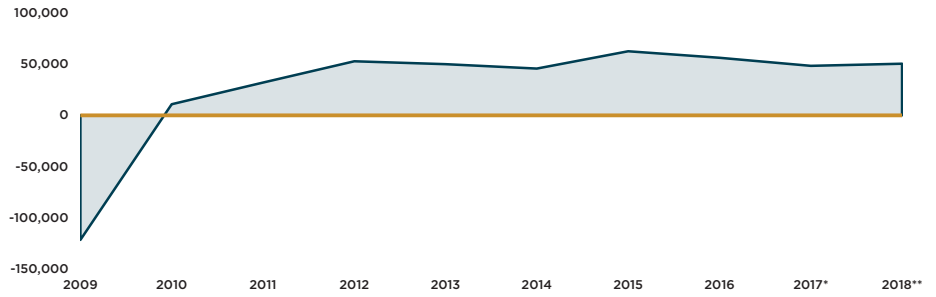


2017 REVIEW

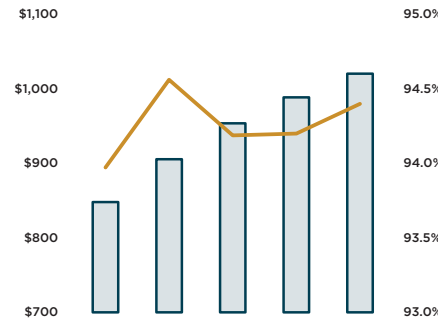
Rising apartment demand across Greater Phoenix kept occupancy elevated in 2017. Annual absorption was up more than 21% from 2016, with leasing activity highest in the Chandler/Gilbert submarket. A factor attracting residents to the area was a metro-high 1,272 units coming online in the submarket. Another demand driver was job growth in the area, as companies like Walgreens and Stantec relocated hundreds of jobs to Chandler. Metrowide, total nonfarm employment expanded 2.4%, or by 48,500 net jobs, during 2017. Local growth outpaced the 1.4% national rise. While payrolls and apartment demand rose, deliveries tapered. Construction completed on 6,275 units across Greater Phoenix, 5% fewer than additions in 2016. With leasing activity nearly on par with inventory growth, average apartment occupancy was 94.2% in December 2017, the same rate as one year prior. While occupancy held steady, the rate was 50 basis points higher than the five-year average. Also in the last year, effective rent advanced 3.7% to \$989 per month in December.

EMPLOYMENT CHANGE



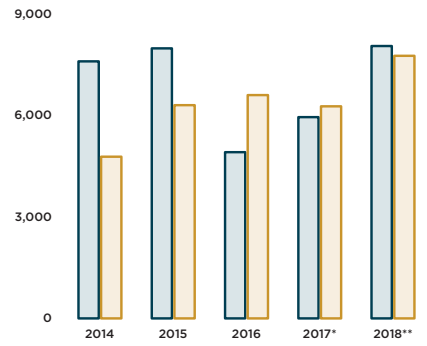
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



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

2017 PERFORMANCE HIGHLIGHTS

EMPLOYMENT
48,500
▲ 2.4% YOY

UNEMPLOYMENT RATE
4.0%
▼ 30 BPS YOY

OCCUPANCY
94.2%
0 BPS YOY

EFFECTIVE RENT
\$989
▲ 3.7% YOY

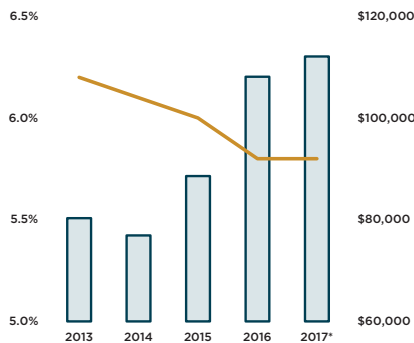
ABSORPTION
5,954 Units

CONSTRUCTION
6,275 Units
▼ 5.0% YOY

2018 PREVIEW

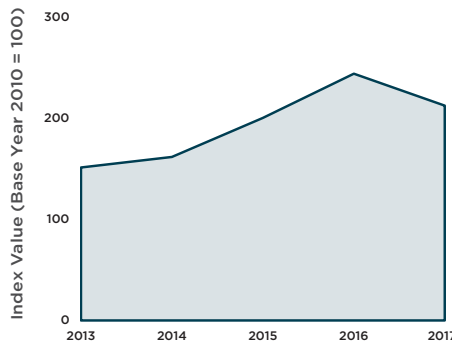
Amid rising payrolls, apartment demand is expected to elevate in the Phoenix metropolitan area during 2018. Employers are forecast to accelerate hiring, as total nonfarm employment expands 2.5% this year, up from 2.4% growth in 2017. Overall, payrolls will increase by 50,500 net jobs. Part of this year's additions will be by Bank of the West, which will add 1,000 employees at its new Tempe office. Also in the financial services sector, the first phase of the new 67-acre JPMorgan Chase & Co. campus in Tempe is scheduled to open this year. The campus will eventually hold more than 4,000 employees when completed. With the workforce rising, so will rental demand, as leasing activity is expected to exceed 8,050 net units over the next four quarters. Annual absorption will reach its highest level since 2010. Multifamily developers will work to meet the demand, with 7,766 units scheduled to come online by year-end, up nearly 24% from additions in 2017. Nearly one out of every four deliveries will be in the North Scottsdale submarket. With metrowide inventory growth trailing leasing activity over the next four quarters, apartment occupancy is expected to elevate 20 basis points to 94.4% by December. Simultaneously, effective rent is forecast to increase 3.2% to \$1,021 per month by year-end.

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION
4,821,800
YE 2017 ▲ 2.3% YOY

HOUSEHOLDS
1,763,700
YE 2017 ▲ 2.5% YOY

MEDIAN HOUSEHOLD INCOME
\$62,338
YE 2017 ▲ 3.6% YOY

RENT SHARE OF WALLET
19.0%
YE 2017 0 BPS YOY