June 11, 2020

CBRE: MACRO MULTIFAMILY FORECAST

CBRE

SPEAKERS | JUNE 11, 2020

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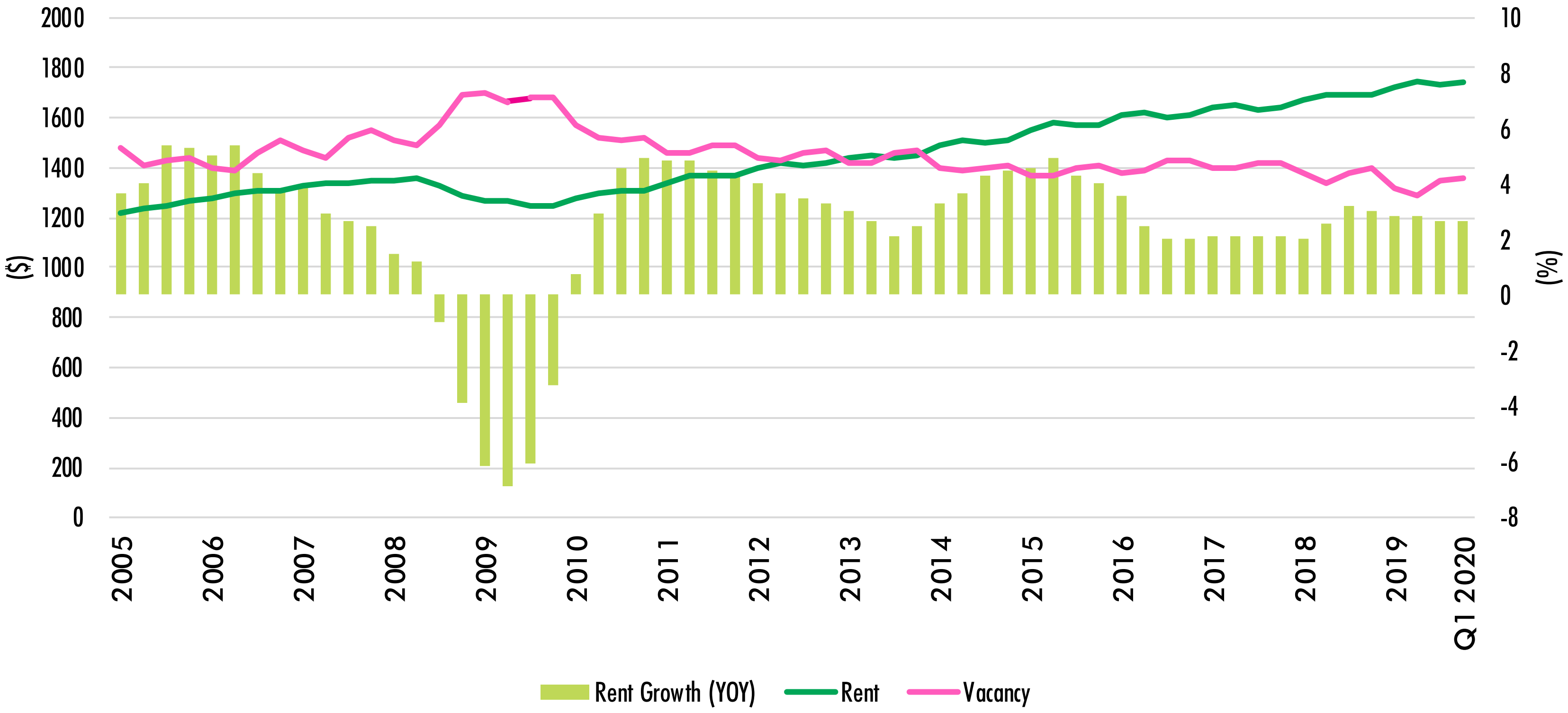
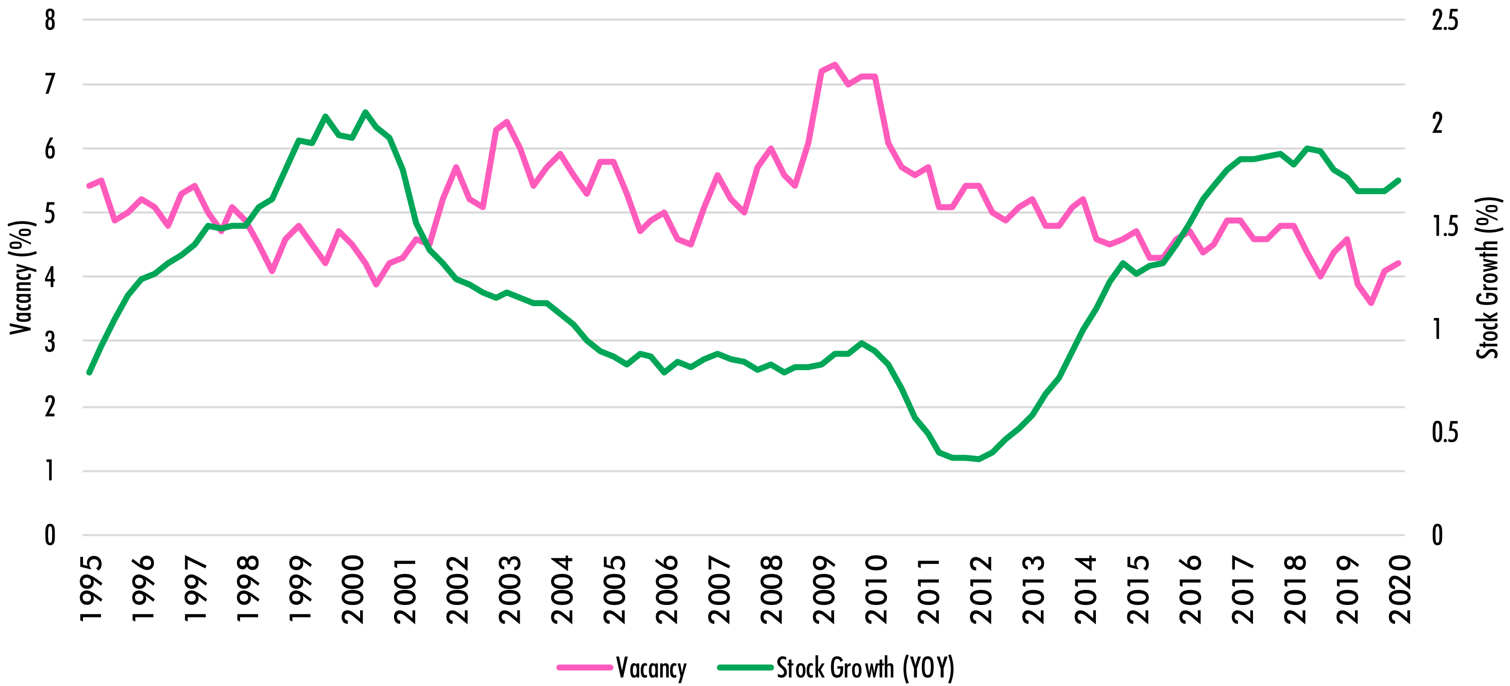
PRE-COVID-19 TRENDS: FUNDAMENTALS



Source: CBRE EA, RealPage Inc

PRE-COVID-19 TRENDS: VACANCY AT 25-YEAR LOW

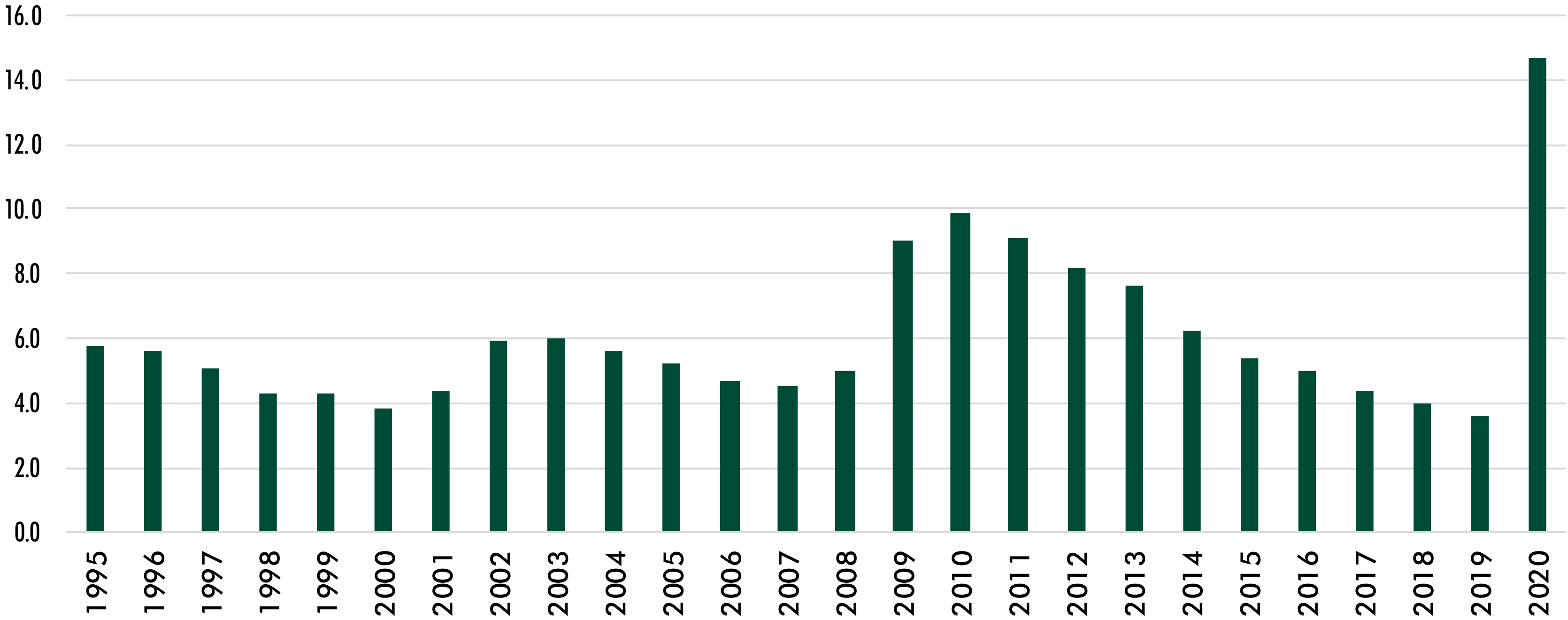


Source: CBRE EA, RealPage Inc, Dodge Data & Analytics

MARCH 11 & 12

COVID-19 SHOCK

Unemployment Rate



Source: Bureau of Labor Statistics, April 2020

COVID-19 ERA MARKET PERFORMANCE

SPRING TURNS TO WINTER

- Two Periods
  - Initial shock & activity freeze
  - Continued deterioration but more moderate pace (maybe)

- Measurements
  - Rent collections
  - Leasing momentum
  - Rent movement
  - Vacancy change
  - More/less stress

VARYING LEVELS OF STRESS

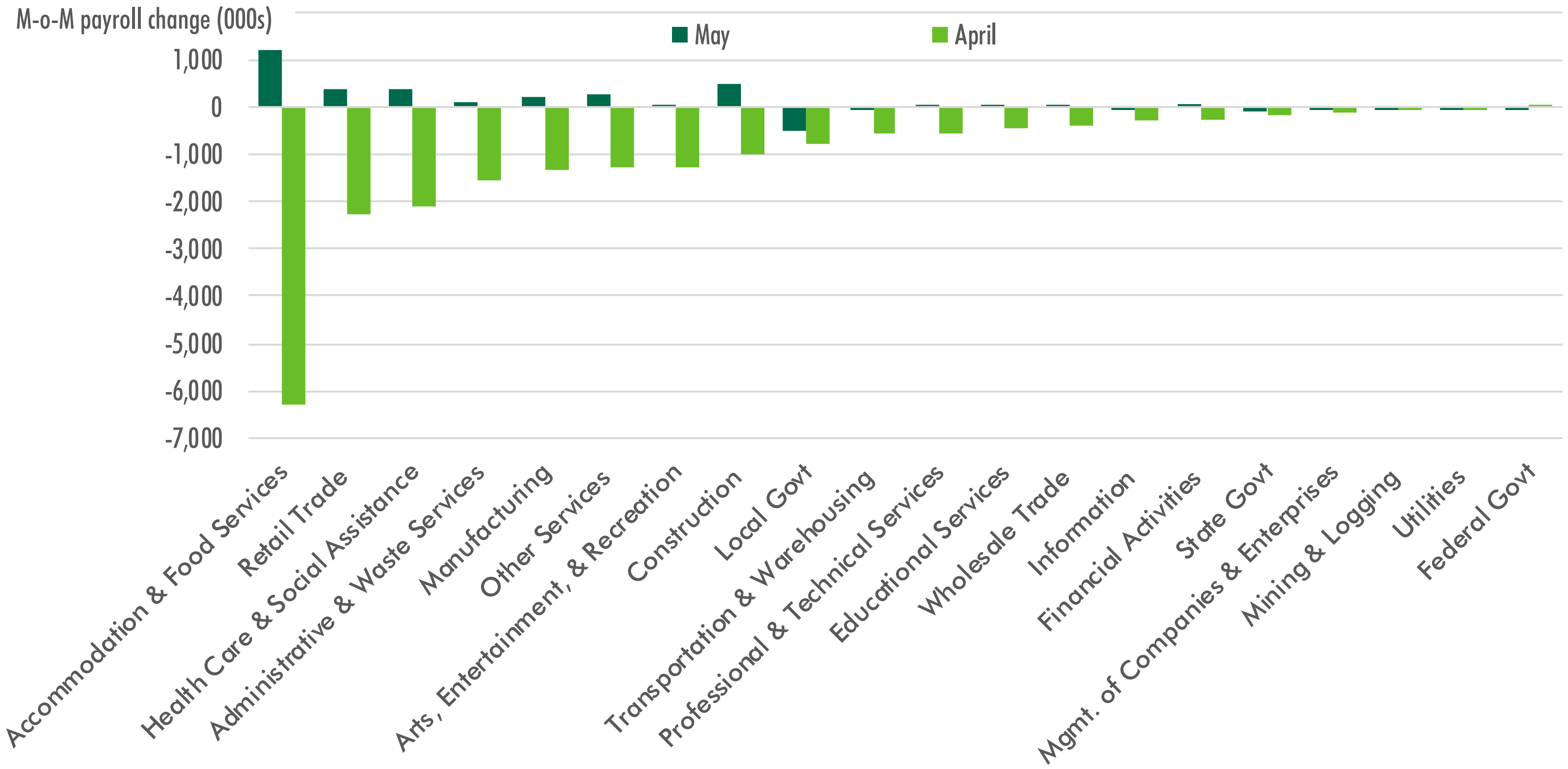
	LESS STRESS	MORE STRESS
CLASS	Class A – rent collections Class C – effective rent less impacted	Class C – rent collections Class A – effective rent loss more impacted
NEW	Stabilized assets	Properties in lease up
LEASE STRUCTURE		Corporate units, short-term rentals
METRO ECONOMIC STRUCTURE	More “durable” industries – tech, business & prof services, government	Tourism/hospitality, trade, transportation
OTHER GEOGRAPHY	Markets with less seasonality Less dynamic pre-COVID-19 (e.g., Midwest, smaller Northeast metros)	Formerly high growth, dynamic, high supply (had been missing spring leasing) More stressed by coronavirus, high cost of living and/or politicized (i.e., New York, Southern California) Large student population
URBAN/ SUBURBAN	Suburban	Urban

METROS RENT CHANGE IN COVID-19 PERIOD – MARCH TO MAY 2020

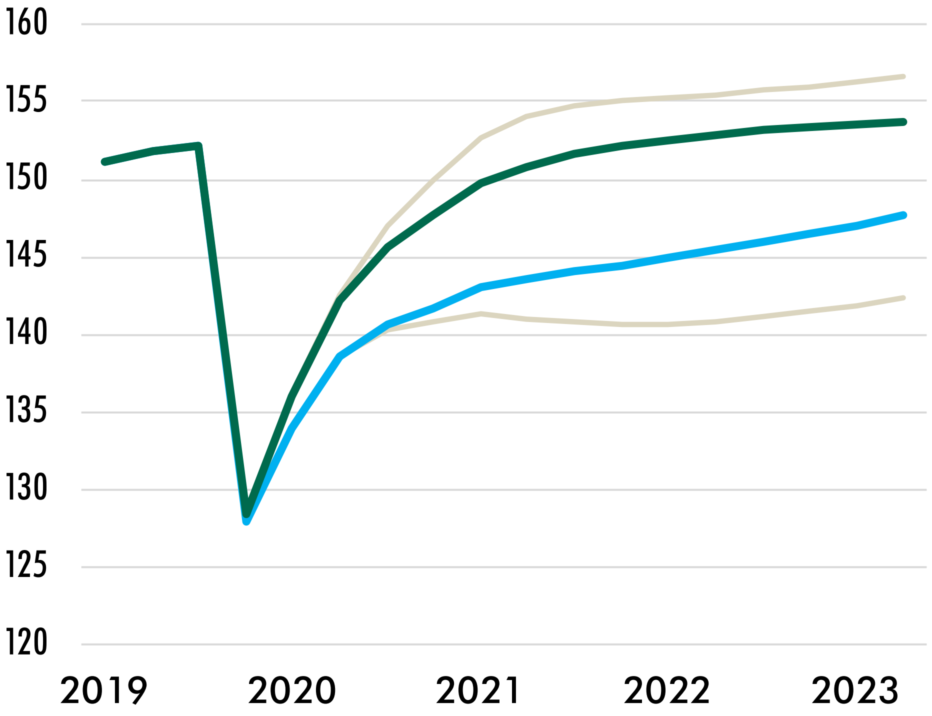
REGION	RENTS STABLE OR INCREASE	DOWN BUT BETTER THAN AVERAGE (-0.1 to -1.0%)	DOWN AROUND U.S. AVERAGE (-1.1 to -2.2%)	DOWN AND WORSE THAN U.S. AVERAGE (-2.3 to -5.0%)
WEST		Inland Empire	San Diego Portland Sacramento	San Jose San Francisco Los Angeles Oakland Orange Co. Seattle
MOUNTAIN WEST		Salt Lake City		Phoenix Las Vegas Denver
MIDWEST	Milwaukee Cincinnati Memphis Detroit Cleveland Louisville	Kansas City Minneapolis Columbus St. Louis Indianapolis	Chicago	
SO. CENTRAL	Oklahoma City	Dallas Ft. Worth	Houston San Antonio	Austin
SOUTHEAST	VA Beach Richmond		Atlanta Charlotte Tampa Miami Raleigh Jacksonville	W. Palm Beach Orlando Nashville Ft. Lauderdale
MID-ATLANTIC/ NORTHEAST		No. New Jersey Pittsburgh Philadelphia Baltimore	Long Island Washington New York	Boston

Source: CBRE Research, RealPage/Axiometrics, May 2020.

THE MAY EMPLOYMENT REPORT SHOWS FIRMS ARE BRINGING WORKERS BACK



CBRE'S CURRENT FORECAST SCENARIOS ON U.S. GDP



UPSIDE

A swift reopening of the economy and robust stimulus unleashes a wave of pent-up demand.

BASELINE

- Gov't stimulus will keep many firms afloat.
- Improved consumer sentiment will support the recovery.

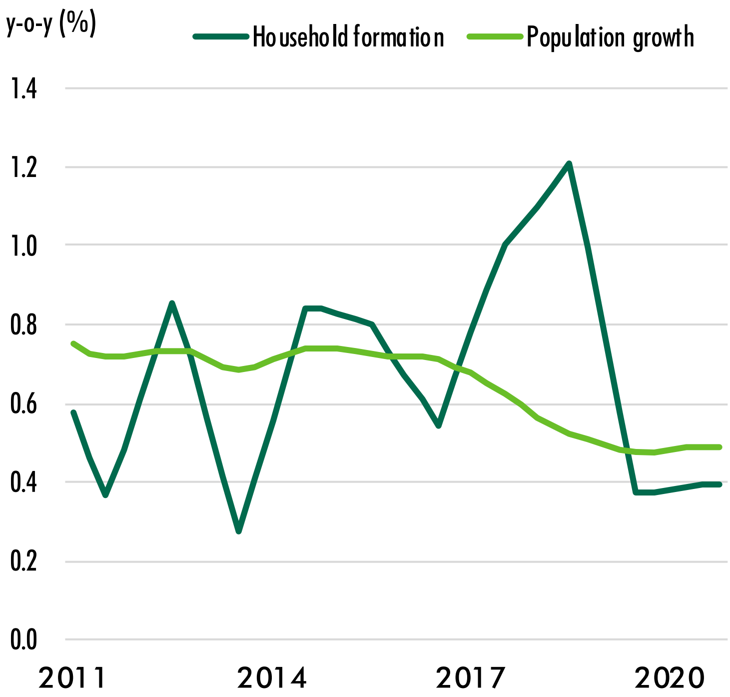
DOWNSIDE

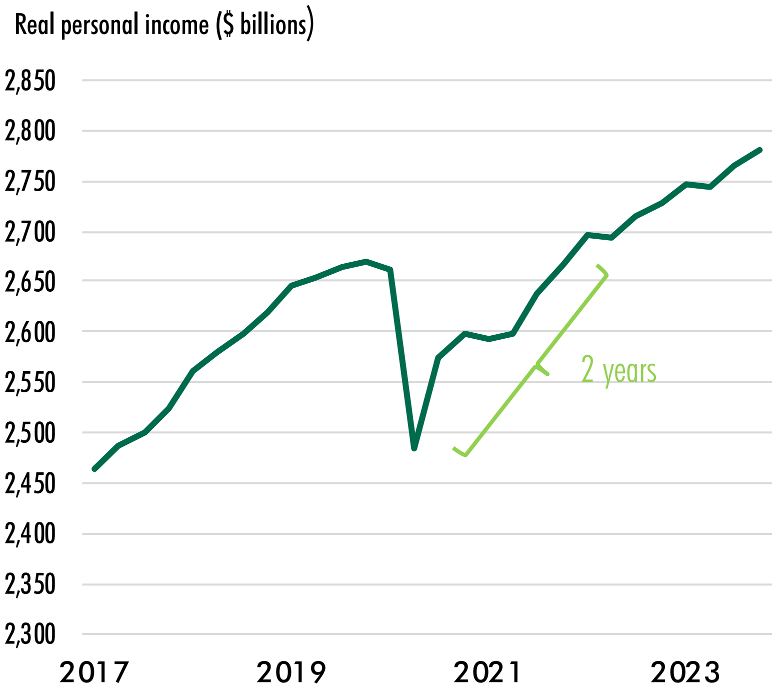
- The reopening of the economy is slow.
- Pre-virus employment levels are not regained before 2024.

SEVERE DOWNSIDE

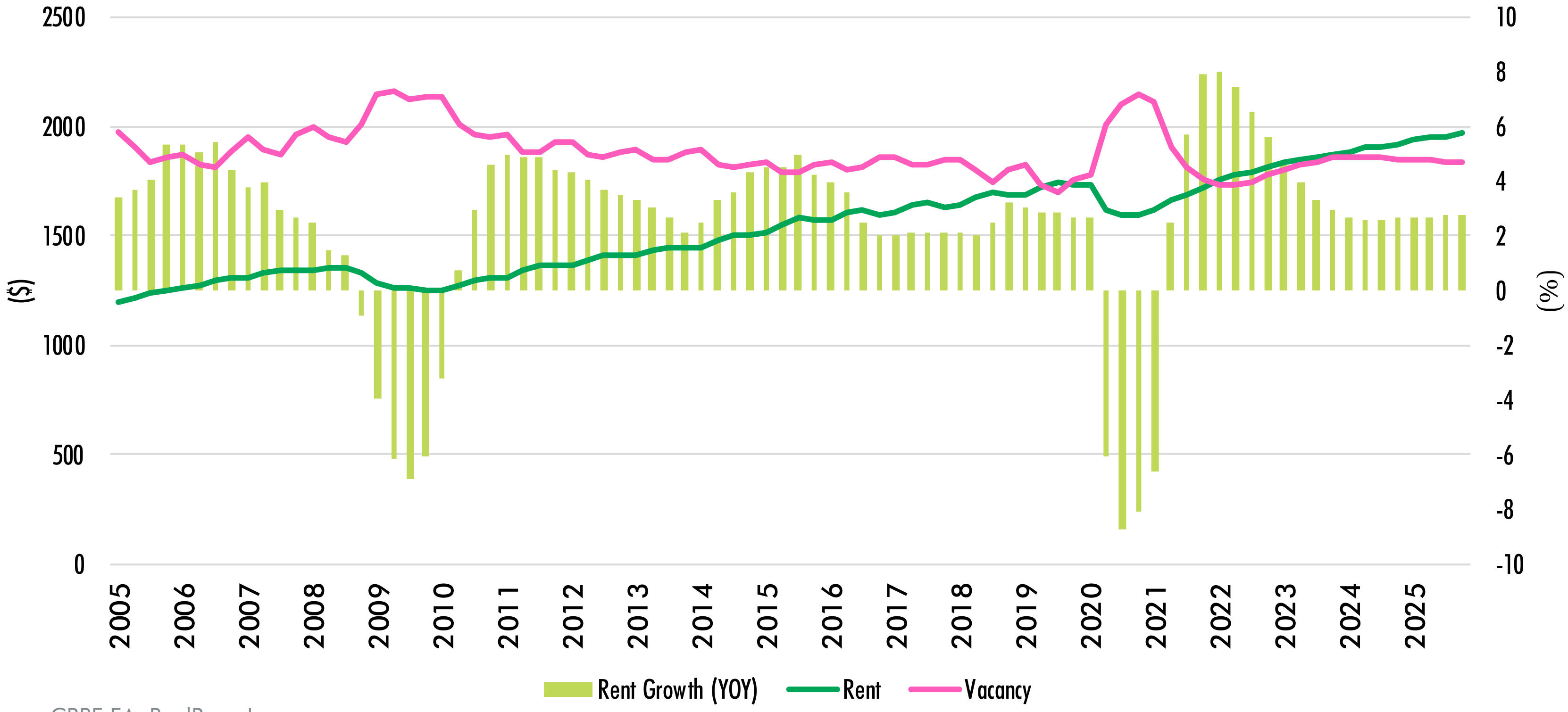
A prolonged recession causes a wave of bankruptcies that severely stress the financial system.

KEY MACRO DRIVERS OF APARTMENT DEMAND





FORECAST: RECOVERY IN H1 2022



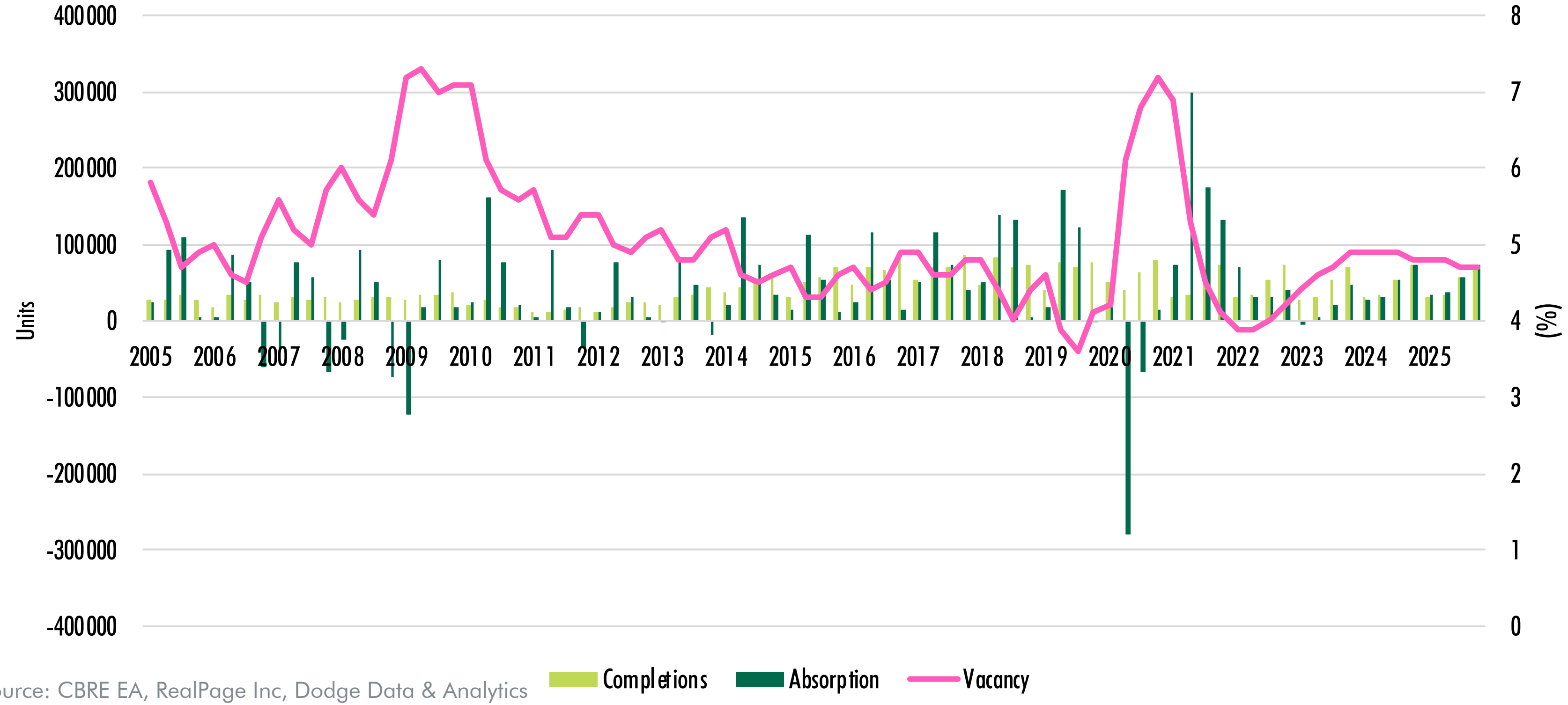
Source: CBRE EA, RealPage Inc

FORECAST: BEFORE & AFTER

	Q4 2019	Q4 2020	CHANGE
Rent	$1732.79	$1592.75	-8.1%
Vacancy	4.1%	7.2%	310 bps
Stock	16,063,275 units	16,297,624 units	234,349 units

Source: CBRE EA, RealPage Inc, Dodge Data & Analytics

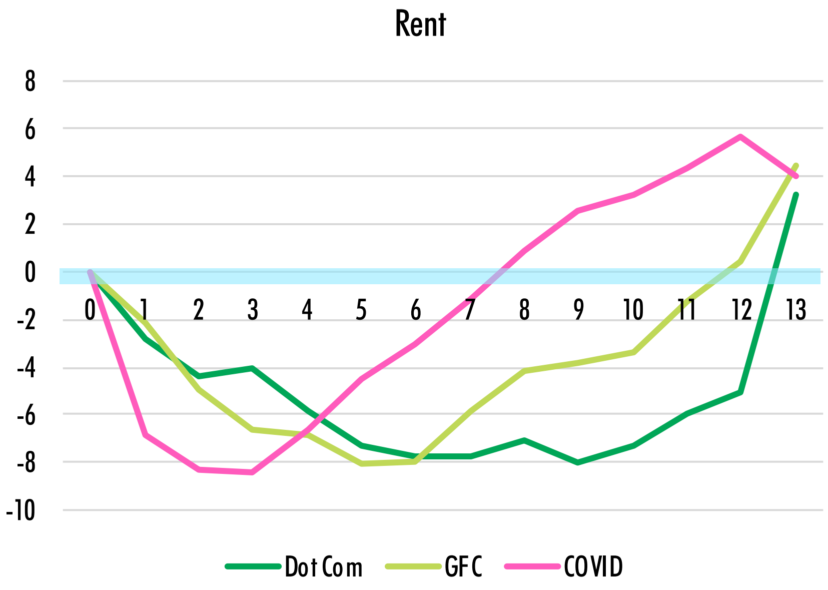
FORECAST: SUPPLY & DEMAND

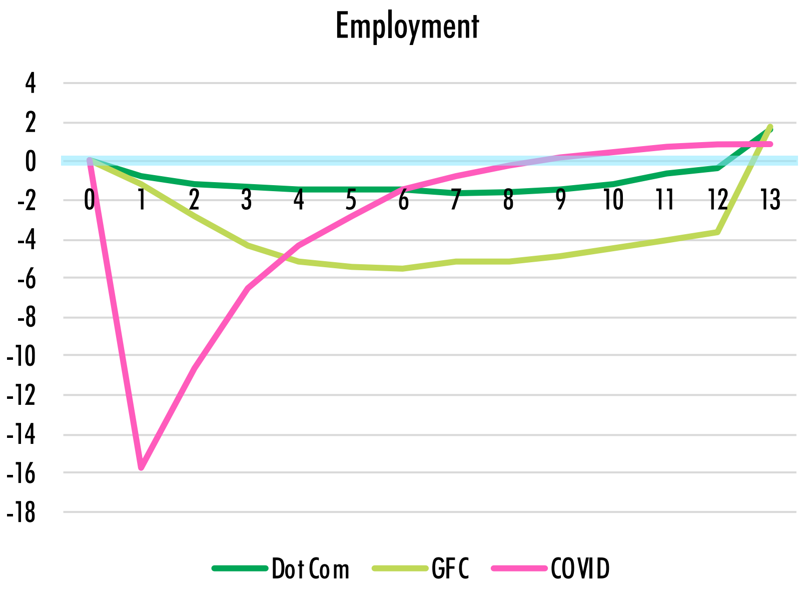


Source: CBRE EA, RealPage Inc, Dodge Data & Analytics

COMPARISON OF PAST RECESSIONS

% Change X Quarters from Onset of Recession





Source: CBRE EA, RealPage Inc, Oxford Economics

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Q&A

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