

# DELTA ASSOCIATES' NORTHERN VIRGINIA

## APARTMENT MARKET: 2015 AND 2016 OUTLOOK



06.14.2016



**DELTA**  
ASSOCIATES  
A Transwestern Company

PREPARED  
FOR:



Center for Real Estate  
Entrepreneurship

# NORTHERN VIRGINIA APARTMENT MARKET: 2015 AND 2016 OUTLOOK

## WASHINGTON APARTMENT MARKET



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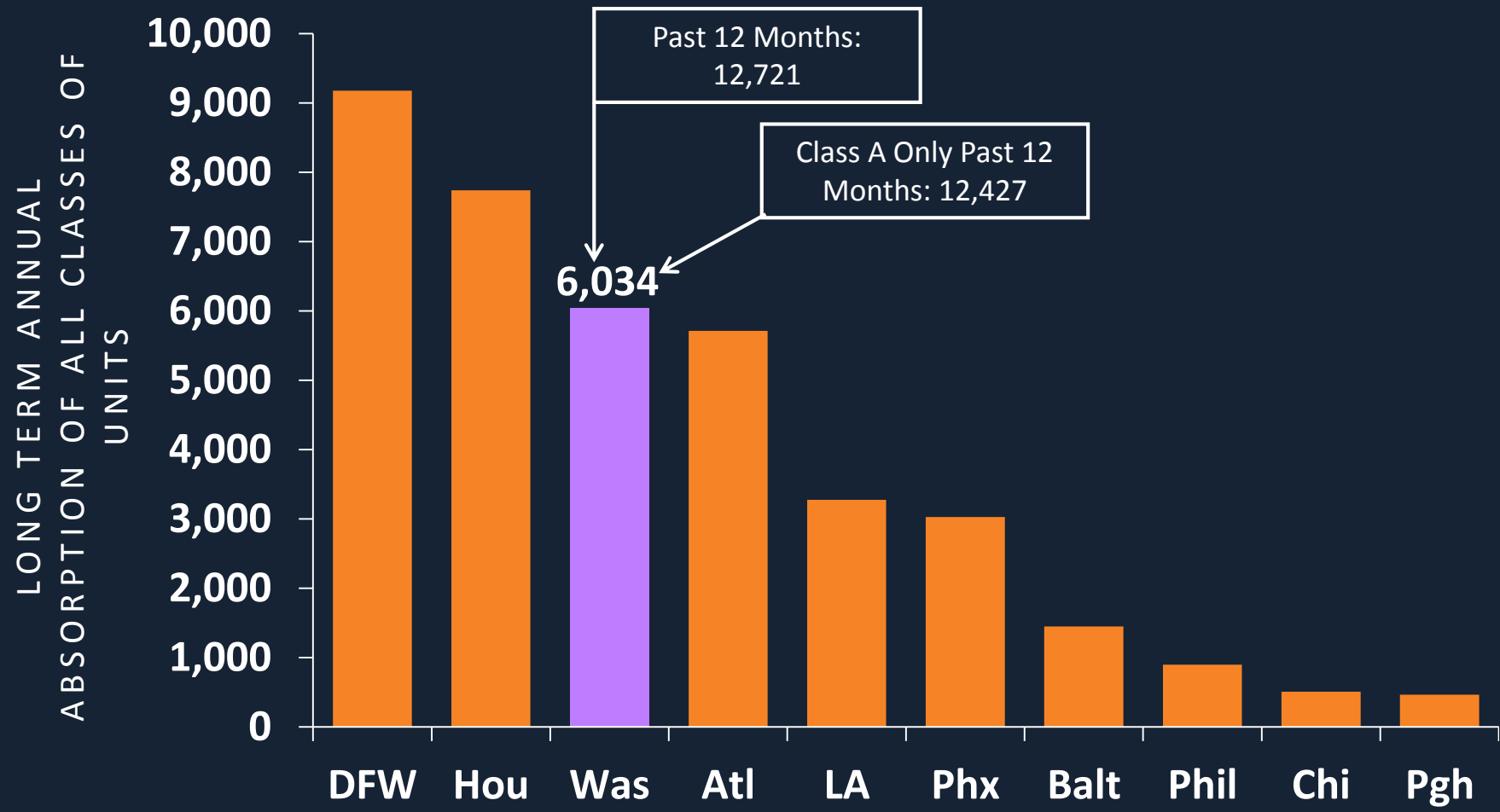
P R E P A R E D  
F O R :



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# LONG TERM ANNUAL APARTMENT ABSORPTION

National Market Leaders

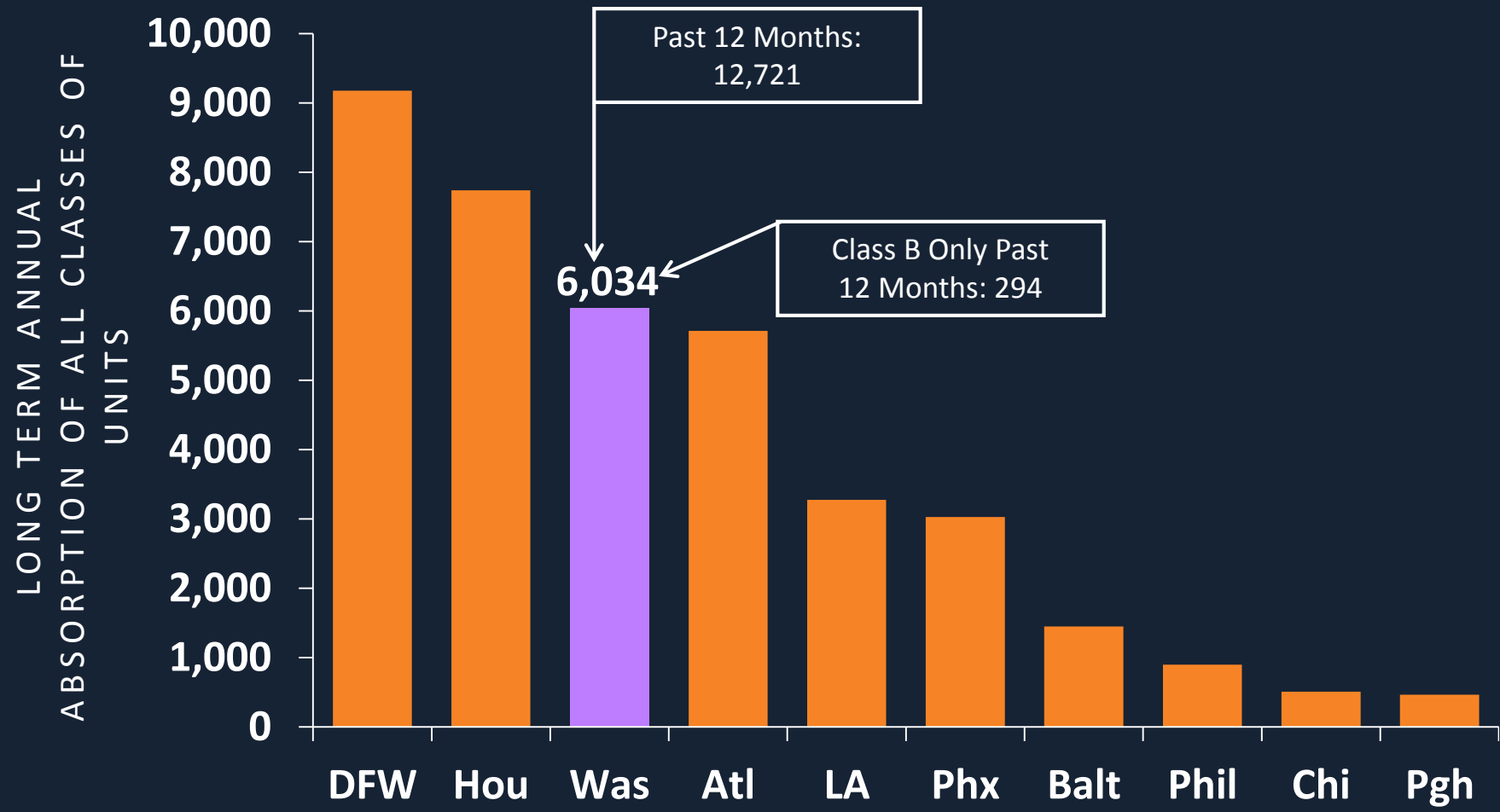


Source: REIS, Delta Associates; June 2016.

Note: Excludes NY metro to conserve scale.

# LONG TERM ANNUAL APARTMENT ABSORPTION

National Market Leaders

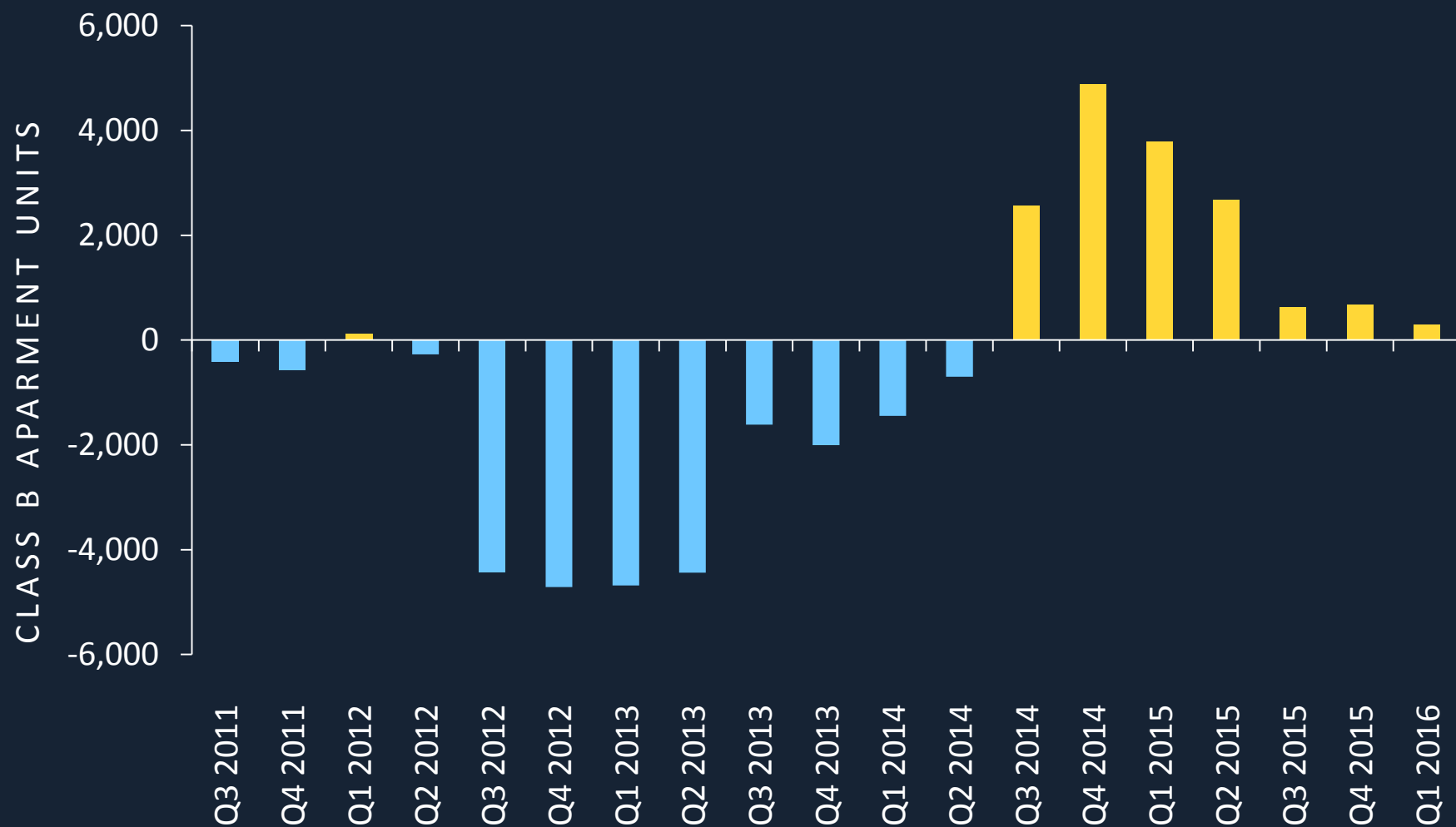


Source: REIS, Delta Associates; June 2016.

Note: Excludes NY metro to conserve scale.

# CLASS B APARTMENT ABSORPTION

Washington Metro Area

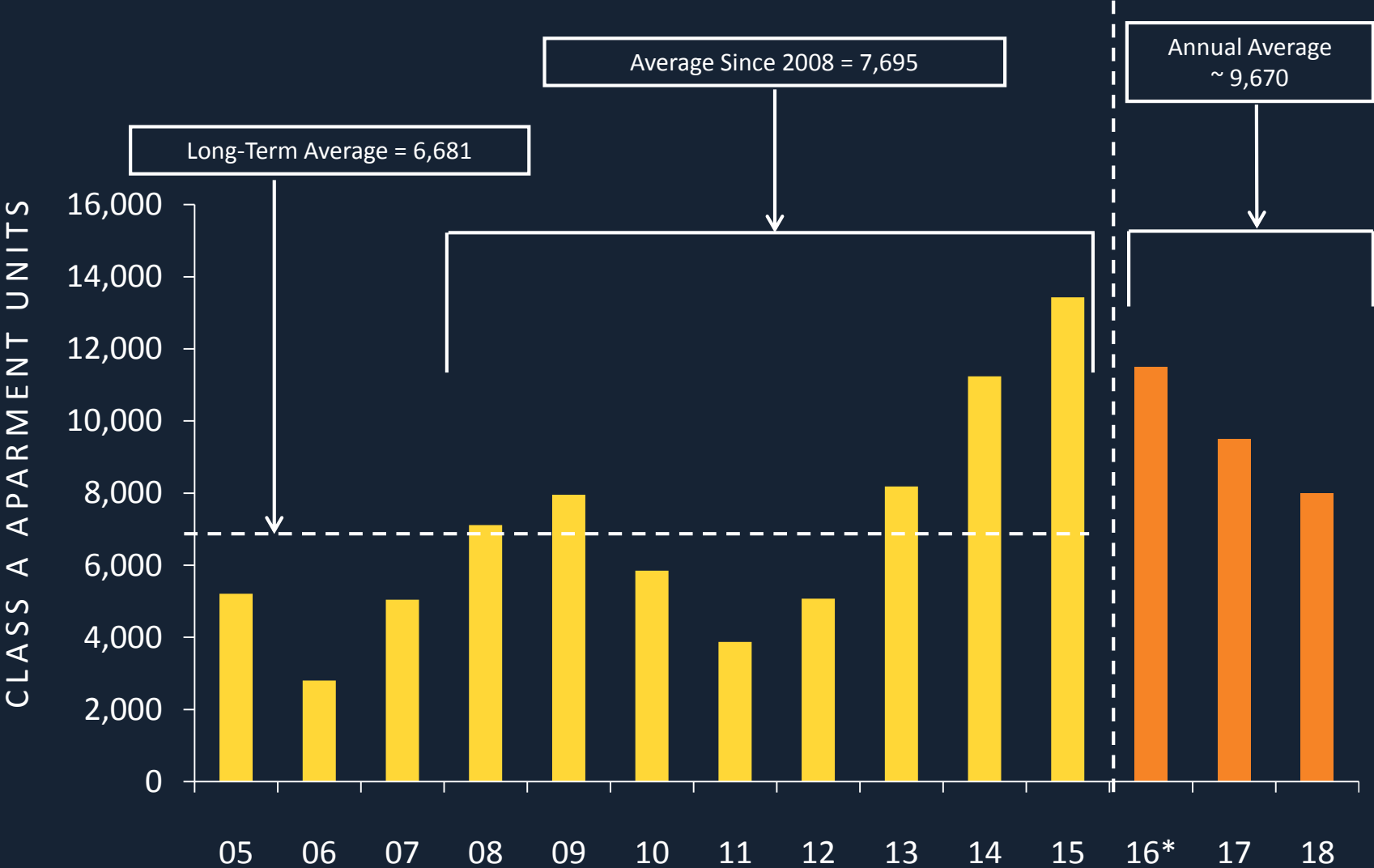


Source: Delta Associates; June 2016.

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

# CLASS A APARTMENT ABSORPTION

Washington Metro Area

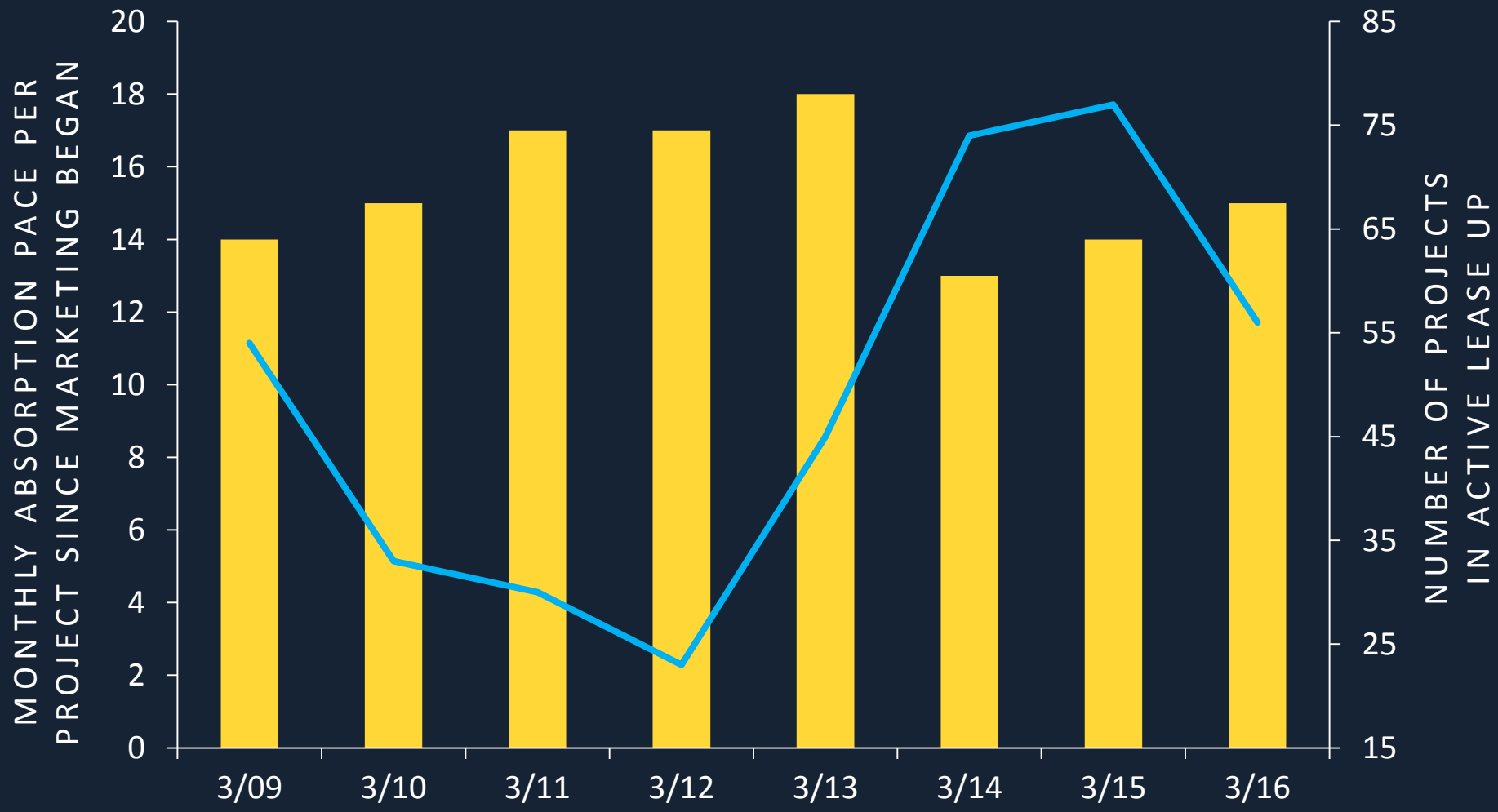


*\*Absorption in the 12-month period ending March 2016 was 12,427 units.*



# ABSORPTION PACE PER PROJECT PER MONTH

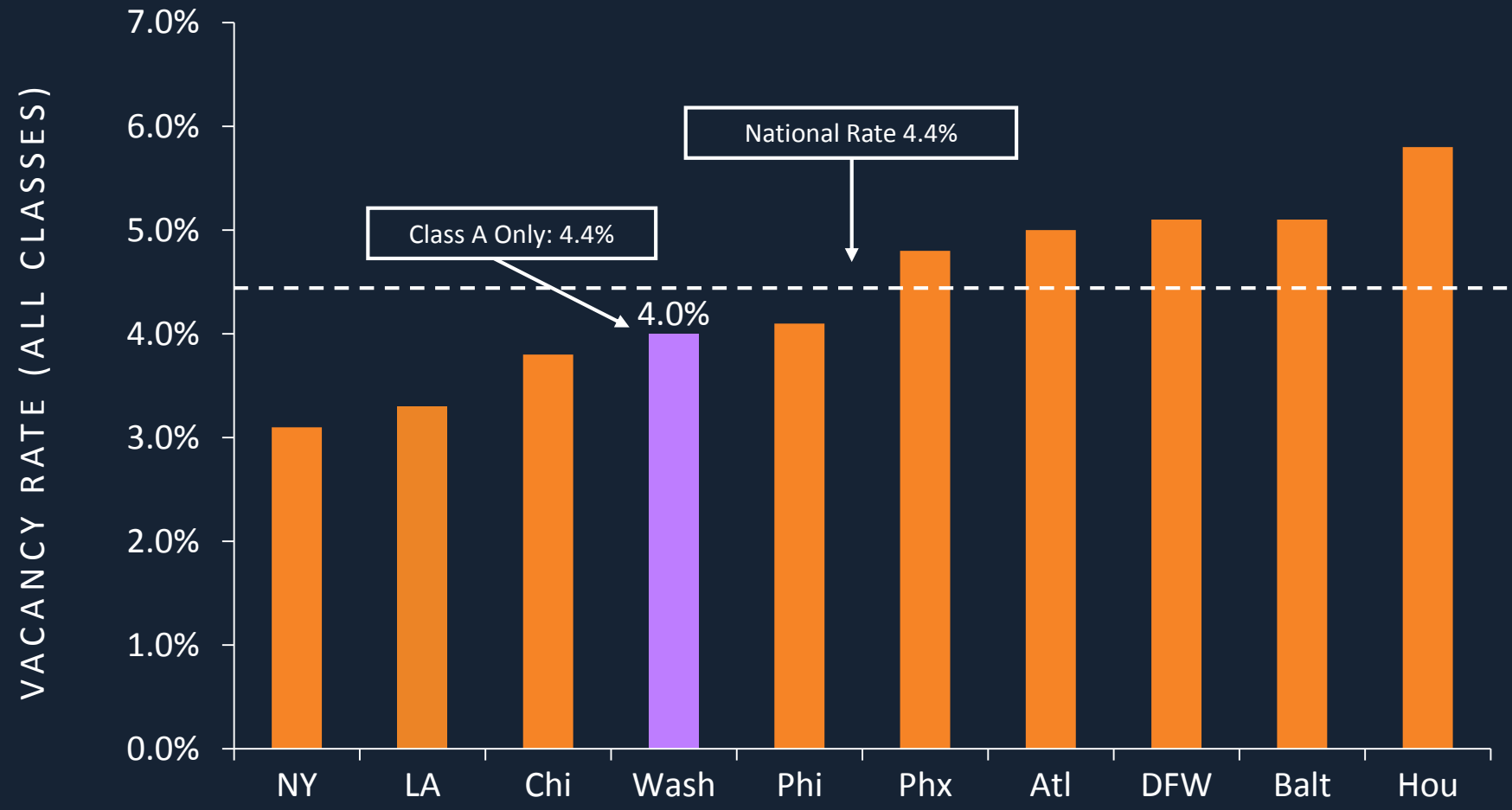
Class A Projects in Initial Lease-Up | Washington Metro Area



Source: Delta Associates; June 2016.

# STABILIZED APARTMENT VACANCY RATES

Major Apartment Markets at First Quarter 2016

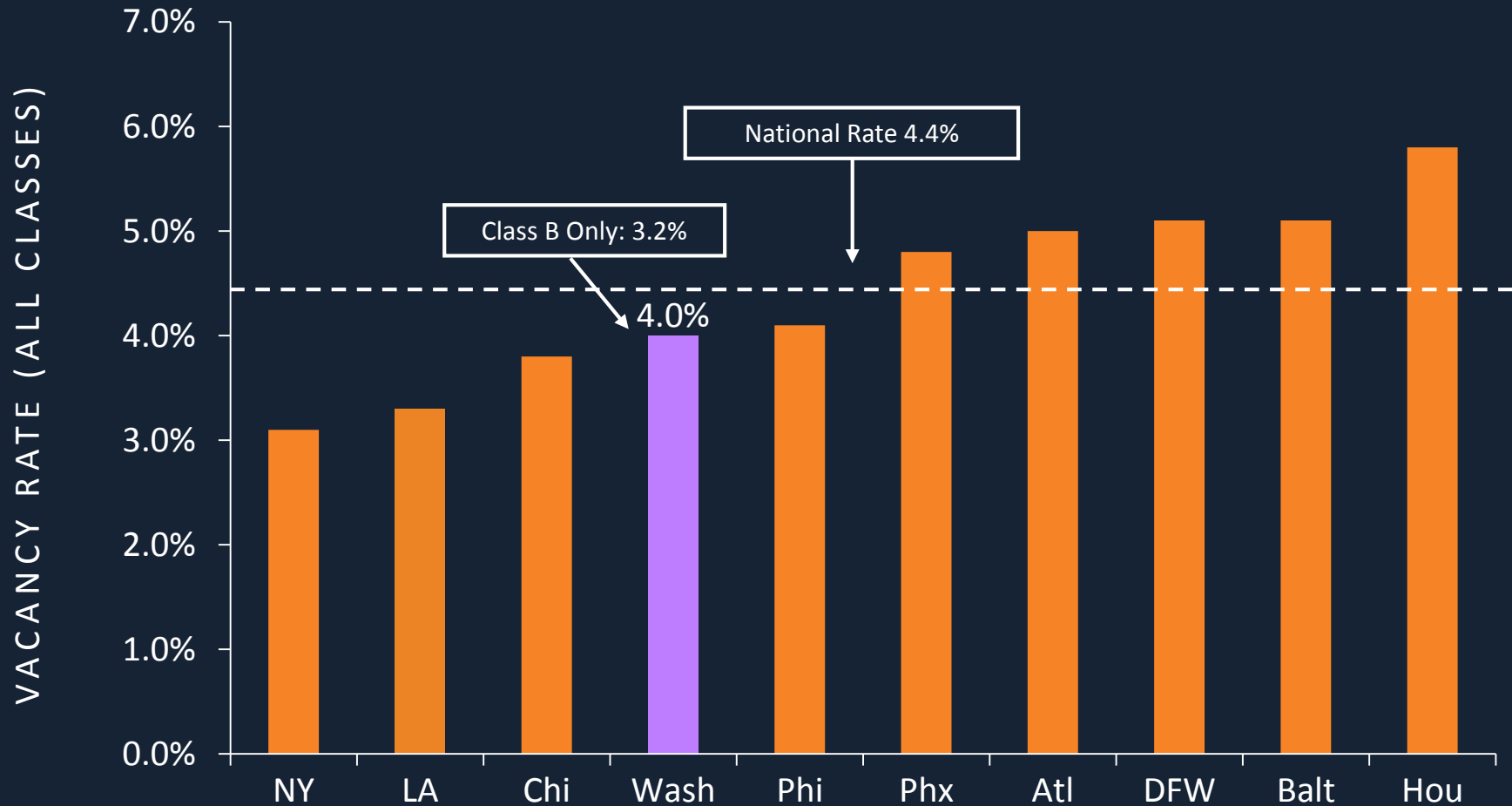


Source: REIS, Delta Associates; June 2016.



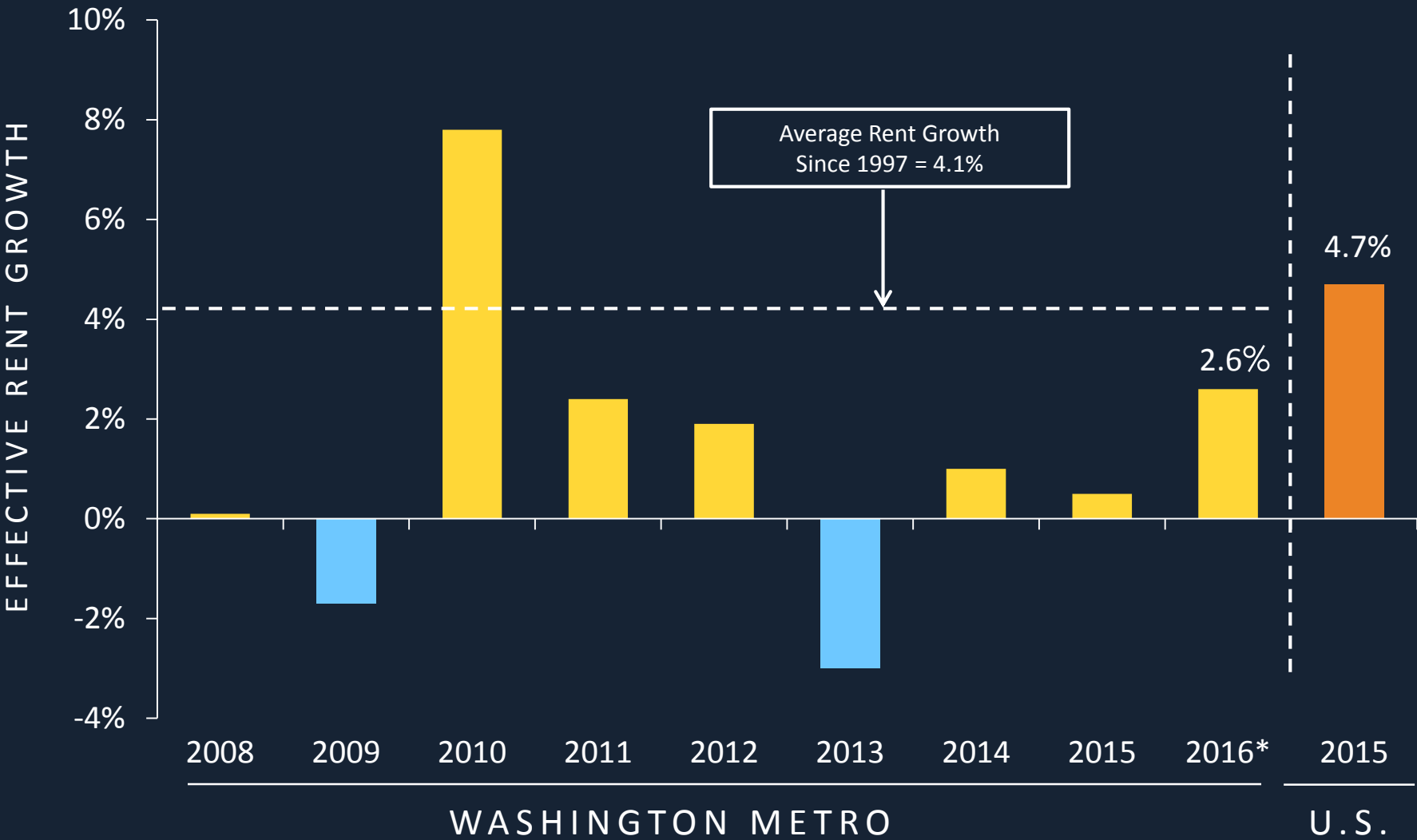
# STABILIZED APARTMENT VACANCY RATES

Major Apartment Markets at First Quarter 2016



# ANNUAL EFFECTIVE RENT GROWTH

Class A Apartments | Washington Metro Area

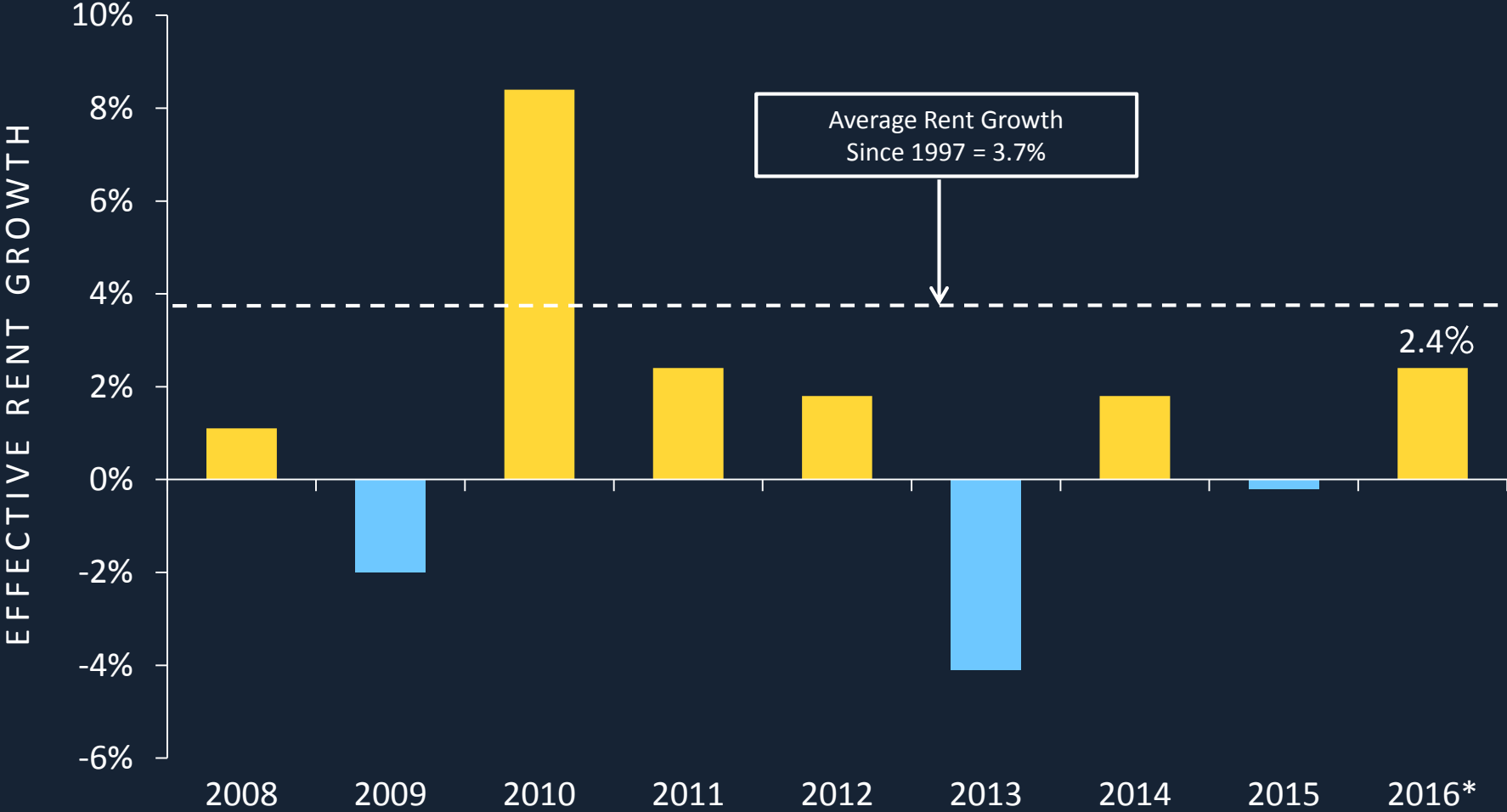


Source: Delta Associates; June 2016.

\*12 months ending March 2016.

# ANNUAL EFFECTIVE RENT GROWTH

Class A Apartments | Northern Virginia

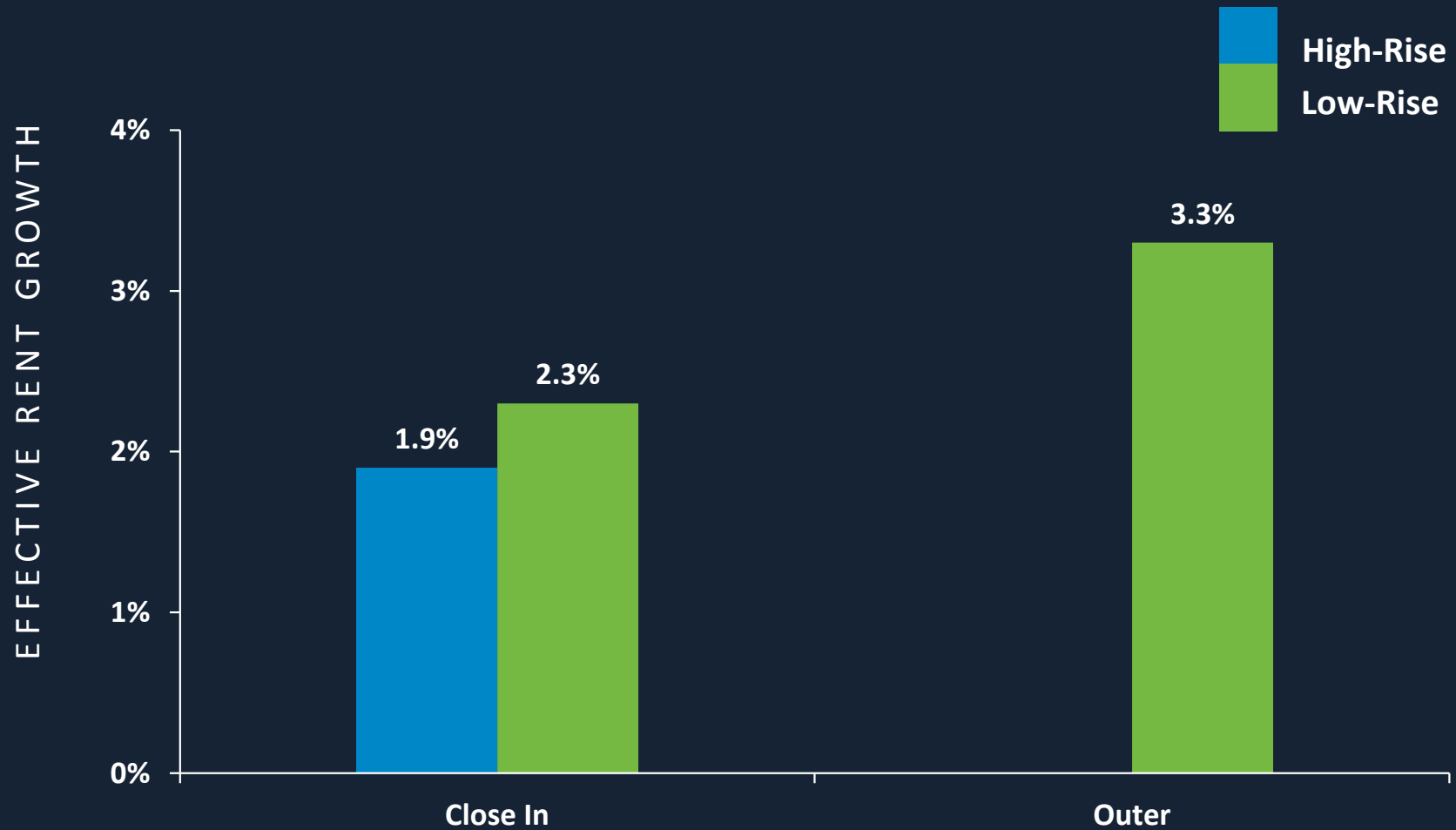


Source: Delta Associates; June 2016.

\*12 months ending March 2016.

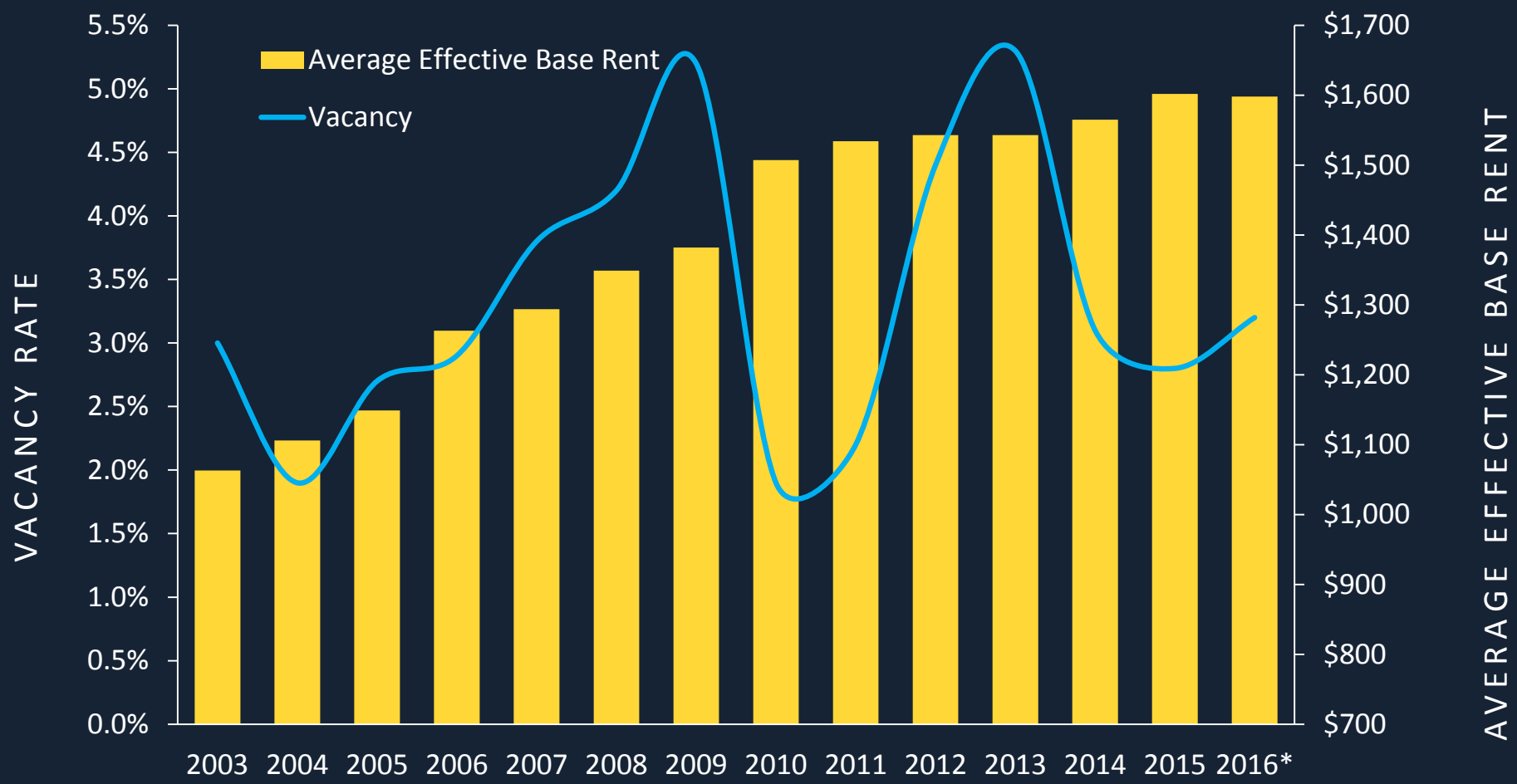
# ANNUAL EFFECTIVE RENT GROWTH

Class A Apartments | Northern Virginia | 12 Months Ending March 2016



# EFFECTIVE RENT AND VACANCY RATE

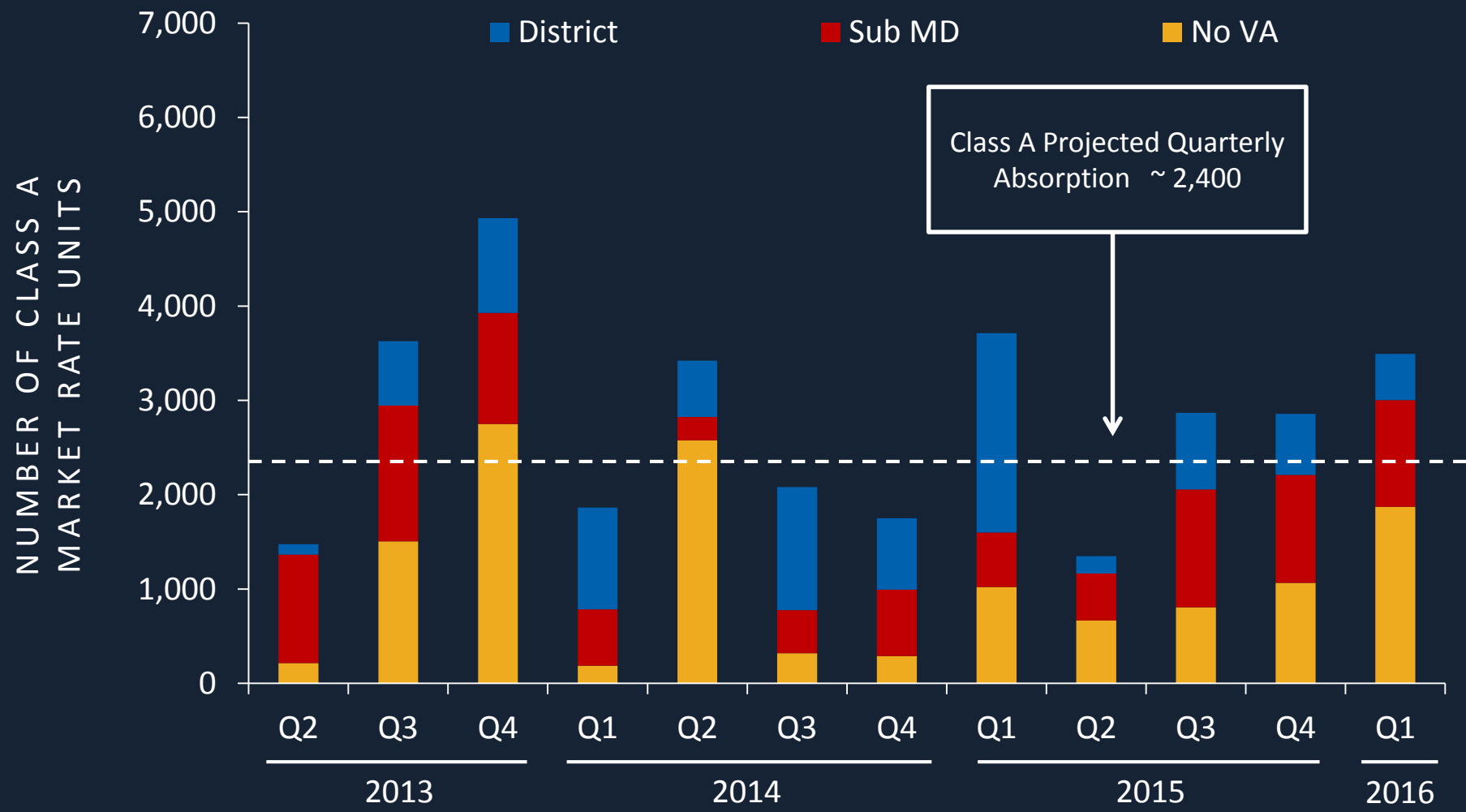
Class B Apartments | Washington Metro Area



\*As of First Quarter.

# CLASS A APARTMENT UNIT STARTS

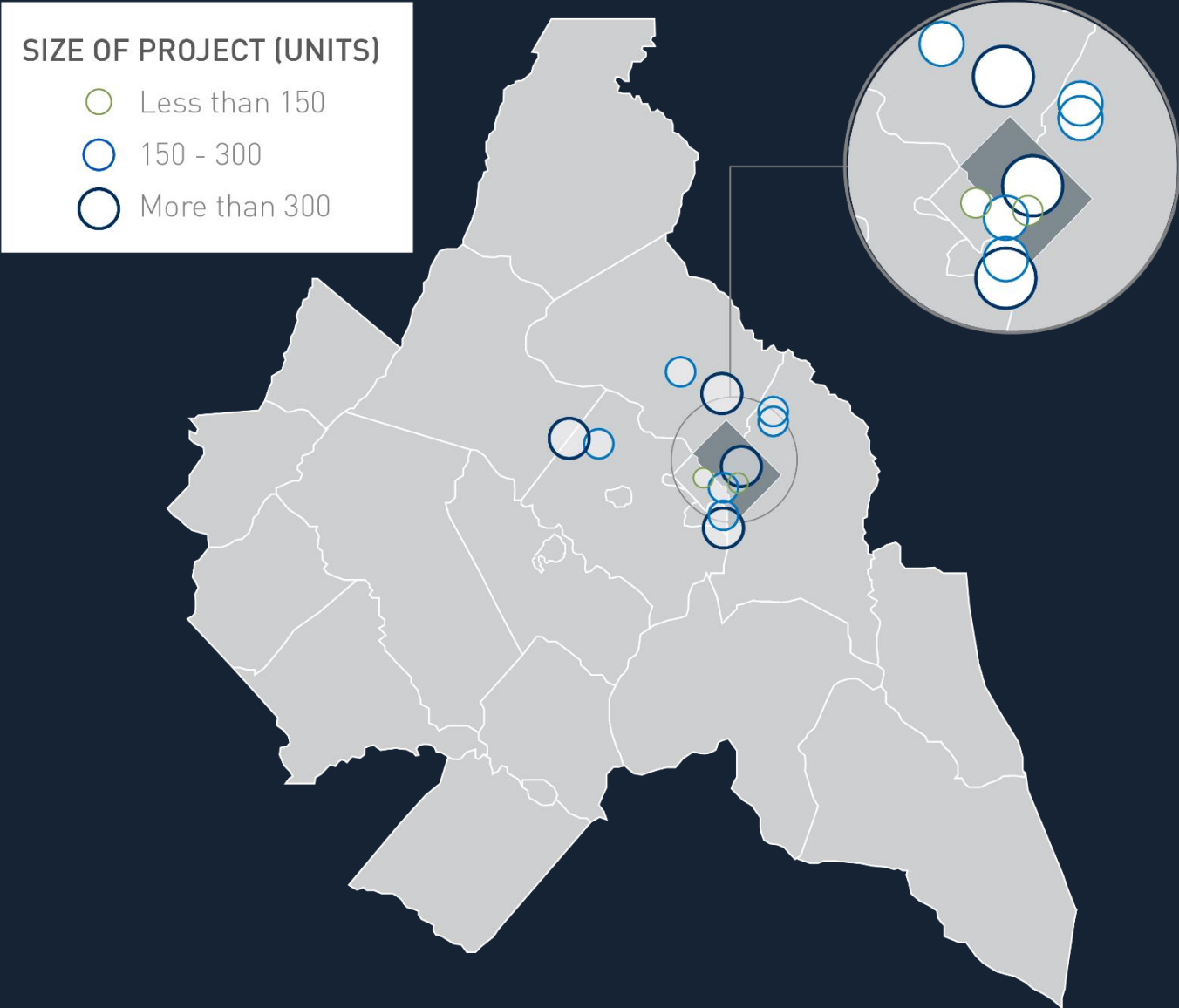
Washington Metro Area | 2013 - 2016



Source: Delta Associates; June 2016.

# CLASS A APARTMENT UNIT STARTS

Washington Metro Area | First Quarter 2016

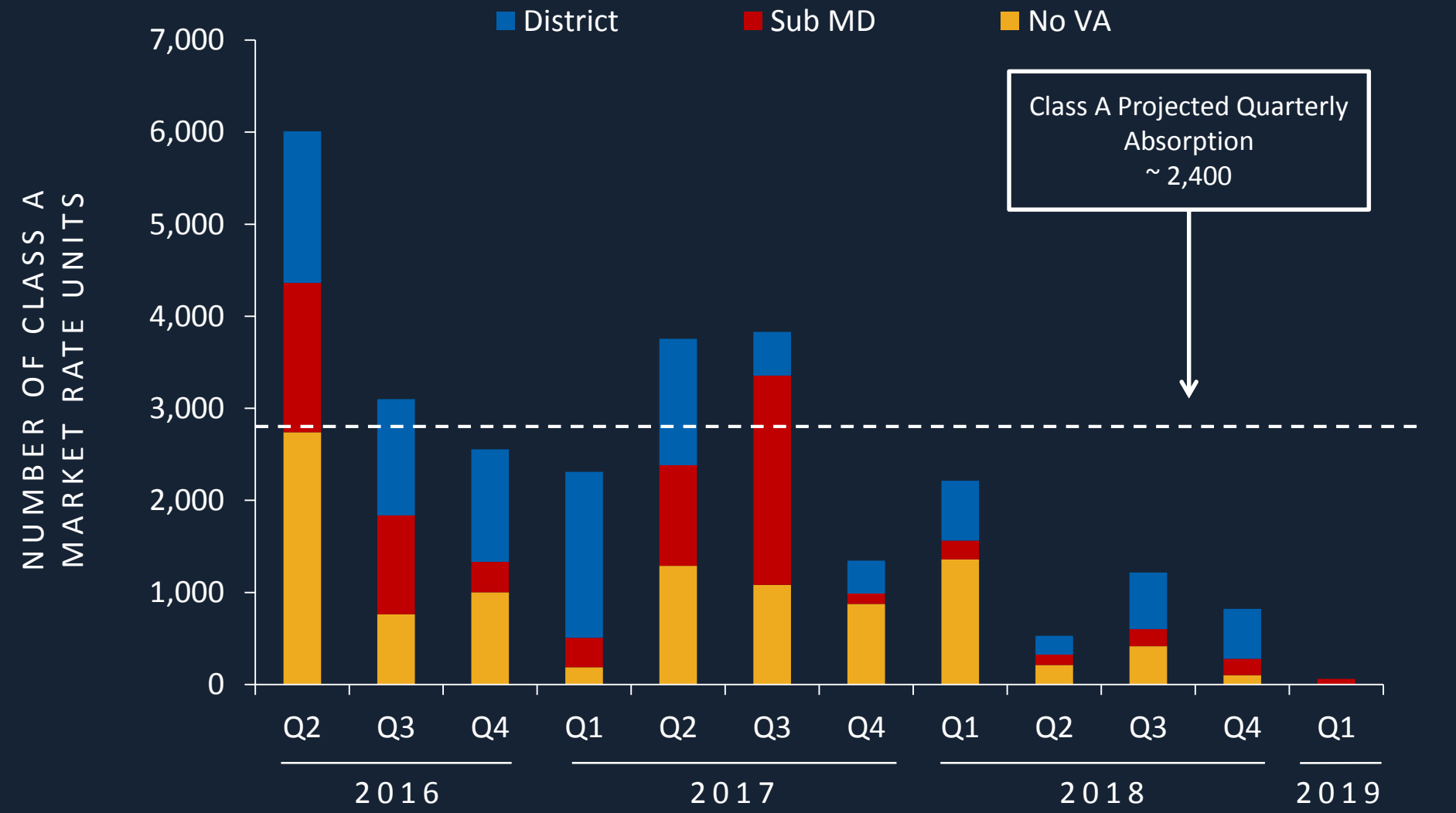


Source: Delta Associates; June 2016.



# PROJECTED DELIVERIES

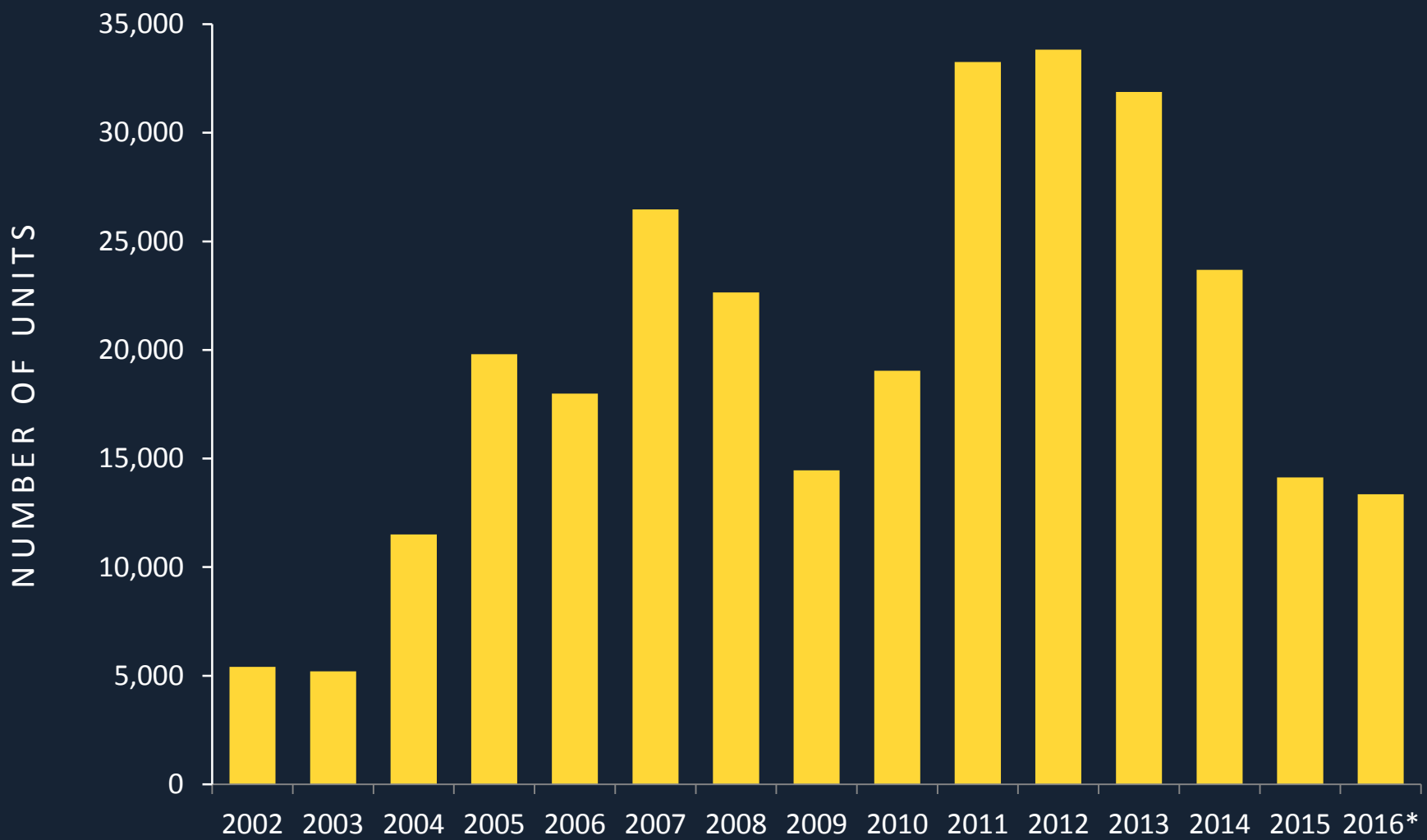
36-Month Development Pipeline | Washington Metro Area | 2016 - 2019



Source: Delta Associates; June 2016.

# APARTMENT PROPERTIES UNDERGOING RENOVATION

Washington Metro Area

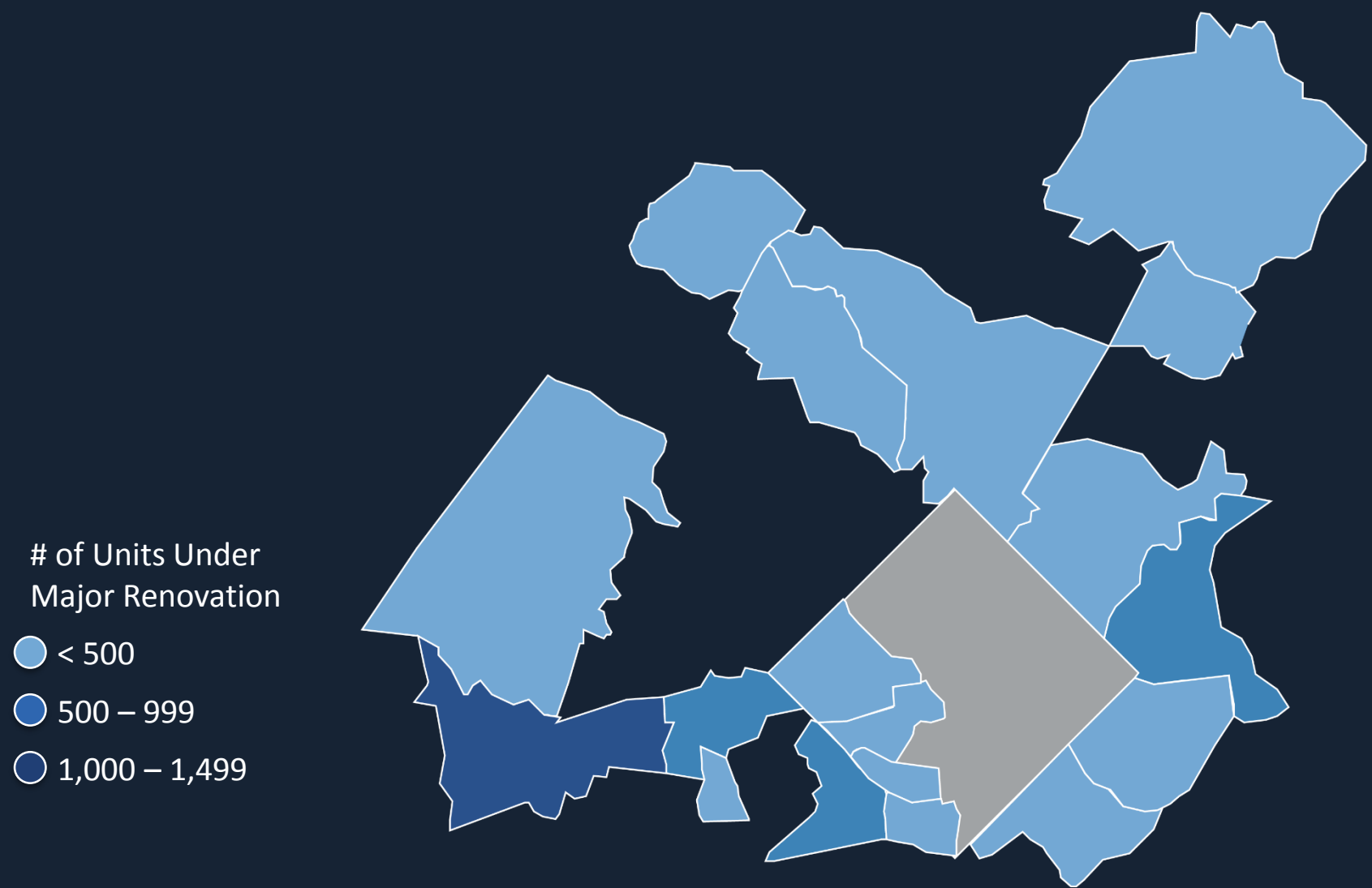


Source: Delta Associates; June 2016.

\*As of the First Quarter.

# CURRENT RENOVATION ACTIVITY

Low-Rise Class B Apartment Submarkets



Source: Delta Associates; June 2016.

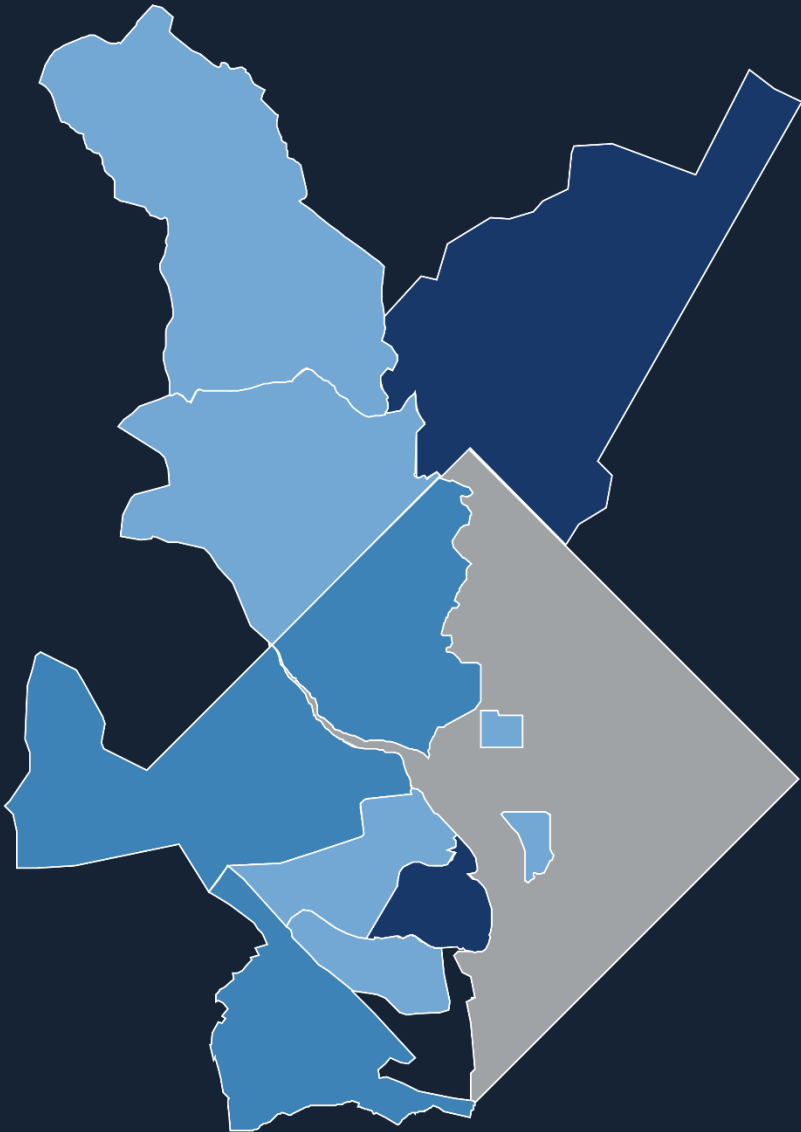
# CURRENT RENOVATION ACTIVITY

High-Rise Class B Apartment Submarkets



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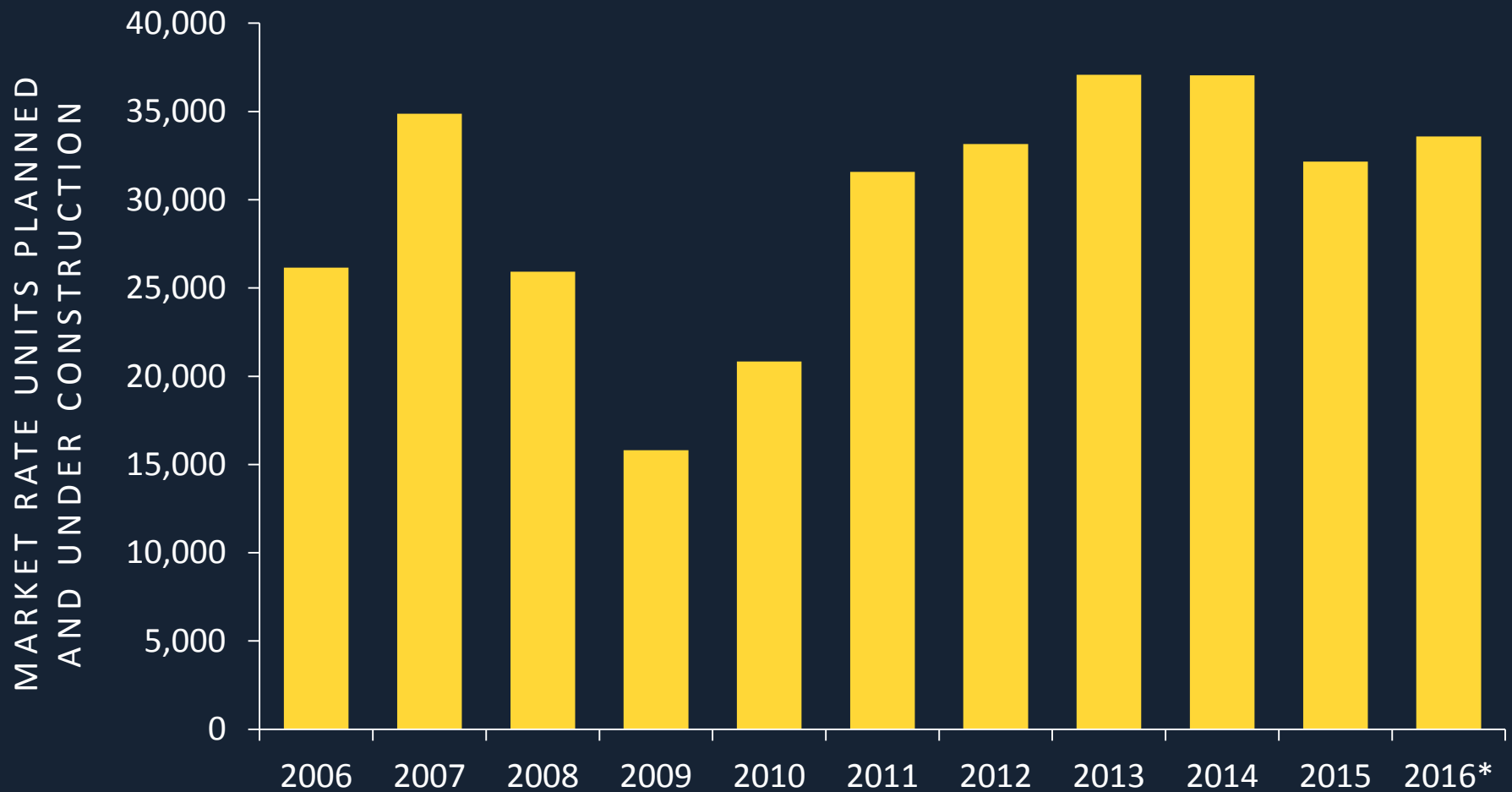
- # of Units Under  
Major Renovation
- < 500
  - 500 – 999
  - 1,000 – 1,499
  - 1,500+



Source: Delta Associates; June 2016.

# APARTMENT DEVELOPMENT PIPELINE

Washington Metro Area





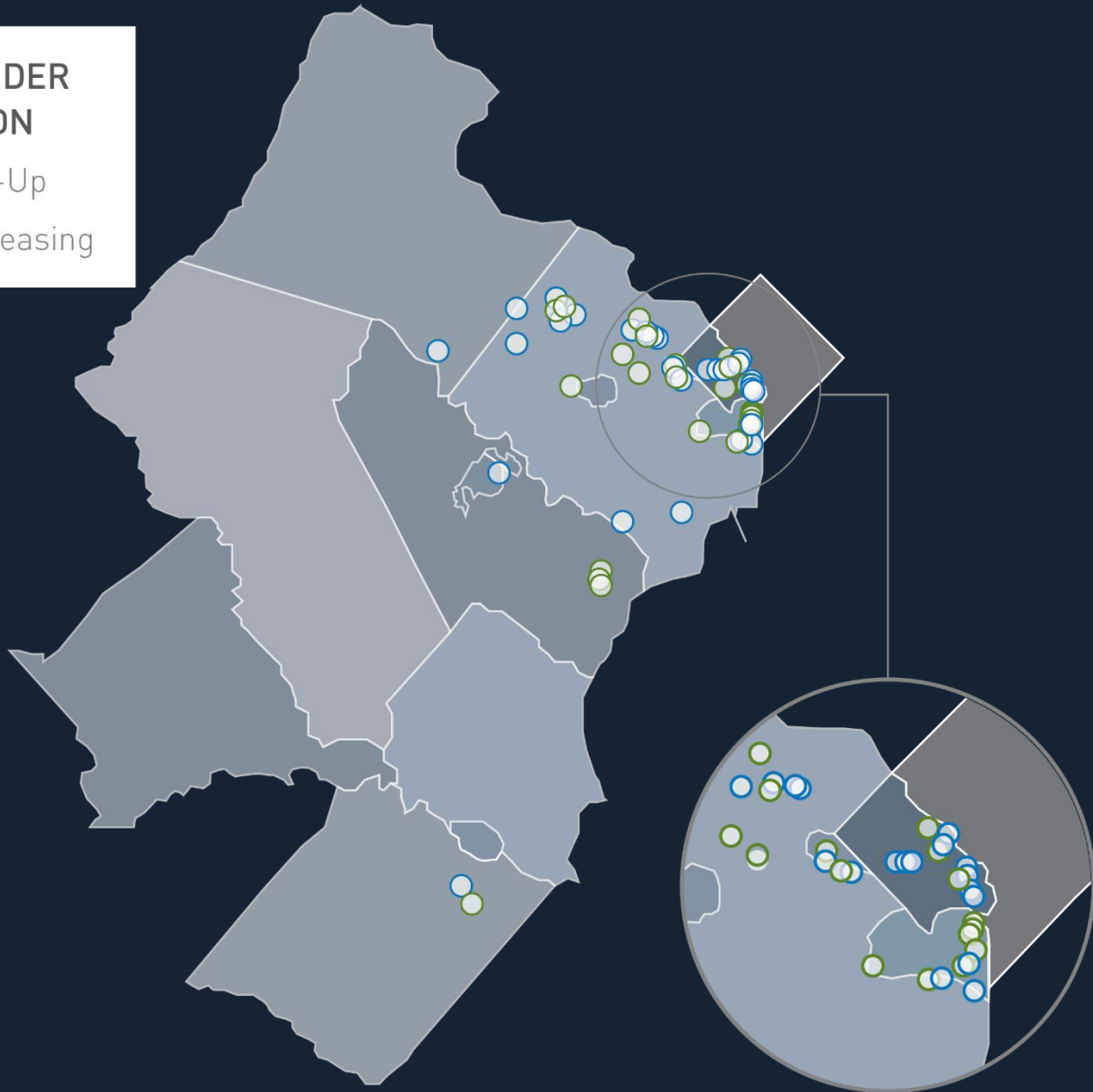
# APARTMENT PROJECTS U/C AND/OR IN LEASE-UP

Northern Virginia | First Quarter 2016



**PROJECTS UNDER CONSTRUCTION**

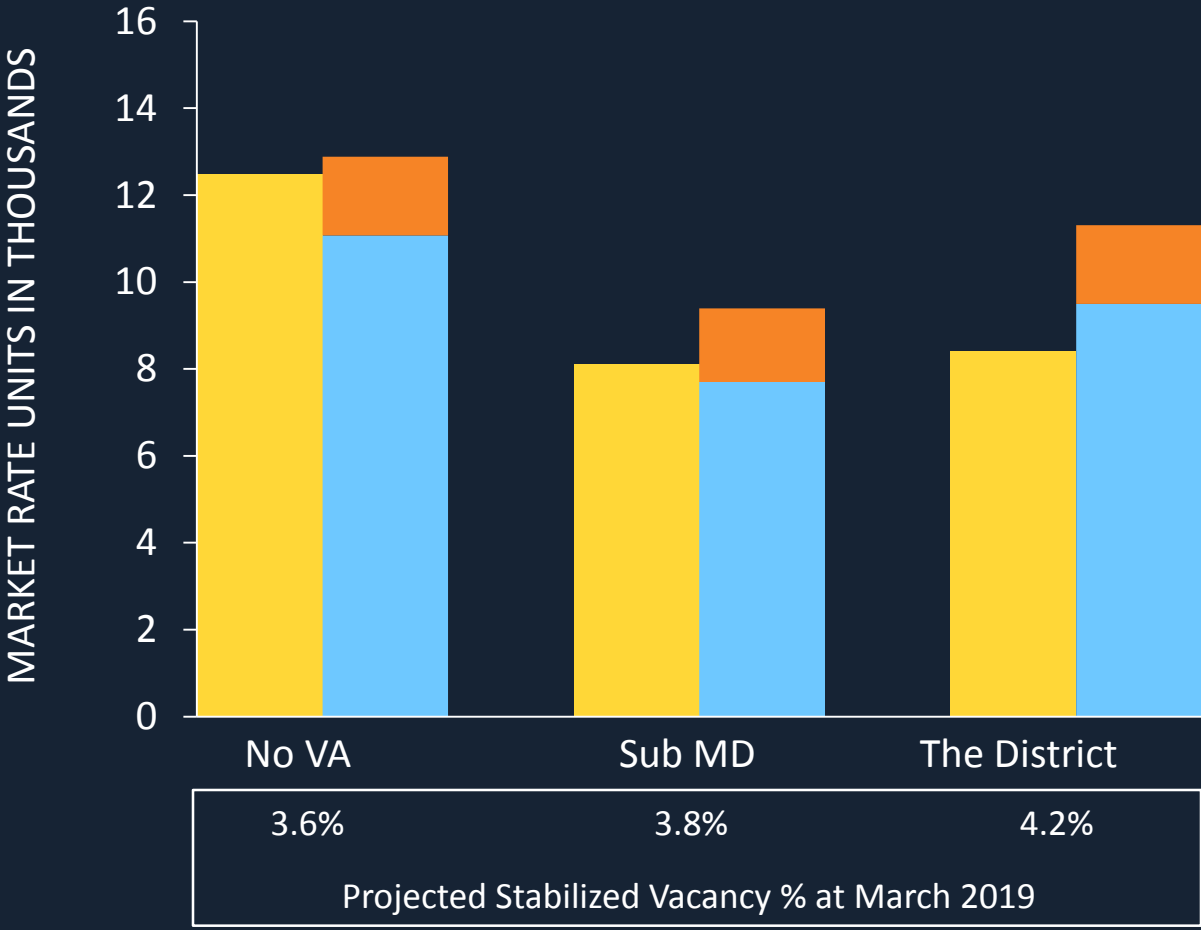
-  In Lease-Up
-  Not Yet Leasing



Source: Delta Associates; June 2016.

# DEMAND AND SUPPLY PROJECTIONS

Washington Metro Class A Apartments | 36 Months Ending March 2019



Projected Stabilized Vacancy Rate at March 2019: 3.8% Metro-Wide

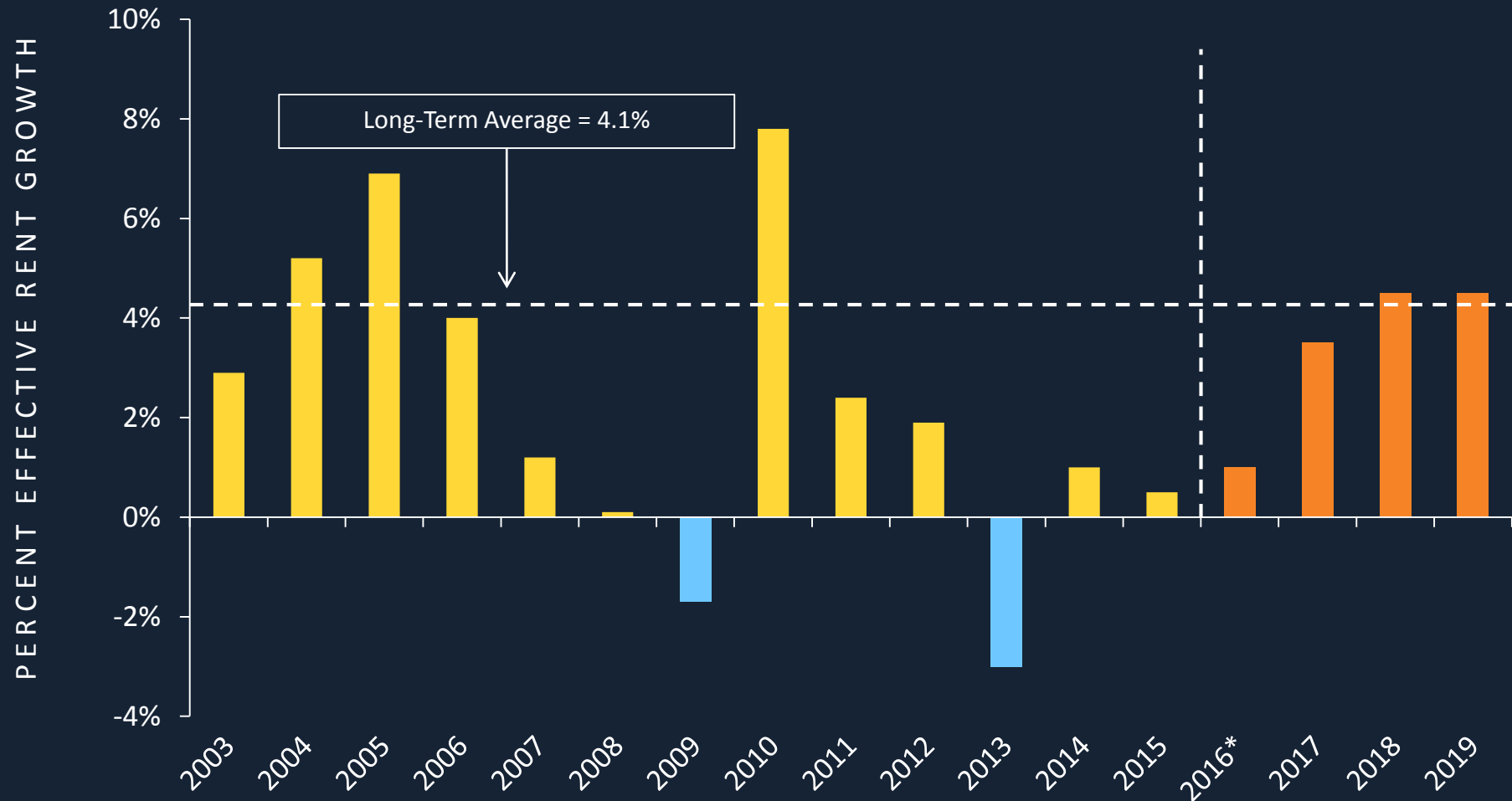
DEMAND	
<div></div>	Net Absorption: 9,667/Year = 29,000
SUPPLY	
<div></div>	Planned and may deliver by 3/19 : 5,315 units <sup>1</sup>
<div></div>	Under construction: 28,264 units <sup>2</sup>
Total = 33,579 units	

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



# ANNUAL CLASS A APARTMENT RENT GROWTH

Washington Metro | 2003 - 2019



Source: Delta Associates; June 2016.

\* Annual rent change at First Quarter 2016 is 2.6%.

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## INVESTMENT SALES



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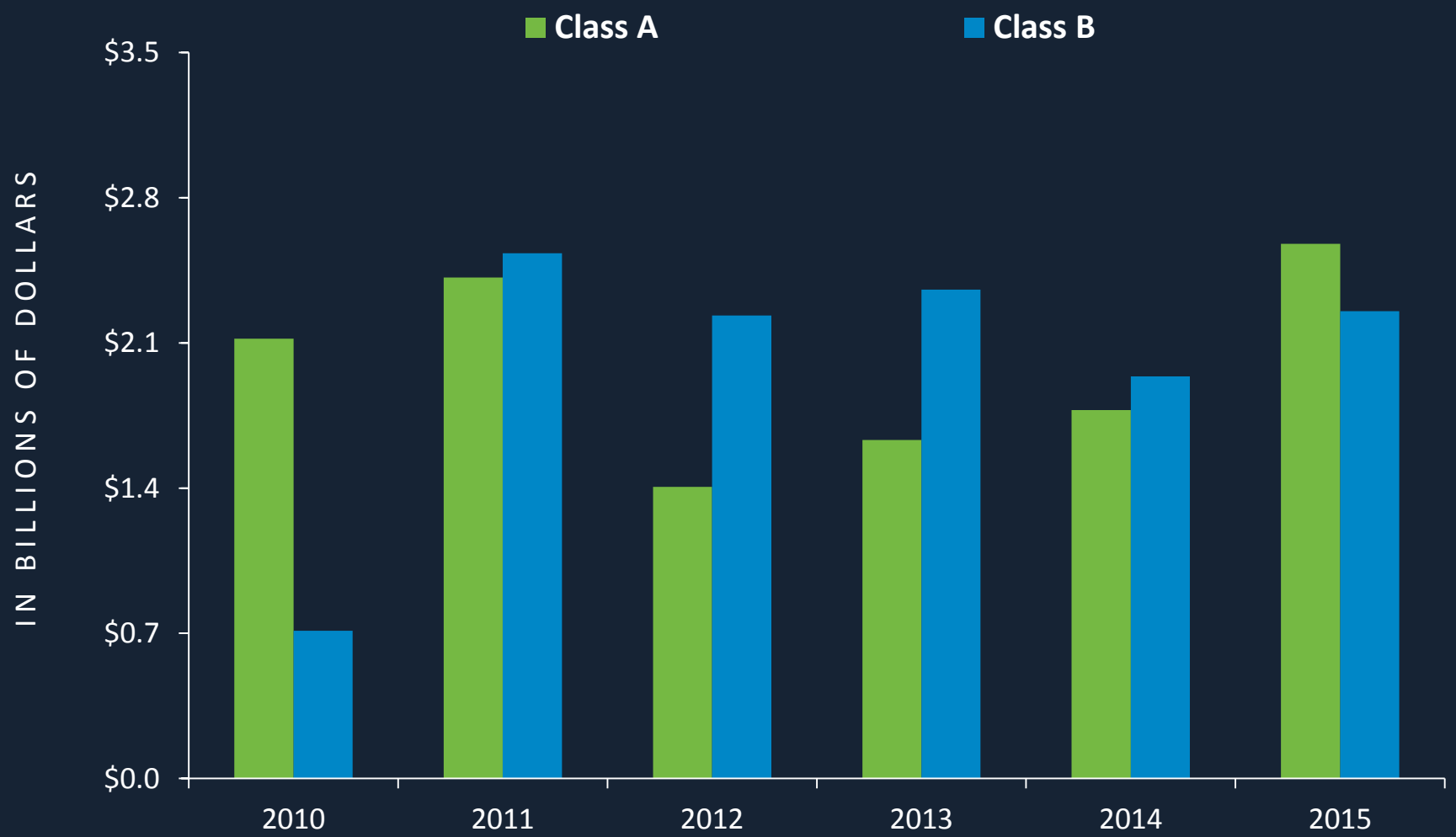
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# APARTMENT INVESTMENT SALES

Washington Metro | 2010 - 2015



Source: Delta Associates; June 2016.

# NORTHERN VIRGINIA APARTMENT MARKET: 2015 AND 2016 OUTLOOK

## APARTMENT MARKET OPPORTUNITIES



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