

Synovus Warner Robins: Market Intelligence Update

Houston Lake Country Club
Perry, Georgia
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Economy: Fed Strategy and Results

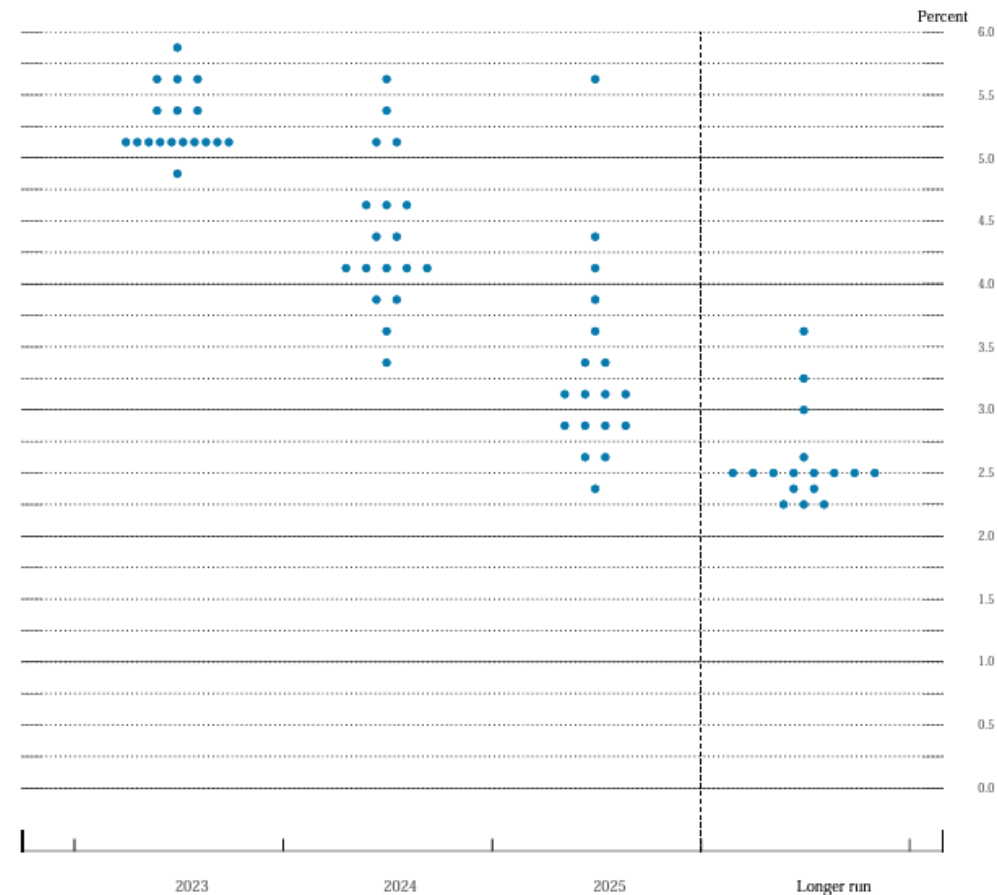
Power BI Links:

[Cash Inflow/Outflow Analysis by NAICS](#)

Fed Funds Rate: What a Difference a Year Makes!

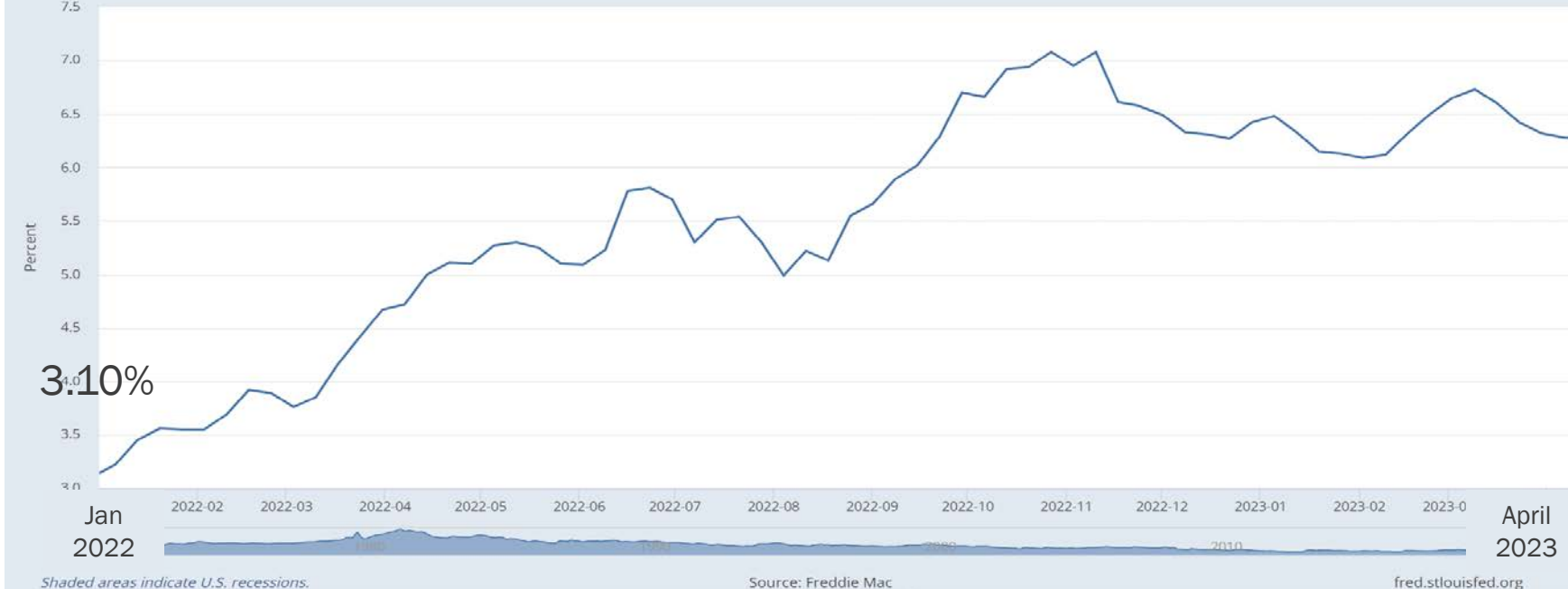
- FRB estimates show peak FFR of 5.1% in 2023; consensus edging up to mid 5%
- 475 bps move in 2022-3
- 2025 estimate of 3.1%, - 200 bps from estimated peak

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



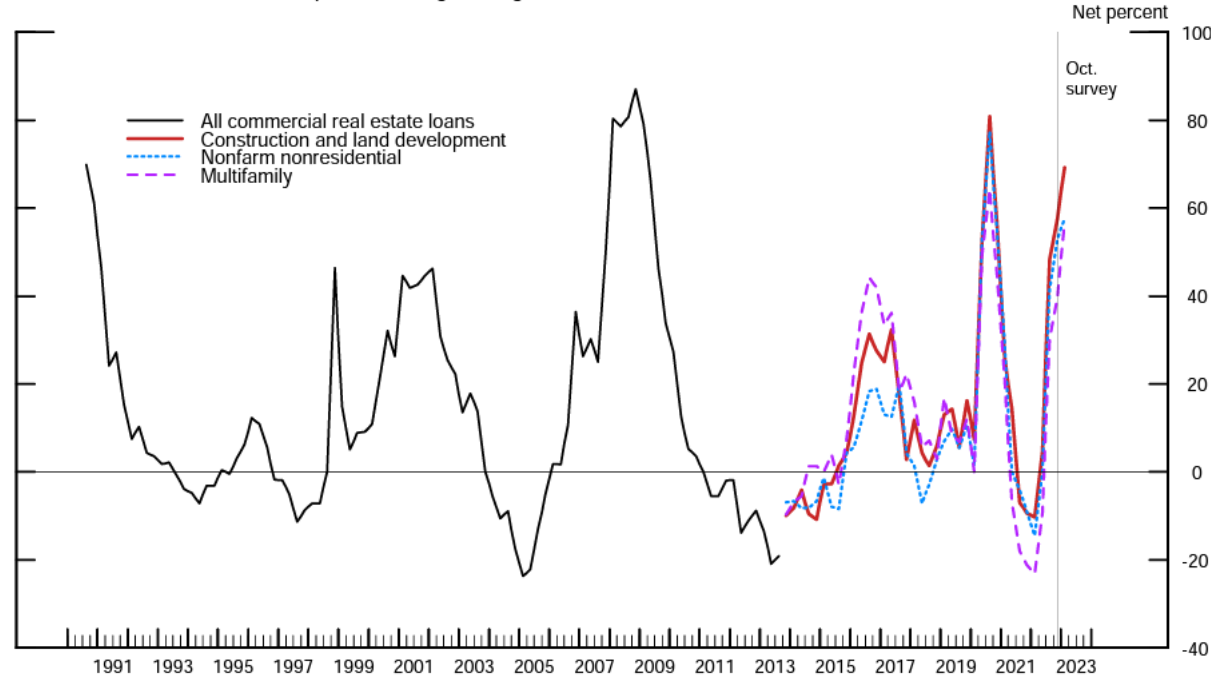
30-Year Mortgage Since 1970

30-Year Mortgage Since Jan 2022

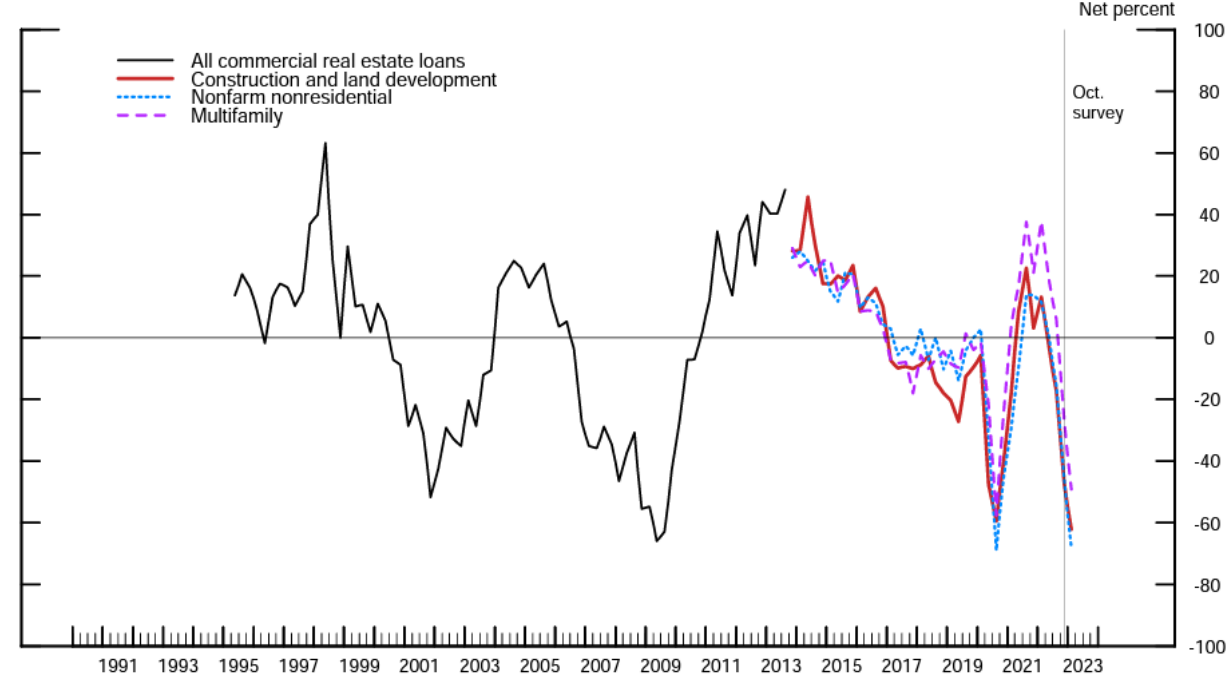


Rate Environment: Tighter Underwriting and Decreased Demand for CRE Loans

Net Percent of Domestic Respondents Tightening Standards for Commercial Real Estate Loans



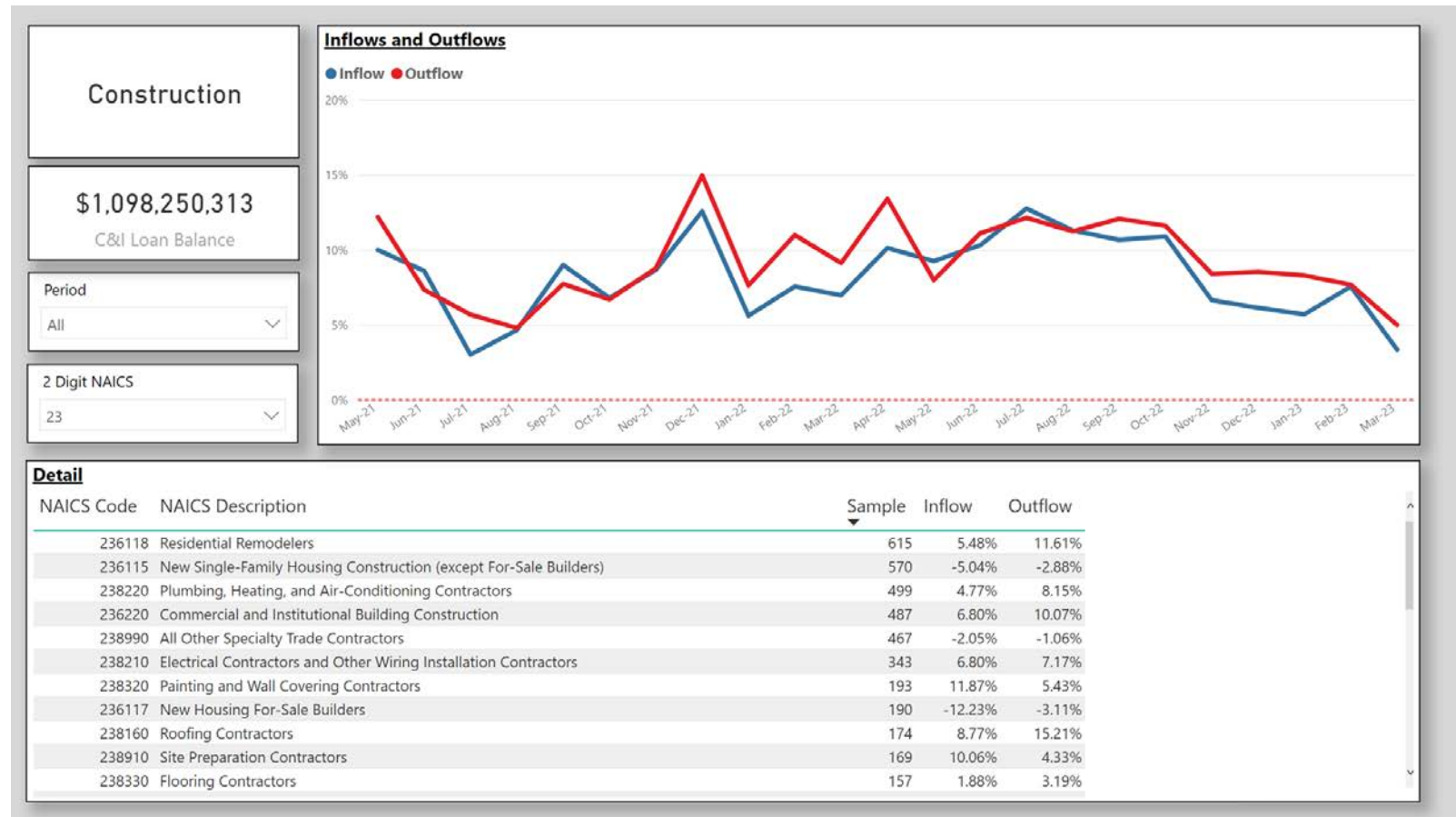
Net Percent of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans





23 Construction

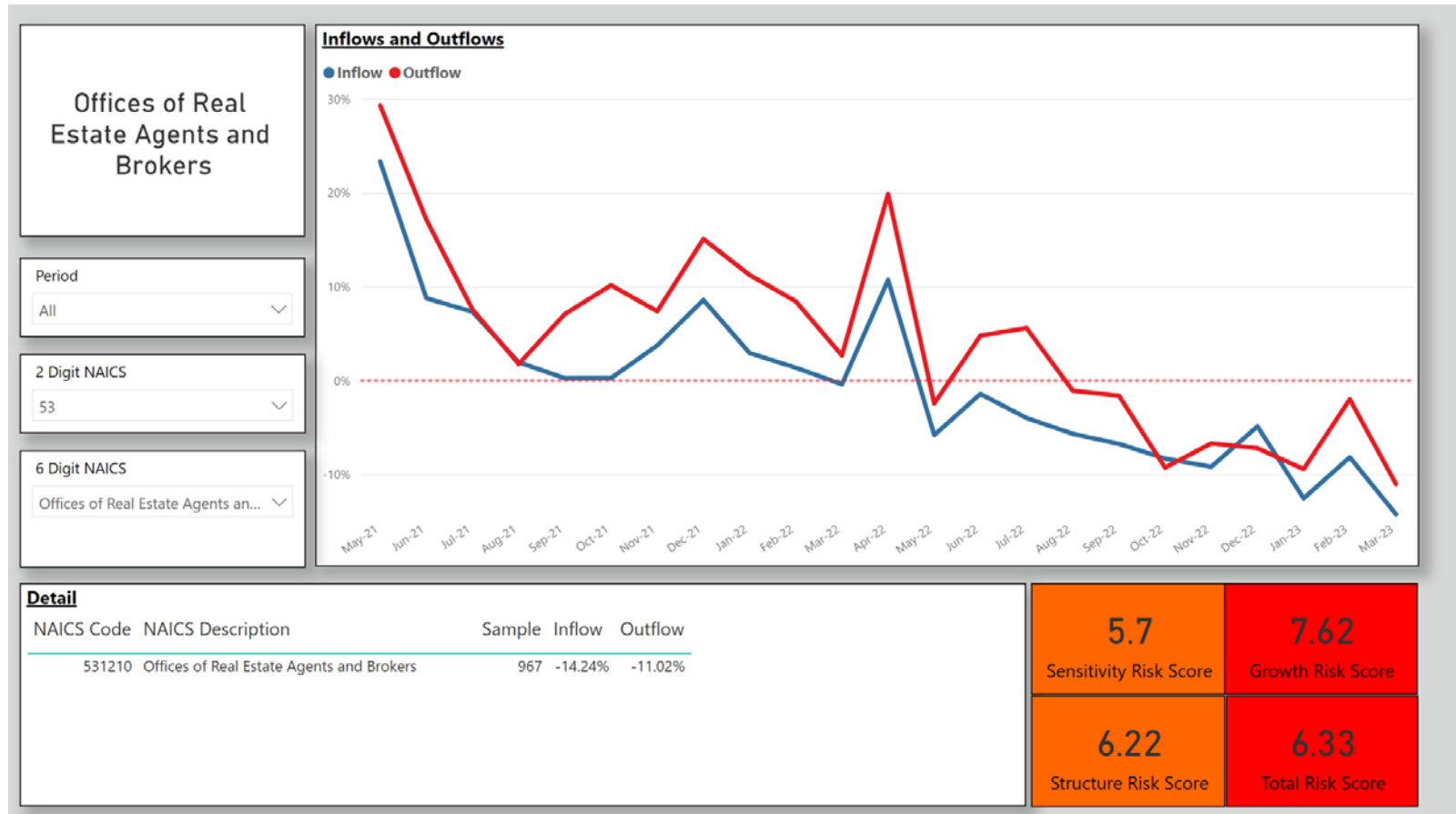
- NAICS 23 Construction levelled off in late summer and dove downwards in November/December as expected
- Despite the downward movement, both inflows and outflows are firmly positive
- We have seen strength in subcontractor businesses in the fall, and while still positive, that trend is weakening
- HVAC services and components are doing extraordinarily well across multiple categories





531210 Offices of Real Estate Agents and Brokers

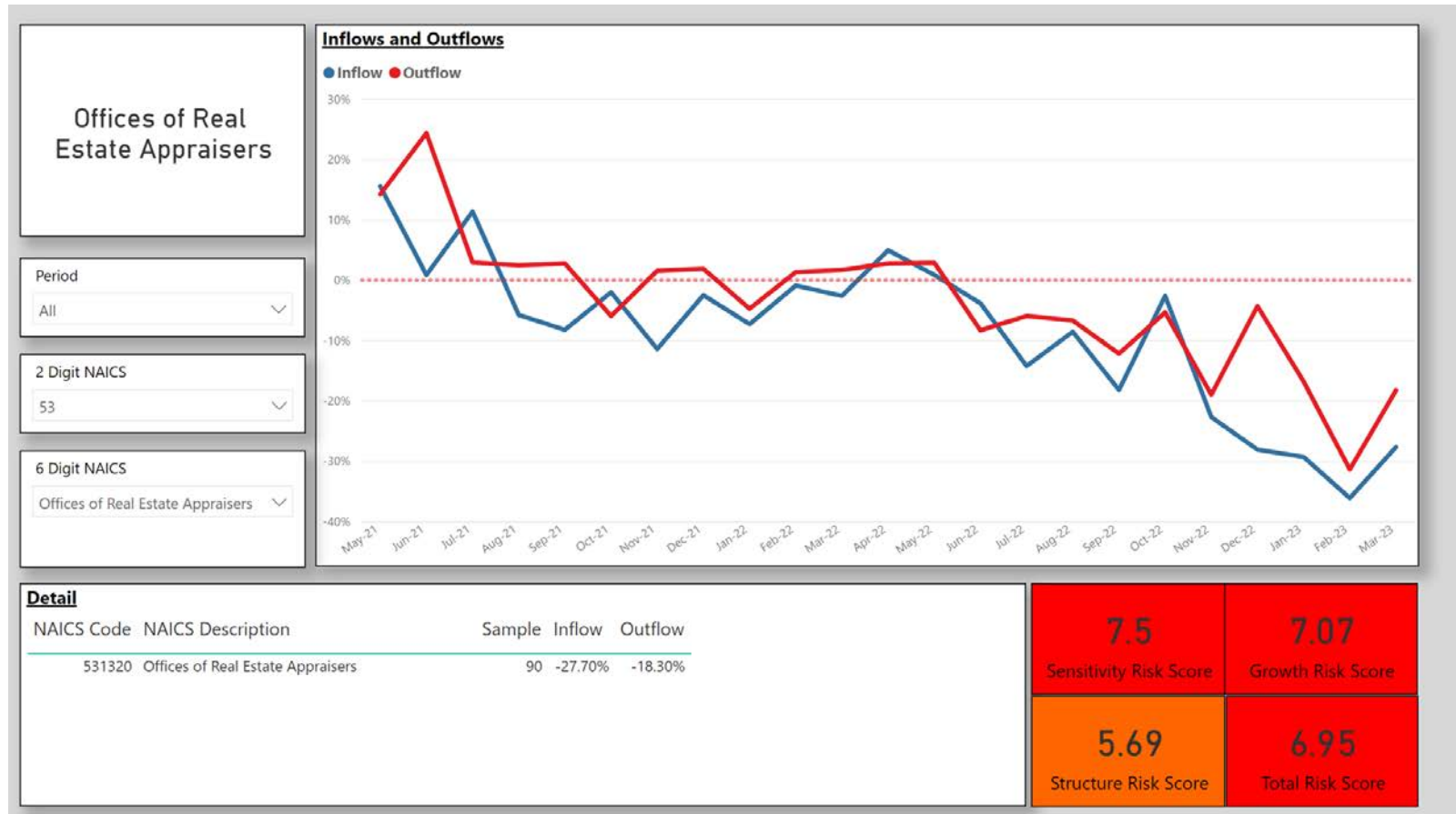
- Inflows and outflows have been on a negative trajectory for agents and brokers through most of 2022
- Negative inflows have been in place for seven consecutive months, and one would expect these trends to correlate with other residential housing subindustries
- December gave us a “dead cat bounce” related to a slight breather in rates
- We will monitor the number of licensed realtors throughout 2023, as these types of cycles usually cull the herd significantly





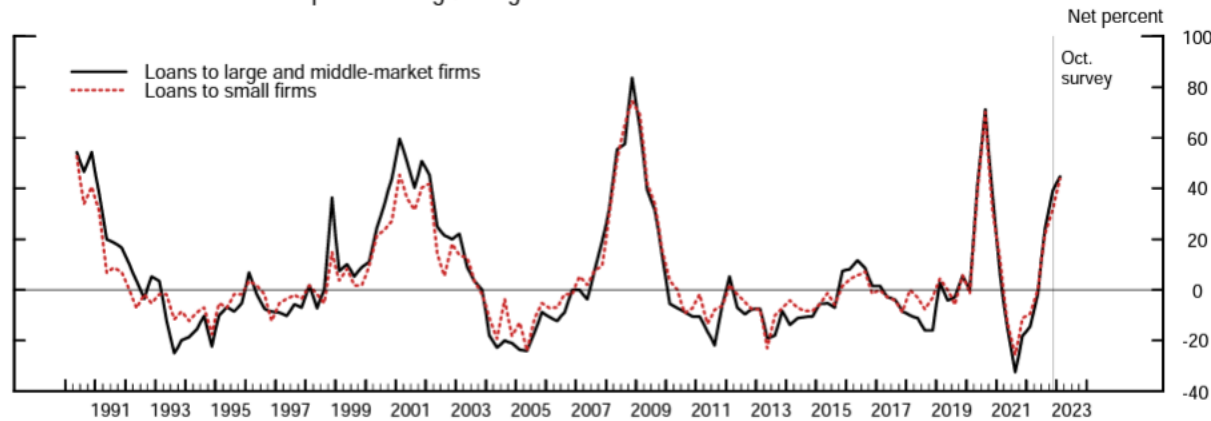
531320 Offices of Real Estate Appraisers

- As with realtors and mortgage brokers, appraisers are being negatively impacted
- Nothing to appraise on the residential front
- Paralyzing Bid/Ask gap on commercial side has significantly hurt that side of industry



Rate Environment: Tighter Underwriting and Decreased Demand for C&I Loans

Net Percent of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



Net Percent of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans



Source: Federal Reserve Bank Senior Loan Officer Survey on Bank Lending Practices January 2023

Higher Rates Lead to Worsening Sentiment

	High Point Value Past 18 Months	High Point Date	Current Value	Current Date	%Δ	
Consumer	NAHB Housing Mkt Index	84	21-Dec	45	23-Apr	-46%
	Existing Home Sales mm	6.49	21-Nov	4.58	23-Feb	-29%
	US Unemployment Rate	4.6%	21-Oct	3.5%	23-Mar	-24%
	Job Openings (FRED)	11,855,000	22-Mar	9,931,000	23-Feb	-16%
	Reuters/ Mich Consumer Sentiment	71.7	21-Oct	62	23-Mar	-14%
	Consumer Confidence	115.2	21-Dec	104.2	23-Mar	-10%
Commercial	NFIB Small Biz Optimism Index	98.9	21-Dec	90.1	23-Mar	-9%
	Market PMI	59.2	22-Apr	49.2	23-Mar	-17%
	ISM Manufacturing Index	61.1	21-Nov	46.3	23-Mar	-24%
	Markit PMI Services Index	58.7	21-Oct	52.6	23-Mar	-10%
	ISM Non-Manufacturing Ind	69.1	21-Nov	51.2	23-Mar	-26%
	West Texas Intermediate	\$114.67	22-May	\$75.67	23-Mar	-34%
	Iron and Steel PPI	\$433.20	21-Dec	\$342.70	23-Mar	-21%
	Lumber PPI: Soft Wood (FRED)	\$527.40	22-Mar	\$249.36	23-Mar	-53%
	Lumber Futures Contract \$/mbf (NASDAQ)	\$1,193.70	22-Feb	\$371.40	23-Mar	-69%
	Corn PPI (FRED)	\$324.60	22-Jun	\$262.23	23-Mar	-19%
Cotton PPI (FRED)	\$221.90	22-May	\$129.35	23-Mar	-42%	
Slaughter Poultry PPI (FRED)	\$419.70	22-Jun	\$355.81	23-Mar	-15%	
Wheat PPI (FRED)	\$337.30	22-May	\$229.18	23-Mar	-32%	

Sub-50 equals contraction

Sentiment: Deloitte State of the US Consumer March 2023

FIGURE 4

In recent months, consumers surveyed have signaled intentions to save more and spend less

Spending Intentions, next four weeks (% change, Sept/Oct/Nov as base)

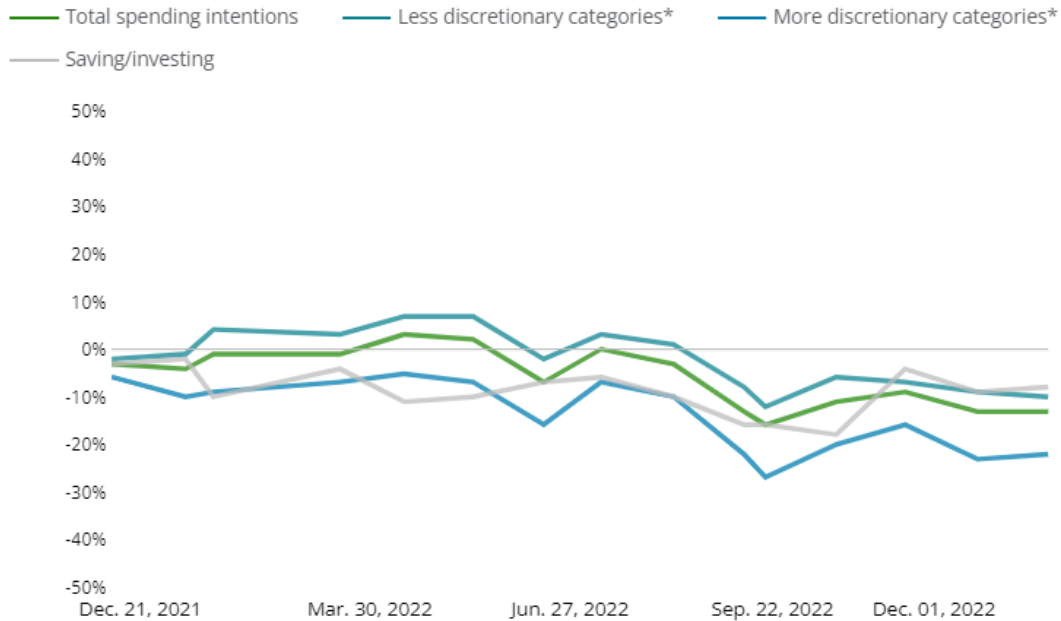
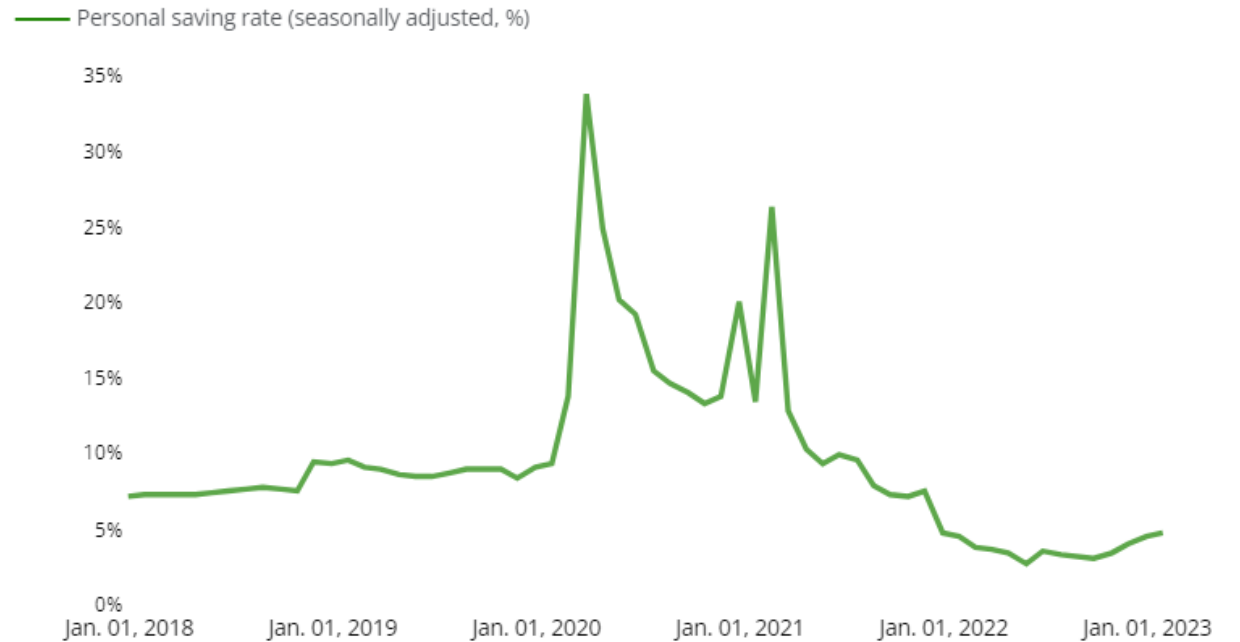


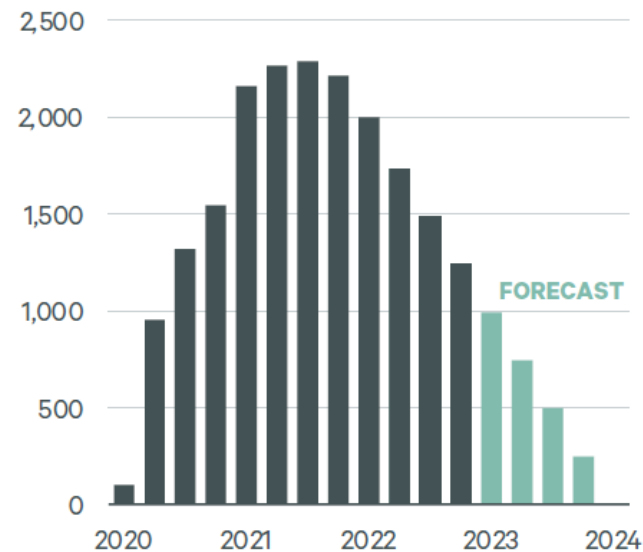
FIGURE 8

The personal savings rate has been steadily going up since June 2022 but is still short of prepandemic levels



Mighty Headwinds for Consumers

Stock of Excess Savings (\$ Billions)



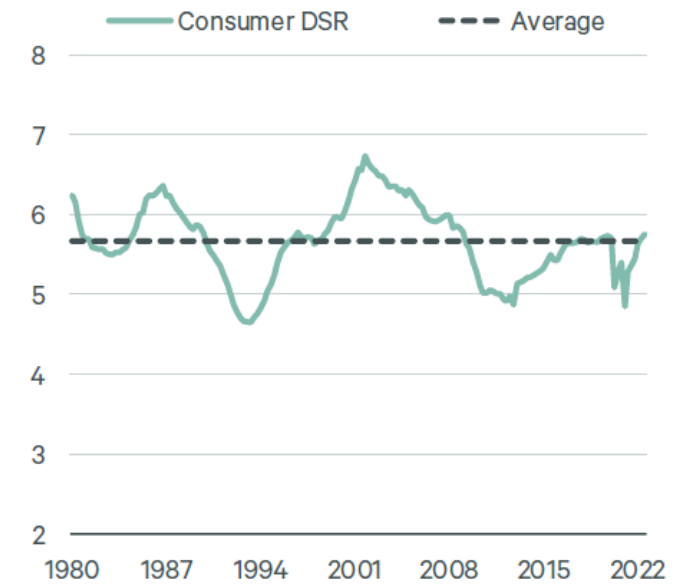
Federal Reserve

Credit Card Delinquency Rate, Commercial Banks (%)



Federal Reserve

Consumer Debt Service Ratio (DSR, %)



Federal Reserve

Economy: 3Q22 GDP = 3.2%? Who Are They Kidding?

- Goods down, largest component of services was medical
- Recreation/FS+A are a fraction of last year's contribution
- Residential investment plummets; Non-Residential structures down
- Increase is driven by Net Exports and Government Spending, which contribute 3.51% together!

Table 2. Contributions to Percent Change in Real Gross Domestic Product

Line:	2019	2020	2021	Seasonally adjusted at annual rates		
				2022		
				Q1	Q2	Q3 ^r
Percent change at annual rate:						
1	2.3	-2.8	5.9	-1.6	-0.6	3.2
Percentage points at annual rates:						
2	1.34	-2.01	5.54	0.91	1.38	1.54
3	0.66	1.07	2.72	-0.02	-0.61	-0.08
14	0.69	-3.08	2.83	0.93	1.99	1.63
15	Household consumption expenditures (for services)					
16	0.11	0.11	0.14	0.36	0.10	-0.03
17	0.40	-0.85	0.81	-0.05	0.05	0.58
18	0.08	-0.57	0.28	-0.03	0.14	0.00
19	0.04	-0.71	0.34	0.05	0.21	0.09
20	0.09	-0.99	0.91	0.01	0.72	0.25
21	-0.18	0.08	0.22	-0.09	0.10	0.27
22	0.22	-0.42	0.48	0.48	0.50	0.48
26	0.49	-0.95	1.55	0.98	-2.83	-1.80
27	0.44	-0.40	1.30	0.83	-0.92	-0.62
28	0.48	-0.67	0.83	0.98	0.01	0.80
29	0.07	-0.32	-0.19	-0.11	-0.34	-0.09
40	0.05	-0.55	0.24	0.15	-1.91	-1.19
43	-0.11	-0.26	-1.25	-3.13	1.16	2.86
44	0.06	-1.54	0.64	-0.53	1.51	1.65
47	-0.17	1.28	-1.89	-2.60	-0.35	1.21
50	0.58	0.45	0.11	-0.40	-0.29	0.65
51	0.25	0.41	0.17	-0.36	-0.22	0.24
58	0.32	0.04	-0.06	-0.04	-0.06	0.41

Source: U.S. Bureau of Economic Analysis

Economy: 4Q22 GDP = 2.6%? Who Are They Kidding Part Deux

- Goods slightly down, mainly driven by auto; services health & housing
- Recreation/FS+A are a fraction of last year's contribution; non-profit contribution noteworthy
- Residential plummets; Non-Residential fraction of past year
- Increase is driven by Inventories, Net Exports and Government Spending, which contribute 2.54% together!

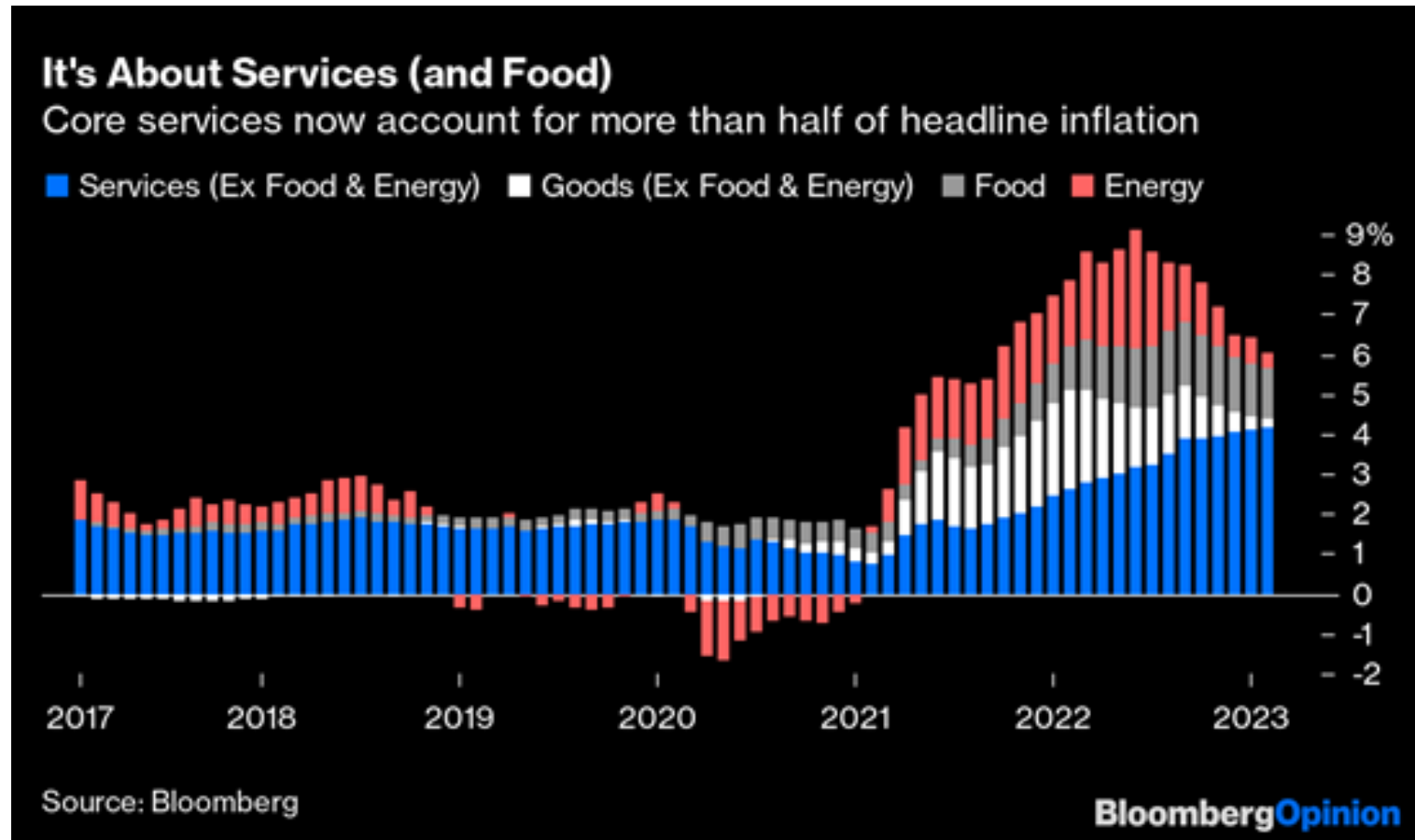
Table 2. Contributions to Percent Change in Real Gross Domestic Product

Line	2020	2021	2022 ^r	Seasonally adjusted at annual rates				
				2022				
				Q1	Q2	Q3	Q4 ^r	
Percent change at annual rate:								
1	Gross domestic product	-2.8	5.9	2.1	-1.6	-0.6	3.2	2.6
Percentage points at annual rates:								
2	Personal consumption expenditures	-2.01	5.54	1.85	0.91	1.38	1.54	0.70
3	Goods	1.07	2.72	-0.11	-0.02	-0.61	-0.08	-0.01
14	Services	-3.08	2.83	1.96	0.93	1.99	1.63	0.72
15	Household consumption expenditures (for services)	-3.35	3.18	1.92	0.73	1.82	1.63	1.01
16	Housing and utilities	0.11	0.14	0.14	0.36	0.10	-0.03	0.25
17	Health care	-0.85	0.81	0.34	-0.05	0.05	0.58	0.70
18	Transportation services	-0.57	0.28	0.19	-0.03	0.14	0.00	-0.06
19	Recreation services	-0.71	0.34	0.25	0.05	0.21	0.09	0.11
20	Food services and accommodations	-0.99	0.91	0.44	0.01	0.72	0.25	0.11
21	Financial services and insurance	0.08	0.22	0.11	-0.09	0.10	0.27	-0.11
22	Other services	-0.42	0.48	0.45	0.48	0.50	0.48	0.01
26	Gross private domestic investment	-0.95	1.55	0.72	0.98	-2.83	-1.80	0.79
27	Fixed investment	-0.40	1.30	-0.03	0.83	-0.92	-0.62	-0.68
28	Nonresidential	-0.67	0.83	0.50	0.98	0.01	0.80	0.52
29	Structures	-0.32	-0.19	-0.17	-0.11	-0.34	-0.09	0.38
40	Change in private inventories	-0.55	0.24	0.74	0.15	-1.91	-1.19	1.47
43	Net exports of goods and services	-0.26	-1.25	-0.40	-3.13	1.16	2.86	0.42
44	Exports	-1.54	0.64	0.79	-0.53	1.51	1.65	-0.44
47	Imports	1.28	-1.89	-1.19	-2.60	-0.35	1.21	0.86
50	Government consumption expenditures and gross investment	0.45	0.11	-0.10	-0.40	-0.29	0.65	0.65
51	Federal	0.41	0.17	-0.17	-0.36	-0.22	0.24	0.37
58	State and local	0.04	-0.06	0.07	-0.04	-0.06	0.41	0.29

^r Revised

Source: U.S. Bureau of Economic Analysis

Services Dominating Inflation Composition



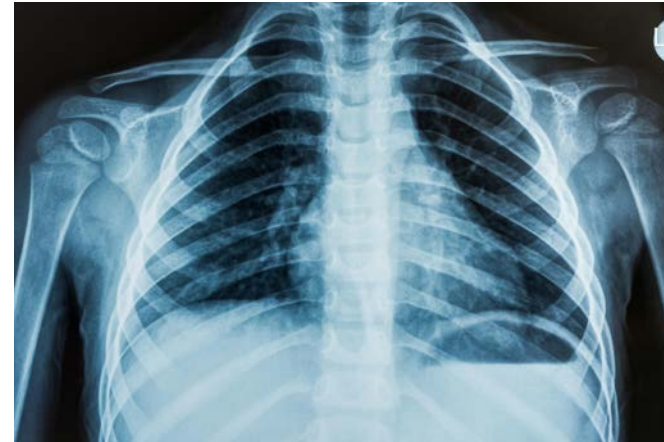
Shelter Prices: Med/Food Not Exactly Fun Money!



2021-2022: Fun



2023-2024: Not Fun

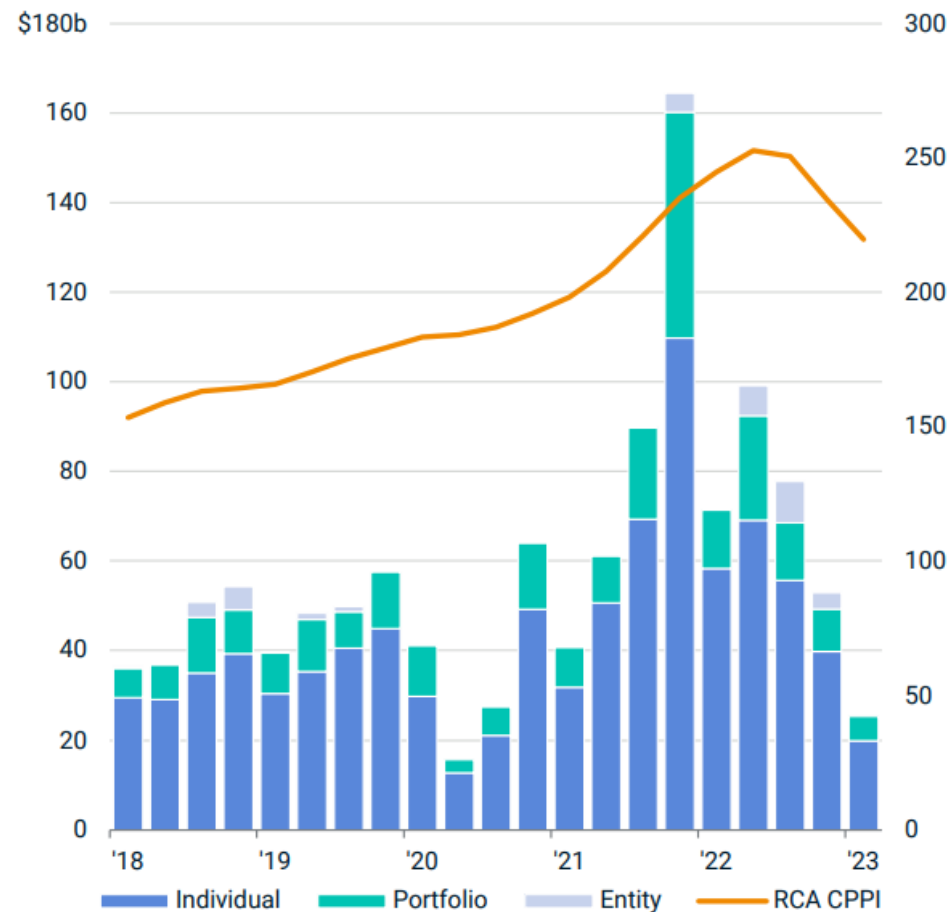


CRE Overview: Capital Markets & Values

The background of the slide is a dark blue grid. Overlaid on the grid are two financial charts. The first is a line graph with five circular markers connected by a thin line, showing a fluctuating trend. The second is a candlestick chart with several vertical bars, some blue and some red, representing price movements. The overall aesthetic is professional and data-driven.

RCA CRE Cap Mkts Highlights

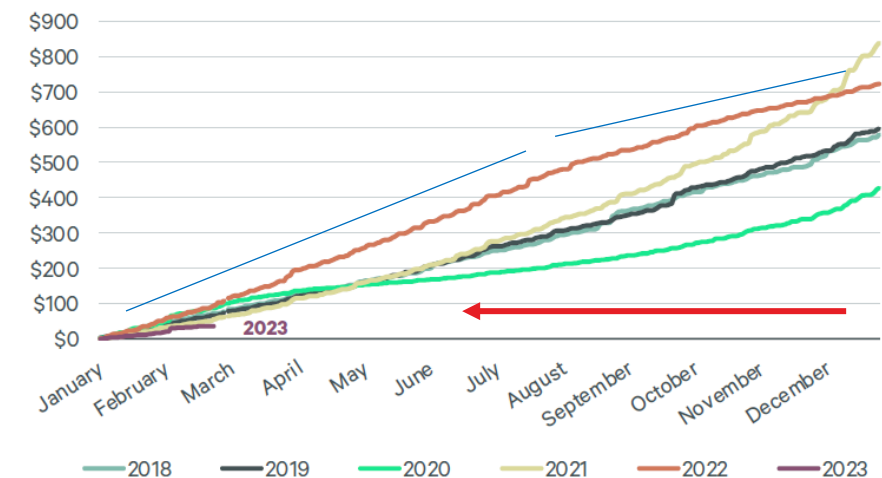
Quarterly Transaction Volume and Pricing



Transaction Volume Summary

	Q1 2023		Past 12 Mths	
	Vol (\$b)	YOY	Vol (\$b)	YOY
Office	10.7	-68%	90.6	-43%
Retail	16.9	-27%	82.1	-15%
Industrial	18.5	-54%	133.0	-32%
Hotel	5.9	-55%	40.1	-25%
Apartment	25.4	-64%	255.1	-34%
Seniors Housing & Care	2.5	-8%	13.1	-31%
Dev Site	5.1	-37%	27.5	-22%
Total	85.0	-56%	641.6	-32%
Portfolio & Entity	20.2	-60%	167.5	-39%
Single Asset	64.9	-54%	474.1	-29%

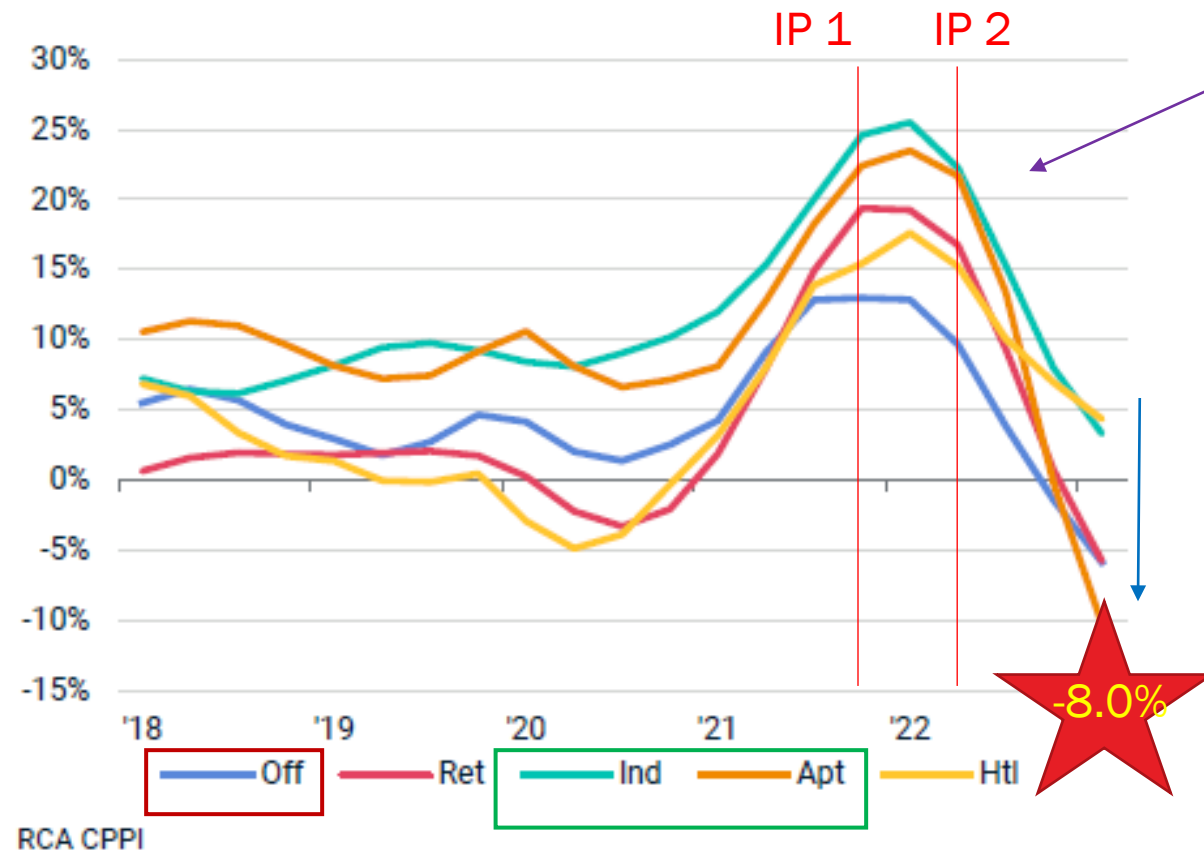
Cumulative Daily CRE Investment Volume by Year, Billions (USD)



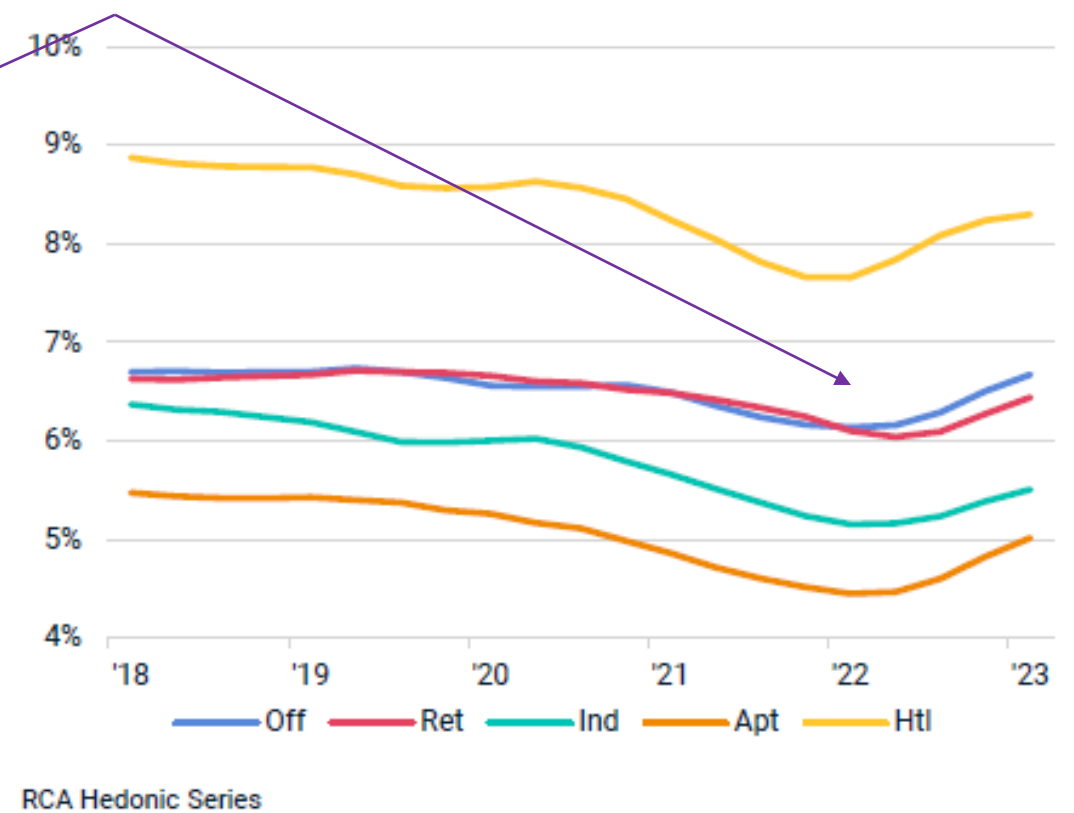
Source: Real Capital Analytics, Mar 2023

Inflection Points and CRE Values

Pricing YOY Change



Cap Rates



Source: Real Capital Analytics

$$Value = \frac{Net\ Operating\ Income}{Capitalization\ Rate}$$

Multi/WH Caps Are Significantly Lower

$$Value = \frac{Net\ Operating\ Income}{Capitalization\ Rate}$$

Capitalization Rate =

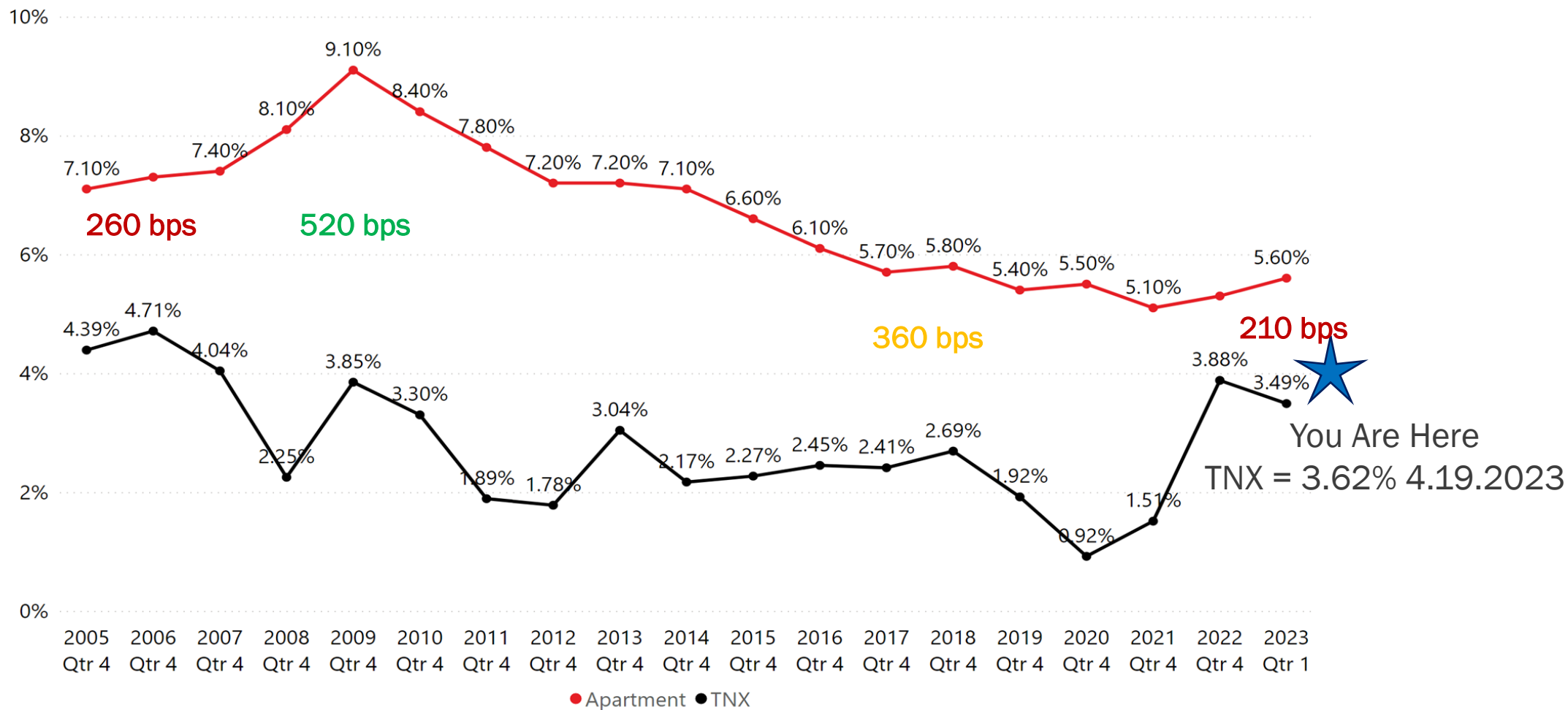
*(Loan to Value % * Yield to Bank) + (Equity % * Yield to Borrower)*

	PWC Investment Grade Cap Rate		
	1Q 2022	1Q 2023	Differential
OFF-CBD	5.64%	5.78%	0.14%
OFF-SUB	6.13%	6.24%	0.11%
Warehouse	4.22%	4.82%	0.60%
Power Center	6.53%	6.48%	-0.05%
Neighborhood	7.15%	7.23%	0.08%
Apartment	4.40%	5.01%	0.61%
Hotel	N/A	N/A	N/A
	RERC South Region Tier 1 Cap Rate		
	4Q 2021	4Q 2022	Differential
OFF-CBD	6.90%	7.20%	0.30%
OFF-SUB	7.20%	7.30%	0.10%
Warehouse	6.10%	6.50%	0.40%
Power Center	7.50%	7.50%	0.00%
Neighborhood	7.10%	7.20%	0.10%
Apartment	5.10%	5.30%	0.20%
Hotel	8.30%	8.50%	0.20%
	RCA Hedonic Series Cap Rate		
	4Q 2021	4Q 2022	Differential
OFF-CBD*	N/A	N/A	N/A
OFF-SUB	6.20%	6.40%	0.20%
Warehouse	5.20%	5.30%	0.10%
Power Center*	N/A	N/A	N/A
Neighborhood	6.30%	6.20%	-0.10%
Apartment	4.60%	4.70%	0.10%
Hotel	7.60%	8.20%	0.60%

*RCA does not differentiate between subtype levels

Spreads Between Multi Caps and TNX Historically Tight

Multifamily vs TNX



The Danger of Sub 4% Cap Rates: Multi/Warehouse

$$\text{Value} = \frac{\text{Net Operating Income}}{\text{Capitalization Rate}}$$

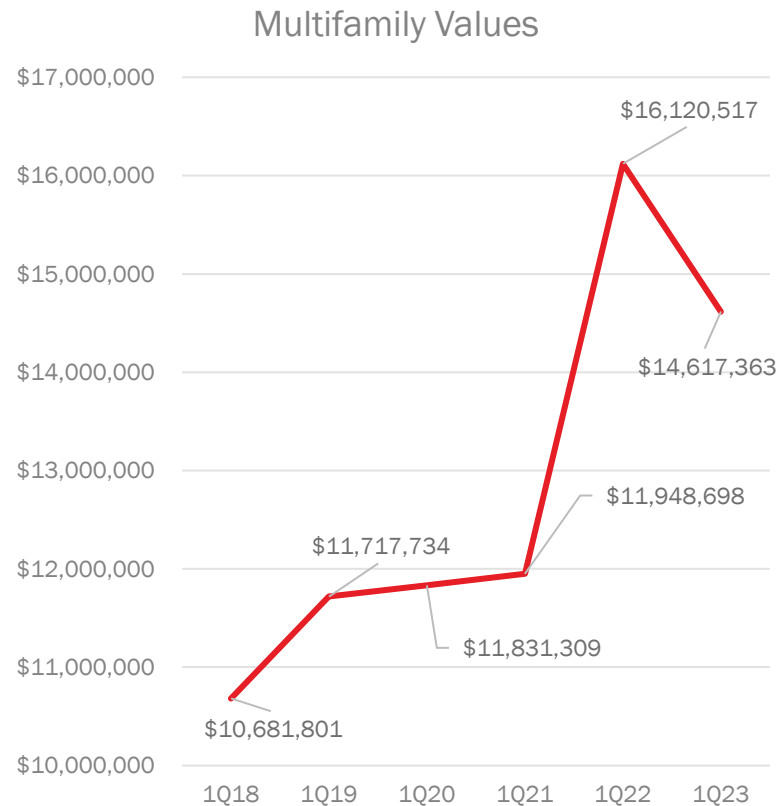
Value Δ @ 50 bps drop at 8% < 50 bps drop at 4%

8% to 7.5% @ \$100K = +6.7% Value Δ

4% to 3.5% @ \$100K = +14.3% Value Δ



National Multifamily Valuation Shifts 1Q18 to 1Q23



	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	2.63%	3.23%	2.81%	-0.90%	15.27%	5.82%
Occupancy Rate	94.89%	95.16%	95.50%	95.43%	97.51%	95.14%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate	5.33%	5.03%	5.14%	5.04%	4.40%	5.01%

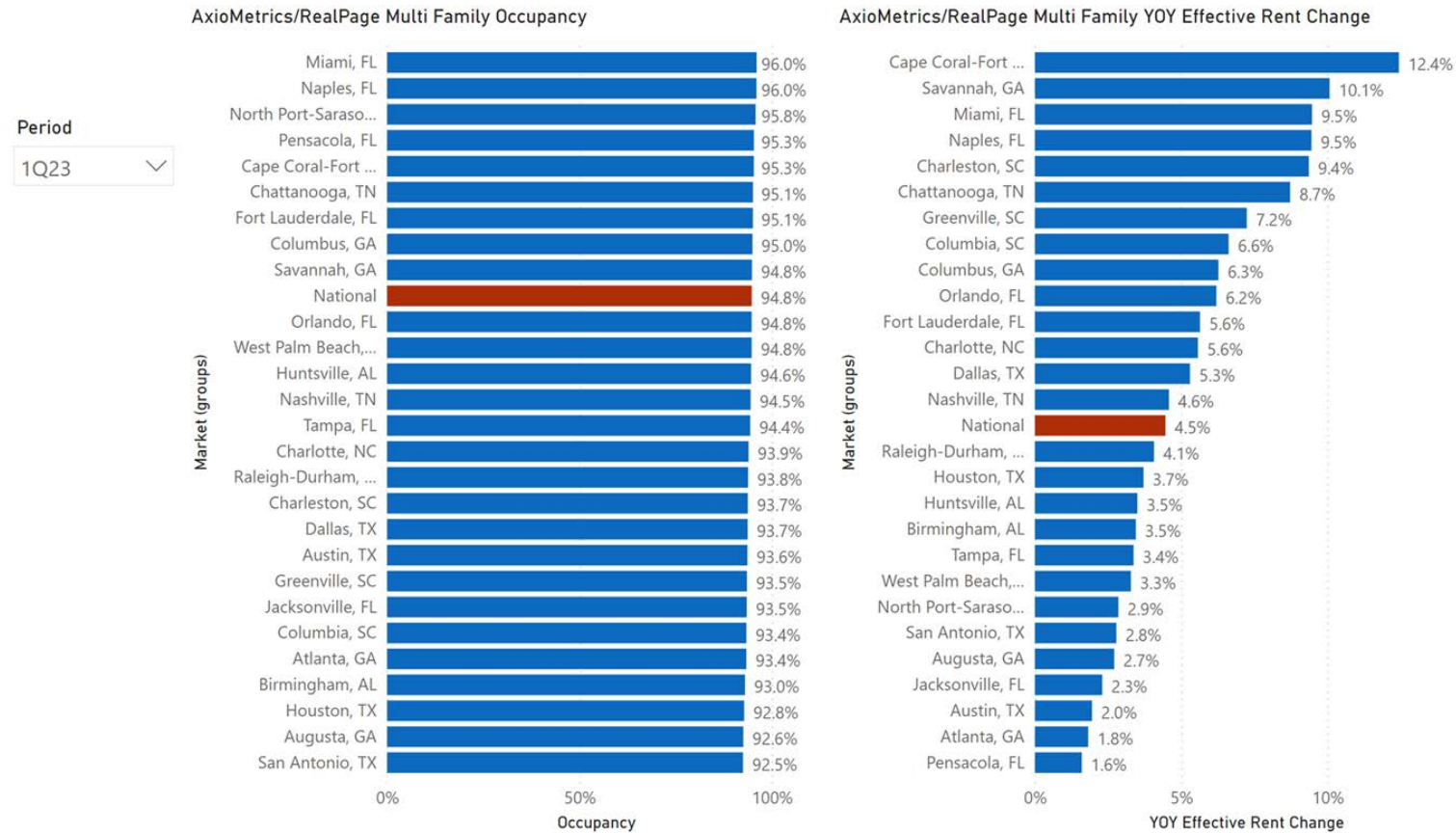
Starting Effective Rent	\$ 1,000,000	\$ 1,032,300	\$ 1,061,308	\$ 1,051,756	\$ 1,212,359	\$ 1,282,918
Less Market Vacancy	\$ (51,100)	\$ (49,963)	\$ (47,759)	\$ (48,065)	\$ (30,188)	\$ (62,368)
EGI	\$ 948,900	\$ 982,337	\$ 1,013,549	\$ 1,003,691	\$ 1,182,171	\$ 1,220,550
OER @ 40%	\$ (379,560)	\$ (392,935)	\$ (405,420)	\$ (401,476)	\$ (472,868)	\$ (488,220)
NOI	\$ 569,340	\$ 589,402	\$ 608,129	\$ 602,214	\$ 709,303	\$ 732,330
Cap Rate	5.33%	5.03%	5.14%	5.04%	4.40%	5.01%
Value	\$ 10,681,801	\$ 11,717,734	\$ 11,831,309	\$ 11,948,698	\$ 16,120,517	\$ 14,617,363
Annual Value Change		9.7%	1.0%	1.0%	34.9%	-9.3%
						23.5%

Top 5 Markets Exercise in Appendix:
ATL, TAM, MIA, ORL NASH

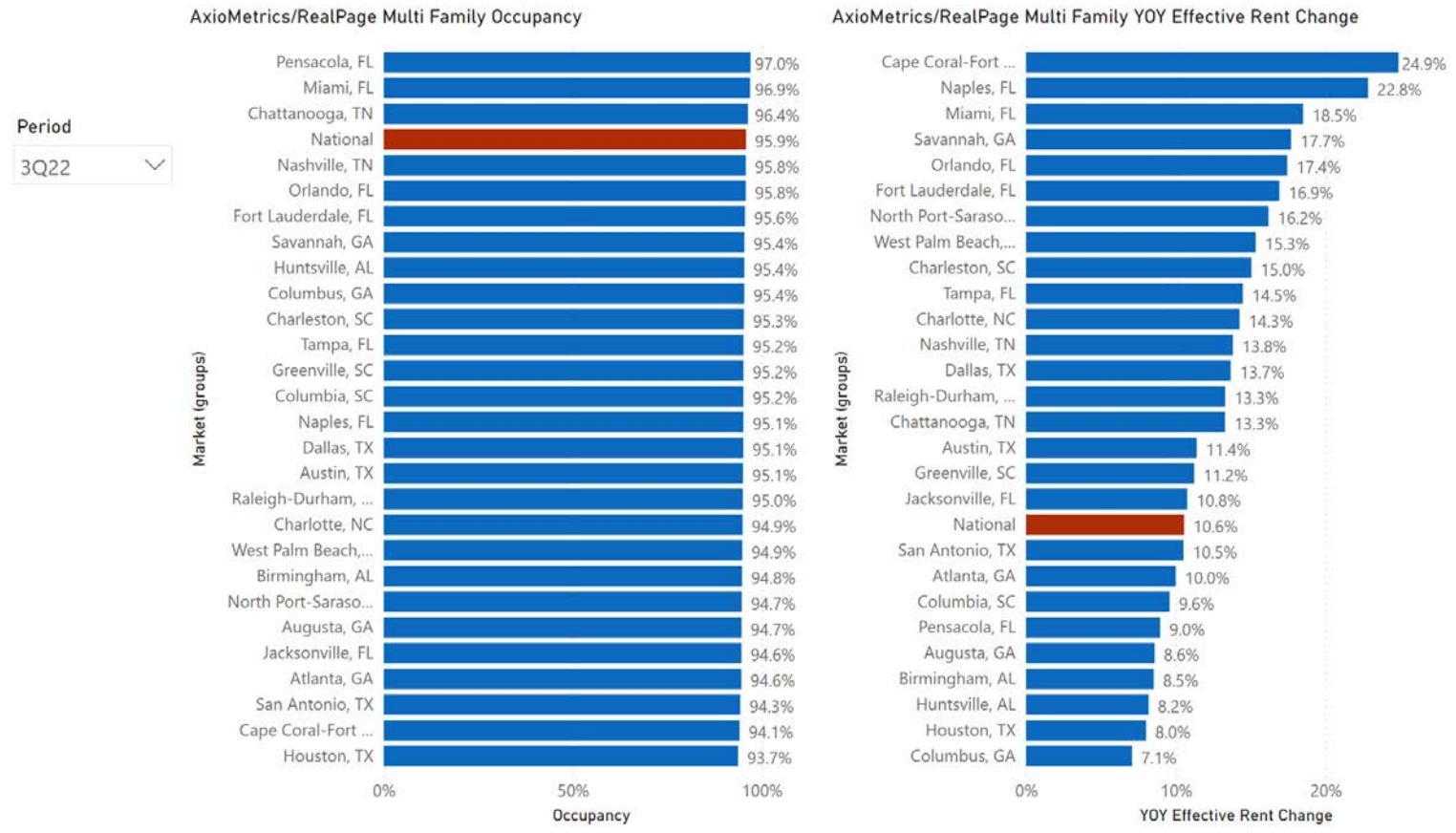
CRE Overview: Sector Metrics

Focus on Multifamily and Office

1Q23 Multifamily Occupancy and Rent Growth



Same Chart from October 2022: Six Months Ago!



Potential Supply Issues Ahead?

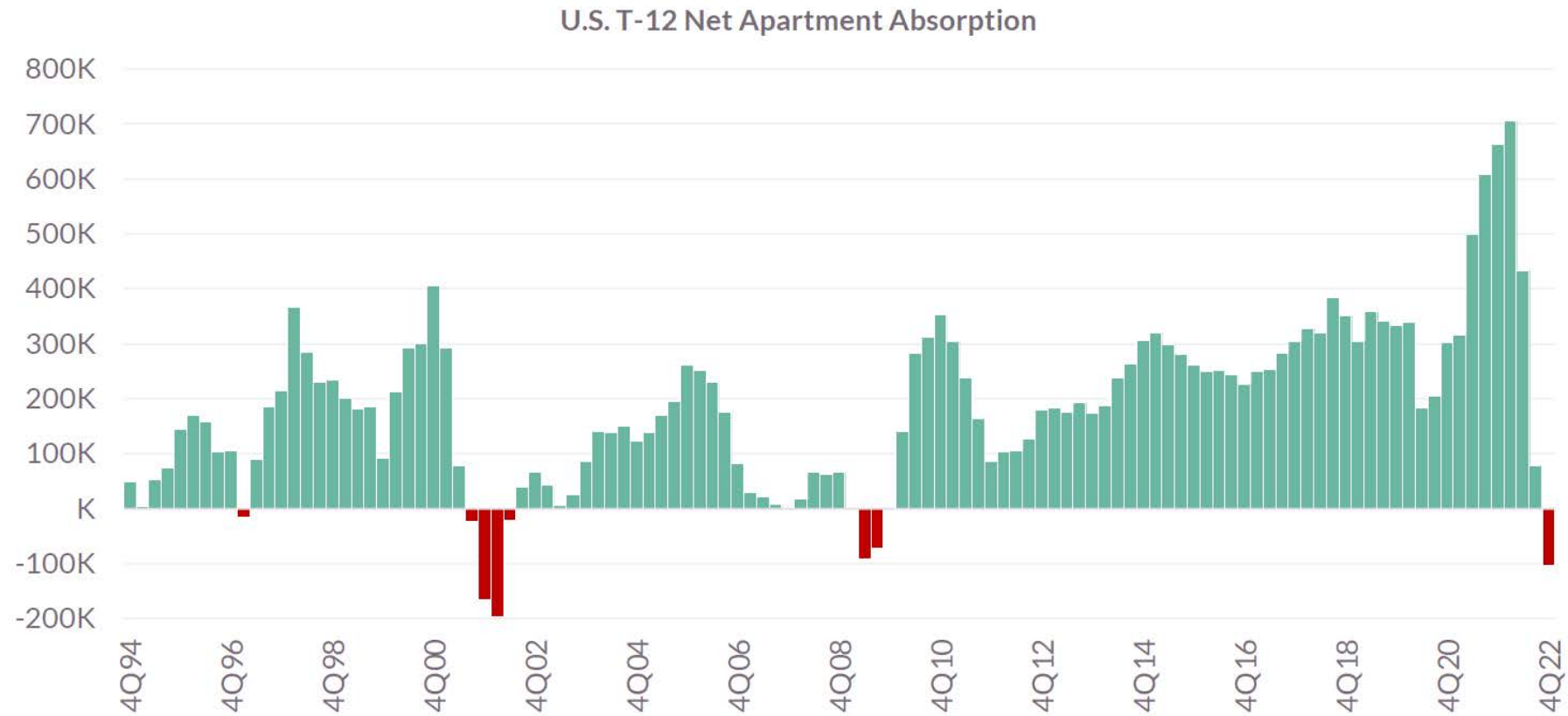
More than 970K units are underway national, the highest level in four decades



Source: RealPage Market Analytics

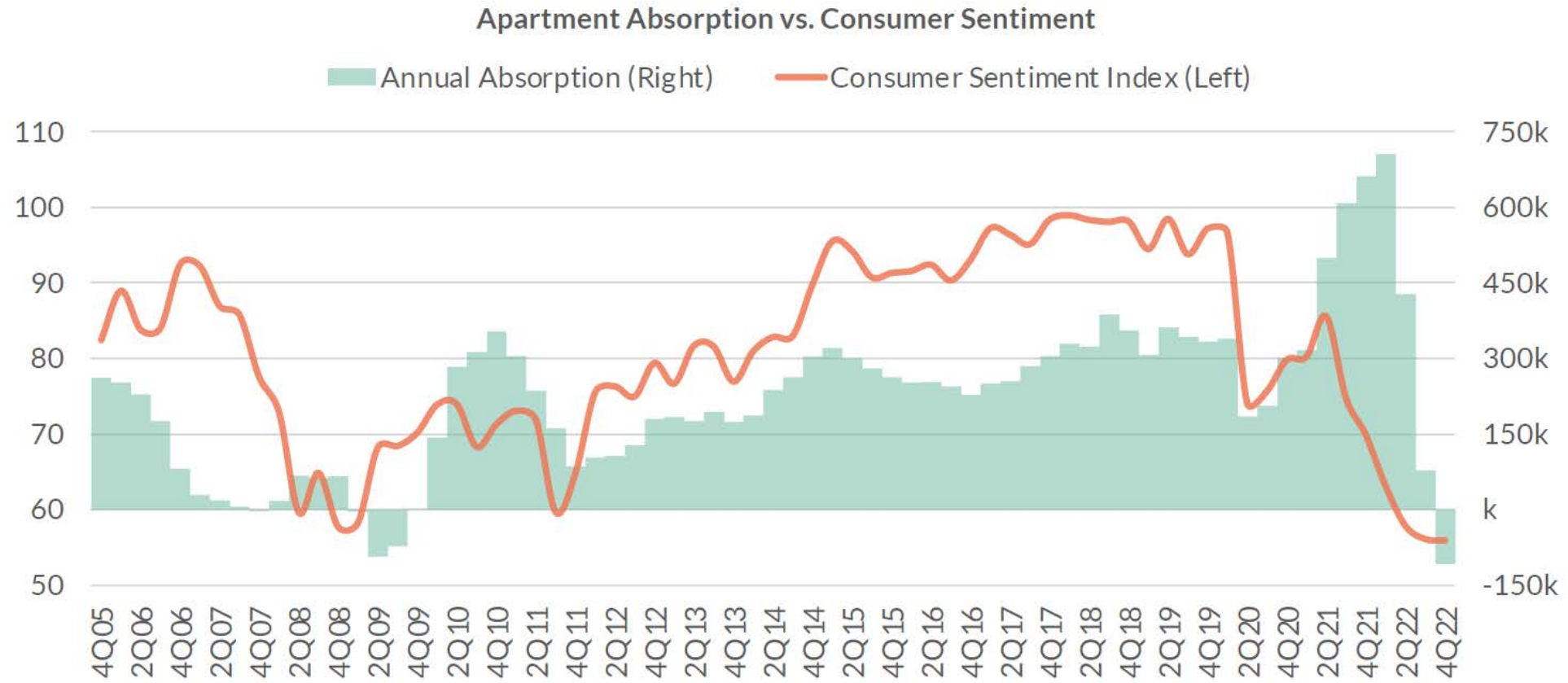


Negative Absorption at YE22



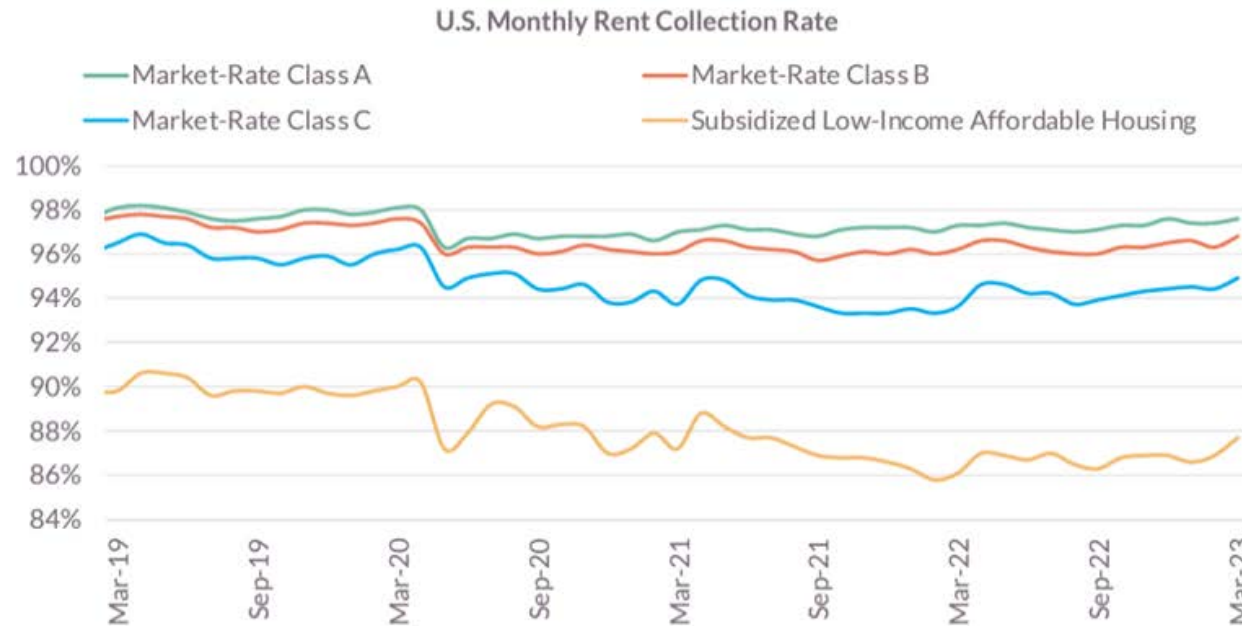
Source: RealPage

Sentiment: Household Formation Negatively Impacted



Multifamily Rent Collections

Renters continue to (mostly) pay the rent, especially in Class A and B



Source: RealPage Market Analytics



Loss to Lease Rebalances

As loss-to-lease rebalances closer to historic norms, expect renewal rent growth to follow a similar path of moderation



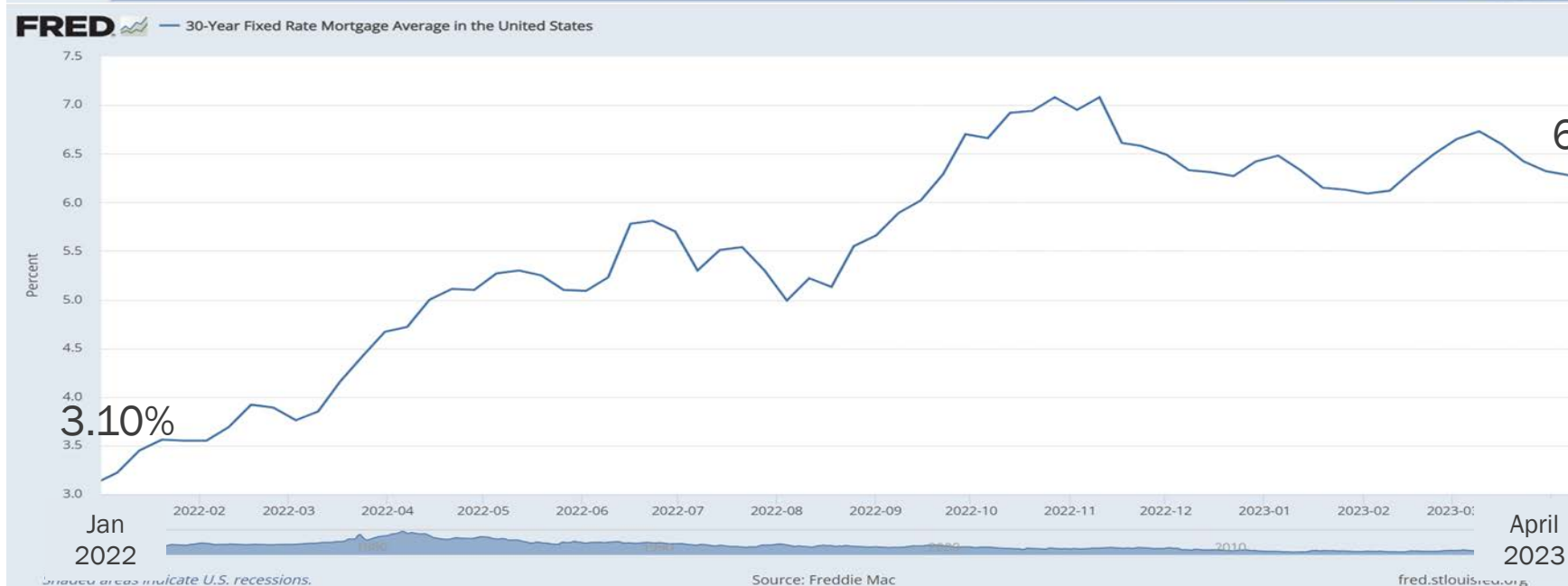
Source: RealPage Market Analytics



30-Year Mortgage Since 1970



30-Year Mortgage Since Jan 2022



Shaded areas indicate U.S. recessions.

Source: Freddie Mac

fred.stlouisfed.org

First Time Homebuyer Affordability Index



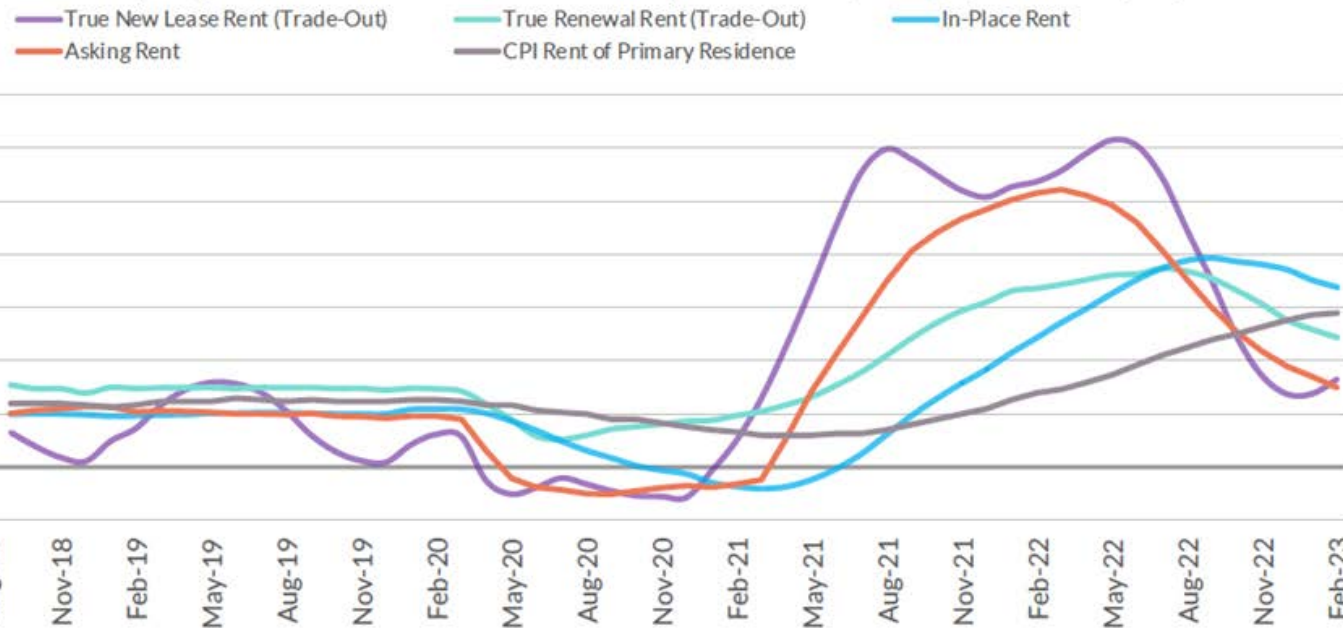
Year	Quarter	Starter Home Price	10% Down Payment	Loan Amount	Effective Interest Rate	Effective Int Rate Plus PMI	Monthly Payment	Prime First-Time Median Income	Qualifying Income	First-Time Buyer Index	Composite Index
2020		255,200	25,520	229,680	3.17	3.42	1,021	54,856	49,008	111.9	169.9
2021		303,500	30,350	273,150	3.01	3.26	1,190	55,775	57,120	97.6	148.2
2022 p		333,700	33,370	300,330	5.40	5.65	1,734	57,138	83,232	68.6	103.8
2021	IV	309,700	30,970	278,730	3.13	3.38	1,233	55,659	59,184	94.0	142.8
2022	I	316,200	31,620	284,580	3.86	4.11	1,377	55,869	66,096	84.5	128.2
2022	II	350,800	35,080	315,720	5.32	5.57	1,807	56,668	86,736	65.3	98.8
2022	III r	338,400	33,840	304,560	5.65	5.90	1,806	57,363	86,688	66.2	100.0
2022	IV p	321,900	32,190	289,710	6.77	7.02	1,931	58,652	92,688	63.3	95.5

- Lower the number, lesser the affordability
- YOY First Time Homebuyer Home Price up 4%
 - Implied required salary (@3x) of >\$107k
 - Fortune Article from 11.30.2022 says \$165k
- How long to save 20% down at \$100k salary? (Realtors say 10%)

Rent Inflation

Inflation is cooling, and rents (or shelter – 1/3rd of total CPI calculation) suggest inflation is tapering more quickly than what lagged data shows

Comparing Different Measures for Market-Rate Apartment Rent (RealPage) vs. CPI Rent (BLS)

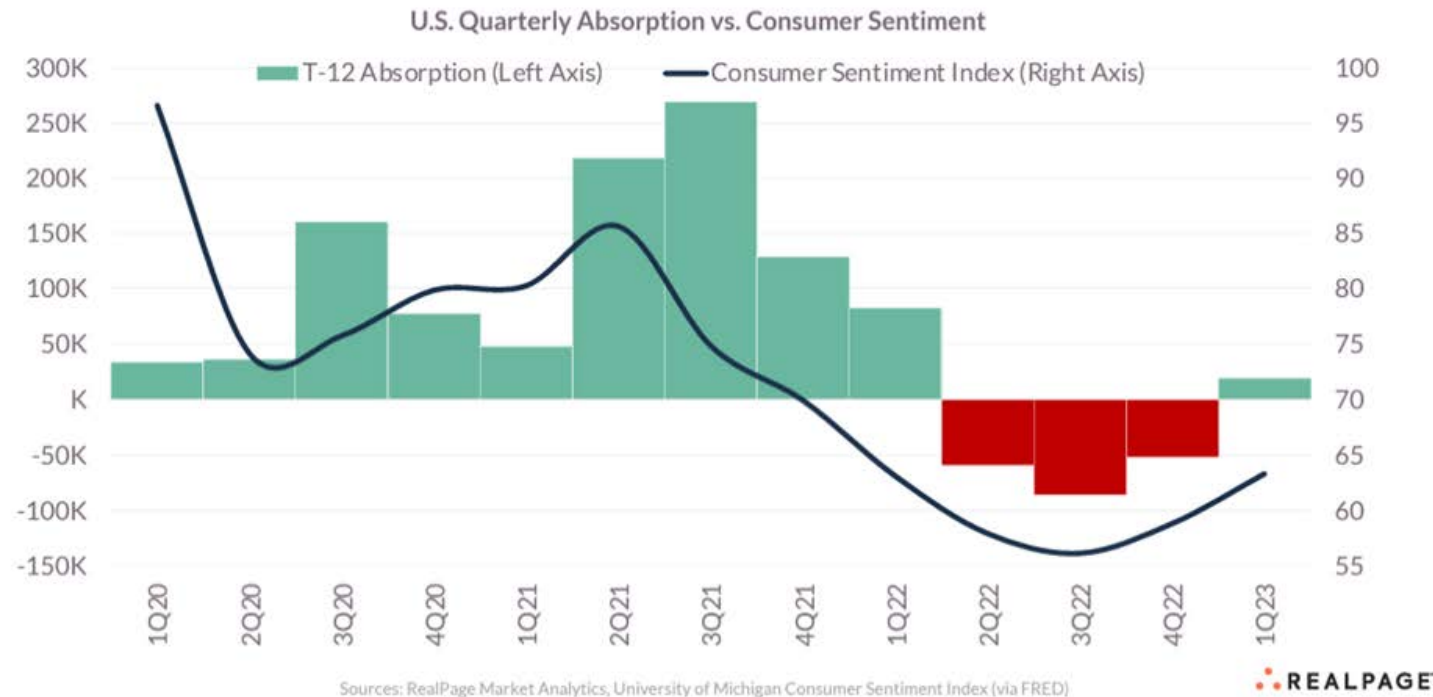


Sources: RealPage Market Analytics; Bureau of Labor Statistics (BLS) via FRED

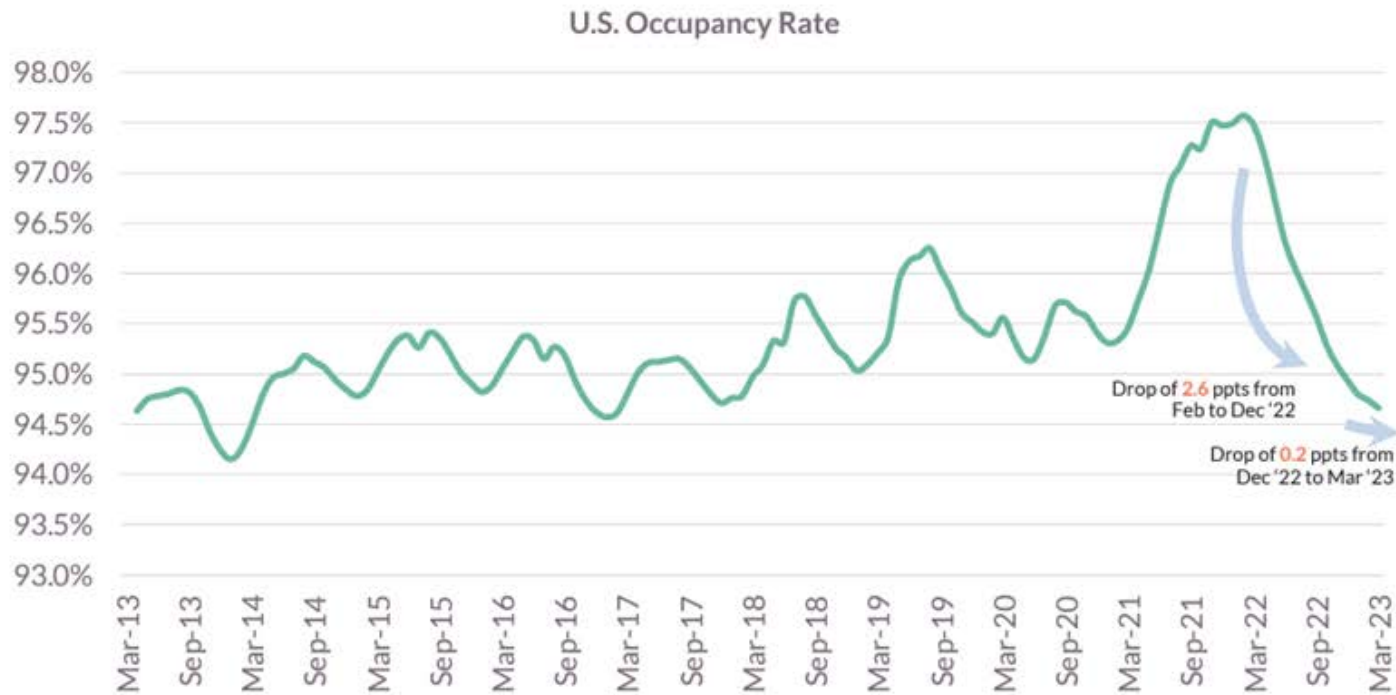


Sentiment Drives Absorption

Consumer sentiment appears to be improving, signaling a potential near-term rebound in absorption levels



Occupancy Rates Have Dropped, But Remains Relatively Healthy by Historic Standards

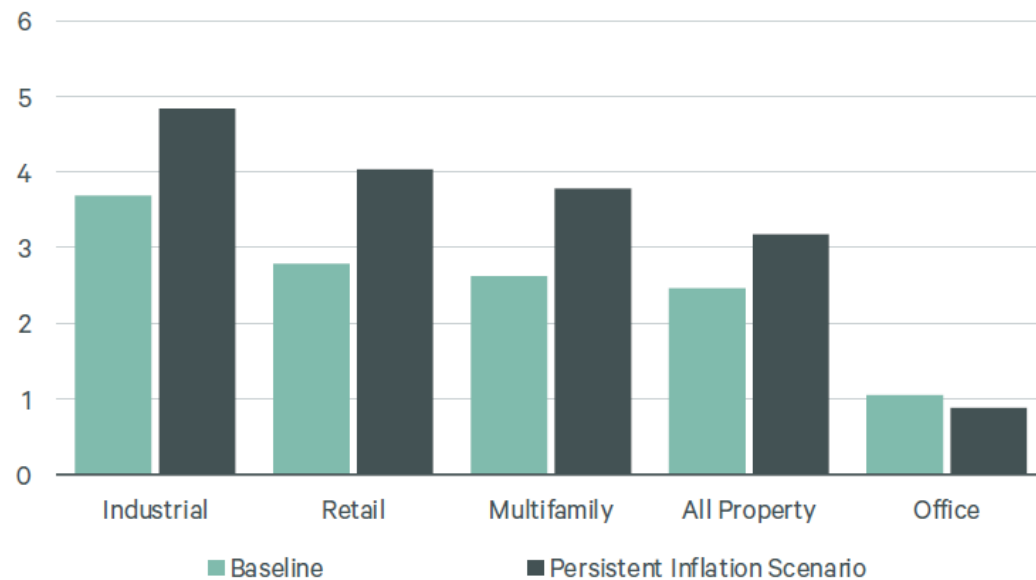


Source: RealPage Market Analytics



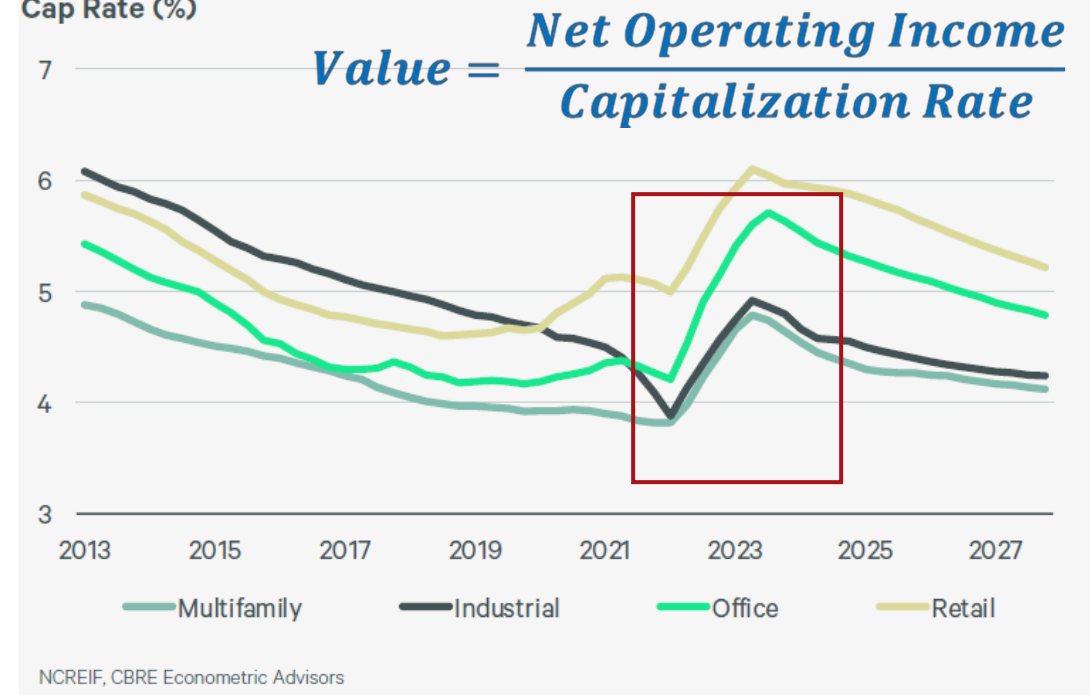
Normalizing Rent Growth and Cap Rates

Average Annual Rent Growth, 2023 - 2027 (%)



CBRE Econometric Advisors

Cap Rate (%)



NCREIF, CBRE Econometric Advisors

Similar valuation behavior trends in sun belt markets
Multifamily as an inflation hedge?

Atlanta Multifamily Valuations 1Q18-1Q23

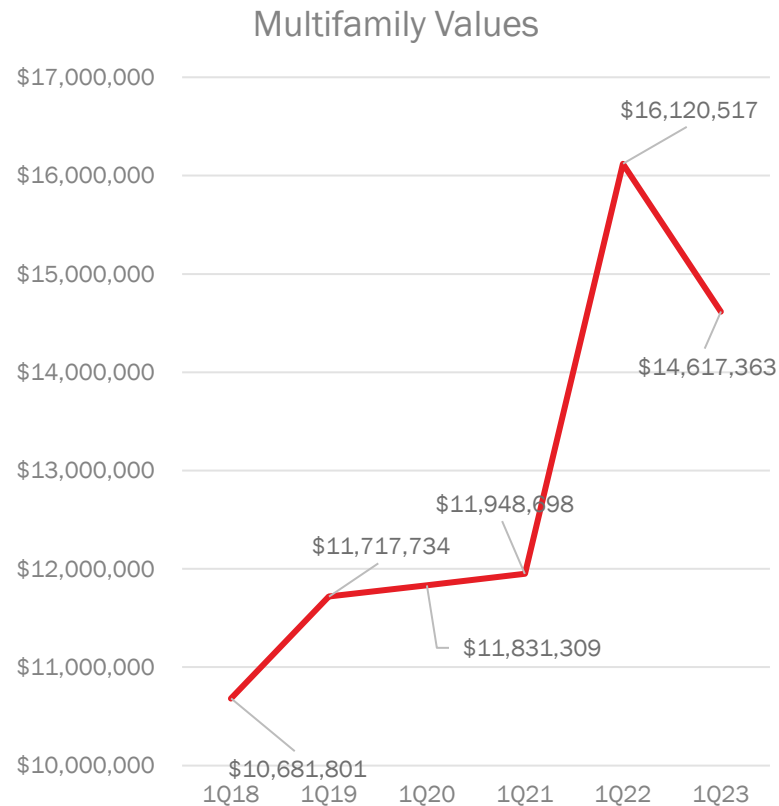
Multifamily Values



	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	0.86%	4.01%	0.14%	-0.29%	20.86%	2.89%
Occupancy Rate	93.35%	94.35%	94.41%	94.43%	96.56%	93.52%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%

Starting Effective Rent	\$ 1,000,000	\$ 1,040,100	\$ 1,041,556	\$ 1,038,536	\$ 1,255,174	\$ 1,291,449
Less Market Vacancy	\$ (66,500)	\$ (58,766)	\$ (58,223)	\$ (57,846)	\$ (43,178)	\$ (83,686)
EGI	\$ 933,500	\$ 981,334	\$ 983,333	\$ 980,689	\$ 1,211,996	\$ 1,207,763
OER @ 40%	\$ (373,400)	\$ (392,534)	\$ (393,333)	\$ (392,276)	\$ (484,798)	\$ (483,105)
NOI	\$ 560,100	\$ 588,801	\$ 590,000	\$ 588,414	\$ 727,198	\$ 724,658
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%
Value	\$ 10,875,728	\$ 11,894,962	\$ 11,729,620	\$ 12,309,906	\$ 17,110,534	\$ 14,406,714
Annual Value Change		9.4%	-1.4%	4.9%	39.0%	-15.8%
						22.8%

Miami Multifamily Valuations 1Q18-1Q23

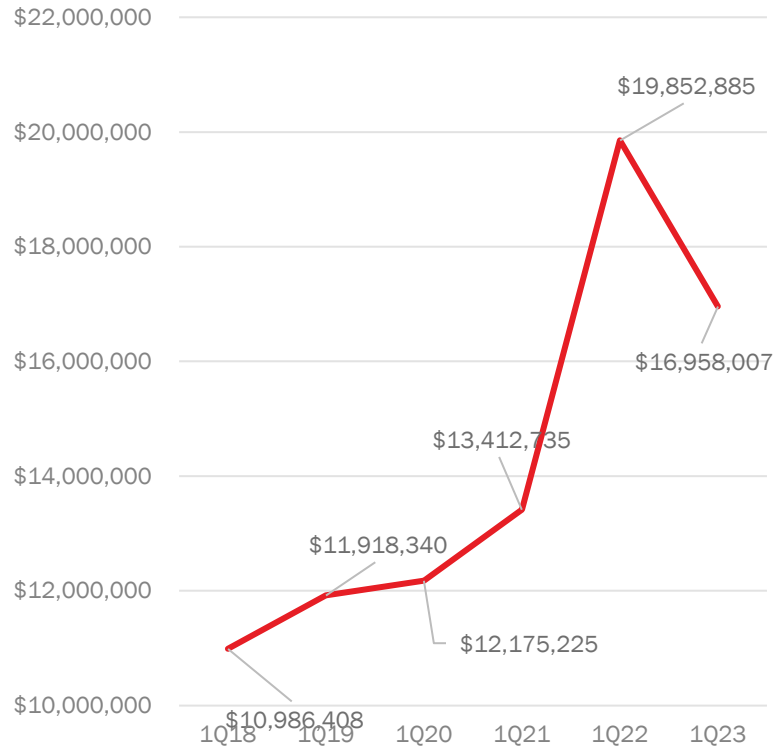


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	2.63%	3.23%	2.81%	-0.90%	15.27%	5.82%
Occupancy Rate	94.89%	95.16%	95.50%	95.43%	97.51%	95.14%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate	5.33%	5.03%	5.14%	5.04%	4.40%	5.01%

Starting Effective Rent	\$ 1,000,000	\$ 1,032,300	\$ 1,061,308	\$ 1,051,756	\$ 1,212,359	\$ 1,282,918
Less Market Vacancy	\$ (51,100)	\$ (49,963)	\$ (47,759)	\$ (48,065)	\$ (30,188)	\$ (62,368)
EGI	\$ 948,900	\$ 982,337	\$ 1,013,549	\$ 1,003,691	\$ 1,182,171	\$ 1,220,550
OER @ 40%	\$ (379,560)	\$ (392,935)	\$ (405,420)	\$ (401,476)	\$ (472,868)	\$ (488,220)
NOI	\$ 569,340	\$ 589,402	\$ 608,129	\$ 602,214	\$ 709,303	\$ 732,330
Cap Rate	5.33%	5.03%	5.14%	5.04%	4.40%	5.01%
Value	\$ 10,681,801	\$ 11,717,734	\$ 11,831,309	\$ 11,948,698	\$ 16,120,517	\$ 14,617,363
Annual Value Change		9.7%	1.0%	1.0%	34.9%	-9.3%
						23.5%

Tampa Multifamily Valuations 1Q18-1Q23

Multifamily Values



	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	2.65%	3.95%	3.50%	3.77%	29.32%	4.33%
Occupancy Rate	94.30%	94.59%	94.87%	95.71%	97.40%	94.38%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%

Starting Effective Rent	\$ 1,000,000	\$ 1,039,500	\$ 1,075,883	\$ 1,116,443	\$ 1,443,784	\$ 1,506,300
Less Market Vacancy	\$ (57,000)	\$ (56,237)	\$ (55,193)	\$ (47,895)	\$ (37,538)	\$ (84,654)
EGI	\$ 943,000	\$ 983,263	\$ 1,020,690	\$ 1,068,548	\$ 1,406,246	\$ 1,421,646
OER @ 40%	\$ (377,200)	\$ (393,305)	\$ (408,276)	\$ (427,419)	\$ (562,498)	\$ (568,658)
NOI	\$ 565,800	\$ 589,958	\$ 612,414	\$ 641,129	\$ 843,748	\$ 852,988
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%
Value	\$ 10,986,408	\$ 11,918,340	\$ 12,175,225	\$ 13,412,735	\$ 19,852,885	\$ 16,958,007
Annual Value Change		8.5%	2.2%	10.2%	48.0%	-14.6%
						39.3%

Orlando Multifamily Valuations 1Q18-1Q23

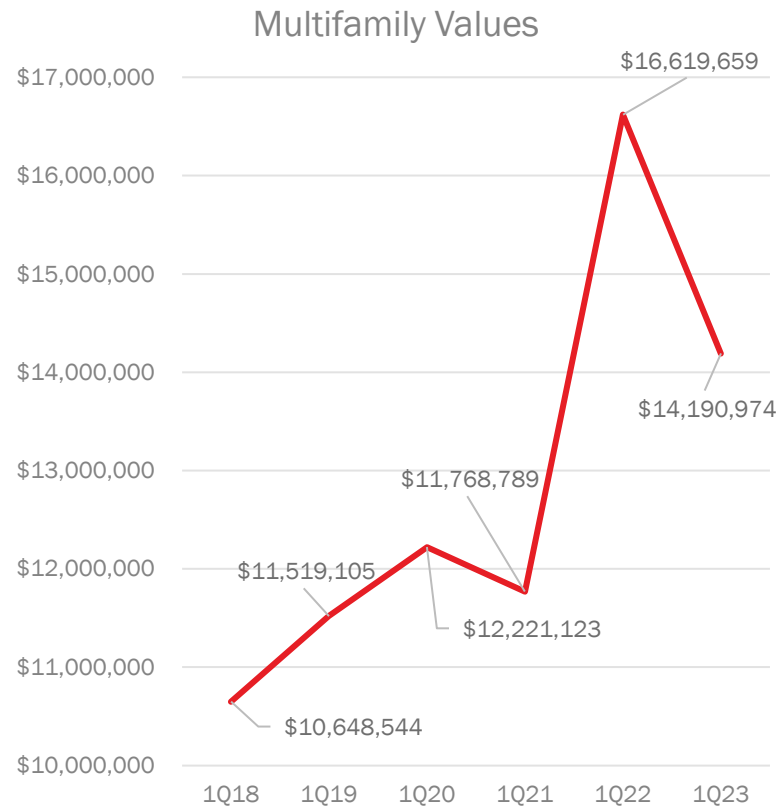
Multifamily Values



	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	7.50%	3.09%	1.42%	-2.25%	34.23%	7.59%
Occupancy Rate	95.51%	94.96%	94.95%	94.43%	97.09%	94.73%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%

Starting Effective Rent	\$ 1,000,000	\$ 1,030,900	\$ 1,045,539	\$ 1,022,014	\$ 1,371,850	\$ 1,475,973
Less Market Vacancy	\$ (44,900)	\$ (51,957)	\$ (52,800)	\$ (56,926)	\$ (39,921)	\$ (77,784)
EGI	\$ 955,100	\$ 978,943	\$ 992,739	\$ 965,088	\$ 1,331,929	\$ 1,398,189
OER @ 40%	\$ (382,040)	\$ (391,577)	\$ (397,096)	\$ (386,035)	\$ (532,772)	\$ (559,276)
NOI	\$ 573,060	\$ 587,366	\$ 595,643	\$ 579,053	\$ 799,157	\$ 838,914
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%
Value	\$ 11,127,379	\$ 11,865,971	\$ 11,841,818	\$ 12,114,075	\$ 18,803,700	\$ 16,678,201
Annual Value Change		6.6%	-0.2%	2.3%	55.2%	-11.3%
						40.8%

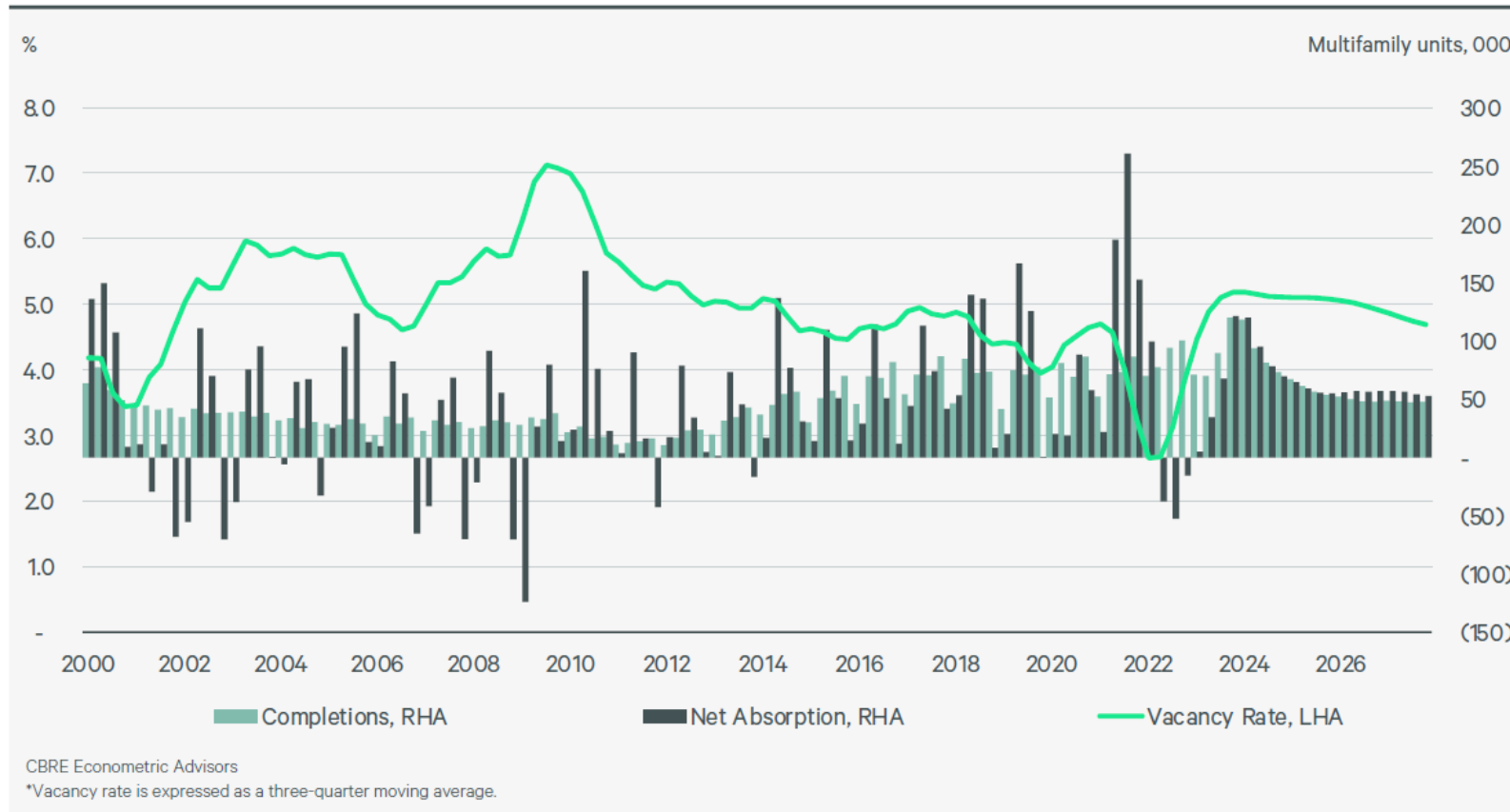
Nashville Multifamily Valuations 1Q18-1Q23



	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	-0.49%	2.45%	5.88%	-7.28%	21.33%	3.68%
Occupancy Rate	91.40%	92.76%	94.45%	93.22%	96.47%	94.03%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%

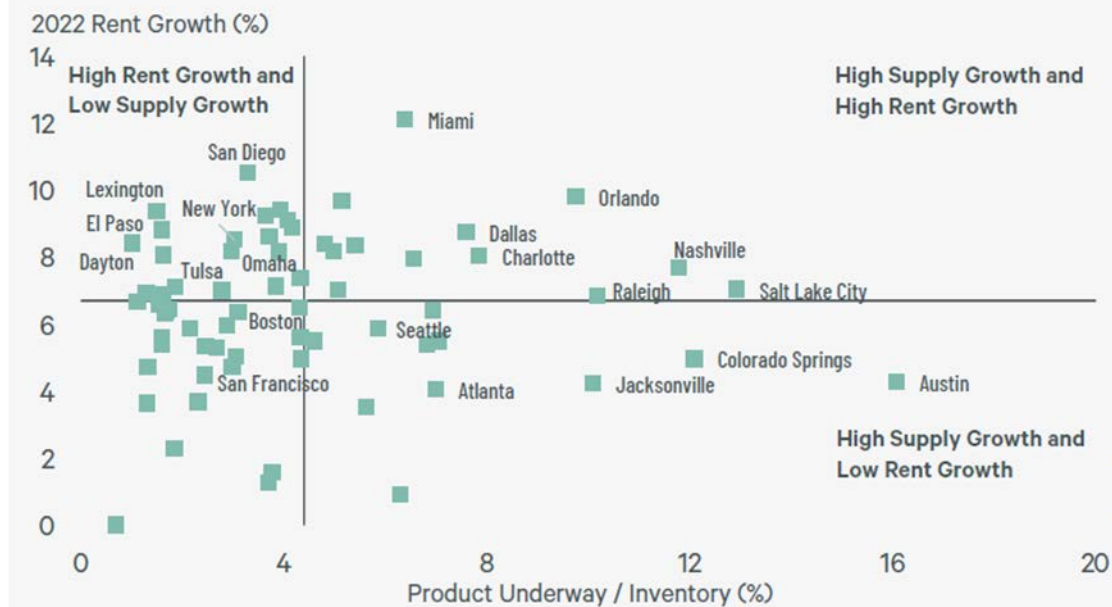
Starting Effective Rent	\$ 1,000,000	\$ 1,024,500	\$ 1,084,741	\$ 1,005,771	\$ 1,220,303	\$ 1,265,210
Less Market Vacancy	\$ (86,000)	\$ (74,174)	\$ (60,203)	\$ (68,191)	\$ (43,077)	\$ (75,533)
EGI	\$ 914,000	\$ 950,326	\$ 1,024,537	\$ 937,580	\$ 1,177,226	\$ 1,189,677
OER @ 40%	\$ (365,600)	\$ (380,130)	\$ (409,815)	\$ (375,032)	\$ (470,890)	\$ (475,871)
NOI	\$ 548,400	\$ 570,196	\$ 614,722	\$ 562,548	\$ 706,336	\$ 713,806
Cap Rate	5.15%	4.95%	5.03%	4.78%	4.25%	5.03%
Value	\$ 10,648,544	\$ 11,519,105	\$ 12,221,123	\$ 11,768,789	\$ 16,619,659	\$ 14,190,974
Annual Value Change		8.2%	6.1%	-3.7%	41.2%	-14.6%
						16.1%

CBRE-EA Projection: Post-COVID Pendulum Swing



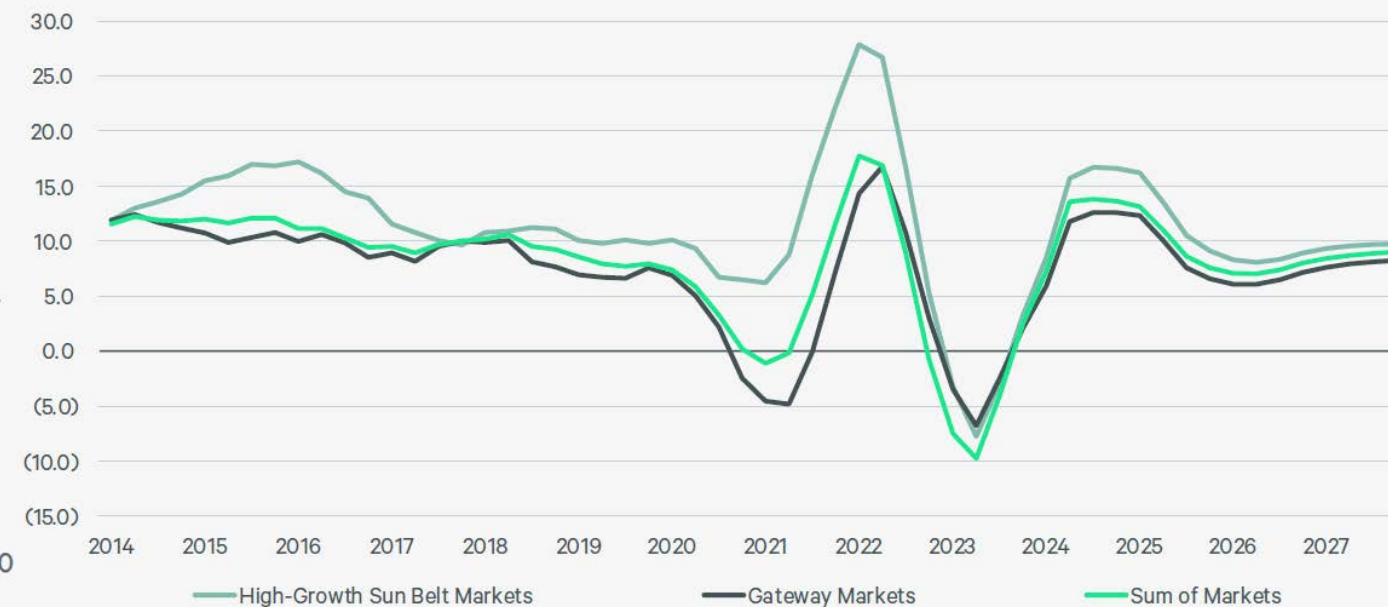
Demographics Keeps Footprint in the Forefront

Is Supply Growth Responding to Rent Growth?



CBRE Econometric Advisors, Dodge Data & Analytics

Annual Total Return (%)



NCREIF, CBRE Econometric Advisors

Delivery Wave: 2H23 and 1H24

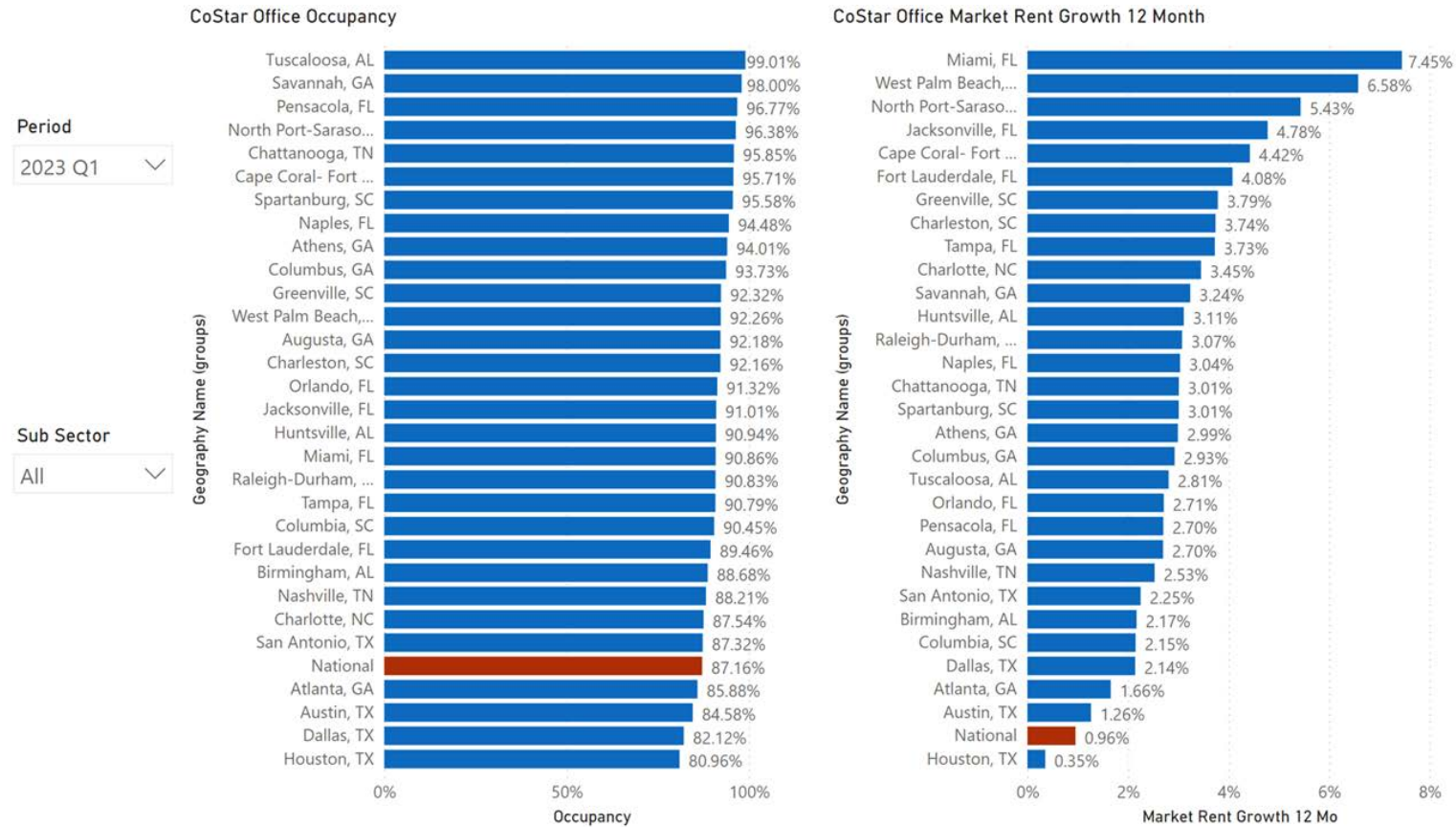
Peak deliveries are scheduled to hit later in 2023, and especially in the first half of 2024



Source: RealPage Market Analytics



1Q23 Office Occupancy and Rent Growth



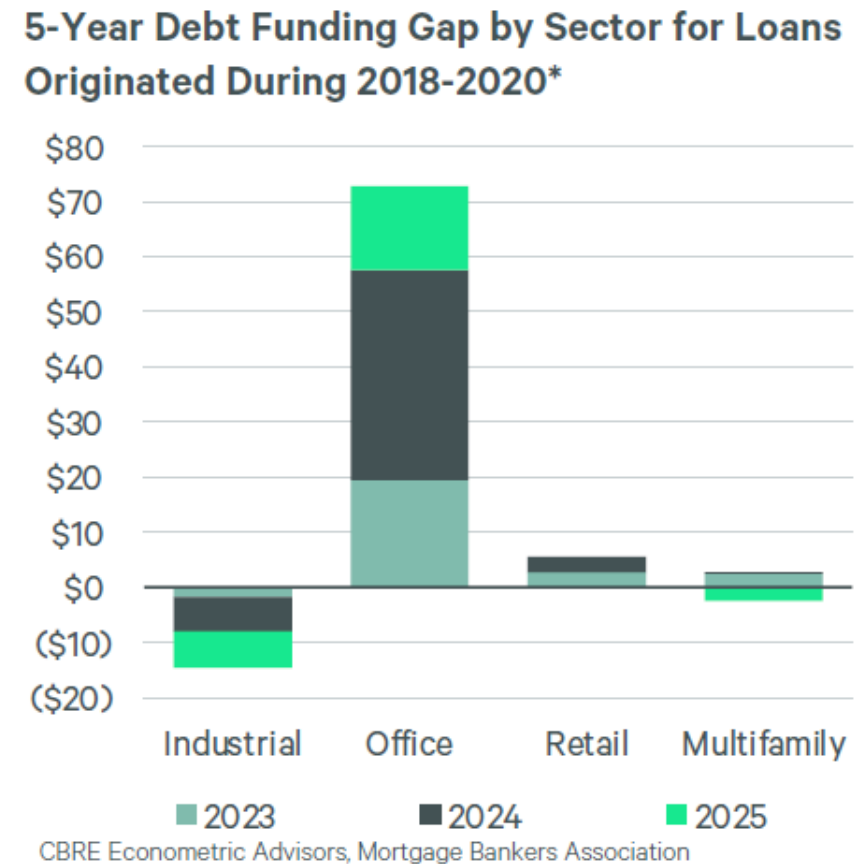
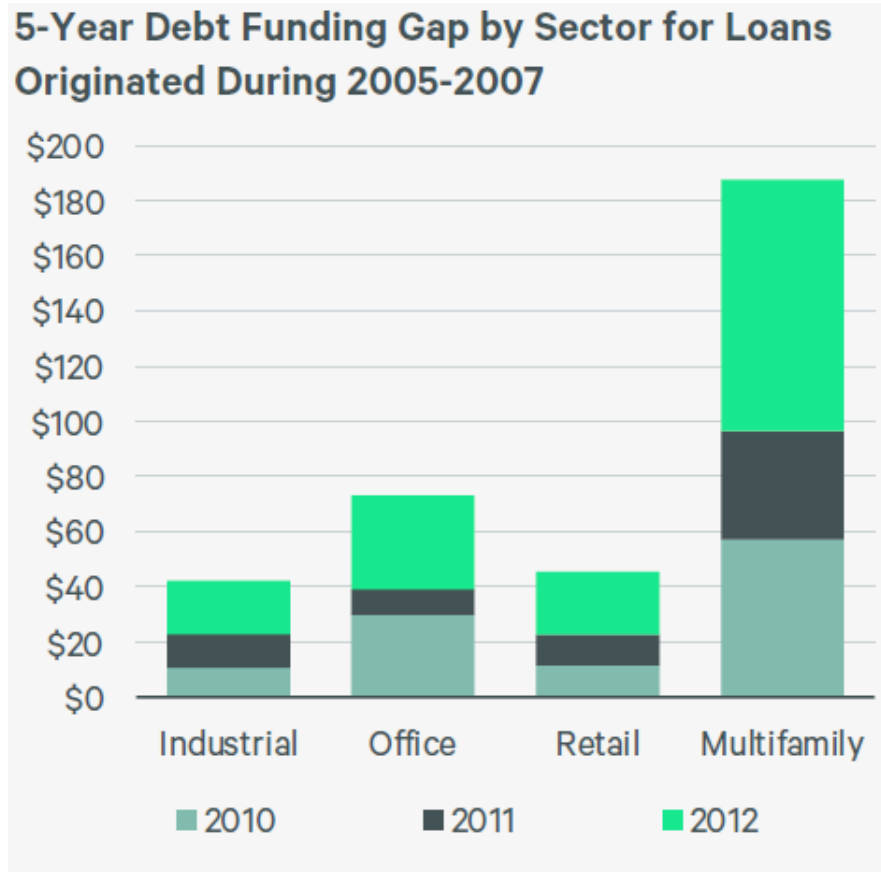
One Large Reason Why We Worry About Office in Inflationary Economy

- This assumes 10% operating expense growth
- This assumes a 50 bps annual increase in cap rates
- Number of Markets with 7% rent growth: 2

	2022	2023	2024
Effective Gross Income	\$ 1,000,000	\$ 1,077,385	\$ 1,154,969
Operating Expense	\$ 20,000	\$ 22,000	\$ 24,200
NOI	\$ 980,000	\$ 1,055,385	\$ 1,130,769
Cap Rate	6.5%	7.0%	7.5%
Value	\$ 15,076,923	\$ 15,076,923	\$ 15,076,923

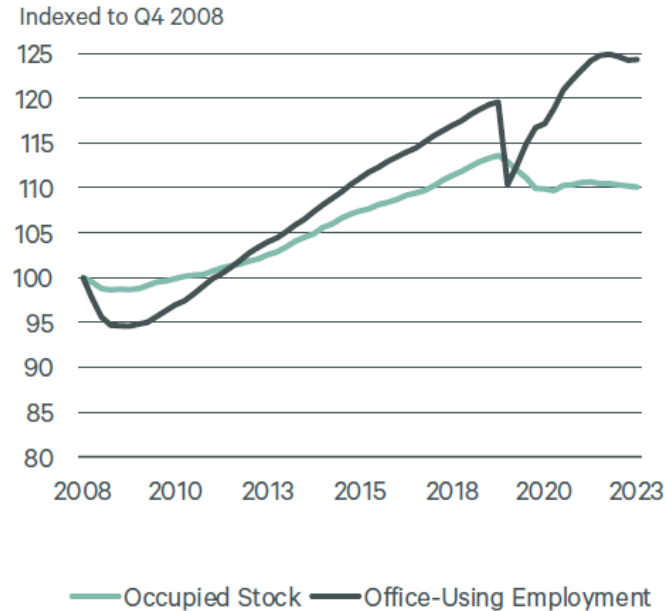
Rent Growth Required to Maintain Value: 7.74% 7.20%

Last Time vs. This Time: Only One Standout Concern



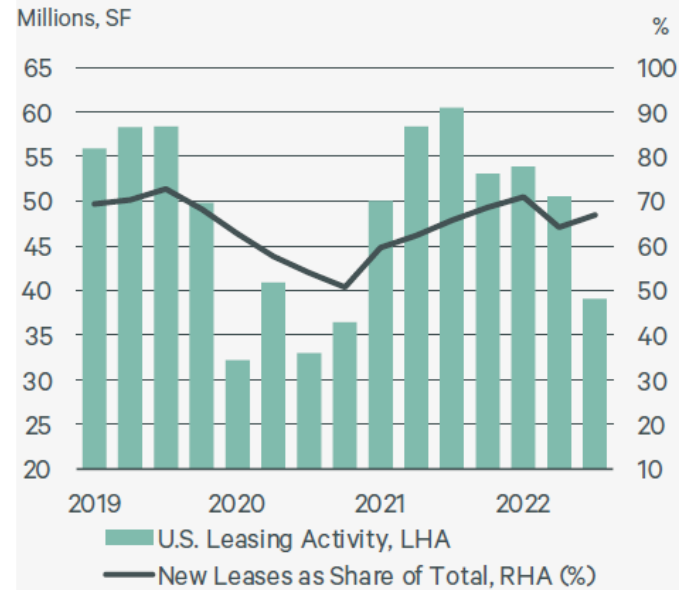
Three Strikes?

Office Employment and Occupancy Have Decoupled



CBRE Econometric Advisors

Total Leasing Activity Is Falling Off



CBRE

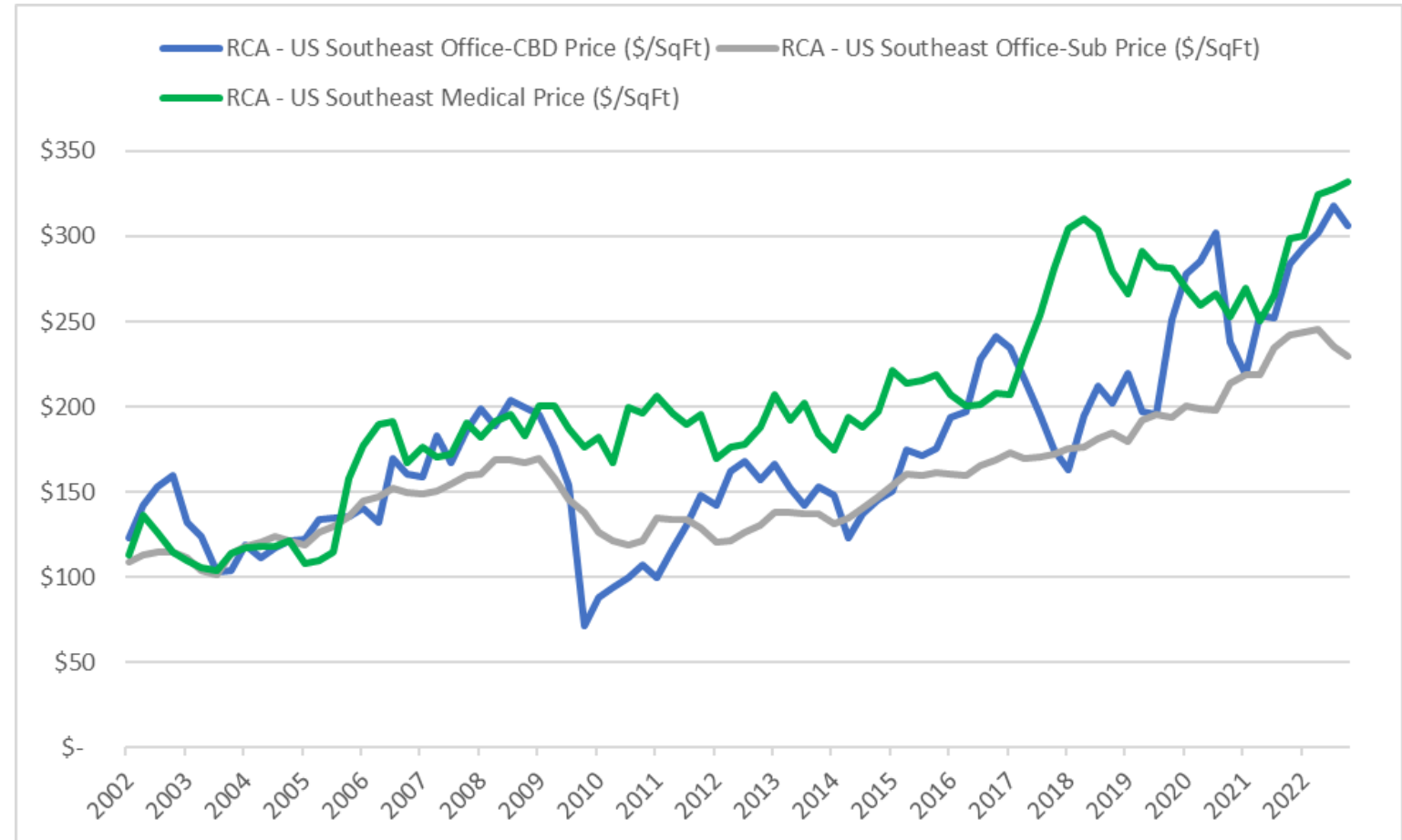
Subleasing Space Is On the Rise



CBRE

Medical: The Healthiest Office

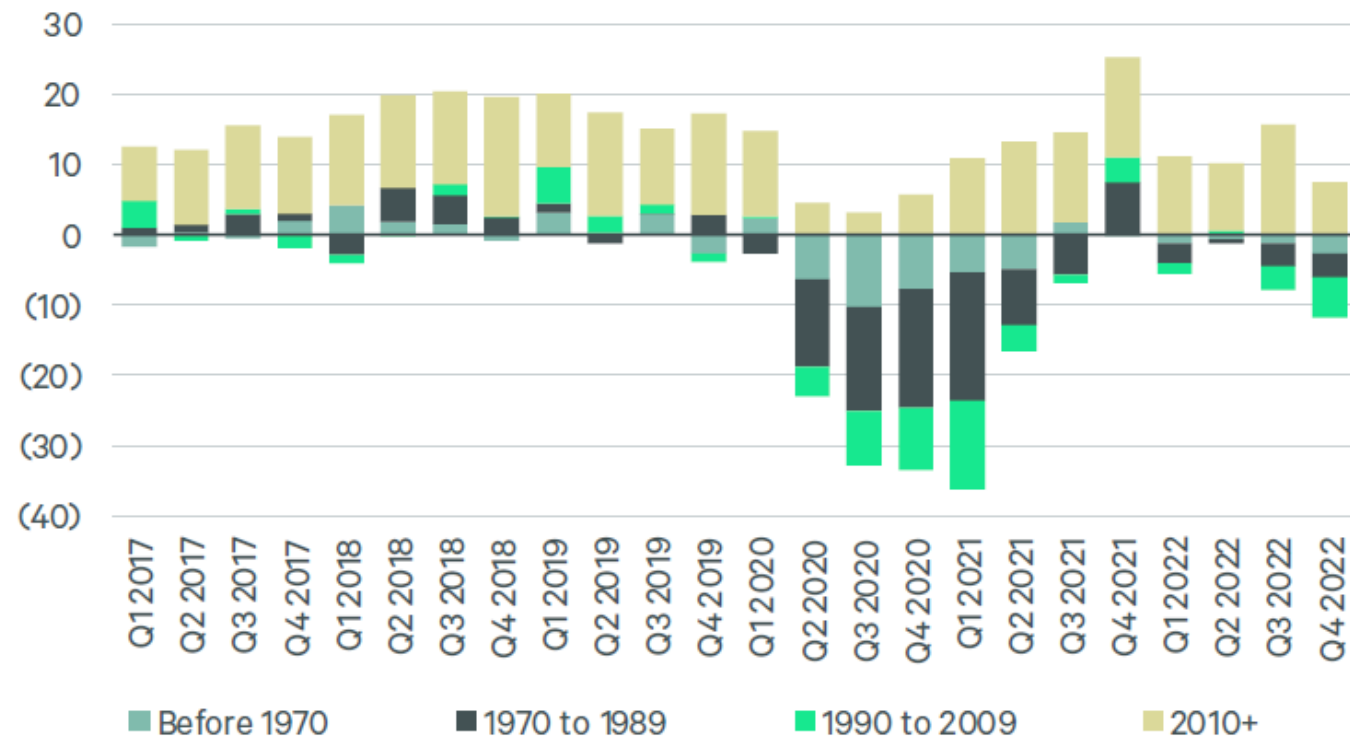
- Medical more stable, holds value better than CBD or Suburban
- Note volatility in CBD/relative stability in suburban
- Location premium



- CBRE Study: 4Q22 first negative absorption quarter since pandemic
- Properties older than 2010 accounted for ALL of the negative absorption...ALL OF IT!!!!!!!!!!!!

The Power of Vintage

Absorption by Office Building Vintage, millions SF



CBRE Econometric Advisors

Office Portfolio Analysis

Non-Medical Office Portfolio \$1.5B

2014

Average effective age of office collateral

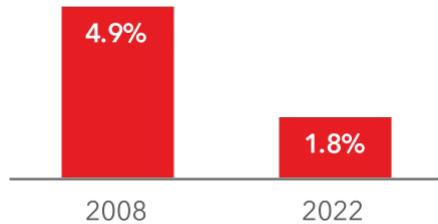
54.5%

Average LTV⁽¹⁾ on non-medical office loans

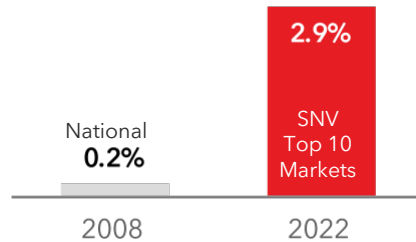
8% 2023 9% 2024

Major tenant⁽²⁾ rollover on non-medical office loans

SNV Top 10 Markets Completions as % of Inventory⁽³⁾

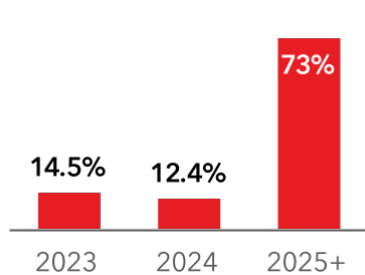


Rent Growth⁽³⁾



Top 10 MSAs	Current Balance (mm)	LTV ⁽¹⁾
1) Atlanta	\$ 183	55 %
2) Charlotte	\$ 162	59 %
3) Charleston	\$ 158	56 %
4) Tampa	\$ 111	52 %
5) Miami	\$ 104	58 %
6) Orlando	\$ 92	58 %
7) Virginia Beach	\$ 67	63 %
8) Jacksonville	\$ 62	63 %
9) Naples	\$ 53	52 %
10) Philadelphia	\$ 52	41 %

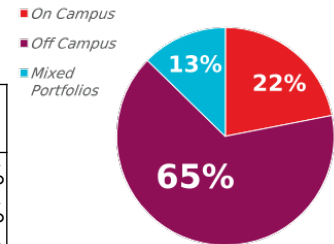
Loan Maturities⁽²⁾



Medical Office Portfolio \$1.6B

1. Medical office does not face the same demand pressures caused by hybrid/remote work models
2. Medical office has historically featured more stable rent growth, occupancy trends, cap rates, and valuation trends than non-medical office space
3. Medical office is supported by strong growth in health-related spending, which comprises 20% of US GDP and is supported by demographic-driven demand
4. Medical office space makes up 12.5% of the nation's total office space, but comprises over 50% of Synovus' office portfolio

Top 10 MSAs	Current Balance (mm)	LTV ⁽¹⁾
1) Miami	\$ 169	57 %
2) Atlanta	\$ 136	56 %
3) Birmingham	\$ 93	54 %
4) Washington DC	\$ 90	64 %
5) Tampa	\$ 89	63 %
6) Charlotte	\$ 57	55 %
7) Lynchburg VA	\$ 55	65 %
8) Philadelphia	\$ 54	50 %
9) Pensacola	\$ 37	51 %
10) Raleigh	\$ 36	56 %

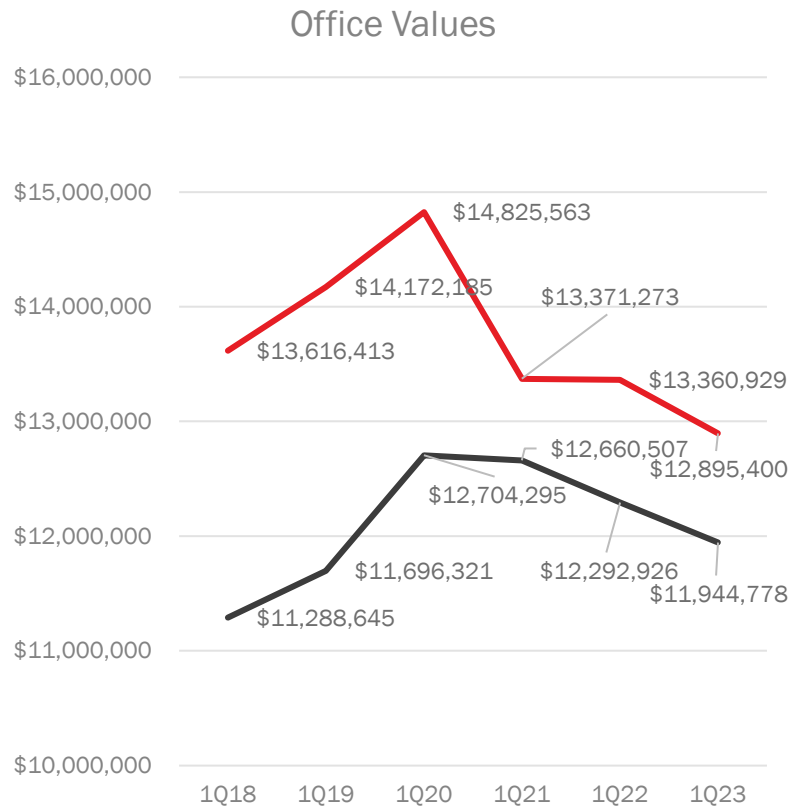


Off Campus MOB Composition

Hospital Anchored	36%
Hospital Tenant	20%
Surgery Center	21%
Specialized	12%
Freestanding	3%
Multi Tenant MOB	8%

(1) LTV = Current note balance as of 3/31/2023 divided by appraised value at origination or updated value, whichever is more recent; (2) Major tenant is defined as contributing more than 20% to NOI; sample set on this analysis and Loan Maturities chart includes non-medical office loans greater than \$7.5mm as of 3/31/2023; (3) Rent growth and supply statistics are 4Q22 numbers from CoStar and represent weighted averages by loan balance.

Office Valuation Shifts 1Q18 to 1Q23: CBD and Suburban

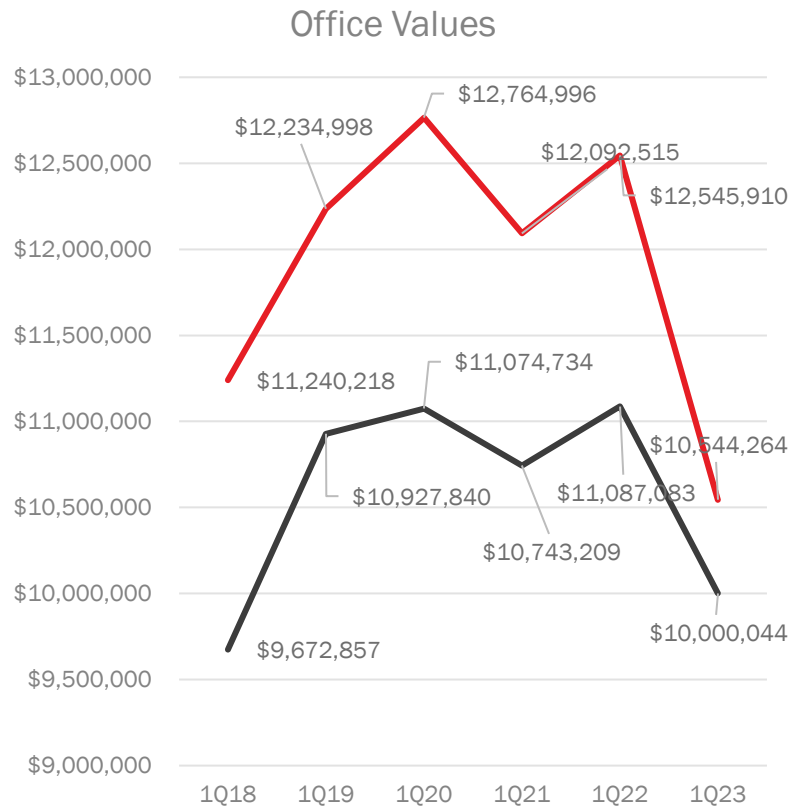


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	3.50%	3.91%	4.07%	-2.56%	0.66%	0.32%
Occupancy Rate	87.79%	87.93%	87.90%	85.09%	83.58%	82.40%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate - CBD	5.48%	5.48%	5.45%	5.70%	5.64%	5.78%
Cap Rate - Suburban	6.61%	6.64%	6.36%	6.02%	6.13%	6.24%

Starting Effective Rent	\$ 1,000,000	\$ 1,039,102	\$ 1,081,428	\$ 1,053,731	\$ 1,060,735	\$ 1,064,134
Less Market Vacancy	\$ (122,142)	\$ (125,413)	\$ (130,847)	\$ (157,069)	\$ (174,198)	\$ (187,247)
EGI	\$ 877,858	\$ 913,689	\$ 950,580	\$ 896,662	\$ 886,537	\$ 876,887
OER @ 15%	\$ (131,679)	\$ (137,053)	\$ (142,587)	\$ (134,499)	\$ (132,981)	\$ (131,533)
NOI	\$ 746,179	\$ 776,636	\$ 807,993	\$ 762,163	\$ 753,556	\$ 745,354
CBD Cap Rate	5.48%	5.48%	5.45%	5.70%	5.64%	5.78%
CBD Value	\$ 13,616,413	\$ 14,172,185	\$ 14,825,563	\$ 13,371,273	\$ 13,360,929	\$ 12,895,400
YOY Appreciation		4.1%	4.6%	-9.8%	-0.1%	-3.5%
Since COVID-19						-13.0%

Suburban Cap Rate	6.61%	6.64%	6.36%	6.02%	6.13%	6.24%
Suburban Value	\$ 11,288,645	\$ 11,696,321	\$ 12,704,295	\$ 12,660,507	\$ 12,292,926	\$ 11,944,778
YOY Appreciation		3.6%	8.6%	-0.3%	-2.9%	-2.8%
Since COVID-19						-6.0%

Atlanta CBD and Suburban Office Valuations 1Q18-1Q23

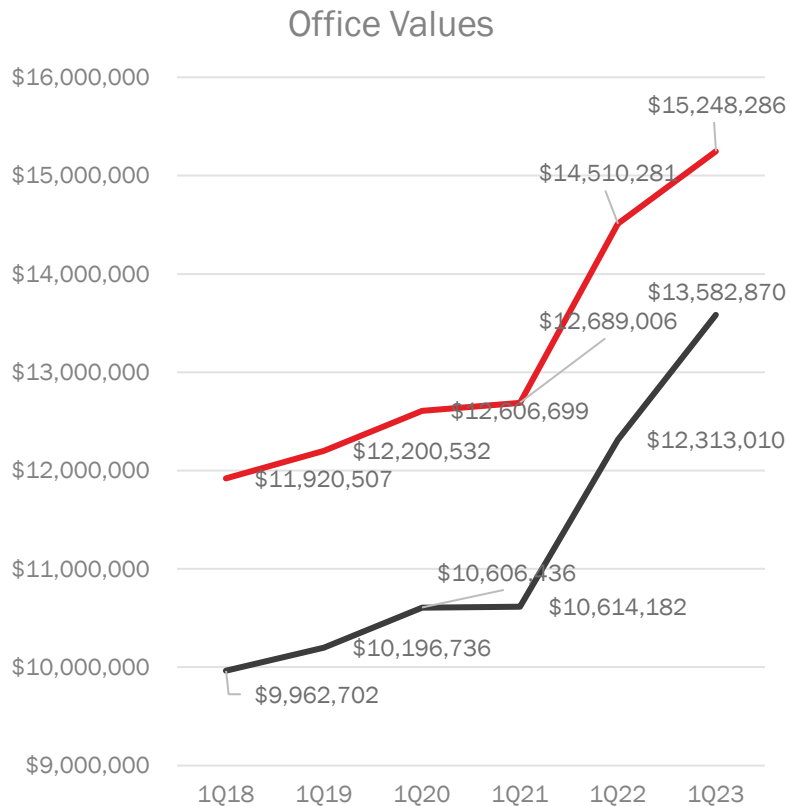


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	5.3%	6.5%	5.0%	-0.4%	1.8%	1.2%
Occupancy Rate	85.7%	84.7%	84.4%	80.3%	79.1%	79.4%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate - CBD	6.48%	6.27%	6.29%	6.29%	6.08%	7.35%
Cap Rate - Suburban	7.53%	7.02%	7.25%	7.08%	6.88%	7.75%

Starting Effective Rent	\$ 1,000,000	\$ 1,064,925	\$ 1,118,587	\$ 1,114,547	\$ 1,134,961	\$ 1,148,882
Less Market Vacancy	\$ (143,099)	\$ (162,414)	\$ (173,977)	\$ (219,701)	\$ (237,560)	\$ (237,113)
EGI	\$ 856,901	\$ 902,511	\$ 944,610	\$ 894,846	\$ 897,402	\$ 911,769
OER @ 15%	\$ (128,535)	\$ (135,377)	\$ (141,691)	\$ (134,227)	\$ (134,610)	\$ (136,765)
NOI	\$ 728,366	\$ 767,134	\$ 802,918	\$ 760,619	\$ 762,791	\$ 775,003
CBD Cap Rate	6.48%	6.27%	6.29%	6.29%	6.08%	7.35%
CBD Value	\$ 11,240,218	\$ 12,234,998	\$ 12,764,996	\$ 12,092,515	\$ 12,545,910	\$ 10,544,264
YOY Appreciation		8.9%	4.3%	-5.3%	3.7%	-16.0%
Since COVID-19						-17.4%

Suburban Cap Rate	7.53%	7.02%	7.25%	7.08%	6.88%	7.75%
Suburban Value	\$ 9,672,857	\$ 10,927,840	\$ 11,074,734	\$ 10,743,209	\$ 11,087,083	\$ 10,000,044
YOY Appreciation		13.0%	1.3%	-3.0%	3.2%	-9.8%
Since COVID-19						-9.7%

Miami CBD and Suburban Office Valuations 1Q18-1Q23

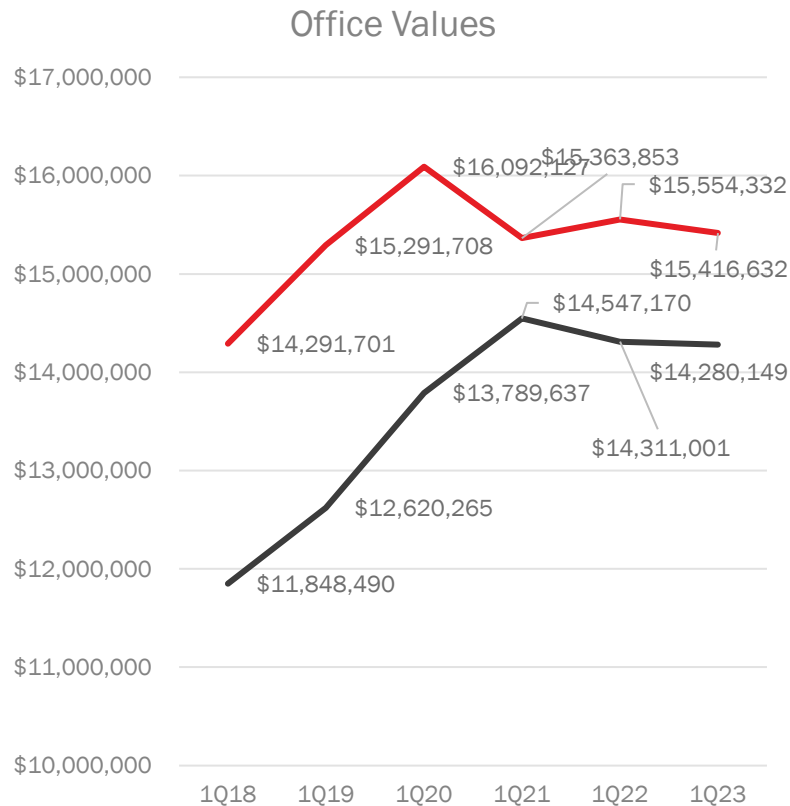


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	2.3%	4.7%	3.7%	3.5%	8.4%	10.2%
Occupancy Rate	88.5%	86.5%	86.1%	82.1%	83.2%	83.9%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate - CBD	6.31%	6.31%	6.31%	6.19%	5.94%	6.28%
Cap Rate - Suburban	7.55%	7.55%	7.50%	7.40%	7.00%	7.05%

Starting Effective Rent	\$ 1,000,000	\$ 1,047,457	\$ 1,086,620	\$ 1,124,959	\$ 1,219,444	\$ 1,343,305
Less Market Vacancy	\$ (115,078)	\$ (141,747)	\$ (150,758)	\$ (200,901)	\$ (205,431)	\$ (216,726)
EGI	\$ 884,922	\$ 905,710	\$ 935,862	\$ 924,058	\$ 1,014,013	\$ 1,126,579
OER @ 15%	\$ (132,738)	\$ (135,857)	\$ (140,379)	\$ (138,609)	\$ (152,102)	\$ (168,987)
NOI	\$ 752,184	\$ 769,854	\$ 795,483	\$ 785,449	\$ 861,911	\$ 957,592
CBD Cap Rate	6.31%	6.31%	6.31%	6.19%	5.94%	6.28%
CBD Value	\$ 11,920,507	\$ 12,200,532	\$ 12,606,699	\$ 12,689,006	\$ 14,510,281	\$ 15,248,286
YOY Appreciation		2.3%	3.3%	0.7%	14.4%	5.1%
Since COVID-19						21.0%

Suburban Cap Rate	7.55%	7.55%	7.50%	7.40%	7.00%	7.05%
Suburban Value	\$ 9,962,702	\$ 10,196,736	\$ 10,606,436	\$ 10,614,182	\$ 12,313,010	\$ 13,582,870
YOY Appreciation		2.3%	4.0%	0.1%	16.0%	10.3%
Since COVID-19						28.1%

Tampa CBD and Suburban Office Valuations 1Q18-1Q23

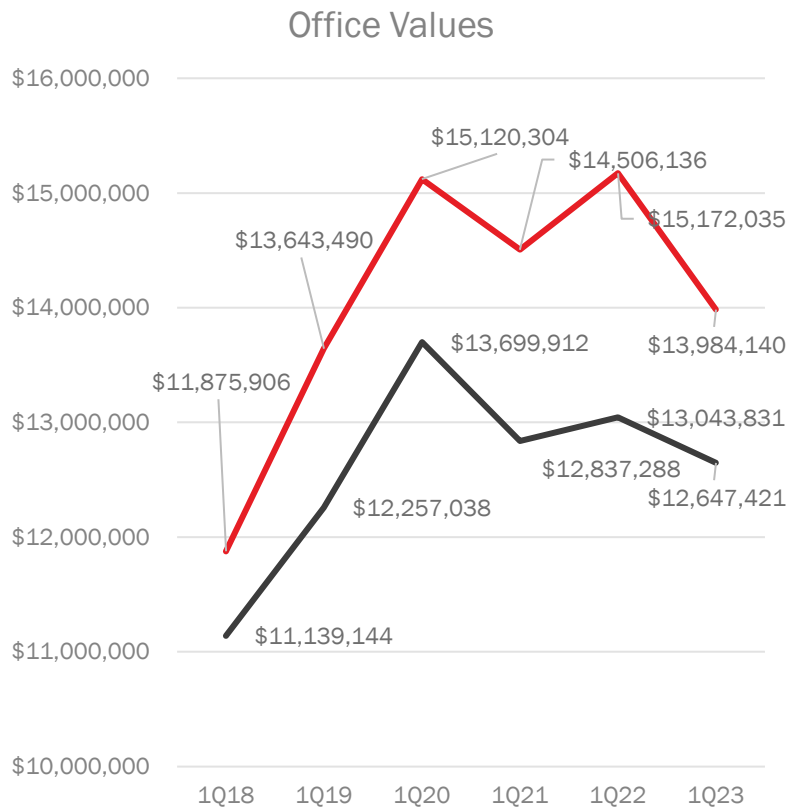


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	5.7%	7.5%	4.9%	3.5%	3.0%	2.5%
Occupancy Rate	92.1%	91.7%	91.5%	88.3%	85.9%	85.1%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate - CBD	5.48%	5.48%	5.45%	5.70%	5.64%	5.78%
Cap Rate - Suburban	6.61%	6.64%	6.36%	6.02%	6.13%	6.24%

CBD	Starting Effective Rent	\$ 1,000,000	\$ 1,074,536	\$ 1,127,187	\$ 1,166,748	\$ 1,201,815	\$ 1,231,619
	Less Market Vacancy	\$ (78,606)	\$ (88,670)	\$ (95,397)	\$ (136,466)	\$ (169,739)	\$ (183,288)
	EGI	\$ 921,394	\$ 985,865	\$ 1,031,789	\$ 1,030,282	\$ 1,032,076	\$ 1,048,331
	OER @ 15%	\$ (138,209)	\$ (147,880)	\$ (154,768)	\$ (154,542)	\$ (154,811)	\$ (157,250)
	NOI	\$ 783,185	\$ 837,986	\$ 877,021	\$ 875,740	\$ 877,264	\$ 891,081
CBD	Cap Rate	5.48%	5.48%	5.45%	5.70%	5.64%	5.78%
CBD	Value	\$ 14,291,701	\$ 15,291,708	\$ 16,092,127	\$ 15,363,853	\$ 15,554,332	\$ 15,416,632
	YOY Appreciation		7.0%	5.2%	-4.5%	1.2%	-0.9%
	Since COVID-19						-4.2%

Suburban	Cap Rate	6.61%	6.64%	6.36%	6.02%	6.13%	6.24%
Suburban	Value	\$ 11,848,490	\$ 12,620,265	\$ 13,789,637	\$ 14,547,170	\$ 14,311,001	\$ 14,280,149
	YOY Appreciation		6.5%	9.3%	5.5%	-1.6%	-0.2%
	Since COVID-19						3.6%

Charlotte CBD and Suburban Office Valuations 1Q18-1Q23

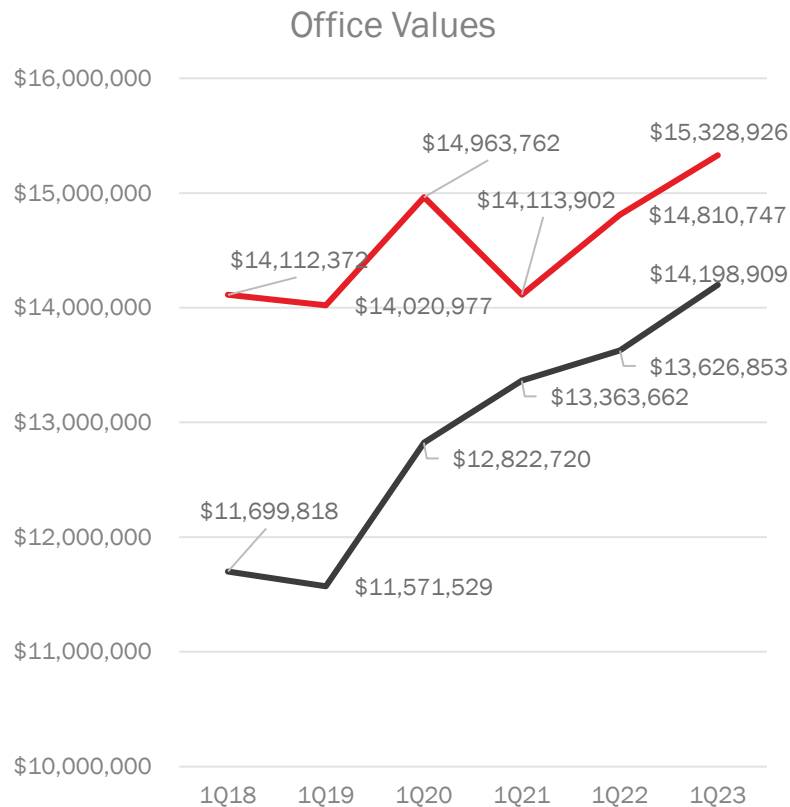


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	8.1%	7.0%	7.4%	1.3%	4.2%	2.5%
Occupancy Rate	88.7%	91.5%	92.6%	88.0%	83.9%	81.5%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate - CBD	6.35%	6.10%	5.98%	6.00%	5.70%	6.15%
Cap Rate - Suburban	6.77%	6.79%	6.60%	6.78%	6.63%	6.80%

CBD	Starting Effective Rent	\$ 1,000,000	\$ 1,069,812	\$ 1,148,951	\$ 1,163,847	\$ 1,212,318	\$ 1,242,181
	Less Market Vacancy	\$ (112,800)	\$ (90,691)	\$ (85,194)	\$ (139,885)	\$ (194,899)	\$ (230,387)
	EGI	\$ 887,200	\$ 979,121	\$ 1,063,758	\$ 1,023,963	\$ 1,017,419	\$ 1,011,794
	OER @ 15%	\$ (133,080)	\$ (146,868)	\$ (159,564)	\$ (153,594)	\$ (152,613)	\$ (151,769)
	NOI	\$ 754,120	\$ 832,253	\$ 904,194	\$ 870,368	\$ 864,806	\$ 860,025
CBD	Cap Rate	6.35%	6.10%	5.98%	6.00%	5.70%	6.15%
CBD	Value	\$ 11,875,906	\$ 13,643,490	\$ 15,120,304	\$ 14,506,136	\$ 15,172,035	\$ 13,984,140
	YOY Appreciation		14.9%	10.8%	-4.1%	4.6%	-7.8%
	Since COVID-19						-7.5%

Suburban	Cap Rate	6.77%	6.79%	6.60%	6.78%	6.63%	6.80%
Suburban	Value	\$ 11,139,144	\$ 12,257,038	\$ 13,699,912	\$ 12,837,288	\$ 13,043,831	\$ 12,647,421
	YOY Appreciation		10.0%	11.8%	-6.3%	1.6%	-3.0%
	Since COVID-19						-7.7%

Charleston CBD and Suburban Office Valuations 1Q18-1Q23

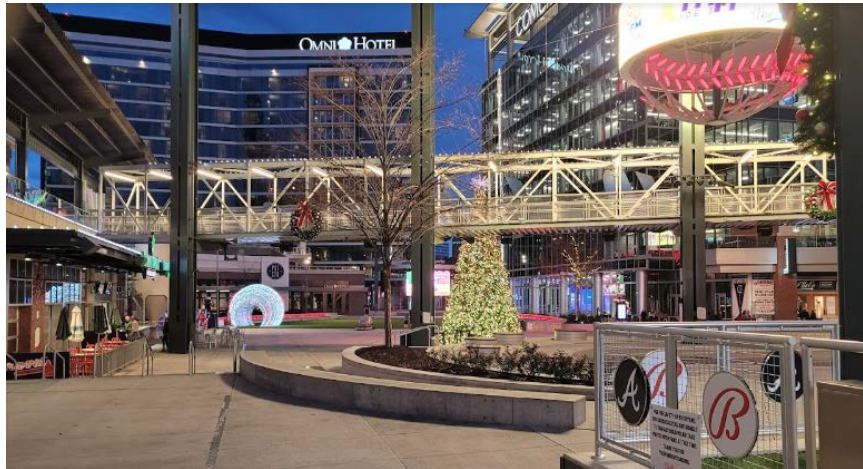


	1Q18	1Q19	1Q20	1Q21	1Q22	1Q23
Rent Growth	2.7%	-0.3%	10.2%	-1.0%	6.2%	3.5%
Occupancy Rate	91.0%	90.7%	87.3%	87.0%	85.0%	87.2%
CPI	2.25%	1.64%	2.13%	1.91%	8.02%	
Cap Rate - CBD	5.48%	5.48%	5.45%	5.70%	5.64%	5.78%
Cap Rate - Suburban	6.61%	6.64%	6.36%	6.02%	6.13%	6.24%

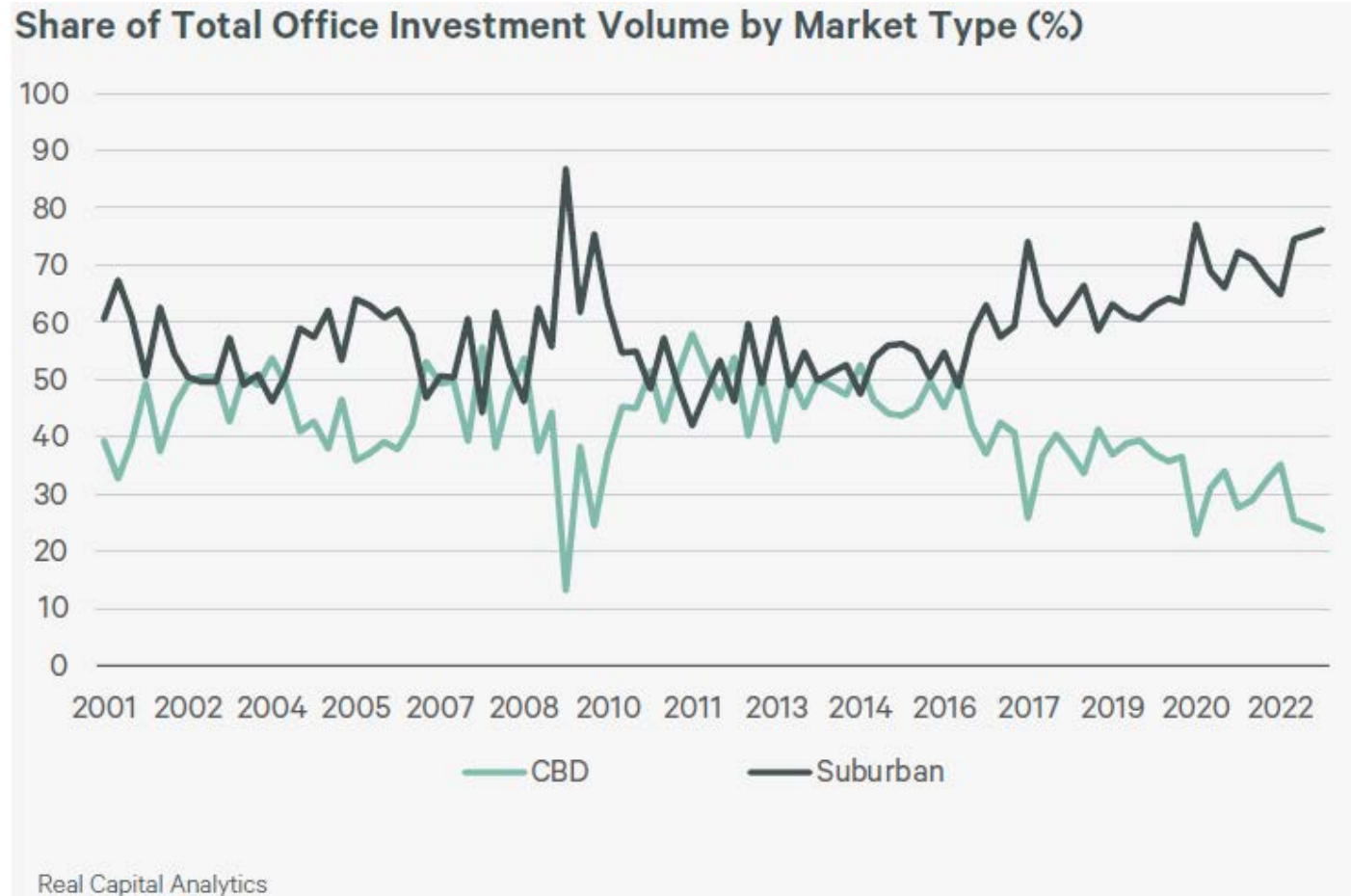
CBD	Starting Effective Rent	\$ 1,000,000	\$ 997,066	\$ 1,098,892	\$ 1,088,081	\$ 1,155,622	\$ 1,195,544
CBD	Less Market Vacancy	\$ (90,167)	\$ (93,125)	\$ (139,451)	\$ (141,620)	\$ (172,885)	\$ (153,177)
	EGI	\$ 909,833	\$ 903,941	\$ 959,441	\$ 946,462	\$ 982,737	\$ 1,042,367
	OER @ 15%	\$ (136,475)	\$ (135,591)	\$ (143,916)	\$ (141,969)	\$ (147,410)	\$ (156,355)
	NOI	\$ 773,358	\$ 768,350	\$ 815,525	\$ 804,492	\$ 835,326	\$ 886,012
CBD	Cap Rate	5.48%	5.48%	5.45%	5.70%	5.64%	5.78%
CBD	Value	\$ 14,112,372	\$ 14,020,977	\$ 14,963,762	\$ 14,113,902	\$ 14,810,747	\$ 15,328,926
	YOY Appreciation		-0.6%	6.7%	-5.7%	4.9%	3.5%
	Since COVID-19						2.4%

Suburban	Cap Rate	6.61%	6.64%	6.36%	6.02%	6.13%	6.24%
Suburban	Value	\$ 11,699,818	\$ 11,571,529	\$ 12,822,720	\$ 13,363,662	\$ 13,626,853	\$ 14,198,909
	YOY Appreciation		-1.1%	10.8%	4.2%	2.0%	4.2%
	Since COVID-19						10.7%

CBD vs. Suburban: Which Is Better?



- Has to be the right kind of suburban
- Note general negative correlation on investment



Summary Comments/Q&A

The background of the slide features a dark blue grid with a pattern of small dots. Overlaid on this grid is a financial chart. The chart consists of a series of blue candlesticks representing price movements over time. A light blue line with circular markers connects several key points on the chart, likely representing a trend line or a specific data series. The overall aesthetic is professional and data-driven.