NATIONAL APARTMENT RESEARCH REPORT

FORECAST 2020

BERKADIA®

a Berkshire Hathaway and Jefferies Financial Group company

BERKADIA®

The Value of Certainty®

Berkadia is an industry-leading real estate company. We provide comprehensive capital solutions and investment sales advisory and research services for multifamily and commercial properties, and rank among the largest, highest rated and respected master and primary servicers in the industry.

$25 BILLION
Berkadia's 2019 loan origination volume surpassed $25 billion.

$117 BILLION
Total historical sales by our investment sales advisors exceed $117 billion.

$45 BILLION
Since 2013, our investment sales division has closed more than 3,000 transactions, totaling over $45 billion.

$275 BILLION
One of the largest loan and servicing portfolios worldwide at more than $275 billion.

21,000 TRANSACTIONS
Over 21,000 transactions financed throughout our history.

61 OFFICES
61 offices nationwide, covering all major markets.

a Berkshire Hathaway and Jefferies Financial Group company

FORECAST 2020

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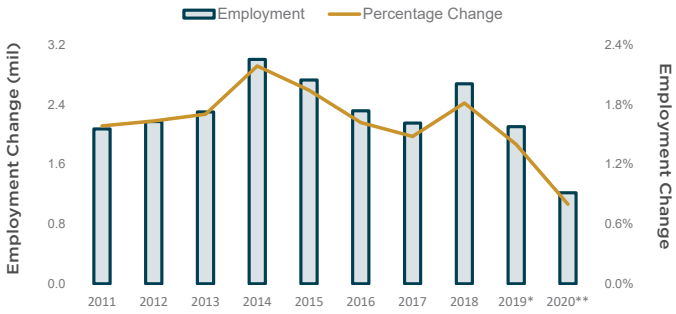
ECONOMY AND APARTMENT SUPPLY

The U.S. economy continued the longest expansion in the post-war era, albeit at a slower pace as the labor market tightened. Employment grew 1.4%, or by 2.1 million workers, in 2019. Annual job creation decelerated as unemployment lowered 30 basis points to 3.6% by year-end. Low unemployment also boosted wage growth as the annual rate was 3.7% in October 2019. A significant contributor to the growing employment was hiring in the education and health services sector. These jobs, especially in the health care and social assistance industry, were needed as the U.S. population continued to age. As the estimated median age rose to 38.7 years in 2019, the 55-plus age group shifted to 30% of the population from 21% during the 2010 Census. This demographic trend bodes well for the future of the industry. The U.S. economy is expected to continue to carry positive momentum in 2020 as the workforce is forecast to grow 0.8%, or by 1.2 million jobs over the next 12 months. At the same time, the U.S. Federal Reserve Board forecasts real GDP growth to shift down from a median of 2.2% in 2019 to 2.0% this year due in part to slower global growth. The moderation will move GDP nearly on par with the average during the past decade.

While hiring slowed nationally in 2019, several markets were able to grow employment at elevated levels due in part to strong in-migration. Attracting new residents were the caliber of jobs added, ranging from those in the high-tech industry in Austin and Seattle to financial services companies in Dallas-Fort Worth and Charlotte. These areas are expected to experience robust hiring again this year, outperforming the national average increase.

U.S. EMPLOYMENT GROWTH

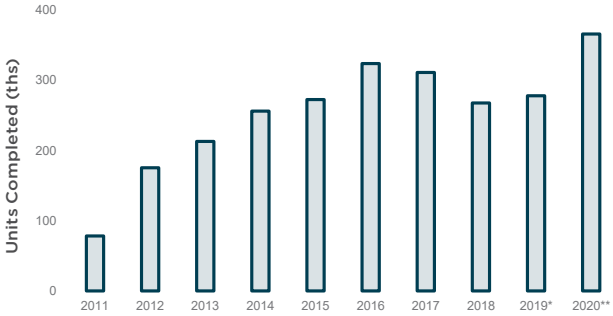


*Estimate; **Forecast | Source: Berkadia, BLS, Moody's Analytics

TOP METROS: EMPLOYMENT GROWTH

*Estimate | Source: Berkadia, BLS, Moody's Analytics

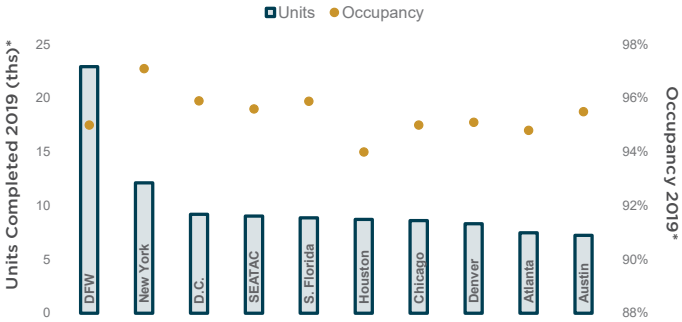
U.S. CONSTRUCTION PIPELINE



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

The growing population and workforce contributed to a sharp increase in household formation in recent years. While the cost of construction and shortage of available skilled builders has kept the pace of single-family development limited, apartment developers worked to fill the housing gap. The national apartment inventory grew 1.5%, or by 278,138 market-rate units, in 2019. The latest additions were part of nearly 2.3 million deliveries since 2010. Apartment development has been focused where the need for housing was greatest—near urban cores and periphery employment hubs. Annual apartment deliveries are scheduled to rise to 366,115 units over the next four quarters and represent a cycle high.

TOP METROS: SUPPLY GROWTH



*Estimate | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE
2,103,900
▲1.4% YOY

OCCUPANCY
95.8%
▲40 BPS YOY

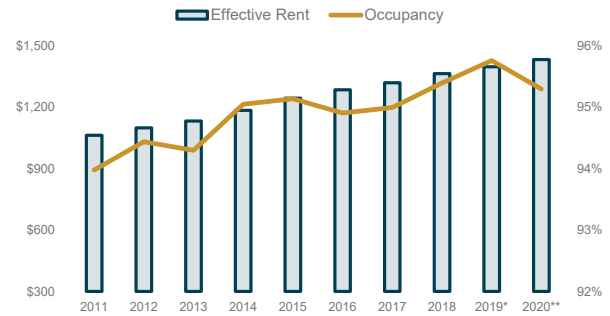
EFFECTIVE RENT
$1,399
▲2.5% YOY

CONSTRUCTION
278,138 UNITS
▲3.8% YOY

Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. Numbers for 2019 are estimated values, while 2020 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

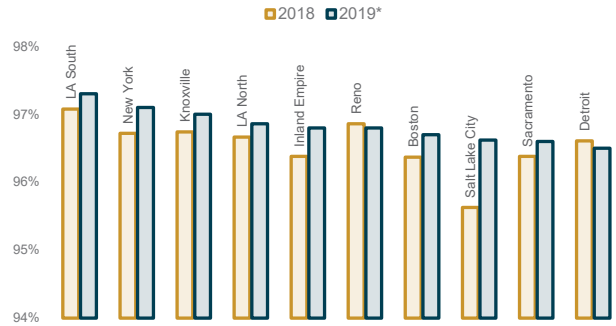
OCCUPANCY, RENT, AND INVESTMENT TRENDS

U.S. OCCUPANCY AND RENT



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

TOP METROS: HIGHEST OCCUPANCY



*Estimate | Source: Berkadia, Axiometrics

As the price of homeownership continued to climb while outpacing income growth in many markets, renting remained a popular option for many Americans. Even for those individuals who can own, renting an amenity-rich apartment near work and lifestyle centers presented a more favorable living arrangement as Class A occupancy had the highest annual gain in occupancy in 2019. Across all apartment stock, U.S. occupancy advanced 40 basis points to reach 95.8% by year-end 2019, a postrecession high. While healthy, leasing activity is expected to trail the influx of new inventory this year, leading to a 50-basis-point drop to 95.3%. Even with the decline, occupancy would be 50 basis points higher than the cycle average.

2020 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE
1,219,000
▲ 0.8% YOY

OCCUPANCY
95.3%
▼ 50 BPS YOY

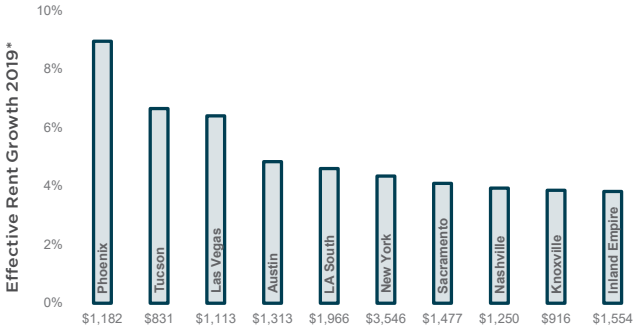
EFFECTIVE RENT
$1,434
▲ 2.5% YOY

CONSTRUCTION
366,115 UNITS
▲ 31.6% YOY

Sustained demand for rentals amid rising household income across the U.S. in 2019 provided apartment operators leeway to keep upward pressure on rent. Monthly effective rent advanced 2.5% to finish 2019 at $1,399. More-affordable markets in the Sun Belt region capitalized on vigorous expansion in employment and population as the top three major markets in the U.S. with more than a 6% annual rent growth were within this region. With the cost of renting outpacing income increases in many areas, local governments enacted or plan to enact rent growth measures. Oregon was the first state to do so, with New York City and California joining the movement in 2020. While these laws may limit increases for older product in these typical high-rent growth areas, nationally, apartment operators are forecast to keep effective rent increases even with the 2019 growth. At $1,434 in December, effective rent will advance 2.5% in 2020.

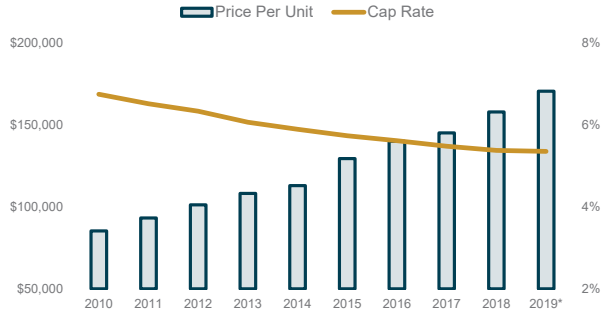
Multifamily remained an appealing investment in commercial real estate. Preliminary sales data indicated more than 6,500 transactions occurred in 2019. With cap rates averaging an all-time low of 5.4%, investors searched for yield in secondary markets with stronger population and employment growth that included Atlanta and Phoenix. While foreign buyers, especially from Asia and Europe, were less active in the U.S. apartment market, the rise in private investors made up the difference. Buyers were most active in the Los Angeles, Dallas, and Phoenix markets, as these areas led in dollar volume. The strength of the U.S. apartment market was further highlighted as the average price per unit elevated 8.0% year over year to $170,745 in 2019.

TOP METROS: EFFECTIVE RENT GROWTH



*Estimate | Source: Berkadia, Axiometrics

U.S. APARTMENT INVESTMENT



*Estimate; Property Sale $2.5 Million+ | Source: Berkadia, Real Capital Analytics

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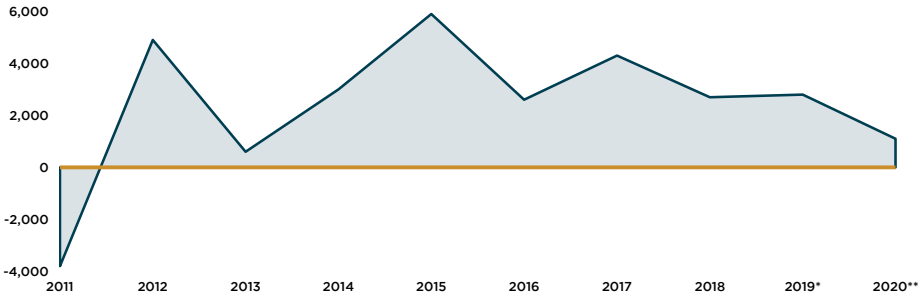
2019 REVIEW

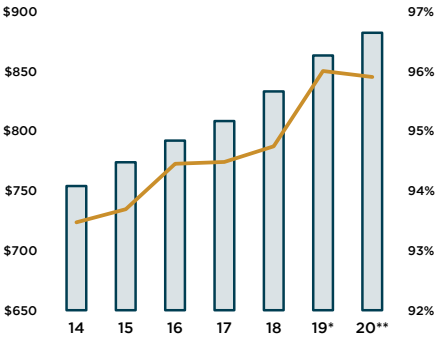
The median single-family home price climbed 8.8% in the Albuquerque metro area in 2019 while the median household income grew an average of 2.8%, ensuring many households remained renters. Apartment demand was healthy, with 791 net apartments absorbed. Leasing activity far outpaced deliveries, spurring a 130-basis-point increase in occupancy to 96.0% in December 2019, the highest year-end occupancy rate in more than 15 years. Builders completed just 83 apartments, which accounted for the entirety of the 58-unit The Franz and the 25-unit The De Anza apartment communities. Brisk apartment demand coupled with subdued deliveries enabled operators to raise monthly effective rent 3.6% to $863 by year-end. In the local labor market, businesses and institutions added 2,800 workers to payrolls in 2019, a 0.7% increase. Expansion was present in the professional and businesses services, the education and health services, and the leisure and hospitality sectors. Employment was flat in the construction and the manufacturing industries. Contraction occurred in the remaining employment sectors.

EMPLOYMENT CHANGE



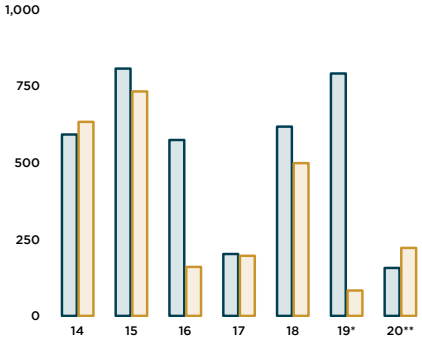
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



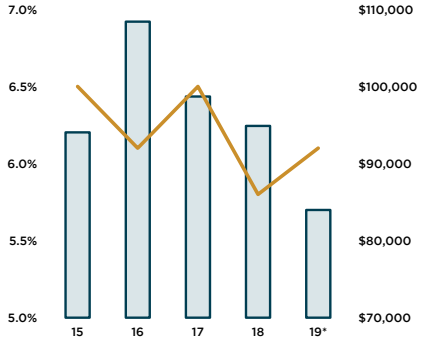
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
2,800	4.7%	96.0%
▲0.7% YOY	▼10 BPS YOY	▲130 BPS YOY

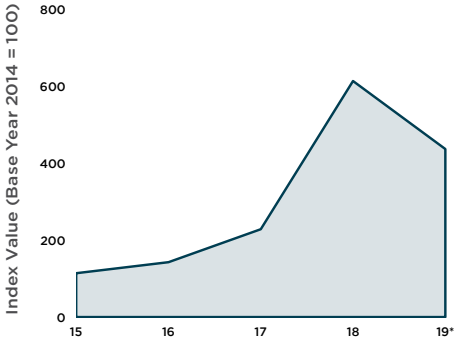
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$863	791 Units	83 Units
▲3.6% YOY		▼83.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
917,800	374,200	$55,797	18.6%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.4% YOY	YE 2019 ▲ 2.8% YOY	YE 2019 ▲ 20 BPS YOY

2020 PREVIEW

Following two years of elevated rent appreciation, rent growth in 2020 will return to its 2.2% 10-year average. By year-end, average effective rent is projected to reach $882 per month. Meanwhile, builders are scheduled to complete 222 apartment units, all among the 130-unit former Wyndham Albuquerque Hotel and the 92-unit first phase of the Highlands North apartment communities. The 102-unit Broadstone Nob Hill apartments in the Uptown submarket are expected to be finished by mid-2021. Additionally, 10 multifamily developments comprising a total of more than 1,500 apartments are in various stages of planning and could break ground by year-end 2022. Five of these apartment communities would be in the Downtown Albuquerque/University submarket. Metrowide apartment occupancy of 95.9% is projected for year-end 2020 as renters are expected to occupy 156 additional apartments, which will trail deliveries. Fueling the reduction in apartment absorption will be a deceleration in job creation in 2020. Employers are forecast to create 1,100 new jobs this year, equating to 0.3% annual job growth, roughly half of the job growth rate in 2019. Incremental staffing increases at Netflix Inc., NBCUniversal Albuquerque, TaskUS LLC, and Jabil Inc. will help underpin the local economy and apartment market over the next several years.

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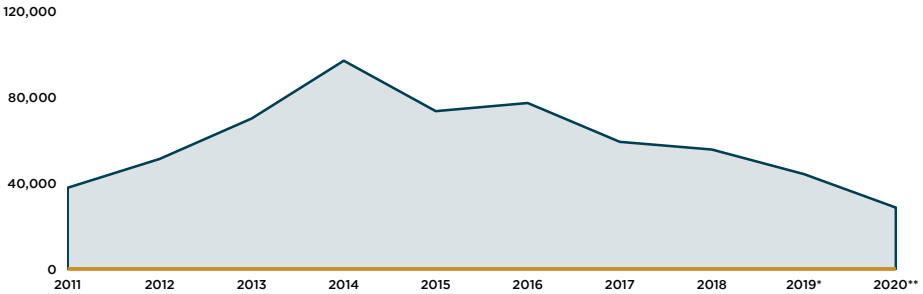
2019 REVIEW

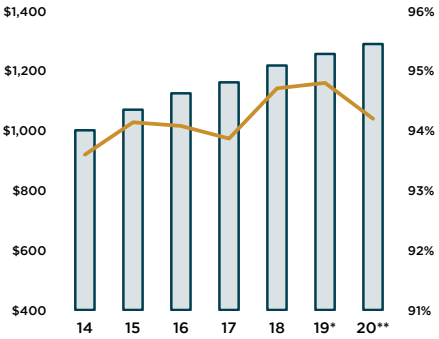
Job growth, household formation, and a shortage of single-family housing supported a vibrant apartment market in the Atlanta metro area in 2019. Local employers created 44,200 net jobs, a 1.6% annual increase. Basic services needed by the area's growing population spurred robust hiring in the education and health services and the leisure and hospitality sectors, which together had 18,100 new workers. The Atlanta area remained a magnet for new residents with net in-migration of 55,500 persons in 2019. The inflow of residents was a major contributor to the formation of 37,400 new households. Additionally, single-family completions remained 41% below the 10-year prerecession average, and this housing shortage combined with household growth fueled apartment demand. Renters newly occupied 7,566 apartments in 2019, which outpaced 7,476 deliveries, lifting average occupancy 10 basis points year over year to 94.8% in December. At the same time, effective rent advanced 3.2% to $1,257 per month.

EMPLOYMENT CHANGE



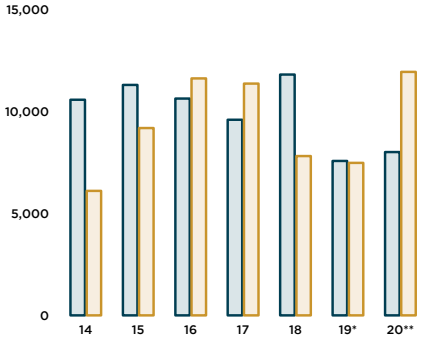
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



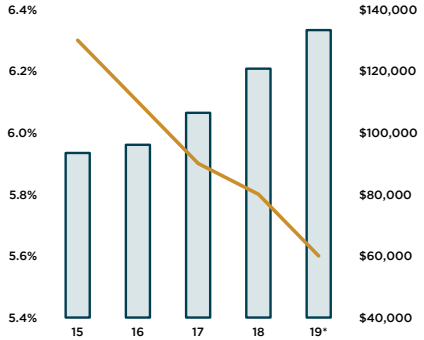
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
44,200	3.8%	94.8%
▲1.6% YOY	▲20 BPS YOY	▲10 BPS YOY

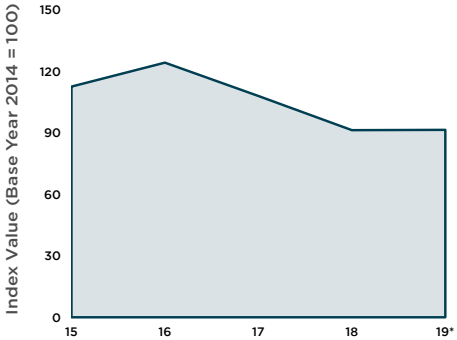
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,257	7,566 Units	7,476 Units
▲3.2% YOY		▼4.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
6,083,600	2,248,700	$67,112	22.5%
YE 2019 ▲1.5% YOY	YE 2019 ▲1.8% YOY	YE 2019 ▲2.4% YOY	YE 2019 ▲20 BPS YOY

2020 PREVIEW

Continued employment expansion is anticipated in the Atlanta metro area. A shortage of highly skilled workers plus a general slowdown in the economy will result in slower annual job growth this year, estimated at 1.0%, or 28,600 net new positions. Fortunately for the local apartment market, the number of new households in 2020 is expected to rise 7.5% from 2019 while single-family completions are forecast to fall 7.5%, perpetuating the area's housing shortage. Apartment demand will fuel the net absorption of 8,005 apartments this year. Meanwhile, apartment deliveries will peak, resulting in 11,935 new units metrowide. The supply imbalance will spur a 60-basis-point reduction in apartment occupancy to 94.2% in December. As occupancy decreases, annual rent growth is expected to moderate to 2.6%, resulting in $1,290 average effective monthly rent by year-end. Numerous, massive developments underway are expected to extend economic vitality. These projects include more than 2.8 million square feet of office space in Midtown, including the headquarters of Norfolk Southern Railway, which will bring 500 new jobs; the $6 billion expansion of Hartsfield-Jackson International Airport; the 700,000 square-foot Amazon.com Inc. fulfillment center in Snellville; and 135,000 square feet of space in Midtown dedicated for use by Google LLC by 2022.

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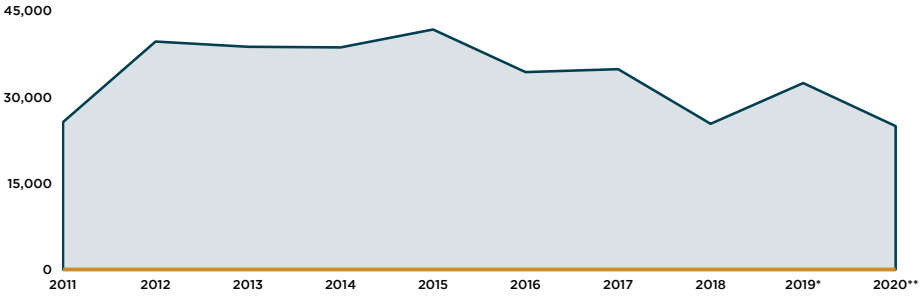
2019 REVIEW

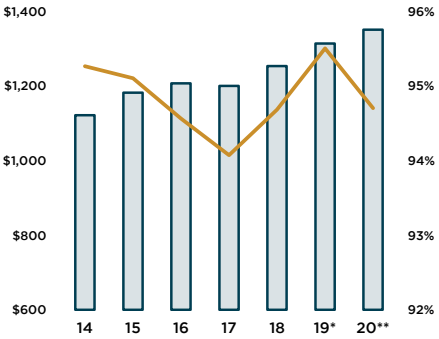
As employers continued to hire at a healthy clip, demand for housing across Greater Austin boosted the apartment market in 2019. Employment expanded 3.0% last year, accelerating from the 2.4% increase in 2018. A significant share of additions were office-using positions, including tech jobs. The growth in Silicon Hills attracted and retained millennials in the metro. These prime renters kept annual absorption higher than inventory growth for the second-straight year. This trend was significant as Austin remained one of the most development-heavy markets in the country this cycle. Builders brought more than 7,200 market-rate units online in 2019. While additions were spread throughout Greater Austin, a metro-leading 1,167 units came online in the North Central Austin submarket, home to tech employers that include Indeed, Amazon, and Facebook. With demand outpacing deliveries, Greater Austin occupancy elevated 80 basis points annually to an average of 95.5%. With the rise, apartment operators advanced monthly effective rent 4.8% last year to $1,313.

EMPLOYMENT CHANGE



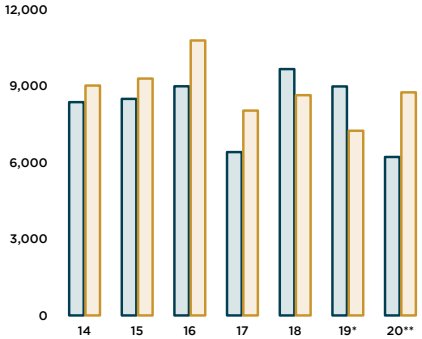
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



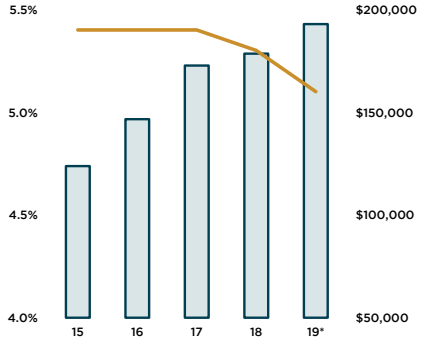
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
32,400	2.8%	95.5%
▲3.0% YOY	▼10 BPS YOY	▲80 BPS YOY

EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,313	8,978 Units	7,239 Units
▲4.8% YOY		▼16.2% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

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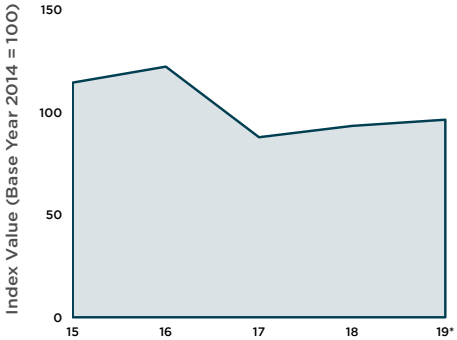

*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,248,500	861,500	$78,949	20.0%
YE 2019 ▲2.5% YOY	YE 2019 ▲2.7% YOY	YE 2019 ▲3.0% YOY	YE 2019 ▲40 BPS YOY

2020 PREVIEW

With Austin employment forecast to grow 2.2% this year, net migration is expected to accelerate to help underpin the health of the local apartment market. Attracting new residents as well as corporate relocations and expansions is Austin's relative affordable business costs compared to California. Apple and Google will add thousands of jobs in the coming year as these tech positions keep nearly a quarter of Austin's population within the millennial cohort. These individuals will sustain apartment absorption over the next four quarters. Drawing some potential renters away from apartments will be the single-family market as sales are expected to rise amid limited price appreciation. Multifamily builders will work to fill the housing gap adjacent to employment nodes. The targeted development will lead to a metro-leading 1,813 units coming online in the Cedar Park submarket as developers provide amenity-rich options near the new 133-acre Apple campus that will initially house 5,000 employees. Metrowide, nearly 8,750 deliveries are expected this year. The supply side pressure will shift down occupancy to 94.7% by year-end, nearly on par with the average rate this cycle. Simultaneously, monthly effective rent is forecast to increase 2.8% annually to finish the year at $1,350.

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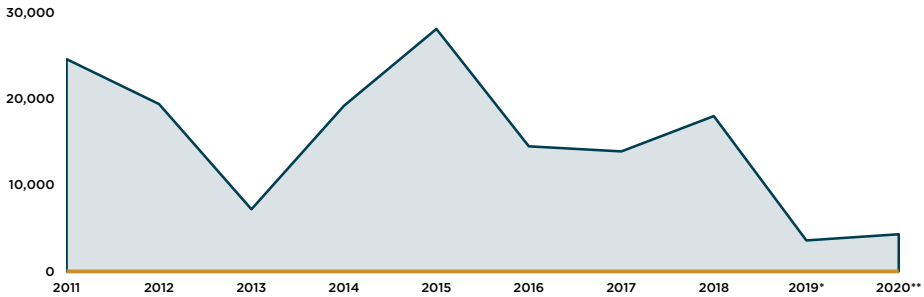
2019 REVIEW

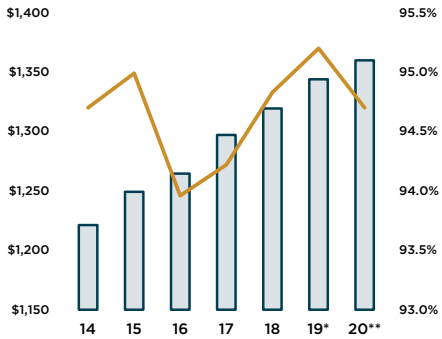
The expansion and revitalization of downtown living has spurred unprecedented multifamily growth in Baltimore's central core. More than one-third of the metro's ground-up new units last year delivered in the Downtown Baltimore submarket, which enlarged the inventory there by 3.4%. In fact, ongoing development in the heart of Baltimore has resulted in a 15% increase in existing stock over the past three years. Metrowide, builders brought 1,606 units online across 13 projects in 2019. Inventory growth could not keep pace with robust rental demand, particularly in the popular downtown corridor. The marketwide occupancy rate elevated for the third-consecutive year, reaching 95.2% by December 2019, up 40 basis points annually. Contributing to the rental demand was a rise in payrolls. Employers expanded the workforce 0.3% in the previous 12 months, with 3,600 new positions. During this same time, effective rent was on an upward trajectory, averaging $1,344 in December. Effective rent advanced 1.9% by year-end, building on the 1.7% appreciation one year prior.

EMPLOYMENT CHANGE



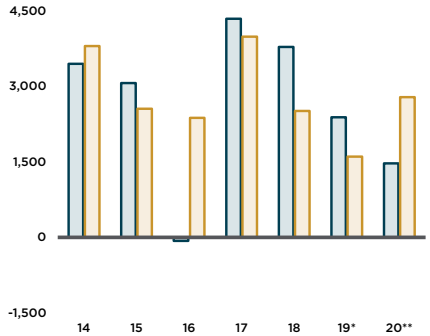
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



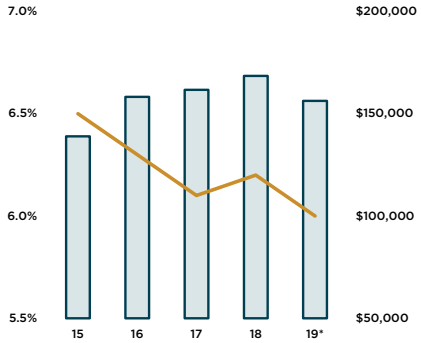
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
3,600	3.8%	95.2%
▲0.3% YOY	▲10 BPS YOY	▲40 BPS YOY

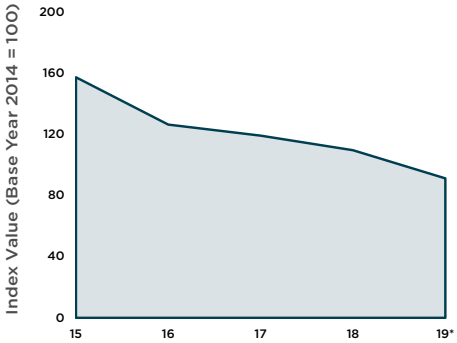
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,344	2,389 Units	1,606 Units
▲1.9% YOY		▼36.2% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,806,700	1,118,900	$85,753	18.8%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.7% YOY	YE 2019▲ 3.1% YOY	YE 2019 ▼ 20 BPS YOY

2020 PREVIEW

Baltimore has been focusing on its cybersecurity and biotechnology industries to take advantage of the city's proximity to Fort Meade, where the National Security Agency is based, and other agencies like the National Institutes of Health and the National Institute of Standards and Technology. With projects like the Port Covington mixed-use redevelopment underway in the Baltimore City East submarket as well as the emerging entertainment district near M&T Bank Stadium, developers are creating economic opportunities as well as luxury living options for current residents and incoming millennials. Local payrolls are set to expand by 4,300 new employees in 2020, a 0.3% year-over-year rise. Demand for apartments will persist this year, though net absorption will be insufficient to offset the accelerating new supply in 2020. Developers are expected to complete 2,790 units, a 74% increase in construction output compared to last year. Deliveries will shift to the Baltimore City East submarket where the first major phase of the 235-acre Port Covington campus is slated to open fall 2021. Due to heightened deliveries, multifamily occupancy will contract 50 basis points to end 2020 at 94.7%. Operators will respond to the drop in occupancy by slowing rent growth to 1.2% over the next four quarters to $1,360 per month by December.

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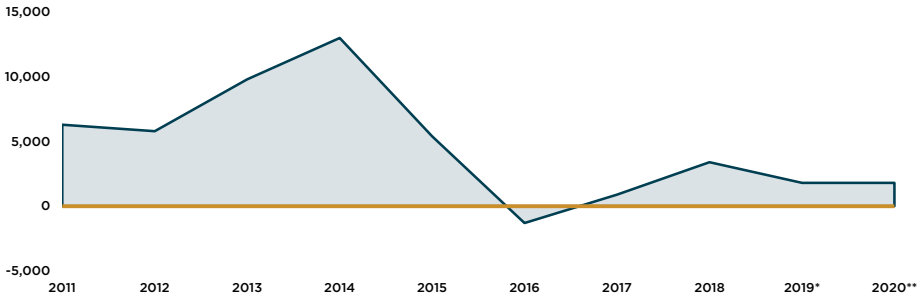
2019 REVIEW

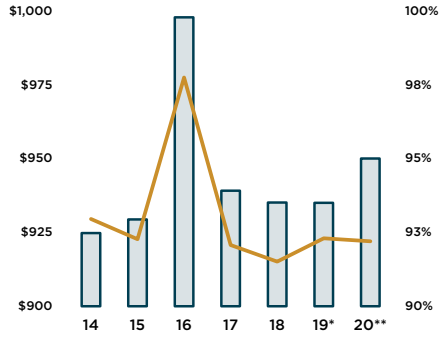
Employment in Baton Rouge increased 0.4% in 2019, driven by 2.7% job growth in the trade, transportation, and utilities sector. These 1,900 hires reflected Baton Rouge's status as a top metro for infrastructure investment, particularly with regard to improving public transportation. This effort has made the metro friendly to new multifamily development. Developers brought 795 apartment units online in 2019, including 336 units at the Silver Oaks development in the South Baton Rouge/ Gonzales submarket. The additions were part of a 3,500-unit construction boom that began in 2016 following a contraction in multifamily supply due to flood recovery. Residents absorbed 1,124 units since the start of 2019, nearly twice the number of units absorbed the year prior, thanks in part to median household income rising 3.2%, and occupancy improved 80 basis points to 92.3%. Apartment operators slowed rent growth in 2019 to support occupancy. Annual rent change was flat, keeping effective rent at $935 per month.

EMPLOYMENT CHANGE



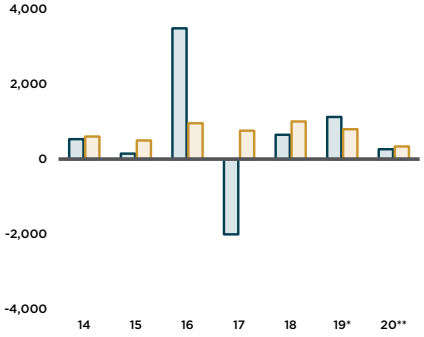
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



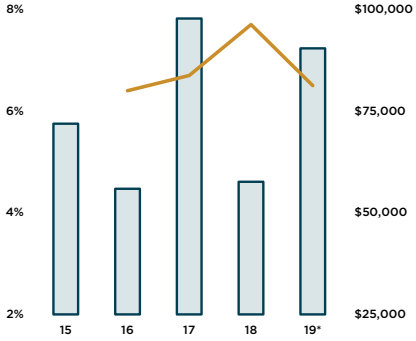
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
1,800	4.0%	92.3%
▲0.4% YOY	▼40 BPS YOY	▲80 BPS YOY

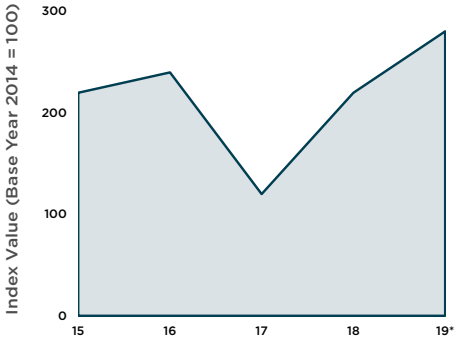
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$935	1,124 Units	795 Units
0.0% YOY		▼20.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
832,100	328,400	$56,258	19.9%
YE 2019 ▲0.1% YOY	YE 2019 ▲0.8% YOY	YE 2019 ▲3.2% YOY	YE 2019 ▼70 BPS YOY

2020 PREVIEW

In the Baton Rouge metro, job growth in 2020 is forecast to match the hiring activity that took place in 2019. Employers are expected to expand payrolls by 1,800 workers, a year-over-year gain of 0.4%. Corporate relocations and expansions are expected to be among the largest drivers of job growth this year. Exxon Mobil Corporation announced a half-billion-dollar expansion to its plant in north Baton Rouge that will last through 2021. Likewise, Formosa Plastics Corp. began a $332 million plant expansion that is scheduled through 2022. These and other developments will help boost the metro's manufacturing and construction sectors through 2020. Spurred on by consistent hiring activity and the projected median household income increase of 2.8%, effective rent in Baton Rouge is expected to grow 1.6% by the end of 2020 to $950 per month. Developers are expected to pull back on new deliveries, and this decision should allow residents more time to absorb the latest wave of multifamily stock. As a result, 339 apartment units are scheduled to come online this year and renters in Baton Rouge are expected to occupy 262 additional units. Supply side pressure will be a factor in the metro's lagging occupancy, which is forecast to fall 10 basis points to 92.2%.

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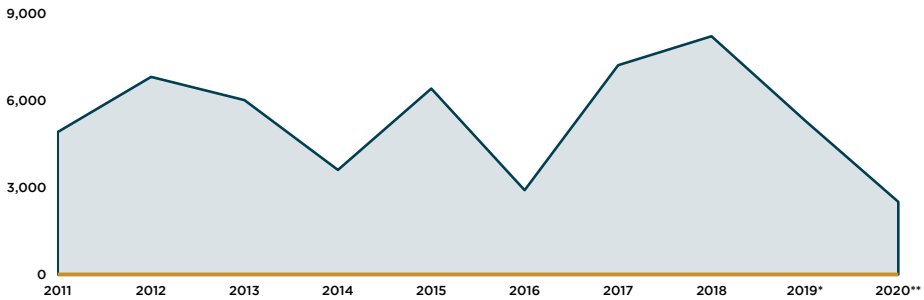
2019 REVIEW

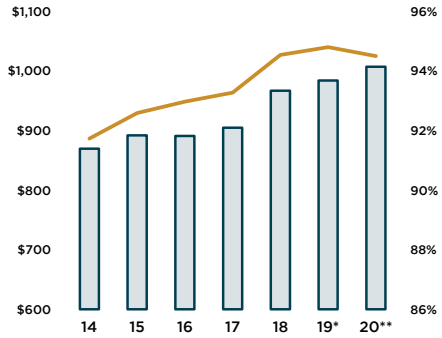
The Birmingham apartment market strengthened amid continued hiring and limited apartment inventory growth in 2019. The apartment additions reflected builders' approach to redevelop or to create amenity-rich options near the University of Alabama at Birmingham. The 59-unit Denham Lofts were part of the renovation of the historic Denham Building. Conversely, the Cortland Vesta community underway is a high-rise property. These additions were aimed at meeting apartment demand that has surpassed inventory growth for the last five years. This trend resulted in apartment occupancy hitting a postrecession high in 2019 before settling at an average of 94.8% in the fourth quarter and 30 basis points higher than the close of the year prior. Contributing to the sustained demand for housing was almost a decade of employment growth, capped by 1.0% expansion in 2019. As payrolls were boosted, apartment operators kept upward pressure on leasing costs. Monthly effective rent advanced 1.8% annually to $984 by year-end.

EMPLOYMENT CHANGE



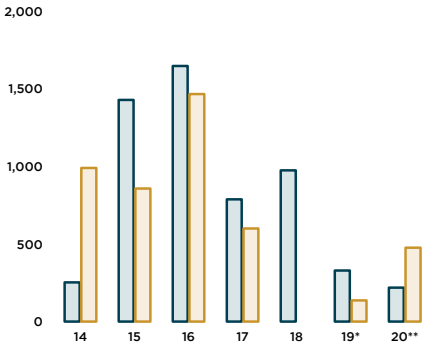
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



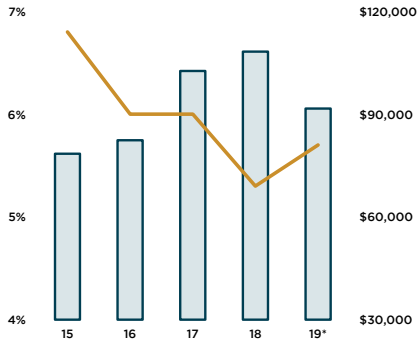
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
5,300	3.1%	94.8%
▲1.0% YOY	▼30 BPS YOY	▲30 BPS YOY

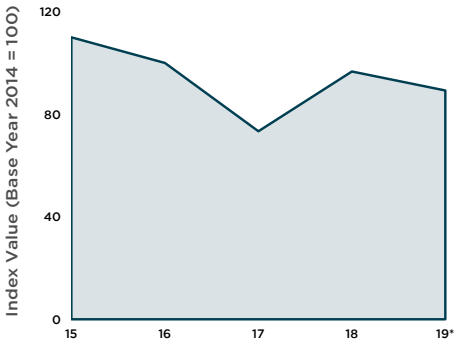
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$984	330 Units	137 Units
▲1.8% YOY		▲YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,156,700	474,700	$54,672	21.6%
YE 2019 ▲0.3% YOY	YE 2019 ▲0.8% YOY	YE 2019 ▲2.7% YOY	YE 2019 ▼20 BPS YOY

2020 PREVIEW

With the improving apartment fundamentals in recent years, builders began ramping up development in Greater Birmingham. Construction will remain focused in the Central Birmingham/Mountain Brook submarket as developers work to fill the need for housing in downtown. Birmingham residents have sought these amenity-rich housing options near the metro's work and entertainment hubs. Approximately 475 units across three properties are scheduled to come online by year-end. The additions will be needed as employment is forecast to grow 0.5% over the next 12 months. Job creation is expected to moderate as unemployment should remain below 4% in 2020. While hires will be limited, a share will include high-paying positions by Shipt Inc. as the company expands its headquarters and adds more than 880 office-using jobs with average salaries of $50,000 per year. With the slowdown in hiring, apartment leasing activity is expected to follow. While positive, absorption is forecast to trail inventory growth to result in a 30-basis-point decrease in occupancy to 94.5% by year-end. Even with the drop, occupancy would be 90 basis points higher than the five-year rate. With healthy occupancy, monthly effective rent is forecast to advance 2.3% to $1,007 by year-end.

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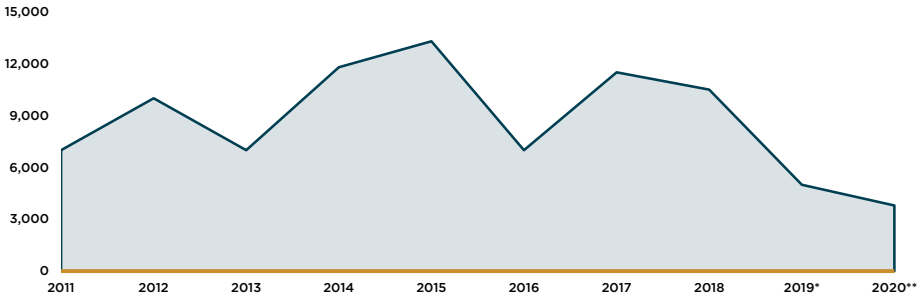
2019 REVIEW

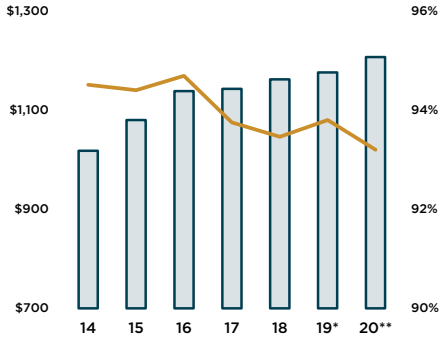
Continued job creation and rising household formation was a boost to leasing activity across Greater Charleston in 2019. Simultaneously, absorption outpaced new apartment inventory, provoking a 30-basis-point annual increase in occupancy to end the fourth quarter at 93.8%. Apartment owners took advantage of tightening occupancy by raising effective rent. The average monthly effective rent appreciated 1.2% to $1,176 by December. While metro Charleston is flourishing overall, downtown's trendy Upper Peninsula district has become a desirable spot to locate with numerous tech firms and an expanding live-work-play atmosphere. Apartment demand in the Downtown/Mount Pleasant/Islands submarket led the metro during 2019 and pushed up occupancy to 93.4% in December, a 90-basis-point annual increase. Apartment demand is expected to remain sturdy in the Upper Peninsula, spurred by ongoing office development in the area, including The Lumberyard and the Charleston Tech Center. Meanwhile, on the jobs front, total nonfarm employment expanded by 5,000 workers last year, building on the 10,500 jobs added in 2018.

EMPLOYMENT CHANGE



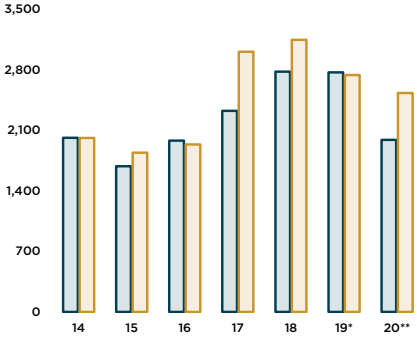
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



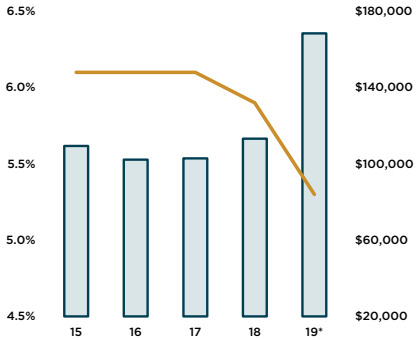
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
5,000	3.0%	93.8%
▲1.3% YOY	▲30 BPS YOY	▲30 BPS YOY

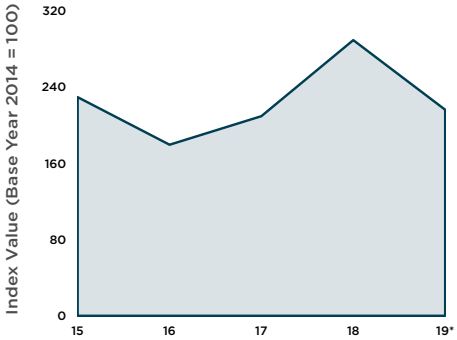
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,176	2,769 Units	2,739 Units
▲1.2% YOY		▼12.9% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
806,100	324,400	$65,198	21.6%
YE 2019 ▲1.6% YOY	YE 2019 ▲1.9% YOY	YE 2019 ▲2.9% YOY	YE 2019 ▼40 BPS YOY

2020 PREVIEW

Charleston's apartment market will continue to benefit from exceptional job opportunities and the area's desirable lifestyle. Continued employment growth is anticipated among Charleston's high-profile manufacturers, including the Boeing Company, Mercedes-Benz Vans, and Volvo Cars USA. Currently, 900 people work at the Mercedes-Benz Sprinter plant in North Charleston, estimated to reach 1,300 workers by the end of the forecast cycle to build 20,000 cargo vans for Amazon.com's delivery service. Supporting apartment demand in the Summerville/Northwest Charleston submarket will be Volvo Cars hiring approximately 2,500 workers in the coming 12 to 24 months. Overall, Charleston-based employers will continue hiring this year as head counts rise 1.0% with 3,800 net jobs added. Multifamily builders will continue concentrating efforts in employment nodes where housing demand has been greatest. Scheduled supply will swell inventory in the Downtown/Mount Pleasant/Islands and the Summerville/Northwest Charleston submarkets by 6% and 12%, respectively, in the next 12 months. Metrowide inventory expansion of 4.0% and decreasing demand will drop the occupancy rate to 93.2% by year-end. Landlords will respond to lowering occupancy and heightened construction by tapering rents. The anticipated rent growth of 2.6% will put monthly effective rent at $1,207 by December.

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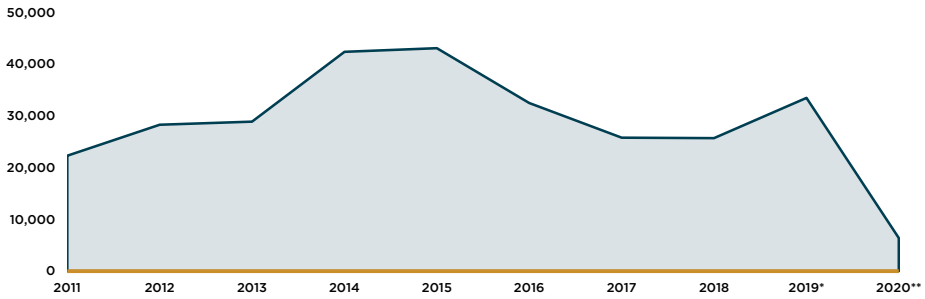
2019 REVIEW

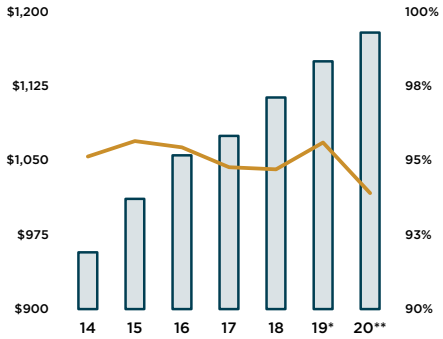
Employers in the Charlotte metro ramped up hiring over the past 12 months, bringing on 33,500 employees in new positions, an annual gain of 2.8%. This increase was an improvement over the previous year and the strongest year for employment growth in the area since 2016. Contributing to this hiring spree in 2019 was population growth of 1.6%, just short of the 1.7% population growth from 2018, and expansions by major corporate leaders in the tech industry. This including Microsoft Corporation, which began to fill 430 new positions in the area. The growing population also encouraged developers to continue delivering new multifamily units across the metro. In 2019, the total number of delivered units was 6,844. There was no shortage of demand for multifamily last year as 8,228 net apartments were absorbed. Occupancy subsequently improved 90 basis points to 95.6% since one year prior, and these factors encouraged apartment operators to keep effective rent heading in an upward direction. As a result, effective rent metrowide increased 3.3% in 2019 to $1,150 per month by year-end.

EMPLOYMENT CHANGE



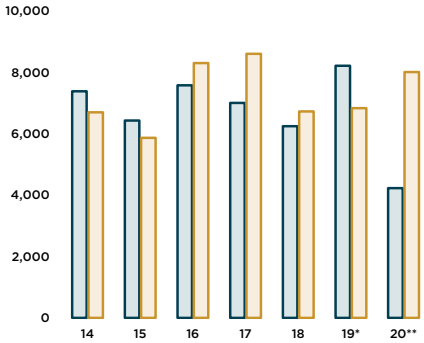
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



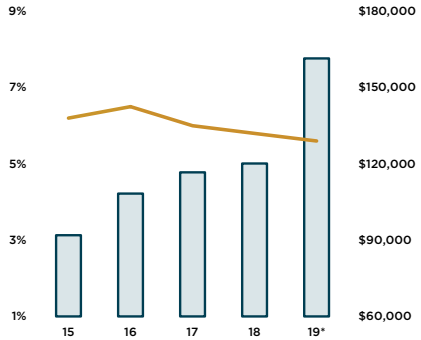
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
33,500	3.4%	95.6%
▲2.8% YOY	▼10 BPS YOY	▲90 BPS YOY

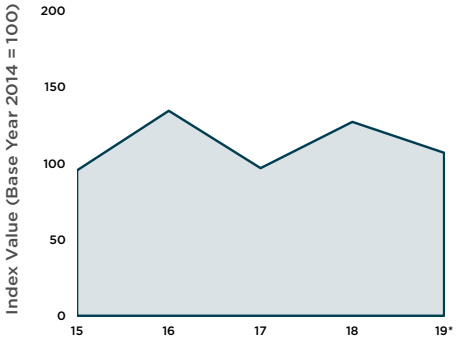
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,150	8,228 Units	6,844 Units
▲3.3% YOY		▲1.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,632,100	1,026,100	$66,303	20.8%
YE 2019 ▲ 1.6% YOY	YE 2019 ▲ 2.1% YOY	YE 2019 ▲ 3.3% YOY	YE 2019 0 BPS YOY

2020 PREVIEW

Apartment construction is expected to accelerate across the Charlotte metro area in 2020. In total, 8,022 new multifamily units are scheduled to be brought online by the end of the year, including at the amenity rich, 280-unit Verde at McCullough Station development located in the UNC Charlotte submarket. Apartment absorption will slow down this year as residents continue to lease units from the latest wave of multifamily product to hit the metro. Another factor contributing to reduced absorption in the metro in 2020 is a deceleration in population growth. The total number of new residents moving to Charlotte and expanding the metro's population is expected to shrink year over year. That said, apartment demand in the Charlotte metro will still be substantial. Net 4,233 units are expected to be leased over the next 12 months. Metrowide occupancy will decrease 170 basis points to 93.9% by the end of 2020 due in part to supply side pressure. Anticipating increased competition from newly delivered multifamily units, apartment operators are expected to limit effective rent growth compared to 2019, when effective rent increased by 3.3%. However, effective rent growth is still expected to remain on par with the national average, up 2.5% through 2020 to $1,179 per month by December.

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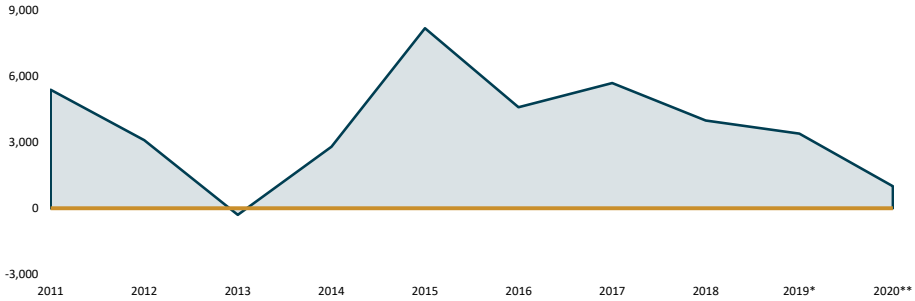
2019 REVIEW

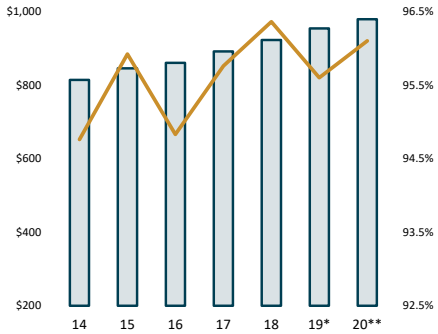
After a supply shortfall for the prior two years, multifamily builders in Chattanooga worked on eight apartment communities that brought 414 market-rate rentals online last year. The new inventory outpaced leasing activity and tamped down the metrowide occupancy rate 80 basis points year over year. Even with the decline, the 95.6% year-end occupancy rate was above the 10-year average of 95.2%. The median household income in Chattanooga advanced 2.9%, providing some relief to the 3.4% annual rise in effective rent, which averaged $954 per month at the end of the fourth quarter. A strong local economy has kept Chattanooga's multifamily fundamentals on firm footing. Nonfarm employment advanced by 3,400 workers last year. Amid ongoing job creation, the University of Tennessee at Chattanooga (UTC) was one of the fastest-growing campuses in Tennessee, boasting a fall 2019 enrollment of 13,000 students, up 12% annually. With very limited on-campus housing, UTC's additional students bolstered leasing activity among the new downtown developments.

EMPLOYMENT CHANGE



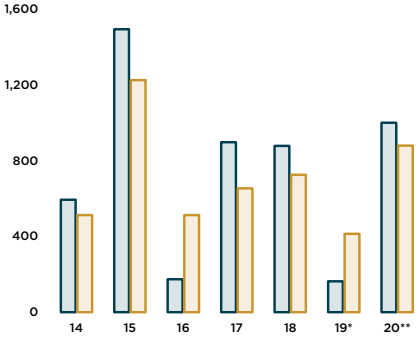
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



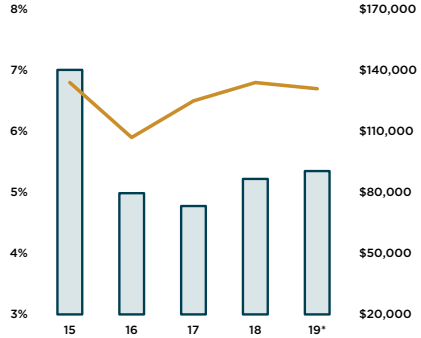
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
3,400	3.5%	95.6%
▲1.3% YOY	▲10 BPS YOY	▼80 BPS YOY

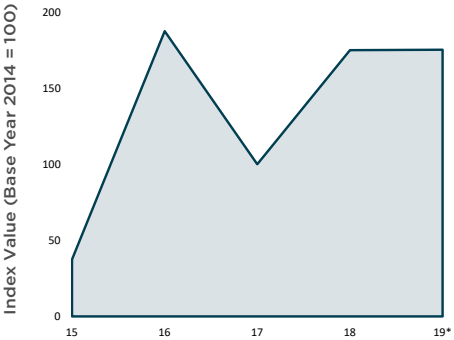
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$954	163 Units	414 Units
▲3.4% YOY		▼43.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
569,300	234,500	$51,971	22.0%
YE 2019 ▲1.0% YOY	YE 2019 ▲1.5% YOY	YE 2019 ▲2.9% YOY	YE 2019 ▲10 BPS YOY

2020 PREVIEW

Metrowide employment is forecast to rise by 1,000 workers this year, a gain of 0.4%. Multifamily developers will remain active throughout the metro to provide housing options for the added jobs, as the pace of completions will escalate to 880 units over the next four quarters supporting rising apartment absorption. Occupancy is projected to ascend 50 basis points to 96.1%, while effective rent appreciates 2.6% to $979 per month by year-end. Multifamily development will persist at a healthy clip in and around Downtown Chattanooga. Scheduled to come online early 2020 is the 280-unit One Riverside apartments near Erlanger Health Center's main campus. The 3.5-acre mixed-use River Rock development, north of Unum's corporate headquarters, is expected to bring 151 apartments online this year with the remaining commercial space built out by 2021. With around 3,500 employees, Volkswagen Group is one of Chattanooga's fastest-growing companies. In a move that will further bolster manufacturing payrolls, Volkswagen will invest $800 million in its Chattanooga site to manufacture electric cars, creating 1,000 new jobs as well as grow its supplier base. Construction on the new facility began late-2019, with the first electric car anticipated to roll off the production line in 2022.

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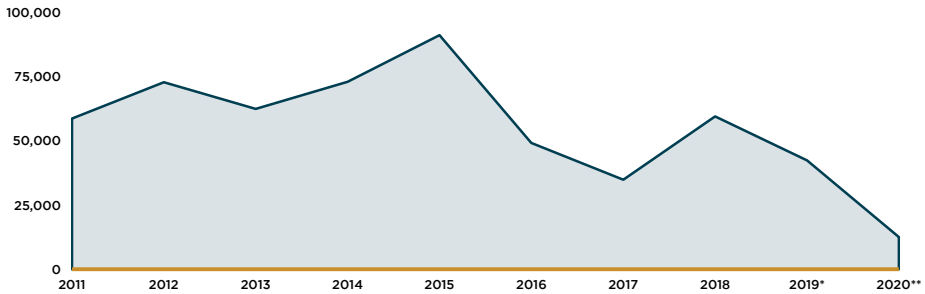
2019 REVIEW

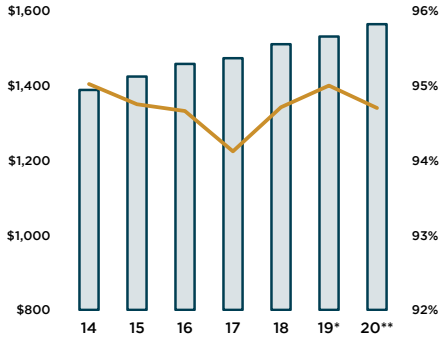
The strength of the urban core of the Chicago metropolitan area underpinned a healthy apartment market in 2019. Apartment development and demand was concentrated in The Loop submarket. Approximately 36% of the 8,615 deliveries metrowide were in the submarket, where there has been an influx of young professionals around Chicago's central business district. Also attracting these individuals, beyond amenity-rich Class A rentals, was the 0.9% annual increase in the labor force. Additions included 8,900 new personnel added to the professional and business services sector last year. The increase to payrolls contributed to leasing activity outpacing inventory growth in The Loop submarket. The trend was reflected across Greater Chicago and resulted in metrowide occupancy advancing 30 basis points year over year to an average of 95.0% in the fourth quarter of 2019. At the same time, apartment operators kept upward pressure on leasing costs. Monthly effective rent advanced 1.4% annually to $1,531 by year-end.

EMPLOYMENT CHANGE



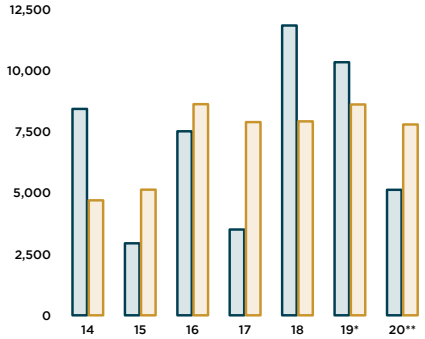
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



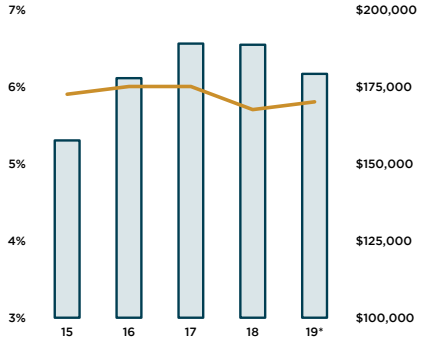
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
42,300	3.9%	95.0%
▲0.9% YOY	0 BPS YOY	▲30 BPS YOY

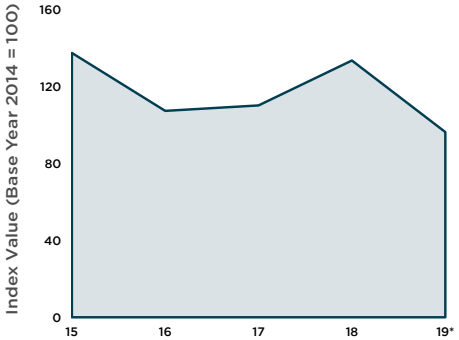
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,531	10,338 Units	8,615 Units
▲1.4% YOY		▲8.7% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
9,471,700	3,744,500	$74,192	24.8%
YE 2019 ▼0.2% YOY	YE 2019 ▲0.6% YOY	YE 2019▲ 3.1% YOY	YE 2019 ▼ 40 BPS YOY

2020 PREVIEW

Apartment developers will show confidence in the Chicago apartment market as the pipeline will remain filled. Construction is scheduled to complete on nearly 7,800 units over the next four quarters, slightly above the preceding five-year average. A significant share of deliveries will still be focused around the central business district with more than half of new units coming online in The Loop and the Streeterville/ River North submarkets. These additions include several large-scale properties like the 698-unit Wolf Point East and the 586-unit 845 West Madison Street. Apartment development is also shifting to the suburbs as builders are active around Metra rail lines that provide access to the CBD. The new inventory will be needed as payrolls are forecast to grow 0.3% over the next 12 months, even as the labor market remains tight amid unemployment remaining in the 4% range. With the slowdown in hiring, apartment leasing activity is expected to also taper. While still positive, absorption is expected to trail deliveries metrowide to shift down average apartment occupancy to 94.7% by year-end. Even with the decrease, occupancy will remain 10 basis points higher than the five-year average. Effective rent is forecast to grow 2.2% annually to $1,564 per month in December 2020.

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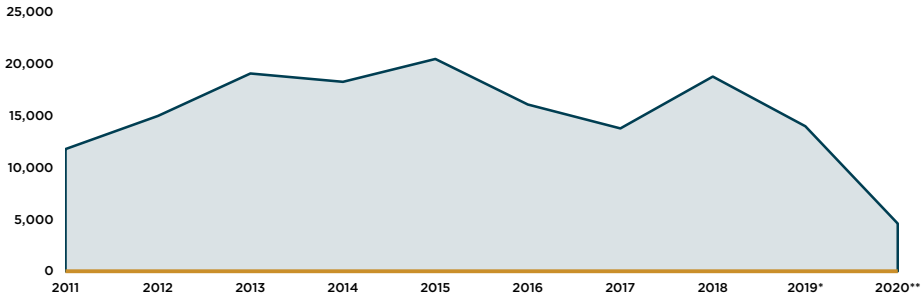
2019 REVIEW

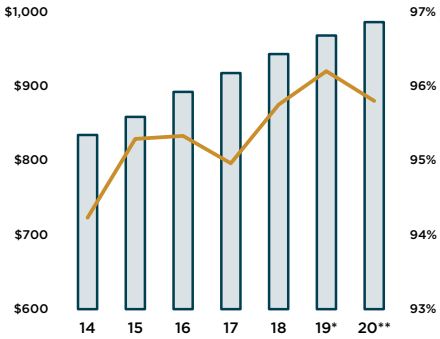
Sustained demand for rentals amid a slowdown in deliveries across the Cincinnati metro area in 2019 led to rising occupancy. Average apartment occupancy increased 40 basis points annually to 96.2% in December. Following a five-year construction wave of over 8,000 new units in the metro, the pace of deliveries decelerated in 2019 and allowed for absorption of those units. As a result, 686 new multifamily units were brought online last year while residents absorbed a net 1,382 units over the same period. The annual rate of job growth slowed to 1.2%, down compared to 1.7% in 2018. Fueling the slowdown in hiring was a tightening labor force as unemployment lowered 70 basis points to 3.3% by year-end. The median household income increased 2.3% during 2019 as employers had to compete for workers. Apartment operators were subsequently encouraged to increase average effective rent to $968 per month, a 2.7% annual increase, and greater than the national rate of growth.

EMPLOYMENT CHANGE



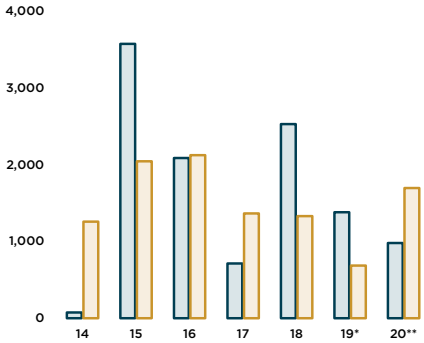
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



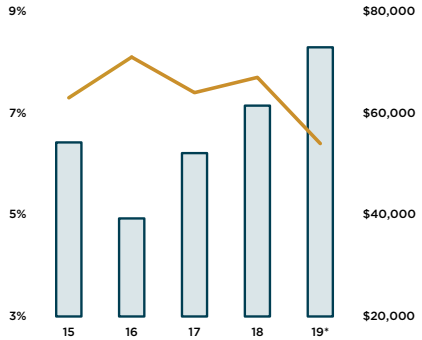
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
14,000	3.3%	96.2%
▲1.2% YOY	▼70 BPS YOY	▲40 BPS YOY

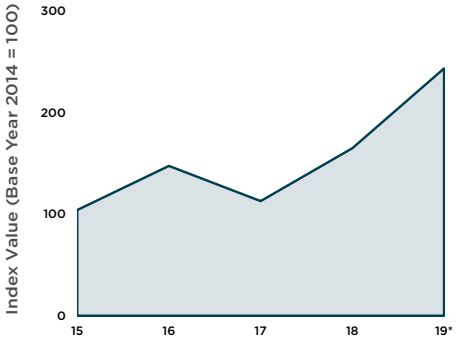
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$968	1,382 Units	686 Units
▲2.7% YOY		▼48.5% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,209,000	881,000	$67,579	17.2%
YE 2019 ▲0.6% YOY	YE 2019 ▲0.9% YOY	YE 2019 ▲ 2.3% YOY	YE 2019 ▲ 10 BPS YOY

2020 PREVIEW

Following healthy apartment occupancy over the past few years, construction is projected to accelerate in the Cincinnati metro in 2020. Over the next 12 months, 1,697 units are expected to be delivered, a 150% increase in apartment construction over the previous 12 months. The new units will be delivered near the metro's urban core in the Central Cincinnati submarket. Additionally, new apartment stock will come online in three other submarkets, including The Red II and III developments that are scheduled for delivery in the North Central Cincinnati submarket, adjacent to the urban core and Downtown Cincinnati. Additional housing will be needed as employers are forecast to add 4,600 new hires to their payrolls before the end of the year. The annual employment growth of 0.4% will be down from the previous year. As a result, apartment absorption is also forecast to slow down; residents will lease 981 net units over the same period. Supply side pressure will lead to occupancy decreasing 40 basis points this year, to a still strong 95.8%. Apartment operators will respond to this shift in occupancy by easing rent growth. As a result, effective rent is expected to increase at a slower 1.9% annual rate to $986 per month by year-end.

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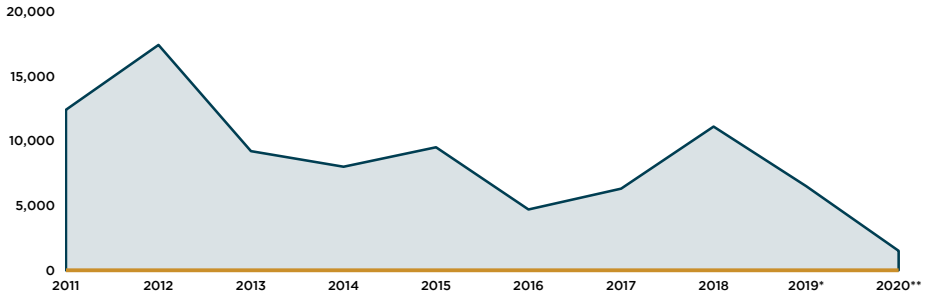
2019 REVIEW

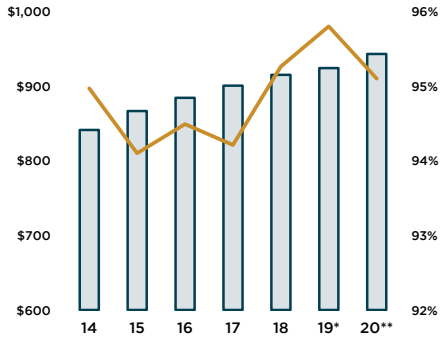
The local apartment and job markets continued moving in a positive direction in 2019. Employers created 6,500 new jobs, augmenting payrolls 0.6% year over year. Healthy job growth occurred in the education and health services sector, which grew 1.7% with 3,400 additional workers. Aggressive hiring among prominent health care providers in the area boosted this sector. In the apartment market, developers continued enhancing the Central Cleveland submarket's desirable live-work-play environment with new apartments. Approximately 90% of the deliveries in the metro area came online in the Central Cleveland submarket. Renters were drawn to the new inventory in the inner core, causing the occupancy rate to rise 180 basis points annually as net absorption widely outpaced deliveries. This trend was mirrored in the metro area, as apartment occupancy increased 50 basis points annually to 95.8% at the end of the fourth quarter of 2019. During the same period, monthly effective rent advanced 1.0% to $924.

EMPLOYMENT CHANGE



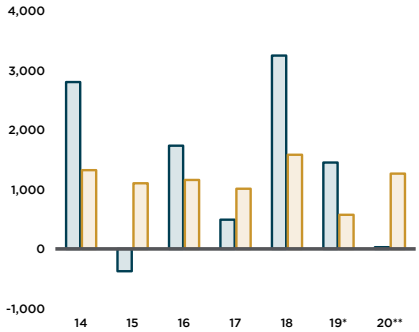
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



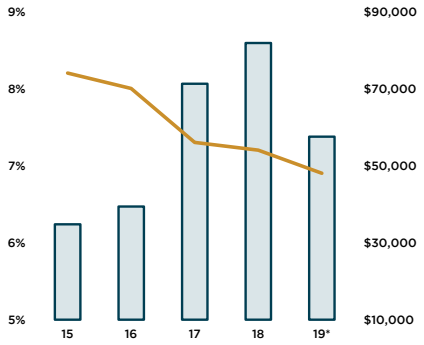
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
6,500	4.2%	95.8%
▲0.6% YOY	▼90 BPS YOY	▲50 BPS YOY

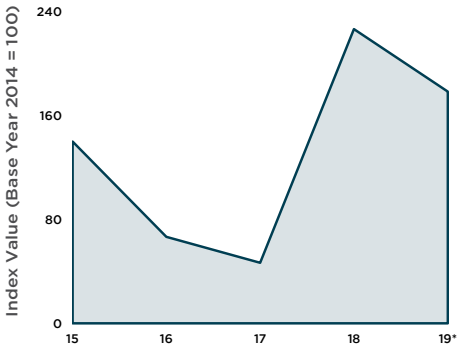
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$924	1,454 Units	573 Units
▲1.0% YOY		▼63.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,050,800	872,200	$58,773	18.9%
YE 2019 ▼0.2% YOY	YE 2019 ▲0.2% YOY	YE 2019 ▲2.6% YOY	YE 2019 ▼30 BPS YOY

2020 PREVIEW

Continued employment growth is anticipated in 2020, albeit at a much slower 0.1% annual pace. Employers are expected to hire 1,500 net workers. The slowdown will be due to a number of factors, including a general deceleration in the economy, a slackening in the automotive industry, and lingering effects from the trade war with China and other countries. Apartment demand will similarly slow in 2020. In addition to the decelerating local economy, the small premium in owning a home will convert some renters. While apartment demand will be present in the metro area, positive net apartment absorption is projected to be only in the double digits. Meanwhile, deliveries among several apartment communities will result in 1,267 new units in 2020, far exceeding net absorption. The supply imbalance will result in a 70-basis-point decrease in occupancy to a still-healthy 95.1% in December. Despite the reduction in occupancy, the pervasive number of new, high-end apartments will help skew rent growth upward. Operators are projected to increase effective rent 2.1% during 2020 to $943 per month by year-end. Looking forward, developers have 25 apartment communities in various stages of planning, representing more than 8,700 new apartments. At least five of these projects will break ground in 2020.

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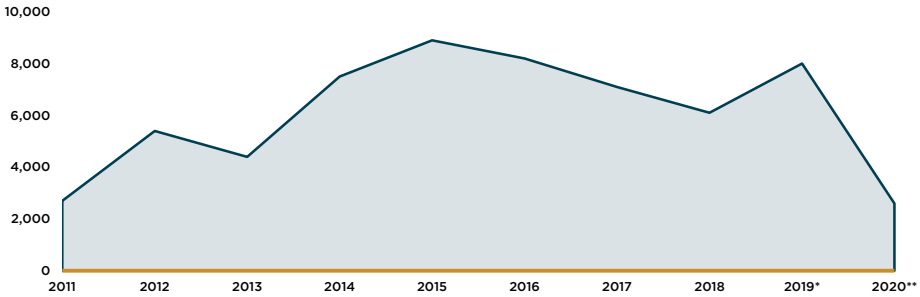
2019 REVIEW

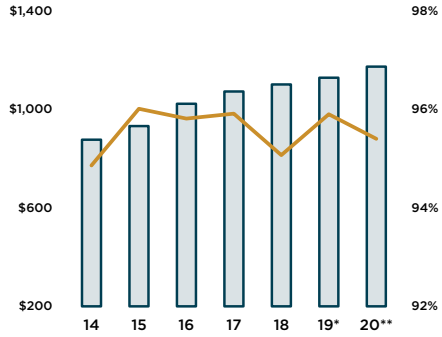
Employment in the Pikes Peak region continued its upward trend, increasing 2.7% in 2019, bettering the 2.1% growth from one year prior. Local employers added 8,000 workers to payrolls last year. The median household income continued to climb during this same time, reaching $70,957, up 2.5% annually. Helping to lift wages was employment growth among high-paying jobs in the professional and business services sector, where 2,900 employees were added for a metro-leading 6.3% expansion. Accelerated hiring underpinned robust rental demand that hit a 10-year high as 1,300 units were newly leased. Builders placed a total of 927 rentals into service, concentrating on the northern portion of The Springs where demand was most prevalent. Amid a supply shortfall, occupancy shifted up 80 basis points annually to 95.9% in the fourth quarter. Landlords increased monthly effective rent 2.5% year over year to $1,128 in December. In the popular North Colorado Springs submarket, effective rent advanced 4.1% annually to $1,280 per month.

EMPLOYMENT CHANGE



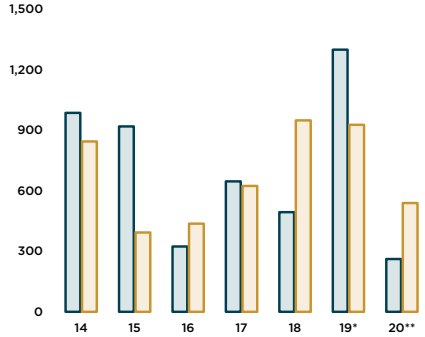
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



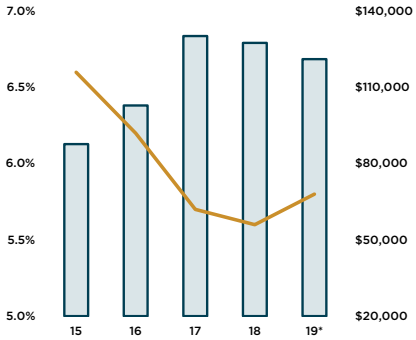
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
8,000	3.2%	95.9%
▲2.7% YOY	▼120 BPS YOY	▲80 BPS YOY

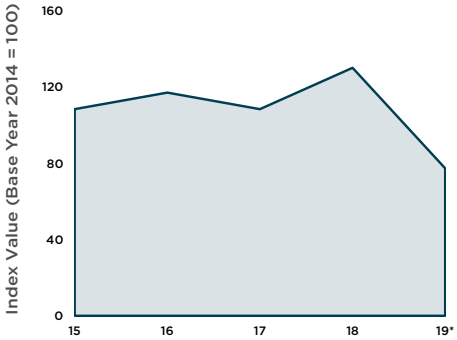
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,128	1,300 Units	927 Units
▲2.5% YOY		▼2.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
755,900	284,600	$70,957	19.1%
YE 2019 ▲ 1.5% YOY	YE 2019 ▲ 1.9% YOY	YE 2019 ▲ 2.5% YOY	YE 2019 0 BPS YOY

2020 PREVIEW

Ongoing and planned developments are representing a new wave of modernization in the Colorado Springs economy. Approximately $1 billion in health care developments are expected to take place in Colorado Springs through 2020, including three new hospitals and two hospital expansions. In the government sector, more than $325 million is being invested in four of the five military bases throughout the region, including the development of a $148 million space operations center at Schriever Air Force Base. Employers are forecast to add 2,600 workers to payrolls by December 2020, equating to 0.9% year-over-year growth. Along with other private and public development, multifamily developers remain exceptionally active in Colorado Springs. Identified apartment projects and permit volumes suggest new supply should remain elevated. Drawing a portion of residents away from renting this year could be the lure of homeownership as home prices are expected to stagnate or slightly decline. As such, leasing activity will soften, causing the occupancy rate to drop to 95.4%, though will remain above the 10-year average of 95.0%. Meanwhile, rent growth of 4.0% will trend higher than the 2.5% national norm. Effective rent is projected at $1,173 per month by year-end.

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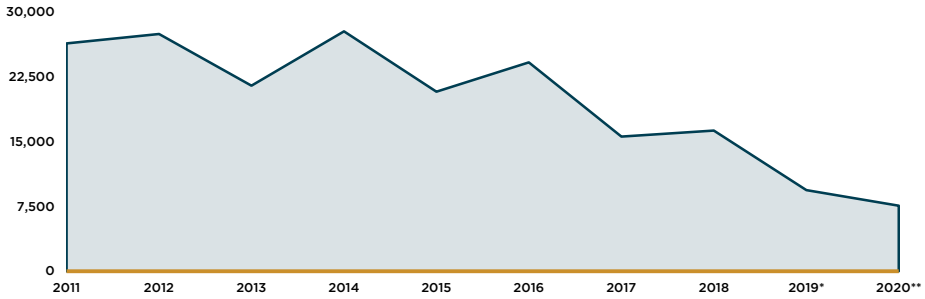
2019 REVIEW

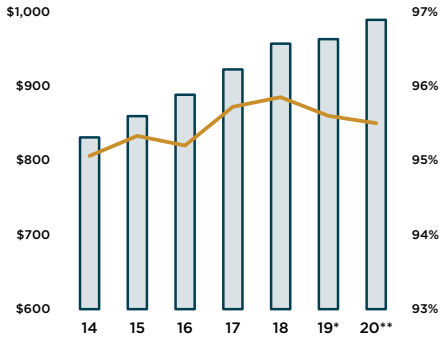
Columbus remained a popular market for multifamily development in 2019 thanks to a growing population and expanding labor force. Hiring in the trade, transportation, and utilities sector grew 1.3% as employers hired 2,700 workers. The sector benefited from relocating logistics firms and Columbus's burgeoning driverless vehicle industry. Metrowide, employers added 9,400 new hires in 2019, a gain of 0.9%. After bringing an average of 3,750 units online each year since 2013, developers leveled off construction and operators mitigated rent growth in 2019 in order to maintain elevated occupancy levels. Effective rent reached $963 per month in December, up 0.6% annually after increasing 3.8% in each of the two prior years. Developers brought 2,566 new units online in 2019, including those at expansive developments like the 300-unit Jerome Grand. During the same period, Columbus residents absorbed a net 2,007 units. As a result of supply side pressure, occupancy in the metro in December was 95.6%, down 30 basis points compared to 2018.

EMPLOYMENT CHANGE



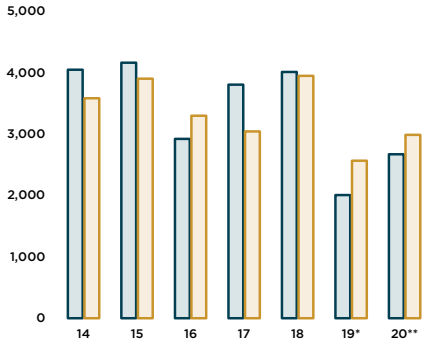
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



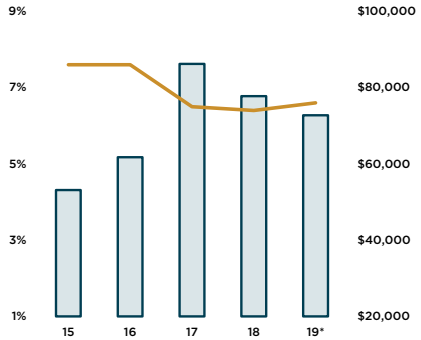
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
9,400	3.2%	95.6%
▲0.9% YOY	▼80 BPS YOY	▼30 BPS YOY

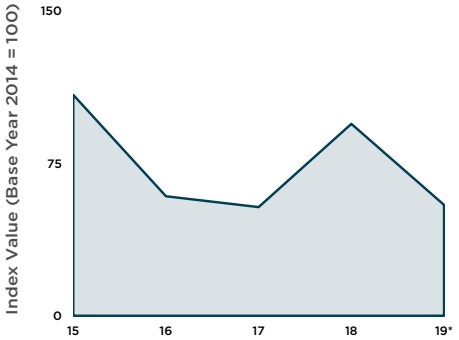
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$963	2,007 Units	2,566 Units
▲0.6% YOY		▼35.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,142,700	849,100	$67,192	17.2%
YE 2019 ▲ 1.1% YOY	YE 2019 ▲ 1.4% YOY	YE 2019 ▲ 2.2% YOY	YE 2019 ▼ 30 BPS YOY

2020 PREVIEW

Construction is forecast to rebound in 2020 as apartment developers are scheduled to bring 2,988 new units online, a 16% increase over the previous year. Absorption is likewise expected to pick up in 2020 compared to last year as residents absorb 2,672 additional units over the next 12 months. The lure of new supply and improving absorption will encourage apartment operators to increase effective rent 2.7%, up to $989 per month by year-end. With apartment construction slightly outpacing leasing activity, occupancy will fall 10 basis points but remain at a healthy 95.5% in 2020. Portions of Columbus's economy may be susceptible to a general economic slowdown predicted in 2020. As a result, total employment is predicted to expand 0.7% in 2020, a gain of 7,600 jobs. Despite the deceleration in hiring compared to the previous year, when payrolls expanded by 0.9%, Columbus will continue to attract tech and transportation firms that are relocating or expanding their operations. For example, Honda supplier and parts manufacturer Jefferson Industries is expected to add over 150 jobs to the Columbus metro in 2020. Likewise, multiple tech companies, including software developers Micware and Olive, announced plans to each add over 100 new employees in 2020.

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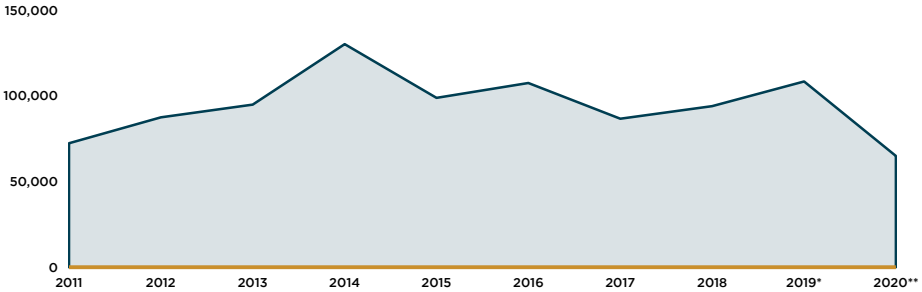
2019 REVIEW

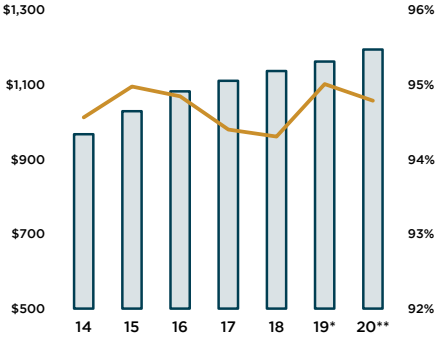
Robust household formation and job growth continued supporting healthy apartment fundamentals in the Metroplex in 2019. Net in-migration totaled approximately 71,200 persons, a major contributor to the formation of 56,200 households. Many of these new residents were able to find jobs in the bustling 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



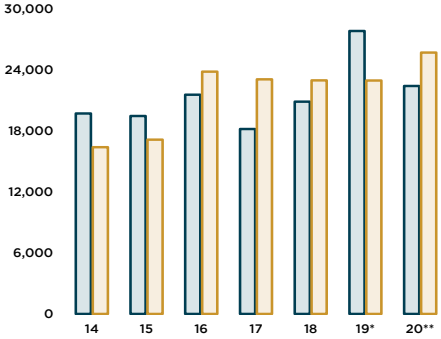
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



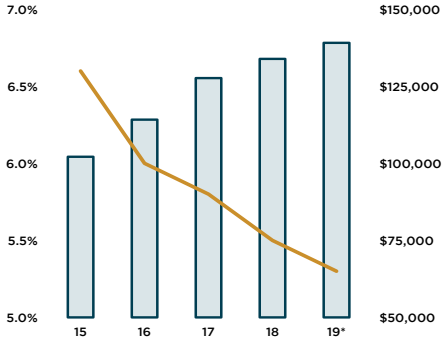
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
108,300	3.3%	95.0%
▲2.9% YOY	▼20 BPS YOY	▲ 70 BPS YOY

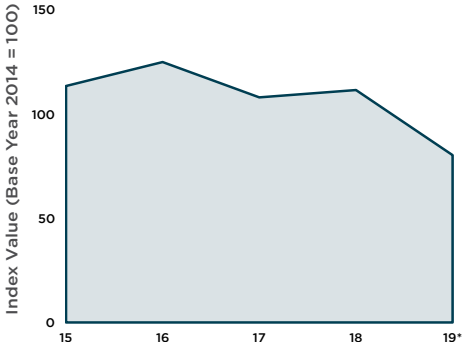
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,160	27,798 Units	22,930 Units
▲2.2% YOY		▼ 0.1% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
7,733,800	2,797,800	$71,681	19.4%
YE 2019 ▲ 1.7% YOY	YE 2019 ▲ 2.0% YOY	YE 2019 ▲ 3.2% YOY	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.

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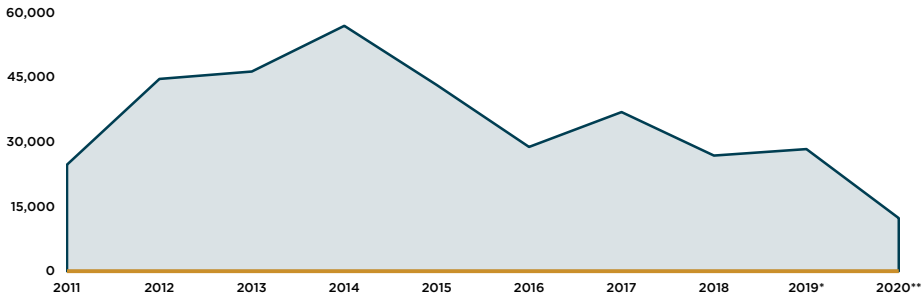
2019 REVIEW

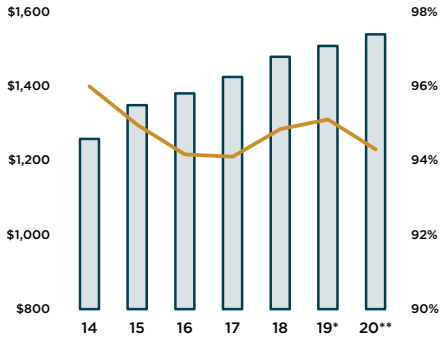
Tech employers in Denver continued to bring on new employees at an elevated rate last year. The professional and business services sector also expanded 3.1%, thanks to the addition of 8,700 new hires. Growth and relocations by tech and other office-using employers led to Denver's total employment growing 1.9% in 2019, accelerating over growth in 2018. The addition of high-paying jobs had a positive impact on wage growth; the median household income improved by 3.2% in 2019. Developers leveraged the continued economic growth in the Denver metro by bringing another 8,318 units online in 2019, a number that outpaced the proceeding five-year average. Apartment demand outpaced delivery for the second-consecutive year as residents absorbed 8,687 additional units. Improved incomes and persistent demand drove up occupancy 30 basis points to 95.1%. Demand was focused in the Downtown/Highlands/Lincoln Park and Five Points/Capitol Hill/Cherry Creek submarkets, the two highest rent submarkets in the metro. Effective rent increased 2.0% in 2019 to $1,508 per month.

EMPLOYMENT CHANGE



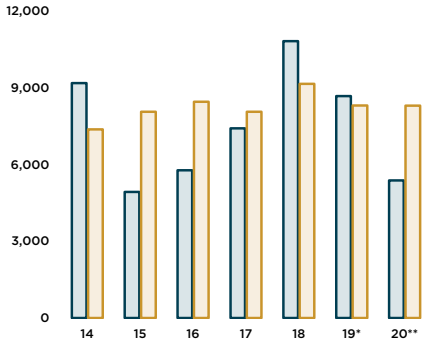
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



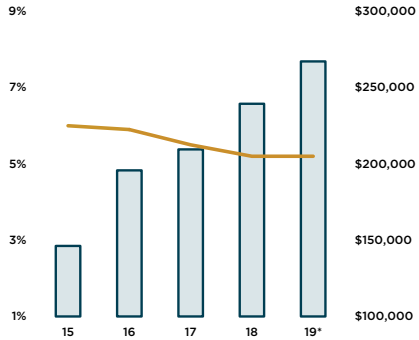
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
28,300	2.7%	95.1%
▲1.9% YOY	▼90 BPS YOY	▲30 BPS YOY

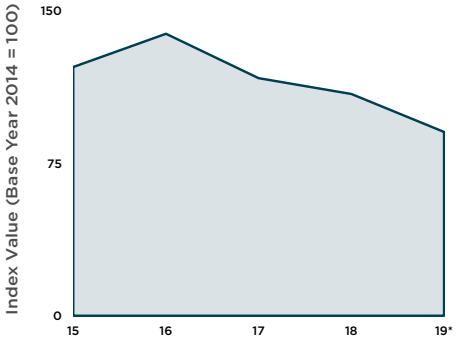
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,508	8,687 Units	8,318 Units
▲2.0% YOY		▼9.2% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,994,100	1,166,800	$81,325	22.3%
YE 2019 ▲ 1.4% YOY	YE 2019 ▲ 1.9% YOY	YE 2019 ▲ 3.2% YOY	YE 2019 ▼ 20 BPS YOY

2020 PREVIEW

The Denver metro area will remain an attractive relocation destination for high-income millennials and tech employees in 2020, but overall job growth is likely to slow down in the coming year. While some shifts in local hiring are forecast due to changes in economic performance nationwide, a pertinent headwind limiting job growth in Denver is the fact that the metro area is near full employment. Unemployment was as low as 2.7% last year and is expected to remain low at 3.2% through the end of 2020. Local employers are forecast to bring on 12,300 net new hires in 2020, a gain of 0.8%. Limited job growth, along with slowing year-over-year population growth metrowide, will exert downward pressure on demand for multifamily housing in 2020. Denver residents are expected to fill 5,382 additional apartments, down 38% from absorption in 2019. However, construction activity in the metro will be in line with the previous year as developers bring 8,311 new apartment units online, including at the 345-unit Westerly development in the Littleton submarket. Additionally, apartment operators are confident that the reputation of the metro area as one of the nation's largest tech hiring hubs will continue to lure affluent renters, enabling operators to grow monthly effective rent 2.1% in 2020 to $1,539 by year-end.

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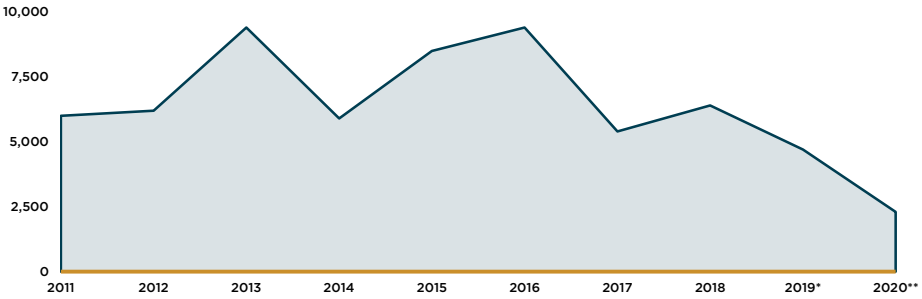
2019 REVIEW

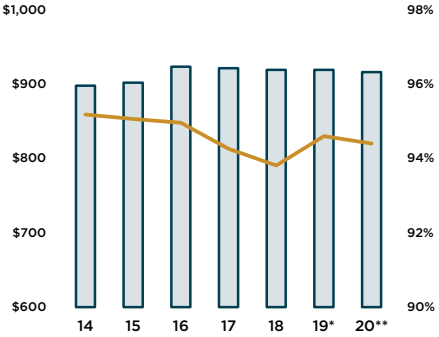
Construction of new apartment units in the Des Moines metro area increased 48% year over year over the last 12 months. During this period, 1,339 new units were brought online by apartment developers eager to take advantage of Des Moines's status as an up-and-coming and late-recovery market. Meanwhile, residents absorbed 1,655 units. Demand increased in 2019 over the previous year, thanks to strong in-migration from job seekers leaving other Midwest metros, especially Chicago and Minneapolis, in search of a lower cost of living and different career opportunities. In the last 12 months, employers in the Des Moines metro brought on 4,700 additional hires, primarily in the leisure and hospitality industry. The surge in apartment demand, up 163% compared to the previous year, also had a positive impact on overall occupancy, which improved 80 basis points to 94.6% in 2019. Effective rent was unchanged in 2019 and was equal to $919 per month as a result. This new trend followed two years of decreasing rent, which was driven by below-average occupancy levels.

EMPLOYMENT CHANGE



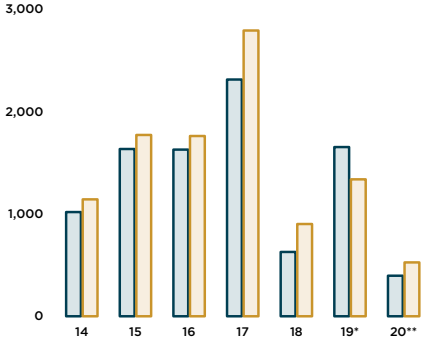
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



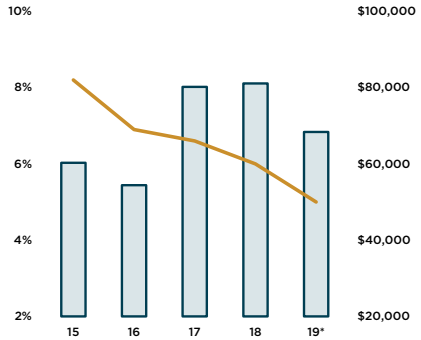
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
4,700	2.6%	94.6%
▲1.3% YOY	▼30 BPS YOY	▲ 80 BPS YOY

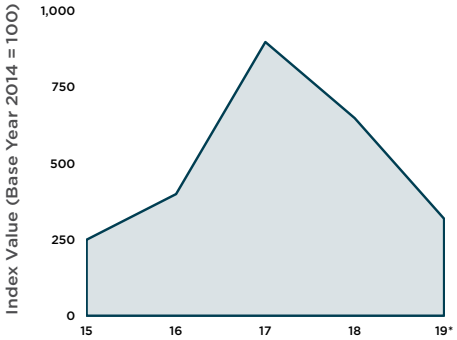
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$919	1,655 Units	1,339 Units
0.0% YOY		▲ 48.4% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
672,800	272,200	$71,769	15.4%
YE 2019 ▲ 1.7% YOY	YE 2019 ▲ 2.4% YOY	YE 2019 ▲ 1.9% YOY	YE 2019 ▼ 30 BPS YOY

2020 PREVIEW

Following a strong year for multifamily absorption and new development in Des Moines, developers are expected to pull back on apartment deliveries in 2020. This approach will allow residents time to absorb the wave of new multifamily units that have come online since 2015. Developers are scheduled to deliver 527 apartment units to the Des Moines metro area before the end of the year. Residents in the metro are expected to absorb 397 net units during this period. Like last year, demand in 2020 is expected to be split between the urban core and adjacent submarkets where apartment units are less expensive than those found in Downtown Des Moines. However, this trend, as well as slowing job growth and apartment operators adjusting expectations to account for reduced absorption, is expected to put downward pressure on effective rent metrowide. Rent will decrease 0.3% to $916 by the end of the year. The concurrent supply side pressure will also impact occupancy, which is expected to fall 20 basis points to 94.4% by the end of 2020. Metrowide employment is expected to increase 0.6%, a gain of 2,300 new hires year over year. Despite facing economic headwinds this year, the metro's median household income is expected to continue rising and to accelerate past annual growth in 2019, helping to sustain opportunities for multifamily development in the long term.

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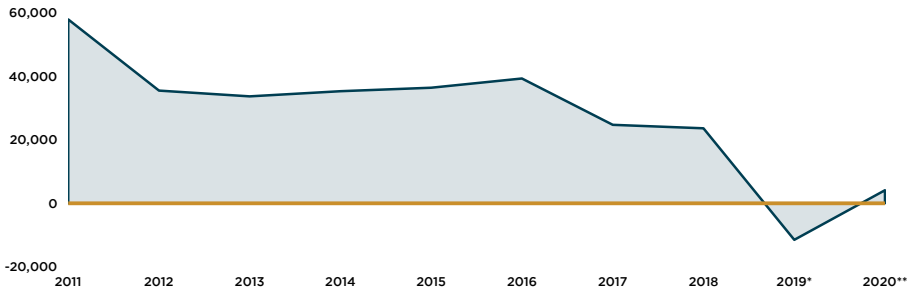
2019 REVIEW

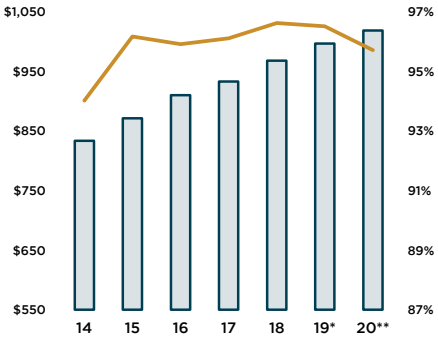
The apartment market remained healthy in the Detroit metro area despite a cooling economy. Effective rent climbed 3.0% during 2019, reaching an average of $996 per month at the end of the fourth quarter. The rent growth came amid a 51% annual increase in apartment completions in 2019. More than half of the 1,013 new units came online in the adjacent Downtown/Midtown/Rivertown and Detroit City submarkets. Apartment demand was brisk in the two submarkets, but swelling inventory kindled competition which kept annual rent growth in the low-1% range in both areas. Metrowide, apartment occupancy dipped 10 basis points to 96.5% in December as net absorption decreased. The decline in demand was spurred from a slowing economy brought on by several factors, including structural changes in the auto industry, the impact of the prolonged strike against General Motors, and ongoing trade and tariff issues. Contraction occurred in seven of the 11 employment sectors, resulting in 11,500 net job losses, a 0.6% year-over-year decline.

EMPLOYMENT CHANGE



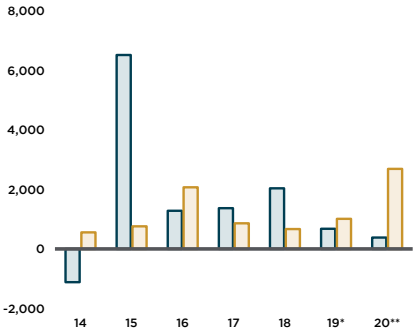
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



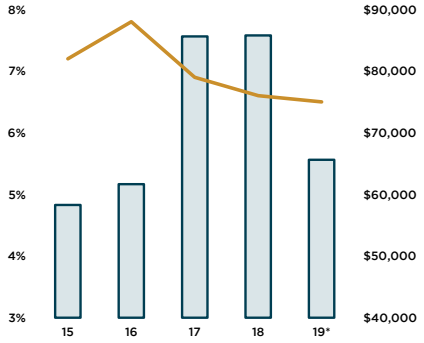
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
-11,500	4.9%	96.5%
▼0.6% YOY	▲90 BPS YOY	▼10 BPS YOY

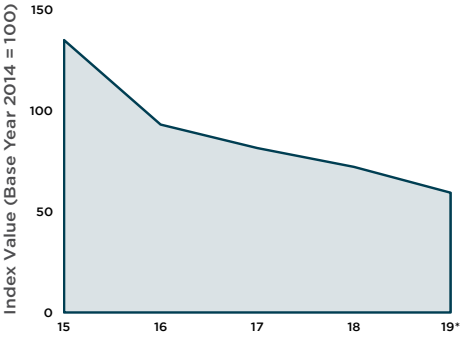
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$996	677 Units	1,013 Units
▲3.0% YOY		▲51.2% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
4,327,200	1,768,400	$63,624	18.8%
YE 2019 0.0% YOY	YE 2019 ▲0.7% YOY	YE 2019 ▲3.7% YOY	YE 2019 ▼10 BPS YOY

2020 PREVIEW

Some headwinds are anticipated in the Detroit apartment market in 2020, though Detroit's ongoing transition into a more diverse economy is expected to minimize the negative effects. Substantial progress on 19 apartment communities underway at the outset of 2020 will result in a surge of nearly 2,700 deliveries throughout the year. The influx of new stock is expected to increase competition among apartment communities and slow annual rent growth to 2.2%, resulting in average effective rent of $1,018 per month by year-end. Apartment demand is projected to remain positive in 2020, though will be muted from the lingering effects of the economic pause in 2019. Renters are forecast to occupy 380 additional apartments in 2020, considerably trailing deliveries. The supply excess will fuel an 80-basis-point reduction in occupancy to 95.7% in December. Regardless, developers remain optimistic about the apartment market. More than 50 apartment developments are in various stages of planning, representing more than 7,800 units if all are realized; nearly half of these apartments would be in the Downtown/Midtown/Rivertown submarket. In the local labor market, net hiring is projected to rebound as businesses and institutions add 4,100 workers to payrolls this year, a 0.2% annual gain.

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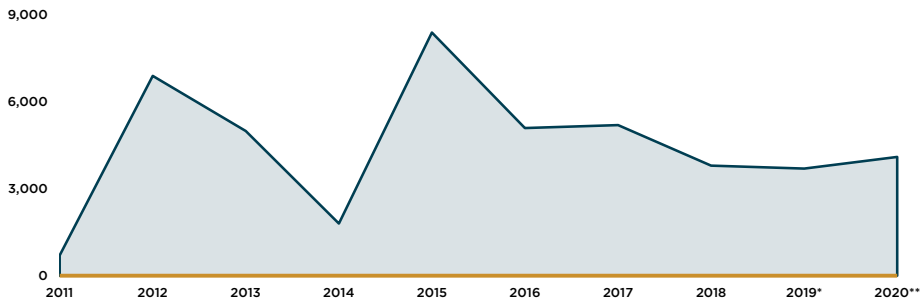
2019 REVIEW

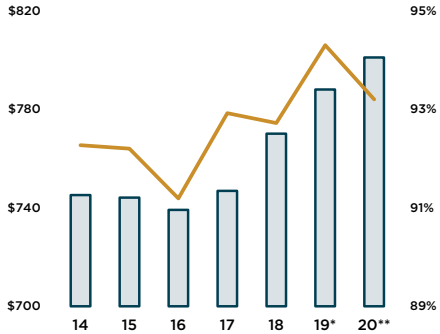
Sustained employment growth and vigorous apartment demand characterized the El Paso economy in 2019. Employers added 3,700 workers to local payrolls, a 1.1% year-over-year gain. The largest contributor to job gains occurred in the education and health services sector, as 1,200 workers were hired, a 2.6% year-over-year increase. Cobalt Rehabilitation Hospital hired 125 health care professionals when it opened its $24 million facility in the first quarter of 2019. In the apartment market, strong renter demand returned this year, where net apartment absorption totaled 904 units, supported by a 2.8% annual increase in median household income that prompted a 10-basis-point decrease in rent share of wallet. Occupancy escalated to 94.3% by the fourth quarter, up from 92.7% at year-end 2018, and surpassing the 10-year average of 93.2%. Also spurring demand were affordable rent. Effective rent ended the year at $788 per month, up 2.3% annually, though $172 less than a typical monthly home mortgage in the metro.

EMPLOYMENT CHANGE



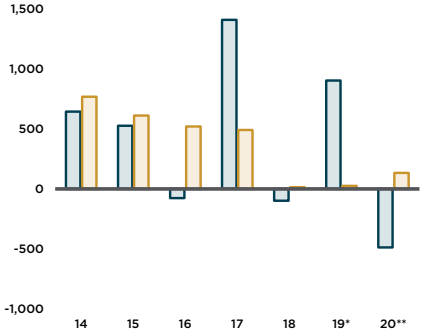
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



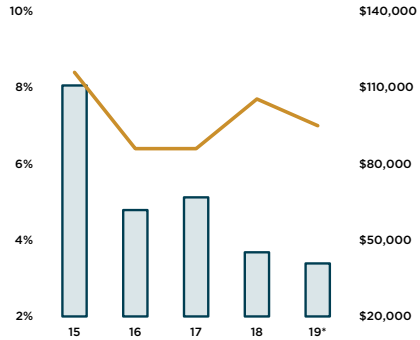
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
3,700	3.7%	94.3%
▲1.1% YOY	▼40 BPS YOY	▲160 BPS YOY

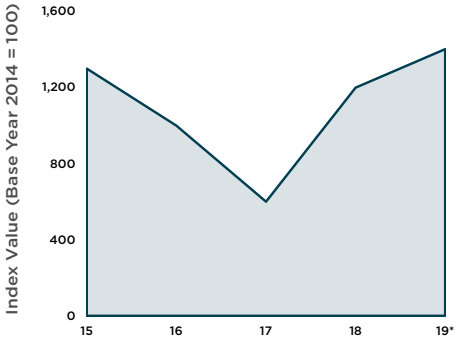
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$788	904 Units	26 Units
▲2.3% YOY		▲85.7% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
852,500	286,600	$46,642	20.3%
YE 2019 ▲0.6% YOY	YE 2019 ▲1.0% YOY	YE 2019 ▲2.8% YOY	YE 2019 ▼10 BPS YOY

2020 PREVIEW

This year will mark the 10th-consecutive year of job growth in Greater El Paso, accelerating 1.3% as businesses add 4,100 workers. The health care and social assistance subsector will be supported by The Hospitals of Providence Transmountain Campus adding to its facility and staff, a portion at the $4 million Neonatal Intensive Care Unit opening Spring 2020. The construction sector will be boosted by several large-scale developments. The $85 million, 18-story WestStar at Hunt Plaza, soon to be the tallest office tower in El Paso, will support the downtown office market and is slated to complete late-2020. The steady influx of residents looking for a place to live, helped by Fort Bliss, the second-largest military base in the country, caused a construction boom of single-family homes. Home sales started significantly rising mid-2019 and higher-than-normal net move outs are forecast for the first quarter of 2020, suggesting a portion of the renter pool may convert to homeownership. Softer rental demand should prompt a 110-basis-point annual reduction in occupancy to 93.2% in December. Despite the decline, occupancy will be on par with the market's historical norm. Effective rent is forecast to reach $801 per month by year-end, a 1.6% increase.

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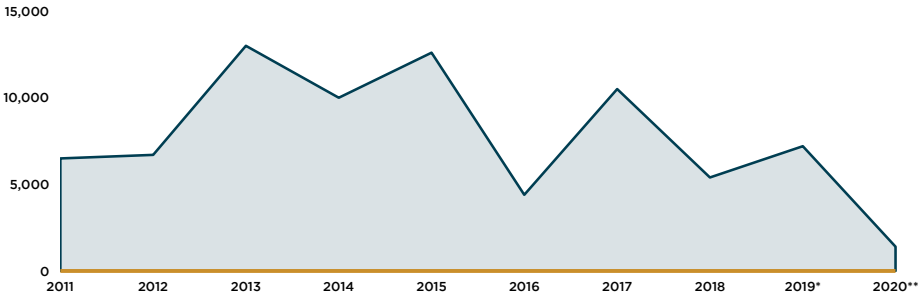
2019 REVIEW

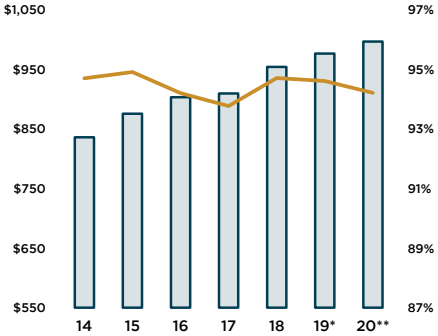
More than 6,300 households formed in the Greenville metro area in 2019, aided by net in-migration of nearly 9,700 new residents. The influx of residents was a major driver of job growth in service-centered job sectors, particularly the leisure and hospitality and the education and health services segments. Employers in the leisure and hospitality industry added 3,800 workers to payrolls in 2019, an 8.1% year-over-year surge. In the education and health services sector, institutions hired 1,600 net workers, a 3.0% increase. The two sectors were the key contributors to 1.7% annual job growth metrowide as 7,200 new jobs were filled. Contraction in the manufacturing and information sectors partially offset annual job growth. Together, the job growth and increase in households supported the local apartment market. By year-end, average effective rent was $976 per month, a 2.4% annual gain. Renters newly occupied 1,326 apartments in 2019, which trailed the 1,470 deliveries. The imbalance prompted a 10-basis-point annual dip in occupancy to 94.6% in December.

EMPLOYMENT CHANGE



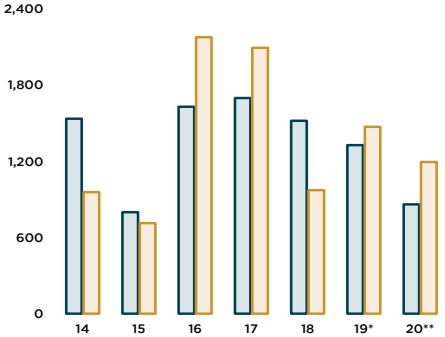
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



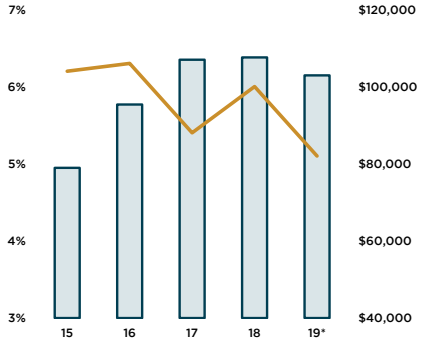
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
7,200	3.1%	94.6%
▲1.7% YOY	▲ 10 BPS YOY	▼ 10 BPS YOY

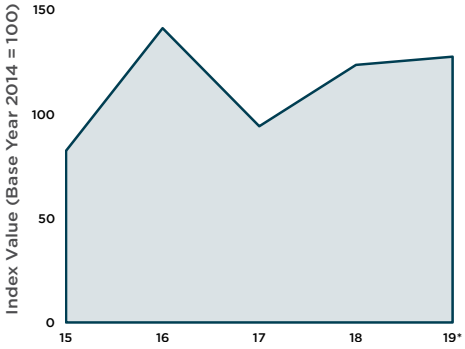
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$976	1,326 Units	1,470 Units
▲ 2.4% YOY		▲ 51.4% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
924,600	362,000	$58,054	20.2%
YE 2019 ▲ 1.3% YOY	YE 2019 ▲ 1.8% YOY	YE 2019 ▲ 3.0% YOY	YE 2019 ▼ 10 BPS YOY

2020 PREVIEW

Sustained growth in apartment fundamentals and employment is anticipated in 2020, though more slowly than in 2019. Average effective rent is forecast to reach $996 per month in December, a 2.0% annual gain. Positive apartment absorption is expected to trail the 1,193 apartments that come online, spurring year-end occupancy of 94.2%, 40 basis points below December 2019 occupancy. The majority of multifamily deliveries this year will appear in the Central Greenville submarket, the economic and cultural center of the metro area.

Annual job growth is projected to decelerate to 0.3% in 2020 as the local job market remains tight amid continued low unemployment. Employers are forecast to add 1,400 workers to payrolls this year. Multiple job sectors will benefit from the opening of the $200 million Camperdown mixed-use development in Downtown Greenville this year. Anthrex Inc. commenced hiring at its 250,000-square-foot medical equipment manufacturing plant in Sandy Springs, and the company plans to fill a total of 1,000 jobs by 2025. Following approval by Congress, Lockheed Martin will need to hire 400 additional workers at its Greenville facility to manufacture 66 F-16 jets for the Taiwan government.

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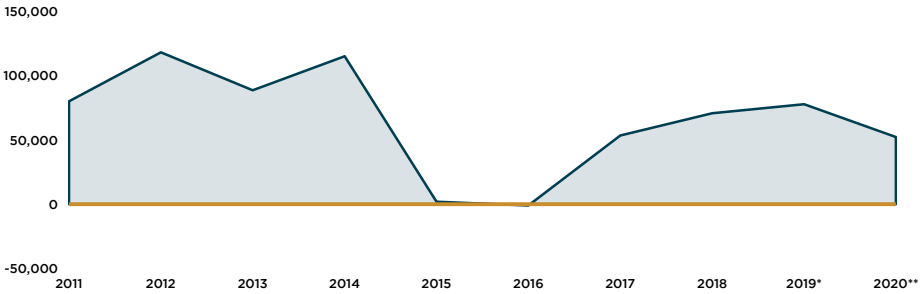
2019 REVIEW

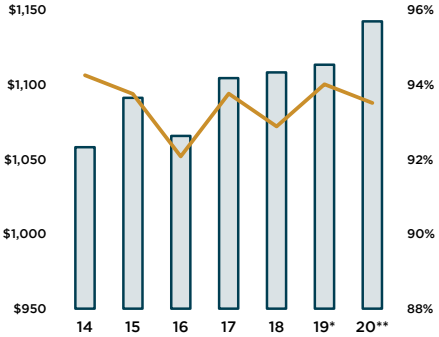
The Houston metropolitan area's economic recovery from the oil downturn has boosted hiring as well as demand for housing in the last year. Nonfarm employment expanded 2.5% in 2019, up from 2.3% growth in 2018. Contributing to the acceleration was hiring in several white-collar sectors. Professional and business services and financial activities employers added combined 26,500 net personnel in 2019. These positions on average pay 56% more per year than the metrowide average and help establish a percentage of renters seeking Class A apartments near employment nodes. As an example, a significant share of absorption last year was in the Downtown/Montrose/River Oaks submarket. Beyond job growth, the 705 units added to the area facilitated leasing activity. Metrowide, apartment demand significantly outpaced inventory expansion to elevate occupancy 110 basis points year over year to 94.0% by the fourth quarter of 2019. At the same time, Greater Houston effective rent advanced 0.5% to $1,113 per month by year-end.

EMPLOYMENT CHANGE



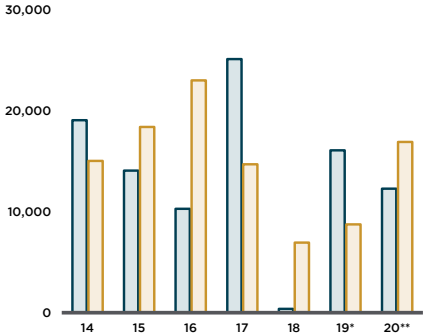
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



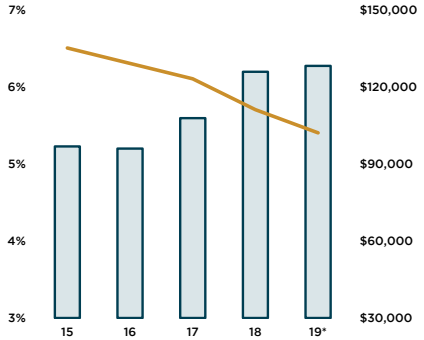
*Estimate; **Forecast | Source: Berkadia, Axiometrics, ApartmentData.com

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
77,800	3.9%	94.0%
▲2.5% YOY	▼20 BPS YOY	▲110 BPS YOY

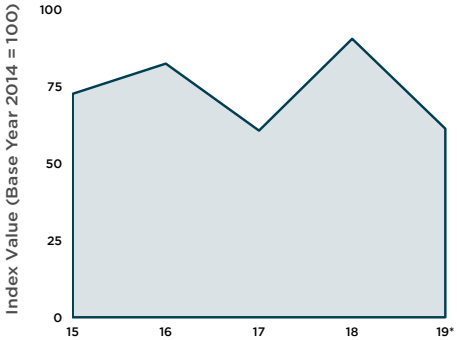
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,113	16,058 Units	8,723 Units
▲0.5% YOY		▲25.9% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
7,171,100	2,547,800	$68,904	19.4%
YE 2019 ▲ 1.7% YOY	YE 2019 ▲ 1.9% YOY	YE 2019 ▲ 3.8% YOY	YE 2019 ▼ 60 BPS YOY

2020 PREVIEW

Developers are showing confidence in the health of the Greater Houston apartment market as annual deliveries are scheduled to nearly double this year. Builders are planning to bring approximately 16,900 market-rate units online over the next four quarters, outpacing the more than 8,700 additions in 2019. While a significant share of deliveries are scheduled to come online inside the 610 Loop, apartment development is elevating in two suburban submarkets: Katy and Spring/Tomball. For these areas, developers are focusing additions near major transportation routes that include Interstate 10 and Grand Parkway. With strong in-migration and 1.6% employment growth metrowide in 2020, leasing activity is forecast to remain positive in these submarkets, though trail the influx of new supply. The suburban trend is expected to be reflected across the metro this year as sustained demand for apartments will keep annual net absorption positive while lagging deliveries. The imbalance will result in average apartment occupancy lowering 50 basis points to 93.5% by year-end. Even with the decrease, occupancy will be 10 basis points higher than the five-year average. With occupancy still healthy, operators are expected to keep upward pressure on rent. Monthly effective rent is forecast to increase 2.6% to $1,142 by year-end.

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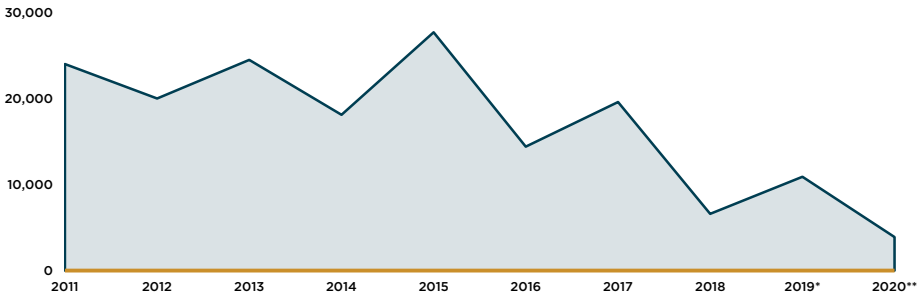
2019 REVIEW

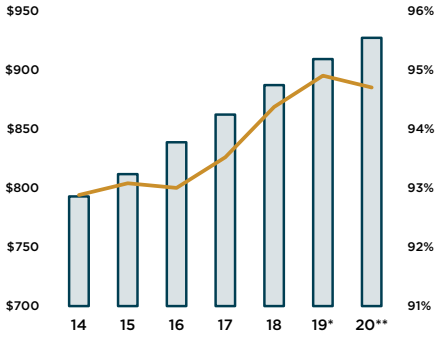
Expansion of technology companies to Indianapolis, coupled with the metro's already vibrant medical and life sciences industry, provided momentum to the local economy, as employers added 10,900 new jobs in 2019. The 1.0% job growth accelerated from the 0.6% increase in 2018. Indiana University Health, the metro's largest employer, recently completed the second phase of a $120 million neuroscience center. Collectively, institutions in the education and health services sector created 2,200 jobs. Salesforce.com made significant progress in hiring 800 high-paying, technology workers as it filled space in its namesake tower. Most corporate technology job growth was focused in the central business district, where about a third of existing technology tenants signed leases in the past two years. New, higher-paying jobs coming to the market underpinned apartment demand as leasing activity pushed up occupancy 50 basis points to 94.9% at year-end. Average effective rent in the metro was $909 per month in December, a 2.5% annual rise, building on the 2.9% rent growth one year earlier.

EMPLOYMENT CHANGE



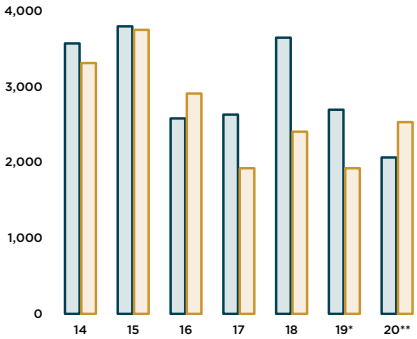
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



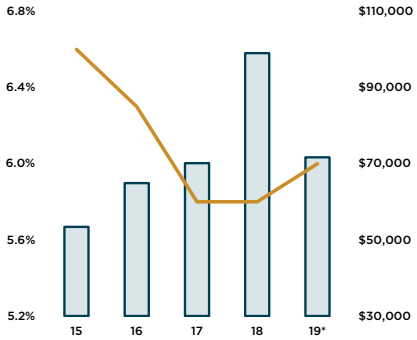
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
10,900	3.1%	94.9%
▲1.0% YOY	▼10 BPS YOY	▲50 BPS YOY

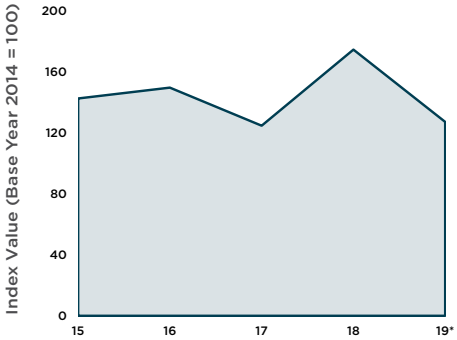
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$909	2,699 Units	1,925 Units
▲2.5% YOY		▼20.1% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,082,900	829,200	$64,571	16.9%
YE 2019 ▲ 1.1% YOY	YE 2019 ▲ 1.8% YOY	YE 2019 ▲ 3.7% YOY	YE 2019 ▼ 20 BPS YOY

2020 PREVIEW

Multifamily development will continue at a considerable pace across Greater Indianapolis this year. With 12,927 apartments delivered in the metropolitan area in the past five years, construction will persist in employment-driven submarkets to meet rental demand. At the start of the year, 19 apartment projects are underway, scheduled to deliver 2,535 units this year, the greatest annual total since 2016. More than 60% of the new stock will be in the Carmel/Hamilton County submarket, well situated to accommodate demand stemming from 1,500 new hires at GEICO's expanding operations center in Carmel. Providing a boost to leasing at recent multifamily developments in the downtown submarket are the influx of young professionals attracted to the urban core for its growing employment and attractive live-work-play atmosphere. At the same time, construction persists on projects reshaping Downtown Indy, including the $300 million Bottleworks District, IndyGo's three new rapid transit lines, and Indiana University Health's $1 billion downtown campus upgrade. Overall, Indianapolis employers are forecast to hire 3,900 new workers in 2020. Persistent employment-driven demand will keep absorption positive, though occupancy will drop to 94.7% by December, due in part to supply tension. Meanwhile, effective rent will advance 2.0% to $927 per month by year-end.

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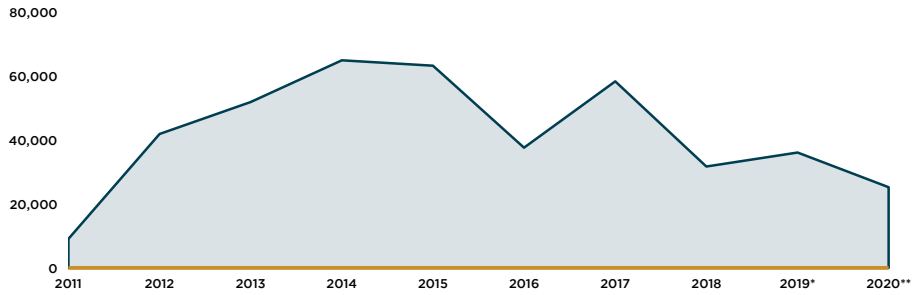
2019 REVIEW

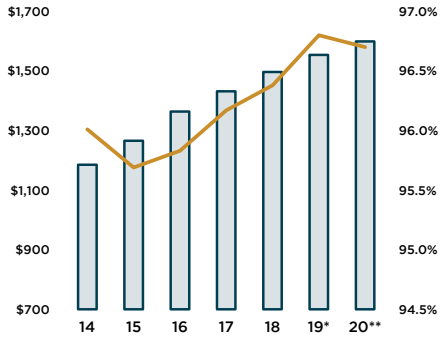
Favorable apartment fundamentals persisted in the Inland Empire in 2019. A net 29,100 persons flowed into the Inland Empire, many leaving neighboring counties for more affordable housing. Renters newly occupied 2,963 apartments in 2019, widely outpacing the 2,202 units delivered. Elevated demand pushed up apartment occupancy 40 basis points to 96.8% in December. Effective rent increased 3.8% in 2019, reaching $1,554 per month by year-end, more than 30% lower than average effective rent in Los Angeles County. The healthy rent growth was supported by sustained employment expansion as a net 36,200 jobs were created, a 2.4% annual gain. The largest contributor to growth was the education and health services sector, which expanded 5.6% as 13,700 jobs were created, mostly in the health care and social assistance subsector. Much of the health care industry's expansion was in response to the needs of the rapidly growing population of residents age 55 and older. In 2019, this age group's population grew at a rate more than twice that of overall population growth.

EMPLOYMENT CHANGE



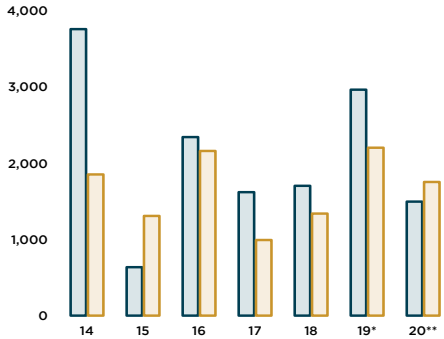
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



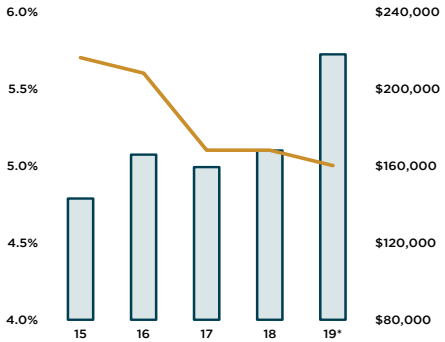
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
36,200	4.3%	96.8%
▲2.4% YOY	▲20 BPS YOY	▲40 BPS YOY

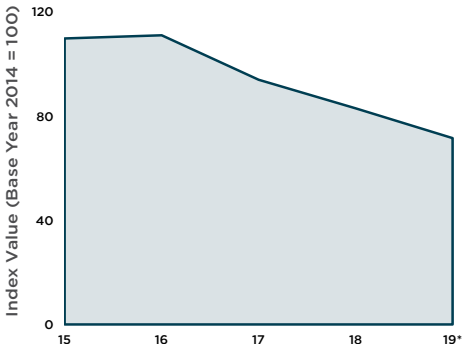
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,554	2,963 Units	2,202 Units
▲3.8% YOY		▲64.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
4,708,300	1,469,400	$62,010	30.1%
YE 2019 ▲1.2% YOY	YE 2019 ▲1.9% YOY	YE 2019 ▲2.5% YOY	YE 2019 ▲40 BPS YOY

2020 PREVIEW

Following heightened apartment deliveries in 2019, multifamily developers will return completions to a more historical level this year, helping sustain healthy occupancy and rent growth. Developers are scheduled to complete 1,753 units in the two-county metro area in 2020, down 20.4% from 2019. Despite this effort, apartment occupancy is projected to dip 10 basis points to 96.7% by year-end because of a projected 50% annual decrease in leasing activity, fueled by a slowdown in the local job market that is expected. Local employers are projected to hire 25,300 net workers this year, a 1.6% annual increase, receding from the 2.4% gain in 2019. Even with the deceleration in hiring, the Inland Empire will remain a popular destination for relocation. Net in-migration of 21,100 persons is anticipated in 2020, aiding the formation of 25,300 households. Household growth will enable operators to continue driving rent growth. Average monthly effective rent will near $1,600 by year-end, appreciating 2.9% from December 2019. While the newly passed rent control measure AB 1482 will affect most apartments, its rent cap will not apply to apartment units constructed in the last 15 years and, going forward, exempts new builds for 15 years.

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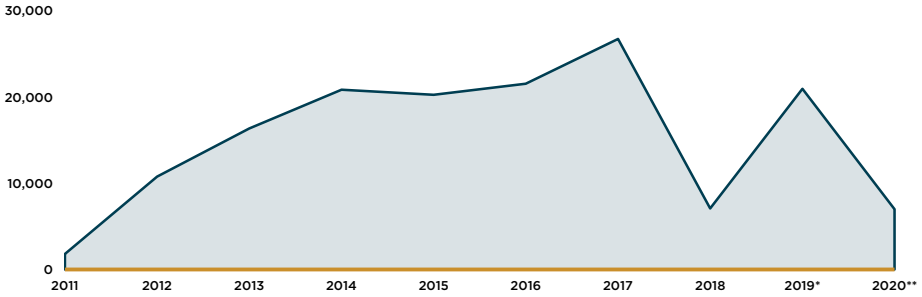
2019 REVIEW

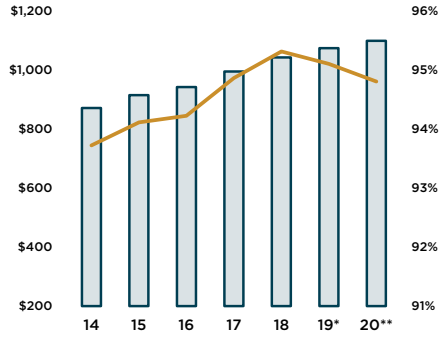
Employment expansion, sturdy net migration, and escalating home prices supported vigorous apartment leasing activity as 2,577 units were absorbed last year in the Jacksonville metropolitan area. An influx of supply in the contiguous submarkets of Upper Southside, Baymeadows, and Mandarin attracted new renters, which accounted for more than half of total newly leased units in 2019. Heightened deliveries across the metro outmatched total absorption, pushing down the metro occupancy rate 20 basis points annually at the end of the fourth quarter. Occupancy ended the year at a still healthy 95.1%. As the economy generated a 6.0% increase in the median household income, multifamily operators capitalized on favorable economic conditions by lifting effective rent 3.0% year over year to $1,073 per month. Meanwhile, payrolls rose 3.0% annually, or by 21,000 positions, as the hiring contributed to 732,000 total nonfarm jobs. Employers in the professional and business services sector underpinned much of the local job growth, adding 8,800 workers, a metro-leading 8.3% sector expansion.

EMPLOYMENT CHANGE



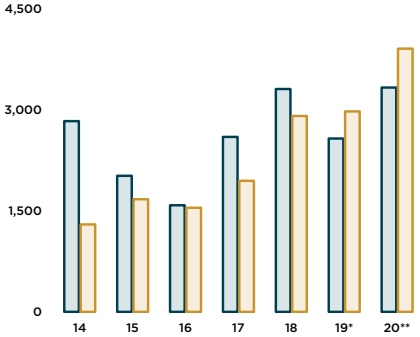
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



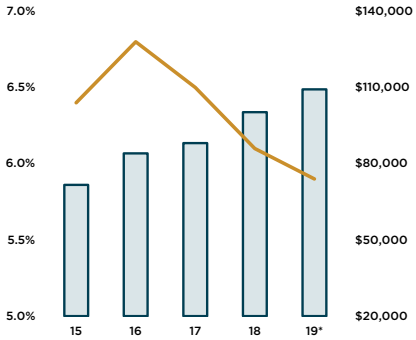
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
21,000	3.3%	95.1%
▲3.0% YOY	▲10 BPS YOY	▼20 BPS YOY

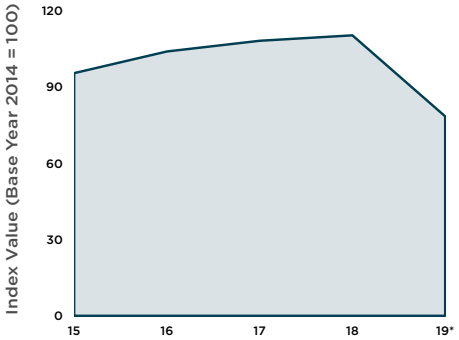
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,073	2,577 Units	2,980 Units
▲3.0% YOY		▲2.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,566,900	610,000	$68,536	18.8%
YE 2019 ▲1.4% YOY	YE 2019 ▲2.0% YOY	YE 2019 ▲6.0% YOY	YE 2019 ▼50 BPS YOY

2020 PREVIEW

Jacksonville apartment expansion will accelerate for the fourth-consecutive year, accompanied by continued employment growth, although completions will outpace demand and apply downward pressure on occupancy. Multifamily deliveries are scheduled to complete on 3,915 units by year-end, and while deliveries will be scattered throughout the metro area, builders will be particularly active on four large-scale projects in the Baymeadows submarket, where leasing activity is predicted to be strong. Occupied stock will rise 2.8%, or by 3,335 newly leased units, in 2020. Metrowide occupancy will descend 30 basis points to 94.8% by December due to supply side pressure. Concurrently, rent growth will taper to 2.3% as effective rent reaches $1,098 per month by year-end. Permitting activity indicates prolonged development in the coming years. Permits for 3,194 multifamily units are forecast for this year, followed by issuance of 2,822 units in 2021. Metro-area employment is set to rise by 7,000 positions this year. The hiring will augment local staffing levels by 1.0% over the next 12 months. Employment in the trade, transportation, and utilities sector will be boosted this year by Wayfair Inc. hiring for 250 positions following completion of its 1 million-square-foot distribution center at the Cecil Commerce Center near the recently expanding Amazon.com Inc. facility.

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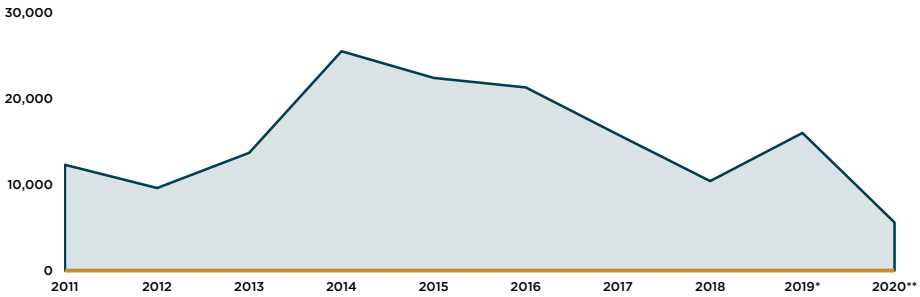
2019 REVIEW

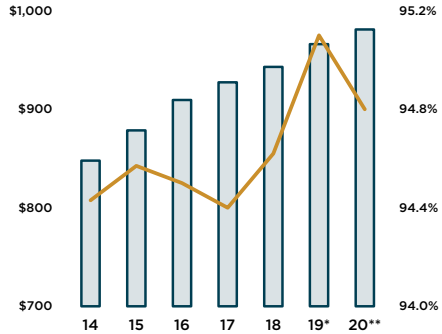
Multifamily development remained elevated in 2019 as builders worked to meet pent-up demand, particularly in Kansas City's popular urban core. Total apartment inventory reached 171,421 units at the end of the fourth quarter as 2,533 apartments came online among 6 of the 11 submarkets. Most of the new supply and construction starts skewed toward the central business district. Boosted by rental demand in the Central Kansas City submarket, leasing activity exceeded deliveries to shift up metrowide occupancy 50 basis points annually to 95.1% in December, the highest year-end rate in more than 10 years. A 3.1% annual increase in household income encouraged operators to raise effective rent which advanced 2.4% year over year to $966 per month at year-end. Underpinning sturdy apartment fundamentals was accelerated hiring. Kansas City-based companies added 16,000 net jobs. Total nonfarm employment increased 1.5% annually, up from 1.0% growth in the preceding year.

EMPLOYMENT CHANGE



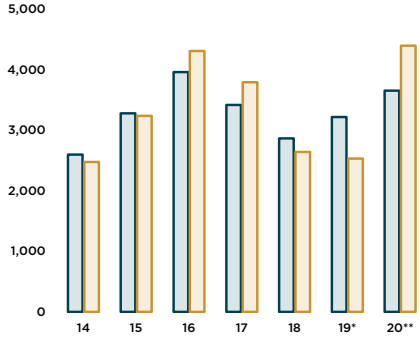
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



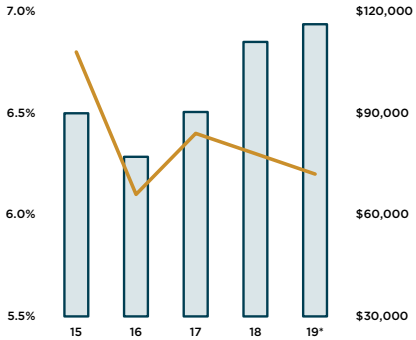
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
16,000	3.3%	95.1%
▲1.5% YOY	▲10 BPS YOY	▲50 BPS YOY

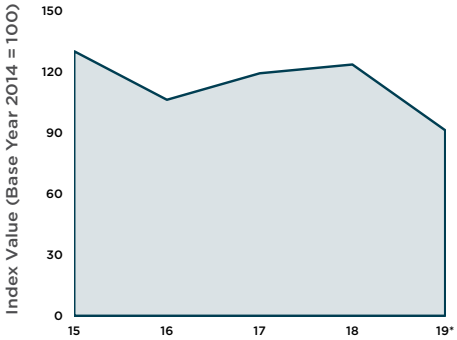
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$966	3,220 Units	2,533 Units
▲2.4% YOY		▼4.1% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,164,400	882,000	$69,936	16.6%
YE 2019 ▲0.6% YOY	YE 2019 ▲1.0% YOY	YE 2019 ▲3.1% YOY	YE 2019 ▼10 BPS YOY

2020 PREVIEW

With multifamily deliveries intensifying this year to levels not seen since 2000, occupancy should taper amid vigorous rental demand. Construction is scheduled to complete on 4,399 apartments in 2020 and another 1,107 units in 2021, the bulk of which will be in the highly desired Central Kansas City submarket. The success of luxury communities in the downtown area has been helped by Kansas City's foothold as a Silicon Prairie metro, drawing wealthy, educated millennials. Twelve new properties will reach lease-up in the downtown corridor. Of note is the 341-unit Artistry KC project in the Crossroads neighborhood, which until now has been the domain of smaller businesses such as microbreweries, shops, and food places located in renovated buildings. The 74% annual increase in new supply metrowide will outmatch heightened demand, decreasing occupancy 30 basis points year over year to 94.8% in December. Kansas City employers will continue to add jobs, buoying demand for apartments. A net 5,600 jobs are expected to be created metrowide by December. In concert with a slower pace of hiring and occupancy lowering, landlords will slow annual rent growth. The average effective rent is forecast to end 2020 at $981 per month, a 1.6% annual gain.

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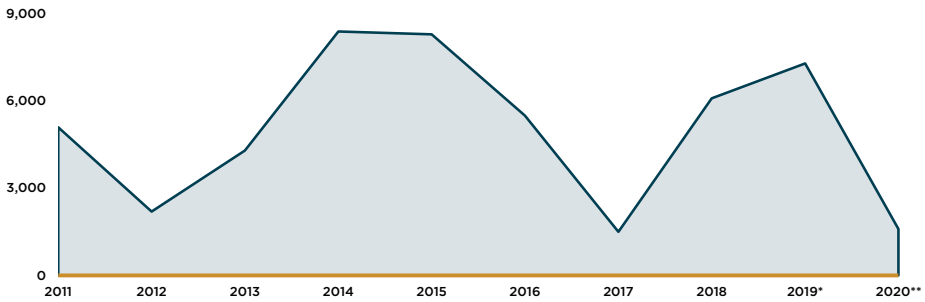
2019 REVIEW

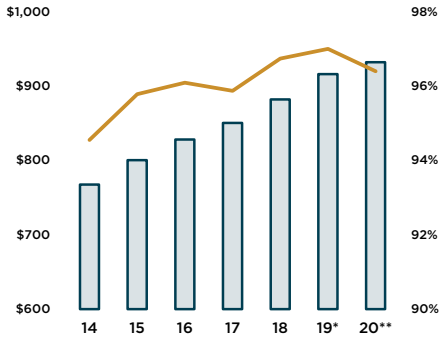
Knoxville was an exceptional market for multifamily development in 2019, boasting strong numbers across every major apartment fundamental, led by employment. Job growth in Knoxville last year performed the best since 2015. Overall, employers brought on 7,300 new workers, an annual gain of 1.8%. The greatest hiring occurred in the trade, transportation, and utilities sector, driven in part by major expansions taking place at the McGhee Tyson Airport. This encouraging job market, along with rising household incomes and strong occupancy performance, influenced apartment developers to add more units and operators to further accelerate rent growth. In 2019, developers brought on 822 units, the strongest annual construction performance recorded since 2011. In the past 12 months, residents absorbed 930 net units, marking the metro's second-consecutive year of growing absorption. Demand also exerted upward pressure on occupancy, which increased 30 basis points annually to 97.0%. Empowered by solid apartment fundamentals, operators increased monthly effective rent 3.9% to $916.

EMPLOYMENT CHANGE



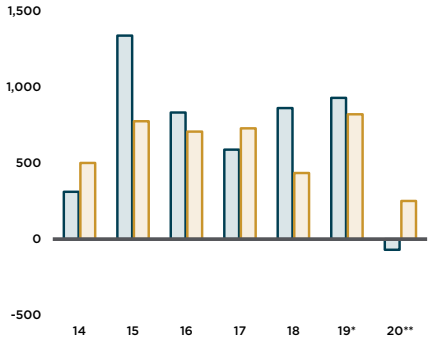
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



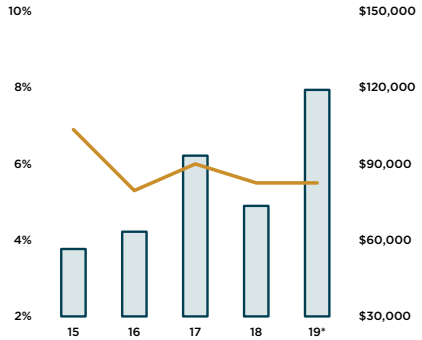
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
7,300	3.5%	97.0%
▲1.8% YOY	▲40 BPS YOY	▲30 BPS YOY

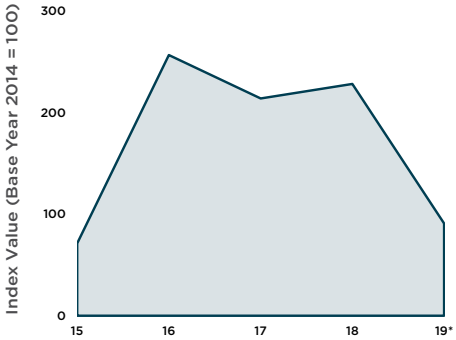
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$916	930 Units	822 Units
▲3.9% YOY		▲89.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
893,400	375,700	$55,490	19.8%
YE 2019 ▲0.8% YOY	YE 2019 ▲1.4% YOY	YE 2019 ▲2.8% YOY	YE 2019 ▲20 BPS YOY

2020 PREVIEW

Overall employment growth in Knoxville is expected to slow this year but will still outpace the cyclical low that occurred in 2017. Employers are projected to bring 1,600 new hires onto their payrolls in 2020, a 0.4% gain over the previous year's employment. In the leisure and hospitality sector, employers have already announced hundreds of new jobs at new facilities scheduled to open in 2020. A new, 40-acre, fantasy literature-inspired theme resort is expected to open in Knoxville later this year. Likewise, the area's first Topgolf facility will support hundreds of additional new jobs over the next 12 months. Apartment operators are planning around this year's slowing job market and stagnant population, limiting rent growth to 1.7%. The average monthly effective rent is expected to end 2020 at $932. Builders will bring 251 units online this year. The largest multifamily development scheduled to be completed before the end of the year is the 121-unit mixed-use City South development, located near the metro's urban core in the popular Downtown/University/South Knoxville submarket. Diminishing leasing activity will lead to a net negative 70 units absorbed. Occupancy will fall 60 basis points as a result, ending 2020 at 96.4%.

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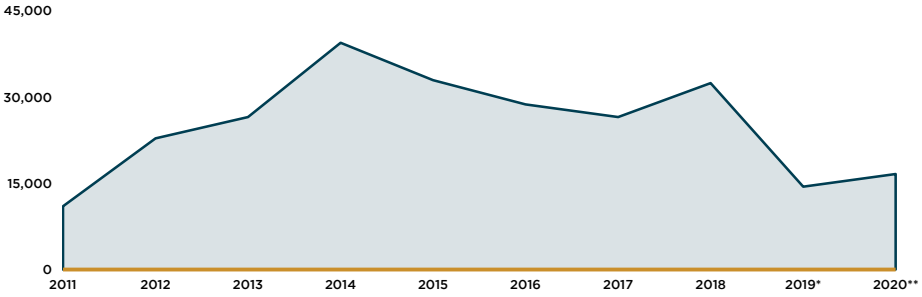
2019 REVIEW

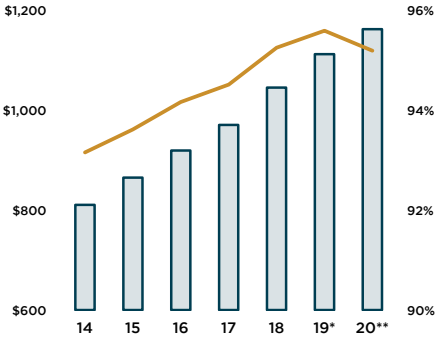
The strengthening Las Vegas economy provided a boost to the apartment market in 2019. The workforce expanded 1.4% over the last 12 months, elevated in part by 4,700 additional jobs in the metro's largest sector: leisure and hospitality. The need for additional workers was partially driven by annual visitors hitting a record high. More jobs also led to robust population growth, mainly from in-migration. This expansion underpinned strong housing demand ranging from rentals to homeownership. Apartment developers worked to lure residents seeking desirable housing with attractive neighborhood amenities as nearly 2,100 units came online. These additions were concentrated along the 215 Beltway corridor. Residents sought the new inventory in these areas near employment hubs as annual leasing activity outpaced deliveries. This demand elevated metrowide occupancy 30 basis points annually to 95.6% by year-end. Simultaneously, monthly effective rent advanced 6.4% to $1,113, among the highest annual rent growth markets in the country.

EMPLOYMENT CHANGE



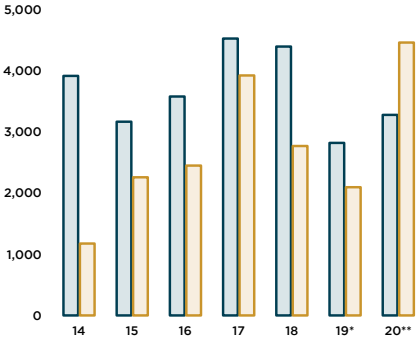
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



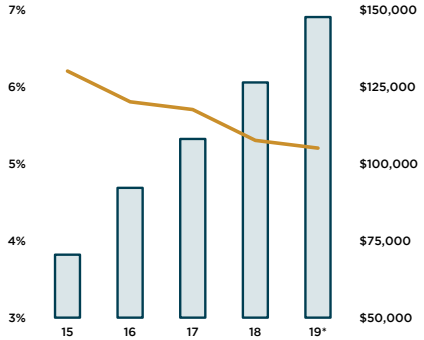
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
14,400	4.1%	95.6%
▲1.4% YOY	▼50 BPS YOY	▲30 BPS YOY

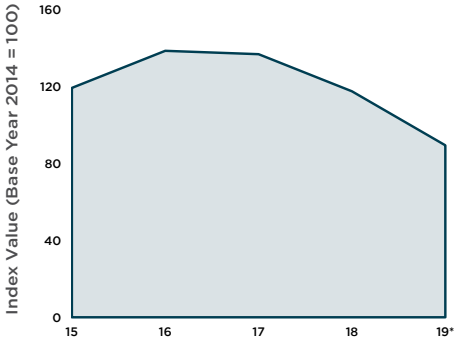
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,113	2,818 Units	2,094 Units
▲6.4% YOY		▼24.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,321,600	863,400	$61,677	21.7%
YE 2019 ▲2.7% YOY	YE 2019 ▲3.0% YOY	YE 2019 ▲2.7% YOY	YE 2019 ▲80 BPS YOY

2020 PREVIEW

With apartment occupancy rising in recent years across Greater Las Vegas, builders have ramped up activity as well to meet housing demand. Construction is scheduled to complete on more than 4,400 units over the next four quarters, more than double the additions in 2019. While deliveries will remain elevated in the Henderson submarket, additions will accelerate in the Southwest Las Vegas submarket. Development for these suburban areas will be focused along major transportation lines. These additions will facilitate leasing activity in this area as metrowide net absorption is expected to elevate this year. Another factor propelling residents into apartments will be continued hiring. Unlike the national trend, Las Vegas employment growth is forecast to accelerate this year as headcounts grow 1.6% as several large-scale projects complete, including the new NFL Raiders stadium, the new Circa Resort, and the Las Vegas Convention Center's expansion. The rise in payrolls should contribute to continued in-migration and strong household formation to elevate annual absorption year over year. Even so, leasing activity is expected to trail the influx of new inventory as average occupancy lowers 40 basis points to 95.2% by year-end. With the drop, monthly effective rent is forecast to advance 4.5% annually to $1,163.

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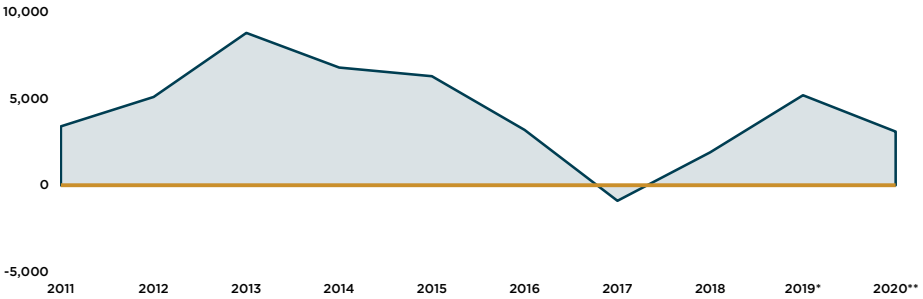
2019 REVIEW

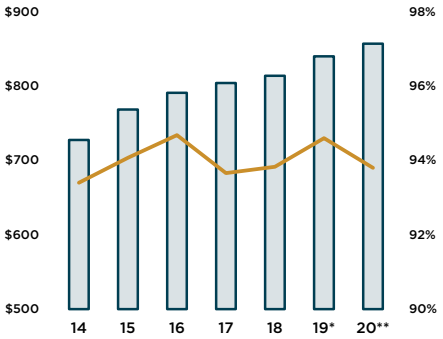
Lexington was one of the nation's up-and-coming tourism hubs in 2019, a trend that positively impacted the hospitality industry. The metro's tourism administration indicated that hotel revenues increased 5% annually. Developers responded to this recent surge in tourism by opening up multiple hotels during the last 12 months, resulting in major hiring across the leisure and hospitality sector. Overall, metro employers hired 5,200 workers, a gain of 1.9%. Of those new employees, 3,600 were hired in the leisure and hospitality sector, expanding industry payrolls by 11.4%. The addition of 3,200 new residents and the 4.0% rise in household median income in 2019 supported apartment operators increasing rent 3.2%, bringing monthly effective rent to $840 in December. Since 2017, apartment developers opted to limit new construction in response to recent occupancy trends, which slipped below 94% during that period. Residents absorbed 638 units in 2019 while developers brought 312 units online. Occupancy improved 80 basis points in 2019 to 94.6%.

EMPLOYMENT CHANGE



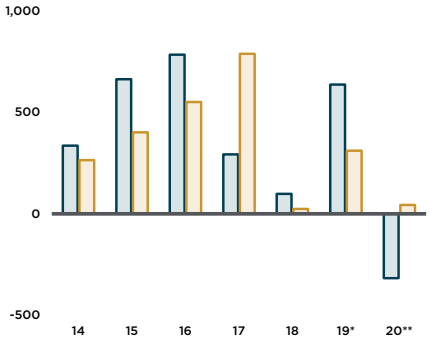
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



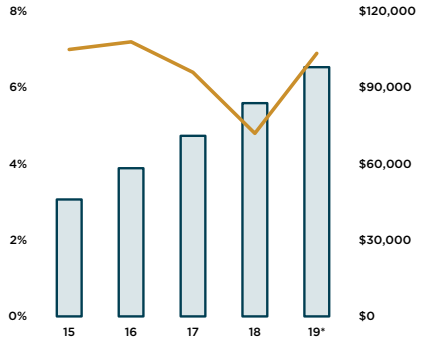
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
5,200	3.2%	94.6%
▲1.9% YOY	▼20 BPS YOY	▲80 BPS YOY

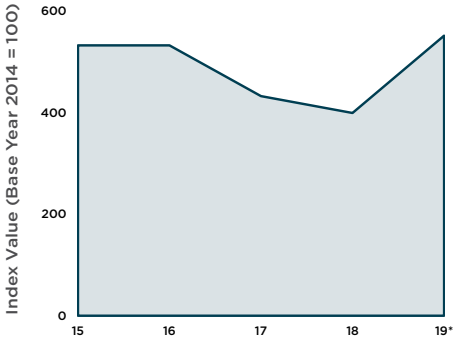
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$840	638 Units	312 Units
▲3.2% YOY		▲1,200.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
521,600	214,000	$61,756	16.3%
YE 2019 ▲0.6% YOY	YE 2019 ▲1.2% YOY	YE 2019 ▲4.0% YOY	YE 2019 ▼10 BPS YOY

2020 PREVIEW

The effects of slowing population growth and a slight downturn in hiring will put some constraint on demand in the Lexington metro's multifamily market in 2020. The annual rate of population growth has slowed each year since 2016, continuing this trend into 2020. Overall, 3,100 jobs are expected to be added by employers in 2020, a 1.1% gain over 2019 but short of the 1.9% rate of job growth from one year prior. Unemployment is expected to rise over the next 12 months, up to 3.6%. With population and job growth decelerating, the market will experience a period of net negative absorption through the end of the year, equal to 318 fewer net units absorbed. Over this period, apartment developers plan to bring 44 new units online, all at The MET, a mixed-use development in Downtown Lexington that will expand access to both modern amenities and affordable housing. Negative apartment demand in 2020 will push down occupancy 80 basis points to 93.8%. The Lexington metro's median household income will accelerate by just under 3.0% during the next 12 months. This recent wage growth trend, as well as the scheduled openings of new hotel developments like the Hampton Inn toward the end of the year, suggests that demand for multifamily may shortly begin to rebound beyond 2020.

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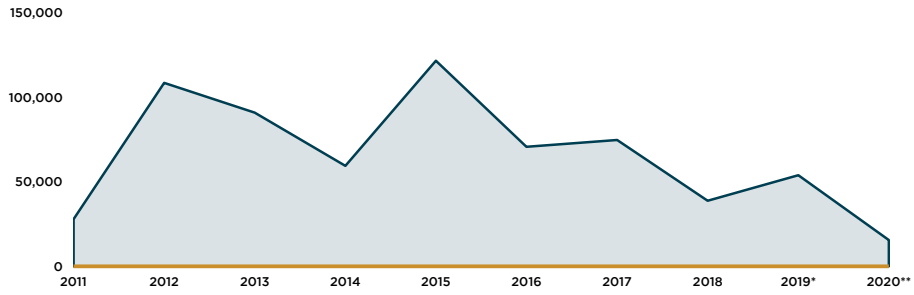
2019 REVIEW

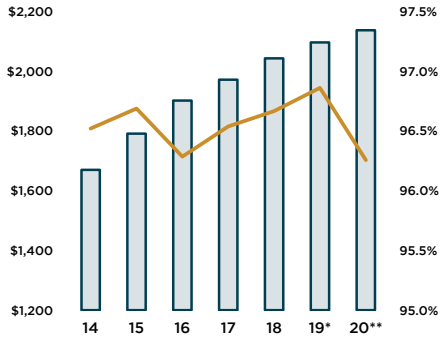
As the countywide single-family median home price approached $600,000 in 2019, the Southland Regional Association of Realtors noted home buyers in the San Fernando Valley were faced with a median price exceeding $700,000. The inability of many renters to attain homeownership persisted, which kept apartment fundamentals healthy in Los Angeles North. Renters occupied 2,196 additional apartments in 2019, up 32.7% annually. Builders simultaneously completed 1,551 new units, favoring the two-highest rent submarkets in the north county, Burbank/Glendale/Pasadena and neighboring Sherman Oaks/North Hollywood/Encino, where approximately three-quarters of new inventory emerged. Apartment occupancy in Los Angeles North reached 96.9% in December, increasing 20 basis points since year-end 2018. At the same time, monthly effective rent advanced 2.6% to $2,096 in December. Continued employment expansion in Los Angeles County aided the apartment market. Businesses and institutions added 53,900 workers to payrolls in 2019, a 1.2% year-over-year gain, up from 0.9% annual growth in 2018.

EMPLOYMENT CHANGE



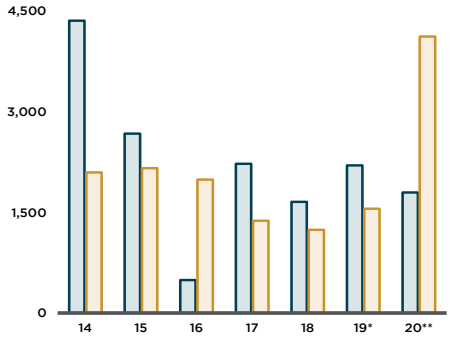
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES

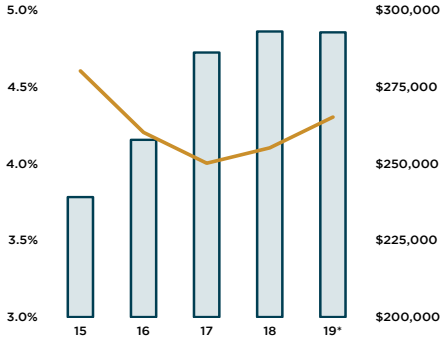


*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

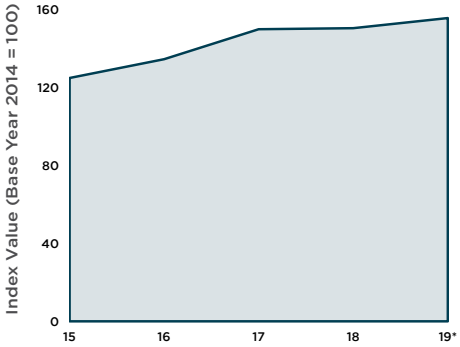
COUNTY EMPLOYMENT CHANGE	COUNTY UNEMPLOYMENT RATE	OCCUPANCY
53,900	4.4%	96.9%
▲1.2% YOY	▼30 BPS YOY	▲20 BPS YOY
EFFECTIVE RENT	**ABSORPTION**	**CONSTRUCTION**
$2,096	2,196 Units	1,551 Units
▲2.6% YOY		▲25.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

COUNTY POPULATION	COUNTY HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
10,114,600	3,480,900	$67,952	37.0%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.9% YOY	YE 2019 ▲ 4.8% YOY	YE 2019 ▼ 80 BPS YOY

2020 PREVIEW

Like many parts of the U.S., countywide employment expansion is predicted to decelerate in 2020. Local employers in the county are projected to create 15,500 net new jobs this year, a 0.3% annual gain. Lingering trade and tariff issues will have a diminishing effect on job growth. Trends in the job market will trickle to the local apartment market. While absorption in Los Angeles North is expected to remain positive, it will subside about 18% from 2019. The moderating demand will coincide with peaking apartment deliveries. Builders are slated to bring 4,113 apartments online, which will widely exceed anticipated leasing activity and spur a 60-basis-point decline in occupancy to 96.3% in December. The excess supply will also rein in rent growth. Monthly effective rent is projected to increase 1.9% in 2020 to $2,137 by year-end.

The prevalence of aging apartment stock in Los Angeles North means that at any given time a sizable portion of that stock is undergoing significant renovation, often requiring eviction. Owners and operators need to be aware that in cases of no-fault eviction following 12 months of tenancy, the recently passed AB 1482 requires the evicted renter must be paid one-month's rent relocation or rent waiver.

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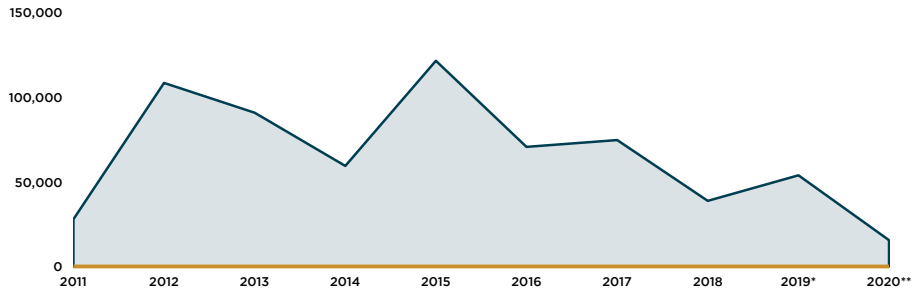
2019 REVIEW

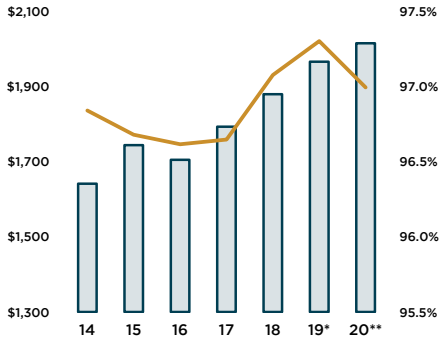
Apartment fundamentals flourished in Los Angeles South in 2019, buoyed by several major capital and infrastructure developments. Net apartment absorption exceeded new deliveries by more than a two-to-one margin, lifting average occupancy 20 basis points year over year to 97.3% in December. In comparison, countywide occupancy averaged 96.8%. Apartment deliveries in 2019 increased more than 50% over 2018, and by year-end 2019, 21 apartment communities consisting of a total 5,193 units were under construction in Los Angeles South. Nine of those developments representing 1,666 apartments were in the Long Beach submarket near key employment centers. The communities in Los Angeles South remained an attractive choice for renters on a budget not wanting to relocate outside the county. Effective rent in Los Angeles South was typically about 15% less than rent across the county. This advantage existed despite a 4.6% year-over-year increase in effective rent to $1,966 per month in December. Meanwhile, countywide employment grew 1.2% with 53,900 net new hires.

EMPLOYMENT CHANGE



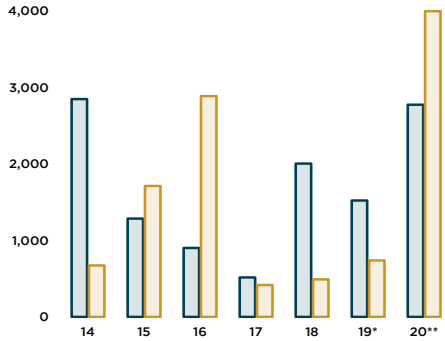
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



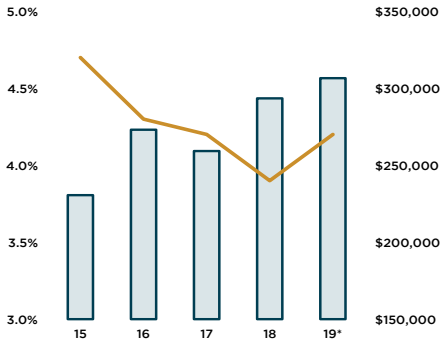
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

COUNTY EMPLOYMENT CHANGE	COUNTY UNEMPLOYMENT RATE	OCCUPANCY
53,900	4.4%	97.3%
▲1.2% YOY	▼30 BPS YOY	▲20 BPS YOY

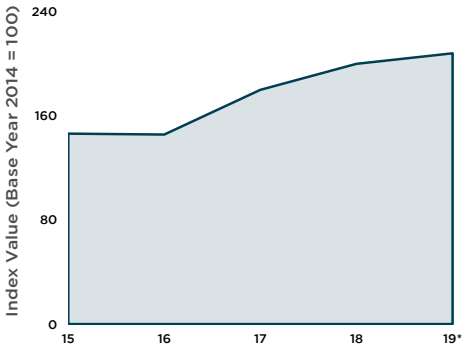
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,966	1,521 Units	738 Units
▲4.6% YOY		▲50.6 % YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

COUNTY POPULATION	COUNTY HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
10,114,600	3,480,900	$59,445	39.7%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.9% YOY	YE 2019 ▲ 3.0% YOY	YE 2019 ▲ 60 BPS YOY

2020 PREVIEW

Annual employment expansion of 1.2% recorded in 2019 is projected to dwindle to 0.3% job growth in 2020 as employers in Los Angeles County create 15,500 net new jobs. Builders are scheduled to deliver 3,993 apartments this year in the Los Angeles South market. The emergence of attractive, new apartments combined with the completion of SoFi Stadium, the revitalization of Downtown Long Beach, and the persistent allure of Silicon Beach to start-up companies will be major drivers of apartment leasing activity that is forecast to result in net absorption of 2,772 apartments. The proliferation of new stock will generate a supply imbalance, pushing down the occupancy rate 30 basis points to a still-healthy 97.0% by December. The elevated pace of deliveries will kindle additional competition between multifamily communities, inducing slower rent growth. By year-end, $2,016 monthly effective rent is forecast, a 2.5% annual gain—favorable compared to 2.0% rent growth countywide. The potential for substantial rent growth exists in the areas near SoFi Stadium, and some multifamily investors may be inclined to target opportunities there. However, absent some property and ownership exclusions, the recent passage of AB 1482 means rental properties in California will be limited to a maximum 5%-plus-CPI annual rent increase.

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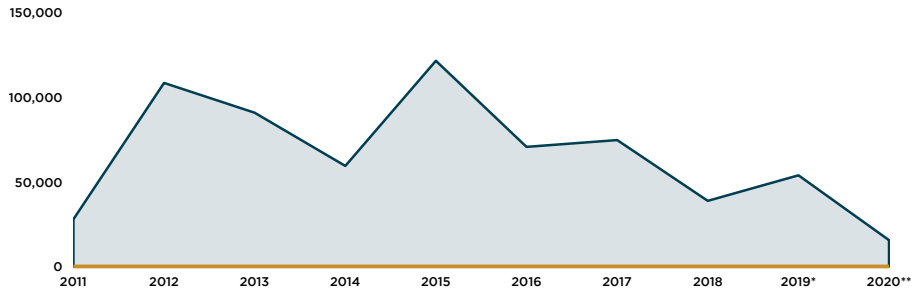
2019 REVIEW

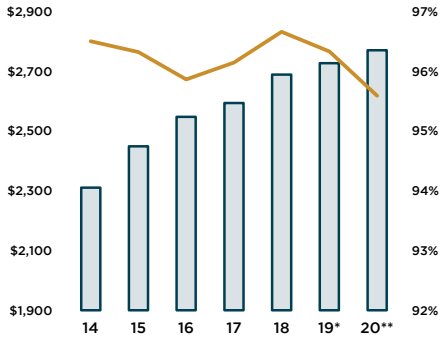
Employers in Los Angeles County created 53,900 net jobs in 2019, a 1.2% annual gain. The sustained job growth helped promote the formation of 31,500 households countywide in 2019, a 0.9% increase, which outpaced 0.1% population growth. Multifamily developers attempted to accommodate the expanding renter pool by delivering 6,143 apartments in 2019 in Los Angeles West, up 26.5% from 2018. More than 40% of the new inventory was added in the Downtown Los Angeles submarket, an area more amenable to high-density housing than many other parts of the county. The abundant new apartment stock sparked heightened competition among multifamily communities, resulting in no appreciable rent growth in the submarket in 2019. Nevertheless, Downtown Los Angeles had the notable distinction of being the only submarket in Los Angeles West with an increase in apartment occupancy from 2018 to 2019. Occupancy in Los Angeles West decreased 40 basis points annually to 96.3% in December as demand trailed deliveries. During the same period, monthly effective rent rose 1.4% to $2,727.

EMPLOYMENT CHANGE



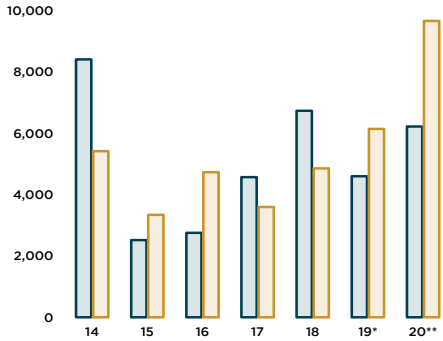
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



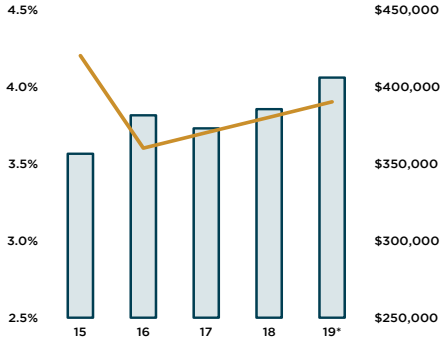
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

COUNTY EMPLOYMENT CHANGE	COUNTY UNEMPLOYMENT RATE	OCCUPANCY
53,900	4.4%	96.3%
▲1.2% YOY	▼30 BPS YOY	▼40 BPS YOY

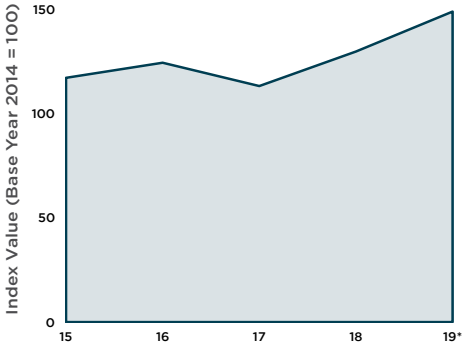
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$2,727	4,600 Units	6,143 Units
▲1.4% YOY		▲26.5% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

COUNTY POPULATION	COUNTY HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
10,114,600	3,480,900	$74,765	43.8%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.9% YOY	YE 2019 ▲ 3.8% YOY	YE 2019 ▼ 100 BPS YOY

2020 PREVIEW

Decelerating job growth this year in Los Angeles County will mirror many other metro areas in the U.S. Approximately 15,500 net jobs will be created in the county, a 0.3% annual gain. In the apartment market, deliveries in Los Angeles West are anticipated to crest this year as builders deliver 9,666 units, more than half of which will be near the employment and cultural centers concentrated in the Downtown Los Angeles and the Mid-Wilshire submarkets. Net absorption in Los Angeles West is projected to rise 35.2% from 2019 as renters newly occupy 6,220 apartments. Despite this increase in demand, apartment occupancy is expected to fall 70 basis points to 95.6% in December due largely to the wave of new apartments. Sub-2% annual rent growth is anticipated again this year, though the rate of rent appreciation is projected to tick up from last year's rate of growth. By year-end, monthly effective rent of $2,770 is forecast, a 1.6% year-over-year gain. A continuation of recent rent growth would not exceed the rent cap imposed by AB 1482. However, investors seeking asset repositioning and value-add plays common in Los Angeles County may need to more carefully weigh post-acquisition improvements amid a potentially lengthier return on investment.

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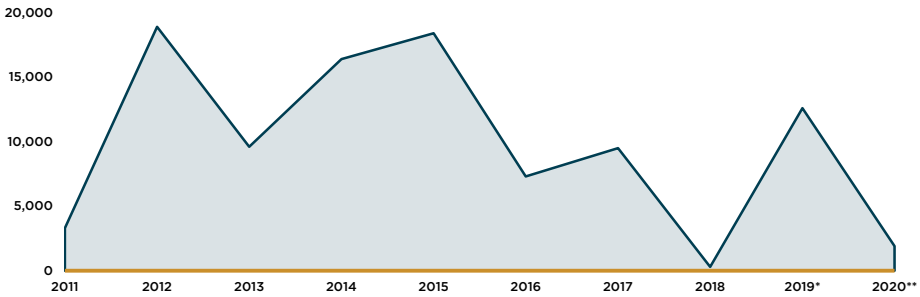
2019 REVIEW

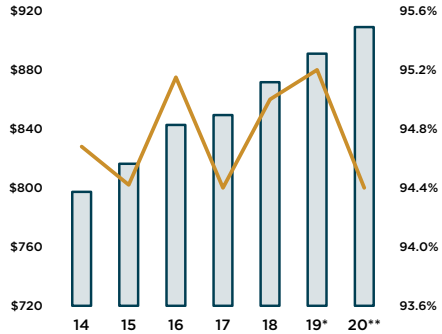
Total nonfarm employment continued to expand in the Louisville metropolitan area to boost the apartment market. Local businesses added a net 12,600 new jobs since December of last year, a 1.9% annual gain. United Parcel Service Inc. is the largest employer in the area. Its global Worldport package handling operation, along with the multiyear expansion of UPS's Centennial Ground Hub, helped to make Louisville International Airport the nation's third-busiest cargo airport. UPS, along with Amazon.com Inc., which needed more than 1,000 workers at its fulfillment operations in 2019, kept the trade, transportation, and utilities sector highly active in the metro. The sector expanded 3.7% year over year with 5,500 new positions. Solid employment gains continued to support robust apartment leasing, which for the second-consecutive year outpaced new supply, further elevating market occupancy. At year-end, occupancy reached 95.2%, a 20-basis-point annual increase. Concurrent with a 3.0% rise in household income, monthly effective rent appreciated 2.2% annually to $891 in December.

EMPLOYMENT CHANGE



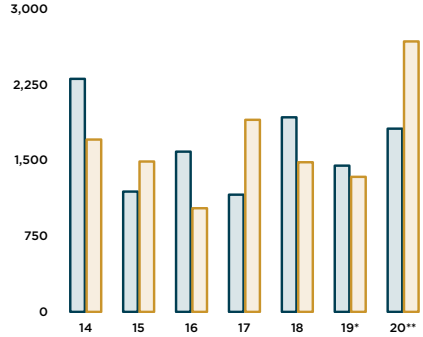
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



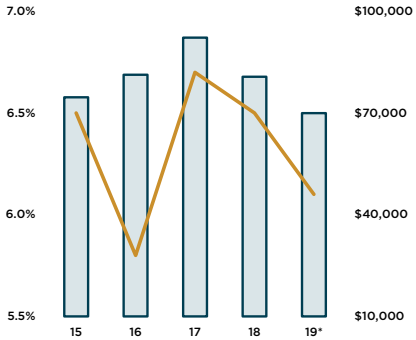
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
12,600	3.8%	95.2%
▲1.9% YOY	▼10 BPS YOY	▲20 BPS YOY

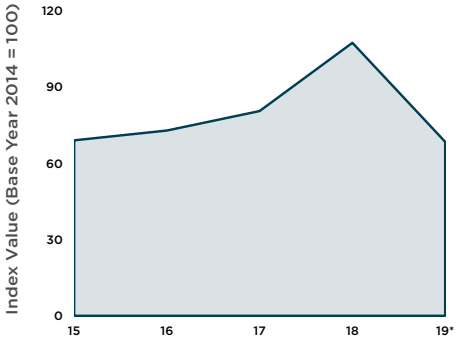
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$891	1,450 Units	1,338 Units
▲2.2% YOY		▼9.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,304,000	543,800	$60,917	17.6%
YE 2019 ▲0.3% YOY	YE 2019 ▲ 0.9% YOY	YE 2019 ▲ 3.0% YOY	YE 2019 ▼10 BPS YOY

2020 PREVIEW

Boasting both economical housing options and growing payrolls, Greater Louisville will continue to be a top destination for millennials. To meet the housing demand, multifamily developers will push a significant amount of new apartment product into the market, a 3.0% year-over-year inventory expansion by December 2020. Construction is scheduled to complete on nearly 2,700 apartments, with the largest portion of new supply in the Northeast Louisville submarket, where rental demand has been historically strong. The largest development under construction in this dynamic, live-work-play hub of Louisville is the 470-unit Victory Knoll apartments slated to complete in the third quarter of 2020. Also coming online will be the 408-unit Avoca Ridge development. This in-demand area is within proximity of sizable employers, including Honeywell International Inc., Papa John's Pizza headquarters, and pharmaceutical company Amgen Inc. While apartment leasing is expected to rise in 2020, supply pressure will shift down occupancy to 94.4% by year-end. Even with the drop, effective rent will advance to $909 per month, up 2.0% since year-end 2019. Providing headroom to raise rents, the median household income is anticipated to rise 2.2% in 2020. Local companies are projected to add 1,900 jobs for a 0.3% annual increase.

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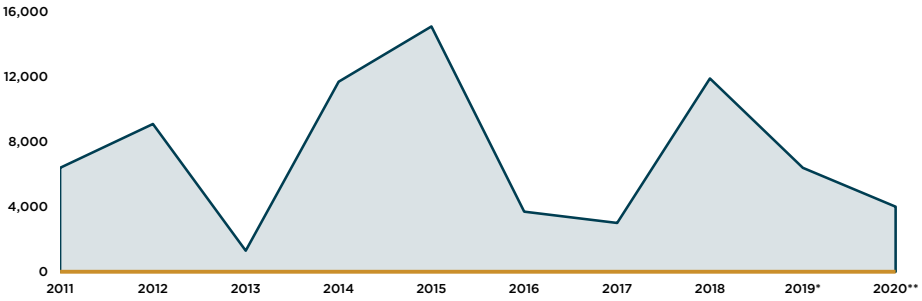
2019 REVIEW

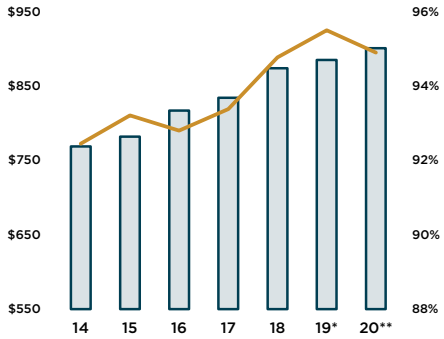
The 793 apartment units brought online in the Memphis metro area last year was nearly double the number of units that came online in 2018. Over the same period, residents absorbed 1,539 units, and occupancy subsequently increased 70 basis points to 95.5%. This absorption was focused in the Midtown/East Memphis submarket, where residents preferred the lower monthly rent over direct access to the metro's urban core. Effective rent across Greater Memphis increased 1.3% annually, up to $885 per month. Over the same period, the median household income increased 3.6%, thanks in part to strong hiring in the professional business services sector, with 4,200 new hires. This job growth was driven by office-using industries expanding and relocating to the metro's urban core. Overall, employers brought on 6,400 new hires, an annual gain of 1.0%. The global trade slowdown did impact Memphis's logistics-driven job sectors. Payrolls in the trade, transportation, and utilities sector contracted by 1,400 jobs in 2019, due largely to a reduced volume of international freight.

EMPLOYMENT CHANGE



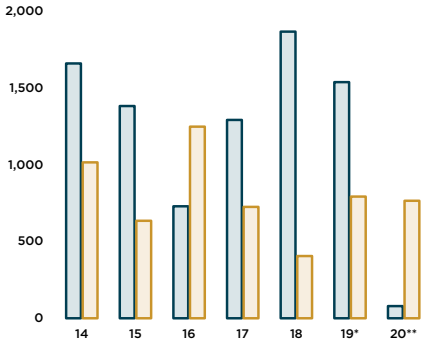
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



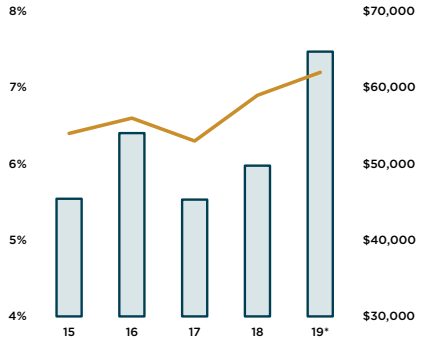
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
6,400	4.4%	95.5%
▲1.0% YOY	▲50 BPS YOY	▲70 BPS YOY

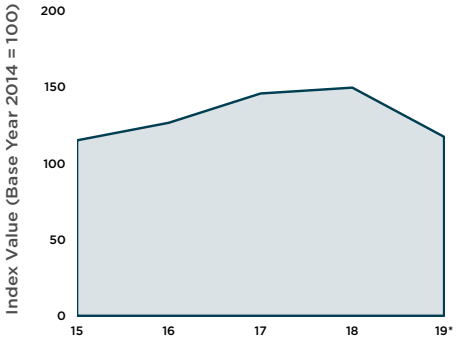
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$885	1,539 Units	793 Units
▲1.3% YOY		▲95.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,358,600	524,600	$56,640	18.8%
YE 2019 ▲0.5% YOY	YE 2019 ▲ 1.1% YOY	YE 2019 ▲ 3.6% YOY	YE 2019 ▼ 40 BPS YOY

2020 PREVIEW

Memphis will experience some measure of economic headwinds in 2020, but strong population growth and a string of health care expansions will help sustain demand for apartments. While a net 79 units are expected to be absorbed in 2020, 766 units are scheduled to come online this year, volume on par with the proceeding five-year average. Additionally, the Memphis metro area boasts an extensive pipeline of renovation projects which are expected to add to supply as they come online in 2020 and beyond. Year over year, occupancy will fall 60 basis points to 94.9% due to dwindling supply side pressure. Population growth is expected to accelerate this year, another factor driving the addition of new supply to the metro. Slowing global trade will keep putting downward pressure on job growth, but numerous high-paying jobs will still be available thanks to expansions in the health care industry. A new downtown health care administrative center, a recently completed sports performance facility, and hospital expansions are expected to support job growth in 2020. Overall, metro employment will increase 0.6% as employers bring on 4,000 new workers. Population and job growth will also encourage apartment operators to raise effective rent 1.8%, reaching $901 per month by year-end.

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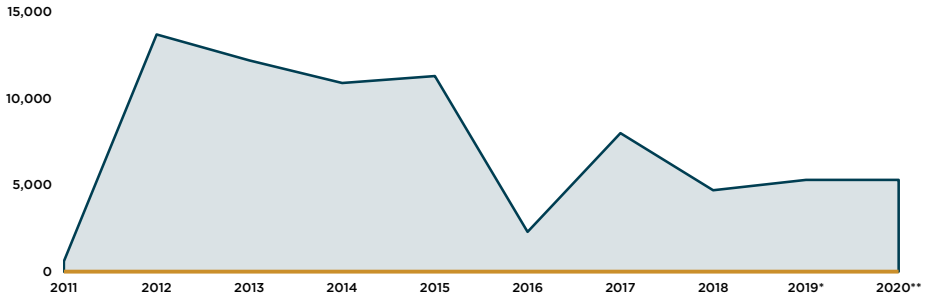
2019 REVIEW

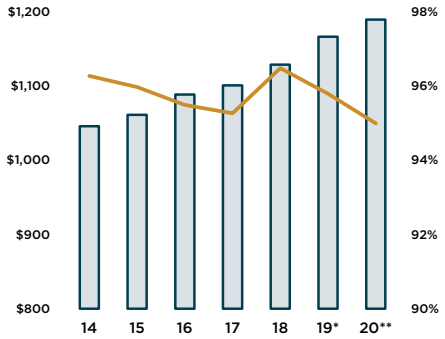
A steady stream of new college graduates, health care expansions, and corporate relocations ranging from retail manufacturers to financial services companies supported job growth in the Milwaukee metro area last year. Overall employment increased 0.6%, a gain of 5,300 new jobs, and exceeded the hiring rate in 2018. This accelerated job growth, along with the household median income rising 3.4% annually, encouraged apartment operators to ramp up rent growth. As a result, effective rent in the metro increased 3.4% to $1,167 per month in 2019. Occupancy fell 70 basis points to 95.8% as a result of new supply outpacing absorption and demand slowing compared to the previous year. Apartment developers surpassed the preceding five-year average by bringing 2,171 new units online last year. Residents in the metro absorbed 1,040 units over the same period. Demand for apartment housing was focused in the Near North/West Side/Wauwatosa and South Side/West Allis/Greenfield submarkets, the two submarkets with the highest rents in the metro.

EMPLOYMENT CHANGE



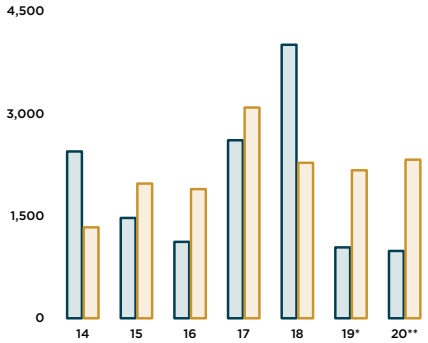
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



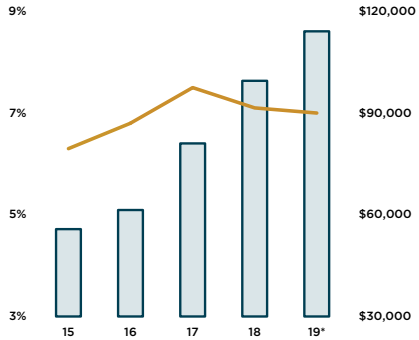
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
5,300	3.3%	95.8%
▲0.6% YOY	▲10 BPS YOY	▼70 BPS YOY

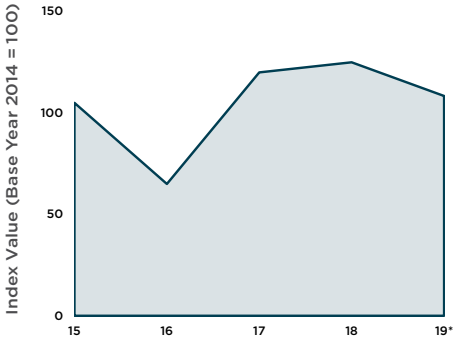
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,167	1,040 Units	2,171 Units
▲3.4% YOY		▼4.7% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,581,100	654,500	$65,257	21.5%
YE 2019 ▲0.2% YOY	YE 2019 ▲0.8% YOY	YE 2019 ▲3.4% YOY	YE 2019 0 BPS YOY

2020 PREVIEW

The Milwaukee metro area is expected to proceed through 2020 with far less exposure to potential global economic headwinds than many Midwest metros and other cities across the nation. One of the factors insulating Milwaukee from potential development hiccups is population growth. The metro's population is expected to expand by approximately 3,000 residents in 2020, like the year before, and much of that population growth will continue to be driven by job seekers relocating from major metros like Chicago. As a result, job growth is expected to increase 0.6% annually, as in 2019, and wages are likewise expected to increase even faster than they did a year ago—up 3.0% in 2020 compared to 2.8% in 2019. Apartment developers, encouraged by the metro's recent years of job and wage growth, are scheduled to bring even more apartments online in 2020 than they did last year, a total of 2,326 units. Leasing activity is projected to fall 5% this year, but residents will still absorb 986 apartment units. The supply side pressure will result in occupancy settling at 95.0% by the end of the year, down 80 basis points from 2019. Apartment operators will offset the slight slowdown in demand by curbing effective rent growth to 2.0%, up to $1,190 per month by the end of 2020.

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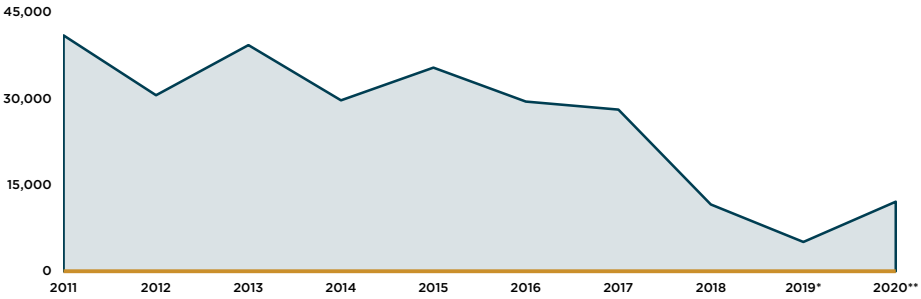
2019 REVIEW

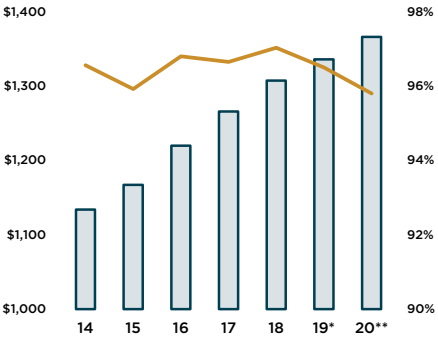
Last year was a strong period for multifamily development in the Minneapolis metro amid decelerating job growth. Transportation companies, including local Minnesota firm LME, were affected by softening freight markets. As a result, the trade, transportation, and utilities sector contracted in 2019, holding back overall job growth. Metrowide, employers brought on 5,100 net employees, an annual gain of 0.3%. The slowing labor market, along with a shortage of desirable inventory due to the apartment market reaching 97.0% occupancy as recently as 2018, stunted apartment absorption over the past 12 months. Residents newly leased 2,497 units compared to 4,403 units the year before. That said, strong occupancy performance, along with median household incomes increasing 3.0%, continued to encourage apartment developers. Deliveries were accelerated compared to the prior year, up to 4,173 units in 2019. Supply side pressure affected occupancy, down 50 basis points to a solid 96.5%, while effective rent increased 2.2% annually to $1,336 per month.

EMPLOYMENT CHANGE



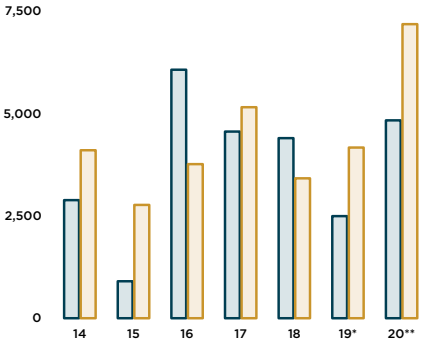
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



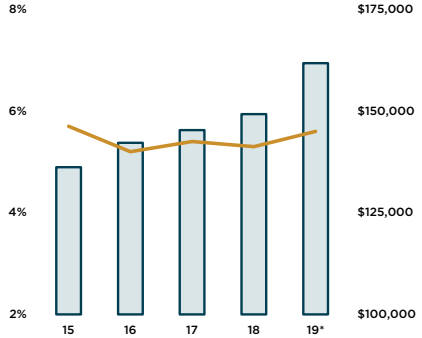
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
5,100	2.8%	96.5%
▲0.3% YOY	▲10 BPS YOY	▼50 BPS YOY

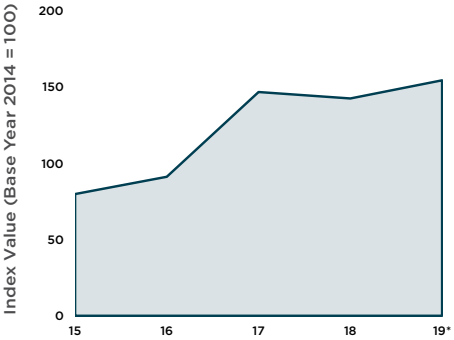
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,336	2,497 Units	4,173 Units
▲2.2% YOY		▲22.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
3,682,700	1,438,100	$80,781	19.8%
YE 2019 ▲1.0% YOY	YE 2019 ▲1.4% YOY	YE 2019 ▲ 3.0% YOY	YE 2019 ▼20 BPS YOY

2020 PREVIEW

Following a year of productive multifamily development in the Minneapolis metro in 2019, predictions for new construction in 2020 are bullish. Apartment demand is expected to nearly double as the job market rebounds over the next 12 months. Residents are projected to absorb 4,836 apartment units by the end of 2020. Employers in the metro are expected to expand their payrolls with 12,100 new employees, a 0.6% annual gain and twice the recorded job growth in 2019. Minneapolis, home to 17 Fortune 500 companies, boasts a strong corporate presence and a long list of office-using employers. The metro's steadily growing population will continue to be powered by job seekers interested in the metro's high quality of life and evolving urban core. Deliveries will increase by 72% in order to meet this demand, equal to 7,187 units scheduled to come online in 2020. Development will be focused in the centrally located Downtown Minneapolis/University and Uptown St. Louis Park submarkets, both of which also lead the rest of the metro in occupancy and effective rent. Supply side pressure will push down occupancy 70 basis points to 95.8% by year-end. Apartment operators will also keep rent growth consistent with 2019 at 2.2%, bringing effective rent in the metro up to $1,366 by the end of 2020.

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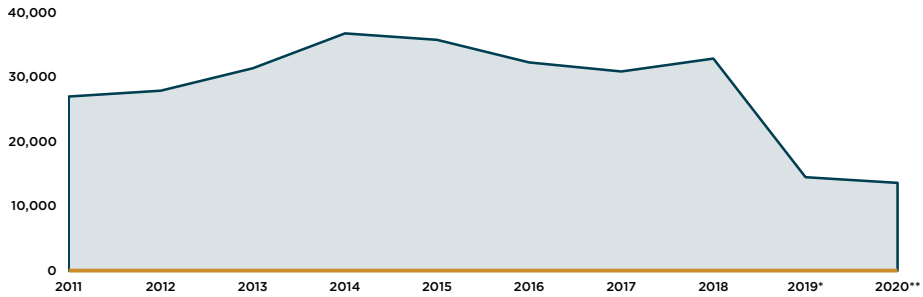
2019 REVIEW

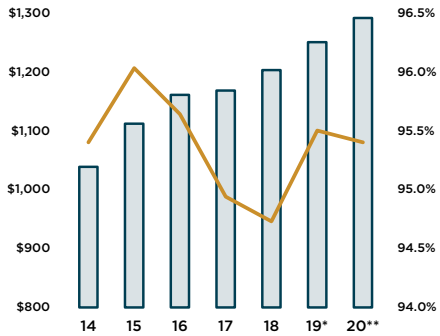
Vigorous apartment development and demand persisted in the Nashville area as demographic and economic tailwinds fueled the local apartment market. Nashville showed strong household formation of 2.4% in the past year, outpacing the market's population growth of 2.0% as the metro remained a magnet for millennials. Local employers created 14,500 jobs last year. The infusion of new jobs perpetuated apartment demand as renters occupied 3,988 additional units, about 100 units higher than the 10-year average. After many years of heavy building placed supply side pressures on Greater Nashville's apartment fundamentals, a slowdown in 2019's construction helped trigger an 80-basis-point increase in occupancy to 95.5% in December. Concurrently, monthly effective rent accelerated 3.9% annually to $1,250 at year-end. In the popular Central Nashville submarket, landlords lifted effective rent 6.9% year over year to $1,810 per month, following several years of limited or negative rent growth due to the blistering pace of supply additions in that area.

EMPLOYMENT CHANGE



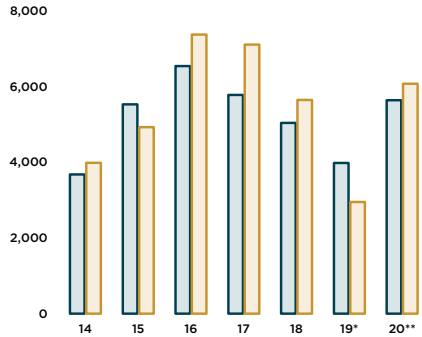
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



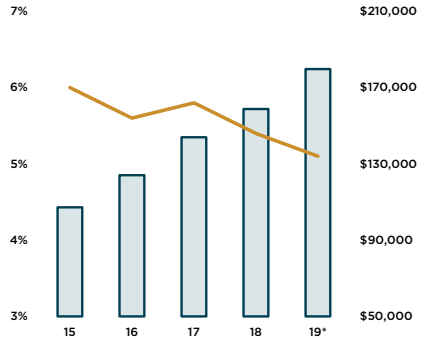
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
14,500	2.7%	95.5%
▲1.4% YOY	▲10 BPS YOY	▲80 BPS YOY

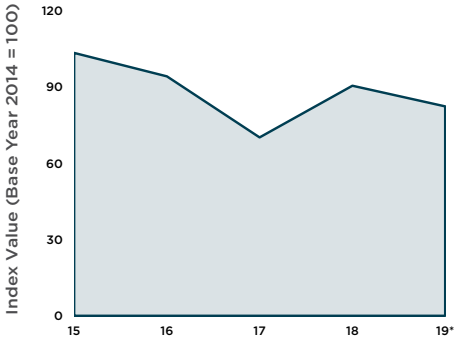
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,250	3,988 Units	2,953 Units
▲3.9% YOY		▼47.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,984,800	790,200	$68,704	21.8%
YE 2019 ▲2.0% YOY	YE 2019 ▲2.4% YOY	YE 2019 ▲3.4% YOY	YE 2019 ▲10 BPS YOY

2020 PREVIEW

Developers in the Nashville metro area increased apartment stock by 22% over the last five years, one of the largest expansions in the nation. Builders are forecast to complete 6,082 rentals this year, more than doubling construction velocity from last year. Although rental demand will reach a three-year high, it will be eclipsed by the recent influx of supply, shifting down occupancy to a still healthy 95.4%. Meanwhile, effective rent is forecast to appreciate 3.3% to an average $1,291 per month. Developers will continue to be drawn to the Nashville market in part by brisk job growth, a key factor in apartment demand. Employers will hire a net 13,600 workers this year, expanding payrolls 1.3%. Downtown Nashville is the heart of the metro's largest office and college district, including major demand drivers such as HCA Healthcare, Bridgestone Americas Inc., and Vanderbilt University. Additionally, Alliance-Bernstein LP is bringing 1,050 jobs to the Fifth + Broadway development by 2022. At the Nashville Yards site, Amazon.com Inc. plans to hire 5,000 white-collar employees by 2021. This activity bodes well for demand in the Central Nashville submarket, which hosts a sizable share of new construction in the coming two years.

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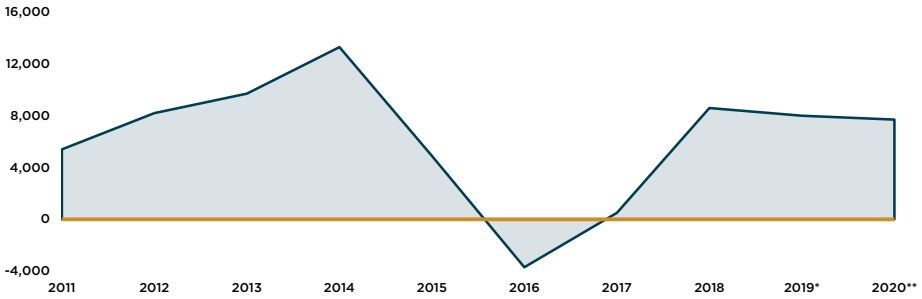
2019 REVIEW

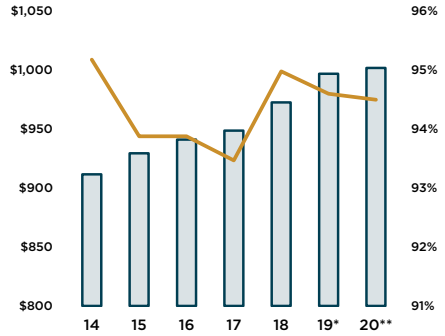
Companies in the New Orleans metropolitan area added 8,000 new jobs in 2019, reaching 590,800 total nonfarm jobs in December. Employment increased 1.4% and was on par with the national pace. Rapid hiring absorbed the growing labor force, pushing the unemployment rate down 70 basis points year over year to 3.9% at year-end 2019. DXC Technology and Austin-based IT firm Accruent opened downtown offices, adding hundreds of white-collar workers. Amid the recent recruiting activity, rental demand was highest in the Central New Orleans submarket, the third year of rising absorption. To meet growing demand in the area, builders stepped up deliveries, as the urban core received 90% of the total 750 units delivered. Metrowide deliveries were more than the prior two years combined. Supply tension caused overall occupancy to compress 40 basis points to 94.6% at year-end. Healthy rental demand and a flow of high-end multifamily product led to monthly effective rent increasing to $997 during the fourth quarter of 2019, an annual gain of 2.5%.

EMPLOYMENT CHANGE



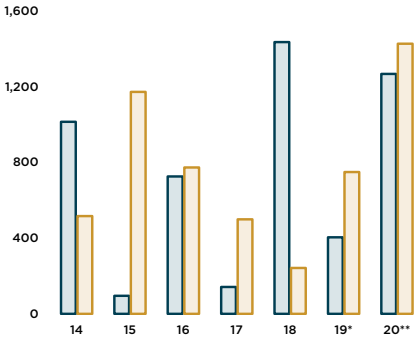
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



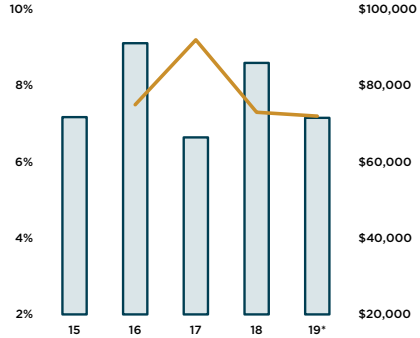
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
8,000	3.9%	94.6%
▲1.4% YOY	▼70 BPS YOY	▼40 BPS YOY

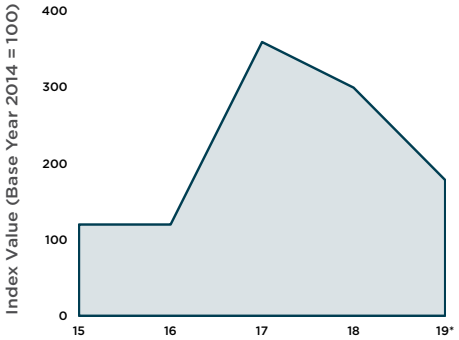
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$997	405 Units	750 Units
▲2.5% YOY		▲208.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,266,900	525,100	$54,279	22.0%
YE 2019 ▼0.2% YOY	YE 2019 ▲0.6% YOY	YE 2019 ▲3.8% YOY	YE 2019 ▼30 BPS YOY

2020 PREVIEW

A rise in multifamily completions this year will expand apartment inventory 1.8% as developers seize on demand for downtown living. The Central New Orleans submarket has seven developments underway and will receive a majority of the 1,428 new rentals scheduled to come online in the metro. One such downtown development is the 330-unit Canal 1535 high-rise which started construction three years ago, slated to complete early-2020. Heightened multifamily completions that slightly outmatch absorption will cause occupancy to downshift 10 basis points annually to 94.5%. Monthly effective rent is expected to reach $1,002 by year-end, up 0.5% from December 2019. On the jobs front, 7,700 workers will be added to the labor force, a 1.3% growth. Laying the foundation for construction hiring during 2020, more than $3.68 billion will be spent on expansions at Yuhuang Chemical Inc., Bayer AG, Cornerstone Chemical, Noranda Bauxite Ltd., Shell, Valero Energy Corporation, Fuji Oil Holdings Inc., Linde PLC, and Dow. While most of the New Orleans area growth stems from the industrial sector, it also extends to services segments, which includes companies like DXC Technology which opened an office on Poydras Street and is on track to have 2,000 workers by 2024.

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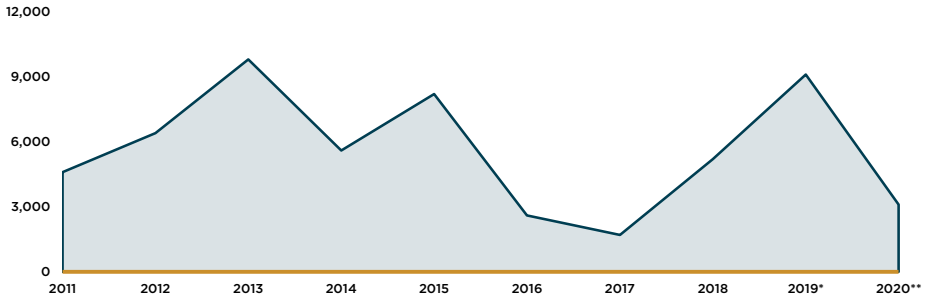
2019 REVIEW

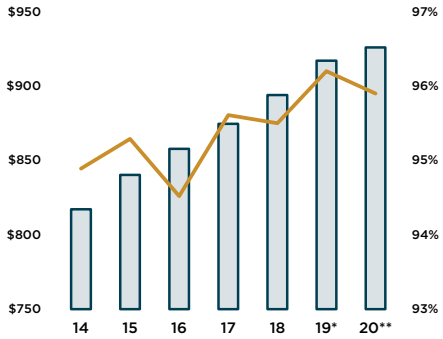
In 2019, the local workforce expanded 1.8%, outpacing both national job growth and the Omaha metro's preceding five-year average. The construction sector led all others with 11.8% annual growth, a gain of 3,400 new jobs in 2019. Much of this job growth was driven by a mix of urban core improvements, including the $300 million Riverside Revitalization project currently underway in Downtown Omaha, and the delivery of new multifamily units. Apartment construction exceeded the previous five-year average with 1,588 new units brought online. Absorption was likewise elevated. Residents filled 2,092 additional units during this period as Omaha remained a popular destination for renters due to affordability, the presence of major companies, and a rapidly modernizing urban core. The influx of renters pushed up occupancy 70 basis points to 96.2% in December. Apartment operators responded to the strong demand for multifamily by accelerating rent growth to 2.6% on an annual basis, resulting in effective rent equal to $917 per month.

EMPLOYMENT CHANGE



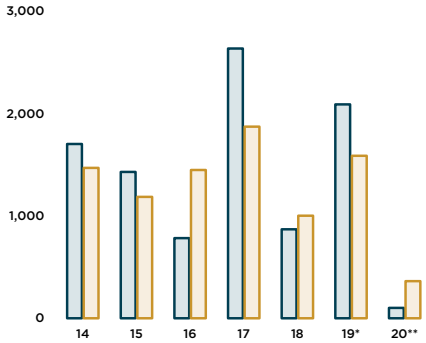
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



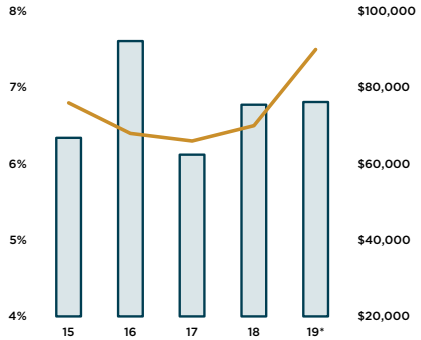
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
9,100	2.9%	96.2%
▲1.8% YOY	▲10 BPS YOY	▲70 BPS YOY

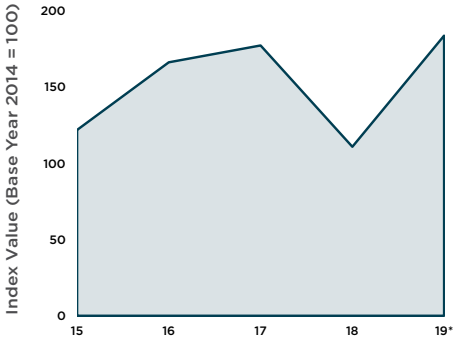
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$917	2,092 Units	1,588 Units
▲2.6% YOY		▲58.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
955,200	379,800	$67,013	16.4%
YE 2019 ▲0.9% YOY	YE 2019 ▲1.3% YOY	YE 2019 ▲2.0% YOY	YE 2019 ▲10 BPS YOY

2020 PREVIEW

Population expansion will slow in 2020 as Omaha continues to operate near full employment. As a result, job growth is expected to likewise decelerate over the next 12 months. Employers will add 3,100 new jobs to their payrolls, an annual gain of 0.6%, but strong demographic trends and competitive cost-of-living will keep Omaha on the radar of companies and renters alike. A new Topgolf facility and a major relocation by LinkedIn are just a few examples of corporate expansions expected to positively impact the metro's job market in 2020. Anticipating a temporary decline in demand following elevated construction and absorption one year prior, multifamily developers are planning for the long-term, bringing 363 units online in 2020. Demand is predicted to mirror the reduced apartment deliveries; renters in Omaha are anticipated to absorb 102 net units before the end of the year. Occupancy will fall 30 basis points to 95.9% as a result of the reduced demand. Apartment operators will also slow year-over-year rent growth to 1.0%, resulting in monthly effective rent of $926 by the end of 2020. Demand and construction alike will be focused in the Sarpy County submarket, a popular destination for commuters interested in a more affordable alternative to the urban core.

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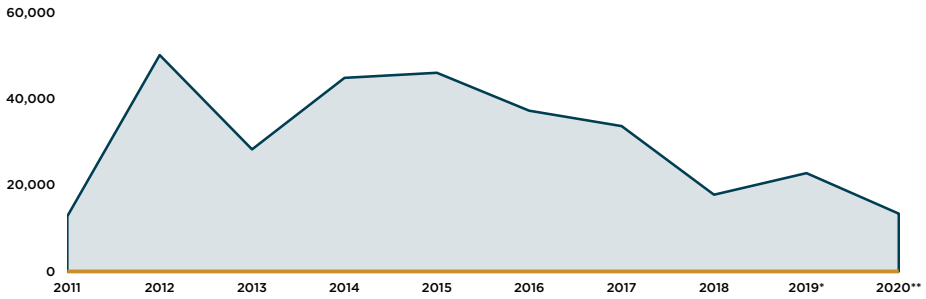
2019 REVIEW

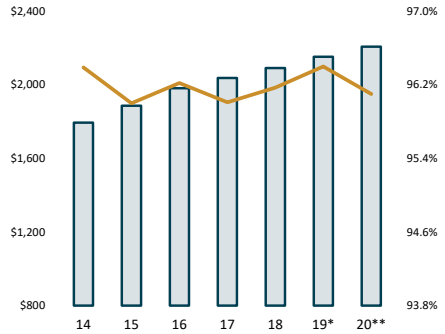
Apartment demand heightened across Orange County amid accelerated hiring in the past year. Residents newly occupied 3,203 apartments during the last four quarters, up from 2,694 net units absorbed in 2018. Leasing activity was greatest in the East Anaheim/Orange and the South Irvine submarkets, accounting for 36% of all net units absorbed. Buttressing some of the demand in the area was job growth. The addition of 1.4 million square feet of new class A office buildings spurred corporate growth along the Sand Canyon corridor and Irvine Spectrum. Countywide, hiring in the professional and business services sector advanced by 5,400 new positions, contributing to 22,800 net jobs in Orange County payrolls, a 1.4% annual employment expansion. With payrolls up and occupancy increasing 20 basis points year over year to 96.4%, operators advanced rent growth to finish 2019 at $2,153 per month. Average effective rent was up 2.9% from a year prior, surpassing the 2.7% increase in the preceding year.

EMPLOYMENT CHANGE



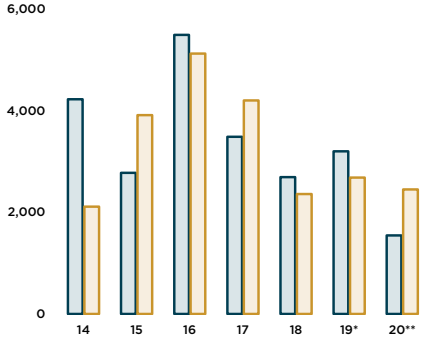
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



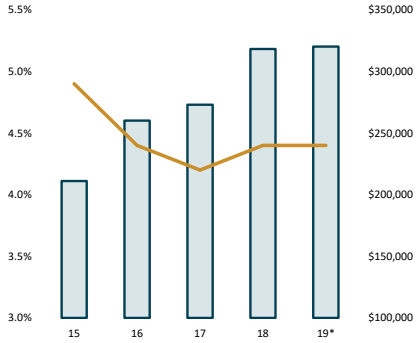
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
22,800	2.9%	96.4%
▲1.4% YOY	0 BPS YOY	▲20 BPS YOY

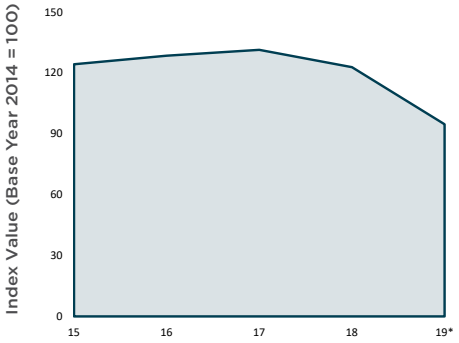
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$2,153	3,203 Units	2,686 Units
▲2.9% YOY		▲13.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
3,190,400	1,067,800	$89,873	28.7%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.9% YOY	YE 2019 ▲ 3.5% YOY	YE 2019 ▼ 20 BPS YOY

2020 PREVIEW

Orange County-based employers are projected to create 13,400 new jobs this year. A portion of the 0.8% annual growth will come from the high-tech industry, particularly from fintech, gaming, and cybersecurity companies. Orange County ranks among the fastest-growing tech markets in the nation. Many of these new and expanding technology companies are choosing to plant roots in the airport area and the Irvine Spectrum office-using market. Developers will also seek to capitalize on the white-collar job growth expected in the near term as companies begin filling office space in the neighboring Tustin Legacy employment hub, along with opportunities from neighboring Irvine and John Wayne Airport. Multifamily builders will continue placing product into service throughout the county. Through mid-2021, nearly 3,400 apartments are slated to come online across 14 projects. These newly built apartment communities will be exempt for 15 years from the rent cap requirement established by the recently passed AB 1482. The countywide apartment occupancy rate is forecast to decease 30 basis points in 2020 amid supply side pressure. The still-healthy 96.1% occupancy rate will remain above the 10-year average of 95.9%. Monthly effective rent of $2,208 in December is projected, an annual rent growth of 2.6%.

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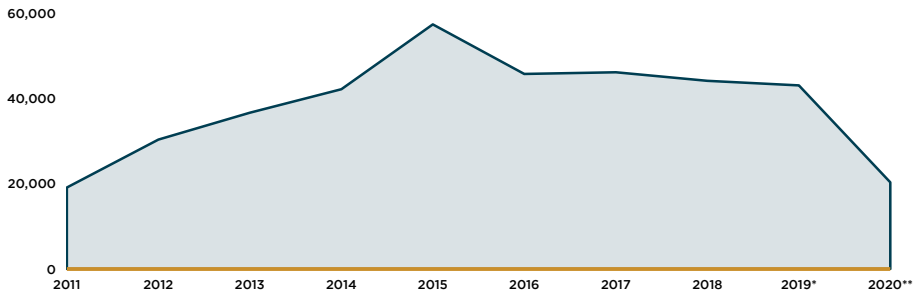
2019 REVIEW

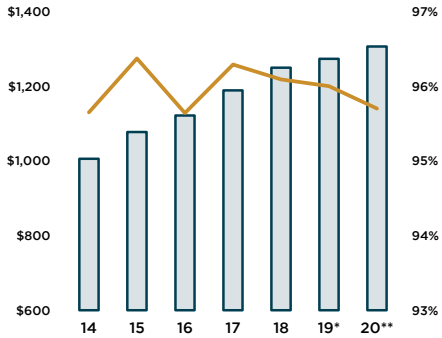
Employment in the Orlando metro area expanded 3.3% in 2019 as a net 43,000 new jobs were created. Orlando's robust tourism industry and a 5.3% annual increase in median household income boosted leisure and hospitality sector payrolls in 2019. Employers in the industry augmented payrolls 3.9% year over year with 10,600 new hires. Low-paid workers in this industry make them ideal apartment renters, and the fact that the leisure and hospitality sector is the largest employment sector in the metro area is a structural benefit to the multifamily market. Renters newly occupied 6,058 apartments in 2019, an 8.7% increase from the year before, though the brisk apartment demand trailed deliveries. Orlando's multifamily supply wave that began in 2014 continued with 6,561 new apartments in 2019. The supply excess translated into a 10-basis-point annual dip in occupancy to 96.0% in December. Meanwhile, monthly effective rent rose 1.9% to $1,273. As of year-end 2019, 36 apartment communities representing 11,417 units were under construction.

EMPLOYMENT CHANGE



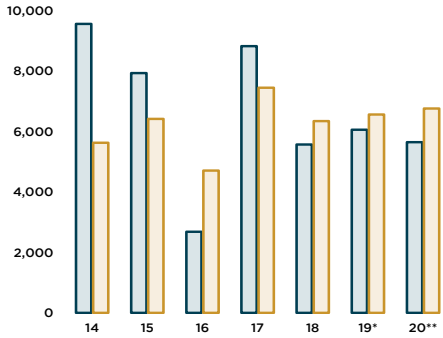
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



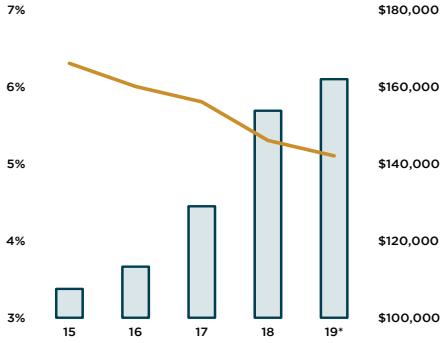
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
43,000	3.1%	96.0%
▲3.3% YOY	0 BPS YOY	▼ 10 BPS YOY

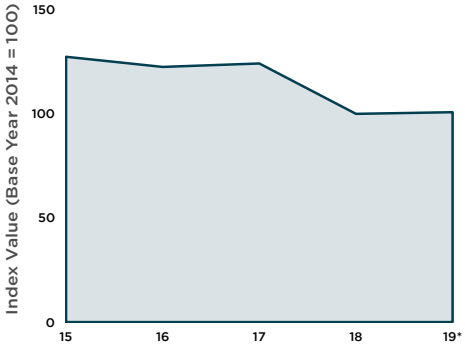
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,273	6,058 Units	6,561 Units
▲1.9% YOY		▲3.5% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,663,000	990,800	$61,793	24.7%
YE 2019 ▲2.3% YOY	YE 2019 ▲3.2% YOY	YE 2019 ▲ 5.3% YOY	YE 2019 ▼ 80 BPS YOY

2020 PREVIEW

Apartment deliveries are forecast to rise 3.0% in 2020 as builders complete 6,758 units. More than 40% of the new stock will emerge in the neighboring Kissimmee/Osceola County, Ocoee/Winter Garden/Clermont, and South Orange County submarkets, near Orlando's world-renowned theme parks and employment centers in Kissimmee and burgeoning Lake Nona. The wave of new apartments will come as the local economy decelerates. Employment expansion will continue in the Orlando area, though it is forecast to slow to 1.5% annual growth with 20,300 net new workers. Moody's forecasts the formation of 30,300 new households in the metro area, and this growth will temper the slowing economy's effect on the local apartment market. Brisk apartment demand will persist in 2020 with 5,644 net units absorbed, declining 6.8% from 2019. The supply imbalance will result in 95.7% metrowide occupancy by December 2020, a 30-basis-point, year-over-year decline. At the same time, average effective rent is projected to rise 2.6% to $1,306 per month. Several major developments underway bode well for the local economy over the next several years. These developments include the Skyplex entertainment complex, expansion at Orlando International Airport, Epic Universe Orlando theme park, and the I-4 Ultimate and Brightline/Virgin Trains infrastructure projects.

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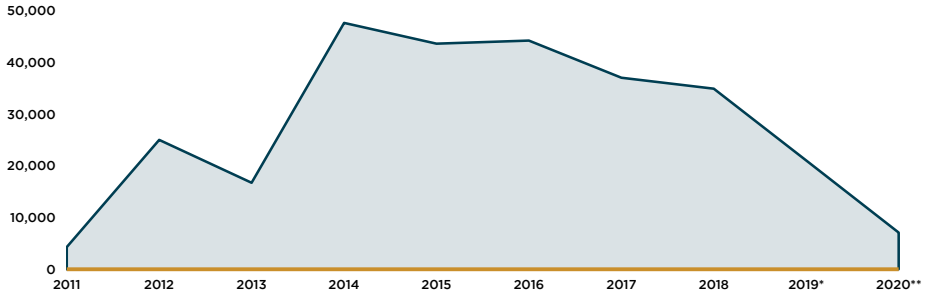
2019 REVIEW

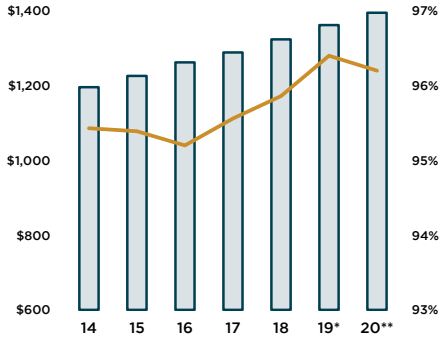
An improving economy along with limited available single-family houses underpinned a healthy Philadelphia apartment market in 2019. The job market continued to tighten as employers increased headcounts 0.7% over the last 12 months. A significant share of the additions was in the high-paying professional and business services sector. These positions contributed to the overall rise in income growth. While these workers may have sought homeownership, Philadelphia's inventory of for-sale housing neared all-time lows. This trend boosted demand for Class A stock, and developers worked to meet the housing gap. Approximately 5,200 units came online in 2019, up nearly a third from the previous year's additions. Units in these communities, along with those in more affordable Class B properties near employment nodes, were leased up quickly as average occupancy hit a postrecession high in 2019 before settling at 96.4% by year-end. With the rise in occupancy, apartment operators advanced monthly effective rent 2.9% to $1,362 by year-end.

EMPLOYMENT CHANGE



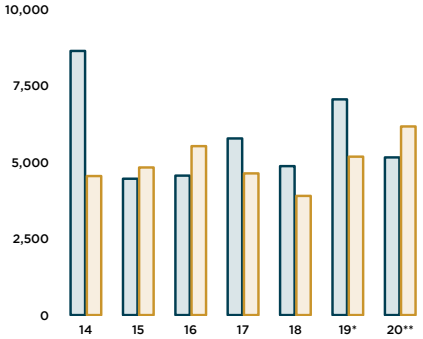
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



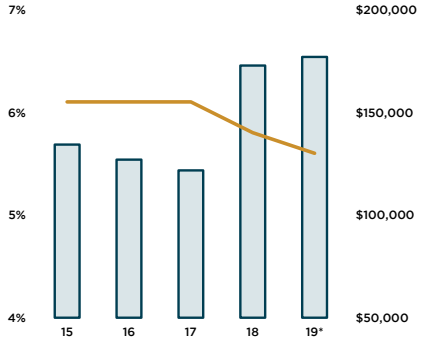
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
21,000	3.7%	96.4%
▲0.7% YOY	▼40 BPS YOY	▲50 BPS YOY

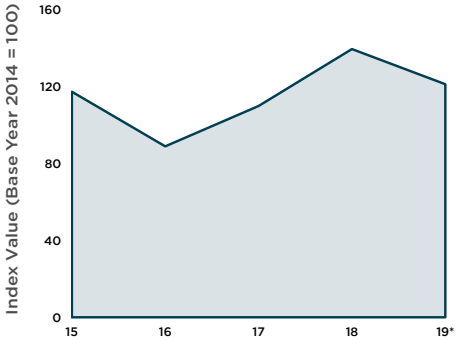
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,362	7,056 Units	5,180 Units
▲2.9% YOY		▲32.9% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
6,128,500	2,410,700	$76,269	21.4%
YE 2019 ▲0.3% YOY	YE 2019 ▲1.0% YOY	YE 2019 ▲3.4% YOY	YE 2019 ▼10 BPS YOY

2020 PREVIEW

Developers will showcase confidence in the Philadelphia apartment market as the pace of inventory growth accelerates. Part of the belief comes from an expected rise in payrolls this year, albeit at a slower pace from 2019 as unemployment hovers around 4%. The labor force is forecast to expand 0.2% by year-end, slightly below the national rate. As such, apartment development will remain focused near employment nodes in some of the high-rent submarkets that include Center City and Norristown/Upper Merion/Lower Merion. These two areas should account for approximately one third of all Greater Philadelphia's deliveries in 2020. Metrowide construction is scheduled to complete on more than 6,100 units over the next four quarters, an annual high for this cycle. Pent-up demand will underpin sustained positive leasing activity across Greater Philadelphia. Even so, annual absorption is expected to trail inventory growth to lead to a 20-basis-point decrease in average apartment occupancy to 96.2% by year-end. Nevertheless, occupancy will be 100 basis points higher than the 10-year average. The increased competition should lead operators to offer more concessions and moderate rent growth. Greater Philadelphia monthly effective rent is forecast to advance 2.4% to finish the year at $1,395.

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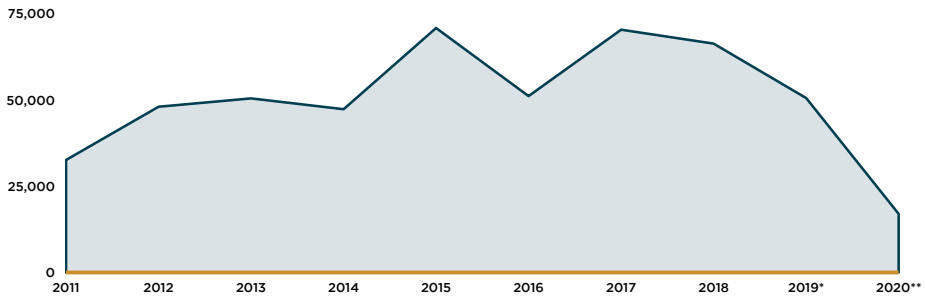
2019 REVIEW

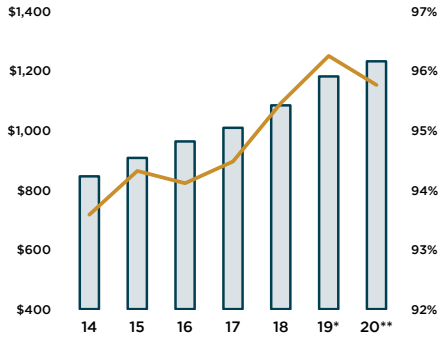
The Phoenix apartment market was among the top performing metropolitan areas in 2019, due in part to a rising labor force and robust in-migration. Multifamily developers worked to fill the housing gap left by single-family home builders as 7,028 apartment units came online in 2019. Residents sought apartments as annual leasing activity remained elevated in 2019. While rental demand was evident in every submarket, the influx of new apartment inventory near employment nodes facilitated robust absorption in the Chandler, North Tempe/University, and Central Phoenix submarkets. Metrowide, employment expanded 2.4%, or by 50,500 jobs, in 2019. The rise in local payrolls contributed to metrowide leasing activity that outpaced inventory growth for the third-consecutive year as occupancy elevated 80 basis points annually to 96.3%. Apartment operators capitalized on the imbalance by advancing monthly effective rent 9.0% to an average of $1,182 by year-end, placing Phoenix on top of all major markets for annual rent growth.

EMPLOYMENT CHANGE



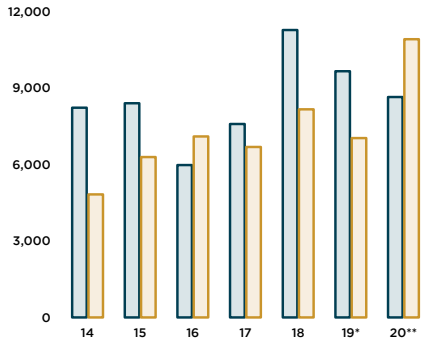
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



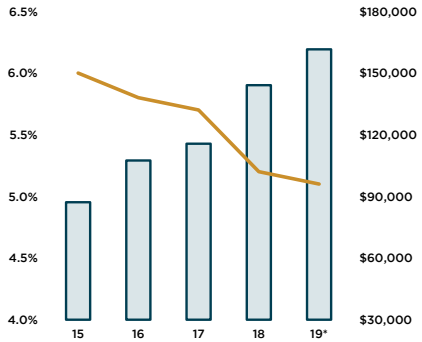
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
50,500	4.0%	96.3%
▲2.4% YOY	▼40 BPS YOY	▲80 BPS YOY

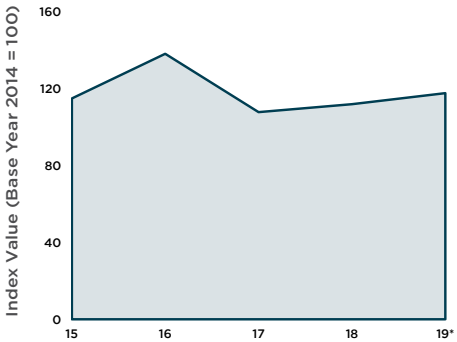
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,182	9,650 Units	7,028 Units
▲9.0% YOY		▼13.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
5,012,100	1,820,300	$65,219	21.7%
YE 2019 ▲ 2.1% YOY	YE 2019 ▲ 2.3% YOY	YE 2019 ▲3.0% YOY	YE 2019 ▲ 110 BPS YOY

2020 PREVIEW

With apartment occupancy rising in recent years, multifamily family developers ramped up construction activity across Greater Phoenix. This surge will lead to a significant increase in annual deliveries as construction is scheduled to complete on more than 10,900 units by year-end. While the bulk of new units will continue to be near employment hubs, builders are adding more apartments further out in the suburbs as more than 2,600 combined units come online in the Avondale/Goodyear/West Glendale and the Gilbert submarkets by year-end. The additions represent approximately 24% of all metrowide deliveries in 2020, more than double the market share during one year prior. The shift in development comes as more employers transition operations to these areas and bring thousands of jobs, including companies like Nike and Deloitte. Overall, the Greater Phoenix workforce is expected to grow 0.8% in 2020. Continued hiring and strong household formation should help underpin annual apartment absorption to slightly outpace the prior five-year pace. Still, leasing is expected to trail new supply to lead to a 50-basis-point decrease in average occupancy to 95.8% by year-end. Apartment operators are expected to respond by tapering annual growth to 4.3% as monthly effective rent reaches $1,232 by December.

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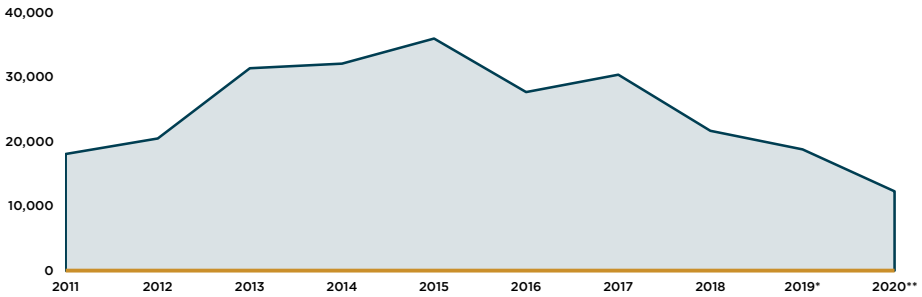
2019 REVIEW

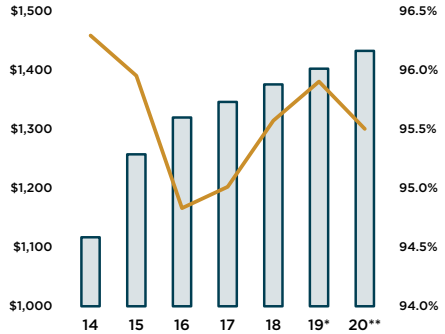
Metro Portland has been in the midst of a massive apartment construction wave, though the continued influx of well-educated, young professionals has mitigated concerns about supply side pressures. During 2019, developers focused construction in the Central Portland and the East Portland submarkets. Renters were attracted to the new inventory as positive apartment absorption was highest in these same two urban submarkets. With leasing activity outpacing supply growth on an annual basis, occupancy advanced to 94.4% in the Central Portland submarket and to 95.8% in the East Portland submarket, up 120 and 90 basis points, respectively. Metrowide occupancy shifted up 30 basis points annually to 95.9%. Sustained job creation underpinned healthy apartment absorption across Greater Portland as employment expanded 1.6%, or by 18,800 new workers. In February 2019, Oregon became the first state to cap rent growth and though local rent growth was far below the levels seen a few years ago, it steadily ticked upward. Effective rent advanced 1.9% annually to average $1,402 per month in December.

EMPLOYMENT CHANGE



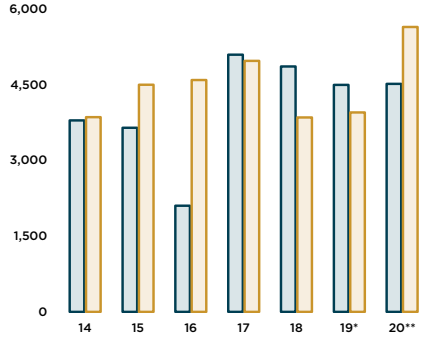
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



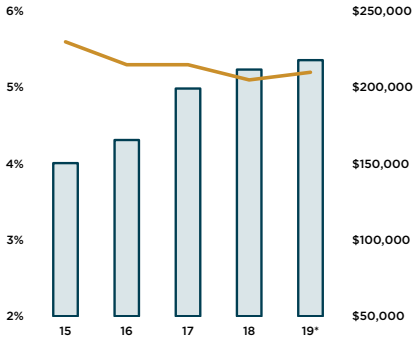
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
18,800	3.8%	95.9%
▲1.6% YOY	▼20 BPS YOY	▲30 BPS YOY

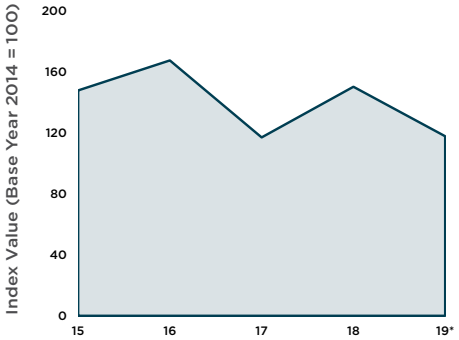
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,402	4,499 Units	3,953 Units
▲1.9% YOY		▲2.5% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,525,500	989,500	$80,600	20.9%
YE 2019 ▲1.3% YOY	YE 2019 ▲1.9% YOY	YE 2019 ▲4.3% YOY	YE 2019 ▼50 BPS YOY

2020 PREVIEW

Industry leaders like Amazon.com Inc., Intel Corporation, and Nike Inc. continue to bring high-paying jobs to the area, attracting new capital investment in 2020. In Downtown Portland, an incursion of new tech job opportunities is in the pipeline, including Amazon expanding its tech hub at Broadway Tower by another 400 employees. Intel is planning a major new factory to build the next generation of computer chips. In the biotech industry, a new education and health center will emerge fall 2020 on the downtown campus of Portland State University. Although the outlook calls for slowing job growth this year both nationally and locally, Portland will be one of the fastest-growing metros at 1.0%, with 12,300 new workers. With metrowide payrolls set to heighten, rental demand will remain brisk, and multifamily developers will keep the construction pipeline full. A 43% annual surge in deliveries will cause occupancy to compress 40 basis points to 95.5%. Effective rent is projected to appreciate 2.1% annually, reaching $1,432 per month by year-end. As more developments offer trendy living options, Amazon's expansion in Downtown Portland and the announcement of a new Major League Baseball-level stadium along the waterfront, mean new deliveries should be well received.

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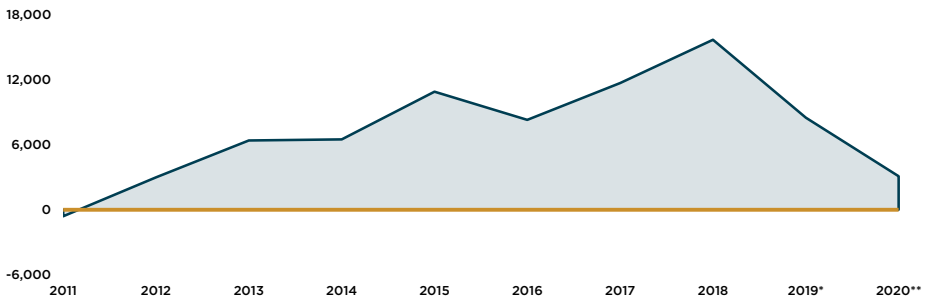
2019 REVIEW

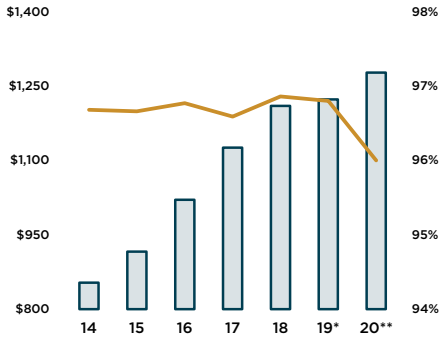
Both apartment construction and absorption remained elevated in the Reno metro area throughout 2019 following a historic year of development one year prior in 2018. Multifamily developers brought 1,356 apartment units online over the past 12 months, just short of the 1,408 units delivered in 2018, a postrecession high. Over the same period, renters absorbed 1,286 net multifamily units. Demand was focused in the North Reno submarket, which offered local renters a more affordable housing alternative to the adjacent Central Reno submarket. Wary of supply side pressure, apartment operators responded by hedging rent growth to limit the impact of new supply on occupancy, which fell 10 basis points to 96.8% by year-end. Effective rent increased 1.1% to $1,223 per month following four years of elevated rent growth, which were driven by a multiyear trend of elevated job creation. This trend of strong employment growth also continued into 2019. Reno employers brought on 8,500 new hires over the past 12 months, an annual gain of 3.4% that more than doubled the national average.

EMPLOYMENT CHANGE



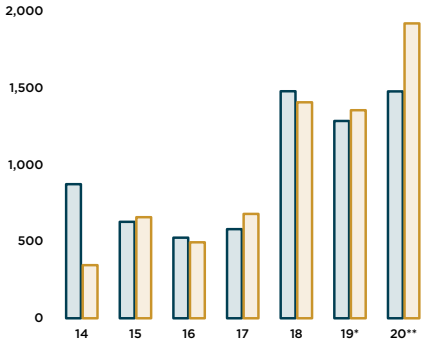
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



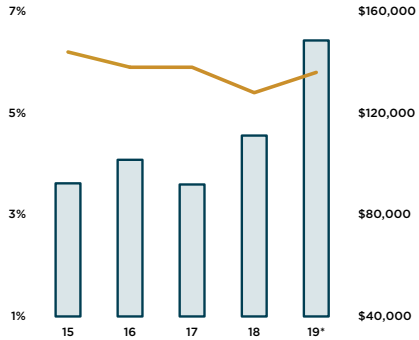
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
8,500	3.2%	96.8%
▲3.4% YOY	▼40 BPS YOY	▼10 BPS YOY

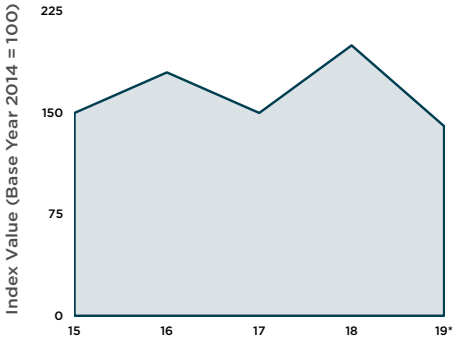
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,223	1,286 Units	1,356 Units
▲1.1% YOY		▼3.7% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
483,200	193,100	$66,786	22.0%
YE 2019 ▲1.9% YOY	YE 2019 ▲2.2% YOY	YE 2019 ▲ 2.9% YOY	YE 2019 ▼40 BPS YOY

2020 PREVIEW

Following a postrecession growth peak one year prior, the Reno metro's population will expand with another 8,900 residents in 2020. Apartment operators will respond to the rapid increase in residents this year by bringing an additional 1,922 multifamily units online. A wide range of new apartment options and growing population will cause demand to swell 15% over the previous year; residents are expected to absorb 1,479 net units in 2020. Occupancy is projected to fall 80 basis points as a potentially record-breaking year for new construction applies considerable supply side pressure on the apartment market. However, occupancy will settle at 96.0%, besting the national average. Like much of the country, job growth in Reno is expected to slow this year. Employers will expand payrolls 1.2%, a gain of 3,100 new jobs. Despite the drop in year-over-year hiring, several factors support continued local economic development in the near term. The University of Nevada-Reno is in the process of expanding its campus into the historic Gateway District, a project that will drive job growth until its completion in 2023. A new hospital, the 350,000-square-feet Sierra Medical Center, is also under construction and scheduled to begin operations in 2022.

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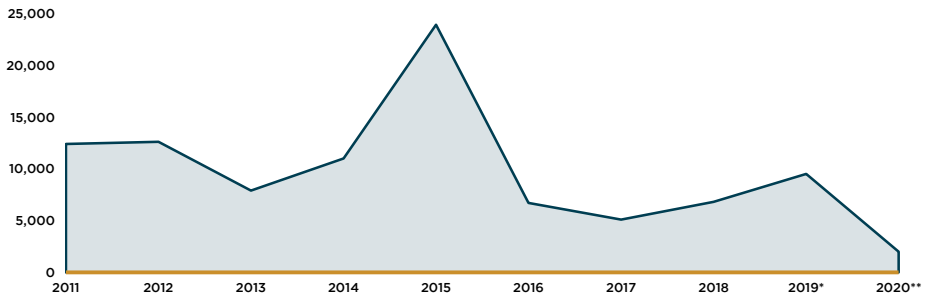
2019 REVIEW

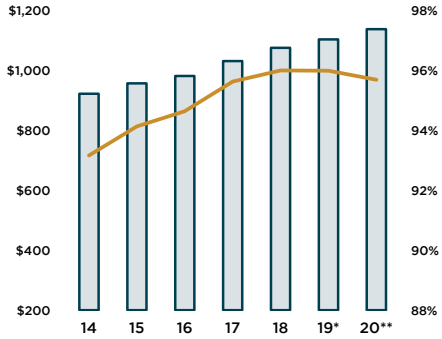
With apartment occupancy elevating in recent years across the Richmond metropolitan area, developers have kept the construction pipeline full to meet the housing demand. Builders brought nearly 1,900 units online over the last four quarters, 44% higher than the preceding year. While development was spread throughout the metro, a significant share of additions was in the urban core as well as the select suburbs that include Chesterfield County. A metro-leading 600 units came online in the submarket as developers worked to provide housing options for millennials shifting to suburban living. The new inventory was quickly absorbed in the submarket as well as metrowide due in part to 0.6% population growth and 1.4% employment expansion in 2019. As supply and demand were near equilibrium, average apartment occupancy finished 2019 at 96.0%, the same rate as one year prior. Simultaneously, apartment operators kept upward pressure on lease rates. Monthly effective rent advanced 2.6% annually to $1,105 by year-end.

EMPLOYMENT CHANGE



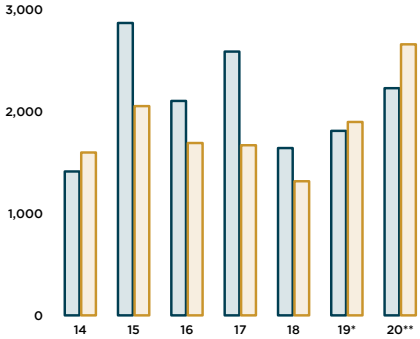
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



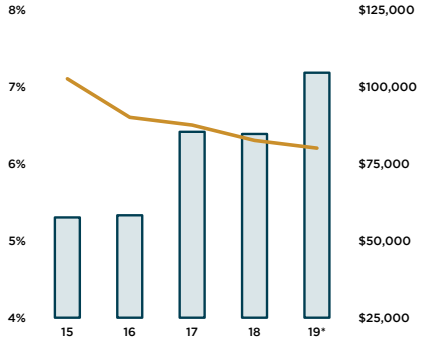
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
9,500	3.1%	96.0%
▲1.4% YOY	▲10 BPS YOY	0 BPS YOY

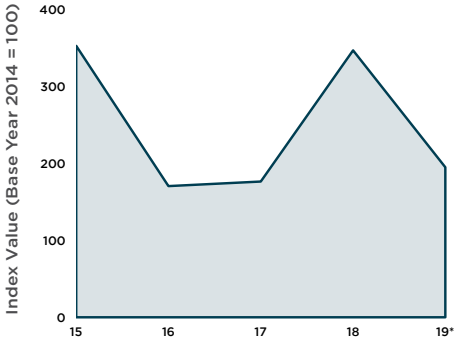
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,105	1,809 Units	1,895 Units
▲2.6% YOY		▲44.1% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,318,000	525,300	$68,723	19.3%
YE 2019 ▲0.6% YOY	YE 2019 ▲1.1% YOY	YE 2019 ▲2.1% YOY	YE 2019 ▲10 BPS YOY

2020 PREVIEW

Deliveries are expected to reach a postrecession high this year as developers show confidence in the Richmond apartment market. Construction is scheduled to complete on more than 2,650 units over the next four quarters. Development will continue to shift outward as renters priced out of downtown seek proximity to major employers. A metro-leading 734 units are scheduled to come online in the Tuckahoe/Westhampton submarket. Also reflecting the push for new inventory outside the metro core, 645 units are scheduled to come online in Chesterfield County, where neighborhood schools and close-knit communities appeal to family focused renters. These additions will attract new leases as these two submarkets are expected to lead the metro in leasing activity. Beyond more housing options, Richmond's affordable cost of living and numerous well-paying entry-level office and government jobs have and will continue to attract new residents. Employers are forecast to grow local headcounts 0.3% over the next 12 months, on par with the national average expansion. Overall, annual absorption is expected to trail inventory growth to lead to a 30-basis-point decrease in average occupancy to 95.7% by year-end. At the same time, monthly effective rent is forecast to grow 3.1% to $1,139 by the fourth quarter of 2020.

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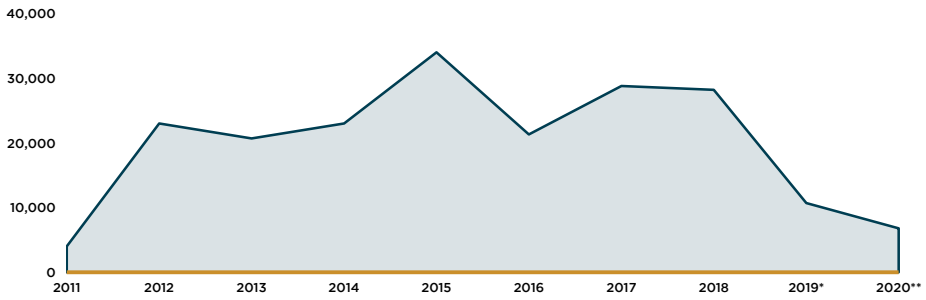
2019 REVIEW

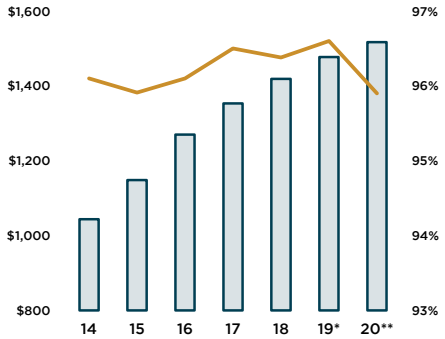
Population and employment growth in recent years prompted apartment developers to ramp up activity in Sacramento. Deliveries increased 13% in 2019 as 1,351 units came online and residents absorbed 1,646 units. With demand outpacing completions, occupancy increased 20 basis points year over year to 96.6%. A major driver of demand was population growth; over 20,000 new residents entered the metro each year since 2013. The Sacramento metro area also leads the state for in-migration from the Bay Area and Southern California, thanks to the metro's location and cost of living. Population growth also fueled expansion in the education and health services sector, where payrolls grew 3.0% last year. Employers in the sector brought on 4,900 new hires as hospital systems like Kaiser Permanente and Adventist Health expanded their operations into new facilities. Likewise, persistent job growth and a 3.4% increase in the median household income encouraged apartment operators to increase rent 4.1%, up to $1,477 per month.

EMPLOYMENT CHANGE



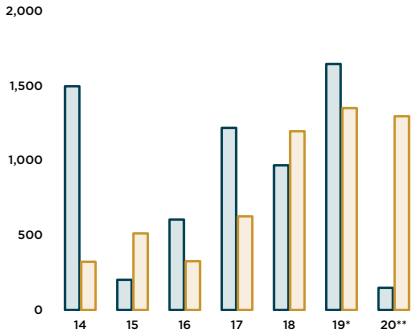
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



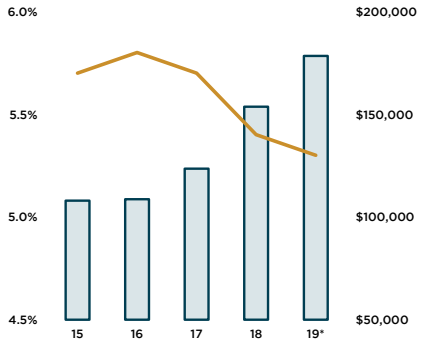
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
10,700	3.9%	96.6%
▲1.1% YOY	▲30 BPS YOY	▲20 BPS YOY

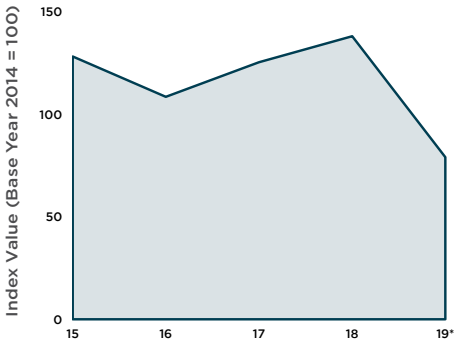
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,477	1,646 Units	1,351 Units
▲4.1% YOY		▲13.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,378,400	870,900	$70,222	25.2%
YE 2019 ▲0.9% YOY	YE 2019 ▲1.6% YOY	YE 2019 ▲3.4% YOY	YE 2019 ▲10 BPS YOY

2020 PREVIEW

With residents still absorbing over 2,500 new apartment units brought online since 2018, another 1,297 units are scheduled for delivery in Sacramento before the end of this year. Among the largest multifamily projects underway this year is the completion of the 254-unit The Press apartment community. The multifamily project is part of the effort to revitalize the Midtown Quarter and elevate Sacramento's up-and-coming urban core. Over the same period, population growth is forecasted to slow along with the rate of job growth. Residents are expected to absorb a net 148 units this year as a result of these economic factors, which have broadly discouraged some residents from leasing up the luxurious, modern apartment units that are rapidly filling out the metro's most desirable areas. The supply imbalance will put downward pressure on occupancy, which is forecast to fall 70 basis points to 95.9% by the end of 2020. Overall, employers are expected to hire 6,800 new workers this year, an annual gain of 0.7%. Effective rent will increase by 2.7% annually to $1,517 per month in the metro, short of last year's 4.1% growth but still exceeding the national average. Due to the passage of AB 1482 in 2019, future annual rent growth will be capped at 5.0% plus CPI.

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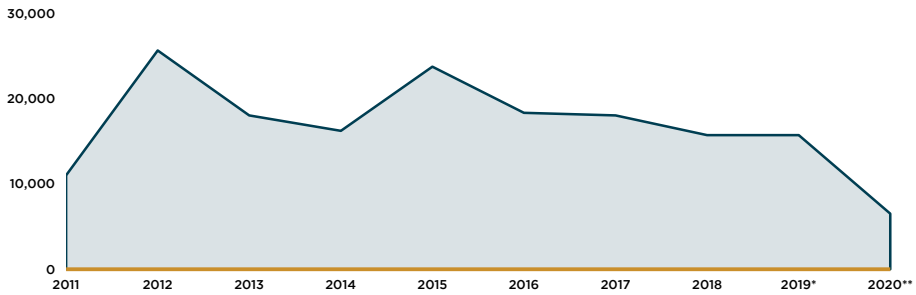
2019 REVIEW

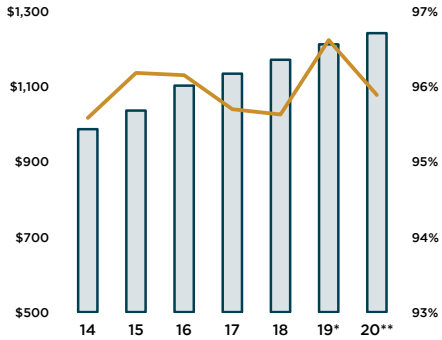
Salt Lake City metro area's reputation as a leading financial and high-tech economy in the western U.S. fostered healthy job growth in white-collar industries in 2019. Approximately 12,000 net workers were hired among the professional and business services, the financial activities, and the information sectors last year. Institutions in the education and health services sector were also active in augmenting payrolls, which expanded 5.9% with 5,000 new workers. The sector was supported by 7,300 newly formed households in the metro area in 2019. Contraction in the trade, transportation, and utilities and the leisure and hospitality segments partially offset growth. Overall, employers hired 15,700 net workers, a 2.1% gain from 2018. Employment expansion, household growth, and continually rising single-family home prices underpinned apartment demand. Renters newly occupied 3,387 apartments in 2019, up 42.3% from net absorption in 2018. Leasing activity surpassed deliveries, spurring a 100-basis-point increase in occupancy to 96.6% in December. Simultaneously, average monthly effective rent rose 3.5% to $1,212.

EMPLOYMENT CHANGE



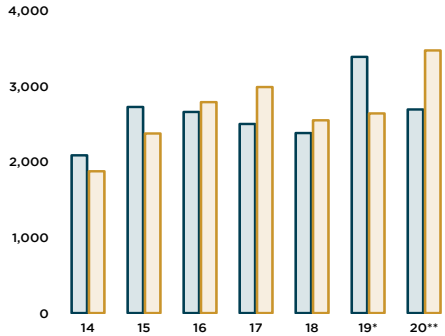
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



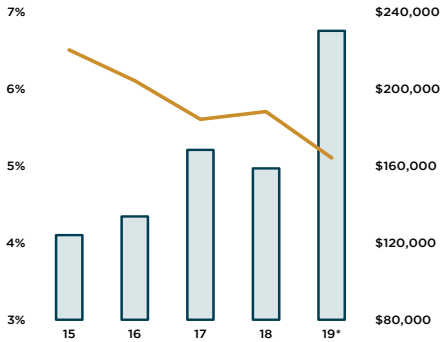
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
15,700	2.7%	96.6%
▲2.1% YOY	▼40 BPS YOY	▲100 BPS YOY

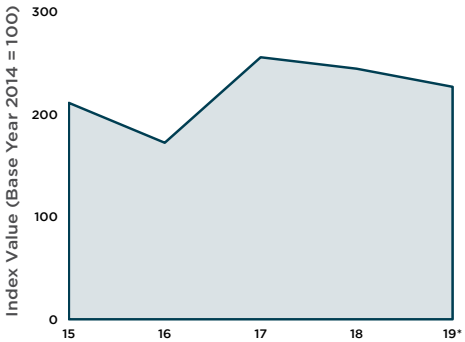
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,212	3,387 Units	2,639 Units
▲3.5% YOY		▲3.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,249,200	423,800	$76,819	18.9%
YE 2019 ▲1.4% YOY	YE 2019 ▲1.8% YOY	YE 2019 ▲2.8% YOY	YE 2019 ▲10 BPS YOY

2020 PREVIEW

Apartment fundamentals should remain healthy in 2020, though will decelerate as job growth slows from heightened levels observed in previous years. Net apartment absorption of 2,692 apartments is anticipated this year, down 20.5% from 2019, but in line with the five-year average. The decrease in leasing activity will come as deliveries peak at 3,473 units in 2020. Approximately one-third of the new inventory will come online in the Midvale/Sandy/Draper submarket, targeted for convenient access to employment centers in Silicon Slopes. The excess supply coupled with reduced demand will prompt a 70-basis-point decrease in occupancy to 95.9% in the metro area in December. Despite this reduction, effective rent is expected to rise—albeit at a slower 2.5% annual pace—to $1,243 per month by year-end. These trends in the local apartment market are predicted amid a 0.9% annual increase in jobs as 6,500 net workers are hired. Multifamily developers remain optimistic about the long-term job and apartment markets. In 2021, nine apartment communities are scheduled for completion in the metro area; these communities will comprise a total 1,719 apartments. Additionally, 24 multifamily developments could break ground by year-end 2022, representing more than 5,700 apartments.

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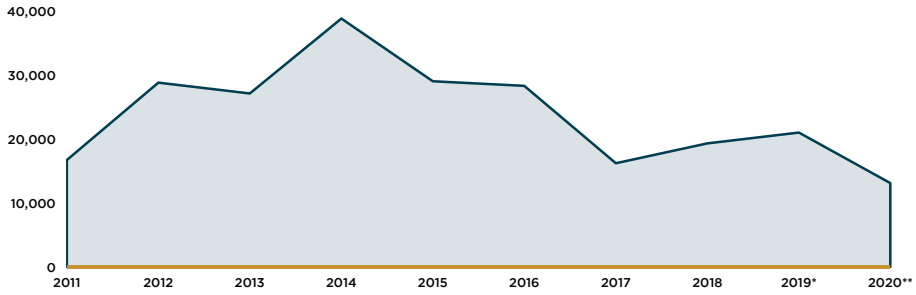
2019 REVIEW

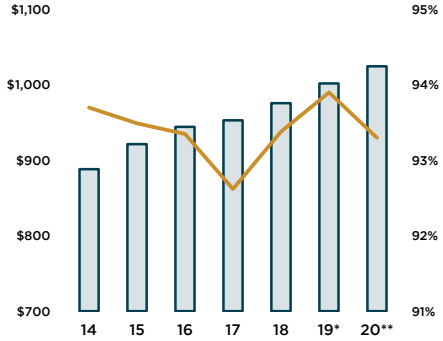
Healthy apartment fundamentals and job growth marked the San Antonio market in 2019. Apartment occupancy rose with brisk absorption and a 28% year-over-year decrease in apartment deliveries. Approximately half of the new stock appeared in the neighboring Far North Central San Antonio and Far Northwest San Antonio submarkets, where developable land is plentiful and development hurdles are limited. These two submarkets also had robust leasing activity. Similarly, renters readily occupied new stock across the entire metro. As demand outpaced deliveries, metrowide occupancy rose 50 basis points during 2019 to reach 93.9% in December. Capitalizing on favorable market conditions, operators increased average monthly effective rent to $1,002 by year-end, a 2.7% annual increase. Expansion in the local labor market also quickened. Employers added 21,000 net workers to payrolls in 2019, a 2.0% annual gain, increasing from 1.8% expansion in the prior year. Job growth was present in nine of the 11 employment sectors.

EMPLOYMENT CHANGE



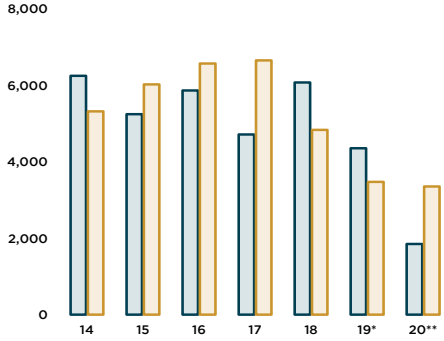
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



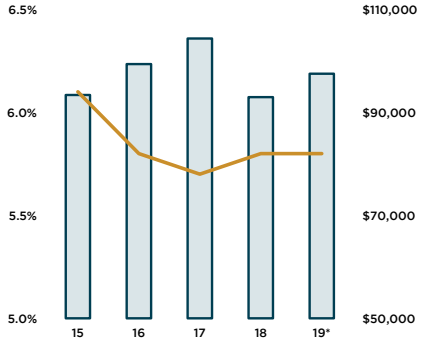
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
21,000	3.1%	93.9%
▲2.0% YOY	▼20 BPS YOY	▲50 BPS YOY

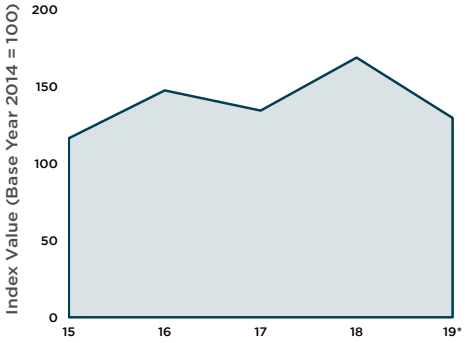
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,002	4,348 Units	3,469 Units
▲2.7% YOY		▼28.2% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,572,900	935,900	$61,666	19.5%
YE 2019 ▲ 1.5% YOY	YE 2019 ▲ 1.7% YOY	YE 2019 ▲ 2.6% YOY	YE 2019 0 BPS YOY

2020 PREVIEW

A slowdown in the local economy is predicted in 2020 and will affect apartment demand. Leasing activity will remain positive, but is projected to fall more than 57% from 2019 as net absorption totals 1,847 units. Apartment deliveries will diminish in 2020, but will overtake leasing activity. Reduced demand with excess supply is forecast to result in a 60-basis-point annual reduction in occupancy to 93.3% in December, returning the occupancy rate to the five-year average. Meanwhile, average monthly effective rent is projected to rise 2.3%, reaching $1,025 by year-end. Amid projected local unemployment in the low-3% range, annual job growth will subside to 1.2% as employers fill 13,100 net new positions. Significant job creation at several large companies will boost the local economy over the next several years. These companies include Ernst & Young, which plans to hire more than 900 workers through 2023 and H-E-B, which will fill 500 technical positions in San Antonio in 2022. Once new manufacturing facilities are completed in the next few years, Aisin AW will hire 900 workers at its transmission plant in Guadalupe County, and Navistar International Corporation will fill 600 new positions at its San Antonio production facility.

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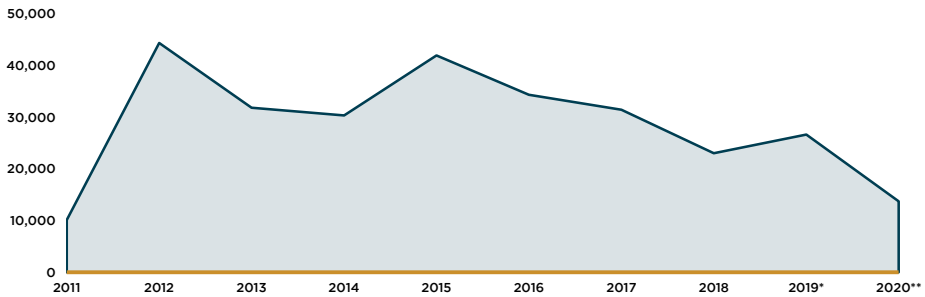
2019 REVIEW

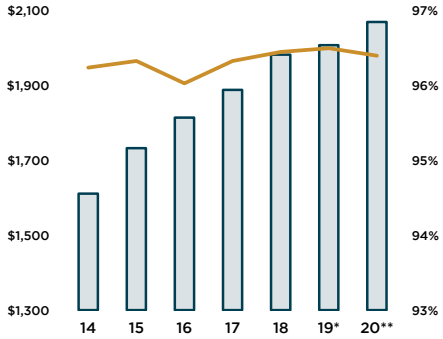
An abundance of tech jobs, a community of highly educated millennials, and record-breaking residential home prices translated to reliable demand for multifamily housing in the San Diego metro. Occupancy was a stout 96.5% in December, the same rate as one year ago, as net absorption was near equilibrium with rising apartment deliveries. Occupancy rose 40 basis points to a metro-leading 98.1% in the Mid-City/National City submarket, a neighborhood popular with younger renters seeking an urban lifestyle with more affordable rents. While new supply was spread throughout the metro, the Downtown San Diego/Coronado submarket has been the focal point of apartment construction, as existing stock expanded 6% annually in the submarket. Pent-up demand in the submarket raised occupancy to 95.4%, the highest year-end rate in six years. Underpinning leasing activity was accelerated job growth. A total of 26,600 workers were added to the market, advancing 1.8% annually. A 3.5% increase in household income accommodated rent growth. Effective rent increased 1.3% annually to $2,008 per month by year-end.

EMPLOYMENT CHANGE



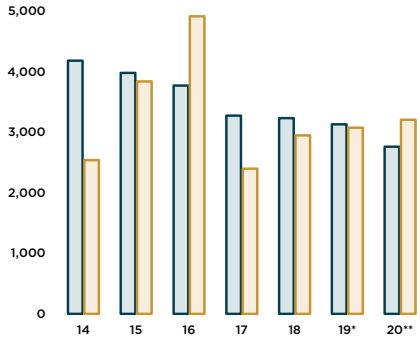
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



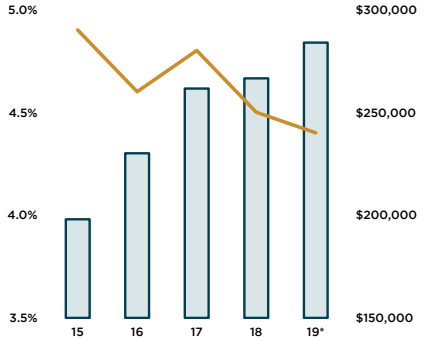
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
26,600	3.4%	96.5%
▲1.8% YOY	▲10 BPS YOY	0 BPS YOY

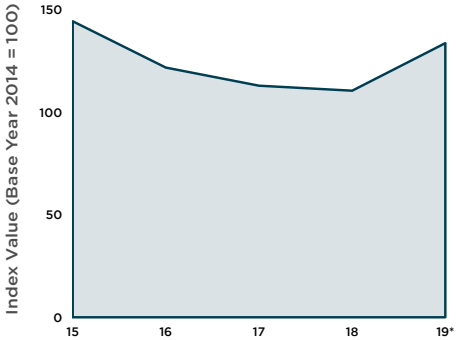
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$2,008	3,133 Units	3,077 Units
▲1.3% YOY		▲4.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
3,370,000	1,199,500	$78,208	30.8%
YE 2019 ▲0.5% YOY	YE 2019 ▲1.2% YOY	YE 2019 ▲3.5% YOY	YE 2019 ▼70 BPS YOY

2020 PREVIEW

With San Diego's economy well diversified, apartment fundamentals are on firm footing, and demand remains largely inelastic. Occupancy rates are anticipated to remain healthy to end 2020 at 96.4% as local employers add 13,700 jobs this year, equating to a 0.9% annual increase. Continuing to spur office-using tenants in the near term will be The Campus at Horton, the redevelopment of a distressed urban mall into a $275 million high-tech office campus expected to create 4,000 jobs downtown. Government payrolls will expand as the U.S. Navy continues to transition ships to the Pacific Fleet area of operation. By 2023, 60% of the Navy's surface fleet will be based in the Pacific, further solidifying San Diego's status as a major Navy hub. Supporting the construction trades, multifamily developers are underway on 30 apartment communities. Healthy occupancy rates and sustained job growth will support metrowide effective rent reaching $2,070 per month by year-end, a 3.1% annual increase. To address housing affordability, the California legislature passed a statewide rent cap measure that limits annual rent increases to 5% plus CPI. Landlords in the downtown submarket wanting to offset the last few years of limited rent growth may feel the most constrained from the new rent control law.

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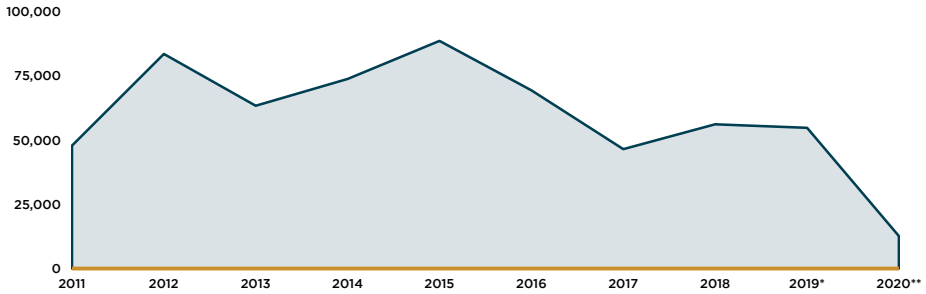
2019 REVIEW

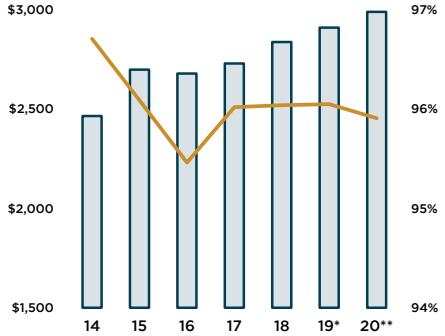
With apartment occupancy holding steady in recent years, multifamily developers ramped up activity in the San Francisco-Oakland metropolitan area. Construction completed on more than 5,100 units in 2019, nearly double the deliveries from one year prior. With the high cost of development and limited available land in San Francisco, construction activity has accelerated in the East Bay. More than half of all metrowide deliveries were in the Oakland/Berkeley submarket, concentrated around new high-rise developments in Downtown Oakland and near BART stations. The 2.2% increase in metrowide payrolls also contributed to housing demand. Renters sought these additions as well as all available stock in the area as leasing activity nearly kept pace with inventory growth. The Oakland/Berkeley submarket trend was reflected metrowide as supply and demand was near equilibrium as occupancy ended 2019 at 96.0%, the same rate as one year prior. At the same time, apartment operators advanced average effective rent 2.6% to $2,909 per month.

EMPLOYMENT CHANGE



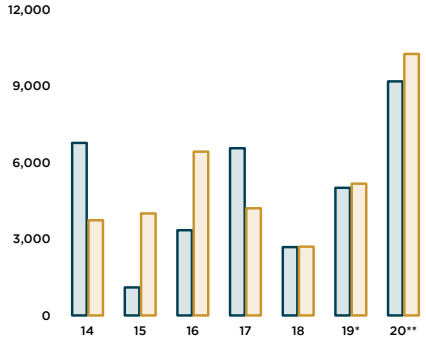
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



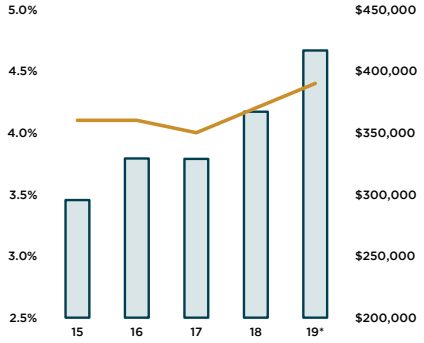
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
54,700	2.7%	96.0%
▲2.2% YOY	▲10 BPS YOY	0 BPS YOY

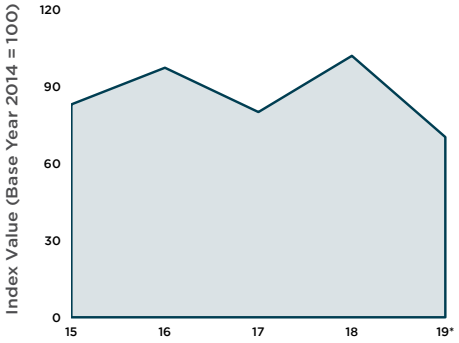
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$2,909	5,005 Units	5,166 Units
▲2.6% YOY		▲91.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
4,767,700	1,791,300	$109,492	31.9%
YE 2019 ▲0.6% YOY	YE 2019▲ 1.1% YOY	YE 2019 ▲ 4.4% YOY	YE 2019 ▼ 50 BPS YOY

2020 PREVIEW

Growth in the tech industry is expected to continue to underpin demand for housing in the San Francisco-Oakland metropolitan area. Overall, employment is forecast to expand 0.5% in 2020. Multifamily builders are working to fill the gap left by limited single-family home development. Apartment deliveries are again expected to nearly double year over year to reach a postrecession high in 2020 with approximately 10,250 units. Additions will be focused in the East Bay, accounting for two out of every three deliveries metrowide. Specifically, developers targeted the Oakland/Berkeley submarket, where 4,600 units are expected to be added to the inventory. Driving the need for housing in this submarket is strong office demand and development. With pent-up demand, the influx of new inventory is expected to facilitate elevated annual apartment absorption in the submarket as well as metrowide. Even so, positive leasing activity in the metro is expected to trail inventory growth to result in a 10-basis-point drop in occupancy to 95.9% by year-end. With the implementation of AB 1482 this year, operators in this typical high rent growth metro will face some rent cap and eviction constraints. Monthly effective rent is forecast to advance 2.7% to $2,987.

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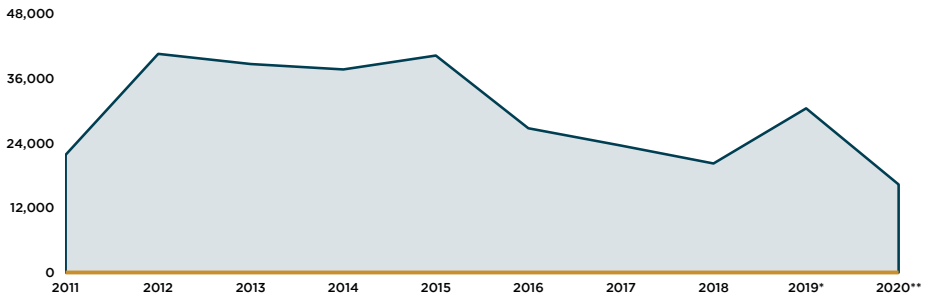
2019 REVIEW

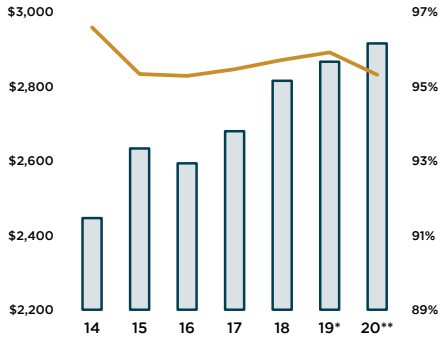
The San Jose metro area reaffirmed its status as the country's preeminent hot spot for technology hiring in 2019. Unsurprisingly, year-over-year job growth was especially strong in the information sector, where company payrolls expanded 5.6%. Employers in the information and professional and business services sectors were also drivers of job growth, hiring a combined 11,800 new employees during this period. Overall, employers brought on 30,400 new workers last year. The influx of new residents being hired to high-paying positions had a positive impact on the median household income, which increased 5.5% annually. The same trend supported strong demand for apartment housing in the metro. Net absorption increased 49% compared to 2018 as residents leased 2,648 units. Demand exceeded the new supply, equal to 2,394 units, and pushed up occupancy 20 basis points to 95.9% by year-end. Apartment operators, aiming to avoid a repeat of 2016 when effective rent decreased, mitigated rent growth in 2019. Effective rent increased 1.8% in 2019 to $2,865 per month.

EMPLOYMENT CHANGE



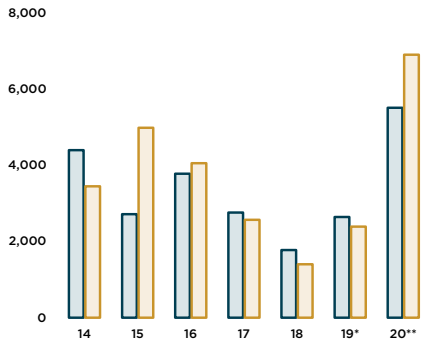
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



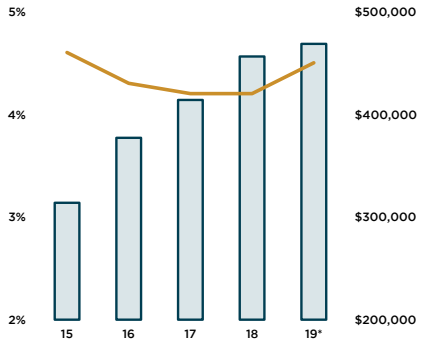
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
30,400	2.6%	95.9%
▲2.7% YOY	0 BPS YOY	▲20 BPS YOY

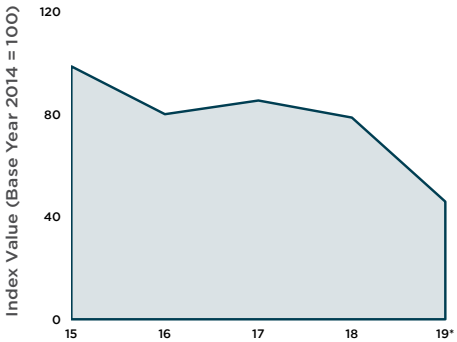
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$2,865	2,648 Units	2,394 Units
▲1.8% YOY		▲70.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,013,700	673,000	$126,630	27.1%
YE 2019 ▲ 0.5% YOY	YE 2019 ▲ 1.0% YOY	YE 2019 ▲ 5.5% YOY	YE 2019 ▼ 100 BPS YOY

2020 PREVIEW

Overall hiring is expected to slow in the San Jose metro in 2020, with employers bringing on 16,300 new hires by the end of the year. However, the metro will remain a prime destination for the nation's tech companies and start-ups. This trend, along with population growth that has ramped up annually since 2017, will ensure that the metro remains a very attractive target for multifamily development. Expansions by Apple Inc. and Google LLC, either underway or in the planning stages, are expected to support continued job growth in the tech sector. Recognizing San Jose's long-term potential, developers have already scheduled nearly 7,000 apartment units to come online this year. Residents are anticipated to absorb 5,517 net units this year, doubling net absorption in 2019. The abundance of new supply will put downward pressure on occupancy, which will fall 60 basis points to 95.3%. Apartment operators will respond to the wave of deliveries by hedging effective rent growth slightly compared to last year, up 1.7% to $2,914 per month in 2020. Effective rent is expected to continue growing as more residents absorb the new supply, but the passing of AB 1482 in 2019 will ensure that annual asking rent growth is capped in the metro at 5% plus CPI.

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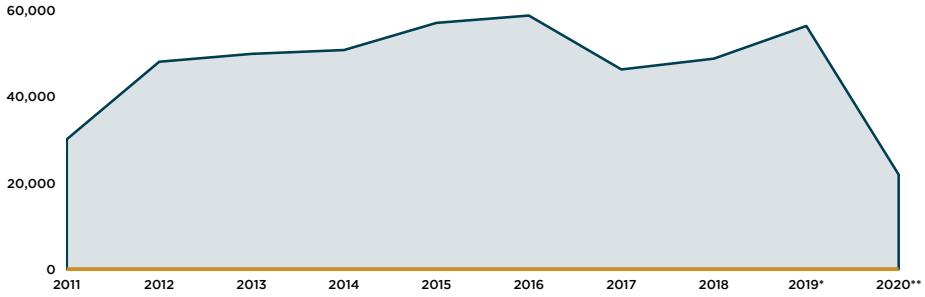
2019 REVIEW

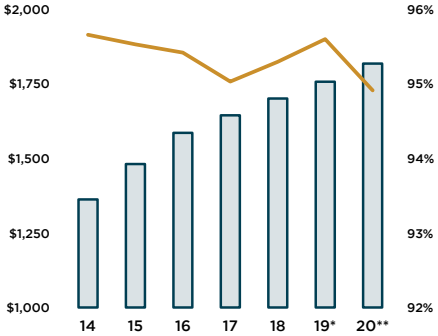
The Seattle-Tacoma metro remained a top apartment market in 2019 due in part to 2.7% employment growth and strong rental household formation amid steady in-migration. These affluent new residents sought housing near employment hubs in the urban core, supporting demand in the Downtown Seattle, the University District/Ballard, and the South Lake Union/ Queen Anne submarkets. Also, facilitating absorption in these areas was nearly 3,400 additions in 2019. Developers targeted residents with a preference for urban living where there were limited, affordable single-family homes. Metrowide, more than 9,000 units came online in 2019, up nearly 13% from the previous year's deliveries. Even with the increase, inventory growth trailed demand as metrowide apartment occupancy hit a postrecession high this year before settling at 95.6% in the fourth quarter. Operators capitalized on the rising occupancy by keeping upward pressure on lease rates. Monthly effective rent advanced 3.3% annually to $1,757 by year-end.

EMPLOYMENT CHANGE



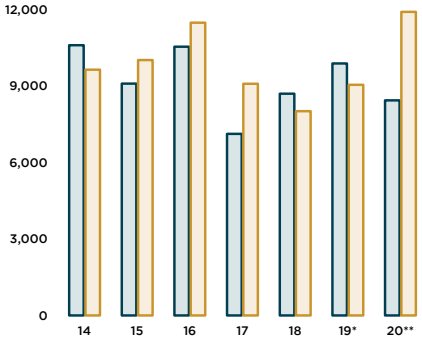
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



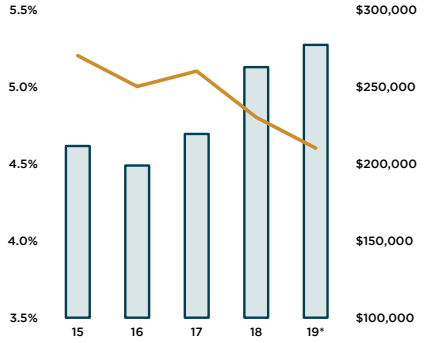
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
56,400	3.4%	95.6%
▲2.7% YOY	▼30 BPS YOY	▲30 BPS YOY

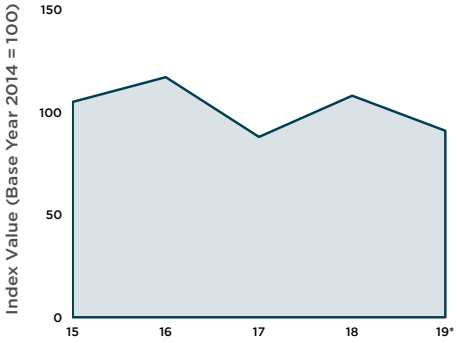
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,757	9,879 Units	9,042 Units
▲3.3% YOY		▲12.9% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
4,020,600	1,565,200	$88,071	23.9%
YE 2019 ▲ 1.4% YOY	YE 2019 ▲ 1.7% YOY	YE 2019 ▲ 3.5% YOY	YE 2019 ▼ 10 BPS YOY

2020 PREVIEW

Developers are showing confidence in the Seattle-Tacoma apartment market as the pipeline widens. Construction is scheduled to complete on more than 11,900 units over the next four quarters, the highest annual deliveries this cycle. Underpinning this belief is continued payroll expansion as the workforce is forecast to increase 1.0% over the next 12 months. Part of the hires will come from high-paying tech companies. Amazon.com Inc. will add enough space for more than 20,000 additional workers in the metro by 2024, and Microsoft Corporation is growing its headquarters by 2.5 million square feet to house 8,000 potential employees also by 2024. While these positions will create demand for Class A product, hiring in service sectors and the high cost of housing will also spur demand for lower-end units in the urban core and peripheral submarkets. These factors should keep annual apartment absorption on par with the 10-year average. Even so, leasing activity is expected to trail inventory growth to shift down metrowide occupancy 70 basis points to 94.9% by year-end. Even with the drop, the continued rise in home prices as well as household incomes will provide leeway for operators to increase rent. Monthly effective rent is forecast to rise 3.5% to $1,818 by year-end.

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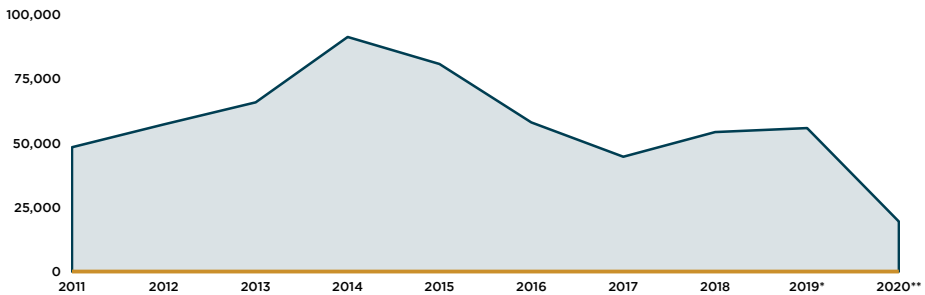
2019 REVIEW

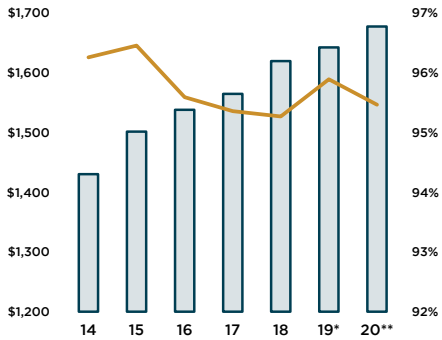
The South Florida apartment market continued to strengthen in 2019 due in part to strong renter household formation and accelerated growth of payrolls. Overall, households expanded 2.1% last year. Contributing to the expansion was annual net migration in 2019 more than doubling the pace of one year prior. Attracting these new residents was a 2.1% increase in employment. A significant portion of these additions were in higher paying white-collar jobs. These positions are essential as the Tri-County metro was the most expensive apartment market in Florida and one of the most expensive metros in the Southeast. While renters have some of the highest rent-to-income ratio in the country, the 5% increase in median household income last year was one of the fastest increases in the country too. This increase provided leeway for operators to advance monthly effective rent on average 1.4% to finish 2019 at $1,642. Another positive indicator for operators to increase rent was the 60-basis-point rise in occupancy to 95.9% by year-end.

EMPLOYMENT CHANGE



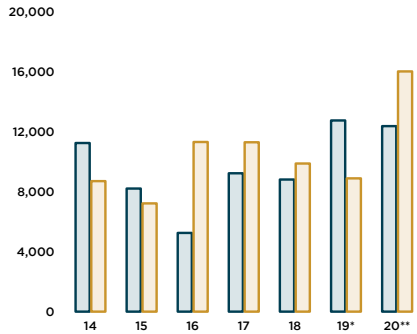
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



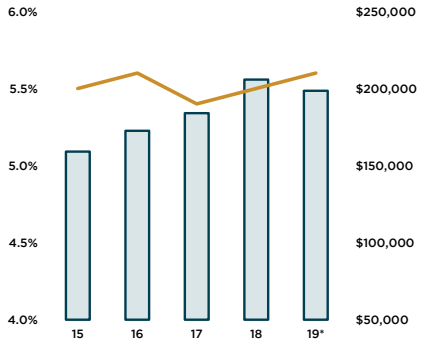
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
55,800	3.3%	95.9%
▲2.1% YOY	▼10 BPS YOY	▲60 BPS YOY

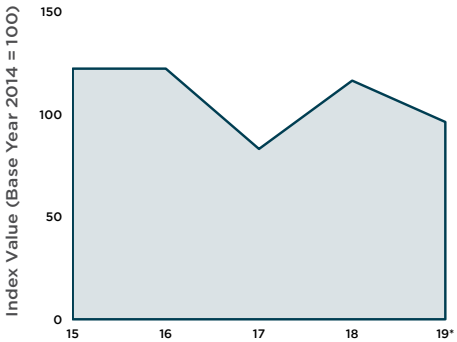
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,642	12,720 Units	8,871 Units
▲1.4% YOY		▼10.0% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
6,326,400	2,415,700	$60,066	32.8%
YE 2019 ▲ 1.4% YOY	YE 2019 ▲ 2.1% YOY	YE 2019 ▲ 5.0% YOY	YE 2019 ▼ 120 BPS YOY

2020 PREVIEW

Developers are showing confidence in the health of the Tri-County apartment market and widening the pipeline. Construction is scheduled to complete on nearly 16,000 market-rate units over the next four quarters, the highest number of annual deliveries this cycle. Additions will be focused in and around major employment hubs as developers target young, affluent professionals. The largest community coming online this year is the 639-unit first tower of X Las Olas in the Fort Lauderdale submarket. The new inventory is expected to underpin vigorous leasing activity metrowide as absorption this year is forecast to be nearly 50% higher than the 10-year average. Also contributing to apartment demand will be a 1.9% forecast growth in households as nonfarm employment expands 0.7%. Even with the positive pace of new leases, apartment absorption is expected to trail inventory growth to lead to a 40-basis-point annual drop in average occupancy to 95.5% in the fourth quarter of 2020. The downshift will move occupancy on par with the 10-year average. With apartment occupancy remaining at healthy levels this year even amid an influx of new inventory, operators will keep upward pressure on leasing costs. Monthly effective rent is forecast to advance 2.1% over the next four quarters to $1,677.

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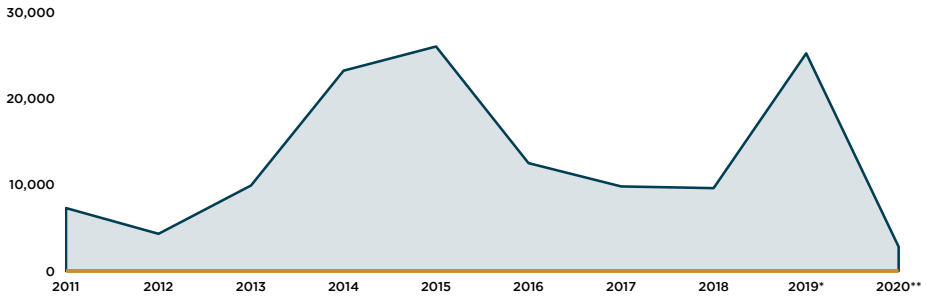
2019 REVIEW

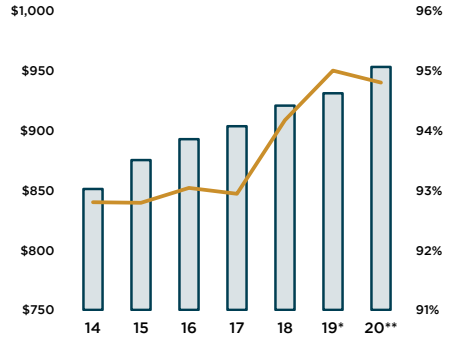
An uptick in hiring supported improving apartment fundamentals in the St. Louis metro in 2019. Employers expanded payrolls with 25,200 new hires, or 1.8% in 2019, up from 0.7% the year prior. The largest driver of the local economy was the trade, transportation, and utilities segment expanding by 6,600 jobs. A portion of the new recruits came from Amazon.com Inc. hiring 1,500 workers in May 2019 at its first Missouri fulfillment center in St. Peters. Staffing increases in the construction trades were also brisk with a combined 5,500 workers. Development progressed at Ballpark Village, the City Foundry project, St. Louis Union Station, and St. Louis University Hospital. Accelerated job growth kept rental demand elevated. The 95.0% occupancy rate was the highest year-end rate since 2001. Bolstering overall occupancy was robust leasing in the St. Louis City submarket where absorption outmatched new supply by more than a two-to-one margin. Annual rent growth in metro St. Louis was 1.1%, or $931 per month, advancing on the 1.9% increase in 2018.

EMPLOYMENT CHANGE



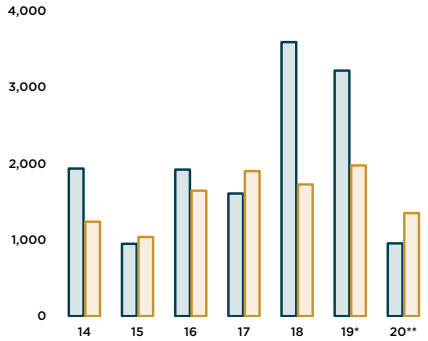
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



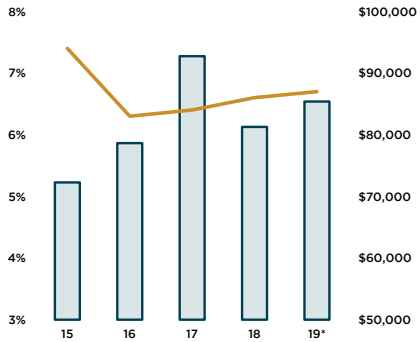
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
25,200	3.3%	95.0%
▲1.8% YOY	▼10 BPS YOY	▲80 BPS YOY

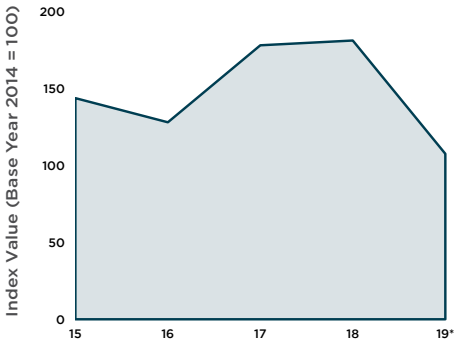
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$931	3,221 Units	1,977 Units
▲1.1% YOY		▲14.4% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
2,808,800	1,191,100	$68,720	16.3%
YE 2019 ▲ 0.1% YOY	YE 2019 ▲ 0.8% YOY	YE 2019 ▲ 3.4% YOY	YE 2019 ▼ 30 BPS YOY

2020 PREVIEW

Rent growth in the metro St. Louis apartment market has typically lagged larger U.S. markets and the national rate, but recent trends are encouraging when compared with historical data. By the fourth quarter 2020, effective rent is projected to reach $953 per month, accelerating 2.4% from 2019's year-end rate and well-above the metro's five-year average growth of 1.8%. A slackening in multifamily deliveries will allow operators to favor rent gains over concessions this year. Following two-consecutive years of postrecession high apartment demand, annual net absorption will moderate, causing a demand shortfall. Consequently, occupancy will decline 20 basis points year over year to finish 2020 at a still healthy 94.8%. Over the long view, several developments will create thousands of jobs expected to underpin future multifamily demand. Centene Corporation's expansion through 2021 will create 2,000 new jobs and boost apartment demand in the Mid St. Louis County submarket. In North St. Louis, the National Geospatial-Intelligence Agency is building a new, $1.7 billion western complex, and Boeing's decision to assemble its T-X Air Force training jet at its St. Louis production facility will bring an additional 1,800 jobs to the region. By year-end 2020, the labor force will be augmented by 2,800 new jobs.

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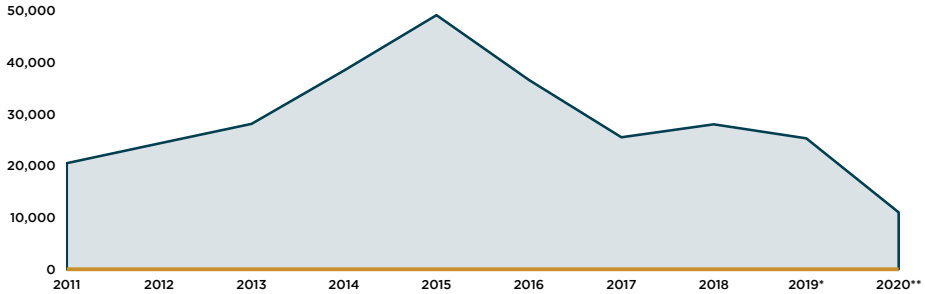
2019 REVIEW

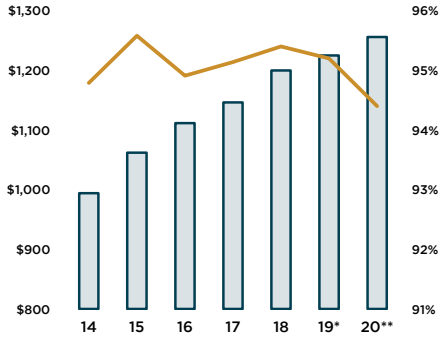
Effective rent increased 2.1% to $1,225 per month in 2019, falling behind 2018's growth rate but still ahead of the national average. Rent growth was held back by demand shifting out of submarkets like Central Tampa, where rents among luxury units are among the highest in the metro, close to $1,800 per month. Supporting overall demand was annual population growth just under 40,000 residents, driven by thousands of job seekers from New York City, Austin, Atlanta, and Chicago. Employers added 25,300 workers to their payrolls, including 6,100 new jobs in the education and health services sector and 5,300 new jobs in the professional and business services sector. This job growth, along with the median household income increasing 5.6%, helped support strong demand for multifamily units metrowide. Residents absorbed 3,720 net units last year, short of the 4,506 newly delivered units but still reflective of the metro's substantial need for multifamily housing. Occupancy fell 20 basis points to 95.2% due to supply side pressure.

EMPLOYMENT CHANGE



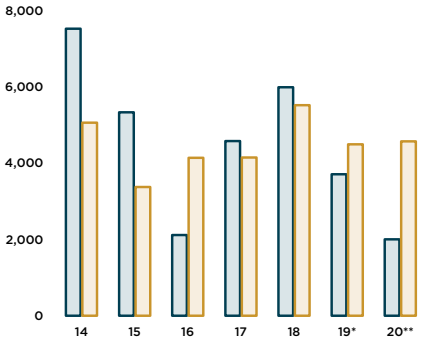
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



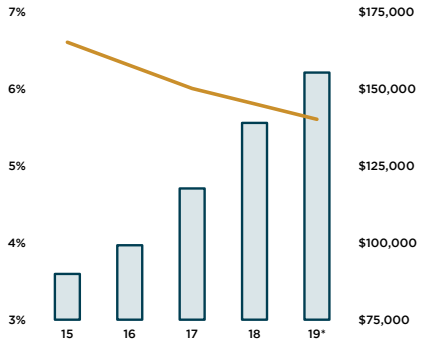
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
25,300	3.3%	95.2%
▲1.9% YOY	0 BPS YOY	▼20 BPS YOY

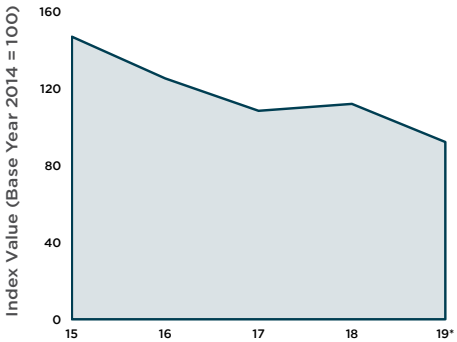
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,225	3,720 Units	4,506 Units
▲2.1% YOY		▼18.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
3,204,200	1,315,800	$60,860	24.2%
YE 2019 ▲ 1.3% YOY	YE 2019 ▲ 2.0% YOY	YE 2019 ▲ 5.6% YOY	YE 2019 ▼ 80 BPS YOY

2020 PREVIEW

The population in Tampa is expected to expand by another 40,000 residents this year, supporting the metro's continued status as a booming, highly diversified economy. The rate of job growth is expected to decline over this period due to the metro approaching full employment and a nationwide slowdown in hiring. Unemployment will approach 3.6% in 2020, following a postrecession low of 3.3% last year. Local employers will expand their payrolls with 11,000 new hires, an annual gain of 0.8%. Ongoing Water Street Tampa revitalization will help drive demand for apartments in the metro's urban core by expanding access to major amenities like health care. The University of South Florida's Morsani College of Medicine and Heart Institute is just one of many Water Street Tampa projects that will begin operating late this year. Developers will bring an additional 4,581 apartment units online by the end of the year, completing several projects under construction, such as the 385-unit Bowery Bayside II development. Residents will absorb 2,008 units over the same period, and that much of that apartment demand is expected to be concentrated in the North St. Petersburg and South St. Petersburg submarkets. Occupancy in 2020 will equal 94.4%, down 80 basis points due to supply side pressure.

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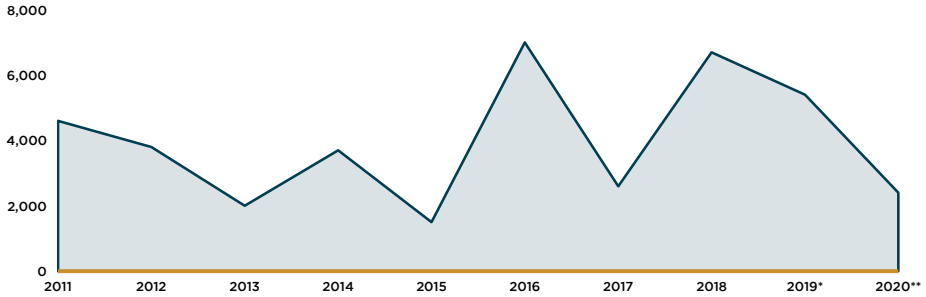
2019 REVIEW

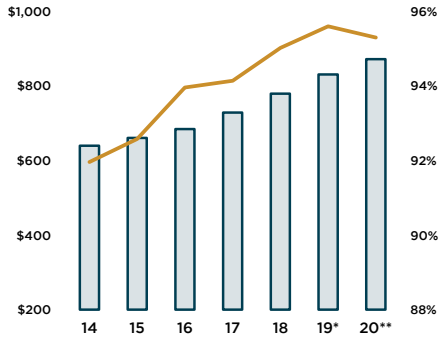
Elevated in-migration along with a 1.4% rise in the labor force boosted apartment fundamentals in the Tucson metropolitan area in 2019. Average apartment occupancy hit a postrecession high in 2019 before settling at 95.6% by year-end. Occupancy was 60 basis points higher than one year prior. Contributing to the rise in occupancy was sustained demand for apartments amid limited single-family and multifamily inventory growth. Builders brought 270 market-rate units online in the Catalina Foothills and the West Tucson submarkets. While the additions facilitated leasing activity in these areas, annual apartment absorption was positive in every submarket during 2019. Part of the appeal of apartments was the relative affordability of renting versus homeownership. At an average of $831 per month to close 2019, effective rent was $316 less than the typical monthly mortgage during the same time. The gap between renting and homeownership in Greater Tucson maintained even as annual effective rent growth was among the highest in the country at 6.7% in 2019.

EMPLOYMENT CHANGE



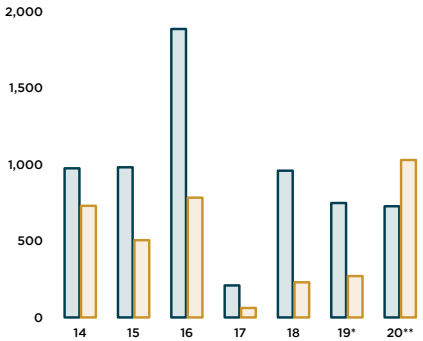
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



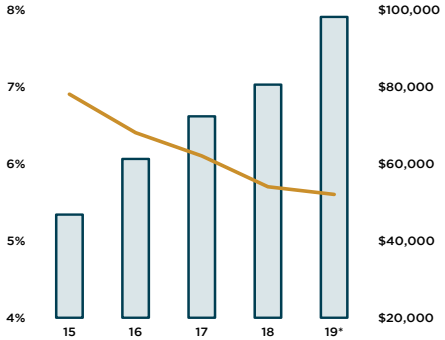
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
5,400	4.5%	95.6%
▲1.4% YOY	▼20 BPS YOY	▲60 BPS YOY

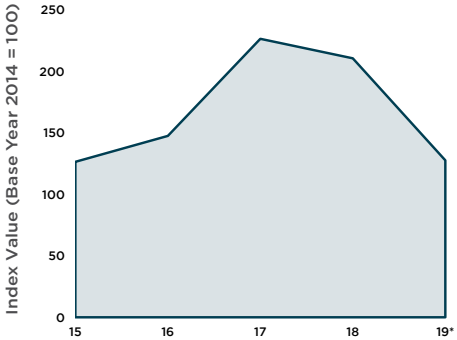
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$831	747 Units	270 Units
▲6.7% YOY		▲17.4% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,060,700	423,600	$51,374	19.4%
YE 2019 ▲1.4% YOY	YE 2019 ▲1.8% YOY	YE 2019 ▲2.7% YOY	YE 2019 ▲70 BPS YOY

2020 PREVIEW

With apartment occupancy elevating in recent years across Greater Tucson, developers ramped up activity at the same time. The rise in construction will result in an influx of new inventory. Builders are scheduled to bring 1,028 market-rate units online across six properties by year-end. More housing will be needed as households and employment are forecast to grow 1.7% and 0.6%, respectively, in 2020. Many of the new positions will be filled at Raytheon Missile Systems and Northwest Healthcare and will help to create a renter pool that will seek new, Class A apartment stock. Annual apartment absorption over the next four quarters is expected to nearly match leasing activity in 2019, though trail the 1.2% inventory expansion over the next four quarters. The supply side pressure is forecast to shift down average apartment occupancy 30 basis points to 95.3% by the end of this year. Even with the dip, apartment occupancy would be 100 basis points higher than the preceding five-year average. With healthy occupancy, apartment operators will keep upward pressure on lease rates. Monthly effective rent is forecast to reach $872 by the close of 2020, representing a 4.9% annual increase and leading growth for all major markets nationwide.

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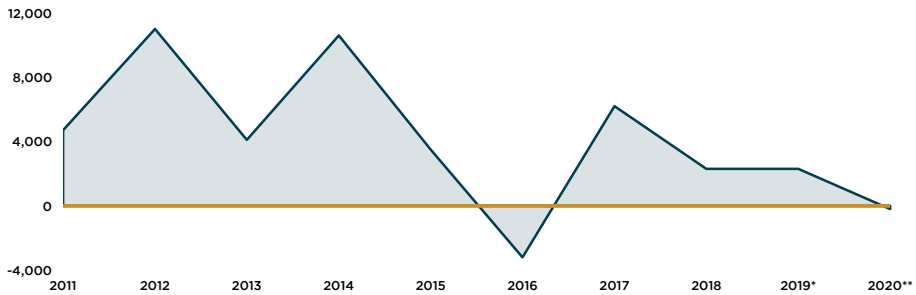
2019 REVIEW

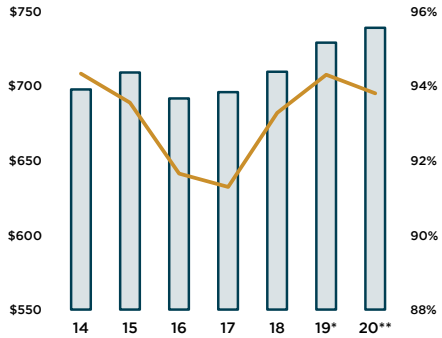
Tulsa metro area apartment fundamentals continued to climb in 2019. Effective rent reached $729 per month at the end of the fourth quarter of 2019, a 2.8% annual increase. Operators in the Central Tulsa submarket capitalized on the desirability of the inner-core lifestyle, raising effective rent 4.7% to $723 per month. At the same time, metrowide occupancy rose to 94.3%, a 100-basis-point annual gain. Leasing activity far outpaced the 375 multifamily deliveries in 2019. Renters occupied 1,072 additional apartments, approximately 40% of which were in the South Tulsa/Broken Arrow submarket, where a 12.3% increase in apartment inventory has emerged over the last five years. The local apartment market was supported by the formation of 4,200 households and 0.5% employment growth in 2019. Employers added 2,300 workers to payrolls, on par with 2018 net hiring. Expansion in six of the employment sectors was partially offset by layoffs in four other sectors. The commercial and industrial machinery and equipment repair and maintenance subsector was boosted by 400 new hires at American Airlines' Tech Ops Tulsa facility.

EMPLOYMENT CHANGE



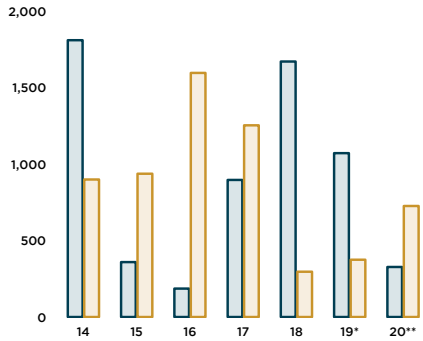
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



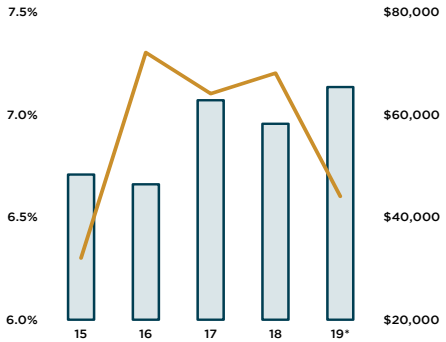
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
2,300	3.1%	94.3%
▲0.5% YOY	▼10 BPS YOY	▲100 BPS YOY

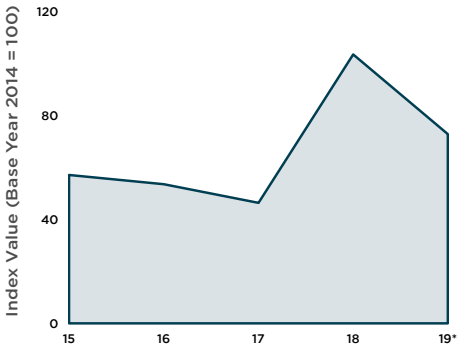
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$729	1,072 Units	375 Units
▲2.8% YOY		▲26.7% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
999,400	407,200	$58,096	15.1%
YE 2019 ▲ 0.4% YOY	YE 2019 ▲ 1.0% YOY	YE 2019 ▲ 2.9% YOY	YE 2019 0 BPS YOY

2020 PREVIEW

Mass-hiring events this year will boost local blue-collar trades. The Tulsa Amazon Fulfillment Center is scheduled to open in the second quarter of this year and result in 1,500 new jobs. Construction at the 11-story, 260,000-square-foot WPX Energy headquarters building in Downtown Tulsa will support hundreds of new construction jobs through completion in 2022. However, the effects of a tight labor market—among them the difficulty in hiring qualified workers for job openings—will become increasingly apparent in the Tulsa metro area in 2020. No measurable job growth is anticipated in the metro area this year. The muted activity in the local labor market is expected to result in diminished apartment demand, with net absorption estimated to be approximately one-third of that in 2019. Concurrently, the 726 anticipated apartment deliveries will outpace leasing activity. Approximately 60% of the new apartment stock will appear in the South Tulsa/Broken Arrow submarket, with the Central Tulsa submarket the recipient of the remaining new inventory. The supply surplus across the metro coupled with reduced demand will prompt a 50-basis-point reduction in occupancy to 93.8% in December. Effective rent is forecast to reach $739 per month by year-end, a 1.4% annual increase.

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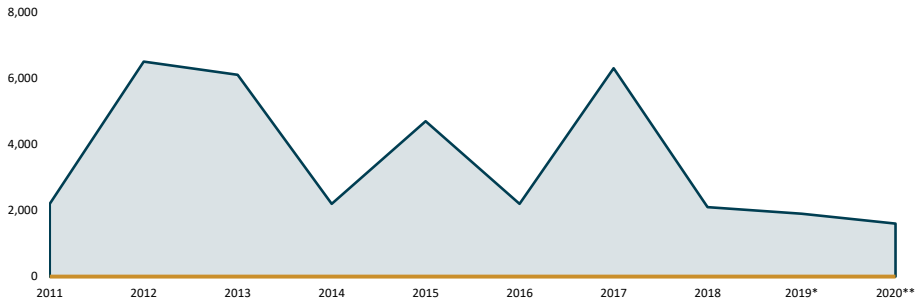
2019 REVIEW

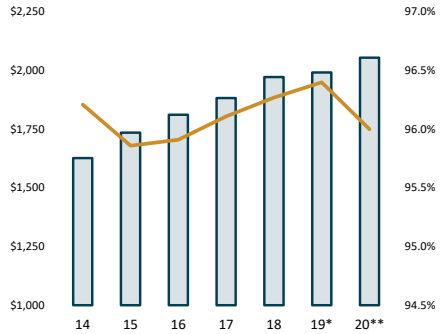
Multifamily developers continued to meet housing demand in Ventura County, bringing 540 market-rate units online as deliveries shifted to the Ventura apartment submarket in the last half of 2019. According to Niche's 2019 rankings, the city of Ventura was among the best suburbs for young professionals, and it is home to a robust workforce, including headquarters for Patagonia Inc. and The Trade Desk Inc. In the apartment market, the largest multifamily community to come online was the 27-acre, 300-unit Portside Ventura Harbor, right in the heart of Ventura's prized harbor. Occupancy in Ventura County was 96.4%, 10 basis points higher than year-end 2018. With healthy occupancy, monthly effective rent inched up 1.0% year over year to $1,992. Rent slowed from the 4.8% year-ago gain due to increased competition from heightened deliveries in the past two years. Annual job growth of 0.6% was recorded in Ventura County as 1,900 new positions were filled. Northrop Grumman Corporation contributed to the employment expansion when it opened a manufacturing center in Oxnard, employing 300 personnel.

EMPLOYMENT CHANGE



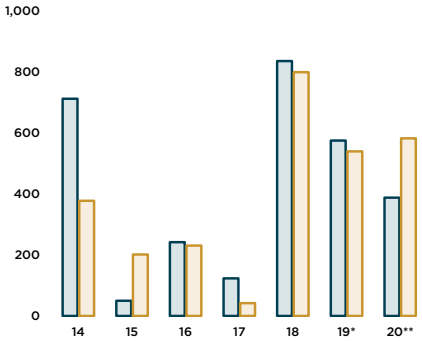
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



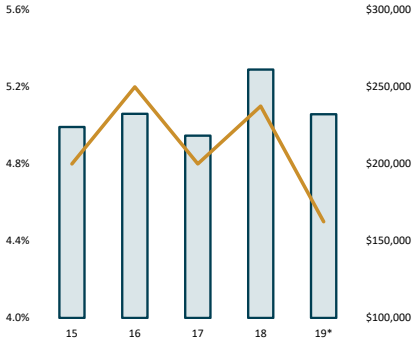
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
1,900	3.9%	96.4%
▲0.6% YOY	▲20 BPS YOY	▲10 BPS YOY

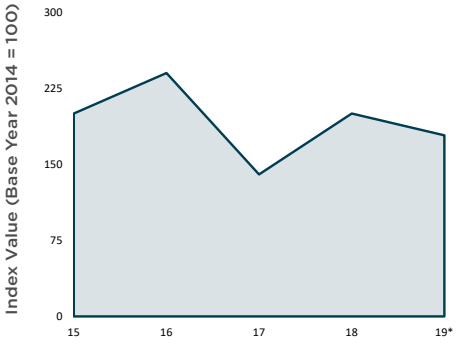
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,992	576 Units	540 Units
▲1.0% YOY		▼32.5% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
855,400	282,500	$88,098	27.1%
YE 2019 ▲0.3% YOY	YE 2019 ▲1.1% YOY	YE 2019 ▲3.8% YOY	YE 2019 ▼80 BPS YOY

2020 PREVIEW

The median home price in Ventura County continues to rise, pushing more young professionals and downsizing empty nesters toward renting. The affluent area boasts strong apartment fundamentals and demographic attributes in terms of population, median household income, and renter interest. Confident that unmet apartment demand persists in the metro, multifamily developers are building five apartment communities scheduled to add 583 apartment units this year. Most of the upcoming new supply will come from two large projects in Ventura, including Portside Ventura Harbor, a mixed-use coastal community scheduled to complete in the first quarter of 2020. There are also 231 units underway in Ventura's Downtown Triangle Site slated to complete late summer. In the near term, leasing activity will be unable to keep pace with the construction expansion causing a 40-basis-point downturn in annual occupancy to a still-healthy 96.0% at year-end. The average effective rent will continue to appreciate, ascending 3.2% year over year to $2,055 per month in December. For most properties, however, passage of AB 1482 will limit annual asking rent increases to 5% plus CPI. On the jobs front, countywide employment will advance in 2020 as businesses add 1,600 net workers to local payrolls, a 0.5% year-over-year gain.

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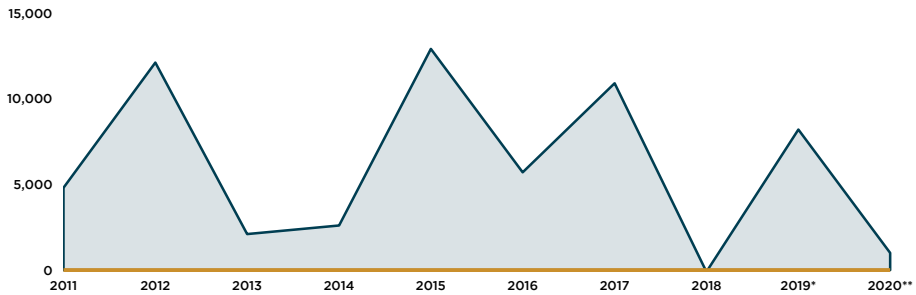
2019 REVIEW

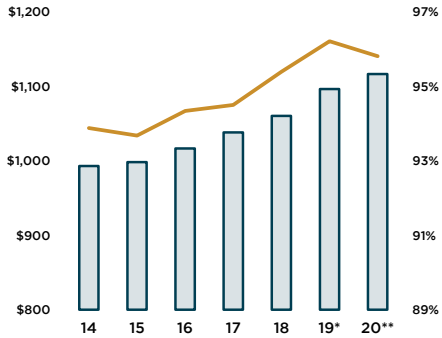
Hampton Roads apartment fundamentals remained healthy amid a slowdown in deliveries in 2019. Builders delivered 755 apartments, the majority of which were among four apartment communities winding down to completion. At year-end, 13 apartment developments were under construction representing 2,745 units. Leasing activity was down nearly 25% from 2018, but still exceeded new deliveries by a wide margin, fueling an 80-basis-point increase in occupancy to 96.2% in December. In all nine submarkets in the metro area, occupancy rose in 2019 while the annual rate of rent growth accelerated. Metrowide, effective rent advanced 3.4% annually to $1,096 per month at the end of the fourth quarter. The formation of 6,200 households and employment expansion helped drive apartment fundamentals. Local businesses and institutions created 8,200 new jobs in 2019, a 1.0% increase. Approximately 8,200 workers were added among the construction and the leisure and hospitality sectors, the leading industries for expansion. This growth was partially offset by contraction in four other job sectors.

EMPLOYMENT CHANGE



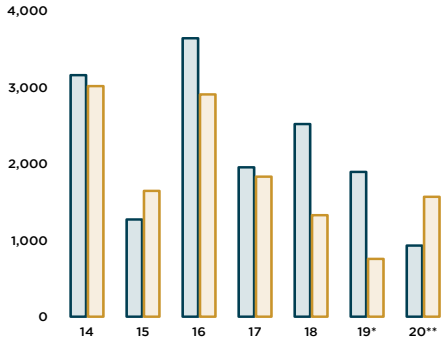
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



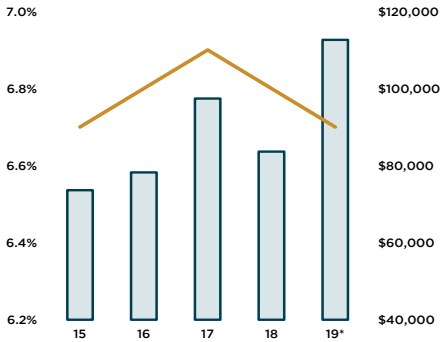
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
8,200	3.2%	96.2%
▲1.0% YOY	▲10 BPS YOY	▲80 BPS YOY

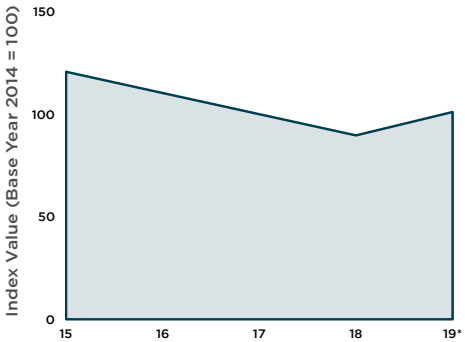
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,096	1,892 Units	755 Units
▲3.4% YOY		▼43.1% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,738,700	677,800	$67,486	19.5%
YE 2019 ▲0.4% YOY	YE 2019 ▲0.9% YOY	YE 2019 ▲2.0% YOY	YE 2019 ▲30 BPS YOY

2020 PREVIEW

The federal budget sequestration that weighed on the military in Hampton Roads is fading. The Bipartisan Budget Act of 2019 increases the fiscal year 2020 national defense spending cap by $90.3 billion and $81.3 billion in fiscal year 2021. Despite these additional resources for the local military presence, other segments of the local economy are projected to slow in 2020. Metrowide employment is forecast to tick up 0.1% this year as a net 1,000 workers are hired. Diminished apartment demand is anticipated amid the subdued hiring environment. Net apartment absorption of 930 units is anticipated this year, which will trail deliveries. Apartment completions are expected to increase in 2020 as developments underway ramp up. Builders are scheduled to deliver 1,567 apartments this year, with a near-even split between deliveries in the northern and southern portions of the metro area. Additionally, 22 apartment communities are in the early stages of planning and represent more than 6,700 units if all are built. This year's supply imbalance will spur a 40-basis-point reduction in apartment occupancy to 95.8% by year-end. Meanwhile, average effective rent is projected to be $1,116 in December, a 1.8% annual increase.

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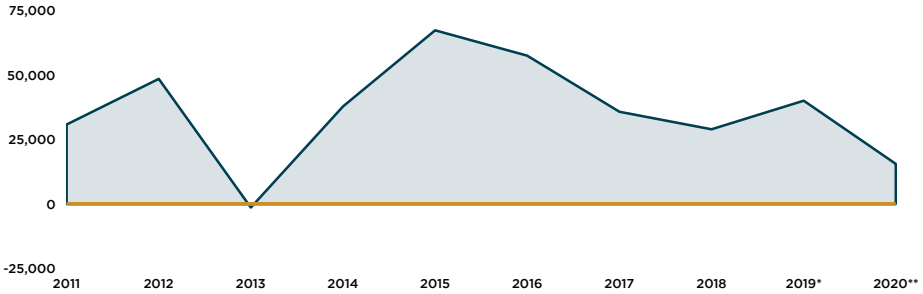
2019 REVIEW

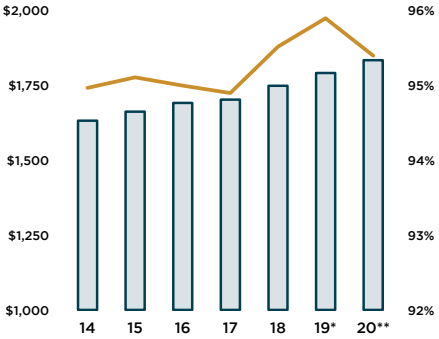
The Washington, D.C., metropolitan area remained a top performing apartment market this cycle. Apartment occupancy continued to climb even with an influx of new inventory in 2019. Construction completed on more than 9,200 market-rate units in the prior four quarters, part of nearly a 19% increase in apartment inventory over the last decade. Builders worked to meet housing need near major employers with more than half of all deliveries in the metro core in 2019. Multifamily developers were active across the metro due in part to the high cost of homeownership, robust renter household formation, and a 1.2% expansion of the labor force. These factors contributed to annual apartment absorption outpacing inventory growth in 2019 to elevate average apartment occupancy. At 95.9% in the fourth quarter of 2019, occupancy was up 40 basis points year over year. Operators capitalized on the rising occupancy by keeping upward pressure on leasing costs. Monthly effective rent advanced 2.4% annually to $1,792 by year-end.

EMPLOYMENT CHANGE



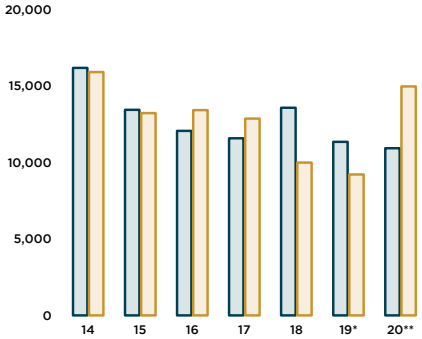
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



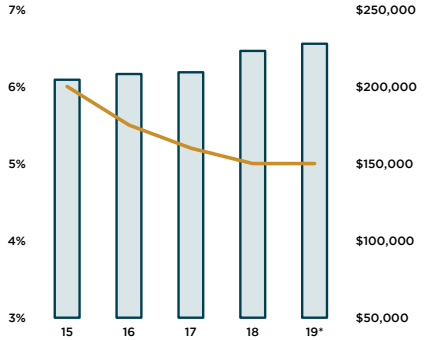
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
40,000	3.2%	95.9%
▲1.2% YOY	0 BPS YOY	▲40 BPS YOY

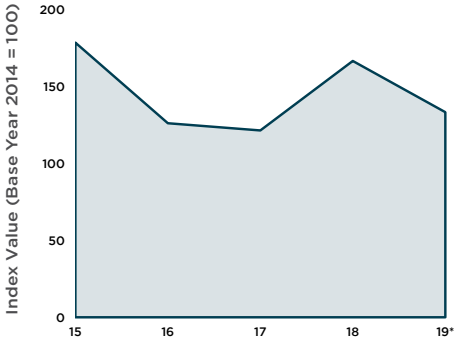
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$1,792	11,344 Units	9,211 Units
▲2.4% YOY		▼7.7% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
6,323,500	2,414,600	$104,189	20.6%
YE 2019 ▲0.8% YOY	YE 2019 ▲ 1.3% YOY	YE 2019 ▲ 2.2% YOY	YE 2019 0 BPS YOY

2020 PREVIEW

Continued employment growth will bode well for the Washington, D.C., apartment market. Payrolls are forecast to expand 0.5% over the next 12 months. Construction of Amazon's new headquarters in the Crystal City/Pentagon City submarket is scheduled to begin this year and will boost the construction industry in the short term and the overall job market over the next decade. Employment gains should keep the demand for apartments healthy. Builders will work to meet that demand with nearly 15,000 new apartments units in 2020. Development again will be focused in the metro's core, with a significant share of deliveries in the Navy Yard/Capitol South submarket. This highly sought neighborhood ranks among the top submarkets in the country for inventory expansion as developers target the growing young, wealthy renter base seeking live-work-play communities with numerous amenities. While many operators will see the new inventory quickly leased, net absorption is expected to trail inventory growth. This trend is expected to be reflected metrowide, leading to the DMV average occupancy lowering 50 basis points to 95.4% by year-end but still 20 basis points higher than the five-year average. At the same time, monthly effective rent is forecast to rise 2.4% to $1,835.

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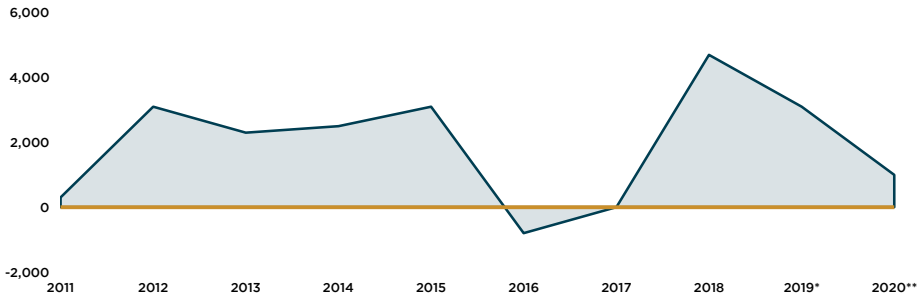
2019 REVIEW

Following three years of heightened apartment completions in the Wichita metro area, deliveries in 2019 tapered back to historical levels. Builders delivered 179 units in 2019, all among four apartment communities that were finished by the third quarter. The largest of these multifamily developments was the 444-unit, garden-style The Trails apartment community in the East Wichita submarket. Renters in the metro area newly occupied 569 apartments in 2019, and the healthy demand pushed up the occupancy rate 110 basis points annually to 94.8% by year-end. During the same period, average effective rent rose to $692 per month in December, a 1.2% increase. The median household income increased 2.7% to $58,038, enabling many renters to readily absorb the increase in rent. Payrolls expanded 1% in 2019, as a net 3,100 workers were hired. The professional and business services and manufacturing sectors were the primary contributors to growth, together totaling 2,900 new workers. Contraction in four employment sectors partially offset overall job growth.

EMPLOYMENT CHANGE



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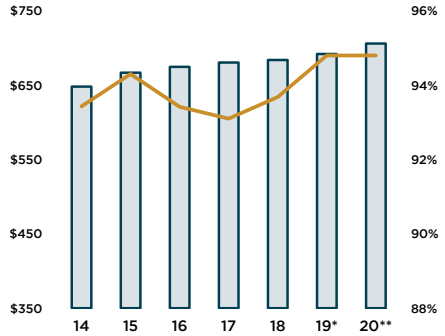
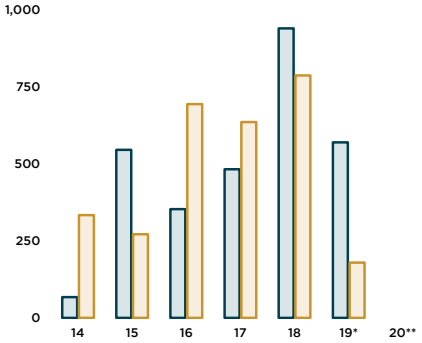
EFFECTIVE RENT AND OCCUPANCY



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

ABSORPTION AND DELIVERIES



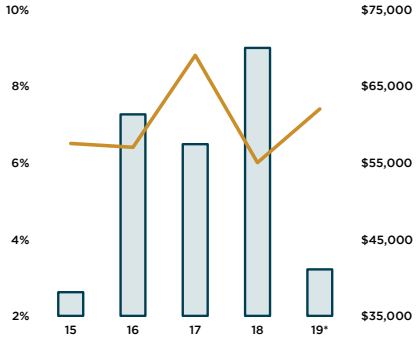
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
3,100	3.4%	94.8%
▲1.0% YOY	▼30 BPS YOY	▲110 BPS YOY

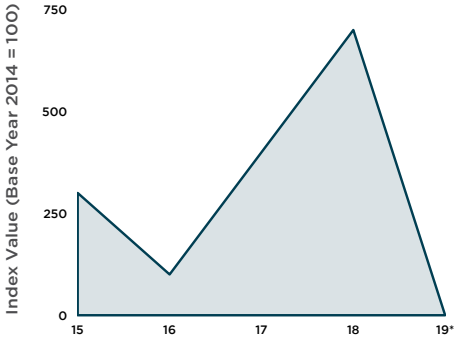
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$692	569 Units	179 Units
▲1.2% YOY		▼77.2% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
647,200	263,700	$58,038	14.3%
YE 2019 ▲0.3% YOY	YE 2019 ▲0.8% YOY	YE 2019 ▲ 2.7% YOY	YE 2019 ▼20 BPS YOY

2020 PREVIEW

Local job growth is expected to remain positive in 2020, though the rate of growth is projected to slow to 0.3% as a net 1,000 workers are hired. Some of this deceleration in hiring may be attributed to the manufacturing sector, the largest employment sector in Wichita. Concerns swirl about the Boeing 737 Max passenger jet and its impact on Boeing's numerous local suppliers, particularly Spirit Aerosystems Inc. Boeing and its suppliers have continued production of the 737 Max during its grounding. Once the jet is recertified, a backlog of up to 400 newly produced jets will need 18 to 24 months to work its way through airlines' new inventories. The glut of inventory will likely result in pared-down or idled production lines for several months at Boeing and its partner manufacturers, including some in Wichita. For this reason, apartment demand in Wichita is expected to soften in 2020 as no net increase in absorption is projected. Additionally, no new apartments are slated to come online this year. The year-end apartment occupancy rate is forecast to be 94.8%, the same as December 2019. Monthly effective rent in 2020 is projected to rise 2.0% to $706. Over the next two years, three multifamily developments in early stages of planning could break ground. These apartment communities represent nearly 500 units.

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SOURCES:

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