Underwriting Boilerplate

Conventional and Specialty Products

August 2021

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| Overview | The intent of this document is to assist with writing brief narratives. These write-ups can serve as templates for narrative portions of the loan brief and indicate the types of information that Freddie Mac Underwriting looks for during the underwriting process.  ***Please keep in mind – Each loan is unique.*** The language in this template does not cover every situation that may arise during the underwriting process. More information may be needed to effectively to tell the full story of the loan. Provide additional information as necessary to communicate material information, mitigate transactional risks, and to provide a comprehensive and complete overview of the loan. If you are unsure of whether to include information not covered in this template that may be material to the loan, please err on the side of caution and provide the additional narrative. | |
| Text Formats | * Plain Text = Standard language to be used consistently in every narrative * Underlined Text = Language to be specified for each transaction * *Italic Text* = General language guidance for subjective portions of the narrative   [Bracketed Text] = Alternative language for specific transactions | |
| Note | For any student properties that are rented by the bed or bedroom – replace all per unit language with per bed or per bedroom language. | |

# Transaction Overview

## Tell the Investment Story

#### For All Transactions – In addition to the templates below, be sure to address the investment story as part of the transaction overview. These templates represent the beginning of the conversation, and any additional relevant or unusual facts should be provided to communicate the rest of the story.

*Address unusual facts surrounding the transaction such as distressed sale, note purchase, partnership buyout, large discrepancy between purchase price and appraised value, etc.*

The subject transaction represents a [long term hold, value add, market play, etc.] for the sponsorship. *For Seniors Housing Properties: Provide the detail on the ownership history and whether this will change after funding.*

*For Manufactured Housing Communities, units should be referred to as pads or RV sites. The total unit count should equal total pads and RV sites i.e. 130-unit (125-pad and 5-RV site).*

## Acquisition:

Seller Name funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a first lien on Property Name, a \_\_-unit, [include if applicable: Student, Rent Restricted, LIHTC, Section 8, Age Restricted, etc.], style apartment complex located in city, state. The borrower acquired the property from Current Owner of Property (True Seller), at arm’s-length [if not at arm’s-length, include any sale conditions (distressed, sold at a premium/discount, deferred maintenance, previously agreed upon sales price, etc.)], at a purchase price of $\_\_\_\_\_ in Month Year. The borrower contributed $\_\_\_\_\_ of cash equity at the time of closing, equating to a \_\_% LTPP. The subject transaction represents a [long term hold, value add, market play, etc.] for the sponsorship.

***Please Note: List the true seller of the property, not the seller’s holding entity.***

## Cash-Out Refi:

Seller Name funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a first lien on Property Name, a \_\_-unit, [include if applicable: Student, Rent Restricted, LIHTC, Section 8, Age Restricted, etc.], style apartment complex located in City, State. The borrower purchased/developed the property in Year [for $\_\_\_\_\_ ($\_\_\_/unit), *if available*] [and has since invested $\_\_\_\_\_ in capital improvements for a total cost basis of $\_\_\_\_\_\_\_.] This loan refinanced existing [Freddie Mac, *if applicable*] debt of $\_\_\_\_\_ The borrower cashed out $\_\_\_\_\_ as part of this transaction and has $\_\_\_\_\_ cash equity remaining in the deal (\_\_% of the total cost basis). The subject transaction represents a [long term hold, value add, market play, etc.] for the sponsorship.

***Tell the story****: If the cash is not a simple pay out, what will the proceeds go towards? Will it be invested back into the property as capex, or used to acquire/develop other properties? If there are limited details, include information about the sponsors investment in the local market—time in the market/number of units/apartments in the area to demonstrate long term commitment to the (sub)market.*

## Cash-In Refi:

Seller Name *(use the formal name as found in the mortgage loan application)* funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a first lien on Property Name, a \_\_-unit, [include if applicable: Student, Rent Restricted, LIHTC, Section 8, Age Restricted, etc.], style apartment complex located in City, State. The borrower purchased/developed the property in Year [for $\_\_\_\_\_ ($\_\_\_/unit), *if available*] and the loan refinanced existing [Freddie Mac, *if applicable*] debt of $\_\_\_\_\_. The borrower contributed $\_\_\_\_\_ as part of this transaction and has $\_\_\_\_\_\_ cash equity remaining in the deal (\_\_% of the total cost basis). The subject transaction represents a [long term hold, value add, market play, etc.] for the sponsorship.

## Cash-Out Refi Supplemental:

Seller Name funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a second (third, fourth, etc.] lien on Property Name, a \_\_\_ -unit garden-style [mid-rise, etc.] apartment complex located in City, State. The borrower purchased the subject in Year [for $\_\_\_\_\_ ($\_\_\_/unit), *if available*]. The existing \_.\_\_% fixed-rate [capped adjustable-rate] amortizing [interest-only] first mortgage loan was originated by Seller Name on \_\_/\_\_/\_\_. The original loan was for $\_\_\_\_\_ with a term of \_\_ years. [For RDC first mortgages, add: The loan was subsequently securitized on \_\_/\_\_/\_\_ as part of the FREMF 20\_ K\_Deal.] As of \_\_/\_\_/\_\_, the existing Freddie Mac portfolio [RDC] first mortgage #\_\_\_\_\_ has an unpaid principal balance of $\_\_\_\_\_ ($\_\_\_/unit) and a remaining term of \_\_ years. The maturity date of the Supplemental Loan is \_\_/\_\_/\_\_, which is [not] conterminous with that of the first mortgage. The borrower cashed out $\_\_\_\_\_ as part of this transaction and has $\_\_\_\_\_ cash equity remaining in the deal (\_\_% of the total cost basis).

## Partnership Buyout (Refinance/No Title Change):

Seller Name funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a first lien on Property Name, a \_\_-unit, [include if applicable: Student, Rent Restricted, LIHTC, Section 8, Age Restricted, etc.], style apartment complex located in City, State. The loan facilitated the refinance of existing [Freddie Mac, *if applicable*] debt and an ownership buy out of Sponsor Name, a former equity partner. The agreed upon consideration for the buyout was $\_\_\_\_\_ and the borrower has $\_\_\_\_\_ net equity remaining in the transaction.

*Note the ownership percentage of the former sponsor if available.* *If a new equity partner was brought in to replace the former, note the name of the new sponsor.*

## Partnership Buyout (Acquisition/Title Change):

Seller Name funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a first lien on Property Name, a \_\_\_-unit, [include if applicable: Student, Rent Restricted, LIHTC, Section 8, Age Restricted, etc.], style apartment complex located in City, State. The loan facilitated an ownership buy out of Sponsor Name, a former equity partner, and title was transferred to a new borrowing entity. The agreed upon purchase price for the buyout was $\_\_\_\_\_ and the borrower contributed $\_\_\_\_\_ to the transaction.

*Note the ownership percentage of the former sponsor if available. Confirm whether the purchase was considered arm’s length and if a new equity partner was brought in to replace the former, note the name of the new sponsor.*

## Tranched Debt Transactions (Acquisition) – Global ASR:

Seller Name funded and Freddie Mac purchased a \_\_-year loan secured by \_\_ properties, with a total loan amount of $\_\_\_\_\_ ($\_\_\_/unit). The properties were purchased from Current Owner of Property (True Seller), at arm’s-length [if not at arm’s-length, include any sale conditions (distressed, sold at a premium/discount, deferred maintenance, previously agreed upon sales price, etc.)], at a purchase price of $\_\_\_\_\_ in Month Year.

## Forward, New Construction:

Seller Name is requesting the approval of a(n) [Unfunded/Funded] Forward commitment for a $\_\_\_\_\_ ($\_\_\_/unit) [Fixed/Floating] rate permanent [tax-exempt] loan that will finance the [development/rehabilitation] of Property Name, a(n) [to-be-built/existing] \_\_-unit, [Workforce housing/4% LIHTC/9% LIHTC] apartment community located in City, State.

The forward commitment period will be for \_\_ months. Upon successful conversion, the permanent loan term will be \_\_\_\_ years with a \_\_\_\_-year amortization schedule. The loan is priced at a \_.\_\_x DCR and \_\_% LTV. The loan is underwritten at a \_.\_\_x DCR and \_\_.\_\_% LTV, based ona note rate of \_.\_\_%, and the appraiser’s As-Stabilized Restricted value of $\_\_\_\_\_ using [HAP / LIHTC / etc.] rents. The permanent loan will repay the balance on the construction loan.

Construction is scheduled to begin in Month Year and conclude by Month Year. The total estimated hard construction costs equal $\_\_\_\_\_ ($\_\_\_/unit). The Construction Lender, Lender Name, will provide an estimated $\_\_\_\_\_ construction loan for the duration of the Forward period. The LIHTC credits will be purchased/syndicated by Investor, who will be providing $\_\_\_\_\_ in equity to the transaction. [The Construction Lender has financed \_\_ of the Sponsor’s \_\_ properties/This will be Construction Lender’s first transaction with Sponsor.]

*For all expedited reviews add:* The Construction Lender meets the Freddie Mac Seller/Servicer Guide criteria required for eligibility for an Expedited Review. As a result, all construction documents will be reviewed within 90 days of the executed commitment date.

*For all non-expedited reviews include:* The Construction Lender does not meet the Freddie Mac Seller/Servicer Guide criteria required for eligibility for an Expedited Review. Freddie Mac’s physical risk group has reviewed all construction documentation.

*For Workforce Housing*: Additional sources include \_\_ (please explain).

## Conversion:

Seller Name funded and Freddie Mac purchased a $\_\_\_\_\_ ($\_\_\_/unit) \_\_-year loan secured by a first lien on Property Name, a \_\_\_-unit, [*include if applicable:* Student, Rent Restricted, LIHTC, Section 8, Age Restricted, etc.], style apartment complex located in City, State. The borrower developed the property in Year for $\_\_\_\_\_ ($\_\_\_/unit) and the loan refinanced the construction loan. The borrower contributed $\_\_\_\_\_ of the total development costs of this transaction and has $\_\_\_\_\_ cash equity remaining in the deal (\_\_% of the total cost basis).

In Month Year, Freddie Mac entered into an unfunded forward commitment with Seller Name to take out the construction loan. During the subsequent \_\_ years, the sponsor [built/rehabilitated] and stabilized the property, and the permanent loan is successfully converting with [no material changes/the following material changes]. *Discuss any material changes if applicable.*

At forward underwriting, the approved minimum DCR and maximum LTV were \_.\_\_x and \_\_.\_%, respectively. At conversion, the DCR and LTV were underwritten to \_.\_\_x and \_\_.\_%, respectively.

## Common Sponsorship:

The property is one of #-[cross-collateralized] properties sponsored by Sponsor Name, with a combined loan amount of $\_\_\_\_\_. The properties have a total of \_\_ apartment units. [Student Properties: The properties have a total of \_\_ student housing units and \_\_ beds.] The properties with common sponsorship are: Property Names.

## Lease-Up Deals:

The subject loan was funded and purchased by Freddie Mac as part of a pre-stabilized lending program for new construction properties in lease-up. The property is targeted to reach stabilization in Month Year.

# Escrow/Reserve Requirement Footnotes

## Escrows

* [Tax/insurance/replacement reserve/deferred maintenance reserves] are collected.

*Explain all “Other Escrows.” Include the purpose, amount, how it was structured, and any disbursement and release terms. If the escrow was intended to fund additional capital replacements at the property include the specific replacements and the intended time frame.*

* The borrower made an initial deposit of $\_\_\_ into the Reserves for Replacement escrow to reduce the annual deposit from $\_\_\_/unit/year as recommended by the PCA to $\_\_\_/unit/year.
* Deferred maintenance reserve includes an initial deposit for immediate repairs. The engineer identified immediate repairs consisting of \_\_\_\_\_. The repairs were escrowed at 100%/125% of anticipated cost. Per the Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_, the repairs must be completed within 365 days of closing.

## Springing Escrows

* Tax escrow springs upon default, transfer or failure to pay taxes.
* Insurance escrow springs upon default, transfer or failure to maintain adequate insurance.
* Replacement reserve escrow springs upon default, transfer or failure to maintain the property.

## Floating-Rate Escrows

* Other Reserves includes the monthly deposit made to the interest rate cap escrow for the purchase of a replacement cap at the maturity of the initial \_\_-year term. The escrow deposit will be recalculated [annually/semi-annually] based on the lender’s estimation of the cost of the replacement interest rate cap. Funds are escrowed at [100%/125%] of the estimated cost. The replacement cap provider is subject to lender approval.

## Capped Escrows

* In the event that the escrow account falls below the capped threshold, an ongoing monthly deposit will be instated until the escrow account is equal to or greater than the requirement.

## COVID-19 DSR Escrows

* The Borrower made an initial deposit into a COVID-19 Debt Service Reserve (“DSR”) in an amount equal to \_\_ months of [amortizing/interest-only] Debt Service payments. The Borrower may request a disbursement from the DSR in the amount of a Shortfall Amount to pay principal and interest amounts upon submission of a Borrower Certification of Rental Collections, current rent schedule and current trailing 12-month operating statement. Any time that funds in an amount sufficient to pay in full the next Monthly Payment on the Loan remain in the DSR, the Borrower is not eligible for any forbearance option related to the COVID-19 pandemic. The DSR will be released following achievement of T-3 average collections equal to or greater than the Release Rental Collections per the Loan Agreement, and there is no Event of Default.

*For Seniors Housing Properties:*

* The Borrower made an initial deposit into a COVID-19 Debt Service Reserve (“DSR”) in an amount equal to 12 months of amortizing Debt Service payments. The Borrower may request a disbursement from the DSR in the amount of a Shortfall Amount to pay principal and interest amounts upon submission of a Borrower Certification of Rental Collections, current rent schedule and current trailing 12-month operating statement. Any time that funds in an amount sufficient to pay in full the next Monthly Payment on the Loan remain in the DSR, the Borrower is not eligible for any forbearance option related to the COVID-19 pandemic. The DSR will be released at least 90 days following the lifting of all governmental actions related to COVID-19 affecting the property (but in no event more than 12 months), no part of the Property is subject to any ban on admissions due to the COVID-19 and no resident units have been ordered to be vacated for the purposes of controlling COVID-19 (subject to the most recent legal commitment language as revised time to time), achievement of T-3 average collections and collections in the last month (inclusive of care) equal to or greater than the Release Rental Collections per the Loan Agreement, achievement of T-3 NOI per the Loan Agreement, and there is no Event of Default. [Also add as applicable all Deferred Property Inspections have been completed/all Deferred Property Reports received.] [Also add combined T-3 NRI and NOI Test thresholds for crossed pools.] [Add if there are any deferred property reports: Notwithstanding the foregoing, if any Deferred Property Reports indicate that the funds in the deferred maintenance or replacement reserves escrows are insufficient, then any remaining funds from the DSR will be transferred to these escrows at Lender’s Discretion.]

## Student Debt Service Reserve Escrows

* Other Reserves is comprised of a \_\_- month debt service reserve. The reserve will remain in place until the beginning of the Year-Year school year when the property demonstrates underwritten occupancy and rental collections for one month.

## Green Advantage® Escrows

* Other Reserves includes an initial deposit for energy efficiency repairs, totaling $\_\_\_\_, for planned repairs to improve energy and water efficiency including [*list green improvements]*. Per Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_, the repairs must be completed within \_\_ months of closing.

# Supplemental Footnotes

* The loan is eligible for future supplemental financing exclusively from Freddie Mac one-year after origination of the first mortgage. Conditions for such financing include, but are not limited to: (i) maximum combined LTV of \_\_.\_%, (ii) minimum combined DSCR of \_.\_\_x (amortizing), (iii) subject to a pre-approved intercreditor agreement and (iv) certain other conditions as described in the related mortgage loan documents.

## Floating-Rate Supplemental Footnotes

* The maturity balance is calculated based on 30-day average SOFR of \_.\_\_\_% plus the margin.
* The interest rate is composed of the 30-day average SOFR of \_.\_\_\_% plus the margin.
* The loan is eligible for future supplemental financing exclusively from Freddie Mac one-year after origination of the first mortgage. Conditions for such financing include, but are not limited to: (i) maximum combined LTV of \_\_\_%, (ii) minimum combined DSCR of \_.\_\_x (based on amortizing debt service calculated using the Interest Rate Cap), (iii) subject to a pre-approved intercreditor agreement and (iv) certain other conditions as described in the related mortgage loan documents.
* The borrower paid an upfront premium fee of $\_\_\_\_\_\_ to [*Third Party*] to purchase the Interest Rate Cap Coverage. The external cap agreement has a \_\_-year term expiring [Month, Year] with a strike rate of \_\_%.

# Transaction Strengths

## Cash Equity

Based on the Year purchase price/development cost of $\_\_\_\_\_\_ plus capital improvements of $\_\_\_\_\_\_, the borrower’s cash equity in the transaction is $­­­\_\_\_\_\_\_representing approximately \_\_\_% of the total cost basis.

## Loan Economics

*Note: Only use when DSCR is over 1.40x AND LTV is less than 65%*

The loan represents a \_\_% underwritten LTV with an amortizing DSCR of \_.\_\_ x [*If floating include*: (based on the spread plus average SOFR of \_.\_\_\_%)] based on an underwritten NOI that is \_\_\_ % less than T-12 ending \_\_/\_\_/\_\_.

## Conservatively Underwritten NOI

*Note: Only use when the underwritten NOI is at least 5% below the T-12 NOI. Use this strength only when expenses are underwritten more conservatively than historical expenses, or if there is very strong support for any expense cuts.*

The property's financial performance was conservatively underwritten based on \_\_\_\_. *Describe any significant factors that caused the loan to be conservatively underwritten. i.e. taxes, R&M, inclusion of management fee, etc.* The subject's underwritten NRI was \_\_% below the actual T-12 and \_\_% below the appraisal. The total expenses were underwritten \_\_% above the T-12 and \_\_% above the appraisal. The underwritten expense ratio of \_\_% is greater than the T-12 expense ratio of \_\_% and the appraisal expense ratio of \_\_%. This resulted in the underwritten NOI being \_\_% below the T-12 and \_\_% below the appraisal, and the amortizing DSCR being \_.\_\_x.

## Strong [Guarantor/Sponsor]

The [guarantor/sponsor], \_\_\_\_\_\_ [and \_\_\_\_\_\_], reported a combined net worth and liquidity of $\_\_\_ and $\_\_\_\_\_\_, respectively. Discuss the guarantor’s or sponsor’s *unique backgrounds and years of experience as an owner/operator, as well as experience in the market or experience operating a specific property type (LIHTC, student, senior, etc.). Also, discuss the their REO. If the guarantor or sponsor is an entity, discuss the individuals or organizations controlling the entity.* *If the guarantor or sponsor is a repeat Freddie Mac borrower:* The guarantor is a repeat Freddie Mac borrower, having completed XX transactions since Year, totaling $\_\_\_\_\_ in UPB. The loans have paid as agreed.

## Strong Property Management

The property is managed by \_\_\_\_\_\_, a [borrower-affiliated/third party] management company. Management company name was established in Year, and currently manages \_\_\_ multifamily properties totaling \_\_\_ units, as well as \_\_ multifamily properties totaling \_\_\_ units in the local market. *If applicable, discuss if the management company has specific experience managing low income, rent restricted, student, age restricted, seniors, etc. If third-party management, discuss whether the manager has an existing relationship with the guarantor such as through managing the guarantor’s other properties.*

## Historically Stable Occupancy

*Note: only use this as a strength if historical vacancy ≤ 5% for the past three years*

The vacancy rate at the property was \_\_% as of \_\_/\_\_/\_\_, which is superior to the [REIS/Axiometrics] Quarter Year [MSA/submarket] vacancy rate of \_\_%, as well as superior to the vacancy rate for similar vintage properties (built between Year and Year) of \_\_%. Average historical vacancy rates at the property ranged from \_\_% to \_\_% from Year to Year. The breakeven vacancy rate is approximately \_\_\_%, compared to the underwritten vacancy rate of \_\_\_% and T-12 ending \_\_/\_\_/\_\_ average of \_\_\_%.

## Excellent Property Condition and Curb Appeal

*Note: Consider whether this strength or the recent renovations strength is more appropriate. Do not include both. Use this strength when the property is in excellent condition relative to the rest of the local supply. This can also be used when substantial renovations have raised the profile of the property significantly above the rest of the local market, comparable to newly built properties.*

The property was built in Year. The property is in excellent physical condition with the PCA noting no/minimal priority repairs. In addition, the borrower [completed/plans to invest in] capital improvements totaling approximately $\_\_\_\_\_ ($\_\_\_/unit) including *describe capital improvements such as interior renovations, updated exteriors, landscaping, amenity renovations, etc. Provide REIS inventory support* Per REIS Quarter Year, the property is consistent with the submarket as \_\_\_% of the submarket inventory was built before \_\_\_\_.

## Recent Renovations

*Note: Generally, use this strength when the total renovations completed within the last three years are equal to at least 5% of the UPB of the loan. In instances where total renovations are less than 5%, but where significant renovations have been completed for a portion of units, consider including this strength if the renovations are at least $5,000/unit, or if the renovations have resulted in significant rental premiums for renovated units.*

The borrower/previous owner completed $\_\_\_\_\_ ($\_\_\_/unit) in capital improvements since [year], which include [list recently completed capital improvements]. [Since acquisition/Over the past X years], XX units have been renovated. Renovated units are achieving rental premiums of $XXX, approximately XX.X% over unrenovated units. In addition, the borrower plans to spend $\_\_\_\_ in capital improvements over the next \_\_\_ years, which include [list planned capital improvement projects].

## Superior Amenities

Amenities such as *list unique amenities* are unique to the property and enhance its competitiveness. *Discuss how the unique amenities compare to competing properties in the local area. If the property is a student property include specific amenities targeted towards students such as 1:1 bedroom/bathroom ratio, individual room locks furnished, shuttle service, business center/study rooms, etc.*

## Location and Access

The property is located \_\_\_ miles Direction of the \_\_\_\_\_\_ CBD. Interstate \_\_\_ and ­­­\_\_\_ (major secondary arterials are located \_\_ miles *N/S/E/W* of the property. The property is \_\_\_ miles *N/S/E/W* of *list distance to major employment centers, commercial corridors or other demand generators specific to the property’s location*. The property has excellent access to *list additional demand generators*. Discuss access to public transportation. [Student property - includes distance and access to campus].

## Strong Market Fundamentals

The property is in a growing market that consistently supports demand for multifamily housing. The unemployment rate is \_\_\_%, which is \_\_\_% below the state/national average. The total population base within a five-mile radius of the property is approximately \_\_\_\_\_\_ with an average household income of $\_\_\_\_\_\_. Furthermore, the population in County/MSA is expected to grow \_\_\_% between \_\_\_ and \_\_\_. Per REIS quarter/year, the submarket vacancy rate is \_\_\_% and it is expected to remain below \_\_\_% over the next five years. During this same time asking rents are projected to increase on average by \_\_\_% annually. *Mention any new developments, expansion of demand drivers or public transportation that will improve fundamentals. In addition, if the property market has a significant stock of renters vs. owners, e.g., New York City, mention here.*

## Income Growth Potential

*Note: Only use this strength if the sponsor is planning to complete capital improvements that will result in rental upside.*

*For market-rate properties:*

The subject’s rents are \_\_% below the REIS Quarter/Year submarket rents of $\_\_\_ [for similar vintage properties (XXXX-XXXX). The owner can increase rents to market levels as units turn upon completing planned capital improvements of \_\_\_\_ [list capital improvements], at an estimated cost of $\_\_\_. With all units at the average REIS submarket rent, GPR would increase by $\_\_\_ annually. The property was \_\_% occupied as of the \_\_/\_\_/\_\_ rent roll and the break-even occupancy is \_\_%. If unit sizes are larger than typical for the submarket, provide an additional rent comparison on a PSF basis. If the property contains a non-typical unit mix for the submarket, provide rent comparison to the market on a unit-mix basis.

*For rent controlled/rent stabilized properties:*

\_\_\_\_ units at the property (XX%) are rent controlled/rent stabilized/XX.X% below the [maximum allowable/market rent. The owner can increase rents to market levels as units [turn/are renovated]. [The sponsor is currently planning $XX in capital improvements to renovate XX units at the property and is anticipating rental premiums of approximately $XXX.] With all units at the [appraiser’s concluded market rent/sponsor’s anticipated post-renovation rents], GPR would increase by $\_\_\_\_ annually. The property was 100% occupied as of the \_\_/\_\_/\_\_\_ rent roll and the break-even occupancy is \_\_\_%.

## Affordability

Demand for affordable housing continues to swell nationwide as the rental population increases, household incomes fail to keep pace with rent increases and the supply of new multifamily construction with affordable rents remains limited. According to data published by the Harvard Joint Center for Housing Studies (JCHS) in 2020, \_\_\_\_ of renters were cost burdened (spending > 30.0% of income on housing) and \_\_\_\_ of renters were severely burdened (spending > 50.0% of income on rent) in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ MSA. The average household income within a five-mile radius of the subject is \_\_\_\_\_ and estimated median household income is \_\_\_\_\_\_. The property's average rent per year represents \_\_\_\_\_\_ of the average household income and \_\_\_\_\_\_\_ of the median household income, making the property affordable for the majority of the local population.

*Note: Cost burdened figures can be pulled from the link to the MSA-level rent-burden interactive map:* [*https://www.jchs.harvard.edu/many-renters-are-burdened-housing-costs*](https://www.jchs.harvard.edu/many-renters-are-burdened-housing-costs)

*The average household income and median income can be taken from the Appraisal, some appraisals present this data a little differently (like MSA average, versus 5-mile radius average, etc.) so mix up the boiler plate as needed to suite your needs.)*

## Affordability – Manufactured Housing Communities

The appraiser prepared an affordability analysis for the subject as compared to single-family home ownership and comparable apartment rentals in the subject’s market. The analysis indicated a total monthly obligation of approximately $\_\_/month for a manufactured home in the subject community inclusive of financing assumptions, taxes, insurance, and other home ownership expenses. The cost of a manufactured home is less than the total monthly obligation of a single-family home in the submarket ($\_\_\_\_/month). The cost of a manufactured home is in line with the appraiser's estimated total obligation range of $\_\_\_\_/month for a two to three-bedroom apartment unit. This evidences the affordability, attractiveness, and demand of home ownership with a manufactured home in the subject community relative to all other housing options in the neighborhood.

## Affordability – Targeted Affordable Housing

\_\_% of the units at the property are rent and income restricted, and the property rents are on average \_\_% below the appraiser’s market rents. The affordability of the property is expected to limit turnover and vacancy at the property, resulting in more stable income than would be experienced by an unrestricted, market rate property. The studio units in place rents have an affordability gap of \_\_%, the one-bedroom units in place rents have an affordability gap of \_\_%, the two-bedroom units in place rents have an affordability gap of \_\_%, the three-bedroom units in place rents have an affordability gap of %, and the four-bedroom units in place rents have an affordability gap of \_\_%.

## Long Term HAP Contract

The property is subject to a project-based Section 8 HAP contract, which is a guaranteed income stream from the Department of Housing and Urban Development (HUD). The contract commenced in \_\_\_\_ and encompasses all/X% of the units. The contract expires in Year, \_\_ years beyond the loan term. The HAP contract rents are consistent with market rents, and the REAC score per HUD’s inspection in Month Year was \_\_\_\_. The subject property is \_\_\_% occupied and has a \_\_\_ waitlist. *If there is a waitlist for HAP contract properties at the city/county level, note here.* The borrower and the carve out guarantor are required per the loan documents to remain in compliance with the terms of the HAP contract.

# Transaction Risks/Mitigants

## \_\_-Year Interest-Only Period or Full-Term Interest-Only

The loan is interest-only for the [initial \_\_\_ years/full term of the loan]. This risk is mitigated by $\_\_\_\_\_\_ of equity as well as [*if the loan is FT IO only include the I/O DSCR:* an I/O DSCR of \_.\_\_x / I/O and amortizing DSCRs of \_.\_\_\_x and \_.\_\_\_x, respectively,] [*Include* “(based on the spread plus average SOFR of \_.\_\_\_%)” *if floating*] on sustainable cash flow that is \_\_\_% less than T-12 ending \_\_/\_\_/\_\_. *If amortizing DSCR is less than 1.35x and/or UW cash flow is in-line or greater than T-12, look at historic cash flow growth and note % increase. If the maturity LTV is 65% or less*:Additionally, the maturity LTV is \_\_%.

* **Tell the story** (**if applicable**) Risks – IO Period: Does the IO period correspond with possibly a capex/renovation plan for a property? Is the borrower planning to increase rents, possibly NCF and value (Would the submarket support higher rents and value at the property)?
* If IO corresponds to capex budget, include this as mitigant.
* If rent increases in line with or below submarket rent levels, include as mitigant.

*For Seniors Housing Properties:*

An alternative to the Multifamily standard refinance test was completed to include the market’s seniors housing occupancy in year five of the cash flow.  The resulting DSCR and LTV of \_.\_\_x and \_\_.\_\_%, respectively, reflected the greater maturity risk based on the market’s 1Q 2020 pre-COVID occupancy rate of \_\_%. The resulting ratios are considered adequate, however, given the large seniors population surge expected by 2025 helping to further mitigate the depressed occupancy state. *[If the results using the actual 1Q 2020 are less than 1.25x / greater than 90%, replace the results using 88% occupancy in year 5 and comment on the pre-Covid occupancy rate, when last at 88% and amount of new supply vs inventory percentage as of 1Q 2020 vs today.  Include other refi mitigating risks such as reduced UW NOI, burn-off of concessions, increased occupancy, reduced operating expenses*.]

## Cash Out

The borrower cashed out approximately $\_\_\_\_\_ in this transaction. This risk is mitigated by $\_\_\_\_\_ of equity remaining in the transaction, representing approximately \_\_% of the total cost basis. *Note if the borrower has owned the property for more than five years or if a substantial amount of capital improvements has been made during ownership. If the borrower is cashing out substantially after three or less years of ownership and substantial value creation has occurred, note % increase in NOI since purchase. Note as a mitigant if borrower has clean credit history.*

***Discuss the refinance investment story.*** *If the cash is not a simple pay out, what will the proceeds go towards? Will it be invested back into the property as capex, or used to acquire/develop other properties? If there are limited details, include information about the sponsors investment in the local market—time in the market/number of units/apartments in the area to demonstrate long term commitment to the (sub)market.*

*If the loan is a refinance of a Freddie Mac Loan, what is the cashflow impact with the new loan’s debt service? Has the DCSR improved as a result of the new rate? What is the cashflow impact of any capital improvements completed since the first loan. If the property has significant deferred maintenance, discuss how we grew comfortable with the cash out despite existing property condition issues.*

## Value Growth

Per the appraiser, the As Is Value is \_\_% greater than the month/year purchase price of $\_\_\_\_\_ due to *(e.g. recent capex or renovations, increase in rent levels at the property, etc.).* Since acquisition, [*Sponsor name*] has upgraded X units (X%) at a cost of approximately $\_\_\_($\_\_\_/unit), resulting in rental premiums of $\_\_/unit. As a result, NRI has increased by \_\_% since acquisition. This has led to a \_\_% NOI increase since the T-X ending \_\_/\_\_/\_\_. *If NOI growth is primarily due to expense cuts, indicate supported from Freddie Mac/Appraisal/Borrower Comparables.* The difference between these amounts ($XXX), when capped at the appraisal cap rate of \_\_%, produces an increase in value of $XXXX [, which is supported by the appraiser’s value conclusion of $XXXX]. Additionally, exterior renovations since acquisition total $\_\_\_ and include [*list all exterior improvements*]. [*If applicable:* In addition, the property’s valuation is further supported by the appraiser’s sales comparables, which have adjusted values ranging from $\_\_\_\_/unit to $\_\_\_\_/unit, averaging $\_\_\_\_/unit, and cap rates ranging from \_\_.\_% to \_\_.\_%.] [*If applicable:* The cap rate has compressed \_\_\_bps from \_\_\_ to \_\_\_ over the past X years.] Per Reis quarter/year, asking rents in the submarket have increased X% since acquisition, while vacancy rates have ranged between X%-X% over the same timeframe. The risk is further mitigated by [an \_\_% underwritten LTV, as well as (*only include when the LTV is less than 65%)*] the underwritten I/O and amortizing DSCRs of \_.\_\_x and \_.\_\_x, respectively, on sustainable cash flow that is X.X% less than T-X ending MM/DD/YYYY.

**Tell the story of the value growth. Consider the following scenarios, and if applicable, discuss their impact on the property’s value growth.**

* *Was the property purchased in a distressed state, out of foreclosure, or in some condition that impacted the purchase price? Include details on the physical condition, occupancy, and collections at the time of acquisition. Were there down units or significant deferred maintenance?*
* *Was the property purchased in an off-market transaction at below the market level? Why?*
* *Did poor management under the previous owner impact performance? Include details on the new management and any steps taken to improve performance. Does the new management have experience in the local market or stronger tenant screening processes?*
* *Was the property impacted by significant crime? Include details on the property’s security measures. Has the sponsor invested in capital improvements to prevent further issues (i.e. install security cameras, secured access, exterior lighting etc.)?*
* *If the value isn’t supported by recent sales comparables, provide narrative support for the appraiser’s valuation. Possible reasons include extremely desirable location/neighborhood, downtown location, excellent amenities at property level and/or unit-level, unique product in market, market demand/supply imbalance, potential upside from planned renovations, etc.*

*If value growth is due to a low-cost basis and recent construction/conversion of a construction loan:*

Per the appraiser, the As Is Value is \_\_% greater than the Month Year development cost of $\_\_\_\_\_*.* The borrower purchased the land in \_\_\_\_ for $\_\_\_\_\_. *If the land was purchased a long time ago, include details on why the borrower only recently constructed the property, as well as the appraiser’s estimates on the current value of the land.* Development began in Month, Year, and completed Month, Year. [*If applicable:* Due to the borrower’s in-house development arm, there was no General Contractor fee, which the borrower estimates would have been approximately $\_\_\_\_\_\_. Additionally, the borrower was able to utilize [economies of scale/local expertise/extensive construction experience] to develop a quality property for below standard market costs.] *Include any other details that led to the property being developed for below-market costs.*

## Property Condition

*If the property is in good condition but ≥ 20 years:*

The property was built in *\_\_\_\_* and has been well maintained by the owner as there are no/minimal immediate repairs recommended by the engineering report. Recently completed capital improvements include list recent projects, at an estimated cost of $\_\_\_\_\_\_. The borrower plans to invest $\_\_\_\_\_\_ in capital improvements including list items, etc. over the next 12 months. *If there are not any recent or planned capital improvements, what is the sponsor’s plan for remaining competitive with nearby properties?* Per REIS quarter/year, the property is consistent with the submarket inventory with \_\_% built before \_\_\_\_\_\_. In addition, monthly replacement reserves are required.

*If property has significant deferred maintenance/condition issues:*

The property was built in \_\_\_\_\_\_. The engineer identified repairs totaling $\_\_\_\_, consisting of \_\_\_ ($\_\_\_\_), \_\_\_ ($\_\_\_\_), and \_\_\_\_ ($\_\_\_). [*If the property has down units:* Additionally, the property has \_\_ down units due to [*explain why the units are down*], the restoration of which was included as a priority repair at an estimated total cost of $\_\_\_.] Per the Multifamily Loan and Security Agreement, the repairs must be completed within \_\_ days of closing. Recently completed capital improvements include list recent projects, at an estimated cost of $\_\_\_\_\_. The borrower plans to invest $\_\_\_\_\_ in capital improvements including list items, etc. over the next 12 months. *If there are not any recent or planned capital improvements, what is the sponsor’s plan for remaining competitive with nearby properties?* *Does the subject’s condition impact the ability to compete with properties in the local area? If so, include the sponsor’s plan to address these issues****.*** Per REIS quarter/year, the property is consistent with the submarket inventory with \_\_% built before \_\_\_\_\_\_. In addition, monthly replacement reserves are required.

**Tell the story of the property condition. Consider the following scenarios as add additional details as applicable:**

* *Does the property have pending priority repairs or capital improvements that could impact property operation? If so, request the sponsor’s specific timeline and plan for completing the work. Examples of such projects may include widespread roof replacements, unit renovations upon turn, extensive electrical or plumbing repairs, amenity renovation or construction, etc.*
* *If the loan is a refinance, why hasn’t the sponsor already addressed any the deferred maintenance items and poor property condition?*
* *If the sponsor is cashing out a significant amount of money, will any of that money be used to address the deferred maintenance or reinvested into the property? If not, why?*
* *Are deferred maintenance items standard repair items (i.e. roof replacement, repaving, HVAC/water heater replacement, etc.) or indicative of poor management (i.e. mold, infestations, potholes throughout paved areas of the property, etc.)?*
* *Have there been any major casualties at the property that haven’t yet been repaired or addressed?*

*Include if the property is participating in the Green Advantage Program:*

The borrower provided an escrow totaling $\_\_\_\_ for the completion of Green improvements consisting of [*list all green improvements*]. The Green repairs are projected to lead to total water and energy savings of \_\_% and \_\_%, respectively.

## Tertiary Market

**Note: If REIS or Axiometrics do not have data for the subject’s market, consider whether it is a tertiary market.**

The property is located in City, State which is \_\_\_\_ miles [Direction] of [Nearest Major City]. *Discuss access to public transportation, and planned improvements to local infrastructure and employer investment in the area.* Interstate \_\_\_ is located \_\_ miles [direction] of the property and provides convenient access to [Nearest Major City/Demand Drivers]. Major employers in the area include \_\_\_\_\_ and provide a stable employment base for the market. ***Discuss the market’s economy and growth potential, as well as any recent commercial, industrial, or cultural developments.*** The property is \_\_\_ miles [Direction] of [major employment centers, commercial corridors, schools, or other demand generators specific to the property’s location]. Within a \_\_\_-mile radius of the property, the population was \_\_\_\_ in Year, and is expected to grow by \_\_%, to \_\_\_\_ in Year. The Year [average/median] household income was $\_\_,\_\_\_, and is expected to grow by \_\_%, to $\_\_,\_\_\_ in Year.

*If vacancy at the property has remained low despite the tertiary market, include the following:*

Further, vacancy at the property has remained stable, ranging from \_.\_\_% to \_.\_\_% from Year to Year. The vacancy rate was \_.\_\_% as of \_\_/\_\_/\_\_[, which is superior to the REIS Quarter/Year market vacancy rate of \_.\_%]. Additionally, management reports that \_\_ tenants have been residents at the property for over \_\_\_ years, with tenancy averaging \_\_ years.

***Tell the market’s story. How will the market support the property? Consider the following points as you discuss and mitigate this risk.***

* *Does the borrower or the property management company have extensive experience in the local market?*
* *If the market is supported by a single demand driver, discuss the stability of the driver as well as its projected growth in the near future.*
* *Include a detailed description of the property’s access to local transportation, infrastructure, and to nearby retail, commercial, schools, and cultural establishments.*
* *Consider whether the local area benefits from any development initiatives generating increased development/growth in the market.*
* *Discuss the quality of the local school districts, community colleges, and universities.*
* *Note mitigants such as lower multifamily inventory and development in area.*

## High Submarket Vacancy Rate

*Note: only include if >8% vacancy in the submarket*

Per REIS Quarter/Year, the submarket vacancy rate is \_\_\_%. The submarket vacancy is projected to remain below \_\_\_% over the next \_\_ years. Per the appraisal/REIS Quarter/Year\_, \_\_\_\_ units were added to the submarket/market in the last \_\_\_\_\_ months/years OR Per REIS Quarter/Year, approximately \_\_\_\_\_ units are scheduled for delivery in \_\_\_\_\_. However, the property has outperformed the submarket vacancy rate for the past \_\_\_\_ months/years, and as of \_\_/\_\_/\_\_, the property was \_\_\_% occupied. *Note factors that allow the property to outperform the market, if applicable.* This risk is further mitigated by the underwritten vacancy rate of \_\_\_%, which is \_\_\_% greater than the \_\_/\_\_/\_\_ rent roll and \_\_\_% greater than the T-12 ending \_\_/\_\_/\_\_.

*Provide details on most competitive new properties: location, rent levels, etc. Note projected job growth or population growth in the area to support new construction.*

## Recent Crime Concerns / Local Crime Concerns

**Note: Address any major incidents that occurred within the last three years. When discussing crime incidents, please include the following:**

* *What was the nature of the incident? Was it violent?*
* *What did property management say about the crime? What did local law enforcement say?*
* *Are crime concerns at the property consistent with the surrounding area?*
* *Were the involved persons tenants of the property? Guests? If so, are the tenants still living at the property?*
* *Did the crime impact property operations?*
* *What new safety or security procedures resulted from the incident? Please consider the impact of any security related capital improvements. Will the improvements have a realistic impact on mitigating future crime concerns?*
* ***If the loan is a refinance and crime has been an ongoing concern throughout the sponsor’s ownership, discuss the historical and in-place safety and security procedures.***

**If significant crime has occurred at the property:**

Per the [*source of crime report*] crime report dated \_\_/\_\_/\_\_, \_\_ incidents were reported at the property within the last \_\_ [months/years] [*if violent crimes have occurred at the subject:* including \_\_ violent crimes consisting of [list the crimes]. *Discuss the property’s security procedures including tenant screening practices, security related amenities, distance to the closest police department, and sponsorship/management experience in the local area.* ***Discuss the steps the sponsor is taking to reduce the likelihood of future incidents at the property.*** *Has the sponsor or property manager established a relationship with the local police force? Do police or private security officers regularly patrol the property?*

*If occupancy was not impacted by crime also include:* These incidents have not affected the property’s occupancy as the occupancy has remained stable, ranging from \_\_% to \_\_% from year to year. The physical occupancy was \_\_% as of \_\_/\_\_/\_\_[, *if applicable* which is superior to the REIS Quarter/Year submarket vacancy rate of \_.\_%].

**If significant crime has occurred in the local area:**

Per the [*source of crime report*] crime report dated \_\_/\_\_/\_\_, \_\_ incidents were reported in the local area within the last \_\_ years. *Describe the nature of the incidents and where the crimes were in relation to the property. Discuss the property’s security procedures including tenant screening practices, security related amenities, distance to the closest police department, and sponsorship/management experience in the local area. Has the sponsor or property manager established a relationship with the local police force? Do police or private security officers regularly patrol the property?*

*If occupancy was not impacted by crime also include:* These incidents have not affected the property’s occupancy as the occupancy has remained stable, ranging from \_\_% to \_\_% from year to year. The physical occupancy was \_\_% as of \_\_/\_\_/\_\_[, *if applicable* which is superior to the REIS Quarter/Year submarket vacancy rate of \_.\_%].

* *If the loan is an acquisition and violent crimes have occurred under previous ownership, include additional details on the sponsor’s experience owning and operating properties with significant crime issues, as well as their plan to turn the property around.* *Additionally, request details on any steps the previous owner took in response to the crimes.*
* *If the loan is a refinance and violent crimes have occurred during the sponsor’s ownership, include additional details on the steps the sponsor is taking to ensure that violent crime won’t continue to occur at the property.*

## Low Historical Occupancy

Vacancy at the property has ranged from \_\_\_% to \_\_\_% over the past \_\_\_ years of operations. *Include explanation/drivers of higher historical vacancy and what caused recent improvement.* The property was \_\_\_% physically vacant as of the \_\_/\_\_/\_\_ rent roll. Note mitigants such as: new, experienced property manager, strong submarket vacancy projections, strong sponsor (local experience), barriers to entry/limited new supply.

## Contingent Liabilities

*Include in Risks if greater than or equal to the net worth. Include in the Borrower section if less than net worth.*

The guarantor, \_\_\_\_\_\_\_, reported contingent liabilities of $\_\_\_\_\_\_. The contingent liabilities are for \_\_\_\_. *Please describe the contingent liabilities as well as provide details on why these liabilities are unlikely to significantly impact the guarantor’s net worth and liquidity, ability to manage the property, or ability to continue operating as this loan’s guarantor. These liabilities mature between year and year. Has the guarantor taken any steps to mitigate the risk from these liabilities? If so, please include.*

## Recourse Debts

*Include in Risks if greater than or equal to the net worth. Include in the Borrower section if less than net worth.*

The guarantor, \_\_\_\_\_\_, reported recourse debt on \_\_\_ properties totaling $\_\_\_\_\_. *Please describe the recourse debt as well as provide details on why these debts are unlikely to significantly impact the guarantor’s net worth, liquidity, or ability to effectively manage the property.* These properties are performing well with DSCRs ranging from \_.\_\_x to \_.\_\_x and LTVs ranging from \_\_% to \_\_%. These debts mature between year and year.  
  
*Has the guarantor taken any steps to mitigate the risk from these debts? If so, please include.*

## Servicer Watchlist

*Include as weakness if the subject property, or the sponsor’s other properties, appear on the Servicer Watchlist.*

*If the subject property is on the watchlist:* The subject property is on the Servicer Watchlist due to \_\_\_\_\_\_\_. *Indicate how we got comfortable with the deal despite the loan appearing on the Watchlist. here should be a clear explanation for why the loan is on the watchlist, as well as what steps the sponsor is taking to correct any issues. Did Freddie Mac have any extra requirements to mitigate the risk for the subject loan?*

*If the sponsor has other loans on the watchlist:* The sponsor has X loans appearing on the Servicer Watchlist due to \_\_\_\_\_. *Indicate how we became comfortable doing additional business with the sponsor, despite the sponsor having loans on the watchlist. This should be a high-level overview and should not include detailed specifics about the sponsor’s other loans.*

## New Supply

*Note: only include this as a risk if new supply in the submarket is >=10% of the inventory; or, if there are 3 or more new properties within a half mile of the property.*

Per the appraisal/REIS Quarter/Year\_, \_\_\_\_ units were added to the submarket/market in the last \_\_\_\_\_ months/years OR Per REIS Quarter/Year, approximately \_\_\_\_\_ units are scheduled for delivery in \_\_\_\_\_. However, the property has outperformed the submarket vacancy rate for the past \_\_\_\_ months/years, and as of \_\_/\_\_/\_\_, the property was \_\_\_% occupied. *Note factors that allow the property to outperform the market, if applicable.* This risk is further mitigated by the underwritten vacancy rate of \_\_\_%, which is \_\_\_% greater than the \_\_/\_\_/\_\_ rent roll and \_\_\_% greater than the T-12 ending \_\_/\_\_/\_\_.

## [Student/Military/Corporate] Tenant Concentration

*Note: only include as risk if tenant concentration is ≥ 25%. If the tenant concentration is less than 25% consider including details in the property section. This applies for ALL concentrations (ex: student, corporate, military, etc.)*

The property is located \_\_\_ miles Direction from [Name of University/Name of Military Base/Name of Employer] and has a [student/military/corporate] concentration of \_\_\_%. Average historical occupancy at the property has ranged from \_\_\_% to \_\_\_% over the past \_\_\_\_ years. *If student concentration:* The sponsors are experienced student housing owners and operators with \_\_\_\_ beds/bedrooms under management. As of Year, the university has an annual enrollment of \_\_\_\_ students and enrollment is expected to reach \_\_\_\_ students in Year. The property requires [parental guarantees, 12-month leases, etc.]. *For student: Address new supply and preleasing, the property’s competitive advantages in the market and the barriers of entry for new competing properties, if the students can walk to main focal points of the campus, and if shuttles or buses are available. For military concentration: Note likelihood of deployment, the size and type of military base. For corporate concentration: Note size of employer and how long the employer has leased units at the subject property.*

## Declining [Collections/NOI] Trend

The property has experienced decreasing Gross Potential Rent (GPR) and a declining [collections/NOI] trend. The property’s GPR has decreased \_\_\_% between the year-end total and the underwritten GPR based on the \_\_/\_\_/\_\_ rent roll. [While rents have fallen in an effort to maintain occupancy, the overall net rental income/While expenses have increased in an effort to maintain effective operations at the property, the overall net operating income] has been conservatively underwritten \_\_\_% below the T-12 ending \_\_/\_\_/\_\_ to account for potential further [income decreases/expense increases]. This risk is further mitigated by *provide specific, quantifiable support such as borrower's market experience, market tightening supported by REIS, management plans to increase rents/occupancy, etc.*

## Recently Stabilized/Limited Operating History

The property was completed in Month Year and reached stabilized occupancy in Month Year. *Note mitigants such as: minimal concessions given during lease up, high % leased prior to completion, strong absorption rates in the market.* The underwritten income is supported by the appraisal and the T-X annualized ending Month Year. The underwritten expenses are supported by the appraisal, Freddie Mac market comparables/comparable properties in the sponsor’s portfolio. The NOI conclusion is well-supported by the appraisal and the T-X annualized figures.

*If applicable, mention borrower’s track record which might strengthen the likelihood of the property performing/exceeding at UW levels.*

## Rent Control/Rent Stabilization

The property is subject to the [state/city] \_\_\_\_’s rent [control/stabilization] regulations. *Describe the requirements and limitations of the rent control or stabilization.* This limits the amount a landlord can increase rent on an annual basis to [$\_\_/unit / XX% increase]. As a result, there is a risk that expenses can outpace allowable rental growth. Although rent [control/stabilization] limits income potential, if keeps occupancy rates high and demand for low cost housing will reduce vacancy risk.

*Consider the other requirements of the rent control or stabilization laws. Are annual increases determined by a governmental group or commission, or by a predetermined amount? Can landlords recover costs for capital improvements or utility expenses, and if so, by how much? How much can rents be increased upon unit turn? Are the restrictions permanent, or will they phase out or require renewal? If temporary, when do the restrictions expire and how much could the property’s rents increase upon termination? If renewal is required, how likely is that renewal? How do the property’s rents compare to the market/submarket rent? Is there potential upside following deregulation?*

*If the property is subject to multiple instances of rent control/rent stabilization, focus on the most restrictive.*

## California State Law AB-1482

The property is subject to California state law AB-1482 which restricts landlords from raising rents more than 5% in one year, plus the local cost of inflation; or 10%, whichever is lower. The bill further requires landlords to have “just cause,” such as failure to pay rent, when terminating a lease. Landlords are allowed increases in excess of the caps if they substantially renovate a property and pay relocation fees that are equal to one month of the current rental rate.

## City of Los Angeles Rent Control

The property is subject to California State Law AB-1482 and the City of Los Angeles rent control ordinance. The more restrictive City of Los Angeles rent control ordinance limits rental increases to the CPI averaged for the 12-month period ending September 30th of each year. Further, if the landlord pays all the costs of electricity and/or gas services for a rental unit then the maximum adjusted rent may be increased a one additional one percent for each service paid by the landlord, not to exceed a total of two percent.

## NYC Rent Stabilization

\_\_ of the property’s units (XX%) are subject to NYC rent stabilization laws. The Housing and Stability and Tenant Protection Act of 2019 (HSTPA) increased regulations on rent stabilized properties and included limits to the borrower’s ability to increase rents upon renewal or vacancy, removed the ability to deregulate units, and limited rental increases following capital improvements and renovations. Rental increases on renewal leases for stabilized units are determined by the NYC Rent Guidelines Board. As a result, there is a risk that expenses can outpace allowable rental growth. Although the HSTPA limits income potential, it keeps occupancy rates high, and due to demand for low cost housing, will reduce vacancy risk.

## Limited Multifamily Experience

*If the guarantor owns fewer than three multifamily properties or has less than five years of multifamily experience.*

*If acquisition:* The guarantor owns [no/minimal] multifamily properties in addition to the subject.

*If refinance:* The guarantor has owned the subject property for \_ years and owns [no/minimal] additional multifamily properties.

*Discuss any previous ownership of other types of real estate as well as any relevant professional experience. Mention borrower’s proximity to subject if less than \_\_\_ miles. Mention if loan has no I/O, high DSCR, or low LTV.*

To mitigate concerns with the guarantor's lack of multifamily ownership and management experience, a professional third-party management company, [Management Firm’s Name], is managing the subject. Include any relevant details about management firm.

## TIC Ownership Structure

The ownership structure is comprised of # Tenants in Common (TIC). The borrowers are single-purpose, State, entity type. The borrower principals in charge of day-to-day operations are Borrower Principal Name(s). The risk of the TIC structure is mitigated by the fact that the guarantors have interest in each TIC/a controlling % of the TIC interests. *Provide years of related experience, experienced property management and/or loan economics, collection of escrows when applicable. In addition,* the loan documents contain certain provisions related to the tenancy in common borrower, which include: SPE Requirements, compliance with the TIC agreement, waiver of right to partition, and assignment of rights after the commencement of a bankruptcy proceeding.

## No Carve Out Guarantor

*Please highlight this as a risk regardless of the leverage point.*

The subject loan does not have a carveout guarantor. This is mitigated by conservative loan economics of \_.\_\_x DSCR and \_\_\_% LTV. In addition, the borrower has $\_\_\_\_\_cash equity in the transaction and has no history of credit issues [if applicable] or bankruptcy. In addition, the property is in good condition and a clean Phase I environmental report was received during due diligence.

## Subordinate Financing

The Subject will be encumbered by \_\_ subordinate loans, as provided by: (i) [Lender 1], (ii) [Lender 2], etc., totaling $\_\_\_\_\_ in subordinate financing. *If more than one subordinate loan, list the amount of each.* The subordinate loans [are/are not] considered “soft” debt and the subordinate lender is a [governmental entity/non-profit/borrower affiliate]. Subordination Agreement(s) were executed upon closing, which limits total payment on all subordinate debt to 75% of cash flow and requires the subordinate lender to resubordinate to a future lender upon a refinance of the subject mortgage. The subordinate loan matures \_\_ years after the senior loan. A non-recourse carve-out was added to the Note for losses or damages relating to a default on the subordinate loan. A default on the subordinate loan will trigger a default under the senior loan. *If governmental lender*: In the event of a default on the subordinate loan, the subordinate lender must provide Freddie Mac with a 90-day notice before pursuing any enforcement actions, giving Freddie Mac time to cure the default. Other lenders: In the event of a default on the subordinate loan, the subordinate lender must notify Freddie Mac, and may not take any enforcement actions without written consent from Freddie Mac.

*If subordination agreement was modified materially so that any of the statements above are not true, explain. Note if subordinate debt exists solely to ensure affordability restrictions.*

## Tax Abatement

The subject currently benefits from a Name of Type of Abatement. The tax abatement began on \_\_/\_\_/\_\_\_ and will terminate on \_\_/\_\_/\_\_\_, which is \_\_ years beyond the end of the loan term. The tax abatement covers \_\_% of the total tax liability. *Describe if/when tax abatement phases out.* The net present value of the tax abatement based on a \_\_% discount rate, is $\_\_\_/unit. *State why the abatement is in place*. *List any conditions required to keep the abatement such as rent stabilization. Perform a cash flow analysis and describe the impact that the abatement has on property performance.* The tax abatement will [survive/terminate] upon foreclosure or deed-in-lieu of foreclosure. Underwriting to full unabated taxes of $\_\_\_, the property performs at a \_.\_\_x DSCR. The Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_\_ requires the Borrower to comply with the tax abatement requirements.

## Tax Abatement (Not in Place at Closing)

Upon acquisition, the Borrower intends to apply for a tax abatement. It is expected that the abatement will be granted due to \_\_\_\_\_\_\_ *(explain qualifications).*If granted, abated taxes will be $\_\_\_, which would result in projected I/O and Amortizing DSCRs of \_.\_\_x and \_.\_\_x, respectively. The abatement will terminate \_\_/\_\_/\_\_\_]/ will not terminate as long as the property meets the requirements. Estimated market taxes are $\_\_\_ which would result in projected I/O and Amortizing DSCRs of \_.\_\_x and \_.\_\_x, respectively. If for any reason the property is not approved for or ceased to receive the abatement, the property’s economic performance would be negatively impacted. [*If applicable*: Prior to Borrower’s acquisition of the Property, the Property benefited from the tax abatement under the previous ownership structure]. The Property meets the qualifications for the abatement and is expected to be approved. However, if the abatement is not approved within 12 months after origination, the Borrower will be required to make a $\_\_\_\_ partial prepayment to the loan to bring the UPB down to an amount supported without the abatement, plus the required prepayment premium. [*As applicable*: No reserve is required/ a credit enhancement equal to the difference in the supportable loan amounts will be required until the abatement is granted/ a initial deposit to the tax escrow in the amount of \_\_ months of full taxes will be funded at closing.] Until the abatement is granted, the tax escrow must be calculated based on full taxes. It is expected that a subsequent owner in the event of a sale or foreclosure would also be able to qualify for the abatement (*confirm whether this is true; if not discuss why)*. The Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_\_ requires the Borrower to comply with the tax abatement requirements. A non-recourse carve-out was added to the Note for the losses or damages relating to the tax abatement being terminated due to the Borrower failing to comply with its requirements.

## Tax Abatement Expires During Loan Term

The Property benefits from a [full/ partial] tax abatement due to \_\_\_\_\_\_\_ *(explain qualifications).* The abatement will terminate on \_\_/\_\_/\_\_\_/ which is \_\_-years prior to the end of the loan term. The tax abatement will [survive/terminate] upon foreclosure or deed-in-lieu of foreclosure. Estimated market taxes are $\_\_\_ which would result in a \_.\_\_x projected DSCR. A cash flow analysis was performed using actual taxes, which shows the loan achieving I/O and amortizing DSCRs of \_.\_\_x and \_.\_\_x in year X, when the abatement expires, as well as I/O and amortizing DSCRs of \_.\_\_x and \_.\_\_x at the end of the loan term. During the term of the loan the DSCR, utilizing unabated taxes, does not decline by more than 0.05x from the going-in DSCR. The Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_\_ requires the Borrower to comply with the tax abatement requirements.

## 421-a Tax Abatement

The subject benefits from a 421-a Tax Abatement, which provides tax incentives to developers to encourage the development of affordable housing on under-utilized land. The developer receives a full tax exemption in exchange for setting aside a percentage of units deemed affordable, and by making some or all units subject to rent stabilization. The abatement began in XXXX and will begin phasing out in XXXX, reaching full taxes in XXXX/XX. *If the abatement begins phasing out or expires during the loan term, discuss the impact that expiration will have on cashflow. Further, compare the restricted rents to market rents, and discuss any potential rental upside from bringing restricted units to market. Discuss the impact that rent stabilization had upon value. If the difference between the encumbered or unencumbered valuations is material, compare the restricted rents and market rents to support the valuation.* Following expiration of the abatement, the units will no longer be considered rent stabilized. The total value of the abatement is $\_\_\_\_\_, with $\_\_\_\_ of the benefit remaining. Underwriting to full unabated taxes, the property performs at a \_\_\_x DSCR. *If the DSCR is below a 1.25x when underwriting to full unabated taxes, discuss any steps the sponsor is taking to improve the performance of the property during the abatement. What are the sponsor’s plans post-abatement?*

## J-51 Tax Abatement

The subject benefits from a J-51 Tax Abatement, which is available for properties that undergo major rehabilitation projects. The maximum abatement is determined by the renovation costs deemed eligible for benefits as regulated by the New York Department of Housing Preservation and Development. Properties receiving J-51 Tax Abatements are considered permanently rent stabilized. The abatement began in XXXX and will begin phasing out in XXXX, reaching full taxes in XXXX/XX. *If the abatement begins phasing out or expires during the loan term, discuss the impact that expiration will have on cashflow.* The total value of the abatement is $\_\_\_\_\_, with $\_\_\_\_ of the benefit remaining. Underwriting to full unabated taxes, the property performs at a \_\_\_x DSCR. *If the DSCR is below a 1.25x when underwriting to full unabated taxes, discuss any steps the sponsor is taking to improve the performance of the property during the abatement. What are the sponsor’s plans post-abatement? Include details on whether the property was confirmed to be part of the Vacant Building Program initiative.*

*In very rare circumstances, units rent stabilized due to J-51 tax abatements can revert to market rents upon abatement expiration. In order for Freddie Mac to consider conversion to market rents, strong evidence will need to be presented that the units will qualify for conversion. If there is confirmation, discuss any potential upside from bringing the restricted units to market, and discuss the impact that moving to market rents will have upon valuation.*

## [Subordinated/Unsubordinated] Ground Lease

***Confirm with Legal that the highlighted language herein applies to the subject’s ground lease.***

*Include this section if the Ground Lease is subordinated:*

The Property consists of the leasehold estate created under a Ground Lease with Landlord Name. ***Discuss who the landlord is, the landlord’s relationship with the borrower.*** The ground lease was established in Month Year, for a term of \_\_ years, expiring Month Year. [*If the ground lease was recently established include*:The land was purchased on Month Year for $\_\_\_\_*.*] ***If the ground lease was established immediately prior to the transaction, discuss why the landlord created the ground lease.*** The holder of the fee interest will execute the Mortgage to subject its interest in the Land to the lien of the Mortgage. The ground lease has been duly recorded, does not impose material restrictions on subletting, is not subject to any unpermitted liens or encumbrances superior or equal to the mortgage, and is prior to other liens or related fee interests. [There is no annual ground lease payment/ There is an annual ground lease payment, totaling $\_\_\_/year, payable only from surplus cash flow].

*Discuss any scheduled increases to the annual ground lease payment, as well as who is responsible for taxes and assessments against the property. If there is an annual ground lease payment that is not required to be payable only from surplus cash flow, discuss the impact of the payment on property performance.*

*Include this section if the Ground Lease is unsubordinated:*

The loan is secured only by the Borrower’s interest as lessee under a ground lease of the Property and is not secured by the fee interest in the Property, which is held by Landlord Name. ***Discuss who the landlord is, the landlord’s relationship with the borrower.*** The ground lease was established in Month Year, for a term of \_\_ years, expiring Month Year.[*If the ground lease was recently established include*:The land was purchased on Month Year for $\_\_\_\_*.*] **If the ground lease was established immediately prior to the transaction, discuss why the landlord created the ground lease.**[*If applicable:* The landlord is a governmental entity, and the unsubordinated ground lease was necessary to allow development on the property.] *If the landlord is not a governmental entity, provide their background and history of ownership.* *Why was the unsubordinated ground lease necessary?* The ground lease has been duly recorded, does not impose material restrictions on subletting, is not subject to any unpermitted liens or encumbrances superior or equal to the mortgage, and is prior to other liens or related fee interests. [There is no annual ground lease payment/ There is an annual ground lease payment totaling $\_\_/year, payable only from surplus cash flow. This payment was underwritten, and \_\_\_ months/years of ground rents were escrowed].

*Discuss any scheduled increases to the annual ground lease payment, as well as who is responsible for taxes and assessments against the property. If there is an annual ground lease payment that is not required to be payable only from surplus cash flow, discuss the impact of the payment on property performance.*

*For both Subordinated and Unsubordinated also include:*

Per the Loan Agreement, the Borrower is required to comply with the terms of the ground lease and will be personally liable for any payments made by Lender to cure a default on the ground lease. A non-recourse carveout was added for losses or damages resulting from a purchaser at foreclosure not having fee title to the property free and clear of the ground lease, or if the Borrower takes an action that surrenders, terminates, or modifies the ground lease, or subordinates the ground lease to any other lien not already approved as part of this transaction. Upon foreclosure or deed-in-lieu of foreclosure, the Mortgagor’s interest is assignable to the Mortgagee and can be further assigned. The Ground Lease is not in default and may not be amended, modified, canceled, or terminated without prior consent from the leasehold mortgagee. Following casualty, any insurance proceeds or condemnation award will be applied to either the repair or restoration of the mortgaged property, or to payment of the principal balance of the loan. Upon termination, the Ground Lease requires the Lessor to enter into a new lease with the Mortgagee.

## Preferred Equity Hard Pay

Equity Member Name (“Equity Member”) made a preferred Equity Investment of $\_\_\_\_\_\_\_ in JV Entity [Describe how related to Borrower]. The Equity Member has \_\_% ownership interest in Borrowing Entity [which is ultimately controlled by Name (Managing Member)]. Pursuant to the [preferred equity agreement] (“Agreement”), the Equity Member receives a \_\_% preferred return on the Equity Investment (after first mortgage debt service and reserves) until the redemption date of Date, or the investment has been repaid.

*Discuss:*

* *Timing of payments or changes to payment structure*
* *Additional structural terms / Any cross collateralization*
* *Underwriting review of Equity Member*
* *Remedies and Trigger Events available to the Equity Member*
* *Details as applicable from Legal analysis*

*The preferred Equity Investment results in combined leverage of \_\_\_%, amortizing DSCR of \_\_\_x [and maximum capped DSCR of \_\_\_x]. This risk is further mitigated by (include all that apply):*

* *Lack of remedies or limited remedies available to the Equity Member*
* *Borrower/sponsor financial strength, experience and strong track record with preferred equity deals (provide details).*
* *Prior relationship of preferred equity member and managing member*
* *Strength and experience of Equity Member (provide details)*
* *Stable occupancy*
* *Historical NOI growth, increasing collections trend, high rent growth potential (ex. due to capital improvements)*
* *Conservative loan economics*
* *Repeat Freddie Mac borrower that has performed as agreed*

## Manufactured Housing Communities Specific Risks/Mitigants

### Borrower-Affiliate Owned Homes

***If the total percentage of borrower-affiliate owned homes is less than 10%, address in property section.***

There are \_\_ (\_\_%) borrower-affiliate owned homes at the subject property. The borrower-affiliate owned homes are \_\_\_% occupied and the average length of tenancy is \_\_ years. The average combined rent for the home and home site is $\_\_\_/month, which is less than the appraiser’s estimated total obligation range of $\_\_\_/month to $\_\_\_/month for a comparable apartment unit in the market. The tenants make one joint payment to the [borrower/property manager] for both the home site and the home. *If not, detail lease structure*. [The borrower is allowed \_\_ months to enact separate leases for the home sites and the homes owned by the affiliate.] *If rent to own program:* The average conversion rate of rent-to-own homes to home ownership at the subject property and across the sponsors portfolio is \_\_\_ and \_\_\_, respectively. Residents will typically own their homes in \_\_ years via the rent-to-own program. *Note any future plans (i.e. is the borrower planning to add more borrower-affiliate owned homes).* The sponsor has \_\_\_ years of experience operating MHC communities with park-owned homes. The average percentage of park-owned homes across their portfolio is \_\_\_%. The average retention rate of borrower-affiliate owned homes at the subject property and across the sponsors portfolio is \_\_\_ and \_\_\_, respectively. A carve-out is included for any loss, damage, costs or expenses incurred by the lender as a result of any actions taken by borrower in connection with the affiliate-owned homes, including any actions taken with respect to any tenants or residents of the community.

## Targeted Affordable Housing Specific Risks/Mitigants

### Affordability Restrictions

The property is subject to affordability restrictions per a [*Name of Regulatory Agreement], dated \_\_/\_\_/\_\_,* between [*Name Local/Federal department*] and [*Borrowing Entity*] (“Contract,” “Agreement,” etc.). Per the agreement, at least \_\_ of the total units at the property must be rented to tenants at or below \_\_% of AMI. *[If rent restricted:* Rents are restricted to \_\_% of the tenants imputed income.] *State if no rent restrictions are in place.* *Also address the following:* *Is the current contract the original or a renewal? Is it funded annually? Does the property have a waiting list? What are the rent escalations and adjustments?* The agreement expires in Year[, \_\_ years beyond the term of the loan]. The agreement [survives/terminates] upon foreclosure or deed-in-lieu of foreclosure. The property is currently in compliance with the agreements, and the Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_ requires the Borrower to remain in compliance. A non-recourse carve-out was added to the Note for any losses or damages relating to an uncured default under the agreement.

On average, the property exhibits a \_\_% affordability gap when compared to market rents. This affordability gap is expected to limit turnover and vacancy at the property, resulting in more stable income. [*If the agreement terminates upon* *foreclosure and there is an affordability gap:* Upon foreclosure, rents may be increased \_\_% to market rents and the appraiser estimated an as-market value of $\_\_\_\_, \_\_\_% greater than the current value.]

If the agreement survives foreclosure:

* The LURA does not allow any remedies beyond specific performance or injunctive relief, and therefore a subordination agreement was not required. **OR**
* The LURA allows the [City/Agency/etc.] to pursue remedies beyond specific performance or injunctive relief [describe remedies]. Therefore, a [subordination agreement/standstill agreement/etc.] was required which [limits/prevents] their ability to pursue these remedies. *Discuss with legal to understand exactly what the subordination/standstill agreement allows. For HUD, NYSHFA, or NYCHDC, a subordination/standstill is typically not required.*

### Short Term HAP Contract

The property is subject to a project-based Section 8 HAP contract, which commenced on \_\_\_\_ and encompasses all/X% of the units. The contract expires on \_\_/\_\_/\_\_, \_\_ years prior to the end of the loan term. The property has operated under a HAP contract since Year and the contract has been renewed \_\_ times. Prior to the expiration of the HAP contract, the borrower plans to renew the contract. *If the borrower is not planning on renewing, discuss the borrower’s plan.* The borrower has provided a [springing] Section 8 Transition reserve with 6-months of debt service in the event the HAP contract is not renewed. On average, the property exhibits a \_\_\_% affordability gap when compared to market rents. The subject property is \_\_\_% occupied and has a \_\_\_ waitlist. The borrower and the carve out guarantor are required per the loan documents to remain in compliance with the terms of the HAP contract.

### HAP Overhang

The underwritten post-closing average HAP rent of $\_\_\_\_\_/month represents an overhang of \_\_% based on the appraiser’s concluded market rents. The HAP Contract is a long-term contract with a term of \_\_\_ years, \_\_\_ years beyond the loan term. When plugging in the appraiser’s concluded market rents into the Freddie Mac underwritten proforma, the property would cover at a \_.\_\_x DSCR, evidencing that the property would perform well even without the HAP rents. *Note how much of the overall overhang was underwritten.*

### Voucher Overhang

The underwritten GPR rent of $\_\_\_\_\_/month includes an average voucher overhang of $\_\_/unit based on the [market/ maximum allowable LIHTC] rents. \_\_\_ of the \_\_\_ units (\_\_%) at the property have vouchers that are an average of \_\_% above [market/ max allowable LIHTC] rents. The risk is mitigated by the prevalence of voucher-holding tenants in the submarket and the history of accepting vouchers at the property, which has been verified via the rent roll. Therefore, if a voucher-holding tenant was to leave the property, management should be able to re-lease the unit at a similar rent without having a material effect on GPR. The tenants representing the voucher overhang have been residents at the property for an average of \_\_ years.

### California Tax Credit Allocation Committee (TCAC)

The property is encumbered by a Regulatory Agreement between the subject and the California Tax Credit Allocation Committee ("TCAC"). Per the regulatory agreement, at least \_\_\_ of the units must be occupied by tenants whose income is at \_\_\_% of AMI. The rents shall be restricted at not more than \_\_\_ of imputed income limitation. [Additionally, the site must offer the following service amenities for a minimum of \_\_ years: check Appendix A of the regulatory agreement for additional use restrictions]. The agreement runs for a period of \_\_\_ years and will expire after \_\_\_\_. In the event of any breach of violation of the terms of the Regulatory Agreement, the City may exercise various remedies against the Borrower including the collection of rents for application to the operating costs of the property, to debt service, to reimbursement for tenants who have been overcharged, or to assure long-term use of the property for Low Income housing. The Tax Credit Properties Rider was attached to the Loan Agreement so that a default under the Regulatory Agreement is a default under the loan. Per the Note, a non-recourse carve-out was included for any loss or damage suffered as a result of the Regulatory Agreement. Additionally, the Borrower and TCAC executed a Standstill Agreement, which imposes a 60-day standstill against TCAC’s right to enforce remedies under the Regulatory Agreement upon a Borrower default and shall give the Lender the right to cure any Borrower default under the Regulatory Agreement. The agreement terminates upon foreclosure or deed-in-lieu of foreclosure, but any tenant of low-income may continue to occupy such unit in accordance with the provisions of the agreement for a period of three years following such termination.

## Seniors Housing Specific Risks/Mitigants

### COVID-19 Impacts

Due to the COVID-19 pandemic, resident move-ins have decelerated due to fear of either contracting the virus or restricting access to family and friends due to state, local or operator policies. The proposition for increased socialization has diminished due to suspension of common area dining and other activities. Interim occupancy declines and increased payroll along with PPE and other costs associated with virus transmission mitigation are possible as a result of resident or staff COVID-19 outbreaks, reputational impacts, or short-term ban on admissions. Further, longer term impacts could result in higher cap rates due to changing investor demand and maturity risk for the Lenders. Over the last 90 days, the property experienced \_\_\_ resident and \_\_\_ staff COVID-19 cases.  Currently, the number of COVID-19 cases totals \_\_\_ residents and \_\_\_ staff members.  [If symptoms and/or number of deaths known, include here.] There is no current ban on admissions at the property and resident activities including (*list all available activities, i.e. in person tours, family visits, congregate dining, etc.)* are available.  Visions LTC reported [improving/deteriorating] trends for the County’s seniors housing COVID-19 cases.  The property scheduled vaccine clinics on \_\_\_\_ and \_\_\_\_. An estimated \_\_% of residents and \_\_\_% of staff have received the vaccine.  A COVID-19 Debt Service Reserve was required as outlined in the escrow footnotes.  In case the funds in the deferred maintenance or replacement reserves escrows prove insufficient, the sponsor has guaranteed sufficient deposits are made to those escrows as part of an additional COVID-19 limited guaranty. Additionally, [Lender/Appraiser/Engineer/Environmental Engineer] conducted a modified inspection consisting of enhanced lease audits/ virtual property tour/ evaluation of bank deposits or other proof of rent payments/ inspection of utility meters and utility bills/ review of on-site parking use relative to current occupancy and tenant base/the borrower provided a Borrower Certification of Property Condition. *Additional mitigating factors include age and condition of the property/ refinance of Freddie Mac loan originated \_\_ years ago. If a full in-person site inspection wasn’t possible describe the alternative steps that were taken, why those steps proved sufficient for this property, and what those steps helped to accomplish. If there were any steps taken that were possible due to the unique characteristics of the property, describe both.* *For loans with no or modified DSR, include the following sentence as the primary mitigant: “*The loan represents a \_\_\_% underwritten LTV with an amortizing DSCR of \_.\_\_x.”

### Appraised Value

*If the Value used to price or size the loan is less than the Appraised Value, identify this as a weakness to the transaction and mitigate with rationale of why the appraisal assumptions are different.*

## COVID-19 Related Weaknesses

### COVID-19 Inspection Related Impacts

Due to the COVID-19 pandemic, the [Lender/Appraiser/Engineer/Environmental Engineer] was/were unable to complete a full in-person site inspection. [A COVID-19 Debt Service Reserve was required as outlined in the escrow footnotes. /The loan represents a \_\_\_% underwritten LTV with an amortizing DSCR of \_.\_\_ x.] In case the funds in the deferred maintenance or replacement reserves escrows prove insufficient, the sponsor has guaranteed sufficient deposits are made to those escrows as part of an additional COVID-19 limited guaranty. Additionally, [Lender/Appraiser/Engineer/Environmental Engineer] conducted a modified inspection consisting of enhanced lease audits/ virtual property tour/ evaluation of bank deposits or other proof of rent payments/ inspection of utility meters and utility bills/ review of on-site parking use relative to current occupancy and tenant base/the borrower provided a Borrower Certification of Property Condition]. [Additional mitigating factors include age and condition of the property/ refinance of Freddie Mac loan originated \_\_ years ago].

***Tell the full story.*** *If a full in-person site inspection wasn’t possible describe the alternative steps that were taken, why those steps proved sufficient for this property, and what those steps helped to accomplish. If there were any steps taken that were possible due to the unique characteristics of the property, describe both.*

***For loans with no DSR,*** *include the following sentence as the primary mitigant: “*The loan represents a \_\_\_% underwritten LTV with an amortizing DSCR of \_.\_\_ x.”

### COVID-19 Collections Related Impacts

Due to the COVID-19 pandemic, the T-3 collections declined \_.\_\_% between quote and underwriting. [A COVID-19 Debt Service Reserve was required as outlined in the escrow footnotes. Stabilized collections are required as one of the conditions for release./The loan represents a \_\_\_% underwritten LTV with an amortizing DSCR of \_.\_\_ x] Additional mitigating factors include [$\_\_\_\_ of cash equity in the transaction representing approximately \_\_.\_% of the total cost basis/ an underwritten LTV of \_\_.\_%/ historically stable occupancy that has ranged from \_\_.\_% to \_\_.\_% since \_\_/\_\_/X\_\_\_\_ to the T-12 ending \_\_/\_\_/\_\_ the underwritten I/O and amortizing DSCRs of \_.\_\_\_x and \_.\_\_\_x, respectively, on sustainable cash flow that is \_\_\_% less than T-12 ending \_\_/\_\_/\_\_/ strong sponsor with extensive experience in the local market].

*This risk should only be mentioned if proceeds were not cut to account for the drop. Include as necessary any information related to declining collections, as well as steps taken to mitigate risks.*

***For loans with no DSR,*** *include the following sentence as the primary mitigant, rather than as an additional mitigating factor: “The loan represents a \_\_\_% underwritten LTV with an amortizing DSCR of*  \_.\_\_x.

# Property Overview

***Please do not repeat information needlessly. For example, if the capital improvements or recent renovations are discussed in the strengths section it is not necessary to restate. Provide new information as relevant and necessary but keep repetition to a minimum.***

Recently completed capital improvements include list recent projects, at an estimated cost of $\_\_\_\_\_\_. The borrower plans to invest $\_\_\_\_\_\_ in capital improvements including list items, etc. over the next 12 months. *If applicable, describe % of renovated units and any rental premiums achieved/anticipated.*

Common area amenities include [list amenities]. Unit amenities include [list amenities]*. [If applicable: Student (shuttle to campus/furnished units, etc.), Age Restricted targeted amenities (meals, shuttle services, etc.), etc.]*

*If the subject has Section 8 Voucher or other subsidy program tenants include:*

\_\_\_% of the subject's tenants receive [Section 8/*Subsidy Program Name*] vouchers. The units occupied by [Section 8/ *Subsidy Program Name*] voucher tenants are in good condition and have similar finishes as other units at the subject. Because the [Section 8/ *Subsidy Program Name*] vouchers are guaranteed monthly income, having these tenants rent units provides certainty of collections.

*Discuss any corporate, student or military concentrations >5%. Include the source of the concentration – the nearest University or military base. For senior properties, break out any Assisted Living, Alzheimer’s or Medicaid concentrations (%).*

*If the property is considered non-conforming:*

Per the Zoning Report dated \_\_\_\_\_, the property is zoned \_\_\_\_\_ and is considered to be a legal [conforming/non-conforming] use and [conforming/non-conforming] structure due to the following*: briefly outline deficiencies as described in the zoning report and include applicable information from the Reconstruction Clause.* Building law and ordinance insurance is required and a carve-out was added for any losses related to the non-conformance. There are [\_\_/no] outstanding zoning code violations, code enforcement cases, [and/or] fire code violations.

*If there are any access easements or agreements, consider and discuss the following:*

* *Discuss the relevant parties. With a borrower affiliate? Does the agreement run with the land?*
* *Dates and length of the agreement. Is it perpetual?*
* *Are the costs shared? What are the remediation options?*
* *Discuss any other terms of the agreement.*
* *Can the property operate without the agreement? Is the property advertised with amenities accessed through the agreement?*
* *Was a carve-out required?*

*If the property is a specialized property type (student housing, military, corporate or seniors), include distances to related campus, base, office or medical facilities. Provide additional details on the specialty drivers. Student properties –* The name of University has a year enrollment of \_\_\_\_\_. *Projected increases in future enrollment.* The University provides \_\_\_\_\_ on campus beds. Students are required/not required to live on campus. Discuss any plans the University has to build new on campus housing or other facilities expansions. [*If student include:* The property is rented by the bed/bedroom (and all bedrooms have lockable doors).]

## For Manufactured Housing Communities

The property has \_\_\_ pads of which \_\_ are single-section (\_\_\_% of total) and \_\_\_ are multi-section sites (\_\_\_% of total). As of the \_\_\_\_\_, (rent roll or management) reported \_\_ single section homes in-place and \_\_ multi-section homes in-place. The property reports \_\_\_ vacant pads (\_\_% of total) of which \_\_ pads are designated for single-section and \_\_\_ pads are designated for multi-section homes. There are \_\_\_ homes (\_\_\_% of occupied homes) owned by a borrower-affiliate, \_\_\_\_\_\_. Describe details especially if rentals. Historical vacancy of the property has ranged from \_\_ to \_\_ over the past three years. Management reports average tenancy to be \_\_\_years. *Describe leasing: MTM, Escalations, Etc. A carve out has been included for any losses related to the borrower-affiliate/borrower relationship.* [*If applicable*: In addition, the loan agreement includes Freddie Mac’s standard MHC Tenant Protections.]

IF RV component:

*\*Unit Mix/Rent Roll Notes. RV should be categorized as Efficiencies and have 0 rent attributable to GPR on the Rent Roll. RV should also not be considered in vacancy.*

The property has \_\_ full-service, [pull-through/back-in] RV sites. [Daily/weekly/monthly/seasonal/yearly] rates are available and total $\_\_/site (*list for each available rate)*. [*If applicable*:\_\_ of the RV tenants are on yearly leases] Management reports that the average tenancy for RV is approximately \_\_ months with peak rental times during (describe if seasonal). *Are the RV tenants primarily long-term and residential in nature or seasonal?* [*If applicable*: Management reports that RV tenants are usually seasonal workers and return yearly to the community.] ***If any RV tenants are located on MH pads, include the borrower’s plans to replace the RV tenants with MH tenants.***

Unit Mix Footnote:

Unit size is set to 100 square foot as the exact size of each pad site is not available.

## For Unfunded Forwards

The total estimated hard construction costs equal $\_\_\_\_\_\_\_\_\_\_\_\_\_ ($\_\_\_\_\_\_\_/unit), as per the Plan & Cost review prepared by [Engineering Firm Name] dated \_\_/\_\_/\_\_. Construction is expected to begin Month, Year, with completion scheduled for by Month, Year. [General Contracting Firm Name] firm will be the General Contractor. *Discuss the GC’s history, experience in the subject market, experience with the Sponsor, etc. Include any other details relevant regarding construction that are specific to this property or market.*

## For Seniors Housing Properties

The property is \_\_% private / \_\_\_% Medicaid pay. The unit mix consist of\_\_ units (\_\_%) Independent Living, \_\_\_ units, \_\_\_\_\_beds (\_\_\_%) assisted Living; \_\_\_ units, \_\_\_\_beds (\_\_\_%) Assisted Living with Alzheimer; and \_\_\_ units, \_\_\_\_beds (\_\_\_%) Skilled Nursing*. Comment on number / percentage of shared units and second residents, if applicable.*

*Discuss what is included in base rent (i.e. meals, transportation, housekeeping) by acuity type. Discuss how care is assessed, if available, the percent of residents at each care level.*

*For Seniors Housing Properties: Discuss all senior housing related leases in place at the subject (i.e. beauty salon, home health, physical therapy). If there are AL, ALZ or SN units at the property a Liability Assessment Report should be reviewed to describe the property's compliance with licensing and any material regulatory violations past or present. Minor violations that are repeated or fees that have been assessed might also raise to a level of commentary. Use the consultant's summary as well as the Borrower’s plan of correction on training, staffing levels, staff experience, regulatory compliance, resident assessments, and policies and procedures to help develop a concise mitigation of the issues identified. Confirmation from the Underwriter must be added to the SHLA section of the property section that states “*The licensed clinician confirmed infectious policies and procedures are appropriate and being implemented at the property.” *Look for the timing of any issues identified to see impact to property's historical or future cash flows.*

## Insurance

### Flood Zone

*If the property is located in a flood zone:*

[*Firm Name*] prepared a Flood Zone Certification for the subject dated \_\_/\_\_/\_\_\_\_, which states that the subject is located within Zone \_\_, an area [within/outside of] a 100-year floodplain. Flood insurance with business interruption coverage and evidence of adequate insurance coverage are required. The underwritten insurance expense, which is based on the [appraiser’s estimate/borrower’s budget/market comparables/etc.], includes the flood insurance coverage. *If it does not, explain. If the property is a Targeted Affordable Unfunded-Forward also include:* Upon completion of construction, the site will be evaluated for mandatory flood plain insurance and evidence of adequate insurance coverage will be required as a condition to conversion.

*If the property is a manufactured housing community located in a flood zone:*

[*Firm Name*] prepared a Flood Zone Certification for the subject dated \_\_/\_\_/\_\_\_\_, which states that the subject is located within Zone \_\_, an area [within/outside of] a 100-year floodplain. If the property Flood insurance [with business interruption coverage] is required. An escrow equal to XX months of EGI was collected in lieu of business interruption insurance. *If the borrower opted for a self-insurance program as an alternative to traditional flood insurance, provide details on the structure of the coverage.* The underwritten insurance expense, which is based on the [appraiser’s estimate/borrower’s budget/market comparables/etc.], includes the flood insurance coverage for building, amenities, and structures owned by the borrower. Per the terms of their leases, tenants are required to obtain flood insurance for tenant-owned homes.

# Property Inspection Overview

The property was inspected [physically/virtually] by Freddie Mac/Seller Servicer Name on \_\_/\_\_/\_\_. *If the inspection was conducted virtually, list who was physically present at the property.* The property was \_\_% occupied at the time of the inspection and was offering concessions in the form of (e.g. one month free on 13-month leases; $500 off 800 SF 1BR layouts; etc.). “The subject was noted to be in condition with no/minimal deferred maintenance items and no down units.” Property management provided a schedule of planned capital improvements that addressed identified priority repairs consistent of \_\_\_\_. These items will be addressed in the next XX months.” The [*if applicable* on-site] property manager has been with the property for \_ years/months. The subject is well located relative to nearby demand drivers/surrounding land uses/etc. including .

*Comment on the following, if applicable (share what you heard and saw on-site):*

* *Timelines for any major repair or maintenance items (roof replacements, significant asphalt repavement, etc.)*
* *Slow leasing seasons mentioned by management*
* *New construction/supply and management’s comments on any impact*
* *Whether any tenants receive subsidy payments*
* *Crime/security measures*
* *Tenant concentrations (military, seniors, student, corporate, etc.)*
* *Competition*
* *Persistent maintenance issues and plans to address*
* *Negative publicity*
* *If non-contiguous or phased property with shared leasing, address leasing approach*
* *For rural locations and tertiary markets, it’s helpful to explain why people live in this area/neighborhood (price point/access/major employers/school district/etc.)*
* *Properties > 500 units, summarize on-going maintenance strategy*
* *Recent management changes or impact of new leasing software*
* *For Seniors Housing Properties: See the Overview Tab in the Freddie Mac excel inspection or the Final Rating Comment Box in the HappyCo application for any noteworthy comments regarding the operation of the property.*

# Commercial Tenants

*Name major tenants (note if they are investment grade) and the associated % of commercial NRI and describe. List lease terms including expiration, expenses reimbursements, options, contractual rent increases, etc.*

*If there are vacant spaces – address any LOI’s, management’s plan to lease-up, allocated tenant improvements/leasing commissions.*

Underwritten commercial net rental income (NRI) accounts for \_\_\_% of estimated gross income (EGI)*.* The property contains \_\_\_ commercial units totaling \_\_\_\_ SF of commercial space. Of the commercial units, \_\_% of units are occupied.

Tenant Name has occupied a commercial unit at the property since [*original move in date*]. *If the business function of the commercial tenant is unclear, please describe.* The [NNN/Gross/Mod Gross/Base Plus/Net/etc.] has an expiration date of \_\_/\_\_/\_\_\_\_ and a \_\_ year extension option. The base rent is $\_\_\_/month with rent increases of \_\_%/year. As of the property inspection dated \_\_/\_\_/\_\_\_\_, the tenant is open for business and is current on rent. *If the tenant is not current on rent, discuss why the tenant has fallen behind and whether the borrower has been working with the tenant on a payment plan.*

# Cash Flow Footnotes – Income

**Note:** Unless otherwise noted, all references to the rent roll refer to the rent roll dated \_/\_/\_\_, and all references to the [T-12/T-3 annualized/T-1 annualized] trailing operating statement refer to the statement ending \_/\_/\_\_.

*If referring to collections through a month more recent than the operating statement:* Unless otherwise noted, all references to the rent roll refer to the rent roll dated \_/\_/\_\_, all references to [T-12/T-3/T-1] collections information is through \_/\_/\_\_, and all references to the [T-12/T-3 annualized/T-1 annualized] trailing operating statement refer to the statement ending \_/\_/\_\_.

*Explain why historical operating statements are not available, if the T-12 is not an accurate representation of current operations, or if an operating statement is actually less than a T-12 (T-3 annualized, etc.).*

*If any income or expense line item is underwritten based on something other than the most conservative option, explain. For example, why were you comfortable assuming that income would increase beyond the most recent rent roll? Why would expenses decrease to a lower total than historical expenses?*

## Gross Potential Rent

Underwritten GPR is based on the rent roll annualized, with vacant and model units at market rent. The property’s average rent of $\_\_\_\_\_\_/unit is [less than/greater than/consistent with] the REIS Quarter/Year submarket rent of $\_\_\_\_\_\_/unit. *Also use submarket vintage rents for support if applicable.* The property’s average rent is [less than/greater than/consistent with] the appraiser’s concluded market rent of $\_\_\_\_\_\_/unit.

*Address if the average rent is above market. If unit sizes are larger, provide rent comparison to market on a PSF basis. If the appraiser’s GPR was estimated using a method other than by using the most recent rent roll with vacant units at market rent, discuss the appraiser’s reasoning. Additionally, discuss how you became comfortable with the appraiser’s reasoning and approach.*

## Vacancy

Physical vacancy is underwritten to \_\_\_%. The property was \_\_\_% physically vacant as of the rent roll. Per REIS Quarter/Year, the submarket vacancy is \_\_\_% and the submarket vacancy for similar vintage properties (*Year-Year*) is \_\_\_%. The appraiser concluded a vacancy rate of \_\_\_%. Average historical vacancy has ranged \_\_\_% to \_\_\_% from Year to Year and averaged over the T-12. *Address any major vacancy fluctuations, seasonality, student pre-leasing, property management change. If unit renovations caused high vacancy, address # of units off-line during each statement.*

*If historical GPR is reported net of vacancy provide the T-3 average vacancy, as well as the average annual vacancy for the past three years.*

## Concessions/Bad Debt/Collections

Underwritten at \_\_% of GPR. Concessions underwritten [at \_.\_%] based on the [rent roll, T-3, or T-12]. As of \_\_/\_\_/\_\_, concessions offered at the property are \_\_\_\_. Bad debt underwritten based on the [rent roll, T-3, or T-12]. *Discuss concession/bad debt trends and explain underwriting conclusion. Note any concessions offered at time of underwriting or if property is on an LRO system. If bad debt is 4% or greater, address tenant qualification and collection standards. Discuss the appraiser’s estimates*. Economic vacancy is underwritten at \_\_%, which is consistent with the appraiser’s conclusion of \_\_\_\_%. *If not, state reasons*. Underwritten NRI ($\_\_\_\_\_\_/month) is supported by the [T-3 ($\_\_\_\_\_\_/month), T-12 ($\_\_\_\_\_\_/month) *and/or* the rent roll ($\_\_\_\_\_\_/month)].

## Short Term Premiums

Discuss what is included in underwritten short-term premiums.

## Commercial Income

Underwritten at \_\_% of EGI based on current leases less [the greater of actual or market vacancy]. *Note any reimbursements here or in other income. Describe how TI/LC are accounted for.*

## Other Income

Underwritten based on the T-12. Other income items consist of \_\_\_\_.

*If not in line with T-12, appraisal, budget explain. If RUBS > utility expense, explain. Explain any major increases in other income line items in the historical statements. If available, list what’s included in other income such as application fees, late fees, administrative income, pet rent, lease termination fees, month to month fees, etc.*

*Additionally, if green savings were applied due to the borrower participating in the green-up program, discuss whether utility reimbursements are expected to decline.*

## Effective Gross Income

***Include for Targeted Affordable Housing Properties and Seniors Properties.***

Underwritten ($\_\_\_\_\_\_/unit) in line with the T-12 ($\_\_\_\_\_\_/unit) and appraiser’s concluded EGI ($\_\_\_\_\_\_/unit). *If not, indicate assumptions.*

## Targeted Affordable Housing

### GPR

#### If the property has a LURA only – no vouchers or HAP contract:

Underwritten GPR of $\_\_\_\_\_\_ is based on the rent roll annualized, with vacant and model units at [maximum LIHTC rents, which the appraiser concluded are achievable/ the appraiser’s concluded achievable LIHTC rents]. The underwritten rent for each unit is at or below the appraiser’s concluded market rent and the maximum allowable net LIHTC rent. The total UW GPR is (*compare to appraiser’s GPR, explain deviations*). *Address if rent is above market.*

The property is rent and income restricted under the \_\_\_\_\_\_\_\_\_\_\_\_\_ Regulatory Agreement (*if multiple, list each*), which requires \_\_\_% of the units to be restricted to [*discuss restrictions].*

#### If the property has a Tenant-based housing choice voucher

Underwritten GPR of $\_\_\_\_\_\_ is based on the rent roll annualized, with vacant and model units at [maximum LIHTC rents, which the appraiser concluded are achievable/ the appraiser’s concluded achievable LIHTC rents]. \_\_ units are subsidized by a tenant-based housing choice voucher, and for \_\_ of these units, the voucher results in total rent that is on average \_\_% greater than max LIHTC. [Voucher overhang in the amount of $\_\_\_ was removed from the underwritten GPR/ \_\_% of the voucher overhang, an amount of $\_\_\_, is included in the underwritten GPR. The underwritten rent for each unit is at or below the appraiser’s concluded market rent and the maximum allowable net LIHTC rent. The total UW GPR is (*compare to appraiser’s GPR, explain deviations*). *Address if rent is above market.*

#### If the property has 100% HAP Contract

Underwritten GPR of $\_\_\_\_\_\_ is based on the rent roll annualized, which reflects [the in-place HAP contract rents/ the approved HAP contract rents that will be in place on the date of closing], with vacant units at the applicable HAP rent. *If there is a manager unit not subsidized by the HAP contract, note whether rent for that unit is included in the UW GPR.* The HAP Contract covers \_\_% of units, with HAP contract rents as follows: $\_\_\_\_\_ for the \_\_-bedroom units; $\_\_\_\_\_ for the \_\_-bedroom units; $\_\_\_\_\_ for the \_\_-bedroom units; (etc.).

*If HAP Overhang:* The underwritten HAP rents ($\_\_\_\_\_/unit/month) represent an overhang of the appraiser’s concluded post-rehab rents ($\_\_\_\_\_\_/unit/month) and the average LIHTC rents ($\_\_\_\_\_\_/unit/month).

#### If the property has a partial HAP contract or mixed-income restrictions

Underwritten GPR of $\_\_\_\_\_\_ is based on [the rent roll annualized/ the borrower’s projected rents]. \_\_ units (\_\_%) are subsidized by a long term project-based HAP contract, and were underwritten to [the in-place HAP contract rents/ the approved HAP contract rents that will be in place on the date of closing], with vacant units at the applicable HAP rent. \_\_ units are unsubsidized [but income and rent restricted/and unrestricted], and were underwritten based on the rent roll annualized, with vacant and model units at [maximum LIHTC rents, which the appraiser concluded are achievable/ the appraiser’s concluded achievable LIHTC rents]. The HAP contract rents are as follows: $\_\_\_\_\_ for the \_\_-bedroom units; $\_\_\_\_\_ for the \_\_-bedroom units; $\_\_\_\_\_ for the \_\_-bedroom units; (etc.).

*If HAP Overhang:* The underwritten HAP rents ($\_\_\_\_\_/unit/month) represent an overhang of the appraiser’s concluded post-rehab rents ($\_\_\_\_\_\_/unit/month) and the average LIHTC rents ($\_\_\_\_\_\_/unit/month).

#### If the property is a Forward

Underwritten GPR of $\_\_\_\_\_\_ is based on the [appraisal/Borrower’s Budget/ concluded rents].(*Pull from templates above as appropriate.* As part of the renovations, the Subject will be rent and income restricted under the \_\_\_\_\_\_\_\_\_\_\_\_\_ Regulatory Agreement (*if multiple, list each*), which requires \_\_\_% of the units to be restricted to [*discuss restrictions*].

## Seniors Housing

### GPR

Also include the following:

*If there is Medicaid or Medicare -* Underwritten Medicaid or Medicare is based on the rent roll annualized, with vacant and model units at market rent. *Provide* *income analysis to include rent versus subject property private pay and appraiser’s estimate. Also, comment on percentage of EGI and historical collection. Analysis of state reimbursement sustainability and funding timeline should be included if material amount is underwritten. Account receivable aging should be included in the review and amounts detailed if greater than 90 days past due.*

### Vacancy

Also include the following:

Property vacancy is underwritten at \_\_%, which is a blend of individual acuity vacancy estimates of [*include as necessary \_\_% (IL), \_\_% (AL), \_\_% (MC), and \_\_% (SN)*]. *Address individual acuity vacancies were estimated based upon historical performance and market averages, while also taking into consideration the impact on overall NRI*. Prior to the pandemic outbreak in March 2020, occupancy at the property averaged \_\_%, and for the 12 months ending February 2021 occupancy averaged \_\_\_%. Over the last three months occupancy has [increased/decreased/stabilized] to an average of \_\_\_%.

### Total Seniors Housing Income:

Underwritten based on the [T-12/Appraisal/Borrower’s Budget].

# Cash Flow Footnotes – Expenses

*If referencing Freddie Mac, borrower portfolio, or appraisal expense comparables, provide the range and average. Keep in mind that the comp set may need to be refined or outliers explained if the range is very wide.*

***Note if the borrower provided expense comparables in the local market. For example:***

The borrower provided \_\_ expense comparables located within \_\_\_ miles of the subject. The unit counts ranged from \_\_ to \_\_, with vintages ranging from \_\_ to \_\_. The comparables’ expenses ranged from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.

## Real Estate Taxes

Underwritten based on [the appraiser’s estimate/current tax liability/assessment upon sale/ T-12 inflated by 3.0%], which is greater than/less than/consistent with the appraiser’s estimate/property’s historical expense. *If not, state reasons. Include details such as how the taxes are calculated, appraiser’s methodology, when the property is due for reassessment, comparison to the appraiser’s tax comparables. Discuss any tax abatements, term, phase out, calculation and requirements as they apply.* The actual year tax liability was \_\_\_\_*.* [*If applicable:* The borrower-provided expense comparables had real estate taxes ranging from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.]

## Insurance

Underwritten based on the [actual insurance premium, T-12 inflated by \_\_\_%]. [Coverage is provided via a blanket insurance policy.] [*If applicable:* The borrower-provided expense comparables had insurance expenses ranging from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.]

## Utilities

Underwritten based on the T-12 inflated by \_\_\_%. *If not in line with T-12 benchmark or appraisal, budget explain.*  [*If applicable:* The borrower-provided expense comparables had utilities expenses ranging from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.] *Please note if tenants are directly metered for any utilities, as well as any other reasons why the expenses might be significantly below market.*

*If the property has a Green Advantage Program in place, include the following in the Utilities Cash Flow Footnote:* The utilities were underwritten based on the T-12, reduced by \_\_% of the \_\_% savings projected based on the Green Assessment Report.

## Repair & Maintenance

Underwritten based on the T-12 inflated by \_\_\_%. *If not in line with T-12 benchmark or appraisal, budget explain.* *If UW below historical statements due to Cap Ex; break out the line items and associated dollar amounts that were excluded from underwriting. If underwritten to the borrower’s budget due to streamlined operations – identify items where cost savings will be realized.* [*If applicable:* The borrower-provided expense comparables had R&M expenses ranging from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.]

## Management Fee

Underwritten at \_\_% of EGI, based on the actual contract rate with the [borrower-affiliated/third-party] management company. The management fee is fully subordinated to the mortgage. [*If applicable:* The borrower-provided expense comparables had management fees ranging from \_\_% to \_\_% of EGI, averaging \_\_% of EGI.]

*If based on the appraiser’s estimate:* Underwritten at \_\_% of EGI, based on the appraiser’s estimate. The actual contract rate with the [borrower-affiliated/third-party] management company is \_\_%. The management fee is fully subordinate to the mortgage.

## Payroll

Underwritten based on the [payroll schedule, T-12 inflated by \_\_\_%]. The borrower provided a payroll schedule which consisted of \_\_ employees including a *property manager/maintenance supervisor, leasing agent, etc.* ($\_\_\_\_\_/year). *List each employee. If not in line with T-12 benchmark, appraisal, budget explain; provide support including payroll schedule, borrower expense comps, and specific salary/headcount changes taking place.* [*If applicable:* The borrower-provided expense comparables had payroll expenses ranging from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.]

## General & Administration

Underwritten based on the T-12 inflated by \_\_\_%. *If not in line with T-12 benchmark, appraisal, budget explain. Add specific support for why it will be lower than historical. (e.g. if advertising is reduced, what line item or type of marketing is the borrower planning to eliminate?)*  [*If applicable:* The borrower-provided expense comparables had G&A expenses ranging from $\_\_/unit to $\_\_/unit, averaging $\_\_/unit.]

## Miscellaneous

*Discuss what is included in the miscellaneous expense, compare to historical statements.*

## Replacement Reserves

Underwritten at $\_\_\_\_\_\_/unit/year, which is supported by the PCA estimate of $\_\_\_\_\_\_/unit/year. *Note if the borrower made an initial deposit to reduce the annual replacement reserve.*

## Seniors Housing

### Total Seniors Housing Expenses

Underwritten based on T-12 inflated by \_\_\_%.

The impact of COVID-19 related operating expenses totaled $\_\_ /unit over the last 12 months and $\_\_\_\_ /unit over the last 3 months reflective of PPE supplies, testing, and increased or temporary payroll. The underwritten occupancy of \_\_% and COVID expenses of $\_\_\_/unit reflect the most recent trends and is expected to improve due to the recent vaccinations. Based on the underwritten NOI, which is \_\_% [greater/less than] the T-12, breakeven results include \_\_\_% physical occupancy, \_\_% decreased rents, and \_\_\_% increased operating expenses.

### Total Expense Analysis

Underwritten ($\_\_\_\_\_\_/unit or \_\_\_% of EGI) in line with the historical average ($\_\_\_\_\_\_/unit or \_\_\_% of EGI), the T-12 ($\_\_\_\_\_\_/unit or \_\_\_% of EGI), and appraiser’s estimate ($\_\_\_\_\_\_/unit or \_\_\_% of EGI). *If not, indicate assumptions*.

*Complete using table following:* Per ASHA’s State of Seniors Housing Report 2020, the operating expense margin for Property Typeproperties range from **\_\_\_%** (*lower quartile*) to **\_\_\_%** (*upper quartile*) with a median of **\_\_\_\_%**. Given the subject’s *[age, market position, quality and rents, etc.]*it is appropriate for the subject to have a margin that is close to the [highest/median/lowest]of the responding Property Typeproperties across the United States.

Expense Margins by Property Type1

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **For Profit Communities Only** | **IL** | **IL/AL** | **IL/AL/MC** | **AL WITHOUT MC** | **AL WITH MC** | **MC** | **CCRC** |
| Upper Quartile | 82.8% | 87.2% | 89.8% | 92.1% | 95.1% | 91.1% | 100.2% |
| Median | 65.2% | 70.8% | 70.9% | 72.6% | 73.7% | 73.7% | 81.2% |
| Lower Quartile | 53.7% | 55.6% | 59.1% | 57.8% | 61.3% | 61.3% | 65.4% |

1Expense margins in this table are calculated as the inverse of the operating margins contained in ASHA’s State of Seniors Housing Report 2020 from table 13.1.

# Borrower Overview

***Please do not repeat information needlessly. For example, if the sponsor’s/guarantor’s experience, net worth, or SREO is discussed in the strengths section it is not necessary to restate. Provide new information as relevant and necessary but keep repetition to a minimum.***

The borrowing entity is Borrowing Entity Name, a single-purpose, Formation State Entity Type. The key sponsors for this transaction are \_\_\_\_\_, \_\_\_\_\_, etc. The carve-out guarantors for this transaction are \_\_\_\_\_, \_\_\_\_\_, etc.

*Discuss how control flows from the borrowing entity to the guarantor and key sponsors.*

*Discuss the individual sponsors'/guarantors’ roles and relationship to the borrowing entity. Include a brief description of the organization’s business model and real estate experience. Provide detail on any issues/deficiencies or unusual aspects of the borrowing structure.* Per the financial statements dated \_\_/\_\_/\_\_, [name of borrower] reported a net worth and liquidity of $\_\_\_\_\_\_ and $\_\_\_\_\_\_, respectively. *If material, discuss any contingent liabilities (view guidelines and write-up below).* Per their real estate owned schedule dated \_\_/\_\_/\_\_, [name of sponsor] reported ownership interest in list properties located in list cities or states. The portfolio reflected an overall LTV and DSCR of \_\_\_% and \_.\_\_x, respectively. *Include information on significant nearing loan maturities.*

*Discuss any underperforming properties on the schedule of real estate owned. Include the reason for the poor performance, as well as the sponsor’s plans to improve the property.*

*If the sponsor is a new or recent borrower to Freddie Mac discuss other lending relationships, borrower’s operational track record, specific examples of specific investment strategies executed (especially as it relates to the particular deal).*

*Add if Applicable:*

The [guarantor/sponsor] is a repeat Freddie Mac [guarantor/sponsor], having completed XX transactions in the since Year, totaling $\_\_\_\_\_ in UPB. The loans have paid as agreed.

*If the loan has preferred equity: address details including if it is soft pay or hard pay. Discuss the Standard Trigger Event examples*:

1. Failure to pay the preferred return (include details on specific dates, return %, etc.)
2. Negligence or willful misconduct of Manager
3. A default by a Manager affiliate under the property management agreement
4. Loss of a “key person” in Manager
5. Manager’s failure to make a capital contribution required by the Governing Agreement
6. Manager’s failure to comply with an approved budget, operating plan or other required administrative protocol
7. Manager’s failure to comply with “major decision” provisions in the Governing Agreement which require Equity Member’s approval
8. The institution of any legal proceedings against Manager
9. Manager filing for bankruptcy or other creditor’s rights protection

*Discuss any prior credit issues concerning the borrower, sponsor, or guarantor. Include the circumstances, why the issue occurred, and how it was resolved. If the credit issue is unresolved, note any actions the guarantor/sponsor has taken that show their willingness to make the lender whole. If the prior credit issue is mortgage based, please include additional details on the issue, the sponsor’s explanation, as well as any steps taken to mitigate the risk of this happening at the subject property.*

*Discuss any negative press concerning the borrower, sponsor, or guarantor. Describe articles containing negative press including the timing, nature of claims, and the resolution of claims such as clearing all code violations, installing security measures, or resolving all tenant complaints.*

*Discuss any pending litigation concerning the borrower, sponsor, or guarantor. Describe whether the borrower and his attorney’s response to the claims and how the litigation is expected to proceed with the most up-to-date information on the case. Discuss insurance coverage limits and whether the carrier has assumed defense. Include any other details relevant to whether the subject litigation will materially impact the borrower/guarantor/mortgaged property. How will the worst-case scenario impact the sponsor/guarantor, and materially impact the property.*

*If there are no issues, insert the following sentence:* No material, derogatory credit or litigation issues were noted for the sponsor or borrower.

## Low-Income Housing Tax Credits Investor

Name of LIHTC Investor will serve as the [Special Limited Partner/Limited Partner/Tax Credit Investor] in the transaction. Name of LIHTC Investor is a repeat Freddie Mac Tax Credit Syndicator, having raised more than $\_\_\_\_\_ in equity since Year*,* on more than \_\_\_\_properties throughout United States/state/region/city/MSA/submarket.

*If not a repeat Freddie Mac Tax Credit Syndicator, provide additional details on their experience with LITHC syndication and affordable properties.*

## For Seniors Housing Properties

*For Seniors Housing Properties: If there is an operating lease include a description of the leasee/operator, affiliation with borrower, term, lease payment, and lease payment coverages in the borrower section. If not affiliated with borrower, discuss experience at subject property and other properties and licensing or certifications are in good standing.*

# Property Management Overview

## Borrower-Affiliated Management

The property is managed by Management Company Name, a borrower-affiliated management company. The principals of the management company have been in the real estate industry since \_\_\_. Its portfolio includes list property types managed. It currently manages units in list states or region of operation*,* with units in the local area.

## Third-Party Management

The property is managed by Management Company Name, a third-party management company. The principals of the management company have been in the real estate industry since ­­­\_\_\_. Its portfolio includes list property types managed. It currently manages units in list states or region of operation, with units in the local area.

## For Seniors Housing Properties

There are \_\_ core leadership positions at the property. There are \_\_\_ vacant positions currently at the property (*provide the type of positions*). There has been turnover in \_\_\_ of \_\_\_ key management positions within the last year*. If turnover has been high, comment on why. New hires within the last 12 months include: \_\_\_\_\_\_(provide number of months at property and number of years in Senior Housing).*

*List all Director Positions and tenure at property or industry of each from Liability Assessment Report or management assessment information. Be sure ED background is mentioned if at the property less than 12 months.*

Management oversight at the facility includes visits every \_\_ months from\_\_\_\_\_ *(list corporate positions).* Quality Assurance (QA) audits are conducted by \_\_ when they visit the community \_\_\_\_\_\_*(enter how often they are conducted).* The audits consist of *\_\_ (describe).*

*For Seniors Housing Properties that require a Management Assessment Report:*

*If a management assessment report is required based on the amount of the loan, it should be listed. It should describe the property's regional and corporate structure to include an org chart and current vacancies in the senior management. Other information such as the technology platform and quality insurance program to monitor the clinical operations should be considered when detailing the summary of the report. Look for the timing of any issues identified to see impact to property's historical or future cash flows.*

# Appraisal Overview

*If applicable, this section should address the following:*

* Confirm the appraiser has acknowledged any rent restrictions encumbering the property.
* Extraordinary assumptions or hypothetical conditions that impact the appraised value.
* Address whether the appraisal considered loss-to-lease, as well as any significant differences between the appraiser’s vacancy assumptions and actual/historical vacancy at the property.
* If the appraiser used 100% market rents without loss-to-lease, instead of in-place rents and vacant units at market rent, discuss the appraiser’s support and reasoning.
* If the appraiser included multiple values, include as relevant. For example, As-Is value, As-Restricted value, Unrestricted At-Market Value, As-Stabilized value, etc.
* Discuss the appraiser’s cap rate conclusions, how they arrived at their conclusion, as well as any unusual factors that may have impacted the final cap rate. Also discuss whether the appraiser’s cap rate is reasonably supported. If the cap rate isn’t supported by the comparables discuss the appraiser’s reasoning.
* Sales history of the property (purchased out of foreclosure, purchase price inconsistent with the appraiser’s estimate, etc.)
* Whether any physical or legal issues impact the valuation and to what extent (e.g., ground leases, commercial leases, shared access agreements, shared amenities, regulatory agreements, etc.)
* If value was attributed to a tax abatement, note the $ amount attributed to the value, the years of tax savings incorporated into the DCF approach and the discount rate the appraiser used.
* For unstabilized properties, discussion of lease-up, loss-to-lease, concessions, absorption, unusual obsolescence, cost of repairs, etc.
* If significant commercial space is present at the property, note if the appraiser applied a different cap rate on the commercial space income or used a blended cap rate approach.
* If the subject is a manufactured housing community, confirm that the appraiser did not include any income or value from borrower-affiliate owned homes, as well as any goodwill or intangible value. If any was included, an alternative value with these excluded is needed.

*If the property has a Green Advantage Program in place, include the following in the Appraisal Comments:* The appraiser concluded an As-Is Value of *\_\_\_\_\_* based on the completion of the energy efficient repairs identified in the Green Assessment Report *dated \_\_\_\_\_\_*. The value represents an *\_\_\_\_\_\_\_* increase over the current As-Is Value of *\_\_\_\_\_\_\_.*

## Green Advantage Program

*If the property has a Green Advantage Program in place, also include the following in the Appraisal Comments:*

The appraiser concluded an As-Is Value of *\_\_\_\_\_* based on the completion of the energy efficient repairs identified in the Green Assessment Report *dated \_\_\_\_\_\_*. The value represents an *\_\_\_\_\_\_\_* increase over the current As-Is Value of *\_\_\_\_\_\_\_.*

## Rent Restrictions

If the subject has any rent restrictions encumbering the property, *also include the following in the Appraisal Comments:*

The subject is encumbered by a [LIHTC agreement/LURA/rent control/etc.] that restricts \_\_\_ of the units to tenants at or below \_\_\_% of AMI, and \_\_\_ of the units to tenants at or below \_\_% of AMI, etc. The restrictions last for \_\_\_ years, and expire Month, Year. The concluded market rents of $\_\_\_\_ are [above/below/in line] with the maximum allowable rental rates of *$\_\_\_\_\_.*

## Unfunded Forwards

For Targeted Affordable Unfunded Forwards, *also include the following in the Appraisal Comments:*

[Appraisal firm name] prepared an appraisal of the subject with a valuation dated \_\_/\_\_/\_\_. The appraisal included several valuations based on the [unimproved land/improved land without income restrictions/improved land with income restrictions/etc.]. The scenarios included effective values dated as of the projected construction completion date, \_\_/\_\_/\_\_, as well as the projected stabilization date, \_\_/\_\_/\_\_. As the Property will be subject to income restrictions post-conversion, the restricted scenarios of value were given primary consideration.

## Seniors Housing Properties

Seniors Housing is an operational real estate class that may derive a considerable amount of its value from business operations (intangibles). The Appraiser identified the real estate value (land + improvements) at $\_\_\_\_, while the business operations (intangibles) value was $\_\_\_, or \_\_% of the total appraised value.Discuss the portion of the business (intangible) value in comparison to the overall value. What are the barriers to obtain entitlements such as zoning and licensing; for example, higher barriers might explain the higher intangible value. Other intangible values include ongoing business continuity as developed by the operator/ staff processes and procedures and goodwill.

The underwritten implied cap of \_\_% was \_\_ bps below the market cap which reflected the temporary cash flow deficits caused by COVID-19. One additional measure is the loan’s debt per unit of $\_\_ in relation to replacement cost which was reasonable.

# Sales/Rent Comparables Overview

*If the property has a unit makeup, either in size or type, significantly different than the comparables discuss how that impacted the valuation. Include the appraiser’s reasoning for including comparables significantly different than the subject.*

*Address whether any of the comparables are impacted by any rent restrictions or regulatory agreements that may impact property operations or performance, or anything else that will impact the comparables effectiveness as an actual comparable.*

*If applicable, address the following:*

* Check acceptability of comparables utilized in the appraisal (sales, rent, land, and expense).
* Discuss any material deviations from the comparables or any unusual assumptions. This can include differing cap rates, occupancies, overall value or value per unit, rents per unit, or overall unit makeup. It should be clear why the comparables were used despite the deviations.
* If the property is student, rent restricted, seniors, etc. – address if the sales or rent comparables are the same or different property type. Also address any unique features present at the subject.

*If the subject is a manufactured housing community, address whether the comparables have a similar makeup in terms of borrower-affiliate owned homes or RV/Park models.*

## For Targeted Affordable Housing properties:

Note whether the comparable properties have similar restrictions as the subject.

**Sales Comps:**  Sales comparables \_\_\_, \_\_\_, and \_\_\_ are affordable properties. [Sales comparables \_, \_, and \_ are market rate properties.]

**Rent Comps**: Rent comparables \_\_\_, \_\_\_, and \_\_\_ are affordable properties. [Rent comparables \_\_\_, \_\_\_, and \_ are market rate properties.]

## For Seniors Housing Properties

* Discuss the property’s actual rent outliers such as shared unit rent and whether the care charges or government subsidies (i.e. Medicaid/Medicare) are included. The average rent by acuity for the subject property should be well supported by the appraiser’s adjusted rent comps. Discuss any significant adjustments to the actual comps.
* For Seniors Housing Properties: Discuss the acuity mix percentages and any portfolio sales between the sale comps and the property.

***For Seniors Housing Include the following paragraph:***

The market for Seniors properties is more national in scope than for conventional multifamily properties and appraisals typically include comparable sales in different geographic locations that are similar in-service type and property quality. Cap rates do not vary greatly from location to location; rather they vary based on service level. In addition, there have not been enough recent sales in most properties’ markets areas to complete a comparable sales analysis using only sales in the same market.

# Engineering Overview

*Discuss any unusual or material engineering issues impacting the property, as well as any steps taken during underwriting to mitigate any risks or concerns.*

If an immediate repair reserve was not required, please note in the funding conditions rather than the engineering write up.

*Include if applicable:* Per the Borrower Certification of Completion dated \_\_/\_\_/\_\_, all repairs are completed.

*Special attention should be given to building materials identified Borrower Certification of Property Physical and Environmental Condition (e.g., aluminum wiring, fire-retardant-treated [“FRT”] plywood, or polybutylene piping) and a summary should be provided detailing the engineer’s conclusion about the acceptability of these materials as well as any recommendations/cost to cure.*

*It is important to confirm that the report has not identified any open or unresolved issues (i.e., additional inspections needed) and that the conclusions are clear, concise, and actionable.*

## Green Advantage

*If the property has a Green Advantage Program in place, include the following in the Engineering Comments:* The borrower provided an escrow totaling \_\_\_\_\_ at closing for the replacement of [*list green improvements*] at the property, to be completed within \_\_ months of closing.

## Wood-Damaging Organism

*If a Wood-Damaging Organism (WDO) report identified presence of infestation or other related issues:*

The WDO consultant prepared a wood-damaging organisms report dated \_\_/\_\_/\_\_\_\_, which [did/did not] identify any presence of infestation. *If the report did identify infestation, such as dry rot, wood-damaging organisms, etc., include the location of the findings, remediation costs, and whether the remediation was identified by the engineer and included in any scope of existing rehab/priority repairs. Include if one-time remediation costs are in place or if a treatment contract renewal is in place.*

*If a Wood-Damaging Organism (WDO) report was required and the property is a Targeted Affordable Unfunded-Forward:*

A Wood-Damaging Organism report will be provided at conversion.

# Environmental Overview

***Summarize IF*** *the environmental consultant identifies the presence of certain Recognized Environmental Conditions (RECs) or recommendations. To the extent testing is incomplete or in process, a recommendation for course of action should be clearly laid out to include timeframes, possible escrows, etc. Confirm regulatory closure of any RECs.*

*Discuss any unusual or material environmental issues impacting the property, as well as any steps taken during underwriting to mitigate any risks or concerns.*

## Radon

*If the initial radon testing was completed by the time of loan origination, include the following:*

**Radon:** The engineer identified radon samples in \_\_\_ units that exceeded the EPA action level for radon in residential dwellings. Per the Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_\_\_, a radon screening for this unit must be completed within 30 days of closing, and radon testing for this same unit for no less than a 91-day period must be completed within 180 days of closing. Should the long-term testing indicate a need for radon mitigation, the borrower will be required to provide a radon remediation deposit equal to 150% of the total costs. The remediation will be required to be completed within 90 days of the notice.

*If the initial radon testing was not completed by the time of loan origination, include the following:*

**Radon:** Per the Multifamily Loan and Security Agreement dated \_\_/\_\_/\_\_\_\_, all Radon testing, screening, and remediation must be completed within 365 days of closing.

# Seismic Assessment Overview

*If further analysis or insurance is not required:*

According to the USGS Unified Hazard seismic tool, the property has a PGA of 0.Xg which is below the threshold of 0.15g for further seismic analysis or insurance. As a result, Earthquake insurance will not be required.

*If the property is in a Seismic Zone:*

Due to the Subject’s PGA of X.XXXg being above the threshold of 0.15g, a Probable Maximum Loss (PML) report is required. The PML site analysis conducted by [*Name of Firm*] concluded to a Median Loss Estimate (PML 50 or SEL) of \_\_% and a \_\_% Confidence Loss Estimate (PML90 or SUL) of \_\_%. Based on the conclusion that the SEL estimate is \_\_%, [insurance is/is not required].

# Market Analysis Overview

*If the property is a Student Property, use Axiometrics for market/submarket data.*

The property is located in the city of \_\_\_\_\_\_, \_\_\_\_\_\_ County, \_\_\_\_\_\_ (state) within the \_\_\_\_\_\_\_\_MSA. *Provide a description of the location of the MSA in terms of its region and/or proximity to other major city centers or landmarks*. *Use the next 2-3 sentences to describe demand generators for the MSA in terms of: major industries, employers, local attractions, etc. Also include any relevant demographic data and/or pertinent ratios.*

Per [REIS/Axiometrics] Quarter Year, the MSA has a current average vacancy factor of \_\_% with an average market rent of $\_\_\_/unit. Over the next five years, vacancy is projected to average \_\_%, while asking rents are projected to increase by \_\_% annually. The annualized five-year forecast for absorption within the MSA projects that \_\_ units will be built and \_\_ units absorbed per annum, equating to a \_\_ construction to absorption ratio.

# Submarket/Neighborhood Analysis Overview

The property is located within the \_\_\_\_\_\_\_\_ submarket, \_\_\_\_ miles N/S/E/W from the \_\_\_\_\_ CBD. *Describe surrounding land use, visibility, and access. What % is developed in the neighborhood? Is it suburban, urban, bedroom community? Distance and direction to nearby demand generators, employment centers, retail/commercial areas, major shopping centers, schools, cultural centers, tourist attractions, etc. Note the distance and direction to the nearest major intersections, highways, thoroughfares, access roads, and public transit. Discuss how the property fits in to the submarket’s demand and makeup. If the property is significantly different than the rest of the submarket’s offerings, discuss how local or regional demand is shifting to support the subject.*

Per [REIS/Axiometrics] Quarter Year, the submarket has a current average vacancy factor of \_\_% with an average submarket rent of $\_\_\_/unit. Over the next five years, vacancy is projected to average \_\_%, while asking rents are projected to increase by \_\_% annually. The annualized five-year forecast for absorption within the submarket projects that \_\_ units will be built and \_\_ units absorbed per annum, equating to a \_\_ construction to absorption ratio.

*Provide local knowledge and expertise. Expand on large demand drivers/attractions and their distances/directions to the property. Also note any unique characteristics of the submarket, such as strong schools and desirable access. If the property is a specialized property type (student housing or seniors), provide detail around those facilities; for seniors housing proximity to hospitals and medical office parks is important. Towards the end of the paragraph, comment on projected new supply in the next 36 months and absorption stats per REIS/the appraisal,* ***and how it might impact the subject property.*** *Provide details around the location, expected delivery timing and price point of any multifamily projects going up in the neighborhood as well as mitigating factors. Consider including three-mile radius population statistics, HH income statistics and the projected growth over the coming five-year period.*

## For Seniors Housing Properties:

Also include:

The Appraiser defined the Primary Market Area (PMA) for the property within a \_\_\_ mile radius. The average occupancy was \_\_\_% for IL units and \_\_\_\_% for AL units. The supply / demand concluded an *oversupply/undersupply / or balance* of \_\_\_ IL units and *oversupply/undersupply / or balance* \_\_\_ AL units for the current year. Planned new construction within the PMA totaled \_\_\_ IL units and \_\_\_\_AL units over the next 36 months. The Appraiser *or NIC Map local property* sourced information from \_\_ comparable properties. These properties consisted of \_\_majority IL and/or \_\_\_ majority AL properties. The average occupancy was \_\_\_%. *Provide commentary on any outliers that impact the average occupancy such as properties in-lease up.*

The Appraiser (*or NIC Map local property)* sourced information from \_\_ comparable properties. These properties consisted of \_\_majority IL and/or \_\_ majority AL properties~~.~~ The average occupancy was \_\_\_%. *Provide commentary on any outliers that impact the average occupancy such as properties in-lease up.*

# Top MSA Template Language 2Q 2021

*CME Underwriting has compiled template language of the Top 43 MSAs to be utilized by underwriting and production for the market tab in OUS (located in the help screen). The list of the Top 43 MSAs was sourced from regional producers and underwriters and is subject to change. MSAs will be added and/or removed from the document based on internal deal concentrations and region feedback.*

The template language is a working document that will be updated quarterly with new market statistics including top employers, asking rents, vacancy rates, etc. Additionally, the template language has important facts about each MSA. Research sources include Moody’s Analytics, REIS, and the Census Bureau. All statistical information is based on the 2nd quarter 2021.

The following MSA are listed by region. Please utilize the template language. If there are errors and/or updates to the language that should be made, please provide feedback to the CME Underwriting team via the CME mailbox [MF\_CME\_UW@freddiemac.com](mailto:MF_CME_UW@freddiemac.com).

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| --- | --- | --- | --- |
| **Northeast** | **Southeast** | **Central** | **West** |
| * [Boston](#_Boston) * [New York](#_New_York) * [Pittsburgh](#_Pittsburgh) * [Philadelphia](#_Philadelphia) * [Northern Jersey](#_Northern_New_Jersey) * [Central Jersey](#_Central_New_Jersey) | * [Atlanta](#_Atlanta) * [Baltimore – Towson](#_Baltimore_–_Townson) * [Miami](#_Miami) * [Orlando](#_Orlando) * [Tampa – St. Petersburg](#_Tampa_–_St.) * [Washington DC](#_Washington,_DC) * [Suburban MD](#_Suburban_Maryland) * [Suburban VA](#_Suburban_Virginia) * [Raleigh – Durham](#_Raleigh_–_Durham) * [Charlotte](#_Charlotte) * [Jacksonville](#_Jacksonville) * [Norfolk/Virginia Beach/Hampton Roads](#_Norfolk/Virginia_Beach/Hampton_Road) * [Nashville](#_Nashville) | * [Chicago](#_Chicago) * [Cincinnati](#_Cincinnati) * [Columbus](#_Columbus) * [Dallas](#_Dallas) * [Fort Worth](#_Fort_Worth) * [Houston](#_Houston) * [Minneapolis – St. Paul](#_Minneapolis) * [Austin – Round Rock](#_Austin_–_Round) * [Kansas City](#_Kansas_City) * [Omaha](#_Omaha) * [Detroit](#_Detroit) * [San Antonio](#_San_Antonio) | [Denver](#_Denver)  [Los Angeles](#_Los_Angeles)  [Phoenix – Mesa](#_Phoenix_–_Mesa)  [Seattle](#_Seattle)  [San Diego](#_San_Diego)  [San Francisco](#_San_Francisco)  [Orange County](#_Orange_County)  [Inland Empire](#_San_Bernardino/Riverside)  [Portland](#_Portland)  [Las Vegas](#_Las_Vegas)  [Salt Lake City](#_Salt_Lake_City)  [San Jose](#_San_Jose) |

## Northeast Region

### Boston

The property is located within the Boston MSA, the largest city in New England. The Boston tech sector, predicated on pharmaceutical and biotechnology, with firms such as Genzyme, Vertex Pharmaceuticals, and Biogen, is one of the leading tech workforces in America. Its location next to Cambridge puts Boston close to one of the nation’s largest tech clusters and to world-renowned research universities Harvard and MIT. Home to 53 higher education institutions, Boston benefits from a highly educated workforce. Proximity to the research labs of Harvard and MIT make Boston very attractive for tech start-ups so it’s a hub for the expansion and relocation of tech firms, despite its high cost of doing business. MIT has begun construction on a $2 billion development project called the Kendall Square Initiative, projected to be finished during 2021. Boeing Co. was the initiative’s first signed tenant, with plans to hire 300 engineers and researchers for their new Aerospace and Autonomy Center. In 2019, the start-up friendly company, WeWork, signed their biggest lease in Boston to date, an 11-floor deal at the State Street Financial Center. WeWork now has office space available in Back Bay, South Boston, Cambridge and Downtown. Boston’s economic base is further diversified and driven by the healthcare and financial services industries. Boston’s concentration of hospital jobs is one of the greatest in the country, home to five of the nation’s top 50 2020 National Institutes of Health funded institutions. Local hospitals will reap rewards as Congress increased NIH funding for the fourth year in a row. The metro division’s presence of finance employment is among the highest in the region due to its sizeable contingent of banks and investment management firms. Boston’s financial industry is known for managing mutual funds and 401(k) plans and for hosting some of the nation’s largest custodian banks. The Massachusetts Bay Transportation Authority (MBTA) was the first underground rapid transit system in the United States and provides public transportation throughout the MSA. Logan International Airport is in the East Boston neighborhood and provides air transportation to worldwide destinations. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.6% with an average market rent of $2,331/unit. Over the next five years, vacancy is projected to average 5.5%, while asking rents are projected to increase by 2.7% annually. The annualized five-year forecast for absorption within the MSA projects that 3,604 units will be built and 4,120 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Boston** | **No. of Employees** |
| Mass General Brigham | 74,013 |
| Beth Israel Lahey Health | 27,013 |
| University of Massachusetts | 23,614 |
| Stop & Shop Supermarket Co. | 20,153 |
| Steward Health Care System | 16,977 |

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| **Boston Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.6% | **Previous Quarter Vacancy:** | 6.6% | **Inventory (units):** | 244,541 |
| **Asking Rent:** | $2,331 | **Previous Quarter Asking Rent:** | $2,328 | **Absorption (units):** | 238 |
| **Unemployment:** | 4.6% | **Avg. Household Income (2Q 2021):** | $226,547 | **Population (2Q 2021):** | 4,891,470 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $263,542 | **Est. Population (2025):** | 4,981,910 |

### New York

The property is located in the New York MSA which is the leading financial and cultural center of the United States. The city is a global hub of international business and commerce and has world class universities, museums, medical centers, libraries, theatres, and music institutions. New York City’s largest employers represent a diverse group of multinational corporations from varying industries including financial services, health care, telecommunications, education, retail services and government. Hudson Yards is the nation’s largest development, and one of the most complex construction projects in the history of New York City. The first tower opened in 2016, 30 Hudson Yards was completed in March 2019 and is the sixth tallest office building in New York. 30 Hudson Yards is home to leading media, business and financial companies including Facebook, CNN, Warner Media, KKR & Co. and Wells Fargo Securities. 55 Hudson Yards is the third commercial tower, the office towers are part of the overall master plan that includes 4,000 residences, a new hotel and a dynamic retail space that will feature more than 100 luxury and specialty shops, which opened to the public in April 2019. JPMorgan Chase plans to invest $20 billion in a new office building to replace its existing 270 Park Avenue location. Demolition of the old, 52 story building began in early 2019 and is the largest planned demolition in history. Construction of the new building, which will house up to 14,000 employees, is expected to be completed in 2024 and is expected to bring over 8,000 construction jobs to The City. They are expected to buy unused development rights from nearby buildings, generating more than $40 million for public improvements to the streets, pedestrian plazas and sidewalks in the neighborhood under the new zoning plan. Per Savills PLC, New York has emerged as the premier Tech City. The City continues to see an increasing tech presence with six transactions exceeding 100,000 sq. feet in 2020 including Apple, Facebook, and TikTok. Access to a deep talent pool and the city’s reputation as a global center of commerce makes New York the global leader. The city’s population continues to grow, and per capita income is forecast to out-perform the national state averages. New York is home to three international airports: LaGuardia, John F. Kennedy and Newark all located within 20 miles of Manhattan. The MSA benefits from an extensive public transportation system, which includes the MTA bus and subway systems, Port Authority travel system, LIRR, Metro North, and NJ Transit. The expansion of Penn Station, the nation’s busiest train station, was completed in early 2021 with the opening of Moynihan Train Hall. Moynihan will provide passengers of Amtrak, MTA, and LIRR with enhanced facilities, reduced crowding and improved safety. In June 2019, New York State approved a variety of new rent regulation laws, which impacted the rental housing market. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 4.1% with an average market rent of $3,230/unit. Over the next five years, vacancy is projected to average 3.8%, while asking rents are projected to increase by 2.6% annually. The annualized five-year forecast for absorption within the MSA projects that 5,449 units will be built and 5,656 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **New York** | **No. of Employees** |
| Montefiore Health System | 32,232 |
| Mount Sinai Health System | 32,074 |
| JPMorgan Chase & Co. | 29,000 |
| Bank of America | 27,000 |
| New York-Presbyterian Healthcare System | 23,709 |

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| **New York Metro Apartment Statistics** (REIS 2Q 2021) | | | | | |
| **Vacancy:** | 4.1% | **Previous Quarter Vacancy:** | 4.3% | **Inventory (units):** | 230,035 |
| **Asking Rent:** | $3,230 | **Previous Quarter Asking Rent:** | $3,221 | **Absorption (units):** | 334 |
| **Unemployment:** | 7.8% | **Avg. Household Income (2Q 2021):** | $220,415 | **Population (2Q 2021):** | 8,300,770 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $249,924 | **Est. Population (2025):** | 8,311,910 |

### Pittsburgh

The property is located within the Pittsburgh MSA. Pittsburgh was once the base of the steel industry and is now a diverse economy driven by the healthcare, education, technology, robotics, and financial services industries. Pittsburgh is also home to several colleges, universities, and research facilities including The University of Pittsburgh, Carnegie Mellon University, Duquesne University and Robert Morris University. In November, City officials released plans for the Pittsburgh Innovation District in Oakland which is anchored by Carnegie Mellon University, the University of Pittsburgh and University of Pittsburgh Medical Center. Also called InnovatePGH, the plan includes $1.9 billion of active and planned investments in office development, health care, residential space, infrastructure, and education “innovation assets.” One property is UPMC's new 900,000-square-foot heart and transplant hospital to be built as an addition to UPMC Presbyterian, also in Oakland. Both Carnegie Mellon and the University of Pittsburgh have spent billions on research and development over the last ten years. Entertainment and performing arts have also emerged as integral components of the Pittsburgh culture. Examples of entertainment and performing arts culture within the MSA are illustrated by Pittsburgh’s famous Pittsburgh Symphony Orchestra, Carnegie Museum of Art and The Carnegie Museum of National History. Pittsburgh has an extensive highway system comprised of I-70, I-79, and I-76 (the Turnpike), which form a triangular-shaped “beltway”. Pittsburgh experienced the largest increase in millennial population, by percent change, seeing growth of 17.7% from 2010 to 2015. The Port Authority of Allegheny County provides public transportation within the MSA via bus and light rail. Construction is increasing in the market with over 600,000 SF currently under construction, adding approximately 700 jobs. The most prominent area of development is the Strip District, where former warehouses and land plots are being converted into hundreds of thousands of square feet of office space, retail, and apartments. Fueled by hundreds of millions of dollars in investments, there is an aim to revitalize the area and make the district a downtown hub. Per REIS 2Q 2021, the MSA has a current average vacancy of 4.5% with an average market rent of $1,121/unit. Over the next five years, vacancy is projected to average 4.3%, while asking rents are projected to increase by 2.7% annually. The annualized five-year forecast for absorption within the MSA projects that 680 units will be built and 698 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Pittsburgh** | **No. of Employees** |
| University of Pittsburgh Medical Center | 41,800 |
| Highmark Inc. | 20,900 |
| University of Pittsburgh | 11,900 |
| The PNC Financial Services Group Inc. | 11,900 |
| Walmart Inc. | 9,000 |

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| **Pittsburgh Metro Apartment Statistics** (REIS 2Q 2021) | | | | | |
| **Vacancy:** | 4.5% | **Previous Quarter Vacancy:** | 4.5% | **Inventory (units):** | 95,162 |
| **Asking Rent:** | $1,121 | **Previous Quarter Asking Rent:** | $1,119 | **Absorption (units):** | -4 |
| **Unemployment:** | 5.7% | **Avg. Household Income (2Q 2021):** | $149,864 | **Population (2Q 2021):** | 2,304,570 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $168,326 | **Est. Population (2025):** | 2,291,130 |

### Philadelphia

The property is located within the Philadelphia MSA, which is recognized as the birthplace of the United States. Philadelphia is home to iconic historical attractions including the Liberty Bell, Independence Hall and The National Constitution Center. Philadelphia is the eighth largest metropolitan area in the United States and has a diverse economy, geared towards biomedical, information, and service-based industries. Philadelphia is home to 12 colleges and universities, including Temple University, University of Pennsylvania, Villanova University, Saint Joseph’s University, and LaSalle University. Philadelphia is home to one of the largest freshwater ports in the country, The Port of Philadelphia, which received a $300 million cash infusion from private-public investment in 2018 to upgrade ship berths, buy new cranes, and update and relocate warehouses. The activity is expected to double cargo-handling space and create 2,000 waterfront jobs, and nearly 7,000 total jobs for truckers, rail workers, suppliers, and port-related businesses. In 2017 the MSA broke ground on Schuylkill Yards, a 20-year, $3.5 billion development in West Philadelphia aimed to create a hub for technology and life-sciences companies. The development plans to include 2.8 million square feet of office space, 1.6 million square feet of apartments, one million square feet of lab space and more than 100,000 square feet of retail in buildings that will combine new and refurbished construction. In 2018 The Comcast Technology Center was completed, a 60-floor skyscraper and 10th largest building in the United States located in Center City, at an estimated development cost of $1.5 billion and home to 4,000 employees. Ten hotels are in the development pipeline, including five already under construction. The $600 million Live! Casino Hotel opened January 26th, 2021 and the $359 million W Hotel and Element dual-branded hotel is set to open in March 2021. The MSA is comprised of an extensive interstate highway and inter-county road system. I-95, I-495, I-76 and Route 1 all serve the greater Philadelphia area. The Southeastern Pennsylvania Transportation Authority (SEPTA) provides public transportation throughout the city and suburbs via bus and rail line. Per REIS 2Q 2021, the MSA has a current average vacancy of 4.6% with an average market rent of $1,448/unit. Over the next five years, vacancy is projected to average 4.6%, while asking rents are projected to increase by 3.4% annually. The annualized five-year forecast for absorption within the MSA projects that 3,072 units will be built and 2,994 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Philadelphia** | **No. of Employees** |
| University of Pennsylvania Health System | 46,554 |
| Thomas Jefferson University | 32,000 |
| Children’s Hospital of Philadelphia | 22,051 |
| Comcast | 17,607 |
| Drexel University. | 9,347 |

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| **Philadelphia Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 4.6% | **Previous Quarter Vacancy:** | 4.7% | **Inventory (units):** | 233,279 |
| **Asking Rent:** | $1,448 | **Previous Quarter Asking Rent:** | $1,444 | **Absorption (units):** | 325 |
| **Unemployment:** | 8.5% | **Avg. Household Income (2Q 2021):** | $187,535 | **Population (2Q 2021):** | 5,381,990 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $210,789 | **Est. Population (2025):** | 5,423,120 |

### Northern New Jersey

The property is located within the Northern New Jersey MSA. Northern New Jersey is a research and technology hub, as the state ranks first nationally in pharmaceutical research & development and among the top five nationally in technology and telecommunications companies. The region is characterized by a high level of economic output, emanating from economic engines including Paramus and Bergen County, which has become the top retail zip code in the US, with the municipality generating over $6 billion in annual retail sales. Also, the MSA is currently developing a $2.5 billion waterfront property, the largest mix used project in the state’s history consisting of 1.5 million square feet of retail, nearly 2 million square feet of office space, an 800,000-square-foot hotel and conference center, up to 2,000 apartment units and a 400-slip marina. A portion of the residences will be reserved for affordable housing. As the most populous county in New Jersey, Bergen County provides a convenient and affordable residential option for Tri-state commuters. Just outside of New York City’s major economic hub, the MSA is home to some of the nation’s most prestigious international corporations, including Novartis Pharmaceuticals, Bristol-Myers Squibb, Exxon Research, DuPont, Nabisco, Honeywell, and Prudential. Northern New Jersey also has one of the top performing industrial markets in the nation, making it a prime hub for logistics due to its geographical location near major transportation arteries. The MSA is often referred to as the Gateway Region due to its proximity to Manhattan via the Hudson River, which provides access to the city along a bridge, two auto tunnels, two rail systems and several ferry operations. The George Washington Bridge, which connects Bergen County to Upper Manhattan in New York City, is the world’s busiest motor vehicle bridge. New York Harbor also provides passageways to ports in Europe, South America, Africa and the Pacific Rim. Major highways in the MSA include the New Jersey Turnpike (I-95), Route 80 and the Garden State Parkway. Newark Liberty International Airport is located within the MSA, but JFK International Airport and LaGuardia Airport in New York City also serve the area. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.9% with an average market rent of $2,020/unit. Over the next five years, vacancy is projected to average 5.3%, while asking rents are projected to increase by 3.2% annually. The annualized five-year forecast for absorption within the MSA projects that 4,602 units will be built and 4,715 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Northern New Jersey** | **No. of Employees** |
| Newark International Airport | 24,500 |
| University of Medicine/Dentistry of New Jersey | 20,700 |
| Verizon Communications | 15,800 |
| United Airlines Inc. | 13,400 |
| Public Service Enterprise Group Inc. | 12,945 |

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| **Northern New Jersey Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.9% | **Previous Quarter Vacancy:** | 6.0% | **Inventory (units):** | 251,038 |
| **Asking Rent:** | $2,020 | **Previous Quarter Asking Rent:** | $2,014 | **Absorption (units):** | 164 |
| **Unemployment:** | 7.0% | **Avg. Household Income (2Q 2021):** | $217,492 | **Population (2Q 2021):** | 4,143,930 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $242,544 | **Est. Population (2025):** | 4,186,410 |

### Central New Jersey

The property is located within the Central New Jersey MSA. The economic base of Central New Jersey is diverse with professional and business services, education and health services, government, and retail trade and consumer services comprising the heaviest concentration of employment. The market is home to many major pharmaceutical and telecommunications companies including Johnson & Johnson, Honeywell, Bristol-Myers Squibb, Merck, and Verizon Wireless. Coca-Cola has invested a great deal in the MSA by building numerous distribution facilities and industrial sites, citing proximity to New York City and relative affordability as major drivers. The increase in e-commerce has led to job creation in logistics. Amazon announced in early 2020 that it had signed lease agreements to launch 14 new delivery stations (of 150 across the U.S.) in New Jersey. These stations “power” the last mile of their order fulfillment process, as packages are transported there to be sorted before loading for delivery. In addition, Rockefeller Group’s 2.1 million square feet logistics center opened in late 2019 and created over 1,000 permanent jobs. Rutgers and Princeton Universities are located within the market, attributing to strong educational attainment within the MSA. Positive demographics, including a growing population and higher-than-average income, are expected to continue to stimulate business growth in the area. Major highways in the MSA include the New Jersey Turnpike (I-95), Route 80, and the Garden State Parkway. Newark Liberty International Airport is located within the MSA; however, JFK International Airport and LaGuardia Airport in New York City also serve the area. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 2.5% with an average market rent of $1,444/unit. Over the next five years, vacancy is projected to average 2.7%, while asking rents are projected to increase by 1.7% annually. The annualized five-year forecast for absorption within the MSA projects that 1,039 units will be built and 864 units absorbed per annum, equating to a 1.2 construction to absorption ratio.

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| **Largest Employers (\*Based on Trenton)** | |
| **Central New Jersey** | **No. of Employees** |
| Bank of America | 10,000 |
| Princeton University | 6,011 |
| Bristol-Myers Squibb | 6,000 |
| Capital Health Systems | 3,800 |
| University of Pennsylvania Health System | 3,285 |

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| **Central New Jersey Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 2.5% | **Previous Quarter Vacancy:** | 2.5% | **Inventory (units):** | 181,424 |
| **Asking Rent:** | $1,444 | **Previous Quarter Asking Rent:** | $1,436 | **Absorption (units):** | -12 |
| **Unemployment:** | 5.7% | **Avg. Household Income (2Q 2021):** | $216,884 | **Population (2Q 2021):** | 2,499,910 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $245,236 | **Est. Population (2025):** | 2,528,270 |

## Southeast Region

### Atlanta

The property is located within the Atlanta MSA. Atlanta is recognized as one of the fastest growing cities in the United States and is a top business city and primary transportation hub of the southeastern region of the United States. Atlanta’s most traveled highway is I-285 north and south, connecting interstate highways within the area and providing access to Atlanta communities. The Metropolitan Atlanta Rapid Transit Authority (MARTA) provides a 37-mile rapid rail transit system within the MSA. Atlanta is home to several Fortune 500 Companies, including the world headquarters of The Coca-Cola Company, The Home Depot, AT&T Mobility, UPS, Delta Air Lines, Porsche and Mercedes Benz. UPS and Amazon are set to expand locally to meet growing demand. After developing new logistics operations and expanding its ATL footprint dramatically in the first half of 2020, Amazon is building a new facility along the I-75 corridor to be completed by August 2022, part of an aggressive push that is planned for the next three years. Other planned development includes the “Alpha Loop”, an eight mile stretch of walking and biking trail that parallels Atlanta’s BeltLine. The Alpha Loop consists of a 3.3-mile inner loop and a 5.3-mile outer loop that will connect from Alpharetta, Roswell, and Forsyth County. Google has started constructing a new headquarters in midtown Atlanta with a completion date of 2022. Downtown Atlanta now has an Arts and Entertainment District, which displays large screens and outdoor art. The district allows business owners to display light-projecting billboards to increase advertising while also contributing to a new look for downtown. The Hartsfield-Jackson Atlanta International Airport is one of the world’s busiest passenger airports and has the largest passenger terminal complex in the world. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.7% with an average market rent of $1,307/unit. Over the next five years, vacancy is projected to average 5.3%, while asking rents are projected to increase by 4.0% annually. The annualized five-year forecast for absorption within the MSA projects that 4,954 units will be built and 4,915 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Atlanta** | **No. of Employees** |
| Delta Air Lines, Inc. | 34,500 |
| Emory University and Emory Healthcare | 32,091 |
| The Home Depot Inc. | 16,510 |
| Northside Hospital | >16,000 |
| Piedmont Healthcare | 15,900 |

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| **Atlanta Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.7% | **Previous Quarter Vacancy:** | 5.6% | **Inventory (units):** | 431,831 |
| **Asking Rent:** | $1,307 | **Previous Quarter Asking Rent:** | $1,292 | **Absorption (units):** | 1,300 |
| **Unemployment:** | 4.0% | **Avg. Household Income (2Q 2021):** | $159,076 | **Population (2Q 2021):** | 6,153,710 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $174,764 | **Est. Population (2025):** | 6,469,220 |

### Baltimore – Townson

The property is located within the Baltimore-Towson MSA. Baltimore is known for its Inner-Harbor, which is home to shopping, entertainment, tourism, and the National Aquarium. Baltimore benefits from an extensive interstate highway system including I-95, I-695 (the Baltimore Beltway), and I-895 (the Harbor Tunnel Thruway). The Harbor Pointe bridge will extend Central Avenue to Harbor Point, a 27-acre mixed use development located on the waterfront and will make Harbor Pointe more accessible to the public and allow some of the 1,500 employees at the Exelon tower on the site a more direct route into their workplace. The second phase of the bridge work will extend from Aliceanna Street in Harbor East north to Baltimore Street, and includes sidewalks, landscaping, utility work and streetlights. Phase one was completed in October 2019 and the final phase is expected to be completed in June 2021. Public transportation in Baltimore is provided by the Maryland Transit Administration via bus and light rail. The MSA has a service-oriented economy providing financial, business, and health services. Its close proximity to Washington D.C. and the related federal government operations, as well as its strong transportation and distribution industries have helped sustain the region’s economy. The Port of Baltimore ranks ninth in the nation for total value of cargo and is one of only four ports on the East Coast that are deep enough to support the increased traffic of supersized ships as a result of the Panama Canal expansion. Work has begun on a redevelopment project in South Baltimore called Port Covington. The 25-year project will be constructed in multiple phases and is projected to add thousands of jobs to the area. The first phase will include office buildings, retail, residential, and hotels, with the first new buildings projected to be completed by Fall 2021. Healthcare continues to be a strong sector in the Baltimore-Towson MSA. Healthcare employment growth easily outpaces total employment, even as industry job growth slows nationally. Owing to leading university hospitals, Baltimore is a major medical hub. Johns Hopkins consistently ranks among the nation’s best hospitals and is a leader in medical research. Hopkins is currently planning a $400 million upgrade to its East Baltimore campus which is expected to be completed in 2023. Since Baltimore’s hospitals draw patients from beyond Maryland and the Northeast, meager population growth in the region poses little threat to the robust healthcare industry. Baltimore has the sixth highest concentration of people 65 or older, confirming the need for medical care going forward. The Baltimore-Washington International Airport provides flights to destinations worldwide. Amtrak and MARC commuter rail also provide service within the MSA. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 3.9% with an average market rent of $1,306/unit. Over the next five years, vacancy is projected to average 4.3%, while asking rents are projected to increase by 2.4% annually. The annualized five-year forecast for absorption within the MSA projects that 1,435 units will be built and 1,115 units absorbed per annum, equating to a 1.3 construction to absorption ratio.

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| **Largest Employers** | |
| **Baltimore** | **No. of Employees** |
| Fort George G. Meade | 54,000 |
| Johns Hopkins University | 27,300 |
| Johns Hopkins Health System | 23,470 |
| University of Maryland Medical System | 22,619 |
| Aberdeen Proving Ground | 21,000 |

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| **Baltimore Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 3.9% | **Previous Quarter Vacancy:** | 3.9% | **Inventory (units):** | 166,374 |
| **Asking Rent:** | $1,306 | **Previous Quarter Asking Rent:** | $1,294 | **Absorption (units):** | 424 |
|
| **Unemployment:** | 5.6% | **Avg. Household Income (2Q 2021):** | $176,055 | **Population (2Q 2021):** | 2,800,230 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $200,147 | **Est. Population (2025):** | 2,819,990 |

### Miami

The property is located within the Miami MSA. Miami is recognized globally as a distinctive cultural destination, a tropical paradise for both tourists and residents alike, and home to some of the most celebrated special events in the country. The Port of Miami is the number one cruise passenger port in the world, accommodating some of the largest cruise ships, including Carnival, Royal Caribbean, Norwegian Cruise Line, and Celebrity cruises. Additionally, the Port is one of the nation's busiest cargo ports, benefitting from well-developed shipping and distribution infrastructure. In recent years, the City has diversified beyond its traditional tourism-based economy to become a leading multi-industry business center to include arts and entertainment, health care, cultural programming, and professional services industries. Miami experienced population growth of 0.4% in 2020 as a result of the COVID-19 pandemic and is expected to grow by 2.9% over the next three years. Although relocation was a temporary refuge for some, many permanently established themselves in Miami, as work from home culture has become more widely accepted. This mass migration is also expected to result in job creation, especially for the finance and tech startup sectors. Miami also serves as a financial, cultural, and transportation gateway between the United States, the Caribbean, and both Central and South America. Due to Miami’s proximity to Latin America, more than 1,000 multinational corporations are headquartered in the MSA. Lincoln Road ranks as Florida’s most expensive retail leasing location and fifth nationally. The City’s lifeblood hospitality industry features the world’s most recognizable hotels, from innovative new developments like the Faena district to the historic architecture along Ocean Drive. Miami Beach also contains some of the nation’s most expensive residential zip codes, continually supported by strong international investment. The Miami Beach Convention Center (the “Center”), originally built in 1957, recently underwent a $620 million renovation and expansion. The expansion is key to staying competitive in the lucrative meeting and convention industry. Miami’s major highways include I-75, I-95, the Florida Turnpike, and the Palmetto Expressway (SR 826). The Miami International Airport is one of the world’s most active airports for international and freight traffic, providing service for the entire South Florida region. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 7.7% with an average market rent of $1,614/unit. Over the next five years, vacancy is projected to average 7.3%, while asking rents are projected to increase by 4.2% annually. The annualized five-year forecast for absorption within the MSA projects that 4,568 units will be built and 4,679 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Miami** | **No. of Employees** |
| Publix Supermarket | 39,240 |
| Baptist Health Systems of Southern Florida | 23,000 |
| American Airlines | 13,500 |
| Jackson Health Systems | 12,623 |
| Florida International University | 10,499 |

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| **Miami Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 7.7% | **Previous Quarter Vacancy:** | 7.7% | **Inventory (units):** | 147,661 |
| **Asking Rent:** | $1,614 | **Previous Quarter Asking Rent:** | $1,604 | **Absorption (units):** | 174 |
| **Unemployment:** | 6.7% | **Avg. Household Income (2Q 2021):** | $170,846 | **Population (2Q 2021):** | 2,744,880 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $189,737 | **Est. Population (2025):** | 2,845,800 |

### Orlando

The property is located within the Orlando MSA. Orlando’s economy is mainly driven by the tourism, high-technology, and financial services industries. The MSA is the home of the employer with the nation’s largest number of private workers at a single site, Walt Disney World. In addition, Orlando’s technology community continues to mature. More co-working spaces, incubators, and development projects are emerging as technology has solidified its position as the second largest industry in Orlando with an annual economic impact over $14 billion. There are several recently completed redevelopment projects, including a 68-acre neighborhood called Creative Village, the first phase of which was completed in August 2019 with two further phases running through 2031. Additionally, in Fall of 2019 the University of Central Florida delivered a downtown campus in Orlando, which offers approximately 8,000 students a place to study. The area is served by Interstate-4, the SunRail, and Orlando International Airport. Orlando is in the process of completing the I-4 Ultimate Project, a $2.3 billion overhaul which will add four express lanes and widen overpasses over the next ten years. Along with the highway expansion, Orlando recently completed a $190 million investment in Phase 2 of the SunRail South expansion which provides service to the area’s largest suburban office parks. Lastly, work is well underway on the South Terminal Phase One at the Orlando International Airport, which will add 15 new gates with the capacity to accommodate 12 million passengers annually. The facility also contains a train station which will begin service to south Florida in 2022. The $2.7 billion expansion is expected to be completed in 2022. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.6% with an average market rent of $1,262/unit. Over the next five years, vacancy is projected to average 6.3%, while asking rents are projected to increase by 3.6% annually. The annualized five-year forecast for absorption within the MSA projects that 4,663 units will be built and 4,358 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Orlando** | **No. of Employees** |
| Walt Disney World Resort | 75,000 |
| Advent Health | 34,627 |
| Universal Orlando (Comcast) | 27,000 |
| Orlando International Airport | 21,000 |
| Orlando Health | 20,258 |

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| **Orlando Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.6% | **Previous Quarter Vacancy:** | 6.7% | **Inventory (units):** | 175,725 |
| **Asking Rent:** | $1,262 | **Previous Quarter Asking Rent:** | $1,254 | **Absorption (units):** | 828 |
| **Unemployment:** | 5.4% | **Avg. Household Income (2Q 2021):** | $127,953 | **Population (2Q 2021):** | 2,667,570 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $142,889 | **Est. Population (2025):** | 2,887,750 |

### Tampa – St. Petersburg – Clearwater

The property is located within the Tampa – St. Petersburg – Clearwater MSA. The MSA is the fourth largest in the Southeast region of the United States. Tampa is home to two major military installations, MacDill Air Force Base and Coast Guard Air Station Clearwater. Approximately 18,000 people work at MacDill Air Force Base, with a significant number of military personnel and their families living on base in military housing, while remaining servicemembers and military families live off base in the Tampa Bay area. MacDill AFB is a significant contributor to Tampa's economy and the city is very supportive of the military community. Along with the military presence, Tampa is considered the financial and business capital of Florida. Tampa’s economy is further comprised of leisure and hospitality, avionics, defense, marine electronics, health care, business, and information services. Tampa’s economic health has flourished in recent years, greatly increasing their corporate allure, employment rates, and entrepreneurship opportunities. The Tampa Bay area is home to large company headquarters such as Publix Supermarkets, Raymond James Financial, Jabil, TECO Energy, Sykes Enterprises, HCA West Florida and Tech Data, while Tampa continues to attract global giants such as Citigroup Inc., Ashley Global Retail, Amazon, Bristol-Myers, Squibb, Johnson & Johnson, AMGEN and USAA. Along with these employers, Port Tampa Bay (the Port) is a significant economic engine in West Central Florida, providing a $17.2 billion annual economic impact and over 85,000 jobs to the region. Water Street Tampa is a $3.5 billion development that will eventually include 2 million square feet of office space, two hotels, 1 million square feet of cultural and retail space, and 3,500 residential units. The development included a new home for the University of South Florida’s medical school, which opened last year. Over the next year, Water Street will support more than 3,000 construction jobs as builders finish the project’s first phase. Once complete, developers say the district will comprise 22 buildings and host 23,000 residents, visitors, students and workers every day. The University of South Florida (USF) offers premier research opportunities in the fields of science and medicine, serves more than 50,830 students and has an annual economic impact of $4.4 billion. Lastly, Tampa’s International Airport is six miles west of Downtown Tampa and is served by over twenty major air carrier airlines, four regional airlines, and three air cargo carriers. Per REIS 2Q 2021, the MSA has a current average vacancy of 4.9% with an average market rent of $1,241/unit. Over the next five years, vacancy is projected to average 4.9%, while asking rents are projected to increase by 4.0% annually. The annualized five-year forecast for absorption within the MSA projects that 2,645 units will be built and 2,509 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Tampa - St. Petersburg - Clearwater** | **No. of Employees** |
| BayCare Health System | 28,400 |
| Publix Super Markets Inc. | 25,989 |
| Hillsborough County School District | 25,173 |
| HCA West Florida Division | 18,832 |
| MacDill Air Force Base | 18,000 |

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| **Tampa Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 4.9% | **Previous Quarter Vacancy:** | 4.9% | **Inventory (units):** | 186,018 |
| **Asking Rent:** | $1,241 | **Previous Quarter Asking Rent:** | $1,228 | **Absorption (units):** | 27 |
| **Unemployment:** | 4.6% | **Avg. Household Income (2Q 2021):** | $131,257 | **Population (2Q 2021):** | 3,235,680 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $146,759 | **Est. Population (2025):** | 3,383,680 |

### Washington, DC

The property is located within the District of Columbia MSA. Washington D.C. is the capital of the United States and is surrounded by the Suburban Virginia and Suburban Maryland MSAs. The MSA is home to the federal government and the majority of its supporting federal agencies. It is also home to Georgetown University, George Washington University, Catholic University, American University, Gallaudet and several other higher education institutions. Moody’s forecasts Washington D.C.’s fiscal 2021 budget will be boosted by federal government employment and increased wages for current workers. Total federal funds are estimated to increase 4.2% from fiscal 2020. The rise in funds is giving way to a 1% pay raise for civilian employees and a 3% pay raise for military members. Washington D.C. is home of historical and global attractions such as the White House, Capitol Building, Lincoln Memorial, Washington Monument, National Mall and Smithsonian Institution. Washington D.C. benefits tremendously from the tourism industry, and the vaccine rollout gives a more promising outlook for tourism late this year and into 2022. The Marriott opened the AC Hotel in December 2019, which is the first new ground-up hotel constructed in the Golden Triangle Business Improvement District since the 1970s. In terms of housing development news, many large apartment complexes are in the pipeline through 2020, including many plans for development in the Navy Yard district. In prior years, government spending diminished due a bipartisan appropriations deal aimed to cut discretionary spending. However, the Fiscal Year 2021 federal budget allows for broader spending to increase federal government employment and wages for the existing workforce. Moody’s indicates that the pay increase will exceed the U.S. rate in the near term. Furthermore, federal spending has boosted the value of contracts to Washington D.C. firms to record highs. Although increased government spending has facilitated the outsourcing of government jobs, private sector gains spell long-term upside in overall job rates and pay. The MSA is also poised to benefit both directly and indirectly from the arrival of Amazon’s HQ2, which will add approximately 25,000 jobs. In addition, Moody’s projects that the spillover effect from Amazon’s arrival will inadvertently create an additional 10,000 tech-related jobs. The Washington D.C. region benefits from an extensive interstate highway system, including I-95, I-295, I-495 (Capital Beltway) and I-66. The Washington Metropolitan Transit Authority (WMATA) operates an interconnected rail and bus service that serves 3.5 million people within a 1,500-square mile area. The WMATA is the second-busiest U.S. rail transit system with an average of 682,000 daily trips. The MSA is also well served by Amtrak, MARC train, Virginia Railway Express and three major international airports: Dulles International, Reagan National and Baltimore-Washington International. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 9.6% with an average market rent of $1,860/unit. Over the next five years, vacancy is projected to average 8.2%, while asking rents are projected to increase by 3.7% annually. The annualized five-year forecast for absorption within the MSA projects that 2,553 units will be built and 3,173 units absorbed per annum, equating to a 0.8 construction to absorption ratio.

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| **Largest Employers** | |
| **Washington, DC** | **No. of Employees** |
| MedStar Health | 17,419 |
| Marriott International Inc. | 16,773 |
| Inova Health System | 16,000 |
| Booz Allen Hamilton Inc. | 15,210 |
| University of Maryland, College Park | 14,072 |

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| **District of Columbia Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 9.6% | **Previous Quarter Vacancy:** | 9.4% | **Inventory (units):** | 123,197 |
| **Asking Rent:** | $1,860 | **Previous Quarter Asking Rent:** | $1,860 | **Absorption (units):** | 197 |
|
| **Unemployment:** | 7.2% | **Avg. Household Income (2Q 2021):** | $188,471 | **Population (2Q 2021):** | 713,790 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $206,468 | **Est. Population (2025):** | 740,710 |

### Suburban Maryland

The property is located within the Suburban Maryland MSA, which partially surrounds the District of Columbia on the north and east. The region is home to a diversified economy, including biotechnology and life sciences, as well as several federal entities. Lockheed Martin, Marriott International, Discovery Inc. and Coventry Health Care are among the Fortune 500 companies within the MSA. The MSA is also home to Andrews Air Force Base, Naval Support Activity Bethesda, US Census Buerau and Fort George G. Meade Army post, which is also the headquarters for the National Security Agency. Conveniently located outside the District of Columbia, a total of 18 federal agencies are headquartered in Montgomery County alone. Also located in the MSA are the National Institute of Health (NIH), Walter Reed National Military Medical Center and the Food and Drug Administration. The area is characterized by its highly educated workforce with 48.0% of the population possessing a bachelor’s degree or higher. The MSA is home to the state’s flagship university, University of Maryland, which is opening the UM Capital Region Medical Center, a $543 million 205 bed teaching center, in June 2021. Prince George’s County is undergoing major redevelopment and expansion efforts with mixed used projects such as Greenbelt Station Town Centre, Hampton Park and Westphalia Town Center under construction. Suburban Maryland is served by the Washington Metropolitan Area Transit Authority (WMATA) which includes Metrorail and Metrobus. The WMATA is the second-busiest U.S. rail transit system with an average of over 600,000 daily trips. The area is also served by Amtrak, the MARC train, and three major international airports: Baltimore-Washington International, Reagan National, and Dulles International. The Purple Line is a 16.2-mile light rail transit line spanning from Bethesda in Montgomery County to New Carrollton in Prince George's County that is in the beginning stages of construction. This $2.2 billion-dollar project being administered by the Maryland Transit Administration will connect the Red, Green, and Orange lines of the Metro with 21 new stations and is anticipated to complete construction in 2022. Additionally, the MSA is extending the Yellow line and has proposed a Corridor Cities Transitway (CCT) project. The CCT, a 15-mile rapid bus transit line, will provide access to Maryland’s leading technology corridor. The Capital Beltway (I-495) provides access throughout the MSA and encircles the D.C. metropolitan area. Interstate 270 also serves as a major highway in the area, providing access from Montgomery County to Frederick County. The newly constructed Inter-County Connector (ICC) links existing and proposed development areas between Montgomery County and Prince George’s County. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 3.8% with an average market rent of $1,585/unit. Over the next five years, vacancy is projected to average 4.2%, while asking rents are projected to increase by 2.1% annually. The annualized five-year forecast for absorption within the MSA projects that 2,305 units will be built and 2,086 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Suburban MD** | **No. of Employees** |
| National Institutes of Health | 17,580 |
| Food and Drug Administration | 13,855 |
| Naval Support Activity Bethesda | 12,000 |
| Fort Detrick Campus | 7,800 |
| Marriott International | 5,800 |

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| **Suburban MD Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 3.8% | **Previous Quarter Vacancy:** | 3.7% | **Inventory (units):** | 170,526 |
| **Asking Rent:** | $1,585 | **Previous Quarter Asking Rent:** | $1,577 | **Absorption (units):** | 105 |
|
| **Unemployment:** | 5.5% | **Avg. Household Income (2Q 2021):** | $205,488 | **Population (2Q 2021):** | 2,495,290 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $226,110 | **Est. Population (2025):** | 2,561,420 |

### Suburban Virginia

The property is located within the Suburban Virginia MSA, which extends west from the District of Columbia. Suburban Virginia is the most populous and highest-income region of the state. Virginia was named “Top State for Business” by CNBC back in 2019. The MSA is home to many Fortune 500 companies including Northrop Grumman, General Dynamics, Capital One, Booz Allen Hamilton, Freddie Mac and several other corporations. In addition, the MSA is home to many federal entities such as the Pentagon, Central Intelligence Agency, Marine Corps Base Quantico, Fort Belvoir, Fort Meyer, and the US Patent and Trademark Office. Amazon has begun construction on its permanent second headquarters complex at the National Landing in Arlington, VA. The headquarters will feature 2.8 million square feet and hold 25,000 employees with an average salary of over $150,000. Education within the MSA is incredibly rich, with 48.0% of the population holding a bachelor’s degree or higher. As part of the Amazon plan, the commonwealth is investing $1 billion in a Virginia Tech “innovation campus” for graduate students studying computer science, software engineering and data science. It will be in Alexandria’s Oakville Triangle, just miles away from the Crystal City campus. Tyson’s Corner, which contains the largest mall in the DC area, is the largest business district in the MSA and 12th largest in the United States. The Tyson’s area is expected to grow with the recent and future expansion of the MetroRail through the area. New major developments include Capital One’s expansion of their McLean headquarters, with a planned mixed-use development that will include 12 high-rise offices, two hotels, 1,230 residential units, a community center, and 4.8 acres of greenspace. Typically known for its reliance on Federal Non-Defense and Defense sectors as its main economic drivers, the MSA is quickly transforming into a tech hub focusing on computer systems design and tech-related professional services. The MSA is served by the Washington Metropolitan Area Transit Authority (WMATA), Virginia Railway Express, Amtrak and three major international airports: Dulles International, Reagan National and Baltimore-Washington International. I-495, I-66, and Dulles Toll Road provide primary access to the area. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.3% with an average market rent of $1,800/unit. Over the next five years, vacancy is projected to average 5.3%, while asking rents are projected to increase by 2.2% annually. The annualized five-year forecast for absorption within the MSA projects that 2,748 units will be built and 2,693 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Suburban VA** | **No. of Employees** |
| Inova Health System | 19,300 |
| CACI International/Information Manufacturing LLC | 7,065 |
| Capital One Financial Corp. | 7,000 |
| AstraZeneca PLC | 3,500 |
| CGI Group Inc. | 3,060 |

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| **Suburban VA Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.3% | **Previous Quarter Vacancy:** | 5.3% | **Inventory (units):** | 202,685 |
| **Asking Rent:** | $1,800 | **Previous Quarter Asking Rent:** | $1,805 | **Absorption (units):** | -45 |
|
| **Unemployment:** | 4.9% | **Avg. Household Income (2Q 2021):** | $220,833 | **Population (2Q 2021):** | 3,005,440 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $248,565 | **Est. Population (2025):** | 3,116,260 |

### Raleigh – Durham

The property is located within the Raleigh-Durham MSA. The MSA is a part of the Research Triangle due to the major research universities in the area: North Carolina State University, Duke University, and UNC-Chapel Hill. As the Capital of the State, the City derives its economic profile from a diverse combination of business and employment centers, including Federal and State government, higher education, information technology, scientific research, healthcare and retail trade. The metro area’s labor force is highly educated, with over 50% holding a bachelor’s degree or higher. Low business costs and the availability of cheap skilled labor relative to other tech hubs has attracted investment in Raleigh’s technology industry. Raleigh was ranked the 2nd Most Educated City in the Country (Forbes, 2018) and among the Top 10 Best Cities for New Grads starting out (MarketWatch, 2018). Major freeways in the area include I-40, the Raleigh Beltline (I-440), and the outer beltway, I-540. Public Transportation in and around the area is provided by Capital Area Transit, Triangle Transit, and NC State University which all offer bus services. Additionally, The City held a ribbon cutting ceremony on April 30, 2018 to celebrate the opening of the new $88.8M Raleigh Union Station (RUS), a 26,000-square foot vibrant urban multimodal transportation center. RUS is one of the latest projects in downtown aimed at preserving the City’s history while constructing for the future needs of Raleigh. Raleigh-Durham International Airport is the region’s primary airport, which has been experiencing record setting growth in volume with 14.2 million passengers flying through the airport in 2019, an 11% year-over-year increase. Currently under development in Fenton, just off I-40 and 15 minutes from downtown Raleigh, is the Fenton Mixed-Use Development. The Fenton Mixed-Use Development is one of the largest retail projects currently underway in the US, bringing 345,000 square feet of retail space to the area, in addition to one million square feet of office space, and over 800 multifamily housing units. Phase one of the $850 million project is expected to be completed in 2021 and the total timeline is five years. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 7.1% with an average market rent of $1,191/unit. Over the next five years, vacancy is projected to average 6.4%, while asking rents are projected to increase by 3.4% annually. The annualized five-year forecast for absorption within the MSA projects that 2,417 units will be built and 2,609 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Raleigh** | **No. of Employees** |
| IBM Corp. | 10,000 |
| WakeMed Health & Hospitals | 9,105 |
| North Carolina State University | 9,069 |
| Rex Healthcare | 7,400 |
| SAS Institute Inc. | 5,632 |

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| **Raleigh-Durham Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 7.1% | **Previous Quarter Vacancy:** | 7.1% | **Inventory (units):** | 144,661 |
| **Asking Rent:** | $1,191 | **Previous Quarter Asking Rent:** | $1,183 | **Absorption (units):** | 126 |
| **Unemployment:** | 3.8% | **Avg. Household Income (2Q 2021):** | $155,887 | **Population (2Q 2021):** | 2,027,220 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $168,000 | **Est. Population (2025):** | 2,177,460 |

### Charlotte

The property is located within the Charlotte MSA. Charlotte has emerged as a financial, technology, distribution and transportation hub that is comprised of companies that range from multinational to micro-business start-ups. One of Charlotte’s many strengths as a leading business center is the concentration of financial institutions and resources. Home to nine Fortune 500 companies, the city ranks as a top financial center in headquartered banking assets, behind New York City, with national banks such as Bank of America Corporation, the East Coast hub of Wells Fargo and Truist. A branch of the Federal Reserve as well as many of the nation’s top banks also have operations in Charlotte. Centene Corp. has selected the MSA for its $1 billion expansion for the East Coast Headquarters, which is forecast to create over 3,000 jobs over the next 10 years. JPMorgan Chase has also expanded to Charlotte, opening three branches in the MSA. Additionally, a new 26-story bank tower for Ally Financial was completed in 2021, which will house 2,100 employees. Charlotte’s financial services sector expands well beyond the banking industry. MetLife, TIAA and Deloitte have developed significant workforces in Charlotte. Barings LLC, an institutional asset manager, is the anchor tenant for Charlotte’s first uptown office tower since the Great Recession. Charlotte is also home to several tech firms, including homegrown Lending Tree, Red Ventures, Tradier, Passport and AvidXchange, and was named by CompTIA as a top technology town for IT professionals to work and live. Further, Apple is investing $500 million for a new data center in the region. The city plays a major role in the transportation and distribution of goods throughout the nation, seeing remarkable growth over the last decade, with Campbell Snacks acquiring Charlotte-based Snyder's-Lance in 2018 to expand its distribution channels. The Charlotte region is also expanding its role with foreign trade. In 2019, merchandise shipments totaled nearly $14 billion in 2019 for Charlotte. In addition, Amazon is opening two delivery stations and a new fulfillment center in the MSA. Charlotte Douglas International Airport (CLT) is considered the “gateway to the world,” averaging 700 daily flights with non-stop service to over 170 different destinations, including 36 international destinations. With customs services available and a foreign trade zone designation, Charlotte is a significant port of entry and export. The region is served by two interstate highways: Interstate Highways 77 (I-77) running north/south and Interstate Highway 85 (I-85) running /southwest. Charlotte is also the center of the country’s largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and Chessie-Seaboard Merger (CSX) Transportation, operate here. In addition, Norfolk Southern Railway operates a state-of-the-art intermodal facility at Charlotte Douglas International Airport. Charlotte has also transitioned from a textile leader to a home with numerous firms that specialize in intelligent manufacturing with precision metrology, optoelectronics, and biomedical technology. Relatively low business costs and a highly skilled workforce continue to attract a growing tech presence and business investment in Charlotte. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.5% with an average market rent of $1,227/unit. Over the next five years, vacancy is projected to average 5.8%, while asking rents are projected to increase by 3.2% annually. The annualized five-year forecast for absorption within the MSA projects that 3,122 units will be built and 3,041 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Charlotte** | **No. of Employees** |
| Atrium Health | 38,320 |
| Wells Fargo | 27,500 |
| Wal-Mart Stores Inc. | 16,100 |
| Bank of America Corp. | 15,000 |
| Novant Health Inc. | 14,170 |

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| **Charlotte Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.5% | **Previous Quarter Vacancy:** | 6.2% | **Inventory (units):** | 165,647 |
| **Asking Rent:** | $1,227 | **Previous Quarter Asking Rent:** | $1,208 | **Absorption (units):** | 740 |
| **Unemployment:** | 4.3% | **Avg. Household Income (2Q 2021):** | $151,675 | **Population (2Q 2021):** | 2,668,650 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $164,182 | **Est. Population (2025):** | 2,826,470 |

### Jacksonville

The property is located within the Jacksonville MSA. Jacksonville is the cultural, commercial, and financial center of North Florida. The area has one of the most diversified industry bases in Florida, given the three prevailing industries are defense, financial services, and logistics/transportation. A major military and civilian deep-water port, the city's riverine location supports two United States Navy bases (Naval Air Station Jacksonville and Naval Station Mayport) and the Port of Jacksonville, Florida's third largest seaport. The two US Navy bases, Blount Island Command and the nearby Naval Submarine Base Kings Bay, form the third largest naval presence in the United States. Naval Air Station Jacksonville is one of the largest overhauls and repair facilities in the United States. Naval Station Mayport is the only deep-water berthing area for major naval ships in the United States south of Norfolk, Virginia. Jacksonville is attractive to financial services firms due to its low taxes and office rents. Fortune 500 companies headquartered in the MSA include CSX Corporation, Fidelity National Information Services, and Fidelity National Financial. Amazon opened two new delivery facilities in the region in the recent term. Shad Khan, owner of the Jacksonville Jaguars football team, is planning a $2.5 billion-dollar development a few blocks from the CBD. Called the “Shipyards District,” the mixed-use development will include an entertainment district, office, hotel, retail, residential, and green spaces, giving sports patrons the opportunity to spend more time in the downtown areas. Other major developments in the market include Fidelity National Information Services’ $156 million headquarters located on the St. Johns riverfront. The completed project will be 12 stories, containing 380,000 square feet and an eight story 1,650 space parking garage expected to be completed in 2022. Recently completed projects in Jacksonville include the new $72 million, 1 million square foot distribution center for E-Commerce company, Wayfair, as well as a new factory for Jinko Solar, the world’s largest solar panel manufacturer. Major highways include Interstate 10, Interstate 95 and Interstate 295. Air transportation is provided by the Jacksonville International Airport, which is the fastest growing middle market airport in the country. There is a $200 million project planned to expand the airport, with projected completion in 2022-2023. Public transportation is provided by the Jacksonville Transportation Authority, which includes bus service and an automated people mover system (Jacksonville Skyway). Per REIS 2Q 2021, the MSA has a current average vacancy of 5.2% with an average market rent of $1,099/unit. Over the next five years, vacancy is projected to average 5.4%, while asking rents are projected to increase by 2.9% annually. The annualized five-year forecast for absorption within the MSA projects that 1,416 units will be built and 1,360 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Jacksonville** | **No. of Employees** |
| Naval Air Station Jacksonville | 19,800 |
| Baptist Health | 10,500 |
| Mayport Naval Station | 9,000 |
| Bank of America Merrill Lynch | 8,000 |
| Florida Blue | 6,700 |

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| **Jacksonville Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.2% | **Previous Quarter Vacancy:** | 5.4% | **Inventory (units):** | 84,789 |
| **Asking Rent:** | $1,099 | **Previous Quarter Asking Rent:** | $1,093 | **Absorption (units):** | 187 |
| **Unemployment:** | 4.2% | **Avg. Household Income (2Q 2021):** | $145,567 | **Population (2Q 2021):** | 1,580,860 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $163,853 | **Est. Population (2025):** | 1,658,370 |

### Norfolk/Virginia Beach/Hampton Roads

The property is located within the Norfolk/Virginia Beach/Hampton Roads MSA. Hampton Roads is home to the world’s largest naval base, a major East Coast port, and numerous internationally known tourist attractions. Norfolk is the home of Naval Station Norfolk, the world's largest naval complex, which serves as the headquarters for Commander, United States Fleet Forces Command and other major commands that support the operational readiness of the U.S. Atlantic Fleet. It is also the headquarters for Commander, Navy Region Mid-Atlantic, which is the regional coordinator for all 14 installations in the Mid-Atlantic. Hampton Roads is the largest center of Coast Guard units in the world with the Atlantic Area Command and Maritime Defense Zone Atlantic in Portsmouth and its Maintenance & Logistic Command Atlantic headquarters in downtown Norfolk. The MSA is also home to a significant number of other military installations including Norfolk Naval Shipyard, Naval Weapons Station Yorktown, Joint Expeditionary Base Little Creek-Fort Story, Naval Air Station Oceana and Joint Base Langley-Eustis. The Navy continues to be a major economic driver by providing meaningful employment for uniformed personnel and civilians while also supporting private businesses throughout the region. Healthcare expansions are also expected to benefit the MSA. Bon Secours Virginia Health System is building a new hospital in Suffolk; Children’s Hospital of the King’s Daughters is building a pediatric mental health facility in Norfolk; and Sentara Healthcare is investing in a new cancer center in Norfolk and another hospital on its BelleHarbour campus in Suffolk. Additionally, Sentara Leigh Hospital was named the #2 Top Teaching Hospital in 2021 by *Fortune/IBM Watson Health 100 Top Hospitals 2021*. Fortune 500 companies, Dollar Tree and Huntington Ingalls Industries, are headquartered in Virginia Beach. Furthermore, over the past decade, the region has grown into a focal point on the East Coast for financial firms, distribution companies, telemarketing, and customer service operations. The MSA is also transforming into a data center hub, with an ultra-high-speed trans-Atlantic fiber-optic cable already connecting the region to Europe, and a cable between the region and Brazil, which was completed in 2018. Additionally, at the end of 2021, Metronet will begin installation of a new fiber internet network throughout Norfolk, providing residents and businesses with the highest commercially available internet speeds. Major highways in the MSA include I-64, I-95 and I-85. Air transportation is provided by the Norfolk International Airport and the Newport News/Williamsburg International Airport. Norfolk International Airport is the primary airport serving Hampton Roads and northeast North Carolina and will feature a newly renovated runway by 2023. Per REIS 2Q 2021, the MSA has a current average vacancy of 3.6% with an average market rent of $1,127/unit. Over the next five years, vacancy is projected to average 4.3%, while asking rents are projected to increase by 2.3% annually. The annualized five-year forecast for absorption within the MSA projects that 893 units will be built and 572 units absorbed per annum, equating to a 1.6 construction to absorption ratio.

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| **Largest Employers** | |
| **Norfolk/Virginia Beach/Hampton Roads** | **No. of Employees** |
| Huntington Ingalls Industries Inc. | 1,000+ |
| Sentara Healthcare | 1,000+ |
| Wal-Mart Stores Inc. | 1,000+ |
| Riverside Regional Medical Center | 1,000+ |
| Food Lion | 1,000+ |

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| **Virginia Beach/Hampton Roads Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |  |
| **Vacancy:** | 3.6% | **Previous Quarter Vacancy:** | 3.7% | **Inventory (units):** | 104,317 |  |
| **Asking Rent:** | $1,127 | **Previous Quarter Asking Rent:** | $1,118 | **Absorption (units):** | 43 |  |
| **Unemployment:** | 4.7% | **Avg. Household Income (2Q 2021):** | $146,051 | **Population (2Q 2021):** | 1,743,380 |  |
|  |
| **As of:** | May-21 | **Est. Household Income (2025):** | $162,514 | **Est. Population (2025):** | 1,779,090 |  |

### Nashville

The property is located within the Nashville MSA. Nashville is the capital of Tennessee, the largest city in the state, and the fourth largest city in the Southeastern United States. Nashville is a center for the health care, publishing, banking and transportation industries, and is most notably known as a center of the country music industry, earning it the nickname "Music City". As the home of country music, Nashville has become a major music recording and production center. All of the Big Four record labels, as well as numerous independent labels, have offices in Nashville. By end of 2021, asset manager AllianceBernstein will move its headquarters from Wall Street to Nashville. In late 2018, Amazon announced the plans for an Operations Center of Excellence as a part of the Nashville Yards project downtown. Amazon plans to create 5,000 jobs at the new operations hubs, and has already hired 2,000, which makes this the largest single new jobs announcement in Tennessee's history. The Amazon office tower is expected to open by 2024. The MSA is also home to more than 250 health care companies, including HCA Healthcare, Inc., the largest private operator of hospitals in the world. Nashville is often also labeled the "Athens of the South" due to the numerous colleges and universities located there, including Vanderbilt University and Tennessee State University. Also, the Nashville Soccer Club is a newly formed MLS franchise team that started playing in the 2020 season. Their new home stadium is currently under construction in the Nashville Fairgrounds, which is simultaneously undergoing a redevelopment to the tune of $30+ million to transform the area into a mixed-use area. Once complete in May 2022, the $335 million stadium will be the nation's largest soccer-specific stadium, seating 30,000 people. An $80 million mixed-use building is expected to be completed by late-2023 and will sit next to the new stadium, housing 337 units with retail/restaurant commercial space. The MSA is centrally located at the crossroads of three interstate highways: I-40, I-24, and I-65. Public transportation is provided by Metropolitan Transit Authority. Air transportation is provided by the Nashville International Airport. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.2% with an average market rent of $1,225/unit. Over the next five years, vacancy is projected to average 6.0%, while asking rents are projected to increase by 4.0% annually. The annualized five-year forecast for absorption within the MSA projects that 3,547 units will be built and 3,406 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Nashville** | **No. of Employees** |
| Vanderbilt University Medical Center | 20,000 |
| HCA Inc. | 10,180 |
| Nissan North America Inc. | 10,100 |
| Saint Thomas Health Services | 7,100 |
| Vanderbilt University | 6,400 |

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| **Nashville Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.2% | **Previous Quarter Vacancy:** | 6.4% | **Inventory (units):** | 129,972 |
| **Asking Rent:** | $1,225 | **Previous Quarter Asking Rent:** | $1,213 | **Absorption (units):** | 182 |
| **Unemployment:** | 3.8% | **Avg. Household Income (2Q 2021):** | $160,287 | **Population (2Q 2021):** | 2,010,810 |
|
| **Vacancy:** | 6.2% | **Previous Quarter Vacancy:** | 6.4% | **Inventory (units):** | 129,972 |

## Central Region

### Chicago

The property is located within the Chicago MSA. The city of Chicago is the third largest city in the United States by population. Chicago is considered one of the major financial centers in the country, and its futures, options, and commodity exchanges have established the city as an international financial trading center. The region has a diversified economic base and has numerous world-renowned cultural attractions, including a variety of famous museums, parks, and travel destinations. Chicago is home to 37 Fortune 500 companies. Companies look to take advantage of lower costs compared to coastal cities. Facebook is the latest tech firm to make major investments in Chicago. The social media giant has been aggressively expanding its local team and recently announced plans to invest $10.7 billion to build a new office space in Chicago in early 2021. Construction of a new skyscraper for Salesforce is underway and expected to be completed in Fall of 2022. The software firm, which employs about 1,500 people in the city, could add up to 5,000 jobs with the expansion. Chicago is also home to McDonald's global headquarters which employs approximately 2,000 people. The city has seen multiple companies shift their operations from the suburbs to downtown recently including Ferrara Candy Company and Walgreens. Google recently opened their second Chicago office in the Fulton Market district after doubling the headcount of Chicago-based employees in under four years. Additionally, Glassdoor recently expanded its presence in Chicago via a long-term lease that accommodates up to 500 new employees. The MSA has an extensive highway system, consisting of I-55, I-88, I-90, I-94 and I-290. The Regional Transportation Authority coordinates and operates three public transportation agencies, which provide bus and light rail service throughout the region. The Chicago Transit Authority provides transportation in the city and to a few suburbs outside of city limits, by way of Chicago’s train system known as the “L”. Additionally, METRA provides commuter rail service to Cook, DuPage, Will, Lake, Kane, and McHenry counties in Illinois. The two primary airports serving the area are O’Hare International Airport, the third busiest airport in the United States, and the Chicago Midway International Airport. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.8% with an average market rent of $1,484/unit. Over the next five years, vacancy is projected to average 5.4%, while asking rents are projected to increase by 3.0% annually. The annualized five-year forecast for absorption within the MSA projects that 3,911 units will be built and 4,267 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Chicago** | **No. of Employees** |
| Advocate Health Care System | 25,917 |
| Northwestern Memorial Healthcare | 21,264 |
| Amita Health | 20,046 |
| University of Chicago | 18,276 |
| JPMorgan Chase & Co. | 16,000 |

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| **Chicago Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.8% | **Previous Quarter Vacancy:** | 5.7% | **Inventory (units):** | 503,256 |
| **Asking Rent:** | $1,484 | **Previous Quarter Asking Rent:** | $1,477 | **Absorption (units):** | 658 |
| **Unemployment:** | 7.9% | **Avg. Household Income (2Q 2021):** | $174,623 | **Population (2Q 2021):** | 7,843,230 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $198,732 | **Est. Population (2025):** | 7,773,680 |

### Cincinnati

The property is located within the Cincinnati MSA. The MSA is one of the Midwest’s fastest-growing metro areas, with a diversified economic base that includes manufacturing, wholesale and retail trade, insurance and finance, health services, and transportation. Financial and business services employment rates are rising at the fastest rate since 2003 and over double the country average. Cincinnati is home to nine Fortune 500 companies including Proctor & Gamble, The Kroger Company, Macy’s, and American Financial Group. The Kroger Company is expanding its presence downtown, with plans to support 1,000 high-paying jobs by 2020. Over 400 aerospace related businesses employ 180,000 workers in the thriving aerospace industry. In the healthcare sector, Cincinnati has emerged as a healthcare research and development powerhouse. Mercy Health’s Eastgate Medical Center recently started a new oncology and lab diagnostics center and plans to create 850 medical jobs. Additionally, Cincinnati Children’s Hospital is investing $650 million to construct an eight-story patient tower and upgrade existing facilities. Cincinnati Children’s Hospital Medical Center is consistently ranged as a top national children’s hospital, specializing in stem cell research, gene therapies, and telemedicine technology. UC Health announced it will be investing $221 million over the next several years to transform patient care. Job growth is expected to be led by positions in professional and business services, particularly in consulting, software services, and e-commerce firms. Amazon’s $1.5 billion transportation hub at Cincinnati/Northern Kentucky Airport continues to attract professional service firms looking to do business with the e-commerce mega-retailer. Cincinnati’s urban landscape is transitioning to include more mixed-use development as a multitude of residents are choosing to live closer to both entertainment venues located downtown and work. Interstates I-71, I-74, and I-75 serve as the main thoroughfares within the MSA. The Cincinnati Bell Connector is a modern streetcar system that serves the areas in and around the CBD. Cincinnati is served by the Cincinnati/Northern Kentucky International Airport. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.0% with an average market rent of $975/unit. Over the next five years, vacancy is projected to average 4.8%, while asking rents are projected to increase by 2.9% annually. The annualized five-year forecast for absorption within the MSA projects that 963 units will be built and 970 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Cincinnati** | **No. of Employees** |
| Cincinnati Children’s Hospital Medical Center | 15,796 |
| Kroger Co. | 14,987 |
| Cincinnati/Northern Kentucky International Airport | 14,602 |
| TriHealth, Inc. | 12,332 |
| UC Health | 11,000 |

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| **Cincinnati Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.0% | **Previous Quarter Vacancy:** | 5.1% | **Inventory (units):** | 116,846 |
| **Asking Rent:** | $975 | **Previous Quarter Asking Rent:** | $970 | **Absorption (units):** | 28 |
| **Unemployment:** | 4.3% | **Avg. Household Income (2Q 2021):** | $154,392 | **Population (2Q 2021):** | 2,215,240 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $173,538 | **Est. Population (2025):** | 2,260,300 |

### Columbus

The property is located within the Columbus MSA. Columbus is the state capital and is located 110 miles northeast of Cincinnati and 127 miles southwest of Cleveland. Columbus has a well-diversified economy represented by the education, insurance, banking, medical research, and technology industries and is the fastest-growing metro area in Ohio. The Columbus region’s workforce is highly educated, diverse, and young, with one of the nation’s highest concentrations of millennials. Additionally, it boasts the highest concentration of adults with a bachelor's degree, relative to other Ohio metros, at 36% of the population. Five Fortune 500 companies call the Columbus region home including Cardinal Health, Nationwide, American Electric Power, L Brands and Big Lots. Columbus is also home to Battelle Memorial Institute, the world’s largest private research and development foundation and Chemical Abstracts Service, the world’s largest clearinghouse of chemical information. Banking and insurance are also vital to the local economy as Huntington National Bank, PNC Bank, J.P. Morgan Chase Bank and Nationwide Insurance all have major employment bases in Columbus. Companies using the MSA as a distribution hub include The Limited, Inc., Kraft Foods, The Gap, Mars, Frito Lay, Target, DSW, and Express. In recent years, Facebook, Amazon, and Google have constructed data centers in New Albany, totaling over $2 billion in investments. Ohio State University is the largest employer in the area with over 30,000 employees. The university continues to have a large impact, attracting qualified individuals to the area, and boasts the fourth largest undergraduate student body in the nation. Per Axiometrics, the Fall 2019 enrollment was 61,780. In the healthcare sector, Nationwide Children’s Hospital, a major employer of the area, invested $730 million since 2016 to build a nine-story Behavioral Health Pavilion and inpatient care facilities as well as expand its ambulatory care. The hospital is expected to add 1,000 jobs by 2024. Mount Caramel Health System also recently finished a $310 million expansion of its East campus including a five-story patient tower, surgical facilities, and operating rooms. Major highways include I-70, I-717, I-670 and I-270. Air transportation is provided by the Port Columbus International Airport and public transportation is provided by the Central Ohio Transit Authority. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.4% with an average market rent of $1,006/unit. Over the next five years, vacancy is projected to average 5.2%, while asking rents are projected to increase by 2.9% annually. The annualized five-year forecast for absorption within the MSA projects that 2,317 units will be built and 2,203 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Columbus** | **No. of Employees** |
| Ohio State University | 33,335 |
| OhioHealth | 23,836 |
| JPMorgan Chase & Co. | 18,400 |
| Nationwide | 12,500 |
| Nationwide Children’s Hospital Inc. | 10,875 |

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| **Columbus Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.4% | **Previous Quarter Vacancy:** | 5.4% | **Inventory (units):** | 155,650 |
| **Asking Rent:** | $1,006 | **Previous Quarter Asking Rent:** | $998 | **Absorption (units):** | 128 |
| **Unemployment:** | 4.7% | **Avg. Household Income (2Q 2021):** | $145,575 | **Population (2Q 2021):** | 2,162,710 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $163,346 | **Est. Population (2025):** | 2,263,350 |

### Dallas

The property is located within the Dallas – Fort Worth MSA. Dallas – Fort Worth is the fourth largest MSA in the United States and is the largest MSA in Texas. The Dallas region's economy is primarily based on banking, commerce, telecommunications, technology, energy, healthcare and medical research, and transportation and logistics. Dallas–Fort Worth is home to 23 Fortune 500 companies, the third-largest concentration of Fortune 500 companies in the nation, behind New York City (63) and Chicago (37). Dallas has outperformed the U.S. throughout the downturn. Every major industry except healthcare did better than its U.S. counterpart. In recent years, companies from states such as California have often relocated to DAL because of its central location, well-educated labor force, and lower costs of living and doing business. Six interstates and 18 U.S. and state highways comprise the Dallas - Fort Worth MSA highway system. The Dallas Area Rapid Transit Authority (DART) provides public transportation via bus and light rail throughout the Dallas metro. The Trinity Railway Express offers a commuter rail service between downtown Fort Worth and downtown Dallas. The Dallas - Fort Worth International Airport serves the MSA and is the tenth busiest airport in the world. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.4% with an average market rent of $1,245/unit. Over the next five years, vacancy is projected to average 5.6%, while asking rents are projected to increase by 3.6% annually. The annualized five-year forecast for absorption within the MSA projects that 9,413 units will be built and 9,715 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Dallas** | **No. of Employees** |
| Wal-Mart Stores, Inc. | 34,000 |
| American Airlines | 33,000 |
| Baylor Scott & White Health | 24,088 |
| Lockheed Martin | 20,500 |
| UT Southwestern Medical Center | 18,666 |

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| **Dallas Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.4% | **Previous Quarter Vacancy:** | 6.5% | **Inventory (units):** | 548,232 |
| **Asking Rent:** | $1,245 | **Previous Quarter Asking Rent:** | $1,235 | **Absorption (units):** | 1,673 |
| **Unemployment:** | 5.3% | **Avg. Household Income (2Q 2021):** | $183,476 | **Population (2Q 2021):** | 5,208,660 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $210,668 | **Est. Population (2025):** | 5,561,880 |

### Fort Worth

The property is located within the Fort Worth MSA. Dallas – Fort Worth is the fourth largest MSA in the United States and is the largest MSA in Texas. In recent years, Fort Worth has grown to be the 12th largest city in the United States by population. Known as the economic and cultural hub of the region, the Dallas – Fort Worth MSA is home to 23 Fortune 500 companies. Its diversified economy consists of trade, manufacturing, professional services, education and health services. Corporate expansions in the Dallas – Fort Worth MSA are fueling demand for apartments and keeping vacancy tight. In 2021, JP Morgan Chase expanded into Forth Worth via a 12-story, 540,000 square foot building with 5,000 employees. Liberty Mutual Insurance Company, Toyota North America, and FedEx have brought thousands of jobs to new campuses at the $3.2 billion Legacy West business park in Plano. Additionally, Stanley Black & Decker recently announced a new Craftsman manufacturing plant adding 500 new jobs to Fort Worth. Chip 1 Exchange (electronic distributor), Aeromax (military aircraft part manufacture), and Core-Mark (fresh and frozen food distributor) have all recently relocated their headquarters from California to Forth Worth. After acquiring TD Ameritrade, Charles Schwab combined headquarters in Westlake. The Westlake campus, completed in early 2020, currently has 2,500 employees and will eventually be home to as many as 6,000 employees. A friendly business environment, skilled labor pool and high quality of life are drawing these companies from across the country. The thousands of jobs created by these expansions are spurring strong demand for rental housing, especially among young professionals. Population growth remains strong as the MSA is growing at more than twice the national average. Six interstates and eighteen U.S and state highways comprise the Dallas – Fort Worth MSA highway system. Trinity Metro provides public transportation via bus in Fort Worth. The TEXRail offers rail lines from downtown Fort Worth to the Dallas – Fort Worth International Airport. The Trinity Railway Express offers a commuter rail service between downtown Fort Worth and downtown Dallas. The Dallas - Fort Worth International Airport serves the MSA and is the fourth busiest airport in the world by aircraft traffic. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 4.6% with an average market rent of $1,036/unit. Over the next five years, vacancy is projected to average 4.6%, while asking rents are projected to increase by 3.5% annually. The annualized five-year forecast for absorption within the MSA projects that 2,022 units will be built and 1,970 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Fort Worth** | **No. of Employees** |
| AMR/American Airlines | 25,000 |
| Lockheed Martin | 13,690 |
| Texas Health Resources | 12,000 |
| NAS - Fort Worth - JRB | 10,000 |
| Arlington ISD | 10,000 |

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| **Fort Worth Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 4.6% | **Previous Quarter Vacancy:** | 4.6% | **Inventory (units):** | 186,863 |
| **Asking Rent:** | $1,036 | **Previous Quarter Asking Rent:** | $1,030 | **Absorption (units):** | 128 |
| **Unemployment:** | 5.3% | **Avg. Household Income (2Q 2021):** | $151,408 | **Population (2Q 2021):** | 2,626,120 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $169,420 | **Est. Population (2025):** | 2,804,960 |

### Houston

The property is located within the Houston MSA. Houston is the fifth largest MSA and fourth largest city in the United States. Houston has the fourth most Fortune 500 headquarters of any city in America. Houston's economy has a broad industrial base in energy, manufacturing, aeronautics, and transportation. The Port of Houston ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled. Houston has since rebounded following the destruction caused by Hurricane Harvey in late summer of 2017. The Federal Emergency Management Agency (FEMA) awarded more than $3.3 million to the City of Houston to reimburse the city for sheltering citizens following Hurricane Harvey. While Houston’s economy is still heavily tied to the energy sector, there has been a shift toward diversification of employment sectors in the MSA. The MSA also has a robust healthcare sector. Houston is home to the Texas Medical Center (TMC), the largest medical complex in the world. TMC itself is the 8th largest business district in the U.S. and employs over 106,000. TMC will continue to grow, with $3 billion in construction projects underway. Houston’s proximity to Galveston and the Gulf of Mexico has allowed the MSA to be a leader in international trade. The Port of Houston facilitates $265 billion in economic activity annually and directly or indirectly supports over 1.1 million jobs in Texas. The MSA has an extensive highway system comprised of Texas Highway 99, I-10, US Highway 59, Sam Houston Parkway (Beltway) and Loop – 610, which circles downtown Houston. The George Bush Intercontinental Airport is located 23 miles north of the Houston CBD. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.2% with an average market rent of $1,090/unit. Over the next five years, vacancy is projected to average 6.0%, while asking rents are projected to increase by 3.1% annually. The annualized five-year forecast for absorption within the MSA projects that 7,329 units will be built and 6,865 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Houston** | **No. of Employees** |
| Exxon Mobil Corp | 13,000 |
| Wood | 11,960 |
| Landry’s Inc. | 11,800 |
| Shell Oil Co. | 11,507 |
| Fort Bend ISD | 11,000 |

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| **Houston Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.2% | **Previous Quarter Vacancy:** | 6.1% | **Inventory (units):** | 634,105 |
| **Asking Rent:** | $1,090 | **Previous Quarter Asking Rent:** | $1,081 | **Absorption (units):** | 1,620 |
| **Unemployment:** | 6.7% | **Avg. Household Income (2Q 2021):** | $174,361 | **Population (2Q 2021):** | 7,236,380 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $174,361 | **Est. Population (2025):** | 7,709,990 |

### Minneapolis

The property is located within the Minneapolis – St. Paul MSA. The MSA is comprised of 11 counties in Minnesota and two counties in Wisconsin. Nicknamed the “Twin Cities”, Minneapolis–St. Paul is the most populous urban area in the state and has the second largest economy in the Midwest. The MSA has a diverse economy driven by agriculture, retail, healthcare, technology, and government. The area is home to 18 Fortune 500 headquarters, including 3M, UnitedHealth Group, and retail giants Target and Best Buy. Office-using employment has surged in the last six months, with high-wage professional, scientific and technical services accounting for a big chunk of the hiring spree. The MSA’s share of the labor force who can work remotely ranks in the top quartile of areas, and demand for financial and business/professional services is holding up. Tech startups and Amazon’s newer North Loop campus will fuel additional industry gains. Wells Fargo and U.S. Bancorp are well-positioned for an increase in bad loans, and jobs in business/professional services, including those at Thomson Reuters and Target’s headquarters, are secure. Large employers such as Target and Best Buy are increasing their back-office services and boosting administrative and support services. One of the MSA’s major attractions, the nation’s largest shopping structure, Mall of America, is planning a $230 million large-scale expansion with an estimated completion of 2021. Plans include the addition of hotels, office space, restaurants and a water park on the mall’s property. The entire development’s annual economic impact is expected to reach $4.3 billion when the expansion is complete. Mall of America generates 40 million annual visitors, one-third traveling from outside of 150 miles. The Minnesota Vikings, who purchased the former Northwest Airlines site in Eagan, are in the process of developing the site into Viking Lakes – a bold, mixed-use development. The development will include over three million square feet of corporate office, medical, retail, entertainment and multi-family housing in addition to the Vikings’ headquarters. I-35 and I-94 are the two major thoroughfares within the MSA. Metro Transit provides public transportation via bus, light rail, and commuter trains and is one of the largest transit systems in the country. Air transportation is provided by the Minneapolis-St. Paul International Airport, which serves as the major airline gateway for the upper Midwest. The Twin Cities is home to an abundance of colleges, universities and professional schools, including the main campus of the University of Minnesota. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.2% with an average market rent of $1,370/unit. Over the next five years, vacancy is projected to average 4.9%, while asking rents are projected to increase by 3.3% annually. The annualized five-year forecast for absorption within the MSA projects that 3,837 units will be built and 4,193 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Minneapolis-St. Paul** | **No. of Employees** |
| Fairview Health Systems | 34,000 |
| Allina Health System | 29,335 |
| Target Corp. | 29,000 |
| University of Minnesota | 26,000 |
| HealthPartners | 25,092 |

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| **Minneapolis-St. Paul Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.2% | **Previous Quarter Vacancy:** | 6.0% | **Inventory (units):** | 194,479 |
| **Asking Rent:** | $1,370 | **Previous Quarter Asking Rent:** | $1,363 | **Absorption (units):** | 657 |
| **Unemployment:** | 3.8% | **Avg. Household Income (2Q 2021):** | $170,746 | **Population (2Q 2021):** | 3,708,560 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $189,023 | **Est. Population (2025):** | 3,838,320 |

### Austin – Round Rock

The property is located within the Austin – Round Rock MSA. The MSA is a metropolitan region of almost 2.3 million people with a highly trained workforce, renowned quality of life, moderate cost environment and vast experience in technology, manufacturing, and research and development. Austin is the state capital of Texas, and is located roughly 150 miles northwest of Houston, 190 miles southwest of the Dallas/Fort Worth Metroplex, and 75 miles northeast of San Antonio. The City’s unemployment rate of 5.5% is well below the national average of 8.4%. Job gains have been broad-based, led by professional and business services, mining, logging, and construction, and leisure and hospitality. The economic drivers moving forward are expected to be in the fields of information technology, professional services and travel and hospitality. Google recently announced their expansion into two office buildings in downtown Austin which will take place between 2020 and 2023 and could accommodate a total of 5,700 new employees. Additionally, Oracle unveiled its new Austin campus back in 2018 which houses 5,000 employees but has capacity in its facility to double that number. The complex features a 560,000-square-foot facility and spans 40 acres of Lady Bird Lake waterfront property that could ultimately support a workforce of up to 10,000. The development has reportedly reinvented the previously underdeveloped East Riverside Corridor. In addition, Apple has broken ground on a $1 billion campus in Austin, spanning over 100 acres. The new project, which is scheduled to be completed in 2022, is expected bring 5,000 new jobs initially with capacity for 15,000 which will follow later. The MSA is home to numerous universities, most notably The University of Texas at Austin (enrollment of over 51,000 students), and Texas State University-San Marcos (enrollment of approximately 38,000 students). Notably, The University of Texas at Austin had a record of over 57,000 applicants for the fall semester of 2020 and posted record four- and six year graduation rates of 72.2% and 87.6%, respectively, far above the national averages. I-35 and the Mopac Expressway (Loop 1) are the two major thoroughfares within the MSA. Capital Metro provides bus and metro access to major destinations around the city, as well as Round Rock. Austin-Bergstrom International Airport serves as the principal airport within the MSA. Austin is continually named one of the fastest growing cities in the country. Austin boasts a talented labor pool similar to other technology hubs like Silicon Valley and Seattle, but with lower costs of living and doing business. A healthy pace of hiring has motivated many individuals to move to the Austin metro. U.S. News & World Report named Austin the best place to live in the United States for the three consecutive years ending 2019, but fell to the number three spot in 2020, based on affordability, job prospects and quality of life. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.9% with an average market rent of $1,283/unit. Over the next five years, vacancy is projected to average 6.0%, while asking rents are projected to increase by 3.4% annually. The annualized five-year forecast for absorption within the MSA projects that 5,221 units will be built and 5,373 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Austin** | **No. of Employees** |
| University of Texas at Austin | 23,925 |
| Dell, Inc. | 13,000 |
| St. David’s Healthcare | 10,665 |
| Seton Healthcare Network | 10,513 |
| Wal-Mart Stores Inc. | 9,100 |

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| **Austin Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.9% | **Previous Quarter Vacancy:** | 7.0% | **Inventory (units):** | 227,446 |
| **Asking Rent:** | $1,283 | **Previous Quarter Asking Rent:** | $1,272 | **Absorption (units):** | 838 |
| **Unemployment:** | 4.3% | **Avg. Household Income (2Q 2021):** | $172,924 | **Population (2Q 2021):** | 2,306,980 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $195,295 | **Est. Population (2025):** | 2,534,110 |

### Kansas City

The property is located within the Kansas City MSA. The MSA is home to a diverse economy encompassing the agricultural, manufacturing, and governmental sectors. The federal government is the largest employer, with approximately 30,000 employees working at one of more than 146 federal agencies operating the MSA, including the Internal Revenue Service, General Services Administration, Nuclear Security Administration, and the Social Security Administration. There are numerous Fortune 1,000 companies headquartered within the MSA, including Cerner Corporation, DST Systems, Ferrellgas Partners Industry, Garmin International, Great Plains Energy, Hallmark Cards, H&R Block, Kansas City Southern Industry, Seaboard, Sprint Corporation, Westar Energy, and YRC Worldwide. Ford Motor Company produces the Ford F-150 in a large manufacturing facility within the MSA, which employs approximately 7,000 hourly workers. I-70 and I-435 are the two major thoroughfares within the MSA. The MSA also includes Kansas City International Airport, which provides flights domestically and internationally. The Kansas City Area Transit Authority offers mass transit with their “MAX” bus service. The MSA is a cultural center, rich with live blues and jazz music, theatre companies, and distinctive cuisine. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.7% with an average market rent of $1,002/unit. Over the next five years, vacancy is projected to average 5.4%, while asking rents are projected to increase by 3.2% annually. The annualized five-year forecast for absorption within the MSA projects that 2,274 units will be built and 2,148 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Kansas City** | **No. of Employees** |
| Cerner Corp. | 13,964 |
| HCA Midwest Health System | 9,924 |
| The University of Kansas Health System | 9,469 |
| Saint Luke’s Health System | 8,123 |
| Children’s Mercy Hospital & Clinics | 8,123 |

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| **Kansas City Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.7% | **Previous Quarter Vacancy:** | 5.4% | **Inventory (units):** | 142,755 |
| **Asking Rent:** | $1,002 | **Previous Quarter Asking Rent:** | $992 | **Absorption (units):** | 326 |
| **Unemployment:** | 5.0% | **Avg. Household Income (2Q 2021):** | $145,442 | **Population (2Q 2021):** | 2,176,730 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $162,902 | **Est. Population (2025):** | 2,209,310 |

### Omaha

The property is located within the Omaha MSA. The MSA is a major commercial hub in the Midwest and is widely regarded as the telecommunications capital of the United States. West Corporation is headquartered in Omaha, and national companies such as Aflac, Cox Communications, and PayPal have their major call center operations based in Omaha. The MSA has a diversified economy comprised of agriculture, food processing, insurance, healthcare, logistics and education. The MSA is home to several Fortune 500 companies, including ConAgra Foods, Union Pacific Railroad, Mutual of Omaha, and Berkshire Hathaway. First National Bank of Omaha, the largest privately held bank holding company in the nation, is also headquartered in the MSA. Commercial development is surging, and a key catalyst is the construction of data and distribution centers. Facebook plans to invest more than $300 million in a data center that is expected to be completed in 2020. Carson Group is building a new $50 million headquarters next year with plans for a second $30 million building as the financial services firm aims to be one of Omaha’s top employers. Amazon has chosen the MSA to build a 700,000-square-foot distribution center — a project expected to employ 1,000 full-timers who will work alongside robots to pick, pack and prepare items for delivery to front porches. Local business officials call the venture the largest economic development coup in 2020 for the seven-county area governed by the Greater Omaha Chamber. Based on economic analysis, the distribution center is expected to make a $203 million annual economic impact in the metro area. A new $85 million Dollar General distribution center is also set to bring an estimated 400 jobs which will help diversify that MSA’s employment base. Economists at the Greater Omaha Chamber projected that when fully operational, the distribution center will add $106 million annually to the local economy. Google is building another data center near OMA, and LinkedIn is all in on a new office campus that will allow it to double its workforce to 1,000 by 2021. Furthermore, the largely privately funded $290 million riverfront revitalization project will create jobs during its four-year construction and spur additional development downtown once it is complete. Omaha is also home to several universities, including the University of Nebraska at Omaha (15,400 students), Creighton University (8,900 students), Bellevue University (9,600 students), and the University of Nebraska Medical Center (4,000 students). The Greater Omaha Chamber of Commerce is planning a five-year $35 million economic plan, which aims to increase prosperity in the city and its neighboring communities from 2019 to 2023. Upon completion, Omaha will have a coordinated urban transit system, 250 tech startups, and 10,000 new jobs averaging $50,000 per year. Major thoroughfares within the MSA include interstates I-80, I-480, and I-680. Metro Area Transit provides public transportation throughout Omaha via bus line. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.9% with an average market rent of $954/unit. Over the next five years, vacancy is projected to average 5.4%, while asking rents are projected to increase by 3.0% annually. The annualized five-year forecast for absorption within the MSA projects that 781 units will be built and 805 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Omaha** | **No. of Employees** |
| Offutt Air Force Base | 7,500+ |
| CHI Health | 7,500+ |
| The Methodist Health System | 5,000+ |
| Hy-Vee Inc. | 4,295 |
| Walmart Inc. | 4,082 |

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| **Omaha Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.9% | **Previous Quarter Vacancy:** | 5.9% | **Inventory (units):** | 50,305 |
| **Asking Rent:** | $954 | **Previous Quarter Asking Rent:** | $947 | **Absorption (units):** | -3 |
| **Unemployment:** | 2.7% | **Avg. Household Income (2Q 2021):** | $157,452 | **Population (2Q 2021):** | 960,290 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $169,386 | **Est. Population (2025):** | 993,220 |

### Detroit

The property is located within the Detroit MSA, the 12th largest metro area in the United States. Detroit is the largest city in Michigan and a major cultural, financial, and transportation center. Detroit and the surrounding region are a hub for commerce and global trade, most notably as home to America's Big Three automobile companies: General Motors, Ford, and Chrysler. Known as the Motor City, Detroit is the traditional automotive center of the world. Although the disruption of the automobile industry caused by the financial crisis was a major setback to the city, profits from domestic automakers are now helping to uplift the area. In May 2017, Ford unveiled a plan to invest $350 million to expand its Livonia transmission plant. This expansion was projected to create or retain 800 jobs, with the majority having opened in 2018 and 2019. Additionally, Ford bought the abandoned Michigan Central Station for $90 million with the intention of renovating it as the centerpiece of its new $1 billion Detroit campus. Outside of the automotive industry, Chemical Bank announced in July 2018 that they were moving their headquarters to Detroit, bringing an additional 500 jobs to the city. Since the financial crisis, Detroit has attracted a large population of college-educated millennials due to the growth of the job market as a whole – not just the automotive industry – and has seen the city’s millennial population grow by 10% since 2011. Employment growth in Detroit’s tech sector has been noticeably high, touting a 24.6% increase from 2012 to 2017 and further evidenced by Google’s November 2018 opening of an office next to Little Caesars Arena. The $863 million arena, home to the Detroit Red Wings and the Detroit Pistons, is the centerpiece of The District, a $1.8 billion 50 block development that is helping to boost the city’s leisure and hospitality industries. Additional development in the MSA includes a $2.2 billion development by Bedrock Development. The development is comprised of the Hudson site, Monroe Blocks, and some additional less broad-scale developments and is projected to create over 8,800 jobs with all developments expected to be completed in 2022. Amazon recently received permitting for a 127-acre warehouse and distribution facility in Pontiac at the site formerly occupied by the Pontiac Silverdome. The $250 million development is expected to create a minimum of 1,500 full- and part-time jobs and is projected to be completed in 2021. Past growth in Detroit’s employment base drove significant demand for apartment living, which stimulated rent growth and increased occupancy. Firms headquartered in Detroit include Quicken Loans, auto parts maker American Axle & Manufacturing, and DTE Energy. The MSA has an extensive highway system which surrounds the city, comprised of I-75, I-95, I-94, and I-275. Air transportation is provided by the Detroit Metropolitan Wayne County Airport, a primary hub for Delta Air Lines. The Detroit Department of Transportation provides bus service within the city, and recently opened a new streetcar service that runs from Campus Martius up and down Woodward Avenue for 3.3 miles. The MSA features regional bus service in the outlying suburbs, as well as a 2.9-mile light rail system operating in downtown Detroit. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 3.4% with an average market rent of $1,083/unit. Over the next five years, vacancy is projected to average 3.2%, while asking rents are projected to increase by 2.6% annually. The annualized five-year forecast for absorption within the MSA projects that 1,101 units will be built and 1,051 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Detroit** | **No. of Employees** |
| General Motors Corp. | 52,113 |
| Ford Motor Co. | 48,000 |
| University of Michigan | 34,904 |
| Chrysler Group LLC | 33,863 |
| Beaumont Health System | 28,038 |

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| **Detroit Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 3.4% | **Previous Quarter Vacancy:** | 3.3% | **Inventory (units):** | 222,407 |
| **Asking Rent:** | $1,083 | **Previous Quarter Asking Rent:** | $1,072 | **Absorption (units):** | 85 |
| **Unemployment:** | 6.0% | **Avg. Household Income (2Q 2021):** | $144,335 | **Population (2Q 2021):** | 4,450,220 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $161,087 | **Est. Population (2025):** | 4,411,570 |

### San Antonio

The property is located within the San Antonio MSA. The MSA is located in the southern central portion of Texas, 140 miles northwest of the Gulf of Mexico, 80 miles south of Austin, and 200 miles west of Houston. Its economy is driven by a dynamic oil and natural gas industry, a proliferating biomedical/biotechnology industry, financial services, and diverse manufacturing. The tourism industry in San Antonio area attracts millions of visitors and employs over 90,000 people every year; major attractions include the Riverwalk, The Alamo, The Pearl Brewery, Fiesta Texas Six Flags and Sea World. The region is also home to a large concentration of military facilities, including Fort Sam Houston, Lackland Air Force Base, Randolph Air Force Base, and others, providing employment to over 89,000 individuals. The city’s financial services industry employs approximately 86,000 workers having grown nearly 30% since the Great Recession. San Antonio has attained the reputation of being a leader in the health care field largely due to the South Texas Medical Center which serves as a major healthcare hub with strong medical research and training programs. The Center consists of 75 medically-related institutions, more than 45 clinics, 12 major hospitals, one higher education institution, and countless small practices, offices, and non-medical businesses. The Center spans a total of 900 acres and employs over 29,000 people. San Antonio is home to three Fortune 500 companies including Valero Energy Corp, USAA, and Rush Enterprises, which specializes in commercial vehicle sales. Additionally, Prague-based information technology company OKIN Business Process Services recently developed their U.S. headquarters in San Antonio. The project was completed in 2019 and has added 1,500 well-paying jobs in the process. The recent expansions of companies like USAA and Hulu in downtown San Antonio have fostered more retail and restaurant growth, enhancing the walkability and driving demand to the city. The city is home to numerous public and private universities, the largest being University of Texas at San Antonio (UTSA), which has grown significantly in recent years, with enrollment of over 32,000 students, and is the eight-largest university in Texas. In January 2020, UTSA purchased two acres of land in downtown San Antonio which will be the home of its new, state of the art College of Business. This land is adjacent to the planned $251 million School of Data Science, National Security Collaboration Center, and Innovation, Entrepreneurship and Careers Building which are expected to break ground by the end of 2020. These major initiatives will anchor UTSA to San Antonio’s prospering high-tech corridor and serve as a catalyst for economic and community investment in the San Pedro Creek area. San Antonio has one of the fastest growing millennial populations, accounting for approximately 25% of San Antonio’s total population growth. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.5% with an average market rent of $996/unit. Over the next five years, vacancy is projected to average 6.1%, while asking rents are projected to increase by 2.9% annually. The annualized five-year forecast for absorption within the MSA projects that 2,498 units will be built and 2,505 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **San Antonio** | **No. of Employees** |
| Joint Base San Antonio (JBSA) | 75,972 |
| H-E-B | 22,000 |
| USAA | 17,163 |
| Methodist Healthcare System | 8,960 |
| Baptist Health System | 6,432 |

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| **San Antonio Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.5% | **Previous Quarter Vacancy:** | 6.5% | **Inventory (units):** | 193,064 |
| **Asking Rent:** | $996 | **Previous Quarter Asking Rent:** | $991 | **Absorption (units):** | 87 |
| **Unemployment:** | 5.3% | **Avg. Household Income (2Q 2021):** | $143,885 | **Population (2Q 2021):** | 2,604,870 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $160,804 | **Est. Population (2025):** | 2,754,120 |

## Western Region

### Denver

The property is located within the Denver MSA. The MSA offers world-class skiing, hiking, mountain biking and other outdoor activities. 200 city parks, four national parks, 25 ski resorts, 98 live music venues, and seven professional sports teams enhance the recreational aspect of the MSA. Denver’s economy is comprised of federal agencies, high-tech, financial, educational, tourism and distribution services. Its economy is one of the most diverse in the entire county, as no single industry sector accounts for greater than 18.7% of Denver’s employment, fostering economic and labor stability over time. Tech is one of the fastest growing sectors in the Denver economy, with one of the many drivers attracting new startups being the low corporate tax rate and the younger, educated workforce, along with a lower cost of living than many of the tech-driven Western coastal cities. The Denver metro reflects one of the most educated workforces among metro areas, with 46% of the population holding a bachelor’s degree or higher, far above the national average of just 33%. This strong talent pool is part of the reason 10 for the 2021 Fortune 500 companies call Denver home. The MSA is home to the following notable universities: University of Colorado Boulder, University of Colorado Denver, University of Colorado Anschultz Medical Campus, University of Denver, Metropolitan State University, Regis University, and Colorado School of Mines. These universities have a combined total of over $1.4 billion in research funding. CBRE released a report in February 2021 ranking the development prospects in America’s 50 most popular metro areas and placed Denver sixth overall. The city was ranked third for opportunities for future multifamily housing, fourth for new retail, 11th for industrial development and 16th for office space. Years of strong population and employment growth have triggered steady demand for additional capacity within nearly all facets of local real estate according to CBRE. The MSA is comprised of interstates I-25, I-70 and I-76. The Regional Transportation District (RTD) provides public transportation within the MSA via bus and light rail service, with nearly 29 million riders yearly. With a total investment of $5.5 billion and counting, it boasts the 8th largest rail system in the United States, reaching 2.9 million people in the Denver metro area. Denver also prides itself on its 85+ miles of paved bike trails and robust bike share system of over 700 bicycles. The 32,000-acre Denver International Airport serves as the primary airport within the MSA and is the 5th busiest airport in the nation as well as the state's top economic driver. DIA is currently undergoing a $1.5 billion gate expansion to add 39 new gates by 2022. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.6% with an average market rent of $1,460/unit. Over the next five years, vacancy is projected to average 5.8%, while asking rents are projected to increase by 3.8% annually. The annualized five-year forecast for absorption within the MSA projects that 3,746 units will be built and 4,101 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Denver** | **No. of Employees** |
| HealthONE | 9,260 |
| University of Colorado Hospital | 9,160 |
| Lockheed Martin Corporation | 7,080 |
| United Airlines Inc. | 7,000 |
| Children’s Hospital Colorado | 6,150 |

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| **Denver Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.6% | **Previous Quarter Vacancy:** | 6.5% | **Inventory (units):** | 235,491 |
| **Asking Rent:** | $1,460 | **Previous Quarter Asking Rent:** | $1,450 | **Absorption (units):** | -39 |
| **Unemployment:** | 5.9% | **Avg. Household Income (2Q 2021):** | $184,504 | **Population (2Q 2021):** | 3,023,880 |
| **As of:** | May-21 | **Est. Household Income (2025):** | $206,859 | **Est. Population (2025):** | 3,169,050 |

### Los Angeles

The property is located within the Los Angeles MSA. Los Angeles is the second largest MSA in the United States and has a diverse economy, with several primary drivers such as technology, tourism, healthcare, trade, and construction. As of 2020, there are over 20 Fortune 500 companies headquartered in Los Angeles County such as The Walt Disney Company, AECOM, CBRE Group, Molina Healthcare Inc, and more. Los Angeles is also currently home to the two of the largest sea ports in the Western hemisphere, handling over 40% of the inbound US containerized freight. It is also the largest industrial center in the nation with over 325,000 manufacturing jobs as of 2020. Los Angeles is also benefiting from the recent increase in defense spending. In 2021, AECOM, the world’s premier infrastructure consulting firm, announced that it has been selected by the U.S. Air Force Civil Engineer Center (AFCEC) to provide planning, design and construction management services. The multiple-award contract, with a combined $2 billion program ceiling, includes a five-year base period and one five-year option. Proposed development in the MSA includes the L.A. Clippers $1.1 billion arena and entertainment center in Inglewood. The project is expected to begin in 2021 and be completed in the fall of 2024. It will create an estimated 7,000 construction jobs and more than 1,500 permanent jobs. Major freeways include the Santa Monica Freeway (I-10), Hollywood (US Highway 101), Pasadena (I-110), and Golden State (I-5) all serving Central Los Angeles. The Los Angeles County Metropolitan Transportation Authority provides public transportation via bus lines, subway and light rail services throughout the area. The need for rapid transit continues to grow, and Los Angeles County Metro growth is focused on becoming the most modern and cost-efficient rapid transit system in the country. The emergence of a significant rail network has the potential to relieve the traffic in the region. Additionally, the expansion of the rail network, Measure M, is projected to add 465,690 new jobs across the region; the proposed projects will be built over a 40-year period. Los Angeles will host the 2028 Olympics and will work to accelerate many of those projects along with the completion of several hotels. In addition to having a modern rapid transit system, Los Angeles also has the world’s fourth busiest airport (LAX) and the second busiest in the United States. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 4.5% with an average market rent of $1,978/unit. Over the next five years, vacancy is projected to average 4.3%, while asking rents are projected to increase by 2.8% annually. The annualized five-year forecast for absorption within the MSA projects that 6,221 units will be built and 6,842 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Los Angeles** | **No. of Employees** |
| Cedars-Sinai Medical Center | 10,000+ |
| Los Angeles Intl Airport-LAX | 10,000+ |
| University of California Los Angeles | 10,000+ |
| VXI Global Solutions | 10,000+ |
| The Walt Disney Co. | 5,000 - 9,999 |

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| **Los Angeles Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 4.5% | **Previous Quarter Vacancy:** | 4.5% | **Inventory (units):** | 828,071 |
| **Asking Rent:** | $1,978 | **Previous Quarter Asking Rent:** | $1,975 | **Absorption (units):** | 765 |
| **Unemployment:** | 10.2% | **Avg. Household Income (2Q 2021):** | $209,398 | **Population (2Q 2021):** | 10,046,990 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $241,378 | **Est. Population (2025):** | 10,116,040 |
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### Phoenix – Mesa

The property is located within the Phoenix-Mesa MSA. Phoenix is the capital of Arizona and the fifth most populous city in the United States. Phoenix has a diverse economy, comprised of trade and transportation, professional services, educational and health services, manufacturing, and industrial companies. Phoenix has become a hub for expansion and relocation of banks, insurance companies, and business services firms as it has a lower costs than in California, boasts a high quality of life, and has a high concentration of tech roles. As of 2021, six Fortune 500 companies, Avnet Inc., Freeport-McMoRan Inc., PetSmart Inc., Republic Services Inc., Insight Enterprises, and Magellan Health have headquarters in Phoenix. Other reputable companies with headquarters based in the Phoenix-Mesa MSA include: Make-A-Wish Foundation, Best Western and U-Haul. Recent economic development in the MSA includes Google’s $1 billion data center. The facility will consume 750,000 square feet and will open in three phases with the final phase being complete in 2029. The Google data center is the most recent announcement in a stream of investment into Mesa’s Elliot Road Technology Corridor which is already home to Apple, Digital Realty, EdgeConnex, and EdgeCore. The City of Mesa has recently invested $17 million in streetscape and roadway improvements for Elliot Road, which includes road-widening to six lanes, street median improvements, landscaping, and place-making efforts, further reinforcing the Elliot Road Technology Corridor’s identity as an area for innovation and high-tech industry. Microsoft is constructing three new data center campuses that will create more than 100 permanent jobs. Infosys also launched a technology and innovation hub that will hire 1,000 workers by 2023. Additionally, Deloitte recently announced the creation of more than 3,000 jobs spread out over several years and plans to relocate to a full floor of office space in Tempe by 2022. The Valley Metro provides public transportation throughout the MSA via trains, buses and a recently completed 20-mile light rail project called METRO. METRO will be improved with an extension which is expected to be complete by 2023. The project is part of Transportation 2050, a multi-modal transportation plan intended to develop public transportation in order to accommodate a growing population. The Phoenix Sky Harbor International Airport is the ninth busiest airport in the United States and provides flights to destinations domestically and internationally. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.1% with an average market rent of $1,197/unit. Over the next five years, vacancy is projected to average 5.4%, while asking rents are projected to increase by 4.4% annually. The annualized five-year forecast for absorption within the MSA projects that 5,421 units will be built and 4,914 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Phoenix** | **No. of Employees** |
| Banner Health System | 45,894 |
| Wal-Mart Stores Inc. | 33,619 |
| Wells Fargo | 16,700 |
| Arizona State University | 14,889 |
| Fry’s Food Stores | 20,165 |

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| **Phoenix Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.1% | **Previous Quarter Vacancy:** | 5.1% | **Inventory (units):** | 311,577 |
| **Asking Rent:** | $1,197 | **Previous Quarter Asking Rent:** | $1,184 | **Absorption (units):** | 451 |
| **Unemployment:** | 6.2% | **Avg. Household Income (2Q 2021):** | $145,056 | **Population (2Q 2021):** | 5,095,990 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $158,986 | **Est. Population (2025):** | 5,463,060 |

### Seattle

The property is located within the Seattle MSA. Seattle is the largest city in both the state of Washington and the Pacific Northwest region of the US and the 18th largest in the US. The city is home to Fortune 500 companies such as Amazon, Microsoft, Starbucks, Nordstrom and Costco. Seattle’s cost advantage over the Bay Area continues to attract high-end jobs and tech outposts, on top of homegrown research institutions. Seattle remains a very strong and vibrant market, led by an expanding high-tech tenant base. Seattle’s tech footprint continues to expand as Google finished developing a five-building campus for 4,500 employees. Amazon occupies several million square feet of office space in the greater downtown (Denny Triangle/South Lake Union) area, with more under construction and plans to accommodate 25,000 employees by 2025. Facebook continues to expand across new developments, adding more space in Belleview/Eastside scheduled to open in 2023. Seattle also has a diverse economy supporting industries such as manufacturing, transportation, and environmental engineering. The Port of Seattle is the largest handler of container cargo in the United States and serves as a major trade link to markets in Alaska, Gulf of Mexico and the Atlantic coast for global shipments. In 2019, the Port of Seattle committed to devoting nearly $450 million in maritime investments through 2023 for new terminals, gateway buildings, restoration programs and a maritime innovation center to further the economic impact for the MSA. Further, tourism plays a major role in Seattle’s economy and is the fourth largest economic driver. The MSA is known for ecotourism given the accessibility and diversity of prominent nature sites, parks and landscapes located in the region. The King County Metro, Sound Transit and Washington State Ferries provide public transportation within the MSA via bus service, light rail and ferry. The Seattle Tacoma International Airport (SEATAC) is located 16 miles south of downtown Seattle and is the primary air transportation hub for the state of Washington. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.2% with an average market rent of $1,766/unit. Over the next five years, vacancy is projected to average 5.9%, while asking rents are projected to increase by 4.9% annually. The annualized five-year forecast for absorption within the MSA projects that 6,420 units will be built and 6,399 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **Seattle** | **No. of Employees** |
| Amazon | 80,000 |
| Boeing Co. | 59,330 |
| Microsoft Corp. | 52,000 |
| University of Washington | 46,824 |
| Providence Health & Services | 17,553 |

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| **Seattle Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.2% | **Previous Quarter Vacancy:** | 5.9% | **Inventory (units):** | 256,529 |
| **Asking Rent:** | $1,766 | **Previous Quarter Asking Rent:** | $1,759 | **Absorption (units):** | 466 |
| **Unemployment:** | 4.8% | **Avg. Household Income (2Q 2021):** | $236,365 | **Population (2Q 2021):** | 3,138,260 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $272,246 | **Est. Population (2025):** | 3,303,310 |

### San Diego

The property is located within the San Diego MSA. The MSA is the fourth largest in California. San Diego’s economy is driven by high-tech manufacturing, tourism, telecommunication, biotechnology, retail, and defense spending. The San Diego Zoo, Legoland Family Amusement Park, and Sea World are amongst the most popular attractions within the MSA. With Navy, Marine, and Coast Guard bases, San Diego has the largest concentration of military installations in the world. Ultimately, with such a large military presence in the MSA, San Diego remains among the top recipients of the Defense Department contracts and is home to some of the top contractors including Northrop Grumman, Raytheon, Kratos, General Dynamics, and Huntington Ingalls. San Diego is also home to tech giants Qualcomm and General Atomics, as well as startups Houzz, Wrike and Brian Corp. Apple is significantly increasing its engineering footprint and plans to add 5,000 jobs over the next five years, while Google is doubling its office space in Sorrento Mesa. Steady venture capital inflows in the first quarter of 2021 indicate a robust startup scene. San Diego is served by numerous state and interstate highways including I-5, I-8, and I-15. Public transportation in the MSA is provided by trolley, bus, and Amtrak rail. The San Diego International Airport, also known as Lindbergh International Airport, serves the MSA. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 4.3% with an average market rent of $1,893/unit. Over the next five years, vacancy is projected to average 4.1%, while asking rents are projected to increase by 2.7% annually. The annualized five-year forecast for absorption within the MSA projects that 2,171 units will be built and 2,131 units absorbed per annum, equating to a 1.0 construction to absorption ratio.

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| **Largest Employers** | |
| **San Diego** | **No. of Employees** |
| Marine Corps Base Camp Pendleton | 41,607 |
| University of California, San Diego | 38,749 |
| Naval Base San Diego | 30,144 |
| Naval Base Coronado (incl. North Island NAS) | 23,309 |
| Sharp HealthCare | 18,736 |

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| **San Diego Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 4.3% | **Previous Quarter Vacancy:** | 4.1% | **Inventory (units):** | 203,786 |
| **Asking Rent:** | $1,893 | **Previous Quarter Asking Rent:** | $1,877 | **Absorption (units):** | 189 |
| **Unemployment:** | 6.3% | **Avg. Household Income (2Q 2021):** | $198,598 | **Population (2Q 2021):** | 3,355,490 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $226,577 | **Est. Population (2025):** | 3,407,550 |

### San Francisco

The property is located within the San Francisco MSA. San Francisco is a popular international tourist destination known for its famous landmarks such as the Golden Gate Bridge, cable cars, Chinatown and its proximity to Napa Valley. The Golden Gate Bridge, Bay Bridge, and numerous interstates such as I-80, I-580 and I-680 provide access to neighboring regions. The MSA is served primarily by the San Francisco International Airport, the Oakland International Airport and the San Jose Airport. The MSA is the financial, cultural and transportation center of the Bay Area. San Francisco is also known for Silicon Valley, the capital of the technology industry and home to many of the world’s largest technology companies, including Uber, LinkedIn, Yelp, Google, and Twitter. What sets San Francisco’s tech sector apart is the quality of its workforce and its culture of entrepreneurship that attracts other tech startups. In addition, the MSA has shown buoyant demand for office space. Facebook occupies the entirety of the Park Tower at Transbay skyscraper. Strong demand from tech firms will ensure that buildings such as the recently completed Salesforce Tower- which became the second tallest tower west of the Mississippi- will be filled. The Chase Center, a multi-purpose arena in the Mission Bay neighborhood opened in September 2019. The Chase Center is also the new home of the Golden State Warriors. Representing a $1 billion investment, the center anchors a district of 11 acres of restaurants, cafes, offices, public plazas and a new 5.5-acre public waterfront park. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.1% with an average market rent of $2,774/unit. Over the next five years, vacancy is projected to average 4.6%, while asking rents are projected to increase by 2.6% annually. The annualized five-year forecast for absorption within the MSA projects that 1,664 units will be built and 1,853 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **San Francisco** | **No. of Employees** |
| University of California, San Francisco | 34,690 |
| Salesforce.com | 9,100 |
| Wells Fargo | 7,296 |
| Kaiser Permanente | 6,659 |
| United Airlines | 6,153 |

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| **San Francisco Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.1% | **Previous Quarter Vacancy:** | 5.1% | **Inventory (units):** | 155,175 |
| **Asking Rent:** | $2,774 | **Previous Quarter Asking Rent:** | $2,776 | **Absorption (units):** | 34 |
| **Unemployment:** | 5.5% | **Avg. Household Income (2Q 2021):** | $367,536 | **Population (2Q 2021):** | 1,927,320 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $442,566 | **Est. Population (2025):** | 1,981,810 |

### Orange County

The property is located within the Orange County MSA. The MSA lies along 42 miles of the Southern California coast between Los Angeles and San Diego Counties. With a population of over three million, Orange County is the sixth most populous county in the United States. The MSA has a diverse industry base including Professional and Business Services, Education and Health Services, and Leisure and Hospitality. The MSA is home to several large universities including University of California – Irvine, Santa Ana College, and Orange Coast College. The highly educated workforce coupled with cost savings and the availability of venture capital have contributed to Orange County’s emergence as a tech hub. The MSA is home to startups such as Cie, iHerb, Acorns, and Cyclance, as well as several Fortune 500 companies including Broadcom, Western Digital, and Pacific Life. The MSA’s tourism industry is led by the Disneyland Resort's Magic Kingdom Park, which is the second most visited theme park in the country. Coupled with abundant office space and relatively low business costs, the MSA offers a competitive environment for employers. Major highways in the MSA include the Santa Ana Freeway (I-5), the San Diego Freeway (I-405), and the San Gabriel River Freeway (I-605). Three of the Metrolink’s commuter rail lines run through Orange County. The main airport serving the MSA is John Wayne Orange County Airport. The Orange County Transit District provides municipal bus service. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 3.8% with an average market rent of $1,979/unit. Over the next five years, vacancy is projected to average 3.6%, while asking rents are projected to increase by 2.5% annually. The annualized five-year forecast for absorption within the MSA projects that 1,735 units will be built and 1,584 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Orange County** | **No. of Employees** |
| Disneyland Resort | 32,000 |
| University of California, Irvine | 21,700 |
| St. Joseph Health System | 14,000 |
| Kaiser Permanente | 8,178 |
| Target Brands Inc. | 6,300 |

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| **Orange County Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 3.8% | **Previous Quarter Vacancy:** | 3.7% | **Inventory (units):** | 231,523 |
| **Asking Rent:** | $1,979 | **Previous Quarter Asking Rent:** | $1,970 | **Absorption (units):** | 35 |
| **Unemployment:** | 7.7% | **Avg. Household Income (2Q 2021):** | $234,468 | **Population (2Q 2021):** | 3,167,460 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $266,553 | **Est. Population (2025):** | 3,174,940 |

### San Bernardino/Riverside

The property is located within the San Bernardino/Riverside MSA, which is considered one of California’s fastest growing economies. Population growth, retail growth, and lower costs of living are among the economic strengths of this market. The response to the pandemic has taken a significant toll on employment in the Inland Empire, however the region has performed slightly better than Orange County, Los Angeles County, and the state as a whole. The MSA offers a great deal of open land and affordable housing for migrants from nearby Los Angeles and Orange County. The open and inexpensive land, coupled with proximity to Los Angeles’ major ports, and the confluence of major highways and railways, has turned this MSA into a major shipping hub. In recent years, consumers nationwide have relied on purchasing goods online and therefore employment in transportation, warehousing and distribution has grown two-fold. Amazon recently completed its 14th fulfillment center in the MSA, while Walmart unveiled a new regional distribution hub in February 2020 which will create new employment opportunities for the MSA. Major freeways in the MSA include I-10, I-15, and the Foothill Freeway (SR 210). The Southern California Regional Rail Authority (SCRRA) offers commuter rail service to the area along the Metrolink, in addition to several bus lines throughout the MSA. Three major airports serve the MSA: Ontario International Airport, Palm Springs International Airport, and San Bernardino International Airport. Per REIS 2Q 2021, the MSA has a current average vacancy of 3.4% with an average market rent of $1,505/unit. Over the next five years, vacancy is projected to average 3.5%, while asking rents are projected to increase by 2.9% annually. The annualized five-year forecast for absorption within the MSA projects that 1,225 units will be built and 1,130 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **San Bernardino/Riverside** | **No. of Employees** |
| Stater Brothers Markets | 18,000 |
| Arrowhead Regional Medical Center | 18,000 |
| U.S. Marine Corps. Air Ground Combat Center | 16,266 |
| Fort Irwin | 13,805 |
| Wal-Mart Stores, Inc. | 12,263 |

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| **San Bernardino/Riverside Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 3.4% | **Previous Quarter Vacancy:** | 3.4% | **Inventory (units):** | 141,685 |
| **Asking Rent:** | $1,505 | **Previous Quarter Asking Rent:** | $1,489 | **Absorption (units):** | 309 |
| **Unemployment:** | 7.2% | **Avg. Household Income (2Q 2021):** | $1593,639 | **Population (2Q 2021):** | 4,714,320 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $1669,728 | **Est. Population (2025):** | 4,920,260 |

### Portland

The property is located within the Portland MSA. Due in part to a spillover from California and Seattle, Portland, offering greater affordability as well as considerable lifestyle appeal, has become a significant center for high-tech business over the years. Silicon Valley based Intel Corporation is metro Portland’s largest private employer. In addition to tech, Portland has also become a key destination for companies in the athletic apparel and footwear industry. Industry leaders such as Nike, Adidas, and Columbia Sportswear have all placed headquarters in the greater Portland MSA. With over 40 institutions of higher education and the state’s premier medical school, Portland serves as a hub for the Northwest’s human capital production, particularly for the state’s healthcare sector. Additionally, Portland is a national leader in specialized areas of manufacturing including textiles, computer chips, beer, and freight trucks. This diversity will help the industry sustain the local economy through shifting global demand and economic hardship. Portland is also a lower cost alternative versus other tech hubs, and the government stimulus will further help offset the income loss. Portland is ranked among the world’s ten “greenest” cities and is often awarded the title of “Greenest City in America.” Major freeways in the MSA include I-405, I-5, and I-205. TriMet provides public transportation within the MSA via buses and the MAX light rail system. Portland is expected to outperform the West and the U.S. in the short term, as robust population growth allows for stronger job gains as the workforce expands. Portland’s diverse economy will help it weather economic disruptions from more restrictive fiscal policy better than most. A highly educated workforce, strong population trends, and an increasing number of tech firms will cement Portland’s status as a regional tech hub and an above-average long-term performer. As the economy regains speed in 2021, Portland’s advantage over the West will widen. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 6.2% with an average market rent of $1,383/unit. Over the next five years, vacancy is projected to average 5.1%, while asking rents are projected to increase by 3.8% annually. The annualized five-year forecast for absorption within the MSA projects that 2,119 units will be built and 2,346 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **Portland** | **No. of Employees** |
| Intel Corp. | 20,600 |
| Providence Health Systems | 18,885 |
| Oregon Health & Science University | 17,556 |
| Nike Inc. | 12,000 |
| Kaiser Foundation Health Plan of the NW | 11,898 |

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| **Portland Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 6.2% | **Previous Quarter Vacancy:** | 6.2% | **Inventory (units):** | 139,913 |
| **Asking Rent:** | $1,383 | **Previous Quarter Asking Rent:** | $1,378 | **Absorption (units):** | 387 |
| **Unemployment:** | 5.1% | **Avg. Household Income (2Q 2021):** | $163,265 | **Population (2Q 2021):** | 2,535,290 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $179,495 | **Est. Population (2025):** | 2,656,430 |

### Las Vegas

The property is located within the Las Vegas MSA. Las Vegas (LAS) offers world-class gaming, shopping, fine dining and entertainment, and is often referred to as the “Entertainment Capital of the World.” The leisure/hospitality sector employs about one-third of LAS workers and represents ten of the top 11 employers according to Moody’s Analytics. LAS has experienced near-term impacts to their leisure/hospitality sector and tourism industry. However, Moody’s projects that the LAS economy will make a full recovery and outperform the nation in the long-term, along with secondary industries (professional/business services) benefiting from gradual reopenings. The demand for rentals in the metro has increased over the years because many of the affordable single-family homes require much longer commutes to employment hubs. Despite recent economic impacts to LAS, the delivery of major expansion projects are still scheduled for the MSA. A $11 million apartment complex was recently completed in May 2020 in LAS’s Art District. The Oakland Raiders recently built the state-of-the-art $1.8 billion Allegiant Stadium one mile west of the Las Vegas strip, which opened for the Fall 2020 NFL season. Resorts World Las Vegas opened June 2021 and became the first integrated resort/casino to open on the strip in ten years. The development reportedly totaled $4.3 billion. The Las Vegas Convention Center underwent a $1 billion expansion project that added 1.4 million square feet of space to the West Hall in January 2021 as well adding an underground, autonomous transit tunnel. The new Las Vegas Convention Center Loop that travels between the Las Vegas Convention Center, Encore and Resorts World Las Vegas, opened in June 2021. Since completion of the loop, there are plans to renovate the existing 3.2 million square feet of the convention center by 2023 to ensure that Las Vegas continues to be the premier convention destination in the country. Circa Resort & Casino premiered LAS’s first ever adults-only hotel in October 2020. Further, Google is promoting Nevada as a new hub for tech innovation and infrastructure. In July of 2019, Google officially broke ground on its first $600 million data center in Henderson, Nevada. Their second $600 million data center, located in Storey County, became fully operational in February 2021. Both now employ many full-time and contractor positions, including computer technicians and engineers as well as food service, maintenance, and security roles. Also, Google Cloud is developing a distribution center in LAS to expand their cloud availability across western U.S. Longer term. LAS’s unmatched tourism assets and strong population trends will ensure that the metro area remains an above-average performer. Two major freeways serve the MSA and intersect in downtown Las Vegas, I-15 and I-515. RTC Transit provides public transportation throughout the MSA via numerous bus routes while the Las Vegas Monorail Company operates a monorail that serves the Las Vegas Strip. McCarran International Airport provides domestic and international service to the MSA. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 3.8% with an average market rent of $1,219/unit. Over the next five years, vacancy is projected to average 4.0%, while asking rents are projected to increase by 3.8% annually. The annualized five-year forecast for absorption within the MSA projects that 1,747 units will be built and 1,444 units absorbed per annum, equating to a 1.2 construction to absorption ratio.

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| **Largest Employers** | |
| **Las Vegas** | **No. of Employees** |
| Nellis Air Force Base | 10,000 |
| Mandalay Bay Resort & Casino | 9,999 |
| Las Vegas Sands Corp. | 9,999 |
| Caesars Entertainment Corp. | 9,999 |
| MGM Resorts International | 9,999 |

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| **Las Vegas Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 4.4% | **Previous Quarter Vacancy:** | 3.9% | **Inventory (units):** | 155,111 |
| **Asking Rent:** | $1,194 | **Previous Quarter Asking Rent:** | $1,190 | **Absorption (units):** | -413 |
| **Unemployment:** | 8.9% | **Avg. Household Income (2Q 2021):** | $144,674 | **Population (2Q 2021):** | 2,332,230 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $153,278 | **Est. Population (2025):** | 2,553,690 |

### Salt Lake City

The property is located within the Salt Lake City MSA. Salt Lake City is the state capital of Utah as well as the largest city in the four-county Wasatch Front metropolitan area. Salt Lake City, along with Portland, OR, and Chandler, AZ, are collectively referred to as “Silicon Slopes.” This is due to the growth of their technology industries under the umbrella of Silicon Valley. The tech expansion has spilled over to manufacturing, where medical devices are contributing to outstanding growth. Salt Lake has key advantages that will enable it to outperform the nation across the forecast horizon. Infrastructure improvements, a skilled workforce, business-friendly climate, and a high quality of life are major draws for workers and companies. Among the 100 largest metro areas, Salt Lake ranks among the most affordable for businesses and is among the most desirable alternatives for firms looking to relocate from costly areas on the Pacific coast where labor and real estate have become prohibitively expensive. Financial technology company, Square, announced in March 2020 they are going to open Square Financing Services in Salt Lake City. This will be the company’s first bank and their application has been approved by the Federal Deposit Insurance Corp. Varo Money also recently joined the area and has received approval to start an all-mobile national bank and is expected to create approximately 330 jobs over the next several years. Expansions and relocations like this attract job seekers and stoke payroll growth in high-wage industries, which will fuel above-average income gains and sustain strong population inflows. Overall, Salt Lake’s business-friendly climate, robust population growth, and large core of high-skill, high-wage industries will enable the MSA’s economic outlook to remain positive. Major highways in the MSA include I-15 and I-80. The I-215 belt route and the Bangerter Highway provide additional freeway access throughout the Salt Lake Valley. The area is also served by the nearby Salt Lake International Airport. The airport is currently undergoing renovations, which has been declared the largest construction project in the history of the state. The first phase of the $3.6 billion project began early 2020. A second phase will begin to tear down the existing airport to extend the new concourses. The Utah Transit Authority (UTA) also provides mass transit, which includes bus, light and commuter rail systems. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.1% with an average market rent of $1,106/unit. Over the next five years, vacancy is projected to average 5.3%, while asking rents are projected to increase by 3.9% annually. The annualized five-year forecast for absorption within the MSA projects that 1,833 units will be built and 1,713 units absorbed per annum, equating to a 1.1 construction to absorption ratio.

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| **Largest Employers** | |
| **Salt Lake City** | **No. of Employees** |
| University of Utah | 20,000 |
| Intermountain Health Care Inc. | 19,999 |
| Wal-Mart Supercenter | 9,999 |
| Zions Bancorp. | 9,999 |
| Delta Airlines | 4,999 |

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| **Salt Lake City Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.1% | **Previous Quarter Vacancy:** | 5.0% | **Inventory (units):** | 99,453 |
| **Asking Rent:** | $1,106 | **Previous Quarter Asking Rent:** | $1,093 | **Absorption (units):** | 398 |
| **Unemployment:** | 2.8% | **Avg. Household Income (2Q 2021):** | $168,101 | **Population (2Q 2021):** | 1,959,720 |
|
| **As of:** | May-21 | **Est. Household Income (2025):** | $192,061 | **Est. Population (2025):** | 2,066,930 |

### San Jose

The property is located within the San Jose MSA. The city of San Jose is known as the "Capital of Silicon Valley" due to the large concentration of technology companies therein. Titans such as Google, Facebook, Apple and Adobe Systems continue to vie for dominance, competing to acquire real estate and upstart tech companies by channeling billions into research and development in areas such as artificial intelligence, data center capacity for cloud computing services, and superfast broadband service. Google’s long-awaited Downtown West development was approved in 2021 and will feature 7.3 million square feet of office space, 4,000 housing units, 300 hotel rooms, 500,000 square feet of retail space, 15 acres of open space and parks, and employ 25,000 people. Google has also committed to invest in local housing to offer subsidized/low-income and market-rate rents, addressing increasing affordability constraints. The proposed 18-story all-electric Adobe North Tower began construction in 2Q 2019 and an estimated 4,000 Adobe employees could be added in the new office tower by its completion in 2023. The massive tech presence in San Jose will continue to create demand for new development and a growing workforce. The MSA is primarily served by Norman Y. Mineta San Jose International Airport and by Interstates 880 and 680, as well as Highway 101, which provides access to neighboring regions. Per REIS 2Q 2021, the MSA has a current average vacancy factor of 5.1% with an average market rent of $2,477/unit. Over the next five years, vacancy is projected to average 4.5%, while asking rents are projected to increase by 2.3% annually. The annualized five-year forecast for absorption within the MSA projects that 2,090 units will be built and 2,252 units absorbed per annum, equating to a 0.9 construction to absorption ratio.

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| **Largest Employers** | |
| **San Jose, CA** | **No. of Employees** |
| Cisco Systems | 9,500 |
| Lockheed Martin Corp. | 5,000-9,999 |
| Intel Corp. | 5,000-9,999 |
| Alphabet Inc. | 5,000-9,999 |
| Applied Materials Inc. | 5,000-9,999 |

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| **San Jose Metro Apartment Statistics (REIS 2Q 2021)** | | | | | |
| **Vacancy:** | 5.1% | **Previous Quarter Vacancy:** | 5.2% | **Inventory (units):** | 137,909 |
| **Asking Rent:** | $2,477 | **Previous Quarter Asking Rent:** | $2,474 | **Absorption (units):** | 595 |
| **Unemployment:** | 4.7% | **Avg. Household Income (2Q 2021):** | $387,412 | **Population (2Q 2021):** | 2,008,690 |
| **As of:** | May-21 | **Est. Household Income (2025):** | $464,835 | **Est. Population (2025):** | 2,060,200 |