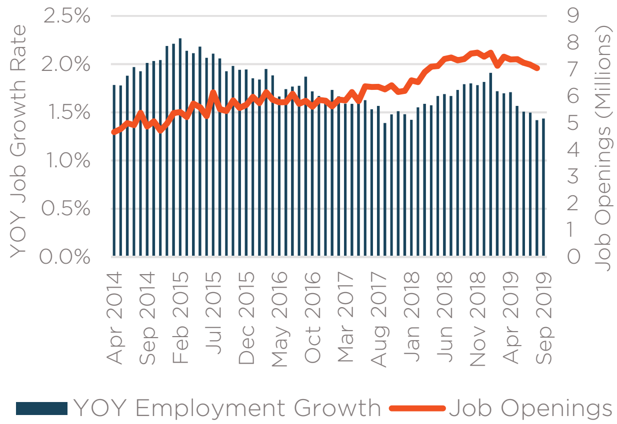
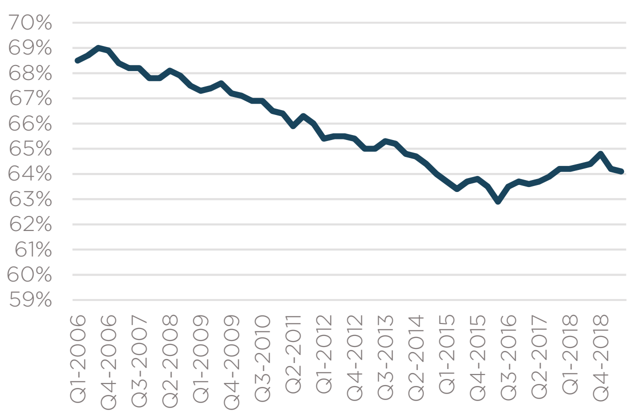
Q3 2019 TARGET MARKETS REPORT

MIDDLEBURG COMMUNITIES

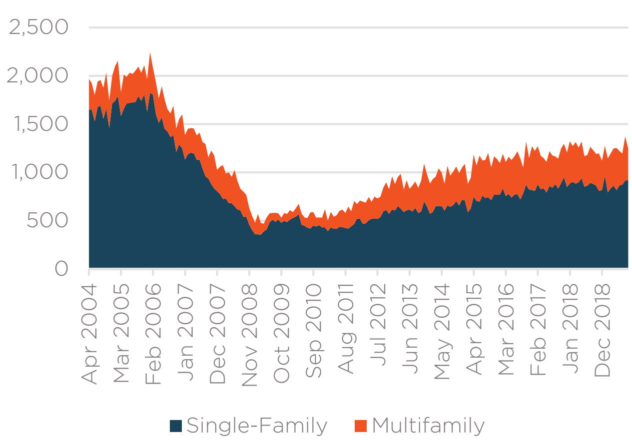
Job Growth Slowing



Homeownership Rate Stabilizing



Multifamily Starts Remain High



SOURCES: FEDERAL RESERVE ECONOMIC DATABASE, US CENSUS BUREAU

The U.S. economy continued its record long expansion in the third quarter of 2019, adding 463,000 jobs, and maintaining a very low unemployment rate of 3.6%. Initial unemployment claims remain low, as do household debt levels and consumer loan default rates.

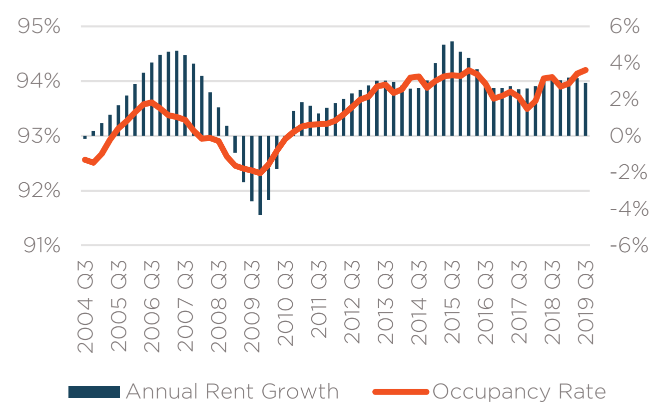
In fact, other than the treasury yield curve, which temporarily inverted last quarter, there are no major data points obviously flashing red. To be sure, manufacturing is showing some weakness, but it is no worse than what this expansion already weathered in 2016, at least not yet. Moreover, positive news regarding the resolution of trade conflicts could improve manufacturers' confidence. As of Q3 2019, there were at least some hints on a partial agreement with China. So, barring a major shock to the system a recession appears unlikely in the next six months.

Nevertheless, the pace of the expansion has clearly begun to slow. YOY job growth fell to 1.4% in Q3 2019, based on preliminary data, and the number of job openings fell by 575,000 from January to August. Moreover, average weekly earnings growth, which had finally broken 3% in 2018, fell to 2.7% in Q3 2019. The number of housing permits issued, often used as a leading indicator, increased in Q3 2019 over a weak Q2, but only to the same level reached in Q1 2018.

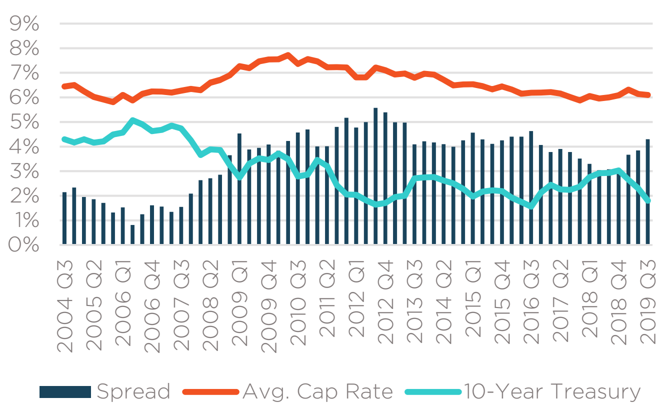
So while a slide into recession appears unlikely over the next six months, there is also little reason to believe that growth will accelerate. The most likely scenario for the near future is a continuation of the gradual slowdown that has already begun.

NATIONAL OVERVIEW

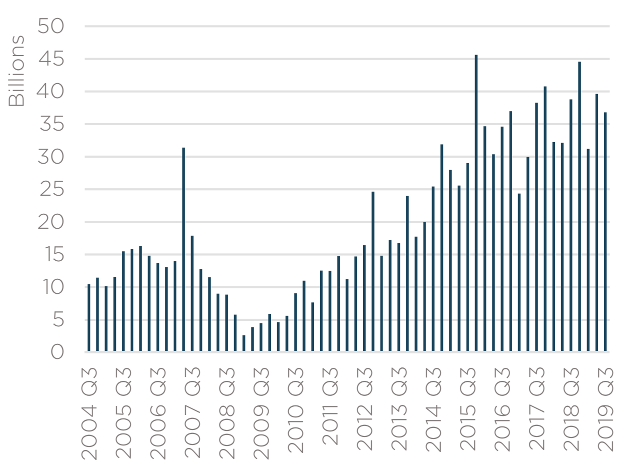
Stable Rent Growth and Occupancy



Cap Rates Remain Steady



Sales Volume High but May Have Peaked



SOURCES: COSTAR, FEDERAL RESERVE ECONOMIC DATABASE

So far, the gradually slowing pace of economic growth has had little negative impact on the apartment market. CoStar reports an average occupancy rate across the United States of 94.2% in Q3 2019, its highest reading in the last fifteen years at least. YOY rent growth measured 2.9% in Q3 2019, a solid result if slightly lower than the 3.2% achieved in the previous two quarters.

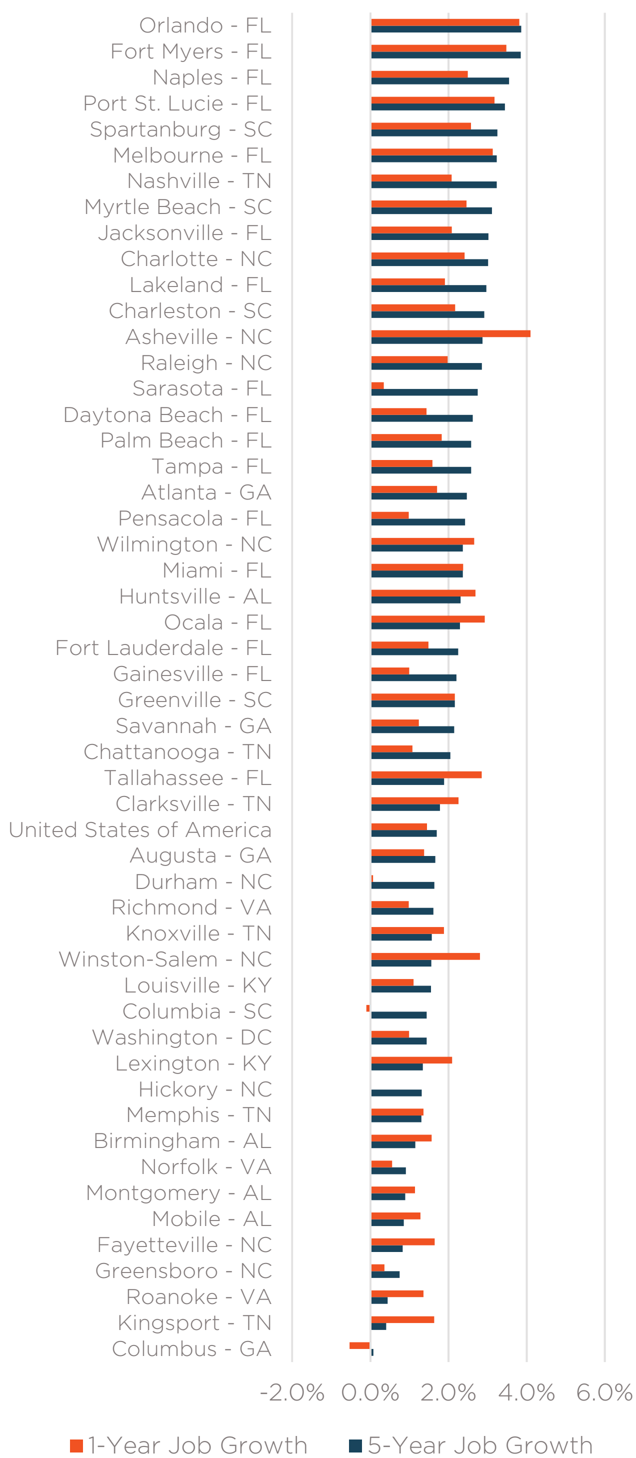
The health of the apartment market can be attributed in part to the weakness of the for-sale market. Price growth has slowed in 2019 but for-sale homes are still unaffordable for many families, especially in the nation's largest metropolitan areas. After rising to 64.8% in Q4 2018, the homeownership rate fell to 64.1% in Q2 2019. This will be a key indicator to watch over the next year. A recovery in home-buying spurred by lower interest rates could dampen demand for apartments. On the other hand, long-term demographic factors may gradually pull the homeownership rate downwards. If that happens, it would bode well for future apartment demand.

Investors appear to remain quite confident in the apartment sector. The national transaction volume in Q3 2019 was high and cap rates remain steady. Moreover, with the recent decline in the 10-year treasury rate, the shrinking spread between treasury yields and cap rates is no longer much of a concern.

MIDDLEBURG COMMUNITIES

SOUTHEAST/MID-ATLANTIC MARKETS

5-Year Avg. Annual and YOY Job Growth



SOURCES: BUREAU OF LABOR STATISTICS

Consistent with the overall story of a gradually slowing economy, most markets in the Southeast/Mid-Atlantic added jobs at a slower rate in the past year than the 5-year annual average. In a few markets, such as Sarasota, Durham, and Columbia, job growth over the last year amounted to less than 25% of the 5-year annual average.

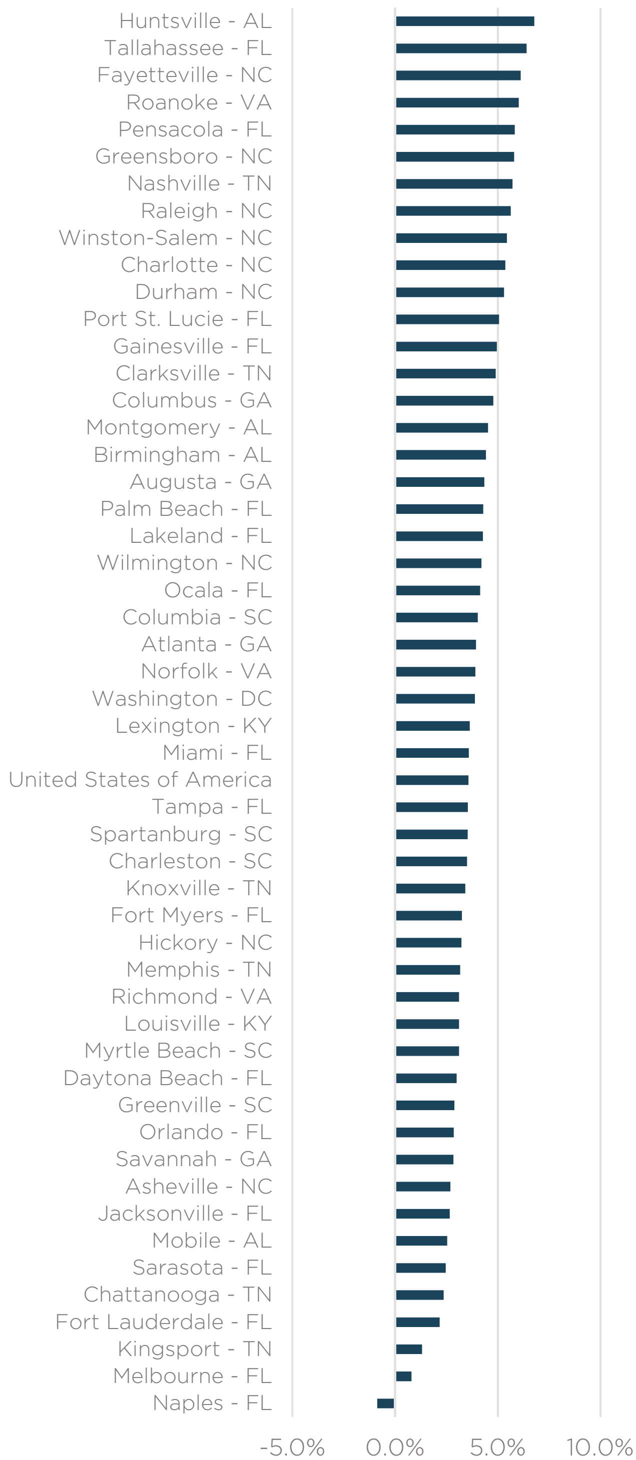
A few notable exceptions to this trend include Asheville, which posted annual job growth of 4.1% and Winston-Salem, which expanded its job base by 2.8% over the last year.

Although annual job growth was slower than the 5-year average in Fort Myers, Orlando, and Port St. Lucie, Florida, it was only slightly slower, meaning these metros continued their remarkably strong run of growth.

MIDDLEBURG COMMUNITIES

SOUTHEAST/MID-ATLANTIC MARKETS

YOY Effective Rent Growth



SOURCES: COSTAR

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.

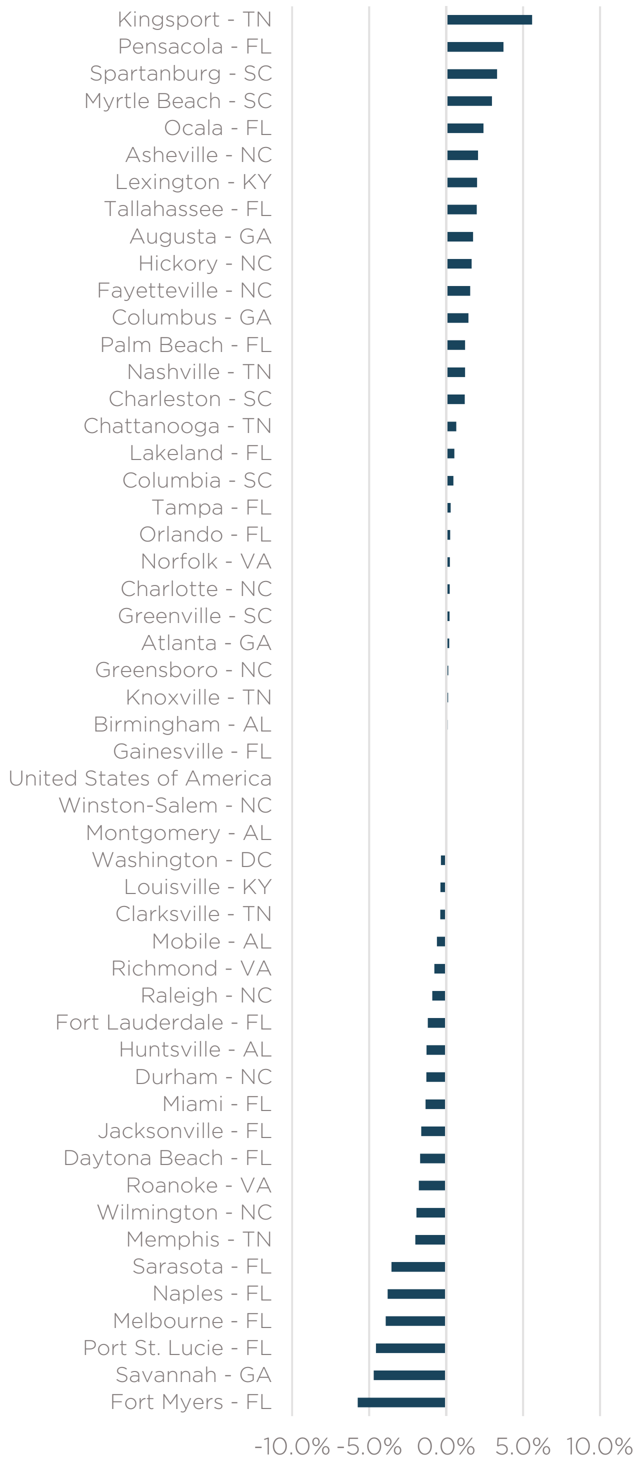
Huntsville topped the list with YOY effective rent growth of 6.8%, fueled by an influx of new jobs. The top five are rounded out by Tallahassee, Fayetteville, Roanoke, and Pensacola, all of which reported annual rent gains of 5.8% or higher. These results are a reminder that even markets many would consider “tertiary,” are still capable of impressive rent gains.

Nashville, a market known for its massive pipeline of new supply for much of this cycle, just narrowly missed the top five metros in the southeast, posting annual rent growth of 5.7%.

MIDDLEBURG COMMUNITIES

SOUTHEAST/MID-ATLANTIC MARKETS

Projected Change in Occupancy in 1 Year



SOURCES: COSTAR, MREP

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.

Tertiary markets such as Kingsport, Pensacola, and Spartanburg lead the list, primarily because they have very small pipelines. However, some markets that have had plenty of new supply in the last five years, such as Asheville, Nashville, and Charleston, should actually see their markets tighten over the next year.

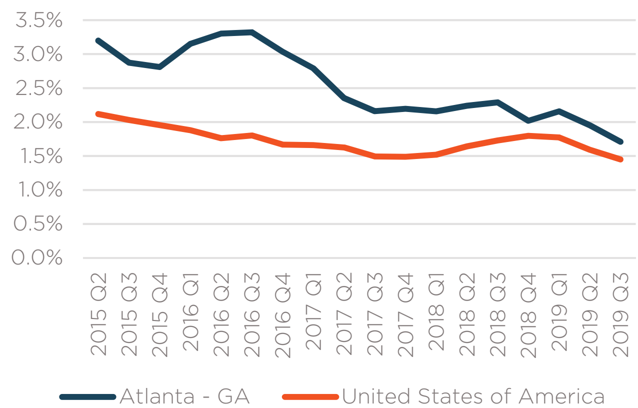
MIDDLEBURG COMMUNITIES

ATLANTA

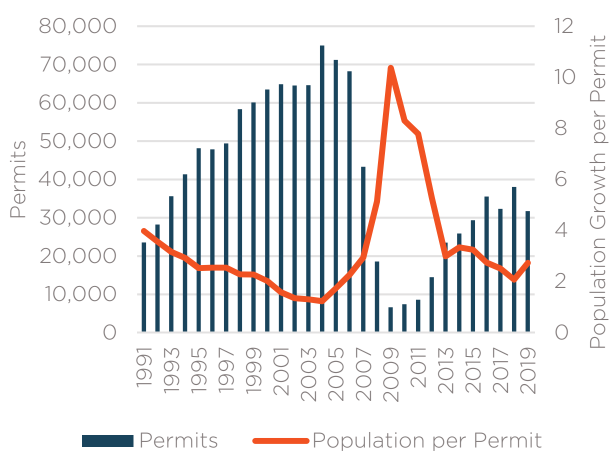
$70,000 MEDIAN HOUSEHOLD INCOME ↑ 3.9% YOY	**6,041,000** POPULATION ↑ 1.5% YOY	**3.5%** UNEMPLOYMENT RATE ↓ 30 BPS FROM Q3 2018
3.2 HOME PRICE-TO-INCOME RATIO ↑ 20 BPS FROM Q2 2018	**3.9%** YOY EFFECTIVE RENT GROWTH ↓ 110 BPS FROM Q3 2018	**4.0%** UNITS U/C AS % OF STOCK ↓ 10 BPS FROM Q3 2018

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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, based on preliminary annualized data for 2019, the ratio actually ticked up to 2.7. If overbuilding was Atlanta's story prior to the great recession, under building has been the story of the recovery. This fact bodes well for home price and growth in Atlanta.

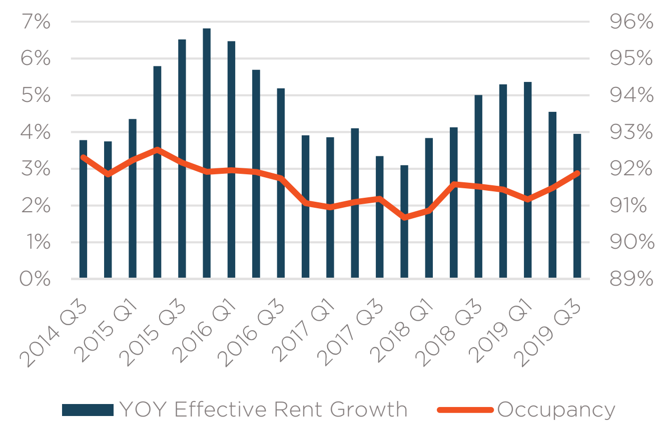
Job growth in Atlanta has certainly slowed over the past year but is still quite strong. The metro area added 51,000 jobs over the past year, a 1.7% increase, above the national average of 1.4%. Atlanta has consistently outperformed the national average every quarter in the last four years.

The unemployment rate continues to decline at a gradual pace and stood at 3.5% as of Q3 2019.

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.

ATLANTA

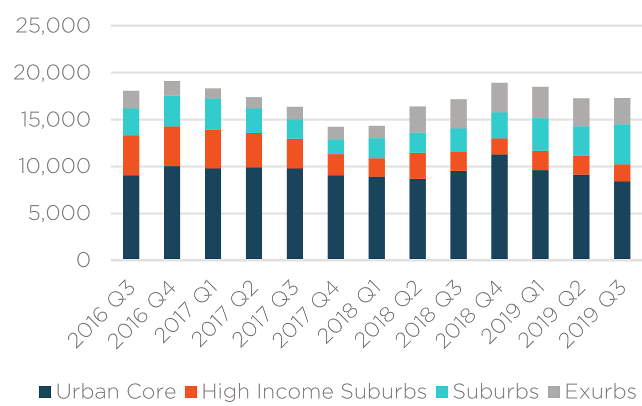
YOY Effective Rent Growth and Occupancy



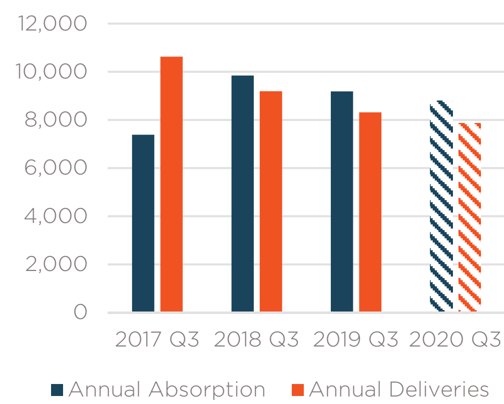
The Atlanta apartment market is quite healthy. Overall occupancy ticked up to 91.9% in Q3 2019, while average effective rents were up by 3.9% over the year prior. Class B apartments saw higher rent gains than Class A apartments, continuing a recent pattern.

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, rent growth and occupancy should remain healthy.

Units Under Construction



Absorption and Deliveries

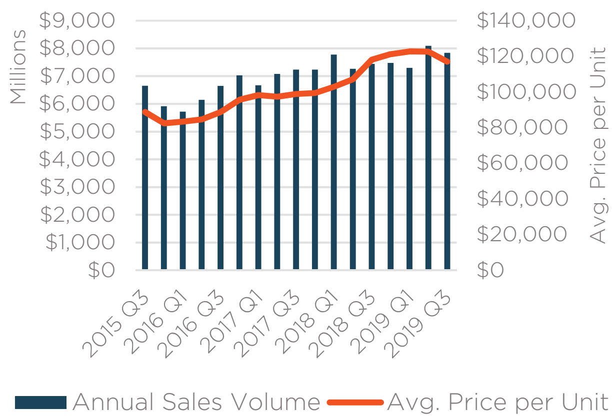


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	89.2%	$1,831	2.2%	2.2%
High-Income Suburbs	93.4%	$1,545	4.1%	3.4%
Suburbs	92.8%	$1,364	4.1%	5.3%
Exurbs	91.4%	$1,299	2.0%	5.9%
Total	91.4%	$1,576	2.9%	3.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	91.5%	$1,170	3.7%	4.9%
High-Income Suburbs	94.9%	$1,207	4.7%	5.8%
Suburbs	91.1%	$1,000	5.0%	6.7%
Exurbs	95.0%	$1,009	6.6%	6.1%
Total	92.2%	$1,056	4.9%	6.3%

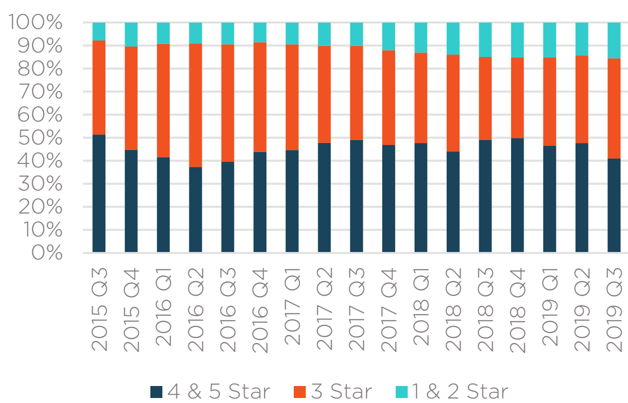
SOURCES: COSTAR

MIDDLEBURG COMMUNITIES

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



Transaction activity remains very high in Atlanta. The apartment sales volume over the last year totaled $7.8 billion, an amount in-line with recent history.

The average price per unit sold dipped from $122,000 in Q2 2018 to $116,000 per unit in Q3. That is likely a function of the mix of units sold rather than any loss in pricing power. Class C sales have made up an increasing share of purchases since 2015. In fact, 16% of all dollars spent were devoted to Class C apartments in the last year, compared to just 7% in 2015.

Investors are increasingly demonstrating an appetite for Class C properties in lower-income areas, such as South Atlanta. The sale of Shamrock Gardens and Parkside at Camp Creek, are just two examples from this quarter alone.

Q3 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The GoodWynn at Town Brookhaven by ARIUM	2009	High Income Suburbs	PCCP LLC	$267,000	NA
Windsor Chastain	2017	High Income Suburbs	GID Investment Advisers LLC	$264,000	NA
Sync at Perimeter	2014	High Income Suburbs	The Barvin Group	$230,000	4.6%
City View	2003	Urban Core	Atlantic | Pacific Companies	$225,000	4.8%
251 North	1989	Urban Core	Taurus Investment Holdings, LLC	$190,000	5.0%
Sugarloaf Trails	2000	Suburbs	TruAmerica Multifamily, Inc.	$164,000	5.3%
Lantern Ridge Apartments	1973	High Income Suburbs	Liquid Capital	$122,000	5.3%
Shamrock Gardens	1967	Suburbs	Alcott Capital Management	$68,000	5.9%
Parkside at Camp Creek	1970	Suburbs	Blue Magma Residential, LLC	$61,000	6.1%

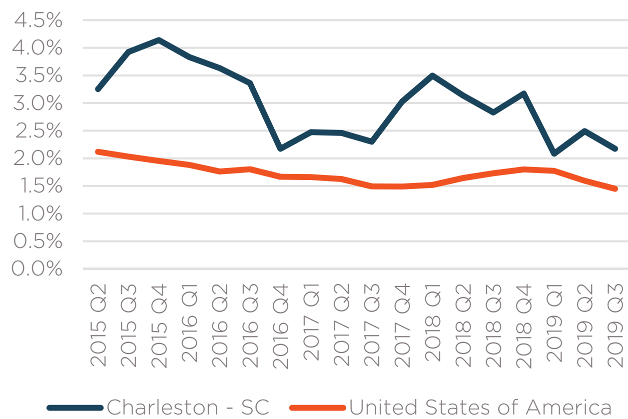
SOURCES: COSTAR

CHARLESTON

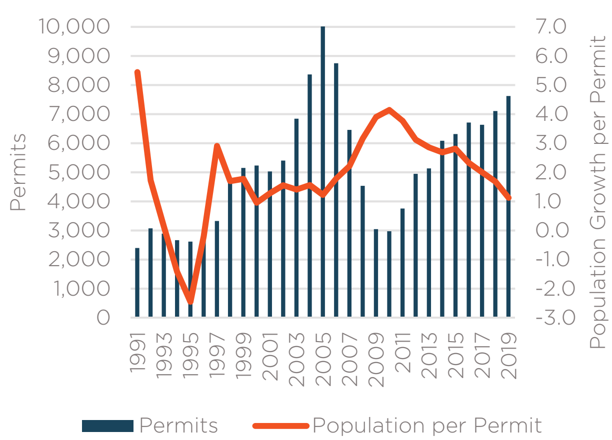
$66,000 **MEDIAN HOUSEHOLD INCOME** ↑ 4.9% YOY	**797,000** **POPULATION** ↑ 1.1% YOY	**2.7%** **UNEMPLOYMENT RATE** ↓ 30 BPS FROM Q3 2018
4.1 **HOME PRICE-TO-INCOME RATIO** ↑ 10 BPS FROM Q2 2018	**3.5%** **YOY EFFECTIVE RENT GROWTH** ↑ 150 BPS FROM Q3 2018	**7.9%** **UNITS U/C AS % OF STOCK** ↓ 110 BPS FROM Q3 2018

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



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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, notwithstanding Boeing's recent troubles with the 737 Max.

Developers have taken note, expanding the apartment inventory by more than 20% in the last three years alone, ranking Charleston among the top 15 metro areas in the United States in terms of inventory growth.

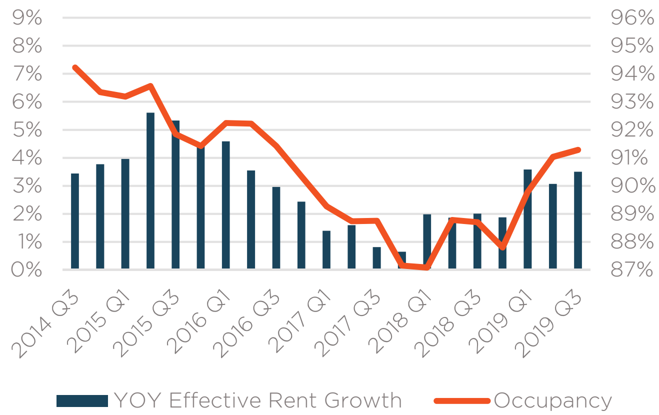
All of the new construction suppressed rent growth, particularly for Class A assets in 2017 and 2018. However, CoStar projects that about 2,000 new units will deliver over the next 12 months, a dramatic drop in comparison to the 3,000+ units that delivered in 2017 and 2018.

The reduced amount of new deliveries should give the market some space to recover. Overall occupancy has already risen from the uncomfortable low of 87.8% in Q4 2018 to 91.3% as of Q3 2019. Rent growth has also picked up to an average of 3.5% over last year.

MIDDLEBURG COMMUNITIES

CHARLESTON

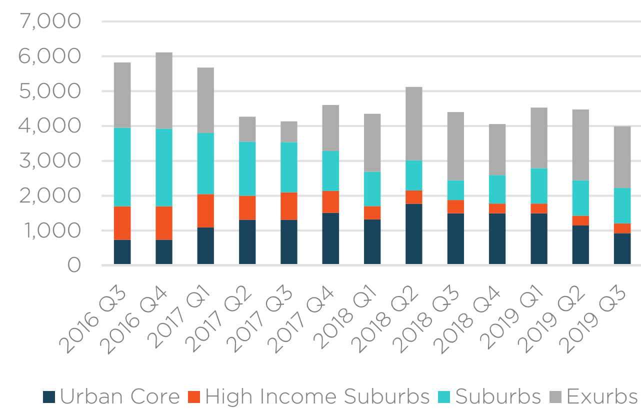
YOY Effective Rent Growth and Occupancy



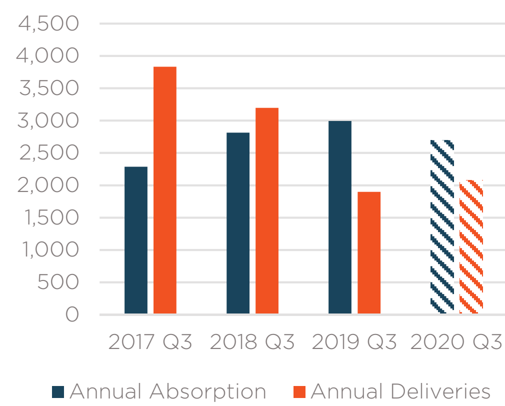
Nevertheless, another 2,000 units is still a substantial amount for a market of this size. Even if demand continues at recent levels, overall occupancy will only see marginal improvement over the next year.

As a result, overall rent growth is unlikely to improve much over current levels. Class A rent growth will continue to lag Class B/C properties because of the new supply.

Units Under Construction



Absorption and Deliveries



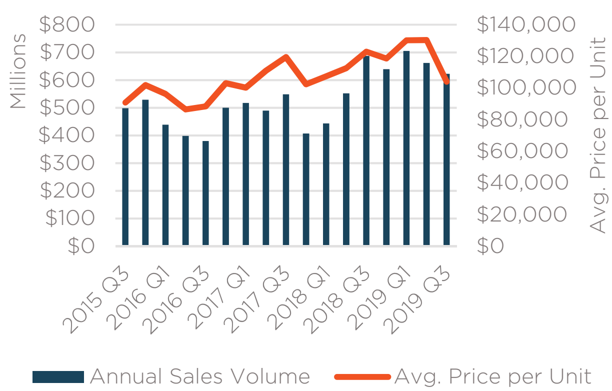
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	54.1%	$1,903	-1.6%	1.8%
High-Income Suburbs	91.1%	$1,606	3.6%	0.2%
Suburbs	91.0%	$1,291	5.4%	1.3%
Exurbs	90.9%	$1,340	3.2%	3.4%
Total	88.2%	$1,416	3.4%	1.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	93.6%	$1,473	4.4%	1.5%
High-Income Suburbs	92.0%	$1,297	1.8%	2.7%
Suburbs	93.3%	$977	4.1%	5.0%
Exurbs	94.0%	$1,033	3.4%	5.3%
Total	93.4%	$1,032	3.7%	4.8%

SOURCES: COSTAR

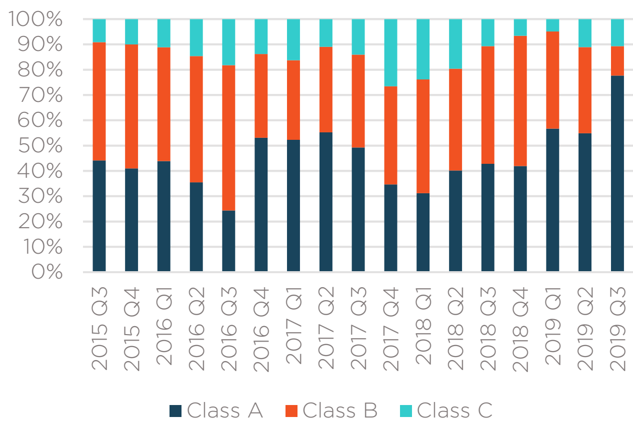
CHARLESTON

Apartment sales totaled $622 million over the last 12 months. Although certainly a high total relative to the past five years, it marks something of a slowdown compared to the over $700 million in annual sales achieved through the end of Q1 2019.

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Paxton Point Hope	2018	Exurbs	VTT Management	$186,000	NA
Plantation Oaks	1985	Suburbs	White Eagle Prop. Group	$137,000	4.8%

SOURCES: COSTAR

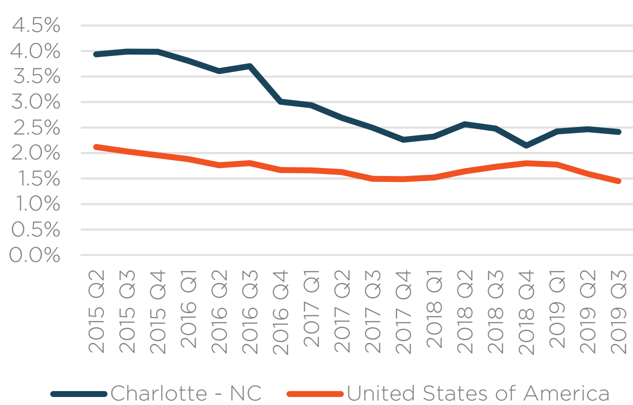
MIDDLEBURG COMMUNITIES

CHARLOTTE

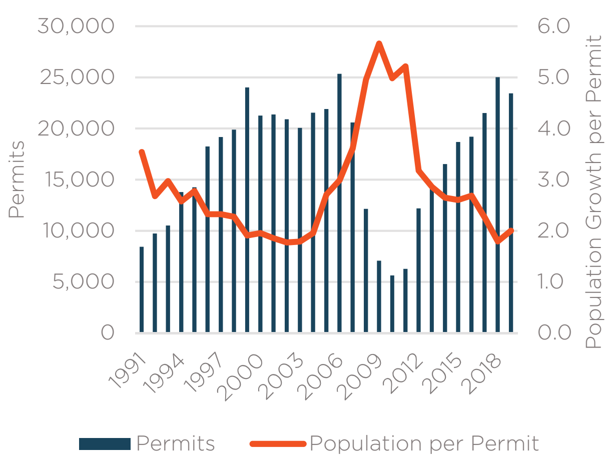
$66,000 **MEDIAN HOUSEHOLD INCOME** ↑ 4.6% YOY	**2,617,000** **POPULATION** ↑ 1.8% YOY	**4.0%** **UNEMPLOYMENT RATE** ↑ 30 BPS FROM Q3 2018
3.3 **HOME PRICE-TO-INCOME RATIO** ↑ 20 BPS FROM Q2 2018	**5.4%** **YOY EFFECTIVE RENT GROWTH** ↑ 240 BPS FROM Q3 2018	**6.5%** **UNITS U/C AS % OF STOCK** ↓ 400 BPS FROM Q3 2018

MAJOR EMPLOYERS:
Carolinas HealthCare, Wells Fargo, Walmart, American Airlines, Bank of America

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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 Q3 2019, which equates to 29,000 jobs.

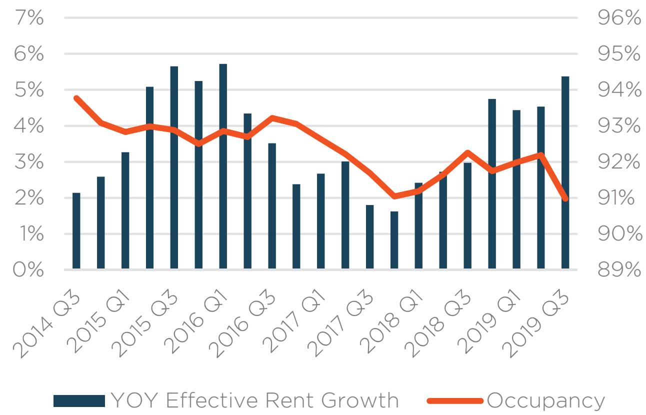
Strong job and population growth has spurred developers to action. In 2018, the metro area issued over 25,000 residential building permits, the highest volume since 2006. Were that level of building activity sustained, it might raise concerns of overbuilding, but builders may already be pulling back. Through Q3 2019, the metro is on pace to issue about 23,400 permits in 2019.

The Charlotte apartment market demonstrated surprising strength in Q3 2019. Despite the delivery of over 6,000 units in Q3 alone, overall effective rents are up by 5.4% over last year. The average occupancy dipped somewhat however, and effective rent growth may drop sharply over the next two quarters as the market processes all of the new units.

Nevertheless, the medium-term outlook is more positive because the pipeline of units under construction, although still robust, is now at its lowest level in three years. If the market softens as a result of all the newly delivered supply this quarter, it should recover by Q3 2020.

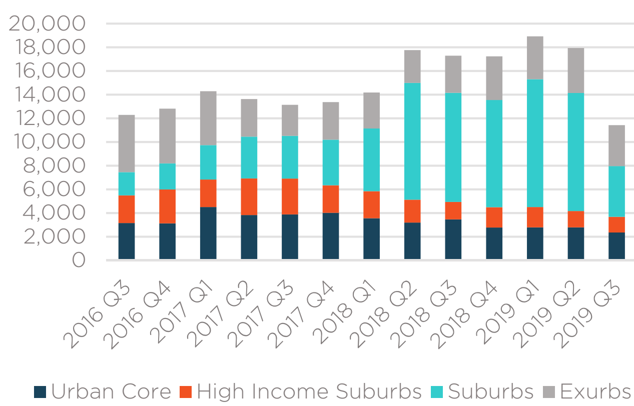
CHARLOTTE

YOY Effective Rent Growth and Occupancy

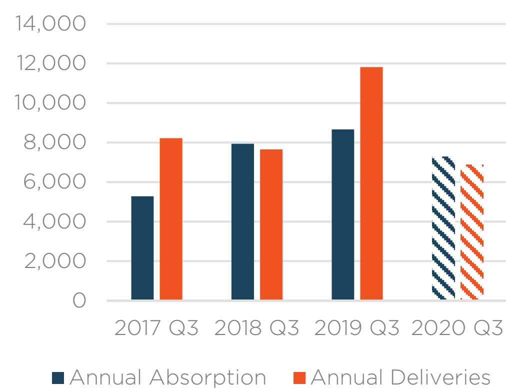


New construction is spread out relatively evenly in Charlotte and has been for the last three years. As a result, the performance among all property types and geographies is more balanced. Still, Class B/C properties continued their streak of better rent growth and occupancy compared to Class A properties.

Units Under Construction



Absorption and Deliveries

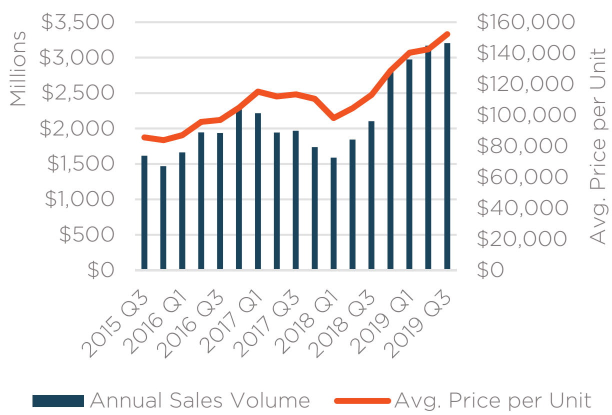


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	89.2%	$1,785	6.0%	2.6%
High-Income Suburbs	91.3%	$1,342	4.9%	3.6%
Suburbs	80.1%	$1,224	4.1%	3.7%
Exurbs	93.5%	$1,199	6.3%	3.7%
Total	87.4%	$1,342	5.2%	3.1%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.8%	$1,278	8.4%	2.4%
High-Income Suburbs	94.8%	$1,086	6.4%	5.0%
Suburbs	94.4%	$947	5.0%	5.7%
Exurbs	94.7%	$897	5.3%	4.6%
Total	94.6%	$977	5.6%	5.1%

SOURCES: COSTAR

CHARLOTTE

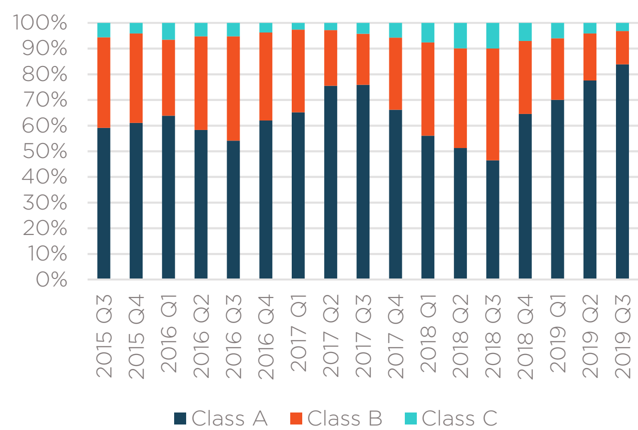
Annual Sales Volume and Avg. Price per Unit



The annual apartment sales volume set a record of $3.2 billion in Q3 2019. The average price per unit also reached its highest ever level of $152,000. Class A properties made up 84% of the sales volume in the last year, partially explaining the high average price.

Several major sales of new apartment properties at prices over $230,000 per unit were recorded in Q3. These included Circa Uptown, Novel NoDa, Overton Row, Presley Uptown, and Solis SouthPark.

Annual Sales Volume by Class



Q3 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Circa Uptown	2016	Urban Core	Eaton Vance Real Estate Investment Group	$273,000	NA
Novel NoDa	2017	Suburbs	AEW Capital Management	$262,000	4.5%
Overton Row	2018	Urban Core	BC Property Investments	$254,000	NA
Presley Uptown	2016	Urban Core	Jones Lang LaSalle Income Property Trust, Inc.	$240,000	4.5%
Solis SouthPark	2014	Urban Core	Principal Financial Group, Inc.	$239,000	NA
Lantower Garrison Park	2019	Suburbs	Lantower Residential	$195,000	NA
Arbor Steele Creek	2003	Exurbs	Blaze Partners, LLC	$148,000	5.0%
Charlotte 360 Apartments and Townhomes	1971	Suburbs	EBEX Holdings	$83,000	NA
Somerset Apartments	1973	Suburbs	Federal Capital Partners	$75,000	NA

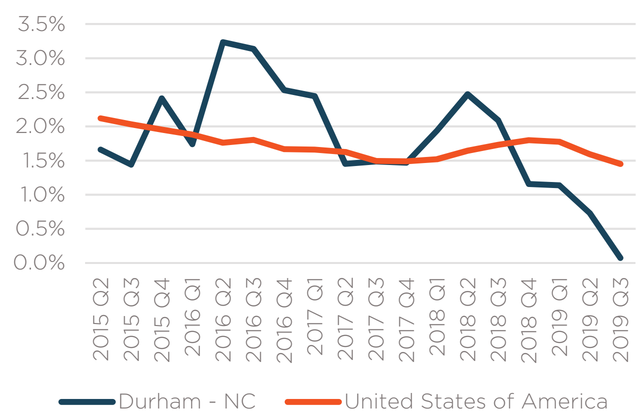
SOURCES: COSTAR

DURHAM

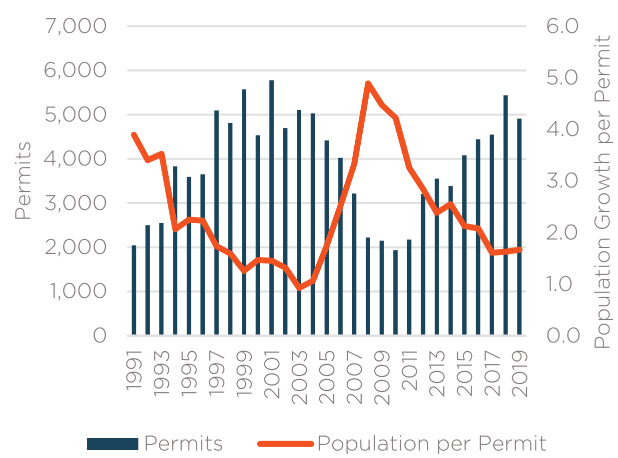
$66,000 MEDIAN HOUSEHOLD INCOME	584,000 POPULATION	4.0% UNEMPLOYMENT RATE
4.1% YOY	1.4% YOY	50 BPS FROM Q3 2018
3.8 HOME PRICE-TO-INCOME RATIO	**5.3% YOY EFFECTIVE RENT GROWTH**	**7.3% UNITS U/C AS % OF STOCK**
20 BPS FROM Q2 2018	140 BPS FROM Q3 2018	20 BPS FROM Q3 2018

MAJOR EMPLOYERS:
Duke University, IBM, Cree Inc., Blue Cross Blue Shield

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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

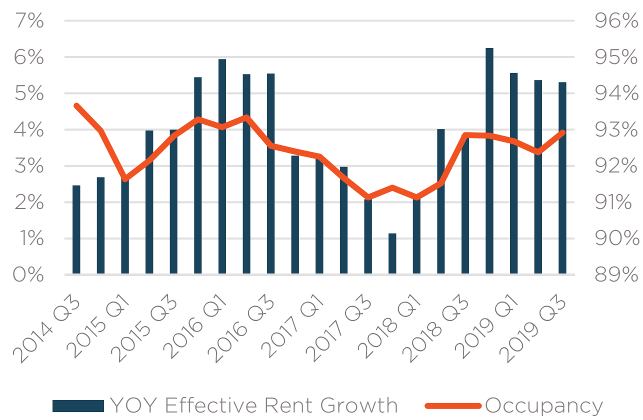
Job growth has been slowing for the last nine months, and as of Q3 2019, YOY job growth had slowed to effectively nothing. The jobs slowdown is also reflected in the unemployment rate, which increased by 50 basis points over last year to 4.0%.

The slowing pace of job growth has not yet translated into slower rent growth. In fact, average effective rents posted a very strong 5.3% gain over last year.

However, the pipeline of units is larger than it was at this point in 2018 and about 2,000 units are projected to deliver over the next year, which would exceed average annual absorption over the last three years by over 500 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, appears likely.

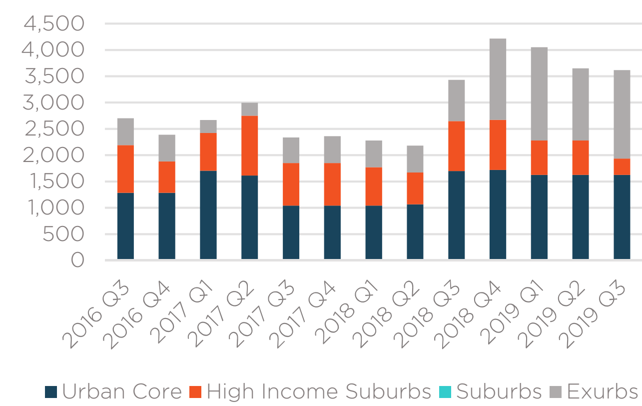
DURHAM

YOY Effective Rent Growth and Occupancy

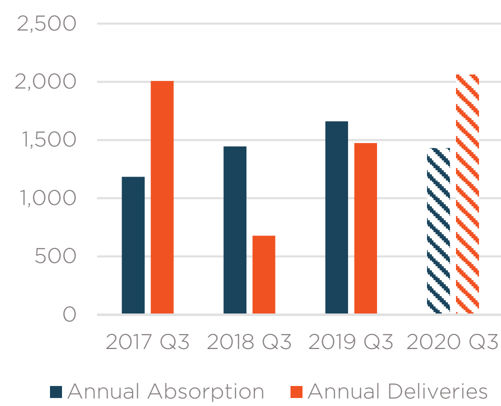


In keeping with the trend over the last five years, Class B/C properties saw higher rent growth and better average occupancy in Q3 2019 than Class A properties. Suburban and exurban Class B properties performed particularly well, with average rent growth of 7.0% and higher.

Units Under Construction



Absorption and Deliveries

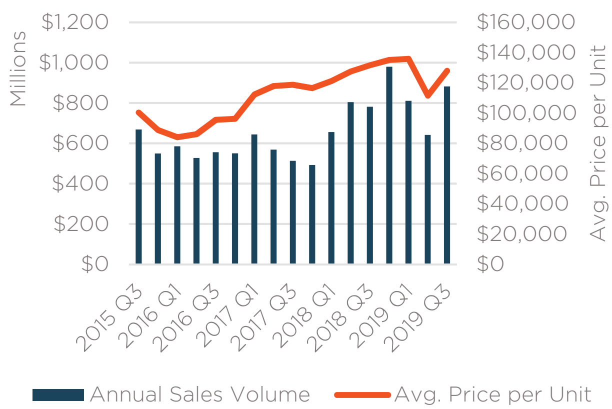


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	90.1%	$1,538	5.4%	2.9%
High-Income Suburbs	91.4%	$1,258	4.3%	4.7%
Suburbs	93.8%	$1,222	8.0%	4.3%
Exurbs	82.3%	$1,448	3.0%	3.1%
Total	89.7%	$1,377	4.6%	3.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
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

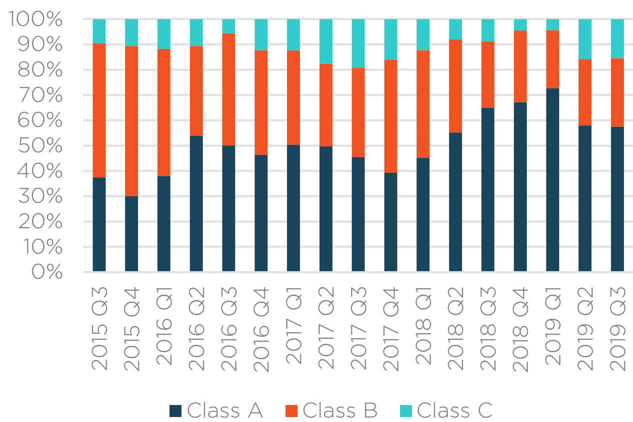
DURHAM

Annual Sales Volume and Avg. Price per Unit



Despite the weak job growth in the last year, Durham remains an attractive market for investors. $308 million in sales in Q3 alone propelled the total sales volume over the last 12 months to $881 million, the second highest total over 12 months in the last four years. The sale of Phillips Research Park, a 2013 vintage property, at a reported cap rate of 4.5% indicates Durham's impressive pricing power, particularly in the area around Research Triangle Park.

Annual Sales Volume by Class



Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Phillips Research Park	2013	High Income Suburbs	Brookline Investment Group	$161,000	4.5%
The Flats @ 55Twelve	2001	Suburbs	Atlantic | Pacific Companies	$158,000	NA
Collins Crossing Apartment Community	1971	Exurbs	The Laramar Group, LLC	$144,000	NA
86 North Apartments	1985	Exurbs	Cedar Grove Capital	$118,000	4.5%

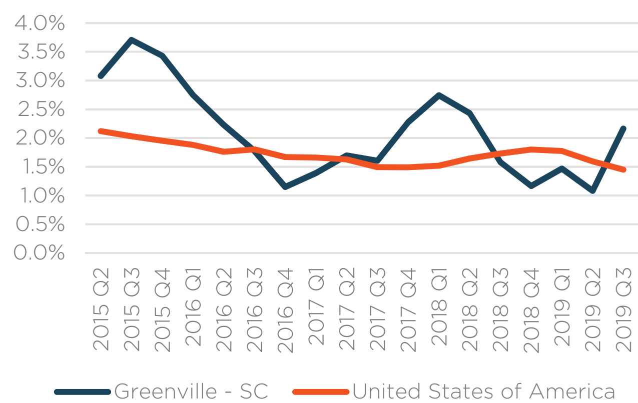
SOURCES: COSTAR

GREENVILLE

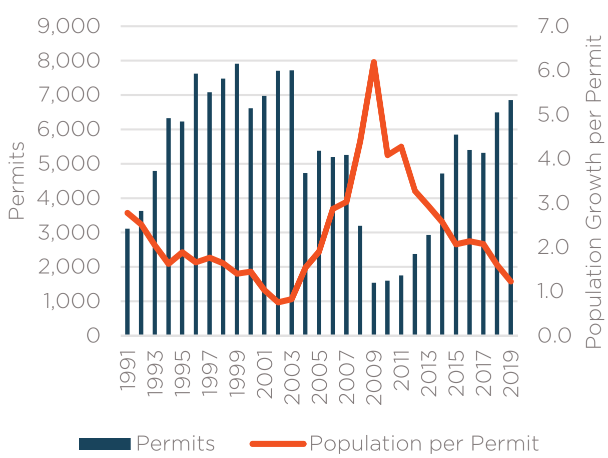
$54,000 **MEDIAN HOUSEHOLD INCOME** ↑ 2.5% YOY	**915,000** **POPULATION** ↑ 0.9% YOY	**3.5%** **UNEMPLOYMENT RATE** ↓ 30 BPS FROM Q3 2018
3.3 **HOME PRICE-TO-INCOME RATIO** ↑ 10 BPS FROM Q2 2018	**2.9%** **YOY EFFECTIVE RENT GROWTH** ↓ 270 BPS FROM Q3 2018	**5.8%** **UNITS U/C AS % OF STOCK** ↓ 10 BPS FROM Q3 2018

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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.

After enduring a slow stretch of job growth from the last half of 2018 through the first half of 2019, the pace of job additions picked up in Q3 2019 to 2.0%, which amounts to 8,200 jobs. Moreover, average weekly earnings of private employees in Q3 2019 were 6% higher than last year, continuing a remarkable streak of strong wage growth in Greenville.

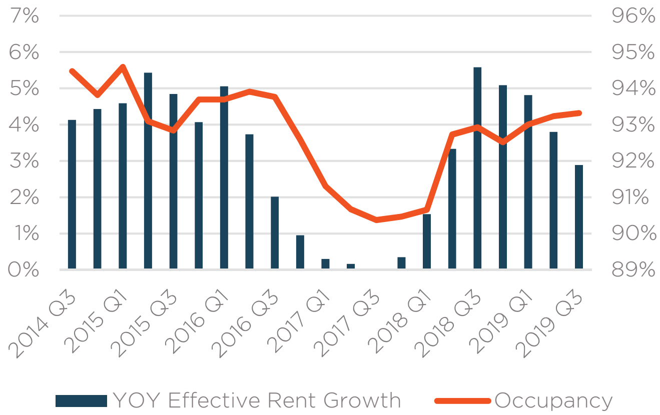
Greenville's apartment market has bounced back nicely from a weak spell in 2017 that was induced by oversupply. Overall occupancy has moved from 90.3% in Q3 2017 to 93.3% in Q3 2019 and average rent growth measured 2.9% over last year, a solid, if not spectacular result.

Rent growth is certainly lower compared to the 5.6% recorded in Q3 2018 but with the improvement in job growth, the amount of new supply in the pipeline is more manageable than in 2017. Steady rent growth and occupancy appear likely over the next year.

MIDDLEBURG COMMUNITIES

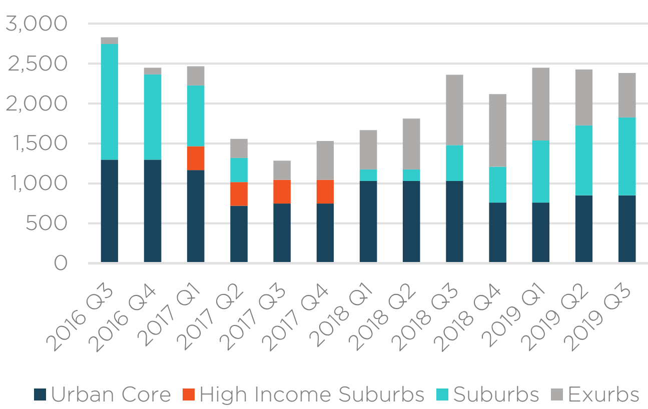
GREENVILLE

YOY Effective Rent Growth and Occupancy

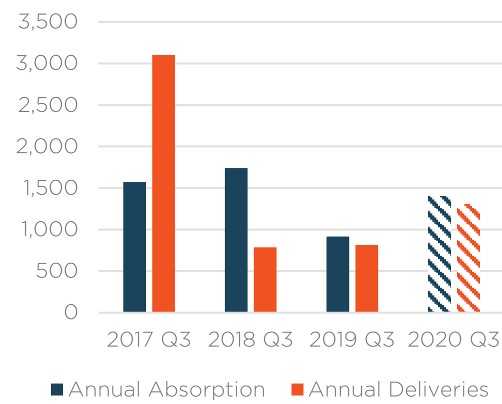


Class A projects in the urban core continued to push rents over last year as their concessions have burned off and they have reached stabilization. Competition among Class A properties in the suburbs and exurbs remains intense, however, and their rents have risen at much slower rates.

Units Under Construction



Absorption and Deliveries

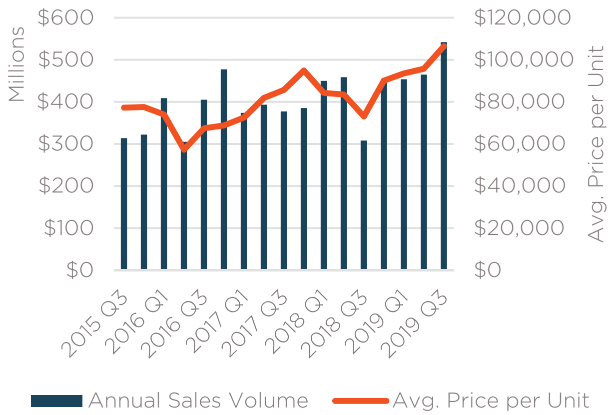


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	88.1%	$1,497	6.2%	0.8%
High-Income Suburbs	95.9%	$1,001	-0.4%	2.7%
Suburbs	93.6%	$1,135	2.8%	2.4%
Exurbs	85.0%	$1,024	0.9%	3.8%
Total	91.1%	$1,171	2.9%	1.8%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.0%	$826	2.2%	2.7%
High-Income Suburbs	95.1%	$943	4.4%	4.3%
Suburbs	94.4%	$861	2.6%	4.2%
Exurbs	93.8%	$803	2.9%	4.3%
Total	94.3%	$856	2.9%	4.1%

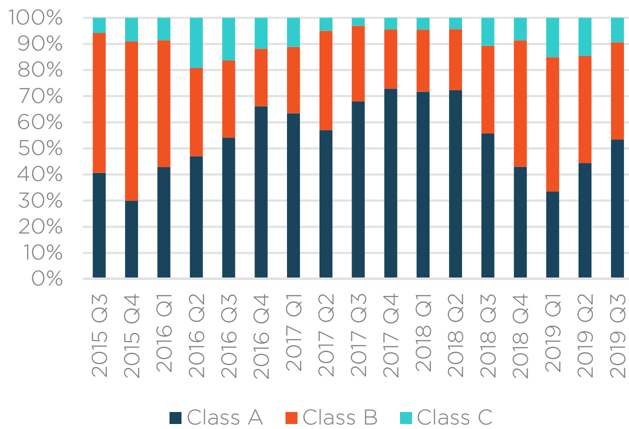
SOURCES: COSTAR

MIDDLEBURG COMMUNITIES

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



Greenville appears to be an increasingly attractive market for investors. The $542 million in transactions recorded over the last 12 months represents an all-time high for the Greenville metro area. The average sale price per unit of $106,000 per unit over the last year also marks a new high.

The sale of District West, a newly constructed property near Greenville's award-winning downtown, for $227,000 per unit during lease-up, at an estimated cap rate of 5.0% on projected stabilized income, is an impressive demonstration of investor confidence in the area.

Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
District West Apartments	2017	Urban Core	Mesirow Financial	$227,000	5.0%
Hudson Orchard Park	1984	High Income Suburbs	PassiveInvesting.com LLC	$103,000	NA

SOURCES: COSTAR

HUNTSVILLE

$66,000
MEDIAN HOUSEHOLD INCOME
4.2% YOY

470,000
POPULATION
1.6% YOY

2.7%
UNEMPLOYMENT RATE
10 BPS FROM Q3 2018

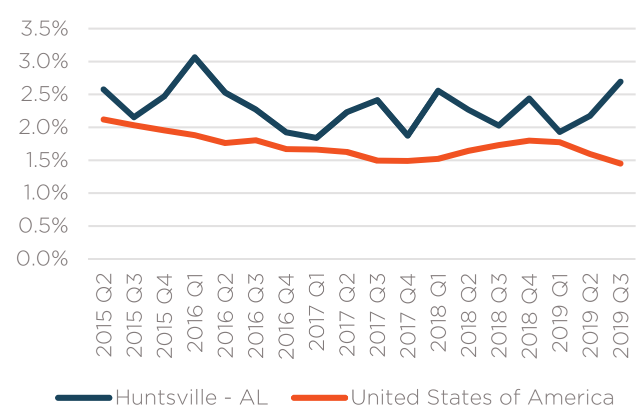
2.6
HOME PRICE-TO-INCOME RATIO
10 BPS FROM Q2 2018

6.8%
YOY EFFECTIVE RENT GROWTH
40 BPS FROM Q3 2018

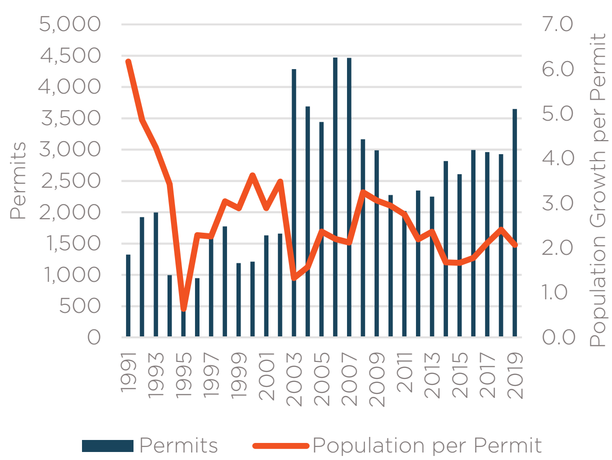
4.0%
UNITS U/C AS % OF STOCK
130 BPS FROM Q3 2018

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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

- 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.

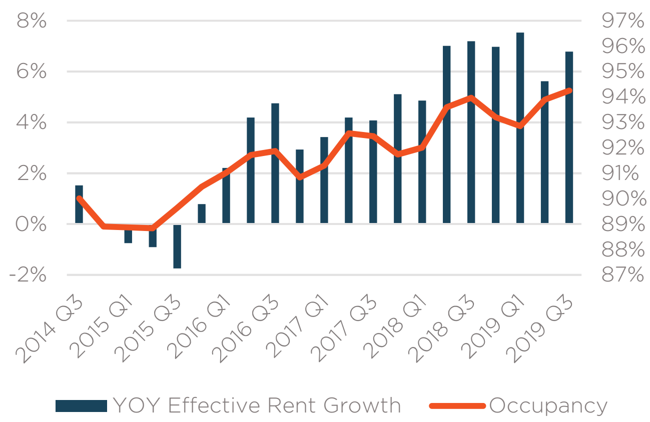
It comes as no surprise then than that Huntsville has been adding jobs at a faster rate than the national average over the last three years.

The rapid job growth has led to stunning rent growth of more than 5% YOY in each of the last six quarters, including Q3 2019, when rents were up 6.8% over last year.

MIDDLEBURG COMMUNITIES

HUNTSVILLE

YOY Effective Rent Growth and Occupancy

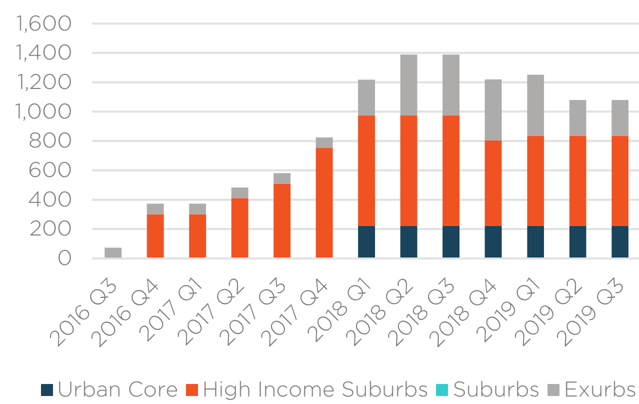


Occupancy has also been trending upward, and now stands at 94%, the highest measured average rate since at least 2000, according to CoStar.

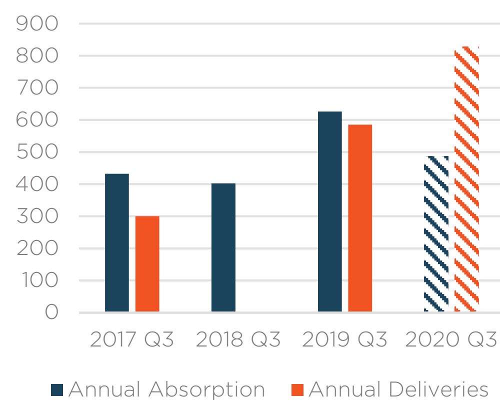
The pipeline has been expanding but as of Q3 2019, 1,079 units are under construction per CoStar, which represents just 4.9% of the current inventory. This may be enough to end the streak of 6% YOY rent growth but it is unlikely to push rent growth below 3.0%.

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

Units Under Construction



Absorption and Deliveries



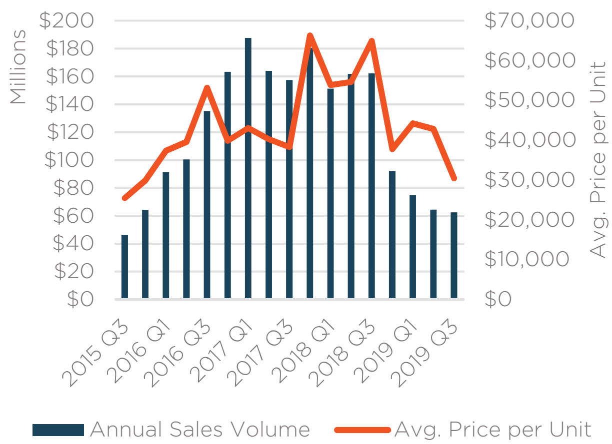
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	97.5%	$1,535	1.0%	6.0%
High-Income Suburbs	95.6%	$1,121	8.4%	4.8%
Suburbs	NA	NA	NA	NA
Exurbs	95.5%	$945	6.9%	3.2%
Total	95.7%	$1,118	7.4%	4.6%

CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	95.8%	$747	0.2%	3.2%
High-Income Suburbs	95.2%	$816	7.9%	4.6%
Suburbs	NA	NA	NA	NA
Exurbs	91.9%	$663	5.7%	3.3%
Total	93.7%	$744	6.4%	3.9%

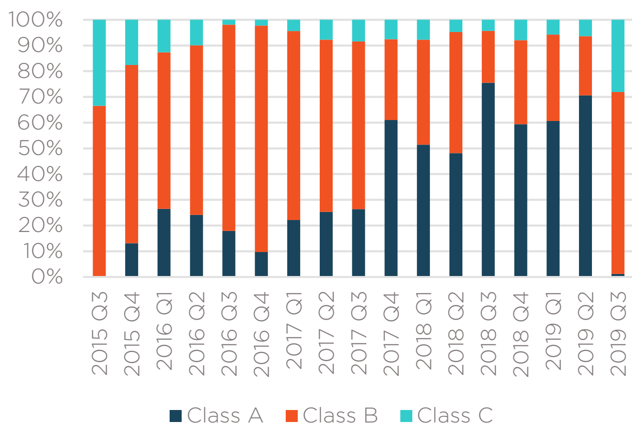
SOURCES: COSTAR

HUNTSVILLE

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



The annual transaction volume totaled just $62 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.

Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Fern Parc	1974	Exurbs	Wicker Park Capital Management, LLC	$80,000	5.3%
Madison Grove	1960	Exurbs	Penn Capital Group	$32,000	NA

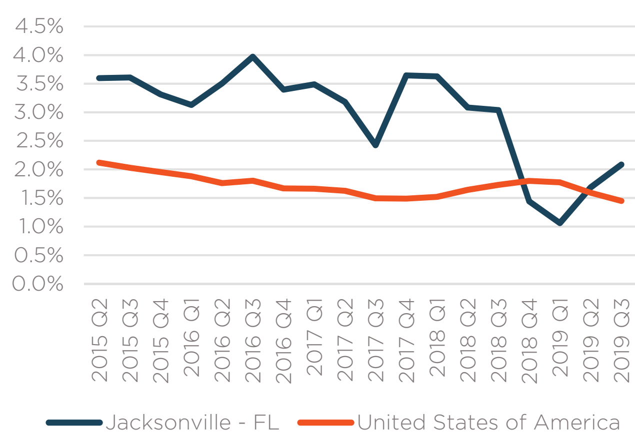
SOURCES: COSTAR

JACKSONVILLE

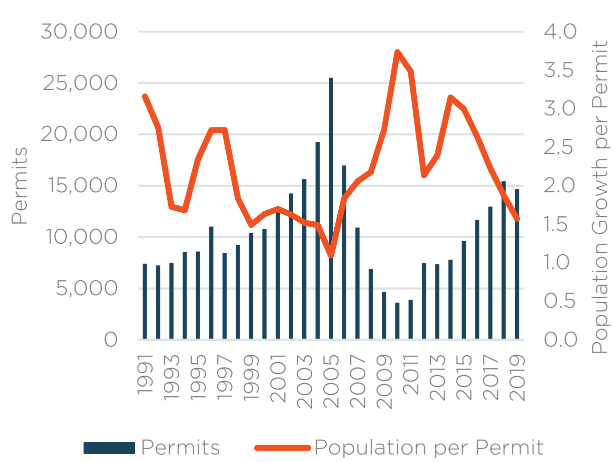
$63,000 **MEDIAN HOUSEHOLD INCOME** 2.6% YOY	**1,560,000** **POPULATION** 1.6% YOY	**3.5%** **UNEMPLOYMENT RATE** NO CHG. FROM Q3 2018
3.5 **HOME PRICE-TO-INCOME RATIO** 20 BPS FROM Q2 2018	**2.7%** **YOY EFFECTIVE RENT GROWTH** 300 BPS FROM Q3 2018	**6.3%** **UNITS U/C AS % OF STOCK** 20 BPS FROM Q3 2018

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



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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.

Job growth in Jacksonville slowed in the last half of 2018 and the first quarter of 2019 but the last two quarters have seen a partial rebound. Over the last year, Jacksonville has added 14,300 jobs, a 2.0% increase.

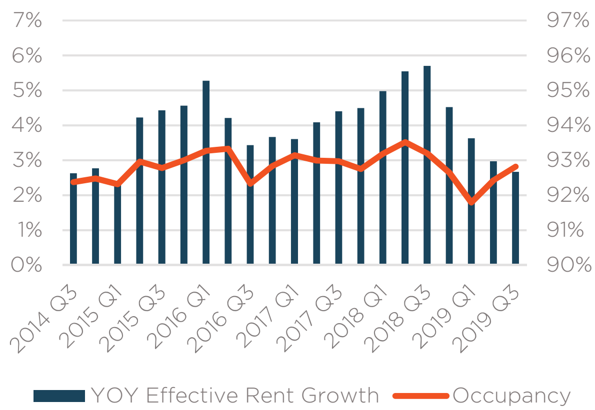
The slowdown in job growth, coupled with increasing pressure from new supply, are likely the main culprits behind a slowdown in rent growth over the last year. In Q3 2019, YOY rent growth measured 2.7%, the lowest reading since 2015.

New deliveries are projected to outpace absorption over the next year by 1,500 units, which represents about 1.5% of inventory. As a result, rent growth is unlikely to push much past 3.0% over the next year. In fact, unless job growth fully returns to its former level, annual rent growth may even dip below 2.0%, particularly during the slower winter months.

MIDDLEBURG COMMUNITIES

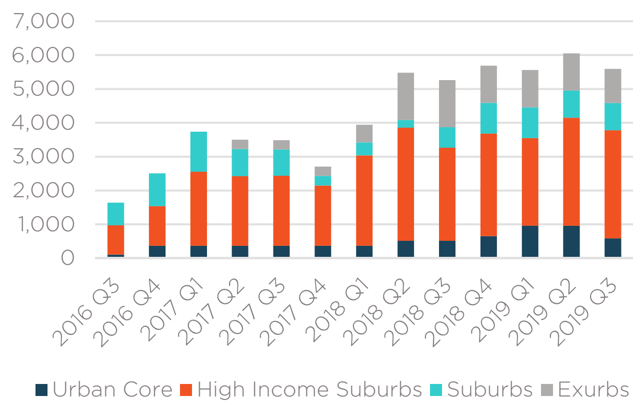
JACKSONVILLE

YOY Effective Rent Growth and Occupancy

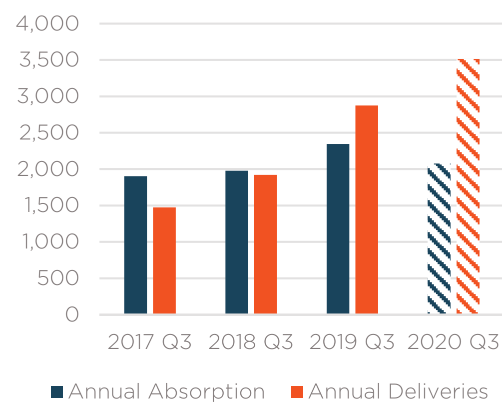


The impact of new supply has been most acutely felt in the urban core, where Class A occupancy is only 76%, and effective rents are actually lower than they were one year ago. Submarkets outside of the urban core generally performed much better, and in a continuation of a trend, Class B/C properties delivered better overall occupancy and rent growth than Class A.

Units Under Construction



Absorption and Deliveries

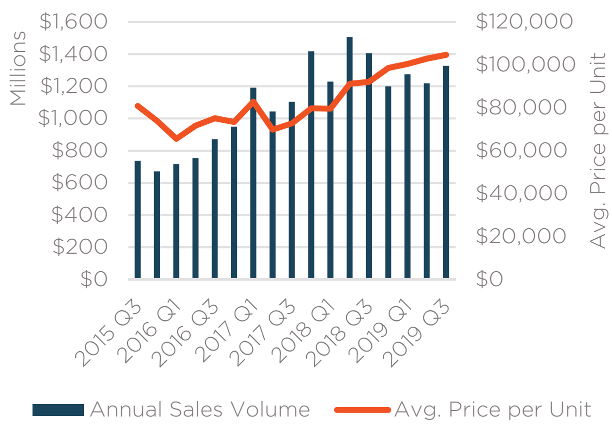


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	76.5%	$1,435	-2.3%	1.7%
High-Income Suburbs	92.7%	$1,318	1.5%	3.1%
Suburbs	92.5%	$1,401	3.3%	3.2%
Exurbs	90.6%	$1,223	4.4%	5.2%
Total	91.5%	$1,326	2.0%	3.3%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	91.2%	$905	0.8%	3.6%
High-Income Suburbs	95.1%	$994	1.6%	4.6%
Suburbs	91.6%	$864	4.4%	4.9%
Exurbs	94.4%	$962	4.0%	4.9%
Total	93.4%	$933	3.2%	4.8%

SOURCES: COSTAR

JACKSONVILLE

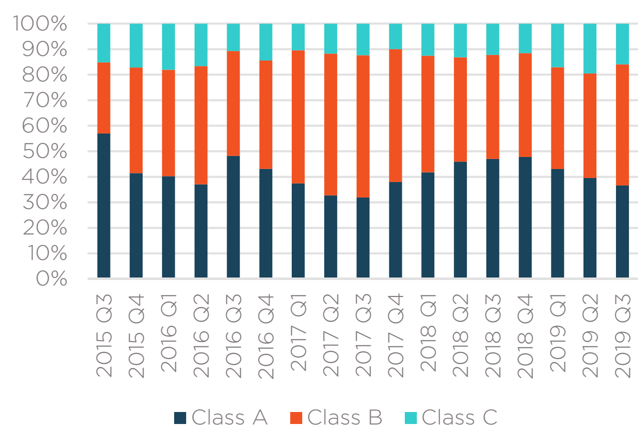
Annual Sales Volume and Avg. Price per Unit



With over $1.3 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 $106,000 per unit in Q3 2019. Notable sales included the Florida Club at Deerwood, which sold for $181,000 per unit, and Century Bartram Park, for $179,000 per unit.

Annual Sales Volume by Class



Q3 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Florida Club at Deerwood	2008	High Income Suburbs	The ConAm Group	$181,000	NA
Century Bartram Park	2007	Exurbs	Centennial Holding Company, LLC	$179,000	NA
Southside Villas	1990	Exurbs	Ashcroft Capital LLC	$142,000	NA
Park at Anzio	1986	Suburbs	Blue Roc Premier Properties	$122,000	5.3%
Pointe Parc at St. Johns	1985	High Income Suburbs	Capital Vision Management	$118,000	6.0%
Lake Gray Apartments	2005	Suburbs	ApexOne Investment Partners	$115,000	NA
Woods Of Filmore Apartments	1985	Suburbs	Laguna Point Properties	$104,000	5.7%
Deerfield Apartments	1989	Suburbs	Interwest Capital Group LLC	$87,000	4.9%
Midtown Oaks	1975	Suburbs	Arch Companies	$80,000	NA

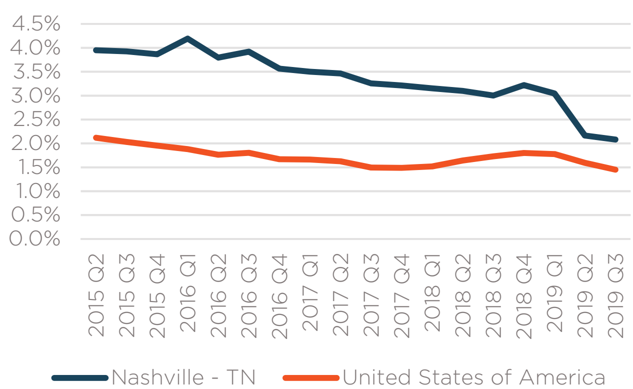
SOURCES: COSTAR

NASHVILLE

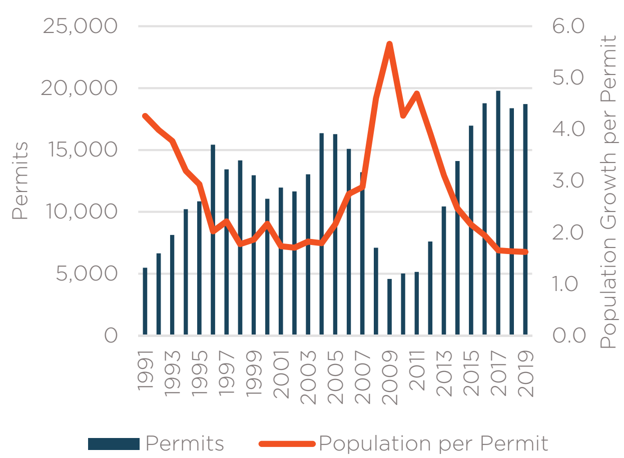
$69,000 **MEDIAN HOUSEHOLD INCOME** ↑ 3.7% YOY	**1,962,000** **POPULATION** ↑ 1.5% YOY	**3.1%** **UNEMPLOYMENT RATE** ↑ 10 BPS FROM Q3 2018
3.8 **HOME PRICE-TO-INCOME RATIO** ↑ 20 BPS FROM Q2 2018	**5.7%** **YOY EFFECTIVE RENT GROWTH** ↑ 300 BPS FROM Q3 2018	**6.2%** **UNITS U/C AS % OF STOCK** ↓ 70 BPS FROM Q3 2018

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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 30% compared to its pre-recession peak, ranking it eighth among all US metro areas according to this metric.

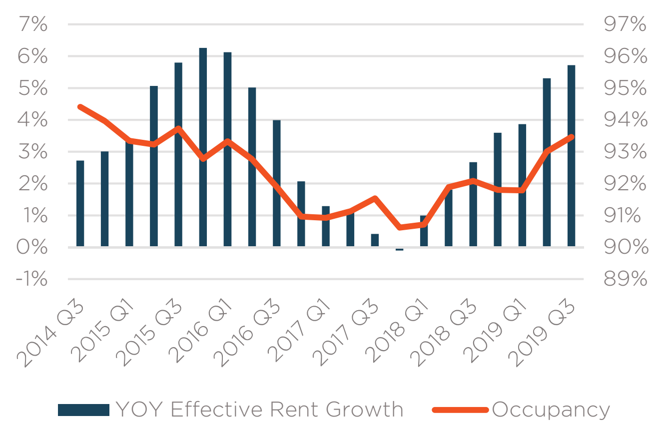
However, the Music City metro area's long streak of extraordinary job growth slowed noticeably in Q2 2019 and Q3 offered little improvement. Still, even with a marked slowdown, Nashville added 21,000 jobs over the last year, a 2.0% increase.

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, or 6.2% of existing inventory, is far less than the 10,000 under construction in 2016.

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.

NASHVILLE

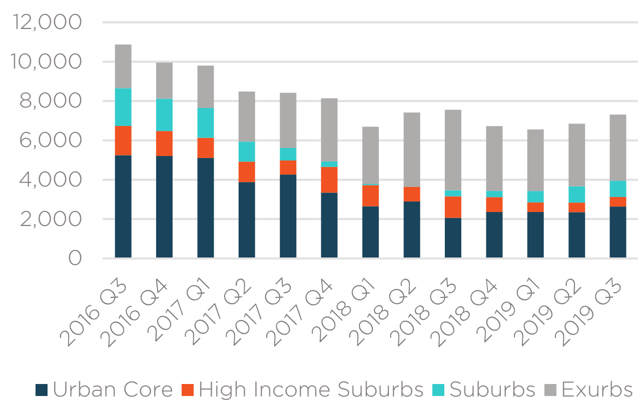
YOY Effective Rent Growth and Occupancy



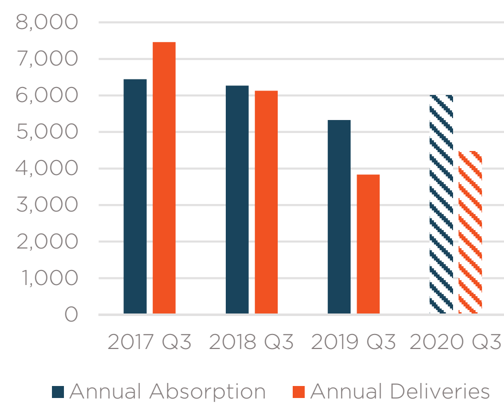
CoStar projects that about 4,500 units will deliver over the next 12 months, about the same as the amount delivered over the last 12 months. Unless job growth truly falters, absorption should be able to easily keep pace, and solid rent growth of 3% or more is likely over the next year.

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

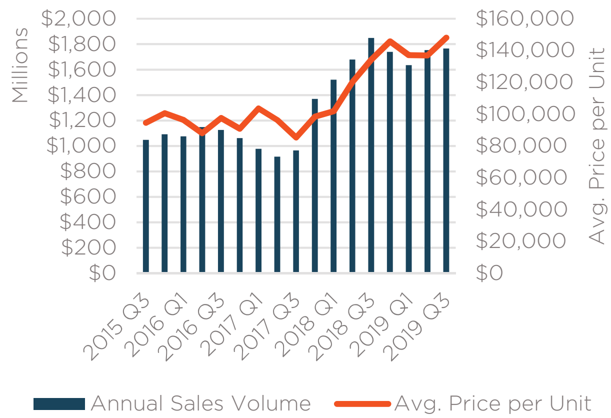


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	93.1%	$1,968	9.2%	1.9%
High-Income Suburbs	91.7%	$1,526	2.8%	1.9%
Suburbs	94.8%	$1,292	5.5%	4.3%
Exurbs	90.4%	$1,226	3.8%	3.5%
Total	91.8%	$1,519	5.8%	2.4%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.2%	$1,299	4.1%	3.5%
High-Income Suburbs	93.9%	$1,247	7.3%	4.3%
Suburbs	94.8%	$1,025	5.9%	6.0%
Exurbs	95.0%	$937	5.6%	5.1%
Total	94.8%	$1,045	5.6%	5.3%

SOURCES: COSTAR

NASHVILLE

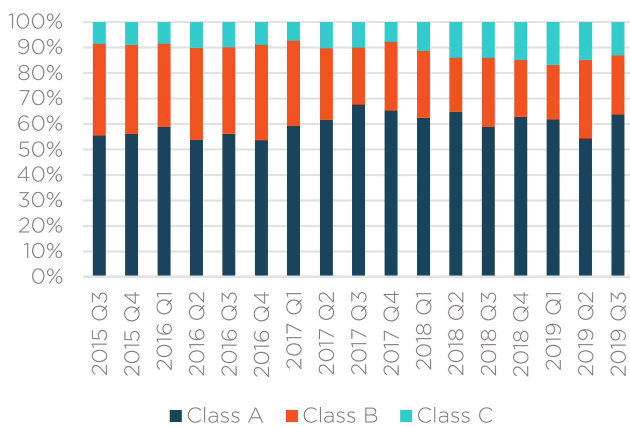
Annual Sales Volume and Avg. Price per Unit



The transaction volume in Nashville over the last 12 months totaled $1.8 billion, a result in-line with the last five quarters.

The average price per unit sold in the last 12 months was $148,000, marking a new high record, and a remarkable increase over the $100,000 per unit average that held sway from 2015 through 2017.

Annual Sales Volume by Class



Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Novel Lockwood Glen	2018	High Income Suburbs	AEW Capital Management	$287,000	NA
Hayes House Hillsboro Village	1924	Urban Core	Sentinel Real Estate	$255,000	NA
IMT at the Galleria	2017	High Income Suburbs	IMT Capital	$244,000	4.8%
The Grand Reserve at Spring Hill	2015	Suburbs	Capgen Financial	$207,000	NA
Ashton Creek Farms	2014	Exurbs	Timberland Partners	$174,000	5.1%
Cambridge Hickory Hollow	1997	Suburbs	Security Properties	$148,000	NA

SOURCES: COSTAR

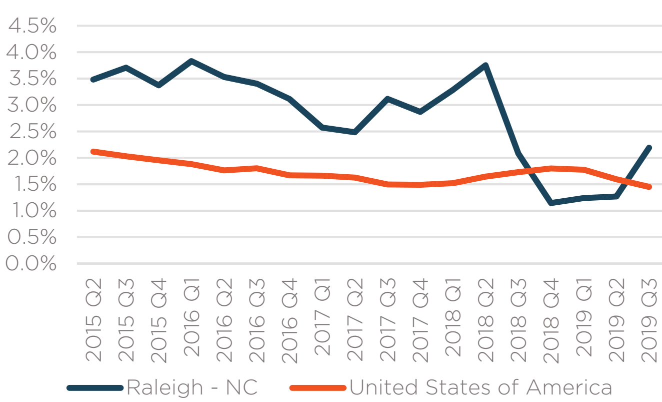
MIDDLEBURG COMMUNITIES

RALEIGH

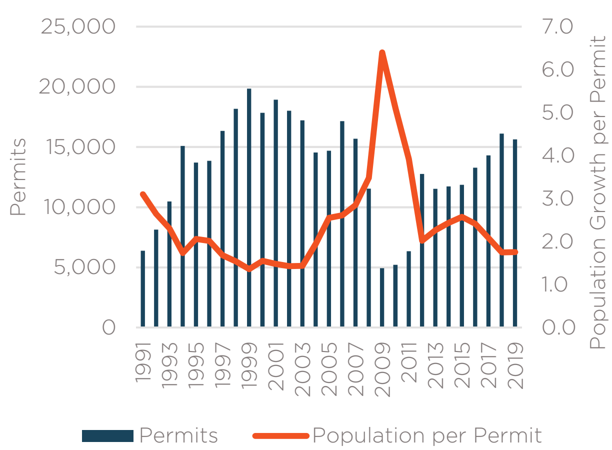
$78,000 **MEDIAN HOUSEHOLD INCOME** 4.2% YOY	**1,391,000** **POPULATION** 2.0% YOY	**3.6%** **UNEMPLOYMENT RATE** 40 BPS FROM Q3 2018
3.8 **HOME PRICE-TO-INCOME RATIO** 20 BPS FROM Q2 2018	**5.6%** **YOY EFFECTIVE RENT GROWTH** 270 BPS FROM Q3 2018	**5.3%** **UNITS U/C AS % OF STOCK** 70 BPS FROM Q3 2018

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

YOY Job Growth



Permits and Population Growth per Permit



Raleigh boasts a highly-educated workforce and a high median household income of $78,000. 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.

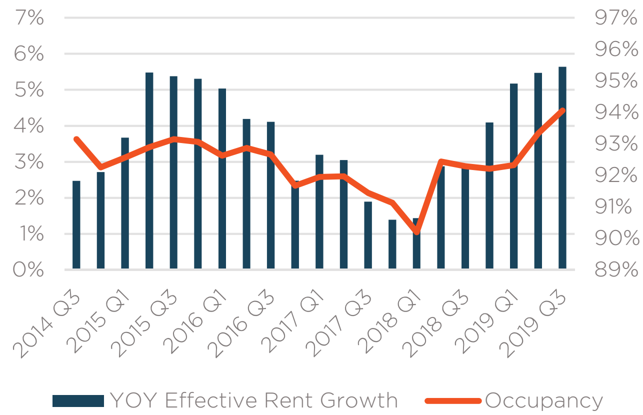
More recently, Raleigh has become recognized for its growing scene of technology startups. These factors have made Raleigh attractive to employers and residents alike. It has ranked among the fastest growing metro areas in the country, in terms of both job and population growth in recent years.

Job growth slowed sharply in the last half of 2018 but has picked up significantly over the last quarter. Over the last year, metro Raleigh added nearly 13,900 jobs, a 2.2% increase. Since the pre-recession peak, Raleigh has expanded its job base by 23%, more than double the national expansion of 9.6%.

The apartment market has fully recovered from some softness in 2018. YOY effective rent growth as of Q3 2019, measured 5.6%, and occupancy now stands at 94.1%, the highest reading since 2013.

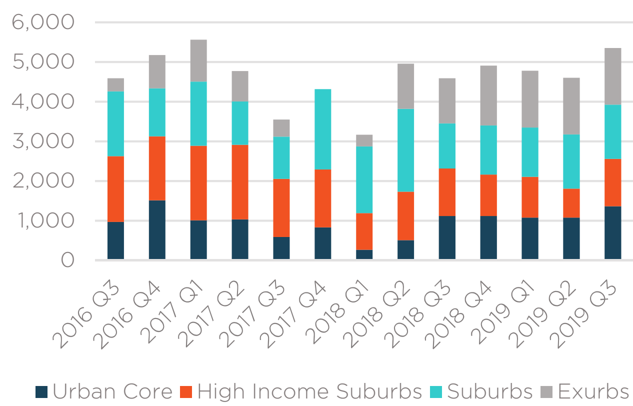
SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

YOY Effective Rent Growth and Occupancy

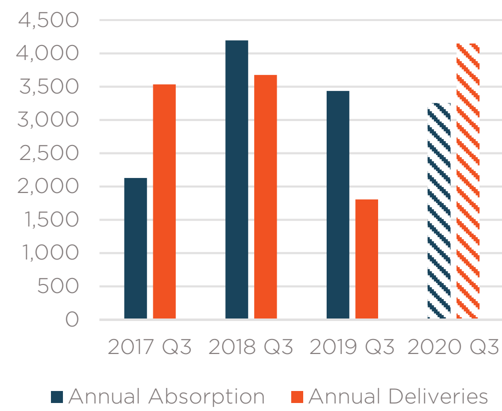


The pipeline of units under construction has stayed quite consistent over the last five years although the timing of deliveries is not always as even. The last year saw just 1,800 units delivered but CoStar projects that 4,100 will deliver over the next 12 months. If true, that will exceed the average absorption over the last three years and will likely cause rent growth to return to a more sustainable level of around 3%.

Units Under Construction



Absorption and Deliveries

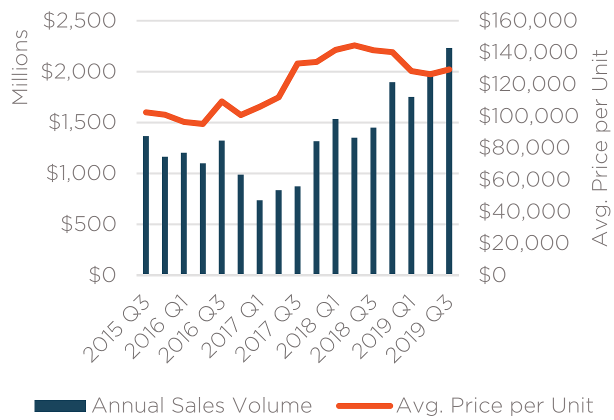


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	91.1%	$1,477	4.3%	1.8%
High-Income Suburbs	94.3%	$1,252	6.8%	4.5%
Suburbs	94.6%	$1,246	7.0%	3.8%
Exurbs	93.7%	$1,206	3.9%	3.6%
Total	93.7%	$1,280	5.8%	3.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.1%	$960	5.1%	4.4%
High-Income Suburbs	94.8%	$1,072	5.3%	4.7%
Suburbs	94.9%	$982	5.0%	4.6%
Exurbs	93.6%	$1,080	6.2%	4.4%
Total	94.5%	$1,021	5.3%	4.5%

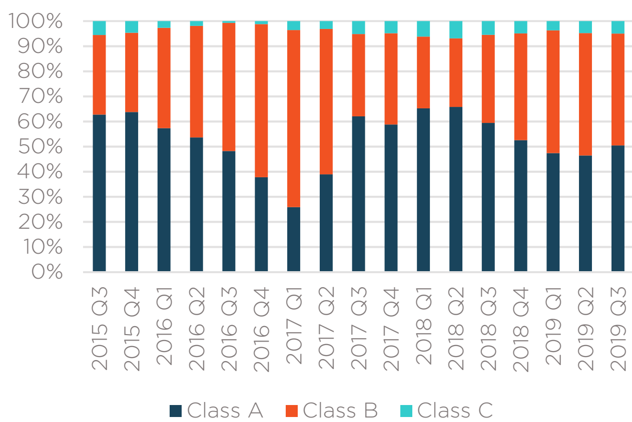
SOURCES: COSTAR

RALEIGH

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



The apartment transaction volume in Raleigh totaled $2.2 billion over the last 12 months, an all-time record, that even beats larger metro areas such as Jacksonville and Nashville. In fact, according to CoStar, 17.2% of Raleigh's apartment stock was sold in the last year alone, a higher share than any other metro in the Southeast, except for Pensacola.

The average sale price per unit over the last 12 months was $129,000, 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.

Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The Aster	2017	High Income Suburbs	Kettler	$239,000	5.0%
District Station	2018	High Income Suburbs	Zaremba Management Company	$234,000	5.0%
Leigh House	2017	High Income Suburbs	Carter-Haston Real Estate Services, Inc.	$212,000	NA
Cortland Midtown East	2015	Suburbs	Cortland	$208,000	NA
Aventura Crossroads	2008	Suburbs	Boston Capital Real Estate Partners	$205,000	NA
Manor Six Forks	2010	Suburbs	Waterton Residential, LLC	$195,000	NA
The Seasons at Umstead Park	1997	High Income Suburbs	Investors Management Group	$170,000	5.3%
The Waterford Apartment Homes	2000	High Income Suburbs	Abacus Capital Group LLC	$151,000	NA
Collins Crossing Apartment Community	1971	High Income Suburbs	The Laramar Group, LLC	$144,000	NA

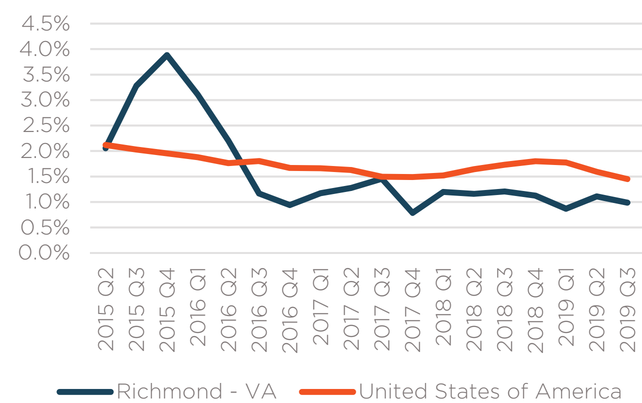
SOURCES: COSTAR

RICHMOND

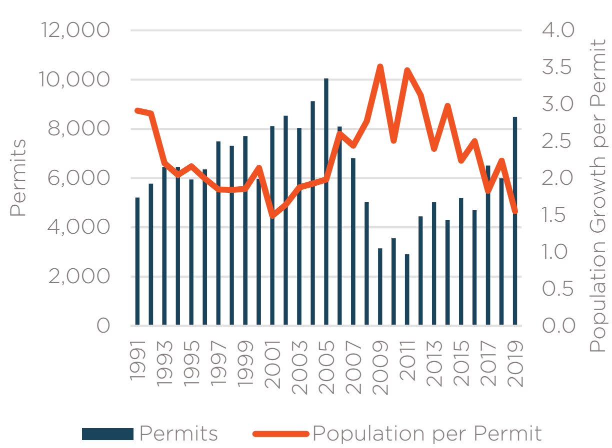
$73,000 **MEDIAN HOUSEHOLD INCOME** ↑ 4.5% YOY	**1,320,000** **POPULATION** ↑ 1.0% YOY	**3.0%** **UNEMPLOYMENT RATE** ↓ 20 BPS FROM Q3 2018
3.3 **HOME PRICE-TO-INCOME RATIO** ↑ 10 BPS FROM Q2 2018	**3.1%** **YOY EFFECTIVE RENT GROWTH** ↓ 100 BPS FROM Q3 2018	**5.6%** **UNITS U/C AS % OF STOCK** ↑ 230 BPS FROM Q3 2018

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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.

Compared to the pre-recession peak, Richmond has expanded its job base by 10%, a slightly better performance than the national average. Over the last three years, however, job growth has slowed to rate somewhat below the national average.

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.

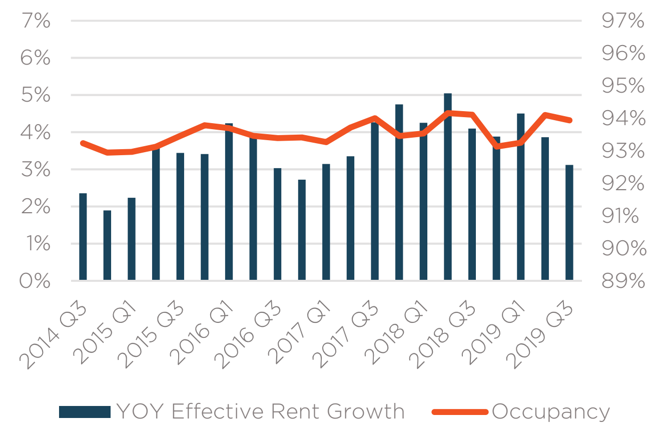
This steady performance has been possible because of Richmond's relatively limited residential construction. For most of the last five years, the pipeline of apartment units under construction represented only 3% to 4% of the total inventory. Compared to metros such as Charleston, Charlotte, and Nashville, a small amount.

However, the pipeline has expanded in 2019 and there are now 4,800 units under construction, which equals 5.6% of the existing inventory.

MIDDLEBURG COMMUNITIES

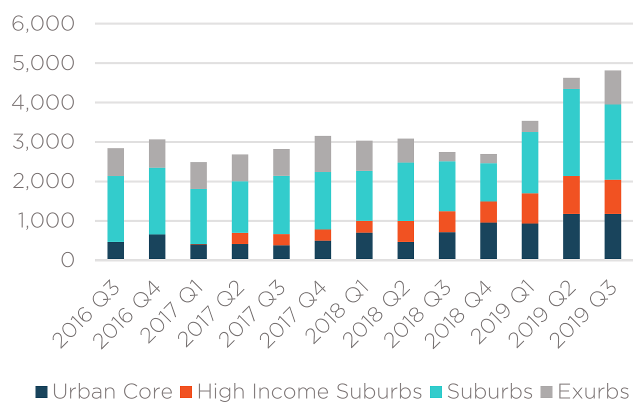
RICHMOND

YOY Effective Rent Growth and Occupancy

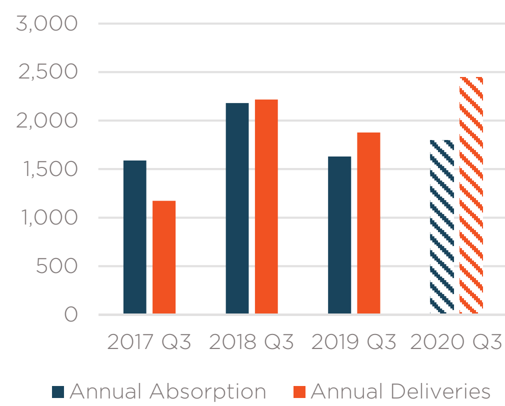


2,400 of those units under construction are projected to deliver in the next 12 months, which would exceed recent historical absorption by some 700 units. Although that amount is hardly enough to cause any dramatic swing in the market, it may nevertheless test this market's ability to maintain 3% annual rent growth. A moderation to 2% is possible, particularly in the slower winter months.

Units Under Construction



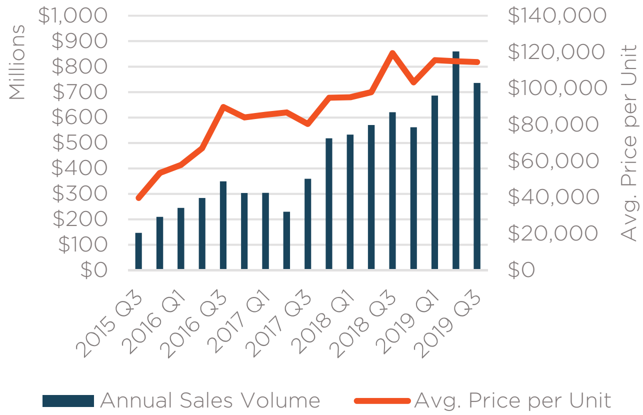
Absorption and Deliveries



CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	96.5%	$1,375	2.4%	3.3%
High-Income Suburbs	83.7%	$1,329	1.3%	3.6%
Suburbs	92.3%	$1,285	2.4%	2.5%
Exurbs	94.8%	$1,318	1.9%	3.0%
Total	92.7%	$1,315	2.1%	2.7%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	95.1%	$1,134	2.6%	2.3%
High-Income Suburbs	93.2%	$1,137	5.8%	4.6%
Suburbs	94.1%	$974	3.6%	4.1%
Exurbs	95.0%	$1,001	4.1%	4.3%
Total	94.3%	$1,001	3.6%	4.0%

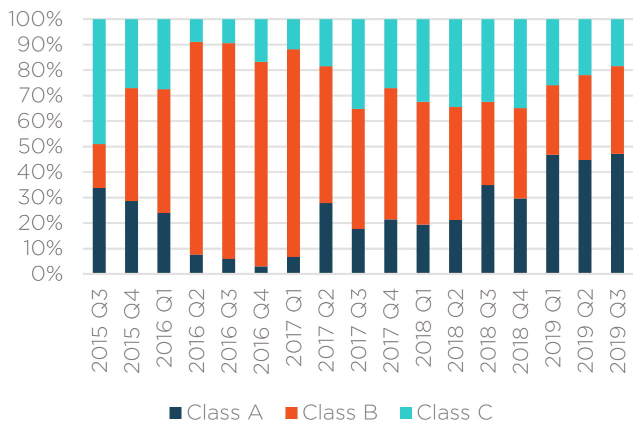
SOURCES: COSTAR

Annual Sales Volume and Avg. Price per Unit



After a remarkable run-up in sales volumes and prices that saw the average price per unit sold increase from $53,000 in Q4 2015 to $120,000 in Q3 2018, the average price has stabilized just under $120,000 in Q3 2019. The 12-month sales volume as of Q3 2019 was $735 million, certainly a strong result compared to the last five years, but a decrease compared to Q2 2019.

Annual Sales Volume by Class



Q3 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
South Bank	2006	Urban Core	Mercer Street Partners Sponsor, LLC	$153,000	5.3%
Old Stone Row	2011	Urban Core	Blackfin Real Estate Investors	$112,000	NA
Henrico Arms Apartments	1974	Suburbs	Silver Street Development Corp.	$86,000	NA
River Road Terrace	1973	Exurbs	Morrison Avenue Capital Partners, LLC	$76,000	NA
Reflections Apartments	2003	Suburbs	Southport Financial Services	$67,000	NA
Jefferson South of the James	1974	Exurbs	Gary Tave	$47,000	NA

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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MIDDLEBURG COMMUNITIES