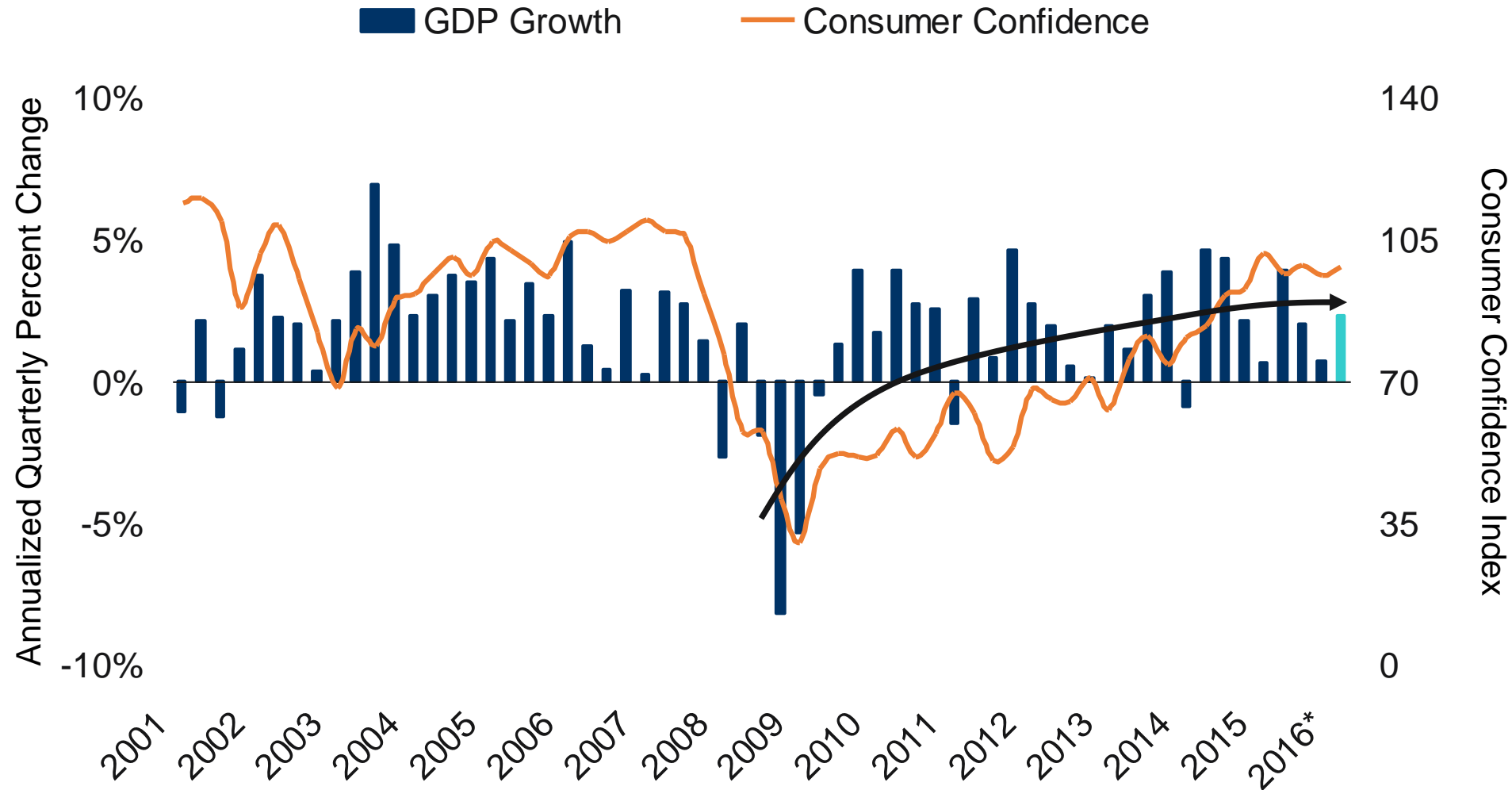




U.S. Apartment Investment Forecast

U.S. Economic Outlook Positive Headwinds Forming

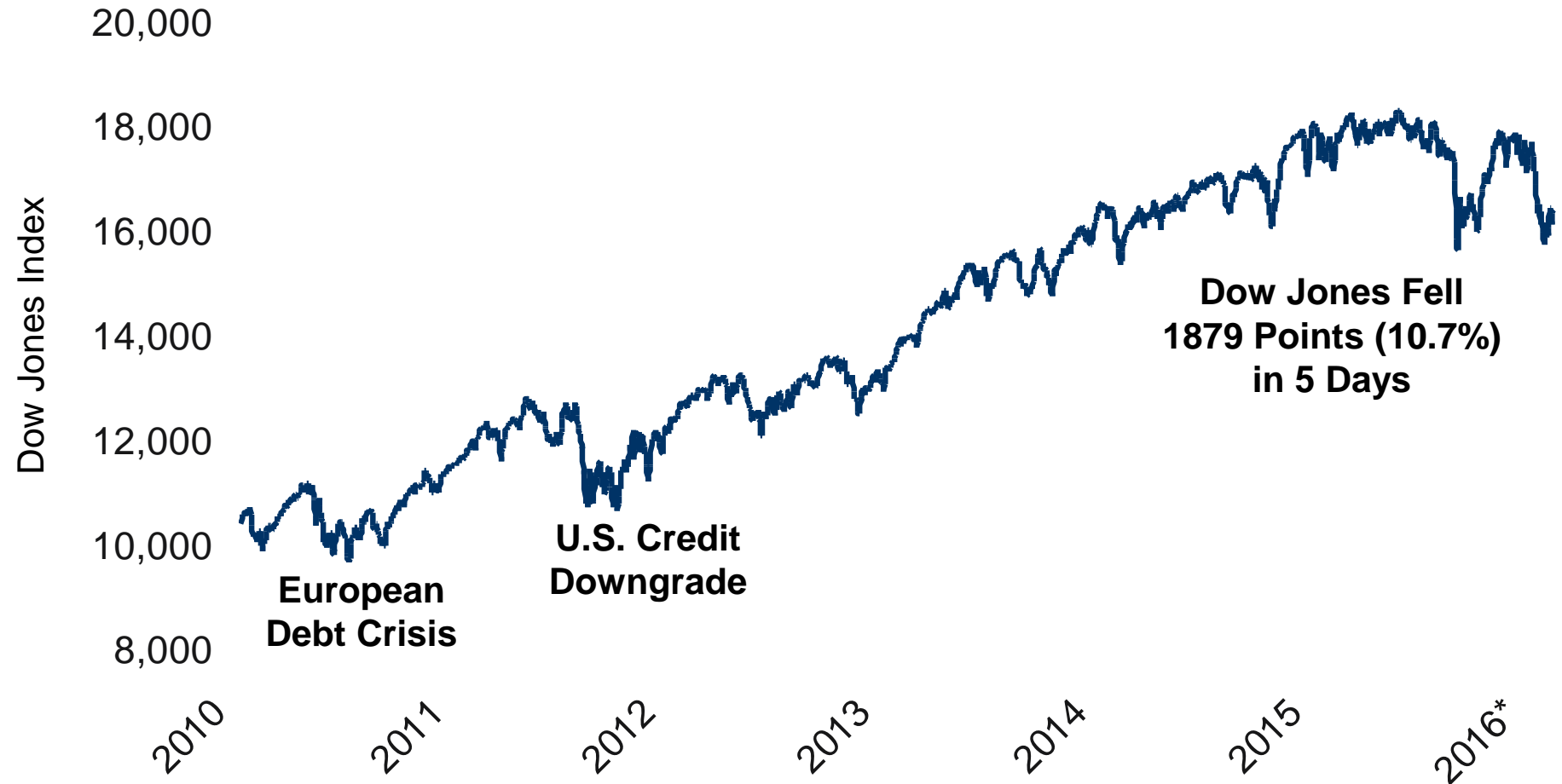
U.S. GDP Enters Seventh Year of Growth; 2016 Outlook Positive but Flattening



* Forecast GDP; consumer confidence through January 2016

Sources: Marcus & Millichap Research Services, BEA, The Conference Board, economy.com

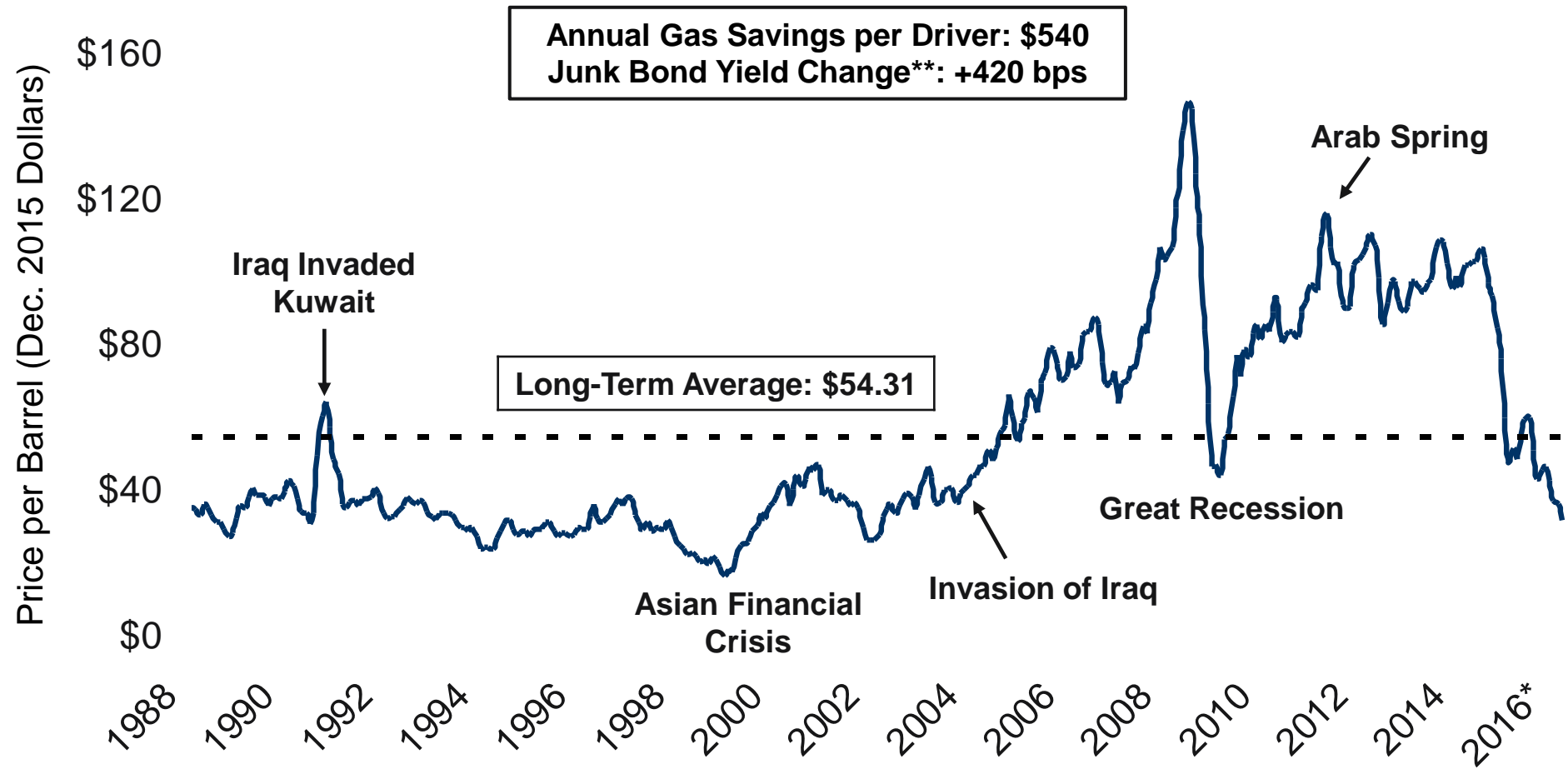
International Forces Collide with Wall Street Stock Prices Tumble... Again



* Through February 4, 2016

Sources: Marcus & Millichap Research Services, Dow Jones

Inflation-Adjusted Crude Oil Prices Tumble Good for Consumers, but Risks Reemerge



* Through February 4, 2016

** Since 2014 trough

Oil prices for West Texas Intermediate crude

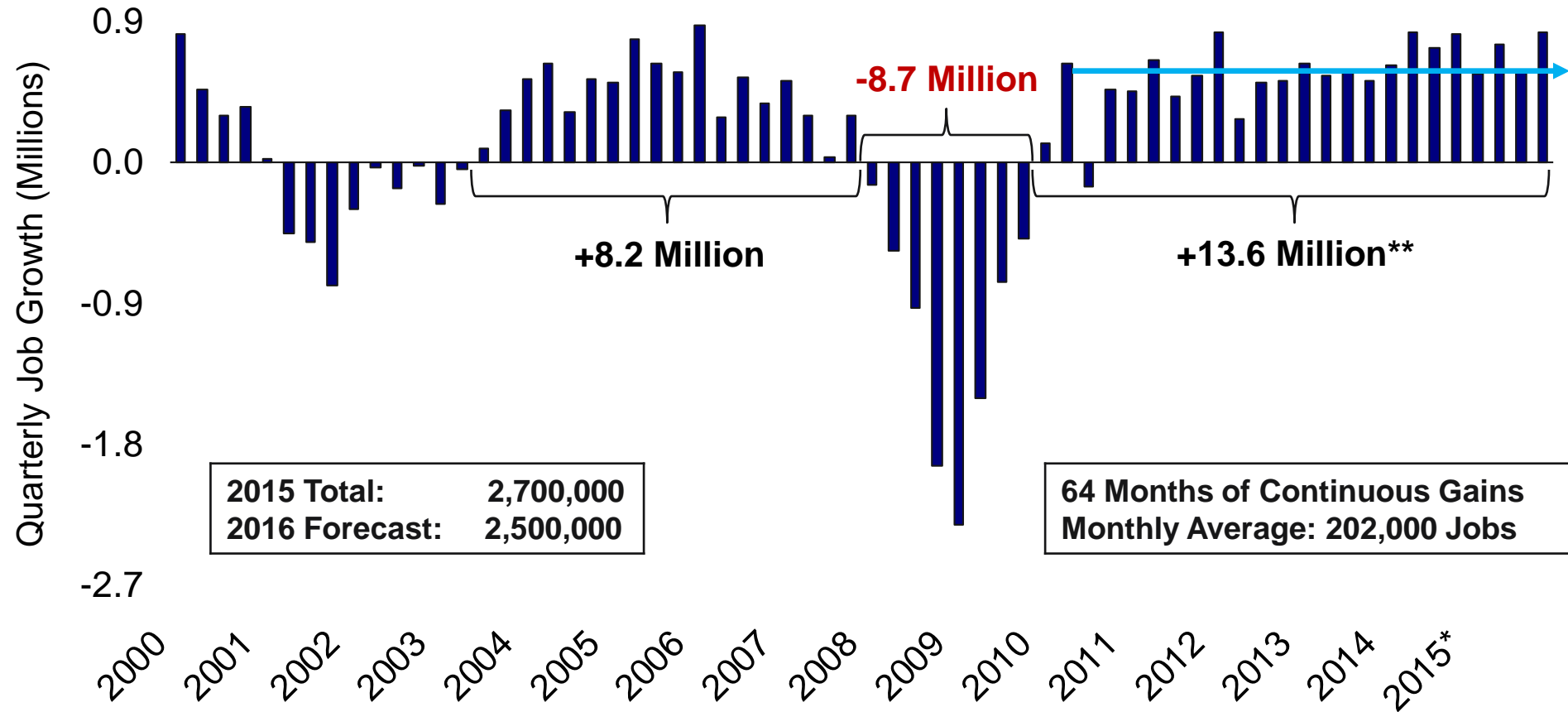
Sources: Marcus & Millichap Research Services, Oil Price Information Service, BLS, Federal Reserve

U.S. Economic Outlook Positive Headwinds Forming

Positive Economic and Demographic Trends Underpin Apartment Demand

64 Months and Counting...

Steady Employment Gains Economic Growth



* Through 4Q

** Through January 2016

Sources: Marcus & Millichap Research Services, BLS, economy.com

National Employment Rank by Metro

Y-O-Y Absolute Change Through December 2015

Top 10 Metros	Absolute Change	Percent Change
Dallas-Fort Worth	99,000	3.0%
Los Angeles	92,700	2.2%
New York	86,100	2.1%
Atlanta	77,000	3.0%
Washington, D.C.	67,400	2.1%
Seattle-Tacoma	56,800	3.0%
Phoenix	54,600	2.9%
Boston	53,700	2.1%
Inland Empire	46,800	3.6%
San Jose	45,300	4.4%
U.S. Total	2,735,000	1.9%

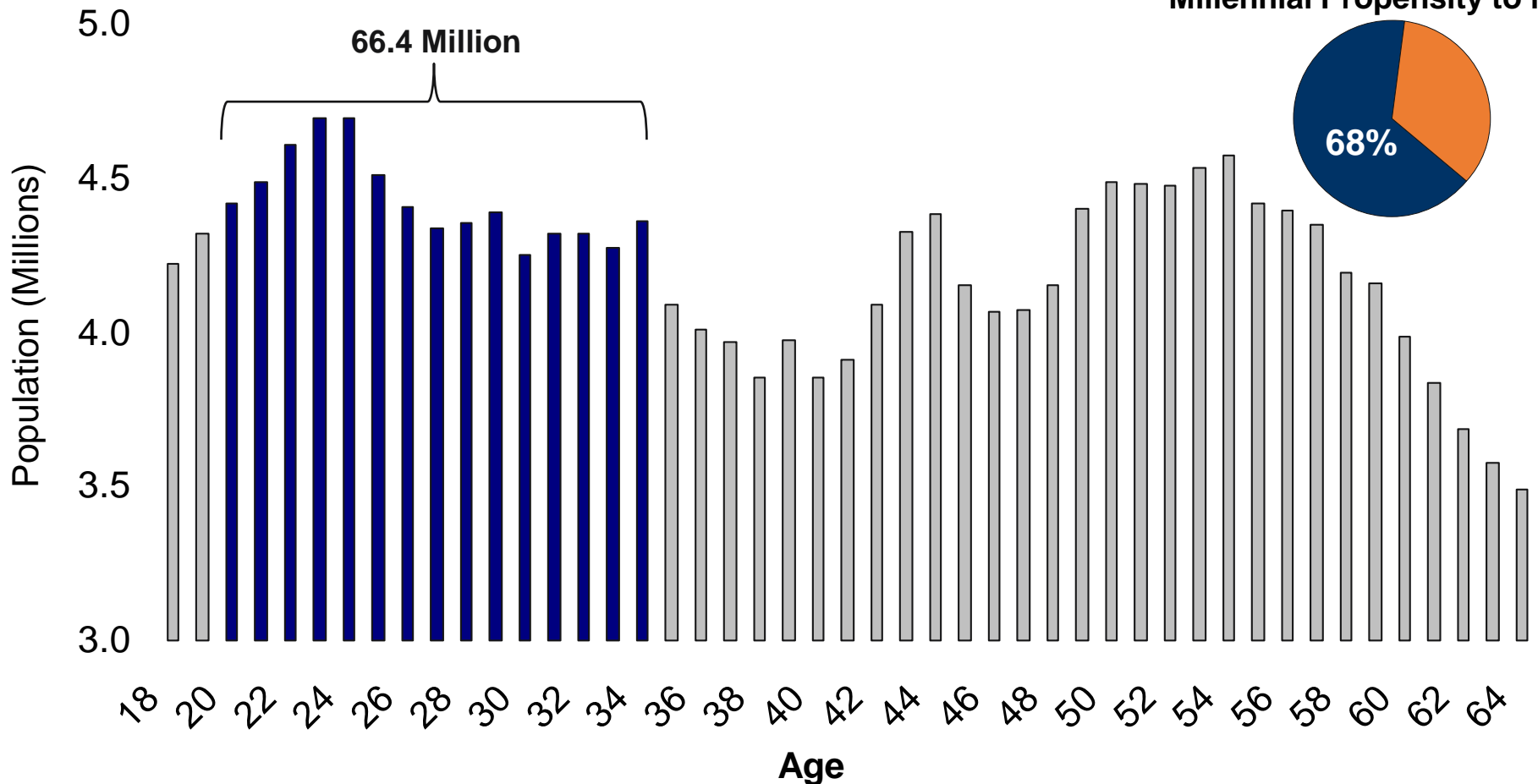
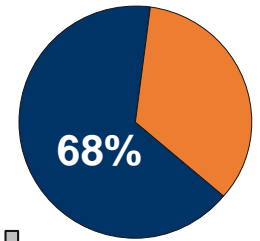
Bottom 10 Metros	Absolute Change	Percent Change
Kansas City	2,400	0.2%
Milwaukee	6,800	0.8%
West Palm Beach	13,800	2.4%
St. Louis	15,600	1.2%
Miami	15,900	1.4%
Jacksonville	17,200	2.7%
Las Vegas	18,100	2.0%
Cincinnati	19,800	1.9%
Columbus	19,900	1.9%
Oakland	21,100	2.0%
U.S. Total	2,735,000	1.9%

Millennials Cornerstone of Apartment Demand

U.S. 2014 Population by Age

20-34 Year Old 5-Year Growth: 1,400,000
23 Million Living With Parents

Millennial Propensity to Rent*



* As of 2014

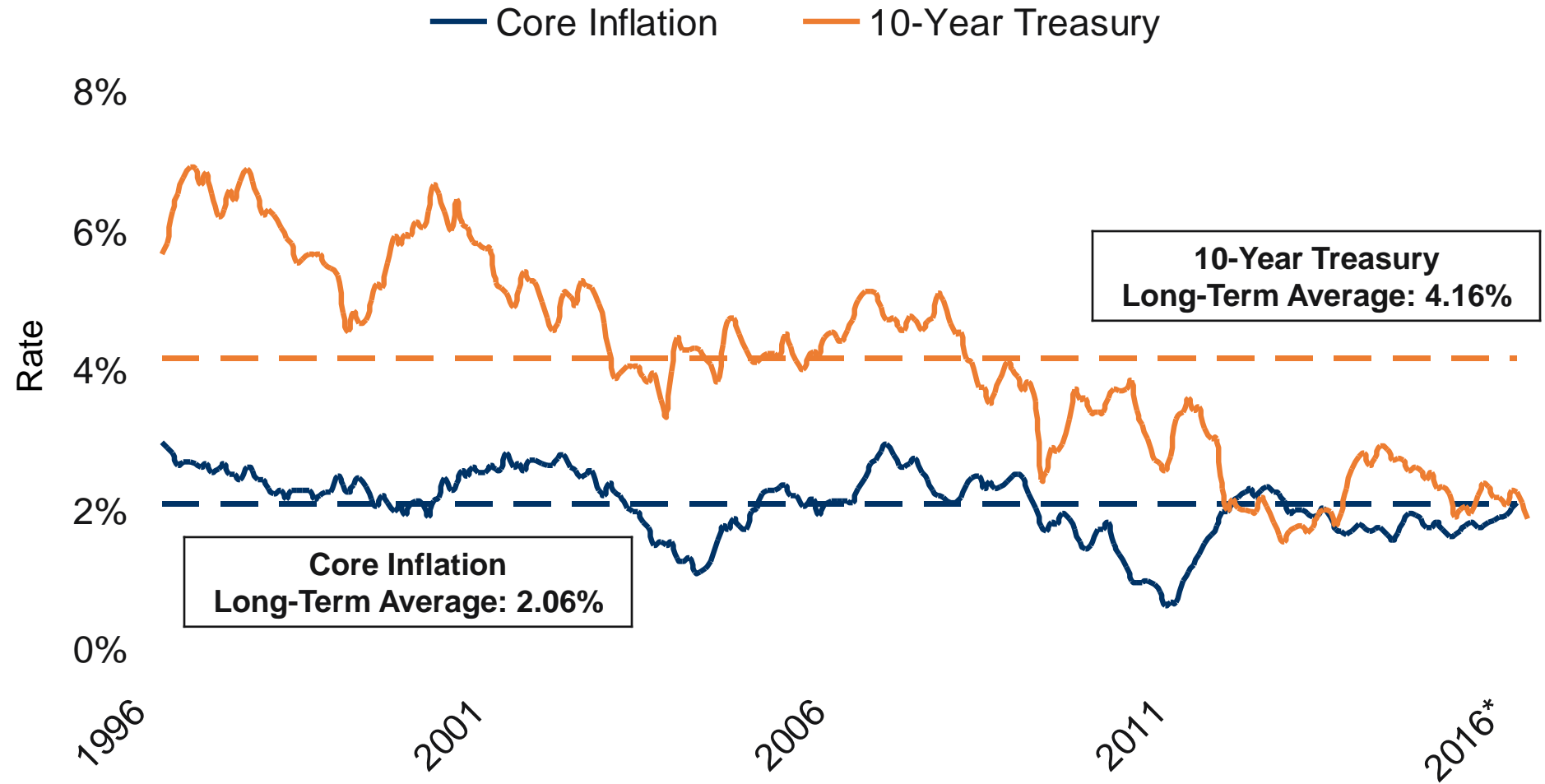
Note: Total Baby Boomer Population 75 million; Total Millennial Population 80 million

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

Positive Economic and Demographic Trends Underpin Apartment Demand

Capital Markets Maintain Liquidity Loan Standards Tightening

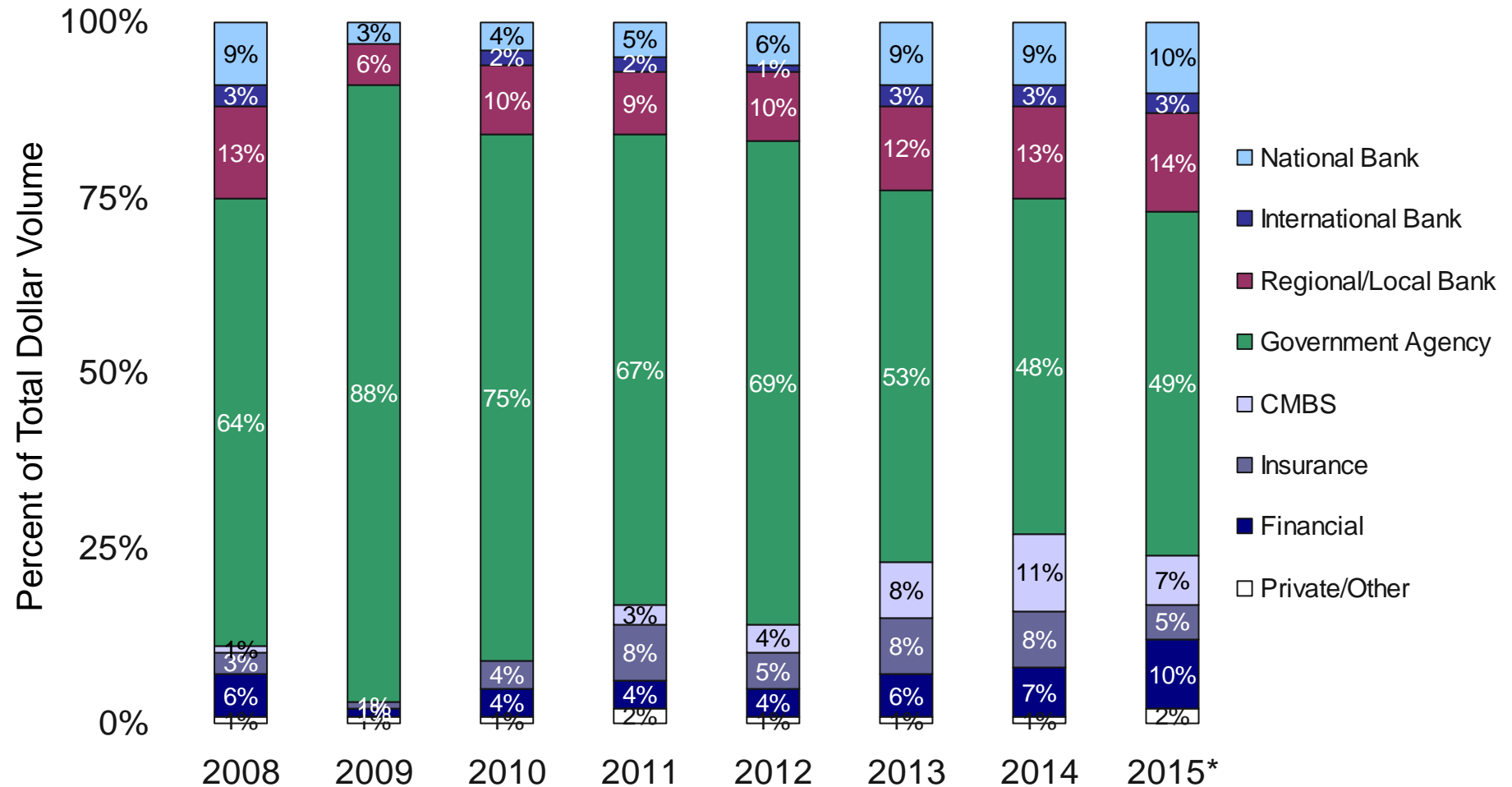
Core Inflation Restrained 10-Year Treasury Range-Bound



* 10-Year treasury through February 4, 2016; Core inflation through December 2015

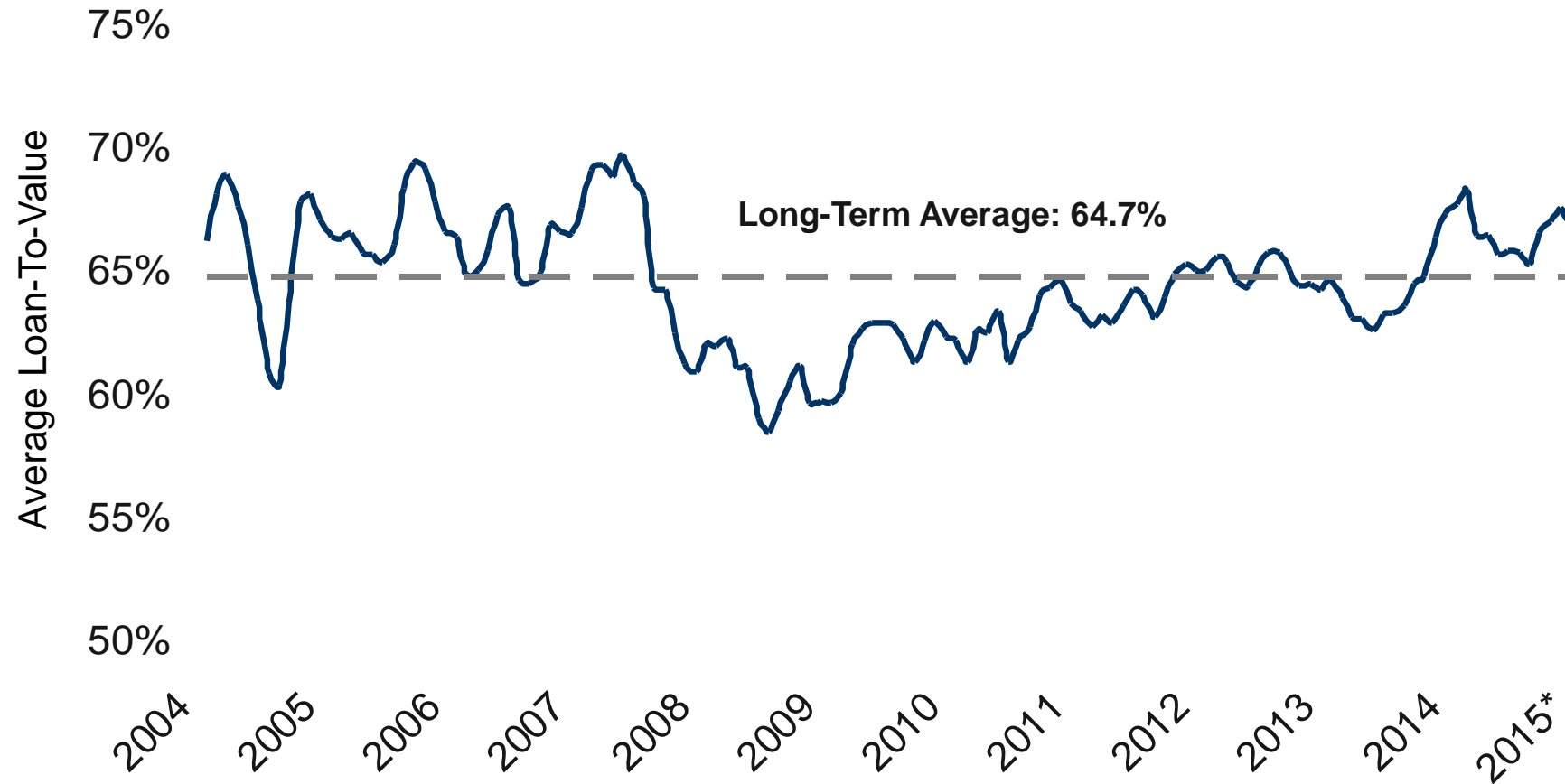
Sources: Marcus & Millichap Research Services, Federal Reserve, BLS

U.S. Apartment Lender Composition



* Estimate
 Includes sales \$2.5 million and greater
 Sources: Marcus & Millichap Research Services, Real Capital Analytics

Apartment Loan-To-Value Trending Upward Remains Below Last Cycle



* Through November 2015

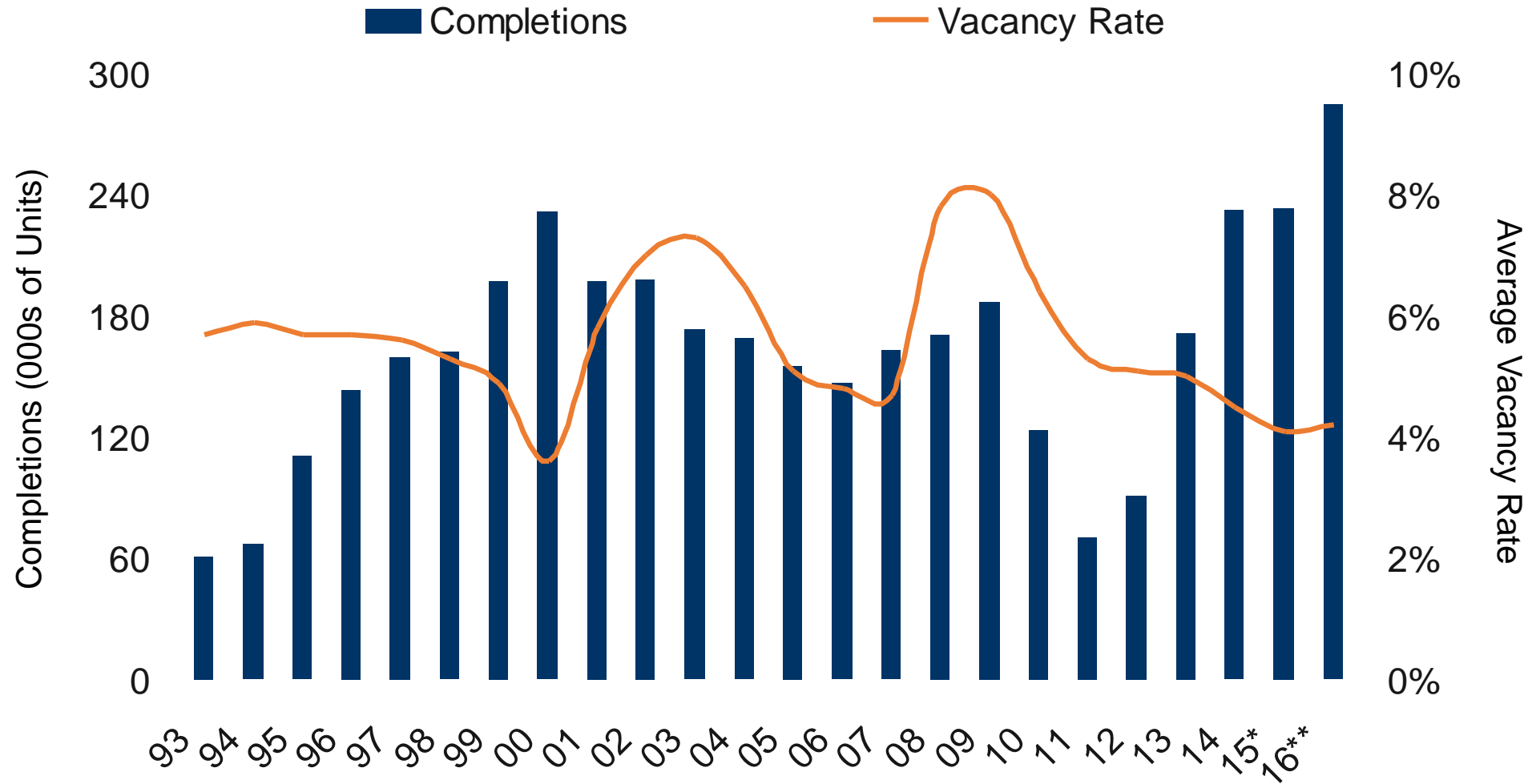
Average loan-to-value ratio is calculated on a 3-month moving average; includes sales \$2.5 million and greater; includes LTVs which are less than or equal to 90%; data based on first mortgages with a 7-10 year loan term and a fixed interest rate, and require a minimum of 3 observations; data excludes buyer assumed debt

Sources: Marcus & Millichap Research Services, Real Capital Analytics

Capital Markets Maintain Liquidity Loan Standards Tightening

Apartment Supply Continues to Rise but Demand Drivers Strong

Apartment Vacancy vs. Construction

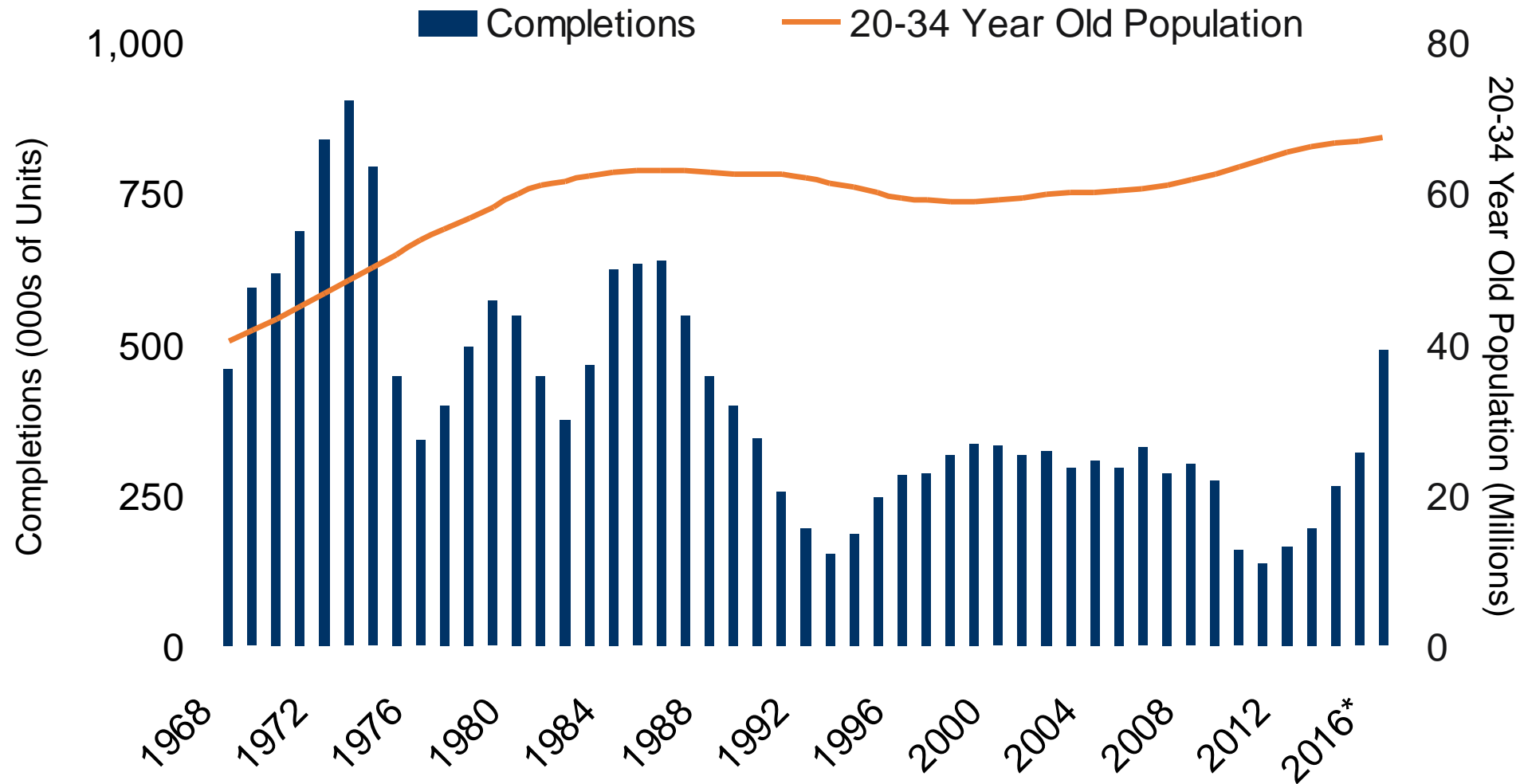


* Preliminary estimate

** Forecast

Sources: Marcus & Millichap Research Services, MPF Research

Multifamily Construction vs. 20-34 Year Old Population



* Forecast

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

National Apartment Rank by Metro

2016 Completions*

Top 10 Metros	2016 Completions*	Completions as % Inv.	Bottom 10 Metros	2016 Completions*	Completions as % Inv.
New York	26,000	1.7%	Cleveland	1,000	0.6%
Dallas-Ft. Worth	23,000	3.2%	Sacramento	1,100	0.8%
Houston	18,000	2.8%	Las Vegas	1,300	0.6%
Seattle	12,100	3.1%	St. Louis	1,300	0.9%
Washington, D.C.	11,900	2.1%	Detroit	1,900	0.6%
Los Angeles	11,300	1.0%	Jacksonville	2,000	1.9%
Denver	10,500	3.9%	Milwaukee	2,000	1.4%
Atlanta	9,100	1.9%	West Palm Beach	2,100	1.9%
Austin	9,000	4.1%	Columbus	2,200	1.4%
Phoenix	8,400	2.5%	San Diego	2,300	0.8%
U.S. Total	285,000	2.0%	U.S. Total	285,000	2.0%

* Forecast

Sources: Marcus & Millichap Research Services, MPF Research

Apartment Supply Continues to Rise but Demand Drivers Strong

Apartment Fundamentals Sound; Localized Softening a Risk

Apartment Vacancy Trends by Class



* Estimate

** Forecast

Sources: Marcus & Millichap Research Services, MPF Research

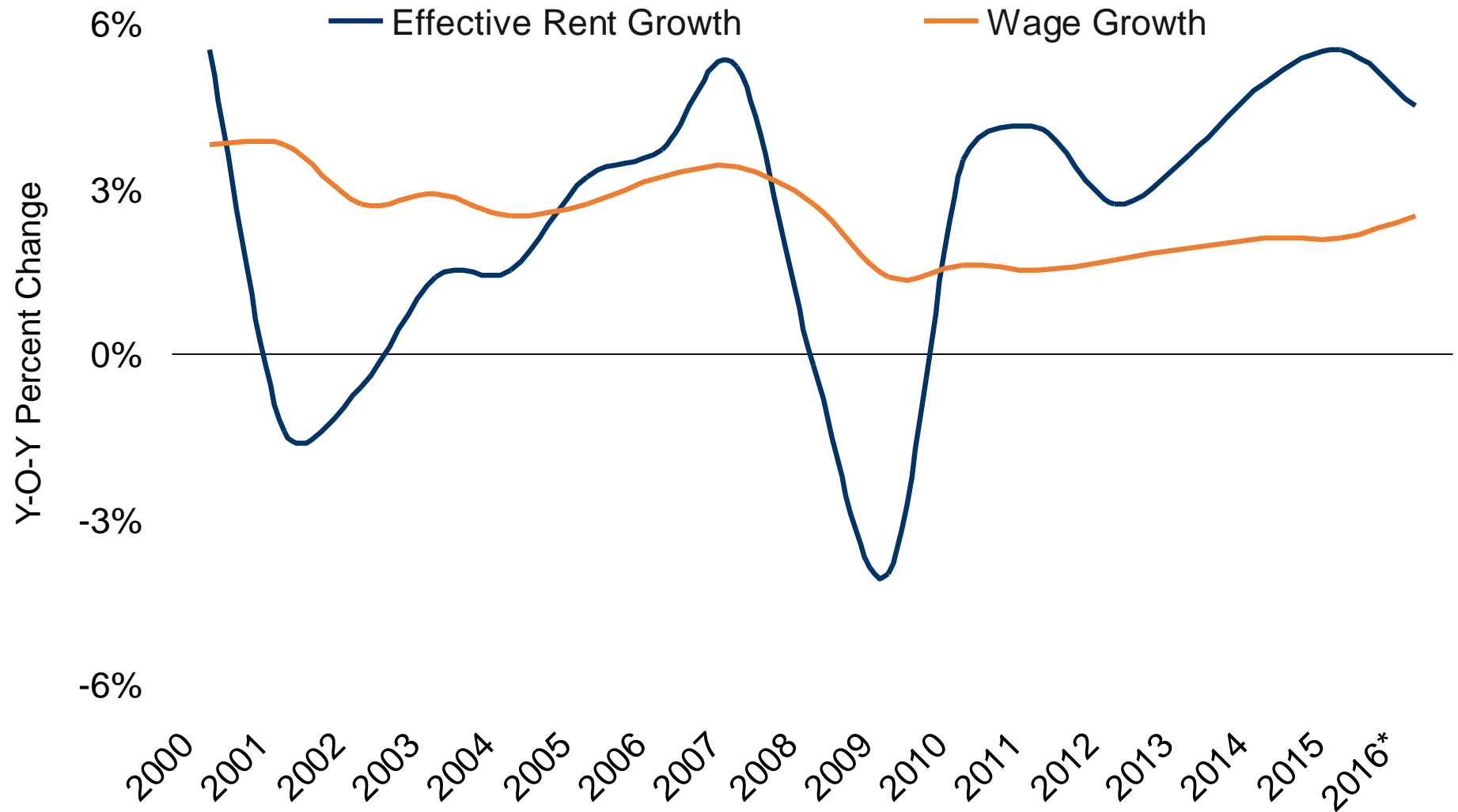
National Apartment Rank by Metro 2016 Vacancy Rate*

Top 10 Metros	2016 Vacancy*	Y-O-Y Bps Change	Bottom 10 Metros	2016 Vacancy*	Y-O-Y Bps Change
Boston	2.3%	-100	Indianapolis	6.8%	40
Sacramento	2.3%	-30	Houston	6.5%	30
Northern NJ	2.5%	-20	St. Louis	5.6%	10
Portland	2.5%	-20	Cincinnati	5.5%	70
Minneapolis	2.7%	20	Las Vegas	5.5%	-40
Detroit	2.8%	-20	Phoenix	5.5%	10
Inland Empire	2.8%	-20	Dallas-Ft. Worth	5.3%	20
New York	2.8%	30	Denver	5.2%	40
Oakland	2.8%	30	San Antonio	4.9%	-30
Orange County	2.8%	-20	Atlanta	4.8%	-20
U.S. Average	4.2%	10	U.S. Average	4.2%	10

* Forecast

Sources: Marcus & Millichap Research Services, MPF Research

National Apartment Rent Growth Trends vs. Wage Growth



* Forecast

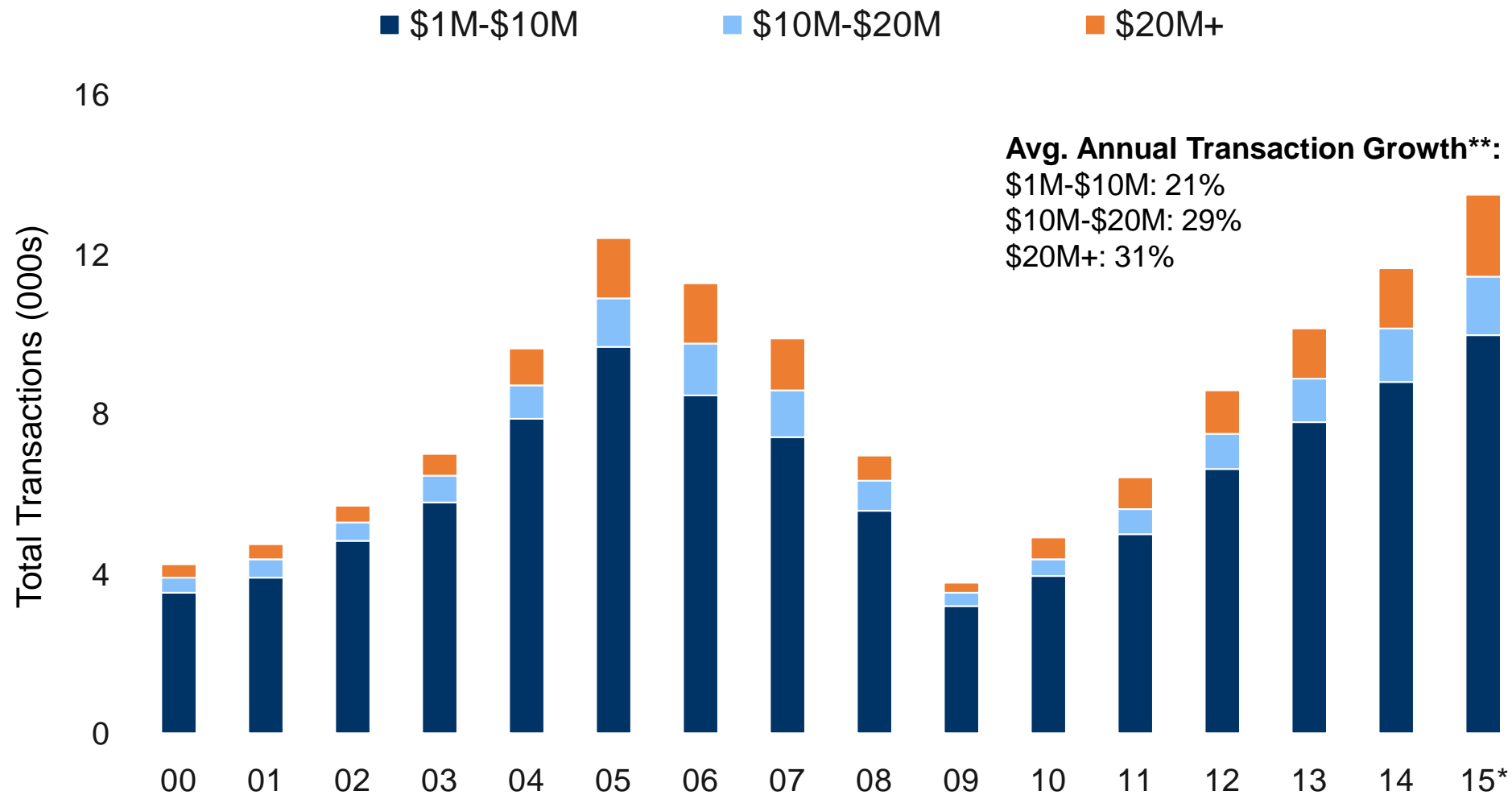
Marcus & Millichap Research Services, MPF Research, BLS (Employment Cost Index)

Apartment Fundamentals Sound; Localized Softening a Risk

Apartment Investment Overview

U.S. Apartment Investment Trends

Transaction Activity by Price Tranche



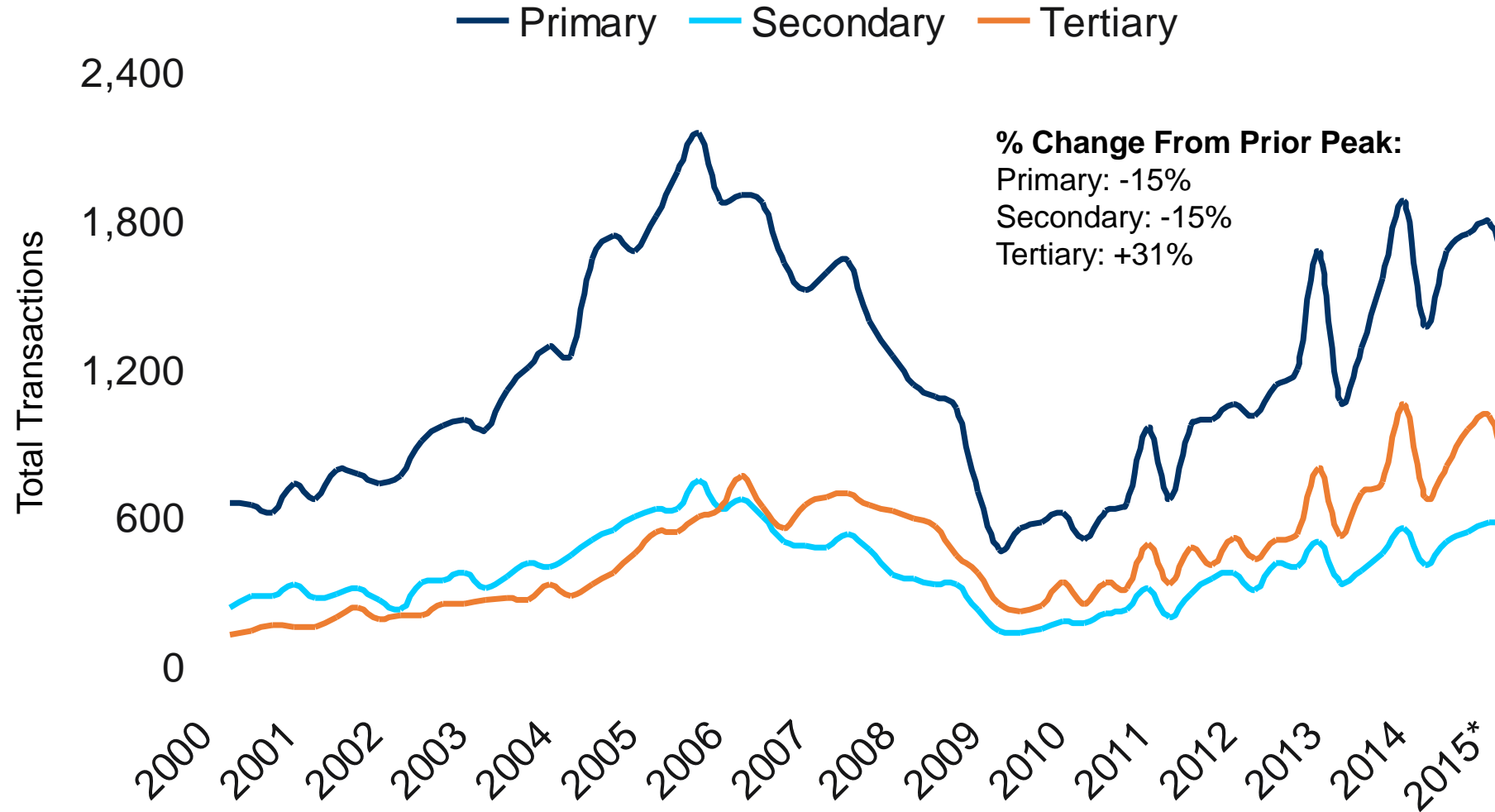
* Preliminary estimate

** Average annual increase 2011-2015*

Includes sales \$1 million and greater

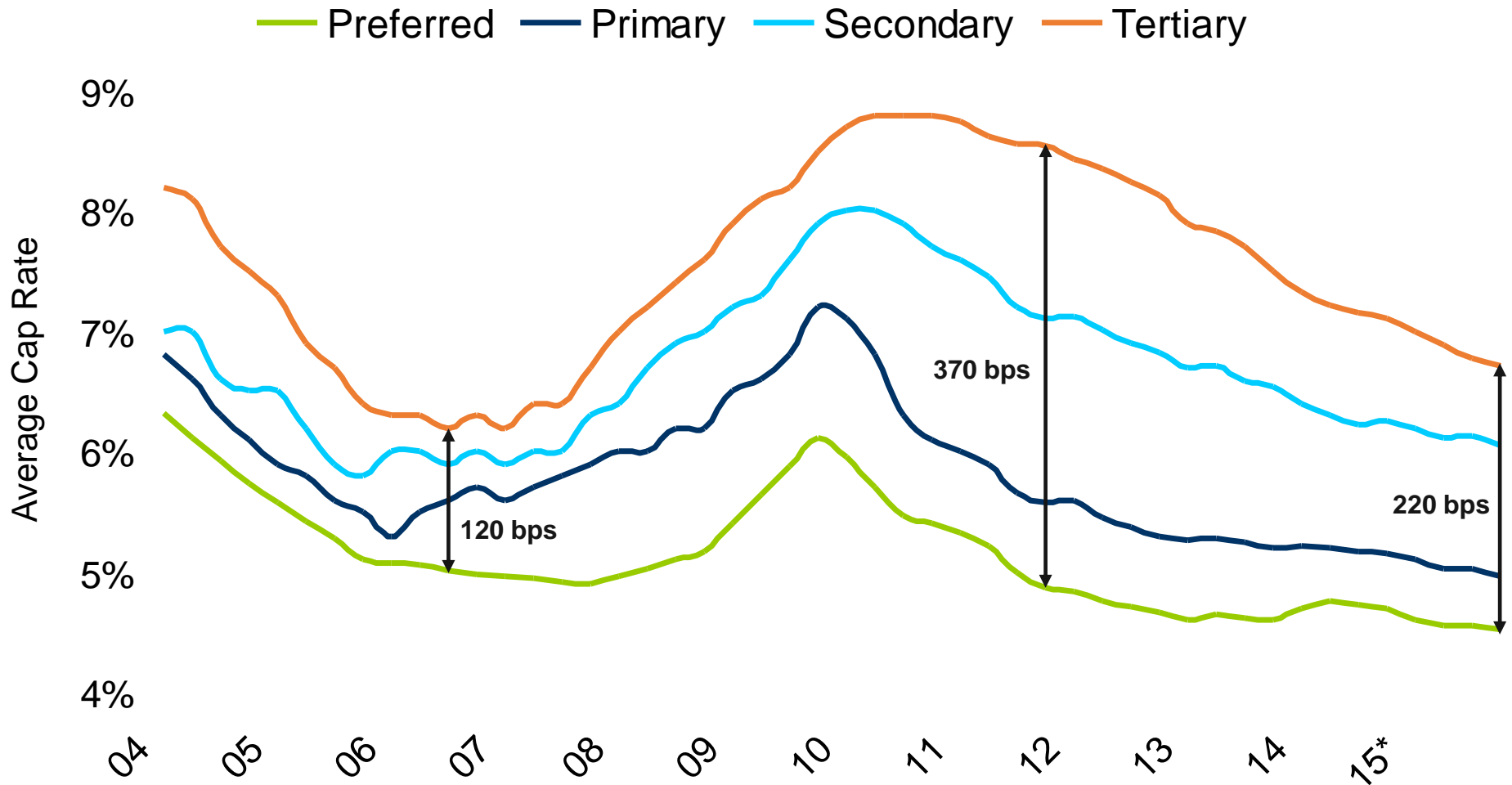
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Apartment Investors Pursue Yield – Capital Allocations Moving Beyond the Core



* Through 3Q
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Apartment Cap Rate Spreads Compress as Investors Pursue Yields Beyond Core



* Preliminary estimate

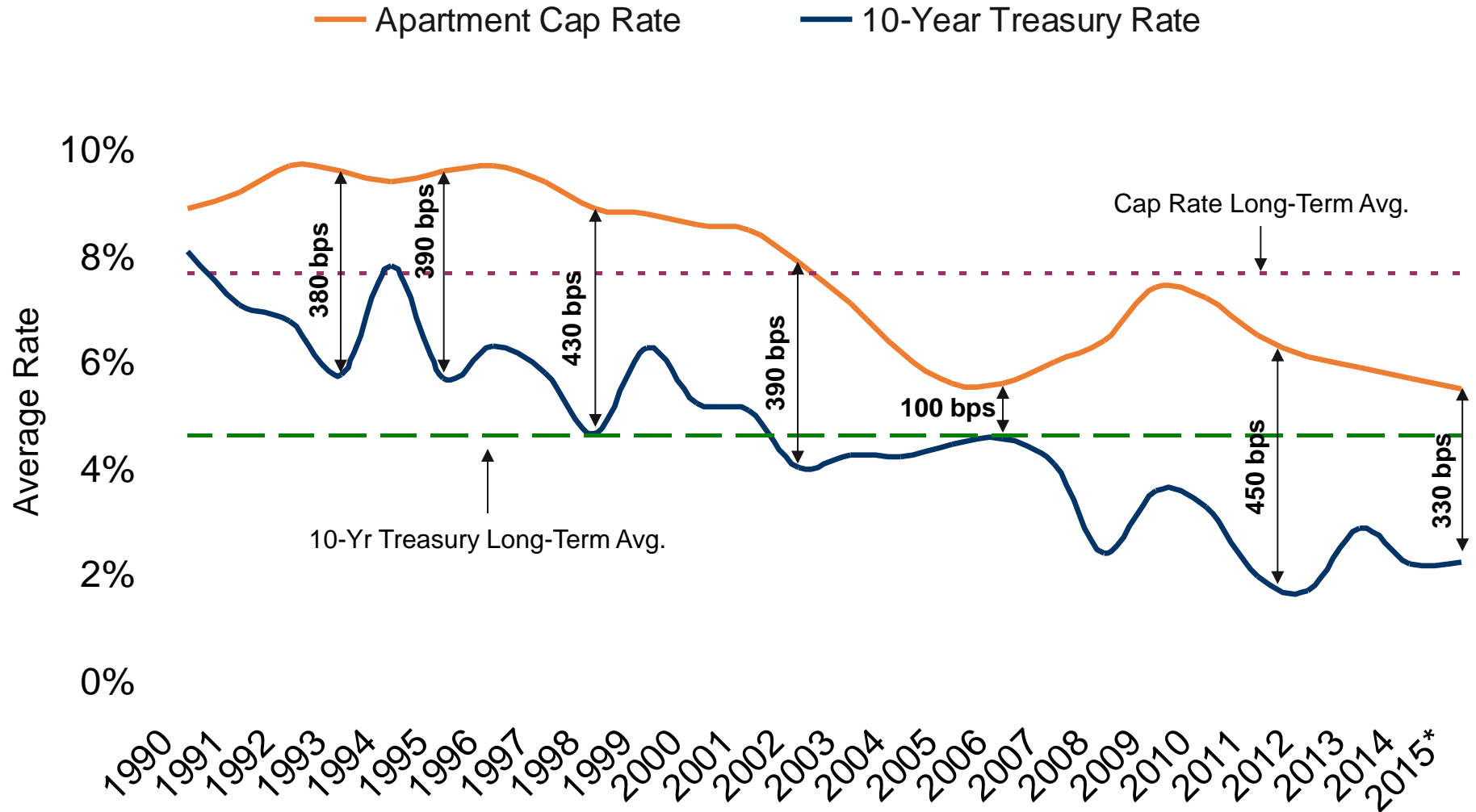
Includes sales \$1 million and greater

Preferred Markets Include: NY, DC, BOS, SD, LA, OC, SJ, SF, SEA

Sources: Marcus & Millichap Research Services, Real Capital Analytics, CoStar Group, Inc.

U.S. Apartment Cap Rate Trends

Average Cap Rates vs. 10-Year Treasury



* Through December 2015

Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve

Apartment Investment Overview

Commercial Real Estate Returns Exceed Alternative Investment

	Tier 1	Tier 2	Tier 3	National Average
Alternative Yields	0.3% <small>(Money Market)</small>	1.9% <small>(10-Year Treasury)</small>	5.4% <small>(Baa Corporate Bonds)</small>	
Apartment	4.2%	5.6%	7.1%	5.4%
Retail-ST	5.1%	6.1%	6.9%	6.2%
Self-Storage	6.0%	6.8%	7.8%	6.5%
Manufactured Housing	6.3%	7.0%	8.1%	7.0%
Seniors Housing	6.1%	7.0%	7.8%	7.0%
Office	5.8%	7.2%	7.9%	7.3%
Retail-MT	5.7%	7.3%	8.1%	7.2%
Industrial	6.0%	7.4%	8.7%	7.4%
Hospitality	6.7%	8.2%	9.2%	8.2%

As of January 29, 2016

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve Board, Moody's Investors Service



U.S. Apartment Investment Forecast