

20

22ND ANNUAL DELTA ASSOCIATES
Multifamily Market Overview & Awards For Excellence

18

Washington/Baltimore

10.17.18

PRESENTED BY:

WILLIAM RICH, CRE
President

SHAUNTÁ BRUNER
Multifamily Awards Coordinator

MODERATED BY:

ERIN GANNON
Senior Associate



2018

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THE ECONOMY



THE NATIONAL ECONOMY

2018

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THE NATIONAL ECONOMY

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AMAZON HQ2

Will it be Located in the Washington Metro Area?

2018

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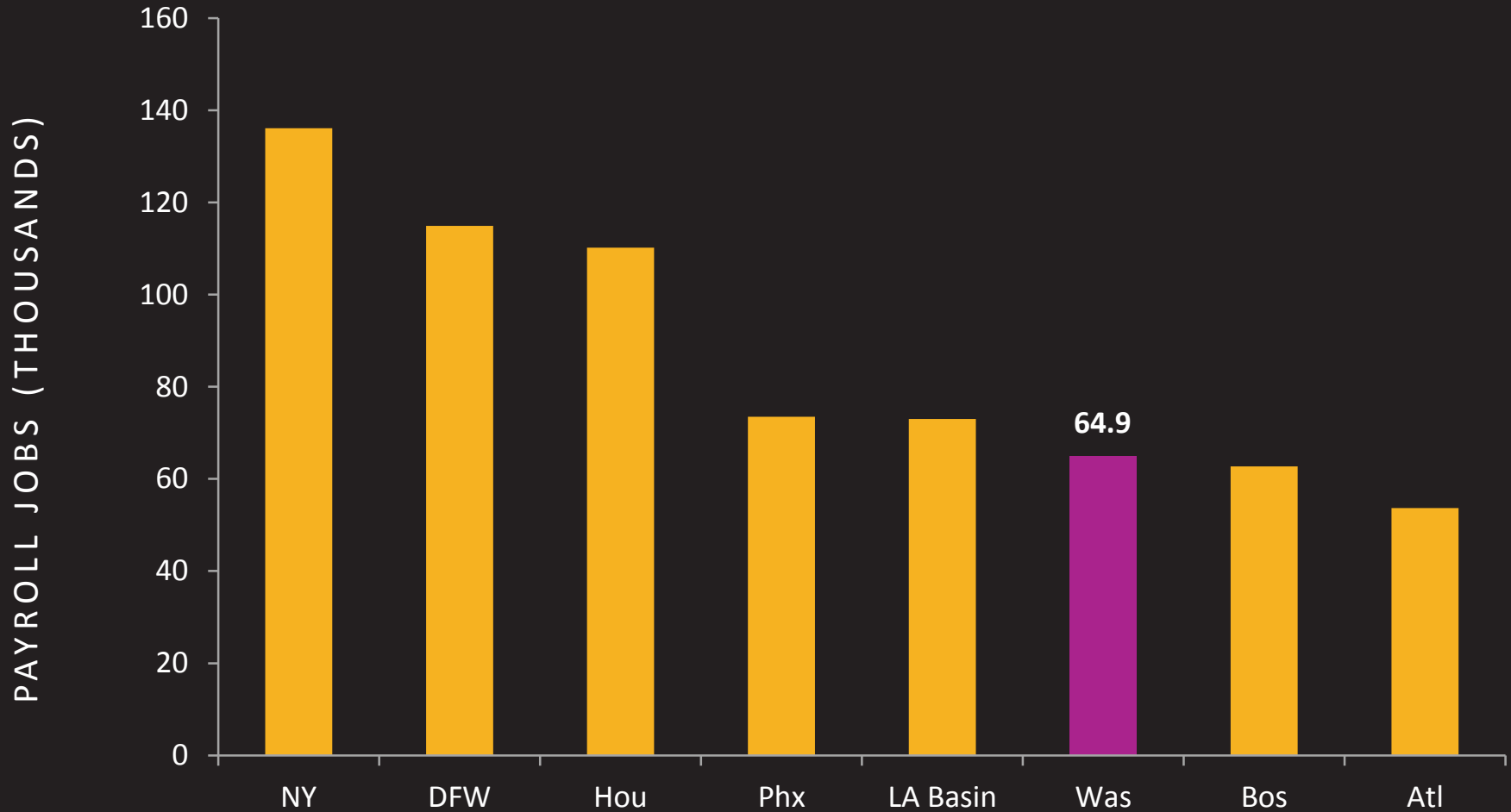


PAYROLL JOB GROWTH

Selected Large Metro Areas | 12 Months Ending August 2018

2018

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UNEMPLOYMENT RATE *

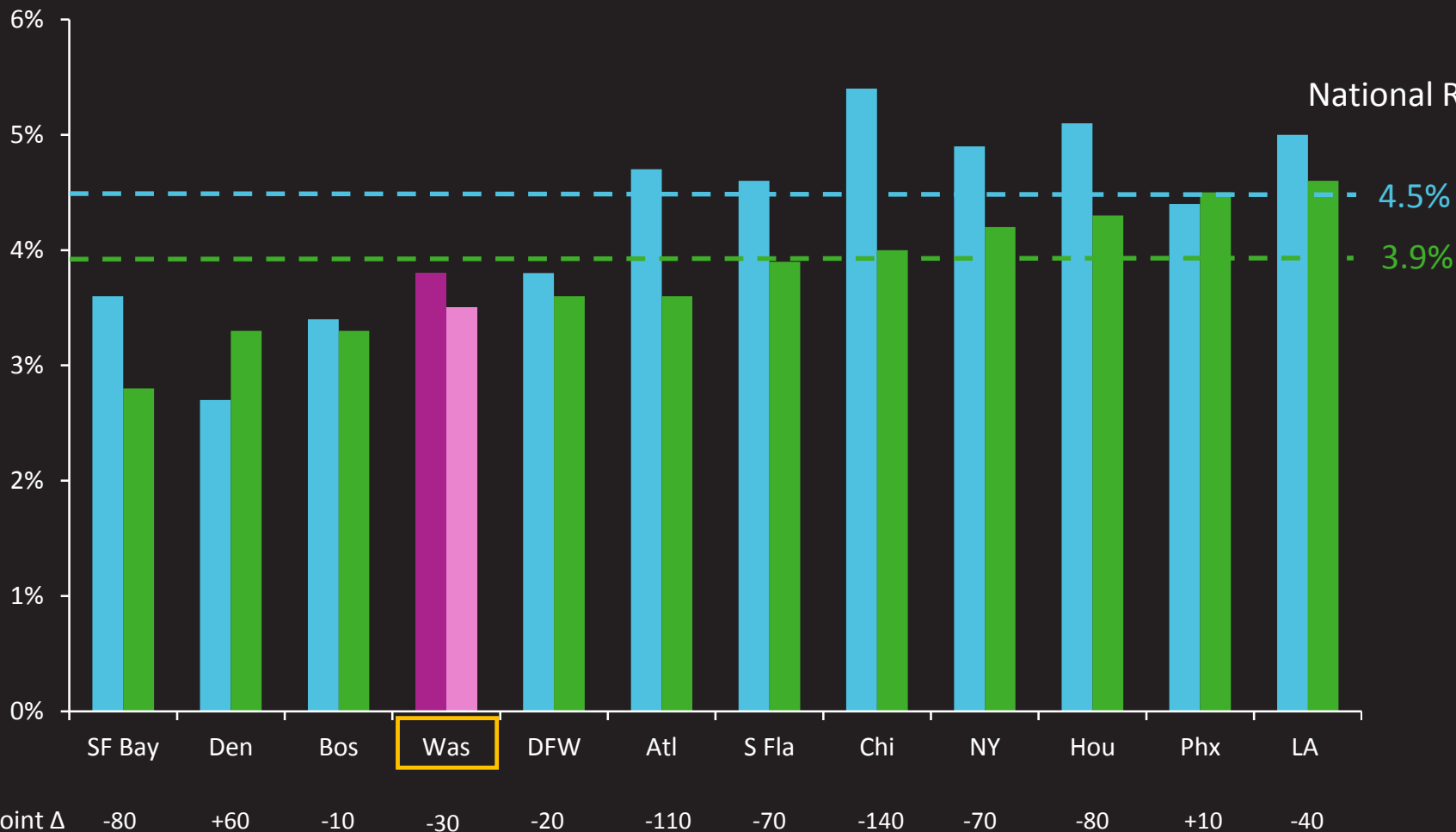
Selected Large Metro Areas | August 2017 vs. August 2018

2018

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■ August 2017 ■ August 2018

National Rate

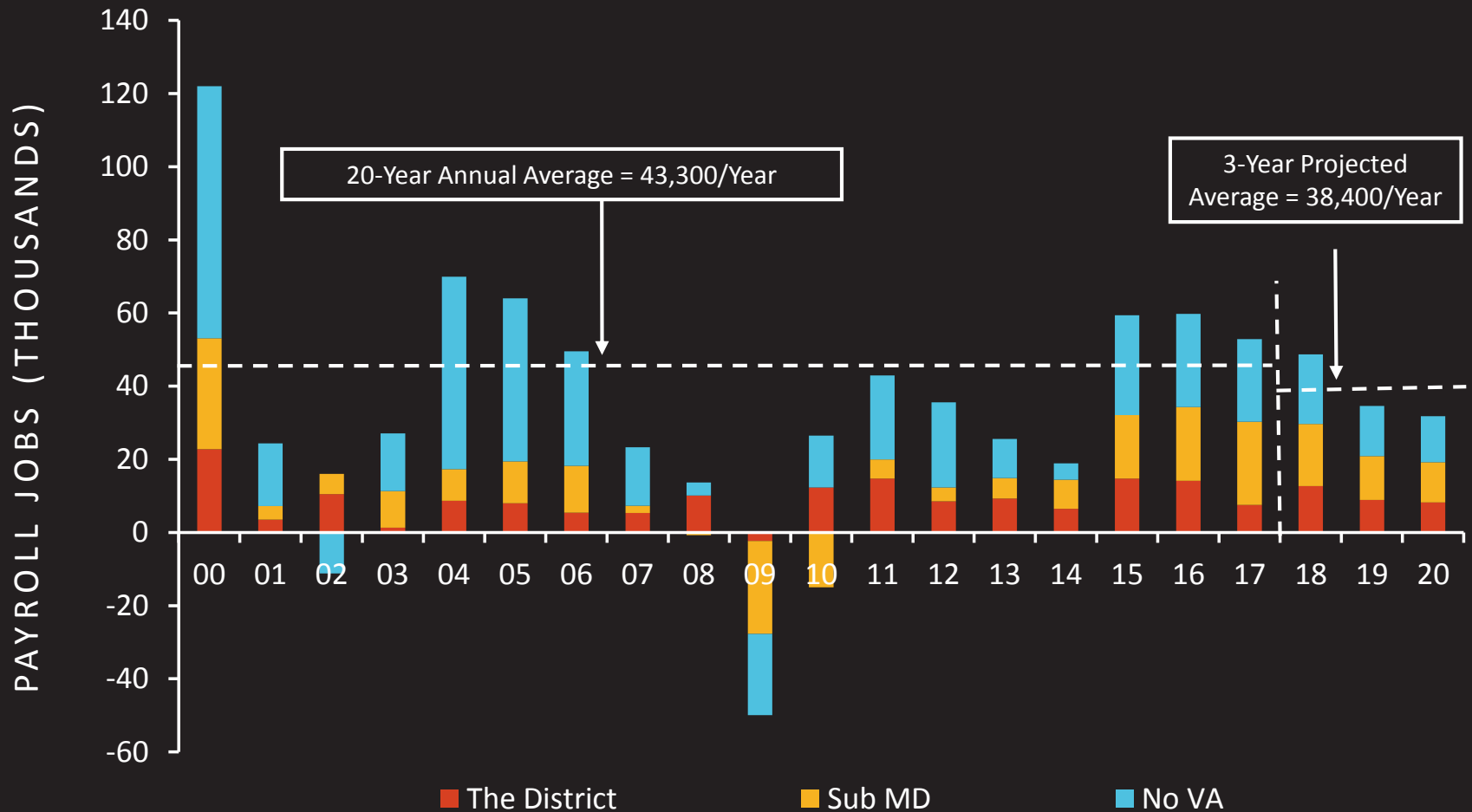


PROJECTED JOB GROWTH

Washington Metro Area | 2000 - 2020

2018

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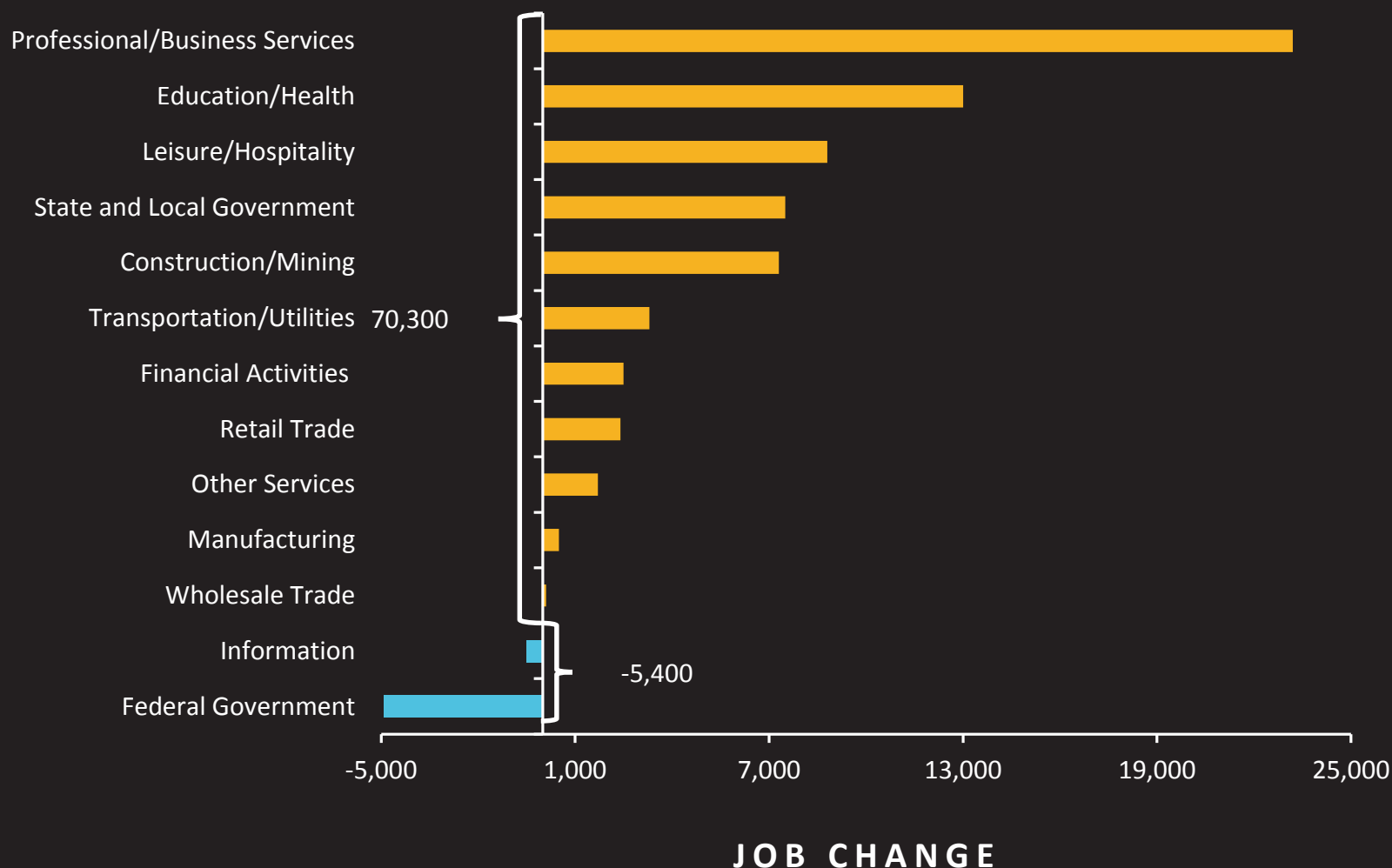


PAYROLL JOB GROWTH

Washington Metro Area | 12 Months Ending August 2018

2018

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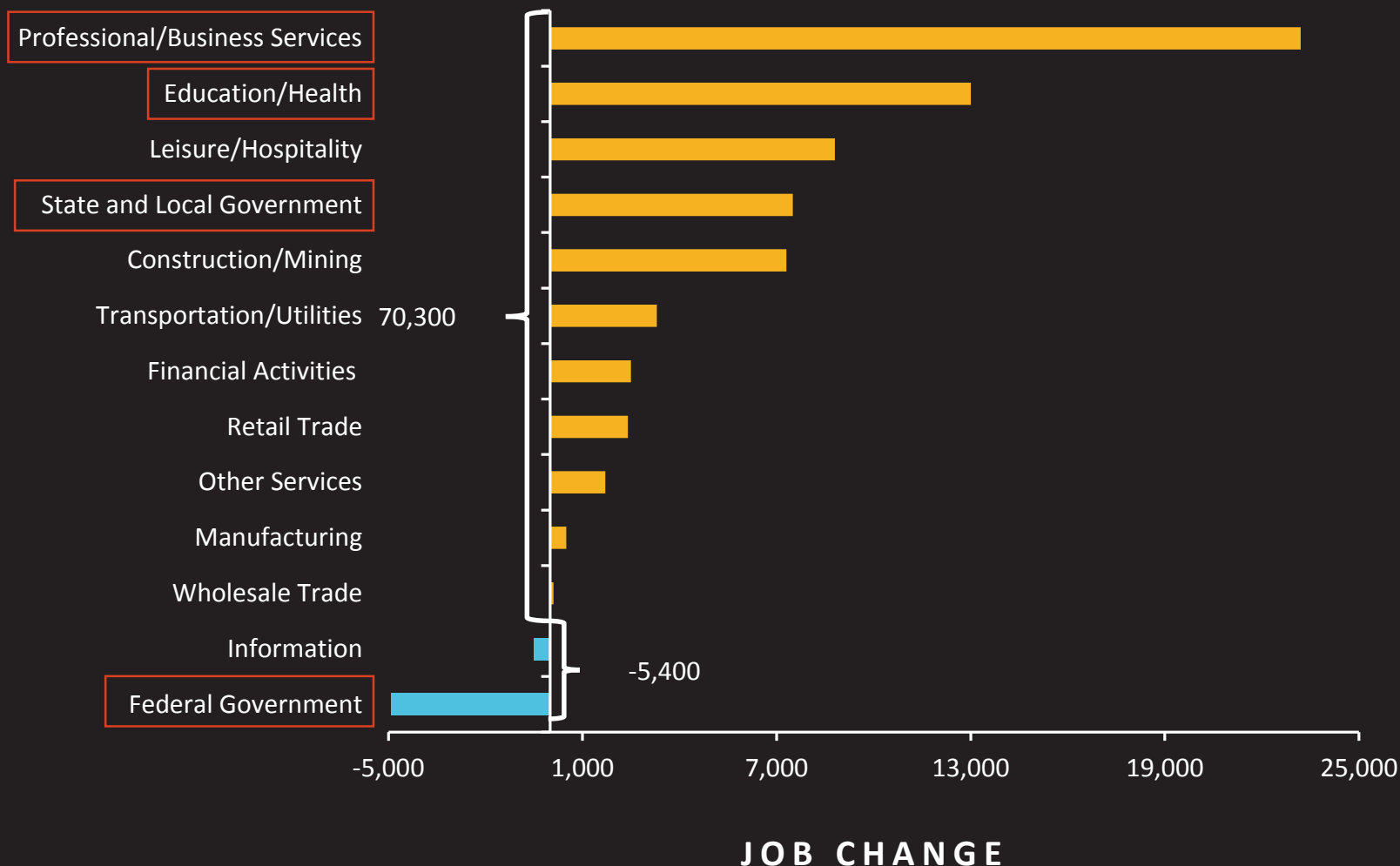


PAYROLL JOB GROWTH

Washington Metro Area | 12 Months Ending August 2018

2018

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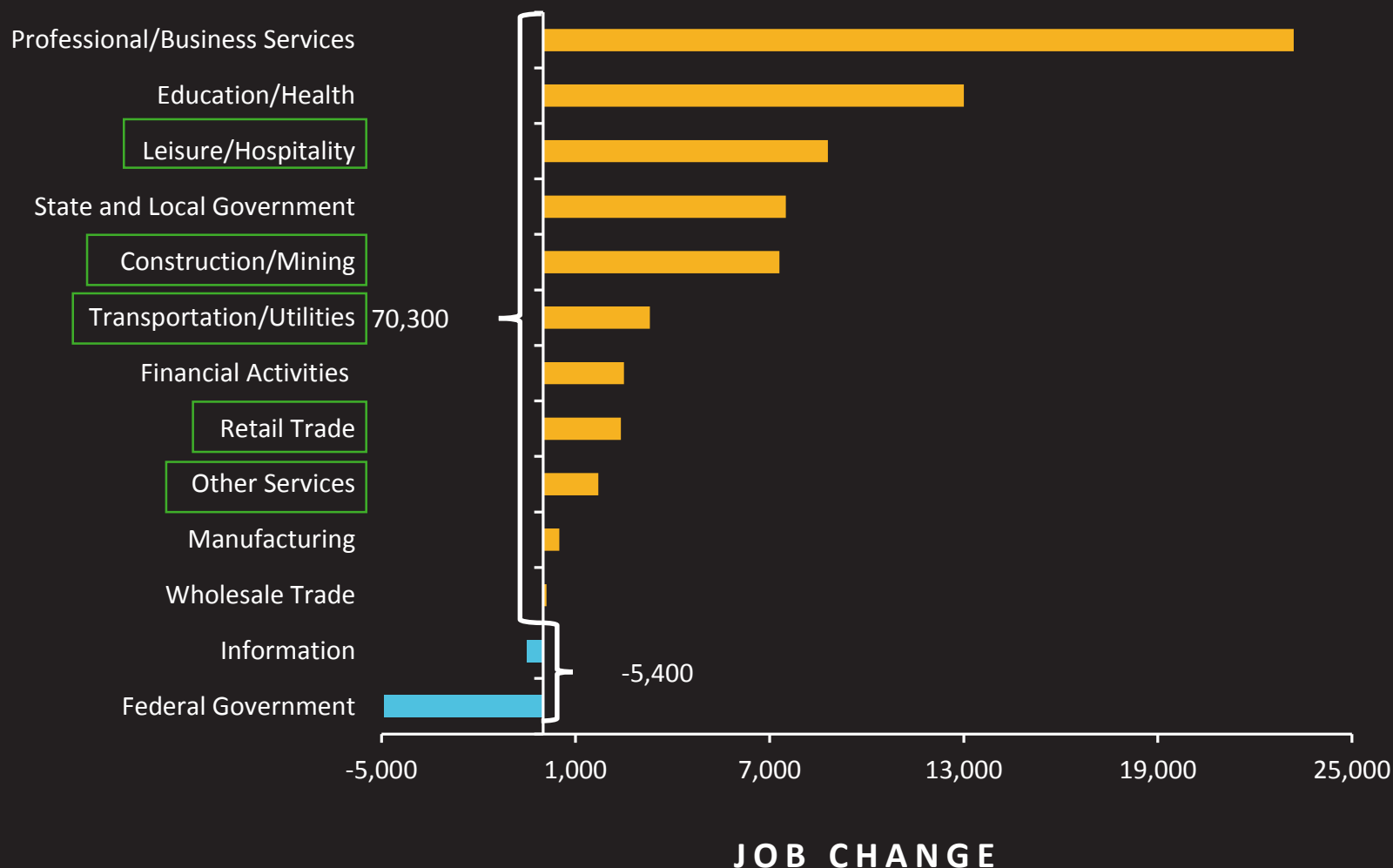


PAYROLL JOB GROWTH

Washington Metro Area | 12 Months Ending August 2018

2018

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2018

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THE WASHINGTON METRO AREA APARTMENT MARKET

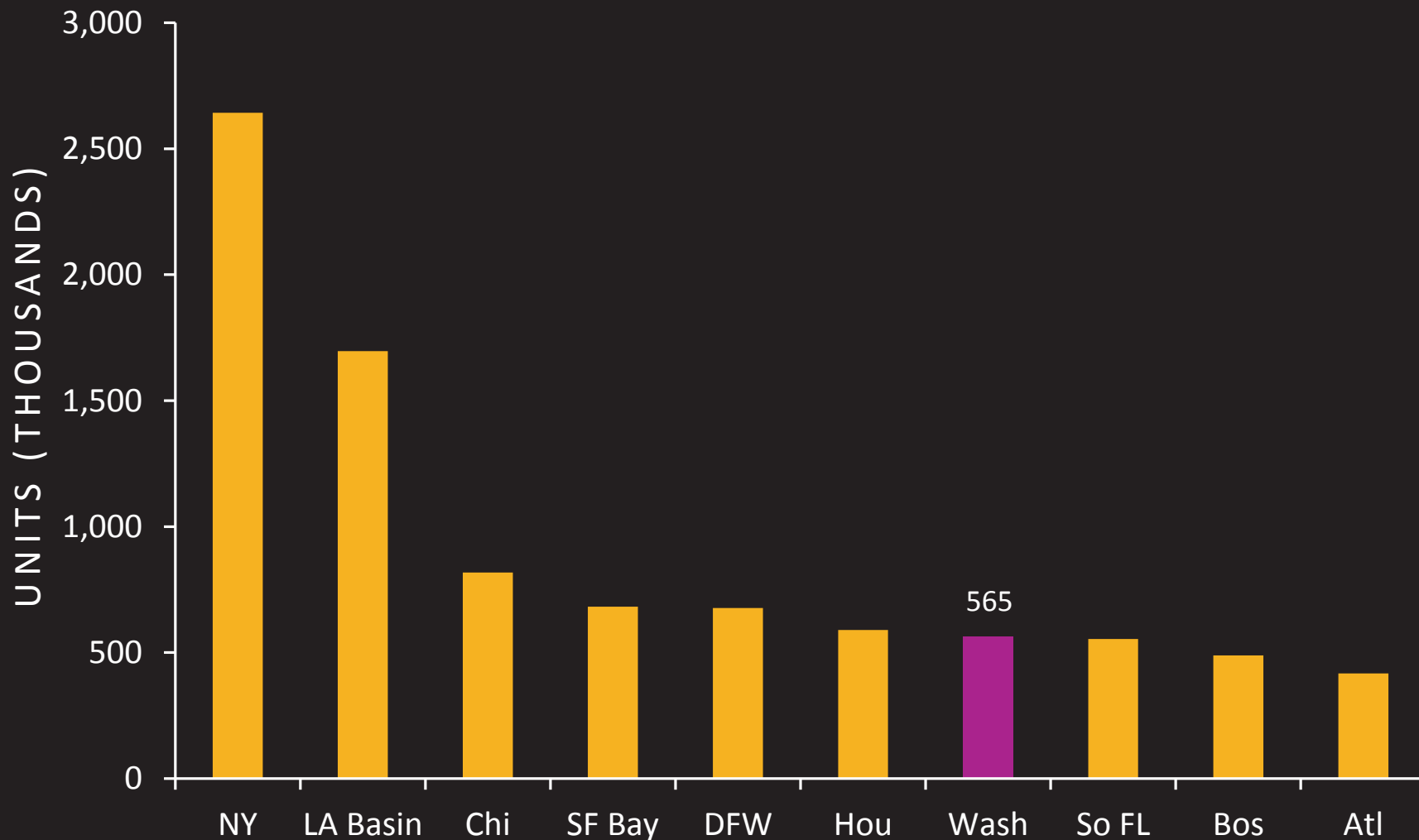


LARGEST APARTMENT MARKETS

Selected Metro Areas | 2017

2018

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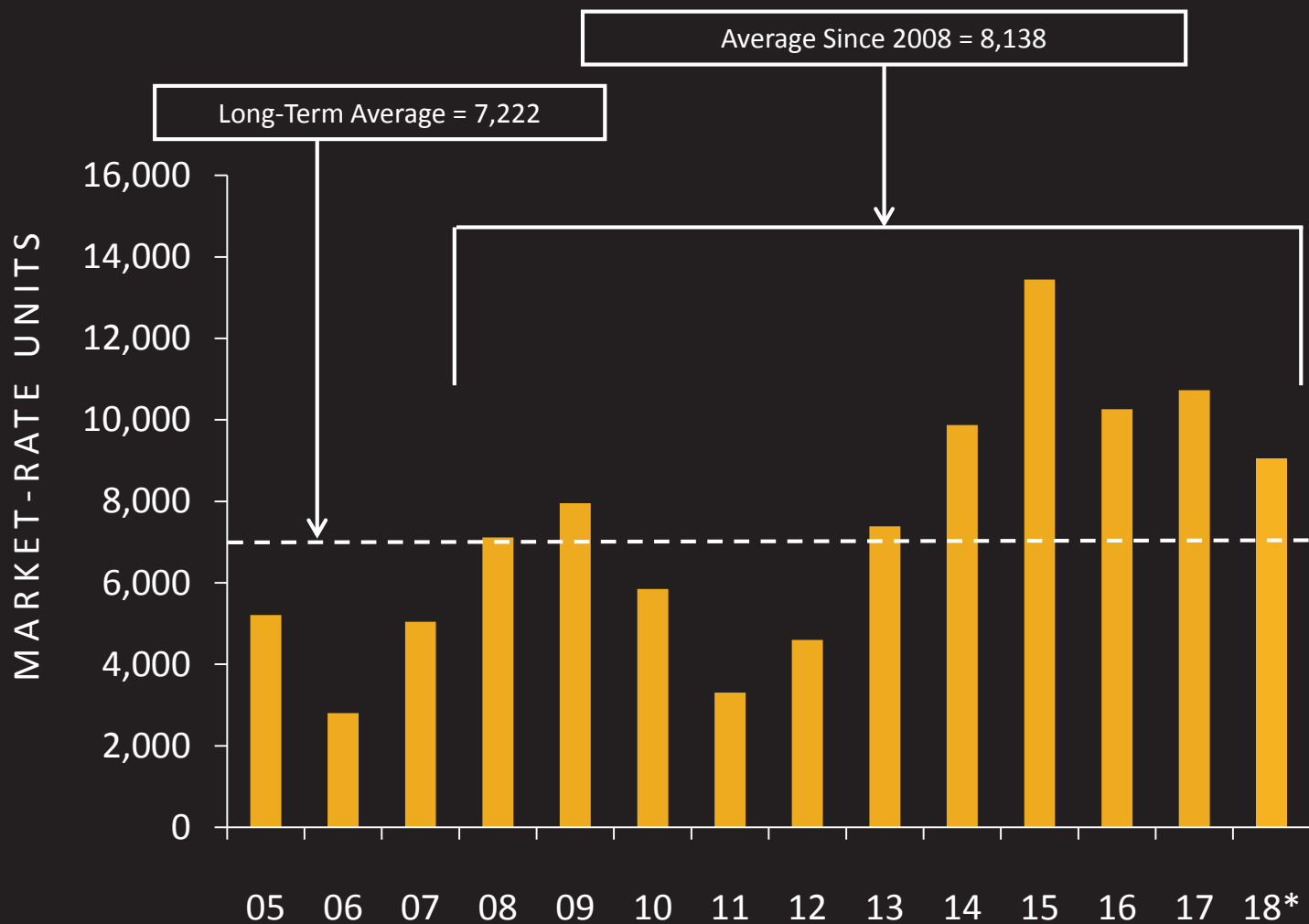


CLASS A APARTMENT ABSORPTION

Washington Metro Area | 2005 - 2018

2018

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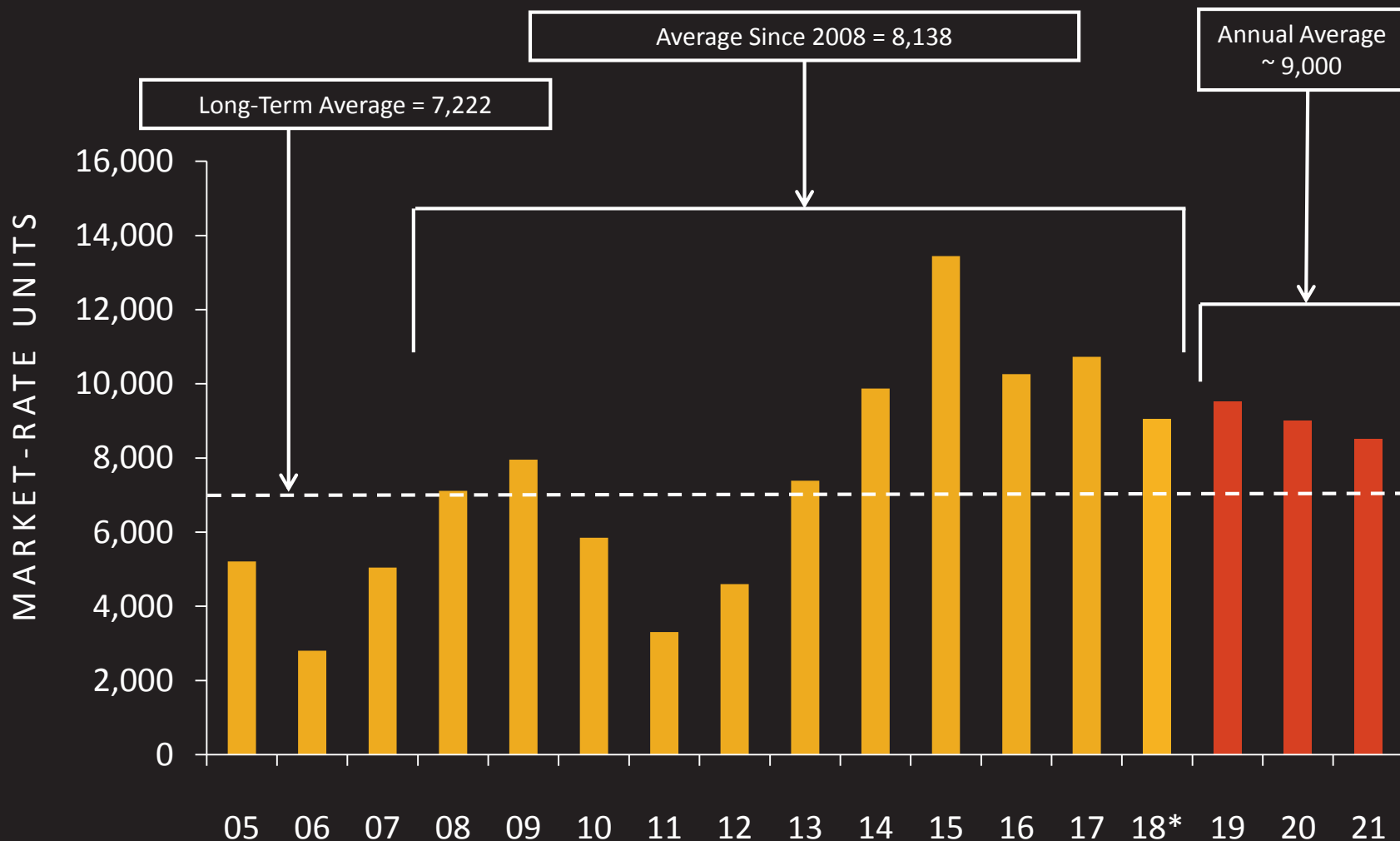


CLASS A APARTMENT ABSORPTION

Washington Metro Area | 2005 - 2021

2018

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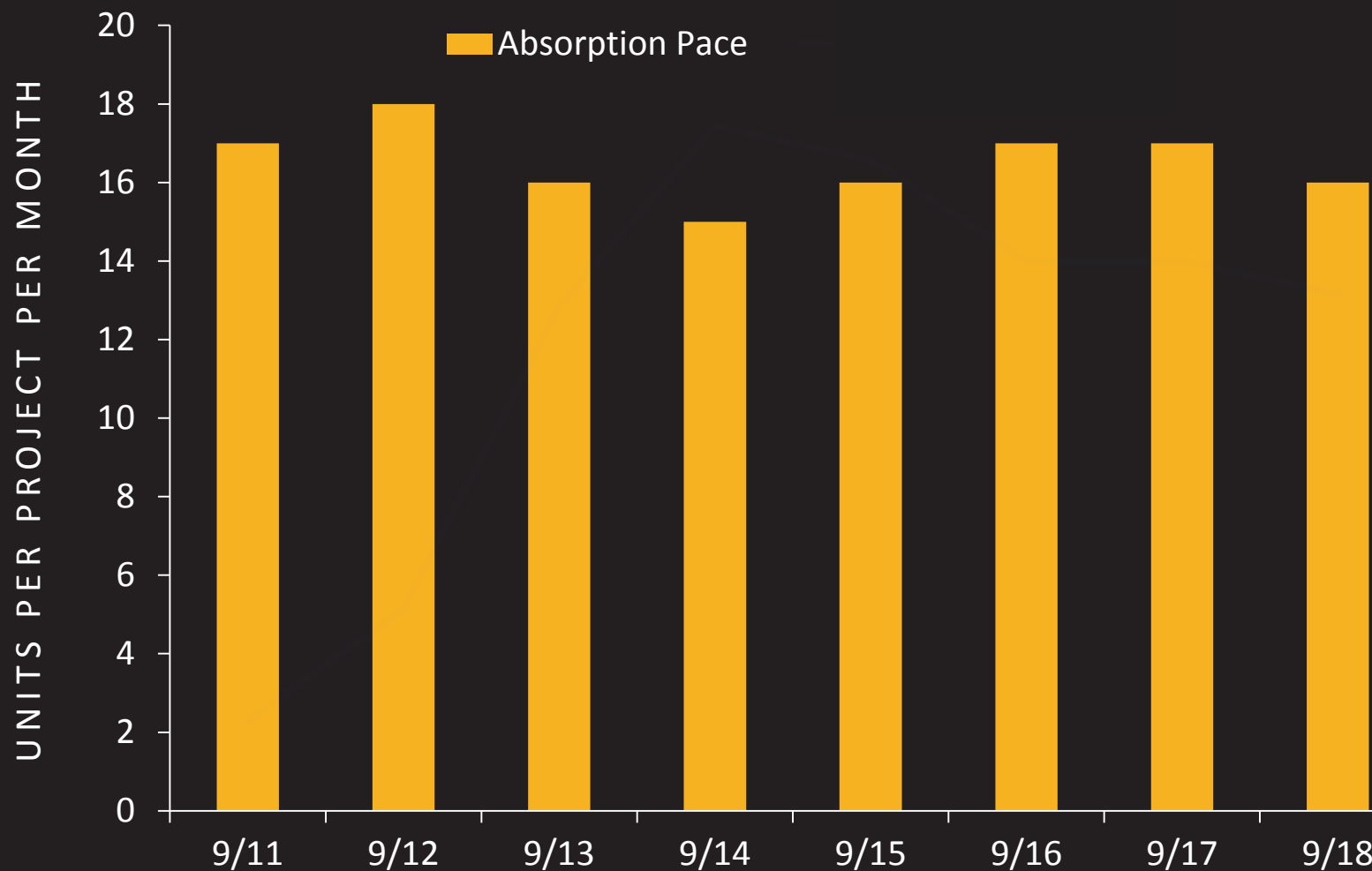


ABSORPTION PACE

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

2018

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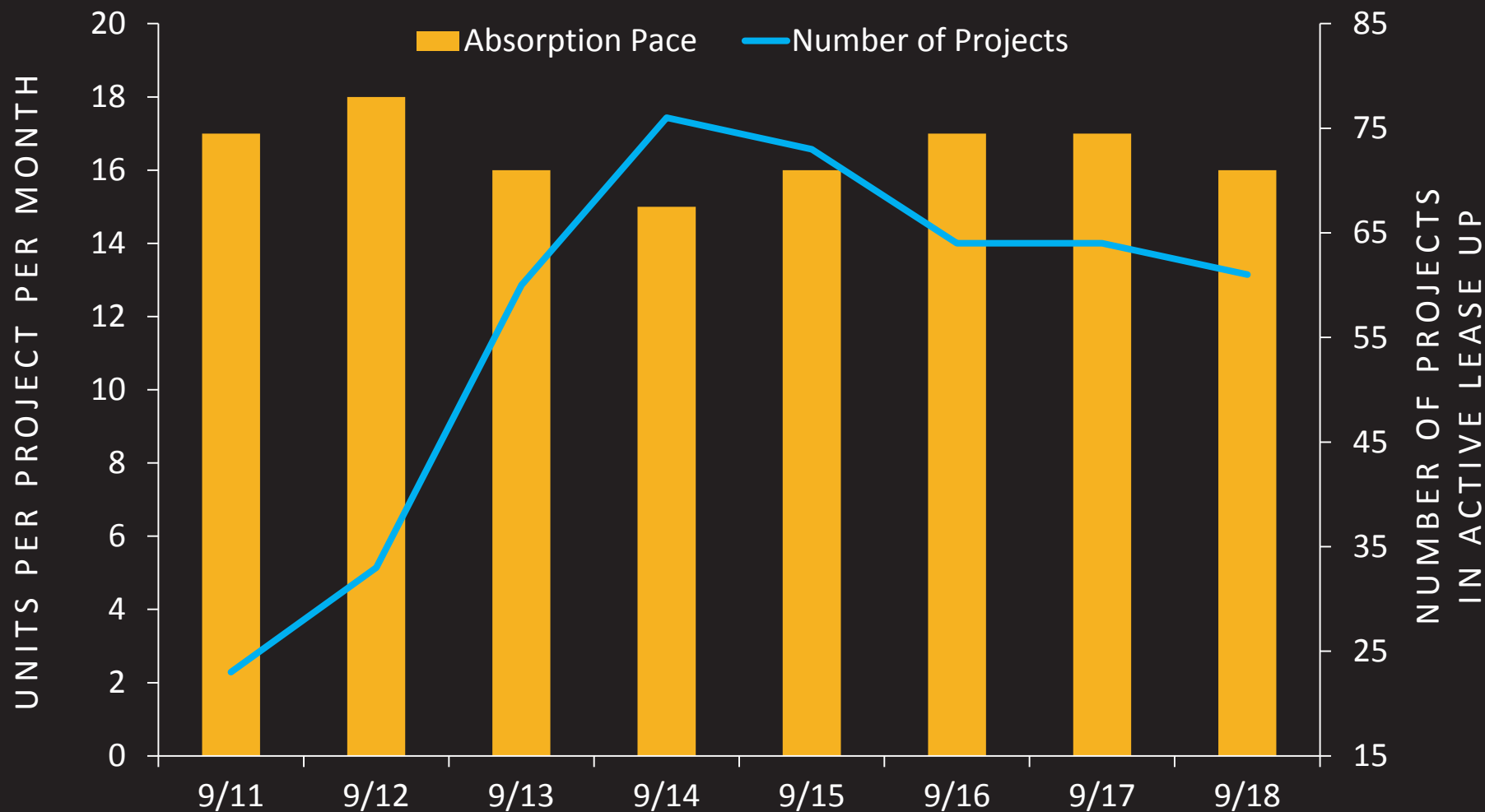


ABSORPTION PACE

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

2018

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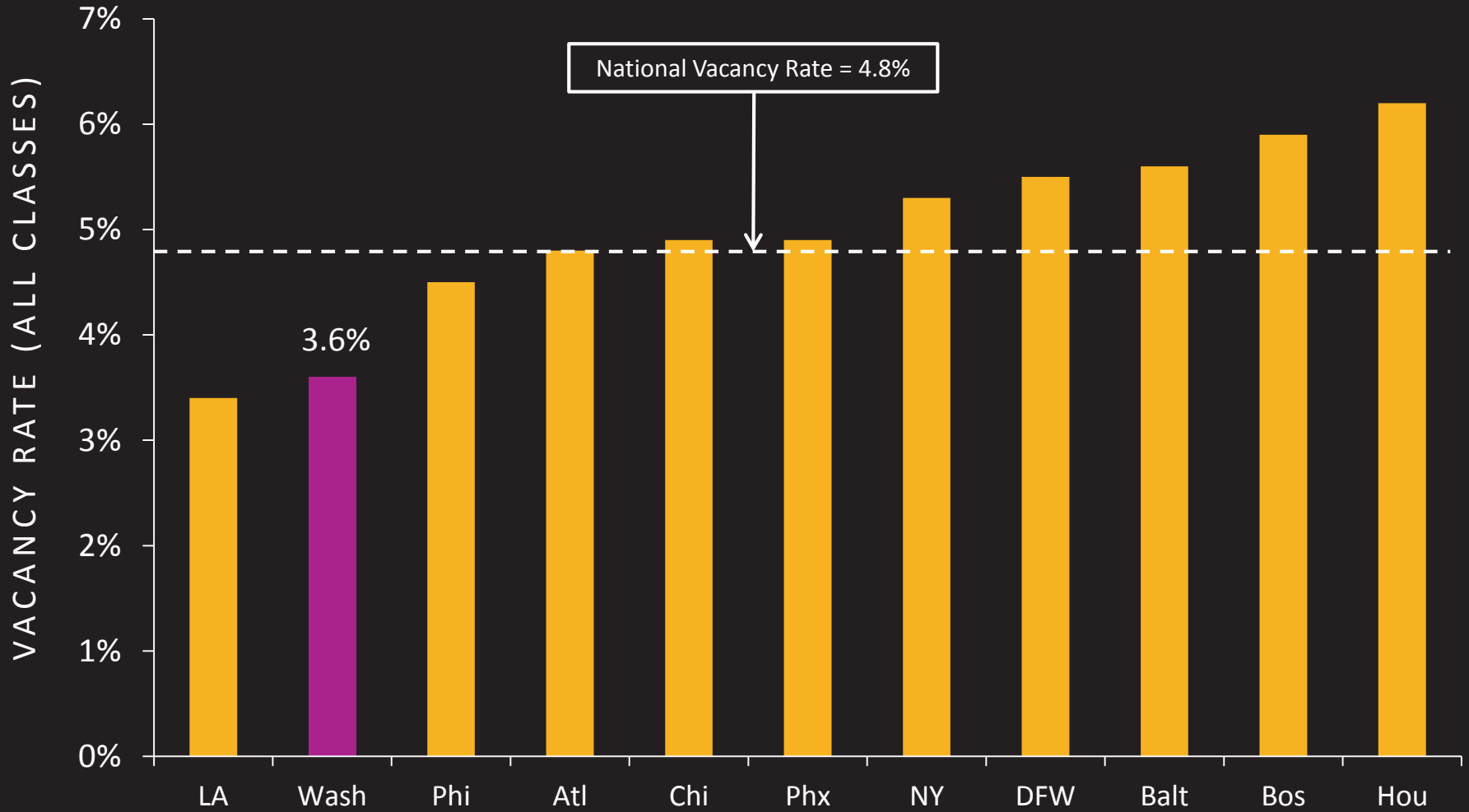


STABILIZED APARTMENT VACANCY RATES

Major Apartment Markets | Second Quarter 2018

2018

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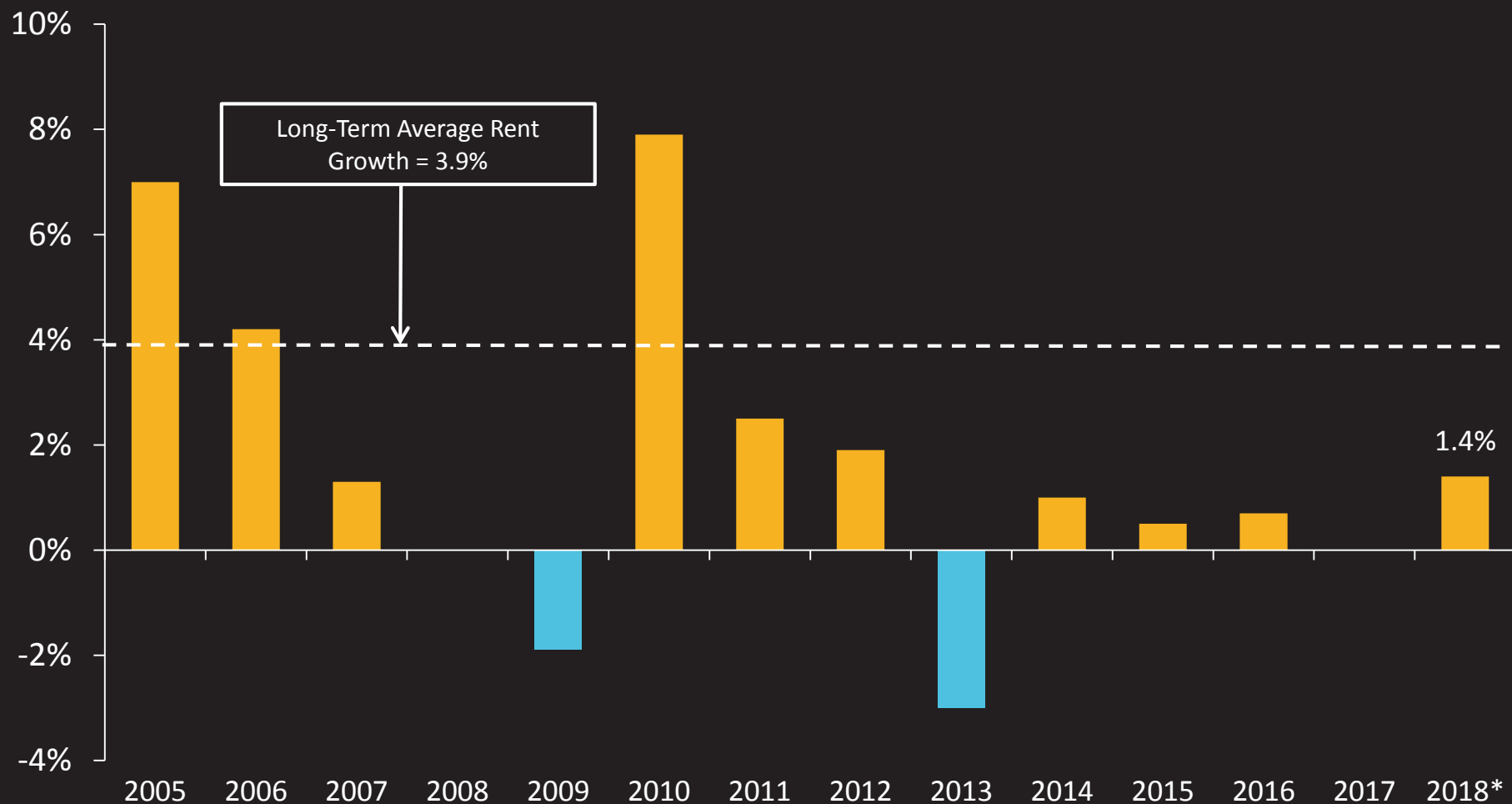


ANNUAL EFFECTIVE RENT GROWTH

Class A Apartments | Washington Metro Area | 2005 - 2018

2018

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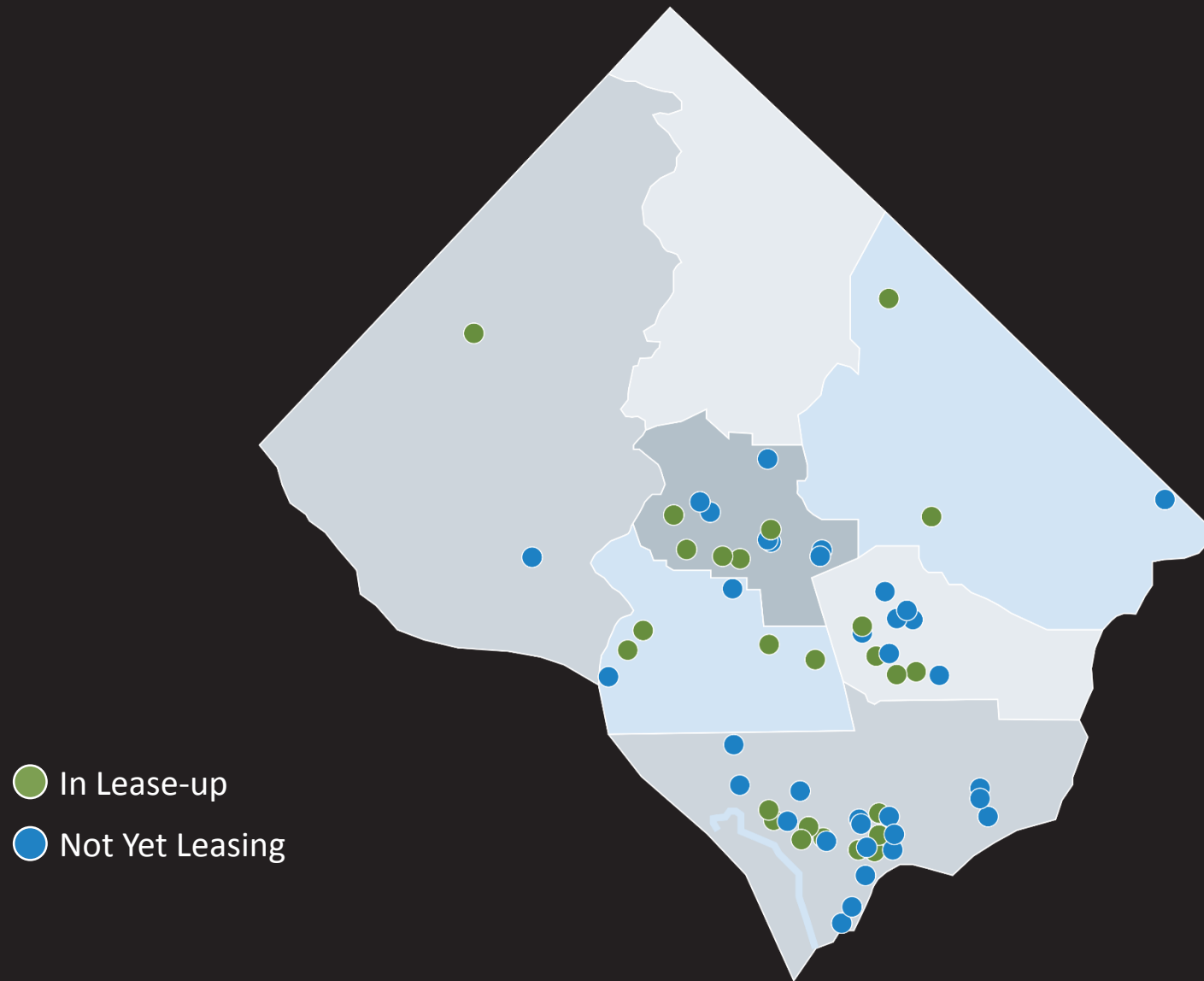


PROJECTS CURRENTLY UNDER CONSTRUCTION

District of Columbia

2018

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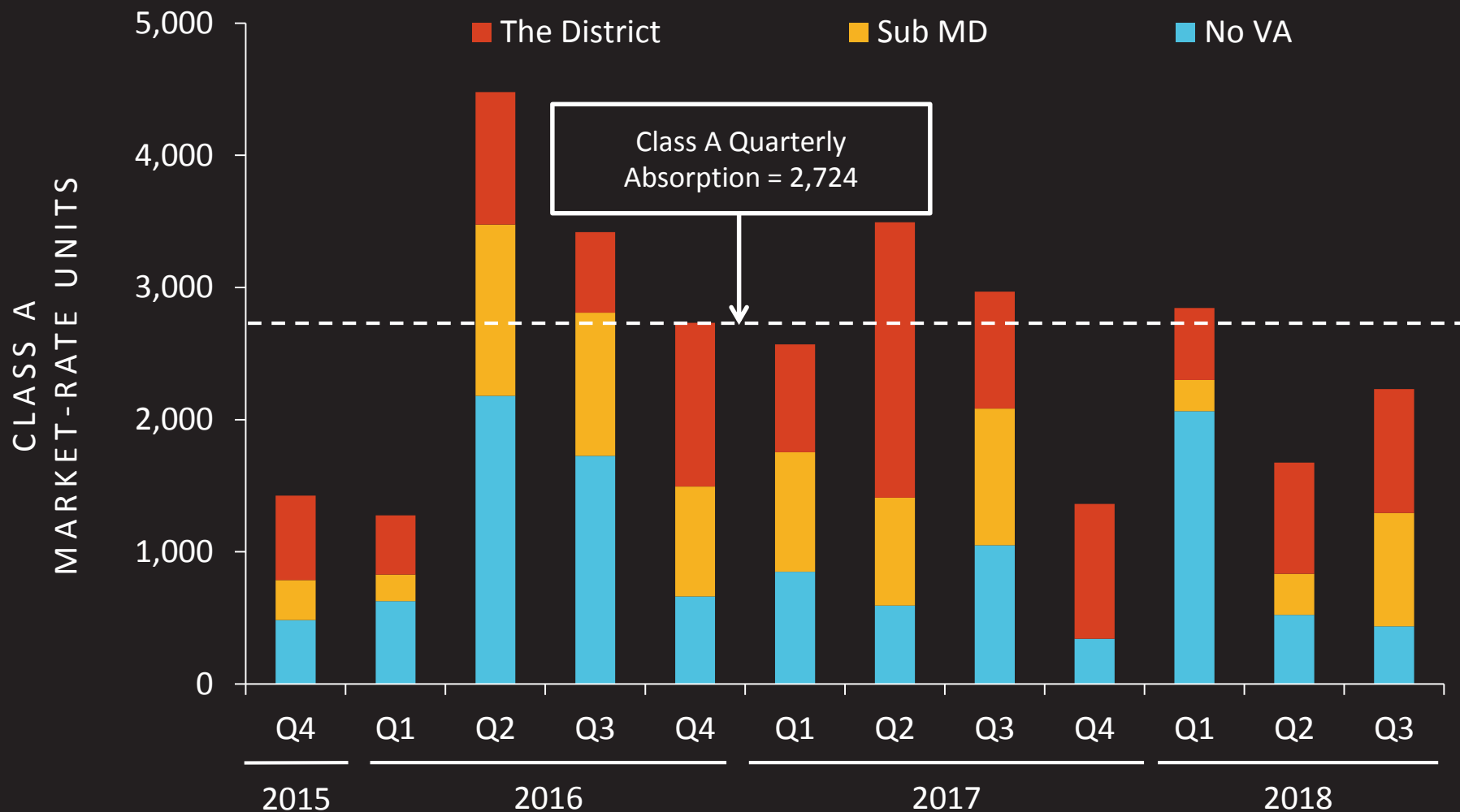


APARTMENT DELIVERIES

Washington Metro Area | 2015 - 2018

2018

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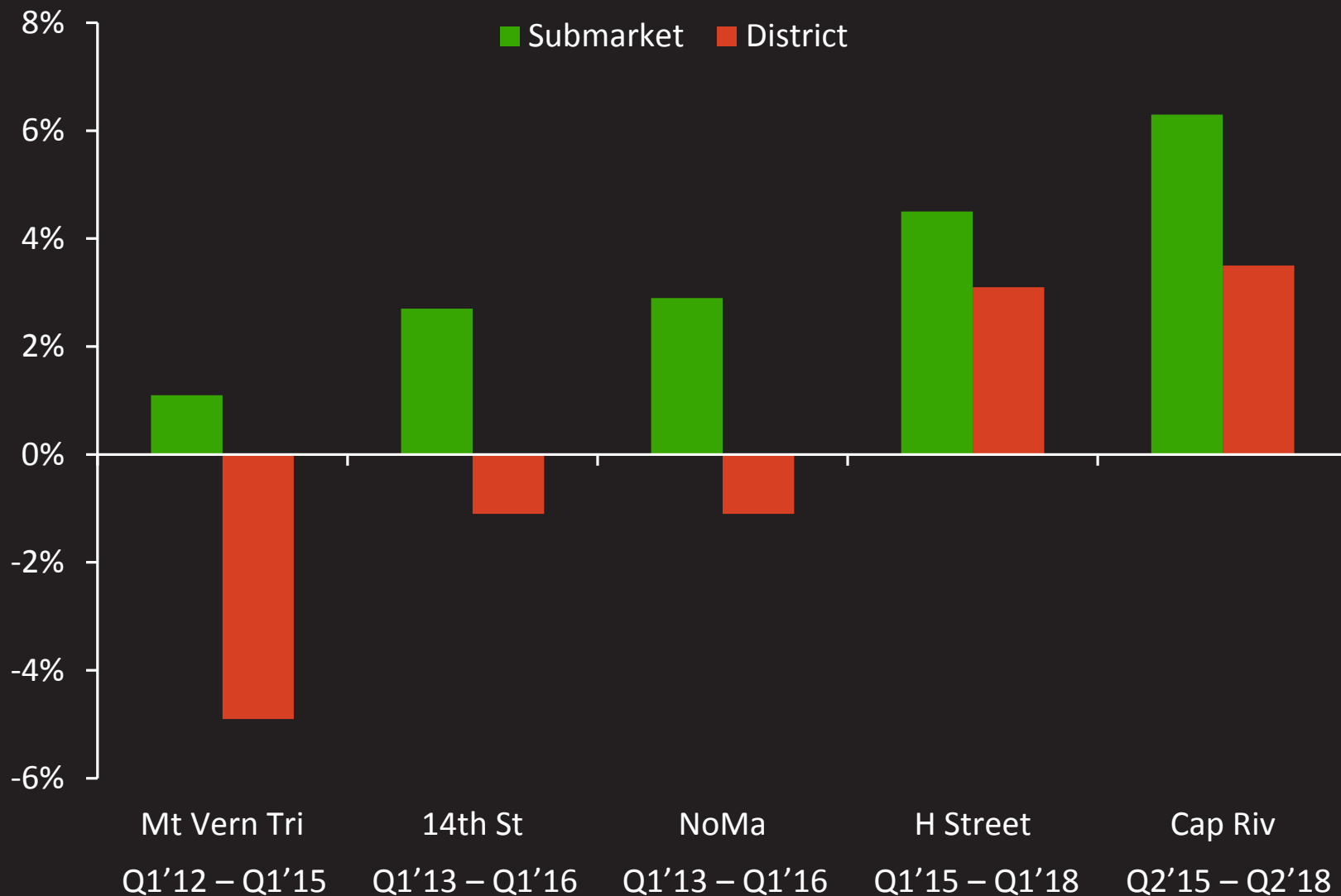


CLASS A APARTMENT RENT GROWTH

Selected Submarkets in the District | 2012 - 2018

2018

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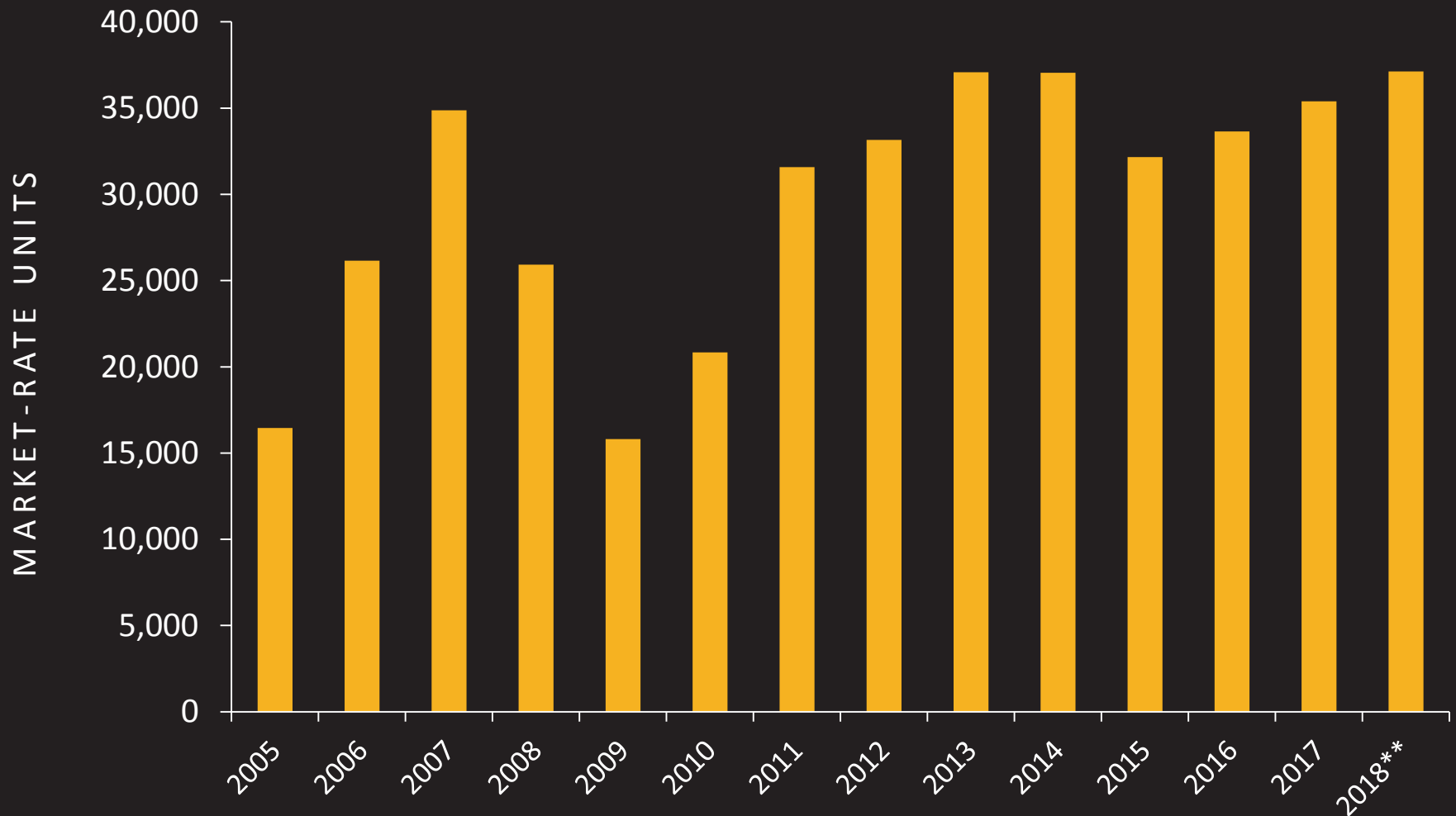


36-MONTH APARTMENT DEVELOPMENT PIPELINE*

Washington Metro Area | 2005 - 2018

2018

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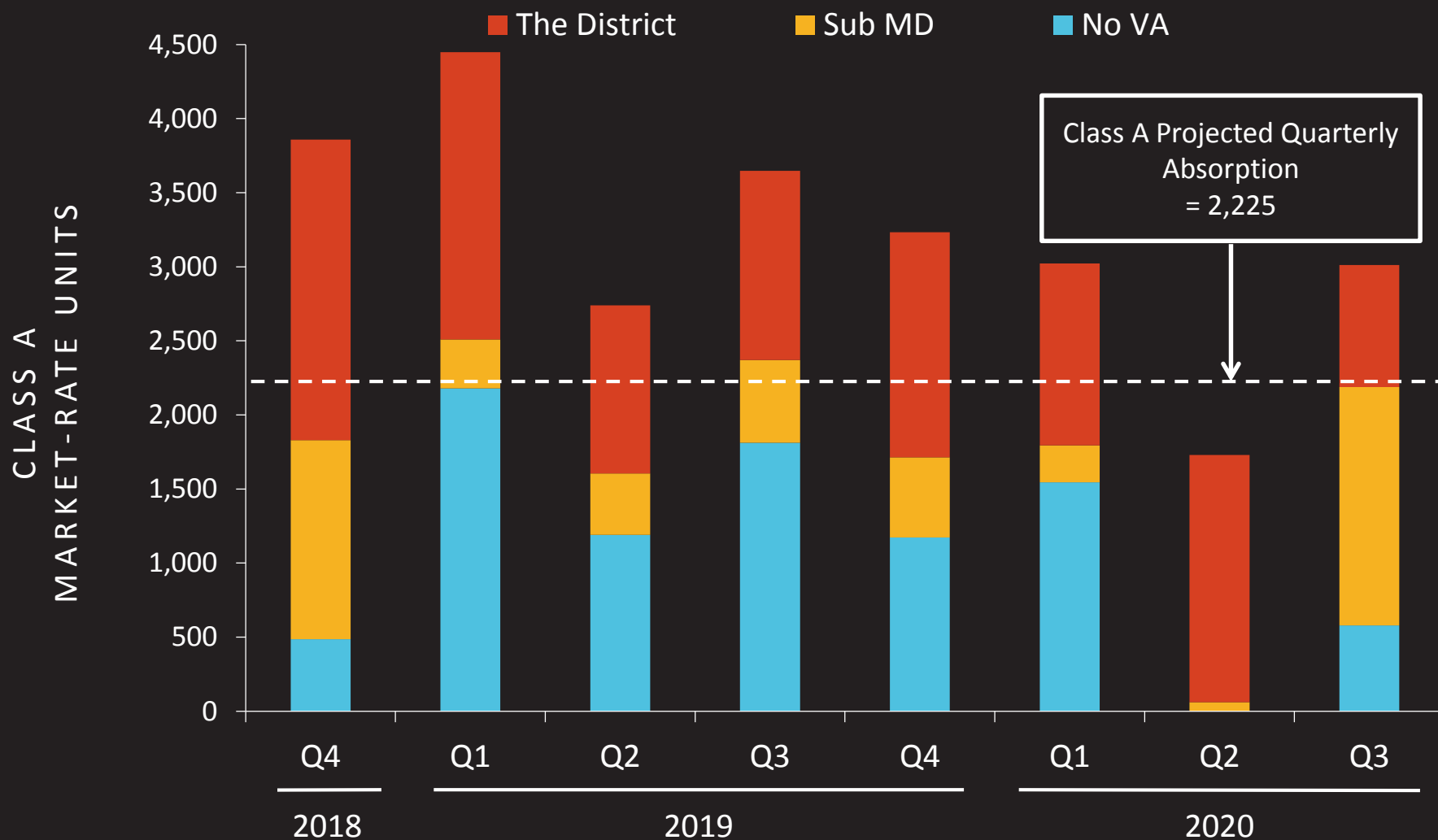


PROJECTED DELIVERIES

Washington Metro Area | 2018 - 2020

2018

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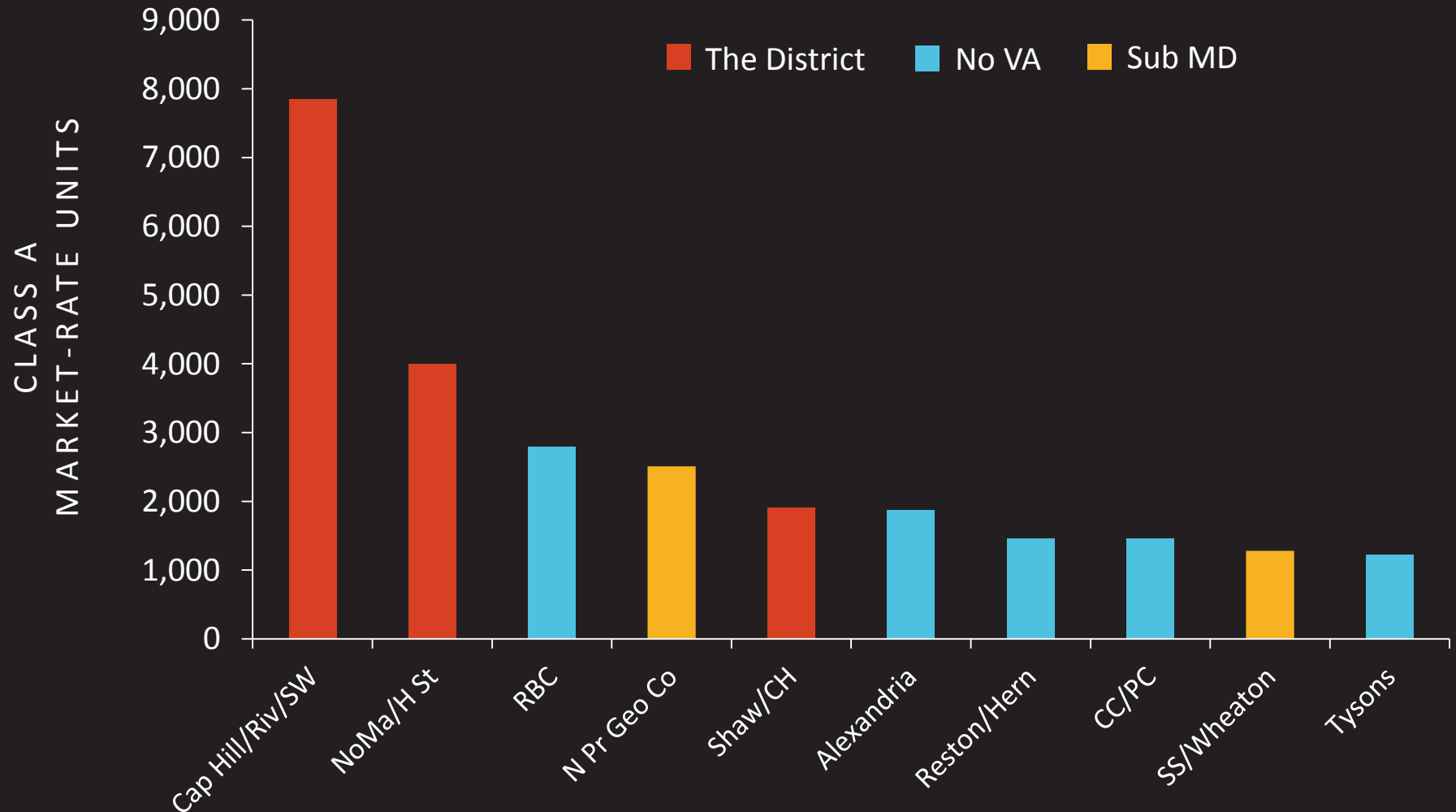


36-MONTH APARTMENT DEVELOPMENT PIPELINE*

Top 10 Submarkets in Washington Metro Area | Third Quarter 2018

2018

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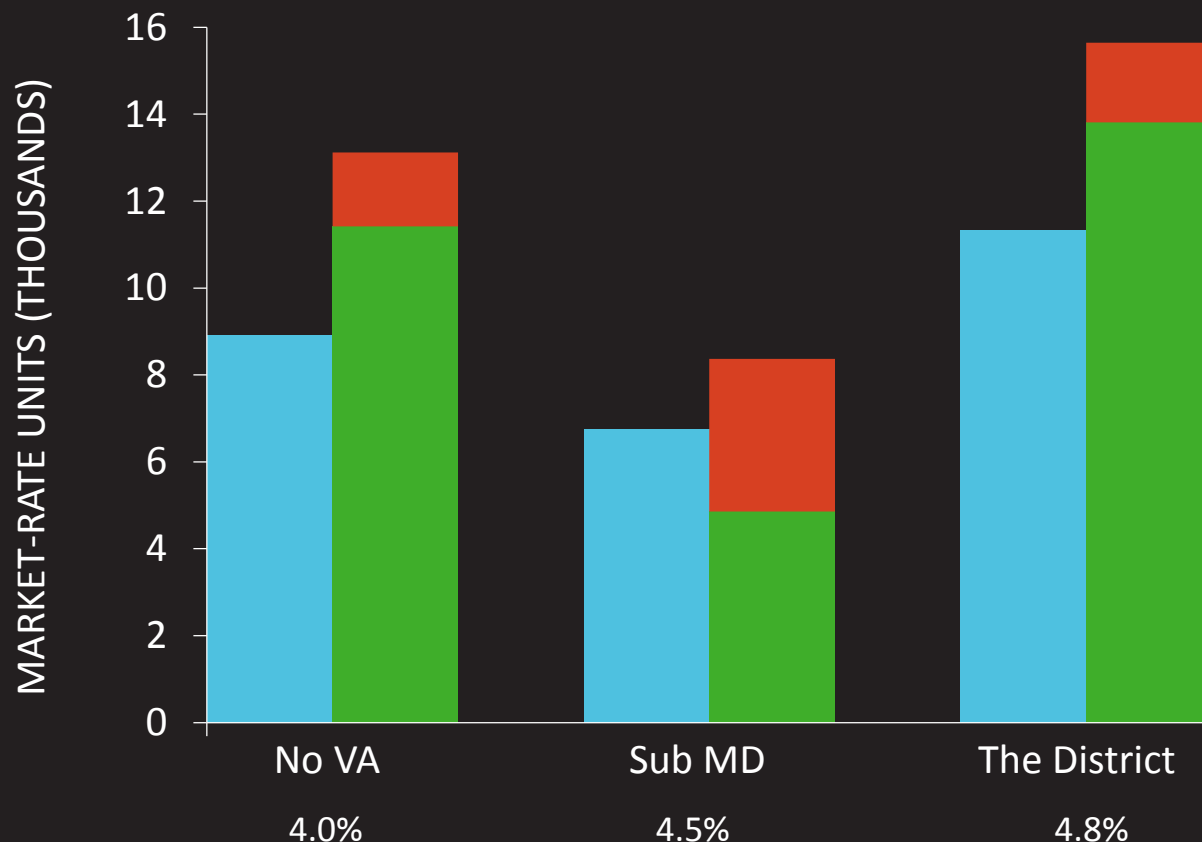


DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Class A Apartments | 36 Months Ending September 2021

2018

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Projected Stabilized Vacancy % at September 2021

4.3% Metro-Wide

DEMAND

Net Absorption:
9,000/Year = 27,000

SUPPLY

Planned and may
deliver by 9/21:
7,049 units¹

Under construction:
30,091 units²

Total = 37,140 units

¹ Probable supply after projected attrition.

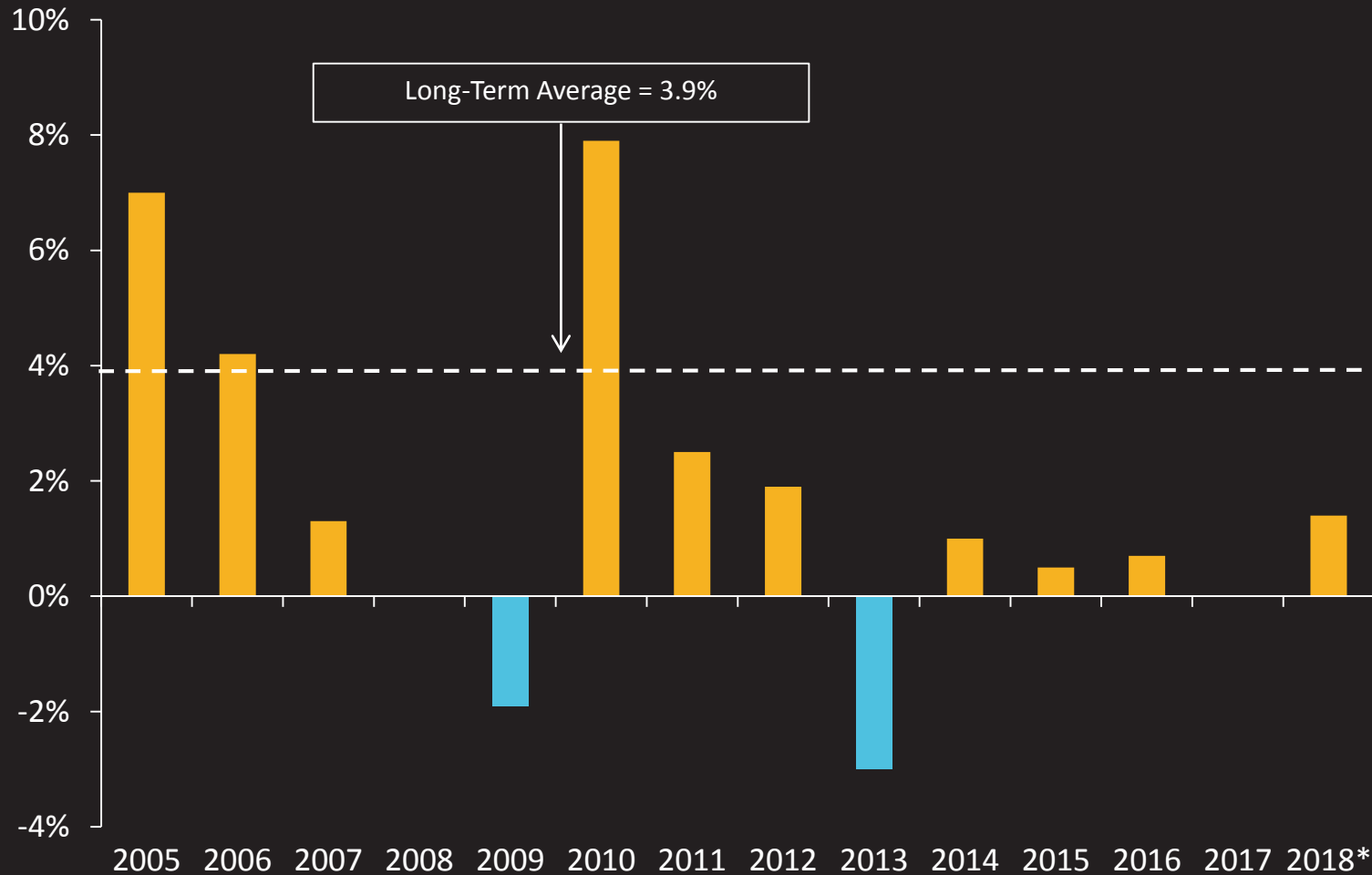
² Includes unleased units at projects in lease-up.

ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

Washington Metro Area | 2005 - 2018

2018

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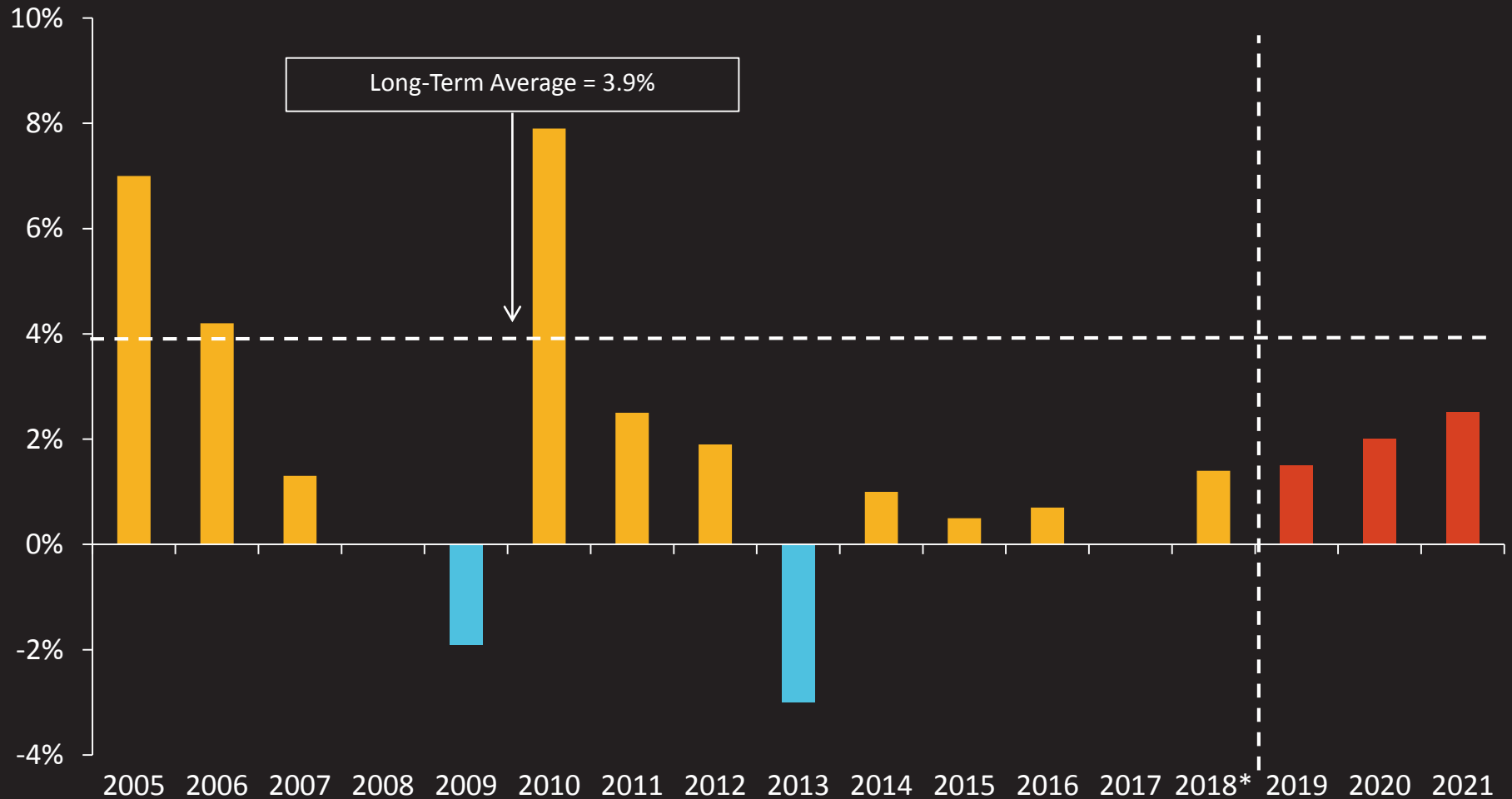


ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

Washington Metro Area | 2005 - 2021

2018

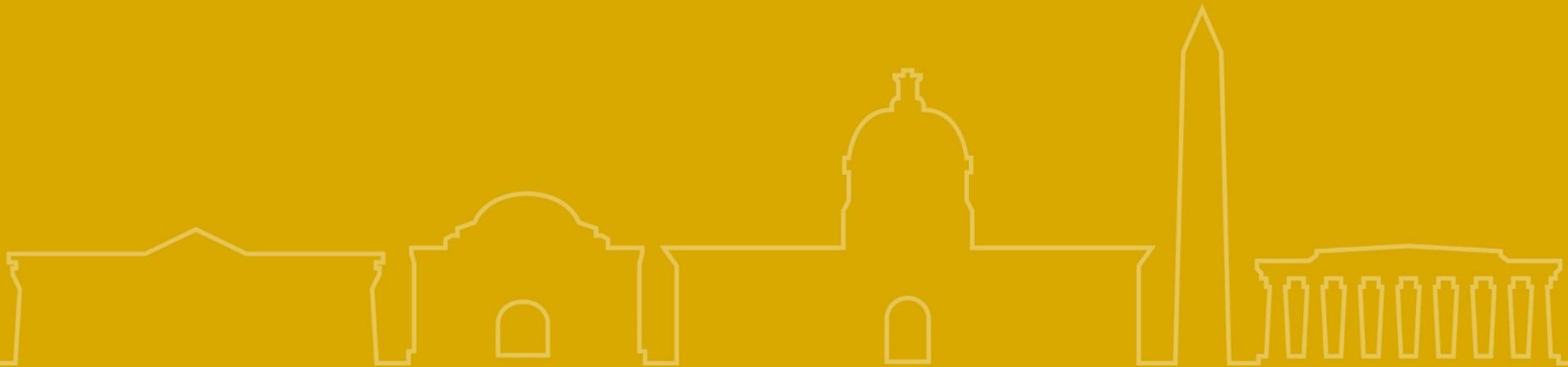
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THE BALTIMORE METRO AREA APARTMENT MARKET

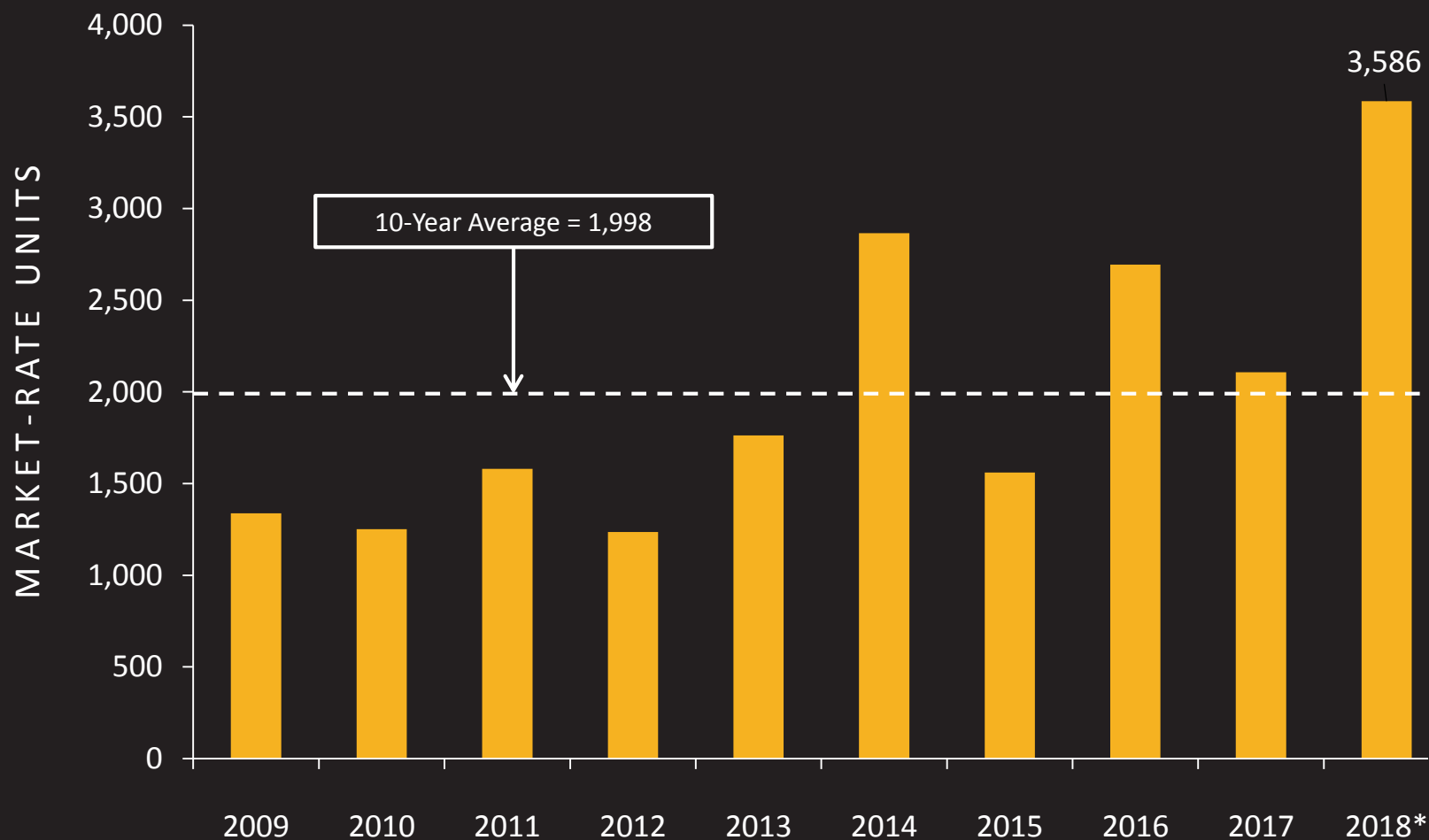


CLASS A APARTMENT ABSORPTION

Baltimore Metro Area | 2009 - 2018

2018

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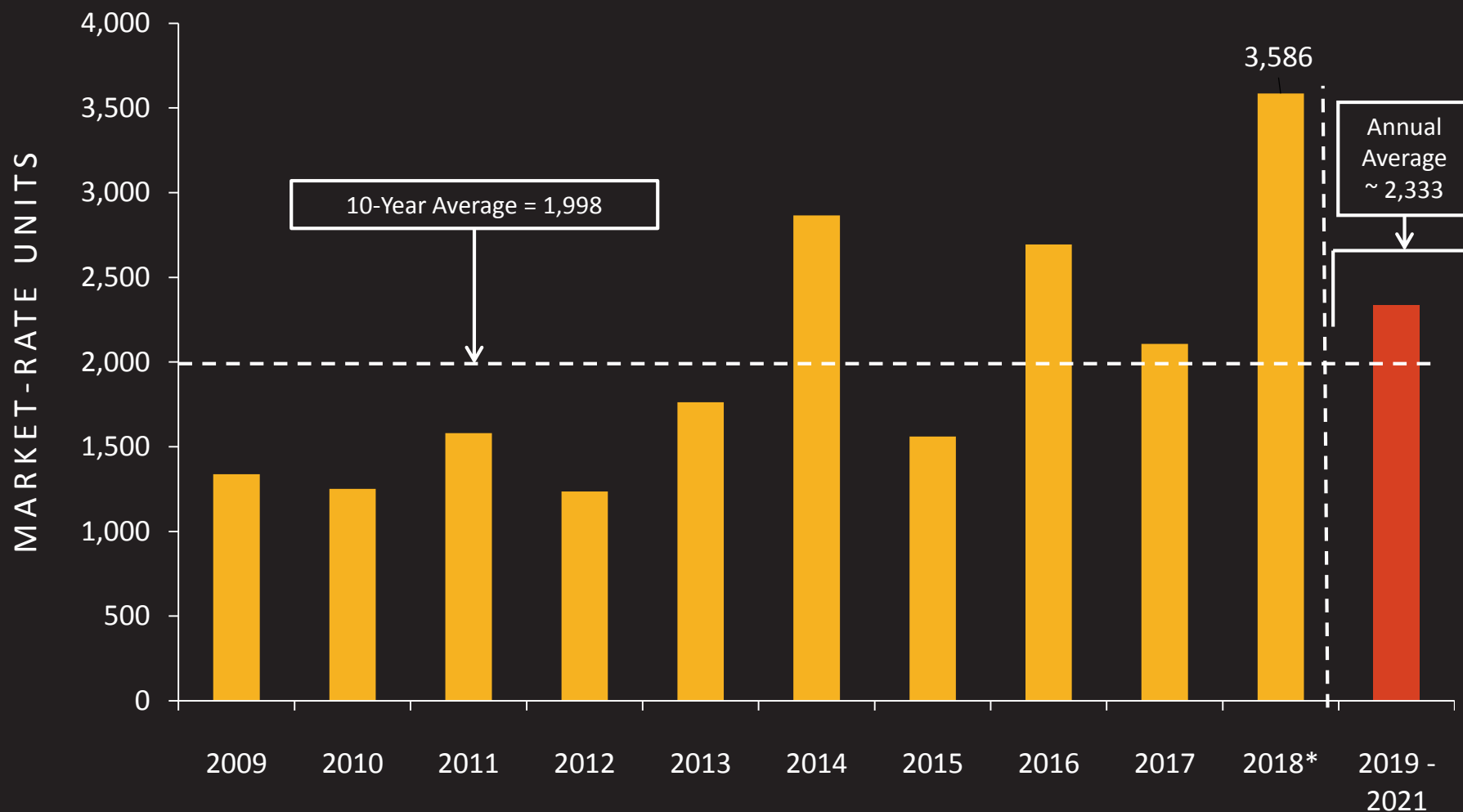


CLASS A APARTMENT ABSORPTION

Baltimore Metro Area | 2009 - 2021

2018

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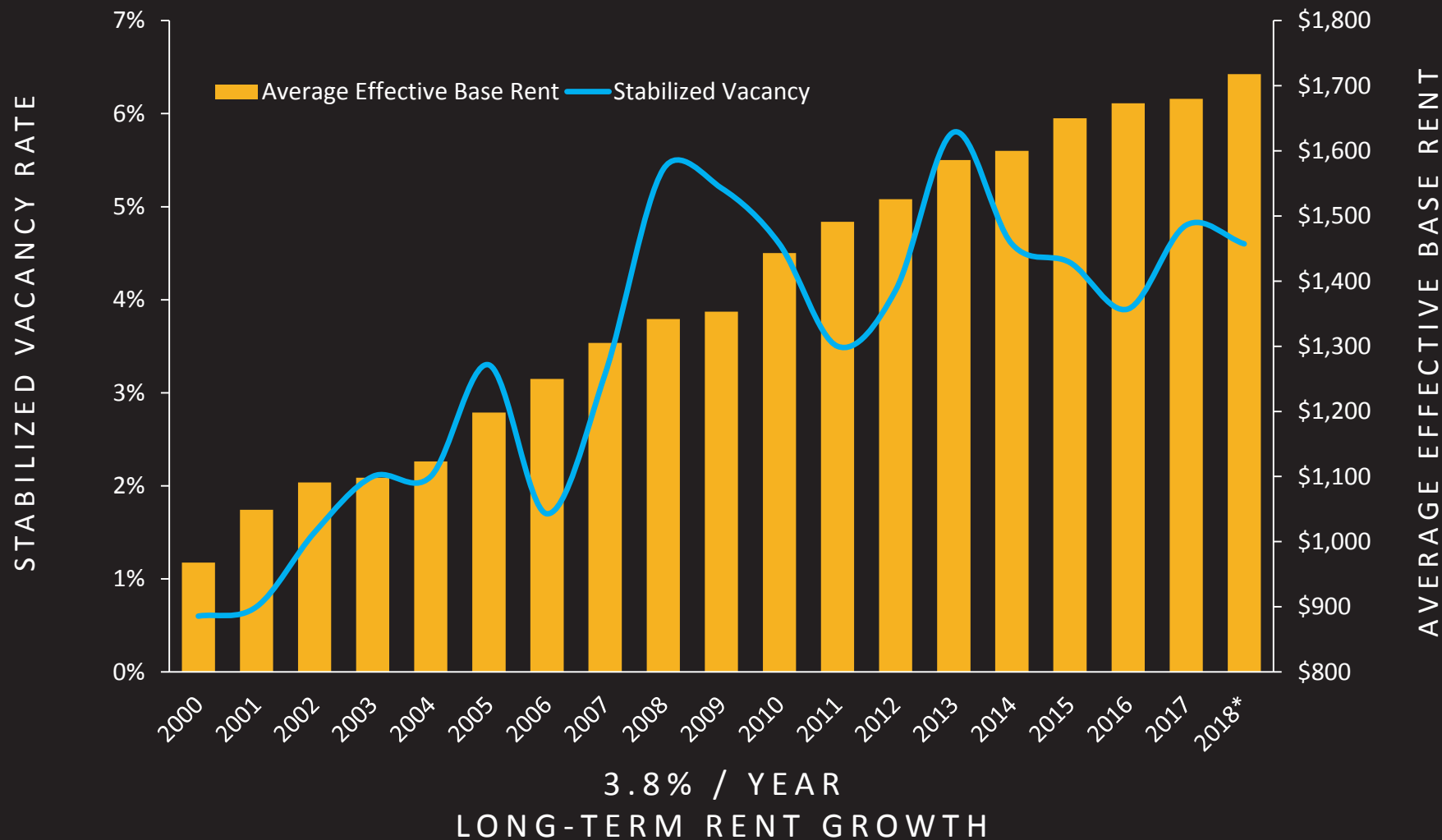


EFFECTIVE RENT AND VACANCY RATE

Class A Apartments | Baltimore Metro Area | 2000 - 2018

2018

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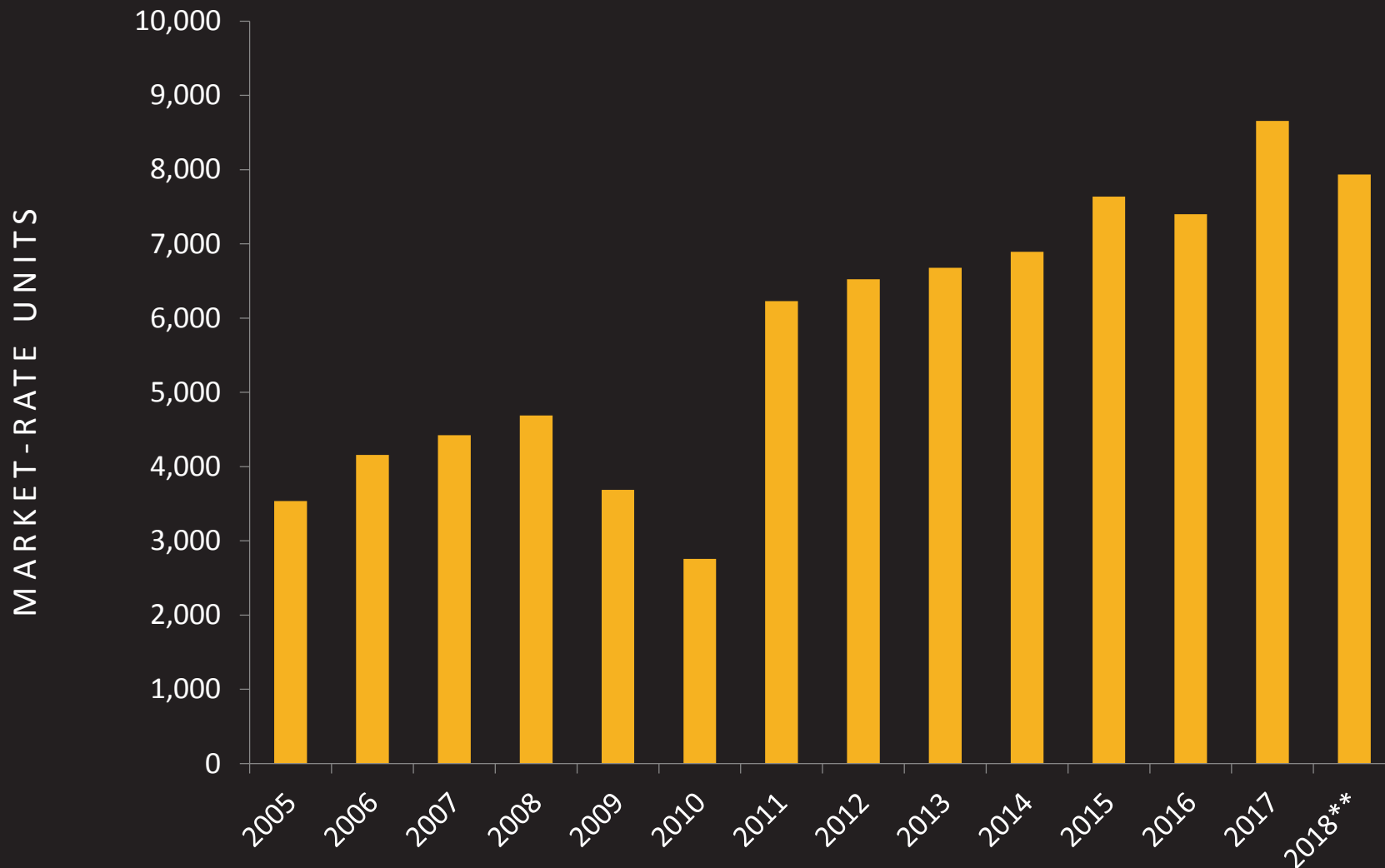


36-MONTH APARTMENT DEVELOPMENT PIPELINE*

Baltimore Metro Area | 2005 - 2018

2018

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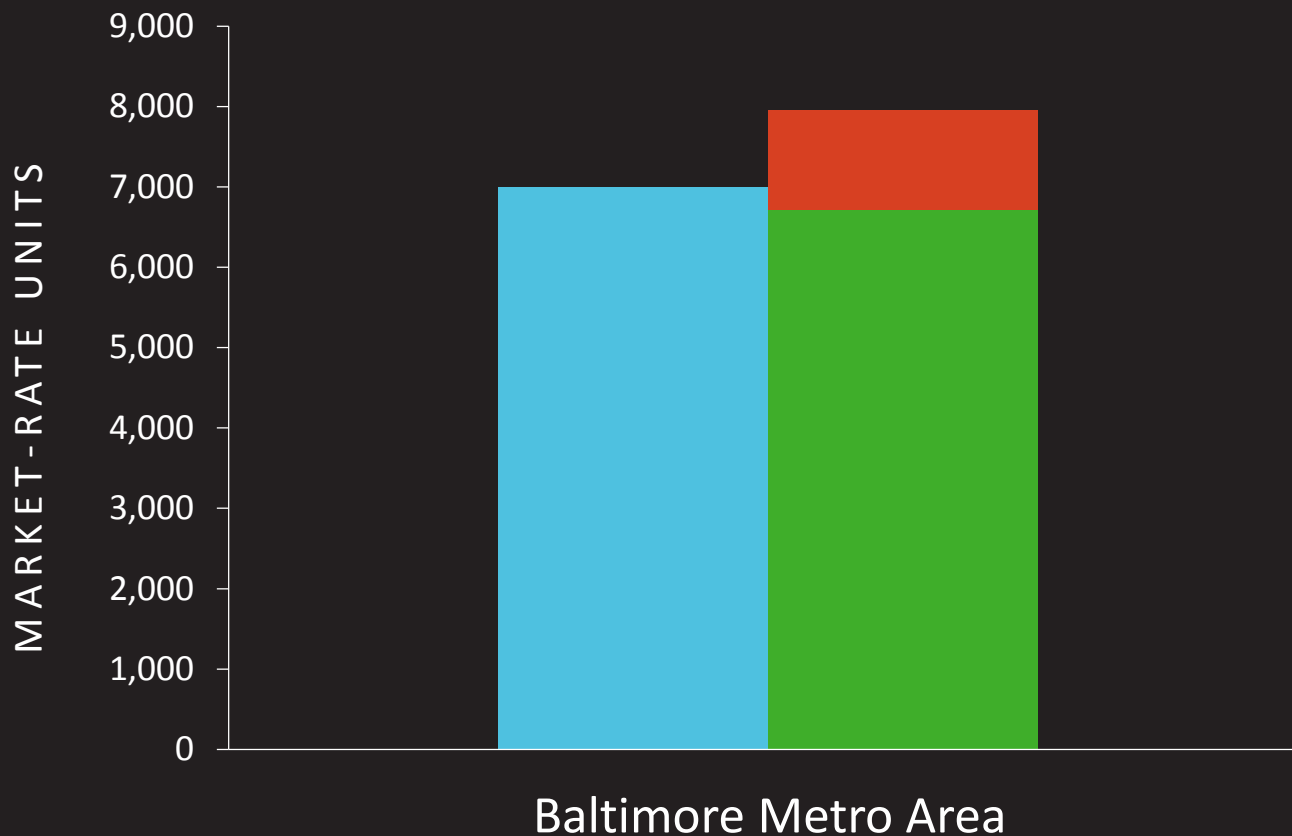


DEMAND AND SUPPLY PROJECTIONS

Baltimore Metro Area Class A Apartments | 36 Months Ending September 2021

2018

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DEMAND

Net Absorption:
2,333/Year = 7,000

SUPPLY

Planned and may deliver by 9/21:
1,234 units¹

Under construction:
6,719 units²

Total = 7,953 units

¹ Probable supply after projected attrition.

² Includes unleased units at projects in lease-up.

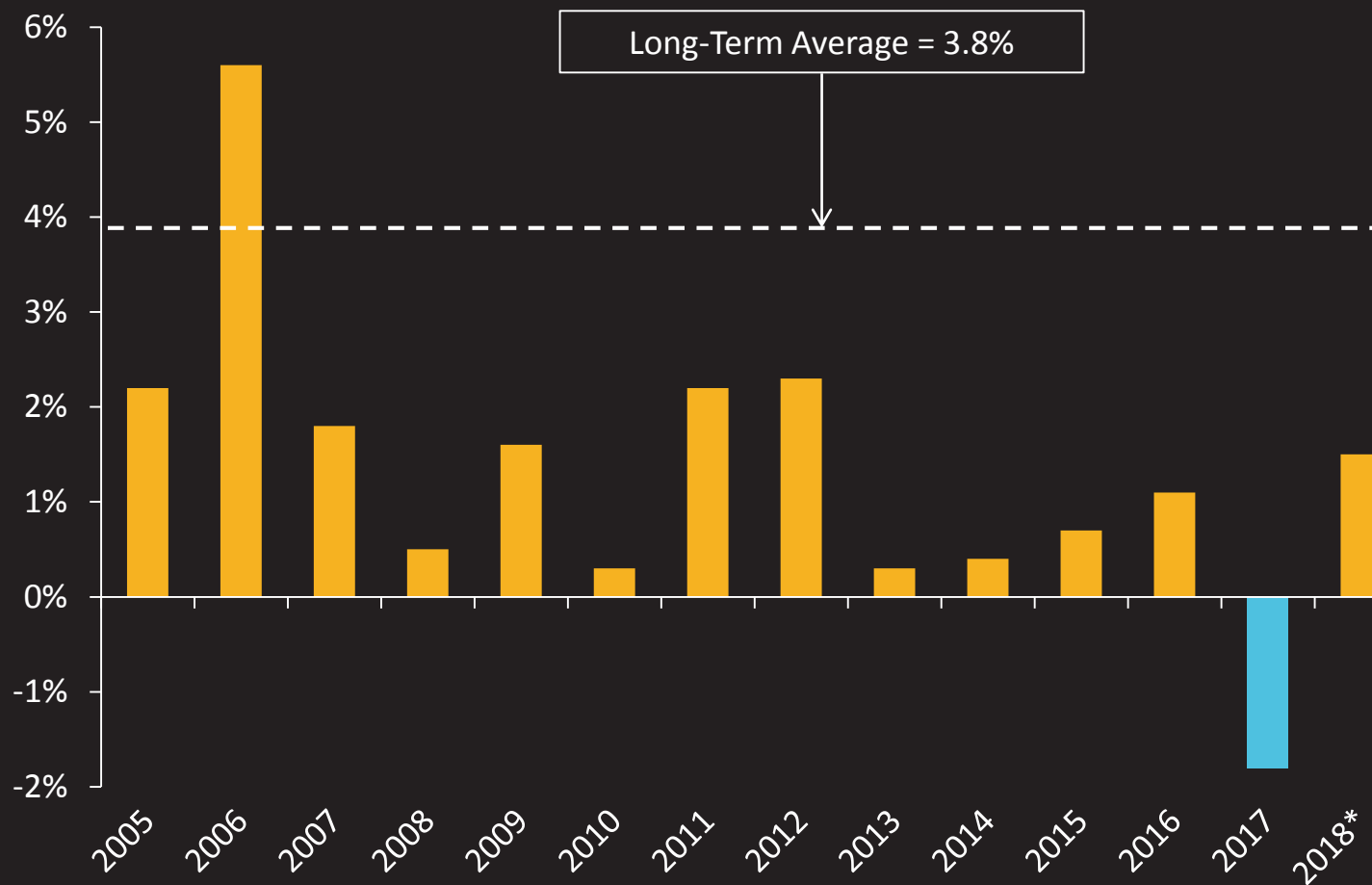
Projected Stabilized Vacancy Rate at Sept. 2021: 4.0% Metro-Wide

ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

Baltimore Metro Area | 2005 - 2018

2018

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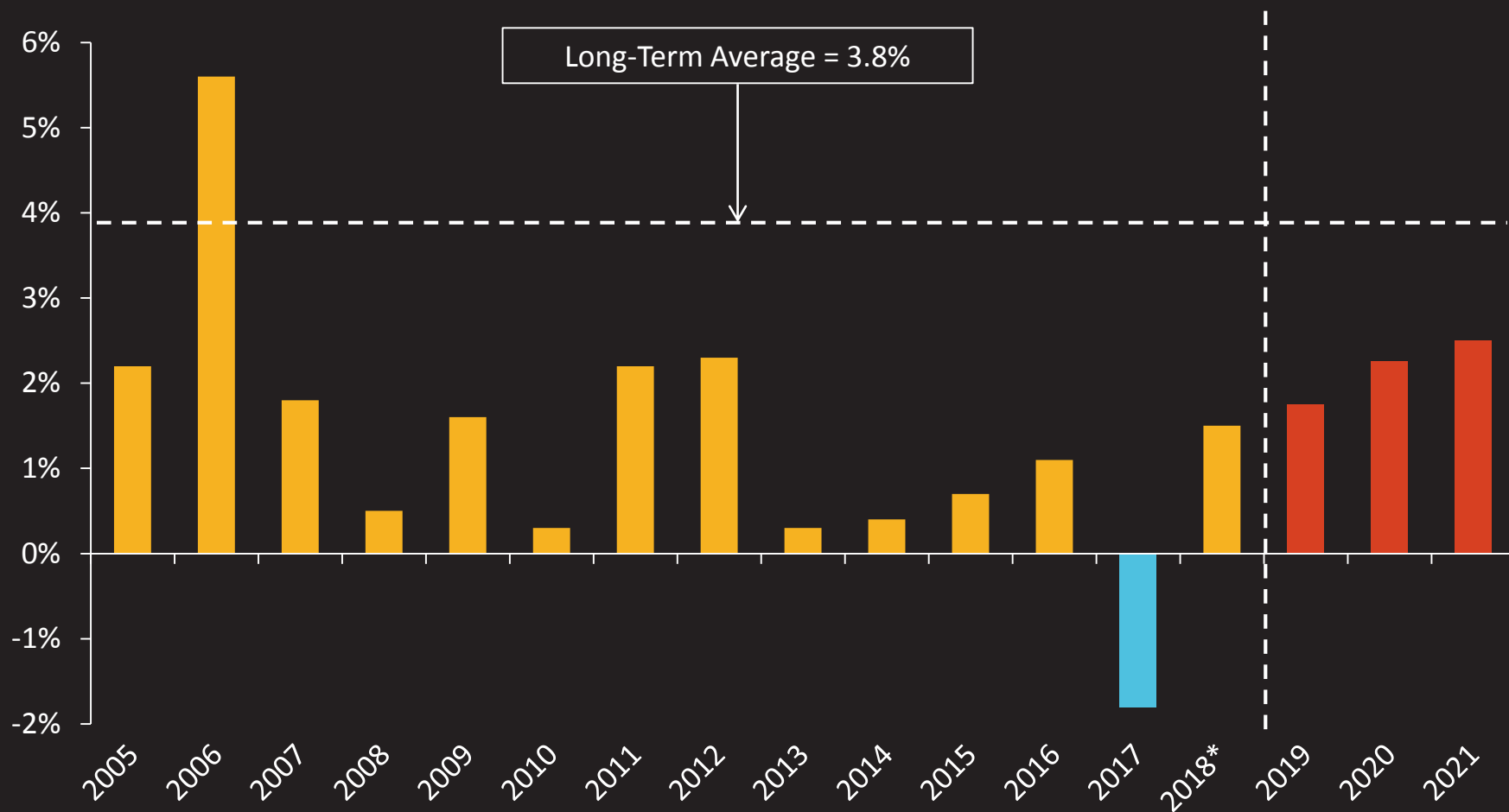


ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

Baltimore Metro Area | 2005 - 2021

2018

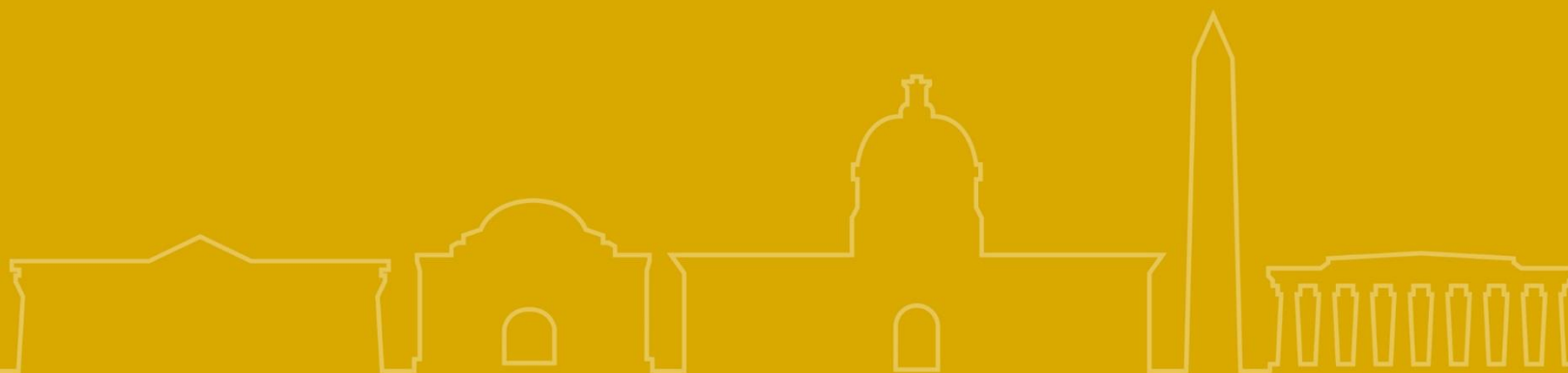
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THE WASHINGTON/BALTIMORE AREA CAPITAL MARKETS

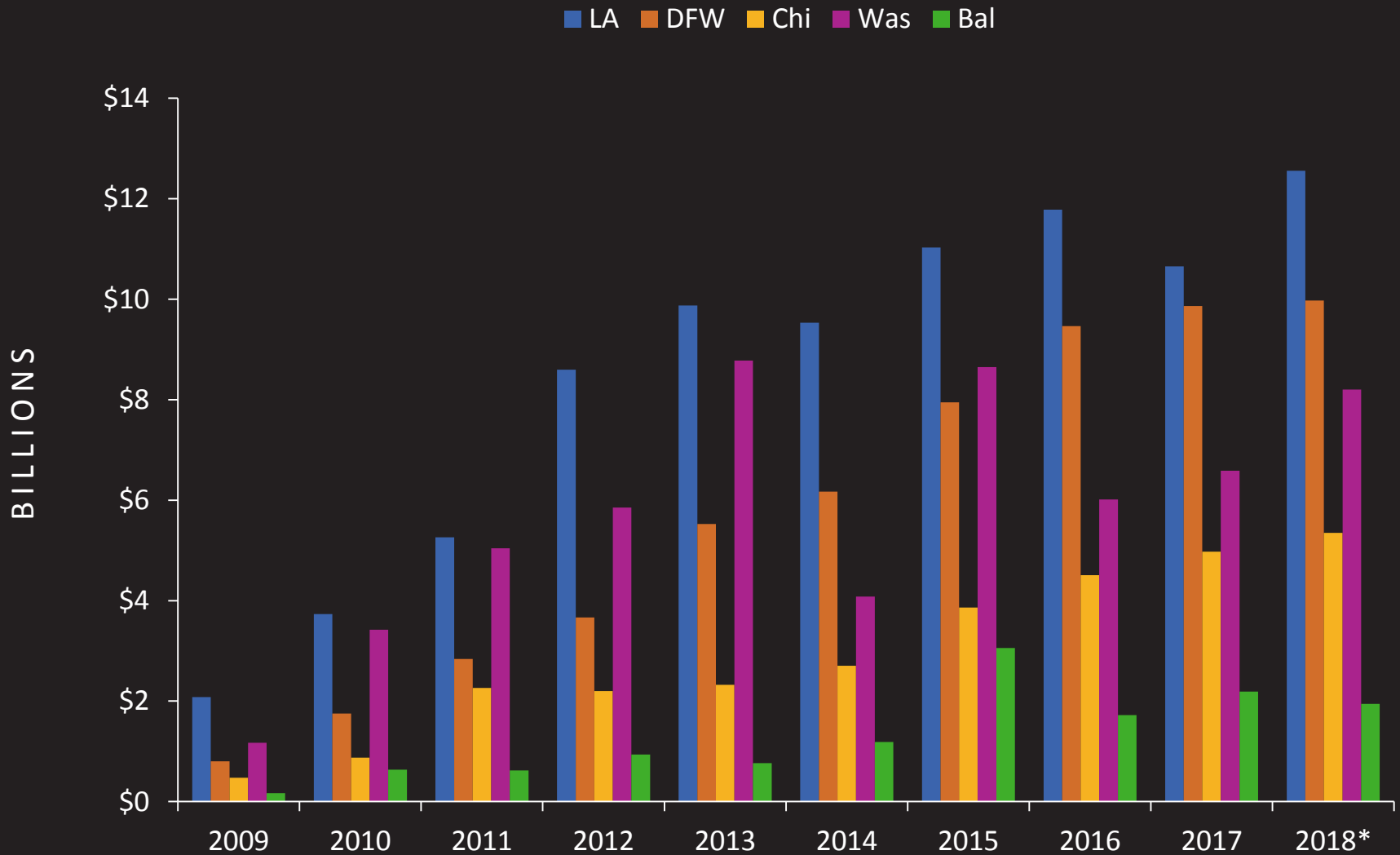


APARTMENT INVESTMENT SALES

Selected Metro Areas | 2009 - 2018

2018

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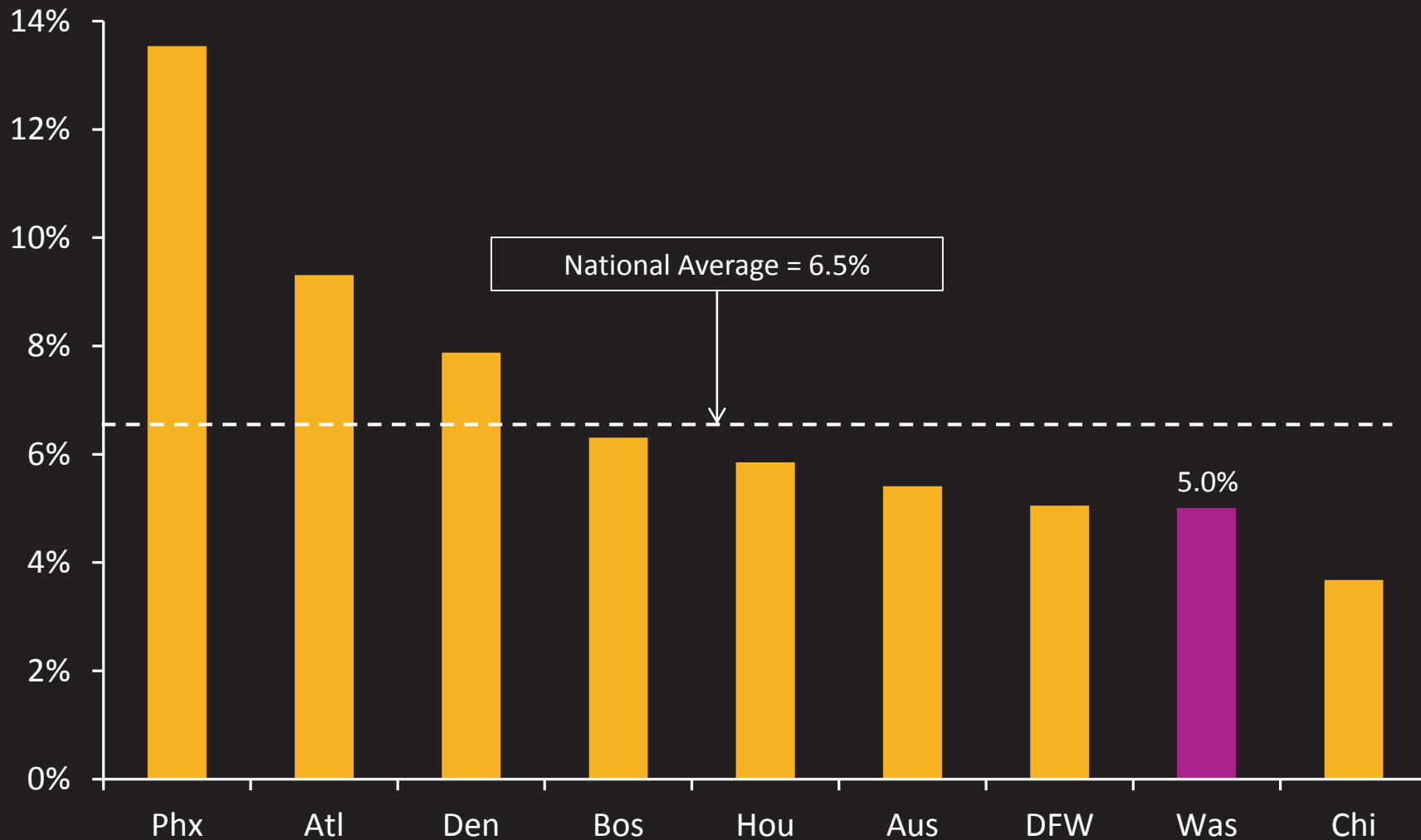


NCREIF RETURN INDEX FOR INVESTMENT-GRADE APARTMENTS

Selected Metro Areas | 12 Months Ending June 2018

2018

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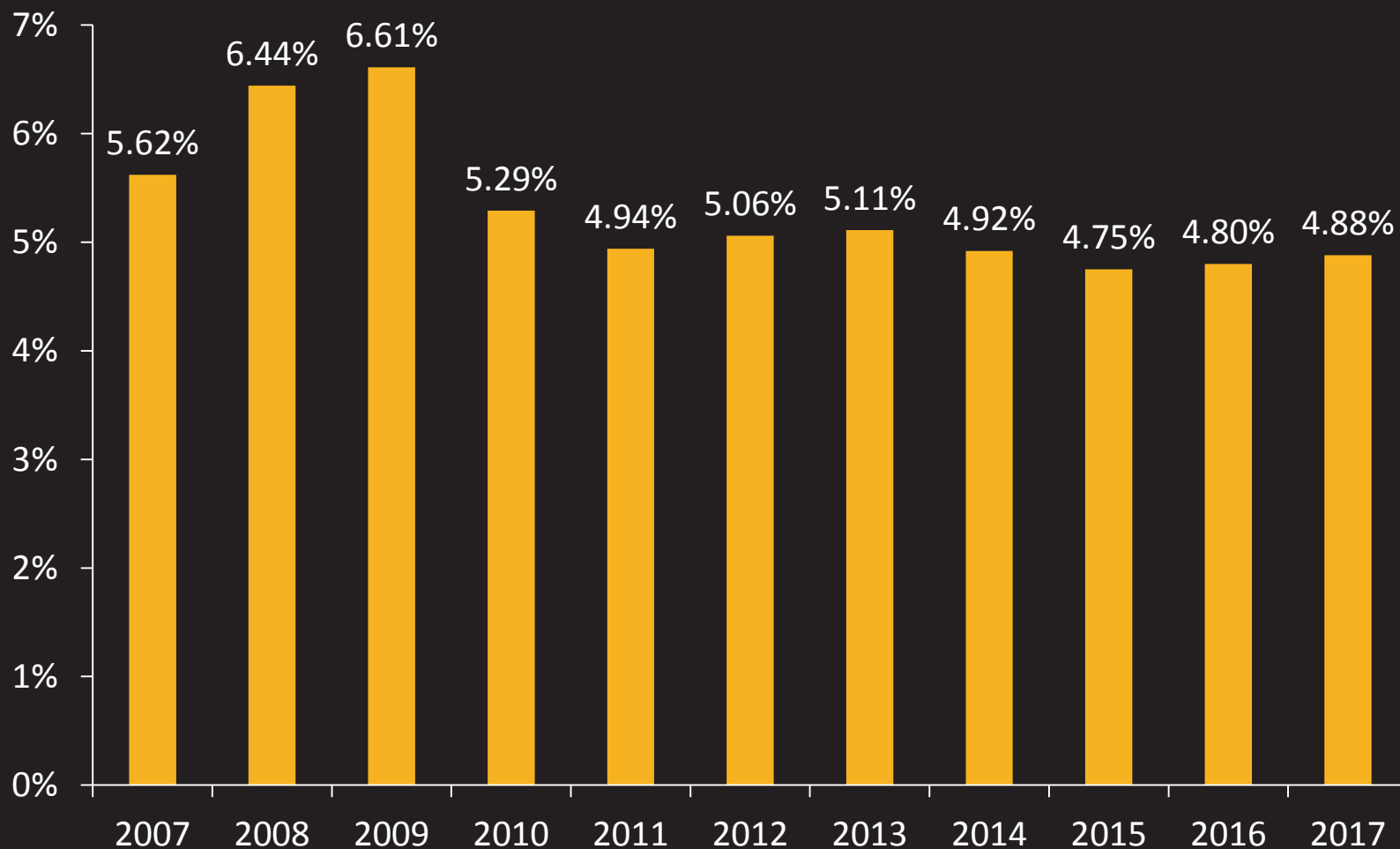


CLASS A HIGH-RISE APARTMENT CAP RATES

Washington Metro Area | 2007 - 2017

2018

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THE WASHINGTON/BALTIMORE AREA APARTMENT MARKET TAKEAWAYS



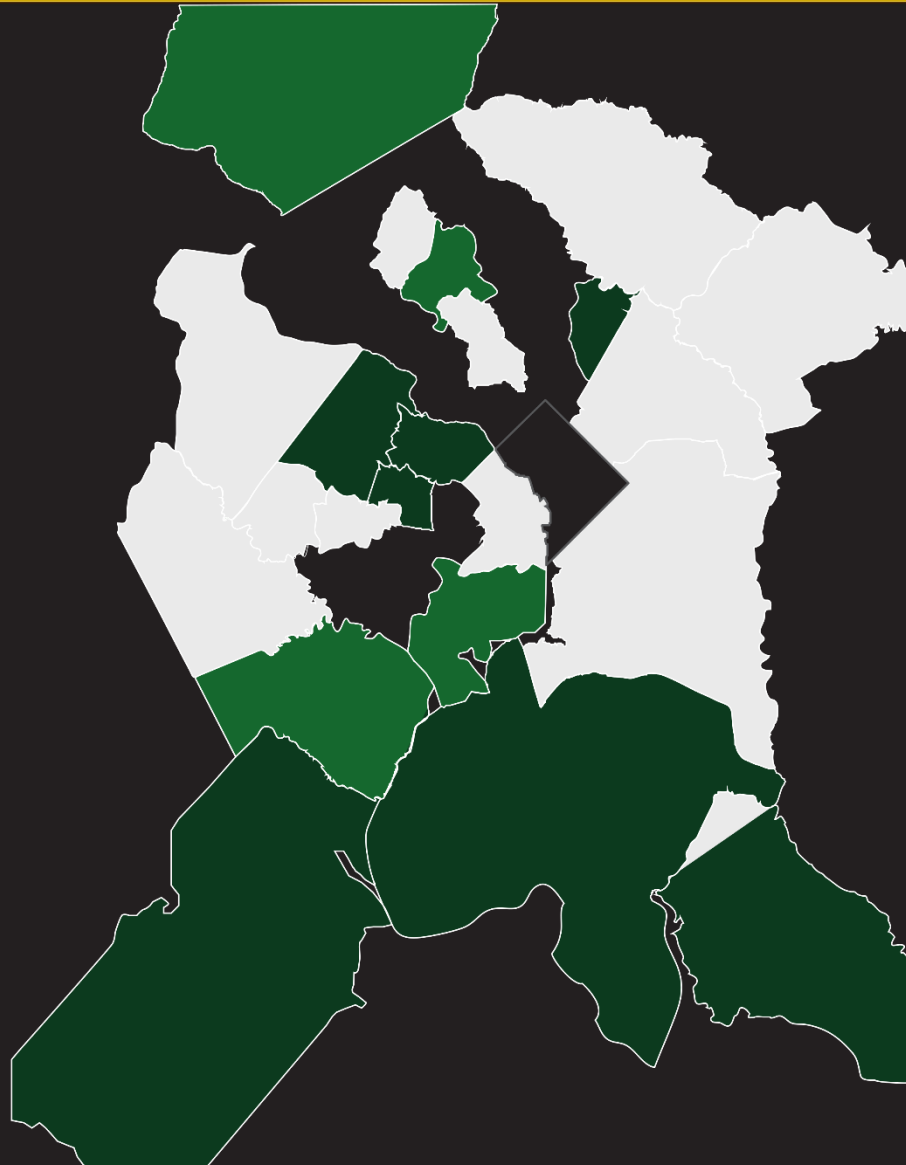
YEARS OF SUPPLY

Low-Rise Class A Submarkets | Washington Metro Area

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- 1.0 – 1.9
- Less than 1.0

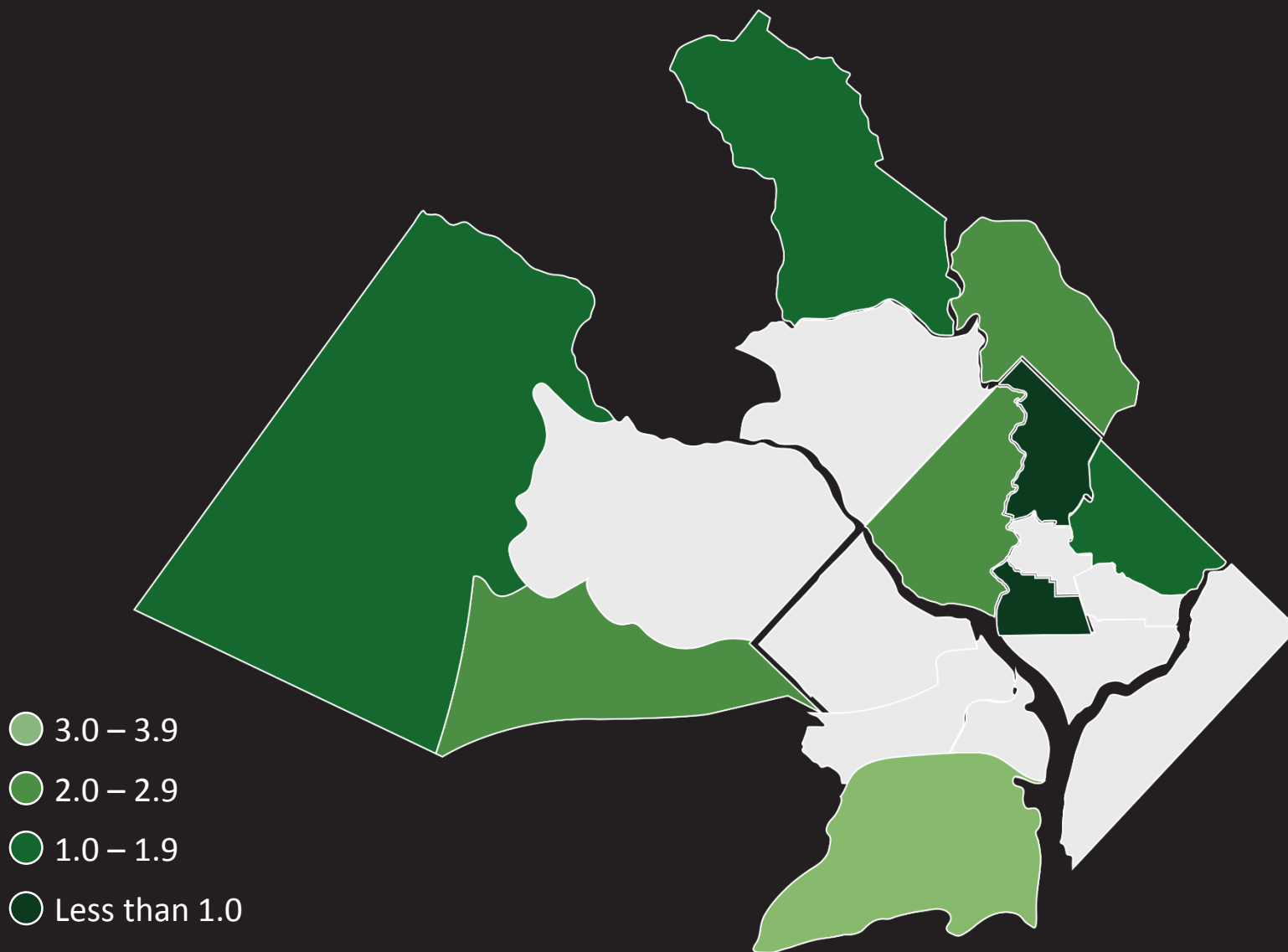


YEARS OF SUPPLY

High-Rise Class A Submarkets | Washington Metro Area

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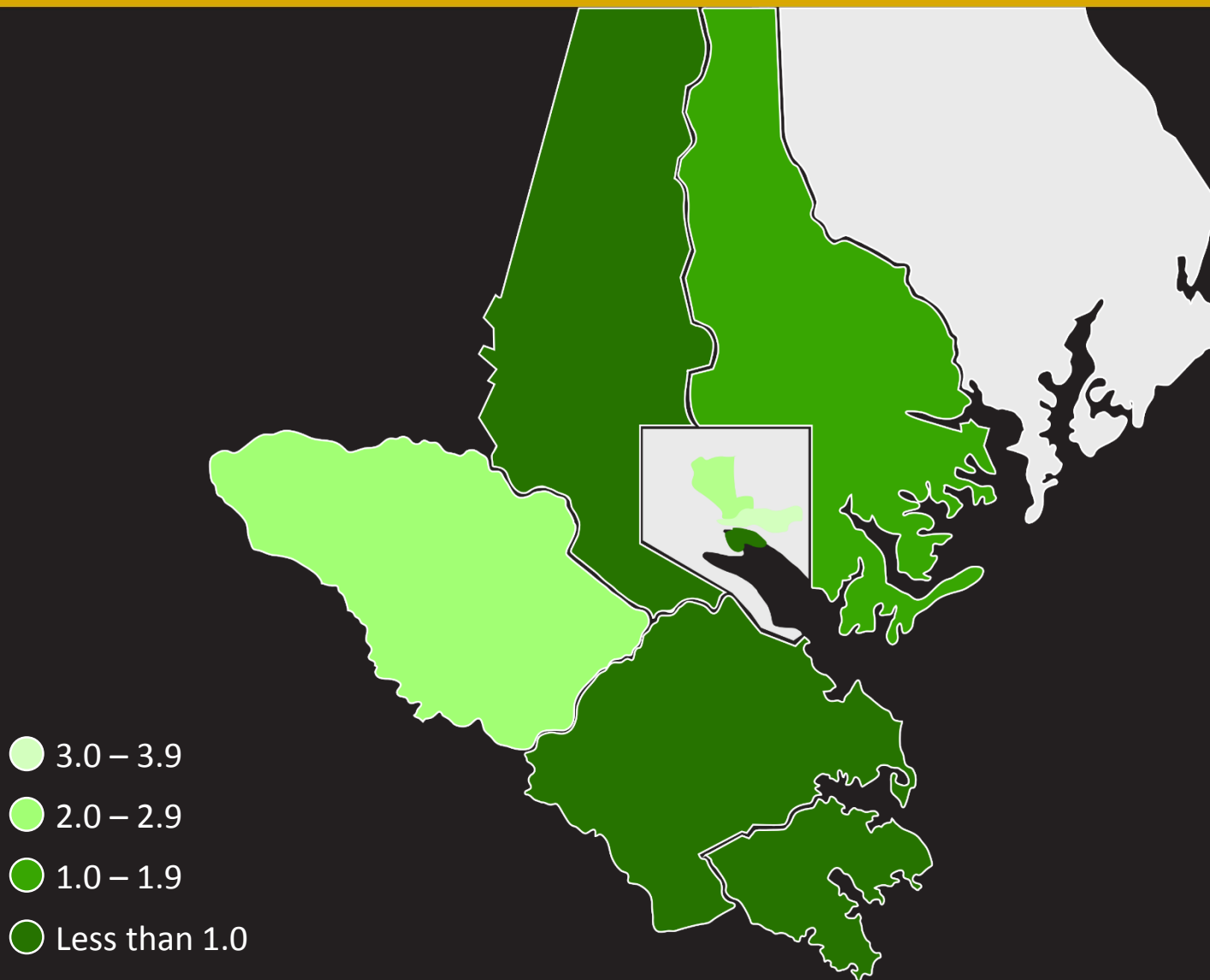


YEARS OF SUPPLY

Class A Submarkets | Baltimore Metro Area

2018

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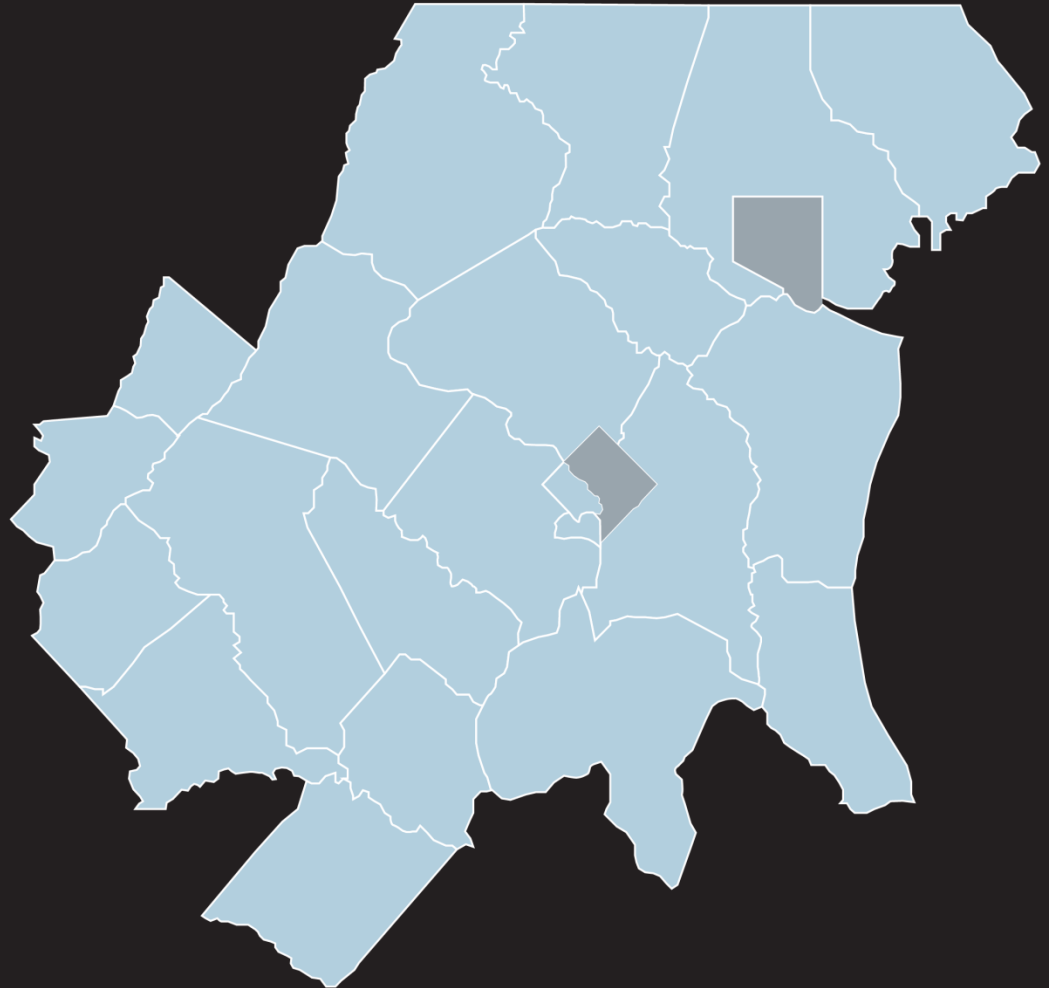
TAKEAWAYS

Washington/Baltimore Area Apartment Market

2018

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- ABOVE-AVERAGE
ABSORPTION TO
CONTINUE, BUT
DECREASE IN VELOCITY



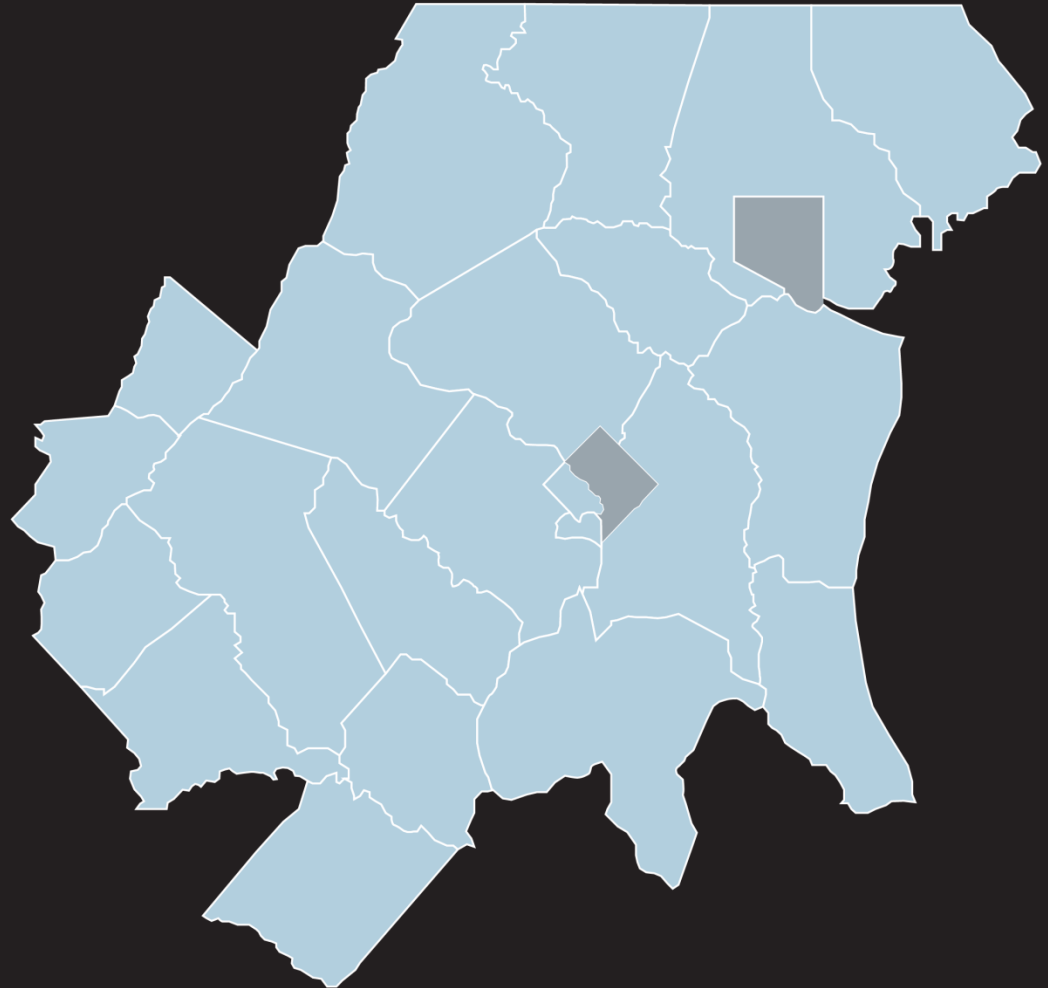
TAKEAWAYS

Washington/Baltimore Area Apartment Market

2018

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- ABOVE-AVERAGE ABSORPTION TO CONTINUE, BUT DECREASE IN VELOCITY
- DEVELOPMENT PIPELINE REMAINS ELEVATED, ALTHOUGH MOST NEW SUPPLY IN FEW SUBMARKETS



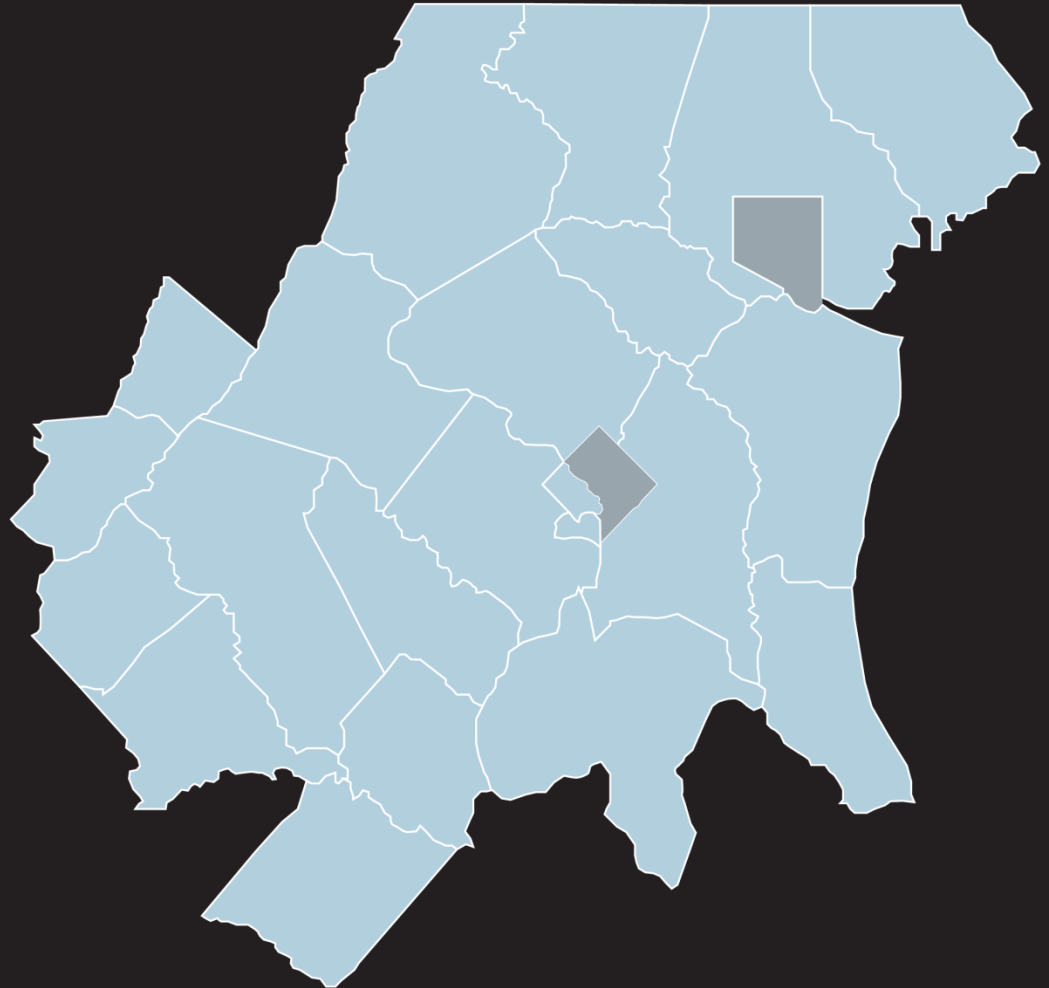
TAKEAWAYS

Washington/Baltimore Area Apartment Market

2018

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- ABOVE-AVERAGE ABSORPTION TO CONTINUE, BUT DECREASE IN VELOCITY
- DEVELOPMENT PIPELINE REMAINS ELEVATED, ALTHOUGH MOST NEW SUPPLY IN FEW SUBMARKETS
- RENTS WILL INCREASE BELOW THE LONG-TERM AVERAGE



RECOMMENDED DEVELOPMENT TIMING

Washington/Baltimore Area Apartment Market

2018

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	2018	2019	2020	2021	2022
APARTMENTS					



= Site Assembly



= Construction



= Delivery

2018

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THE WASHINGTON METRO AREA CONDOMINIUM MARKET

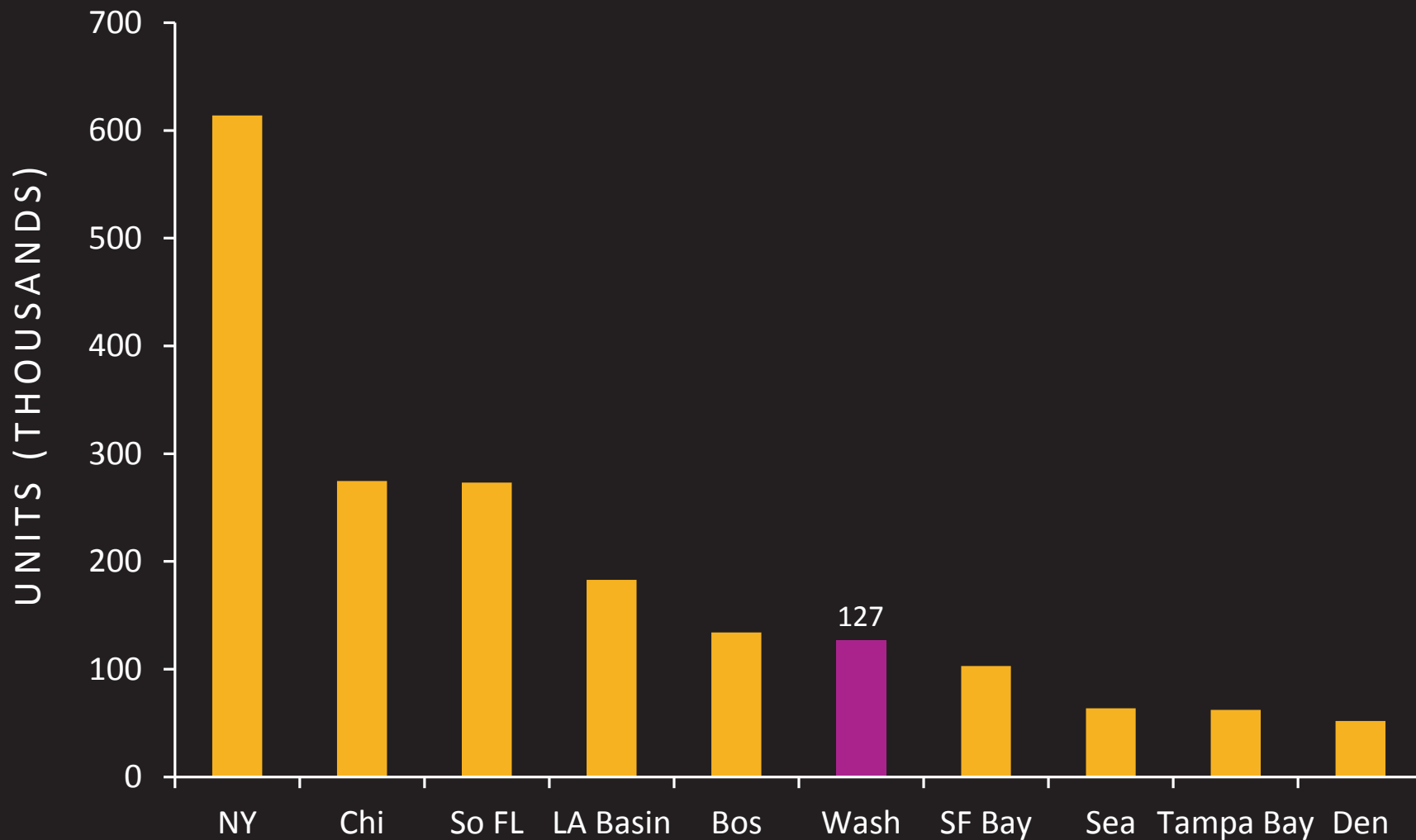


LARGEST CONDOMINIUM MARKETS

Selected Metro Areas | 2017

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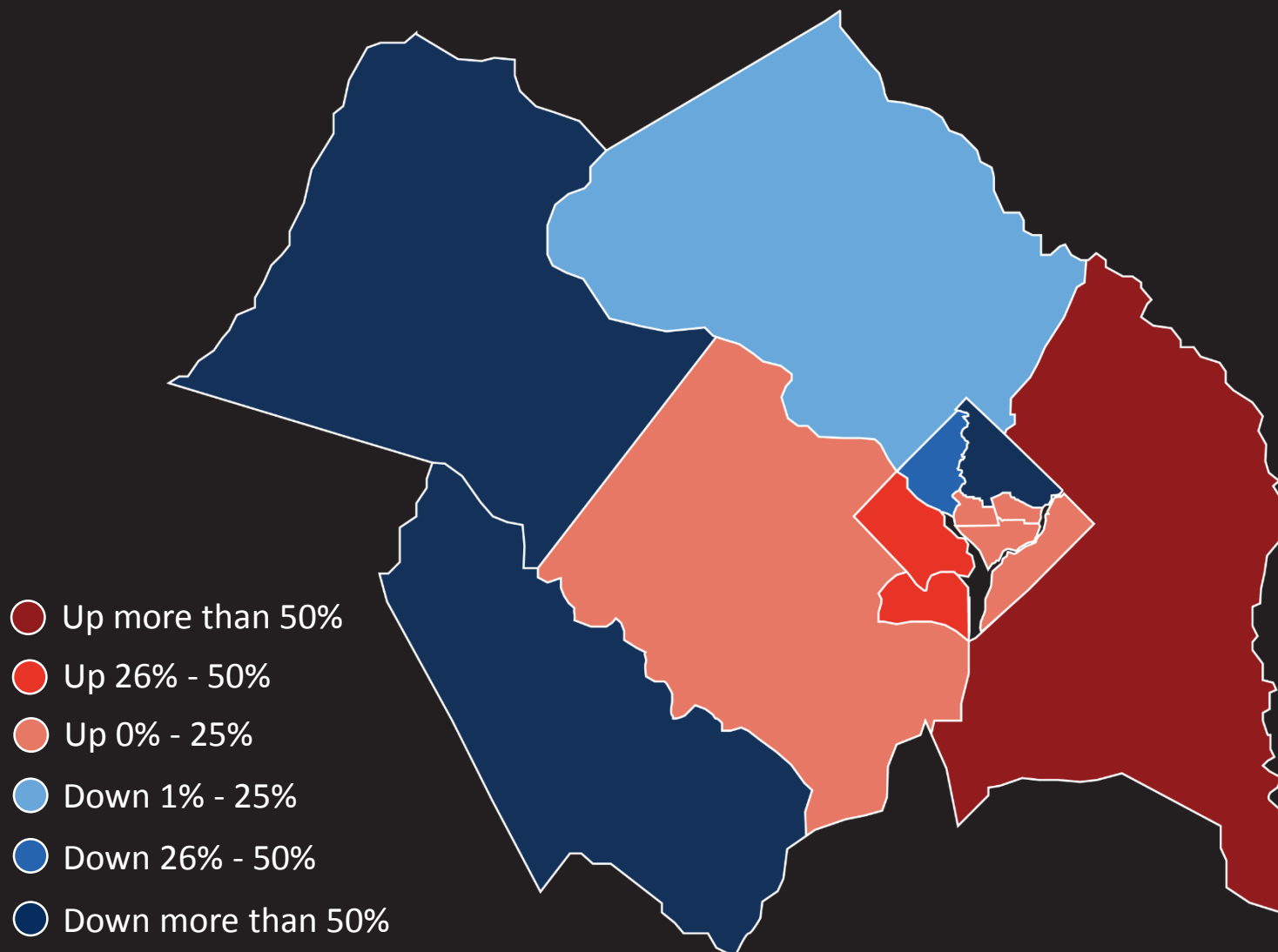


CONDOMINIUM SALES ACTIVITY

Washington Metro Area | 12 Months Ending September 2018 Compared to Prior Year

2018

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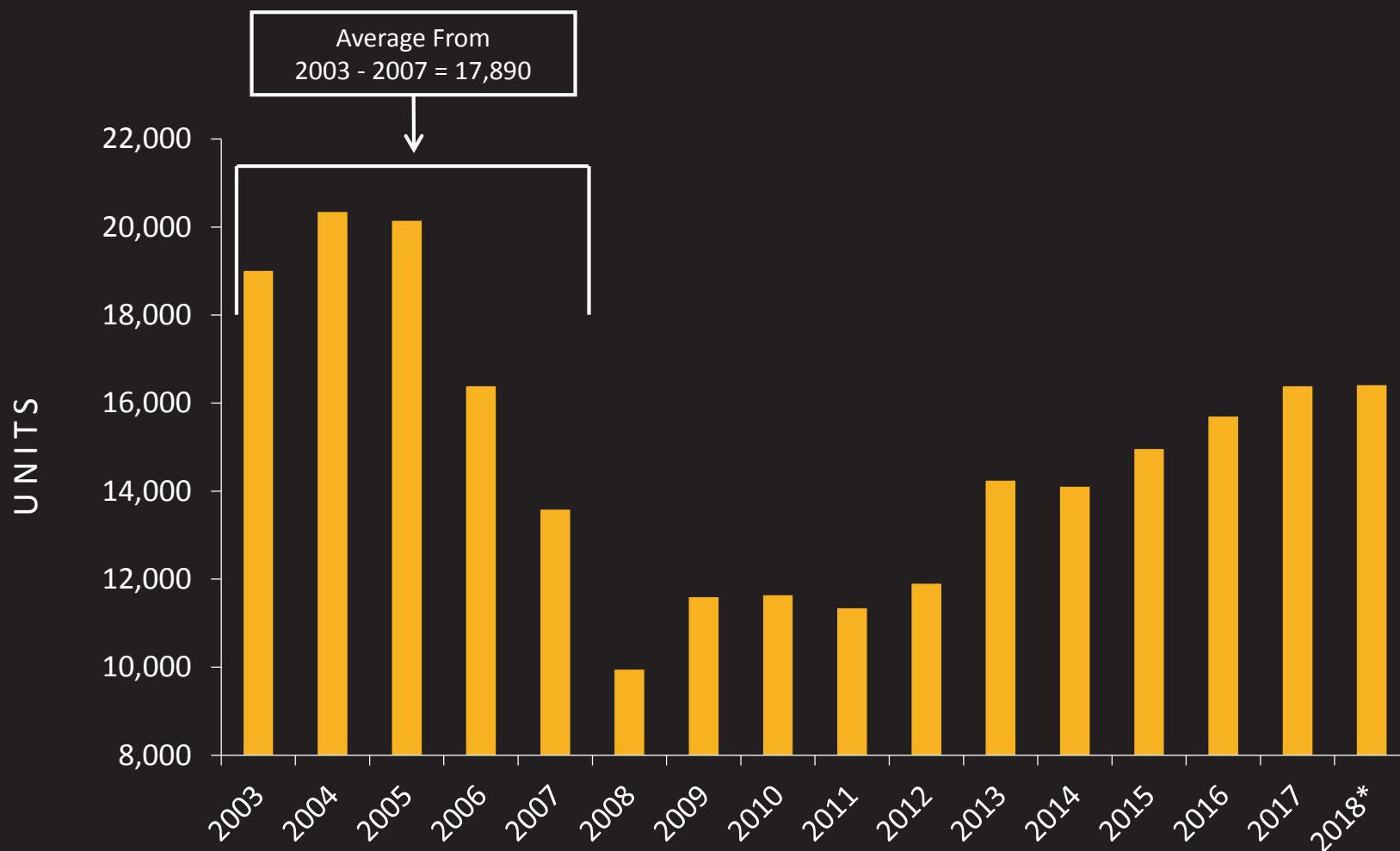


ANNUAL CONDOMINIUM RESALES

Washington Metro Area | 2003 - 2018

2018

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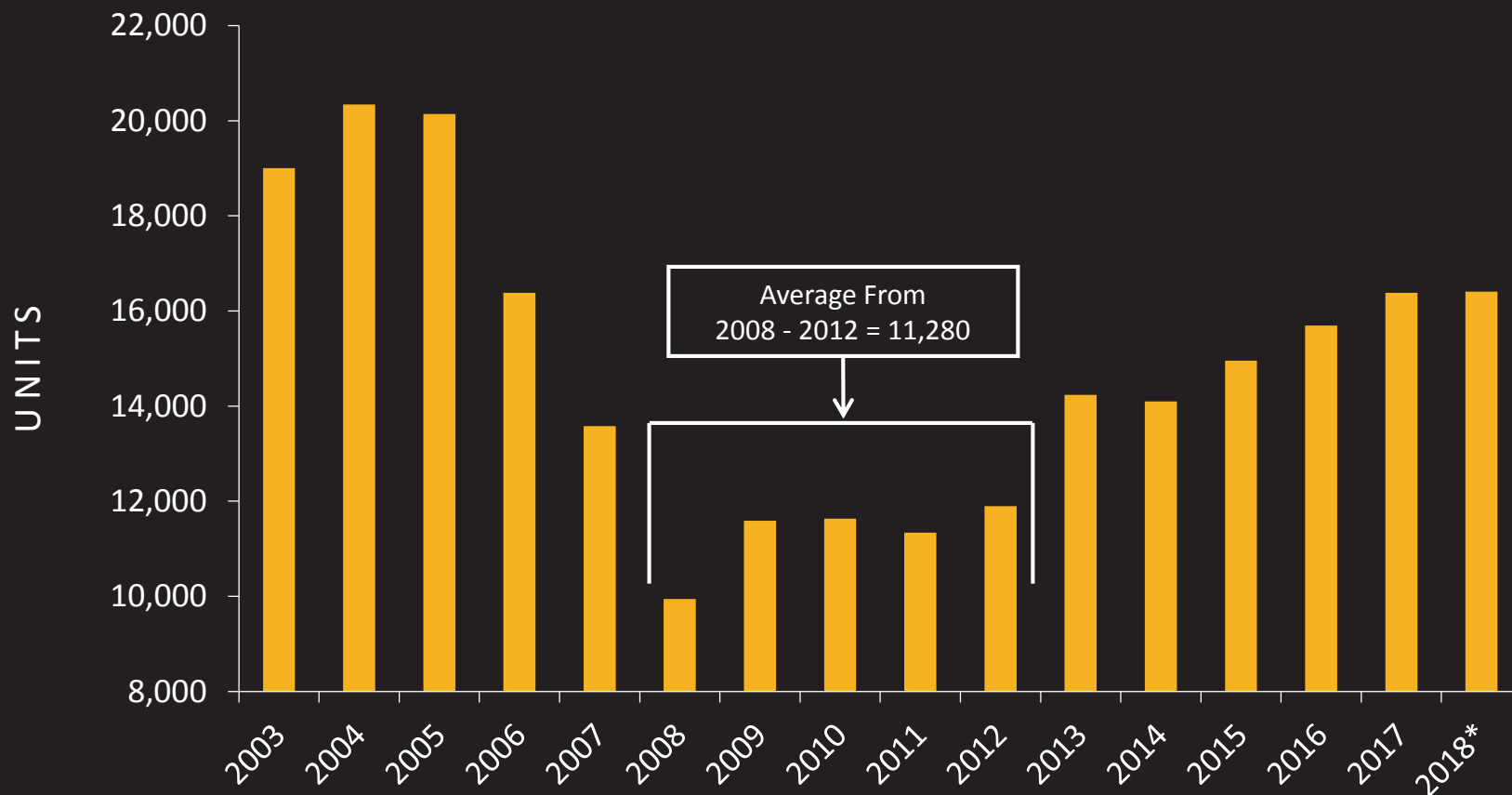


ANNUAL CONDOMINIUM RESALES

Washington Metro Area | 2003 - 2018

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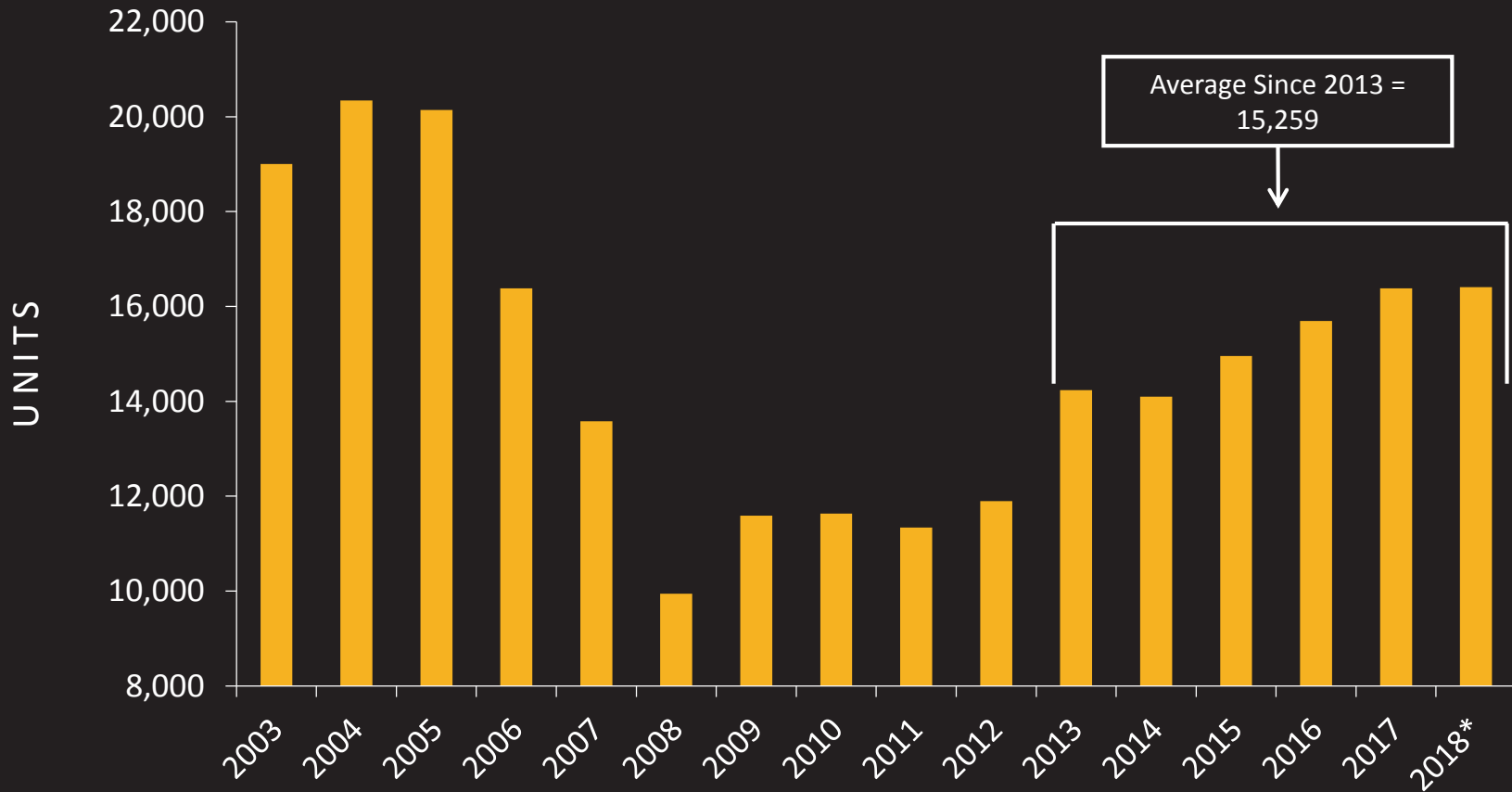


ANNUAL CONDOMINIUM RESALES

Washington Metro Area | 2003 - 2018

2018

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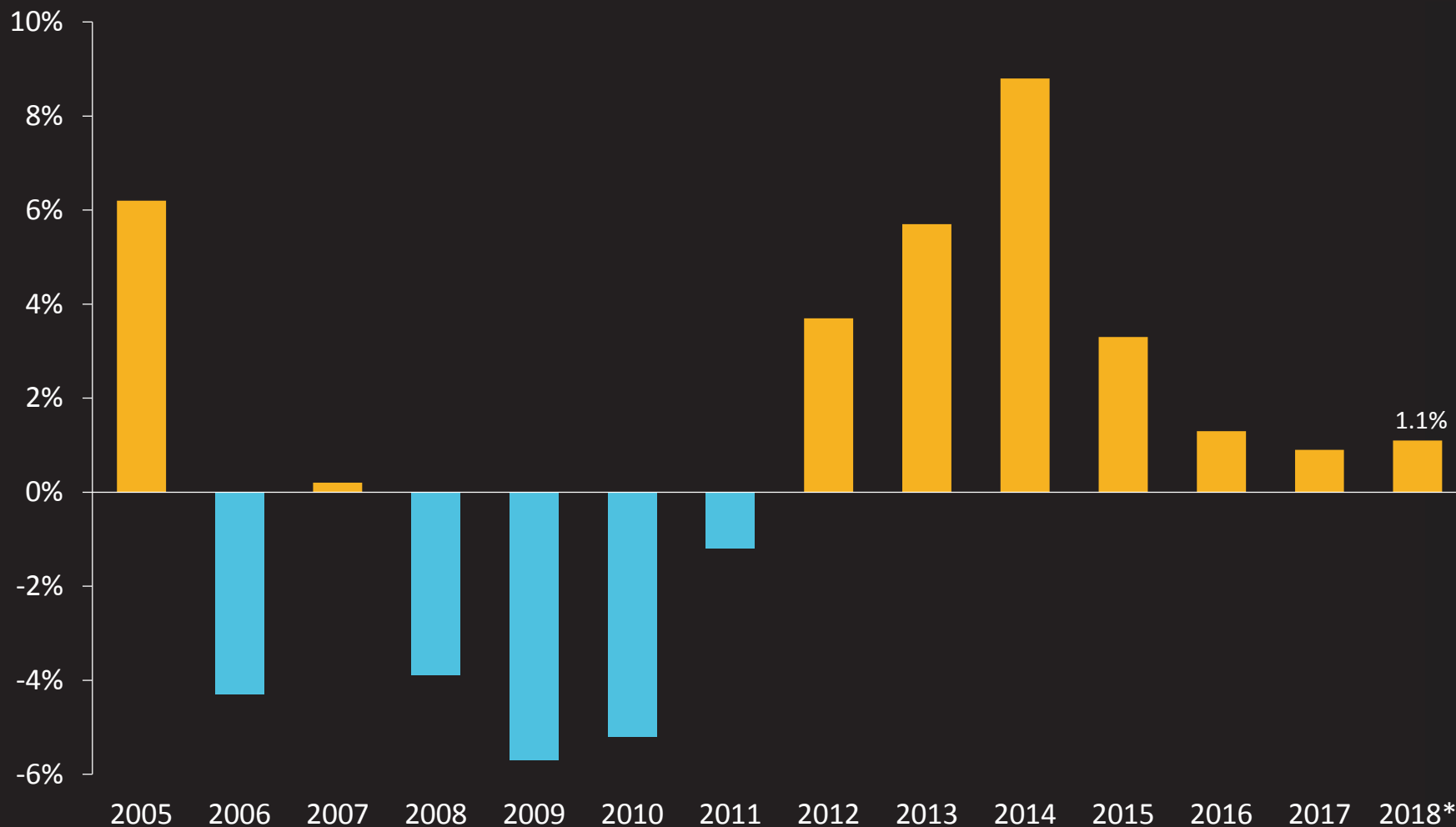


EFFECTIVE NEW CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2005 - 2018

2018

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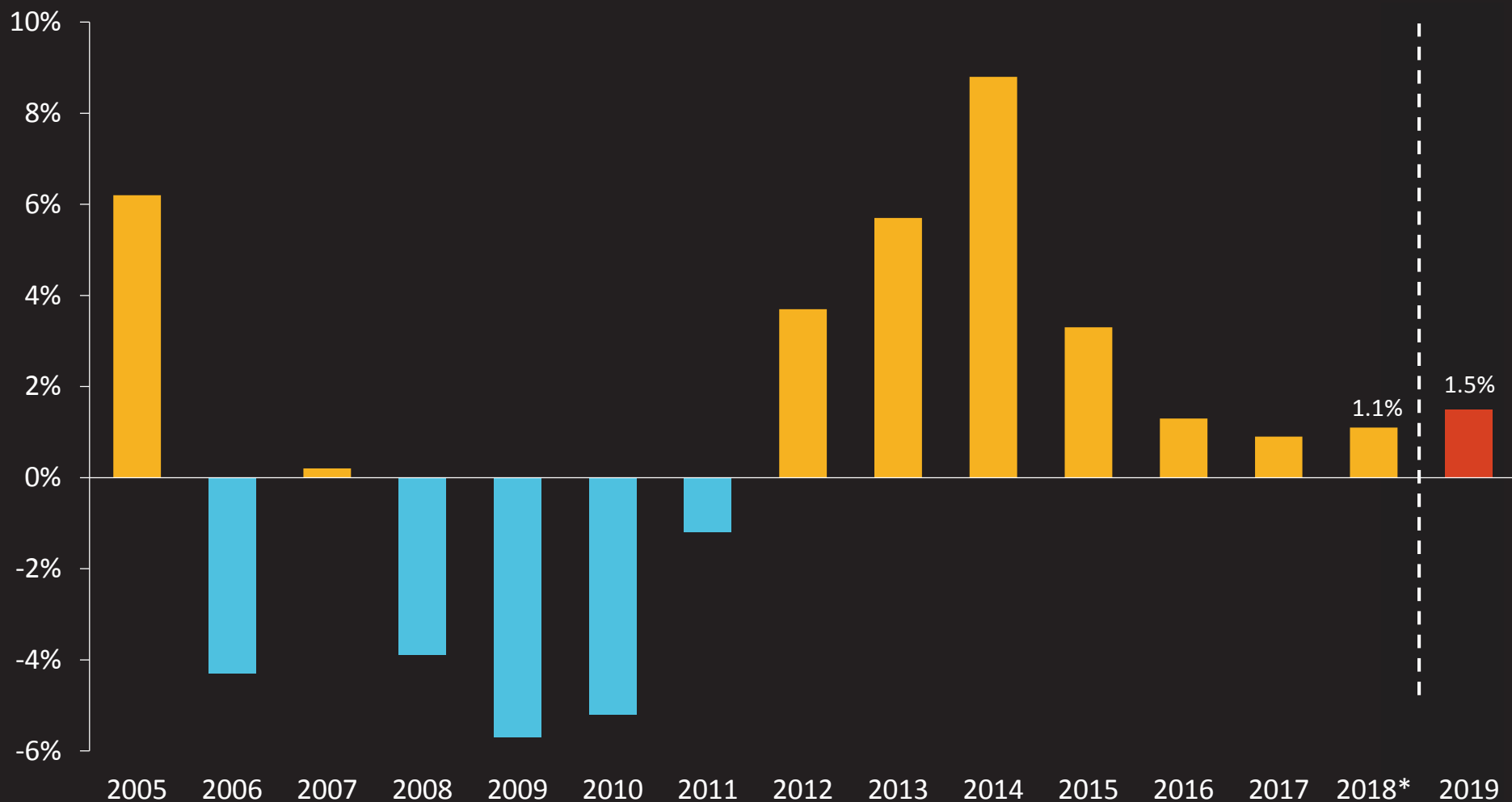


EFFECTIVE NEW CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2005 - 2019

2018

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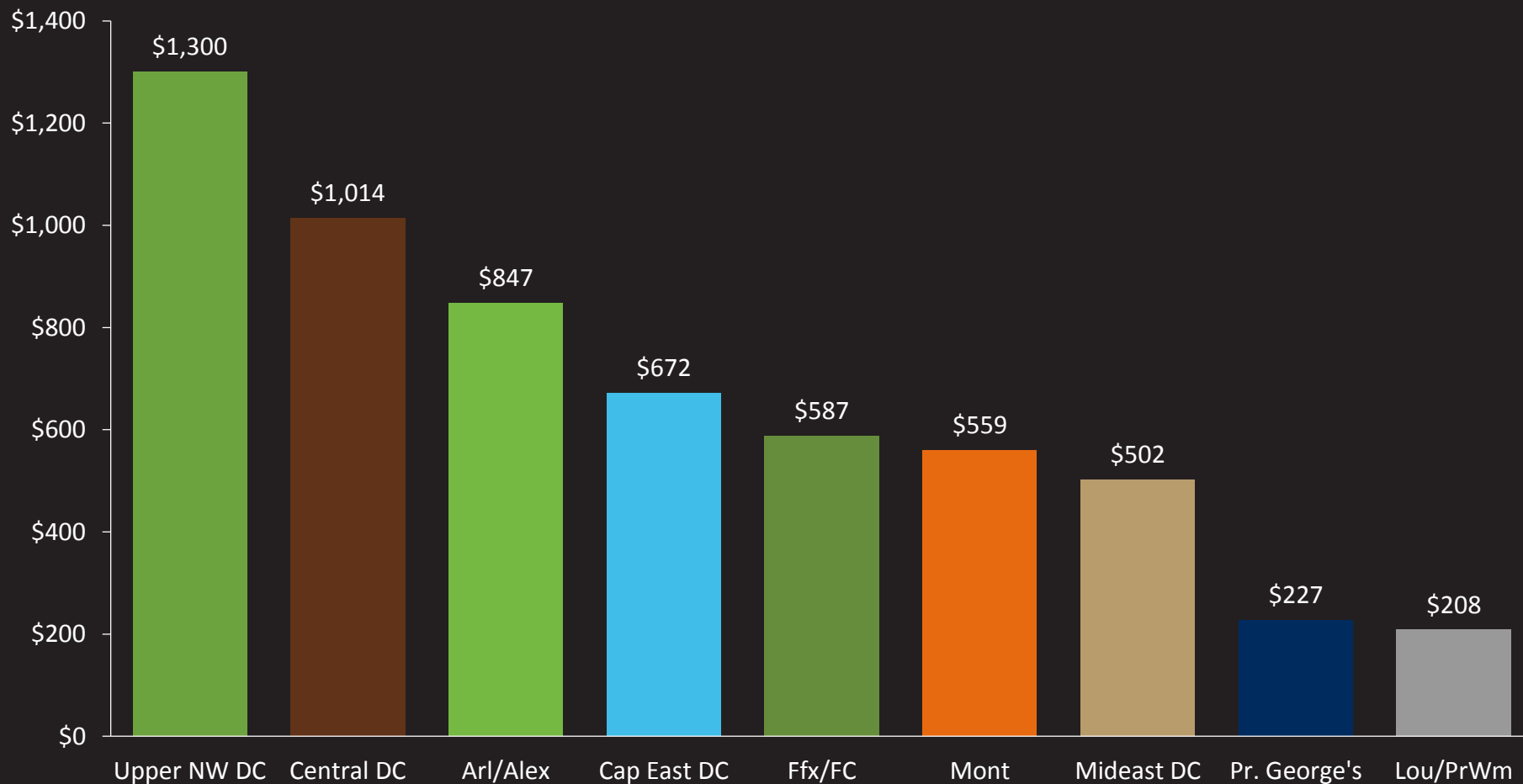


NEW CONDOMINIUM AVERAGE PRICE PER SF

Washington Metro Area | Third Quarter 2018

2018

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NEW CONDOMINIUM AVERAGE PRICE PER SF

Selected Downtown Areas in the U.S. | Third Quarter 2018*

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Source: The Mark Company, Miller Samuel Inc., Delta Associates, October 2018.

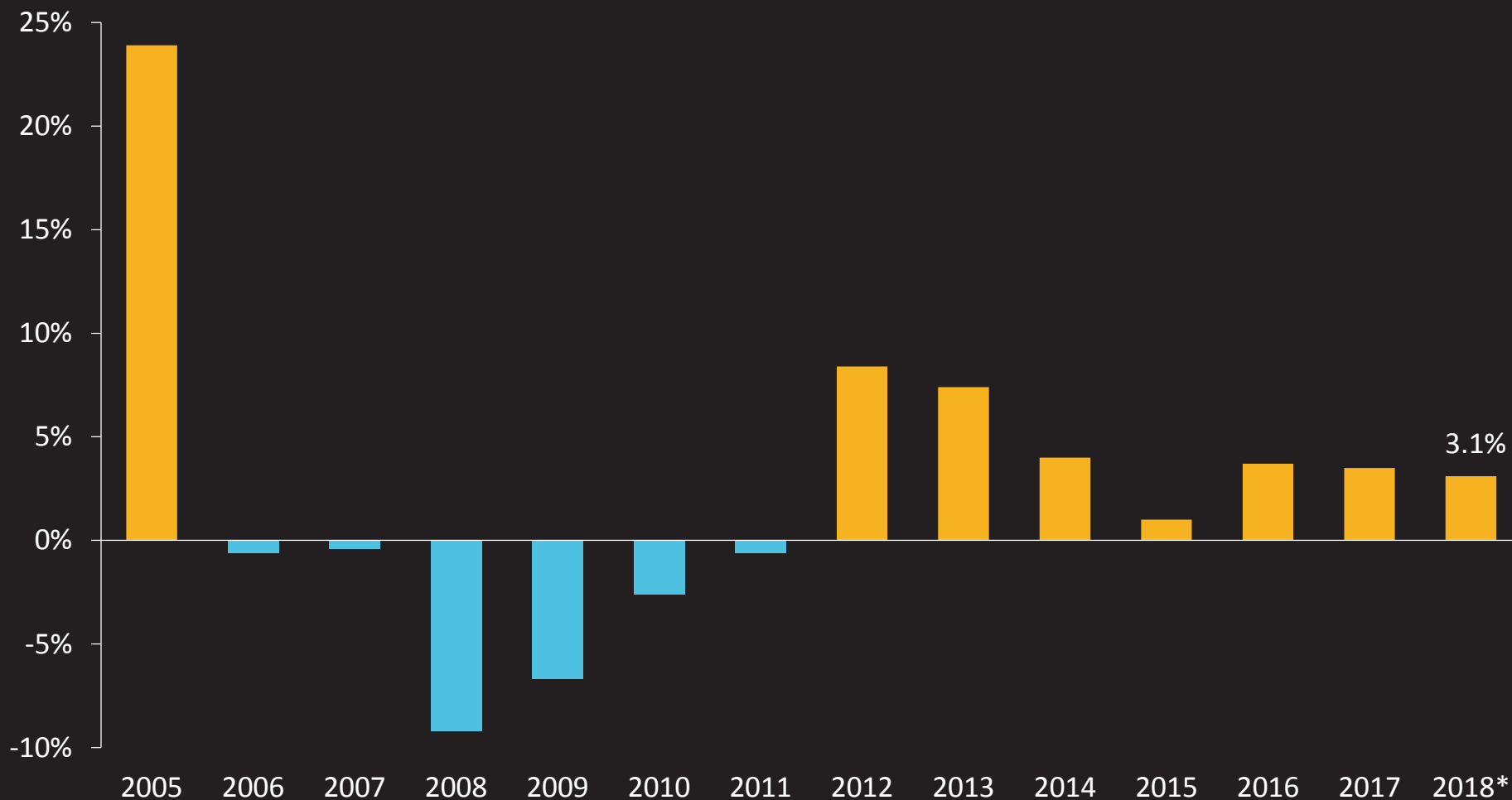
*Third Quarter 2018 except for cities outside of the Washington/Baltimore region which are as of Second Quarter 2018.

RESALE CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2005 - 2018

2018

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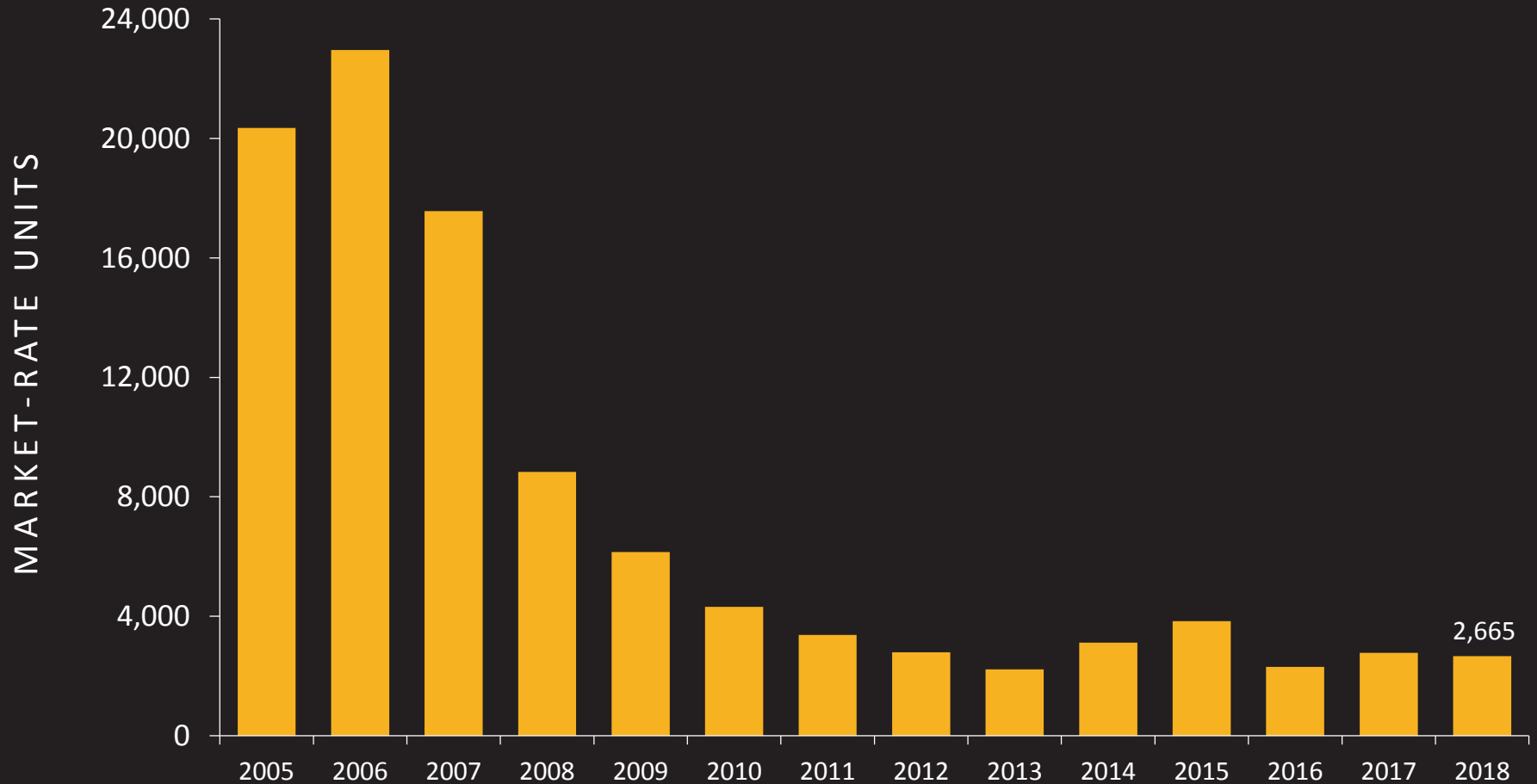


UNSOLD NEW CONDOMINIUM UNITS ACTIVELY MARKETING OR UNDER CONSTRUCTION

Washington Metro Area | 2005 - 2018

2018

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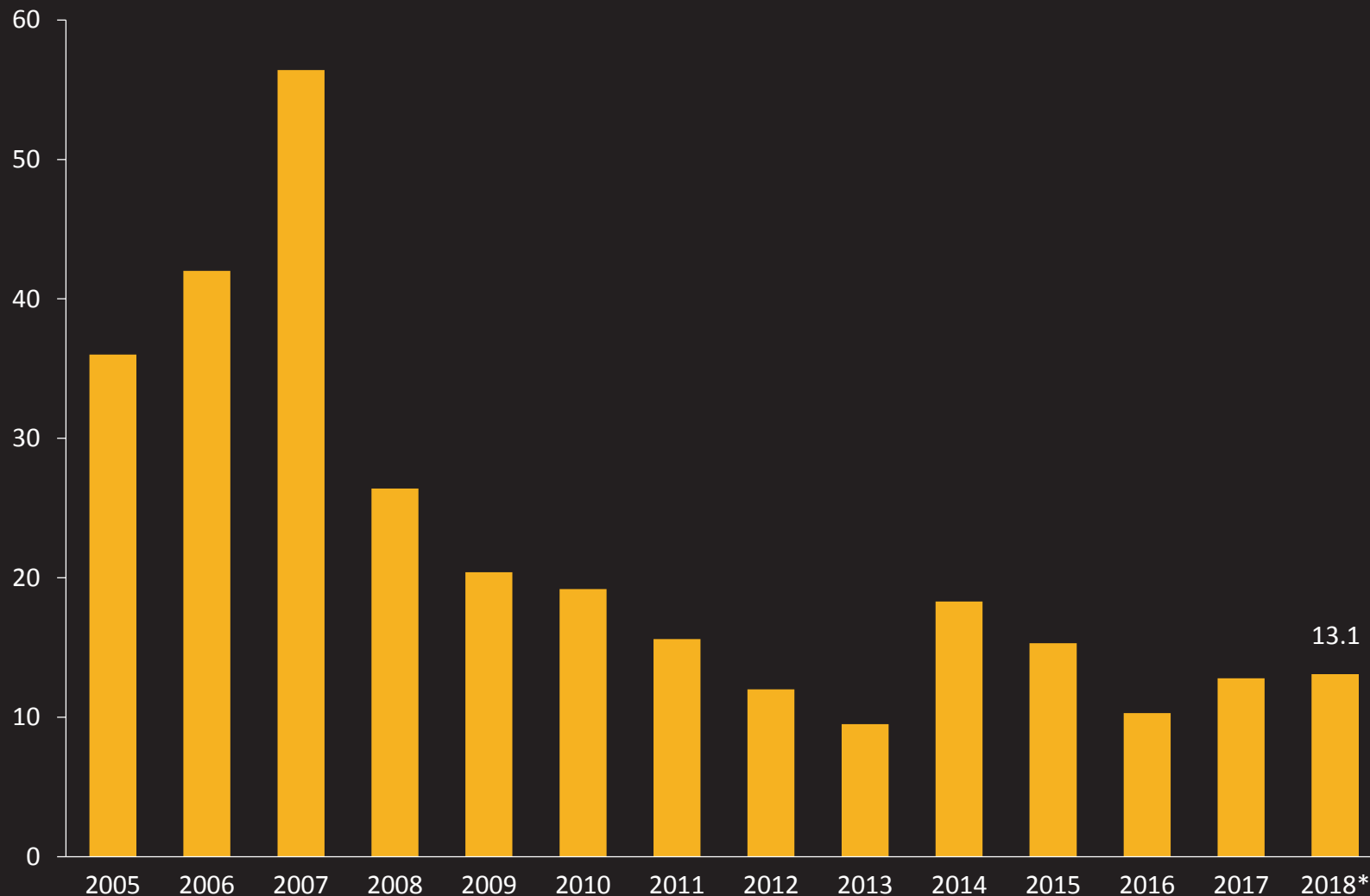


MONTHS OF NEW CONDOMINIUM SUPPLY

Washington Metro Area | 2005 - 2018

2018

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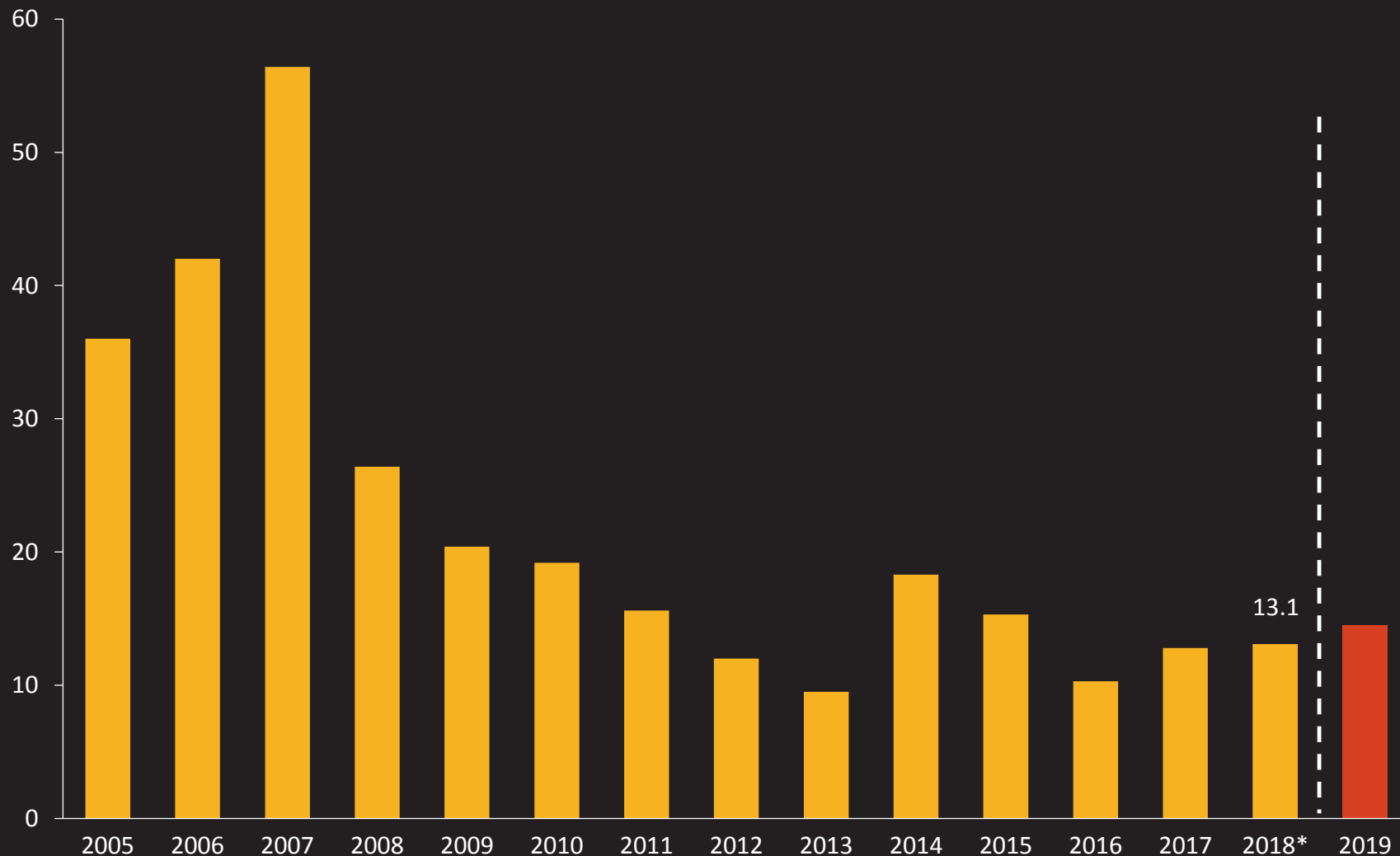


MONTHS OF NEW CONDOMINIUM SUPPLY

Washington Metro Area | 2005 - 2019

2018

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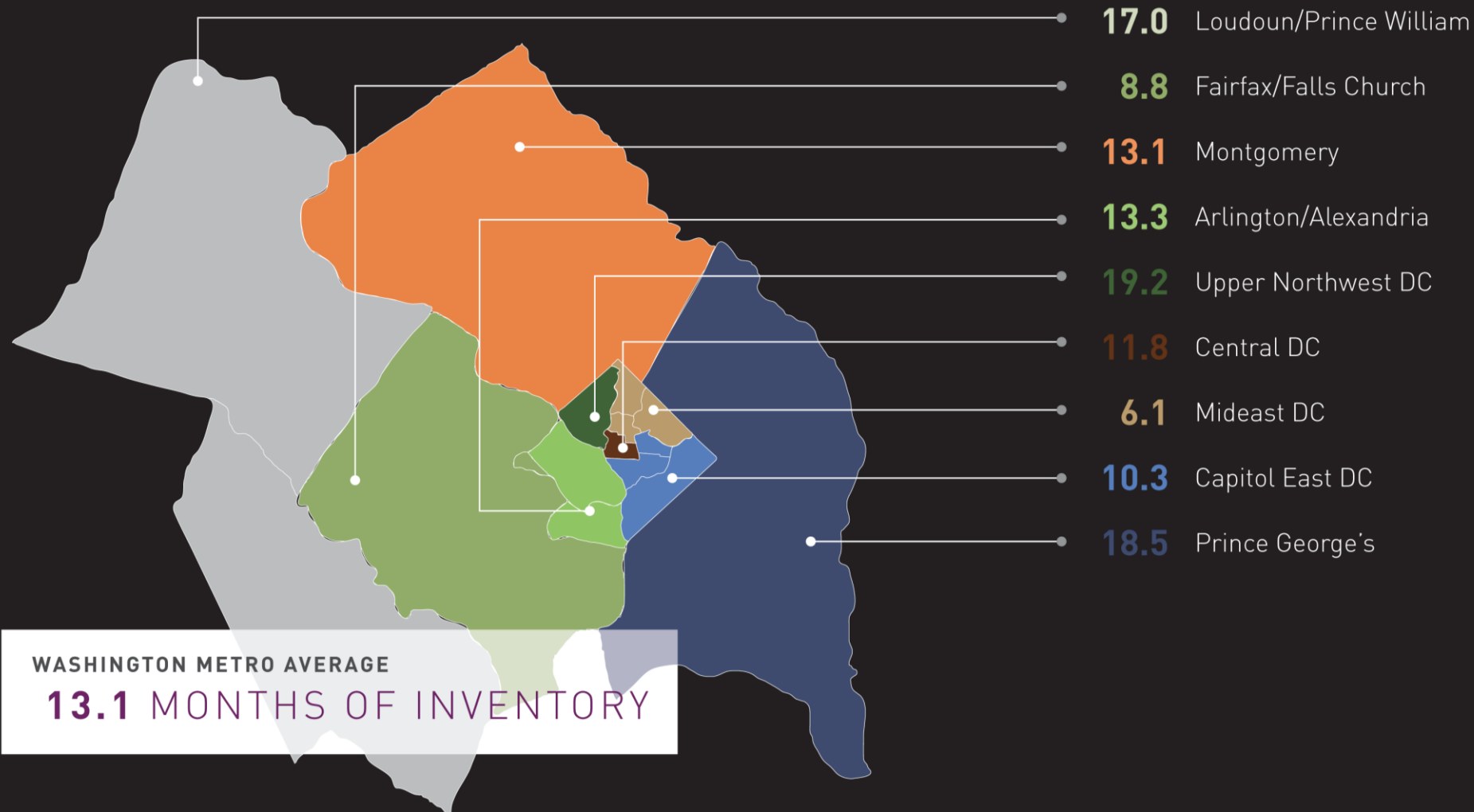


MONTHS OF NEW CONDOMINIUM SUPPLY BY SUBMARKET

Washington Metro Area | Third Quarter 2018

2018

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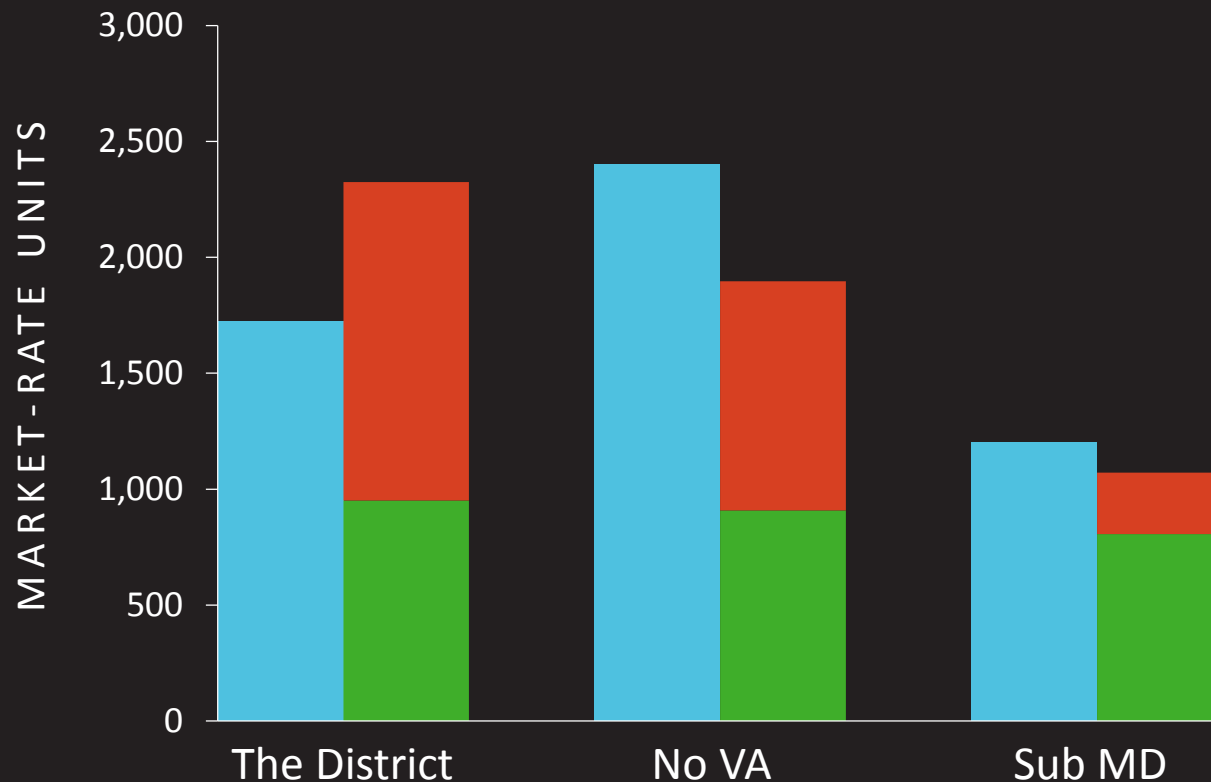


DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Condominiums | 36 Months Ending September 2021

2018

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DEMAND

Net Sales:
1,975/Year = 5,925 units

SUPPLY

Planned and May
Begin Marketing by
9/21: 2,629 units¹

Under Construction
and/or Marketing:
2,665 units²

Total = 5,294 units

¹ Probable supply after projected attrition.

² Includes unleased units at projects in lease-up.

2018

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THE WASHINGTON AREA CONDOMINIUM MARKET TAKEAWAYS



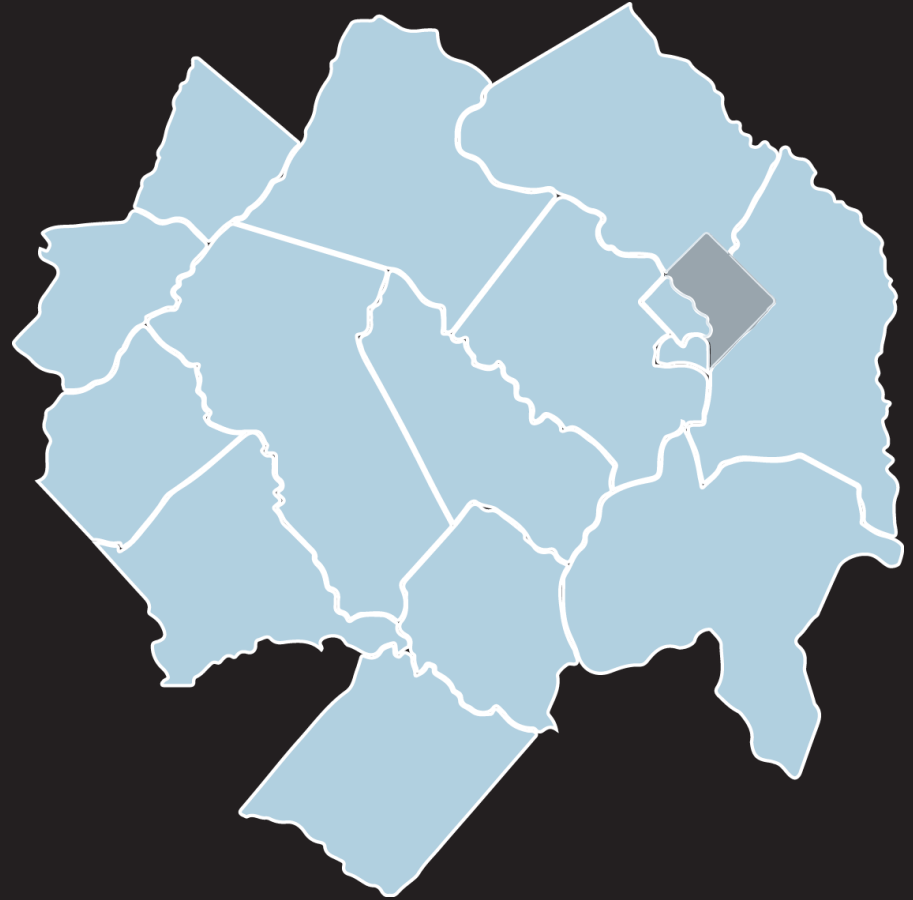
TAKEAWAYS

Washington Area Condominium Market

2018

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- SUPPLY-CONSTRAINED
MARKET CONDITIONS
PERSIST



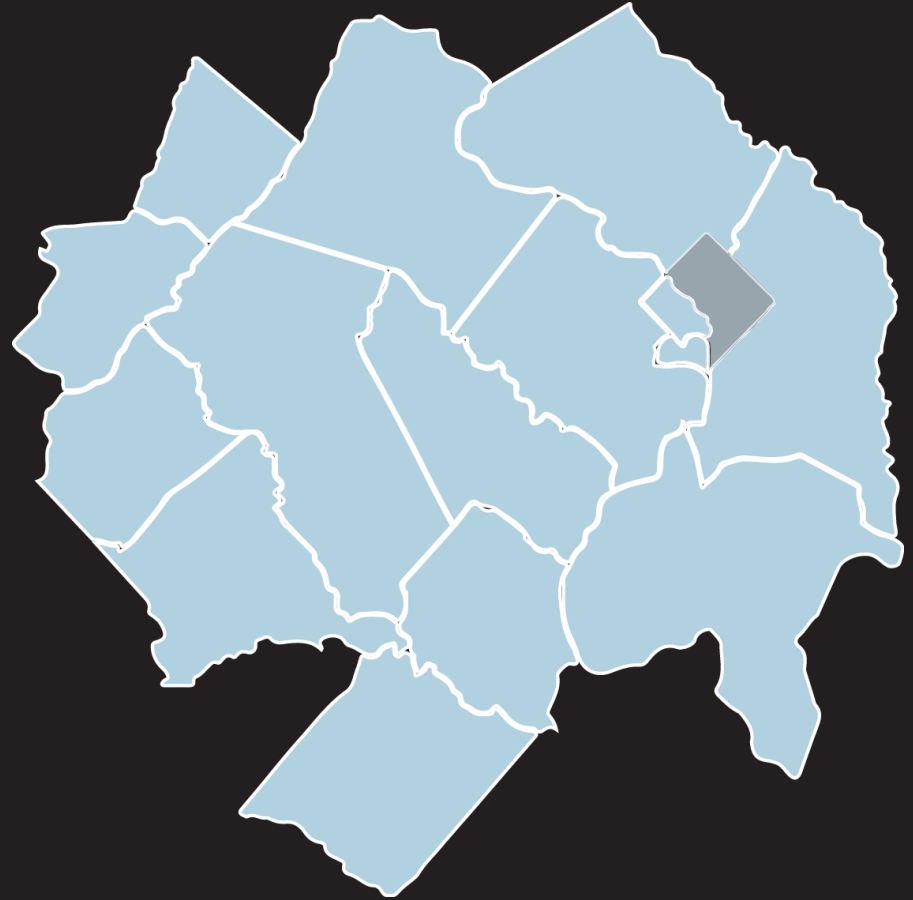
TAKEAWAYS

Washington Area Condominium Market

2018

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- SUPPLY-CONSTRAINED MARKET CONDITIONS PERSIST
- NEW CONDO SALES WILL NOT INCREASE MUCH UNTIL MORE NEW DEVELOPMENT OCCURS IN THE METRO AREA



TAKEAWAYS

Washington Area Condominium Market

2018

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- SUPPLY-CONSTRAINED MARKET CONDITIONS PERSIST
- NEW CONDO SALES WILL NOT INCREASE MUCH UNTIL MORE NEW DEVELOPMENT OCCURS IN THE METRO AREA
- PRICE GROWTH MINIMAL DESPITE MARKET SHORTAGE FOR NEW PRODUCT AND REALES



RECOMMENDED DEVELOPMENT TIMING

Washington Metro Area Condominium Market

2018

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	2018	2019	2020	2021	2022
CONDOMINIUMS					



= Site Assembly



= Construction



= Delivery