

BERKADIA[®]

NATIONAL MULTIFAMILY REPORT

2024 | MID-YEAR



Jobs Added / Lost*

LAST 12 MONTHS

2,611,000

↑ 1.7%

Unemployment*

JUNE 2024

4.1%

↑ 50 BPS YOY

*Seasonally Adjusted

NATIONAL EMPLOYMENT

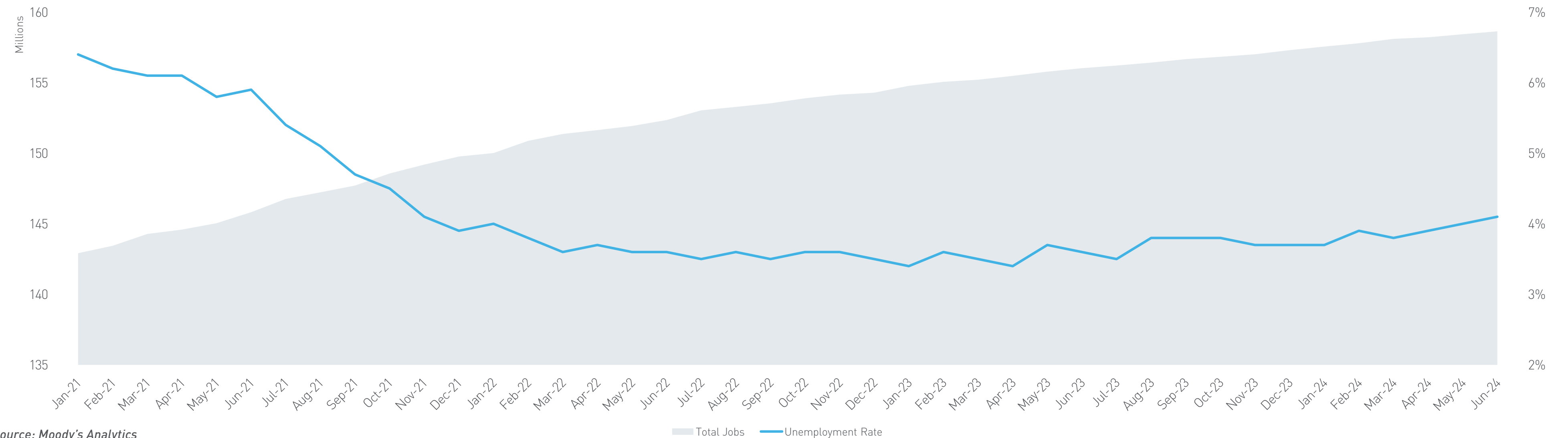
The U.S. economy continued to thrive as jobs creation accelerated in the first half of 2024. On average, 222,300 additional positions were added monthly to total nonfarm payrolls at a seasonally adjusted rate during the first half of 2024. Hiring was up from the 212,800 average jobs added monthly in the second half of last year. Contributing to the uptick in hiring were the 517,000 private education and healthcare positions created so far this year. This comes as many recent investments by healthcare systems came into fruition. In April, the \$935 million Valleywise Health Medical Center opened in Phoenix. The next month Mayo Clinic Health System completed the \$155 million Mankato hospital expansion and modernization.

Additional employment opportunities in the sector are expected in the second half of this year as the \$90 million Norton West Louisville Hospital is scheduled to open and next year with the new \$500 million tower at Carilion Roanoke Memorial Hospital and the \$186 million expansion of Mercy Hospital Fort Smith in Arkansas. Investments in healthcare also extended to the government sector, which expanded 1.2%, or by 288,000 net jobs, year to date. The \$357 million San Antonio State Hospital opened in April, while the \$148 million expansion of the Penn State Health Children's Hospital completed in May. At the federal level, the IRS hired thousands through funding from the Inflation Reduction Act and plans to continue to grow its workforce through 2029.

In the News

- 🔗 [Progressive Insurance to fill more than 10,000 roles in 2024](#)
- 🔗 [5,000 jobs expected at Toyota's North Carolina EV battery plant](#)
- 🔗 [Ohio EV battery plant hits construction milestone, 2,200 jobs expected](#)

Employment Trends



Source: Moody's Analytics



NATIONAL DELIVERIES & ABSORPTION

2024 YEAR TO DATE

DELIVERIES
283,653 UNITS

ABSORPTION
257,069 UNITS

2024 TOTAL*

DELIVERIES
629,153 UNITS

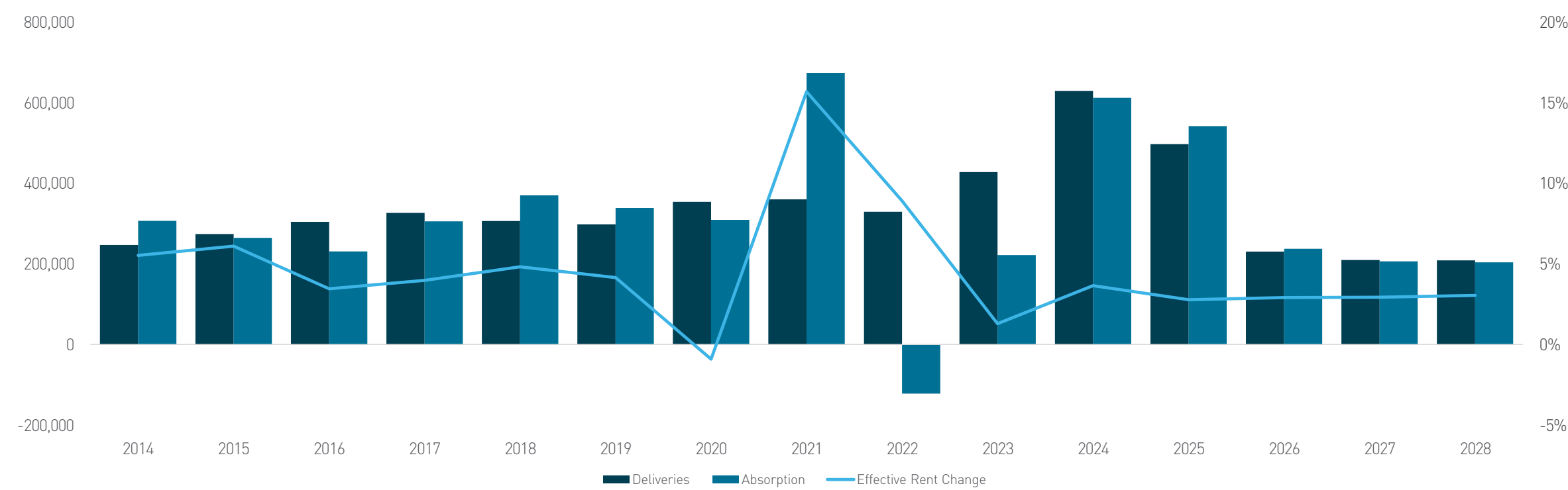
ABSORPTION
612,115 UNITS

*Projected

Developers continued to invest in the apartment sector as nearly 283,700 market-rate units began lease-up in the first half of 2024. The six-month output already surpassed the annual average in the decade before the pandemic. The latest additions were concentrated in the Sun Belt region of the country. Within the region, Texas led all states for deliveries year to date with nearly 52,000 combined units coming online in the Dallas-Fort Worth, the Austin, and the Houston markets. As a result, these markets have some of the highest total of units in lease-up by mid-2024. At the same time, approximately 146,400 combined units were classified as under construction or under construction/lease-up phase for these three key Texas markets. Underpinning developers' confidence in

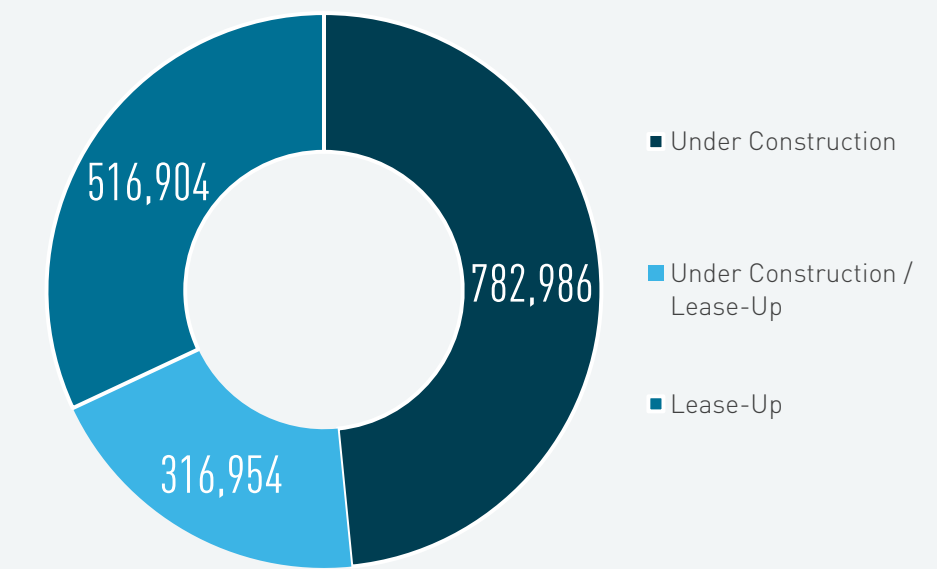
these areas have been positive demographic trends with local population growth more than double the national rate. More residents have contributed to sustained apartment demand, with leasing activity among the highest in these Texas markets. Even so, local net absorption year to date has trailed new inventory. The national totals reflected this trend, with approximately 257,100 net units absorbed across the U.S. in the first half of 2024. The six-month total already surpassed the 222,000 net units absorbed in all last year. This is a good sign for apartment operators as new leases are historically robust in the third quarter and forecast to remain positive over the second half of 2024.

Deliveries, Absorption, & Effective Rent Change

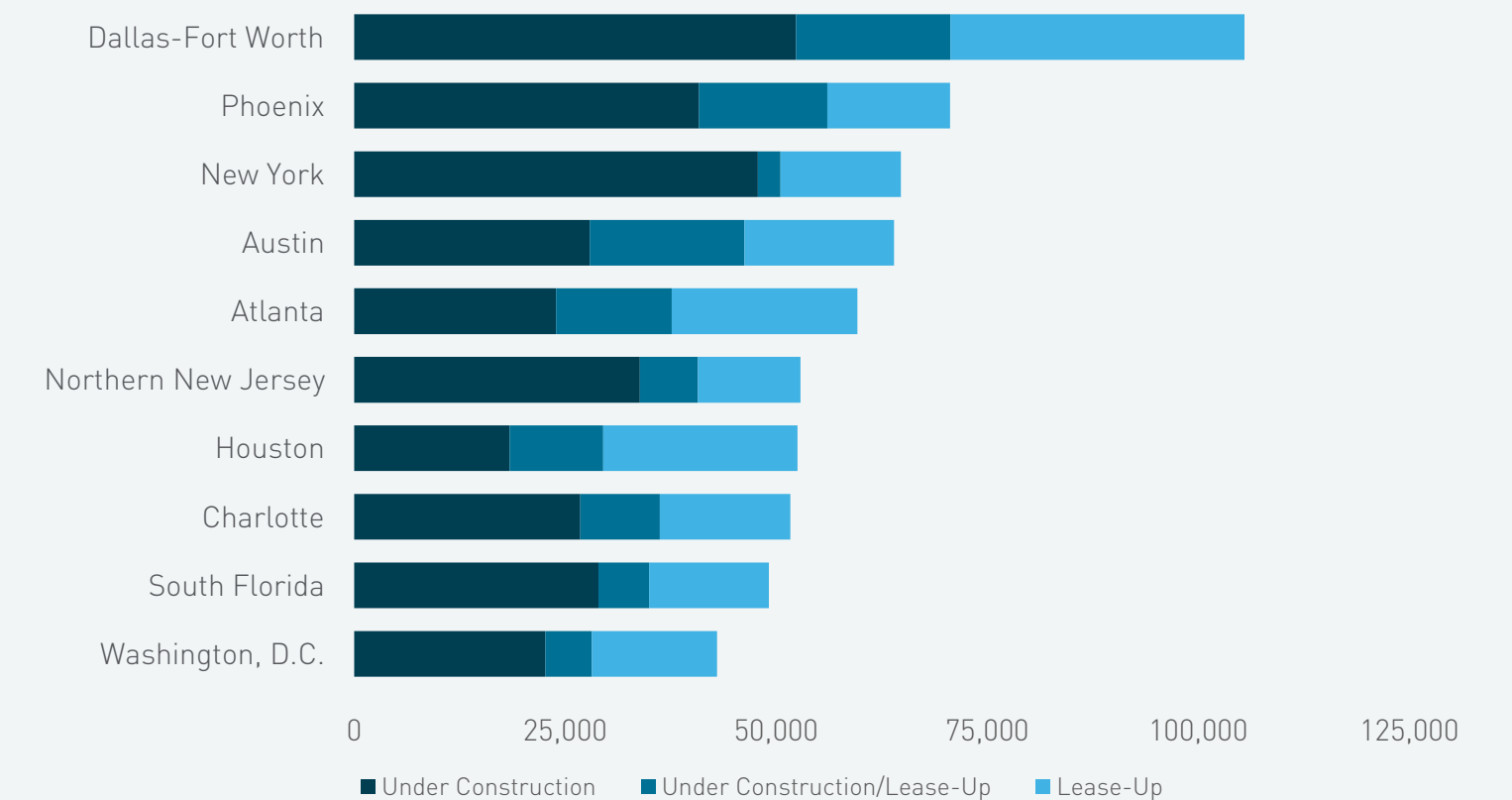


Source: RealPage

National Pipeline



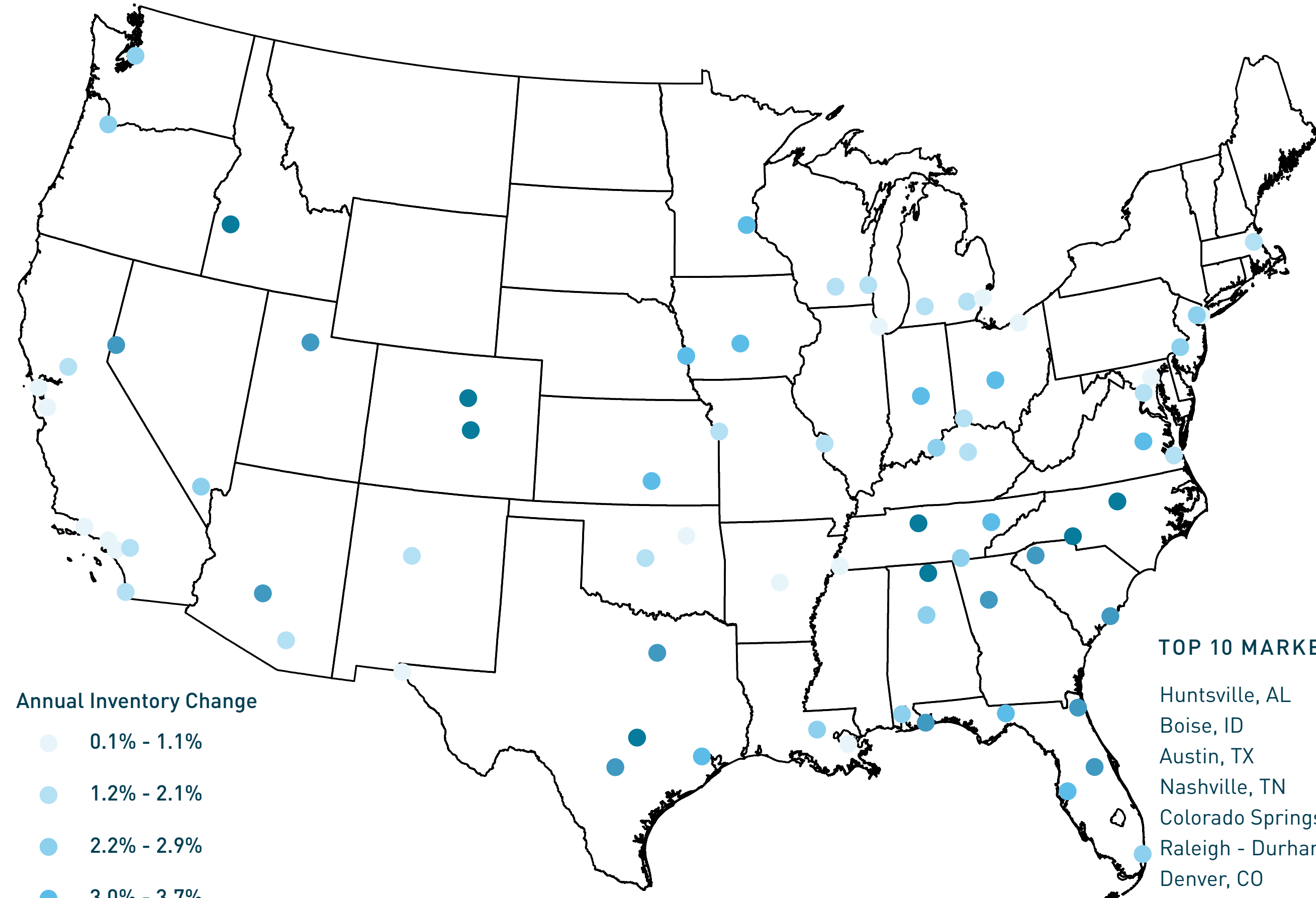
Top Market Pipelines





NATIONAL

MID-YEAR 2024 ANNUAL INVENTORY CHANGE



Annual Inventory Change

- 0.1% - 1.1%
- 1.2% - 2.1%
- 2.2% - 2.9%
- 3.0% - 3.7%
- 3.8% - 6.5%
- 6.6% - 15.7%

TOP 10 MARKETS

Huntsville, AL	15.7%
Boise, ID	10.0%
Austin, TX	7.8%
Nashville, TN	7.4%
Colorado Springs, CO	7.0%
Raleigh - Durham, NC	7.0%
Denver, CO	6.6%
Charlotte, NC	6.5%
Jacksonville, FL	6.4%
Salt Lake City, UT	6.4%

Source: RealPage



NATIONAL RENT & OCCUPANCY

Effective Rent

Q2 2024
\$1,828
 ⬆️ 0.9% YOY

Occupancy

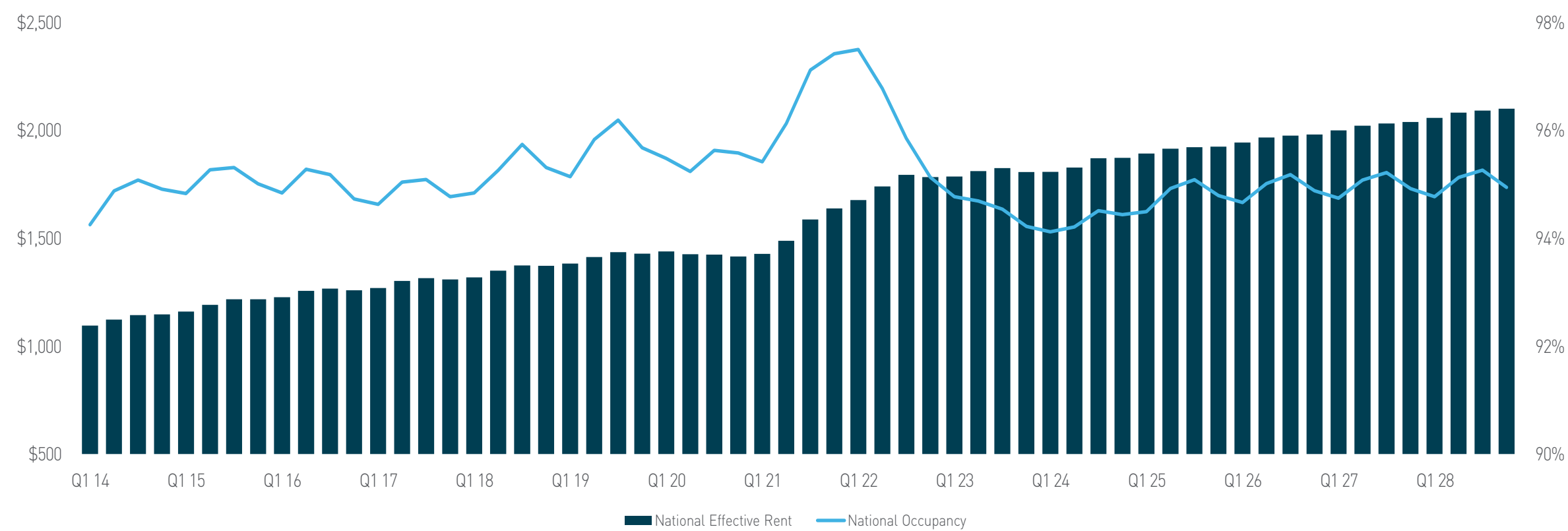
Q2 2024
94.2%
 ⬇️ 50 BPS YOY

Pent-up housing demand and limited single-family inventory for sale benefitted the U.S. apartment market to start 2024. Leasing activity nearly kept pace with the inflow of apartment inventory as occupancy averaged 94.2% in the second quarter of 2024, the same rate at the close of 2023.

Also boosting occupancy has been lease renewals. In the second quarter of 2024, 54.3% of renters renewed their leases. This figure was up from the average of 51.7% during the decade leading up to the pandemic. These renters have presented an opportunity for apartment operators. On average, leases renewals increased on average 4.1% in the second quarter of 2024. These leases

performed better than new leases, which increased 0.9% year over year. Moderating new leases has been rising concessions utilized by more communities. In the second quarter of 2024, approximately one out of every five units offered some level of concessions. As a result, concessions averaged 5.0% of asking rent on new leases at stabilized properties, up from the 4.6% average in the fourth quarter of 2023. The use of concessions is expected to remain prevalent in the near term as operators face increased competition with 345,500 units scheduled to come online in the second half of this year. This tool will contribute to robust leasing as net absorption is forecast to surpass deliveries over the next two quarters.

National Effective Rent & Occupancy



Source: RealPage Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Top Market Performance

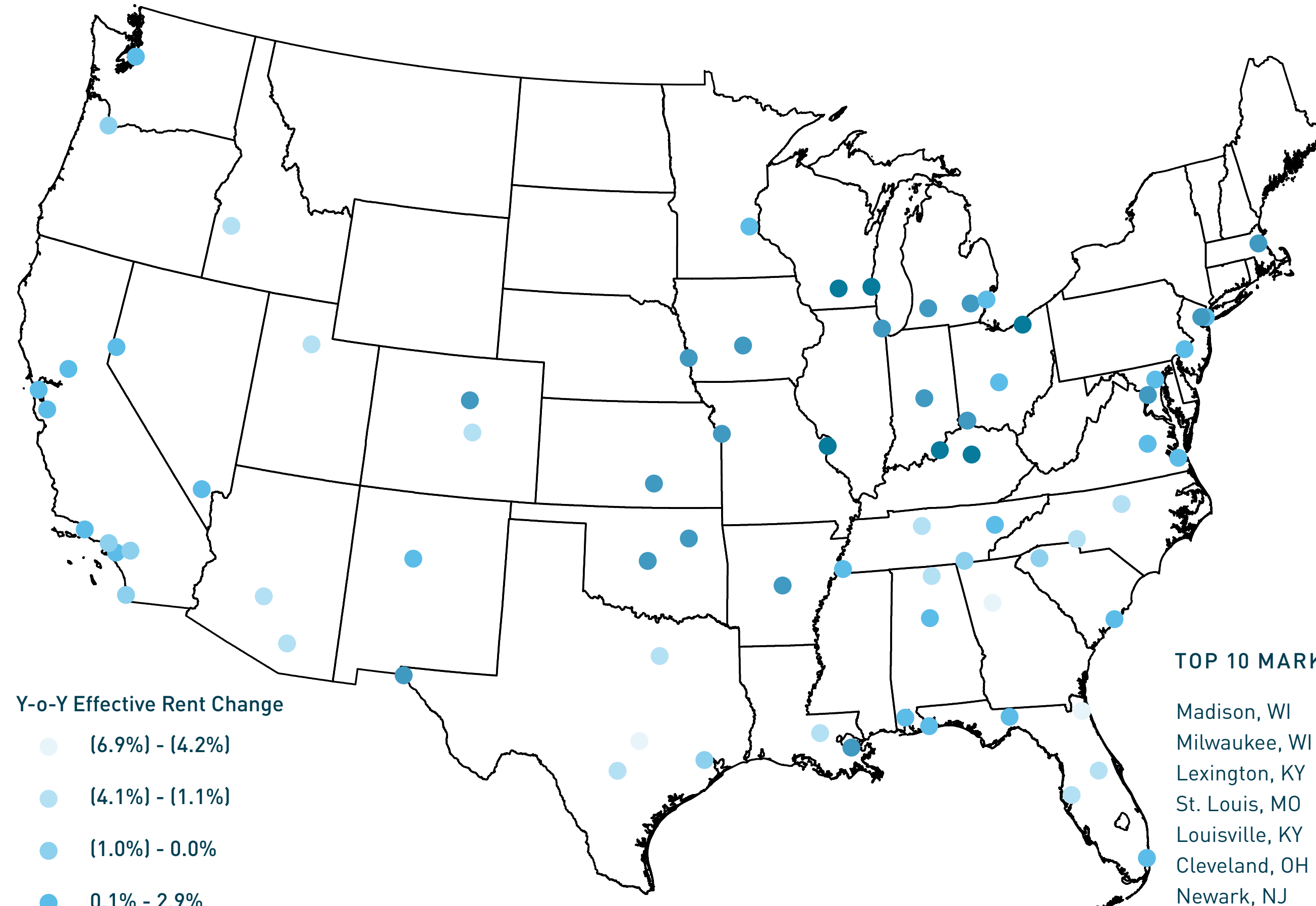
MARKET (BY OCCUPANCY)	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
New York	97.0%	-30	\$4,465	0.2%
Madison	97.0%	-110	\$1,552	8.5%
Northern New Jersey	96.2%	-70	\$2,715	4.9%
Orange County, CA	96.1%	-10	\$2,802	2.3%
Milwaukee	96.1%	-80	\$1,590	5.9%
West Michigan	95.8%	-60	\$1,285	4.5%
Knoxville	95.8%	-50	\$1,482	2.9%
Ventura County	95.8%	-40	\$2,725	1.4%
San Jose	95.7%	-10	\$3,124	0.8%
Omaha	95.5%	-120	\$1,216	4.1%

MARKET (BY RENT GROWTH)	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Madison	97.0%	-110	\$1,552	8.5%
Milwaukee	96.1%	-80	\$1,590	5.9%
St. Louis	93.6%	-120	\$1,318	5.5%
Louisville	94.6%	10	\$1,255	5.5%
Cleveland	94.6%	-80	\$1,289	5.1%
Northern New Jersey	96.2%	-70	\$2,715	4.9%
Cincinnati	95.1%	-60	\$1,403	4.7%
West Michigan	95.8%	-60	\$1,285	4.5%
Chicago	95.2%	-20	\$2,023	4.4%
Washington, D.C.	94.9%	0	\$2,173	4.4%



NATIONAL

MID-YEAR 2024 ANNUAL EFFECTIVE RENT CHANGE



Y-o-Y Effective Rent Change

- (6.9%) - (4.2%)
- (4.1%) - (1.1%)
- (1.0%) - 0.0%
- 0.1% - 2.9%
- 3.0% - 4.9%
- 5.0% - 8.5%

TOP 10 MARKETS

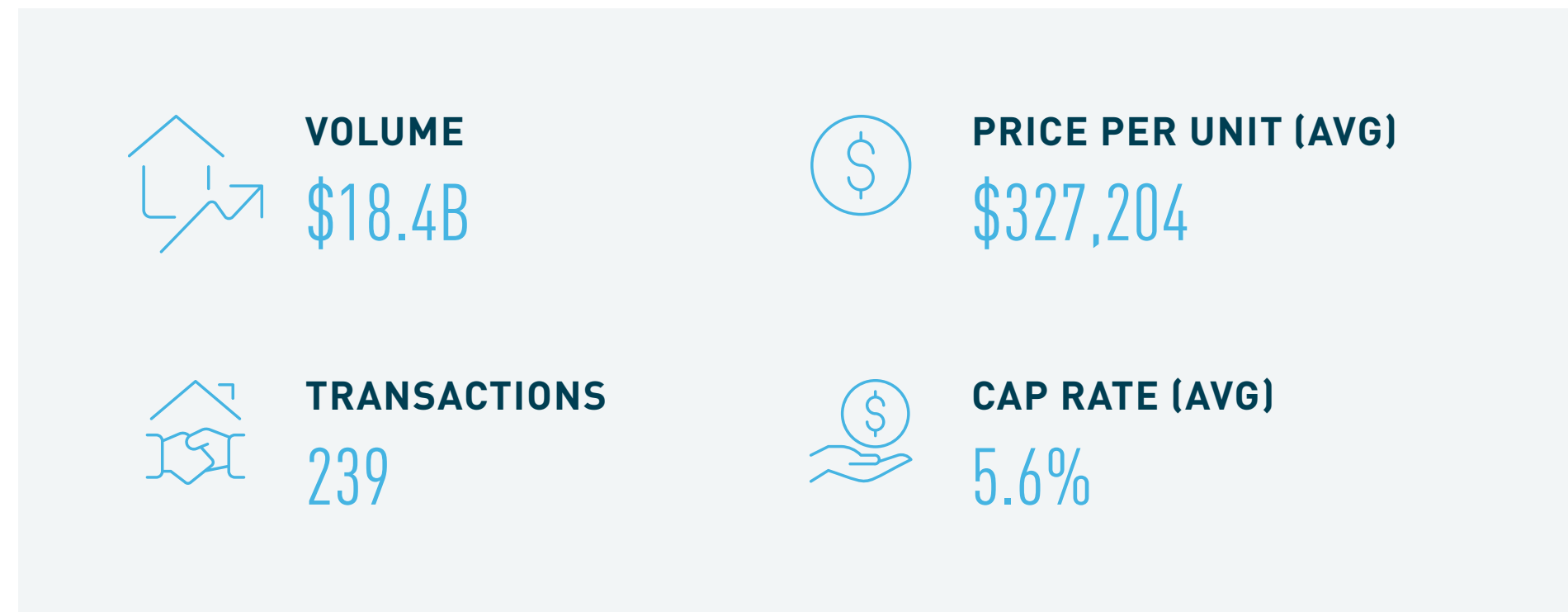
Madison, WI	8.5%
Milwaukee, WI	5.9%
Lexington, KY	5.6%
St. Louis, MO	5.5%
Louisville, KY	5.5%
Cleveland, OH	5.1%
Newark, NJ	4.9%
Cincinnati, OH	4.7%
Western Michigan	4.5%
Chicago, IL	4.4%

Source: RealPage

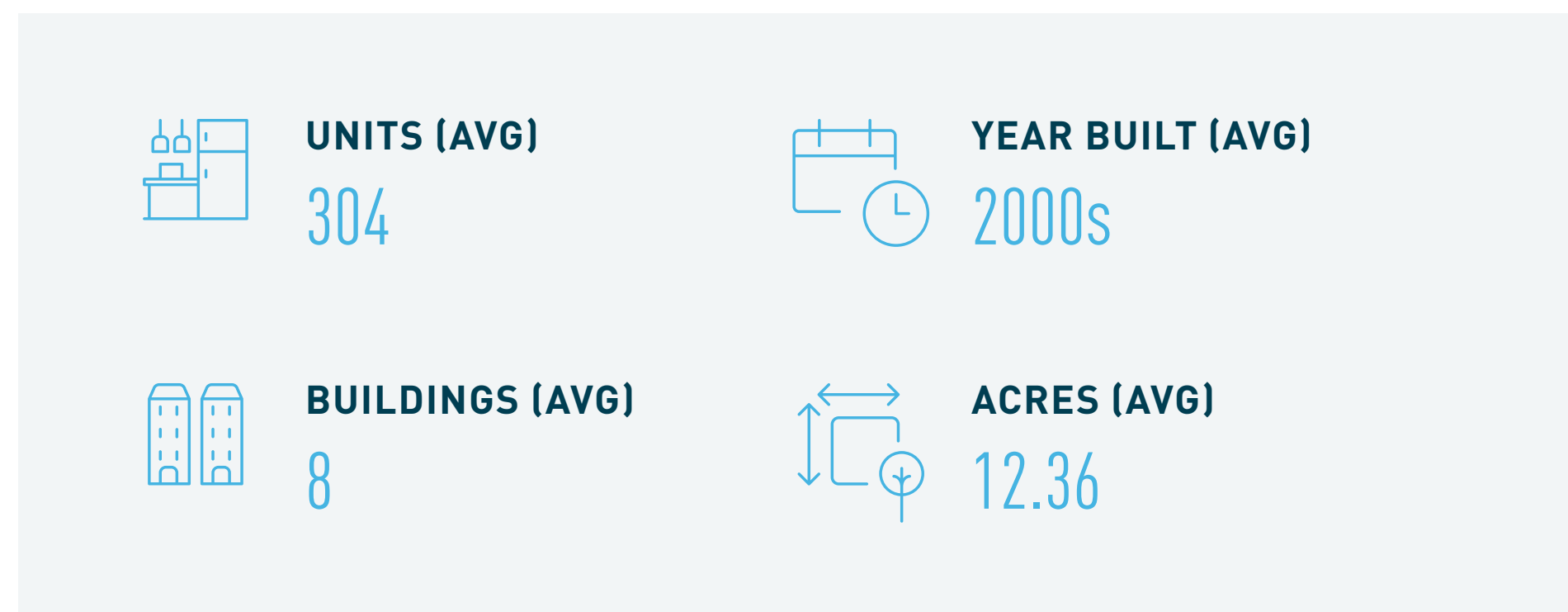


NATIONAL SALES

2024 Year to Date*



What's Trading?*



Source: MSCI Real Capital Analytics
*\$50m+

Top Buyers*

BUYER	LOCATION
KKR	New York, NY
Brookfield AM	Toronto, ONT
FPA Multifamily	San Francisco, CA
Pantzer Properties	New York, NY
Bridge Investment Group	Sandy, UT

Top Sellers*

SELLER	LOCATION
Lennar Corp.	Miami, FL
CIM Group	Los Angeles, CA
J.P. Morgan	New York, NY
Starwood Capital	Miami Beach, FL
Heitman	Chicago, IL

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

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