

WALKER & DUNLOP

Capital Markets Update

WEDNESDAY, OCTOBER 16, 2024 | CARMEL, IN



WILLY WALKER

Chairman & CEO



STEVE LAMOTTE, JR.

Managing Director, Investment Sales

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APPRISE
BY WALKER & DUNLOP



Today vs. Tomorrow

2024 PERSPECTIVES

BUY-SIDE PRACTICE SWINGS

SELL-SIDE HESITANCY

RECORD HIGH LEVELS OF SUPPLY

COOLING RENTS BUT MIDWEST IS TOP 10

CAP RATES PEAK

PIVOT TOWARDS CORE/CORE+

ELECTION AMBIVALENCE

2025 PERSPECTIVES

LESS PRACTICING, MORE BASE HITS

WAVE OF PRODUCT HITTING THE MARKET

NEAR RECORD LOW LEVELS OF SUPPLY

**CONTINUED COOLING ON DELIVERY HANGOVER
AND MIDWEST EXITING TOP 10**

CAP RATE COMPRESSION

RETURN TO VALUE-ADD AS THE CAPITAL CHASES YIELD

INTEREST RATE AMBIVALENCE

What's the Capital Saying?

**TIRED OF
THE LOSING**

**\$50M TO \$75M
IS THE SWEET
SPOT**

**WE LIKE THE
MIDWEST**

**DISCOUNT TO
REPLACEMENT
COST**

**WE DON'T
CONTROL THE
CAPITAL**

**NEED A
COMPELLING
STORY TO SELL
THE CAPITAL**

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Notable Buyers to the Midwest

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ACTIVELY BIDDING

Abacus

AJH

Habitat

Hamilton Zanze

Hampshire / Northlink

Mercer Street

MLG Capital

Passco

Phoenix Realty Group

PRP

ACTIVELY UNDERWRITING

29th Street

Ares

Avid Realty Partners

Blackstone

JRK

Osso Capital

Peak Capital Partners

S2 Capital

TruAmerica

Notable Recent Midwest Transactions

Notable Recent Transactions – Indianapolis Team

SOLANA AT THE CROSSING

Indianapolis, IN



Value \$68,250,000

Cap Rate 4.65%

Units 384

Asset Strategy Core+

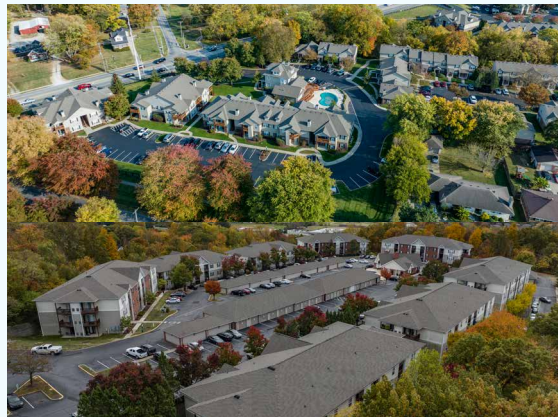
Buyer Gray Capital

Seller Covenant Capital

Sale Date August 2024

LOUISVILLE 2-PACK

Louisville, KY



Value \$19,750,000 / \$29,750,000

Cap Rate 5.60% / 5.20%

Units 123 / 246

Asset Strategy Value-add

Buyer Covenant Capital / Highlands Vista Group

Seller Undisclosed/Institutional

Sale Date April 2024 / May 2024

VALLE VISTA

Indianapolis, IN



Value \$37,250,000

Cap Rate 5.00%

Units 340

Asset Strategy Value-add

Buyer Covenant Capital

Seller CAPREIT

Sale Date September 2024

Notable Recent Transactions – Indianapolis Team

COSMOPOLITAN ON THE CANAL

Indianapolis, IN



Value **\$50M-\$52M Guidance**

Cap Rate **5.25%**

Units **218**

Asset Strategy **Core+/Light Value-add**

Buyer **TBD**

Seller **Eagle Realty**

Sale Date **TBD**

WHEATON 121

Wheaton, IL



Value **\$103M Guidance**

Cap Rate **5.50%**

Units **306**

Asset Strategy **Core+**

Buyer **TBD**

Seller **Connor Group**

Sale Date **TBD**

Notable Recent Transactions – WDIS Midwest Team

PARKLINE

Chicago, IL



Value	\$88,000,000
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Cap Rate	5.75%
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Units	213
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Asset Strategy	Core
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Buyer	AMTrust
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Seller	Moceri and Rosznak/ARES
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Sale Date	September 2024
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GALLERIE & ICON

Kansas City, MO



Value	\$87,000,000
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Cap Rate	4.75%/5.25%
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Units	418
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Asset Strategy	Core
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Buyer	Bow River Capital
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Seller	Milhaus/StepStone Real Estate
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Sale Date	September 2024
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Notable Recent Transactions – WDIS Midwest Team

THE MOORS AT COUNTRYVIEW

Canal Winchester, OH



Value	\$48,000,000
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Cap Rate	4.25%
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Units	416
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Asset Strategy	Value-Add
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Buyer	Nuveen
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Seller	T&R Properties
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Sale Date	July 2024
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ELEVATION

Okemos, MI



Value	\$82,000,000 Guidance
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Cap Rate	5.25%
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Units	353
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Asset Strategy	Core+
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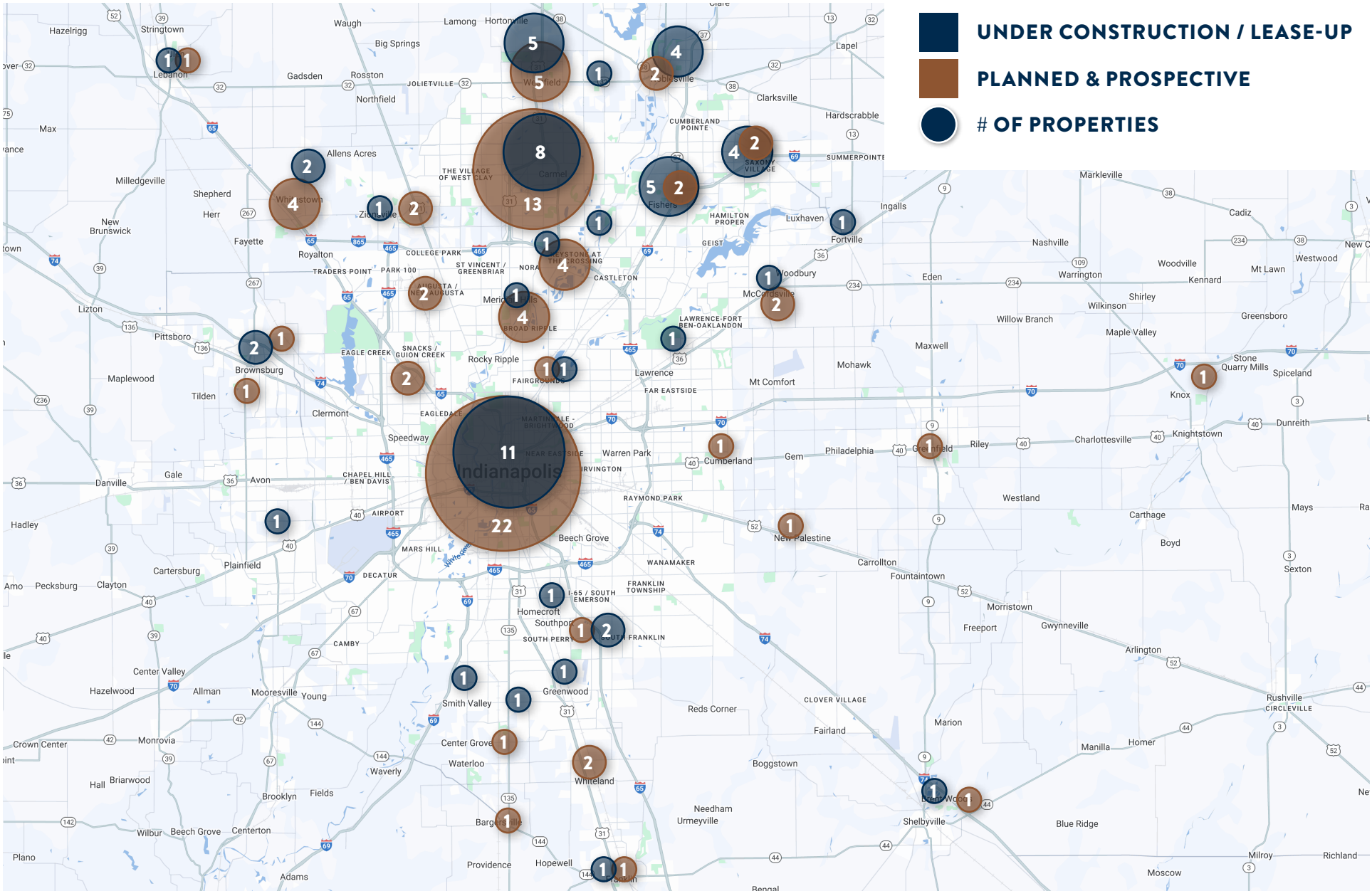
Buyer	TBD
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Seller	WestPac
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Sale Date	TBD
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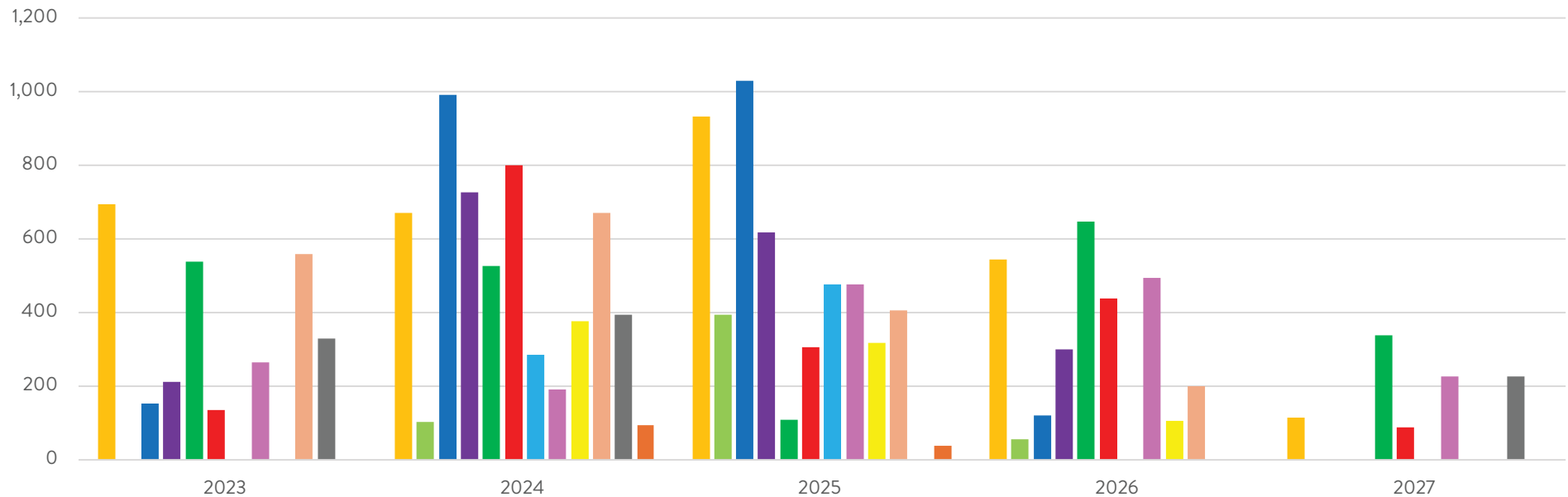
New Construction

Indianapolis Metro New Construction



Indianapolis Metro New Construction

SUBMARKET	2023	2024	2025	2026	2027
Downtown/Fountain Square	695	673	933	546	114
Broad Ripple	0	105	396	56	0
Carmel	154	991	1,030	120	0
Westfield	214	729	619	300	0
Noblesville	540	526	110	648	338
Fishers	136	801	307	439	88
Far East	0	287	476	0	0
Zionsville/Whitestown	266	191	476	494	228
Keystone Crossing	0	376	319	108	0
Franklin-Greenwood	561	671	408	202	0
Hendricks County	329	395	0	0	228
Lebanon	0	96	40	0	0
TOTALS	2,895	5,841	5,114	2,913	996



Indianapolis Metro Economic Development

IU Health Expansion

SIGNIFICANT EXPANSION PLANS FOR THE IU HEALTH SYSTEM ARE CURRENTLY UNDERWAY IN DOWNTOWN INDIANAPOLIS. WITH AN ESTIMATED PRICE TAG OF \$4.3B, THE NEW 44-ACRE MEDICAL CAMPUS EXPANSION WILL BE COMPLETED IN 2027.

Expanding from 16th to 12th Street, and Capitol Avenue to Interstate 65, the operations of the new campus and following renovations of the existing IU Health Methodist hospital will be consolidated to improve operational efficiencies and further patient care.



**INDIANA'S
LARGEST
MEDICAL
FACILITY**



**\$4.3B
EXPANSION**

IU Health Expansion



16

STORY HOSPITAL TOWER



864

PRIVATE PATIENT BEDS

**THE NEW CAMPUS WILL
FEATURE A MEDICAL
EDUCATION BUILDING,
ON-SITE FACULTY OFFICES
AND A FULL SERVICE
OUTPATIENT CENTER.**

“TOGETHER, WE ARE DESIGNING...”

... a campus with a destination medical center to provide state-of-the-art care for future generations of Hoosiers and be the focal point of a new healthcare district for the neighborhoods that surround us and for the entire state of Indiana.”

– Dennis Murphy, President & Chief Executive Officer, IU Health

IU Health Expansion



50

OPERATING ROOMS



380

OUTPATIENT EXAM ROOMS

1. Expands medical campus to meet needs of future patient care
2. Attract top medical and research professionals
3. Consolidate adult care services at Methodist and University hospitals to save both hospitals \$50M a year in operating costs

**ONLY ACADEMIC
MEDICAL CENTER**

IN THE STATE

**IU REMAINS THE
LARGEST MEDICAL
SCHOOL IN
THE NATION**

IU/Purdue Expansion



AFTER 52 YEARS AND TENS OF THOUSANDS OF STUDENTS EDUCATED, RESPECTIVE TRUSTEES FROM BOTH PURDUE AND INDIANA UNIVERSITIES HAVE DECIDED TO SPLIT WAYS, EACH CONFIDENT OF THE POSITIVE IMPACT TO FOLLOW IN THE COMING YEARS.

Under the agreement, the majority of educational programs under the old IUPUI umbrella will be absorbed by the new Indiana University – Indianapolis, with the exception of the Department of Computer Science (to stay with Purdue).

However, Purdue plans to acquire an additional 28 acres nearby, as well as introduce programs from the West Lafayette campus to Indianapolis, like the Mitchel E. Daniels, Jr. School of Business. Purdue's President Mung Chiang expects to grow enrollment at the Indianapolis campus by over 1,000, commenting "An urban setting offers unique programs in academics, research and partnership for students and faculty, and Indianapolis has its many special strengths. Starting today, new opportunities for Purdue University in Indianapolis are limitless."

LEAP Innovation District



#1

Indiana's top-ranked
business environment

#1

home to top companies
including Eli Lilly,
Cummins, Elanco,
Corteva, and Roche

#5

most innovative
campus in the U.S.

9K+

acres ready to be parceled
for manufacturing or R&D
facilities or corporate
campuses

\$3.7B

Eli Lilly research and
manufacturing campus



Investor Underwriting

REAL ESTATE TAXES

CAPITAL MARKETS

Midwest Rent Growth and Occupancy Trends

RENT GROWTH

MARKET	2024 EFFECTIVE RENT	2025 FORECASTED RENT	YOY
KANSAS CITY	\$1,295	\$1,364	5.3%
LOUISVILLE	\$1,225	\$1,289	5.2%
MILWAUKEE	\$1,457	\$1,529	4.9%
CHICAGO - SUBURBAN	\$1,656	\$1,719	3.8%
CINCINNATI	\$1,361	\$1,412	3.7%
INDIANAPOLIS	\$1,303	\$1,351	3.7%
CLEVELAND	\$1,211	\$1,250	3.2%
COLUMBUS	\$1,319	\$1,358	3.0%
DETROIT	\$1,282	\$1,312	2.3%
CHICAGO - URBAN	\$2,235	\$2,282	2.1%

OCCUPANCY

MARKET	2024 OCCUPANCY	2025 FORECASTED OCCUPANCY	YOY
CHICAGO - URBAN	95.3%	95.3%	0.00%
CHICAGO - SUBURBAN	96.0%	96.0%	0.00%
MILWAUKEE	96.6%	96.6%	0.00%
CINCINNATI	95.6%	95.5%	-0.10%
COLUMBUS	94.8%	94.9%	0.10%
DETROIT	94.7%	94.8%	0.10%
INDIANAPOLIS	94.1%	94.1%	0.00%
KANSAS CITY	94.8%	94.7%	-0.10%
LOUISVILLE	94.9%	95.0%	0.10%
CLEVELAND	94.6%	94.5%	-0.10%

Source: Yardi

Renting vs. Owning

	3/2018	8/2024	DELTA
Owning – Monthly	\$1,480	\$2,671	+\$1,191 / +80.45%
Renting – Monthly	\$1,329	\$1,844	+\$515 / +38.75%

The above analysis illustrates the rise in home ownership costs (80%+) in the Indy metro area significantly outstripping rent growth (38%+) from 2018 through 2024.
Multifamily affordability is one of the most compelling features in the Indianapolis investment thesis.



Why Walker & Dunlop?

W&D At A Glance

WALKER & DUNLOP PROVIDES A BREADTH OF COMMERCIAL
REAL ESTATE FINANCE AND ADVISORY SERVICES



FINANCE

\$24.2bn

DEBT ORIGATION
IN 2023

\$131bn

2023 SERVICING
PORTFOLIO



INVESTMENT SALES

\$51bn+

SALES VOLUME
SINCE 2021



VALUATIONS

\$120bn

MULTIFAMILY
ASSETS APPRAISED



INVESTMENT MANAGEMENT

\$17.3bn

AUM



INVESTMENT BANKING

\$30bn+

TRANSACTION
VOLUME



RESEARCH

10k

RESEARCH
REPORTS

WALKER[®] WEBCAST

INSIGHTS FOR LIFE



TOP 1.5% PODCASTS
GLOBALLY



12.1M+ VIEWS &
DOWNLOADS



200+ EPISODES



19 TOTAL INTERVIEWS
WITH PETER LINNEMAN

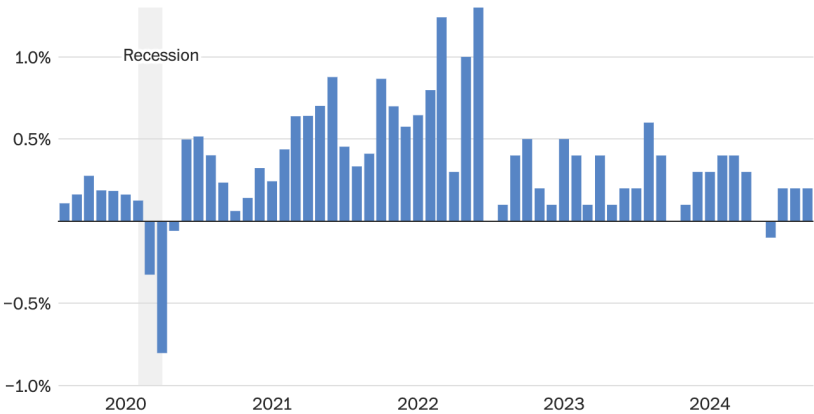
↓ CATCH UP ON EPISODES ↓



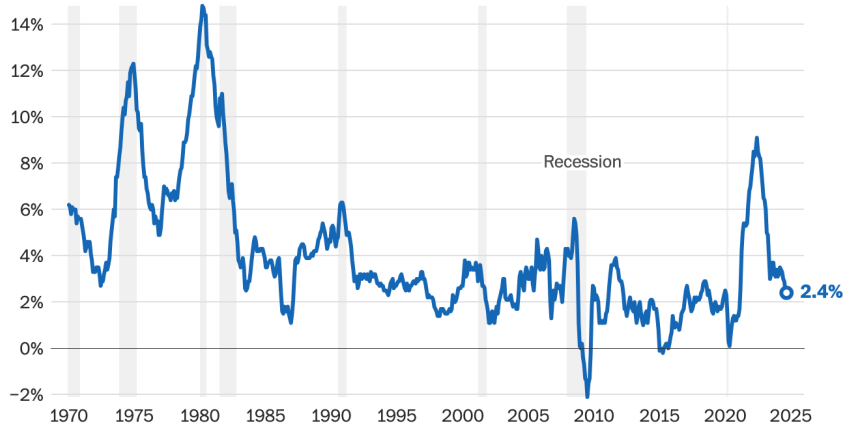
Inflation Eased Slightly in September, as Election Nears

PRICES SHOWED MORE COOLING IN THE LATEST CONSUMER PRICE INDEX, BUT NOT AS MUCH PROGRESS AS ECONOMISTS HOPED FOR

MONTHLY INFLATION RATE



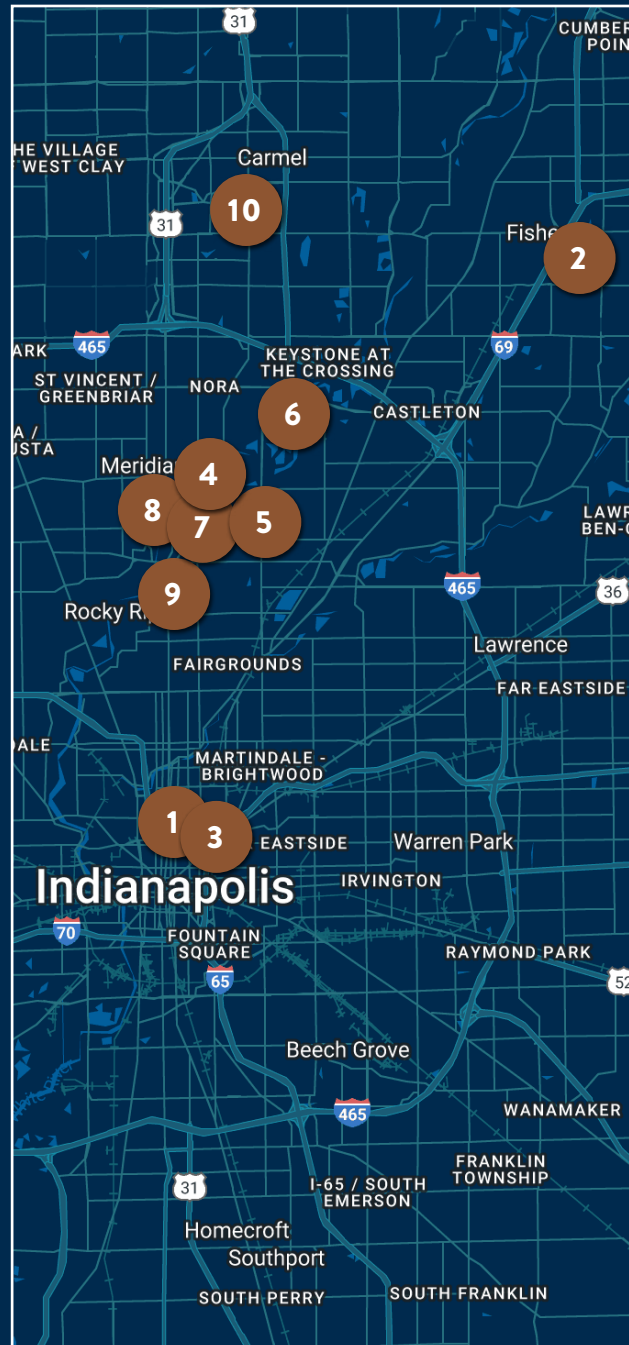
ANNUAL INFLATION RATE



Continuing to Control the Most Prized Transactions

IN THE INDIANAPOLIS METRO

1. 747
2. Flats at Switch Apartments
3. Lockerbie Lofts
4. Park 66 Flats
5. River House
6. Solana at the Crossing
7. The Line
8. The Coil
9. The MK
10. VER at Proscenium



1



2



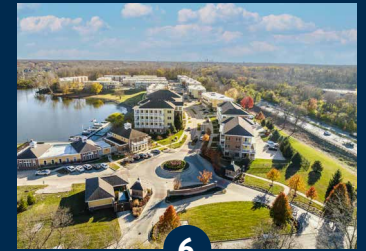
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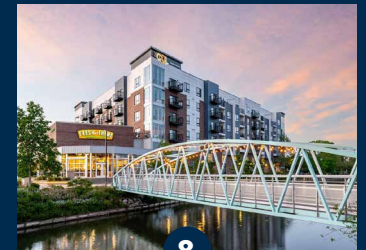
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6



7



8



9



10

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Thank You



WILLY WALKER

Chairman & CEO



STEVE LAMOTTE, JR.

Managing Director, Investment Sales

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