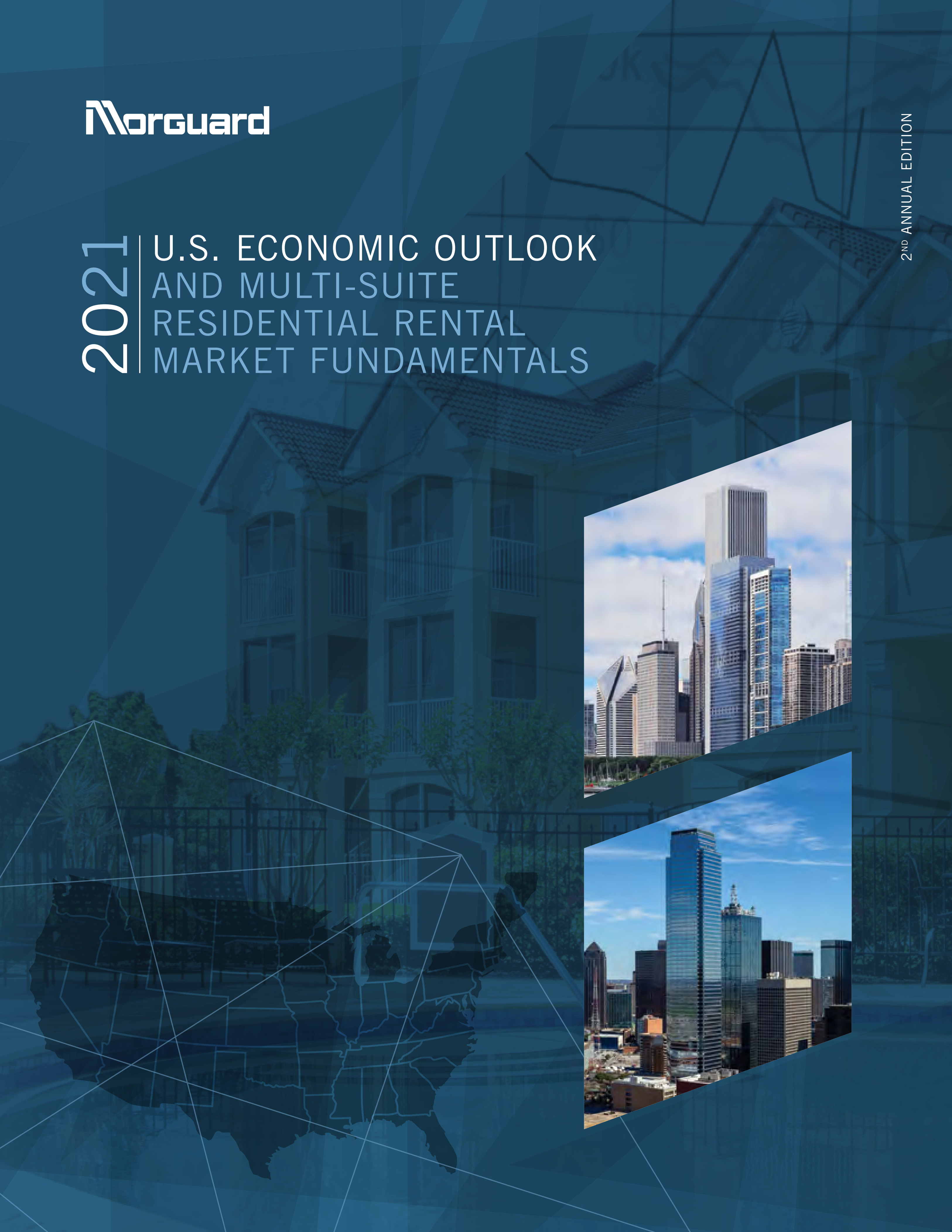
Morguard
2021
U.S. ECONOMIC OUTLOOK
AND MULTI-SUITE
RESIDENTIAL RENTAL
MARKET FUNDAMENTALS
2ND ANNUAL EDITION

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NATIONAL ECONOMIC & MULTI-SUITE RESIDENTIAL RENTAL OUTLOOK

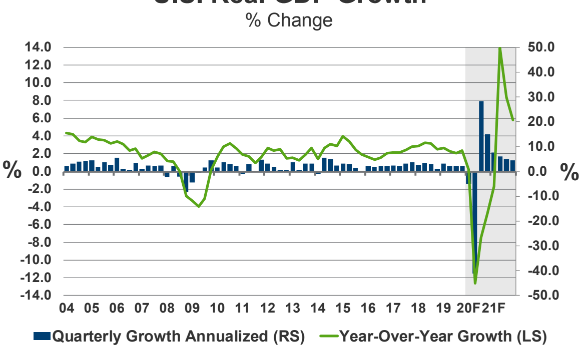
HIGHLIGHTS

- The U.S. economy was expected to contract by 6.9% on an annualized basis in 2020, due largely to the coronavirus pandemic.
- Job losses reached an historic high in April 2020 as a result of the shutdown of a significant portion of the national economy and restrictions imposed on business and personal interaction.
- National retail sales volume dropped by roughly 20.0% month-over-month as of March 2020, due primarily to the closure of non-essential stores.
- The U.S. economy is projected to gradually strengthen in the second half of 2020 and in 2021, barring a second wave of coronavirus infections and further restrictions on business and consumer interaction.

NATIONAL ECONOMIC PULSE

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Real GDP Growth*	▼	▲
Unemployment	▲	▼
Retail Sales Growth*	▼	▲
Housing Starts*	▼	▲
Trade Balance*	▼	▼
Total Inflation	▼	—

*The trend indicators do not necessarily represent a positive or negative value (i.e., real GDP growth could be +/-, yet indicate a growing/shrinking trend).



Source: Oxford Economics (June 2020)

RECOVERY PHASE OF ECONOMIC CYCLE GOT UNDERWAY

The recovery phase of the economic cycle continued to gradually unfold over the second half of 2020, following the COVID-19 crisis-induced contraction of the first half. The reopening of the economy across much of the country during the late spring coupled with the positive impact of various government measures enacted to stimulate business growth supported a modest rise in output. The U.S. Federal Reserve Board (Fed) quickly reduced interest rates to the lower bound of 0.25%, purchased corporate debt and provided business loans. The Fed also attempted to avoid a liquidity crisis like that of the financial crisis by facilitating short-term access to credit. The Fed provided an added $618 billion in liquidity during the COVID-19 crisis compared with $663 billion during the financial crisis. As the second half of 2020 began, the Fed's actions and those of other state and federal authorities appeared to have had a positive impact on the national economy. Despite the early signs of recovery that emerged during the late spring, the national economy was expected to contract by an annualized rate of between 5.5% and 7.0% in 2020. During the second quarter alone, the U.S. economic activity contracted by up to an unprecedented 35%. Regions dependent on leisure and tourism were hardest hit, due to the social distancing measures and the shutdown of international travel. However, the limited reopening of the economies of most states in the second half and resulting rise in output signalled the recovery phase of the economic cycle was underway.

LABOUR MARKET SUSTAINED HEAVY LOSSES

The U.S. labour market suffered unprecedented losses as a result of the coronavirus economic decline. Non-farm payrolls plunged by a record 20.5 million positions in April 2020 and approximately 26.0 million workers filed for unemployment benefits over a five-week period ending April 18. As a result of the losses the national unemployment rate spiked to 14.7%, which was an understatement of the overall joblessness and 400 bps higher than the previous record high. Moreover, COVID-19 crisis related job losses were more than twice the 8.7 million jobs that were lost during the most recent recession. Regions with higher degrees of dependence on tourism, entertainment and industrial production suffered a higher number of job losses, driven by the reduced contact measures for residents and business activities. Regions with higher concentrations of office jobs and government offices exhibited a higher degree of employment resilience. Technology-driven regions have also tended to suffer relatively modest reductions in employment levels. In general, lower-wage workers made up the largest share of job losses recorded in March and April, while many others saw their hours and income reduced significantly. By the late spring, employment levels began to stabilize with the limited reopening of many sectors of the economy. Employment increased by 2.5 million in May, with further increases expected over the balance of the year.

RETAIL SALES ROSE WITH EASING OF COVID-19 RESTRICTIONS

Consumption patterns began to rise in the spring of 2020, on the heels of an unprecedented decline. In May, retail sales rose 17.7% month-over-month, which was twice the rate of most forecasts. Excluding food services, sales were just 3.0% below the pre-pandemic high. Increased consumption was driven by a combination of government income support and the gradual loosening of physical distancing. The opening of non-essential stores with restrictions also supported the rise in consumption levels. The rebound in sales was somewhat uneven. Grocery stores, building materials suppliers, garden suppliers and general merchandise stores have seen sales improve. However, sales remained soft into May for gas stations, clothing and home furniture retailers. Prior to the spring upward retail sales trend, consumption plunged roughly 20.0% in March from the pre-COVID-19 crisis level in February. Brick and mortar restaurants and non-essential stores were closed

to the public, with many turning to take out and delivery as a source of income. At the same time, online retail sales strengthened substantially, as retailers across the industry scrambled to offset the drop in sales. Over the balance of 2020, retail consumption was forecast to slowly rise, building on the increases recorded with the easing of restrictions imposed as a result of the COVID-19 crisis.

HOUSING MARKET RESILIENCE WAS EVIDENCED

The U.S. housing market stabilized over the recent past as an indicator of its overall resilience. Demand for resale and new housing has slowly stabilized over the past few quarters, along with pricing. New home construction activity has also strengthened. Recent trends were a byproduct of low mortgage rates and a modest economic recovery in the aftermath of the COVID-19 crisis-driven economic slump. State enacted lockdowns and stalling of the U.S. economy and resulting record high job losses threatened to push the national housing market into decline. The year 2020 began with substantial momentum, with both home sales and starts reaching decade highs. Resale housing prices steadily increased during the late stages of last year and early 2020, due to a shortage of houses for sale. The COVID-19 crisis, however, pushed buyers and sellers to the sidelines, resulting in a measure of market balance. At the same time, brokers found the sales process difficult without the ability for potential buyers to view homes in person. In April 2020, new home sales plunged 45.0% year-over-year and pending home sales dropped to a 20-year low. Resale home sales fell 9.7% month-over-month in May, marking a third consecutive monthly decline. The contraction in sales was observed in most regions and for both condominiums and single-family homes. The supply of resale homes for purchase also steadily increased in the spring of 2020. Low mortgage costs and more moderate price growth over the balance of 2020 was expected to support an increase in housing demand. In fact, demand was forecast to outpace supply over the balance of the year as the economy gradually recovers. This ongoing stabilization was expected to bolster the market's recent track record of resilience

RECOVERY WILL BE SLOW AND UNEVEN

The U.S. economic recovery forecast over the near term will be relatively slow and uneven. Monetary policies and fiscal stimulus will result in a return to growth for the national economy in the second half of 2020 and into 2021. Next year, economic output is projected to steadily increase, with projections of annualized growth ranging from a low 4.0% to a high of 10.0% for 2021. The wide range is dependent on several potential risks, not the least of which is the potential for a second COVID-19 wave. The 2021 increase in economic output will drive equally modest improvement in labour market conditions. As states reduce restrictions, employment levels will slowly rise. Non-farm payrolls were projected to rise between 4.0% and 7.0% in 2021, following a record decline during the first half of 2020. Moderate increases in employment levels over the next couple of years will gradually reduce the unemployment rate. However, it will take a few years for the record employment losses of 2020 to be recouped. There will be a significant level of regional variance in the rate at which the economic and labour market recoveries over the next couple of years. Regions with large professional services, government and technical sector presences will generally outperform. Additionally, large metropolitan areas with strong healthcare and scientific and technical sectors will also generate above-average economic growth. Conversely, regions with greater reliance on the retail and leisure sectors will likely underperform. Older manufacturing hubs in the midwest will recover relatively slowly. In short, the near-term national economic recovery will be slow and uneven, given the severity of the COVID-19-driven decline and a significant degree of variation in the regional growth pattern.

Labour Market

Quarter-Over-Quarter Trending

Employment Growth (LS) — Unemployment Rate (RS)

Source: Oxford Economics (June 2020)

Retail Sales

Month-Over-Month Trending

Month/Month % Change (LS) — Monthly Level (RS)

Source: United States Census Bureau (June 2020)

Housing Market

Quarterly Trends

Housing Starts (LS) — 30-Year Mortgage Rate (RS)

Source: Oxford Economics, Freddie Mac (June 2020)

Official Policy Rates

International Monetary Conditions

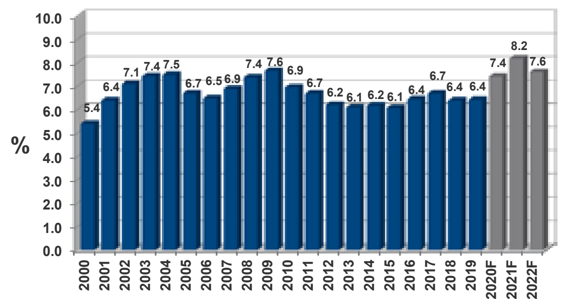
US Federal Funds Rate — Cdn Overnight Lending Rate — Bank of Japan Policy Rate — European Central Bank Target Rate

Source: Bank Of Canada, Federal Reserve Board, European Central Bank, Bank of Japan

HIGHLIGHTS

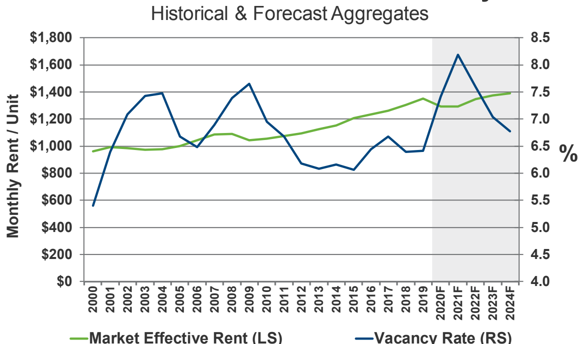
- A softening of rental market fundamentals was reported across the country in the first half of 2020 due primarily to the effects of the COVID-19 crisis on demand.
- Rental market performance was forecast to remain relatively soft over the next 12 to 18 months, given a modest economic growth outlook, labour market recovery, and the gradual relaxing of restrictions on business and consumer activities.

Average Rental Vacancy
National U.S. Multi-Suite Residential



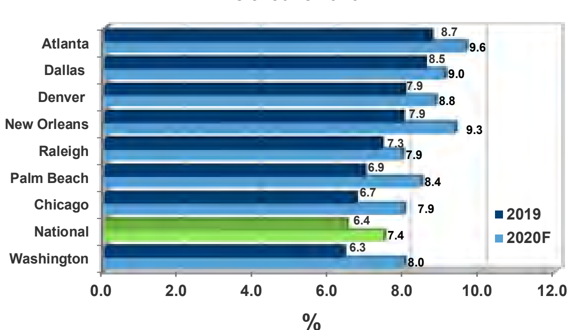
Source: CoStar

Multi-Residential Rent & Vacancy
Historical & Forecast Aggregates



Source: CoStar

MSA's Rental Vacancy
As of June 2020



Source: CoStar

RENTAL MARKET RISK ROSE SHARPLY

National rental market risk rose sharply the spring of 2020, with the negative impacts of the COVID-19 crisis and restrictions on business and consumer interaction enacted to combat its spread. The restrictions effectively shut down a significant portion of the U.S. economy resulting in a record number of job losses and, by extension, a sharp reduction in rental demand. In addition, social distancing measures rendered the renting process markedly more difficult. Restrictions on movement between states also eroded rental demand. The sharp reduction in rental demand drove supply risk substantially higher in most regions of the country. According to CoStar figures, the national vacancy rate increased in the first quarter of 2020 for the first time since 2011. The national vacancy average was poised to steadily rise over the next couple of years while the labour market continues to recover. New construction completions over the recent past and projects set to open over the next several quarters were another source of increased supply risk. Regions facing the highest new supply risk included: Miami, Nashville, Boston, Charleston, Orlando and Charlotte, where vacancy levels may rise beyond the 10.0% mark before the market stabilizes. Owners and managers across the country faced the prospect of increased vacancy over the near term and broadly higher rental market risk.

POLICY MEASURES HELPED SOMEWHAT

Policies implemented during the pandemic have, to some extent, buffered against a sharper rental market correction. Initially, approximately $85.0 billion in payments were made to help renter households. The U.S. Treasury through the Coronavirus Aid, Relief, and Economic Security Act (CARES) provided Economic Impact Payments to households of up to $1,200 per adult whose income was less than $99,000 and $500 per child up to a $3,400 total for a family of four. However, the CARES act covers roughly 25.0% of U.S. renters at the lower end of the market. Payments were also made to Social Security recipients who did not file tax returns in either 2018 or 2019. In addition, several measures were implemented to delay rent payments and reduced evictions, with Fannie Mae, Freddie Mac, and the Department of Housing and Urban Development taking part in some form or another. Additionally, the Federal Housing Finance Agency announced the extension of its forbearance program at the end of June 2020 to help renters stay in their homes and owners retain their properties. As the second half of the year began, the expiry of the Economic Impact Payments program was set for the end of July. Without an extension, the probability of a more severe rental market correction increased substantially. Previously, government policy responses had buffered against a more severe downturn to some extent.

GRADUAL RECOVERY FORECAST AFTER NEAR-TERM SOFTENING

The U.S. multi-suite residential rental market is expected to gradually strengthen after an initial period of softening. The COVID-19 pandemic and resulting labour market fallout will continue to negatively impact the rental demand cycle over the next 12 to 24 months. The gradual lifting of restrictions will see demand patterns firm some time in 2022. However, a second wave of the virus will delay the demand firming even longer. A reduction in government supports for renters could also result in increased demand risk. As demand firms, vacancy should stabilize along with market rents. Timing of the recovery will vary by region, depending on how quickly economic and job markets improve. The rental market recovery phase of the cycle is expected to unfold after an initial period of softening in the second half of 2020 and through 2021. During this time frame, demand will remain tepid at best. Rents will decline, on average, with sharper decreases in aspirational market segments. After this initial period of weakness of up to two years, the recovery phase of the rental market cycle is expected to have emerged.

INVESTMENT SALES SLUMPED WITH RISE IN SECTOR RISK

Sales of multi-suite residential rental investment property across much of the country slowed sharply in the spring of 2020, due largely to the sharp rise in sector risk as a result of the COVID-19 pandemic. There was a reported $42.2 billion in property sales during the first six months of 2020. The total was down 42.8% from the five-year first half high of 2019. The total was also 32.4% below the five-year average for the same time period. Many investors chose to retreat, when the pandemic effectively shut down several sectors of the national economy and dragged the country into the early stages of recession. Investor concerns related to the duration of the virus and its impact on the financial, economic outlook and commercial real estate sector outlooks increased substantially. In some cases, investment groups continued to target value-add acquisitions, which were less directly tied to the cyclical characteristics of the sector. The slowdown in investment sales activity during the first half of 2020 was also a function of a measure of vendor hesitancy. That is, some vendors were reluctant to place their properties on the market for sale when prices looked to have decreased. The gap between vendor and purchaser pricing expectations appeared to widen, which was also a factor in the investment sales slowdown that unfolded in the spring.

PERFORMANCE PATTERN MODERATED

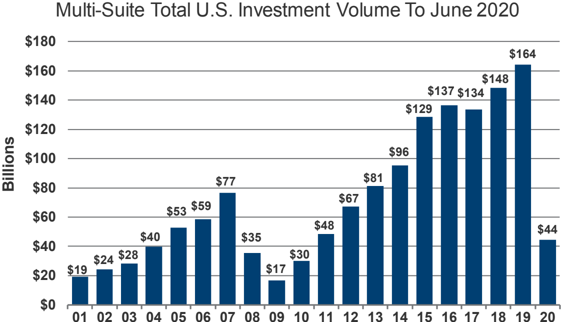
The multi-suite residential rental sector performance pattern moderated recently, after a prolonged period of stable and healthy results. Properties tracked in the MSCI index generated an annual average total return of 2.8% for the 12-month period ending June 30, 2020. The return was down 220 bps year-over-year and was the lowest return generated since 2009. The performance moderation of the recent past was a function of a weaker income growth trend and capital depreciation. Sector rent growth eased in the spring of 2020 when market fundamentals began to soften. At the same time, property values have begun to stabilize. Investment demand slowed recently, leading to the stabilization of cap rates. Generally, property valuations have begun to account for the negative impacts of the pandemic both recently and anticipated over the near term, which resulted in a modicum of downward value pressure. In short, multi-suite residential rental sector performance moderated over the near term, due to several factors of which the coronavirus outbreak was the most prominent.

INVESTOR CONFIDENCE LEVELS WILL RISE AGAIN

Multi-suite residential rental sector investor confidence levels are expected to eventually firm and rise to the pre-coronavirus high, having declined over the recent past. The investor confidence recovery will be driven by either the development and widespread distribution of a coronavirus vaccine or some other event that has a materially positive impact on the national economy and/or financial markets. Several forecasts suggest the U.S. recovery will commence in late 2021 or early 2022. If this timing proves to be accurate, then investor confidence in the multi-suite residential rental sector will firm in relatively short order. Coincidentally, rental market conditions are forecast to begin strengthening by 2022. To some extent, however, the extension of the Centre for Disease Control's eviction moratorium through to the end of 2020 will erode the incomes of many landlords. The passing of the $2.4 trillion Heroes Act may also negatively impact landlord revenues. Market rents will eventually stabilize along with vacancy. Prior to the start of the recovery phase of the cycle, rental demand fell short of supply, resulting in an upward vacancy trend. Downward pressure on rents increased The U.S. rental market downturn is expected to last through to the end of the first half of 2021. Shortly thereafter, investor confidence levels will improve. By 2022, investment and rental market conditions are expected to strengthen, signalling the start of a renewed growth phase of the cycle.

Investment Activity

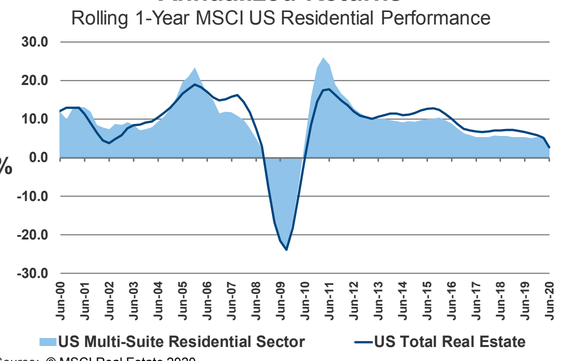
Multi-Suite Total U.S. Investment Volume To June 2020



Source: CoStar

Annualized Returns

Rolling 1-Year MSCI US Residential Performance



Source: © MSCI Real Estate 2020

U.S. MSCI Returns

Annualized Returns By Property Type To June 2020

Source: © MSCI Real Estate (June 2020)

Yield Spreads

U.S. Cap Rates vs. 10-Year GOC Bonds

US Treasury 10-Year Yield — Office — Retail — Industrial — Multi-family

Source: CoStar, U.S. Department Of The Treasury

INVESTMENT MARKET TRANSACTIONS

WASHINGTON DC

Property	Date	Price	Suites	Per Suite	Purchaser
Ravensworth Towers	May-20	$58.9 M	219	$268,949	ELV/Rock Ck/Insight
The Villas at Langley	Apr-20	$87.5 M	590	$148,305	Jair Lynch Partners
Cosmopolitan at Reston	Mar-20	$120.0 M	289	$415,225	Cherner Group
Parkstone Alexandria	Jan-20	$106.0 M	326	$325,153	Alexandria Housing
Emerson	Jan-20	$117.0 M	355	$329,577	Hines
The Woodley	Jan-20	$180.3 M	212	$850,235	Gid Advisers
The Flats at Neabsco	Jan-20	$92.0 M	358	$256,983	JCE Inc.

RALEIGH

Property	Date	Price	Suites	Per Suite	Purchaser
Weston Lakeside	Feb-20	$67.8 M	332	$204,066	Stoltz Partners
Cumberland Cove	Jan-20	$81.0 M	552	$146,739	Related Companies
Sojourn Glenwood Pl	Jan-20	$83.8 M	296	$283,155	Ascentris, LLC

ATLANTA

Property	Date	Price	Suites	Per Suite	Purchaser
Flats at North Springs	May-20	$97.0 M	396	$244,949	Wilkinson Group
The Falls at Forsyth	Mar-20	$82.5 M	356	$231,741	Bluerock Res. REIT
Skylark 1099 SE Blvd	Feb-20	$73.1 M	319	$229,231	Clarion Partners
3205 Cumberland Blvd	Jan-20	$90.1 M	269	$334,944	TIAA
1010 W Peachtree NW	Jan-20	$132.0 M	332	$397,590	TA Realty
Helios Apartments	Jan-20	$65.6 M	282	232,755	Eaton Vance

PALM BEACH

Property	Date	Price	Suites	Per Suite	Purchaser
3555 NW 83rd Ave	Mar-20	$100.0 M	303	$330,033	Harbour Group

CHICAGO

Property	Date	Price	Suites	Per Suite	Purchaser
Cityfront Place	Apr-20	$154.0 M	480	$320,833	Strategic/Mirae
5550 N Kenmore Ave	Mar-20	$25.2 M	231	$109,142	Eagle Management
1050-1060 W. Monroe	Mar-20	$65.8 M	120	$548,333	Origin Investments
Vesta Lofts	Feb-20	$27.0 M	60	$465,517	Greenstone Realty
470 Foxboro Dr	Jan-20	$54.3 M	392	$135,074	Marquette Mgt.

NEW ORLEANS

Property	Date	Price	Suites	Per Suite	Purchaser
1610 Robert E Lee Blvd	May-20	$16.5 M	183	$90,300	Medve Group

DALLAS

Property	Date	Price	Suites	Per Suite	Purchaser
5225 Verde Valley Ln	Apr-20	$59.3 M	310	$191,129	Steadfast Investmt.
The Edison	Feb-20	$32.7 M	396	$82,575	WindMass Capital
8951 McCutchins Dr	Feb-20	$51.2 M	251	$203,984	Independence Rlty
Tribeca Apartments	Jan-20	$66.0 M	398	$165,829	White Oak Partners

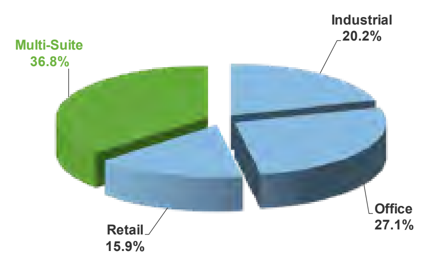
DENVER

Property	Date	Price	Suites	Per Suite	Purchaser
Avana Thornton Station	Jun-20	$119.0 M	480	$247,916	Greystar
2038 S Vaughn Way	May-20	$46.0 M	268	$171,641	Evergreen Devlpmt.
Fusion 355	May-20	$90.1 M	286	$315,000	Oakmont Properties
11625 Community Ctr.	May-20	$83.0 M	320	$259,375	Priderock Capital
Caliber at Flatirons	Apr-20	$90.7 M	288	$315,000	Oakmont Properties
Cortland Flatirons	Jan-20	$89.1 M	297	$300,000	Cortland Partners
Kallisto at Bear Creek	Jan-20	$145.5 M	472	$308,262	Gelt Inc.
Richfield Apartments	Jan-20	$143.0 M	688	$207,848	Oak Coast Prop.

HIGHLIGHTS

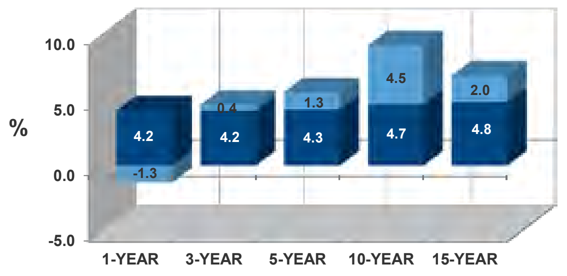
- Multi-suite residential rental property investment sales volume dropped more than 40.0% year-over-year in first half of 2020, as some investors retreated to the sidelines to assess the impacts of the COVID-19 crisis.
- Investment sales activity was expected to remain relatively muted over the balance of 2020 and much of 2021 while most value-add investors continue to look for opportunities to invest.

Total Sales By Product
18 Months to June 2020



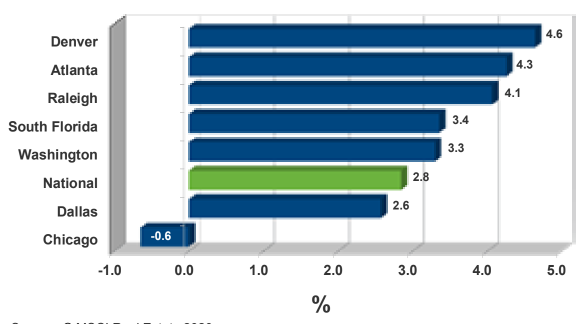
Source: CoStar

US Multi-Suite Annualized Returns
Performance For The Period Ending June 2020



Source: © MSCI Real Estate 2020

Multi-Suite Total Returns
For The 1-Year Period Ending June 2020



Source: © MSCI Real Estate 2020

METROPOLITAN ECONOMIC & MULTI-SUITE RESIDENTIAL RENTAL OUTLOOK

Economic Growth
Washington, D.C. Historical & Forecast Aggregates

Average Annual GDP Growth

Source: Oxford Economics

ECONOMIC SNAPSHOT

The Washington MSA economy was negatively impacted by the COVID-19 pandemic, though not to the same extent as other gateway markets. The regional economy was forecast to contract by 4.7% in 2020, following a moderately healthy 1.6% advance in 2019. The pandemic-driven contraction drove employment levels markedly lower. Employment was projected to drop 4.6% in 2020, with the tourism, retail and hospitality sectors hardest hit. The closure of non-essential businesses hammered retail sales, with 2020 consumption forecast to decline by at least 5.0%. The presence of the federal government continued to buffer against further pandemic impacts.

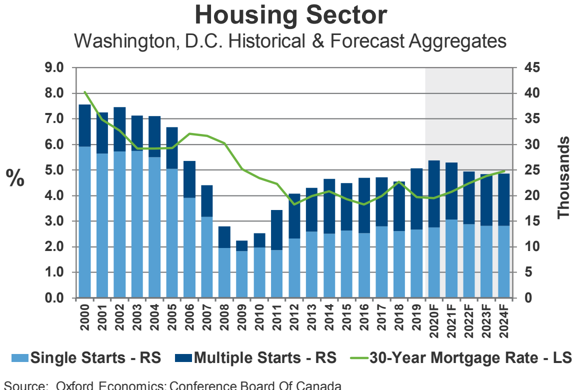
Labour Market
Washington, D.C. Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics

LABOUR MARKET SUFFERED UNPRECEDENTED LOSSES

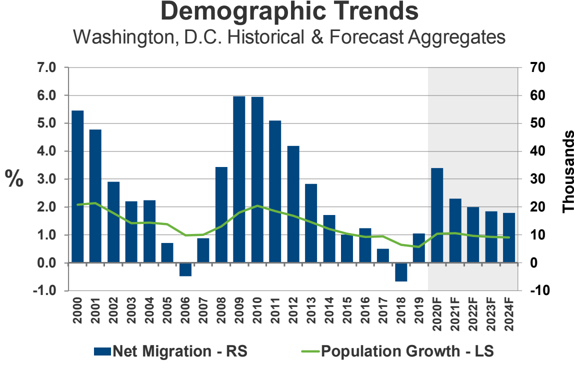
Washington suffered unprecedented job losses due to the shutting down of many sectors of the local economy due to the pandemic during the first half of 2020. According to Oxford Economics, regional employment dropped 8.5% year-over-year as of the end of April. Jobless claims exceeded 600,000 by the spring. Service sectors, including retail and tourism, suffered heavy losses, as social distancing restrictions as many companies were forced to close temporarily and, in some cases, permanently. The region's manufacturers were also under significant duress as supply chains became clogged. Organizations housed in office buildings were also forced to furlough or lay off workers, given reductions in revenues and an uncertain business outlook. To some extent, the region's labour market decline was less acute than in some of the country's other large metros due to the presence of the federal government and a highly educated work force. Despite this buffer, the region's labour market suffered unprecedented erosion in 2020.



Source: Oxford Economics; Conference Board Of Canada

RETAIL SALES DROPPED SHARPLY

The COVID-19 crisis and subsequent closure of non-essential stores across the region resulted in a sharp reduction in retail sales during the first half of 2020. Annual sales were to fall for the first time in a decade. Restrictions implemented to combat the spread of the coronavirus forced the closure of many stores between late March and May, excluding those selling essentials. Even as stores began to reopen in the late spring, many continued to operate at partial capacity or chose to remain closed. As with most of the rest of the country, stores selling groceries and other necessities continued to operate and generate healthy sales. During the second half of 2020, retail sales were expected to gradually increase as the region's economy reopened. The pace was forecast to strengthen in 2021 resulting in real sales growth in excess of 4.0%. Thereafter, average annual growth was projected to range above the 2.0% mark, assuming consumption levels rebound from the sharp drop in the first half of 2020.



Source: Oxford Economics

REGION IS WELL-POSITIONED FOR RECOVERY

Washington is well positioned for the near-term recovery forecast for the second half of 2020 and 2021. With a relatively low percentage of at-risk jobs and public sector presence, the region will recovery quicker than most other metropolitan regions. The regional economy is forecast to expand by 5.8% in 2021, followed by more moderate gains of 2.0% or less over the subsequent three-year period. The recovery will drive the employment rate down from the 6.0% rate of March 2020. Retail sales and the region's housing market will also strengthen with the return to economic growth for which the region is well positioned.

RENTAL MARKET CONDITIONS SOFTENED FOLLOWING AN EXTENDED PERIOD OF STRENGTH

Multi-suite residential rental market conditions softened during the first half of 2020, due largely to the negative impacts of the COVID-19 crisis. Rental demand began to slow significantly with unprecedented job losses as a result of the closure of businesses, schools and government. The erosion of the market's demand cycle during the first half translated into upward vacancy pressure. The market average vacancy rate rose 50 bps between the end of 2019 and the midway mark of 2020, to 6.8%. Previously, vacancy levels were relatively stable, with rates of 6.2% and 6.3% reported at the end of 2018 and 2019, respectively. Vacancy stabilization over this period was a testament to the market's recent strength, given the continued delivery of a significant volume over the past few years. The combination of weak demand and rising vacancy during the first six months of 2020 translated into downward pressure on rents. On average, downward rent pressure was relatively modest and was more pronounced in submarkets with recent new supply completions. As the second half of 2020 got underway, there were signs that rents had stabilized. Despite hints of a possible recovery early in the second half of the year, it was clear rental market conditions had softened in the first half.

INVESTMENT MARKET SLOWED TO A CRAWL

Washington's multi-suite residential rental property investment market slowed to a crawl in the spring of 2020, having been one of the nation's most active over the past few years. The slowdown can be tied directly to the uncertainty surrounding the impacts of the COVID-19 pandemic. Less than $250.0 million in sales was reported during the second quarter of 2020 down from $1.3 billion during the previous three-month period and from $3.8 billion a year earlier. As a result of the COVID-19 driven drop, 2020 was expected to be one of the slowest years on record for investment sales. As the crisis unfolded, the gap between buyer and seller pricing expectations widened, which further eroded sales volume. Additionally, broader sector uncertainty was reflected in recent investment performance characteristics. Investment returns trended further below the long-term average. A total return of 3.3% was recorded for the twelve-month period ending June 30, 2020. The performance was 210 bps below the previous period and 400 bps below the 10-year average. The year-over-year decrease was driven by a weaker capital performance. Barring a significant improvement in the economic and sector outlook, performance patterns were expected to remain below the long-term average along with investment sales activity.

MODERATE RECOVERY PACE FORECAST

A moderate pace of recovery is forecast for the Washington multi-suite residential rental sector over the near term. During 2021, a sharp uptick in economic activity is predicted, largely regaining losses due to the pandemic. Thereafter, a more moderate growth trajectory is forecast for the next couple of years. Job growth patterns will follow a similar path as the broader economy, once again recouping COVID-19 shutdown losses. The gradual labour market recovery will support increased rental demand. In turn, rental market conditions will likely stabilize by late 2021. Coincidentally, vacancy levels were also expected to stabilize, before a modest downward trend emerges in the following year. Improved economic and job and rental market conditions will boost investment demand and transaction activity. Renewed confidence on the part of investors and sellers will drive activity, leading to the stabilization of values. Once again, the region will assume its position as one of the most active and attractive markets in the country. At the same time, a new cycle of growth is expected to have commenced, following a period of modest recovery over the near term.

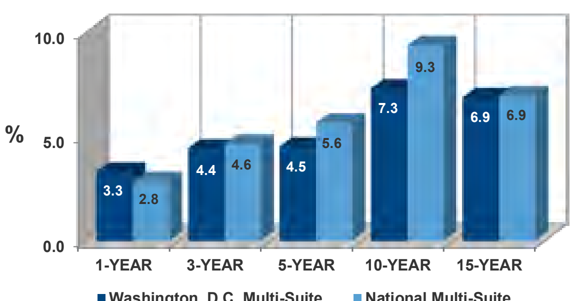
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

Historical Performance

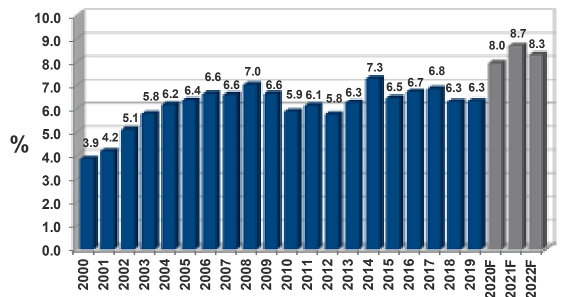
For The Period Ending June 2020



Source: © MSCI Real Estate 2020

Average Rental Vacancy

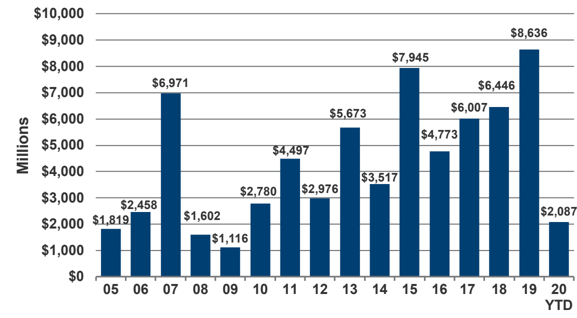
Washington, D.C. Multi-Suite Residential



Source: CoStar

Investment Activity

Washington, D.C. Multi-Suite Investment Volume To June 2020



Source: CoStar

Economic Growth
Raleigh Historical & Forecast Aggregates

Average Annual GDP Growth

Source: Oxford Economics

ECONOMIC SNAPSHOT

Raleigh's economy was tracking a 4.6% contraction in 2020, following an above-average period of expansion over the past several years. The contraction was the result of the economic shutdown due to the COVID-19 crisis, on the heels of a solid 3.0% output increase in 2019. The stalling of the region's economy between March and May of 2020 resulted in a surge in jobless claims. A rapid rise in the unemployment rate was another byproduct of the shutdown of several of the region's business sectors. The closure of non-essential stores and social restrictions translated into a downward retail sales trend and reduced housing market activity.

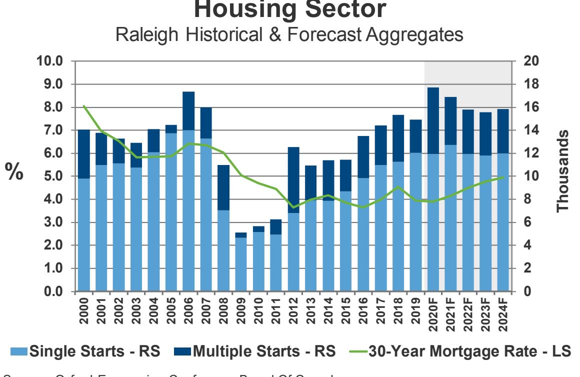
Labour Market
Raleigh Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics

LABOUR MARKET CONDITIONS SOFTENED SUBSTANTIALLY

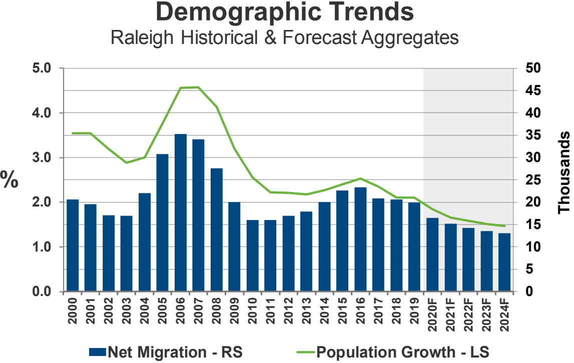
Substantially weaker labour market conditions were reported during 2020, in large part due to the negative economic impact of the COVID-19 crisis. Employment levels were projected to have fallen by 6.2% over the year, despite an expected modest increase in the second half. As a result of the decline, the regional unemployment rate was on pace to more than double, year-over-year, ending 2020 at 6.7%. More than 1.1 million North Carolinians filed for unemployment claims over an eight-week period ending May 10, according to Bureau of Labour figures. If not for a relatively high concentration of technology and office using employment the figure would have been markedly higher. Prior to the pandemic's spread, Raleigh-Durham had posted some of the strongest labour market conditions in the country. However, this successful run came to an end in the first half of 2020, when the COVID-19 crisis lockdown resulted in a substantial softening of labour market conditions.



Source: Oxford Economics; Conference Board Of Canada

ROBUST RETAIL SALES GROWTH TREND ENDED ABRUPTLY

Raleigh's recent track record of strong retail sales came to a grinding halt with the closure of non-essential retail stores to combat the spread of the COVID-19 virus. Retail consumption was expected to drop 2.4% in 2020, with a robust growth trend forecast for 2021 and 2022. The 2020 contraction was largely the result of the closure of most retail stores between March and May. In the second half of the year retail stores were expected to gradually reopen with restrictions, capping growth to some degree. After the initial spike in 2021 and 2022, consumption was expected to settle into a moderate growth trend through to 2024. This near-term outlook assumed the region would avoid a second wave of COVID-19 infections and lock down 2020, which ended Raleigh's recent run of strong sales growth.



Source: Oxford Economics

REGIONAL ECONOMY WILL CONTINUE TO OUTPERFORM

An above-average recovery is forecast for Raleigh's economy over the near term, in line with other emerging technology hubs. Economic output is projected to increase by a robust 7.0% in 2021, according to the Oxford Economics June 2020 forecast. To a large extent the rapid recovery assumes there is no second wave of the virus and pandemic restrictions are relaxed. The phased reopening will drive business expansion and boost employment levels from the early 2020 record lows. Employment levels were expected to rise 4.6% in 2021, before settling into a more moderate growth trend over the subsequent three-year period. The region's unemployment rate will also be dragged downward, ending 2021 close to the 4.5% mark. In particular, the technology-driven business sector is expected to support the region's outperformance during the recovery phase of the economic cycle of the next few years.

GROWTH PHASE OF RENTAL MARKET CYCLE STALLED

Raleigh's multi-suite rental market growth phase of the cycle stalled in the first half of 2020, due primarily to the COVID-19 pandemic. Rental demand plunged with the closure of non-essential businesses, schools and government and resulting record high job losses. At the same time, in-migration volume dropped sharply, which also eroded rental demand. Prior to the pandemic, migrants were drawn to the area to take advantage of superior employment opportunities and relatively low living expenses. Reduced rental demand brought the rent growth cycle to an end. CoStar reported that rents had fallen slightly during the first half of 2020, following an annual average growth rate of 3.5% over the preceding five-year period. Downward rent pressure was strongest in the downtown submarket, due in part to double-digit vacancy levels and continued new supply completions. The stalling of the market's growth cycle was also reflected in recent vacancy patterns. The market average vacancy rate began to slowly rise during the first half of 2020 and was expected to have increased 90 bps to 8.3% year-over-year. Previously, vacancy had decreased modestly year-over-year in 2018 and 2019. The slight upward vacancy pressure was one of several indications of the stalling of the market's growth cycle during the first half of 2020.

INVESTMENT MARKET SLIPPED INTO NEUTRAL GEAR

Raleigh's investment market slipped into neutral in the first half of 2020, due primarily to the negative impacts of the pandemic. Relatively few significant investment transactions have been completed since the emergence of the pandemic in the late stages of the first quarter of 2020. As a result, transaction volume dropped roughly 14.0% in the first six months of 2020, year-over-year. Multi-suite residential rental sector investors retreated to the sidelines with the introduction of restrictions on businesses and consumers and economic shutdown and the resulting uncertainty. To some extent, the uncertain economic and financial backdrop was reflected in recent sector investment performance. Properties tracked in Raleigh's multi-suite residential sector in the MSCI index registered a 4.1% total return for the 12-month period ending June 30, 2020. The result, while still relatively attractive, was down 150 bps year-over-year. The downdraft was a function of a slight reduction in average capital value, as a result of heightened sector uncertainty due to the COVID-19 pandemic fallout. Despite reduced transaction activity and weaker performance metrics, investors continued to exhibit interest in acquiring properties in this market. The market boasted several drivers of positive performance over the medium-to-long term. However, in the first half of 2020 the market temporarily shifted into neutral while investors awaited a more positive performance-driver outlook.

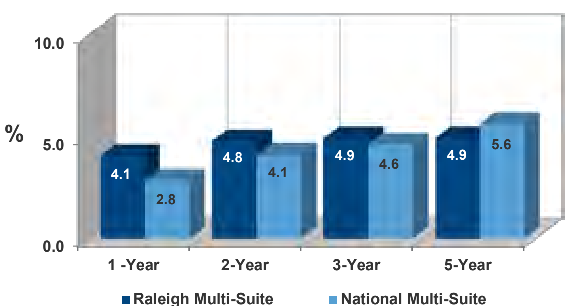
RECOVERY PACE WILL OUTSTRIP NATIONAL AVERAGE

Raleigh's multi-suite residential rental market recovery will outstrip that of the national average. This forecast is predicated on the region's recent track record of performance. Recovery will be supported by a burgeoning technology sector and the region's affluence. Raleigh's economy was projected to expand by a robust 7.1% in 2021, followed by a more moderate growth trend through to the midway mark of the decade. The economic growth trend will support above-average job growth, resulting in positive rental demand momentum over the forecast period. Healthy levels of net in-migration will also add to the rental demand pressure. The demand strength forecast over the next few years will ensure the absorption of new supply and bring vacancy down to pre-COVID-19 crisis levels. In turn, rents will firm and rise in short order relative to the national average. Rent growth will attract investors and drive investment performance, which will outpace the national trend. In short, Raleigh's recovery will outpace the national average, in keeping with the pre-pandemic peak performance.

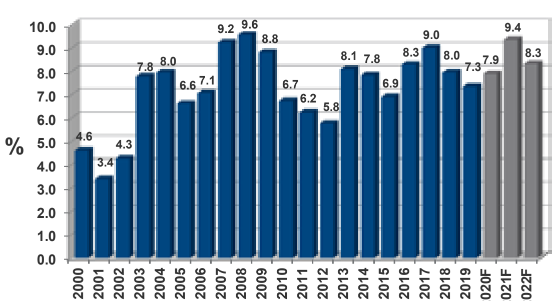
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

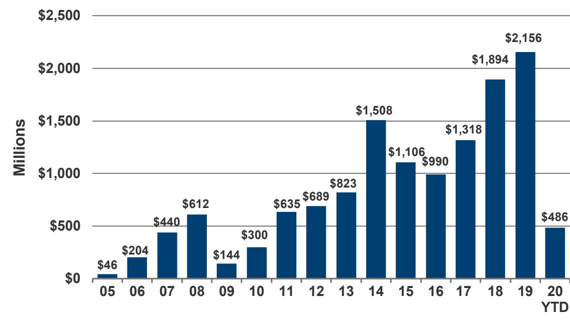
The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).



Source: © MSCI Real Estate 2020



Source: CoStar



Source: CoStar

Economic Growth

Atlanta Historical & Forecast Aggregates

■ Average Annual GDP Growth

Source: Oxford Economics

ECONOMIC SNAPSHOT

Atlanta's prolonged economic growth trend came to an end in early 2020 with the spread of the COVID-19 virus and the implementation of various restrictions on business and personal interaction. Consequently, the region's Gross Domestic Product (GDP) was on pace to contract by approximately 6.2% in 2020. The reduction in economic activity as a result of the pandemic had a profoundly adverse impact on the region's labour market. Job losses reached a record high and the unemployment rate rose into the low teens during March and April 2020. In addition, retail sales and housing market activity slowed significantly.

Labour Market

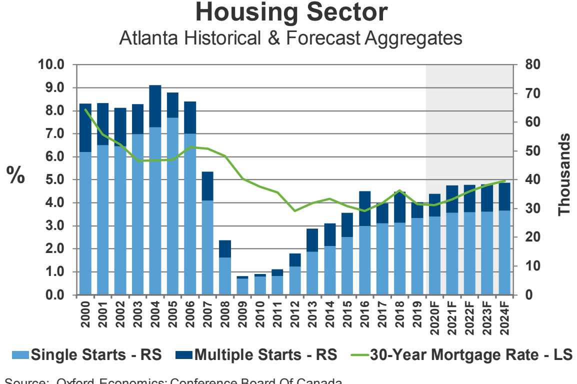
Atlanta Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics

RECORD-HIGH JOB LOSSES RECORDED

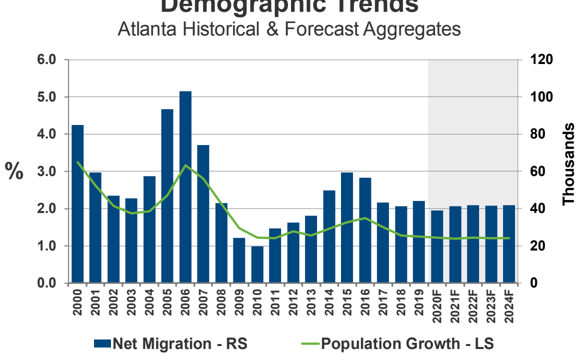
Atlanta racked up record-high job losses in the spring of 2020, as a result of the COVID-19 lockdown. There were more than 300,000 losses reported between February and April in Metro Atlanta. Regional Atlanta employment was projected to have declined by a startling 7.1% in 2020, year-over-year. The leisure, accommodation and retail sectors posted the largest share of job losses, in keeping with the national trend. During the most recent economic cycle, Atlanta's job market was boosted by white collar employment growth and, more specifically, in the professional and business services sectors. The warehouse and distribution sectors have also been a source of increased employment over the past few years as well. Both the warehouse and distribution and professional and business service sectors were expected to drive Atlanta's recovery of jobs lost during the COVID-19 crisis over the near term.



Source: Oxford Economics; Conference Board Of Canada

RETAIL SALES REGRESSION POSTED

Retail sales took a decidedly negative turn for the first time in a decade in 2020, with the unfolding of the COVID-19 crisis. Atlanta's real retail sales volume was forecast to have dropped 5.3% during 2020, with much of the drop tallied during the initial spread of the virus. The closure of non-essential retail outlets and unprecedented job losses between March and May of 2020 drove consumption well below the long-term average. In the second half of 2020, retail sales volume was forecast to steadily improve, however, not enough to offset the pandemic-driven decline. By 2021, a return to growth was forecast, with sales rebounding by 10.8%. Thereafter, more moderate annual advances were expected to unfold, following the retail sales volume regression of 2020.



Source: Oxford Economics

ECONOMY WILL CONTINUE TO STRENGTHEN

Atlanta's economy will continue to strengthen over the near term and regain ground lost during the pandemic. Increased economic output during the second half of 2020 will prevail through much of 2021. Real GDP will improve by a robust 10.8% in 2021, with a more moderate 2.6% advance slated for the following year. Subsequently, output will rise by an annual average slightly less than 2.0% in 2023-2024. A similar employment growth pattern is forecast for the region. Employment will ratchet 6.8% higher in 2021 and 2.8% in 2022. Growth rates of less than 1.0% will continue for 2023-2024. Atlanta's recovery will be driven partially by its information and business services sector, which accounts for roughly one third of its economy. The region is also a favoured head office centre, given relatively low labour costs and access to several well-regarded universities. Population growth will also support the strengthening of Atlanta's economy over the next several years.

RENTAL MARKET UNDERPERFORMED

The Greater Atlanta multi-suite residential rental market underperformed during the first half of 2020 when compared with recent and longer-term trends. A significantly weaker demand trend was reported during the first half, with the restrictions on businesses and government due to the pandemic and resulting job losses. Prior to the pandemic, demand patterns were broadly positive, in keeping with much of the past decade. During this period, healthy demand characteristics were the result of strong white-collar job growth, in-migration patterns, and new family formations. While rental demand plunged, market vacancy began to rise in the first half of 2020. A rate of 9.1% was reported by CoStar in July, with the possibility of rising further to 10.2% by the end of 2021. A rate of 9.4% was projected for the end of 2020, which would represent a three-year high. Over the past several years, vacancy levels increased as a result of the completion of new vacant supply, rather than a reduction in rental demand. Downward pressure on rents was another indication of the rental market's underperformance during the first half of 2020. The combination of reduced demand and rising vacancy eroded rents in most segments of the market. The average market rent had decreased 1.5%, year-to-date as of July, with a 5.7% year-over-year decline forecast for the end of the year. The anticipated rent erosion was consistent with the market's broader underperformance of the first half of 2020.

INVESTMENT MARKET TRENDS MIRRORED NATIONAL AVERAGE

Recent Greater Atlanta area multi-suite residential rental sector investment market trends mirrored those observed in most other regions of the country. The unfolding of the negative impacts of the COVID-19 crisis resulted in a sharp slowdown in investment sales in the spring of 2020. Transaction volume failed to eclipse the $500 million mark in the second quarter, which represented a sharp drop from the $1.5 billion in sales recorded in the previous quarter. Prior to 2020, the region posted annual benchmark sales volume highs for five consecutive years. Investors retreated to the sidelines in 2020, against a backdrop of increased uncertainty, which was consistent with the mindset across the nation. While activity levels plunged, investment performance was also negatively impacted by the uncertainty surrounding the COVID-19 pandemic. Greater Atlanta area properties tracked in the MSCI index generated an annual average return of 4.3% for the year ended June 30, 2020. Both the capital and income components of the performance softened, which was also common for the asset class in most regions of the country. Barring a material improvement in the Greater Atlanta economy and investor confidence levels, investment market conditions were expected to remain tepid over the near term, in keeping with the national trend.

RECOVERY PHASE OF CYCLE WILL GRADUALLY UNFOLD

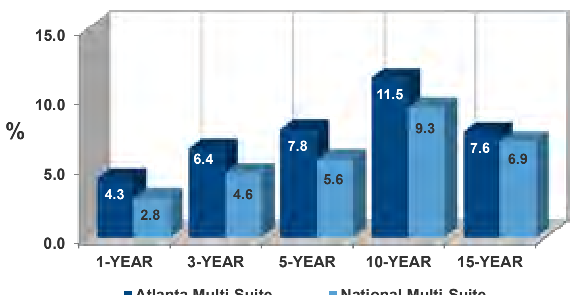
The Greater Atlanta multi-suite residential rental sector recovery phase of the cycle will gradually unfold over the near term. The regional economic growth outlook will support job growth and, by extension, modest increases in rental demand in the second half of 2020 and into 2021. Families and individuals will seek out rental accommodation as the economic outlook improves. The gradual strengthening of the demand cycle will lead to the stabilization of market vacancy and rents by 2022. In turn, landlord income performance will also stabilize and eventually improve. Rental market and economic recovery will bolster investor confidence levels and support increased investment sales activity. Additionally, rental market recovery will boost investment performance, as rents and property values begin to rise. In short, while the near-term outlook for the Greater Atlanta multi-suite residential rental sector may include a measure of volatility, a modest recovery is expected to gradually unfold.

TRENDING STATISTICS		
FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

Historical Performance

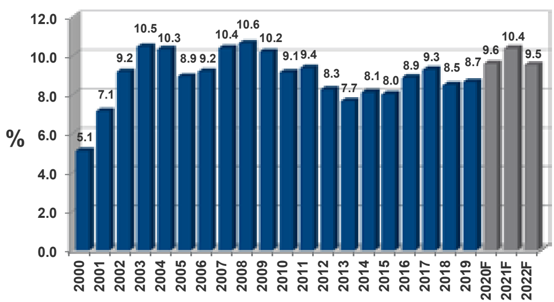
For The Period Ending June 2020



Source: © MSCI Real Estate 2020

Average Rental Vacancy

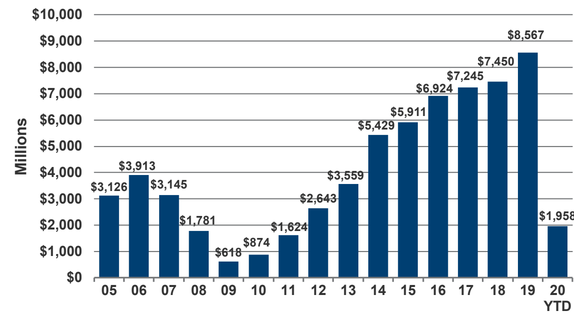
Atlanta Multi-Suite Residential



Source: CoStar

Investment Activity

Atlanta Multi-Suite Investment Volume To June 2020



Source: CoStar

Economic Growth

Palm Beach MSA* Historical & Forecast Aggregates

■ Average Annual GDP Growth

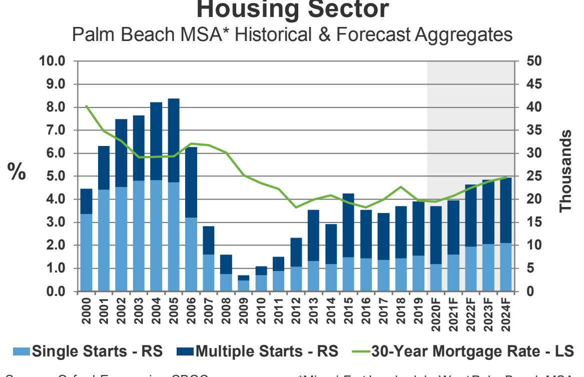
Source: Oxford Economics *Miami-Fort Lauderdale-West Palm Beach MSA

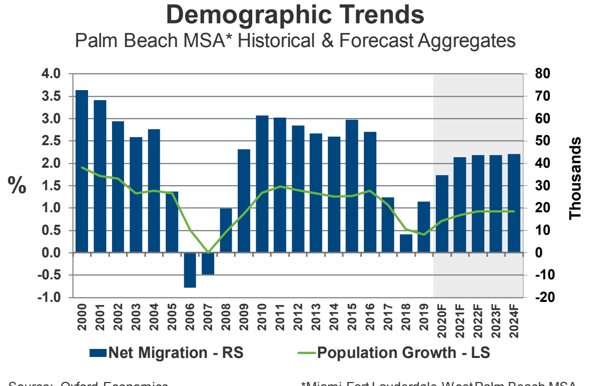
Labour Market

Palm Beach MSA* Historical & Forecast Aggregates

■ Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics *Miami-Fort Lauderdale-West Palm Beach MSA





ECONOMIC SNAPSHOT

Palm Beach MSA economic output was expected to decline by 6.4% in 2020, as a result of the effects of the COVID-19 pandemic. Reductions in economic output were anticipated through to the end of 2020 at least. The region's tourism and recreation sectors have suffered most, with the restrictions on personal interaction put in place to curb the spread of the virus. Employment levels were forecast to drop by 6.2% in 2020, driving the unemployment rate into double-digit range. Retail consumption patterns weakened significantly in the first half of the year, driven by the severe economic and employment declines.

JOB MARKET GAINS OF PAST FEW YEARS WERE WIPED OUT

The Palm Beach MSA labour market gains of the past few years were wiped out by record-high job losses as a result of the restrictions implemented to combat the spread of the coronavirus in the spring of 2020. In April alone, almost 155,000 jobs were lost, which was the highest total on record. The leisure and hospitality sectors of the economy suffered the most, which was also the case in most tourist centres across the state. Job losses pushed the region's unemployment rate sharply higher from the 2.8% level recorded at the end of 2019. The rate was expected to reach into the low double digit by the end of 2020. In May, there was cause for optimism, as roughly 20.0% of the job losses were recouped. It was hoped that gains would continue with the gradual reopening of the economy in early June. However, coronavirus infections began to rise significantly in the late stages of June and into July. As a result, the regional job market was faced with another potential threat having suffered record high losses earlier in the year.

RETAIL SALES GROWTH PATTERN WAS REVERSED

The Palm Beach MSA retail sales growth pattern was reversed in 2020 with the closure of non-essential stores and restrictions on consumer interaction implemented to combat the spread of COVID-19. Real retail sales volume, excluding vehicle sales, was forecast to contract by 6.3% in 2020, following healthy gains in each of the seven previous years. While online shopping helped some stores generate income, many were forced to lay off staff at brick and mortar locations. For some, the temporary closure became permanent, as their ability to transition to an online platform proved to be too onerous or they lack the funds to wait to reopen. In 2021, retail consumption patterns were forecast to increase at a moderate rate, after a brief reversal of the medium-term growth patterns.

RECOVERY WILL SLOWLY EMERGE

The Palm Beach MSA economic recovery will slowly unfold over the near term. Economic growth will firm up in the second half of 2021, following a period of volatility. Growth was expected to pick up in the second half of 2020, however, a spike in coronavirus infections threatened to hamper progress. The economic malaise, therefore, will continue into early 2021 and perhaps longer. Economic output is forecast to increase by a robust 7.2% in 2021 and 4.1% in 2022. Output will then rise by an average of 2.0% annually in 2023 and 2024. A similar employment growth pattern is anticipated over the next few years, which will pull the unemployment rate down closer to the 4.0% mark by the end of the forecast period. Beginning in 2020, a moderate rise in disposable income will boost retail sales growth. In summary, the Pam Beach MSA's economic recovery from the impacts of the pandemic is expected to gradually unfold by 2022, following a period of near-term volatility.

RENTAL MARKET CONDITIONS WEAKENED

Palm Beach (PB) multi-suite residential rental market conditions weakened with the unfolding of the COVID-19 pandemic. The sharp decline in employment levels and economic activity eroded rental demand. The focus for landlords shifted to rent collections. At the same time, landlords were forced to offer rent discounts and stretch rent payments over longer time periods to maintain occupancy levels. As demand slowed, asking rents declined. Downward pressure on rents erased gains made year-to-date, after above-average increases were reported over much of the past few years. The downward pressure was strongest for the market's best buildings. Several construction projects were delayed while others were canceled. n general, newly constructed properties took longer to lease up. Tenants looking to upgrade chose to stay in their existing units, given increased economic and employment risk. PB market vacancy increased by a modest 50 bps to 8.4% during the second quarter of 2020. However, vacancy was forecast to rise more sharply in the second half of the year. Markedly higher vacancy levels were reported for the market's newer buildings, which will continue through the balance of the year. In short, PB rental market conditions softened significantly with the unfolding of the COVID-19 pandemic, a trend that was expected to continue over then near term.

MODERATION WAS THE OVERRIDING INVESTMENT MARKET THEME

The overriding PB multi-suite residential rental investment market theme of the recent past was moderation. This moderation was evidenced in recent transaction volume totals. There was $163.0 million in PB multi-suite residential rental property sales volume recorded during the first six months of 2020. The total was down sharply from the activity levels reported over the same time period a year earlier when $430.7 million in sales was reported. Investor confidence levels declined, as a result of increased sector risk due to the pandemic. Consequently, investors looked for lower risk opportunities, of which there were relatively few. Investment performance also moderated over the recent past. Southeast Florida properties contained in the MSCI Index registered an annual average total return of 3.4% for the year ending June 30, 2020. The result was down 90 bps year-over-year. The decline was a function of weaker income and capital performance. Additionally, the most recent performance fell short of most medium and long-term investment horizons. Looking ahead, the PB multi-suite residential rental sector investment market's main theme of moderation was expected to continue to unfold over the near term.

EROSION OF SECTOR FUNDAMENTALS TO PERSIST

The continued erosion of PB multi-suite residential rental sector fundamentals is anticipated over the near term. Rental demand will remain sluggish, as employment levels remain well below the pre-pandemic level. PB lost more than 100,000 as a result of the pandemic lock down. To date roughly 31,000 positions have been regained. The slow job market recovery will continue to negatively impact rental market fundamentals. PB vacancy is forecast to rise into the low double digits in 2022, before gradually declining. Rents will steadily decline during 2021, as demand falls short of supply. Landlords will continue to offer incentives to attract tenants to their properties. In general, rents will continue to decline over the next 12 to 18 months, with downward pressure strongest for recently built buildings. The softening of rental market fundamentals forecast over the near term will impact investment performance. Returns will continue to decline, driven by the erosion of capital value and weakened income performance. Despite the performance downdraft, however, investors will continue to look for opportunities to invest. Most groups will be increasingly selective when acquiring properties over the near term, given the continued erosion of sector fundamentals.

TRENDING STATISTICS		
FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

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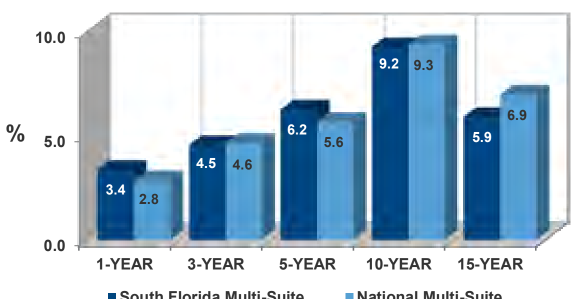
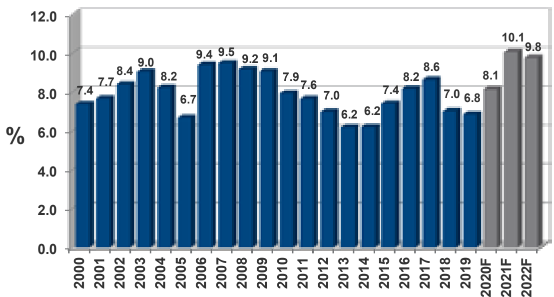
Historical Performance
For The Period Ending June 2020



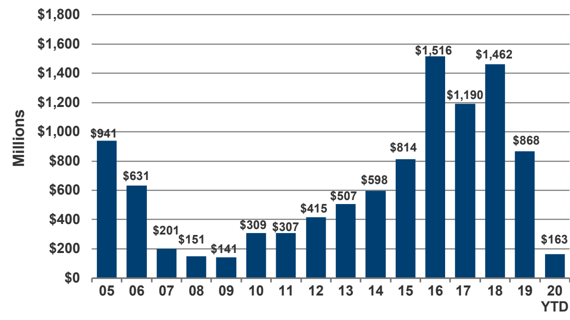
Source: © MSCI Real Estate 2020

Average Rental Vacancy
Palm Beach Multi-Suite Residential



Source: CoStar

Investment Activity
Palm Beach Multi-Suite Investment Volume To June 2020



Source: CoStar

Economic Growth
Chicago Historical & Forecast Aggregates

■ Average Annual GDP Growth

Source: Oxford Economics

ECONOMIC SNAPSHOT

Parts of Chicago's economy came to a standstill in the first half of 2020 as the COVID-19 virus threatened the health of the region's residents. GDP was tracking a 7.8% decline for the year, despite the forecast early stages of recovery over the second half of the year. The sharp reduction in economic activity forced many of the region's businesses to furlough or permanently lay off employees, resulting in record high job losses. Total employment was expected to have dropped by 8.3% over 2020. Record job losses in addition to the close of non-essential stores reduced retail sales volume for the first time in a decade.

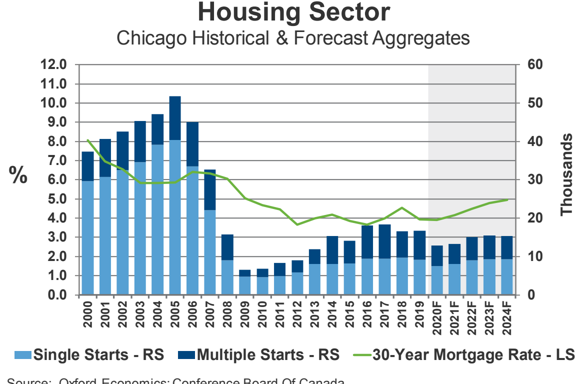
Labour Market
Chicago Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics

RUN OF LABOUR MARKET PROGRESS WAS HALTED

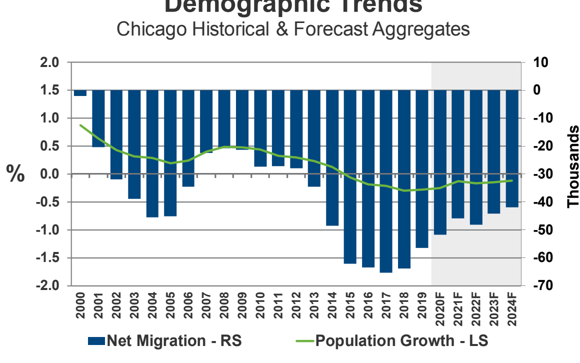
The unfolding of the COVID-19 crisis brought Chicago's extended run of labour market advancement to an end. More than 470,000 jobs were lost between the beginning of March 2020 through to the end of April in the Chicago MSA. Moreover, 730,000 jobless claims were reported across the state of Illinois, month-over-month as of mid-April 2020. Further losses were anticipated in the first half, most of which were in the Midwest's largest business centre, Chicago. An aggregate reduction in total employment of 8.3% was forecast for the year. Next to New York, Chicago had the second highest number of jobs in sectors that had already racked up significant losses as a result of the pandemic. Job losses due to the pandemic were expected to translate into a record high unemployment rate. A rate of 10.7% was forecast for the end of 2020, up 680 bps year-over-year, having spiked to over 17.0% as of the end of April. The sharp rise in the unemployment rate offered further evidence that Chicago's record of positive labour market performance had come to an end.



Source: Oxford Economics; Conference Board Of Canada

RETAIL SALES PATTERN MIRRORED THE NATIONAL TREND

Chicago's 2020 retail sales performance mirrored the national trend. For the first time in roughly a decade retail consumption declined as a result of restrictions imposed by authorities to combat the spread of the COVID-19 virus. The decline was in keeping with the national trend. The 12.1% reduction in retail consumption forecast for the Chicago MSA in 2020 was significantly more acute than the last dip of 6.7% in 2009. In 2020, the closure on non-essential retail outlets as a result of the pandemic was the major driver of the reduction in sales volume. Although the region has moved to Phase III of its reopening plan, the sharp drop in tourism visits eroded retail sales volume. The impact of reduced tourist traffic and resulting erosion of sales was in keeping with the broader national trend.



Source: Oxford Economics

RECOVERY WILL BE RELATIVELY SLOW BUT SURE

Chicago's recovery from the ravages of the COVID-19 driven recession will be relatively slow but sure. The region will expand by a robust 10.6% in 2021, following a 7.8% contraction in 2020. Subsequently, the rate at which output increases through to 2024 will be below the national average. Reliance on slower growth industries and relatively weak demographic trends are the root of the underperformance. The exception to this rule is the high-tech sector, which will outperform. However, the sector is relatively small compared with other major centres. The 2021 surge in economic output will boost employment levels by 6.3% following the 8.3% drop in 2020. Over the subsequent three-year period, however, employment will contract slightly as a result of the region's slow growth outlook. Modest increases in retail sales over the forecast period are also a reflection of Chicago's slow but sure recovery.

RENTAL DEMAND CYCLE STALLED DUE TO RECORD JOB LOSSES

Multi-suite residential rental demand stalled in the early spring of 2020 largely due to unprecedented job losses as a result of measures implemented to curb the COVID-19 virus. Hundreds of thousands of jobs were lost, with the closure of non-essential businesses, schools and government. The resulting impact on the region's consumers resulted in a sharp decline in demand for rental accommodation. During the second quarter, just 600 units were absorbed in Greater Chicago, representing a sharp drop from the prior four-quarter average of 2,750 units according to CoStar figures. Recently, a significant number of tenants have moved to the suburbs, fearing for their safety amidst rioting and looting in the inner city. Landlords focused their energy on maintaining occupancy levels and working with tenants who struggled to pay rent. At the same time, some offered incentives to prospective tenants. Generally, downward pressure on average rents was reported across the market. The strongest downward rent pressure was in the downtown area, where vacancy had already reached into double-digit range. The downward pressure on rents reported during the first half of 2020 was a byproduct of markedly reduced rental demand.

EROSION OF INVESTMENT MARKET FUNDAMENTALS RECORDED

Greater Chicago multi-suite residential rental market fundamentals were eroded during the first half of 2020, in keeping with the national trend. The most obvious evidence of erosion was the drop off in sales activity, which also occurred in most regions of the country. Total sales volume dropped by 46.6% in the first six months of 2020, year-over-year according to CoStar figures. The unprecedented decline in economic output and employment was the main cause of the reduction in sales. Investment confidence was also eroded as a result of the pandemic's negative impact on the regional economic outlook. The gap between seller and buyer pricing expectations widened, dampening sales activity. Sellers were hesitant to sell properties, as the market softened. The erosion of the market's demand cycle coincided with weakened performance characteristics. Properties tracked in the MSCI index posted an annual average return of (0.6)% for the year ending June 30, 2020. The return was markedly weaker than all other investment horizons and was down 250 bps year-over-year. The weaker performance pattern of the past year was a byproduct of downward pressure on capital value and income. The erosion of the investment performance pattern was in keeping with the broader market and national trend.

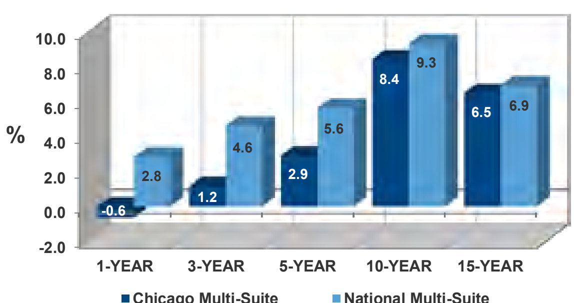
UNDERWHELMING NEAR-TERM TRENDS FORECAST

The Greater Chicago multi-suite residential rental sector forecast in somewhat underwhelming. Rental market conditions will remain relatively weak through the second half of 2020 and much of 2021. Market vacancy is expected to continue to climb over this time period. Tenants looking to rent will have plenty of options, given an above-average volume of new supply deliveries over the recent past. By 2022, rental market conditions are expected to strengthen, following a two-year period of underwhelming performance. To some extent, the slower-than-average rental market recovery will have an impact on investment market conditions over roughly the same time period. Through the balance of 2020 and into 2021 investment sales activity will remain muted, when compared to the peak period between 2016 and 2018. Investment performance will likely lag somewhat until 2022, given the time it will take for sector rents to firm and rise. The capital cycle will also act as a drag on investment performance over the near term. In short, multi-suite residential rental sector fundamentals are expected to continue to underwhelm over the near term, with a firmer recovery phase of the cycle forecast to unfold some time in 2022.

TRENDING STATISTICS		
FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

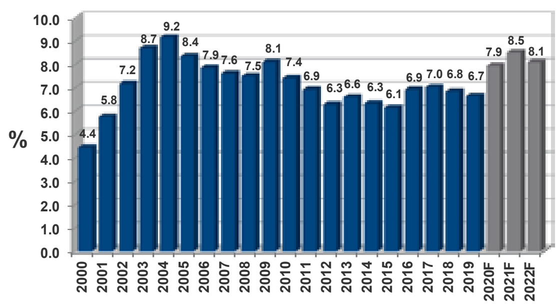
The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

Historical Performance
For The Period Ending June 2020



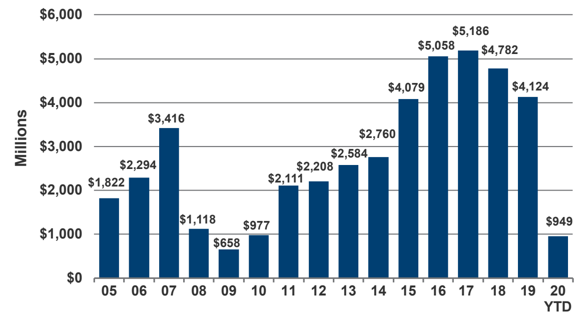
Source: © MSCI Real Estate 2020

Average Rental Vacancy
Chicago Multi-Suite Residential



Source: CoStar

Investment Activity
Chicago Multi-Suite Investment Volume To June 2020



Source: CoStar

Economic Growth
New Orleans Historical & Forecast Aggregates

Average Annual GDP Growth

Source: Oxford Economics

ECONOMIC SNAPSHOT

The New Orleans economy suffered another setback in 2020 with the spread of the COVID-19 virus and falling global oil demand and prices. Economic output was forecast to contract by 7.8% in 2020, following a meagre 0.2% advance in 2019. The 2020 plunge would mark New Orleans' third significant annual reduction in economic output in the past decade. The first-half reduction in economic output negatively impacted the region's labour market. Employment was forecast to dip 8.8% in 2020, with the sharpest declines in the travel and tourism sectors. The unemployment rate was expected to rise to 11.1% by year end having stood at a healthy 4.2% a year earlier.

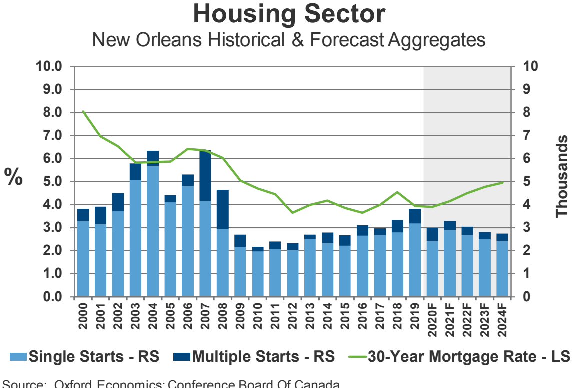
Labour Market
New Orleans Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics

ANOTHER PERIOD OF LABOUR MARKET EROSION REPORTED

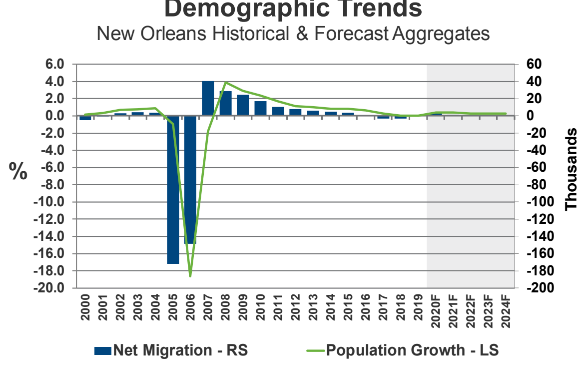
New Orleans suffered another period of labour market erosion in 2020, driven this time by the negative effects of the COVID-19 pandemic. As the virus spread, restrictions on business and social activities resulted in significant declines in revenues and employment in several sectors. The Oxford Economics baseline forecast called for at least 103,000 job losses during the second quarter of 2020 and a net figure of 44,000 positions over the year. Losses in the first half of the year were particularly high in the leisure and entertainment sectors, in keeping with the national trend. More modest losses were also tallied in the region's all-important oil and gas sector with capex spending plunging by over 60.0% by the spring. Job losses were expected to drive the region's unemployment rate into double-digit territory by the end of 2020. This forecast was a function of the broad-based erosion of New Orleans' labour market that unfolded with the spread of the coronavirus earlier in the year.



Source: Oxford Economics; Conference Board Of Canada

RETAIL SALES TRENDED FIRMLY TO THE NEGATIVE

New Orleans' retail sales trend of the recent past was substantially negative, due primarily to restrictions enacted to combat the spread of the coronavirus. A cumulative drop in retail consumption of 16.8% was forecast by Oxford Economics in the spring of 2020 for the first six months of the year. The annualized forecast called for an 11.6% decrease in sales, following nine consecutive years of growth. In the second half of 2020, a moderately healthy growth rate was forecast, supported by the reopening of most non-essential stores with ongoing restrictions. New Orleans' retail sales pattern of the recent past was in keeping with the national trend, which was materially negative.



Source: Oxford Economics

ECONOMIC OUTLOOK IS MODERATELY POSITIVE

New Orleans' near-term economic recovery will be moderately positive by comparison. Annualized output is projected to increase by an average of 1.7% between 2022 and 2024, after an initial surge with the reopening of a significant portion of the regional economy after the first wave of the coronavirus. While positive, the growth trajectory is expected to lag behind the national average. Similarly, the pace of the region's labour market recovery will also fall short of the national trend. Employment is forecast to rise by a relatively robust 6.8% in 2020, as a significant number of losses as a result of the pandemic are recouped. Subsequently, however, employment will contract by an annual average of 0.1% between 2022 and 2024, as a result of the region's economic underperformance. The region's dependence on a relatively narrow range of economic drivers will continue to undermine its progression over the forecast period. A slow recovery in the region's tourism and leisure sector will also hamper progress over the moderately positive recovery forecast over the next few years.

DOWNSIDE RENTAL MARKET RISK CONTINUED TO BUILD

Downside Greater New Orleans multi-suite residential rental market risk continued to build in the first half of 2020. The most notable downside risk to emerge in the first half was the negative impacts of the COVID-19 crisis. The resulting record high job losses, particularly in the hospitality, entertainment and retail sectors, posed a significant threat to the market's demand cycle. The region's exposure to the oil and gas sector was another source of risk for the local economy and, by extension, its residential rental market. Additionally, the use of vacant units by short-term rental groups was also a concern, indicating the true market vacancy was understated. During the first half of 2020, it appeared some of these downside risks had begun to impact rental market conditions. A sharp decline in rental demand unfolded in the spring of 2020, with the plunge in employment levels as a result of the COVID-19 crisis. At the same time, market vacancy began to rise, and rents began to decrease. Vacancy rose 50 bps to 8.5% as of the end of June 2020, from the end of 2019. By the end of 2020, the average market rent was expected to have fallen by almost 5.0%. Increased vacancy and downward rent pressure afforded some renters an opportunity to upgrade to higher quality accommodation without incurring additional costs. In short, New Orleans multi-suite residential rental market risk was expected to remain elevated over the near term, having continued to build during the first half of 2020.

RELATIVE STABILITY CHARACTERIZED INVESTMENT MARKET PERFORMANCE

The Greater New Orleans multi-suite residential rental investment market has been relatively stable over the recent past, when compared with other regions of the country. Evidence of the market's relative stability was contained in recent sales volume patterns. A total of $53.9 million in investment sales volume was reported for the first six months of 2020, up from $32.8 million over the same time period a year earlier. Most other U.S. urban centres posted sharp drops in sales volume over the same time period. The figure was comparable to the five-year first half average as well. The market's demand patterns were also relatively stable over the recent past. Investors tended to focus on value-add properties for acquisition with upside potential. Cyclical market fluctuations were less of a concern in these types of scenarios. Traditionally, and over the recent past, out-of-state institutional investors were not overly active market participants. To some degree, the market's size and demand profile have supported relatively stable property values. Investment market conditions were expected to soften over the near term while maintaining a measure of relative stability.

FURTHER SOFTENING OF RENTAL MARKET CONDITIONS FORECAST

Greater New Orleans multi-suite residential rental market conditions are expected to soften over the near term, as the COVID-19 crisis continues to negatively impact performance. Employment will remain well below pre-crisis levels through to at least the end of 2021. As a result, rental demand will remain tepid. The combination of a tepid demand trend and continued new supply completions will drive vacancy beyond the 10.0% mark in 2021, which will be a decade high. At the same time, rents will steadily fall, before a stabilizing trend unfolds in 2022. The rental market softening forecast over the near term will erode investment market performance. Property values will fall modestly while income growth eases. Despite the performance erosion investors will continue to scan the region for value-add opportunities. Therefore, transaction activity levels will stabilize. The region's economic outlook is expected to stabilize in 2022, which will drive rental market improvement following a period of material softening.

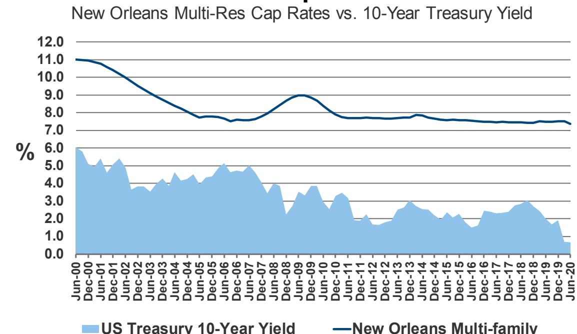
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

Yield Spreads

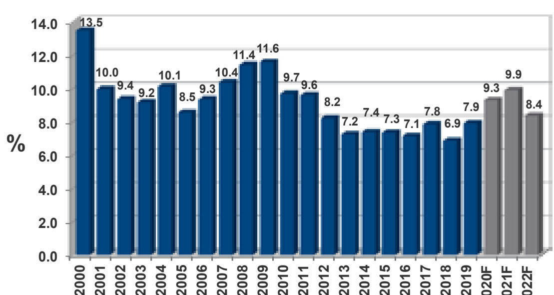
New Orleans Multi-Res Cap Rates vs. 10-Year Treasury Yield



Source: CoStar, U.S. Department of the Treasury

Average Rental Vacancy

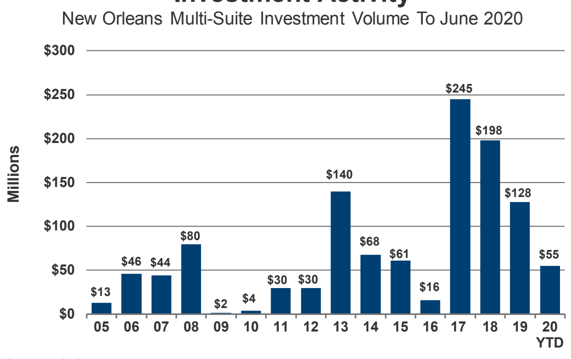
New Orleans Multi-Suite Residential



Source: CoStar

Investment Activity

New Orleans Multi-Suite Investment Volume To June 2020



Source: CoStar

Economic Growth
Dallas Historical & Forecast Aggregates

■ Average Annual GDP Growth

Source: Oxford Economics

ECONOMIC SNAPSHOT

Economic activity dropped sharply during the first half of 2020 as a result of the COVID-19 pandemic, ending Dallas' extended run of above-average growth. Output was projected to have dipped 6.3% on an annualized basis by the end of the year. Not surprisingly, the sharp decline in business activity negatively impacted the region's labour market. Regional employment was projected to decline 6.7% in 2020, although many of these positions were expected to be recouped with the region's reopening in the second half of 2020 and in 2021. The region's retail sales growth trend was expected to follow a similar pattern over the same time period.

Labour Market
Dallas Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics

JOB MARKET TOOK A BIT OF A TUMBLE

A substantial weakening of Dallas area employment trends was reported during the emergence of the coronavirus in the first half of 2020. Regional employment was projected to fall by 6.3% on an annualized basis in 2020, with most of the losses occurring in the first half. Over the same time period, the regional unemployment rate was expected to have increased to 8.5% by the end of the year, up 520 bps from a year earlier. Previously, the region's job prospects attracted younger and well-educated workers at a relatively high rate. As a result, the unemployment rate had steadily declined over the past few years. Favourable tax laws have also been a driver of healthy worker in-migration for some time. The influx of well-educated migrants was a function of the increased diversification of the region's economy, which also supported job market progress. The region's attractiveness was expected to bolster the job-market strengthening over the near term, following the first-half 2020 backstep.

Housing Sector
Dallas Historical & Forecast Aggregates

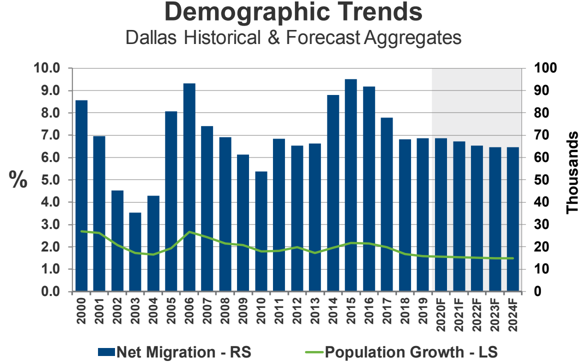
Single Starts - RS ■ Multiple Starts - RS — 30-Year Mortgage Rate - LS

Source: Oxford Economics; Conference Board Of Canada

RETAIL CONSUMPTION PLUNGED

Retail consumption plunged across the region with the closure of non-essential stores in the spring of 2020 to curb the spread of coronavirus. As a result of the closures, real retail consumption was forecast to decrease by 7.9% in 2020, according to Oxford Economics' spring projection. This reduction would present the first annual decline in a decade. During the first six months of 2020 alone, retail sales volume was tracking a cumulative 14.0% decline. Looking ahead, consumption patterns were expected to strengthen during the second half of 2020 and into 2021. The region's economic and job market outperformance of the past few years was expected to support a quicker-than-average and stronger overall retail sales recovery. Consequently, the retail sales plunge of early 2020 could soon be forgotten.

Demographic Trends
Dallas Historical & Forecast Aggregates



Source: Oxford Economics

OUTPERFORMANCE FORECAST DURING RECOVERY PERIOD

Dallas' economic recovery from the negative effects of the coronavirus will be more rapid and robust than average. Real GDP is forecast to expand 11.3% in 2020 and an annual average of 2.3% through to 2024. The region's economic diversity will drive the outperformance, in addition to its attractiveness for both businesses and skilled workers. The national economy is projected to expand by a modest 1.6% annually between 2022 and 2024. The regional labour market is also projected to outperform over the forecast period, with employment increasing by an annual average of 0.9% compared with the 0.3% national average. Higher workforce productivity and demographics will drive better-than-average employment growth. In fact, Dallas' will outperform the national average in most aspects of its recovery over the near term.

RENTAL MARKET POSITIVE MOMENTUM WAS HALTED

Positive momentum in the Greater Dallas multi-suite residential rental market stalled during the first half of 2020, due largely to the COVID-19 pandemic. Rental demand declined significantly in April of 2020, driven by unprecedented job losses and restrictions on social interaction designed to stop the spread of the COVID-19 virus. Prior to the COVID-19 crisis, above-average job growth and in-migration volume had boosted rental demand during the market's extended growth phase. The sharp reduction in rental demand in the first half of 2020 was reflected in weakened absorption patterns and rent growth. Additionally, modest upward vacancy pressure was also reported. The market average was forecast to rise between 20 and 40 bps, year-over-year as of the end of the year. Upward pressure was most common in submarkets with recent new supply additions. Increased vacancy coincided with downward rent pressure between April and the end of June of 2020. Rent growth in Downtown and Uptown/Park Cities slowed more sharply than in most other submarkets. However, on average, downward pressure on Greater Dallas area rents was less acute than reported in many other regions of the country. While rents appeared to have held up relatively well, the positive rental market momentum of the past few years effectively stalled with the onset of the coronavirus in the first half of 2020

INVESTMENT SALES ACTIVITY FELL SHARPLY

Sales of Greater Dallas area multi-suite residential rental properties fell during the first half of 2020, as investors effectively retreated to the sidelines. A total of $719.6 million in sales was reported by CoStar for the six-month period, down 74.8% from the same time period one year earlier. The decline in activity levels was one of the sharpest in the country. Investors hesitated to acquire properties in this market during a period of heightened uncertainty surrounding the impacts of the pandemic on the economic and financial outlook. This sentiment was commonly held by most investors in commercial real estate across the country. For the most part, sellers were unwilling to expose their properties to potential buyers in an environment of heightened uncertainty. The change in the market's demand supply coincided with moderately weaker performance characteristics. The subset of properties contained in the MSCI index generated an annual average total return of 2.6%, for the year ending June 30, 2020. The return was down 120 bps year-over-year, largely due to the modest erosion of capital value over the same time period. Weaker investment performance characteristics were expected to persist over the near term while investment sales volume remains well below pre-coronavirus levels.

RECOVERY WILL BE COMPARATIVELY QUICK

The Greater Dallas area multi-suite residential rental sector recovery will be relatively rapid. The regional economy is expected to outperform over the near term. The outperformance will support above-average job growth, which will bolster rental demand patterns. Rental demand is projected to grow progressively stronger, after an initial bounce back in 2021. Consequently, rental market vacancy will stabilize in relatively short order. An improved demand supply dynamic will push rents moderate higher, beginning in 2022. The economic and rental market strengthening will outpace the national average and attract the attention of various investment groups. National and regional groups will re-enter the market for acquisitions and push investment sales volume progressively higher. Healthier rental market conditions and investment demand will drive returns higher. The relatively quick multi-suite residential rental sector and economic recovery forecast over the near term will provide the foundation for another growth cycle.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

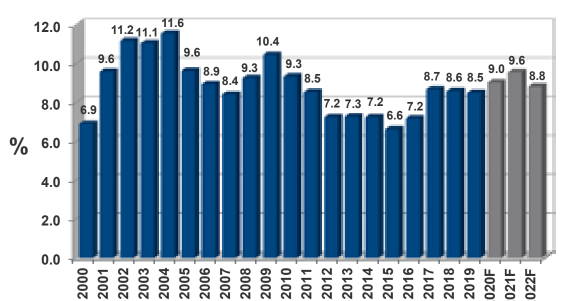
Historical Performance

For The Period Ending June 2020

Source: © MSCI Real Estate 2020

Average Rental Vacancy

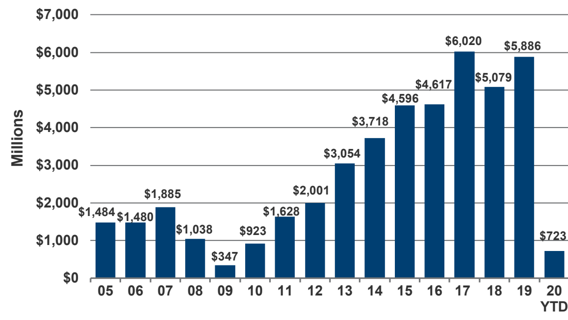
Dallas Multi-Suite Residential



Source: CoStar

Investment Activity

Dallas Multi-Suite Investment Volume To June 2020



Source: CoStar

Economic Growth
Denver Historical & Forecast Aggregates

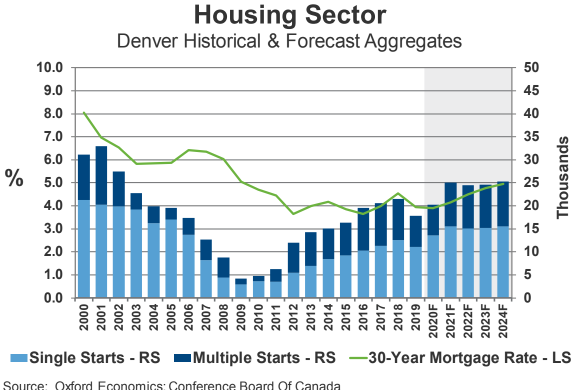
■ Average Annual GDP Growth

Source: Oxford Economics

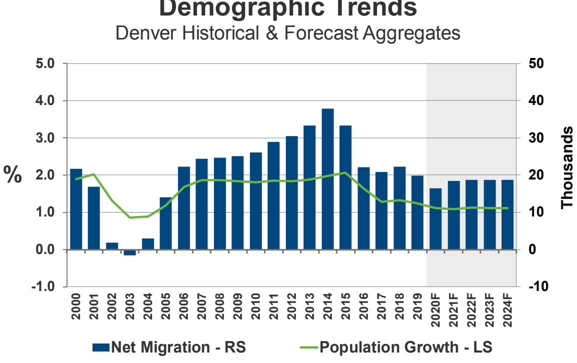
Labour Market
Denver Historical & Forecast Aggregates

Labour Force - RS — Employment Growth - LS — Unemployment Rate - LS

Source: Oxford Economics



Source: Oxford Economics; Conference Board Of Canada



Source: Oxford Economics

ECONOMIC SNAPSHOT

The Denver Aurora Lakewood metropolitan statistical area (DALMSA) economy was tracking a 5.9% contraction in 2020 due to the coronavirus outbreak. This performance contrasted the 3.8% expansion posted in 2019. The reversal of the region's growth trend had an immediate and negative impact on its labour market. Regional employment was projected to decline by 6.6% in 2020, following strong gains made over the past few years. At the same time, the closure of non-essential stores due to the pandemic was expected to cause a significant reduction in retail sales volume for the first time since the global financial crisis and resulting recession.

LABOUR MARKET REGRESSION WAS SWIFT

The effects of the coronavirus resulted in a swift labour market regression in Denver and the surrounding area in early 2020. Roughly 165,000 jobs were lost in April alone, with the spread of the virus and subsequent shelter-in-place orders. The losses were far worse and occurred over a much shorter time period than the roughly 67,000 jobs lost during the Great Financial Crisis of 2008/2009. Across the state 550,000 unemployment claims have been made between mid-March and late June. Job losses in greater Denver were expected to quickly drive the region's unemployment rate to 7.9% by the end of 2020, which will be a high point dating back several years. As the second quarter came to close to an end, however, jobless claims exhibited signs of slowing indicating the worst may be over. Labour market conditions were expected to stabilize during the second half of the year and improve in 2021, following a swift regression from March through to early June.

RETAIL SPENDING DROPPED SHARPLY WITH THE CLOSURE OF NON-ESSENTIAL STORES

Retail spending levels dropped sharply in the spring of 2020 with the closure of non-essential physical stores across the Denver area. During the first half of 2020, a cumulative decline in spending of 13.2% was forecast. Oxford Economics projected a year-over-year drop in retail consumption of roughly 7.0% by the end of the year, marking the first annual decrease in almost a decade. Consistent with the national trend, food and beverage and clothing outlets were the hardest hit in terms of lost revenue. During the first half of 2020, many stores had already closed in some cases permanently. In the second half, spending was expected to increase before firming in 2021 and 2022 as the regional economy reopens. By then, it was hoped the negative impacts of the coronavirus on retail spending will have been reversed.

THE GOOD TIMES WILL ROLL AGAIN

Denver's economy was expected to outperform over the near term, in keeping with the pre-coronavirus trend. Economic output was forecast to strengthen in the second half of 2020. In 2021, an initial 10.6% output surge was projected with the reopening of the regional economy, with a more moderate and consistent growth trend forecast for 2022 through to 2024. Denver's near-to-medium term growth will boost employment levels over the forecast period. Job growth over the next few years will outdistance the national average, in keeping with the pre-pandemic trend. Oxford Economics forecasted employment will rise by 6.8% in 2021 and 2.8% in 2022. A more muted trend was projected for 2023 and 2024. The region's unemployment rate will return to a pre-crisis level of roughly 3.0% by 2022, by which time the region's economic outlook will have brightened considerably.

MODERATE RENTAL MARKET SOFTENING UNFOLDED

A moderate softening of Denver area multi-suite residential rental market fundamentals unfolded during the first half of 2020, following an extended period of broad-based health. The softening was tied directly to the effects of the COVID-19 pandemic that began to spread across the nation in March and resulted in historically high job losses. Additionally, fluctuations in the price of oil also negatively impacted Denver's economy and job market. There were over 500,000 unemployment claims made between mid-March and late June, a large portion of which were in the Greater Denver area. In-migration volume also plunged as a result of the pandemic, as inter-state movement was halted. The effects of the pandemic resulted in a sharp reduction in rental demand across the region. As a result, market vacancy has begun to rise but remained near the long-term average at the midway mark of 2020. Vacancy was expected to steadily rise over the balance of the year and into 2021. The market's rent growth trend came to an end when demand plunged, and vacancy began to rise. The probability of rent growth through the balance of 2020 and in 2021 was drastically reduced. During this period, owners of multi-suite rental property in the Greater Denver area were expected to focus on maintaining existing tenants and renting vacant units, in the aftermath of a moderate softening of market fundamentals.

EROSION OF INVESTMENT MARKET FUNDAMENTALS BEGAN

Greater Denver area multi-suite residential rental investment fundamentals have eroded over the recent past, which was consistent with the national trend. A marked softening of investment demand fundamentals was reported recently, as investors retreated in order to assess the impacts of the COVID-19 crisis on the economy and financial markets. The investor retreat was reflected in recent investment transaction volume totals. During the first six months of 2020, $1.7 billion in property sales was reported. The total was down 18.9% year-over-year. Closer analysis of sales during the period revealed a significant decline in activity during the second quarter, which coincided with the emergence of the negative impacts of the pandemic. Previously, transaction volume had peaked in 2016, when annual sales totalled $6.6 billion. Since then sales activity has steadily slowed, largely due to reduced availability rather than weakened demand. The investment sales activity slippage of the recent past occurred during a period of moderately attractive performance. Properties contained in the MSCI index posted an annual average return of 4.6% for the period ending at the midway mark of 2020. While attractive, the return was down 260 bps year-over-year, which was in keeping with the trend of the past few years. The positive performance track record was expected to draw investors to this market at some point over the near future, following the moderate fundamental erosion of the recent past.

MARKET WILL OUTPERFORM AFTER PERIOD OF TURBULENCE

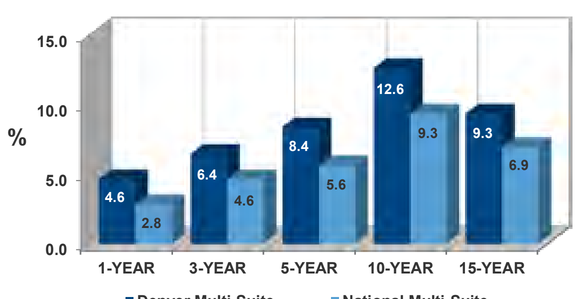
The Greater Denver area multi-suite residential rental sector is expected to once again outperform, following a period of turbulence. Regional economic growth will surpass the national average over the next few years, which will boost rental market performance. However, the market will see a measure of turbulence over the next 12 to 18 months, as it recovers from the longer-term effects of the pandemic. During this period, vacancy will remain elevated, relative to the pre-pandemic period and rents will continue to range below the most recent peak levels. Toward the end of 2021, however, rental market conditions, including demand, will firm as the job market recovery strengthens. An improved demand supply dynamic led to the stabilization and eventual inflation of market rents. By 2022, investors will have increased their focus on acquisitions in this market, during a renewed period of outperformance. At the same time, the near-term turbulence is expected to have calmed.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
Vacancy Rate	▲	▲
Net Absorption	▼	▼
Lease Rates	▼	▼
New Supply	—	▼

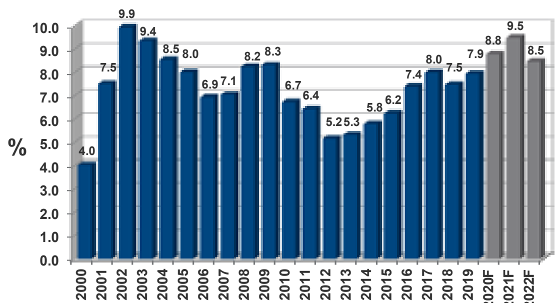
The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

Historical Performance
For The Period Ending June 2020



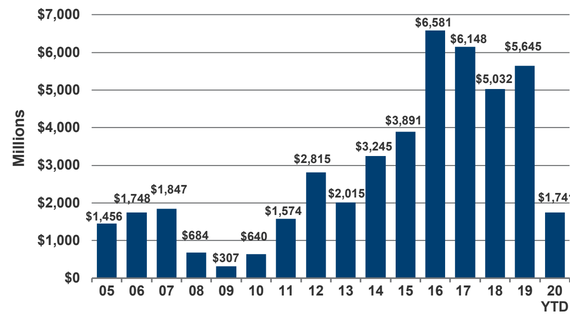
Source: © MSCI Real Estate 2020

Average Rental Vacancy
Denver Multi-Suite Residential



Source: CoStar

Investment Activity
Denver Multi-Suite Investment Volume To June 2020



Source: CoStar

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