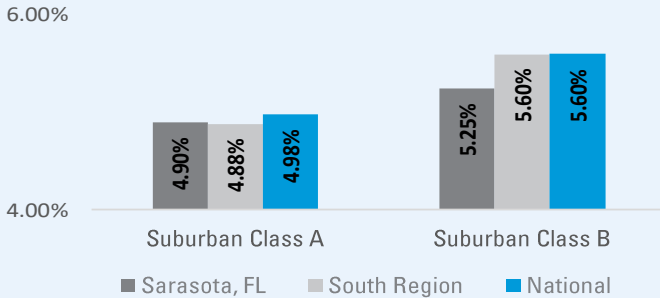


Cap Rate Indicator (Y/Y)

| | Class A | Class B |
|-----------------------|---------|---------|
| Going In Cap Rate (%) | ◀▶ | ◀▶ |

Going In Cap Rate Comparisons (%)



Change In Value Next 12 Months

▲5%-9.9%

Suburban Class A

▲5%-9.9%

Suburban Class B

Forecasts

Sarasota, FL 12-Month Multifamily Forecasts

| Categories | Suburban Class A | Suburban Class B |
|---------------------|------------------|------------------|
| Going-In Cap Rates | ▲25-49 bps | ▲25-49 bps |
| Discount Rate | ▲25-49 bps | ▲25-49 bps |
| Reversion Rate | ▲25-49 bps | ▲25-49 bps |
| Market Rent Change | +4.00% | +4.00% |
| Expense Rate Change | +7.00% | +7.00% |
| Years to Balance | 2 | |

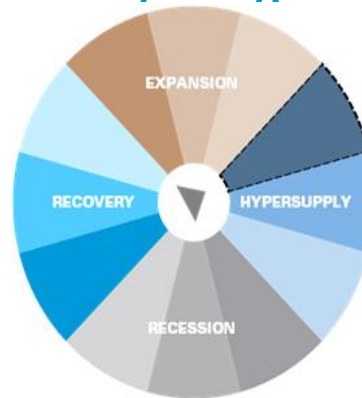
Sarasota, FL 36-Month Multifamily Forecasts

| Categories | Suburban Class A | Suburban Class B |
|-----------------|------------------|------------------|
| Change in Value | ▲4%-4.9% | ▲4%-4.9% |

Sarasota, FL Multifamily Market Overview

To date in 2022 the Sarasota Multifamily residential market has shown signs of a correction from the rapid growth seen in 2021. 2021 saw experiencing unprecedented growth with rental rates increasing over 30% from 2020. This led to affordability issues with tenants being priced out. As of now, the number one issue in the market is affordability. 2022 has seen rents increase by a modest 4.3%. Since 2018, Sarasota has been inundated by an overwhelming amount of new construction. Multifamily stock has increased from 27,992 units to 36,575 units. 2022 saw a modest 714 units delivered with over negative absorption of 274 units. At the same time the vacancy rate has increased to 6.2%. At present there are over 4,700 units under construction and set to be delivered in 2023 and beyond. Historical absorption rates of between 1,000 to 3,000 units per year since 2018. Therefore, the new construction should be readily absorbed, and vacancies should not be significantly impacted. Since 2015 average sales prices have increased at a rate of roughly 9% per year. In 2020 price growth slowed to was 3.59%. before rebounding in 2021 to over 20%. 2022 saw price increases start to stabilize at 8.25% per year. Cap rates have also compressed significantly by about 40 basis points. Investment in the market has been brisk with over \$1.9 billion in sales over the past 12 months. Three large deals drove the market. The largest deal of 2022 was the sale of the 336-unit Bainbridge Palmore Apartments at \$166 million or \$494,000 per unit. Next was the 329-unit Ridge Lake Apartments at \$150 million or \$456,000 per unit. Finally, the 257-unit Sage on Palmer Ranch sold for \$121.25 million or \$472,000 per unit.

Market Cycle: Hypersupply Stage 1



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