SOUTH FLORIDA MULTIFAMILY

2020 MIDYEAR REPORT

CUSHMAN & WAKEFIELD

Until there is vaccine or effective treatments for COVID-19 there is no panacea to the unprecedented events we have witnessed in 2020. South Florida multifamily has not been immune to the challenges faced by all of us. However, now that we are in the second half of 2020 there are some clearer trends that are becoming apparent in the South Florida multifamily market. In this edition, we have highlighted key analysis which will shape the market going forward.

THE BIG PICTURE

- The CARES Act has proven to be effective in buoying the multifamily industry—particularly via the $600 weekly Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Unemployment Assistance (PUA)—as multifamily rent payments have held through July.
- In general, the pandemic relief bills have helped sustain multifamily rent payments explaining why delinquency rates have remained relatively stable with the government's support.
- As of mid-year 2020 multifamily rents are stable. There is marginal increase in vacancy due to new supply.
- The South Florida unemployment rate is 11.3% totaling 320,311 unemployed people. At the beginning of the year the unemployment rate was 2.81%. In the space of six months the South Florida unemployment rate soared from a 50-year low to a record high in April.
- With few exceptions, multifamily property values continue to hold. Covid, the election and collections will dominate the investment landscape in second half of 2020.

SOUTH FLORIDA MULTIFAMILY SALES

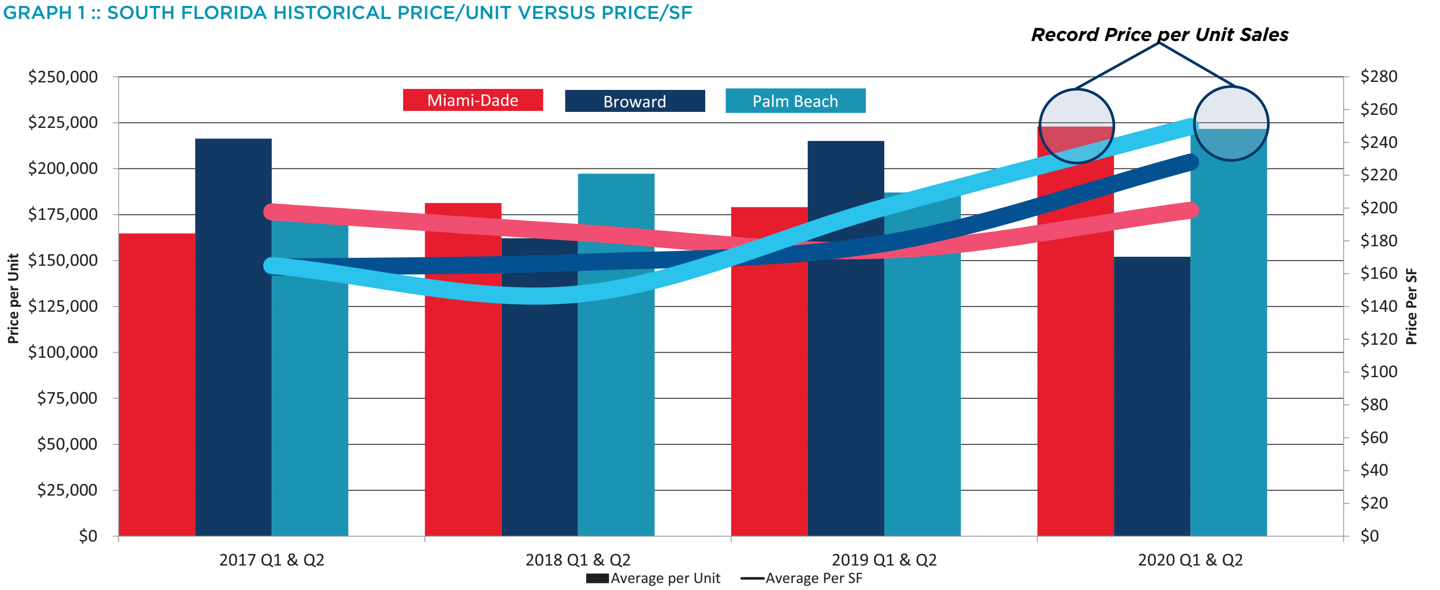
- **Multifamily property values have not been notably impacted.** Multifamily properties we have sold or put under contract since Covid-19 have had a price adjustment of 0-4% based on property performance. Properties with solid collections and occupancies are likely to increase in value as they offer minimal risk and proven performance. Record low interest rates – with rates less than 3% available make multifamily the preferred asset class for many investors.
- In the first half of 2020, there **were 91 multifamily totaling $1 billion in South Florida.** This is a 50% decrease in sale volume from 2019.
- About **70% of sale activity is in properties built since 1980.** Pre 1980 product in the first half of 2020 was just under $300 million, which is only a 6% decrease from first half 2019. There remains a limited number of Pre 1980's "value add" opportunities.
- Newer multifamily sales resulted in average record price per door sales in Miami-Dade and Palm Beach counties, each eclipsing an **average sale in excess of $200,000 per unit for the first time.**
- More deals will likely hit the market after Labor Day, but **sale volume will likely be down 40-50% from 2019.** When more investors are prepared to use air travel deal volume will spike. Capital is ready to be deployed for multifamily opportunities. New York buyers are very active.
- Deal activity in the sub $20 million is seeing the highest level of activity. In the last downturn, private capital buyers were the first to start buying multifamily properties and this trend seems to be repeating itself.

CAP RATES

- At the time of writing, the 10-year treasury is around 0.6% down 120 basis points from the beginning of 2020. On agency small balance loans with a 70% LTV, overall interest rates ranged between the high 2's to low 3% percent range. Availability to the cheapest debt ever witnessed in the market improves investor returns and potentially property values.
- The key variable is how investors are underwriting NOI. Many investors are assuming zero rent growth in year 1 and higher bad debt write-offs. Consequently, the more conservative NOI projections have been offset by cheaper debt resulting in multifamily property values to remain largely unchanged. Properties with strong collections are likely to see cap rate compression due to favorable interest rates and limited risk exposure but more conservative proforma underwriting puts values at similar numbers to Pre-Covid levels.
- Cap rates today range between 4.1%-4.5% for Class A properties. Class B and C cap rates are ranging between 4.5% to 5.50%.

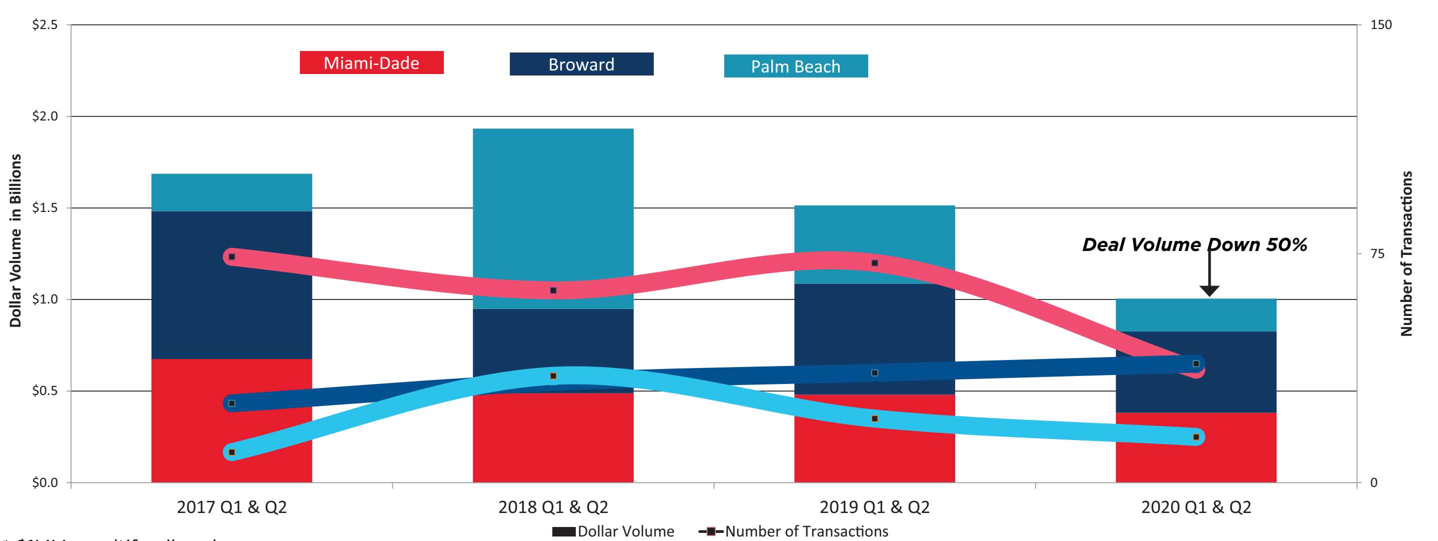
MULTIFAMILY INVESTMENT SALES ANALYSIS | SOUTH FLORIDA

GRAPH 1 :: SOUTH FLORIDA HISTORICAL PRICE/UNIT VERSUS PRICE/SF



* *$1MM+ multifamily sales*

GRAPH 2 :: SOUTH FLORIDA HISTORICAL TRANSACTION VOLUME VERSUS NUMBER OF TRANSACTIONS



* *$1MM+ multifamily sales*

RENTS

- As of mid-year, South Florida rental rates remain flat for 2020. In all three counties rents today are higher than mid-year 2019. This is largely attributable to new supply being delivered with higher than average rents.
- Renewals levels remain high with tenants less likely to move. Most owners are keeping rents flat on renewals.
- Rents for the second half of 2020 will largely be driven by how quickly the job market improves or additional stimulus is provided. Slow economic recovery will put downward pressure on rents.

VACANCY RATES

- All three counties witnessed marginally higher vacancies in the first half of 2020. The South Florida vacancy rate is 5.5% an increase from 4.9% in the first half of 2019.
- The higher vacancy was attributable to 7,545 new units delivered to market in the first half of 2020. Net absorption for the same period was 3,178 units which resulted in the vacancy increase. There are another 7,480 units scheduled for delivery later this year. Short-term new supply will outpace absorption and vacancies will likely increase. This will likely be confined to more urban markets and Class A product.
- Class B and C properties have the lowest vacancy levels but have lower collection amounts.

COLLECTIONS, (UN)EMPLOYMENT, AND GOVERNMENT

The CARES Act has proven to be effective in buoying the multifamily industry—particularly via the $600 weekly Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Unemployment Assistance (PUA). Given that more than 280,000 are still unemployed in South Florida (approximately 194,000 more than pre-COVID-19 levels), the South Florida multifamily outlook will largely be shaped by factors beyond our control. These factors include:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act benefits expired at end of July. At the time of writing a proposal by Donald Trump called the HEALS Act has yet to provide any funds. In short, no stimulus money is currently available to assist in rent payments. We expect additional stimulus money will arrive, but timing remains uncertain. .
- The following table illustrates the monthly income-to-rent ratios with the assumption that on average, each household consists of two income-earning persons. Here we assume that under worst case job loss situation, both income earners are receiving unemployment benefits through 1) The CARES Act 2) The proposed HEALS Act 3) State unemployment. In these scenarios, we have compared the maximum unemployment benefit payment under The CARES Act, HEALS Act and State unemployment to average effective rents by class in South Florida to produce an income-to-rent ratio. Any ratio under 3.0 indicates that rents are not within the affordable range compared to the benefits received.

TABLE :: INCOME TO RENT RATIO BY COUNTY AND BUILDING CLASS WITH CARES, HEALS AND ONLY UNEMPLOYMENT

	CLASS A				CLASS B				CLASS C			
	AVG RENT	W/CARES ACT & STATE UNEMPLOYMENT	HEALS ACT & STATE UNEMPLOYMENT	JUST STATE UNEMPLOYMENT	AVG RENT	W/CARES ACT & STATE UNEMPLOYMENT	HEALS ACT & STATE UNEMPLOYMENT	JUST STATE UNEMPLOYMENT	AVG RENT	W/CARES ACT & STATE UNEMPLOYMENT	HEALS ACT & STATE UNEMPLOYMENT	JUST STATE UNEMPLOYMENT
Miami	$2,064	3.67	2.83	1.15	$1,448	5.24	4.04	1.65	$1,179	6.43	4.96	2.02
Broward	$1,936	3.92	3.02	1.23	$1,599	4.74	3.66	1.49	$1,227	6.18	4.77	1.94
Palm Beach	$1,923	3.94	3.04	1.24	$1,532	4.95	3.82	1.56	$1,251	6.06	4.68	1.91

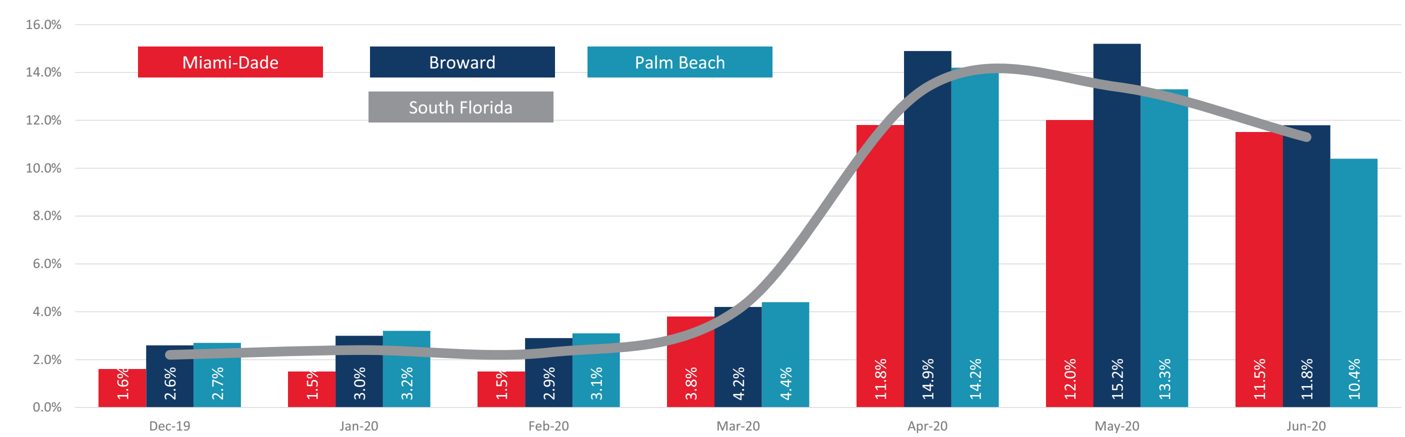
- Each county in South Florida has average effective rents that are affordable (ratio of 3.0 or more) under The CARES and HEALS Acts except Miami-Dade Class A at 2.83 for HEALS. Without the additional CARES or HEALS unemployment benefits, unemployment claimants in all asset classes throughout South Florida would enter the cost burdenship range.

- Eviction moratoriums. In August the Florida eviction moratorium was not simply extended – it was modified meaningfully which will impact both landlords and tenants. Now only the “final action at the conclusion of an eviction proceeding” (the actual eviction) must be suspended and only for tenants that “adversely affected by the COVID-19 emergency”. Tenants would need to show hardship to achieve the suspension within a five-day period of receiving the summons. If a tenant does not respond in the five-day window, they are now subject to eviction. Owners who took mortgage forbearance on GSE-backed multifamily assets are exempt from filing evictions for nonpayment of rent. The net result is a wave of evictions while boosted weekly unemployment benefits expire.

BALANCING REOPENING WITH LOSS OF ENHANCED UNEMPLOYMENT BENEFITS

The extent to which ending enhanced unemployment insurance benefits creates a wave of nonpayment and/or evictions in the third and fourth quarters of 2020 hinges upon businesses ability to reopen and provide employment. In South Florida we have taken steps forwards and backwards on reopening. South Florida lost just over 300,000 jobs in March, April and May. Since then, as the stay-at-home restrictions were lifted and the economy began to reopen, furloughed workers have been called back to work and the employment data has improved. In June, the South Florida economy regained approximately 60,000 of the total number of jobs that were lost in March, April and May .

GRAPH 3 :: SOUTH FLORIDA UNEMPLOYMENT RATES

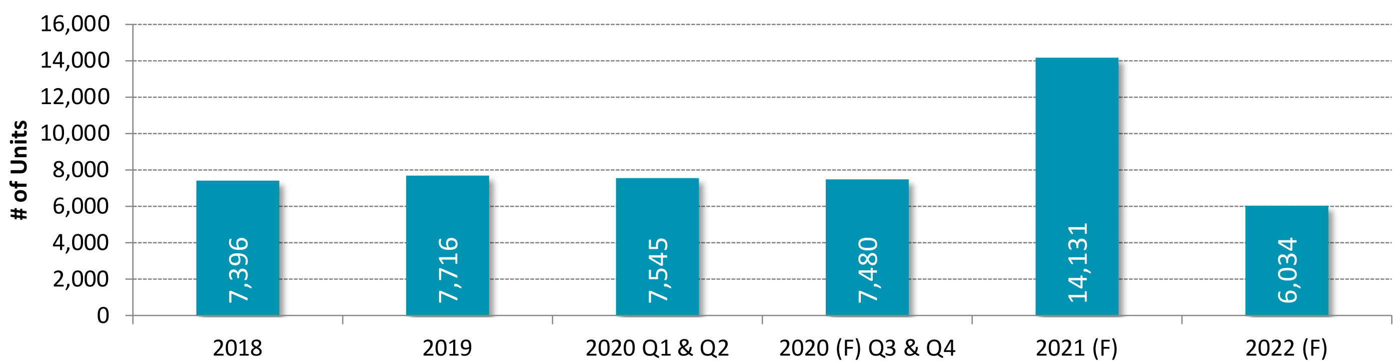


It is generally assumed, however, that as the virus lingers, it will continue to result in sluggish growth. Thus, it is also assumed that many of the job losses that occurred earlier in the year will ultimately become permanent job losses as the virus continues to impact consumer and business demand. Of course, the nature of the economic recovery is highly uncertain and is ultimately tied to the path of the pandemic and the actions taken to contain it. Many scenarios can still play out.

RECORD NUMBER OF UNITS UNDER CONSTRUCTION

There are 27,901 units under construction in South Florida. This represents 7.5% of the current apartment inventory. 7,545 new units were delivered to market in the first half of 2020. The past five-year net absorption in South Florida averaged 7,100 units per year meaning upcoming completions will outpace absorption causing certain submarkets to experience slower lease-ups, higher concessions and downward rental pressures as several new buildings will be delivered in a short duration. As explained in previous market reports we do not believe the multifamily faces an oversupply of units. We anticipate demand for multifamily rentals will increase post Covid as South Florida becomes a hotbed of population growth from people migrating from other states due to the business-friendly environment and workers who can operate remotely choosing South Florida as their new home.

GRAPH 4 ::SOUTH FLORIDA HISTORICAL & FUTURE MULTIFAMILY DELIVERIES



SUMMARY

Despite the challenges in the market, South Florida multifamily remains resilient. The second half of 2020 will be shaped by the job market and collections. Collections continue to hold up exceptionally well. If this trends continues, risk is diminished and the market sale activity will increase. Encouragingly, as of time of writing, August collections look slightly stronger than July. This is despite the stimulus burn off. It's too early to claim we are in the clear on the collections but it's definitely better than expected. Equally, unemployment numbers continue to decline but this is from a record number. Additional stimulus can "buy time" until things settle but the LUV shaped recovery models will be driven by the job market and how quickly South Florida get back the lost jobs.

Despite the lower sale activity there remains interesting opportunities and trends to follow. Some are outlined below:

1. Record Low Interest Rates. Availability to lock in financing at record low interest rates provide attractive acquisition or refinancing opportunities.

2. Population Growth. South Florida will likely see an increase in population as the work from home and business friendly environment will attract both renters and investors. Much of this demand will rent multifamily. (See previous WeaverReport regarding multifamily demand.)

3. Certainty in uncertain times. Fewer deals are in the market. Capital remains available for acquisitions. Shortened due diligence timing can position buyers favorably in choppy times.

4. Lose the loss-to-lease. Rental growth will be challenged during the next year. Look for opportunities that have loss-to-lease. Properties that have high wide variations of rents for identical units may have upside by burning off loss-to-lease on underpriced units. Properties that are self-managed and/or smaller in size often have upside that can achieved through rent roll analysis.

5. Hipsturbia: Suburban locations with interesting town centers, walkability and access to good schools. Millennials will either look for more space away from urban areas and/or start having families and will look at interesting suburban locations. Townhome rentals also stand to benefit from the demographic shifts.

6. Market Rate Workforce Housing: House prices continue to increase in South Florida. Entering homeownership remains problematic for many renters. Workforce rental housing is underserved. There will be opportunities to acquire newly built, market rate workforce properties with rents under $1,500. This is a dramatically undersupplied market and has an excellent long-term runway for strong returns.

7. Conversion of Hotel/Retail Space to Multifamily. Hotels and retail are challenged. Repurposing or redeveloping sites for multifamily will become more prevalent. Still a little to see many of these opportunities, but they are on the horizon.

MIAMI-DADE MULTIFAMILY MARKET SUMMARY

$381,859,276	$10,320,521	$199	$222,918
2020 YTD Sales	2020 YTD Average Sale Price	2020 YTD Average Sale PSF	2020 YTD Avg. Sale Per Unit
$1,519	94.8%	725	170,077
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

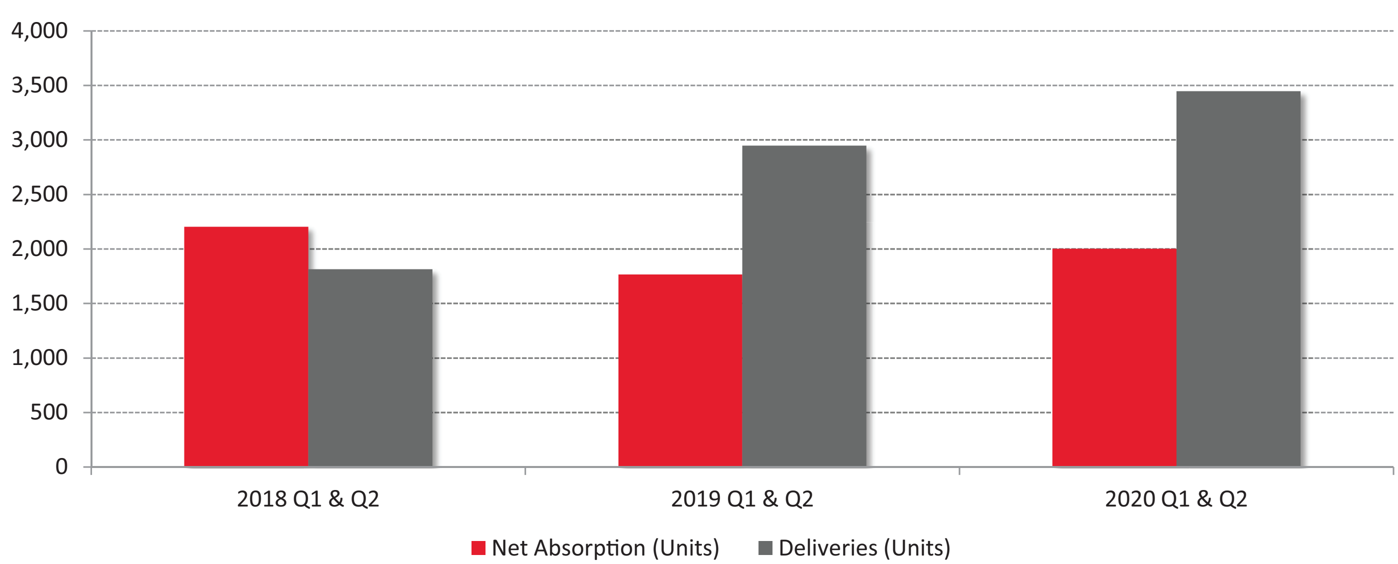
YEAR	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS
2020 Q2	170,077	$1,519	$1.76	-0.4%	$1,495	$1.73	-1.2%	5.2%	725	1,535
2020 Q1	168,554	$1,525	$1.77	-0.5%	$1,513	$1.75	-0.3%	4.9%	1,277	1,912
2019 Q4	166,642	$1,532	$1.77	0.2%	$1,517	$1.76	0.2%	4.6%	620	1,165
2019 Q3	165,477	$1,529	$1.77	0.3%	$1,514	$1.75	1.2%	4.3%	734	308
2019 Q2	164,979	$1,524	$1.77	1.1%	$1,496	$1.73	1.1%	4.6%	835	1,387
2019 Q1	163,592	$1,508	$1.75	0.5%	$1,480	$1.71	0.4%	4.3%	931	1,560
2018 Q4	162,095	$1,500	$1.74	0.4%	$1,474	$1.71	0.1%	4.0%	551	609
2018 Q3	161,486	$1,494	$1.73	0.5%	$1,472	$1.70	0.4%	4.0%	1,208	486
2018 Q2	161,137	$1,486	$1.72	0.7%	$1,466	$1.70	1.0%	4.5%	1,023	514
2018 Q1	160,623	$1,475	$1.71	0.6%	$1,451	$1.68	0.8%	4.9%	1,181	1,300

Miami-Dade Apartments Under Construction

63 apartment buildings totaling **14,275** units under construction in Miami-Dade

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Wynwood Green	Miami	189	2022
Casa Verano	Miami	44	2020
Gables Station	Coral Gables	450	2020
Madison Square	South Miami	40	2021
Baccarat	Doral	120	2020

Miami-Dade Deliveries Versus Absorption



MIAMI-DADE MULTIFAMILY MARKET SUMMARY* *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Aventura	2,783	$1,770	$1.76	-0.2%	108	30	-	108
Bal Harbor/ Miami Beach	10,008	$1,347	$2.02	-2.8%	0	-36	42	0
Brickell/Downtown	15,010	$1,477	$1.94	-1.7%	7,228	5	-	7,228
Coconut Grove	2,183	$1,617	$2.03	-0.7%	130	14	10	130
Coral Gables	7,563	$1,988	$2.35	-4.6%	1,394	272	338	1,394
Hialeah/Miami Lakes	22,552	$1,374	$1.57	2.0%	371	298	400	371
Homestead/ South Dade	20,481	$1,131	$1.30	2.9%	1,282	654	929	1,282
Kendall	13,924	$1,669	$1.87	0.1%	439	-165	294	439
Miami Gardens/ Opa Locka	32,633	$1,177	$1.42	2.1%	1,407	175	468	1,407
Miami Springs/Doral	20,156	$1,735	$1.86	-3.3%	2,618	619	1,297	2,618
North Miami/ North Miami Beach	18,588	$1,292	$1.60	0.3%	897	586	419	897
Outlying Miami-Dade County	853	$1,575	$1.33	1.2%	245	5	-	245
Westchester/Tamiami	3,343	$1,325	$1.76	2.2%	0	34	-	0
TOTAL/AVERAGE	**170,077**	**$1,519**	**$1.76**	**-0.4%**	**16,119**	**2,491**	**4,197**	**16,119**

- In 2020 YTD, there were 37 apartment sales totaling $382 million with an average price of $222,918 per unit or $199 per square foot.
- Sales volume was down by 20% from 2019 YTD and 43% from the record high of 2017 YTD.

- For 2nd quarter in a row, average asking and effective rents showed a drop.
- In 2Q2020, average asking rents shrunk by 0.4% compared to Q1 and a total of 0.8% from record high showed in 4Q2019.
- Highest rents are in Coral Gables and lowest in Homestead/South Dade.

- In 2Q2020 vacancies continued to increase reaching a record high of 5.2% from the record lows of 4.0% in 3Q 2018. Vacancies will likely continue to increase in short-term with all upcoming deliveries in the pipeline.
- Highest vacancy rate is in Coral Gables. Lowest vacancy rate is in Westchester.

- There are 14,275 units under construction. This represents 8.4% of the current inventory in the market.
- Since 1Q2018, 10,776 units have been delivered to the market.

- In 2020 YTD net absorption was 2,002 units. Newly completed units totaled 3,447 units resulting in an increase in vacancies.
- Vacancies in certain submarkets will increase in the remaining of 2020 as new supply continues to be delivered and enter lease-up.

- In 2020 median salary income increased 1.3% from 2019.
- The population grew by 44,531 since 2016, and 0.7% over the past year.

*Data as of Jul-2020, apartment sales of 10 units or more, in excess of $1MM in pricing, excluding all condo sales

Source: CoStar & Moody's Analytics

BROWARD MULTIFAMILY MARKET SUMMARY

$443,266,795	$11,365,815	$228	$152,064
2020 YTD Sales	2020 YTD Average Sale Price	2020 YTD Average Sale PSF	2020 YTD Avg. Sale Per Unit
$1,576	93.5%	695	129,904
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

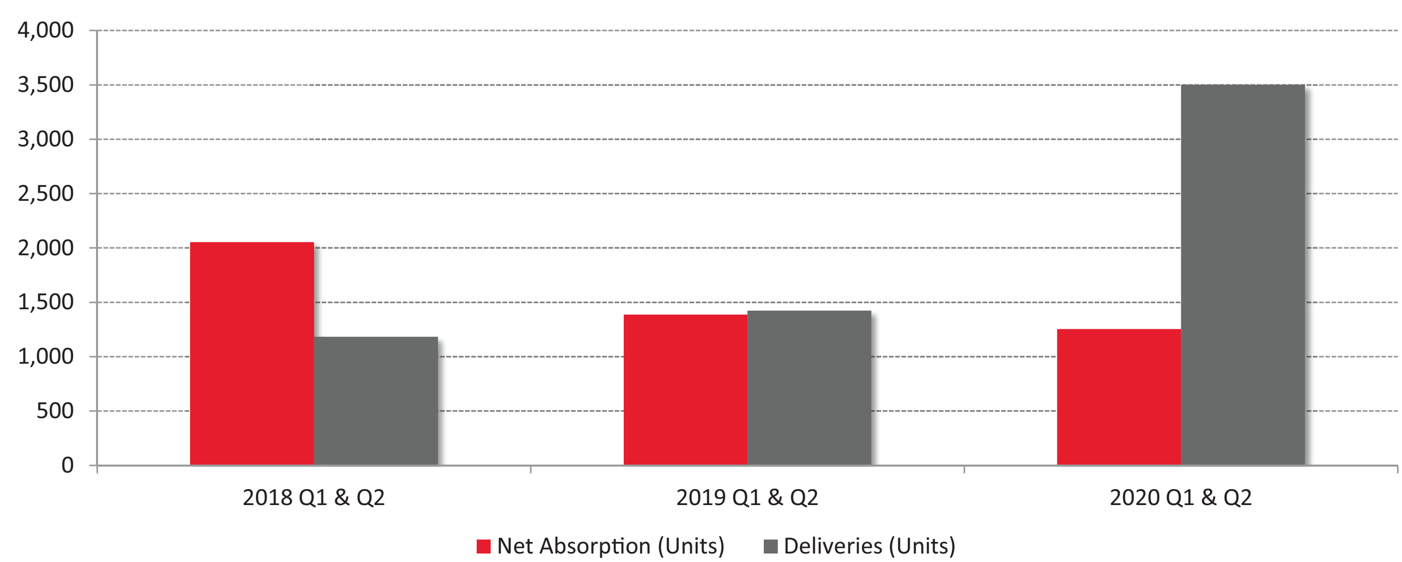
YEAR	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	NET ABSORP	NEW UNITS
2020 Q2	129,904	$1,576	$1.63	-0.8%	$1,552	$1.60	-1.5%	6.5%	695	3,014	2,166	1,635
2020 Q1	126,890	$1,588	$1.64	0.4%	$1,575	$1.63	0.5%	5.0%	559	488	3,471	2,503
2019 Q4	126,402	$1,581	$1.63	0.4%	$1,567	$1.62	0.3%	5.1%	1,214	339	3,077	4,241
2019 Q3	126,131	$1,574	$1.63	0.1%	$1,562	$1.61	1.0%	5.8%	-214	0	1,461	3,529
2019 Q2	126,131	$1,573	$1.62	0.8%	$1,546	$1.60	0.7%	5.7%	746	1,074	2,685	2,608
2019 Q1	125,057	$1,560	$1.61	1.0%	$1,536	$1.59	1.1%	5.5%	642	350	3,720	4,282
2018 Q4	124,721	$1,544	$1.59	-0.1%	$1,519	$1.57	-0.5%	5.7%	626	839	2,451	1,698
2018 Q3	123,892	$1,546	$1.60	0.8%	$1,526	$1.58	1.1%	5.6%	723	480	1,668	1,632
2018 Q2	123,412	$1,533	$1.58	0.5%	$1,510	$1.56	0.5%	5.8%	853	802	792	725
2018 Q1	122,610	$1,526	$1.58	1.0%	$1,502	$1.55	1.1%	5.9%	1,201	382	1,918	997

Broward Apartments Under Construction

32 apartment buildings totaling **8,409** units under construction in Broward

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Morea	Pompano Beach	327	2021
58 Oak	Hollywood	47	2021
Bella Vista	Lauderdale Lakes	317	2021
Lineo Palm Aire	Fort Lauderdale	22	2020
Alexan Plantation	Plantation	248	2021

Broward Deliveries Versus Absorption



BROWARD MULTIFAMILY MARKET SUMMARY* *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	UNDER CONSTRUCTION	VACANCY	NET ABSORPTION	DELIVERED UNITS
Coral Springs	21,588	$1,582	$1.53	1.1%	211	4.7%	-9	0
Fort Lauderdale	20,010	$1,943	$2.15	0.1%	4,823	13.8%	312	1,836
Hollywood/ Dania Beach	12,538	$1,359	$1.59	1.1%	506	5.9%	94	264
Miramar/ Hallandale Beach	5,772	$1,326	$1.48	3.2%	0	3.3%	18	0
Oakland Park/ Lauderhill	14,114	$1,254	$1.42	1.1%	209	4.9%	-19	0
Pembroke Pines/ West Miramar	10,934	$1,797	$1.65	-3.6%	300	6.4%	7	0
Plantation/Sunrise	18,637	$1,586	$1.56	-0.9%	1,805	7.2%	306	700
Pompano Beach/ Deerfield Beach	16,298	$1,369	$1.49	2.6%	541	5.7%	25	214
Weston/Davie	10,013	$1,629	$1.63	-0.3%	45	5.2%	-39	0
TOTAL/AVERAGE	**129,904**	**$1,576**	**$1.63**	**-0.8%**	**8,440**	**6.5%**	**695**	**3,014**

- In 2020 YTD, there were 39 apartment sales totaling $443 million with an average price of 152,064 per unit or $228 per square foot.
- Sales volume was down by 27% from 2019 YTD and 45% from the record high of 2017 YTD.

- Average asking and effective rents showed a drop compared to record high 1Q2020. More specifically, 1Q2020 showed a record high of $1,588 whereas 2Q2020 ended at $1,576 or 0.8% down.
- Highest rents are in Fort Lauderdale and lowest in Oakland Park/Lauderhill.

- In 2Q2020 vacancies continued to increase reaching a record high of 6.5% from the record lows of 5.0% in 1Q 2020. Vacancies will likely continue to increase in short-term with all upcoming deliveries in the pipeline.
- Highest vacancy rate is in Fort Lauderdale. Lowest vacancy rate is in Miramar/Hallandale Beach.

- There are 8,409 units under construction. This represents 6.5% of the current inventory in the market.
- Since 1Q2018, 7,768 units have been delivered to the market.

- In 2020 YTD net absorption was 1,254 units. Newly completed units totaled 3,502 units resulting in an increase in vacancies.
- Vacancies in certain submarkets will increase in the remaining of 2020 as new supply continues to be delivered and enter lease-up.

- In 2020 median salary income increased 1.3% from 2019.
- The population grew by 58,291 since 2016, and 0.9% over the past year.

*Data as of Jul-2020, apartment sales of 10 units or more, in excess of $1MM in pricing, excluding all condo sales

Source: CoStar & Moody's Analytics

PALM BEACH MULTIFAMILY MARKET SUMMARY

$179,737,950	$11,982,530	$250	$221,625
2020 YTD Sales	2020 YTD Average Sale Price	2020 YTD Average Sale PSF	2020 YTD Avg Sale Per Unit
$1,589	93.0%	-77	71,858
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

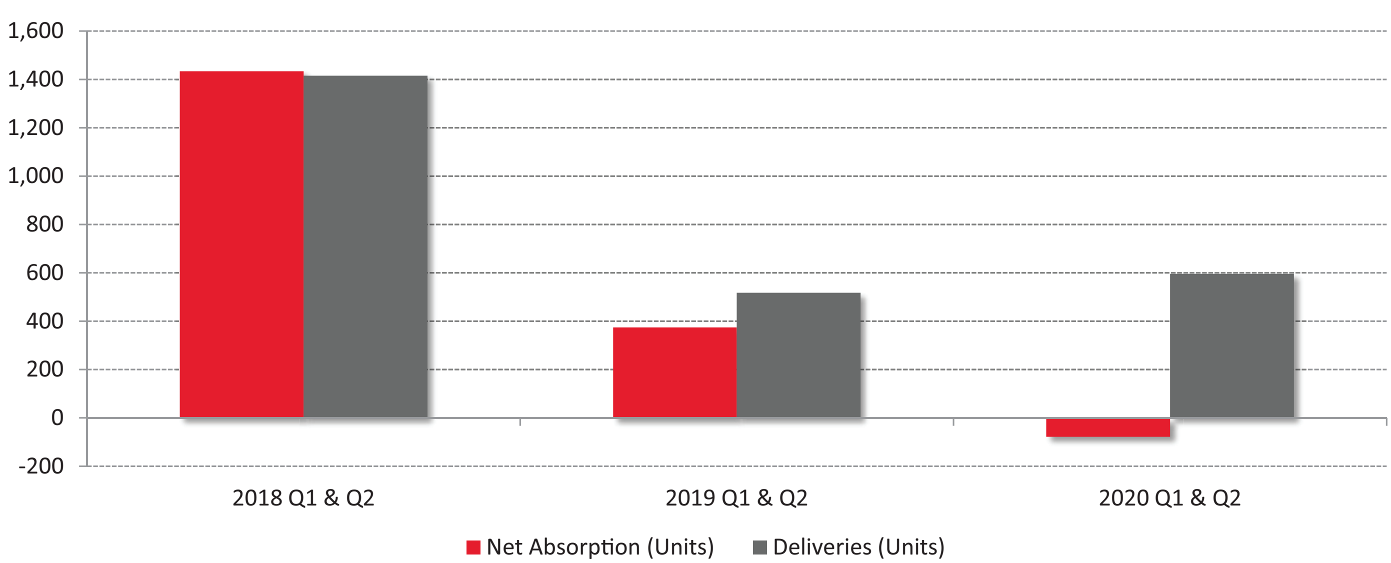
YEAR	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	NET ABSORP	NEW UNITS
2020 Q2	71,858	$1,589	$1.56	-1.7%	$1,567	$1.54	-2.4%	7.0%	-77	87	927	1,527
2020 Q1	71,771	$1,616	$1.59	-0.4%	$1,605	$1.58	-0.6%	6.7%	-1	509	2,924	1,984
2019 Q4	71,262	$1,623	$1.59	1.3%	$1,615	$1.59	1.6%	6.2%	115	324	1,130	2,749
2019 Q3	70,938	$1,602	$1.57	1.3%	$1,589	$1.56	2.3%	6.0%	461	692	1,113	1,306
2019 Q2	70,246	$1,581	$1.55	0.3%	$1,553	$1.53	0.1%	5.7%	135	517	1,043	1,622
2019 Q1	69,729	$1,577	$1.55	1.3%	$1,551	$1.52	1.3%	5.2%	239	0	1,444	1,693
2018 Q4	69,729	$1,557	$1.53	0.6%	$1,531	$1.50	0.5%	5.5%	632	263	2,929	2,531
2018 Q3	69,466	$1,548	$1.52	0.8%	$1,524	$1.50	1.4%	6.1%	867	306	1,119	825
2018 Q2	69,160	$1,536	$1.51	1.0%	$1,503	$1.48	0.9%	7.1%	613	579	143	144
2018 Q1	68,581	$1,521	$1.49	0.7%	$1,489	$1.46	0.8%	7.2%	821	836	850	248

Palm Beach Apartments Under Construction

21 apartment buildings totaling **5,217** units under construction in Palm Beach

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Boca Dunes	Boca Raton	354	2021
District Flats	West Palm Beach	36	2021
Cortina III	Boynton Beach	378	2021
Ocean Delray Beach	Delray Beach	19	2022
Solera at City Centre	Palm Beach Gardens	136	2021

Palm Beach Deliveries Versus Absorption



PALM BEACH MULTIFAMILY MARKET SUMMARY* *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	UNDER CONSTRUCTION	VACANCY	NET ABSORPTION	DELIVERED UNITS
Belle Glade	2,236	$715	$0.90	1.6%	0	20.6%	-3	0
Boca Raton	11,371	$1,853	$1.78	-1.1%	778	6.2%	-106	0
Boynton Beach	12,645	$1,540	$1.47	0.6%	663	9.6%	84	0
Delray Beach	5,735	$1,659	$1.51	0.6%	261	5.4%	-35	0
Greenacres	6,689	$1,187	$1.29	1.3%	0	4.4%	12	0
Outlying Palm Beach County	193	$760	-	1.7%	0	3.4%	-1	0
Palm Beach Gardens/ Jupiter	8,373	$1,633	$1.47	-0.4%	136	5.8%	-78	0
Royal Palm Beach/ Wellington	7,739	$1,568	$1.45	1.6%	0	8.2%	4	0
West Palm Beach	16,877	$1,381	$1.45	2.3%	602	6.2%	46	87
TOTAL/AVERAGE	**71,858**	**$1,589**	**$1.56**	**-1.7%**	**2,440**	**7.0%**	**-77**	**87**

- In 2020 YTD, there were 15 apartment sales totaling $180 million with an average price of 221,625 per unit or $250 per square foot.
- Sales volume was down by 58% from 2019 YTD and 82% from the record high of 2018 YTD.

- For 2nd quarter in a row, average asking and effective rents showed a drop.
- In 2Q2020, average asking rents shrunk by 1.7% compared to Q1 and a total of 2.1% from record high showed in 4Q2019.
- Highest rents are in Boca Raton and lowest in Belle Glade.

- In 2Q2020 vacancies continued to increase reaching a high of 7.0% from the record lows of 5.2% in 1Q 2019 and just 0.2% from highest in 1Q2018 of 7.2%. Vacancies will likely continue to increase in short-term with all upcoming deliveries in the pipeline.
- Highest vacancy rate is in Belle Glade (20.6%) and second highest is in Boynton Beach at 9.6%. Lowest vacancy rate is in Outlying Palm Beach County (3.4%) and second highest is in Greenacres at 4.4%.

- There are 5,217 units under construction. This represents 7.3% of the current inventory in the market.
- Since 1Q2018, 4,113 units have been delivered to the market.

- In 2020 YTD net absorption was -78 units. Newly completed units totaled 596 units resulting in an increase in vacancies.
- Vacancies in certain submarkets will increase in the remaining of 2020 as new supply continues to be delivered and enter lease-up.

- In 2020 median salary income increased 7% from 2019.
- The population grew by 67,113 since 2016, and 1.4% over the past year.

*Data as of Jul-2020, apartment sales of 10 units or more, in excess of $1MM in pricing, excluding all condo sales

Source: CoStar & Moody's Analytics

MARKET FUNDAMENTALS SNAPSHOT

Miami-Dade

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2021 (F)	2,754,183	0.6%	11.15%	$55,106	0.6%	$382,741	-4.8%
2020	2,736,744	0.7%	10.09%	$54,791	1.3%	$401,966	3.8%
2019	2,716,940	0.1%	2.38%	$54,111	3.7%	$387,430	4.1%
2018	2,714,854	0.1%	3.47%	$52,205	5.1%	$372,264	7.0%
2017	2,713,295	0.8%	4.51%	$49,669	5.4%	$348,037	10.4%
2016	2,692,213	1.2%	5.25%	$47,130	4.7%	$315,341	5.8%

Broward

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2021 (F)	1,986,839	0.8%	10.16%	$59,841	0.6%	$323,797	-5.8%
2020	1,970,874	0.9%	9.72%	$59,496	1.3%	$343,834	3.3%
2019	1,952,778	0.3%	3.04%	$58,737	2.5%	$332,932	2.8%
2018	1,946,107	0.6%	3.43%	$57,278	2.0%	$323,889	4.1%
2017	1,934,516	1.1%	3.98%	$56,158	2.0%	$311,112	8.0%
2016	1,912,583	1.5%	4.48%	$55,055	3.1%	$288,030	10.5%

Palm Beach

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2021 (F)	1,536,826	1.2%	10.84%	$67,665	-0.9%	$353,388	-3.5%
2020	1,518,003	1.4%	10.47%	$68,271	7.0%	$366,321	3.9%
2019	1,496,770	0.9%	3.28%	$63,803	3.4%	$352,616	2.8%
2018	1,482,876	0.9%	3.64%	$61,691	2.7%	$343,009	4.3%
2017	1,470,344	1.3%	4.19%	$60,074	2.4%	$328,844	6.8%
2016	1,450,890	1.9%	4.67%	$58,675	4.2%	$308,034	9.9%

*Data reported by BLS, Moodys and Alteryx Demographics

SOUTH FLORIDA: POPULATION | HOUSEHOLDS

Growth in 2020: 1.0% | 1.4%

Growth in past 5 years: 169,936 | 66,278

Increase over next 5 yrs: 255,972 | 173,312

SOUTH FLORIDA INCOMES

2.8% Median salary income increase in 2020.

0.8% Rent growth in 2020.

SOUTH FLORIDA EMPLOYMENT

40,900 jobs were lost since 2016. As of March 2020, SoFla had gained 159,200 jobs since 2016 however, it lost 200,100 during the pandemic to net a 40,900 loss over the past 5 years.

11.5% Miami-Dade Unemployment as of Jun-2020.

11.8% Broward Unemployment as of Jun-2020.

10.4% Palm Beach Unemployment as of Jun-2020.

6.8 Jobs for every apartment unit in SoFla.

SOUTH FLORIDA CONSTRUCTION

27,901 apartment units are currently under construction in SoFla. This is 7.5% of the current apartment inventory.

SOUTH FLORIDA HOUSING

69.2% | 60.4% home ownership rate in 2005 and 2020 respectively.

27.5% | 19.4% | 18.9% median single-family home price increase in Miami-Dade, Broward, and Palm Beach Counties respectively since 2016.

$374,246 median home value in So Fla.

DEBT OPTIONS IN TODAY'S MARKET

The Agency programs, and related support from the credit market stabilization programs implemented by the Fed, continue to drive multifamily investment sales and re-financings. Multifamily financing availability, in terms of both lower rates and higher proceeds, **is simply as attractive as it has ever been this decade.**

Pernament / Stabilized Financing: Fannie Mae, Freddie Mac, and HUD remain the de-facto lenders for stable Class B and C properties as well as those located in secondary and tertiary markets, with rates in the mid to high 2% range, driving maximum leverage achieved as high as 65-70%. For Class A product, Life companies generally have not yet been competitive at higher leverage, but are starting to undercut agency rates at ~50% leverage, with indications in the 2.4-2.5% range on 5 year deals, with full term interest only. We expect LifeCo market participants to compete with agencies at higher leverage in the latter half of the year as they capitulate on yield and recognize the need to deploy capital. Worth noting is that Libor is scheduled to be retired in 2021, and the agencies are slated to stop offering Libor-based floating rate loans by the end of 2020, instead moving to the more volatile and market-based SOFR rate.

Transitional / Bridge Financing: After taking a pause in March and April, we have seen renewed appetite from lenders for bridge financing, with participants offering short term bridge-to-agency execution as well as longer term solutions for assets in protracted lease ups. Due to general uncertainty regarding market rents, true value-add opportunities are likely better financed via agency execution, utilizing a supplemental upon realization of higher income. Some bridge to agency programs are quoting in the L+225-300 range, and longer term bridge requests or deals with lower occupancy can expect pricing in the L+375-475 range with a 1.0% Libor Floor. Such transitional deals are structured with two-to-five year terms and were generally interest only with limited to no prepayment penalties. In both cases leverage is sized as a function of the agency takeout financing available at stabilization.

Interest Rate Outlook: Rates are expected to remain low for the foreseeable future as the Fed attempts to literally reinflate the economy. Recent statements from Fed officials and analysis from market veterans point to a move to target greater than 2% average inflation, up to 4%; This implies a negative real return to investments yielding less than this amount, and an ideal time to own hard assets such as real estate which retain value as the purchasing power of the dollar declines. With rents marked to market annually, Multifamily is an ideal asset class for these conditions. The spread between the 2-year and 10-year treasury yields is 50 basis points, and the yield curve is moderately sloped, though anchored at the short end near zero. We expect the Fed to do everything in their power to maintain the status quo with rates for at least the next 24 months, and likely longer.

	PERMANENT FINANCING				BRIDGE DEBT		
	AGENCY		LIFE COMPANY		BRIDGE TO AGENCY	DEBT FUND	LIFE COMPANY
Interest Rate Type	Floating or Fixed		Fixed		Floating	Floating	Floating
Loan-to-value	55 - 65% LTV	70% LTV	50% LTV	55 - 65% LTV	55 - 65% LTV	65 - 75% LTV	55 - 65% LTV
Credit Spread	T + 175 – 210	T + 210 – 240	T + 185 – 220	T + 220 – 250	L + 225 - 300	L + 325 - 425	L + 275 – 375
Interest Rate	2.50 – 2.85%	2.85 - 3.15%	2.45 – 2.80%	2.80 - 3.10%	3.25 - 4.00%	4.25 – 5.25%	3.75 - 4.75%
Origination Fees	50 bps		0 - 10 bps		50 - 75 bps	75 - 100 bps	50 - 75 bps
Exit Fees	None		None		None	0 – 75 bps	None
Loan Term	5, 7, 10+ Years		5, 7, 10+ Years		12-24 months	2-3 + 1 + 1	3-5 + 1 + 1
Extension Fees	N/A		N/A		N/A	25 bps	25 bps
Amortization	Half to Full term IO	2-3 Yrs, 30am	Full term IO	5 Yrs - Full IO, 30am	IO during initial term	IO during initial term	IO during initial term
Prepayment	Fixed - Yield Maintenance/ Defeasance Floating – 1yr LO, 1% Thereafter		Yield Maintenance		Waived on Agency Refi	SM/Lockout 12 - 18 months	SM 12-18 Months
Recourse	Non-Recourse with Standard Carveouts		Non-Recourse with Standard Carveouts		Non-Recourse with Standard Carveouts	Non-Recourse with Standard Carveouts	Non-Recourse with Standard Carveouts
Notes	•Agencies have been the dominant post-COVID lender for multifamily with rates generally inside of pre-COVID •Higher leverage loans will be burdened with 6-12 month P&I, and in some cases Insurance and Tax reserves		•Life Cos very active, close to historic low rates •Select Life Cos implementing pre-stabilized programs to compete with agencies		•Agency correspondents using balance sheet capital; highly selective on both asset and sponsorship	•Debt Funds actively lending, multifamily bridge is the most sought after asset class •Most aggressive of three floating rate / bridge sources	•Life Co Floating rate programs selectively offered by handful of originators. •Generally more selective Sponsor profile may limit eligibility

General Notes:
Rates as of 8/20/2020. Agency and Life Company rates assume 10 Year term; Agencies employing index floors, and LifeCos targeting minimum overall rates.
Agency credit spread range includes both Fannie and Freddie

FOR MORE INFORMATION PLEASE CONTACT:

CHRIS LENTZ
SENIOR DIRECTOR
+1 305 533 2865
chris.lentz@cushwake.com

CONTACT INFORMATION

CALUM WEAVER
Executive Managing Director

T 954 377 0517
M 786 443 3105
calum.weaver@cushwake.com