

2022 U.S. ECONOMIC OUTLOOK
AND MULTI-SUITE RESIDENTIAL RENTAL MARKET FUNDAMENTALS
3RD ANNUAL EDITION

MORGUARD

MOVING FORWARD. STEADY GROWTH.



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Note: all \$ amounts in USD

NATIONAL ECONOMIC AND MULTI-SUITE RESIDENTIAL RENTAL OUTLOOK

The U.S. economy continued to bounce back strongly from the unprecedented impacts of the pandemic during the past year, which supported record high multi-suite residential rental demand, all-time high rents in many regions, the lowest national vacancy rate on record, markedly higher aggregate investor confidence levels, and a surge in investment sales activity.

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NATIONAL

ECONOMIC REPORT

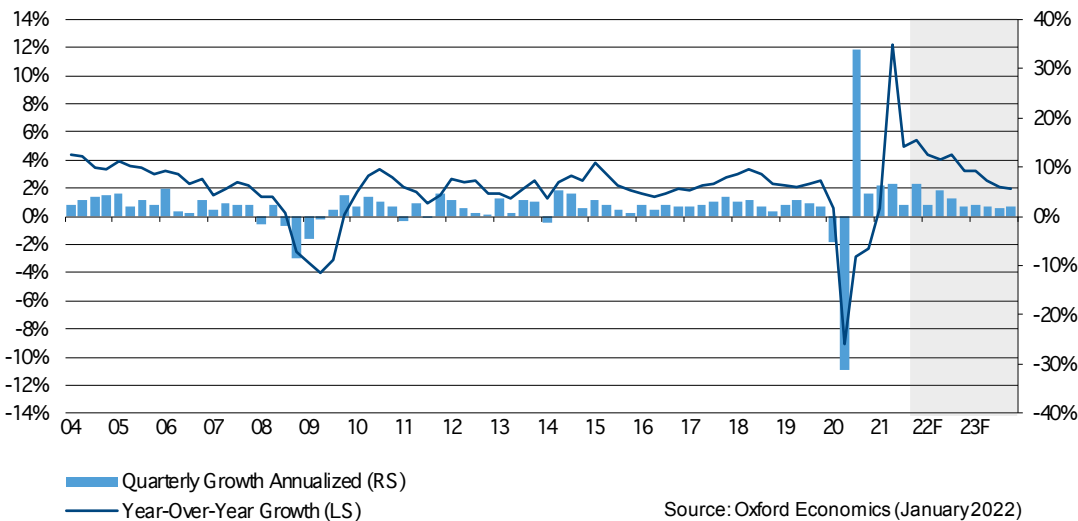
RECOVERY PACE TO MODERATE

The U.S. economic recovery will moderate over the near term, following a period of robust expansion. Output will increase by a solid 2.5% in 2023, followed by a modest 1.9% in 2024. The national economy is forecast to settle into a prolonged period of moderate expansion and edge closer to its full potential by the midway mark of the decade. The economy is forecast to expand by a more robust 5.6% this year and 4.0% in 2022.



U.S. REAL GDP GROWTH

% Change



RECOVERY PHASE OF ECONOMIC CYCLE WILL BE EXTENDED

The recovery phase of the current economic cycle will be extended over the near term. Economic expansion is expected to accelerate in the spring and summer months of 2022, after a somewhat sluggish start to the year. The combined impacts of COVID-19 variants, ongoing supply chain disruptions, and inflation will dampen growth during the first few months

of the coming year. Additionally, interest rate hikes will take some of the luster off of the recovery phase of the cycle. National economic output will advance by a healthy 4.0% in 2022, despite several potentially damaging headwinds. The expanded output will drive employment higher by between 3.5 million and 4.0 million, surpassing the pre-pandemic level by the end of 2022. Retail consumption patterns will strengthen, as the economic recovery continues to unfold.

LABOUR MARKET PROGRESS FORECAST

The U.S. labour market will continue to progress over the near term, building on the gains of the past year. The national economy will drive employment higher by between 3.5 million and 4.0 million in 2022. Previously, employment had increased by a more modest 3.2% in 2021, in bouncing back from the record 6.2% plunge in the previous year. U.S. employment is expected to return to the pre-pandemic level at some point during the second half of 2022. In addition, the jobs created will drive the unemployment rate down from the cycle-low 4.2% average reported at the end of November 2021. Labour force participation levels will also gradually increase next year, having reached a post-pandemic high in the late stages of 2021. As labour market conditions continue to tighten, wage growth will drive household incomes higher and reduce the level of dependence government supports. The 2022 upward wage pressure will build on the 4.9% year-over-year rise reported in October 2021. In short, progressively stronger labour market conditions are forecast over the near term, barring a significant change in the economic growth outlook.

CONSUMERS WILL CONTINUE TO SPEND FREELY

U.S. consumer outlays will continue to grow at a healthy rate over the near term, despite several headwinds. Consumer spending is projected to rise by a robust 4.0% in 2022, following a strong recovery from the pandemic-driven decline in 2021. Growth is expected to moderate over the medium term, in line with the economic outlook. The consumer spending growth outlook assumes the pandemic's effects on economic activity and the national labour market are either unchanged or are reduced. Spending growth will be driven by several factors. Job creation and wage growth will

The national economy will drive employment higher by between 3.5 million and 4.0 million in 2022, after a 3.2% rise this year.

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).

support broadly positive consumer expenditure patterns over the near term. Additionally, some part of the \$2.5 trillion in excess savings U.S. families had accumulated by the end of 2021 will be spent on goods and services. Several factors could dampen consumer spending growth in 2022. The most prominent of these is the potential for a significant rise in the Covid-19 infection rates. The resulting restrictions on non-essential businesses and consumers would have a materially adverse effect on spending. Services businesses would suffer the most should further pandemic restrictions be implemented. Ongoing supply chain disruptions, inflation, and interest rate increases are also expected to dampen spending growth over the near term. Despite potential headwinds, consumers will continue to spend relatively freely over the near term.

FED TO REDUCE PANDEMIC-DRIVEN SUPPORT

The U.S. Federal Reserve will reduce its Quantitative Easing (QE) program in the first half of 2022, paving the way for interest rate hikes later in the year. The Fed has taken a more cautious approach to monetary policy normalization in 2021 than several other central banks. To a large extent, a slower-than-expected labour market recovery was the main impetus for the Fed's dovish stance. However, inflation pressures and an expectation of continued labour market progress forced the Fed's hand. Toward the end of 2021, the Fed indicated it would wind down its QE program more rapidly, paving the way for higher interest rates in the second half of 2022. Moreover, the Fed indicated it would wind down its program of quantitative easing that was implemented to offset the negative impacts of the pandemic. In short, the Fed will continue to wind down its monetary policy support over the near term.

MULTI-SUITE RESIDENTIAL RENTAL OUTLOOK

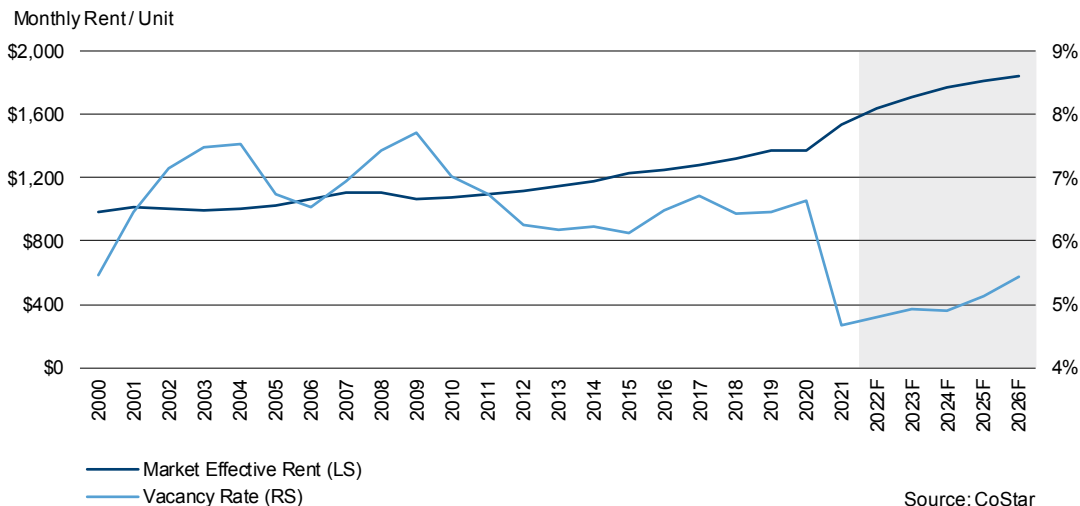
RENTAL MARKET HEATED UP

The U.S. multi-suite residential rental market heated up in the second half of 2021, amid a surge of Covid-19 infections. Vacancy was driven down to a record-low and the national average monthly rent reached a benchmark high on an aggregate basis. A record number of rental units were absorbed in the second half, due to a sharp demand increase in most of the country's major population centres.



MULTI-RESIDENTIAL RENT & VACANCY

Historical & Forecast Aggregates



DEMAND FOR RENTAL UNITS SPIKED

Demand for multi-suite residential rental units spiked during the past year, resulting in record-high absorption. More than 600,000 units were absorbed year-to-date as of the end of the third quarter 2021. The total is twice the annual average of the past five years, according to CoStar figures. Nationally, demand surpassed the delivery of new supply by a significant margin. A modest total of 270,000 newly constructed units was

delivered to the market nationwide. Several factors contributed to the outsized demand trend in the second half of the year. Rental demand was fueled by continued economic and job growth, which bolstered family balance sheets. The relatively rapid increase in the price of home ownership in many markets support the rental demand pressure. Additionally, demographic trends and increased immigration volume helped drive demand for rental accommodation to record high levels.

RECORD-SETTING RENT GROWTH POSTED

U.S. multi-suite residential rent gains reached a record-high level over the recent past, with rental demand outdistancing supply by a significant margin. The national average asking monthly rent rose 11.0% year-over-year as of the third quarter, as reported by CoStar. Yardi Matrix reported a 13.5% year-over-year rise as of December 2021. Both figures represented record year-over-year growth. Asking rents increased by 10.0% or more in 26 of the country's largest multi-suite residential rental markets. Of the 26 markets, six posted rent growth of 20.0% or higher. In some cases, increases were somewhat misleading, given rents were flat in 2020. Much of the growth occurred in the second half of 2021 as the national economy strengthened and rental market conditions tightened. Looking to 2022, rent growth will moderate with the stabilization of demand and broader market normalization.

RECOVERY WILL MODERATE

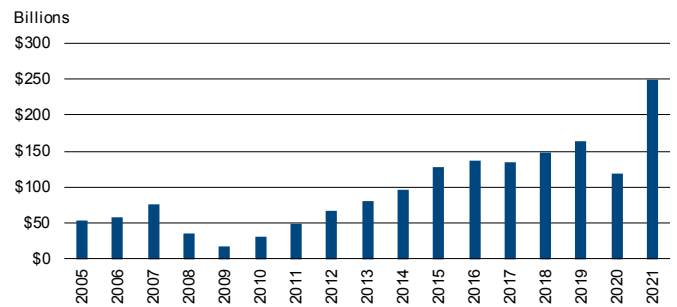
The U.S. multi-suite residential rental market recovery will moderate in 2022, after a record-setting bounce back during the past year. Demand fundamentals will remain positive, given a moderately healthy economic growth outlook and resulting job growth. However, there will be no return of students to campuses next year to further bolster demand. Tightness will continue to characterize the market, with demand largely matching new supply completions. Renter families will find it somewhat difficult to source suitable rental accommodation in many regions. The shortfall will be exacerbated by the 18.0% reduction in construction starts in 2021. In addition, renters will face higher asking rents next year. However, rents will rise at a relatively modest and likely single-digit rate in 2022. Upward pressure on market rents will be strongest in the nation's Sun Belt, in keeping with the 2021 trend. In summary, the rental market recovery will slow in 2022, after a relatively rapid rebound over the past year.

CAPITAL FLOWED AT A RECORD PACE

Investment capital flowed into the multi-suite residential rental sector at a record pace recently. Investment property sales totaled \$130.0 billion year-to-date at the end of the third quarter 2021. The total was close to double the 2020 annual total and having surpassed the long-term average for the three-quarter period. Transaction volume reached a record annual high of \$227.4 billion for 2021. The highly competitive environment drove cap rates to the cycle-low in most regions. Low interest rates and strong fundamentals will help sustain record capital flow trend of the recent past.

INVESTMENT ACTIVITY

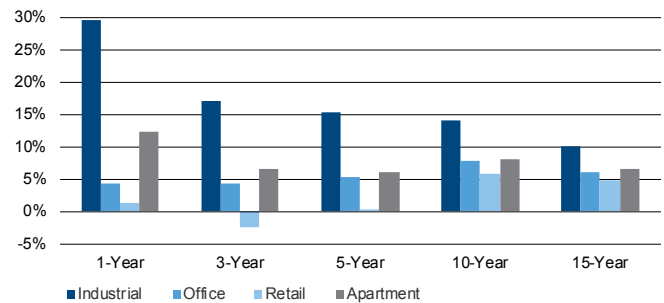
Total Multi-Suite U.S. Investment Volume to Year End 2021



Source: CoStar

U.S. MSCI RETURNS

Annualized Returns by Property Type to September 2021



Source: © MSCI Real Estate 2021

Rental demand surged in the second half of 2021, which drove the national average asking monthly rent to a benchmark high and the national vacancy rate to a record low level of 4.5% by the end of the third quarter.

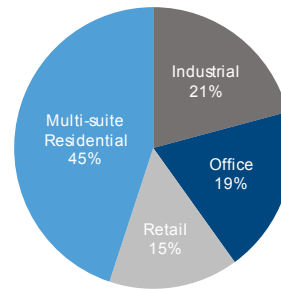
INVESTMENT OUTLOOK IS POSITIVE

The near-term U.S. multi-suite residential rental investment market outlook is generally positive. Investment property will continue to trade at an above-average rate. Investors will continue to be drawn to the sector by strong fundamentals, which includes a solid rent-growth trend, record or near-record low vacancy levels and strong demand patterns. Sun Belt and coastal regions will outperform, resulting in continued upward value pressure. Property values will continue to rise in most jurisdictions and in both aspirational and workforce market segments. At the same time, cap rates will continue to hold at the cycle-low. Further cap rate compression may occur in the popular Sun Belt and coastal metros. In short, the U.S. investment market outlook is broadly positive, building on the sector's recent strength.

Properties contained in the MSCI Index generated an attractive double-digit average total return for the 12-month period ending September 30, 2001.

TOTAL SALES BY PRODUCT

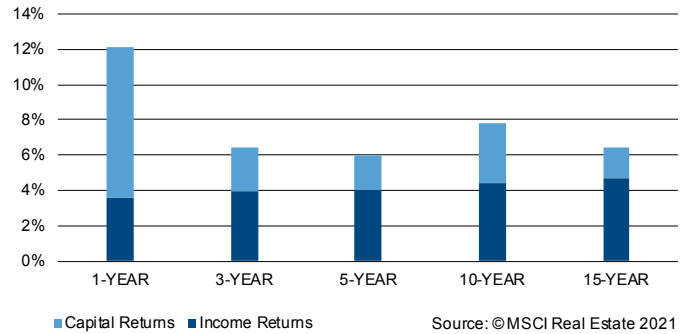
For The 1-Year Period 2021



Source: CoStar

US MULTI-SUITE ANNUALIZED RETURNS

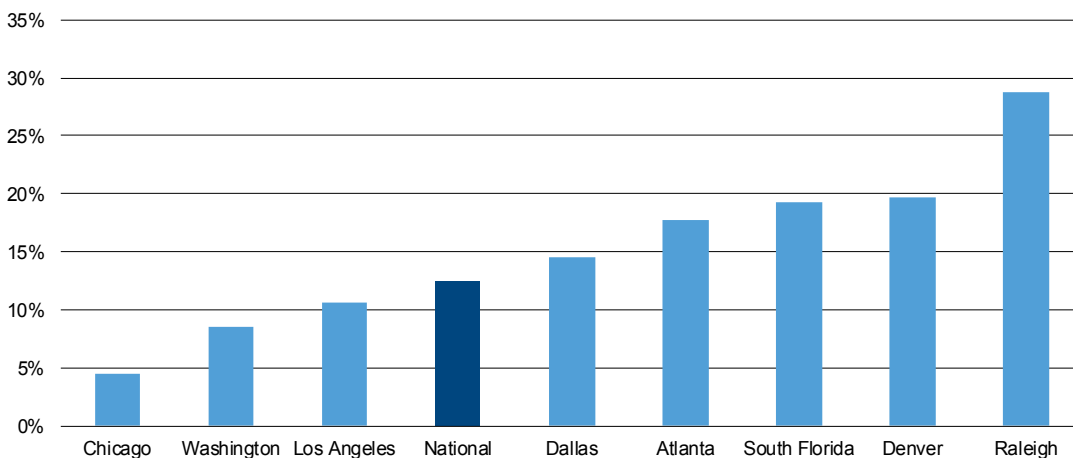
Performance For The Period Ending September 2021



Source: © MSCI Real Estate 2021

MULTI-SUITE TOTAL RETURNS

For The 1-Year Period Ending September 2021



Source: © MSCI Real Estate 2021

INVESTMENT MARKET TRANSACTIONS

WASHINGTON DC

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
8421 Broad St	Oct-21	\$150.5M	404	\$372,525	Brookfield Properties
5555 Cardinal Pl	Sep-21	\$128.6M	302	\$425,662	Mesirow Financial
20019 Sweetgum Cir	Sep-21	\$127.2M	544	\$233,824	UDR Inc.
255 N Washington St	Sep-21	\$92.0M	275	\$334,545	RST Development
4904 Fran Pl	Aug-21	\$98.1M	344	\$285,174	Acento Advisors
1131 W University Blvd	Aug-21	\$90.5M	402	\$225,124	Donaldson/DRA Advis.

RALEIGH

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
8501 New Brunswick Ln	Sep-21	\$74.8M	321	\$232,897	NexPoint Residential
305 Oberlin Rd	Sep-21	\$71.0M	203	\$349,754	Preiss Co./Crow

ATLANTA

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
3311 Flowers Rd S	Oct-21	\$177.0M	770	\$229,870	Investcorp
100 Chattahoochee Cir	Sep-21	\$87.5M	396	\$220,960	MSC Investment & Mgt.
207 13th St NE	Sep-21	\$112.5M	240	\$468,750	Lincoln/Cadillac Fairv.
32000 Gardner Dr	Sep-21	\$240.0M	800	\$300,000	Bell Partners Inc.

PALM BEACH

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
1351 S Federal Hwy	Aug-21	\$171.0M	494	\$346,154	Blackstone
20940 Uptown Ave	Aug-21	\$230.0M	456	\$504,386	Cortland
1100 Audace Ave	Jul-21	\$92.7M	324	\$286,034	Walton Street Capital

CHICAGO

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
5815 N Sheridan Rd	Sep-21	\$43.0M	190	\$226,316	TLC Management Co.
1995 Yellowstone Dr	Sep-21	\$122.0M	400	\$305,000	Inland Real Estate Grp.

NEW ORLEANS

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
1040 Saint Charles Ave	Jan-21	\$23.3M	163	\$142,638	Lincoln Avenue Capital

DALLAS

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
5301 N Tarrant Pky	Oct-21	\$70.0M	322	\$217,391	West Shore LLC
2501 Lakeside Pky	Sep-21	\$117.0M	425	\$275,294	AvalonBay
5765 Bozeman Dr	Aug-21	\$377.0M	1,675	\$225,075	Blackstone
2900 Canton St	Aug-21	\$76.0M	231	\$329,004	Equity Residential

DENVER

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
99 S Broadway	Oct-21	\$108.2M	238	\$454,622	MG Properties Group
4601 S Balsam Way	Sep-21	\$134.0M	332	\$403,614	Kennedy-Wilson
1490 Delgany St	Sep-21	\$138.0M	285	\$484,211	Griffis Residential
8155 E Fairmount Dr	Sep-21	\$164.2M	414	\$396,498	IMT Residential
324 Inverness Dr S	Sep-21	\$102.0M	252	\$404,762	Eaton Vance Group
2337 S Blackhawk St	Jul-21	\$109.0M	316	\$344,937	CWS Capital Partners

LOS ANGELES

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
17350 Humphreys Pkwy	Dec-21	\$230.3M	480	\$479,688	Azure/Harbor
20600 Ventura Blvd	Nov-21	\$174.5M	340	\$513,235	Acacia Capital
21050 Ketteridge Ave	Sep-21	\$216.0M	395	\$546,835	Bell Partners Inc.
6701-6733 Eton Ave	Jul-21	\$112.0M	298	\$375,839	Abacus Capital Group

Investment sales activity and investor confidence rose sharply during the second half of 2021, as the sector outlook improved.



METROPOLITAN ECONOMIC AND MULTI-SUITE RESIDENTIAL RENTAL OUTLOOK



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METROPOLITAN

WASHINGTON, DC

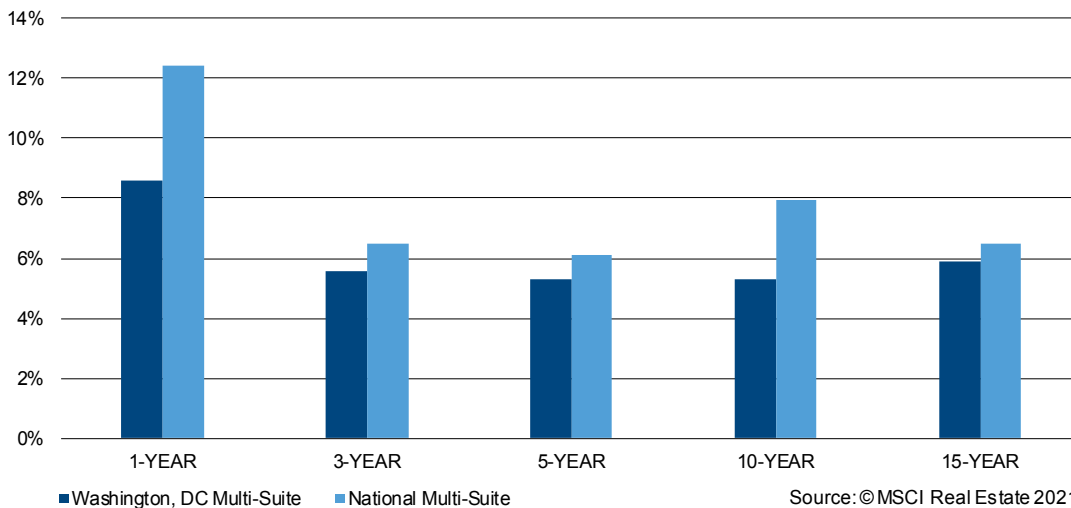
SOLID RECOVERY PACE FORECAST

The Washington-Arlington Alexandria (WAA) metropolitan statistical area's economic recovery is expected to continue at a healthy pace in 2022. The region's GDP is forecast to advance by 4.5% on an annualized basis, matching the 2021 gain according to the Oxford Economics. The recovery will continue to drive employment levels steadily higher and the unemployment rate down below the 4.0% mark.



HISTORICAL PERFORMANCE

For the period ending September 2021



WAA employment is projected to return to the pre-pandemic level at some point during 2022. Roughly 60.0% of the jobs lost due to the pandemic had been recovered by the fall of 2021. Employment had dropped by 4.7% between the first quarter of 2020 and the midway mark of 2021. During the past year, the region's software publishing, data processing, computer, and electronic manufacturing sectors posted solid job growth, driving the region's unemployment rate lower.

Retail consumption is forecast to rise significantly in 2022, with more moderate increases expected through to the midway mark of the decade. Robust economic and job growth will support stronger spending patterns over the near term. However, beginning in 2023 retail sales growth will moderate, as economic growth slows. To some degree, supply chain challenges will dampen sales growth in 2022. Despite several headwinds, however, sales will rise at a healthy rate.



RENTAL MARKET STABILITY FORECAST

The WAA multi-suite residential rental market near-term outlook is generally stable and healthy. The market’s average vacancy rate is forecast to hover between 6.0% and 6.5% during 2022, having returned to the pre-pandemic level in the second half of 2021. Coincidentally, market rents will also hold relatively steady. In 2021, market rents increased by almost 10.0%, in eclipsing the 5.0% decline in 2020, according to CoStar figures. Looking ahead rents are expected to rise more slowly in 2022, in line with the long-term growth trend of between 3.0% and 4.0%. Rental demand patterns are expected to stabilize, following a marked increase during the second half of 2020 and in 2021. The demand firming was driven by the return of college students to the region and stronger job market trends. As a result, fewer landlords offered concessions to prospective tenants. An expected surge in new construction completions and the negative impact of COVID-19 variants are the main downside risks to the region’s generally stable and healthy rental market outlook.

INVESTMENT SALES ACTIVITY REBOUNDED

Investment sales activity in the WAA returned to pre-pandemic record high level recently, driven by increased investor confidence. Sales of multi-suite residential rental property totaled \$7.5 billion over the first 11 months of 2021. The 11-month total surpassed the annual 2020 figure by roughly \$1.0 billion. Previously, a record annual high of \$8.6 billion in sales was reported in 2019. Investors exhibited higher levels of confidence in this market with the reopening of businesses, increased vaccinations, and improved rental market trends. At the same time, investment performance patterns improved substantially. Properties contained in the MSC Index posted an annual average total return of 8.6% for the year ending September 2021. The return was 510 bps higher than the previous 12-month period. The stronger performance coincided with the 2021 rebound in sales activity.

OUTLOOK IS GENERALLY POSITIVE

The WAA multi-suite residential rental sector near-term outlook is generally positive. Rental market fundamentals will stabilize, with vacancy holding close to the 6.0% mark in 2022. Healthy demand characteristics will drive the continued absorption of rental units across the region, translating into downward vacancy pressure. However, the delivery of roughly 10,000 units of new supply annually over the next few years, will offset the downward pressure. Rents will slowly rise while demand and supply remain balanced. Rental market conditions will support attractive investment performance, investor confidence, and above-average liquidity.

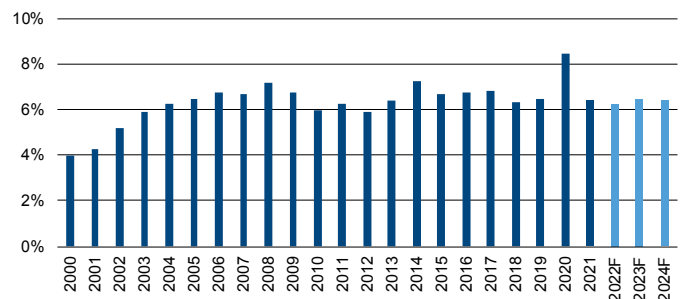
TRENDING STATISTICS

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).

AVERAGE RENTAL VACANCY

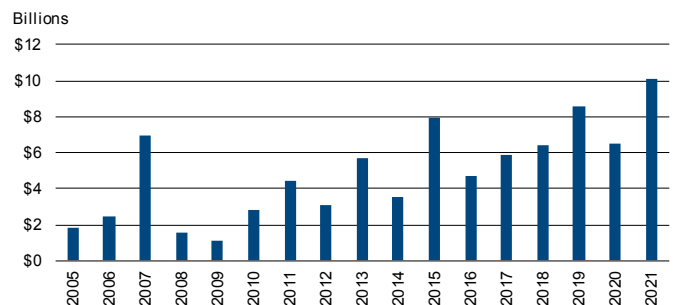
Washington, D.C. Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Washington Multi-Suite Investment Volume to Year End 2021



Source: CoStar

Healthy demand characteristics will drive the continued absorption of rental units across the region and downward vacancy pressure.

RALEIGH, NC



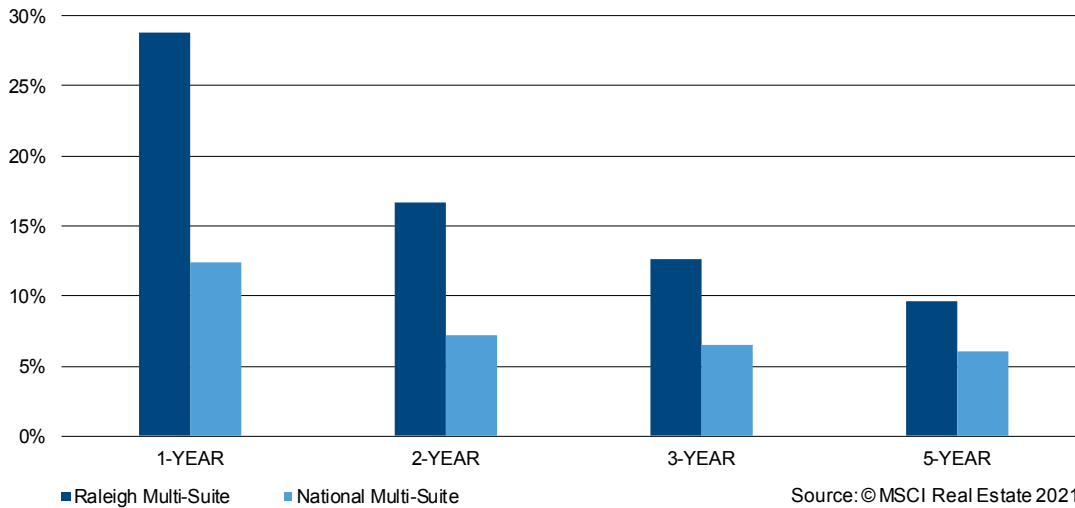
ABOVE-AVERAGE GROWTH PREDICTED

The Raleigh MSA economy is projected to outperform over the near term, continuing the trend of the past several years. Economic output is forecast to increase by approximately 4.6% in 2022, following a stellar 7.7% advance in 2021. By the second half of 2022, jobs lost across the region due to the pandemic are expected to have been recouped. The region’s life sciences and technology sectors will be key job growth drivers in 2022.



HISTORICAL PERFORMANCE

For the period ending September 2021



Raleigh’s labour market improved significantly over the past year. Roughly 90.0% of the jobs lost due to the pandemic had been recovered by the second half of 2021. Job growth was strongest in several sectors including management and technical consulting, computer systems design, and employment services. Employment levels are projected rise by an annual average of 1.2% between 2023 and 2026. The forecast rise will support continued progress in the broader labour market, in keeping with the trend of the past year.

The Raleigh MSA continued to post strong retail sales growth during 2021, a performance that is expected to persist over the medium-term. Sales growth is projected to outpace the national average rate of increase. The forecast outperformance will be driven by a strong economic growth characteristics and broadly positive labour market performance patterns. Above-average income and population growth are also expected drive increased consumption.

DEMAND TO KEEP PACE WITH SUPPLY

Multi-suite residential rental market demand will keep pace with record high new supply over the next several years. Rental demand will continue to hold at the record-high level of the second half of 2021, driven by one of the country’s strongest economic and job growth outlooks. Demand will keep pace with the more than 22,000 new rental units forecast for completion between 2022 and 2025. As a result, rental market conditions will remain tight. Vacancy will continue to range between 5.0% and 6.0% over the four-year period. In addition, the market’s average monthly rent will slowly rise to a benchmark high. In 2022, the average market rent will surpass the \$1,500 per month threshold. Growth will be strongest in suburban nodes like South Cary/Apex, Northern Outlying, and Northwest Raleigh. The rent growth forecast over the next few years will be drive by broadly positive market conditions with demand generally keeping pace with new supply.

RECENT INVESTMENT MARKET TRENDS WILL BE REPEATED

Recent trends observed in the Raleigh MSA multi-suite residential rental sector investment market will be repeated over the near term. Investment activity will remain brisk, with sales volume continuing to surpass the long-term average. Assuming product availability, transaction volume will continue to range at an all-time high level. Record-high investment sales volume of \$2.9 billion was recorded in 2021. More than half of this activity was in the market’s class A inventory. National and out-of-state buyers drove activity levels to new heights. Buyers were drawn by the region’s strong economic and rental market fundamentals. In addition, buyers were anticipating continuously attractive investment performance characteristics, including a healthy capital growth outlook. The sector had already posted a 14.7% annual average return for the year ending September 30, 2021. Attractive performance patterns are forecast over the near term, a period during which market trends will largely mirror those of the recent past.

ABOVE-AVERAGE PERFORMANCE FORECAST

Above-average performance is forecast for the Raleigh MSA multi-suite residential rental sector over the near term. Job growth and demographic characteristics will support strong rental demand. The resulting downward vacancy and upward rent pressure will drive record-high development activity. Demand will generally keep pace with new supply. The strong rental market outlook will bolster the bottom lines of owners and drive investment sales activity. Investment returns will remain above-average, which is keeping with the market’s overall performance pattern.

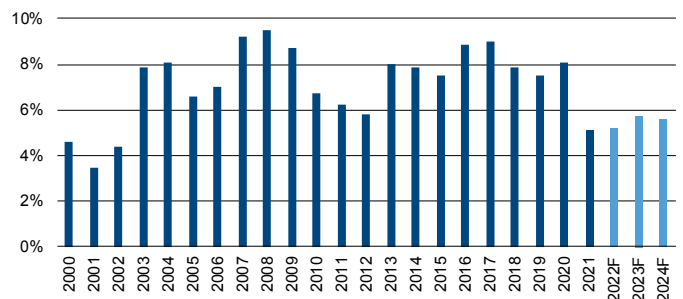
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	—
NET ABSORPTION	▲	—
LEASE RATES	▲	▲
NEW SUPPLY	—	▼

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AVERAGE RENTAL VACANCY

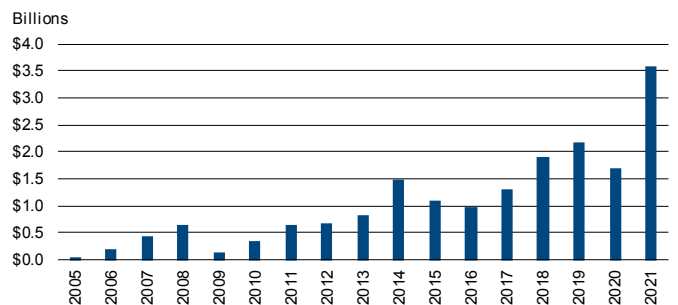
Raleigh Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Raleigh Multi-Suite Investment Volume to Year End 2021



Source: CoStar

Assuming product availability, transaction volume will continue to range close to the all-time high level reported in 2021 over the near term.

ATLANTA, GA

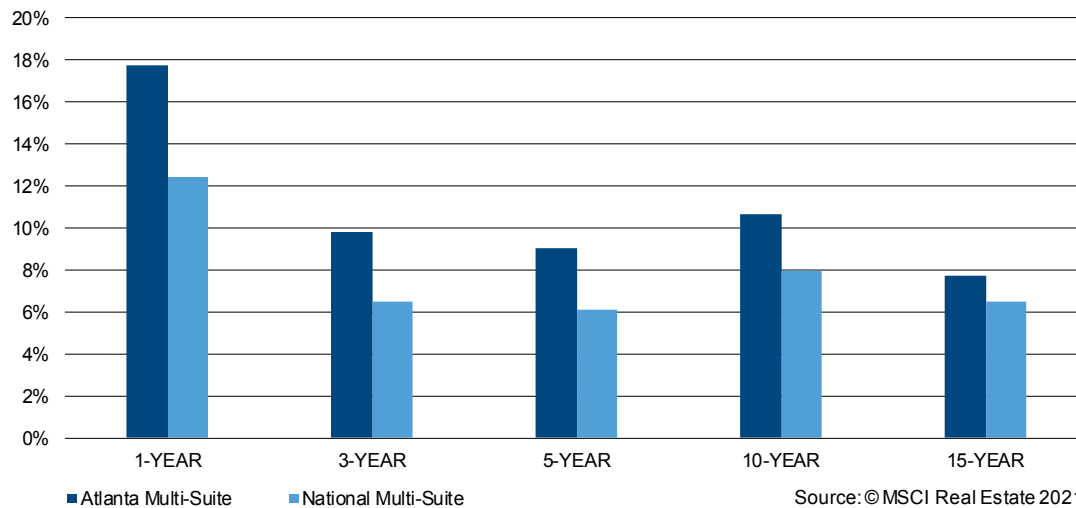
RECOVERY WAS RELATIVELY QUICK

The Atlanta-Sandy Springs-Roswell MSA's economy bounced back more quickly from the adverse effects of the pandemic than many of the country's larger metropolitan areas. The regional economy is projected to advance by a healthy 6.5% in 2021 and a solid 5.0% in 2022. Roughly 66.0% of the jobs lost during the pandemic had been recovered by early 2021, with the reopening of businesses across the region.



HISTORICAL PERFORMANCE

For the period ending September 2021



The ASSR's labour market recovery unfolded largely as expected over the past year. Total employment was down just 1.0% from the pre-pandemic peak as of the fourth quarter 2021. Previously, the region had lost 380,000 jobs between February and April 2020. However, the AASR added close to 350,000 jobs between May 2020 and October 2021. Several of the region's largest business sectors registered strong employment gains over the period including business, professional and financial services industries.

The ASSR's retail sales growth rate is expected to outpace the national average over the near-to-medium term. Several factors will boost spending volume over the forecast period. Strong population growth will support continued sales growth over the next few years. Largely positive housing market conditions will also drive spending levels higher. In addition, economic growth and labour market gains will drive increased spending. By 2023, retail sales growth will begin to slow, but remain above the national average.



RENTAL MARKET RECOVERY TO CONTINUE

The ASSR multi-suite residential rental market will continue to recover over the near term, having bounced back relatively quickly from the negative impact of the pandemic. The market average vacancy rate will remain well below the decade average over the next few years, after a 12-year low average of 5.5% was posted in late 2021. Population growth, strong in-migration patterns, and job growth will translate into healthy rental demand patterns through to the end of the first half of the decade. Consequently, tightness will be a market-constant over roughly the same time-period. The average market rent will reach a record high, having risen by a robust 19.1% over the 12-month period ending at the midway mark of 2021. By 2024, CoStar is projecting the region’s average monthly rent will eclipse the \$1,800 mark. In 2022, construction completions will increase significantly, while rents reach record high levels and vacancy trends markedly lower. Subsequently, supply deliveries will slow, against a backdrop of continued rental market recovery.

INVESTMENT MARKET SOARED

Conditions in the ASSR multi-suite residential rental property investment market improved dramatically over the recent past. Investment sales activity increased substantially, with record-high transaction volume recorded in each of the first three quarters of 2021. Investor confidence increased, with buyers reacting positively to the region’s strong demographics and continued rental market strengthening. Out-of-State groups were the most active buyer category in 2021, accounting for roughly 80.0% of total transaction volume for the year. Investment performance improved significantly over the recent past, driven by a strong rent growth trend and markedly healthier market fundamentals. Properties contained in the MSCI Index posted an average total return of 17.8% for the year ending September 30, 2021. A modest 4.4% return was generated over the previous period. The attractive near-term performance was in line with the broader investment market improvement recorded of the recent past.

PEAK PHASE OF CYCLE TO PERSIST

The peak phase of the multi-suite residential real estate cycle will persist over the near term. Rental demand will largely keep pace with supply, resulting in a slight upward vacancy trend. However, availability will remain limited and rents will edge higher. Property values will gradually rise and transaction volume will remain well above the long-term average, assuming product availability. Returns will remain attractive, in keeping with the continued peak phase of the cycle.

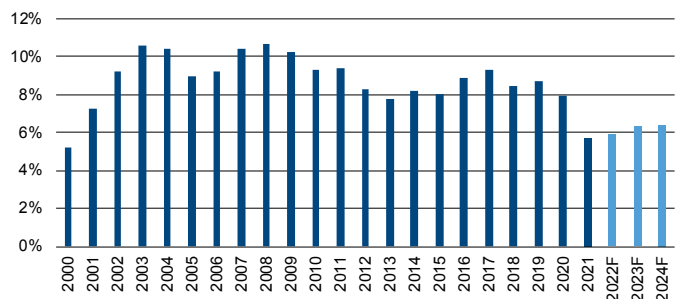
TRENDING STATISTICS

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).

AVERAGE RENTAL VACANCY

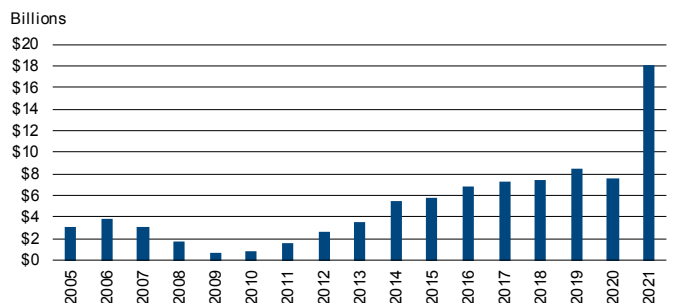
Atlanta Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Atlanta Multi-Suite Investment Volume to Year End 2021



Source: CoStar

The peak phase of the Atlanta-Sandy Springs-Roswell multi-suite residential rental real estate cycle will persist over the near term.

PALM BEACH, FL

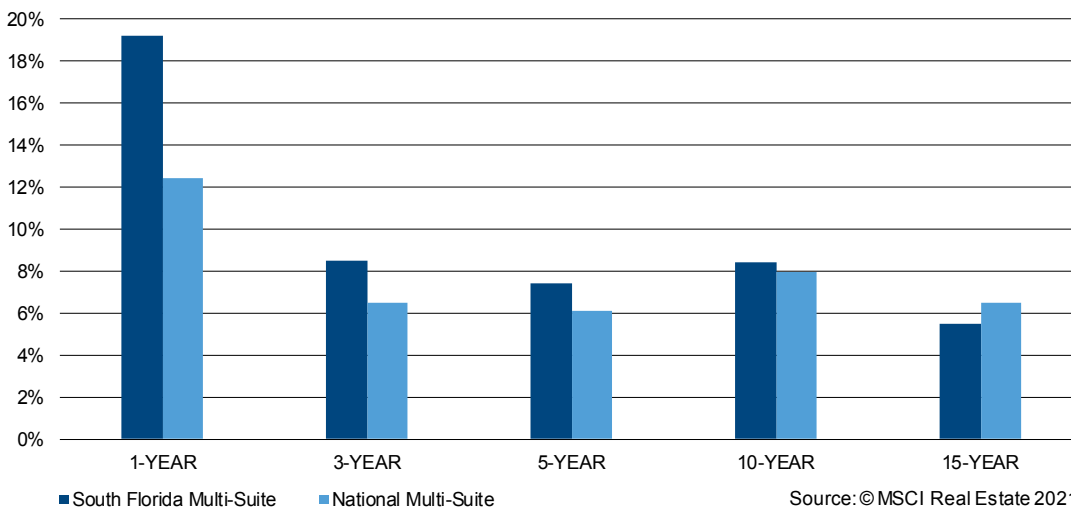
RECOVERY PHASE OF CYCLE TO SLOW

The Palm Beach MSA's economic recovery will slow down over the near term, in keeping with the national trend. The region's economy will grow by an annual average of 2.2% over the four-year period ending 2026. The average is slightly ahead of the national pace for the period. The MSA's annual economic growth rate is forecast to average a robust 4.5% between 2021 and 2023. Despite the medium-term growth moderation, retail sales and employment levels will continue to steadily rise.



HISTORICAL PERFORMANCE

For the period ending September 2021



Labour market conditions will gradually strengthen over the near term, driven largely by a relatively modest economic growth trend. Palm Beach MSA employment will rise by a healthy 4.0% in 2022, after a solid 2.8% gain this year. The 2022 outlook is predicated on job growth picking up in the leisure and hospitality sectors which were decimated during early 2020. The leisure and hospitality and broader services sector will be a key driver of the Palm Beach MSA's gradual job market recovery over the couple of years.

Consumer spending will moderate over the medium term, after a two-year period of strong gains. Between 2023 and 2025, consumer outlays will rise by an annual average of 2.4%, according to Oxford Economics' forecast. Spending is forecast to rise by a robust 6.3% annual average in 2021/2022, as consumers spend some of their savings accumulated during pandemic lockdowns. However, on balance consumer spending growth will moderate over the medium term.

POSITIVE DEMAND PATTERNS FORECAST

Rental demand patterns will remain positive over the near term, continuing a trend that began in the second half of 2020. For many renter households, the cost of owning in this market remains too high. As a result, many low and middle income families will be forced to continue to rent. The continued recovery of service jobs lost due to the pandemic will support healthier rental demand patterns. Generally positive rental demand patterns will ensure vacancy levels remain below the long-term average of just over 7.0%. Vacancy may edge higher with the forecast uptick in new construction activity. However, demand is expected to offset much of the upward pressure over the next couple of years. Palm Beach rents will continue to rise over the next couple of years. Rent growth will moderate, given increasingly balanced market conditions. Previously, rents had increased more sharply, particularly during the second half of 2021. In short, Palm Beach rental market conditions will remain stable and healthy over the near-to-medium term, given largely positive demand patterns.

INVESTMENT MARKET ACTIVITY SURGED

Investment activity surged in the Palm Beach MSA recently, with the rise in investor confidence levels. Transaction volume surpassed the \$2.0 billion mark for the first time in 2021, according to CoStar Group figures. Sales averaged over \$500 million in each quarter, which was more than twice the 10-year average. National and local Investor confidence levels increased substantially, as the effects of the pandemic began to ease and the sector outlook improved. By contrast, sales dropped to just \$25 million in the second quarter 2020, which was during the early phase of the pandemic. The 2021 investment sales spike coincided with much stronger performance characteristics. Properties contained in the MSCI Index registered an attractive average annual total return of 19.2% for period ending September 30, 2021. The return was up sharply from the 2.7% return posted for the previous 12-month period. Much of the advance was a function of capital growth, which occurred during a period when investment activity increased substantially.

OUTLOOK IS STABLE AND HEALTHY

The outlook for the Palm Beach multi-suite residential rental sector is stable and healthy. Rental market conditions will remain balanced, with vacancy holding below the long-term average and new supply providing more choice for families looking to rent. The solid rental market outlook including rent growth will continue to attract investors, both national and regional. At the same time, owners will be rewarded with attractive returns, driven by stable and healthy sector fundamentals.

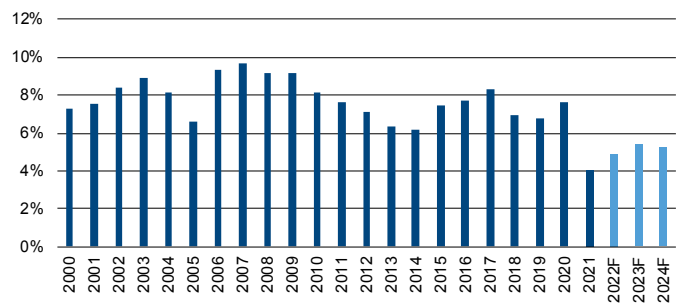
TRENDING STATISTICS

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).

AVERAGE RENTAL VACANCY

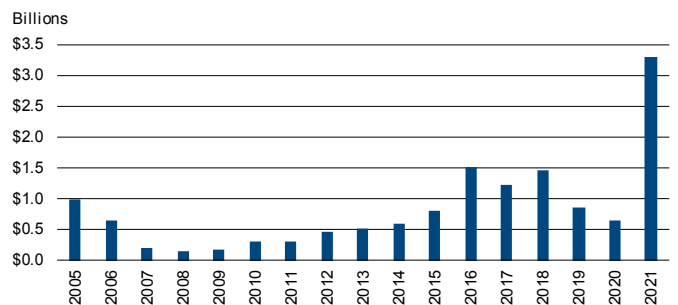
Palm Beach Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Palm Beach Multi-Suite Investment Volume to Year End 2021



Source: CoStar

The outlook for the Palm Beach multi-suite residential rental sector is stable and healthy, with vacancy holding below the long-term average.

CHICAGO, IL

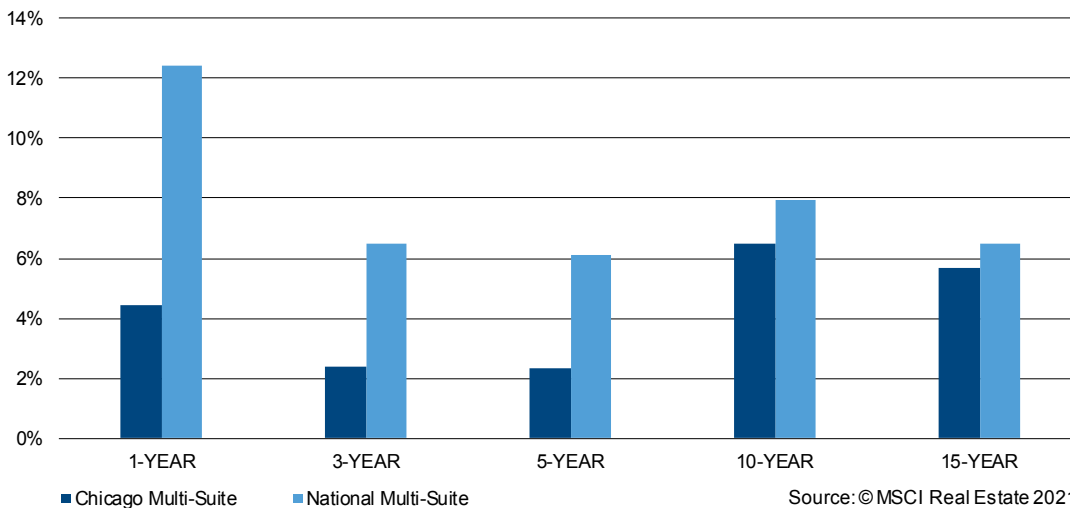
RELATIVELY SLOW RECOVERY TO UNFOLD

The Chicago-Naperville-Elgin (CNE) MSA's economic recovery will be relatively slow when compared to the national average. GDP will expand by a modest annual average of 1.8% over the four-year period ending 2026. Over the same time-period, national GDP is forecast to rise by an annual average of 2.1%. In addition, the CNE's labour market recovery will also be relatively slow when compared with several other large U.S. metros.



HISTORICAL PERFORMANCE

For the period ending September 2021



The CNE MSA's labour market will take several years to fully recover from pandemic-driven downturn. Oxford Economics' forecast calls for employment to rise by just 0.4% annually over the four-year period ending in 2026. The region's manufacturing sector is expected to shed jobs over the next few years, due largely to increased automation. The losses will partially offset growth in the restaurant and education sectors. Full job market recovery is expected by the end of 2023.

Consumer spending growth will moderate over the medium term. Retail consumption will rise by 1.7% annually from 2023 to 2025, with the unfolding of a more moderate economic and labour market growth trend. In 2021/2022, retail consumption is forecast to advance by a healthy 6.7% and 3.5%, respectively. Generally, the region's consumers are expected to spend more freely as pandemic restrictions are loosened and the economic outlook stabilizes.

RECENT SUCCESS WILL BE BUILT UPON

The CNE multi-suite residential rental market is expected to build on its recent success over the near term. Demand for rental accommodation will continue to outpace supply, resulting in tighter conditions. During 2021, demand reached record-high levels, with 17,000 units absorbed over the first three quarters of the year, according to CoStar data. In 2022, demand will drive vacancy down further from the decade-low 5.5% reported at the end of November 2021. Economic recovery and job growth will continue to drive rental demand over the next few years. Additionally, market rents will continue to steadily rise beyond the benchmark highs set during 2021. The average market rent increased by an unprecedented 7.5% year-over-year as of late 2021. The upward trend was a byproduct of strong demand patterns and a significant decline in new construction completions. Roughly 8,200 units were added to the CNE inventory in 2021, the lowest total dating back to 2015. Construction completion volume will remain below the long-term average over the next couple of years, against a backdrop of rental market advancement.

INVESTOR CONFIDENCE INCREASED

Investor confidence in the CNE’s multi-suite residential rental sector increased recently, in keeping with the national trend. Consequently, a significant rise in transaction closing volume was reported during 2021. In December, CoStar reported \$2.7 billion in year-to-date sales. Despite the uptick in activity levels, sales volume was 30.0% lower than preceding five-year annual average. The increase in sales activity unfolded during a period of stronger investment performance. Properties contained in the MSCI Index posted a moderately attractive 4.4% total average return for the year ending September 30, 2021. The result was up 370 bps year-over-year. The result was comprised of a stable and healthy income component and a slight increase in the capital value of the properties tracked. The sector’s improved investment performance was one of several factors that translated into increased investment confidence over the recent past.

OUTLOOK IS GENERALLY POSITIVE

The CNE’s near-term multi-suite residential rental market outlook is generally positive. Rental market conditions will continue to improve. Job market growth and demographic trends will fuel healthy rental demand patterns, resulting in a steady downward vacancy trajectory. As a result, market rents will slowly climb to new heights for both the downtown and suburban submarkets. The healthy rental market outlook will draw investors to the market, resulting in above-average investment activity and modest upward pressure on values.

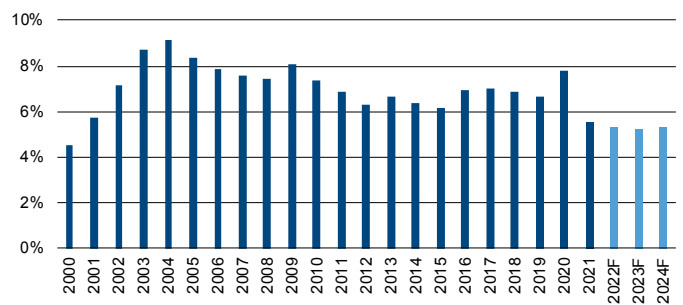
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	▼
NET ABSORPTION	▲	—
LEASE RATES	▲	▲
NEW SUPPLY	▼	—

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AVERAGE RENTAL VACANCY

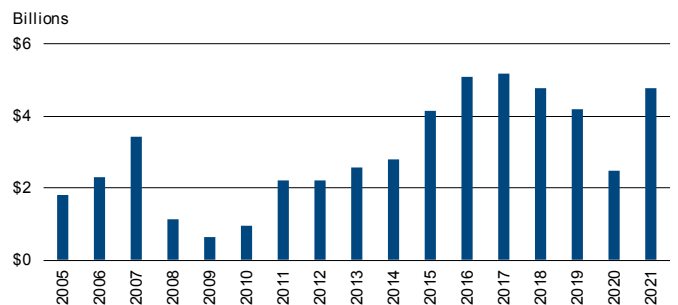
Chicago Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Chicago Multi-Suite Investment Volume to Year End 2021



Source: CoStar

Job market growth and demographic trends will fuel healthy rental demand patterns, resulting in a steady downward vacancy trajectory.

NEW ORLEANS, LA

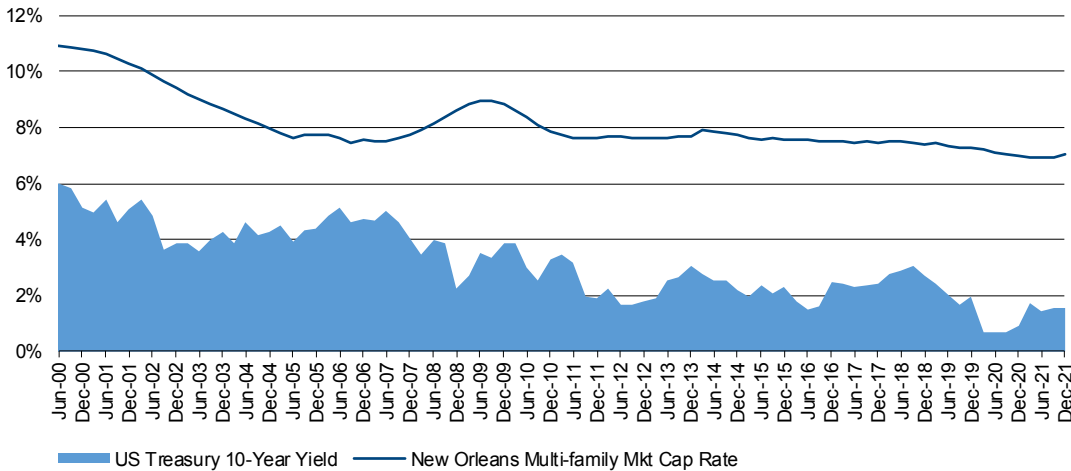
ECONOMY GROWTH WILL MODERATE

The New Orleans-Metairie's (NOM) economic growth trend will moderate over the near term, after an initial output surge. GDP will expand by a healthy 6.2% in 2022, on the heels of a 4.5% lift in 2021. Economic growth will moderate between 2023 and 2025, with GDP advancing by 1.5% on an annual basis. The moderation is a byproduct to a large extent of the regions over reliance on the tourism sector, which has been slow to recover from the pandemic's adverse effects. Additionally, the region has relatively limited exposure to high-growth sectors.



YIELD SPREADS

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



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

The NOM's job market recovery will take several years. Employment will contract slightly in 2021, followed by a much healthier 5.2% advance in 2022. However, between 2023 and 2026 employment will rise by an annual average of just 0.7%, which is lower than the national average. Previously, employment had plunged by 10.2% over an 18-month period ending at the midway mark of 2021 due to the pandemic. The restaurants, education and health care sectors will be key drivers of the region's extended labour market recovery.

Consumer spending will rise substantially over the near term, with the reopening of stores across the region. Spending will advance by a healthy 8.6% in 2021, with a solid 4.3% rise forecast for the following year. Spending will subsequently rise by an annual average of roughly 2.3% between 2023 and 2025. Job growth will be a key spending driver over the next few years, as more NOM residents secure employment. The forecast tourism sector rebound will drive further employment and consumer spending increases over the near term.

RENTAL MARKET TIGHTENING TO PERSIST

The NOM’s multi-suite residential rental market will continue to tighten over the medium term. By 2022, the market average vacancy rate is forecast to drop below the 6.0% mark for the first time in over a decade. Subsequently, conditions will tighten, though at a more modest pace. The forecast tightening is predicated on largely positive demand patterns, due primarily to continued labour market progress. As rental market conditions tighten, rents will gradually rise. The market’s average monthly rent will eclipse the \$1,300 mark by the midway mark of the current decade. In early 2021, demand for rental accommodation improved significantly, after a sharp decline with the unfolding of the pandemic. Demand for downtown space plunged in 2020, as renters looked to the suburbs for larger and less-congested spaces. Downtown demand rebounded in the second half of 2021, as the pandemic threat lessened. As a result, overall market vacancy declined, a trend that will continue over the medium term.

INVESTMENT MARKET ACCELERATED

Investment sales activity accelerated in the NOM area over the recent past, in line with the national trend. CoStar reported \$184.5 million in multi-suite residential rental property sales over the first 11 months of 2021. The total was up sharply from the \$132.3 million and \$132.5 million in sales recorded in 2019 and 2020, respectively. Annual property sales reached a decade annual high of \$198.3 million in 2018. During 2021, investors acquired properties in the downtown area at a markedly increased rate having focused on suburban opportunities due to the negative effects of the pandemic on performance. Cap rates for prime assets in the downtown area held steady during 2021, which was in keeping with the trend of the past few years. Over the near term, investment sales activity is expected to remain relatively robust, having accelerated during the past year.

MARKET FUNDAMENTALS TO GRADUALLY IMPROVE

NOM multi-suite residential rental market fundamentals will gradually improve over the near term. Vacancy will edge down closer to the 5.0% mark, as units in newly constructed properties are gradually absorbed. At the same time, rents will reach a decade-high level by the midway mark of the decade. The combination of rising rents and tighter conditions will bolster the bottom lines of owners and draw investment capital to the market. As a result, investment sales will remain relatively brisk, as market fundamentals gradually strengthen.

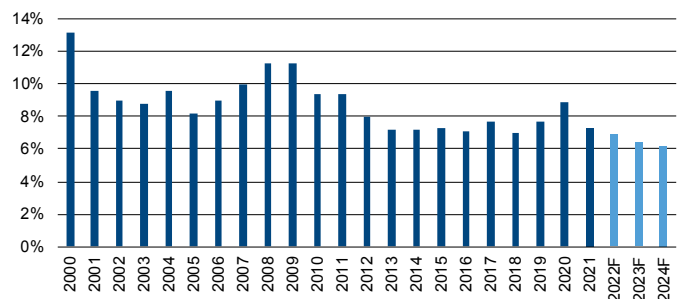
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	▼
NET ABSORPTION	▲	—
LEASE RATES	▲	▲
NEW SUPPLY	—	—

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AVERAGE RENTAL VACANCY

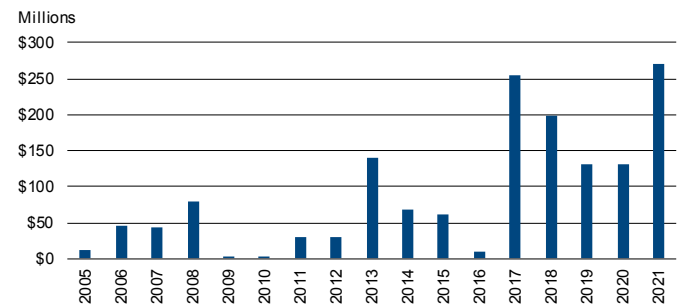
New Orleans Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

New Orleans Multi-Suite Investment Volume to Year End 2021



Source: CoStar

The New Orleans-Metairie MSA’s multi-residential rental market fundamentals will gradually strengthen while investment sales activity remains brisk.

DALLAS, TX

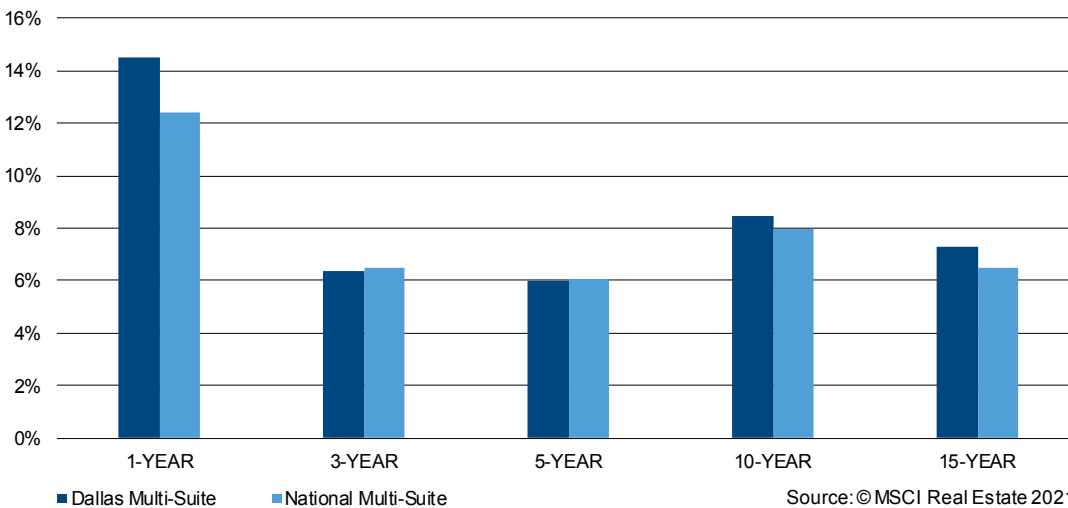
ECONOMY FORECAST TO OUTPERFORM

The Dallas-Fort Worth-Arlington (DFWA) economy is forecast to continue to outperform over the next few years, in extending the recent trend. Regional economic output will rise by a robust 6.2% in 2021 and an above average 4.2% in 2022. Economic diversity, relatively low business and housing costs and an educated workforce will drive growth beyond the national average over the medium term. Labour market conditions will also strengthen, given a plentiful supply of available jobs.



HISTORICAL PERFORMANCE

For the period ending September 2021



The DFWA will exhibit some of the strongest job market trends of the country's larger metros over the near term. Employment will rise 3.6% and 3.0% in 2021 and 2022, respectively. Growth will average 2.8% annually over the five-year period ending 2026, 50 bps higher than the national average rate. According to Oxford Economics, positive job growth will be tallied in most industries over the next few years, building on the region's strong track record.

DFWA consumer spending will rise by a healthy rate over the next few years, driven in large part by economic expansion and above-average job growth. Consumer spending will increase by a stellar 10.0% in 2021, to be followed by a 4.7% lift in 2022. Subsequently, annual growth will average 3.1% over the three-year period ending in 2025. The strong spending outlook will be driven by population growth, increased tourism, and rising income levels.

GROWTH PHASE OF CYCLE TO CONTINUE

The continuation of the growth phase of the DFWA's multi-suite residential rental market cycle is forecast over the near term. The completion of roughly of 27,000 new rental units is forecast for 2021, which is the third highest annual total of the past decade. New construction completions will remain above the long-term average through to the midway mark of the current decade. For the most part, rental demand will keep pace with new supply over the near term. Vacancy will edge slightly higher than the decade-low 5.3% average reported by CoStar toward the end of 2021. In 2022 and 2023, vacancy will average 5.5%. In the second half of 2021, rental demand reached a record high level. The demand surge and downward vacancy pressure resulted in record rent growth. Asking rents rose as much as 10.0% year-over-year in the more expensive areas of the region, as of the final few weeks of 2021. Rents are forecast to continue to rise over the near term with the extension of the cycle's growth phase.

EXTENDED RECOVERY PERIOD FORECAST

An extended recovery period is forecast for DFWA's multi-suite residential rental sector investment market. Investment returns are expected to remain attractive, given a largely positive rental market and valuation outlook. Previously, the sector registered an annual average return of 15.0% for the 12-month period ending September 30, 2021. Transaction closing volume will continue to range well above the long-term average, a trend that emerged in the second half of 2021. Investors will confidently acquire assets in a market that has generally outperformed over the past decade. In short, an extended period of recovery is forecast for this market over the next few years, in keeping with the national trend.

SECTOR OUTLOOK IS BROADLY POSITIVE

The near-term DFWA multi-suite residential rental sector outlook is broadly positive. Rental market conditions across the region will remain stable and healthy. Demand is expected to keep pace with supply, ensuring vacancy levels hold close to the decade low. Tight conditions will support benchmark high rents in most segments of the market. New supply will offer alternatives for renters looking for condo-quality accommodation. The health of the region's rental market will bolster investment performance for owners. More broadly, strong sector fundamentals will continue to push investment sales volume beyond the long-term average. At the same time, property values will likely be driven moderately higher, given a broadly positive overall fundamental outlook.

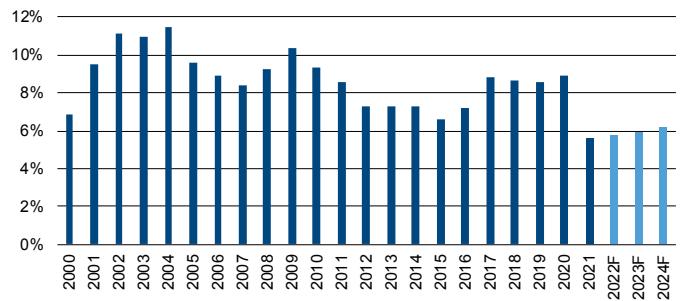
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	▼
NET ABSORPTION	▲	—
LEASE RATES	▲	▲
NEW SUPPLY	▼	▲

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AVERAGE RENTAL VACANCY

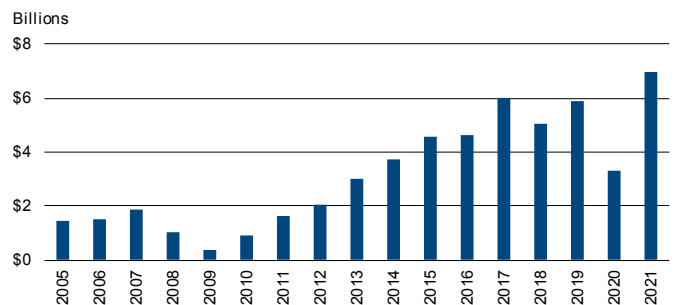
Dallas Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Dallas Multi-Suite Investment Volume to Year End 2021



Source: CoStar

An extended period of recovery is forecast for the Dallas-Fort Worth-Arlington's multi-suite residential rental sector, in keeping with the national trend.

DENVER, CO

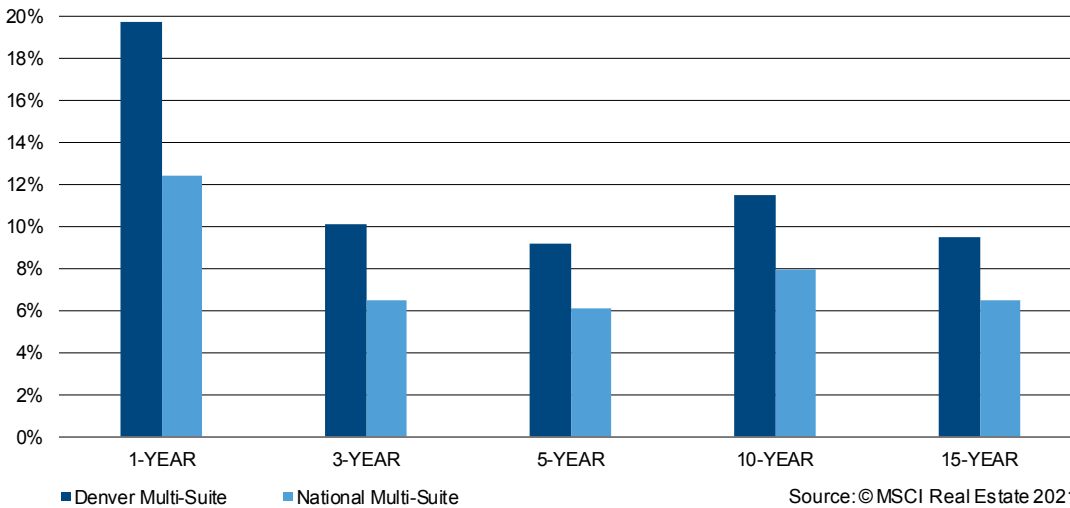
ECONOMY WILL OUTPERFORM

An above-average economic growth trend is forecast for the Denver-Aurora-Lakewood (DAL) MSA through to the midway mark of the current decade. Economic output will rise by an annual average of 2.5% between 2023 and 2026, 40 bps higher than the national growth rate. Economic growth will moderate by 2023, following advances of 6.6% and 5.4% in 2021 and 2022, respectively. Despite the moderation, labour market conditions will steadily improve over the medium-term.



HISTORICAL PERFORMANCE

For the period ending September 2021



The DAL MSA job market will outperform over the next few years, in keeping with the long-term trend. MSA employment will increase by an annual average of 0.9% between 2023 and 2026, 20 bps higher than the national rate. Employment will rise by a healthy 3.6% in 2021 and 3.0% in 2022. Consequently, the unemployment rate will fall to 3.6% by the end of 2022, from the 7.5% peak in 2020. The DAL area labour market will be expected to outperform over the medium-term, due largely to a healthy economic growth outlook.

Relatively strong consumer spending patterns are projected for the DAL MSA over the medium-term. Consumer spending will rise by 4.7% in 2022, following a stellar 9.2% bounce-back this year. Consumer spending growth will average roughly 3.9% annually between 2023 and 2025, according to Oxford Economics. The strong growth trend will be driven by strong economic and labour market characteristics and the continued arrival of migrants from other U.S. states looking for work.

STRONG RENTAL MARKET FUNDAMENTALS FORECAST

The DAL MSA will exhibit some of the strongest rental market fundamentals in the country over the near term, continuing the trend of the past several years. Rental demand characteristics will remain healthy, driven by the continued arrival of migrants looking for a relatively low cost of living compared with larger coastal cities. A strong economic growth outlook and anticipated job growth will also boost rental demand over the next few years. The combination of robust demand and a steady stream of new construction completions will translate into a relatively stable vacancy trend. Costar is projecting a market vacancy rate of close to 6.0% from 2022 through to 2025. Coincidentally, market rents will steadily rise, continuing the trend that emerged in early 2021. During 2020, landlords were forced to offer incentives to prospective tenants to try to boost occupancy. However, as pandemic restrictions were relaxed in the second half of 2021, demand surged and market conditions improved significantly. Market conditions are expected to continue to improve over the next few years.

INVESTMENT TRENDS WILL BE LARGELY BULLISH

Largely bullish investment market trends are forecast for the DAL's multi-suite residential rental sector over the near term. Investment returns will remain attractive, driven by rent growth and rising property values. Recently, the sector posted a strong annual average total return of 19.8% for the year ending September 30, 2021. Investment demand fundamentals will remain healthy, in keeping with the bullish phase of the market cycle. Institutions, real estate investment trusts and private capital will look to increase their exposure to this market. The demand pressure will push pricing to a cycle peak. Buyers will bid aggressively, with multi-bid scenarios becoming more common. For the most part, buyers and vendors will be able to find common ground on pricing. Strong demand patterns will push transaction volume beyond the long-term average, which is in keeping with the largely bullish near-term outlook.

MARKET TO CONTINUE TO OUTPERFORM

The DAL's multi-suite residential rental sector will continue to outperform over the near term. Rental market fundamentals will remain among the strongest in the country, due in large part to above-average rental demand characteristics. Tightness will be an overriding rental market theme, along with steady rent growth in most market segments. The healthy rental market outlook will support health investment performance trends and attract a range of buyer groups. In short, the near-term sector outlook is one of continued outperformance.

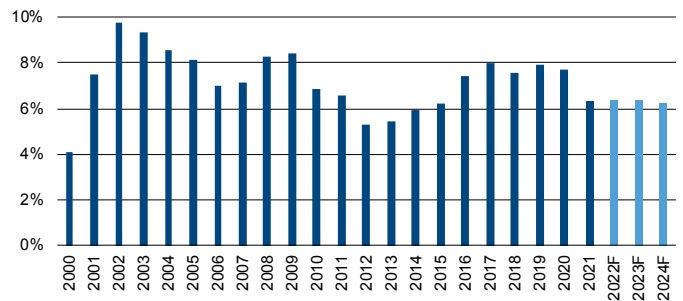
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	▼
NET ABSORPTION	▲	—
LEASE RATES	▲	▲
NEW SUPPLY	—	▲

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AVERAGE RENTAL VACANCY

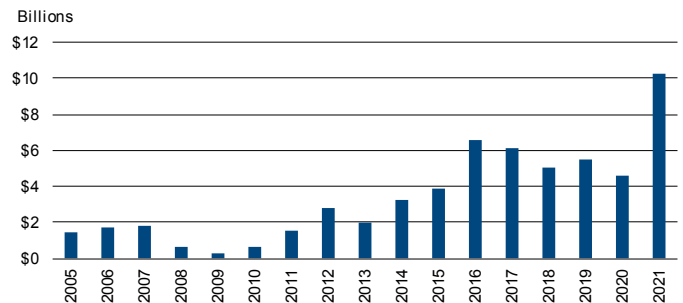
Denver Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Denver Multi-Suite Investment Volume to Year End 2021



Source: CoStar

The DAL MSA's multi-suite residential rental sector is expected to continue to outperform over the near term, in line with the long-term trend.

LOS ANGELES, CA

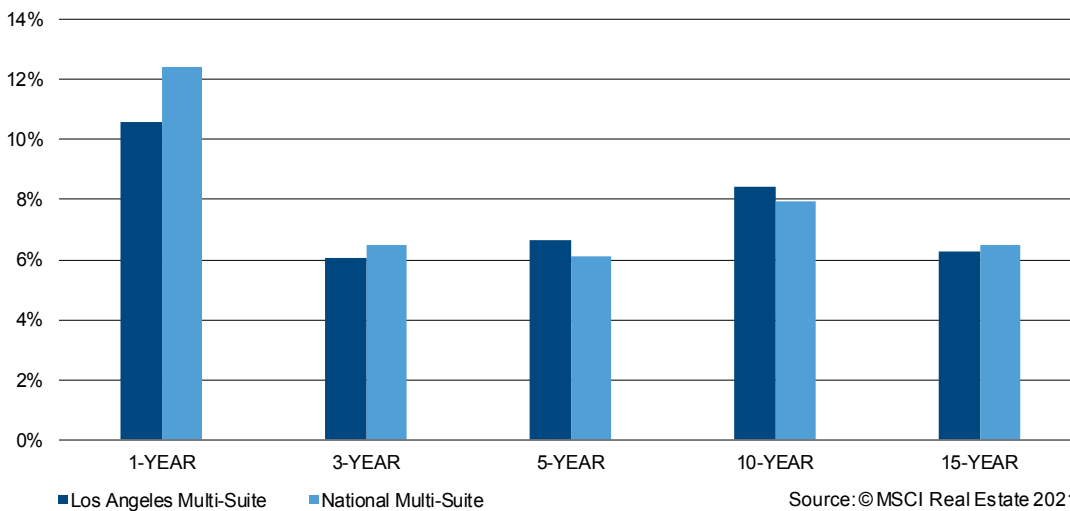
SOLID RECOVERY FORECAST

A relatively strong economic recovery is forecast for the Los Angeles-Long Beach-Anaheim (LALBA) MSA over the next few years. Economic output is projected to rise by a robust 5.0% in 2022, having advanced by an even healthier 6.5% last year. The LALBA MSA's economy is expected to advance by a solid 2.5% in 2023 followed up with a 2.0% average annualized growth rate from 2024 to 2026. Economic growth will drive employment levels steadily higher, in keeping with the national trend.



HISTORICAL PERFORMANCE

For the period ending September 2021



The rate at which the LALBA's job market recovers over the next couple of years will outpace the national average. Employment will rise a stellar 5.5% in 2022 and another 1.9% gain is projected for 2023, according to Oxford Economics' December 2021 forecast. Much of the employment growth over the next few years will be driven by the region's hospitality and other services industries. It will take until the end of 2023 for the region to fully recover from the 5.6% net decrease in total MSA employment due to the pandemic.

Consumer spending growth will moderate over the medium term, after a two-year period of strong gains. Spending is forecast to rise by an annual average of just shy of 2.0% from 2023 through to 2026. Stronger-than-average employment growth, wage increases and, population growth will drive spending. Consumer expenditures will increase by a healthy annual average of 6.8% in 2021/2022, before settling into a pattern of moderate gains over the medium term.



HEALTHY RENTAL MARKET CONDITIONS TO PREVAIL

LALBA’s multi-suite residential sector will continue to exhibit healthy rental market conditions over the next few years. Vacancy levels will rest at or near the decade low level of 3.6% reported at the end of 2021 by CoStar. Tight conditions will drive rents gradually higher. In 2021, the market average monthly rent surpassed the \$2,000 mark, which represented a decade high. Healthy rental demand fundamentals will continue to drive rents higher over the next few years. Rent growth will be dampened to some extent by new supply additions over the forecast period. However, the downward rent pressure will be low-to-moderate, given strong demand fundamentals. Economic expansion the resulting job growth will fuel demand for rental accommodation. By the end of 2021, demand had reached a record high level. In short, generally healthy LALBA rental market conditions are forecast over the medium term.

ABOVE-AVERAGE INVESTMENT SALES FORECAST

Investment sales volume will surpass the long-term average over the next couple of years, assuming product availability. The driver of this trend will be the high levels of investor confidence forecast, due to the sectors positive performance outlook. Purchasers will continue to target the LALBA region for acquisition opportunities despite record-high pricing. Confidence levels increased significantly in 2021, with the unfolding of a robust economic recovery and loosening of pandemic restrictions on consumers and businesses. As rental demand surged, investment activity reached a record high. More than \$12.0 billion of transaction volume was reported for 2021, which was a record high for the decade. At the same time, investment performance and rental market conditions improved significantly. As investor confidence increased, sales activity surged, a trend that is expected to continue over the near term.

RECOVERY PHASE OF CYCLE TO STABILIZE

The recovery phase of the LALBA multi-suite residential rental sector cycle will stabilize over the near term. Over the next couple of years, strong demand fundamentals will support progressively tighter rental market conditions and a moderate rent growth trend. Coincidentally, new supply completions will be leased at a steady rate across the region. The forecast stabilization of the recovery phase of the rental market cycle will be a driver of robust investment sales activity. Investors will target acquisitions in this market, despite some of the highest pricing in the country. Buyers will continue to place funds into this market with confidence as its recovery matures.

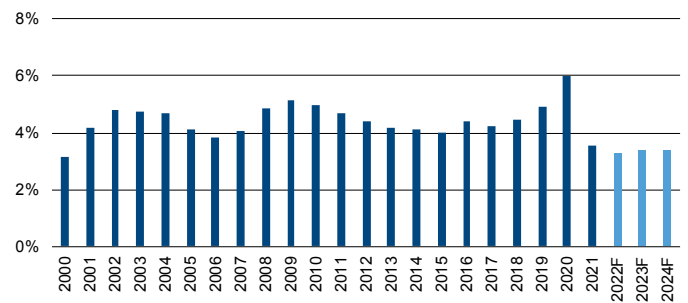
TRENDING STATISTICS

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).

AVERAGE RENTAL VACANCY

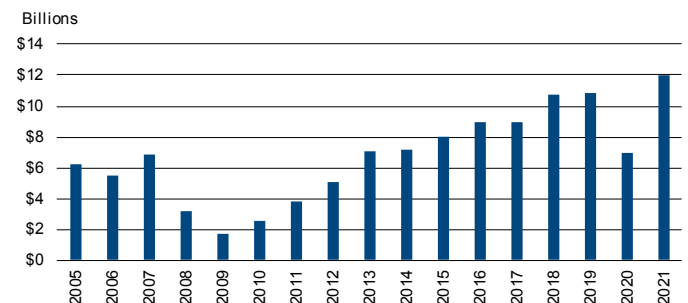
Los Angeles Multi-Suite Residential



Source: CoStar

INVESTMENT ACTIVITY

Los Angeles Multi-Suite Investment Volume to Year End 2021



Source: CoStar

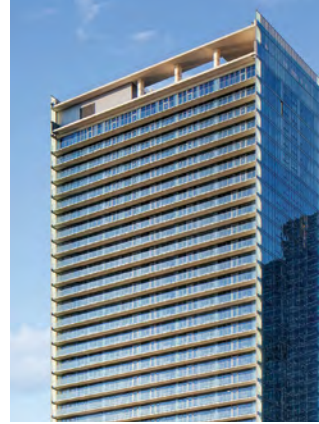
The LALBA multi-suite residential rental sector recovery phase of the cycle will moderate over the near term, in keeping with the national trend.



ABOUT

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