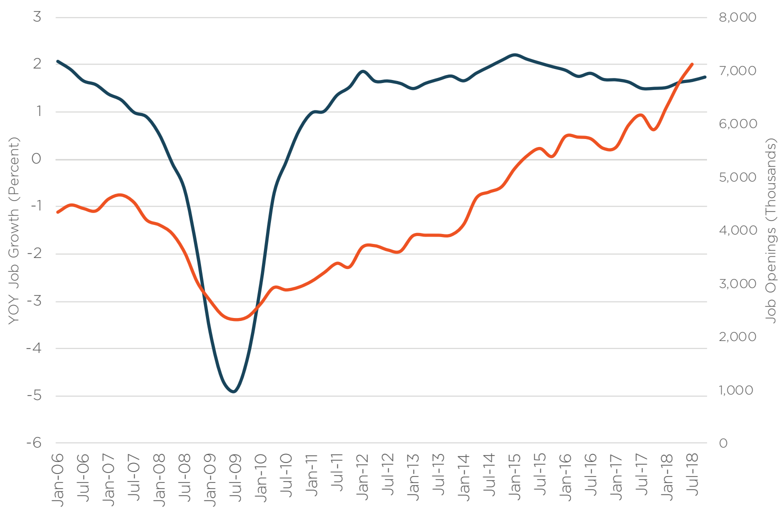
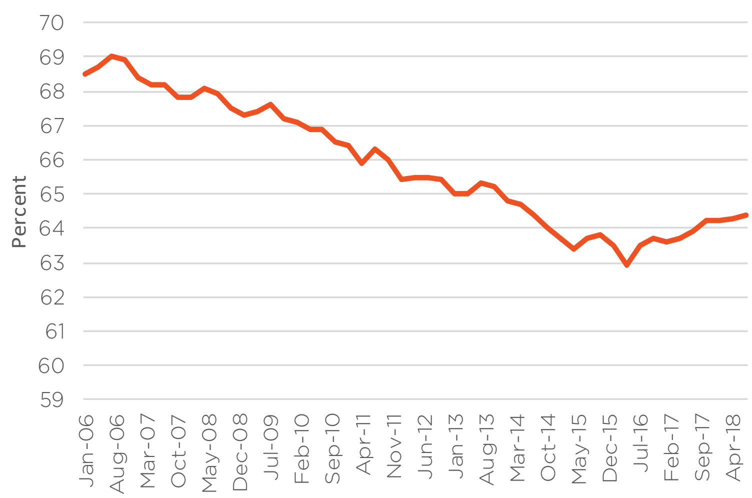
Q4 2018 TARGET MARKETS REPORT

MIDDLEBURG
REAL ESTATE PARTNERS

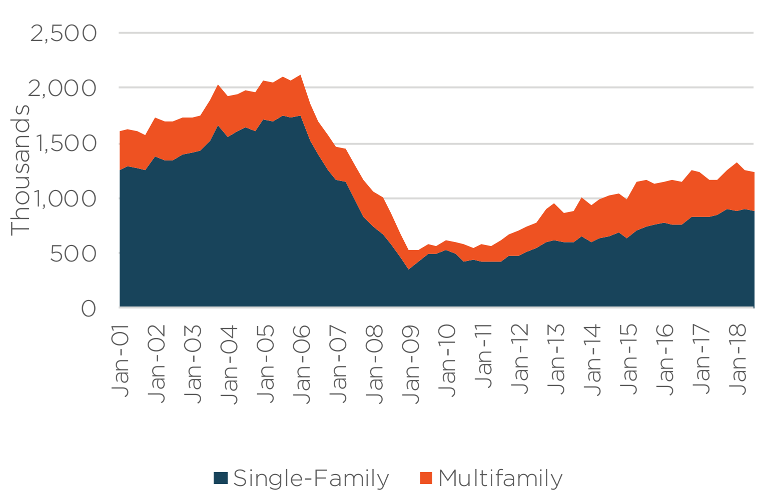
Job Growth Steady and Openings at Record High



Homeownership Rate May be Leveling Off



Total Housing Production Still Well Below Normal



SOURCE: FRED

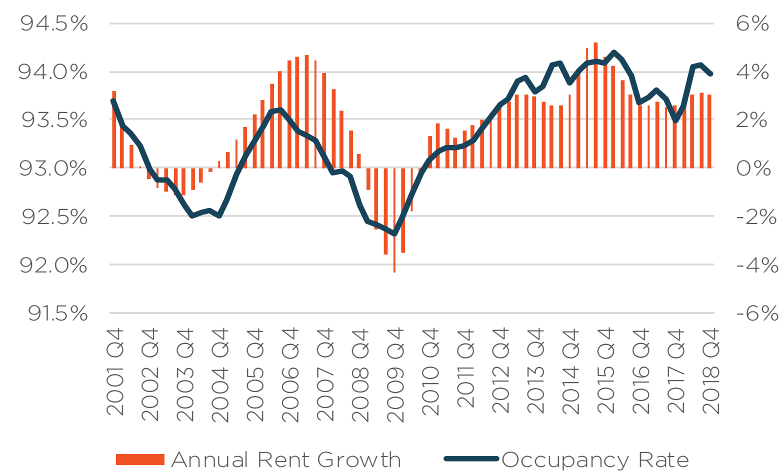
The fourth quarter of 2018 sparked anxiety about the future of the US economy. Stock prices fell dramatically, partly due to fears over rising trade tensions and a yield curve that moved perilously close to inversion, a milestone that in the past has been a reliable indicator of recession on the horizon. Adding fuel to the fire, the government shut down just before Christmas over a budget dispute, causing 800,000 federal employees to miss their paychecks and raising questions about broader damage to the economy.

As much as these are worrisome signs or rising risks, most indicators of the current state of the economy are still strong. The unemployment rate is low, job growth continues - 222,000 jobs were added in December alone - and the number of job openings is at a record high. Total housing starts data for Q4 2018 is not current due to the shutdown but will likely come in only slightly below the pace set in Q4 2017, hardly a result that implies an imminent recession. Even wage growth, which lagged below 3% for much of the recovery, has broken that mark in each of the last three quarters, Q4 2018 included.

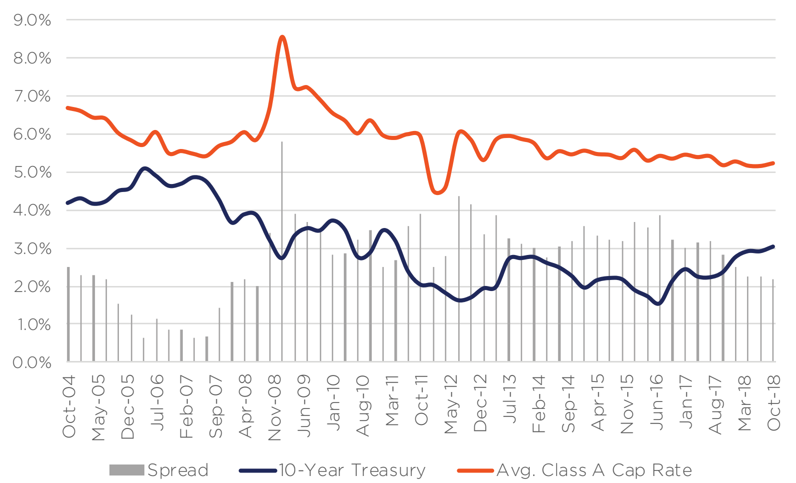
In many respects then, the economy is quite solid. Even the stock market recovered in January. Therefore, barring a major shock, the most reasonable outlook for 2019 is for moderating growth, consistent with an economy nearing full employment, rather than recession.

NATIONAL OVERVIEW

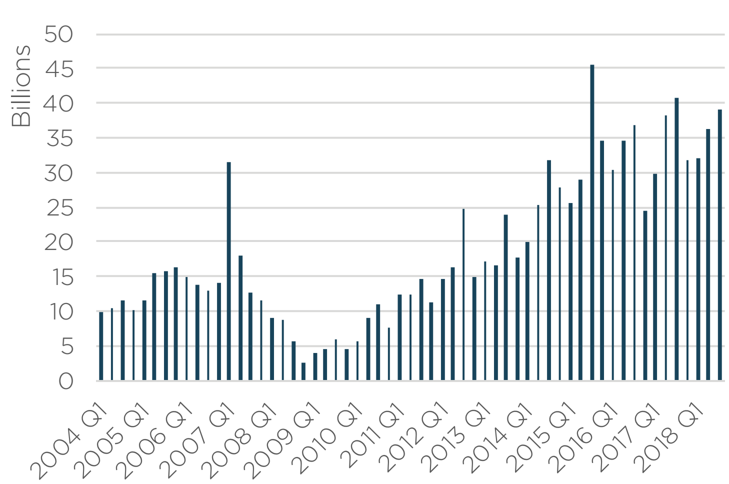
Rent Growth and Occupancy Stay Solid



Cap Rates Remain Low despite Slow Rise in 10-Year Treasury



Apartment Sales Volumes Remain High



SOURCES: COSTAR, FRED

The solid performance of the economy is reflected in the apartment statistics. Overall rents grew by 3.0% over the last year and occupancy, as measured by CoStar, stood at 94.0% as of Q4 2018, marking a slight improvement from last year, but essentially consisent with the average occupancy over the last five years.

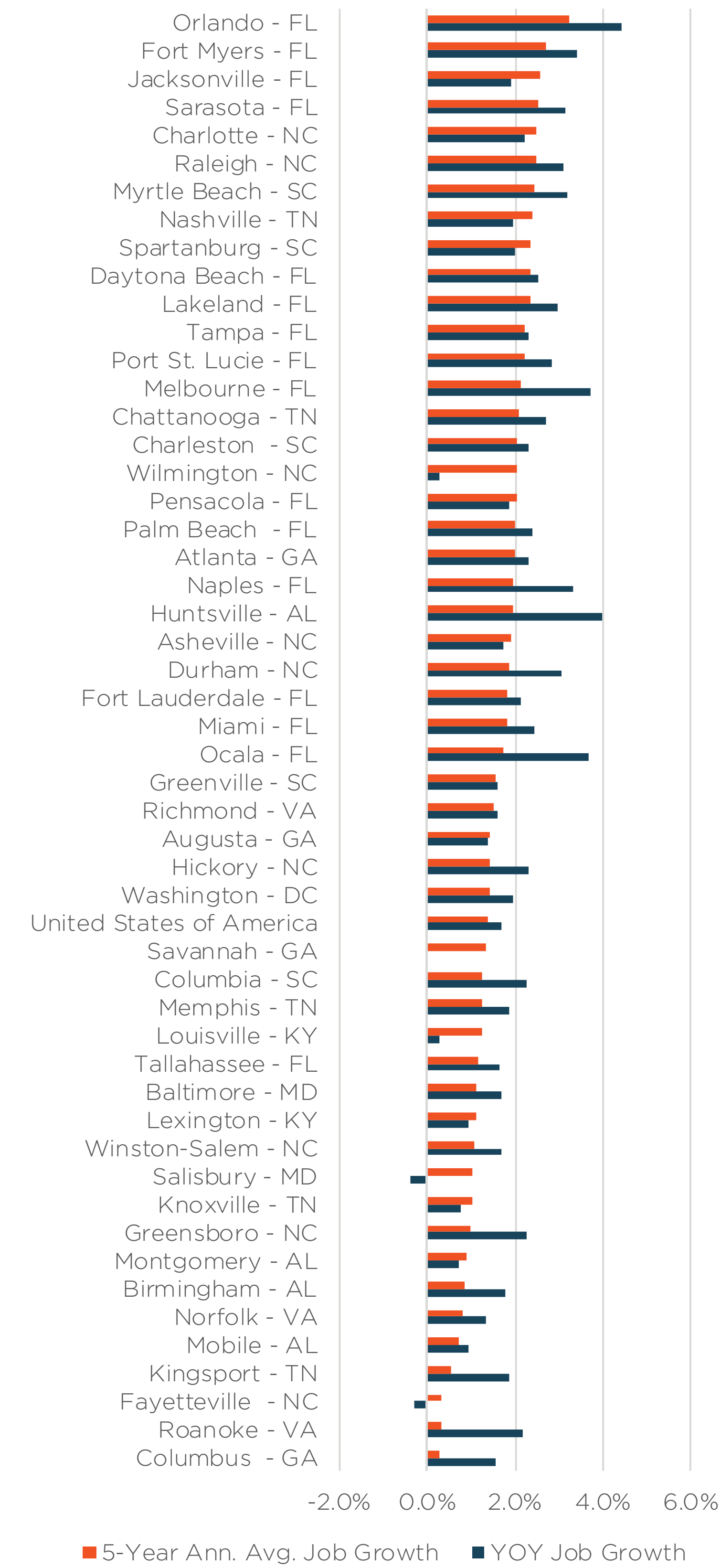
Investors have also remained confident in apartments. They spent nearly $40 billion on apartments in Q4 2018, somewhat below the peak of $45 billion in Q4 2015 but still the third highest quarterly total in the last 15 years.

Cap rates on these transactions remain low. CoStar estimates the average cap rate for Class A apartment transactions in Q4 2018 at 5.2%, despite a recent rise in the 10-year treasury rate that has reduced the spread between the two to 220 basis points, slightly below the historical average of 290 basis points.

That could imply the potential for cap rates to increase however the recent volatility in the stock market, and rising uncertainty about the global economy, will raise concerns among investors about alternative investments. Apartments may be viewed as a relatively safe haven, particularly because of the strong demographic fundamentals supporting their demand.

SOUTHEAST/MID-ATLANTIC MARKETS

5-Year Avg. Annual and YOY Job Growth



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS

Most metro areas in the Southeast and Mid-Atlantic have added jobs at a faster pace than the national average, both over the last five years, and in the last year alone.

A number of metro areas in Florida, in particular, are growing at exceptionally fast rates. These include Orlando, Fort Myer, Jacksonville, and Sarasota. They top the list of metro areas with at least 300,000 people in the Southeast/Mid-Atlantic in terms of five-year average annual job growth.

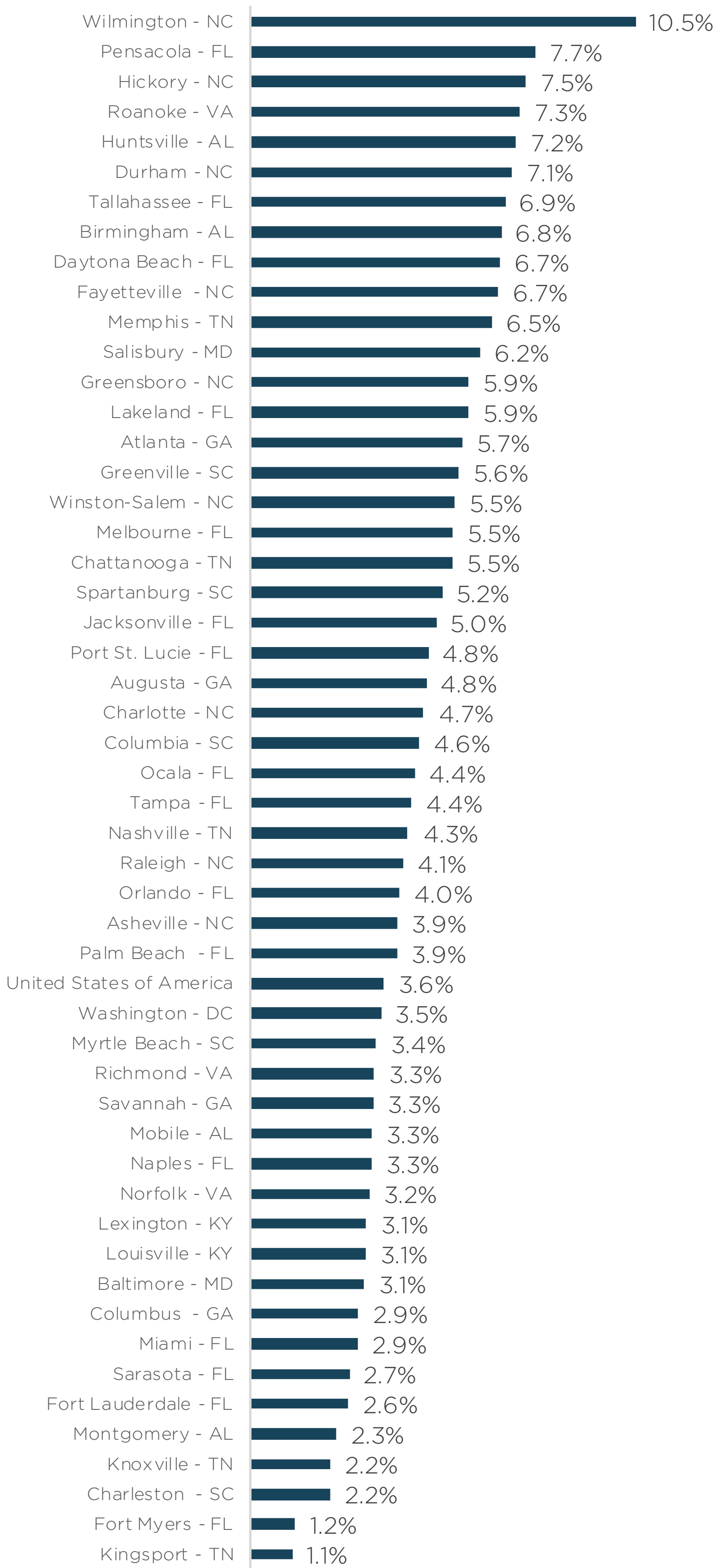
Charlotte, Raleigh, and Nashville are also among the top performers.

Note that in most markets, the YOY job growth rate is higher than the five-year annual average, a good indicator of the positive momentum that remains in this economy.

MIDDLEBURG

SOUTHEAST/MID-ATLANTIC MARKETS

YOY Effective Rent Growth



SOURCE: COSTAR

Most Mid-Atlantic and Southeast markets outperformed the US average YOY rent growth of 3.7%. Wilmington, NC recorded a dramatic 10.6% gain in effective rents compared to last year, fueled by hurricane damage that reduced the supply of available housing. A similar story applies in Pensacola.

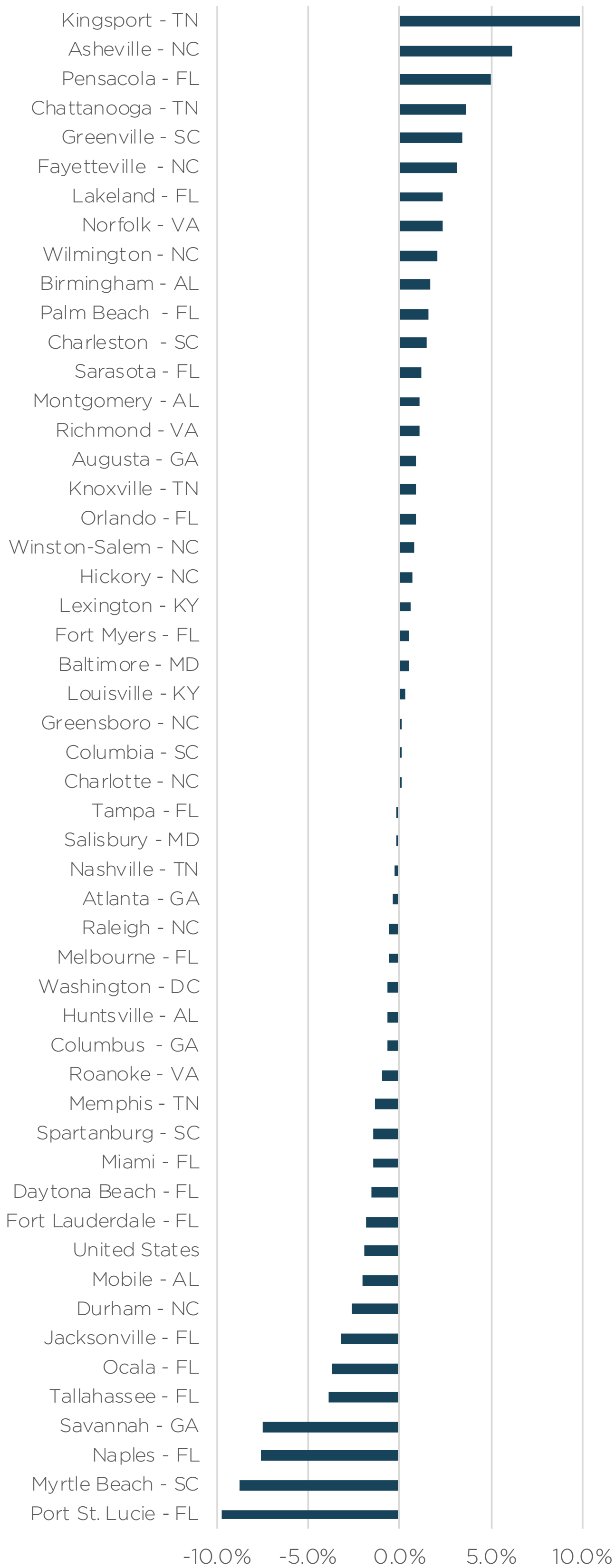
Several other smaller metros posted impressive gains over the last year, including Hickory, NC, Roanoke, VA, Fayetteville, NC, and Memphis, TN. Their performance is remarkable considering their relatively weak job growth over the last five years.

The major markets of Atlanta, Charlotte, Jacksonville, Raleigh, Nashville, Orlando, and Tampa, all showed strong results, with rent growth of at least 4.0%.

Fort Myers, FL lands at the bottom of the list followed by the slow-growing metro of Kingsport. Charleston, SC ranks third from the bottom with rent growth of 2.0%. For both Charleston and Fort Myers, the relatively weak results are likely due to a substantial quantity of new deliveries, rather than a material weakening of demand. Rent growth in both metros should improve in 2019.

SOUTHEAST/MID-ATLANTIC MARKETS

Avg. Annual Absorption vs. Projected Units Delivered



SOURCES: COSTAR, MREP

Comparing the average annual absorption over the last three years to projected deliveries provides an indication of how a market may perform in the near future. If recent annual absorption exceeds new deliveries, then occupancy and rent growth should improve. The reverse case may cause operators to give concessions, and/or reduce rents to induce absorption.

The chart on the left depicts the difference between average annual absorption and the projected deliveries in 2019, expressed as percentage of the metro's total inventory of apartments.

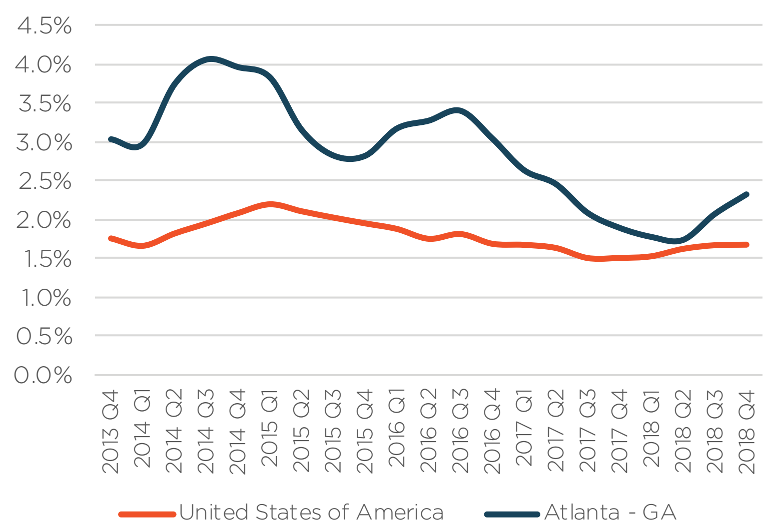
Metros at the top of the list will likely see more demand than new units, and thus have a good basis for an improvement in rent growth and occupancy over their recent past. The reverse is true for those at the bottom of the list, where new supply is likely to outpace demand.

$65,000 MEDIAN HOUSEHOLD INCOME 1.6% YOY	**6,050,000** POPULATION 1.5% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.4%** UNEMPLOYMENT RATE 0% CHG. FROM PRIOR QUARTER
3.1 HOME PRICE-TO-INCOME RATIO 9% YOY	**5.7%** YOY EFFECTIVE RENT GROWTH 250 BPS FROM Q4 2017	**4.3%** UNITS U/C AS % OF STOCK 100 BPS FROM Q4 2017

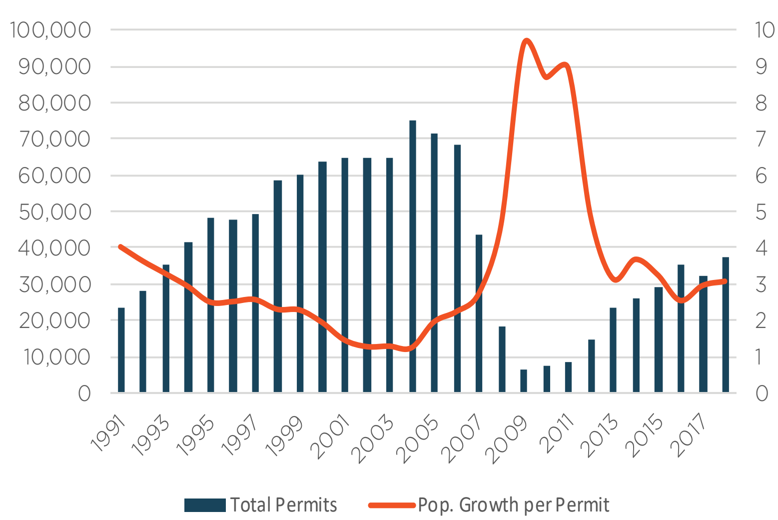
MAJOR EMPLOYERS

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

The Atlanta metro area has added an average of 87,000 people per year over the last five years, creating an enormous demand for housing, which building activity has struggled to meet. From 2000-2010, the metro area issued 1 building permit for every 1.8 new persons. From 2010-2017, however, the metro area added 3.3 people for every building permit issued. Permitting activity for 2018 was slightly higher, resulting in a ratio of 3.0 but the overall story remains one of strong demand and limited new supply growth.

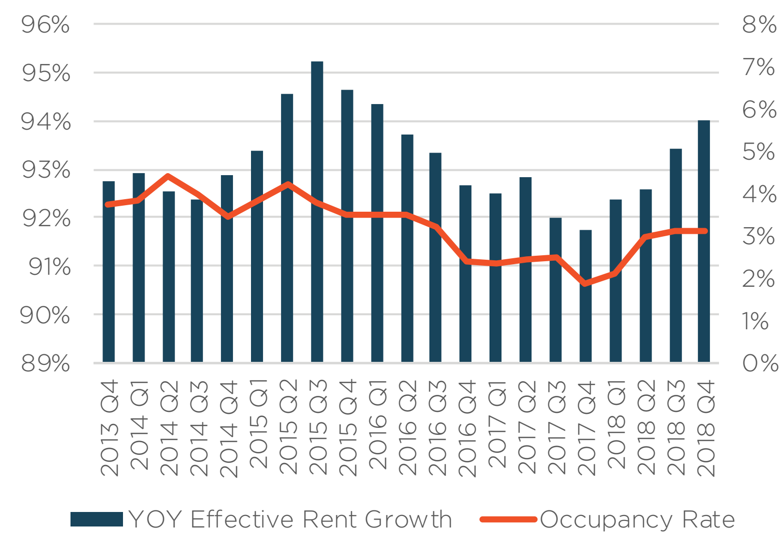
Strong job growth has also contributed to demand. In the last year, Atlanta added about 64,000 jobs, a 2.3% increase, a solid performance.

Rising home prices are also a reflection of the strong economy. As of Q3 2018, the home price-to-income ratio was up by 9% over the year prior. The combination of rising prices and mortgage rates that rose significantly in Q4 2018, has eroded the affordability of for-sale homes.

Overall effective rents were up 5.7% in Q4 2018. Properties in the suburbs and exurbs, as well as Class B/C properties tended to perform better because they faced the least pressure from new supply. However, the whole market is healthy.

ATLANTA

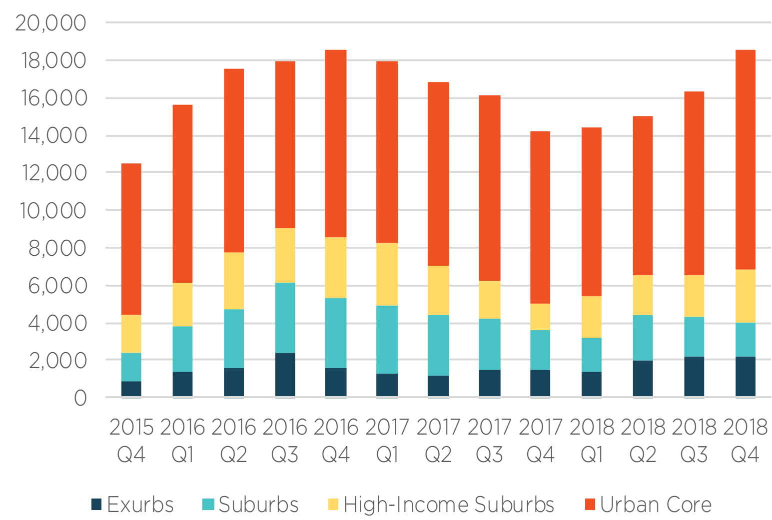
YOY Effective Rent Growth and Occupancy Rate



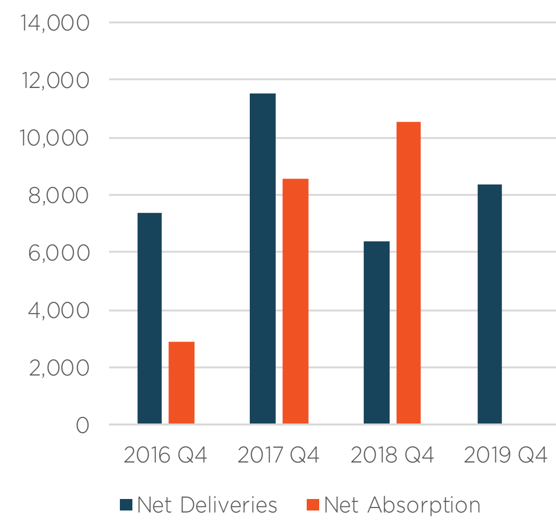
Atlanta's pipeline of units under construction is relatively modest and concentrated heavily in the urban core. If absorption continues at its average pace over the last three years, the market will have no trouble absorbing the new units.

Moderating job growth in 2019 will likely slow rent growth compared to 2018, but overall growth of 4% to 5% is still likely over the next year. Suburbs and exurbs will continue to outperform the urban core in terms of rent growth and occupancy.

Units Under Construction



Absorption and Deliveries



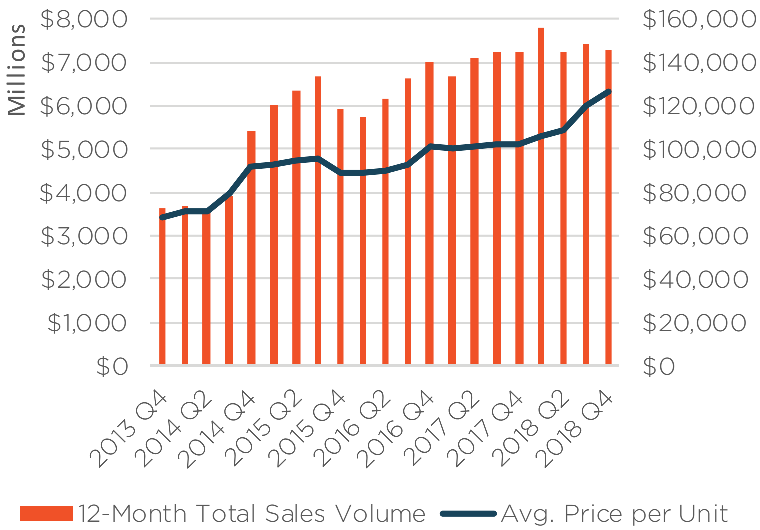
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	89.5%	$1,754	3.6%	2.4%
High-Income Suburbs	91.8%	$1,471	5.1%	3.4%
Suburbs	92.9%	$1,299	7.3%	5.1%
Exurbs	93.0%	$1,261	7.6%	6.2%
Total	91.7%	$1,503	5.0%	3.4%

CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	92.1%	$1,122	5.5%	5.1%
High-Income Suburbs	94.3%	$1,150	5.0%	5.9%
Suburbs	90.7%	$956	6.9%	6.5%
Exurbs	95.0%	$951	7.4%	5.6%
Total	91.9%	$1,005	6.4%	6.2%

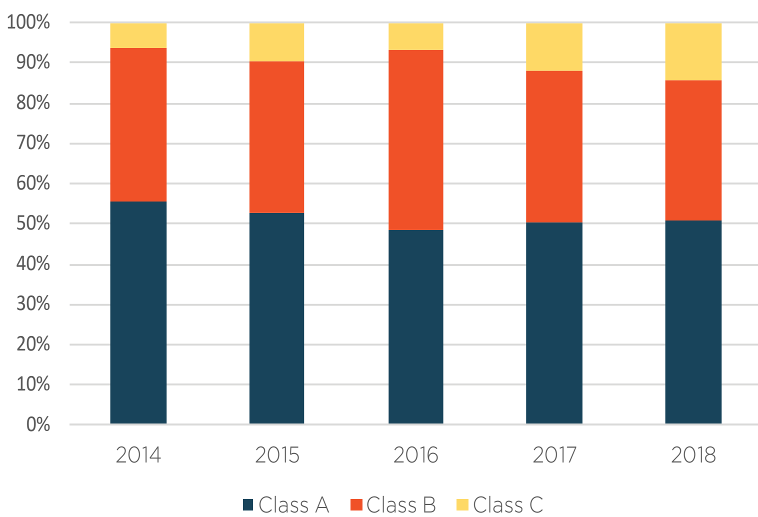
SOURCES: COSTAR, MREP

ATLANTA

Total Sales Volume and Average Price per Unit



Sales Volume by Property Class



Investor interest in Atlanta continues to be very strong. Over $7 billion worth of apartments transacted in 2018, an annual volume that has remained consistent over the last seven quarters.

The average price per unit jumped significantly in 2018, from $108,000 in Q2, to $126,000 in Q4. That statistic is more striking considering that Class C apartments represented 14% of the total dollar sales volume, up from 11% in 2017, and only 6% in 2014. This likely reflects an increasing interest in value-add and workforce housing among investors.

Cap rates for well-positioned Class A properties, even outside the urban core, are now well below 5%.

PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Venue Brookwood	2016	Urban Core	Mesirow Financial	$338,353	4.5%
Cortland at the Battery	2017	Suburbs	Cortland Partners	$293,785	4.5%
The Encore	2016	Suburbs	Carter-Haston	$258,628	4.5%
Westside Heights	2017	Urban Core	Starlight Investments	$257,092	NA
Windsor Parkview	2013	High Income Suburbs	GID Investment Advisors	$246,700	NA
ARIUM Brookhaven	2014	High Income Suburbs	Bentall Kennedy	$239,130	NA
District at Duluth	2017	Suburbs	USPA District	$224,324	NA

SOURCE: COSTAR

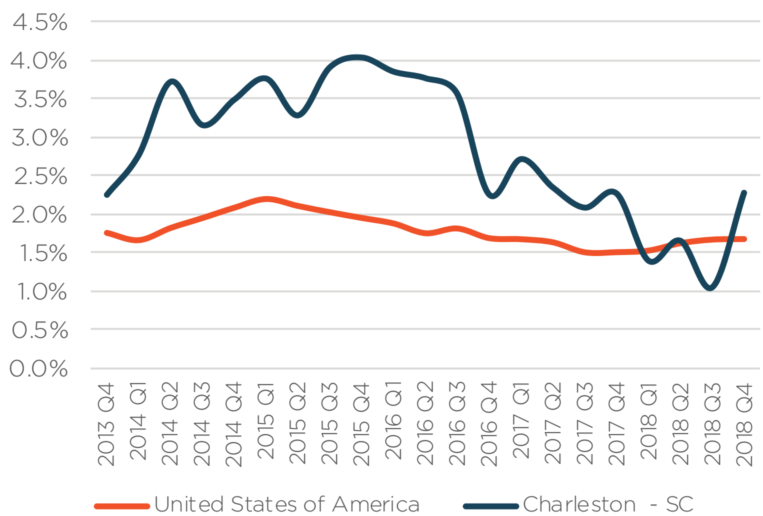
CHARLESTON

$64,000 MEDIAN HOUSEHOLD INCOME ↑ 4.0% YOY	**792,000** POPULATION ↑ 1.7% 5-YEAR AVG. ANNUAL GROWTH RATE	**2.8%** UNEMPLOYMENT RATE ↑ 0.1% CHG. FROM PRIOR QUARTER
3.9 HOME PRICE-TO-INCOME RATIO ↑ 1% YOY	**2.0%** YOY EFFECTIVE RENT GROWTH ↑ 150 BPS FROM Q4 2017	**5.3%** UNITS U/C AS % OF STOCK ↓ 520 BPS FROM Q4 2017

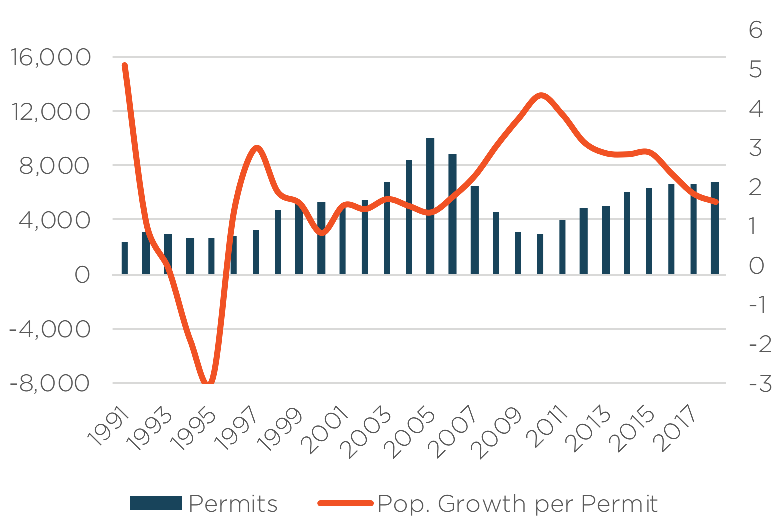
MAJOR EMPLOYERS

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

YOY Effective Rent Growth and Occupancy Rate



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

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.

It has also 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.

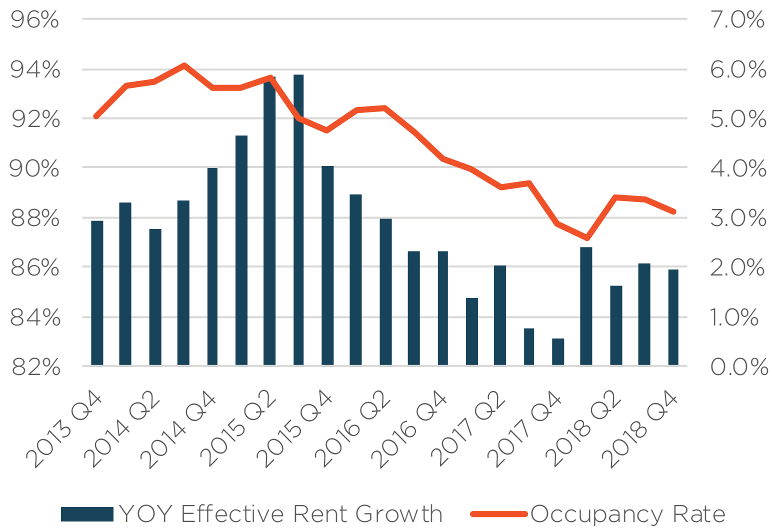
The strong economy has attracted a tremendous amount of apartment development. The metro area's inventory has expanded by more than 20% in the last three years alone, ranking it among the top 15 metro areas in the United States in terms of inventory growth.

Although demand has remained substantial, there has not been quite enough to absorb all of the new units that have delivered in the last two years. As a result, overall occupancy has dipped below 90% and overall rent growth registered a relatively lackluster 2.0% over the last year.

As to be expected in a situation of oversupply, market weakness has been primarily felt among Class A assets, which only saw average rent growth of 0.7% over the last year and show an average occupancy of just 83.3% as of Q4 2018, including properties in lease-up. Class B/C assets experienced much better rent growth of 3.7%, and reported a better average occupancy of 91.7%.

CHARLESTON

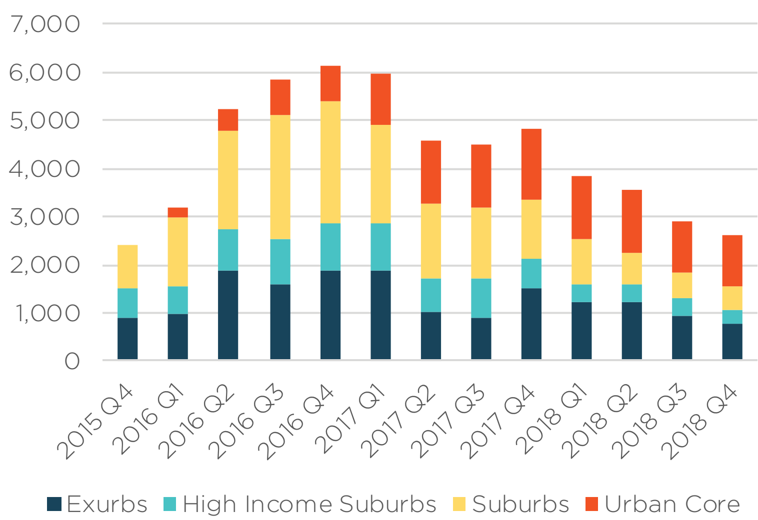
YOY Effective Rent Growth and Occupancy Rate



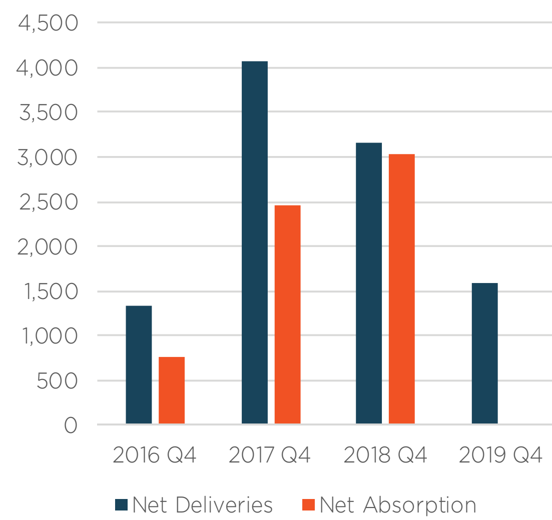
The good news for Charleston's apartment market is that the volume of new deliveries is projected to drop sharply in 2019. CoStar projects that the metro area will add just over 1,500 new units in 2019, down from over 3,000 added in 2018.

This slowdown in deliveries should allow time for demand to catch up and tighten up the market. Rent growth in the 2.5% to 3.0% range is likely for 2019 and the overall occupancy rate should improve as well.

Units Under Construction



Absorption and Deliveries

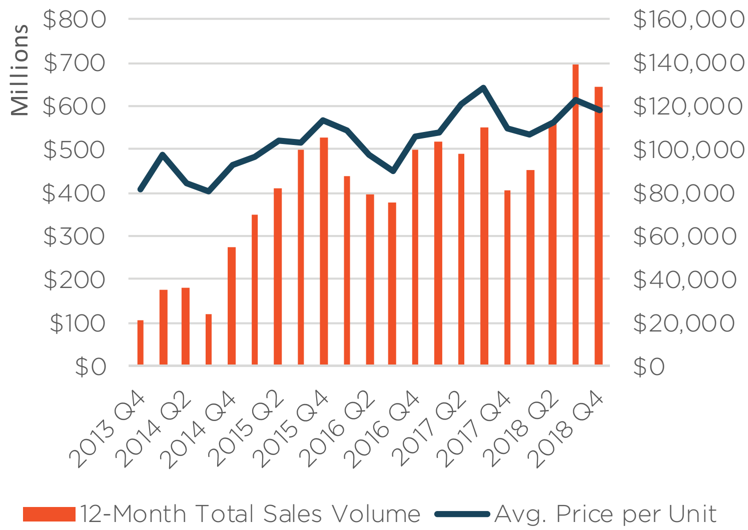


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	53.0%	$1,977	8.4%	4.0%
High-Income Suburbs	82.7%	$1,508	-3.2%	-0.5%
Suburbs	85.4%	$1,203	0.2%	0.8%
Exurbs	85.3%	$1,282	2.0%	2.9%
Total	83.3%	$1,326	0.7%	1.0%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	93.9%	$1,559	9.1%	3.9%
High-Income Suburbs	92.1%	$1,253	2.7%	2.7%
Suburbs	92.5%	$922	3.0%	4.9%
Exurbs	90.8%	$1,007	5.1%	5.2%
Total	91.7%	$989	3.7%	4.7%

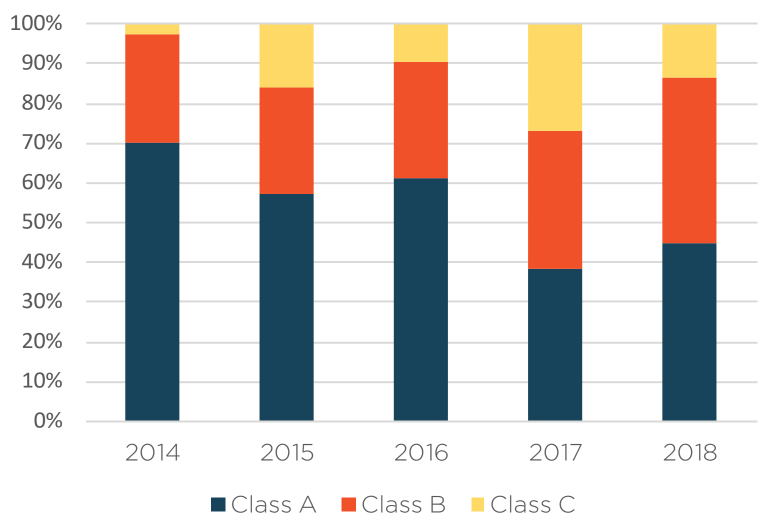
SOURCES: COSTAR, MREP

CHARLESTON

Total Sales Volume and Average Price per Unit



Sales Volume by Property Class



Despite the recent softness in rent growth and occupancy, investors remain very interested in Charleston. They purchased over $600 million in apartments in the metro area over the last year alone, an impressive total for a metro area with less than 1 million people.

In the last two years, more than half of the dollar volume of investments has been directed to Class B and C assets. This may reflect an increasing appetite for value-add deals in Charleston amid the supply-driven weakness in the Class A market.

PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The Factory at Garco Park	2017	Suburbs	Pollack Shores	$190,590	NA
Latitude at West Ashley	1968	Suburbs	Latitude Management	$91,346	5.9%
Sandover Apartments	1973	Suburbs	Peak Capital Partners	$62,000	5.75%

SOURCE: COSTAR

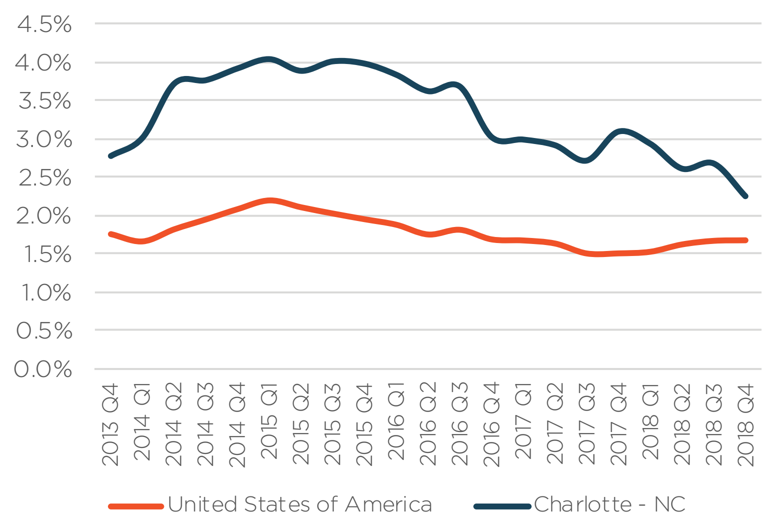
CHARLOTTE

$64,000 MEDIAN HOUSEHOLD INCOME 2.7% YOY	**2,603,000** POPULATION 2.0% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.2%** UNEMPLOYMENT RATE 40 BPS FROM PRIOR QUARTER
3.2 HOME PRICE-TO-INCOME RATIO 7% YOY	**4.7%** YOY EFFECTIVE RENT GROWTH 340 BPS FROM Q4 2017	**6.7%** UNITS U/C AS % OF STOCK 100 BPS FROM Q4 2017

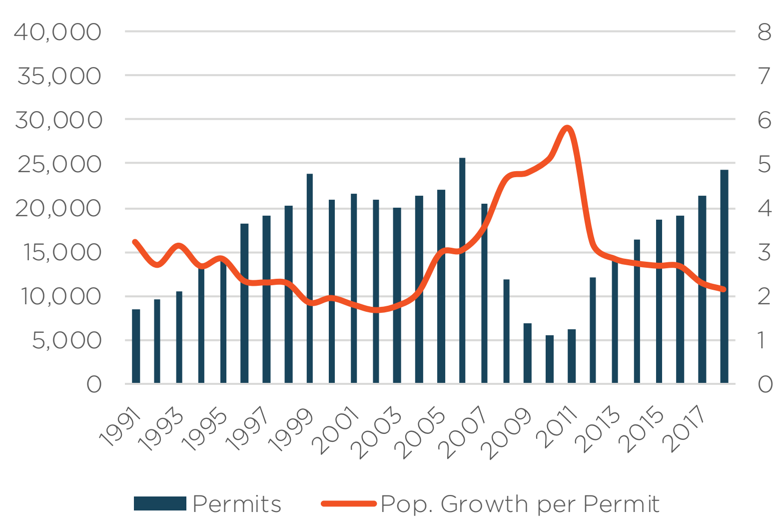
MAJOR EMPLOYERS

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

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, educated people, a group that is vital to future economic development.

A strong history of job growth has fueled the rapid population growth and although job growth has moderated over the course of the last year, the metro still expanded its job base by 2.2%, well above the national average, and a strong showing at this likely late stage in the business cycle.

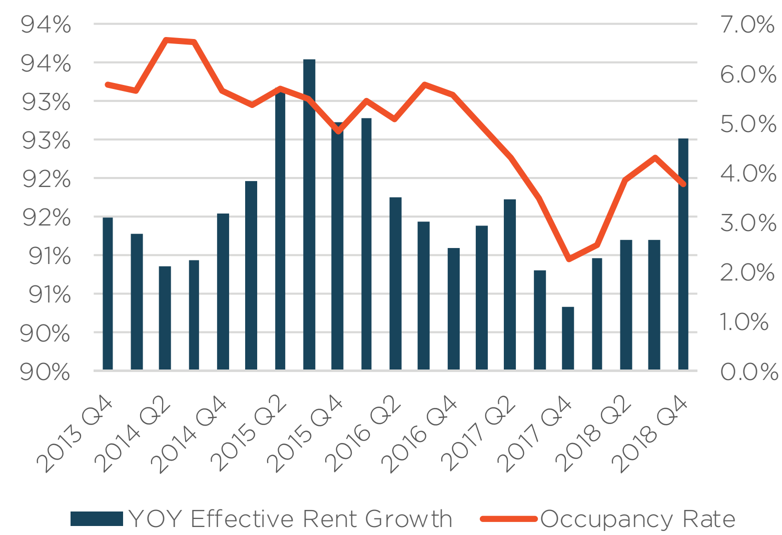
Nearly 25,000 residential building permits were issued in the metro area in 2018, the highest total since 2006. While that may make some observers wary, that level of construction is justified given the sustained dearth of new construction during and following the Great Recession. Moreover, it bodes well for economic activity in 2019.

Perhaps because of the consistent job growth, the Charlotte apartment market has managed to absorb the 22,000 new units that have delivered in the last three years without much of a hiccup. Yes, rent growth is not as strong as it was in 2015, but overall rents were still up by 4.7% compared to Q4 2017.

Moreover, the rent gains were broad-based across both Class A and Class B/C assets, and all geographies, ranging from the urban core to the exurbs. The overall market appears to be quite healthy.

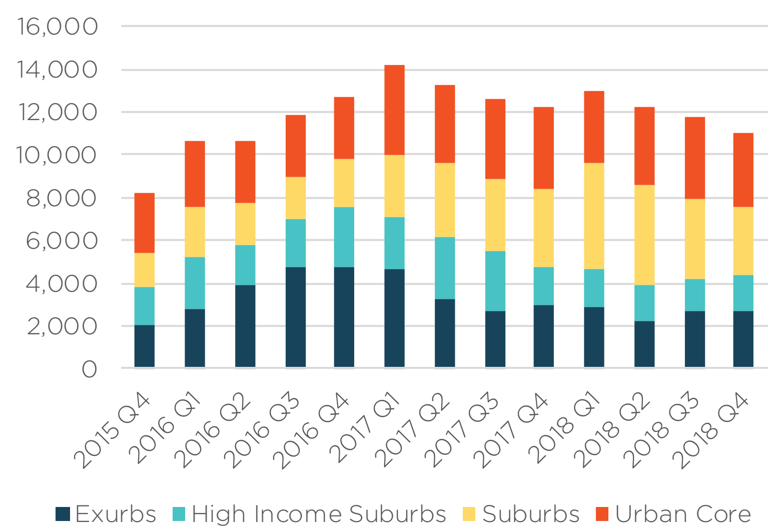
CHARLOTTE

YOY Effective Rent Growth and Occupancy Rate

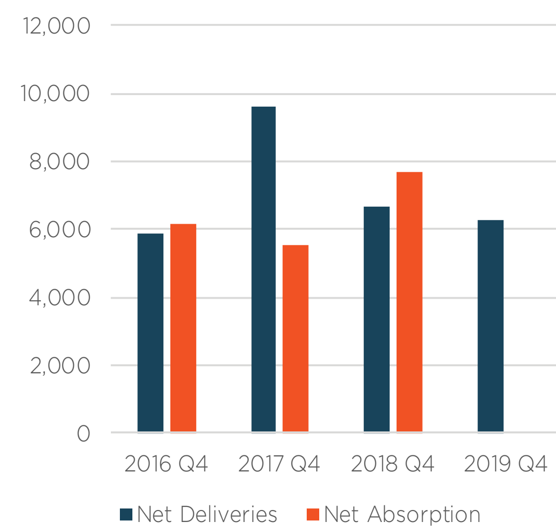


The outlook for 2019 is solid growth. Projected deliveries, while still substantial at around 6,000 new units, are consistent with average annual deliveries and average annual absorption over the last three years. As a result, the market should be fairly stable in 2019. Overall average rent growth of 3% to 3.5% is likely for 2019.

Units Under Construction



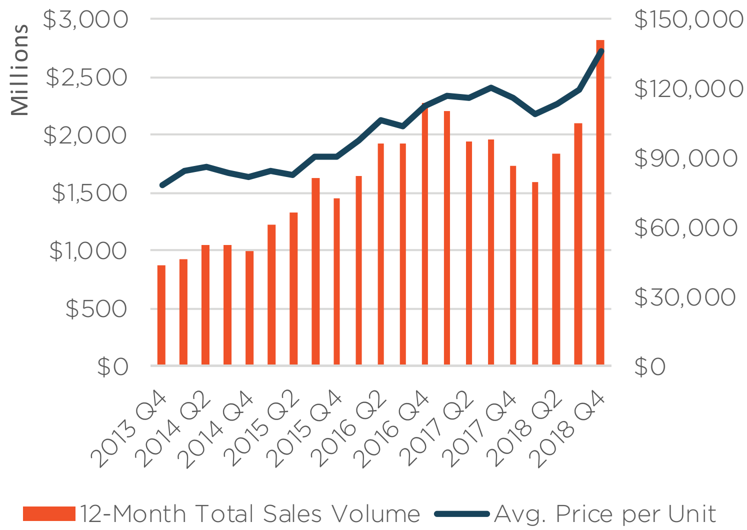
Absorption and Deliveries



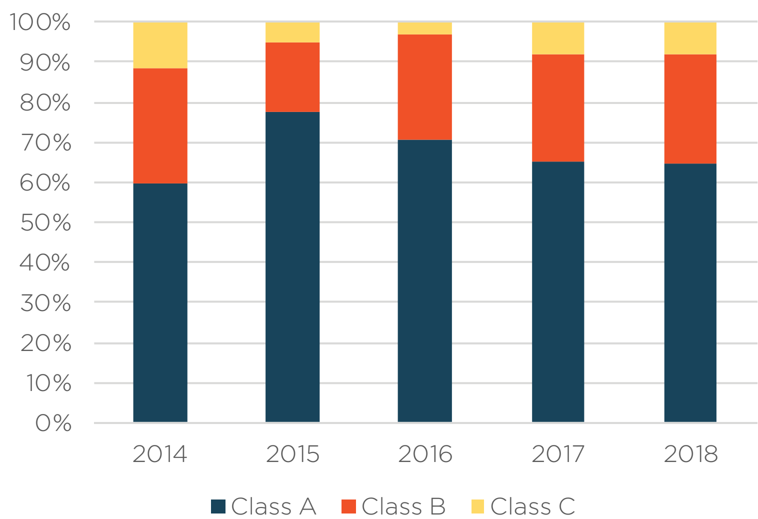
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	86.8%	$1,687	6.1%	2.1%
High-Income Suburbs	90.0%	$1,271	4.2%	3.5%
Suburbs	91.2%	$1,161	3.4%	3.4%
Exurbs	91.5%	$1,135	5.9%	2.7%
Total	90.3%	$1,268	4.6%	2.4%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	93.6%	$1,194	7.2%	2.4%
High-Income Suburbs	92.6%	$1,030	5.6%	4.9%
Suburbs	92.9%	$890	4.4%	5.5%
Exurbs	95.3%	$854	5.0%	4.5%
Total	93.6%	$921	4.9%	4.8%

SOURCES: COSTAR, MREP

Total Sales Volume and Average Price per Unit



Sales Volume by Property Class



Buyers spent over $2.8 billion on apartments in the Charlotte metro area in 2018, a record high. The average price per unit also increased significantly, from $116,000 in 2017, to $136,000 in 2018.

The last quarter alone included several notable sales, including the sale of the two SkyHouse Uptown Towers for $190,000,000, or approximately $282,000 per unit. Further south, two new suburban communities sold for impressive sums. These include Novel Providence Farm and Lantower Waverly, both of which sold for well over $200,000 per unit.

Cap rates below 5% are common for new properties in strong locations, even outside the urban core.

PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
SkyHouse Uptown	2017	Urban Core	CBRE Global Investors	$282,000	4.5%
One 305 Central	2016	Urban Core	AEW Capital Mgmt.	$254,000	4.3%
CityPark View South	2017	Suburbs	Preferred Apt. Comm.	$170,000	5.75%
Estates at Rock Hill	1973	Exurbs	Friedlam Partners	$89,000	5.5%
Novel Providence Farm	2017	High-Income Suburbs	Heitman LLC	$243,000	4.75%
Lantower Waverly	2016	High-Income Suburbs	Lantower Residential	$225,000	NA
The Flats at Ballantyne	2016	High-Income Suburbs	Continental Realty	$228,000	4.85%
Copus 1 Indian Trail	2017	Suburbs	GFG Capital	$179,000	NA
Presley Oaks	1996	Suburbs	American Landmark	$159,000	4.8%
The District	2012	Suburbs	American Landmark	$162,000	5.1%

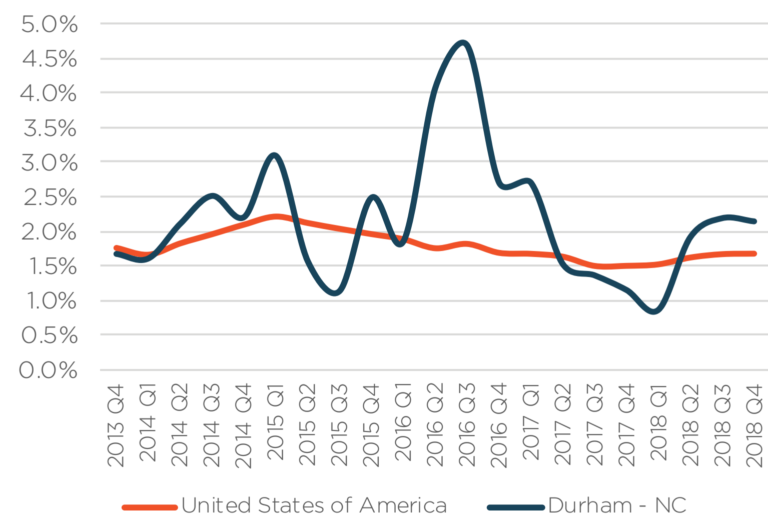
SOURCE: COSTAR

$65,000 MEDIAN HOUSEHOLD INCOME ↑ 3.3% YOY	**580,000** POPULATION ↑ 1.6% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.1%** UNEMPLOYMENT RATE ↓ 10 BPS FROM PRIOR QUARTER
3.2 HOME PRICE-TO-INCOME RATIO ↑ 3.6% YOY	**7.0%** YOY EFFECTIVE RENT GROWTH ↑ 640 BPS FROM Q4 2017	**8.0%** UNITS U/C AS % OF STOCK ↑ 220 BPS FROM Q4 2017

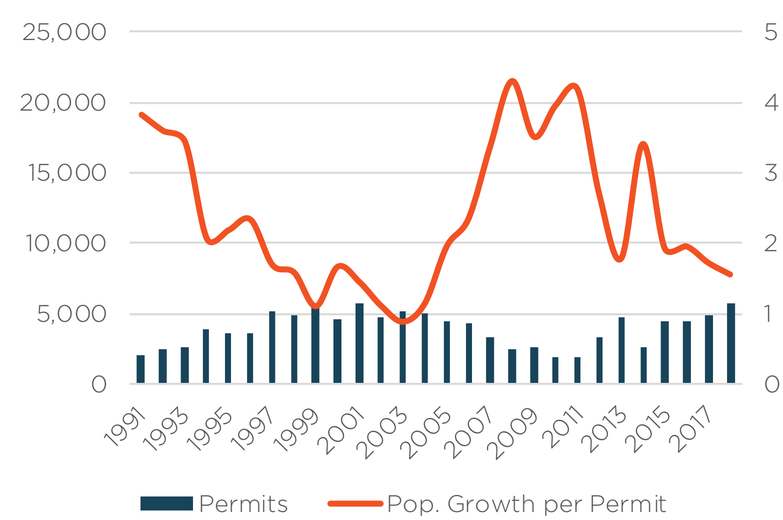
MAJOR EMPLOYERS

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

Duke University and the businesses of Research Triangle Park, including IBM, are the key drivers of the Durham economy, and they are good ones to have. Durham has experienced strong population growth and job growth over the last five years.

Metro Durham increased its job base by 6,600 over the last year, a 2.1% annual increase. It may be difficult to sustain quite that level of job growth through 2019 against the backdrop of a national economy that will likely see job growth begin to moderate in the latter half of the year.

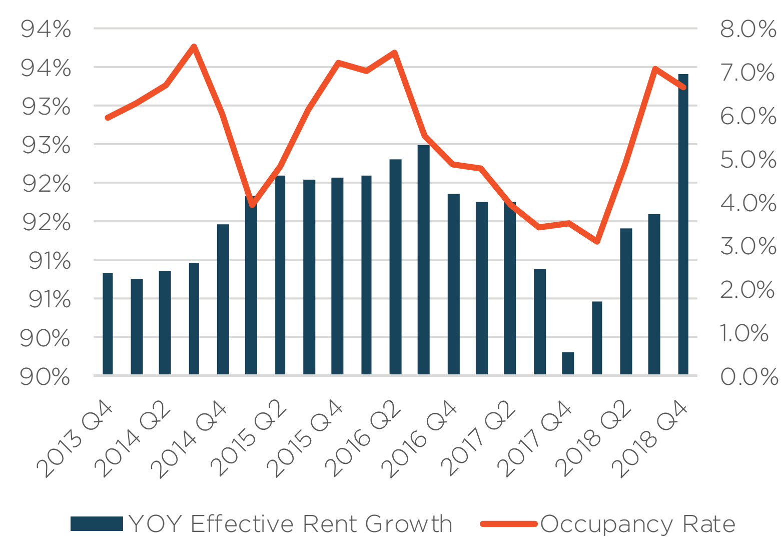
That excellent job growth supported absorption of nearly 1,400 units in 2018, which exceeded the volume of new deliveries by a substantial margin. As a result, the average occupancy rate improved from less than 92% in Q1 2018, to 93.6% as of Q4 2018. Effective rents also saw a dramatic YOY jump of 7.0%, the best annual result of any quarter in the last five years.

The strong rent growth was spread across Class A and Class B/C assets, and all geographies.

2018's performance is unlikely to repeat in 2019 due to the large pipeline of units under construction, which now represents 8% of inventory, the largest pipeline in the last five years. The urban core, in particular, looks vulnerable because nearly half of all the metro's pipeline is concentrated in this one area.

DURHAM

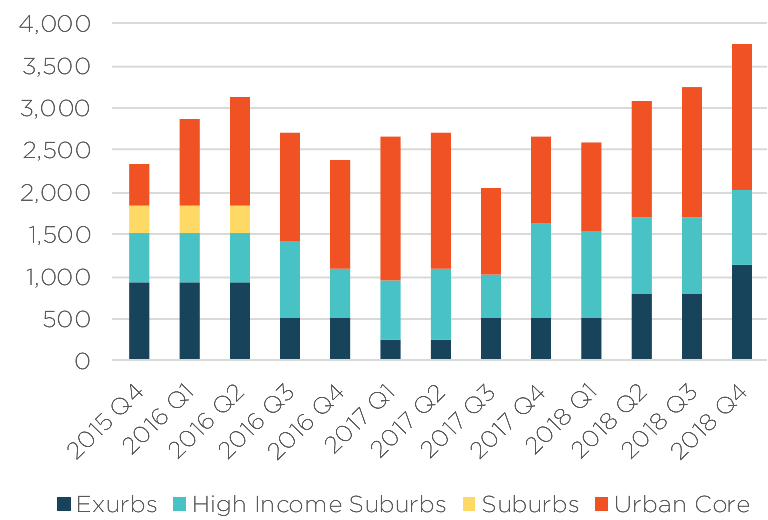
YOY Effective Rent Growth and Occupancy Rate



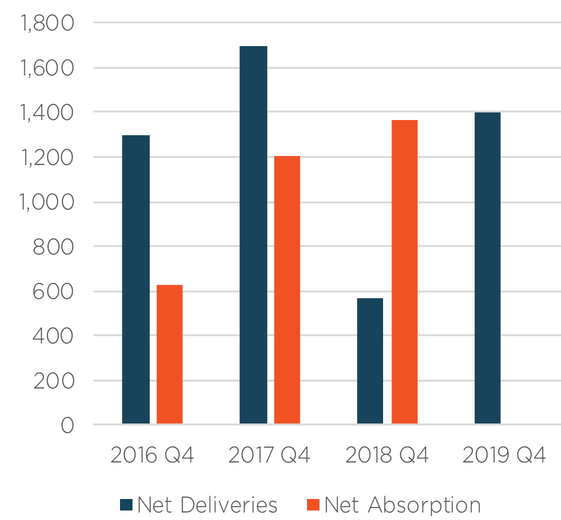
Still, with projected deliveries in 2019 matching the net absorption achieved in 2018, the effect of all the new supply is unlikely to be severely negative.

The most likely scenario for Durham in 2019 is a return to normalcy and annual effective rent growth that ranges from 3% to 4%.

Units Under Construction



Absorption and Deliveries



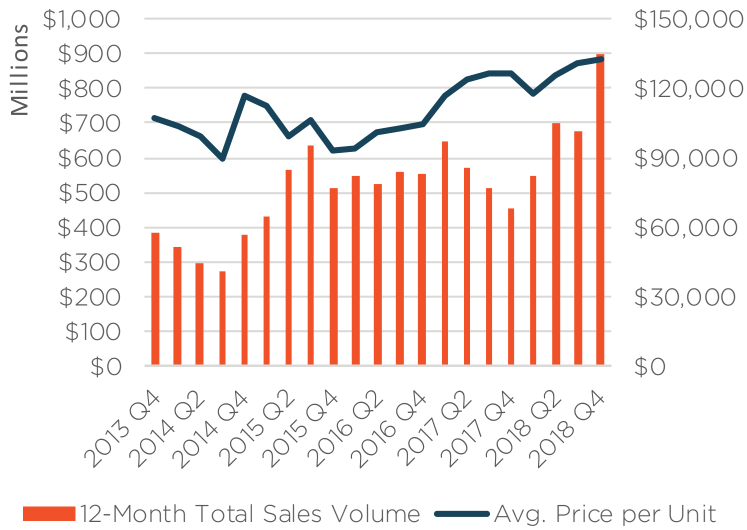
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	91.7%	$1,492	7.7%	2.7%
High-Income Suburbs	92.2%	$1,181	6.9%	4.3%
Suburbs	94.2%	$1,140	13.9%	3.6%
Exurbs	94.7%	$1,396	5.9%	3.6%
Total	93.3%	$1,318	6.8%	3.4%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	94.5%	$923	7.4%	4.9%
High-Income Suburbs	93.0%	$992	7.1%	4.5%
Suburbs	92.3%	$840	6.4%	5.2%
Exurbs	93.7%	$933	4.6%	4.0%
Total	93.8%	$941	6.5%	4.6%

SOURCES: COSTAR, MREP

MIDDLEBURG

DURHAM

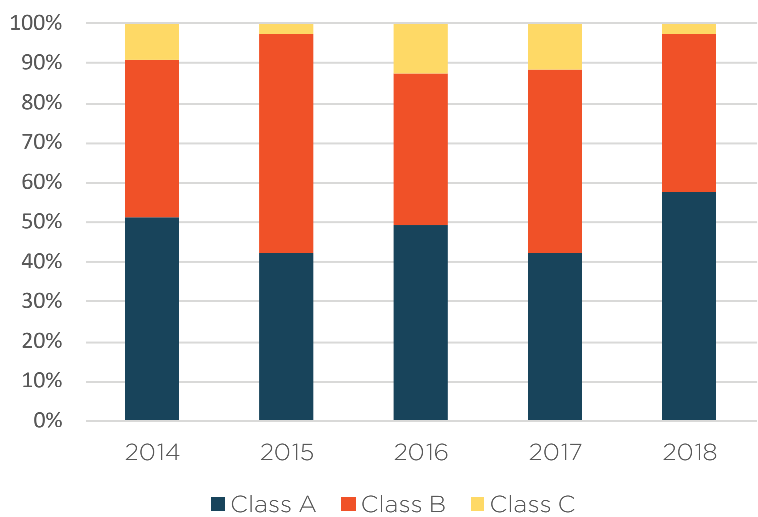
Total Sales Volume and Average Price per Unit



2018 was a record year for apartment sales in Durham. Sales totaled $900 million with an average price of $132,000 per unit, also a record high.

The most notable transaction in Q4 2018, was the sale of Southern Oaks at Davis Park, built in 2007, for $167,000 per unit. This sale demonstrates that even aging assets in Durham can secure relatively impressive prices in the context of tertiary markets.

Sales Volume by Property Class



PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Southern Oaks at Davis Park	2007	High-Income Suburbs	Cortland Partners	$167,000	NA
Indigo	2001	High-Income Suburbs	Blue Heron Asset Mgmt.	$121,000	6.2%
Patriot's Pointe	2005	Exurbs	Silver Point Group	$104,000	4.8%
Southpoint Glen	1987	Suburbs	StoneBridge	$123,000	5.5%

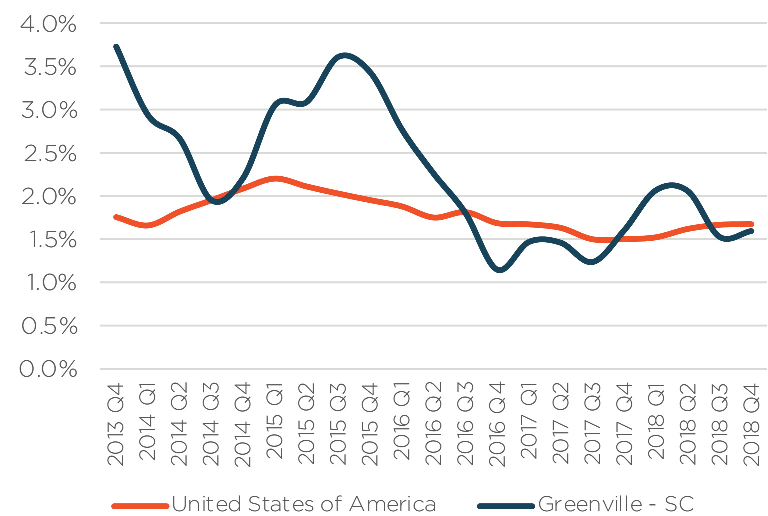
SOURCE: COSTAR

$54,000 MEDIAN HOUSEHOLD INCOME 4.3% YOY	**911,000** POPULATION 1.3% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.1%** UNEMPLOYMENT RATE 10 BPS FROM PRIOR QUARTER
3.3 HOME PRICE-TO-INCOME RATIO 6.1% YOY	**5.6%** YOY EFFECTIVE RENT GROWTH 550 BPS FROM Q4 2017	**4.0%** UNITS U/C AS % OF STOCK 40 BPS FROM Q4 2017

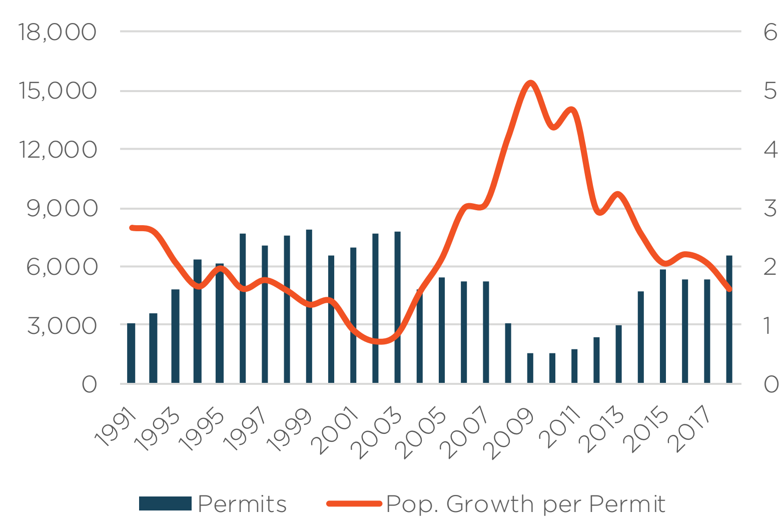
MAJOR EMPLOYERS

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

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. Over the last year, Greenville added about 6,600 jobs, a 1.6% increase over the year prior.

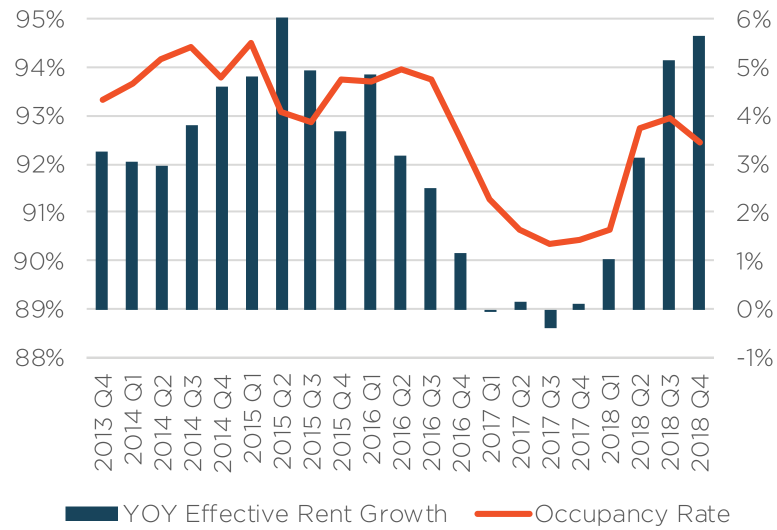
6,500 building permits were issued in the Greenville metro area in the last year, the highest total since 2003. This bodes well for the area economy's near future, especially because there appears to be enough population growth to support this level of housing construction. The ratio of population growth to permits is still well-above the boom years of 2002-2004.

The Greenville apartment market is experiencing a rapid recovery following a dip in 2017 and early 2018, that was caused by a spate of new deliveries and a slowdown in job growth.

YOY effective rents were up 5.2% in Q3 2018 and extended that run to a 5.6% YOY gain in Q4 2018. The rent gains were broad-based across all geographies and asset classes. Even Class A apartments in the urban core, which had suffered the most from oversupply posted a large annual effective rent gain of 6.5%.

GREENVILLE

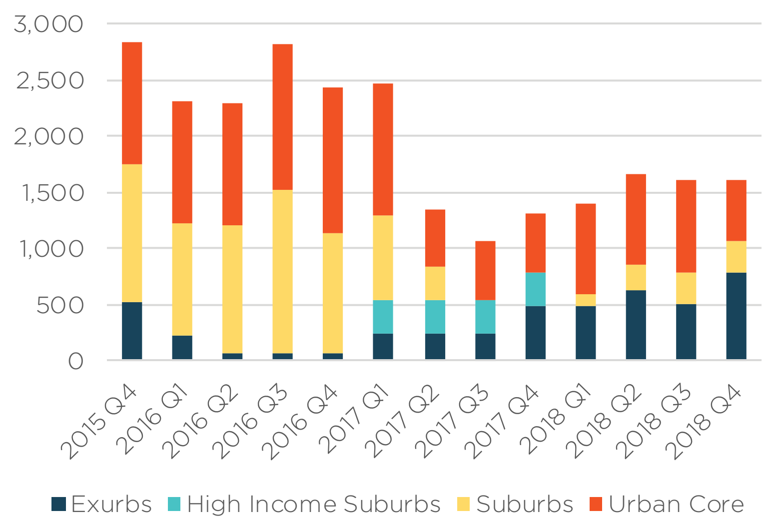
YOY Effective Rent Growth and Occupancy Rate



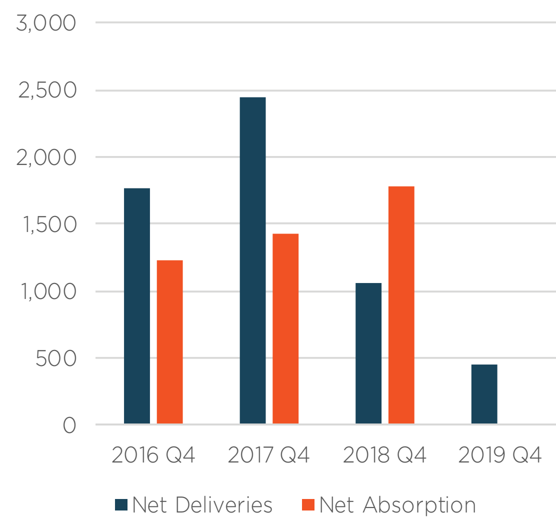
CoStar is projecting that less than 500 new units will deliver in the Greenville metro area in 2019. If that holds up, then the market should continue to tighten because, over the past three years, the market has supported annual average absorption of 1,475 units.

Given this favorable supply situation, Greenville will likely see continued strong effective rent growth exceeding 4% for the year.

Units Under Construction



Absorption and Deliveries

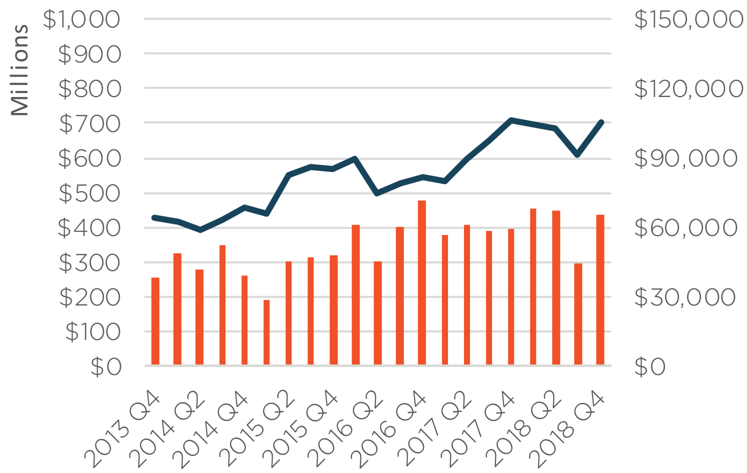


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	80.3%	$1,401	6.5%	-0.5%
High-Income Suburbs	94.6%	$983	6.5%	3.1%
Suburbs	93.5%	$1,089	8.5%	2.1%
Exurbs	93.6%	$998	1.7%	2.7%
Total	91.2%	$1,123	6.7%	1.5%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	94.4%	$760	5.9%	2.5%
High-Income Suburbs	91.1%	$882	4.7%	3.6%
Suburbs	94.4%	$837	5.8%	4.7%
Exurbs	92.7%	$766	3.1%	4.4%
Total	93.4%	$823	4.9%	4.4%

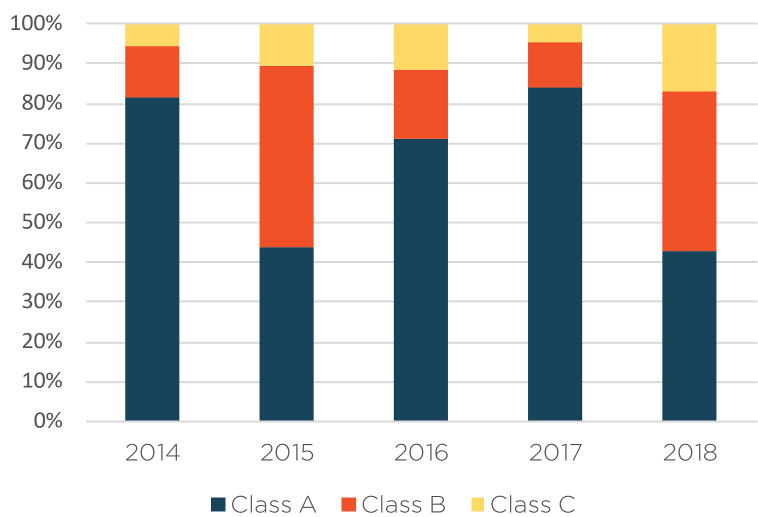
SOURCES: COSTAR, MREP

GREENVILLE

Total Sales Volume and Average Price per Unit



Sales Volume by Property Class



The average price per unit of apartments bought in 2018 in Greenville reached a record high of $105,000. That is a mild surprise considering that Class B and C properties made up more than half of all sales in 2018.

The overall 12-month sales volume was consistent with the average since 2016, indicating that the market continues to hold interest to investors.

Notable sales in Q4 2018 included the West Village Lofts, a new community located just west of downtown, which sold for $232,000 per unit, and Velo Verdae, a new suburban property, which sold for $183,000 per unit and a reported cap rate of 4.9%.

PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
West Village Lofts	2016	Suburbs	Brookline Invest. Group	$232,000	NA
Velo Verdae	2016	Suburbs	Nicol Investment Co.	$183,000	4.9%
Aventine Greenville	2013	Suburbs	Gamma Real Estate	$152,000	5.2%
Crestmont at Thornblade	1998	Exurbs	BRT Apartments Crop.	$143,000	NA

SOURCE: COSTAR

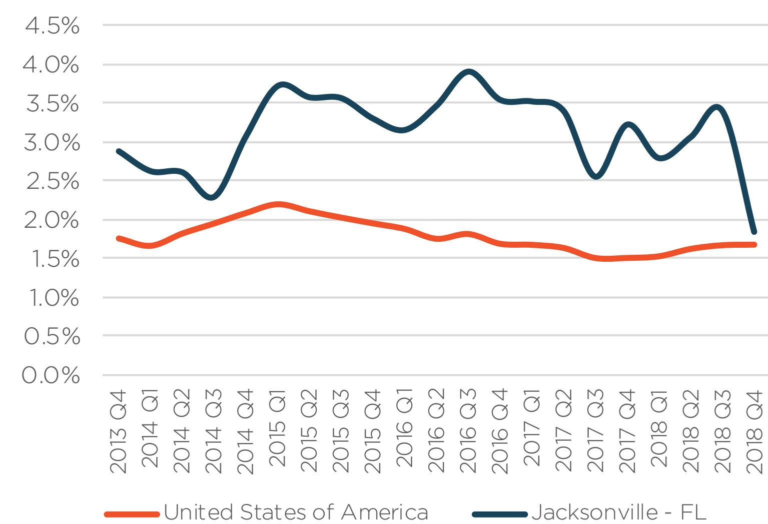
JACKSONVILLE

$63,000 MEDIAN HOUSEHOLD INCOME ↑ 6.3% YOY	**1,545,000** POPULATION ↑ 1.9% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.0%** UNEMPLOYMENT RATE ↓ 20 BPS FROM PRIOR QUARTER
3.4 HOME PRICE-TO-INCOME RATIO ↑ 7.0% YOY	**5.1%** YOY EFFECTIVE RENT GROWTH ↑ 40 BPS FROM Q4 2017	**7.7%** UNITS U/C AS % OF STOCK ↑ 350 BPS FROM Q4 2017

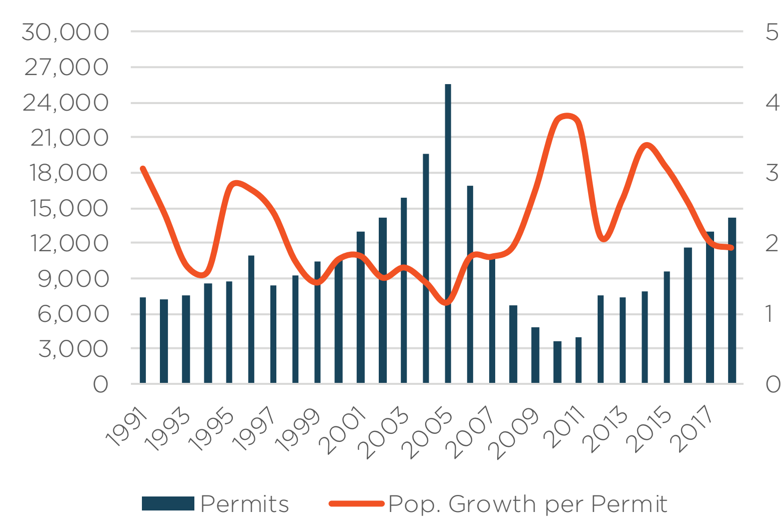
MAJOR EMPLOYERS

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, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

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 have supported a long streak of excellent job growth, although growth did slow sharply in Q4 2018. Over the last year, Jacksonville added 13,000 jobs, a 1.8% increase, still above the national average, but well below the 2.5% to 4.0% job growth that had prevailed since 2014.

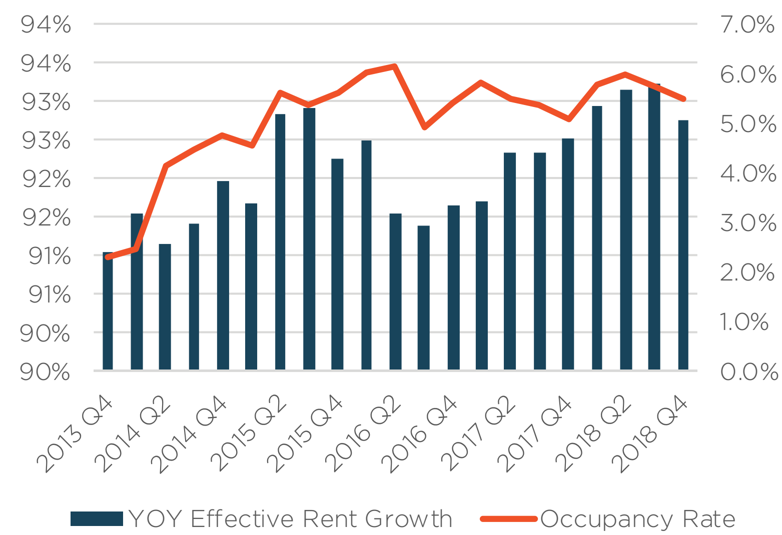
Nevertheless, the median household income, rose by 6.3% over the year prior according to estimates by CoStar and home prices rose by 7.0% over last year according to Zillow.

With this largely good economic news, it is not surprising that the apartment market has also done well. Overall effective rents increased by 5.1% over the year prior. Class B and C properties saw somewhat higher average rent growth of 5.6% compared to 4.5% for Class A properties.

Rent growth may slow in 2019, however, as CoStar projects that 3,500 new units will deliver, significantly more than the 2,000 delivered in 2018. This volume of deliveries would also outpace recent absorption, which has amounted to about 2,000 units over each of the last two years.

JACKSONVILLE

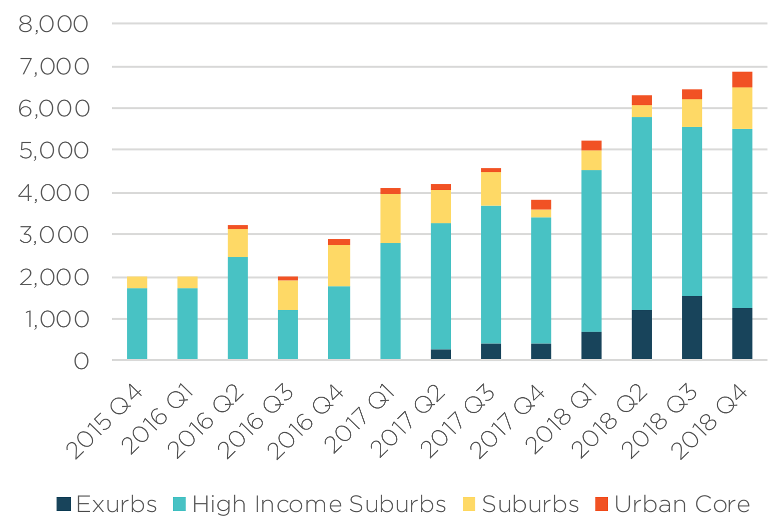
YOY Effective Rent Growth and Occupancy Rate



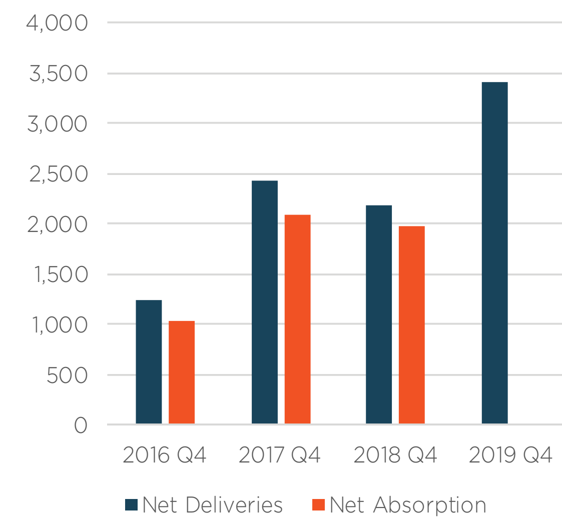
Nevertheless, solid annual rent growth of 3.0% to 4.0% over the course of 2019 is still quite possible. The high annual rent growth of over 4% in each of the last seven quarters, coupled with excellent job growth over the last three years, hints at the possibility that there is pent-up demand for new units.

As a result, absorption in 2019 may surprise to the positive and limit any negative impact of the new deliveries.

Units Under Construction



Absorption and Deliveries

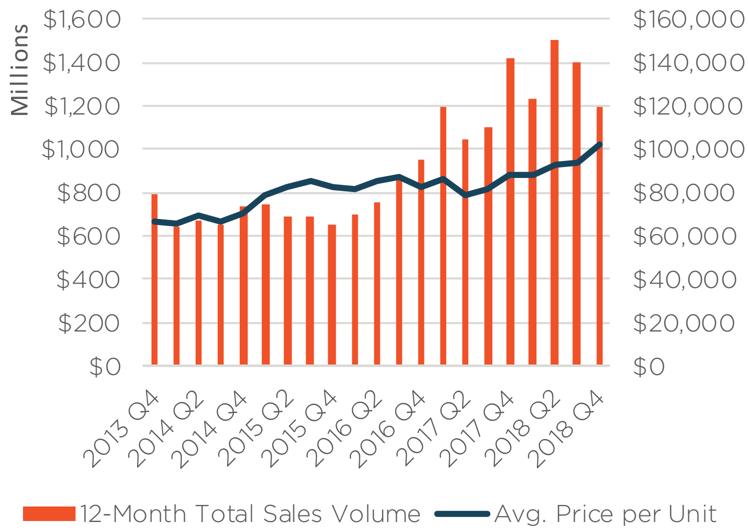


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	94.1%	$1,407	-3.4%	2.0%
High-Income Suburbs	92.4%	$1,329	4.7%	3.6%
Suburbs	94.2%	$1,322	6.0%	3.1%
Exurbs	90.1%	$1,182	5.8%	4.6%
Total	92.4%	$1,301	4.5%	3.5%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	87.6%	$745	5.8%	3.8%
High-Income Suburbs	95.2%	$959	5.8%	5.1%
Suburbs	92.4%	$848	5.0%	4.7%
Exurbs	94.5%	$893	5.8%	4.7%
Total	93.4%	$887	5.6%	4.8%

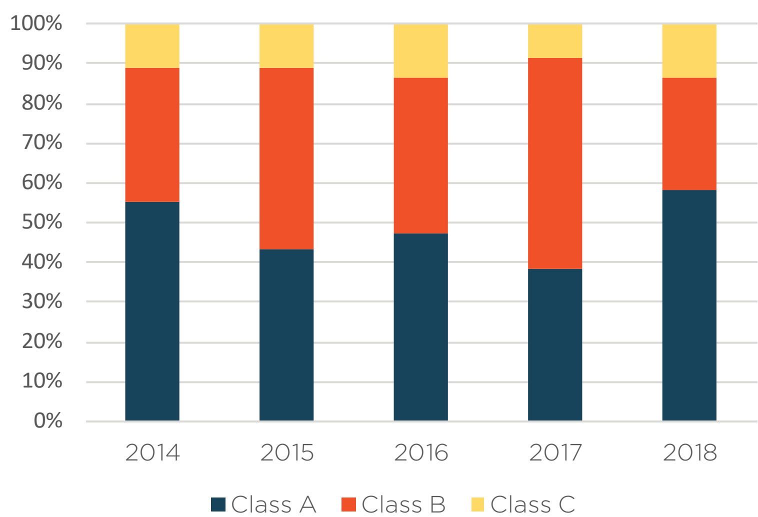
SOURCES: COSTAR, MREP

JACKSONVILLE

Total Sales Volume and Average Price per Unit



Sales Volume by Property Class



Jacksonville's strong economy makes for an easy story to tell investors, and transaction volumes have been trending upwards since 2015. Over $1.1 billion in apartments transacted over the last 12 months, down from the 12-month peak reached in Q2 2018 of $1.5 billion, but still impressive.

The annual average price per unit cracked $100,000 for the first time in Q4 2018, a 16% increase over the annual average price per unit in 2017.

Q4 2018 included the sale of the Point at Town Center, a brand new garden property located in an affluent suburban area.

PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Reserve at Bartram Springs	2006	Exurbs	Thackeray	$152,000	5.0%
The Point at Town Center	2018	High-Income Suburbs	The Praedium Group	$190,000	5.2%
Lake Lofts at Deerwood	2017	High-Income Suburbs	BAF Associates	$154,000	NA
Oaks on Monument	1975	Suburbs	Carter Multifamily	$89,000	NA
Arbors at Orange Park	1984	Exurbs	Laguna Point Properties	$110,000	4.75%

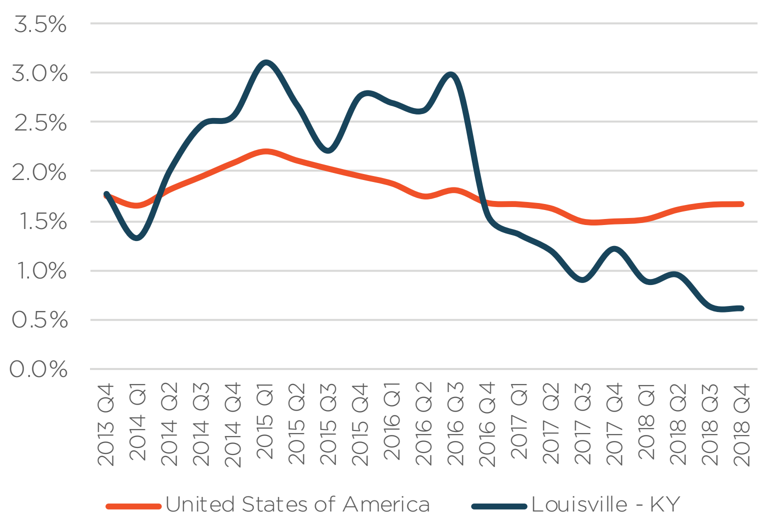
SOURCE: COSTAR

$60,000 MEDIAN HOUSEHOLD INCOME ↑ 3.1% YOY	**1,302,000** POPULATION ↑ 0.6% 5-YEAR AVG. ANNUAL GROWTH RATE	**4.0%** UNEMPLOYMENT RATE ↑ 10 BPS FROM PRIOR QUARTER
2.7 HOME PRICE-TO-INCOME RATIO ↑ 3.2% YOY	**3.1%** YOY EFFECTIVE RENT GROWTH ↑ 110 BPS FROM Q4 2017	**3.3%** UNITS U/C AS % OF STOCK ↓ 60 BPS FROM Q4 2017

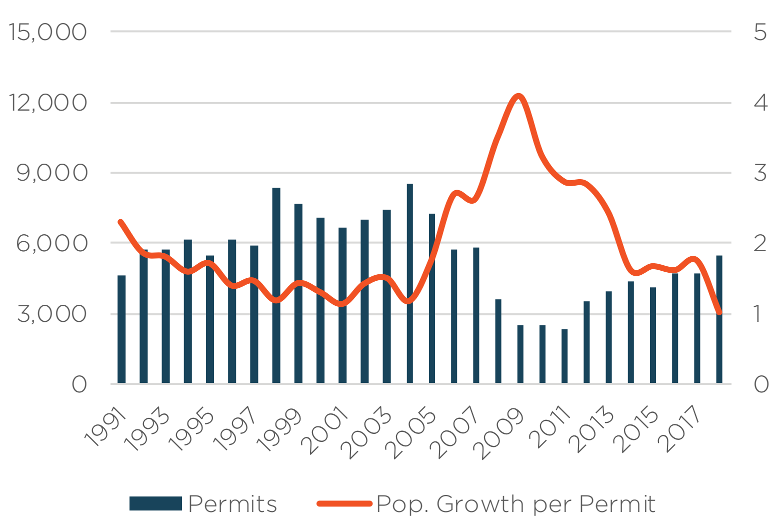
MAJOR EMPLOYERS

UPS, Ford, Humana, Norton Healthcare, Baptist Healthcare, Amazon

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

Louisville has a diverse industry base in logistics, auto manufacturing, and health care. These drivers are each represented by the major presence of UPS, Ford, and Humana, respectively, each of which employ more than 12,000 people in the metro area.

Nevertheless, job growth has trended below the US average since the beginning of 2017 and Q4 2018 was no exception. Some have speculated that this is due to a shortage of skilled labor, that is especially acute in Louisville.

Regardless of the reasons, Louisville's metro economy, with an unemployment rate of just 4.0% and a steadily rising volume of building permits can be characterized as solid and growing, if not at the rapid rate of its peers such as Nashville and Raleigh.

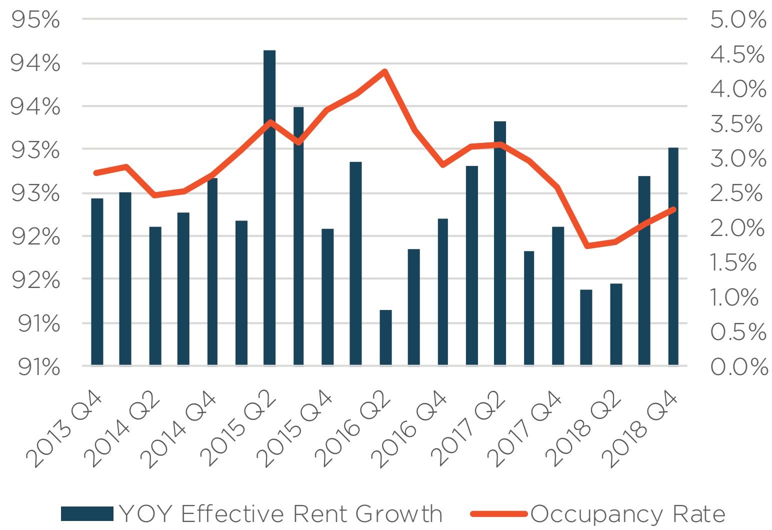
The same can be said of the Louisville apartment market. Overall YOY effective rent growth over the last year measured a solid, if unspectacular 3.1%.

Over the next year, the market should remain fairly balanced. Costar projects the delivery of about 1,500 new units in 2019, just slightly below the average annual absorption over the last three years of 1,660 units.

Most of this new product is concentrated in the suburbs. That should give some respite to the urban core, which is still regaining its balance after a number of new deliveries in 2016 and 2017.

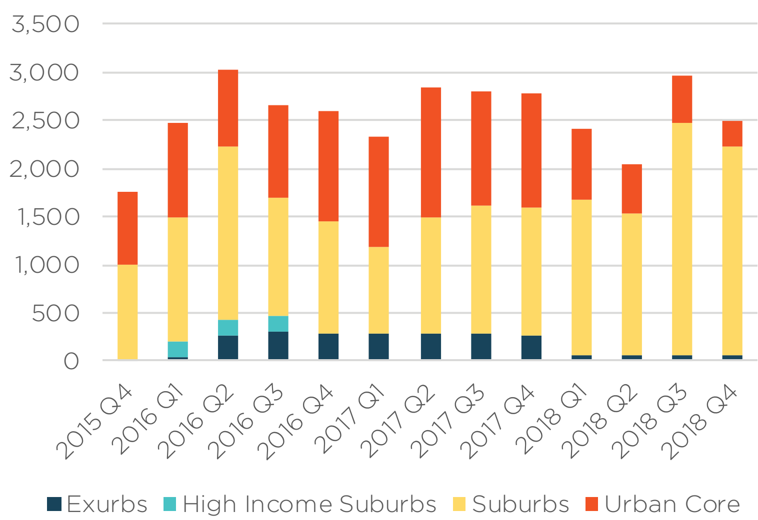
LOUISVILLE

YOY Effective Rent Growth and Occupancy Rate

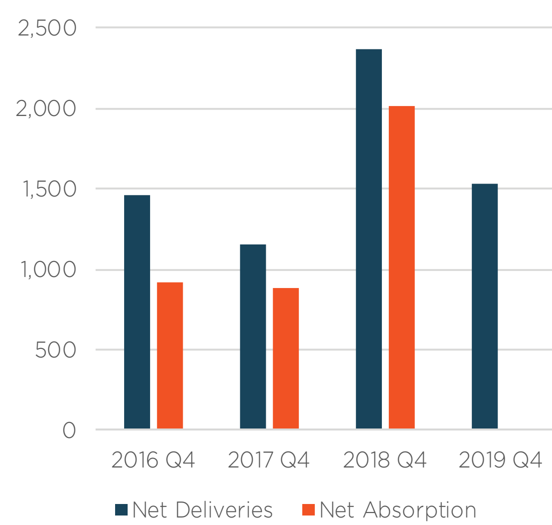


Despite the fairly balanced supply and demand equation, it may be hard to hold onto 3% annual rent growth without an improvement in job growth. Overall rent growth in the 2% to 3% range looks more likely for Louisville in 2019.

Units Under Construction



Absorption and Deliveries

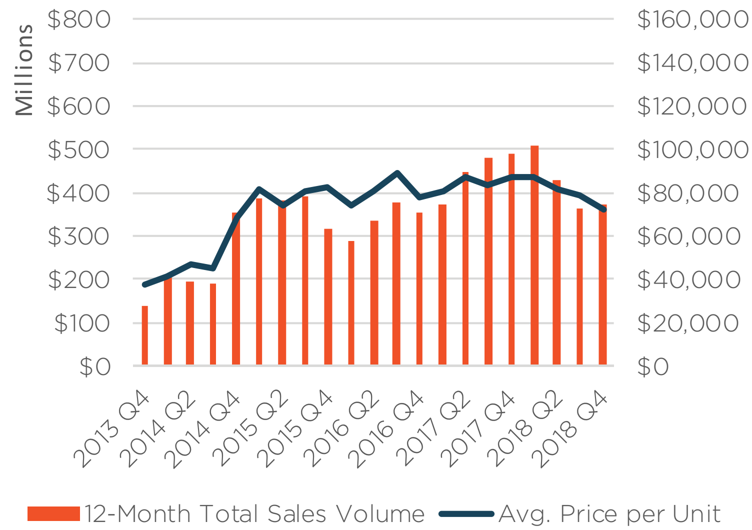


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	73.9%	$1,371	2.7%	0.6%
High-Income Suburbs	82.9%	$884	0.6%	0.0%
Suburbs	93.2%	$1,058	4.2%	1.7%
Exurbs	98.0%	$834	5.6%	2.5%
Total	89.2%	$1,103	3.4%	1.7%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	88.2%	$749	2.7%	3.0%
High-Income Suburbs	90.4%	$906	3.4%	2.8%
Suburbs	94.5%	$765	2.8%	2.6%
Exurbs	93.9%	$688	7.1%	3.4%
Total	93.0%	$777	3.1%	2.7%

SOURCES: COSTAR, MREP

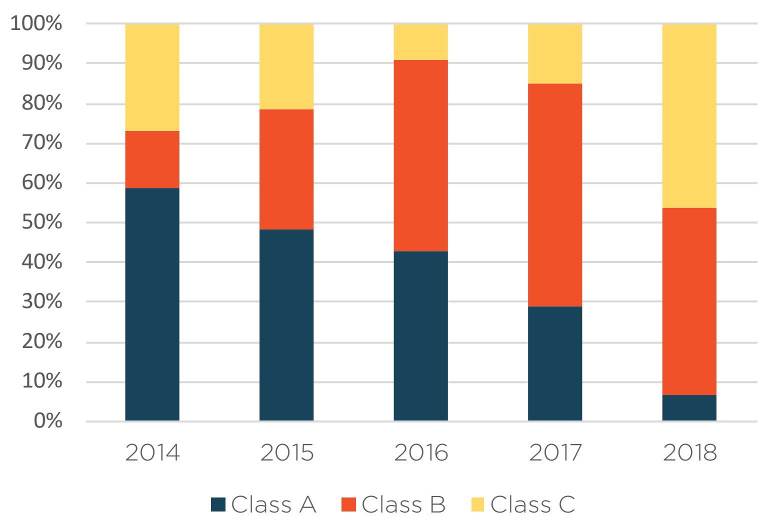
LOUISVILLE

Total Sales Volume and Average Price per Unit



Apartment sales totaled $372 million in Louisville in 2018, a decrease from the nearly $500 million in sales that happened in 2017. The average price per unit dropped in 2018 as well, although that is almost certainly a function of the type of properties sold. The vast majority of sales in 2018 were for Class B/C assets, which in Q4 2018, were trading for per unit prices ranging from $42,000 to $82,000.

Sales Volume by Property Class



PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Colonial Oaks	1964	Suburbs	Kelley	$42,000	8.0%
McArthur Park	1974	Suburbs	The Pyne Companies	$82,000	NA
Sheffield Square	1973	Exurbs	Equity Residential	$57,000	NA

SOURCE: COSTAR

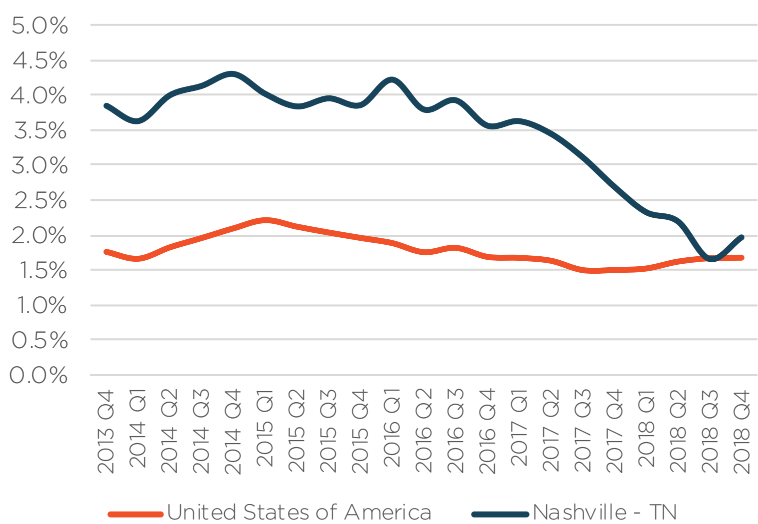
NASHVILLE

$67,000 MEDIAN HOUSEHOLD INCOME ↑ 3.7% YOY	**1,954,000** POPULATION ↑ 1.9% 5-YEAR AVG. ANNUAL GROWTH RATE	**2.8%** UNEMPLOYMENT RATE ↔ 0 BPS FROM PRIOR QUARTER
3.7 HOME PRICE-TO-INCOME RATIO ↑ 6.0% YOY	**4.3%** YOY EFFECTIVE RENT GROWTH ↑ 480 BPS FROM Q4 2017	**7.5%** UNITS U/C AS % OF STOCK ↓ 50 BPS FROM Q4 2017

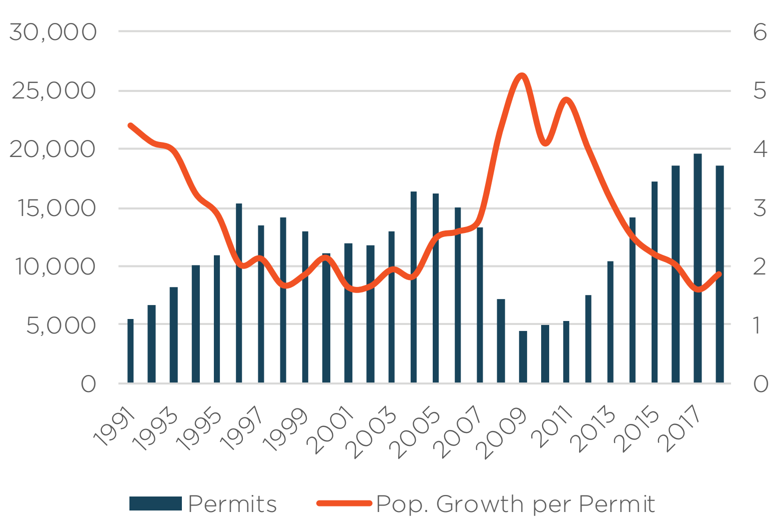
MAJOR EMPLOYERS

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

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

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 25% compared to its pre-recession peak, ranking it eighth among all US metro areas according to this metric.

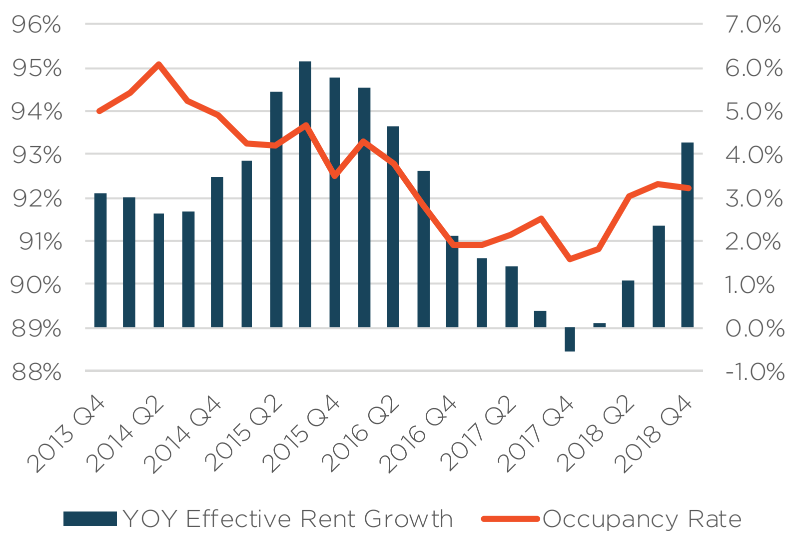
Job growth has slowed steadily since the end of 2016, however Nashville still posted positive job growth of 2.0% in the last year, which represents the addition of 19,000 jobs. Moreover, the slowdown can probably be attributed to a scarce labor supply rather than a lack of demand. As of Q4 2018, the unemployment rate stood at just 2.8%.

All of that growth has supported a tremendous amount of new apartment development over the last five years. Nashville's inventory of apartments has grown by 30% over that period. In 2017 in particular, the market struggled to absorb all of the new supply, and overall annual effective rent growth actually turned slightly negative in Q4 2017, dragged down by weak performance in the urban core, where much of the new supply was concentrated.

The market has performed much better in 2018, however, perhaps because potential buyers, deterred by rising home prices and mortgage rates, are choosing to stay put in their apartments.

CoStar projects that Nashville will add another 5,500 units in 2019, about the same amount as last year but significantly less than the 7,400 delivered in 2017.

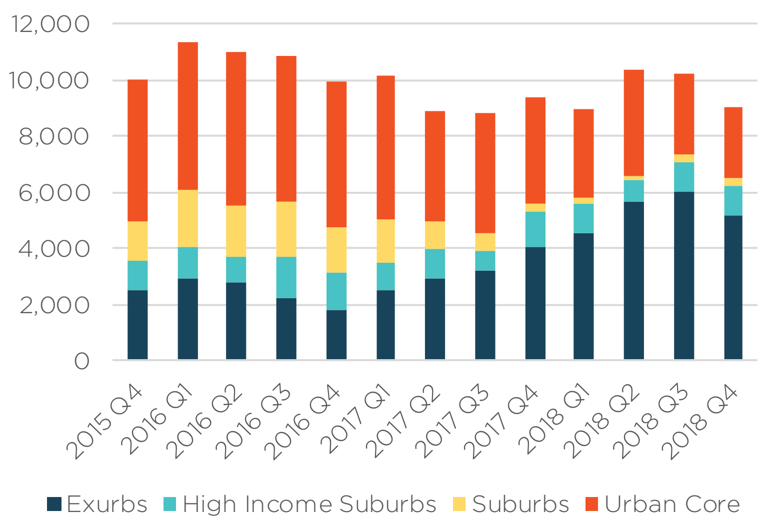
YOY Effective Rent Growth and Occupancy Rate



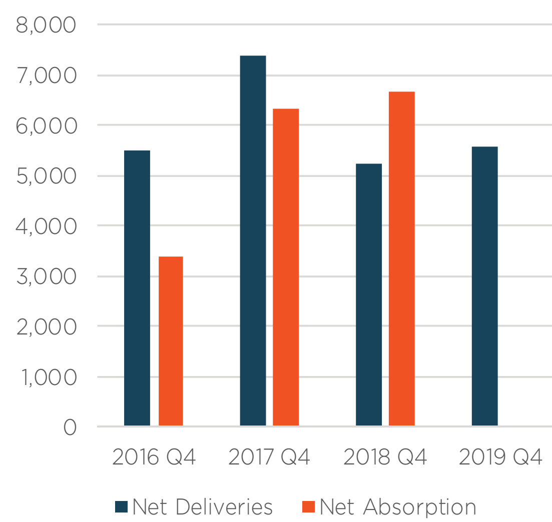
So a return to negative rent growth is unlikely in 2019 but whether the market can sustain the 4.1% rent growth recorded in Q4 2018 is questionable, and will depend on how much job growth Nashville can muster over the year.

The most probable scenario is that job growth gradually slows in the latter half of 2019, in concert with the national economy, which would likely keep overall effective annual rent growth in the 2% to 3% range for 2019.

Units Under Construction



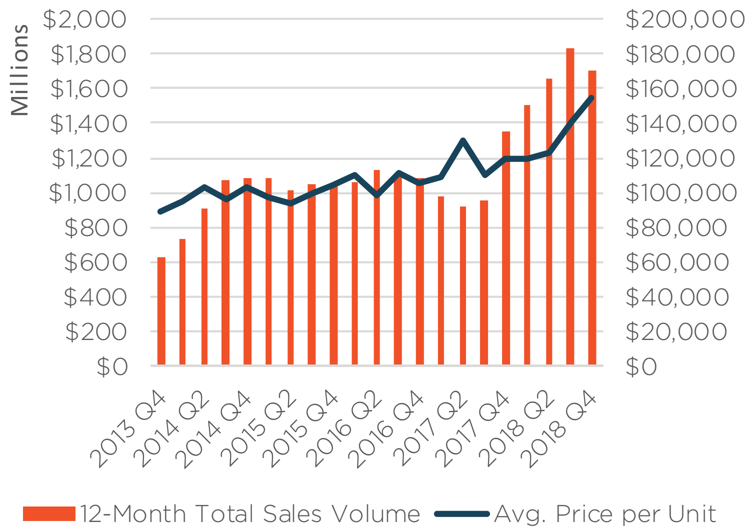
Absorption and Deliveries



CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	85.2%	$1,782	4.8%	0.1%
High-Income Suburbs	91.3%	$1,397	5.1%	2.1%
Suburbs	92.8%	$1,191	4.0%	3.0%
Exurbs	90.5%	$1,188	3.1%	3.7%
Total	89.5%	$1,401	4.2%	1.6%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	92.2%	$1,272	2.0%	2.1%
High-Income Suburbs	94.1%	$1,142	4.8%	3.8%
Suburbs	94.2%	$974	4.5%	5.6%
Exurbs	94.7%	$920	4.8%	4.6%
Total	94.2%	$992	4.4%	4.8%

SOURCES: COSTAR, MREP

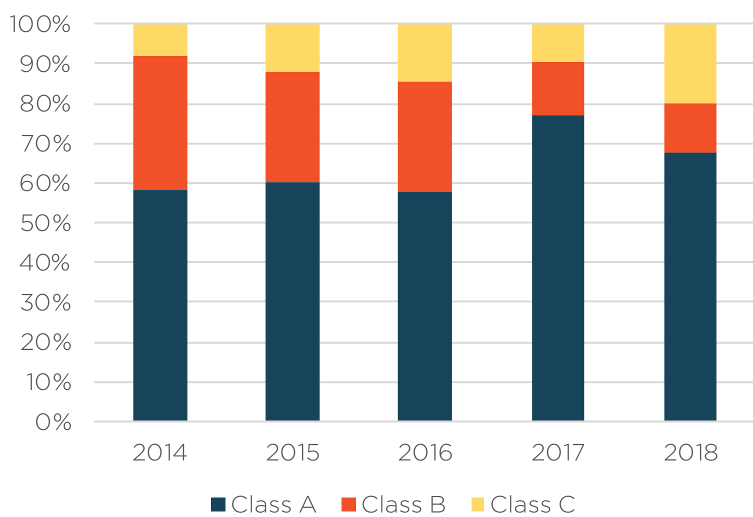
Total Sales Volume and Average Price per Unit



Annual sales volumes and the average price per unit sold have been on a sharp upward trend since 2017. $1.7 billion worth of apartments were sold in Nashville in 2018, an amazing total considering the annual average from 2013 to 2017 was only about $1 billion. Moreover, the average price per unit sold, at $155,000 is up 30% over the 2017 average.

Clearly, investors see the long-term potential of this metro area and are not deterred by short-term oversupply issues.

Sales Volume by Property Class



PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Octave	2017	Urban Core	Goldman Sachs	$226,000	NA
12 South Flats	2013	Urban Core	TriBridge Residential	$314,000	NA
Novel Bellevue	2017	High-Income Suburbs	The Preadium Group	$244,000	NA
Estates at Brentwood	1996	High-Income Suburbs	Olen Commercial	$226,000	4.8%
IMT Franklin Gateway	2012	High-Income Suburbs	IMT Capital	$248,000	5.0%

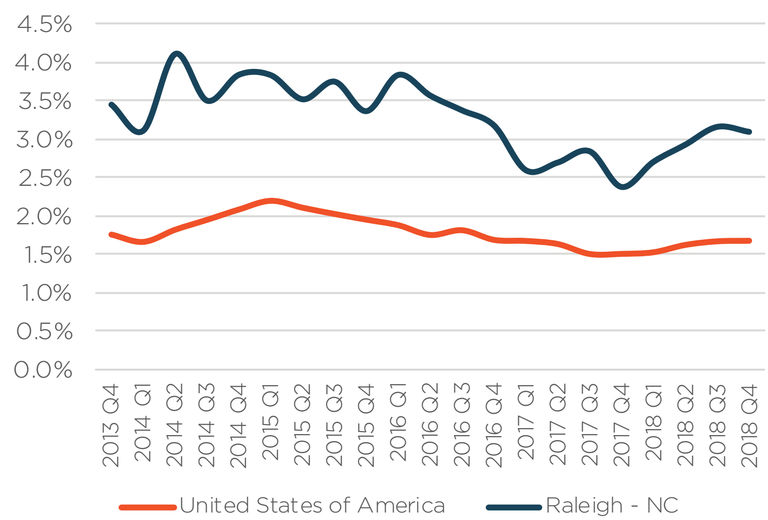
SOURCE: COSTAR

$75,000 MEDIAN HOUSEHOLD INCOME 2.3% YOY	**1,309,000** POPULATION 2.5% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.1%** UNEMPLOYMENT RATE 0 BPS FROM PRIOR QUARTER
3.5 HOME PRICE-TO-INCOME RATIO 3.2% YOY	**4.1%** YOY EFFECTIVE RENT GROWTH 280 BPS FROM Q4 2017	**4.7%** UNITS U/C AS % OF STOCK 40 BPS FROM Q4 2017

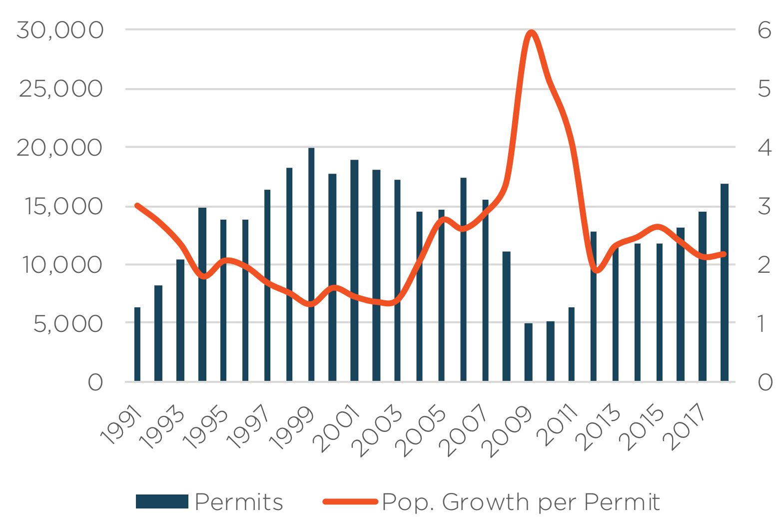
MAJOR EMPLOYERS

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



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

Raleigh boasts a highly-educated workforce and a high median household income of $75,000. 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 ranks among the fastest growing metro areas in the country, both in terms of job and population growth.

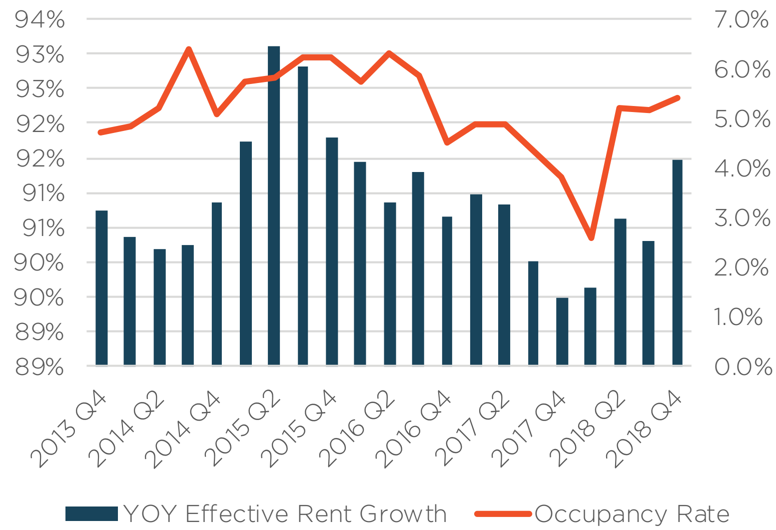
Over the last year, Raleigh grew its job base by 3.1%, or 19,000 jobs. Building permits trended upwards in 2018. All of that construction activity should provide positive economic momentum in 2019.

Since 2015, Raleigh has seen a steady stream of new deliveries that has averaged about 3,000 per year. This has been sufficient to cover demand, and has kept rent growth in check at at around 3% per year for most of the last two years. However, overall effective rents were up by 4.1% over the year prior in Q4 2018, which may indicate somewhat more pressure on the demand side.

With about 3,000 new deliveries projected for 2019, this year's performance will likely turn out fairly similar to 2018. Expect rent growth of 3% to 4% over the course of the year and occupancy rates to remain fairly steady.

RALEIGH

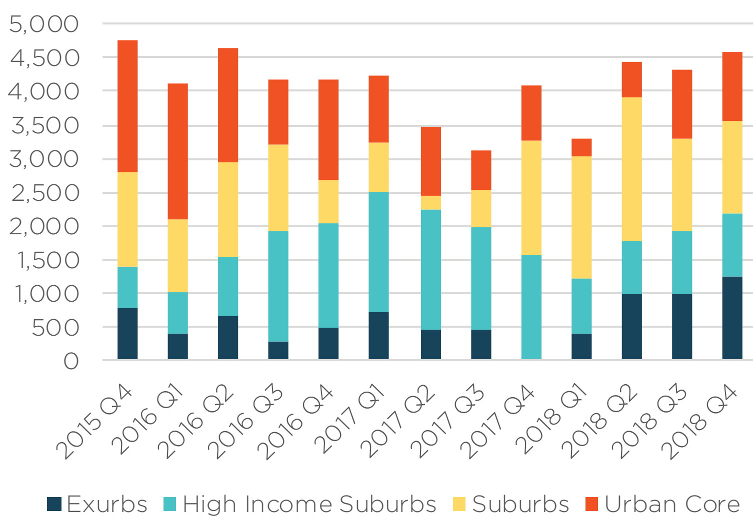
YOY Effective Rent Growth and Occupancy Rate



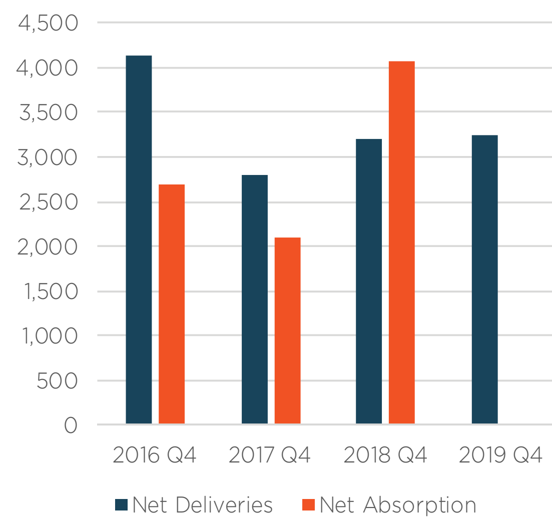
Construction activity is fairly evenly spread across the urban core and the suburbs/exurbs. As a result, rent growth in 2019 should not differ drastically among these areas.

Interestingly, Class B/C apartments actually saw slower rent growth than Class A units over the last year, marking a contrast to the five-year growth trend, where Class B/C units outperformed. Time will tell if this is an anomaly or the start of a new trend.

Units Under Construction



Absorption and Deliveries

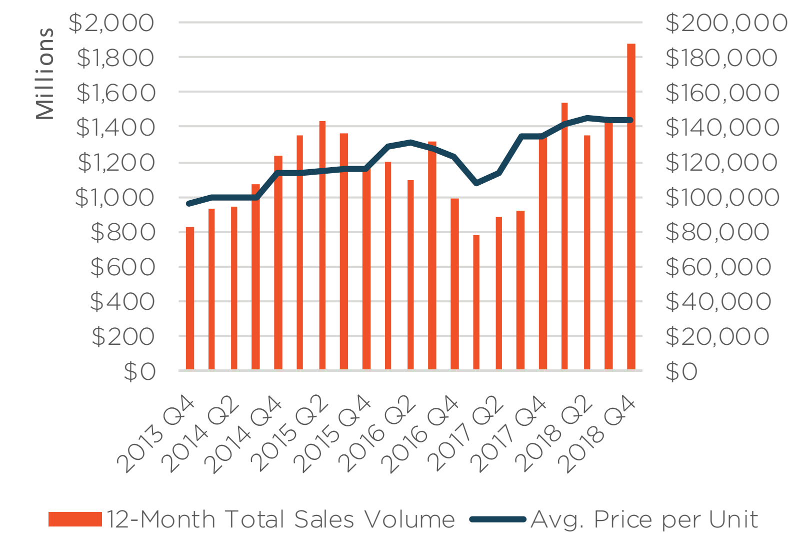


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	88.0%	$1,397	3.9%	1.2%
High-Income Suburbs	91.3%	$1,150	4.0%	3.5%
Suburbs	92.4%	$1,166	5.2%	2.9%
Exurbs	93.7%	$1,141	6.4%	3.2%
Total	91.4%	$1,191	4.6%	2.8%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	93.8%	$910	2.2%	4.0%
High-Income Suburbs	94.5%	$968	4.5%	4.5%
Suburbs	92.9%	$935	4.4%	4.2%
Exurbs	95.0%	$962	1.0%	3.2%
Total	93.5%	$945	3.3%	4.0%

SOURCES: COSTAR, MREP

RALEIGH

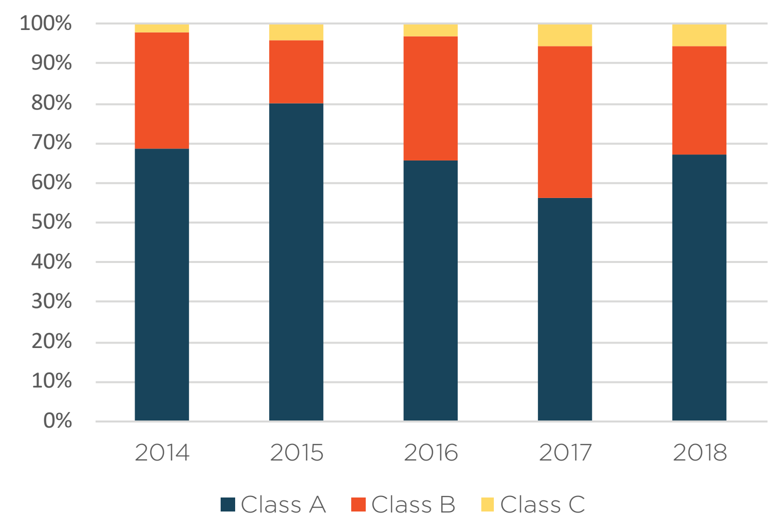
Total Sales Volume and Average Price per Unit



Investors poured $1.88 billion into Raleigh apartments in the last year, setting a new annual record by a significant margin, and underscoring this metro's attractiveness.

A number of high-profile sales occurred in the last quarter alone. These included the purchase of Woodfield Weston Corners, a new property in close proximity to Research Triangle Park, by Lantower Residential for $240,000 per unit, and the purchase of an urban core property known as 616 at the Village for $234,000 per unit.

Sales Volume by Property Class



PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Lantower Weston Corners	2018	High-Income Suburbs	Lantower Residential	$240,000	5.25%
616 at the Village	2017	Urban Core	Heitman LLC	$234,000	4.85%
Lofts at Weston Lakeside	2013	High-Income Suburbs	Stoltz Real Estate	$207,000	4.85%
THe Hudson High House	1996	High-Income Suburbs	Hudson Group	$182,000	NA
Stonehenge Apartments	1985	High-Income Suburbs	Investcorp. International	$155,000	NA
Legacy 2000	1979	Exurbs	EBEX Holdings	$88,000	5.00%

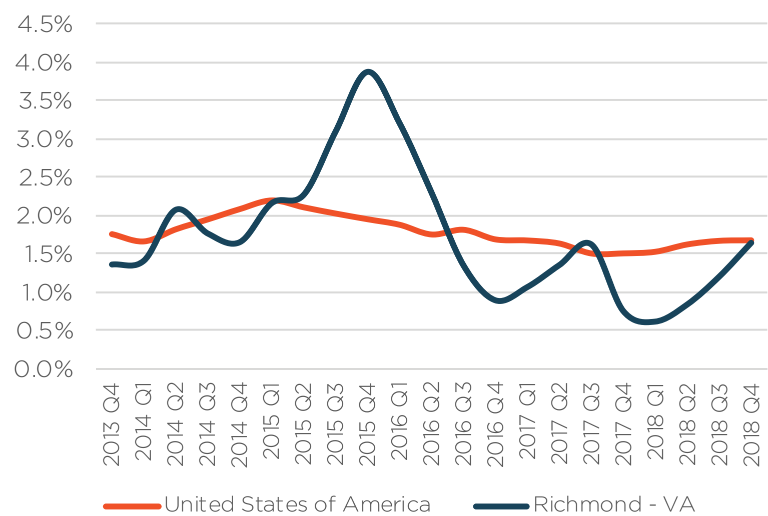
SOURCE: COSTAR

$70,000 MEDIAN HOUSEHOLD INCOME ↑ 1.7% YOY	**1,309,000** POPULATION ↑ 0.9% 5-YEAR AVG. ANNUAL GROWTH RATE	**3.1%** UNEMPLOYMENT RATE ↑ 10 BPS FROM PRIOR QUARTER
3.7 HOME PRICE-TO-INCOME RATIO ↑ 1.4% YOY	**3.5%** YOY EFFECTIVE RENT GROWTH ↓ 130 BPS FROM Q4 2017	**2.8%** UNITS U/C AS % OF STOCK ↓ 150 BPS FROM Q4 2017

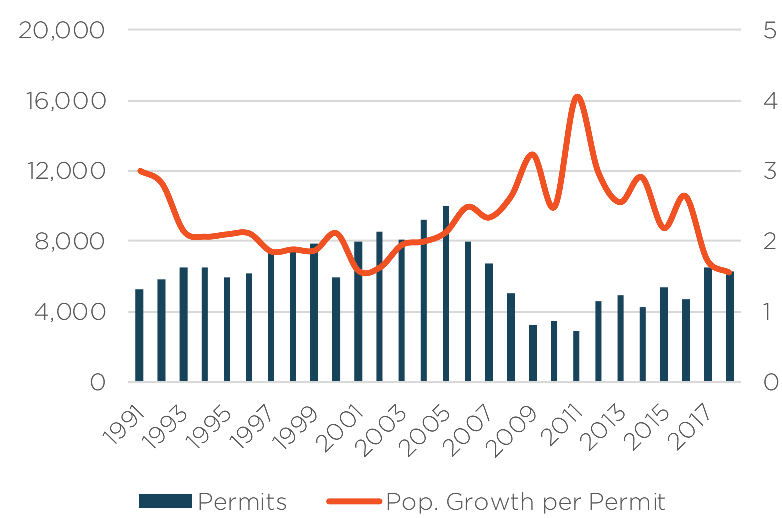
MAJOR EMPLOYERS

Capital One, Virginia Commonwealth Univ., HCA Virginia Health, Bon Secours, Dominion Power

YOY Job Growth



Permits and Population Growth per Permit



SOURCES: COSTAR, BUREAU OF LABOR STATISTICS, FRED, ZILLOW

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.

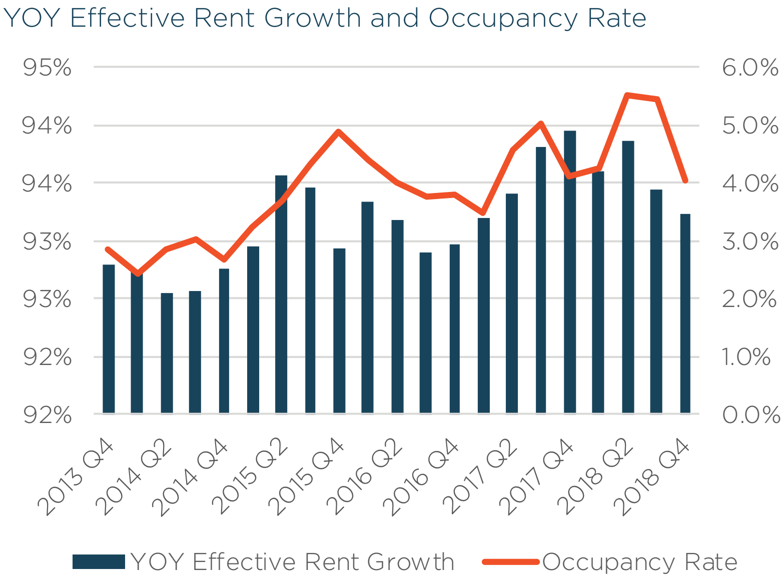
Since the recession, Richmond has expanded its job base by 10%, a better performance than the national average. The pace of job growth slowed somewhat beginning in 2016, but has been on an uptick in the last half of 2018. Over the last year, the metro added 11,000 new jobs, a 1.6% increase.

Richmond has seen fairly steady rent growth throughout the last five years. Annual effective rent growth has never dipped below 2% throughout that time, nor has it exceeded 5%. In addition, the average occupancy rate has been trending upwards, notwithstanding some seasonal declines.

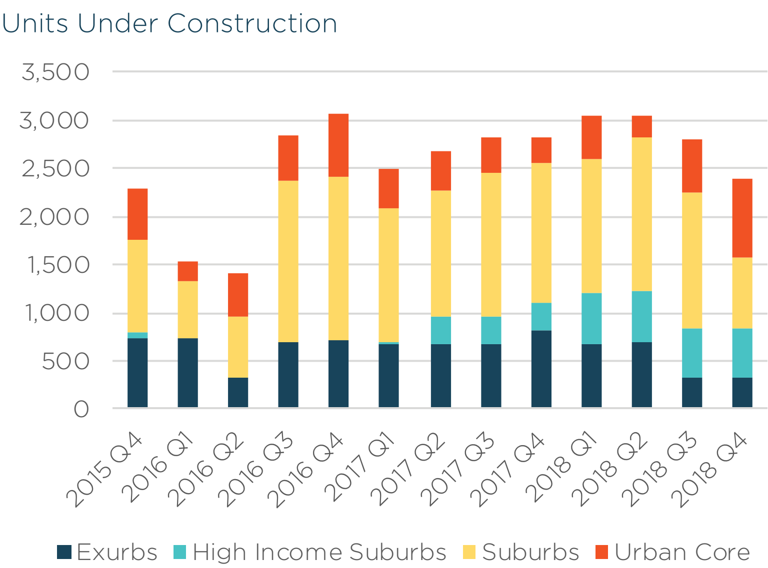
This steady growth is likely to continue, because Richmond has a very limited pipeline of new supply. The volume of units under construction represents just 2.8% of the total inventory and projected deliveries in 2019, of about 1,600 units, essentially matches the average annual net absorption over the last three years.

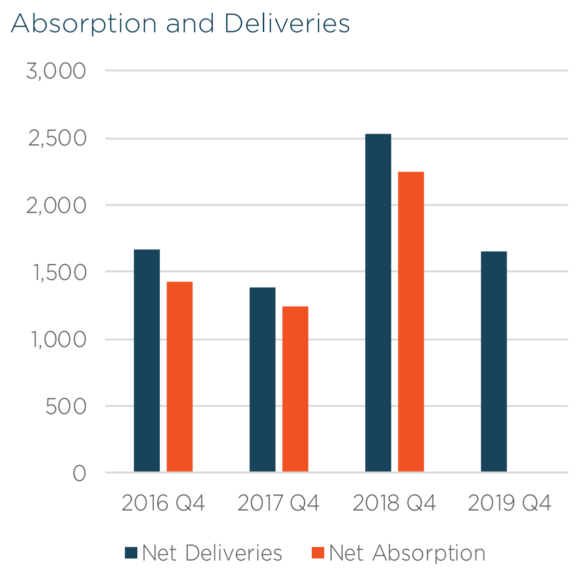
2020 is likely to see even fewer deliveries, meaning that this already healthy market is likely to tighten some. As a result, if job growth holds up, overall annual rent growth may begin to trend upwards beyond 4% towards the end of 2019 and into 2020.

RICHMOND



Class B/C properties have outperformed Class A properties in terms of rent growth for the last five years, and 2018 was no exception. Class B/C properties posted annual effective rent growth of 4.5% compared to just 1.3% for Class A properties.

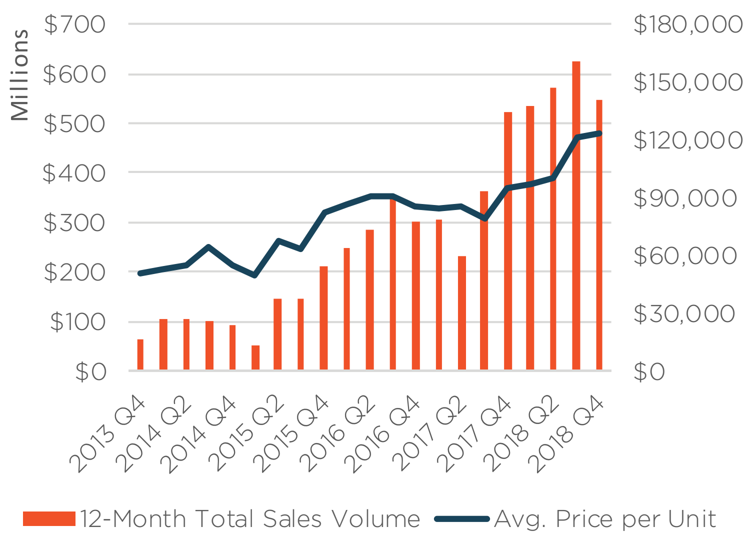




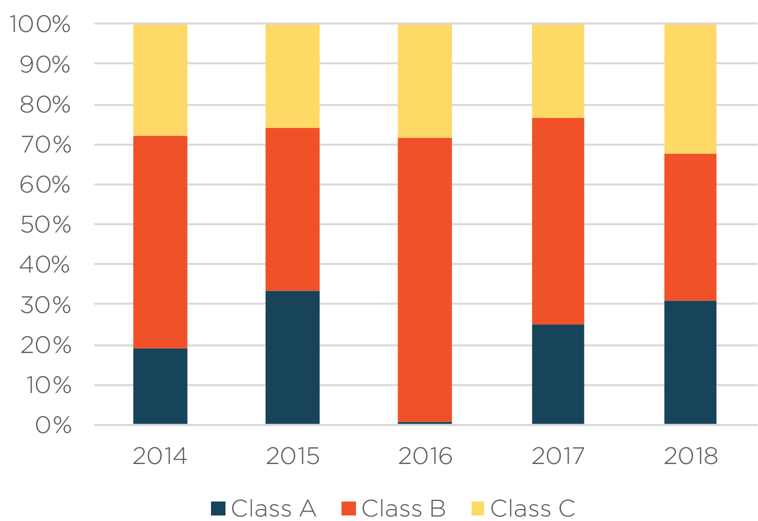
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5-YR. AVG. RENT GROWTH RATE
Urban Core	95.2%	$1,338	1.6%	3.0%
High-Income Suburbs	95.7%	$1,328	0.6%	2.8%
Suburbs	90.6%	$1,251	1.5%	2.1%
Exurbs	89.1%	$1,284	3.0%	3.3%
Total	91.6%	$1,281	1.3%	2.4%
CLASS B/C	**OCC. RATE**	**EFF. RENT**	**YOY RENT GROWTH**	**5-YR. AVG. RENT GROWTH RATE**
Urban Core	94.5%	$1,089	0.5%	1.9%
High-Income Suburbs	93.8%	$1,092	3.9%	4.2%
Suburbs	93.3%	$940	4.7%	4.0%
Exurbs	94.3%	$974	5.4%	3.8%
Total	93.6%	$967	4.5%	3.8%

SOURCES: COSTAR, MREP

Total Sales Volume and Average Price per Unit



Sales Volume by Property Class



With a total apartment sales of $550 million over 2018, Richmond does not yet demonstrate the same level of interest among investors as similar sized metros such as Jacksonville and Raleigh.

However, few metro areas can boast such rapid growth in sales or average sale prices. From 2015 to 2016, the average annual apartment sales volume in Richmond was just $257 million. 2018's $550 million in sales marks a 114% increase in volume. Moreover, the average price per unit sold in 2015 and 2016 was $84,000. In 2018, the average price increased by 46% to $123,000 per unit.

Investors may have become more attracted to Richmond because apartment properties are still relatively affordable here compared to the more popular metros in the southeast. For example, a brand new Class A property, known as the James River at Stony Point sold for an estimated cap rate of 5.7% - a bargain compared to similar properties in Charlotte, Raleigh, or Nashville.

PROPERTY	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
James River at Stony Point	2017	Suburbs	Heritage Income Prop.	$221,000	5.7%
Plant 1 Apartments	1969	Urban Core	PMC Property Group	$175,000	NA
Canterbury Square	1970	High-Income Suburbs	United Property Assoc.	$111,000	NA
Copper Mill Apartments	1987	High-Income Suburbs	Hamilton Zanze & Co.	$172,000	5.2%

SOURCE: COSTAR