



2020

MULTIFAMILY MARKET OVERVIEW

Presented by:

Dave Lockard, CCIM | Senior Vice President



GREATER CINCINNATI NORTHERN KENTUCKY APARTMENT ASSOCIATION

So what does this mean?

- Continue Safety Trials
- Manufacture (perhaps 3 Billion doses)
- Distribute
- Vaccinate

In the meantime.....

- Wash Your Hands
- Wear a Mask
- Avoid Crowds in Confined Spaces

COVID-19 IMPACT

Trends to Consider

In General

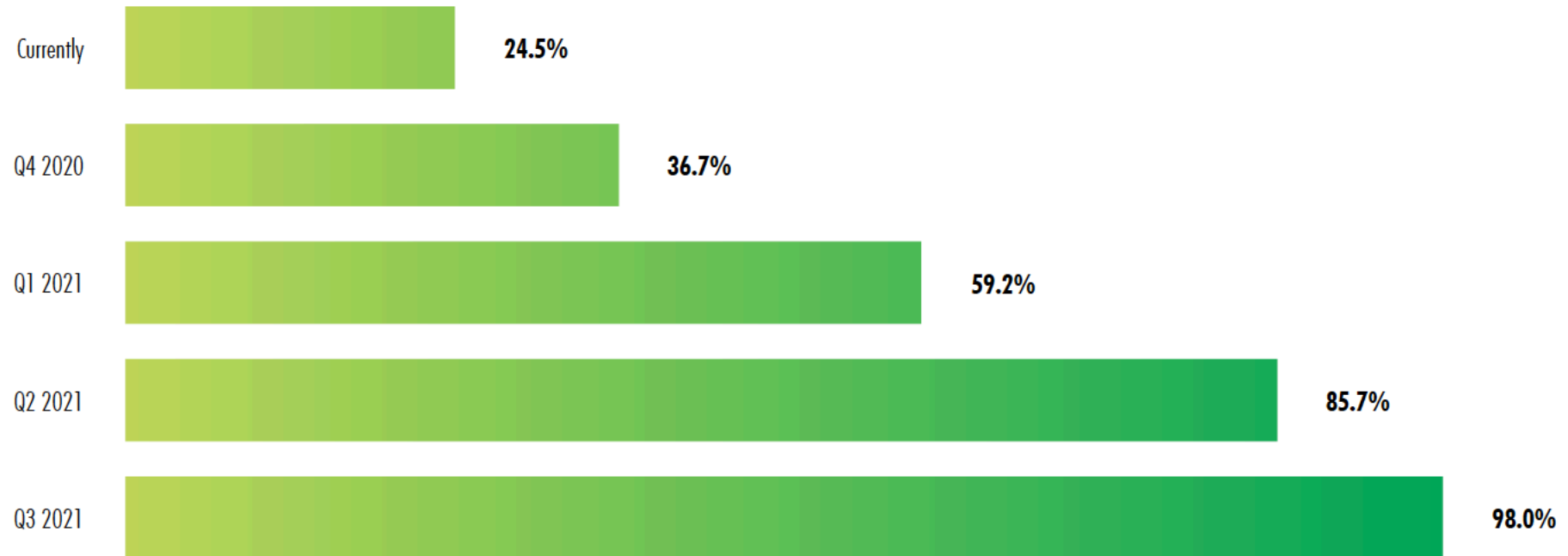
- “Work from Home” becomes “Work from Anywhere.”
- Outdoor space becoming more important
- Renewed focus on public health
- Mass transit less desirable

Real Estate

- Less people in offices but more SF per person
- Outdoor space an integral part of design
- Focus on healthier buildings (fresh air intake)
- The next breakthrough waiting is in Construction....

RETURN TO THE OFFICE

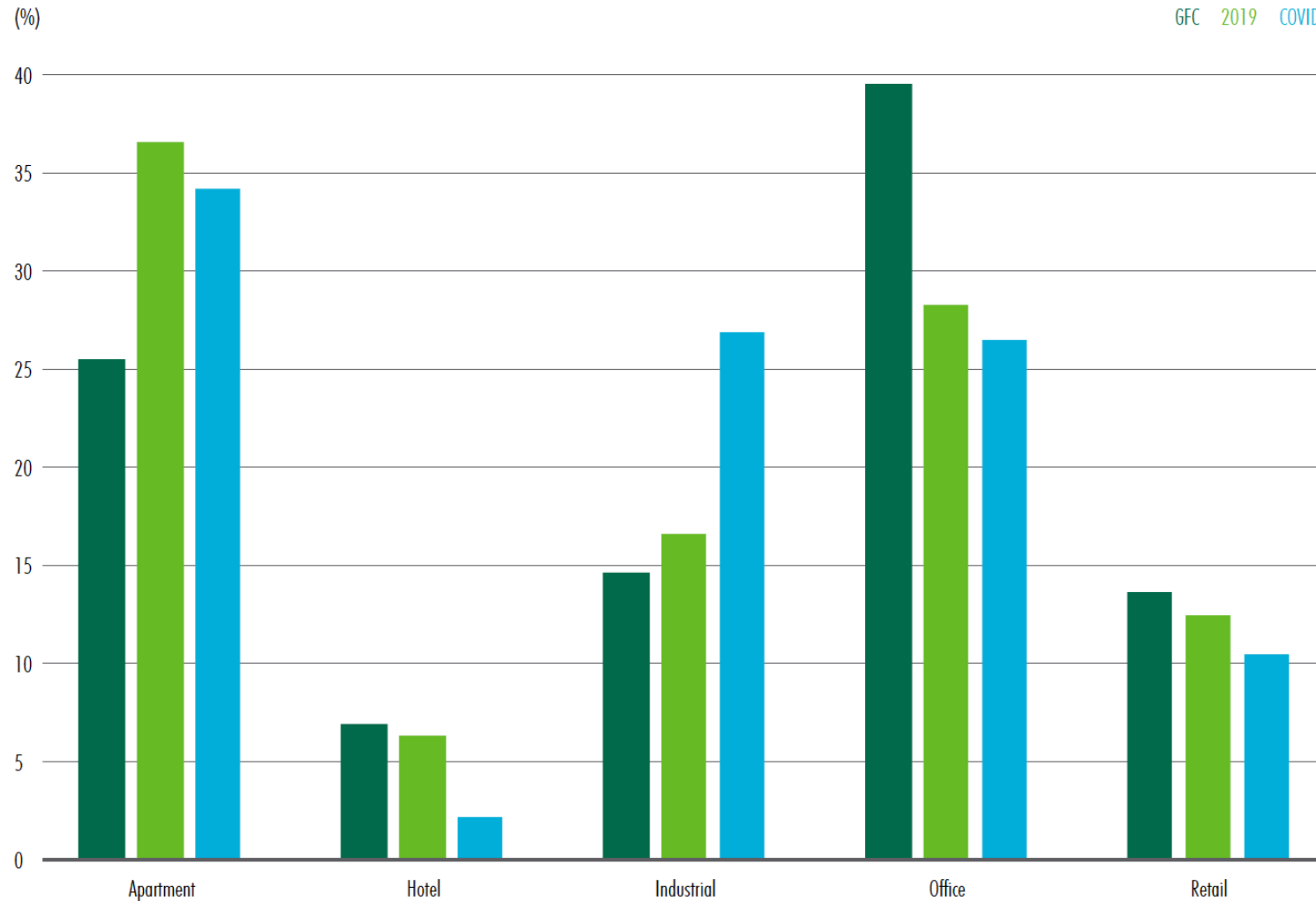
OFFICE RE-ENTRY PLANS BY % OF RESPONDENTS - LIKELIHOOD OF RETURNING TO THE OFFICE IN THE NEAR TERM



Note: Respondents who said they'd return to the office. Excludes responses of "unsure".
Source: CBRE Occupier Sentiment Survey, September 2020.

INVESTMENT CAPITAL FLOWS

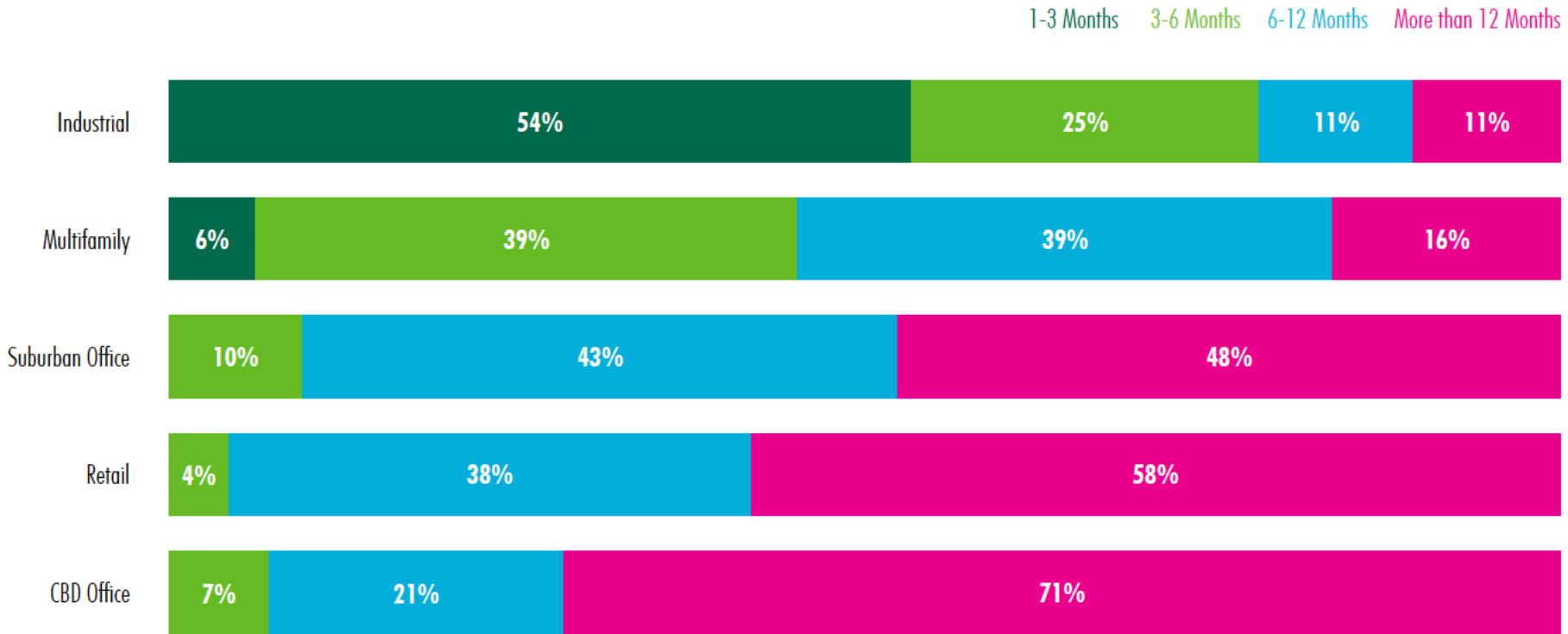
INVESTOR PREFERENCES HAVE SHIFTED



Note: Proportion of investment by property type during Global Financial Crisis (GFC), 2019 and COVID-19 era.
Source: CBRE Research, Real Capital Analytics, Q3 2020.

INVESTMENT MARKET FORECAST

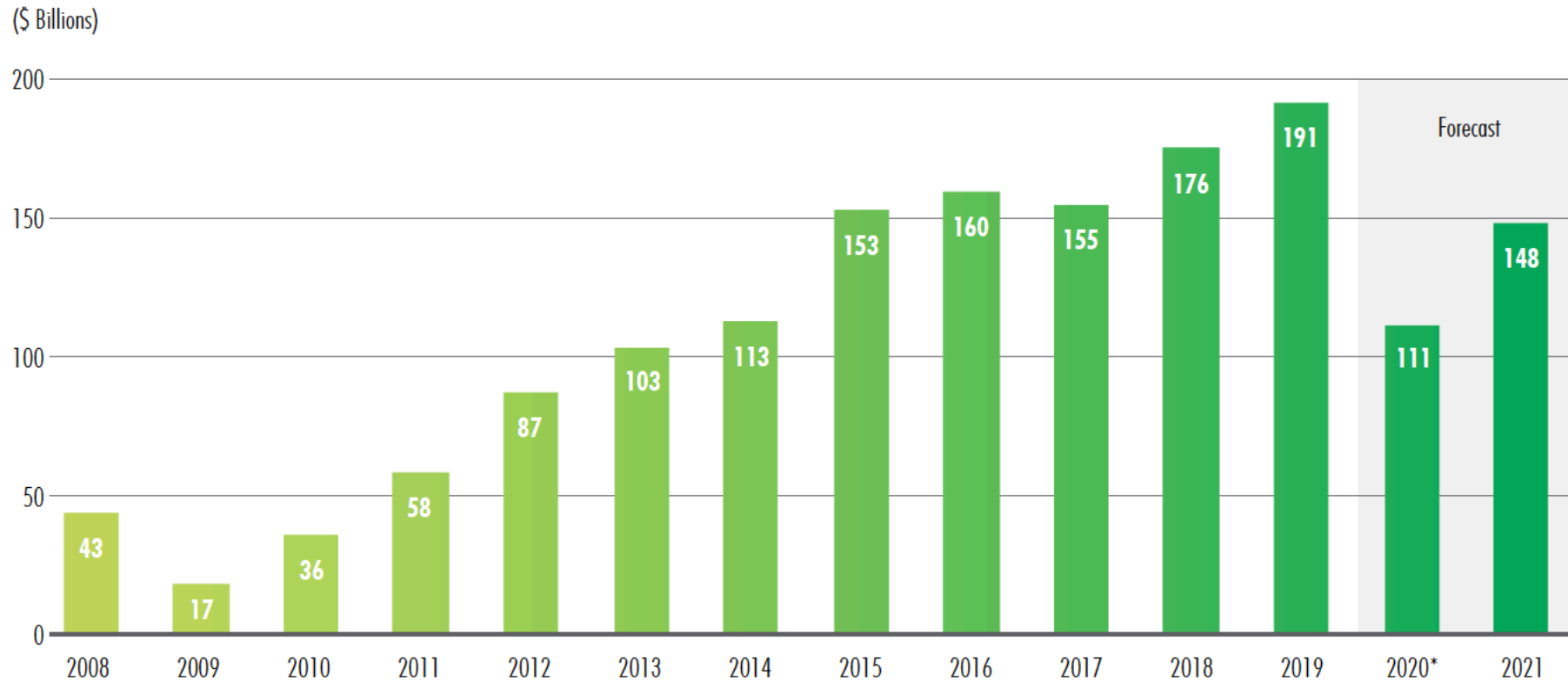
SURVEY QUESTION: HOW LONG DO YOU THINK IT WILL BE BEFORE INVESTMENT ACTIVITY RETURNS TO PRE-PANDEMIC LEVELS



Note: Cap Rate Survey Special Report Q3 2020 conducted during August 2020.
Source: CBRE Research, September 2020.

MULTIFAMILY INVESTMENT RECOVERY

MULTIFAMILY INVESTMENT TO REBOUND WITH 33% GROWTH IN 2021



*2020 forecast is based on actual numbers through September.
Source: CBRE Research, Real Capital Analytics (historical), Q4 2020.

CINCINNATI MSA INVESTMENT MARKET

2021/2021

What happened this year?

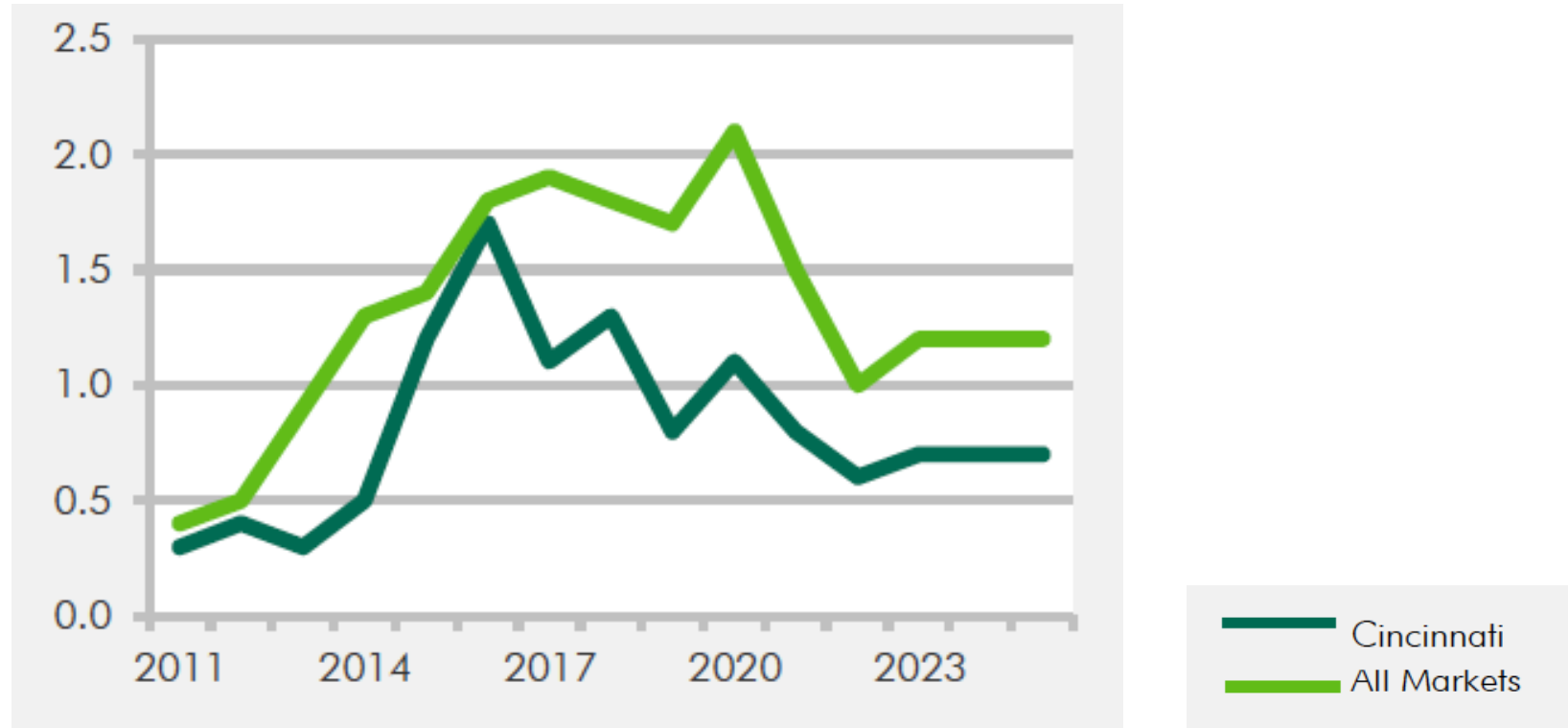
- An abrupt halt in late March
- "Wait and See" through the 4th of July
- Initial offerings well-received
- More inventory gradually coming out
- Intense appetite and robust pricing

What will next year look like?

- The outlook is promising on all fronts
- Multifamily in high demand
- Delayed and deferred deals will appear
- More buyers than sellers

CINCINNATI MSA DEVELOPMENT FORECAST

COMPLETION RATES %



Cincinnati MSA DEVELOPMENT

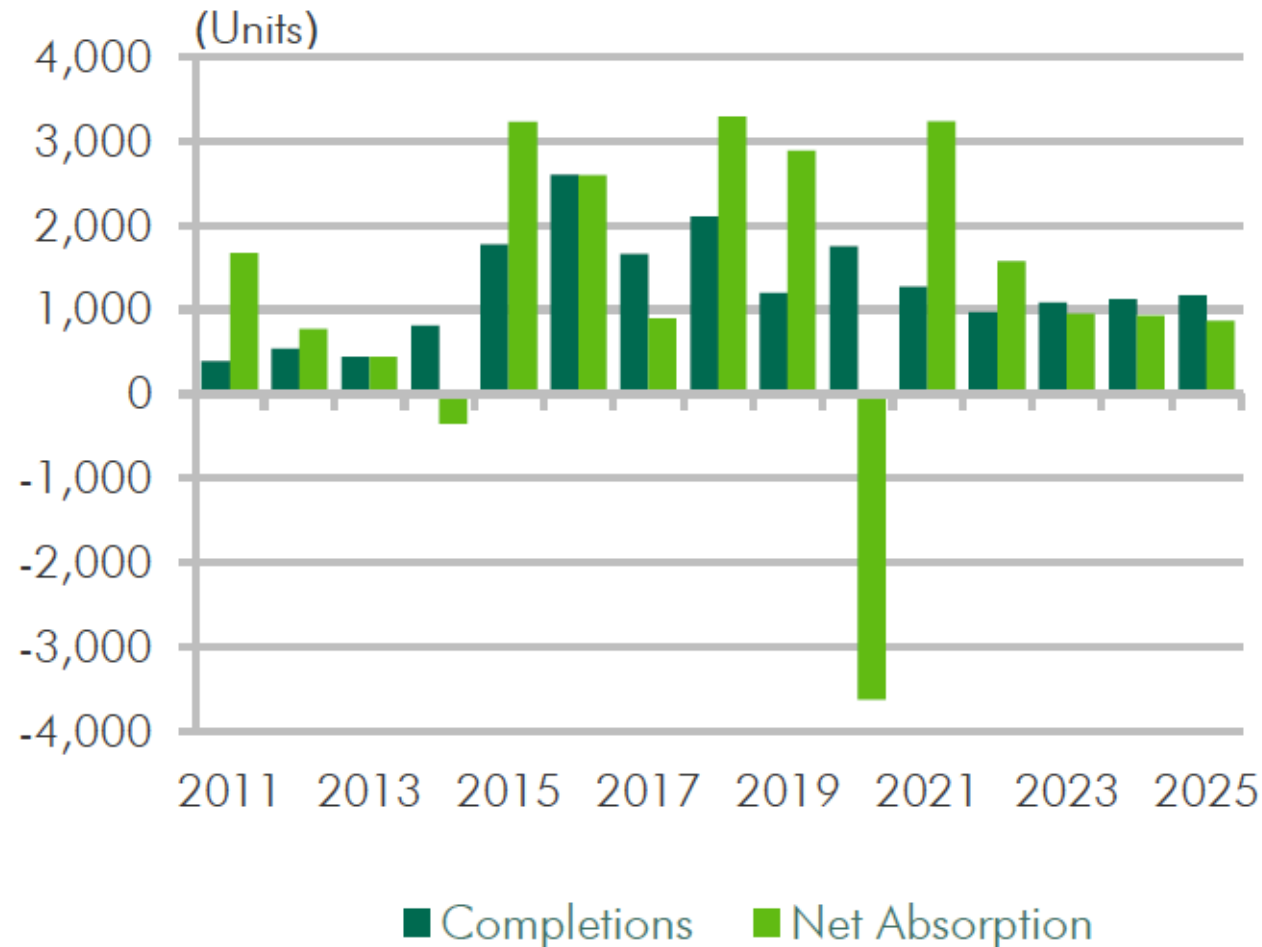
Is it a good time to build?

Sure, Why Not?

- Macro-level fundamentals remain solid
- Rising costs will make deals harder to pencil
- Rents still support new construction
- The Urban Core is wounded, not dead
- First-ring and suburban clusters will thrive

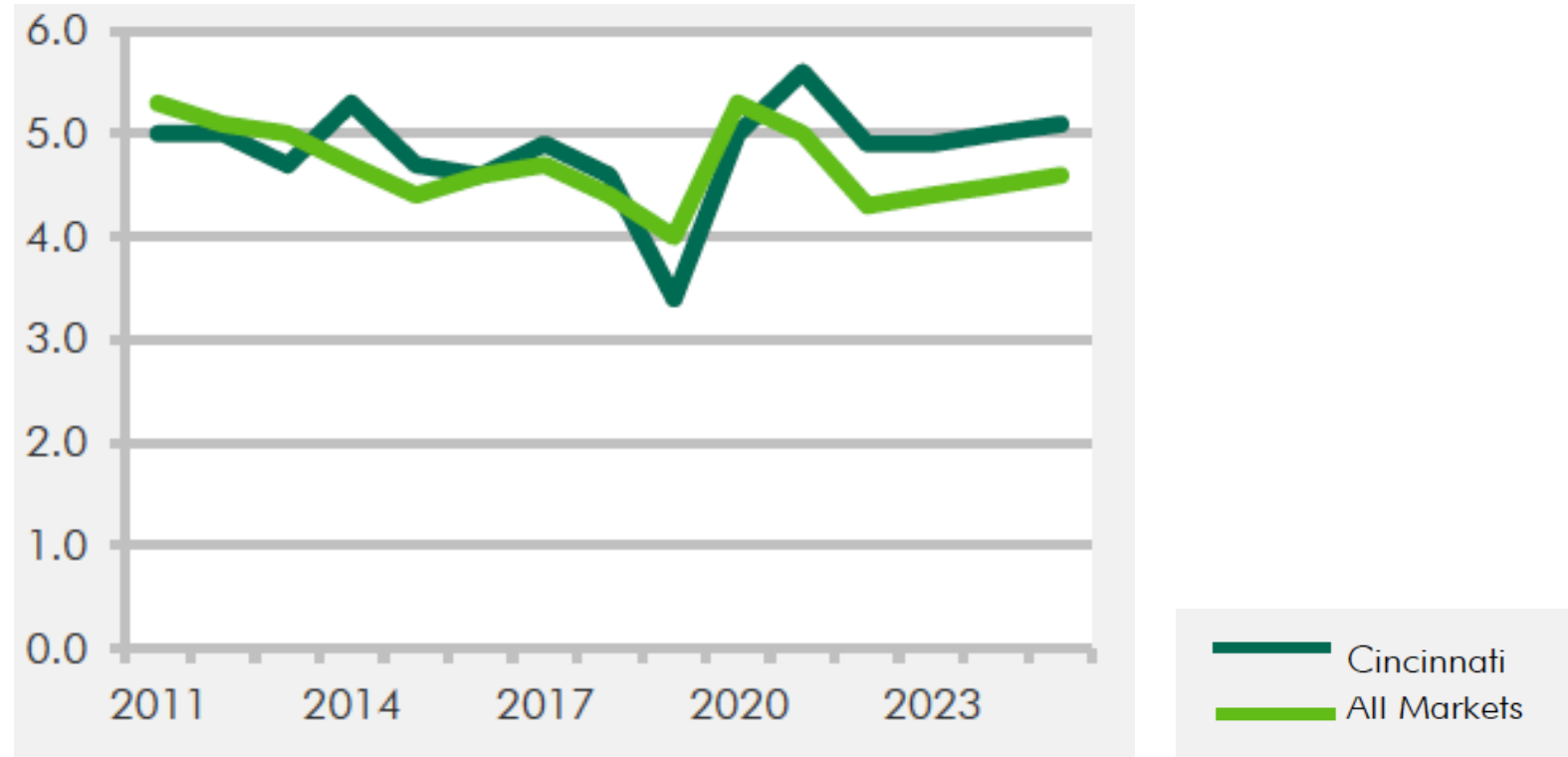
CINCINNATI MSA NET ABSORPTION

COMPLETIONS VS. NET ABSORPTION



CINCINNATI MSA VACANCY FORECAST

VACANCY RATES



CINCINNATI MSA RENTAL MARKET

Outlook

What happened in 2020?

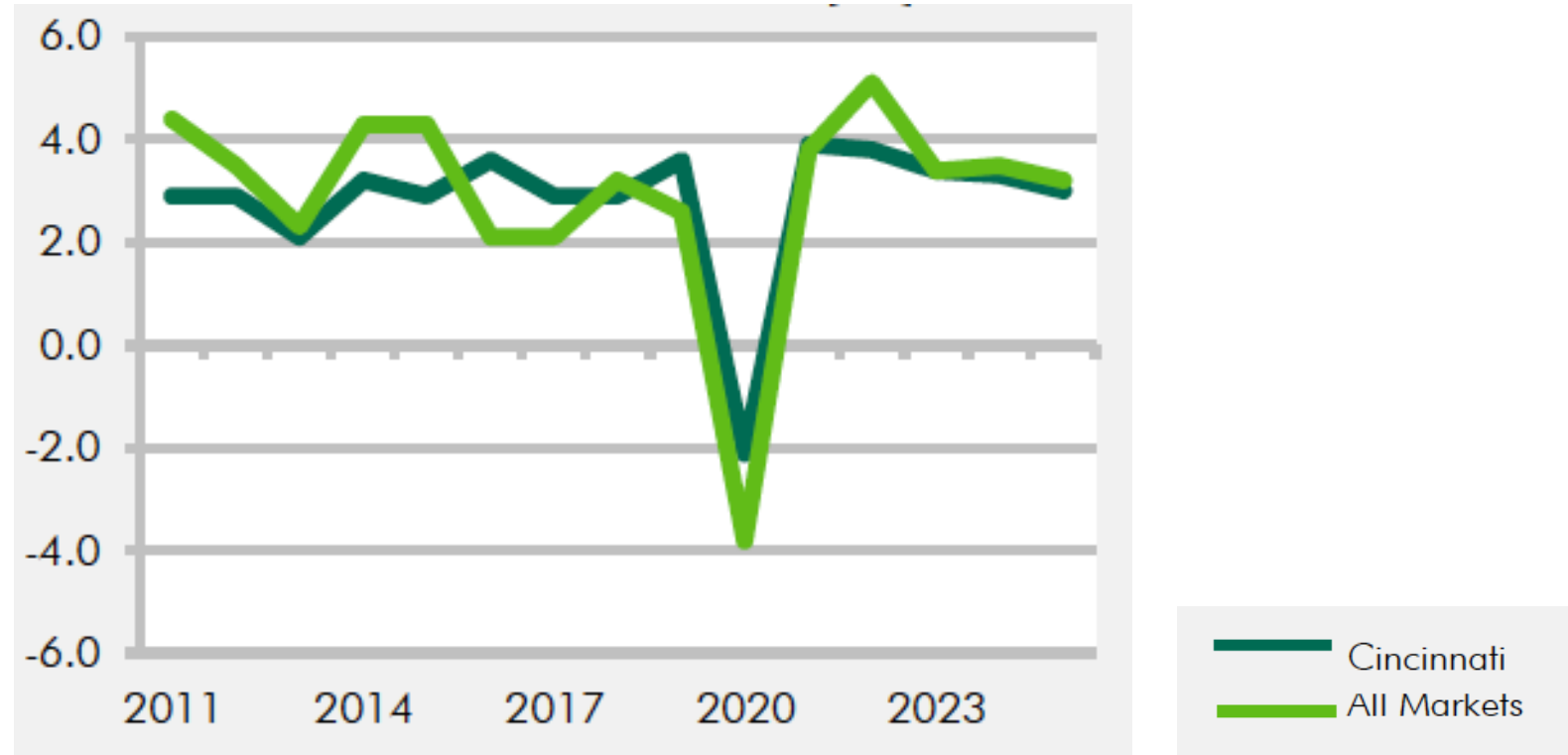
- Increase in delinquencies
- Rent increases sporadic
- Decreases in turnover
- Loss of renters to home-buying
- Recessionary impacts felt

So 2021 will bring.....

- A Long Winter!
- Soft rental market through Q1
- Evidence of rebound by late Spring
- Solid Recovery by Q3

CINCINNATI MSA RENT GROWTH FORECAST

RENT INFLATION %



Audience Questions and Broker Answers

Bedlam and Chaos Ensue....

Send your Questions to the Moderator

- Limit one question per attendee

Dave will Respond with Clever and Insightful Answers

- And wish you all a Happy Thanksgiving!



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