



TWENTIETH ANNUAL

Delta Associates

MULTIFAMILY MARKET OVERVIEW & AWARDS FOR EXCELLENCE

Washington/Baltimore

10.19.16

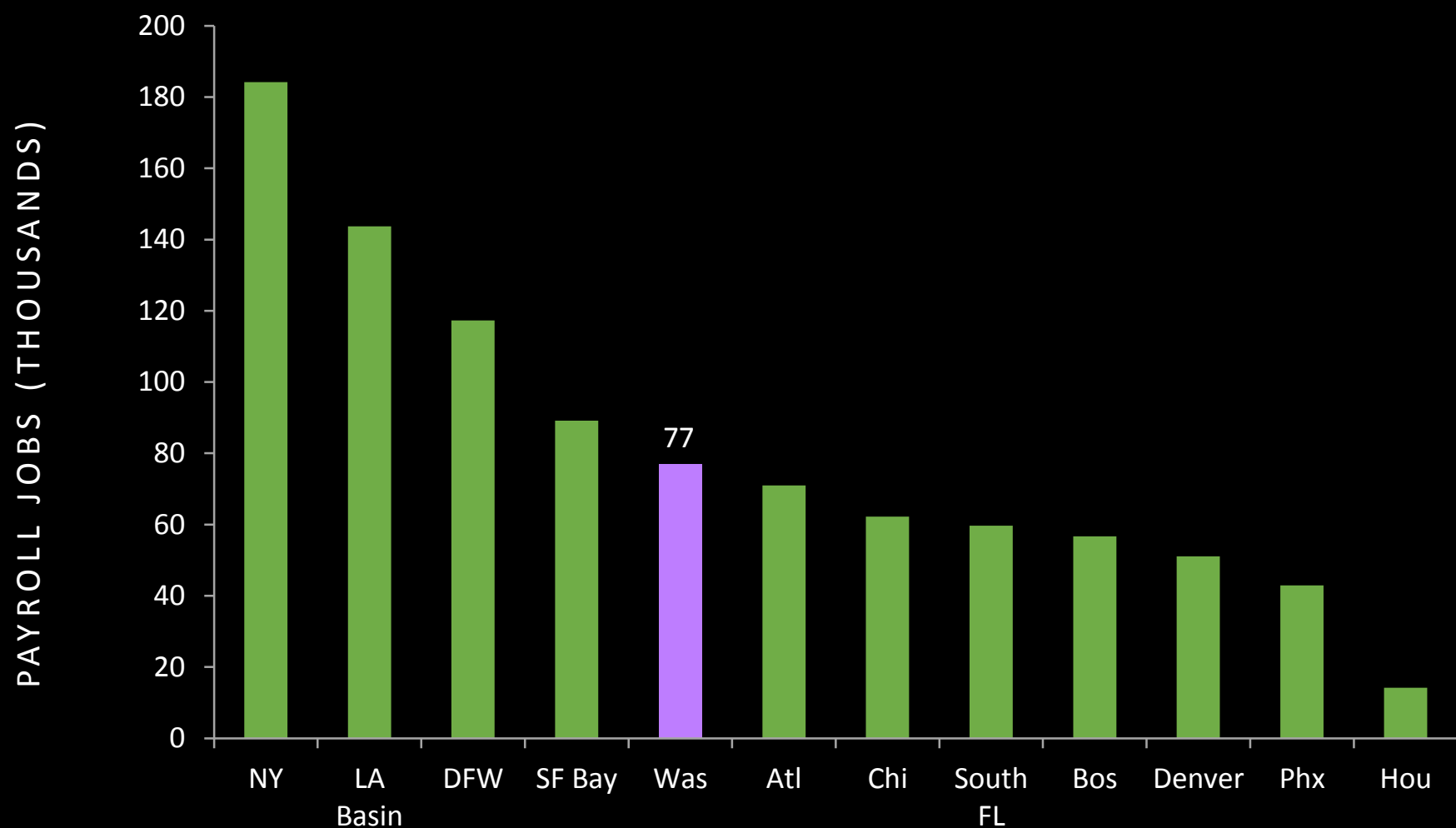


THE ECONOMY



PAYROLL JOB GROWTH

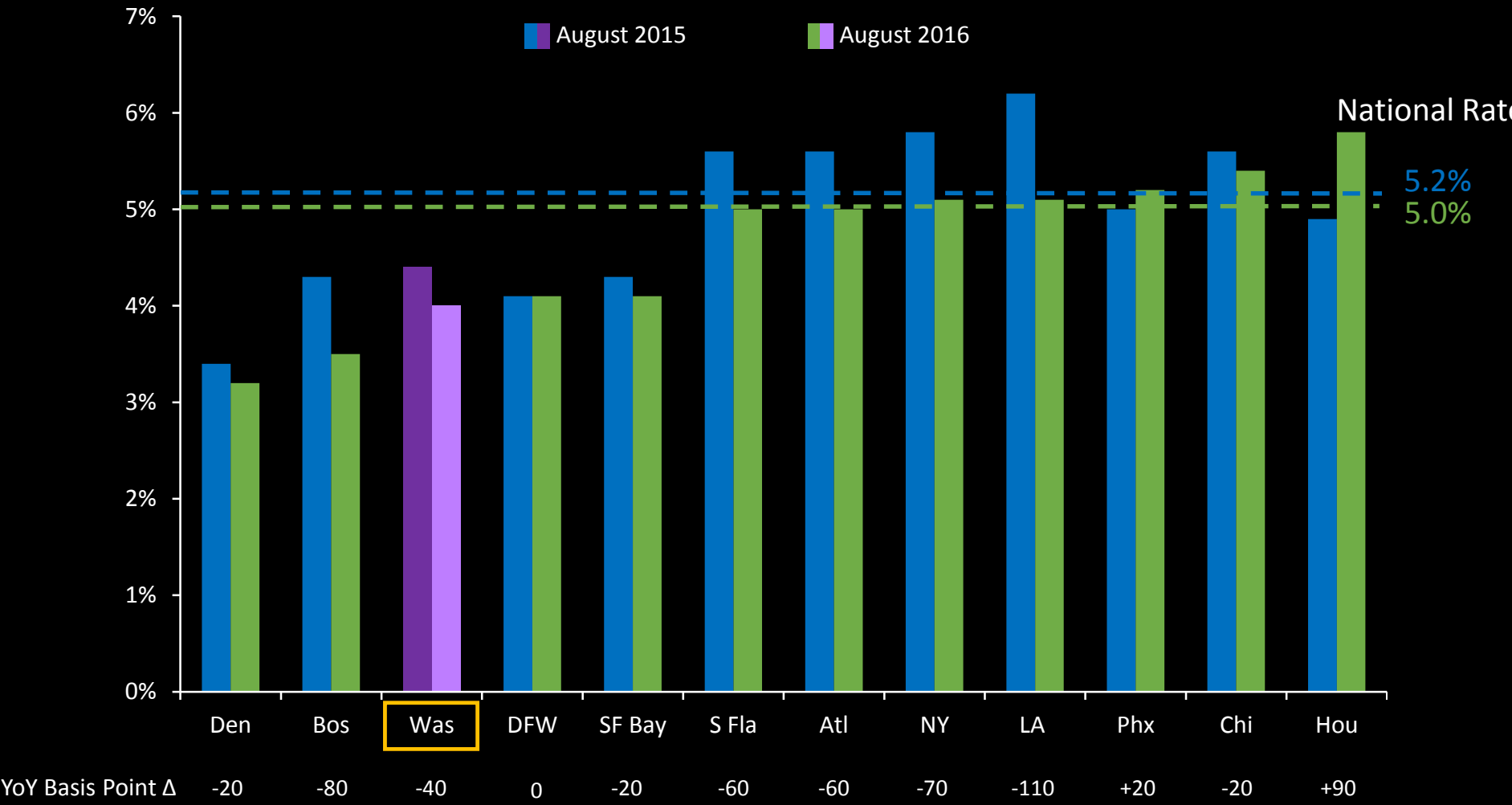
Selected Large Metro Areas | 12 Months Ending August 2016



Source: Bureau of Labor Statistics, Delta Associates; October 2016.

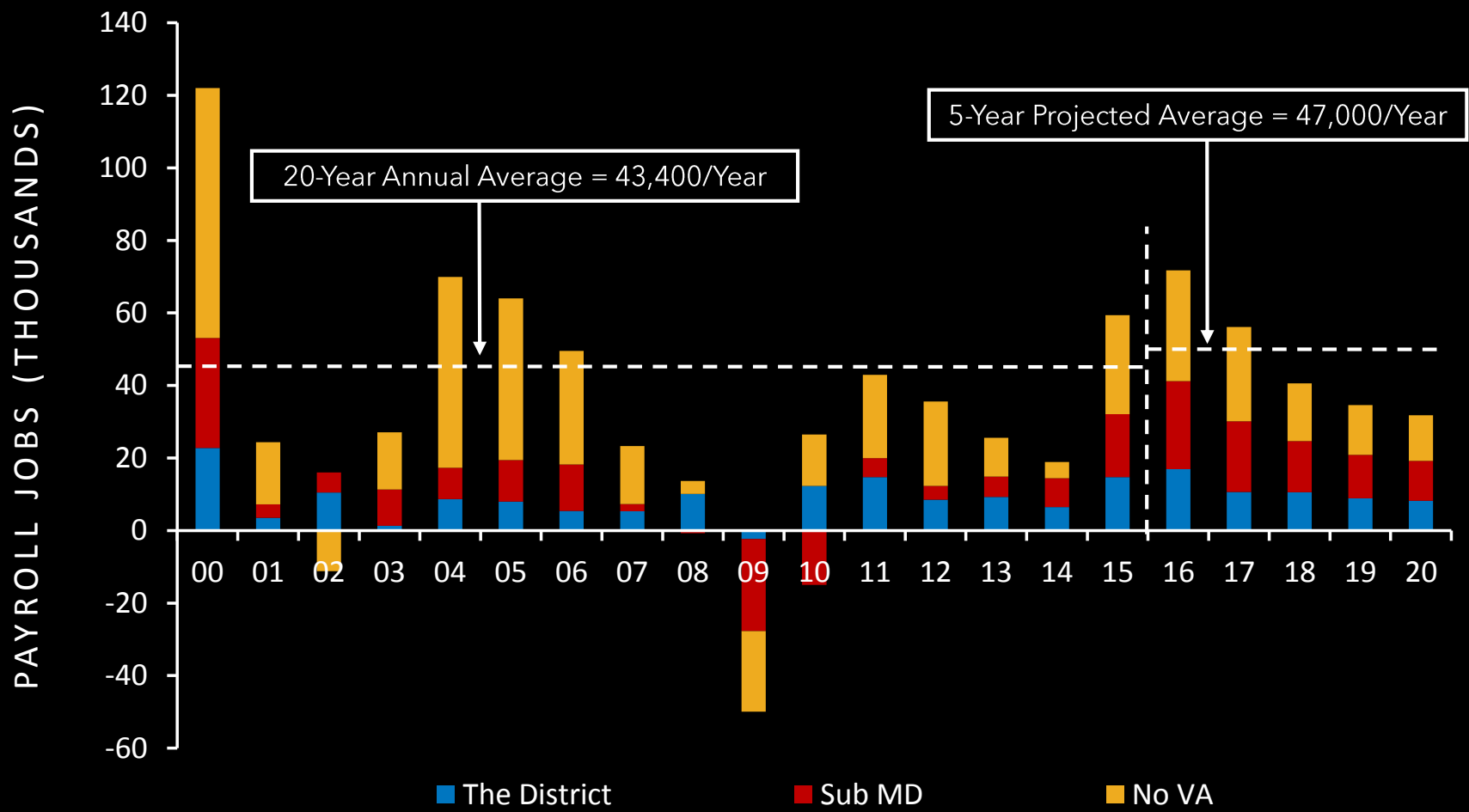
UNEMPLOYMENT RATE *

Selected Large Metro Areas | August 2015 vs. August 2016



PROJECTED JOB GROWTH

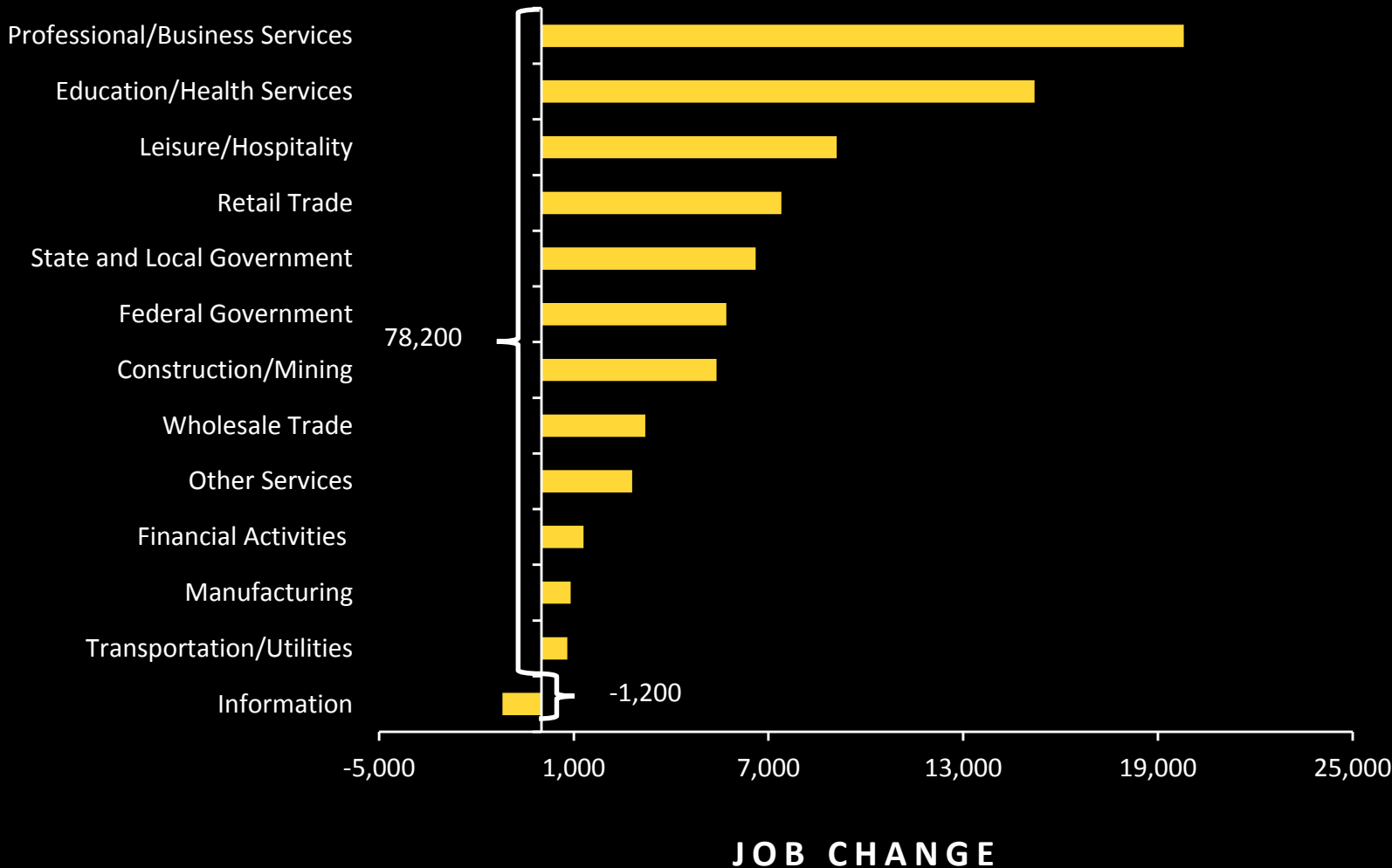
Washington Metro Area | 2000 - 2020



Source: Bureau of Labor Statistics, Dr. Terry Clower, Delta Associates; October 2016.

PAYROLL JOB GROWTH

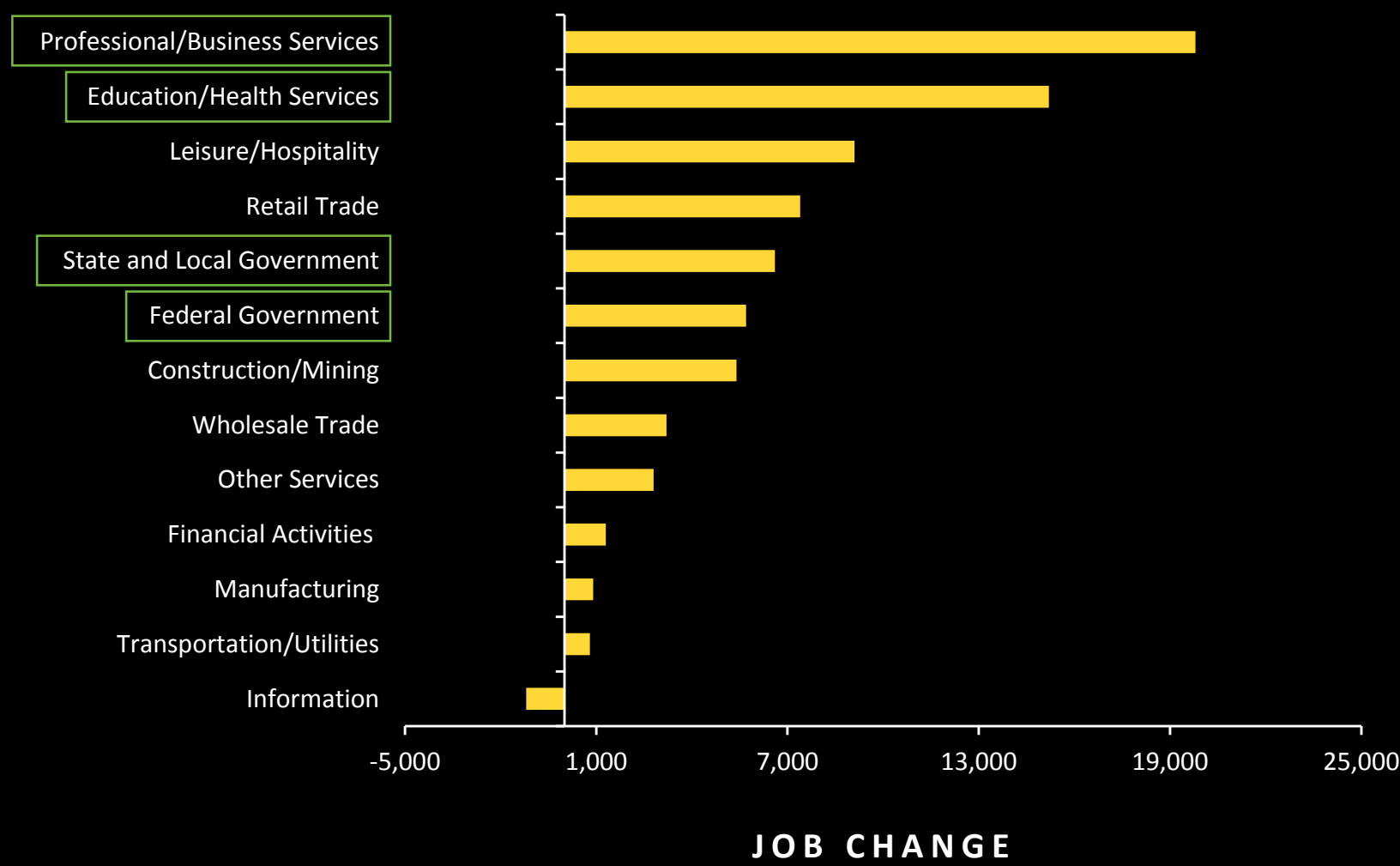
Washington Metro Area | 12 Months Ending August 2016



Source: Bureau of Labor Statistics, Delta Associates; October 2016.

PAYROLL JOB GROWTH

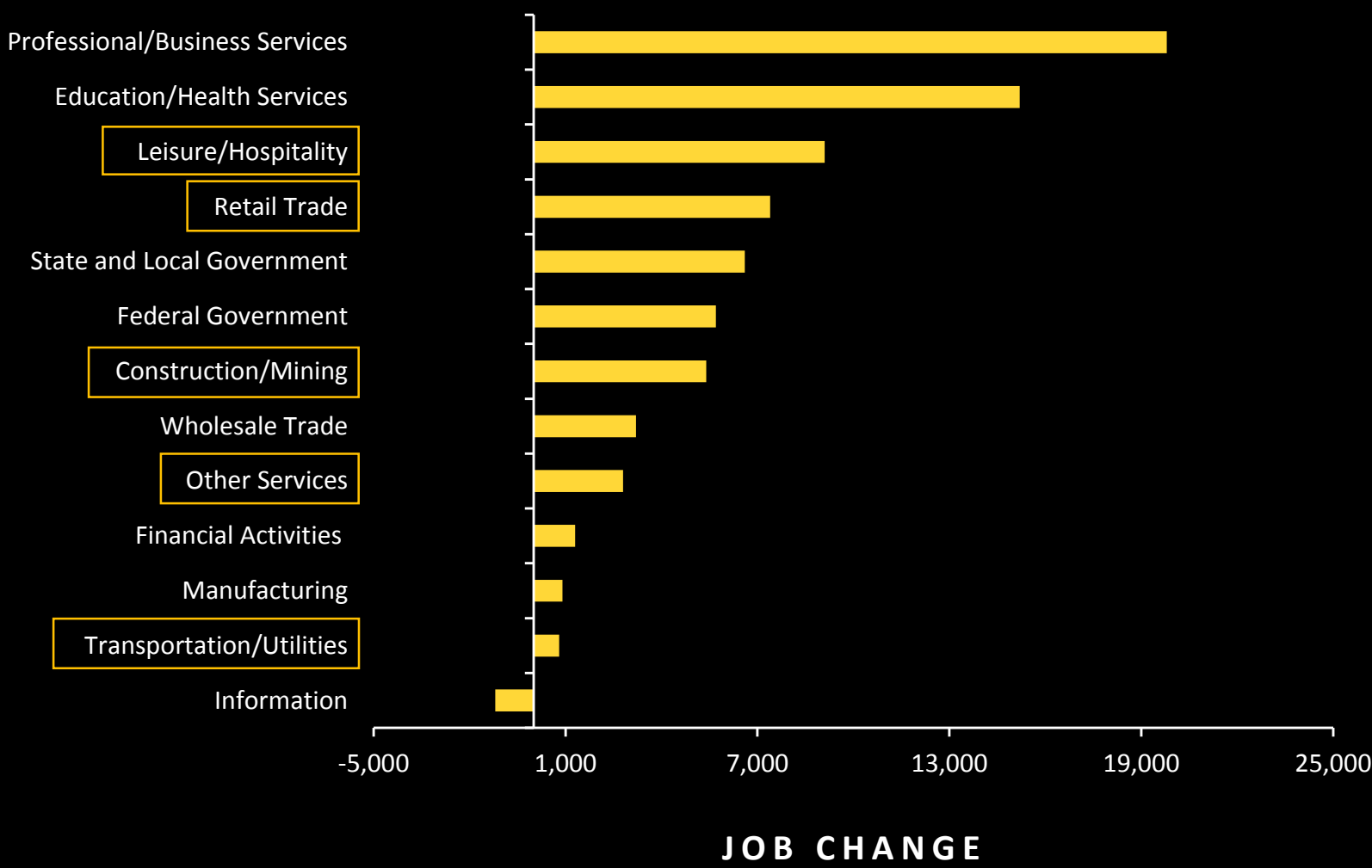
Washington Metro Area | 12 Months Ending August 2016



Source: Bureau of Labor Statistics, Delta Associates; October 2016.

PAYROLL JOB GROWTH

Washington Metro Area | 12 Months Ending August 2016

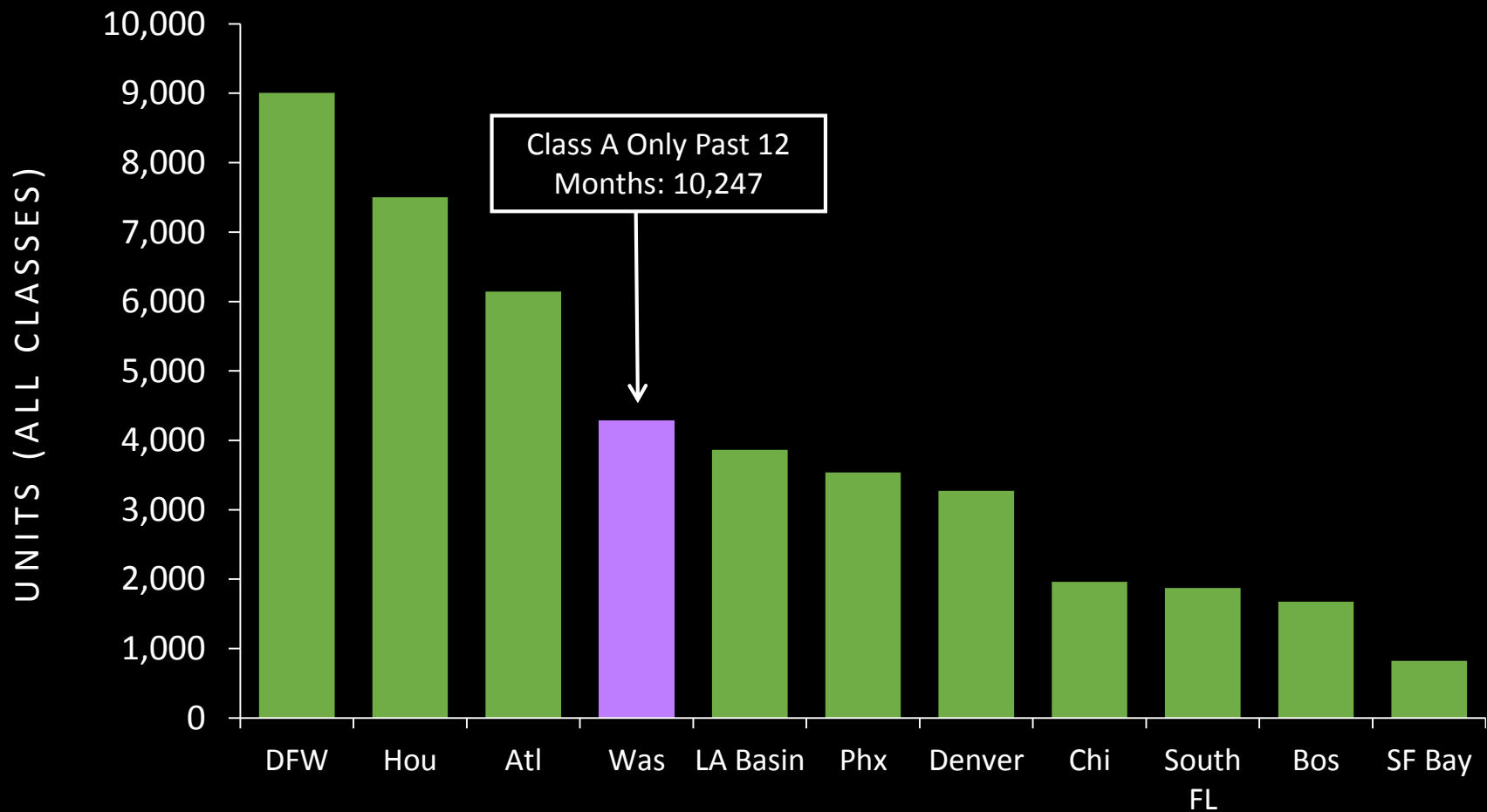


Source: Bureau of Labor Statistics, Delta Associates; October 2016.

THE WASHINGTON METRO AREA APARTMENT MARKET

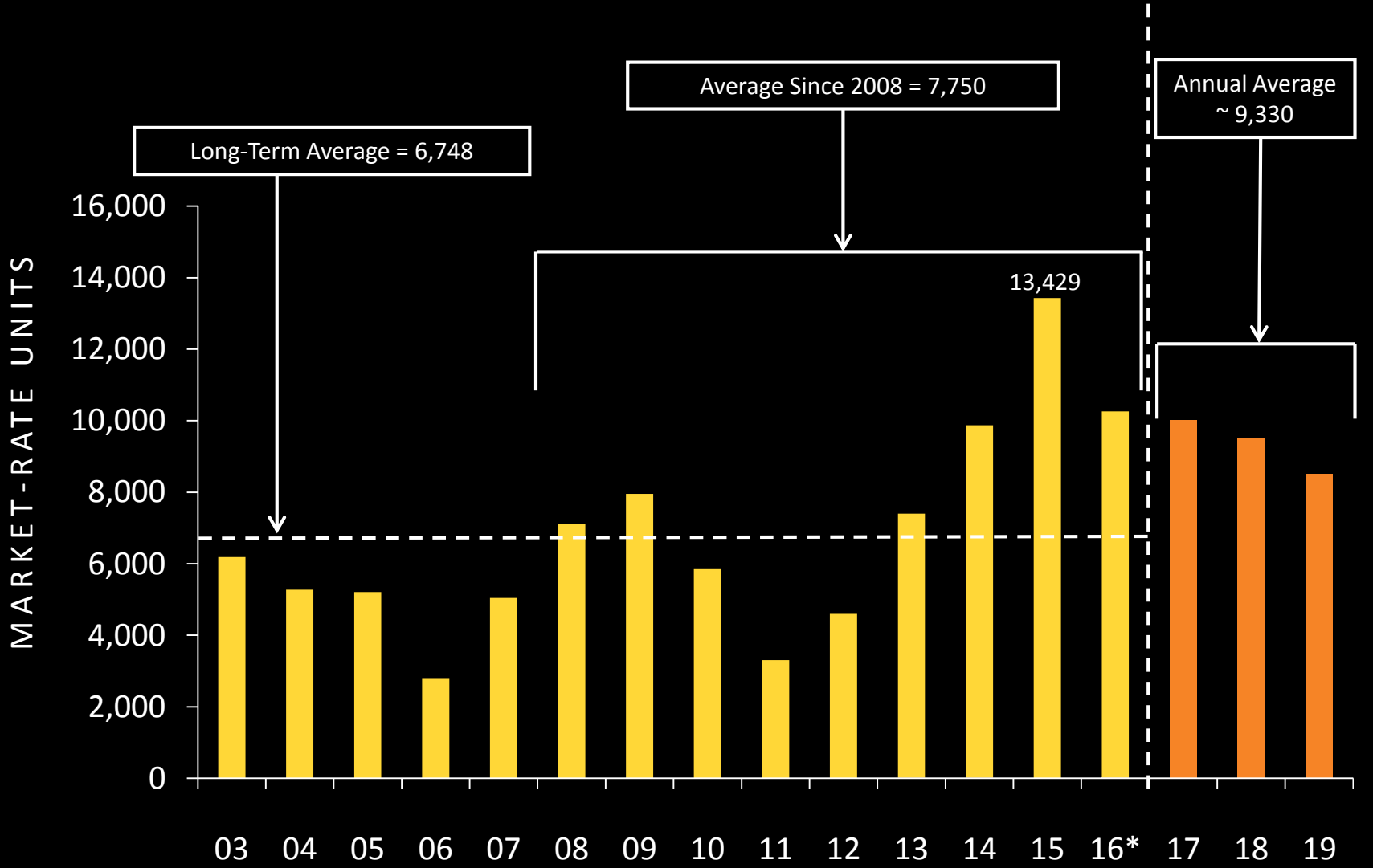
LONG-TERM ANNUAL APARTMENT ABSORPTION

National Market Leaders



CLASS A APARTMENT ABSORPTION

Washington Metro Area | 2003 - 2019

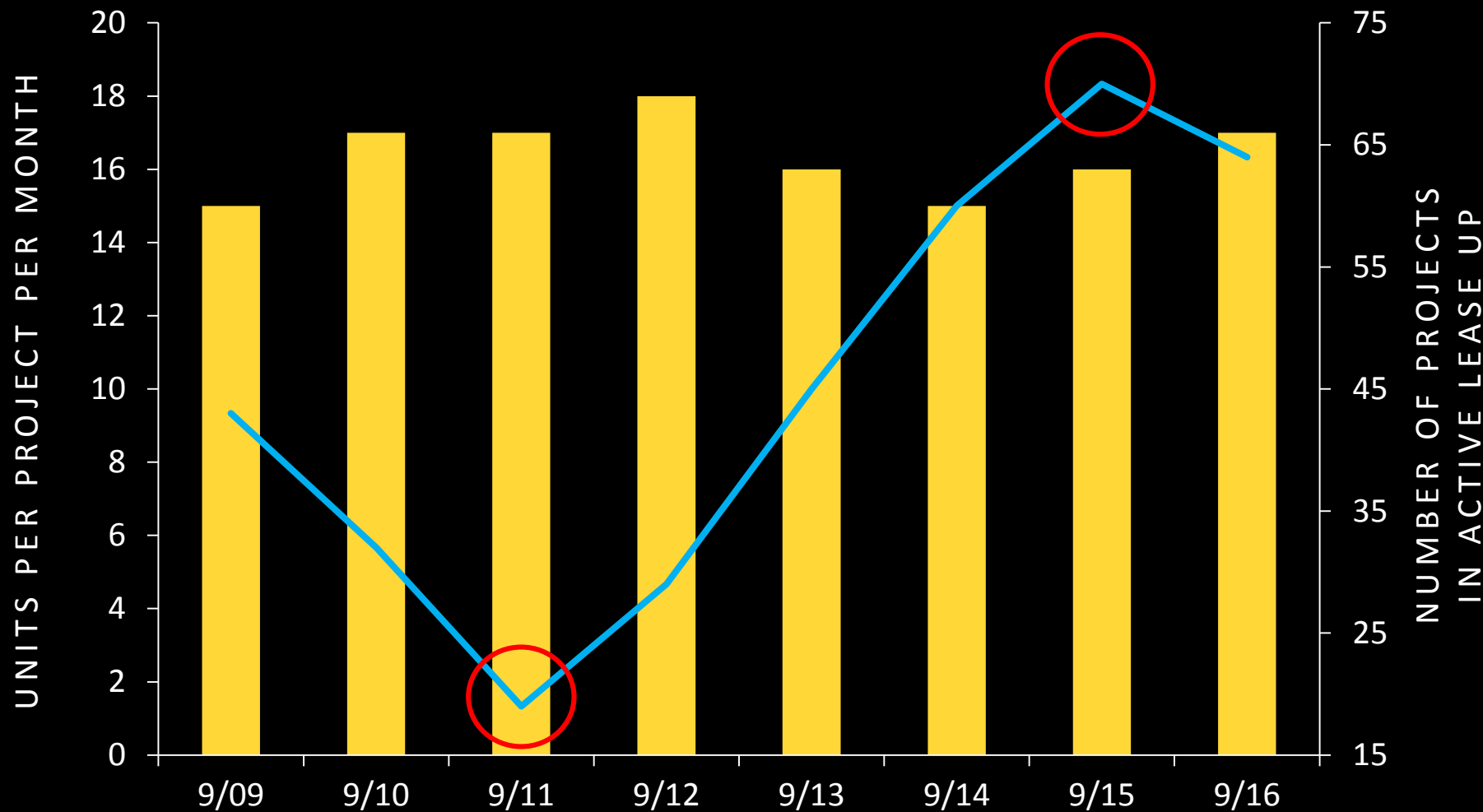


Source: Delta Associates; October 2016.

*12 months ending September 2016.

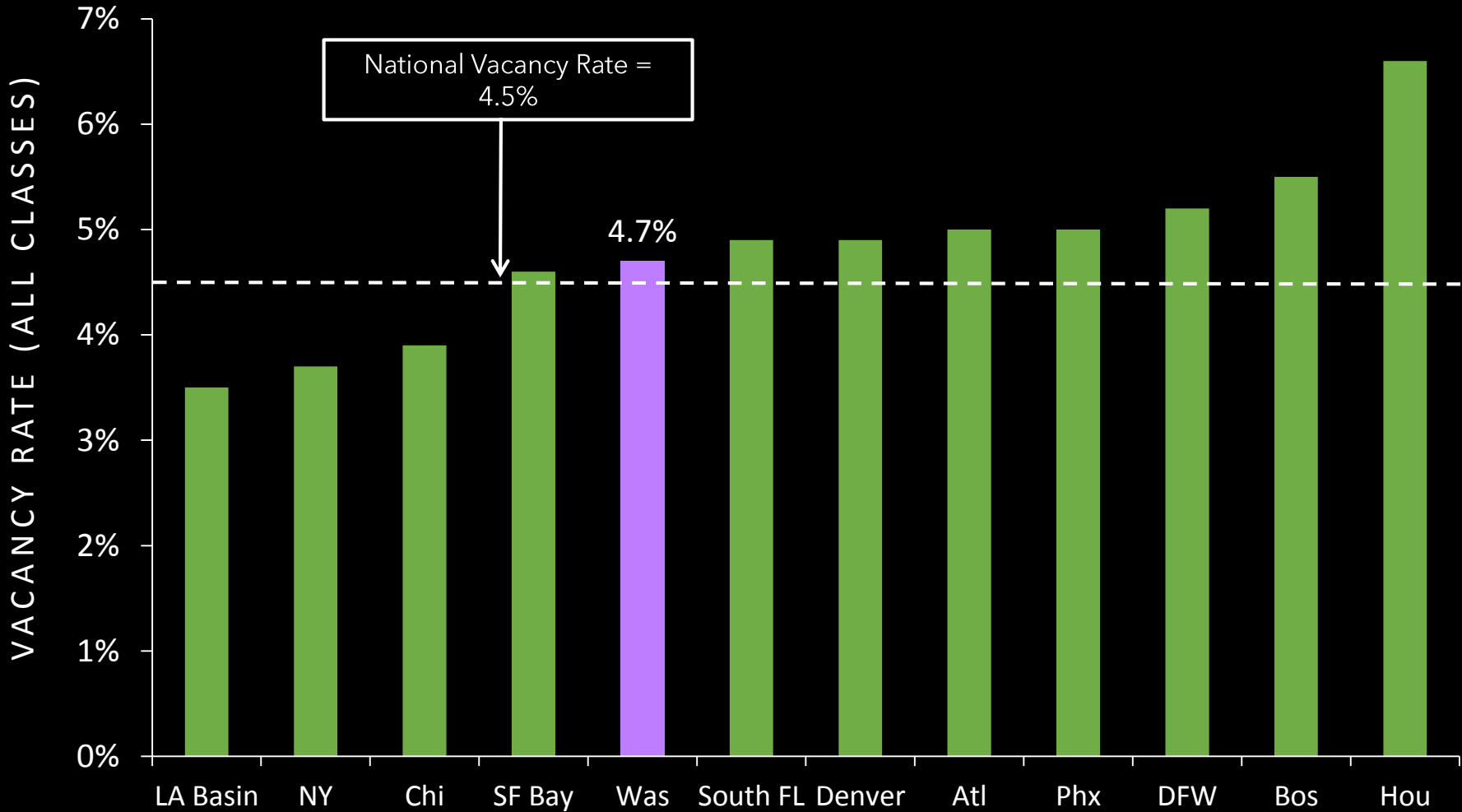
ABSORPTION PACE

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



STABILIZED APARTMENT VACANCY RATES

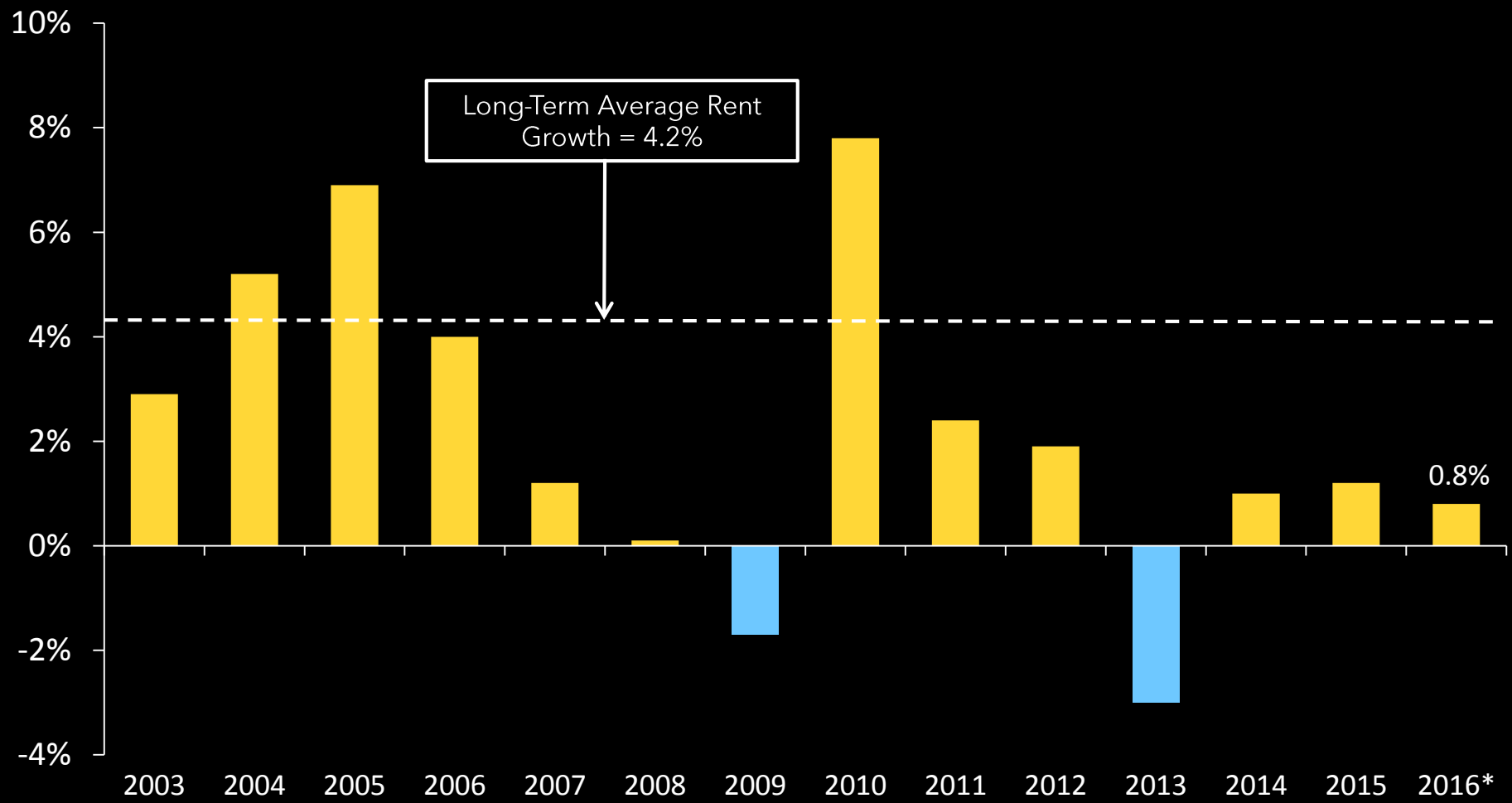
Major Apartment Markets | Second Quarter 2016



Source: REIS, Delta Associates; October 2016.

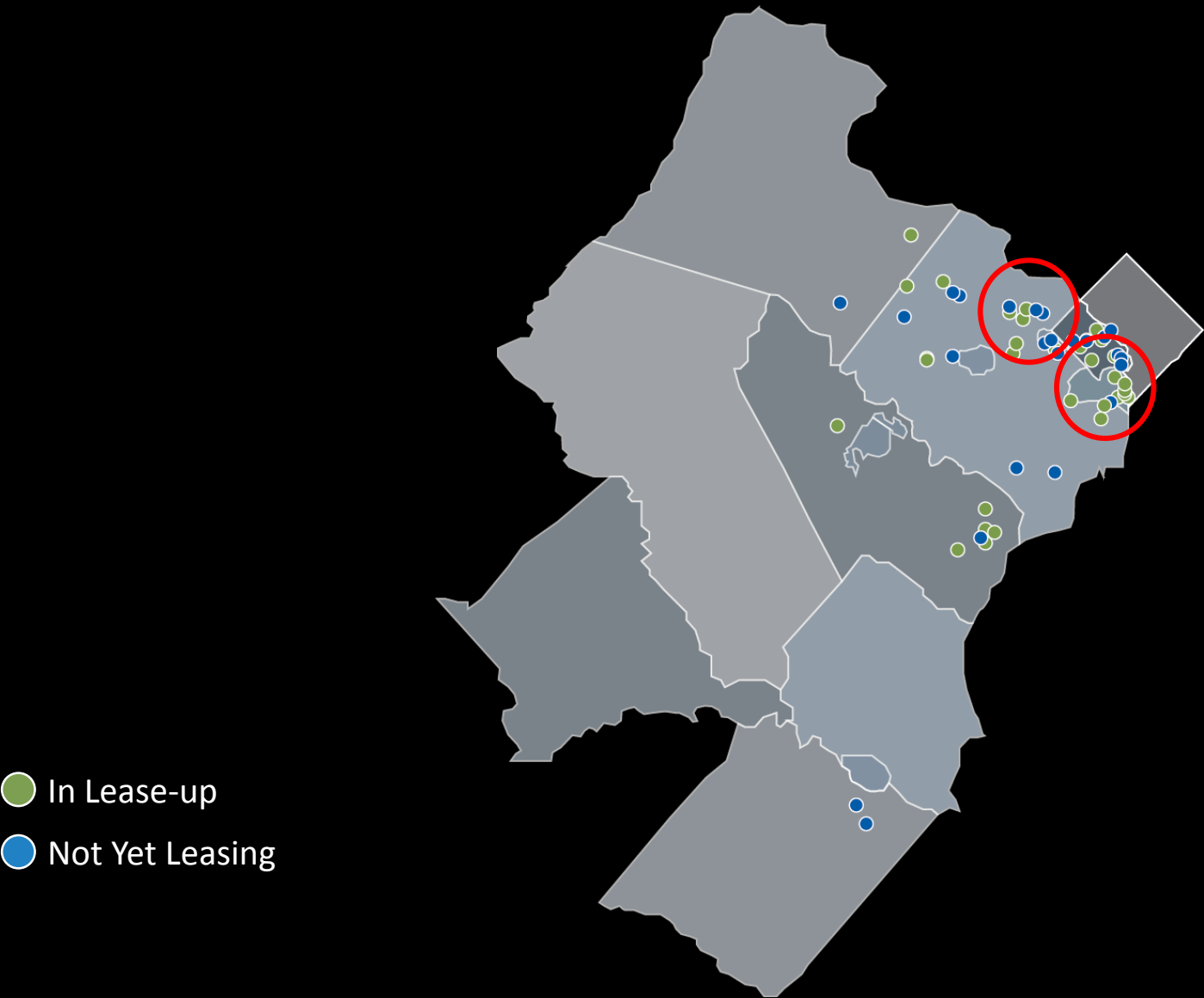
ANNUAL EFFECTIVE RENT GROWTH

Class A Apartments | Washington Metro Area | 2003 - 2016



PROJECTS CURRENTLY UNDER CONSTRUCTION

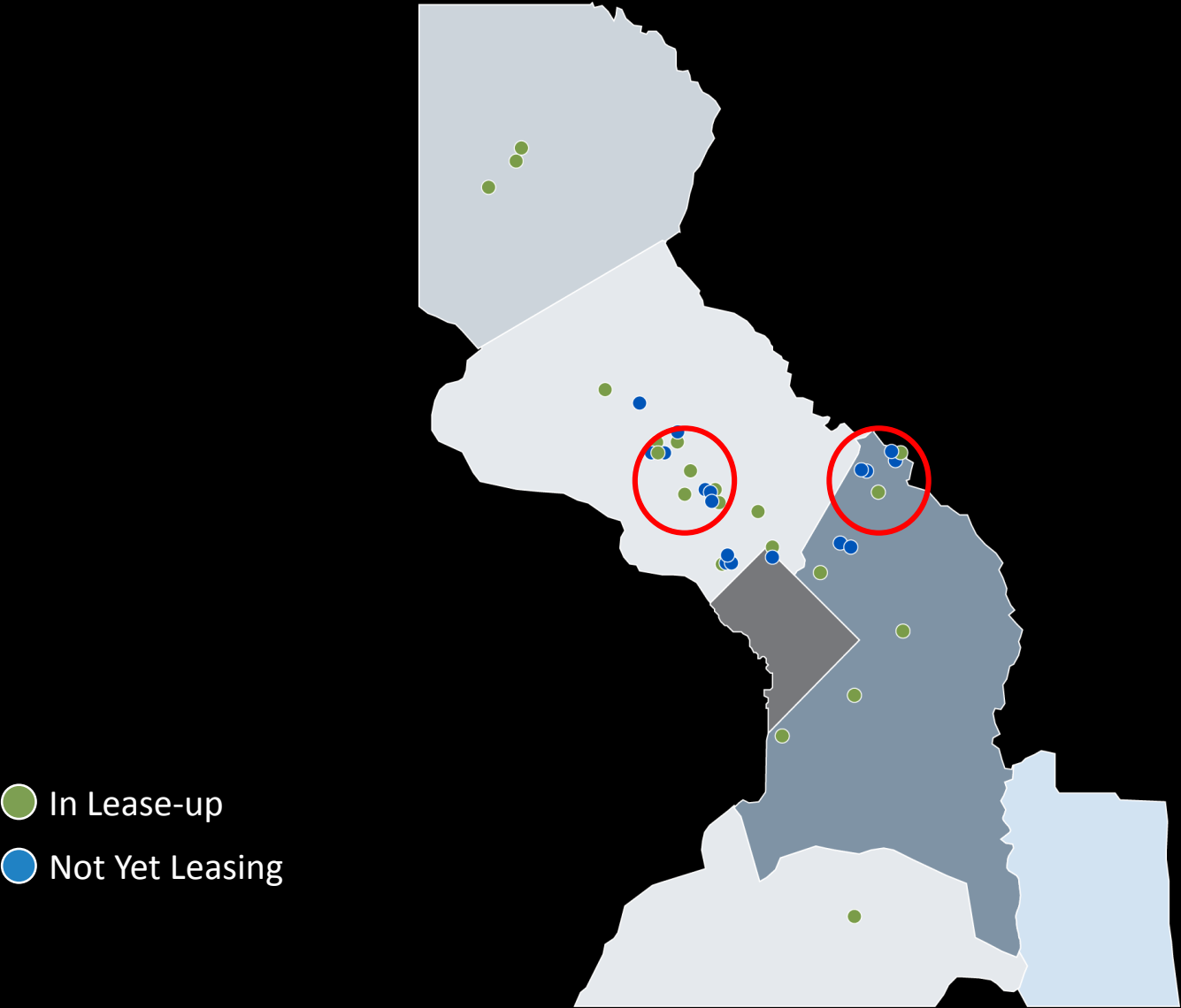
Northern Virginia



- In Lease-up
- Not Yet Leasing

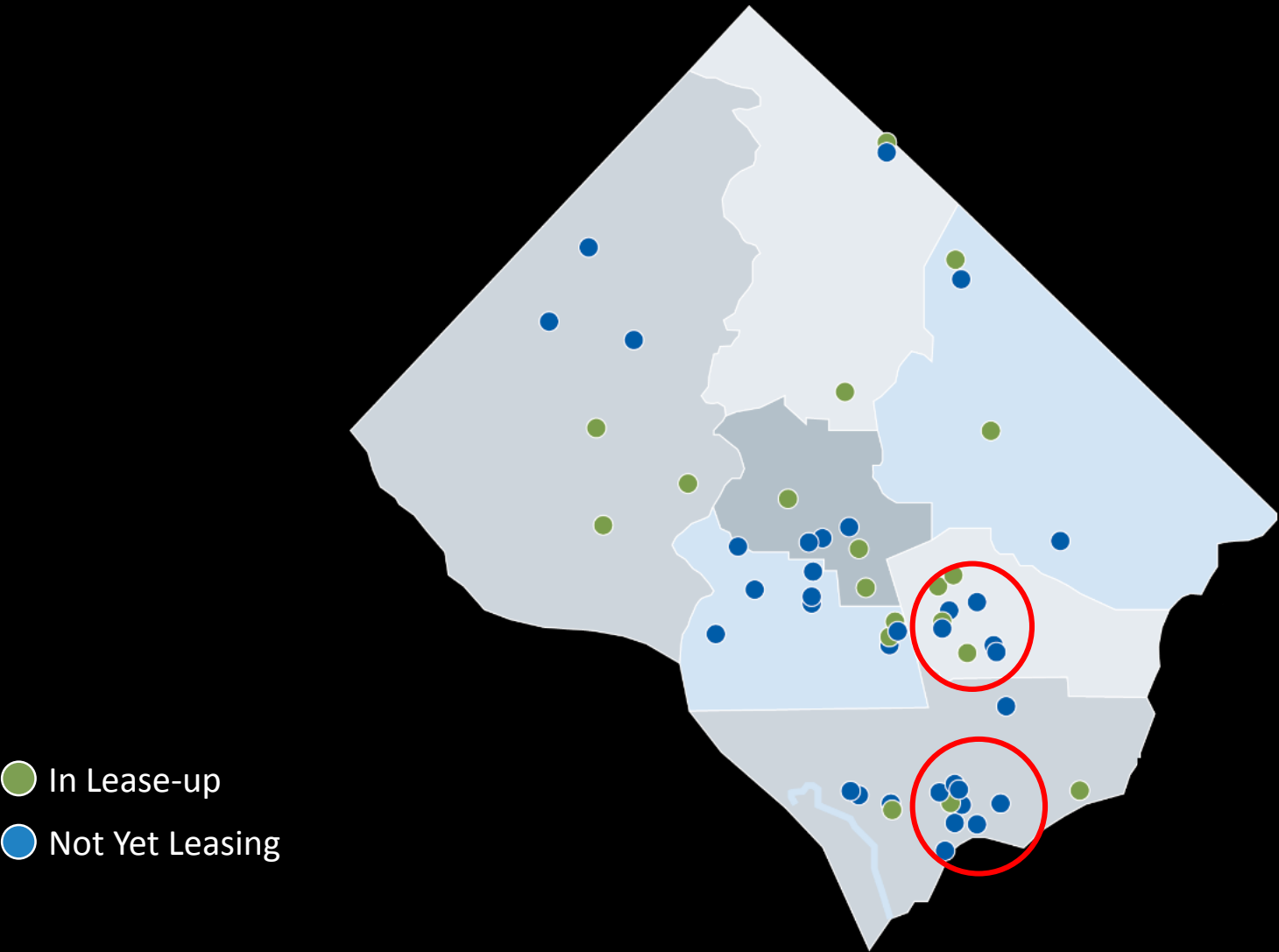
PROJECTS CURRENTLY UNDER CONSTRUCTION

Suburban Maryland



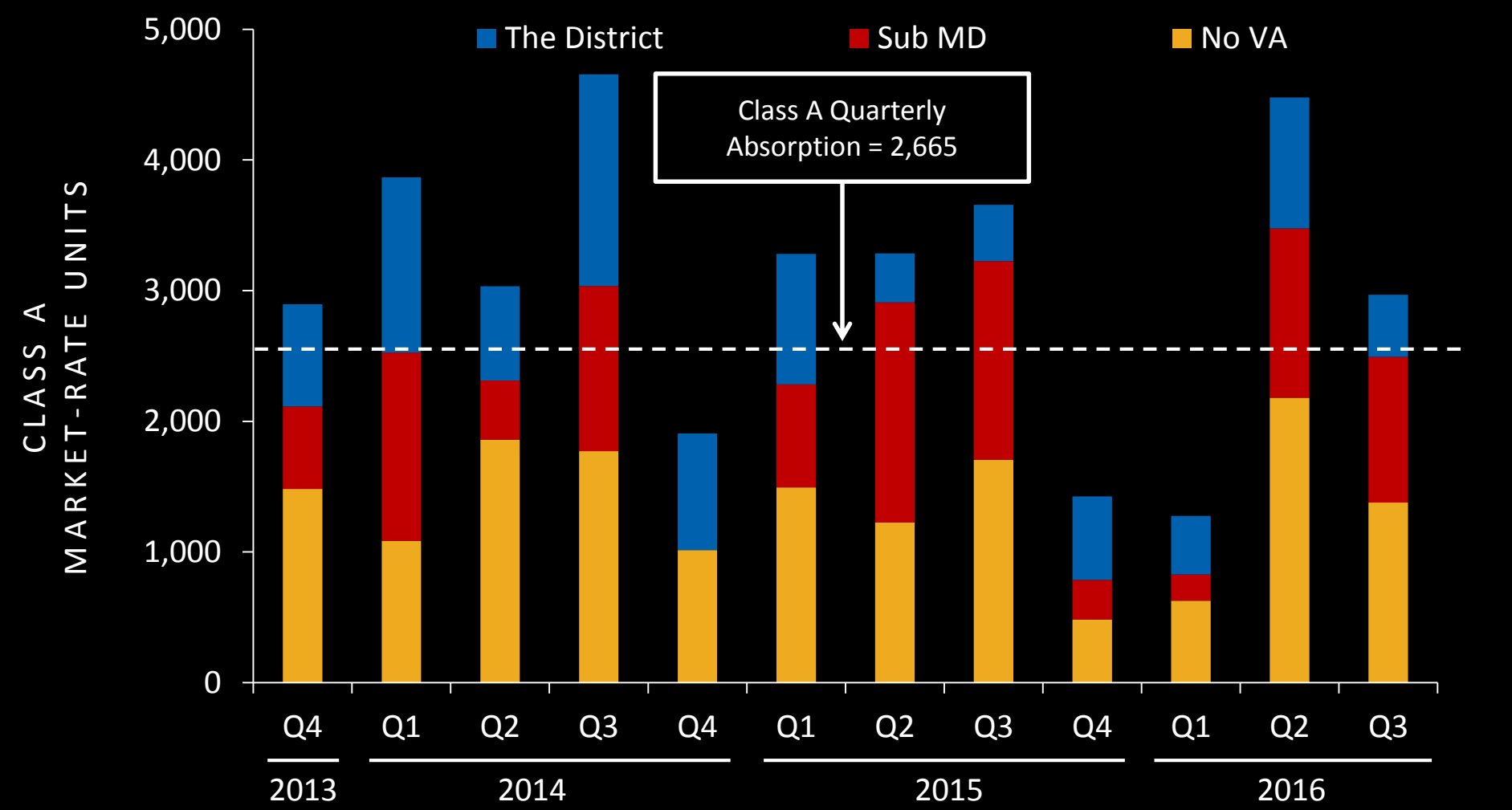
PROJECTS CURRENTLY UNDER CONSTRUCTION

District of Columbia



APARTMENT DELIVERIES

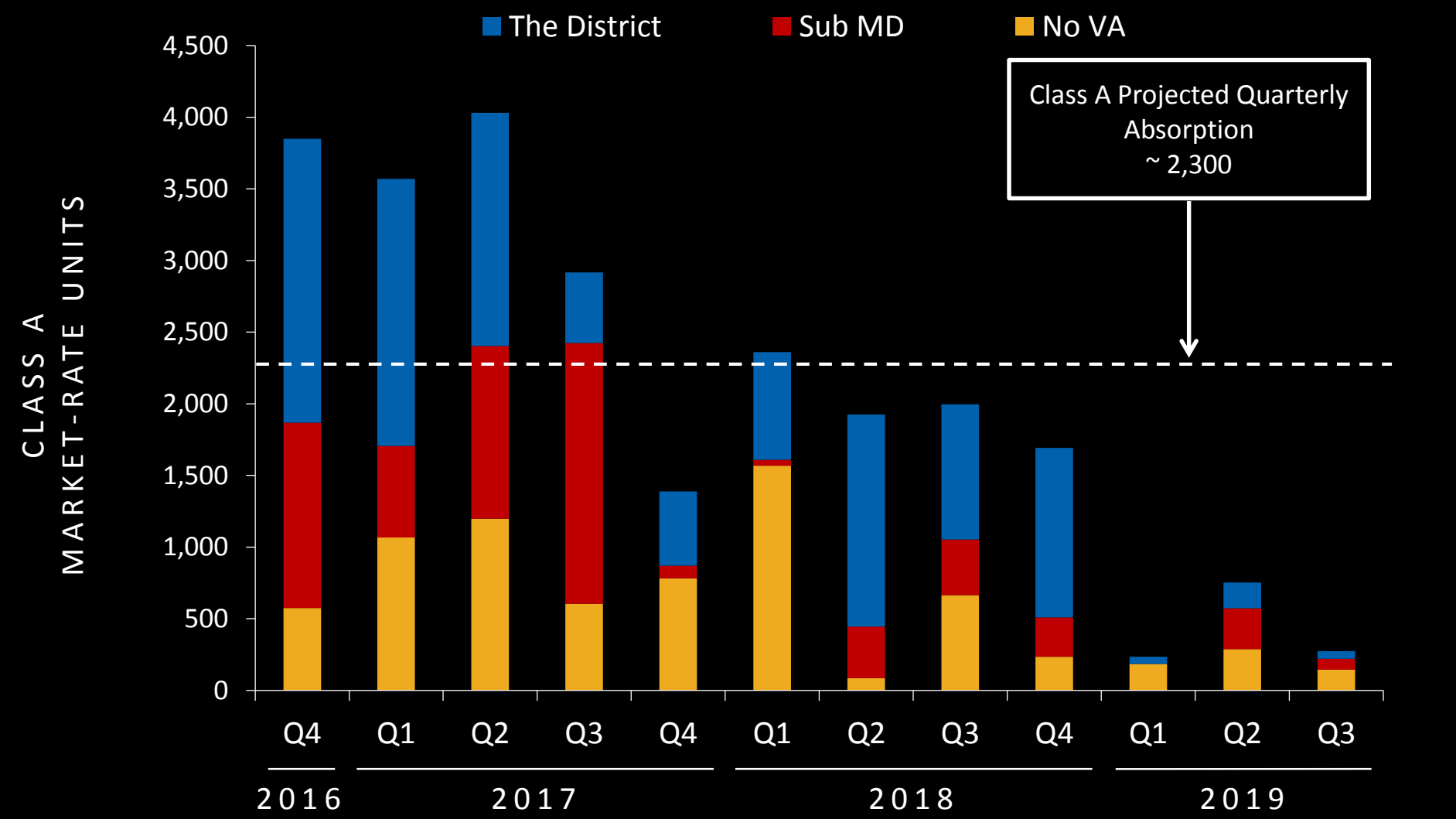
Washington Metro Area | 2013 - 2016



Source: Delta Associates; October 2016.

PROJECTED DELIVERIES

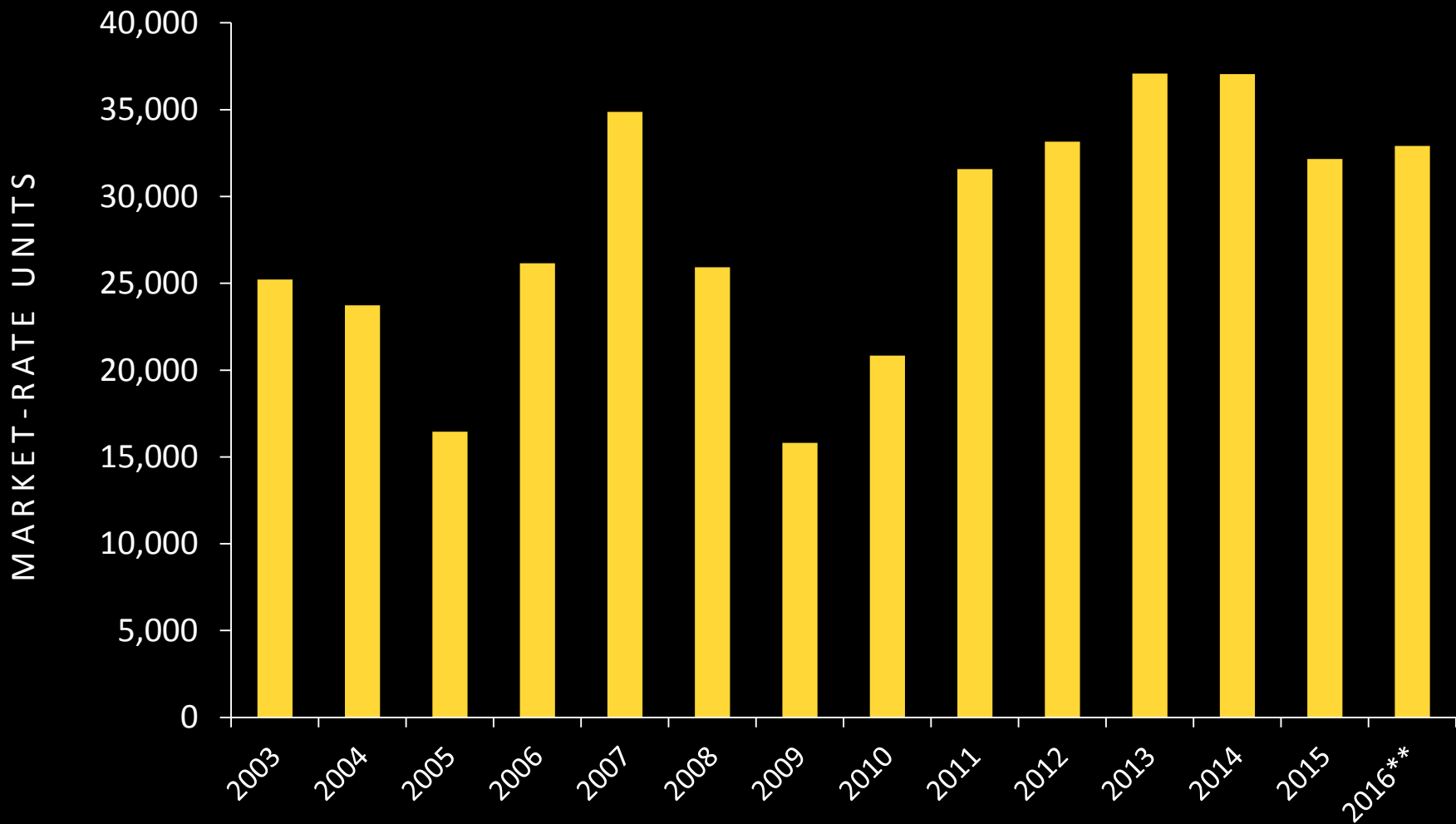
36-Month Development Pipeline | Washington Metro Area | 2016 - 2019



Source: Delta Associates; October 2016.

36-MONTH APARTMENT DEVELOPMENT PIPELINE*

Washington Metro Area | 2003 - 2016

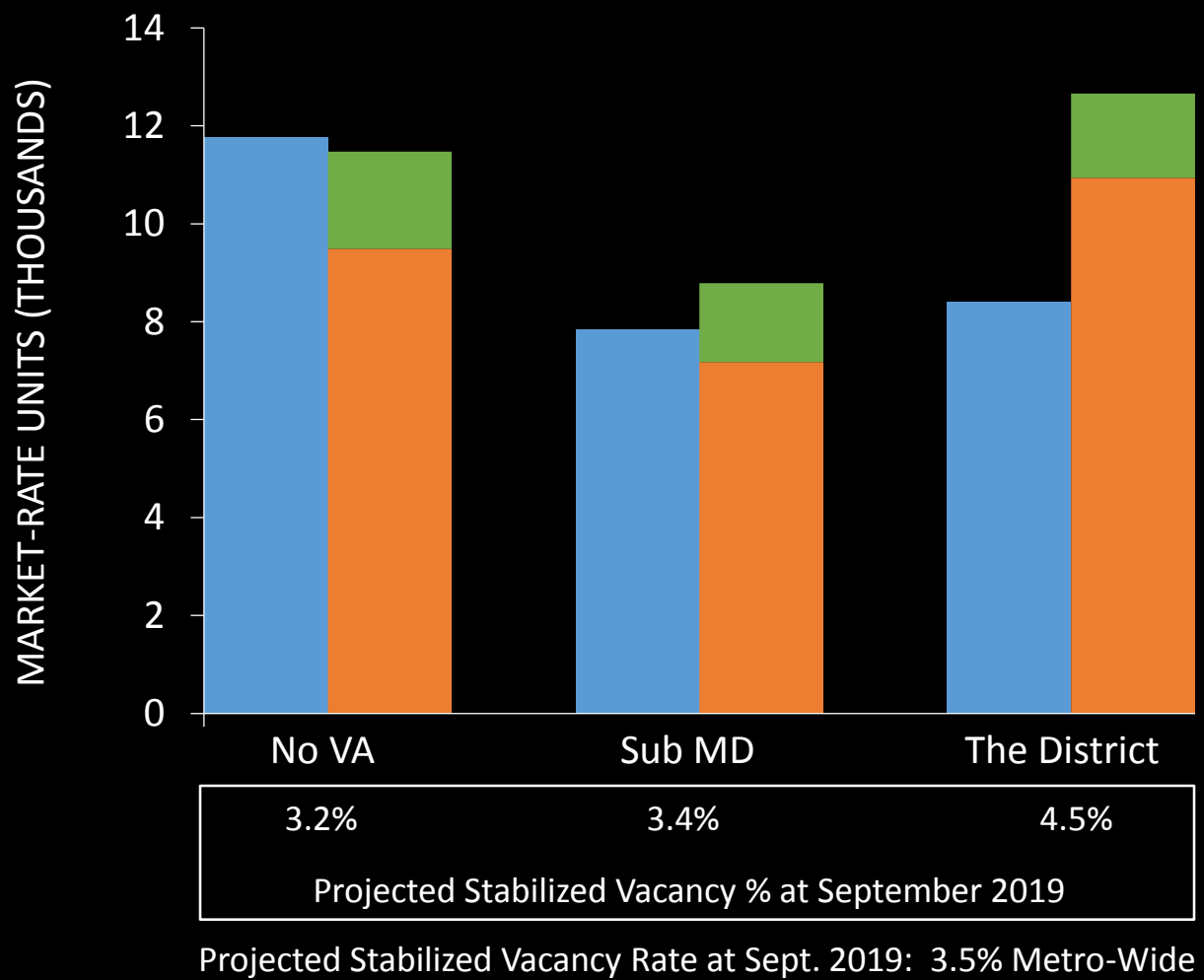


Source: Delta Associates; October 2016.

*Market-Rate Units Planned and Under Construction.
**As of Third Quarter.

DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Class A Apartments
36 Months Ending September 2019

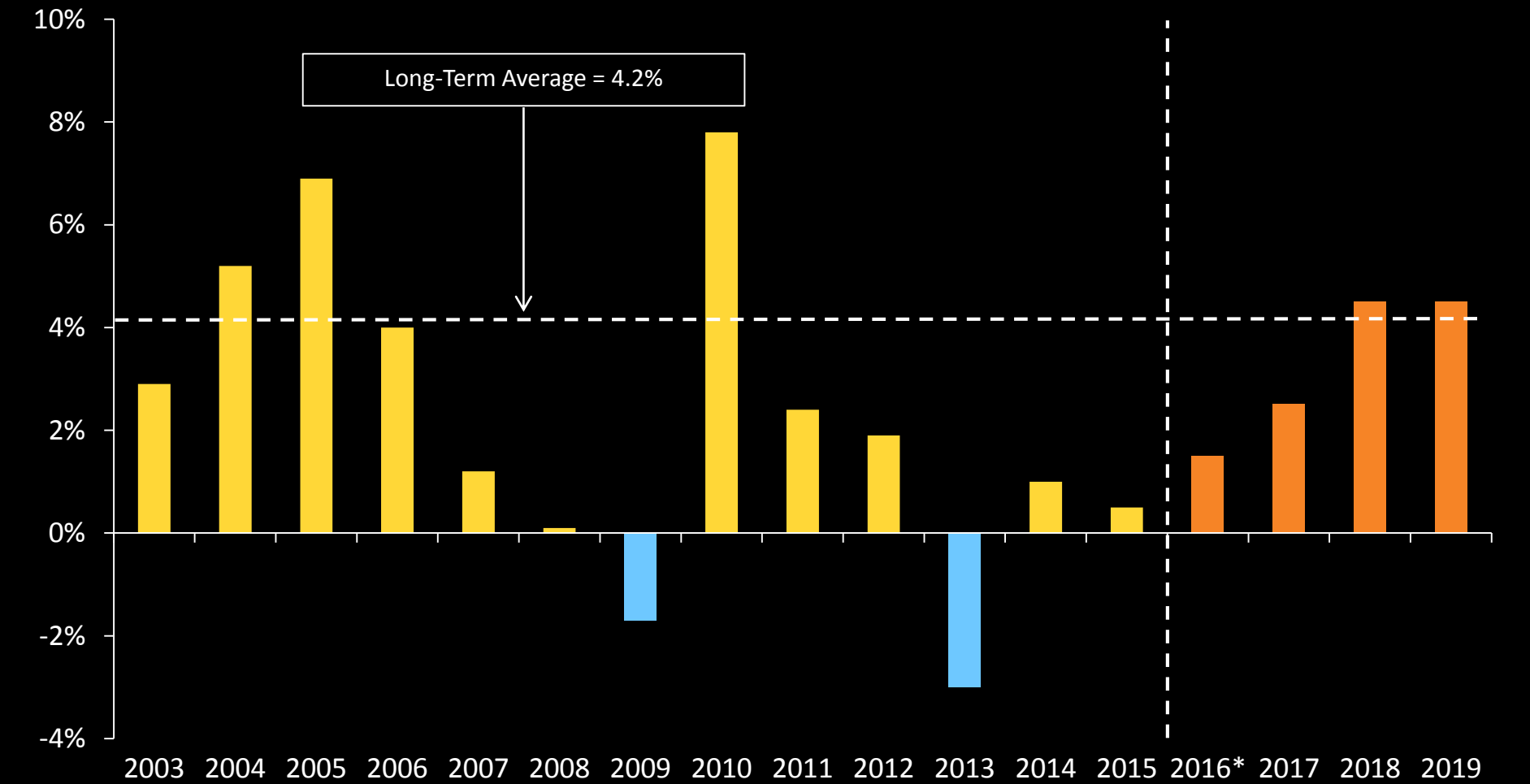


| DEMAND | |
|----------------------|---|
| <div></div> | Net Absorption: 9,333/Year = 28,000 |
| SUPPLY | |
| <div></div> | Planned and may deliver by 9/19 : 5,314 units ¹ |
| <div></div> | Under construction: 27,603 units ² |
| Total = 32,917 units | |

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

ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

Washington Metro Area | 2003 - 2019



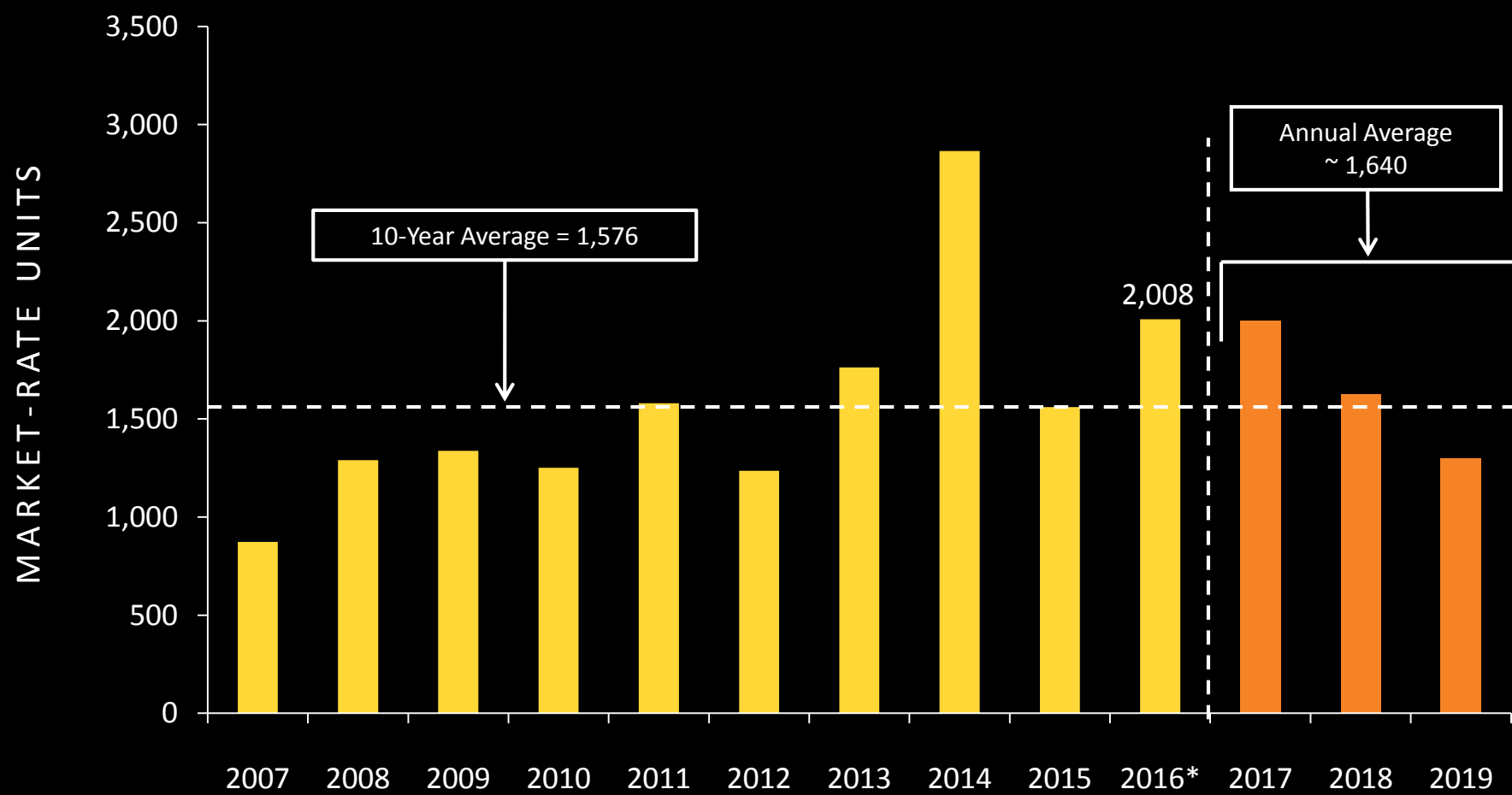
Source: Delta Associates; October 2016.

* Annual rent growth at Third Quarter 2016 is 0.8%.

THE BALTIMORE METRO AREA APARTMENT MARKET

CLASS A APARTMENT ABSORPTION

Baltimore Metro Area | 2007 - 2019

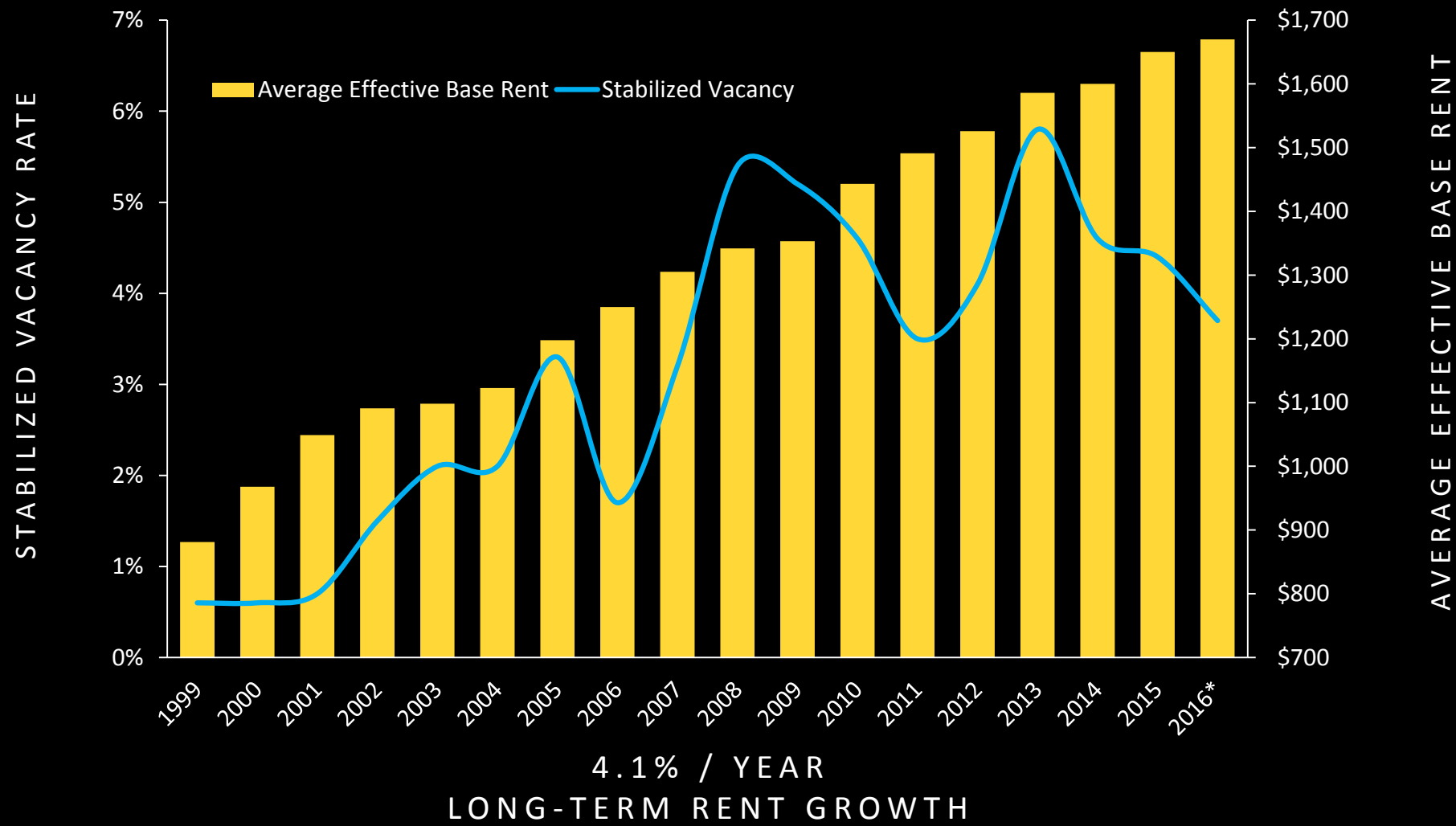


Source: Delta Associates; October 2016.

*12 months ending September 2016.

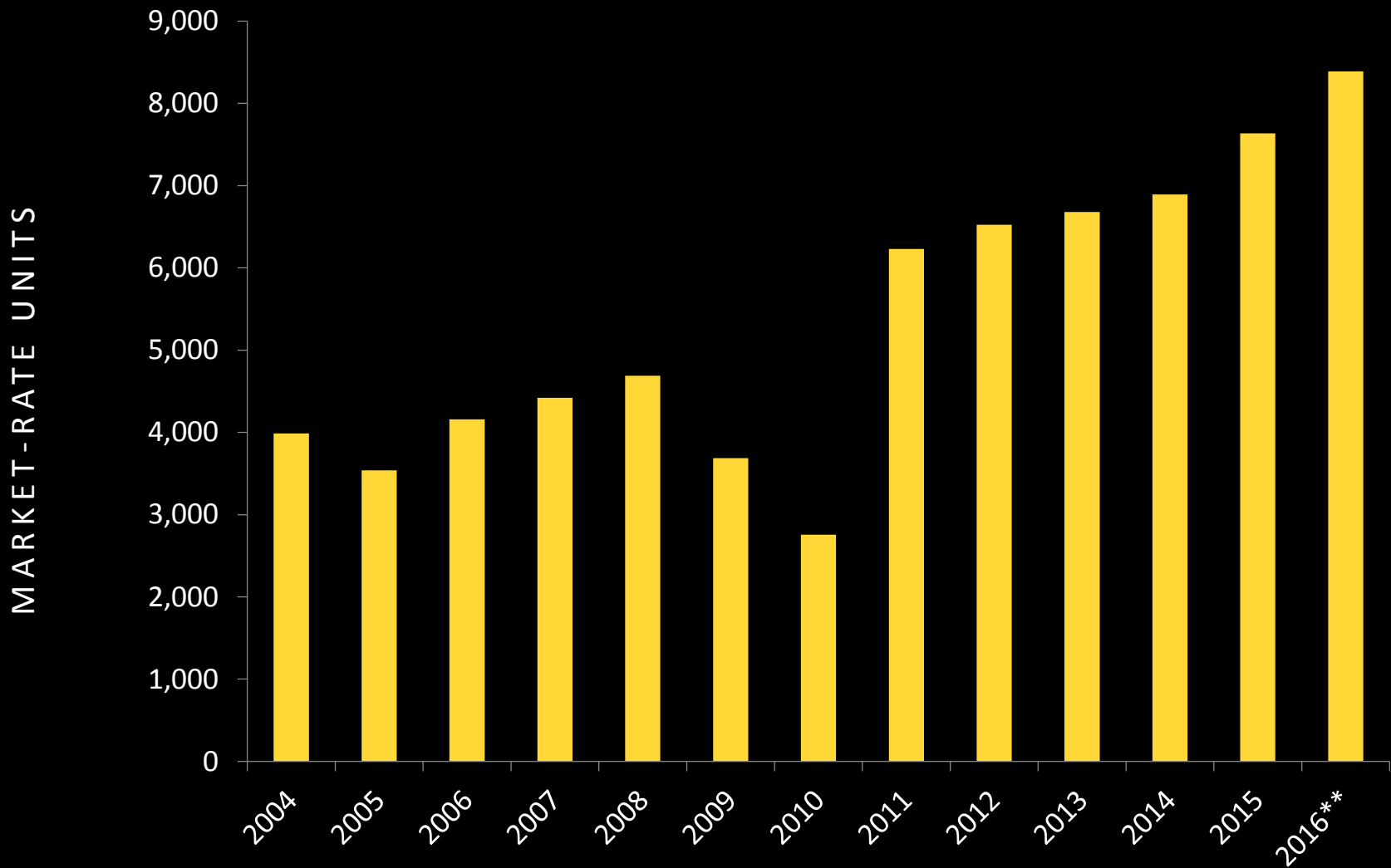
EFFECTIVE RENT AND VACANCY RATE

Class A Apartments | Baltimore Metro Area | 1999 - 2016



36-MONTH APARTMENT DEVELOPMENT PIPELINE*

Baltimore Metro Area | 2004 - 2016



*Market-Rate Units Planned and Under Construction.
**As of Third Quarter.

DEMAND AND SUPPLY PROJECTIONS

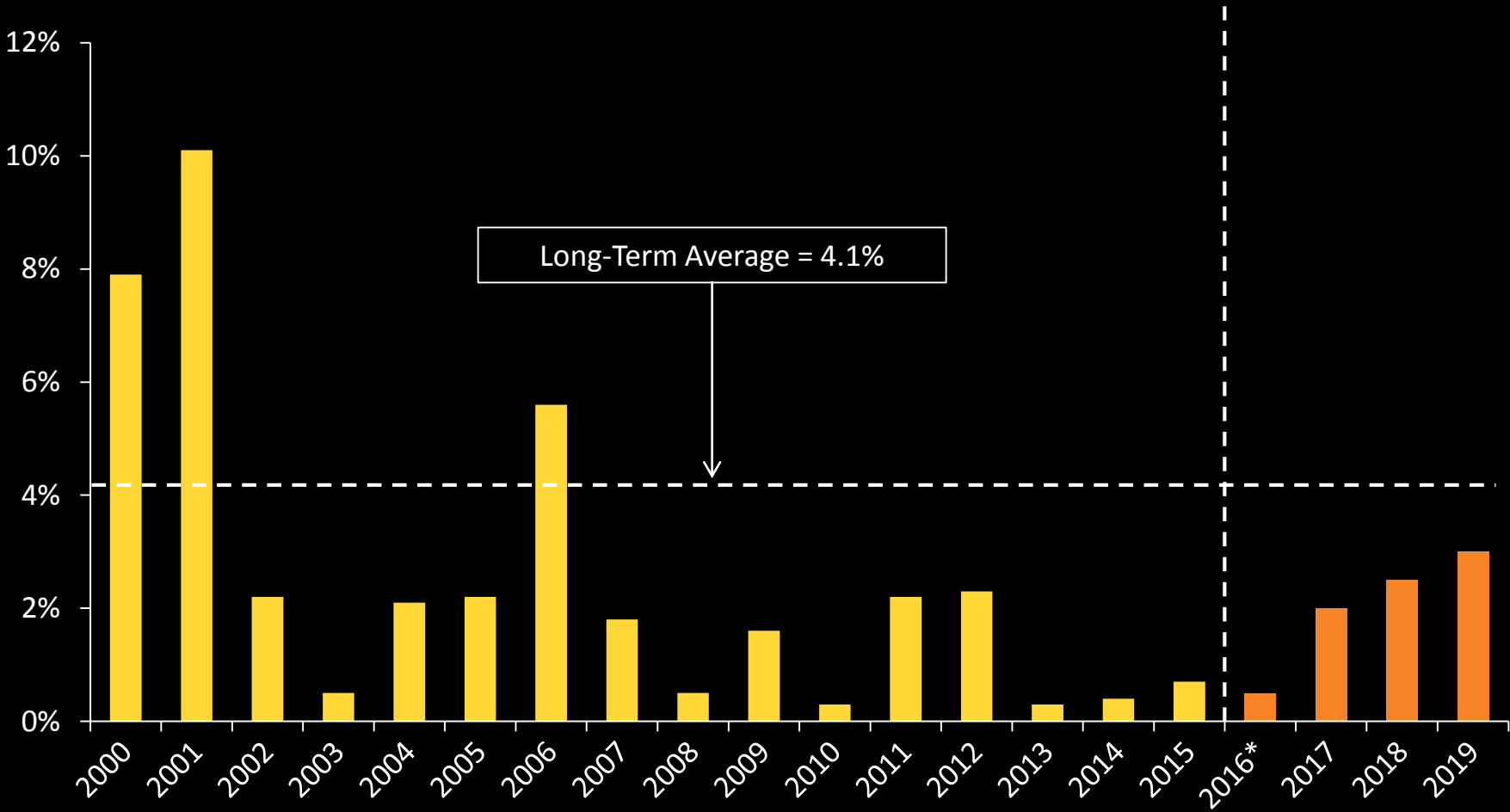
Baltimore Metro Area Class A Apartments
36 Months Ending September 2019



Projected Stabilized Vacancy Rate at Sept. 2019: 5.0% Metro-Wide

ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

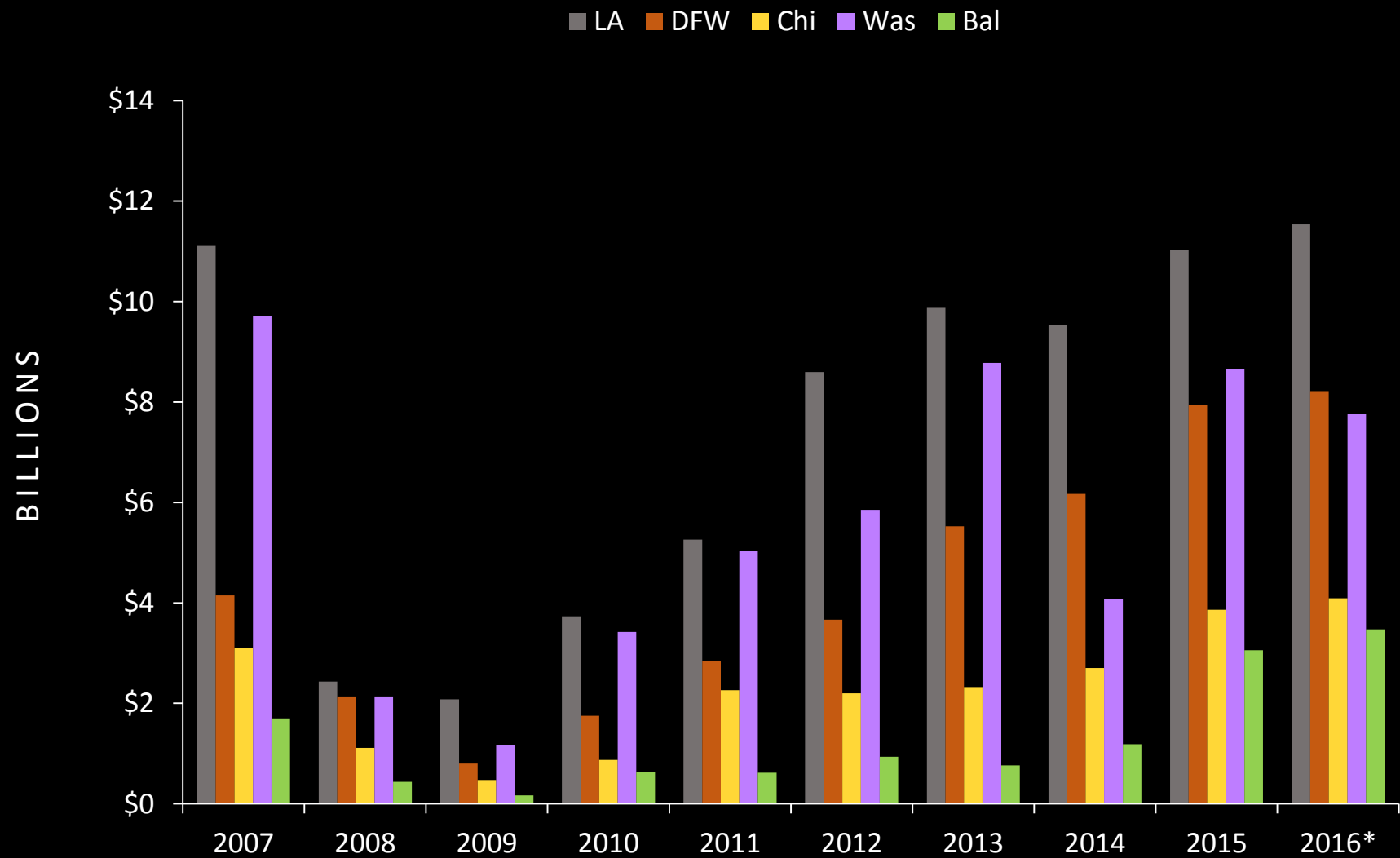
Baltimore Metro Area | 2000 - 2019



THE WASHINGTON/BALTIMORE AREA CAPITAL MARKETS

APARTMENT INVESTMENT SALES

Selected Metro Areas | 2007 - 2016

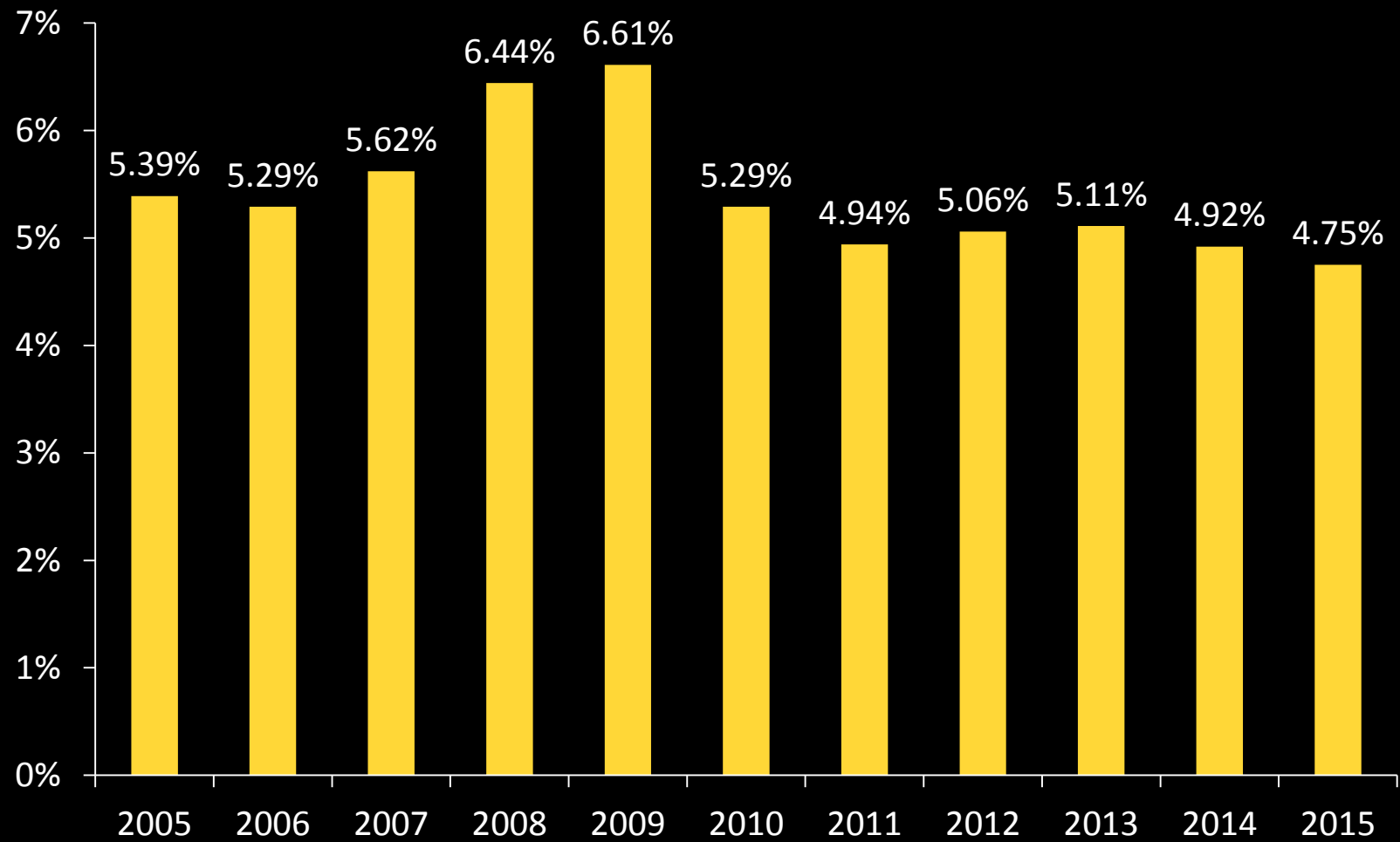


Source: Real Capital Analytics, Delta Associates; October 2016.

*Sales through September annualized.

CLASS A HIGH-RISE APARTMENT CAP RATES

Washington Metro | 2005 - 2015



Source: Delta Associates Market Maker Survey; October 2016.

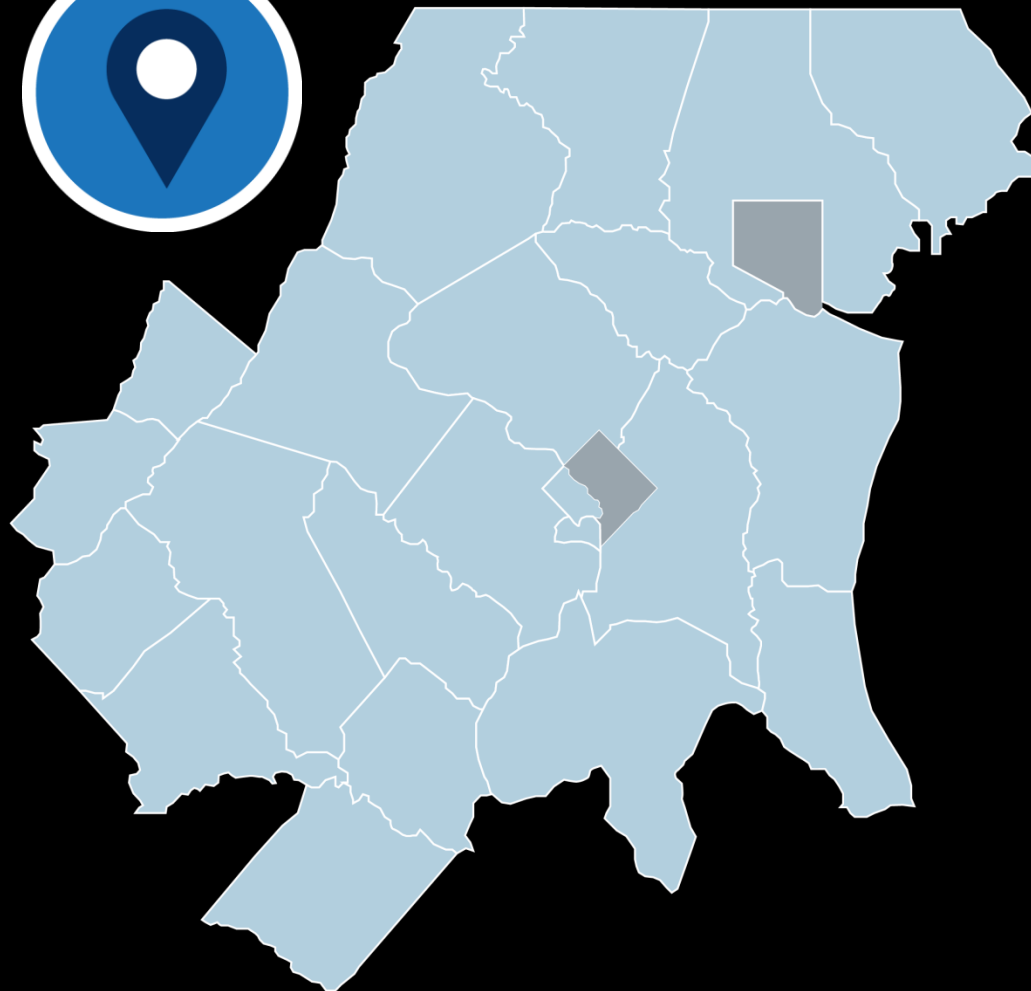
THE WASHINGTON/BALTIMORE AREA APARTMENT MARKET OPPORTUNITIES

OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market

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MULTIFAMILY MARKET OVERVIEW & AWARDS FOR EXCELLENCE
Washington/Baltimore

MILLENNIALS ARE
DRAWN TO
TRANSIT-ORIENTED
DEVELOPMENT

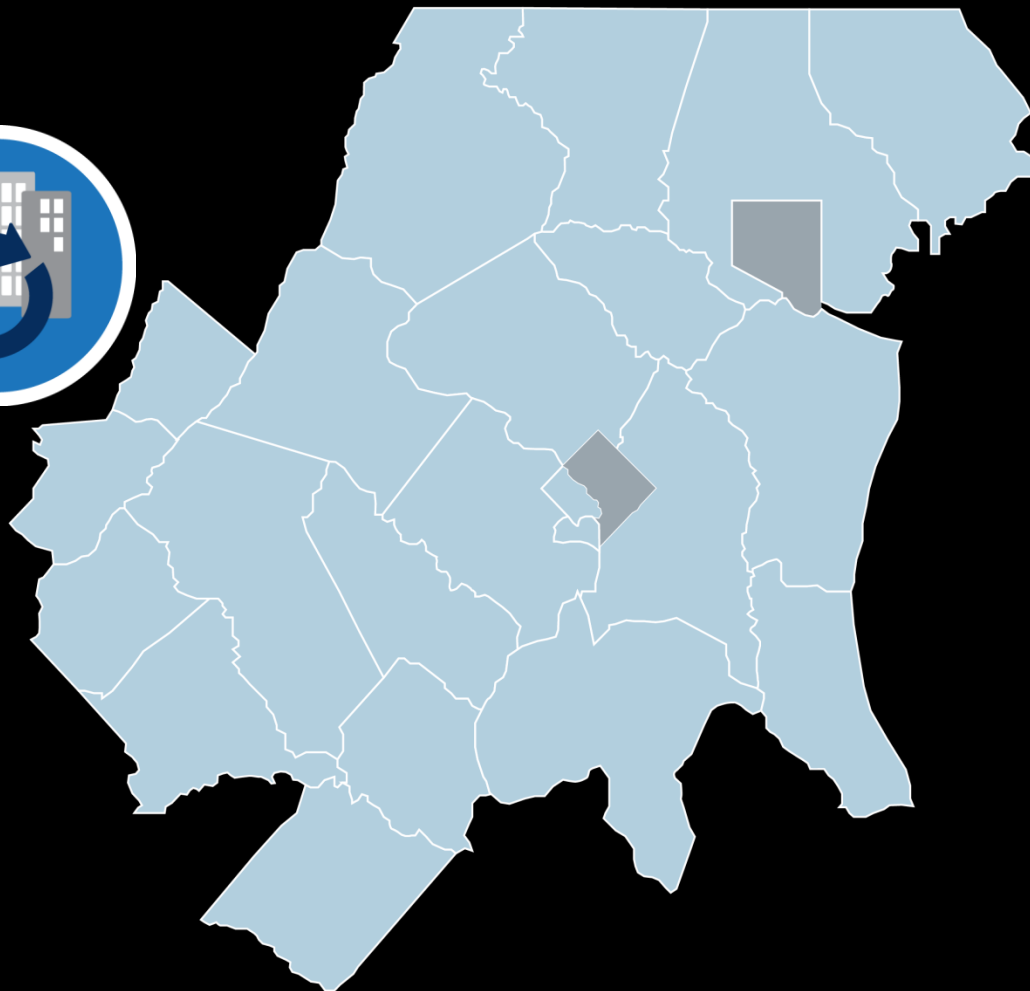


OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market

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CONVERT
OBSOLETE
OFFICE AND
OTHER
COMMERCIAL
BUILDINGS TO
APARTMENTS

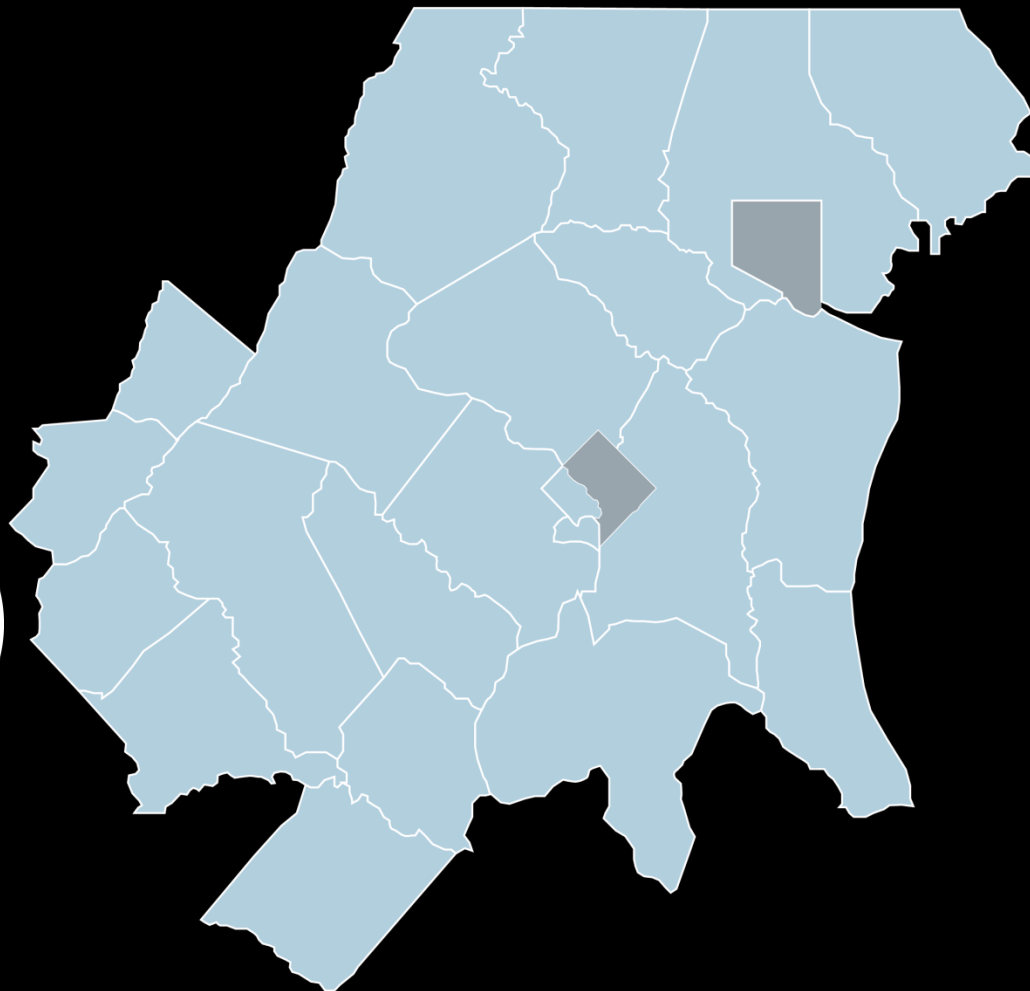


OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market

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ONCOMING SUPPLY
REMAINS A
CONCERN IN THE
SHORT TERM

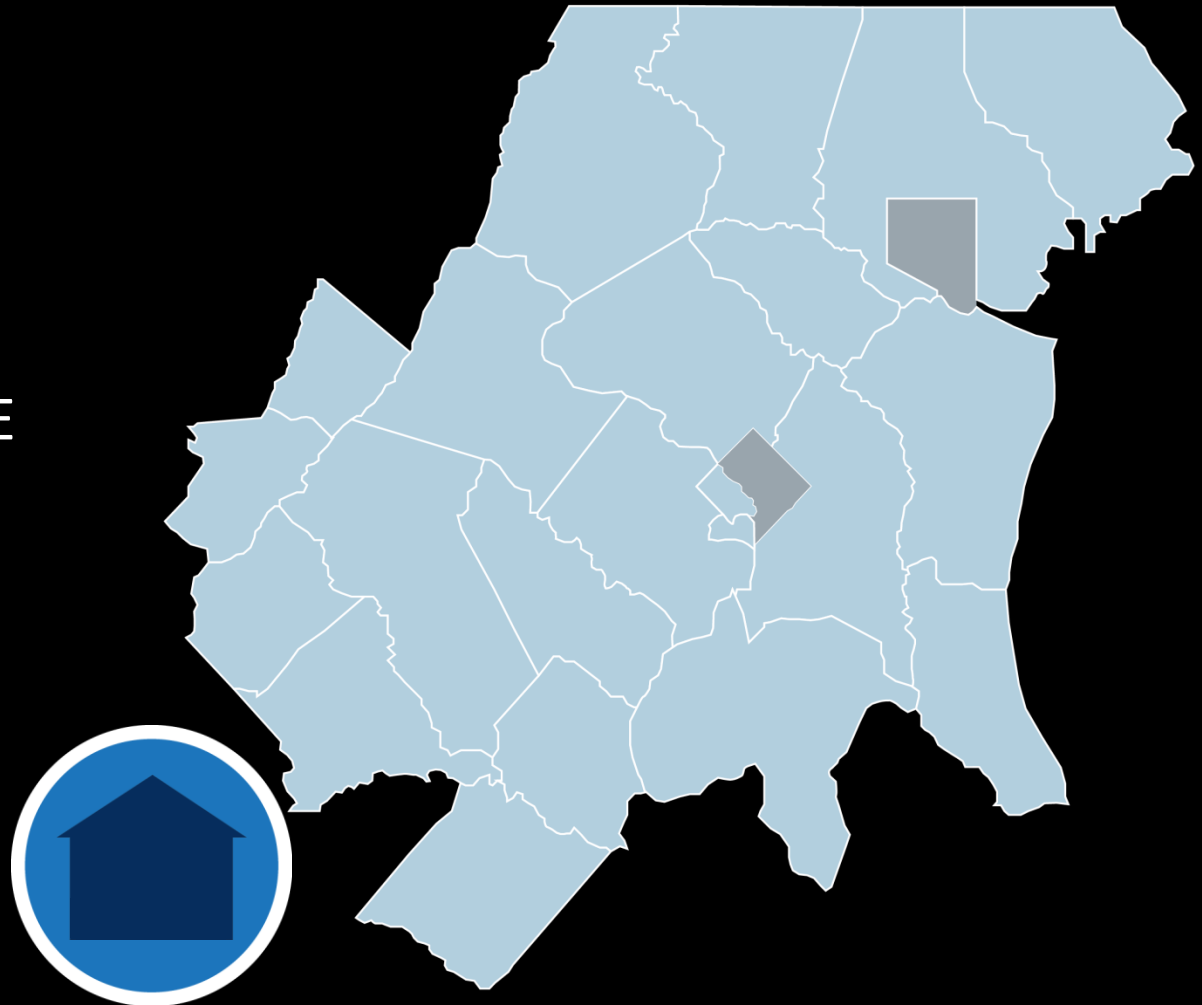


OPPORTUNITIES DURING THIS CYCLE

Washington/Baltimore Area Apartment Market

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Washington/Baltimore

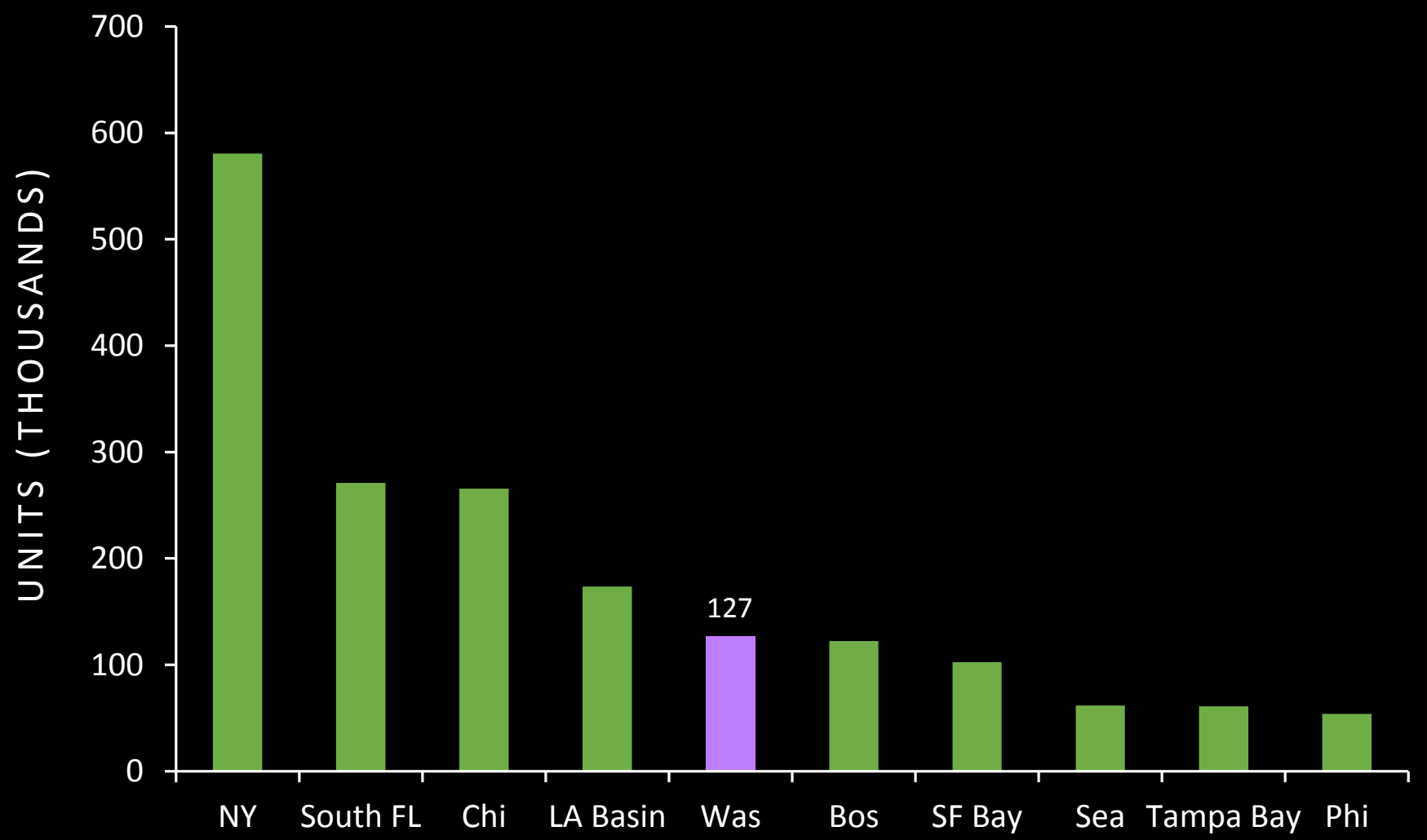
BUILD OR
RENOVATE FOR THE
99%



THE WASHINGTON METRO AREA CONDOMINIUM MARKET

LARGEST CONDOMINIUM MARKETS

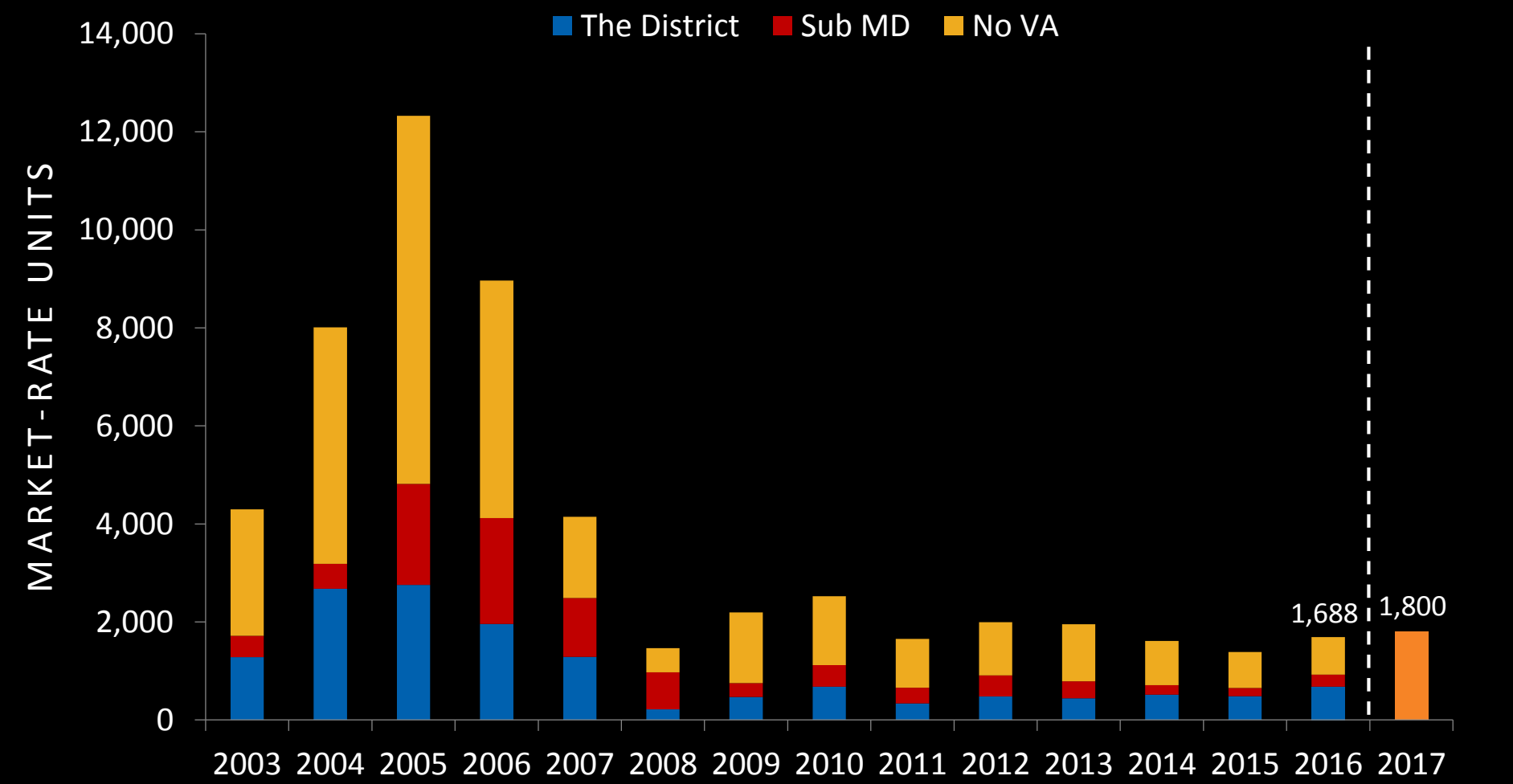
Selected Metro Areas | 2015



Source: U.S. Census Bureau, Delta Associates; October 2016.

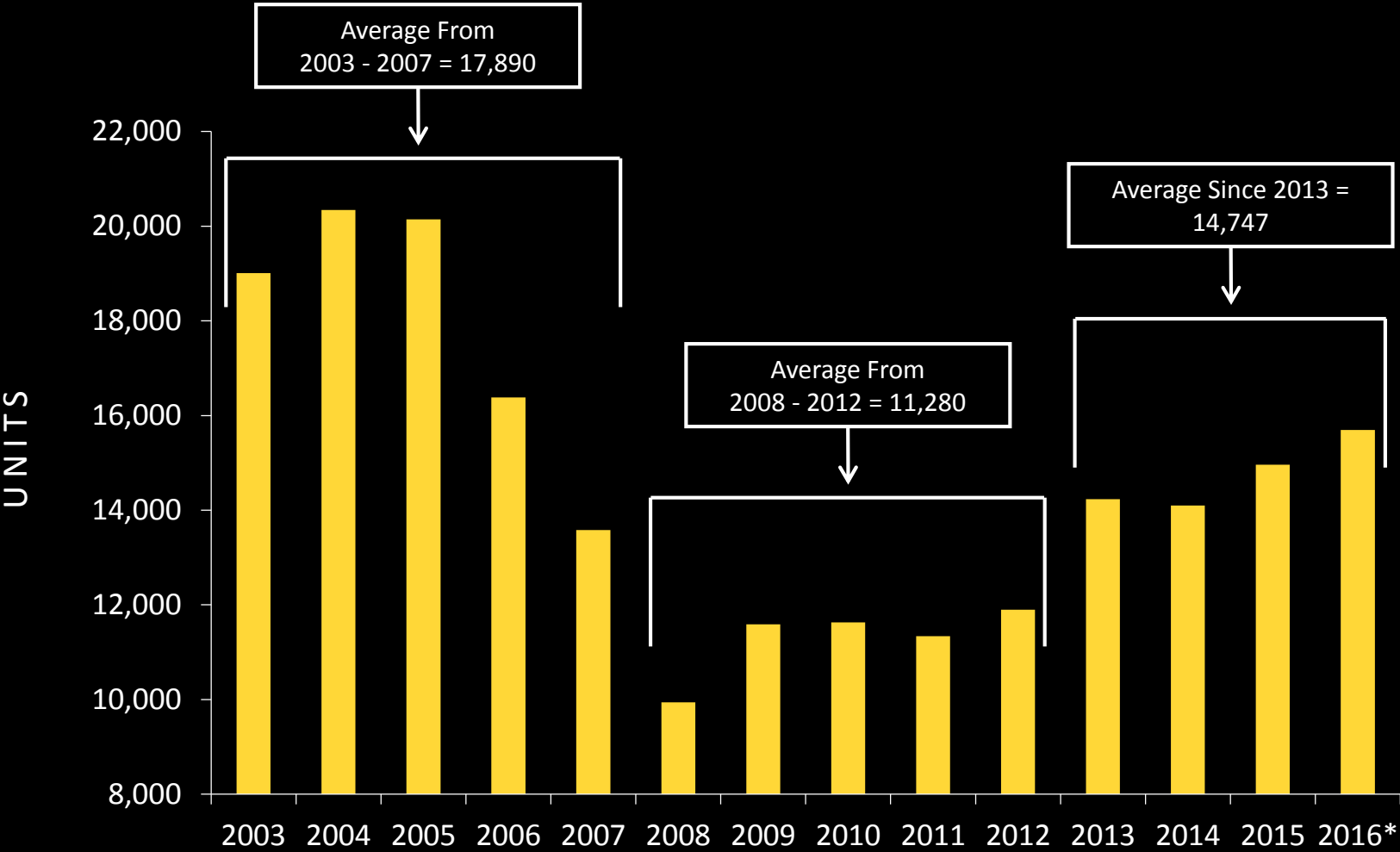
ANNUAL NEW CONDOMINIUM SALES

Washington Metro Area



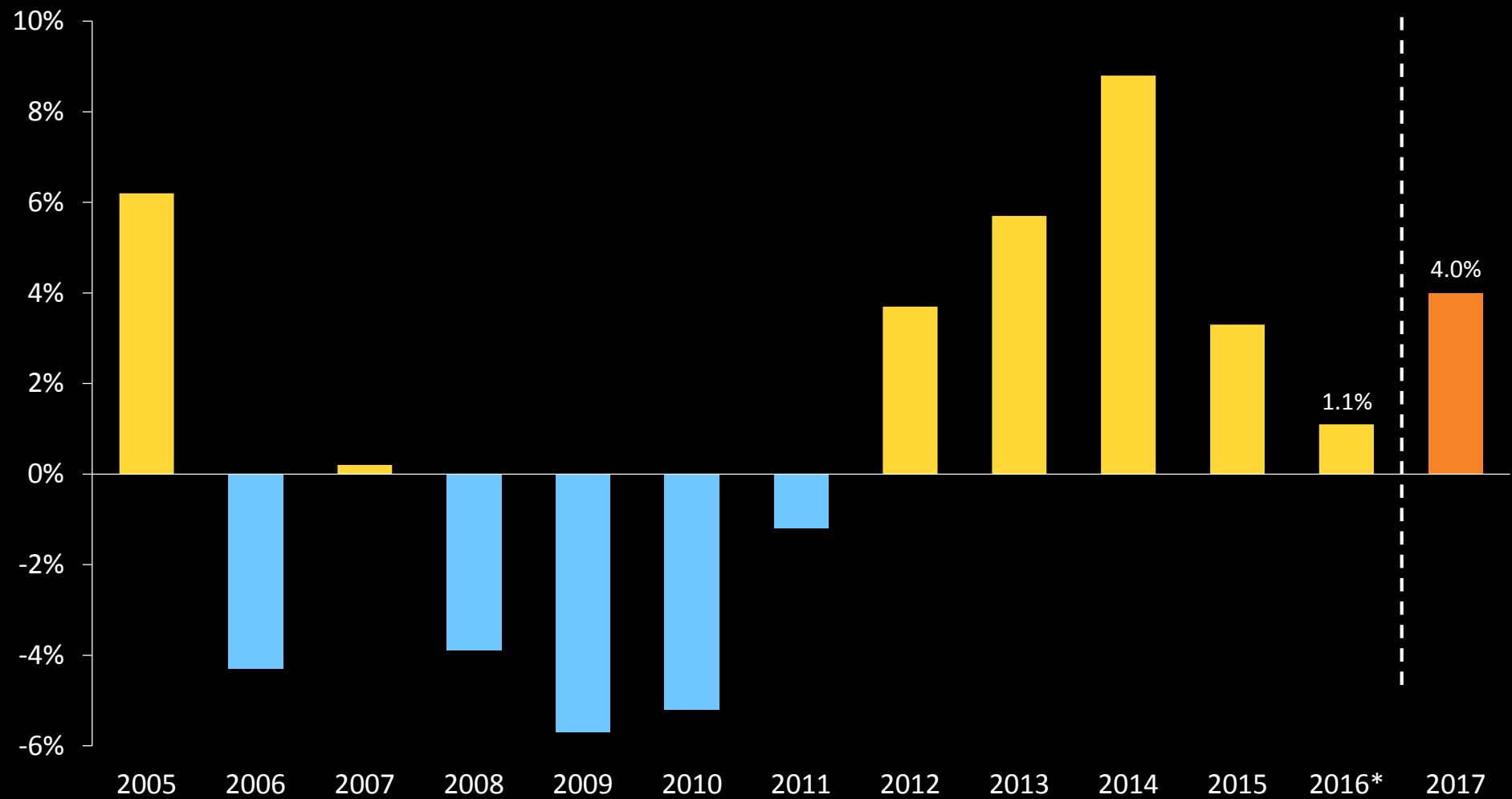
ANNUAL CONDOMINIUM RESALES

Washington Metro Area | 2003 - 2016



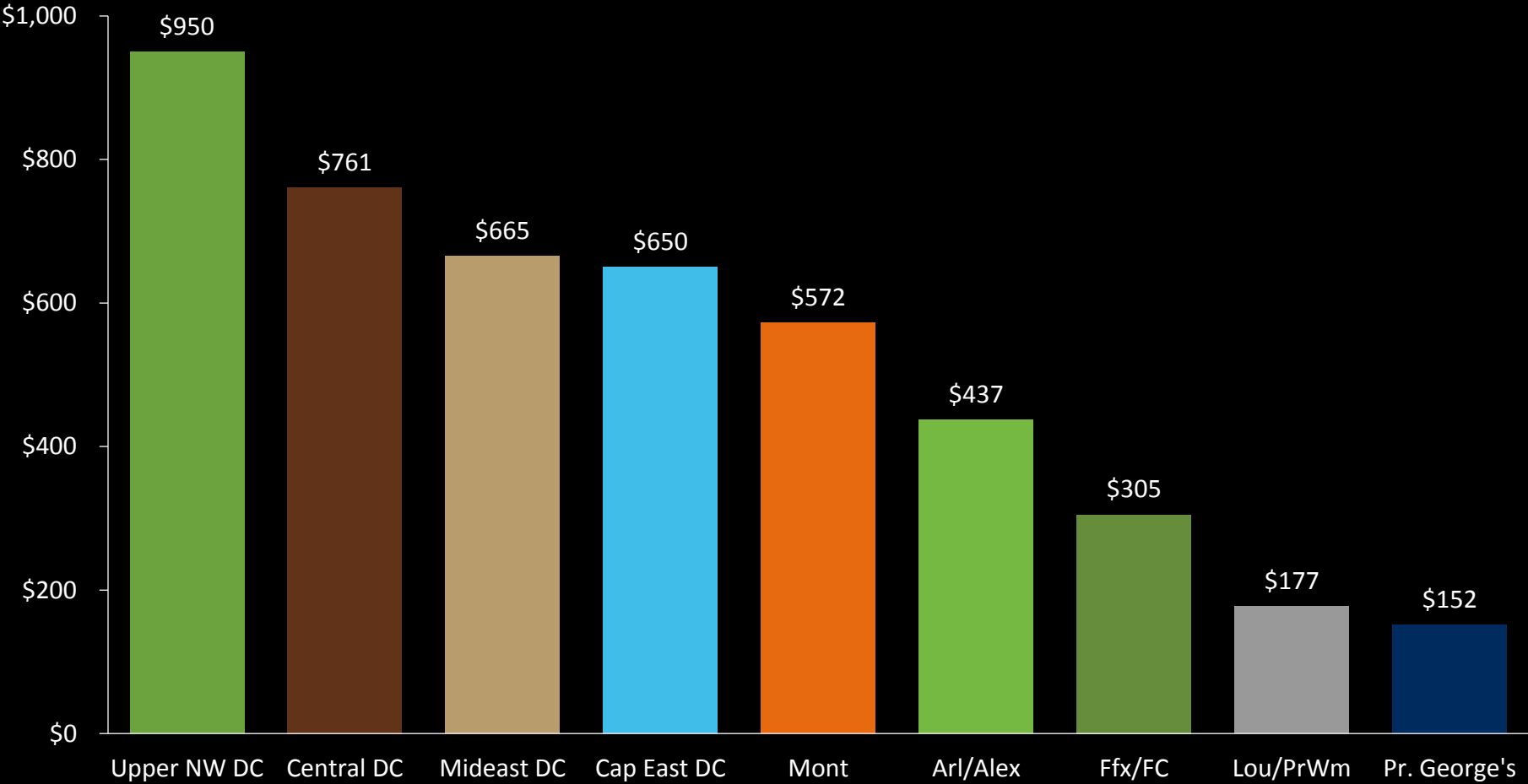
EFFECTIVE NEW CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2005 - 2017



NEW CONDOMINIUM AVERAGE PRICE PER SF

Washington Metro Area | Third Quarter 2016



NEW CONDOMINIUM AVERAGE PRICE PER SF

Selected Downtown Areas in the U.S. | Third Quarter 2016*

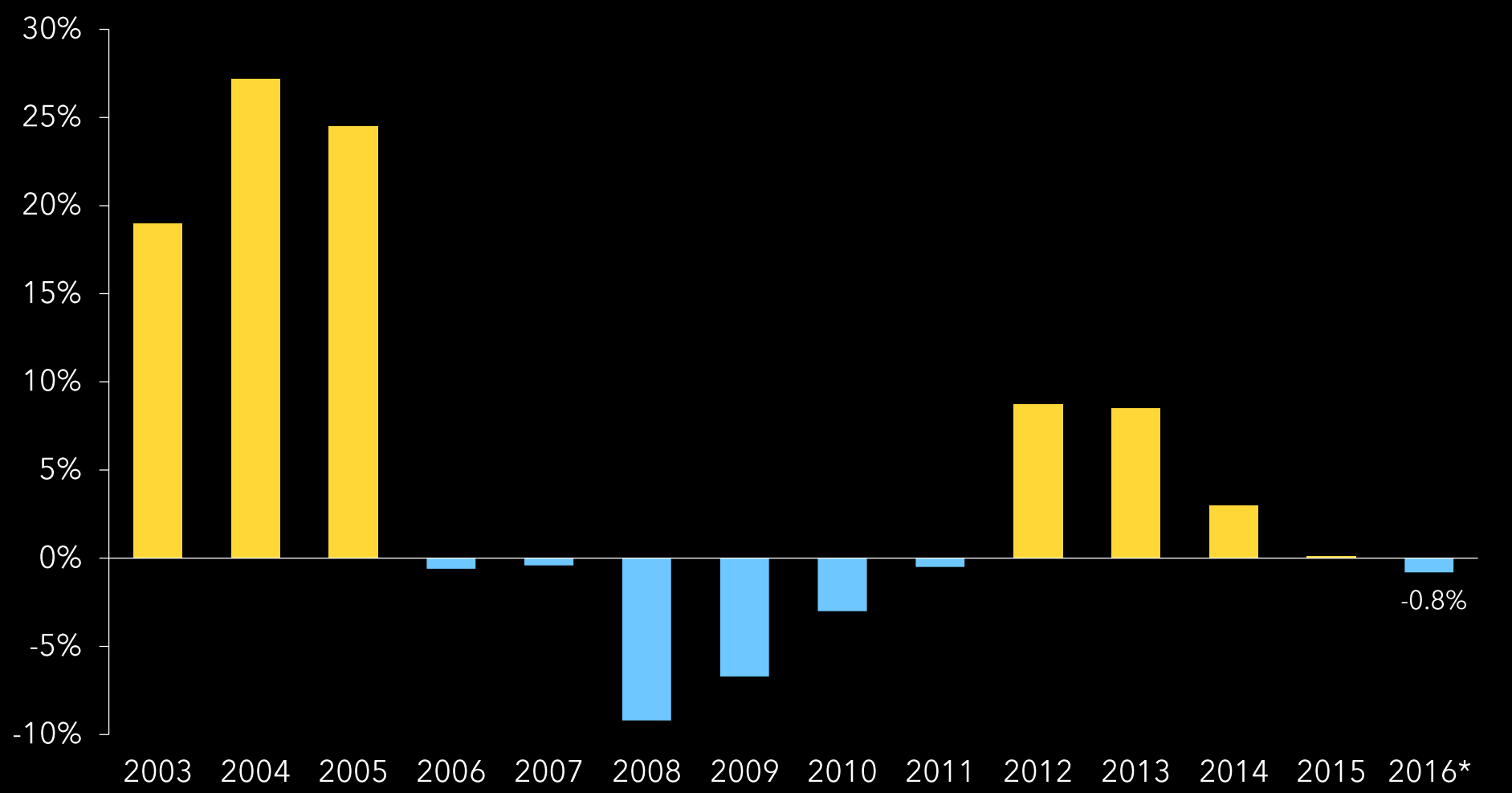


Source: The Mark Company, Miller Samuel Inc., Delta Associates, October 2016.

* Third Quarter 2016 except for Manhattan, Brooklyn, and Queens which are as of Second Quarter 2016.

RESALE CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2003 - 2016

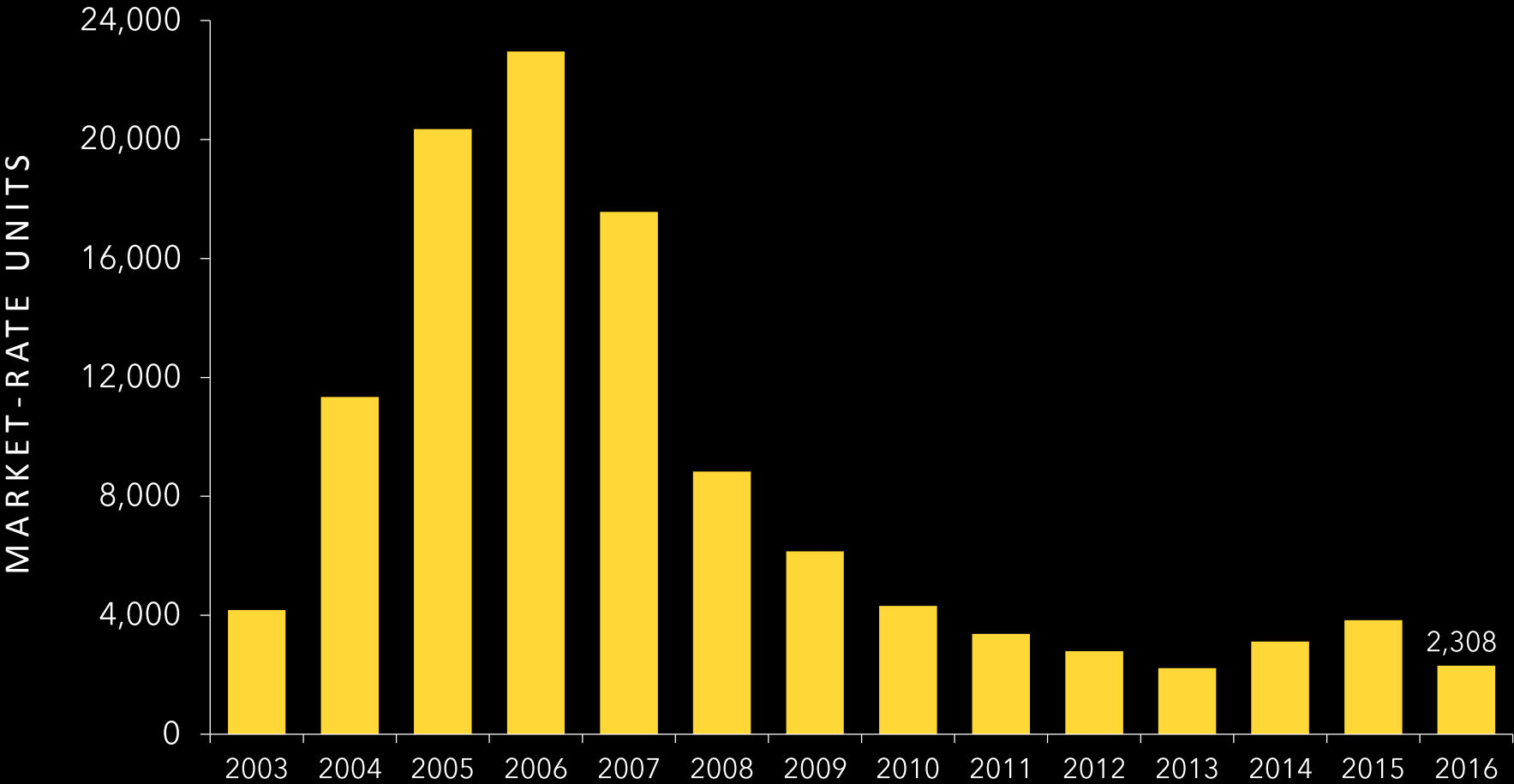


Source: MRIS, Delta Associates; October 2016.

* 12 months ending August 2016.

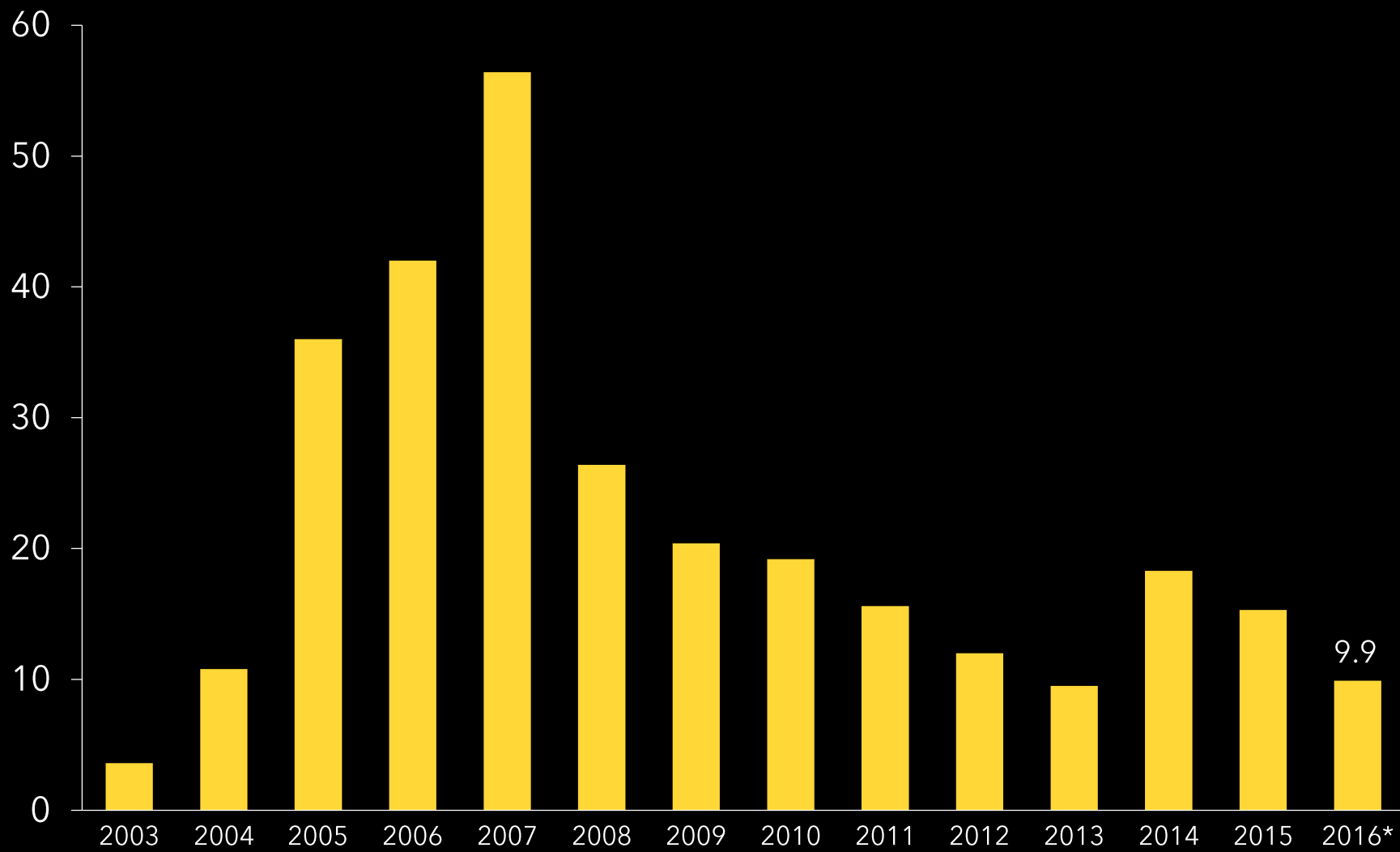
NEW CONDOMINIUMS ACTIVELY MARKETING OR UNDER CONSTRUCTION

Washington Metro Area | 2003 - 2016



MONTHS OF NEW CONDOMINIUM SUPPLY

Washington Metro Area | 2003 - 2016

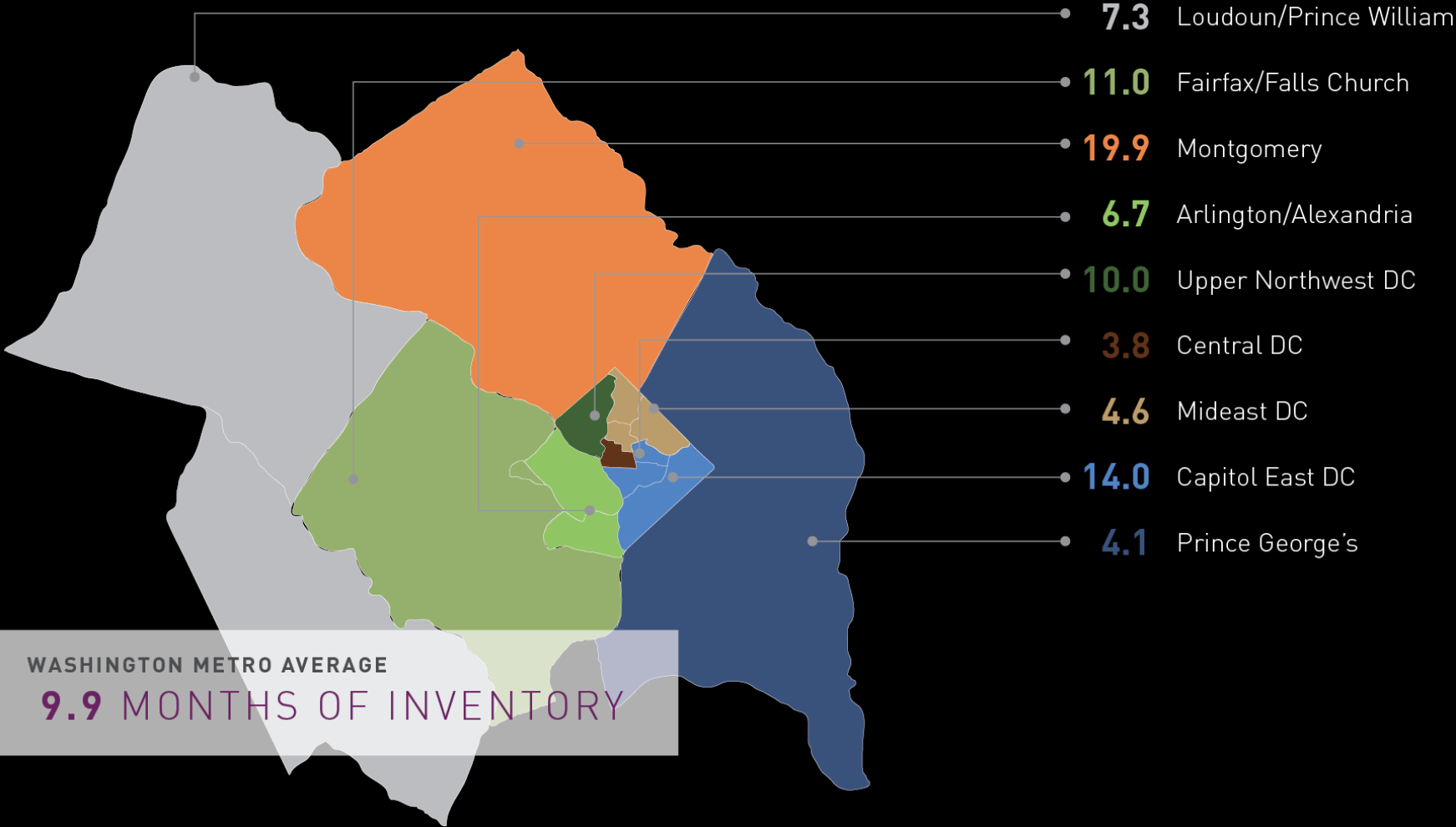


Source: Delta Associates; October 2016.

*As of Third Quarter.

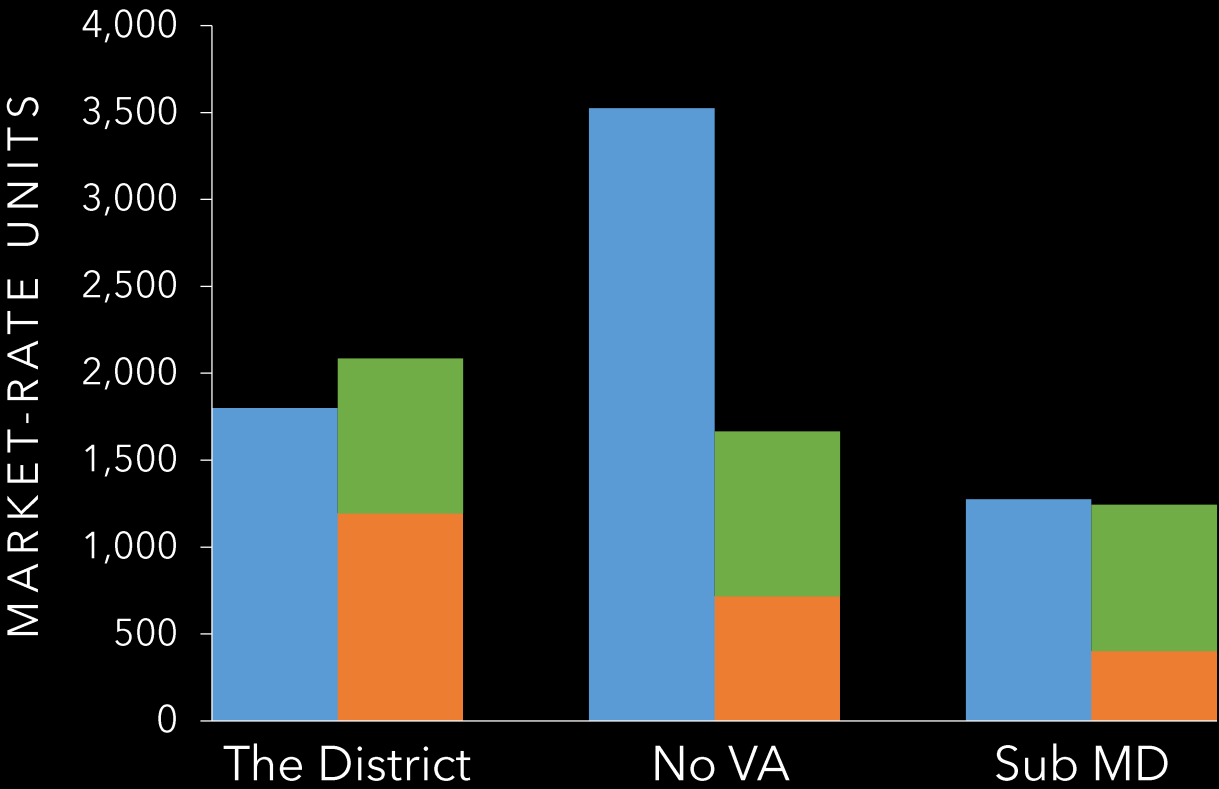
MONTHS OF INVENTORY BY SUBMARKET

Washington Metro Area | Third Quarter 2016



DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Condominiums
36 Months Ending September 2019



DEMAND

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

SUPPLY

Planned and May
Begin Marketing by
9/19: 2,688 units¹

Under Construction
and/or Marketing:
2,308 units²

Total = 4,996 units

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

THE WASHINGTON AREA CONDOMINIUM MARKET OPPORTUNITIES

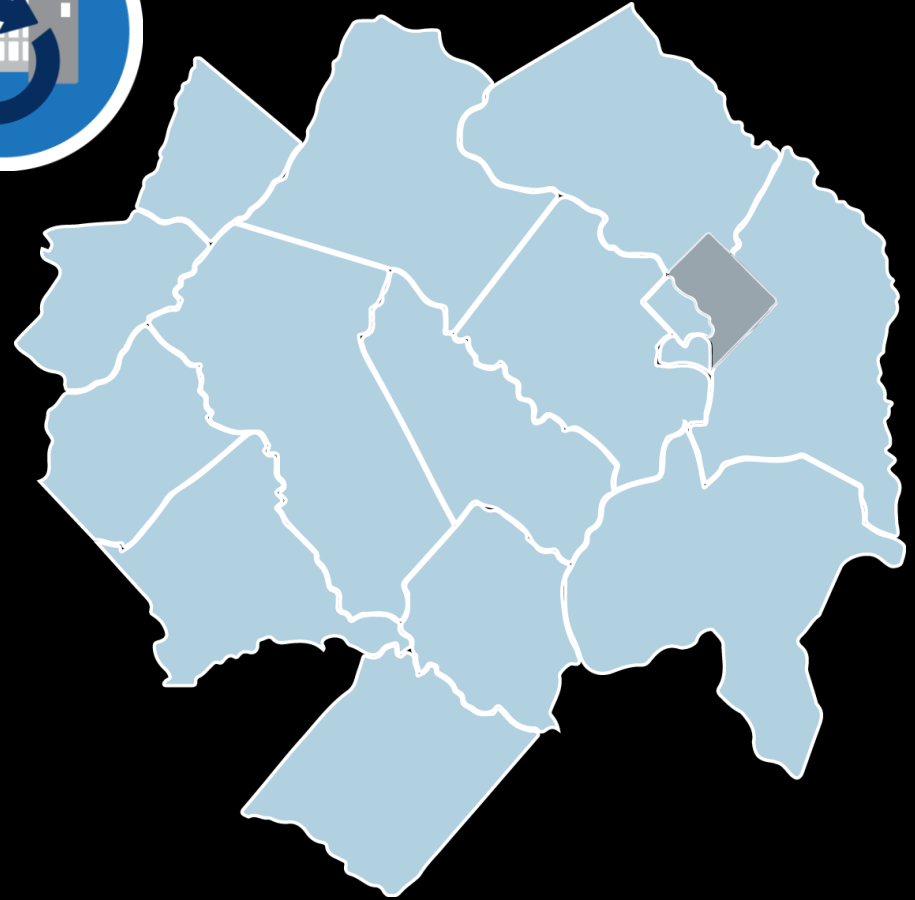
OPPORTUNITIES DURING THIS CYCLE

Washington Area Condominium Market

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CONVERT OBSOLETE OFFICE
AND OTHER COMMERCIAL
BUILDINGS TO CONDOS



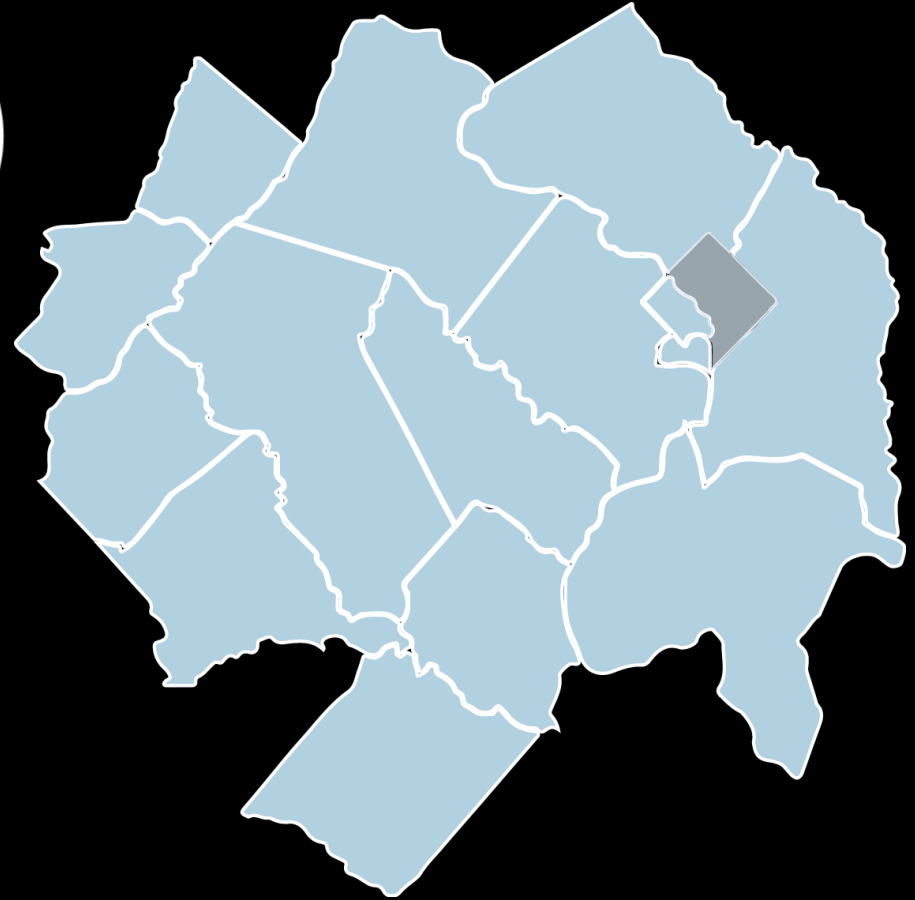
OPPORTUNITIES DURING THIS CYCLE

Washington Area Condominium Market

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MILLENNIALS WILL NOT
RENT FOREVER



OPPORTUNITIES DURING THIS CYCLE

Washington Area Condominium Market

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A CONDO BUILDING IN A
24/7 LOCATION DOES
NOT REQUIRE MUCH
AMENITY SPACE



OPPORTUNITIES DURING THIS CYCLE

Washington Area Condominium Market

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DEVELOP BOUTIQUE OR
MEDIUM-SIZED CONDO
PROJECTS UNDER 150 UNITS





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Washington/Baltimore

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