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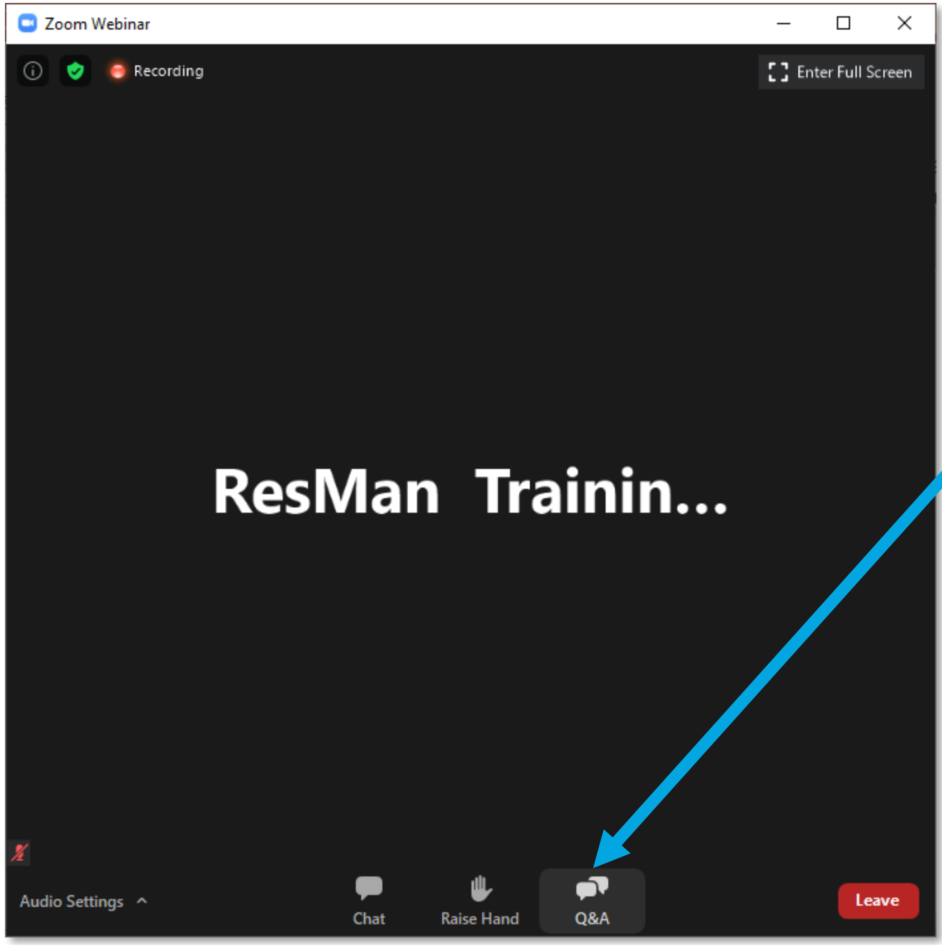
Webinar with ALN APARTMENT DATA www.alndata.com

Budgeting for Resilience in 2025: The Multifamily Trends You Need to Know

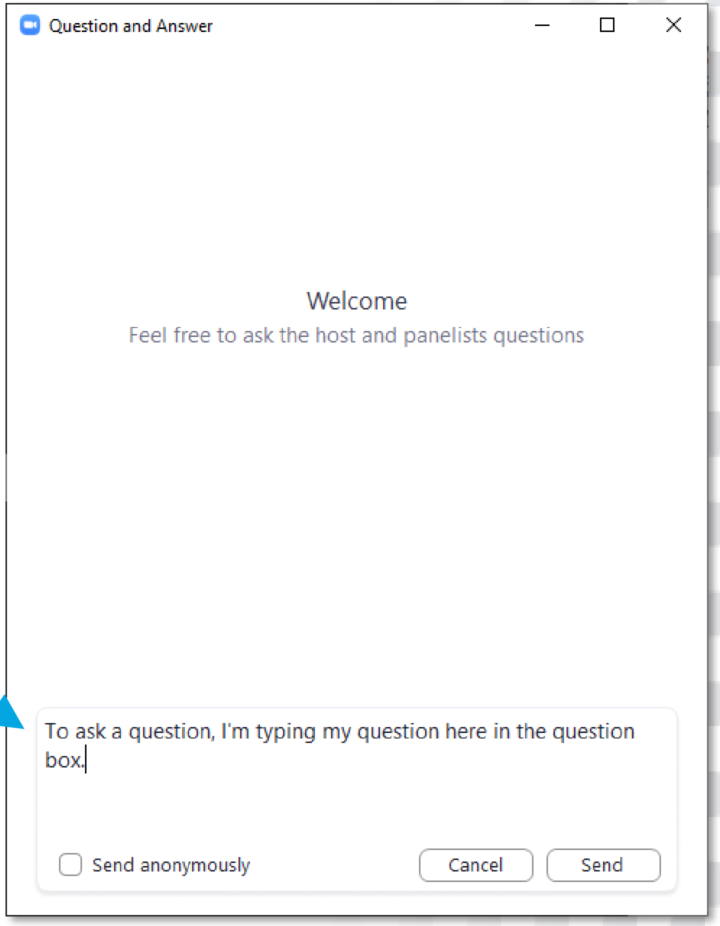
October 24, 2024

Ask Questions through the Q&A Panel



Step 1: Click the Q&A button at the bottom of your Zoom window and a Question & Answer popup will open

Step 2: Type your question in the question box and press "Send".



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Nice to Meet You!

Elizabeth Francisco
Chief Experience Officer
Inhabit IQ

Jordan Brooks
Senior Market Analyst - Multifamily
ALN Apartment Data

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Today's Agenda

- Introductions
- National Forecasts
  - Vacancy
  - Demand
  - Rent Growth
- Regional Focus
- 2025 Budgeting Considerations
- Q&A
- Macroeconomic Trends (Appendix)

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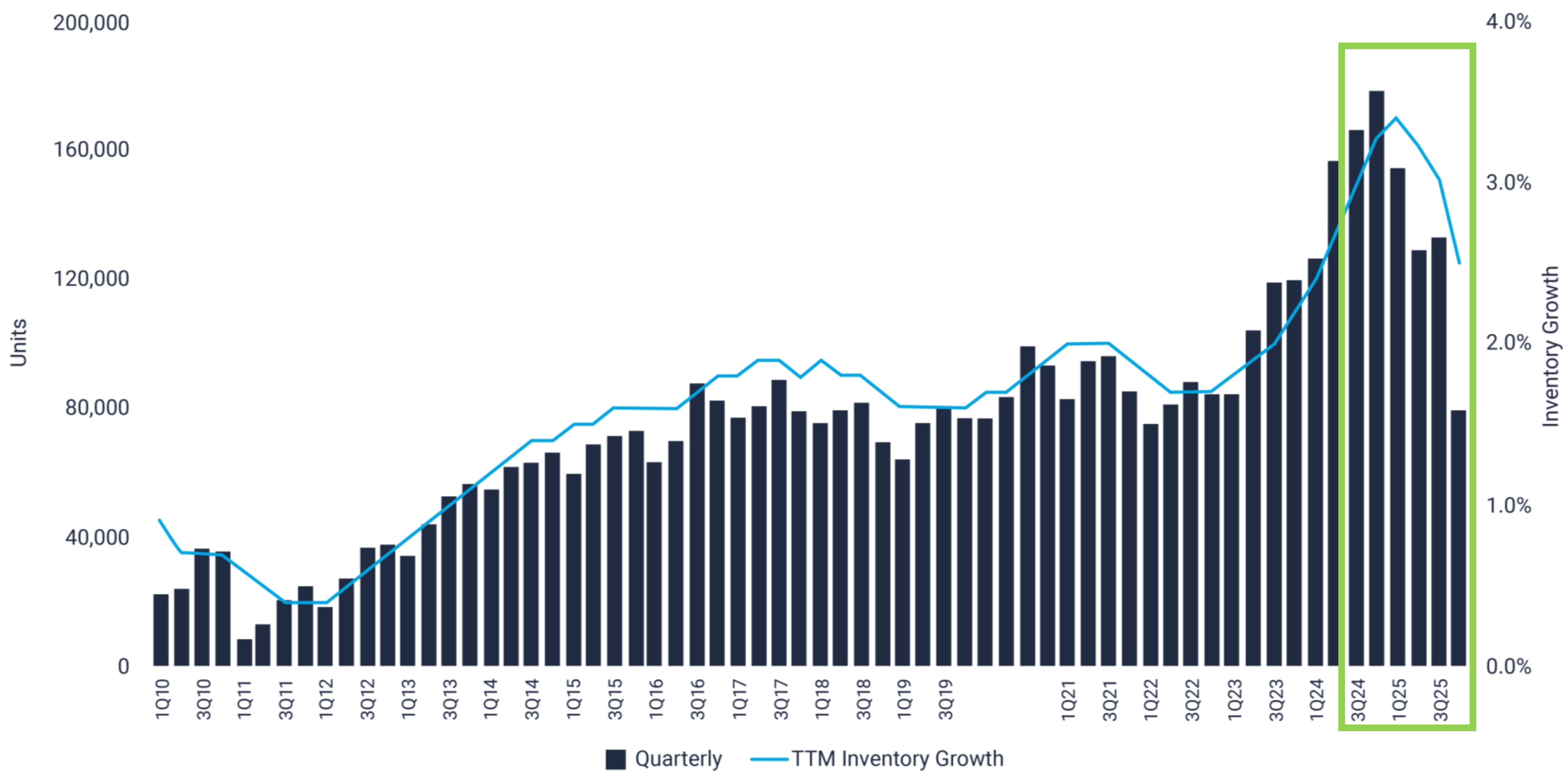
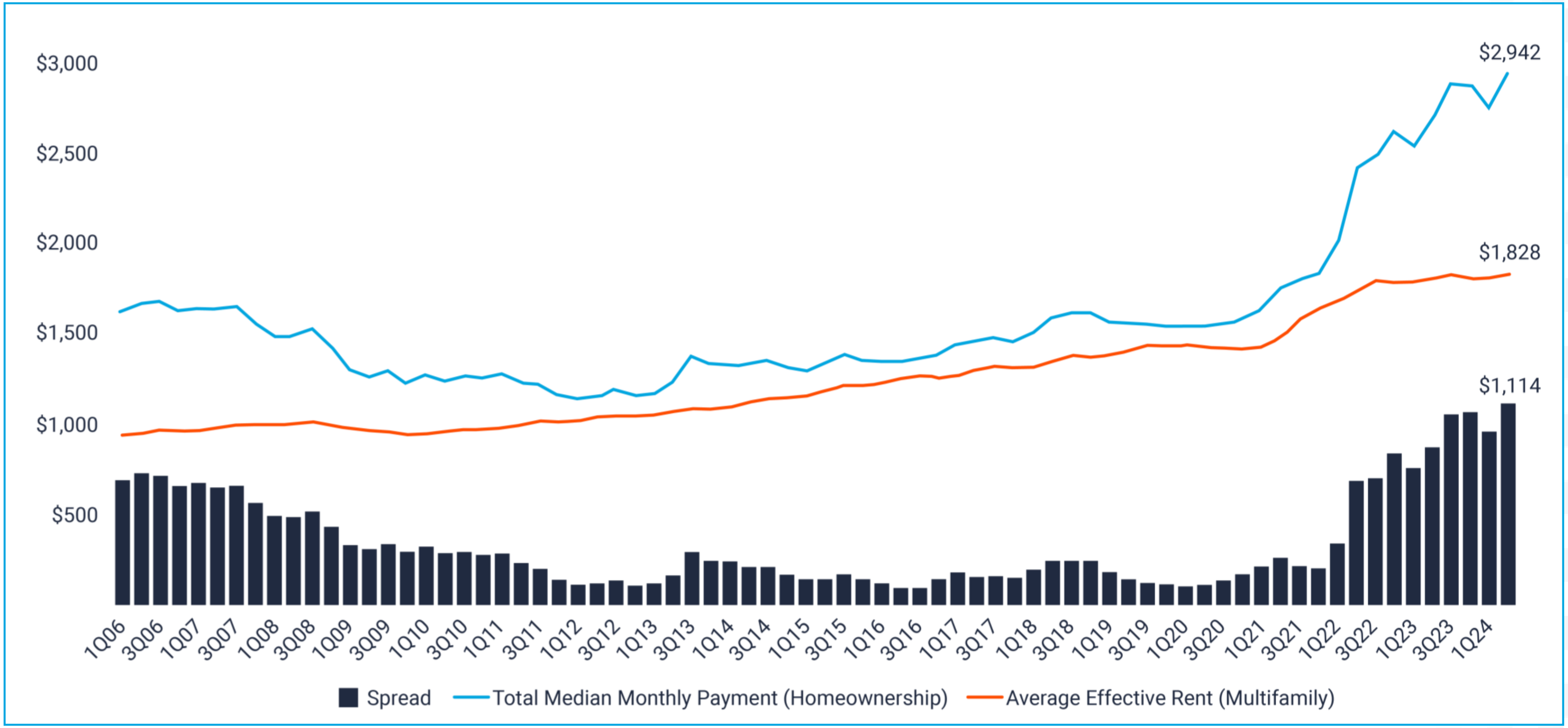
National Forecast

New Supply Deliveries to Peak 4Q

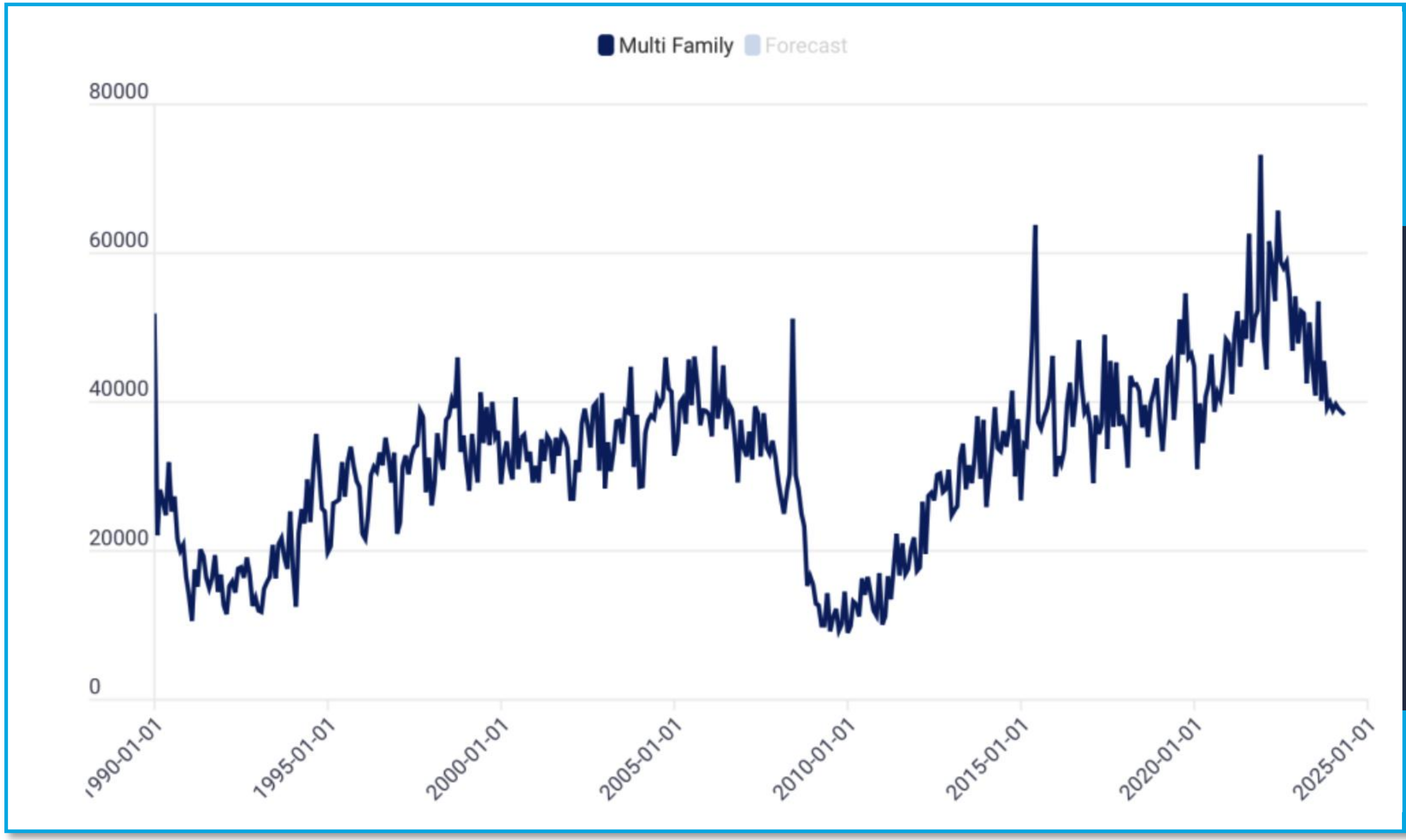


Source: Newmark-2Q2024_United State Multifamily Capital Markets Report

Renting Is More Economical Than Owning



Multifamily Building Permits



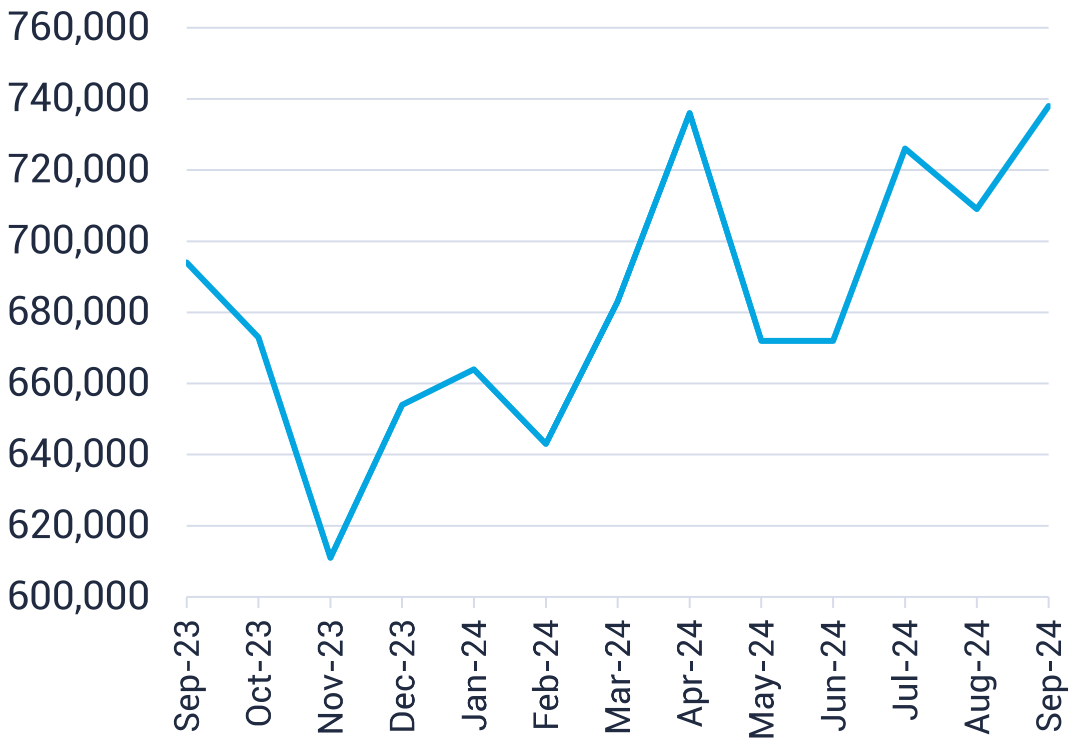
60%

Stats are down H1'24 from H1'23

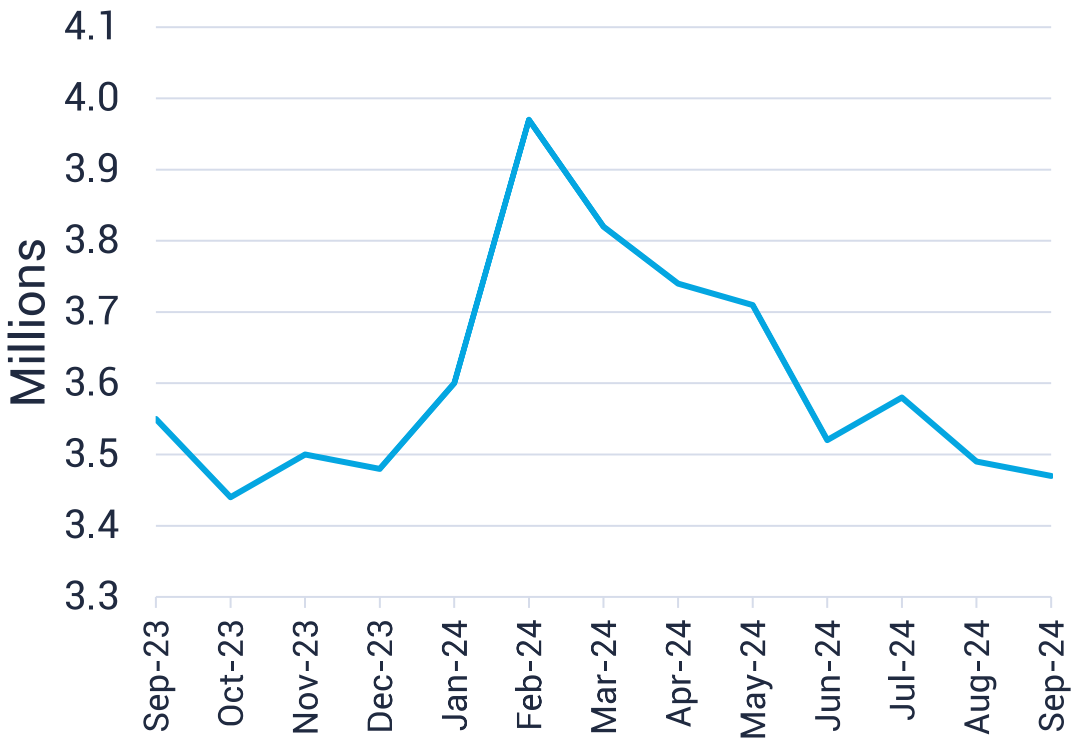
Sources:https://realestate.usnews.com/real-estate/housing-market-index/articles/housing-market-predictions-for-the-next-5-years

Sales Activity Has Been More Robust for New Homes

New Residential Sales

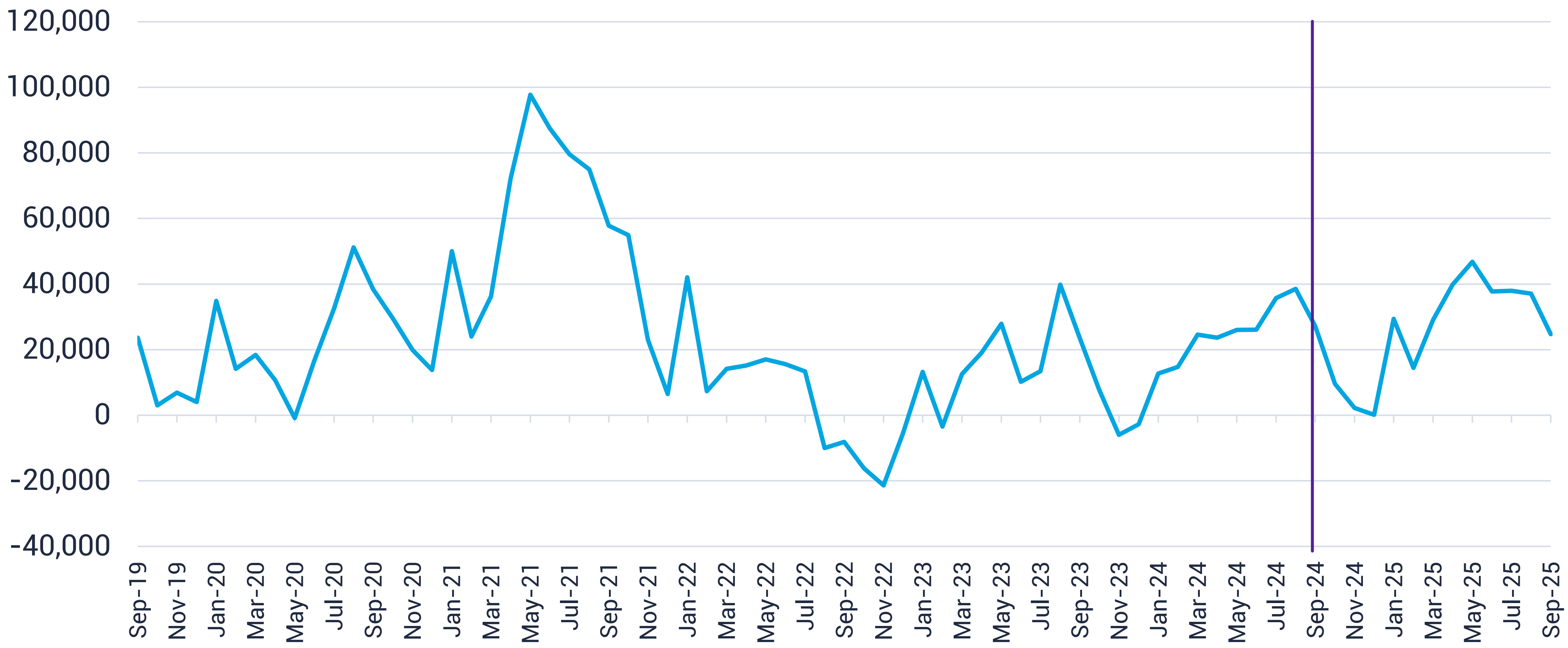


Existing SF Home Sales

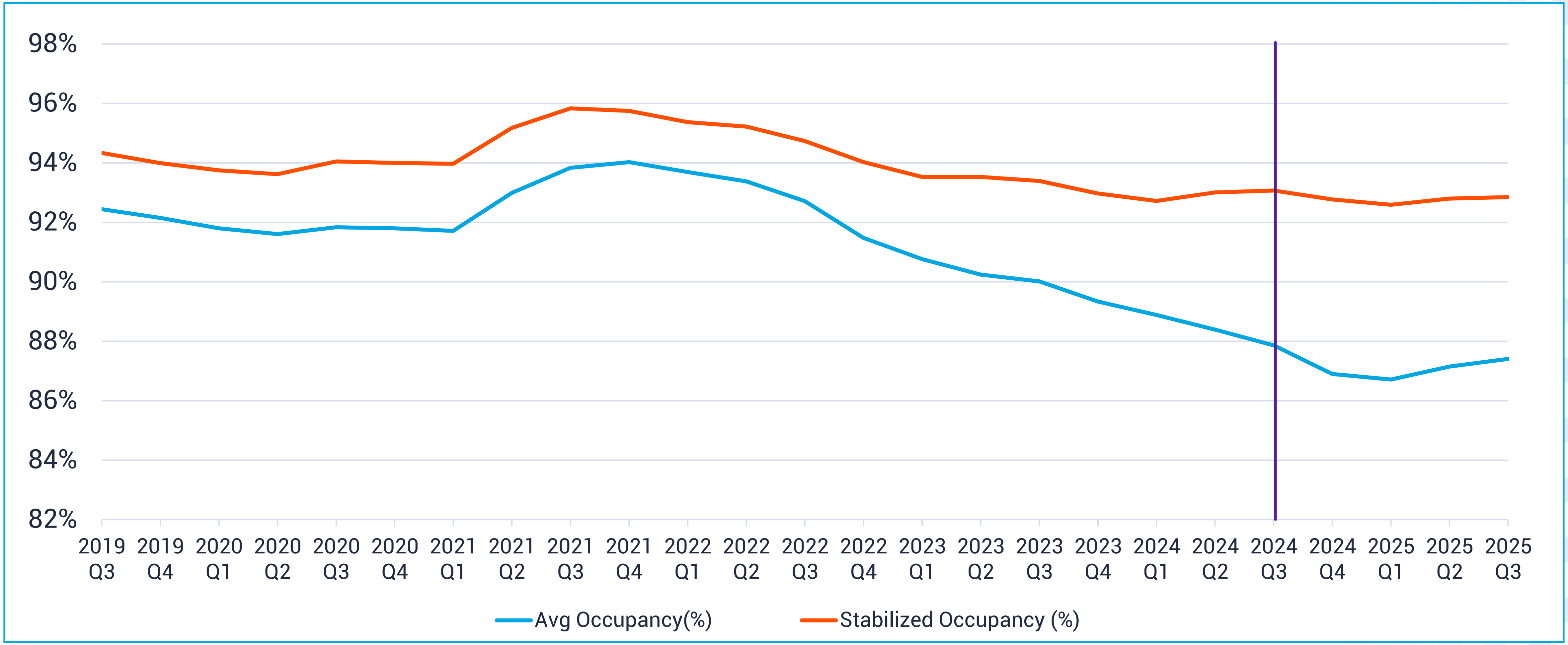


Source: US Census Bureau, NAR

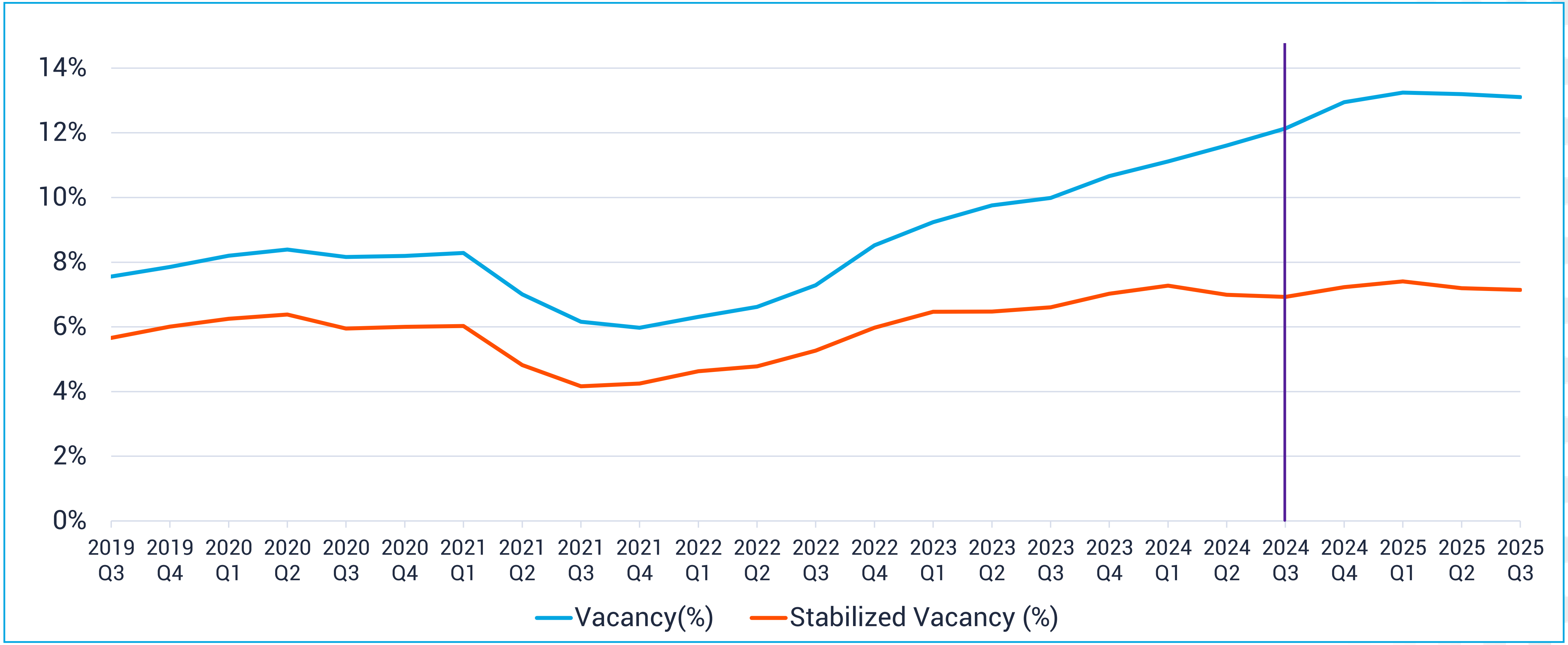
Net Absorption Forecast



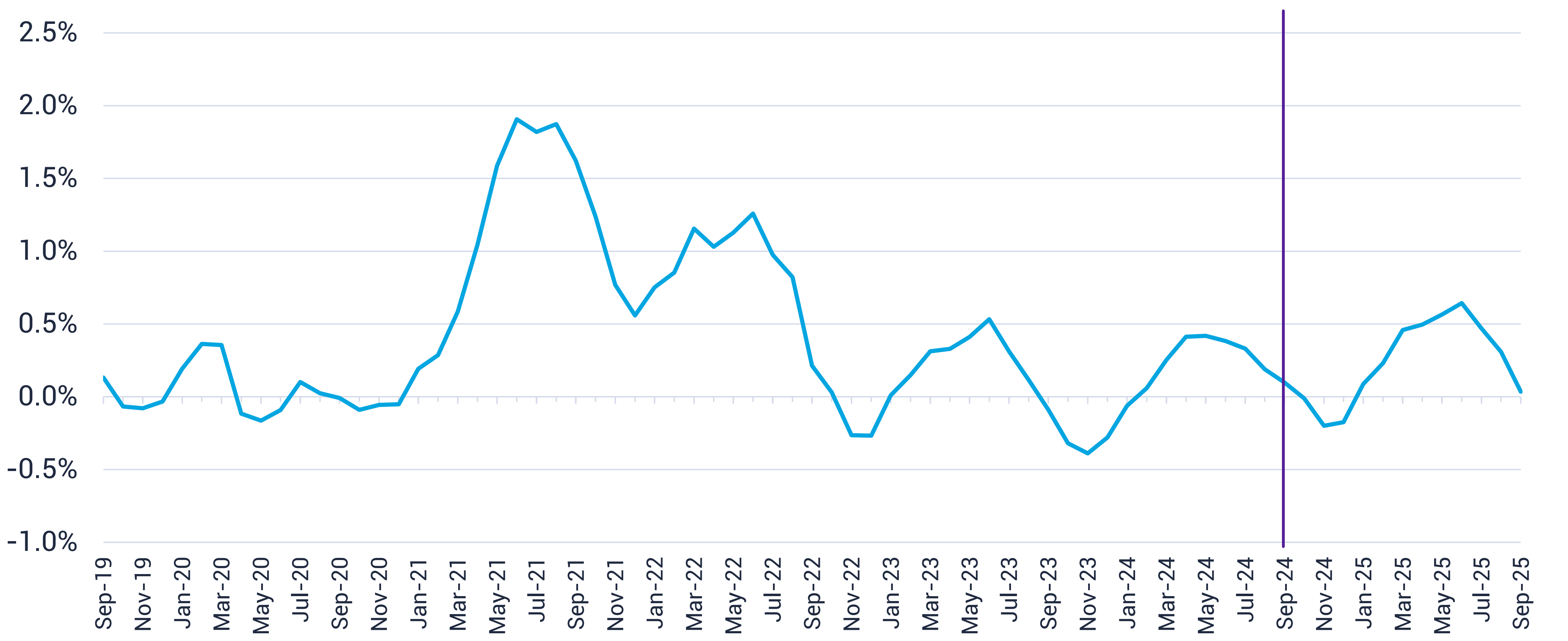
Average Occupancy Forecast



Vacancy Forecast



Average Effective Rent Forecast



GROUP 1: Light at the End of the Tunnel

This group is comprised of markets that:

1

Have had very active new construction pipelines in recent years

2

Have experienced the associated challenges from elevated new supply

3

Have seen apartment demand rebound notably over the last year

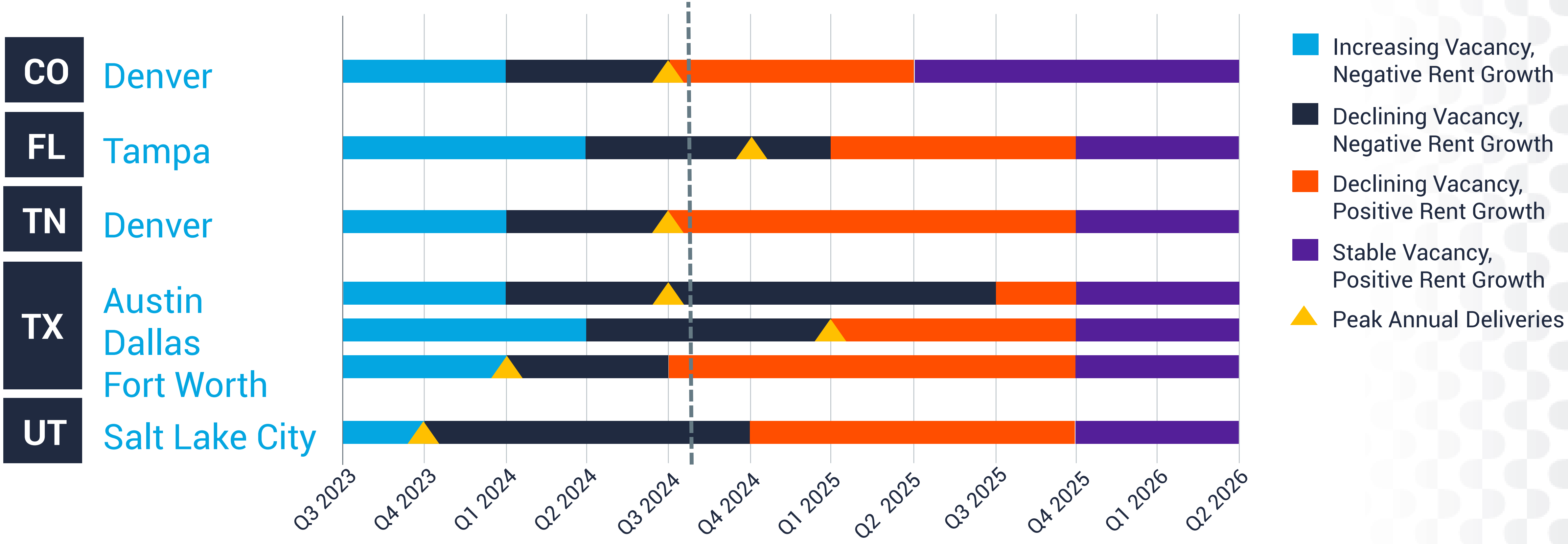
4

Have passed the “supply hump” and should see upcoming deliveries decrease relative to recent deliveries

Markets Included in This Group

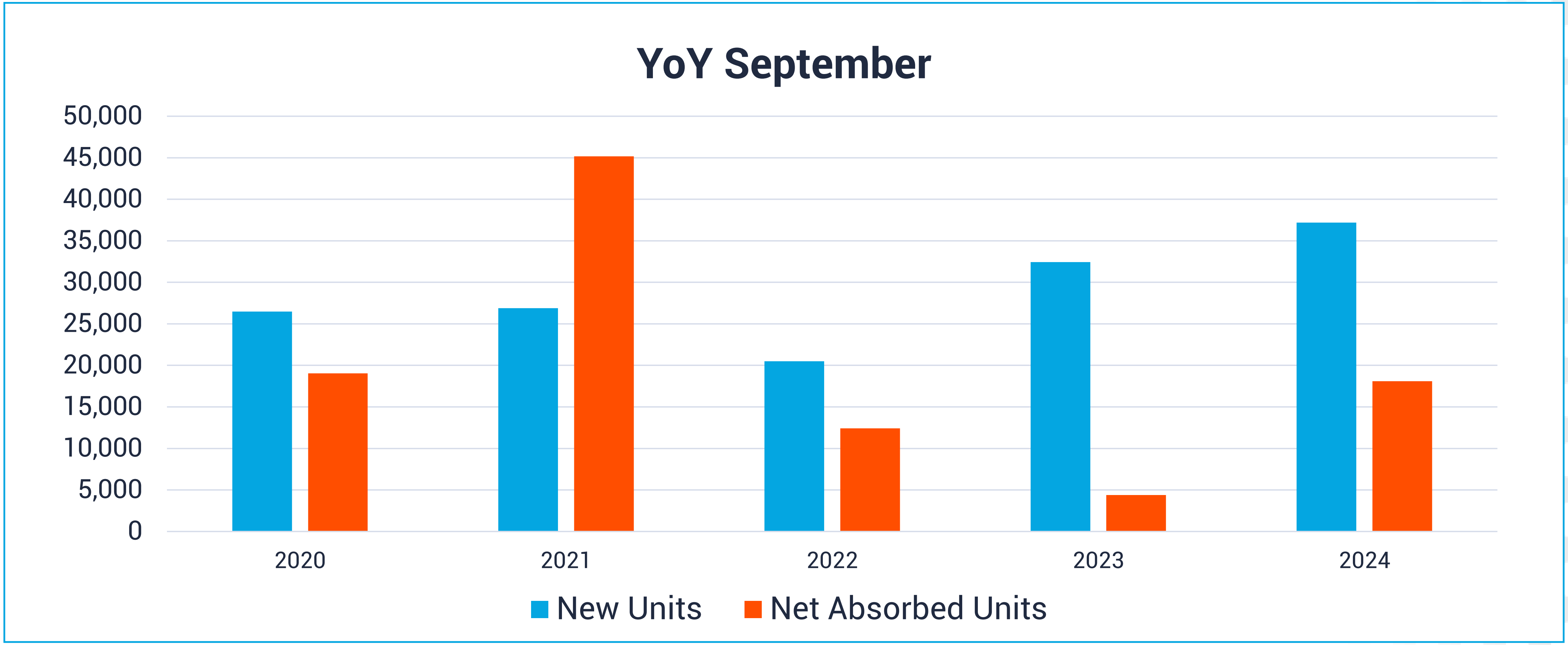
AL	Huntsville
CO	Denver
FL	Pensacola Tampa
GA	Atlanta Savannah
MN	Minneapolis - St. Paul
MT	State
NC	Wilmington
OR	Portland
SC	Greenville – Spartanburg Myrtle Beach
SD	Rapid City Sioux Falls
TN	Nashville
TX	Austin Dallas – Fort Worth Houston
UT	Salt Lake City

Recovery Timeline for High-Supply Markets with Negative Rent Growth

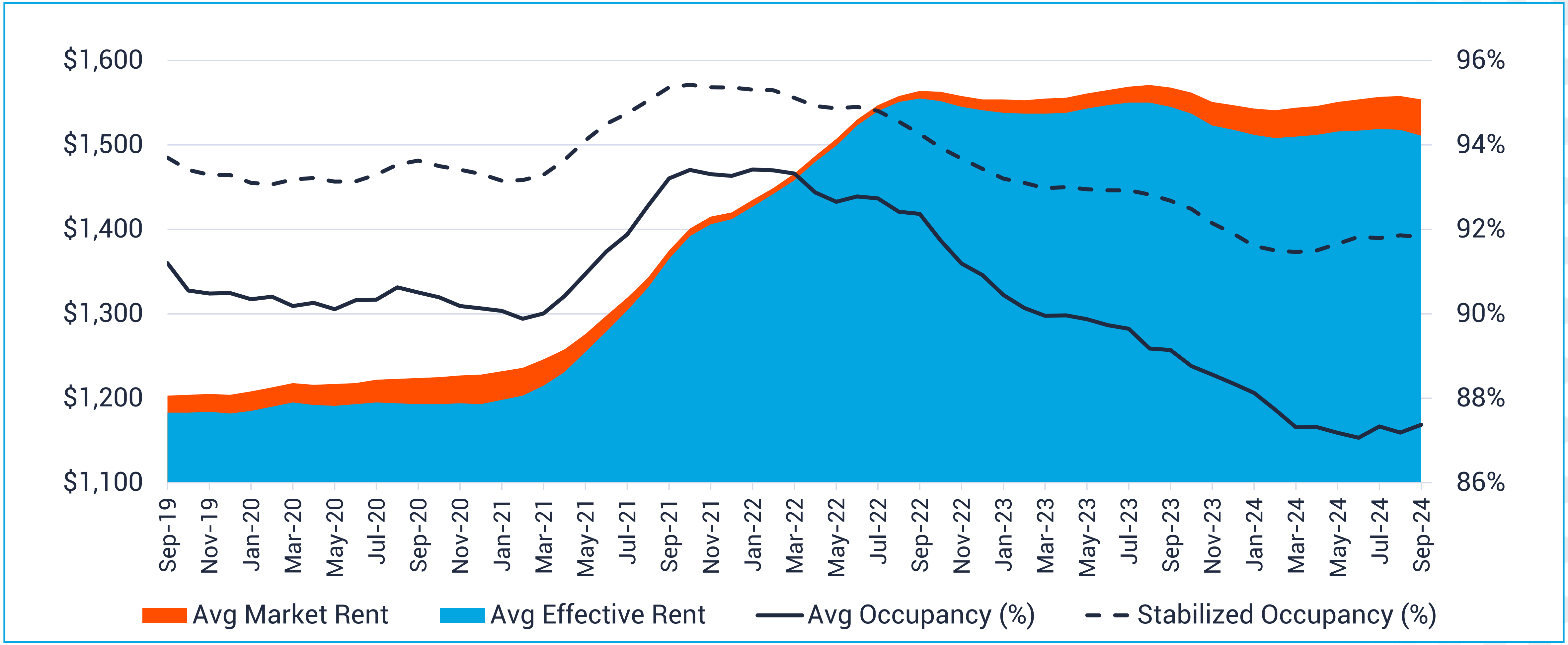


Source: CBRE High-Supply Multifamily Markets Begin to Recover_09.2024

DFW New Supply and Net Absorption



DFW Average Occupancy and Rent



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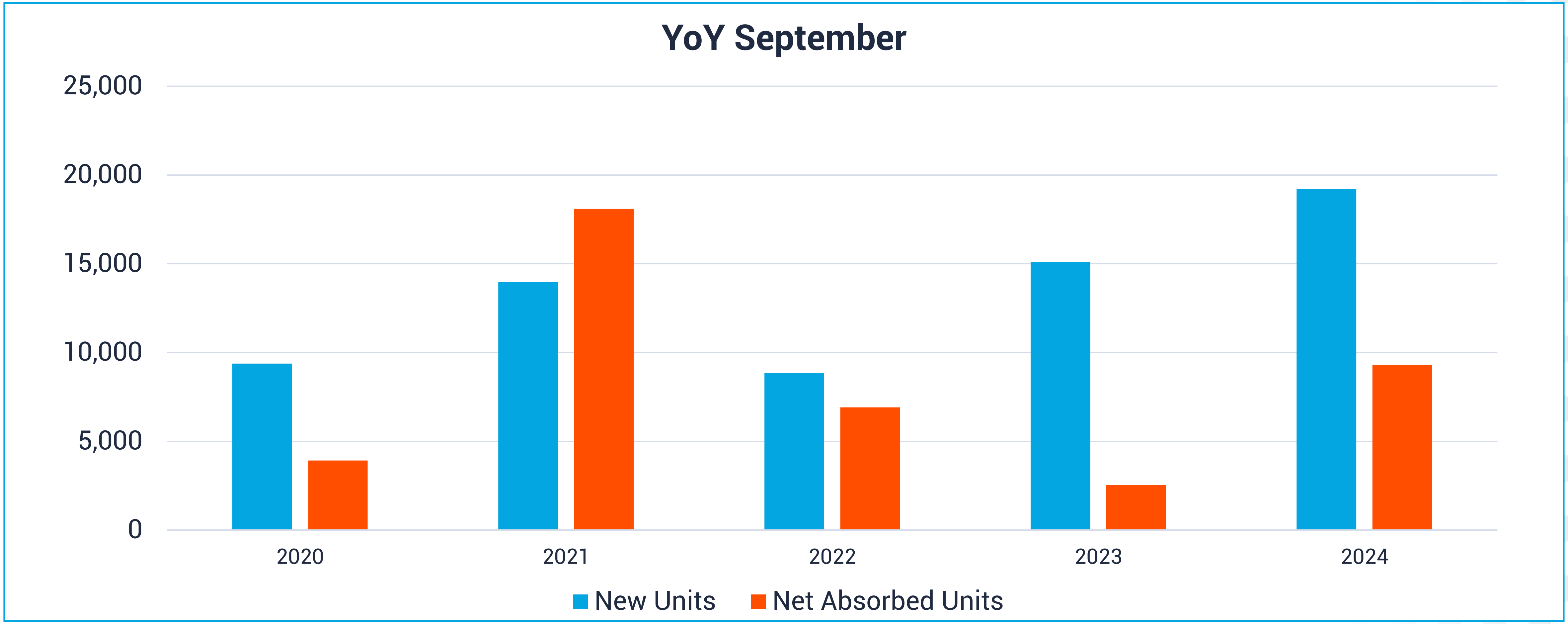
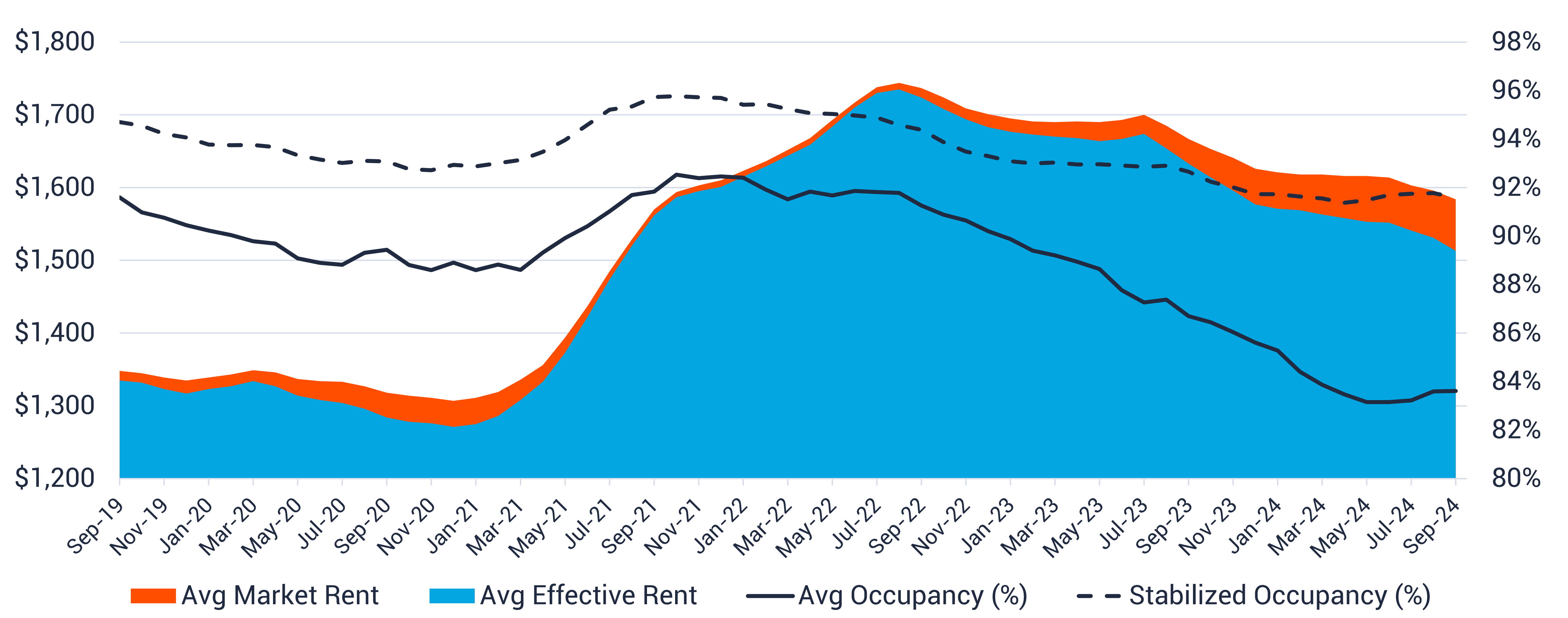
DFW Lease Starts

Austin
New Supply and Net Absorption



Austin
Average Occupancy and Rent



Austin:
Lease Starts

2025 Budget Consideration

Strategy Adjustments

Rental Revenue

Ancillary Revenue

Fraud Protection

GROUP 2: Caveats and Context

This group is comprised of markets that:

1. Have not been at the forefront of deliveries over the last few years

2. Have relatively high average occupancy because of less supply pressure

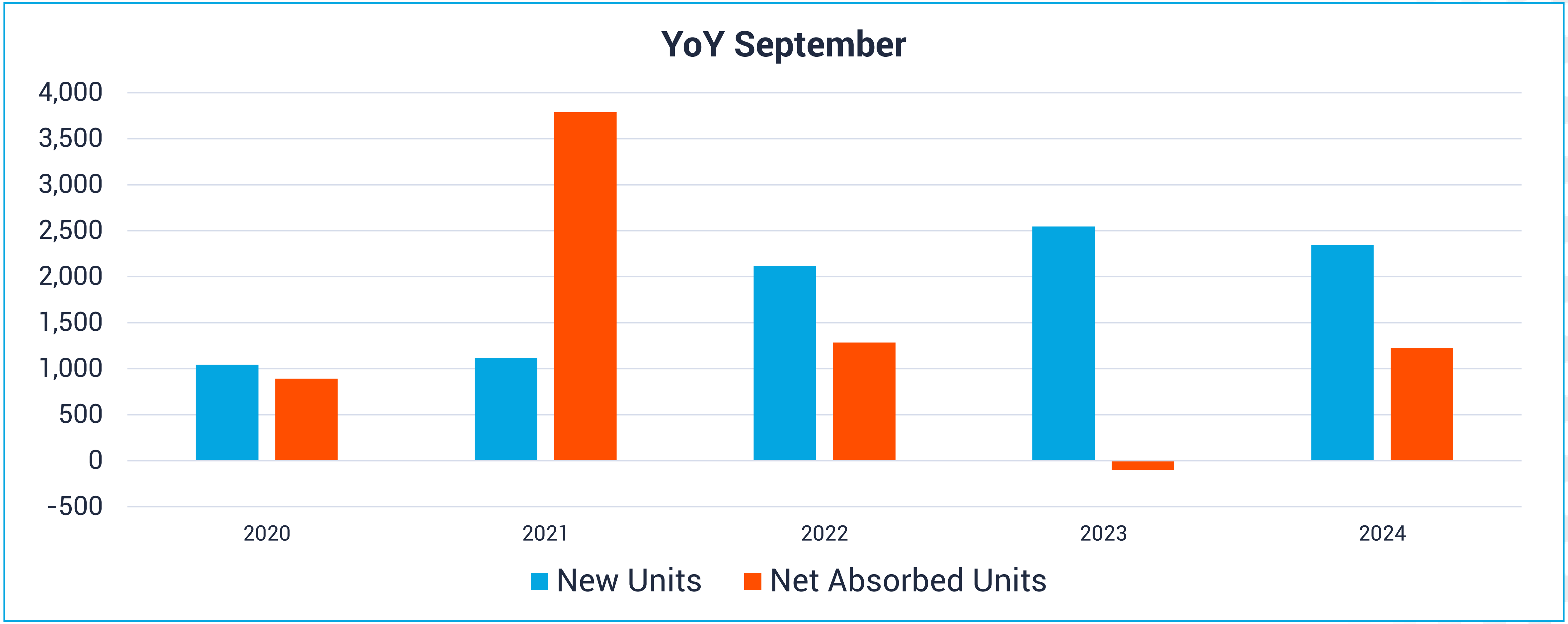
3. Have seen above-average rent growth over the last year

4. Have not necessarily featured robust apartment demand

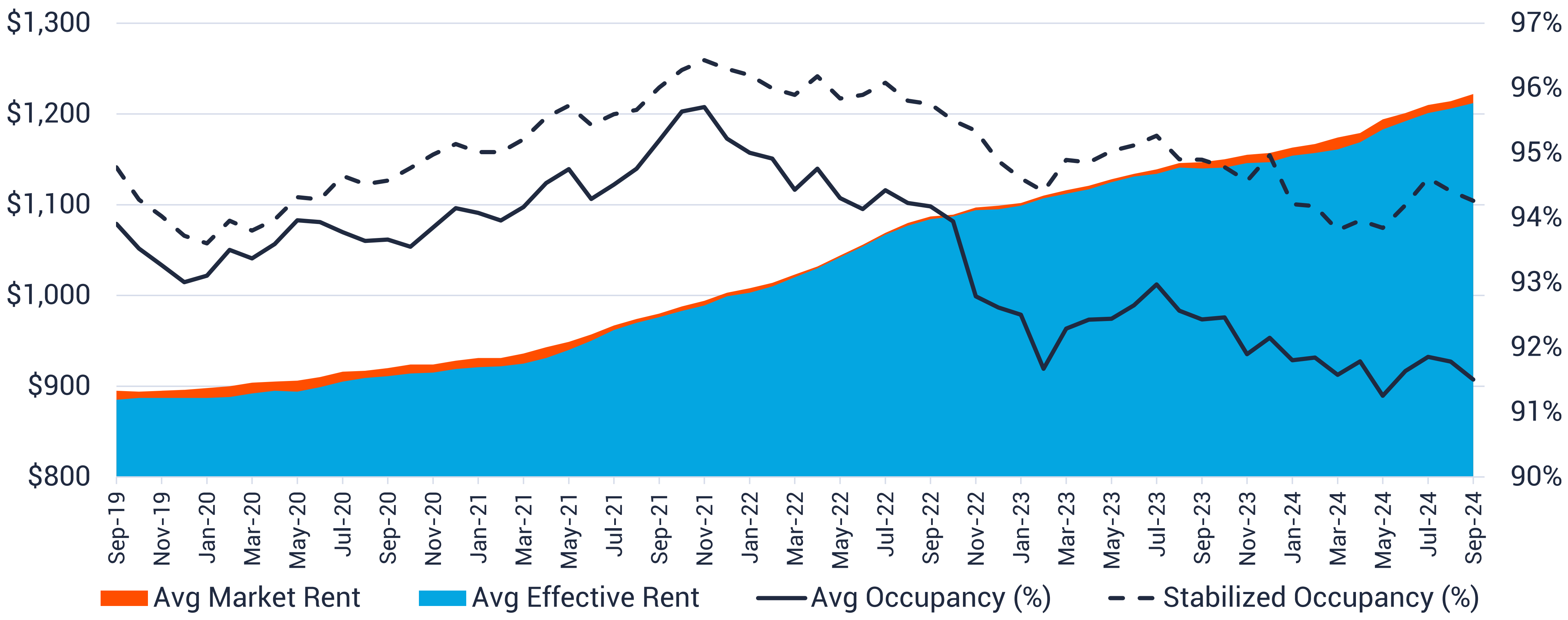
Markets Included in This Group

State	Markets
AR	Northwest Arkansas
CT	Hartford
IL	Springfield
KS	Topeka – Manhattan – Lawrence
KY	Lexington
MI	Grand Rapids – Kalamazoo – Battle Creek
MO	Columbia
MS	Gulfport – Biloxi
ND	Bismarck
NE	Lincoln
NY	Buffalo – Rochester – Syracuse
OH	Cincinnati – Dayton Cleveland – Akron
OK	Tulsa
WI	Green Bay – Appleton – Oshkosh Madison Milwaukee
WY	State

Cleveland-Akron
New Supply and Net Absorption



Cleveland-Akron Average Occupancy and Rent



Cleveland-Akron Lease Starts

2025 Budget Consideration

Strategy Adjustments

Rental Revenue

Ancillary Revenue

Fraud Protection

GROUP 3: The Ride Isn't Over

This group is comprised of markets that:

1

Are expected to see upcoming deliveries rise relative to recent deliveries

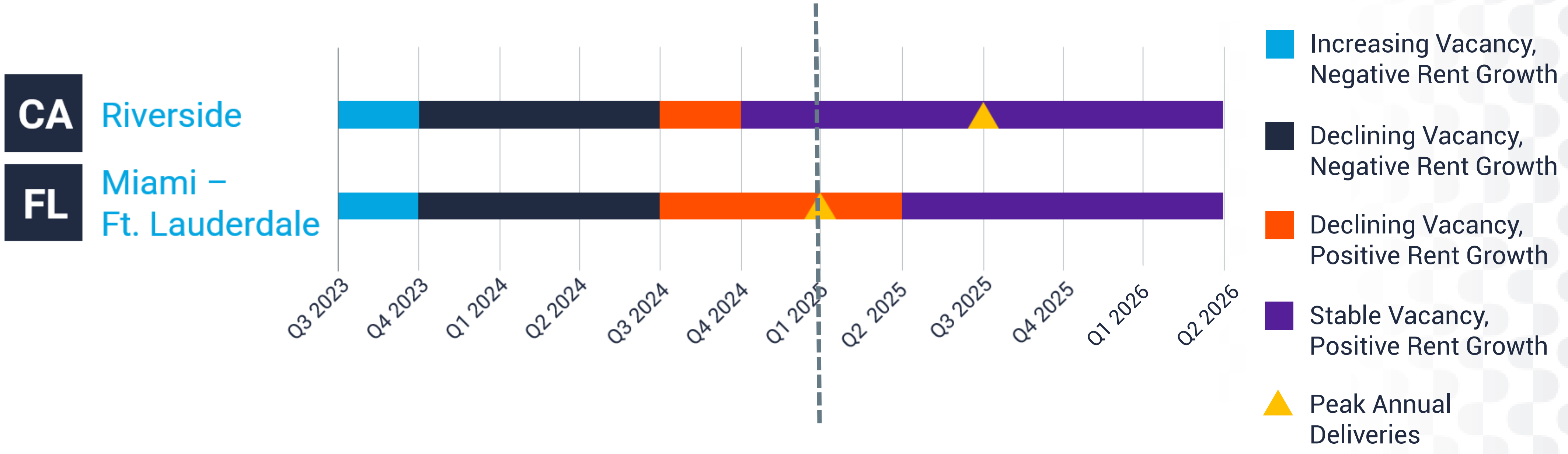
For this group, other metrics such as the extent of recent supply, current average occupancy, the apartment demand environment, and rent performance are more varied.

These markets generally have seen below-average new supply in recent years, below-average apartment demand, and have slightly higher average occupancy.

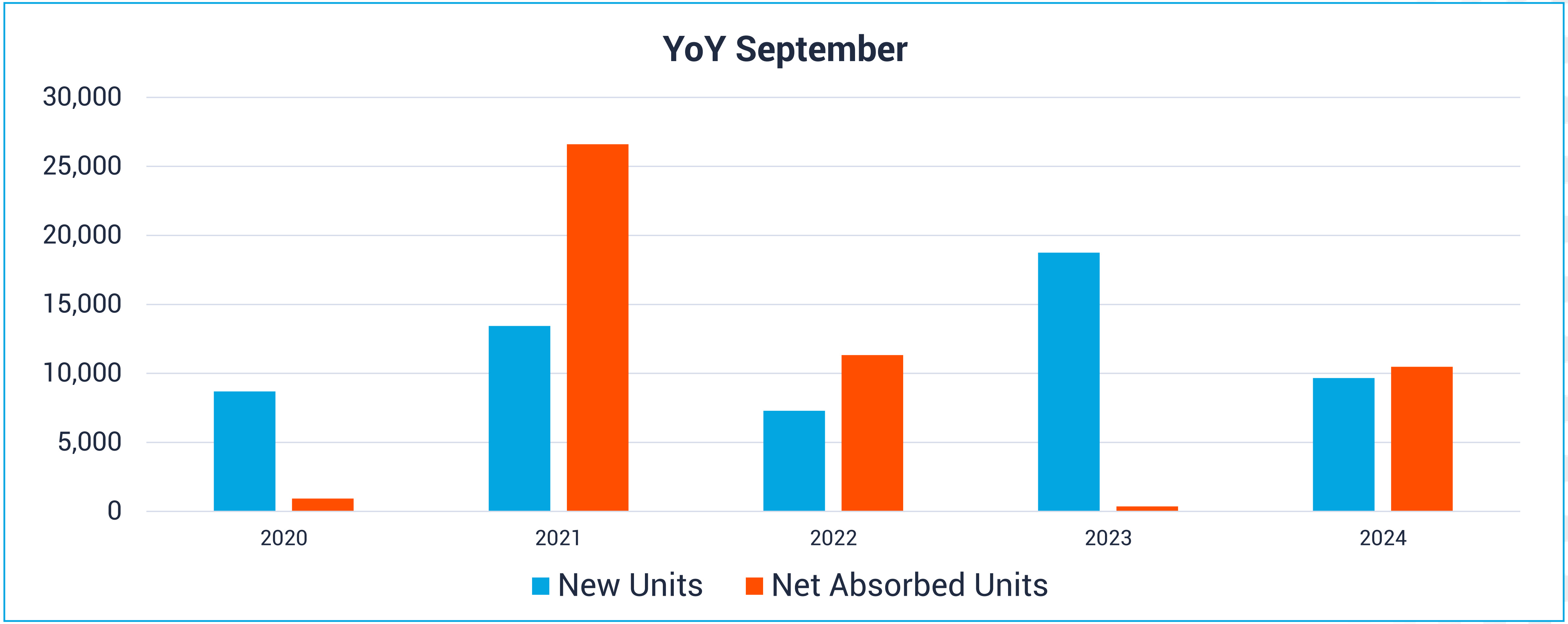
Markets Included in This Group

State	Markets
AL	Birmingham
AZ	Flagstaff
CA	Central Coast Los Angeles – OC Sacramento San Bernardino – Riverside San Diego San Francisco - Oakland
CT	Hartford
FL	Miami – Fort Lauderdale Tallahassee
HI	State
IN	South Bend
NC	Asheville
NY	New York City
RI	Providence
VT	State
WV	Charleston

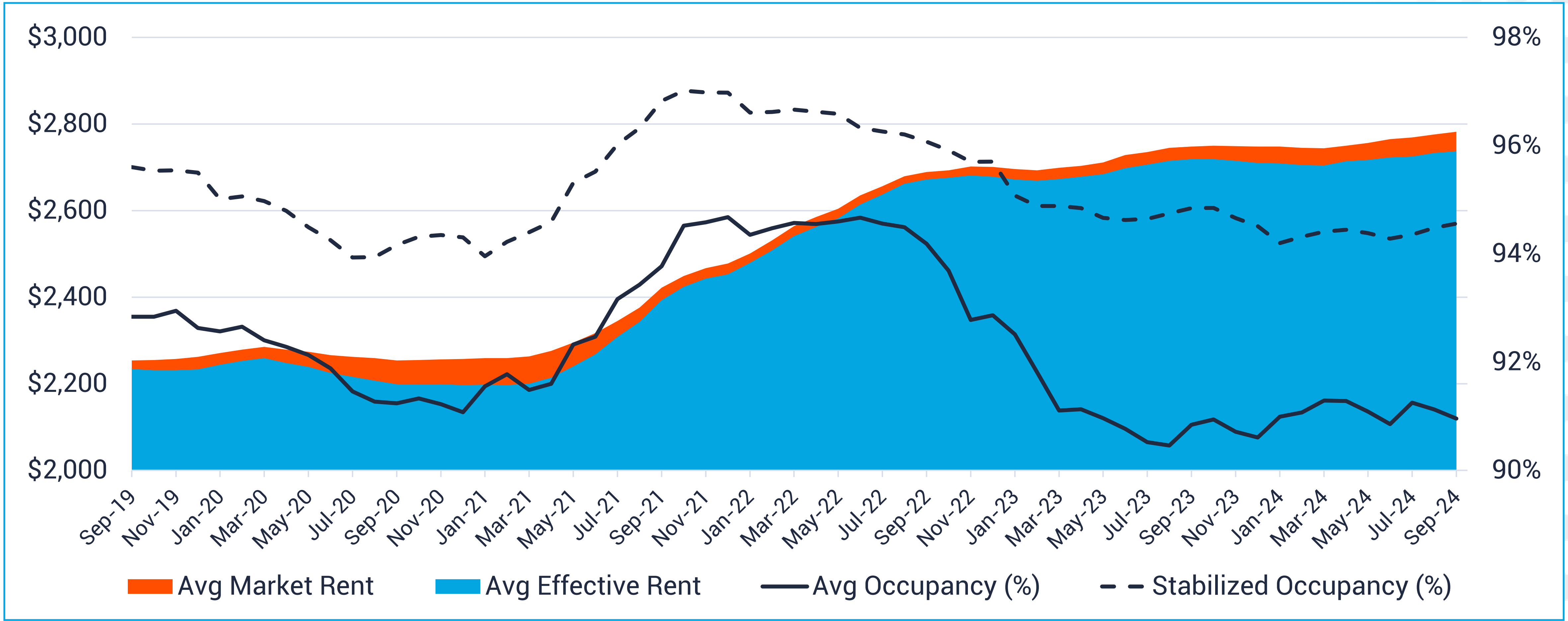
Recovery Timeline for High-Supply Markets with Negative Rent Growth



Los Angeles-OC
New Supply and Net Absorption



Los Angeles-OC
Average Occupancy and Rent



Los Angeles-OC:
Lease Starts

2025 Budget Consideration

Strategy Adjustments

Rental Revenue

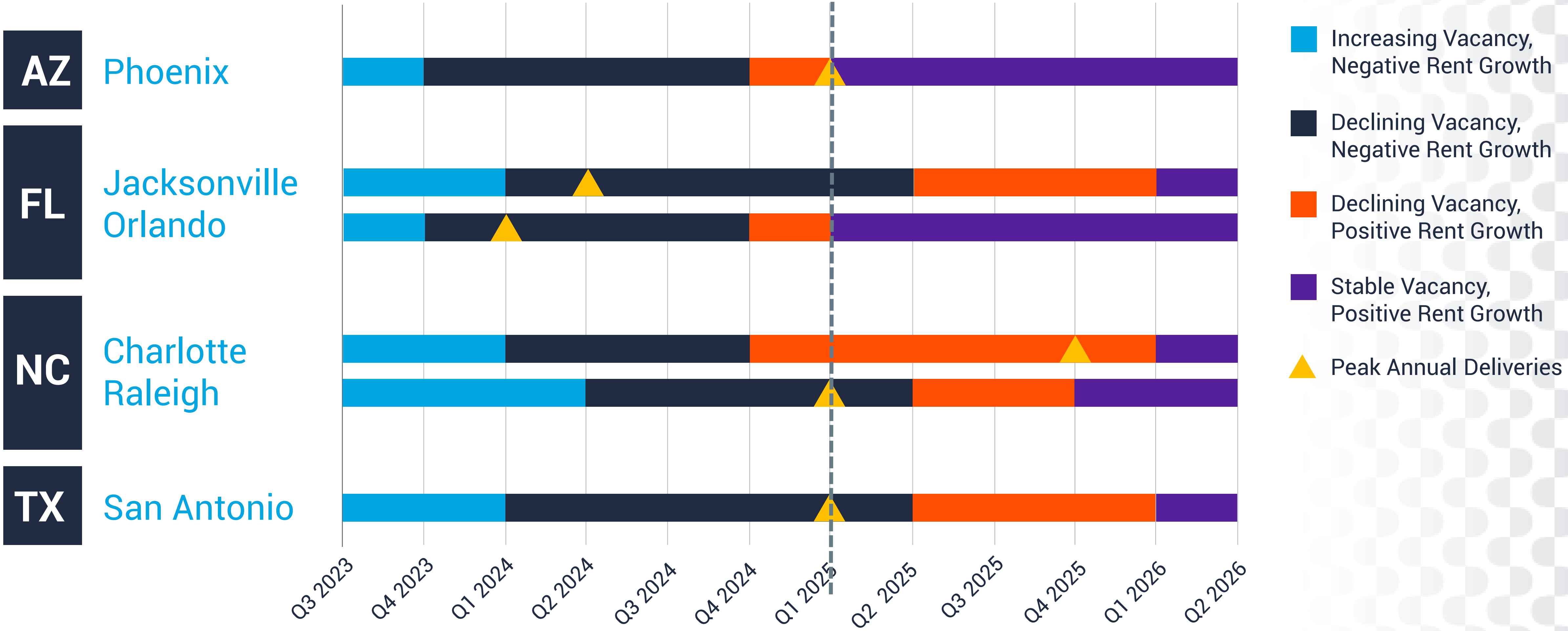
Ancillary Revenue

Fraud Protection

Team Fatigue

Bonus & Commission Plans

Recovery Timeline for High-Supply Markets with Negative Rent Growth



Unit Deliveries

METRO	2023	2024	2025	BEYOND	TOTAL
New York	37,421	55,984	39,459	10,519	143,383
Dallas	22,415	33,427	15,715	2,908	74,465
Austin	21,000	28,320	17,363	867	67,550
Atlanta	20,463	22,436	14,172	201	57,272
Houston	18,624	23,407	12,617	719	55,367
Washington, DC	15,576	19,783	16,621	3,171	55,151
Phoenix	15,493	18,252	13,934	3,039	50,718
Los Angeles	16,901	18,697	9,745	2,411	47,754
Denver	16,607	21,108	7,346	1,351	46,412
Seattle	14,871	20,463	7,492	2,160	44,986
Orlando	18,254	17,722	7,635	862	44,473
Miami	9,664	19,236	10,366	2,553	41,819
Boston	11,463	13,702	9,209	1,404	35,778
Charlotte	10,184	12,801	9,965	1,441	34,391
Philadelphia	10,705	15,061	7,066	363	33,195
Nashville	11,982	13,984	6,328	203	32,497
Raleigh	8,234	13,852	7,802	789	30,677
Tampa	7,320	15,191	7,059	967	30,537
Minneapolis	13,332	11,236	5,112	-	29,680
Salt Lake City	9,166	9,595	4,432	617	23,810
San Antonio	7,939	10,206	3,825	300	22,270
Chicago	9,041	9,198	2,227	1,024	21,490
San Diego	6,499	7,033	6,121	1,794	21,447
Newark	6,488	8,308	4,942	1,071	20,809
Jacksonville	7,663	8,585	4,523	-	20,771

Source: Dodge Construction Network - Real Estate Analyzer, June 2024

Q&A

Macroeconomic Trends

GDP 3.4%
0.4% QoQ

Q3'24 : Q2'24

2.4% down
2.5% MoM

Inflation Rate Sept

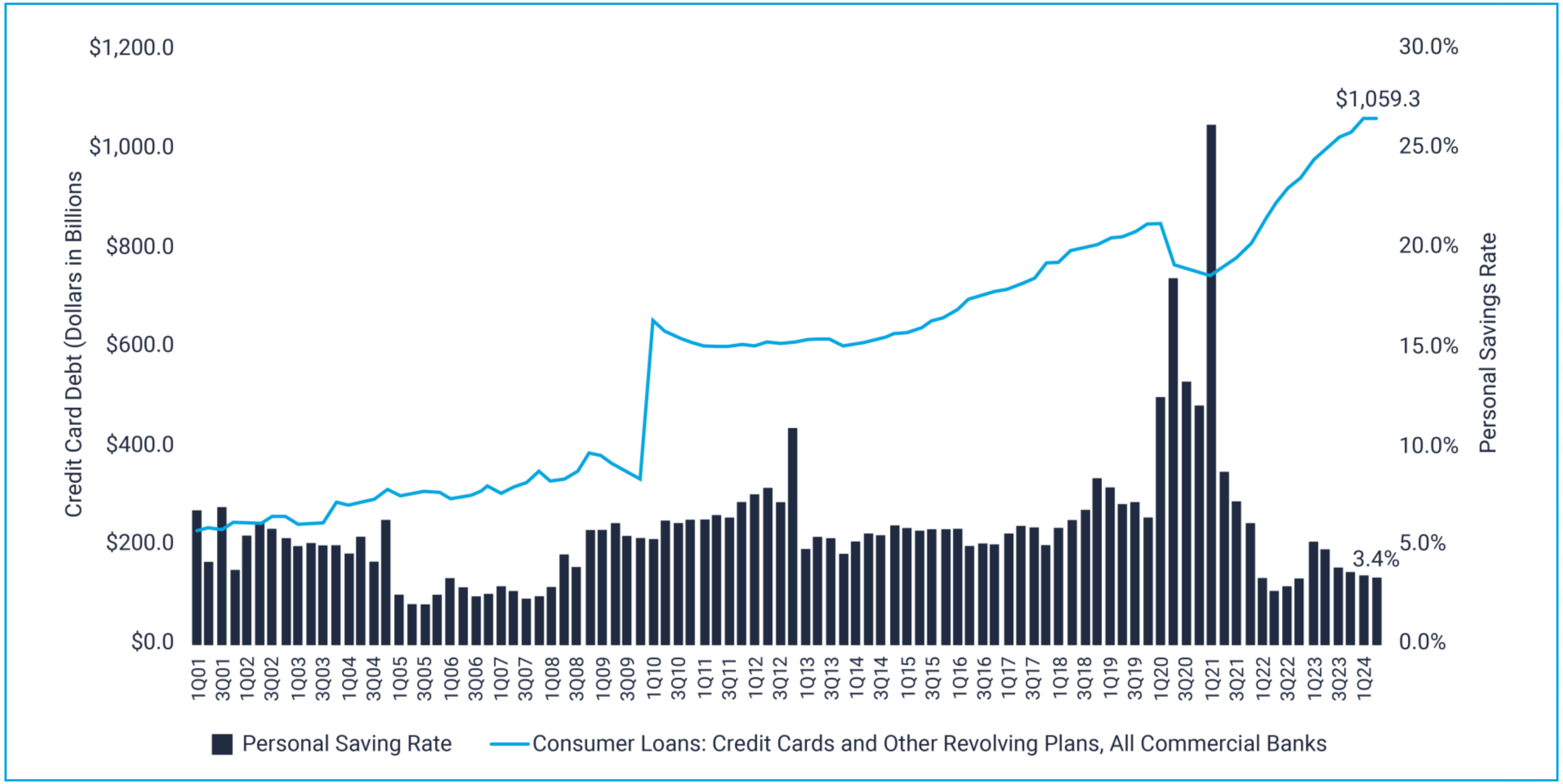
254K Jobs Created
Unemployment 4.2%

September Employment

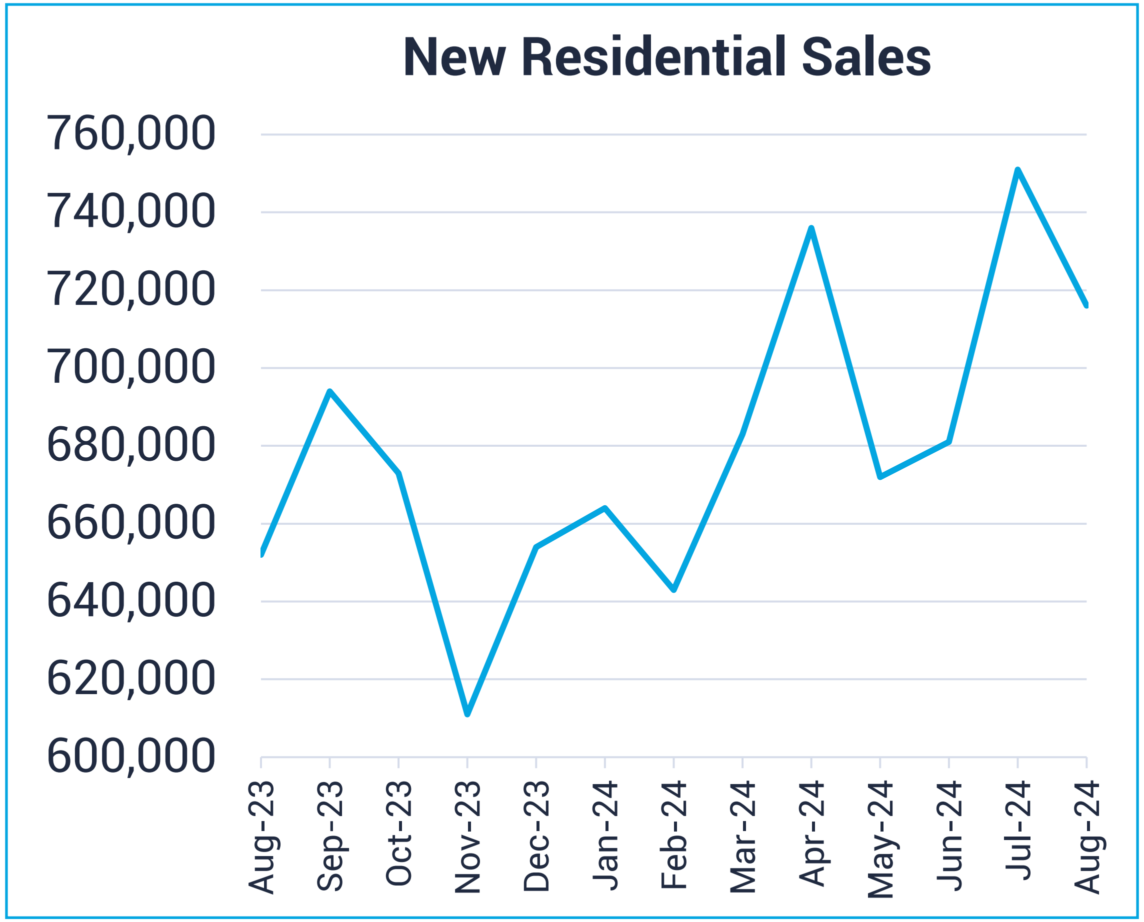
4.75%-5.00%

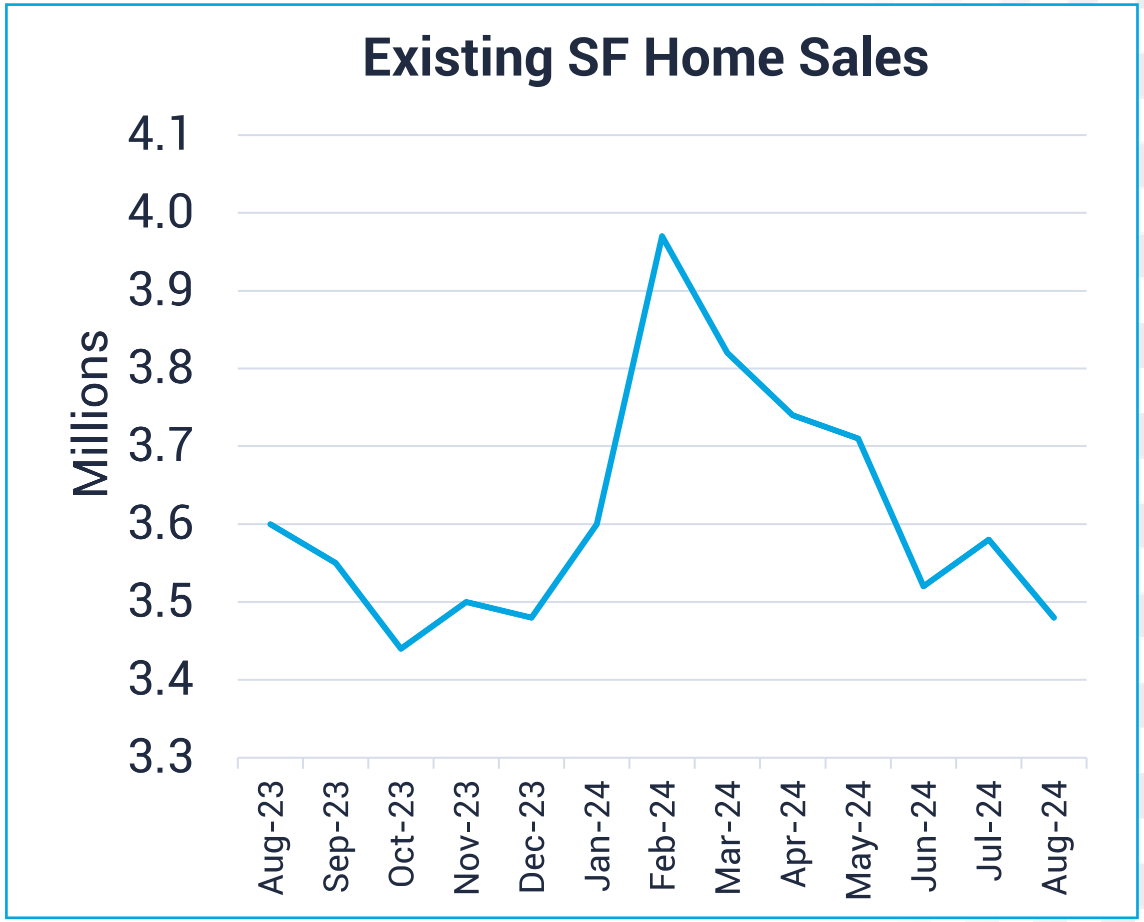
Interest Rates

Personal Savings Rate & Consumer Credit Debt



Sales Activity Has Been More Robust for New Homes





Source: US Census Bureau, NAR

2024-2029 Housing Market Predictions

Housing Market Summary and Predictions

CATEGORY	2023 SUMMARY	2024 FORECAST	CHANGE 2023-2024	2025 PREDICTIONS	CHANGE 2024-2025	2029 PREDICTION	CHANGE 2024-2029
Single-Family Home Median Rents	$2,218	$2,305	3.9%	$2,375	3.0%	$2,650	15.0%
Multi-Family Home Median Rents	$1,859	$1,920	3.3%	$1,940	1.0%	$2,125	10.7%
30-Year Fixed-Rate Mortgage Rate (Avg.)	6.88%	6.90%	2 Basis Points	6.40%	-50 Basis Points	6.00%	- 90 Basis Points

Sources: NAR, Redfin, U.S. Census Bureau, Zillow, Yardi Matrix, FreddieMac

Thank You!

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