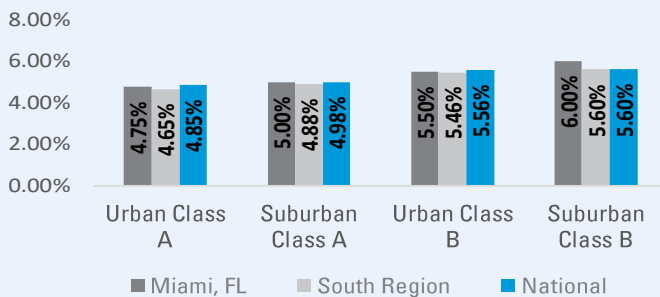


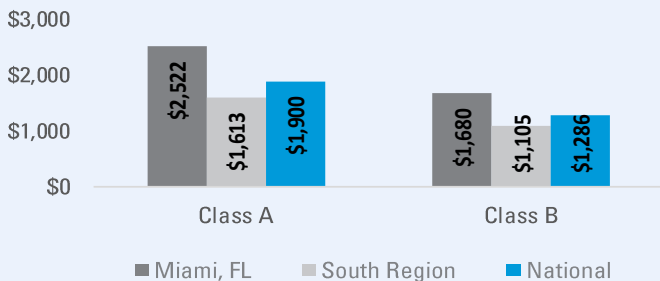
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

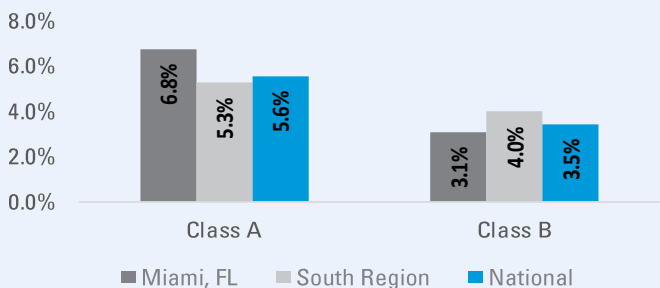
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



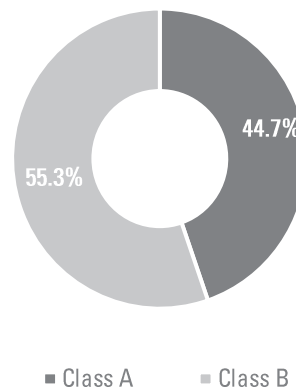
Vacancy Rates (%)



Miami, FL Multifamily Market Overview

Miami is one of the largest apartment markets in the United States. It is also one of the most active markets in terms of transactions, with over \$4.0 billion in sales expected for 2022. Approximately 75% of those sales are derived from Class A apartment unit sales. The capitalization rates are some of the lowest in the country, with an average of 5.00% for Class A buildings and 5.50% for Class B buildings. We forecast the capitalization rates to increase by 50 to 75 basis points in 2023 due to rising interest rates and fewer transactions as a result. The stabilized vacancy rates are still very tight across all multifamily asset classes at 1% to 3%. The rental rates have increased by over 15% in the last year, and they are expected to grow by another 5% to 7% in 2023. The demand for multifamily units remains strong enough that we do not foresee a change in the vacancy rates despite the new supply to be delivered in the next 12 months. Unlike pre-Covid cycle of apartment deliveries (2016 to 2020), we do not forecast landlord concessions to be made during the lease-up period of new buildings. We expect the operating expenses to increase significantly in South Florida, mainly due to the rising cost of property insurance (the insurance premiums have been going up 20% to 30% year-over-year), labor and utilities. In between the increasing costs of home ownership (interest rates, insurance premiums, real estate taxes, etc.), the lack of new for-sale home construction start, the low resale inventory, and the positive net migration to Miami, we expect the multifamily rental market to keep thriving into 2023.

Distribution of Total Inventory



150,782 Units
Multifamily Inventory

1.26% - 12 Mo. Proj.
Construction/Inventory

2023 MIAMI, FL MULTIFAMILY ANNUAL REPORT

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Change In Value Next 12 Months



+/- 0%

Urban Class A



+/- 0%

Suburban Class A

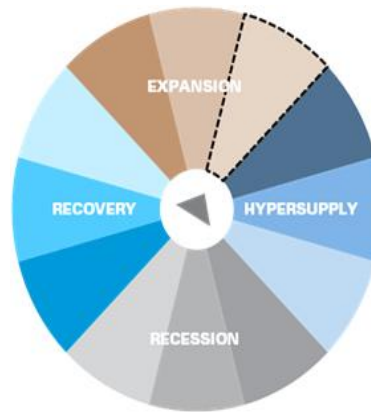
+/- 0%

Urban Class B

+/- 0%

Suburban Class B

Market Cycle: Expansion Stage 3



- Med/High Rental Rate Growth
- Moderate/High Employment Growth
- Moderate/High New Construction
- High Absorption
- Decreasing Vacancy Rates

Forecasts

Miami, FL 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps
Discount Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	1,901			
Market Rent Change	+5.00%	+5.00%	+5.00%	+5.00%
Expense Rate Change	+5.00%	+5.00%	+5.00%	+5.00%
Years to Balance	1			

Miami, FL 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+18.60%			
Change in Value	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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