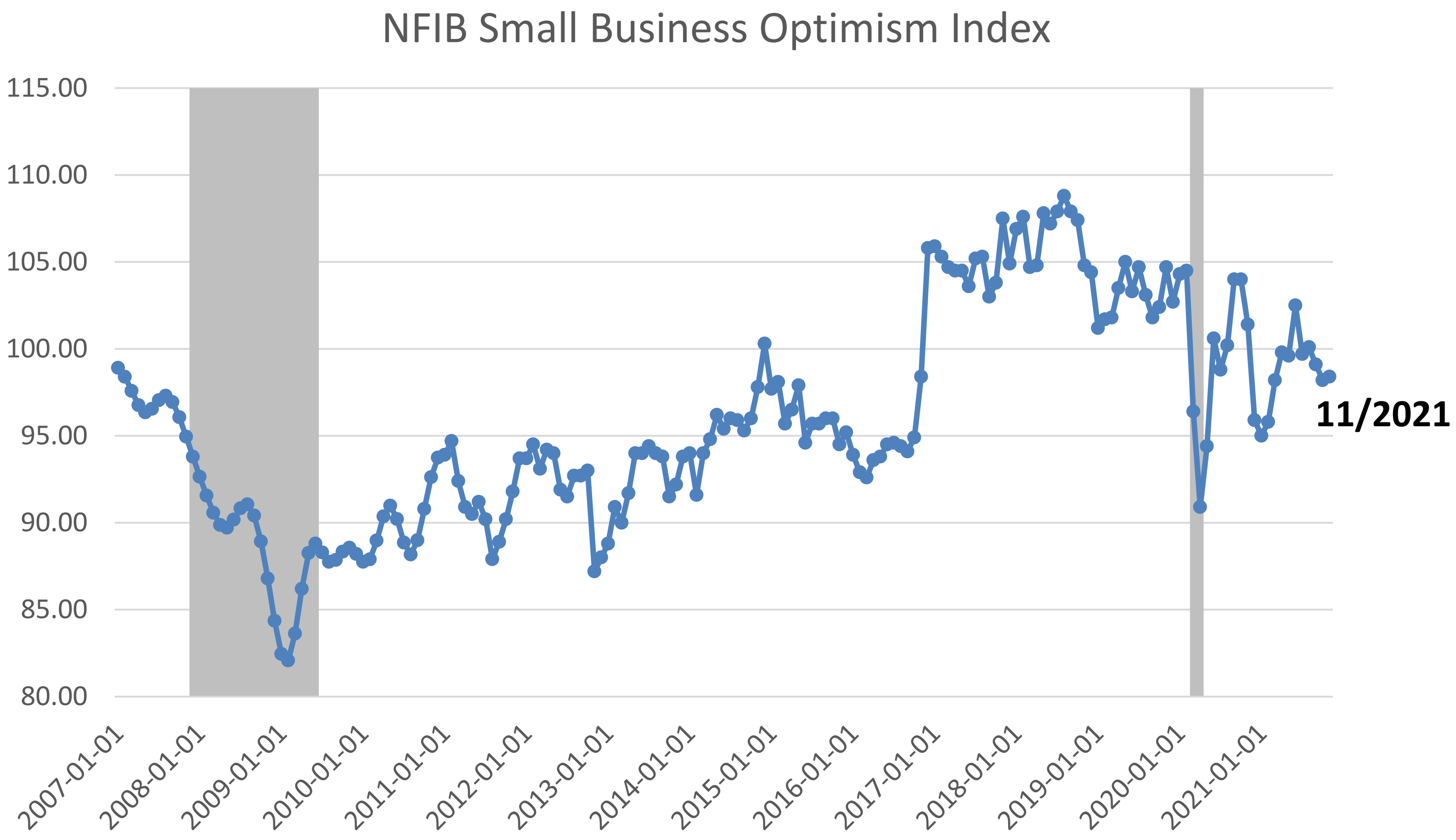
Economic Indicators



- Consumer sentiment ticked up 3 points in December, driven by expectations for future income among the bottom third income bracket.
- 76% of survey respondents cited inflation as the most serious problem facing the nation right now compared to 21% citing unemployment.

Source: University of Michigan, December 10, 2021

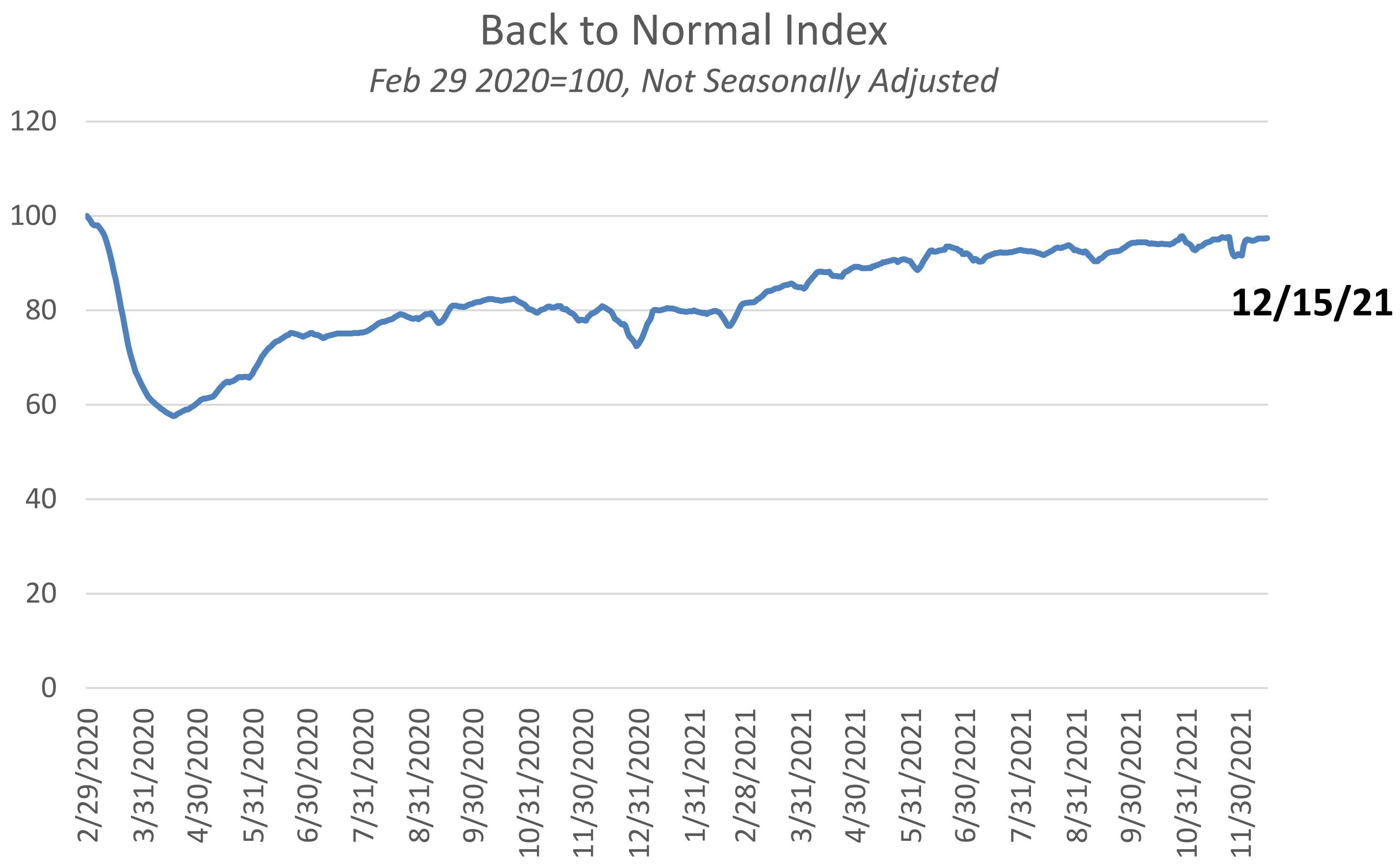
Economic Indicators



- Despite a slight uptick in November, small business optimism remained well below pre-pandemic levels.
- The index component measuring business conditions over the next six months declined to its lowest level since 2012.
- 54% of businesses plan to raise prices, a 48-year record-high reading.

Source: National Federation of Independent Businesses; Moody's Analytics

Economic Indicators



- The Back to Normal Index tracks twelve high frequency data series plus monthly employment figures, using February 29, 2020 as the baseline for "normal."
- With the exception of a five-day stretch leading up to Thanksgiving, the index is near pandemic highs at 95.3.
- Time spent at places of work was one of the largest positive contributors to the index.

Sources: CNN Business, Moody's Analytics

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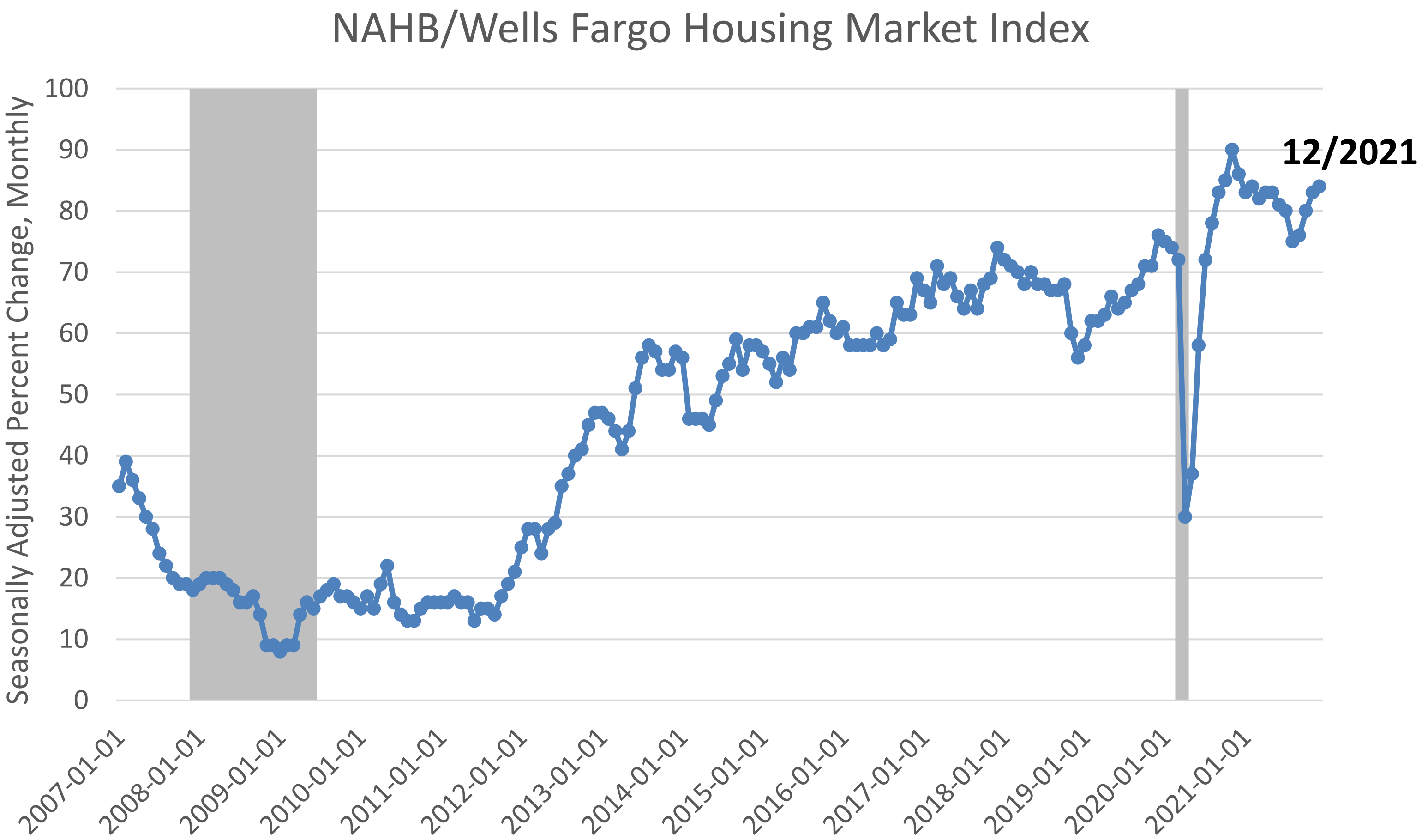
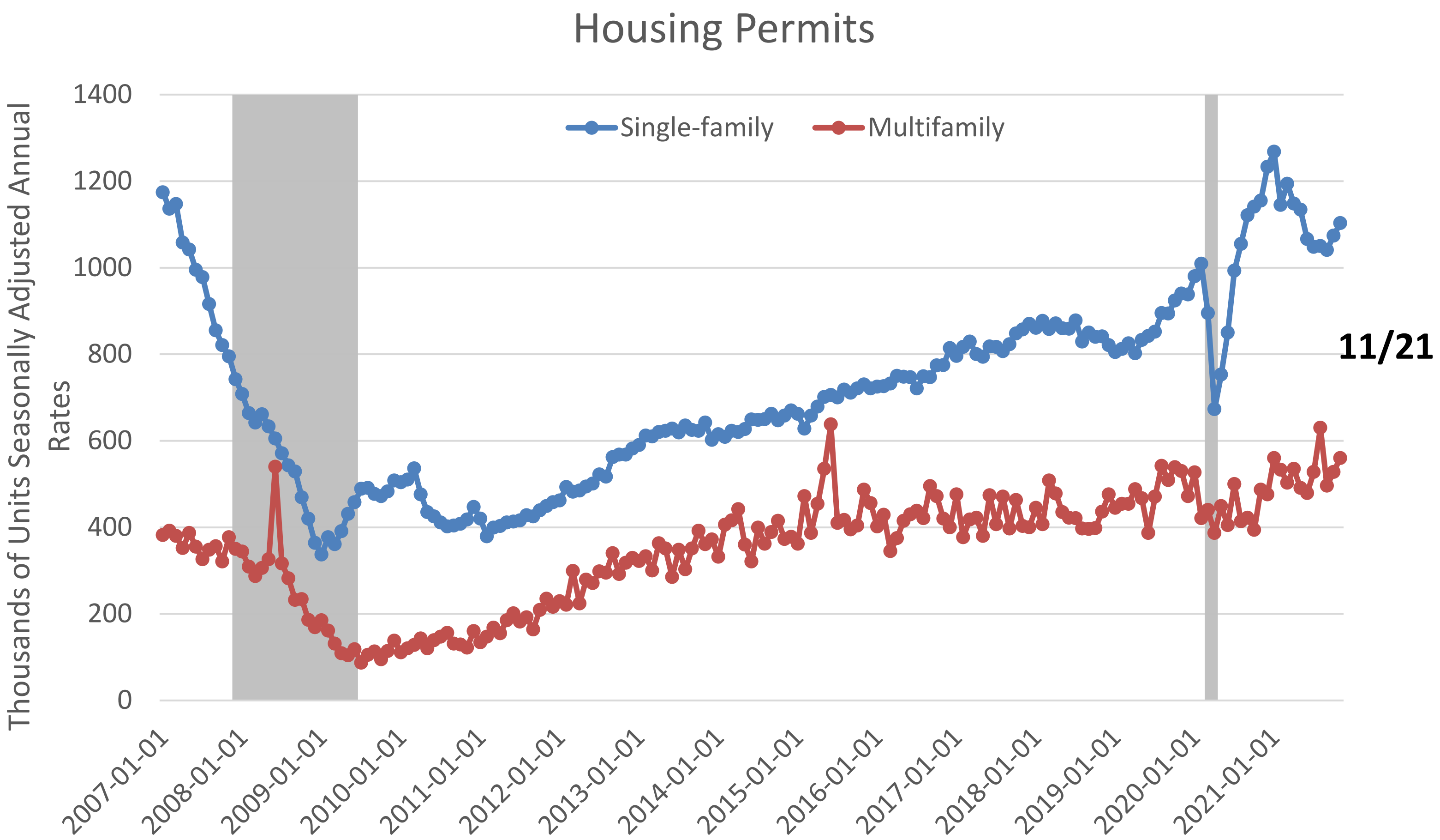
Economic Indicators



- Overall homebuilder sentiment ended 2021 on a positive note, despite the many challenges for new home construction and inflation concerns.
- The index component measuring current single-family home sales matched its February 2021 high of 90 points.

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

Economic Indicators



- Multifamily construction permits to date have averaged 531,000 seasonally adjusted annual units, up nearly 20% from 2020 levels and 10.7% from 2019.
- As a leading indicator, robust levels of permitting point to increased new supply into 2023 when supply chain bottlenecks should be behind us.

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

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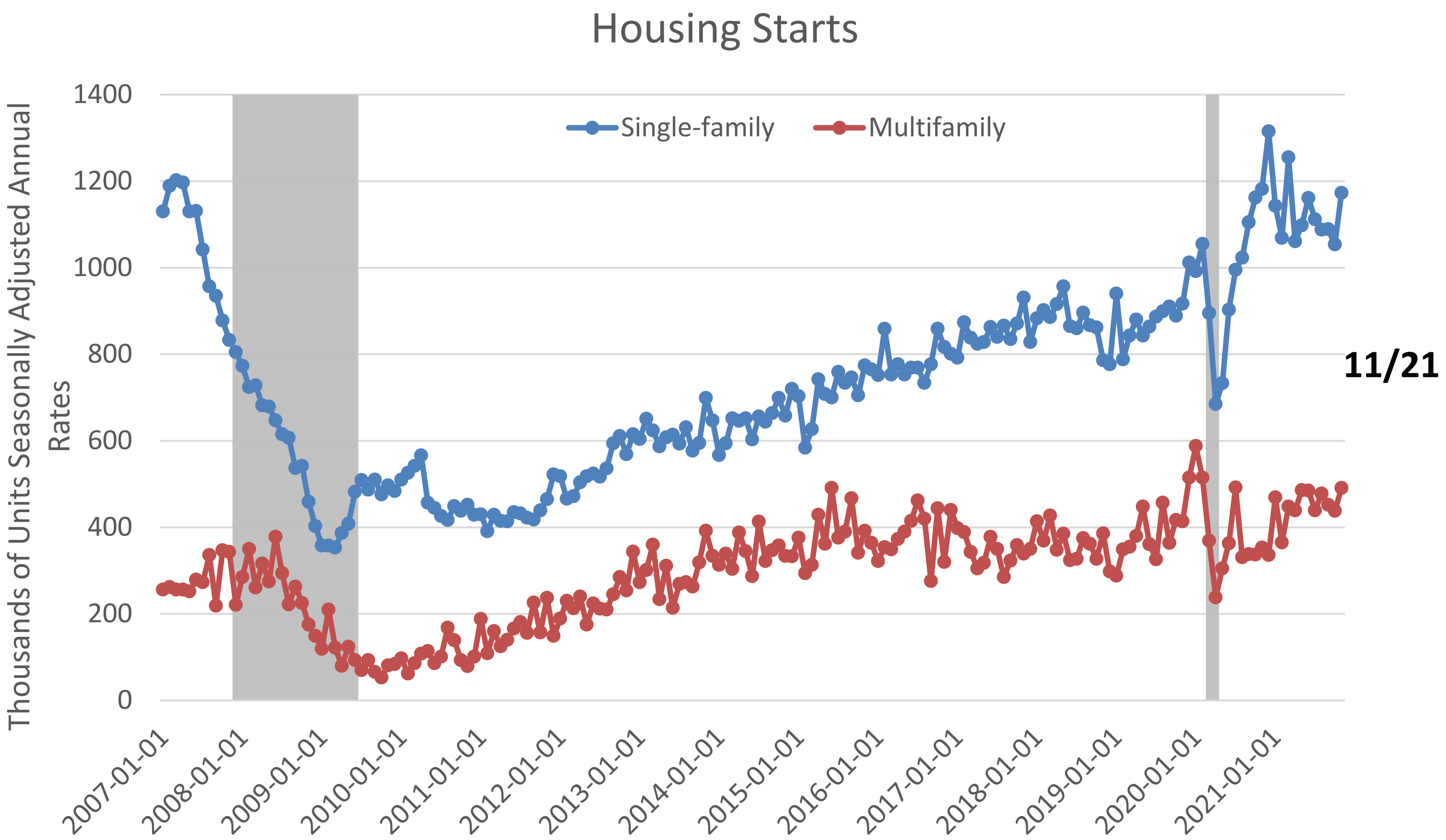
Economic Indicators



- Multifamily construction starts are also on the upswing year-to-date, averaging 454,000 annual units.
- Forecasts for 2022 multifamily starts span a wide range, from Fannie Mae's 416,000 units to Moody's Analytics' 509,000 units.

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

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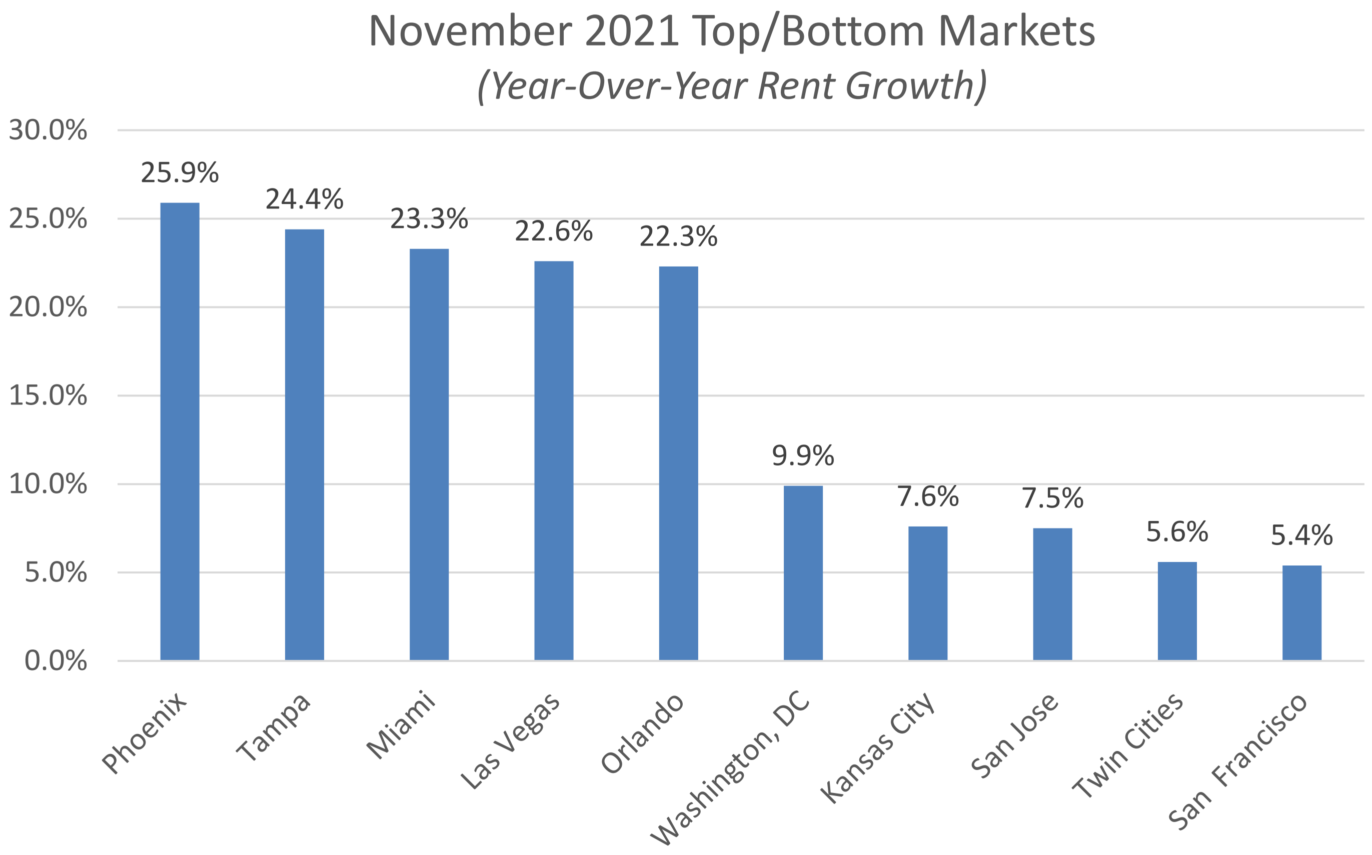
Apartment Industry Indicators



- Rents continued to increase in November, but signs of deceleration in rent growth appeared to be taking hold.
- The average asking rent increased by 13.5% year-over-year to a record-high $1,590.
- The average occupancy rate maintained at 96.1% in October, up 1.4% year-over-year.

Source: National Multifamily Report November 2021 by Yardi Matrix

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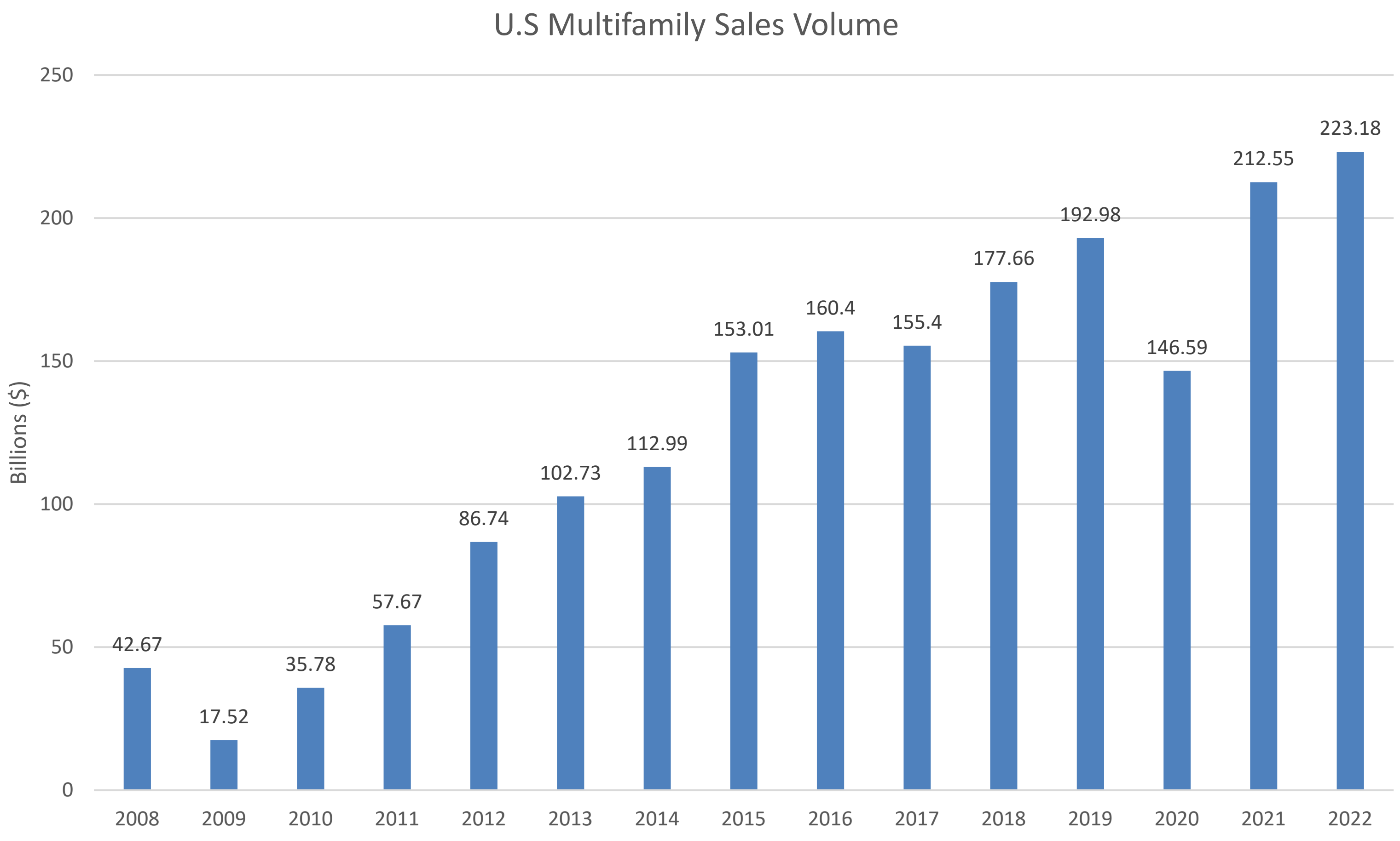
Apartment Industry Indicators



- U.S. multifamily investment volume is forecasted to reach a record of nearly $213 billion in 2021 well above 2019's levels
- CBRE expects at least a 10% increase in sales for 2022.
- Investors are most interested in non-coastal markets and there is also a growing trend toward ESG compliant assets.

Source: US Real Estate Market Outlook 2022 by CBRE

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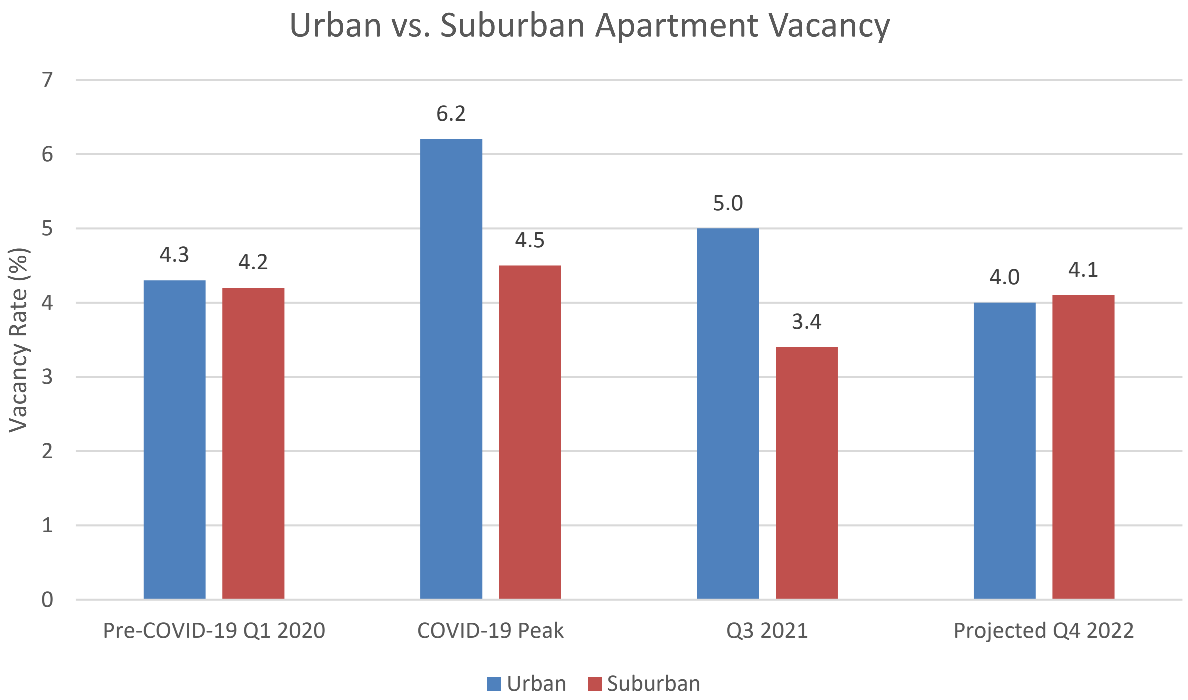
Apartment Industry Indicators



- Urban apartment vacancies expected to fully recover in 2022; suburban vacancy will remain stable.
- Urban markets are projected to have an 8% growth in effective rents during 2022.

Source: US Real Estate Market Outlook 2022 by CBRE

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