



(((•))) Market Update Webcast

A Look Back at 2020 Webcast

Jay Parsons | VP, Asset Optimization | RealPage, Inc.

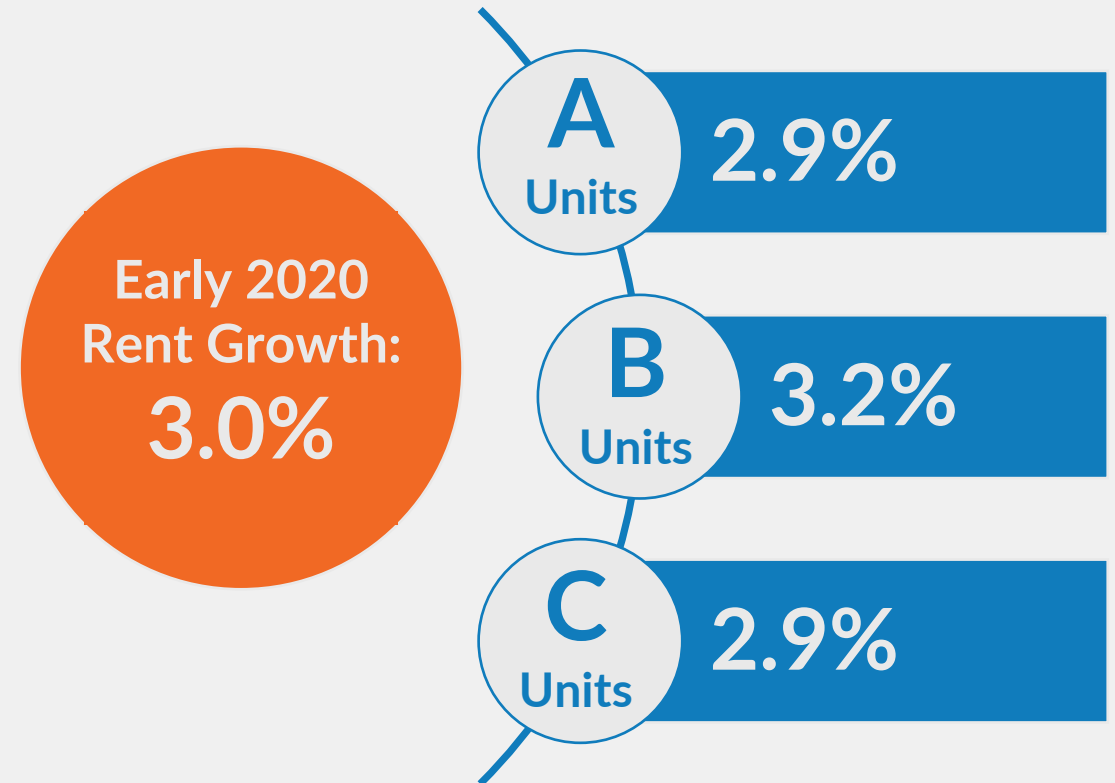
Greg Willett | Chief Economist | RealPage, Inc.

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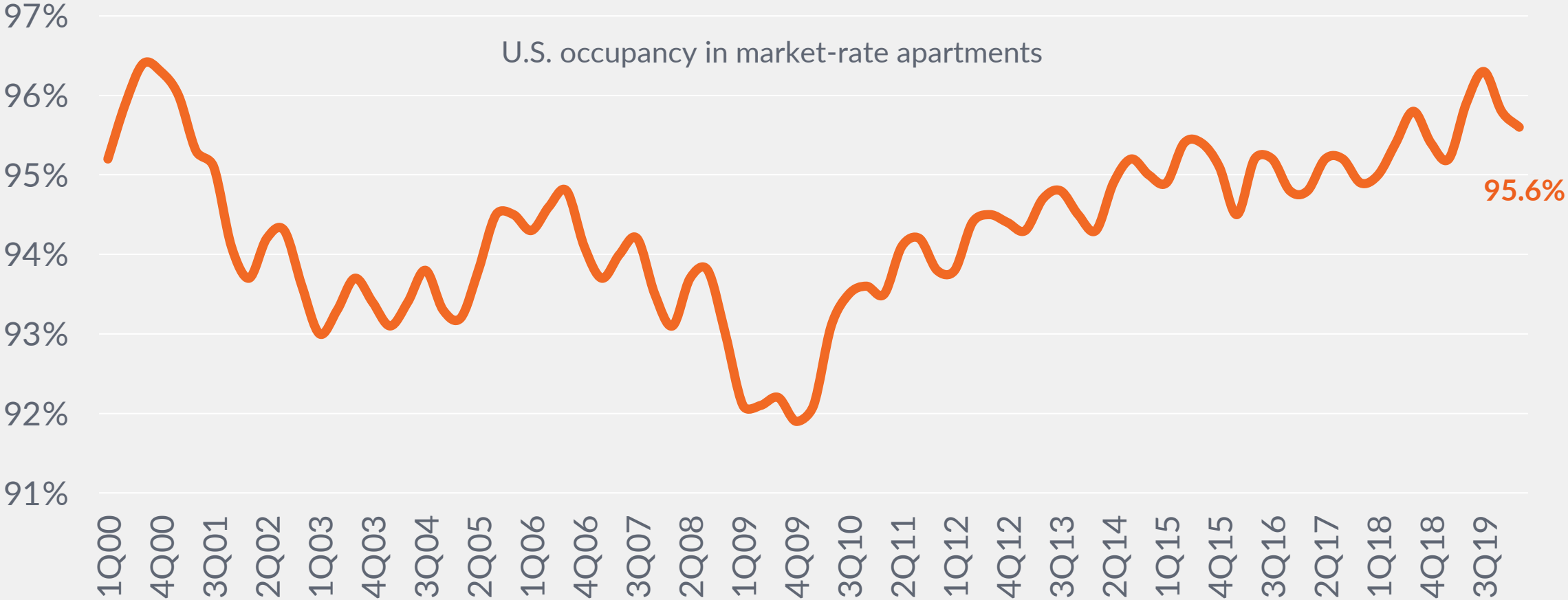
The Pre-Pandemic Market

- ✓ Job growth is solid, but there's some slowing due to labor shortages
- ✓ Occupancy lines up with all-time highs



Source: RealPage, Inc.

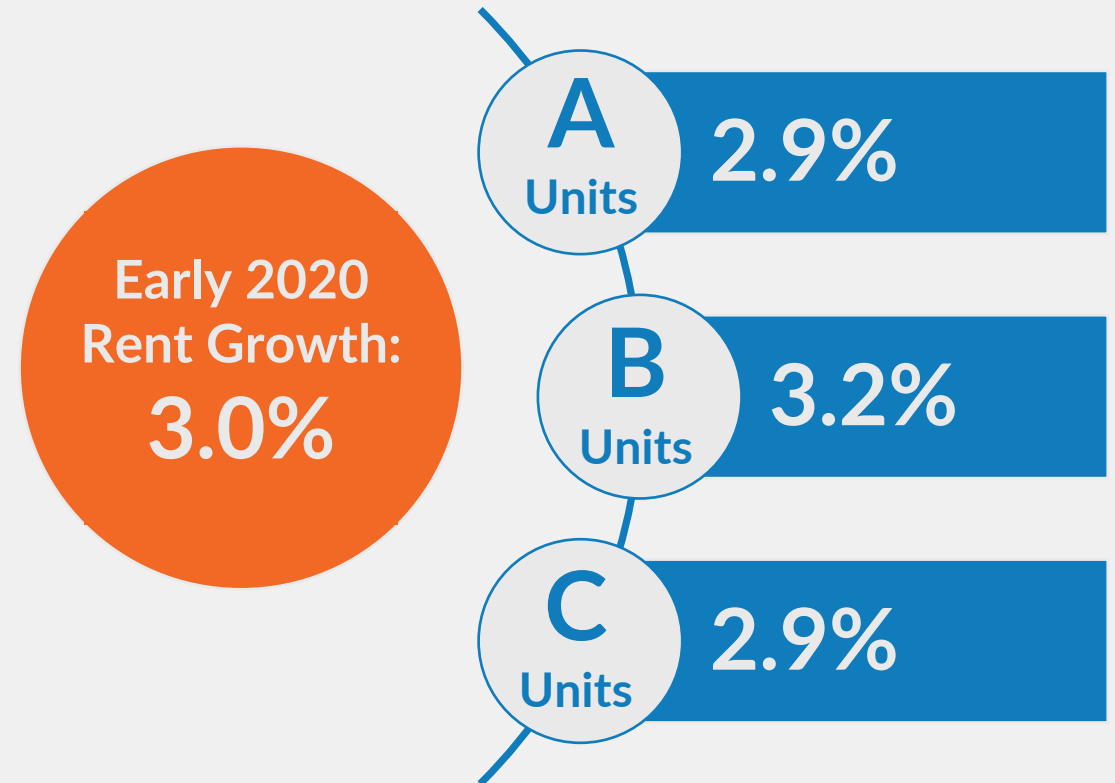
U.S. apartment occupancy topped 96% in Fall 2019 and still was only a hair under the 96% mark in early 2020



Source: RealPage, Inc.

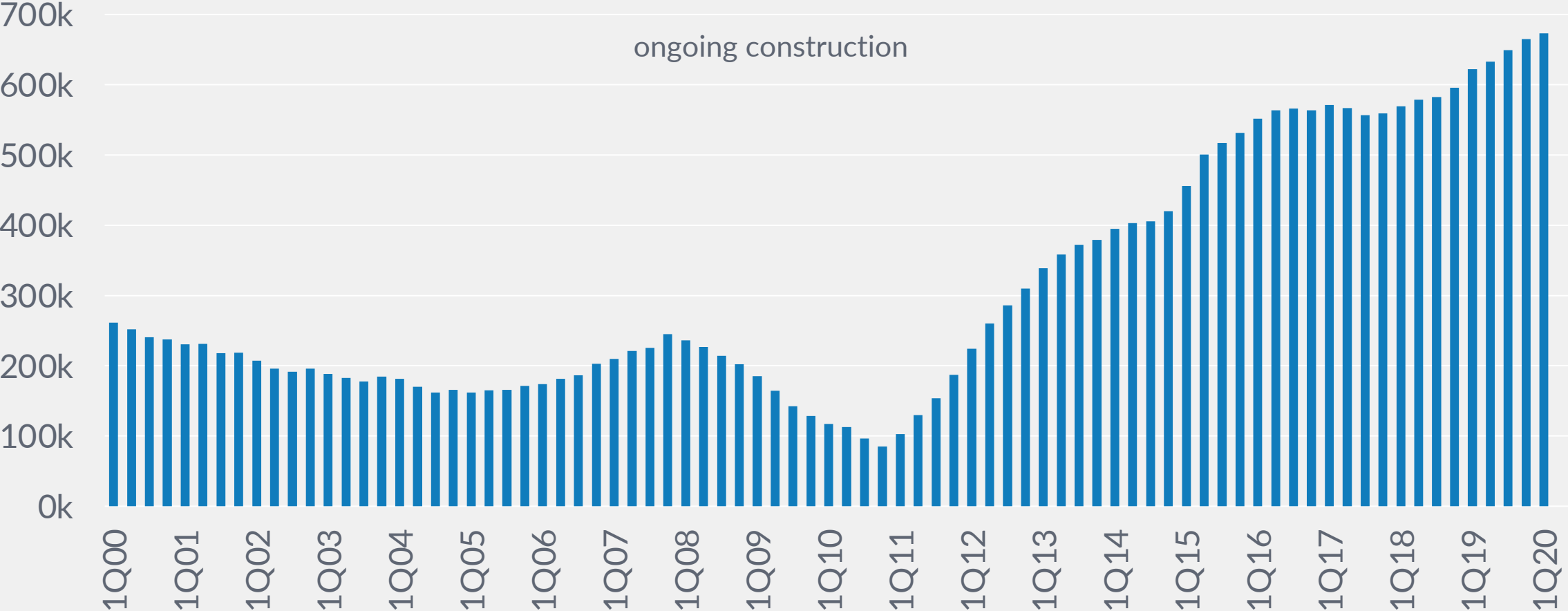
The Pre-Pandemic Market

- ✓ Job growth is solid, but there's some slowing due to labor shortages
- ✓ Occupancy lines up with all-time highs
- ✓ Annual rent growth registers for a record 39 consecutive quarters, up more than a third during the decade
- ✓ Construction hits levels last seen in the early to mid-1980s



Source: RealPage, Inc.

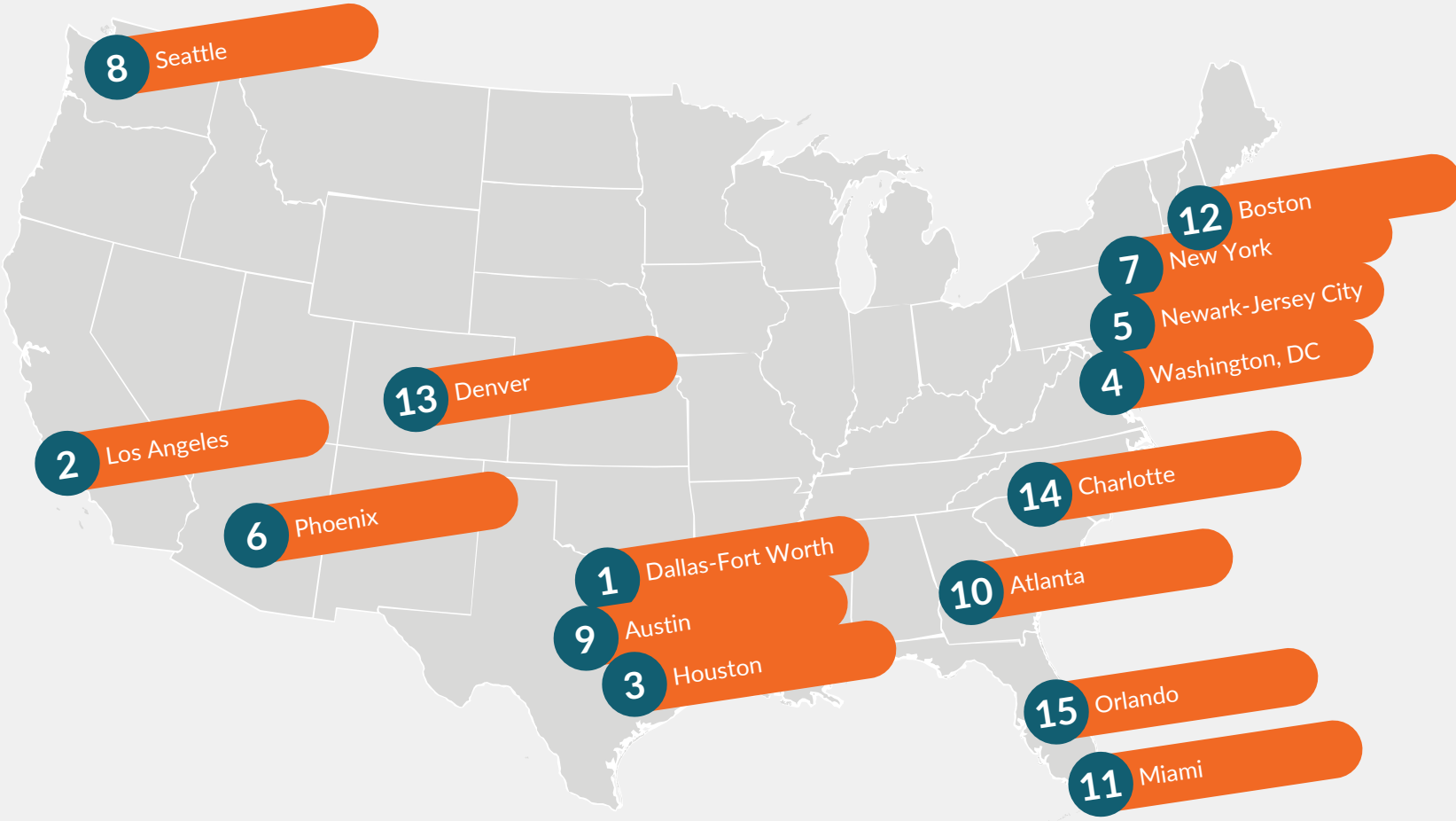
Nearly 700,000 market-rate apartments were under construction in the country's 150 largest metros as of early 2020



Source: RealPage, Inc.

Ongoing construction was huge as of early 2020 in select spots like DFW, Los Angeles, Houston, Washington, DC and the NY/NJ area

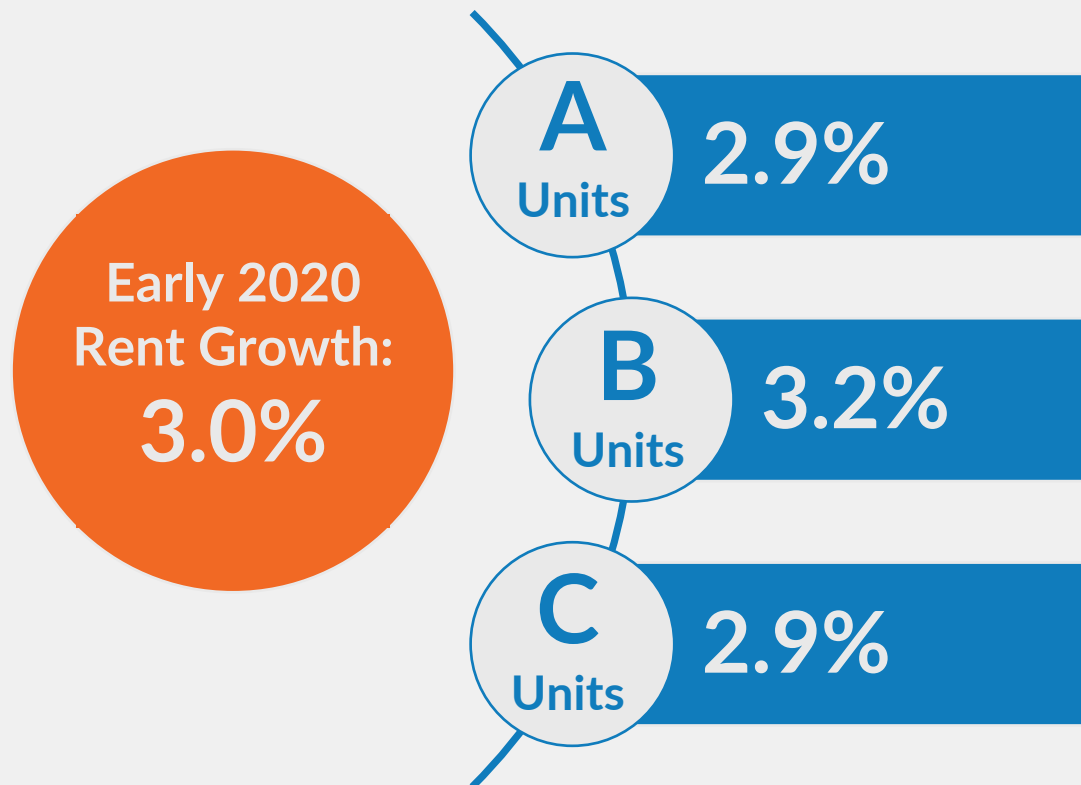
| Metro | Units Under Construction |
|--------------------|--------------------------|
| Dallas-Fort Worth | 46,548 |
| Los Angeles | 33,853 |
| Houston | 32,237 |
| Washington, DC | 29,757 |
| Newark-Jersey City | 26,251 |
| Phoenix | 22,918 |
| New York | 21,614 |
| Seattle | 20,406 |
| Austin | 19,669 |
| Atlanta | 19,601 |
| Miami | 17,003 |
| Boston | 16,707 |
| Denver | 15,034 |
| Charlotte | 14,947 |
| Orlando | 14,660 |



Source: RealPage, Inc.

The Pre-Pandemic Market

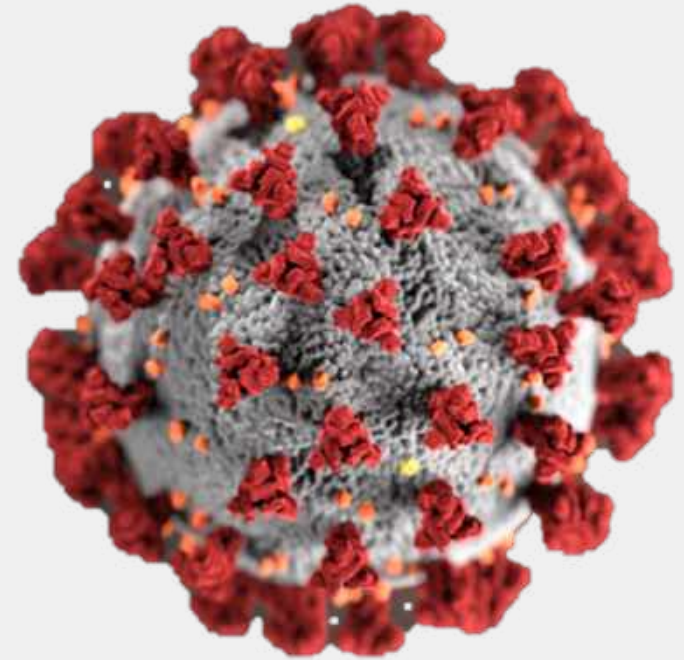
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- ✓ Occupancy lines up with all-time highs
- ✓ Annual rent growth registers for a record 39 consecutive quarters, up more than a third during the decade
- ✓ Construction hits levels last seen in the early to mid-1980s
- ✓ Property sales reach new records



Source: RealPage, Inc.

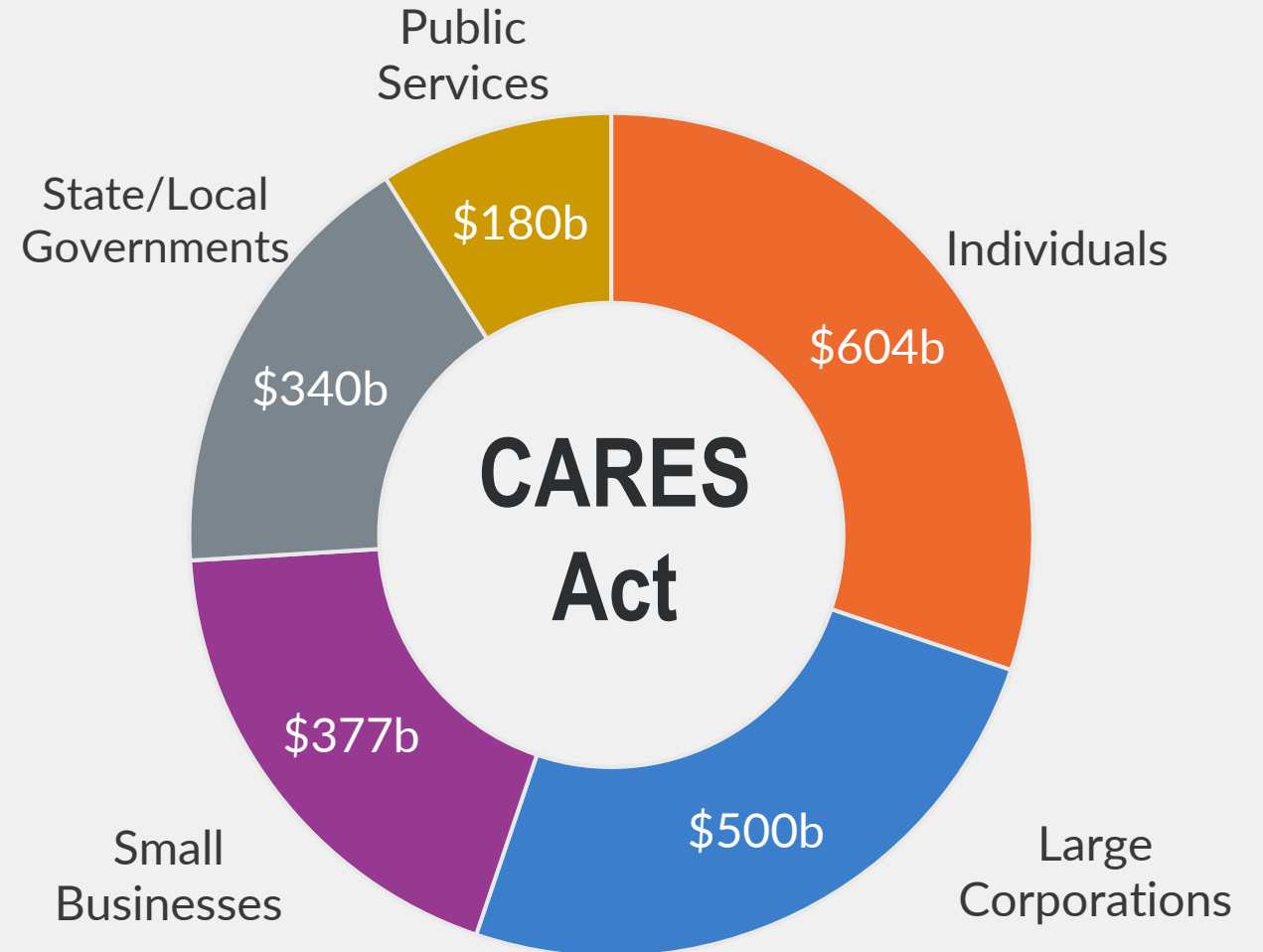
The Crisis Arrives

- ✓ Employment drops by 22 million jobs
- ✓ The CARES Act is put in place, and it's effective for the most part



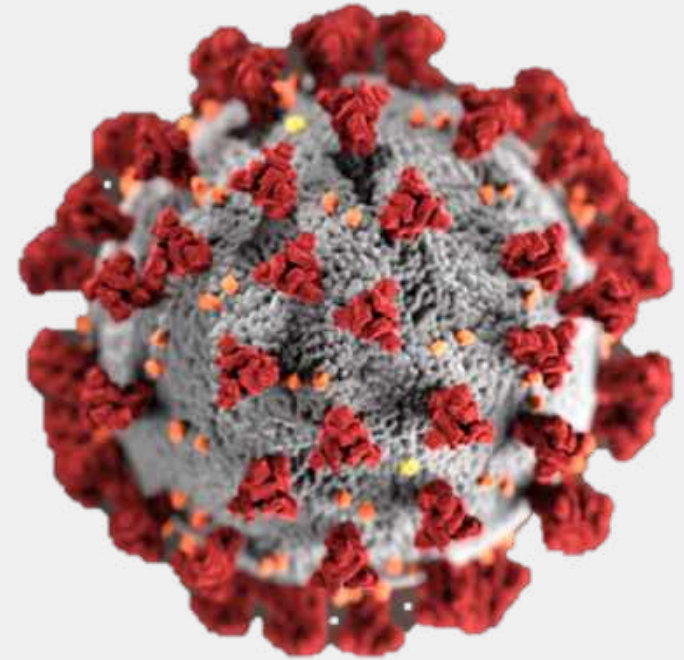
Source: Bureau of Labor Statistics, RealPage, Inc.

The CARES Act provided the largest economic stimulus in U.S. history



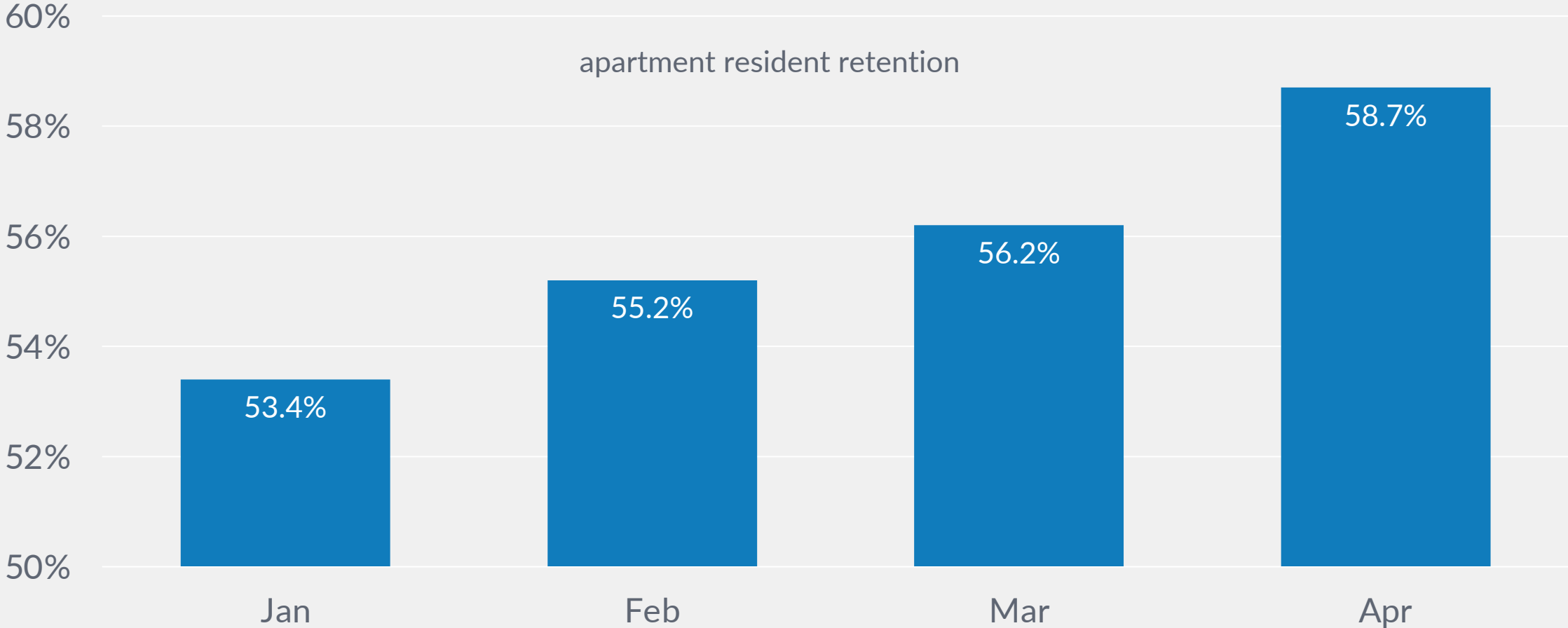
The Crisis Arrives

- ✓ Employment drops by 22 million jobs
- ✓ The CARES Act is put in place, and it's effective for the most part
- ✓ Leasing drops to half the year-earlier level



Source: Bureau of Labor Statistics, RealPage, Inc.

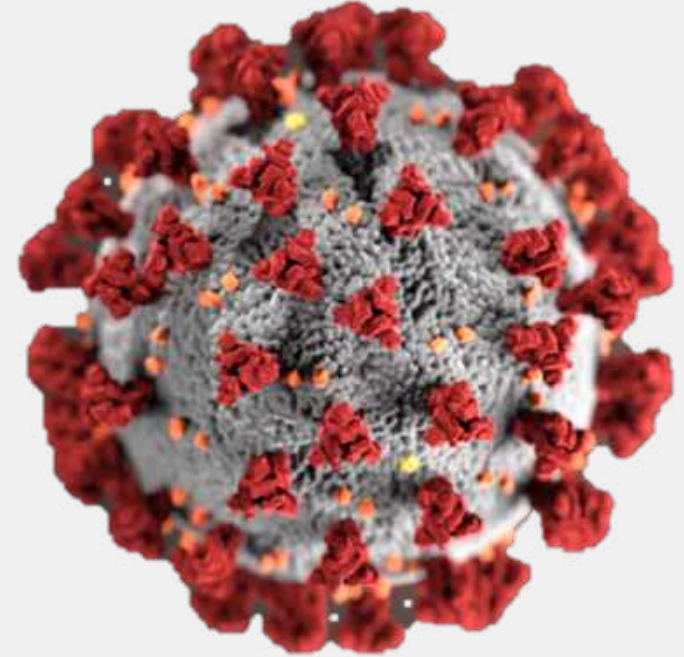
While resident retention normally slips a little as we move into prime leasing season, those staying in place soared when the pandemic arrived



Source: RealPage, Inc. (top 50 markets)

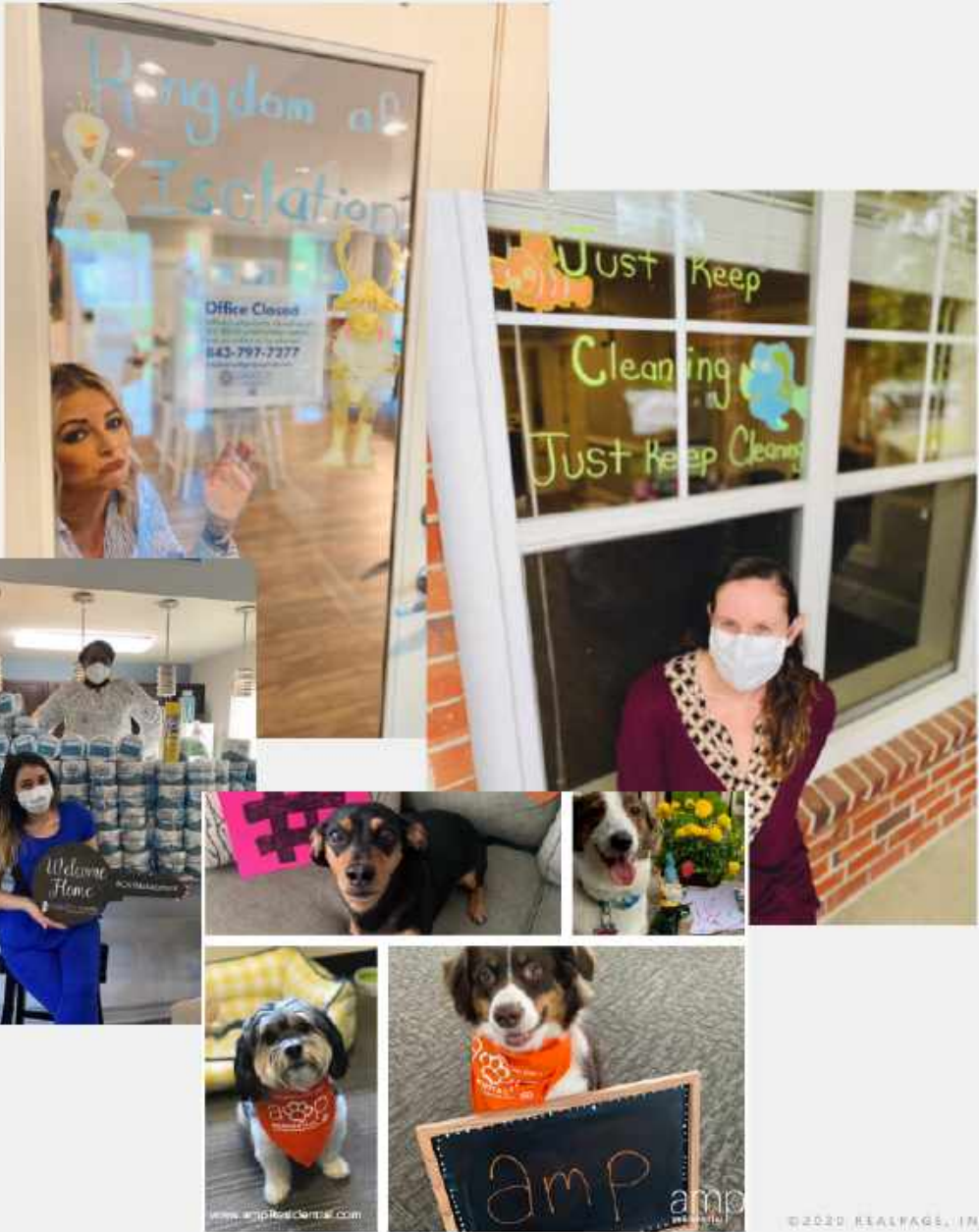
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- ✓ Apartment operators scramble both on-site and in the home office, moving to this new environment



Apartment Operators Respond

- 1. Protect residents and employees



Apartment Operators Respond

1. Protect residents and employees
2. Help residents struggling to pay rent



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As a company we remain committed to doing the right thing. That is why Camden has created a \$5 million dollar fund to help our out of work residents. We recognize our ability to assist during this trying time and this fund is a way to give back to the community and support our residents.

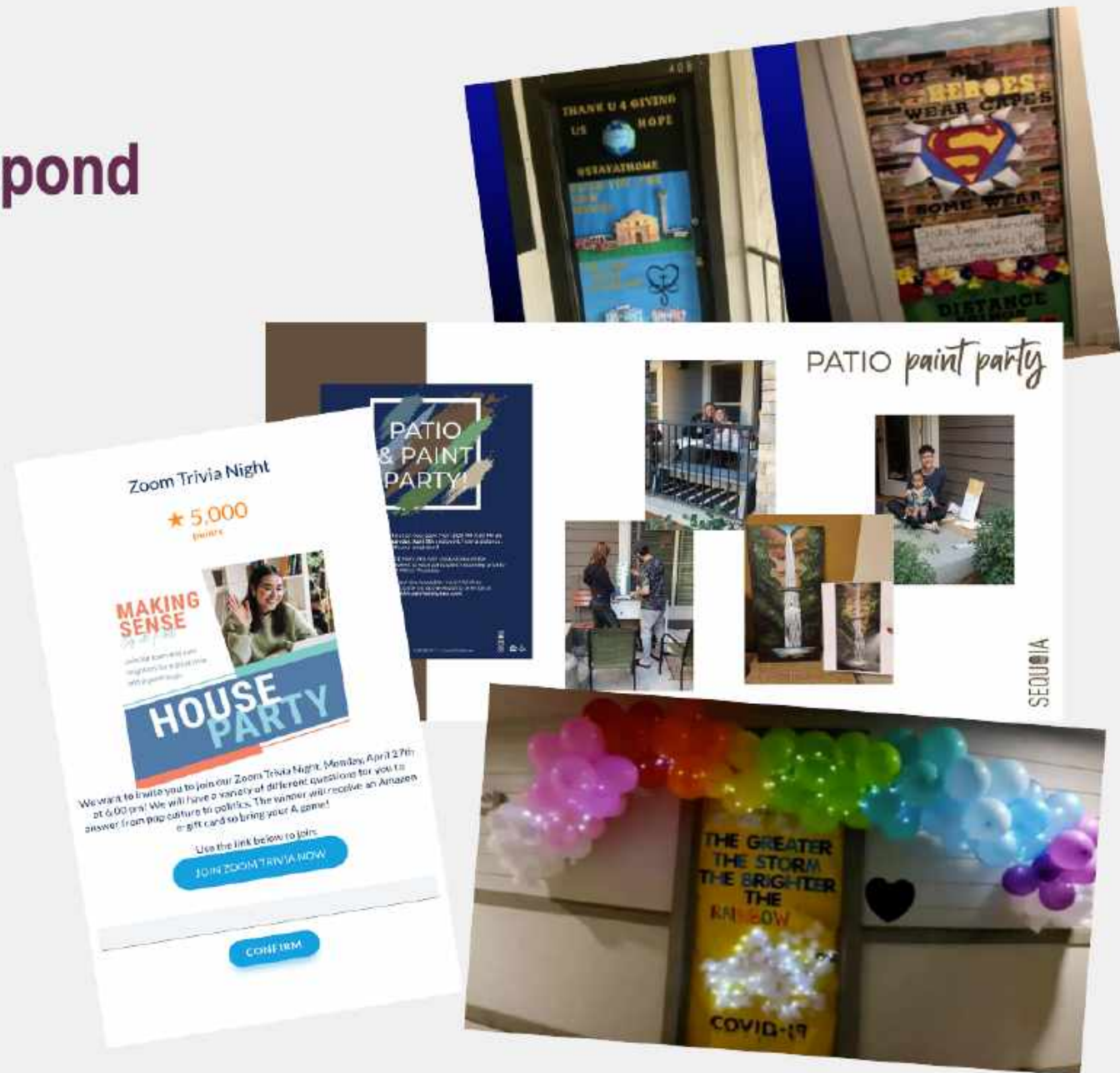
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Camden Property Trust launches \$5M fund for residents without income due to coronavirus - Houston Business Journal
[bizjournals.com](#)

Apartment Operators Respond

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3. Keep residents informed AND engaged



Apartment Operators Respond

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4. Adjust to remote in-unit maintenance



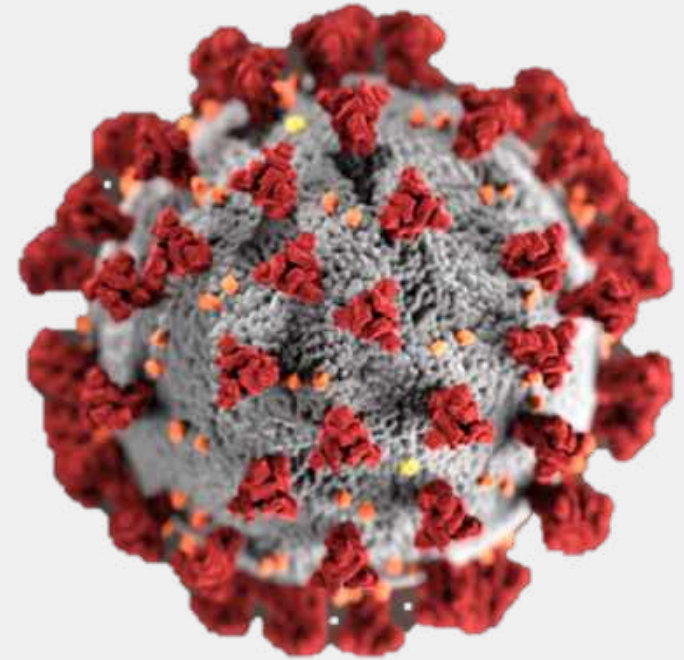
Apartment Operators Respond

1. Protect residents and employees
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3. Keep residents informed AND engaged
4. Adjust to remote in-unit maintenance
5. Adapt to virtual leasing



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- ✓ The CARES Act is put in place, and it's effective for the most part
- ✓ Leasing drops to half the year-earlier level
- ✓ Apartment operators scramble both on-site and in the home office, moving to this new environment
- ✓ In-progress property sales mostly get done with limited re-pricing

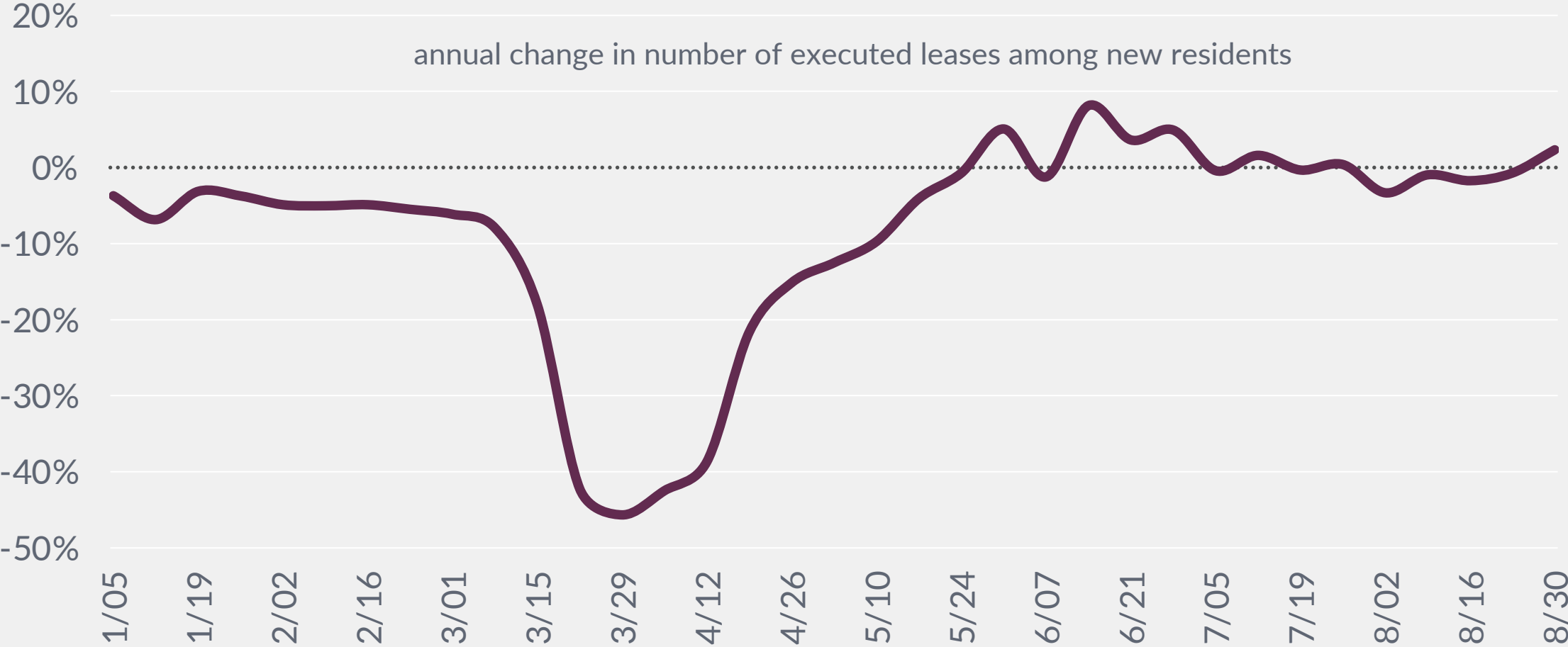


The World Adjusts

- Re-hires begin in some industries and locations
- Leasing activity resumes ... it's robust in some areas, spotty in others



New lease signings returned to year-earlier levels by the end of May, and that momentum held in subsequent months



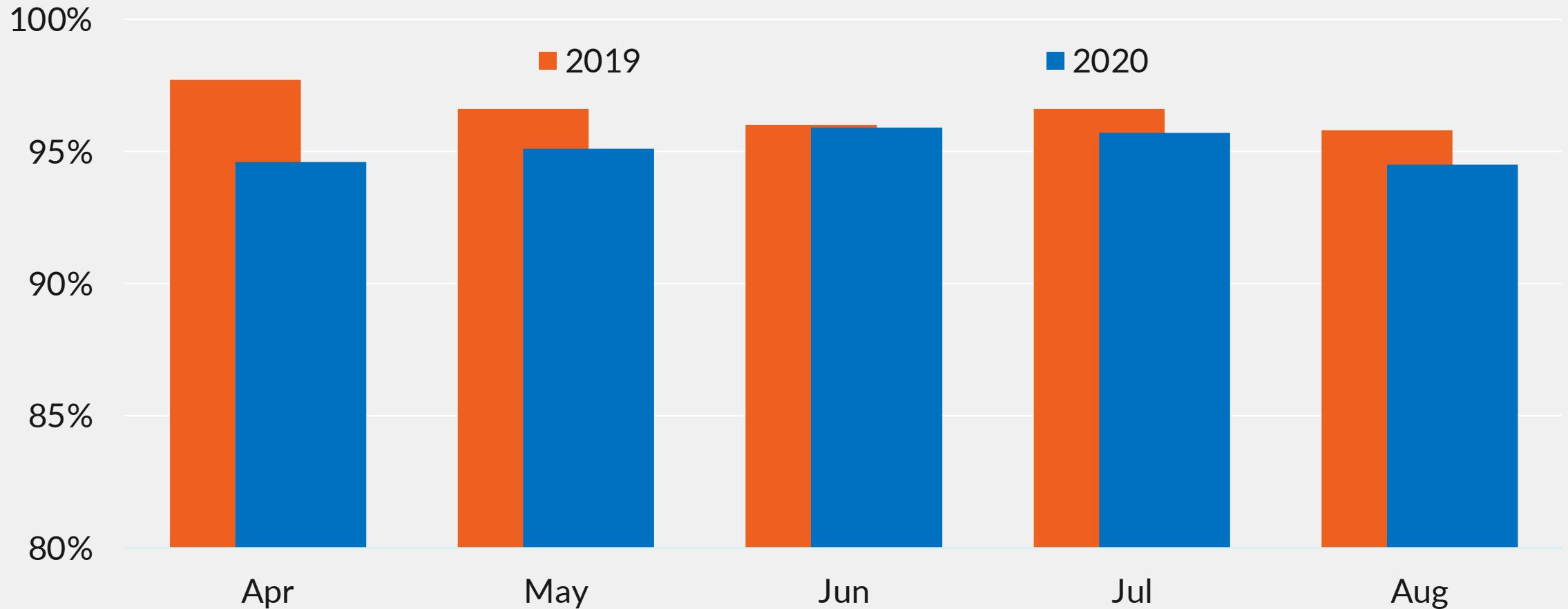
Source: RealPage, Inc.



The World Adjusts

- Re-hires begin in some industries and locations
- Leasing activity resumes ... it's robust in some areas, spotty in others
- Rent payments and occupancy largely hold, while new lease rents are flat to down

The share of households paying their rent in professionally-managed properties showed minimal deterioration in 2020



Source: National Multifamily Housing Council



The World Adjusts

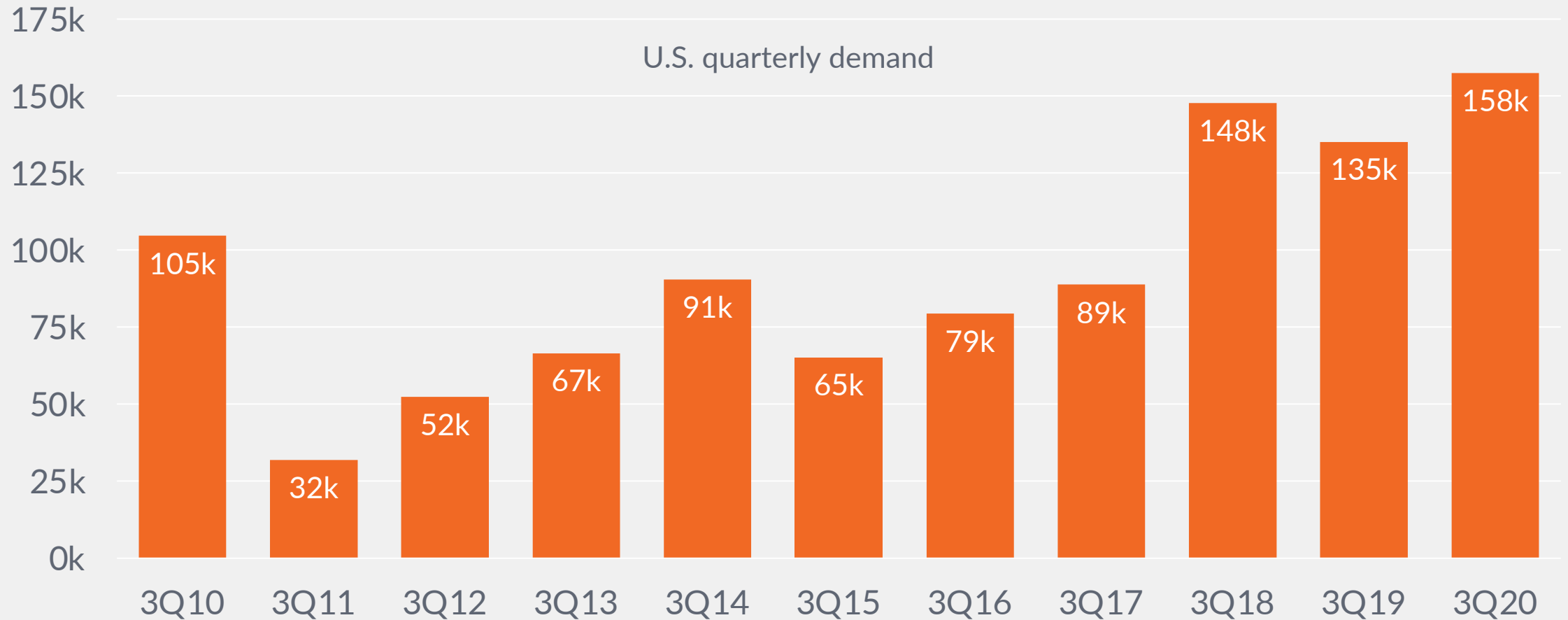
- Re-hires begin in some industries and locations
- Leasing activity resumes ... it's robust in some areas, spotty in others
- Rent payments and occupancy largely hold, while new lease rents are flat to down
- Operations stabilize
- Investment activity briefly pauses

There's Both Relief and Uncertainty

- ✓ Initial stimulus assistance expires
- ✓ Prime leasing season wraps with a big demand comeback in most areas

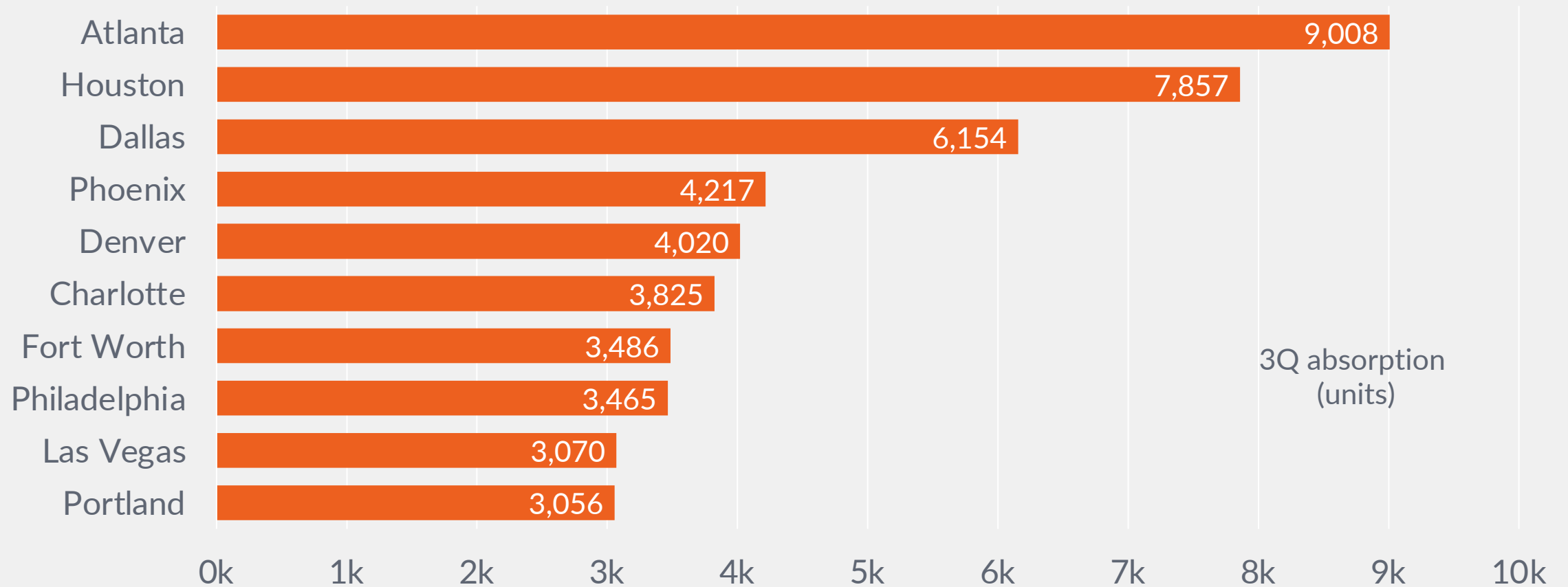


After slower leasing activity was experienced in late 1Q to early 2Q, apartment demand returned in a big way in the 3Q



Source: RealPage, Inc.

Several Sun Belt markets topped the 3Q apartment demand leaderboard



Source: RealPage, Inc.

There's Both Relief and Uncertainty

- ✓ Initial stimulus assistance expires
- ✓ Prime leasing season wraps with a big demand comeback in most areas
- ✓ While disaster has been avoided, some market stress registers in a variety of ways across many metros



- Lease-up rates at new properties have lost momentum, resulting in widespread concessions.

Stabilized Class A projects in turn are experiencing pricing challenges.

There's Both Relief and Uncertainty

- ✓ Initial stimulus assistance expires
- ✓ Prime leasing season wraps with a big demand comeback in most areas
- ✓ While disaster has been avoided, some market stress registers in a variety of ways across many metros
- ✓ Operators evaluate what's worked and what hasn't, beginning to consider 2021
- ✓ Property trades return in the burbs



What's Next?



- ✓ There's an election, and multiple vaccines show promise
- ✓ Half the jobs hole has been filled, but results are uneven

The jobs hole is three to six times deeper in the nation's worst performers than in the fastest-to-recover markets

| Recovery Leaders | Current Jobs vs February Jobs | Recovery Laggards | Current Jobs vs February Jobs |
|------------------|-------------------------------|-------------------|-------------------------------|
| Salt Lake City | -1.8% | Las Vegas | -11.8% |
| Indianapolis | -1.9% | New York | -11.3% |
| Kansas City | -3.2% | Orlando | -11.1% |
| Virginia Beach | -3.5% | Oakland | -11.1% |
| Denver | -3.6% | Los Angeles | -10.9% |
| Cincinnati | -3.8% | San Francisco | -9.9% |
| Dallas | -4.0% | Anaheim | -9.9% |
| Atlanta | -4.1% | West Palm Beach | -9.7% |
| Austin | -4.2% | Detroit | -9.2% |
| St. Louis | -4.4% | Fort Lauderdale | -8.8% |

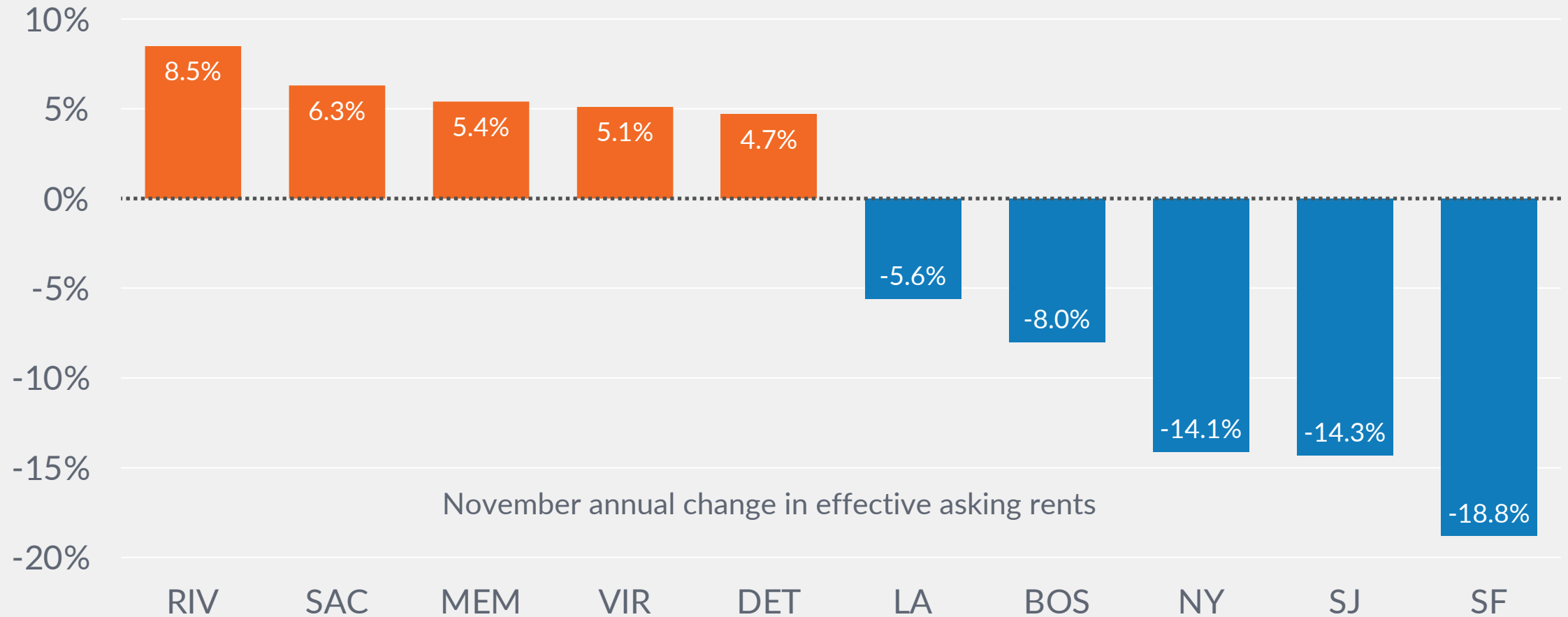
Source: Bureau of Labor Statistics

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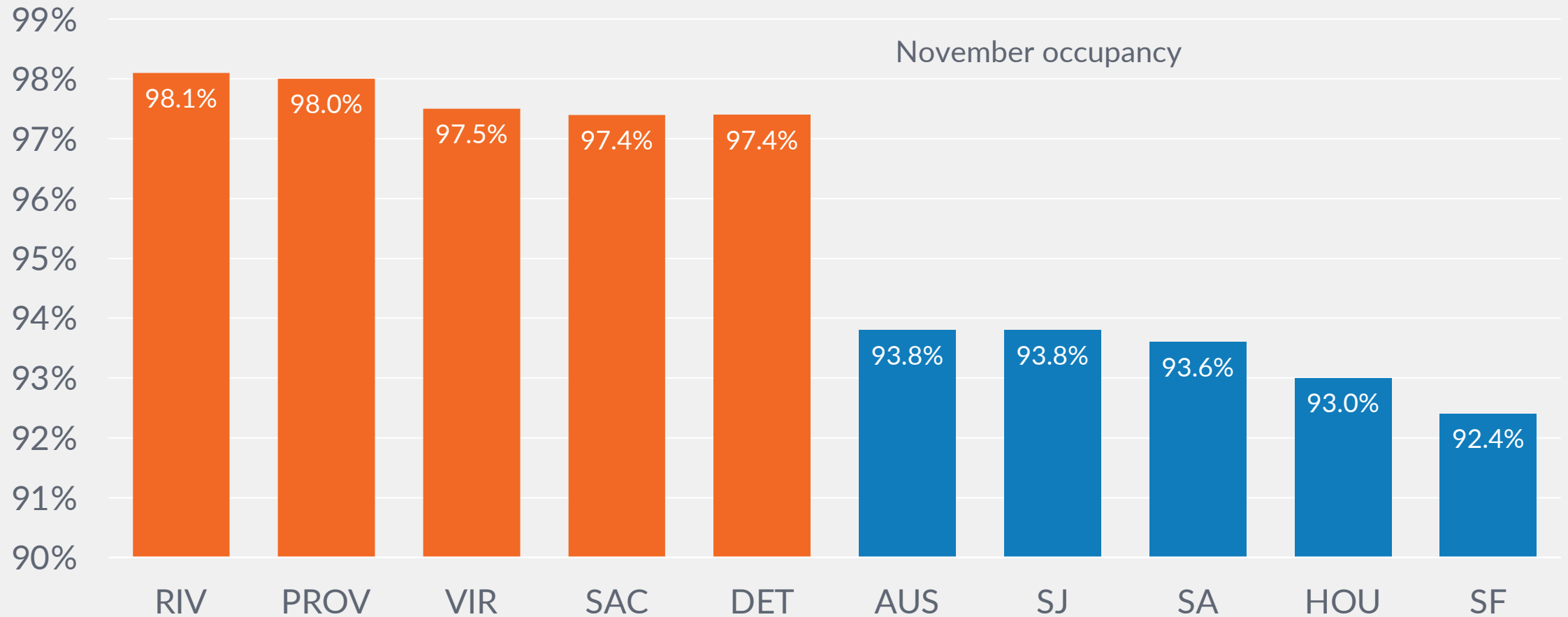
- ✓ There's an election, and multiple vaccines show promise
- ✓ Half the jobs hole has been filled, but results are uneven
- ✓ Market performances vary sharply from the gateway metros to other locations and, in some instances, from the urban core to the suburbs

The country's latest rent change performances vary greatly from one location to another



Source: RealPage, Inc.

Similarly, the range of occupancy performances across the country is unusually wide



Source: RealPage, Inc.

What's Next?



- ✓ There's an election, and multiple vaccines show promise
- ✓ Half the jobs hole has been filled, but results are uneven
- ✓ Market performances vary sharply from the gateway metros to other locations and, in some instances, from the urban core to the suburbs
- ✓ Operational practices are permanently changed in very significant ways
- ✓ Capital's appetite for product is huge



THANK YOU!