EARLY EDITION 1Q24 U.S. APARTMENT MARKET REPORT



Supply Remains the Driving Force Behind National – and Especially Local – Performance Carl Whitaker

Senior Director of Research and Analysis

New apartment supply continues to be the primary influence on national performance. The U.S. delivered roughly 480,000 multifamily units in the year-ending 1st quarter 2024 – the highest annual supply figure dating back to 1986 when approximately 550,000 units were delivered. Though today's relative expansion rate of 2.5% remains below the 1986 expansion rate of 3.0%.

Although supply continues to put downward pressure on rents, demand has improved. The nation absorbed more than 317,000 stabilized apartment units on net in the year-ending 1st quarter 2024 – the highest annual total since the late 2021/early 2022 demand surge. Perhaps more impressive though is that 1st quarter 2024's annual absorption figure was 10% stronger than the 10-year average. Fueling this demand strength is a confluence of factors, including persistent wage growth (which has now outpaced rent growth for 16 straight months), solid job growth, demographic tailwinds and arguably the lowest level of move-outs from apartment units and into single-family homes since the Great Financial Crisis.

This interplay between supply (much higher than usual) and demand (strong, but trailing supply) is the crux of today's modest rent growth. Markets that delivered the most new supply tended to experience the most downward pressure on rents. Conversely, markets with very modest new supply tended to grow rents at the fastest pace. Occupancy remained slightly lower than typical but appeared to be stabilizing, as 1st quarter recorded the smallest year-over-year contraction in nearly two years.

Completions will accelerate as an additional 673,000 apartment units are scheduled to come online over the next four quarters. While delays may curb that figure, units under construction (946,000 units) suggest that supply will be a key theme for another 12 to 24 months. A sharp decline in new multifamily starts does, however, indicate that completions will soon begin to plunge.



RealPage Slightly Strengthens Forecast in Most Markets Based on Economic Indicators Arben Skivjani

Deputy Chief Economist and Director of Forecasting

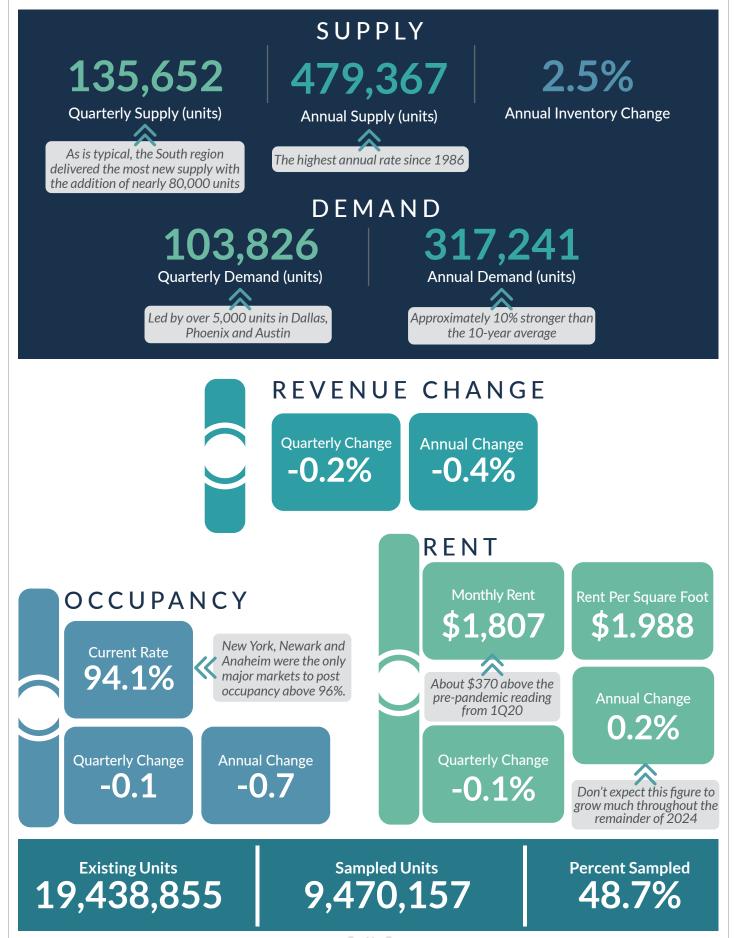
RealPage's one-year forecast for annual rent growth suggests that within the nation's 50 largest apartment markets, 12% are expected to witness rent increases of 3% or higher. The bulk of these markets are forecasted to experience growth rates between 2% and 2.9%. Meanwhile, 38% are predicted to see rent growth ranging from 1% to 1.9%. A smaller portion, 8%, will likely encounter growth below 1%. These forecasts are based on the latest economic indicators and their expected performance in the near term.

The U.S. economy maintained momentum by adding more than 500,000 jobs (seasonally adjusted) in the initial two months of 2024. Houston and Austin stood at the forefront of job growth in the early months of 2024. Boston, Raleigh/Durham and Chicago also made significant contributions. This shift has led us to revise our employment forecasts upward for many markets, particularly highlighting Austin, Las Vegas, Houston, Orlando and Phoenix among the larger U.S. markets.

Despite higher-than-target inflation, we anticipate that the Federal Reserve may reduce interest rates in the latter half of the year, although the timing and magnitude of cuts could be influenced by continued positive surprises in the job market.

After 3.2% growth in GDP in 4th quarter 2023, projections for 2024 suggest a slowdown to between 2.4% and 2.7%. Nonetheless, consumer spending is expected to remain a significant driver of GDP growth. Retail sales, a crucial gauge for rent growth, are forecasted to rise by about 2% this year.

1Q24 REPORT EARLY EDITION



Top 5 Markets for Annual Rent Growth

1. Milwaukee	3.4%
2. Cincinnati	3.3%
3. Chicago	3.1%
3. Washington, DC	3.1%
5. Boston	3.0%
5. Virginia Beach	3.0%

Top 5 Markets for Annual Demand

1. Houston	1
2. Dallas	1
3. Phoenix	1
4. Austin	1
5 Atlanta	1

18,189 units 15,044 units 14,753 units 13,704 units 13,165 units

Top 5 Markets for Occupancy

1. New York	96.8%
2. Newark	96.3%
3. Anaheim	96.2%
4. Milwaukee	95.8%
5. San Francisco	95.5%

Top 5 Markets for Annual Supply

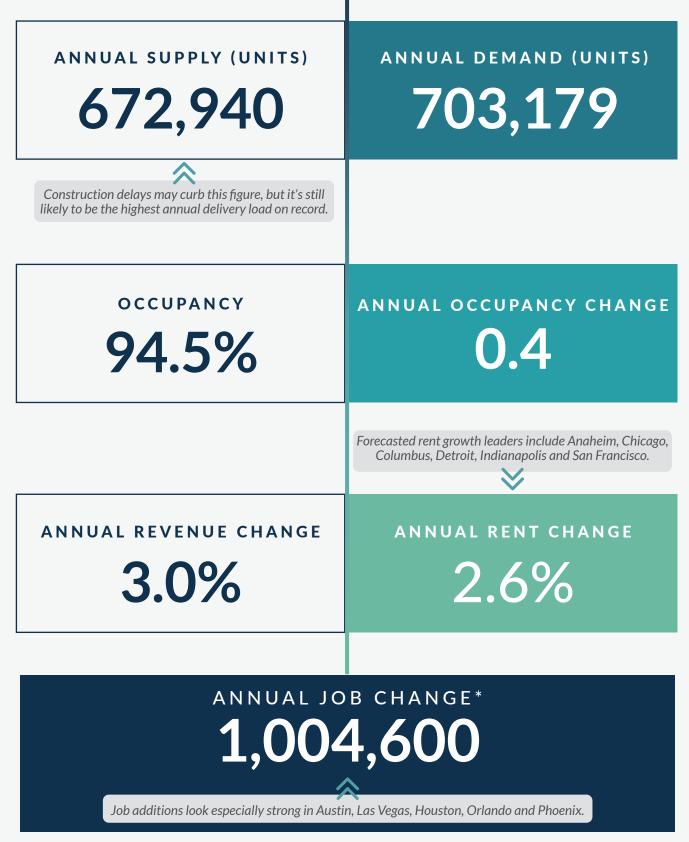
1.Houston	23,228 units
2. Dallas	23,128 units
3. Atlanta	21,680 units
4. Austin	19,328 units
5. Phoenix	18,889 units

Bottom 5 Markets for Annual Rent Change

1. Austin	-6.7%
2. Jacksonville	-4.9%
3. Atlanta	-4.5%
4. Orlando	-4.2%
5. Phoenix	-3.7%
5. San Antonio	-3.7%

Rankings among the top 50 apartment markets in the U.S.





*Job change among the 150 largest apartment markets tracked by RealPage

METHODOLOGY OVERVIEW

Existing Units: Existing units are estimated starting with 2010 Census counts of multifamily properties featuring five or more units.Estimates are adjusted historically to reflect the number of conventional apartment units identified by RealPage Analytics, lessnon-conventional rental units captured by the Census. After adjustments are made to the 2010 existing unit base, RealPage Analytics adds subsequent conventional properties completed and converted, and subtracts units taken out of the rental pool for conversion or demolition.

Percent Sampled: The number of properties sampled as a percent of existing units in a geographic area.

Sampled Units: The total number of units in a geographic area sampled during the period.

SUPPLY

Supply (units): The number of new units completed in a quarter or a 12-month period. An apartment unit is counted as new supply once construction of the unit completes and the unit becomes available for physical occupancy. A property is considered complete when the last unit in the project has completed.

Annual Inventory Change: The number of new units completed as a percent of existing units during a 12-month period.

DEMAND

Demand (units): The number of units absorbed during a quarter or 12-month period. RealPage Analytics defines demand or absorption (the words are used interchangeably) as the change in physically occupied units (existing units multiplied by the occupancy rate) from one period to another. Net move-outs (a synonym for negative demand) can occur simply because the size of the existing inventory shrinks due to properties converting from conventional to an alternative multifamily dwelling type or due to demolitions.

OCCUPANCY

Current Rate: Occupancy measures the percentage of existing stock physically occupied at a point-in-time based on sampled units of stabilized properties, sourced from RealPage Analytics surveys and point-in-time extractions from rent rolls serviced by RealPage software. Preleased units and properties in lease-up are not part of the occupancy calculation. A property is considered stabilized once it becomes 85% occupied.

Quarterly Change: The change in the occupancy rate from one quarter to another. Change is expressed in percentage points.

Annual Change: The change in the occupancy rate from the period indicated over the same period in the previous year. Change is expressed in percentage points.

RENT

Monthly Rent: The average rental rate charged for an apartment unit on a monthly basis, less concessions. RealPage Analytics always reports monthly rent as the effective rate (asking rent less concessions).

Rent Per Square Foot: Average monthly rent divided by the average square footage of the apartment unit, less concessions.

Effective Rent Change (Monthly/Quarterly/Annual): The percentage change in effective rent from a previous time period, such as month, quarter, or year. Effective Rent Change is calculated from same-store sample sets.

REVENUE CHANGE

Revenue Change (Quarterly/Annual): The average revenue change per available square foot for the period indicated over the same period in the previous year (Same-Store); sourced from RealPage lease transactions.

ONE-YEAR FORECAST

Completions (often referred to as supply) are forecasted in both rate and growth terms. The one-year or four-quarter forecast is based on identified supply sourced from RealPage's project-byproject pipeline research.

Absorption (often referred to as demand) is derived from occupancy and supply forecasts and reflects the expected change in occupied units from period-to-period.

Occupancy is forecasted in both rate and growth terms. Occupancy rates are forecasted on a quarterly basis from which growth is derived.

Employment forecasts presented in RealPage Analytics analysis are calculated from recent employment trends and performance. The resulting forecasts are reconciled with external projections to ensure alignment with broader economic sentiment.

RealPage's unparalleled market intelligence platform provides 100% visibility into 425 apartment markets, enabling stakeholders to view, visualize and leverage insights, information and reports at market, submarket and property levels.

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