



AN ORIX COMPANY

RENT SETTING IN AN INFLATIONARY MARKET

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Disparity in AMI and Wage Increases 2021 to 2022



| Geography | % Change AMI 2021 to 2022* | % Change Wages 2021 to 2022** |
|---------------------|---|--|
| King County, WA | 11.8% | -1.6% |
| New York, NY | 11.8% | -0.5% |
| Shelby County, TN | 11.8% | 2.1% |
| Cook County, IL | 11.8% | 4.6% |
| Harris County, TX | 11.9% | 5.5% |
| Wayne County, MI | 11.9% | 5.6% |
| Maricopa, AZ | 11.8% | 5.6% |
| Davidson County, TN | 11.9% | 6.3% |
| Denver, CO | 11.8% | 6.5% |
| Fulton County, GA | 11.8% | 6.5% |

*U.S. Department of Housing and Urban Development (HUD)

U.S. Bureau of Labor Statistics (all industries**)

Service Industry Household Budget Impact

| Geography | Monthly Increase Wages | Monthly Increase 60% AMI Max Rents | Remaining Wages |
|-----------------------------|------------------------|------------------------------------|-----------------|
| Seattle (King County) | \$93 | \$154 | (\$61) |
| Chicago (Cook County) | \$64 | \$124 | (\$60) |
| Nashville (Davidson County) | \$175 | \$113 | \$62 |
| Detroit (Wayne County) | \$181 | \$107 | \$74 |
| Houston (Harris County) | \$225 | \$106 | \$119 |

Groceries: \$45 per month increase vs previous year*

Gas: \$11 per month increase vs previous year*

*Business Insider & US Department of Energy

Impact on Rent-Burden



| Nashville | |
|--|------------|
| 1 Bedroom 60% Max Rent | \$1,062 |
| Median Hourly Wage (Service Industry) | \$14 |
| Monthly Income | \$2,210 |
| % of Income Towards Rent | 48% |

| | |
|---|------------|
| Single Parent in 2BR 60% Apartment | 58% |
|---|------------|



Observations

- ❑ Most markets in contraction phase of cycle
- ❑ Not all markets are created equal
- ❑ Affordability is being impacted



What Do We Do?

- ❑ Less Aggressive with Underwriting
 - ❑ Phase in rent increases

- ❑ Gather Household Incomes
 - ❑ Rehabs – rent rolls with incomes
 - ❑ New Construction – wait lists with incomes

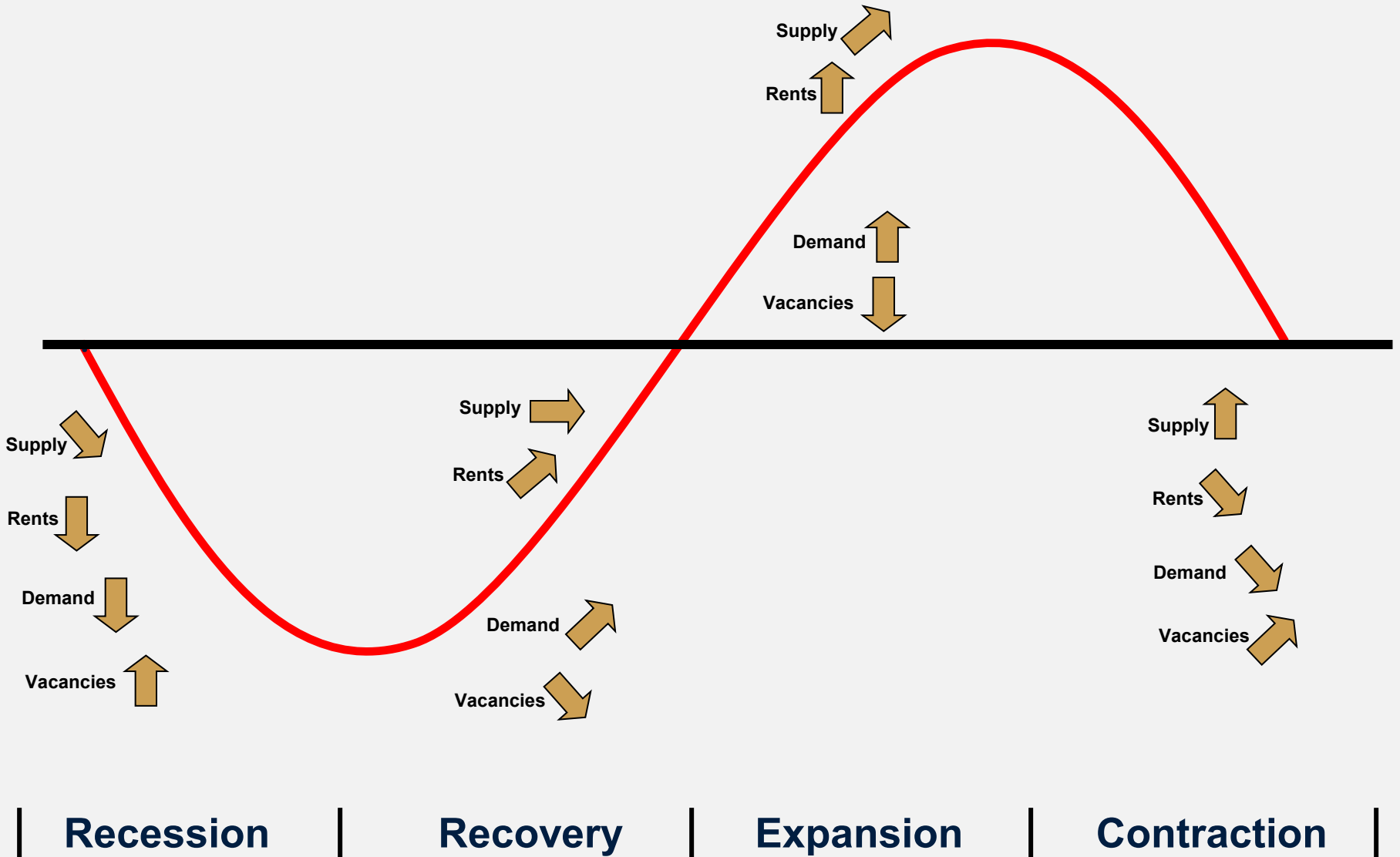
- ❑ Survey LIHTC Comparables
 - ❑ New leases in critical mass at max rents



Thank you!



Four Cycles of Real Estate





| Area | ACS ₂₀₁₉ 1-Year Estimate | CPI Inflation Factor | FY 2022 Area MFI Estimate |
|--|-------------------------------------|----------------------|---|
| Nashville-Davidson--Murfreesboro--Franklin, TN HUD Metro FMR Area | \$87,007 | 1.11162 | (\$87,007 * 1.11162) = \$96,719 |