



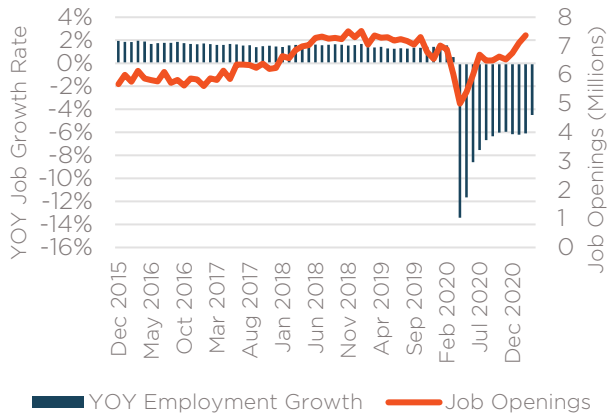
**Q1 2021
Southeast & Mid-Atlantic
Markets Report**



MIDDLEBURG
REAL ESTATE PARTNERS

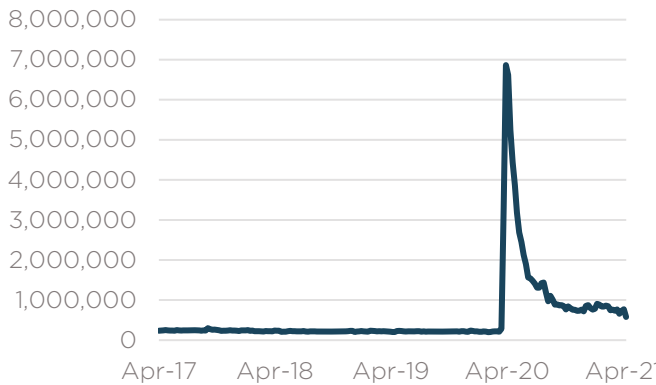
NATIONAL OVERVIEW

Jobs Recovery Accelerating



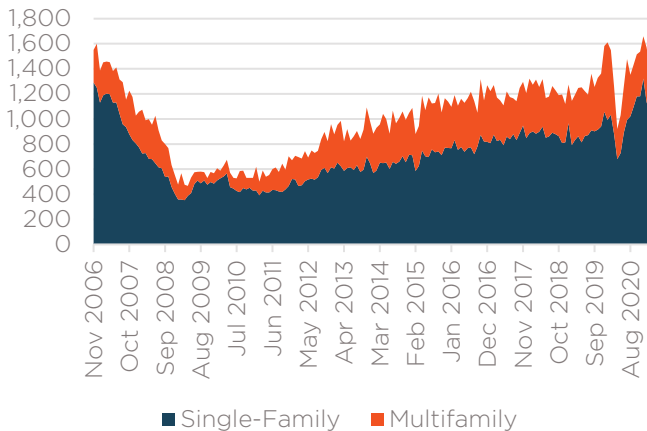
After a full year of the pandemic, the most acute risks to the apartment industry now lie in the past. Millions of vaccinations are being conducted every day, the labor market is showing signs of life, and rent growth is already recovering to more normal levels. And while variants of COVID will continue to pose some threat for the foreseeable future, it is difficult to imagine a resurgence matching what the country has already experienced.

Initial Unemployment Claims Still High



Moreover, between the impact of the economic stimulus and the relative lack of opportunities to spend money, the personal savings rate has been elevated for a full year, implying that consumers may have money to spend as the economy opens up. That demand should propel hiring, starting a virtuous cycle. In addition, the resilience of the banking sector, the stock market, and for-sale housing, make for dramatic contrasts with the Great Recession of 2008-2009. Although unemployment remains high, particularly for low-wage service workers, the prospects for a quick recovery to full employment seem much stronger.

Housing Starts Have Rebounded



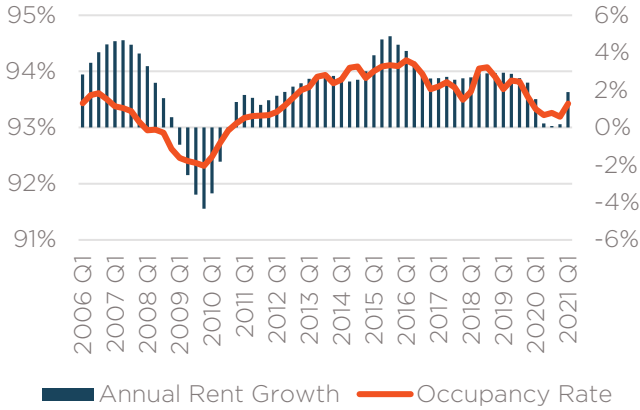
In fact, some economists have warned that the combination of pent-up demand, excessive stimulus payments, and a supply chain that is still straining to adapt to COVID, will spark serious inflation. Although that possibility cannot be ruled out, it still appears far-fetched. As of April 2021, the five-year forward annual inflation expectation, based on the difference between traditional and inflation-protected treasury bond yields, is just 2.2%.

SOURCES: FEDERAL RESERVE ECONOMIC DATABASE, US CENSUS BUREAU



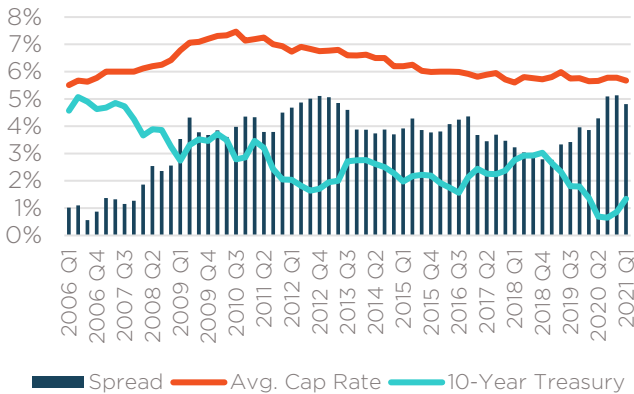
NATIONAL OVERVIEW

YOY Rent Growth Recovered in Q1 2020



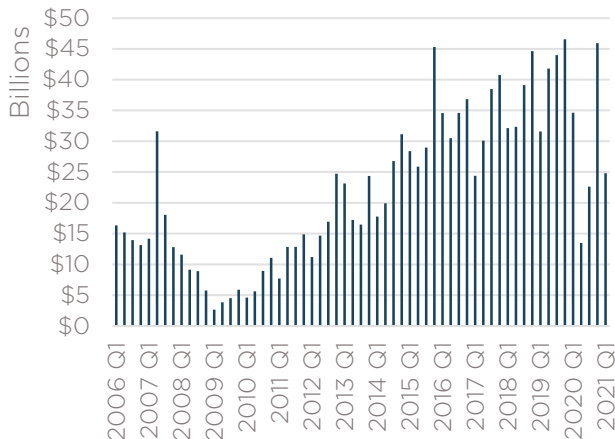
After three quarters of minimal growth, the average rent in the United States edged up by 1.9% over last year, the best result since the start of the pandemic and a hopeful sign of recovery. Occupancy also ticked up slightly, from 93.2% in Q4 2020 to 93.4% in Q1 2021. Although rents were still down significantly in metros such as San Francisco and New York, the broader market has clearly begun a recovery.

Cap Rates Remain Steady



If we break down the overall 1.9% average rent growth by class, it becomes clear that Class B and C properties have outperformed Class A. Class A rents were up just 0.4% YOY in Q1 2021 while Class B and C rents were up by 2.9% and 2.2% respectively. The large amount of competition from new Class A supply likely drove this dynamic.

Pandemic's Impact Still Evident in Sales Volume



The overall sales volume in Q1 2021 measured about \$24 billion, a large drop compared to the \$45 billion in volume from Q4 2020, and certainly a departure from pre-pandemic norms. However, pricing is as strong as ever so the slowdown in deal flow is unlikely due to a lack of interest among investors. It is more likely due to temporary uncertainty resulting from the pandemic. Deal flow will likely improve in Q2.

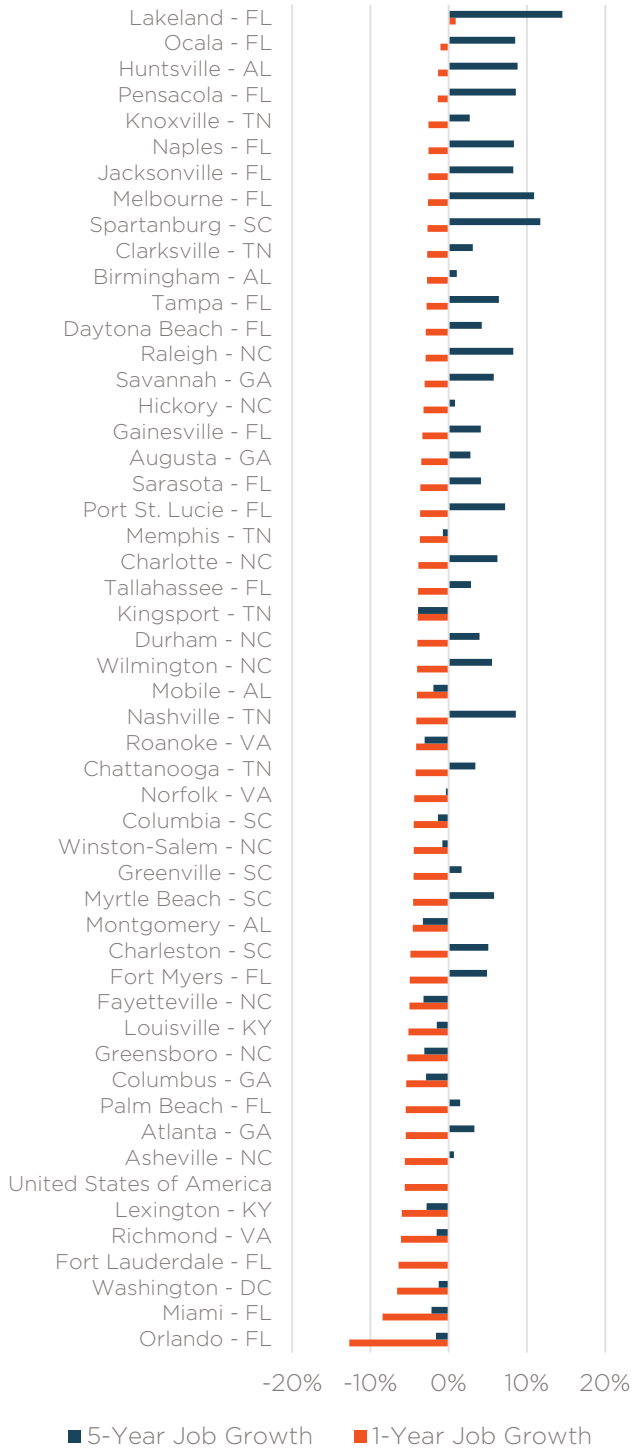
Overall, multifamily apartments have lived up to their reputation as resilient assets in a recession. Except for luxury properties in the most expensive submarkets, most have emerged relatively unscathed. Suburban properties in particular, may now be in a stronger position than they were pre-pandemic as they have benefited from a renewed appreciation for space.

SOURCES: COSTAR, FEDERAL RESERVE ECONOMIC DATABASE



SOUTHEAST/MID-ATLANTIC MARKETS

YOY and 5-Year Job Growth by Metro Area



Of the 51 metropolitan areas in the Southeast shown at left, only one - Lakeland, FL - has more jobs now than at this time last year. The impact of COVID on job markets remains widespread. In several slow-growing metro areas, the job losses have actually wiped out all of the gains over the last five years.

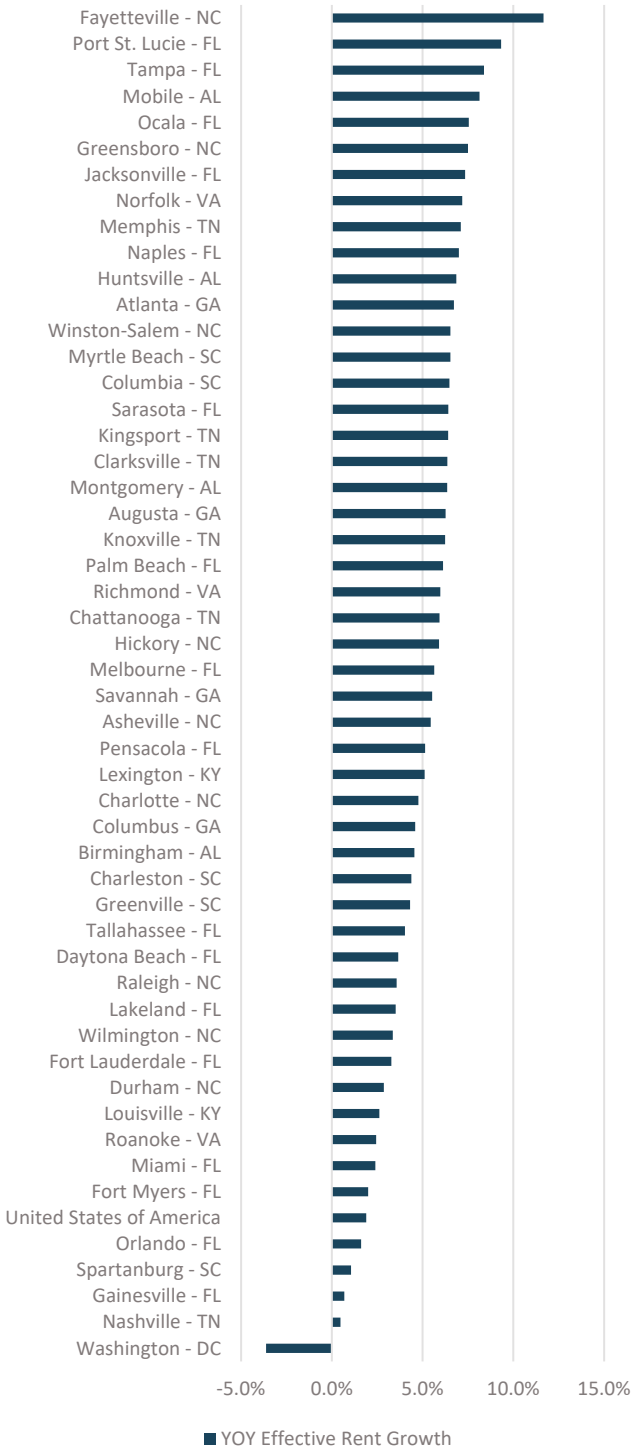
Nevertheless, most metros in the Southeast have actually outperformed the US average in terms of job market performance. Moreover, with vaccinations proceeding quickly, there is reason to be hopeful about better job growth in Q2.

SOURCES: BUREAU OF LABOR STATISTICS



SOUTHEAST/MID-ATLANTIC MARKETS

YOY Effective Rent Growth



Despite the job losses, overall average rents continued to show positive YOY gains in most metros in the Southeast. The list was topped by markets that most would consider “tertiary”, including Fayetteville, which saw its average effective rent increase by nearly 12% over last year. Other surprising markets in the top 10 in the southeast were Ocala, FL, Mobile, AL, Port St. Lucie, FL, Greensboro, NC, and Memphis, TN. All of these markets experienced YOY rent growth over 7.0%. If accurate, this would be the best rent growth in more than a decade for many of these markets.

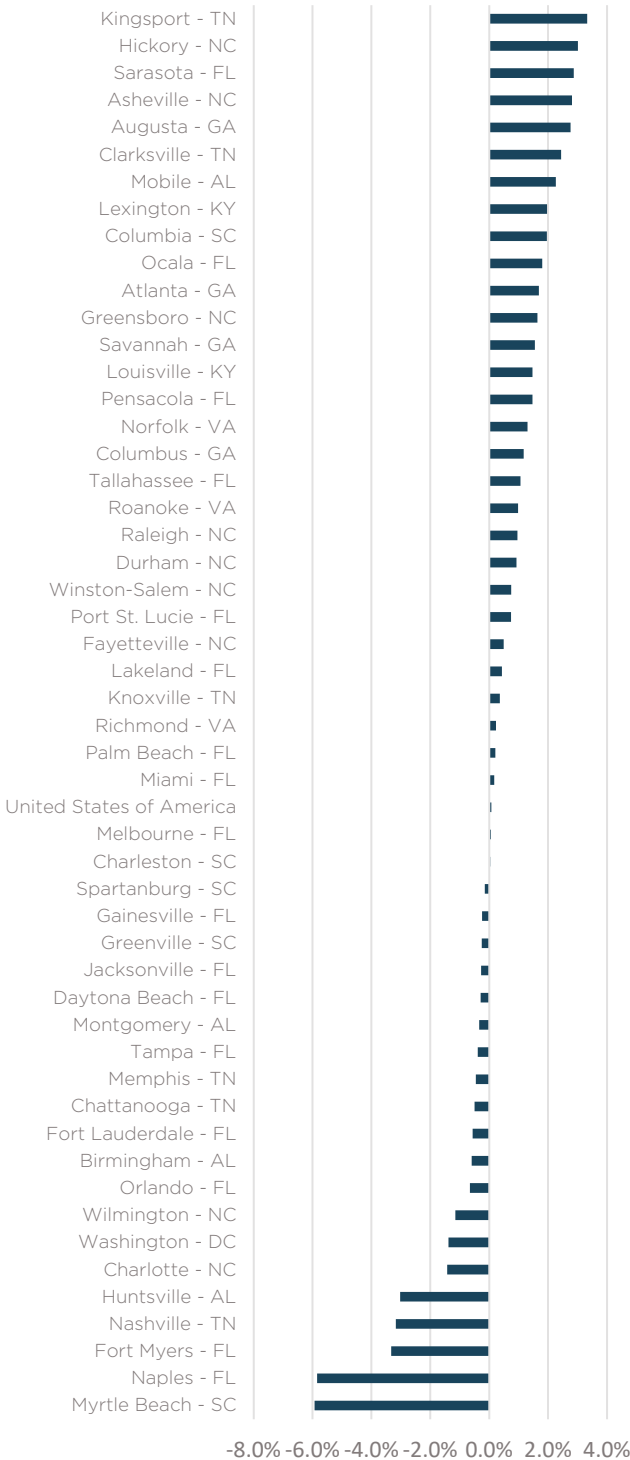
This level of rent growth during a recession, especially in these markets, is difficult to explain. It may be a result of the economic stimulus payments, which boosted incomes for many households. In that case, these rent gains are unlikely to persist. However, it is also possible that these markets are benefiting from the increasing share of workers who are remote; some may be choosing to leave expensive cities and relocate to more affordable locations, where their housing dollar buys much more.

SOURCES: BUREAU OF LABOR STATISTICS



SOUTHEAST/MID-ATLANTIC MARKETS

Projected Change in Occupancy in 1 Year



One way to assess the potential future health of a given market is to compare recent absorption to projected deliveries over the next year. The chart to the left expresses the difference between the average annual absorption over the last three years and the projected number of units to deliver over the next year as a percentage of the metro area's total stock.

Much like the prior list of rent growth, the top of the list is dominated by "tertiary" markets. These metros have seen positive absorption over the last three years but nonetheless have small pipelines. While other factors will also influence performance, the relative lack of new supply compensates to a degree for their lack of growth.

SOURCES: COSTAR, MREP



MIDDLEBURG
COMMUNITIES

ATLANTA

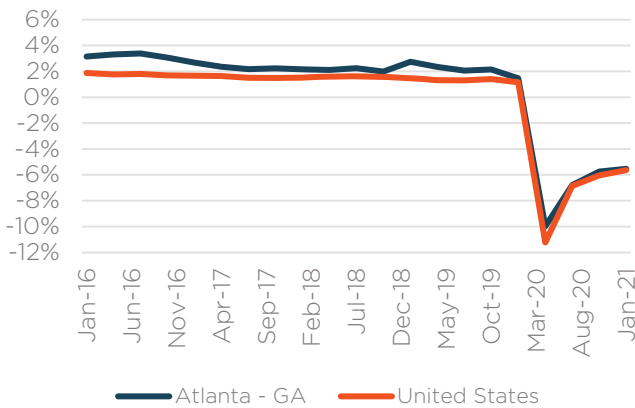
| | | |
|--|--|---|
| <p>\$76,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 4.8% YOY</p> | <p>6,132,000 POPULATION</p> <p>↑ 1.2% YOY</p> | <p>4.5% UNEMPLOYMENT RATE</p> <p>↑ 100 BPS FROM Q1 2020</p> |
| <p>3.5 HOME PRICE-TO- INCOME RATIO</p> | <p>6.7% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 460 BPS FROM Q1 2020</p> | <p>2.5% UNITS U/C AS % OF STOCK</p> <p>↓ 10 BPS FROM Q1 2020</p> |

MAJOR EMPLOYERS:

Delta Airlines, Emory University/Healthcare, Home Depot, Wellstar Health, AT&T, UPS, Marriott

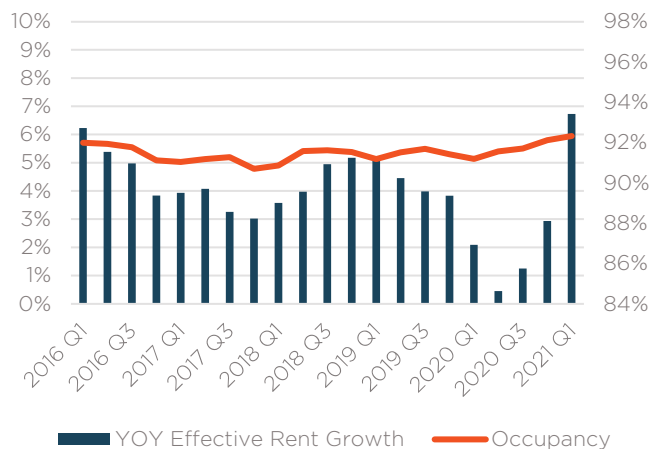
Atlanta has been a strong performer through the COVID recession. Its employment losses were less dramatic than the nation's and, although YOY rent growth certainly slowed, it has always remained positive. In Q1 2021, overall average rents grew by an impressive 6.7% over last year. The gains were, once again, led by Class B and C properties. However, Class A properties in the suburbs and exurbs also saw very rapid rent growth.

YOY Job Growth



Atlanta's prospects for future rent growth remain quite strong because of its small pipeline, at just 2.5% of existing inventory. To put this in perspective, there are fewer units under construction in Atlanta than in Charlotte today, even though Atlanta is more than twice as large. That dynamic has also helped occupancy, which actually ticked up to 92.3%, a 110 basis point increase over Q1 2020. It also marks the highest average occupancy rate in Atlanta since at least 2016.

YOY Effective Rent Growth and Occupancy

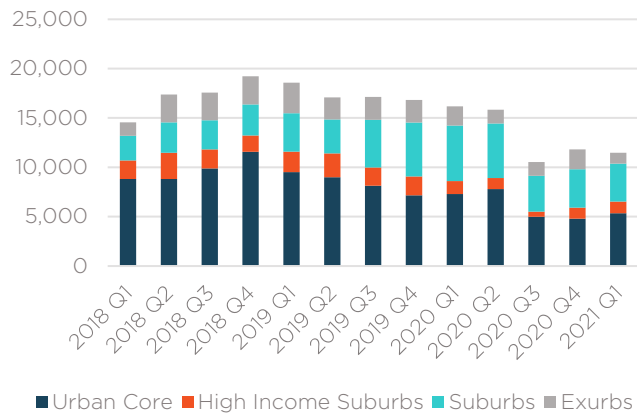


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

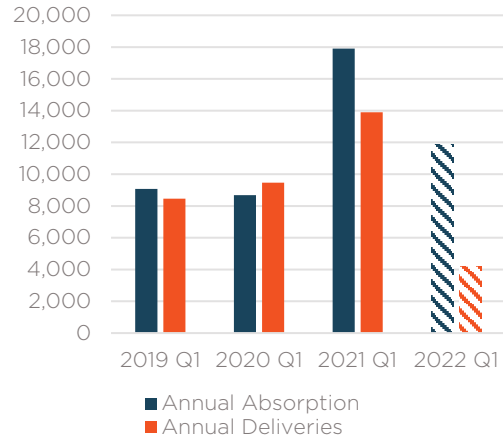


ATLANTA

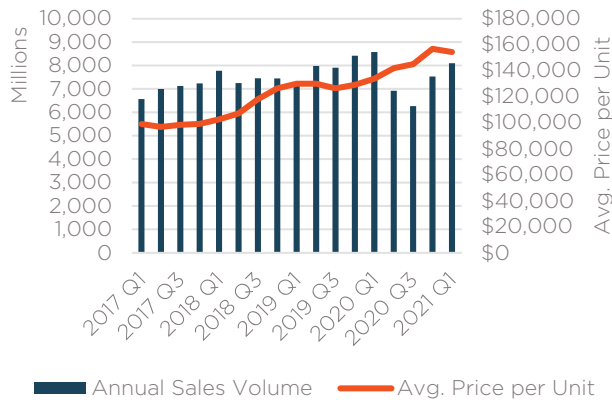
Units Under Construction



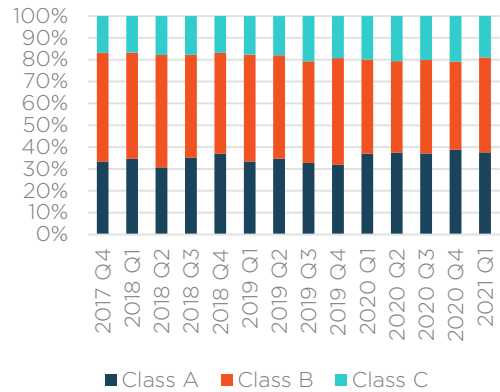
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | 84.8% | \$1,872 | 1.0% | 1.0% |
| High-Income Suburbs | 92.3% | \$1,649 | 4.5% | 2.5% |
| Suburbs | 88.0% | \$1,512 | 6.7% | 4.2% |
| Exurbs | 90.1% | \$1,481 | 12.2% | 6.1% |
| Total | 87.8% | \$1,685 | 4.1% | 2.3% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 92.3% | \$1,373 | 2.9% | 3.6% |
| High-Income Suburbs | 95.2% | \$1,329 | 6.7% | 4.5% |
| Suburbs | 94.0% | \$1,138 | 9.5% | 6.3% |
| Exurbs | 95.6% | \$1,186 | 12.7% | 6.5% |
| Total | 94.2% | \$1,210 | 8.3% | 5.5% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

AUGUSTA

| | | |
|--|--|--|
| <p>\$60,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 5.8% YOY</p> | <p>614,000 POPULATION</p> <p>↑ 0.5% YOY</p> | <p>4.4% UNEMPLOYMENT RATE</p> <p>↑ 70 BPS FROM Q1 2020</p> |
| <p>2.9 HOME PRICE-TO- INCOME RATIO</p> | <p>6.3% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 160 BPS FROM Q1 2020</p> | <p>1.2% UNITS U/C AS % OF STOCK</p> <p>↓ 110 BPS FROM Q1 2020</p> |

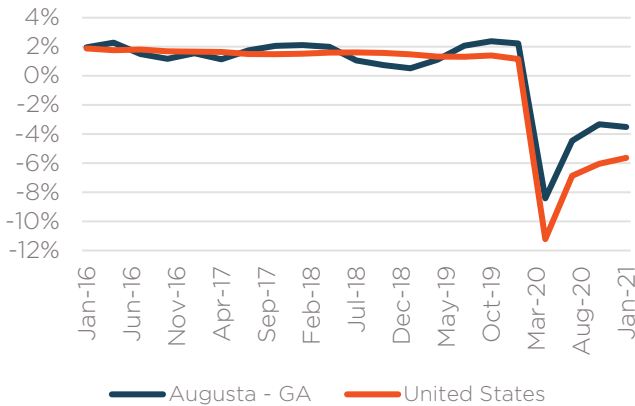
MAJOR EMPLOYERS:

Fort Gordon, Augusta University, EZ GO Textron, NSA Augusta, Cardinal Health

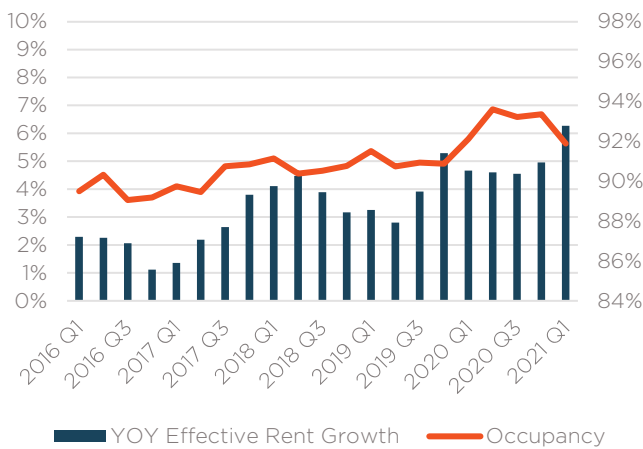
Augusta recently developed some positive momentum on the heels of the Army's announcement that it would be moving its Cyber Command to Fort Gordon, which occurred in 2020. YOY effective rent growth has topped 4.0% in each of the last six quarters, a remarkable run for this metro, especially in the face of COVID.

Such a strong run of rent growth is often cut short by the delivery of new supply. But in this case, that seems unlikely. According to CoStar, there is just one project under construction in the whole metro area, accounting for just 1.2% of total inventory. Even if CoStar is missing one or two projects, this is a remarkably low level of new construction for a metro experiencing such rapid rent growth.

YOY Job Growth



YOY Effective Rent Growth and Occupancy

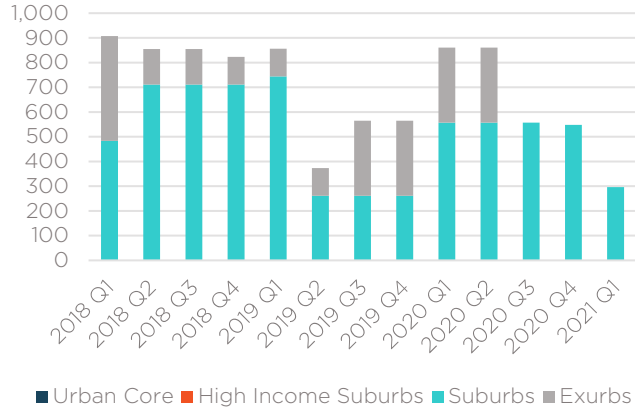


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

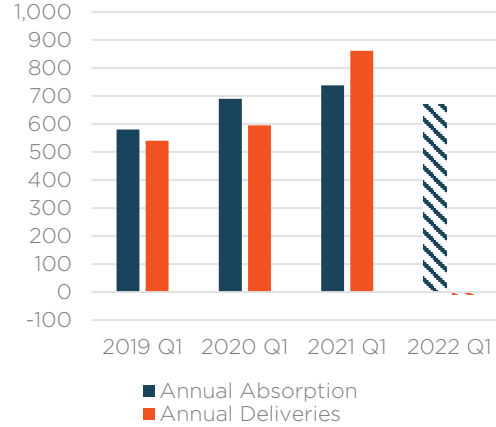


AUGUSTA

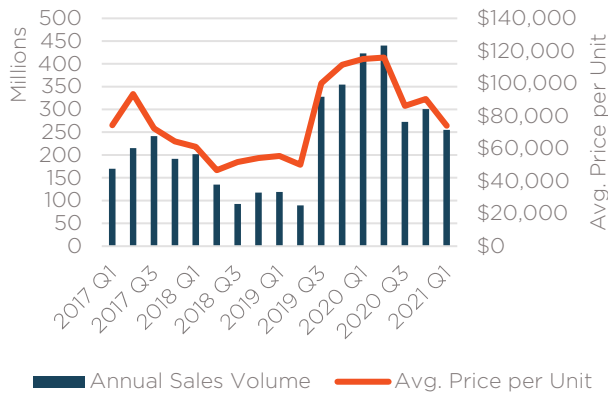
Units Under Construction



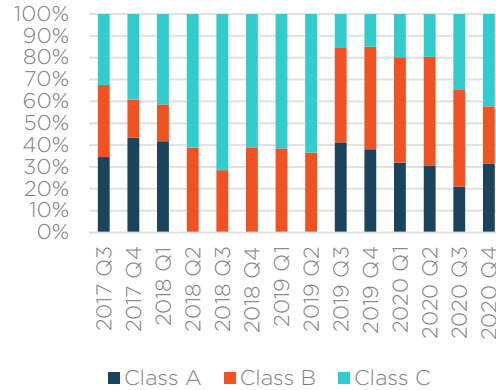
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | NA | NA | NA | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 76.9% | \$1,278 | 2.9% | 3.3% |
| Exurbs | 86.0% | \$1,167 | 6.7% | 3.4% |
| Total | 80.1% | \$1,241 | 4.0% | 3.1% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | NA | NA | NA | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 93.7% | \$886 | 7.3% | 4.3% |
| Exurbs | 94.9% | \$903 | 6.5% | 4.5% |
| Total | 94.2% | \$893 | 6.9% | 4.3% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

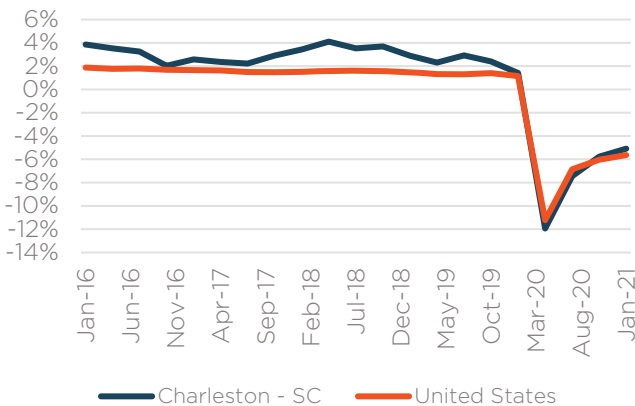
CHARLESTON

| | | |
|--|--|---|
| <p>\$72,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 1.6% YOY</p> | <p>813,000 POPULATION</p> <p>↑ 0.9% YOY</p> | <p>4.8% UNEMPLOYMENT RATE</p> <p>↑ 230 BPS FROM Q1 2020</p> |
| <p>4.1 HOME PRICE-TO- INCOME RATIO</p> | <p>4.4% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 210 BPS FROM Q1 2020</p> | <p>7.1% UNITS U/C AS % OF STOCK</p> <p>↓ 80 BPS FROM Q1 2020</p> |

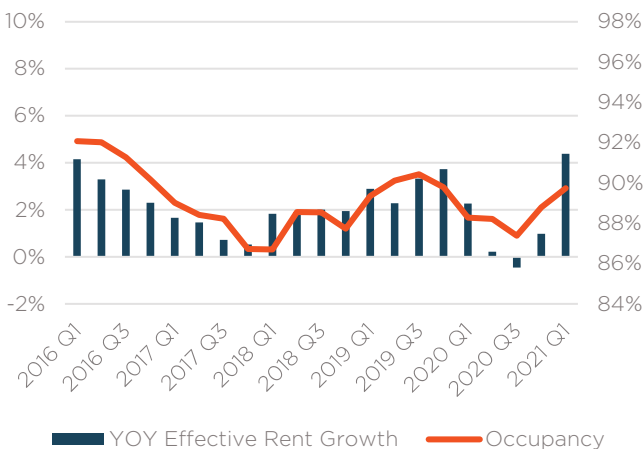
MAJOR EMPLOYERS:

Joint Base Charleston, Boeing, Medical University of South Carolina, Roper St. Francis Healthcare, Bosch, Volvo

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Charleston entered the pandemic with relatively low average occupancy and a large pipeline. Neither fact was conducive to rent growth and the average rent in Charleston fell in Q3 2020 and recovered only slightly in Q4.

Low average occupancy and a large pipeline continued through Q1 2021. Nonetheless, YOY rent growth jumped to 4.4%, the best performance in the last five years. Perhaps the impact of the pandemic in Charleston was not to cancel rent growth altogether, but instead to delay it.

In contrast to most markets, the average Class A rent actually grew more than Class B/C rents over the last year. This is particularly interesting because average Class A occupancy is fairly low at just 84%.

Charleston will still face challenges from new supply but so far in 2021, there appears to be more than enough demand to support strong rent growth.

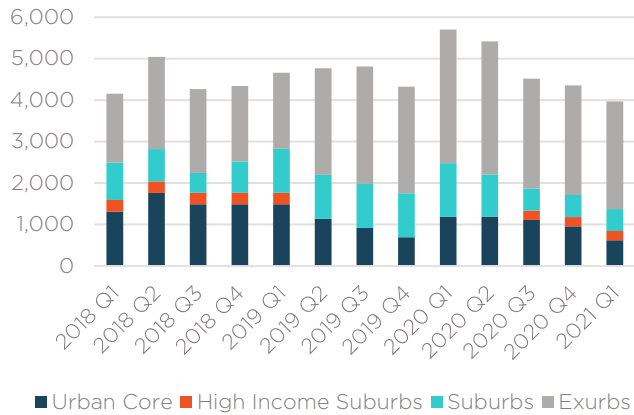
SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



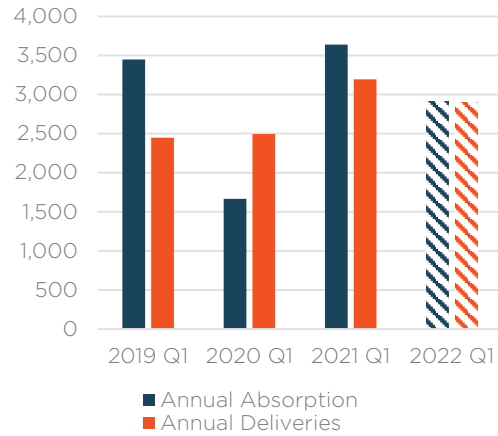
MIDDLEBURG
COMMUNITIES

CHARLESTON

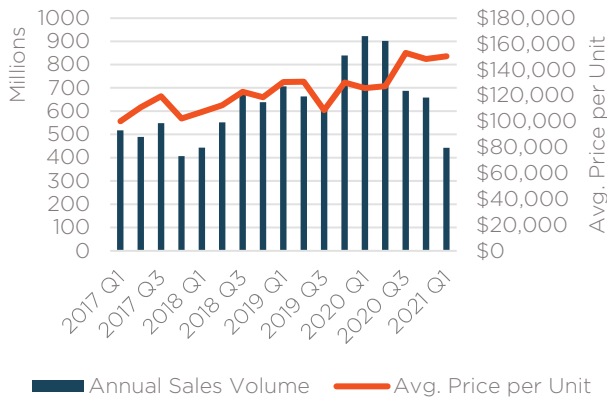
Units Under Construction



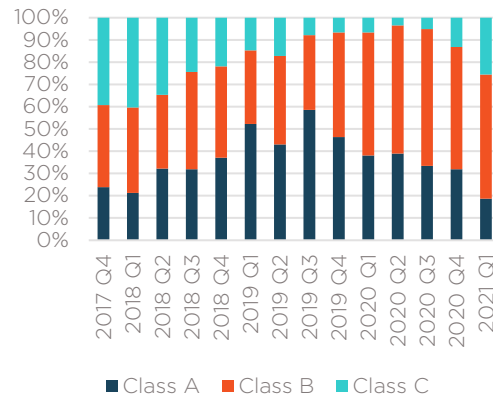
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | 60.6% | \$2,058 | 4.4% | 0.8% |
| High-Income Suburbs | 90.3% | \$1,744 | 9.2% | 1.1% |
| Suburbs | 91.9% | \$1,351 | 6.8% | 0.9% |
| Exurbs | 84.0% | \$1,423 | 1.8% | 2.8% |
| Total | 84.4% | \$1,517 | 5.0% | 1.4% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 86.0% | \$1,565 | -1.0% | 2.3% |
| High-Income Suburbs | 92.9% | \$1,434 | 7.4% | 2.2% |
| Suburbs | 91.8% | \$1,078 | 4.1% | 3.8% |
| Exurbs | 93.3% | \$1,161 | 3.4% | 4.4% |
| Total | 92.2% | \$1,152 | 4.2% | 3.7% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

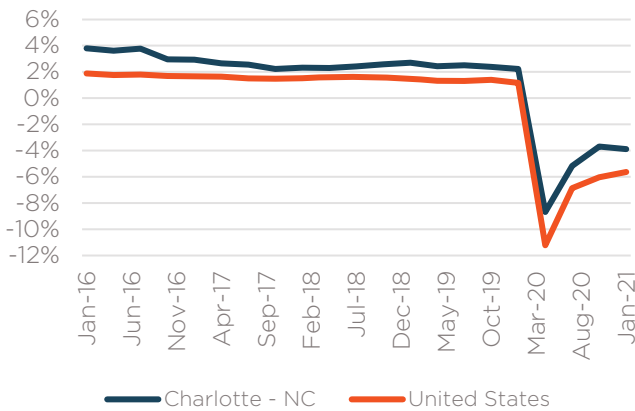
CHARLOTTE

| | | |
|--|--|---|
| <p>\$68,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.0% YOY</p> | <p>2,678,000 POPULATION</p> <p>↑ 1.6% YOY</p> | <p>5.5% UNEMPLOYMENT RATE</p> <p>↑ 210 BPS FROM Q1 2021</p> |
| <p>4.0 HOME PRICE-TO- INCOME RATIO</p> | <p>4.8% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 200 BPS FROM Q1 2021</p> | <p>6.9% UNITS U/C AS % OF STOCK</p> <p>↑ 30 BPS FROM Q1 2021</p> |

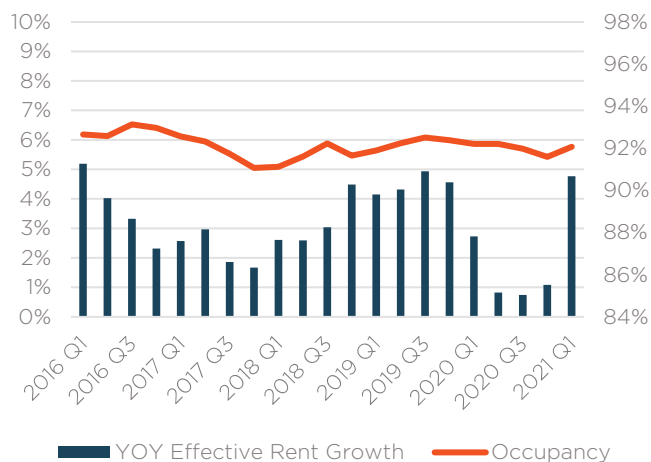
MAJOR EMPLOYERS:

Carolinas HealthCare, Wells Fargo, Walmart, American Airlines, Bank of America

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Properties in the urban core continued to suffer in Q1 2021. Class A rents declined by -3.4% and Class B/C rents by -3.1% YOY. However, the suburbs, and especially exurban areas saw very strong rent growth that boosted the overall market average rent growth to 4.8% YOY. Average occupancy also ticked up by 50 basis points from Q4 2020 to Q1 2021.

This is a very positive result for a market that has had and continues to have a relatively large pipeline. Deliveries over the next year are projected to outpace the average annual absorption over the last three years, so it may be difficult to maintain this pace of rent growth. But demand in Charlotte has consistently proven its capacity to match new supply so, if there is an oversupply issue, it is unlikely to be dramatic.

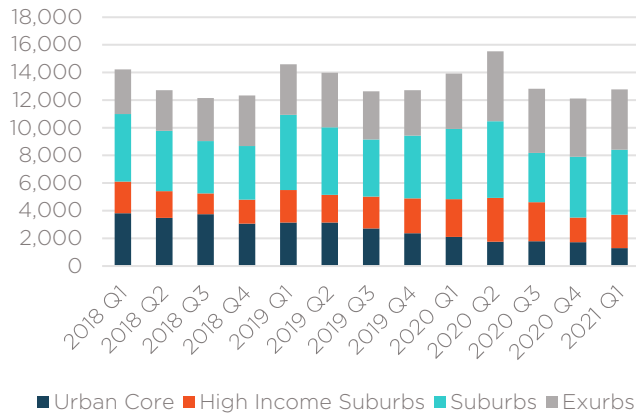
Overall, Charlotte remains an attractive growth market and investors seem to agree. The total sales volume over the last 12 months ending March 2021 is the highest ever recorded in this market. Pricing has held firm as well.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

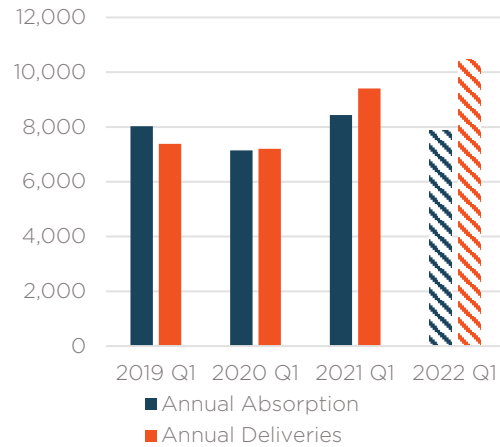


CHARLOTTE

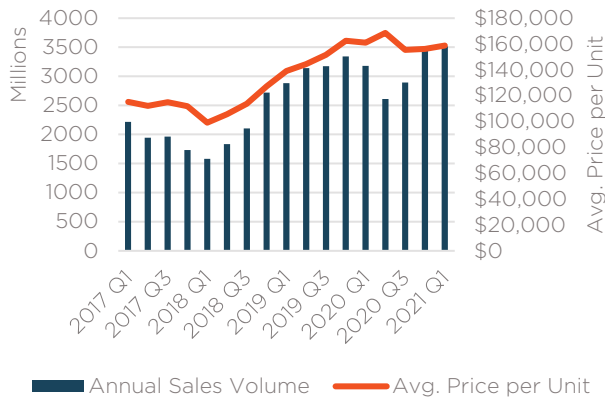
Units Under Construction



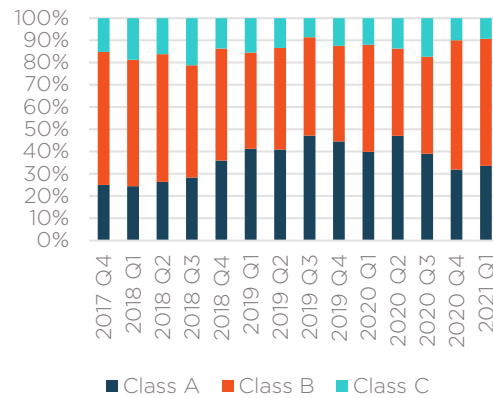
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | 87.8% | \$1,753 | -3.4% | 0.4% |
| High-Income Suburbs | 85.3% | \$1,597 | 4.1% | 1.8% |
| Suburbs | 89.8% | \$1,335 | 3.8% | 2.9% |
| Exurbs | 92.0% | \$1,359 | 8.4% | 4.0% |
| Total | 89.1% | \$1,478 | 3.0% | 2.2% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 92.5% | \$1,591 | -0.2% | 1.6% |
| High-Income Suburbs | 93.5% | \$1,211 | 4.9% | 3.7% |
| Suburbs | 91.6% | \$1,100 | 5.8% | 4.7% |
| Exurbs | 95.0% | \$1,095 | 9.0% | 5.0% |
| Total | 93.2% | \$1,158 | 5.9% | 4.2% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

DURHAM

| | | |
|--|--|--|
| <p>\$68,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.0% YOY</p> | <p>595,000 POPULATION</p> <p>↑ 1.2% YOY</p> | <p>4.9% UNEMPLOYMENT RATE</p> <p>↑ 180 BPS FROM Q1 2020</p> |
| <p>4.3 HOME PRICE-TO- INCOME RATIO</p> | <p>2.9% YOY EFFECTIVE RENT GROWTH</p> <p>↓ 110 BPS FROM Q1 2020</p> | <p>2.8% UNITS U/C AS % OF STOCK</p> <p>↓ 100 BPS FROM Q1 2020</p> |

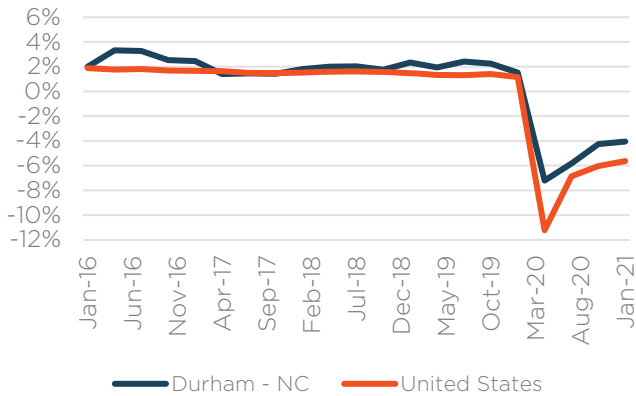
MAJOR EMPLOYERS:

Duke University, IBM, Cree Inc., Blue Cross Blue Shield

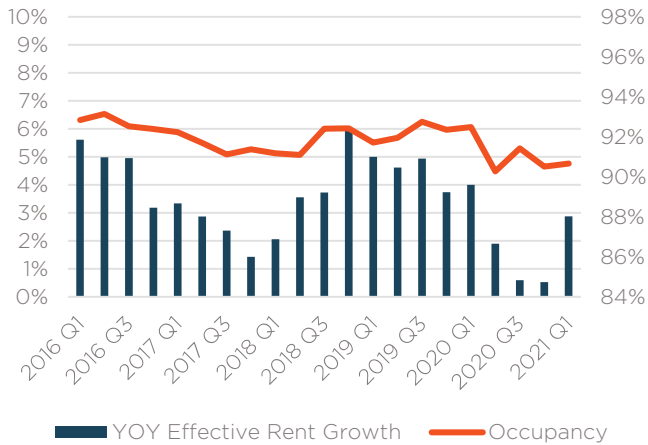
Class A rents in the urban core continued to decline in Q1 2021 but outside the urban core, Class A rents rose by more than 5% YOY. Class B/C properties continued their run of solid rent growth, posting an average YOY gain of 3.3%. As a result, Durham's overall average rent increased by 2.9% over last year. That marks a significant improvement over the previous three quarters, which were affected by the pandemic.

The near-term outlook for Durham is also positive because the supply of units under construction has dipped to just 2.8% of inventory. It has been almost three years since so few units were under construction in Durham, according to CoStar.

YOY Job Growth



YOY Effective Rent Growth and Occupancy

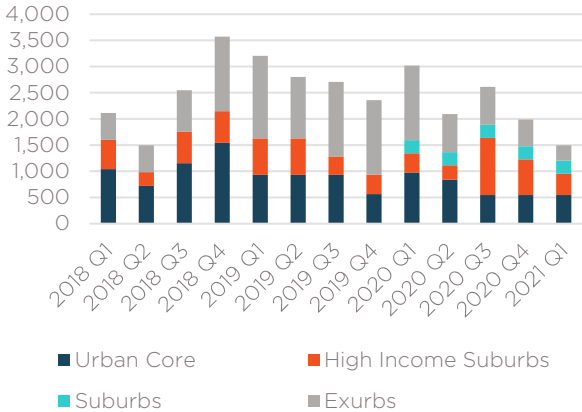


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

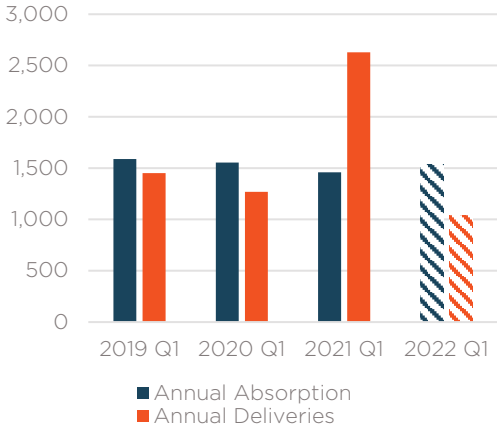


DURHAM

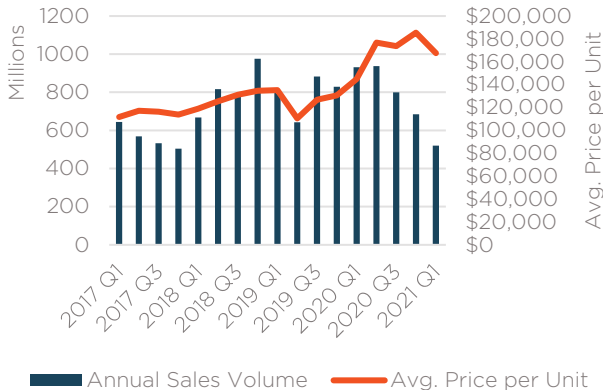
Units Under Construction



Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 85.7% | \$1,656 | -1.0% | 1.7% |
| High-Income Suburbs | 95.1% | \$1,369 | 5.8% | 3.4% |
| Suburbs | 95.7% | \$1,327 | 10.8% | 1.5% |
| Exurbs | 68.1% | \$1,567 | -1.2% | 1.7% |
| Total | 84.8% | \$1,511 | 1.9% | 2.3% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 92.9% | \$1,089 | 2.7% | 4.1% |
| High-Income Suburbs | 90.5% | \$1,169 | 4.6% | 4.1% |
| Suburbs | 95.2% | \$1,016 | 3.8% | 4.0% |
| Exurbs | 92.7% | \$1,105 | 2.7% | 3.9% |
| Total | 92.2% | \$1,116 | 3.3% | 4.0% |

SOURCES: COSTAR



GREENVILLE

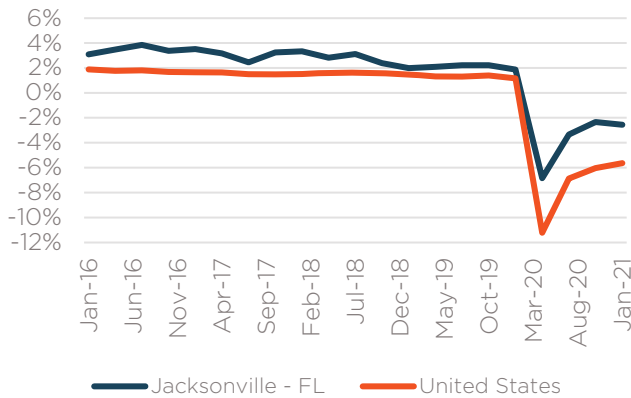
| | | |
|--|--|---|
| <p>\$61,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.2% YOY</p> | <p>932,000 POPULATION</p> <p>↑ 0.8% YOY</p> | <p>4.6% UNEMPLOYMENT RATE</p> <p>↑ 280 BPS FROM Q1 2020</p> |
| <p>3.7 HOME PRICE-TO- INCOME RATIO</p> | <p>4.3% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 230 BPS FROM Q1 2020</p> | <p>4.3% UNITS U/C AS % OF STOCK</p> <p>↓ 50 BPS FROM Q1 2020</p> |

MAJOR EMPLOYERS:

Michelin, GE Power, Fluor Corp., Bon Secours, St. Francis Health, TD Bank

A consistent and substantial amount of new deliveries put downward pressure on rents in this market for much of 2019 and into 2020. However, in the last six months, new deliveries have slowed, finally allowing operators to push rents. Overall market YOY rent growth measured 4.3% in Q1 2021, the highest YOY rent growth Greenville has seen in two years. The gains were broad-based across Class A and Class B/C assets, except in the urban core, where the average Class A rents was actually 1% below it was last year.

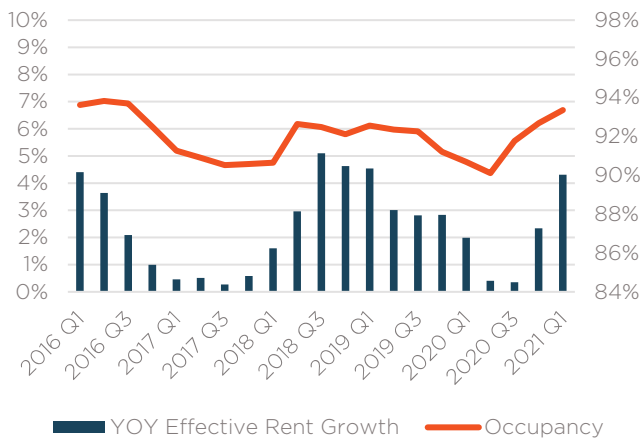
YOY Job Growth



With occupancy among Class A assets in the urban core at just 80% as of Q1 2021, the urban core's performance will likely continue to lag the suburbs for at least the next quarter.

Suburban assets benefit from much higher occupancy and while more supply is on the way, it is probably not enough to swamp demand. As a result, the near-term future for suburban properties in Greenville looks bright.

YOY Effective Rent Growth and Occupancy

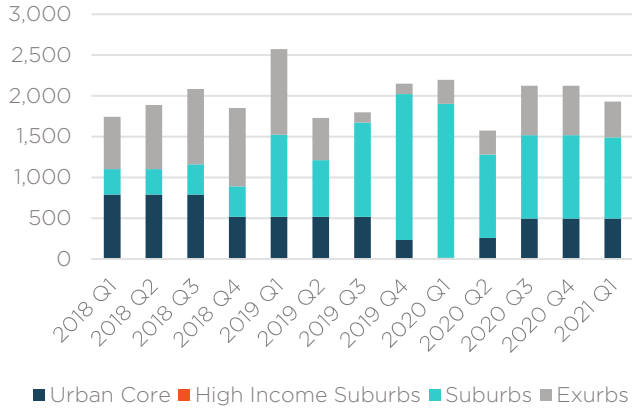


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

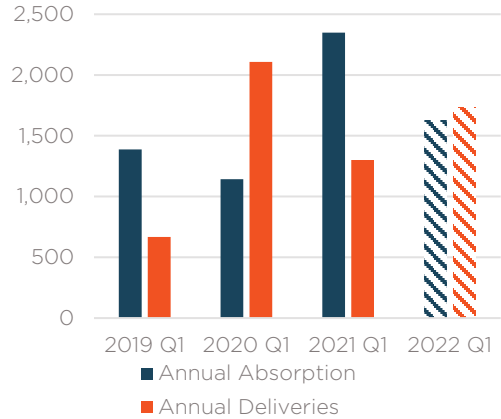


GREENVILLE

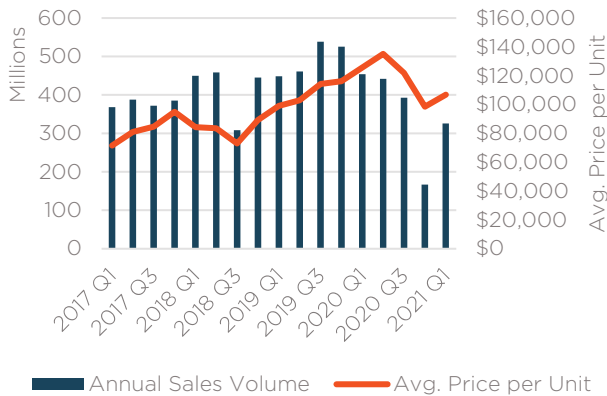
Units Under Construction



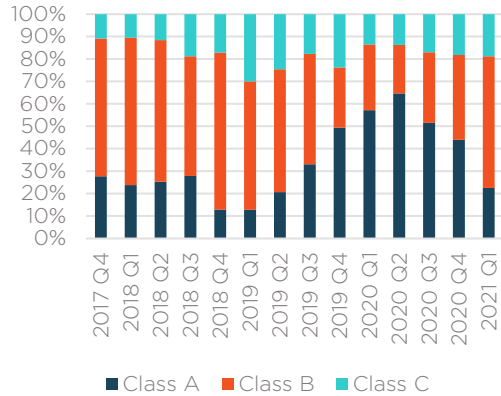
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | 79.4% | \$1,513 | 4.0% | -0.1% |
| High-Income Suburbs | 98.6% | \$1,026 | 0.6% | 1.3% |
| Suburbs | 94.7% | \$1,195 | 3.4% | 1.2% |
| Exurbs | 95.5% | \$1,126 | 6.5% | 2.4% |
| Total | 89.0% | \$1,248 | 3.4% | 0.9% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 93.1% | \$1,232 | 6.3% | 2.8% |
| High-Income Suburbs | 96.1% | \$1,022 | 5.5% | 3.3% |
| Suburbs | 93.8% | \$981 | 4.4% | 3.6% |
| Exurbs | 93.9% | \$884 | 5.2% | 4.0% |
| Total | 94.3% | \$972 | 4.8% | 3.4% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

HUNTSVILLE

| | | |
|--|---|--|
| <p>\$70,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.1% YOY</p> | <p>481,000 POPULATION</p> <p>↑ 1.2% YOY</p> | <p>2.7% UNEMPLOYMENT RATE</p> <p>↑ 30 BPS FROM Q1 2020</p> |
| <p>3.0 HOME PRICE-TO- INCOME RATIO</p> | <p>6.9% YOY EFFECTIVE RENT GROWTH</p> <p>↓ 90 BPS FROM Q1 2020</p> | <p>9.5% UNITS U/C AS % OF STOCK</p> <p>↑ 190 BPS FROM Q1 2020</p> |

MAJOR EMPLOYERS:

US Army/Redstone Arsenal, NASA, Boeing, SAIC, Camber Corporation, ADTRAN

Huntsville, Alabama has long been known for its connection to rocket science and NASA, which is still one of the largest employers in the metro area. The presence of NASA has created a concentration of scientific and engineering talent yet overall costs of doing business remain low.

Companies have taken note and major new commitments to the area have been announced by Blue Origin, Mazda/Toyota, and the FBI, which is working on a \$1 billion expansion in the area. Most recently, Huntsville was selected as the headquarters location for the US Space Command, which will eventually employ 1,400 people.

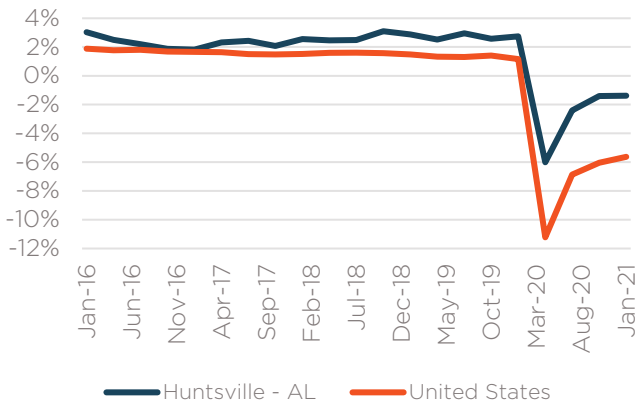
Data from the Bureau of Labor Statistics confirms Huntsville's relatively strong labor market. Through Q1 2021 its employment was down by just 1.4% over last year, compared to a 5.6% drop for the United States.

All of this activity has led to stunning rent growth and improved occupancy that has persisted into Q1 2021. Overall rents were up by 6.9% over Q1 2020, led by Class B/C assets, which have seen average rent growth of 8.2% in the last year.

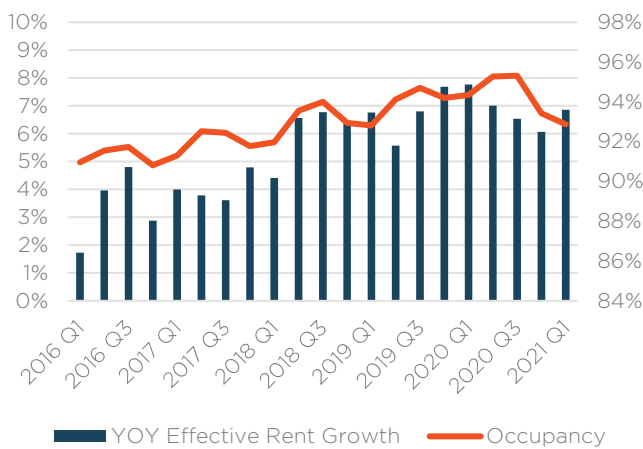
That pace of rent growth is unlikely to last much longer. Investors and developers have discovered Huntsville and are building 2,500 more units. CoStar estimates that 1,600 of these units will deliver over the next year. Other sources are reporting even larger pipelines.

Demand will remain strong but such a large quantity of units in lease-up will cause rent growth to slow.

YOY Job Growth



YOY Effective Rent Growth and Occupancy

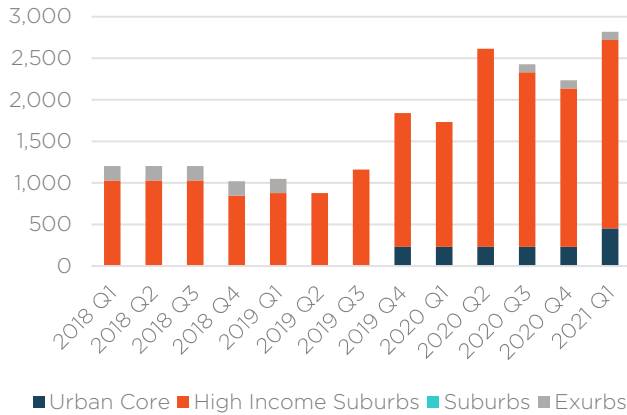


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

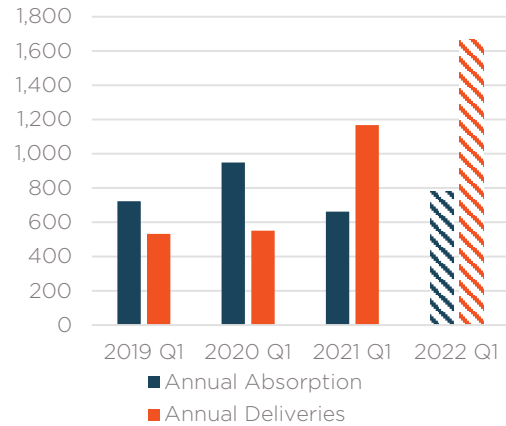


HUNTSVILLE

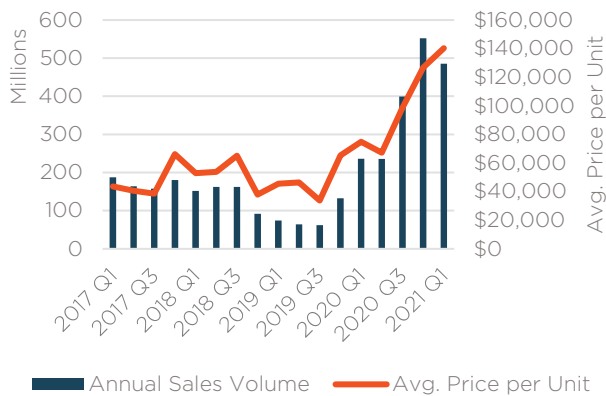
Units Under Construction



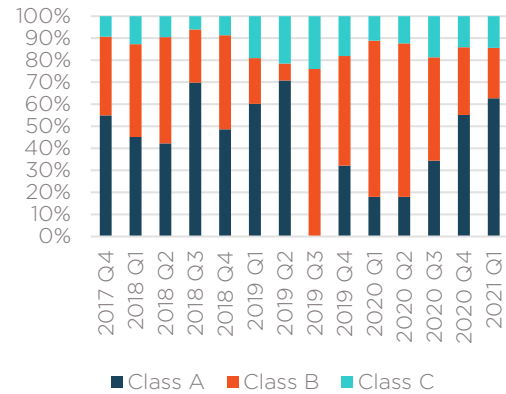
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 96.4% | \$1,496 | 0.9% | 4.8% |
| High-Income Suburbs | 84.0% | \$1,324 | 3.9% | 5.3% |
| Suburbs | NA | NA | NA | NA |
| Exurbs | 96.5% | \$1,411 | 8.6% | 4.7% |
| Total | 86.1% | \$1,328 | 4.1% | 5.0% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 98.1% | \$805 | 5.9% | 3.6% |
| High-Income Suburbs | 92.8% | \$982 | 8.8% | 7.0% |
| Suburbs | NA | NA | NA | NA |
| Exurbs | 96.3% | \$739 | 7.0% | 5.8% |
| Total | 94.5% | \$874 | 8.2% | 6.4% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

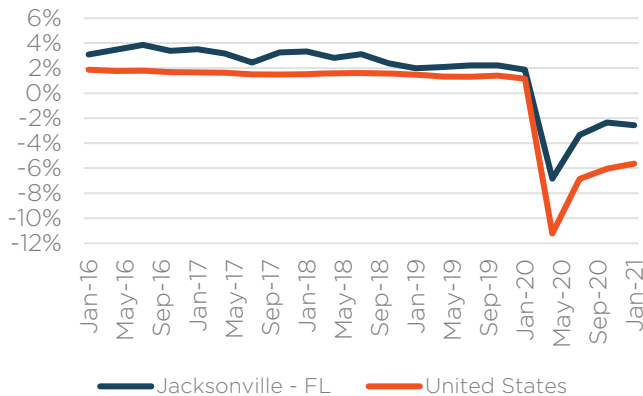
JACKSONVILLE

| | | |
|--|--|---|
| <p>\$70,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 4.9% YOY</p> | <p>1,589,000 POPULATION</p> <p>↑ 1.2% YOY</p> | <p>3.7% UNEMPLOYMENT RATE</p> <p>↓ 30 BPS. FROM Q1 2020</p> |
| <p>3.6 HOME PRICE-TO- INCOME RATIO</p> | <p>7.3% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 470 BPS FROM Q1 2020</p> | <p>4.3% UNITS U/C AS % OF STOCK</p> <p>↓ 50 BPS FROM Q1 2020</p> |

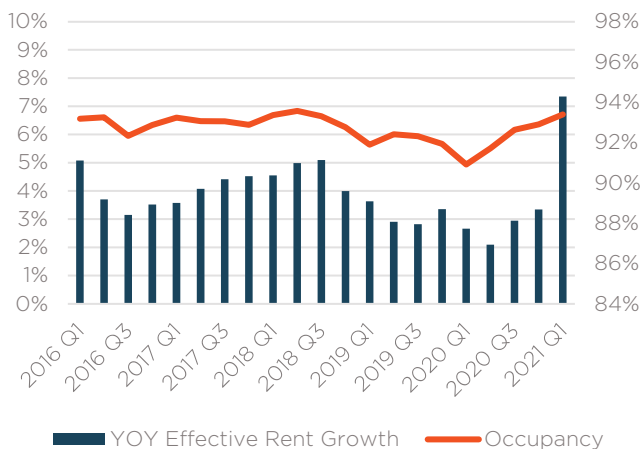
MAJOR EMPLOYERS:

uS Navy, Baptist Health, Bank of America, Florida Blue, Mayo Clinic, Citibank, JP Morgan, Chase, Wells Fargo

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Jacksonville is a major hub of the financial services industry. Bank of America, Citibank, JP Morgan Chase, Wells Fargo, and TIAA all have a significant presence in the area. In addition, Jacksonville has strengths in insurance, logistics, and aviation.

So far, these industries appear to have held up relatively well in the face of the COVID recession. YOY job losses in Jacksonville measured just 2.6% in Q1 2021, a significantly better performance than the national loss of 5.6%.

The apartment market in Jacksonville took off in Q1 2021. The average effective rent rose by 7.3% YOY, the highest YOY rent growth recorded in the last five years. Occupancy has also ticked up throughout the pandemic and now stands at 93.4%.

Class B/C apartments led the way with YOY rent growth of 8.0% but Class A apartments also performed well. Their rents rose by 5.0%, although rent growth was much higher among suburban and exurban Class A assets than those in the urban core.

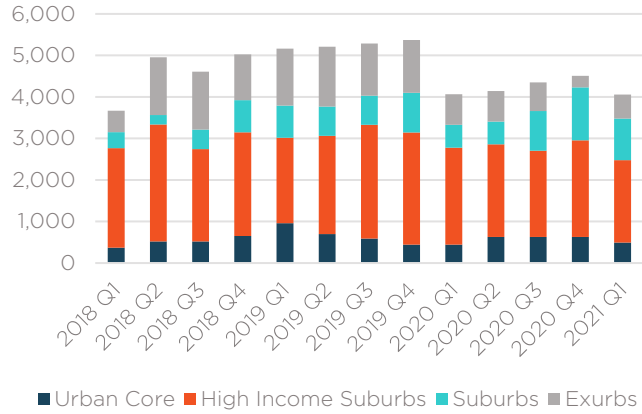
While YOY rent growth of 7.3% is probably not sustainable, the future still looks bright for Jacksonville. Its pipeline of new supply is fairly modest and the demand for labor is showing resilience.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

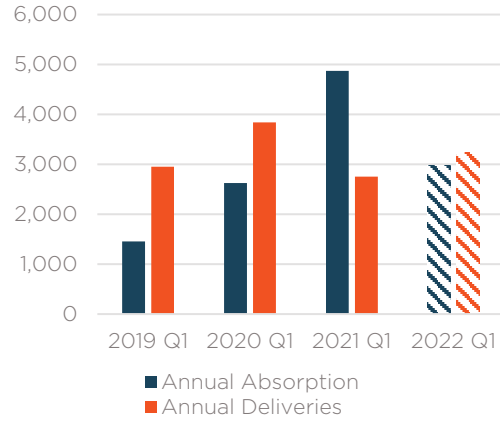


JACKSONVILLE

Units Under Construction



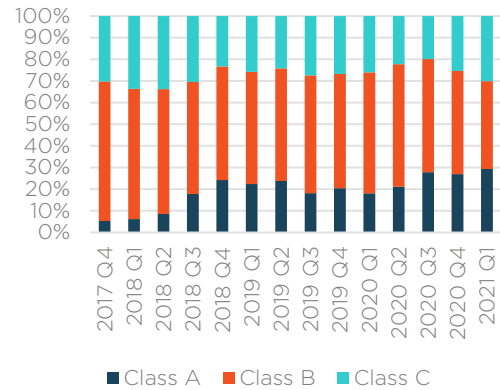
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 92.5% | \$1,460 | 2.0% | 0.5% |
| High-Income Suburbs | 92.3% | \$1,453 | 5.2% | 3.2% |
| Suburbs | 92.8% | \$1,434 | 8.9% | 2.7% |
| Exurbs | 82.4% | \$1,501 | 11.8% | 6.7% |
| Total | 91.2% | \$1,454 | 6.0% | 2.9% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 93.4% | \$1,147 | 11.9% | 6.1% |
| High-Income Suburbs | 94.3% | \$1,200 | 8.0% | 4.6% |
| Suburbs | 92.6% | \$1,007 | 8.0% | 5.0% |
| Exurbs | 95.1% | \$1,110 | 7.5% | 5.6% |
| Total | 93.9% | \$1,111 | 8.0% | 4.9% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

KNOXVILLE

| | | |
|--|---|--|
| <p>\$59,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.8% YOY</p> | <p>900,000 POPULATION</p> <p>↑ 0.5% YOY</p> | <p>4.3% UNEMPLOYMENT RATE</p> <p>↑ 50 BPS FROM Q1 2020</p> |
| <p>3.7 HOME PRICE-TO- INCOME RATIO</p> | <p>6.2% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 30 BPS FROM Q1 2020</p> | <p>2.5% UNITS U/C AS % OF STOCK</p> <p>↓ 170 BPS FROM Q1 2020</p> |

MAJOR EMPLOYERS:

Dept. of Energy, Univ. of TN, Clayton Homes, ALCOA, Dollywood, Denso

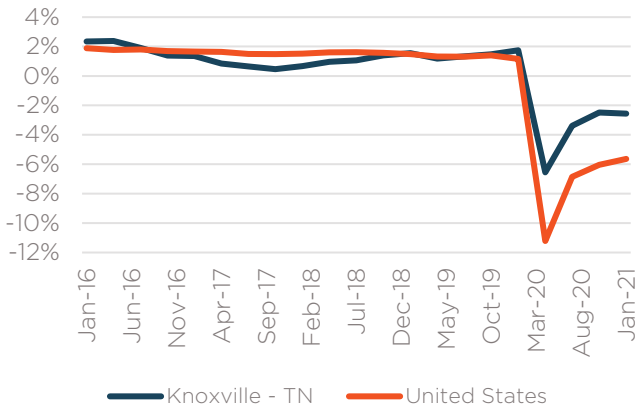
Knoxville is Tennessee's third largest metropolitan area with a population of nearly 900,000. Although it has a history of slow job growth, both relative to its peers and the US average, it has two very stable anchors in the Oak Ridge National Laboratory and the University of Tennessee that have helped keep this metro on a steady, if not fast, growth path.

Despite the somewhat slower growth, the apartment market in Knoxville has remained quite healthy over the last five years. Occupancy has held steady over 93%, and in most quarters, YOY rent growth has exceeded 3.0%. In Q1 2021, Knoxville managed overall YOY rent growth of 6.2% and although occupancy ticked down, it still remained high at 95.3%.

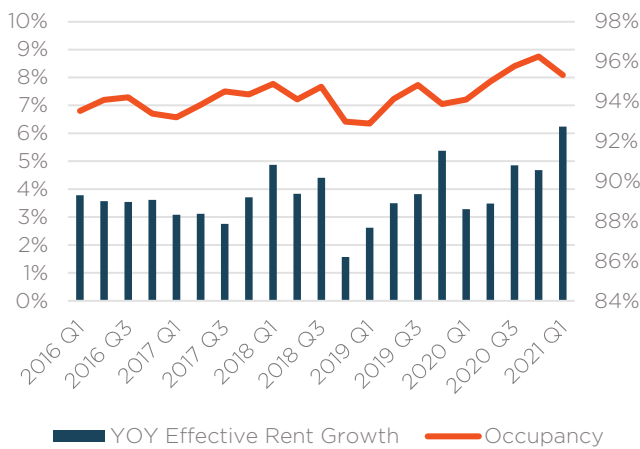
One of the reasons for Knoxville's performance is a relative lack of new construction. Only 3,000 units have been added to the inventory over the last five years, an increase of just 11%.

As of Q1 2021, the pipeline remains small at about 2.5% of the existing stock. There is little reason to worry about Knoxville's performance over the next year.

YOY Job Growth



YOY Effective Rent Growth and Occupancy

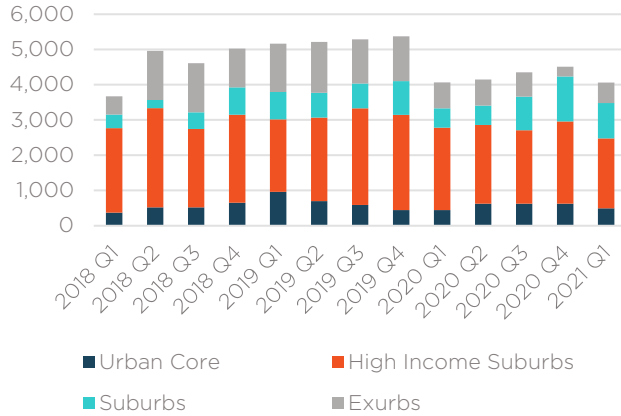


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

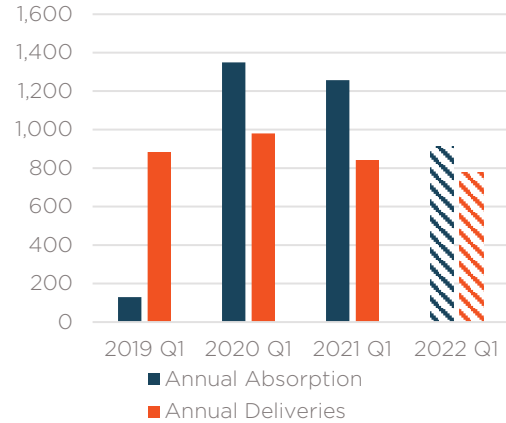


KNOXVILLE

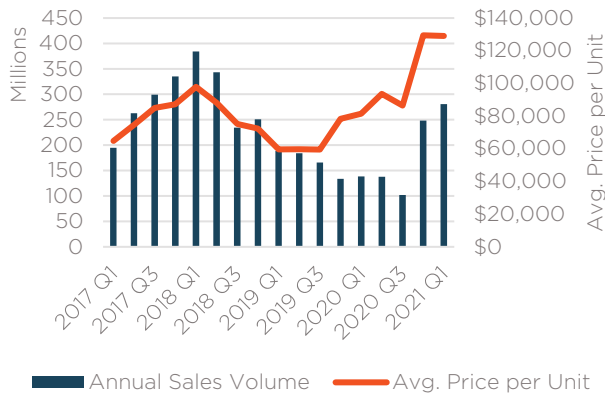
Units Under Construction



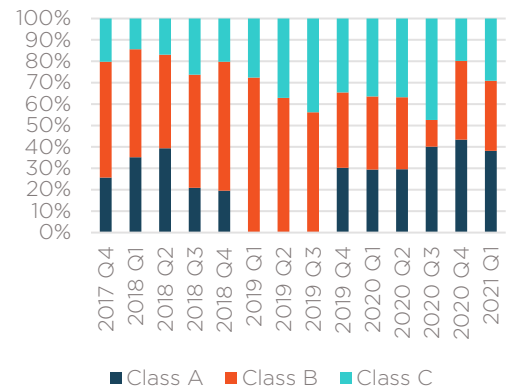
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 77.1% | \$1,613 | 3.3% | 2.2% |
| High-Income Suburbs | 95.9% | \$1,409 | 7.7% | 3.7% |
| Suburbs | 83.5% | \$1,239 | 5.2% | 3.1% |
| Exurbs | 98.8% | \$1,191 | 5.7% | 4.7% |
| Total | 90.1% | \$1,359 | 6.0% | 3.4% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 97.0% | \$941 | 1.7% | 3.0% |
| High-Income Suburbs | 98.0% | \$1,214 | 9.2% | 4.6% |
| Suburbs | 97.2% | \$904 | 7.7% | 4.6% |
| Exurbs | 93.4% | \$757 | 5.0% | 3.9% |
| Total | 96.3% | \$893 | 6.5% | 4.3% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

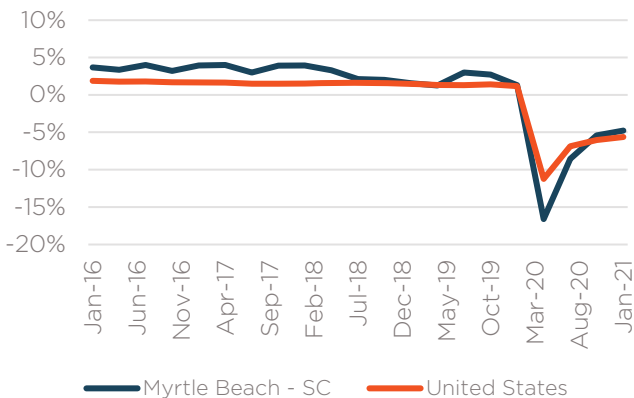
MYRTLE BEACH

| | | |
|--|--|--|
| <p>\$60,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.9% YOY</p> | <p>507,000 POPULATION</p> <p>↑ 1.4% YOY</p> | <p>7.1% UNEMPLOYMENT RATE</p> <p>↑ 250 BPS. FROM Q1 2020</p> |
| <p>4.0 HOME PRICE-TO- INCOME RATIO</p> | <p>6.5% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 420 BPS FROM Q1 2020</p> | <p>12.9% UNITS U/C AS % OF STOCK</p> <p>↓ 20 BPS FROM Q1 2020</p> |

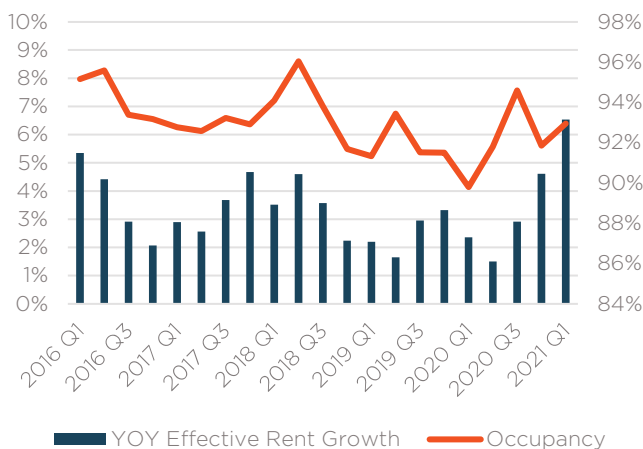
MAJOR EMPLOYERS:

Coastal Carolina University, Conway Hospital, Grand Strand Regional Medical Center, McLeod Loris Seacoast

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Myrtle Beach is the second fastest growing metropolitan area in the country. The census estimates that it added 16,000 people in 2019 alone, a 3.3% increase. For comparison's sake, that's 4,000 more than Charleston, SC a much larger metro area that is also growing fast.

Prior to the onset of COVID, Myrtle Beach had also seen rapid job growth, driven in part by the health care sector. However, Myrtle Beach's economy is still highly dependent on tourism, so it comes as no surprise that Myrtle Beach suffered disproportionately large job losses. YOY job losses measured 16.8% in Q2 2020, a stunning number. But the Myrtle Beach job market has also recovered quickly. As of Q1 2021, its jobs losses are about on par with the national average.

The large hit to employment did not impact the Myrtle Beach apartment market. Rent growth proceeded as if nothing happened and Q1 2021, overall YOY rent growth measured 6.5%, the best result since 2016.

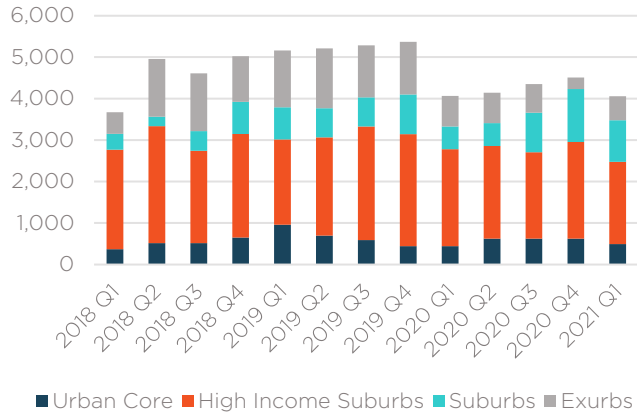
Nevertheless, a large wave of new supply will test this market's strength. Over 4,000 units are now under construction, amounting to about 13% of the existing inventory. Nearly half of those units will deliver over the next year. As such, rent growth will likely dip to more normal levels in short order.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

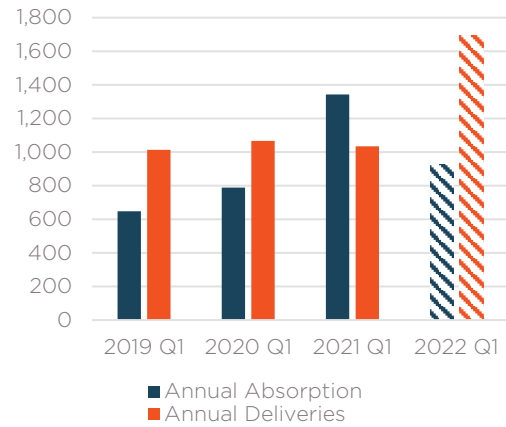


MYRTLE BEACH

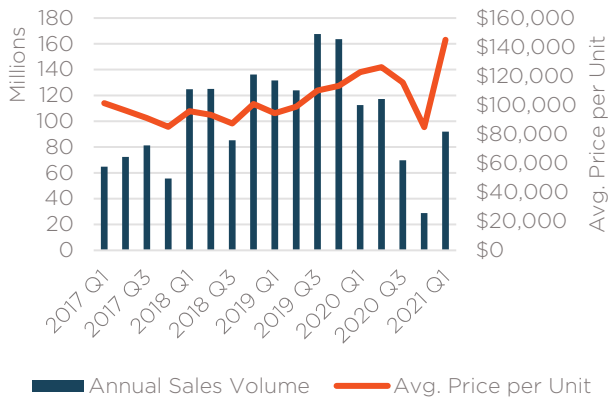
Units Under Construction



Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | NA | NA | NA | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 96.8% | \$1,273 | 7.0% | 1.9% |
| Exurbs | 89.4% | \$1,235 | 6.3% | 4.6% |
| Total | 91.3% | \$1,253 | 6.9% | 3.3% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | NA | NA | NA | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 94.5% | \$921 | 7.7% | 3.5% |
| Exurbs | 93.5% | \$1,021 | 7.2% | 4.0% |
| Total | 93.7% | \$1,019 | 7.4% | 3.8% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

NASHVILLE

| | | |
|--|--|--|
| <p>\$71,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 0.8% YOY</p> | <p>1,997,000 POPULATION</p> <p>↑ 1.2% YOY</p> | <p>4.0% UNEMPLOYMENT RATE</p> <p>↑ 90 BPS FROM Q1 2020</p> |
| <p>4.3 HOME PRICE-TO- INCOME RATIO</p> | <p>0.5% YOY EFFECTIVE RENT GROWTH</p> <p>↓ 420 BPS FROM Q1 2020</p> | <p>10.4% UNITS U/C AS % OF STOCK</p> <p>↑ 90 BPS FROM Q1 2020</p> |

MAJOR EMPLOYERS:

Vanderbilt University, Nissan, Hospital Corporation of America, Saint Thomas Health, Electrolux

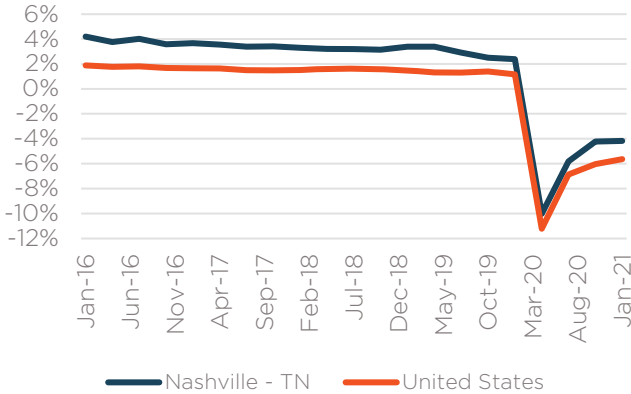
Nashville has had one of the best metropolitan economies in the country over the last 10 years. Driven by diverse strengths in healthcare, auto manufacturing, and education, Nashville had expanded its job base by 33% compared to its pre-recession peak as of Q1 2020, ranking it eighth among all US metro.

Since the recession started, its labor market has performed marginally better than the US national average. As of Q1 2021, employment was down by 4.2% compared to a year ago. Total employment in the US was down by 5.6%.

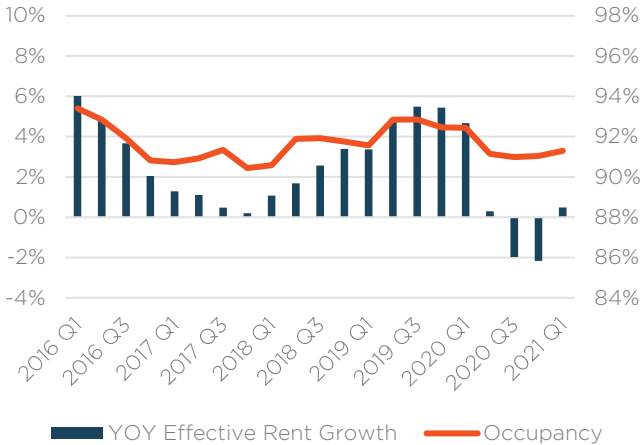
However, Nashville has also seen tremendous growth in its inventory of apartments. That appeared to weigh heavily on the market during the pandemic, especially, but not exclusively, in the urban core. New supply will continue to pose a challenge to rent growth, as there are about 12,000 units under construction, representing 10% of inventory. If absorption over the next year matches the average over the last three years, deliveries will exceed demand by a significant margin.

Therefore, the recovery in rents in Nashville will likely be muted relative to its peers over the next twelve months.

YOY Job Growth



YOY Effective Rent Growth and Occupancy

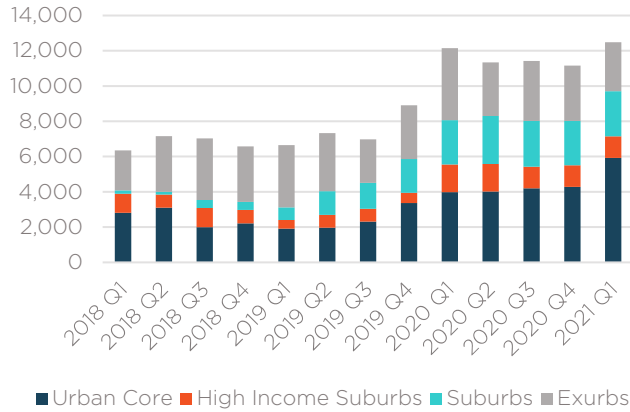


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

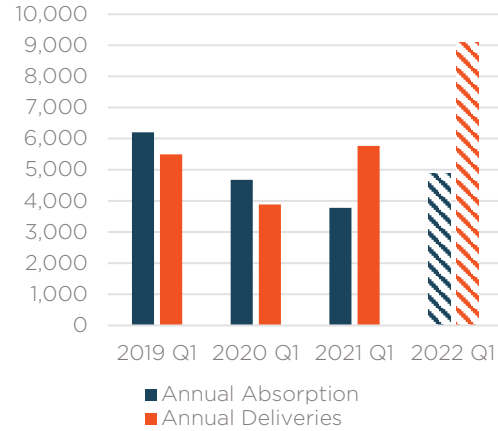


NASHVILLE

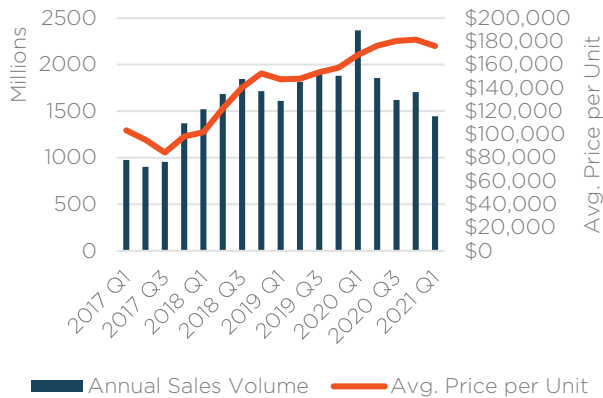
Units Under Construction



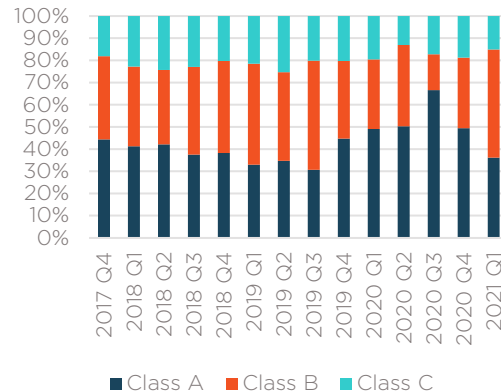
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 84.8% | \$1,877 | -6.4% | 0.1% |
| High-Income Suburbs | 90.7% | \$1,658 | 1.9% | 2.8% |
| Suburbs | 87.2% | \$1,346 | -0.7% | 2.3% |
| Exurbs | 94.4% | \$1,270 | 5.1% | 2.8% |
| Total | 88.2% | \$1,569 | -1.8% | 1.2% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 87.9% | \$1,452 | -4.4% | 1.7% |
| High-Income Suburbs | 95.0% | \$1,356 | 3.4% | 2.2% |
| Suburbs | 92.0% | \$1,080 | 1.1% | 3.1% |
| Exurbs | 93.6% | \$1,088 | 5.8% | 4.3% |
| Total | 92.5% | \$1,158 | 2.0% | 3.0% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

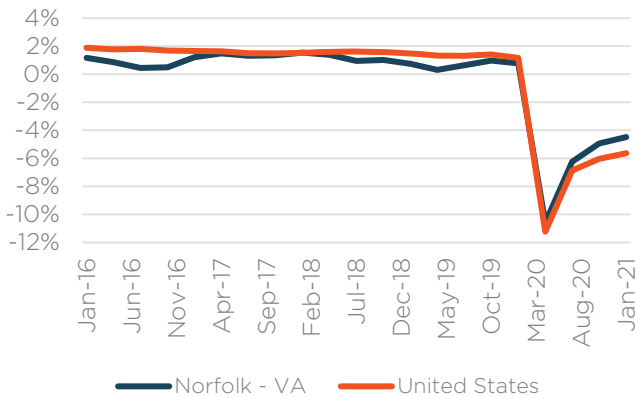
NORFOLK

| | | |
|--|--|---|
| <p>\$74,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 4.5% YOY</p> | <p>1,741,000 POPULATION</p> <p>↑ 0.4% YOY</p> | <p>6.5% UNEMPLOYMENT RATE</p> <p>↑ 360 BPS FROM Q1 2020</p> |
| <p>3.6 HOME PRICE-TO- INCOME RATIO</p> | <p>7.2% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 300 BPS FROM Q1 2020</p> | <p>1.5% UNITS U/C AS % OF STOCK</p> <p>↓ 10 BPS FROM Q1 2020</p> |

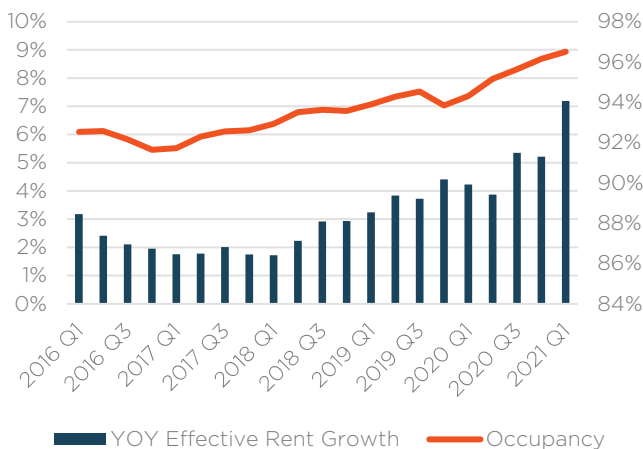
MAJOR EMPLOYERS:

Sentara Healthcare, Huntington Ingalls, Norfolk Naval Shipyard, Old Dominion University, NASA, GEICO

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Norfolk is a slow-growing metropolitan area with an economy that is heavily dependent on the military and defense spending, especially from the Navy. Job growth has consistently lagged the US national average over the last five years, although its job market has moderately outperformed the national average since the recession began.

Slow job growth has been accompanied by slow rent growth for most of the last five years with the important exception of the recent past. YOY rent growth has exceeded 3.5% in each of the last six quarters and jumped to 7.2% in Q1 2021. Overall occupancy has also trended upwards and, as of Q1 2021 stood at 96.4%, a high average relative to many peer metro areas in the Southeast and Mid-Atlantic regions. Based on these statistics, Norfolk is clearly among the best performing markets in the southeast during the COVID pandemic.

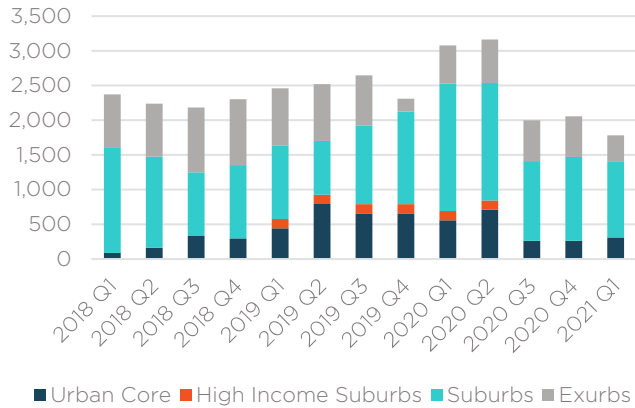
Despite the strong growth in the last several quarters, the pipeline of units under construction is quite small in comparison to the size of the inventory. As a result, the Norfolk MSA is well-positioned for strong rent growth over the next year.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

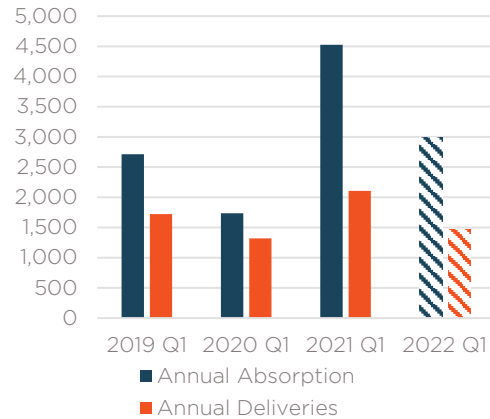


NORFOLK

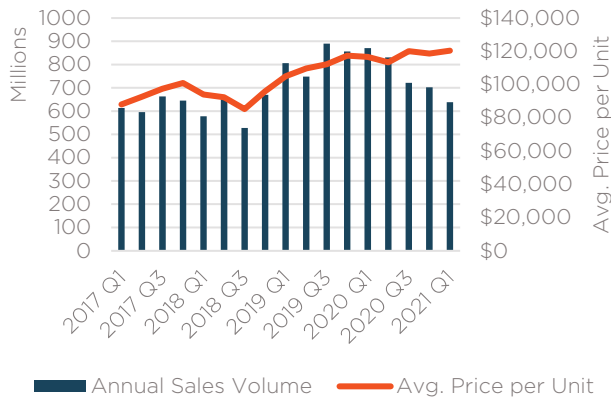
Units Under Construction



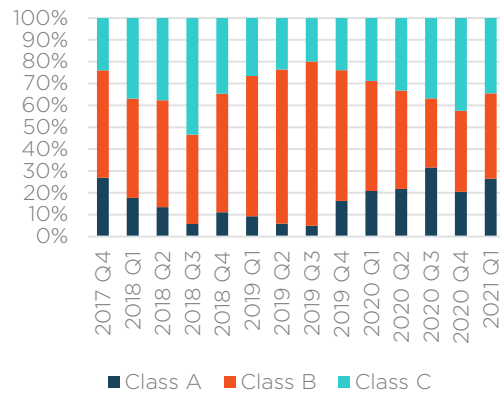
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|-----------|-----------|-----------------|-------------------------|
| Urban Core | 96.1% | \$1,535 | 4.6% | 2.5% |
| High-Income Suburbs | 97.4% | \$1,534 | 8.8% | 3.7% |
| Suburbs | 95.9% | \$1,462 | 6.6% | 2.8% |
| Exurbs | 97.2% | \$1,583 | 7.1% | 4.2% |
| Total | 96.3% | \$1,493 | 6.6% | 3.0% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 96.6% | \$1,034 | 3.6% | 2.7% |
| High-Income Suburbs | 97.5% | \$1,218 | 6.8% | 3.4% |
| Suburbs | 96.6% | \$1,116 | 9.0% | 4.2% |
| Exurbs | 96.0% | \$1,201 | 4.9% | 3.7% |
| Total | 96.6% | \$1,115 | 7.4% | 3.8% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

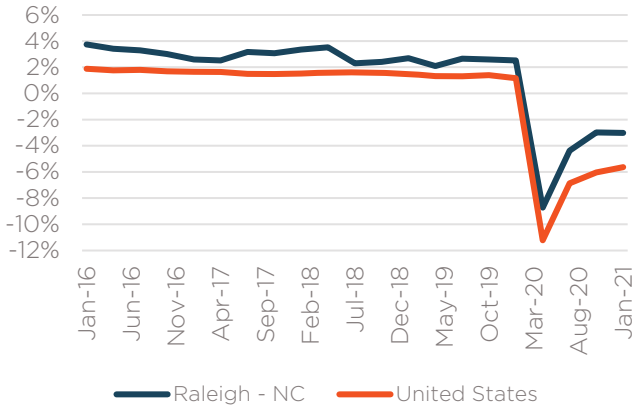
RALEIGH

| | | |
|--|---|---|
| <p>\$81,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 0.8% YOY</p> | <p>1,428,000 POPULATION</p> <p>↑ 1.7% YOY</p> | <p>4.7% UNEMPLOYMENT RATE</p> <p>↑ 150 BPS FROM Q1 2020</p> |
| <p>3.9 HOME PRICE-TO- INCOME RATIO</p> | <p>3.6% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 20 BPS FROM Q1 2020</p> | <p>4.1% UNITS U/C AS % OF STOCK</p> <p>↓ 20 BPS FROM Q1 2020</p> |

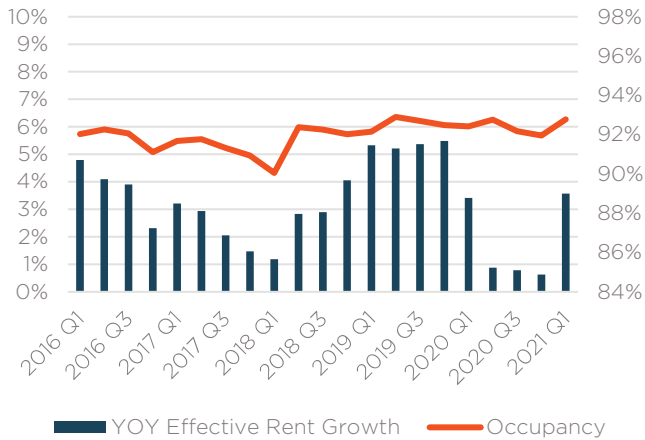
MAJOR EMPLOYERS:

State of North Carolina, N.C. State University, SAS Institute, Rex Hospital, Cisco Systems, Duke Health

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Raleigh boasts a highly-educated workforce and a high median household income of \$81,000. Its economy is supported by the advanced businesses in Research Triangle Park, as well as the stable presence of the North Carolina state government and N.C. State University.

More recently, Raleigh has become recognized for its growing scene of technology startups. These factors have made Raleigh attractive to employers and residents alike. The recent announcement that Apple would build a \$1 billion campus in Raleigh underscores the point.

Real estate investors also like Raleigh, The average price per unit sold has risen steadily throughout the pandemic and, although sales volumes have fallen below their peak, they remain high.

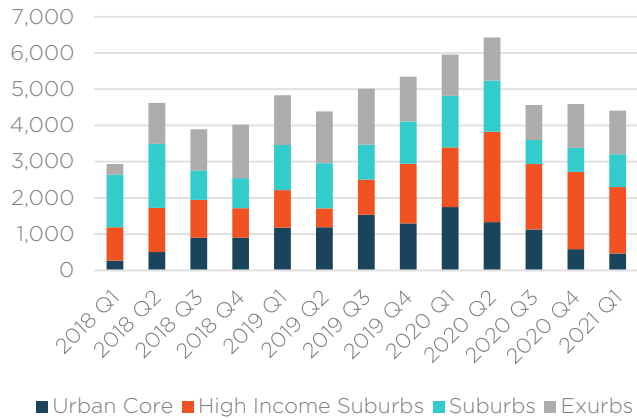
Investors' interest in Raleigh is well-founded, and not only for its dynamic economy. Unlike many of its peers, Raleigh's pipeline has mostly stayed a manageable size at 4% to 6% of existing inventory over the last several years. As of Q1 2021, the pipeline amounted to just 4.1% of the existing inventory. If absorption over the next year matches the average over the last three years, then demand should outpace new deliveries, causing this market to tighten.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

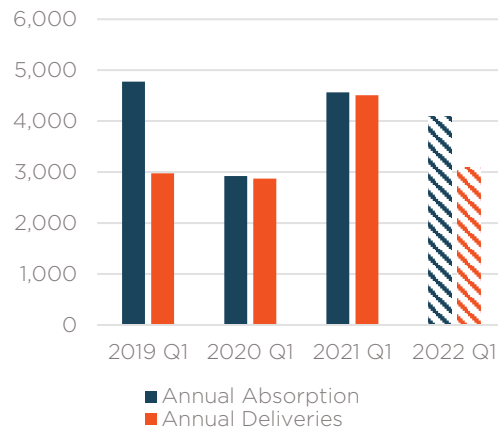


RALEIGH

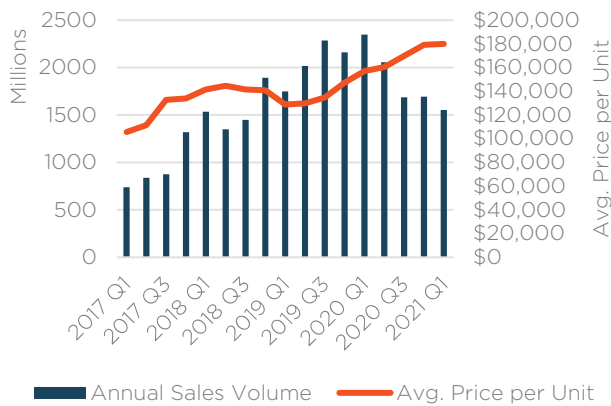
Units Under Construction



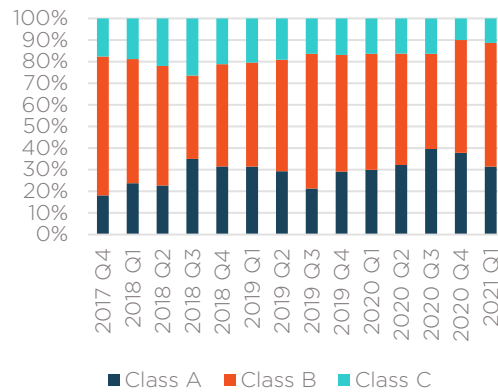
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 86.9% | \$1,480 | -1.4% | 1.5% |
| High-Income Suburbs | 88.9% | \$1,296 | 0.9% | 2.5% |
| Suburbs | 88.2% | \$1,365 | 3.9% | 2.7% |
| Exurbs | 80.8% | \$1,251 | 9.8% | 3.3% |
| Total | 87.5% | \$1,367 | 1.0% | 2.3% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 93.5% | \$1,044 | 1.9% | 4.1% |
| High-Income Suburbs | 94.5% | \$1,184 | 3.8% | 3.6% |
| Suburbs | 95.0% | \$1,107 | 5.3% | 4.3% |
| Exurbs | 94.7% | \$1,215 | 8.2% | 3.7% |
| Total | 94.5% | \$1,144 | 4.8% | 3.9% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

RICHMOND

| | | |
|--|--|---|
| <p>\$72,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.8% YOY</p> | <p>1,335,000 POPULATION</p> <p>↑ 1.0% YOY</p> | <p>5.9% UNEMPLOYMENT RATE</p> <p>↑ 310 BPS FROM Q1 2020</p> |
| <p>3.8 HOME PRICE-TO- INCOME RATIO</p> | <p>6.0% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 360 BPS FROM Q1 2020</p> | <p>4.8% UNITS U/C AS % OF STOCK</p> <p>↓ 40 BPS FROM Q1 2020</p> |

MAJOR EMPLOYERS:

Capital One, Virginia Commonwealth University, HCA Virginia Health, Bon Secours, Dominion Power

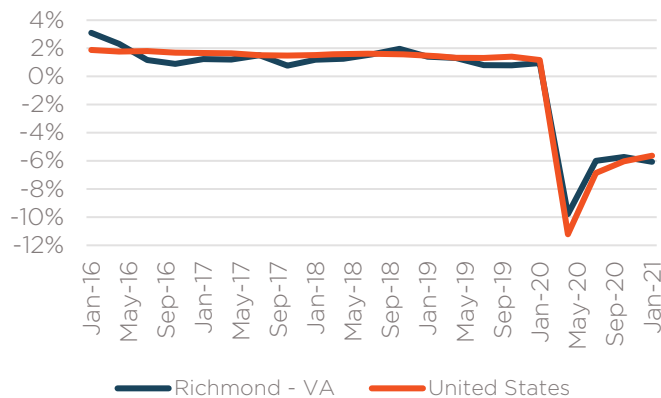
Richmond has a diverse job base that includes strengths in finance and health care. In addition, the presence of the Virginia state government and Virginia Commonwealth University, which has an undergraduate enrollment of 24,000, have long provided stability for the metro's economy.

That stability along with an urban core that has steadily become more attractive drew more investment to the region both in terms of sales volume and new supply prior to the pandemic.

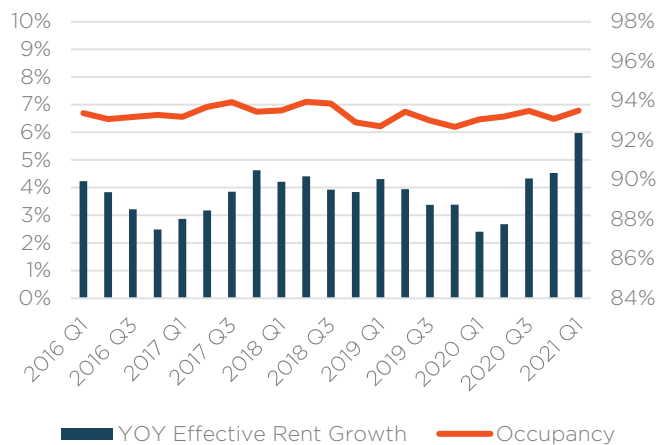
Since the pandemic, sales volumes have tapered somewhat but the apartment market has never performed better, at least not in recent history. In Q1 2021, overall average YOY rent growth hit 6.0%, led by Class B and C apartments, which saw their average rent rise by 6.7% YOY. Like most markets, the urban core saw less rent growth, but outside of it, almost everything performed well.

This performance is particularly encouraging because over 3,500 new units have delivered in Richmond in the last year alone, an abnormally high amount for this metro. Nevertheless, demand matched it and occupancy rates remained steady. CoStar anticipates that the volume of new deliveries will slow over the next year and therefore the market should continue to perform well.

YOY Job Growth



YOY Effective Rent Growth and Occupancy

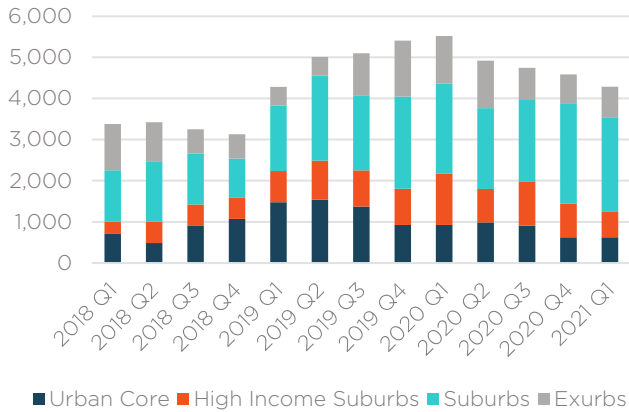


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

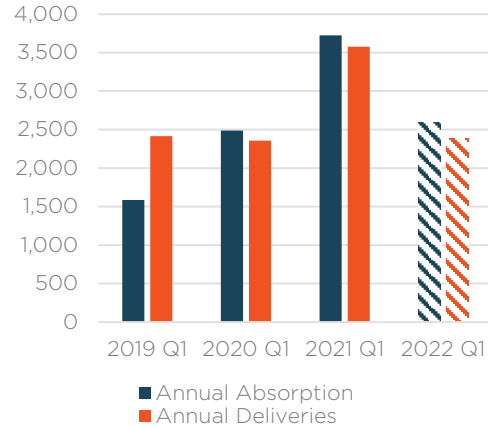


RICHMOND

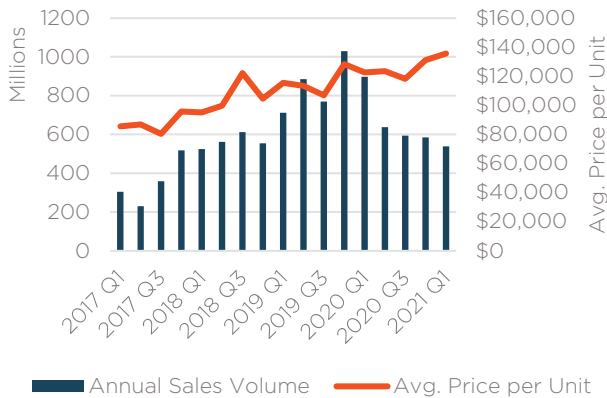
Units Under Construction



Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 93.8% | \$1,412 | 0.9% | 2.1% |
| High-Income Suburbs | 81.3% | \$1,471 | 7.4% | 4.3% |
| Suburbs | 92.6% | \$1,345 | 5.8% | 3.3% |
| Exurbs | 73.7% | \$1,453 | 2.7% | 1.8% |
| Total | 87.6% | \$1,397 | 4.1% | 2.7% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 93.5% | \$1,199 | 0.0% | 2.2% |
| High-Income Suburbs | 94.5% | \$1,295 | 4.6% | 4.9% |
| Suburbs | 94.9% | \$1,104 | 6.7% | 4.6% |
| Exurbs | 96.1% | \$1,142 | 10.1% | 4.8% |
| Total | 95.0% | \$1,132 | 6.7% | 4.5% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

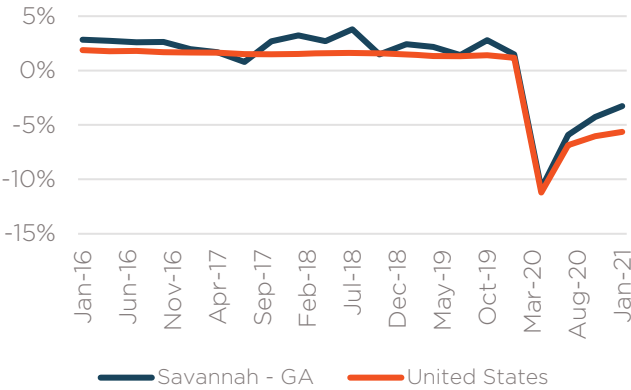
SAVANNAH

| | | |
|--|--|--|
| <p>\$59,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.8% YOY</p> | <p>396,000 POPULATION</p> <p>↑ 0.4% YOY</p> | <p>4.5% UNEMPLOYMENT RATE</p> <p>↑ 130 BPS FROM Q1 2020</p> |
| <p>3.4 HOME PRICE-TO- INCOME RATIO</p> | <p>5.5% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 300 BPS FROM Q1 2020</p> | <p>4.6% UNITS U/C AS % OF STOCK</p> <p>↓ 130 BPS FROM Q1 2020</p> |

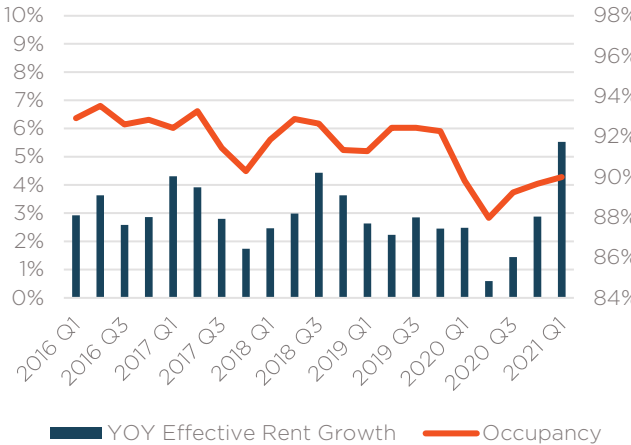
MAJOR EMPLOYERS:

Gulfstream, Memorial Univ. Medical, St. Joseph's Candler, SSA Cooper, Marine Terminals Corp., Georgia Southern

YOY Job Growth



YOY Effective Rent Growth and Occupancy



Savannah’s key strengths – in logistics, manufacturing, and tourism, were, until the onset of COVID-19, supporting job growth at least equal to or better than the US average. The market had also begun to attract more interest from investors. Several Class A properties traded in just the last two years, one at a cap rate of 5.1% - impressively low for a relatively small metro area.

In the last two quarters, Savannah has mounted an impressive jobs recovery. In fact, total employment is very nearly where it was prior to the pandemic. That is a feat that only a few metros can claim.

The market should also see some improvement in 2021 as the pace of deliveries, which likely set a record in 2020, slows. These deliveries put negative pressure on Class A rents, especially in the urban core, for most of the year.

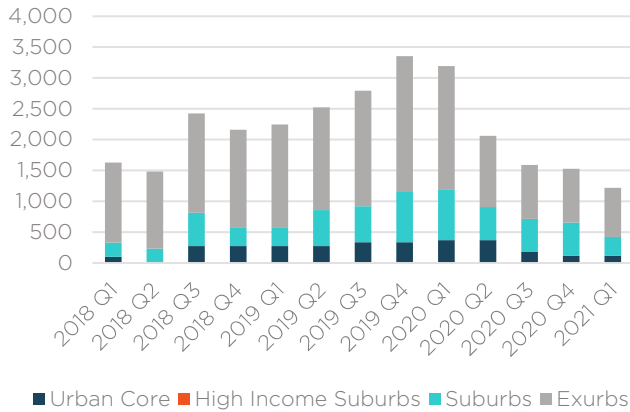
Some improvement in the market is already apparent. The overall average effective rent rose by 5.5% YOY, led by Class B and C properties, which saw their average rents rise by 7.7% YOY. The urban core is still experiencing weakness, especially among Class A properties. But too much should not be read into this as the inventory of Class A units in the urban core is very small.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

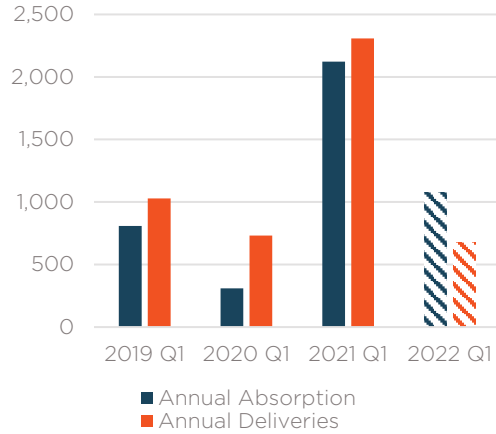


SAVANNAH

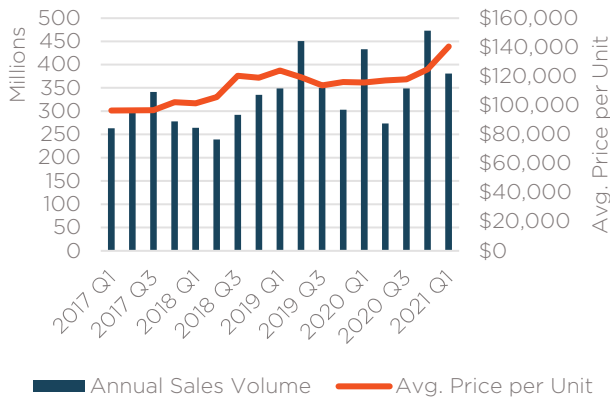
Units Under Construction



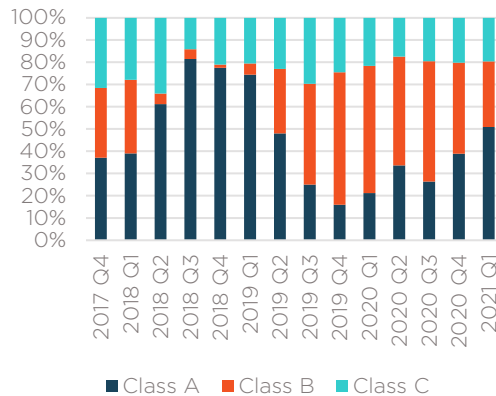
Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | 40.4% | \$1,839 | -10.2% | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 85.0% | \$1,579 | -1.0% | 7.4% |
| Exurbs | 86.9% | \$1,216 | 4.5% | 2.5% |
| Total | 83.5% | \$1,328 | 2.1% | 2.3% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | 89.3% | \$1,095 | -2.4% | 2.6% |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 91.4% | \$991 | 7.5% | 4.4% |
| Exurbs | 93.4% | \$1,115 | 8.4% | 4.2% |
| Total | 92.3% | \$1,063 | 7.7% | 4.3% |

SOURCES: COSTAR



MIDDLEBURG
COMMUNITIES

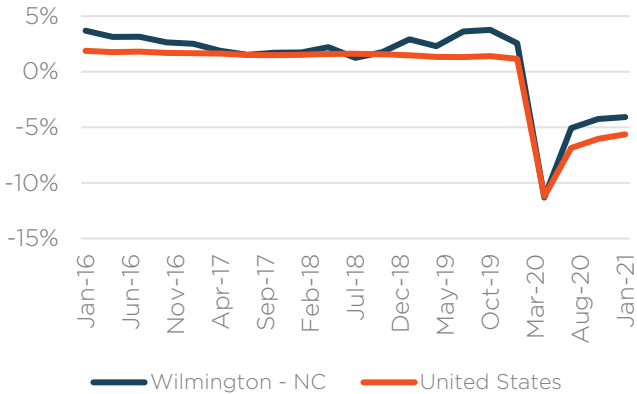
WILMINGTON

| | | |
|--|---|--|
| <p>\$59,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 1.9% YOY</p> | <p>303,000 POPULATION</p> <p>↑ 1.2% YOY</p> | <p>5.1% UNEMPLOYMENT RATE</p> <p>↑ 160 BPS FROM Q1 2020</p> |
| <p>4.8 HOME PRICE-TO- INCOME RATIO</p> | <p>3.4% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 50 BPS FROM Q1 2020</p> | <p>5.5% UNITS U/C AS % OF STOCK</p> <p>↓ 100 BPS FROM Q1 2020</p> |

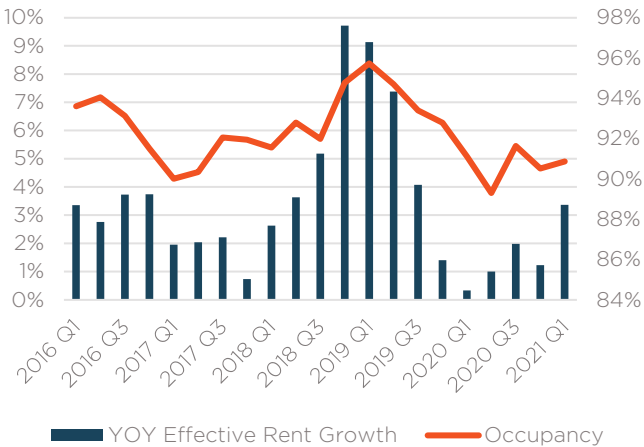
MAJOR EMPLOYERS:

Pharmaceutical Product Development, UNC Wilmington,
New Hanover Regional Medical,

YOY Job Growth



YOY Effective Rent Growth and Occupancy



The Wilmington apartment market has experienced a roller-coaster ride in the recent past. After a hurricane knocked out nearly 1,000 units in late 2018, rents surged. In fact, in Q4 2019 Wilmington had the highest YOY rent growth of any metro in the nation at 9.7%.

That gain was followed by a drop to essentially zero rent growth in Q1 2020, precipitated in part by a large amount of new supply that delivered at the end of 2019 and into 2020. Since then, however rent growth has slowly recovered; in Q1 2021, YOY rent growth measured 3.4%, the best result in over a year and gains were the highest among Class B and C properties.

The pipeline of units under construction is significant, at around 1,000 units or 5.5% of current inventory. But that amount is actually the lowest since 2018. Still, there are a large number of projects in the planning stages in Wilmington and it is quite possible that the construction pipeline grows over the next two quarters.

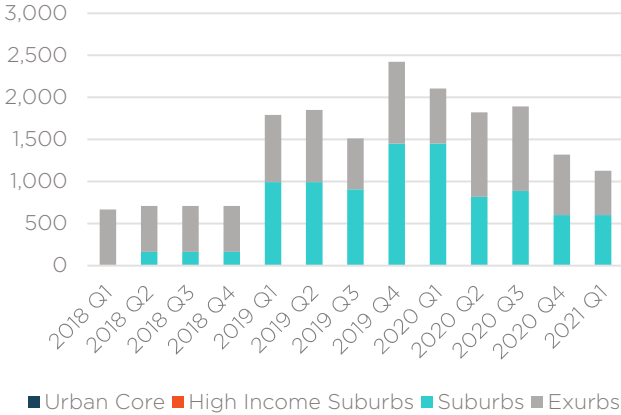
Overall, Wilmington has weathered the pandemic well and the near-term future looks positive. Supply may start dragging rent growth in 2022 or 2023 depending on how many planned projects actually move forward to construction.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

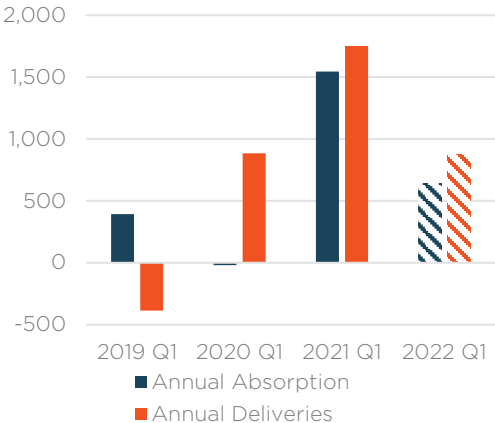


WILMINGTON

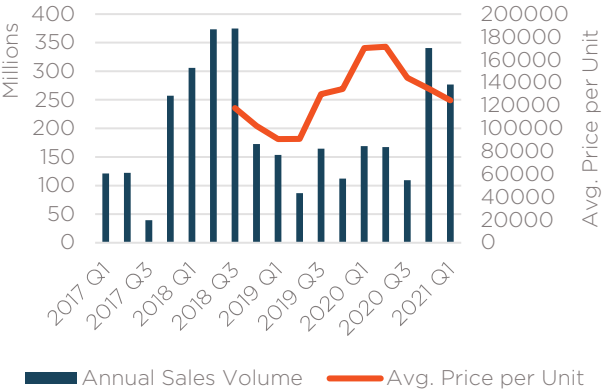
Units Under Construction



Absorption and Deliveries



Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



| CLASS A | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
|---------------------|--------------|----------------|-----------------|-------------------------|
| Urban Core | NA | NA | NA | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 75.5% | \$1,455 | 1.4% | 1.5% |
| Exurbs | 93.0% | \$1,300 | 1.4% | 3.8% |
| Total | 82.8% | \$1,385 | 1.2% | 2.3% |
| CLASS B/C | OCC. RATE | EFF. RENT | YOY RENT GROWTH | 5. YR. AVG. RENT GROWTH |
| Urban Core | NA | NA | NA | NA |
| High-Income Suburbs | NA | NA | NA | NA |
| Suburbs | 94.6% | \$1,068 | 5.8% | 4.4% |
| Exurbs | 90.0% | \$1,135 | 2.9% | 3.9% |
| Total | 92.6% | \$1,095 | 4.6% | 4.3% |

SOURCES: COSTAR



SOURCES:

All data presented in this report regarding rents, occupancy, and sales are sourced from CoStar. Note that even historical data may change in subsequent reports as CoStar frequently updates and improves its database. Other sources used in this report include the Federal Reserve Economic Database, (FRED), the Bureau of Labor Statistics, the US Census Bureau, and Zillow.

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