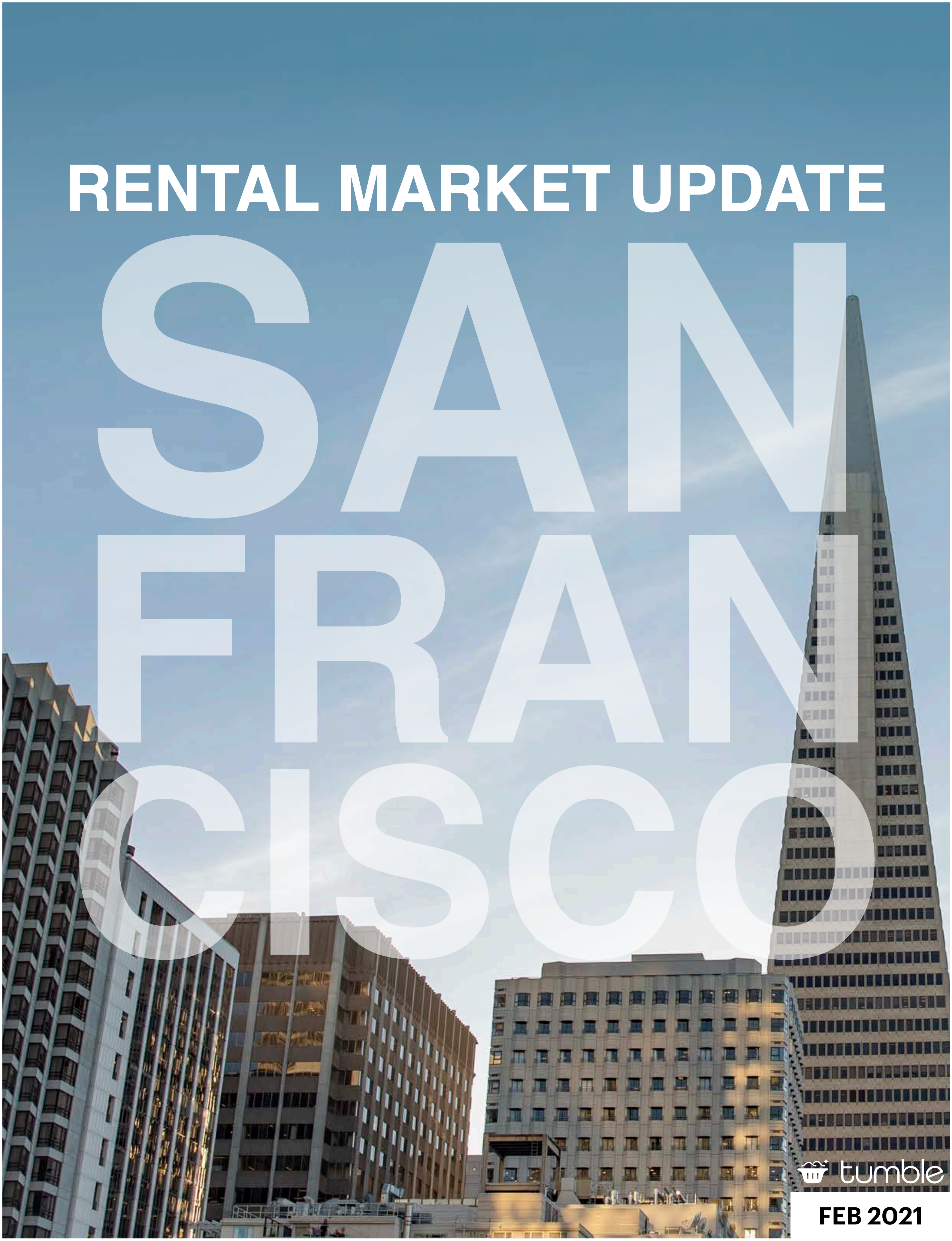
RENTAL MARKET UPDATE

SAN FRANCISCO



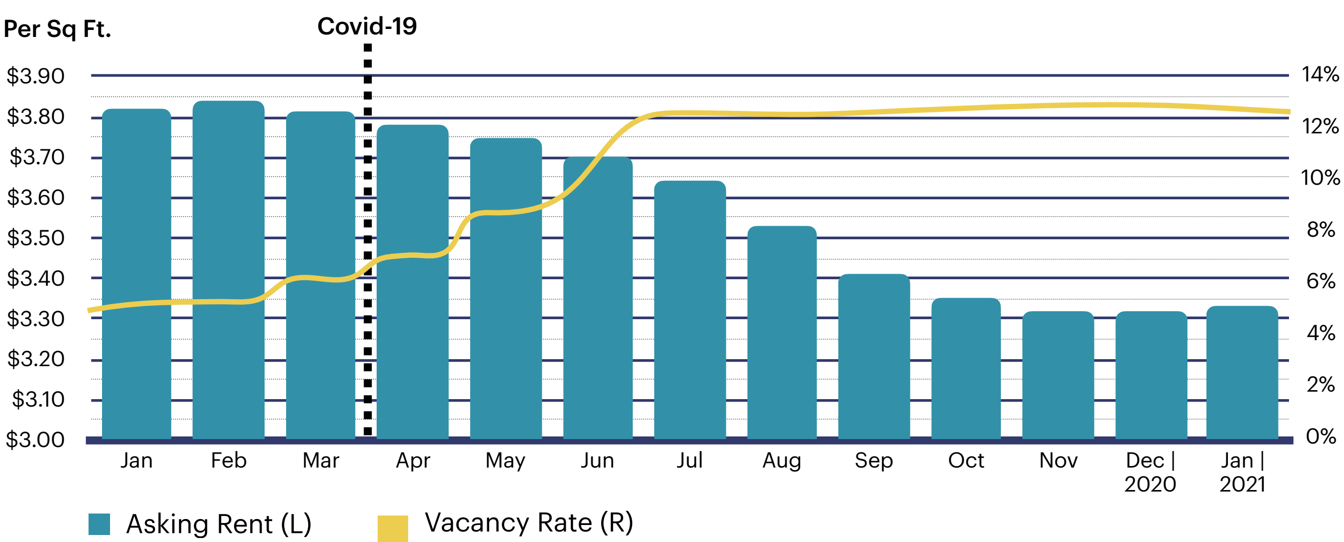
tumble

FEB 2021

SUMMARY

January 2021: CBRE research reports that effects of the COVID-19 pandemic on the San Francisco apartment market are leveling out and “increased apartment options should provide economical opportunities for renters to return to the city as the health crisis alleviates”. Renters, some new and some returning, are entering the San Francisco market with momentum on their side. In this new *renter’s market*, we will continue to see rent concessions and move-in bonuses offered as property owners compete for tenants who are now maximizing the rare opportunity to stretch their dollar in a hyper-expensive market.

Long term, prices will recover; in the near-term, rental properties in the San Francisco Bay Area have seen historic price drops, and expectations of a *rapid* rebound have cooled. Properties without luxury amenities like pools, saunas and gyms run the risk of being priced down. For these properties, differentiation matters for the first time in a long time.



*Month to date
Source: COSTAR, CBRE Research, 2021

Fortunately there are low-hanging fruits that can help property managers minimize vacancies and return maximum value for owners and stakeholders.

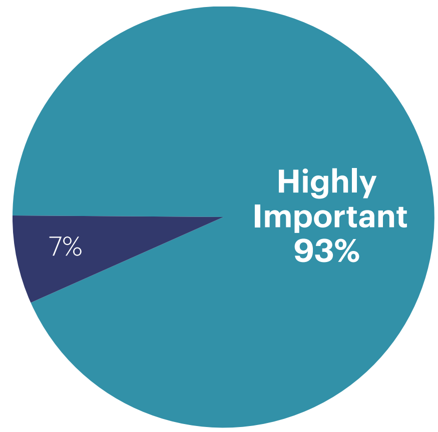
Modernized amenities are one such low-hanging fruit. Amenities are associated with the lower levels of Maslow's Needs Hierarchy, and should be among the first areas considered for improvement in order to meet the requirements of your new customers: renters who were likely priced out prior to 2020, but are now able to pick-and-choose among many vacant and discounted rental units. They are looking to get the biggest bang for their buck.

Properties without modernized amenities will suffer in this climate. Bay Area tenants are increasingly aware of Silicon Valley start-ups that offer amenities like *smart laundry*, and will expect such modern conveniences on-site where they live. Since these same Silicon Valley start-ups alleviate property managers of maintenance responsibilities, and require no upfront-cost, there are few practical barriers for modernizing. Switching to a managed, smart laundry room is a demonstrably effective strategy for differentiation.

OUTDATED AMENITIES ARE A PAIN POINT

Outdated amenities are a significant source of friction for tenants and property owners. Shared laundry rooms produce extra revenue for property owners so long as machines are updated and property managers don't mind rolling quarters, but tenants are citing these types of legacy amenities as reason to not move-in to a unit— a loss that exceeds potential laundry revenue.

- 93% of tenants report that laundry options are highly important when considering an apartment.
- According to Zumper, the top 3 asked for amenities are Air Conditioning, In-Unit Laundry, and a Dishwasher. Number 4 is On-Site Laundry.
- Old machines cost significantly more in utilities.
- All-in-One machines do not have the capacity tenants desire.



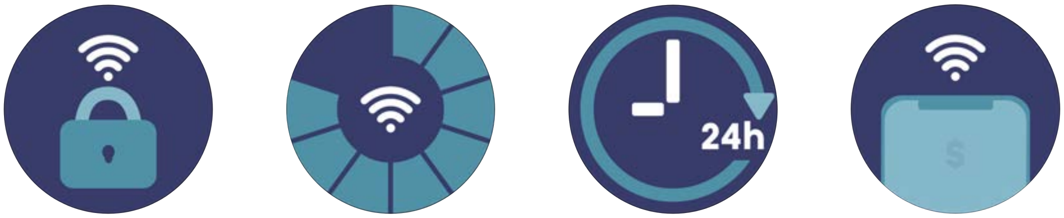
WHAT TENANTS ARE SAYING

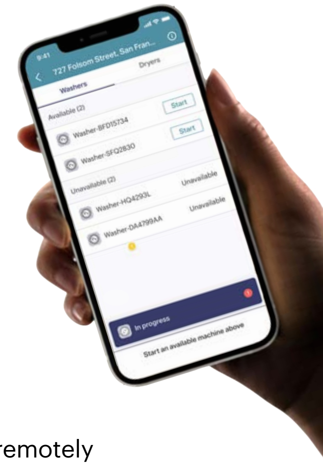
"Worrying about quarters is the biggest concern. I wouldn't want to live somewhere again with coin-op laundry."

"Most buildings have dirty and outdated laundry facilities. I have laundry in my building but prefer to go to a laundromat for convenience (don't have to get quarters), speed, and cleanliness despite the fact that it is multiple blocks away."

"Our card machine was stolen out of the wall of the laundry room by thieves. It took our laundry company 8 weeks to replace it."

SMART LAUNDRY AS A DIFFERENTIATOR: TUMBLE





MACHINE SECURITY	CYCLE TRACKING	MACHINE AVAILABILITY	CASHLESS PAYMENT
*79.8%	*75.9%	*86.2%	*83%

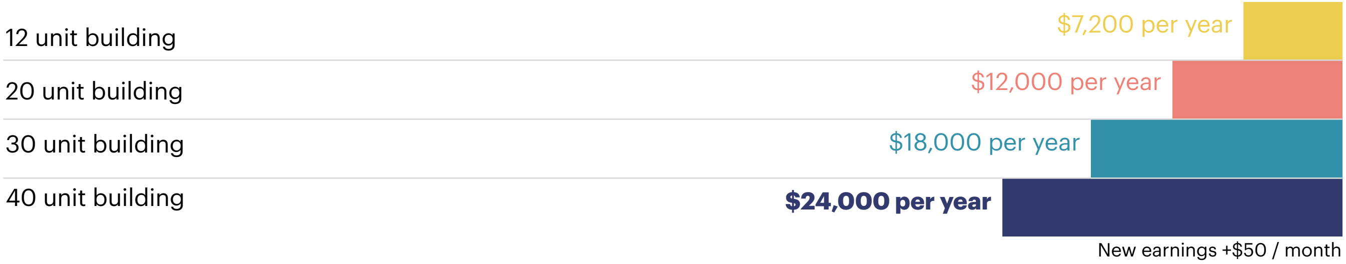
Tumble addresses pain points tenants commonly experience by providing smart machines that can be remotely controlled via smartphone, using the Tumble app. Tenants can see machine availability, make payments, lock their machines and be notified at cycle completion through their smartphone. In COVID times seeing machine availability is crucial to tenant safety and keeping residents from congregating in small spaces like a laundry room.

* SF TENANTS WHO RATE GIVEN FEATURE AS **HIGHLY IMPORTANT**

NEW REVENUES

According to Zumper, the average 1 BR apartment in San Francisco rents for $2,680; the average studio apartment rents for $1,950. With vacancies at historic highs, and rents returning from lows, empty units are hurting property owners' bottom lines. Updating outdated amenities is an easy and risk-free way to add perceived value and collect new revenues. New machines and new technology warrant a price increase, and tenants are willing to pay.

> *"3 out of 4 tenants are willing to pay at least* ***$50 more per month*** *to rent in buildings with smart laundry rooms."*
>
> \- Scott Patterson, Tumble founder and CEO



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