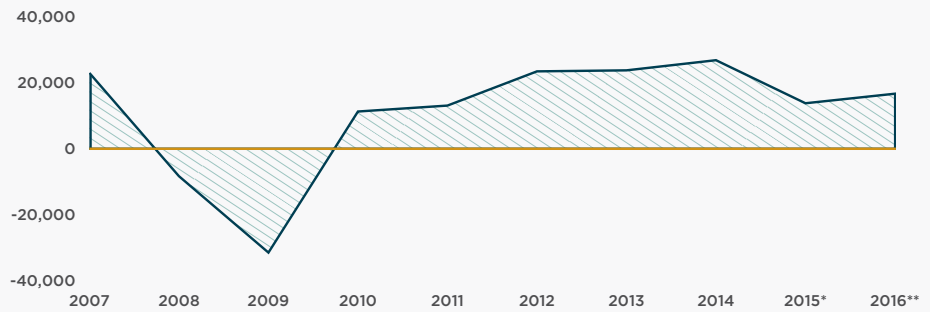


2015 REVIEW

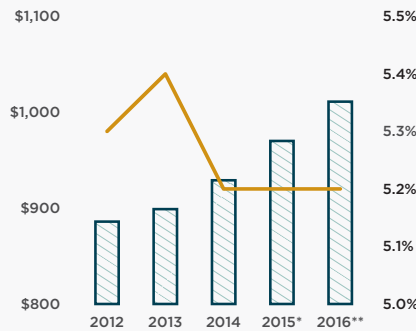
Raleigh-Durham employers created 13,800 jobs for a 1.6% rise in headcounts from one year ago. The trade, transportation and utilities sector, along with the professional and business services segment, led job creation, collectively adding 7,200 employees. Hiring was also strong in the leisure and hospitality industry with 3,200 new workers. Favorable economic conditions sustained multifamily development. Builders delivered 4,640 apartments, after peaking at 5,010 completions in the prior year. One out of every four deliveries was in the Central Raleigh submarket. Despite the surge in metrowide inventory over the past 24 months, vacancy was unchanged year over year at 5.2% in December. Asking rents climbed to \$970 per month by the fourth quarter, up 4.4% annually. Effective rents, meanwhile, advanced 4.9% to \$966 per month, causing concessions to fall to an average of 0.4% of asking rents, a 50-basis-point decline.

EMPLOYMENT CHANGE



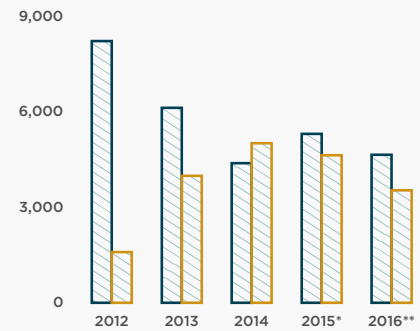
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

ASKING RENTS AND VACANCY



*Estimate; **Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

PERMITS AND DELIVERIES



*Estimate; **Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

2015 PERFORMANCE HIGHLIGHTS

EMPLOYMENT
13,800
▲ 1.6% YOY

UNEMPLOYMENT RATE
4.4%
▼ -30 BPS YOY

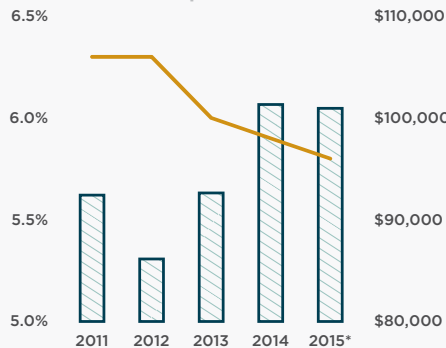
VACANCY
5.2%
0 BPS YOY

ASKING RENTS
\$970
▲ 4.4% YOY

CONCESSIONS
0.4%
▼ -50 BPS YOY

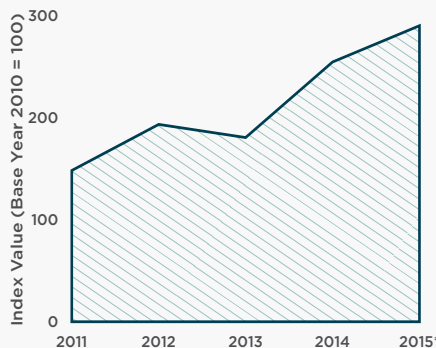
CONSTRUCTION
4,640 Units
▼ -7.5% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION
1,837,800
YE 2015 ▲ 2.0% YOY

HOUSEHOLDS
715,300
YE 2015 ▲ 2.6% YOY

MEDIAN HOUSEHOLD INCOME
\$60,300
YE 2015 ▲ 2.4% YOY

RENT SHARE OF WALLET
19.3%
YE 2015 ▲ 40 BPS YOY

2016 PREVIEW

Raleigh-Durham businesses will accelerate hiring, supporting healthy rental demand throughout the metro. Approximately 16,700 workers will be hired in 2016, a gain of 1.9%. Over the next two years, IT firm HCL Technologies announced they will expand its workforce by 1,200 employees in Cary. Drugmaker Novo Nordisk is building a \$1.2 billion manufacturing facility in Johnston County creating 700 jobs in the coming five years. Fidelity Investments also announced they will invest \$8.1 million upgrading its research campus in Durham while adding 600 technology jobs in the next three years. Multifamily development is poised to capitalize on employment-driven residential demand. Construction is scheduled to complete on 3,530 apartments this year. Deliveries will be elevated in the submarkets of Central Raleigh, Cary and Northeast Raleigh where approximately 50% of the units will come online. Further, developers will keep the planning pipeline full. Permit requests for 4,650 apartments are forecast. Rent gains will persist as operators are expected to lift asking rents 4.2% to \$1,011 per month by year-end. Vacancy is again expected to end the year at 5.2%.