



CENTRAL FLORIDA

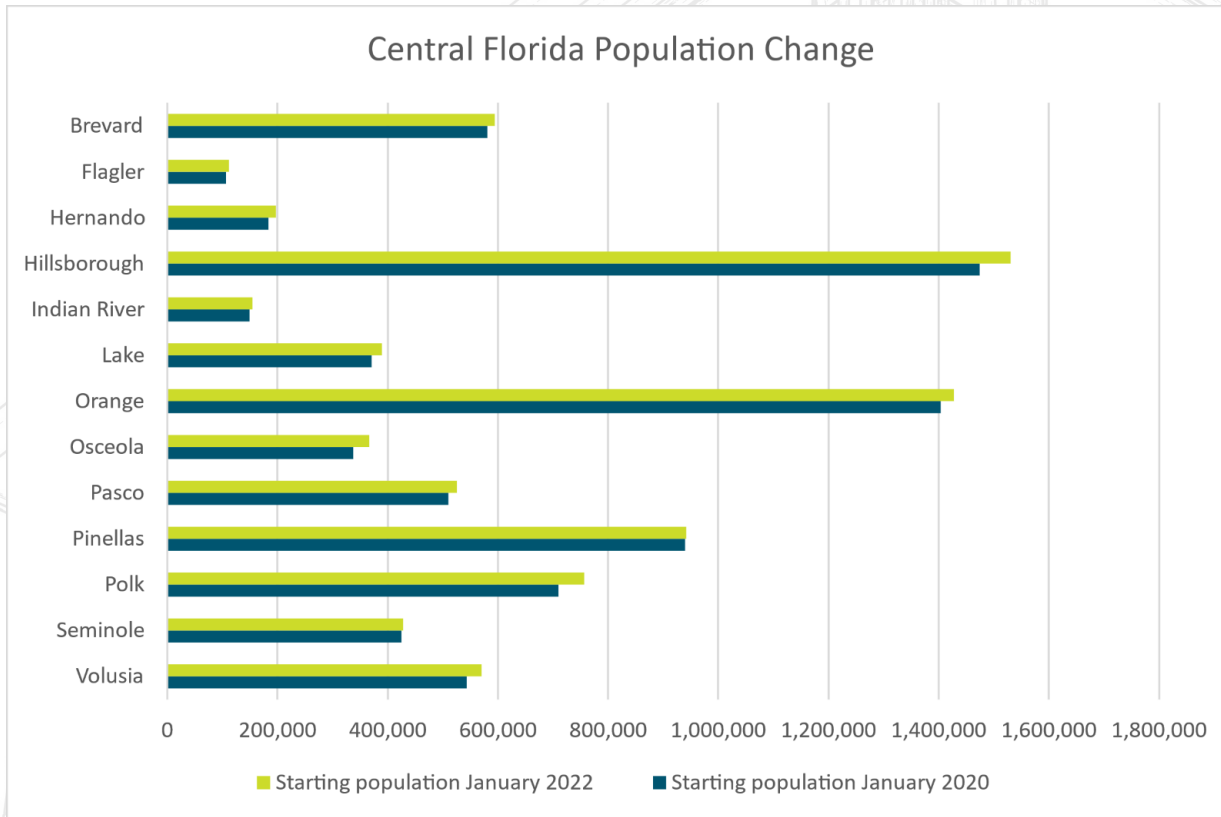


Q1-22 Mutlifamily Report



Central Florida

Market Overview

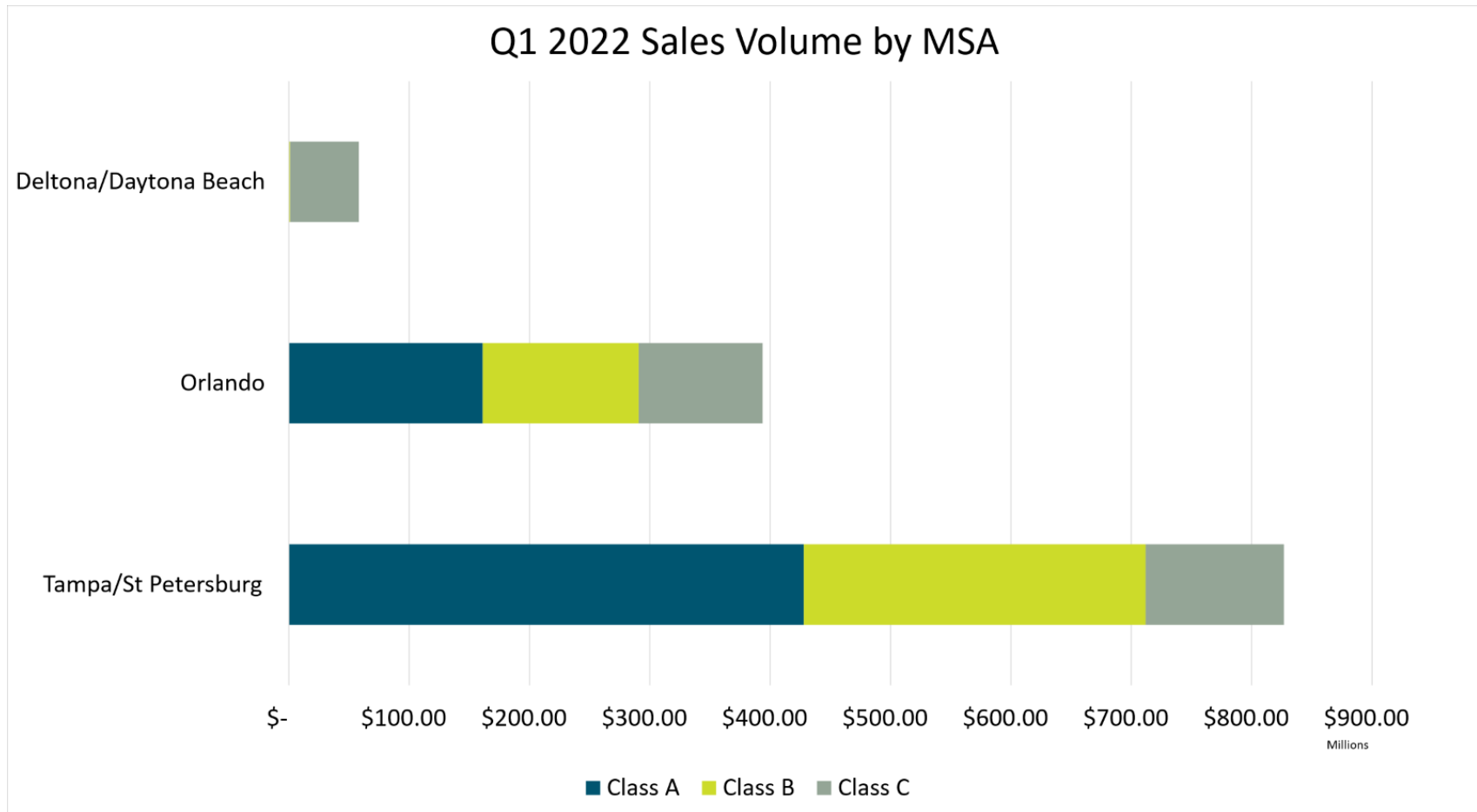


Over the course of 2021, Florida has experienced record levels of population growth, which has benefited the state's multifamily real estate market.

Central Florida has arguably benefited from this trend the most. Over a 24-month period, Brevard County grew by 2.3%, Flagler County grew by 5.2%, Hernando County grew by 7.2%, Hillsborough County grew by 3.8%, Indian River County grew by 3.2%, Lake County grew by 5%, Orange County grew by 1.7%, Osceola County grew by 8.4%, Pasco County grew by 3.1%, Pinellas County grew by 0.2%, Polk County grew by 6.7%, Seminole County grew by 0.7%, and Volusia County grew by 4.9%.

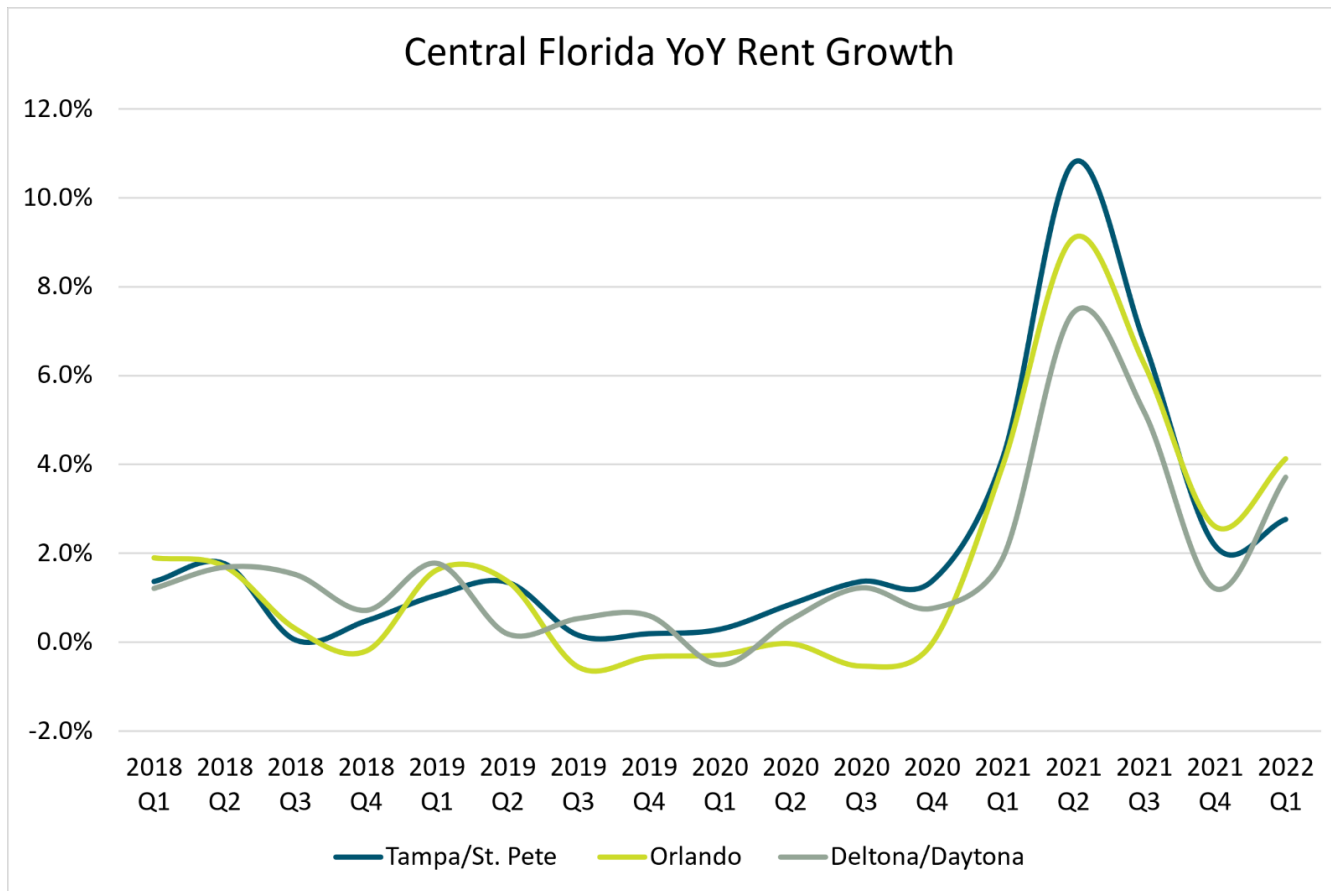
The Central Florida region lags the nation in terms of median household income. The cost of living, however, is comparatively lower than most other regions nationally. There is no clear indication if income against cost of living offsets the purchasing power of the average consumer, but tax advantages are appealing in the state.

Sales Volume by MSA



The Tampa-St. Petersburg MSA saw a substantially higher amount of multifamily investment sales in Q1-22 compared to other Central Florida MSAs. Tampa and St. Petersburg generated \$826 million in volume, followed by the Orlando MSA with \$393 million, and the Deltona-Daytona Beach MSA at \$58 million.

Central Florida Median Household Income	
Market	Household Avg. Income
Deltona-Daytona Beach MSA	\$121,272.00
Orlando MSA	\$131,882.00
Tampa-St. Petersburg MSA	\$131,997.00

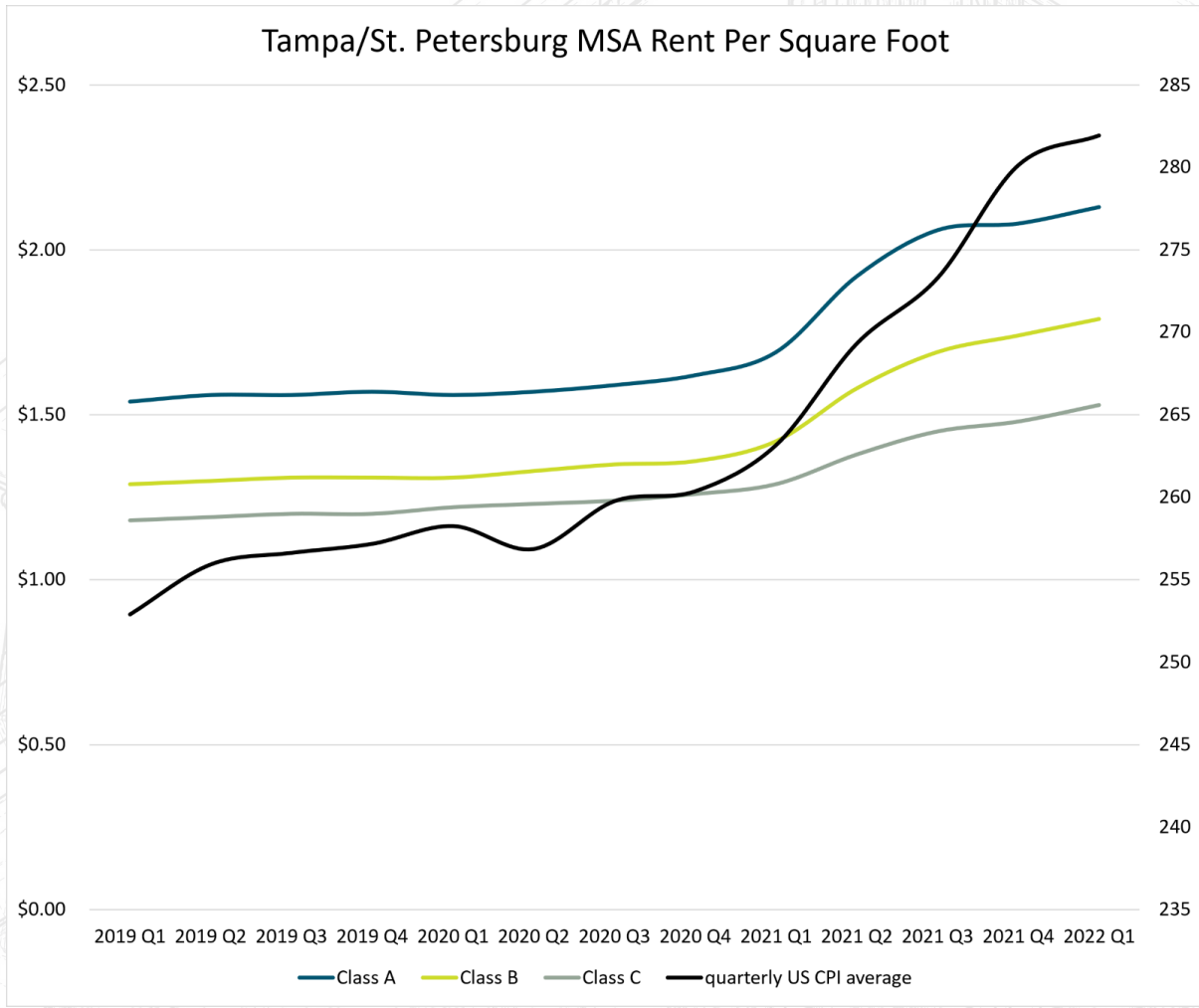


Capital Trends

For multifamily investments across Central Florida, lending trends are shifting. In the past, Freddie Mac and Fannie Mae have typically been the dominant sources of capital for multifamily assets. Low interest rates over long terms have worked well for government financing products for years. Today, more turbulent market conditions and rising interest rates have created an environment that requires lenders to be more creative and dynamic. Entering 2022, Franklin Street’s Capital Advisory Team has seen a surge in the appetite for bridge loans, which allow investors to satisfy short-term financing obligations to secure longer financing terms a few years later. This style of financing is slightly riskier than Freddie Mac and Fannie Mae products and structured over a much shorter period. Investors are overlooking compressed cap rates and placing bets on the fact that if macro-economic conditions and migratory patterns persist, property values and rent rates will continue to climb.

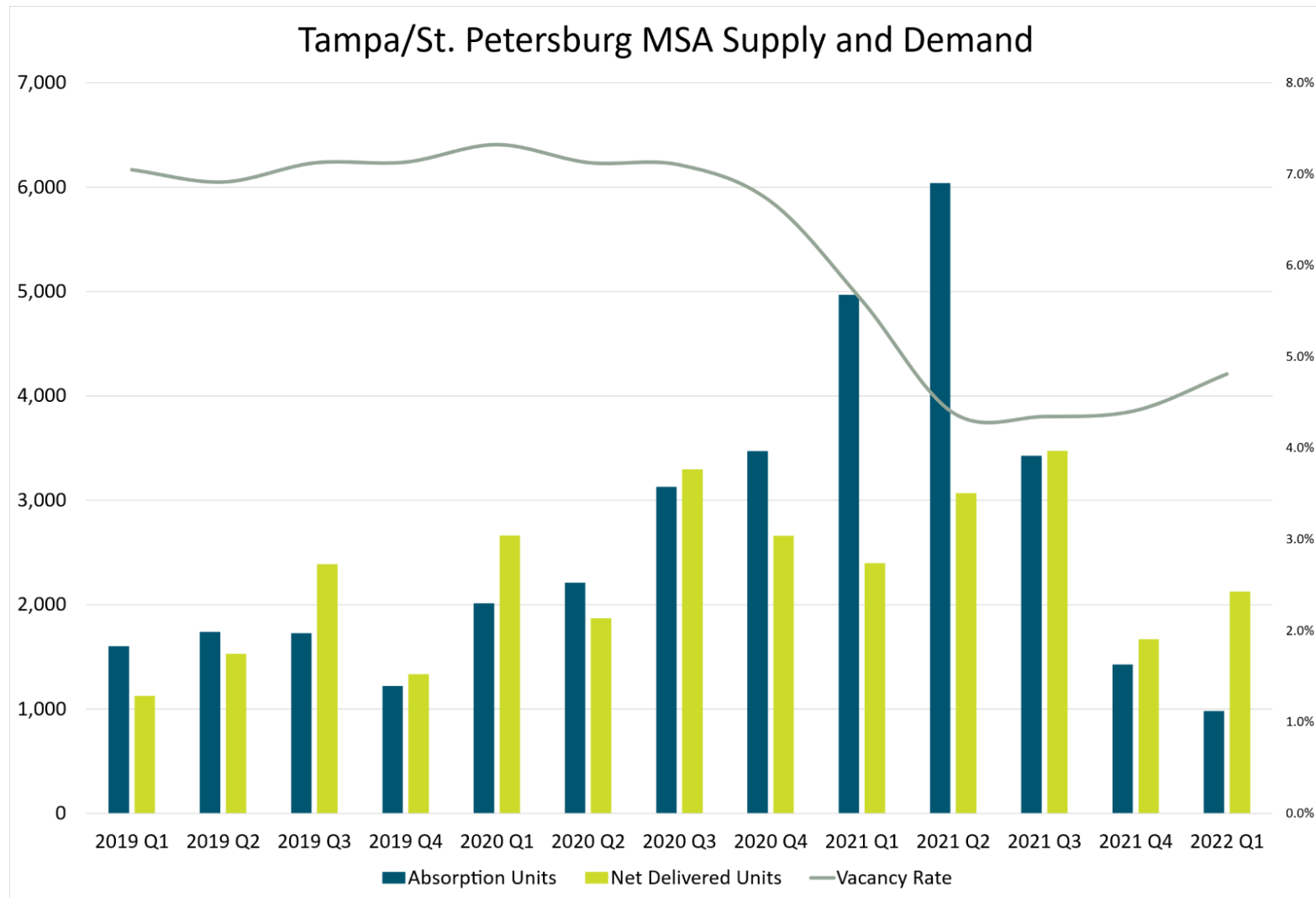
TAMPA

MSA Price Rent



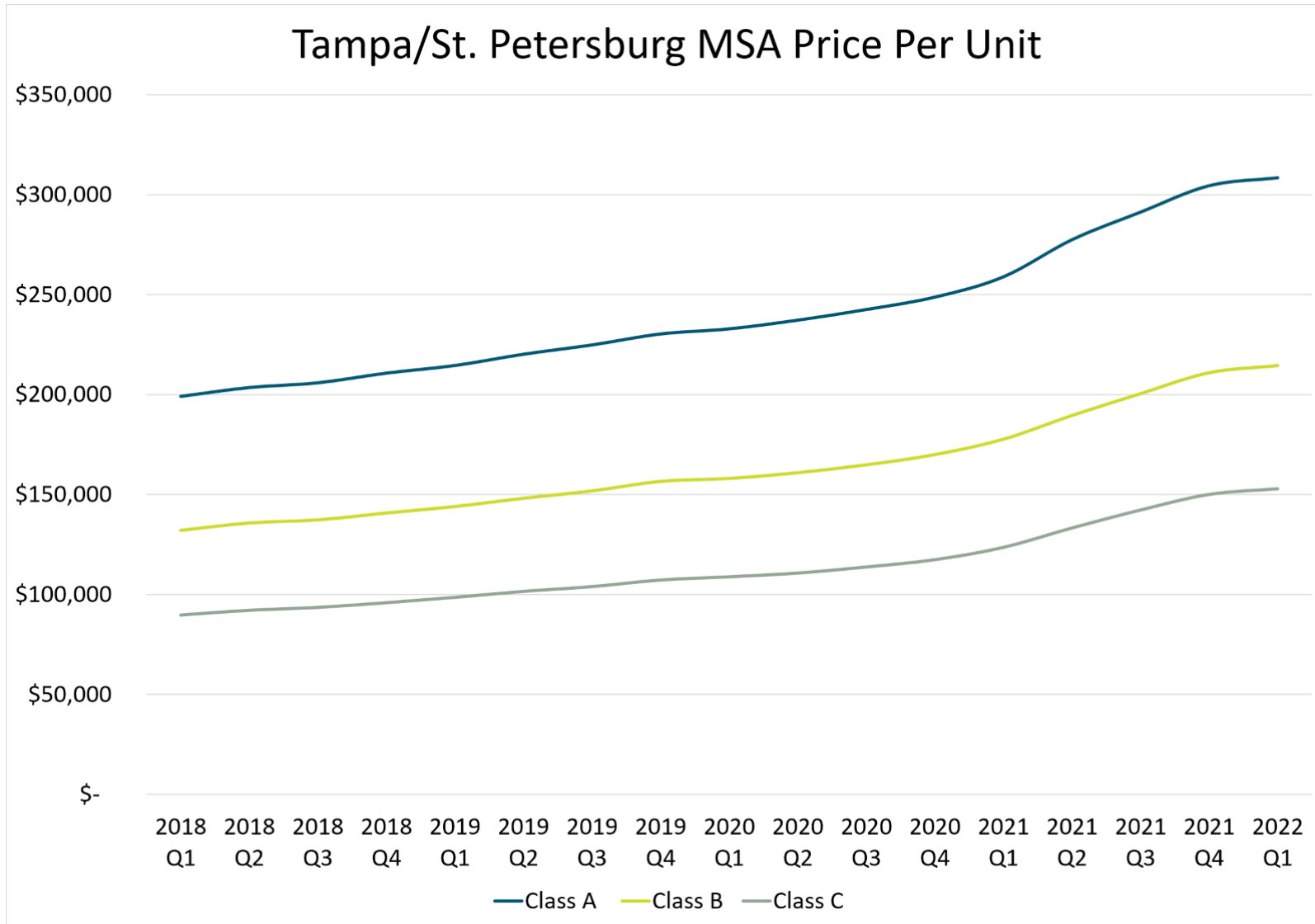
Of all the Central Florida multifamily markets included in this report, Tampa-St. Petersburg experienced some of the sharpest increases in rental rates. Starting the year, Q1-22 rent per square foot was \$2.13 for Class A, \$1.79 for Class B, and \$1.53 for class C.

MSA Supply & Demand



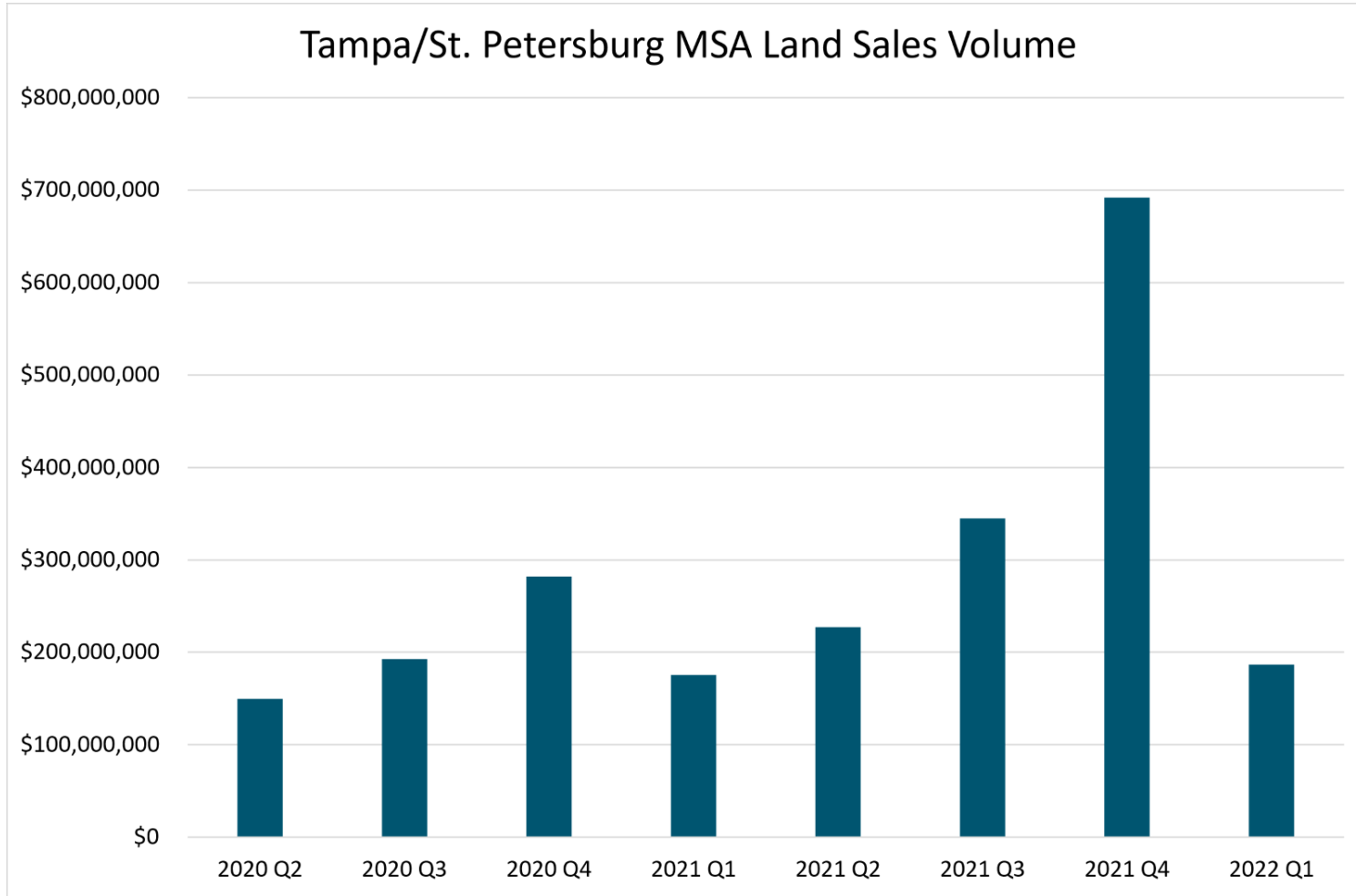
The availability of housing in Tampa and St. Petersburg has been an issue for renters. Deliveries of new multifamily units continue to struggle to keep pace with demand. However, Q1-22 did see over 2,000 new multifamily units delivered to the market, which led to a slight uptick in vacancies. The market ended Q1 with a vacancy rate of 4.81%, over a 40-basis-point increase from Q4-21. Given population growth trends, these units will likely be absorbed quickly.

MSA Price Per Unit



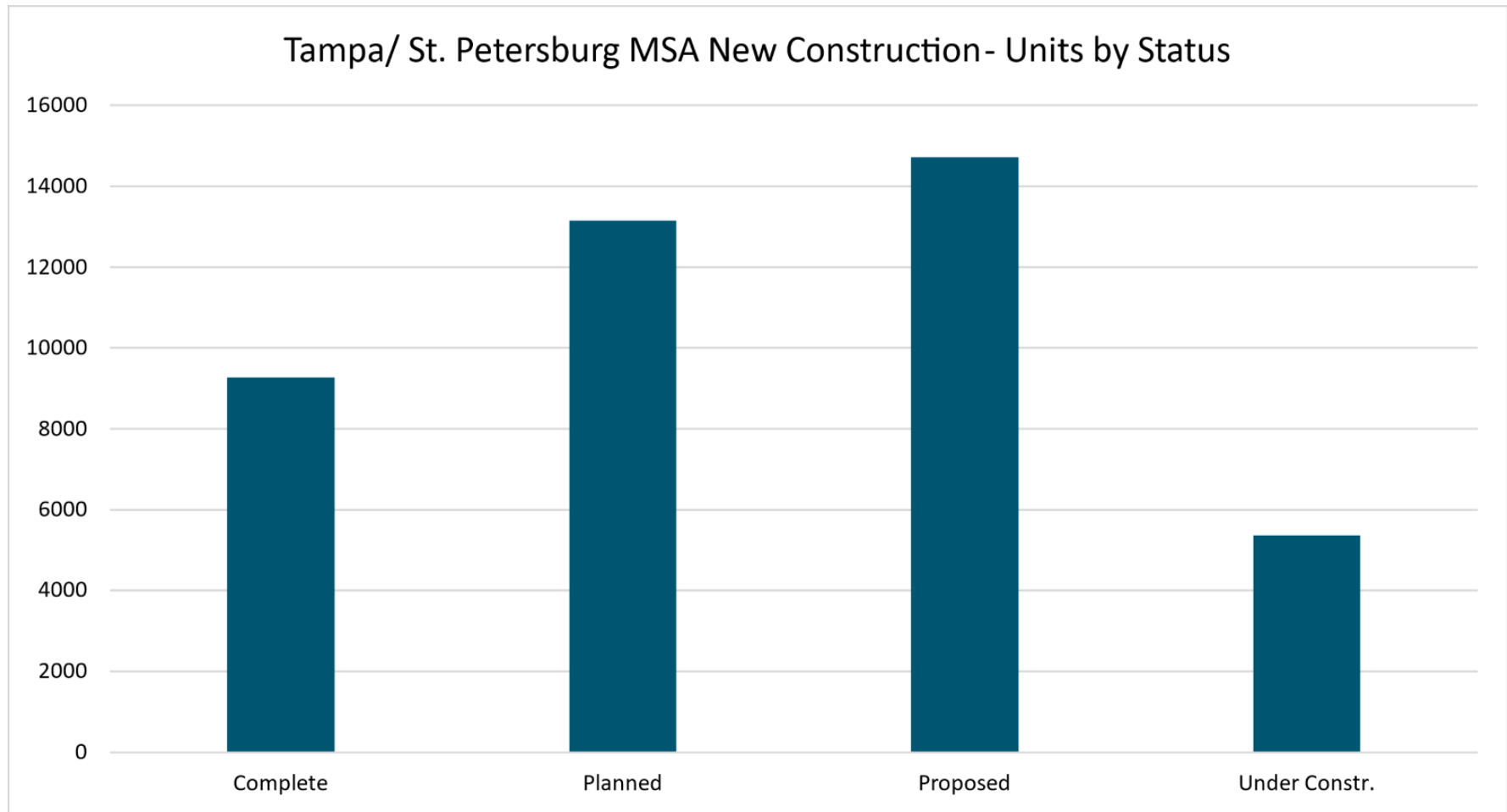
Similar to rents, sales price per unit has also increased over the year, but experienced a minor correction going into 2022. Class A units were valued at \$308,586, while Class B units averaged \$214,482 and Class C units followed at \$152,870. We expect value-add properties to remain in exceptionally high demand as they provide the most opportunity for rent growth.

MSA Land Sales Volume



Land sales in the beginning of the year are typically lower than the rest of the year. Potentially due to large firms and investors recalibrating their strategies for the coming year. Land sales volume in Q1-22 was slightly lower than previous years, totaling \$186,000 for the Tampa-St. Petersburg MSA.

MSA Construction



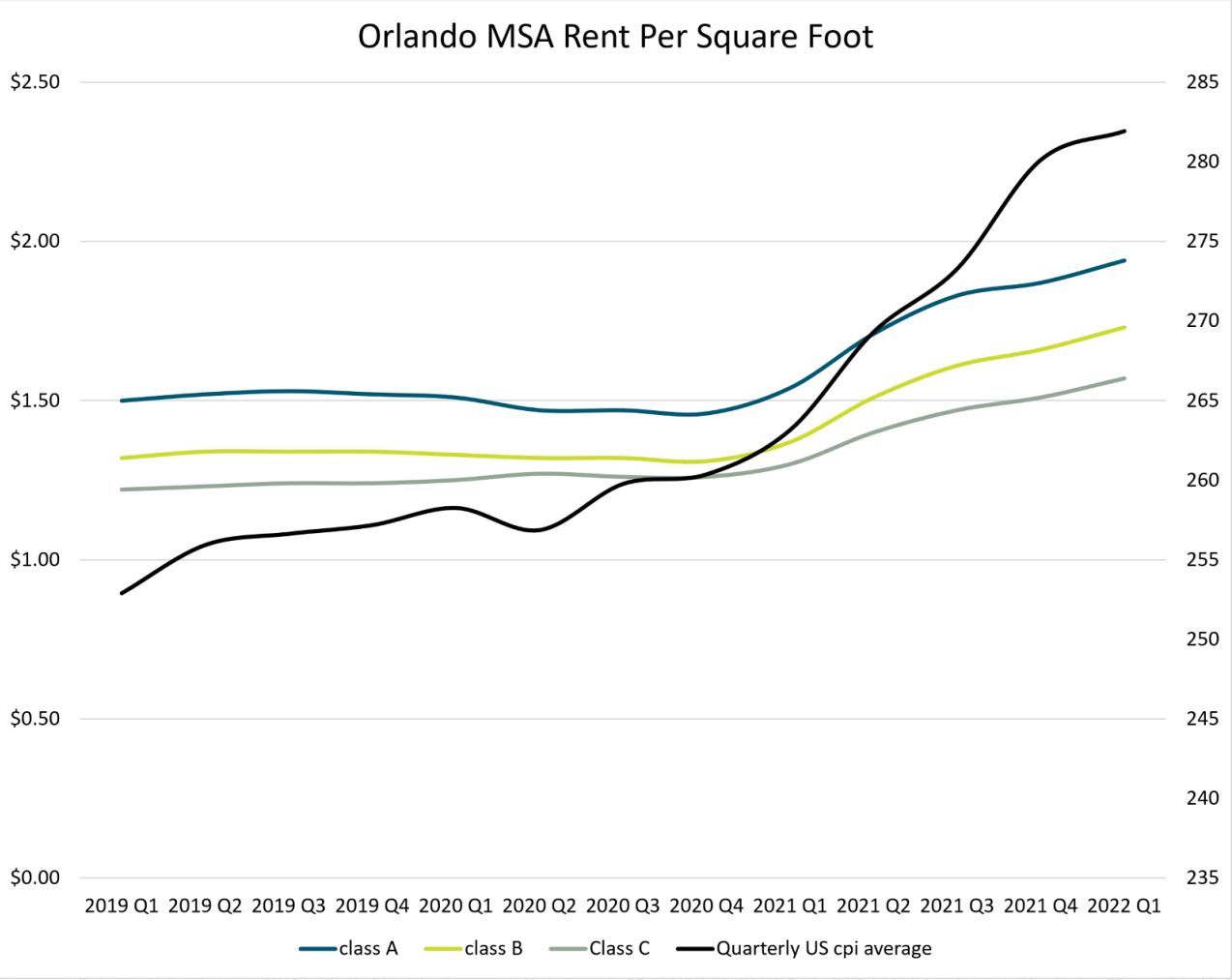
Between January 2020 and March of 2022, the Tampa-St. Petersburg MSA completed construction of 9,267 units, with 13,143 units planned, 14,718 units proposed and 5,369 units under construction

ORLANDO

MSA Rent

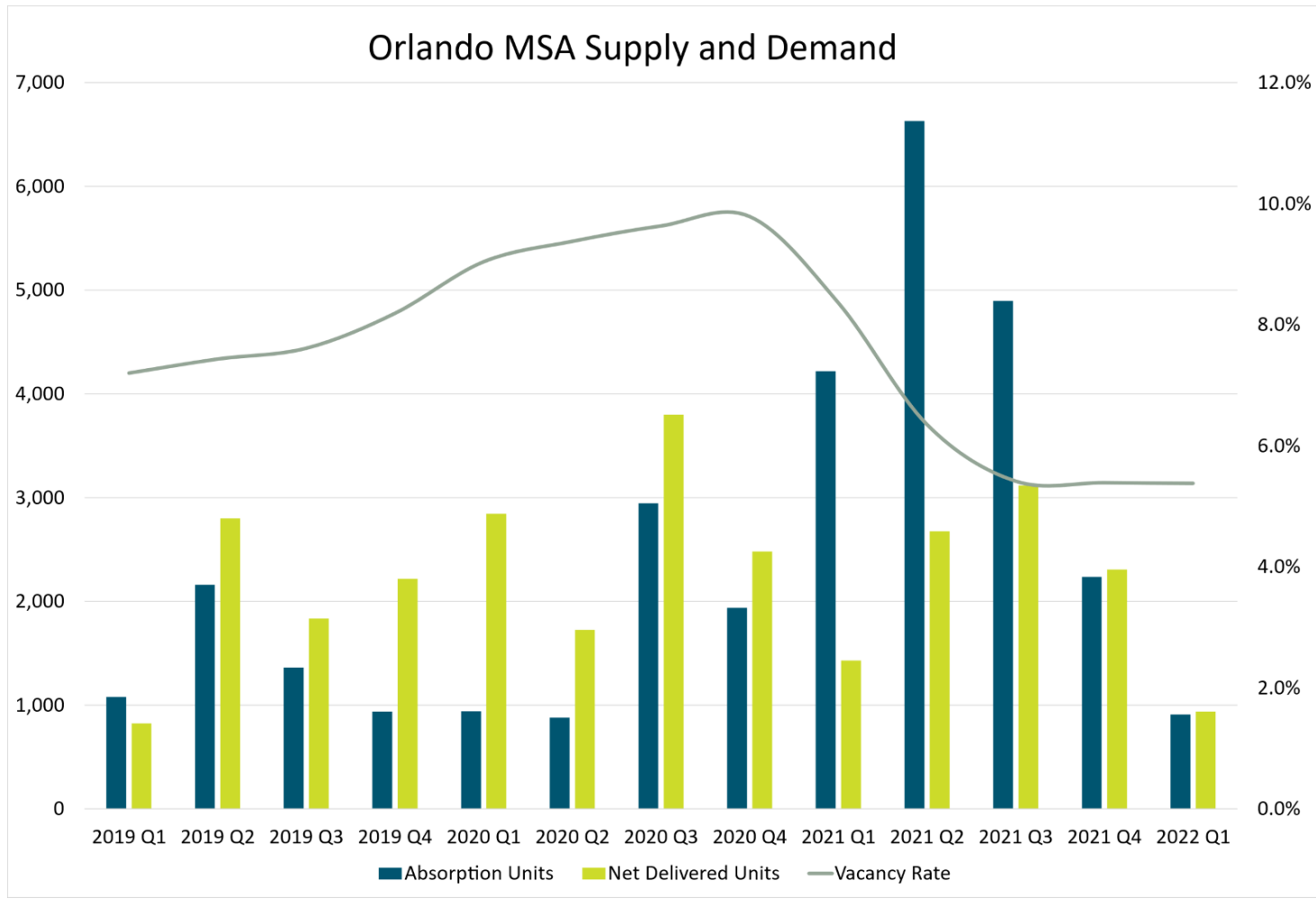


Rental rates in the Orlando MSA have also experienced very strong growth, fueled by heavy migration patterns. In Q1-22, Class A space achieved \$1.94 per square foot, while Class B and C space followed respectively at \$1.73 and \$1.57 per square foot.



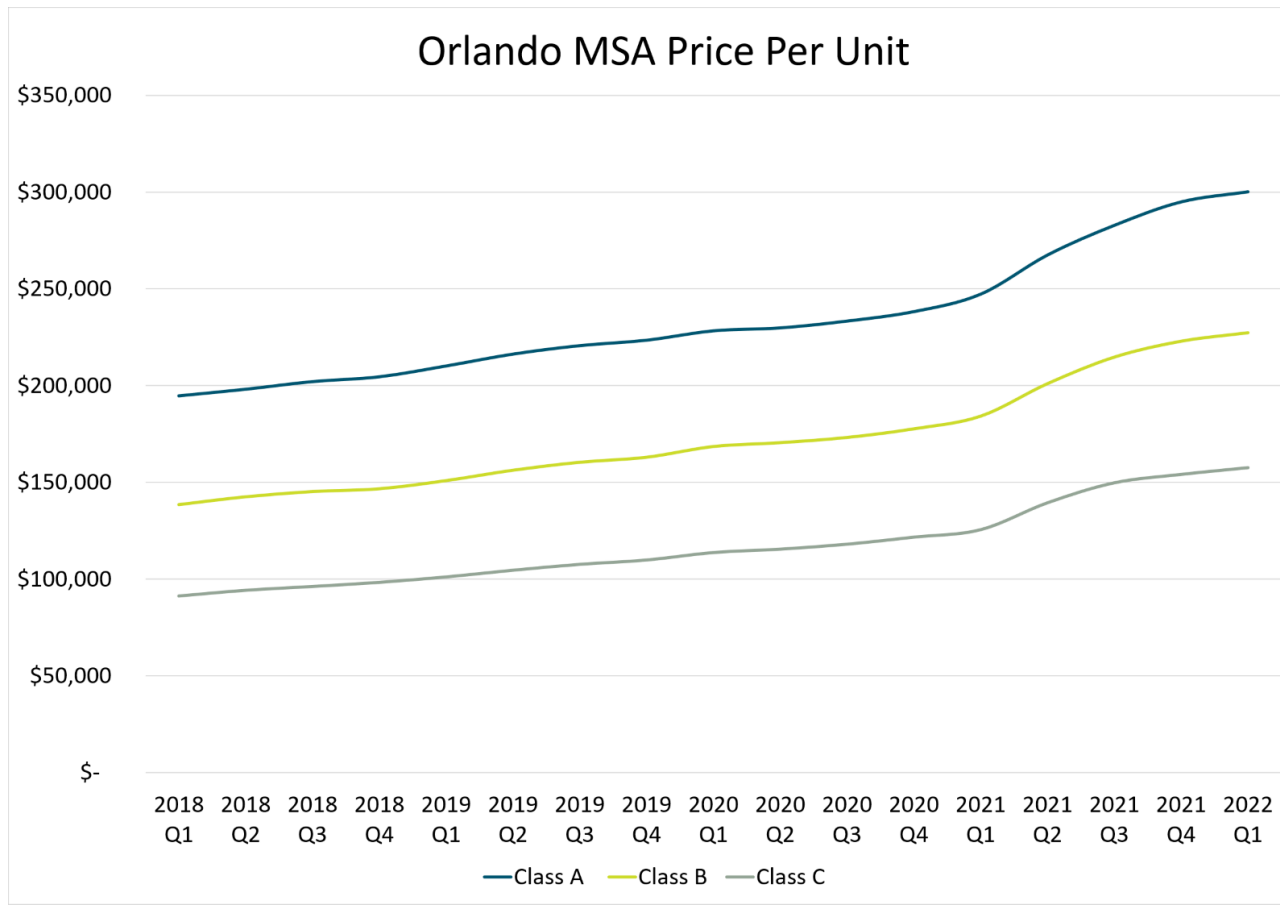
MSA Supply & Demand

Supply and demand within the Orlando MSA appears to have reached a temporary state of equilibrium. Vacancy rates have stayed relatively flat over the past three quarters, floating around the mid-5% range. Q1-22 closed with a vacancy rate of 5.42%, as abortion and new deliveries remained fairly even.



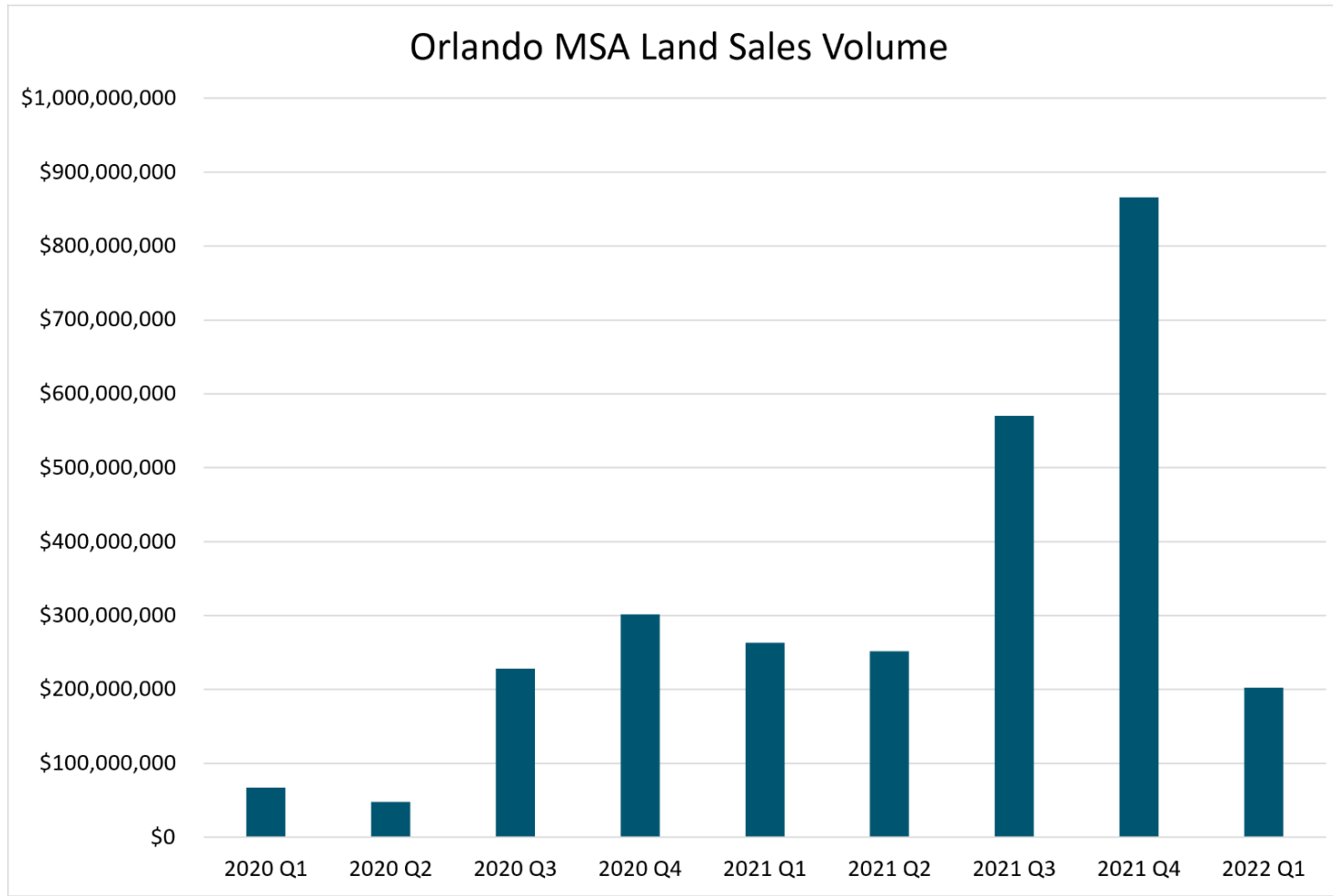
MSA Price Per Unit

Price per unit values declined slightly entering 2022. Class A units achieved an average sales price of \$300,205, while Class B units averaged \$227,344 and Class C units averaged \$157,561.



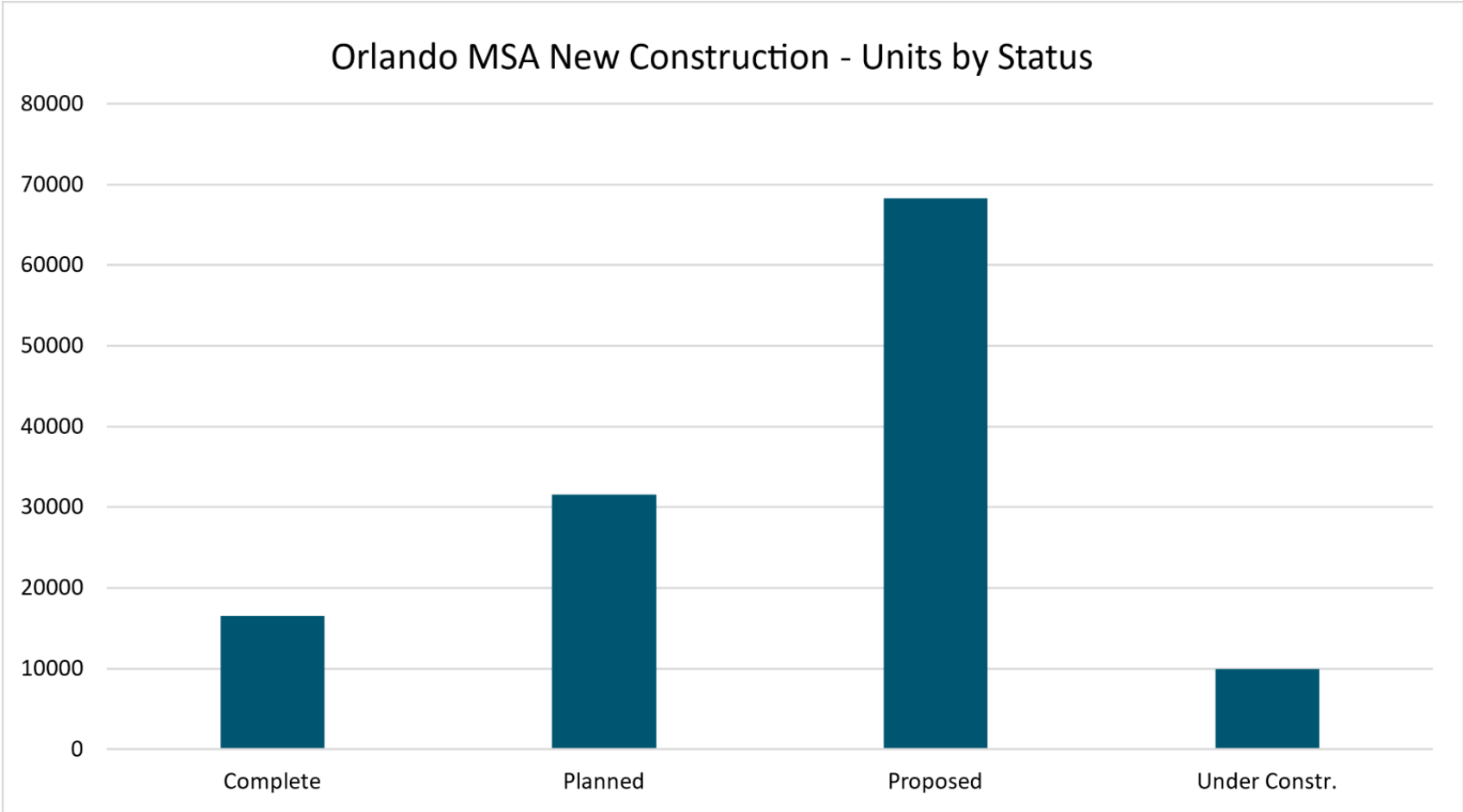
MSA Land Sales Volume

Similar to Tampa, the Orlando MSA land sales volume for Q1 in 2022 was lower compared to Q1 in 2021. We view the value of the first quarter to be indicative of healthy investment flow. The first quarter reached over \$202 million in total land sales volume in Orlando.



MSA New Construction

Between January of 2020 and March of 2022, the Orlando MSA completed construction of 16,500 multifamily units, with 31,587 units planned and 68,280 units proposed and 9,975 units under construction.

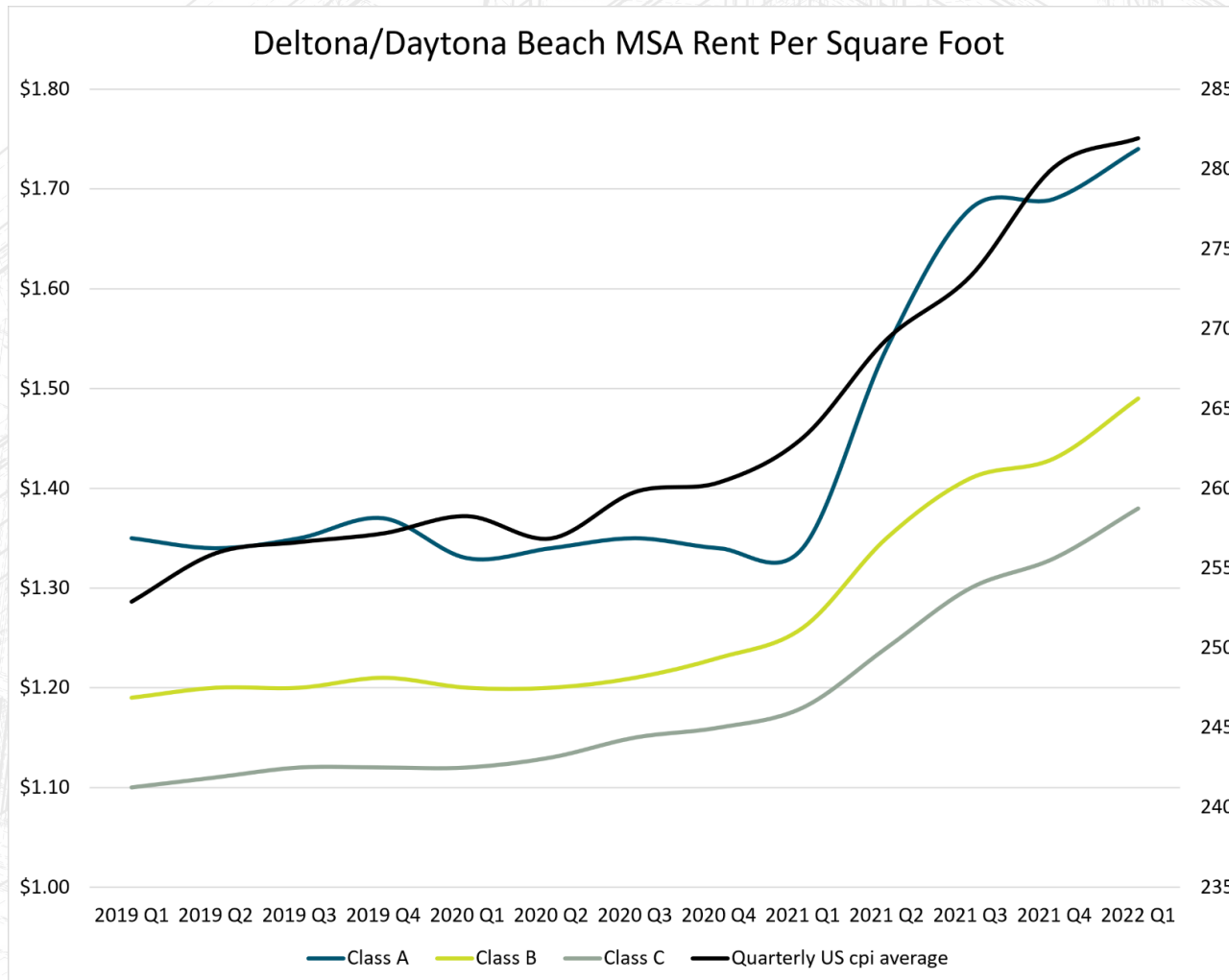


Daytona Beach



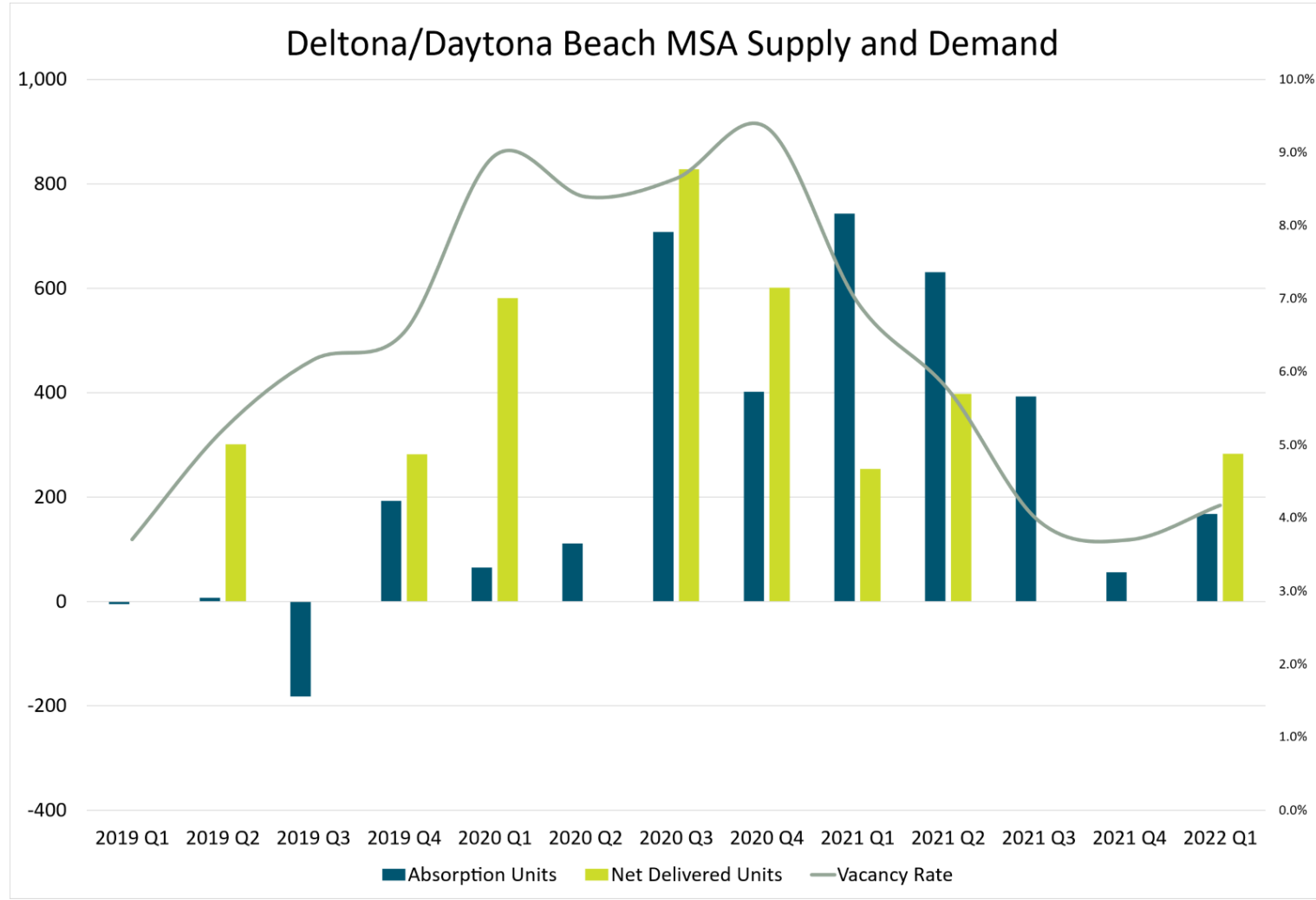
MSA Rent

Rental rates saw modest growth in Q1-22 within the Deltona-Daytona Beach MSA. Class A space was valued at \$1.74 per square foot, Class B space was valued at \$1.49 per square foot, and Class C space was valued at \$1.38 per square foot. While Daytona is not as large as Orlando and Tampa-St. Petersburg regions, the area is benefitting from similar population growth patterns, which positions it well for continued rent growth.



MSA Supply & Demand

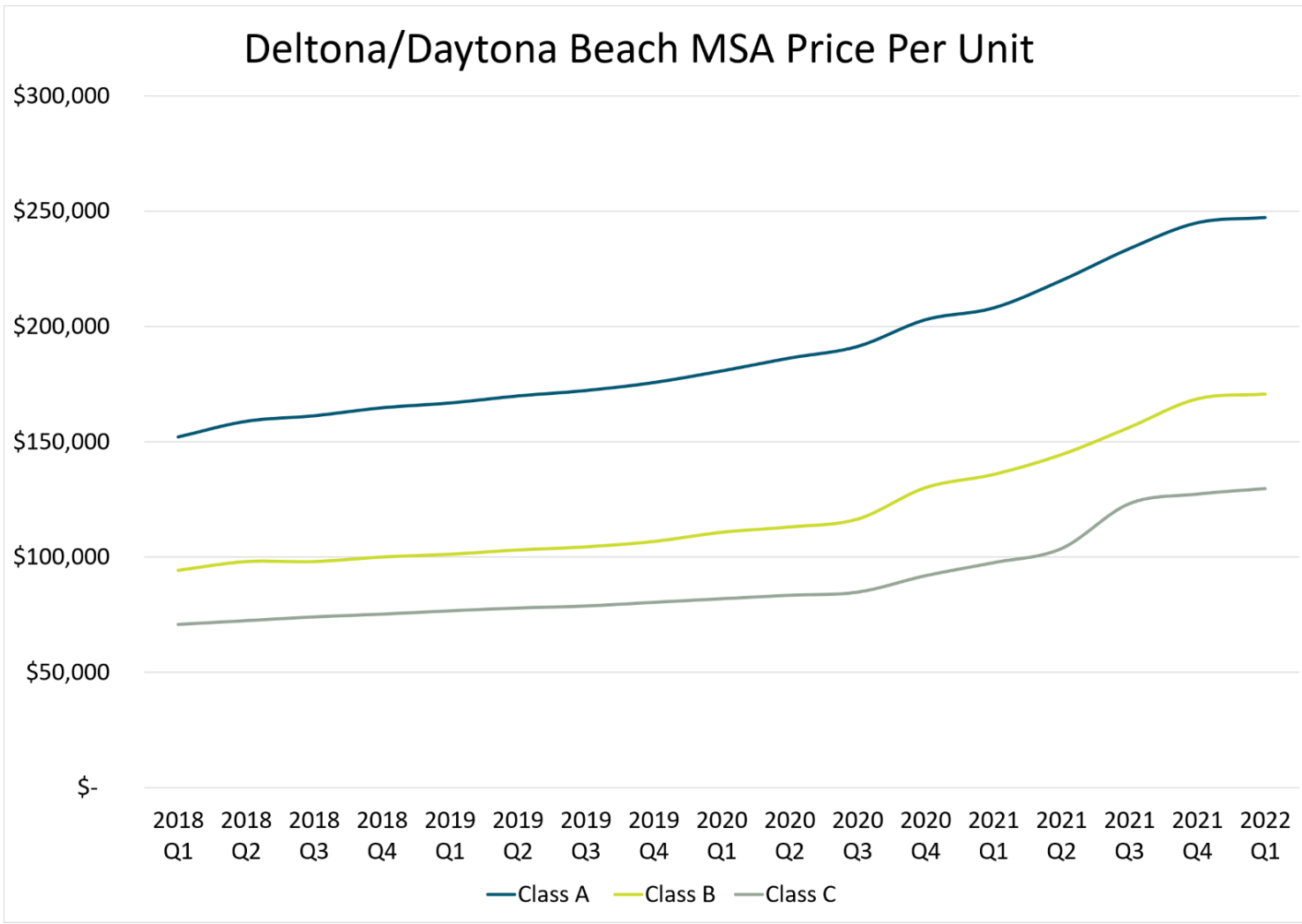
The Deltona- Daytona Beach market saw no substantial multifamily deliveries in the last half of the 2021, resulting in historically low vacancies. However, deliveries outpaced absorption for the first time in a year in Q1-22, causing a slight uptick in the vacancy rate.



MSA Price Per Unit

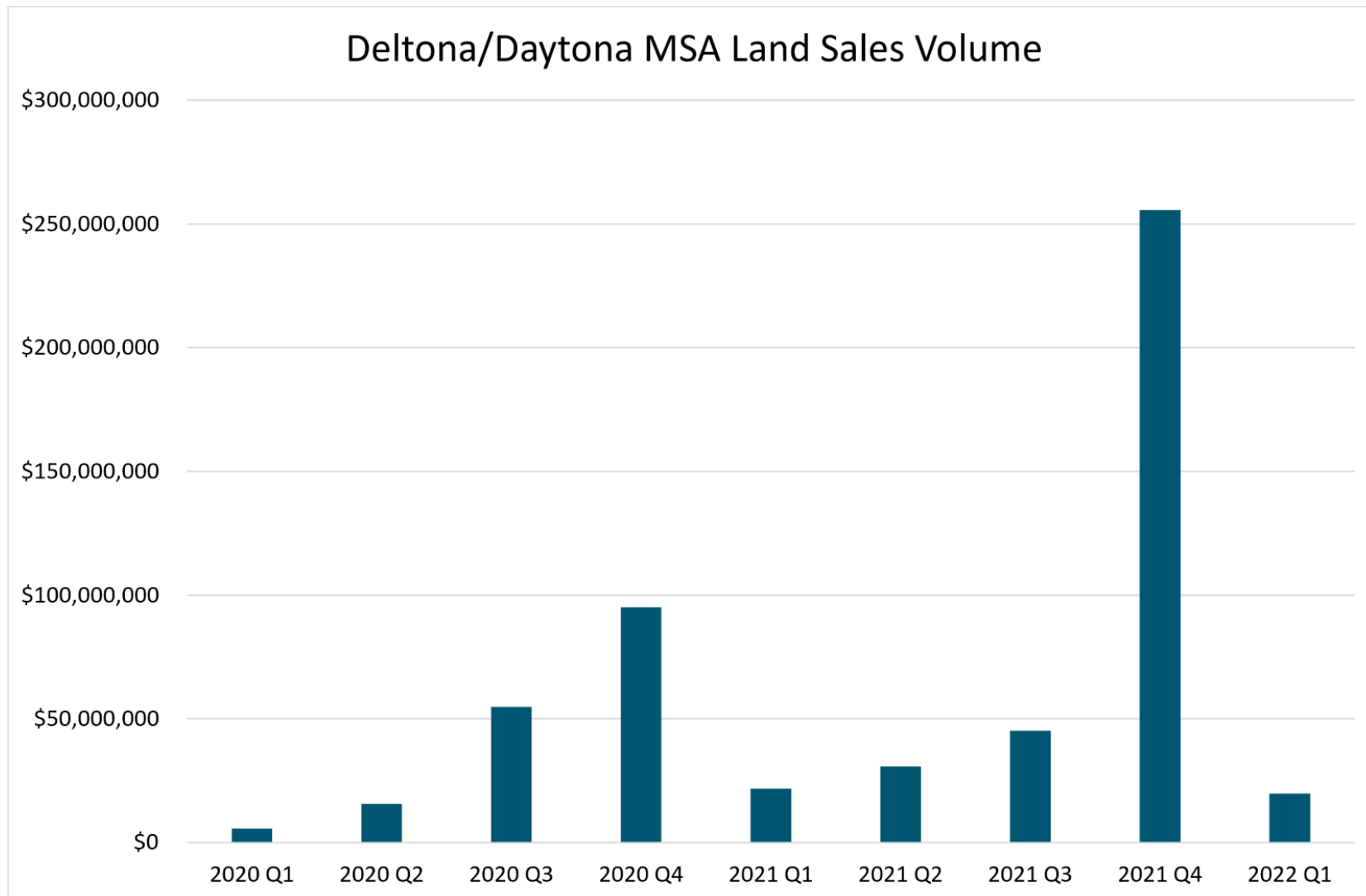
The Deltona-Daytona Beach market has also seen substantial increases in multifamily sale prices. Notably, Class C properties achieved a record average price per unit, at \$129,703, indicating strong investor interest in the value-add space. Sales prices for Class A units averaged \$247,255, while Class B units averaged \$170,650.

Central Florida Debt Origination MSA	Last Quarter Origination		Debt Service Coverage Ratio		Trailing 12 Months Weighted Avg. Spread to TSY	
	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac
Tampa-St. Petersburg-Clearwater, FL	\$179,116,918.59	\$121,511,000.00	1.883	0.99	168	182
Orlando-Kissimmee-Sanford, FL	\$163,362,000.00	\$34,000,000.00	1.809	0.962	178	168
Lakeland-Winter Haven, FL	\$21,610,653.96	\$32,250,000.00	1.293	3.909	223	171
Deltona-Daytona Beach-Ormond Beach, FL	\$46,000,000.00	\$2,580,000.00	3.12	0	146	206
Palm Bay-Melbourne-Titusville, FL	\$47,400,000.00	\$151,445,000.00	1.46	0.479	177	241



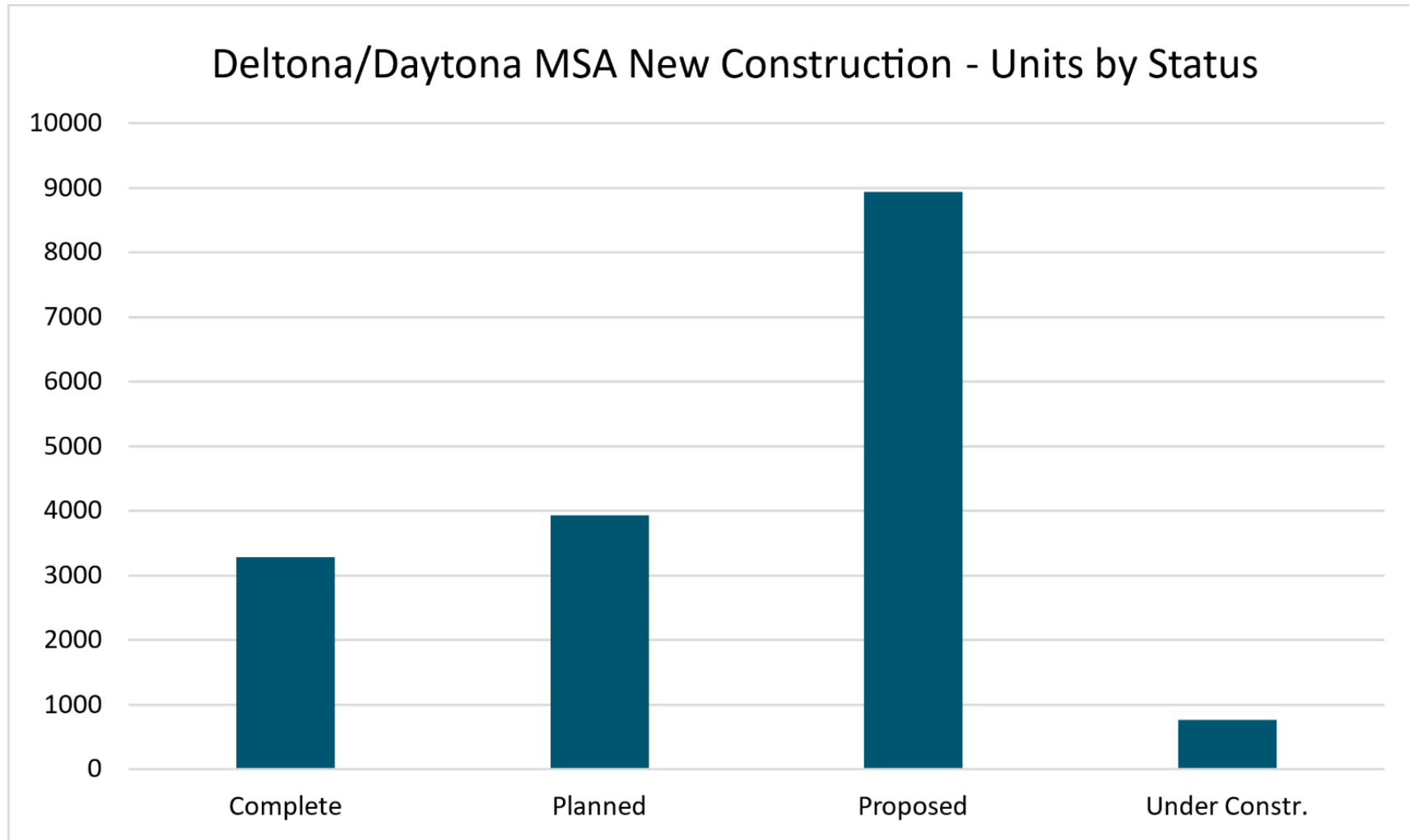
MSA Land Sales Volume

Total land sales volume in Q1 of 2022 for the Deltona and Daytona MSA was particularly weak. Although land sales volume in the previous quarter were unnaturally high, the start of the year did not perform well. With \$19.9 million in sales volume, we believe that investor sentiment in Daytona is somewhat unfavorable.



MSA Construction

Between January of 2020 and March of 2022 in the Deltona and Daytona Beach MSA, 3,290 units have been completed, 3,935 are being planned, 8,943 are under proposal, and 765 still under construction.



Central Florida Multifamily Outlook

Central Florida will continue to be an incredibly attractive location for multifamily investment throughout 2022. The largest factor contributing to the area's success is the high migration patterns into Tampa and Orlando. With so many people moving into the area, prices and rents will continue to rise. Although national economic conditions are experiencing mild turbulence from international geopolitical events and a lingering pandemic, central Florida seems to be somewhat insulated. Employment has quickly recovered, and covid-19 related restrictions have been lifting slowly. Finding investments that provide high yields in today's market can be tough, but multifamily investment will remain a safe bet for investors.

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