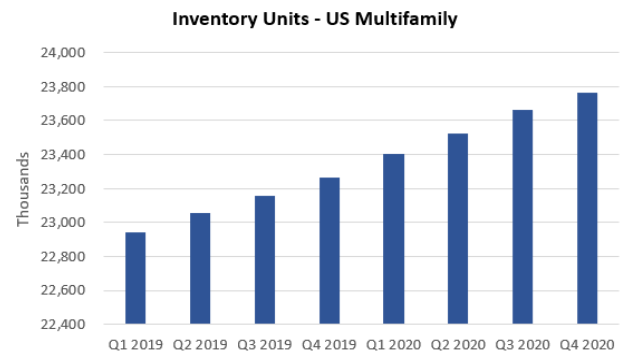


US Multifamily Sales Volume and Buying Trends – December 2020

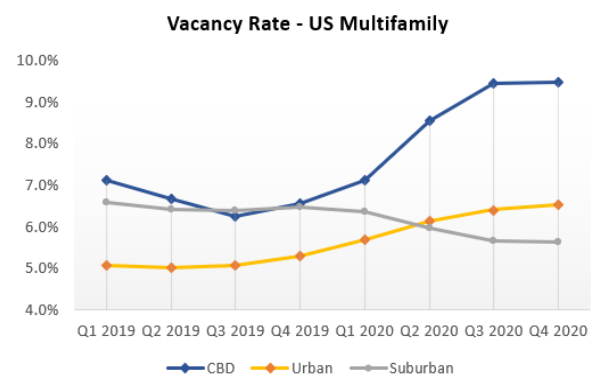
Multifamily properties make up a large portion of the overall US commercial real estate market. Despite the recent economic malaise caused by the ongoing COVID-19 pandemic, multifamily properties remain a core property type that is in high demand. The multifamily market continues to grow across the US, into CBD, urban, and suburban areas, and it is expected that this trend will continue along with the growing population.

The parameters for this search were focused on investment sales of multifamily properties in the US over a 24-month period, from January 1, 2019 to December 31, 2020. Bulk portfolio sales and properties sold for land value were excluded from the search.

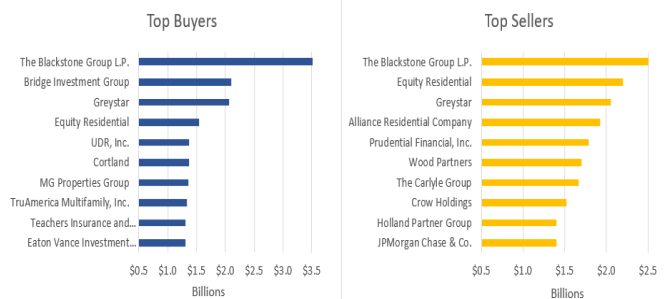
The inventory of units has steadily increased since Q1 2019 and grew by 4% in the given period, according to the graphic on the right. Despite the recent economic downturn, the slight increase in inventory shows that this property type is somewhat insulated from negative economic cycles.



The vacancy rates of CBD, Urban, and Suburban areas were close in range in Q4 2019, although since Q1 2020, both CBD and Urban vacancy rates have been on the rise, while suburban vacancy rates have been declining. This correlates with people choosing to shelter outside Urban and CBD locations during the COVID-19 Pandemic, which surfaced Mid-March in the US.



REIT's continue to be top buyers and sellers for US Multifamily properties over the past year. The Blackstone Group L.P. is the top buyer and seller of this asset type. Multifamily assets remain a core property type and demand for this asset type will continue to drive transactions and sales volume.



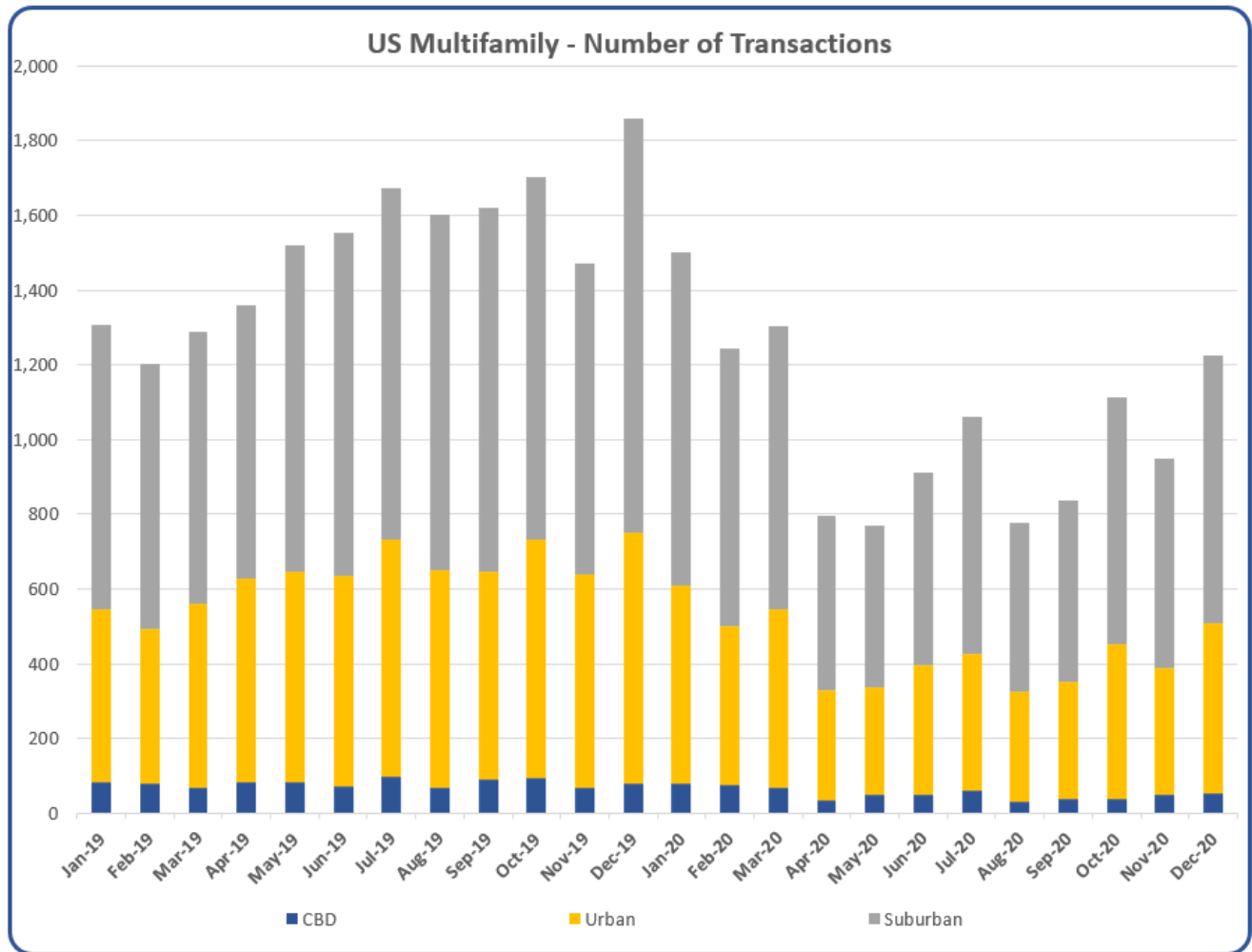
Number of Sales Transactions

We tracked the number of monthly multifamily sales recorded in the United States, segmented into subcategories as seen below. Over the prior 24-month period as of December 2020, there have been a total of 30,650 transactions. Approximately 5% of these transactions were in CBD areas, roughly 37% were in Urban areas, and 58% were in Suburban areas.

Historical Transaction Volume - US Multifamily

Number of Transactions	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	% of Total
CBD	83	81	70	84	83	72	98	69	89	96	68	80	78	74	69	34	48	51	60	31	40	38	48	52	1,596	5.2%
Urban	464	411	492	544	565	562	635	580	556	638	573	670	532	426	475	295	290	345	367	293	311	415	342	455	11,236	36.7%
Suburban	761	710	726	733	873	920	940	954	977	967	829	1,109	891	745	759	466	431	515	635	453	487	660	558	719	17,818	58.1%
Total # Transactions	1,308	1,202	1,288	1,361	1,521	1,554	1,673	1,603	1,622	1,701	1,470	1,859	1,501	1,245	1,303	795	769	911	1,062	777	838	1,113	948	1,226	30,650	100.0%
% Change from Prior Month	-	-8.1%	7.2%	5.7%	11.8%	2.2%	7.7%	-4.2%	1.2%	4.9%	-13.6%	26.5%	-19.3%	-17.1%	4.7%	-39.0%	-3.3%	18.5%	16.6%	-26.8%	7.9%	32.8%	-14.8%	29.3%	-	-

In terms of number of transactions, the largest number of monthly transactions occurred in December 2019, which represented a 27% increase from the prior month. Compared to the peak of 1,859 sales in December 2019, the result for December 2020 was a closer return to pre-pandemic volume and a significant increase from the previous month, at 1,226 sales and an approximate increase of 29% from the previous month. Transactions since March 2020 have been down significantly, with a new high in December 2020. Prior to March 2020, the lowest number of transactions was seen in February 2019 with 1,202 transactions. The figures are portrayed graphically below. In December 2020, most transactions were in Suburban areas, which is in line with the high transaction volume trend seen over the analysis period. It should be noted that transactions in CBD, Urban, and Suburban areas were all negatively impacted by the pandemic, with all categories seeing a similar percentage drop in transactions.



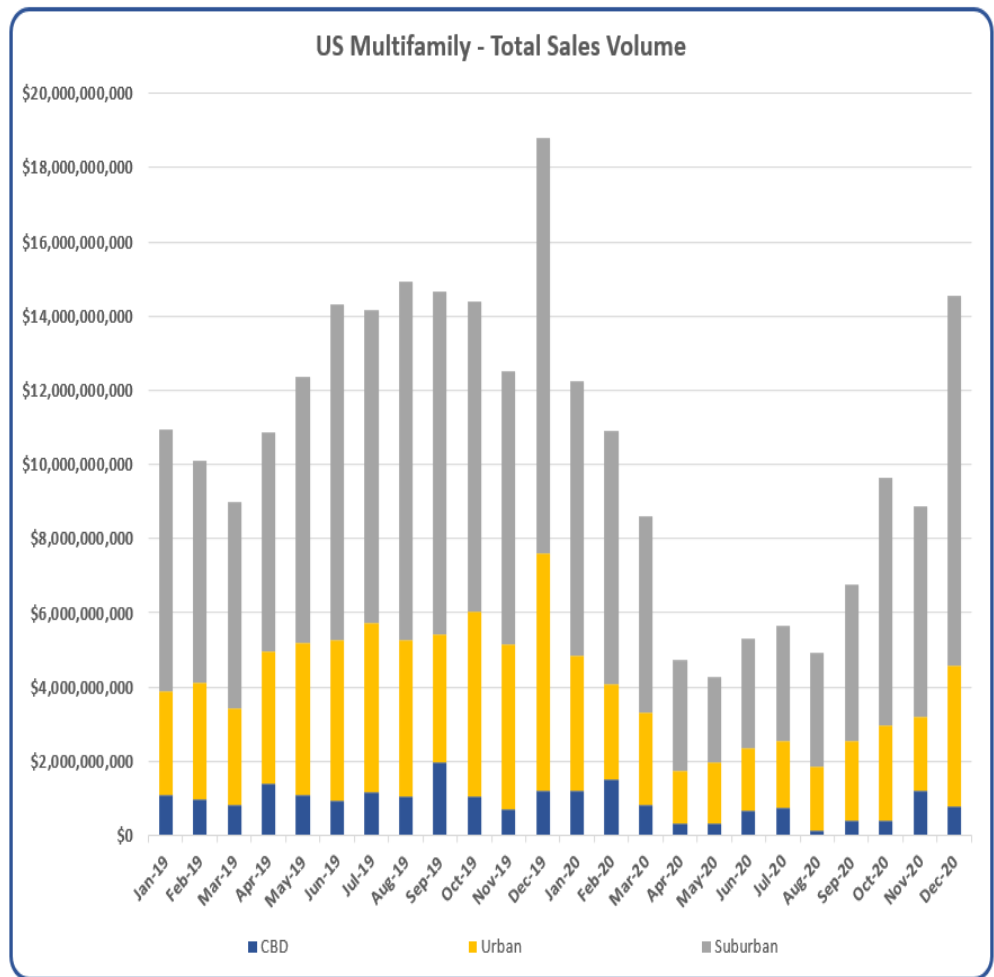
Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was roughly \$13.08 billion, with the peak occurring in December 2019 at over \$18.78 billion. Comparatively, the average monthly sales volume in 2020 is slightly over \$8.03 billion thus far, reflecting a significant decline of nearly 38%. We tracked the dollar volume of monthly sales by subcategories as seen below.

Historical Transaction Volume - US Multifamily (in Millions)																										
Dollar Volume	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	% of Total
CBD	\$1,078.3	\$988.2	\$814.1	\$1,385.9	\$1,090.7	\$939.0	\$1,179.2	\$1,060.5	\$1,992.6	\$1,044.5	\$693.1	\$1,192.1	\$1,222.8	\$1,515.0	\$813.3	\$328.8	\$316.6	\$678.7	\$755.3	\$119.7	\$397.2	\$407.3	\$1,222.8	\$782.2	\$21,235.6	8.9%
Urban	\$2,807.4	\$3,122.8	\$2,624.1	\$3,588.2	\$4,084.5	\$4,347.4	\$4,549.5	\$4,208.0	\$3,435.3	\$4,980.8	\$4,447.5	\$6,401.7	\$3,630.6	\$2,573.1	\$2,502.8	\$1,405.8	\$1,663.2	\$1,688.7	\$1,788.2	\$1,726.4	\$2,147.9	\$2,579.1	\$1,961.1	\$3,814.1	\$72,243.7	30.2%
Suburban	\$7,047.8	\$5,988.0	\$5,532.0	\$5,894.5	\$7,179.7	\$9,024.2	\$8,433.8	\$9,657.5	\$9,219.4	\$8,363.9	\$7,363.0	\$11,186.8	\$7,376.1	\$6,801.8	\$5,281.6	\$2,996.8	\$2,302.8	\$2,957.4	\$3,128.4	\$3,073.4	\$4,226.8	\$6,647.1	\$5,694.5	\$9,943.0	\$145,377.3	60.9%
Total Dollar Volume	\$10,933.5	\$10,099.0	\$9,970.2	\$10,868.5	\$12,354.9	\$14,310.5	\$14,162.5	\$14,925.9	\$14,647.3	\$14,389.2	\$12,503.6	\$18,780.6	\$12,229.5	\$10,889.9	\$8,597.7	\$4,731.5	\$4,282.6	\$5,304.9	\$5,671.9	\$4,919.4	\$6,771.9	\$9,633.5	\$8,878.4	\$14,539.4	\$238,856.7	100.0%
% Change from Prior Month	-	-7.6%	-11.2%	21.2%	13.7%	15.8%	-1.0%	5.4%	-1.9%	-1.8%	-13.1%	50.2%	-34.9%	-11.0%	-21.0%	-45.0%	-8.5%	23.9%	6.9%	-13.3%	37.7%	42.3%	-7.8%	63.8%	-	-

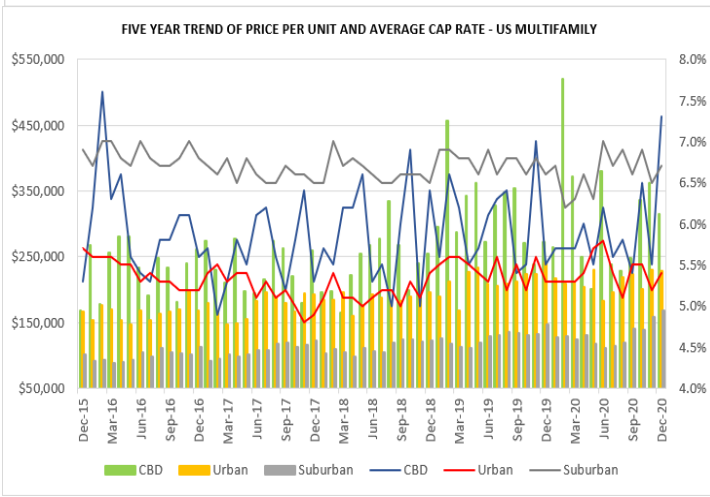
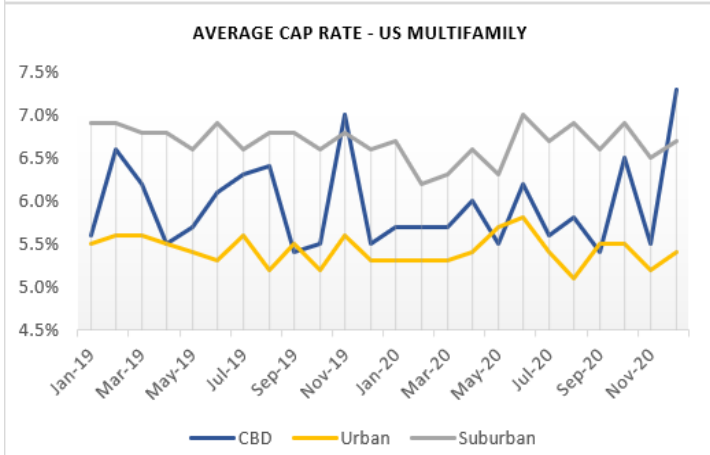
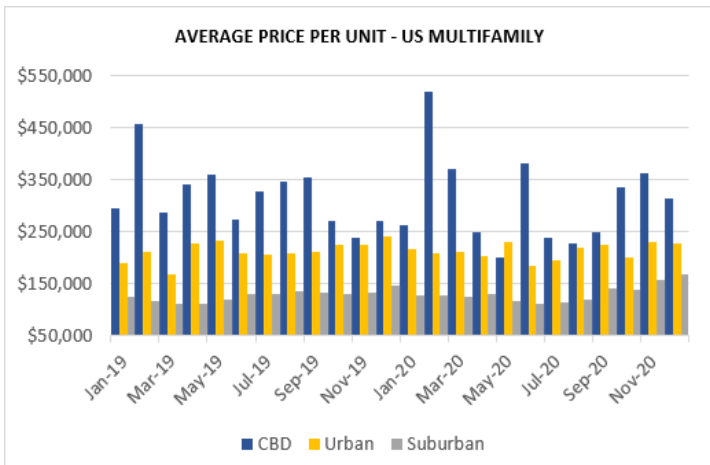
Over the analysis period, the subcategory with the highest transaction volume is the "Suburban" category, which comprises 60% of all dollar volume. In 2020, sales volume in this category was consistently over \$2.5 billion, except for May, which indicates that investors are not inhibited in making deals in this market segment. The subcategory that recorded the second highest number of transactions was the "Urban" category, which comprises approximately 30% of all dollar volume. December 2020 is the first month since February 2020 that has eclipsed \$10 billion in total sales volume.

Total Dollar Volume - US Multifamily	
Jan-19	\$10,933,465,604
Feb-19	\$10,098,990,720
Mar-19	\$8,970,174,443
Apr-19	\$10,868,498,929
May-19	\$12,354,868,055
Jun-19	\$14,310,521,846
Jul-19	\$14,162,511,632
Aug-19	\$14,925,905,283
Sep-19	\$14,647,330,285
Oct-19	\$14,389,153,904
Nov-19	\$12,503,570,682
Dec-19	\$18,780,564,765
Jan-20	\$12,229,532,966
Feb-20	\$10,889,883,421
Mar-20	\$8,597,738,049
Apr-20	\$4,731,473,983
May-20	\$4,282,592,767
Jun-20	\$5,304,854,663
Jul-20	\$5,671,860,028
Aug-20	\$4,919,396,847
Sep-20	\$6,771,872,590
Oct-20	\$9,633,459,353
Nov-20	\$8,878,441,848
Dec-20	\$14,539,362,992
Min	\$4,282,592,767
Max	\$18,780,564,765
2019 Ave	\$13,078,796,346
2020 Ave	\$8,037,539,126



The graphic on the right indicates that market participants were hesitant to pursue multifamily assets from April 2020 to August 2020. December 2020 saw a significant increase in sales volume compared to October 2020. December 2020 saw the highest sales volume in "Suburban" assets in the given period.

The significant decrease in total sales volume seen in April 2020 to August 2020 and increase in September to December 2020 indicates that investors are cautious but slightly more optimistic when it comes to investing under current economic conditions.



Average Monthly Price per Unit

The average monthly price per unit for all categories were relatively stable over the given period, with the exception of the CBD category. The CBD price per unit fluctuates more due to a lower number of transactions. Urban and Suburban prices barely fluctuate, and they are expected to continue this trend. Despite the economic downturn due to the pandemic, the average price per unit has not significantly decreased, which indicates that this category is somewhat insulated from the economic downcycle.

Average Monthly Cap Rate

The average monthly cap rate for the Urban and Suburban categories were stable over this period, while the cap rate for the CBD category sharply fluctuated. According to the graph on the left, the average cap rate for Urban areas were generally around 5.5%, the average cap rate for Suburban areas were generally around 7%, and the average cap rate for CBD areas fluctuated between 5.5% and 7%. The steep increase in cap rate for November 2019 is tied to the quality of assets sold in that period. Cap rates will be directly impacted by the price of each category and the general direction of the economy.

Five Year Trend of Average Monthly Price per Unit and Cap Rate

The graph on the left shows the average cap rate as well as average price per square foot over a five-year period for CBD, Urban, and Suburban areas. There is an inverse relationship between cap rate and average price per unit. From December 2015 to December 2020, the average monthly cap rate has slightly decreased for all categories. During the same period, the average monthly price per unit slightly increased for all categories as well. The CBD category's price per unit and cap rate over the given period has substantially fluctuated, unlike the Urban and Suburban categories, which have shown minor fluctuations. Going forward, investors will be carefully monitoring the risk of investing in these categories.



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