

U.S. Multifamily Outlook

Presented by:

Jay Parsons – SVP, Chief Economist

jay.parsons@realpage.com



Apartment Leasing Surged in Q4, as Cooling Inflation (Including Rents) Lure Renters

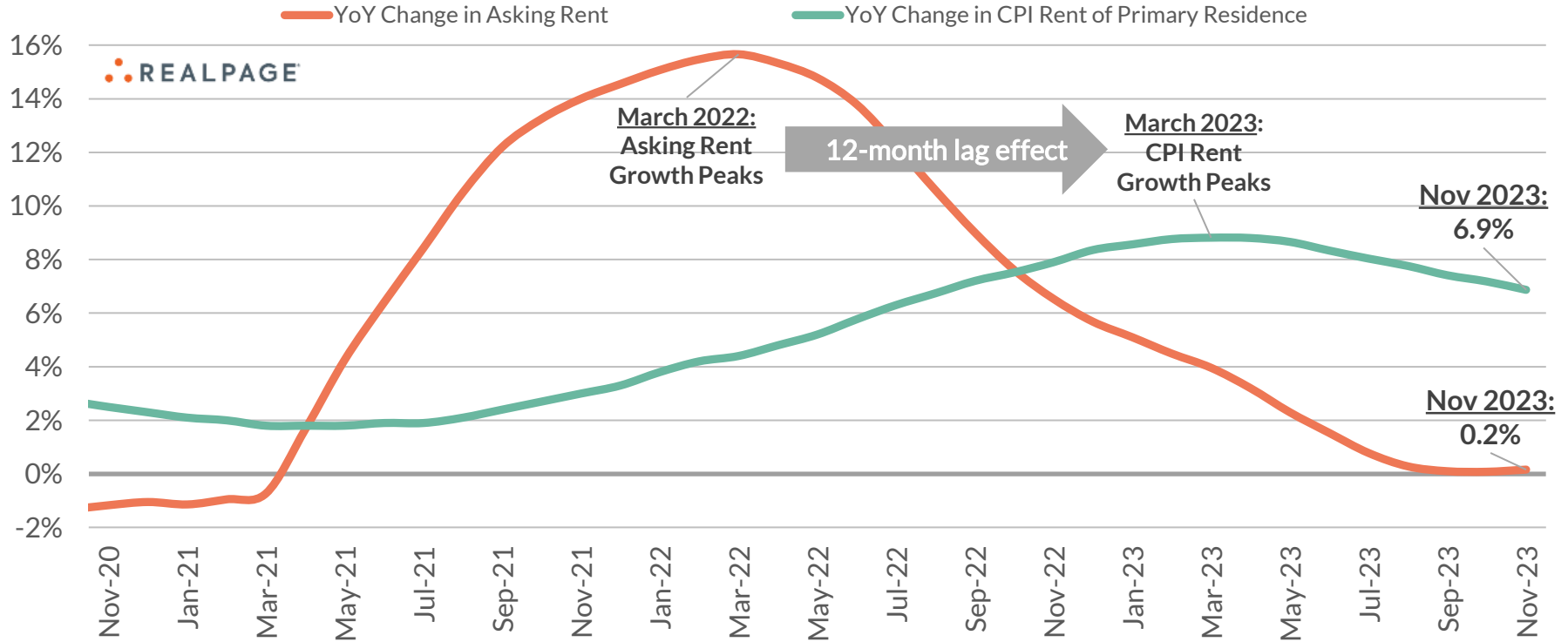
Quarterly Net Absorption of U.S. Apartments



Source: RealPage Market Analytics

CPI Rent Continues to Cool ... But at a Leisurely Pace

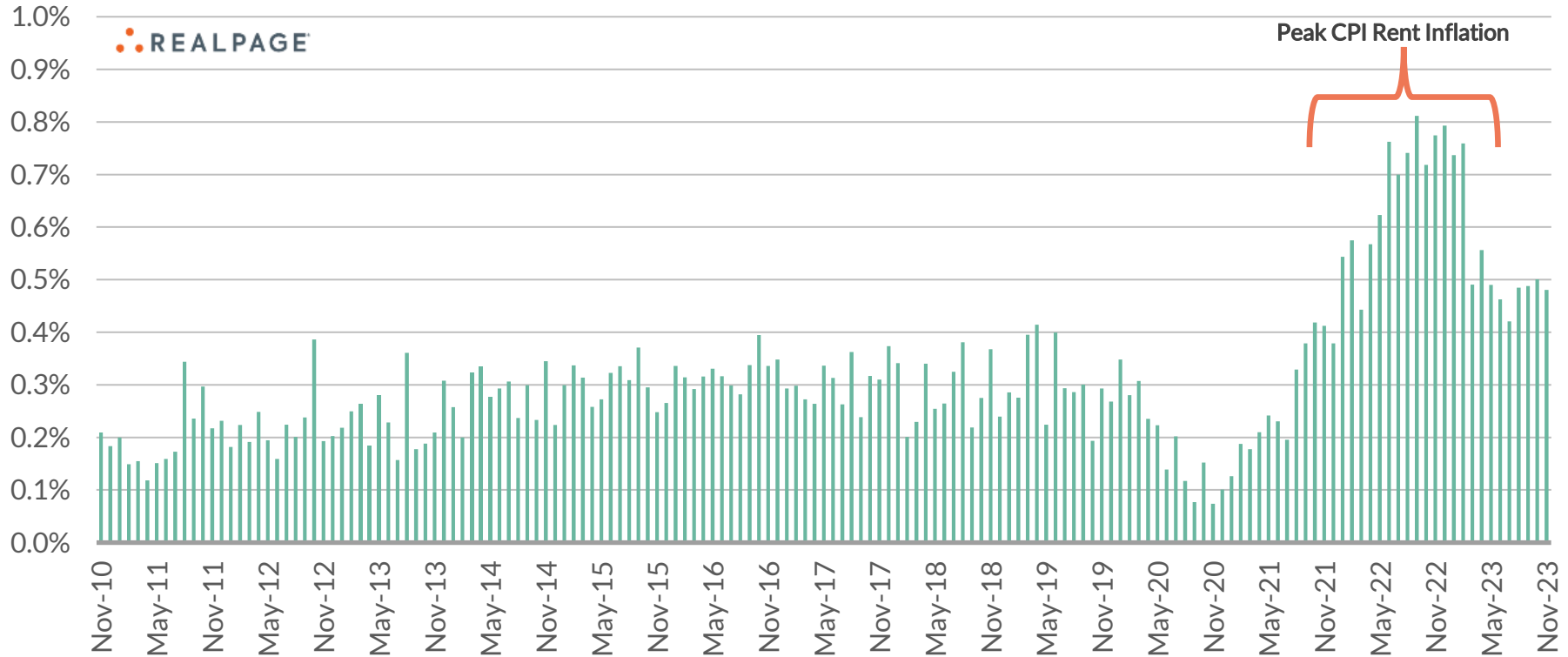
Comparing Different Measures for Market-Rate Apartment Rent (RealPage) vs. CPI Rent (BLS)



Sources: RealPage Market Analytics; Federal Reserve Economic Data (FRED) & BLS

While Down From Peak, MoM CPI Rent Growth Still 2x the 2010s Norm

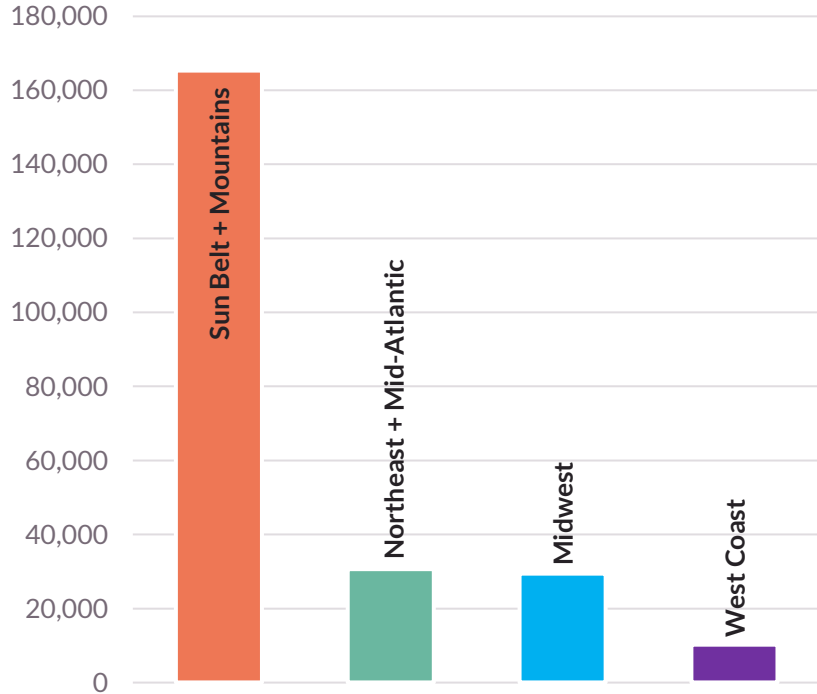
Month-Over-Month Change in CPI Rent of Primary Residence



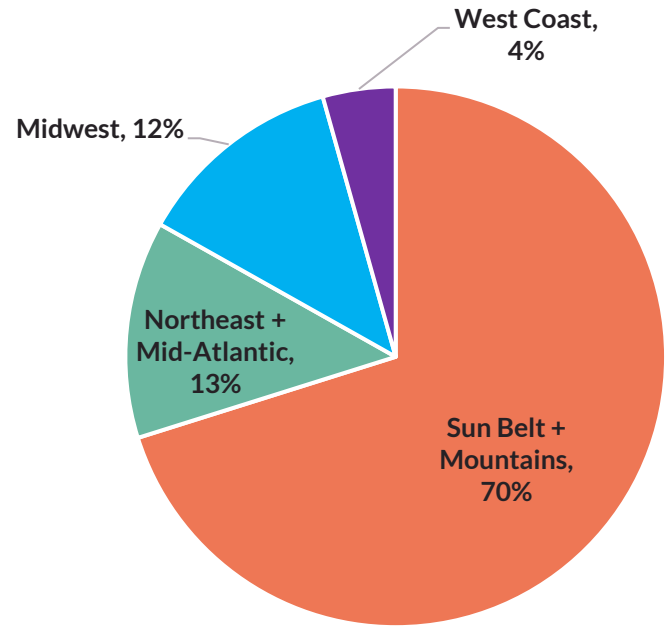
Sources: Federal Reserve Economic Data (FRED) & BLS

The Sun Belt Continues to See an Outsized Share of Apartment Demand

Total Absorption by Region: 2023



Share of U.S. Absorption: 2023



Apartment Demand Leaders, 2023

Rank	Market	Net Absorption (Units)
1	Dallas/Fort Worth	15,879
2	Houston	15,606
3	Phoenix	12,027
4	Austin	11,388
5	Washington DC	10,834
6	Charlotte	10,317
7	Atlanta	9,668
8	Nashville	9,444
9	Raleigh/Durham	8,709
10	Minneapolis	8,635
11	Denver	7,593
12	Orlando	7,353

Source: RealPage Market Analytics



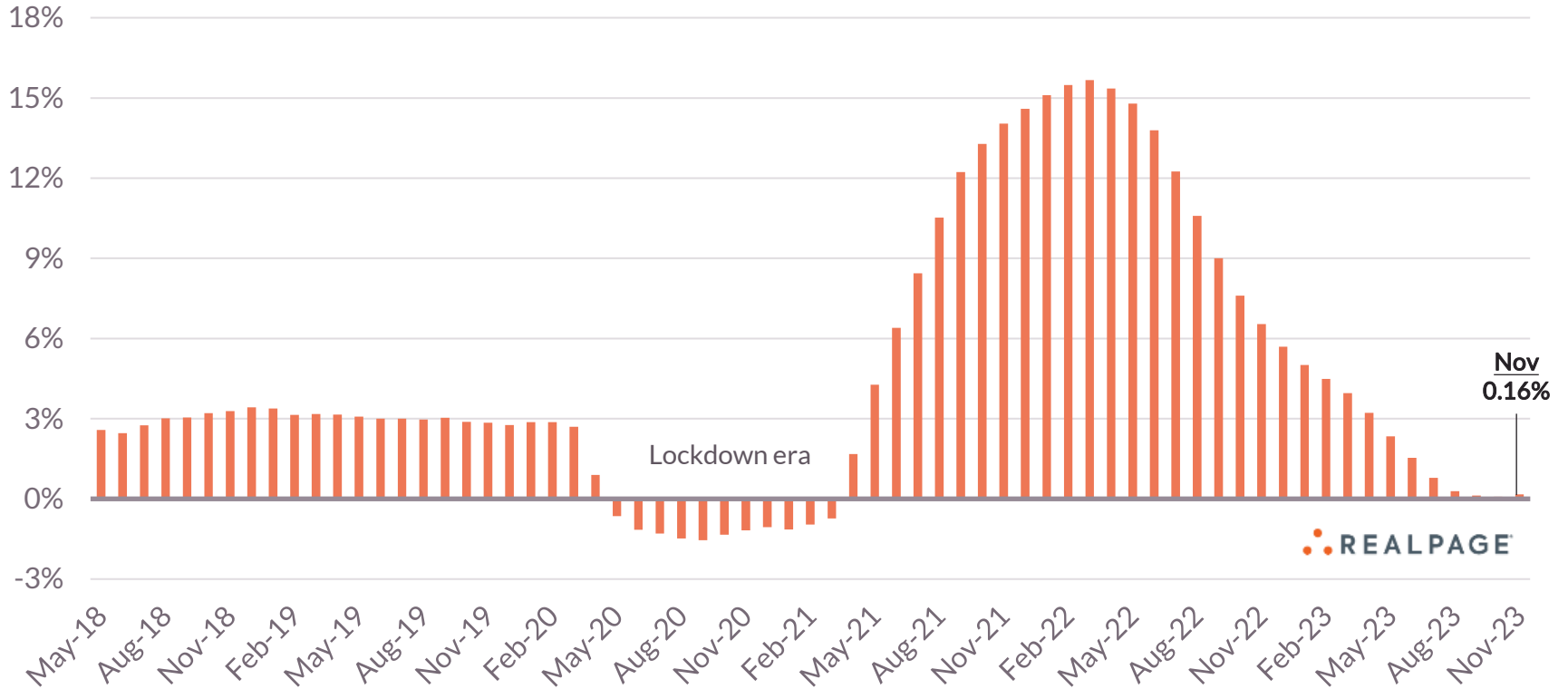
Top 15 Fastest-Growing Markets for Apartment Renters

Rank	Market	YoY % Growth in Number of Apartment Renting Households
1	Huntsville, AL	15.1%
2	Sioux Falls, SD	8.4%
3	Lakeland, FL	7.5%
4	Port St. Lucie, FL	6.7%
5	Nashville, TN	5.8%
6	Salt Lake City, UT	5.4%
7	Colorado Springs, CO	5.3%
8	Charlotte, NC	5.1%
9	Raleigh/Durham, NC	5.1%
10	Pensacola, FL	5.0%
11	Myrtle Beach, SC	5.0%
12	Wilmington, NC	4.9%
13	Austin, TX	4.2%
14	Savannah, GA	4.2%
15	Jacksonville, FL	3.7%

Source: RealPage Market Analytics

Despite Strong Demand, Rent Growth Has Cooled Off Due to Even More Supply

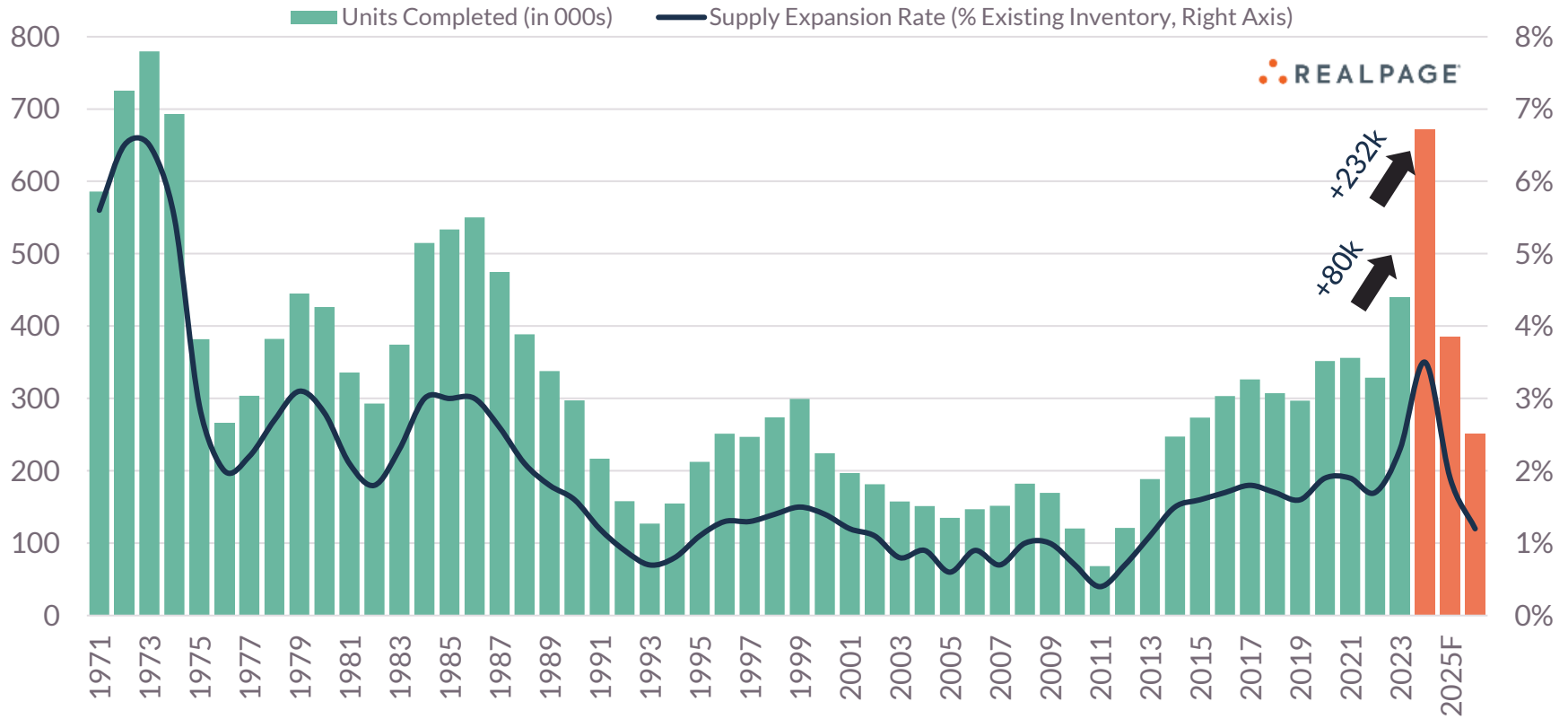
Year-Over-Year, Same-Store Change in Effective Asking Rents (New Leases), U.S. Apartments



Source: RealPage Market Analytics

Apartment Supply Hits Highest Levels Since 1987, and Even More is Coming

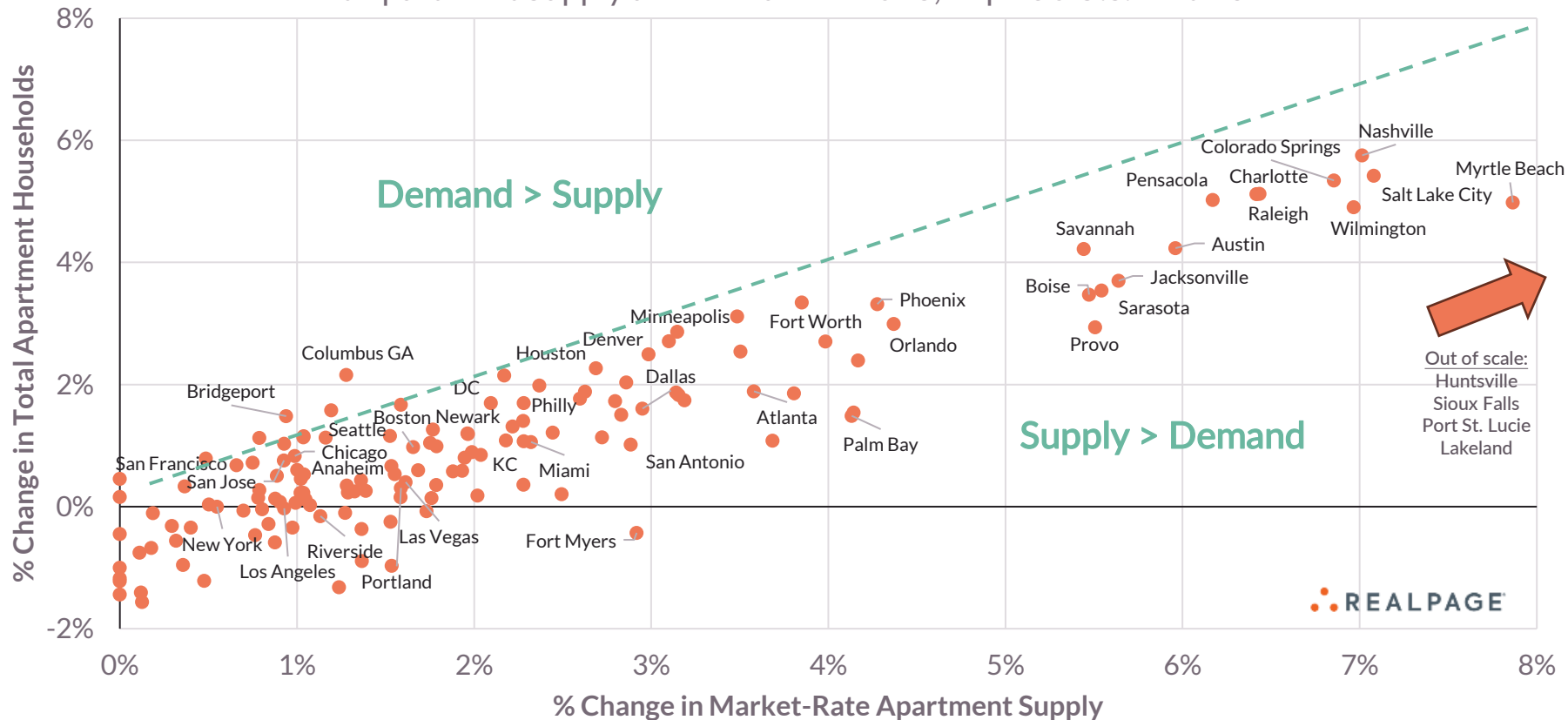
U.S. Apartment Completions and Forecast (2024-26)



Sources: U.S. Census, RealPage Market Analytics

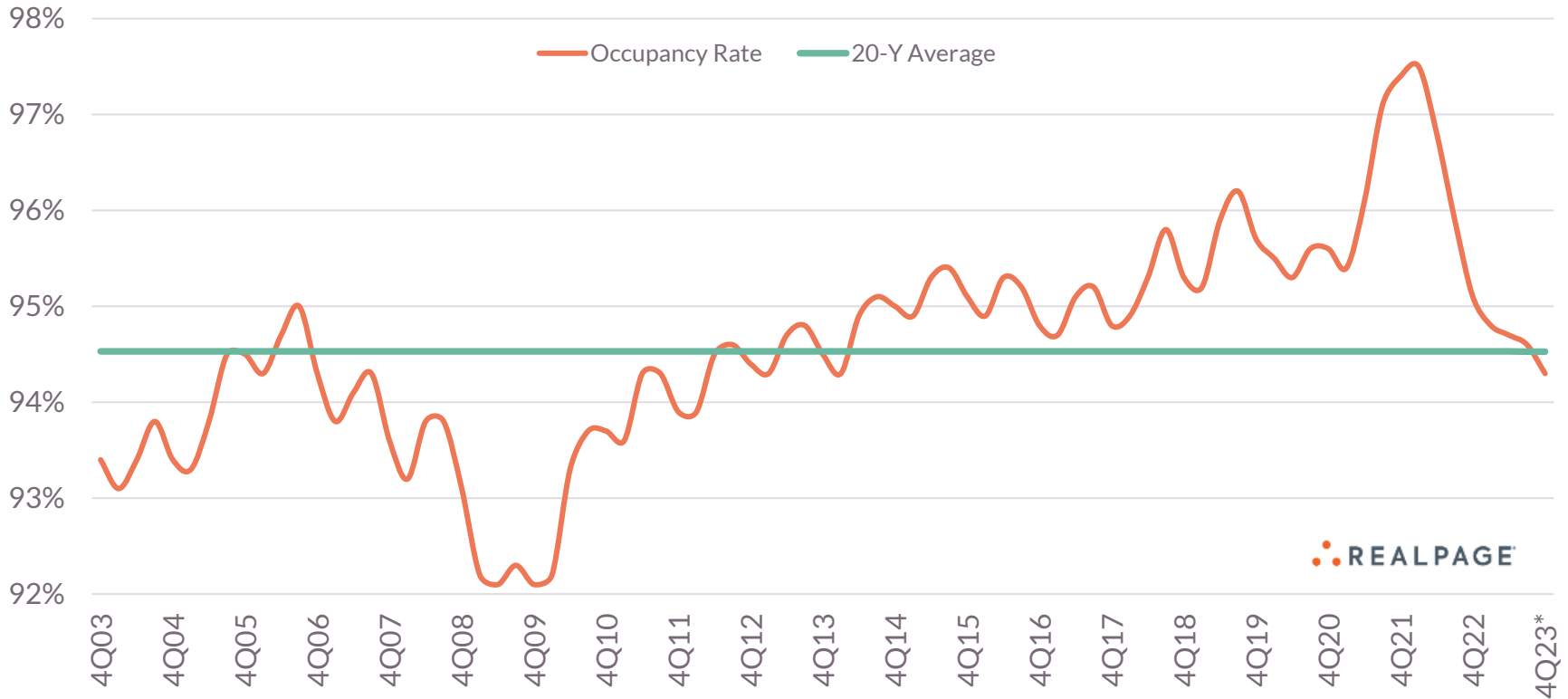
In 2023, Apartment Demand Was Solid ... But Not Enough to Keep Pace With Supply

Net Apartment Supply and Demand in 2023, Top 150 U.S. Metros



Occupancy Returns to Long-Term Norms, But Pace of Decline Has Softened

U.S. Market-Rate Apartment Occupancy



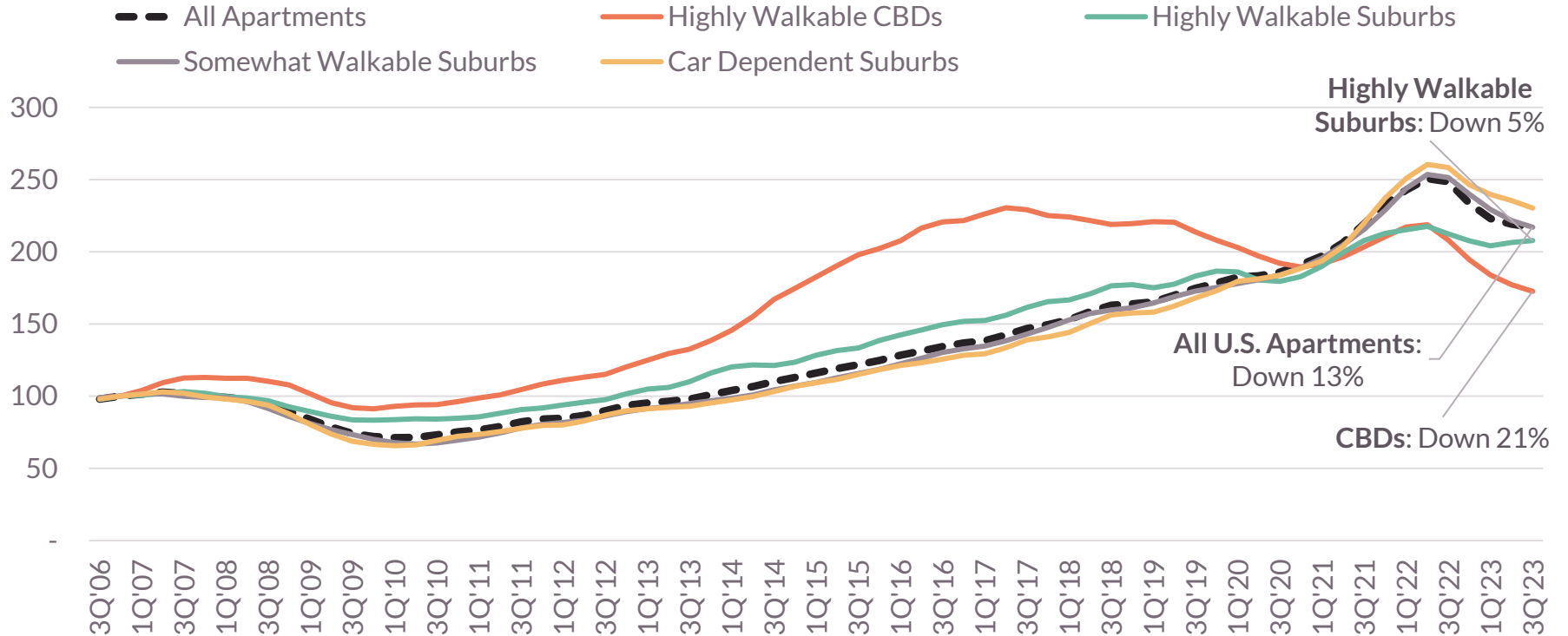
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Source: RealPage Market Analytics

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MSCI Shows Apartment Values Down 13% From Peak, With Biggest Drop in CBDs

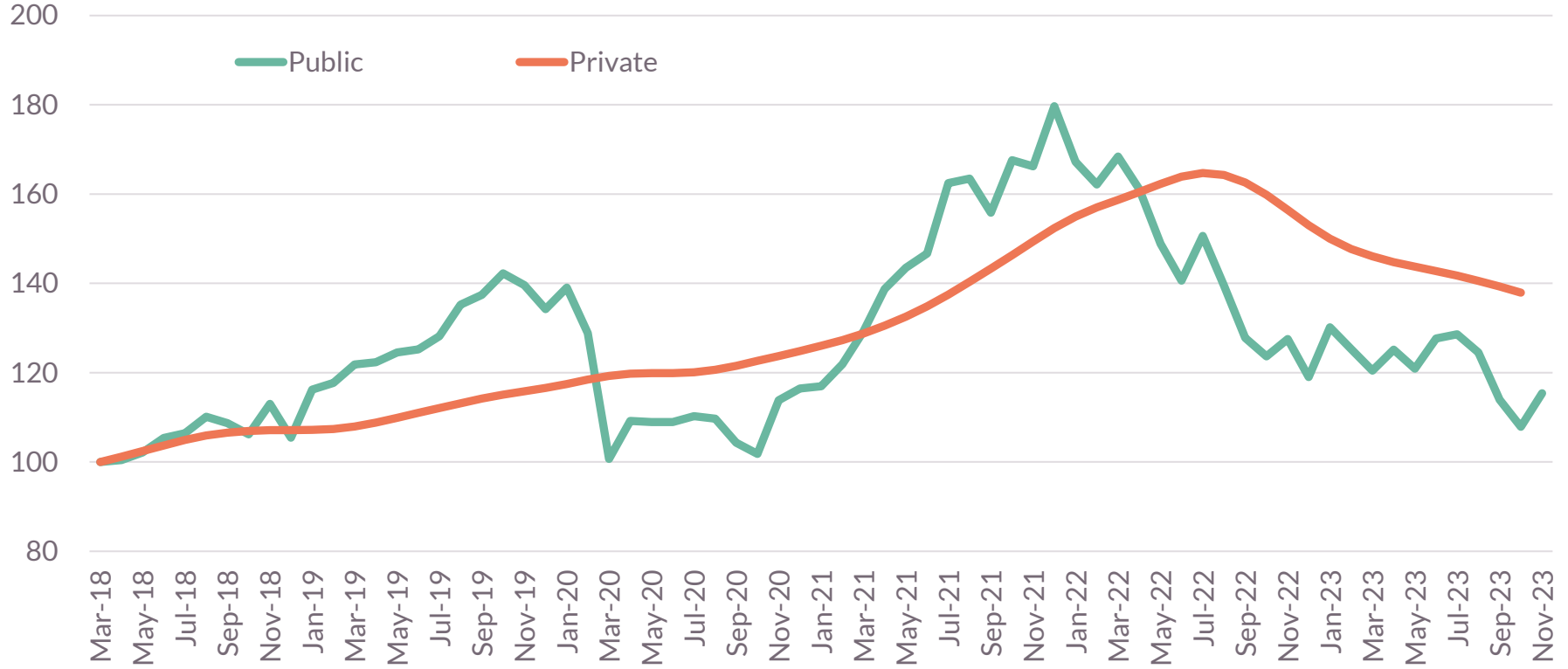
MSCI RCA CPPI (Price Index)



Source: MSCI Real Capital Analytics, RealPage Market Analytics

Private-Sector Apartment Values Haven't Dropped As Much as REIT Prices Imply

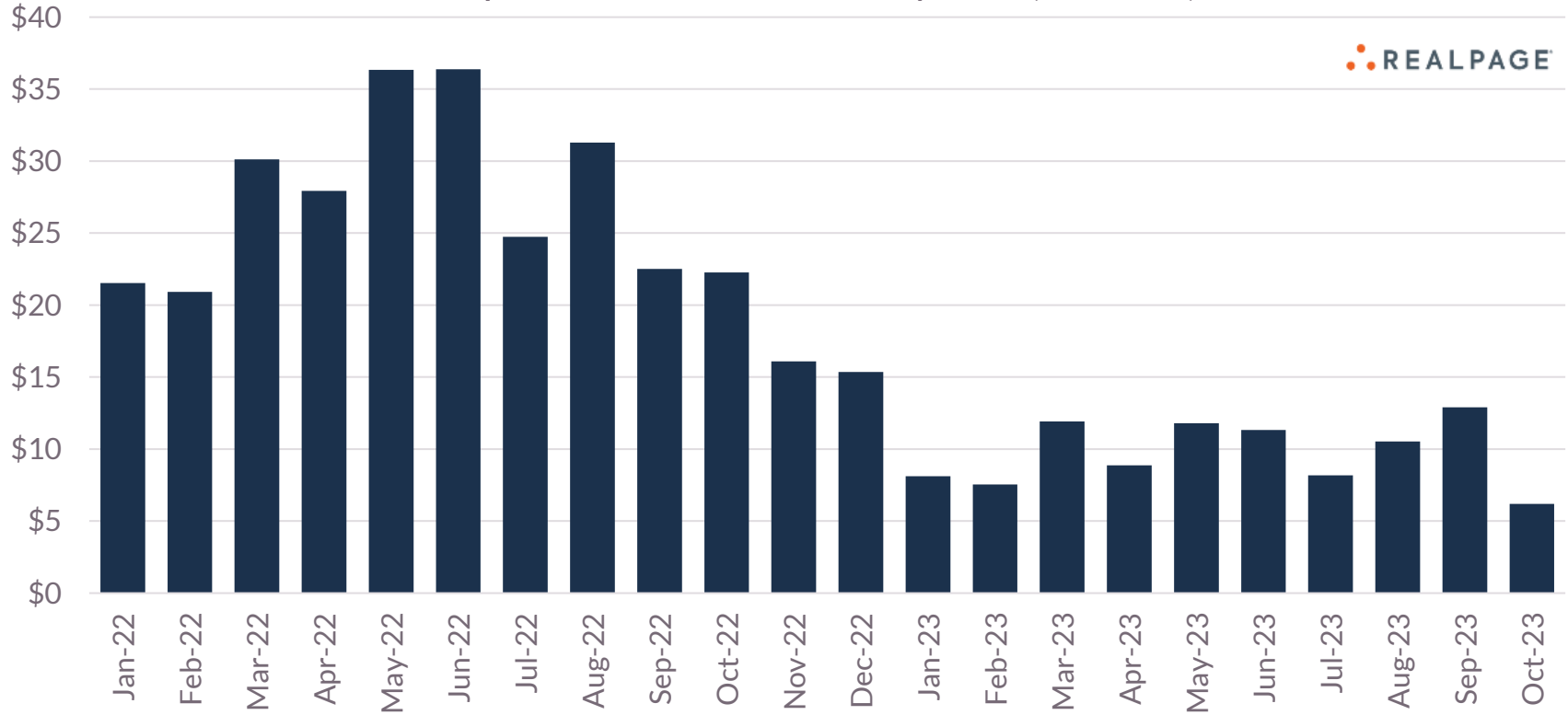
MSCI: Public vs. Private Apartment Pricing



Source: MSCI. Public pricing represented by MSCI USA IMI Core Residential RE Index; private pricing represented by RCA Hedonic Series apartment PPU. Indexed: Mar '18 =100.

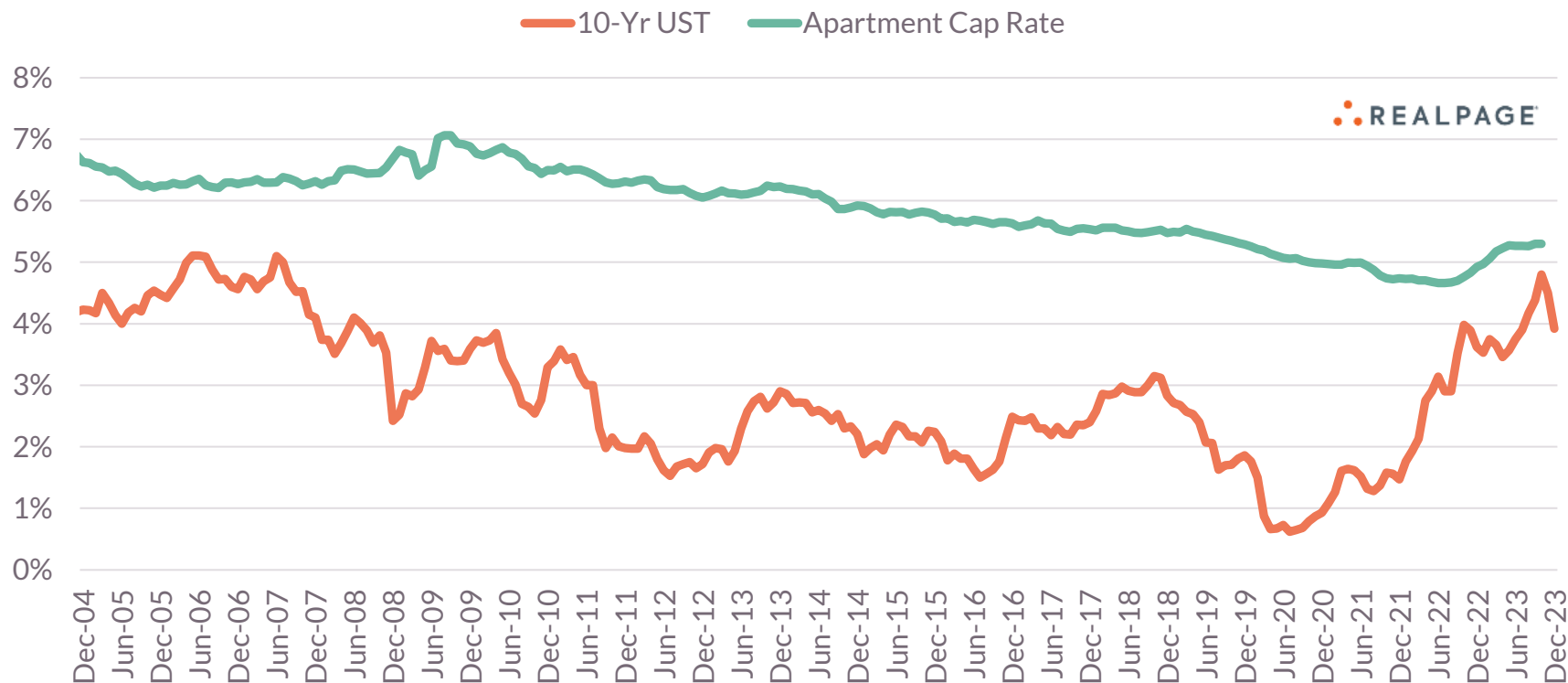
Apartment Trades are Still Happening, But at Levels Far Below 2022

MSCI: Apartment Transaction Volumes by Month (in \$ billions)



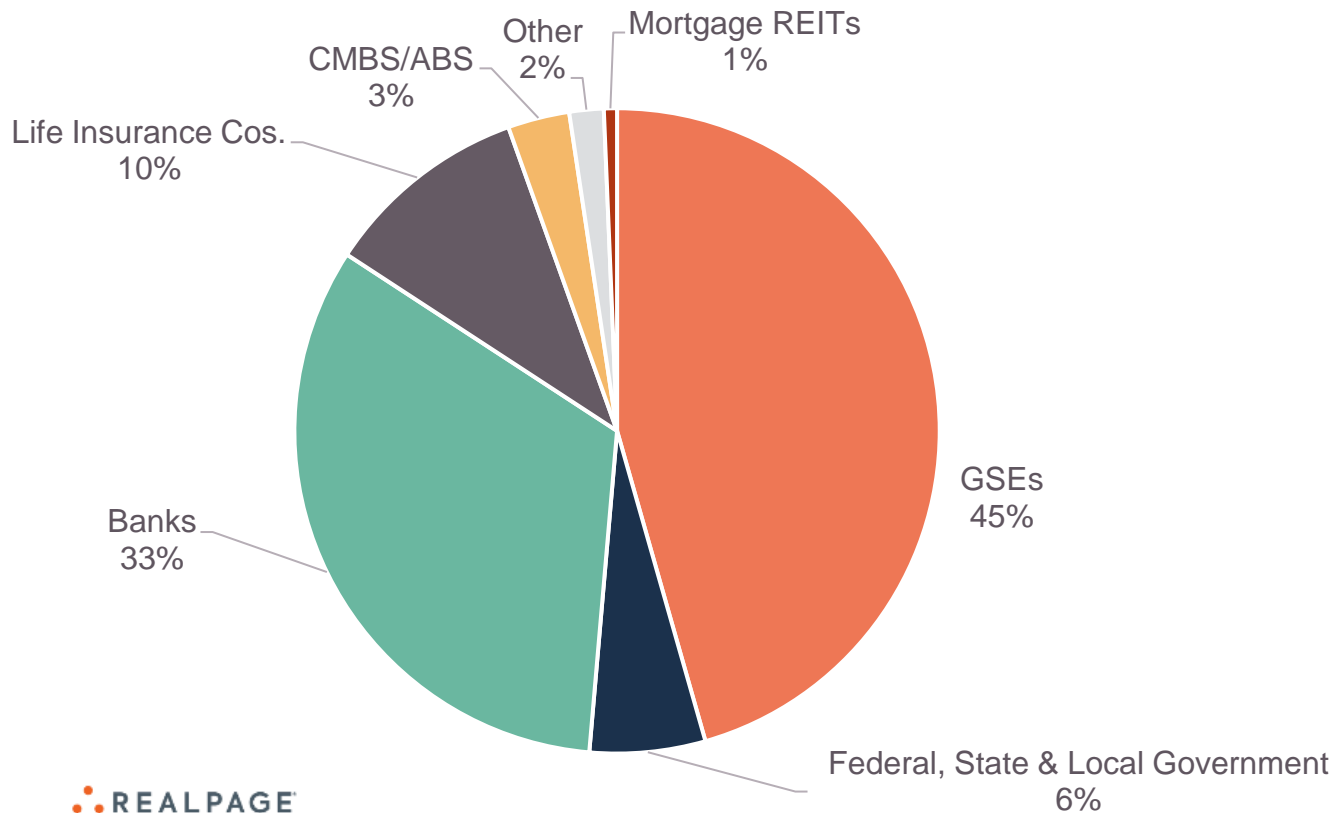
Correlation Between Interest Rates and Cap Rates Tends to Be Overstated, BUT...

10-Year Treasuries vs. Apartment Cap Rates



Source: MSCI Real Capital Analytics

Who Holds the Nation's \$2.1T in Multifamily Debt?



Bottom Line (National)

Operations

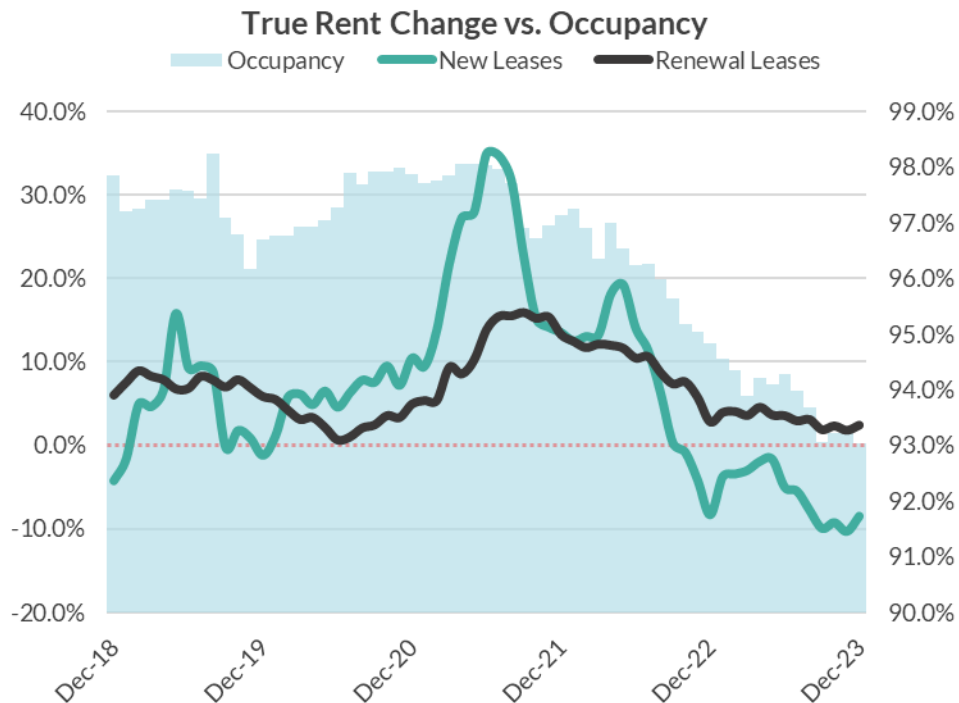
- **Demand** isn't the issue:
Cooling inflation
+ improved consumer confidence
+ high barriers to purchase
= healthy demand backdrop
- **Affordability** is emerging as more of a tailwind than headwind.
- **It's all about supply**: Completions peak in 2024, then easing.
- **Operational expenses** still climbing.
- **Biggest risk**: Recession + Peak Supply

Capital Markets

- **Multifamily remains favored** asset class among CRE investors.
- **Cost of debt** is the big challenge, and not yet clear when that eases.
- Distress is **real, but overstated**.
- Distress concentrated in **specific niches of the market**.
- Distress investment opportunities are coming, **but maybe not at the scale** or at the pricing that opportunistic investors want to see if lenders continue to work with sponsors.

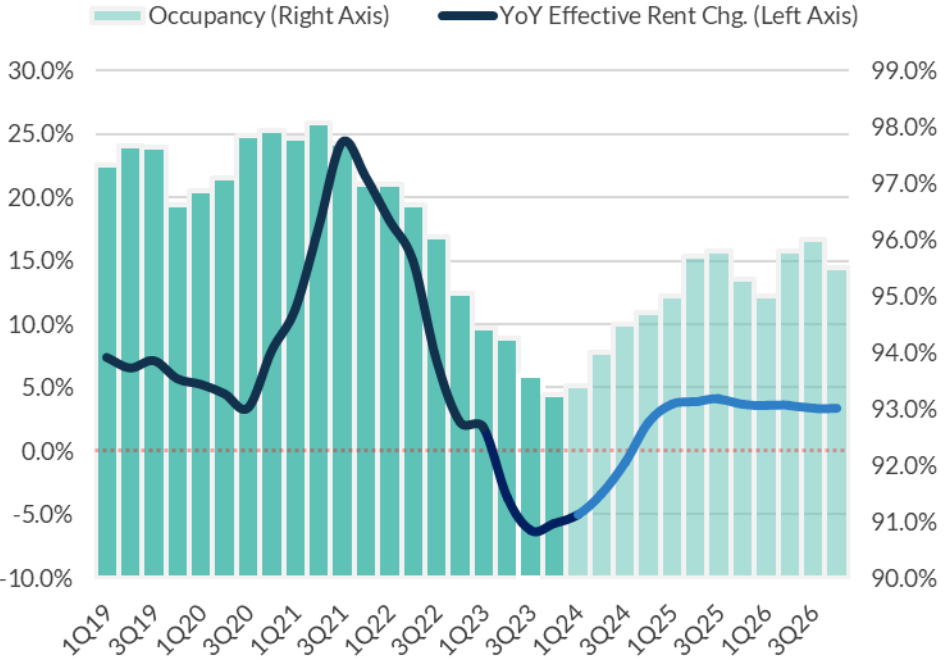
Boise, ID

New Lease Trade-Out	Renewal Lease Trade-Out
-8.5%	2.4%
Effective Asking Rent	Concession Level (% of units)
\$1,525	30 days free (26.5%)
Resident Retention (T-12)	Occupancy Rate (YoY Chg.)
46.9%	93.0% (-1.8%)
Annual Demand	Annual Supply
1,014	1,678
Units Under Construction	YoY Inventory Growth %
4,865	5.5%
Sales Volume (T-12)	Avg. Cap Rate (T-12)
\$.23B	5.0%
Median Rent-to-Income (T-12)	YoY Employment Growth %
	4.2%



Supply Remains Major Short-Term Headwind in Boise, But Long-Term Outlook is Bright

Near-Term Forecast



Metric	3 Year Forecast (Ending 4Q26)	Rank Among U.S. Markets
Cumulative Rent Growth	9.6%	2nd Quartile, 45-90
Avg. Occupancy Rate	95.1%	2nd Quartile, 45-90
Cumulative Supply (Units)	7,003	Top Quartile, 1-45
Cumulative Inventory Growth	21.7%	Top Quartile, 1-45

Sources: RealPage Market Analytics



THANK YOU!