

COMMERCIAL REAL ESTATE REPORT Q3 2022

Ann Arbor, MI Metro Area

Demographics and Economy

Demographics

| | | | |
|--|---|--|---|
| -0.6% | 39.5% | 5.1% | 55.2% |
| population growth (2020-2021) U.S.: 0.7% | share of renters (2021) U.S.: 34.5% | renter household formation (2021) U.S.: 2.6% | share of inbound moves (Jan-Sept 2022) |

Economy

| | | | |
|---|---|---|--|
| -1.3% | 5,300 | 2.4% | 1.5% |
| GDP growth (2021) U.S.: 5.9% | 12-month job creation (September 2022) | 1-year job growth (September 2022) U.S.: 3.9% | 1-year wage growth (September 2022) U.S.: 4.8% |
| \$56,630 | 3.3% | 29.5% | 34.3% |
| Average wage per year (September 2022) U.S.: \$49,100 | unemployment rate (September 2022) U.S.: 3.5% | share of workers teleworking (2021) U.S.: 17.9% | inbound businesses moves (Jan-Sept 2022) |

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|--------------------|-----------------|
| Q3 2022 | -63,030 | -116,527 | 1.9% | \$26 | 11.2% |
| Q3 2021 | -53,836 | -325,890 | 2.6% | \$26 | 9.0% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Total Sales Volume | Market Cap Rate |
| Q3 2022 | 15,074,631 | 0 | 230,000 | \$9,975,000 | 8.6% |
| Q3 2021 | 14,844,631 | 0 | 390 | \$8,048,000 | 8.5% |

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Absorption Units | Absorption Units 12 Months | Market Asking Rent Growth 12 Months | Market Asking Rent/Unit | Market Effective Rent/Unit | Vacancy Rate |
|---------|------------------|----------------------------|-------------------------------------|-------------------------|----------------------------|--------------|
| Q3 2022 | 72 | -214 | 7.2% | \$1,447 | \$1,441 | 2.9% |
| Q3 2021 | 665 | 1,218 | 9.6% | \$1,350 | \$1,347 | 2.1% |
| | Inventory Units | Net Delivered Units | Net Delivered Units 12 Mo | Market Cap Rate | | |
| Q3 2022 | 30,450 | 18 | 18 | 5.6% | | |
| Q3 2021 | 30,432 | 167 | 437 | 5.9% | | |

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|---------------------------|--------------|
| Q3 2022 | -21,331 | -67,759 | 2.9% | \$20 | 4.0% |
| Q3 2021 | 63,095 | 82,514 | 1.0% | \$20 | 3.6% |
| | Inventory SF | Market Cap Rate | Total Sales Volume | Transaction Sale Price/SF | |
| Q3 2022 | 18,972,900 | 6.6% | \$15,864,425 | \$223 | |
| Q3 2021 | 18,966,559 | 6.6% | \$16,164,000 | \$182 | |

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|-----------------|--------------------|
| Q3 2022 | -220,436 | -96,474 | 6.3% | \$10 | 5.6% |
| Q3 2021 | 112,050 | -279,769 | 4.9% | \$9 | 5.0% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Market Cap Rate | Total Sales Volume |
| Q3 2022 | 33,444,097 | 0 | 107,260 | 7.4% | \$30,840,868 |
| Q3 2021 | 33,336,837 | 0 | 50,126 | 7.4% | \$12,380,000 |

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Detroit-Warren-Dearborn, MI Metro Area

Demographics and Economy

Demographics

| | | | |
|--|---|--|---|
| -0.5% | 28.7% | -6.0% | 51.0% |
| population growth (2020-2021) U.S.: 0.7% | share of renters (2021) U.S.: 34.5% | renter household formation (2021) U.S.: 2.6% | share of inbound moves (Jan-Sept 2022) |

Economy

| | | | |
|---|---|---|--|
| -4.5% | 72,300 | 3.7% | 10.2% |
| GDP growth (2021) U.S.: 5.9% | 12-month job creation (September 2022) | 1-year job growth (September 2022) U.S.: 3.9% | 1-year wage growth (September 2022) U.S.: 4.8% |
| \$60,897 | 3.3% | 19.8% | 44.2% |
| Average wage per year (September 2022) U.S.: \$49,100 | unemployment rate (September 2022) U.S.: 3.5% | share of workers teleworking (2021) U.S.: 17.9% | inbound businesses moves (Jan-Sept 2022) |

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|--------------------|-----------------|
| Q3 2022 | 233,269 | -156,675 | 0.8% | \$21 | 11.5% |
| Q3 2021 | -308,019 | -1,126,618 | -0.6% | \$21 | 11.2% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Total Sales Volume | Market Cap Rate |
| Q3 2022 | 198,550,459 | 567,047 | 525,252 | \$278,756,992 | 9.0% |
| Q3 2021 | 198,025,207 | 226,725 | 833,270 | \$135,915,232 | 9.2% |

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

| | Absorption Units | Absorption Units 12 Months | Market Asking Rent Growth 12 Months | Market Asking Rent/Unit | Market Effective Rent/Unit | Vacancy Rate |
|---------|------------------|----------------------------|-------------------------------------|-------------------------|----------------------------|--------------|
| Q3 2022 | -776 | -647 | 5.0% | \$1,214 | \$1,208 | 5.3% |
| Q3 2021 | 1,634 | 5,093 | 7.9% | \$1,156 | \$1,152 | 4.3% |
| | Inventory Units | Net Delivered Units | Net Delivered Units 12 Mo | Market Cap Rate | | |
| Q3 2022 | 225,427 | 329 | 1,686 | 6.1% | | |
| Q3 2021 | 223,741 | 1,240 | 3,425 | 6.2% | | |

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|---------------------------|--------------|
| Q3 2022 | 155,866 | 791,993 | 3.9% | \$18 | 5.0% |
| Q3 2021 | 555,505 | 1,000,288 | 3.4% | \$17 | 5.5% |
| | Inventory SF | Market Cap Rate | Total Sales Volume | Transaction Sale Price/SF | |
| Q3 2022 | 260,474,892 | 7.5% | \$278,337,472 | \$152 | |
| Q3 2021 | 260,864,148 | 7.7% | \$174,149,232 | \$61 | |

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|-----------------|--------------------|
| Q3 2022 | 443,467 | 3,297,109 | 8.2% | \$8 | 4.7% |
| Q3 2021 | 5,236,673 | 6,628,580 | 7.2% | \$8 | 4.4% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Market Cap Rate | Total Sales Volume |
| Q3 2022 | 617,493,285 | 1,185,922 | 5,229,762 | 8.7% | \$245,542,800 |
| Q3 2021 | 612,263,523 | 3,351,742 | 7,711,417 | 8.5% | \$233,515,760 |

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Grand Rapids-Kentwood, MI Metro Area

Demographics and Economy

Demographics

| | | | |
|--|---|--|---|
| 0.3% | 25.9% | -0.6% | 52.6% |
| population growth (2020-2021) U.S.: 0.7% | share of renters (2021) U.S.: 34.5% | renter household formation (2021) U.S.: 2.6% | share of inbound moves (Jan-Sept 2022) |

Economy

| | | | |
|---|---|---|--|
| -2.2% | 17,200 | 3.1% | 8.8% |
| GDP growth (2021) U.S.: 5.9% | 12-month job creation (September 2022) | 1-year job growth (September 2022) U.S.: 3.9% | 1-year wage growth (September 2022) U.S.: 4.8% |
| \$57,165 | 3.2% | 13.9% | 48.2% |
| Average wage per year (September 2022) U.S.: \$49,100 | unemployment rate (September 2022) U.S.: 3.5% | share of workers teleworking (2021) U.S.: 17.9% | inbound businesses moves (Jan-Sept 2022) |

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|--------------------|-----------------|
| Q3 2022 | -19,081 | -144,773 | 1.6% | \$20 | 6.8% |
| Q3 2021 | 131,789 | 63,332 | 1.5% | \$19 | 6.0% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Total Sales Volume | Market Cap Rate |
| Q3 2022 | 41,661,401 | 6,500 | 225,213 | \$38,558,900 | 8.9% |
| Q3 2021 | 41,436,188 | 0 | 191,034 | \$18,626,456 | 8.8% |

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Absorption Units | Absorption Units 12 Months | Market Asking Rent Growth 12 Months | Market Asking Rent/Unit | Market Effective Rent/Unit | Vacancy Rate |
|---------|------------------|----------------------------|-------------------------------------|-------------------------|----------------------------|--------------|
| Q3 2022 | 313 | 1,007 | 8.1% | \$1,286 | \$1,281 | 3.1% |
| Q3 2021 | 331 | 1,713 | 10.8% | \$1,189 | \$1,185 | 3.4% |
| | Inventory Units | Net Delivered Units | Net Delivered Units 12 Mo | Market Cap Rate | | |
| Q3 2022 | 49,849 | 294 | 904 | 5.5% | | |
| Q3 2021 | 48,945 | 320 | 1,010 | 5.5% | | |

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|---------------------------|--------------|
| Q3 2022 | 349,751 | 789,047 | 6.7% | \$14 | 2.6% |
| Q3 2021 | 184,661 | 369,823 | 3.2% | \$13 | 3.6% |
| | Inventory SF | Market Cap Rate | Total Sales Volume | Transaction Sale Price/SF | |
| Q3 2022 | 65,926,744 | 7.4% | \$59,141,500 | \$131 | |
| Q3 2021 | 65,773,935 | 7.6% | \$69,138,632 | \$116 | |

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|-----------------|--------------------|
| Q3 2022 | 712,450 | 2,830,602 | 8.0% | \$6 | 2.6% |
| Q3 2021 | 1,034,822 | 1,266,327 | 5.9% | \$6 | 2.8% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Market Cap Rate | Total Sales Volume |
| Q3 2022 | 189,450,081 | 794,690 | 2,421,220 | 8.0% | \$8,166,500 |
| Q3 2021 | 187,028,861 | 497,941 | 1,365,820 | 7.8% | \$67,383,960 |

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Lansing-East Lansing, MI Metro Area

Demographics and Economy

Demographics

| | | | |
|--|---|--|---|
| -0.1% | 33.5% | 15.6% | 51.3% |
| population growth (2020-2021) U.S.: 0.7% | share of renters (2021) U.S.: 34.5% | renter household formation (2021) U.S.: 2.6% | share of inbound moves (Jan-Sept 2022) |

Economy

| | | | |
|---|---|---|--|
| -1.5% | 10,400 | 4.7% | 8.8% |
| GDP growth (2021) U.S.: 5.9% | 12-month job creation (September 2022) | 1-year job growth (September 2022) U.S.: 3.9% | 1-year wage growth (September 2022) U.S.: 4.8% |
| \$55,787 | 3.7% | 20.0% | 22.5% |
| Average wage per year (September 2022) U.S.: \$49,100 | unemployment rate (September 2022) U.S.: 3.5% | share of workers teleworking (2021) U.S.: 17.9% | inbound businesses moves (Jan-Sept 2022) |

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|--------------------|-----------------|
| Q3 2022 | -42,715 | 394,917 | 1.8% | \$18 | 5.0% |
| Q3 2021 | 42,912 | -598,942 | 1.3% | \$17 | 6.6% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Total Sales Volume | Market Cap Rate |
| Q3 2022 | 24,809,121 | 0 | 5,000 | \$12,604,000 | 9.8% |
| Q3 2021 | 24,804,121 | -21,480 | 13,544 | \$6,871,300 | 9.8% |

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Absorption Units | Absorption Units 12 Months | Market Asking Rent Growth 12 Months | Market Asking Rent/Unit | Market Effective Rent/Unit | Vacancy Rate |
|---------|------------------|----------------------------|-------------------------------------|-------------------------|----------------------------|--------------|
| Q3 2022 | 66 | 404 | 7.4% | \$1,086 | \$1,080 | 5.5% |
| Q3 2021 | 176 | 732 | 7.7% | \$1,011 | \$1,005 | 5.9% |
| | Inventory Units | Net Delivered Units | Net Delivered Units 12 Mo | Market Cap Rate | | |
| Q3 2022 | 30,804 | 0 | 284 | 5.7% | | |
| Q3 2021 | 30,520 | 30 | 506 | 6.3% | | |

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|---------------------------|--------------|
| Q3 2022 | 149,873 | 488,980 | 2.9% | \$14 | 5.2% |
| Q3 2021 | -11,810 | -103,919 | 1.7% | \$13 | 6.2% |
| | Inventory SF | Market Cap Rate | Total Sales Volume | Transaction Sale Price/SF | |
| Q3 2022 | 31,271,448 | 8.4% | \$9,419,000 | \$83 | |
| Q3 2021 | 31,087,204 | 8.6% | \$7,700,282 | \$48 | |

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|-----------------|--------------------|
| Q3 2022 | -37,816 | -589 | 7.9% | \$6 | 1.9% |
| Q3 2021 | 193,620 | 1,077,632 | 5.7% | \$6 | 1.8% |
| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Market Cap Rate | Total Sales Volume |
| Q3 2022 | 53,296,396 | 0 | 76,576 | 8.8% | \$4,174,000 |
| Q3 2021 | 53,219,820 | 174,000 | 615,000 | 8.8% | \$7,522,670 |

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Saginaw, MI Metro Area

Demographics and Economy

Demographics

| | | | |
|--|---|--|---|
| -0.1% | 29.3% | 25.5% | 45.4% |
| population growth (2020-2021) U.S.: 0.7% | share of renters (2021) U.S.: 34.5% | renter household formation (2021) U.S.: 2.6% | share of inbound moves (Jan-Sept 2022) |

Economy

| | | | |
|---|---|---|--|
| -3.8% | 1,000 | 1.2% | 4.4% |
| GDP growth (2021) U.S.: 5.9% | 12-month job creation (September 2022) | 1-year job growth (September 2022) U.S.: 3.9% | 1-year wage growth (September 2022) U.S.: 4.8% |
| \$45,738 | 5.3% | 10.9% | 45.4% |
| Average wage per year (September 2022) U.S.: \$49,100 | unemployment rate (September 2022) U.S.: 3.5% | share of workers teleworking (2021) U.S.: 17.9% | inbound businesses moves (Jan-Sept 2022) |

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|----------------|--------------|
| Q3 2022 | -37,053 | 19,286 | 2.1% | \$17 | 5.9% |
| Q3 2021 | 7,110 | 40,524 | 2.1% | \$16 | 6.3% |

| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Total Sales Volume | Market Cap Rate |
|---------|--------------|------------------|----------------------------|--------------------|-----------------|
| Q3 2022 | 4,772,699 | 0 | 0 | \$3,323,500 | 9.6% |
| Q3 2021 | 4,772,699 | 0 | 0 | \$1,661,500 | 9.6% |

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

| | Absorption Units | Absorption Units 12 Months | Market Asking Rent Growth 12 Months | Market Asking Rent/Unit | Market Effective Rent/Unit | Vacancy Rate |
|---------|------------------|----------------------------|-------------------------------------|-------------------------|----------------------------|--------------|
| Q3 2022 | -3.0 | -83.0 | 3.7% | \$868 | \$865 | 6.0% |
| Q3 2021 | -3.0 | 61.0 | 9.0% | \$838 | \$836 | 4.4% |

| | Inventory Units | Net Delivered Units | Net Delivered Units 12 Mo | Market Cap Rate |
|---------|-----------------|---------------------|---------------------------|-----------------|
| Q3 2022 | 5,194 | 0 | 0 | 7.0% |
| Q3 2021 | 5,194 | 0 | 0 | 7.2% |

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|----------------|--------------|
| Q3 2022 | -18,246 | 144,908 | 3.1% | \$11 | 2.2% |
| Q3 2021 | -9,984 | 234,597 | 2.4% | \$11 | 3.1% |

| | Inventory SF | Market Cap Rate | Total Sales Volume | Transaction Sale Price/SF |
|---------|--------------|-----------------|--------------------|---------------------------|
| Q3 2022 | 13,814,680 | 8.5% | \$18,704,000 | \$28 |
| Q3 2021 | 13,793,400 | 8.4% | \$11,657,104 | \$145 |

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

| | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|----------------|--------------|
| Q3 2022 | -35,496 | -268,610 | 7.1% | \$5 | 6.1% |
| Q3 2021 | 63,275 | 422,334 | 5.3% | \$5 | 3.3% |

| | Inventory SF | Net Delivered SF | Net Delivered SF 12 Months | Market Cap Rate | Total Sales Volume |
|---------|--------------|------------------|----------------------------|-----------------|--------------------|
| Q3 2022 | 9,503,231 | 0 | 0 | 9.1% | \$300,000 |
| Q3 2021 | 9,503,231 | 0 | 0 | 8.8% | \$5,594,500 |

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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