

REAF

2024 Multifamily Rental Market Outlook

Presented by Kevin Dillon

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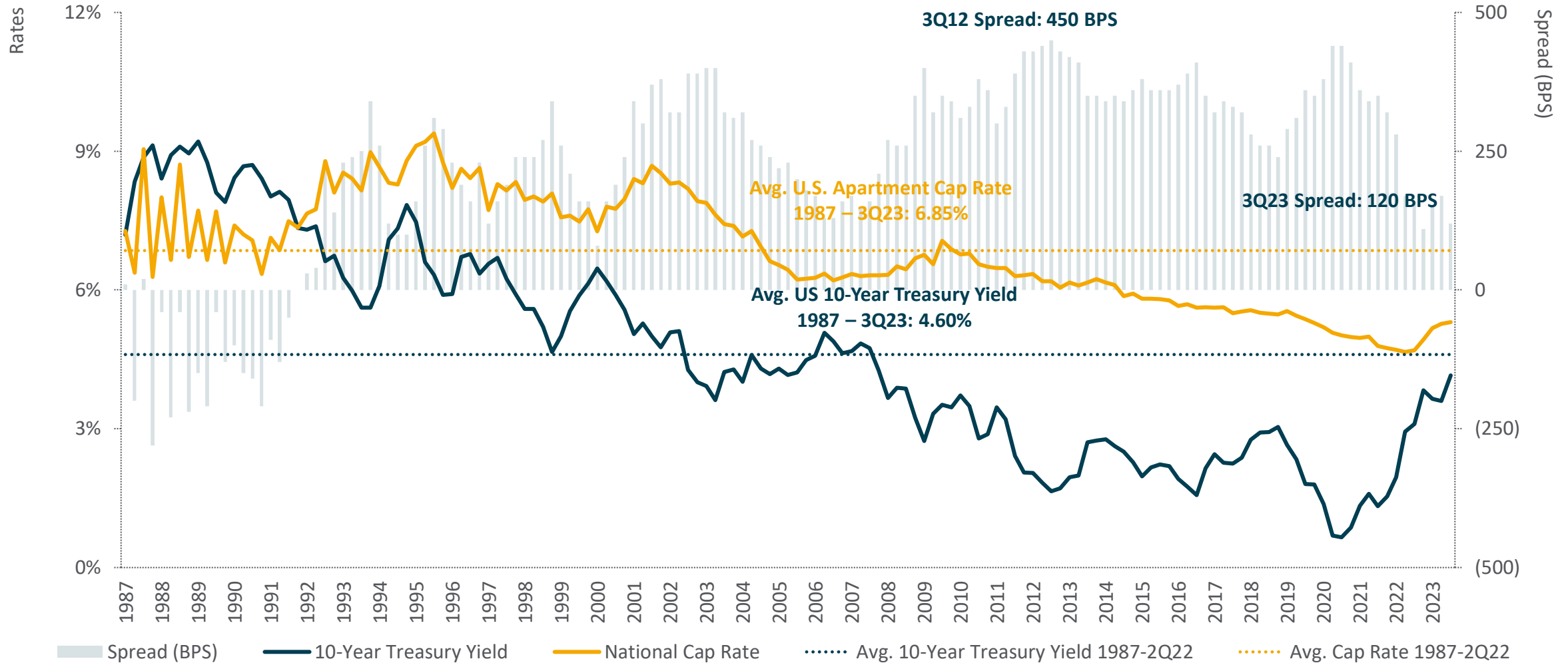
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Investment Indicators

Investment Indicators | U.S. 10-Year Treasury vs. Multifamily Cap Rate

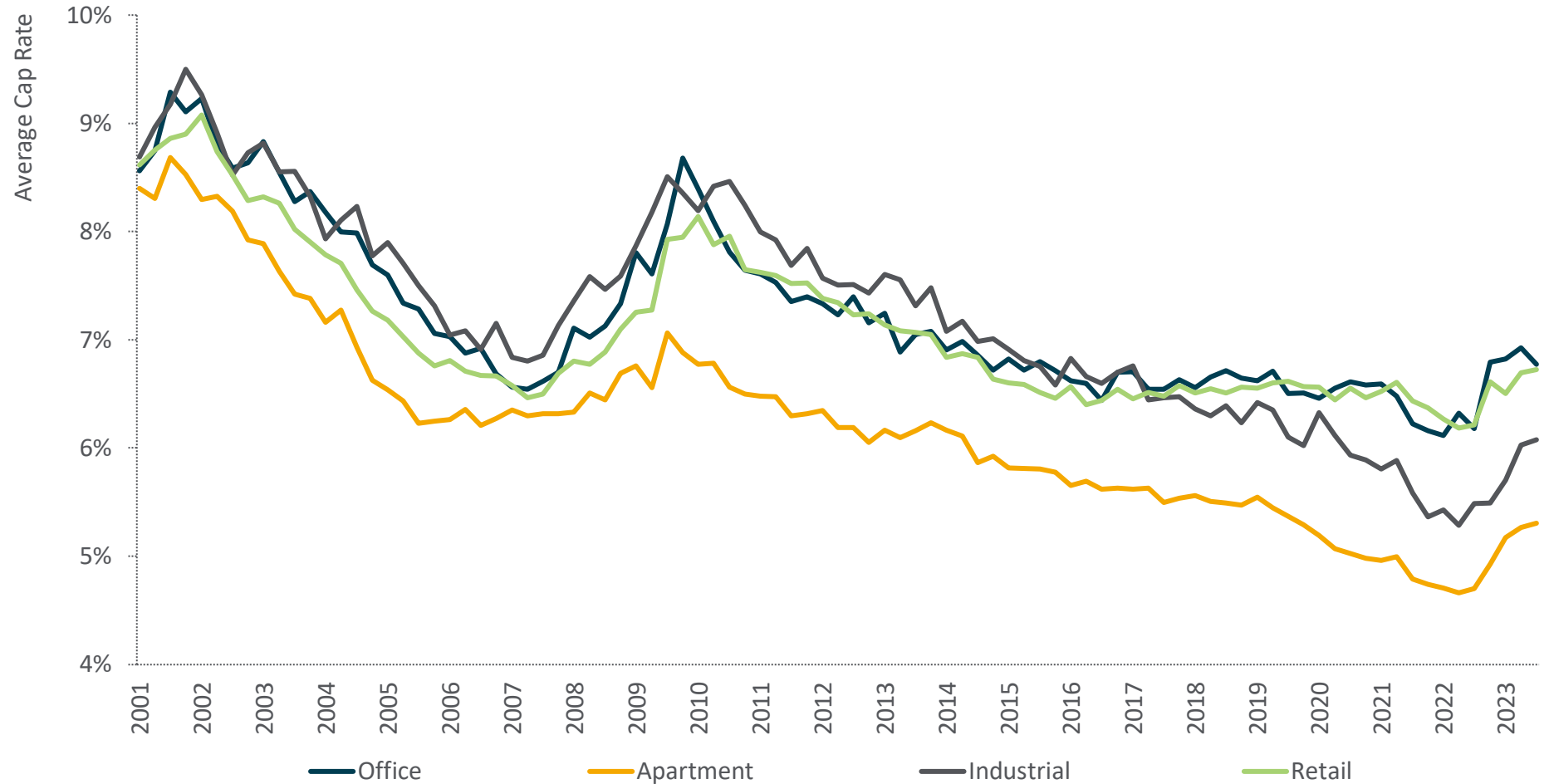
Quarterly Breakdown



*National cap rates encompasses all apartment types
Sources: Real Capital Analytics; NCREIF; Federal Reserve Bank of St. Louis

U.S. CRE – Cap Rates

The apartment and industrial sectors represented approximately 66% of deal activity year-to-date as of 3Q23.



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics



Multifamily Market Capital Trends

- Private investors were the most active through 3Q23, making up nearly 66% of capital behind nationwide apartment acquisitions.
- Institutional buyers consistently make up the second-largest investor group.
- Cross-border share of acquisitions increased by 230 basis points year over year.

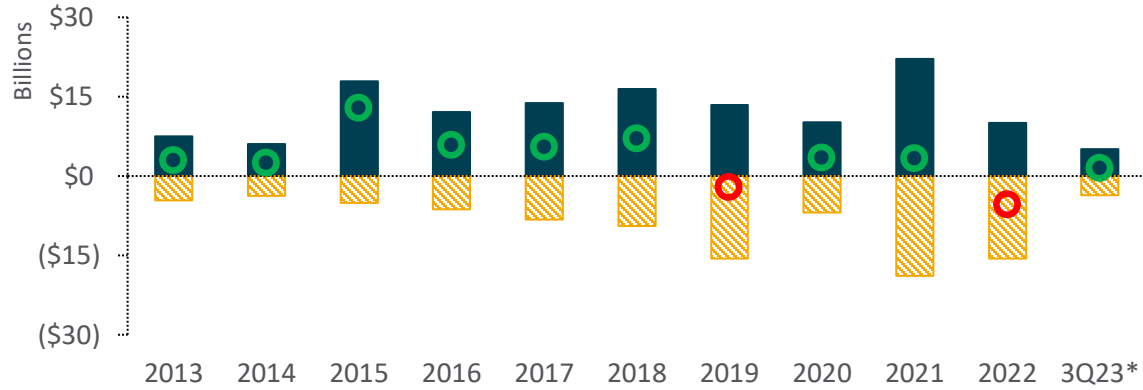
U.S. Multifamily Buyer Composition*

	Cross-Border	Institutional	REITs	Private	User/Other
Total	\$5.1b	\$21.5b	\$1.4b	\$56.8b	\$1.9b
Market Share	5.9%	24.8%	1.6%	65.5%	2.2%
Y-o-Y Change in Market Share	230 BPS	(140) BPS	(80) BPS	(130) BPS	120 BPS

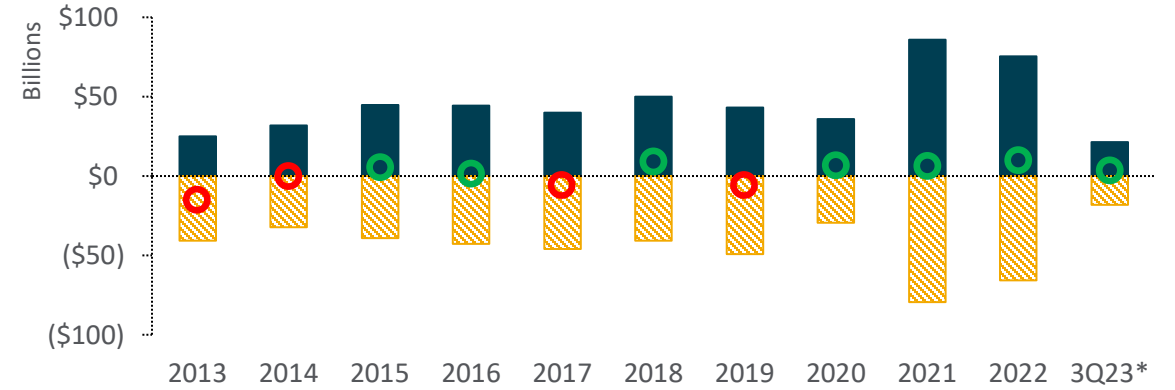
*Based on independent reports of properties and portfolios \$2.5 million and greater.
Excludes unknown capital sources.
Source: Real Capital Analytics

U.S. Multifamily Capital Flows*

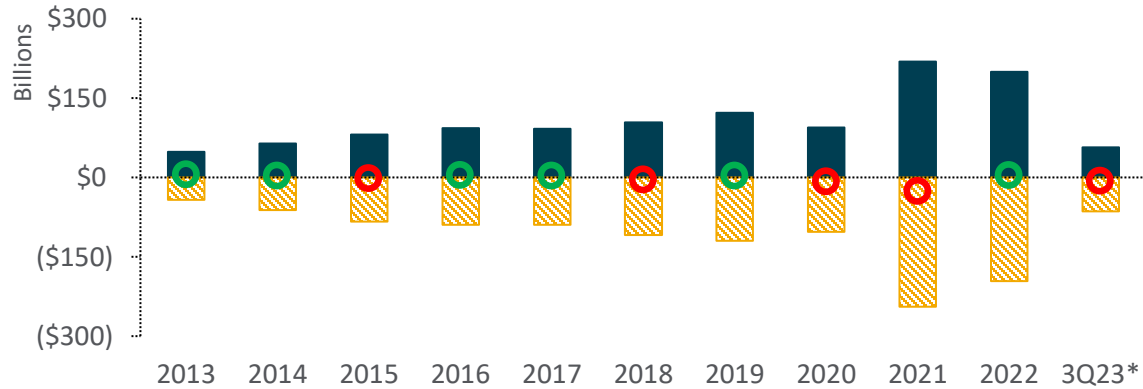
Cross-Border



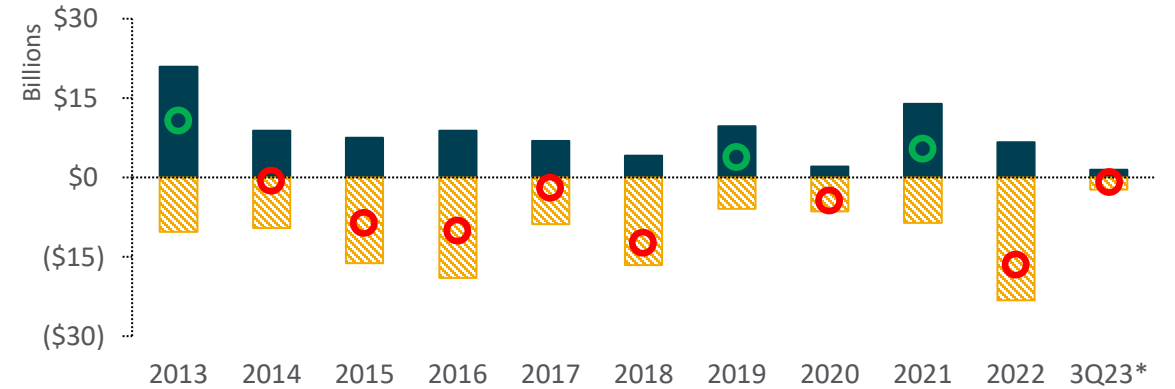
Institutional



Private

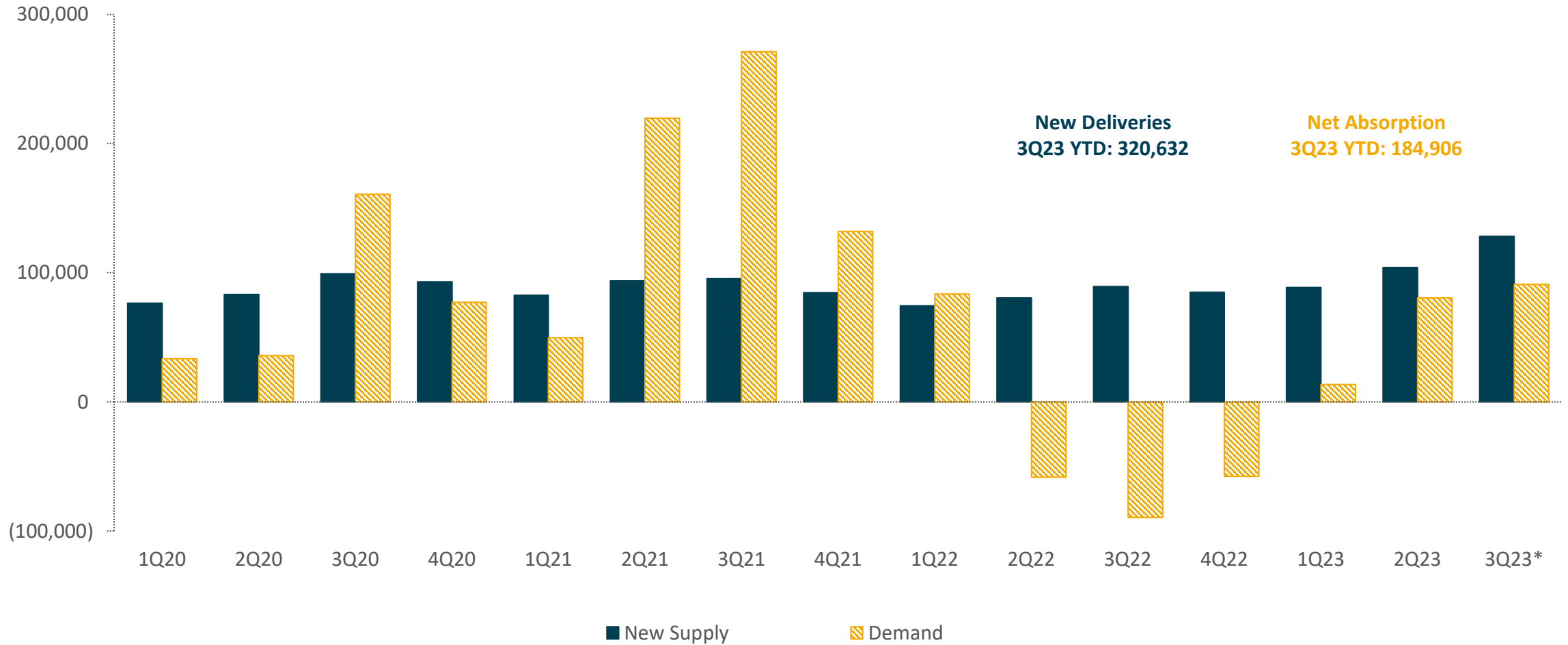


Listed/REIT



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

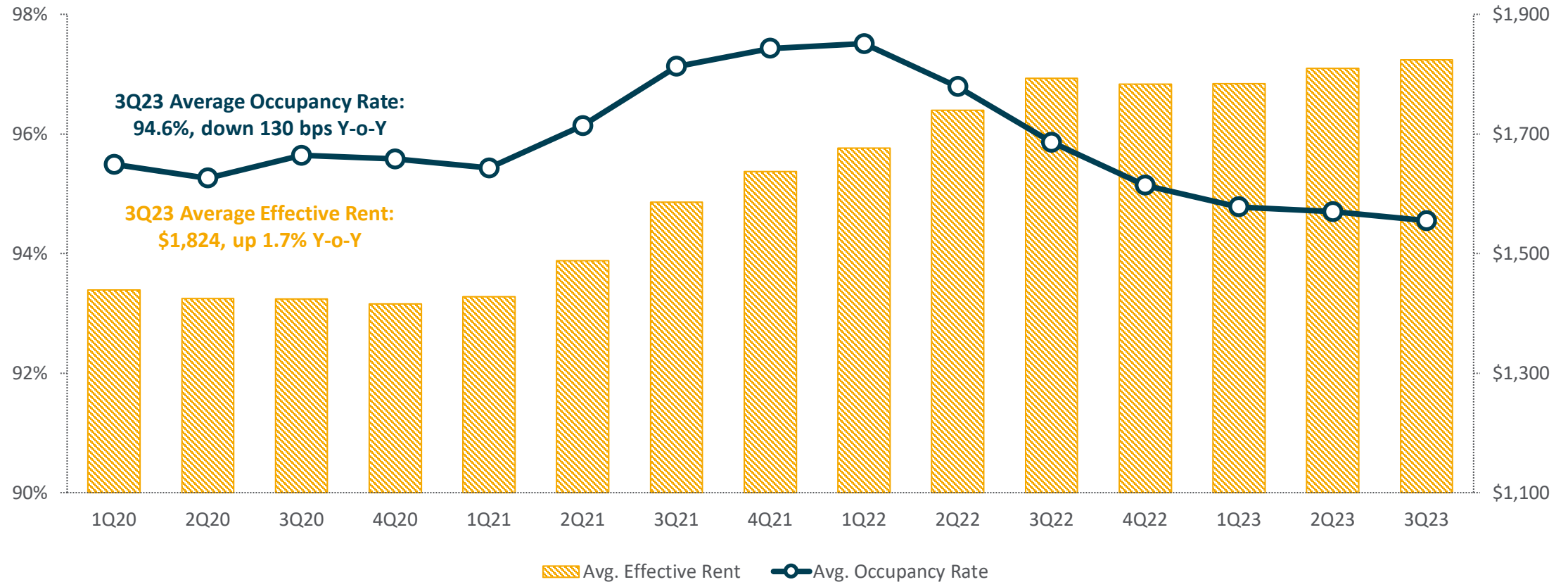
U.S. Multifamily Market by the Numbers



*YTD

U.S. Multifamily Market by the Numbers

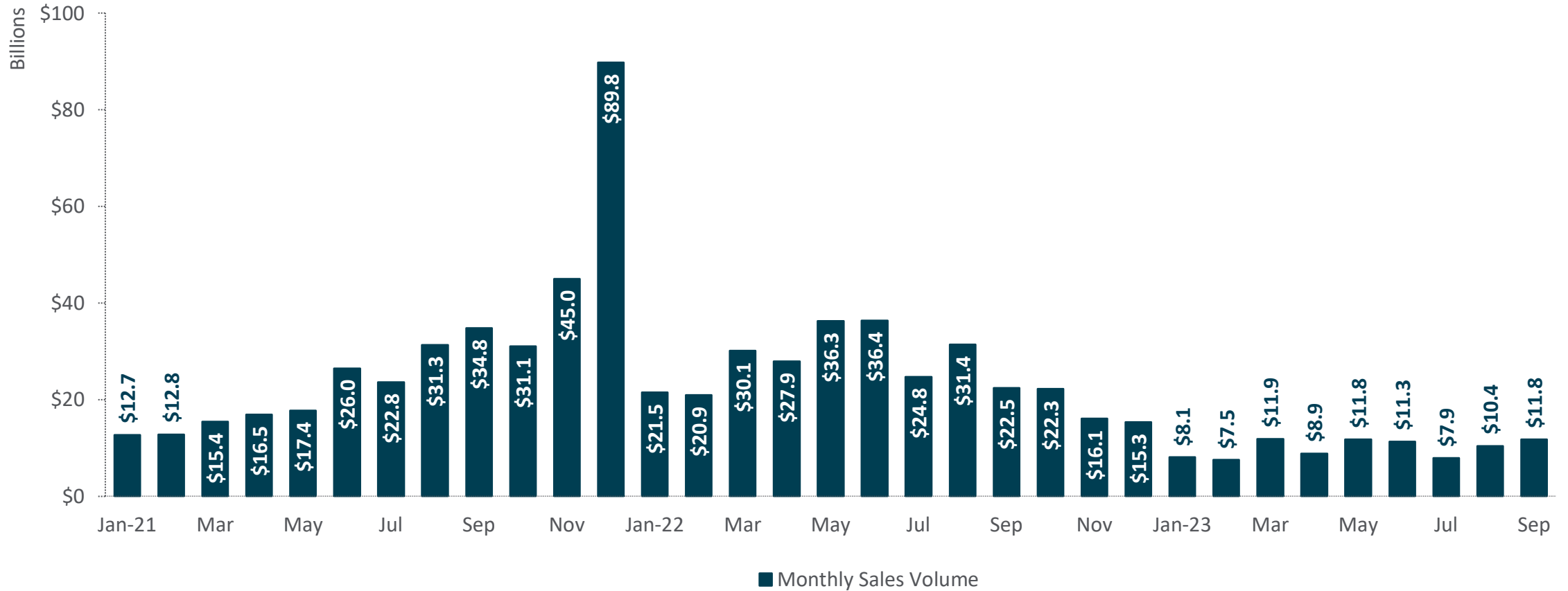
Although supply-side pressure caused a dip in occupancy rates, the average effective rent increased 1.7% annually in the third quarter of 2023.



Source: Berkadia Research; Axiometrics; CoStar.

Multifamily Transaction Volume | National

Despite a slow down, multifamily fundamentals are still solid and investment capital continues to pour into the multifamily sector over other CRE asset types.

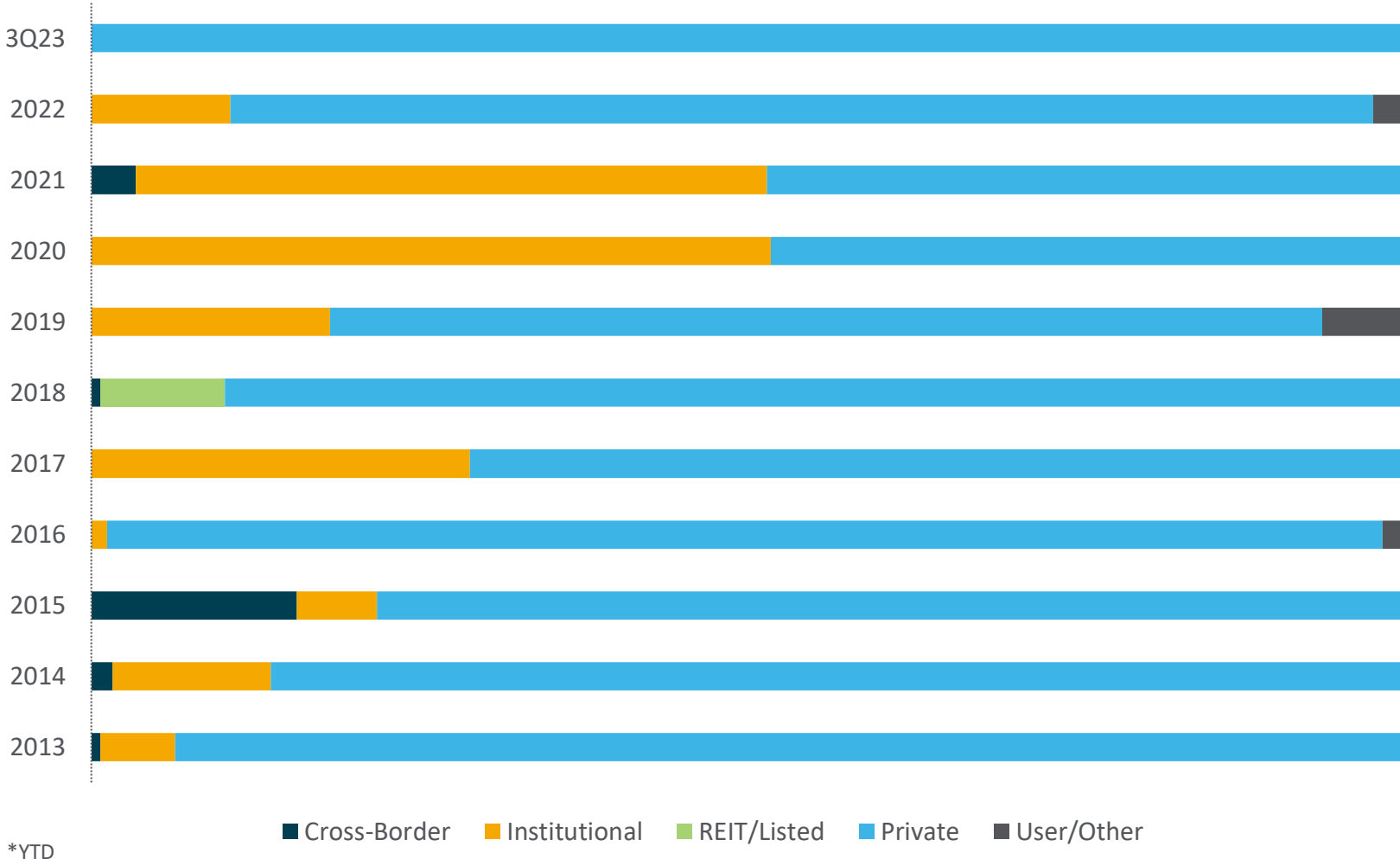


*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics



Metro Detroit
Multifamily
Market Trends

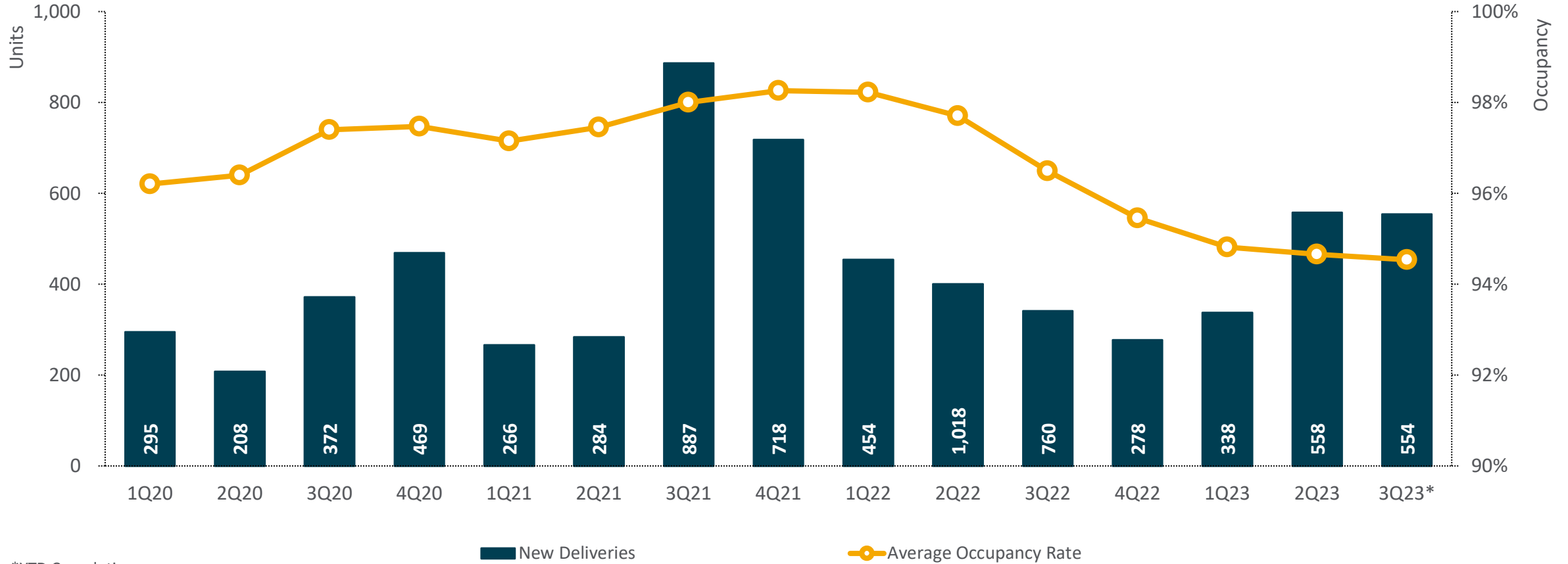
Multifamily Buyer Composition – Detroit Metro*



*Based on independent reports of properties and portfolios \$2.5 million and greater.
 **H1 2023 (most recent data available)
 Source: Real Capital Analytics

Completions vs. Occupancy | Detroit, MI MSA

Multifamily developers added 1,450 new units to the market's inventory during first three quarters of 2023, a 21% increase from the same period last year.

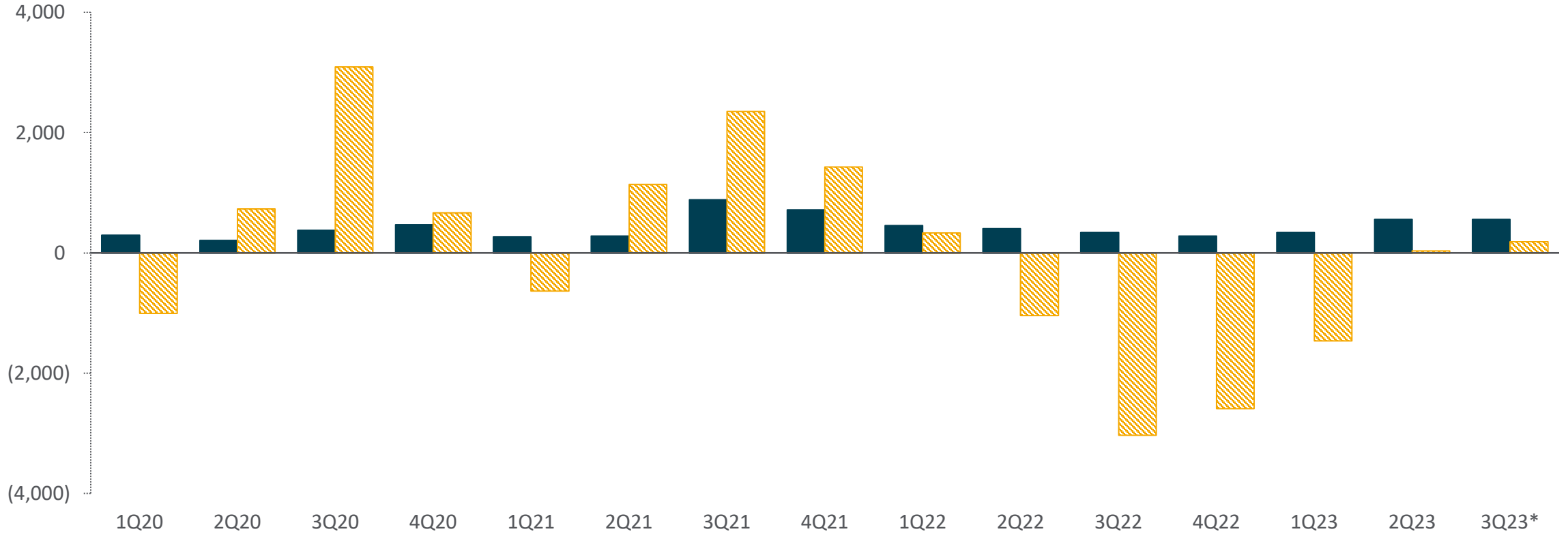


*YTD Completions

Source: RealPage

Completions vs. Absorption | Detroit, MI MSA

Following four consecutive quarters of net move-outs, the Detroit metro apartment market has recorded positive net absorption in the last two quarters.



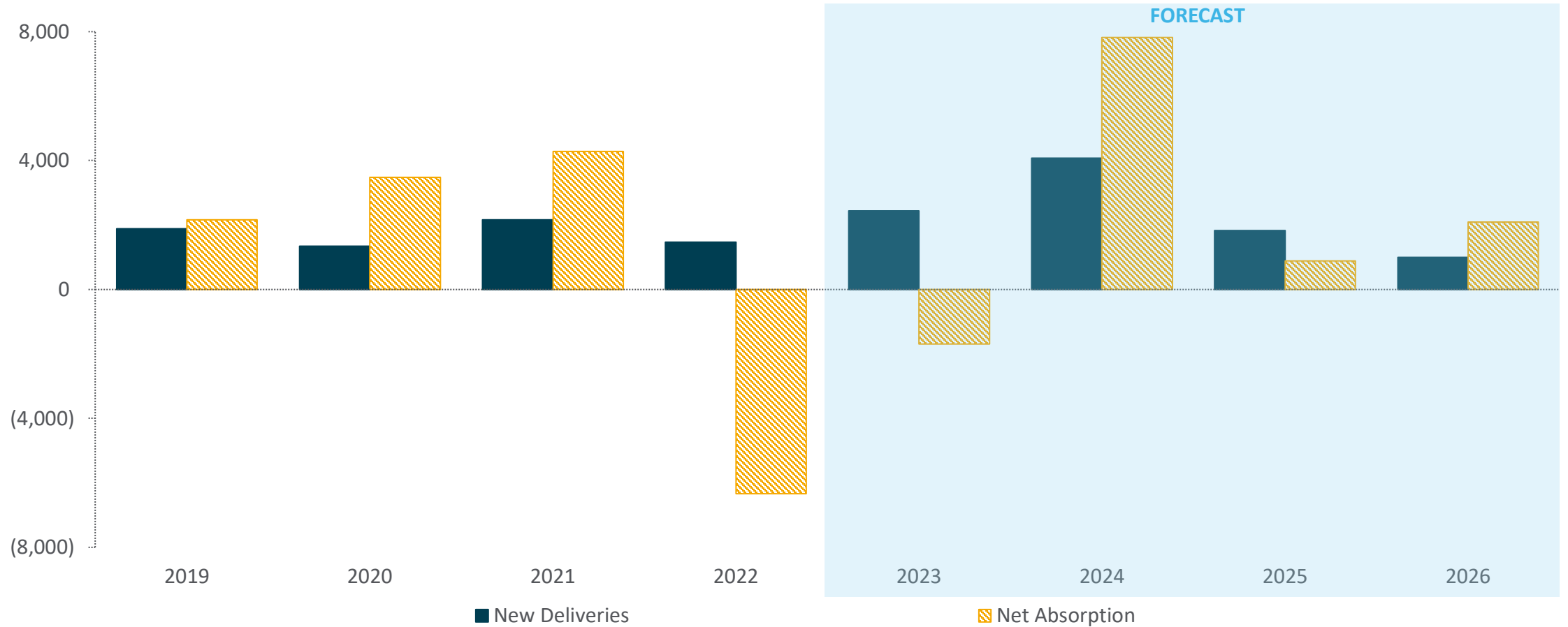
*YTD Completions

■ New Deliveries

▨ Net Absorption

Projected Supply vs. Demand | Detroit, MI MSA

Apartment demand in the Detroit metro area is expected to surge in 2024, with a record 7,800-plus net move-ins, which is nearly double the 4,072 new units that are scheduled for completion next year.

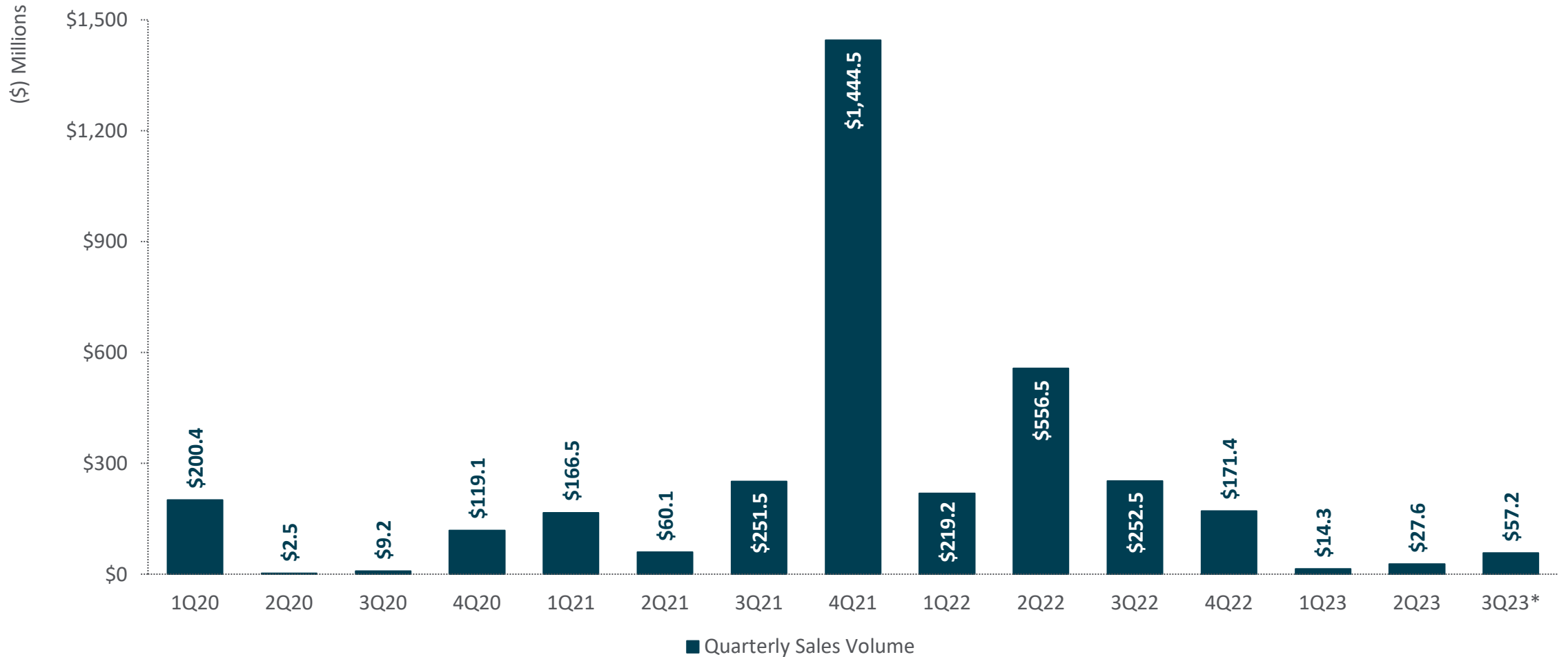


Greater Detroit is one of the more affordable major Midwest apartment markets, with an average effective rent rate of \$1,289 per month as of 3Q23, which is lower than the rates in Chicago, Milwaukee, and Minneapolis.

Detroit Metro – Submarket Breakdown

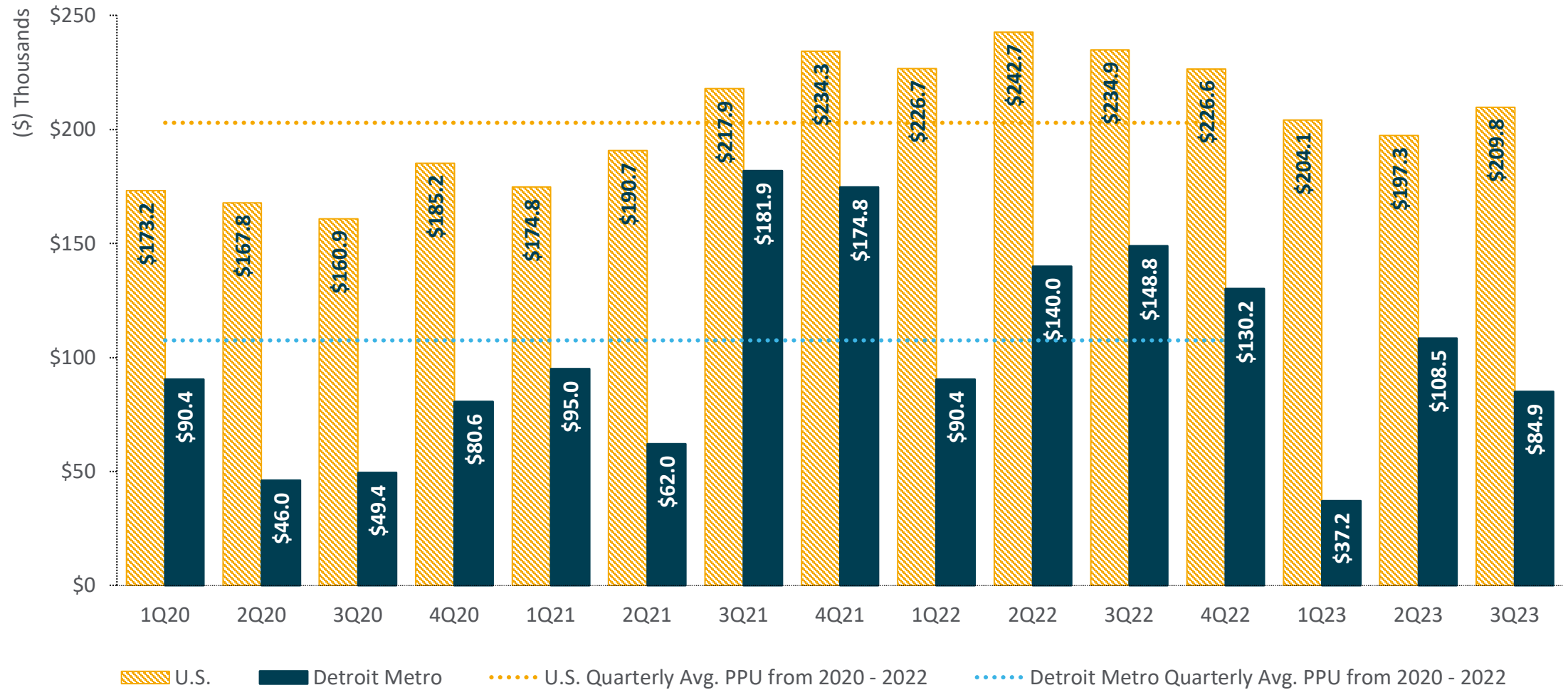
Rank	Submarket	3Q22 Effective Rent	Y-o-Y Change	3Q22 Occupancy Rate	Y-o-Y Change (BPS)
1	Detroit City	\$1,178	8.2%	88.0%	(630)
2	Warren/Roseville	\$1,012	4.4%	95.1%	(310)
3	Dearborn/Dearborn Heights	\$1,382	4.4%	93.6%	(180)
4	Clinton Township/St. Clair County	\$1,164	4.3%	94.2%	(290)
5	Downtown/Midtown/Rivertown	\$1,520	3.5%	92.3%	(380)
6	Royal Oak/Oak Park	\$1,281	3.3%	94.4%	(240)
7	Novi/Livingston County	\$1,414	2.1%	96.5%	(90)
8	Pontiac/Waterford/Auburn Hills	\$1,266	1.9%	95.3%	(230)
9	Southfield	\$1,239	1.3%	92.3%	(350)
10	Sterling Heights/Shelby Township	\$1,268	1.1%	94.7%	(210)
11	Troy/Rochester Hills	\$1,525	0.9%	94.4%	(150)
12	South Wayne County	\$1,090	0.7%	95.2%	(80)
13	Westland/Canton/Livonia	\$1,232	-0.1%	94.6%	(80)
14	Farmington Hills/West Bloomfield	\$1,475	-1.3%	95.3%	(160)
Detroit Market Average		\$1,289	2.1%	94.5%	(200)

Multifamily Transaction Volume | Detroit Metro*



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

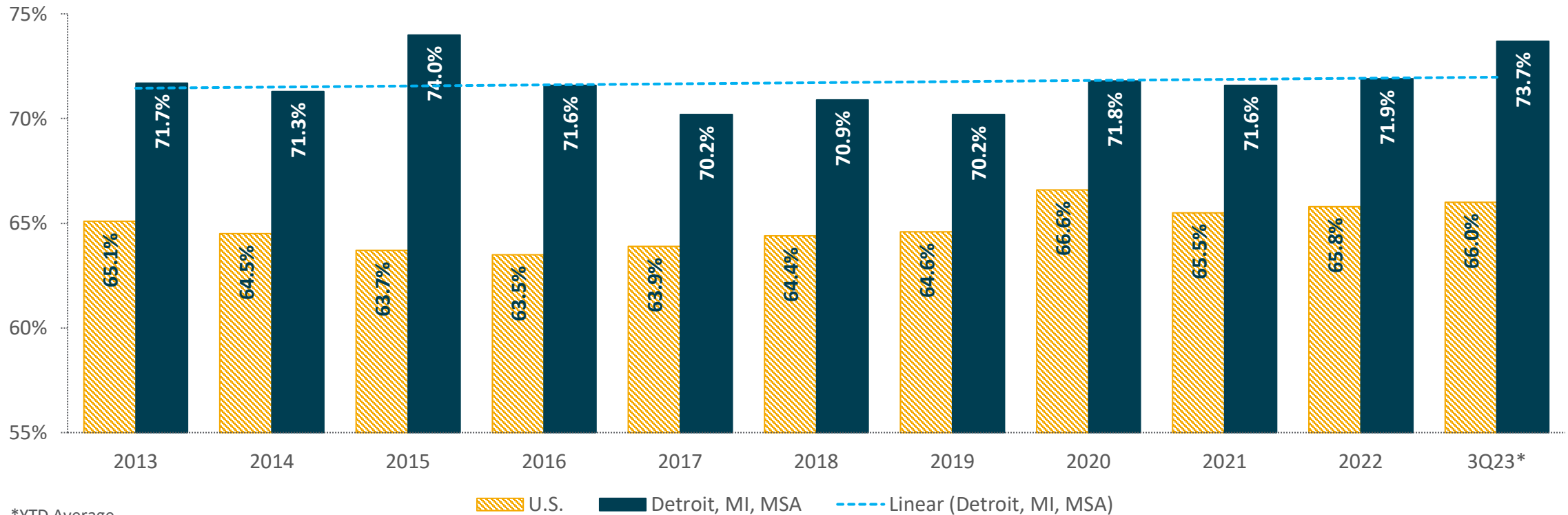
Average Price Per Unit (PPU) | National vs. Detroit Metro*



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

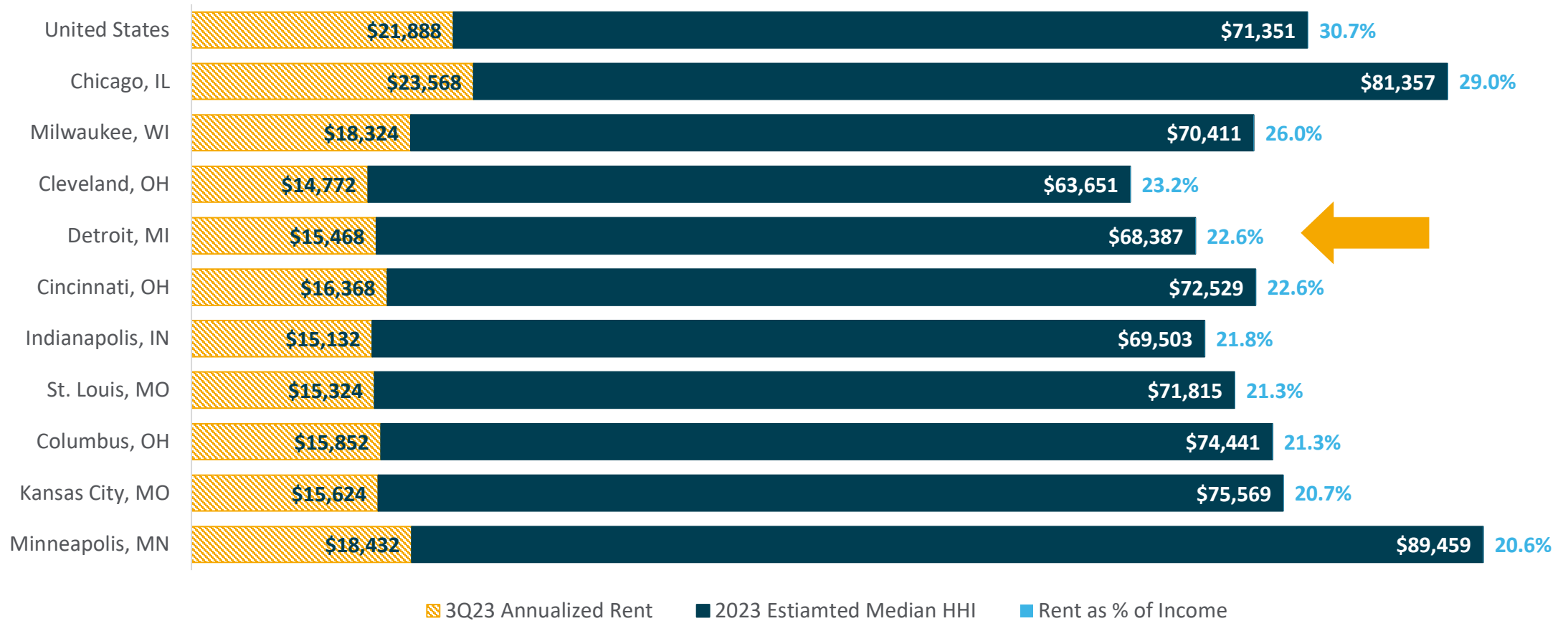
Homeownership Rate

With homebuyers competing in a tight single-family housing market, the median home price in Metro Detroit appreciated by an estimated 5.5% annually, reaching at \$279,680 in September 2023.



Housing Affordability | Midwest Metro Areas

Median Household Income vs. Annualized Effective Rent

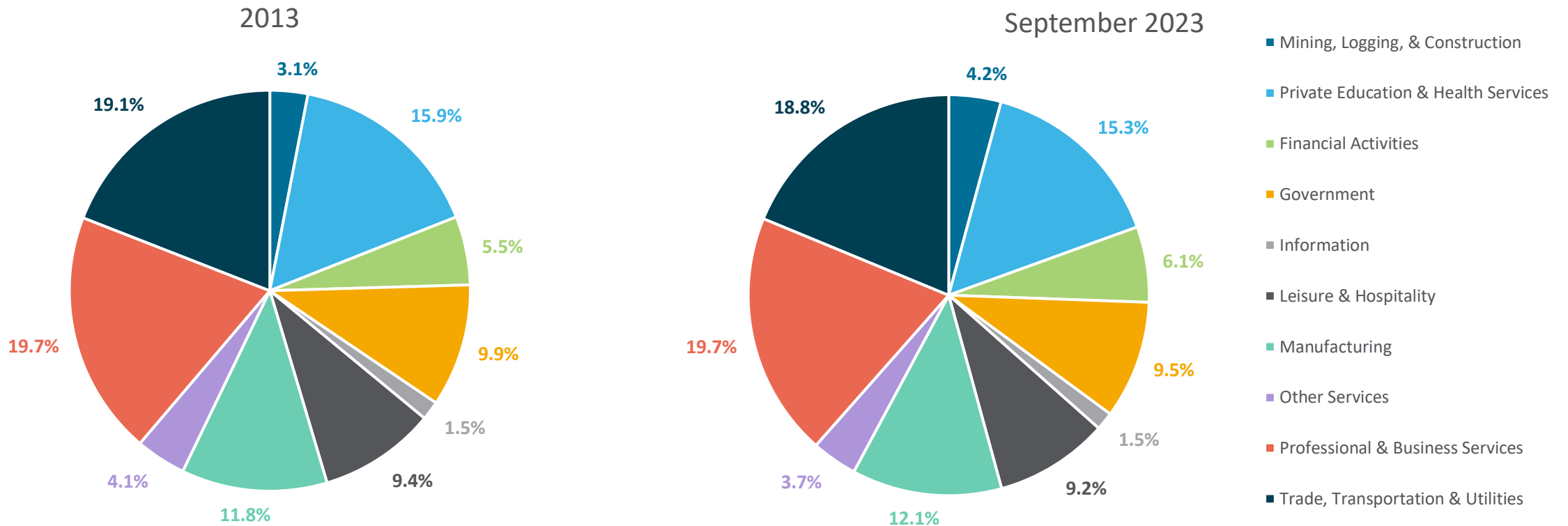


A blue-tinted photograph of a man in a suit walking away on a train platform. The man is seen from behind, carrying a bag. The background shows the structure of the platform with railings and a concrete pillar. A yellow square frame highlights the text area on the left side of the image.

Metro Detroit Economic Trends

Metro Employment Sectors | 2013 vs. 2023

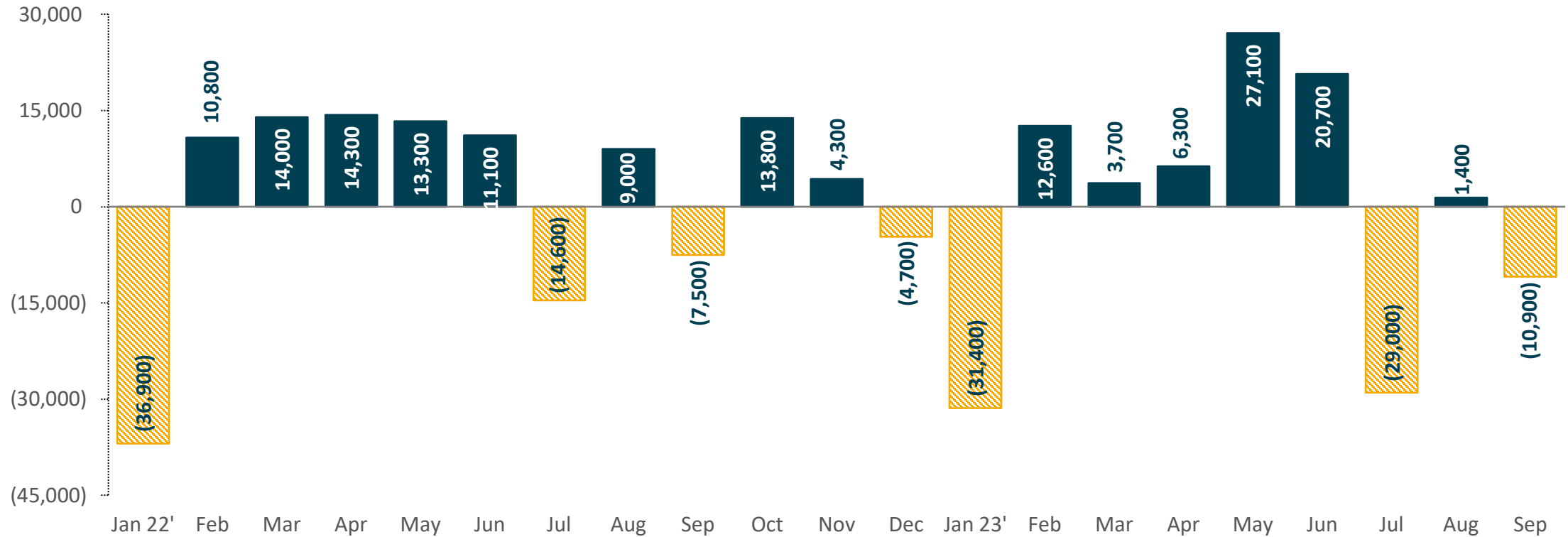
Looking longer term, Detroit is well-positioned to deliver steady job growth over the coming decade. The city's status as a powerhouse of manufacturing and industrial supply will be a key factor in the economic recovery of the region and the nation.



Source: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted)

Monthly Job Growth

One-Month Net Change | Not Seasonally Adjusted



Greater Detroit has added 13,900 net jobs during the 12-month period ending in September 2023, equating to a 0.7% annual increase in total nonfarm employment

Source: U.S. Bureau of Labor Statistics