



NATIONAL REPORT AFFORDABLE HOUSING

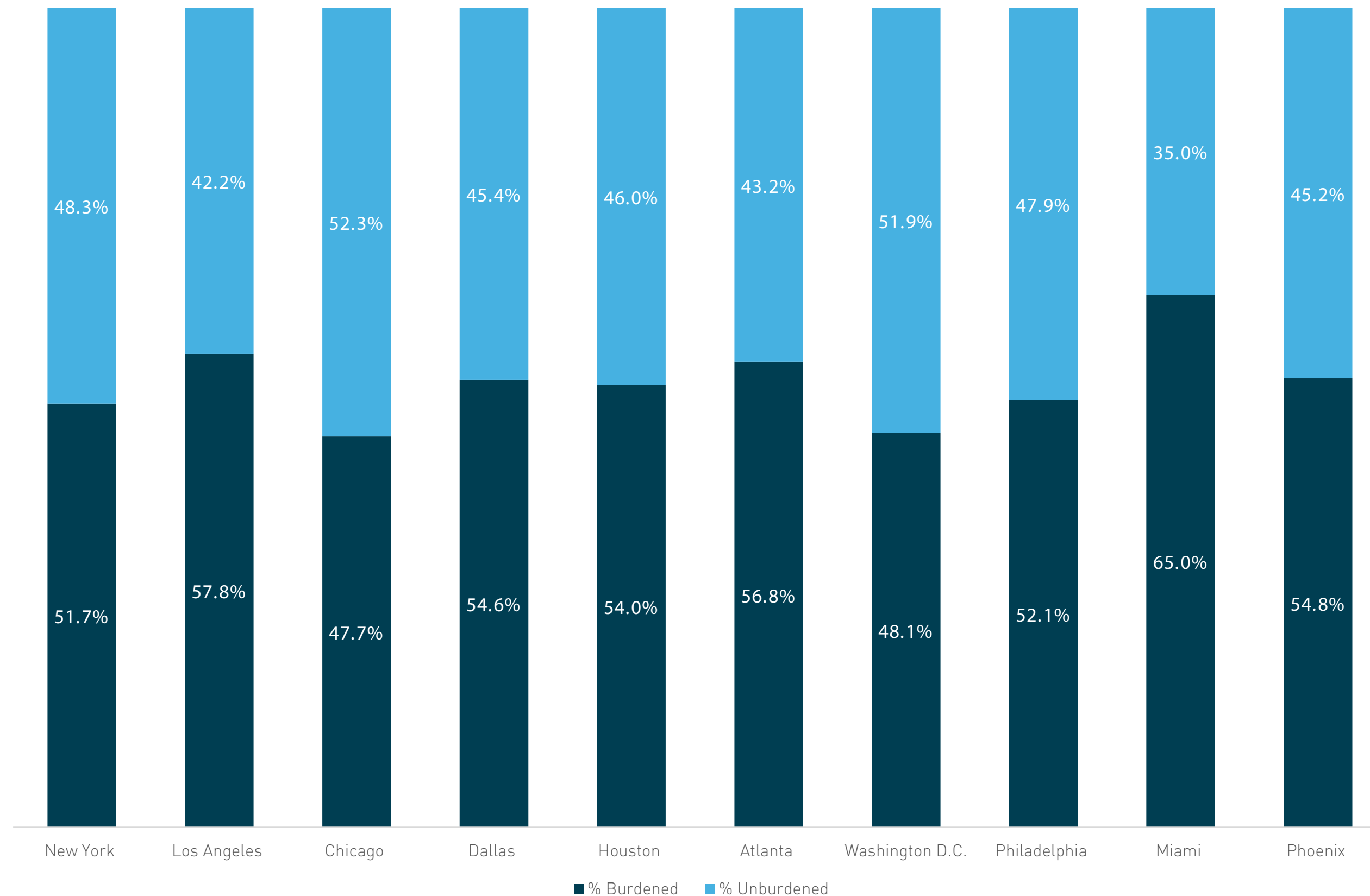
2024 | Q3



NATIONAL

HOUSING AFFORDABILITY IN THE U.S.

Metro Rental Burden by Renter Household



Source: U.S. Census Bureau

Disclaimer: Cost-burdened U.S. renters (spent >30% of income on housing)

22.4M

Cost-Burdened U.S. Renters

Spend >30% of income on housing as of 2022

12.1M

Severely Cost-Burdened U.S. Renters

Spend >50% of income on housing as of 2022

342,809

Multifamily Units

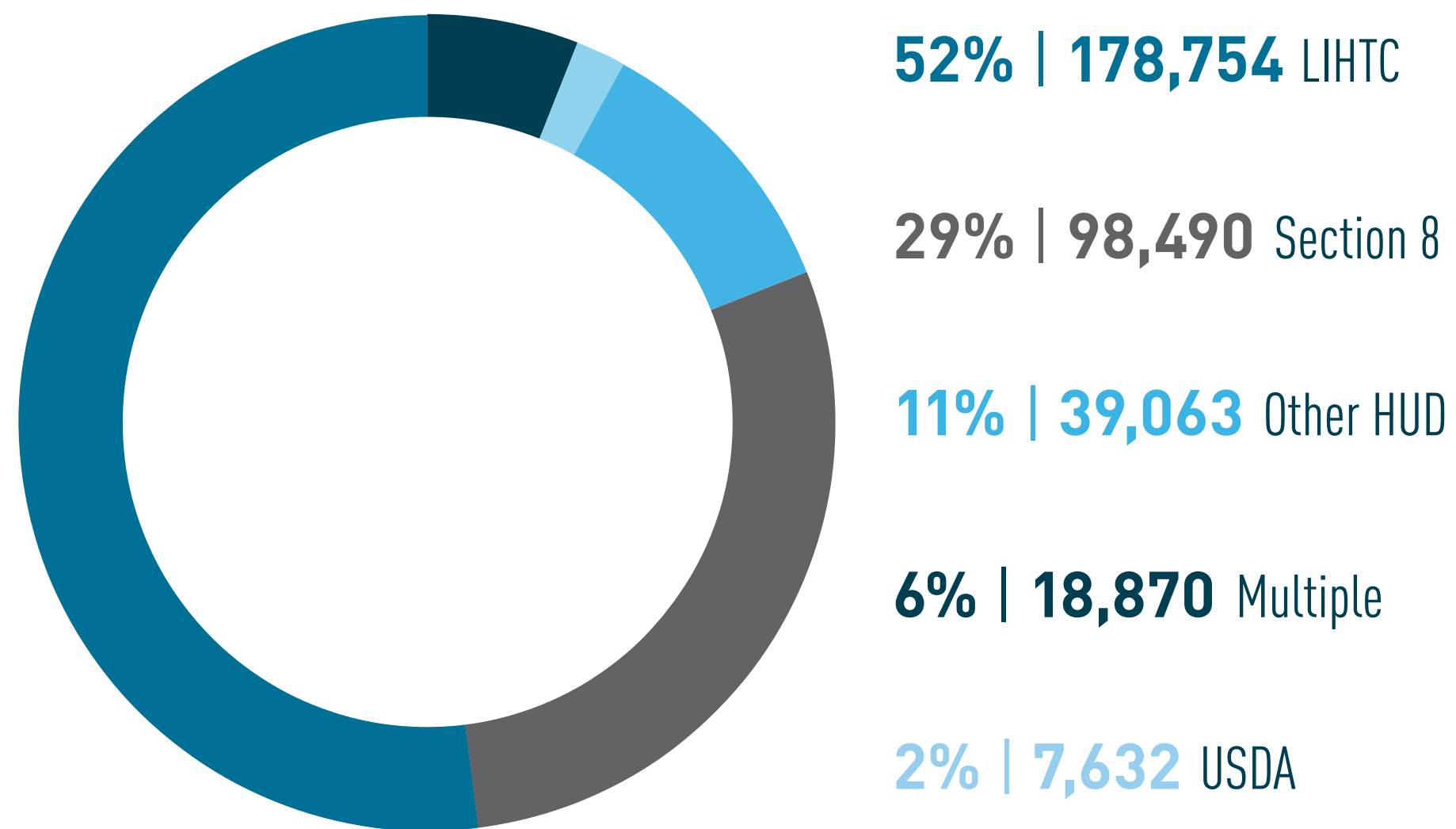
Affordability restrictions expiring over the next 5 years



NATIONAL

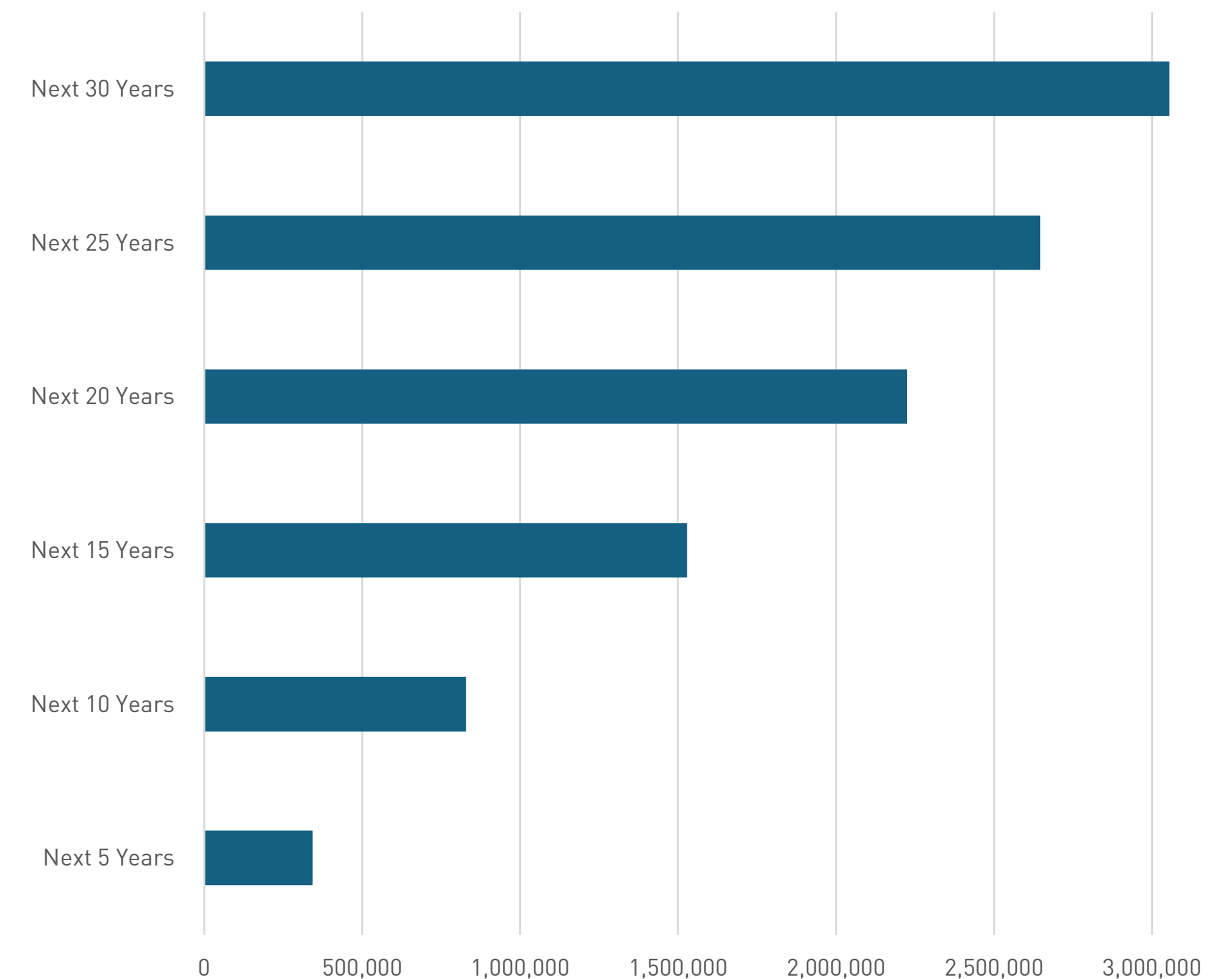
AFFORDABILITY RESTRICTION PROJECTED TO EXPIRE FOR THOUSANDS OF HOMES

Expected Affordable Housing Expirations over the Next Five Years By Program



Source: NHPD

Affordable Units at Risk of Loss





NATIONAL EMPLOYMENT

Jobs Added / Lost*

LAST 12 MONTHS

2,438,000

↑ 1.6%

Unemployment*

SEPTEMBER 2024

4.1%

↑ 30 BPS YOY

*Seasonally Adjusted

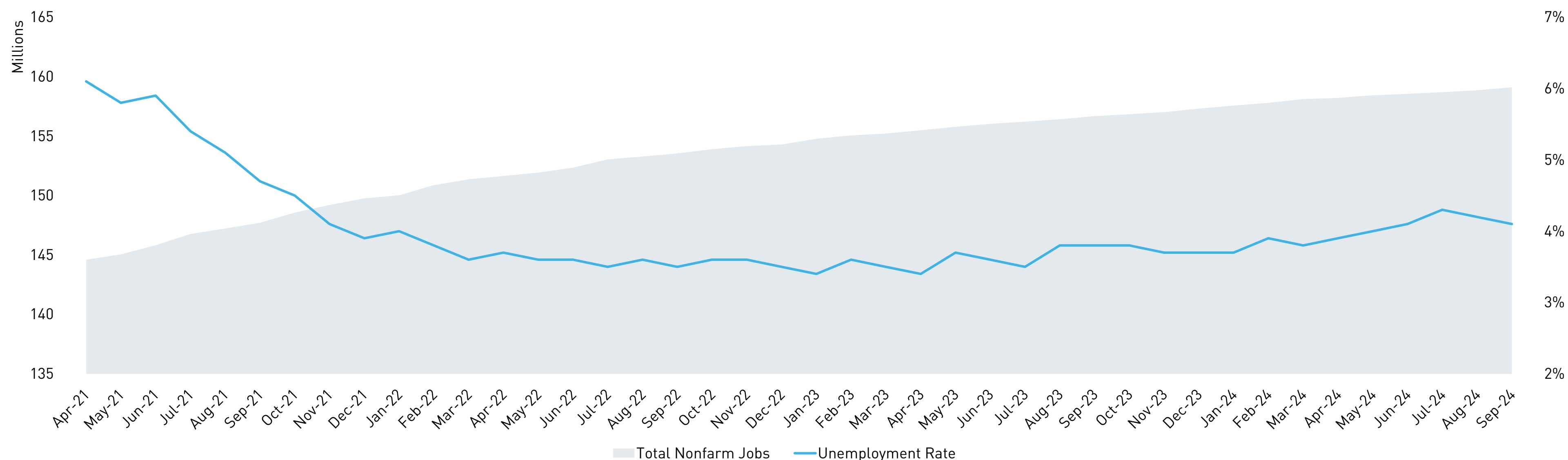
The U.S. economy saw an uptick in jobs creation in the nine months of 2024. On average, 193,125 additional positions were added monthly to total nonfarm payrolls at a seasonally adjusted rate through September. Contributing to the uptick in hiring were the 613,000 private education and healthcare positions 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 285,000 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



2024 YEAR TO DATE

DELIVERIES

26,531 UNITS

ABSORPTION

23,066 UNITS

NATIONAL

DELIVERIES & ABSORPTION

Over the past several years, a combination of low supply and strong demand has significantly elevated single-family home prices as well as market rental rates. This has spurred the demand for more affordable housing. Approximately 26,531 affordable housing units have been delivered nationally year to date as of the third quarter 2024. Nearly 23,066 units have been leased over the same period. Absorption levels nationally through the first three quarters of 2024 have already well exceeded the annual total for 2023, reflecting the robust demand for affordable housing product.

The markets that have experienced heightened levels of affordable housing leasing fall along the Sun Belt region. These include Florida, Texas, Georgia, Arizona, and North Carolina, which have seen outsized population and job growth, particularly since the COVID-19 pandemic.

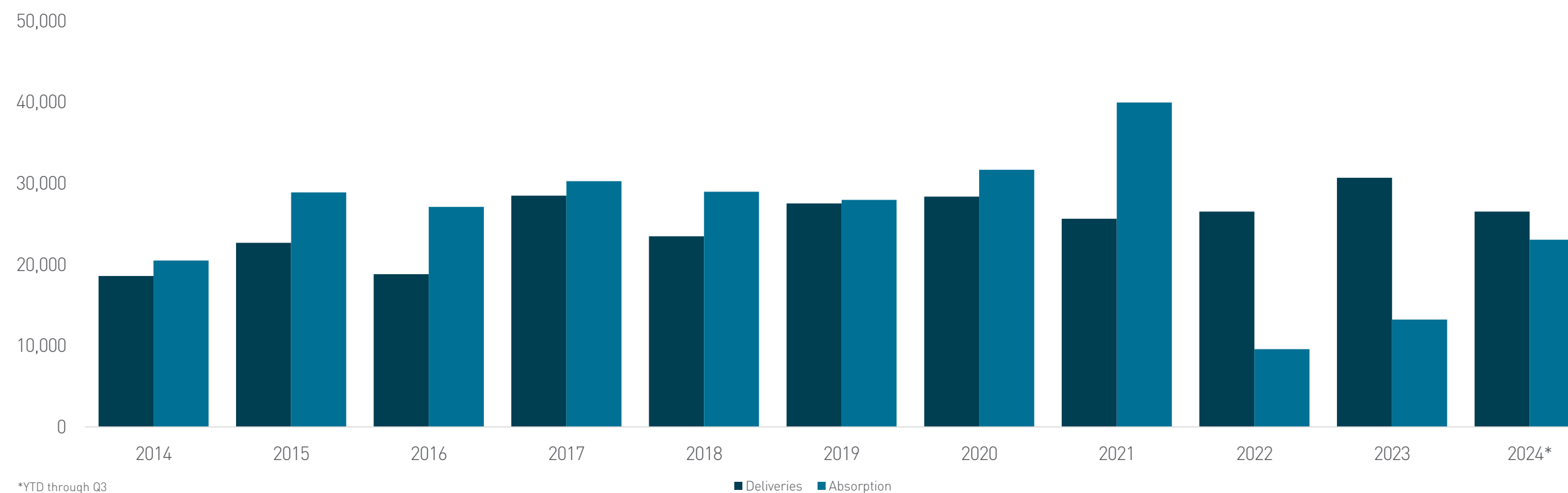
However, restrictions on development such as zoning and permitting laws as well as financing obstacles have limited the construction of new affordable housing stock to meet the growing demand. As a result, many states have taken legislative action. For example, Florida enacted the Live Local Act in March 2023, which expedites permit approvals and development orders for affordable housing projects as well as offers tax incentives for low-income housing developments.

California, which is also experiencing a deficit of affordable housing, enacted the California Comeback Plan in 2021, which included funding to expedite the construction of affordable multifamily units in projects that were slowed by constraints on the supply of tax-exempt bonds and low-income housing tax credits. More recent legislation has helped shield affordable housing projects from environmental reviews, along with reforms to permitting, approval processes and conversions.

These measures have helped spur the development of low-income housing, with California and Florida leading the Sun Belt region with roughly 8,431 units and 4,459 affordable units under construction, respectively. Notably, major metros such as Los Angeles have nearly 3,585 affordable units under construction while Miami has 1,864 units that have broken ground. Several other states, including Texas and North Carolina, are following suit with actions to increase supply.

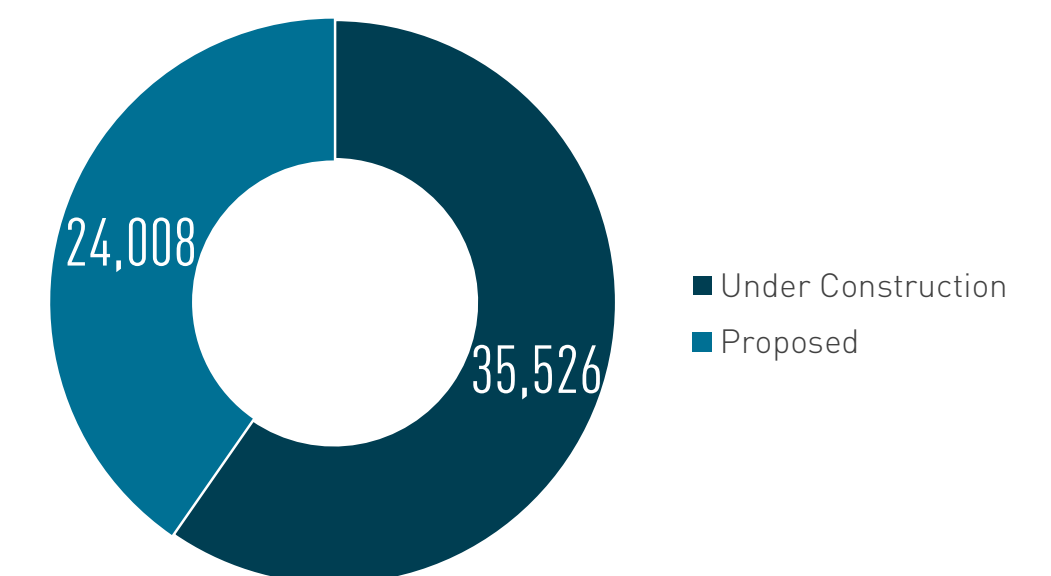
Even with the potential for more affordable housing units, a shortage of single-family housing supply and heightened market rental rates will continue to support demand for affordable housing. Additionally, more than 300,000 units could lose affordability status by 2030, which should incentivize developers to fill the potential gap of affordable inventory.

Affordable Housing Deliveries & Absorption



Source: CoStar Group, US Census

National Pipeline





NATIONAL

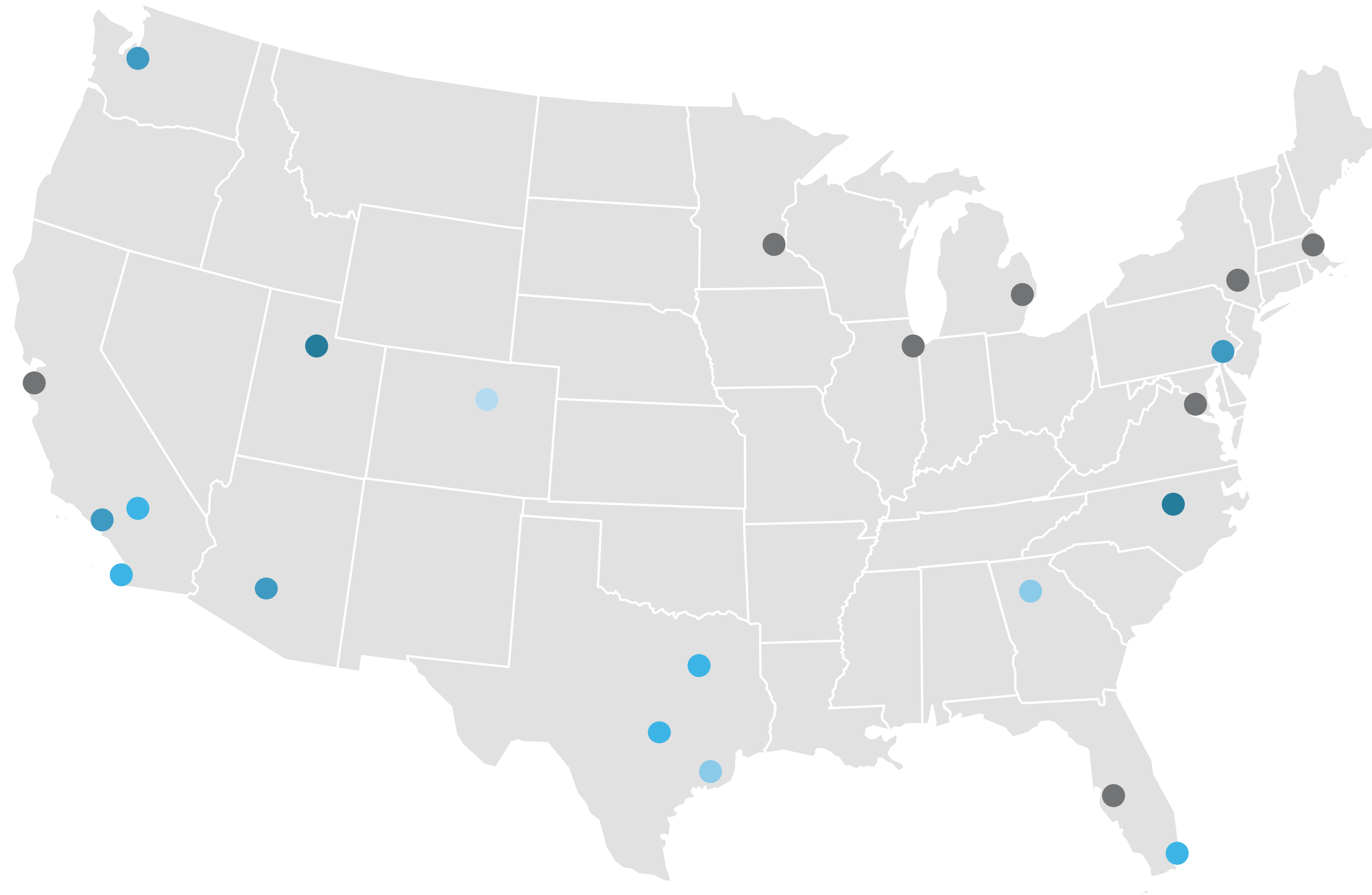
Q3 2024 ANNUAL INVENTORY CHANGE

National Inventory

Q3 2024

2,622,468 UNITS

↑ 1.4% YOY



Notable Markets

Houston	0.0%
Philadelphia	0.1%
San Francisco	0.2%
Tampa	0.6%
Detroit	0.9%
Boston	1.0%
Inland Empire	1.1%
Chicago	1.1%
Phoenix, AZ	1.3%
Denver, CO	1.3%
Minneapolis	1.5%
New York	1.5%
Washington D.C	1.8%
Dallas	2.3%
San Diego	2.6%
Los Angeles	3.1%
Seattle	3.2%
Atlanta	3.3%
Miami	3.8%

YOY Fair Market Rent Change

- (3.0%) - (1.1%)
- (1.0%) - 0.0%
- 0.1% - 2.9%
- 3.0% - 4.9%
- 5.0% - 9.0%

Source: CoStar Group



Occupancy

Q3 2024

95.7%

↓ 20 BPS YOY

NATIONAL

RENT & OCCUPANCY

Notable Market Performance

MARKET	OCCUPANCY (Q3 24)	YOY (BPS)	FAIR MARKET RENT (FY 25)	YOY
Inland Empire-Riverside	97.9%	20	\$2,306	14.7%
Washington D.C.	94.5%	-30	\$2,314	13.2%
Houston	91.4%	-80	\$1,529	12.7%
Dallas	91.2%	-200	\$1,884	7.2%
Tampa	97.1%	-10	\$1,978	6.9%
Detroit	93.8%	-30	\$1,378	6.7%
Phoenix	94.9%	-60	\$1,950	3.9%
Minneapolis	96.0%	40	\$1,685	3.9%
Philadelphia	97.1%	-20	\$1,802	3.7%
Los Angeles	97.3%	-10	\$2,625	3.2%
Chicago	97.1%	20	\$1,761	2.7%
San Diego	98.2%	-40	\$2,881	1.7%
Seattle	93.0%	-100	\$2,671	1.0%
Miami	98.7%	-30	\$2,329	0.2%
Atlanta	89.8%	-170	\$1,830	-0.8%
San Francisco	98.2%	90	\$3,318	-1.2%
Denver	95.1%	-40	\$2,140	-2.8%
Boston	98.7%	20	\$2,711	-4.1%
New York	99.0%	10	\$2,580	-6.3%

Source: HUD, CoStar Group
Units are Rent Subsidized and Rent Restricted



NATIONAL SALES

2024 Year to Date*



VOLUME
\$3.3B



PRICE PER UNIT (AVG)
\$117,253



TRANSACTIONS
446

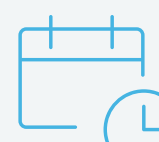


CAP RATE (AVG)
6.3%

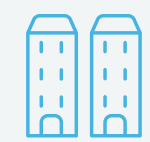
What's Trading?*



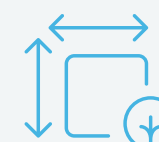
UNITS (AVG)
88



YEAR BUILT (AVG)
1970s



SQUARE FEET (AVG)
84,671



ACRES (AVG)
6.10

*Through October Units are Rent Restricted and Rent Subsidized.
Source: CoStar Group





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

© 2024 Berkadia Real Estate Advisors LLC

Berkadia® is a trademark of Berkadia Proprietary Holding LLC

Commercial mortgage loan origination and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This website is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales and real estate brokerage businesses are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. For state licensing details for the above entities, visit: www.berkadia.com/legal/licensing.aspx

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property. You and your advisors should conduct a careful and independent investigation of the property to determine to your satisfaction the suitability of the property and the quality of its tenancy for your records.