

2022 MID-YEAR

NATIONAL

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company



Jobs Added / Lost

LAST 12 MONTHS

6,282,000

↑ 4.3%

Unemployment

MID-YEAR 2022

3.6%

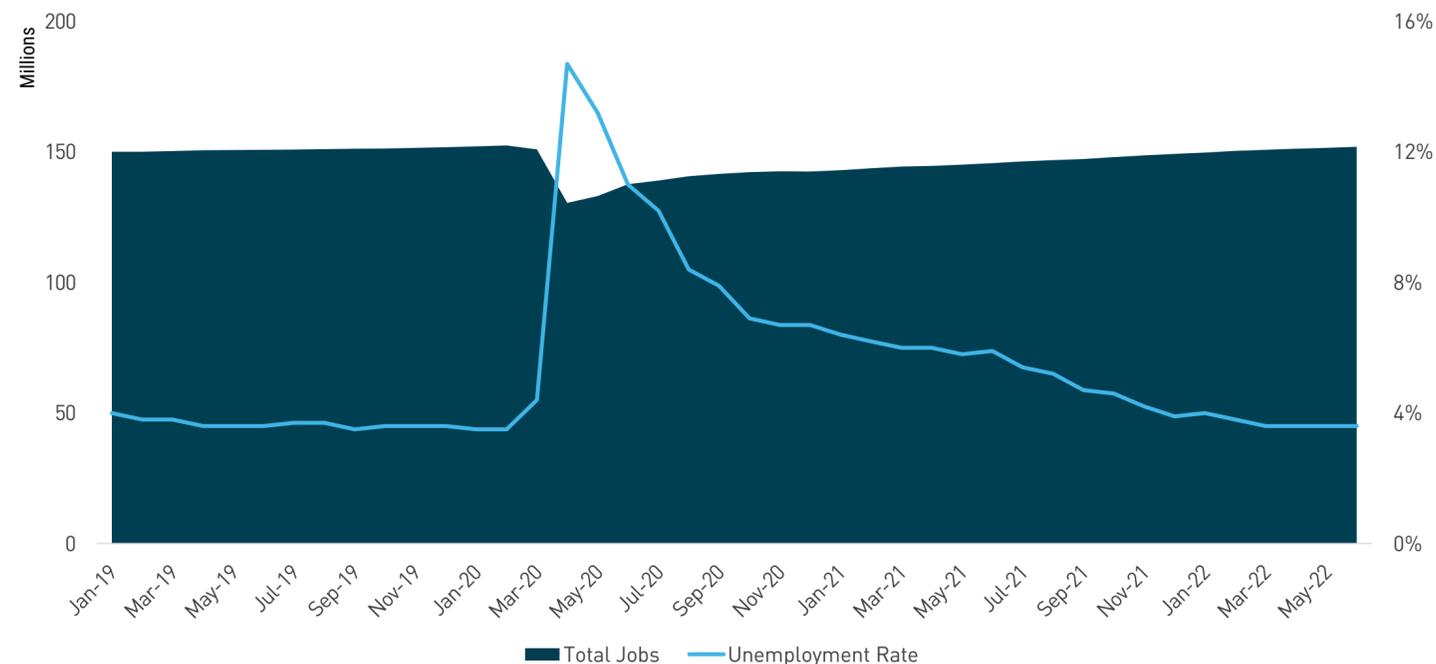
↓ 230 BPS YOY

NATIONAL EMPLOYMENT

U.S. employers added more than 523,500 jobs monthly on a seasonally adjusted rate in the last year, bringing payrolls closer to the pre-pandemic peak. More than half of the employment sectors have already fully recovered with white-collar industries well above the previous high. The professional and business services sector showcased the most resiliency coming out of the pandemic, capped by 880,000 additional jobs over the prior 12 months. Contributing to the growth has been the return to office for many major employers, even those following a hybrid model. This move especially boosted the administrative and support services subsector. Robust hiring extended beyond the cubicle, with 914,000 additional workers in

the trade, transportation, and utilities sector leading all others. These service-providing occupations have become more in demand during the pandemic, with many employers offering sign-on bonuses for new hires. The competitive job market amid rising inflation has benefited workers. According to the Federal Reserve Bank of Atlanta, wages grew 5.3% annually through mid-2022, up from a 3.4% increase during the prior year. The strongest gains have been among low-skilled workers, contributing to more individuals returning to the workforce as the national unemployment rate tightened 230 basis points year over year to 3.6% by June 2022.

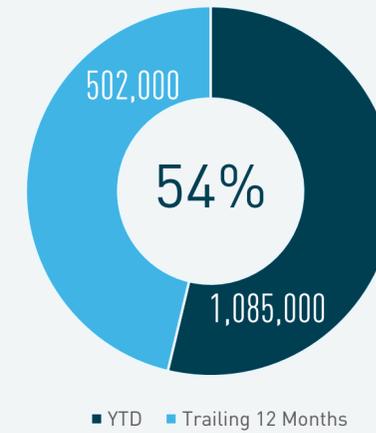
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



19% OF ALL JOBS IN THE METRO

\$41,300 AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers



In The News

- Apple to hire 5,000 employees for new \$1 billion campus
- Goldman Sachs to Bring 5,000 Jobs to Dallas by 2028
- General Motors Company investing \$7B in Southeast Michigan for expanded production of electric pickups



NATIONAL DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

382,835

ABSORPTION

205,466

2023 Units*

DELIVERIES

527,690

ABSORPTION

325,758

*Projected

Apartment leasing activity surged in the last year with approximately 431,300 net units absorbed among stabilized communities across the United States. Renters returned in full force to big cities, with apartment operators recording more than 20,000 units absorbed in each of the following markets: Dallas-Fort Worth, Houston, Los Angeles, Northern New Jersey, and Washington, D.C.

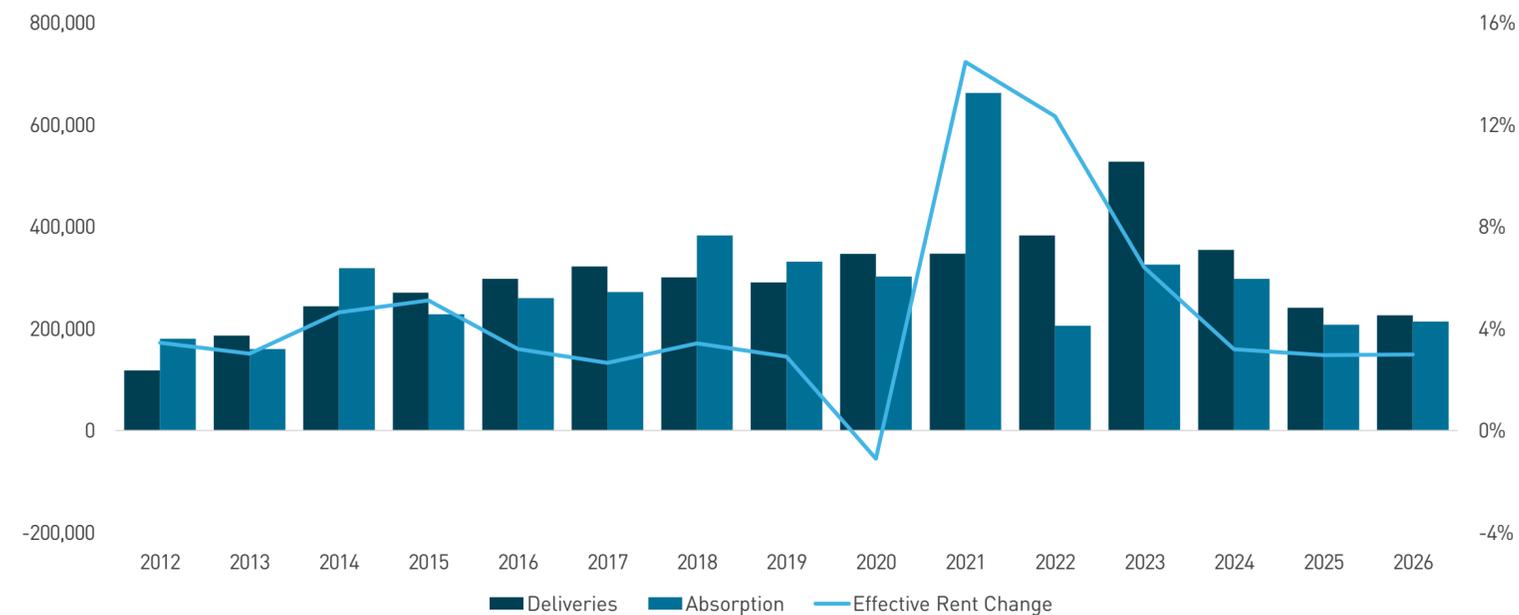
Underpinning robust absorption were expanding payrolls and rising wages, giving many individuals more leeway to seek new housing. While renting was the preferred option for many people, the drastically rising cost of homeownership created a share of renters by necessity.

According to Federal Reserve Bank of St. Louis, the median home price rose 15.1% year over year to an average of \$440,300 in the second quarter of 2022 as mortgage rates continue to increase.

Apartment builders worked to meet housing demand with 337,900 units coming online in the last year, slightly higher than the average annual pace in the prior five years.

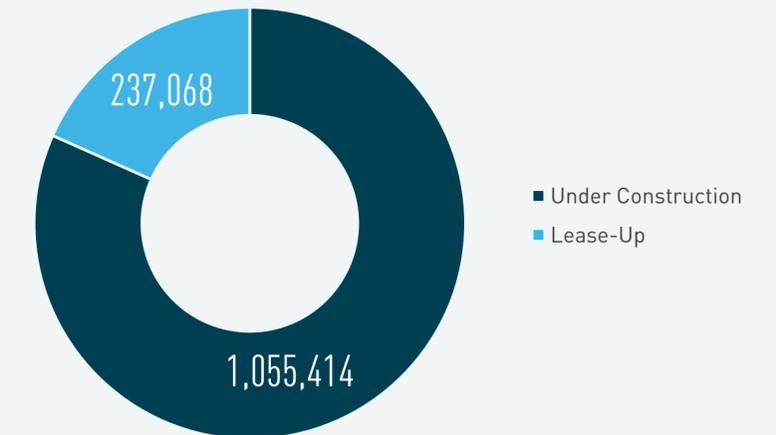
Construction activity will continue to accelerate as more than 482,100 units were scheduled to come online over the next four quarters as apartment builders work to fill the housing gap left by limited single-family development.

Deliveries, Absorption, & Effective Rent Change

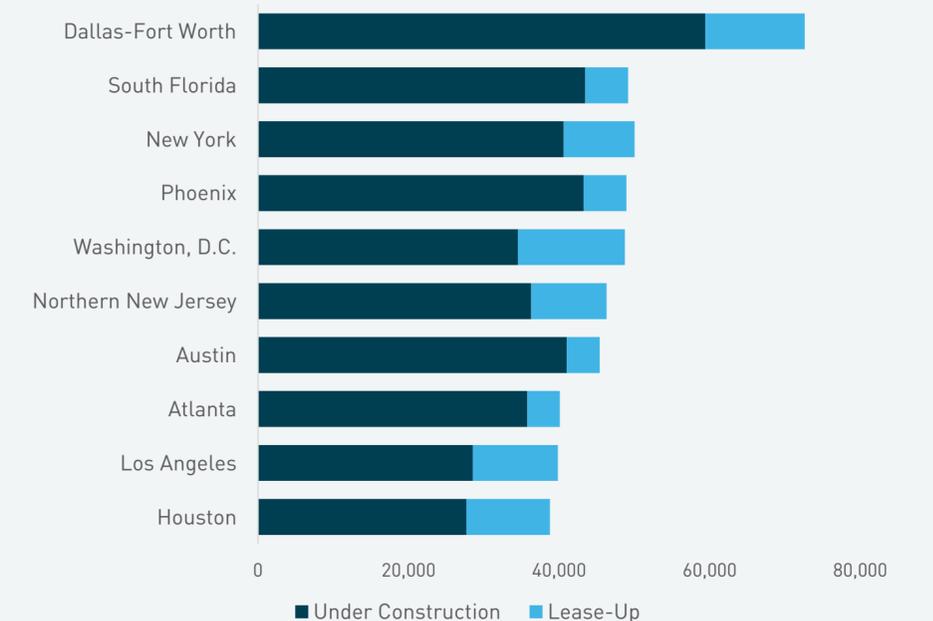


Source: RealPage

National Pipeline



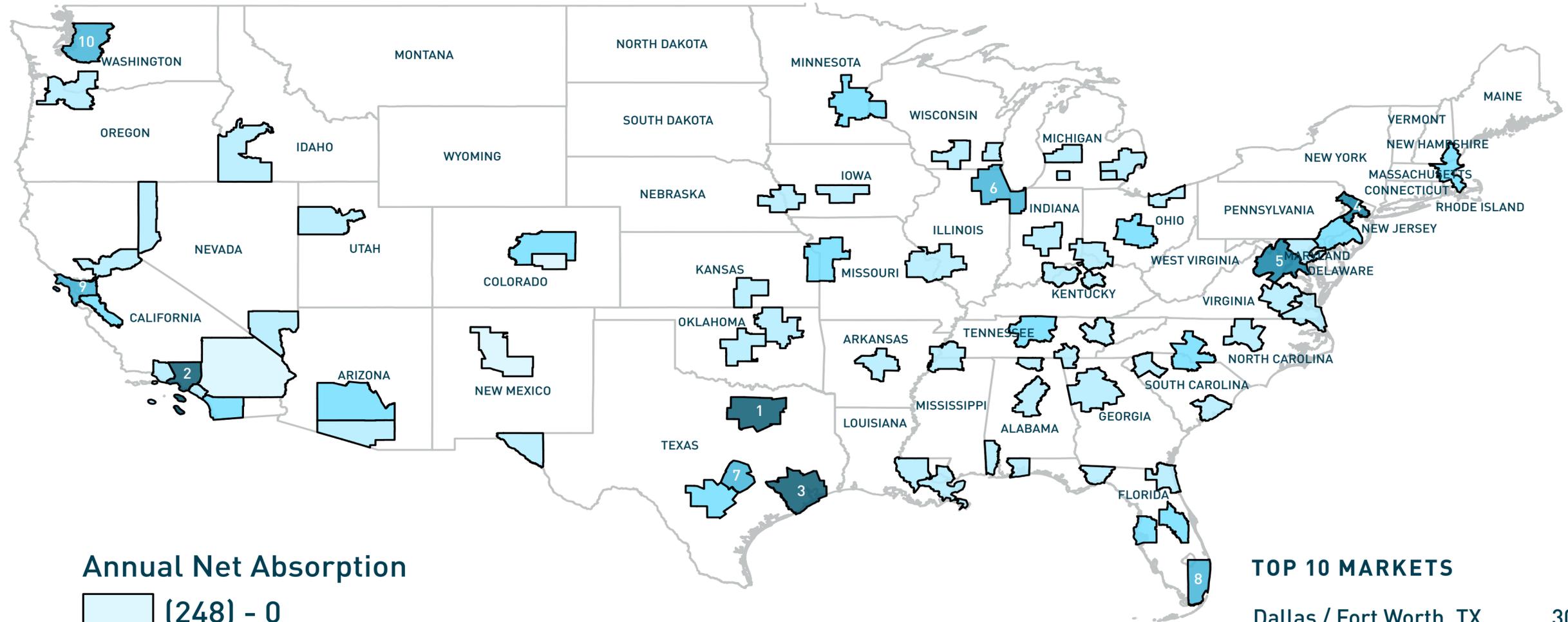
Top 10 Market Pipelines



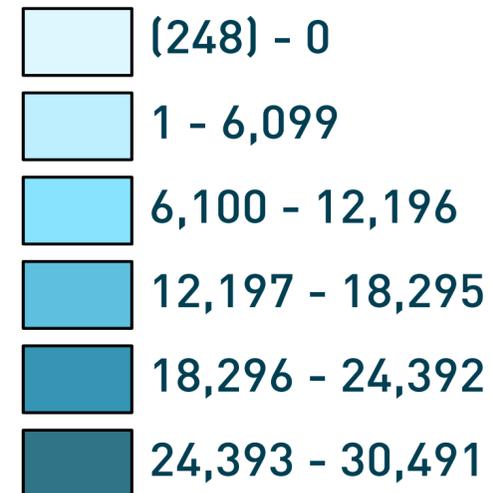


NATIONAL

MARKET ANNUAL ABSORPTION



Annual Net Absorption



TOP 10 MARKETS

Dallas / Fort Worth, TX	30,491
Los Angeles, CA	28,178
Houston, TX	27,126
Newark, NJ	24,340
Washington, D.C.	21,517
Chicago, IL	17,002
Austin, TX	16,172
South Florida	14,702
San Francisco / Oakland, CA	13,559
Seattle / Tacoma, WA	12,728



NATIONAL RENT & OCCUPANCY

Effective Rent

2Q 2022
\$1,736
↑ 14.8% YOY

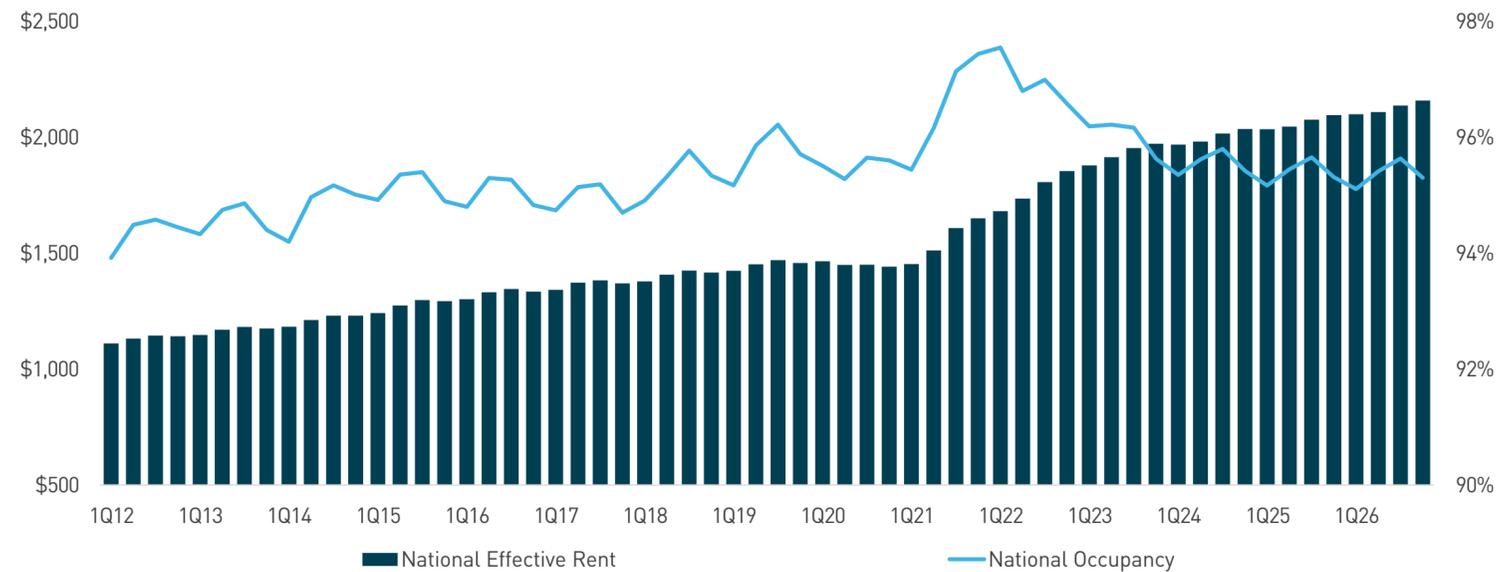
Occupancy

2Q 2022
96.8%
↑ 60 BPS YOY

At the onset, many apartment operators across the country lowered rents to attract and to retain renters. As the economy stabilized and began a bounce back, operators began to again elevate rents. At the same time, concessions became a more popular tool to facilitate new leases. By mid-2021, average concessions reach 6.7% of asking rent. Operators have pulled back in the last year, dropping concessions by 30 basis points. Simultaneously, monthly effective rent advanced 14.8%. At an average of \$1,736 in the second quarter of 2022, rent continued its climb from the trough in the fourth quarter of 2020. The most recent annual rent increase was up from the 4.3% increase during the prior year.

Renters were not deterred by the higher costs to rent as leasing activity outpaced inventory growth. As a result, U.S. apartment occupancy elevated 60 basis points year over year to 96.8% in the second quarter of 2022. The rate reached the highest mid-year rate since the turn of the century. Class C apartment stock led all other product for occupancy, averaging 97.5% in the second quarter of 2022. These communities appeal to more budget conscious renters. Also underlining high occupancy among Class C product was limited changes to inventory levels as additions are often limited to Class B stock aging out.

National Effective Rent & Occupancy



Source: RealPage

Top Market Performance

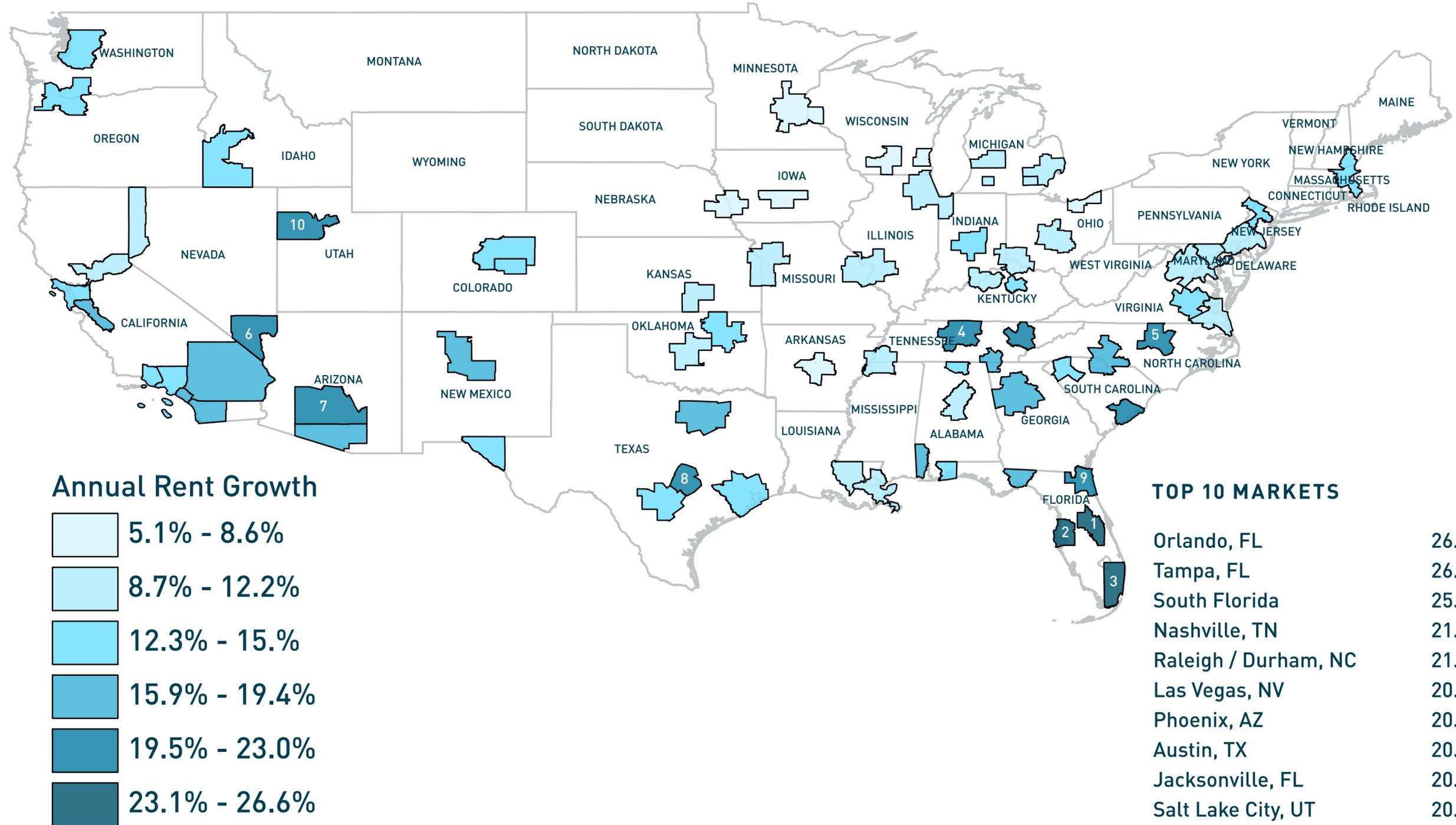
MARKET (BY OCCUPANCY)	2Q22 OCCUPANCY	YOY (BPS)	2Q22 EFFECTIVE RENT	YOY
Madison	98.8%	130	\$1,282	5.3%
Knoxville	98.6%	70	\$1,254	19.8%
San Diego	98.3%	90	\$2,530	19.2%
Northern New Jersey	98.2%	200	\$2,355	12.7%
Orange County, CA	98.2%	60	\$2,618	18.0%
West Michigan	98.2%	20	\$1,183	11.8%
Ann Arbor	97.9%	90	\$1,447	11.6%
Inland Empire	97.9%	-60	\$2,099	16.5%
Cincinnati	97.8%	140	\$1,198	11.4%
Philadelphia	97.6%	110	\$1,717	11.8%

MARKET (BY RENT GROWTH)	2Q22 OCCUPANCY	YOY (BPS)	2Q22 EFFECTIVE RENT	YOY
Orlando	97.1%	100	\$1,740	26.6%
Tampa-St. Petersburg	96.7%	-20	\$1,786	26.1%
South Florida	97.1%	60	\$2,347	25.2%
Nashville	96.5%	110	\$1,637	21.8%
Raleigh-Durham	95.6%	0	\$1,537	21.5%
Las Vegas	95.9%	-60	\$1,527	20.8%
Phoenix	95.8%	-100	\$1,662	20.7%
Austin	96.1%	120	\$1,734	20.5%
Jacksonville	95.9%	-30	\$1,502	20.5%
Salt Lake City	96.9%	0	\$1,630	20.2%



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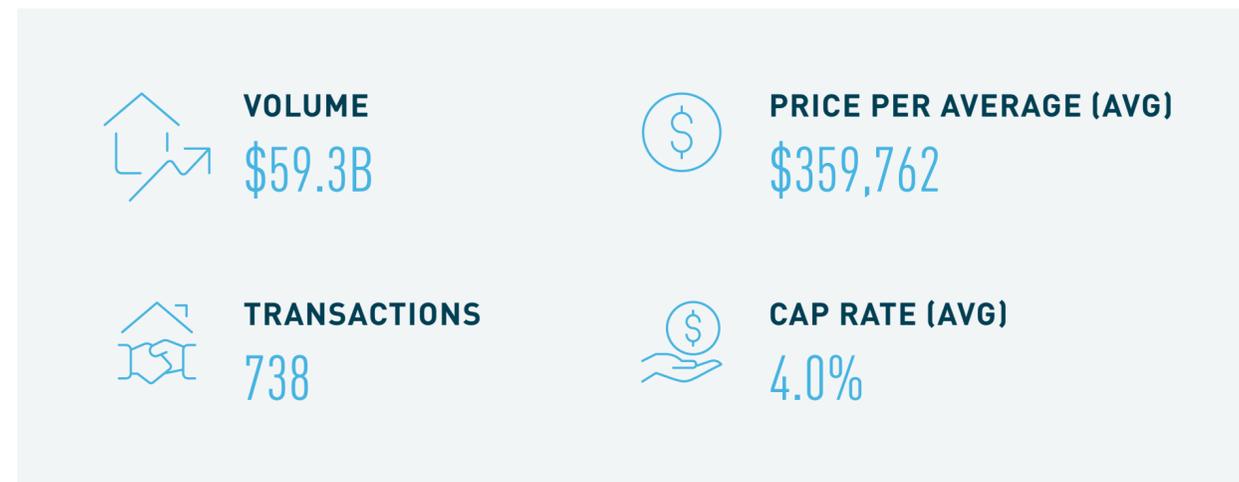
MARKET ANNUAL RENT CHANGE



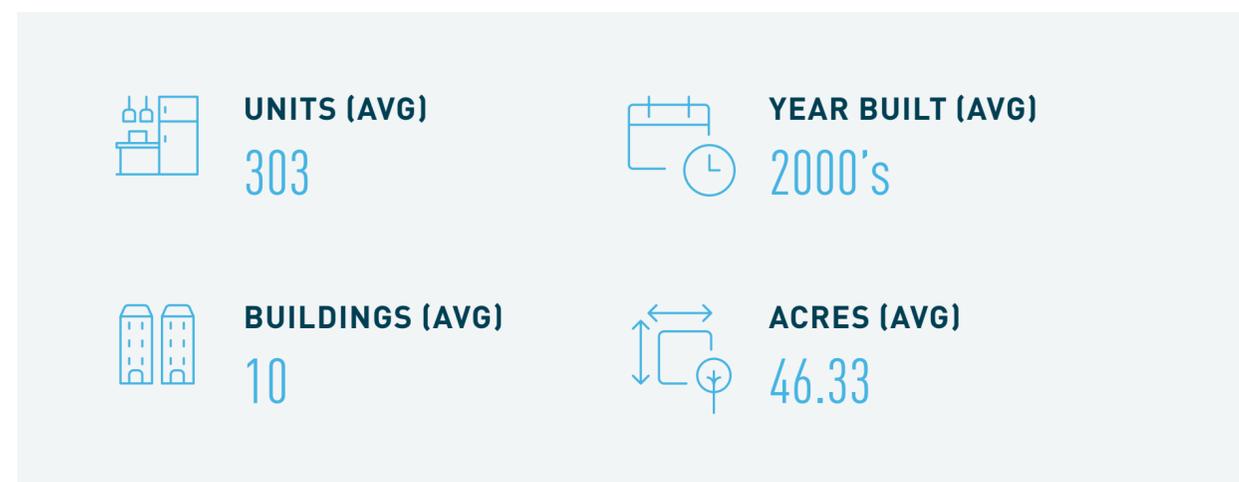


NATIONAL SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
BREIT	New York, NY
Blackstone	New York, NY
SREIT	Miami Beach, FL
Cortland	Atlanta, GA
Greystar	Charleston, SC

Top Sellers**

SELLER	LOCATION
Greystar	Charleston, SC
AIG	New York, NY
Brookfield AM	Toronto, Ontario, CAN
Alliance Residential	Phoenix, AZ
Crow Holdings	Dallas, TX

**Past 24 Months

BERKADIA[®]

Sources: RealPage; Moody's Analytics; Real Capital Analytics

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