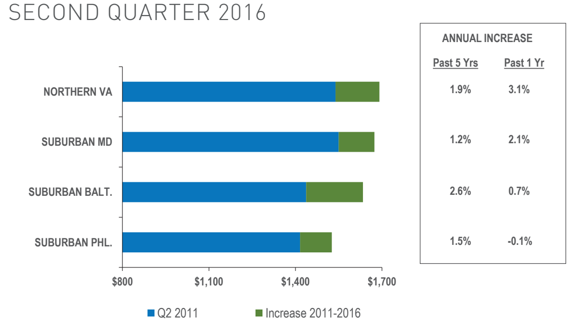
A Snapshot of the Class A Apartment Market

ANNUAL AVERAGE EFFECTIVE RENT GROWTH

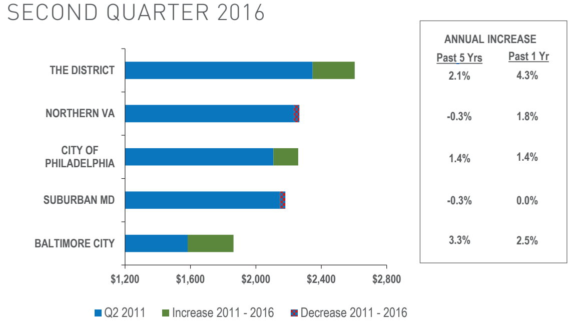
MID-ATLANTIC CLASS A LOW-RISE APARTMENTS
SECOND QUARTER 2016



Source: Delta Associates, June 2016.

ANNUAL AVERAGE EFFECTIVE RENT GROWTH

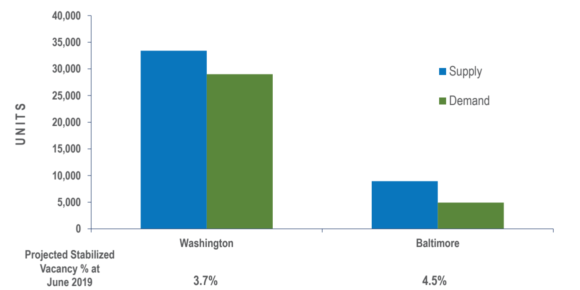
MID-ATLANTIC CLASS A MID AND HIGH-RISE APARTMENTS
SECOND QUARTER 2016



Source: Delta Associates, June 2016.

SUPPLY/DEMAND RELATIONSHIP

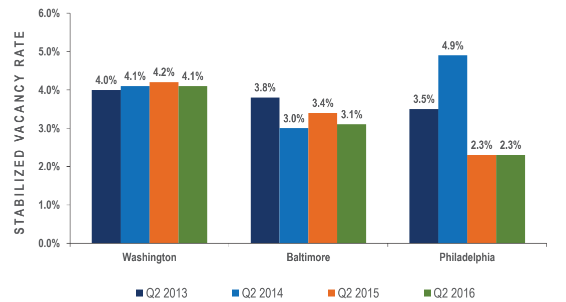
MID-ATLANTIC CLASS A APARTMENT MARKETS
NEXT 36 MONTHS: PERIOD ENDING JUNE 2019



Source: Delta Associates, June 2016.

STABILIZED VACANCY RATES

MID-ATLANTIC CLASS A
APARTMENT MARKETS



Source: Delta Associates, June 2016.

2016 TRENDS

Washington continues to experience above-average Class A absorption, with 11,740 Class A units absorbed in the 12-month period ending June 2016, outpacing deliveries. Absorption including Class B product totaled 12,338 units.

FOR RENT

Metro area Class A rents increased by 2.5% over the year. For Class A and Class B combined, metro area rents also increased by 2.5%.

The stabilized vacancy rate for all classes of investment grade apartments decreased by 40 basis points over the past year – currently at 3.4%; Class A vacancy decreased by 10 basis points to 4.1%.

The 36-month development pipeline is down slightly from a year ago and last quarter to 33,402 units.

There were 10,521 units which started construction over the year. Fewer than 1,100 units started construction in the second quarter – one-third the amount during the first quarter.

Meanwhile, 10,576 units delivered over the past 12 months and another 13,211 units are scheduled to deliver over the next 12 months.

SUBSTATE RECAP

NORTHERN VIRGINIA

ANNUAL CLASS A RENT CHANGE

HIGH-RISE 1.9% ▲

LOW-RISE 2.8% ▲

36 -MONTH PIPELINE AT MAR 2016

36 MONTHS 12 ,882

PAST 12 MONTHS 16.3% ↓

Q1 2016 CONSTRUCTION STARTS

7 PROJECTS

1,872 UNITS

CLASS A: FIRST QUARTER

ANNUAL CLASS A

ABSORPTION 5,640

DELIVERIES 5,041

ANNUAL CHANGE IN ABSORPTION

9% ▲

PROJECTED DELIVERIES IN THE NEXT 12 MONTHS

4,693

SUBURBAN MARYLAND

ANNUAL CLASS A RENT CHANGE

HIGH-RISE 2.1% ▲

LOW-RISE 2.0% ▲

36-MONTH PIPELINE AT MAR 2016

36 MONTHS 9,629

PAST 12 MONTHS 2.1% ↑

Q1 2016 CONSTRUCTION STARTS

4 PROJECTS

1,131 UNITS

CLASS A: FIRST QUARTER

ANNUAL CLASS A

ABSORPTION 3,250

DELIVERIES 3,620

ANNUAL CHANGE IN ABSORPTION

12% ▼

PROJECTED DELIVERIES IN THE NEXT 12 MONTHS

3,350

THE DISTRICT

ANNUAL CLASS A RENT CHANGE

HIGH-RISE 4.0% ▲

HIGHEST $/SF SUBMARKET

COLUMBIA HEIGHTS/SHAW

$3.44/SF average

36 -MONTH PIPELINE AT MAR 2016

36 MONTHS 11,306

PAST 12 MONTHS 2.1% ↓

Q1 2016 CONSTRUCTION STARTS

2 PROJECTS

490 UNITS

CLASS A: FIRST QUARTER

ANNUAL CLASS A

ABSORPTION 3,537

DELIVERIES 1,761

ANNUAL CHANGE IN ABSORPTION

5% ▲

PROJECTED DELIVERIES IN THE NEXT 12 MONTHS

5,931