



MULTI-FAMILY MARKET REPORT

SAN DIEGO, CA | Q4 OF 2023

MULTI-FAMILY MARKET REPORT

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12 Mo. Delivered Units

3,982

12 Mo. Absorption Units

1,803

Vacancy Rate

4.6%

12 Mo. Asking Rent Growth

1.2%

San Diego has seen mixed results in the apartment market in the past year. Demand has recovered among 4 & 5 Star properties, driven in large part by absorption in new communities that have opened in recent quarters. Absorption in 2023 was on par with what was typical between 2015 and 2019. Chula Vista, the Balboa Park neighborhoods and the South I-15 Corridor, where new supply has been concentrated in recent quarters, have all outpaced their historical norms for demand.

Construction is still most heavily concentrated in these submarkets, which should lead to continued demand among high-income households. Demand outpaced supply through the first three quarters of 2023. Few areas are anticipated to face significant, lasting supply-side pressure given that there are around 7,400 units under construction across the region, a figure that has remained consistent for several years now.

San Diego has also been consistently undersupplied, and state and local authorities have attempted to fill the void by passing pro-growth legislation that has typically encountered local resistance to increasing density. Reinvigorating retail sites with housing could be a less resistant path to increasing housing. Numerous mall sites, including several Westfield shopping centers in Mission Valley and UTC, have applied for zoning allowances to accommodate housing or have already cleared the permitting path and will likely move forward with development in the coming years.

Demand for 1 & 2 and 3 Star properties still has not fully recovered. It remains roughly half of what it was between 2015 and 2019, and many of these renter households remain economically distressed. The drop in demand has

been felt most notably in some of San Diego's traditionally affordable areas such as the North I-15 Corridor and East County, which have also received less new supply.

Across the San Diego region, rent growth fell during the third quarter, something that has not happened in the past 10 years, and annual rent growth finished 23Q3 below the historical average. Performance has been weighed down by San Diego's most expensive coastal areas from UTC to North Shore Cities where rents have fallen in the past 12 months. While San Diego paced major West Coast markets in annual rent growth through most of 2023, that outperformance had dissipated by the end of the year.

Area property managers have commented that they have not been able to raise rents as much on available units as they had in the past, and instead have seen better increases on renewals. That has followed peak rent growth of 13.4% in early 2022 as the region's performance has normalized. Landlords have ascribed that to stronger competition for renter households who now have more leverage than they have had in recent quarters.

The explosive growth in interest rates since 2022 has "wreaked havoc" on the investment market, according to more than one participant. Investors are navigating a period of pricing discovery, with reportedly wide bid-ask spreads that are hampering deals from finalizing. Deal flow has fallen by more than 50% year over year as a result. But cap rates are becoming more responsive to the current environment, and yields have increased by nearly 100 basis points since the first half of 2022.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	59,418	8.7%	\$3,210	\$3,173	181	1,086	5,832
3 Star	88,909	4.1%	\$2,466	\$2,452	(60)	388	1,549
1 & 2 Star	128,574	3.1%	\$1,741	\$1,733	(235)	0	16
Market	276,901	4.6%	\$2,399	\$2,381	(114)	1,474	7,397

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.7%	4.5%	4.8%	5.7%	2009 Q4	2.6%	2021 Q3
Absorption Units	1,803	2,253	1,783	10,018	2021 Q3	(1,619)	2009 Q2
Delivered Units	3,982	2,559	2,441	5,356	2022 Q1	474	2010 Q4
Demolished Units	14	92	89	334	2009 Q4	0	2016 Q4
Asking Rent Growth (YOY)	1.2%	3.4%	3.4%	13.4%	2022 Q1	-2.2%	2009 Q3
Effective Rent Growth (YOY)	1.1%	3.4%	3.4%	13.4%	2022 Q1	-2.3%	2009 Q3
Sales Volume	\$1.7B	\$1.9B	N/A	\$6.5B	2022 Q2	\$478.5M	2009 Q4

Workers of all ages have been attracted to San Diego because it is firmly cemented as a center of high-tech and life science research, not to mention 70 miles of coastline with some of the best beaches and surf breaks in the country. San Diego also has roughly 150,000 active-duty military personnel, many of whom rent market-rate apartments from North County to Chula Vista. Several area universities from San Diego State to UC San Diego also support the local housing market due to limited beds on campuses.

Absorption has tallied about 1,800 units over the past 12 months in the San Diego region, with roughly 2,200 high-end units absorbed during that time. Absorption in mid-tier and workforce housing has totaled about -59 and -360 units, respectively, during that period. That has brought overall vacancy to 4.6% as of the fourth quarter compared to 3.9% 12 months ago and to the 10-year average of 4.3%. Absorption has been driven by new inventory, which is why areas from Chula Vista and Mission Valley to Downtown and Balboa Park have seen positive year-over-year absorption. Yet some property managers of new buildings have also noted that they are missing their targeted goals during lease up.

Overall demand in San Diego during 23Q3 was largely on pace with what was typical between 2015 and 2019. It was driven by 4 & 5 star inventory and buildings in lease-up have seen the strongest demand as households take occupancy. Vacancy for 4 & 5 Star properties is trending at 8.7% after shifting by 1.3% in the past 12 months. The 10-year average for the luxury sector is 9%.

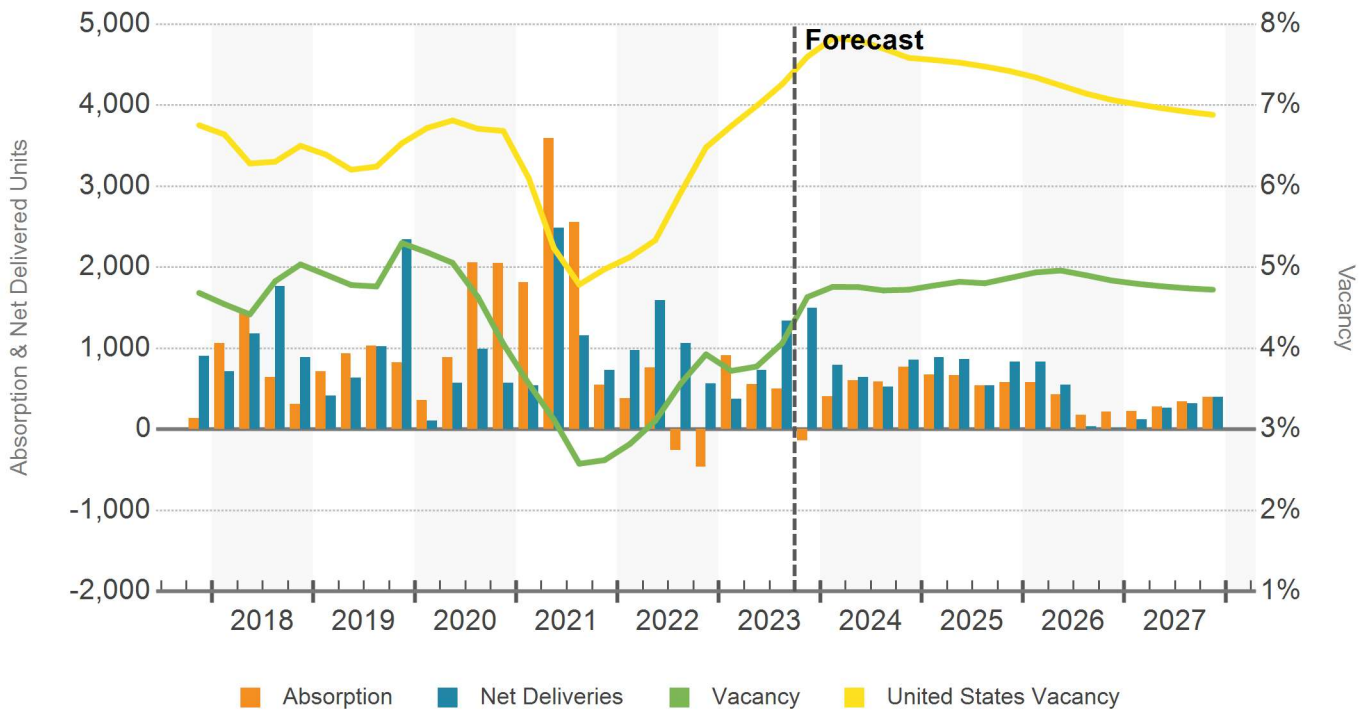
Absorption in 3 Star units matched the average third-quarter absorption between 2015 and 2019. The 1 & 2 Star buildings have not yet recovered, and these households continue to face economic distress due to persistent inflation, rising household debt and escalating rents. Local property managers have noted that they have seen an increase in households in these cohorts asking to downsize into smaller units to save money. They have also commented that renters are increasingly asking for an unrenovated unit to lower their housing costs or have vacated for lower-cost options outside of San Diego.

To attract new renters and retain existing ones, many landlords have focused more deliberately on property management. Well-maintained properties with responsive management and pride-of-ownership units have been successful among some landlords in keeping their properties full. That has helped many to report that the spring leasing season in 2023 was the first "normal" one since 2019. Overall front-door demand has been inconsistent and has led to heightened competition among properties. That increase in competition for front-door demand has also led property managers to lower asking rents to secure new renters.

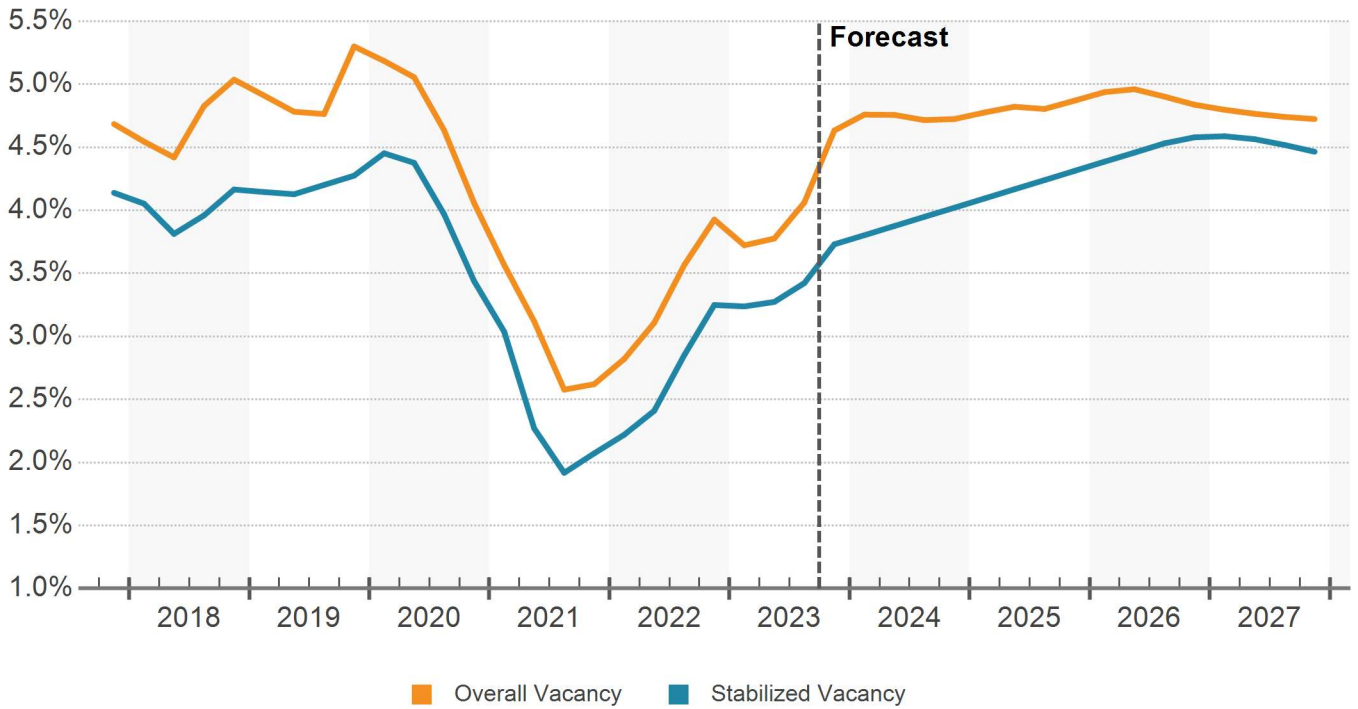
While Downtown's demand has been stable, it has not fully returned to the historical average. However, the submarket is currently in its longest sustained run of single-digit vacancy in more than a decade. The vacancy rate figures to rise in the coming year as new inventory opens in the submarket. The injection of new properties will come after a dearth in deliveries in 2022, which limited pent-up demand for new units. A top-of-mind issue for many households Downtown, however, is the pervasiveness of homelessness, particularly in the East Village. That has led households to leave for other submarkets, such as Balboa Park and Mission Valley. Similarly, Downtown's school system does not match the quality found in other areas of San Diego, compelling many households with families to move to the suburbs. Several lab projects under construction Downtown encompass more than 2 million SF that are scheduled to begin delivering in 2024. One local study has suggested that additional apartment demand could exceed 10,000 units should these properties fill with commercial tenants and the resulting employees.

Apartment landlords have little to worry about from homeownership pulling demand from apartment renters. Mortgage rates have risen that have made the purchase of a home even more expensive. That should continue to keep many renters-by-choice locked into the rental market. Only an estimated 25% of locals can afford a median-priced home in the region according to local analysis. And while the growth in home prices has moderated, they still rose marginally year over year according to the Case-Shiller Home Price Index.

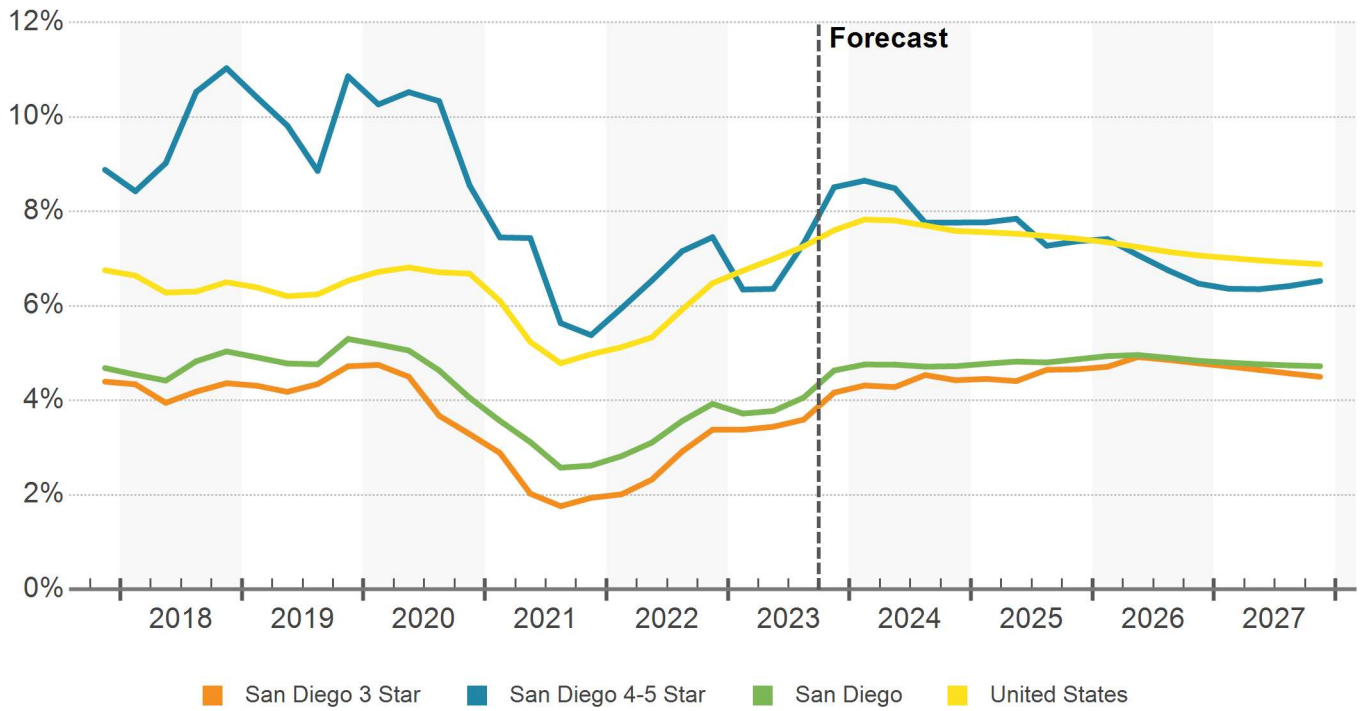
ABSORPTION, NET DELIVERIES & VACANCY



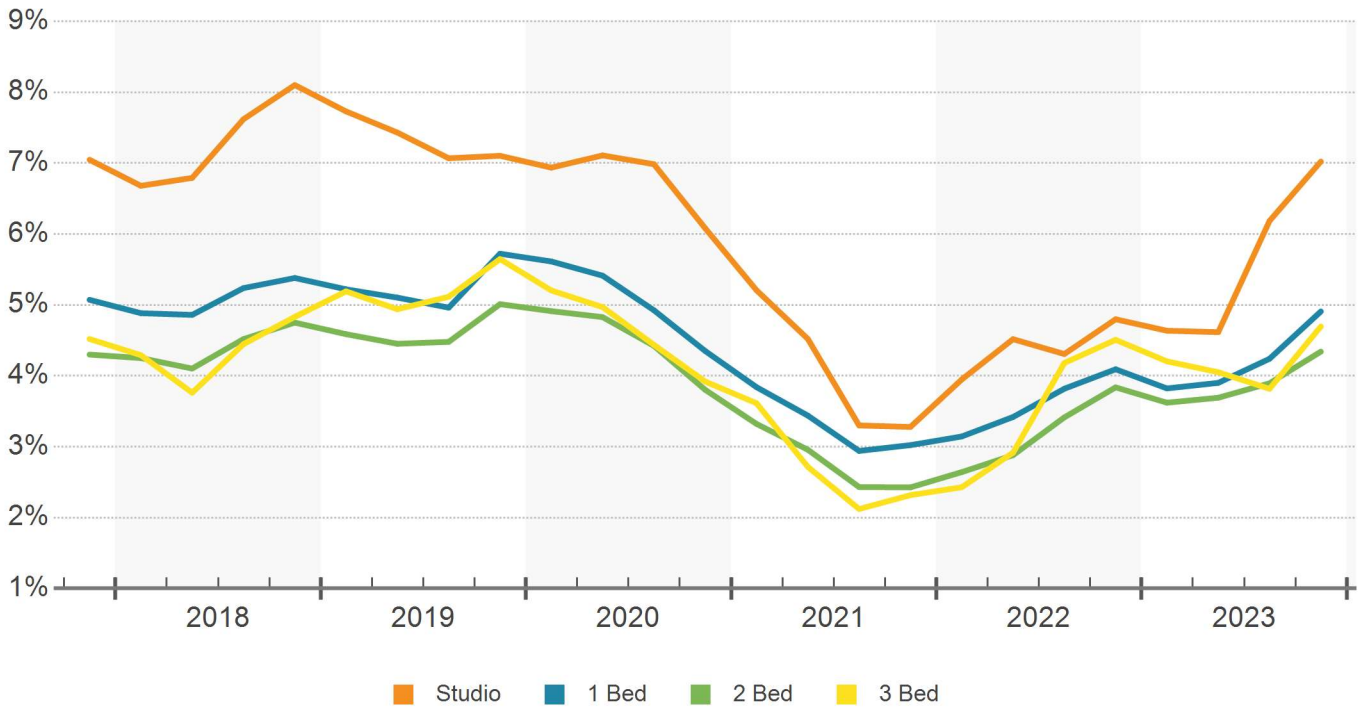
OVERALL & STABILIZED VACANCY



VACANCY RATE



VACANCY BY BEDROOM



Competition to lure renter households has increased in recent months, which has led to less pricing power, according to local property managers. Landlords have noted that they have started to secure stronger rent growth for renewals compared with available units. While renewals might notch 7% to 8% year-over-year rent growth, a vacant unit may only raise rents 1% to 2%, and some landlords are lowering asking rents to secure new renters.

Rents have shifted by 1.2% year over year, and average rent levels in the region sit at roughly \$2,400 per month. For context, the average rent growth between 2015 and 2019 was 4.1%. Rents fell during 23Q3, making it the first time a third quarter has recorded negative rent growth in the past 10 years. While local landlords have welcomed the return to relatively normal leasing seasons following the disruption of the past few years, there is some concern that it may take time for leverage to return. Annual rent growth has moderated for six straight quarters through 23Q3, and the luxury sector has seen rents shift by -0.5% year over year. There is some concern among property managers of 4 & 5 Star buildings that rents will fall through the next several quarters as they glean renter households from each other.

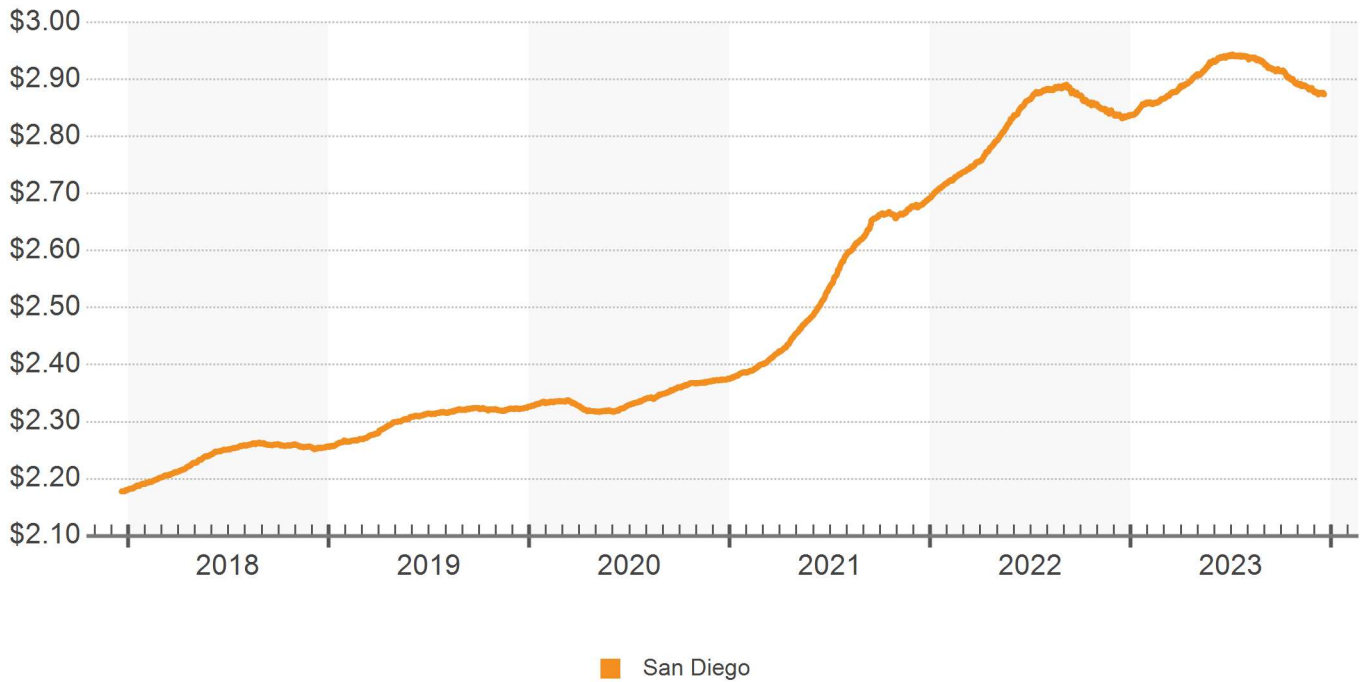
The meteoric rise in rental rates has been one of the leading factors in limiting household formation. Coupled

with the rise in household debt and stubbornly persistent inflation, renters have become much more price-conscious, and rent growth across the region has largely returned to historical patterns. More historically affordable areas of San Diego in North, South and East counties have seen rents perform best year over year, while rents in costlier apartment nodes near the coast have moderated most notably, with rents falling year over year in UTC and North Shore Cities.

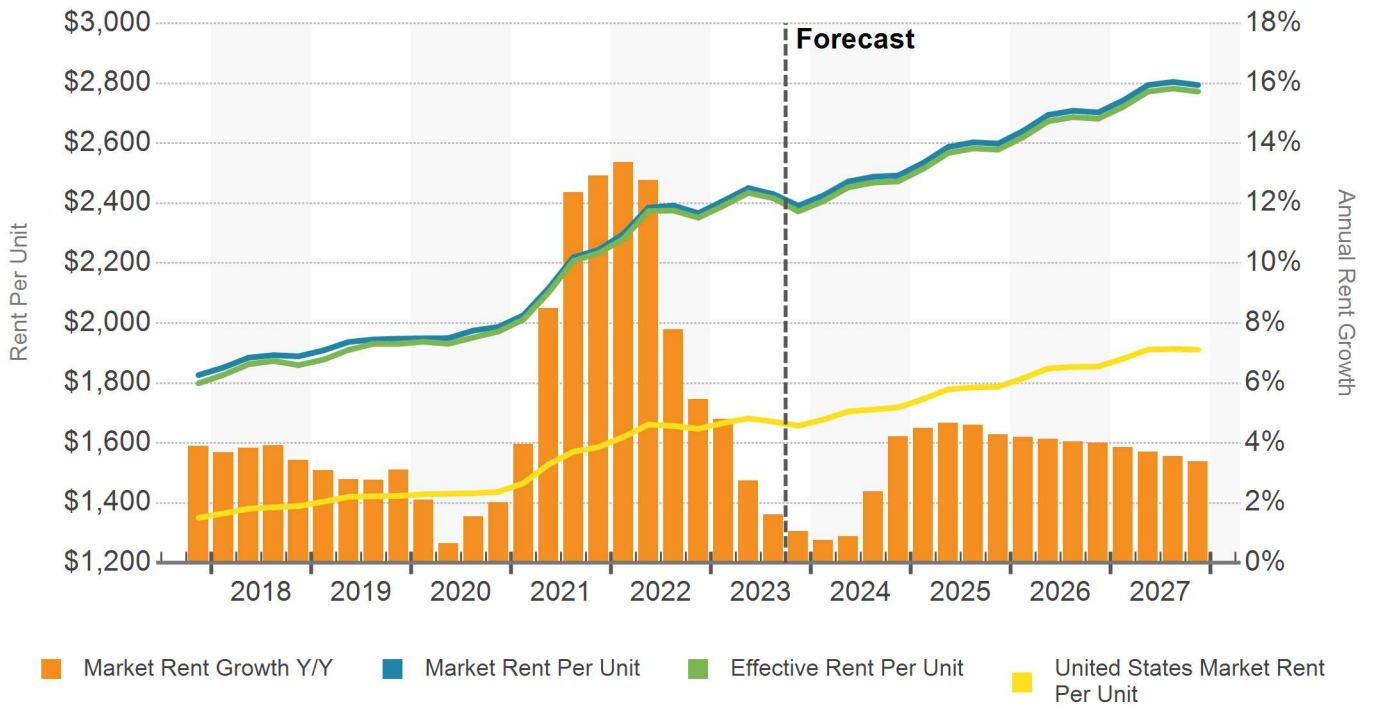
The weight of new inventory coupled with high rents and softened household formation had led to rents falling Downtown at the end of 23Q3. New one-bedroom units there ask for a substantial premium that often eclipses \$1,000 per month compared to similar suburban rentals. Even Mission Valley's new one-bedrooms offer a \$350 per month discount.

The level of concessions has increased modestly over the past few months, and they are most prevalent in new properties. Renters in Mission Valley's newest communities still regularly receive four weeks, and sometimes up to six weeks, of free rent on select units. Concessions Downtown are offered in roughly one-quarter of properties. Stabilized communities often offer concessions to compete with new inventory in the East Village. Concessions have begun emerging in suburban areas more regularly, and properties that offer them are amortizing the free rent over 12 months.

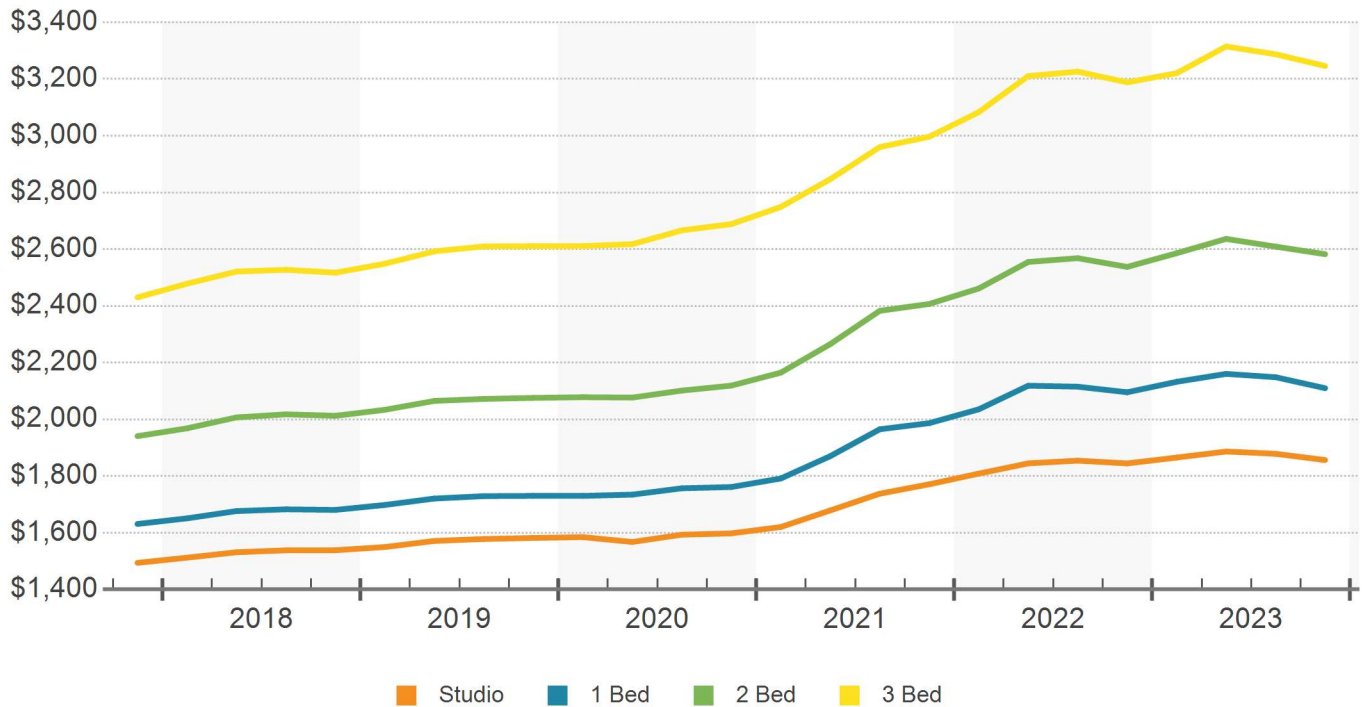
DAILY ASKING RENT PER SF



MARKET RENT PER UNIT & RENT GROWTH



MARKET RENT PER UNIT BY BEDROOM



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
San Diego	\$0.85	\$0.78	\$0.84	\$0.83	\$1.27	\$1.74	\$0.36	\$1.57	\$0.12	\$0.16	\$0.73	\$9.25
Balboa Park	\$0.81	\$0.70	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.11	\$0.13	\$0.57	\$9.03
Central Coast	\$0.84	\$0.50	\$0.69	\$0.62	\$1.13	\$2.67	\$0.48	\$1.22	\$0.13	\$0.09	\$0.35	\$8.72
Chula Vista/Imperial...	\$0.80	\$0.80	\$0.79	\$0.90	\$1.29	\$1.65	\$0.33	\$1.59	\$0.15	\$0.13	\$0.56	\$8.99
Downtown San Diego	\$0.81	\$0.70	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.11	\$0.13	\$0.57	\$9.03
East County	\$0.79	\$1.04	\$0.79	\$0.96	\$1.39	\$1.56	\$0.29	\$1.49	\$0.11	\$0.29	\$1.61	\$10.32
La Jolla/UTC	\$0.82	\$0.61	\$0.68	\$0.66	\$1.14	\$2.28	\$0.50	\$1.58	\$0.12	\$0.09	\$0.35	\$8.83
Mission Valley/Nort...	\$0.84	\$0.50	\$0.70	\$0.68	\$1.18	\$2.58	\$0.47	\$1.25	\$0.13	\$0.12	\$0.50	\$8.95
National City/South...	\$0.81	\$0.73	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.14	\$0.13	\$0.57	\$9.09
North County	\$0.76	\$0.54	\$0.62	\$0.73	\$1.09	\$1.27	\$0.28	\$1.65	\$0.13	\$0.13	\$0.56	\$7.76
North I-15 Corridor	\$1.19	\$1.29	\$1.52	\$1.11	\$1.50	\$1.05	\$0.29	\$1.77	\$0.08	\$0.27	\$1.17	\$11.24
North Shore Cities	\$0.75	\$0.55	\$0.58	\$0.73	\$1.10	\$1.31	\$0.31	\$1.65	\$0.14	\$0.13	\$0.57	\$7.82
South I-15 Corridor	\$0.86	\$1.16	\$1.11	\$0.82	\$1.37	\$1.24	\$0.34	\$1.89	\$0.08	\$0.26	\$0.89	\$10.02

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
San Diego	\$0.73	\$0.65	\$0.77	\$0.81	\$1.21	\$1.20	\$0.23	\$1.37	\$0.12	\$0.17	\$0.76	\$8.02
Balboa Park	\$0.75	\$0.63	\$0.75	\$0.83	\$1.24	\$1.30	\$0.26	\$1.37	\$0.11	\$0.13	\$0.58	\$7.95
Central Coast	\$0.79	\$0.47	\$0.65	\$0.62	\$1.09	\$1.34	\$0.40	\$1.22	\$0.11	\$0.09	\$0.34	\$7.12
Chula Vista/Imperial...	\$0.74	\$0.65	\$0.76	\$0.86	\$1.24	\$1.33	\$0.26	\$1.39	\$0.14	\$0.12	\$0.54	\$8.03
Downtown San Diego	\$0.74	\$0.63	\$0.76	\$0.84	\$1.24	\$1.30	\$0.25	\$1.38	\$0.11	\$0.12	\$0.54	\$7.91
East County	\$0.72	\$0.98	\$0.75	\$0.96	\$1.37	\$1	\$0.12	\$1.33	\$0.10	\$0.29	\$1.48	\$9.10
La Jolla/UTC	\$0.61	\$0.48	\$0.65	\$0.60	\$1.10	\$1.40	\$0.47	\$1.29	\$0.11	\$0.09	\$0.33	\$7.13
Mission Valley/Nort...	\$0.79	\$0.38	\$0.65	\$0.59	\$1.08	\$1.35	\$0.38	\$1.11	\$0.12	\$0.09	\$0.33	\$6.87
National City/South...	\$0.74	\$0.64	\$0.76	\$0.86	\$1.24	\$1.30	\$0.25	\$1.38	\$0.13	\$0.12	\$0.54	\$7.96
North County	\$0.70	\$0.52	\$0.61	\$0.70	\$1.04	\$1.16	\$0.15	\$1.55	\$0.13	\$0.12	\$0.54	\$7.22
North I-15 Corridor	\$0.63	\$0.40	\$1.42	\$0.83	\$1.19	\$0.89	\$0.19	\$1.40	\$0.08	\$0.25	\$1.11	\$8.39
North Shore Cities	\$0.68	\$0.52	\$0.55	\$0.69	\$1.05	\$1.22	\$0.18	\$1.54	\$0.13	\$0.12	\$0.54	\$7.22
Outlying San Diego...	\$0.74	\$1	\$0.76	\$1	\$1.41	\$0.97	\$0.13	\$1.35	\$0.10	\$0.34	\$1.61	\$9.41
Poway/Santee/Ram...	\$0.76	\$0.96	\$0.76	\$1.02	\$1.41	\$0.98	\$0.15	\$1.33	\$0.10	\$0.35	\$1.60	\$9.42
South I-15 Corridor	\$0.80	\$0.71	\$1.13	\$0.80	\$1.33	\$1.03	\$0.23	\$1.54	\$0.08	\$0.25	\$0.90	\$8.80

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
San Diego	\$0.65	\$0.47	\$0.72	\$0.64	\$1.07	\$0.98	\$0.20	\$0.99	\$0.10	\$0.12	\$0.62	\$6.56
Balboa Park	\$0.70	\$0.48	\$0.71	\$0.56	\$1.20	\$1.11	\$0.24	\$1.15	\$0.10	\$0.11	\$0.51	\$6.87
Central Coast	\$0.70	\$0.48	\$0.62	\$0.58	\$1.07	\$0.91	\$0.26	\$1.09	\$0.10	\$0.08	\$0.32	\$6.21
Chula Vista/Imperial...	\$0.67	\$0.61	\$0.72	\$0.80	\$1.12	\$1.23	\$0.24	\$0.80	\$0.13	\$0.11	\$0.51	\$6.94
Downtown San Diego	\$0.71	\$0.51	\$0.72	\$0.58	\$1.22	\$1.15	\$0.24	\$1.17	\$0.10	\$0.11	\$0.51	\$7.02
East County	\$0.69	\$0.43	\$0.72	\$0.62	\$1	\$0.83	\$0.11	\$0.78	\$0.09	\$0.14	\$0.92	\$6.33
La Jolla/UTC	\$0.59	\$0.43	\$0.62	\$0.56	\$1.05	\$0.88	\$0.26	\$1.07	\$0.10	\$0.08	\$0.32	\$5.96
Mission Valley/Nort...	\$0.70	\$0.36	\$0.62	\$0.57	\$1.06	\$0.90	\$0.26	\$1.10	\$0.12	\$0.08	\$0.32	\$6.09
National City/South...	\$0.71	\$0.57	\$0.72	\$0.71	\$1.18	\$1.21	\$0.24	\$0.86	\$0.11	\$0.11	\$0.51	\$6.93
North County	\$0.50	\$0.48	\$0.60	\$0.64	\$1.01	\$1.01	\$0.14	\$1.25	\$0.12	\$0.12	\$0.55	\$6.42
North I-15 Corridor	\$0.51	\$0.29	\$1.20	\$0.73	\$0.92	\$0.69	\$0.17	\$1.06	\$0.07	\$0.24	\$1.05	\$6.93
North Shore Cities	\$0.50	\$0.49	\$0.54	\$0.63	\$1.03	\$1.04	\$0.16	\$1.28	\$0.12	\$0.11	\$0.49	\$6.39
Outlying San Diego...	\$0.71	\$0.42	\$0.72	\$0.64	\$1.02	\$0.72	\$0.12	\$0.73	\$0.09	\$0.17	\$0.98	\$6.32
Poway/Santee/Ram...	\$0.73	\$0.42	\$0.72	\$0.64	\$1	\$0.74	\$0.15	\$0.74	\$0.09	\$0.16	\$0.99	\$6.38
South I-15 Corridor	\$0.53	\$0.30	\$0.94	\$0.65	\$0.92	\$0.72	\$0.18	\$1.25	\$0.08	\$0.23	\$0.80	\$6.60

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

There are roughly 7,400 units under construction across San Diego, and the region has added a net of about 20,000 new units in the past five years. But that is far below the number needed, according to San Diego's regional planning agency. San Diego Association of Governments estimates that the county requires roughly 20,000 total housing units annually through the end of the decade to make up for the relative drop in total construction over the past 15 years. Yet San Diego County only permits about 10,000 total housing units annually, and less than half of that total housing count has been added collectively on an annualized basis over the past several years. For context, a net of about 4,100 market-rate units delivered last year, and roughly 3,900 are scheduled to open this year.

The rising cost of debt, coupled with the rise in the cost of most construction materials, has made it more difficult for projects to break ground. Labor costs are also rising and many construction lenders have paused financing many deals, even for builders with strong balance sheets. One local developer noted that elevated interest rates have increased the cost to build a unit by about \$5,000, but rising construction prices have increased development costs by upwards of \$50,000 per unit. One other concern is finding skilled sub-contractors according to local developers. Consequently, construction starts have moderated in recent quarters. That trend is expected to carry forward through the next several quarters.

There are several barriers to growth, even as San Diego and California legislators have tried to increase housing production through legislation. The entitlement process can take several years, and permitting and soft costs can run upwards of 50% of the total project cost. San Diego maintains very organized and vocal opposition to increased density, and many groups file CEQA, or environmental, complaints, which can delay projects for several years. With these added costs, workforce housing becomes extremely difficult to pencil out. Many of the new luxury communities coming to market are costing more than \$600,000/unit to build.

The surfeit of development activity during the past five years has been in the Downtown neighborhoods of Little Italy and the East Village. Inventory has increased by 50% during that time. Mission Valley, Chula Vista and the Balboa Park neighborhoods have also received the lion's share of attention from builders. Parcels in Balboa

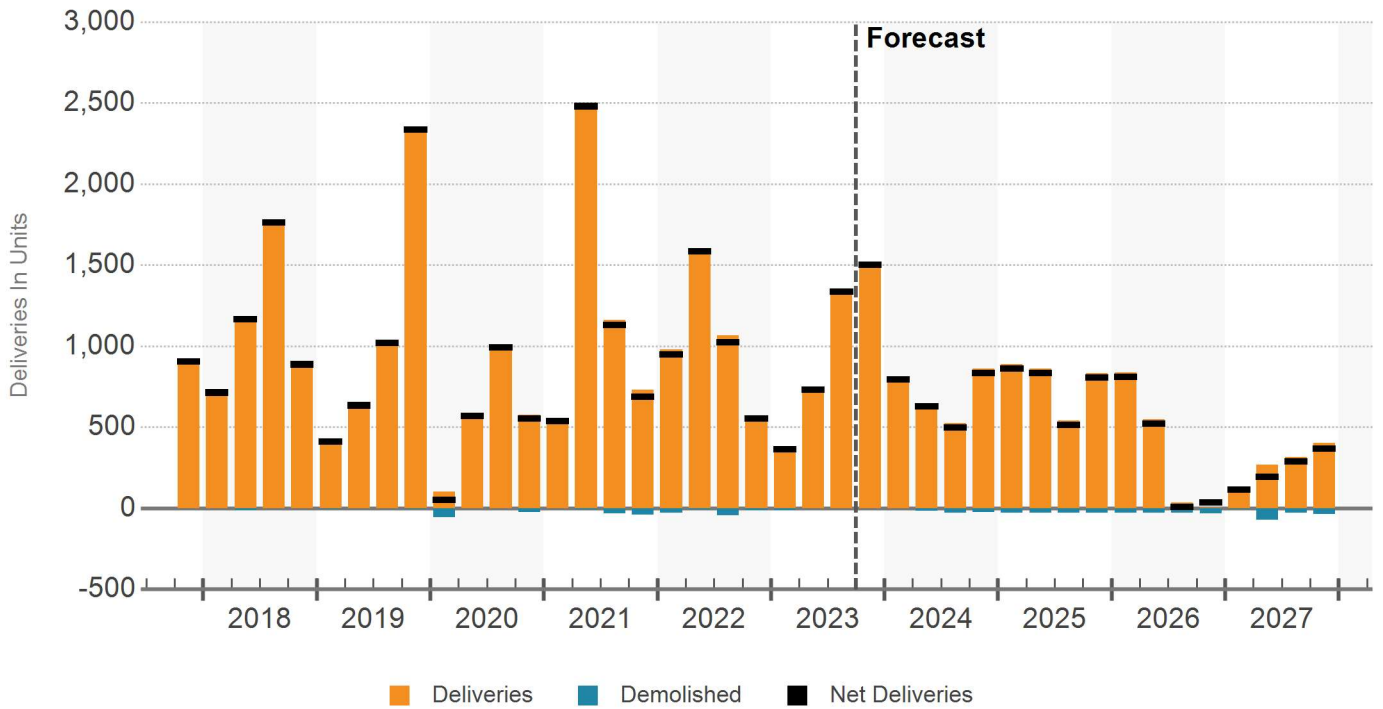
Park neighborhoods tend to be small, which has made the development of fewer than 30 units most typical here. The average unit size also tends to be smaller there. The average unit built since 2020 measures more than 100 SF smaller than what has been built across the balance of San Diego during that period, and one-bedroom and studio units have accounted for the majority of new inventory coming to market. That has made the cost of construction a bit lower there than in neighboring Downtown. Local developers have discussed that they can build the smaller units here for under \$500,000/unit, on average.

While lease up has typically been around 25 units, or more, per month for Downtown's newest buildings, lenders have been underwriting lease up averaging closer to 17 units per month on some recent deals there. Yet the 395-unit Simone in Little Italy has been an outlier and has seen strong leasing, increasing occupancy by more than 10% per month since opening in mid-2023 with average rents above \$4,200/month, or \$5/SF. But like most areas of the region, construction starts have stalled there in recent quarters and potential East Village infill sites have dwindled.

Developers are pivoting more broadly toward redeveloping retail sites, which would help mitigate obsolete retail space while increasing housing density. The corner of Convoy and Clairemont Mesa in Kearny Mesa has several redevelopments in various stages of planning. G.H. Palmer purchased the Zion Market and Kearny Mesa Bowl site that was entitled for 1,600 apartments. Trammell Crow demolished the adjacent Dixieline Lumber at the end of 2022 and is building more than 500 apartments on the site. Across the street, John Hancock has plans to build more than 600 apartments in place of retail space.

Several master plans have recently been updated which makes these projects feasible. The Midway District's update in Point Loma increases housing by upwards of 10,000 units. Other areas include the Morena Corridor, the Balboa Avenue Station Area in Pacific Beach, Linda Vista, Old Town, Mission Valley, and Kearny Mesa, to name a few. Mission Valley, alone, could add more than 28,000 housing units, a similar number as planned with University City's update in 2023. In the past 10 years, updates have provided the capacity for more than 100,000 additional housing units in San Diego, although the likelihood of all of those units being built is remote.

DELIVERIES & DEMOLITIONS



Under Construction Properties

San Diego Multi-Family

Properties

Units

Percent of Inventory

Avg. No. Units

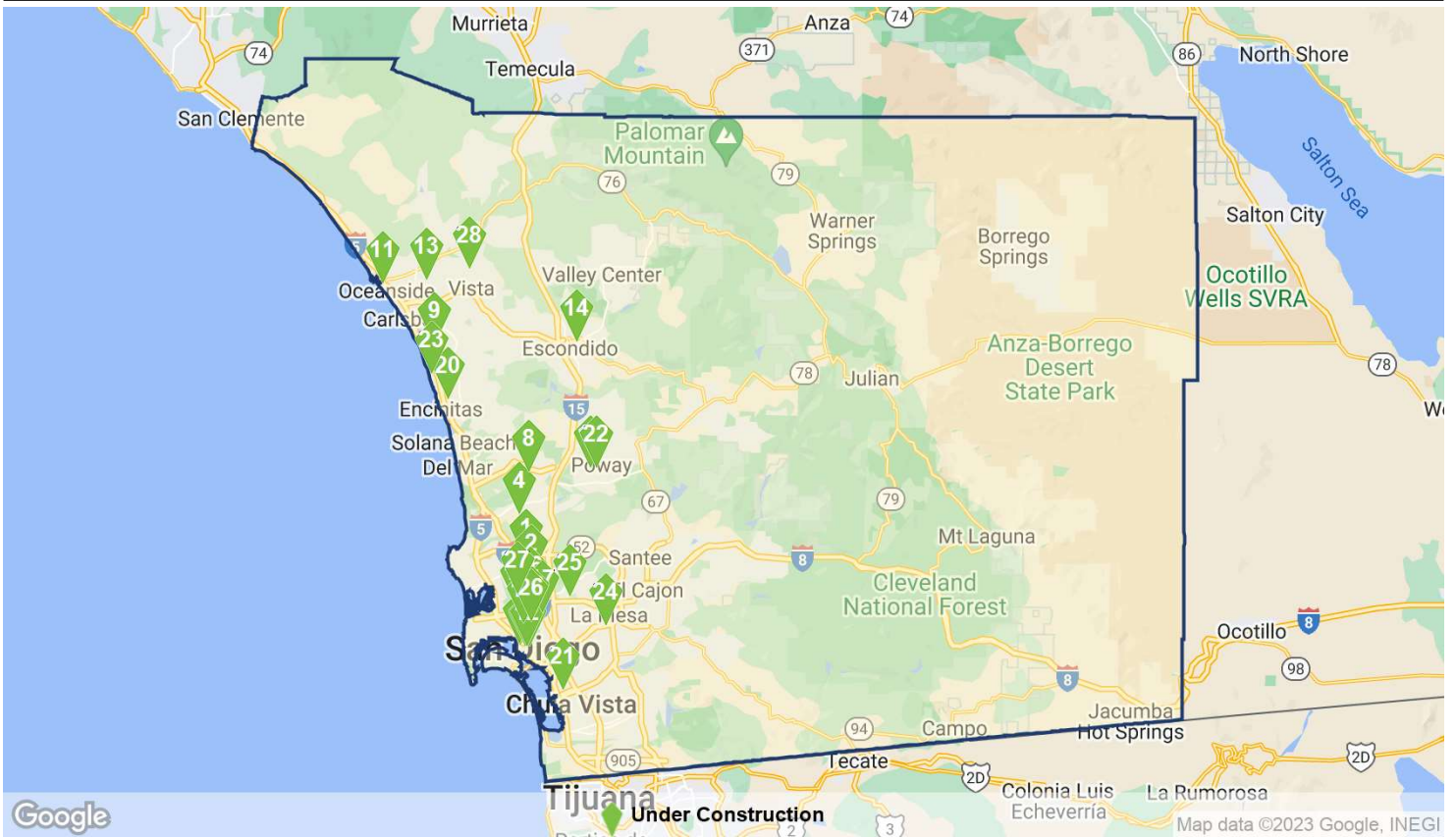
52

7,397

2.7%

142

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 Alexan Camellia 4888 Convoy St	★★★★☆	531	6	Aug 2023	Dec 2024	Trammell Crow Residential Trammell Crow Residential
2 AMLI Aero 8225 Aero Dr	★★★★☆	434	7	Nov 2023	May 2025	KPRS Construction Services, Inc AMLI Residential
3 WEST 1011 Union St	★★★★☆	431	37	Jul 2020	May 2024	Holland Partner Group Lowe
4 7918 Collective Way	★★★★☆	429	4	Jan 2022	Jun 2025	- -
5 The Lindley 1331 Columbia St	★★★★☆	422	37	Jun 2022	Oct 2024	Toll Brothers Apartment Living Toll Brothers Apartment Living
6 800 Broadway	★★★★☆	384	41	Aug 2021	Apr 2024	CA Ventures CA Residential LLC
7 The Wyatt 1508 15th St	★★★★☆	368	7	Apr 2020	Jan 2024	Wermers Companies R&V Management

Under Construction Properties

San Diego Multi-Family

UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
8 Camino Del Sur 12520 Camino del Sur	★ ★ ★ ★ ★	342	4	Aug 2023	Jul 2025	Holland Partner Group Holland Partner Group
9 Aviara Apartments 1205 Aviara Pky	★ ★ ★ ★ ★	329	4	Jun 2023	Oct 2024	SummerHill Homes R&V Management
10 The Heights at Fashion... 7050 Friars Rd	★ ★ ★ ★ ★	316	8	May 2021	Jan 2024	Fairfield Residential Fairfield Residential
11 Alta Oceanside 1015 N Coast Hwy	★ ★ ★ ★ ★	309	5	Jan 2022	Feb 2024	Wood Partners Prudential
12 Broadway Towers (North... 1150 E St	★ ★ ★ ★ ★	305	32	Mar 2022	Mar 2025	Pinnacle International Pinnacle International
13 Luma at El Corazon 3546 Village Commercial Dr	★ ★ ★ ★ ★	268	23	Aug 2022	Jan 2024	Sudberry Properties, Inc. Sudberry Properties, Inc.
14 Palomar Heights 555 E Valley Pky	★ ★ ★ ★ ★	258	5	Feb 2023	Dec 2025	Integral Communities, Inc. Palomar Health
15 West Village Poway 12845 Poway Rd	★ ★ ★ ★ ★	212	2	Feb 2023	Apr 2024	Fairfield Residential Fairfield Residential
16 The Brynn at Civita 2525 Via Alta	★ ★ ★ ★ ★	200	5	Dec 2023	Jul 2025	Rockwood Construction, Inc. Sudberry Properties, Inc.
17 North Park 4555 30th St	★ ★ ★ ★ ★	194	6	May 2022	Aug 2024	H.G. Fenton Company H.G. Fenton Company
18 4135 Park Blvd	★ ★ ★ ★ ★	190	7	Jul 2022	Aug 2024	CEDARst Companies CEDARst Companies
19 Denizen 3829 5th Ave	★ ★ ★ ★ ★	151	6	Oct 2022	Feb 2024	Carmel Partners Carmel Partners
20 Sunshine Gardens Apart... 696 Encinitas Blvd	★ ★ ★ ★ ★	140	3	Nov 2022	Jun 2024	- Raintree Thompson Avenue Llc
21 The Commodore 200 E 31st St	★ ★ ★ ★ ★	92	3	Jan 2021	Jan 2024	Kire Builders, Inc. Kire Builders, Inc.
22 13253 Poway Rd	★ ★ ★ ★ ★	72	3	Jan 2021	Jan 2025	- Ghassan S Kassab
23 1967 N Vulcan Ave	★ ★ ★ ★ ★	72	3	Feb 2023	Jun 2024	- Wermers Companies
24 The Kelvin Apartments 7950 Broadway	★ ★ ★ ★ ★	66	5	Jun 2022	Jan 2024	Citymark Development Citymark Development
25 Pakeva 5320 Adobe Falls Rd	★ ★ ★ ★ ★	64	4	Dec 2022	Feb 2024	- -
26 Onyx on Park 3922-3932 Park Blvd	★ ★ ★ ★ ★	61	7	Jan 2023	May 2024	Highland Partnership Pearlmark Real Estate
27 The V Tower 2341 Ulric St	★ ★ ★ ★ ★	60	7	Jan 2022	Jan 2024	- MC Mortgage & Realty
28 NV Lofts 1559 N Santa Fe Ave	★ ★ ★ ★ ★	60	3	Oct 2022	Mar 2024	Alliance Development Services Inc Alliance Development Services Inc

Explosive interest rate growth has "wreaked havoc" on the investment market according to local investors and lenders, and deal flow has moderated notably since mid-2022. The number of transactions during 23Q3 was less than half of the quarterly average between 2015 and 2019. Investment volume has fallen to historically low levels, and sales volume was roughly one-third of the 21Q3 peak. Even some investors are opting to pay capital gains in place of exchanging into a property, while evidence has been mounting that exchange buyers have been shifting from multifamily to single-tenant triple-net leased retail investments that provide a stable income line and passive ownership. Both small and institutional investors have noted the difficulty in finding a property to purchase that meets their expected rate of return. The average property size to have sold in the past year has been about 30 units.

Most parties highlight the fact that the market is in a period of pricing discovery, given that bid-ask spreads are hampering many deals from being completed. It has been voiced that sellers are still pricing their properties at peak levels similar to early 2022, while values have fallen due to the cost of debt, tepid rent growth and rising expenses from landscaping to insurance rates. Similarly, policy goals announced by the city council have added a further layer of uncertainty for value-add investors, including a declaration in 2023 to make housing a human right and further tenant protective measures that make no-fault evictions much costlier for landlords.

The average transactional price has been about \$360,000/unit over the past 12 months compared with about \$400,000/unit at the end of 2021. Cap rates have averaged roughly 4.3% in the past 12 months, although the average has bumped up between 4.3% and 5% in 2023. That is roughly 100 basis points above the trend from the first half of 2022. In 2022, First Republic Bank issued the most loans in San Diego, 19, representing \$112 million in loan value. First Republic has issued nine loans for less than \$28 million in debt through the first three quarters of 2023.

Properties in suburban locations have seen an average cap rate of 4.7% in 2023 compared with 3.5% in the first half of 2022. Urban properties have traded at an average cap rate of roughly 4.3% in 2023 compared with 3.7%

during the first and second quarters of 2022.

Institutional, private equity and REIT entities have accounted for more than 30% of sales volume in the past year from the buying side, which is a bit higher than the longer-term average. Those same entities represented about 15% of the volume on the seller's side.

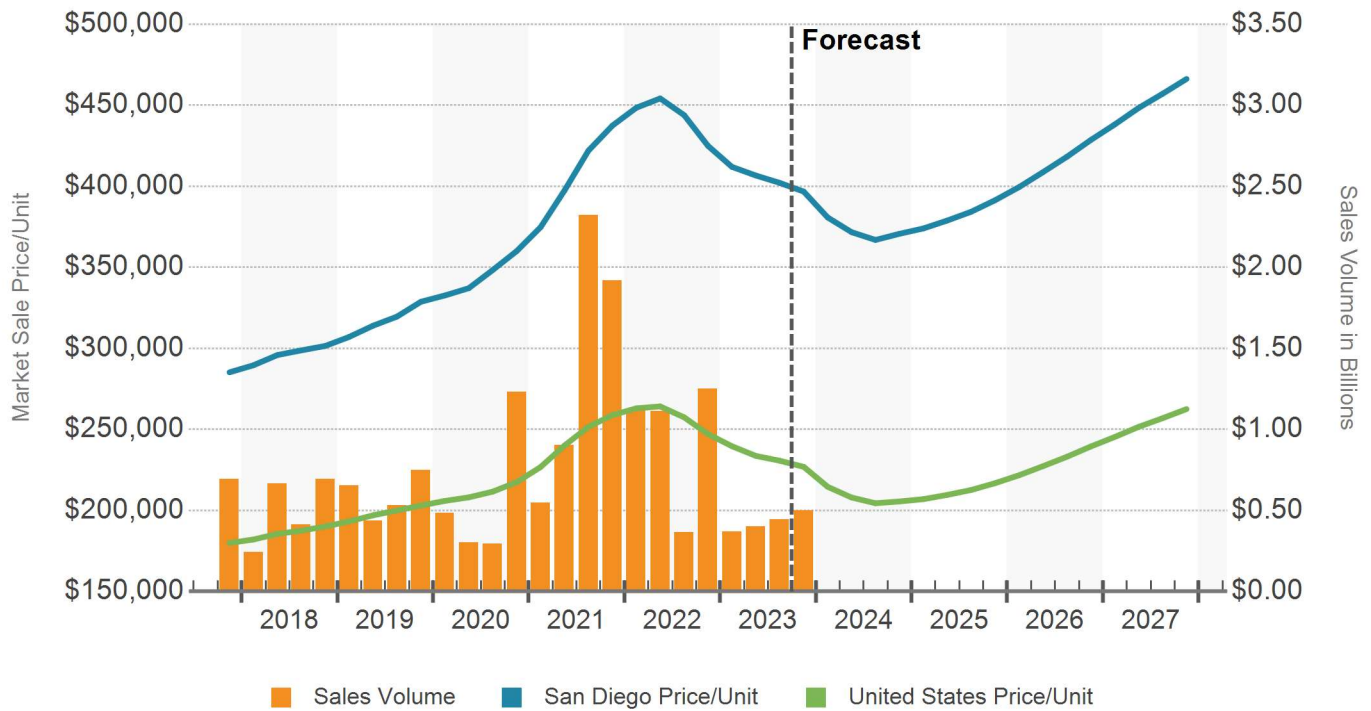
In East County, private investors were involved on both sides of the deal for the Villa Vidorra Apartments on 53rd Street in City Heights during 23Q3. The 22-unit property sold for \$5.8 million, or about \$265,000/unit, at a 4.8% cap rate. The property consisted of studios, one- and two-bedroom units. The buyer secured \$3.5 million in debt for a 60% loan-to-value ratio to finance the purchase. The property had recently undergone a \$300,000 renovation program on unit interiors. The buyer was expected to complete the improvements. The property last sold in 2021 for \$4.1 million.

A private investor purchased the 38-unit community located at 2241 4th Avenue in Bankers Hill from San Diego-based F&F Income during 23Q2 for \$12.95 million, or about \$341,000/unit, at a 4.5% cap rate. The local buyer assumed \$7.4 million of debt. The property was extensively renovated in 2018 and totaled just under \$2 million for interior and exterior improvements. The property consisted of 28 studios and 10 one-bedroom units.

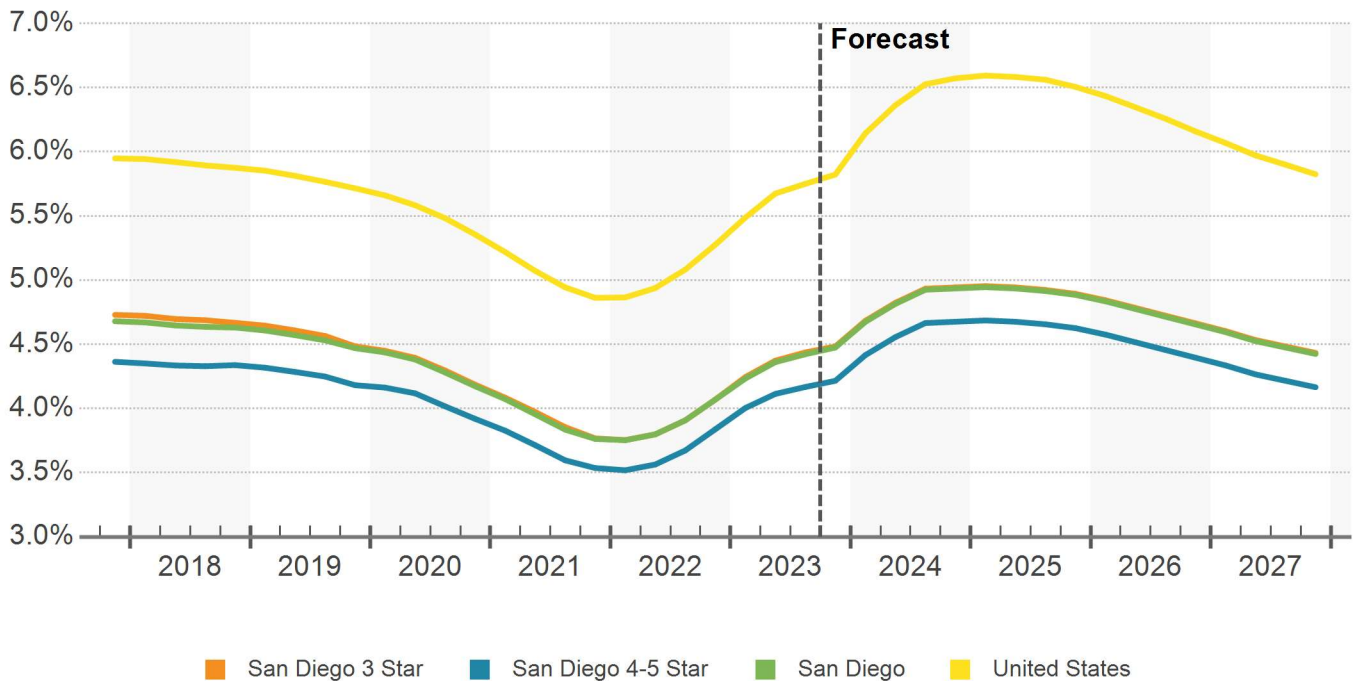
Los Angeles-based Positive Investments sold the 28-unit community located at 1113 Greenfield Drive in El Cajon to locally-based Insight Investment Partners during 23Q2 for \$8.1 million, or about \$290,000/unit, at a 5% cap rate. At the time of the sale, occupancy was roughly 85%, and the buyer requested any move-outs be left vacant as they intended to complete light capital improvements to the property. The buyer assumed a \$5.54 million loan with a 2.97% interest rate for the next four years. The seller acquired the property in 2021 as part of a portfolio.

With a combination of moderating rent growth, tenant protective measures, and high interest rates, most local investors do not anticipate much of a change in the investment landscape in the coming quarters.

SALES VOLUME & MARKET SALE PRICE PER UNIT



MARKET CAP RATE



Sales Past 12 Months

San Diego Multi-Family

Sale Comparables

Avg. Price/Unit (thous.)

Average Price (mil.)

Average Vacancy at Sale

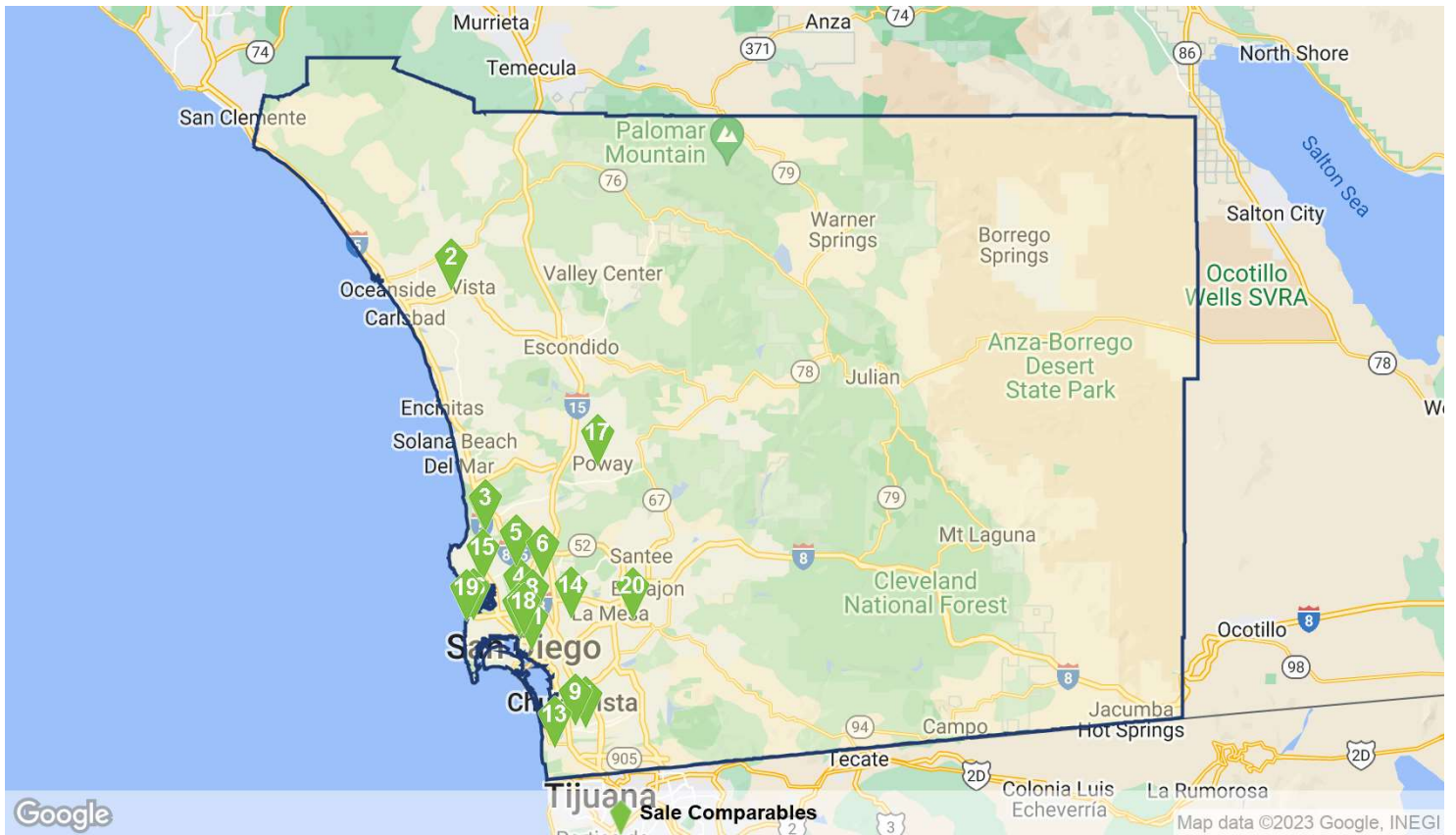
221

\$355

\$8.2

5.9%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$875,000	\$8,186,705	\$2,900,000	\$177,300,000
Price/Unit	\$104,260	\$354,628	\$312,500	\$1,060,000
Cap Rate	1.0%	4.3%	4.3%	8.9%
Vacancy Rate At Sale	0%	5.9%	0%	83.3%
Time Since Sale in Months	0.2	6.1	6.0	11.8
Property Attributes	Low	Average	Median	High
Property Size in Units	2	23	8	456
Number of Floors	1	2	2	8
Average Unit SF	205	755	756	1,538
Year Built	1111	1964	1971	2025
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.2	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Sales Past 12 Months

San Diego Multi-Family

RECENT SIGNIFICANT SALES

Property Name/Address	Property Information				Sale Information				
	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit	Price/SF	
1 Allina LaJolla 3417 Lebon Dr	★★★★★	1986	400	3.0%	4/27/2023	\$177,300,000	\$443,250	\$513	
2 Waterleaf Apartment Homes 333 N Emerald Dr	★★★★★	1985	456	7.5%	10/2/2023	\$174,000,000	\$381,578	\$436	
3 Veranda La Jolla 3845 Nobel Dr	★★★★★	1992	354	4.8%	7/14/2023	\$165,500,000	\$467,514	\$523	
4 Margo at the Society 201 Del Sol Dr	★★★★★	2021	240	12.9%	12/11/2023	\$125,500,000	\$522,916	\$628	
5 Arrive Clairemont 6363 Beadnell Way	★★★★★	1965	270	4.1%	2/16/2023	\$90,480,000	\$335,111	\$393	
6 ReNew Serra Mesa 3454 Ruffin Rd	★★★★★	1969	250	4.8%	2/16/2023	\$73,087,500	\$292,350	\$359	
7 Vista 1440-1450 2nd Ave	★★★★★	1975	151	2.0%	11/16/2023	\$37,250,000	\$246,688	\$370	
8 Mr Robinson Lofts 3752 Park Blvd	★★★★★	2016	34	0%	6/27/2023	\$28,215,500	\$829,867	\$655	
9 Sunset Villa Apartments 1225 Broadway	★★★★★	1969	154	0.7%	10/13/2023	\$28,000,000	\$181,818	\$206	
10 The Continental 320 W Cedar St	★★★★★	2019	43	2.3%	9/11/2023	\$21,350,000	\$496,511	\$791	
11 Atrium Apartments 229 16th St	★★★★★	1988	100	16.0%	1/11/2023	\$21,000,000	\$210,000	\$407	
12 Contour Lofts 2120 Columbia St	★★★★★	2019	30	0%	8/21/2023	\$20,715,000	\$690,500	\$739	
13 Hawaiian Gardens 1031 Imperial Beach Blvd	★★★★★	1973	63	0%	6/7/2023	\$19,000,000	\$301,587	\$380	
14 Pacific Cove 4025 Oakcrest Dr	★★★★★	1988	81	6.2%	9/22/2023	\$18,250,000	\$225,308	\$398	
15 Villa Apartments 2330 Grand Ave	★★★★★	1969	39	35.9%	1/31/2023	\$16,750,000	\$429,487	\$392	
16 Muir Garden Apartments 4657-4685 Muir Ave	★★★★★	1955	25	4.0%	8/11/2023	\$13,200,000	\$528,000	\$454	
17 13253 Poway Rd	★★★★★	2025	72	0%	9/1/2023	\$13,100,000	\$181,944	\$187	
18 2241 4th Ave	★★★★★	1900	38	2.6%	4/25/2023	\$12,950,000	\$340,789	\$698	
19 Surfside Cottages 5072-5078 Niagara Ave	★★★★★	1955	25	4.0%	10/12/2023	\$12,600,000	\$504,000	\$1,035	
20 The Sophia at Mt. Helix 3827 Conrad Dr	★★★★★	1971	44	31.8%	3/30/2023	\$11,650,000	\$264,772	\$315	

San Diego's unemployment rate climbed from 4.1% to 4.2% in October, according to the latest jobs report released by the Bureau of Labor Statistics. One year ago, the local unemployment rate was 3.3%. The unadjusted statewide rate in California was 4.8% in October.

With the holidays on the doorstep, nonfarm employers added 15,500 jobs in October. Seasonal holiday employment in retail trade increased employment by 2,300, which represented two-thirds of the positions added in the trade, transportation and utilities employment sector.

Holiday hiring comes at a time when San Diego's retail market has been in one of its strongest positions in years. Tenants are having a difficult time sourcing space as the availability rate has fallen quarter over quarter and is trending at one of its lowest positions in years. Big-box available space, or those over 50,000 SF, has largely dried up, and Rite Aid's store closures at the end of 2023 due to its bankruptcy have totaled less than 100,000 SF. Those spaces are expected by local market participants to be backfilled by new tenants quickly.

Reversing the annual trend that has found the office-using employment sectors lose steam with more jobs lost than added, those sectors added 3,700 positions in October. That has been the most jobs added across the financial activities, information and professional and business services sectors in months.

On a year-over-year basis, the San Diego region saw the addition of 26,500 nonfarm positions to payrolls, for a 1.7% increase. That was better than the 1.6% annual increase in Los Angeles and below the 2.1% rise in Orange County.

Leisure and hospitality added the most jobs in the past 12 months, 11,100, with the majority in accommodation and food services. Office-using employers shed 2,200 positions during that time, concentrated in the business

and professional services sector declining by 3,800.

The effects of inflation continue to ripple across the region. The Consumer Price Index rose 4.7% for all items in the past 12 months through September, according to the Bureau of Labor Statistics. That was one percentage point higher than the national figure as local households continue to feel economic stress amid high housing costs and rising household debt.

Domestic migration in San Diego has typically trended in negative territory, and 2022 year was no different. More than 18,000 people left the county through mid-2022. That figure was partially offset by international migration, which exceeded 9,000, the most here in three years. High housing costs are one of the primary reasons that population growth has largely stalled.

More than 80 research institutes are located in San Diego, from Scripps Research Institute to Salk Institute for Biological Studies, in addition to five universities. This cluster of research in the Golden Triangle has created one of the strongest life science cores in the United States. Furthermore, Scripps Health has five campuses across the metro and announced that it is spending \$2.6 billion on upgrades to its facilities, further bolstering San Diego as a destination for "medical tourism."

San Diego is also home to more than 140,000 active duty and civilian military employees. The defense industry accounts for more than 350,000 jobs in the region according to the San Diego Military Advisory Council. That is close to 25% of the economy. The Navy's renewed focus on the Pacific theater of operation will result in a 60/40 split between the Pacific and Atlantic fleets, further solidifying San Diego's status as a major Navy hub.

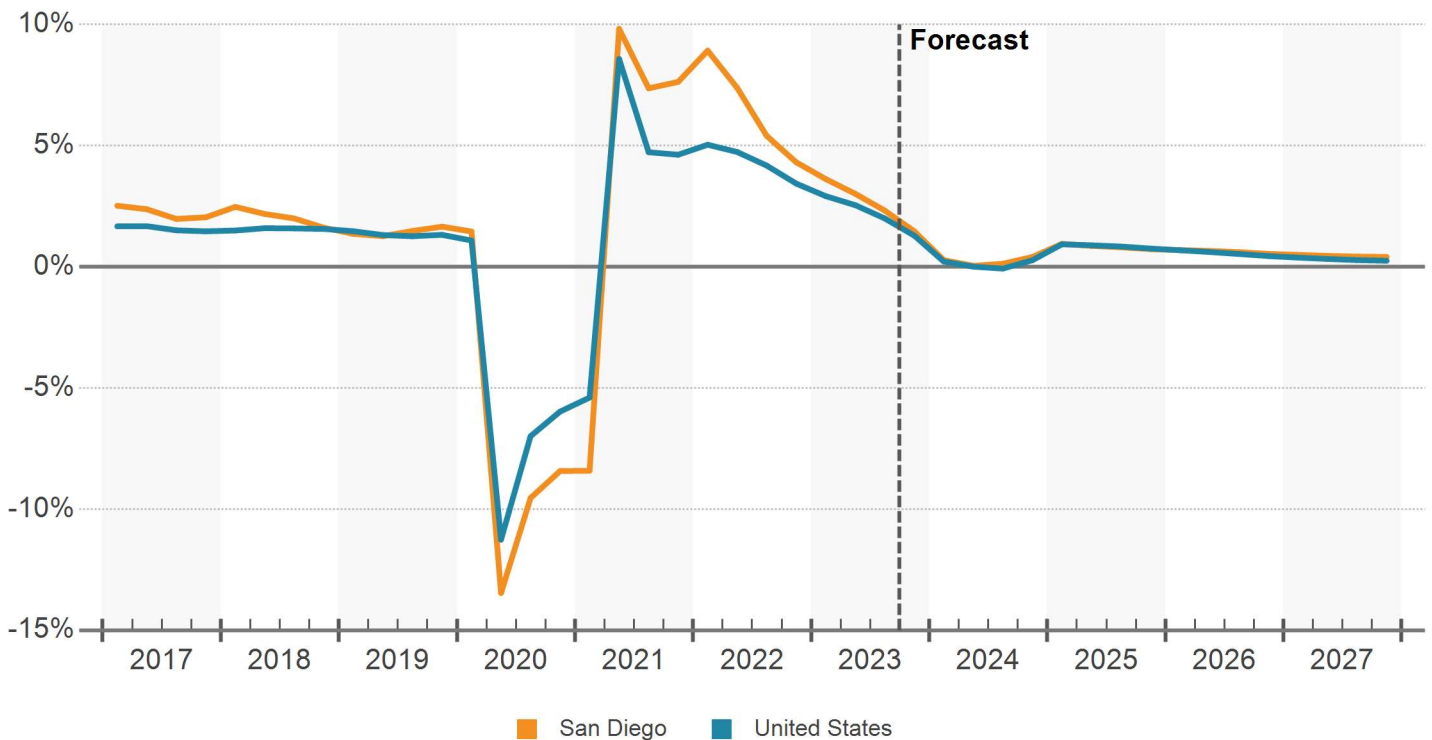
It is also why San Diego has one of the largest concentrations of millennials in the country, accounting for 25% of the population.

SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	118	0.9	-0.54%	0.05%	1.70%	0.72%	0.23%	0.08%
Trade, Transportation and Utilities	224	0.8	1.19%	0.21%	0.39%	1.07%	-0.03%	0.14%
Retail Trade	140	0.9	1.91%	0.48%	-0.24%	0.25%	-0.11%	0.09%
Financial Activities	79	0.9	3.41%	0.60%	1.19%	1.46%	-0.16%	0.14%
Government	249	1.1	0.49%	1.61%	0.90%	0.37%	0.35%	0.40%
Natural Resources, Mining and Construction	90	1.0	2.75%	1.56%	3.69%	2.35%	0.88%	0.27%
Education and Health Services	241	0.9	3.54%	3.15%	2.90%	1.88%	1.02%	0.66%
Professional and Business Services	287	1.2	-0.04%	0.79%	2.59%	2.02%	0.40%	0.50%
Information	22	0.7	-3.90%	-2.66%	-1.20%	1.11%	0.28%	0.33%
Leisure and Hospitality	208	1.2	3.17%	3.09%	2.01%	1.49%	1.09%	0.83%
Other Services	59	1.0	3.80%	1.78%	1.49%	0.64%	0.31%	0.27%
Total Employment	1,577	1.0	1.55%	1.36%	1.76%	1.31%	0.50%	0.40%

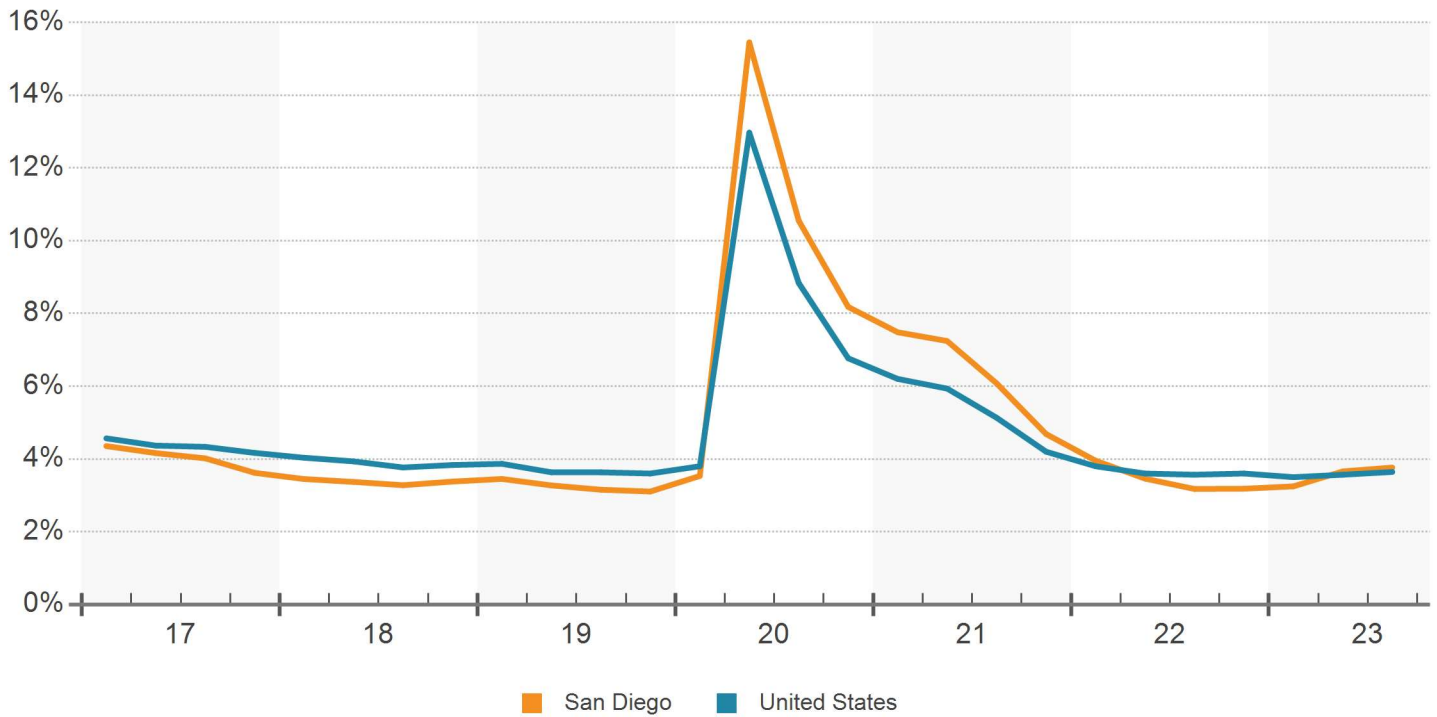
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

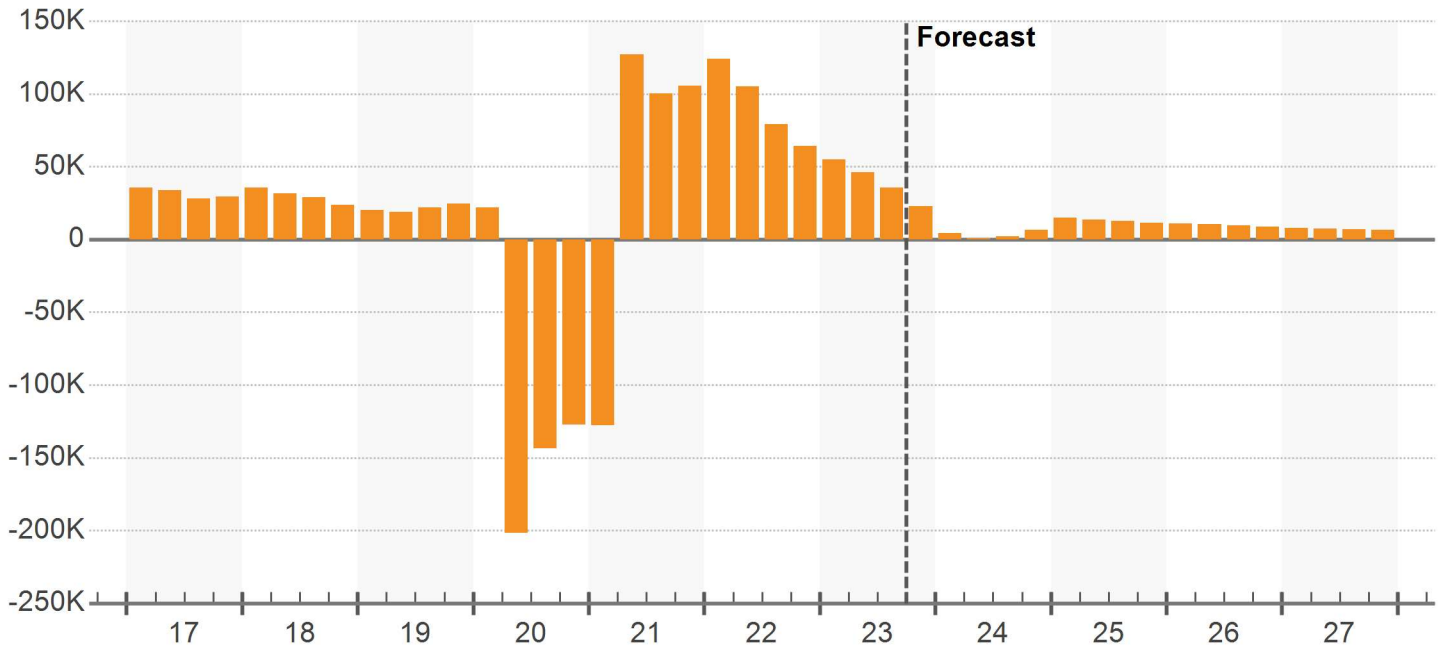


Source: Oxford Economics

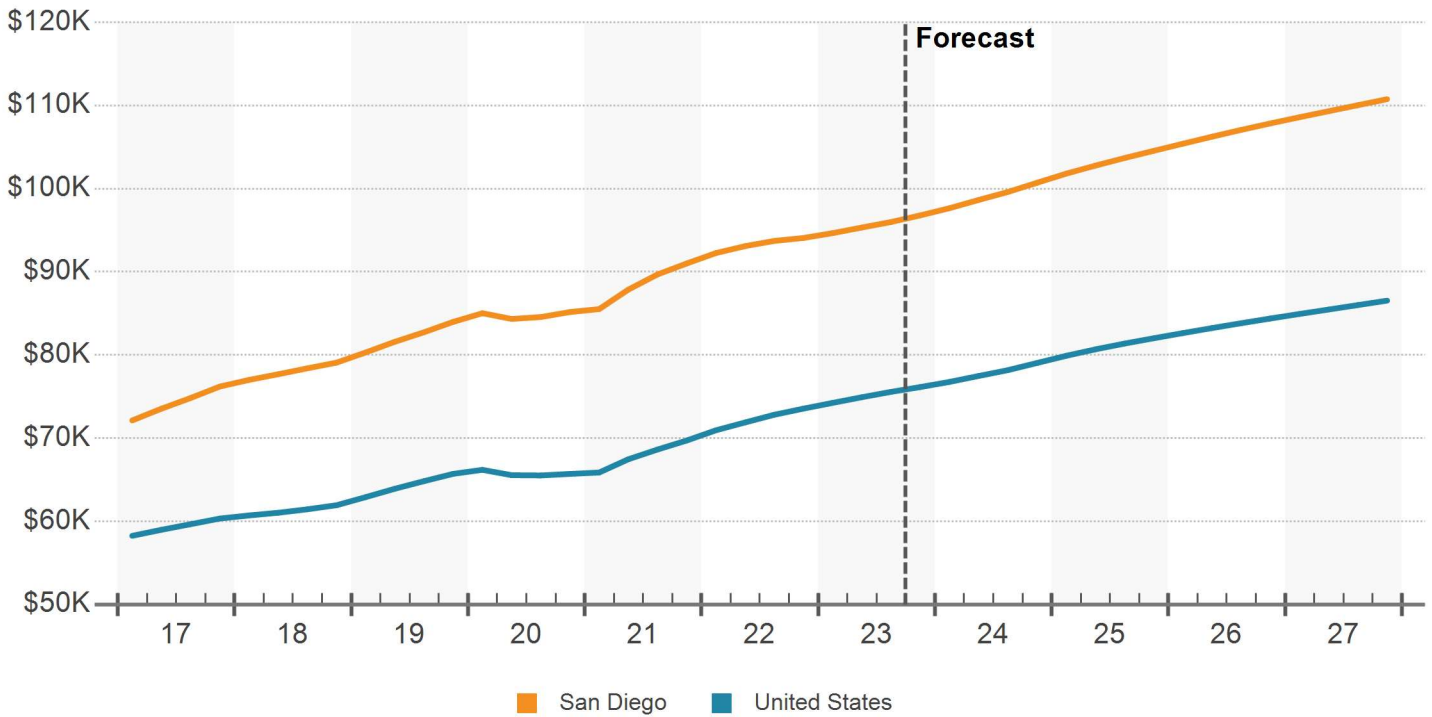
UNEMPLOYMENT RATE (%)



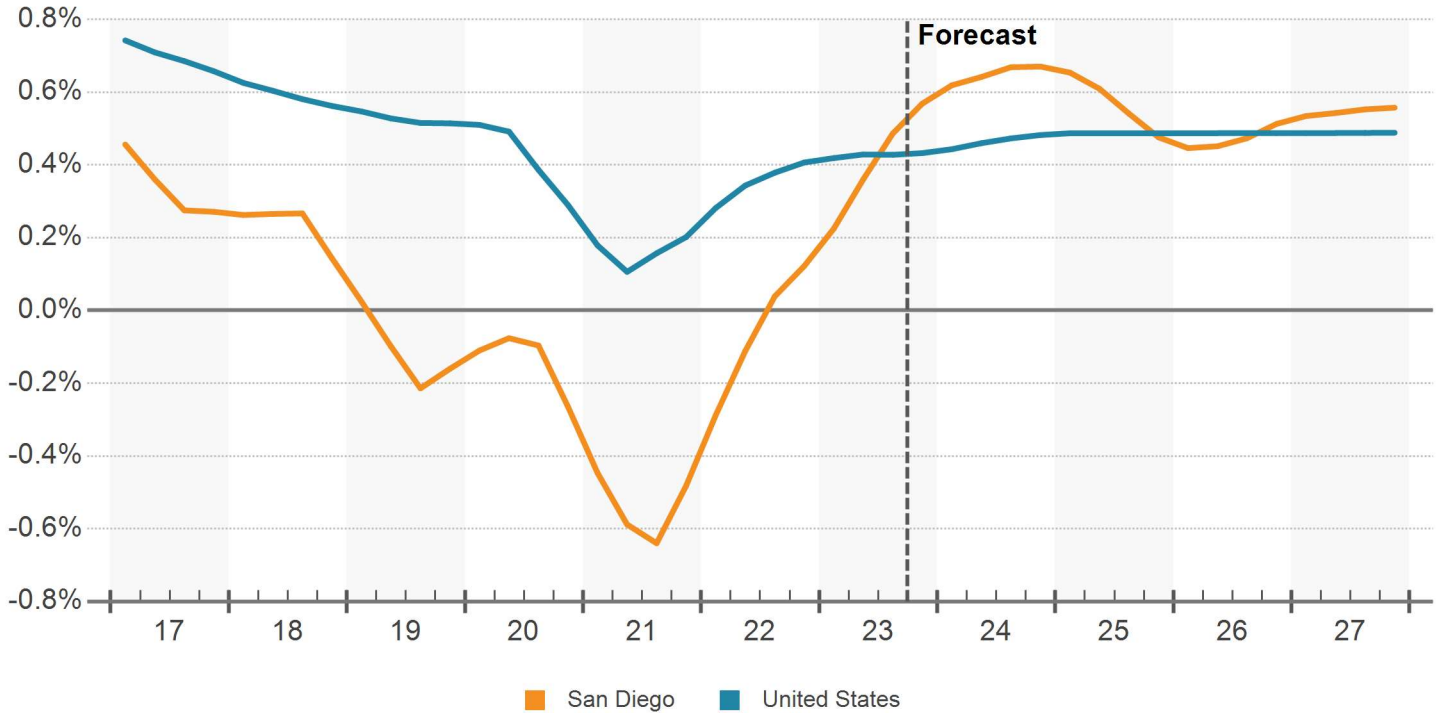
NET EMPLOYMENT CHANGE (YOY)



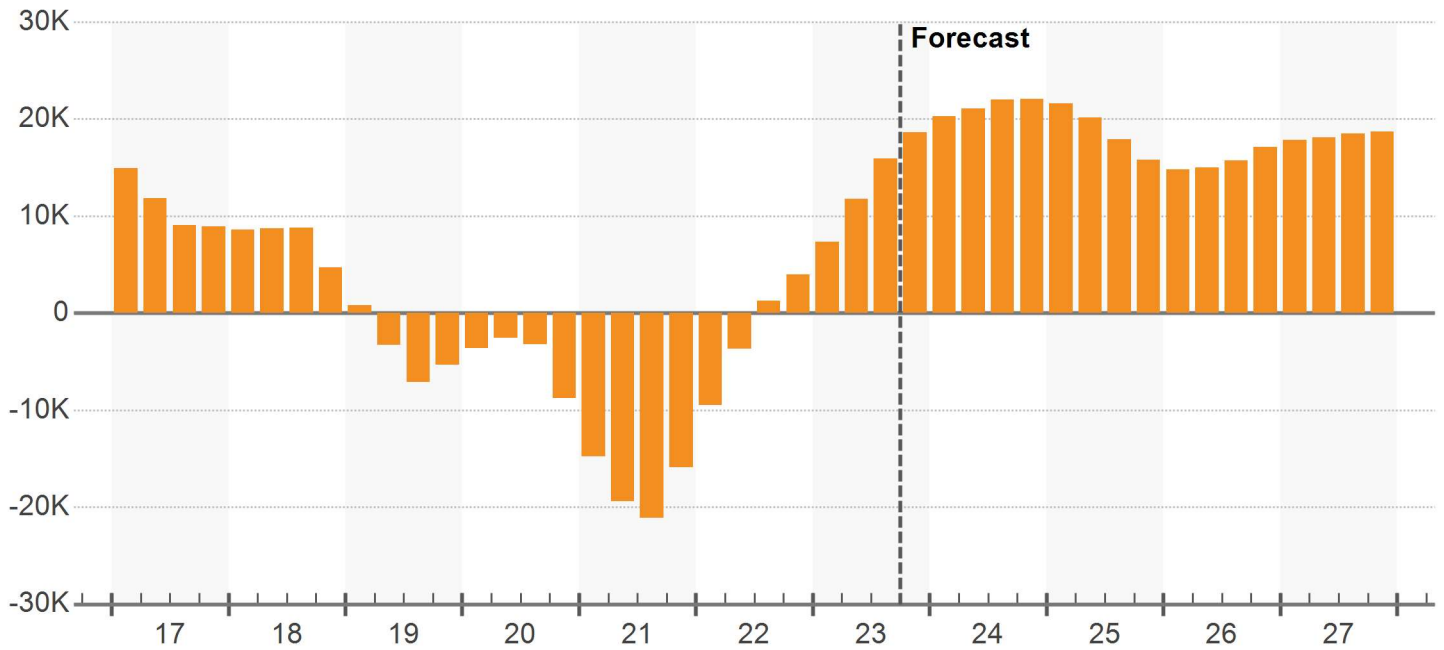
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

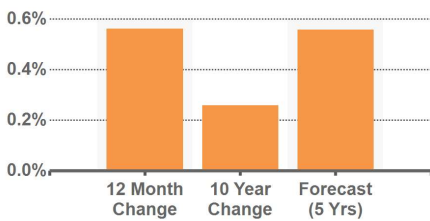


DEMOGRAPHIC TRENDS

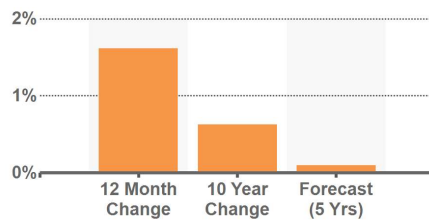
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,297,020	335,065,875	0.6%	0.4%	0.3%	0.5%	0.6%	0.5%
Households	1,186,111	130,811,625	0.7%	0.6%	0.5%	0.9%	0.7%	0.6%
Median Household Income	\$96,703	\$76,086	2.8%	3.6%	4.6%	3.8%	3.3%	3.1%
Labor Force	1,621,539	167,576,531	1.6%	1.8%	0.6%	0.8%	0.1%	0.2%
Unemployment	3.8%	3.6%	0.6%	0%	-0.4%	-0.3%	-	-

Source: Oxford Economics

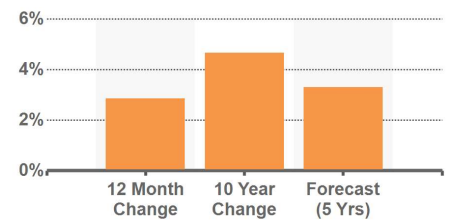
POPULATION GROWTH



LABOR FORCE GROWTH

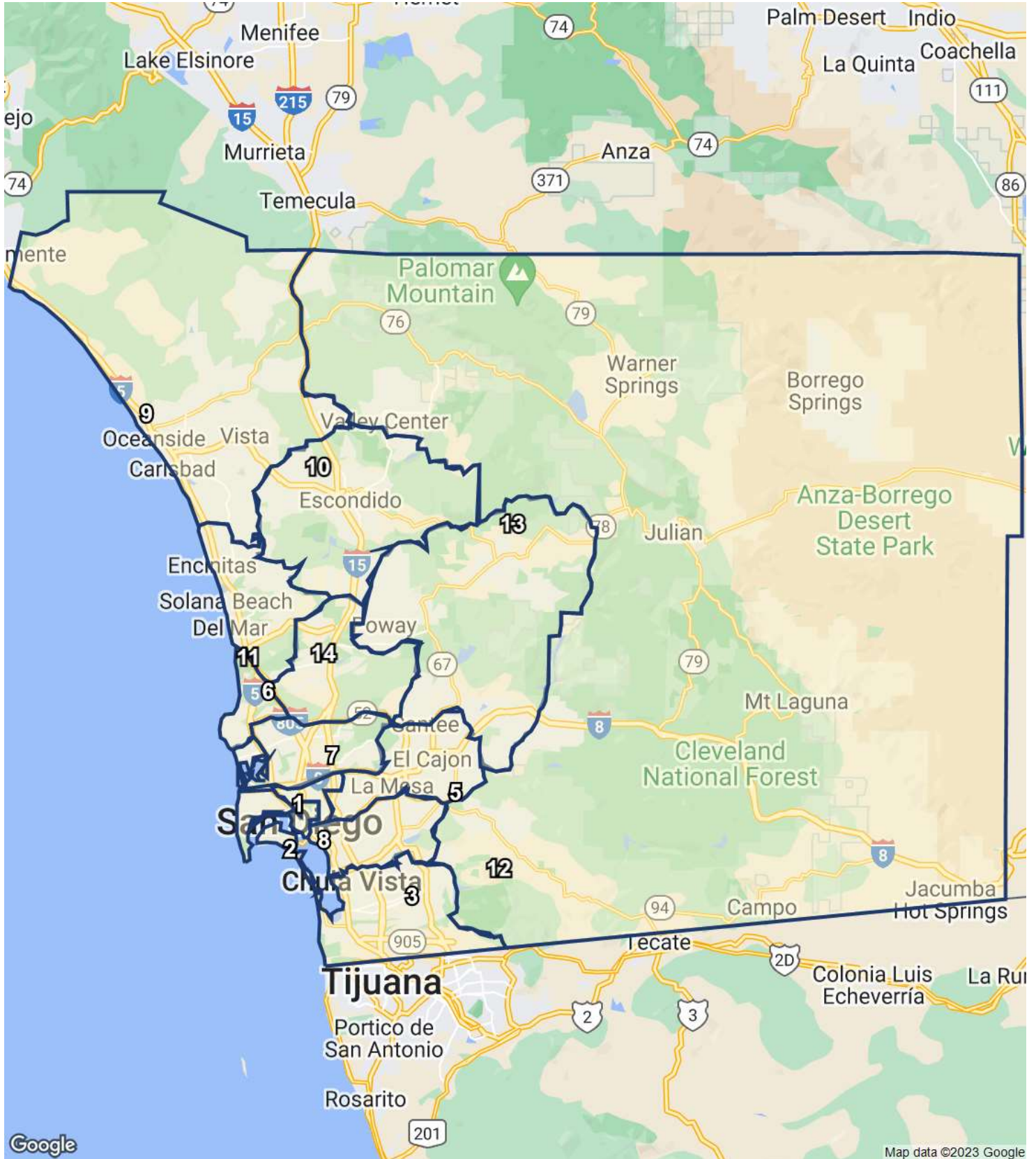


INCOME GROWTH



Source: Oxford Economics

SAN DIEGO SUBMARKETS



Submarkets

San Diego Multi-Family

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Balboa Park	2,964	31,459	11.4%	4	11	806	2.6%	2	13	922	2.9%	4
2	Central Coast	1,480	19,298	7.0%	6	4	543	2.8%	4	3	73	0.4%	11
3	Chula Vista/Imperial Beach	883	31,701	11.4%	3	9	1,056	3.3%	1	0	0	0%	-
4	Downtown San Diego	164	15,157	5.5%	9	2	663	4.4%	3	5	1,910	12.6%	1
5	East County	2,305	45,961	16.6%	1	3	63	0.1%	9	4	92	0.2%	10
6	La Jolla/UTC	167	12,655	4.6%	10	1	26	0.2%	10	1	21	0.2%	12
7	Mission Valley/North Cen...	323	26,703	9.6%	5	3	291	1.1%	6	6	1,605	6.0%	2
8	National City/South Central	892	15,695	5.7%	8	7	109	0.7%	7	6	205	1.3%	9
9	North County	899	32,816	11.9%	2	1	75	0.2%	8	6	994	3.0%	3
10	North I-15 Corridor	382	18,384	6.6%	7	1	15	0.1%	12	1	258	1.4%	7
11	North Shore Cities	196	8,545	3.1%	12	1	25	0.3%	11	2	212	2.5%	8
12	Outlying San Diego County	27	1,182	0.4%	14	0	0	0%	-	0	0	0%	-
13	Poway/Santee/Ramona	122	5,095	1.8%	13	1	7	0.1%	13	2	284	5.6%	6
14	South I-15 Corridor	71	12,250	4.4%	11	2	304	2.5%	5	3	821	6.7%	5

SUBMARKET RENT

No.	Market	Asking Rents				Effective Rents					
		Per Unit	Per SF	Rank	Yr. Growth	Per Unit	Per SF	Rank	Yr. Growth	Concession	Rank
1	Balboa Park	\$1,880	\$2.78	7	1.7%	\$1,863	\$2.75	7	1.5%	0.9%	3
2	Central Coast	\$2,252	\$3.08	5	-2.4%	\$2,232	\$3.05	5	-2.8%	0.9%	4
3	Chula Vista/Imperial Beach	\$2,326	\$2.69	10	3.3%	\$2,308	\$2.67	10	3.0%	0.8%	6
4	Downtown San Diego	\$2,946	\$3.73	1	-1.4%	\$2,907	\$3.68	1	-1.6%	1.3%	2
5	East County	\$1,894	\$2.43	12	2.5%	\$1,883	\$2.41	12	2.5%	0.6%	10
6	La Jolla/UTC	\$3,161	\$3.35	3	-4.0%	\$3,119	\$3.31	3	-4.4%	1.3%	1
7	Mission Valley/North Cen...	\$2,746	\$3.15	4	1.1%	\$2,724	\$3.12	4	1.2%	0.8%	5
8	National City/South Central	\$1,843	\$2.42	14	2.7%	\$1,835	\$2.41	14	2.7%	0.4%	13
9	North County	\$2,398	\$2.76	8	2.4%	\$2,387	\$2.75	8	2.4%	0.5%	12
10	North I-15 Corridor	\$2,332	\$2.69	9	3.0%	\$2,323	\$2.68	9	3.0%	0.4%	14
11	North Shore Cities	\$3,387	\$3.45	2	-0.1%	\$3,365	\$3.43	2	-0.3%	0.7%	8
12	Outlying San Diego County	\$2,181	\$2.47	11	5.0%	\$2,167	\$2.46	11	4.9%	0.6%	9
13	Poway/Santee/Ramona	\$2,081	\$2.42	13	2.1%	\$2,071	\$2.41	13	2.0%	0.5%	11
14	South I-15 Corridor	\$2,923	\$3.06	6	1.5%	\$2,902	\$3.03	6	1.7%	0.7%	7

SUBMARKET VACANCY & ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construc. Ratio
1	Balboa Park	1,443	4.6%	8	343	1.1%	3	2.4
2	Central Coast	1,305	6.8%	13	(93)	-0.5%	12	-
3	Chula Vista/Imperial Beach	1,840	5.8%	12	735	2.3%	1	1.4
4	Downtown San Diego	1,232	8.1%	14	323	2.1%	5	2.0
5	East County	1,717	3.7%	5	(144)	-0.3%	14	-
6	La Jolla/UTC	526	4.2%	6	81	0.6%	6	0.3
7	Mission Valley/North Cen...	1,357	5.1%	9	325	1.2%	4	0.9
8	National City/South Central	445	2.8%	1	73	0.5%	7	1.5
9	North County	1,109	3.4%	3	(16)	0%	9	-
10	North I-15 Corridor	550	3.0%	2	(93)	-0.5%	13	-
11	North Shore Cities	373	4.4%	7	(91)	-1.1%	11	-
12	Outlying San Diego County	60	5.1%	10	(10)	-0.9%	8	-
13	Poway/Santee/Ramona	190	3.7%	4	(51)	-1.0%	10	-
14	South I-15 Corridor	629	5.1%	11	417	3.4%	2	0.6

OVERALL SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	285,022	962	0.3%	1,241	0.4%	0.8
2026	284,060	1,369	0.5%	1,394	0.5%	1.0
2025	282,691	3,013	1.1%	2,458	0.9%	1.2
2024	279,678	2,750	1.0%	2,369	0.8%	1.2
2023	276,928	3,929	1.4%	1,829	0.7%	2.1
YTD	276,901	3,902	1.4%	1,856	0.7%	2.1
2022	272,999	4,109	1.5%	433	0.2%	9.5
2021	268,890	4,835	1.8%	8,516	3.2%	0.6
2020	264,055	2,163	0.8%	5,358	2.0%	0.4
2019	261,892	4,399	1.7%	3,499	1.3%	1.3
2018	257,493	4,527	1.8%	3,466	1.3%	1.3
2017	252,966	3,114	1.2%	2,241	0.9%	1.4
2016	249,852	1,796	0.7%	1,968	0.8%	0.9
2015	248,056	3,671	1.5%	4,361	1.8%	0.8
2014	244,385	3,892	1.6%	2,404	1.0%	1.6
2013	240,493	1,266	0.5%	2,085	0.9%	0.6
2012	239,227	1,550	0.7%	2,609	1.1%	0.6
2011	237,677	2,091	0.9%	2,398	1.0%	0.9

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	66,394	1,082	1.7%	975	1.5%	1.1
2026	65,312	1,012	1.6%	1,524	2.3%	0.7
2025	64,300	2,564	4.2%	2,619	4.1%	1.0
2024	61,736	2,318	3.9%	2,580	4.2%	0.9
2023	59,418	3,158	5.6%	2,303	3.9%	1.4
YTD	59,418	3,158	5.6%	2,182	3.7%	1.4
2022	56,260	3,631	6.9%	2,265	4.0%	1.6
2021	52,629	4,279	8.9%	5,591	10.6%	0.8
2020	48,350	1,964	4.2%	2,878	6.0%	0.7
2019	46,386	3,653	8.5%	3,340	7.2%	1.1
2018	42,733	4,084	10.6%	2,860	6.7%	1.4
2017	38,649	2,931	8.2%	2,452	6.3%	1.2
2016	35,718	1,601	4.7%	2,302	6.4%	0.7
2015	34,117	3,672	12.1%	3,695	10.8%	1.0
2014	30,445	3,822	14.4%	2,177	7.2%	1.8
2013	26,623	1,446	5.7%	1,143	4.3%	1.3
2012	25,177	1,003	4.1%	1,193	4.7%	0.8
2011	24,174	451	1.9%	500	2.1%	0.9

3 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	90,458	0	0%	259	0.3%	0
2026	90,458	473	0.5%	336	0.4%	1.4
2025	89,985	563	0.6%	330	0.4%	1.7
2024	89,422	486	0.5%	231	0.3%	2.1
2023	88,936	656	0.7%	(62)	-0.1%	-
YTD	88,909	629	0.7%	(17)	0%	-
2022	88,280	527	0.6%	(753)	-0.9%	-
2021	87,753	635	0.7%	1,803	2.1%	0.4
2020	87,118	271	0.3%	1,521	1.7%	0.2
2019	86,847	751	0.9%	410	0.5%	1.8
2018	86,096	445	0.5%	454	0.5%	1.0
2017	85,651	230	0.3%	(7)	0%	-
2016	85,421	195	0.2%	(50)	-0.1%	-
2015	85,226	27	0%	187	0.2%	0.1
2014	85,199	69	0.1%	64	0.1%	1.1
2013	85,130	81	0.1%	508	0.6%	0.2
2012	85,049	714	0.8%	1,362	1.6%	0.5
2011	84,335	1,727	2.1%	1,809	2.1%	1.0

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	128,170	(120)	-0.1%	7	0%	-
2026	128,290	(116)	-0.1%	(466)	-0.4%	0.2
2025	128,406	(114)	-0.1%	(491)	-0.4%	0.2
2024	128,520	(54)	0%	(442)	-0.3%	0.1
2023	128,574	115	0.1%	(412)	-0.3%	-
YTD	128,574	115	0.1%	(309)	-0.2%	-
2022	128,459	(49)	0%	(1,079)	-0.8%	0
2021	128,508	(79)	-0.1%	1,122	0.9%	-
2020	128,587	(72)	-0.1%	959	0.7%	-
2019	128,659	(5)	0%	(251)	-0.2%	0
2018	128,664	(2)	0%	152	0.1%	0
2017	128,666	(47)	0%	(204)	-0.2%	0.2
2016	128,713	0	0%	(284)	-0.2%	0
2015	128,713	(28)	0%	479	0.4%	-
2014	128,741	1	0%	163	0.1%	0
2013	128,740	(261)	-0.2%	434	0.3%	-
2012	129,001	(167)	-0.1%	54	0%	-
2011	129,168	(87)	-0.1%	89	0.1%	-

OVERALL VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	13,466	4.7%	(0.1)	\$2,794	\$3.35	3.4%	(0.6)	\$2,772	\$3.33
2026	13,743	4.8%	0	\$2,703	\$3.24	4.0%	(0.3)	\$2,682	\$3.22
2025	13,767	4.9%	0.1	\$2,599	\$3.12	4.3%	0.1	\$2,578	\$3.09
2024	13,213	4.7%	0.1	\$2,492	\$2.99	4.2%	3.2	\$2,473	\$2.97
2023	12,832	4.6%	0.7	\$2,391	\$2.87	1.1%	(4.4)	\$2,373	\$2.85
YTD	12,777	4.6%	0.7	\$2,399	\$2.87	1.2%	(4.2)	\$2,381	\$2.85
2022	10,721	3.9%	1.3	\$2,367	\$2.84	5.5%	(7.5)	\$2,352	\$2.82
2021	7,049	2.6%	(1.4)	\$2,244	\$2.69	12.9%	10.9	\$2,233	\$2.67
2020	10,714	4.1%	(1.2)	\$1,987	\$2.37	2.0%	(1.1)	\$1,972	\$2.36
2019	13,881	5.3%	0.3	\$1,948	\$2.33	3.1%	(0.3)	\$1,931	\$2.31
2018	12,970	5.0%	0.4	\$1,889	\$2.26	3.4%	(0.5)	\$1,860	\$2.22
2017	11,851	4.7%	0.3	\$1,827	\$2.18	3.9%	(0.1)	\$1,799	\$2.15
2016	10,941	4.4%	(0.1)	\$1,758	\$2.10	4.0%	(2.3)	\$1,737	\$2.07
2015	11,112	4.5%	(0.4)	\$1,691	\$2.02	6.3%	2.7	\$1,674	\$2
2014	11,803	4.8%	0.5	\$1,591	\$1.90	3.5%	0	\$1,574	\$1.88
2013	10,314	4.3%	(0.4)	\$1,536	\$1.83	3.6%	0.9	\$1,521	\$1.81
2012	11,131	4.7%	(0.5)	\$1,483	\$1.77	2.7%	1.4	\$1,471	\$1.75
2011	12,189	5.1%	(0.2)	\$1,444	\$1.72	1.3%	-	\$1,435	\$1.71

4 & 5 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	4,334	6.5%	0.1	\$3,712	\$3.86	3.2%	(0.6)	\$3,666	\$3.81
2026	4,226	6.5%	(0.9)	\$3,595	\$3.73	3.9%	(0.2)	\$3,551	\$3.69
2025	4,737	7.4%	(0.4)	\$3,460	\$3.60	4.1%	0.1	\$3,418	\$3.55
2024	4,793	7.8%	(0.7)	\$3,324	\$3.45	4.0%	4.8	\$3,283	\$3.41
2023	5,057	8.5%	1.1	\$3,195	\$3.32	-0.7%	(4.8)	\$3,156	\$3.28
YTD	5,179	8.7%	1.3	\$3,210	\$3.33	-0.6%	(4.6)	\$3,173	\$3.29
2022	4,194	7.5%	2.1	\$3,219	\$3.34	4.1%	(11.5)	\$3,189	\$3.31
2021	2,832	5.4%	(3.2)	\$3,094	\$3.21	15.6%	14.7	\$3,069	\$3.19
2020	4,135	8.6%	(2.3)	\$2,676	\$2.78	0.9%	(1.3)	\$2,639	\$2.74
2019	5,036	10.9%	(0.2)	\$2,652	\$2.75	2.2%	(0.3)	\$2,615	\$2.71
2018	4,713	11.0%	2.2	\$2,595	\$2.69	2.5%	(0.4)	\$2,528	\$2.62
2017	3,432	8.9%	0.7	\$2,531	\$2.63	2.9%	0.5	\$2,474	\$2.57
2016	2,917	8.2%	(2.4)	\$2,460	\$2.55	2.4%	(3.0)	\$2,415	\$2.51
2015	3,617	10.6%	(1.4)	\$2,401	\$2.49	5.5%	2.0	\$2,367	\$2.46
2014	3,640	12.0%	4.5	\$2,276	\$2.36	3.5%	(0.3)	\$2,243	\$2.33
2013	1,995	7.5%	0.8	\$2,199	\$2.28	3.8%	0.5	\$2,165	\$2.25
2012	1,691	6.7%	(1.1)	\$2,118	\$2.20	3.3%	1.9	\$2,097	\$2.18
2011	1,881	7.8%	(0.3)	\$2,050	\$2.13	1.4%	-	\$2,036	\$2.11

3 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	4,071	4.5%	(0.3)	\$2,877	\$3.40	3.4%	(0.6)	\$2,860	\$3.38
2026	4,329	4.8%	0.1	\$2,782	\$3.29	4.0%	(0.3)	\$2,765	\$3.27
2025	4,192	4.7%	0.2	\$2,674	\$3.16	4.3%	0	\$2,658	\$3.14
2024	3,959	4.4%	0.3	\$2,563	\$3.03	4.3%	2.9	\$2,548	\$3.01
2023	3,705	4.2%	0.8	\$2,458	\$2.91	1.4%	(5.2)	\$2,443	\$2.89
YTD	3,630	4.1%	0.7	\$2,466	\$2.91	1.5%	(5.1)	\$2,452	\$2.90
2022	2,984	3.4%	1.4	\$2,425	\$2.86	6.6%	(9.0)	\$2,413	\$2.85
2021	1,702	1.9%	(1.3)	\$2,275	\$2.69	15.6%	13.1	\$2,269	\$2.68
2020	2,866	3.3%	(1.4)	\$1,967	\$2.32	2.5%	(1.4)	\$1,958	\$2.31
2019	4,101	4.7%	0.4	\$1,919	\$2.26	3.9%	(0.1)	\$1,907	\$2.25
2018	3,757	4.4%	0	\$1,848	\$2.18	4.0%	(0.3)	\$1,824	\$2.15
2017	3,767	4.4%	0.3	\$1,777	\$2.09	4.3%	(0.5)	\$1,752	\$2.07
2016	3,530	4.1%	0.3	\$1,704	\$2.01	4.8%	(2.6)	\$1,684	\$1.98
2015	3,286	3.9%	(0.2)	\$1,626	\$1.92	7.4%	3.4	\$1,611	\$1.90
2014	3,445	4.0%	0	\$1,513	\$1.78	4.1%	0	\$1,497	\$1.76
2013	3,440	4.0%	(0.5)	\$1,454	\$1.71	4.1%	1.3	\$1,443	\$1.70
2012	3,866	4.5%	(0.8)	\$1,398	\$1.65	2.7%	1.2	\$1,387	\$1.63
2011	4,514	5.4%	(0.2)	\$1,360	\$1.60	1.5%	-	\$1,352	\$1.59

1 & 2 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	5,062	3.9%	(0.1)	\$2,044	\$2.78	3.5%	(0.6)	\$2,034	\$2.76
2026	5,188	4.0%	0.3	\$1,975	\$2.68	4.1%	(0.3)	\$1,966	\$2.67
2025	4,838	3.8%	0.3	\$1,897	\$2.58	4.4%	0	\$1,888	\$2.56
2024	4,461	3.5%	0.3	\$1,817	\$2.47	4.4%	1.3	\$1,808	\$2.46
2023	4,071	3.2%	0.4	\$1,741	\$2.36	3.1%	(2.7)	\$1,733	\$2.35
YTD	3,968	3.1%	0.3	\$1,741	\$2.36	3.2%	(2.6)	\$1,733	\$2.35
2022	3,543	2.8%	0.8	\$1,689	\$2.28	5.8%	0	\$1,682	\$2.27
2021	2,514	2.0%	(0.9)	\$1,596	\$2.15	5.8%	3.0	\$1,591	\$2.15
2020	3,713	2.9%	(0.8)	\$1,508	\$2.03	2.9%	(0.4)	\$1,502	\$2.02
2019	4,744	3.7%	0.2	\$1,466	\$1.97	3.3%	(0.7)	\$1,459	\$1.96
2018	4,499	3.5%	(0.1)	\$1,420	\$1.90	3.9%	(0.8)	\$1,411	\$1.89
2017	4,652	3.6%	0.1	\$1,366	\$1.83	4.7%	(0.4)	\$1,357	\$1.82
2016	4,494	3.5%	0.2	\$1,305	\$1.74	5.1%	(0.7)	\$1,298	\$1.74
2015	4,209	3.3%	(0.4)	\$1,241	\$1.66	5.9%	2.9	\$1,234	\$1.65
2014	4,718	3.7%	(0.1)	\$1,172	\$1.56	2.9%	0.3	\$1,166	\$1.55
2013	4,879	3.8%	(0.5)	\$1,139	\$1.52	2.6%	0.8	\$1,133	\$1.51
2012	5,573	4.3%	(0.2)	\$1,110	\$1.48	1.9%	1.0	\$1,103	\$1.47
2011	5,794	4.5%	(0.1)	\$1,089	\$1.45	0.9%	-	\$1,083	\$1.44

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$466,265	317	4.4%
2026	-	-	-	-	-	-	\$428,614	291	4.7%
2025	-	-	-	-	-	-	\$391,452	266	4.9%
2024	-	-	-	-	-	-	\$370,726	252	4.9%
2023	-	-	-	-	-	-	\$396,774	270	4.5%
YTD	216	\$1.7B	1.9%	\$8,314,780	\$356,471	4.3%	\$399,915	272	4.4%
2022	342	\$3.9B	3.5%	\$11,327,437	\$402,696	3.5%	\$424,971	289	4.1%
2021	576	\$5.7B	6.7%	\$9,947,523	\$317,858	4.1%	\$437,438	297	3.8%
2020	305	\$2.3B	2.8%	\$7,745,161	\$315,999	4.4%	\$360,037	245	4.2%
2019	574	\$2.4B	4.1%	\$6,616,784	\$296,583	4.5%	\$328,803	223	4.5%
2018	503	\$2B	3.7%	\$6,094,286	\$257,988	4.4%	\$301,530	205	4.6%
2017	682	\$3B	5.3%	\$7,454,356	\$276,027	4.5%	\$285,266	194	4.7%
2016	508	\$2.6B	4.7%	\$6,168,430	\$234,595	4.8%	\$266,977	181	4.8%
2015	543	\$2.1B	5.4%	\$5,253,109	\$193,766	4.9%	\$254,524	173	4.8%
2014	456	\$1.6B	5.6%	\$4,346,341	\$176,990	5.2%	\$231,812	157	5.0%
2013	465	\$1.3B	3.8%	\$3,354,374	\$171,927	5.7%	\$212,881	145	5.2%
2012	406	\$1.1B	3.7%	\$3,426,614	\$150,411	6.2%	\$207,346	141	5.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$663,516	312	4.2%
2026	-	-	-	-	-	-	\$609,658	286	4.4%
2025	-	-	-	-	-	-	\$556,559	261	4.6%
2024	-	-	-	-	-	-	\$527,624	248	4.7%
2023	-	-	-	-	-	-	\$567,173	266	4.2%
YTD	6	\$189.9M	0.9%	\$37,986,100	\$582,609	3.0%	\$572,069	269	4.2%
2022	17	\$1.4B	5.0%	\$82,014,900	\$495,294	3.6%	\$608,672	286	3.8%
2021	12	\$1.3B	4.8%	\$104,202,042	\$497,187	4.0%	\$629,882	296	3.5%
2020	9	\$708M	2.9%	\$88,500,938	\$515,289	4.0%	\$521,498	245	3.9%
2019	11	\$784.1M	4.3%	\$78,407,327	\$399,223	5.0%	\$478,890	225	4.2%
2018	8	\$641.2M	5.1%	\$91,603,714	\$344,745	4.0%	\$438,034	206	4.3%
2017	15	\$1.4B	8.7%	\$93,013,266	\$417,100	4.2%	\$417,372	196	4.4%
2016	10	\$592M	4.9%	\$59,204,850	\$340,845	4.6%	\$391,058	184	4.5%
2015	9	\$450.5M	4.3%	\$50,050,000	\$307,055	4.6%	\$374,635	176	4.5%
2014	5	\$191.3M	3.8%	\$47,825,000	\$264,227	4.6%	\$339,972	160	4.6%
2013	11	\$318.1M	5.9%	\$79,519,808	\$301,211	5.2%	\$312,319	147	4.8%
2012	8	\$238.5M	6.1%	\$119,250,000	\$250,525	4.5%	\$303,763	143	4.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$440,347	323	4.4%
2026	-	-	-	-	-	-	\$404,927	297	4.7%
2025	-	-	-	-	-	-	\$369,981	271	4.9%
2024	-	-	-	-	-	-	\$350,287	257	4.9%
2023	-	-	-	-	-	-	\$374,269	274	4.5%
YTD	42	\$919.6M	2.9%	\$22,989,425	\$361,185	4.3%	\$377,292	277	4.5%
2022	58	\$1.1B	3.2%	\$19,909,754	\$402,717	3.9%	\$402,460	295	4.1%
2021	95	\$2.2B	8.0%	\$22,888,977	\$311,170	4.0%	\$413,236	303	3.8%
2020	50	\$789.8M	2.9%	\$16,453,697	\$319,619	4.5%	\$338,220	248	4.2%
2019	64	\$530.6M	2.8%	\$10,828,193	\$309,017	4.4%	\$309,002	227	4.5%
2018	55	\$622M	2.9%	\$12,957,482	\$251,703	4.4%	\$280,535	206	4.7%
2017	96	\$713.9M	4.1%	\$10,498,128	\$219,047	4.8%	\$263,914	193	4.7%
2016	79	\$1.2B	5.9%	\$17,164,320	\$237,327	4.7%	\$247,154	181	4.8%
2015	95	\$919.5M	7.2%	\$12,259,748	\$191,160	4.9%	\$236,334	173	4.8%
2014	83	\$814.9M	9.0%	\$12,346,739	\$189,156	5.3%	\$215,345	158	5.0%
2013	53	\$410.1M	2.9%	\$9,319,696	\$220,229	5.4%	\$197,611	145	5.2%
2012	54	\$354.3M	3.3%	\$8,239,110	\$152,314	6.1%	\$191,858	141	5.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$384,402	316	4.6%
2026	-	-	-	-	-	-	\$353,406	291	4.8%
2025	-	-	-	-	-	-	\$322,772	266	5.0%
2024	-	-	-	-	-	-	\$305,485	251	5.1%
2023	-	-	-	-	-	-	\$326,136	268	4.6%
YTD	168	\$603.3M	1.6%	\$3,747,437	\$312,125	4.4%	\$328,470	270	4.6%
2022	267	\$1.3B	3.1%	\$4,994,558	\$336,839	3.4%	\$347,588	286	4.2%
2021	469	\$2.3B	6.6%	\$4,871,195	\$269,720	4.1%	\$356,808	294	3.9%
2020	246	\$810.3M	2.7%	\$3,348,236	\$234,251	4.4%	\$293,450	242	4.3%
2019	499	\$1.1B	4.9%	\$3,525,598	\$244,798	4.5%	\$266,571	219	4.6%
2018	440	\$754M	3.7%	\$2,731,969	\$216,176	4.4%	\$247,031	203	4.8%
2017	571	\$857.4M	5.2%	\$2,723,054	\$206,948	4.4%	\$233,248	192	4.8%
2016	419	\$800.7M	3.8%	\$2,375,894	\$188,085	4.8%	\$217,957	179	4.9%
2015	439	\$768.1M	4.5%	\$2,377,970	\$161,464	4.9%	\$206,369	170	4.9%
2014	368	\$632.4M	3.8%	\$2,059,889	\$149,642	5.1%	\$188,510	155	5.1%
2013	401	\$553.2M	4.0%	\$1,656,363	\$121,990	5.7%	\$173,163	143	5.3%
2012	344	\$490M	3.5%	\$1,808,222	\$124,975	6.2%	\$169,316	139	5.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

DELIVERIES & UNDER CONSTRUCTION

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Units	Vacancy	Bldgs	Units	Bldgs	Units	Bldgs	Units
2027	-	285,025	4.7%	-	1,104	-	963	-	-
2026	-	284,062	4.8%	-	1,426	-	1,370	-	-
2025	-	282,692	4.9%	-	3,127	-	3,013	-	-
2024	-	279,679	4.7%	-	2,820	-	2,751	-	-
2023	-	276,928	4.6%	-	3,941	-	3,929	-	-
YTD	10,875	276,901	4.6%	44	3,914	43	3,902	52	7,397
2022	10,832	272,999	3.9%	36	4,202	29	4,109	75	8,160
2021	10,803	268,890	2.6%	37	4,914	33	4,835	63	8,114
2020	10,770	264,055	4.1%	30	2,241	23	2,163	62	8,917
2019	10,747	261,892	5.3%	42	4,410	40	4,399	55	6,553
2018	10,707	257,493	5.0%	36	4,541	34	4,527	65	7,239
2017	10,673	252,966	4.7%	26	3,198	16	3,114	56	7,866
2016	10,657	249,852	4.4%	19	1,796	19	1,796	51	7,531
2015	10,638	248,056	4.5%	20	3,735	16	3,671	29	4,894
2014	10,622	244,385	4.8%	17	3,931	14	3,892	26	5,175
2013	10,608	240,493	4.3%	11	1,527	1	1,266	26	5,893
2012	10,607	239,227	4.7%	8	1,732	1	1,550	19	5,129
2011	10,606	237,677	5.1%	8	2,193	(1)	2,091	12	4,320