



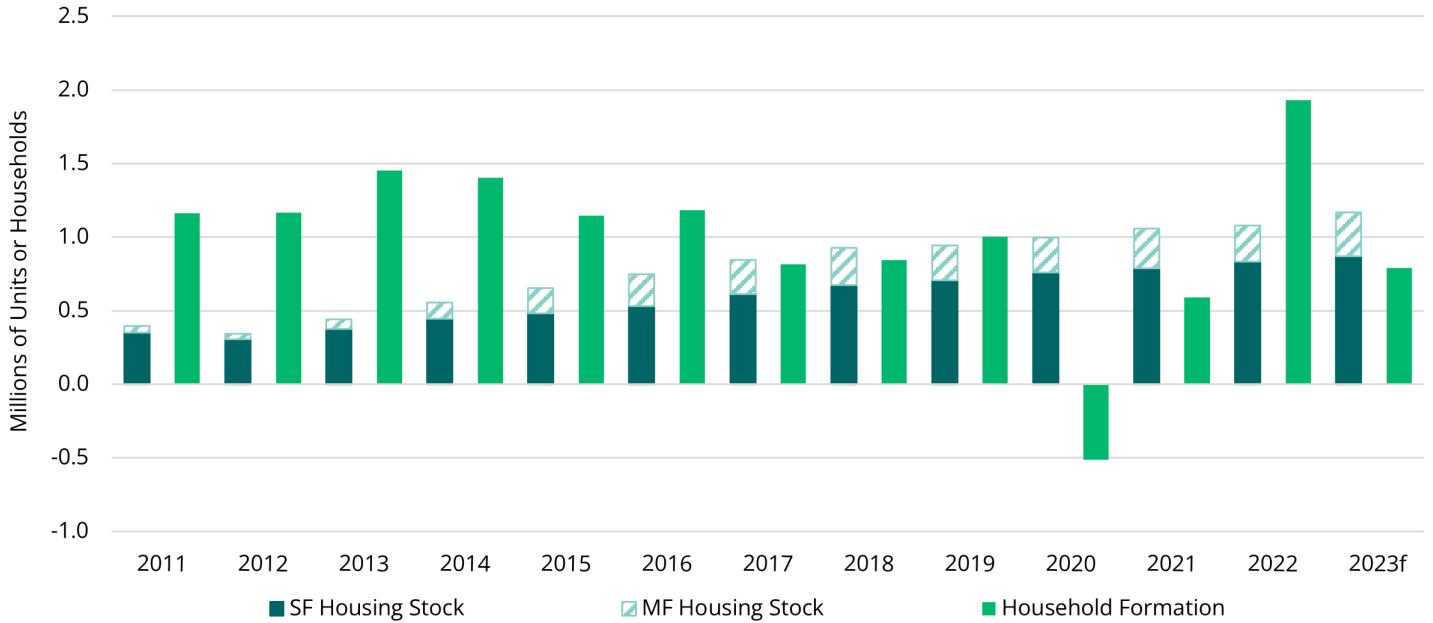
SECTOR SPOTLIGHT

US SINGLE-FAMILY RENTAL

In today's tumultuous commercial real estate climate, the US single-family rental ("SFR") asset class has remained resilient due to economic and demographic fundamentals that are likely to persist for the foreseeable future. As the US macroeconomic outlook improves, so does our view and conviction for this sector. Chronic undersupply, increasing demand, ownership unaffordability, and institutional underinvestment support SFR's strong outlook.

CHRONIC UNDERSUPPLY

Household Formation vs. Net Change in Housing Stock²



Over a decade of underbuilding has left the U.S. market with an existing undersupply of over four million housing units.

Supply will remain challenged as higher interest and mortgage rates have *increased* constraints and led to a deceleration in new single-family construction. As of Q4 2023, permitting activity has declined approximately 19% from January 2022 levels. These constraints have resulted in upward pressure on both single-family home prices and rents.³

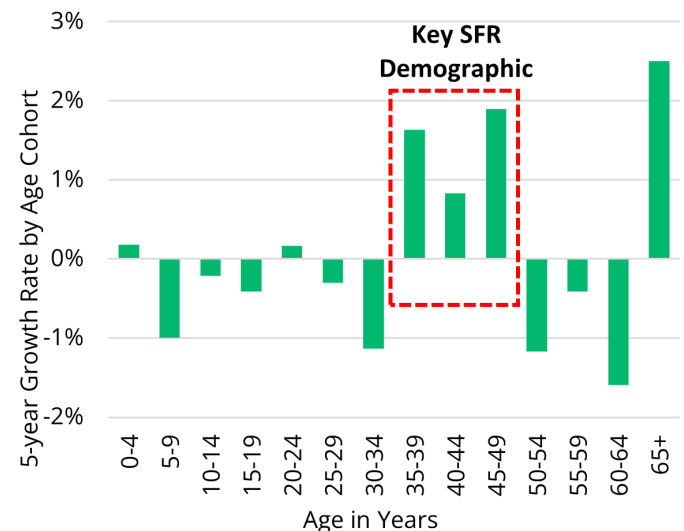
time high participation rates. This core segment of the labor force is active, employed, and confident, which directly impacts housing demand. Additionally, a major shift has occurred in homeownership rates for young adults (25-34 years of age) over the last two decades. After peaking at over 45% in 2000, the homeownership rate for young adults declined to 39%,⁷ translating to millions more young households seeking rentals.

ONGOING DEMAND

Nearly 40% of the 100+ million renter individuals live in single-family rental (“SFR”) homes.⁴ Demographics are likely to drive increased demand as SFR’s primary age cohort of 35 to 49-year-olds is projected to grow 3.8x faster than the general U.S. population over the next five years.

These households are the principal drivers of the US economy, and their demand for housing contributes meaningfully to sustained economic growth. The labor market has grown well above the long-term average, resulting in an impressive unemployment rate of 3.8%.⁶ However, this rate reflects both tight labor conditions and changes in labor force participation, primarily due to the retirement of older employees. The prime age cohort of the labor force, aged 25 to 54, is nearing all-

Prime SFR Target Demographic Anticipated to Grow⁵



UNAFFORDABILITY

Increased demand has arrived on the heels of substantial home price appreciation and amid elevated interest rates has raised the barrier to ownership to a generational high. As a result, the number of renters who can afford principal and interest on an entry level home today has decreased by more than half since the start of 2020, leading to an expectation of *more* renters and *longer* tenancies.

THE UTILITY OF SFR

The past few years of heightened health concerns and increased work-from-home have highlighted single-family housing's intrinsic advantages. More space, privacy, and yards mean SFR homes are more suitable for larger households than multifamily units. Approximately 63% of SFR homes have three or more bedrooms, providing ample room for couples and children.⁹ In contrast, only 7.8% of multifamily units have three or more bedrooms, making them less likely to accommodate larger households.¹⁰

INSTITUTIONAL UNDERINVESTMENT

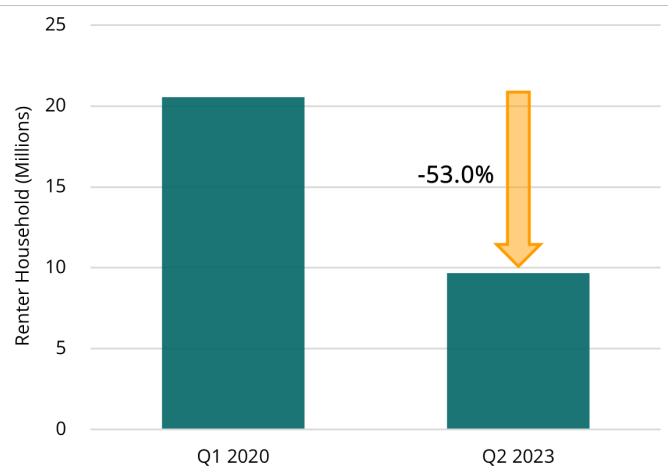
While there are approximately 16 million SFR homes in the United States, less than 5% are owned by institutions. In contrast, institutional investors own approximately 50% of 5+ unit apartment buildings.

Bridge expects there will be increased institutional investment as recognition of SFR as a discrete asset class grows. This new capital is needed to fill the housing supply gap by stimulating new construction and revitalizing existing SFR housing stock. The arrival of new investors will also act as a technical tailwind, providing improved liquidity and upside optionality for incumbent investors.

BRIDGE'S SFR PERSPECTIVE

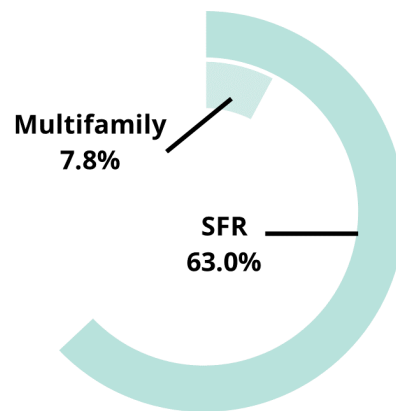
Bridge believes SFR offers one of the most compelling investment opportunities in US real estate. The convergence of robust macroeconomic and demographic tailwinds, and record ownership unaffordability underlie SFR's remarkable potential.

Number of Renter Households That Can Afford Principal & Interest on Entry-Level Home⁸

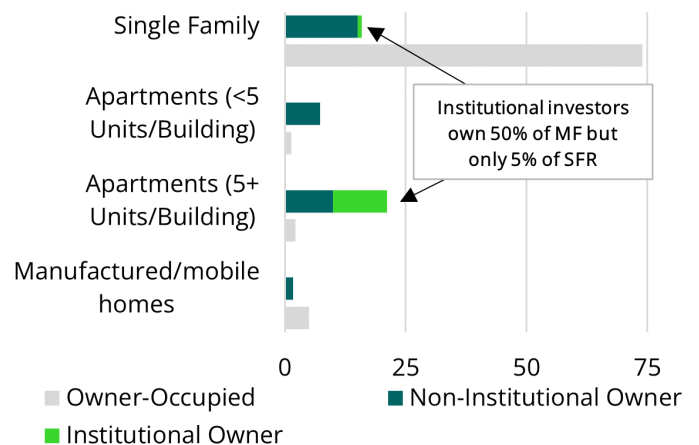


Bedroom Count by Building Type (Rental Housing)¹¹

3BR+ Share of Units



Housing by Structure and Ownership Type¹²



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¹ Fannie Mae, *The US Housing Shortage from a Local Perspective*, October 2022.

² Moody's Analytics, Baseline Scenario, as of July 2023.

³ US Census Bureau, Department of Housing and Urban Development (HUD), Building Permits Survey, as of August 2023.

⁴ US Census Bureau, *American Community Survey 1-Year Estimates*, 2022, Table 25033. Note, does not include the 17.6 million renter individuals (17% of renter individuals) living in housing structures with 2 to 4 units.

⁵ Moody's Analytics, Baseline Scenario, as of July 2023. Q2 2023 – Q2 2028 Population Compounded Annual Growth Rate ("CAGR").

⁶ Bloomberg. US Bureau of Labor Statistics, as of August 2023.

⁷ The Urban Institute, *Millennial Homeownership*, updated July 2019.

⁸ Moody's Analytics, as of August 2023. US Census Bureau and US Department of Housing and Urban Development, as of August 2023. US Census Bureau Public Use Microdata Sample (PUMS), 2021 (current version).

⁹ US Census Bureau, *American Housing Survey*, 2021.

¹⁰ US Census Bureau, *American Housing Survey*, 2021.

¹¹ U.S. Census Bureau, *American Housing Survey*, 2021.

¹² U.S. Census Bureau, *American Housing Survey*, 2021. Single-family includes both detached and attached homes. Green Street, U.S. Single-Family Rental Outlook, 25 January 2023.