VIEWPOINT

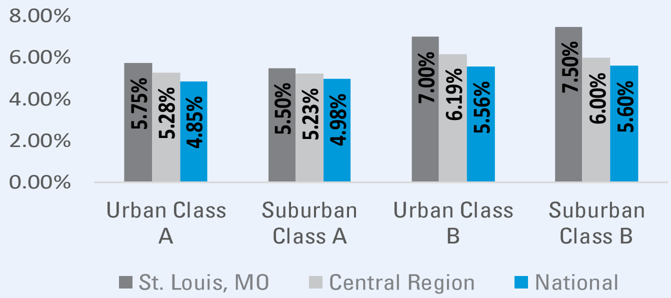
2023 ST. LOUIS, MO MULTIFAMILY ANNUAL REPORT

An Integra Realty Resources Publication / irr.com

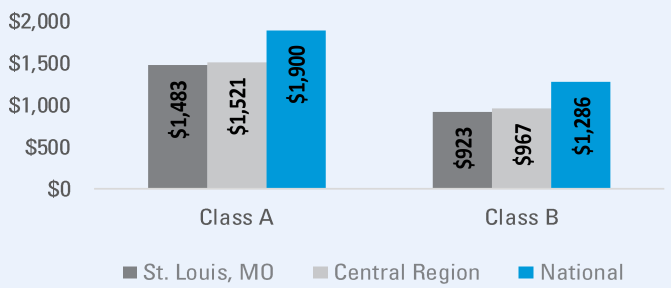
Market Rate Indicators (Y/Y)

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

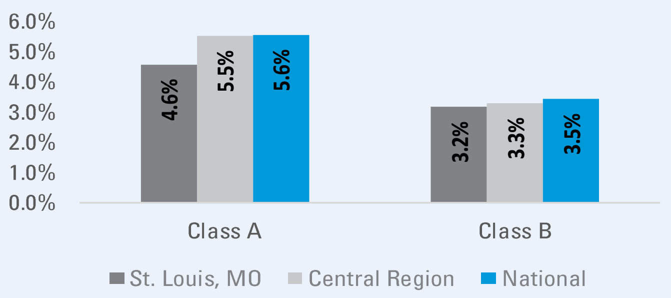
Going In Cap Rate Comparisons (%)



Asking Rents ($/Unit)



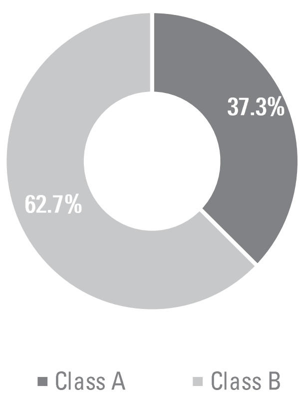
Vacancy Rates (%)



St. Louis, MO Multifamily Market Overview

Heading into 2023, multifamily remains a popular property type with investors in the St. Louis market. It remains one of the best-positioned sectors to maintain resilience despite risk factors of inflation, rising interest rates and recession fears. During 2021 and 2022 investors benefitted from strong rent growth and continued good occupancy, with healthy absorption of new product. However, inflation is a risk factor for operating expenses to maintain healthy net operating income (NOI) and property returns. Furthermore, a rising interest rate environment, intended to combat inflation, could place upward pressure on capitalization rates or hurt equity returns at least in the short term. These issues are also raising fears of a possible recession. However, multifamily market fundamentals remain generally favorable. Furthermore, increased mortgage interest rates could benefit multifamily demand by pricing out some potential homebuyers who may remain in the rental market longer than they otherwise would. In terms of new construction, the Central Corridor remains the strongest area in terms of new deliveries including neighborhoods surrounding Forest Park such as the Central West End, The Grove, and DeBaliviere Place. A concentration of transit-oriented developments are in the process of completion near the Forest Park MetroLink station. The large number of new deliveries has kept vacancy rates somewhat elevated in the Central Corridor of the city, but absorption generally remains healthy for new product. Clayton and Mid-County remains a premiere sub-market but opportunities for new supply are constrained. Among suburban markets St. Charles County remains the greatest opportunity for new development. Overall, buyers remain cautiously optimistic about the multifamily market due to rent growth and healthy absorption of new supply. Investors also continue to benefit from upgrading existing stock and positioning existing units for higher rents through remodels. Overall, the market should be able to relatively resilient despite the threats of rising interest rates and a higher inflation environment.

Distribution of Total Inventory



130,672 Units
Multifamily Inventory

1.42% - 12 Mo. Proj.
Construction/Inventory

Integra Realty Resources - St. Louis

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Change In Value Next 12 Months

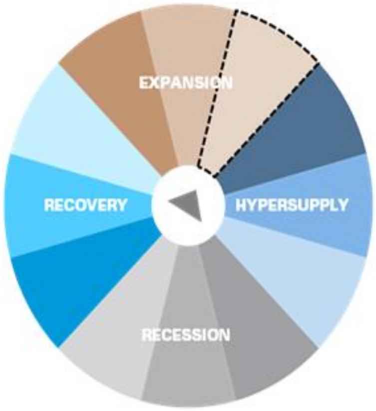
+/- 0%
Urban Class A

+/- 0%
Suburban Class A

+/- 0%
Urban Class B

+/- 0%
Suburban Class B

Market Cycle: Expansion Stage 3



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

Forecasts

St. Louis, MO 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	1,862			
Market Rent Change	+4.00%	+3.00%	+5.00%	+3.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	In Balance			

St. Louis, MO 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+12.70%			
Change in Value	Increase 3%-3.9%	Increase 2%-2.9%	Increase 3%-3.9%	Increase 2%-2.9%

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