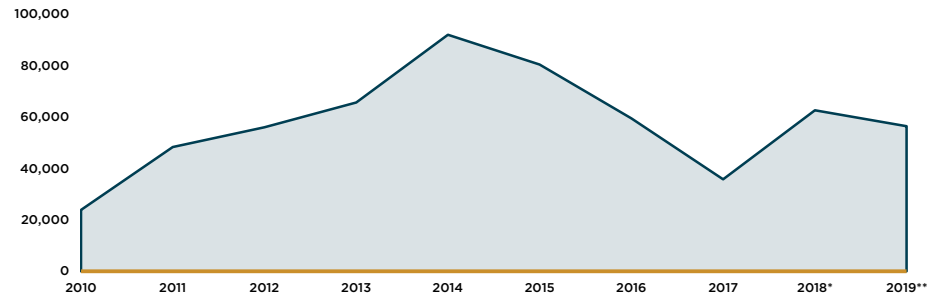


2018 REVIEW

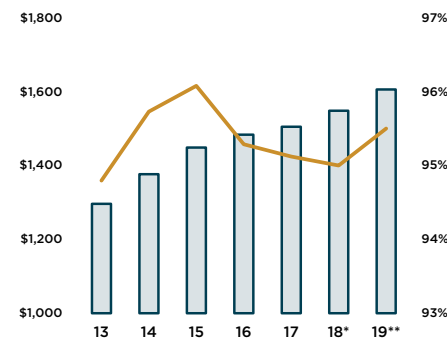
The expanding labor force in South Florida contributed to housing demand in 2018. Employers added 62,700 net jobs last year. Underpinning the rise in employment were the numerous projects in various stages of development, leading to 15,000 workers added to the construction industry. Part of the construction jobs were needed to work on one of the largest apartment pipelines in the country. Builders brought more than 10,100 units online metrowide in 2018. The new inventory facilitated leasing activity, though supply-side pressure shifted occupancy down 10 basis points annually to 95.0%. Driving apartment demand were population growth, the surge in hiring, and the increase in income. While employment has traditionally been driven by low-wage industries, employment growth diversified with more than 6,000 jobs added last year in white-collar industries. Metrowide median household income elevated 5.4% in 2018, outpacing rent growth. At \$1,548 in December, average monthly effective rent advanced 2.9% from one year prior.

EMPLOYMENT CHANGE



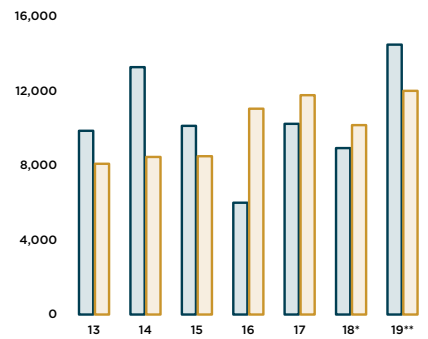
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



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

2018 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE

62,700
▲ 2.4% YOY

UNEMPLOYMENT RATE

3.5%
▼ 70 BPS YOY

OCCUPANCY

95.0%
▼ 10 BPS YOY

EFFECTIVE RENT

\$1,548
▲ 2.9% YOY

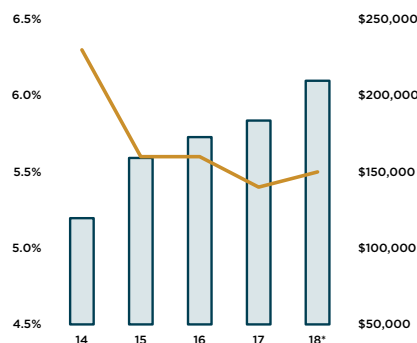
ABSORPTION

8,927 Units

CONSTRUCTION

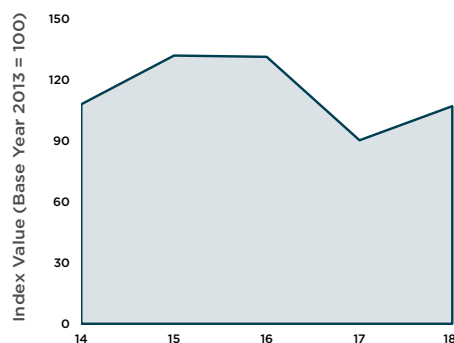
10,156 Units
▼ 13.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION

6,319,500
YE 2018 ▲ 1.8% YOY

HOUSEHOLDS

2,373,500
YE 2018 ▲ 2.3% YOY

MEDIAN HOUSEHOLD INCOME

\$57,220
YE 2018 ▲ 5.4% YOY

RENT SHARE OF WALLET

32.5%
YE 2018 ▼ 80 BPS YOY

2019 PREVIEW

Apartment deliveries should remain elevated this year, highlighting developers' confidence in the South Florida market. Construction is scheduled to complete on nearly 12,000 units by year-end, up more than 18% from 2018 additions. This year will mark peak deliveries in more than two decades. While additions again will be concentrated in the Downtown Miami/South Beach submarket, new inventory will rise in the nearby Coral Gables/South Miami and West Miami/Doral submarkets. Part of the additions include the 816-unit Park-Line MiamiCentral in the Coral Gables/South Miami submarket. The 30- and 33-story towers represent one of the largest apartment projects in the metro to finish this year. Even with the deluge of deliveries, forecasted employment growth of 2.1% should drive leasing activity higher than inventory growth. Demand for new product will also persist as growth in the professional and business sector and the education and health services sector is expected to outpace the national average through the forecast period. Healthy demand should shift average apartment occupancy up 50 basis points annually to 95.5% metrowide in the fourth quarter and slightly above the five-year average. At the same time, average effective rent is forecast to rise 3.7% to \$1,606 per month in December.