

METHODOLOGY

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Custom Markets Methodology Overview

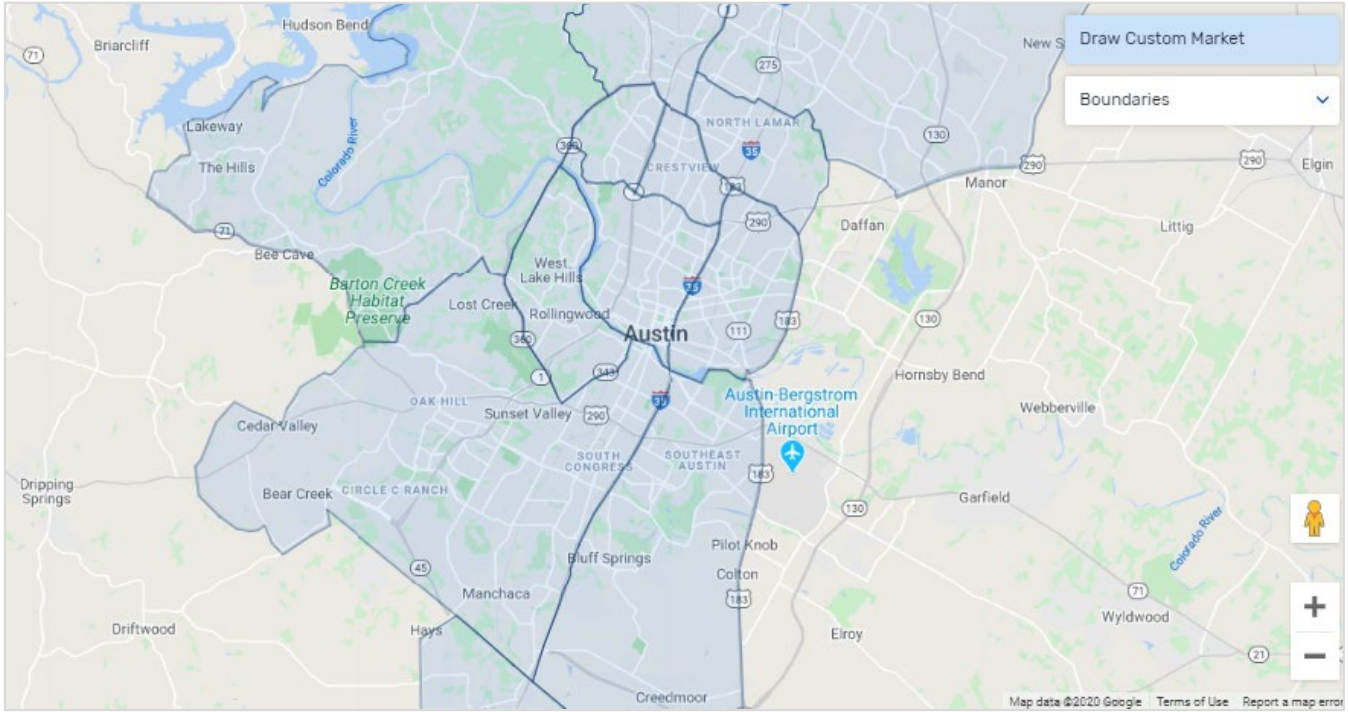
Our Custom Markets model enables users to create a custom boundary around any combination of commercial and multifamily properties within the Moody's Analytics REIS ("MA REIS") database. Within the module, customers can define their submarket and project the future rent and vacancy rate based on each property (including new construction) within their specified criteria.

The custom boundary may span multiple sub-markets or markets and is not limited by any specific geography as long as there is an eligible property included. The custom boundaries are available for all sectors—Apartment, Office, Retail, Warehouse, Flex/R&D, Student Housing, Seniors Housing, Self Storage and Affordable Housing.

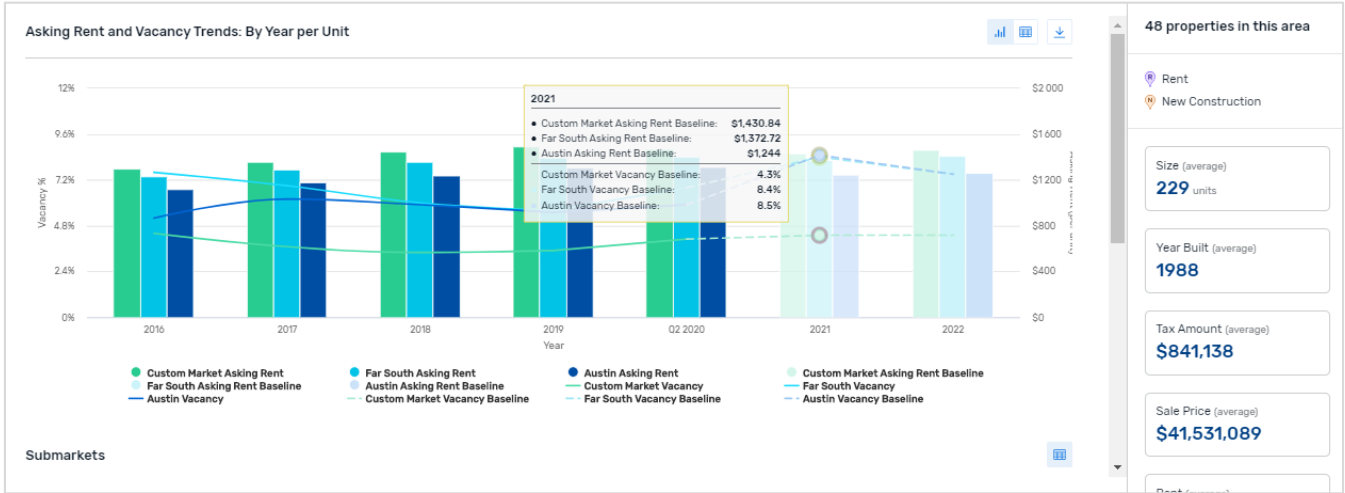
MA REIS' property-level data is foundational to the custom market model. With real estate and economic data extending back to 1980 and updated regularly, customers can now generate their own trends and forecasts. The model aggregates data from individual properties specified within the custom boundary and estimates their future rent and vacancy levels by taking into account property-level historical performance, MA REIS' submarket trends and forecasts, and new construction data.

The first step in the process is to "draw" the custom market, which will create the boundary surrounding all the properties for analysis. Specifically, the user will be able to observe characteristics for their custom market, such as the number of properties and their averages in property size, sale price, rents, vacancy rate, and the year built.

Once the custom market is defined, the model produces a trend and forecast of a specific variable (e.g., rents) based upon past values of the forecast variable plus other predictive variables which to help improve the prediction. In the event a property included in the custom market has a limited history (i.e., less than five years), it's submarket trajectory is applied. Similarly, we adjust new construction to account for their time-to-completion and time-to-stabilization, before integrating as a stabilized, income-producing commercial property.



The analytics reported for a custom boundary includes a 5-year history and a 2-year forecast, as well as a benchmark to the most relevant market (determined by the number of properties in the selected underlying markets). For example, the Austin, Texas multifamily market includes 14 submarkets—each having its outlook for rents, vacancy rates, and total inventory. The custom market becomes the 15th submarket, to be compared with MA-REIS defined submarkets.



For further information on the Custom Market Model, please contact MA_REIS_INFO@REIS.COM, or your Sales Representative.

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