
JLL Affordable Housing

Capital Markets Overview

Affordable Housing Themes

1

Fundamentals Reign Supreme:

Undersupply (3M housing unit shortage) + Rent vs Own Dynamics (69% more expensive to own) = Long-term structural tailwinds for affordable housing.

02

Affordable Preservation Will Take

Spotlight: 986k+ LIHTC units hitting year 30 over the next 10 years. New federal and local subsidies expected to incentivize preservation vs. market-rate conversion.

03

Regulatory Risk and Administration

Changes: Capital remains concentrated on regulatory risk; Agency eviction restrictions no longer anticipated. Plans in the works to reduce regulatory hurdles to the entitlement process.

04

Affordable Transaction Activity:

Capital A (LIHTC + HAP) volume down -14% YoY. However, one-off transactions are up 22%. Sellers remain patient, wave of distress not coming, Buyer's feel they have leverage on underwriting and cost of capital.

05

Affordable Developer Succession

Planning: Founding generation of affordable developer retirements / succession planning to create wave of capital events.

06

Need for Gap Financing:

Developers continue to have funding gaps for new affordable developments and preservations. Gap financing remains in high demand.

General Capital Market Themes

01

Record Dry Powder: \$324B with +\$100B allocated to multi-housing. Majority of active capital is Value-Add / Opportunistic.

02

JLL Deal Activity: +28% BOV activity, deals in marketing +76% YoY. Seller motivation varies: profit harvesting in suburban markets vs. strategic liquidity needs in urban markets.

03

Portfolios and Deal Size: Portfolio discount is shrinking; more large deals are now coming to the market.

04

History Repeats Itself: Limited development pipeline may lead to bolstered rent growth in '26-'27.

05

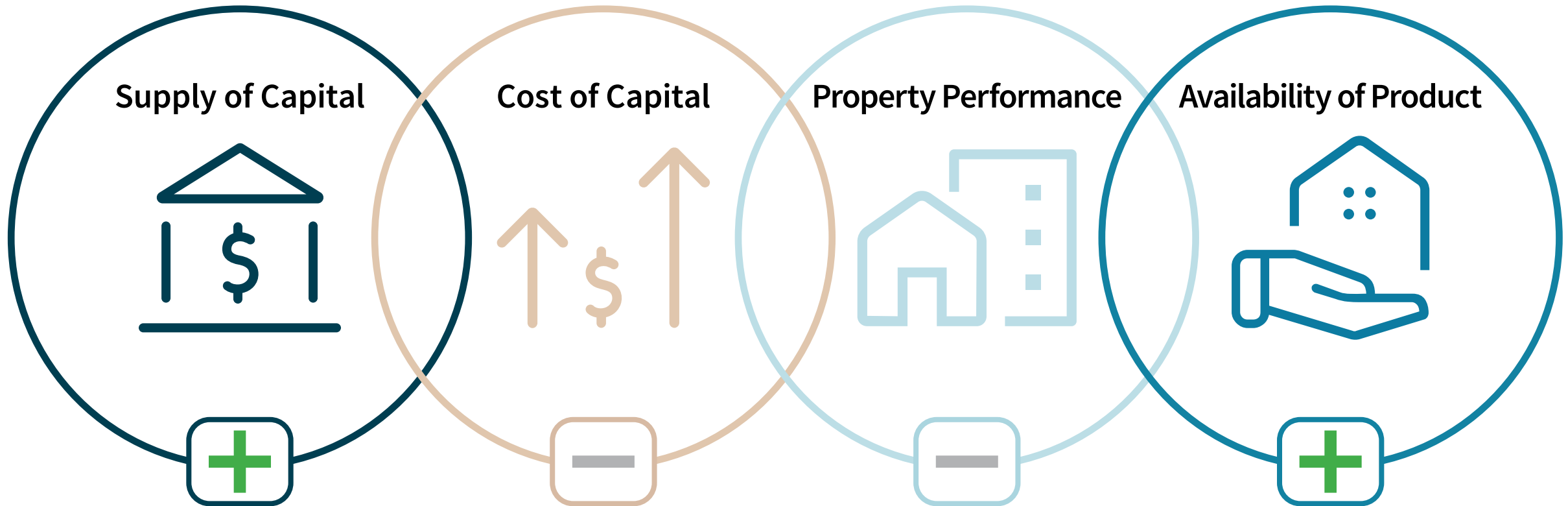
Retention Ratios: Retention ratios are up. Renewals are positive across a majority of markets. New leases are positive in gateways and flat/negative elsewhere.

06

Operating Expense Normalization:

Insurance normalized over summer, payroll plateauing, opex stabilizing.

Drivers of Pricing



 Positive Trend

 Neutral Trend

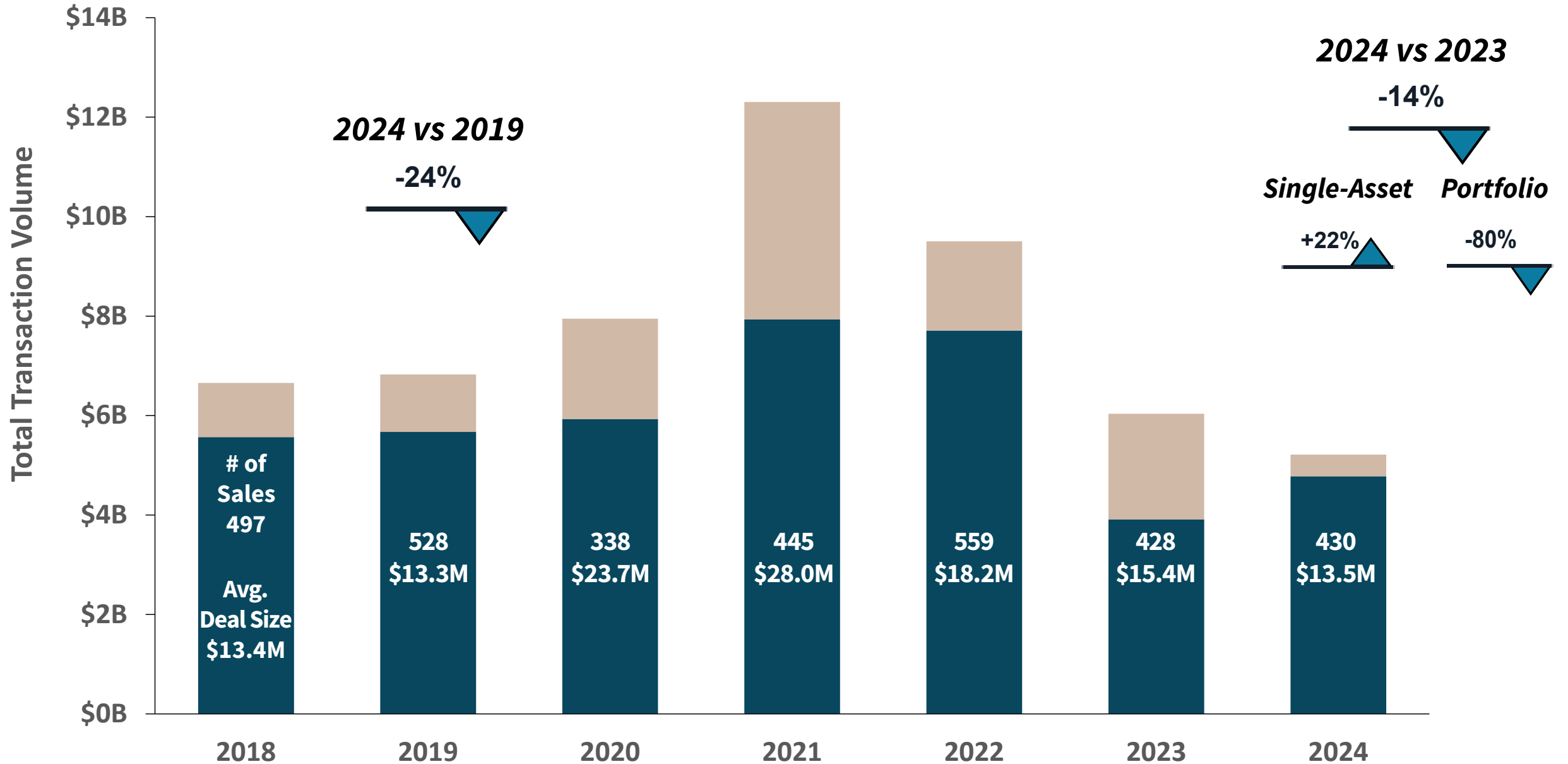
 Negative Trend

1

Current Capital Market Environment

Affordable housing transaction volume trends

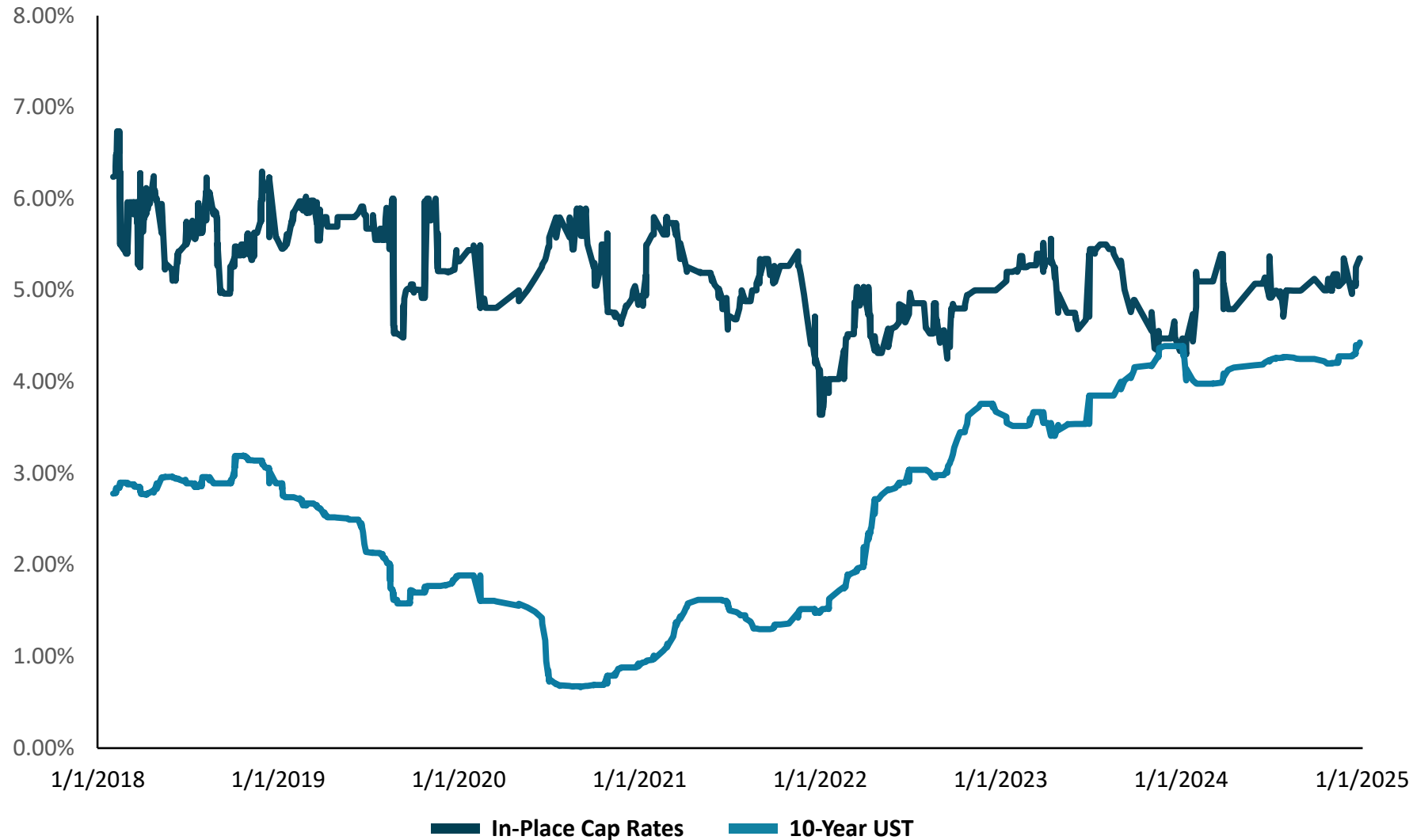
Affordable Housing Transactions (Fee Simple Only)



Sources: CoStar, RCA, Yardi

Affordable housing cap rate trends

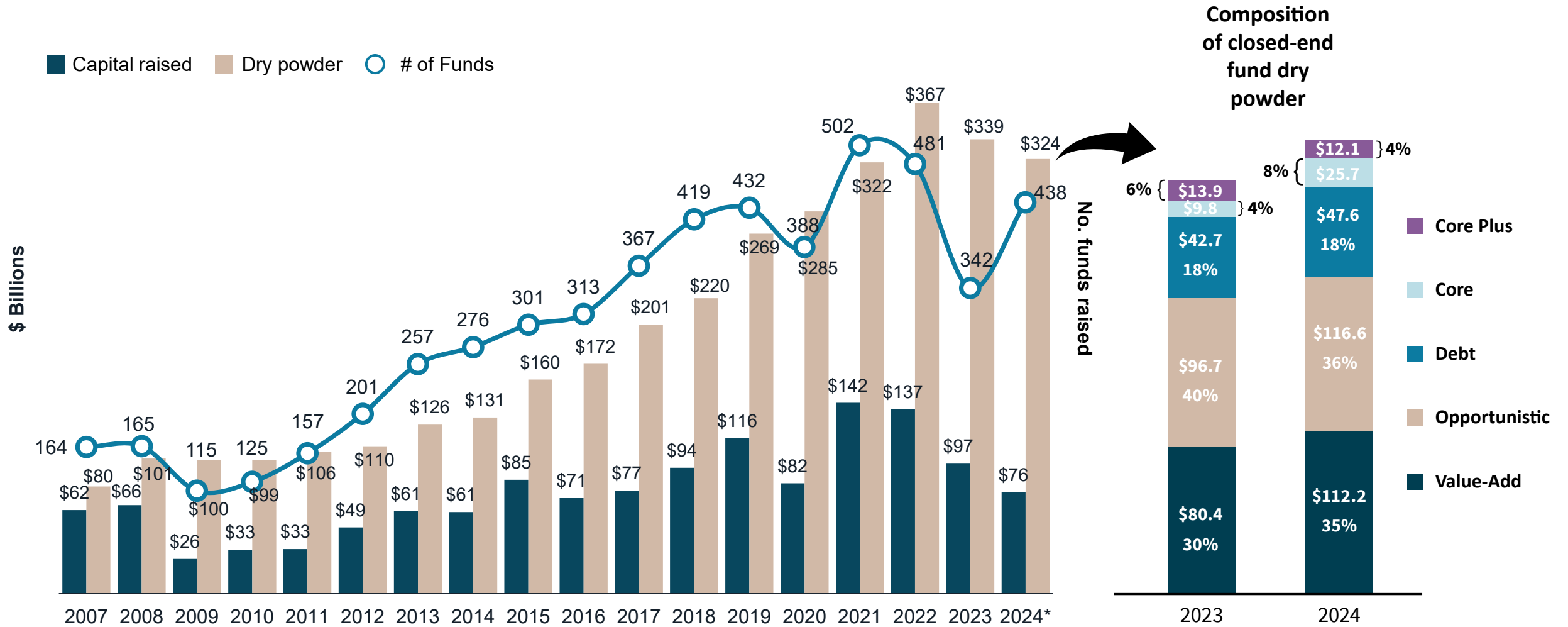
LIHTC In-Place Cap Rates vs 10-Yr UST



Sources: CoStar, RCA, Yardi

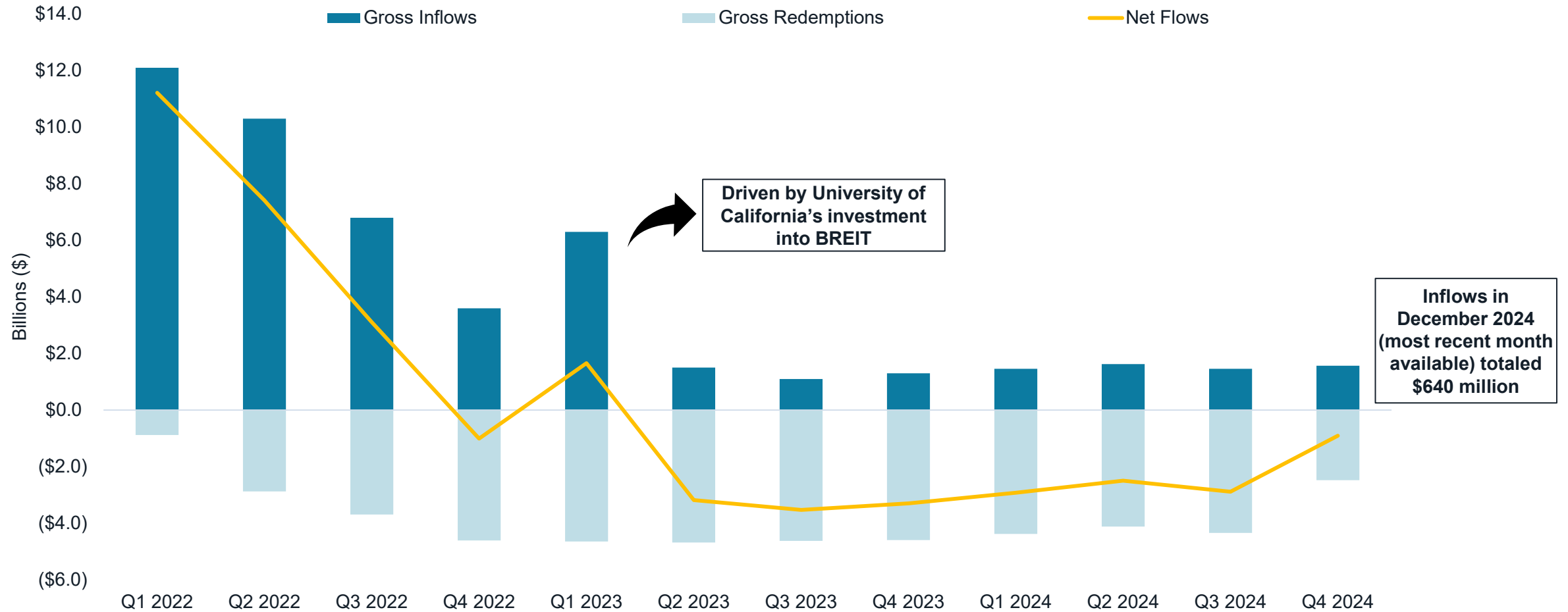
In-Place Cap Rate Spread over the 10-Year	
Period	Spread
H2 2024	1.08%
H1 2024	0.83%
H2 2023	0.59%
H1 2023	1.78%
H2 2022	1.49%
H1 2022	2.43%
H2 2021	3.19%
H1 2021	3.79%
H2 2020	4.48%
H1 2020	3.86%
H2 2019	3.59%
H1 2019	3.17%
H2 2018	2.58%
H1 2018	3.01%

Dry powder near record levels but fundraising facing headwinds



Note: Pertains to closed-end funds focused on North America
 *Finalized dry powder figures are released on a two-quarter lag; current figure is as of June 2024 as published by Preqin's AUM tool
 Source: JLL Research, Preqin

Non-traded REIT fundraising continues to be well below recent levels



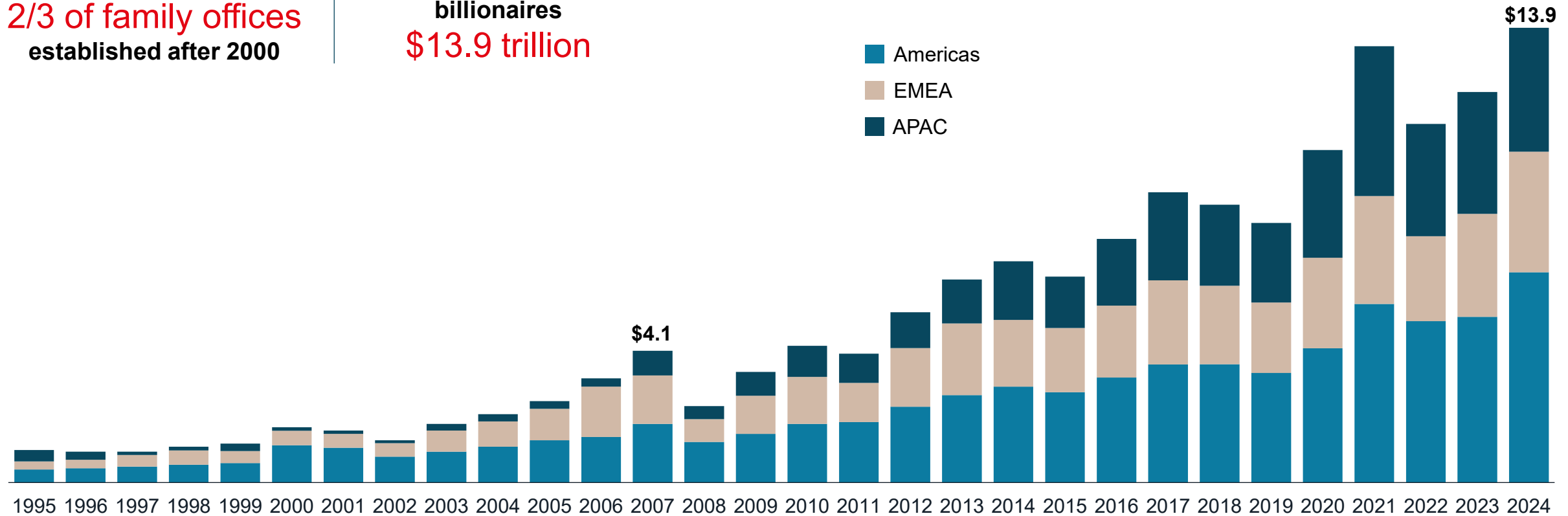
Source: JLL Research, Robert A Stanger & Co, Inc.

Surge in private wealth globally provides untapped capital for future investment

More than
2/3 of family offices
established after 2000

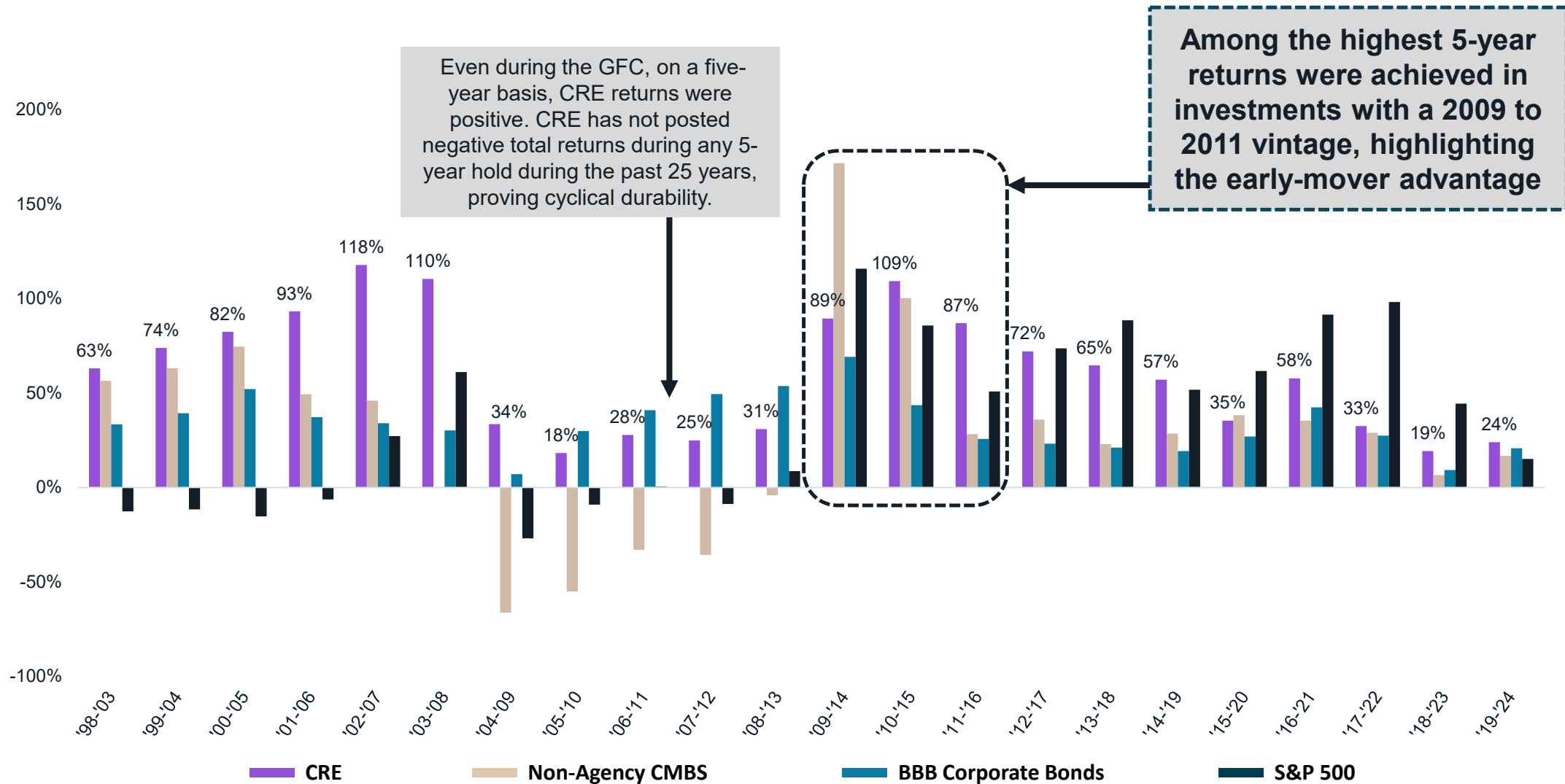
Aggregate wealth of
billionaires
\$13.9 trillion

240% ▲



Source: JLL Research, UBS, PwC, Forbes

Early-mover advantage starting to diminish, and acquisitions' discount to replacement cost already narrowing



Notes:

- X-axis labels in main chart pertain to investment horizon (with first year being the acquisitions year)
 - CRE returns are based on Green Street's Commercial Property Return Index (CPRI) which reflects total return (capital appreciation + income)
 - JLL also conducted the analysis for three-year and seven-year investment horizons, and the proportion of years where CRE outperforms largely holds consistent
- Source: JLL Research, Green Street, Bloomberg Finance, LP, S&P Global Ratings

Past 30 days loan origination activity (JLL Capital Markets)

By Lender Type	
	30 Days
Bank	31%
Debt Fund	26%
Agency	21%
Insurance Company	20%
Conduit/CMBS	2%

By Asset Type	
	30 Days
Living/Multi-Housing	59%
Industrial & Logistics	22%
Retail	7%
Office	3%
Other	9%

By Rate Type	
	30 Days
Fixed	60%
Float	40%

By Deal Type	
	30 Days
Refinance	55%
Acquisition	33%
Construction	10%
Other	2%

Source: JLL Capital Markets, as of June 13th, 2025

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Affordable Housing Underwriting Themes

Affordable housing underwriting themes

1

AMI Growth: Strong 2025 AMI growth with an average of 6.2%, 41% of areas saw increases of over 8%.

02

AMI Ceiling: AMI growth capped at 9.2%. More than 25% of areas saw AMI growth that surpassed the ceiling.

03

Insurance Volatility: Natural disasters such as the California wildfires in early 2025 are causing uncertainty in the insurance market. YoY increases in insurance are primarily due to liability and not property insurance.

04

Strengthening Fundamentals: Economic occupancy has improved due to the processing of evictions following moratoriums being lifted across the country.

05

Affordability Expirations: BOV activity up on expiring affordable. Price discovery on deals with restrictions expiring in the next 10 years. Buyers willing to take negative leverage depending on location and duration to expiration of restrictions.

06

Debt: Due to volatility of the 10Yr, 5 & 7-year debt with flexible prepayment options and accretive buydowns (3% of loan balance for 50bps spread reduction) are attractive options for investors.

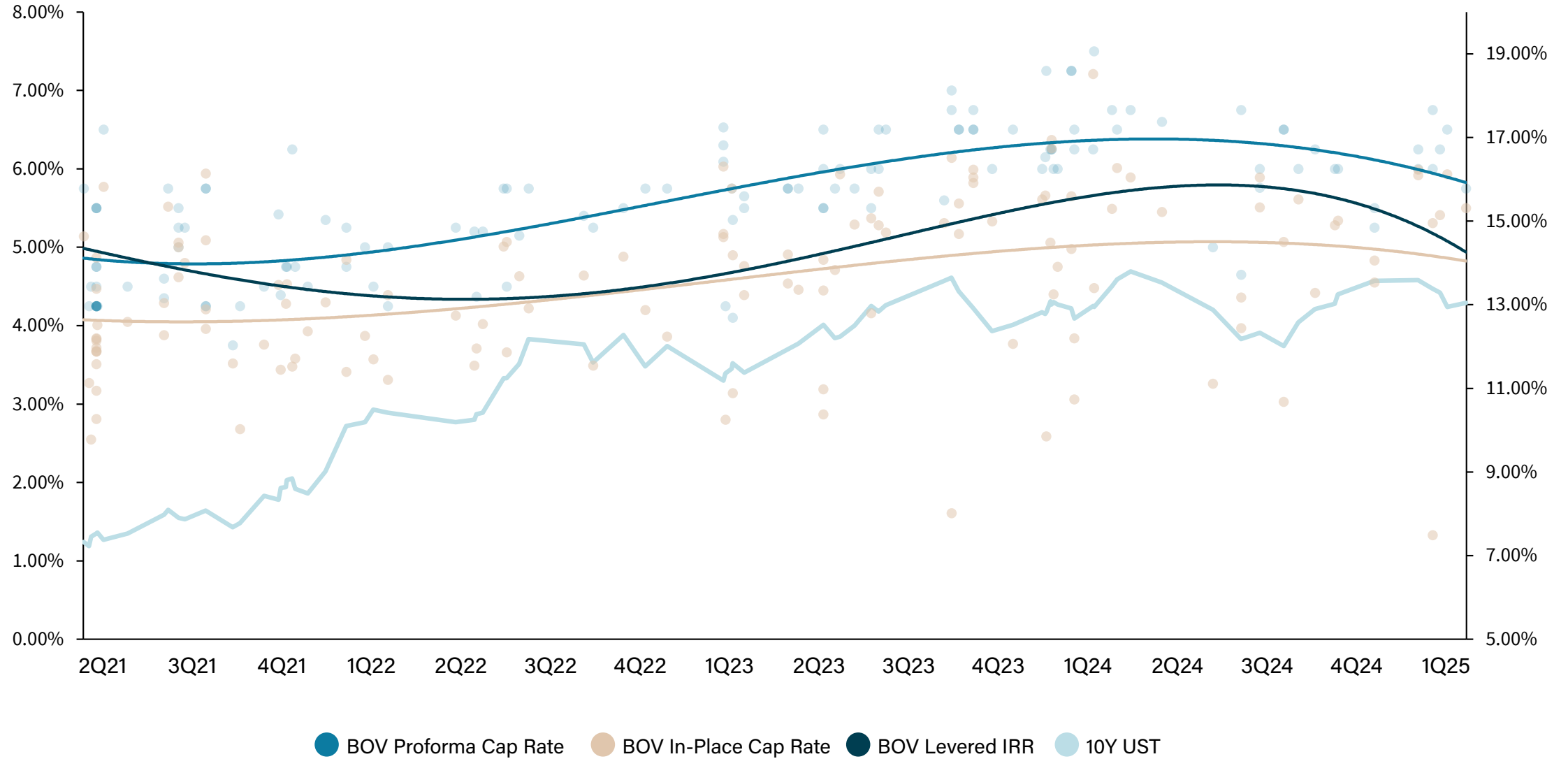
JLL Target Market Index - top affordable markets in 2025

Market	State	% Weight for Ranking 30% Rent Advantage (\$)	15% Unrealized Growth % Due to Cap	11% Proj. 5-YR Pop. Growth	11% Proj. 5-YR Job Growth	11% 2025 Max Rent Growth	11% New LIHTC Deliveries 2010+ (% of Pop.)	11% % Cost-Burdened Renter HH	High Housing/ Capped	Market Cap Rate	Change in Rank Since 2021	
1	Ft. Lauderdale	FL	\$821	20.7%	1.8%	3.9%	9.2%	0.18%	60.2%	HH/Capped	5.40%	▲ 39
2	Inland Empire	CA	\$630	20.1%	2.0%	5.4%	9.2%	0.24%	53.8%	HH/Capped	5.20%	▲ 4
3	West Palm Beach	FL	\$807	9.1%	2.4%	4.4%	9.2%	0.11%	60.2%	HH/Capped	5.20%	▲ 48
4	Cape Coral	FL	\$514	5.1%	8.1%	5.7%	9.2%	0.05%	53.1%	HH/Capped	5.60%	▼ -1
5	Miami	FL	\$786	9.5%	1.1%	3.4%	9.2%	0.43%	60.2%	HH/Capped	5.00%	▲ 31
6	Orlando	FL	\$395	8.3%	7.2%	6.2%	9.2%	0.18%	54.0%	HH/Capped	5.50%	▼ -4
7	Daytona Beach	FL	\$371	10.7%	4.4%	3.5%	9.2%	0.14%	54.7%	HH/Capped	6.30%	▲ 50
8	Sarasota	FL	\$613	--	7.8%	5.0%	7.1%	0.05%	52.0%	High Housing	5.50%	▼ -4
9	Tampa	FL	\$394	10.5%	4.5%	4.0%	9.2%	0.20%	50.7%	HH/Capped	5.30%	▲ 28
10	Lakeland (FL)	FL	\$506	--	10.0%	4.7%	9.0%	0.09%	49.4%	--	6.10%	▲ 55
11	NYC	NY	\$1,453	--	-0.6%	3.2%	4.3%	1.02%	48.8%	High Housing	5.90%	▼ -6
12	Boise City	ID	\$152	0.1%	9.7%	6.3%	9.2%	0.12%	46.3%	Capped	5.20%	▼ -11
13	Ventura (CA)	CA	\$767	--	-0.7%	2.8%	6.4%	0.32%	55.4%	High Housing	4.80%	▲ 15
14	Provo-Orem	UT	(\$67)	--	9.9%	7.9%	8.4%	0.09%	48.5%	--	5.90%	▼ -2
15	Stockton	CA	\$463	--	3.5%	3.9%	8.5%	0.21%	50.0%	--	6.80%	▲ 16
16	Orange County (CA)	CA	\$564	--	-0.1%	3.3%	7.2%	0.23%	54.4%	High Housing	5.40%	▲ 16
17	Los Angeles	CA	\$582	1.0%	-1.7%	2.8%	9.2%	0.31%	54.4%	HH/Capped	5.40%	▲ 26
18	San Diego	CA	\$404	1.5%	0.3%	3.4%	9.2%	0.38%	54.6%	HH/Capped	4.70%	▲ 6
19	Dallas	TX	\$83	1.6%	8.1%	6.0%	3.6%	0.11%	46.2%	Capped	5.30%	▲ 10
20	Phoenix	AZ	\$83	1.3%	4.9%	5.7%	9.1%	0.18%	45.2%	HH/Capped	5.30%	▲ 5
21	San Antonio	TX	\$45	--	7.0%	5.1%	9.2%	0.15%	46.7%	--	5.60%	▼ -1
22	Colorado Springs	CO	\$74	--	6.4%	5.4%	8.2%	0.21%	48.4%	--	5.50%	▼ -3
23	Charleston	SC	\$294	--	6.1%	4.4%	5.5%	0.27%	47.2%	--	5.50%	▼ -15
24	Ft. Worth	TX	\$134	--	6.0%	6.0%	4.7%	0.12%	46.2%	--	5.80%	▲ 3
25	Sacramento	CA	\$201	--	2.8%	4.1%	9.1%	0.33%	52.3%	High Housing	5.00%	▲ 5
26	Honolulu	HI	\$270	3.0%	0.5%	2.3%	9.2%	0.45%	54.6%	HH/Capped	4.90%	▲ 21
27	Austin	TX	(\$123)	--	10.8%	8.1%	3.2%	0.23%	46.2%	--	5.00%	▼ -17
28	Jacksonville	FL	\$166	--	6.9%	4.5%	4.5%	0.17%	47.4%	--	5.40%	▼ -13
29	Boston	MA	\$589	--	1.7%	3.0%	1.3%	0.23%	46.4%	High Housing	5.20%	▲ 26
30	Houston	TX	\$5	--	5.9%	4.3%	6.9%	0.11%	48.3%	--	5.80%	▼ -17

Mountain Region MSAs

Current Cap Rate and Return Environment

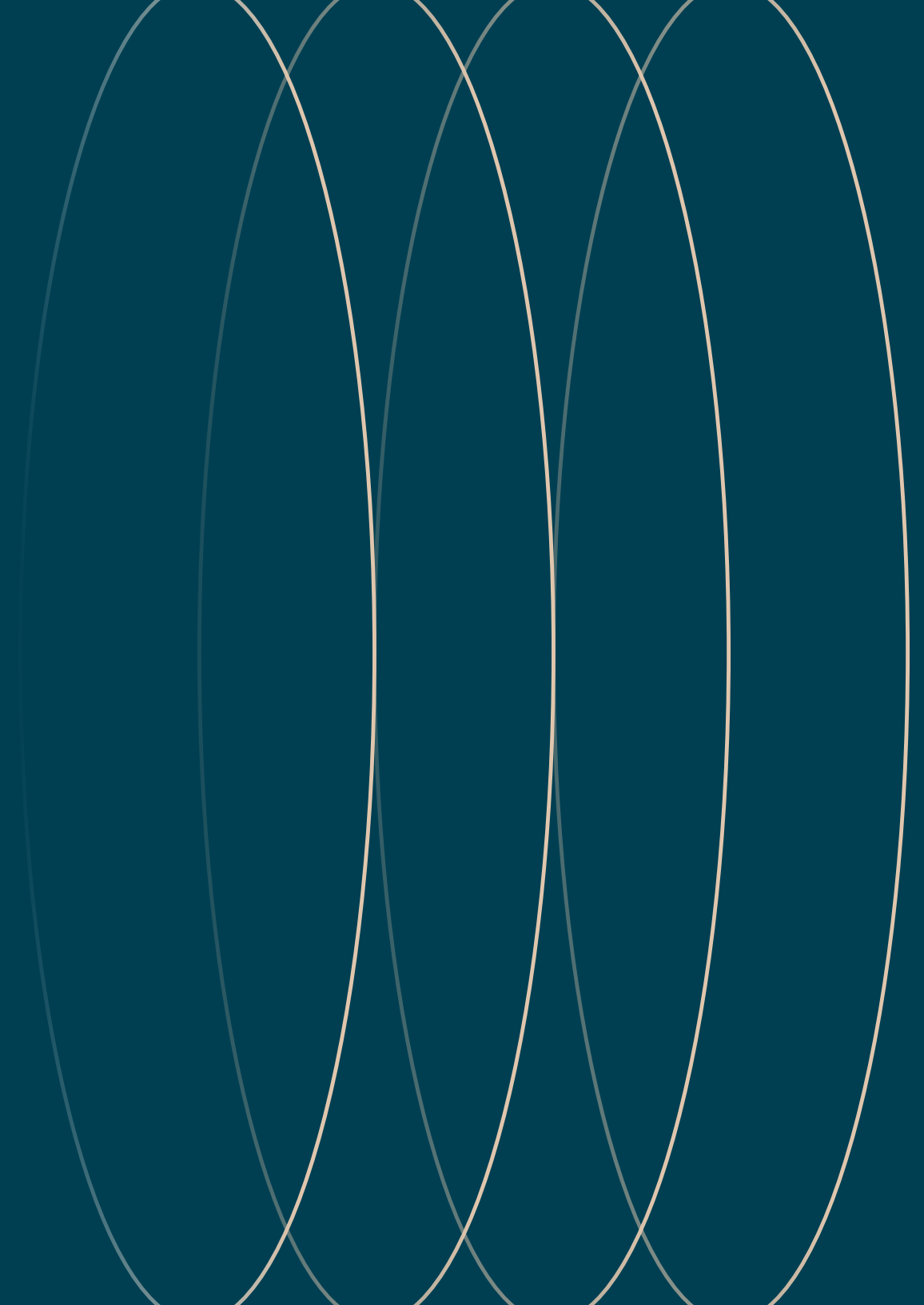
BOV Cap Rates & LIRR (LIHTC) vs 10-Year UST



Source: JLL Affordable Housing Internal

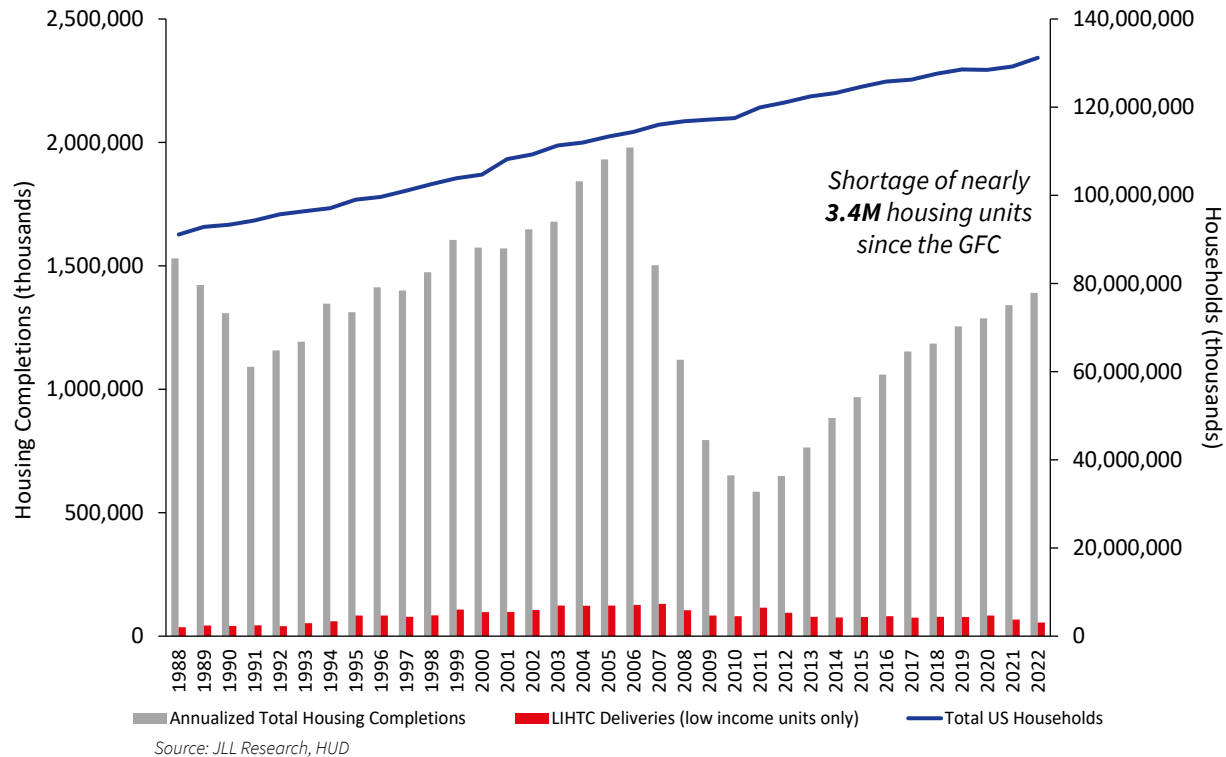
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Affordable Housing Fundamentals

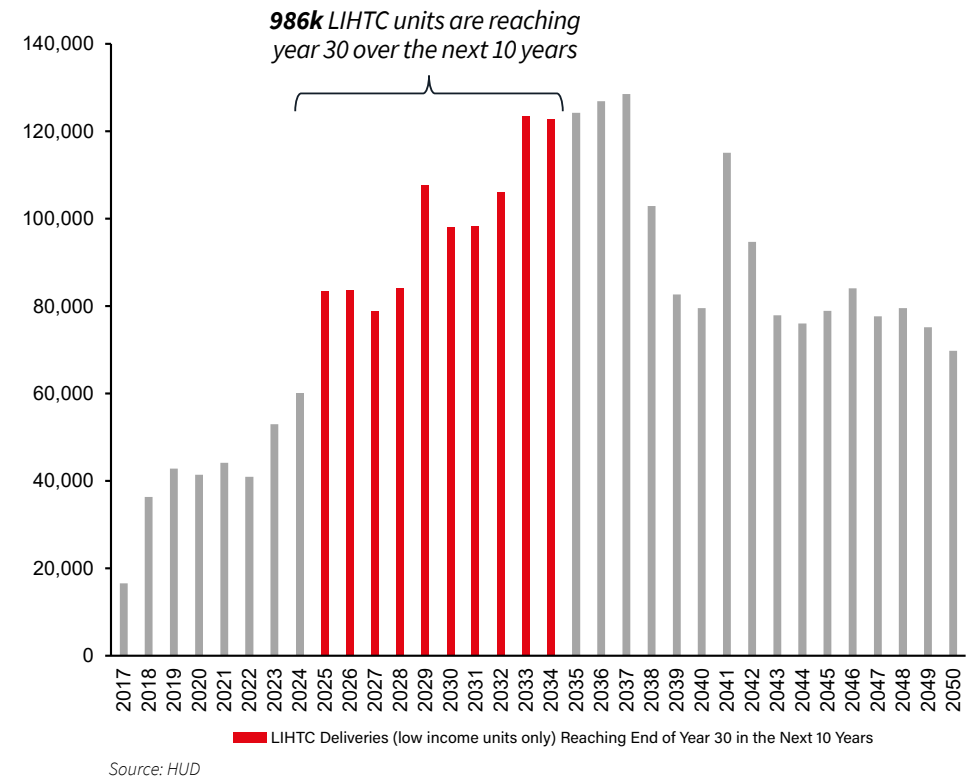


Affordable housing as a defensive play: supply constraints contribute to lack of affordable housing

Total Housing Completions vs. LIHTC Deliveries vs. Total Households



Expiring LIHTC Units



From 2001-2011:



+8.8M households
+14.8M new construction units

From 2011-2021:



+13.3M households
+10.7M new construction units

Over the next 10 years:

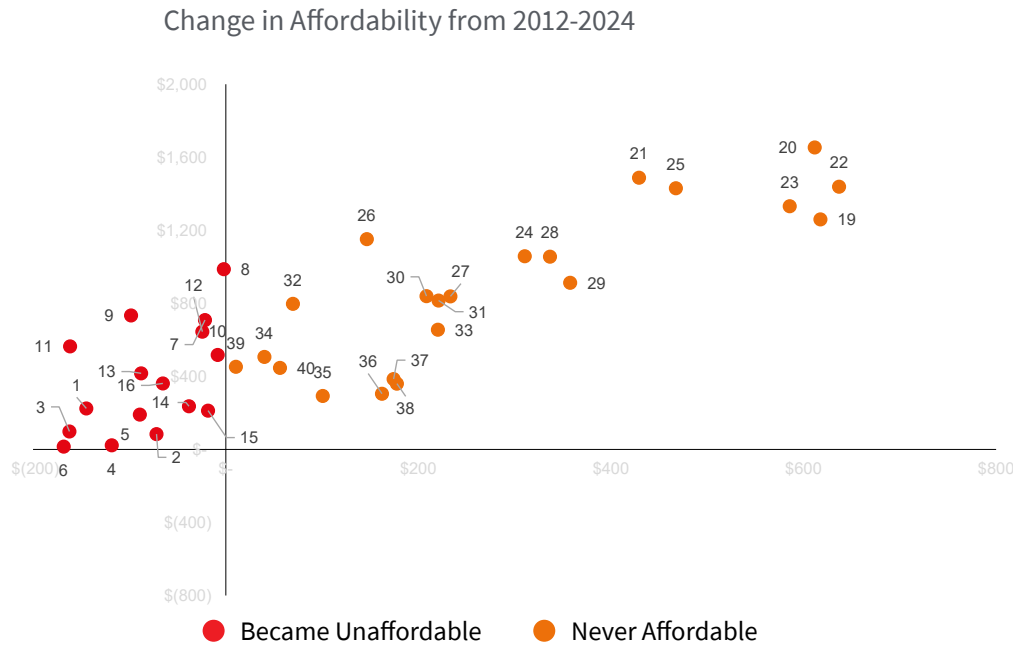


986K LIHTC units will reach the end of extended use (33% of existing supply)

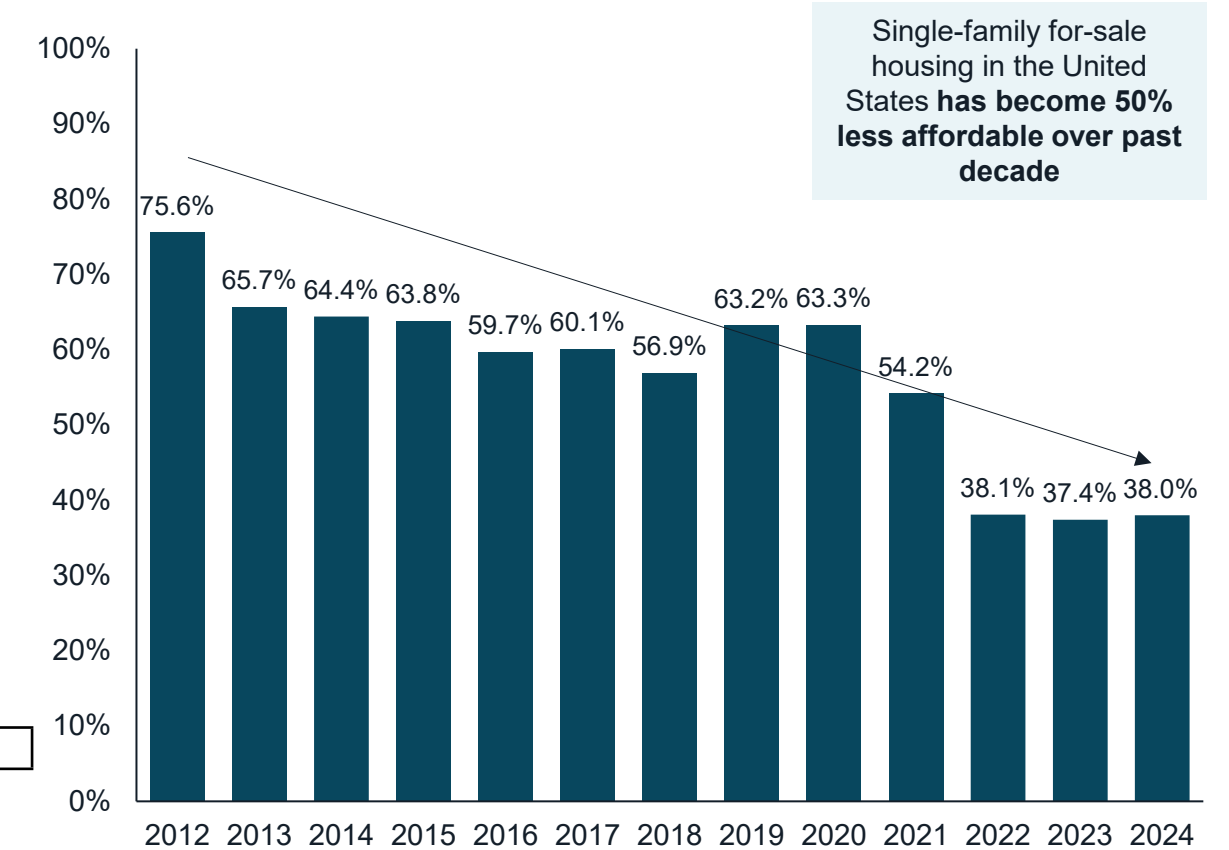
Affordable housing as a defensive play: market fundamentals worsen affordability

Previously affordable markets have become unaffordable in the last 10 years; affordability worsens in markets already unaffordable

Renter households face significant cost-burden in every state



Housing Opportunity Index (National) (%)

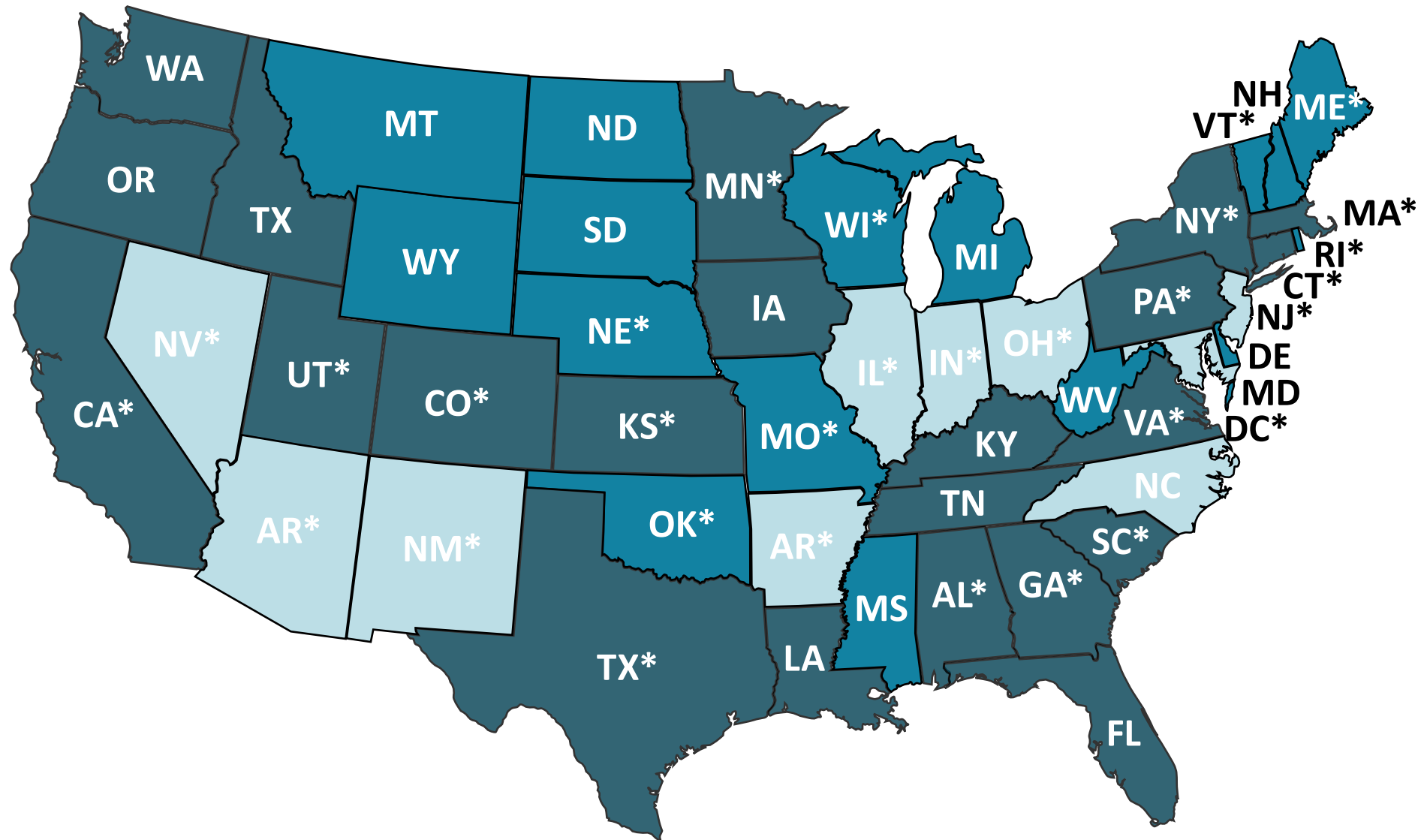


- | | | | |
|------------------|---------------------|--------------------|-------------------|
| 1 Minneapolis | 11 Colorado Springs | 21 San Diego | 31 Tampa |
| 2 Oklahoma City | 12 Atlanta | 22 Los Angeles | 32 Sacramento |
| 3 Kansas City | 13 Nashville | 23 Orange County | 33 Las Vegas |
| 4 Pittsburgh | 14 Greensboro | 24 San Jose | 34 Austin |
| 5 Indianapolis | 15 Detroit | 25 Miami | 35 Houston |
| 6 Cincinnati, OH | 16 Charlotte | 26 Boston | 36 Washington |
| 7 Portland | 17 Richmond County | 27 Oakland | 37 New Orleans |
| 8 Seattle | 18 Fort Worth | 28 West Palm Beach | 38 Virginia Beach |
| 9 Denver | 19 San Francisco | 29 Riverside | 39 Chicago |
| 10 Dallas | 20 New York | 30 Orlando | 40 Philadelphia |

Source: HUD

Mountain Region MSAs

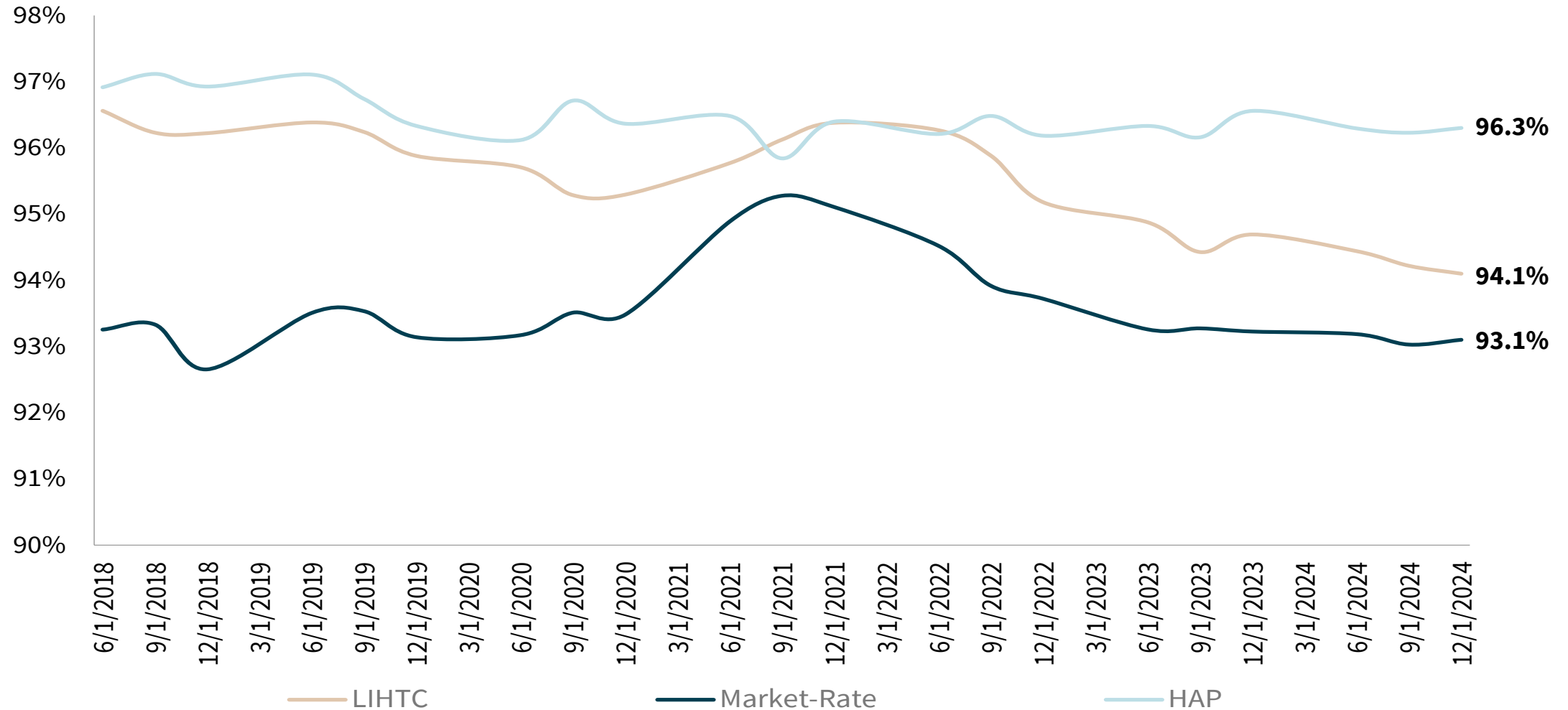
National bond cap & state LIHTC programs



● Oversubscribed
 ● Undersubscribed
 ● Parity
 * State LIHTC Program

Affordable properties benefit from consistent occupancy levels that exceed market-rate product

Historical Occupancy - Affordable vs Market-Rate



Source: JLL Affordable Housing Internal

Increasing subsidies for affordable housing

#1

State LIHTC Approvals

- Multiple states have recently approved State tax credit programs including:
 - Tennessee - 2024
 - Alabama - 2024
 - Ohio - 2023
 - Arizona - 2021
 - Virginia - 2021

#2

Fixed 4% Credit

- Federal legislation was enacted in 2021 which created a 4% floor for LIHTCs
- Over the long-term, the 4% floor is anticipated to increase affordable construction activity through improved development feasibility

#3

25% vs 50% Test

- Recent federal legislation includes a \$28B expansion to the LIHTC program and a reduction in the housing bond limit
- The legislation proposes the lowering the bond financing limit from 50% to 25% which would expand access to 4% tax credits

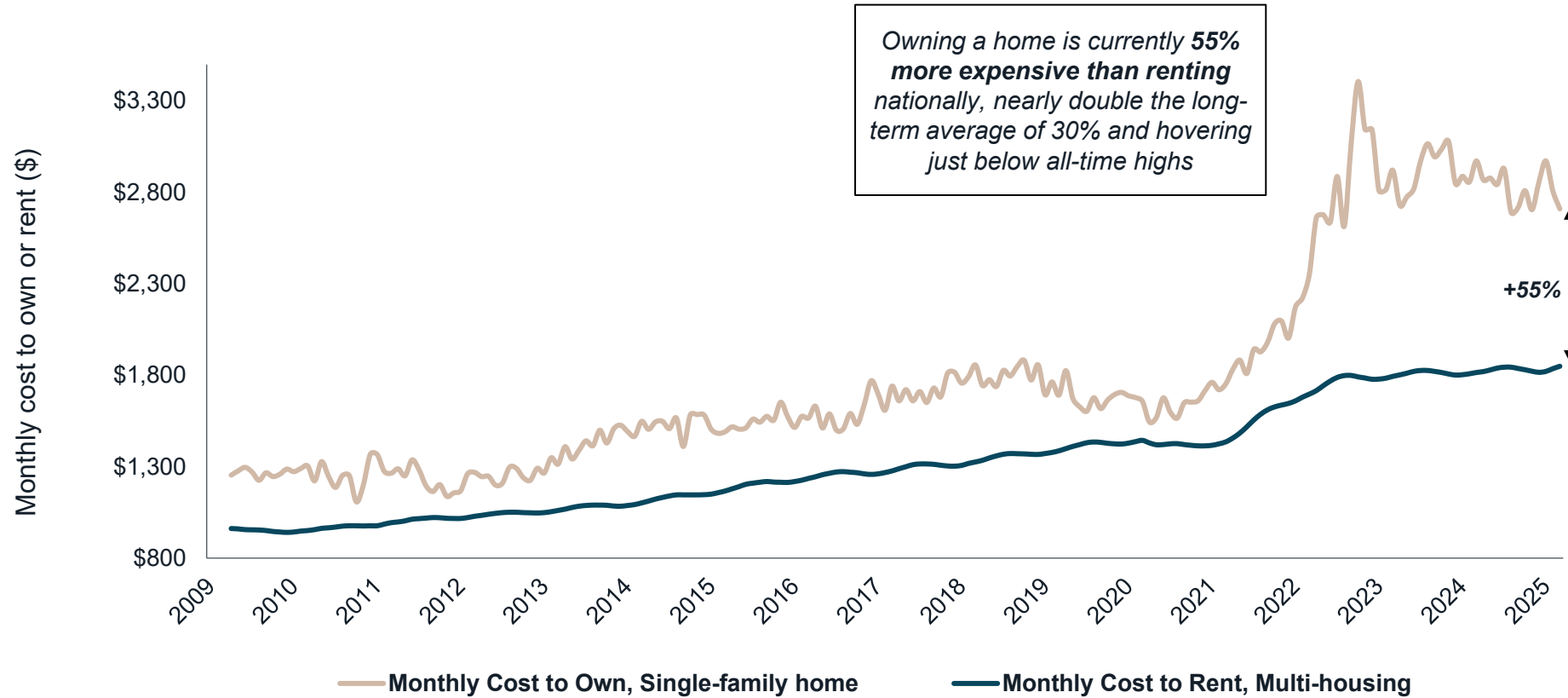
#4

Tax Exemptions

- States continue to incentivize affordable preservation by offering tax exemptions
- Several states have recently passed legislation providing tax exemptions for affordable properties including:
 - Florida
 - North Carolina
 - South Carolina
 - Illinois
 - Georgia

The cost of owning a single-family home in the United States continues to be prohibitive, as would-be buyers remain renters

Cost to own vs. cost to rent, US average (monthly)



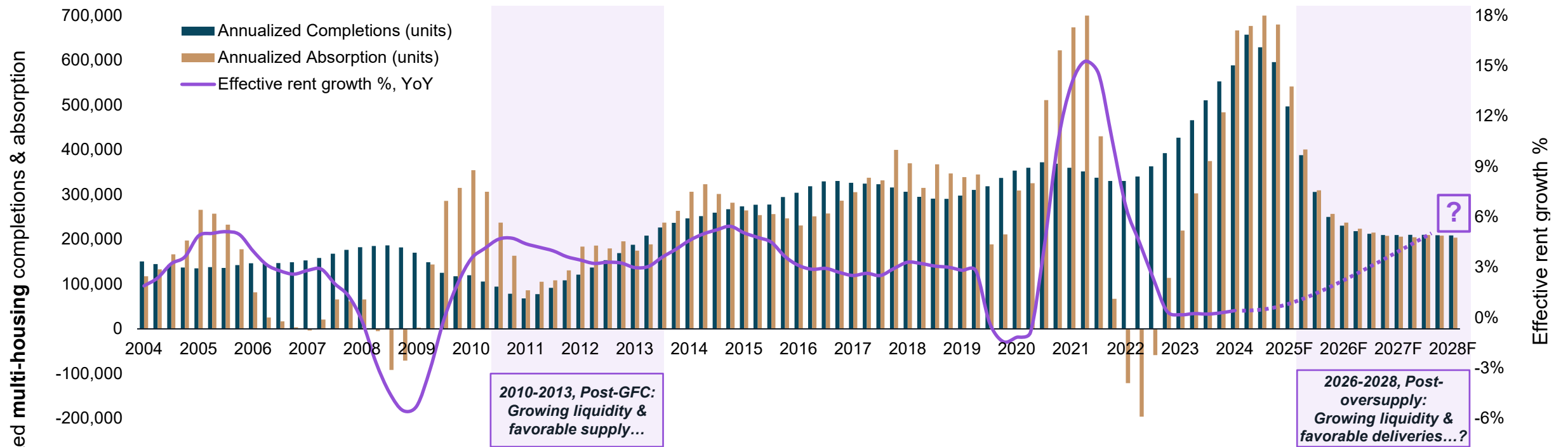
Period	30-year Mortgage Rate	Cost of Owning Premium
Today	6.89%	+55%
January 2024	6.64%	+60%
November 2023	7.62%	+70%
June 2022	5.52%	+49%
September 2021	2.90%	+23%
April 2020	3.31%	+8%

Source: JLL Research, U.S. Census Bureau, Freddie Mac, RealPage, NerdWallet, Green Street

Note: Monthly cost to own includes principal, interest, property taxes, and insurance on a 30-year fixed rate mortgage assuming standard mortgage underwriting criteria on a median-priced new home, based on national data.

History repeats itself?

Slowing multi-housing starts will lead to outsized rent growth & investment opportunities as new cycle begins in 2026-27 following the current late-cycle supply wave

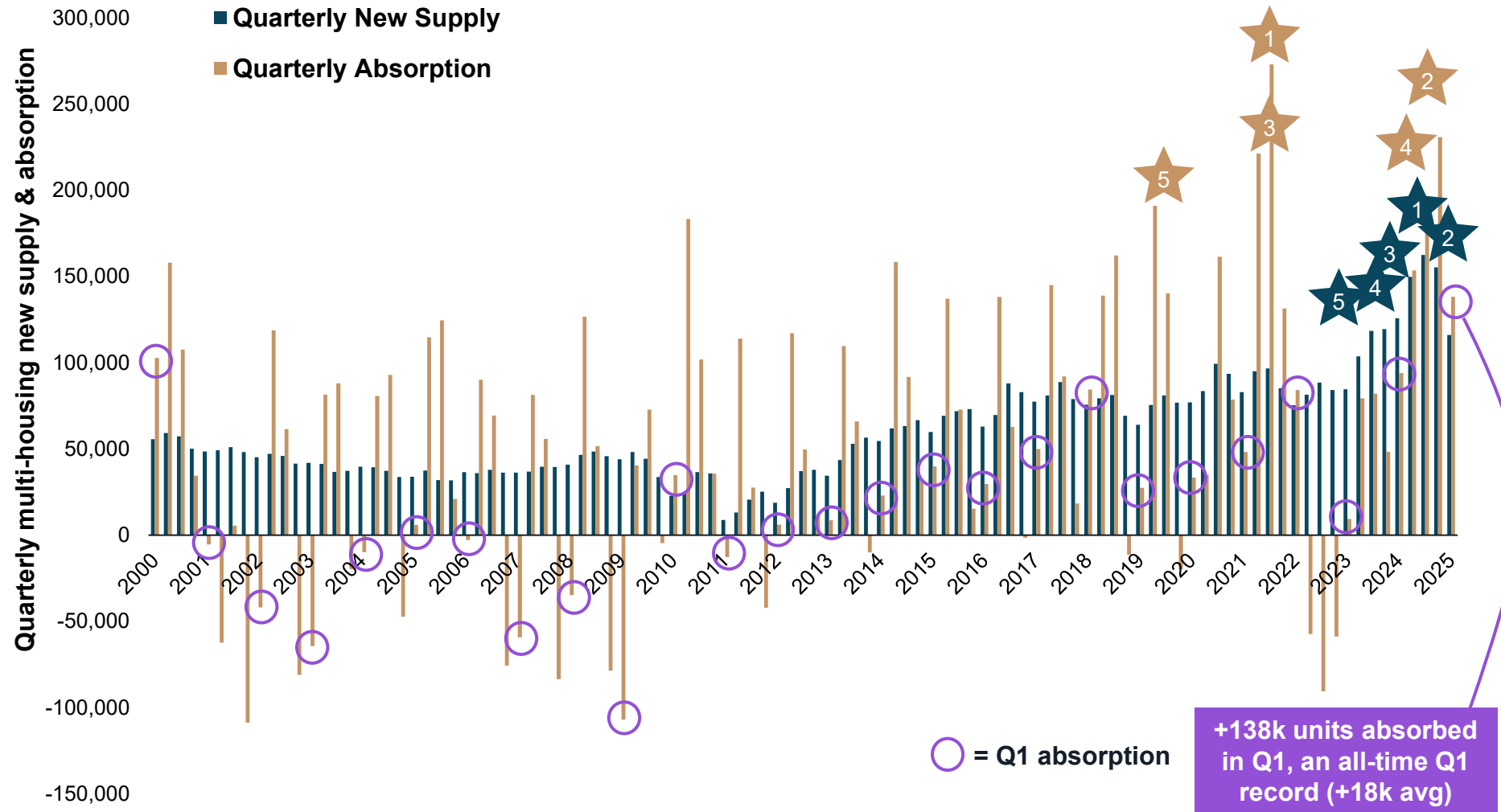


Long-term Avg. (2004-2023)		Early Cycle (2010-2013)	Mid Cycle (2014-2020)	Peak of Cycle (2021-2022)	Late Cycle (2023-2024)	New "Early" Cycle? (2026-27+)
227,000	Avg. Multi-housing Completions	117,000	294,000	347,000	455,000	~250,000
211,000	Avg. Multi-housing Absorption	201,000	290,000	411,000	238,000	~300,000
+3.3%	Avg. Effective Rent Growth	+3.5%	+3.0%	+10.8%	+0%	+??%
2.84%	Avg. 10-yr Treasury Rate	2.46%	2.09%	2.20%	4.00%	3.10-3.40%*

Source: JLL Research, RealPage, FRED; completions and absorption are annualized via a four-quarter rolling summation. *2026-27 10-yr Treasury rate projected based on current Fed dot plot projections.

2024's record new supply met with near-record demand

The first three months of 2025 set the benchmark for the highest Q1 absorption in modern US history



Source: JLL Research, RealPage

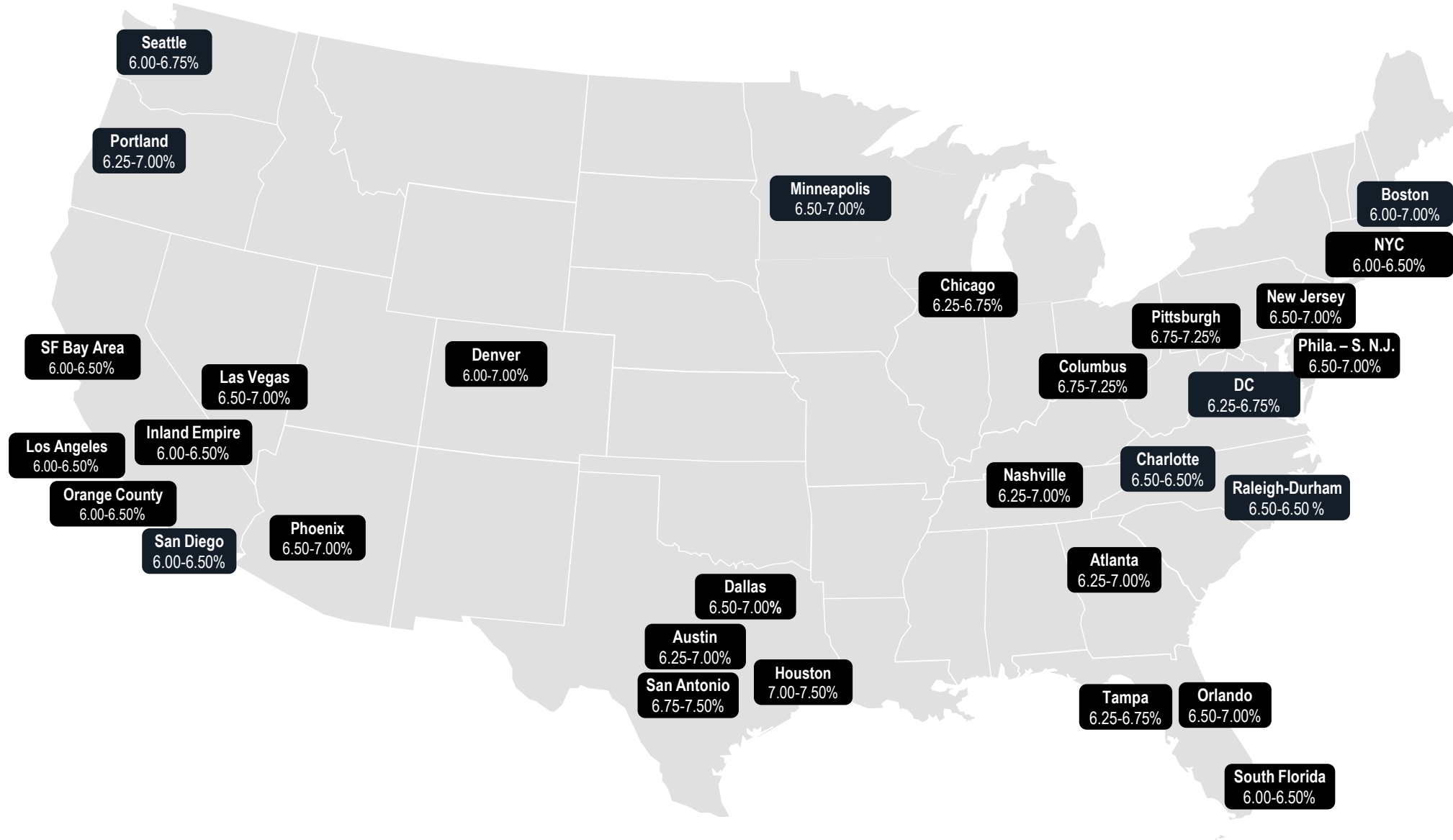
Top 5 Quarters on record: New Supply

★ 1	Q3 2024	+162k units
★ 2	Q4 2024	+155k units
★ 3	Q2 2024	+149k units
★ 4	Q1 2024	+125k units
★ 5	Q4 2023	+119k units

Top 5 Quarters on record: Absorption

★ 1	Q3 2021	+273k units
★ 2	Q4 2024	+230k units
★ 3	Q2 2021	+221k units
★ 4	Q3 2024	+192k units
★ 5	Q2 2019	+190k units

ROC (Untrended) for MH Development



Source: JLL Research; figures based on currently awarded transaction or estimated figures based on investor feedback. Updated April 2025.

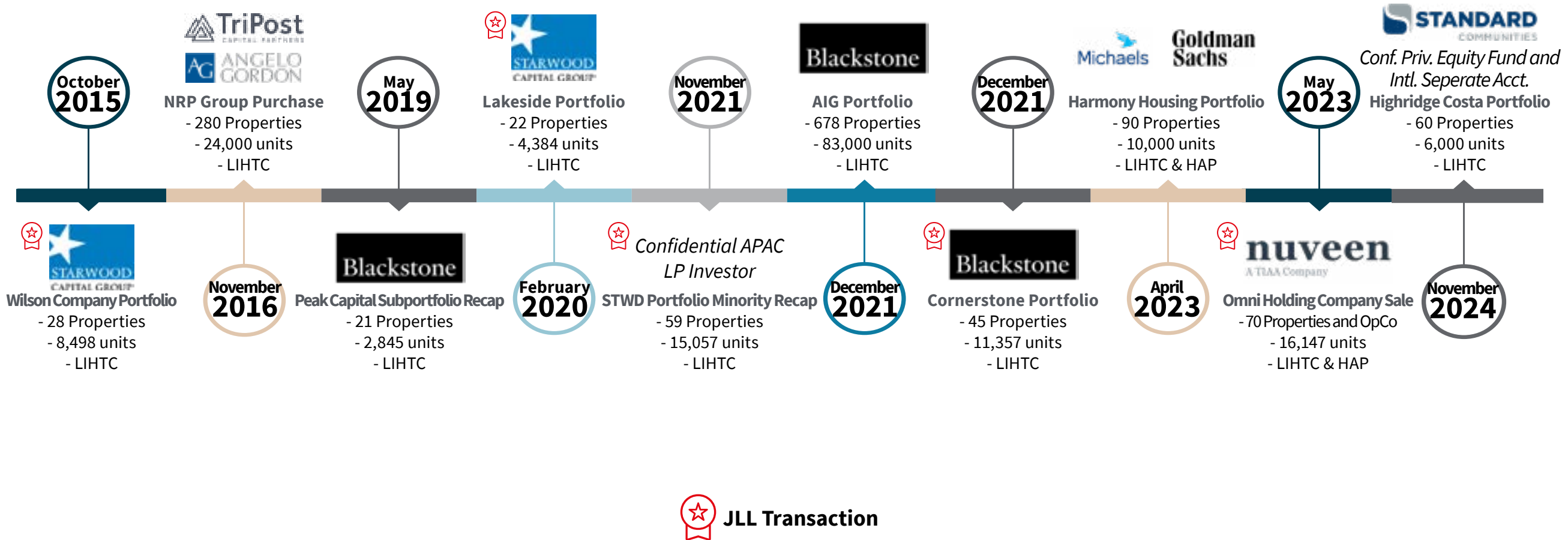
Institutionalization of the affordable housing industry



Institutional capital has become much more active in affordable housing in recent years



This increased activity comes as capital becomes more educated in the space and the largest investors have growing impact mandates



Contacts

Affordable Housing Advisors

Doug Childers
Senior Managing Director
Affordable Housing
+1 404 942 3187
doug.childers@jll.com

Michael Fox
Managing Director
Affordable Housing
+1 404 942 2216
michael.fox@jll.com

Rasto Gallo
Senior Director
Affordable Housing
+1 216 387 4774
rasto.gallo@jll.com

Michael Klaskin
Senior Director
Affordable Housing
+1 847 525 5053
michael.klaskin@jll.com

Melissa Bloem
Director
Affordable Housing
+1 404 942 2215
melissa.bloem@jll.com

Analytical Support

Anders Russell
Senior Analyst
Affordable Housing
+1 404 942 2217
anders.russell@jll.com

Clifford Murphy
Senior Analyst
Affordable Housing
+1 404 460 1659
clifford.murphy@jll.com

Emma Rollins
Senior Analyst
Affordable Housing
+1 404 995 6512
emma.rollins@jll.com

Baird Tuveson
Senior Analyst
Affordable Housing
+1 404 995 6303
baird.tuveson@jll.com

Kyra Doyle
Real Estate Coordinator
Affordable Housing
+1 404 995 2101
kyra.doyle@jll.com

