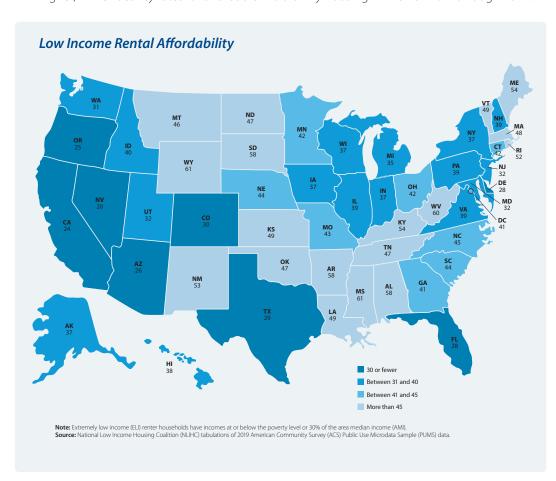




### Meeting the Challenges of Today's Multifamily Industry

The multifamily sector has outperformed most other industries throughout the pandemic. As market conditions continue to improve, the volume of multifamily investment is expected to increase accordingly. Investor demand for multifamily assets will continue to drive pricing higher, while vacancy rates for affordable multifamily housing will remain low through 2022.



# Trends Impacting the Multifamily Industry

- Cap rates declined by 30 basis points from 2019 to 2020
- Overall effective rents declined by 1.1% in 2020
- Occupancy has remained stable, with levels averaging above 95%
- Development activity continues to be high
- Select markets are facing supply risk

#### 2021 U.S. EFFECTIVE RENT GROWTH





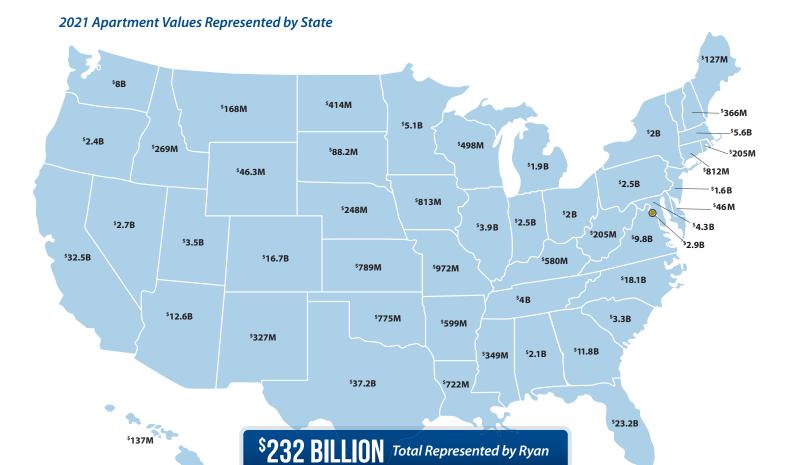
### **Key Components Affecting Tax Valuations**

Net operating income (NOI) for the multifamily industry could approach near-historic levels in the near term. Past market corrections indicate that investors are likely to raise cap rates in their underwriting of new acquisitions, even after NOI stabilizes. Higher collection losses, operating expenses, and the fear of new pandemics are all likely to be considered by investors and that normally translates into the need to apply higher, risk-adjusted cap rates that are rarely reflected in the assessor's proposed assessments. The experts at Ryan are looking closely at not only the *quantity* but also the *quality* of NOI that multifamily properties generate to assist clients in the strategy and planning of tax minimization.

As the firm with the most local market property tax professionals in North America and relationships in nearly every jurisdiction, Ryan's experience and success are unmatched by any other national, regional, or local provider.

## Ryan Property Tax Consulting Services:

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- Audit support
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