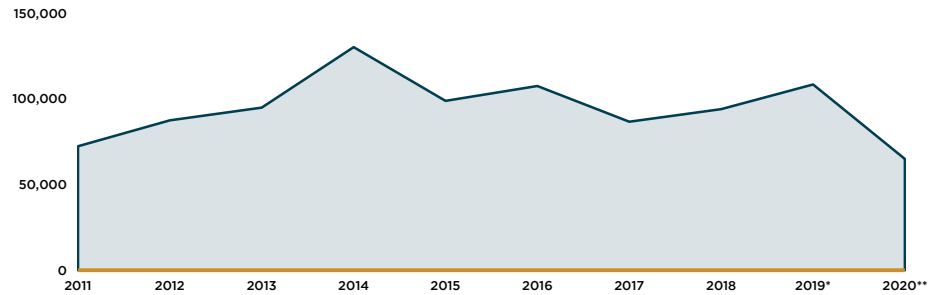


2019 REVIEW

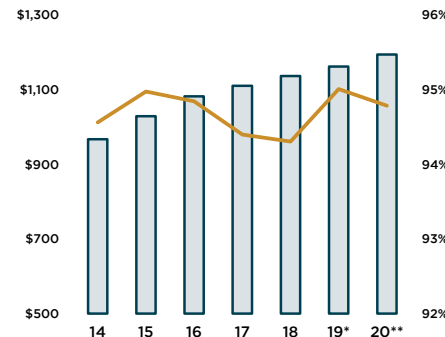
Robust household formation and job growth continued supporting healthy apartment fundamentals in the Metroplex in 2019. Net in-migration totaled approximately 71,200 persons, a major contributor to the formation of 56,200 households. Many of these new residents were able to find jobs in the bustling economy. Local employers added 108,300 net workers to payrolls in 2019, a 2.9% year-over-year increase. Corporate and regional relocations and expansions fueled the largest contributing sector to job growth, professional and business services, which grew 5.7% annually with 35,600 new hires. Basic services needed by the influx of new residents helped propel a 3.2% increase in education and health services sector payrolls, where 14,800 workers were added. Renters newly occupied 27,798 additional apartments in 2019, a 33.3% annual gain, and this leasing activity outpaced the 22,930 apartments that were delivered. Metrowide occupancy reached 95.0% in December 2019, a 70-basis-point increase from year-end 2018. Meanwhile, average effective rent rose 2.2% to \$1,160 per month by year-end.

EMPLOYMENT CHANGE



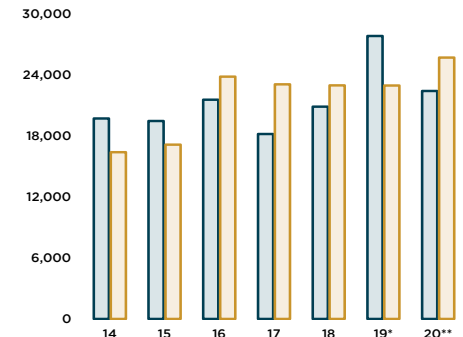
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



*Estimate; **Forecast | Source: Berkadia, Axiometrics

ABSORPTION AND DELIVERIES



*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE

108,300
▲ 2.9% YOY

UNEMPLOYMENT RATE

3.3%
▼ 20 BPS YOY

OCCUPANCY

95.0%
▲ 70 BPS YOY

EFFECTIVE RENT

\$1,160
▲ 2.2% YOY

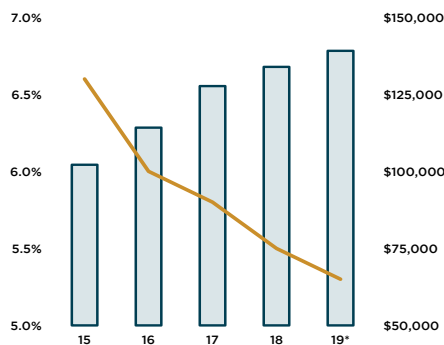
ABSORPTION

27,798 Units

CONSTRUCTION

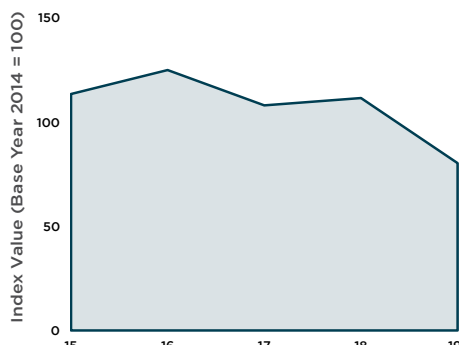
22,930 Units
▼ 0.1% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION

7,733,800
YE 2019 ▲ 1.7% YOY

HOUSEHOLDS

2,797,800
YE 2019 ▲ 2.0% YOY

MEDIAN HOUSEHOLD INCOME
\$71,681
YE 2019 ▲ 3.2% YOY

RENT SHARE OF WALLET
19.4%
YE 2019 ▼ 20 BPS YOY

2020 PREVIEW

The frenetic pace of hiring the last several years is expected to subside in 2020, triggering moderation in apartment absorption. Regardless, the net absorption of 22,392 apartments in 2020 will still exceed the five-year average. Apartment deliveries are simultaneously projected to ramp up 12.0% as 25,679 new units are placed into service, mostly among 89 apartment communities that will reach completion by year-end. The supply excess will fuel a 20-basis-point annual reduction in occupancy to 94.8% in December. Even with the dip in occupancy, effective rent is forecast to rise 2.8% throughout the year, reaching \$1,193 per month by year-end. Low unemployment and the tight labor market will be factors in slowing annual job growth—1.7%—projected for 2020, the first sub-2% annual growth rate since the Great Recession. Throughout the year, employers are forecast to hire 64,900 net new workers. Employment expansion will be supported by numerous mass hirings, including the addition of 575 workers at Microsoft Corporation's facility in Irving, 400 jobs at Ericsson's new 5G manufacturing plant in Lewisville, 400 new retail positions at Scheels All Sports in The Colony, and several hundred jobs filled upon completion of Globe Life Field and Arlington Stadium District.