



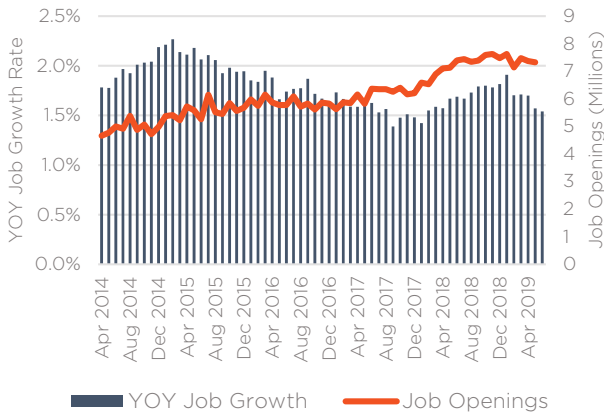
**Q2 2019
TARGET
MARKETS
REPORT**



MIDDLEBURG
REAL ESTATE PARTNERS

NATIONAL OVERVIEW

Job Growth Beginning to Slow



The U.S. economy remained stable in the 2nd quarter of 2019. Jobless claims stayed low, average weekly wages increased by nearly three percent over the previous year, and the unemployment rate, after a slight tick up in Q1 2019, fell in Q2 to 3.6%, the lowest quarterly unemployment rate measured since 1969. Considering the record length of the current expansion, the health of the U.S. economy is remarkable.

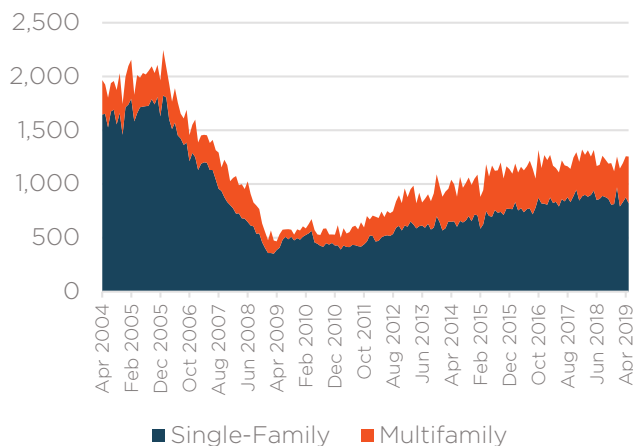
However, several signs indicate that the pace of growth is moderating. YOY job growth, although still positive, has gradually declined since December 2018 and the number of job openings is also down from the peak reached in January. The Federal Reserve's Industrial Production Index, a measure of total industrial output in the U.S. economy, has fallen by 0.9% from December 2018 to June 2019, which may reflect the consequences of trade conflicts with China and other nations. In addition, single-family housing starts have slowed and are trending lower than in the first half of 2018.

Homeownership Rate Stabilizing



Finally, the yield on 3-month treasury bonds has stayed higher than the 10-year rate for more than a month now. This so-called inverted yield curve has, in the past, been a good predictor of a future recession in the next two years.

Multifamily Starts Remain High

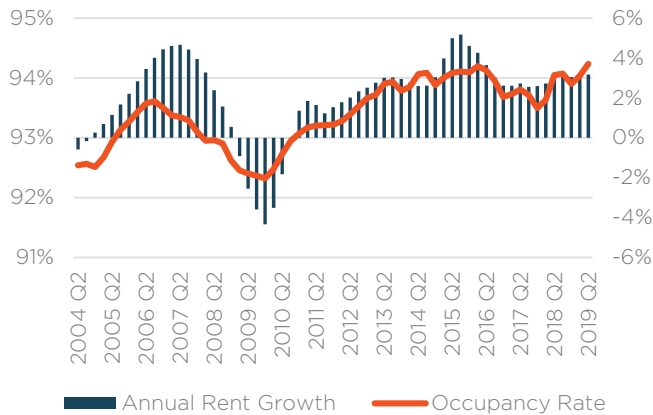


While a recession in the next six months seems unlikely given the strong current headline data, growth is likely to slow gradually through the remainder of 2019.

SOURCES: FEDERAL RESERVE ECONOMIC DATABASE, US CENSUS BUREAU

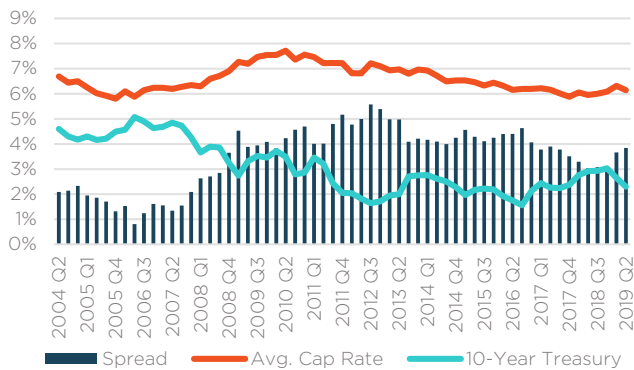
NATIONAL OVERVIEW

Stable Rent Growth and Occupancy



In contrast to the national economy, the apartment market shows few signs of slowing. CoStar’s average occupancy rate ticked up to 94.2%, the highest measured occupancy in at least 15 years, while average rents increased by 3.2% over last year. While rent growth might slow gradually due to a weakening U.S. economy over the next six months, favorable demographics, and high for-sale home prices make anything more dramatic than a gradual slowdown unlikely.

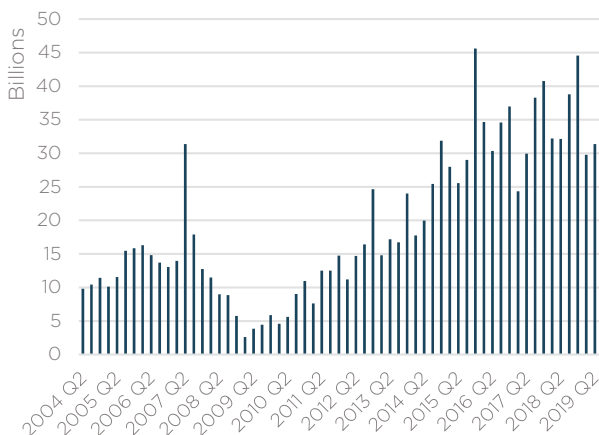
Cap Rates Remain Steady



With rents still growing and new apartments filling up, developers continue to build new units. The annual rate of multifamily starts in Q2 2019 topped 400,000. That has happened in only four other quarters since 1987.

Cap rates have remained essentially stable and low over the last three years. In late 2018, it appeared that long-term interest rates were rising, which might have put pressure on cap rates to rise but with the recent decline in the 10-year treasury rate, that pressure is gone.

Sales Volume High but May Have Peaked



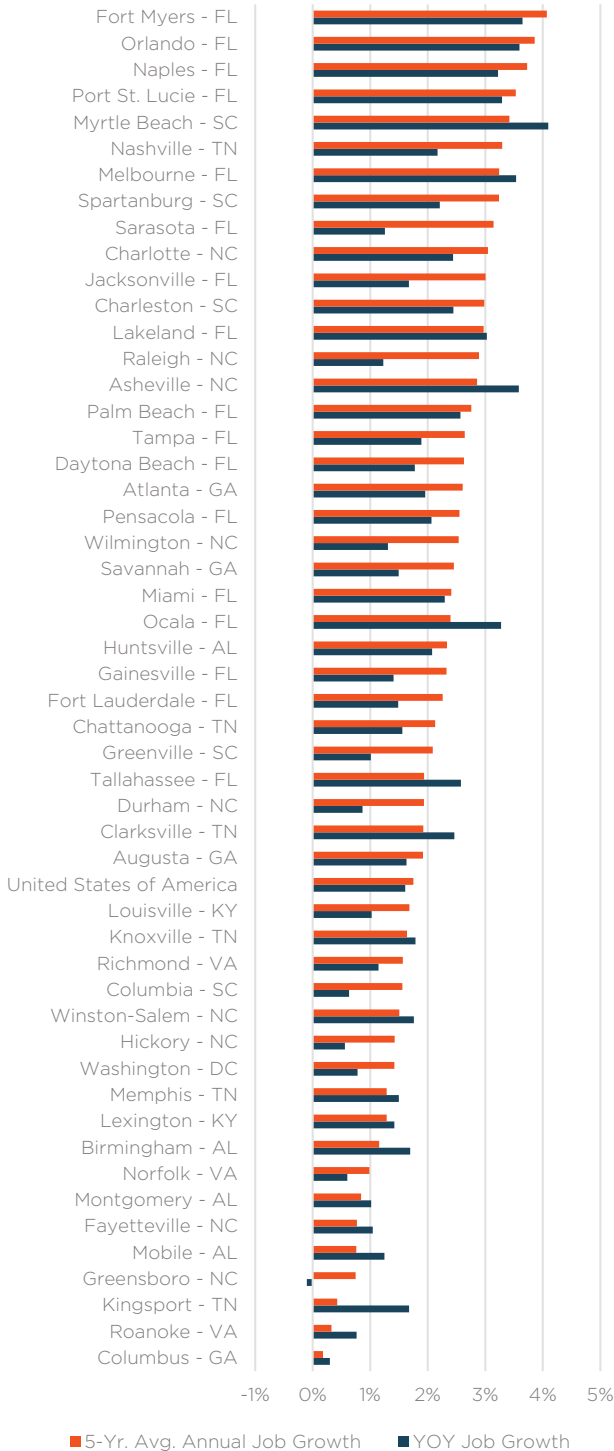
Total apartment sales came to \$31.4 billion in Q2 2019, a slight improvement over Q1 but still lower than the 5-year quarterly average of \$34.1 billion.

While it is possible that investors will become more cautious with their purchases at this likely late stage of the economic cycle, steady occupancy and rent growth continue to provide comfort. As a result, capital markets should remain active and apartment values should track NOI growth.

SOURCES: COSTAR, FEDERAL RESERVE ECONOMIC DATABASE

SOUTHEAST/MID-ATLANTIC MARKETS

5-Year Avg. Annual and YOY Job Growth



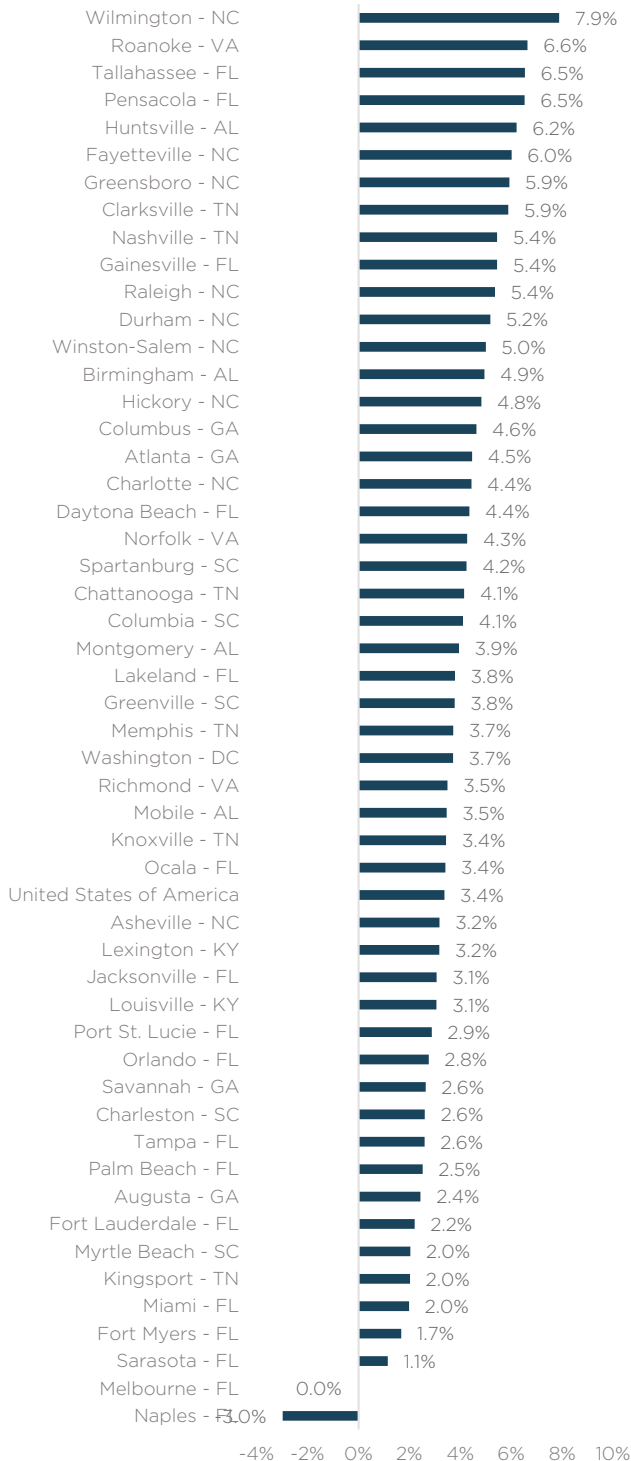
Consistent with the overall story of a gradually slowing economy, job growth over the last year was slower than the 5-year annual average in most markets in the Southeast/Mid-Atlantic. In a few markets, such as Sarasota, Jacksonville, and Raleigh, annual job growth over the last year amounted to less than half of the 5-year annual average.

A few notable exceptions to this trend include Myrtle Beach, which posted annual job growth of 4.1% and Asheville, which expanded its job base by 3.6% over the last year.

In addition, although annual job growth was slower than the 5-year average in Fort Myers, Orlando, Naples, and Port St. Lucie, Florida, it was only slightly slower, meaning these metros were able to continue their remarkably strong run of growth.

SOUTHEAST/MID-ATLANTIC MARKETS

YOY Effective Rent Growth



The high-level view of rent growth in the Southeast and Mid-Atlantic is quite positive. Most metros in this region saw their rents grow more than the national average over the last year, some by substantial margins. Only one of 53 metros, Naples, saw rents decline compared to last year.

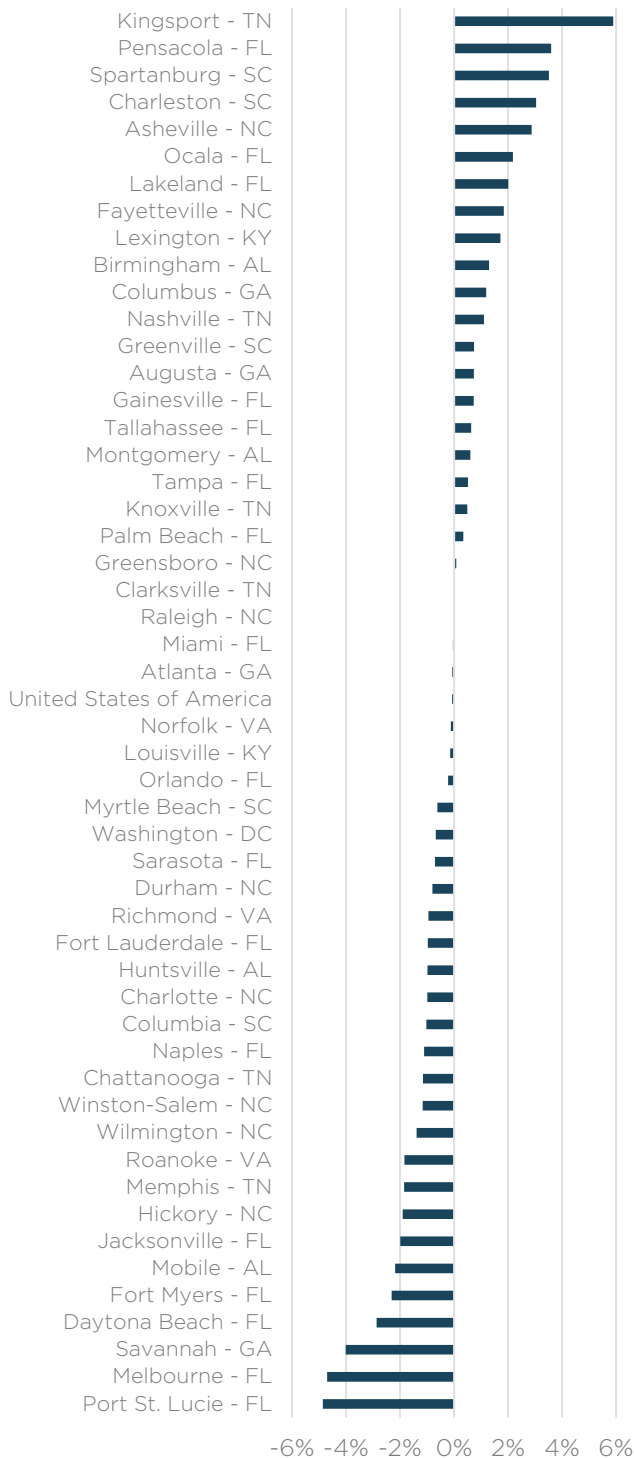
The metros topping the list of annual effective rent growth are all tertiary markets and, in some cases, quite surprising. For example, Roanoke, VA Fayetteville, NC, and Greensboro, NC have all experienced very weak job growth over the last five years including the last year. Nevertheless, they have all seen effective rents rise by 5.9% or more.

It is equally surprising that Naples and Fort Myers, two of the leaders in terms of job growth, were among the worst in terms of rent growth over the last year.

SOURCES: COSTAR

SOUTHEAST/MID-ATLANTIC MARKETS

Avg. Annual Absorption Vs. Projected Deliveries



The chart to the left depicts the difference between average annual absorption over the last three years, and the projected deliveries over the next year, expressed as a percentage of existing inventory. The markets at the top of the list are likely to see occupancy rates improve and positive pressure on rents, while those at the bottom may face downward pressure on rents from too much supply.

It is noteworthy that Charleston and Nashville, both markets that have seen a tremendous amount of new deliveries over the last two to three years, and which have been held up as examples of oversupplied markets, should actually see occupancy rates improve. In fact, Nashville's 5.4% YOY rent growth would indicate that the market is already tightening.

ATLANTA

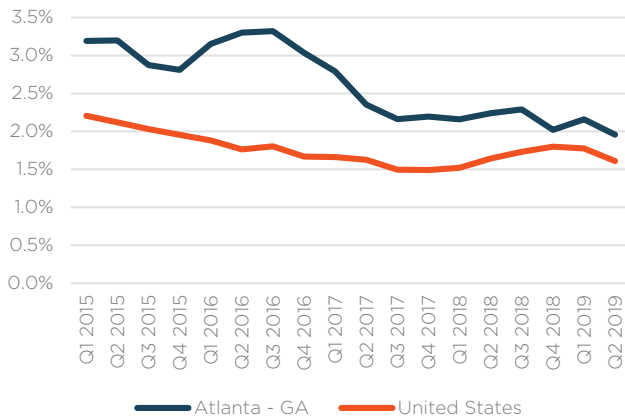
<p>\$68,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.2% YOY</p>	<p>6,029,000 POPULATION</p> <p>↑ 1.5% YOY</p>	<p>3.2% UNEMPLOYMENT RATE</p> <p>↓ 60 BPS FROM Q2 2018</p>
<p>3.2 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 20 BPS FROM Q2 2018</p>	<p>4.5% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 40 BPS FROM Q2 2018</p>	<p>4.0% UNITS U/C AS % OF STOCK</p> <p>↔ NO CHG. FROM Q2 2018</p>

MAJOR EMPLOYERS:

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

The Atlanta metro area has added an average of 88,000 people per year over the last five years, creating an enormous demand for housing, which developers have struggled to meet. From 2000-2010, the metro area issued 1 building permit for every 1.8 new persons. From 2010-2018, however, the metro area added 3.3 people for every building permit issued. Permitting activity for 2018 was higher, resulting in a ratio of 2.1 but the overall story remains one of strong demand and relatively limited new supply growth.

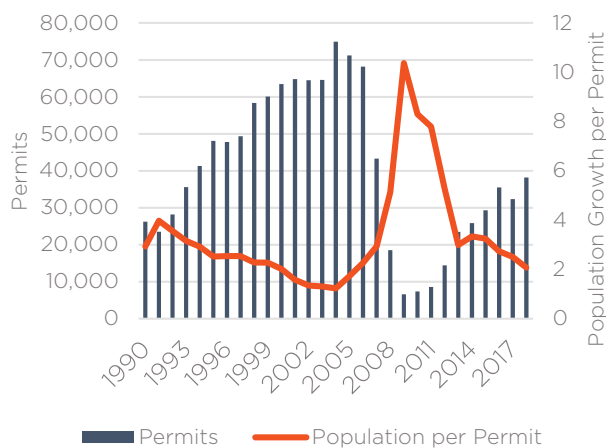
YOY Job Growth



Strong job growth has contributed to demand. Over the last year, Atlanta added about 54,000 new jobs, a 2.0% increase. Although this is a slower rate of job creation than in 2015 and 2016, the absolute total is still impressive.

Consistent with the picture of a solid economy, the unemployment rate dropped from 3.8% in Q2 2018 to 3.2% in Q2 2019, a 60 basis point drop.

Permits and Population Growth per Permit

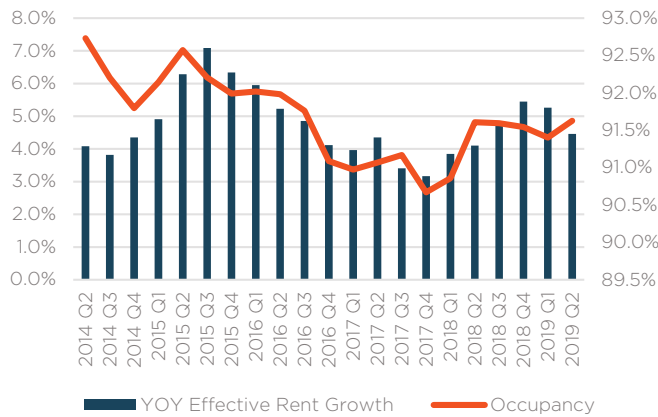


Home prices have also increased in Atlanta. According to Zillow, the ratio of the median home price to the median income in Atlanta now stands at 3.2, the highest reading since the estimates begin in 1979.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

ATLANTA

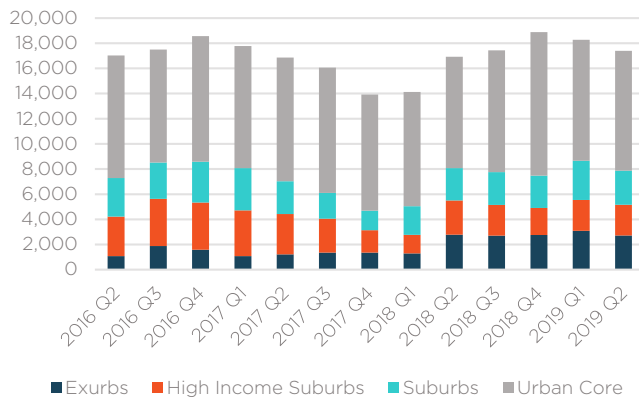
YOY Effective Rent Growth and Occupancy



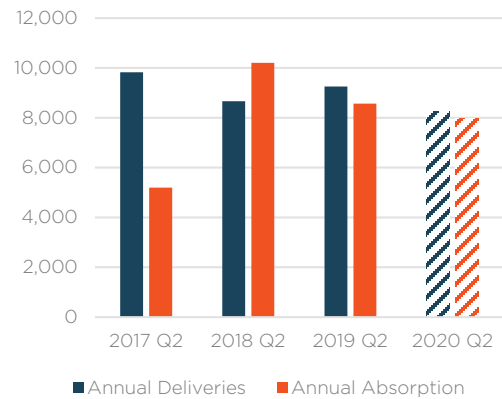
The Atlanta apartment market is quite healthy. Overall occupancy ticked up to 91.6% in Q2 2019, while average effective rents were up by 4.5% over the year prior. Class B apartments saw higher rent gains than Class A apartments, continuing a recent pattern.

Although some 17,000 units are under construction, that represents just 4.0% of Atlanta's total inventory, not a large amount compared to its peers. If absorption continues in-line with recent history, the outlook is positive.

Units Under Construction



Absorption and Deliveries

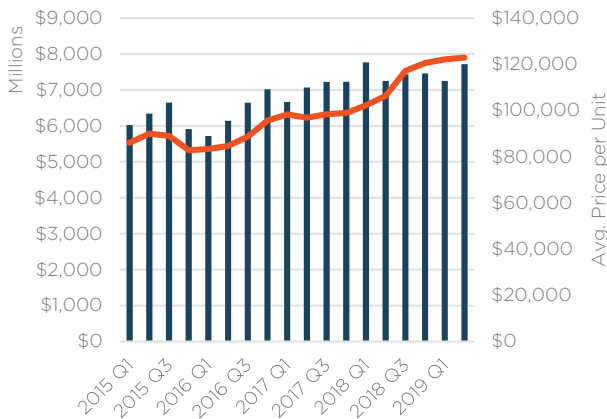


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	87.2%	\$1,827	2.9%	2.3%
High-Income Suburbs	93.4%	\$1,538	4.0%	3.6%
Suburbs	91.7%	\$1,346	4.2%	5.3%
Exurbs	90.3%	\$1,296	4.3%	6.3%
Total	90.3%	\$1,566	3.4%	3.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	91.3%	\$1,151	2.4%	4.9%
High-Income Suburbs	95.0%	\$1,223	6.1%	6.2%
Suburbs	91.2%	\$993	5.5%	6.7%
Exurbs	95.7%	\$1,012	7.3%	6.3%
Total	92.4%	\$1,053	5.5%	6.4%

SOURCES: COSTAR

ATLANTA

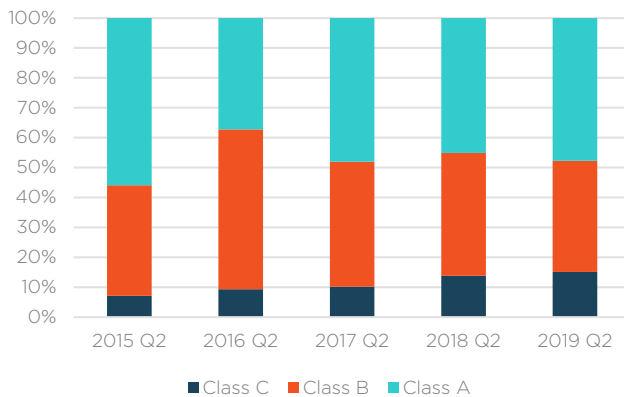
Annual Sales Volume and Avg. Price per Unit



Transaction activity remains very high in Atlanta. The apartment sales volume over the last year totaled \$7.7 billion, just shy of the annual record set in Q3 2017. The average price per unit sold has also increased steadily and now stands at nearly \$123,000 for units sold in the last year.

The rising average price is all the more remarkable considering that Class C sales have made up an increasing share of purchases since 2015. In fact, 15% of all dollars spent were devoted to Class C apartments in the last year, compared to just 7% in 2015.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Ayla on Krog	2015	Urban Core	Ghitis Property Company	\$298,000	4.8%
Hudson Woodstock	2000	Exurbs	Hudson Capital	\$198,000	
River Vista	1996	High Income Suburbs	StoneBridge	\$170,000	
Avenues of North Decatur	1985	Suburbs	White Eagle Prop. Group	\$150,000	
Canopy Glen	1987	Suburbs	Priderock Capital	\$132,000	5.1%
Ashford East Village	1966	Suburbs	DRA Advisors	\$129,000	5.4%
Cumberland Crossing Apts.	1973	Suburbs	29th Street Capital	\$111,000	5.5%
Windrush	1982	Suburbs	Forge Properties	\$80,000	6.5%
Retreat at Marketplace	1976	Suburbs	Olive Tree Holdings	\$68,000	5.3%

SOURCES: COSTAR

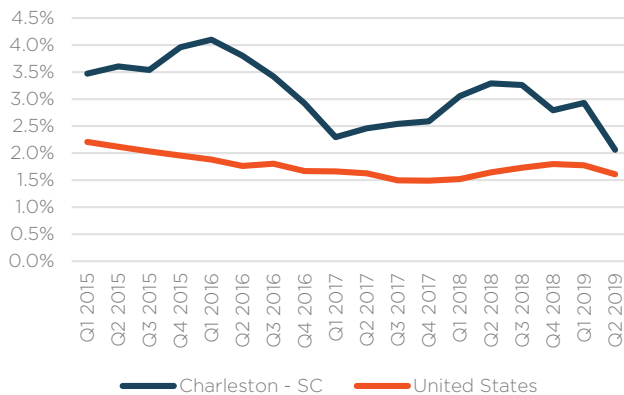
CHARLESTON

<p>\$65,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 4.7% YOY</p>	<p>793,000 POPULATION</p> <p>↑ 1.2% YOY</p>	<p>2.7% UNEMPLOYMENT RATE</p> <p>↑ 10 BPS FROM Q2 2018</p>
<p>4.1 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 10 BPS FROM Q2 2018</p>	<p>2.6% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 80 BPS FROM Q2 2018</p>	<p>6.2% UNITS U/C AS % OF STOCK</p> <p>↓ 250 BPS FROM Q2 2018</p>

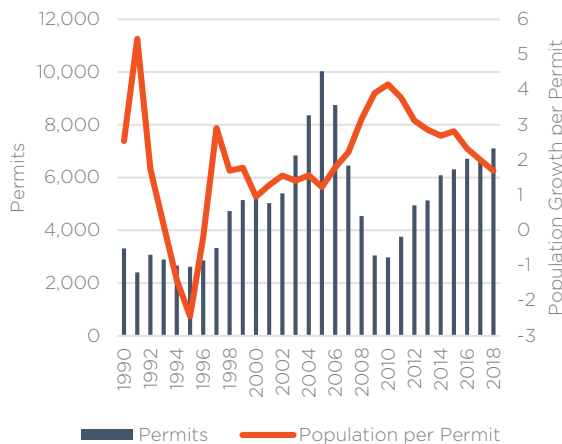
MAJOR EMPLOYERS:

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

YOY Job Growth



Permits and Population Growth per Permit



Charleston's historic downtown, attractive climate, and reasonable cost of doing business have made it an attractive destination for businesses and workers alike in recent years.

The metro has landed major investments from multinational corporations such as Boeing, Mercedes, and most recently, Volvo, that will support the local economy and housing demand for years to come. The long-term prospects for the area economy are excellent.

The strong economy has attracted a tremendous amount of apartment development. The metro area's inventory has expanded by more than 20% in the last three years alone, ranking it among the top 15 metro areas in the United States in terms of inventory growth.

All of the new construction suppressed rent growth, particularly for Class A assets in 2017 and 2018. However, the market is now poised for much stronger rent growth over the next year because the quantity of new deliveries will be smaller compared to the recent past. CoStar projects that only 1,100 new units will deliver over the next 12 months, a dramatic drop in comparison to the 3,000+ units that delivered in 2017 and 2018.

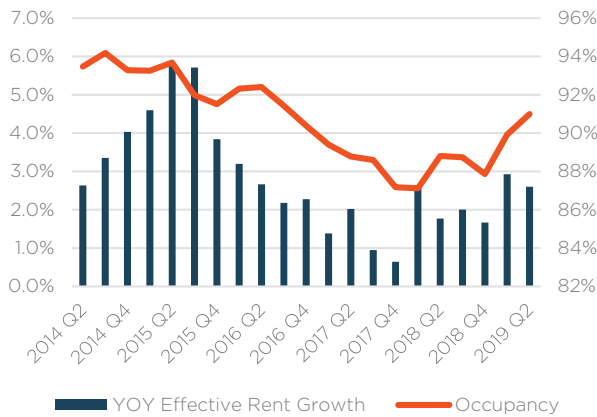
In fact, overall occupancy has already been trending upward in the first half of 2019.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



CHARLESTON

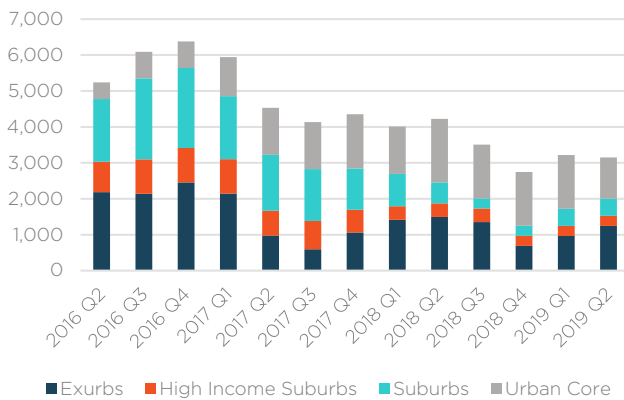
YOY Effective Rent Growth and Occupancy



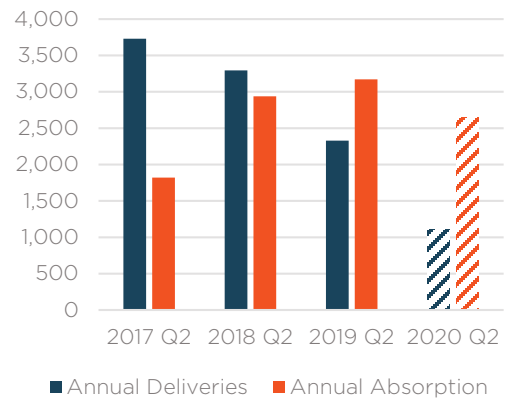
Although overall rent growth improved to 2.6%, there was still a noticeable gap in performance between Class A and B/C assets. Class A assets in the urban core actually saw effective rents decline amid a low occupancy rate of 53%, including projects in lease-up.

However, with the pace of deliveries slowing, occupancy should improve across the market, including in the urban core. Overall YOY rent growth will likely accelerate to over 3.0% by year end.

Units Under Construction



Absorption and Deliveries

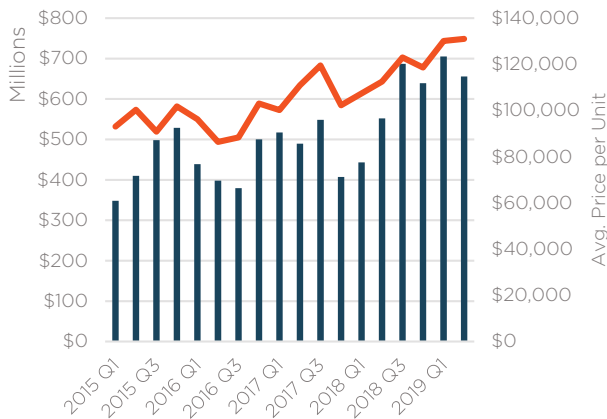


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	53.4%	\$1,866	-1.5%	2.1%
High-Income Suburbs	88.2%	\$1,611	1.7%	0.4%
Suburbs	90.6%	\$1,267	2.6%	1.0%
Exurbs	90.2%	\$1,346	2.3%	3.4%
Total	87.6%	\$1,417	2.0%	1.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	92.5%	\$1,341	3.7%	2.7%
High-Income Suburbs	91.5%	\$1,325	2.0%	2.8%
Suburbs	93.5%	\$977	3.3%	5.2%
Exurbs	93.7%	\$1,041	3.6%	5.4%
Total	93.3%	\$1,036	3.3%	5.0%

SOURCES: COSTAR

CHARLESTON

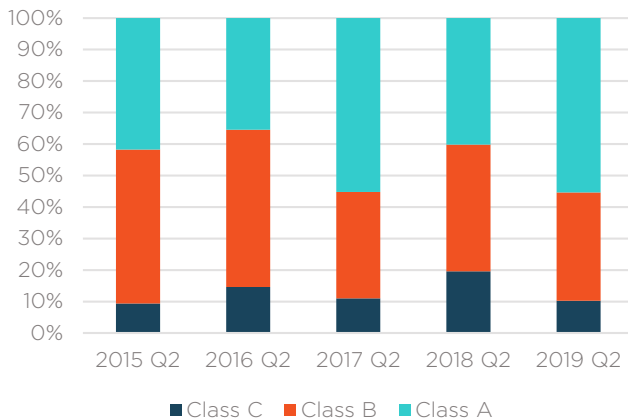
Annual Sales Volume and Avg. Price per Unit



Apartment sales totaled \$655 million over the last 12 months, a high total relative to the past three years and a positive indicator of the interest that Charleston holds among investors.

The average price per unit sold in the last year increased to \$131,000, a new record.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The Preserve at Essex Farms	2015	Suburbs	B&M Mgmt.	\$165,000	5.4%
1800 Ashley West	1978	Suburbs	DAS Alliance Group	\$106,000	5.5%
Bradley Square	1970	Suburbs	Cohen Investment Group	\$90,000	6.0%

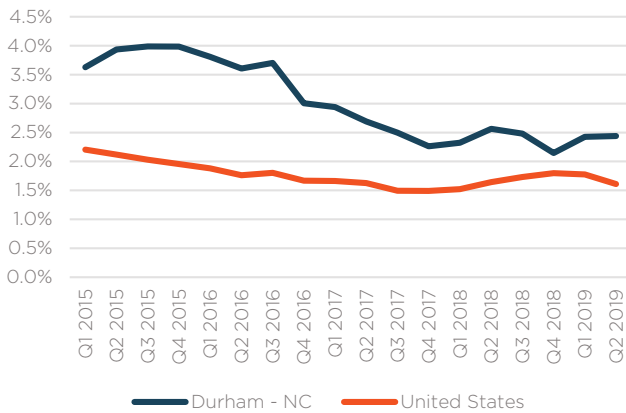
CHARLOTTE

<p>\$63,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.2% YOY</p>	<p>2,611,000 POPULATION</p> <p>↑ 1.9% YOY</p>	<p>3.5% UNEMPLOYMENT RATE</p> <p>↓ 10 BPS FROM Q2 2018</p>
<p>3.3 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 20 BPS FROM Q2 2018</p>	<p>4.4% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 180 BPS FROM Q2 2018</p>	<p>8.3% UNITS U/C AS % OF STOCK</p> <p>↔ NO CHG. FROM Q2 2018</p>

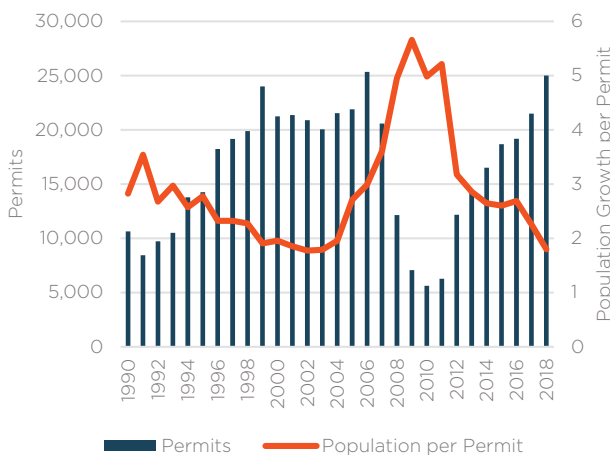
MAJOR EMPLOYERS:

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

YOY Job Growth



Permits and Population Growth per Permit



Charlotte is one of the fastest growing metropolitan areas in the United States, adding nearly 50,000 new people each year. Many of these are young and educated, a group that is vital to future economic development.

Although job growth has gradually slowed since 2016, Charlotte still added jobs at a robust 2.4% annual rate in Q2 2019, which, in Charlotte, means the addition of 29,000 jobs.

Strong job and population growth has spurred developers to action. In 2018, the metro area issued over 25,000 residential building permits, the highest volume since 2006. Were that level of building activity sustained, it might raise concerns of overbuilding, but that seems unlikely to happen. Permitting activity for the first half of 2019 is 9% lower than at the same point in 2018.

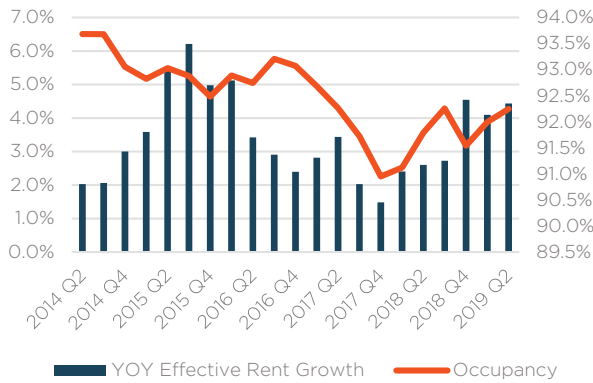
As of Q2 2019, the Charlotte apartment market is stable and healthy. The overall average effective rent increased by 4.4% YOY and overall occupancy stands at 92.2%.

The current volume of units under construction, at 14,000 units, or 8.3% of the existing inventory, is high and may outpace absorption over the next 12 months, though probably not by a large margin. This may cause YOY rent growth to slow down to a range of 2.5% to 3.0%, much like Q2 2018.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

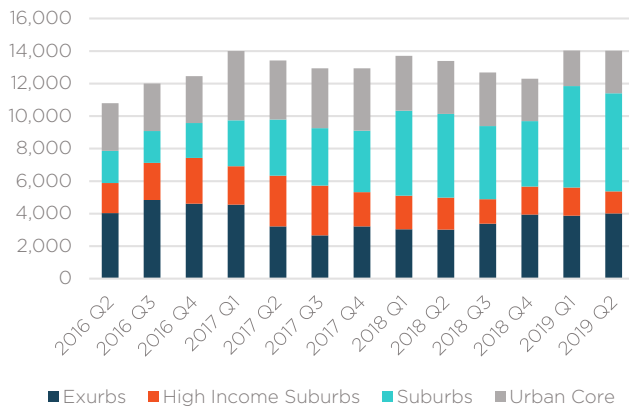
CHARLOTTE

YOY Effective Rent Growth and Occupancy

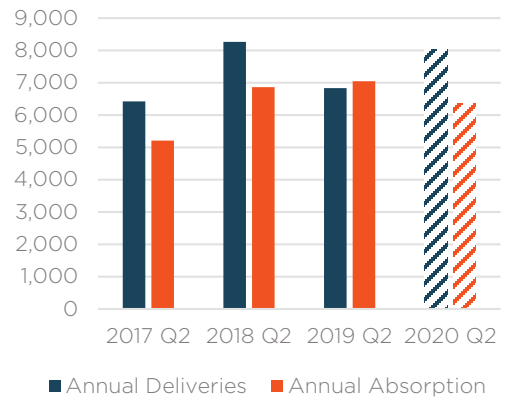


New construction is spread out relatively evenly in Charlotte and has been for the last three years. As a result, the performance among all property types and geographies is more balanced. Still, Class A properties in the urban core saw the slowest rent growth, while Class B/C properties have done better.

Units Under Construction



Absorption and Deliveries

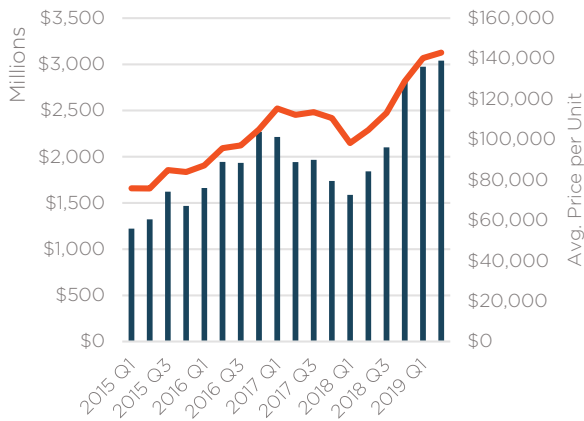


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	87.5%	\$1,798	3.1%	2.7%
High-Income Suburbs	90.2%	\$1,333	4.6%	3.6%
Suburbs	90.6%	\$1,228	3.3%	4.1%
Exurbs	92.8%	\$1,185	6.8%	3.4%
Total	90.5%	\$1,341	4.2%	3.1%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.4%	\$1,170	4.4%	2.2%
High-Income Suburbs	94.1%	\$1,097	4.0%	5.1%
Suburbs	93.1%	\$940	5.5%	5.9%
Exurbs	94.7%	\$898	5.1%	4.8%
Total	93.9%	\$974	4.8%	5.2%

SOURCES: COSTAR

CHARLOTTE

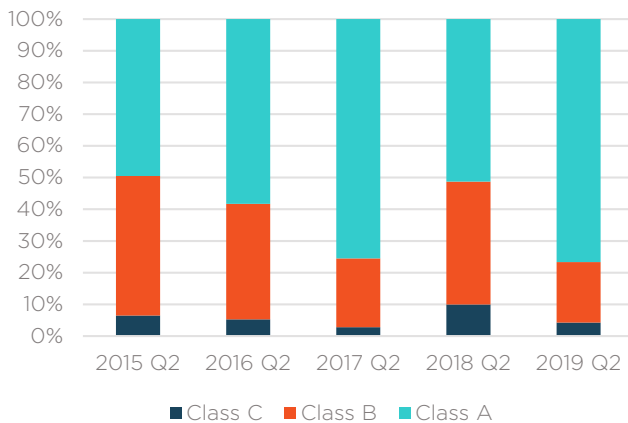
Annual Sales Volume and Avg. Price per Unit



The annual apartment sales volume set a record of nearly \$3 billion in Q2 2019. The average price per unit also reached its highest ever level of \$143,000. Class A properties made up more than 76% of the sales volume in the last year, partially explaining the high average price.

The Q2 2019 sale of Solis Beriwick is a good example of the pricing power that apartments in Charlotte command. Located over 8 miles southwest of Uptown Charlotte in a solid, but not unique, suburban area, it sold at an estimated cap rate of 4.9% and a price of \$208,000 per unit.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The Lowrie	2018	High Income Suburbs	Redwood Capital	\$230,000	
Solis Beriwick	2017	Suburbs	R.K. Properties	\$208,000	4.9%
Bexley Creekside	2000	Suburbs	Pollack Shores	\$166,000	
Evolve at Tega Cay	2018	Exurbs	MLA Properties	\$158,000	
Anson at the Lakes	1991	High Income Suburbs	Blackstone	\$154,000	
Pavilion Village	2015	Suburbs	MLA Properties	\$150,000	
The Commons at Fort Mill	2009	Exurbs	Rincon Capital Advisors	\$134,000	5.2%
Yorktowne Village Apts.	1997	Exurbs	Friedlam Partners	\$71,000	
Wendover Gardens	1972	Suburbs	Saratoga Capital Partners	\$69,000	

SOURCES: COSTAR

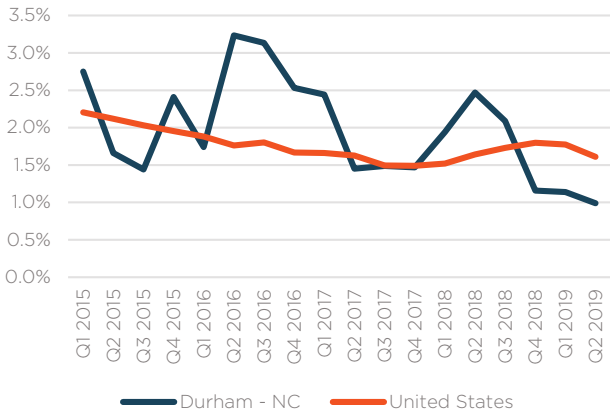
DURHAM

<p>\$67,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.9% YOY</p>	<p>581,000 POPULATION</p> <p>↑ 1.5% YOY</p>	<p>3.5% UNEMPLOYMENT RATE</p> <p>↑ 10 BPS FROM Q2 2018</p>
<p>3.8 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 20 BPS FROM Q2 2018</p>	<p>5.2% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 190 BPS FROM Q2 2018</p>	<p>6.5% UNITS U/C AS % OF STOCK</p> <p>↑ 160 BPS FROM Q2 2018</p>

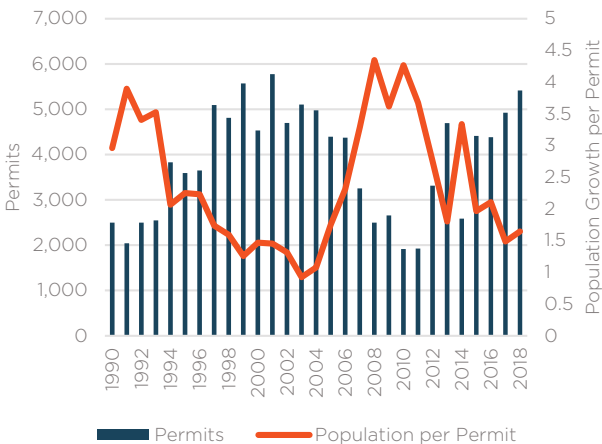
MAJOR EMPLOYERS:

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

YOY Job Growth



Permits and Population Growth per Permit



Duke University and the businesses of Research Triangle Park, including IBM, are the key drivers of the Durham economy.

Job growth has been slowing for the last six months, and as of Q2 2019, Durham’s job base was just 1.0% larger than last year. That marks the third consecutive quarter of job growth at a slower rate than the national average.

Still, population growth continues at a rapid pace, the unemployment rate is low, and average weekly earnings of employees in Durham rose by 3.2% over last year, the best result since Q1 2017. So the economy should be characterized as healthy, even if it is not growing as rapidly as some of its peers such as Charlotte and Charleston.

The slowing pace of job growth has not yet translated into slower rent growth. In fact, average effective rents posted a very strong 5.2% gain over last year.

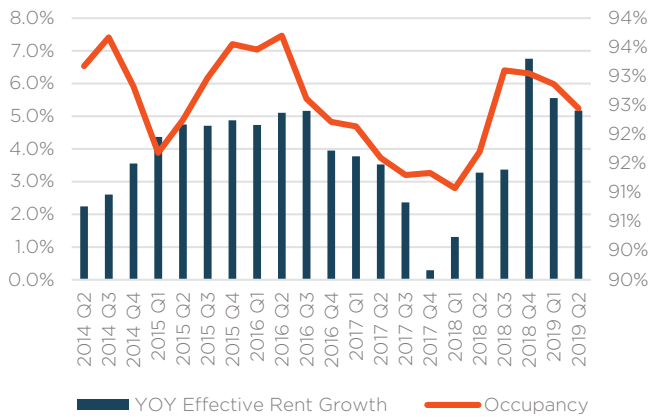
However, the pipeline of units is larger than it was at this point in 2018 and about 1,600 units are projected to deliver over the next year, which would exceed average annual absorption over the last three years by nearly 400 units. By itself, that amount of potential supply excess is not enough to cause more than a slight moderation of rent growth. But when coupled to the current environment of slowing job growth, a more significant reduction in rent growth, to less than 3.0% per year, is certainly possible.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



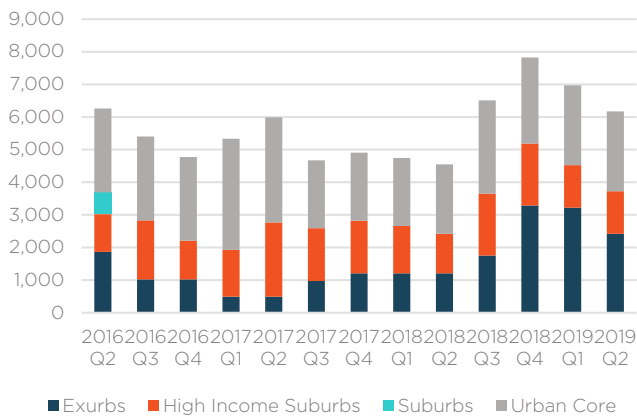
DURHAM

YOY Effective Rent Growth and Occupancy

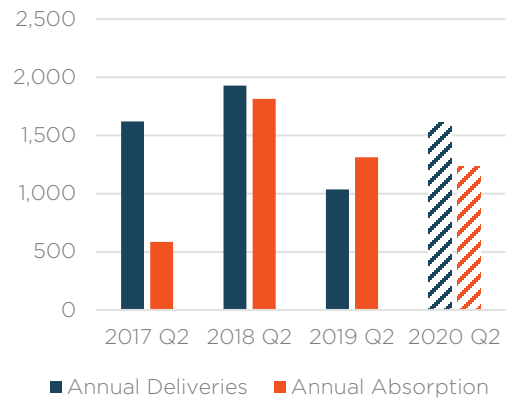


In keeping with the trend over the last five years, Class B/C properties saw higher rent growth and better average occupancy in Q2 2019 than Class A properties. Suburban and exurban Class B properties performed particularly well, with average rent growth of 7.0% and higher.

Units Under Construction



Absorption and Deliveries

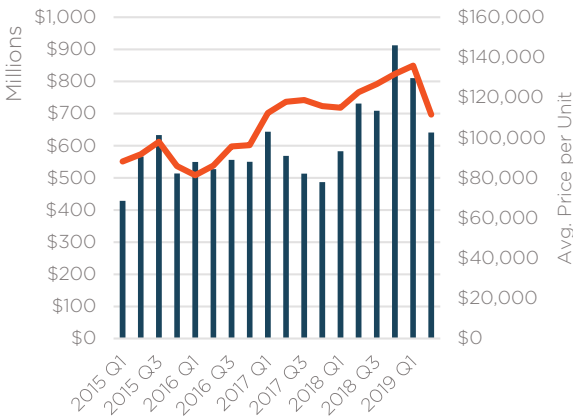


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	90.1%	\$1,538	5.4%	2.9%
High-Income Suburbs	91.4%	\$1,258	4.3%	4.7%
Suburbs	93.8%	\$1,222	8.0%	4.3%
Exurbs	82.3%	\$1,448	3.0%	3.1%
Total	89.7%	\$1,377	4.6%	3.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.3%	\$912	3.2%	4.8%
High-Income Suburbs	94.5%	\$1,064	7.5%	5.7%
Suburbs	94.9%	\$886	7.0%	5.6%
Exurbs	93.8%	\$1,019	7.1%	5.0%
Total	94.2%	\$984	5.7%	5.1%

SOURCES: COSTAR

DURHAM

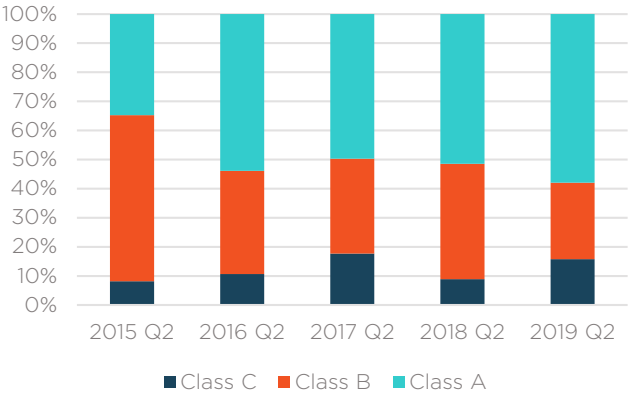
Annual Sales Volume and Avg. Price per Unit



The annual transaction volume dipped to \$641 million in Q2 2019, which marks the lowest annual volume since Q1 2018. The average sale price also fell, from \$136,000 per unit in Q1 2019 to \$112,000 in Q2 2019.

Given overall positive market conditions nationally and in Durham, too much should not be read into this trend. It most likely represents normal volatility due to the differing quality and location of units sold.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Springfield Apartments	1986	Urban Core	Gamma Real Estate Capital	\$115,000	
The Villages of Chapel Hill	1985	Exurbs	Cedar Grove Capital	\$112,000	5.0%
The Crest at West End	1987	Exurbs	Eller Capital Partners	\$102,000	

SOURCES: COSTAR



GREENVILLE

<p>\$52,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.5% YOY</p>	<p>914,000 POPULATION</p> <p>↑ 1.1% YOY</p>	<p>3.1% UNEMPLOYMENT RATE</p> <p>↑ 10 BPS FROM Q2 2018</p>
<p>3.3 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 10 BPS FROM Q2 2018</p>	<p>3.8% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 70 BPS FROM Q2 2018</p>	<p>7.2% UNITS U/C AS % OF STOCK</p> <p>↑ 270 BPS FROM Q2 2018</p>

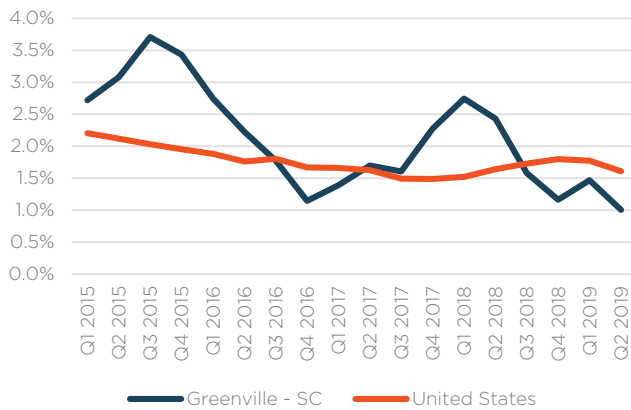
MAJOR EMPLOYERS:

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

With Michelin's North American headquarters and BMW's large plant in nearby Spartanburg, which announced a \$600 million-dollar expansion in 2017 that will create 1,000 jobs, Greenville has some impressive drivers to its economy.

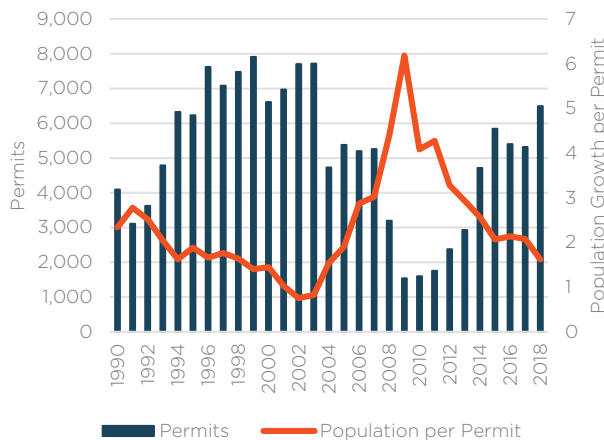
However, manufacturing employment, which makes up about 14% of the total job base in Greenville, has actually been fairly stagnant over the last three years. That may partly explain Greenville's below average job growth over the last several quarters.

YOY Job Growth



Another part of the explanation may lie in the limited supply of labor. The unemployment rate in Greenville has been hovering near 3.0% since mid-2018, and in a sign of labor market tightness, average weekly earnings have risen by more than 6% annually in each of the last three quarters, well above the national average.

Permits and Population Growth per Permit



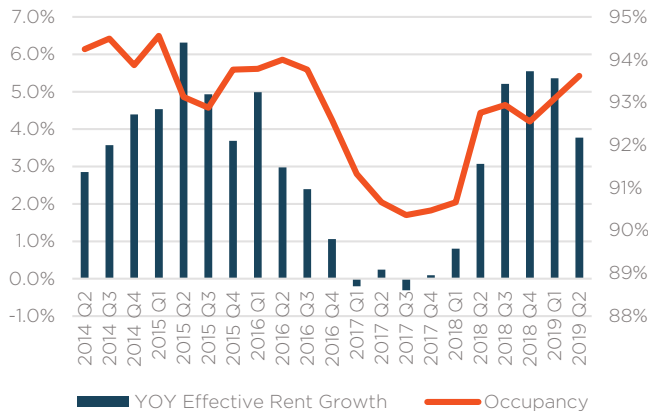
Greenville's apartment market has bounced back nicely from a weak spell in 2017 that was induced by oversupply. Overall occupancy has moved from 90.3% in Q3 2017 to 93.6% in Q2 2019 and average rent growth measured 3.8% over last year.

Several projects started construction recently and there are now 2,915 units under construction, about the same number as there were in Q3 2016, just prior to the 2017 supply wave. This elevated level of construction may suppress rent growth again.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

GREENVILLE

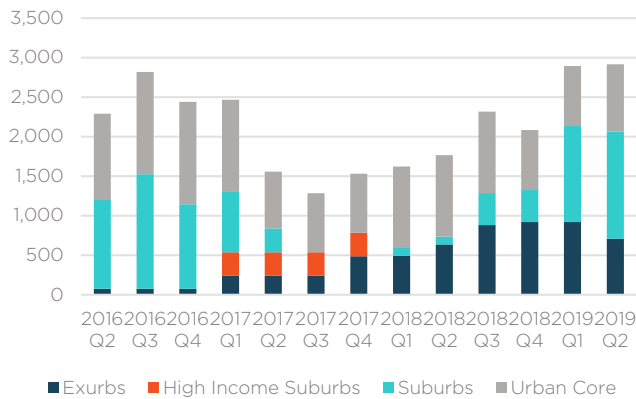
YOY Effective Rent Growth and Occupancy



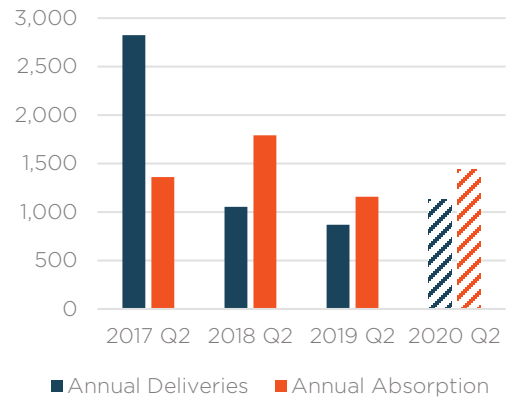
CoStar is projecting that only 1,135 of the under-construction units will deliver in the next 12 months. If true, that means the market should remain stable for the next year but face significant supply-driven headwinds in late 2020 and early 2021, when the remainder of the units under construction would deliver.

The urban core led the market in effective rent growth over the last year, as more projects reached stabilization and were able to drop concessions.

Units Under Construction



Absorption and Deliveries

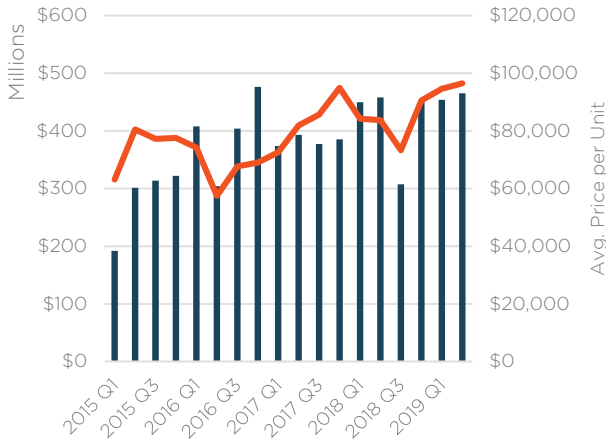


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	86.7%	\$1,508	5.6%	1.0%
High-Income Suburbs	95.7%	\$1,024	1.9%	3.1%
Suburbs	93.8%	\$1,137	3.3%	2.3%
Exurbs	90.5%	\$1,045	4.1%	3.9%
Total	91.9%	\$1,180	3.8%	2.0%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	96.4%	\$849	13.3%	4.3%
High-Income Suburbs	94.9%	\$927	5.4%	4.5%
Suburbs	95.1%	\$860	3.5%	4.4%
Exurbs	93.0%	\$795	3.3%	4.3%
Total	94.4%	\$852	3.8%	4.3%

SOURCES: COSTAR

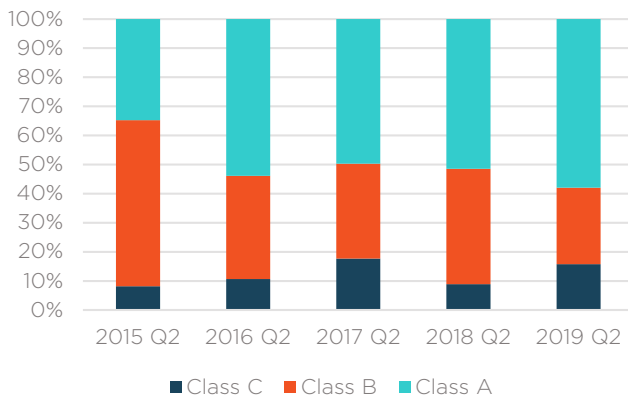
GREENVILLE

Annual Sales Volume and Avg. Price per Unit



The annual volume of transactions in Greenville has held steady at around \$450 million over the last three quarters, while the average sale price per unit has trended gradually upward. The average sale price over the last year for units in Greenville was \$97,000.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Waterside Green	2005	Suburbs	Audubon Communities	\$124,000	5.4%
Willowbrook Apts.	2000	Exurbs	Randazzo Capital	\$115,000	4.6%
Eagle Trace Apartments	1974	Suburbs	Ultimate Properties	\$65,000	5.5%

HUNTSVILLE

<p>\$66,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.6% YOY</p>	<p>468,000 POPULATION</p> <p>↑ 1.6% YOY</p>	<p>2.7% UNEMPLOYMENT RATE</p> <p>↓ 10 BPS FROM Q2 2018</p>
<p>2.6 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 10 BPS FROM Q2 2018</p>	<p>6.2% YOY EFFECTIVE RENT GROWTH</p> <p>↓ 40 BPS FROM Q2 2018</p>	<p>3.9% UNITS U/C AS % OF STOCK</p> <p>↓ 60 BPS FROM Q2 2018</p>

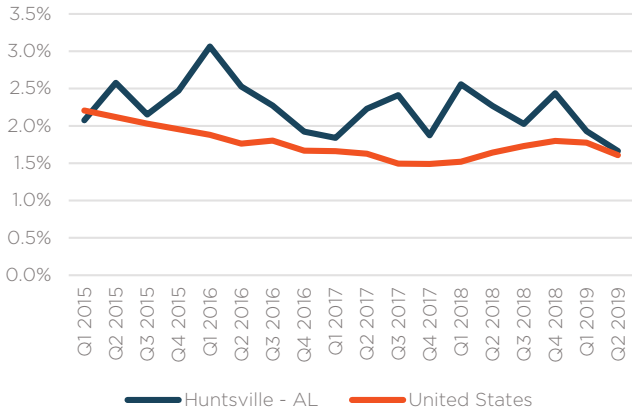
MAJOR EMPLOYERS:

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.

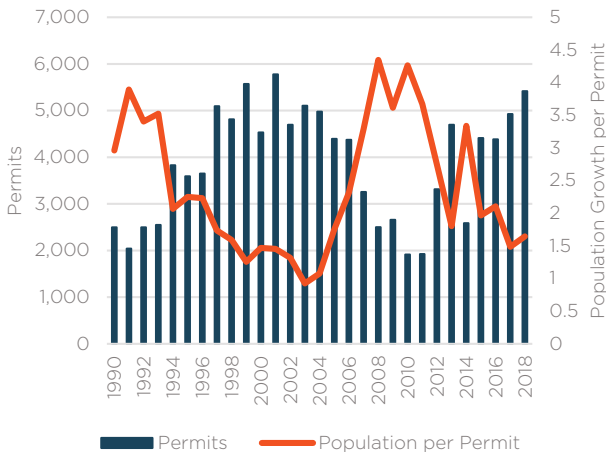
This is a positive combination and companies are taking note. The last two years alone have seen a remarkable string of major expansion and job announcements:

YOY Job Growth



- The FBI announced in late 2018 it would move 1,350 jobs from Washington, D.C. to Huntsville.
- Aerojet Rocketdyne announced in late 2017 it would build a new manufacturing facility and division headquarters, bringing a total of 700 jobs.
- Blue Origin announced in September 2018 it would manufacture a new rocket engine in Huntsville, employing 400.
- Mazda and Toyota broke ground in March 2018 on a new jointly operated manufacturing plant that will open in 2021 and eventually employ 4,000 people.

Permits and Population Growth per Permit



It comes as no surprise then that Huntsville has been adding jobs at a faster rate than the national average over the last three years.

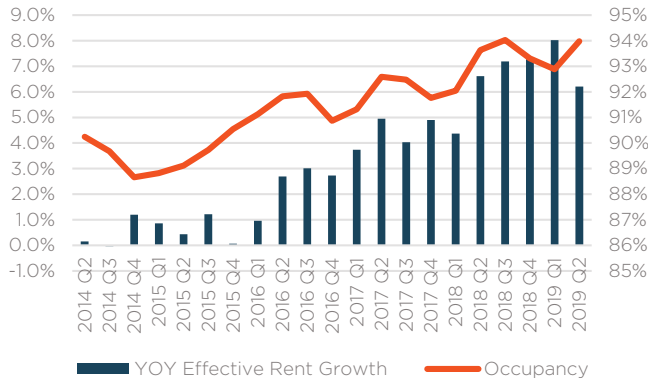
The rapid job growth has led to stunning rent growth of more than 6% YOY in each of the last five quarters, including Q2 2019, where rents were up 6.2% over last year.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



HUNTSVILLE

YOY Effective Rent Growth and Occupancy

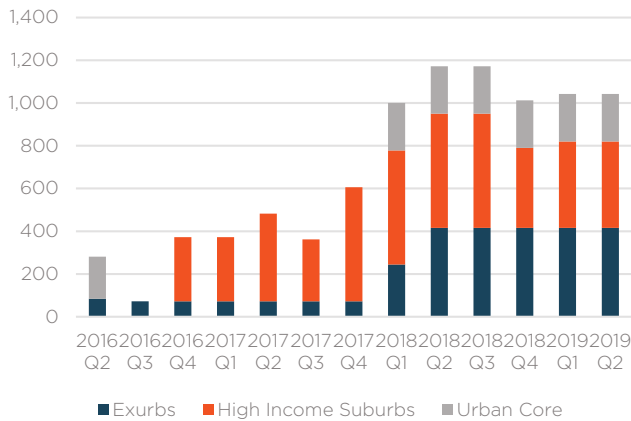


Occupancy has also been trending upward, and now stands at 94%, the highest measured average rate since at least 2000, according to CoStar.

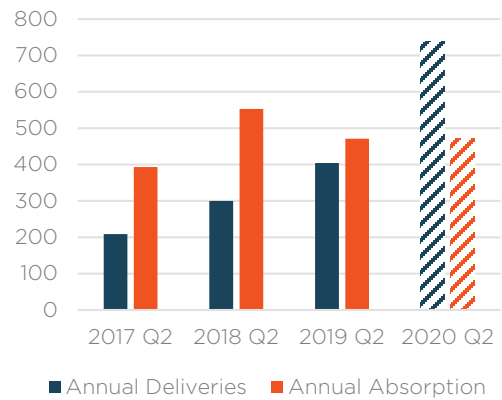
The pipeline has been expanding but as of Q2 2019, 1,042 units are under construction per CoStar, which represents just 3.9% of the current inventory. This may be enough to end the streak of 6% YOY rent growth but it is unlikely to push rent growth below 3.0%.

A number of additional deals have been proposed, however, and 2020 may see an even larger pipeline.

Units Under Construction



Absorption and Deliveries

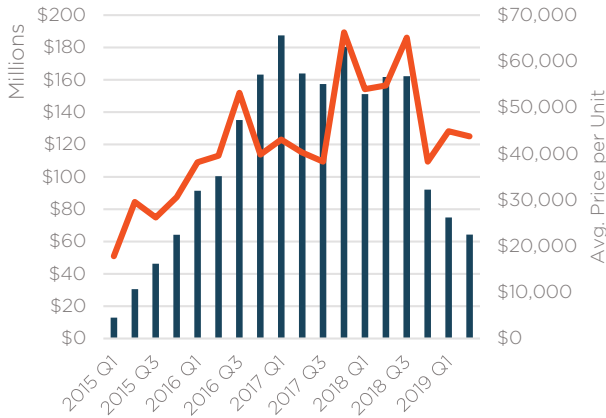


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	98.6%	\$1,609	7.8%	6.7%
High-Income Suburbs	94.8%	\$1,063	7.6%	4.6%
Suburbs	NA	NA	NA	NA
Exurbs	95.3%	\$929	5.2%	0.3%
Total	95.1%	\$1,068	7.1%	4.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	95.3%	\$745	5.4%	3.5%
High-Income Suburbs	94.8%	\$791	6.7%	4.8%
Suburbs	NA	NA	NA	NA
Exurbs	92.0%	\$645	4.6%	3.2%
Total	93.5%	\$722	5.7%	4.1%

SOURCES: COSTAR

HUNTSVILLE

Annual Sales Volume and Avg. Price per Unit

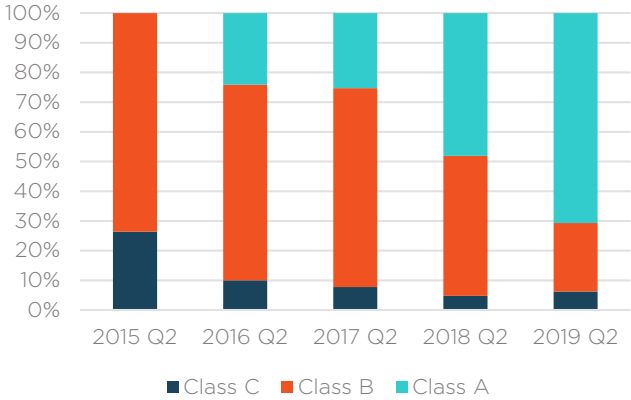


The annual transaction volume totaled just \$64 million in Q2 2019, a low total, especially in comparison to Middleburg’s other target markets. It is an indication that investors have not yet “discovered” Huntsville.

However, Huntsville’s recent history of strong job growth, excellent rent growth, and outstanding future prospects, make it only a matter of time before it begins to attract more investment.

As soon as one or two of the recently built or under construction Class A properties trades, a precedent will be established, and transaction volumes are likely to increase.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Park at Redstone	1955	Exurbs	Randazzo Capital	\$35,000	

SOURCES: COSTAR



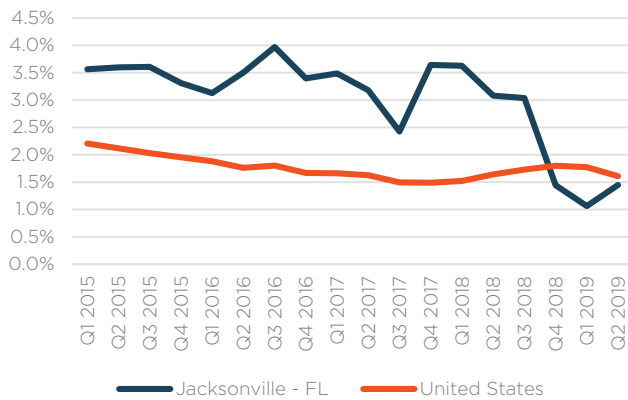
JACKSONVILLE

<p>\$61,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.6% YOY</p>	<p>1,551,000 POPULATION</p> <p>↑ 1.7% YOY</p>	<p>2.9% UNEMPLOYMENT RATE</p> <p>↓ 50 BPS FROM Q2 2018</p>
<p>3.5 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 20 BPS FROM Q2 2018</p>	<p>3.1% YOY EFFECTIVE RENT GROWTH</p> <p>↓ 260 BPS FROM Q2 2018</p>	<p>6.9% UNITS U/C AS % OF STOCK</p> <p>↑ 60 BPS FROM Q2 2018</p>

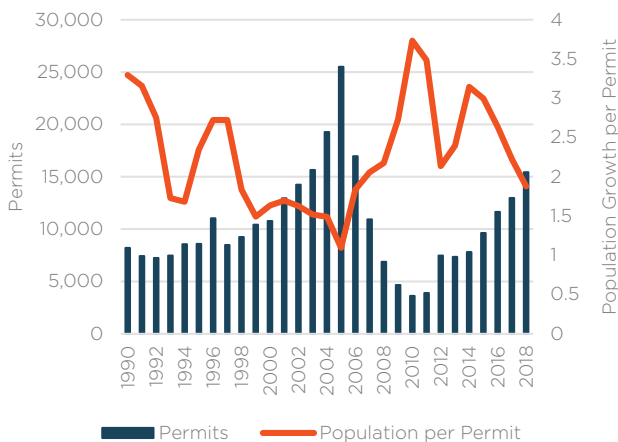
MAJOR EMPLOYERS:

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

YOY Job Growth



Permits and Population Growth per Permit



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.

These drivers supported a long streak of excellent job growth that weakened in Q4 2018. While it is tempting to blame the slowing growth on a low labor supply given Jacksonville's low unemployment rate of 2.9%, average weekly earnings in Q2 2019 were actually lower than where they were in Q2 2018. Declining wages are not a sign of a tight labor market.

Still, annual job growth rebounded to nearly the US average in Q2 2019, the unemployment rate remains very low, and the population continues to grow at a rapid rate. From 2017 to 2018, the Census estimates that Jacksonville's population grew by 30,000.

So while the Jacksonville economy has certainly slowed in the first half of 2019, it remains a dynamic and healthy market.

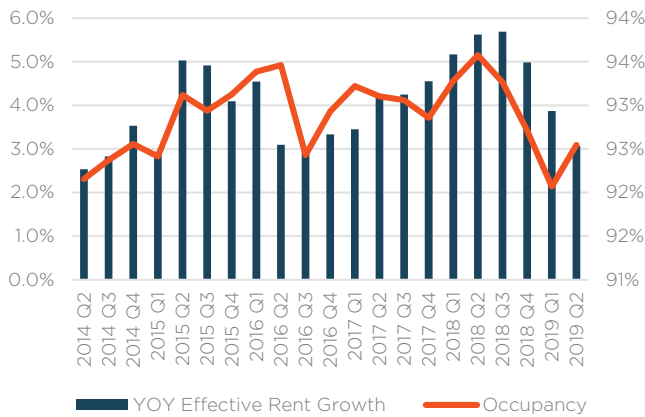
The average effective rent in Jacksonville increased by 3.1% over last year, a solid growth rate, but also lower than the 5% rent growth seen during 2018. This probably reflects the mild slowdown in job growth, as well as the influence of new supply. 2,750 units have delivered in the last 12 months, approximately 1,000 more than had delivered at this point last year.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



JACKSONVILLE

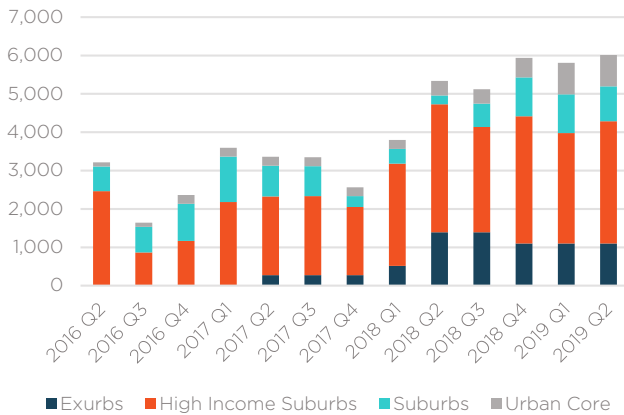
YOY Effective Rent Growth and Occupancy



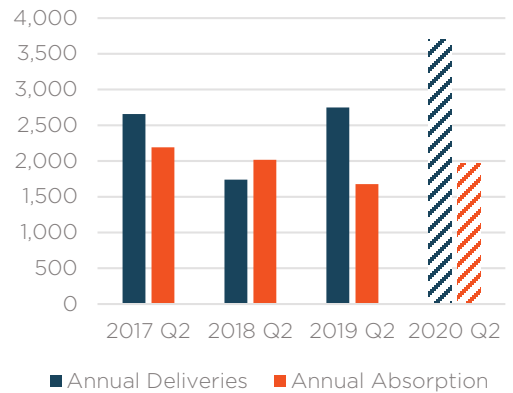
With another 3,700 units projected to deliver over the next year, Jacksonville will face even more supply pressure. It is significant enough that annual average rent growth will likely continue its downward slide over the next year, although it is unlikely to turn negative.

Class B/C properties continued to grow rents faster than Class A properties over the last year.

Units Under Construction



Absorption and Deliveries

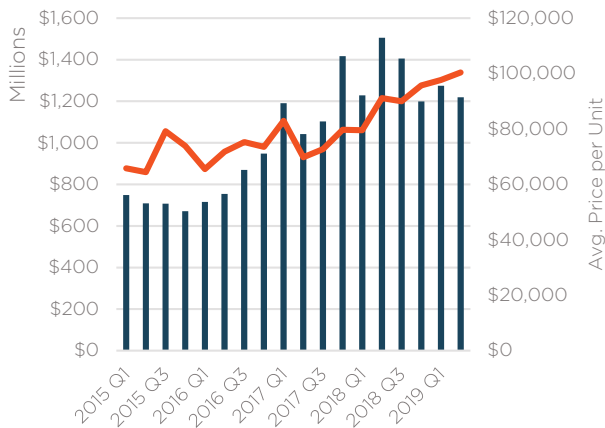


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	95.5%	\$1,458	-1.6%	2.6%
High-Income Suburbs	91.3%	\$1,338	1.5%	3.2%
Suburbs	90.4%	\$1,393	2.7%	3.1%
Exurbs	93.4%	\$1,208	3.4%	4.9%
Total	91.6%	\$1,333	1.9%	3.4%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	90.9%	\$922	12.4%	3.9%
High-Income Suburbs	94.6%	\$996	2.5%	4.7%
Suburbs	90.8%	\$860	5.1%	4.9%
Exurbs	94.7%	\$953	4.3%	4.8%
Total	93.0%	\$932	3.9%	4.8%

SOURCES: COSTAR

JACKSONVILLE

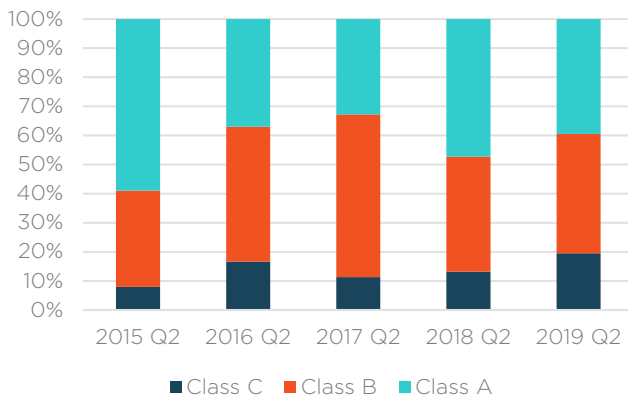
Annual Sales Volume and Avg. Price per Unit



With over \$1.2 billion in transactions over the last year, Jacksonville is clearly attractive for investors.

The average price per unit of units sold in the last year hit a record high of \$100,000 per unit in Q2 2019. The high average was supported by the sale of Steele Creek, a new development in suburban Jacksonville, which sold in Q2 2019 for \$211,000 per unit.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Steele Creek	2017	High Income Suburbs	RST Development	\$211,000	
Lost Lake Apartments	2014	High Income Suburbs	Becovic Mgmt.	\$173,000	5.0%
St. Johns Forest	1989	Suburbs	Priderock Capital	\$126,000	
Eastport Apartments	2008	Suburbs	RSE Capital Partners	\$125,000	
Mission Springs	1972	Suburbs	LYND	\$79,000	
Ninety 47 on the Bay	1972	High Income Suburbs	PrivCap Holdings	\$64,000	
Monaco Arms	1973	Suburbs	Lincoln Ave Capital	\$63,000	8.0%

SOURCES: COSTAR

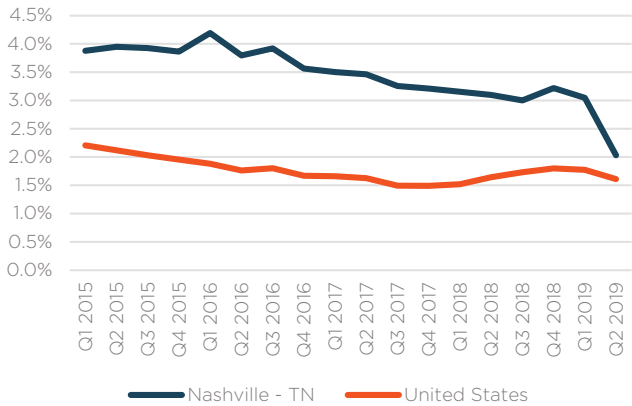
NASHVILLE

<p>\$69,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 4.2% YOY</p>	<p>1,954,000 POPULATION</p> <p>↑ 1.5% YOY</p>	<p>2.3% UNEMPLOYMENT RATE</p> <p>↓ 40 BPS FROM Q2 2018</p>
<p>3.8 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 20 BPS FROM Q2 2018</p>	<p>5.4% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 410 BPS FROM Q2 2018</p>	<p>5.3% UNITS U/C AS % OF STOCK</p> <p>↓ 180 BPS FROM Q2 2018</p>

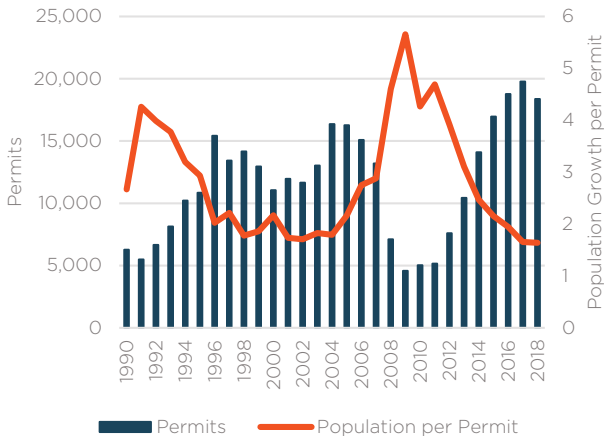
MAJOR EMPLOYERS:

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

YOY Job Growth



Permits and Population Growth per Permit



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 has expanded its job base by 29% compared to its pre-recession peak, ranking it eighth among all US metro areas according to this metric.

However, the Music City metro area's long streak of extraordinary job growth appeared to hit a wall in Q2 2019. YOY job growth was still well above the national average but dropped to just 2.0%, after a long period of growth over 3.0%. Moreover, the BLS estimates there were actually 1,400 fewer jobs in Q2 2019 than in Q1. That number may well be revised in future releases but if it holds, then Q2 2019 will certainly mark an inflection point.

The good news is that the supply situation, which has long been a specter hanging over the Nashville apartment market, is finally improving. The pipeline of units under construction, although still significant at 6,600 units, is far less than the 10,000 under construction in 2016, and represents just 5.3% of the existing inventory.

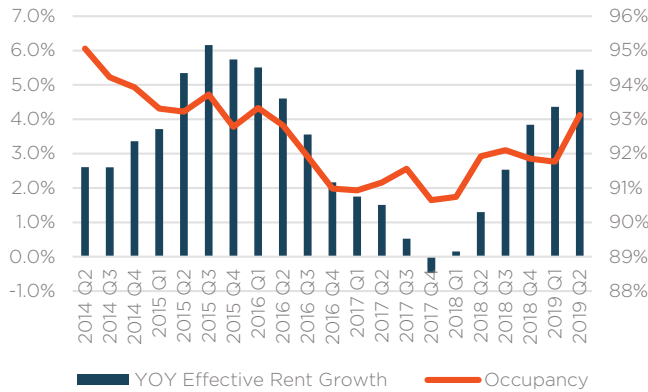
As the pace of new deliveries has slowed in 2018, rent growth and occupancy have improved rapidly. Average effective rents rose by 5.4% over last year, the best result since Q1 2016.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



NASHVILLE

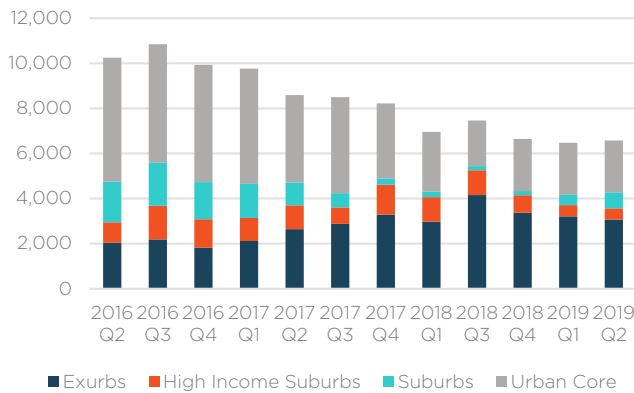
YOY Effective Rent Growth and Occupancy



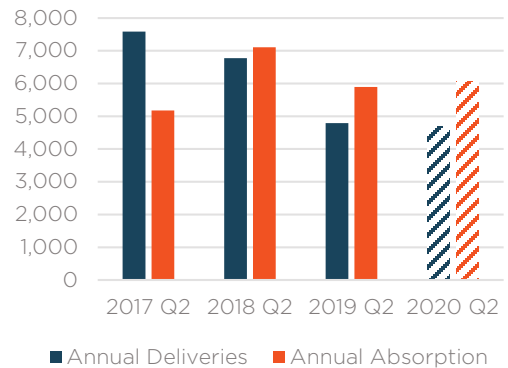
CoStar projects that about 4,700 units will deliver over the next 12 months, about the same as the amount delivered over the last 12 months. Unless job growth truly falters, absorption should be able to keep pace, and solid rent growth of 3% or more is likely over the next year.

Class A rents saw higher effective rent growth than Class B properties over the last year. That is likely a function of reduced concessions, particularly in the urban core.

Units Under Construction



Absorption and Deliveries

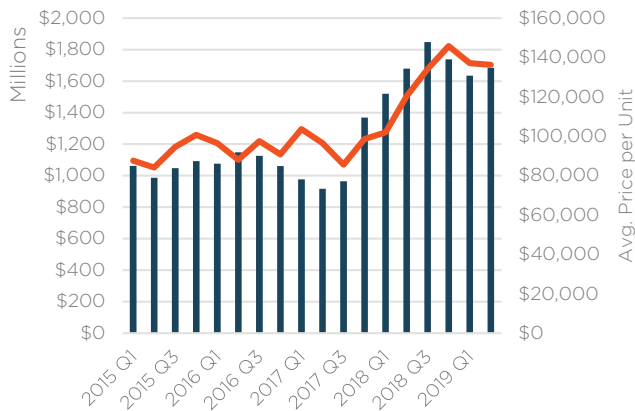


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	90.5%	\$1,884	7.0%	1.3%
High-Income Suburbs	88.9%	\$1,525	4.9%	2.4%
Suburbs	93.9%	\$1,282	7.1%	4.4%
Exurbs	91.2%	\$1,205	4.5%	3.5%
Total	90.7%	\$1,479	6.0%	2.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	93.4%	\$1,273	1.1%	3.2%
High-Income Suburbs	94.3%	\$1,233	4.6%	4.2%
Suburbs	95.1%	\$1,022	5.7%	6.1%
Exurbs	96.3%	\$933	5.3%	5.1%
Total	95.1%	\$1,039	4.9%	5.3%

SOURCES: COSTAR

NASHVILLE

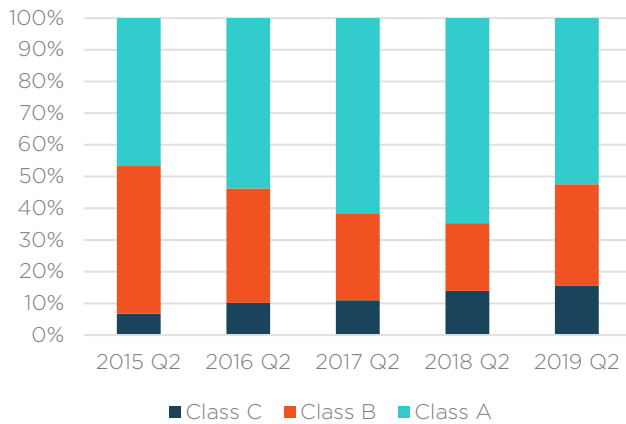
Annual Sales Volume and Avg. Price per Unit



The transaction volume in Nashville over the last 12 months totaled \$1.7 billion, a result in-line with the last five quarters.

The average price per unit sold in the last 12 months was \$136,000. Although lower than the peak of \$145,000 reached in Q4 2018, that is most likely a function of increasing investor interest in Class B/C apartments, rather than any decline in prices.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Gossett on Church	2017	Urban Core	CBRE Global Investors	\$277,000	
Providence Trail	2007	Exurbs	Unknown	\$205,000	
Mallard's Landing	1971	Suburbs	Morgan Properties	\$128,000	6.0%
Residences at Stonebrook	1976	Suburbs	Morgan Properties	\$123,000	6.0%
Hampton Chase Apartments	1974	Suburbs	Lion Real Estate	\$102,000	6.2%
Chapel Ridge Gallatin	2005	Exurbs	Martin Peterson	\$89,000	5.0%
380 Harding	1973	Suburbs	Jem Holdings	\$87,000	

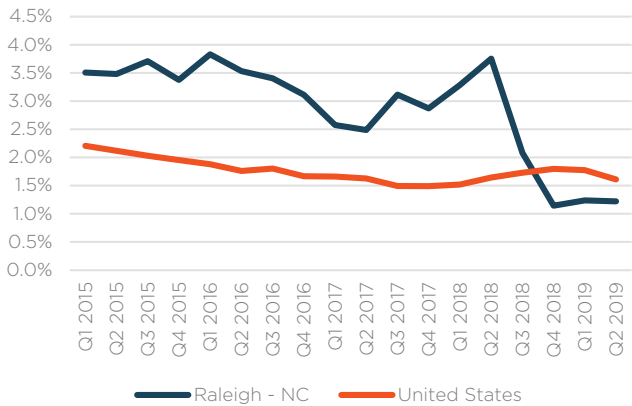
RALEIGH

<p>\$74,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 2.1% YOY</p>	<p>1,384,000 POPULATION</p> <p>↑ 2.0% YOY</p>	<p>2.3% UNEMPLOYMENT RATE</p> <p>↓ 40 BPS FROM Q2 2018</p>
<p>3.8 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 20 BPS FROM Q2 2018</p>	<p>5.4% YOY EFFECTIVE RENT GROWTH</p> <p>↑ 410 BPS FROM Q2 2018</p>	<p>4.9% UNITS U/C AS % OF STOCK</p> <p>↓ 30 BPS FROM Q2 2018</p>

MAJOR EMPLOYERS:

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

YOY Job Growth



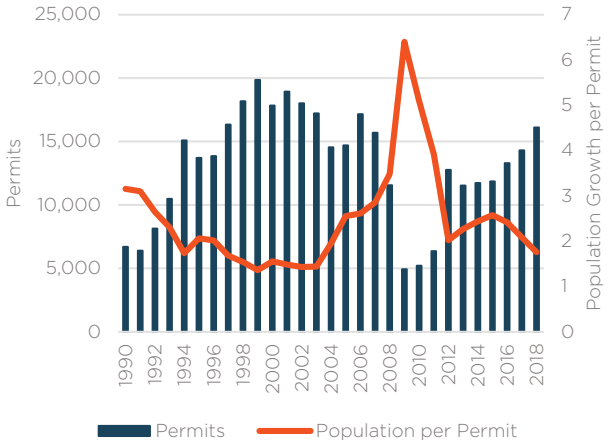
Raleigh boasts a highly-educated workforce and a high median household income of \$74,000. Its economy is supported by the advanced businesses in Research Triangle Park, as well as the stable presence of the North Carolina state government and N.C. State University.

More recently, Raleigh has become recognized for its growing scene of technology startups. These factors have made Raleigh attractive to employers and residents alike. It has ranked among the fastest growing metro areas in the country, in terms of both job and population growth in recent years.

Job growth slowed sharply at the end of 2018, however, and seems to have settled in at a lower annual growth rate of 1.2% in the first half of 2019. An additional indication of a slowing economy comes from wage data. Average weekly earnings in Q2 2019 were actually 1.2% lower than in Q2 2018.

Despite the weak economic data, the apartment market remains strong. Average effective rents grew by 5.4% over last year and the average occupancy stands at 93.1% in Q2 2019, one of the highest readings in the last five years.

Permits and Population Growth per Permit

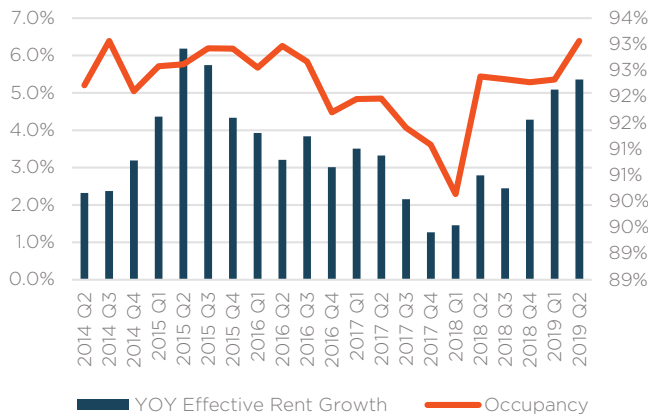


SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



RALEIGH

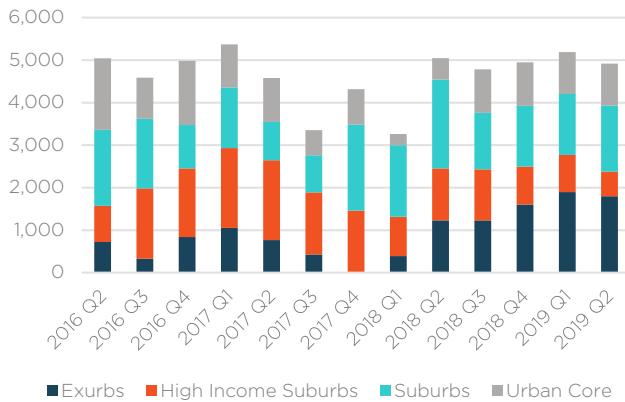
YOY Effective Rent Growth and Occupancy



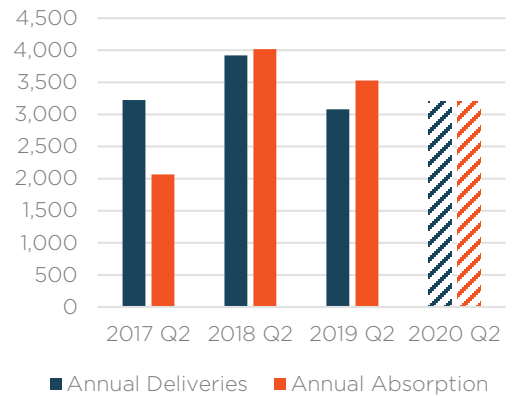
The pipeline of units under construction has stayed quite consistent over the last five years and the market should be able to handle the new deliveries over the next year without much difficulty.

Interestingly, construction seems to be spreading from the prime, high-income suburbs of Cary and Morrisville to more exurban locations. 1,800 of the roughly 5,000 units currently under construction are in the exurbs.

Units Under Construction



Absorption and Deliveries

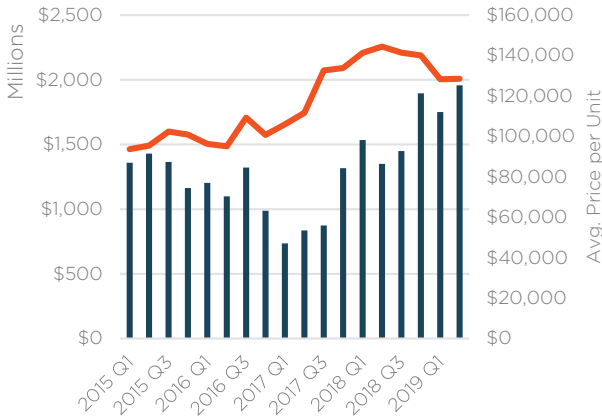


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	89.2%	\$1,474	4.6%	2.0%
High-Income Suburbs	91.6%	\$1,270	7.1%	4.8%
Suburbs	93.9%	\$1,231	3.6%	3.4%
Exurbs	93.6%	\$1,219	4.5%	3.6%
Total	92.1%	\$1,286	5.3%	3.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.0%	\$963	4.9%	4.7%
High-Income Suburbs	94.0%	\$1,084	5.5%	5.3%
Suburbs	94.2%	\$977	5.9%	4.7%
Exurbs	93.5%	\$1,075	4.4%	4.7%
Total	94.0%	\$1,022	5.3%	4.9%

SOURCES: COSTAR

RALEIGH

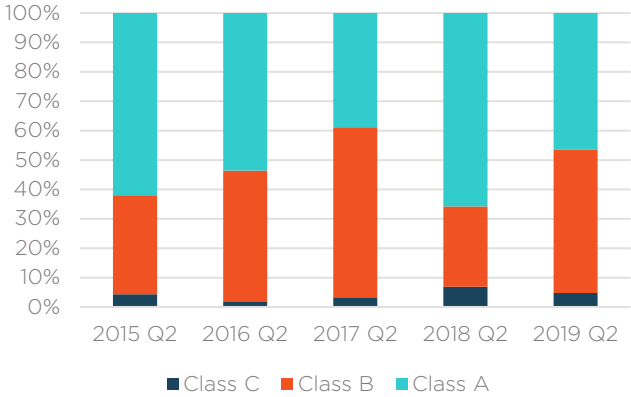
Annual Sales Volume and Avg. Price per Unit



The apartment transaction volume in Raleigh totaled \$1.96 billion over the last 12 months, an all-time record.

The average sale price per unit over the last 12 months was \$128,000, somewhat off the peak of \$144,000 in Q1 2018, but the decline is almost certainly a function of the type of units sold. More than half of all dollars spent in the last year were on Class B or C apartments.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Bainbridge Lake Crabtree	2018	High Income Suburbs	R.K. Properties	\$233,000	5.3%
Adara Alexander Place	2018	High Income Suburbs	Blackstone	\$205,000	
Century Tryon Place	2013	Exurbs	Eaton Vance	\$185,000	
Spring Forest Apartments	1978	Suburbs	Bridge Investment Group	\$116,000	5.0%
Willow Creek Northridge	1973	Suburbs	Willow Creek Partners	\$103,000	
Wynsum Townhomes	1972	Suburbs	Friedlam Partners	\$98,000	5.4%

SOURCES: COSTAR



RICHMOND

<p>\$73,000 MEDIAN HOUSEHOLD INCOME</p> <p>↑ 3.6% YOY</p>	<p>1,315,000 POPULATION</p> <p>↑ 1.0% YOY</p>	<p>2.8% UNEMPLOYMENT RATE</p> <p>↓ 30 BPS FROM Q2 2018</p>
<p>3.3 HOME PRICE-TO- INCOME RATIO</p> <p>↑ 10 BPS FROM Q2 2018</p>	<p>3.5% YOY EFFECTIVE RENT GROWTH</p> <p>↓ 120 BPS FROM Q2 2018</p>	<p>5.3% UNITS U/C AS % OF STOCK</p> <p>↑ 130 BPS FROM Q2 2018</p>

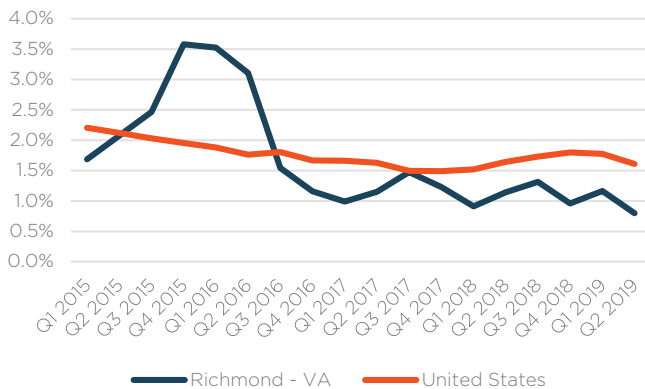
MAJOR EMPLOYERS:

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, provides stability.

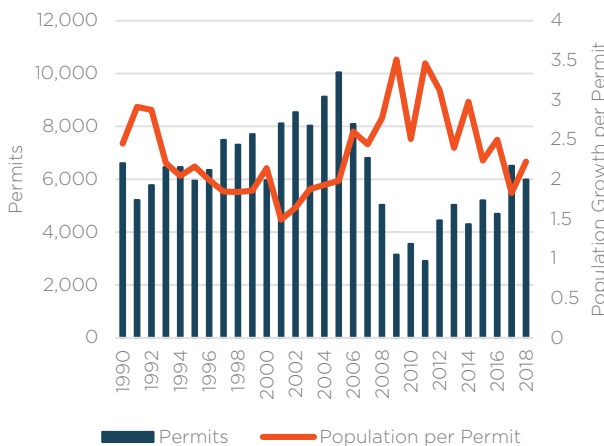
Since the recession, Richmond has expanded its job base by 10%, a slightly better performance than the national average. However, since late 2016, the rate of job growth has fallen somewhat below the national average.

YOY Job Growth



Despite the slower job growth rate, Richmond's apartment market has stayed healthy and stable over the last five years. Average annual rent growth has measured between 3% and 4.5% every quarter since Q1 2017 and average occupancy has stayed above 93% in every quarter since Q1 2015.

Permits and Population Growth per Permit



This steady performance has been possible because of Richmond's relatively limited residential construction. Richmond has added more than 2 people per residential permit in every year but one since 2007, a high ratio compared to many of its peer metros in the southeast. In addition, for most of the last five years, the pipeline of apartment units under construction represented only 3% to 4% of the total inventory. Compared to metros such as Charleston, Charlotte, and Nashville, that is quite a small pipeline.

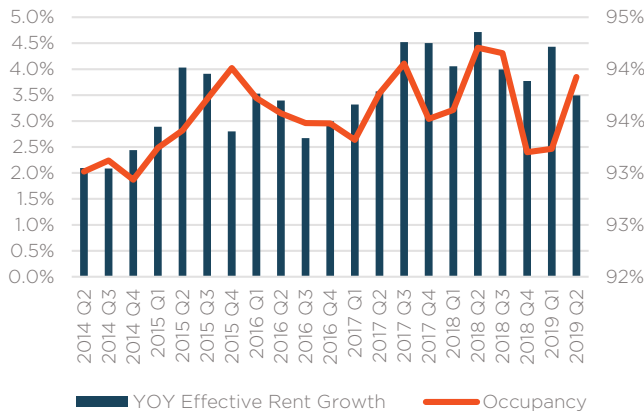
However, the pipeline has expanded in 2019 and there are now 4,500 units under construction, which equals 5.3% of the existing inventory.

SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE



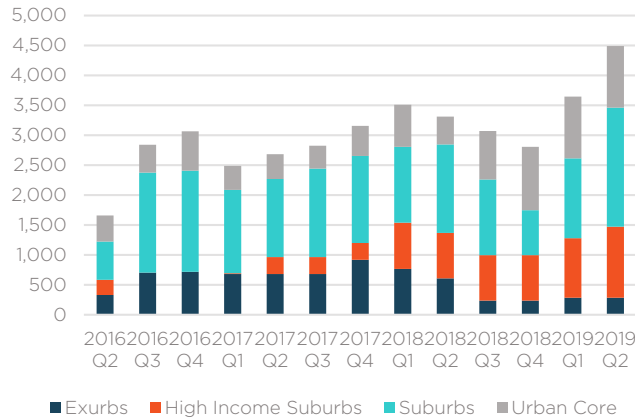
RICHMOND

YOY Effective Rent Growth and Occupancy

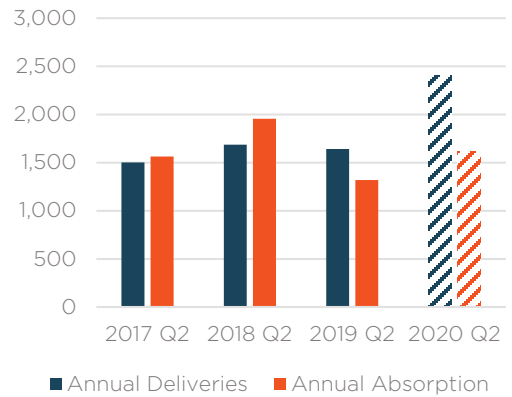


2,400 of those units under construction are projected to deliver in the next 12 months, which would exceed recent historical absorption by some 800 units. Although that amount is hardly enough to cause any dramatic swing in the market, it may nevertheless test this market's ability to maintain 3% annual rent growth. A slight moderation to 2% is possible, particularly in the slower winter months.

Units Under Construction



Absorption and Deliveries

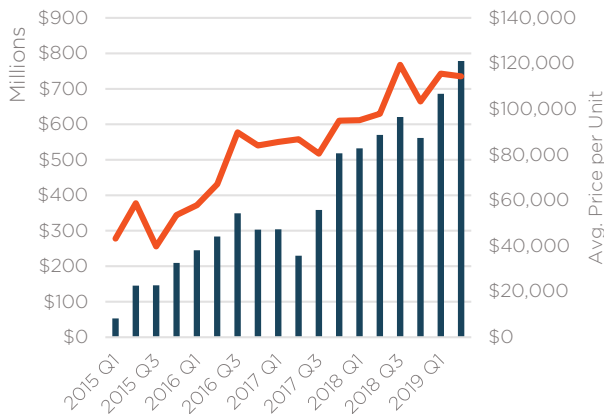


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	96.6%	\$1,383	4.1%	3.4%
High-Income Suburbs	96.3%	\$1,406	5.8%	3.7%
Suburbs	93.7%	\$1,307	3.7%	2.8%
Exurbs	91.5%	\$1,333	2.7%	3.3%
Total	94.0%	\$1,337	3.1%	2.9%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	91.8%	\$1,134	2.2%	2.3%
High-Income Suburbs	93.1%	\$1,179	2.9%	4.8%
Suburbs	93.8%	\$1,000	4.1%	4.6%
Exurbs	95.1%	\$998	3.7%	4.3%
Total	93.9%	\$1,019	3.7%	4.3%

SOURCES: COSTAR

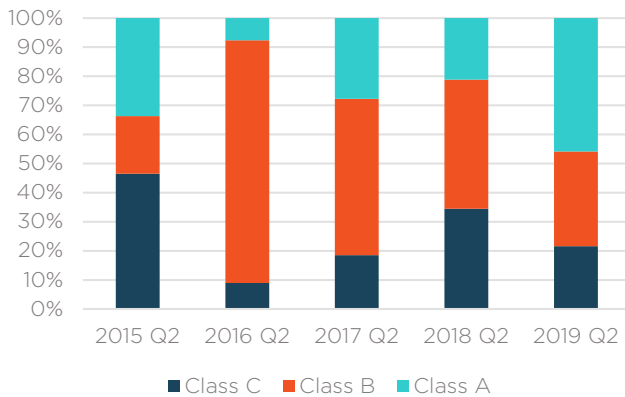
RICHMOND

Annual Sales Volume and Avg. Price per Unit



Few charts look as encouraging as the historical apartment sales volume in Richmond shown to the left. Sales have been on a sharp upward trajectory since 2015. In the last year, apartment sales totaled \$780 million, a new record for the metro. The average sale price per unit has also risen sharply over the last four years. Over the last 12 months ending in Q2 2019, the average price per unit was \$114,000, nearly double the average price of \$59,000 in Q2 2015.

Annual Sales Volume by Class



Q2 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Hickory Creek	1984	High Income Suburbs	Capital Square 1031	\$155,000	4.9%
Vida East	2018	Urban Core	SNP Properties	\$140,000	6.3%
Carriage Club	1966	High Income Suburbs	United Property Assoc.	\$109,000	
The Links at Virginia Center	1998	High Income Suburbs	Warren Aldrich	\$105,000	
Berkeley and Warwick Place	1958	Suburbs	Walde Enterprises	\$76,000	4.1%
Ashton Square	1964	Suburbs	Seminole Trail	\$56,000	

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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