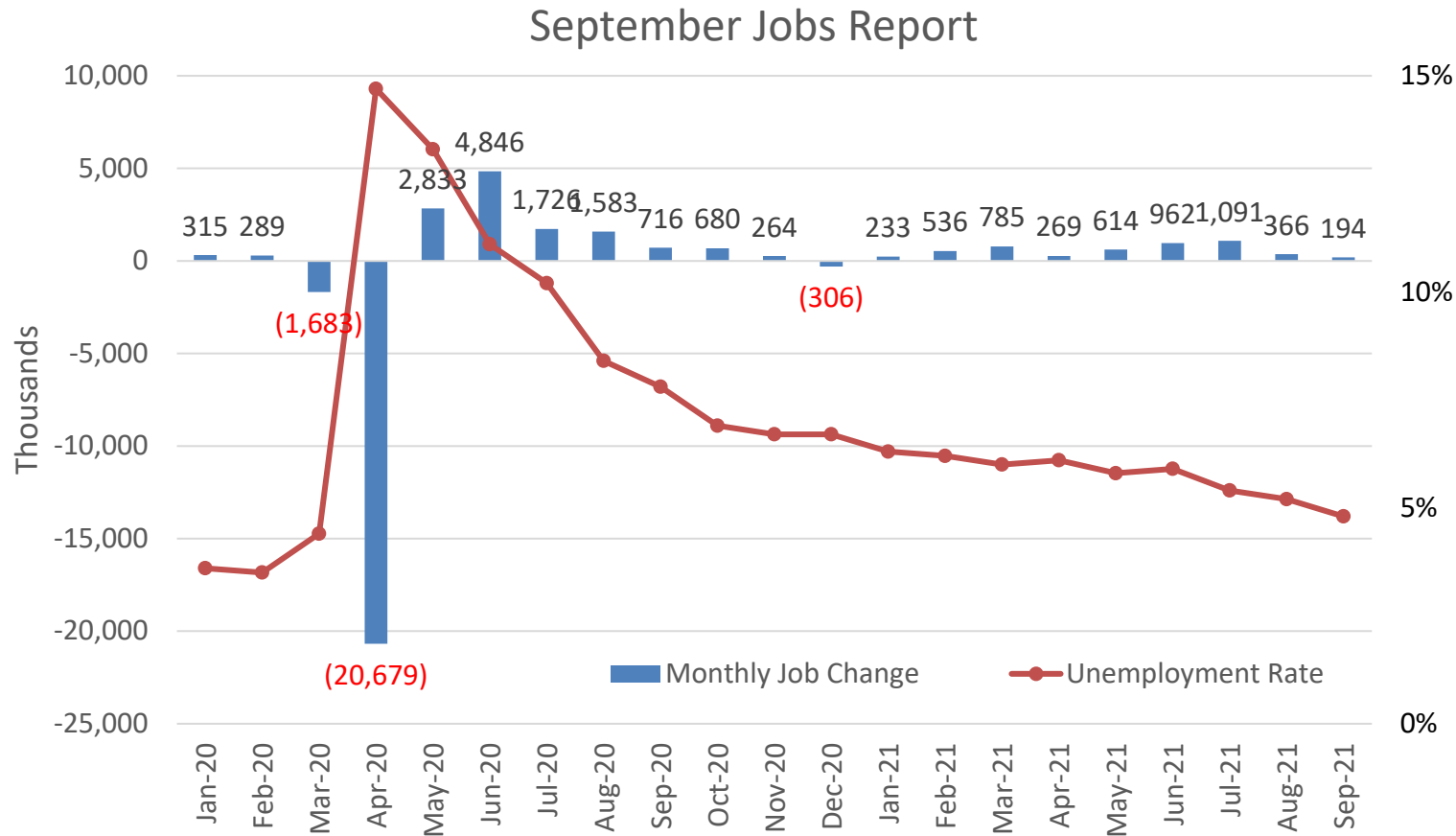


October 27, 2021

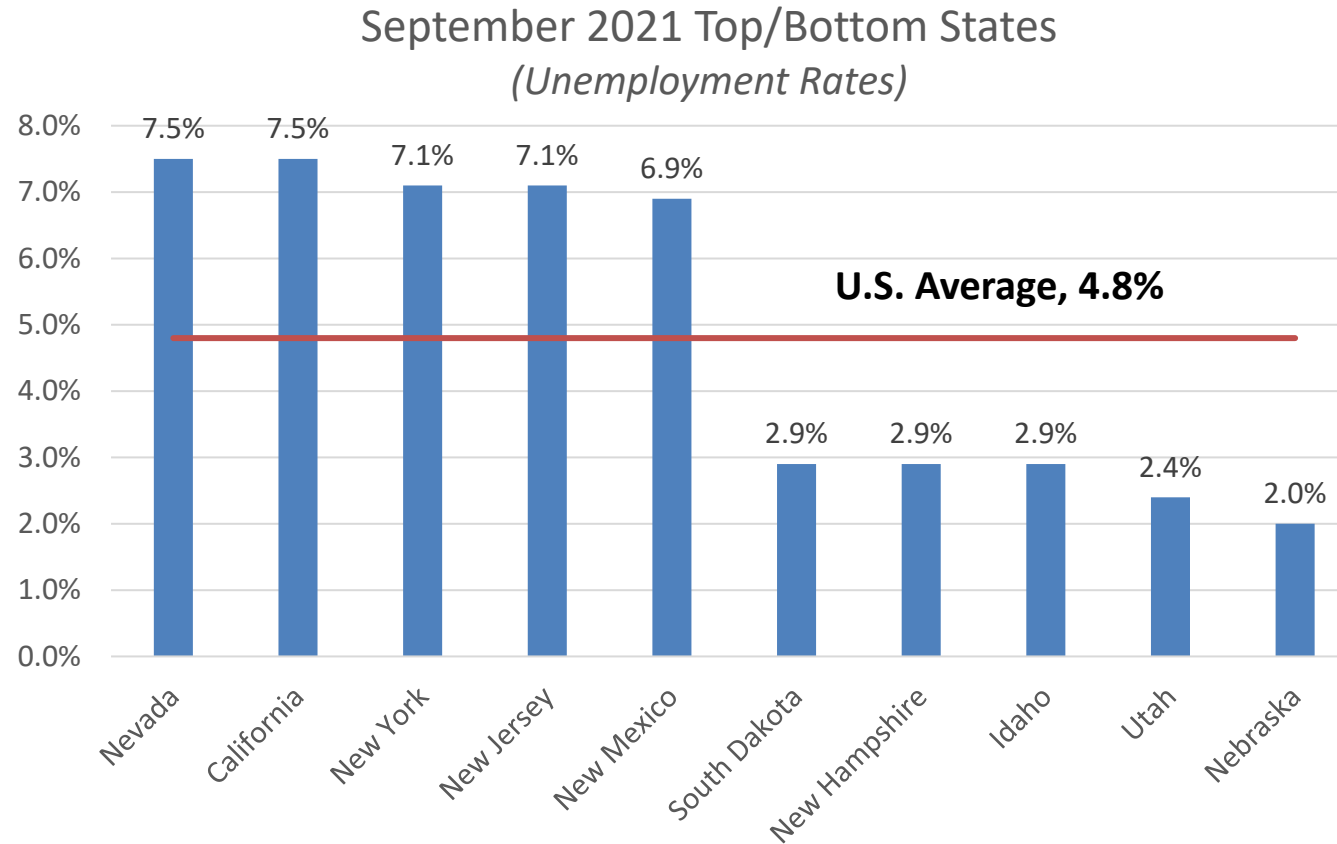
Economic & Industry Update

Economic Indicators



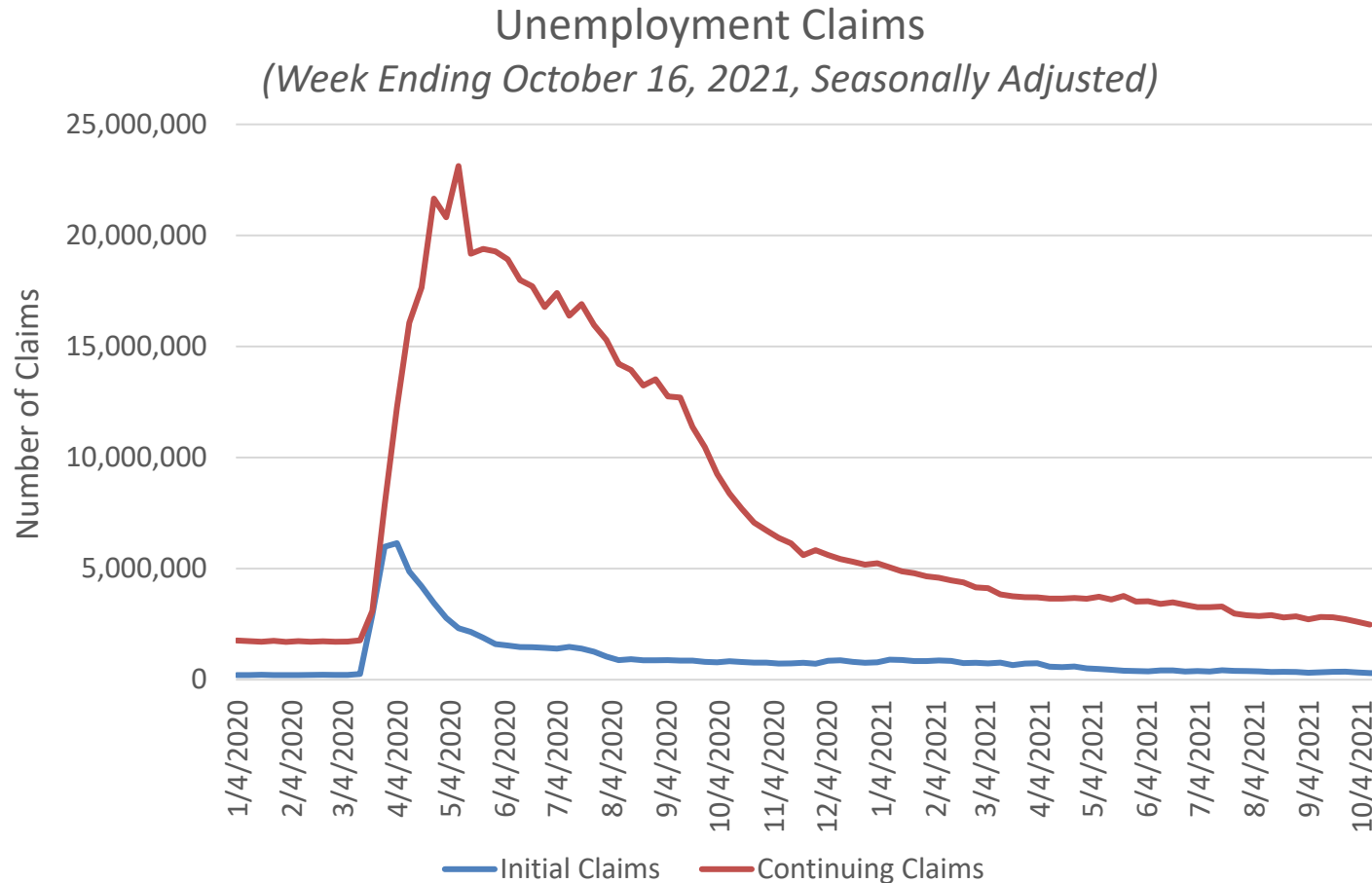
- Although the September jobs report was disappointing once again, the prior two months were revised upwards by 169,000 jobs.
- Job losses in the public sector, particularly state and local education, were responsible for much of the weakness.

Economic Indicators



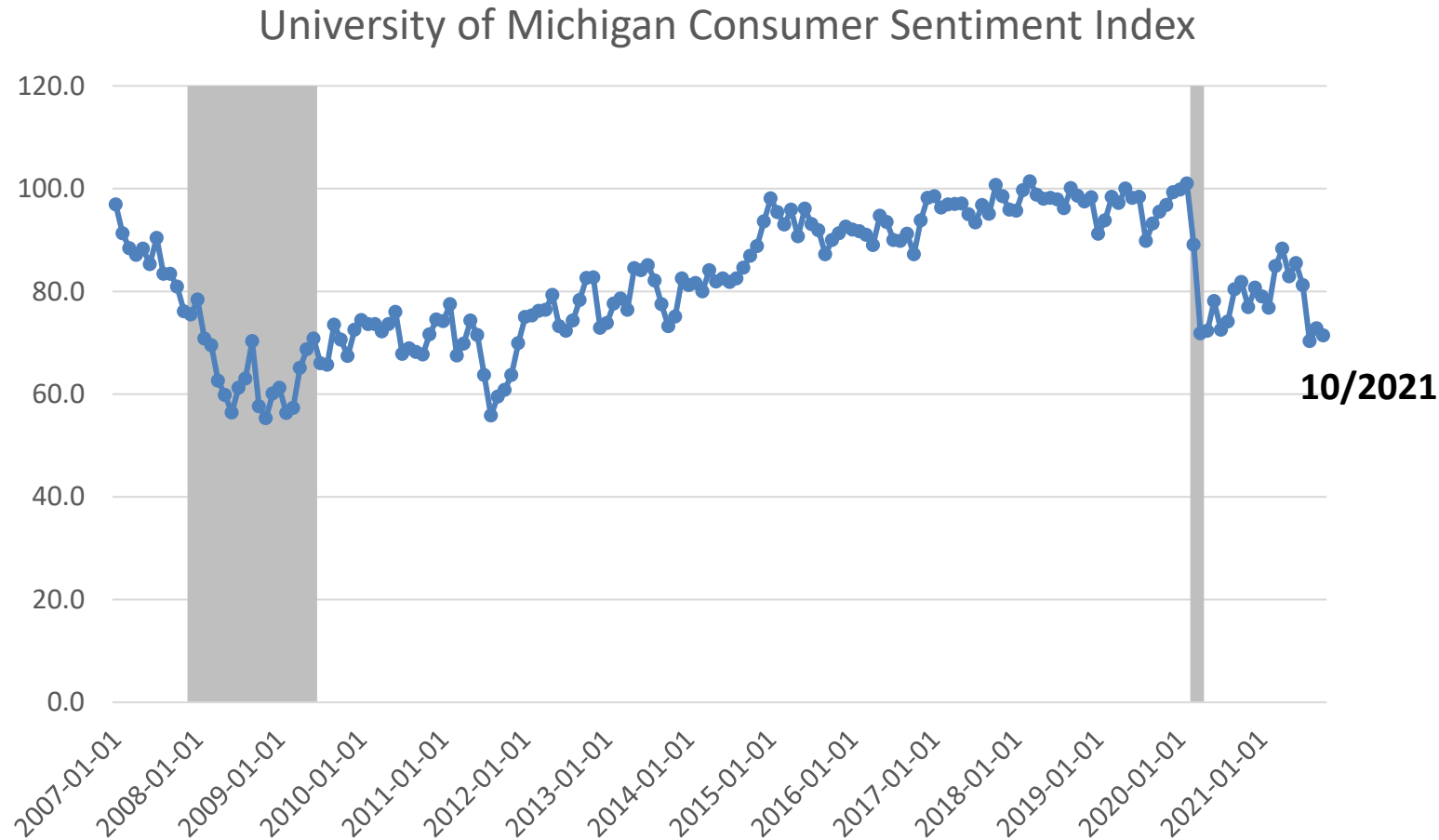
- States with the highest unemployment rates in September continued to be those hardest hit by the pandemic, generally tied to gateway cities or tourism.
- States that have benefitted from in-migration, such as Idaho and Utah saw rates well below the U.S. average.

Economic Indicators



- Initial claims for unemployment fell to a pandemic low during the week ending October 16, 2021.
- At 290,000, initial claims still remained 34% above the February 2020 final reading.

Economic Indicators



- Consumer sentiment remained subdued in October, impacted by inflation fears, the persistent pandemic and policy gridlock.
- The survey showed a 16-point increase in consumers' unfavorable opinions of national economic policies.

Source: University of Michigan, October 15, 2021

Economic Indicators

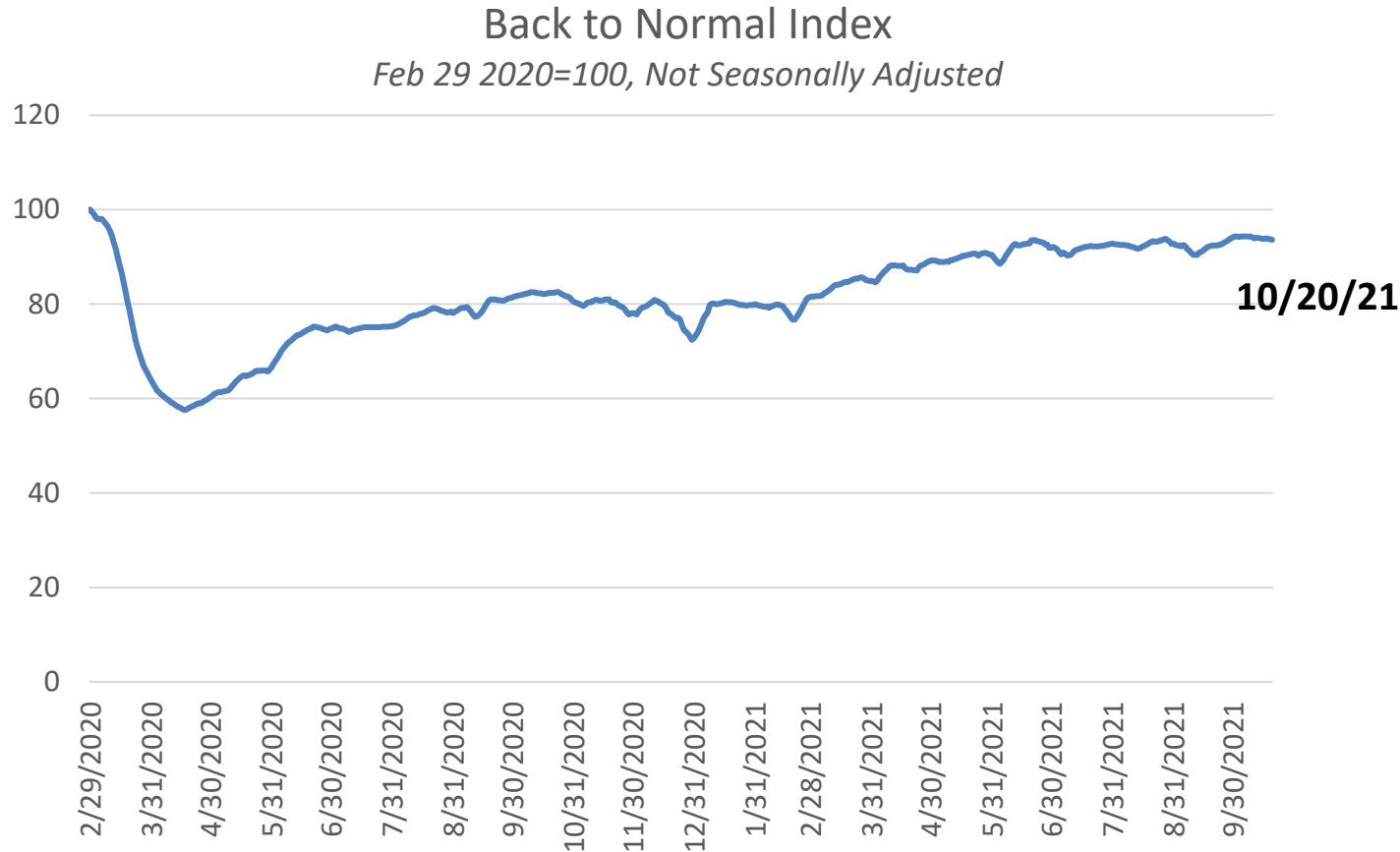
NFIB Small Business Optimism Index



- Business sentiment held up better than consumer sentiment, although the October reading slipped to 99.1.
- 51% of respondents said they had an open position they could not fill, the highest in the survey's history.
- 30% of small businesses plan to increase compensation while 46% plan to increase prices.

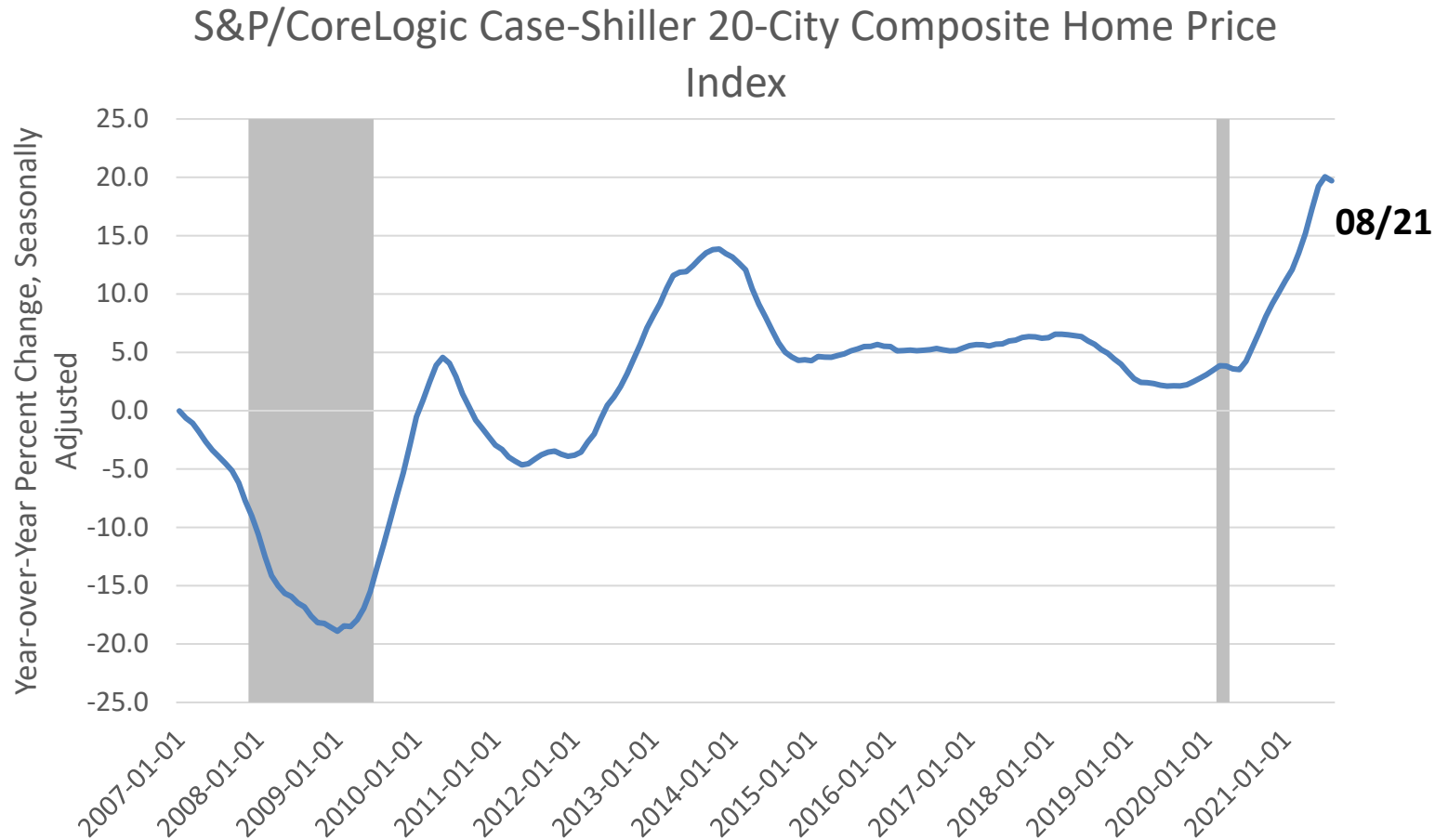
Source: National Federation of Independent Businesses; Moody's Analytics

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.”
- Despite Covid cases beginning to trend down, the index has stalled in recent weeks, primarily driven by a decline in airline passenger traffic and a reduction in hours worked.

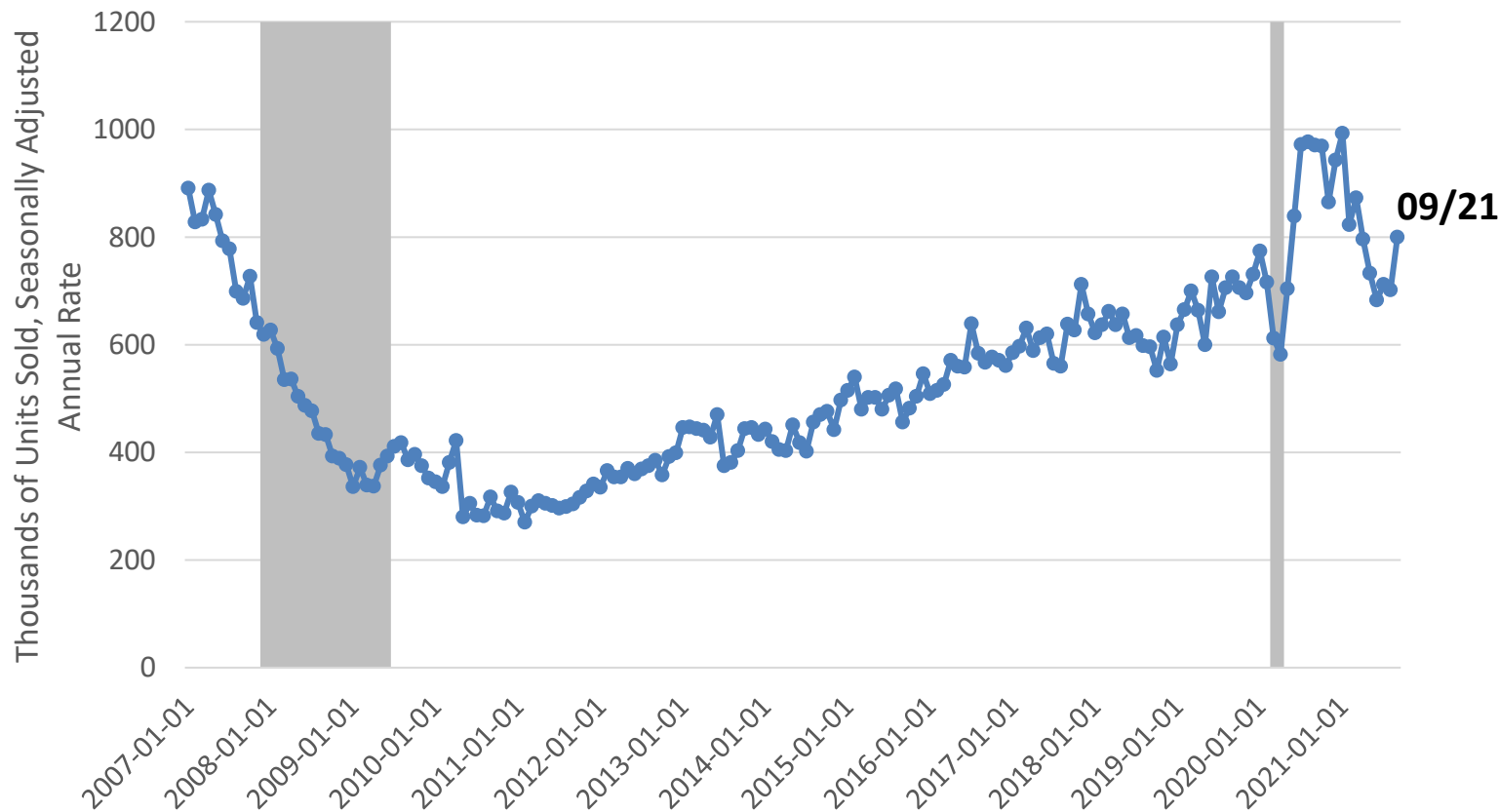
Economic Indicators



- The S&P/CoreLogic Case-Shiller 20-City Composite Home Price Index experienced its ninth consecutive month of double-digit year-over-year increases.
- Home prices in Phoenix were up 33.3% over the year while Chicago experienced the slowest growth, 12.7%.

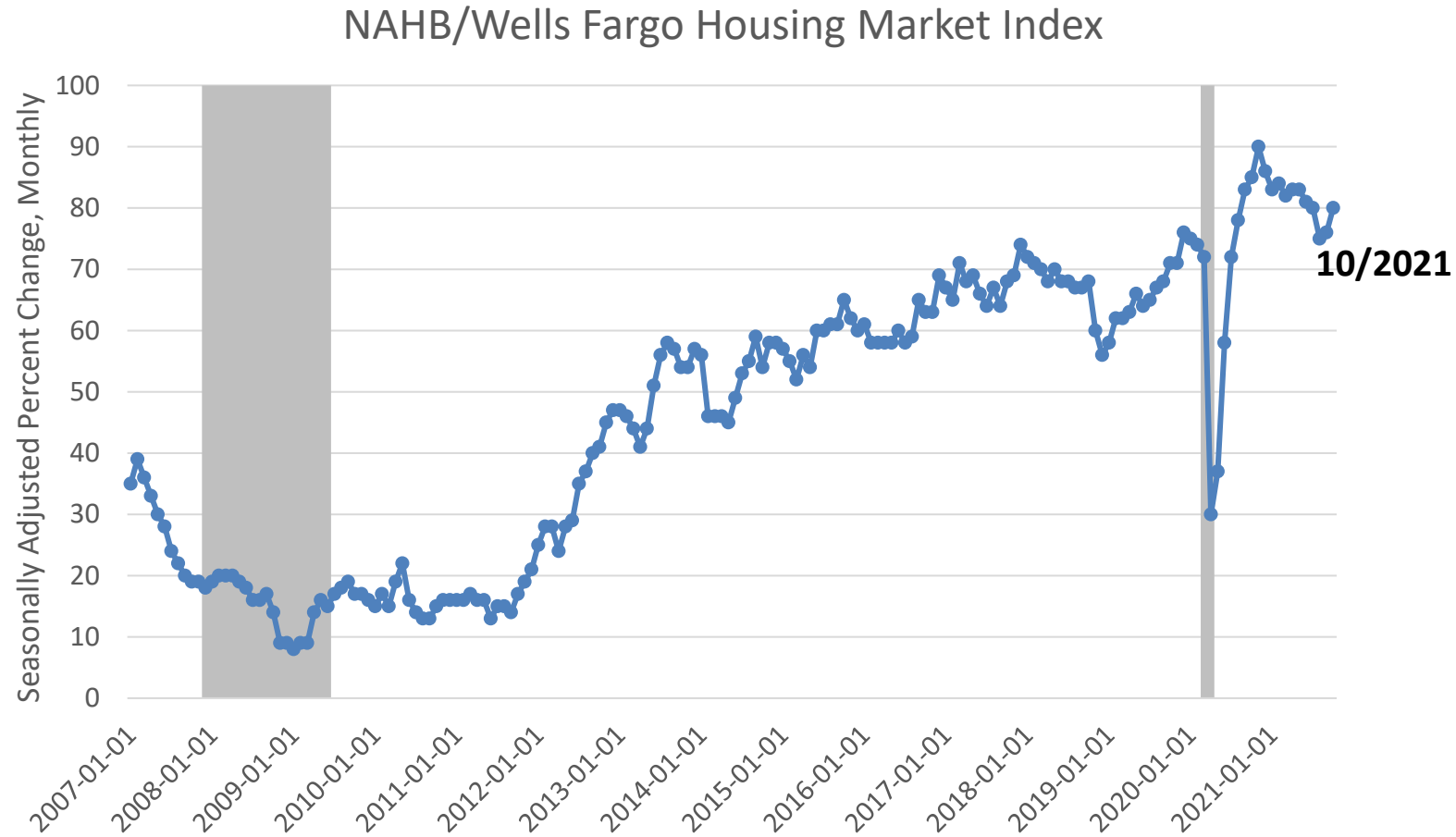
Economic Indicators

New Home Sales



- New home sales increased 14% in September after moderating through the summer.
- An increase in mortgage rates, although still historically low, may be spurring some homebuyers to lock in rates now.
- The median price for a new home in the U.S. rose to \$408,800, a 23% increase since the pandemic began.

Economic Indicators

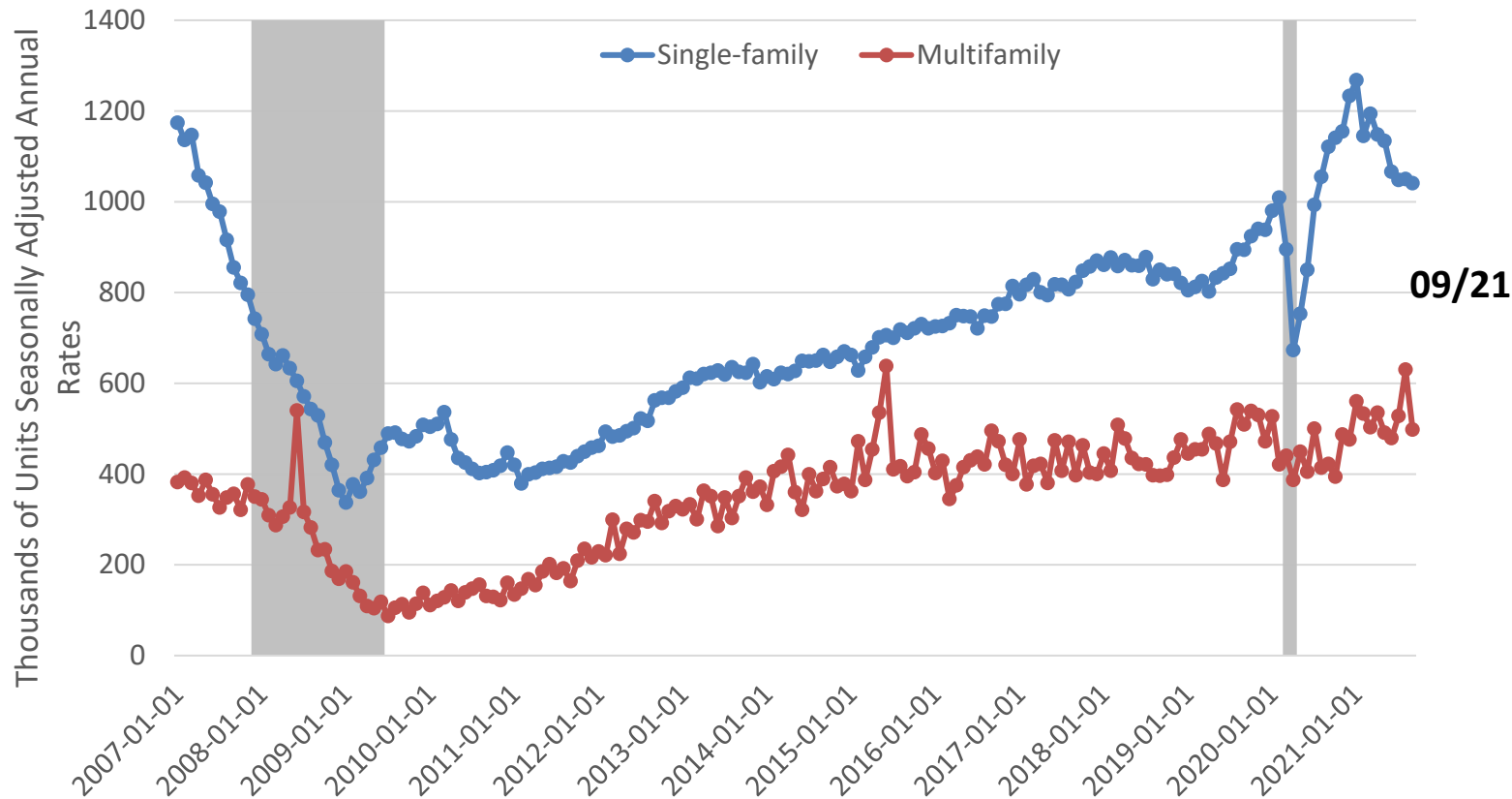


- Overall homebuilder confidence jumped 4 points in October to 80, despite continued concerns over supply chain bottlenecks and materials costs.
- All index components rose but the current single-family sales component experienced the greatest increase, up 4 points.

Source: NAHB/Wells Fargo Housing Market Index, October 18, 2021

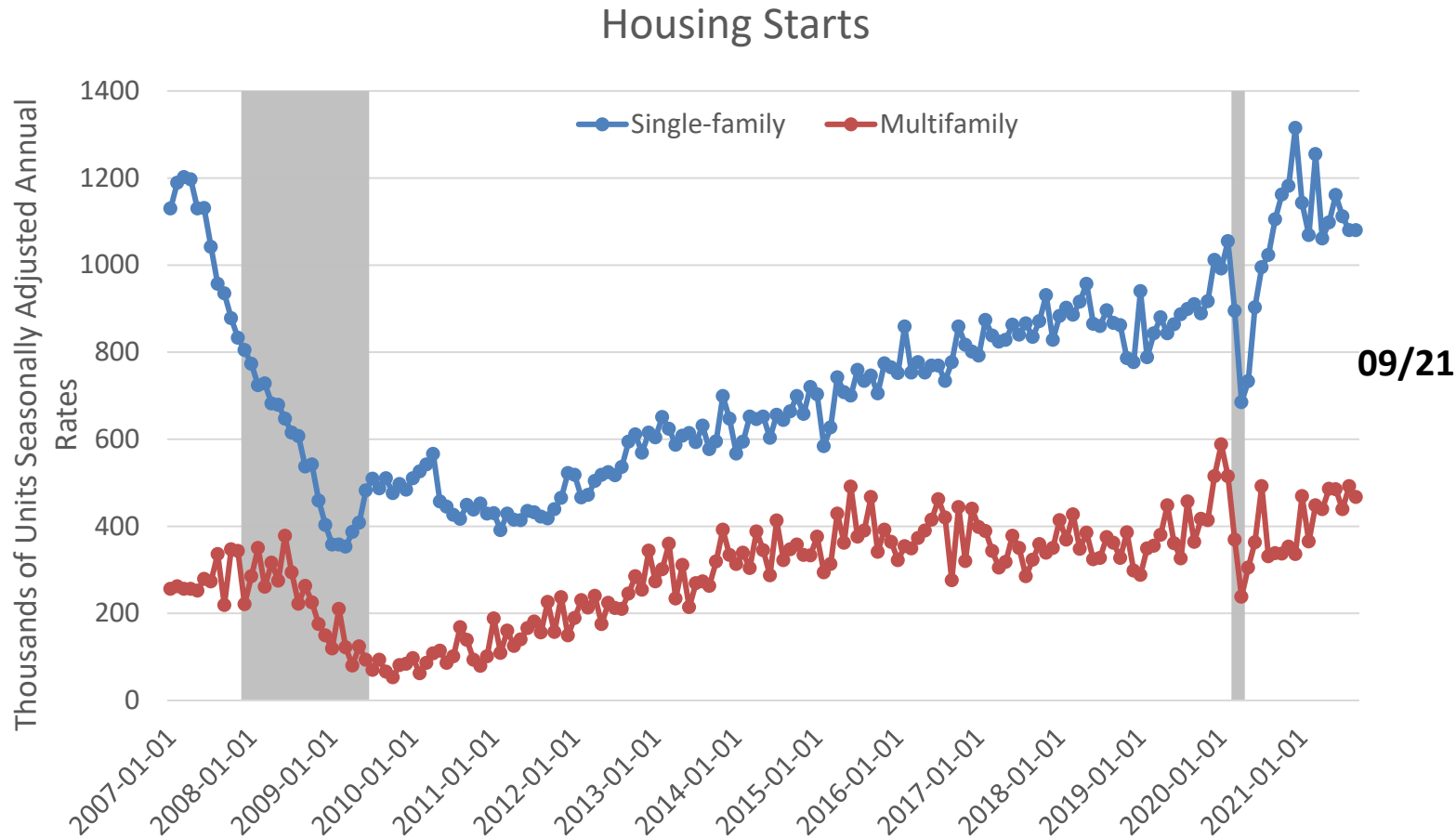
Economic Indicators

Housing Permits



- Multifamily construction statistics tend to be more volatile than single-family, evidenced by a 21% drop over the month and an 18% increase over the year in permitting activity.
- On a monthly basis, multifamily permits averaged 529,000 annual units to date versus 444,000 throughout 2020.

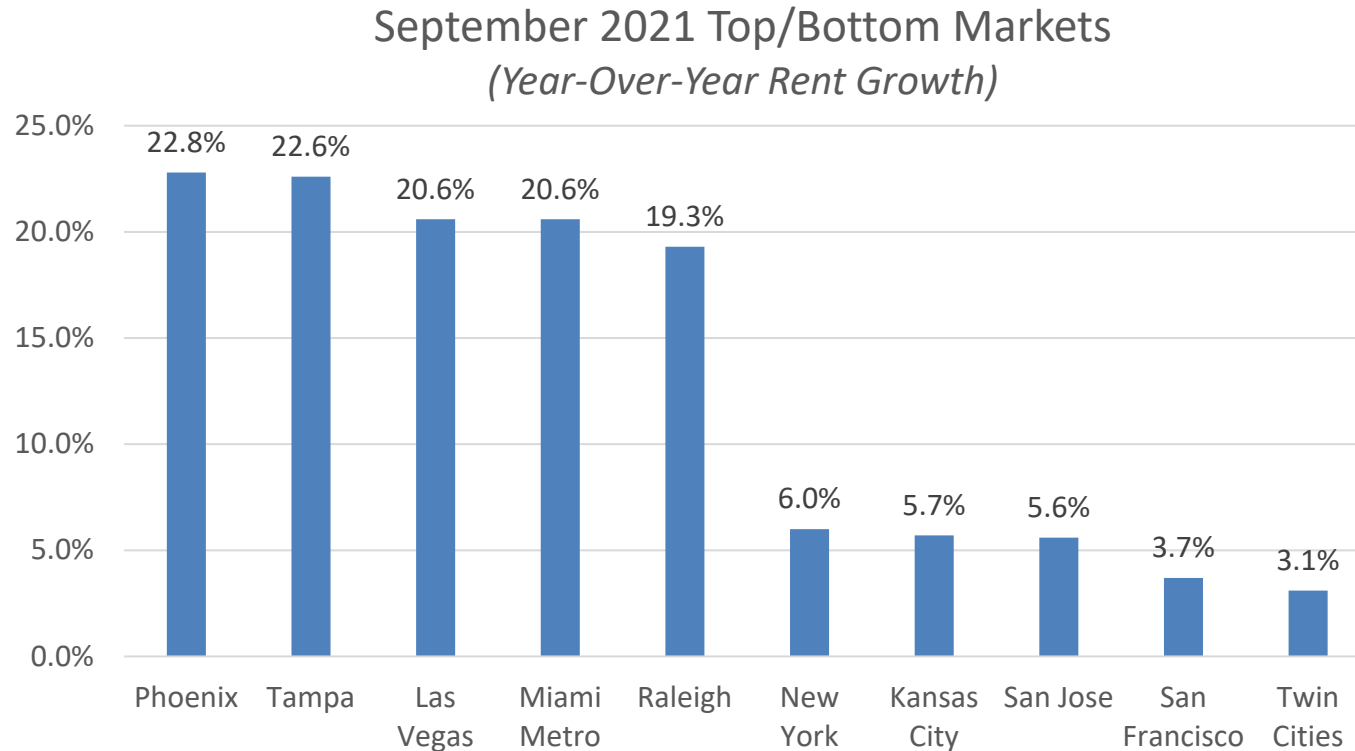
Economic Indicators



- Multifamily construction starts have averaged 454,000 annual units through September, up 16% from the same time period in 2020.
- Single-family starts have moderated over the last several months but remain significantly higher than last year's levels.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Construction, October 19, 2021

Apartment Industry Indicators



- Asking rents continue to break records, though the market shows signs of deceleration.
- Nationally, asking rents were up 11.4% year-over-year in September.
- Sun Belt tech hubs are still leading the nation in rent growth, as markets in the Southeast and Southwest benefit from rapid domestic migration and job growth.

Apartment Industry Indicators

Key Takeaways From ULI Emerging Trends Report 2022:

Flexibility and Convenience: A renewed emphasis on work/life balance and the importance of convenience and productivity in how people manage time will require physical changes to properties to better align with how they will be used.

Work Anywhere: Office tenants will look to redesign the space they have and do more with less to provide new ways of working, and an evolving talent model that marries hybrid and flexible work environments with company cultures. Demand will focus on newer construction with well-integrated ventilation and technologies.

Proptech: The use of technology to better understand and manage properties has accelerated sharply. A new generation of data analytics will allow companies to use artificial intelligence to proactively identify opportunities rather than sift through deals one by one.

Climate Risks: The growing risks of climate-related property damage may induce more investors to follow the example of leading institutional investors in factoring market-level climate risk into decision-making. While businesses need to consider how decisions will impact investors, it's equally important that they should be in the business of contributing to society and helping others thrive.

Apartment Industry Indicators

Key Takeaways From ULI Emerging Trends Report 2022 Continued:

Housing Crisis: Costs of both for-sale and rental housing are rising much faster in secondary and tertiary markets as people fleeing pricey gateway markets bid up residential prices in the smaller destination markets. With housing production falling far short of new household formations, affordability will continue to deteriorate.

New Age of Uncertainty: The predictability of property markets over the past decade ended decisively with the pandemic and ensuing recession, heralding the beginning of a new era of heightened uncertainty.

Top Markets for 2022:

1. Nashville
2. Raleigh/Durham
3. Phoenix
4. Austin
5. Tampa/St. Petersburg
6. Charlotte
7. Dallas/Fort Worth
8. Atlanta
9. Seattle
10. Boston