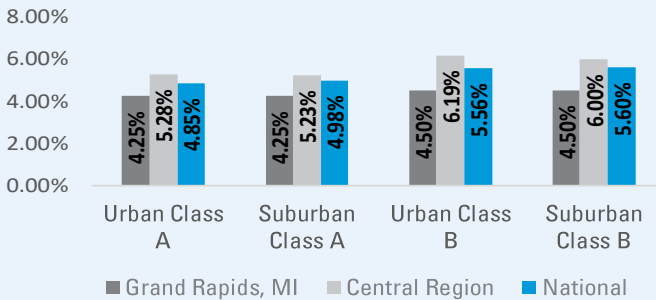


Cap Rate Indicator (Y/Y)

	Class A	Class B
Going In Cap Rate (%)	▼	▼

Going In Cap Rate Comparisons (%)



Change In Value Next 12 Months

▲2%-2.9%

Urban Class A

▲2%-2.9%

Suburban Class A

▲2%-2.9%

Urban Class B

▲2%-2.9%

Suburban Class B

Forecasts

Grand Rapids, MI 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	▲100-124 bps	▲100-124 bps	▲100-124 bps	▲100-124 bps
Discount Rate	▲100-124 bps	▲100-124 bps	▲100-124 bps	▲100-124 bps
Reversion Rate	▲100-124 bps	▲100-124 bps	▲100-124 bps	▲100-124 bps
Market Rent Change	+6.00%	+4.00%	+6.00%	+4.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	2			

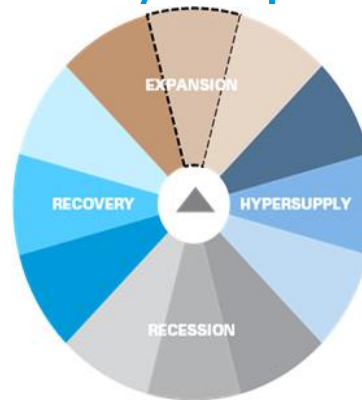
Grand Rapids, MI 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Change in Value	▲10%-14.9%	▲10%-14.9%	▲10%-14.9%	▲10%-14.9%

Grand Rapids, MI Multifamily Market Overview

Current market conditions for the Grand Rapids apartment market include rising rental rates, high occupancy, and strong demand as a result of employment and wage growth, modest construction activity, and a rise in household formations. The Grand Rapids MSA is viewed favorably by market participants due to the job growth and overall quality of life afforded within the community. Furthermore, new inventory entering the marketplace is being quickly absorbed by pent-up demand and a growing preference for rental housing. Apartments in this region are expected to benefit from mostly positive market fundamentals. Grand Rapids continues to see low vacancy, steady rent growth, and limited concessions. Although the national and regional economies are showing some signs of a recession, a significant downturn for this property type is not predicted. There remains a good balance between supply and demand, and rental housing will remain a viable housing choice for many individuals and households. Concerns for landlords include labor shortages and supply chain issues (appliances, replacement parts, etc.), as well as higher operating expenses due to increasing staffing costs, insurance and property taxes. Similar to national multifamily trends, this region is experiencing demand for apartments by younger and older populations. Both millennials and baby boomers are seeking rental housing at a greater percentage compared to other age cohorts due to financial and lifestyle considerations. Housing studies shown a trend of declining ratio of owner-occupied housing units as a result of demographics (millennials being the largest generation) and a growing preference for apartment living.

Market Cycle: Expansion Stage 2



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

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