CUSHMAN & WAKEFIELD

State of Coliving & Capital Markets

June 2021

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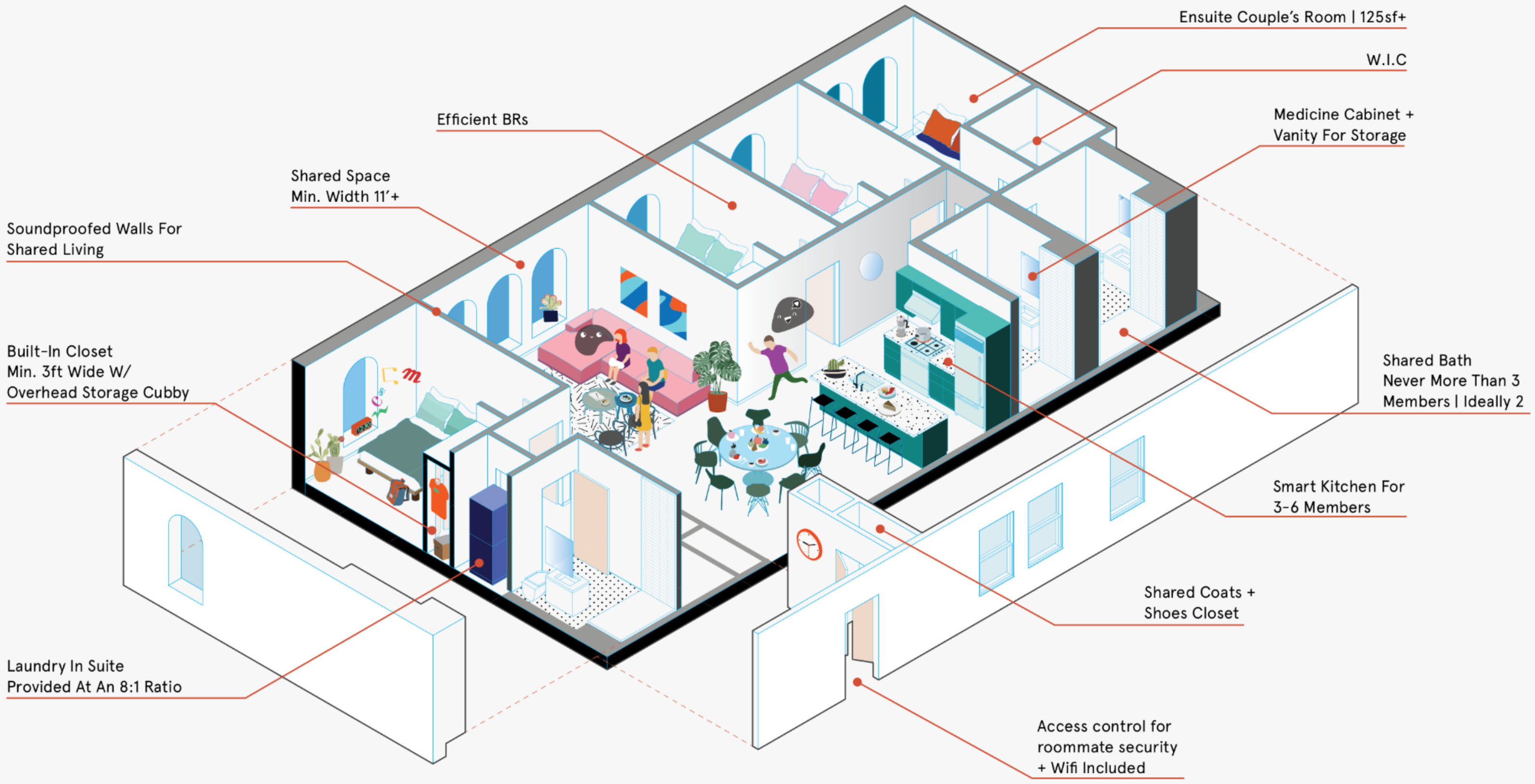
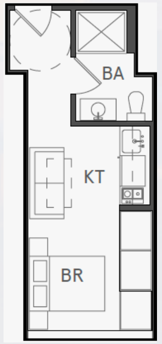
WHAT IS COLIVING

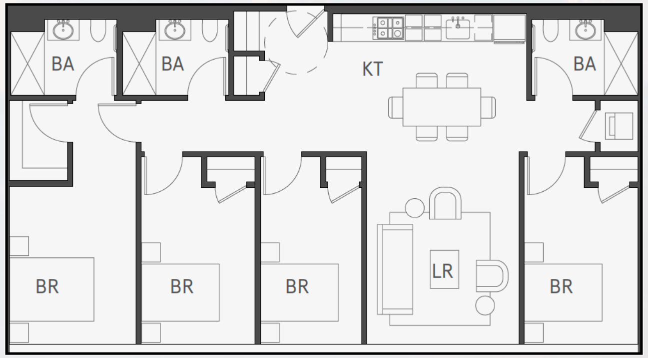


MICRO-UNIT



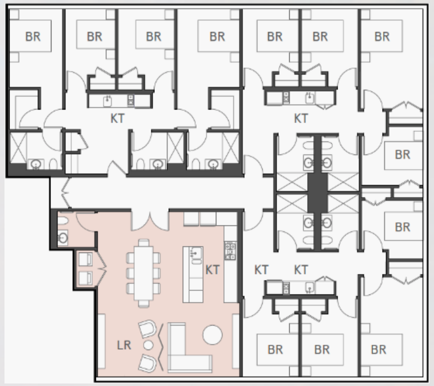
COLIVING SUITE

(3 – 6 BEDS)



LARGE POD

(7+ BEDS)



Source: Common, Cushman & Wakefield

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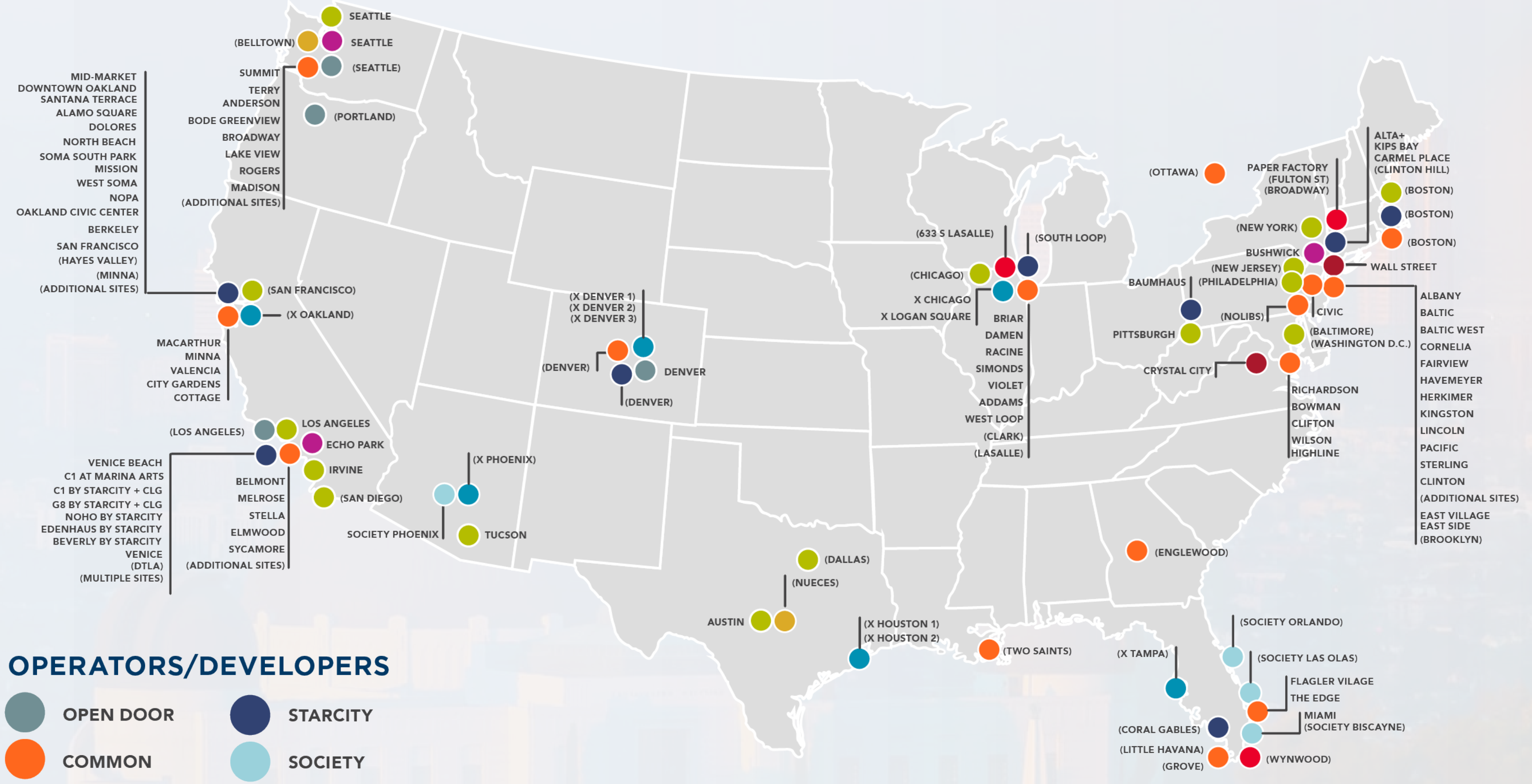
KEY TAKEWAYS

- Through coliving, tenants are able to pay less rent by trading private space for more and better amenitized common spaces.
- Coliving providers are able to include additional services including fully furnished units, all utilities included, hosted community events and housekeeping
- In total, coliving is able to provide a 20%- 30% discount to rents, while increasing PSF rents for owners. Ultimately this results in a 15% average increase in NOI

MAP OF US COLIVING

11,000+ BEDS UNDER OPERATION CURRENTLY, 50,000+ IN PIPELINE



OPERATORS/DEVELOPERS

- OPEN DOOR
- COMMON
- NODE
- THE X COMPANY
- WELIVE
- STARCITY
- SOCIETY
- THE COLLECTIVE
- TRIPALINK

Note: developments with parentheses "()" have an executed agreement and are in some phase of pre-development or construction.

TBD Operator

** Mapped developments have been publicly announced*

Source: Cushman & Wakefield Research

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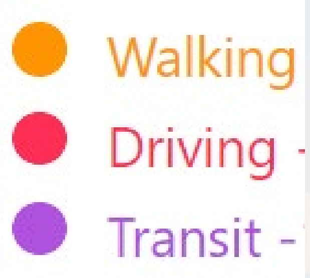
KEY TAKEWAYS

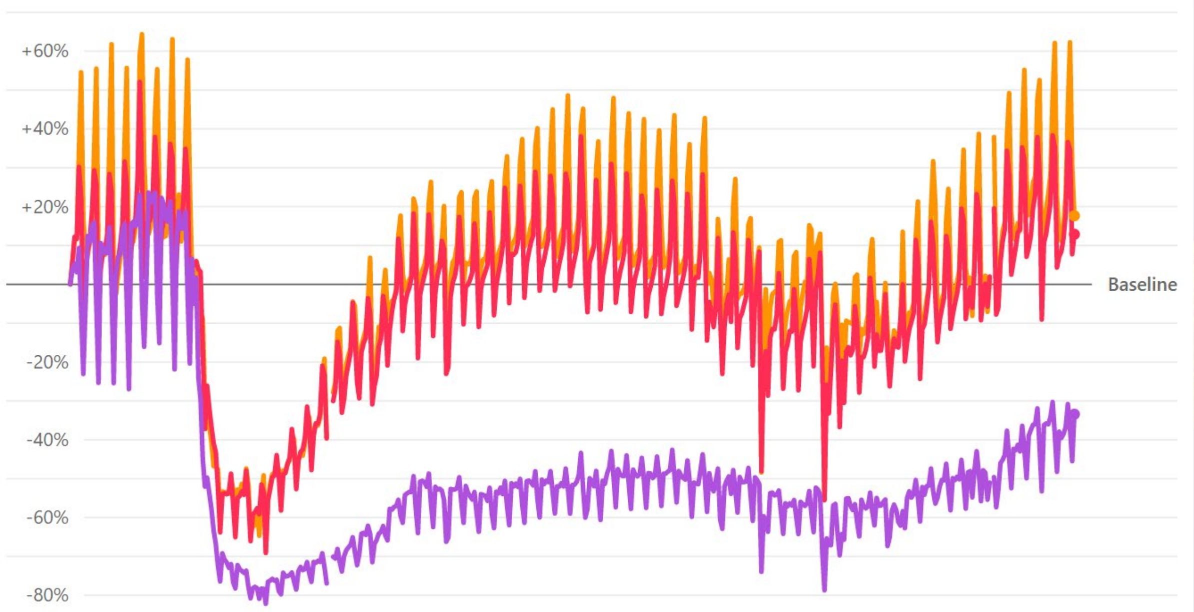
- Most US coliving operators were established between 2014 – 2016, and focused on Gateway Markets of NYC, LA, SF, Chicago. Since then, portfolios have expanded to encompass a number of other markets including DC, Seattle, Miami, Boston, Atlanta, Denver and more
- Some operators opt for an asset heavy (developer + own + operate) model while others opt for an asset light model (operator only)

WHY COLIVING IN 2021?

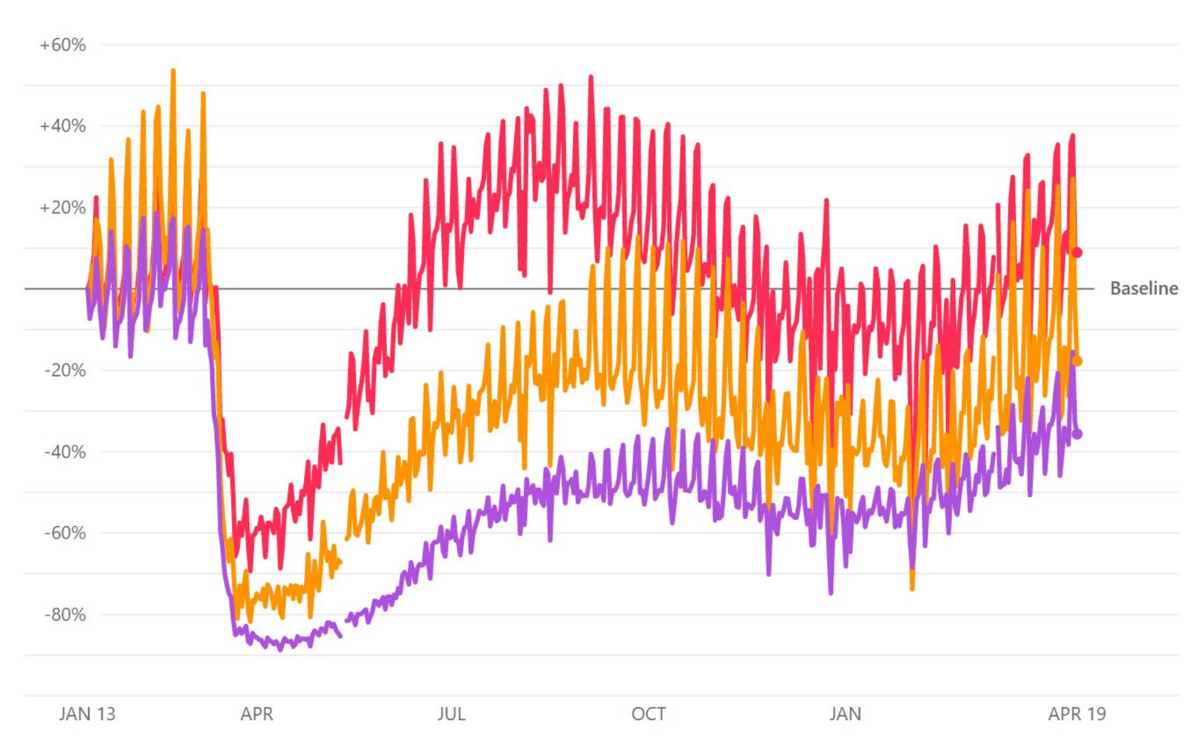
The Time Is Now: Rising Mobility Data Points To A Return To Cities



LOS ANGELES



NEW YORK CITY



Source: Apple COVID-19 Mobility Data, change in activity by mobility type from January 13, 2020, CAPolicy Lab

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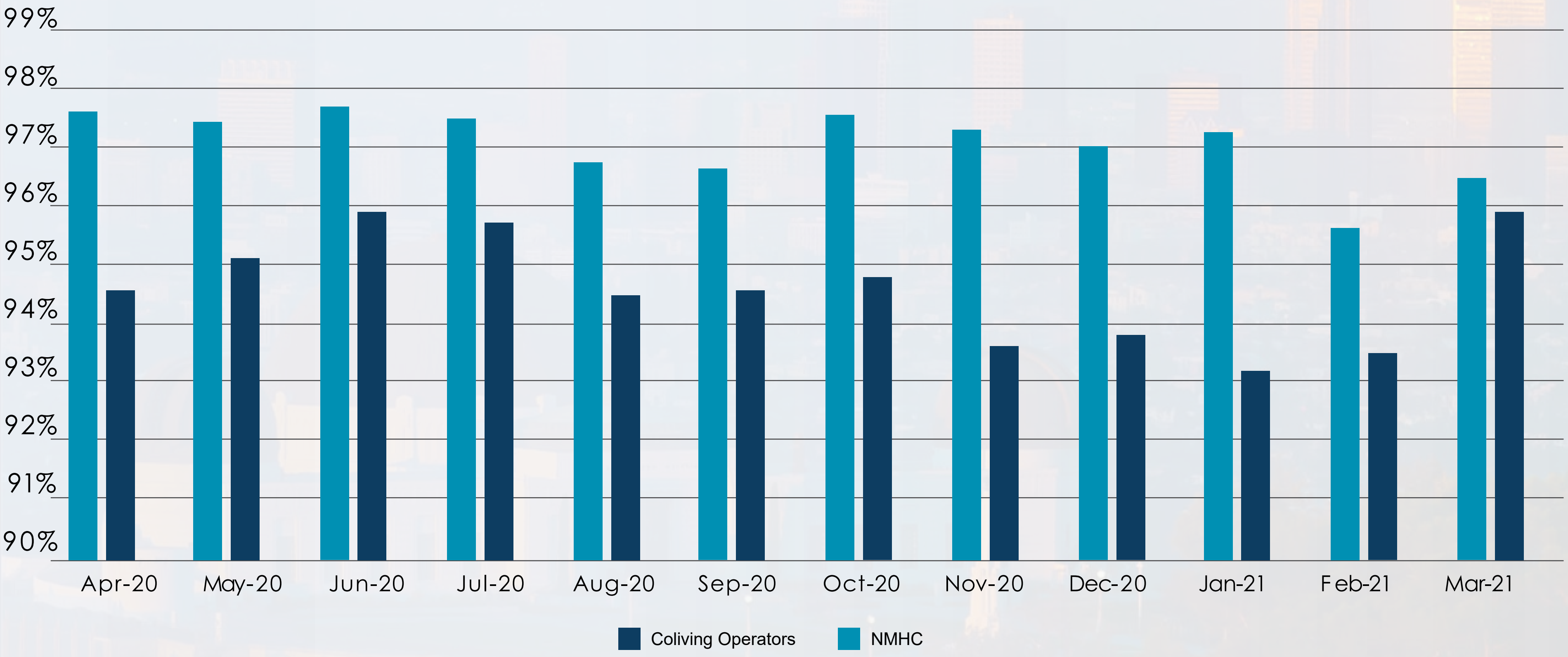
KEY TAKEWAYS

- Coliving continues to offer key differentiators to urban renters over traditional multifamily: **affordability, community and convenience**
- Majority of those moving out of urban areas were families / individuals with substantial disposable income
- California Policy Lab found that **55% of movers** in major CA cities stayed within their county during 2020

COLIVING RENT COLLECTIONS THROUGH COVID-19

END OF MONTH COLLECTIONS WERE CONSISTENTLY HIGHER THAN TRADITIONAL MULTIFAMILY



Source: Cushman & Wakefield, CoStar

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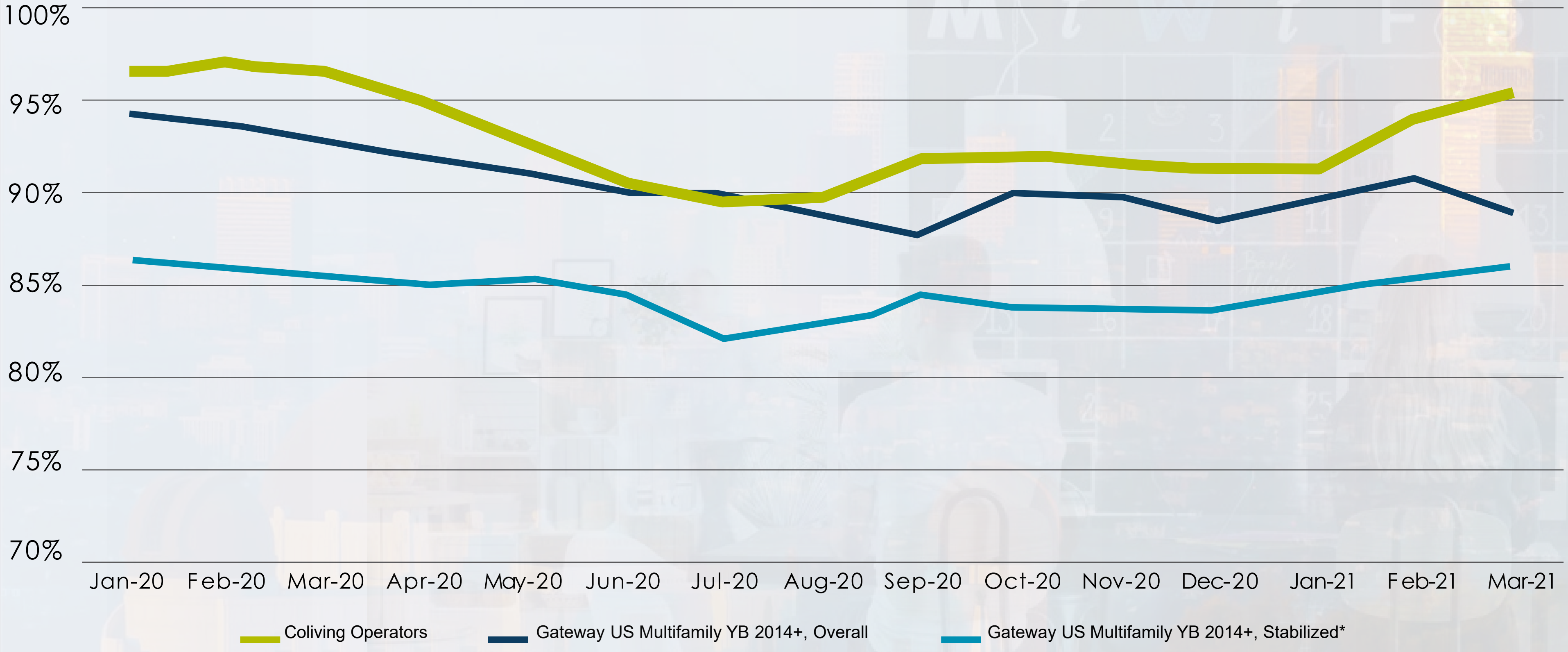
KEY TAKEWAYS

- Coliving assets have had consistently higher collections than traditional multifamily throughout the COVID-19 pandemic.
- For End-of-Month collections, coliving assets have on average had 2.4% higher total collections than traditional assets. First week performance has been even stronger, with coliving assets averaging 15% higher than traditional.

COLIVING OCCUPANCIES THROUGH COVID-19

OCCUPANCIES CONTINUE TO REBOUND INTO 2021



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KEY TAKEWAYS

- While occupancy for all urban Class A multifamily has been noticeably impacted since March 2020, coliving has shown substantial signs of reaching pre-COVID averages in Q1 2021.
- As of Q1 2021, coliving has reached 95.4% occupancy as compared to 89% for stabilized urban properties that have delivered within the past cycle.

Source: Cushman & Wakefield, CoStar. * Class A Downtown Submarket multifamily built 2016+, markets includes New York City, Los Angeles, Washington DC, Seattle, San Francisco, Chicago, Miami, Philadelphia and Portland

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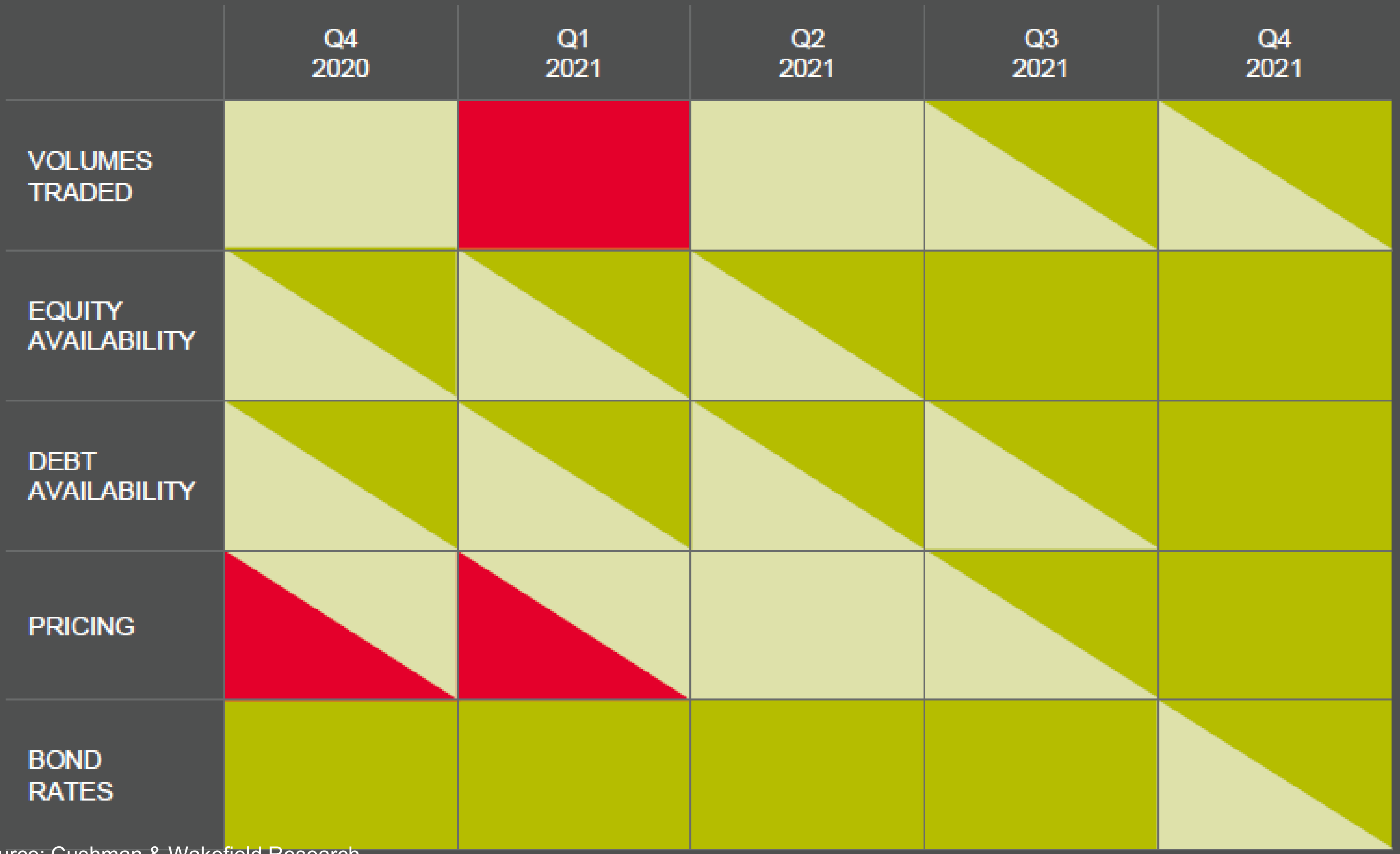
Uptrend/Strong Improvement
Turning Point/Slight Improvement
Sluggish/Below Potential

GENERAL STATE OF EQUITY & DEBT CAPITAL MARKETS



Source: Cushman & Wakefield Research

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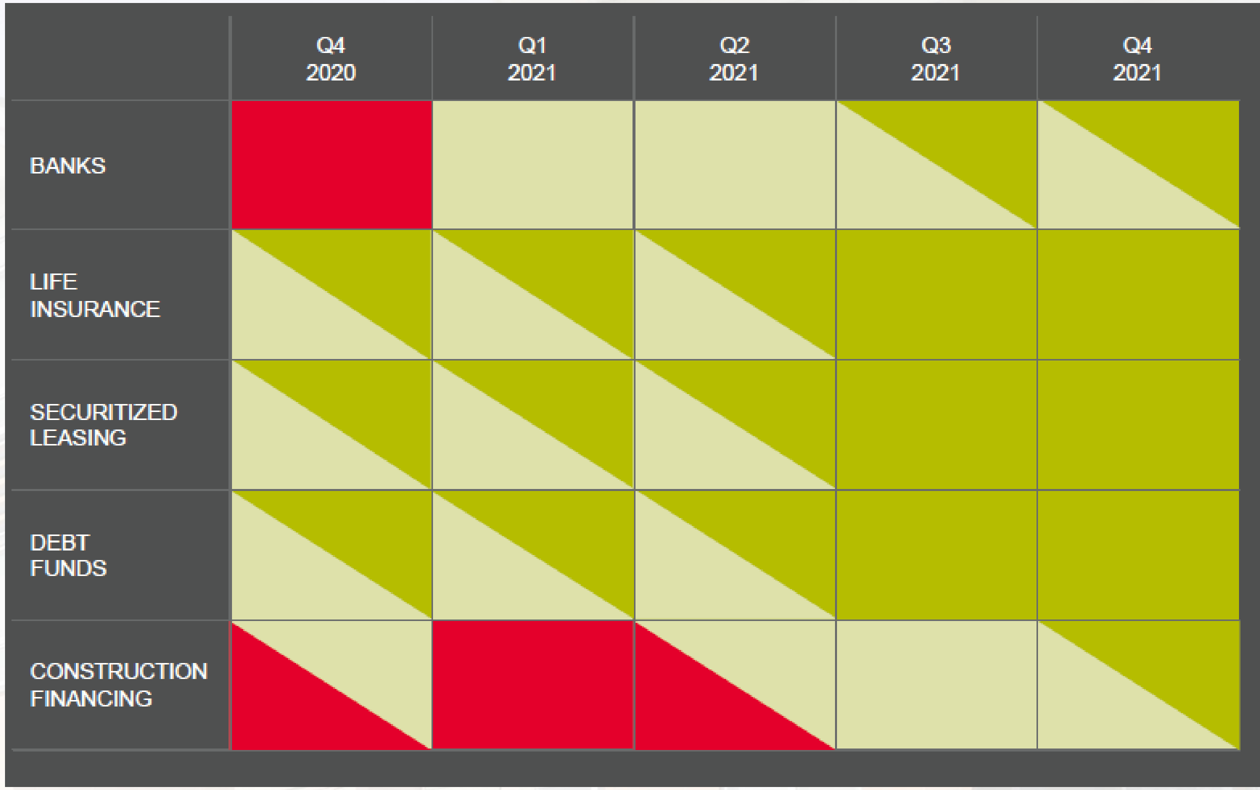
KEY TAKEAWAYS

- Cushman & Wakefield forecasts transaction volumes to begin to rebound in Q2 2021
- Equity sources continue to have record levels of dry powder, estimated at $324B at the end of 2020
- Debt markets have recovered more quickly, all-in costs are generally at or below pre-COVID 19 for favorable asset types

EQUITY & DEBT LANDSCAPE: NOT ALL CAPITAL AFFECTED EQUALLY BY COVID-19

EQUITY SOURCES

DEBT SOURCES



- Institutional core & private equity funds became much more active in Q4 2020 and continuing into 2021
- Private capital remains the most resilient group through the downturn, with more nimble decision mechanisms and less dependence upon travel for diligence
- Cross-border investment increased in Q4 2020, but was stymied in early Q1 2021 by increased travel restrictions in portions of Europe & North America

- Banks have been highly selective in lending given existing exposure to troubled CRE asset classes such as office and retail
- Debt funds have become increasingly active, becoming the preeminent source for transitional and higher LTV funding – backed with significant dry powder
- Construction financing, usually dominated by banks / regional lenders, has been limited largely to industrial and residential

Source: Cushman & Wakefield Research

EQUITY & DEBT LANDSCAPE FOR COLIVING

REACTIVATED CAPITAL SOURCES ARE FOCUSING ON COLIVING ASSETS & DEVELOPMENT PROJECTS

Factor	Description
Cap Rates	• Nationally, **4.00% Average Exit Cap Rate** including refis • Spread from multifamily ranges from **0 bps to 40 bps**
Transaction Volume	• **$1B in global sales volume** over 2018 – 2021, for assets closed or under contract
Financing Volume	• Estimated **>$3B total cap** in coliving developments in North America in search of equity partners / construction financing • **$170M** in refinances & take out financing in past 24 months
Capital Sources	• Institutional equity remain the most active in evaluating projects • Banks & Debt Funds continue to warm with priority for partnerships with strong sponsor history
Capital Structures	• In addition to traditional 65/35 splits, **GP+LP dual investment, stretch debt & mezz/pref options** have increased as capital sources attempt to tune check size and returns to their parameters

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KEY TAKEWAYS

- Investors (whether institutional or family office) continue to evaluate coliving in light of reorienting portfolios away from long term COVID-impacted asset classes such as office and retail
- Performance in previous cycle was strongest amongst niche asset classes such as data centers, senior housing, student housing, self storage – all asset classes driven by macro demographic forces, just as coliving is driven by the urban affordability crisis

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