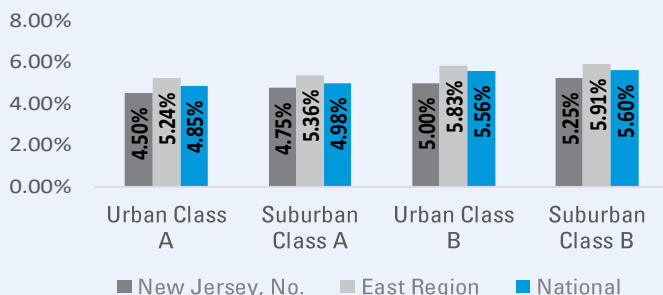


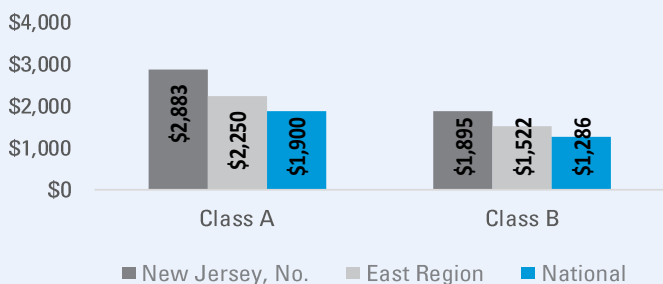
Market Rate Indicators (Y/Y)

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

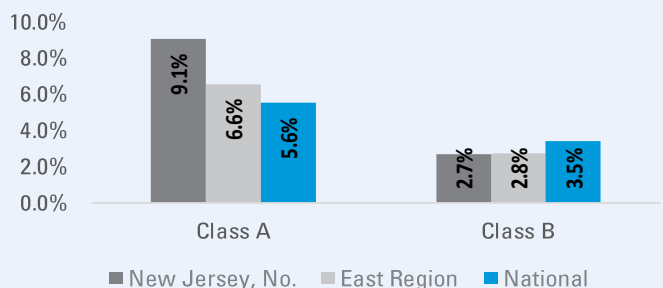
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



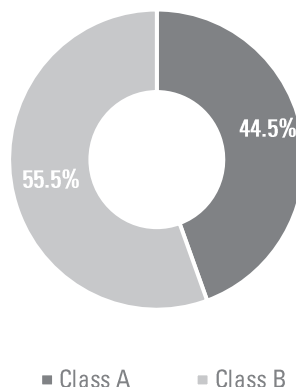
Vacancy Rates (%)



New Jersey, No. Multifamily Market Overview

The NNJ Multifamily market has seen daily changes into Q42022 as rates climb and whispers of slowdowns are on the horizon. Transaction volume slowed YoY, posting double digit percentage declines in both Mid/Highrise and Garden transaction volume, noting sales are still ahead of historical trends and developers continue planning new deliveries. Cap rates historically in low to mid-fours twelve months ago have moved into the mid to high-fives in recent weeks, jumping nearly 50 bps in a month. That said, the market continues seeing strong rent growth over the last 12 months with increases upwards of 10-15% (new and renewal tenants), noting collection loss has not yet become a factor. Still, moving product is challenging as underwriters struggle to make defensible market assumptions given the fast-changing environment and financing changes occurring within the industry. Macro Economics behind interest rates climbing to 7% are causing institutional investors, private equity, and high-net-worth syndications to put pencils down, scratch their heads and reconsider investments. Additionally, several recent transactions have been "wait and see" doesn't necessarily exist. To keep opportunities attractive, frothier owners are choosing to manage occupancy by lowering rents to keep vacancy down. Essentially, the rent growth seen over the last 12 months is over. The strength of this sector remains steady during these uncertain times as net income is expected to remain durable. The effects of refinancing will present some interesting issues going forward. As balloon payments come due investors will be subject to significantly higher interest rates and lower LTV's. This may result in higher equity contributions if appreciation isn't enough to negate capital calls. Recent transactions occurring since mid-year 2022 include the sale of The Mark in Parsippany, the Botanic in Carteret, and Hudson Lights, all 200+ unit buildings. The Mark sold in July '22 for \$82.5M, or \$390k/unit; The Botanic sold in August '22 for \$87.5M, or \$362k/unit, and the multifamily residential at Hudson Lights sold in October '22 for \$116.5M, just north of \$422k/unit. Veris Residential announced a deal to sell the Class A Harborside 1/2/3 for a combined price of \$420M in Jersey City. Renovation work was completed back in May for a planned outlay of \$75 million and achievement of LEED Gold certification. Gebroe-Hammer Associates, a dominant multifamily investment sales brokerage, announced over \$1.35B in sales to date citing the revitalization efforts of urban areas and both renovated/repositioned assets delivered in the submarkets. Big players like C&W and CB are continuing to take bids in NNJ as year-end approaches and they look to move infill/Class B properties. Residential mixed-use developments containing retail and/or office, appear to be attracting investors wanting to diversify, hedging bets on returns. Additionally, The Albanese Organization (a NY developer) purchased/assembled two adjacent properties on Coles Street with plans to construct 670 luxury units west of the Holland Tunnel that will go up in 2023 located between 16th and 17th Streets by Hoboken border.

Distribution of Total Inventory



258,245 Units
Multifamily Inventory

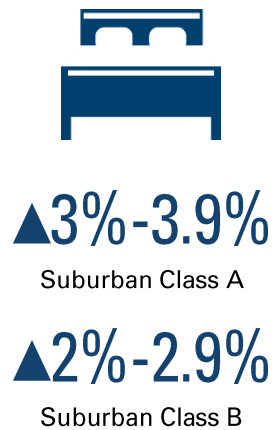
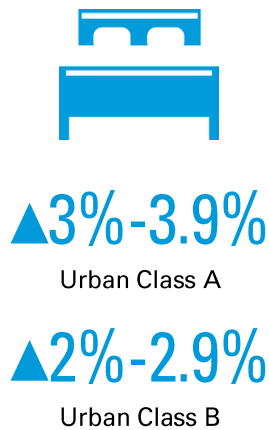
3.50% - 12 Mo. Proj.
Construction/Inventory

2023 NEW JERSEY, NO. MULTIFAMILY ANNUAL REPORT

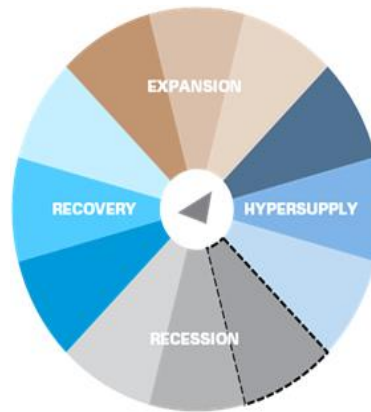
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Change In Value Next 12 Months



Market Cycle: Recession Stage 1



- Low/Negative Employment Growth
- Low/Neg Rental Rate Growth
- Low Absorption
- Moderate/Low New Construction
- Increasing Vacancy Rates

Forecasts

New Jersey, No. 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Discount Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Reversion Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Construction (Units)	9,039			
Market Rent Change	+3.00%	+3.00%	+3.00%	+3.00%
Expense Rate Change	+5.00%	+5.00%	+5.00%	+5.00%
Years to Balance	In Balance			

New Jersey, No. 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+12.13%			
Change in Value	Increase 3%-3.9%	Increase 2%-2.9%	Increase 3%-3.9%	Increase 2%-2.9%

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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