

Nineteenth Annual DELTA ASSOCIATES

..... Washington/Baltimore

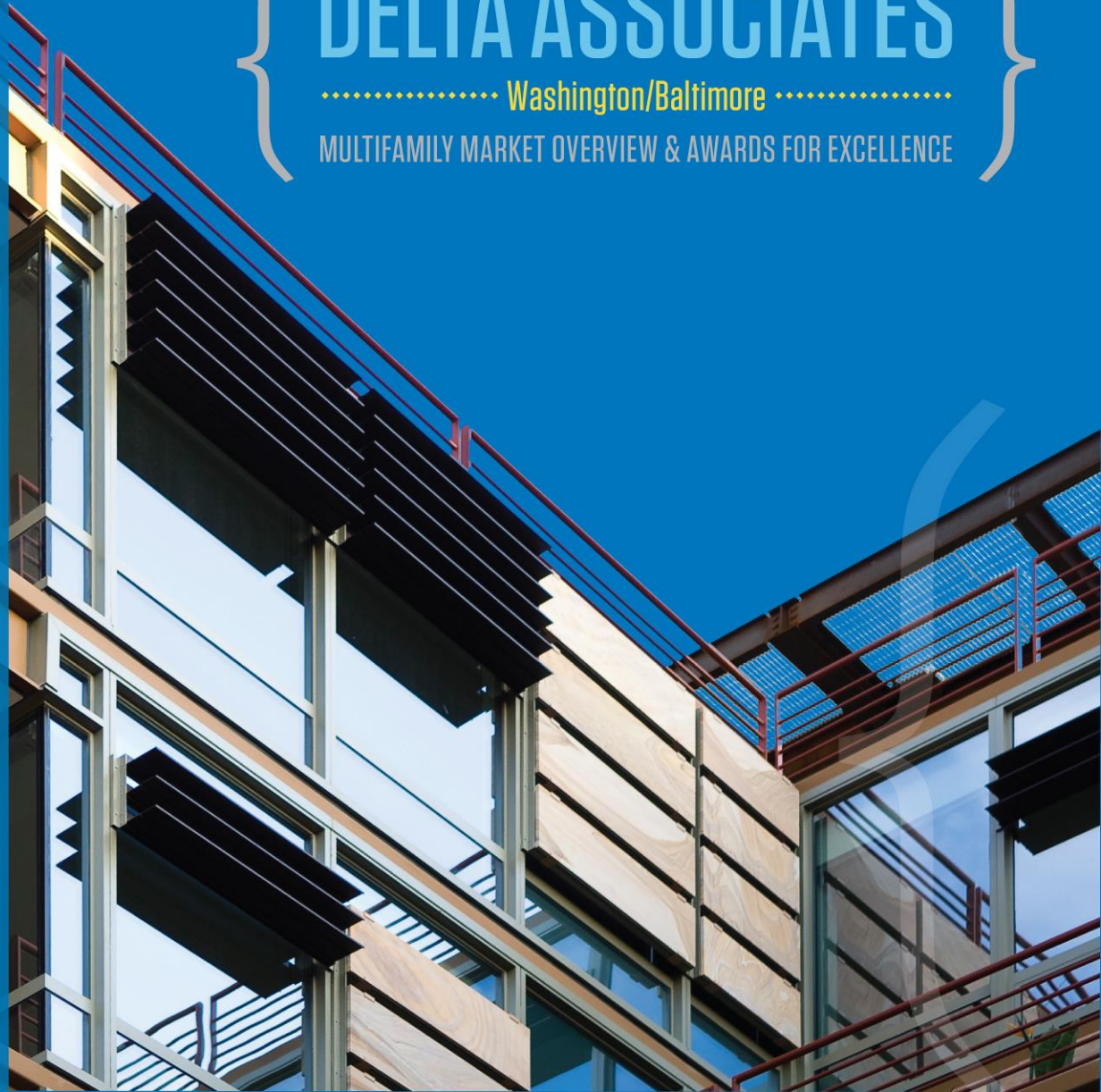
MULTIFAMILY MARKET OVERVIEW & AWARDS FOR EXCELLENCE

10.8.15

 TRANSWESTERN®

 DELTA
ASSOCIATES

 GREYSTAR
Redefining Excellence in Apartment Living.



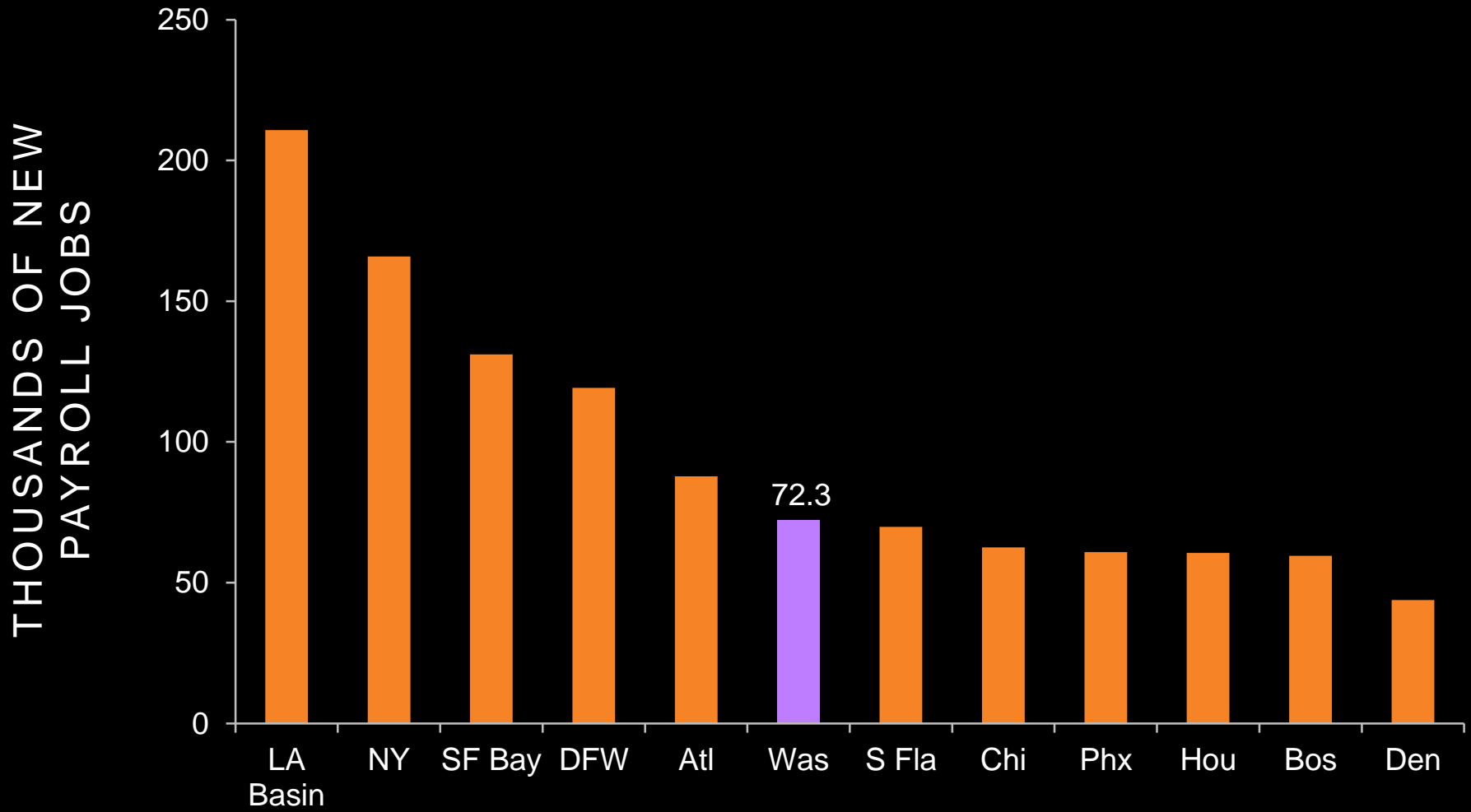
THE NATIONAL ECONOMY



THE REGIONAL ECONOMY

PAYROLL JOB GROWTH

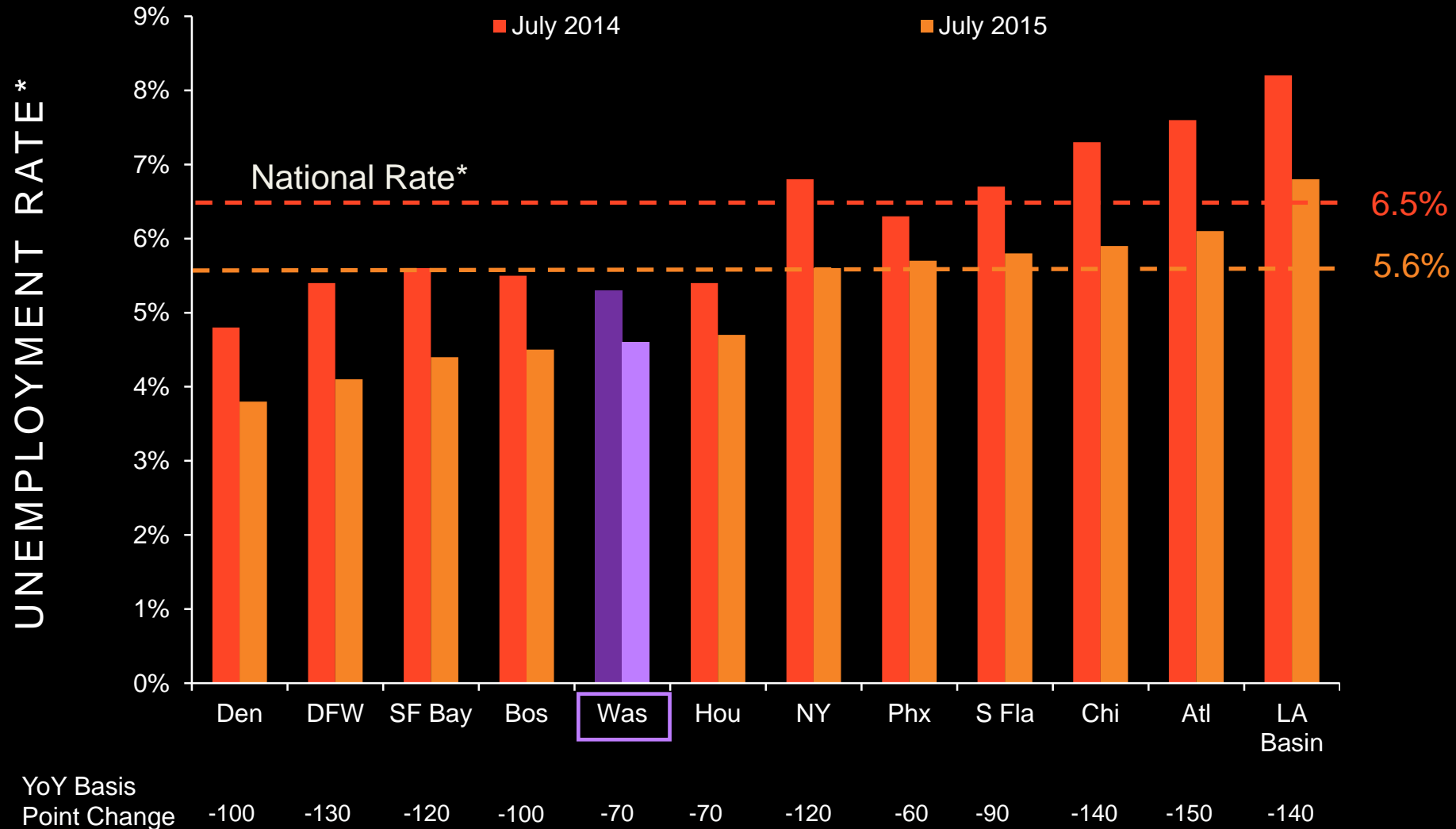
Selected Large Metro Areas | 12 Months Ending July 2015



Source: Bureau of Labor Statistics, Delta Associates; October 2015.

UNEMPLOYMENT RATE

Selected Large Metro Areas | July 2014 vs. July 2015

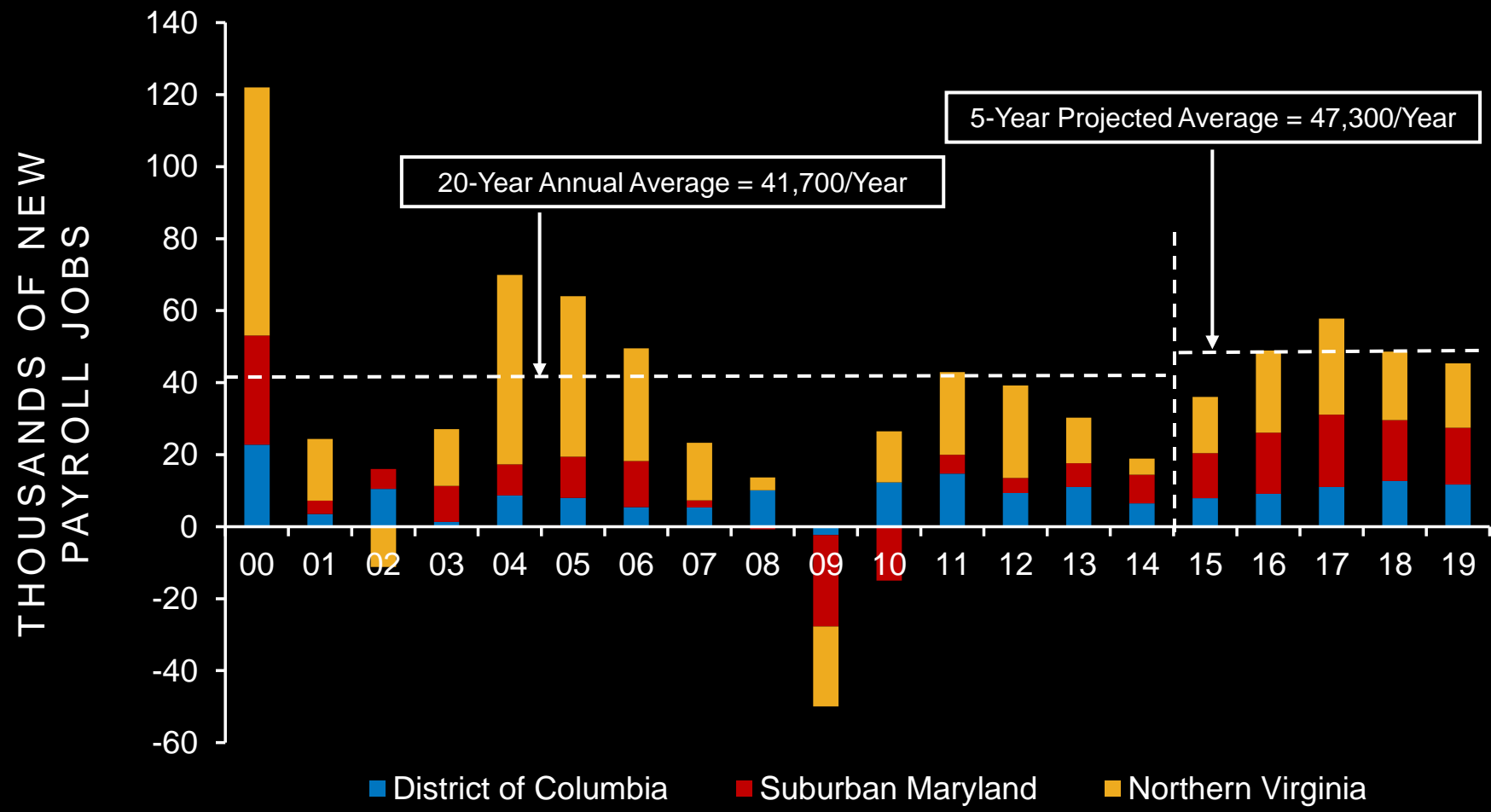


Source: Bureau of Labor Statistics, Delta Associates; October 2015.

*Not seasonally adjusted.

PROJECTED JOB GROWTH

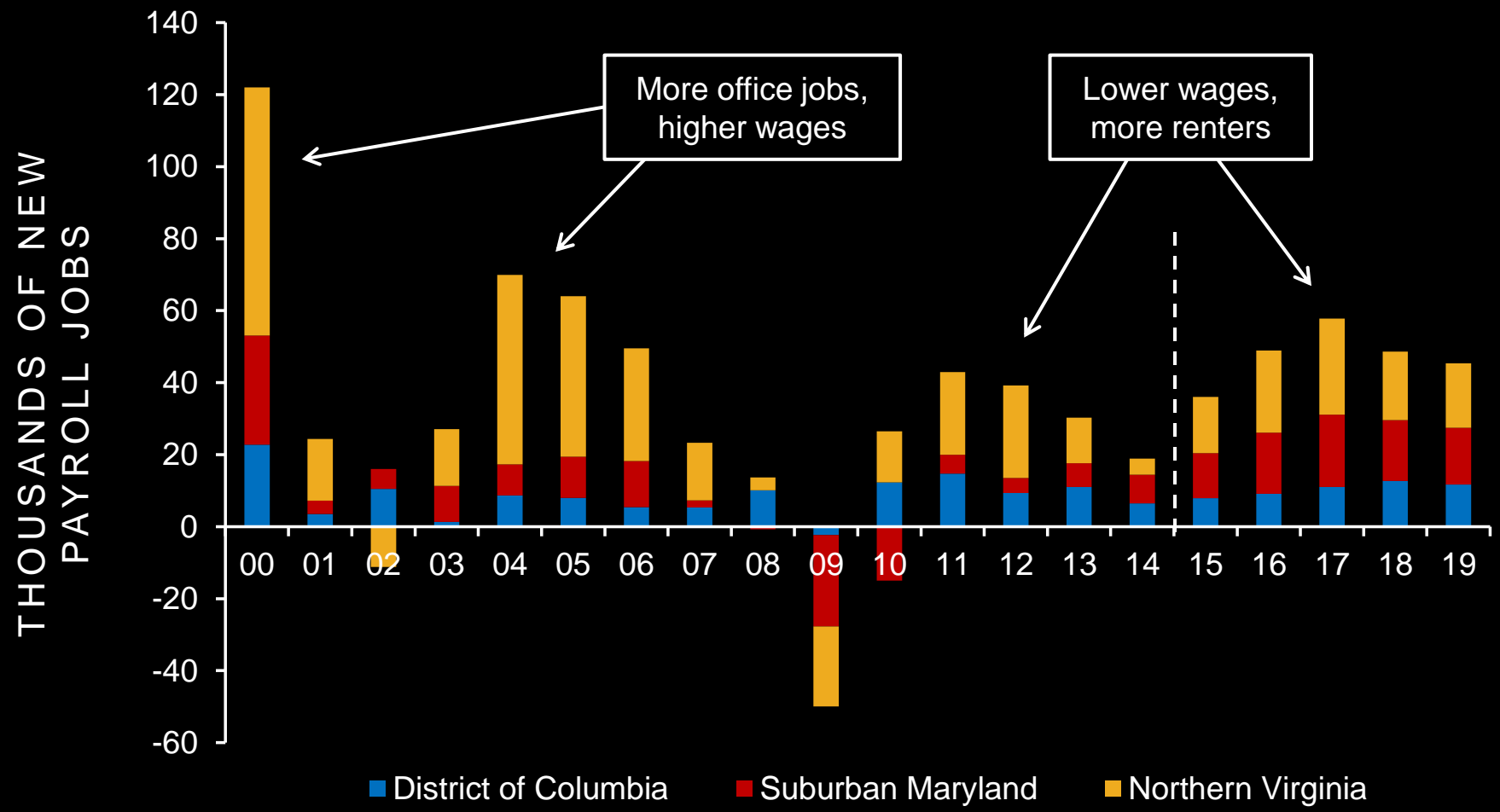
Washington Metro Area



Source: Bureau of Labor Statistics, Dr. Stephen Fuller, Delta Associates; October 2015.

PROJECTED JOB GROWTH

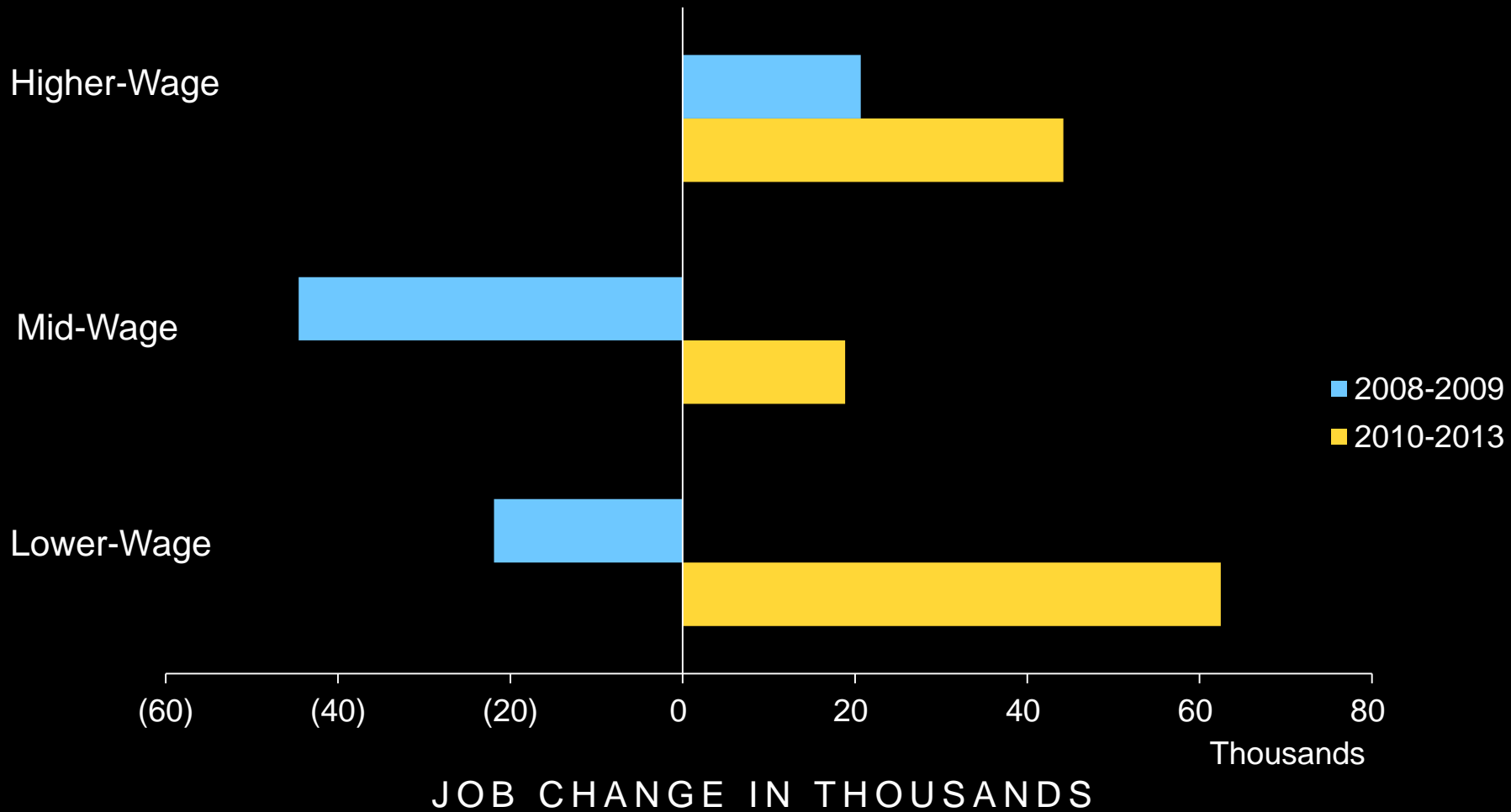
Washington Metro Area



Source: Bureau of Labor Statistics, Dr. Stephen Fuller, Delta Associates; October 2015.

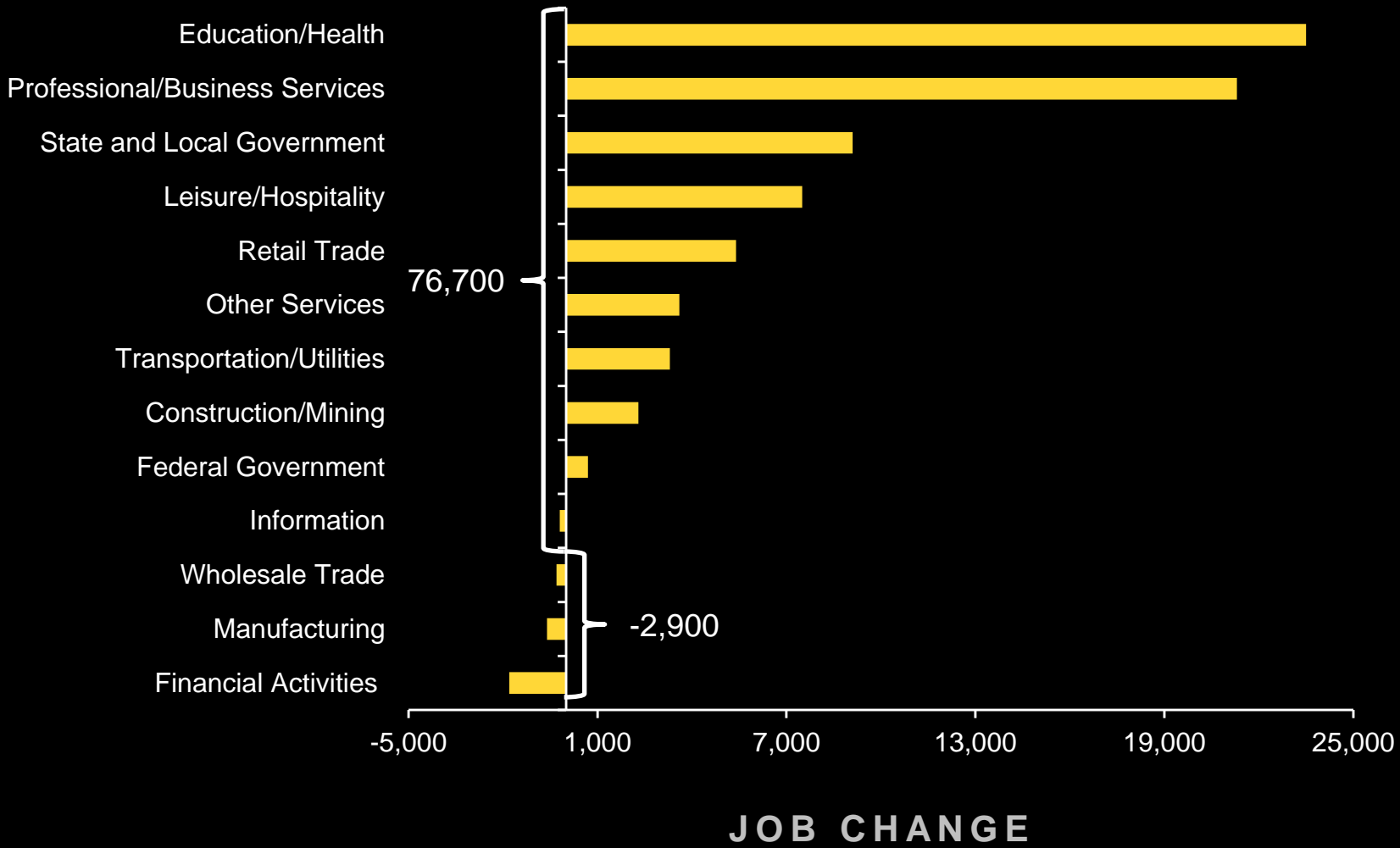
PAYROLL JOB CHANGE BY WAGE

Washington Metro Area



PAYROLL JOB GROWTH

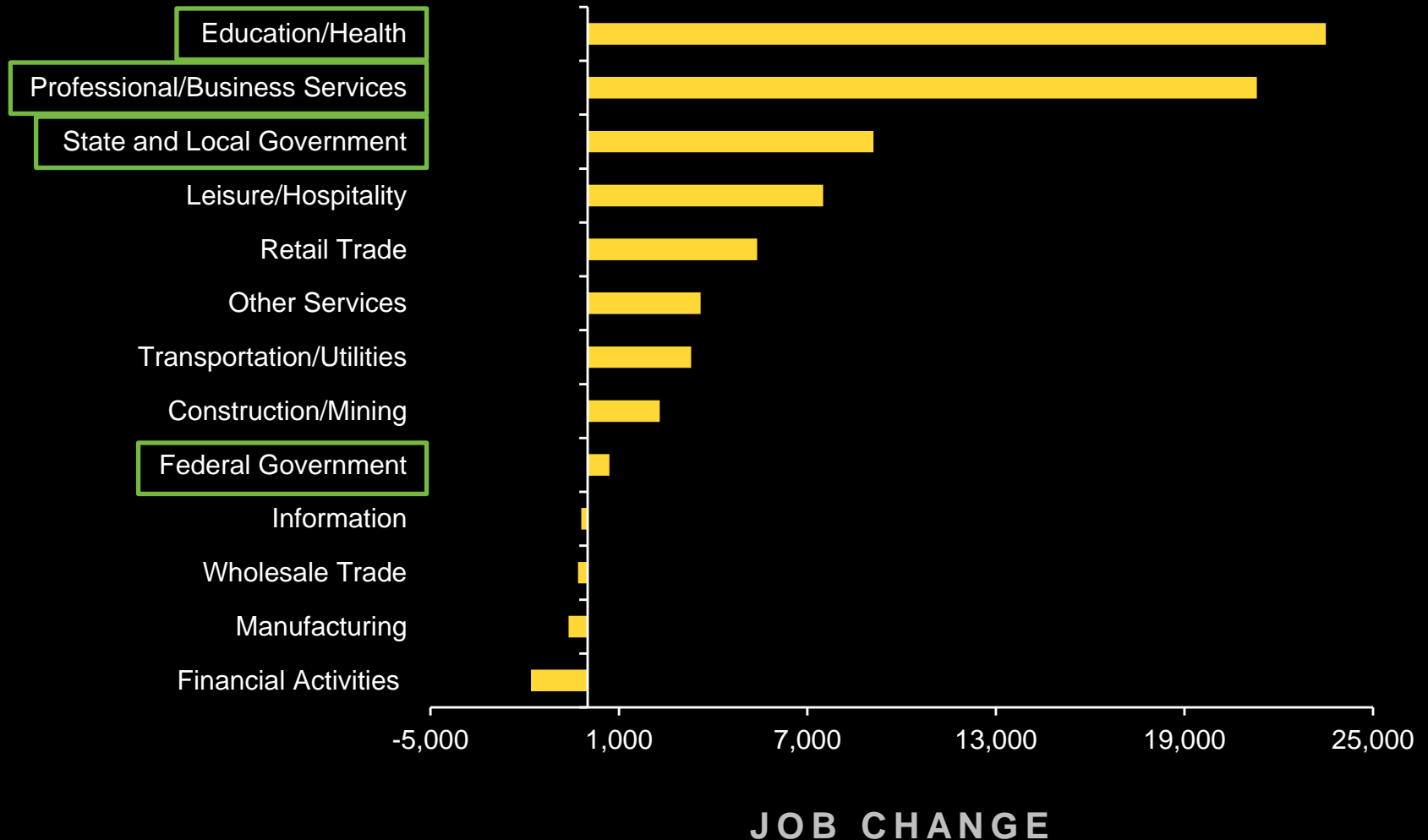
Washington Metro Area | 12 Months Ending July 2015



Source: Bureau of Labor Statistics, Delta Associates; October 2015.

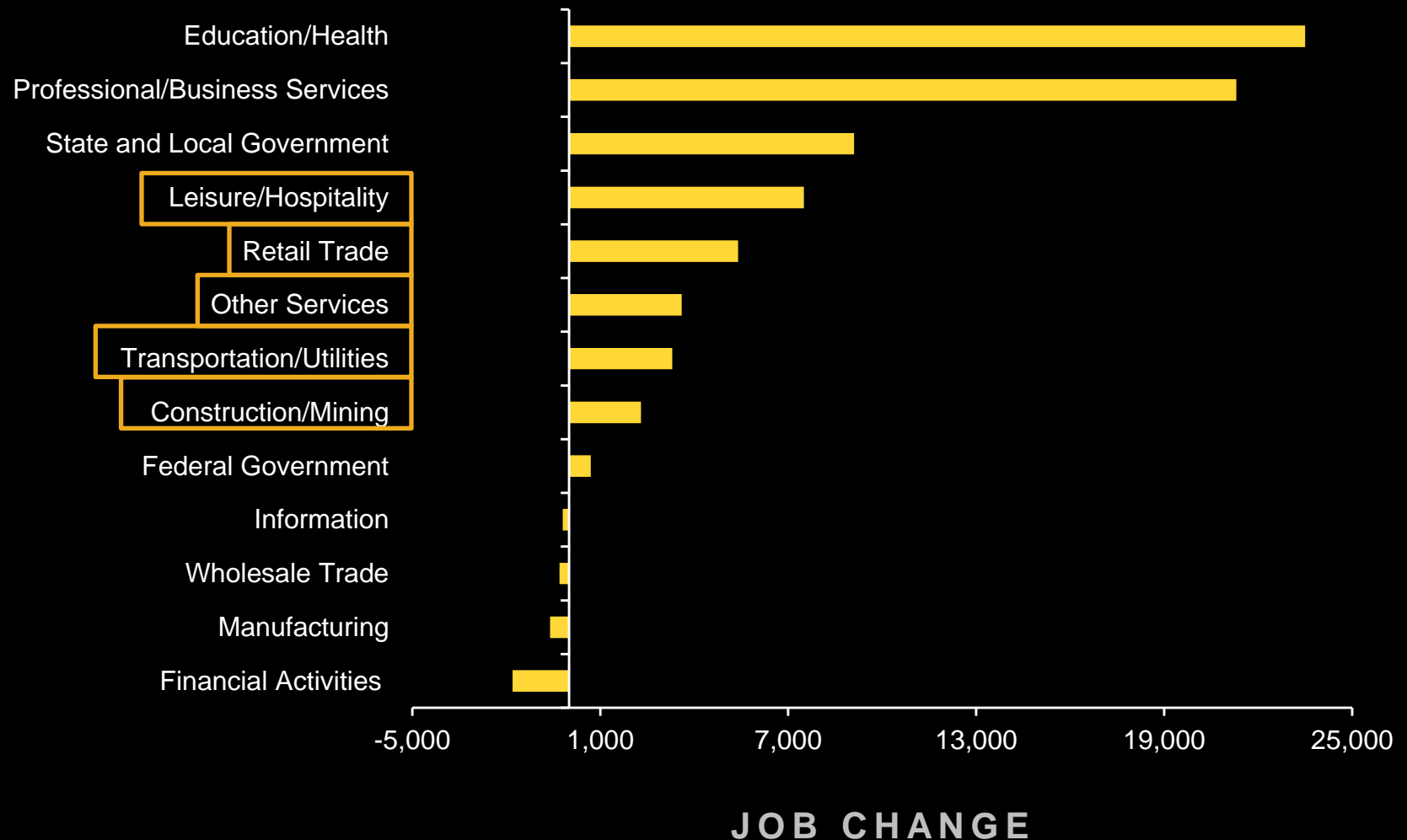
JOBS THAT SUPPORT CLASS A APARTMENTS AND CONDOMINIUMS

Washington Metro Area | 12 Months Ending July 2015



JOBS THAT SUPPORT CLASS B APARTMENTS

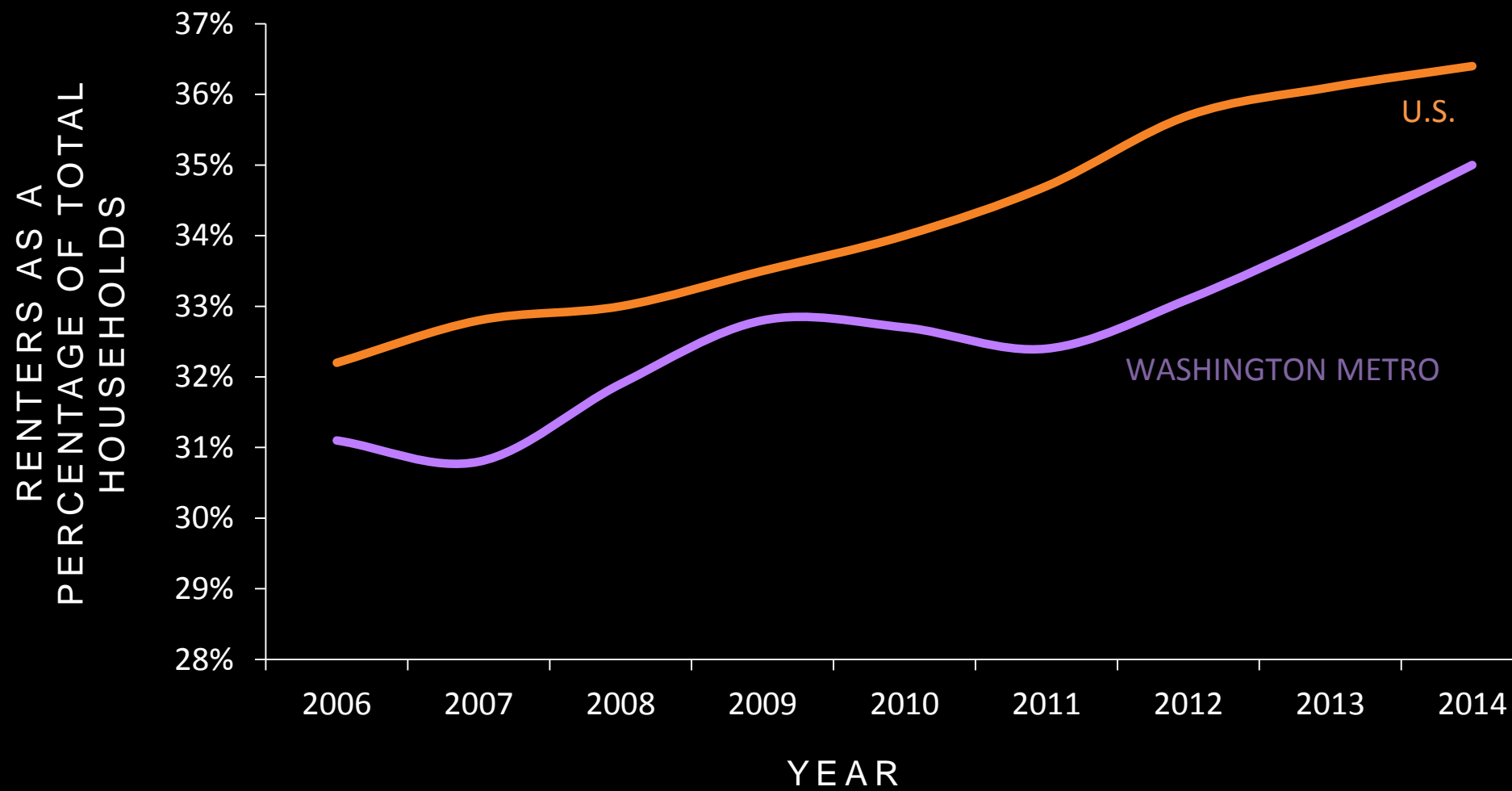
Washington Metro Area | 12 Months Ending July 2015



DEMOGRAPHIC SHIFTS AND TENANT & BUYER PROFILE

RENTER PREFERENCE

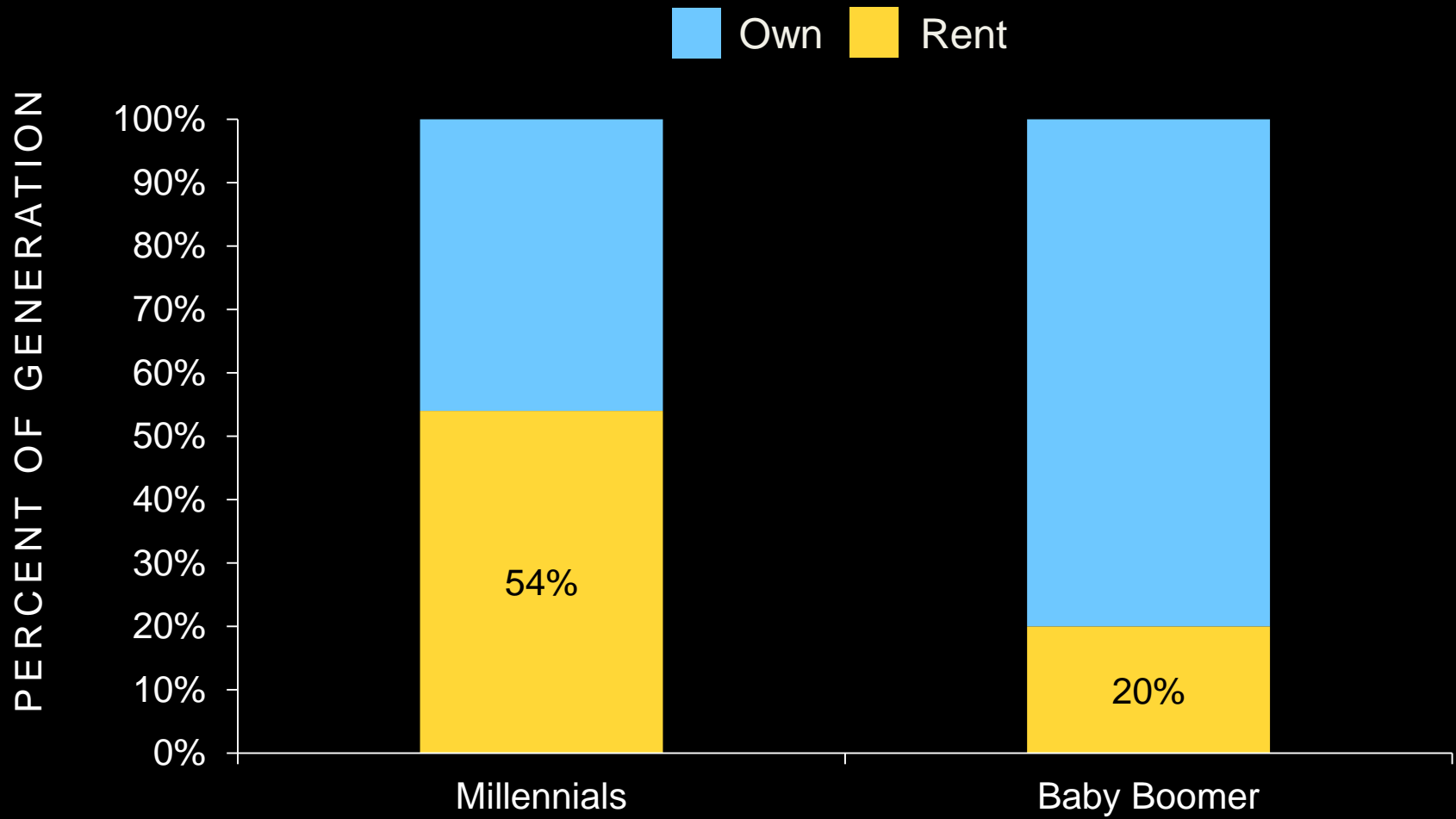
Renter Households | Washington Metro vs. United States



Source: U.S. Census Bureau, Delta Associates; October 2015.

OWN vs. RENT RESIDENCE

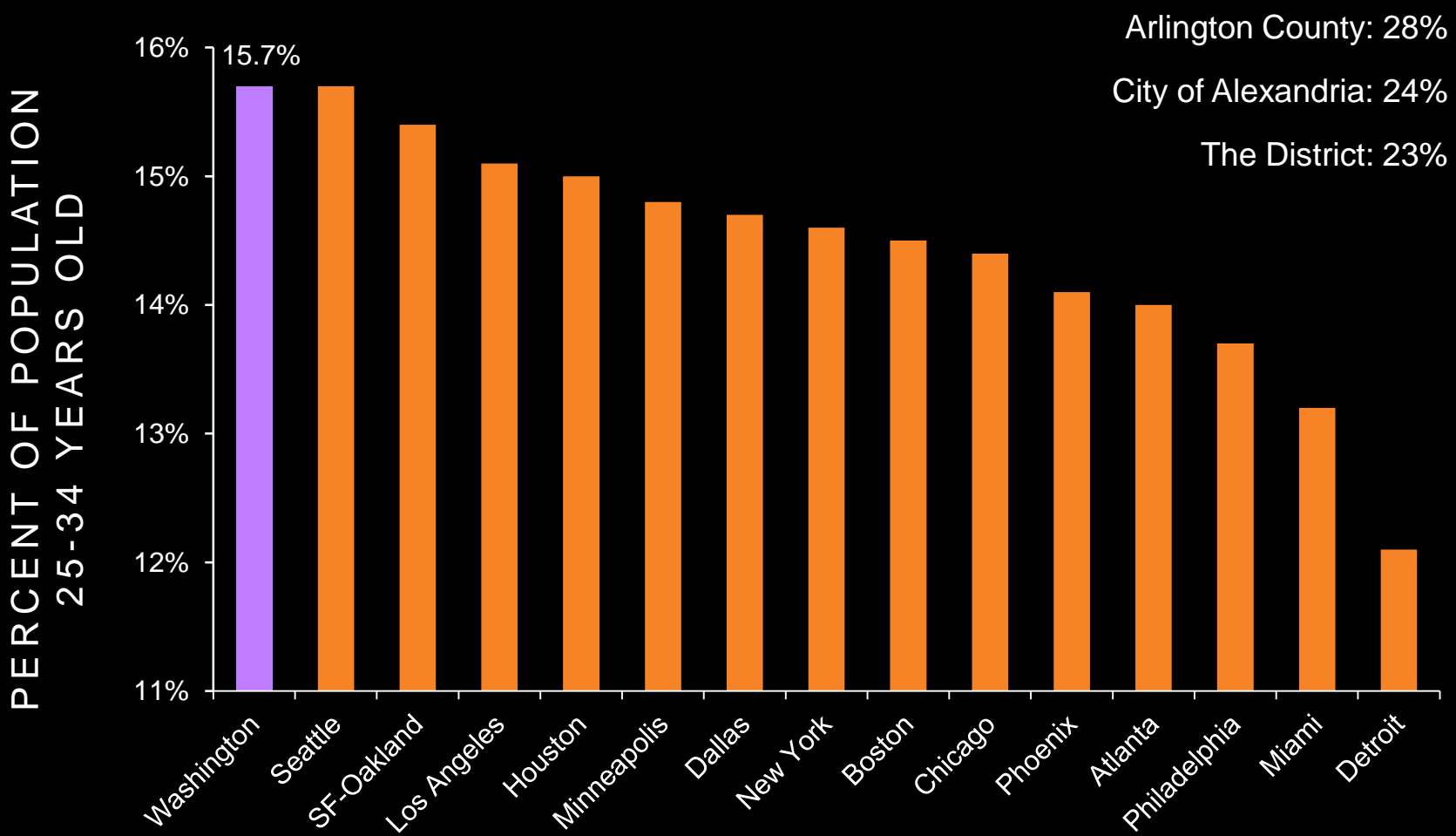
United States



Source: 2013 ULI/BRS National Survey, Delta Associates; October 2015.

SHARE OF POPULATION BETWEEN 25 – 34 YEARS OLD

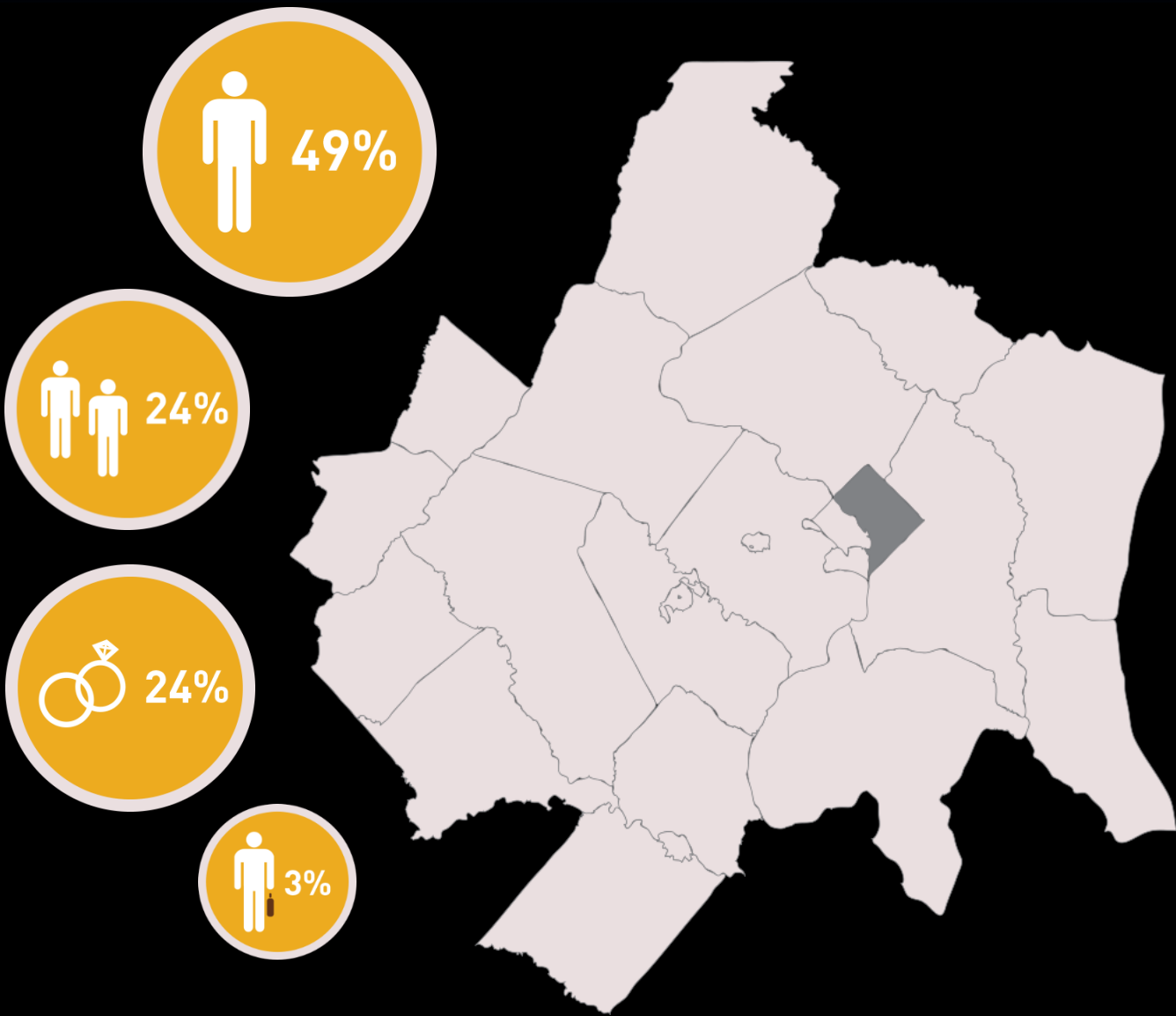
Largest Metro Areas



Source: U.S. Census Bureau, Delta Associates; October 2015.

CLASS A TENANT PROFILE

Washington Metro Area



Source: The Bozzuto Group, Delta Associates; October 2015.

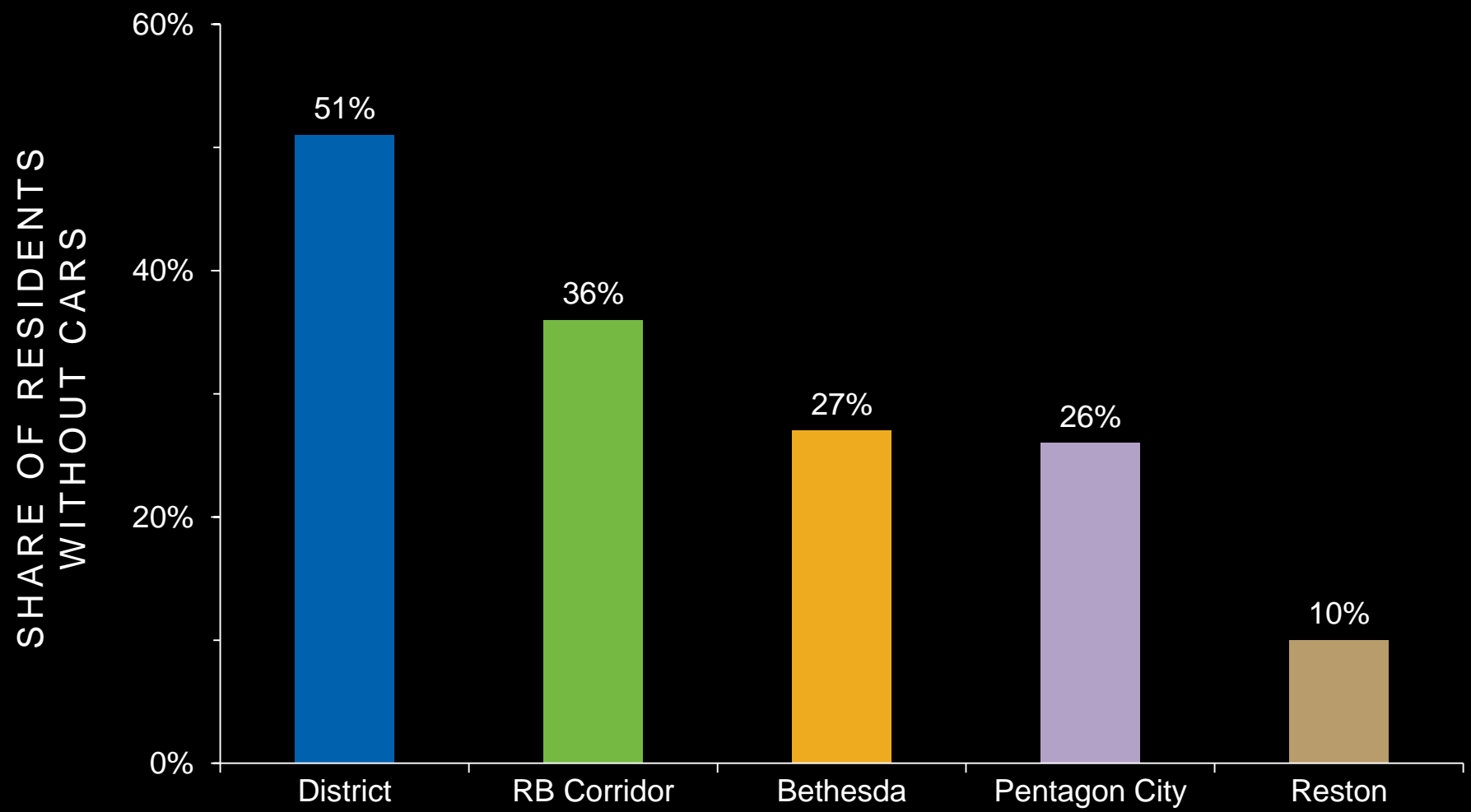
NEW TENANT PROFILE

District of Columbia



CHANGING DEMAND PATTERNS

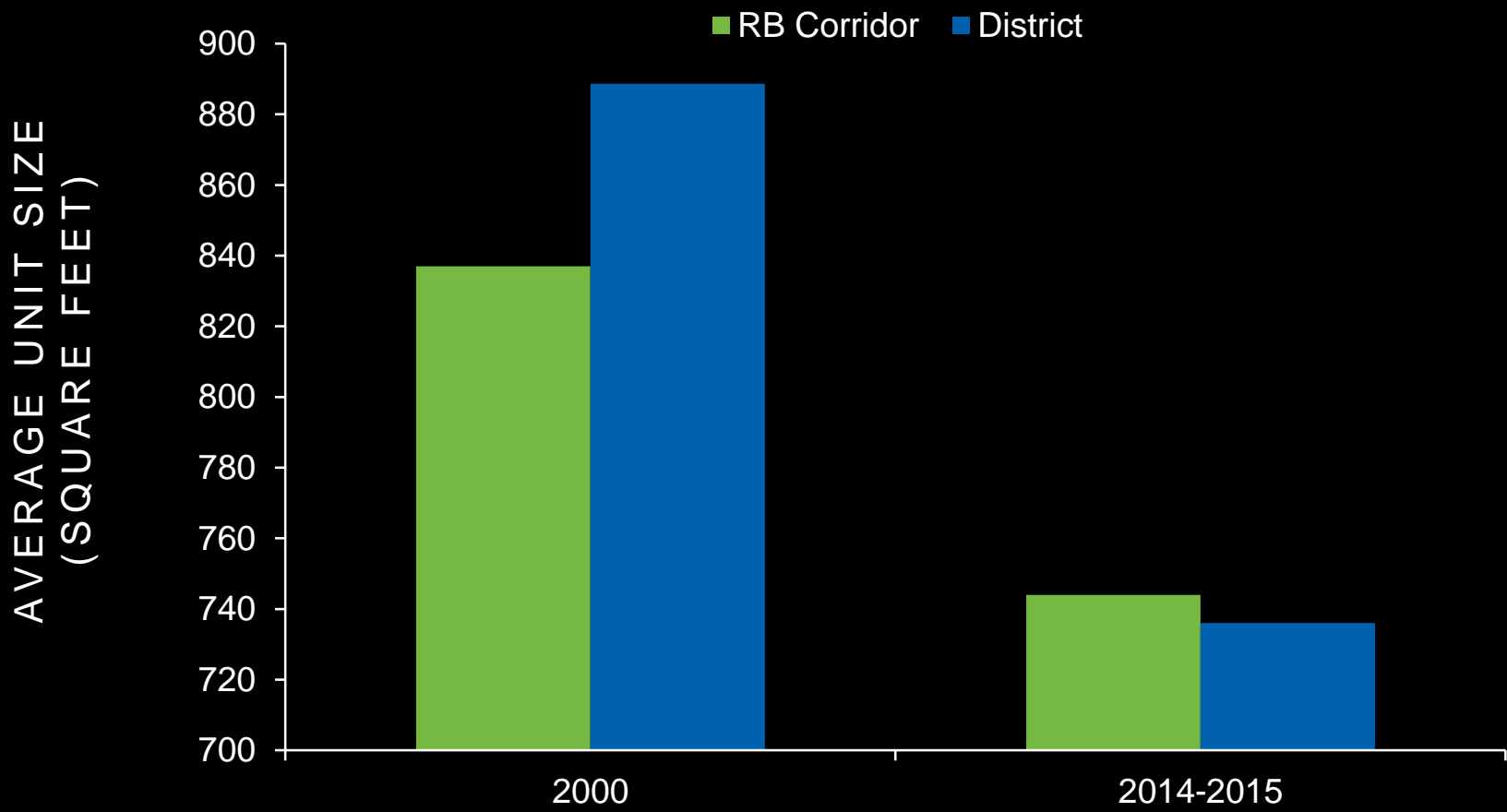
Residents Without Cars in Apartments



Source: Kettler, The Bozzuto Group, Delta Associates; October 2015.

AVERAGE UNIT SIZE

Newly Delivered Class A High-Rise Apartments – Selected Submarkets



Source: Delta Associates; October 2015.

APARTMENTS

Changing Nature of Space



CLASS B TENANT PROFILE

Washington Metro Area

MULTIFAMILY MARKET OVERVIEW & AWARDS FOR EXCELLENCE



CONDO BUYER PROFILE

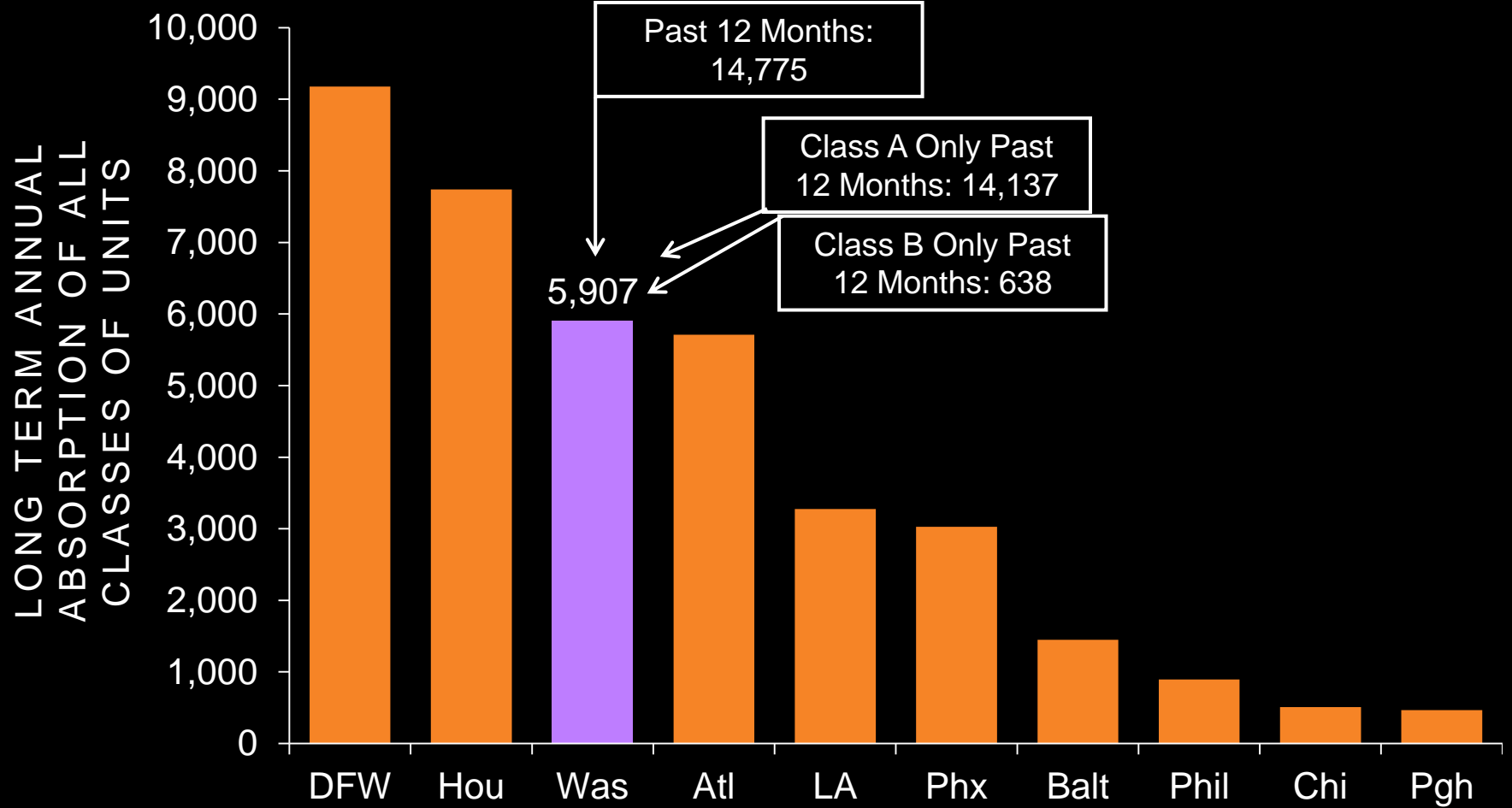
National



THE WASHINGTON METRO AREA APARTMENT MARKET

LONG TERM ANNUAL APARTMENT ABSORPTION

National Market Leaders

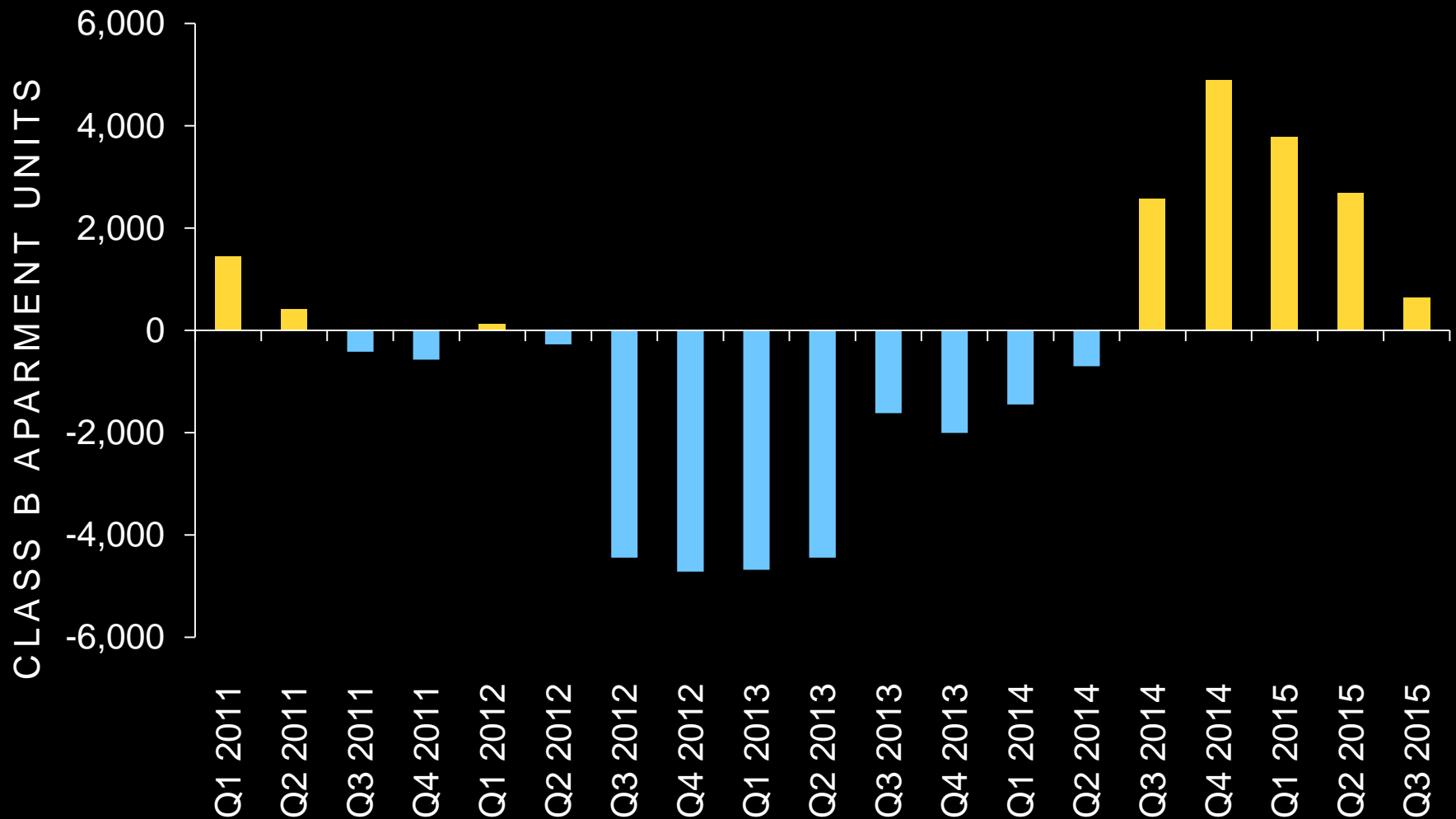


Source: REIS, Delta Associates; October 2015.

Note: Excludes NY metro to conserve scale.

CLASS B APARTMENT ABSORPTION

Washington Metro Area

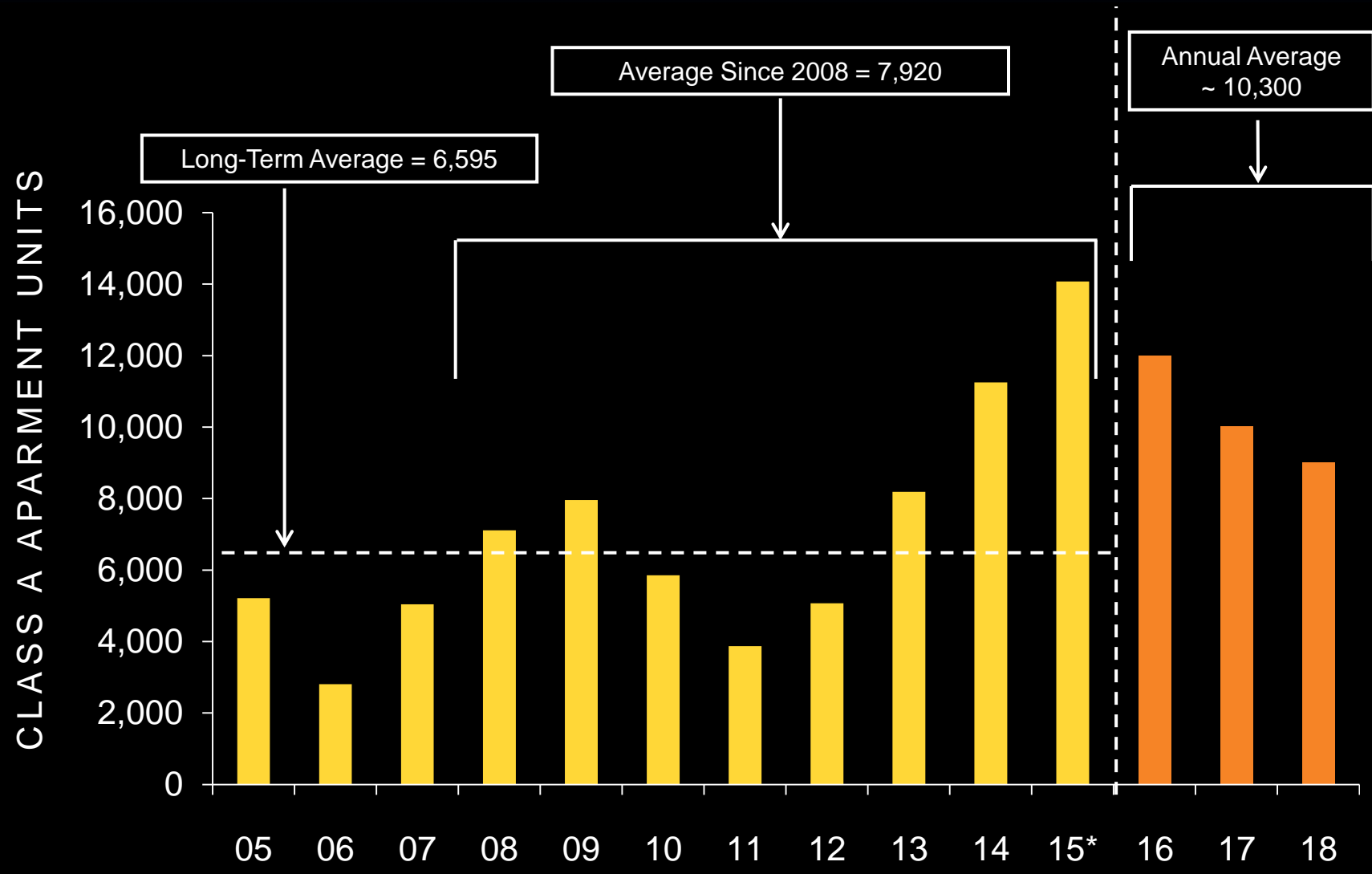


Source: Delta Associates; October 2015.

Note: Each quarter shows absorption over the past 12 months.

CLASS A APARTMENT ABSORPTION

Washington Metro Area

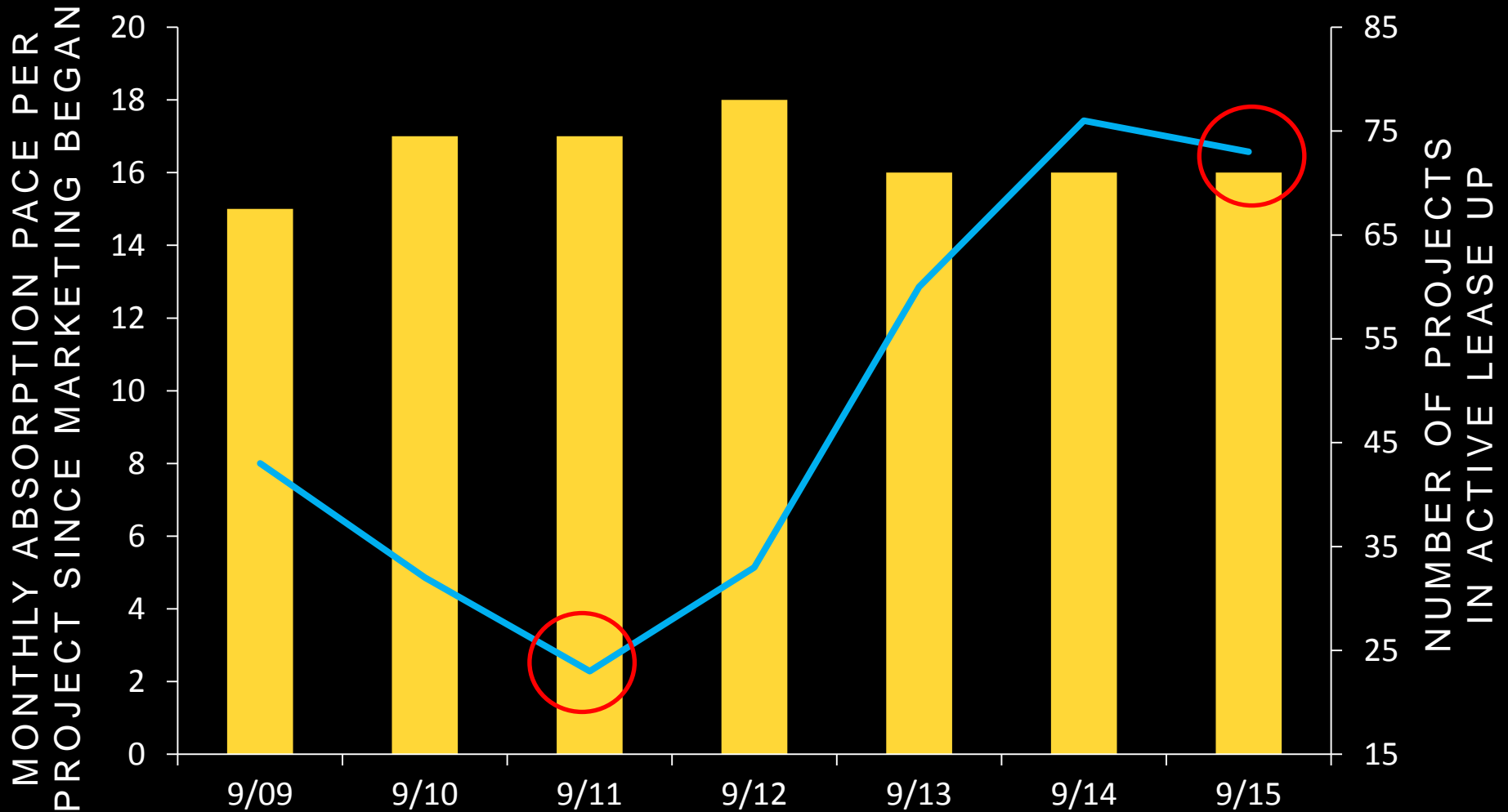


Source: Delta Associates; October 2015.

*12 months ending September 2015.

ABSORPTION PACE PER PROJECT PER MONTH

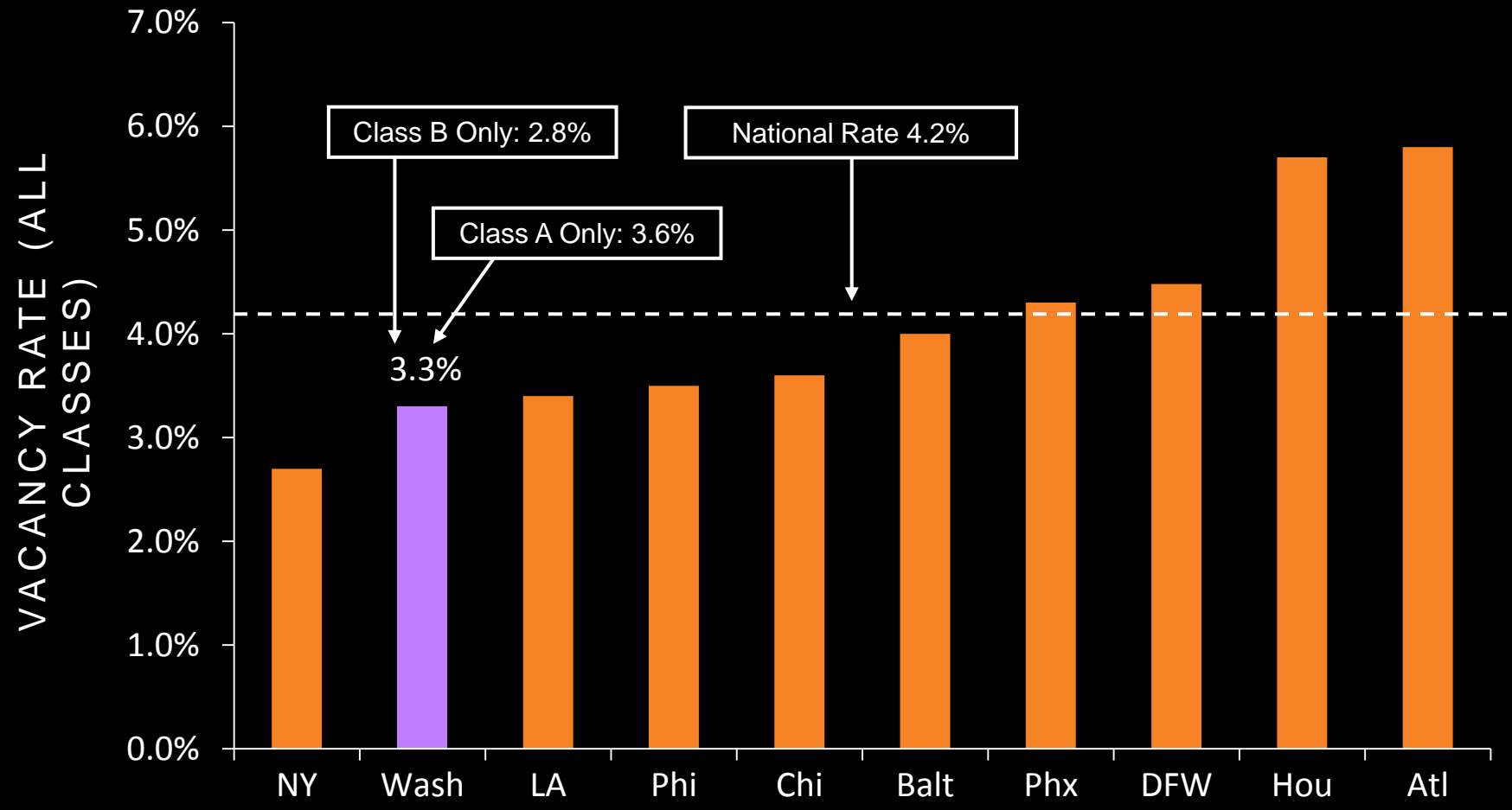
Class A Projects in Initial Lease-Up | Washington Metro Area



Source: Delta Associates; October 2015.

STABILIZED APARTMENT VACANCY RATES

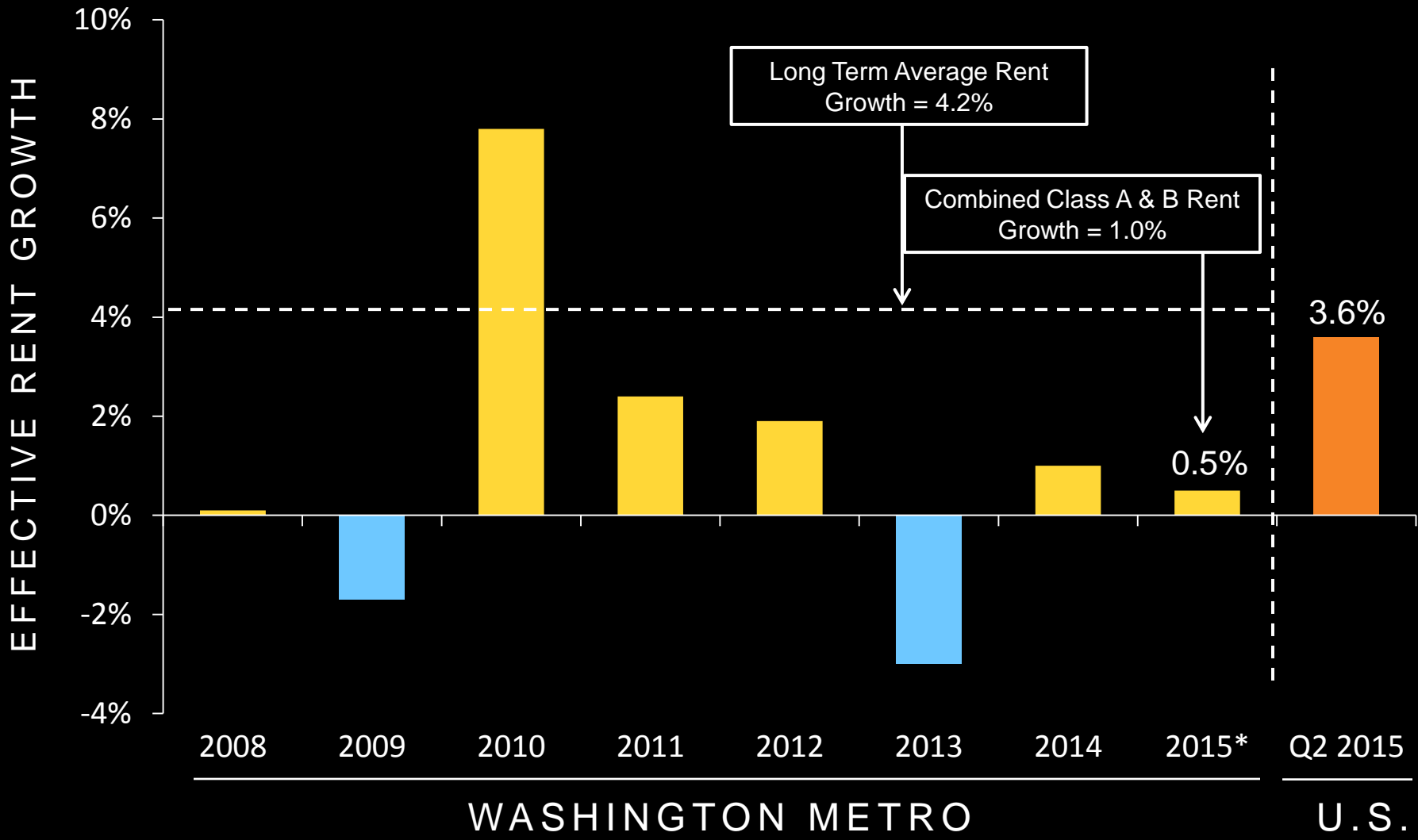
Major Apartment Markets at Third Quarter 2015



Source: REIS, Delta Associates; October 2015.

ANNUAL EFFECTIVE RENT GROWTH

Class A Apartments | Washington Metro Area

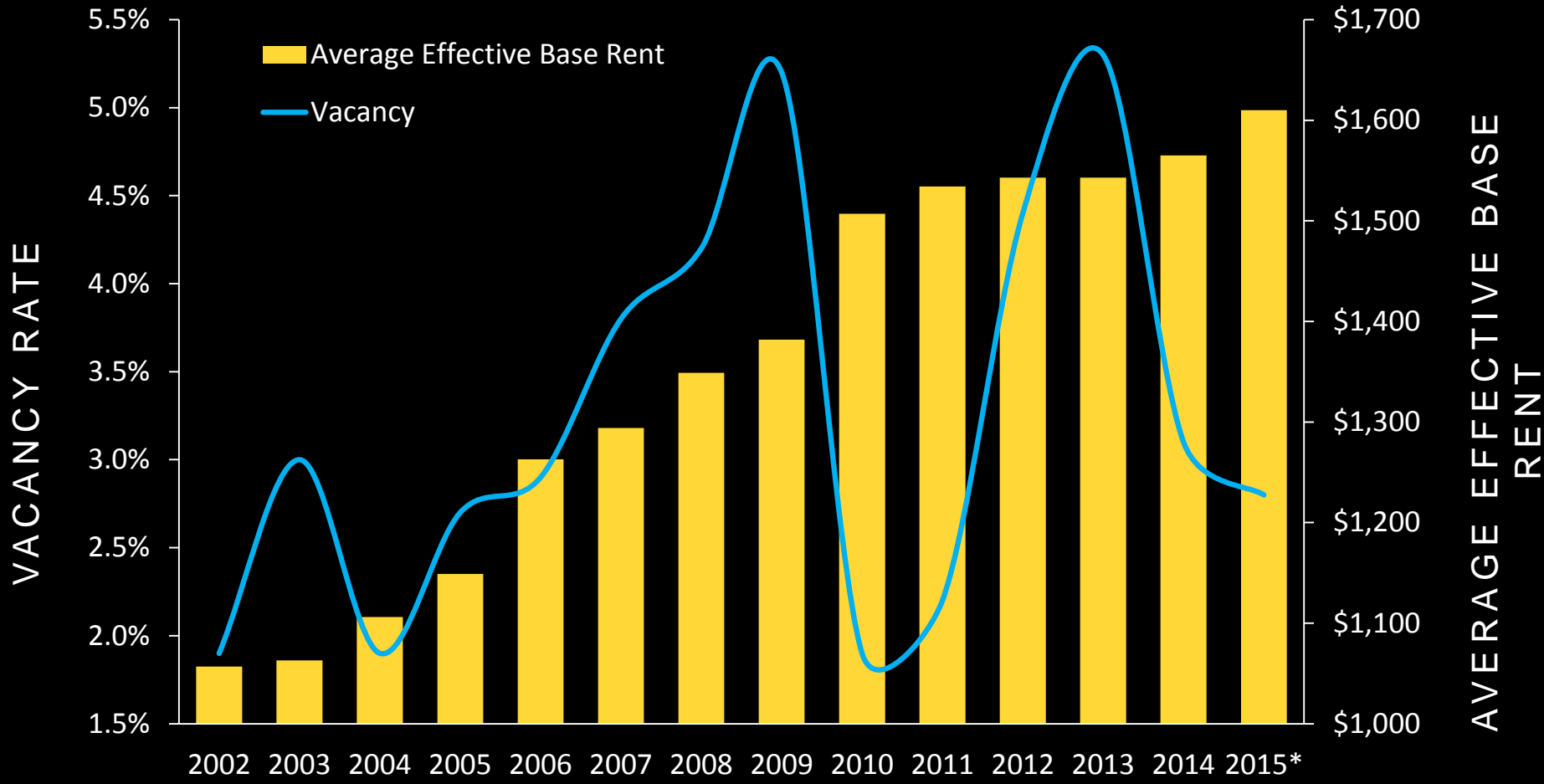


Source: Delta Associates; October 2015.

*12 months ending September 2015.

EFFECTIVE RENT AND VACANCY RATE

Class B Apartments | Washington Metro Area

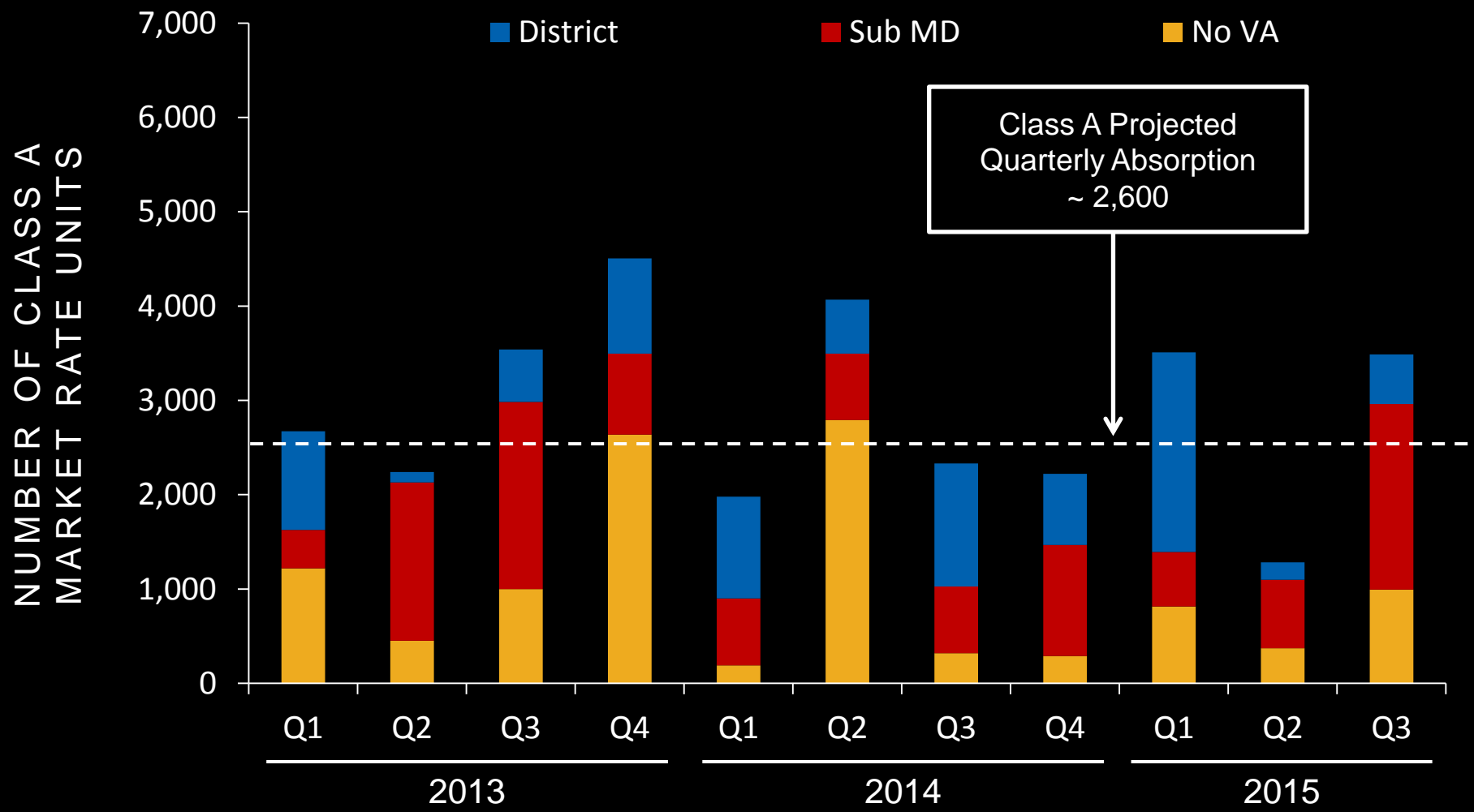


Source: Delta Associates; October 2015.

* As of Third Quarter.

CLASS A APARTMENT UNIT STARTS

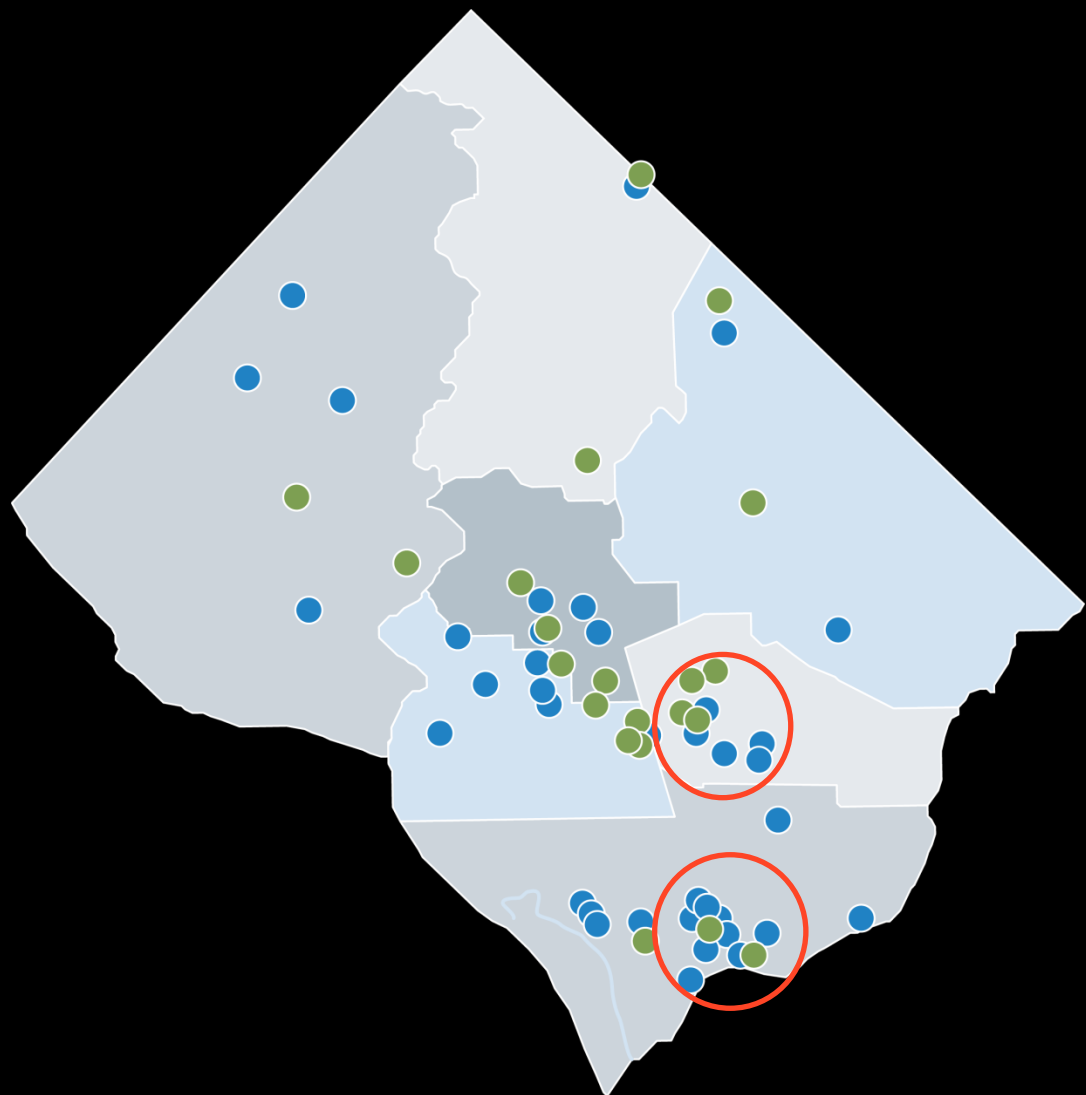
Washington Metro Area | 2013 - 2015



Source: Delta Associates; October 2015.

PROJECTS CURRENTLY UNDER CONSTRUCTION

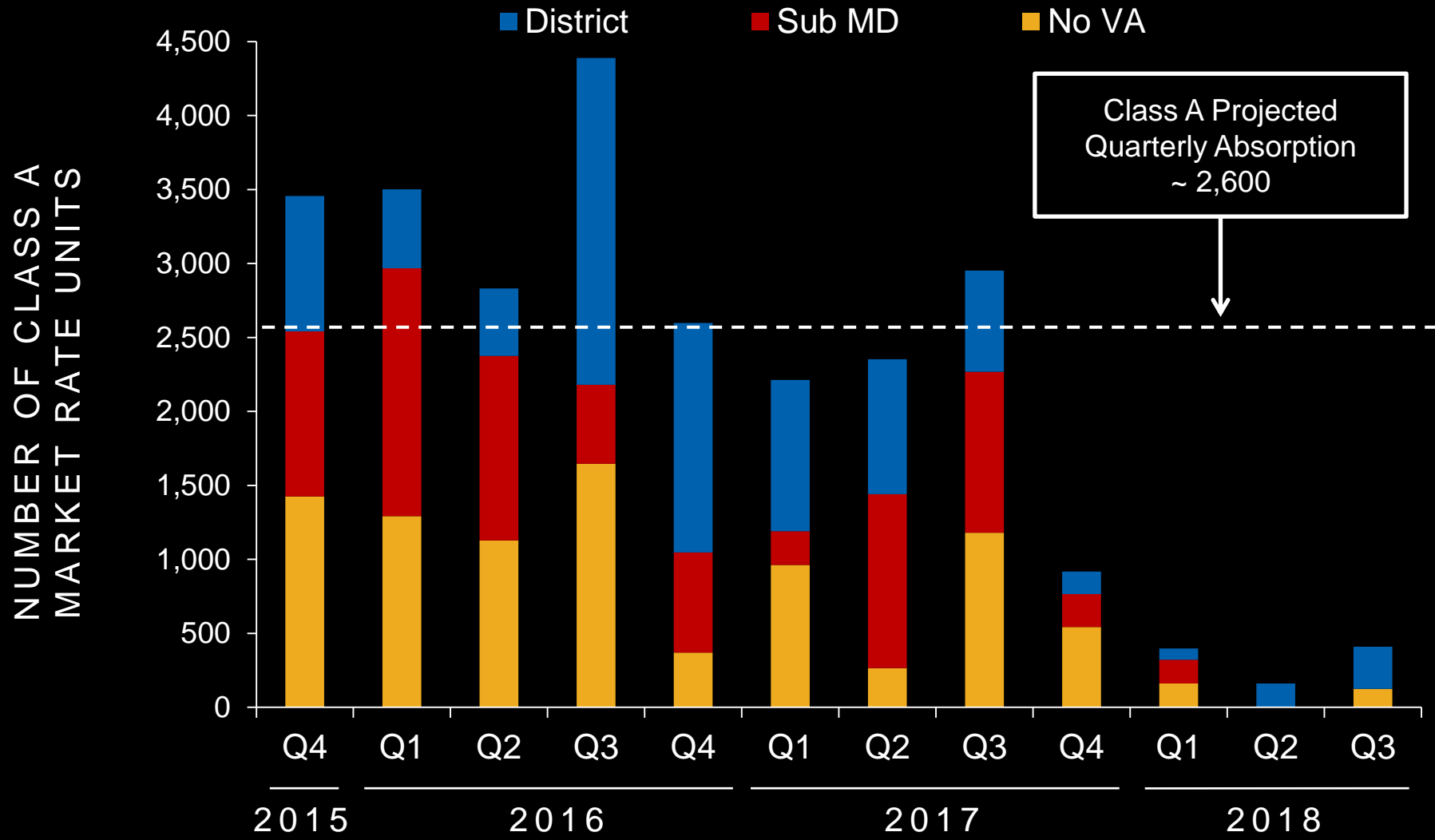
District of Columbia



- Projects Under Construction
- In Lease-up
 - Not Yet Leasing

PROJECTED DELIVERIES

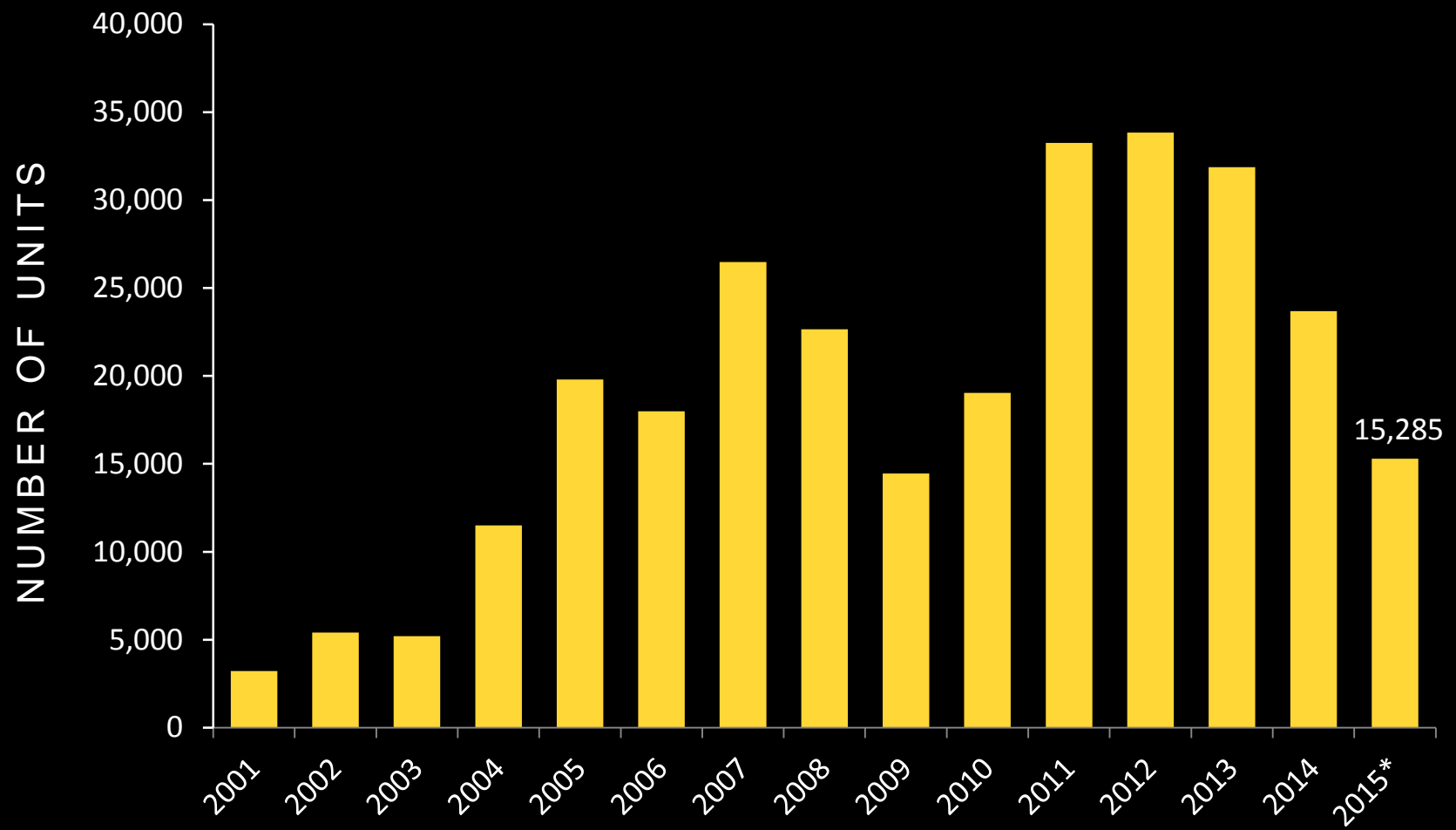
36-Month Development Pipeline | Washington Metro Area | 2015 - 2018



Source: Delta Associates; October 2015.

APARTMENT PROPERTIES UNDERGOING RENOVATION

Washington Metro Area

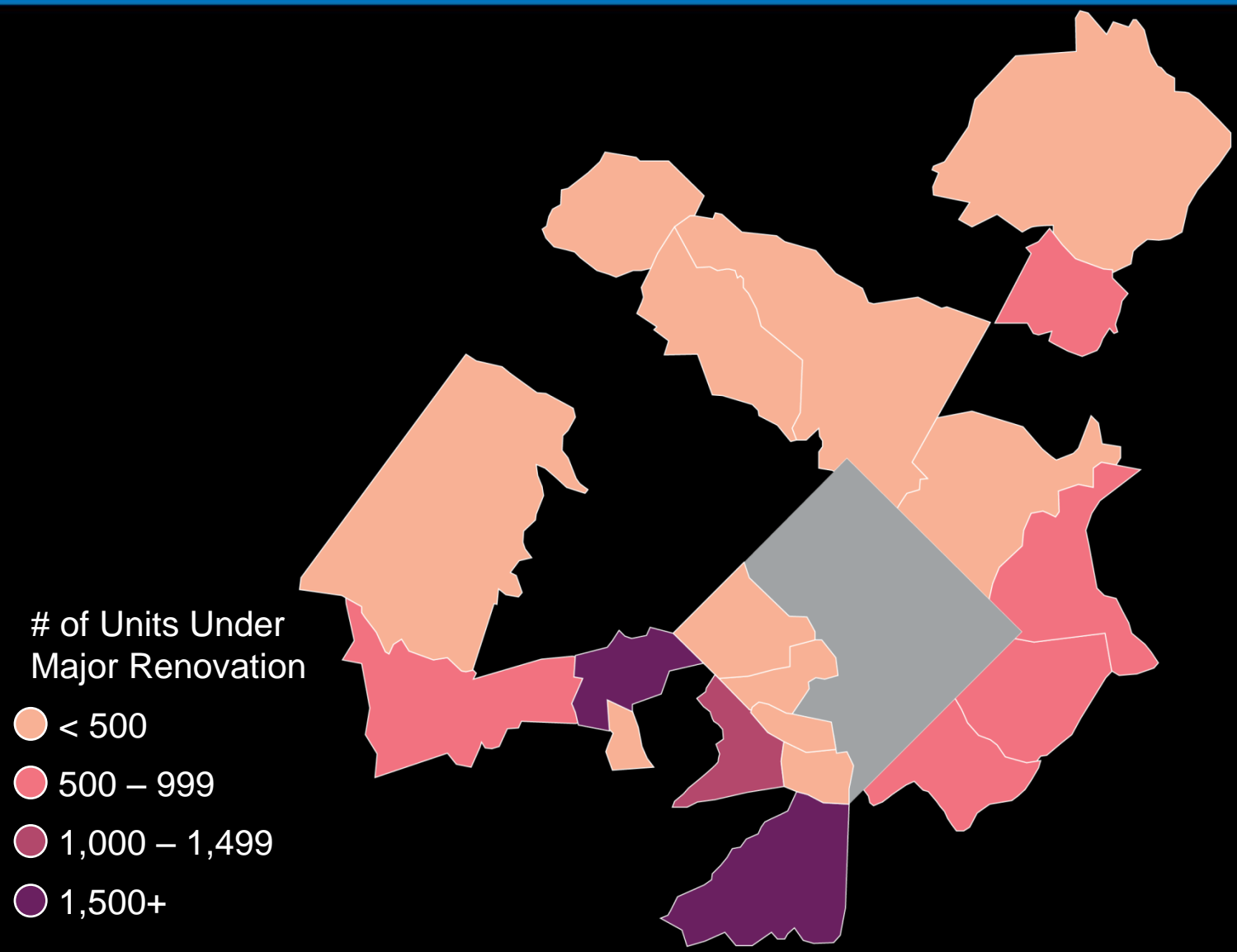


Source: Delta Associates; October 2015.

* As of Third Quarter.

CURRENT RENOVATION ACTIVITY

Low-Rise Class B Apartment Submarkets



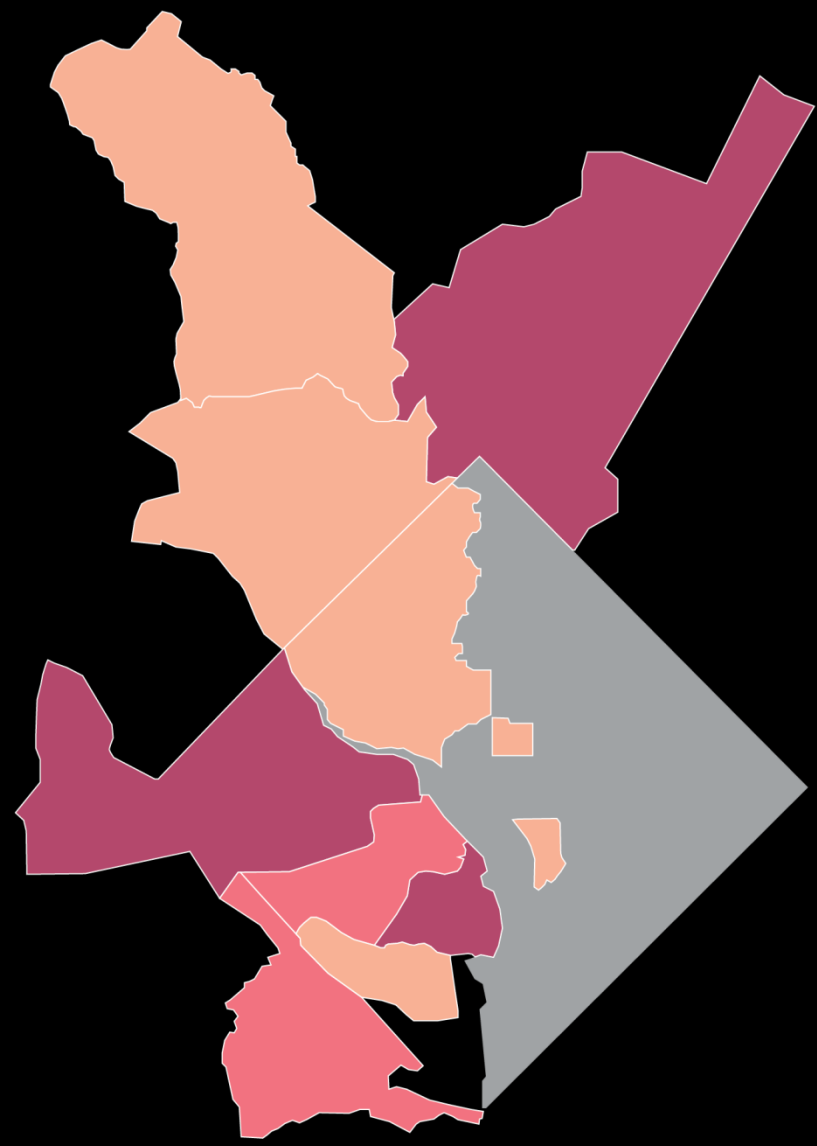
Source: Delta Associates; October 2015.

CURRENT RENOVATION ACTIVITY

High-Rise Class B Apartment Submarkets

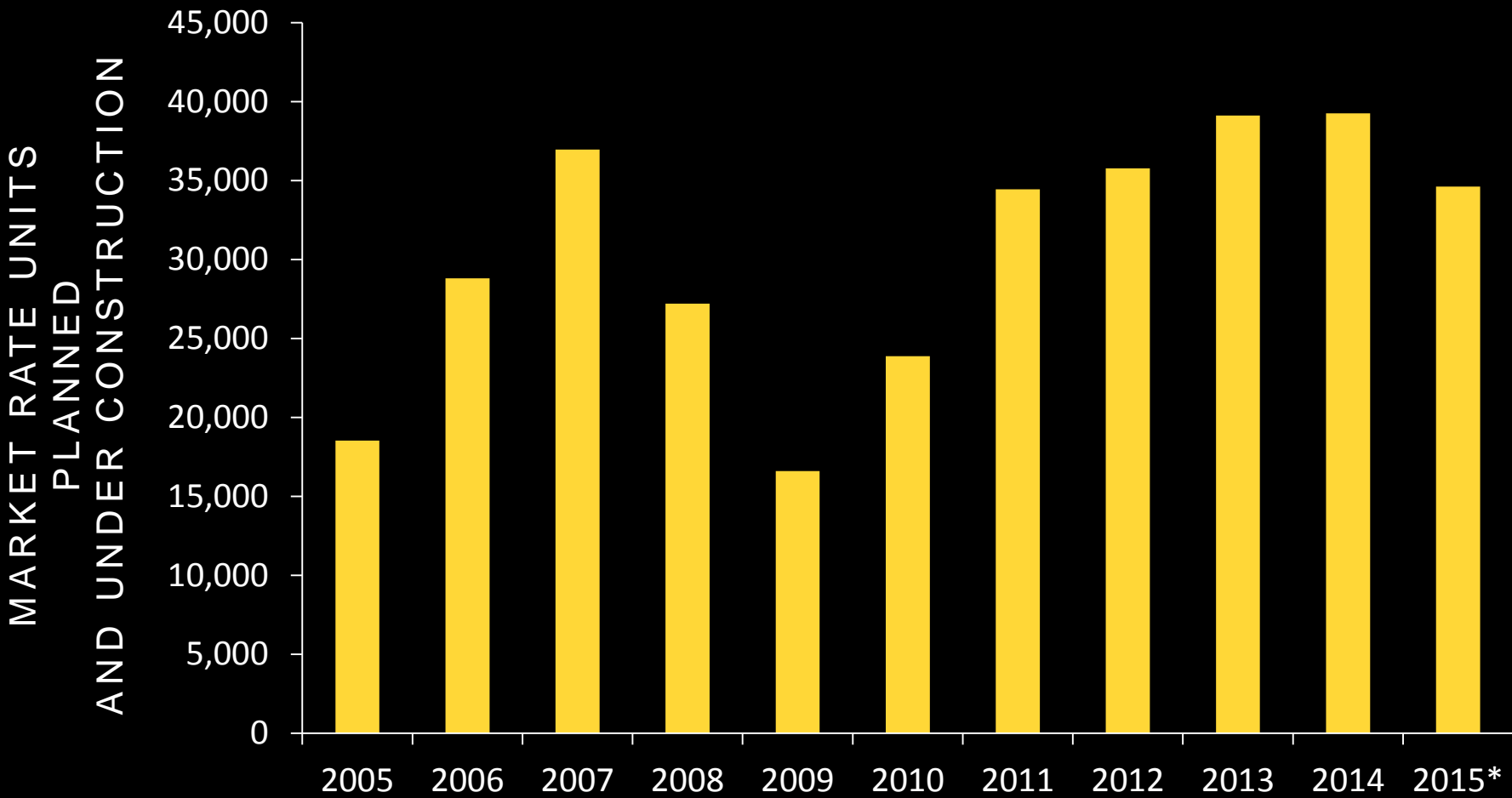
of Units Under Major Renovation

- < 500
- 500 – 999
- 1,000 – 1,499
- 1,500+



36-MONTH APARTMENT DEVELOPMENT PIPELINE

Washington Metro Area

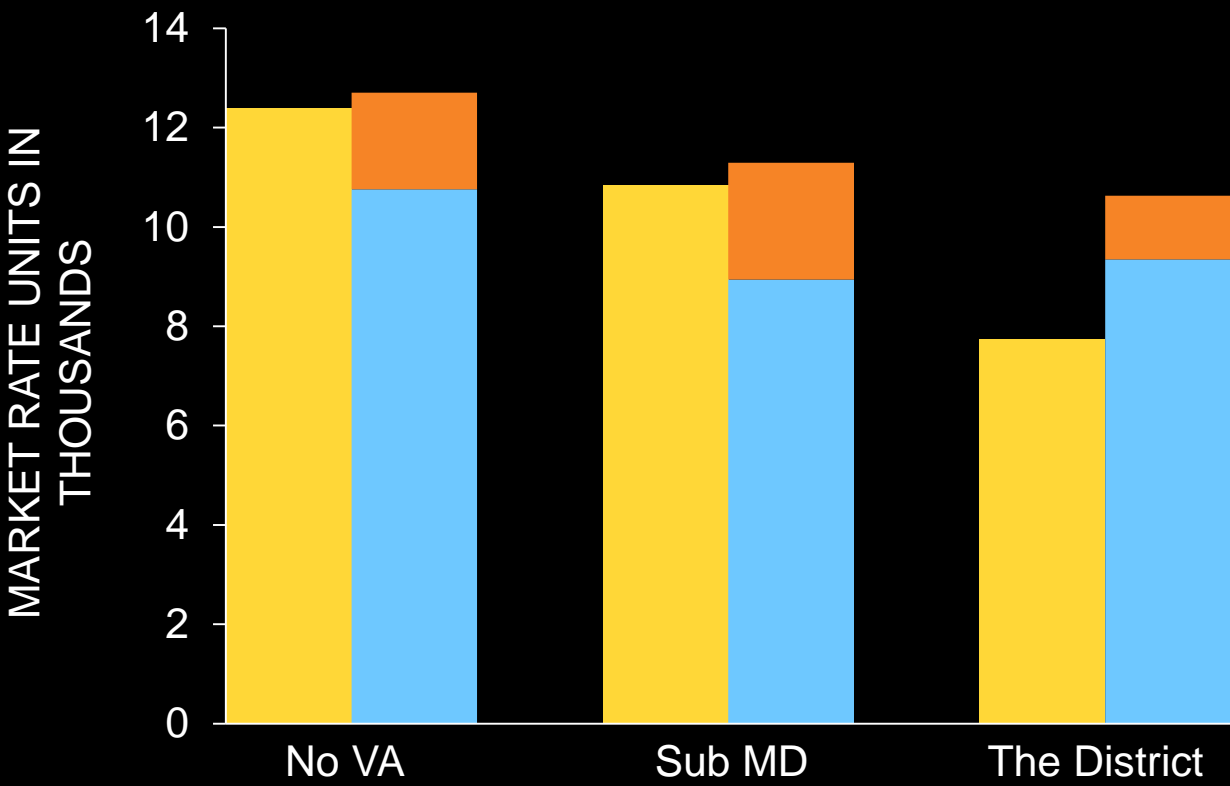


Source: Delta Associates; October 2015.

* As of Third Quarter.

DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Class A Apartments
36 Months Ending September 2018



No VA	Sub MD	The District
3.6%	3.4%	4.1%
Projected Stabilized Vacancy % at September 2018		

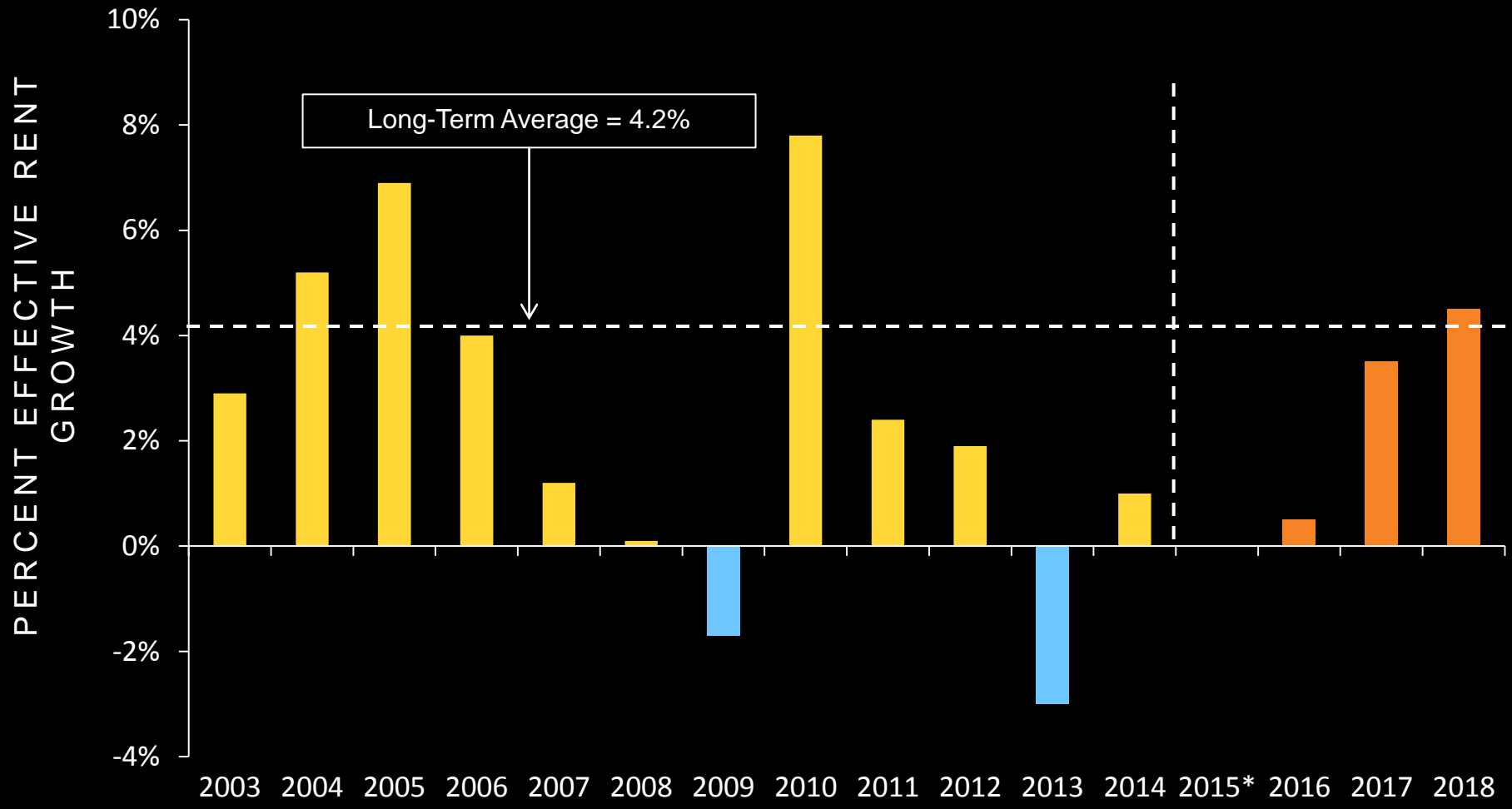
DEMAND	
■	Net Absorption: 10,333/Year = 31,000
SUPPLY	
■	Planned and may deliver by 9/18: 5,579 units ¹
■	Under construction: 29,044 units ²
Total = 34,623 units	

¹ Probable supply after projected attrition.
² Includes unleased units at projects in lease-up.

Projected Stabilized Vacancy Rate at Sept. 2018: 3.6% Metro-Wide

ANNUAL CLASS A APARTMENT RENT GROWTH

Washington Metro Area



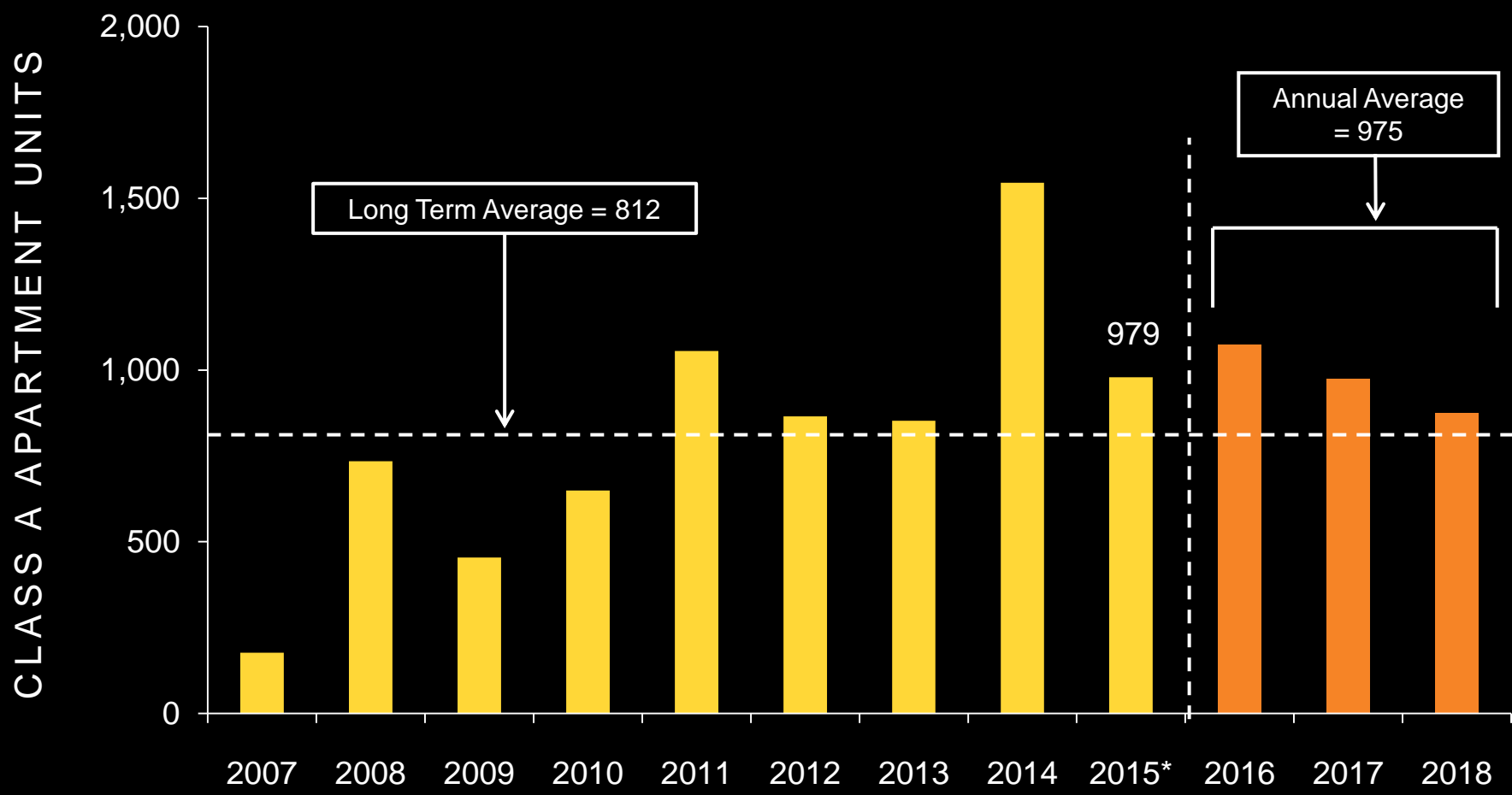
Source: Delta Associates; October 2015.

* Annual rent change at Third Quarter 2015 is 0.5%.

THE BALTIMORE METRO AREA APARTMENT MARKET

CLASS A APARTMENT ABSORPTION

Baltimore Metro Area

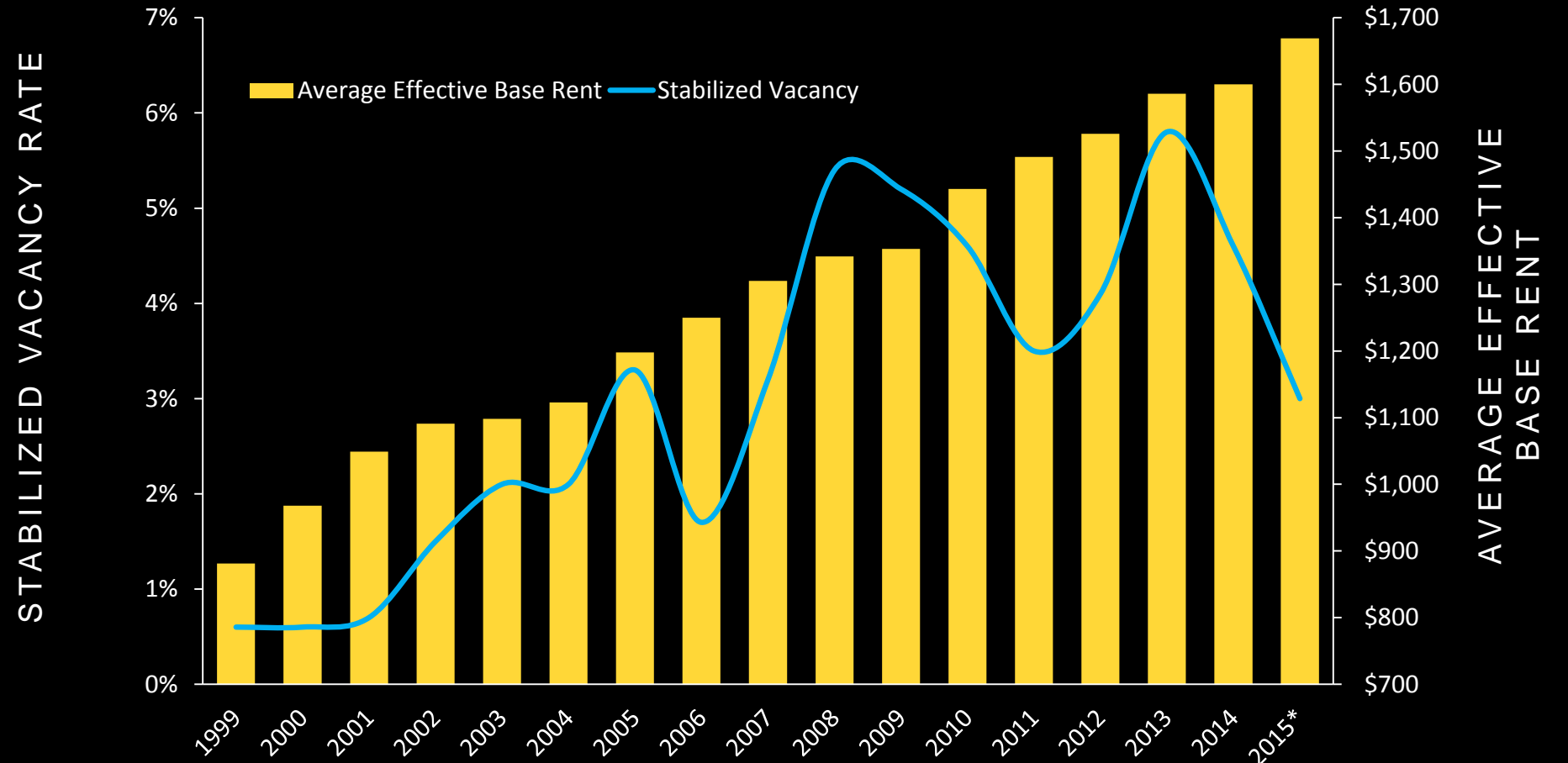


Source: Delta Associates; October 2015.

*12 Months Ending September 2015

EFFECTIVE RENT AND VACANCY RATE

Class A Apartments | Baltimore Metro Area



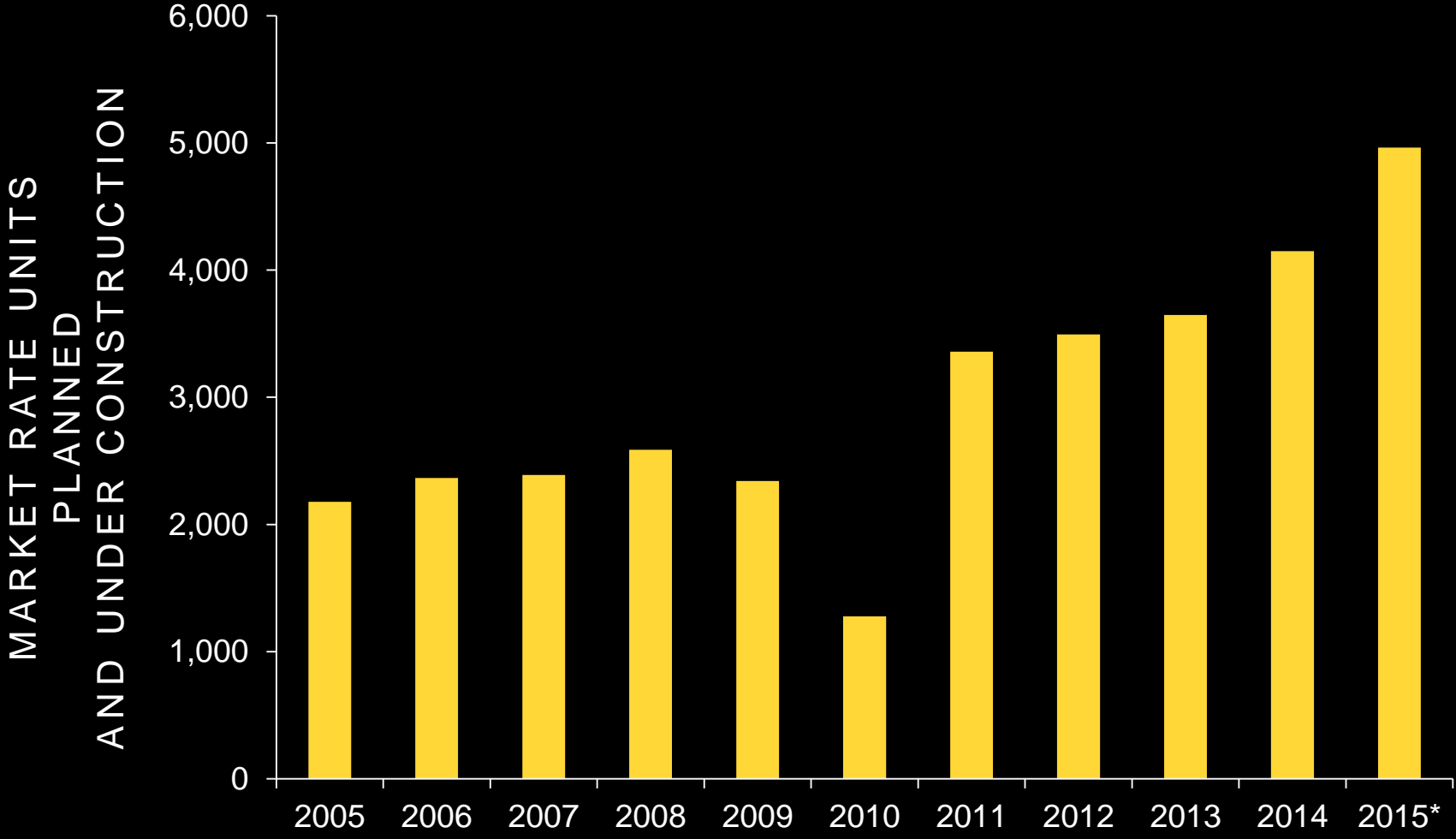
4.3% / YEAR
LONG-TERM RENT GROWTH

Source: Delta Associates; October 2015.

* As of Third Quarter.

36-MONTH APARTMENT DEVELOPMENT PIPELINE

Baltimore Metro Area

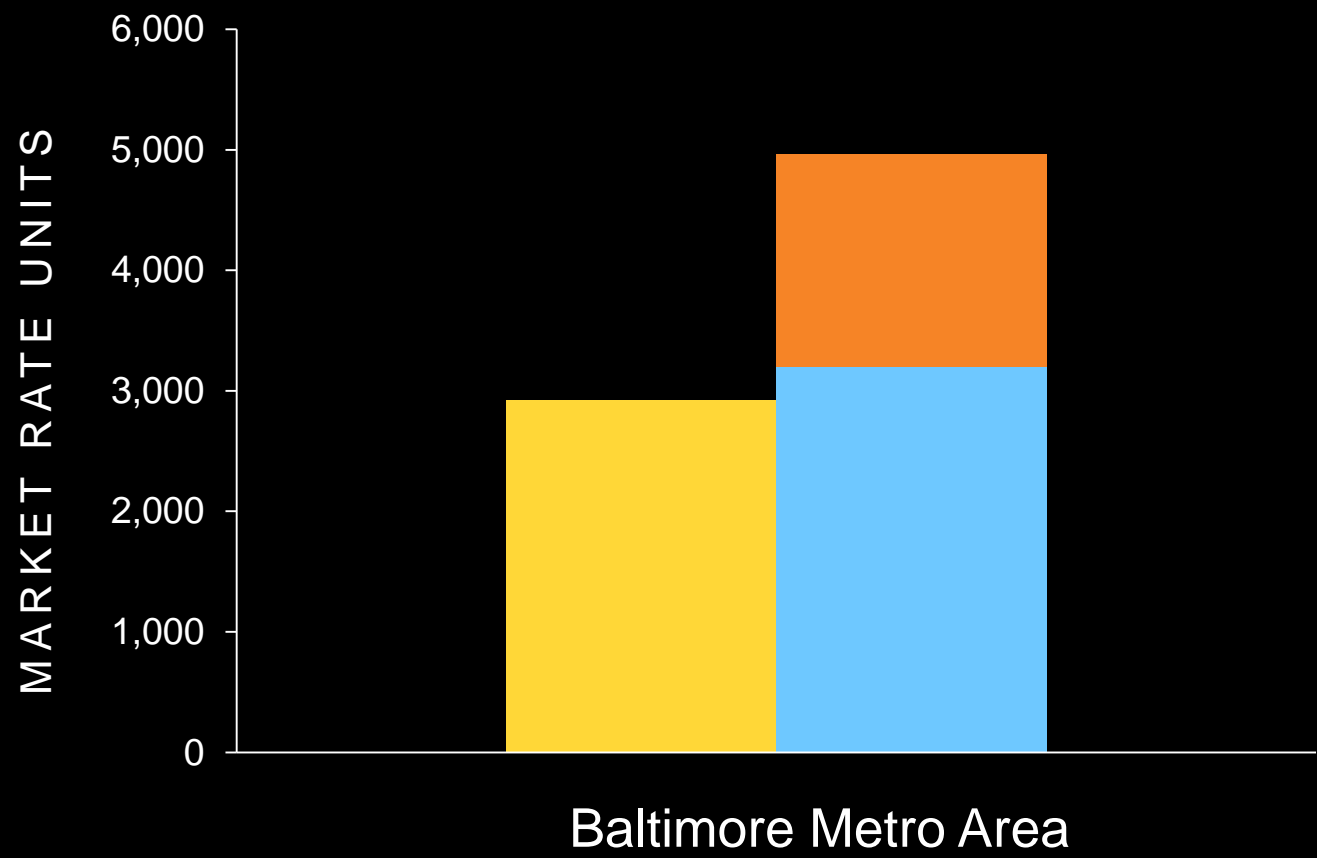


Source: Delta Associates; October 2015.

* As of Third Quarter.

DEMAND AND SUPPLY PROJECTIONS

Baltimore Metro Area Class A Apartments
36 Months Ending September 2018



DEMAND

Net Absorption:
975/Year = 2,925

SUPPLY

Planned and may deliver by 9/18:
1,768 units¹

Under construction:
3,196 units²

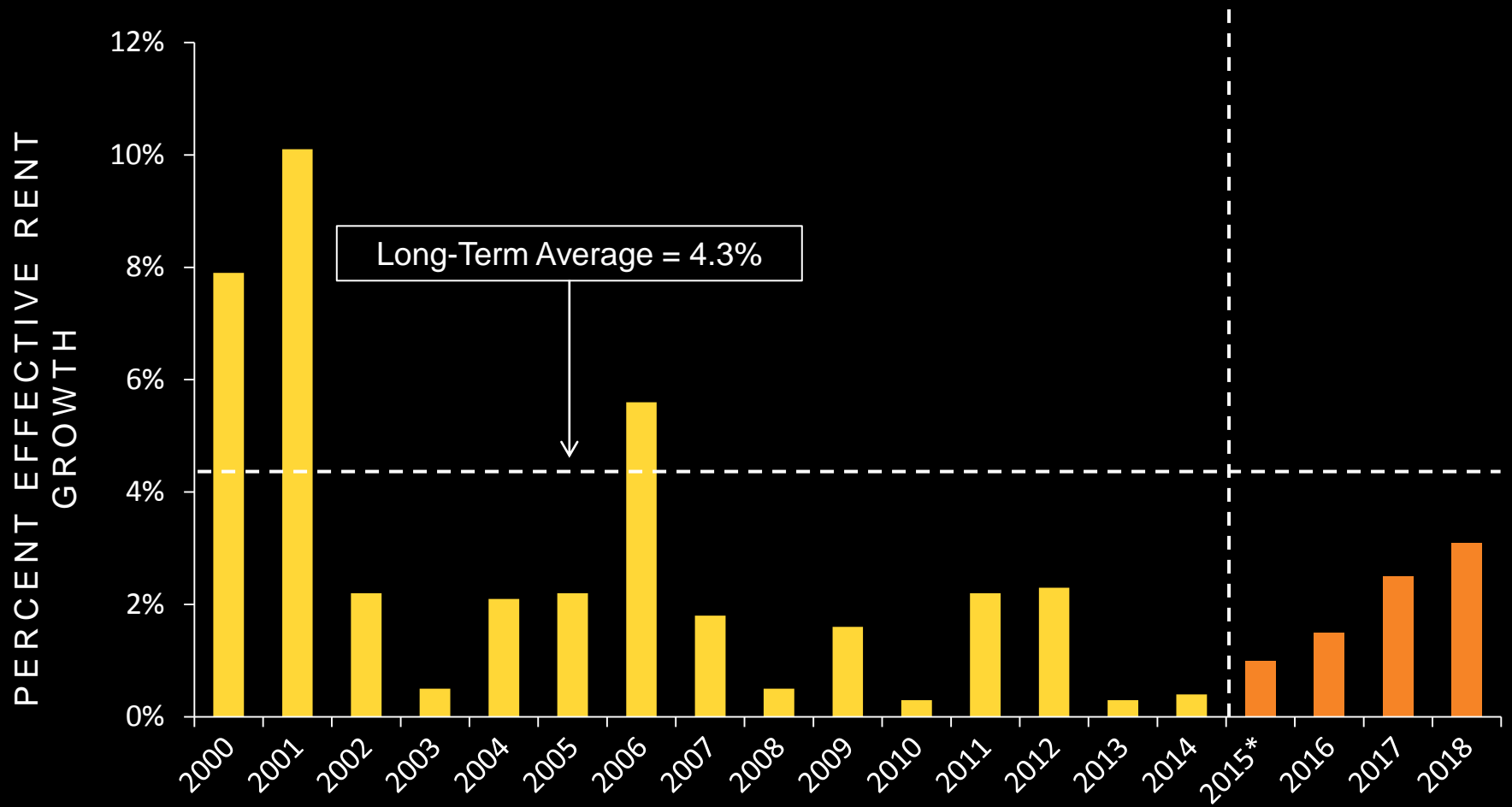
Total = 4,964 units

¹ Probable supply after projected attrition.
² Includes unleased units at projects in lease-up.

Projected Stabilized Vacancy Rate at Sept. 2018: 4.0% Metro-Wide

ANNUAL CLASS A APARTMENT RENT GROWTH

Baltimore Metro Area



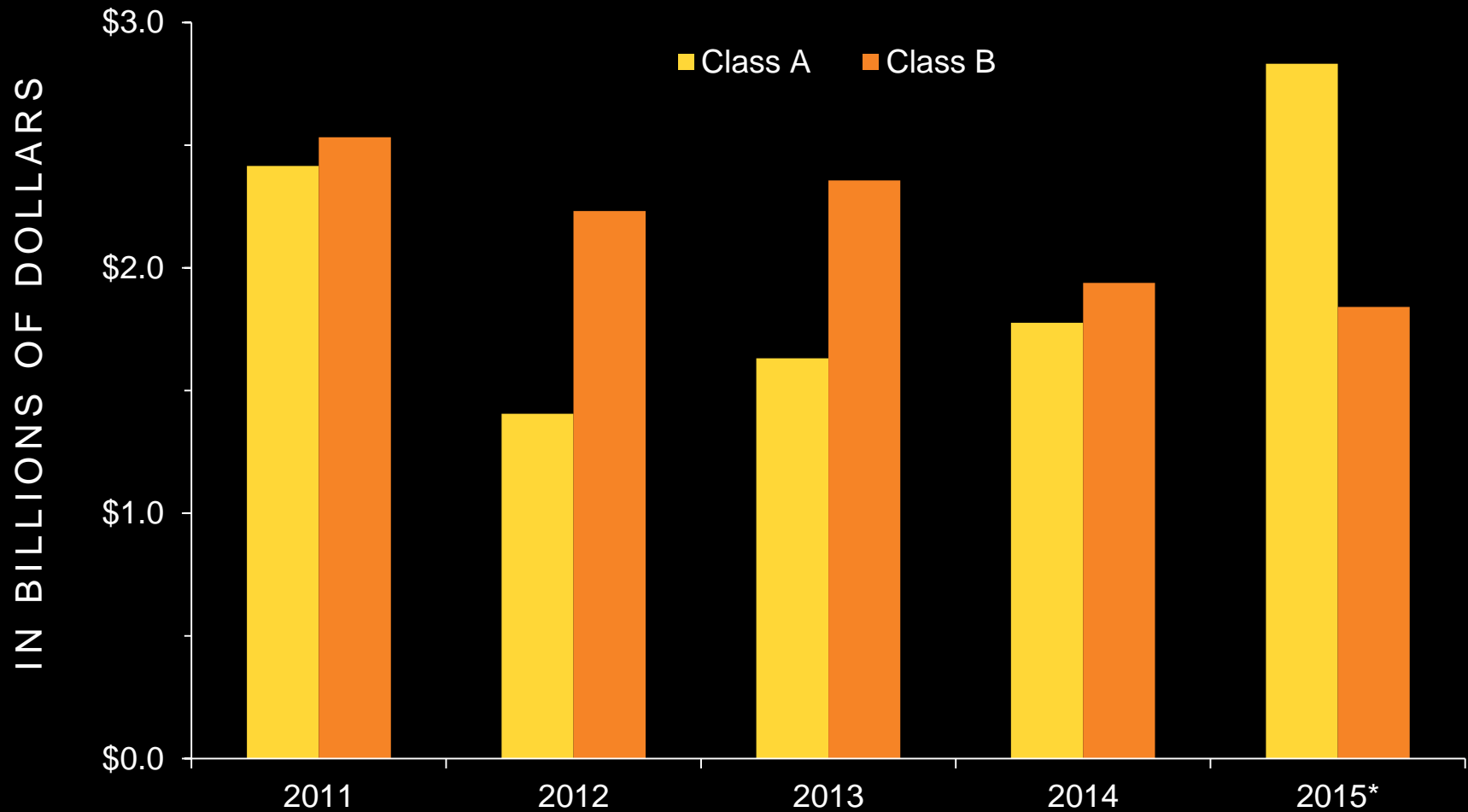
Source: Delta Associates; October 2015.

* Annual rent growth at Third Quarter 2015 is 2.2%

THE WASHINGTON/BALTIMORE AREA CAPITAL MARKETS

APARTMENT INVESTMENT SALES

Washington Metro Area | Class A and Class B

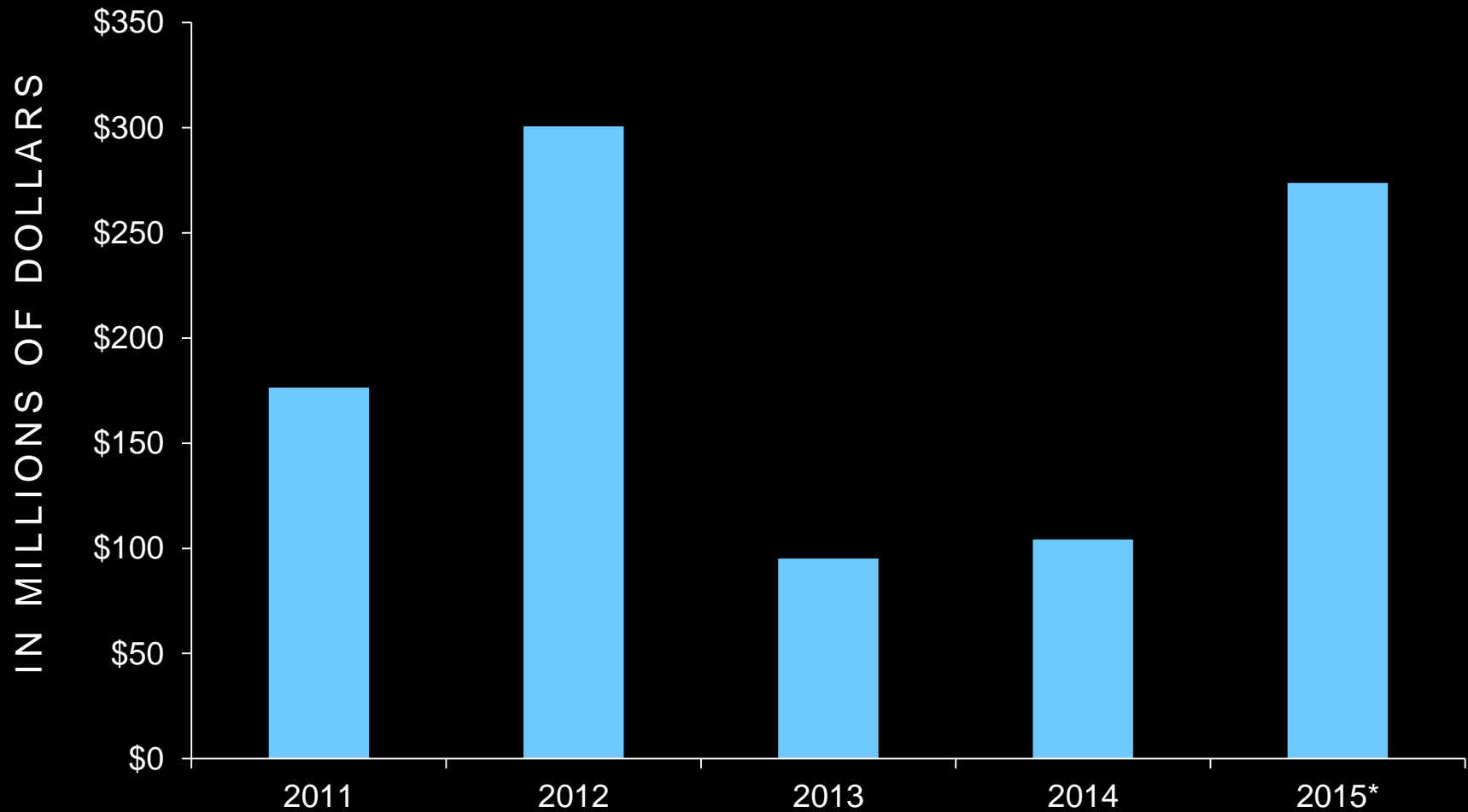


Source: Delta Associates; October 2015.

*Sales through September annualized.

APARTMENT INVESTMENT SALES

Baltimore Metro Area | Class A

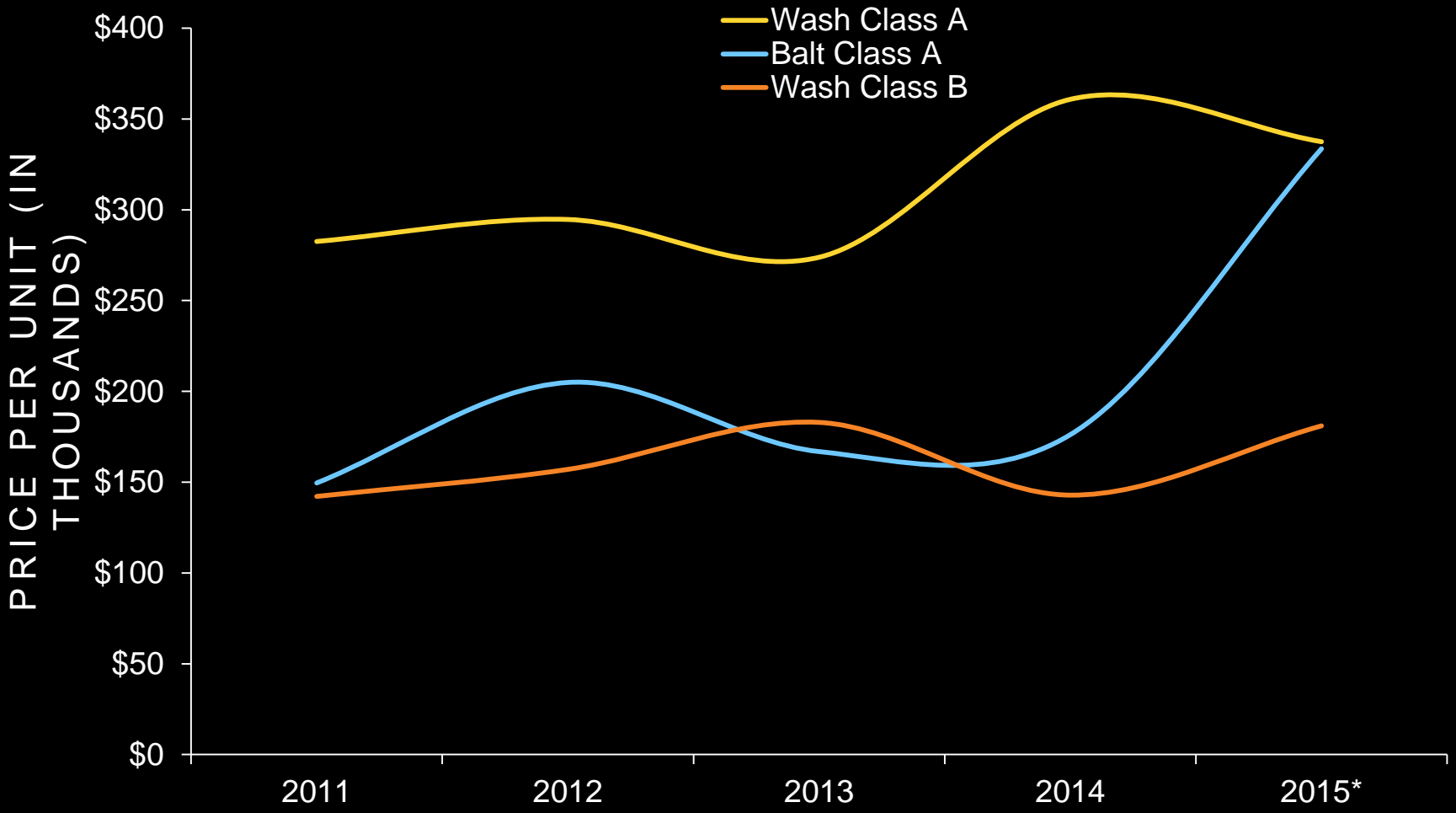


Source: Delta Associates; October 2015.

*Sales through September annualized.

AVERAGE SALES PRICE PER UNIT

Washington and Baltimore Metro Areas | Class A and Class B



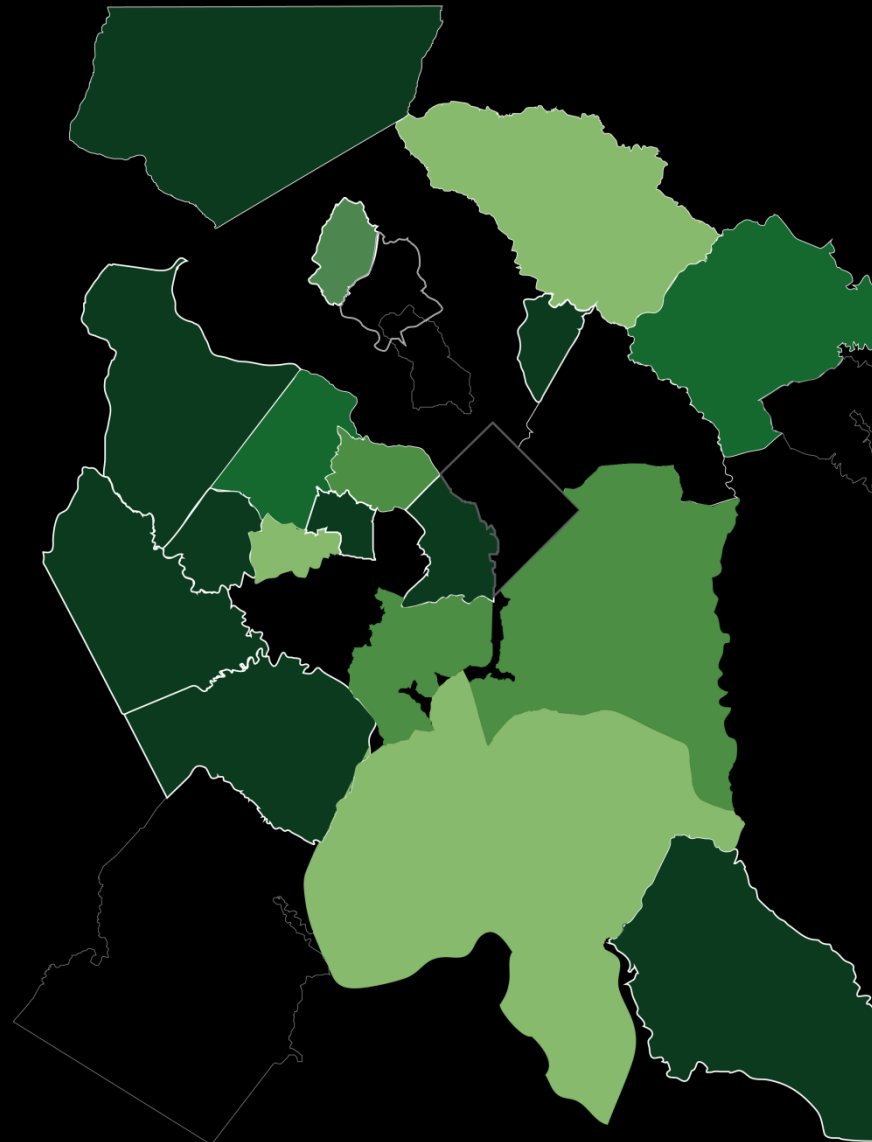
Source: Delta Associates; October 2015.

*Sales through September

THE WASHINGTON/BALTIMORE AREA APARTMENT MARKET OPPORTUNITIES

YEARS OF SUPPLY

Low-Rise Class A Submarkets | Washington Metro Area



Years of Supply

3 – 3.9

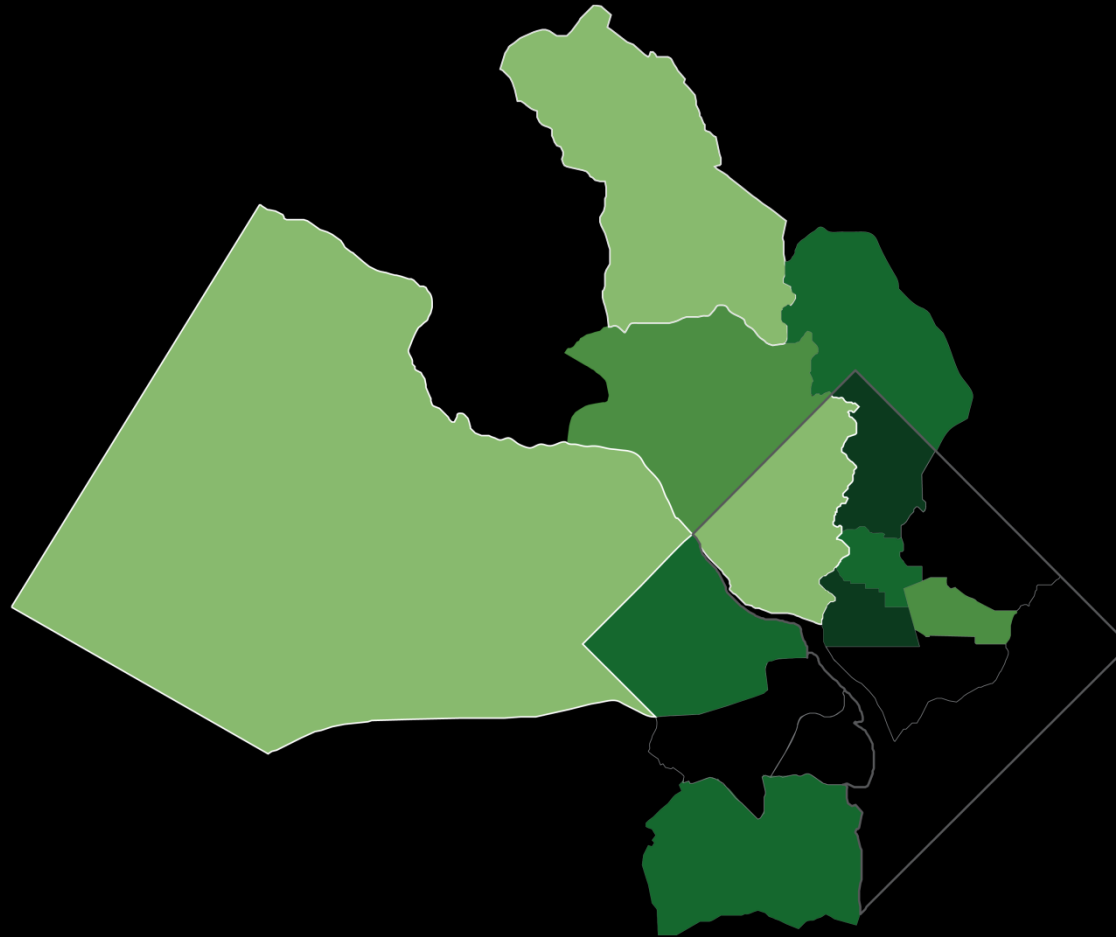
2 – 2.9

1 – 1.9

Less than 1

YEARS OF SUPPLY

High-Rise Class A Submarkets | Washington Metro Area



Years of Supply

● 3 – 3.9

● 2 – 2.9

● 1 – 1.9

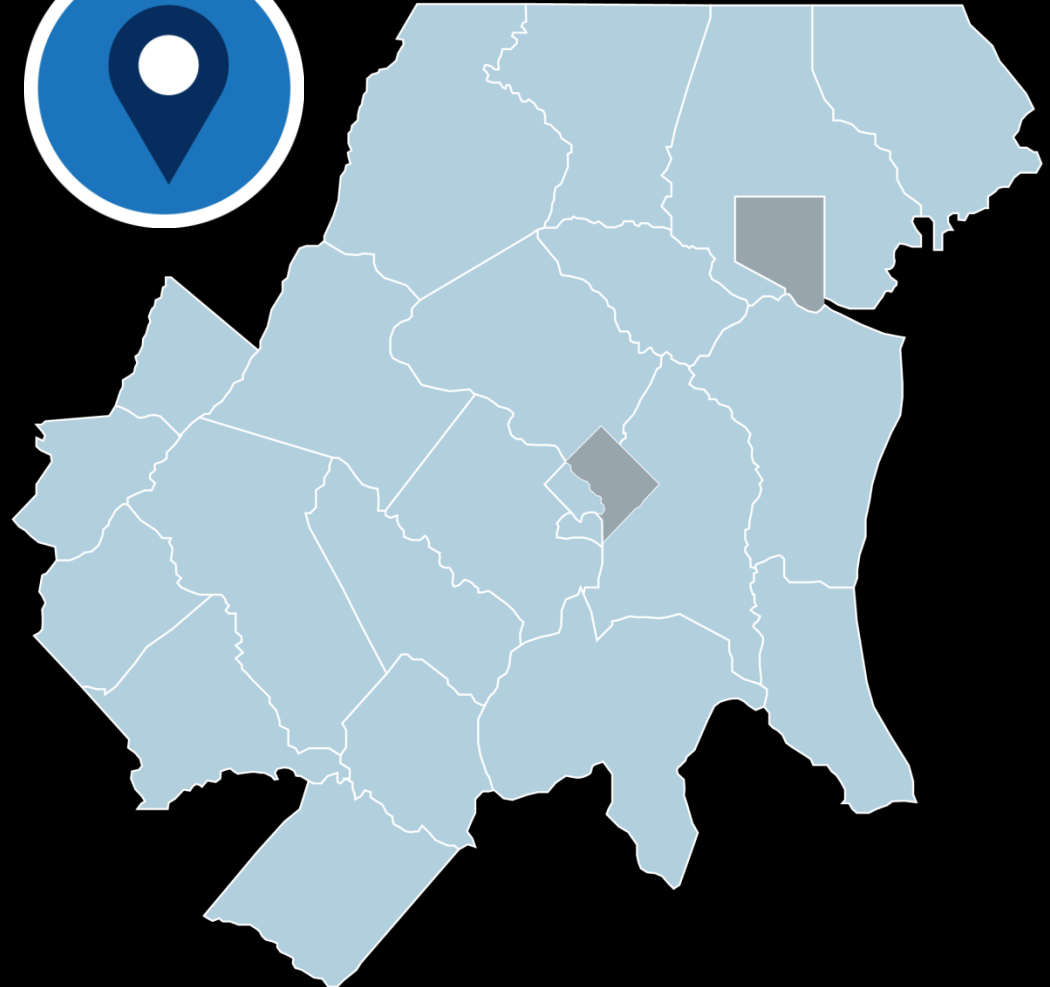
● Less than 1

OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market



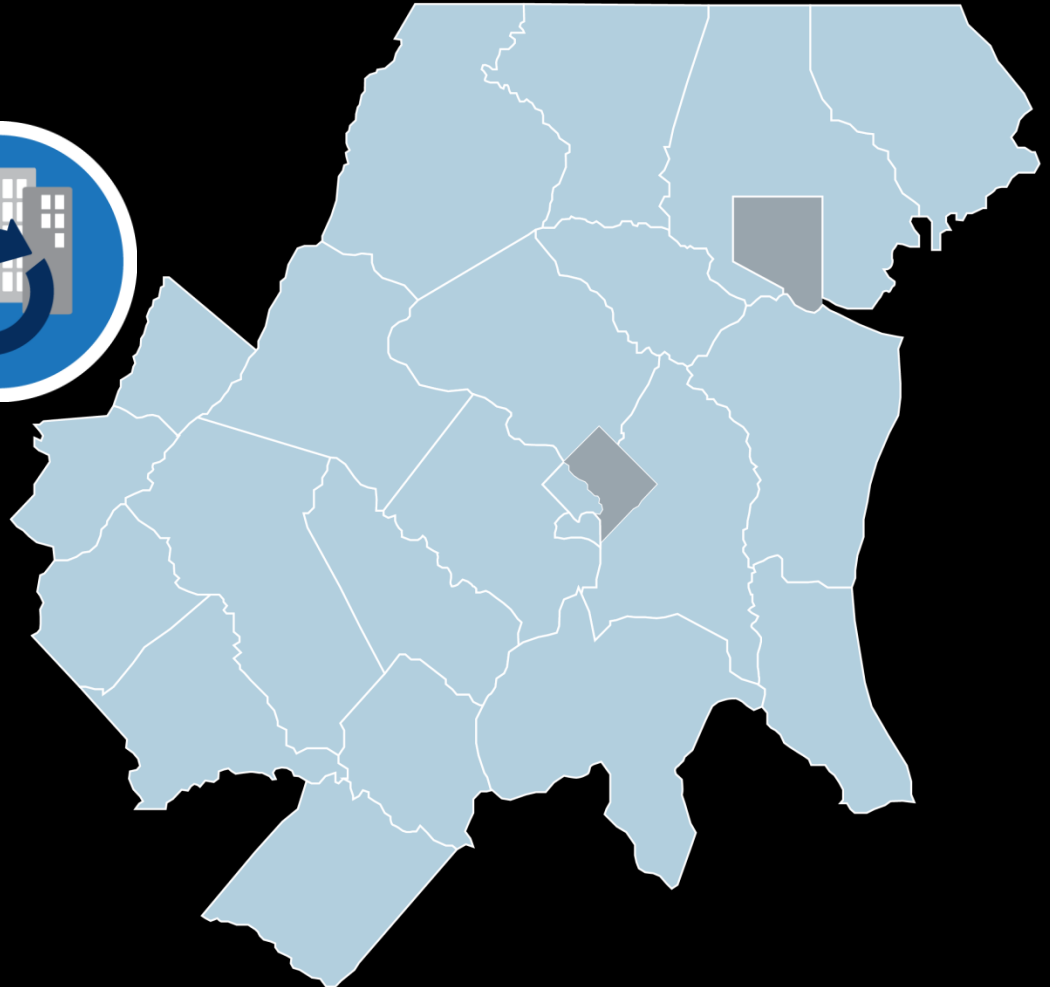
UPGRADE WELL-
LOCATED CLASS
B ASSETS



OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market

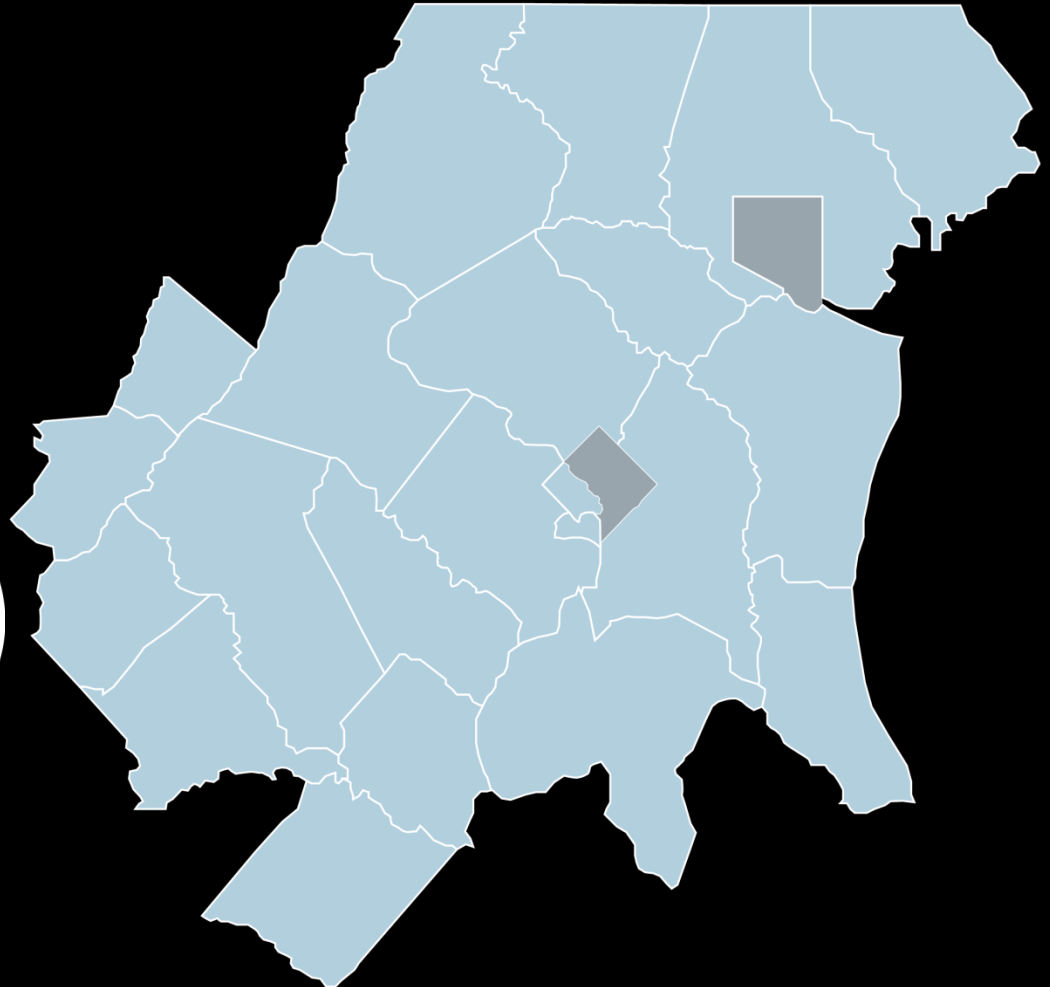
REPURPOSE
OR BUILD NEW
ASSETS THAT
APPEAL TO
MILLENNIAL
PREFERENCES



OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market

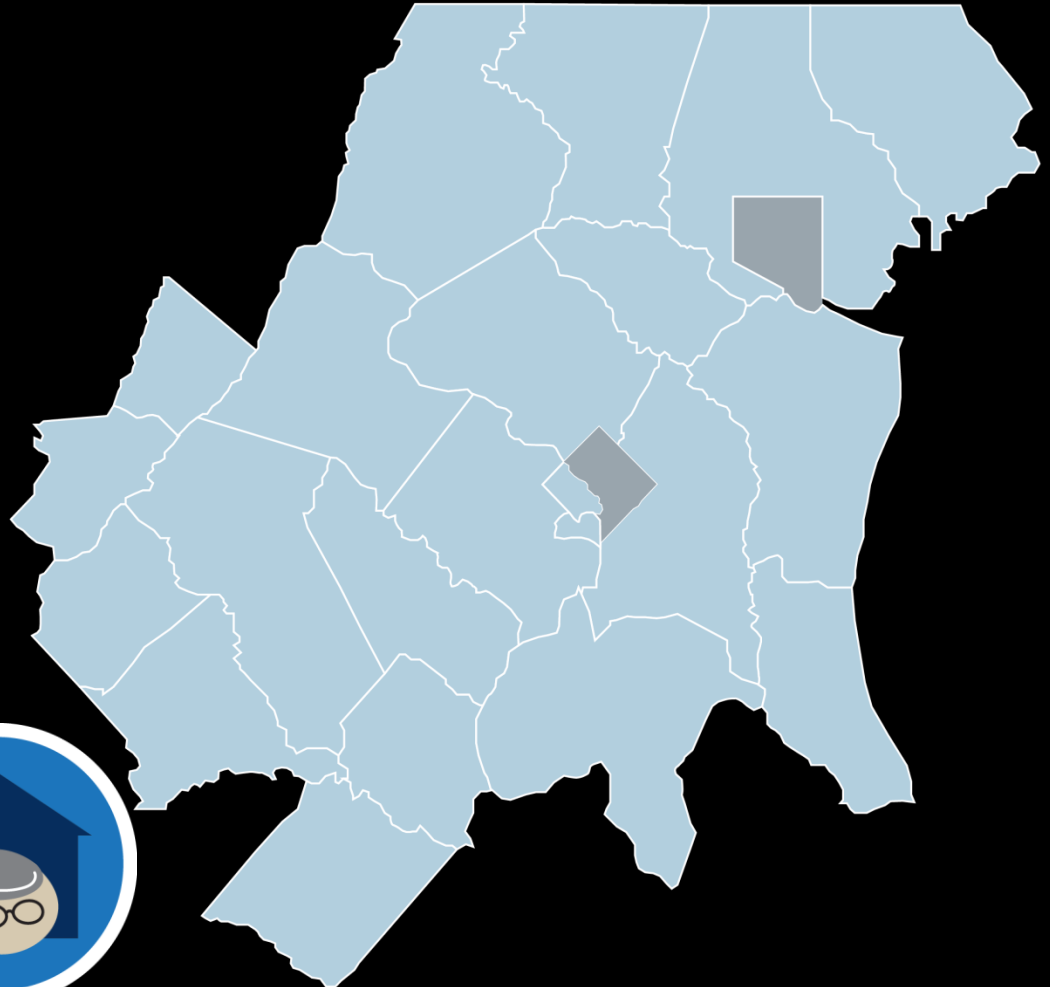
ACCOMMODATE
WORK-AT-HOME
TENANTS



OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market




BUILD NEW
UNITS THAT
APPEAL TO
EMPTY-
NESTERS/
BABY BOOMERS



RECOMMENDED DEVELOPMENT TIMING

Washington and Baltimore Metro Areas

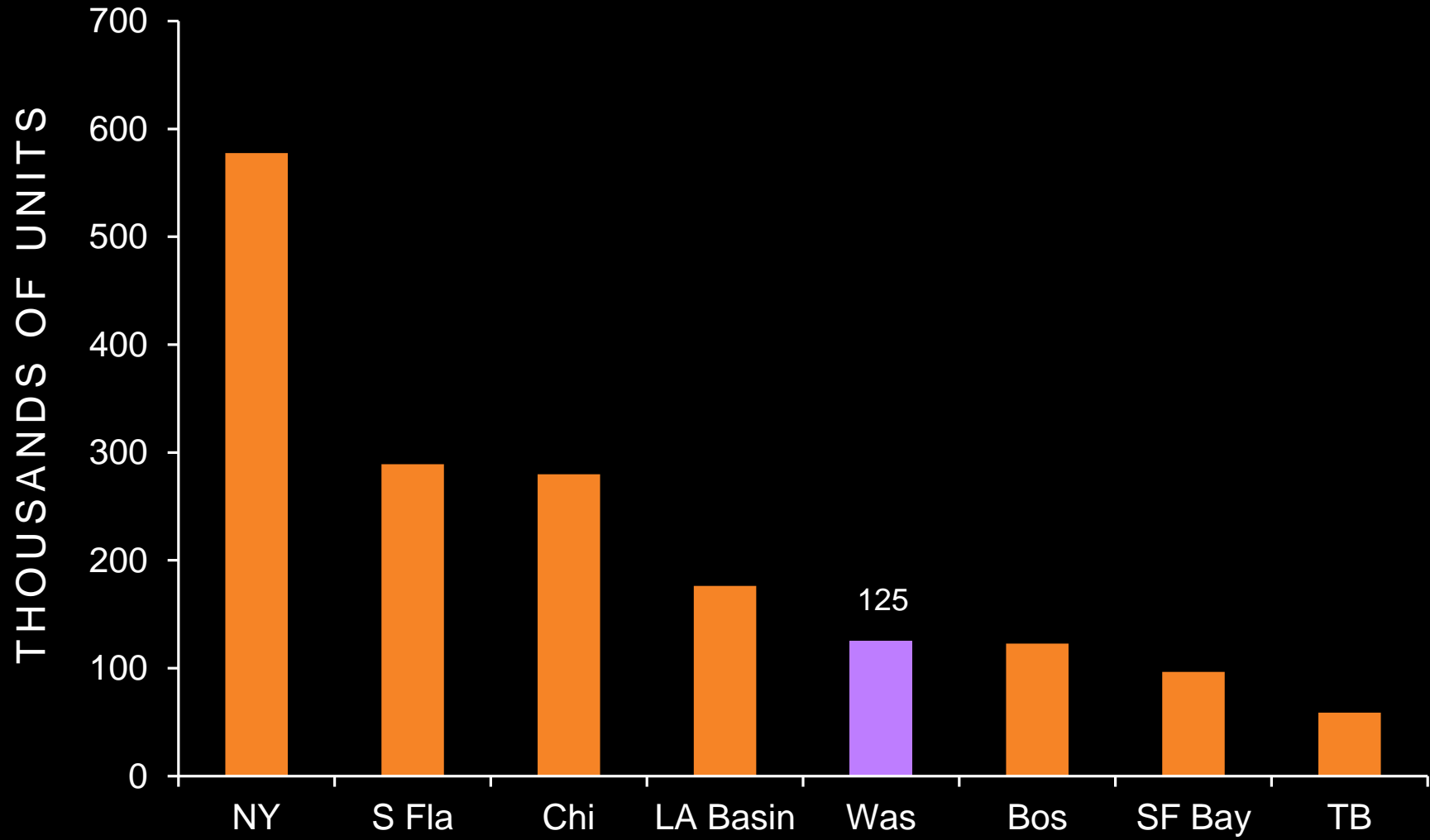
	2015	2016	2017	2018
APARTMENTS	Red	Red to Green	Green	Yellow

 = Site Assembly  = Construction  = Delivery

THE WASHINGTON METRO AREA CONDOMINIUM MARKET

LARGEST CONDOMINIUM MARKETS

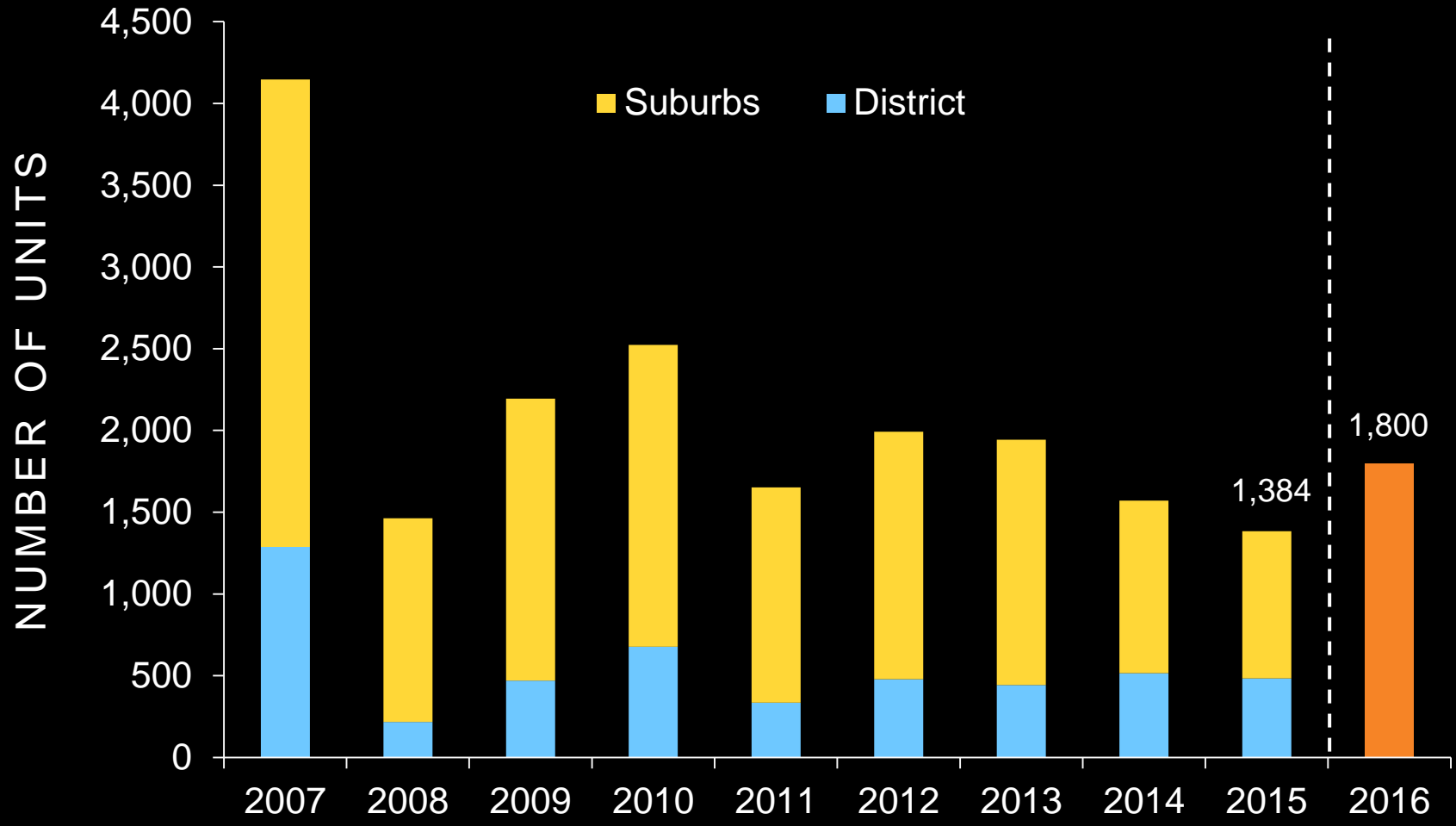
Select Metro Areas



Source: U.S. Census Bureau, Delta Associates; October 2015.

ANNUAL NEW CONDOMINIUM SALES

Washington Metro Area

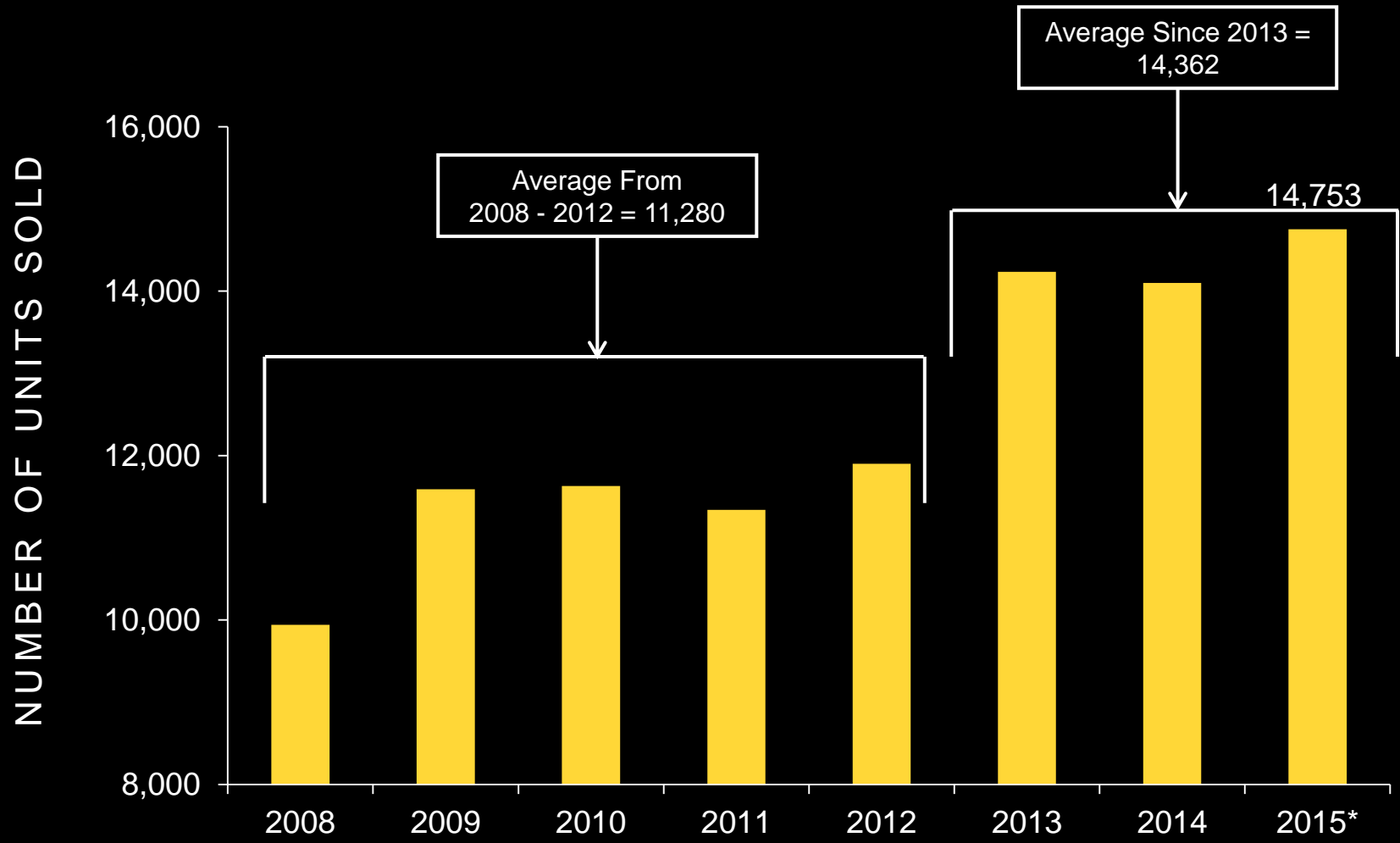


Source: Delta Associates; October 2015.

Note: Sales are 12 months ending September of each year.

ANNUAL CONDOMINIUM RESALES TREND

Washington Metro Area

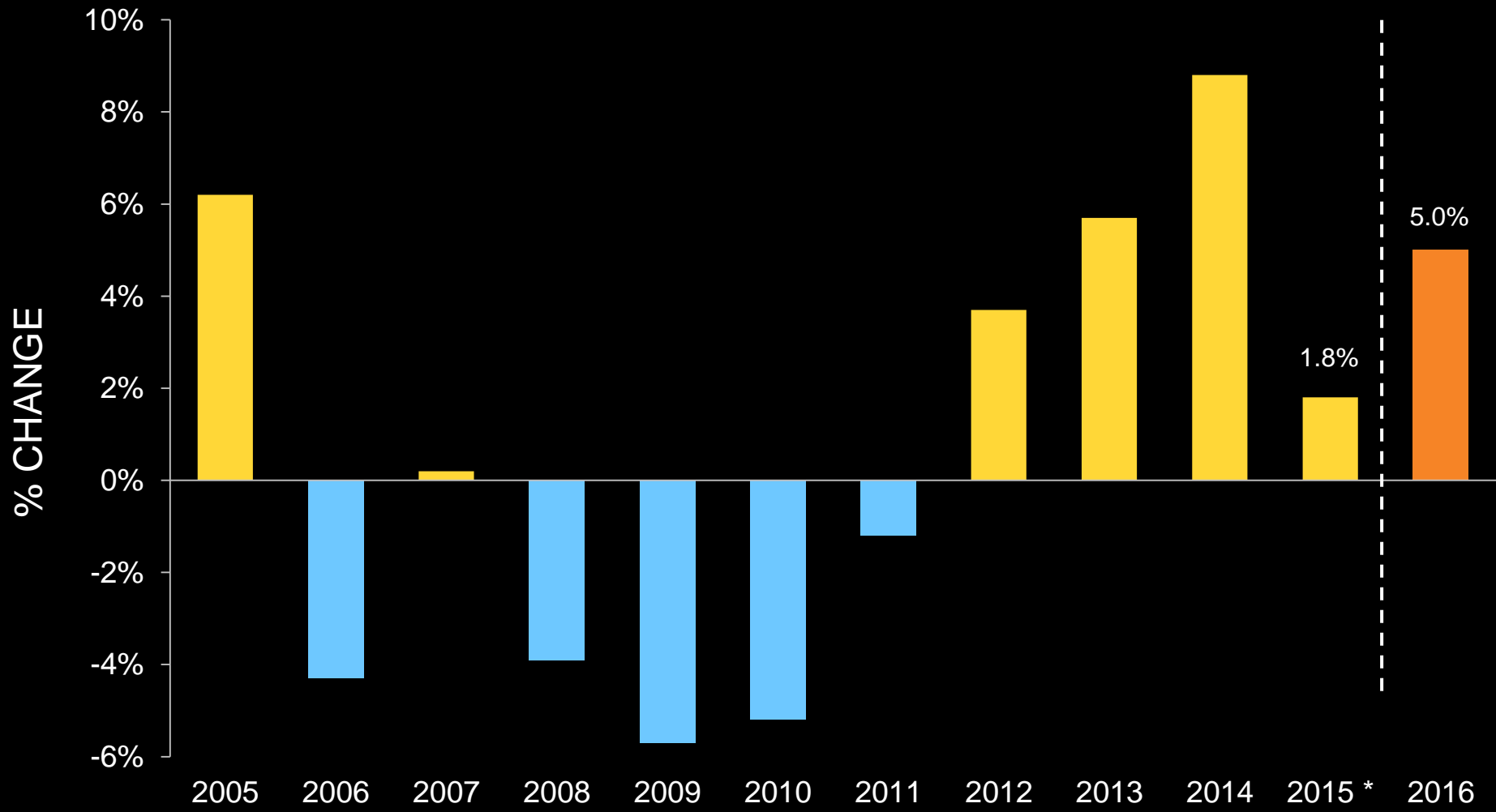


Source: Delta Associates; October 2015.

*Sales through August annualized.

EFFECTIVE NEW CONDO SALES PRICE CHANGE

Washington Metro Area | 2005 - 2016

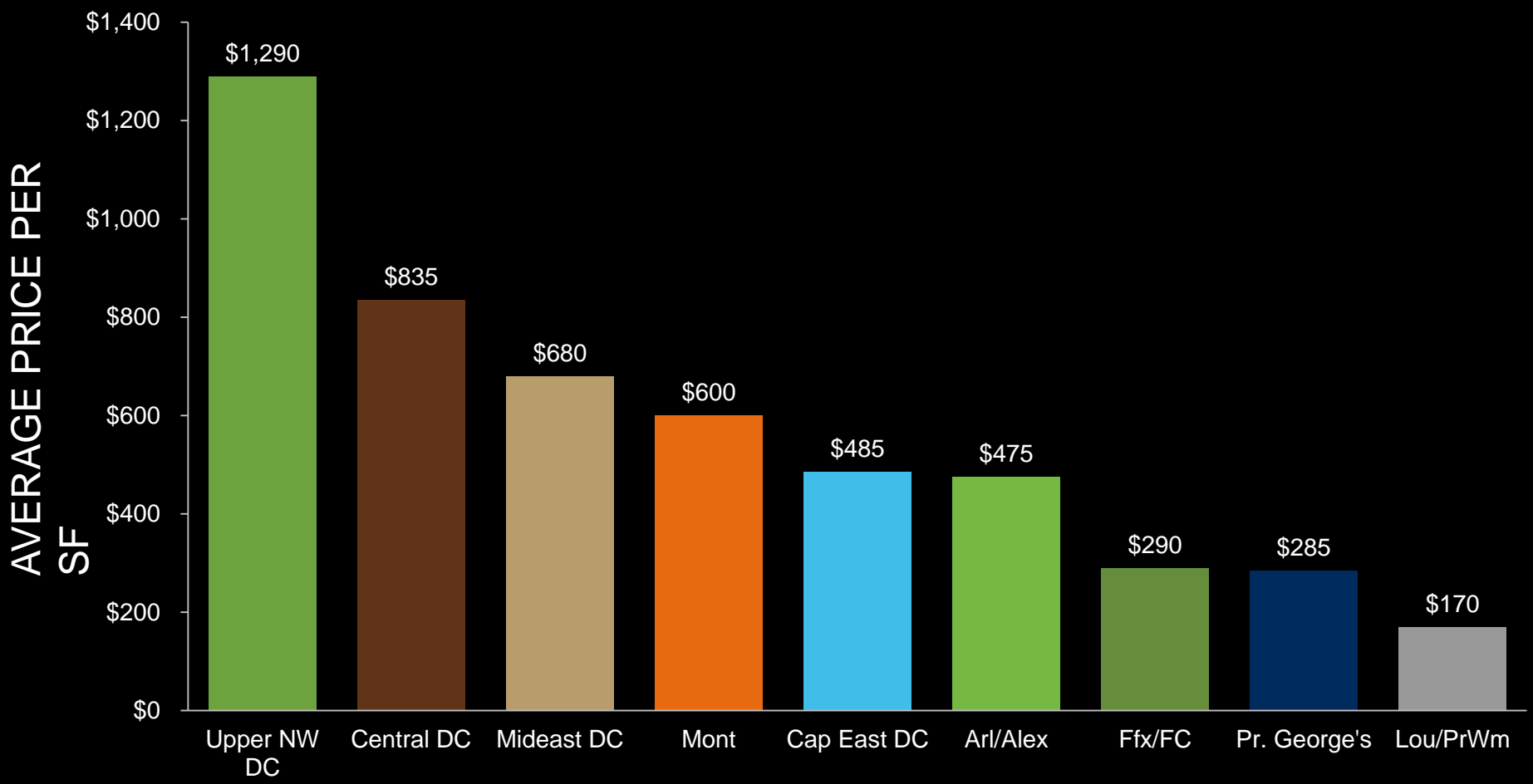


Source: Delta Associates; October 2015.

* 12 months ending September.

NEW CONDOMINIUM PRICES PER SF

Washington Metro Area | Third Quarter 2015



Source: Delta Associates; October 2015.

NEW CONDOMINIUM PRICES PER SF

Selected Downtown Areas in the U.S. | Third Quarter 2015

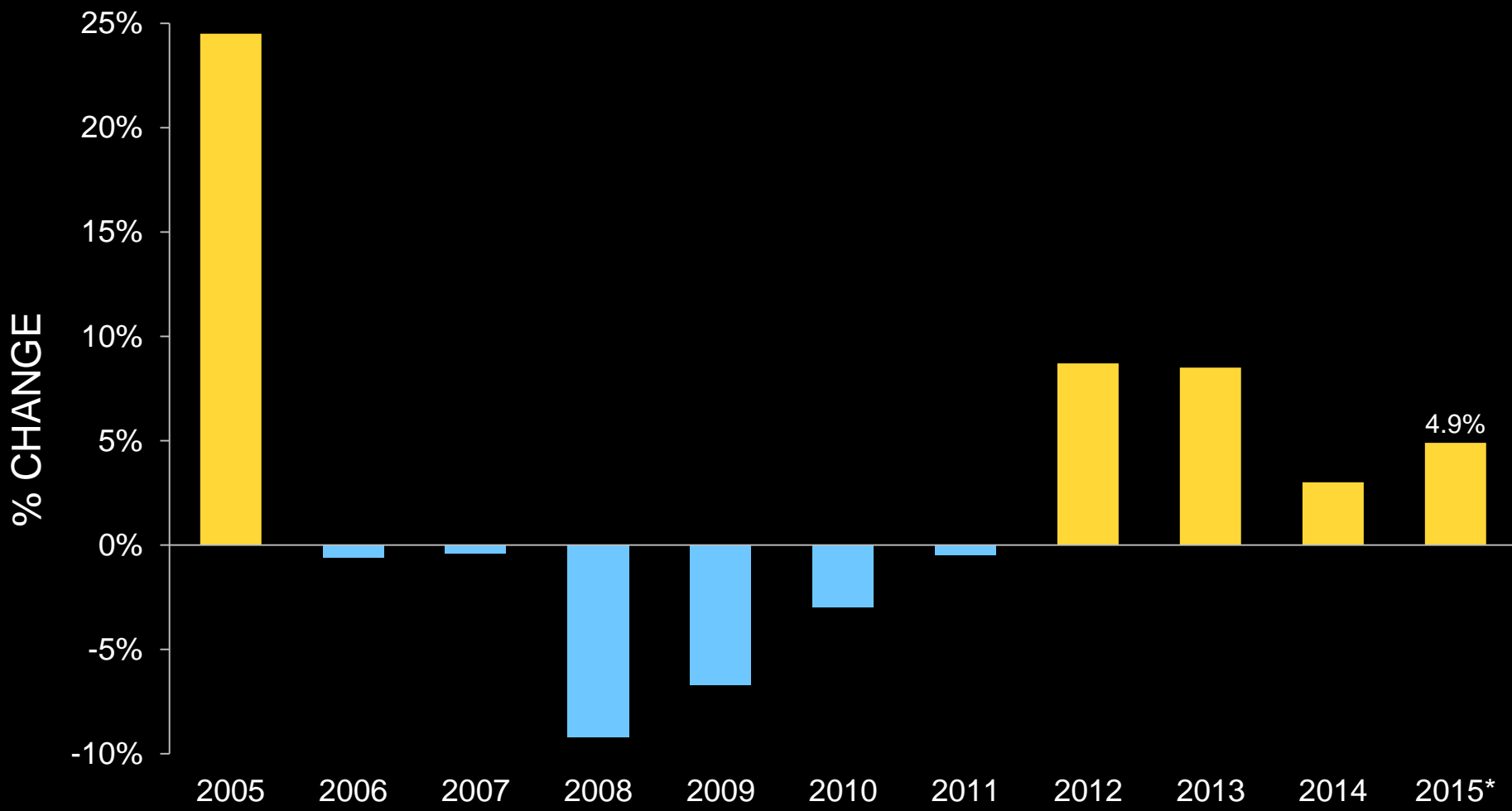


Source: The Mark Company, StreetEasy, Delta Associates, October 2015.

* Third Quarter 2015 except for Manhattan, which is as of Second Quarter 2015..

RESALE CONDO SALES PRICE CHANGE

Washington Metro Area | 2005 - 2015

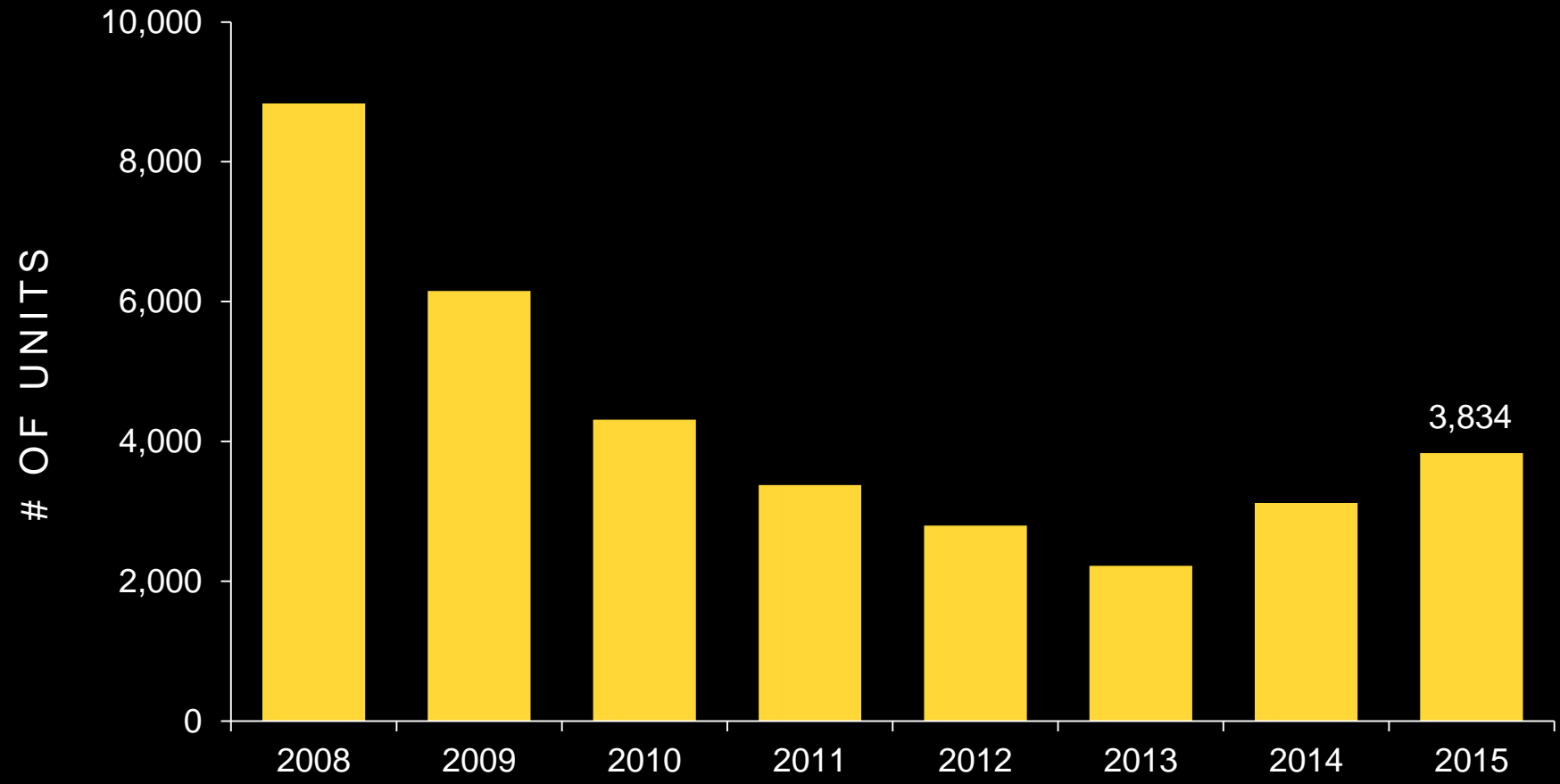


Source: Delta Associates; October 2015.

* 12 months ending August.

NEW CONDOS ACTIVELY MARKETING OR UNDER CONSTRUCTION

Washington Metro Area

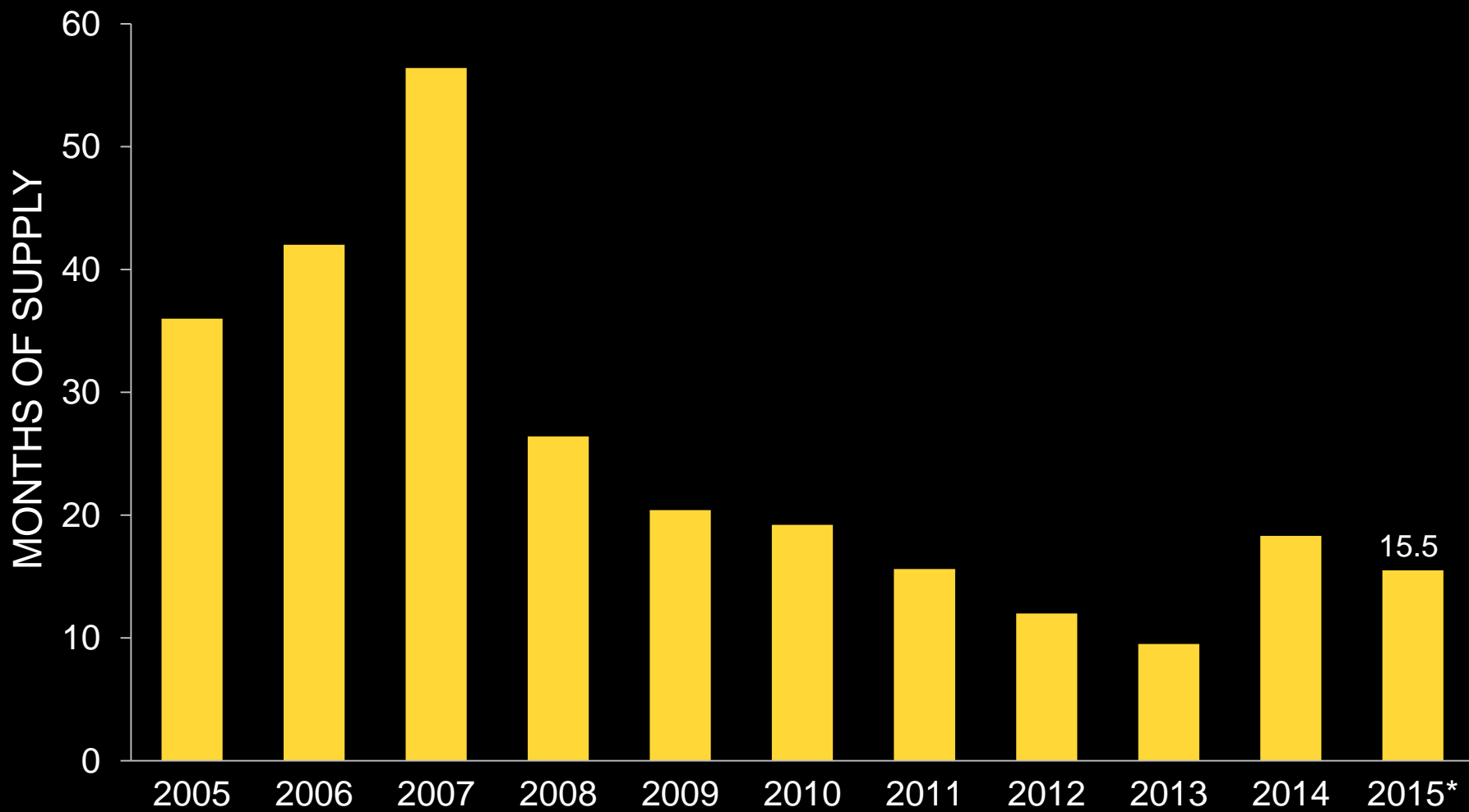


Source: Delta Associates; October 2015.

Note: Number of units are for September of each year.

MONTHS OF NEW CONDOMINIUM SUPPLY

Washington Metro Area | 2005 - 2015

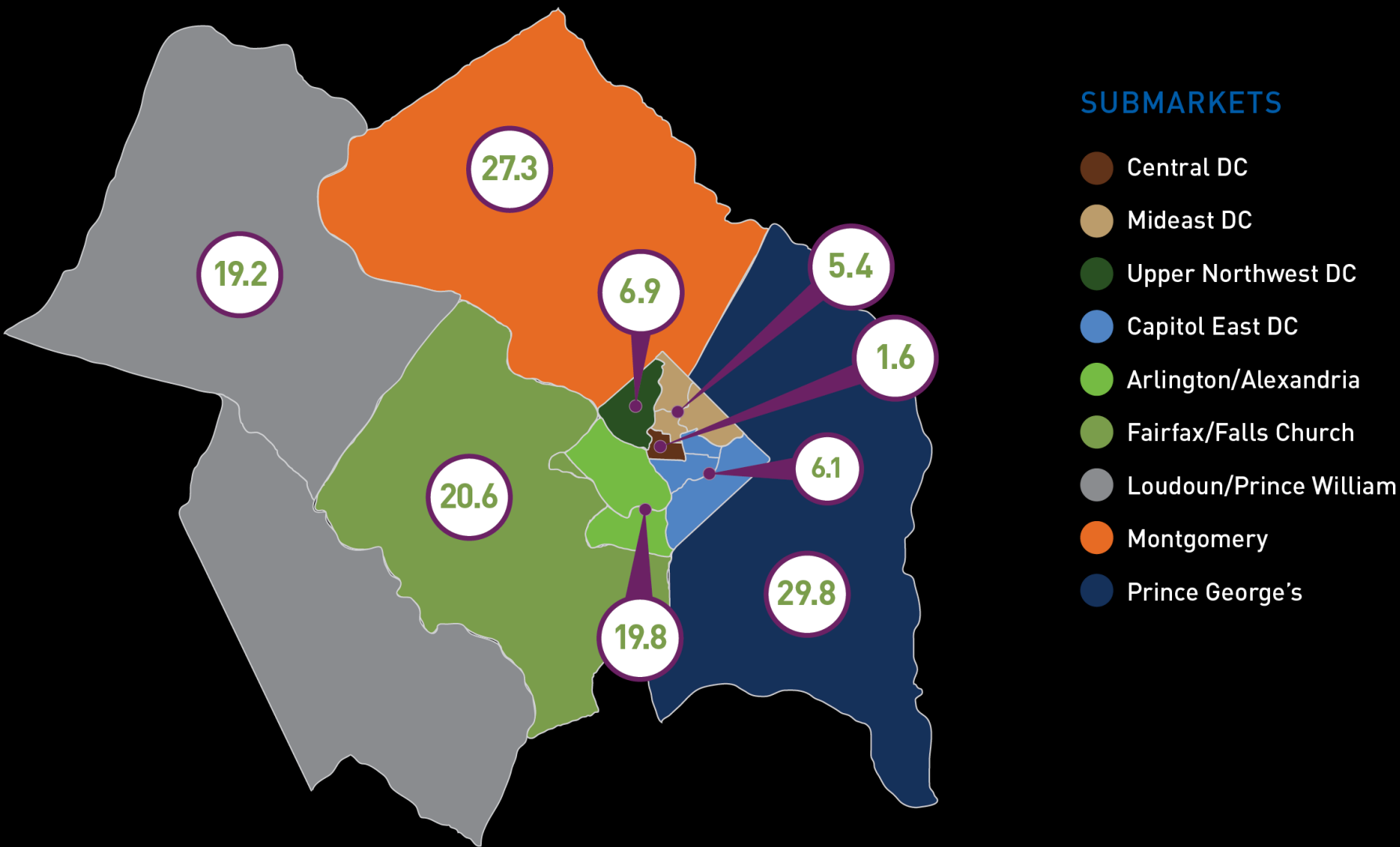


Source: Delta Associates; October 2015.

MONTHS OF INVENTORY BY SUBMARKET

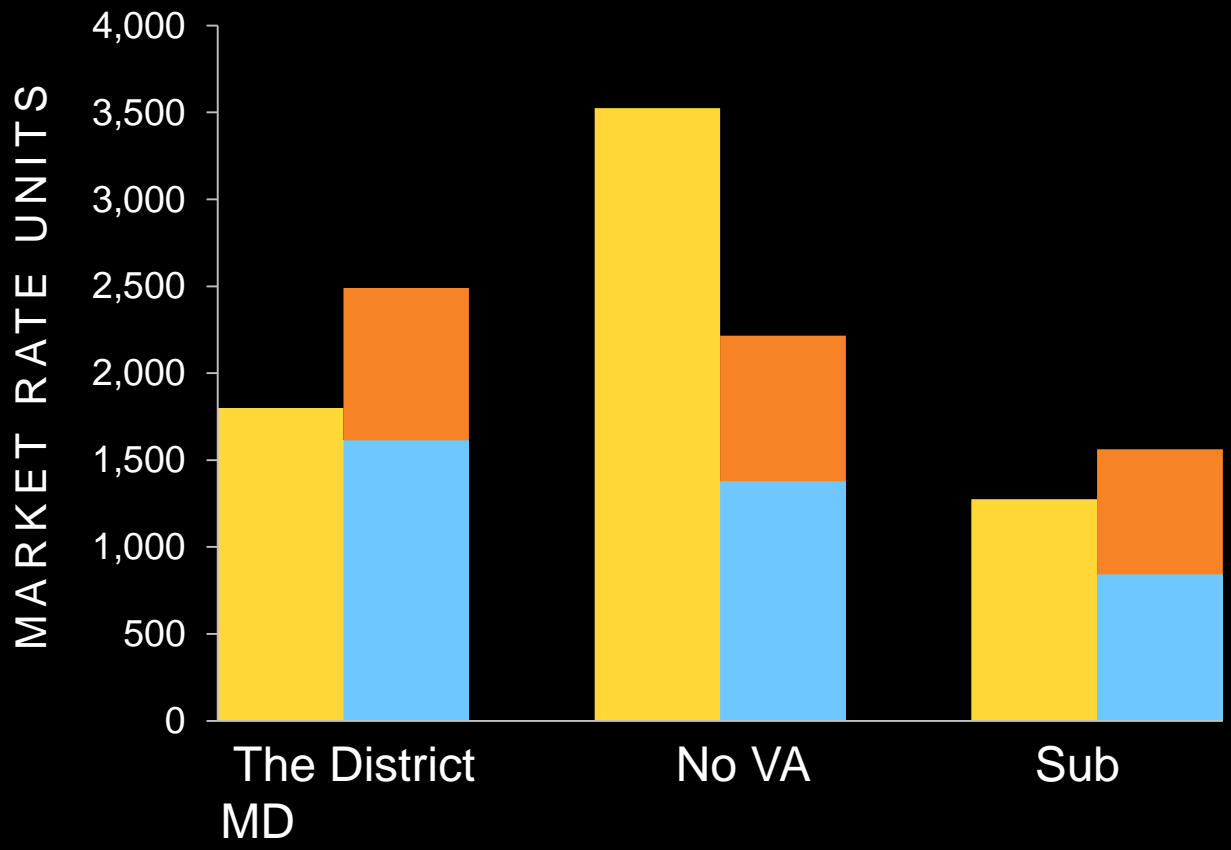
Washington Metro Area

WASHINGTON METRO AVERAGE: 15.5 MONTHS OF INVENTORY



DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Condominiums
36 Months Ending September 2018



DEMAND

Net Sales:
2,200/Year = 6,600 units

SUPPLY

- Planned and May Begin Marketing by 9/18: 2,436 units¹
- Under Construction and/or Marketing: 3,834 units²

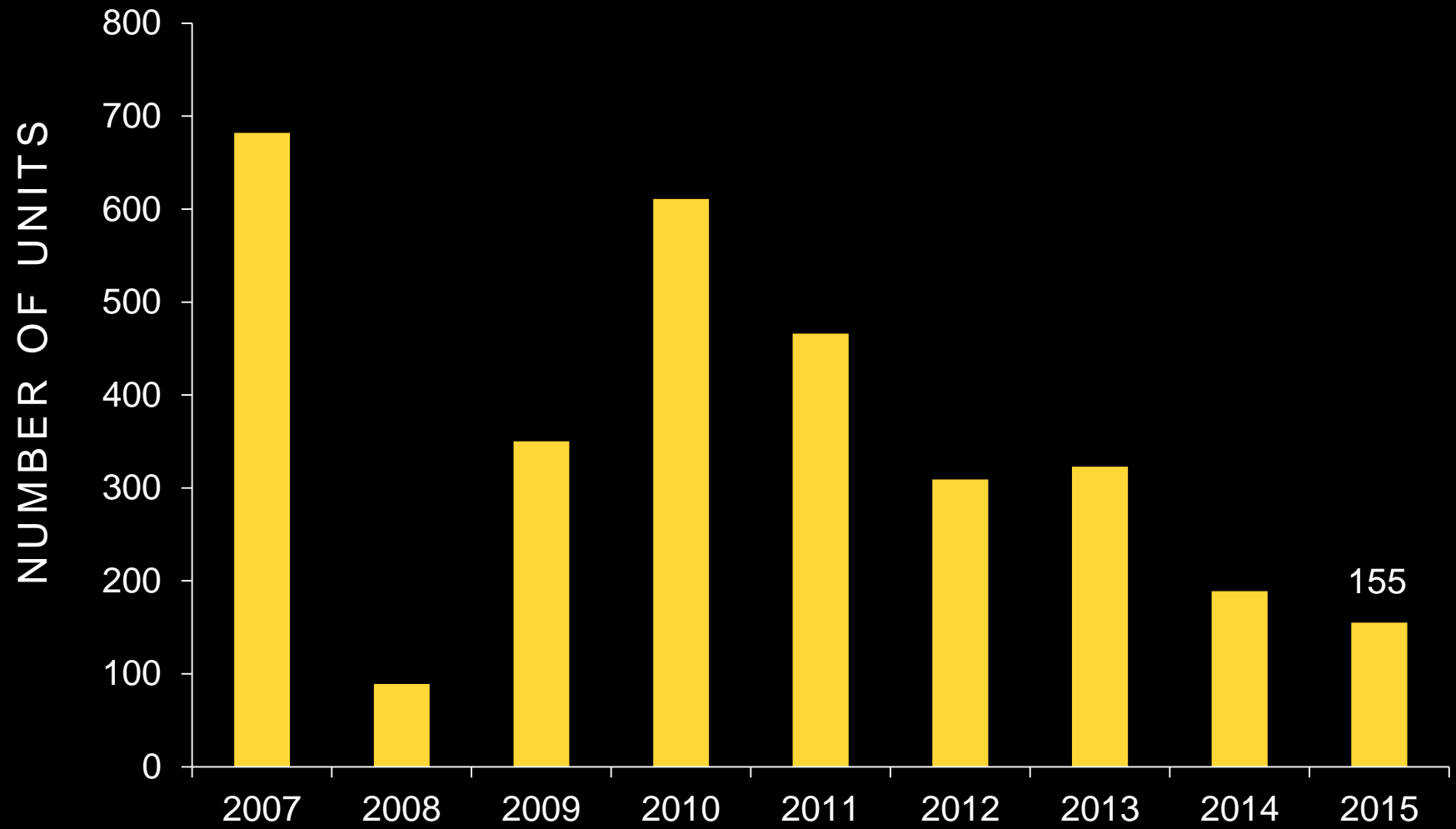
Total = 6,270 units

¹ Probable supply after projected attrition.
² Includes unleased units at projects in lease-up.

THE BALTIMORE METRO AREA CONDO MARKET

ANNUAL NEW CONDOMINIUM SALES

Baltimore Metro Area

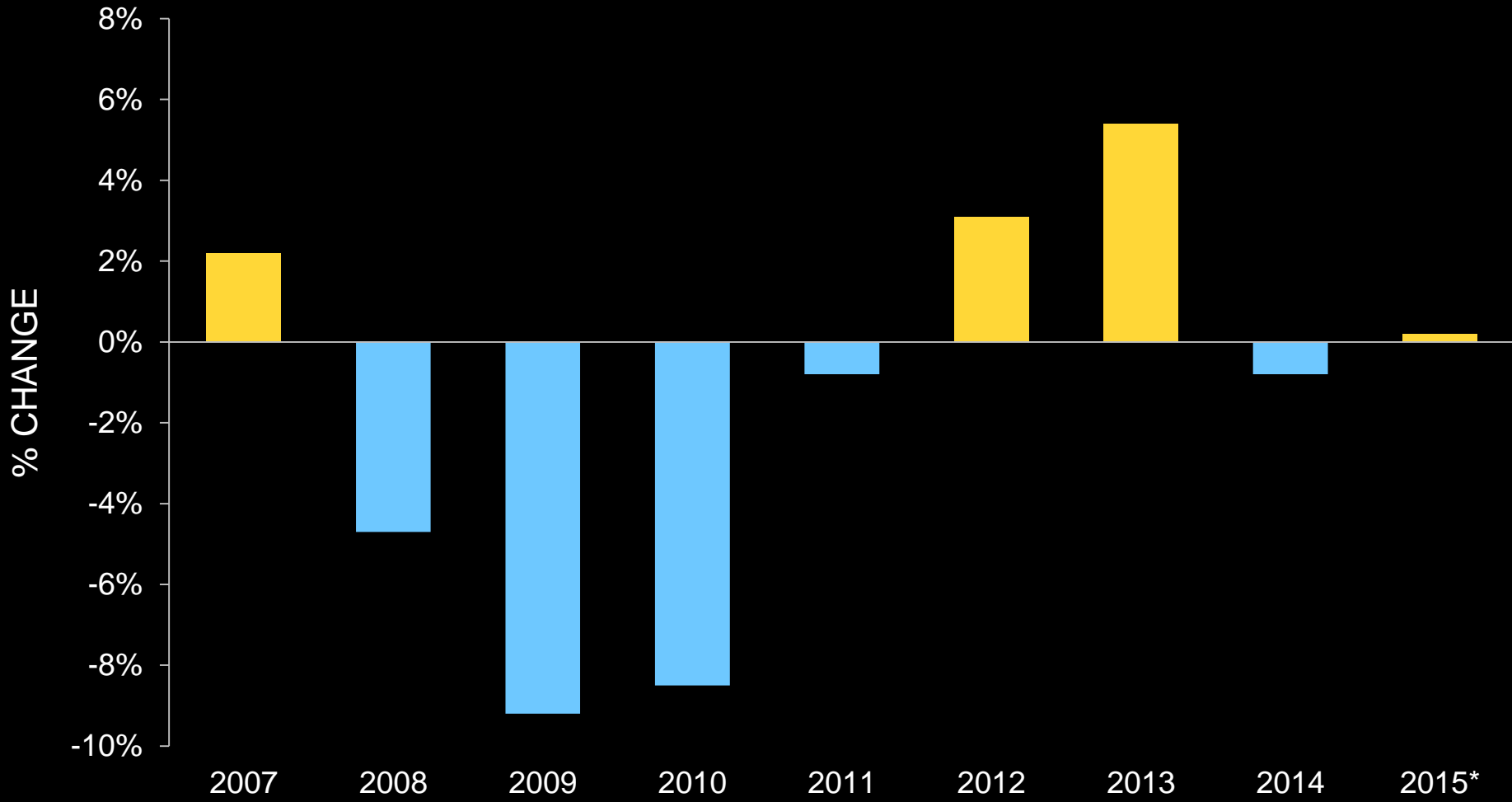


Source: Delta Associates; October 2015.

Note: Sales are 12 months ending September of each year.

EFFECTIVE NEW CONDO SALES PRICE CHANGE

Baltimore Metro Area | 2007 - 2015

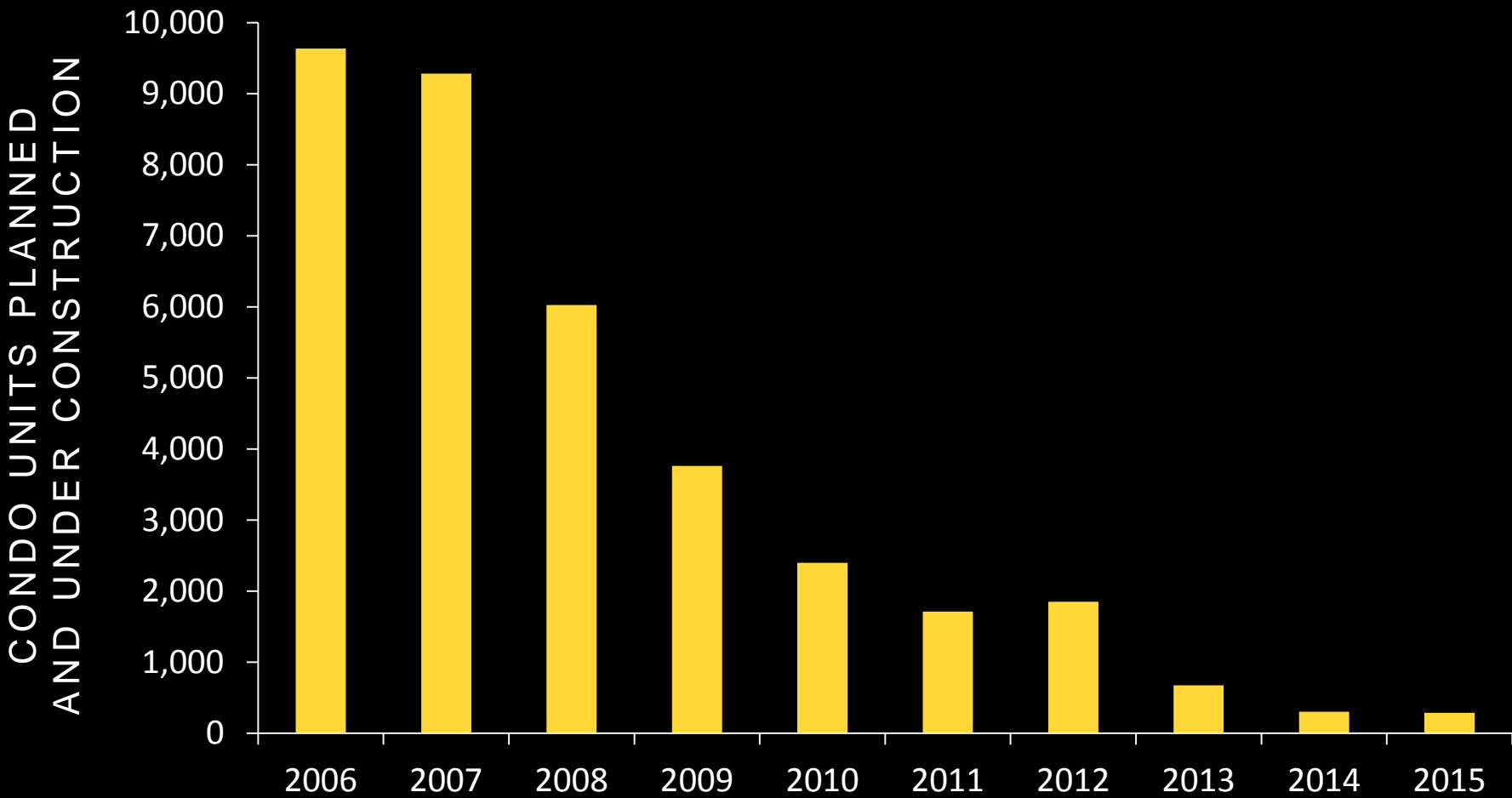


Source: Delta Associates; October 2015.

* 12 months ending September.

36-MONTH CONDO DEVELOPMENT PIPELINE

Baltimore Metro Area



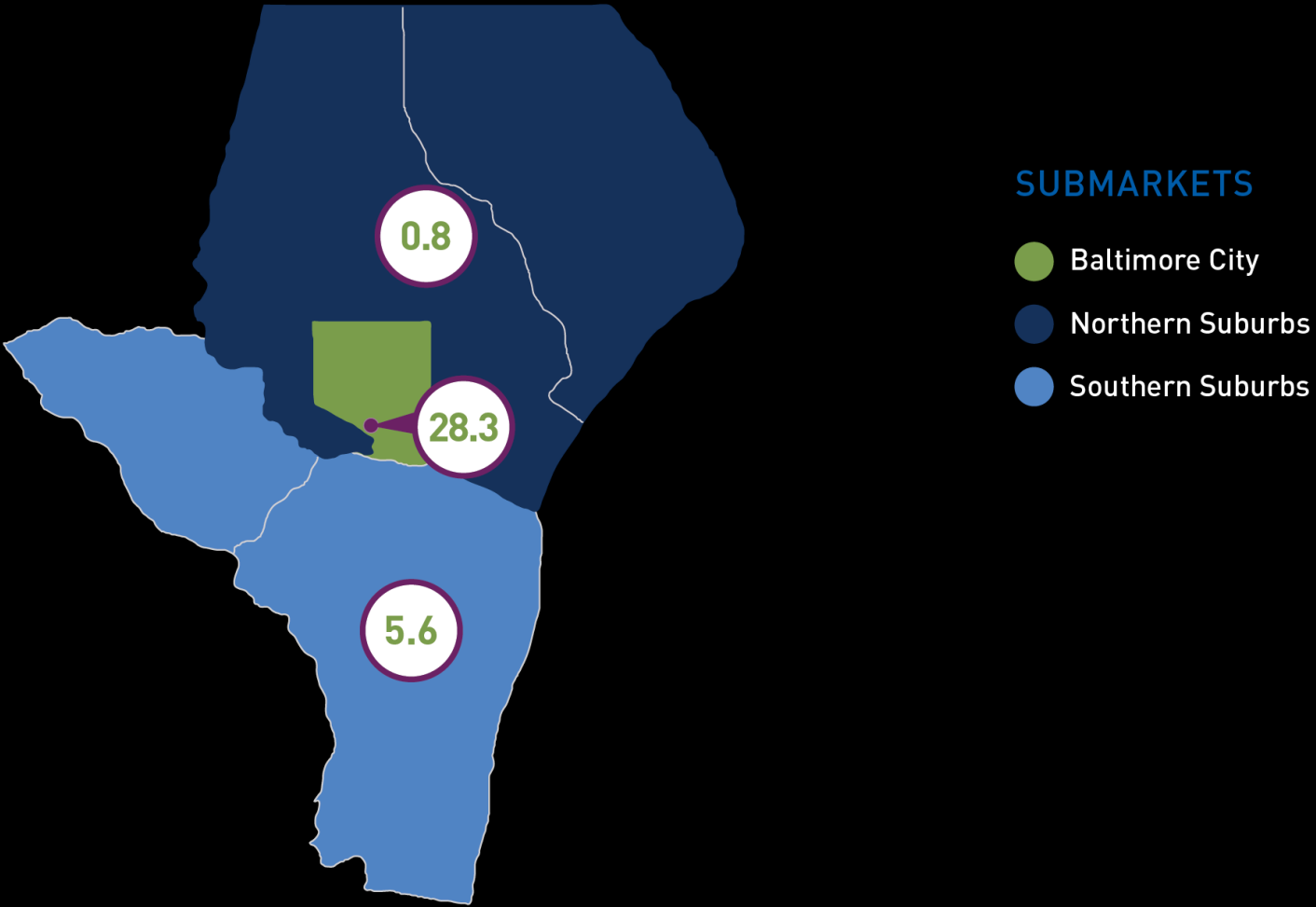
Source: Delta Associates; October 2015.

*As of September each year

MONTHS OF INVENTORY BY SUBMARKET

Baltimore Metro Area

BALTIMORE METRO AVERAGE: 11.4 MONTHS OF INVENTORY



THE WASHINGTON/BALTIMORE AREA CONDO MARKET OPPORTUNITIES

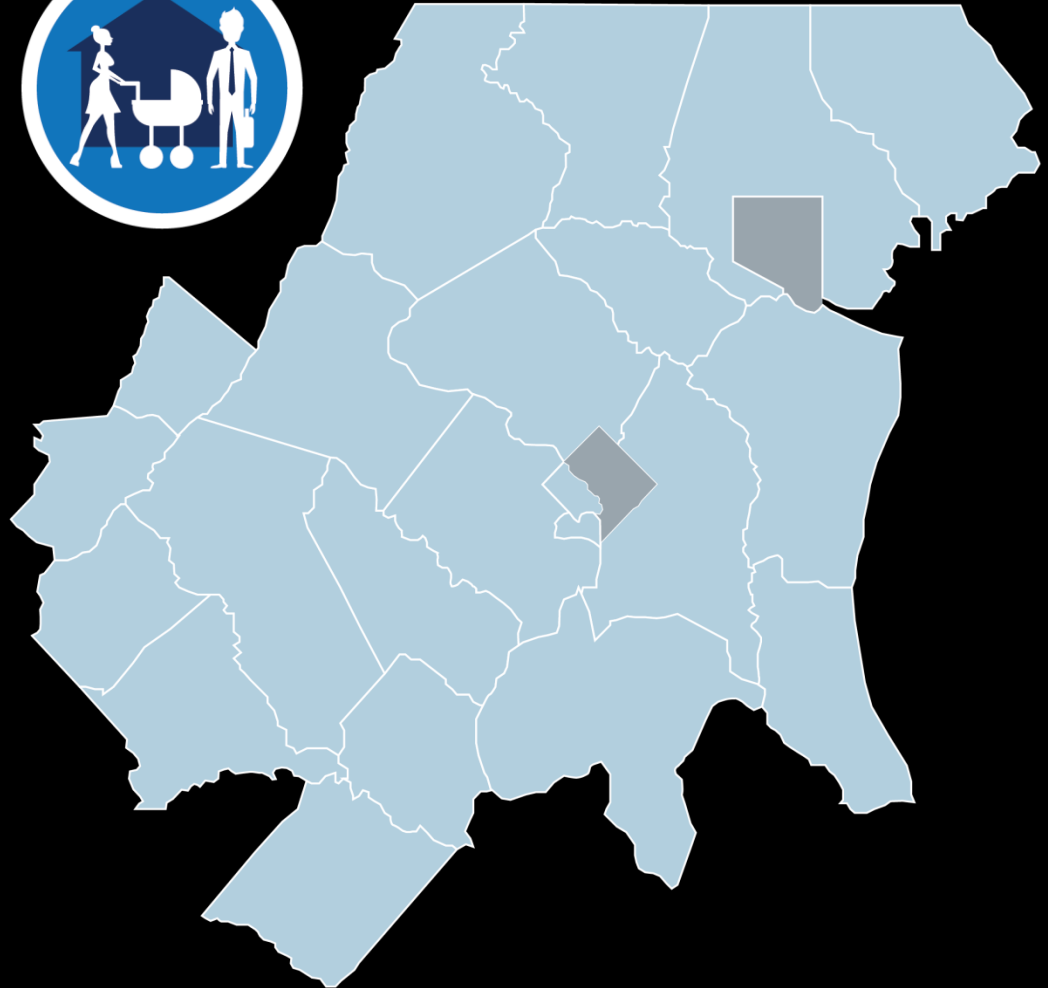
OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Condo Market

Nineteenth Annual
DELTA ASSOCIATES
..... Washington/Baltimore
MULTIFAMILY MARKET OVERVIEW & AWARDS FOR EXCELLENCE



MATCH NEW DESIGN AND
PRICING TO THE
POTENTIAL POOL OF
FIRST-TIME BUYERS

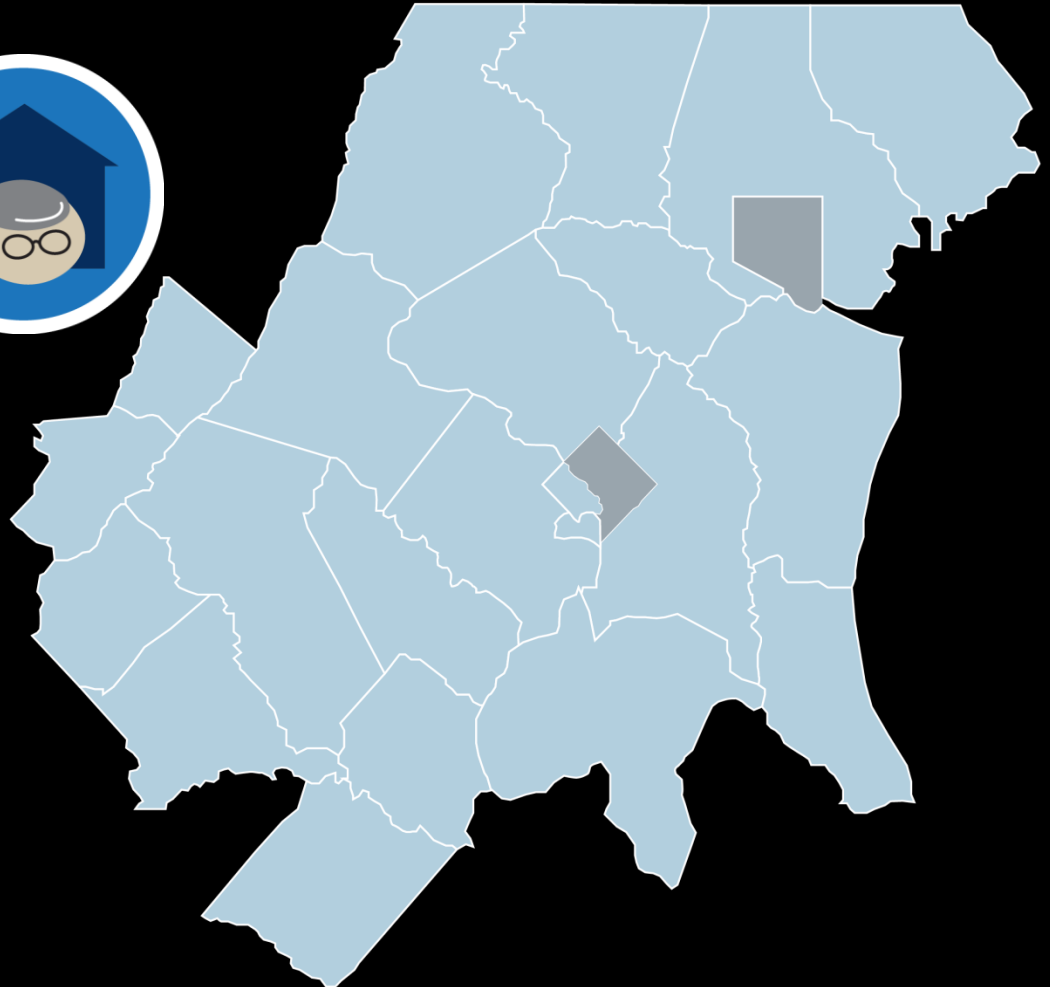


OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Condo Market



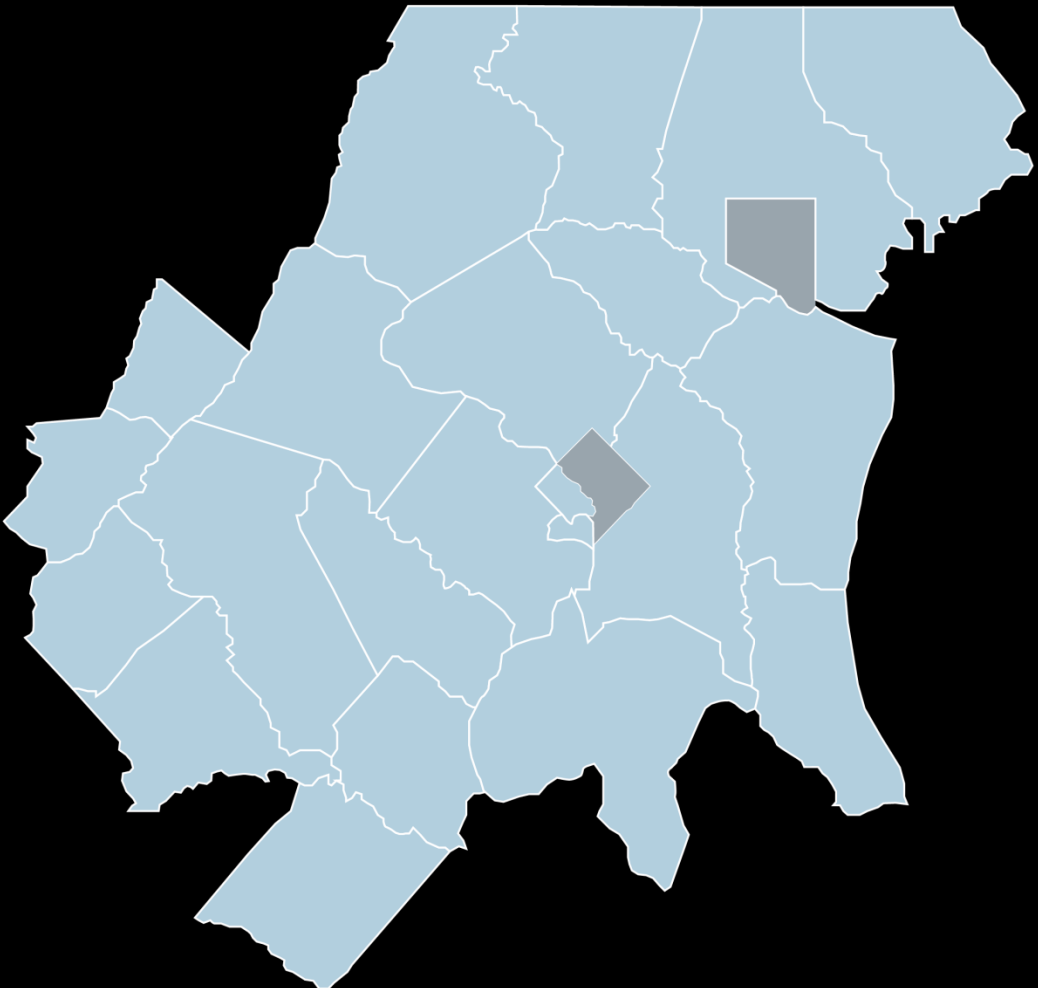
SUPERIOR
LOCATIONS WITH
STRONG
FUNDAMENTALS AND
DESIGN WITH
LARGER ROOMS CAN
APPEAL TO EMPTY
NESTERS



OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Condo Market

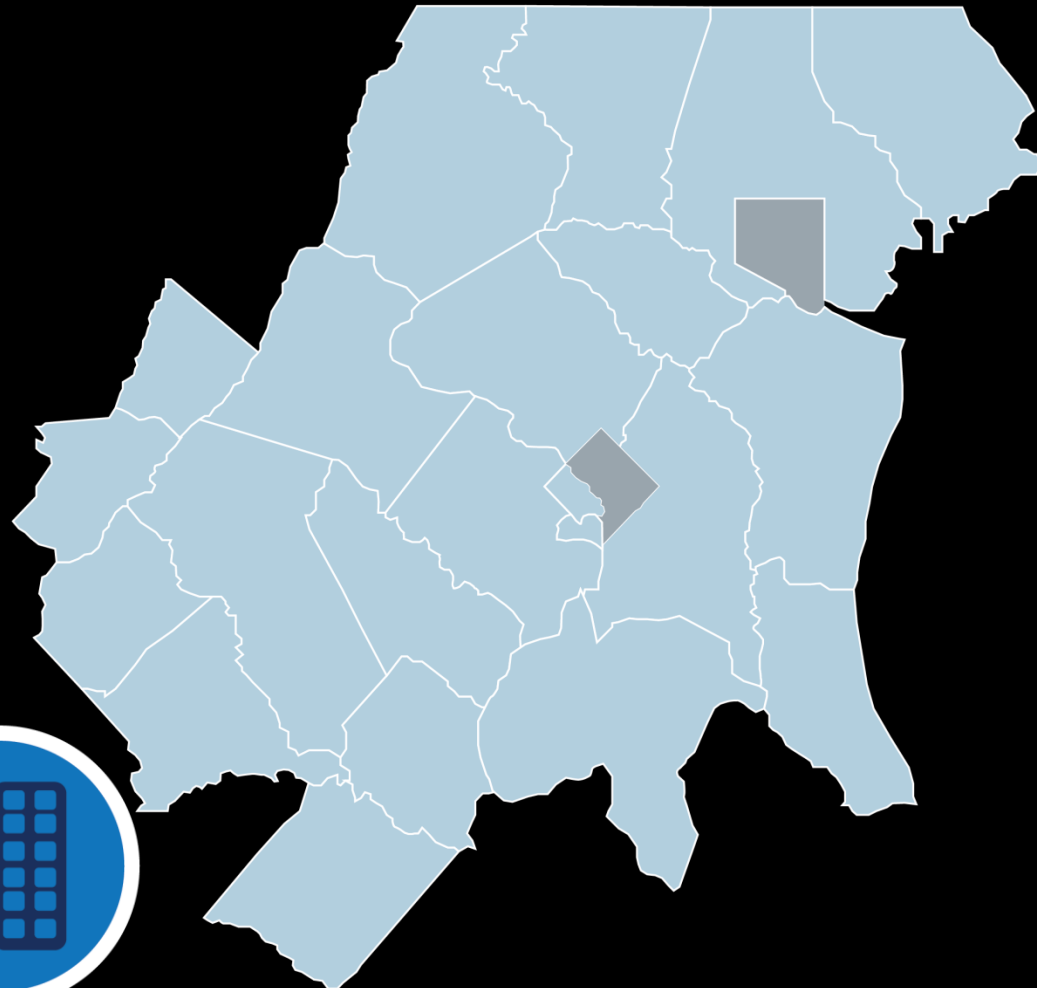
CREATE PLACE-
MAKING PROJECTS IN
APPEALING MIXED-
USE SETTINGS



OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Condo Market




**SWEET SPOT:
80-130 UNITS/PROJECT**



RECOMMENDED DEVELOPMENT TIMING

Washington and Baltimore Metro Areas

	2015	2016	2017	2018
CONDOS	Delivery	Delivery	Delivery	Site Assembly

 = Site Assembly  = Construction  = Delivery

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MULTIFAMILY MARKET OVERVIEW & AWARDS FOR EXCELLENCE

.....
10.8.15
.....

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