Marcus & Millichap

2016 U.S. MULTIFAMILY INVESTMENT FORECAST

NYSE: MMI

To Our Valued Clients:

The economy once again demonstrated rugged resilience last year, creating a steady stream of jobs despite several headwinds. The harsh winter in the first quarter of 2015 slowed hiring, and weakening international economies ultimately led to China's currency devaluation, sending shock waves through Wall Street. Against this backdrop, apartment performance continued to accelerate, readily absorbing the largest wave of new units completed since the 1980s. Falling unemployment, exceptional demographic trends and modest but consistent wage growth all contributed to performance gains that drove the national vacancy rate to its lowest level in 15 years.

The apartment outlook for the coming year remains strong, though numerous hurdles undoubtedly await investors. Risks of rising inflation could push the Federal Reserve to tighten monetary policy as it cautiously balances generally positive performance indicators against mostly internationally spawned headwinds. The restraints of a slowing global economy could impair U.S. economic momentum, softening job creation. Nonetheless, most economic indicators still point toward growth, and the apartment sector will be buoyed by more rental-favoring millennials coming of age and empty nesters motivated by lifestyle changes.

Mounting construction will challenge the apartment sector as 2016 brings a third year of increasing apartment completions. Last year's 250,000 new units were met by ample absorption that tightened vacancy rates on a national level. Demand in the coming year will be hard pressed to absorb the 285,000 units scheduled for completion, but nearly half of the total additions will be concentrated in just 10 markets. As a result, most markets will remain undersupplied despite pockets of strong competition between newly completed properties at a submarket level in limited metros.

Investor demand for apartments appears virtually insatiable as numerous favorable demand drivers align with readily available capital. Compressed yields and intensifying construction levels in primary markets have pushed investors to consider a wider array of investment options. This has propelled increased capital toward secondary and tertiary markets, which tend to trade at higher cap rates. As these trends continue, risk premiums will tighten and yields in outside core metros will trend lower, supporting enhanced price gains in these areas. This will allow investors who have held assets in these areas since the last cycle to consider strategies for repositioning their holdings both in terms of market area and property type.

The new opportunities brought by the coming year will be reinforced by the spread of positive dynamics beyond core markets, offering investors more options. We hope this report provides useful insights on a variety of trends, markets and investment strategies. Our investment professionals look forward to assisting you in meeting your goals.

Sincerely,

John S. Sebree
Vice President, National Director | National Multi Housing Group

John Chang
First Vice President | Research Services

National Perspective

Market Overviews

Client Services

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National Multifamily Index (NMI)

- Metros with low vacancy, strong rent growth and solid projected employment gains placed highest in this year's National Multifamily Index. Robust employment growth and household formation plus intense housing demand put San Francisco and San Jose atop the ranking, while strong operations also enabled Oakland to claim a spot on the upper rungs. Other metros with sizable concentrations of tech employment, including Portland, Seattle-Tacoma and Boston, were also ranked near the top of this year's NMI.
- Improving local economies and property performance vaulted Riverside-San Bernardino and Atlanta into the top 20 in this year's Index. Markets in Texas occupied positions in the upper half of the NMI, led by Austin and Dallas/Fort Worth. Houston slipped, however, as new supply will come online while economic conditions soften.
- Midwest metros claimed positions in the lower third of the index despite generally favorable demand drivers and property operations. Most notably, Detroit continues to chart a respectable resurgence with a significant rise in the NMI. Metros with demographic and job trends not as impressive as higher-placed markets filled out the bottom five spots in the Index, spanning from Jacksonville to St. Louis.

National Economy

- Gross Domestic Product grew modestly last year behind considerable contributions from consumer spending, a mild resurgence in housing, non-residential construction and government outlays. Trade imbalances related to the strong dollar could subdue economic expansion in the coming months. In 2016, GDP will grow from 1.5 percent to 2.5 percent.
- Following a projected gain of 2.5 million jobs last year, employers will continue to expand staffing, creating 2.6 million positions in 2016. Job openings hovered near all-time highs in the second half of 2015, signaling that employers see additional expansion opportunities that will require more workers on the horizon.
- Amid the positive developments in the labor market and other facets of the domestic economy, many foreign economies lost momentum in 2015. The risk of softness in foreign economies spreading and weighing more greatly on U.S. economic performance will persist during 2016.

National Apartment Overview

- New rentals were absorbed in substantial numbers last year, contributing to a decline in national vacancy to 4.2 percent. Elevated completions will exceed demand and underpin a nominal increase in the U.S. vacancy rate in 2016.
- Further expansion of U.S. payrolls will generate new rental households and support a 5 percent jump in the average effective rent this year. Positive demographic trends in the millennial and baby boomer segments will also spur new demand and underpin solid asset operations.
- Developers will complete 285,000 units in 2016, surpassing last year's total of 250,000 rentals. Multifamily starts remained elevated nationwide, pointing to additional supply pressures over the near term. Several metros will record supply-induced vacancy increases this year.

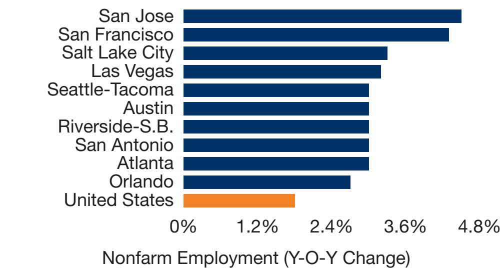
Capital Markets

- Following a long-anticipated hike in the short-term lending benchmark, the Federal Reserve will continue to monitor economic gauges to guide its course. The Federal Reserve's fourth quarter rate bump signals its faith in the economy, but with inflation contained and only moderate growth anticipated in 2016, the Fed will likely hold off on additional action until at least midyear.
- Regardless of the debt source, lenders vigilantly enforced leverage levels lower than those applied during the peak pricing era. Continued adherence to lending standards should mitigate the risk of defaults and maintain the flow of debt to borrowers in the months to come.

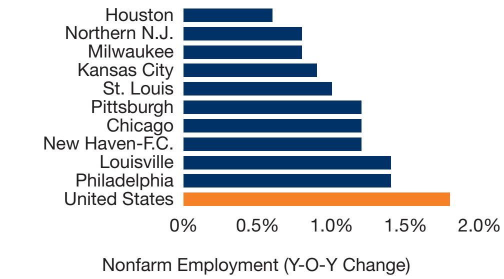
Investment Outlook

- Healthy property operations and potential demographic-driven upsides drove capital into the apartment sector in 2015. Primary markets accounted for the majority of deals and dollar volume during the year, but secondary markets also stood out, posting sizable gains in transactions and dollar volume.
- With cap rates for Class A assets in preferred and primary markets at less than 5 percent, development will continue to become an option for groups seeking to capture higher yields. Locations near mass-transit hubs in urbanized markets are prime targets.

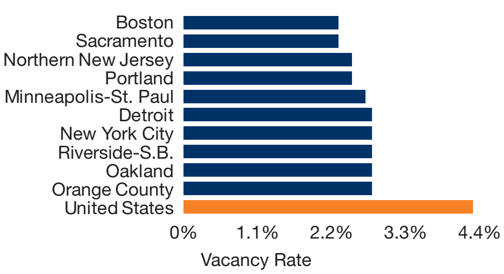
Markets with the Highest Expected 2016 Employment Growth



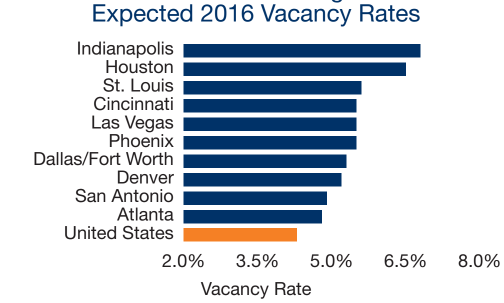
Markets with the Lowest Expected 2016 Employment Growth



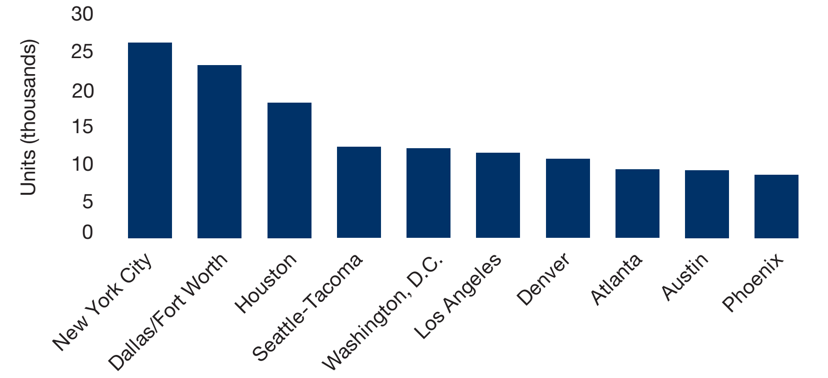
Markets with the Lowest Expected 2016 Vacancy Rates



Markets with the Highest Expected 2016 Vacancy Rates



Markets with the Highest Expected 2016 Completions



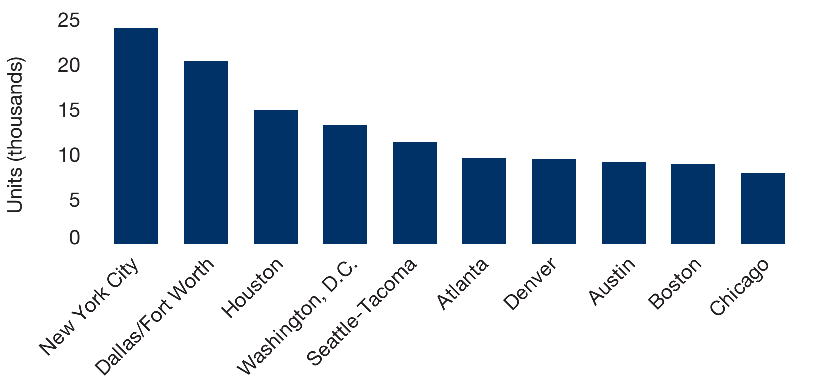
Bay Area Markets Dominate Top Five in 2016 NMI; Pacific Northwest, Northeast Claim High Positions

Markets sitting atop the 2016 National Multifamily Index boast strong job growth and low vacancy rates that will drive robust rents. San Francisco (#1) retains its position at the head of the Index from one year ago, while economic momentum and elevated housing demand enables San Jose (#2) to change places with New York City (#3). Oakland (#4) holds onto its spot from a year ago and completes the trio of Bay Area markets in the top five places, while the ranking of Minneapolis-St. Paul (#7) also remains unchanged as vacancy there will remain below 3 percent for a second consecutive year. San Diego (#5) sported solid projected results in vacancy and rents to overtake Denver (#6), where a sizable influx of new units will underpin an increase in vacancy during 2016. Booming growth in employment sectors that attract younger workers who have a high propensity to rent carry Portland (#8) and Seattle-Tacoma (#9) into the top 10 this year. Boston (#10) also leaps nine spots, the largest gain in the Index this year, to claim the final position in the top 10. Los Angeles (#11), Northern New Jersey (#13) and Miami (#15) slip from positions among the 10 highest ranked markets a year ago, principally as a result of rent growth that lags the U.S. pace. Subdued job growth in Northern New Jersey also weighed down the market in this year's NMI, while an increase in completions contributed to Miami's drop of six spots in the 2016 ranking.

Well-Performing Metros Claim Middle Rungs of Index; Multiple Regions of U.S. Represented

Orange County (#12) advanced two positions in the NMI behind modest supply growth and a projected sub-3 percent vacancy rate. Austin (#14) slipped one notch and Dallas/Fort Worth (#18) duplicates its ranking from a year ago, though completions will underpin a slight vacancy increase in the Metroplex. Growth outside of the energy sector will support a modest gain in staffing in Houston (#22) this year, but the market fell six spots in the NMI due to a supply-induced rise in vacancy. Both Chicago (#17) and Phoenix (#19) fell two slots, but Riverside-San Bernardino (#16) climbed four rungs behind solid job creation. Atlanta (#20), where development remains subdued and vacancy will drop for the second consecutive year, ascended five positions. A rapidly growing economy catapulted Nashville (#21) six places, a gain exceeded by the seven-spot climb of Sacramento (#26). Salt Lake City (#23), Fort Lauderdale (#24), Tampa-St. Petersburg (#27) and Orlando (#30) also claimed

Markets with the Highest Expected 2016 Absorption



positions in the top 30. Tampa fell five positions from a year ago on a combination of elevated completions and a moderating pace of rent growth.

Midwest Metros, Slower-Growing Markets Pushed Down Into Lower Tier of This Year's Index

San Antonio (#31) slipped three rungs and supply growth pushed down Washington D.C. (#32) two positions. The lower tier of the NMI hosts a concentration of slower-growing Midwest metros, spanning Columbus (#36) to Cincinnati (#41). Within that range, Detroit (#39) rose five places on projected improvements in several metrics. Restrained development will reduce vacancy in Las Vegas (#34) and raise the market three slots in the NMI, matching the gain in West Palm Beach (#35) where a drop in vacancy is also on tap. The five lowest-ranking markets in the Index will post stronger readings in most aspects of property performance but slipped in the ranking due to relatively more robust performance in the markets placing above. Only Indianapolis (#45) among the lower-tier metros rose in the NMI, primarily behind a respectable pace of job growth.

Index Methodology

The NMI ranks 46 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including forecast job growth, vacancy, construction, housing affordability and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to indicate relative supply-and-demand conditions at the market level.

Users of the Index are cautioned to keep several important points in mind. First, the NMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NMI is a snapshot of a one-year time horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next even if its fundamentals are improving. The NMI is an ordinal Index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

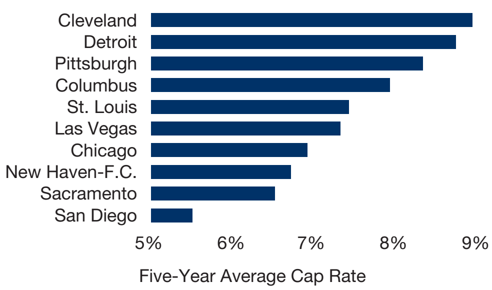
Market Name	Rank 2016	Rank 2015[1]	15-16 Change
San Francisco	1	1	0
San Jose	2	3	1
New York City	3	2	-1
Oakland	4	4	0
San Diego	5	6	1
Denver	6	5	-1
Minneapolis-St. Paul	7	7	0
Portland	8	12	4
Seattle-Tacoma	9	11	2
Boston	10	19	9
Los Angeles	11	8	-3
Orange County	12	14	2
Northern New Jersey	13	10	-3
Austin	14	13	-1
Miami-Dade	15	9	-6
Riverside-San Bernardino	16	20	4
Chicago	17	15	-2
Dallas/Fort Worth	18	18	0
Phoenix	19	17	-2
Atlanta	20	25	5
Nashville	21	27	6
Houston	22	16	-6
Salt Lake City	23	21	-2
Fort Lauderdale	24	26	2
Milwaukee	25	23	-2
Sacramento	26	33	7
Tampa-St. Petersburg	27	22	-5
Philadelphia	28	24	-4
Charlotte	29	31	2
Orlando	30	32	2
San Antonio	31	28	-3
Washington, D.C.	32	30	-2
Baltimore	33	29	-4
Las Vegas	34	37	3
West Palm Beach	35	38	3
Columbus	36	36	0
Cleveland	37	40	3
Louisville	38	34	-4
Detroit	39	44	5
Kansas City	40	35	-5
Cincinnati	41	42	1
Jacksonville	42	41	-1
Pittsburgh	43	39	-4
New Haven-Fairfield County	44	43	-1
Indianapolis	45	46	1
St. Louis	46	45	-1

1 See National Multifamily Index Note on page 60.

High-Yield Index

Market Name	Rank 2016
Cleveland	1
Detroit	2
Pittsburgh	3
Columbus	4
St. Louis	5
Las Vegas	6
Chicago	7
New Haven-Fairfield County	8
Sacramento	9
San Diego	10

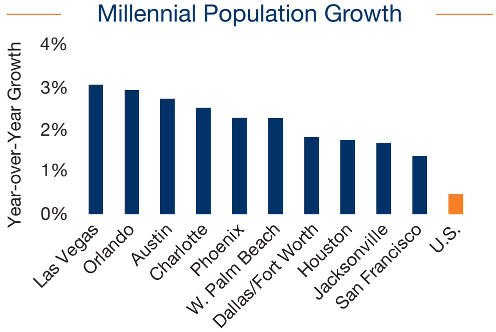
High-Yield Markets



Millennial Index

Market Name	Rank 2016
Las Vegas	1
Orlando	2
Austin	3
Charlotte	4
Phoenix	5
West Palm Beach	6
Dallas/Fort Worth	7
Houston	8
Jacksonville	9
San Francisco	10

Millennial Population Growth



High-Yield Metros With Limited New Inventory Offer Stability

With cap rates compressing in many of the nation's premier metros, buyers are increasingly targeting secondary and tertiary markets in search of yield. Investors remain optimistic about the current cycle, further fueling demand for assets with higher risk profiles. The High-Yield Index ranks markets that offer a combination of high cap rates and limited apartment construction. These metros offer steady, income-producing properties and have limited construction pipelines. When pursuing high-yield assets, investor timetables may become scuttled, presenting possible complications for an exit strategy when market performance does not coincide with planned investment horizons.

The top five markets in this year's High-Yield Index come from the Midwest, with Cleveland securing the number one position. Amid a slowdown in apartment construction, strong demand will support the tightening of the metrowide vacancy rate to a 15-year low. Declining vacancy, coupled with an accelerating pace of rent growth, has kept cap rates for Cleveland apartments among the highest in the nation. Another Ohio metro cracked the top five: Heightened job growth and suburban upside place Columbus in the fourth spot. In Detroit, cap rates rest well above national levels, attracting attention from both domestic and foreign investors. Muted development in the last few years provides further protection from competition, cementing the metro as the second-ranked market. Although Pittsburgh has had above-trend supply injections in recent years, high yields and barriers to sprawl help the metro claim the number three spot on our High-Yield Index. The hilly geography has led many developers to focus on infill projects in the metro core, leaving high-cap properties in the surrounding areas ripe for yield grabs. St. Louis claims the fifth spot as first-year returns for Class B/C assets remain high. By targeting a different tenant cohort, these properties are able to avoid competition from new luxury development.

Young Adults Stimulating Growth

The Millennial Index ranks markets where growth is occurring in the young-adult population between the ages of 20 and 34, and where this age category is most likely to rent. The probability of becoming a renter is derived from the percentage of households renting versus those owning a home. In some cases, home prices extend beyond the means of many renters, while in others, incomes do not qualify many residents for a mortgage. The index highlights markets where potential apartment demand from young workers is the greatest. As the job market improves, more young workers move out of shared residences and start their own households. Many young workers will rent until they establish their careers and accumulate savings to buy a home. Other young workers have jobs outside of their fields or are employed part-time, limiting the housing choices to rentals. Some in this age group have also moved to new cities and will rent until they decide to settle into a particular area.

Las Vegas and Orlando, two vacation destinations with sizable leisure and hospitality workforces, lead the Index. The abundance of lower-paying entry-level jobs in hotels, casinos, theme parks and restaurants creates a large pool of likely renters. In the third slot of the index, Austin profits from a thriving tech sector that attracts many young professionals to the metro. While higher salaries in degreed tech fields confer a wider range of housing options, high single-family home prices in the neighborhoods that many young people prefer make renting a viable option. Charlotte is fourth in the ranking and benefits from financial-services employment that offers the higher salaries needed to afford the rent on the new luxury units being delivered in the Uptown and South End areas of the city. Phoenix rounds out the top five. Company relocations and expansions promote job creation, luring young workers to the Valley.

Vacancy Falling in Demand Driver Markets

Our Demand Driver Index focuses on strong job growth and household formation. These factors, along with low supply-side pressure, will contribute to tightening conditions in each of these metro areas. An improving employment market draws new residents to these metros, placing them toward the top for household growth this year. While inventory expansion remains robust in some of the markets as developers deliver thousands of luxury units in niche neighborhoods, the overall strengthening of demand for housing in each locale will outpace supply, driving down vacancy. This index highlights those markets with the potential for vigorous apartment demand in 2016.

The Demand Driver Index is led by Las Vegas and Portland, where sizable job generation will produce outsized household formation. In Las Vegas, the hospitality industry dominates growth, and wages at tourism-related services are typically below requirements for homeownership, increasing the need for rentals. In Portland, tech firms lead job creation. While the median income tops the national average, high home prices in some areas where white-collar job growth is taking place put homeownership out of reach for many. Riverside-San Bernardino ranks third on the list. Once a commuter suburb of Orange County and Los Angeles, the metro is experiencing impressive gains through the diversification of its own employment base, and more individuals are choosing to live and work in the two-county region. Fourth-ranked Sacramento's strong pace of employment and relative affordability compared with nearby markets foster household formation that will put downward pressure on the vacancy rate. Rounding out our top five is San Antonio, another market that benefits from a diversifying workforce. Growth in technology and healthcare-related industries lures residents to the market, and despite elevated completions, hiring across the board will push vacancy down.

Elevated Property Values Spur a Shift Toward Total Returns

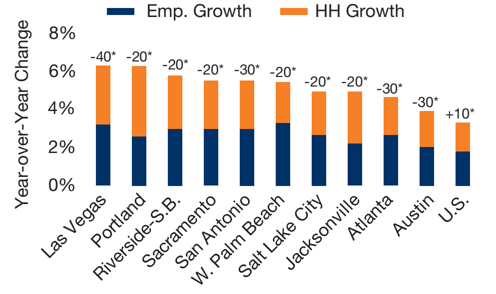
As the current business cycle enters its seventh year of expansion, property values and rents have risen substantially from the lows of the recession, providing owners with sizable returns. Robust job creation and tightening operations, combined with historically low interest rates, have maintained a substantial flow of capital into the apartment sector. Pitched competition has driven down cap rates in many markets to the lowest levels on record, encouraging a greater consideration of return maximization opportunities to enhance investment gains. The Total Return Index ranks all markets by the largest projected rent growth and highest current cap rates, combining the two cornerstones for appreciation in current incomes as well as future resale value.

Denver occupies first place on the list, benefiting from soaring job growth and a lack of housing. Rents will rise 7.8 percent, with first-year yields at 5.9 percent. Chicago comes in second as strengthening payrolls and falling vacancies will foster a rent climb of 6.4 percent. Property values have yet to reflect this optimism; cap rates average in the mid-6 percent range. Atlanta has become the go-to spot for corporate expansion and new household formation. Assets in the market will close at a 6.4 percent cap rate, with rent growth of 5.9 percent. A rebound in Southern California asset values has left Riverside-San Bernardino behind. With expected rent increases and first-year yields in the mid-5 percent range, buyers can benefit from a booming Los Angeles economy at a discount. While many metros in Florida have seen superb appreciation, fifth-place Tampa-St. Petersburg still offers investors a compelling value. Household formation is swelling as medical and hospitality organizations grow, supporting a 5.4 percent jump in rents. Additionally, cap rates are in the mid- to low-7 percent range, enhancing NOIs for operators.

Demand Driver Index

Market Name	Rank 2016
Las Vegas	1
Portland	2
Riverside-San Bernardino	3
Sacramento	4
San Antonio	5
West Palm Beach	6
Salt Lake City	7
Jacksonville	8
Atlanta	9
Austin	10

Apartment Absorption Drivers

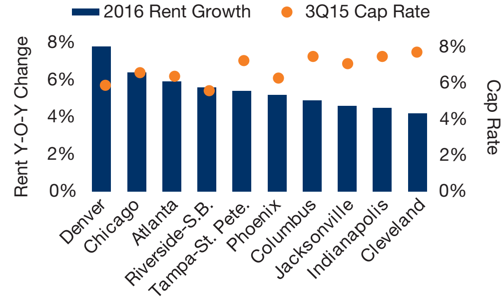


* Vacancy Change (bps)

Total Return Index

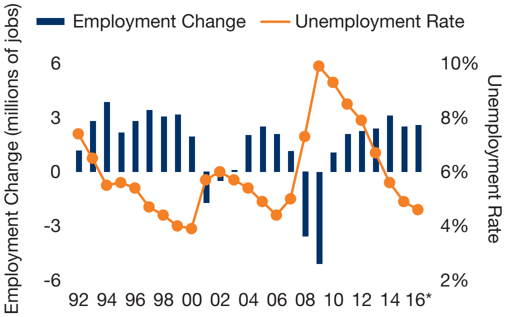
Market Name	Rank 2016
Denver	1
Chicago	2
Atlanta	3
Riverside-San Bernardino	4
Tampa-St. Petersburg	5
Phoenix	6
Columbus	7
Jacksonville	8
Indianapolis	9
Cleveland	10

Appreciation Cornerstone Benchmark Markets

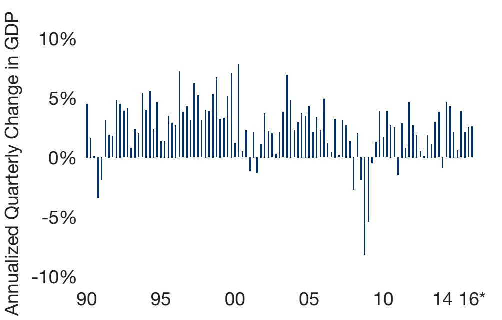


Economy Posts Another Year of Gains; 2016 Outlook Points to Steady Performance

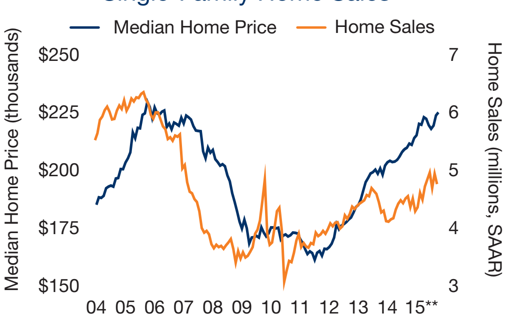
Employment vs. Unemployment



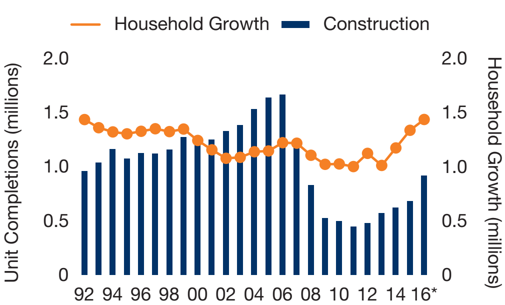
U.S. GDP



Single-Family Home Sales



Home Construction vs. Household Growth



* Forecast
** Trailing 12-month period through October

The U.S. economy once again charted a path toward moderate growth last year, sidestepping several headwinds to stubbornly advance numerous performance metrics including retail sales and job creation. The strong U.S. dollar together with weakening international economies weighed on exports, but these forces joined lower energy prices to hold inflation in check. Though economic momentum remained modest for the year, and the third quarter was marked by significant Wall Street turbulence set off by China's currency devaluation, the Federal Reserve finally boosted rates in December. The overnight rate uptick was largely priced into the market, so it will likely have limited influence on broader interest rate movement or economic momentum. The seesaw combination of moderate economic advancement countered by a variety of setbacks has emerged into a choppy expansion pattern that will likely extend the current cycle beyond the average duration and set the stage for gains in 2016.

A combination of low unemployment rates, accelerating wage growth and tepid inflation will position consumers to lead the economy in 2016. Total job openings remain near record levels and competition for workers will pressure wage growth as intensified hiring expands beyond the core to support gains across a wide range of metros. U.S. household savings rates have recovered and stand near a post-recession high, while credit card balances remain restrained. The ongoing integration of thousands of millennials into the labor force will also provide a longer-term lift to consumer spending, household formation and overall economic expansion. This combination should position the economy to continue advances in 2016. Corporate performance should align with the broader momentum amid strong profits recorded in recent quarters. Manufacturing and the energy sector will continue to face hurdles as the strong dollar hampers exports and oil prices remain range-bound. Sectors likely to see continued growth, however, include the service sector, construction and domestic trade, which will together support economic gains. These trends will favor demand for housing, particularly apartments, in the coming year as steady economic performance raises the pace of household formation.

2016 National Economic Outlook

- **U.S. Payrolls to Swell:** Following the addition of approximately 2.5 million jobs in 2015, employers will continue to expand staffing, creating 2.6 million positions this year. Employment growth will be broad-based, with only natural resources and mining and some segments of manufacturing likely to lag the overall trend. Secondary and tertiary metros were late to join the economic recovery but will record solid hiring gains in 2016.
- **Consumers to Drive Modest Economic Growth:** Reflecting strong trends in personal consumption fueled by higher wages, low gas prices and relatively inexpensive imported items, the U.S. economy will grow 2.6 percent in 2016. Trade imbalances related to the strong dollar could subdue economic expansion, however, and should international economies dramatically slow, risks to the U.S. economy could increase.
- **Housing Likely to Generate Larger Contribution to Economy:** Growth in single-family home construction and the lift to spending that accompanies single-family resales will provide a tailwind for the U.S. economy in 2016. A widespread migration from rentals to homeownership appears unlikely, but home sales should make gains assuming mortgage rates do not increase substantively. New construction has focused extensively on more profitable higher-priced homes rather than entry-level residences, keeping the options for first-time buyers limited.

Economic Tailwinds, Demographic Momentum Maintain Low Vacancy, Rent Growth

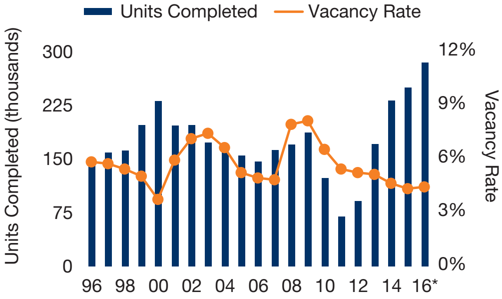
Broad-based job growth triggered a substantial wave of new rental household creation last year, driving down national vacancy for the sixth consecutive year and supporting robust rent growth. The national vacancy rate tumbled to 4.2 percent in 2015 as hiring spread beyond the major metros into secondary and tertiary locations. The surge in tenant demand occurred while developers were also placing in service a significant number of new, primarily Class A rentals. Some of the construction makes up for the dearth of completions during the recession, but last year marked the highest annual volume registered so far during the current upturn in the property cycle. Roughly half of the rentals completed since the economic recovery began were delivered in the past two years combined, and several hundred thousand additional rentals are on tap in the year ahead. Low vacancy and consistently strong rent growth continue to enable many projects to pencil out and will maintain a full project pipeline over the near term.

Further expansion of U.S. payrolls and other emerging drivers will maintain a tight range of vacancy and back sizable growth in the average effective rent this year. Demographic trends will underpin solid operations as millennials entering the workforce and forming households and older adults downsizing from owner-occupied housing combine to form the leading edge of new demand. Millennials comprise an especially formidable and vast force; more U.S. residents are in their early 20s currently than at any time in history. The single-family housing market also continues to provide a lift to apartment demand. Higher downpayment requirements, limited construction of starter homes and stringent mortgage underwriting continue to suppress single-family home purchases by first-time buyers. These trends are delaying the transition from rentals to single-family homes, and the extended residencies in apartments that result are mitigating turnover and re-leasing concerns for multifamily property owners.

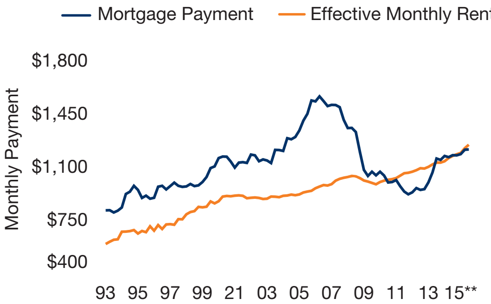
2016 National Apartment Outlook

- **New Complexes Coming Online, Reshaping Rental Stock:** Developers will place in service 285,000 units in 2016, outpacing the delivery of 250,000 rentals last year. Multifamily starts, a leading indicator of completions, remained elevated throughout 2015, pointing to additional supply pressures over the near term. Deliveries of high-end rentals may test the limits of demand for luxury, amenity-rich rentals, and some submarkets with large concentrations of development may face oversupply risk. Although development may taper by 2017 and demand drivers appear strong, longer-term supply imbalances may be on the horizon in some markets.
- **National Vacancy Rate Ticks Up; Rent Growth Remains Robust:** Absorption of rentals by recently employed individuals and growing segments of the population will fall slightly short of completions, resulting in a 10-basis-point bump in U.S. vacancy to a still-tight 4.3 percent. In addition, rising employment and wages will support a gain in the average effective rent of 5.0 percent to $1,306 per month, slightly trailing the 5.6 percent rise posted in 2015.
- **Younger Households Continue Deferring Homeownership:** Whether for lifestyle choices or an aversion to homeownership arising from the devastation of the housing bust, multifamily rentals remain an overwhelmingly favored housing choice for new households. More than 80 percent of the new households formed since U.S. employers resumed hiring in 2010 occupied rentals, nearly three times the rate in the period of identical length preceding the recession.

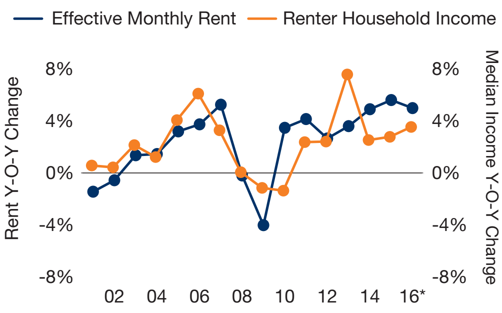
Completions vs. Vacancy



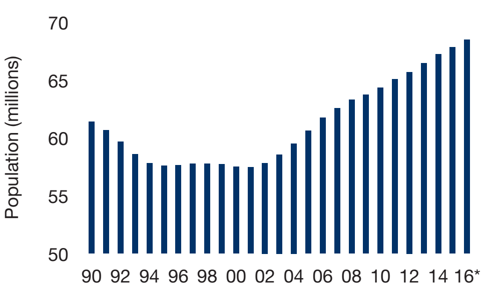
Mortgage vs. Monthly Rent



Rent Growth Outpaces Income Growth

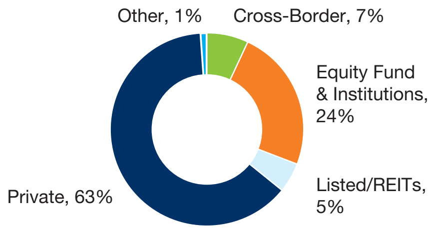


20- to 34-Year-Old Population

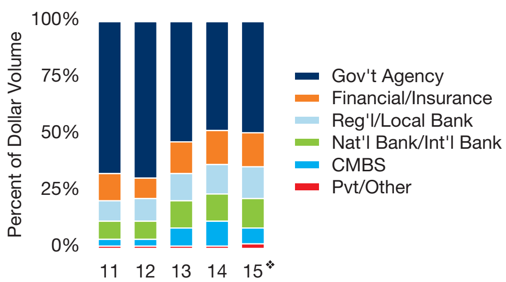


* Forecast
** Through third quarter

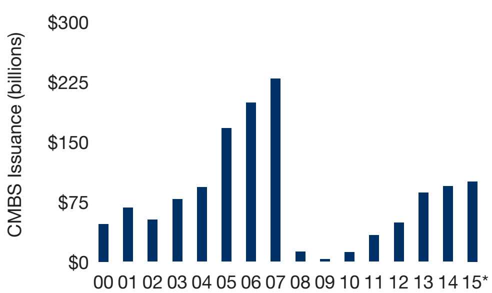
Apartment Acquisitions by Buyer Type✢



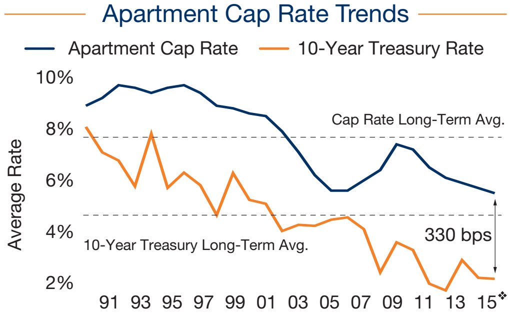
Apartment Mortgage Originations By Lender



CMBS Issuance



Apartment Cap Rate Trends



Note: Sales $1M and above

* Forecast ❖ Through third quarter
✢ Trailing 12 months through third quarter

Lenders Offer Apartment Investors Array Of Options; Debt Capital Widely Available

The consistent performance of apartment properties throughout the U.S. and the promise of favorable demographic trends driving further performance gains drew vast amounts of equity into the multifamily sector in 2015. Domestic investors and foreign capital seeking the safe haven of U.S. real estate assets filled the marketplace, supported by the expanded availability of debt financing and a large, competitive group of lenders. As 2015 progressed, the non-current balances at FDIC-insured banks dwindled, freeing up capital for new lending in the multifamily sphere. The agencies, however, retained their stature as the most active lender, accounting for nearly half of all originations throughout 2015, while CMBS claimed a smaller share of the market. Regardless of the source, lenders vigilantly enforced leverage levels lower than those applied during the peak pricing era, which should help mitigate the risk of defaults and maintain the flow of debt to borrowers in the near term.

A wide range of lenders will remain active in 2016, offering a mix of solutions suitable for different financing requirements at leverage levels similar to those in place last year. Life-insurance companies increased their allocations to the multifamily sector at the end of 2015 and promise to become a greater source of debt in the institutional segment of the market in 2016. Agency debt, though, will remain the go-to source of permanent financing for many borrowers. GSEs will also refocus on workforce housing and smaller niches of the multifamily market, including low-income housing, not subject to Congress-mandated lending caps. Spreads widened modestly in the CMBS market at the end of 2015 for mortgage pools with higher average LTVs, and subordinate bond buyers and rating agencies will continue to exert tight control over securitization pools in the coming months. Short-term bridge lenders, meanwhile, are emerging in response to demand for financing for value-add strategies and asset repositioning.

2016 Capital Markets Outlook

- Central Bank Center of Attention: The Federal Reserve's fourth-quarter rate bump signals its faith in the economy, but with inflation contained and only moderate growth anticipated in 2016, it will likely hold off on additional action until at least midyear. The effects of the Fed's action on apartment loans will likely be muted. Much of the lending in the sector is benchmarked to longer-term rates that do not move in unison with short-term rates.
- Inflation Measures Tame, Complicating Fed's Decision Process: The Federal Reserve's actions will be guided by inflation and economic strength. All of the gauges of inflation were muted last year, and the combination of low gas prices and the strong dollar will likely maintain inflation near the Fed's target of 2 percent again during 2016. Modest inflation, however, will continue to fortify consumers' spending power and contribute to a solid rate of economic growth during the year.
- Treasury Movements Key Indicator for Borrowers: The 10-year U.S. Treasury continued to track well below the long-term average throughout 2015. The long-term rate will be held near those levels again in 2016 as slowing economies in other parts of the world sustain intense demand for risk-free investments, including U.S. government debt. China remains a potential wild card in this outlook. Additional cutbacks in purchases of the 10-year stemming from the country's waning economic growth could place upward pressure on long-term interest rates in the U.S.

Apartments Achieve Record Sales Levels; Capital Searches for Opportunities Beyond the Core

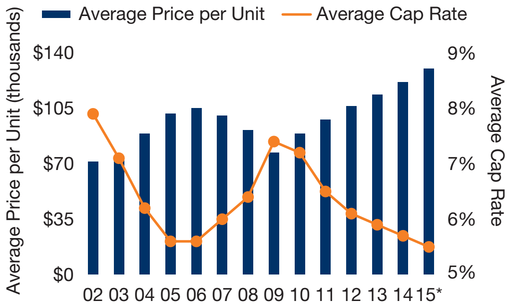
Robust property operations and potential demographic-driven upsides drove a significant flow of capital into the apartment sector in 2015, upholding elevated transaction activity. Private capital and institutions expanded holdings during the year and remain well-positioned to make additional acquisitions during 2016. Primary markets accounted for the majority of deals and volume in 2015, but secondary markets also stood out, recording the greatest gains in dollar volume and deals among all market segments. Economic momentum continues to spread into the secondary and tertiary markets, raising apartment performance and enhancing the appeal of assets in these locations to investors seeking higher yields. Cap rates averaging in the low-6 percent range in secondary locations remain under pressure as investors reach beyond core markets in pursuit of higher yields. The increased activity in secondary and tertiary markets will boost liquidity in these areas for owners who wish to unlock capital.

Rent advances and low vacancy will propel NOI growth and exert upward pressure on prices in 2016. Primary markets and secondary metros will continue to garner interest, and shifting trends will shape activity in the property class segments. In many instances, with cap rates for Class A assets in preferred and primary markets often below 5 percent, development will remain a favored option for groups seeking higher yields. Locations near mass-transit hubs are principal targets, though construction pipelines full of luxury units in many of these areas heighten the importance of site selection. Other development opportunities may emerge, however, in underserved segments of tenant demand, including workforce housing. Acquisition opportunities also continue to arise in the Class B/C segment, where construction has been restrained and improving demand drivers offer an opportunity to capture higher yields and potential performance upsides.

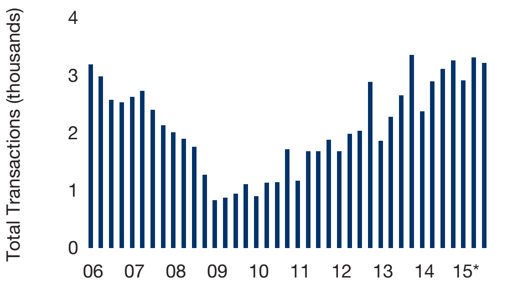
2016 Investment Outlook

- **Investors Broaden Efforts to Capture Higher Yields:** The consistent climb in prices will intensify investors' efforts to maximize initial yields during 2016. The spread between cap rates in preferred markets and tertiary markets narrowed to 220 basis points last year, but additional compression between primary and secondary markets may occur as more capital flows into smaller markets.
- **Investor Demand Robust, but Some Caution Stirring:** The generally positive apartment supply-and-demand outlook will support strong transactional activity in 2016, but some investors are beginning to transition to a more cautious posture. The steady rise of development activity, weaker international economic trends and a level of deal fatigue appear to be weighing on some investors. Record transaction activity and pricing will likely carry into 2016, but the bid-ask gap could widen modestly as a portion of the buyer pool eases their assertiveness.
- **International Capital Expands Investor Pool:** Soft foreign economies and the strength of the U.S. dollar will sustain a flow of international capital into U.S. apartment complexes. Foreign purchases accounted for 7 percent of transaction dollar volume last year. Canadian investors led the way, deploying capital across multiple markets, including Atlanta and Phoenix. A weak economy north of the border and the deep stock of U.S. apartments will sustain additional flows this year. In addition to direct ownership, many foreign investors will also participate in the market through real estate funds.

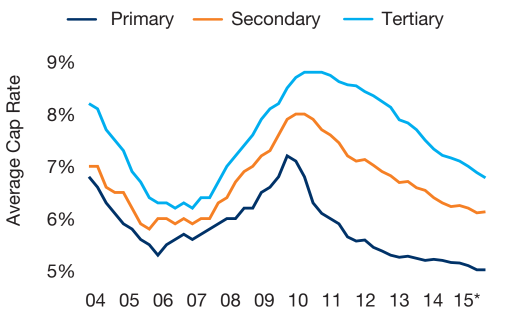
Price and Cap Rate Trends



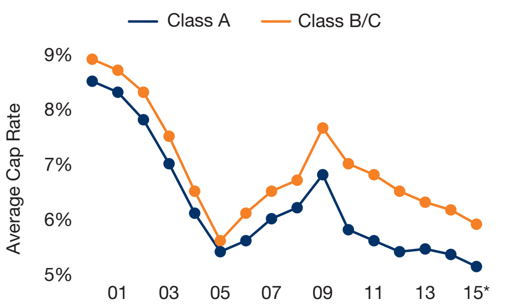
U.S. Apartment Transactions By Quarter



Cap Rate Trends by Market

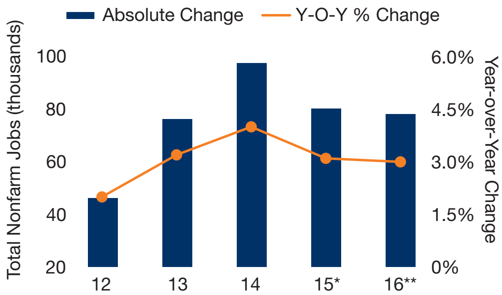


Apartment Cap Rate Trends

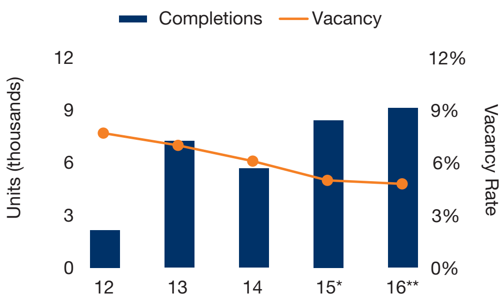


* Through third quarter

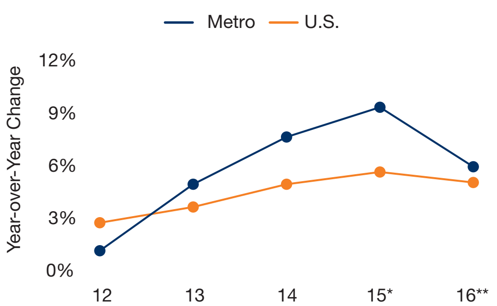
Employment Trends



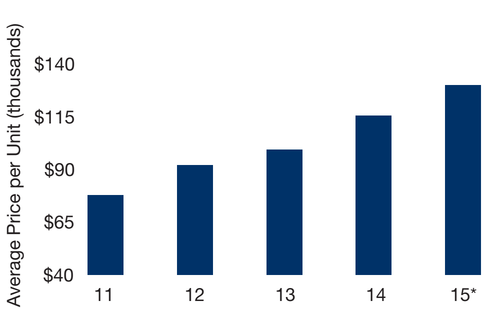
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Corporate Growth Driving Demand, Encouraging Market Tightening Despite Construction Takeoff

The Atlanta economy will strengthen this year as corporations look to the metro as a premier market for expansion and relocation. An inflow of investor capital has supported broad-based development, with multiple billion-dollar projects currently underway. Two major sporting venues are scheduled for completion this year, impacting retailers and apartments in the surrounding areas. The new Falcons stadium near downtown Atlanta along with the Braves ballpark in Cumberland are scheduled for completion by their respective 2017 seasons. In addition to these unique developments, corporate growth last year helped push the unemployment rate down to a post-recession low. Continued high-quality job opportunities will put upward pressure on the pace of household formation, drawing highly skilled workers and young professionals to the metro. Developers have moved to capitalize on this strong demand and will deliver a 13-year high in new units. Despite elevated levels of construction, the metrowide vacancy rate will tighten to the lowest rate posted since late 2006. As available rentals become increasingly difficult to find, rents will continue to rise, although growth will slow from last year's pace and revert closer to the five-year average.

Both local and out-of-state investors seek out Atlanta multifamily assets, lured to the metro by improving fundamentals and the consistency of a strong economy. Large institutional funds will leverage their war chests to purchase high-quality complexes, particularly those with 100 or more units. The inflow of equity combined with strong buyer motivation will put upward pressure on prices. As valuations far surpass pre-recession levels, many property owners will decide to bring their assets to market, accelerating the pace of transaction velocity. Heightened demand in the metro core will push yield-seeking investors to the suburbs where less-capitalized buyers can potentially secure value-add opportunities and properties with higher first-year returns.

2016 Market Forecast

NMI Rank 20, up 5 places — Atlanta cracked the top 20 amid positive demographics and expanding employment.

Employment up 3.0% — Atlanta employers will grow the workforce 3 percent in 2016 through the creation of 78,000 jobs. This is a slight slowdown from last year's pace when organizations added 80,000 workers.

Construction 9,100 units — Development will accelerate this year as builders complete 9,100 new apartments, up 1.9 percent. In 2015, approximately 8,400 units were brought to the market.

Vacancy down 20 bps — Strong demand for Atlanta apartments will continue through 2016 as the vacancy rate compresses 20 basis points to 4.8 percent.

Rent up 5.9% — As the market tightens, the average effective rent will climb 5.9 percent to $1,075 in 2016. Rents jumped 9.3 percent last year.

Investment — With market fundamentals trending in positive directions and the diverse Atlanta economy continuing to grow, investor demand will remain elevated through 2016.

Home-Price Appreciation Sustains Demand For Austin Rentals; Vacancy Constricts Further

Steadily rising home prices and a growing population base will facilitate strong demand for apartments in Austin this year. More than 60,000 individuals will move to the metro in 2016, supporting the creation of 23,000 households in the area. As both single-family and multifamily construction slow during the next 12 months, the need for affordable-housing options for these new residents will rise. The median single-family home price surpassed $250,000, making Austin the most expensive housing market in the state. Though median household income justifies housing affordability in some parts of the metro, homes in urban areas near popular employment and cultural districts are well out of range for many would-be homeowners. As a result, demand for apartments in these areas remains intense, with conditions tightening below 3 percent in select submarkets. Rent growth will remain robust this year, climbing faster than the national average for the sixth consecutive year, as vacancy constricts further.

Solid fundamentals, a positive job outlook and favorable demographic trends will continue to attract investors to the Austin apartment market in 2016. A third year of vigorous development activity will keep institutional investors' appetites healthy as they seek assets in the metro. Cap rates for these properties have compressed to the mid-4 to low-5 percent range, and a potential rate increase this year should have negligible effect. Private buyers, meanwhile, are scouring the metro for opportunities. Those in search of upside potential will target older properties in areas of growth, such as east and north Austin. These assets are ripe for repositioning and additional capital deployed into upgrading units will allow owners to realize substantial rent advances. Significant interest in area properties will preserve stiff buyer competition, and investors' reluctance to divest assets will keep sales activity subdued in the months to come.

2016 Market Forecast

NMI Rank 14, down 1 place — Austin slid one spot in the NMI despite strong employment and household growth.

Employment up 3.0% — Austin employers will add 28,500 workers in 2016, expanding payrolls 3.0 percent. Last year, job growth reached 3.3 percent as area companies generated 30,500 positions.

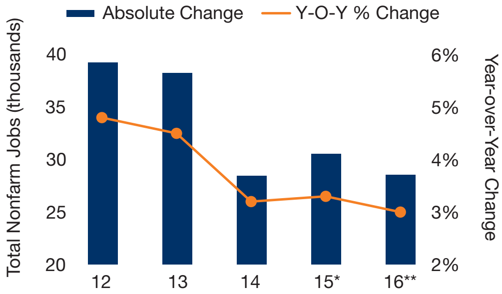
Construction 9,000 units — The construction pipeline is thinning. After builders delivered more than 12,000 units in each of the last two years, deliveries will fall to 9,000 in 2016.

Vacancy down 20 bps — Strong demand will keep vacancy at historical lows, declining 20 basis points year over year to 4.1 percent. A 30-basis-point fall was achieved in 2015.

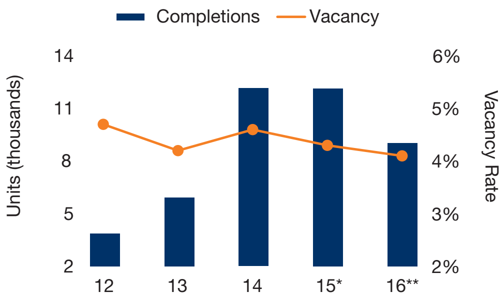
Rent up 5.4% — The average effective rent will rise to $1,220 per month this year, an annual increase of 5.4 percent and a slowdown from last year when the average effective rent advanced 7.3 percent.

Investment — As loans taken out before the recession reach maturity over the next couple of years, owners will be faced with the decision to refinance or sell, which could slightly boost the amount of product available in the market.

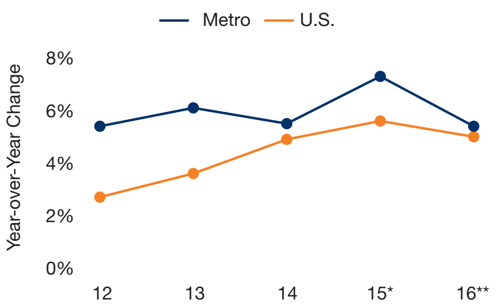
Employment Trends



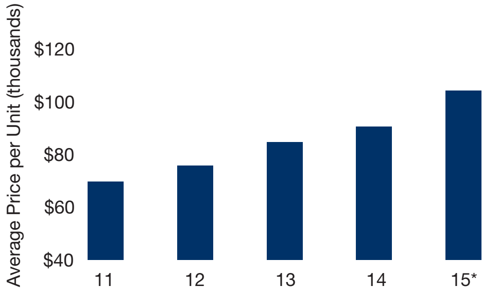
Supply and Demand



Effective Rent Trends

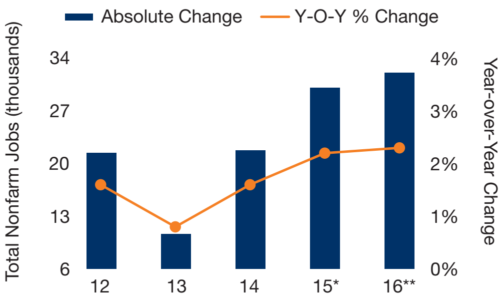


Sales Trends

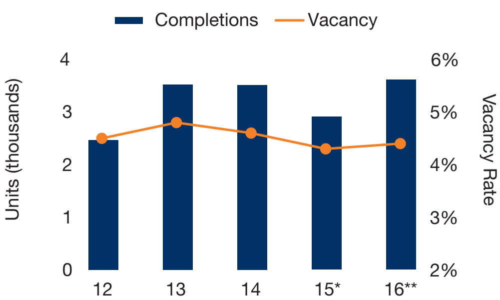


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

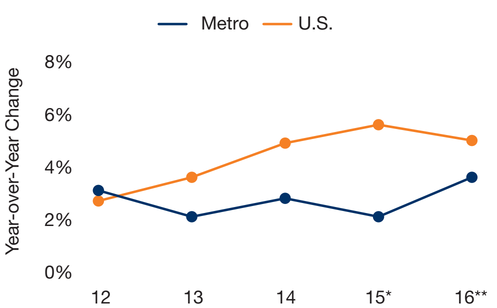
Employment Trends



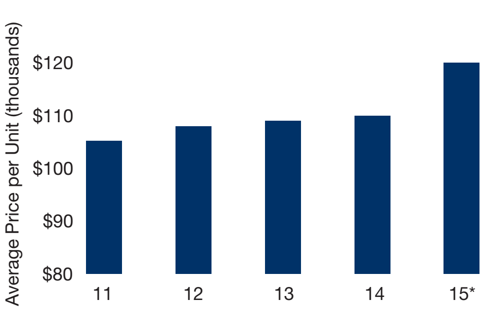
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Accelerating Economy Boosts Tenant Demand; Buyers Drawn to High Yields, Improving Operations

After years of sluggish job growth in Baltimore, employment opportunities are climbing, creating increased need for apartments. The expansion in hiring in the government, professional, education and trade sectors has led a number of college-educated employees from Washington, D.C., and other metros to the city, raising demand for live-work-play lifestyle housing. Workers also rent in Baltimore and commute to the District as monthly rents can be more than $500 below equivalent offerings, offsetting higher transportation costs. Developers have taken note, with scheduled completions set to exceed all prior years in the cycle. The bulk of deliveries will target urban core submarkets near downtown, catering to the younger demographics in the area, while activity remains upbeat in the northern suburbs and Columbia. Despite the pickup in construction, net absorption remains extremely positive, limiting the effects of new supply on occupancy to a small lift in vacancy rates. However, demand will be sufficient to support above-trend appreciation in average effective rents.

Improving apartment operations and continued low interest rates have encouraged investors to consider opportunities in Baltimore. Here, first-year yields can be more than 200 basis points above comparable product in other Northeastern metros, creating incentives to bid aggressively on well-located offerings near major transportation routes. Institutions will favor large urban assets in the downtown area, while private buyers will drift farther away from the core, particularly south along Interstate 95 and in the northern suburbs such as Towson and Pikesville. Along with higher cap rates, many market participants will be interested in value-add opportunities, which offer more robust rates of return over the life cycle of the investment. Initial yields will likely compress throughout the year into the mid- to low-6 percent area as the buyer pool grows, providing investors with excellent total return opportunities.

2016 Market Forecast

NMI Rank 33, down 4 places — An uptick in vacancy resulted in a four-place fall for Baltimore in the Index.

Employment up 2.3% — A number of sectors will support the creation of 32,000 positions this year, expanding payrolls by 2.3 percent. In the past year, 30,000 jobs were added.

Construction 3,600 units — Completions will rise to 3,600 rentals this year as builders respond to rising demand from newly hired workers. In the previous four quarters, 2,900 apartments were brought into service.

Vacancy up 10 bps — Deliveries will outpace net absorption by 360 apartments, swelling vacancy 10 basis points as the new complexes lease up. In the prior 12 months, vacancy dropped 30 basis points.

Rent up 3.6% — Average effective rental rates will climb 3.6 percent to $1,285 per month in 2016, well above the 2.1 percent increase recorded last year.

Investment — An improving local economy and positive rent traction will encourage a larger investor population this year, supporting additional compression in cap rates.

Renter Demand Soars in Boston, Outpacing Expansion of Apartment Stock

Boston-area tech and professional firms will lead job growth this year, boosting apartment demand in the core and immediately surrounding areas. Tech companies expanding at Kendall Square include Google, which has grown its Cambridge Center campus. Those employed at nearby tech and bioscience firms seek residences close to work and the amenities that areas inside the Route 128 loop offer. While homeownership is an option for some residents, the cost remains out of reach for the majority of those employed in this area, generating additional need for apartments. Developers are responding to tenant demand with new luxury towers that are changing the local landscape in areas such as Cambridge, Fenway, the Seaport District and the South End. Strong demand for new rentals with the latest amenities will support further occupancy gains in core-based units. This absorption of apartments combined with a slowing construction pipeline will slash vacancy more than last year, allowing rents in the market to rise.

Investors will broaden their investment parameters in order to obtain desired yields in Boston, heating up competition for all apartment classes. Overall, assets can trade at cap rates in the 5 percent area metrowide, with properties in core areas trading at less than 4 percent. After an influx of completions last year, this year's easing output will reduce the availability of marketed upper-tier properties. Investor demand will exceed listings, triggering intense bidding and pressuring prices. As a result, some buyers will also move down the quality tier or to outlying geographies as competition increases. Some local investors will target such assets to obtain yields that can hover 100 basis points above the average, seeking properties as far out as the I-495 loop while also scouring the metro for value-add opportunities.

2016 Market Forecast

NMI Rank 10, up 9 places — In 2016, Boston will post the largest vacancy drop, lifting the market nine spots in the ranking.

Employment up 1.7% — This year, Boston employers will generate 45,000 positions metrowide, a 1.7 percent gain, accelerating from the 40,000 jobs added last year.

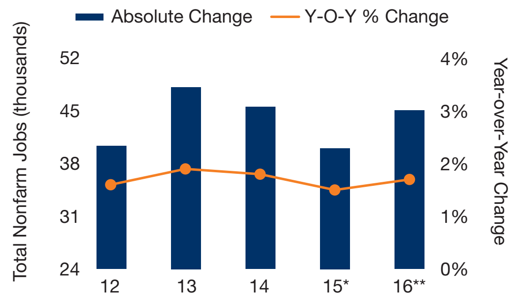
Construction 4,500 units — Developers will complete 4,500 new units, increasing local stock by 1 percent. This is a slowdown from the 7,500 rentals delivered in 2015.

Vacancy down 100 bps — Demand will remain robust this year, pushing vacancy down 100 basis points to 2.3 percent as existing apartments will face little competition from new supply. This is an advance from the 30-basis-point slip last year.

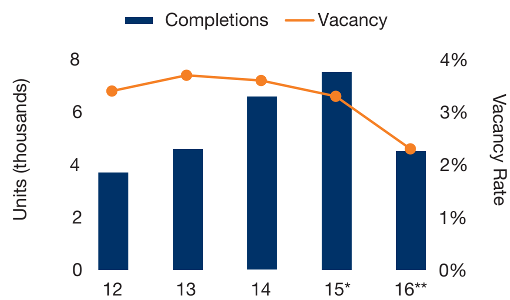
Rent up 7.9% — Tight vacancy will support a 7.9 percent climb in average effective rent this year to $2,050 per month, with significantly higher rents in the core. This follows an 8.3 percent advance last year.

Investment — Buyer interest will remain piqued this year, generating competition across asset classes. Many investors will look to Class B/C properties both in the core and surrounding areas and as far out as Worcester.

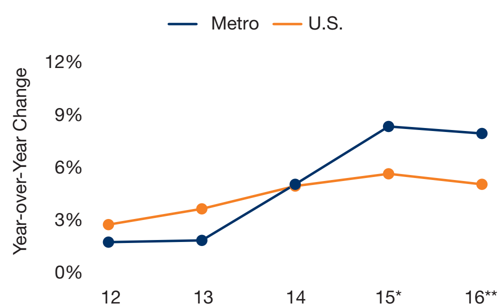
Employment Trends



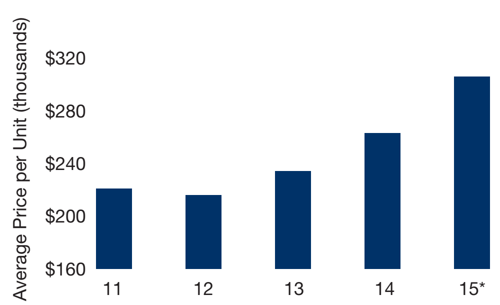
Supply and Demand



Effective Rent Trends

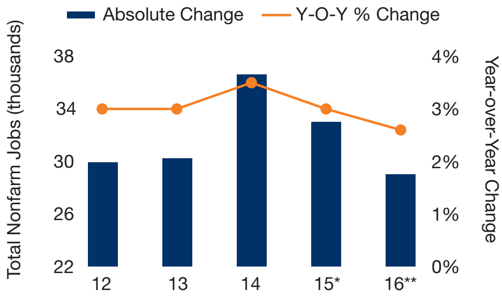


Sales Trends

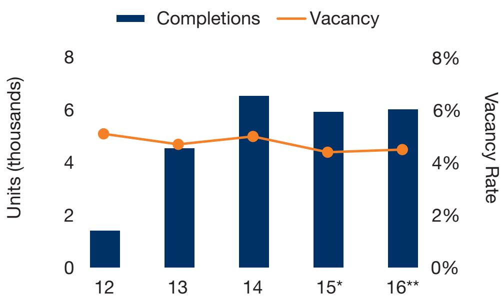


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

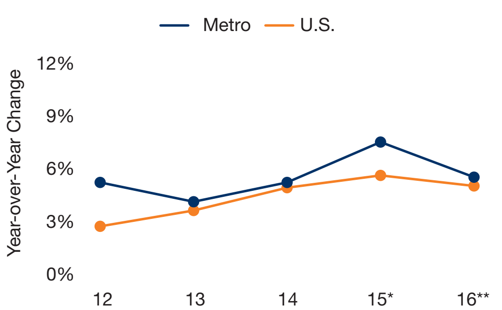
Employment Trends



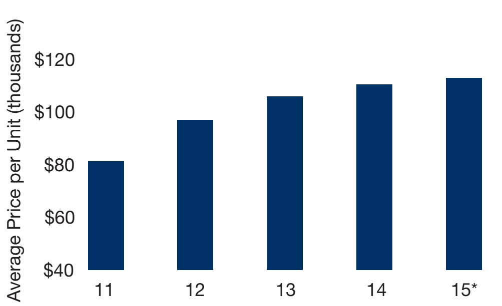
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

New Charlotte Office Towers Spur Employment; Rental Development Follows Housing Demand

A second consecutive year of robust job growth will trigger new household formations in Charlotte and maintain a flow of residents into local apartment complexes. In response to surging demand, apartment developers continue to bring new complexes to the market. In Uptown, office property builders are completing new towers that will raise daytime populations and expand the pool of potential renters. New apartments will also come online in other neighborhoods and communities farther south, and within the I-485 corridor. Overall, the market remains in the midst of a building boom that follows a brief respite in development in 2011 and 2012. A significant number of new units will come online in the final months of 2016 and will not be sufficiently leased, however, to avert a slight uptick in the marketwide vacancy rate at the end of the year.

Higher yields than offered in other East Coast metros will lead more apartment investors to Charlotte in 2016. Last year, improving fundamentals generated the highest number of transactions in seven years, 20 percent shy of the prior peak of trading activity. On average, cap rates range in the mid-6 percent area, 100 basis points above the U.S. average. Class A properties make up a larger than average portion of transactions locally than in metros of similar size. Institutions will compete for these assets in Uptown, where many upper-tier properties have transacted either before completion or during lease-up. In another segment of the market, private high-net-worth individuals will target well-located Class B/C assets. These typically trade at cap rates 50 to 100 basis points above the metro average, depending on location and asset quality. Other buyers will target this property tier in outlying areas just east and south of the core and along I-485.

2016 Market Forecast

NMI Rank 29, up 2 places — Charlotte climbed two places in the NMI due to positive economic trends.

Employment up 2.6% — Employers are on track to generate 29,000 positions in 2016, a 2.6 percent advance, after creating 33,000 jobs last year. Construction, trade, and professional and business services jobs will lead the way.

Construction 6,000 units — Builders will complete 6,000 units this year, expanding rental stock by 3.8 percent and surpassing the 5,900 apartments delivered in 2015.

Vacancy up 10 bps — Apartment vacancy will tick up only 10 basis points in 2016 to 4.5 percent. Last year, vacancy fell 60 basis points on net absorption of 6,500 units.

Rent up 5.5% — Average effective rent will increase 5.5 percent this year to $1,030 per month, moderating from the 7.5 percent gain in 2015.

Investment — Expansion of the Blue Line Lynx light rail will entice buyers to apartments near this transportation corridor. Opportunistic investors will choose between high-yield properties and new luxury units yet to be fully leased.

Chicago Shouldering Construction Surge, Attracting Wide Range of Investors

Employment gains will underpin the strengthening apartment market in Chicago this year. Companies moving to and expanding in the metro will generate demand for rentals, especially in the heart of the city where many young professionals and downsizing households desire an urban lifestyle. The recent passage of the transit-oriented development (TOD) reform ordinance in the city of Chicago will have a major impact on future development around train stations. The ordinance more than doubles the size of TOD zones, allowing higher densities and less parking. The largest portion of the newly eligible area is located in the Near West Side. Even though developers remain focused on downtown Chicago, construction will hover near the 10-year peak in the suburbs. Vacancy is especially tight in Lake and Kenosha counties. Here, Amazon recently completed two buildings containing 1.5 million square feet along the I-94 corridor in Kenosha. The facilities will employ nearly 1,600 workers at full capacity and are attracting other firms nearby, creating a need for rentals. Marketwide, tightening vacancy will result in the biggest rent gain in more than seven years.

New investors will enter the Chicago apartment market this year, drawn by improving operations, the potential for higher yields and increased financial liquidity. This has boosted investor demand beyond available for-sale assets, leaving capital waiting on the sidelines as rising cash flows delay some potential owners from listing. Many buyers are focused on quality locations, especially near the core where cap rates typically start in the 5 percent range but may dip for assets with upside potential. Buildings within the expanded TOD zones in Chicago, or in suburbs with lower tax rates, will likely attract additional investor attention this year. Owners in these areas without a long-term hold strategy may consider marketing their property while buyer interest is piqued, especially if construction nearby could pose competition for tenants.

2016 Market Forecast

NMI Rank 17, down 2 places — Slow employment and household growth dropped Chicago two spots in the Index.

Employment up 1.2% — Payrolls in Chicago will expand 1.2 percent with the addition of 54,000 workers in 2016. This is up from last year's creation of 45,000 jobs metrowide.

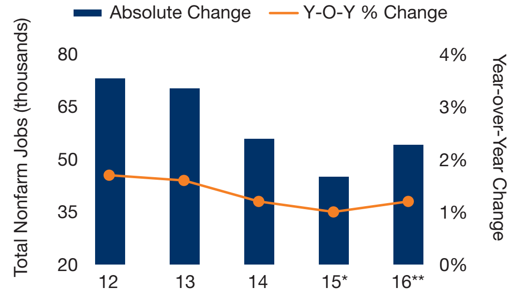
Construction 6,700 units — After 6,600 rentals were delivered last year, construction will remain elevated. During 2016, apartment inventory will expand 1.0 percent as 6,700 units are completed. More than half of this year's total is in downtown towers.

Vacancy down 20 bps — Vacancy will fall 20 basis points to 3.4 percent this year, the lowest rate since 2007. Last year vacancy decreased 60 basis points.

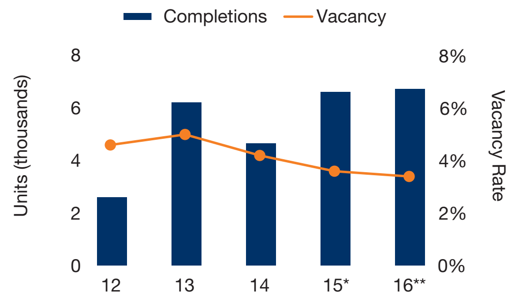
Rent up 6.4% — The surge in apartment deliveries downtown will help push effective rents up 6.4 percent to an average of $1,405 per month in 2016. This is up slightly from a 6.0 percent hike last year.

Investment — The proliferation of new mixed-use towers in the city will keep institutional buyers and REITs active at the top end of the market. Yield-driven buyers will find cap rates beginning in the 6 percent range for Class B/C locations.

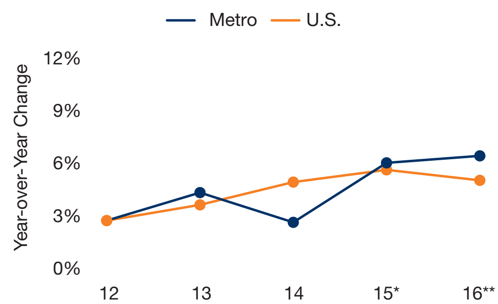
Employment Trends



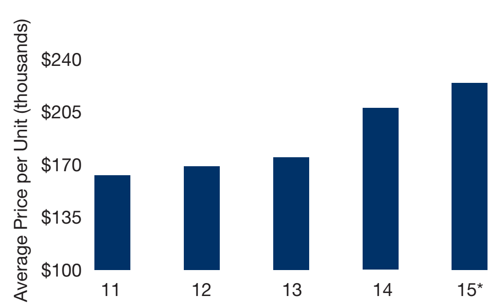
Supply and Demand



Effective Rent Trends

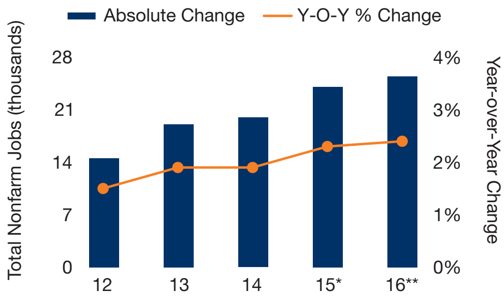


Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Employment Trends



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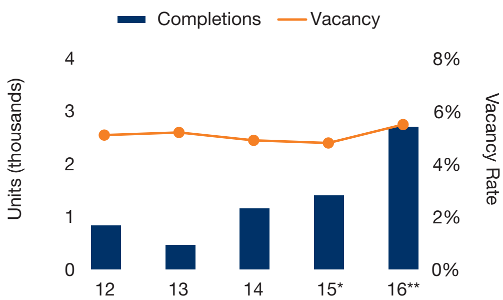
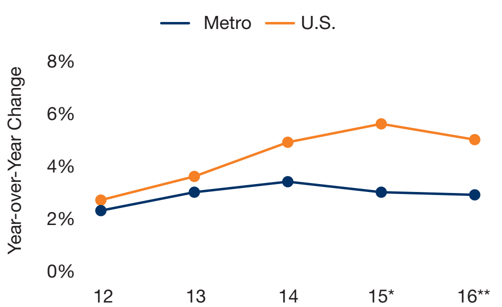
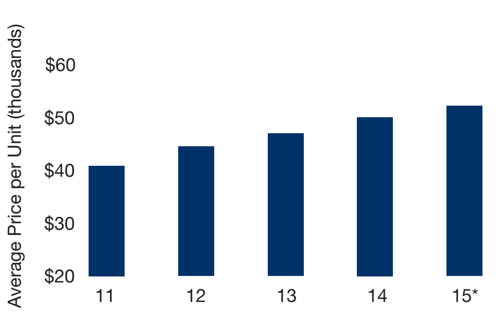


Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Downtown Cincinnati Construction Elevated; Investors Follow, Seeking New and Value-Add Assets

Cincinnati is poised for another year of job gains and strong apartment construction, pushing new inventory above household growth in 2016. The highest delivery of units in 15 years will lead supply to exceed renter demand, breaking the declining vacancy trend from recent years. The majority of new apartments are planned for neighborhoods in the central sections of Cincinnati and just northeast and south of the core. The need for rentals in these locations will support vacancy improvement in the surrounding areas. One exception is downtown, where construction has led to a 30 percent gain in supply during the past six years and will drive vacancy above the metrowide average. As new inventory temporarily overshadows demand in the core, concessions will expand to promote a quicker lease-up. Meanwhile, development is also spreading into next-ring suburbs and will be met with heightened renter demand, especially in suburbs in Kentucky and areas just northeast of downtown, where vacancy sits below the metro average.

As the local market absorbs the new apartments, rents will continue to climb, marking a sixth year of growth and drawing investors to Cincinnati apartment assets. Buyers targeting upper-tier properties will scour the central business district and neighborhoods in Northern Kentucky while also looking to areas north of the core. Here, new properties provide cap rates starting in the 6 percent area. At the other end of the asset spectrum, buyers seeking higher yields will target apartments in transitioning neighborhoods downtown. Investors will especially look to pockets on the periphery of the Riverfront and northeast portions of the core to State Route 562, where cap rates near 8 percent can be obtained. Class C assets will drive trading activity this year, as a large pool of local buyers take advantage of the low cost of borrowing to expand portfolios.

2016 Market Forecast

NMI Rank 41, up 1 place — An improving job market pulled Cincinnati up one spot in the NMI.

Employment up 2.4% — Cincinnati employers will add 25,400 positions this year, expanding local employment by 2.4 percent, an elevated pace from last year's 24,000 new hires.

Construction 2,700 units — Developers will complete 2,700 units, augmenting apartment supply by 1.8 percent after adding 1.0 percent to inventory in 2015.

Vacancy up 70 bps — The highest pace of deliveries since the prior economic peak will result in vacancy rising 70 basis points in 2016 to 5.5 percent. Last year, the rate fell 10 basis points.

Rent up 2.9% — The completion of new luxury units and healthy tenant demand will boost effective rents by 2.9 percent on average this year to $860 per month, almost on par with the 3.0 percent increase in 2015.

Investment — Investors' demand for higher yields will foster competition for Cincinnati-area apartments. Properties near the central business district and the University of Cincinnati will garner particular interest.

High Yields and Improving Operations Draw Investors To Cleveland, Opening Deal Flow Floodgates

Cleveland's vacancy rate will drop down to the lowest level in 15 years as apartment construction stalls amid heavy tenant demand. Cleveland will host the 2016 Republican National Convention this summer, supporting employment gains for the construction and tourism industries as hotel operators renovate and expand staffs in anticipation for the event. Jobs in these sectors typically drive demand for Class B/C apartments, inciting further vacancy contractions. Although purchasing a house is attainable for many in the metro, residents are willing to forgo homeownership to live near employment hubs and entertainment districts where home prices are out of reach. Despite heightened demand, development for apartments will stagnate this year, forcing new tenants to fill existing units. A slowdown of new supply amid strong demand will contribute to marketwide tightening, marking the lowest vacancy rate seen since 2000 and allowing the pace of rent growth to accelerate through 2016.

Buyer demand outpaces available listings, allowing those marketed to receive multiple offers from both local and out-of-town groups. Investors are drawn to the metro because it has historically low apartment construction and natural barriers to sprawl, making Cleveland apartments attractive investment vehicles with a mitigated risk for becoming outpositioned. The search for yield has lured out-of-state buyers who gravitate toward the consistent cash-flow-producing properties the metro offers. These investors target larger assets, utilizing their substantial capital to bid aggressively on available properties. Heavy buyer interest will drive prices higher through 2016, prompting many owners to list their assets as valuations approach pre-recession levels. First-year yields will continue to compress as investors become increasingly willing to pay premiums for Cleveland assets with cap rates averaging in the mid-7 percent range.

2016 Market Forecast

NMI Rank
37, up 3 places

Nominal supply growth kept Cleveland's vacancy tight, lifting it three spots in the Index.

Employment
up 1.8%

The Cleveland workforce will expand 1.8 percent this year, or by 19,000 jobs. This is an acceleration from 2015, when employment grew 1.6 percent, or by 16,500 workers.

Construction
970 units

Developers will complete 970 units this year, expanding the stock of apartments by 0.6 percent. This is a slowdown from last year when 1,100 rentals were delivered.

Vacancy
down 40 bps

Strong demand amid limited development will compress the vacancy rate 40 basis points this year to 3.0 percent. In 2015 a 50-basis-point drop was registered.

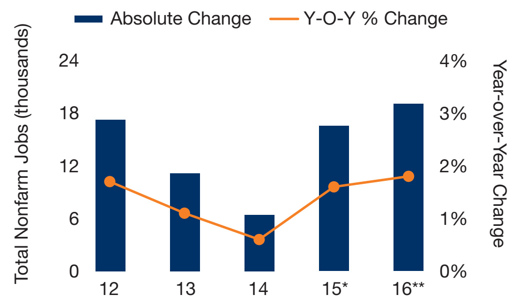
Rent
up 4.2%

Tight market conditions will encourage a 4.2 percent rent hike in 2016 to $875 per month. Last year, rents climbed 3.6 percent.

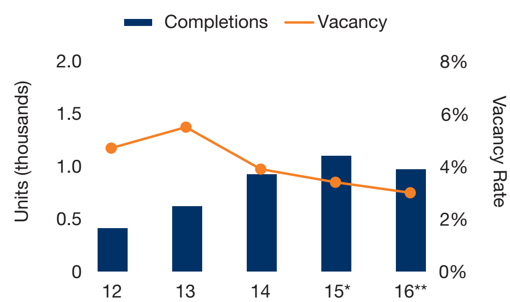
Investment

Hands-on investors will look to the Cleveland suburbs for value-add opportunities while institutional-grade buyers seek properties downtown and in University Circle.

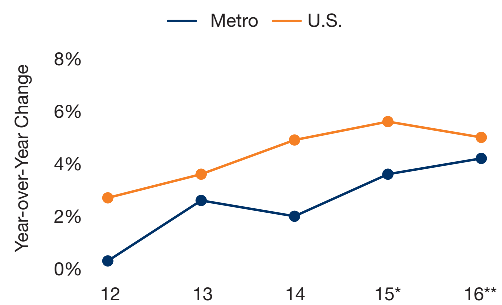
Employment Trends



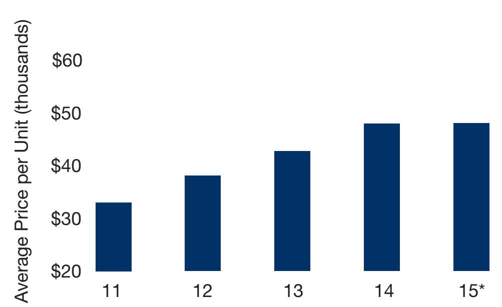
Supply and Demand



Effective Rent Trends



Sales Trends



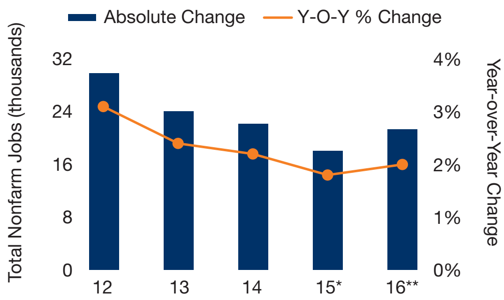
* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Corporate Hiring Boosts Household Growth; Demand Flows into Downtown and University Areas

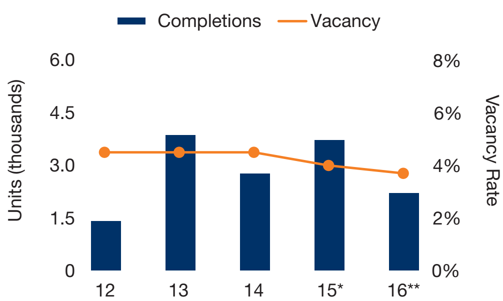
Columbus' economy continues to push forward, evidenced by accelerating job growth, rising apartment demand and the construction of complexes metrowide. Hiring by local corporations and other employers has raised employment far above prior peak levels. Companies such as L Brands and UPS ended last year with a hiring frenzy that brought 3,000 and 7,000 employees into the fold, respectively, both for the holiday rush and permanent positions. The influx of new jobs is supporting population growth and the formation of households, especially among millennials, and amplifying rental demand. Developers are responding with new projects, focused on the core and areas near universities where the desire for an urban lifestyle is strong. Workers and students will occupy many of the upcoming rentals, pushing vacancy lower for a sixth consecutive year. Higher rents in recently completed luxury units this year will underpin the largest rent gains during the recent recovery.

Buyers seek elevated yields available in Columbus across all tiers of apartments, especially in Class C assets. This has led to heightened trading activity over the past five years, especially in properties built before 1980. Demand for this segment is outpacing assets on the market, which led to a decrease in trades last year. To obtain higher initial yields, investors have taken a bifurcated approach. Some scour for properties in outlying neighborhoods, where average returns can top more than 200 basis points above the metro average of mid-7 percent. Others will target value-add plays near new construction in the northeast portions of downtown near employers, in neighborhoods near Ohio State University and the area bridging these two locations. Initial yields can fall 100 to 200 basis points below the metro average at these sites.

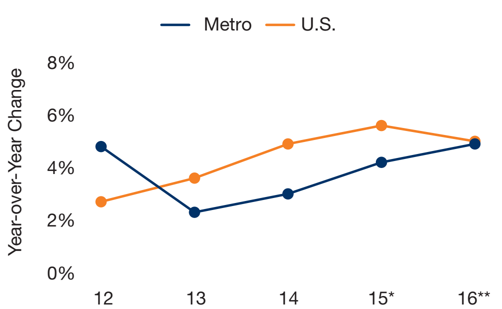
Employment Trends



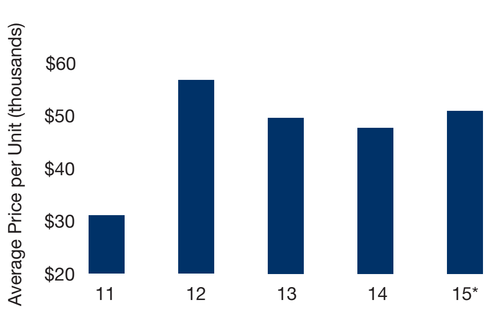
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

2016 Market Forecast

NMI Rank 36, no change — Columbus failed to gain ground in the Index as forecasts for other markets strengthened.

Employment up 2.0% — Total employment expanded by 18,000 positions last year and will accelerate to 21,250 new jobs in 2016, a 2 percent increase.

Construction 2,200 units — Contractors will moderate the pace of construction, completing 2,200 units in the Columbus metro this year, elevating local supply by 1.4 percent. This follows the addition of 3,700 rentals in 2015.

Vacancy down 30 bps — Tenant demand will outpace deliveries in 2016, decreasing vacancy 30 basis points to 3.7 percent. Last year vacancy fell 50 basis points.

Rent up 4.9% — The completion of and demand for luxury units will support effective rent growth of 4.9 percent this year to $860 per month on average. This will build on the 4.2 percent advance in 2015.

Investment — Investors' desire for higher yields will lead them to secondary Midwestern metros such as Columbus. Stronger buyer demand for Class B/C apartments is likely to boost pricing in this asset class.

Metroplex Construction Reaches Record Levels; Class A Demand Challenged to Keep Pace

Dallas/Fort Worth's vigorous job formation and economic diversity have been the dynamic force behind the Metroplex's growth, and they will play a major role in the apartment market's continued progression this year. Job creation in many high-paying industries is driving demand for the thousands of luxury Class A apartments coming to market. Despite the delivery of more than 20,000 rentals last year, builders will continue development and complete an additional 23,000 units over the next four quarters in an attempt to keep pace with demand. As new Class A rentals come to market, demand will be satiated and some softening will likely occur in this asset class. In contrast, demand for Class B/C housing will rise as the metro's employment base continues to diversify amid strong hiring in retail, restaurants, hotels and the transportation industry. As a result, conditions will remain tight for properties in this segment, spurring record rent growth in the months to come.

Competition for assets will remain fierce in 2016 as a positive economic outlook and healthy demographic trends lure investors to the Metroplex. Newly constructed assets are in high demand. Intense buyer interest will be met with greater available listings as developers lease up newly constructed properties and bring them to market over the next several months. Institutions and REITs will target these listings, buying at cap rates in the mid-4 to 5 percent area. In addition, private buyers will remain active in all segments of the market, particularly in Class B/C properties. Those listings with some value-add component will receive multiple bids; however, these opportunities will diminish as property operations advance and the number of assets receiving some level of renovation rise. Investors in search of upside potential may need to invest additional capital into properties in areas of gentrified development and growth in order to push rents.

2016 Market Forecast

NMI Rank 18, no change — This market held steady in the ranking as stable household growth absorbed new supply.

Employment up 2.3% — Employment in the Metroplex has pushed well above pre-recession levels and a consistent pace of growth is emerging. Following the addition of 82,000 workers in 2015, companies will generate 78,000 positions this year, increasing payrolls 2.3 percent.

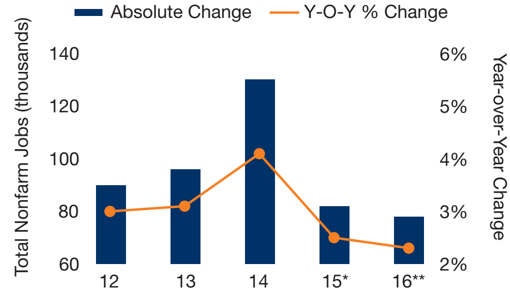
Construction 23,000 units — Builders will complete 23,000 apartments this year, expanding stock 3.2 percent. Last year, developers brought 22,000 units online.

Vacancy up 20 bps — Strong demand will keep vacancy at historical lows, despite increasing 20 basis points annually to 5.3 percent. A 30-basis-point fall was achieved in 2015.

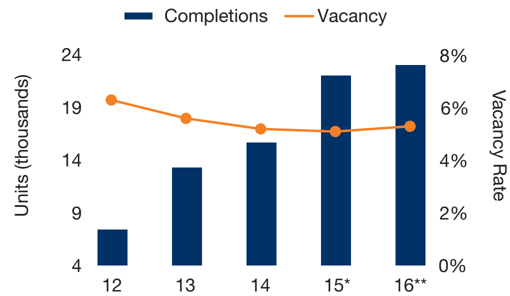
Rent up 3.9% — Rent growth will slow from last year as thousands of new units hit the market and vacancy rises. In 2016, the average rent will rise 3.9 percent to $1,025 per month. Last year, average effective rent advanced 7.4 percent.

Investment — An interest rate hike this year will have negligible effect on cap rates, and initial yields will remain compressed, averaging near 7 percent.

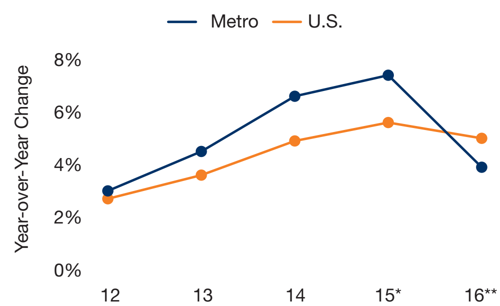
Employment Trends



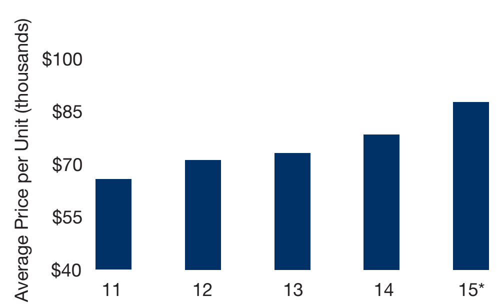
Supply and Demand



Effective Rent Trends

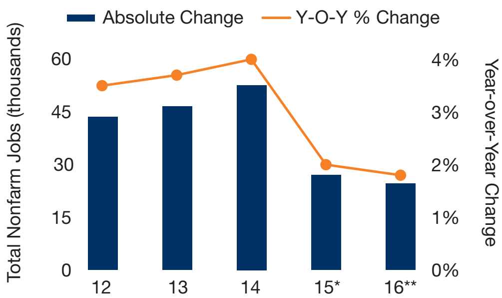


Sales Trends

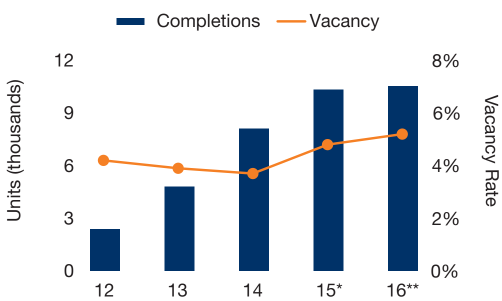


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Employment Trends



Supply and Demand



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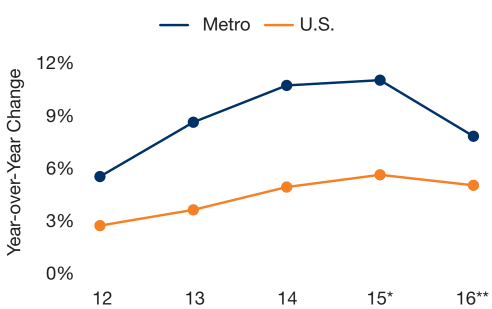
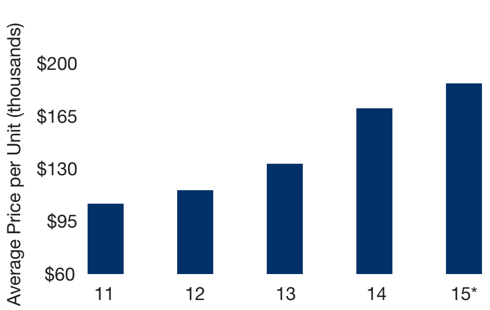


Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Rents Surge in Denver Despite Rising Vacancy; Private Buyers Command Sales Activity

The Denver apartment market will perform well this year as demand for rentals remains strong. Widespread job creation will persist as employers across all industries add to headcounts this year, contributing to household growth throughout the metro. The median single-family home price is rising at a steady pace, increasing nearly $100,000 in the last two years and pushing housing affordability out of reach for many residents amid income growth that has not kept pace. In core areas, which are most popular with the many young professionals moving into the metro, renting is the more-affordable option as homes have become prohibitively expensive. Developers have responded by increasing their presence in the area, building thousands of units over the last two years, and completions will remain elevated this year. As a result, operations are softening in the metro's core while vacancy in suburban areas lingers at historic lows. The significant development cycle in conjunction with moderating job-growth prospects will place upward pressure on vacancy rates.

Advancing rents and overall positive momentum in the local economy will keep Denver on investors' radar this year. Private buyers will dominate sales activity, though institutions will remain active, chasing newly constructed properties. Opportunities for investment in this segment will rise as the thousands of units delivered in recent months are leased up. Private investors, meanwhile, desire well-located assets with value-add potential where renovations and property improvements allow owners to command higher rents. Those in search of upside will find opportunities in high-growth suburban locations such as Broomfield and Aurora. Cap-rate compression over the past few years has significantly narrowed the spread between classes, with Class A product trading in the high-5 to low-6 percent area while initial yields for Class B assets average in the low-6 percent range.

2016 Market Forecast

NMI Rank 6, down 1 place — Other markets will register higher job growth this year, pushing Denver down in the rankings.

Employment up 1.8% — Denver companies will add 24,500 workers to payrolls during 2016, increasing headcounts 1.8 percent. In 2015, total employment rose 2.0 percent with the creation of 27,000 positions.

Construction 10,500 units — Completions will remain elevated this year as builders bring 10,500 apartments online, up slightly from the 10,300 delivered in 2015.

Vacancy up 40 bps — Vacancy will rise for a second consecutive year in Denver. After a 110-basis-point increase last year, vacancy will push up 40 basis points, resting at 5.2 percent by year end.

Rent up 7.8% — Despite a second year of rising vacancy, rent growth will remain strong as the average effective rent grows 7.8 percent to $1,452 per month. Last year, the average rent increased 11.0 percent.

Investment — Construction will begin on the Southeast Rail Extension this year. Assets located along the route will become increasingly popular with investors in search of upside potential.

Revitalization Efforts Improving Neighborhoods, Providing Investment Opportunities in Detroit

The vibrant auto industry and redevelopment efforts throughout the market will bolster Detroit's economy and attract job seekers to the region. Many of the new residents choose to rent apartments and the increased tenant demand amid a restrained construction pipeline has kept the vacancy rate below 4 percent for nearly two years. This trend will continue in 2016, even as apartment deliveries reach the highest level in 10 years. Mixed-use urban infill projects or the rehabilitation of long-vacant buildings along major transit routes will provide many of the rentals due for completion this year. These developments tend to be favored by young professionals and downsizing households seeking to live near urban amenities, which should keep demand elevated in the downtown and midtown neighborhoods. Ann Arbor will receive nearly half of this year's new inventory, but supply-side pressure will be alleviated by the exceptionally low vacancy rate in the submarket. Marketwide, tenant demand will surpass completions, further escalating rent growth.

Investors from around the world remain active in Detroit apartments, many drawn by higher yields than can be found in their home markets. Redevelopment efforts, especially from downtown Detroit to New Center, are spreading into nearby neighborhoods and raising property values. As a result, some owners who bought during the downturn will cash out, providing additional purchasing opportunities. Many local investors are scouring these neighborhoods for older buildings to rehab; however, as valuations continue to climb, buyers will have to search farther away from major thoroughfares for value-add properties that meet their investment objectives. Once stabilized, these assets can trade at initial yields in the 7 percent range. New inventory with more than 100 units in desired suburban locals or Ann Arbor have garnered the attention of institutional buyers and will trade at cap rates generally in the 6 percent area.

2016 Market Forecast

NMI Rank 39, up 5 places — Limited new supply and sub-3 percent vacancy lifted Detroit five positions in the NMI.

Employment up 1.9% — Following a 2.1 percent rise in payrolls in 2015, the pace of growth will ease this year as metro employers create 38,000 jobs, a 1.9 percent gain.

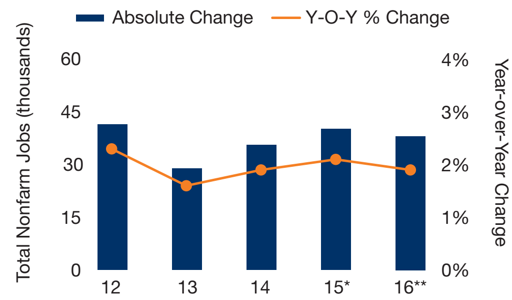
Construction 1,900 units — Developers will complete 1,900 apartments in 2016, a 0.6 percent rise in rental stock and the highest rate of deliveries since 2006. Last year, 1,800 units were finalized.

Vacancy down 20 bps — Demand for apartments, especially in the revitalizing Downtown and Midtown areas of Detroit and in Ann Arbor, will contribute to lowering vacancy 20 basis points to 2.8 percent in 2016. Last year, vacancy declined 50 basis points.

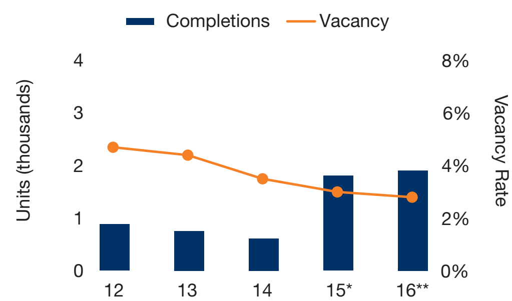
Rent up 5.6% — The completion of new luxury apartments and strong tenant demand will result in rising rents. In 2016, effective rents will jump 5.6 percent to an average of $910 per month, up from last year's 4.2 percent gain.

Investment — Revitalization efforts throughout the metro will increase values and rents in surrounding properties, attracting investors to these areas.

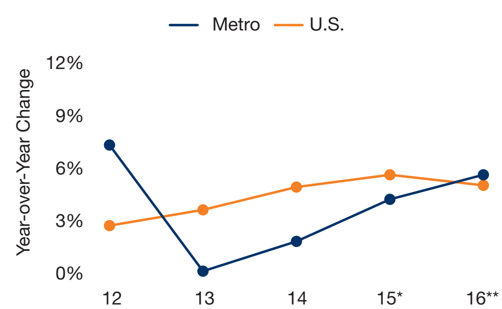
Employment Trends



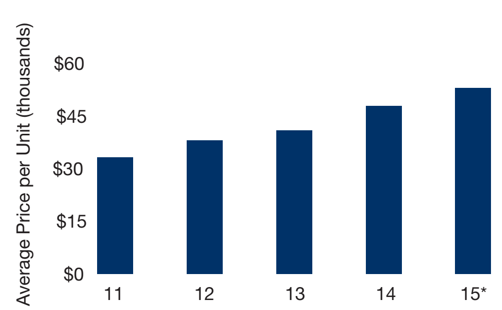
Supply and Demand



Effective Rent Trends

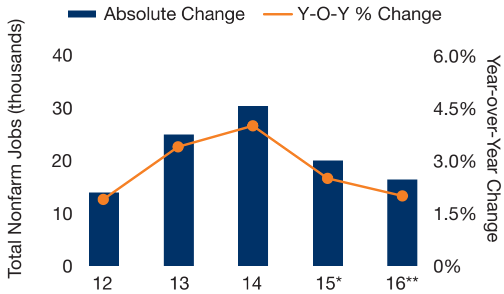


Sales Trends

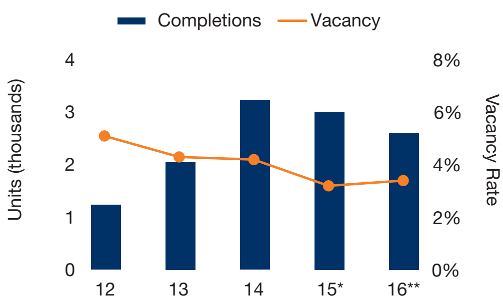


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

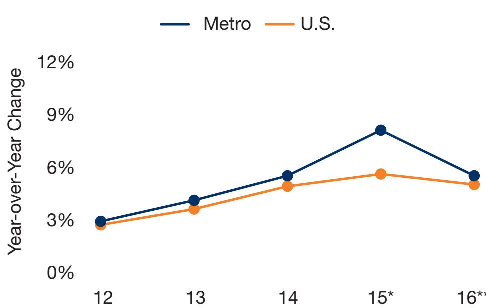
Employment Trends



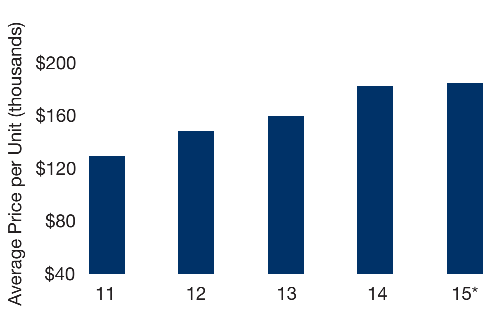
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Relocations, Young Households Stoke Demand As Investors Seek Broward Apartments

Thousands of additional residents will find jobs and form new rental households in Broward County in 2016, keeping vacancy near last year's post-recession low and catapulting the average rent to a new high. Besides job growth's principal role in expanding the pool of prospective renters, several other factors are aligned to maintain tight conditions in the apartment sector. Foremost among these, relocations from other areas are proceeding at a pace rivaling that seen during the last economic expansion. Additional in-migration will occur as the local labor market expands and prompts employers to conduct wider searches to fill positions. Also, the sizable population of 15- to 24-year-olds represents a potential influx of new renters. In response to the county's positive demand profile, developers continue to bring new rental complexes to the county. Although some risk of overbuilding at the luxury end of the market is present, it has yet to materialize in the form of higher vacancy in new-vintage rentals.

Robust performance will continue to support elevated valuations in the county. Unfaltering investor interest, meanwhile, will maintain downward pressure on cap rates. Serving as the county's lower threshold on cap rates, first-year returns of less than 5 percent are common in deals involving large institutional complexes. The upper end of the county's transaction market was especially active last year, marked by an increase in transactions of more than $20 million. The focus in this slice of the market will remain intense in the near term, buoyed by confidence in long-term rental housing performance and favorable demographic trends. Elsewhere in the county, cap rates are higher for assets targeted by small private investors, depending on property age, physical condition, submarket and tenant profile. Opportunities to purchase assets and add value through physical upgrades and modest repositioning are sought, though sourcing such deals remains challenging amid the broad upswing in property operations.

2016 Market Forecast

NMI Rank 24, up 2 places — New household formation will strengthen rentals and help propel this market's climb in the NMI.

Employment up 2.0% — Payrolls will expand by 16,400 positions in 2016, less than last year's gain of 20,000 workers. New hotel openings and additional spending at bars and restaurants will support a gain of 2,000 leisure and hospitality positions this year.

Construction 2,600 units — Developers will place in service 2,600 principally market-rate rentals in 2016, less than last year's production.

Vacancy up 20 bps — Tenant move-ins will slightly lag completions, resulting in a 20-basis-point uptick in countywide vacancy to a still-tight 3.4 percent.

Rent up 5.5% — The pace of rent growth will ease from last year's exceptional 8.1 percent jump. In 2016, the average rent will increase 5.5 percent to $1,500 per month.

Investment — The multiyear upturn in property performance continues to uphold strong interest in making acquisitions in Broward. Deal and dollar volume will continue to rise behind an expanding and active pool of motivated investors, including foreign capital.

Private Investors Confident in Houston, Target High-Quality Assets

Hiring in Houston's medical community and downstream oil and gas operations will support the apartment market this year as the energy industry awaits stabilization. Overall total employment growth will remain slow for a second consecutive year as energy firms continue to cut spending in 2016. In west Houston, where many of these companies are located, a building boom has brought thousands of new apartments online, and more will be added to inventory this year. Performance in this area has begun to soften and developers are ramping up efforts to lure tenants to recently constructed properties. Tempering in western suburbs will be short-term, however, as deliveries taper amid shifting builder attitudes and several healthcare organizations boost demand as they expand nearby. Meanwhile, demand for housing is rising in the eastern portion of the metro and along the Gulf Coast where several petrochemical plants are underway or proposed, increasing the need for Class B/C housing. New construction in this area has been sparse, but the opening of portions of Grand Parkway will generate new opportunities for development.

Local, private buyers will emerge as the most active investor segment this year, driving demand for apartment assets in the metro. Institutions and REITs have dominated activity involving higher-quality assets throughout the market for the past few years, and stiff competition from these buyers kept many private investors from purchasing top-tier properties. As larger funds pare investment activity in 2016, ample opportunities for private buyers to purchase Class A and B-plus assets will emerge. However, limited inventory throughout the metro will continue to weigh on transaction velocity, despite increased buyer interest. Investors in search of upside potential will seek repositioning opportunities, where management improvements or capital infusions to upgrade units will allow owners to realize significant rent gains.

2016 Market Forecast

NMI Rank 22, down 6 places — Slow employment growth pulled down Houston six spots in the NMI this year.

Employment up 0.6% — Following a 0.5 percent bump in employment last year, Houston companies will expand payrolls 0.6 percent with the addition of 17,000 positions.

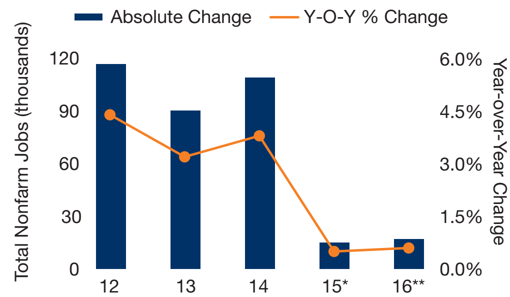
Construction 18,000 units — Deliveries in 2015 reached 20,000 units as developers sped up timelines to bring hundreds of rentals online. Completions this year will slow slightly as builders bring 18,000 apartments to market.

Vacancy up 30 bps — A second year of record deliveries will bring additional softening to the market and vacancy will rise 30 basis points to 6.5 percent. In 2015, vacancy increased 40 basis points.

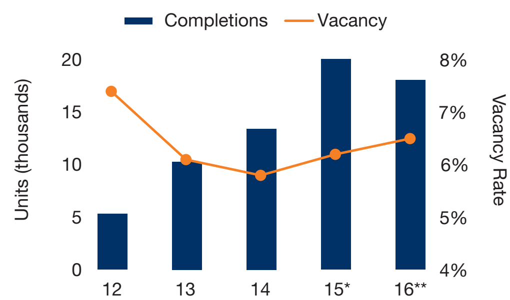
Rent up 4.5% — Rent growth will ease slightly this year, advancing 4.5 percent to $1,050 per month. The average effective rent rose 4.6 percent last year.

Investment — Petrochemical growth in the eastern portion of the metro is boosting demand for housing nearby, and with limited new inventory coming online, older assets in this area will be prime for repositioning.

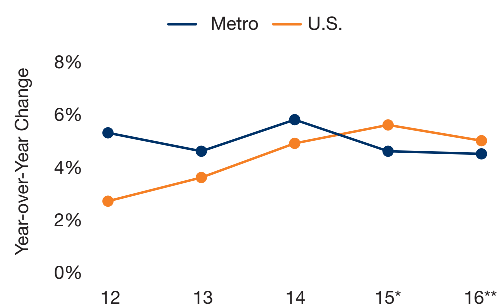
Employment Trends



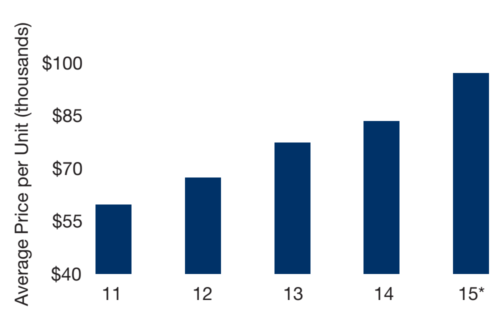
Supply and Demand



Effective Rent Trends

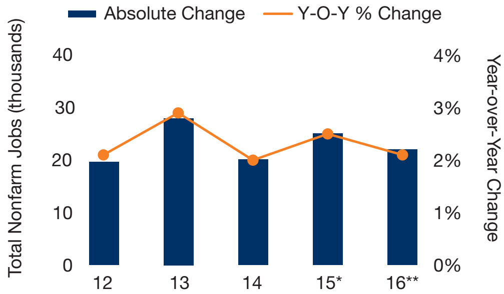


Sales Trends

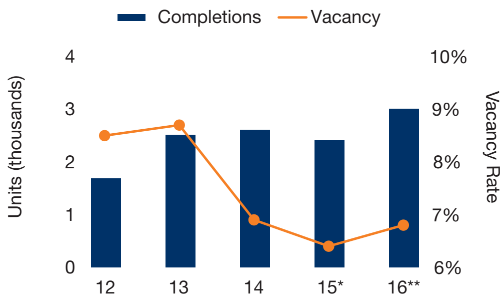


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

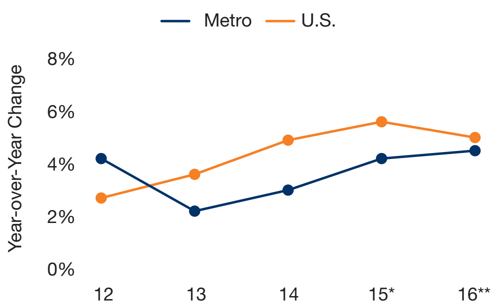
Employment Trends



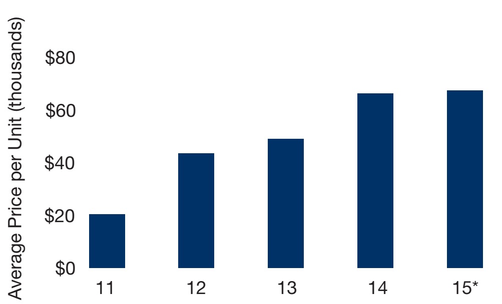
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Renters Enjoy Wide Range of Options As Apartment Deliveries Soar in Indianapolis

Apartment developers are active in the Indianapolis metro, motivated by steady employment and population gains that underpin a general strengthening in the rental market. For the sixth consecutive year, job growth will reach at least 2 percent, attracting new residents to the region. Nearly a quarter of this year's population increase will comprise people between the ages of 20 to 34, the prime renter cohort. Many of these are young professionals who prefer to live in an urban environment, generating demand for the apartments in downtown Indianapolis. The saturation of deliveries in the core will keep supply ahead of demand, driving vacancy upward. This rise in supply will pose a potential headwind for rent growth in select neighborhoods in the quarters ahead as concessions expand to assist leasing efforts in areas where multiple buildings begin marketing concurrently. Yet, marketwide, the surge in completions in the priciest districts will contribute to higher average effective rents.

New inventory and the potential for higher yields have enticed additional regional and coastal investors to the Indianapolis metro, boosting interest in all apartment classes. Buyers seeking recently built properties with strong cash flows and more than 200 units will find that cap rates generally start in the 6 percent range. As competition for the limited number of these assets intensifies and pushes valuations upward, investors will need to move farther from the preferred Indianapolis or Carmel areas or expand investment parameters. As a result, properties in Anderson or Greenwood will likely garner intense buyer attention. Local investors will target Class B/C assets throughout the region at cap rates beginning near 7 percent. Properties with some upside potential will especially be desired. In recent months, buyers have become more cautious with underwriting but will aggressively seek opportunities that align with their investment strategy, a trend that will likely continue this year.

2016 Market Forecast

NMI Rank
45, up 1 place

Indianapolis remained near the bottom of the NMI as strong job growth lifted it one position.

Employment
up 2.1%

Metro employers will create 22,000 jobs in 2016, a 2.1 percent increase. Last year, 25,000 workers were added to payrolls.

Construction
3,000 units

This year, 3,000 units will be completed, the fourth consecutive year that more than 2,000 units were brought into service. Last year, 2,400 apartments were delivered.

Vacancy
up 40 bps

Following a 50-basis-point decline in vacancy last year, inventory gains will push the rate up 40 basis points to 6.8 percent in 2016. This is 190 basis points lower than the five-year peak.

Rent
up 4.5%

Deliveries in submarkets with the highest rents will contribute to effective rents rising 4.5 percent to an average of $820 per month this year. In 2015, a 4.2 percent hike was recorded.

Investment

Yield-driven investors will target assets in secondary submarkets where entry costs are lower and cap rates can be up to 200 basis points higher than the core.

Steady Performance Gains Attract Investors; Buyers Target Jacksonville for High First-Year Yields

The Jacksonville apartment market will tighten as rents rise, supported by a growing local economy that is generating new housing demand. Job creation over the past few years has pushed employment above the pre-recession peak and hiring is occurring in nearly every sector. As a result, apartment demand has grown, constricting vacancy by 600 basis points in the last five years. Developers have taken notice, building apartment projects throughout the metro, and permitting activity remains elevated. Despite deliveries approaching levels not recorded since 2009, the vacancy rate has continued to decline rapidly. Company expansions in the metro this year, including Fidelity Investments, Johnson and Johnson, Visionworks and Anheuser-Busch, will bode well for apartment property operations. As companies fill new positions and bring residents to the market, apartment vacancy will retreat for the fifth consecutive year and rent growth will remain well above the previous five-year average.

Regional private investors will remain the main active buyer in Jacksonville this year, targeting the metro for higher yields than those found in other Florida markets. Though often overlooked among larger metros in the state, healthy fundamentals and a positive outlook are drawing investors to the area. While institutional grade buyers are active, investment opportunities are shrinking and yields have compressed to the high-5 to low-6 percent area. Private buyers, meanwhile, will focus on properties priced below $10 million, some offering initial yields nearly 250 basis points higher than top-tier listings in the market. While investor interest in this segment remains strong, transaction velocity will continue to be hampered by a lack of available inventory. Investors nearing retirement or owners without a long-term strategy may want to consider liquidating some assets while buyers interested in the metro remain plentiful.

2016 Market Forecast

NMI Rank
42, down 1 place

Jacksonville fell one spot as other markets outpaced it with smaller inventory increases.

Employment
up 2.2%

Job growth will strengthen as employers increase payrolls 2.2 percent this year with the creation of 14,250 jobs. Companies generated 13,500 positions during 2015.

Construction
2,000 units

Annual completions will decline slightly from 2015 as builders complete 2,000 apartments in the metro this year, increasing stock nearly 2 percent. Last year, approximately 2,200 units were added to inventory.

Vacancy
down 20 bps

On the heels of a 140-basis-point decline in 2015, vacancy will continue to fall this year, dipping 20 basis points year over year to 4.5 percent.

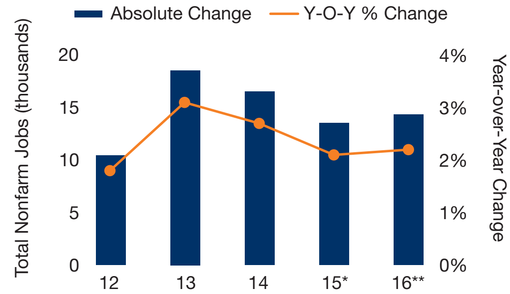
Rent
up 4.6%

With vacancy at a historically low level, the average effective rent will rise 4.6 percent to $917 per month in 2016. The average rent increased 5.2 percent last year.

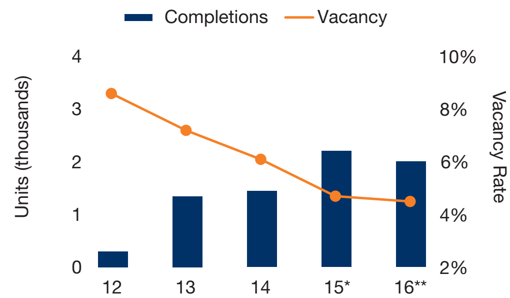
Investment

Bidding will intensify this year as demand for Class B/C housing in the metro rises amid accelerating job growth, strengthening operations in this segment and drawing investors to the market.

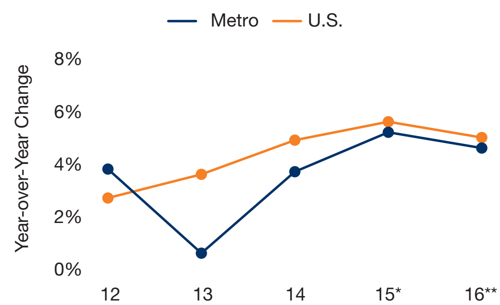
Employment Trends



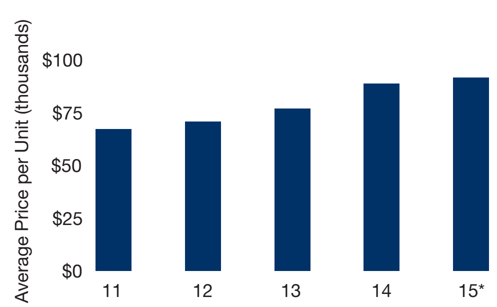
Supply and Demand



Effective Rent Trends

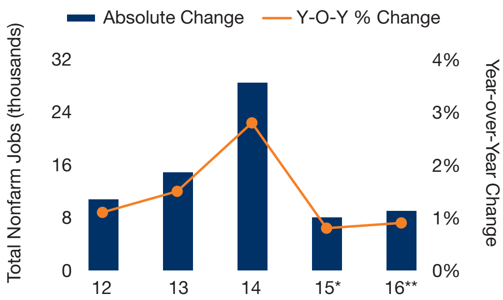


Sales Trends

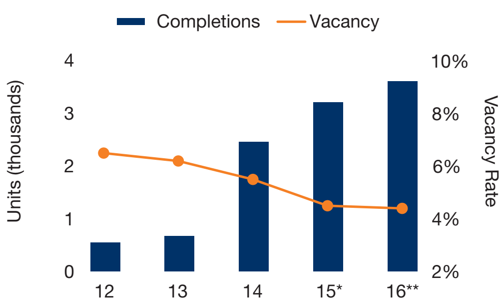


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

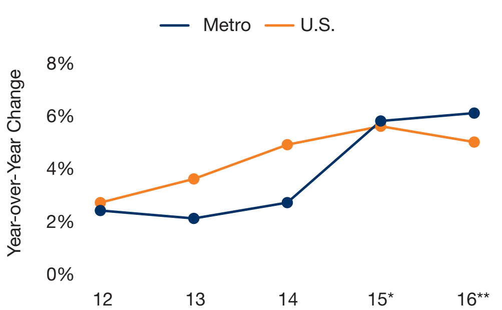
Employment Trends



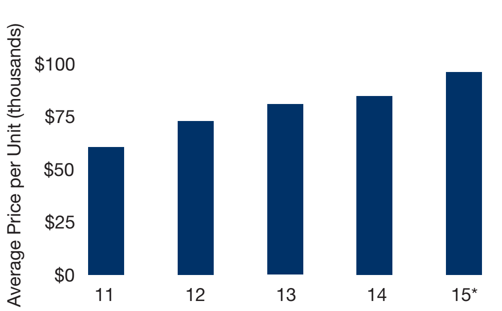
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Developers Shift Focus to Meet Demand For Downtown Kansas City Apartments

Revitalization efforts are attracting residents and developers back into downtown Kansas City, creating demand for rentals. This spring, the Kansas City Streetcar will begin service, offering free rides along a 2-mile route connecting Union Station and River Market. The train line will provide convenient access for residents desiring a live-work-play lifestyle and boost demand for apartments nearby. After concentrating on Johnson County in recent years, developers have shifted their focus to downtown Kansas City, which will receive more than a third of 2016 deliveries. The relocation of 900 federal workers into the core should also contribute to higher apartment absorption in the area this year. Broader trends, however, point to slowing tenant demand as job growth metrowide waned in 2015, mainly due to sizable staff reductions at Sprint. The current outlook should support sufficient absorption to edge vacancies lower in the coming year.

A wide range of investors are active in the Kansas City apartment market, lured by steady fundamentals and the potential for higher yields. Readily available financing from a variety of sources will place buyer demand ahead of available listings this year, keeping capital waiting on the sidelines. Investors highly covet Class A and B properties built since 1980 with more than 200 units. These assets generally receive multiple offers when priced appropriately at cap rates that typically begin in the 5 percent range. Properties in South Johnson County or the Country Club Plaza areas will be especially sought after. The surge of projects in the development pipeline should offer additional investment opportunities. Buyers searching for Class C assets will find buildings in revitalizing areas near downtown Kansas City. Properties that can be readily improved and have upside rent potential in neighborhoods favored by millennials will receive heightened investor interest.

2016 Market Forecast

NMI Rank 40, down 5 places — Slow employment growth dragged Kansas City down five positions in the Index.

Employment up 0.9% — Job growth in Kansas City slowed to 8,000 positions in 2015, due in part to significant cuts at Sprint. This year, payrolls will expand by 9,000 workers, a 0.9 percent rise.

Construction 3,600 units — After the completion of 3,200 rentals in 2015, developers will bring into service 3,600 units this year, a 2.5 percent rise. This is the largest delivery in more than 15 years.

Vacancy down 10 bps — Following a 100-basis-point drop in vacancy last year, a surge in deliveries will slow vacancy improvement. In 2016, the rate will inch down just 10 basis point to 4.4 percent, the lowest rate in nearly 10 years.

Rent up 6.1% — Tenant demand for apartments will push rents to a new high. During 2016, effective rents will climb 6.1 percent to an average of $889 per month, building on last year's 5.8 percent gain.

Investment — The spring opening of the Kansas City Streetcar will improve demand for apartments along the route and boost property valuations, bringing additional investors to the metro area.

Growing Population of Renters Fills Vegas Units; Tightening Vacancies Position Rents on an Upswing

An accelerating pace of job growth and strong demographics that support renting indicate a bright future for the Las Vegas multifamily market. The local economy is being lifted by an expanding tourism and gaming industry, which has in turn fed the retail and construction sectors. Large-scale development projects along the Strip have spurred hiring for metro builders, an employment group that realized double-digit annual job growth for five consecutive quarters. This year, the local economy will recoup all of the jobs it lost during the recession, pushing total employment to new highs. These new opportunities to work have helped attract and retain young workers. Those ages 20 to 34, often considered the prime renter cohort, posted population growth of 3.1 percent, dwarfing the 0.5 percent for the rest of the nation. This, along with an intensifying rate of household formation, will incite strong demand for Vegas apartments. New development for multifamily properties will slow in 2016, putting downward pressure on vacancy in existing properties. As market conditions tighten, the average effective rent will push higher, surpassing the pre-recession peak.

Buyers will outnumber sellers in 2016 as investors look to Las Vegas for upside potential. Cap rates sit in the mid-5 to low-6 percent range, drawing attention from private cash-flow-oriented buyers operating locally. Although these types of investors dominate sales activity, about 10 percent of transactions come from out-of-state institutional players who have the necessary capital to secure larger assets. Buyers are emboldened by the prospect that Las Vegas is in the early stages of its business cycle. The metro is still on the front edge of the recovery, leaving plenty of runway for future growth. Despite strong demand, listings remain limited; some property owners opt to hold their assets and gain further equity. Those who do list look to reposition into secondary and tertiary markets or cash out and take profits.

2016 Market Forecast

NMI Rank
34, up 3 places
Strong demographics and limited supply lifted Las Vegas three slots in the Index.

Employment
up 3.2%
Following a 2.9 percent jump last year, job growth will accelerate in 2016 as payrolls expand 3.2 percent, a 29,500 worker increase.

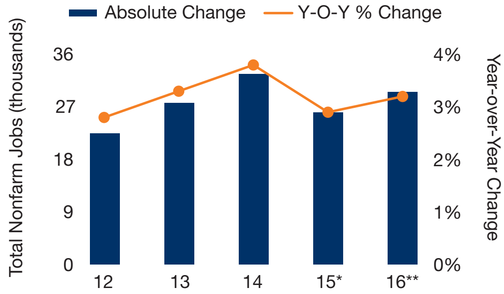
Construction
1,300 units
Developers will complete 1,300 units this year, growing the stock of apartments 0.6 percent. This is a stark slowdown from 2015 when 2,200 rentals were brought to market.

Vacancy
down 40 bps
The metrowide vacancy rate will finish 2016 at 5.5 percent, down 40 basis points year over year. Last year Las Vegas recorded an 80-basis-point drop.

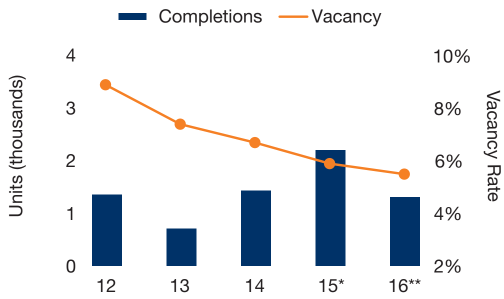
Rent
up 4.6%
The average effective rent will climb 4.6 percent this year to $865 per month. In 2015, the average effective rent soared 7.8 percent year over year.

Investment
Investment activity will accelerate in 2016, as buyers flock to high-yield Las Vegas apartments. Rent and vacancy rates are trending in positive directions, encouraging further deal flow.

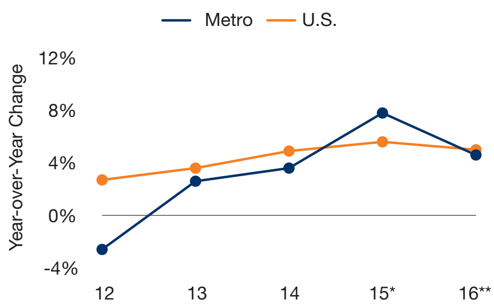
Employment Trends



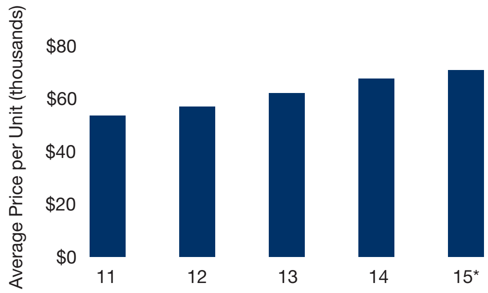
Supply and Demand



Effective Rent Trends

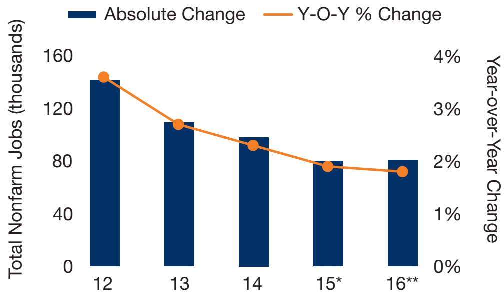


Sales Trends

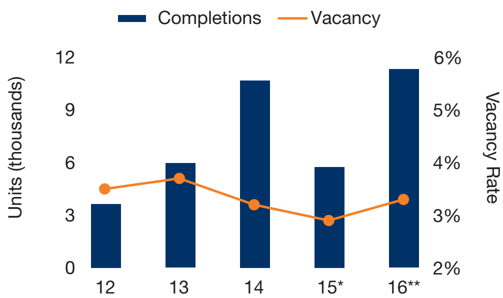


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

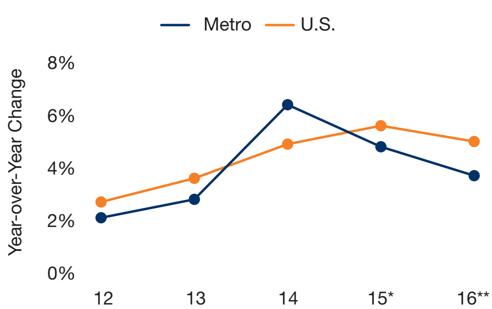
Employment Trends



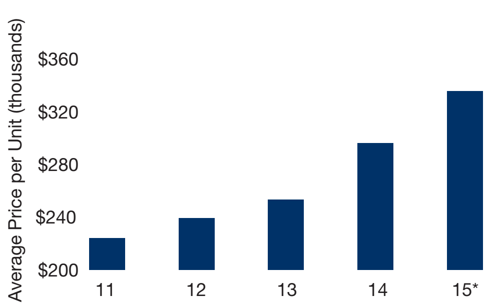
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Robust Development Poses Vacancy Risks; Exchange Buyers Target Value-Add and Suburban Opportunities

Following a slowdown in completions last year, developers will push deliveries to the highest levels of the current cycle and the quickest pace since the mid-‘90s, underscoring the plethora of opportunities available in Los Angeles County. While job growth will remain stable, the trend remains positive, supporting household formation and renter demand in an environment where many are unable to enter the single-family market. Structurally high home prices have emboldened builders, who are active in luxury high-rise offerings in the downtown submarkets, as well as more affordable suburban locations in the San Fernando Valley. New rentals in these areas will push vacancy higher over the medium term, with more than three-quarters of this year’s completions set to be delivered here. Rising prices and nearby corporate expansion have also promoted more robust activity in West Los Angeles and the South Bay cities, although additions in these areas will not keep up with demand. Overall, demand remains in excess of supply growth, fostering additional rent upside.

Ascending property values did not dissuade buyers from bidding aggressively in 2015, leading to compression in first-year yields across the spectrum of assets. Abundant credit and low interest rates are encouraging buyers, although pricing has shifted to favor sellers in recent months. Exchange-motivated buyers will be most active, with yield concerns less of a factor in their investment thesis. Institutions are focusing on suburban assets where initial returns can be 150 basis points above the urban core, providing a margin of safety against downside risks. Value-add opportunities, although less prevalent than previous years, will be the focus of intense bidding as investors seek above-market NOIs and total returns. Asset price volatility in other markets over the last few months has highlighted the benefits of stable commercial real estate returns, forecasting a healthy market over the coming months.

2016 Market Forecast

NMI Rank
11, down 3 places
Rising vacancy lowered Los Angeles three spots in the NMI to place it outside the top 10.

Employment
up 1.8%
Following the creation of 80,000 jobs in 2015, Los Angeles organizations will hire 80,500 new workers this year, expanding payrolls by 1.8 percent.

Construction
11,300 units
Rising household formation will encourage builders to complete 11,300 rentals this year. In the prior year, more than 5,700 apartments were brought to market.

Vacancy
up 40 bps
Concentrated deliveries in key submarkets will generate a 40-basis-point rise in vacancy to 3.3 percent by year end as finished stock overtakes net absorption. In 2015, vacancy tumbled 30 basis points.

Rent
up 3.7%
After vaulting 4.8 percent in the previous four quarters, effective rents will tack on 3.7 percent this year to $1,940 per month.

Investment
A pivot to value-add strategies away from the urban core will dominate the investment market this year, while marquee assets in the western portions of the county will see steady inflows from institutional and international capital.

Louisville Banking on Technology Growth to Help Fuel Apartment Market

Expanding payrolls and an overall positive outlook for Louisville will stir demand for apartments this year, keeping vacancy historically low. The metro is seeking to establish itself as a technology hub in the Midwest, and part of that involves attracting tech-savvy residents to the metro. Google is pursuing bringing its Fiber network to the city, and officials hope to attract additional technology companies and startups to the area. Young professionals in search of technology-related positions will find the metro ripe with opportunities. While home-ownership is an affordable option for many, millennials moving into the market will prefer renting over buying in the near term. Developers have responded over the past couple of years, and deliveries have almost doubled pre-recession levels. Despite elevated completions, vacancy remains at historically low levels and will constrict further this year. As a result of tightening conditions, rent growth will strengthen, rising at the fastest pace since mid-2012.

Similar to other Midwest apartment markets, investors will target Louisville for its stability this year. Asset prices have grown considerably, with the average in the metro doubling since 2009, and a steady rate of growth is anticipated in the months to come. Intense competition in larger, nearby markets, where cap rates have compressed below investor's targets, encourages buyers to look to the metro for opportunities. Institutions are increasingly interested in the market, seeking quality Class A and B-plus assets, with initial yields for these properties averaging in the high-5 percent to low-6 percent area last year. Regional, private buyers dominate sales activity, however, and will remain the major player in the months to come. The eastern side of the market is popular with investors, and properties in this area can receive multiple bids when listed. Sales activity will remain strong this year as buyers place equity into the metro, though owners' reluctance to sell will hamper overall velocity.

2016 Market Forecast

NMI Rank 38, down 4 places — Strong job growth in other markets pushed Louisville down four positions in the ranking.

Employment up 1.4% — Louisville employers will add 9,000 workers to staffs this year, an annual growth rate of 1.4 percent. In 2015, total employment grew 1.6 percent as 10,000 positions were created in the metro.

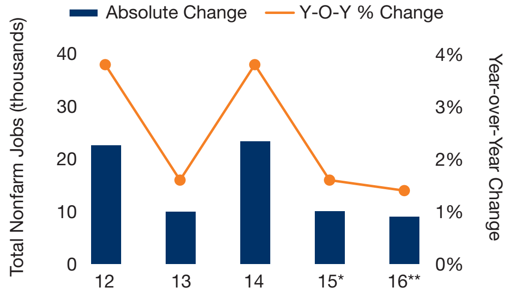
Construction 1,200 units — Builders will complete 1,200 apartments in the metro during 2016, a stock expansion of 1.5 percent. Developers added 1,700 units to inventory last year.

Vacancy down 30 bps — Following a 30-basis-point increase in 2015, the vacancy rate will decline to 4.2 percent by year end, a dip of 30 basis points year over year.

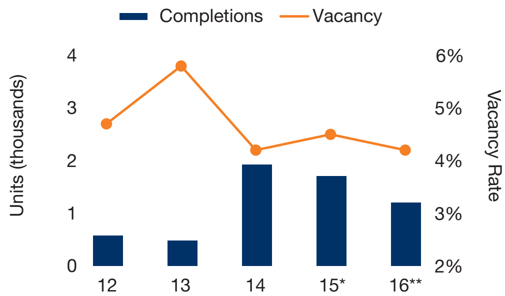
Rent up 4.5% — As vacancy remains at historically low levels, rents will advance at the strongest pace in four years. The average rent will reach $820 per month, an annual gain of 4.5 percent. Last year, the average increased 3.4 percent.

Investment — A Google Fiber expansion in the metro will bring technology growth to the area, luring young professionals to the market. Investors in search of upside will seek redevelopment opportunities near developing tech hubs.

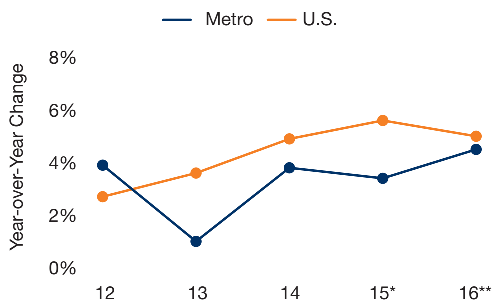
Employment Trends



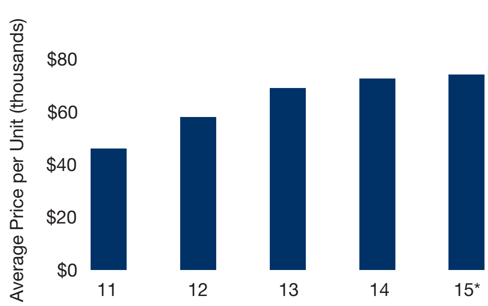
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

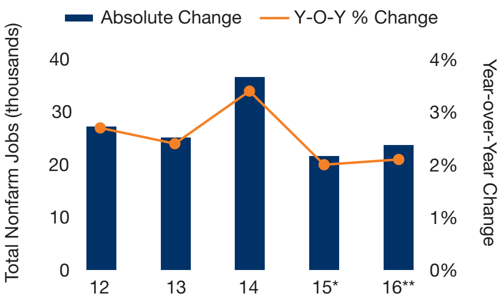
Market Name	Employment Growth[2]				Vacancy Rate[2]				Effective	
	2013	2014	2015*	2016**	2013	2014	2015*	2016**	2013	2014
Atlanta	3.2%	4.0%	3.1%	3.0%	7.0%	6.1%	5.0%	4.8%	$863	$929
Austin	4.5%	3.2%	3.3%	3.0%	4.2%	4.6%	4.3%	4.1%	$1,023	$1,079
Baltimore	0.8%	1.6%	2.2%	2.3%	4.8%	4.6%	4.3%	4.4%	$1,181	$1,214
Boston	1.9%	1.8%	1.5%	1.7%	3.7%	3.6%	3.3%	2.3%	$1,671	$1,755
Charlotte	3.0%	3.5%	3.0%	2.6%	4.7%	5.0%	4.4%	4.5%	$863	$908
Chicago	1.6%	1.2%	1.0%	1.2%	5.0%	4.2%	3.6%	3.4%	$1,213	$1,245
Cincinnati	1.9%	1.9%	2.3%	2.4%	5.2%	4.9%	4.8%	5.5%	$785	$812
Cleveland	1.1%	0.6%	1.6%	1.8%	5.5%	3.9%	3.4%	3.0%	$795	$811
Columbus	2.4%	2.2%	1.8%	2.0%	4.5%	4.5%	4.0%	3.7%	$764	$787
Dallas/Fort Worth	3.1%	4.1%	2.5%	2.3%	5.6%	5.2%	5.1%	5.3%	$862	$919
Denver	3.7%	4.0%	2.0%	1.8%	3.9%	3.7%	4.8%	5.2%	$1,097	$1,214
Detroit	1.6%	1.9%	2.1%	1.9%	4.4%	3.5%	3.0%	2.8%	$812	$827
Fort Lauderdale	3.4%	4.0%	2.5%	2.0%	4.3%	4.2%	3.2%	3.4%	$1,247	$1,315
Houston	3.2%	3.8%	0.5%	0.6%	6.1%	5.8%	6.2%	6.5%	$908	$961
Indianapolis	2.9%	2.0%	2.5%	2.1%	8.7%	6.9%	6.4%	6.8%	$731	$753
Jacksonville	3.1%	2.7%	2.1%	2.2%	7.2%	6.1%	4.7%	4.5%	$804	$834
Kansas City	1.5%	2.8%	0.8%	0.9%	6.2%	5.5%	4.5%	4.4%	$771	$792
Las Vegas	3.3%	3.8%	2.9%	3.2%	7.4%	6.7%	5.9%	5.5%	$740	$767
Los Angeles	2.7%	2.3%	1.9%	1.8%	3.7%	3.2%	2.9%	3.3%	$1,677	$1,784
Louisville	1.6%	3.8%	1.6%	1.4%	5.8%	4.2%	4.5%	4.2%	$731	$759
Miami-Dade	2.4%	3.4%	2.0%	2.1%	3.3%	3.1%	2.8%	3.1%	$1,207	$1,250
Milwaukee	1.6%	1.1%	1.2%	0.8%	4.1%	3.0%	3.1%	3.0%	$915	$937
Minneapolis-St. Paul	2.2%	1.8%	2.1%	1.8%	3.2%	2.7%	2.5%	2.7%	$1,016	$1,048
Nashville	3.7%	3.4%	3.0%	2.4%	4.0%	4.5%	3.5%	3.7%	$901	$955
New Haven-Fairfield County	0.8%	1.7%	0.7%	1.2%	5.3%	3.7%	3.4%	2.9%	$1,610	$1,604
New York City	3.0%	3.0%	1.7%	1.9%	2.1%	2.1%	2.5%	2.8%	$3,963	$3,868
Northern New Jersey	0.8%	1.0%	1.4%	0.8%	3.0%	2.4%	2.7%	2.5%	$1,864	$1,898
Oakland	2.5%	3.0%	2.2%	2.3%	2.9%	2.7%	2.5%	2.8%	$1,643	$1,813
Orange County	2.0%	3.0%	2.8%	2.6%	4.1%	3.1%	3.0%	2.8%	$1,663	$1,721
Orlando	3.6%	4.5%	3.1%	2.7%	5.0%	4.3%	3.4%	3.9%	$914	$978
Philadelphia	0.7%	1.6%	1.2%	1.4%	5.5%	4.6%	4.4%	4.5%	$1,118	$1,154
Phoenix	2.9%	2.7%	1.6%	1.8%	7.1%	6.0%	5.4%	5.5%	$780	$825
Pittsburgh	-0.1%	0.8%	1.0%	1.2%	4.1%	4.6%	4.8%	4.7%	$993	$1,000
Portland	3.0%	2.9%	3.1%	2.7%	3.3%	2.6%	2.7%	2.5%	$963	$1,027
Riverside-San Bernardino	4.8%	3.7%	2.8%	3.0%	4.8%	4.3%	3.0%	2.8%	$1,107	$1,167
Sacramento	3.0%	2.6%	2.4%	2.7%	4.1%	3.0%	2.6%	2.3%	$980	$1,031
Salt Lake City	3.2%	2.9%	3.8%	3.3%	4.6%	3.9%	3.8%	3.6%	$846	$868
San Antonio	2.9%	3.3%	3.2%	3.0%	7.2%	7.2%	5.2%	4.9%	$820	$857
San Diego	2.6%	2.7%	2.8%	2.7%	3.6%	3.3%	3.1%	3.3%	$1,461	$1,546
San Francisco	4.3%	4.6%	4.4%	4.3%	3.5%	3.4%	3.0%	3.1%	$2,484	$2,800
San Jose	4.2%	5.0%	4.6%	4.5%	3.4%	3.5%	2.6%	2.9%	$2,058	$2,292
Seattle-Tacoma	3.0%	3.3%	3.5%	3.0%	4.3%	3.9%	3.3%	3.4%	$1,168	$1,243
St. Louis	0.8%	0.8%	1.2%	1.0%	7.6%	6.7%	5.5%	5.6%	$775	$808
Tampa-St. Petersburg	2.5%	2.9%	2.5%	2.6%	5.8%	5.0%	3.5%	3.8%	$893	$944
Washington, D.C.	0.3%	1.4%	1.5%	1.6%	5.1%	5.3%	4.3%	4.0%	$1,531	$1,583
West Palm Beach	4.0%	3.6%	2.4%	2.6%	5.0%	4.7%	4.3%	4.1%	$1,220	$1,317
United States	1.8%	2.3%	1.8%	1.8%	5.0%	4.5%	4.2%	4.3%	$1,123	$1,178

* Estimate ** Forecast [2] See Statistical Summary Note on page 60

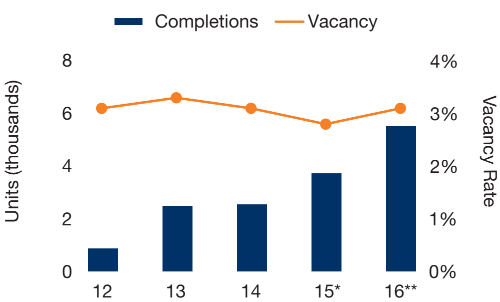
Monthly Rent[2]		Completions (Units)[2]				Average Price/Unit[2]			Market Name
2015*	2016**	2013	2014	2015*	2016**	2013	2014	2015*	
$1,015	$1,075	7,200	5,700	8,400	9,100	$99,300	$115,500	$130,000	Atlanta
$1,158	$1,220	5,900	12,100	12,100	9,000	$84,700	$90,600	$104,300	Austin
$1,240	$1,285	3,500	3,500	2,900	3,600	$109,000	$110,000	$119,900	Baltimore
$1,900	$2,050	4,600	6,600	7,500	4,500	$234,200	$262,900	$305,800	Boston
$976	$1,030	4,500	6,500	5,900	6,000	$106,000	$110,500	$113,000	Charlotte
$1,320	$1,405	6,200	4,600	6,600	6,700	$174,900	$207,500	$224,100	Chicago
$836	$860	500	1,100	1,400	2,700	$47,000	$50,100	$52,200	Cincinnati
$840	$875	600	900	1,100	970	$42,700	$47,900	$48,000	Cleveland
$820	$860	3,900	2,800	3,700	2,200	$49,600	$47,700	$51,000	Columbus
$987	$1,025	13,300	15,600	22,000	23,000	$73,300	$78,500	$87,700	Dallas/Fort Worth
$1,347	$1,452	4,800	8,100	10,300	10,500	$133,300	$169,900	$186,500	Denver
$862	$910	800	600	1,800	1,900	$41,000	$47,900	$52,900	Detroit
$1,422	$1,500	2,000	3,200	3,000	2,600	$159,700	$182,400	$184,800	Fort Lauderdale
$1,005	$1,050	10,300	13,400	20,000	18,000	$77,300	$83,500	$97,100	Houston
$785	$820	2,500	2,600	2,400	3,000	$49,000	$66,200	$67,400	Indianapolis
$877	$917	1,300	1,400	2,200	2,000	$77,000	$88,700	$91,600	Jacksonville
$838	$889	700	2,500	3,200	3,600	$80,800	$84,800	$96,100	Kansas City
$827	$865	700	1,400	2,200	1,300	$62,100	$67,600	$70,900	Las Vegas
$1,870	$1,940	5,900	10,600	5,730	11,300	$253,500	$296,200	$335,600	Los Angeles
$785	$820	500	1,900	1,700	1,200	$69,000	$72,600	$74,100	Louisville
$1,323	$1,355	2,500	2,500	3,700	5,500	$158,800	$167,200	$186,000	Miami-Dade
$968	$1,002	1,300	1,300	2,100	2,000	$62,100	$67,600	$70,900	Milwaukee
$1,098	$1,155	4,000	5,800	4,800	6,000	$129,700	$151,600	$177,600	Minneapolis-St. Paul
$1,031	$1,085	2,400	3,200	5,100	6,500	$98,100	$127,500	$136,100	Nashville
$1,652	$1,715	1,400	3,500	2,100	2,400	$165,500	$174,500	$176,300	New Haven-Fairfield County
$3,980	$4,080	9,500	12,100	15,000	26,000	$325,900	$344,600	$383,300	New York City
$1,955	$2,037	2,200	6,600	7,600	5,500	$121,900	$133,800	$144,500	Northern New Jersey
$2,025	$2,175	2,100	1,500	1,000	2,600	$218,600	$227,000	$279,200	Oakland
$1,813	$1,895	1,800	4,400	3,900	4,500	$246,200	$279,400	$284,700	Orange County
$1,045	$1,100	3,300	6,200	4,800	5,600	$105,300	$113,600	$123,300	Orlando
$1,194	$1,231	3,700	2,400	3,400	4,900	$117,800	$125,000	$129,000	Philadelphia
$882	$928	3,500	4,300	7,200	8,400	$97,300	$105,600	$114,300	Phoenix
$1,037	$1,080	1,000	1,100	2,700	1,700	$60,100	$65,400	$76,300	Pittsburgh
$1,100	$1,180	2,300	4,300	4,100	4,500	$141,300	$156,400	$169,700	Portland
$1,236	$1,305	1,500	2,400	1,000	2,400	$124,000	$133,500	$143,000	Riverside-San Bernardino
$1,130	$1,200	600	500	900	1,100	$131,300	$139,800	$146,200	Sacramento
$910	$930	2,400	4,000	4,100	3,900	$126,000	$134,300	$137,300	Salt Lake City
$907	$945	4,200	6,200	5,500	5,700	$70,200	$75,300	$89,700	San Antonio
$1,673	$1,750	1,400	4,300	3,500	2,300	$207,000	$210,000	$242,400	San Diego
$3,038	$3,230	2,200	3,500	3,060	6,000	$346,300	$372,400	$402,400	San Francisco
$2,520	$2,725	3,300	4,400	2,700	5,800	$243,500	$256,800	$285,700	San Jose
$1,375	$1,475	8,100	10,400	12,000	12,100	$195,100	$213,900	$265,200	Seattle-Tacoma
$847	$880	200	1,200	900	1,300	$78,500	$81,500	$88,400	St. Louis
$1,020	$1,075	2,000	4,400	3,600	4,500	$103,600	$123,400	$135,100	Tampa-St. Petersburg
$1,625	$1,670	10,000	18,900	9,700	11,900	$214,600	$235,800	$241,800	Washington, D.C.
$1,404	$1,476	2,600	2,200	2,400	2,100	$143,300	$149,800	$151,200	West Palm Beach
$1,244	$1,306	171,300	232,000	250,000	285,000	$113,400	$121,200	$130,000	United States

* Estimate ** Forecast [2] See Statistical Summary Note on page 60

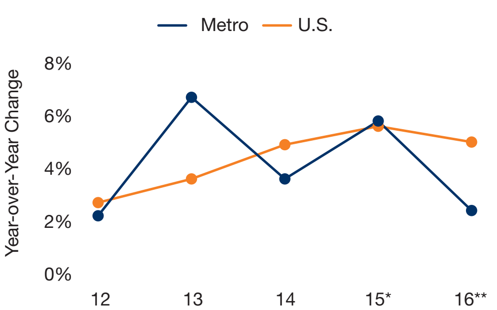
Employment Trends



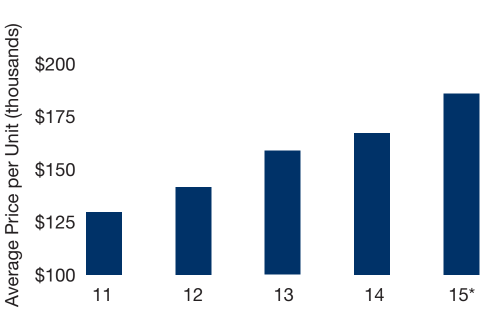
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Miami-Dade Prepares for Surge in Completions Amid Pitched Investor Competition for Assets

Vacancy in Miami-Dade will edge upward to a still-tight level in 2016 as employers maintain an elevated pace of hiring and developers wrap up projects and deliver thousands of new rentals. Construction is heavily concentrated in high-density core areas, including downtown Miami, South Beach and Coral Gables, and continues the nonstop pace of multifamily rental-stock replenishment underway for two years. On average, the new-unit rents in these areas circle $2 per square foot but tenant move-ins remain heightened, suggesting that demand for high-end rentals has not yet been fulfilled. In other areas of the county, operations remain extremely tight as evidenced by a drop in countywide vacancy to less than 3 percent last year. Continued growth in service-sector employment, the ongoing flow of new residents into Miami-Dade and waning affordability of single-family homes in preferred neighborhoods will sustain a sizable renter population in the county.

Prospects for a strong rental market and solid asset performance highlighted by real gains in rents and NOIs will support a consistent flow of capital into the county. Demand for higher-quality complexes in urbanized walkable neighborhoods persists, and the average cap rate in the mid-4 percent range in this segment sets the market's lower limit. Large investors seeking potentially higher returns may increasingly consider development in the year ahead. The risk of upcoming luxury units overshooting demand is growing and may prompt a greater consideration of building for underserved demographic segments. Some of these opportunities may emerge in working-class areas including Hialeah, where stock has not been rebuilt following the loss of rentals to conversion last decade. Overall, the local market remains dominated by small local and regional investors in the $1 million to $10 million segment, and an occasional foray by institutional players.

2016 Market Forecast

NMI Rank
15, down 6 places
An influx of new supply and vacancy rise dropped Miami-Dade six spots in the Index.

Employment
up 2.1%
Employers will follow up the creation of more than 21,000 jobs last year with 23,700 new hires during 2016, primarily in retail and import-related industries.

Construction
5,500 units
Developers will complete 5,500 rentals, exceeding the 3,700 apartments placed in service in 2015. Production in 2016 will nonetheless leave apartment stock about 8,100 units shy of the peak recorded 12 years ago.

Vacancy
up 30 bps
New household formation will fuel net absorption of more than 4,400 units in 2016, although vacancy will climb 30 basis points to 3.1 percent.

Rent
up 2.4%
The average rent in Miami-Dade will increase 2.4 percent to $1,355 per month, marking a slowdown from last year's 5.8 percent pace.

Investment
For property owners, the prospects of realizing price objectives and completing a deal will remain high due to the broad pool of motivated investors active throughout South Florida and Miami-Dade specifically. Low cap rates will persist, especially in waterfront locations.

Apartment Demand Brewing in Milwaukee As Jobs and Amenities Lure Renters Downtown

Slow but relatively steady employment gains will draw new residents to Milwaukee, underpinning the need for rentals. Many of the jobs will be in office-using firms that are expanding or relocating into new office towers in the city. The increase in workers will generate demand for rentals in the core as many people seek housing nearby. Additional apartment leasing will come from downsizing households that seek a more walkable lifestyle proximate to cultural amenities. Metrowide, strong tenant demand has activated developers. For the second year in a row, deliveries will reach approximately 2,000 units, yet the vacancy rate will remain below the traditional level in most areas. Also, single-family home prices, especially in some of the most desired neighborhoods, are beyond the means of many tenants, keeping them in the renter pool longer. This will contribute to stable vacancies and higher rent growth this year.

Stable operations and the availability of low-cost financing are attracting investors to apartment assets in Milwaukee. Less intense competition for available properties than in nearby markets will likely draw regional buyers, especially from Chicago and Minneapolis, keeping investor demand ahead of listed assets. Many buyers will target properties built since the 1980s with more than 100 units and a consistent income stream. Cap rates for these assets typically start in the high-5 percent range but may dip below that for premium properties. The rise in construction should provide additional investment opportunities, although developers may need to offer concessions to quicken the pace of leasing to stabilize new buildings. Higher property tax rates in Milwaukee will move other buyers into surrounding counties. Assets with some upside potential near employment centers or along major transit routes in Waukesha County will be highly desired.

2016 Market Forecast

NMI Rank 25, down 2 places — Average operational improvement this year will keep Milwaukee near the middle of the ranking.

Employment up 0.8% — Approximately 7,000 jobs will be generated throughout the metro in 2016, a 0.8 percent expansion. This is down from the 10,000 workers added to payrolls last year.

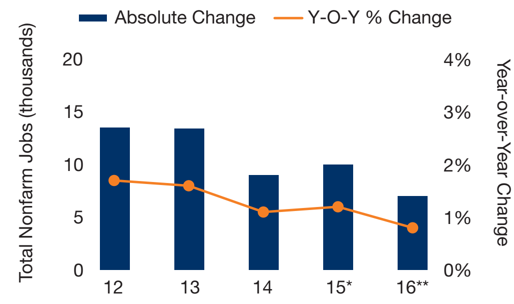
Construction 2,000 units — Developers will complete 2,000 rentals throughout the metro in 2016, a 1.4 percent increase in inventory. This is a slight decline from last year's 2,100 units. Builders will be most active in downtown Milwaukee.

Vacancy down 10 bps — During 2016, the vacancy rate will dip 10 basis points to 3.0 percent, a reversal from last year's 10-basis-point climb. The rate has stayed below 4.2 percent since 2010.

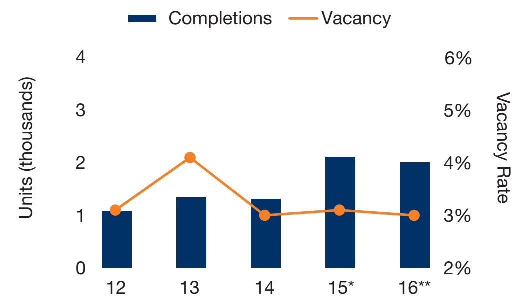
Rent up 3.5% — Strong tenant demand will contribute to the highest rent gain in five years. During 2016, effective rents will rise 3.5 percent to an average of $1,002 per month. Last year, a 3.3 percent advance was posted.

Investment — For buyers seeking value-add and redevelopment prospects, older properties in revitalizing neighborhoods surrounding downtown Milwaukee should provide investment opportunities.

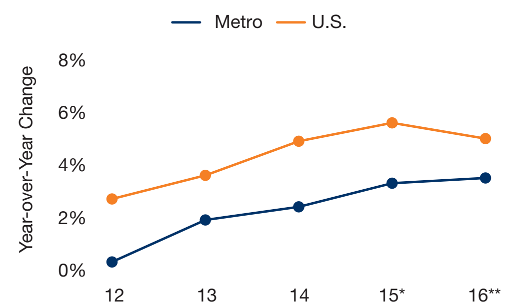
Employment Trends



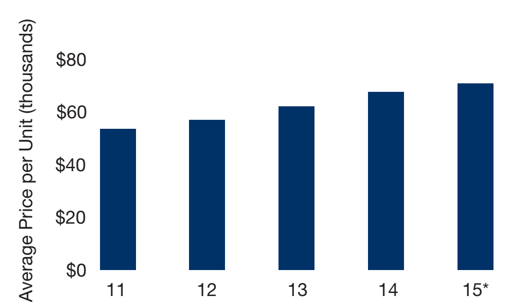
Supply and Demand



Effective Rent Trends

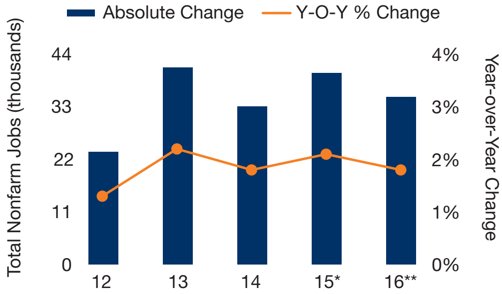


Sales Trends

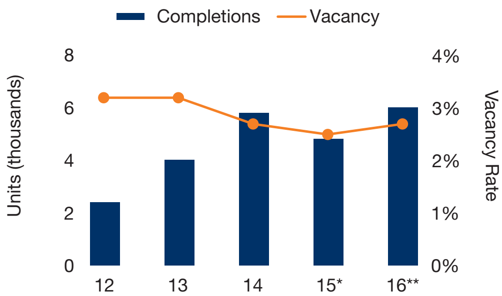


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

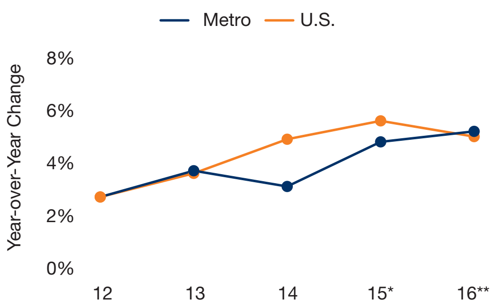
Employment Trends



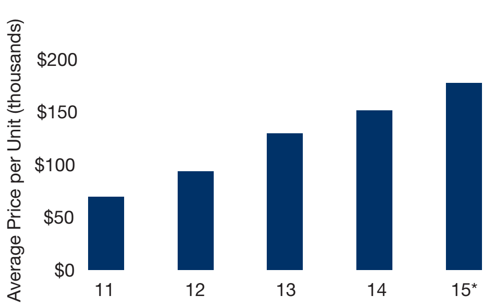
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Developers Struggle to Keep Pace With Flurry of Renter Demand in Minneapolis-St. Paul

A significant corporate presence in the Twin Cities has contributed to a wealth of employment opportunities, boosting population growth and generating demand for housing. The unemployment rate has been held below 5 percent for three consecutive years, and many employers have expanded recruiting efforts. This has motivated numerous job seekers to move to the region, a large portion of which are young professionals who prefer to live in an active urban environment. Lacking funds for a downpayment on a house, many of these residents will rent. Also, a growing number of downsizing households choose the more carefree lifestyle that renting can offer. This is creating significant demand for apartments with convenient access to transit as well as cultural and recreational amenities. As a result, vacancy remains well below the traditional replacement level in most areas of the metro, even though more than 10,000 units were delivered in the last two years. The vigorous pace of construction will continue this year, yet vacancy will remain below 3 percent, driving rents even higher and greenlighting additional apartment projects.

The Midwest's most vibrant rental market is attracting a wide range of investors to the metro. The influx of buyers has created a competitive bidding environment that is pushing valuations higher and leaving acquisition capital waiting to be placed. As a result, investors need to be creative to finalize deals, whether it is offering additional cash or considering properties outside their traditional portfolio parameters. The large inventory of new deliveries will keep institutions, equity funds and REITs active at initial yields that typically begin in the mid-4 percent range. Properties in the trendy neighborhoods of Uptown and the North Loop will be heavily targeted. Throughout the metro, buyers will become more cautious and scrutinize deals more carefully; however, these same investors will also aggressively pursue opportunities that meet their investment objectives.

2016 Market Forecast

NMI Rank 7, no change — Tight vacancy and rising rents keep Minneapolis-St. Paul secure in the top 10 of this Index.

Employment up 1.8% — During 2016, employers will create 35,000 jobs, a 1.8 percent advance. This follows a 2.1 percent expansion last year.

Construction 6,000 units — Deliveries will top 4,000 units for the fourth consecutive year in 2016 as developers complete 6,000 apartments, a 2.2 percent advance in inventory. Last year, 4,800 units were brought into service.

Vacancy up 20 bps — A rise in construction amid a slower pace of employment growth will nudge up vacancy 20 basis points to 2.7 percent this year, far below traditional replacement levels. In 2015, the rate declined 20 basis points.

Rent up 5.2% — Tight vacancy will contribute to the average effective rent jumping 5.2 percent to $1,155 per month in 2016, up from last year's 4.8 percent gain.

Investment — The desire of many residents to live near transit and maintain an active lifestyle should boost interest in assets along major thoroughfares with access to the area's numerous bike and walking paths.

Growth in Talented Workforce Drives Up Demand; Escalating Apartment Values Ignite Competition

Nashville's robust growth in diverse industries will create new rental housing demand, driving up apartment revenue faster than the national rate. The market is home to a large number of universities, providing an ample flow of a highly educated workers. Vanderbilt University Medical Center, the metro's largest employer, has played a major role in supporting a growing healthcare and technological industry. Companies within the tech industry will continue to grow, expanding upon the healthcare IT companies, products and services. Job seekers will also find employment opportunities from suburban employers. In the southeast section of the market, Nissan North America will create 1,000 jobs over the next two years with its $160 million expansion in Smyrna. The proliferation of jobs and household development underpinned the delivery of the largest number of units in the past 15 years in 2015. This year, completions will rise. Though the interim lease-up period will soften operations, vacancy will remain below 4 percent, allowing income from occupied units to raise the market rental revenue 10 percent.

This year, buyers must be aggressive to enter the Nashville market as competitive bidding has raised values by nearly 40 percent over the past 24 months. Transaction velocity will remain strong with cap rates averaging in the mid-5 percent area, down nearly 100 basis points over the past year. Owners who purchased or refinanced seven to eight years ago will consider unlocking the equity accumulated in the property, as buyer interest remains exceptionally high. Investors will continue to target Class C assets near popular residential areas, upgrade these assets and raise rents closer to the market level. As rents rise and job opportunities abound metrowide, some tenants will move into more affordable outlying areas, tightening vacancy in the outer suburbs and raising asset values.

2016 Market Forecast

NMI Rank
21, up 6 places — Above-average employment growth and projected gains in household growth raised Nashville six places in this year's ranking.

Employment
up 2.4% — This year, 22,000 jobs will be created, a 2.4 percent increase, lower than the 3.0 percent bump that occurred during 2015.

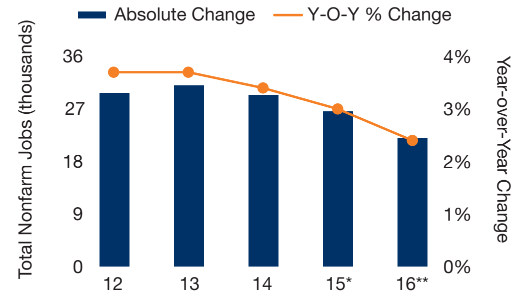
Construction
6,500 units — Rental stock will expand 5.1 percent this year through the completion of 6,500 apartments. Last year 5,100 units were delivered.

Vacancy
up 20 bps — Demand will not grow as fast as supply, resulting in a 20-basis-point uptick in the metro vacancy rate to 3.7 percent. A 100-basis-point drop was logged last year.

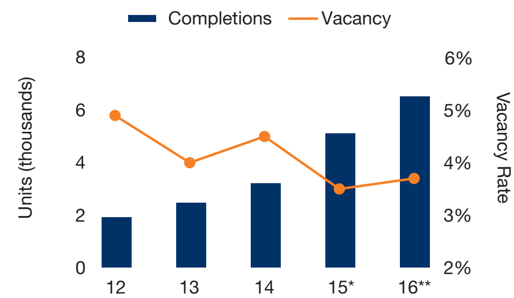
Rent
up 5.2% — Tight vacancy will push up the average rent 5.2 percent to $1,085 per month. Net absorption of 6,140 units last year supported an 8.0 percent rent jump.

Investment — As assets in the Nashville core remain highly sought after, investors searching for higher yields will move northwest to Clarksville and southeast to Murfreesboro to capture cap rates in the high-6 to mid-7 percent range.

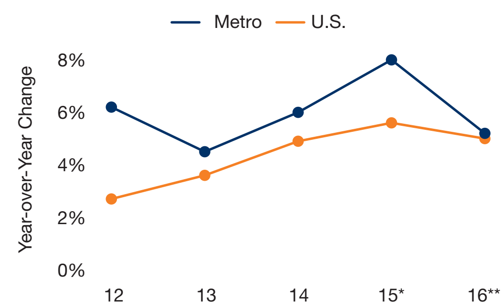
Employment Trends



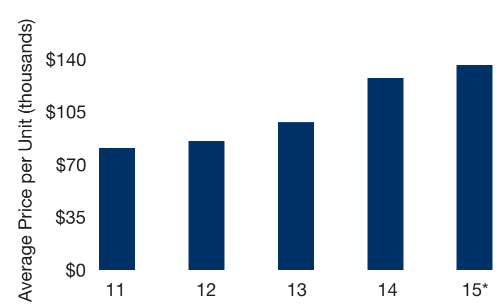
Supply and Demand



Effective Rent Trends



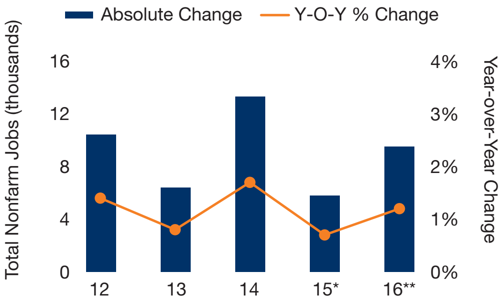
Sales Trends



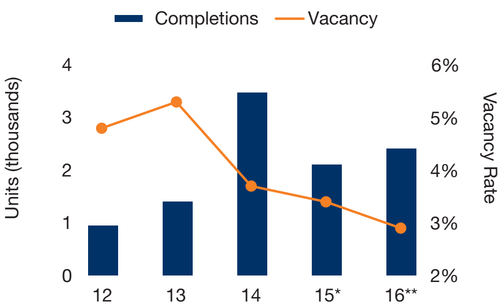
* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Tenants Eye Affordable Fairfield County Rentals; Wall Street Capital Follows Eagerly

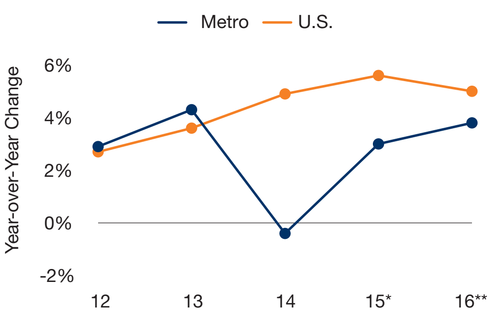
Employment Trends



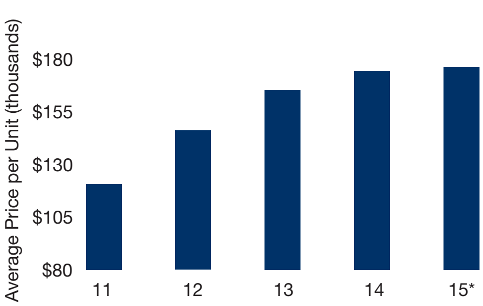
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Building upon growing payrolls in the New York City metro, as well as local employment gains in Fairfield County, apartments are in high demand as newly hired staffers seek housing. Many tenants work in the boroughs yet choose Connecticut rentals due to the massive price differential. Even after accounting for commuting costs, the value proposition remains extremely robust as average rents run about $2,000 less per month than New York City. Despite the acceleration in demand, developers have been reluctant to expand their project list. Construction reached a peak in 2014 when more than 3,400 units came online; however, net absorption nearly doubled deliveries, reducing vacancy 30 basis points in the process. Development activity will pick up in 2016 as builders target Stamford and Norwalk with several projects, yet tenant demand will once again outpace supply increases. As a result, vacancy rates will drift lower as average effective rents move higher.

Amid a search for yield, buyers will migrate capital to Connecticut markets where the average cap rate runs in the high-6 percent range. Encouraged by the slowdown in development and falling vacancy, institutions will increasingly put money to work in Stamford, Bridgeport and New Haven, while private parties focus on smaller offerings along Metro-North transit routes. Exchange-based trades will account for the majority of volume, with capital from New York City and Chicago dominating closed transactions. Availability continually holds back deal flow, particularly as more participants find the assets attractive, creating an imbalance that has pushed pricing into the mid-$140,000s. Premium properties can close well in excess of $200,000 per door, highlighting the ample opportunities available. Strengthening operations will promote a thriving bidding environment, while the recent surge in buyer interest may draw out additional sellers as pricing moves to favor their position.

2016 Market Forecast

NMI Rank 44, down 1 place — Though operations will tighten this year, slow job growth pushed down New Haven-Fairfield County one notch.

Employment up 1.2% — A rising tide of economic activity will underpin the creation of 9,500 jobs this year, raising total employment by 1.2 percent. In the prior year, 5,800 positions were added.

Construction 2,400 units — Builders will continue stepping up their operations this year, supporting the delivery of 2,400 apartments. In the previous 12 months, 2,100 rentals were completed.

Vacancy down 50 bps — Despite an acceleration in development in 2016, robust net absorption will contract vacancy 50 basis points to 2.9 percent. Last year, vacancy slipped 30 basis points.

Rent up 3.8% — Along with improving occupancy, average effective rents will tack on 3.8 percent to $1,715 per month. In the previous year, rents climbed 3.0 percent.

Investment — Additional capital will continue flowing into Connecticut as investors take profits in more expensive primary markets and exchange into higher-yielding assets. Properties located near rail stations will receive strong interest from multiple buyers.

Value-Add Strategies Spread as Building Boom Reaches the Outer Boroughs

New York City is providing investors with exciting opportunities as job creation at Google, Facebook and other large corporate employers continues to add new workers to the metro, fostering demand for rentals. The high cost of apartments, coupled with required incomes for mortgages that are more than double the average salary, promote a vigorous multifamily market with vacancy levels near the lowest ever recorded. Developers have responded, and planned completions this year are up dramatically from 2015 levels. The bulk of the new stock will come to market in Manhattan and Brooklyn, yet larger portions are beginning to reach the outer boroughs as their popularity soars amid rising rents. The Queens market, in particular, will see planned completions more than double this year. With effective rents set to record a fifth straight year of growth, the market will remain one of the brightest in the nation this year.

Amid historic lows in interest rates and abundant commercial credit, investors of all sizes will remain active this year. Institutions, syndicates and foreign buyers favor marquee properties in Manhattan and portions of Brooklyn along the East River, preferring the near-constant appreciation these areas receive. Meanwhile, private parties and smaller institutions will push farther into the suburbs of Brooklyn and Queens in search of more robust initial yields. When available, bidders will be interested in re-tenanting both rentals and ground-floor retail spaces in order to achieve higher NOIs, particularly in offerings along popular shopping districts in Manhattan or transitioning neighborhoods in the outer boroughs. First-year yields rest from the low-4 to the mid-5 percent area, depending on location and asset quality, with suburban locations in Queens and Staten Island occupying the upper end of the range. Trophy buildings in Manhattan can exchange ownership in the low-4 percent area.

2016 Market Forecast

NMI Rank 3, down 1 place — Despite having one of the lowest vacancy rates in the nation, New York City slipped one position in the NMI.

Employment up 1.9% — Following the creation of 70,000 positions in 2015, New York City organizations will add 80,000 staffers this year, a 1.9 percent growth rate led by professional and health services employment.

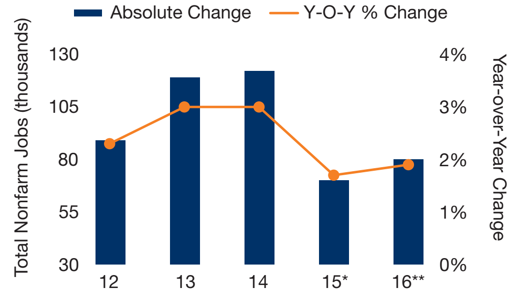
Construction 26,000 units — Builders will complete 26,000 apartments this year, intensifying activity to meet rising demand for rental housing. In the prior year, 15,000 units came to market.

Vacancy up 30 bps — Thriving development will outpace net absorption, pushing vacancy up 30 basis points to 2.8 percent in 2016. Last year, vacancy slipped 40 basis points.

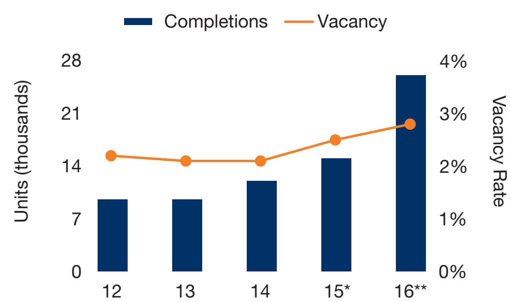
Rent up 2.5% — After climbing 2.9 percent in 2015, effective rents will tack on 2.5 percent this year. Average effective rents will reach $4,080 per month.

Investment — Long-term holders may lighten up their portfolios this year following vigorous appreciation during the current cycle, providing new opportunities for buyers to deploy capital. Repositionings and value-add assets will garner the most interest, particularly among private buyers.

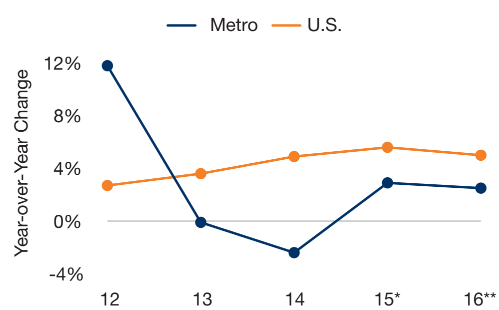
Employment Trends



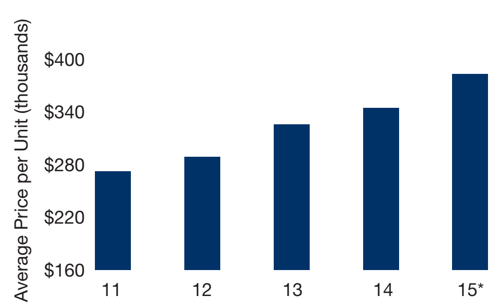
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Tenants and Investors Cross the Hudson In Search of Affordability and Higher Yields

An accelerating New York City economy is spilling over the Hudson, providing more affordable residential choices in Northern New Jersey. As more firms locate into Manhattan in order to expand their footprint, newly hired workers are picking up rentals in less expensive locales such as Jersey City and Newark, where rents can be $2,000 per month below the New York equivalent. Development reached a cycle high in 2015 as builders focused on luxury towers along the waterfronts in Hudson County. The pace of completions will slow this year, mostly a result of the timing of projects rather than a lack of sufficient demand. Activity will remain concentrated along major transportation routes, providing quick commutes for prospective tenants. Overall, flourishing demand will allow a mid-single-digit rise in effective rents this year, more than doubling the pace of inflation.

An expanding economy and relative strength in renter demand will keep buyers active this year, particularly as commercial credit remains widely available. Institutional participants will be active at the top end of the market, preferring the luxury towers in Hudson County along transportation routes, while individual investors will focus their energy on value-add and exchange opportunities. Capital migration from New York City will continue to mount this year as cap rates can be as much as 200 basis points higher in Northern New Jersey, providing investors with greater yields. Repositionings will dominate the bulk of private trades as investors seek additional income and appreciation by rehabbing apartments and ground-floor retail space where available. Overall, cap rates will drift into the mid-5 percent range, with distressed transactions closing in the mid-6 to low-7 percent range, indicating robust market interest at all levels of the asset spectrum. A lapse in development will encourage investors to be more aggressive, fostering a greater level of activity in 2016.

2016 Market Forecast

NMI Rank
13, down 3 places
Northern New Jersey declined three places in the NMI to place outside the top 10. Weak employment growth pushed the market's ranking down.

Employment
up 0.8%
After creating 29,000 new jobs in 2015, improvement will slow to 16,000 positions in 2016, expanding total employment by 0.8 percent.

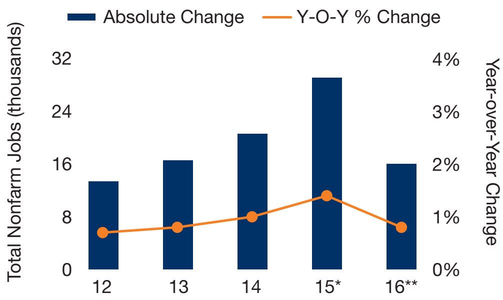
Construction
5,500 units
Intense apartment demand will lead builders to complete 5,500 rentals this year, down from 7,600 units brought to market in the prior year.

Vacancy
down 20 bps
The dip in construction will allow demand to catch up, trimming vacancy 20 basis points to 2.5 percent.

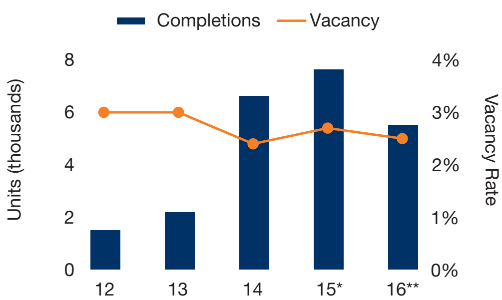
Rent
up 4.2%
Along with tightening vacancy, the average effective rent will climb 4.2 percent to $2,037 per month. In the previous year, average effective rents jumped 3 percent.

Investment
Cap rates are likely to drift lower as more buyers come into the market, outnumbering sellers and raising competition for available listings. Opportunities for excess returns will receive multiple offers above listing price.

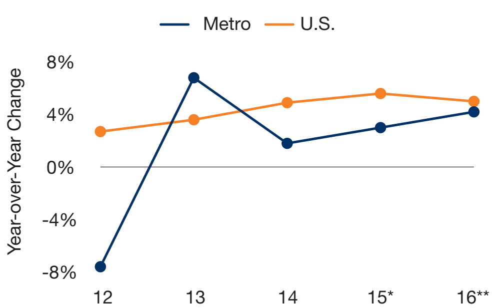
Employment Trends



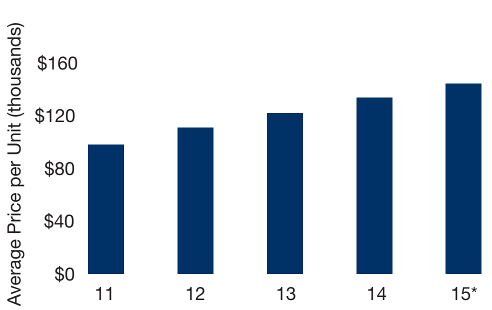
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Expanding Technology Firms Drive Employment Boost, Prompting Development and Rent Hikes

Continued tech growth and the relative affordability of space will keep demand for Oakland apartments elevated. As prices for office space in other parts of the Bay Area continue to soar, expanding companies will look to Oakland as a less-expensive growth option. Ride-sharing giant Uber announced plans to move its corporate headquarters to the East Bay, helping the metro establish itself as a formidable candidate for expansion by other top-tier technology firms. This type of corporate sprawl is spurring employment gains for the high-wage professional and business services sector. Many of these young professionals will seek amenity-laden apartments as high housing prices and the prohibitive cost of a downpayment take homeownership out of reach for most. Amid strong demand, developers will accelerate their pace of construction in 2016, more than doubling last year's deliveries. The metrowide vacancy rate will lift in the interim as the new space takes time to lease up. Despite the uptick, Oakland will remain favored with one of the highest occupancy rates in the country, encouraging another year of outsize rent advancement.

As some investors become priced out of apartment assets in different areas in the Bay, many will look to Oakland as a more-affordable alternative that offers higher yields and considerable upside. Investor equity will continue to flow into the East Bay as tight market conditions and rent increases show no signs of slowing down. This heightened demand far outweighs available listings, forcing buyers to bid aggressively on for-sale assets. The historic-low cost of financing motivates buyers to pay a hefty premium for quality properties, pushing prices past pre-recession levels. Another aspect intensifying demand in the metro stems from offshore money entering the United States. Foreign investors have begun targeting commercial real estate in the Bay Area because of the strength of the national economy and volatility in global financial markets, inciting a flight of capital to more reliable investments.

2016 Market Forecast

NMI Rank
4, no change
Oakland retained the number four spot amid sub-3 percent vacancy.

Employment
up 2.3%
Oakland employers will hire 25,000 workers in 2016, growing the workforce 2.3 percent. This is an acceleration from last year when they created 24,000 jobs.

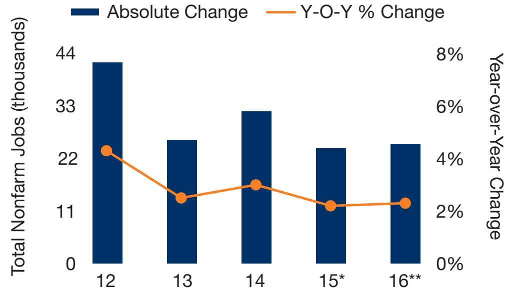
Construction
2,600 units
Builders will expand the stock of apartments 1.3 percent or 2,600 units this year, more than doubling the 1,000 rentals delivered in 2015.

Vacancy
up 30 bps
Amplified construction activity will contribute to a 30-basis-point swell in vacancy, finishing 2016 at 2.8 percent. Last year the rate compressed 20 basis points.

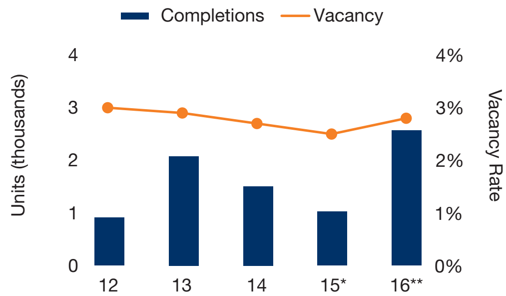
Rent
up 7.4%
Strong market operations will contribute to another significant rent hike. This year the average effective rent will reach $2,175 per month, a 7.4 percent increase. In 2015 the metro recorded rent growth of 11.4 percent.

Investment
Cash-flow-oriented investors will remain fixated on Oakland apartments as cap rates in surrounding parts of the Bay Area constrict further. First-year returns average in the high-4 to low-5 percent range depending on quality.

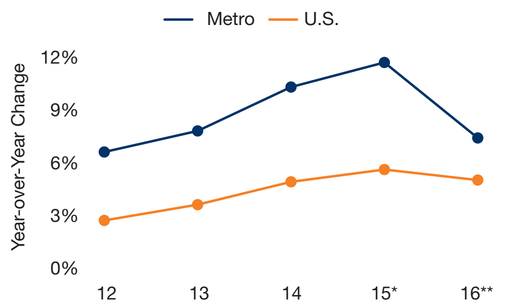
Employment Trends



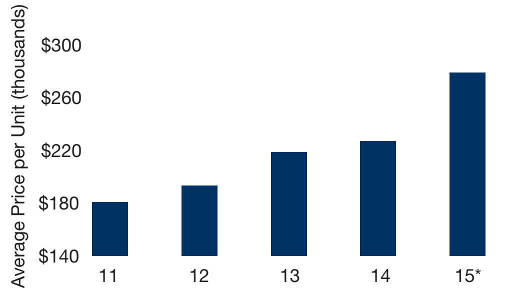
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Apartment Market Tightens Amid Soaring Housing Prices, Spurring Builder Activity

High barriers to homeownership and continued job growth stemming from corporate expansion will keep the Orange County apartment market flourishing through 2016. Demand for multifamily space is supported by a growing renter population made up of young, working-class adults seeking a live-work-play lifestyle. These residents want to live in high-density employment and entertainment hubs where high housing prices and the prohibitive cost of a downpayment make homeownership out of reach for most. Instead, renters gravitate toward luxury units that offer high-end amenities and walkability, sacrificing equity for location. This trend has manifested itself through an accelerating rate of new development, most of which comprise large Class A apartment and condo complexes. Despite an increase in construction activity, the metrowide vacancy rate will compress further in 2016, granting Orange County one of the highest occupancy rates in the nation. This will encourage another year of considerable rent growth, pushing the average effective rate even higher this year.

Investor demand will remain heightened through 2016 with buyers moving aggressively on available assets. Properties listed in line with market valuations will receive multiple offers, with a lack of listed inventory acting as the only impediment to future deal flow. Private buyers favor midtier properties that offer decent yields and value-add potential. This type of investing has the added security of a limited supply as developers focus on new, luxury Class A apartments. Affordable financing is prompting many property owners to list their assets and lock in low interest rates by either moving up into larger properties or reshuffling their portfolios. Off-market activity will heat up as the buying environment becomes increasingly competitive, forcing heavy bidding by market participants. This will push prices to all-time highs this year, which may accelerate transaction velocity as landlords look to take advantage of above-trend valuations.

2016 Market Forecast

NMI Rank 12, up 2 places — Strong growth in rents supported a rise of two places for Orange County in this year's Index.

Employment up 2.6% — Orange County employers will add 40,750 staffers this year, a 2.6 percent expansion. In 2015, the workforce grew 2.8 percent.

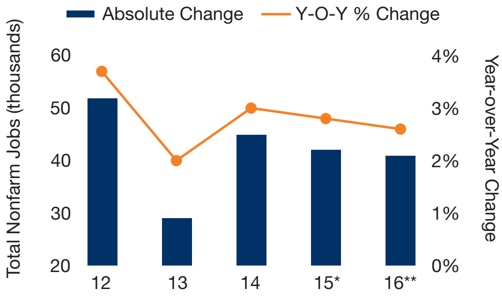
Construction 4,500 units — Developers in the metro will accelerate their pace of activity as demand remains elevated. In 2016, 4,500 new units will be brought to market, growing inventory 1.8 percent. Last year 3,900 apartments were completed.

Vacancy down 20 bps — Following a 10-basis-point drop last year, the metrowide vacancy rate will contract 20 basis points to 2.8 percent in 2016.

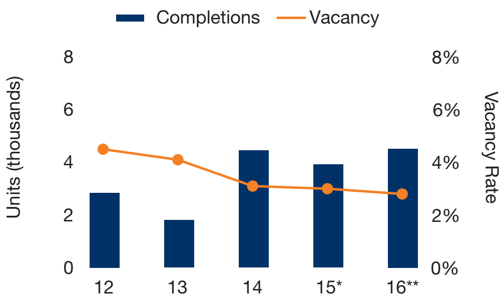
Rent up 4.5% — The average effective rent will climb 4.5 percent to $1,895 per month this year. In 2015, the metro recorded a 5.3 percent rent increase.

Investment — With rent and vacancy rates trending in positive directions, many investors will turn their sights to the reliable Orange County apartment market in 2016. Low interest rates are encouraging trade-ups and refinancing while debt remains cheap.

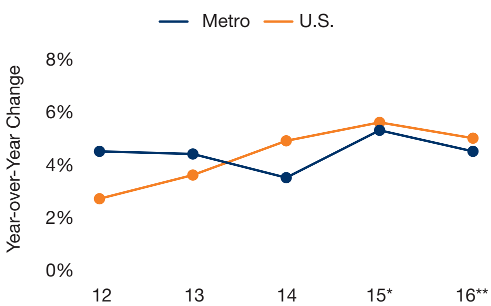
Employment Trends



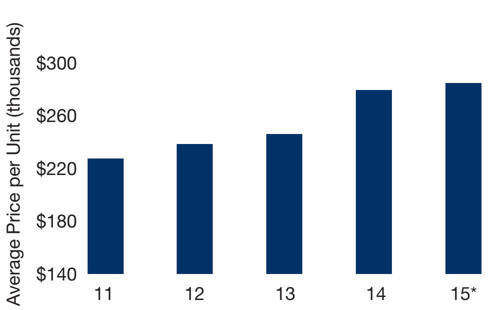
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Vacancy Near Multiyear Low in Orlando, Prompting Wider Search for Value-Add Assets

Completions will slightly exceed tenant move-ins during 2016, pushing up the vacancy rate in Orlando from its lowest reading in 10 years. Several consecutive years of job growth, and additional hiring this year, are pumping new households into the renter pool. The metro's tourism sector continues to perform well and other segments are also adding workers, based on the consistent performance improvements seen in other commercial property types including office and retail. Rental inventory is also expanding, and a sizable number of new units are on tap in Orlando's downtown and the southern portion of the metro. Through last year, new-unit vacancy in the 3 percent range and scant use of concessions illustrated that the new, primarily luxury, rentals were steadily filling. The spread of high-end complexes throughout the market has raised renters' expectations, making many residents willing to pay up for modern features and enhanced curb appeal at new complexes and successfully repositioned older assets.

Elevated flows of debt and equity sustain an active and liquid investment market, while cap rates remain somewhat higher than other metros. For all properties, cap rates vary within the low-6 to low-7 percent band, although genuine Class A assets can transact at first-year returns in the 5 percent range. High demand for large properties with a value-add component persists but is tempered by the recognition that the supply of such properties is dwindling following several years of superior property performance throughout the entire market. Small properties where value-add plans were executed in the past two or three years may reappear on the market in the coming year. Some elements of a value-add plan may not have been executed, leaving a potential upside to be realized by a buyer willing to place additional capital into the property for unit upgrades and exterior renovations.

2016 Market Forecast

NMI Rank 30, up 2 places — Orlando rose over other markets in the ranking amid sub-4 percent vacancy.

Employment up 2.7% — Local establishments will create 32,000 positions during 2016, representing a slight moderation from last year's pace of growth.

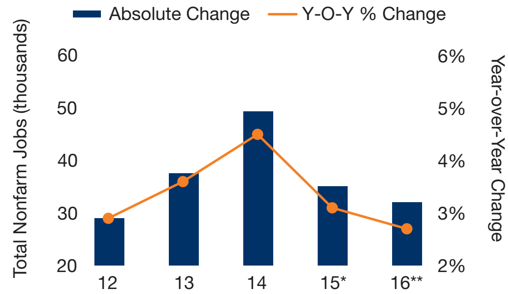
Construction 5,600 units — Completions will increase from 4,800 units in 2015 to 5,600 rentals this year. More than 1,700 apartments are on tap in South Orange County, the location of a large number of leisure and hospitality employers.

Vacancy up 50 bps — Additions to stock will outpace net absorption of 4,300 units, raising vacancy 50 basis points to 3.9 percent. The vacancy rate tumbled 90 basis points last year.

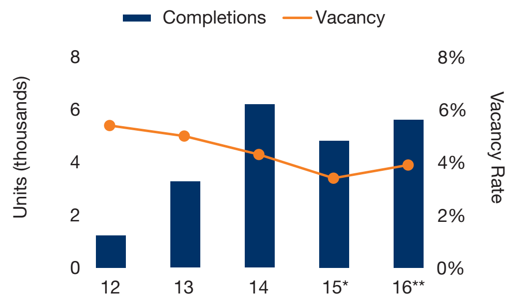
Rent up 5.3% — The average monthly rent will reach $1,100 this year, 5.3 percent more than the year-end level of 2015. A gain of 6.9 percent was posted during 2015.

Investment — Interest in properties in Orlando's downtown and legacy suburbs including Maitland, Winter Park and Lake Maryremains intense. Properties in outlying Lake County communities and outside of the metro in Polk County will command scrutiny, but also higher cap rates.

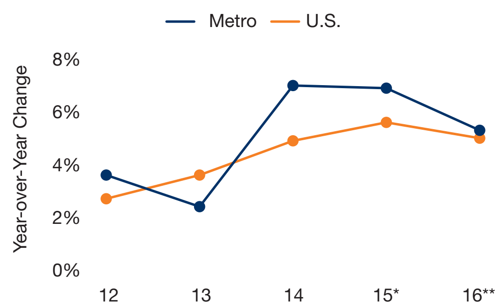
Employment Trends



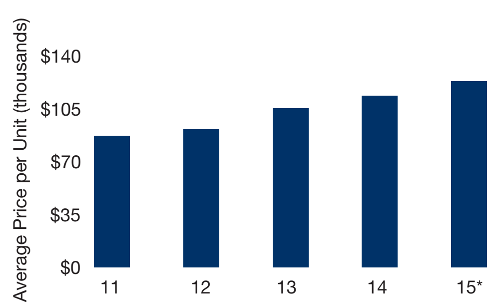
Supply and Demand



Effective Rent Trends



Sales Trends



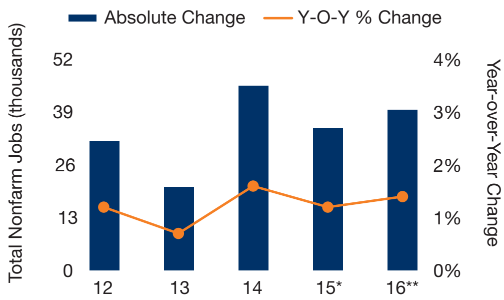
* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Urban Living Attracts Millennials, Triggering Increased Construction; Vacancy Will Rise in the Interim

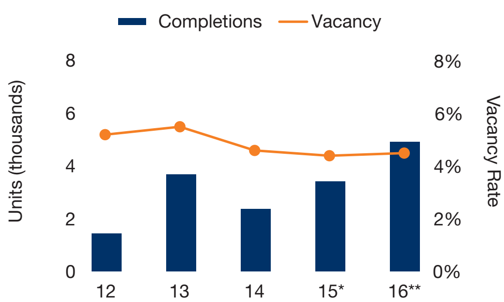
Elevated development efforts throughout the metro will contribute to a slight vacancy increase this year, although demand remains strong. The metro's education and health services employers have historically been the primary driver of the local economy, with Philadelphia housing multiple major universities and hospitals. However, as organizations prepare for the 2016 Democratic National Convention, the construction and leisure and hospitality sectors have led employment gains, helping push the unemployment rate to a post-recession low. Young professionals and graduate students desire the big-city lifestyle offered by rentals in the metro core, spurring intense urbanization just outside this area. Vigorous demand for apartments will place deliveries at the highest level in 15 years. This will prompt a vacancy rise in 2016 as new space takes time to lease up. Despite the sizable addition to stock, rent growth will remain robust this year.

Limited partnerships and interest rates at historic lows have made access to capital increasingly easy. Out-of-state investors, particularly those from New York and Northern New Jersey, will look to deploy their equity into Philadelphia apartments, attracted by higher cap rates and consistently strong operations. The heightened attention from out-of-town buyers and local investors creates an active and competitive bidding environment. Appropriately priced assets will receive multiple offers upon listing. Keen demand has raised prices well beyond pre-recession levels, enticing some property owners to bring their assets to market ahead of their targeted holding period. Amid robust demand and few listings, some investors are repurposing old office buildings and closed schools into apartment assets as a value-add play. This type of infill development strategy will only accelerate through 2016 with available properties downtown remaining tight.

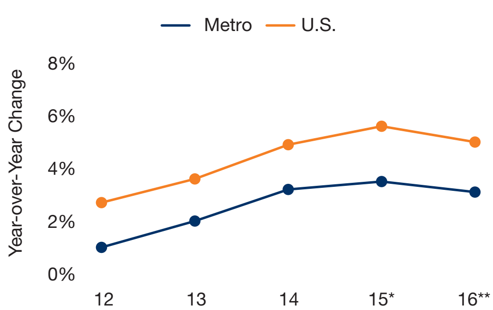
Employment Trends



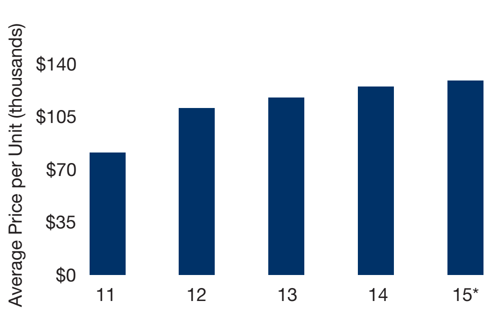
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

2016 Market Forecast

NMI Rank 28, down 4 places — Though new supply remains limited, rising vacancy pushed this market down four slots.

Employment up 1.4% — Philadelphia employers will hire 39,500 additional workers in 2016, expanding staffing 1.4 percent. This is an acceleration from last year when the metro registered job growth of 1.2 percent.

Construction 4,900 units — Following an increase of 3,400 apartments last year, developers will bring 4,900 new units to the market in 2016, expanding total inventory by 1.4 percent.

Vacancy up 10 bps — Heightened construction will contribute to a vacancy increase in 2016. The metrowide vacancy rate will climb to 4.5 percent during the year, a 10-basis-point uptick.

Rent up 3.1% — The average effective rent will reach $1,231 per month this year, a 3.1 percent jump. Last year, the metro recorded a 3.5 percent gain.

Investment — Investors will look to Fishtown, Kensington and West Philadelphia as emerging areas that offer considerable upside. Properties here generally trade in the high-5 to mid-6 percent range, depending on asset quality.

Phoenix Light-Rail Expansion Sparks Apartment Development Along Tracks

Company relocations and expansions are fostering healthy employment gains and strong apartment operations, especially at infill complexes in downtown Phoenix and areas along the light rail. Growth will occur for a sixth consecutive year, bringing new households and demand for rentals to the Valley, especially near workplaces and transportation routes. Recently, the city approved an extension of the light rail to northern Phoenix neighborhoods that has generated higher-density development near the route. An estimated 200 projects are underway along the existing line, along with $8.2 billion in private and public investment. Builders have more than 15,000 units planned close to transit stops. While rail construction and rental demand are drawing development to uptown and downtown Phoenix, builders are also active in the eastern suburbs near educational institutions and tech employers. An elevated number of apartment deliveries will be met by nearly equal demand, inching up vacancy slightly this year. New workers signing leases will boost the average metro rent to the highest level in more than 15 years.

A robust economic climate and a rising cost of homeownership will boost rental operations in the Phoenix metro, drawing buyers to the Valley. Institutional investors will find more potential opportunities in the wide array of luxury units delivered both near light-rail stops and in higher-rent submarkets. Cap rates for such assets can generally range in the 5 percent area or lower, depending on quality and location. Additional luxury properties are also under development in East Valley cities including Chandler and Gilbert, where new and expanding companies attract tenants. Metrowide, interest in Class C assets fostered 35 percent more trades last year; cap rates in this segment averaged in the high-6 percent range. This year, buyers will target value-add properties and land along the rail line with the anticipation of renovations and higher returns.

2016 Market Forecast

NMI Rank 19, down 2 places — Phoenix remained in the top 20 after rising vacancy dropped it by two slots.

Employment up 1.8% — Local employers will add 35,000 positions metrowide this year, expanding staffing by 1.8 percent. This is an acceleration from the 30,000 jobs generated last year.

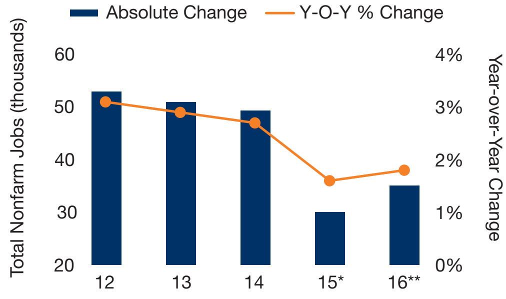
Construction 8,400 units — Builders are on track to deliver the most apartments since 2001 by completing 8,400 units in 2016, increasing inventory by 2.5 percent. Last year developers completed 7,200 rentals.

Vacancy up 10 bps — Metro vacancy will tick up 10 basis points this year to 5.5 percent as an influx of apartments fill empty lots. Tenants signing new leases will absorb 7,600 units in the period. In 2015, vacancy fell 60 basis points.

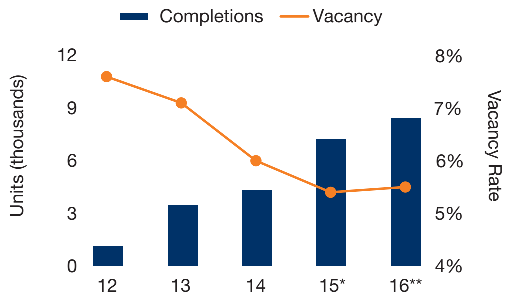
Rent up 5.2% — Last year, the average effective rent strengthened 6.9 percent. Effective rents will remain elevated this year, gaining 5.2 percent to $928 per month on average, limited only by concessions for new apartments.

Investment — Individual investors will target value-add opportunities surrounding Camelback Road that are near employers and accessible to new light-rail routes.

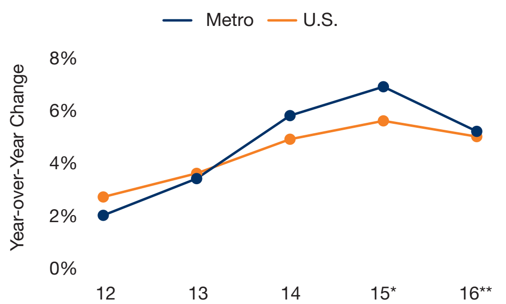
Employment Trends



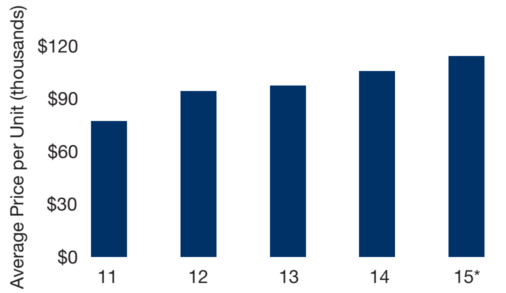
Supply and Demand



Effective Rent Trends

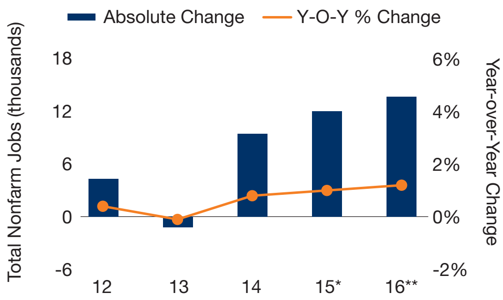


Sales Trends

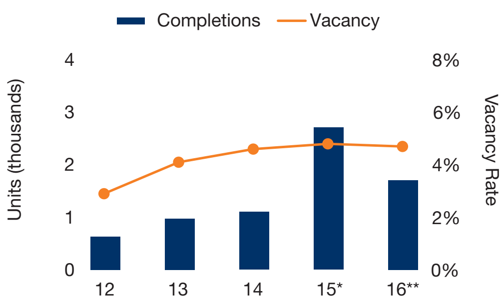


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

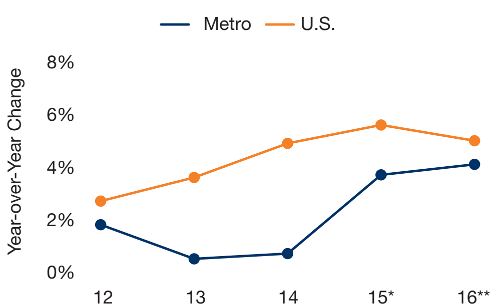
Employment Trends



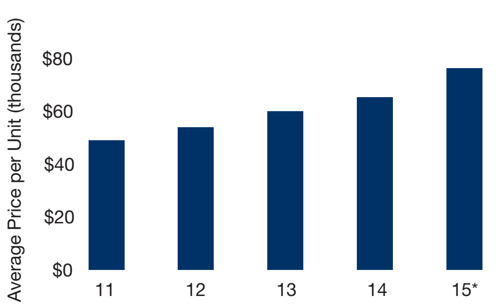
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Pittsburgh's Vacancy and Rent Trends Positive, Despite Elevated Development

An accelerating pace of job growth will drive demand for Pittsburgh apartments, pushing rent higher and maintaining stable vacancy levels in 2016. The metro's employment growth is rising modestly and has seen incremental progress during the recovery. Efforts to diversify the local economy are succeeding with burgeoning technology and healthcare-related organizations supporting broad-based employment gains. Local colleges and universities supply the metro with young professionals who gravitate toward renting after graduation. This cohort along with empty nesters seeking an urban lifestyle will keep apartment demand strong through 2016. Intensified rental demand has resulted in a construction boom as developers remain bullish in the metro. Building activity is a mix of high-class luxury apartments as well as middle-tier housing. Although the pipeline will widen for the next few years, overconstruction is not a concern amid demand that is expected to absorb new supply into 2017. This positive balance of demand to supply will support healthy apartment operations, making Pittsburgh an attractive investment market.

Strong interest from both in-state and out-of-state buyers who generally focus on long-term investment horizons will maintain transaction velocity in 2016. As investors become priced out of premier metros such as New York and Boston, many have turned to the Steel City as a source for higher yield. Historically, property owners have held their assets, limiting for-sale inventory and muting transaction velocity. Recently, however, these out-of-state investors have been willing to pay a premium for local assets, pushing prices to record-setting levels. With cap rates compressing and valuations continuing to rise, deal flow may begin accelerating as sellers move to take advantage of the market activity. Those who list either look to cash out and take money off the table or exchange into larger apartment complexes.

2016 Market Forecast

NMI Rank
43, down 4 places

Despite across-the-board gains, Pittsburgh slipped four spots in the NMI due to below-average rent growth.

Employment
up 1.2%

Pittsburgh employers will expand payrolls 1.2 percent in 2016 through the hiring of 13,600 workers. Last year, metro organizations created 12,000 jobs.

Construction
1,700 units

The pace of development will slow this year as builders complete 1,700 units, a 1.2 percent expansion of stock. In 2015, 2,700 apartments were brought to market.

Vacancy
down 10 bps

Following a 20-basis-point increase last year, the metrowide vacancy rate will compress 10 basis points to 4.7 percent in 2016.

Rent
up 4.1%

Strong tenant demand will contribute to a rent hike of 4.1 percent this year to an average of $1,080 per month. Last year the metro recorded rent growth of 3.7 percent.

Investment

The resilient Pittsburgh apartment market is poised for another solid year with strong demand and high prices encouraging traditionally conservative property owners to list their assets.

Sustained Hiring Cycle Elevates Portland Apartment Performance, Blazes Path for Rental Boom

Portland's dynamic tech scene is drawing employers and jobs to the area, boosting demand for local apartments. Both startups and well-established companies locating to the metro attract talent and households into luxury rentals downtown and in surrounding neighborhoods. Consumer optimism is also fostering the expansion of retailers and associated positions, generating the need for units in other rental segments. Developers have responded with the most deliveries in a decade, which will expand local stock significantly though supply will still be shy of demand. Metrowide, the greater need for housing has pushed vacancy into the mid-2 percent range, well below traditional levels. This year, accelerated construction will be focused in the city center and sites to the east. Tenant demand in these locations has also raised monthly rents to some of the highest in the metro. Density restrictions in the core spur builders to seek apartment development farther along transportation routes where demand remains robust, in turn supporting rent advances.

Strong operations will continue to lure investors to Portland apartments, lifting the number of trades to the highest level in eight years, driven primarily by the exchange of Class C properties. This has advanced prices far above prior peak levels, while underpinning cap rate compression across the spectrum. On average, properties metrowide can trade in the high-5 to low-6 percent area. The amplified number of lower-tier assets compressed cap rates by 50 to 100 basis points during the past year in this class. These properties can provide new owners with initial yields that are 30 basis points above the metrowide average for all asset classes. Meanwhile, developers were willing to divest recent Class A completions while the cost of debt remains historically low. This will foster greater trading opportunities in this segment amid this year's accelerating apartment construction.

2016 Market Forecast

NMI Rank 8, up 4 places — Increased employment and low vacancy pushed Portland's ranking up four positions.

Employment up 2.7% — Portland employers will add 30,000 jobs in 2016, expanding local employment 2.7 percent. This is slightly below the 34,000 positions created a year earlier.

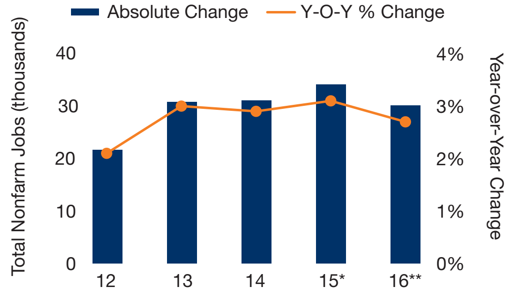
Construction 4,500 units — Despite a shift in job growth this year, demand for apartments will exceed current supply, leading developers to respond with 4,500 new units, a 2.1 percent boost to inventory. This is a climb from the 4,100 rentals in 2015.

Vacancy down 20 bps — Last year, vacancy ticked up a slight 10 basis points when a large number of units were completed in the fourth quarter. Metro vacancy will fall 20 basis points in 2016 to 2.5 percent, as demand remains intense.

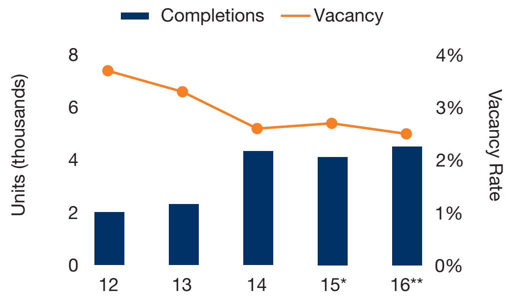
Rent up 7.3% — After a 7.1 percent ascent in 2015 that pushed average rent above $1,000 per month, effective rent will surge 7.3 percent this year to $1,180 per month.

Investment — Density restrictions in the central part of the city are encouraging developers to move farther out. As construction abounds in the eastern portion of the metro, many investors will shift their focus from the core.

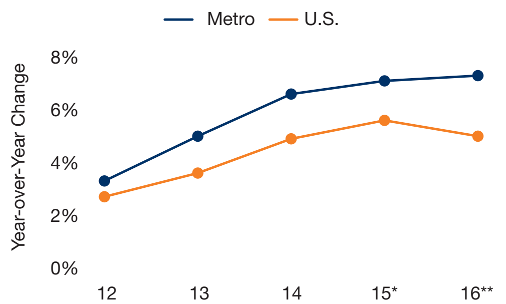
Employment Trends



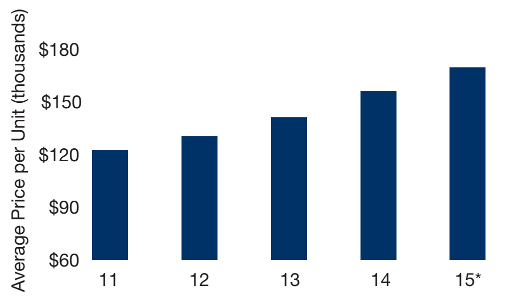
Supply and Demand



Effective Rent Trends



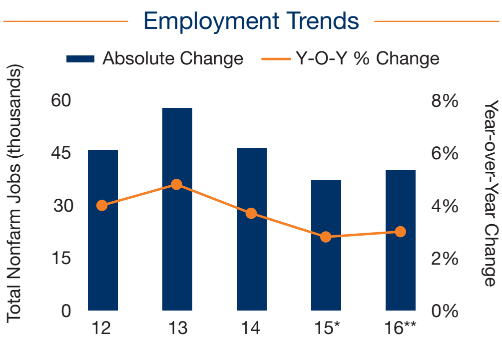
Sales Trends

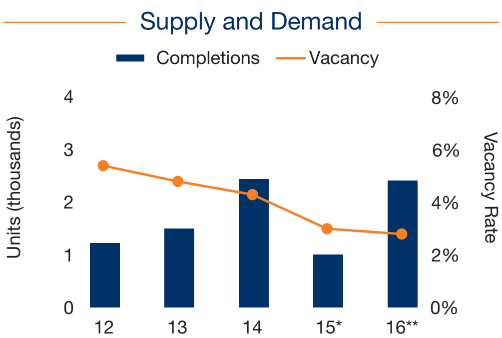


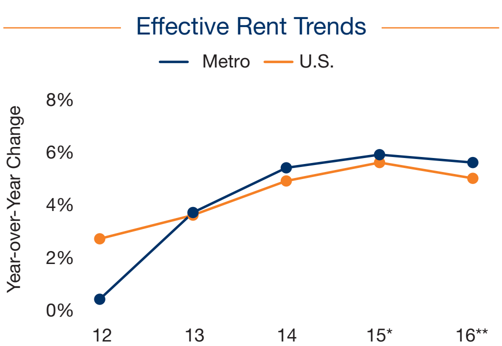
* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

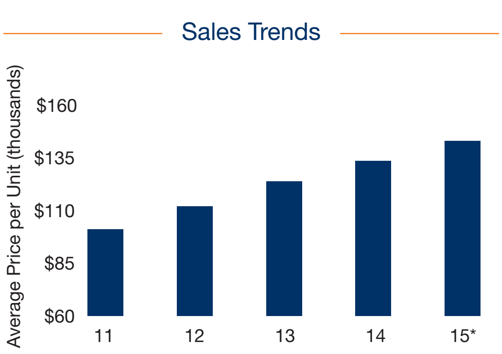
Marcus & Millichap

Diverse and Plentiful Jobs Hoist Apartment Demand and Rents in Inland Empire









* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

A varied group of Inland Empire employers are hiring new workers, supporting growth in the local population base and intensifying demand for apartments. While industrial jobs remain elevated, other employment sectors are also rising, providing opportunities for the more than 55,000 expected additional residents this year. This will translate into more than 30,000 new households. While the overall employment level resides above the prior peak, the composition of the metro workforce has diversified. Retail, education and health, hospitality and professional fields lead the expansion. Though housing demand is growing amid these advances, the rapid increase in home prices has reduced housing affordability over the past three years. These dynamics combined with many residents' desire to live close to work and entertainment in the southwestern portion of the metro and in established areas to the east have intensified apartment demand. Developers are providing a moderate amount of new inventory, but construction has not accelerated to the levels of the last growth cycle.

The sound performance trends have led investors to seek Inland Empire assets, targeting higher returns than are available in other large California metros. Buyers vary their focus across the quality spectrum. Those seeking stability will target well-located assets with yields ranging in the low- to mid-5 percent span. Other buyers will target complexes in San Bernardino at the opposite end of the spectrum, where cap rates can average 100 basis points higher. The market also appeals to owners who are more hands on and willing to obtain value-add properties in anticipation of renovating units to boost yields. Overall, investors targeting the B/C category are scouring the metro for the best possible initial yields. In 2016, a healthy job market and steady demographics will continue to raise buyers' risk tolerance and increase competition for available apartments.

2016 Market Forecast

NMI Rank 16, up 4 places	Strong job growth and vacancy below 3 percent pushed this market up four slots.
Employment up 3.0%	Employers will create 40,000 positions in 2016, adding 3.0 percent to the local workforce, slightly exceeding last year's 37,000 new hires.
Construction 2,400 units	Builders will ramp up apartment construction by completing 2,400 units this year, augmenting local inventory by 1.3 percent, more than the 1,000 deliveries in 2015.
Vacancy down 20 bps	Tenant demand will exceed the numerous completions in 2016, pushing vacancy 20 basis points lower to 2.8 percent. This follows a 130-basis-point plummet last year.
Rent up 5.6%	The metro's effective rent will grow 5.6 percent this year to $1,305 per month on average, slowing slightly from the 5.9 percent surge in 2015 as operators expand concessions to lease up vacant rentals.
Investment	In addition to being a commuter city to Los Angeles and Orange County, local jobs in the Inland Empire are keeping residents in town and generating the need for well-located apartments. This year, higher cap rates than those in larger California metros will draw investors.

Household Growth Tightens Operations In California's Highest-Yield Metro, Attracting Investors

This year, vacancy will fall to its lowest rate in more than a decade as steady employment gains boost housing demand in the Sacramento metro. For the past four years, employers in the market created an average of 24,000 jobs annually, a trend projected to continue in 2016. The new employment fosters population growth, translating into 12,000 new households annually and the need for apartments. This past year's gain included 8,000 more 20- to 34-year-olds, and many desire an urban lifestyle and relatively affordable housing relative to the Bay Area. In response to overall rental needs, developers will deliver the most apartments since 2008, yet supply will remain well below demand. Apartment construction will be targeted in the core and areas just south, where density will be maximized in complexes with up to 270 units. An escalating need for rentals will maintain low vacancy metrowide, advancing rents.

Strengthening revenues and elevated yields in this California market draw investors, especially from the Bay Area. On average, Sacramento's 6.2 percent first-year apartment yield is 100 basis points higher than Oakland's and up to 200 basis points higher than San Francisco and San Jose. Buyers' objectives will remain bifurcated within the market, particularly between institutional and private investors, though bidding from both will lift values across the board. Recently constructed projects will draw more institutional competition pursuing Class A opportunities. Many will target assets near educational institutions and other local economic hubs where cap rates can range in the 5 to 6 percent area. Private investors will find marketed yields 100 to 200 basis points higher as owners eager to profit on the metro's high values bring older complexes to market. Some buyers will scour the central business district for Class B/C assets while others will bid on units in neighboring areas where vacancy continues to drop, such as Arden-Arcade and Citrus Heights.

2016 Market Forecast

NMI Rank 26, up 7 places — Sacramento's vacancy rate drop to the second-lowest level in the nation lifted this market seven positions.

Employment up 2.7% — New hires will increase local employment by 2.7 percent this year, as 24,500 additional residents join payrolls. In 2015, 22,000 jobs were created.

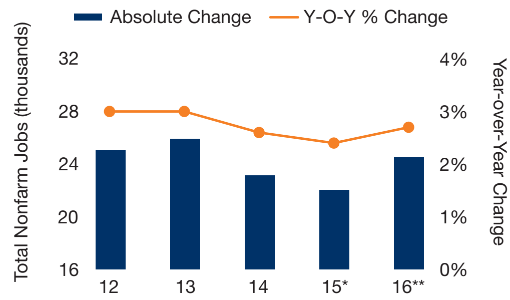
Construction 1,100 units — Contractors will complete 1,100 apartments throughout this year, with particularly dense construction south of the core. Overall deliveries will raise inventory by 0.8 percent. This follows the completion of 880 units last year.

Vacancy down 30 bps — Accelerating construction will be surpassed by new demand, pushing vacancy down 30 basis points to 2.3 percent during the year. In 2015, vacancy fell 40 basis points.

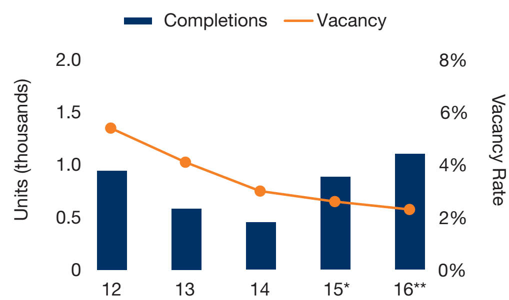
Rent up 6.2% — Last year, effective rent swelled 9.6 percent on average, the largest increase in the recovery. In 2016, demand will spur rent growth of 6.2 percent to $1,200 per month.

Investment — The institutional investor market will remain moderate in the first half of the year but will heat up in the second half as most of the projects under construction are brought to market.

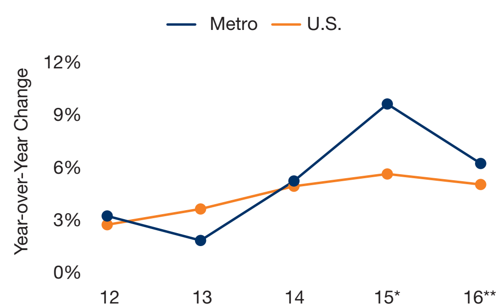
Employment Trends



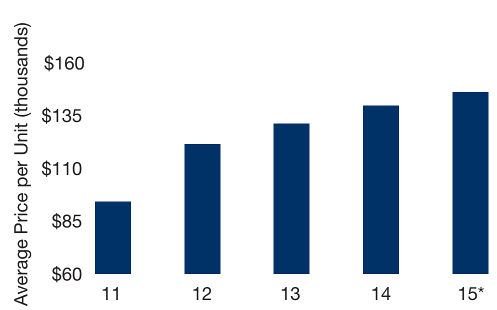
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Tech Growth Bolsters Wasatch Front Household Formation; Rental Demand Outstrips Supply

Steady performance gains supported rising apartment demand as continuing tech expansion enticed young professionals to the metro, boosting household growth. Top-tier Silicon Valley companies such as Adobe, Electronic Arts and Twitter continue to expand in the metro, helping establish Salt Lake City as a formidable tech hub. Business and technology firms recruit talent out of Utah Valley, University of Utah and Brigham Young University, supplying the metro with highly skilled, young professionals who often seek rental options. This, coupled with the propensity for Wasatch Front residents to form households earlier in life, will drive demand for apartments. Developers have taken notice and widened the construction pipeline, marking three consecutive years of completions well above the 15-year average. Although development has been remarkable in recent years, overdevelopment has not emerged as a problem yet because demand for new apartments is expected to far exceed the new supply. The strong demand will contribute to constricting vacancies across the metro this year, taking performance gains into their fourth year. Many complexes will cautiously limit rent hikes in exchange for higher occupancy.

Transaction velocity will remain healthy in 2016 as Salt Lake City establishes itself as a stable and consistent market for cash-flow-oriented investors. A majority of buyers come from out of state, most notably large real-estate investment firms from California. These funds are drawn to the metro by higher first-year returns than those found in their home markets. Equipped with cheap debt, buyers will bid aggressively on available assets, pushing prices to new highs. Many property owners hope to take advantage of these high valuations by listing their properties ahead of their planned investment schedule. As prices continue to rise, owners who otherwise might hold will be encouraged to bring their assets to market, further intensifying sales activity.

2016 Market Forecast

NMI Rank 23, down 2 places — A third year of elevated completions pulled Salt Lake City down two positions in the NMI.

Employment up 3.3% — Salt Lake City employers will hire 38,100 workers in 2016, growing the workforce 3.3 percent year over year. Last year, the local economy expanded by 42,000 jobs.

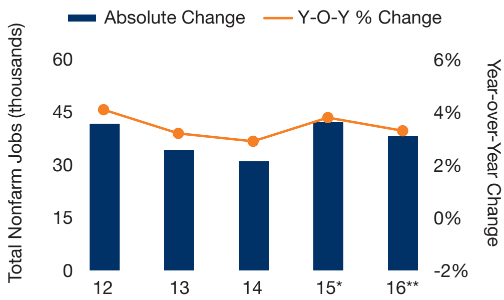
Construction 3,900 units — Builders in the Wasatch Front will expand the stock of apartments 3.3 percent this year through the completion of 3,900 apartments. In 2015 developers delivered 4,100 units.

Vacancy down 20 bps — The average vacancy rate will compress 20 basis points to 3.6 percent in 2016 on 4,000 units of net absorption. A 10-basis-point drop was registered last year.

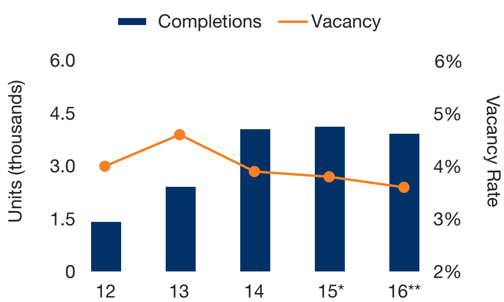
Rent up 2.2% — The pace of rent growth will slow in 2016, posting a 2.2 percent increase year over year to $930 per month. In 2015, demand supported a 4.8 percent rent hike.

Investment — Investors will target Salt Lake City apartments as elevated population growth and high first-year returns make assets along the Wasatch Front a consistent source of yield. Emerging areas that offer considerable upside include Orem and selects neighborhoods west of the I-15.

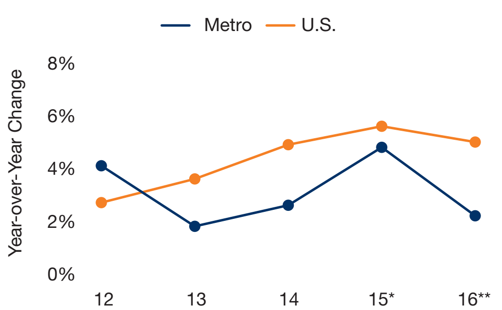
Employment Trends



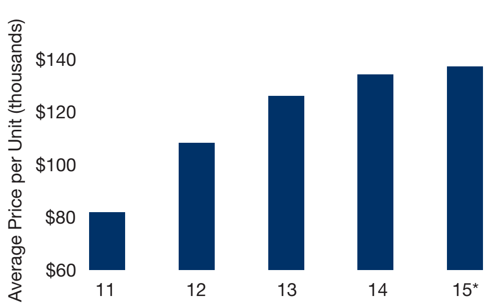
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Diversifying Economy Lifts San Antonio Apartment Demand; Private Investors to Dominate Sales

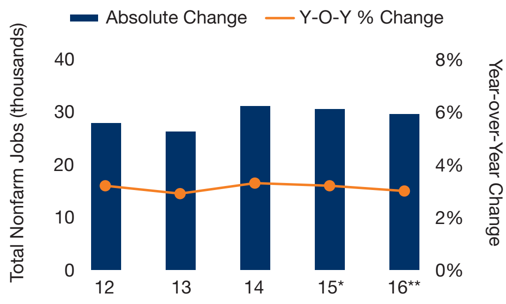
Further diversification in San Antonio's employment base will drive demand for apartments this year. Strong, steady growth across nearly every sector has pushed total jobs well above the pre-recession peak, and the metro has seen little impact from the weakening of the oil and gas industry. Instead, the market is realizing a boost in technology hiring, stirring demand for the thousands of Class A apartments coming online in the northern portion of the metro. In addition, job creation in the area's professional and business services sector, financial activities industry and medical community is attracting young professionals to the market, buoying demand for rentals. While this bodes well for high-quality apartments, job gains in several blue-collar industries are creating additional need for Class B/C housing and vacancy will tighten in this segment throughout the year. This widespread demand will continue to put downward pressure on overall vacancy this year, and despite another year of elevated deliveries, the rate will fall below 5 percent for the first time this millennium.

A bright economic outlook and healthy demographic trends will draw investors to the metro this year, heightening demand for area apartment assets. Institutions and REITs will remain active in 2016, scooping up newly built assets trading at cap rates in the mid-5 percent area; however, private buyers will continue to dominate sales activity, with many seeking value-add prospects. Those in search of upside will find new opportunities in the southern portion of the metro where older units are suitable for repositioning as apartment development ramps up in the area. Management improvements will be enough to register upside at some properties, while others will require capital infusions to upgrade units so owners can push rents. Little new inventory has come online in this portion of the metro in recent years, leaving room for operators to realize significant growth potential.

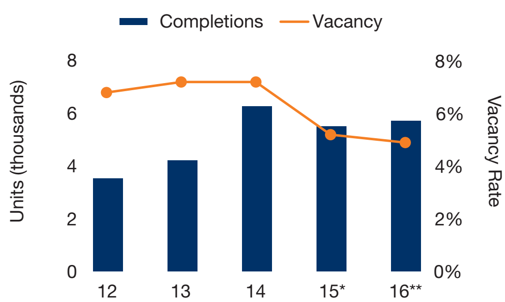
2016 Market Forecast

NMI Rank 31, down 3 places	San Antonio remained in the middle tier of the Index despite a drop of three positions.
Employment up 3.0%	After creating 30,500 positions last year, San Antonio employers will generate 29,500 jobs in 2016, an advance of 3 percent year over year.
Construction 5,700 units	Developers will expand apartment stock 3.2 percent with the completion of 5,700 units this year, a slight increase from 2015 when 5,500 rentals were added to inventory.
Vacancy down 30 bps	Building on last year's 200-basis-point decline, vacancy will dip 30 basis points annually to 4.9 percent by year-end 2016.
Rent up 4.2%	Strong demand for rentals will contribute to a 4.2 percent climb in effective rent during 2016, as the average reaches $945 per month. Last year, the average effective rent rose 5.8 percent.
Investment	Initial yields in the metro average in the low- to mid-7 percent range, and rising interest rates this year should have little effect on cap rate compression.

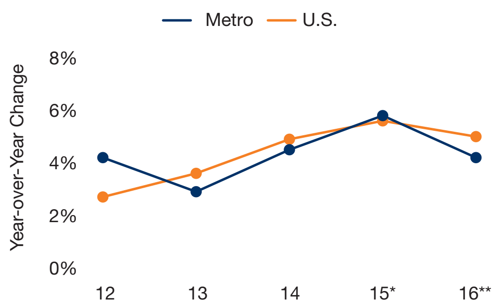
Employment Trends



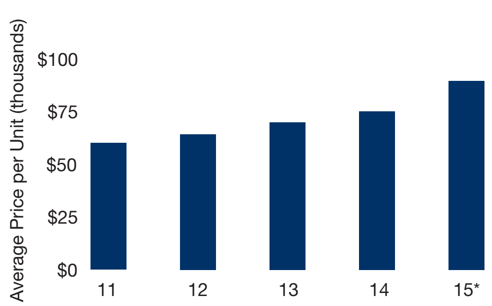
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

San Diego Rents to Grow Rapidly as High Cost Of Homeownership Keeps Rental Options Tight

Apartment operations will advance in San Diego this year, and despite some softening in select areas, rental rates will continue to rise. Overall, conditions will remain tight as strong job creation in some of the metro's highest-paying industries, such as professional, technical and scientific industries as well as the local healthcare community, attract young professionals to the area. High home prices will keep many of these new residents in rental housing as income requirements and downpayment obligations put homeownership out of reach. While housing affordability keeps demand for apartments high, builders will continue to target the market for new projects. Though deliveries will fall from last year, completions will remain sufficiently elevated to cause short-term tempering. Despite the modest uptick, vacancies will remain in the low-3 percent range, supporting steady rent increases.

Investor interest in San Diego is rising as stable economic growth and appreciation over the past few years lure buyers to the market. Competition for assets is fierce, and sellers often receive multiple bids on properties available for sale. As a result, cap-rate compression continues with initial yields averaging in the high-4 percent area. Older assets in neighborhoods to the northeast of downtown are prime for repositioning, and private buyers in search of upside potential will target these properties for higher returns. In addition, assets along the Mid-Coast Trolley expansion will receive heightened investor interest. Construction on the new line will begin this year, with completion scheduled for 2020. The population along this corridor is expected to increase by nearly 20 percent in the first 10 years, and investors with long-term hold strategies will benefit. Institutions and REITs will remain active in the market this year, targeting newly constructed assets selling for first-year returns in the low- to mid-3 percent area.

2016 Market Forecast

NMI Rank 5, up 1 place — Though new supply will temporarily outpace demand, San Diego's low vacancy pushed it up one spot in the Index.

Employment up 2.7% — After expanding payrolls 2.8 percent in 2015, employers will grow headcounts 2.7 percent annually with the addition of 37,500 workers this year.

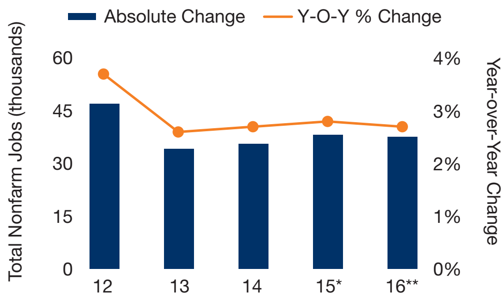
Construction 2,300 units — Completions will fall for the second consecutive year as builders deliver 2,300 units in 2016. Last year, developers brought 3,500 rentals online.

Vacancy up 20 bps — Vacancy will tick up slightly to 3.3 percent this year, an increase of 20 basis points year over year. In 2015, vacancy declined 20 basis points.

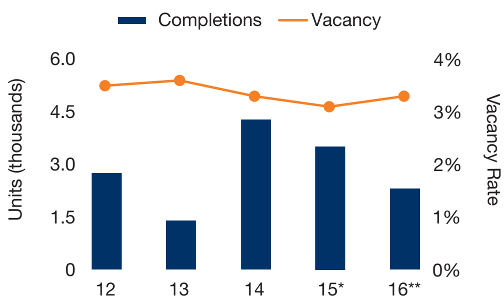
Rent up 4.6% — Despite a slight rise in vacancy, average effective rents will advance, albeit at a slower pace this year. The rent will increase 4.6 percent annually to $1,750 per month by year end. Last year, the average rent surged 8.2 percent.

Investment — Investors choosing to divest are also chasing opportunities in the market instead of seeking higher yields in other metros, or switching to a different property type, contributing to heightened demand for area assets.

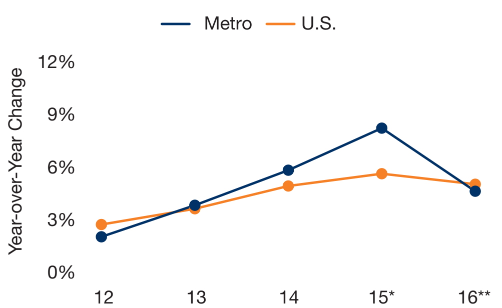
Employment Trends



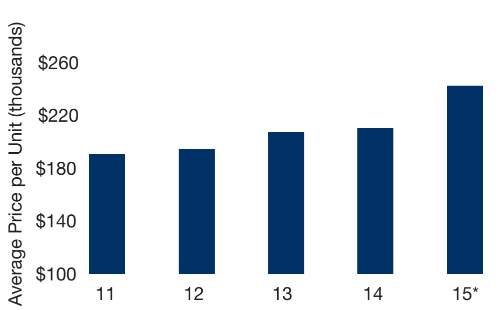
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Vacancies Remain Tight Despite Construction Surge; Robust Local Economy Draws Talent

Uptrends in technology, social media, education and biotechnology have led the San Francisco economy to register job growth that more than doubled the national average last year, fostering one of the most vibrant apartment markets in the country. The blistering pace of economic expansion has attracted an influx of new residents to the metro, which is highlighting the shortage of available rental housing in a market where affordability has been gradually diminishing for years. Builders have responded, with completions set to nearly double this year, and urban core locations account for the bulk of construction. Despite the pick-up in development, net absorption should restrain vacancies as renters scoop up the new units with vigor. Rents have soared throughout the current cycle, leading politicians to push for rent controls and affordable-housing legislation, particularly in the popular Mission District. While these could introduce new challenges over the coming year, it will do little to inhibit rent gains as supply and demand remain greatly out of balance.

Despite increasing political theater amid rent legislation debate and ballot initiatives, investors are not alarmed due to the extreme imbalances in the market, with vacancy sitting near historic lows and robust job creation supporting their investment thesis. Throughout 2015, cap rates continued to decrease into the low-3 percent range, indicating overwhelming demand from buyers seeking a foothold in the lucrative market. While further yield contraction will be hard pressed this year, continued strength in credit spreads amid a low interest rate environment will encourage participants to deploy capital. Continued interest from foreign capital and non-local investors will support demand in the coming year, particularly for premier assets in the urban core. Local investors will use their knowledge of the market to consider repositioning properties near corporate campuses and transportation routes.

2016 Market Forecast

NMI Rank
1, no change
San Francisco retained the top spot in the NMI this year as tech-related job growth accelerated.

Employment
up 4.3%
Significant improvement in the professional and business services and trade sectors will help payroll additions reach 46,400 this year, up 4.3 percent. In the prior year, 45,000 jobs were created.

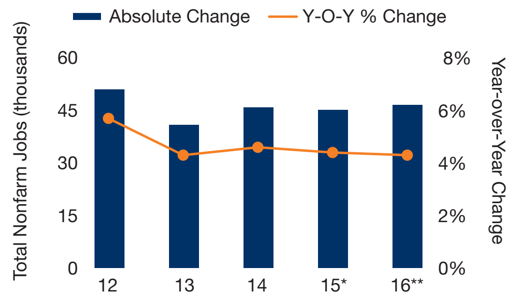
Construction
6,000 units
Flourishing household formation will lead builders to complete nearly 6,000 apartments this year, doubling last year's level.

Vacancy
up 10 bps
Despite a surge in construction, thriving property operations and a housing shortage will limit the rise in vacancy to just 10 basis points, ending the year at 3.1 percent.

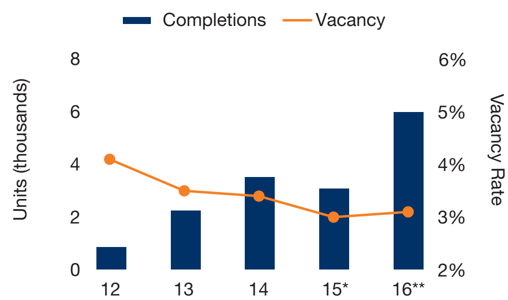
Rent
up 6.3%
Greater balance in supply and demand will push effective rents up 6.3 percent to average $3,230 per month this year. In the previous 12 months, effective rents jumped more than 8.5 percent.

Investment
Multifamily investors will continue to outnumber sellers, creating an intense bidding environment with compressing cap rates and higher prices per square foot.

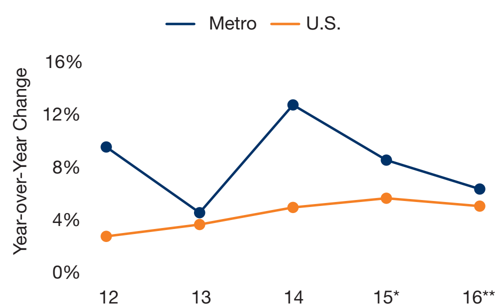
Employment Trends



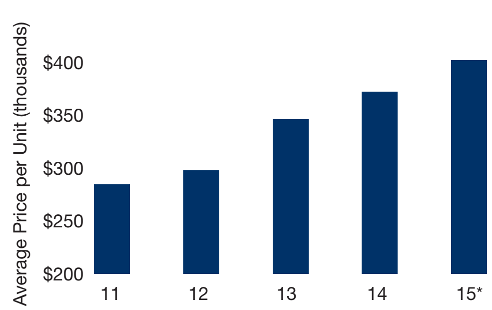
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Marcus & Millichap

Tech Worker Influx Highlights Housing Shortage; Buyers Position Aggressively Around Big Tech

The heart of San Jose is booming as Apple, Google and a myriad of other technology firms expand their presence in the metro, establishing new offices and paying top dollar to white-collar professionals. The newly hired workers have a penchant for renting apartments offering a wide range of amenities, encouraging a robust construction environment powered by secular economic growth that transcends the national averages by a vast margin. Planned completions will far exceed 2015 levels, although the additions will do little beyond easing the housing shortage over the short term. The bulk of new offerings will target North and Central San Jose, with the rest situated near corporate campuses to the west of the core. While the legal environment has intensified over the past year as hearings on rent control and affordable housing have picked up, it has had little effect on the pace of effective rent increases, which are set to rise at a strong pace.

The structural lack of housing, combined with record-low interest rates, has motivated investors to look past tightening yields toward the future prospects for the metro, which are among the brightest in the nation. Exchange buyers and private parties have been the most active, using local knowledge to locate opportunities for improving NOIs through repositioning. Assets in San Jose will account for the largest concentration of activity, but falling yields will lead buyers to suburban properties where cap rates can reach 75 basis points above the metro average in the mid-4 percent range. Unique locations, such as near a major corporate headquarters, will receive multiple cash offers and trade as much as 100 basis points below the market. Viewed holistically, the metro will continue to command top dollars from both institutional and private investors, providing opportunities for above-average total returns.

2016 Market Forecast

NMI Rank
2, up 1 place
Strong job growth in the high-paying technology sector pulled up San Jose one spot in the NMI.

Employment
up 4.5%
Surging growth in the professional and business services and education and healthcare sectors will lead to the creation of 48,000 jobs this year, a 4.5 percent expansion. In the prior four quarters, 47,000 positions were added.

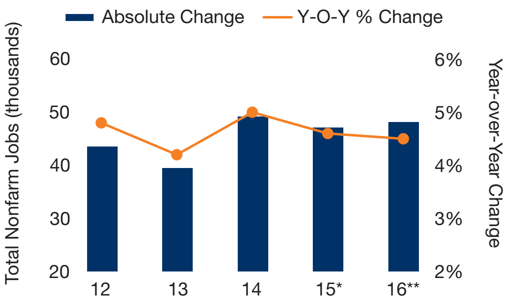
Construction
5,800 units
In an effort to meet housing needs, builders will more than double completions this year to 5,800 rentals. Last year, developers finished 2,700 apartments.

Vacancy
up 30 bps
The pace of completions will overwhelm demand this year, pushing vacancy up 30 basis points to 2.9 percent. In 2015, vacancy fell 90 basis points.

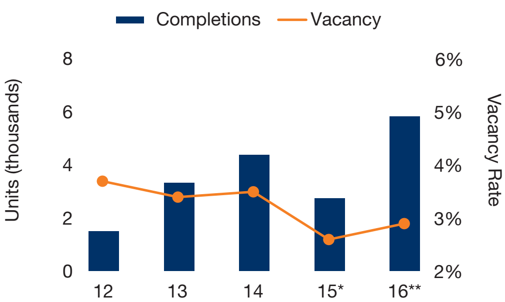
Rent
up 8.1%
After tacking on 9.9 percent in 2015, average effective rents will jump 8.1 percent to $2,725 per month amid a shortage of available rentals.

Investment
Repositionings and trophy assets will dominate trading this year as price appreciation brings more sellers to market, while key legal cases and ballot initiatives will determine market strength as the year progresses.

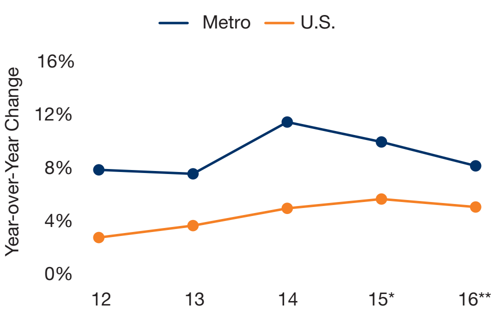
Employment Trends



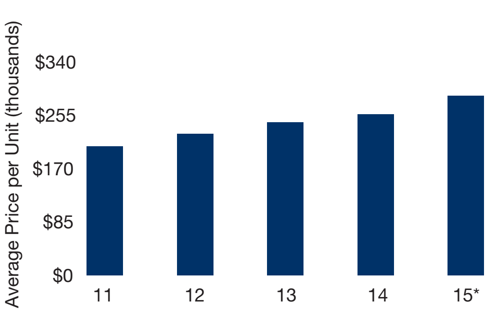
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Tech Boom Fuels Apartment Demand; Construction Climbs to New Peak in Seattle-Tacoma

Seattle-Tacoma's thriving job market coupled with home prices that have risen beyond the reach of many residents are producing a robust rental market. Despite the completion of more than 35,000 apartments in the last four years, vacancy remains below the traditional replacement level in most areas as developers struggle to keep pace with the amplified demand. Prices for single-family homes have soared well above income growth keeping many in the renter pool longer and creating competition for available rentals. This, combined with the delivery of thousands of luxury high-rise units in the most expensive submarkets, is pushing rents upward and exacerbating the need for affordable-housing options. Last year, Seattle passed legislation that requires 5 to 8 percent of multifamily units built in the city to be affordable or that the developer pay into an affordable-housing fund. It also establishes a fee on all commercial development in areas upzoned to allow increased building height. While the affordability issue could take considerable time to be resolved, construction will reach a new peak this year.

The metro's thriving economy, buoyed by the flourishing tech sector, will continue to attract a wide range of capital. The surge in deliveries is providing investment opportunities at the top end of the market, keeping REITs and institutional buyers active. They will typically seek to capture marquee assets at cap rates in the mid- to high-4 percent range. The heightened interest in new buildings may encourage some developers to stabilize projects quickly by offering concessions, which could flatten rent growth in select areas. Class B/C properties that provide upside potential will draw significant investor attention. As valuations reach all-time highs, buyers will move farther outward from the core to locate assets priced to meet value-add investment objectives. Yield-driven buyers can find cap rates above 5 percent in Pierce and Snohomish counties.

2016 Market Forecast

NMI Rank 9, up 2 places — Strong employment growth and tight operations lifted Seattle-Tacoma two slots in this Index.

Employment up 3.0% — Payrolls will expand by 57,750 workers in 2016, a 3.0 percent gain. This trails last year's employment growth of 3.5 percent.

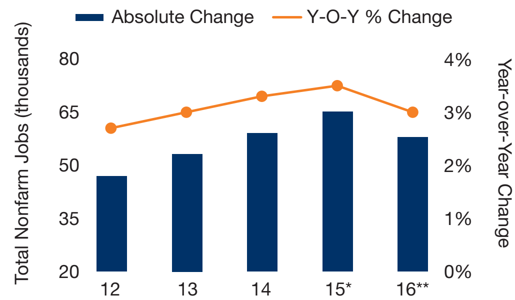
Construction 12,100 units — Following the delivery of 12,000 rentals last year, 12,100 apartments will be brought into service in 2016, a 3.1 percent increase in supply. This is the third consecutive year that completions have topped 10,000 units.

Vacancy up 10 bps — During 2016 the vacancy rate will rise 10 basis points to 3.4 percent, after a 60-basis-point decline was posted last year.

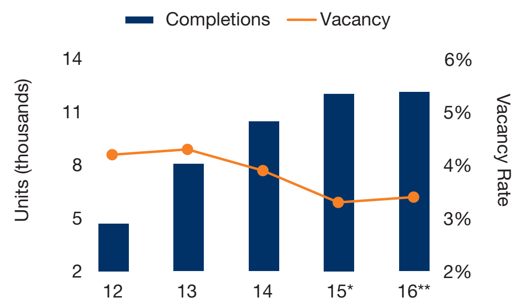
Rent up 7.3% — Intense tenant demand and new apartments coming online will contribute to rents climbing 7.3 percent this year to $1,475 per month, down from the 10.6 percent hike posted in 2015.

Investment — The proliferation of large-scale mixed-use projects in Seattle will provide buying opportunities as developers sell properties to fund future endeavors.

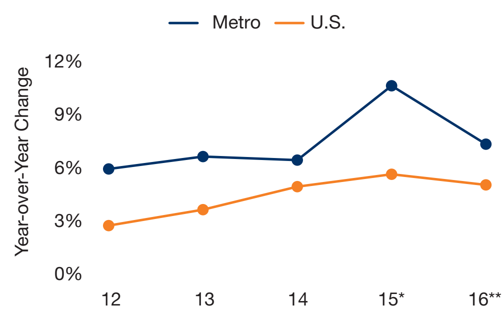
Employment Trends



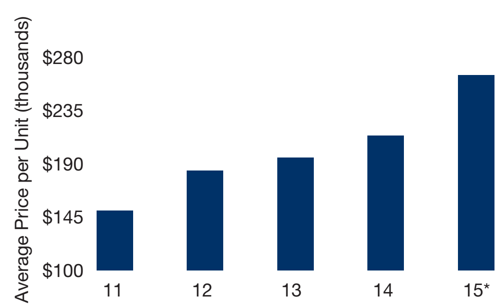
Supply and Demand



Effective Rent Trends

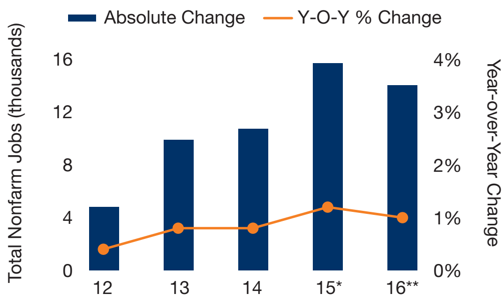


Sales Trends

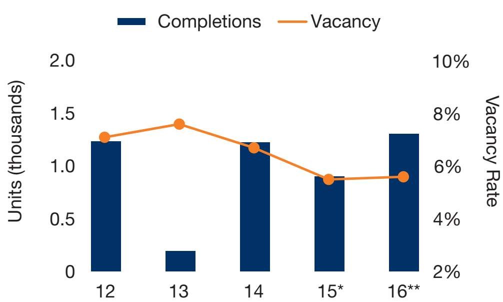


* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

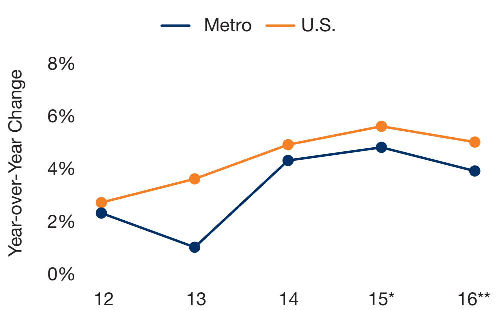
Employment Trends



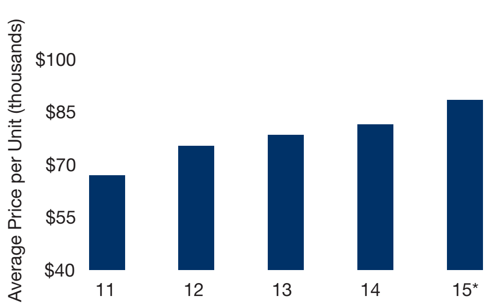
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Developers Shift Focus to Downtown, Boosting Redevelopment Efforts in St. Louis

St. Louis' economy will maintain its steady pace of growth, supporting modest gains in apartment operations. Job additions coupled with natural population growth will result in the formation of nearly 10,600 households during 2016, which will further increase the need for rentals. Amenities near the city core are attracting residents back into St. Louis, especially millennials who desire an urban lifestyle. This spring, the 2.2-mile Loop Trolley will begin service connecting the Loop entertainment district with Forest Park, which should stimulate housing demand along the line, enticing developers. Marketwide, apartment deliveries will reach the highest level in five years during 2016, with many infill developments and the repurposing of buildings that have convenient access to jobs downtown. The rise in inventory will nudge up vacancy from a 15-year low but still support consistent rent growth. A potential headwind for larger improvement in the rental market could come from the single-family housing market, which still offers competitive pricing.

Buyer demand will remain above the supply of available listings in St. Louis this year, as readily available financing and the potential for higher yields draw a wide range of investors. Assets with more than 150 units, particularly in St. Charles, Central County and South County, will have broad appeal when priced appropriately at cap rates that start in the mid-5 percent area. The surge of renovations within the city of St. Louis is drawing investors to Class B/C assets at initial yields that generally start in the mid-7 percent range. Properties in the Central West End area are especially desired. Assets where finishes and appliances can be readily upgraded and rents can be reset to market rate will be in high demand. Owners in redeveloping areas need to keep abreast of changes nearby and may want to list ahead of increased competition.

2016 Market Forecast

NMI Rank
46, down 1 place
A combination of slow household growth and high vacancy placed St. Louis at the bottom of the ranking.

Employment
up 1.0%
Metro employers will add 14,000 jobs in 2016, a 1.0 percent rise. This is down slightly from last year's payroll expansion of 15,700 new workers. The metro has yet to recover all of the positions lost during the recession.

Construction
1,300 units
The pace of construction is picking up. After the delivery of 900 apartments in 2015, developers will complete 1,300 rentals this year, a 0.9 percent increase in inventory.

Vacancy
up 10 bps
The expansion in rental stock will raise vacancy this year. During 2016, the metrowide vacancy rate will inch up 10 basis points to 5.6 percent, following a 120-basis-point drop last year.

Rent
up 3.9%
Effective rents will rise 3.9 percent to a metro average of $880 per month this year. In 2015, a 4.8 percent surge was registered.

Investment
Demand for apartments along the Loop Trolley route will provide opportunities that attract developers and investors into the city center.

Rents to Rise Despite Vacancy Bump, Maintaining Liquid Tampa Bay Market

Vacancies will remain particularly tight in Tampa Bay this year as developers scurry to keep pace with an accelerating rate of household formation. The project pipeline remains full and permitting trends signal a continuation of the current building cycle beyond 2016. While the possibility of oversupplying luxury rentals persists, the strong performance of new properties through last year suggests developers have accurately identified locations where robust upper-end demand exists and is growing. Completions this year will feature 1,800 rentals in the Westshore and Tampa CBD submarkets, where five consecutive years of employment growth are increasing the daytime population and enlarging the pool of prospective renters. Apartment rents in the area continue to grow at slightly above the vigorous pace recorded throughout the entire metro. An additional climb in marketwide rents this year will greatly mitigate any potential erosion of NOIs related to supply-induced increases in vacancy.

Improvements in property performance will continue to maintain the flow of capital in the investment market and place upward pressure on prices. Through last year, the average price had doubled since the recession ended. The opportunity to capture somewhat higher yields than available in other markets will elicit more scrutiny from large capital sources, but smaller regional and local investors are also active. Assets purchased two or three years ago that have had physical upgrades and sustained cash flows will command interest, especially if additional upside exists through re-tenanting. Elsewhere, properties in suburban submarkets, including Brandon and Wesley Chapel, where job growth is generating new rental housing demand, offer potentially higher yields. Cap rates in the metro span a wide range, from the low-5 percent band for high-quality assets in the center of the metro to 7 percent for functioning Class C complexes in lower-density areas.

2016 Market Forecast

NMI Rank
27, down 5 places

Strong construction and rising vacancy pushed the market down five positions in the Index.

Employment
up 2.6%

Healthy expansions in medical fields and leisure and hospitality will set the pace in 2016 and contribute significantly to a gain of 32,600 positions during the year. Employers made 30,200 new hires in 2015.

Construction
4,500 units

The pipeline in Tampa Bay remains quite full. This year, 4,500 rentals will come online, up from 3,600 apartments in 2015.

Vacancy
up 30 bps

A sizable increase in jobs will spark the creation of new households, but completions will outpace new demand in 2016 to push up vacancy 30 basis points to 3.8 percent.

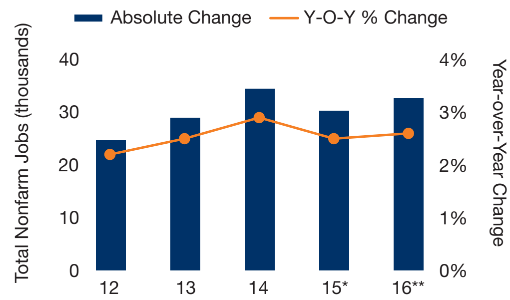
Rent
up 5.4%

Following a hefty 8.1 percent jump last year, the average rent will rise 5.4 percent during 2016 to $1,075 per month. Tight vacancy will minimize concession use.

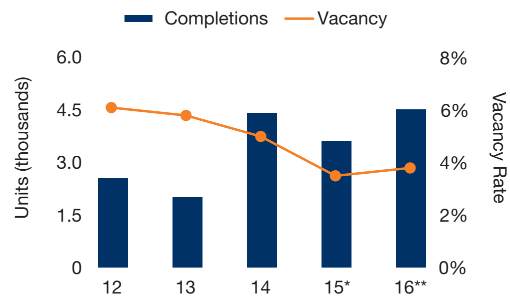
Investment

In addition to searching the Tampa Bay suburbs to secure higher yields, investors seeking to hold assets for an extended period may increasingly consider top properties outside of the metro in nearby Manatee, Polk and Sarasota counties.

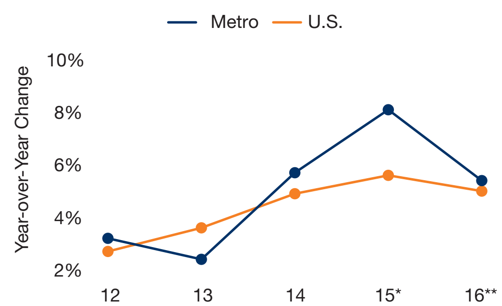
Employment Trends



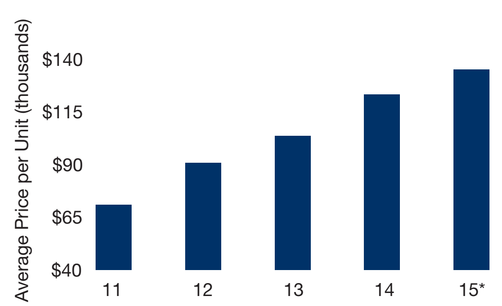
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

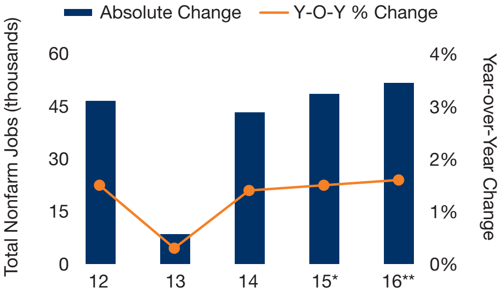
Marcus & Millichap

Budget Deal and Elections Raise Prospects for District Assets; Building Slowdown Boosts Investor Spirits

The rising tide of economic expansion is spilling over into the multifamily sector of the nation's capital as millennials and empty nesters seek out a more more urban lifestyle. Metro residents, who command one of the highest median incomes in the country, are seeking out luxury rentals inside the District, as well as in suburban Maryland and Virginia. Developers have been happy to respond, pushing completions to a cycle high of more than 18,800 units in 2014. The pace of construction has since slowed, supporting tighter vacancies and steady rent gains, particularly in the urban core and along major transportation routes. The passing of a bipartisan budget resolution and a presidential election year will bring out a more robust level of federal spending this year, ensuring abundant employment opportunities and further strengthening apartment operations. As a result, a low-single-digit ascension in effective rental rates will be achieved, the 14th consecutive annual advancement.

Motivated by the slowing pace of development and heightened occupancy, investors have been using historically low interest rates to scoop up properties. Institutional and syndicate buyers favor assets inside the Beltway, placing a large premium on proximity to corporate and government offices. These properties also have above average rents, providing incentive for additional capital outlays to achieve higher NOIs. Local private buyers are moving farther from the metro core, seeking greater returns through higher cap rates or re-tenanting of apartments and retail spaces. Initial yields in these areas can be as much as 100 basis points above the urban core, highlighting the search for yield among investors. While average cap rates sank into the mid-5 percent range over the past year, spreads remain sufficiently wide to support continued improvement as buyers still outnumber sellers by a wide margin, fostering a flourishing bidding environment.

Employment Trends



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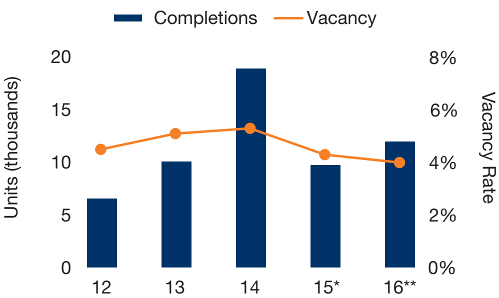

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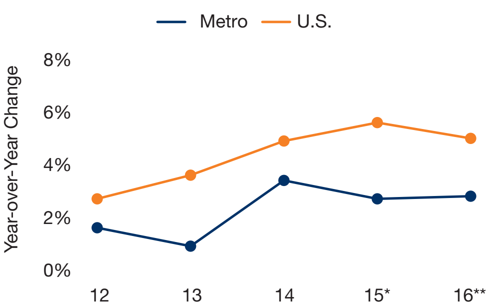
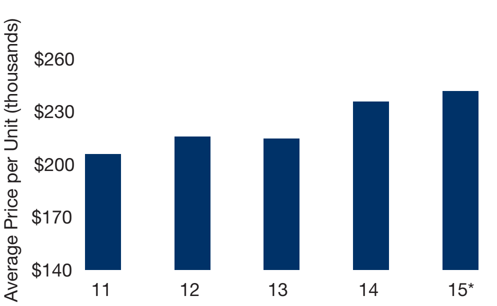


Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

2016 Market Forecast

NMI Rank
32, down 2 places
Slow employment and household growth pushed this market down two positions in the NMI.

Employment
up 1.6%
Growing payrolls in a number of sectors will support the creation of 51,500 positions this year, a 1.6 percent advance. In the prior year, 48,500 workers were hired.

Construction
11,900 units
Builders will complete 11,900 apartments this year, up modestly from 2015, when more than 9,700 units were brought to market.

Vacancy
down 30 bps
Robust net absorption will top 13,100 rentals this year, pushing vacancy down 30 basis points to 4 percent. In the previous year, vacancy fell 100 basis points as net absorption outpaced new supply by 5,000 units.

Rent
up 2.8%
Following a 2.7 percent increase in average effective rents in 2015, improvement will continue as rents advance 2.8 percent to average $1,670 per month.

Investment
An intensifying push toward suburban stock with value-add opportunities for greater total returns will dominate the investment landscape as pricing continues to shift to favor sellers. Trophy assets inside the District will receive multiple bids as institutions seek to deploy capital.

Vacancy to Fall in Palm Beach County; Capital Flows in Search of Higher Yields Continue

The Palm Beach County apartment sector enters 2016 holding strong prospects of attaining lower vacancy and higher rents for the sixth consecutive year. A steady pace of hiring maintains a sizable pool of prospective renters, and a consistent flow of new residents into the county provides a growing source of new demand for property owners to target. Job creation in fields that serve the older segments of the population, including healthcare, retail and wealth management, also represent a driving force generating demand for affordably priced rentals. While the county's multiple demand channels remain vibrant, developers are managing an active pipeline of rental projects. Boynton Beach, Delray Beach and Palm Beach Gardens are among the communities slated to take delivery of new rental stock this year. This year's production will finally lift apartment inventory above the peak level registered before removals for condo conversion took place before the economic downturn.

Low inflation and the consistent withdrawal of leasing incentives continue to yield real gains in rents, enabling property owners to realize higher NOIs that draw a large contingent of investors to the county. Transaction and dollar volume are rising as many owners, including longtime holders, leverage opportunities to monetize recent gains in property values and attain price and return objectives. Small private capital dominates the $1 million to $5 million price tranche, while large well-capitalized investors also may occasionally venture into the county to secure Class A complexes. Many of these properties are available at higher yields than those that can be captured in other metros and could serve to diversify South Florida portfolios through exposure to the county's different set of demand drivers. Cap rates in deals involving large institutional-grade assets sit in the low-5 percent range, while investors active in the lower price segments generally see first-year returns start at approximately 6 percent.

2016 Market Forecast

NMI Rank
35, up 3 places
The second-strongest household growth in the nation and falling vacancy lifted West Palm Beach's ranking three places in the Index.

Employment
up 2.6%
Fueled by growth in healthcare, 15,100 jobs will be created in 2016 to surpass last year's total of 13,500 positions.

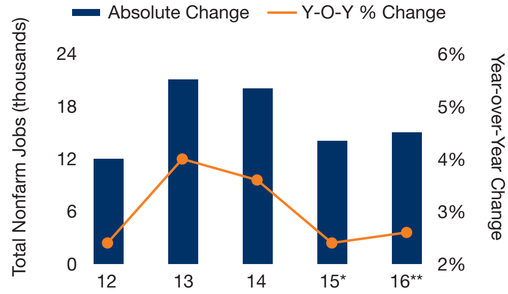
Construction
2,100 units
Deliveries will ease to 2,100 units in 2016; the total includes more than 1,100 new apartments in Boca Raton. During 2015, 2,400 rentals were added to stock.

Vacancy
down 20 bps
The arrival of additional empty nesters and household formations by the newly employed will push down the vacancy rate 20 basis points this year to 4.1 percent. Net absorption of 2,700 units trimmed 40 basis points from the vacancy rate in 2015.

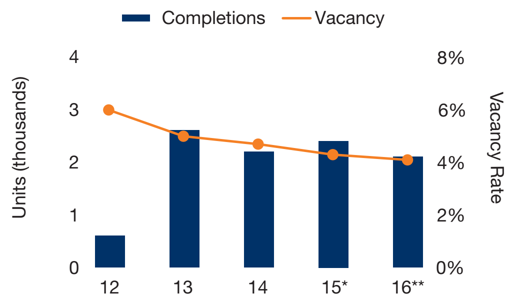
Rent
up 5.1%
In 2016, the average rent will increase 5.1 percent to $1,476 per month, representing the fourth consecutive annual gain of more than 5 percent.

Investment
Rising NOIs will sustain multifamily development. Land sales will likely increase in the months ahead, with infill locations in primary areas including West Palm Beach and Boca Raton targeted.

Employment Trends



Supply and Demand



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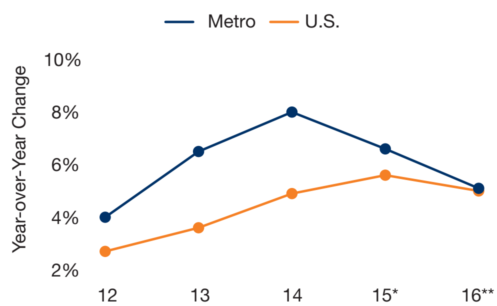
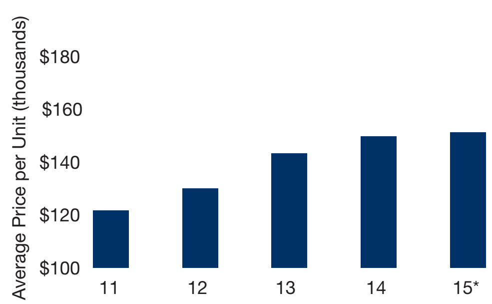


Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

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National Multifamily Index Note: Employment and apartment data forecasts for 2016 are based on the most up-to-date information available as of November 2015 and are subject to change.

Statistical Summary Note: Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of November 2015. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein.

Sources: Marcus & Millichap Research Services, American Council of Life Insurers, Blue Chip Economic Indicators, Bureau of Economic Analysis, Commercial Mortgage Alert, CoStar Group, Inc., Economy.com, Experian, Fannie Mae, Federal Reserve, Freddie Mac, Mortgage Bankers Association, MPF Research, National Association of Realtors, Real Capital Analytics, RealFacts, Standard & Poor's, The Conference Board, Trepp, TWR/Dodge Pipeline, U.S. Bureau of Labor Statistics, U.S. Census Bureau, U.S. Securities and Exchange Commission, U.S. Treasury Department.

Research Services

Marcus & Millichap's Research Services group utilizes a two-tiered approach of combining local market research with national economic and real estate analysis to develop premier research services for real estate investors. Marcus & Millichap's research capabilities are customized by property type to service the unique needs of owners and investors in various property sectors. Market reports are produced on a regular basis in addition to specific submarket and area analyses to support clients' investment decisions.

Fact-Based Investment Strategies

Multifamily Demand Analysis

- Extensive demographic analyses are performed, including studies of population, age, employment, education, income and traffic volume. Housing affordability, household formation and housing value trends are tracked and analyzed for their impact on renter demand. Customized maps and reports are produced for submarket and property comparisons.
- Comprehensive economic analyses and forecasts are produced based on data provided by respected private, academic and government sources. Indicators such as job formation, growth by industry, major employers and income trends are monitored constantly.

Multifamily Property Analysis

- Marcus & Millichap Research Services routinely updates and analyzes rents, vacancies, sales and construction activity locally and nationally.

Customized Research and Consulting Services

- In addition to multifamily publications and reports, we provide customized market studies, property and portfolio analysis, and development feasibility studies. These services are designed to help clients formulate strategies ranging from acquisitions and dispositions to maximizing returns during the hold period.

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