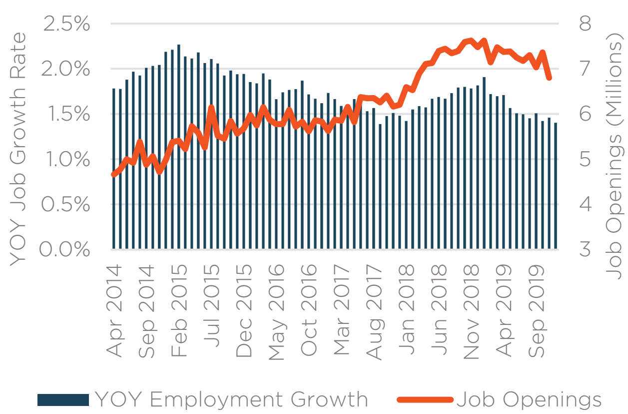
Q4 2019 TARGET MARKETS REPORT

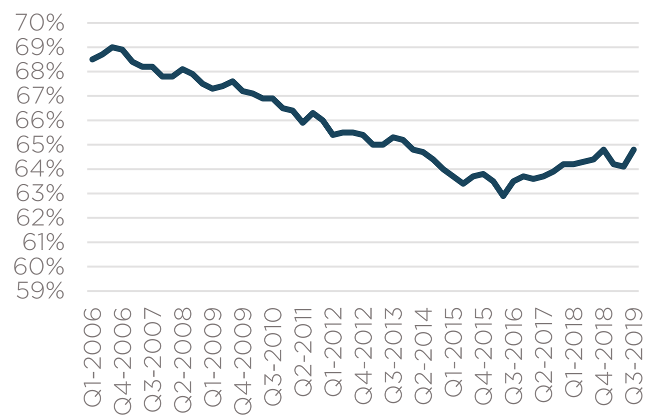
MIDDLEBURG COMMUNITIES

NATIONAL OVERVIEW

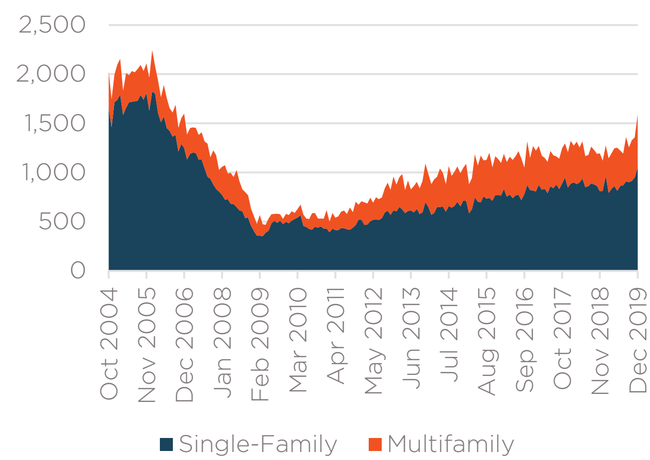
Job Growth Gradually Slowing



Homeownership Rate Stabilizing



Multifamily Starts Remain High



SOURCES: FEDERAL RESERVE ECONOMIC DATABASE, US CENSUS BUREAU

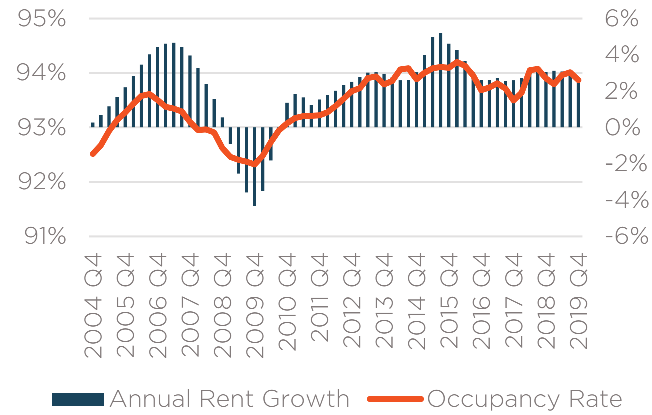
The U.S. economy continued its record long expansion in the fourth quarter of 2019. It added 573,000 jobs over the last quarter, pushing the unemployment rate down to just 3.5%, the lowest reading since 1969. Initial jobless claims remain low and total housing starts increased to an annual rate of 1.44 million in Q4 2019, the highest total in more than 12 years.

So the economy remains quite healthy but the pace of the expansion has gradually slowed. YOY job growth fell to 1.4% in Q4 2019, based on preliminary data, and the number of job openings has continued to slide from its peak in late 2018 and early 2019. In addition, business investment has declined by 30% YOY and the manufacturing sector actually shed 8,000 jobs in Q4 2019. In many ways, the current data resembles the situation in the middle of 2016, when a similar weakness in these metrics appeared.

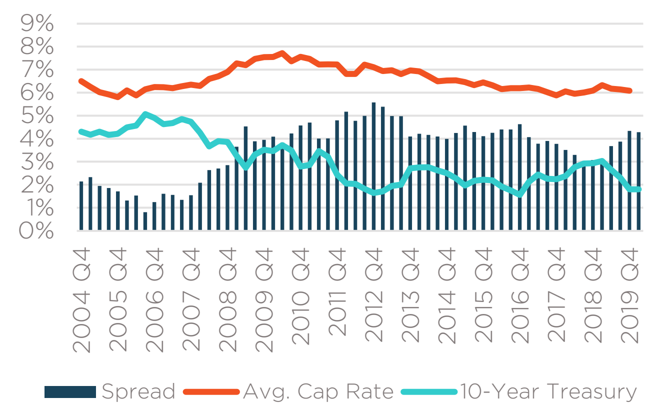
The forecast for the near-term future remains largely the same as it has looked over the last 2-3 quarters. A slide into recession appears unlikely over the next six to nine months but there is also little reason to believe that growth will meaningfully accelerate. In fact, with the unemployment rate so low, businesses may find it increasingly challenging to hire new workers, making it hard to sustain recent levels of job growth. A gradual slowdown of growth throughout 2020 remains the most likely scenario.

NATIONAL OVERVIEW

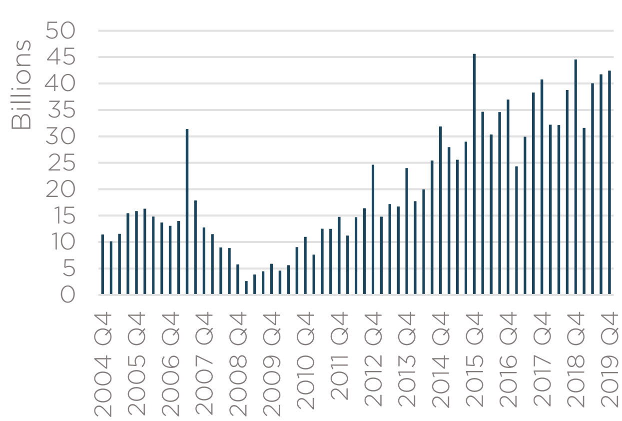
Stable Rent Growth and Occupancy



Cap Rates Remain Steady



Sales Volume High but May Have Peaked



So far, the moderating pace of economic growth has had little negative impact on the apartment market. CoStar reports an average occupancy rate across the United States of 93.9% in Q4 2019, a strong result if not quite as high as Q3 2019. YOY rent growth measured 2.8% in Q4 2019, reinforcing the picture of a stable apartment market.

The homeownership rate ticked up to seasonally adjusted rate of 64.8% in Q4 2019, a 10 basis point increase over the prior quarter and a 30 basis point increase over last year. These numbers, combined with a homebuilder confidence index that rose to its highest level since 1999 and a large jump in single-family starts in Q4 2019, suggest that the for-sale market is poised for growth.

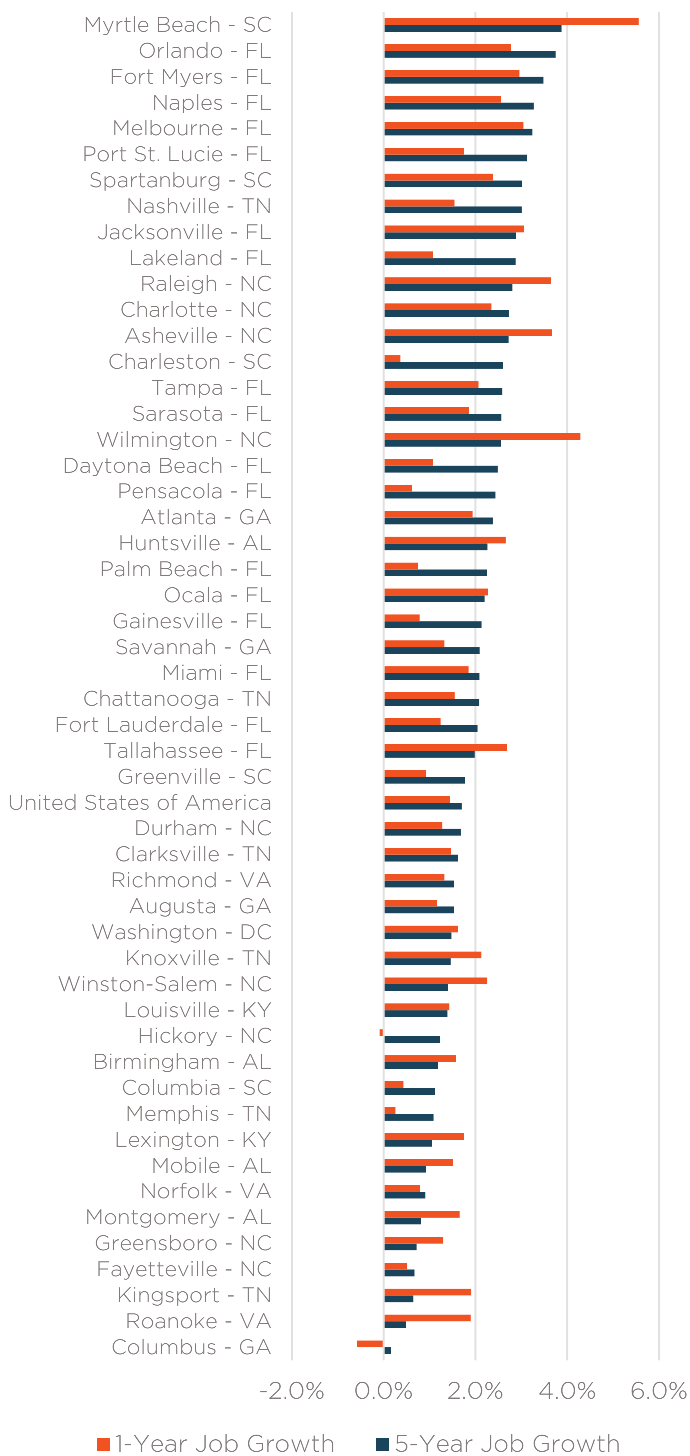
While a rapid rise in the homeownership rate might spell softness for apartment demand, that scenario appears unlikely due to the limited inventory of for-sale homes on the market. For-sale prices, which are already out of reach for many renters, are not likely to decrease any time soon.

Investors remain quite confident in the apartment sector. The national transaction volume in Q4 2019 was high and cap rates remain steady. Moreover, with the recent decline in the 10-year treasury rate, the spread between treasury yields and cap rates has widened. There is little reason to expect cap rates to increase in the near future.

SOURCES: COSTAR, FEDERAL RESERVE ECONOMIC DATABASE

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 their 5-year annual average. Still, only two markets, Hickory, NC, and Columbus, GA, saw YOY job losses, indicating that good economic conditions remain broad-based across the southeast.

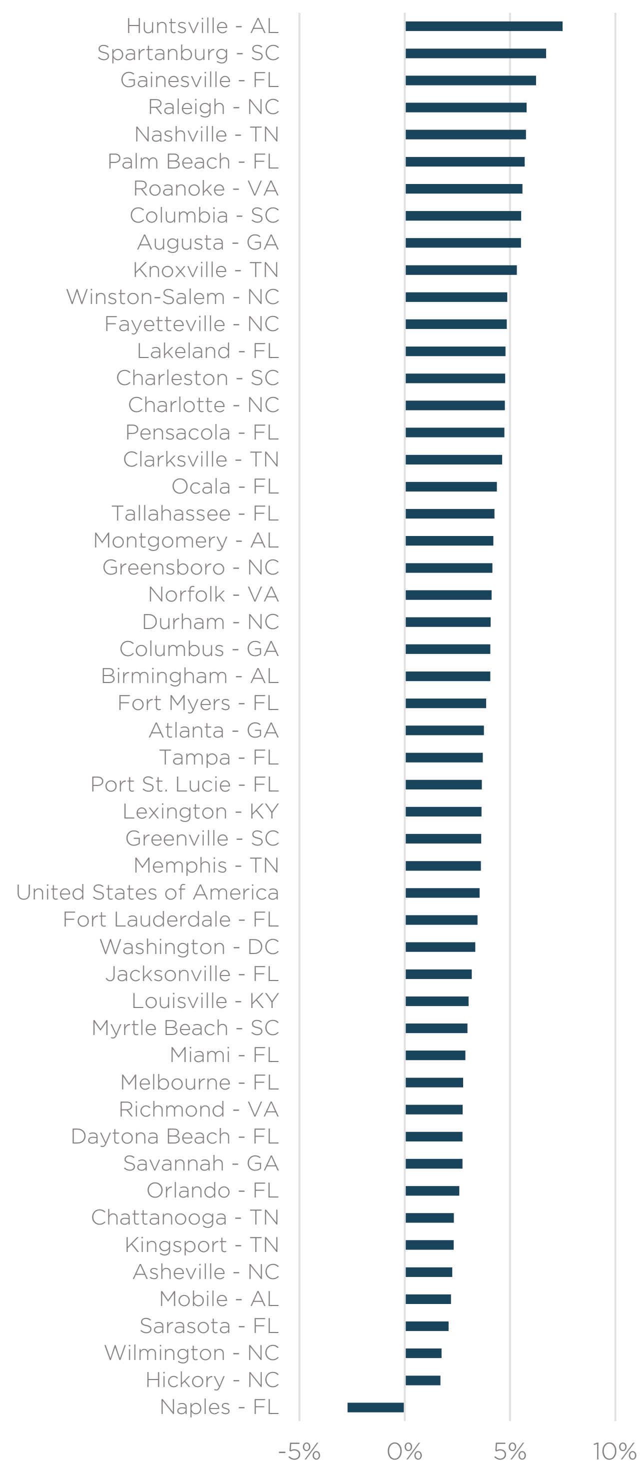
Myrtle Beach had an exceptionally strong year, expanding its job base by 5.6% since Q4 2018. That strong growth also boosted its five-year average annual job growth rate to 3.9%, making it the leader in both categories among metros in the Southeast. Nearby Wilmington also performed well in the last year with job growth of 4.3%.

Florida is particularly well-represented among the top-performing metros in the Southeast. Orlando, Fort Myers, Naples, Melbourne, and Port St. Lucie are all among the top ten in terms of five-year average annual job growth.

MIDDLEBURG COMMUNITIES

SOUTHEAST/MID-ATLANTIC MARKETS

YOY Effective Rent Growth



SOURCES: COSTAR

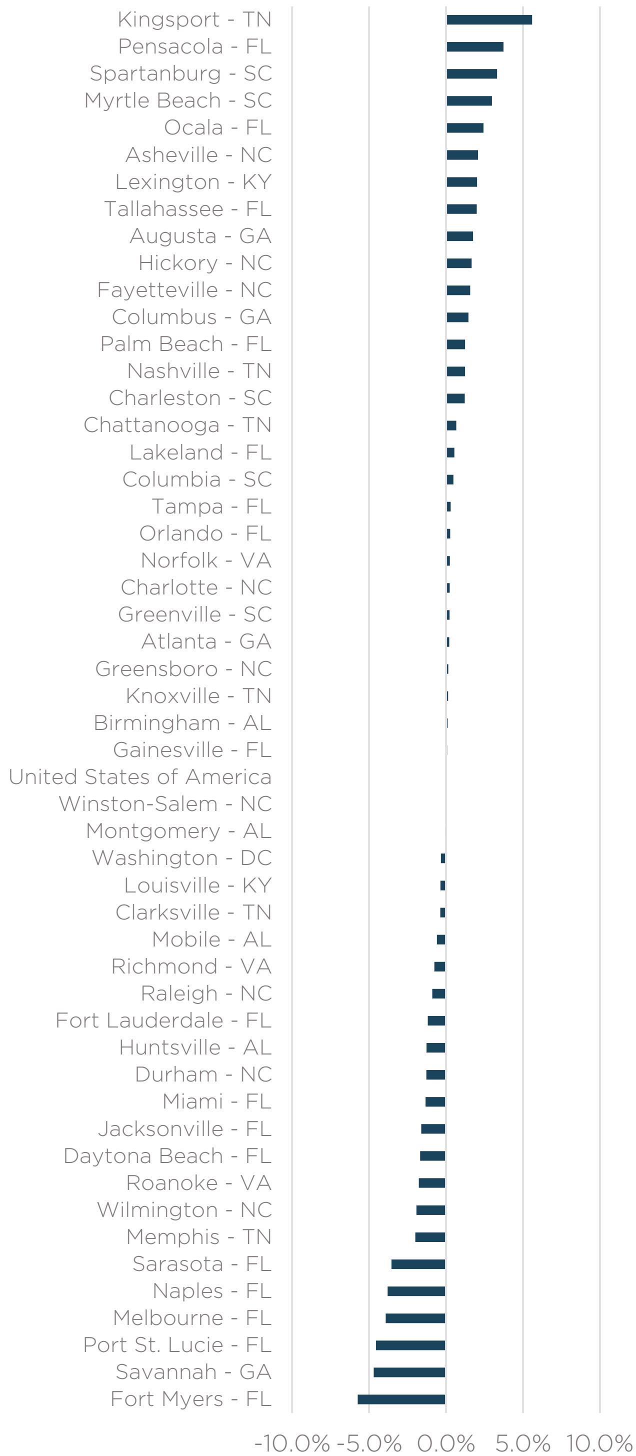
The high-level view of rent growth in the Southeast and Mid-Atlantic is quite positive. Most metros in this region saw their rents grow more than the national average over the last year, some by substantial margins. Only one of 53 metros, Naples, saw rents decline compared to last year.

Huntsville topped the list for the second consecutive quarter with YOY effective rent growth of 7.5%, fueled by an influx of new jobs. Raleigh and Nashville also ranked among the top five, a remarkable demonstration of demand considering how much new supply has been added in both markets in recent years.

Several tertiary markets continue to perform well. Roanoke, Columbia, Augusta, and Knoxville all saw YOY rent growth of 5.0% or more. Even some metros with very weak job growth histories, posted strong rent growth, including Columbus, GA, Birmingham, AL, and Fayetteville, NC.

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.

$71,000
MEDIAN HOUSEHOLD INCOME
↑ 3.3% YOY

6,062,000
POPULATION
↑ 1.5% YOY

2.8%
UNEMPLOYMENT RATE
↓ 70 BPS FROM Q4 2018

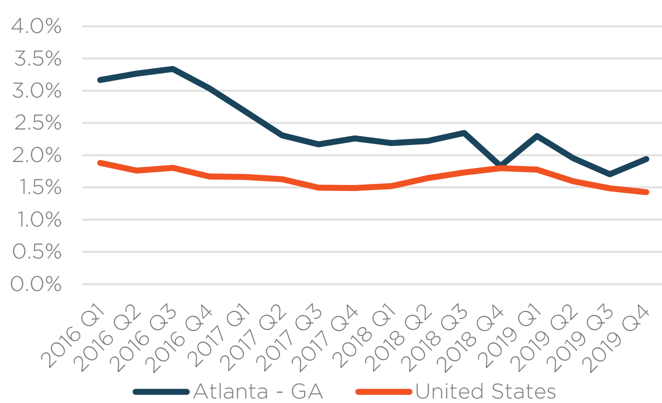
3.4
HOME PRICE-TO-INCOME RATIO
↑ 20 BPS FROM Q3 2018

3.8%
YOY EFFECTIVE RENT GROWTH
↓ 150 BPS FROM Q4 2018

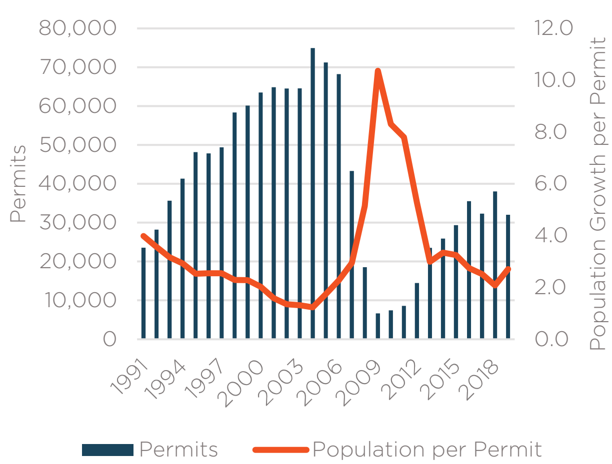
4.0%
UNITS U/C AS % OF STOCK
↓ 50 BPS FROM Q4 2018

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 rent growth in Atlanta, if not for affordability.

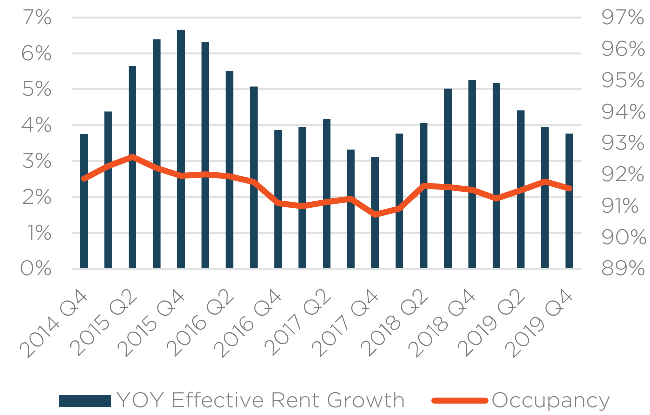
Job growth in Atlanta has certainly slowed over the past year but is still quite strong. The metro area added 63,000 jobs over the past year, a 1.9% increase, above the national average of 1.4%. Atlanta has outperformed the national average in every quarter but one in the last four years.

The unemployment rate dropped significantly in Q4 2019 to 2.8%. Usually such a low unemployment rate would be associated with rising wages but they remained largely flat in Atlanta in 2019.

Home prices have, however, increased in Atlanta. According to Zillow, the ratio of the median home price to the median income in Atlanta now stands at 3.4, the highest reading since the estimates begin in 1979.

ATLANTA

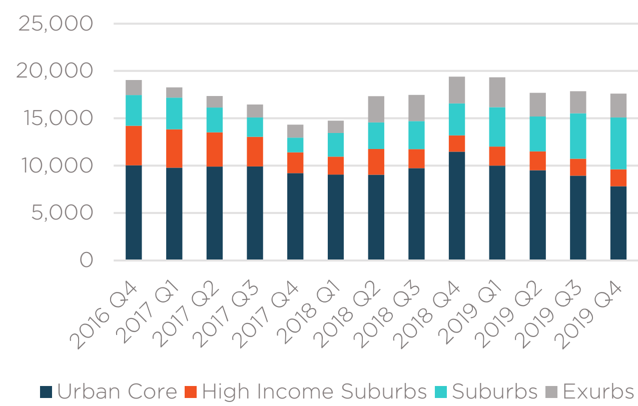
YOY Effective Rent Growth and Occupancy



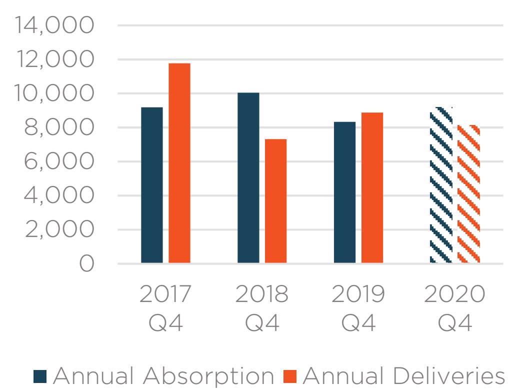
The Atlanta apartment market is quite healthy. Overall occupancy remained steady at 91.6% in Q4 2019, while average effective rents were up by 3.8% over the year prior. Class B and C apartments saw higher rent gains than Class A apartments, continuing a recent pattern.

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. They may even improve.

Units Under Construction



Absorption and Deliveries

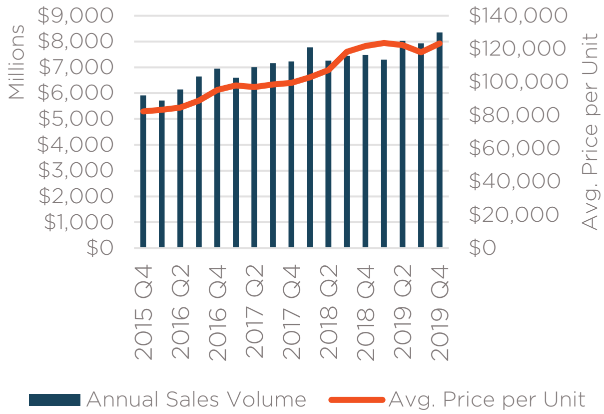


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	86.6%	$1,863	1.6%	1.9%
High-Income Suburbs	93.1%	$1,610	5.0%	2.9%
Suburbs	90.8%	$1,391	3.6%	4.5%
Exurbs	91.0%	$1,293	1.3%	5.9%
Total	89.5%	$1,621	2.5%	2.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	92.3%	$1,303	3.2%	4.4%
High-Income Suburbs	94.2%	$1,257	5.4%	5.2%
Suburbs	91.6%	$1,021	4.5%	6.3%
Exurbs	94.0%	$1,057	4.8%	5.5%
Total	92.5%	$1,108	4.5%	5.7%

SOURCES: COSTAR

ATLANTA

Annual Sales Volume and Avg. Price per Unit



Transaction activity remains very high in Atlanta. The apartment sales volume over the last year totaled $8.4 billion, marking a new record. The average price per unit increased to $123,000 per unit, also a new record.

Investors appear to have diverse appetites in Atlanta, ranging from Class A assets in the urban core, such as the Edge on the Beltline, which sold in Q4 2019 for $315,000 per unit, to Class C value-add assets in the suburbs, such as 1890 Adams House and the Life at Pine Grove.

Annual Sales Volume by Class

Q4 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Edge on The Beltline	2019	Urban Core	The Connor Group	$315,000	NA
Linq at North Spring	2017	High Income Suburbs	CommonWealth Partners, LLC	$280,000	NA
Avana Lenox	1998	Urban Core	PASSCO Companies, LLC	$251,000	4.8%
NorthHaven at Johns Creek	1999	High Income Suburbs	The Connor Group	$222,000	4.8%
Elevation 3505	2005	Suburbs	The Sterling Group, Inc.	$154,000	5.0%
Park at Peachtree Hills	1963	Urban Core	Berkshire	$137,000	4.9%
Peaks Landing	2000	Exurbs	McDowell Properties	$117,000	5.1%
1890 Adams House Apartments	1963	Suburbs	David Stern Management Corp.	$63,000	NA
The Life at Pine Grove	1971	Suburbs	Olive Tree Holdings	$55,000	4.8%

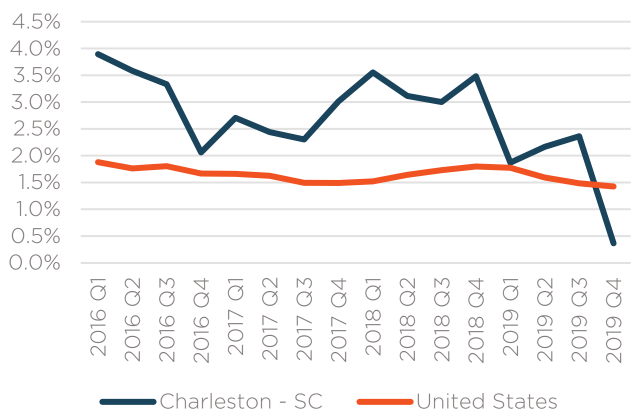
SOURCES: COSTAR

CHARLESTON

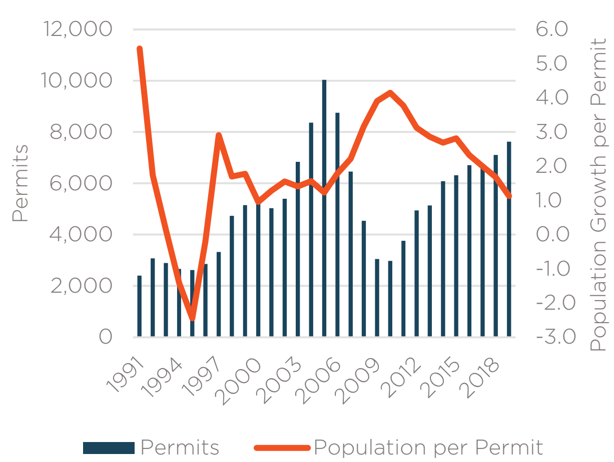
$67,000 **MEDIAN HOUSEHOLD INCOME** ↑ 3.6% YOY	**799,000** **POPULATION** ↑ 1.1% YOY	**1.8%** **UNEMPLOYMENT RATE** ↓ 90 BPS FROM Q4 2018
4.2 **HOME PRICE-TO-INCOME RATIO** ↑ 10 BPS FROM Q3 2018	**4.8%** **YOY EFFECTIVE RENT GROWTH** ↑ 300 BPS FROM Q4 2018	**10.9%** **UNITS U/C AS % OF STOCK** ↑ 230 BPS FROM Q4 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, warm climate, and reasonable cost of doing business have made it an attractive destination for businesses and workers alike in recent years.

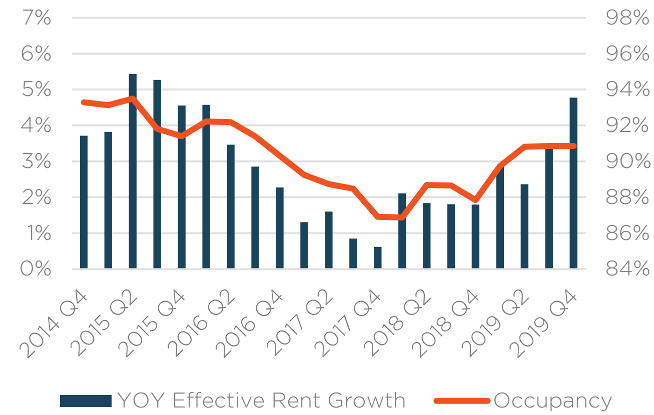
The metro has landed major investments from multinational corporations such as Boeing, Mercedes, and most recently, Volvo, that will support the local economy and housing demand for years to come. The long-term prospects for the area economy are excellent, notwithstanding Boeing's recent troubles with the 737 Max.

However, the rate of job growth slowed sharply in Q4 2019 to less than 0.5% per year. In fact, according to preliminary numbers from the BLS, total employment in Charleston in Q4 2019 was the same as Q3 2019. While It may be tempting to believe that Boeing's woes may be the culprit, manufacturing employment has moved largely in sync with the total. The more likely reason for the slowdown is simply that it has become hard to find new workers. The unemployment rate in Charleston dropped to 1.8%, in Q4 2019, an all-time low.

Charleston's strong economy has supported a tremendous amount of new apartment development. Its inventory has grown by 12,131 units, over 30%, in the last five years alone. Despite all of the new supply, market performance has been good enough to continue to lure developers. Another 5,259 units, or 10.9% of the current inventory is currently under construction.

CHARLESTON

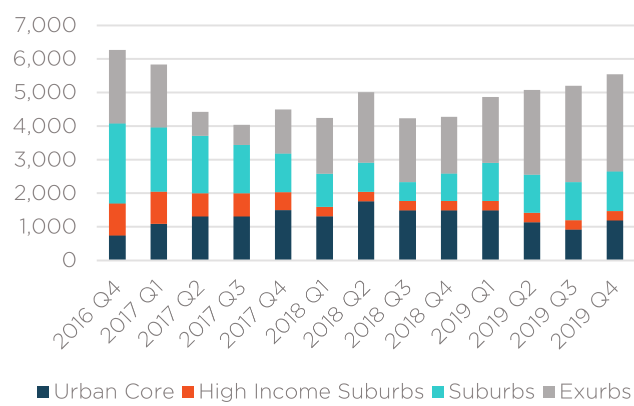
YOY Effective Rent Growth and Occupancy



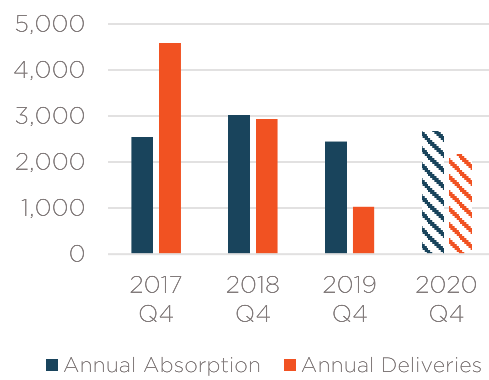
As to be expected with all of the new supply, Class A performance has been weak. Class A occupancy in the expensive urban core remains low, at less than 70%, and new projects in lease-up there are giving significant concessions.

Nevertheless, the overall market posted rent growth of 4.8% in Q4 2019, driven largely by excellent growth among Class B/C properties.

Units Under Construction



Absorption and Deliveries



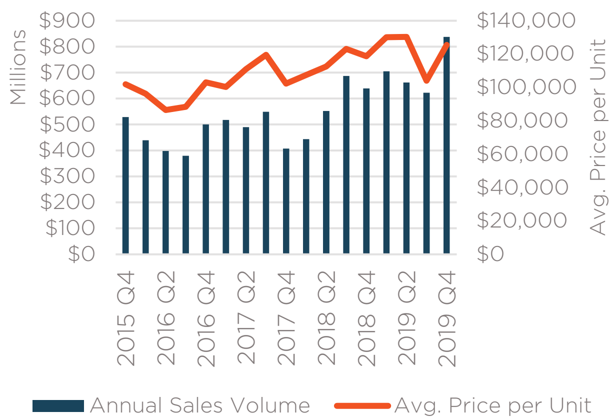
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	68.2%	$1,958	-1.7%	0.9%
High-Income Suburbs	88.7%	$1,660	3.3%	0.6%
Suburbs	89.0%	$1,266	1.6%	-0.1%
Exurbs	91.0%	$1,360	4.7%	4.4%
Total	88.2%	$1,425	2.9%	0.8%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	71.5%	$1,661	2.2%	4.2%
High-Income Suburbs	92.0%	$1,333	9.2%	1.8%
Suburbs	92.6%	$1,025	5.2%	4.5%
Exurbs	92.8%	$1,119	6.4%	5.0%
Total	91.8%	$1,104	5.9%	4.3%

SOURCES: COSTAR

MIDDLEBURG COMMUNITIES

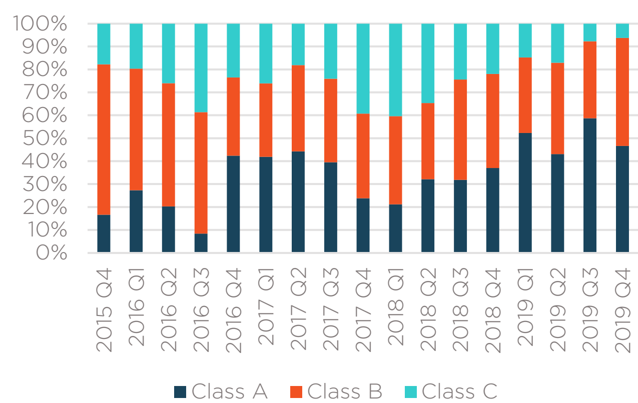
CHARLESTON

Annual Sales Volume and Avg. Price per Unit



Apartment sales totaled $837 million over the last 12 months, setting a new high record. The average price per unit bounced back from a dip in Q3 2019 but, at $125,000, still remained somewhat below the record high of $130,000 set in Q2 2019.

Annual Sales Volume by Class



Q4 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
New Market Square	2020	Urban Core	Sentinel Real Estate Corporation	$302,000	NA
Cainhoy Pointe	2017	Exurbs	VTT Management	$217,000	NA
Elevate at Brighton Park	2018	Exurbs	American Landmark	$201,000	4.7%
The Passage	2017	Exurbs	GrayCo	$177,000	4.7%
The Lively Indigo Run	2018	Suburbs	PEM Real Estate Group	$171,000	4.9%
Ingleside Plantation	2008	Suburbs	TriBridge Residential	$155,000	4.6%
Planters Crossing	1980	Suburbs	Blaze Partners, LLC	$110,000	5.0%

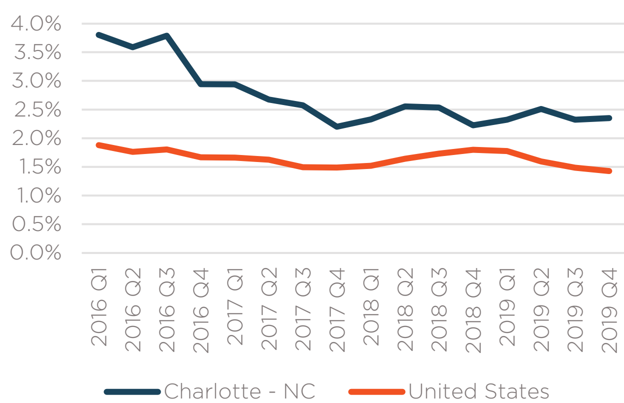
SOURCES: COSTAR

CHARLOTTE

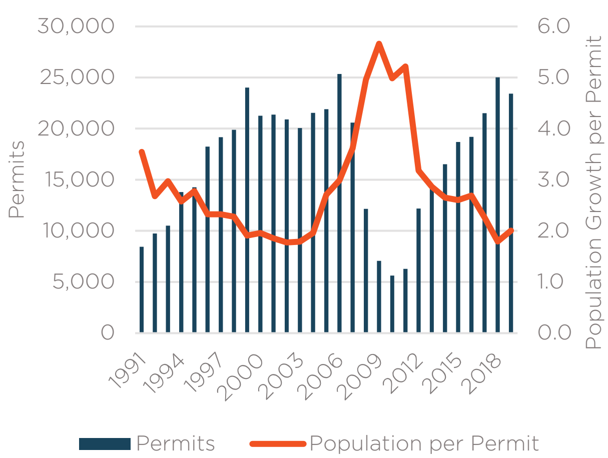
$64,000 **MEDIAN HOUSEHOLD INCOME** ↑ 3.5% YOY	**2,630,000** **POPULATION** ↑ 1.8% YOY	**3.2%** **UNEMPLOYMENT RATE** ↓ 20 BPS FROM Q4 2018
3.4 **HOME PRICE-TO-INCOME RATIO** ↑ 20 BPS FROM Q3 2018	**4.8%** **YOY EFFECTIVE RENT GROWTH** ↑ 20 BPS FROM Q4 2018	**7.4%** **UNITS U/C AS % OF STOCK** ↓ 50 BPS FROM Q4 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.

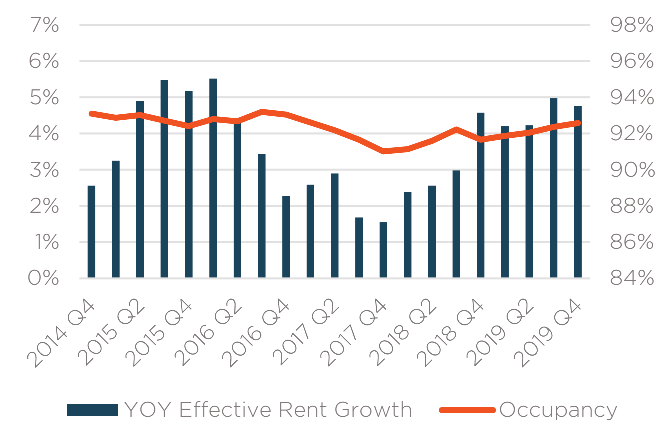
Charlotte has been adding jobs at a steady rate of roughly 2.3% to 2.5% per year since the end of 2017, well above the national average.

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 pulled back slightly in 2019 to about 24,000 units.

Despite a large amount of new units delivered over the last three years, supply has not really overshot demand, except temporarily in certain submarkets, mostly in the urban core, or close to it, such as South End and NoDa. YOY rent growth of over 4% in each of the last four quarters, and steady occupancy, prove the broader market's resilience.

CHARLOTTE

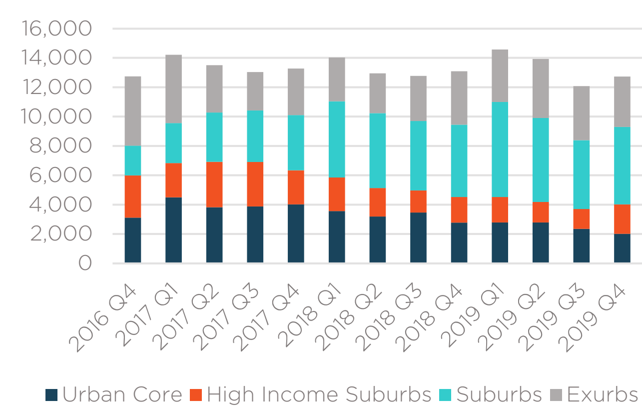
YOY Effective Rent Growth and Occupancy



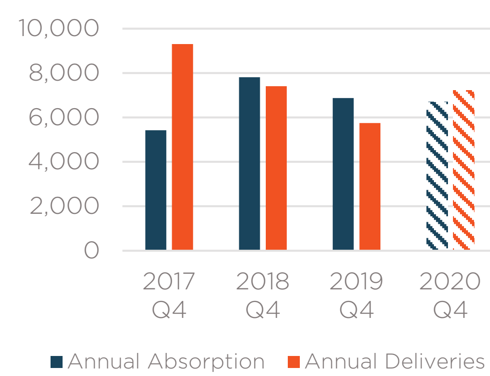
The pipeline in Charlotte remains large but, at approximately 12,000 units under construction, it is actually somewhat smaller than at the beginning of 2019. Deliveries and absorption should remain fairly balanced over the next year, such that steady overall rent growth of 3.0% or higher, is likely to continue.

As with most markets in the Southeast, Class B/C properties are seeing higher occupancy and rent growth than Class A.

Units Under Construction



Absorption and Deliveries

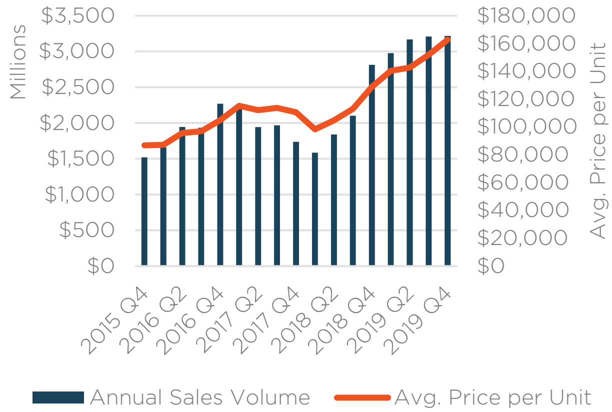


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	90.9%	$1,774	1.2%	2.1%
High-Income Suburbs	89.7%	$1,431	4.4%	1.7%
Suburbs	85.8%	$1,272	4.1%	3.2%
Exurbs	92.9%	$1,215	7.1%	3.6%
Total	89.6%	$1,389	4.1%	2.5%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	88.6%	$1,584	4.3%	2.5%
High-Income Suburbs	93.5%	$1,151	5.5%	4.5%
Suburbs	93.6%	$1,016	5.3%	5.2%
Exurbs	94.9%	$969	4.6%	4.6%
Total	93.7%	$1,076	5.1%	4.5%

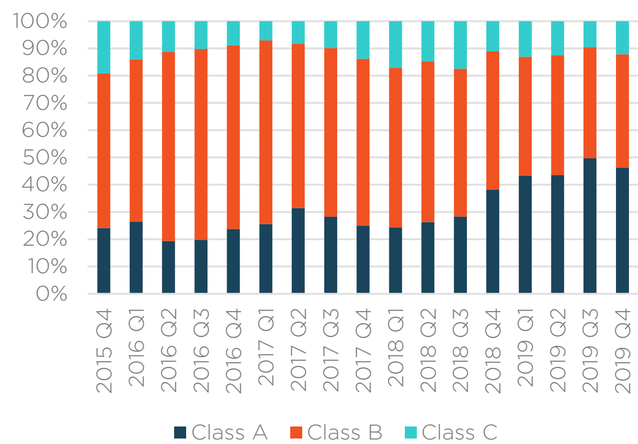
SOURCES: COSTAR

CHARLOTTE

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



The annual apartment sales volume set a record of $3.2 billion in Q3 2019 and maintained that volume in Q4. The average price per unit, however, pushed even higher to $162,000.

Inspire SouthPark, a new Class A property in the high-end area of South Park, traded in Q4 for $393,000 per unit, setting a new market record. Novel Stonewall Station, which also sold in Q4 2019, came in not far behind at $373,000 per unit.

Q4 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Inspire SouthPark	2018	High Income Suburbs	Northland Investment Corporation	$393,000	NA
Novel Stonewall Station	2018	Urban Core	LMC	$373,000	NA
Bainbridge South End	2019	Urban Core	Harlan Enterprises	$305,000	NA
The Penrose	2018	Urban Core	CBRE Global Investors Ltd	$289,000	4.5%
Pointe Prosperity Village	2017	Suburbs	R.K. Properties	$219,000	4.9%
Willows at the University	2018	Suburbs	Millburn & Company	$188,000	4.9%
The Edge at Noda	1972	Suburbs	Friedlam Partners LLC	$99,000	NA
Georgetown Woods	1973	Exurbs	Saratoga Capital Partners	$93,000	5.5%
Tryon Forest Apartments	1970	Suburbs	Friedlam Partners LLC	$77,000	NA

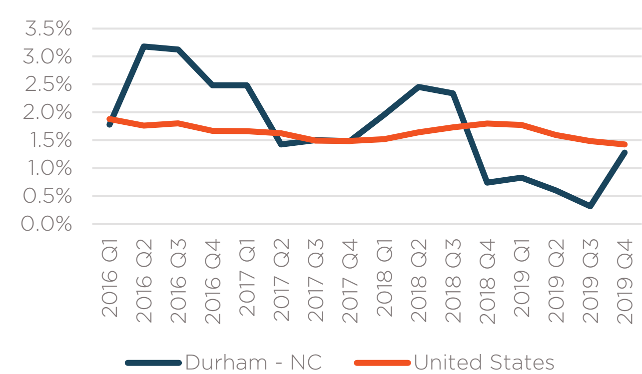
SOURCES: COSTAR

DURHAM

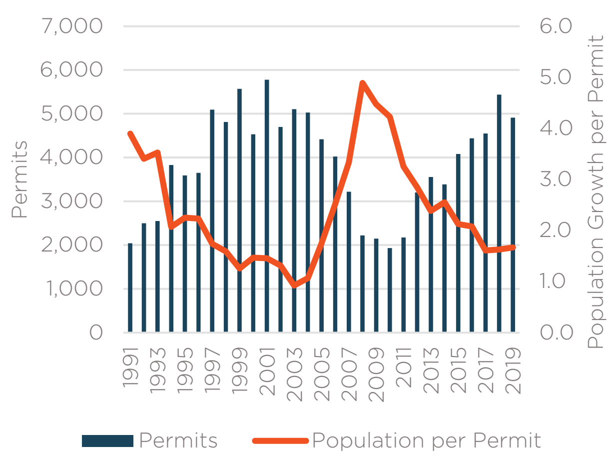
$64,000 MEDIAN HOUSEHOLD INCOME	586,000 POPULATION	3.1% UNEMPLOYMENT RATE
1.4% YOY	1.4% YOY	10 BPS FROM Q4 2018
4.0 **HOME PRICE-TO-INCOME RATIO**	**4.1%** **YOY EFFECTIVE RENT GROWTH**	**5.1%** **UNITS U/C AS % OF STOCK**
20 BPS FROM Q3 2018	190 BPS FROM Q4 2018	290 BPS FROM Q4 2018

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 stayed below the national average for all of 2019 although Q4 did see it pick up substantially.

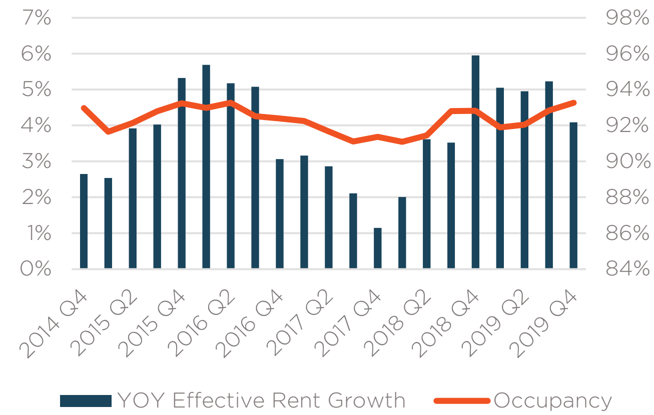
Nevertheless, the rental market remains healthy. Rents grew by 4.1% over last year and average occupancy ticked up slightly to 93.3%.

In Q3 2019, the pipeline looked more daunting but CoStar has since revised its forecast and now projects that the volume of new deliveries over the next year will drop to just 587. If true, absorption could exceed new deliveries by a significant amount, causing occupancy to improve and rents to grow even faster. However, with about 2,500 units currently under construction, it would not be surprising if more deliver. Regardless, the supply situation is much-improved over where it was in Q4 2018, and the threat from oversupply seems to be contained at the moment.

MIDDLEBURG COMMUNITIES

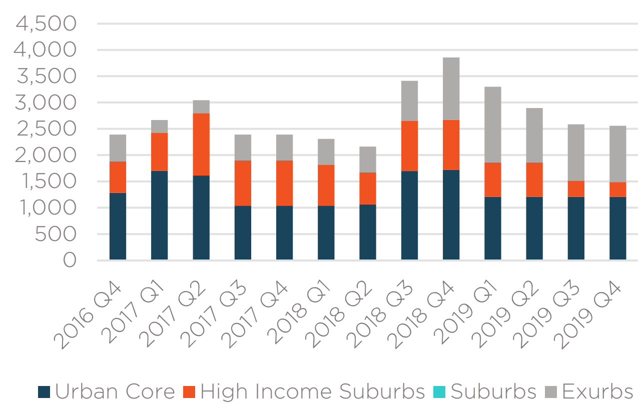
DURHAM

YOY Effective Rent Growth and Occupancy

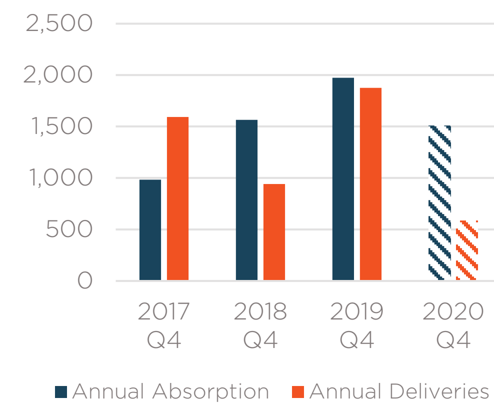


In keeping with the trend over the last five years, Class B/C properties saw higher rent growth and better average occupancy in Q4 2019 than Class A properties. However, in a different pattern than most metros, the Class A performance was dragged down not by the urban core, but by properties in the high-income suburbs and exurbs.

Units Under Construction



Absorption and Deliveries

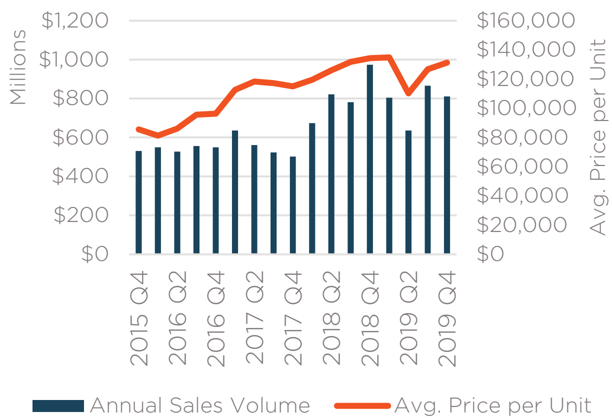


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	93.9%	$1,698	5.2%	2.8%
High-Income Suburbs	88.1%	$1,263	1.3%	3.0%
Suburbs	94.6%	$1,227	5.2%	2.0%
Exurbs	83.5%	$1,500	1.8%	2.9%
Total	89.7%	$1,462	3.3%	2.8%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.6%	$1,019	3.7%	4.3%
High-Income Suburbs	93.4%	$1,112	5.4%	5.1%
Suburbs	93.5%	$948	4.7%	5.0%
Exurbs	94.2%	$1,045	4.7%	3.7%
Total	94.1%	$1,053	4.5%	4.4%

SOURCES: COSTAR

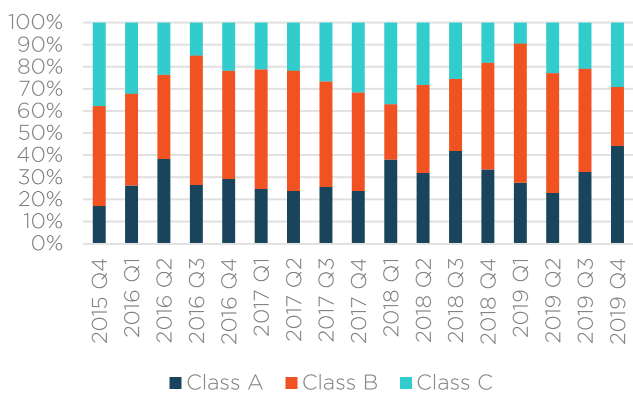
DURHAM

Annual Sales Volume and Avg. Price per Unit



Despite the weak job growth in the last year, Durham remains an attractive market for investors. The annual sales volume has topped $800 million in 4 of the last 5 quarters and in Q4. The average sale price per unit over the last 12 months of $131,000, is only slightly below the record set in Q4 2018 of $134,000.

Annual Sales Volume by Class



Q4 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The Flats at The Exchange on Erwin	2017	Urban Core	Starwood Real Estate Income Trust, Inc.	$290,000[1]	NA
Chapel View Apartments	1986	Exurbs	Magma Equities	$116,000	3.2%
Forest Apartments	1980	Urban Core	Dasmen Residential LLC	$108,000	5.1%
JFK Towers	1983	Suburbs	The Millennia Companies	$86,000	NA

1/Sale included office space. Price per unit represents CoStar's estimate of the total sale price attributable to the multifamily component.

SOURCES: COSTAR

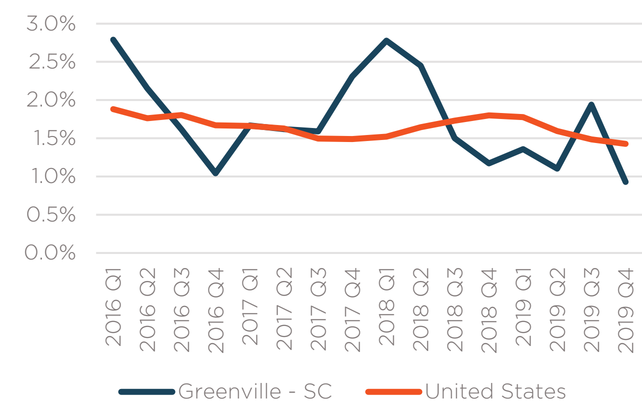
MIDDLEBURG COMMUNITIES

GREENVILLE

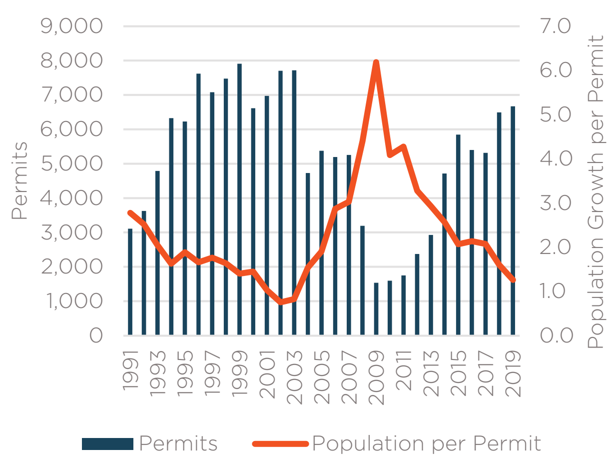
$58,000 MEDIAN HOUSEHOLD INCOME — 4.5% YOY	**917,000** POPULATION — 0.9% YOY	**2.8%** UNEMPLOYMENT RATE — 70 BPS FROM Q4 2018
3.5 HOME PRICE-TO-INCOME RATIO — 20 BPS FROM Q3 2018	**3.6%** YOY EFFECTIVE RENT GROWTH — 100 BPS FROM Q4 2018	**4.4%** UNITS U/C AS % OF STOCK — 30 BPS FROM Q4 2018

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.

Despite these drivers, the metro area's job growth in 2019 can best be described as average. It is possible that uncertainty over international trade laws has weighed on some of Greenville's international employers but another possibility is that workers are becoming hard to find. The unemployment rate fell to 2.8% in Q4 2019, and in contrast to many metro areas, wages have been rising steadily. Average weekly earnings are up 4.2% over the last year, indicating a tight labor market.

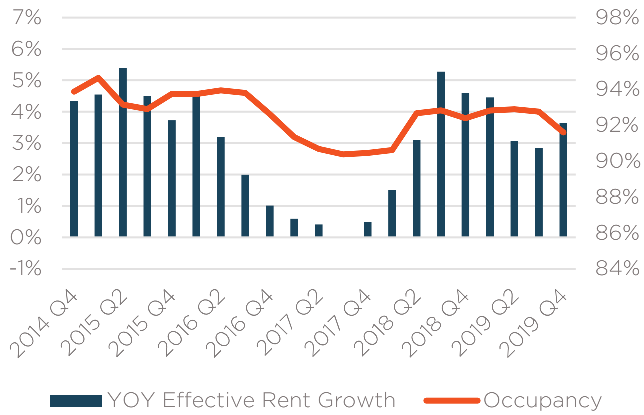
Greenville's apartment market bounced back nicely from a weak spell in 2017 that was induced by oversupply, however new deliveries once again exceeded absorption in 2019 causing occupancy to drop from 92.7% in Q3 2019 to 91.6% in Q4. Overall YOY rent growth, at 3.6%, is well below the 4.6% recorded at this time last year but still better than the results in Q2 and Q3 2019.

The market may tighten over the next year. CoStar projects that only 907 units will deliver over the next year. If that holds true, it will be a relatively light year for new supply in comparison to the last four years.

Still, with average occupancy only at 91.6%, rent growth over 4.0% YOY should not be expected.

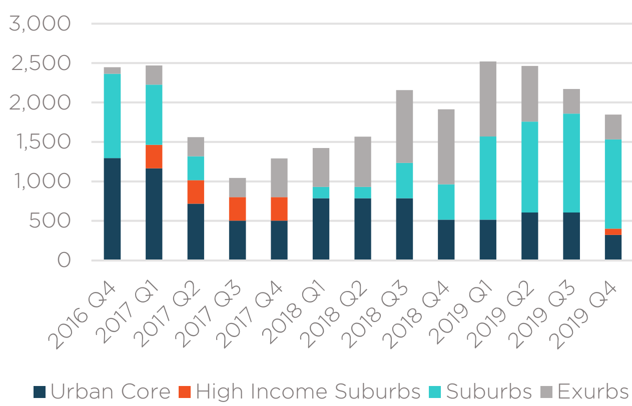
GREENVILLE

YOY Effective Rent Growth and Occupancy

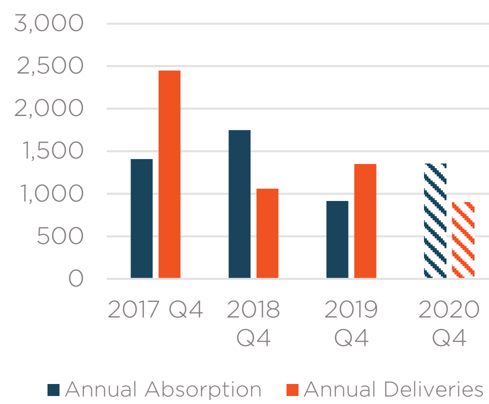


Class A projects in the urban core felt some relief from the almost constant competition from new supply that characterized the last three years. As a result, they were able to lift concessions and post strong 7.0% YOY rent growth. However, a new 284-unit project called Northpointe delivered in December, which will once again put some supply pressure on rents in Greenville's popular downtown.

Units Under Construction



Absorption and Deliveries

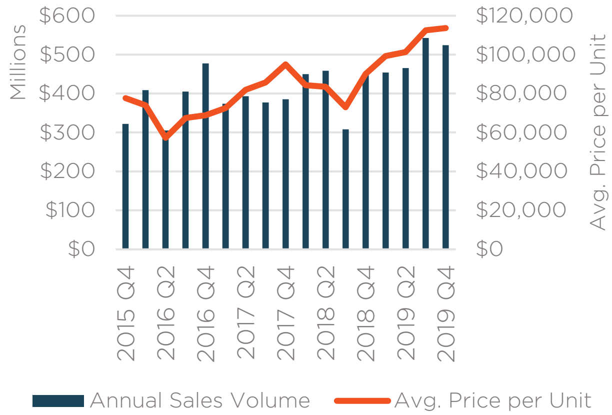


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	79.4%	$1,552	7.0%	0.7%
High-Income Suburbs	93.0%	$1,029	3.4%	2.8%
Suburbs	86.9%	$1,117	3.1%	1.1%
Exurbs	76.5%	$1,073	4.2%	3.3%
Total	83.0%	$1,224	4.2%	1.2%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	92.0%	$1,138	5.2%	1.7%
High-Income Suburbs	93.6%	$941	4.9%	3.2%
Suburbs	93.8%	$905	3.2%	3.5%
Exurbs	93.8%	$829	3.3%	4.3%
Total	93.7%	$904	3.6%	3.5%

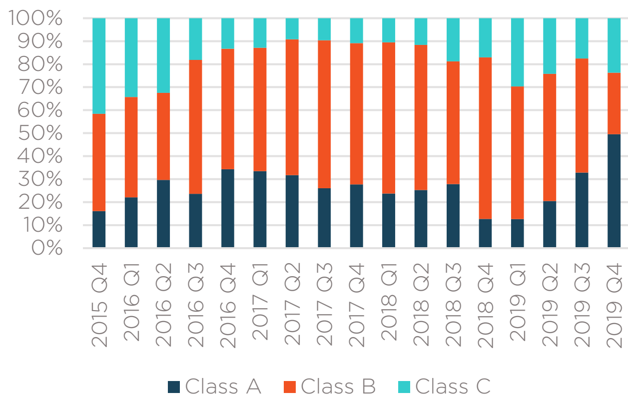
SOURCES: COSTAR

GREENVILLE

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class



Greenville appears to be an increasingly attractive market for investors. The $524 million in transactions recorded over the last 12 months is only slightly off the record high of $543 million set in Q3. The average sale price per unit of $114,000 per unit over the last year is a new record. Since Q4 2016, the average price per unit has increased by $47,000, a 70% increase in just three years.

However, the mix of units sold is somewhat responsible for the rapid price increase. In Q4, two recently constructed properties in the urban core sold, both for more than $200,000 per unit, bringing up the average.

Q4 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
The Greene	2018	Urban Core	Mid-America	$267,000	4.9%
Trailside at Reedy Point	2017	Urban Core	Gamma Real Estate	$220,000	4.7%

SOURCES: COSTAR

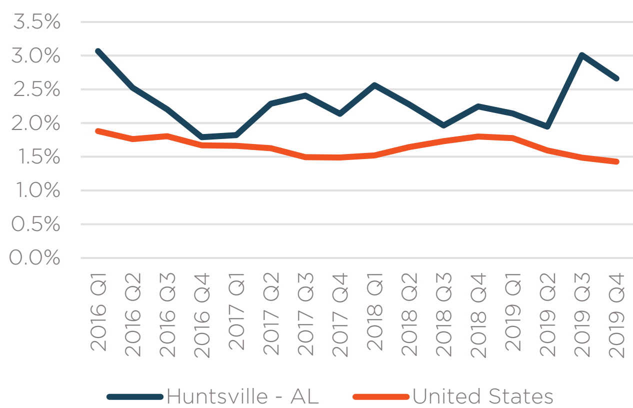
MIDDLEBURG COMMUNITIES

HUNTSVILLE

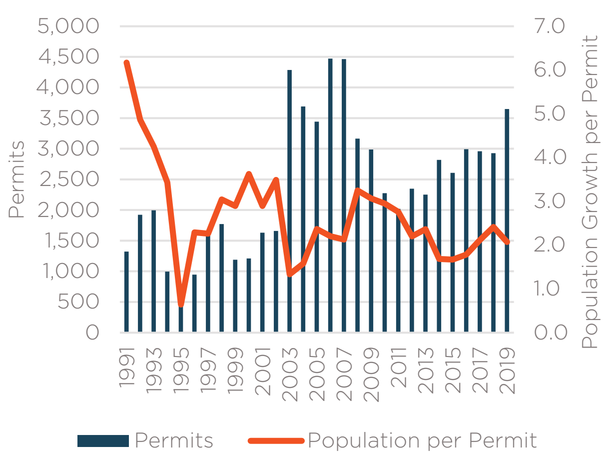
$66,000 **MEDIAN HOUSEHOLD INCOME** 3.4% YOY	**472,000** **POPULATION** 1.7% YOY	**2.1%** **UNEMPLOYMENT RATE** 110 BPS FROM Q4 2018
2.7 **HOME PRICE-TO-INCOME RATIO** 10 BPS FROM Q3 2018	**7.5%** **YOY EFFECTIVE RENT GROWTH** 20 BPS FROM Q4 2018	**6.5%** **UNITS U/C AS % OF STOCK** 170 BPS FROM Q4 2018

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. Hiring has already begun.

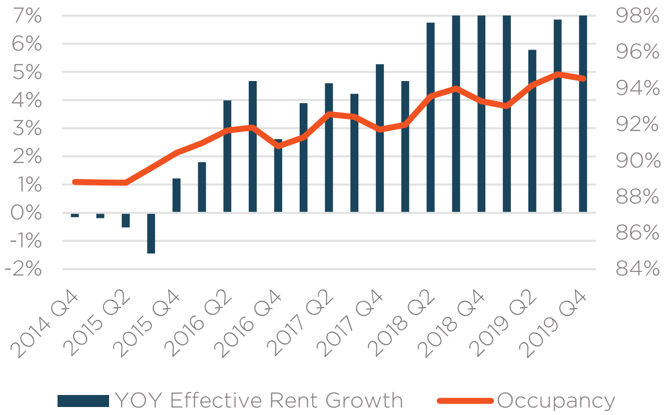
It comes as no surprise then than that Huntsville has been adding jobs at a faster rate than the national average over the last three years.

The rapid job growth has led to stunning rent growth of more than 5% YOY in each of the last six quarters, including Q4 2019, when rents were up 7.5% over last year.

MIDDLEBURG COMMUNITIES

HUNTSVILLE

YOY Effective Rent Growth and Occupancy

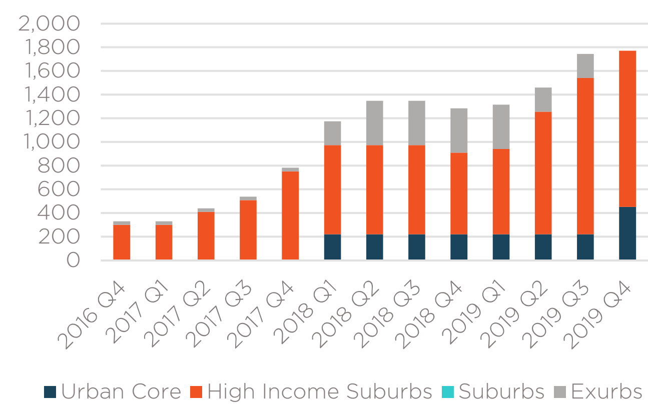


Occupancy has also been trending upward, and now stands at 94.5%, except for Q3 2019, the highest measured average rate since at least 2000, according to CoStar.

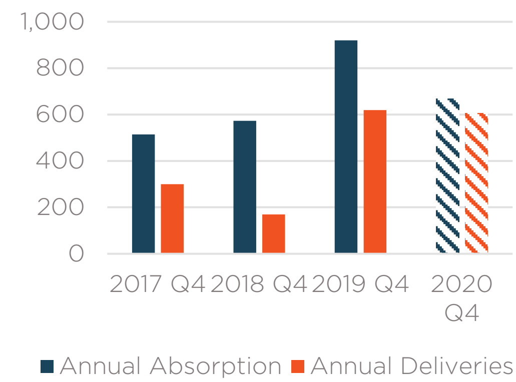
The pipeline has been expanding rapidly to accommodate all of the demand. 1,770 units are currently under construction, representing 6.5% of the existing inventory. So far, absorption has kept up with the new supply.

A number of additional deals have been proposed, however, and the number of deliveries in 2021 could rise further.

Units Under Construction



Absorption and Deliveries

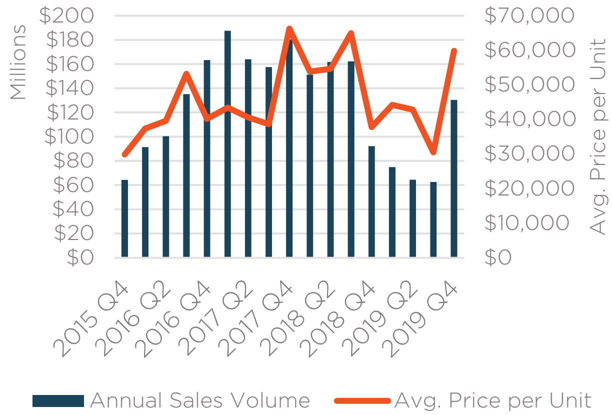


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	97.5%	$1,468	8.1%	6.0%
High-Income Suburbs	95.5%	$1,187	7.0%	4.7%
Suburbs	NA	NA	NA	NA
Exurbs	65.6%	$1,224	-1.6%	1.6%
Total	92.8%	$1,219	6.5%	4.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	98.0%	$754	1.1%	3.6%
High-Income Suburbs	94.9%	$860	9.6%	5.4%
Suburbs	NA	NA	NA	NA
Exurbs	94.7%	$685	6.7%	4.2%
Total	94.9%	$781	7.9%	4.8%

SOURCES: COSTAR

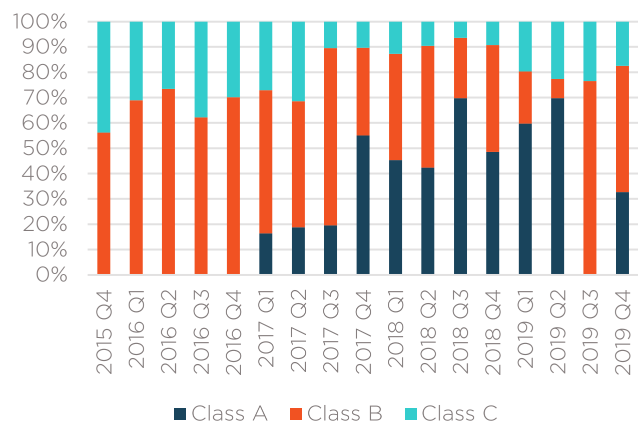
HUNTSVILLE

Annual Sales Volume and Avg. Price per Unit



The annual transaction volume totaled just $130 million in Q4 2019, a low total compared to Middleburg's other target markets. However, Q4 did see the sale of the Arch Street Apartment homes in the high-end suburb of Madison for $158,000 and an estimated 5.0% cap rate. That is an attractive price for a 10-year old property in a market such as Huntsville and probably a sign of the value escalation likely to materialize here in the near future.

Annual Sales Volume by Class



Q4 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Arch Street Apartment Homes	2009	High Income Suburbs	AM Hayden Properties LLC	$158,000	5.0%
Stone Crossing Apartment Homes	1986	High Income Suburbs	Mark-Taylor Companies	$66,000	NA
Silver Stone Apartments	1978	Exurbs	TruePoint Capital, LLC	$53,000	6.0%

SOURCES: COSTAR

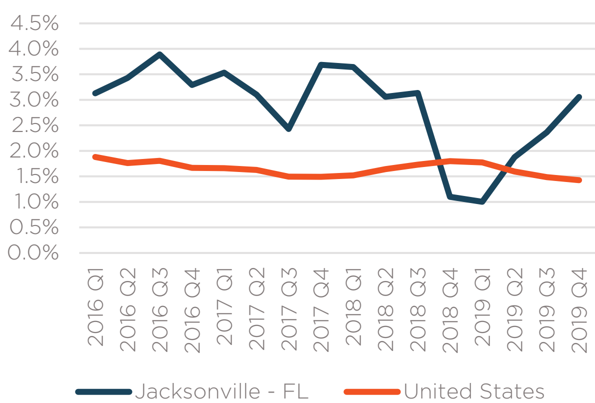
MIDDLEBURG COMMUNITIES

JACKSONVILLE

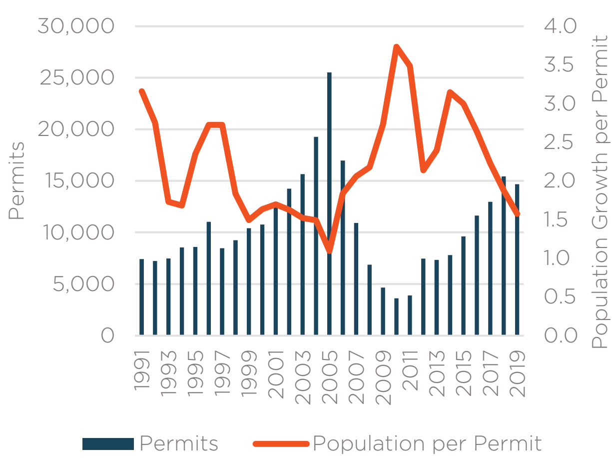
\$62,000 **MEDIAN HOUSEHOLD INCOME** ↑ 2.8% YOY	**1,566,000** **POPULATION** ↑ 1.5% YOY	**2.7%** **UNEMPLOYMENT RATE** ↓ 40 BPS. FROM Q4 2018
3.6 **HOME PRICE-TO-INCOME RATIO** ↑ 30 BPS FROM Q3 2018	**3.2%** **YOY EFFECTIVE RENT GROWTH** ↓ 100 BPS FROM Q4 2018	**5.1%** **UNITS U/C AS % OF STOCK** ↓ 90 BPS FROM Q4 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 three quarters have seen a total rebound. Over the last year, Jacksonville has added 23,600 jobs, a 3.0% increase.

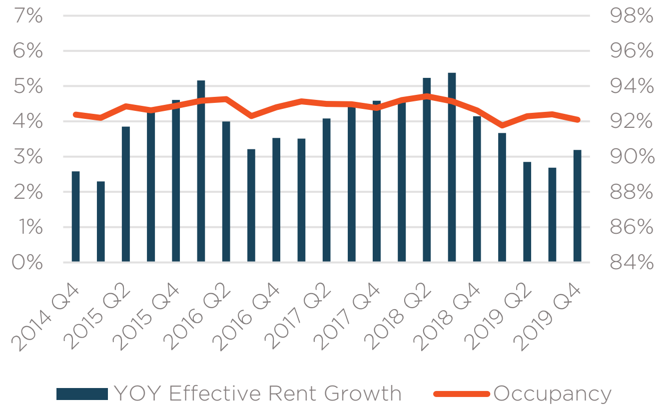
Rent growth has slowed from its torrid pace in 2018 to 3.2% YOY in Q4 2019. A large amount of new deliveries, some 2,800 units, is the likely explanation for the slowdown. CoStar projects that even more units, about 2,900, will deliver over the next year.

That pressure from new supply will likely keep overall rent growth below 3.5% for the rest of the year and into early 2021 and may result in increased concessions among projects in lease-up. However, with the recent rebound in job growth, demand should remain strong, limiting the negative consequence of all the new supply to a slowdown in rent growth, rather than actual rent declines.

MIDDLEBURG COMMUNITIES

JACKSONVILLE

YOY Effective Rent Growth and Occupancy



Jacksonville is showing a similar pattern to many of Middleburg's target markets. Class A assets, particularly in the urban core, where much of the new supply has concentrated, have seen the least rent growth over the last five years, while Class B/C assets have done very well.
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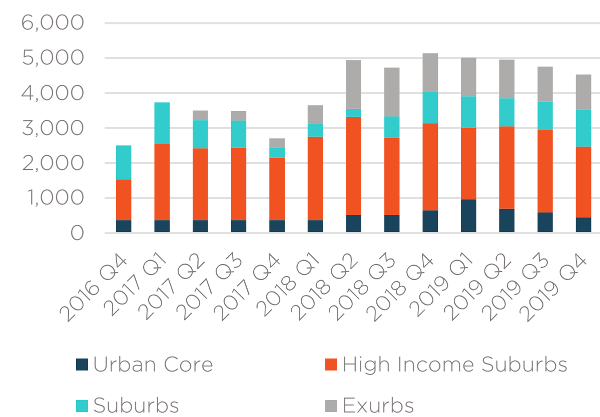
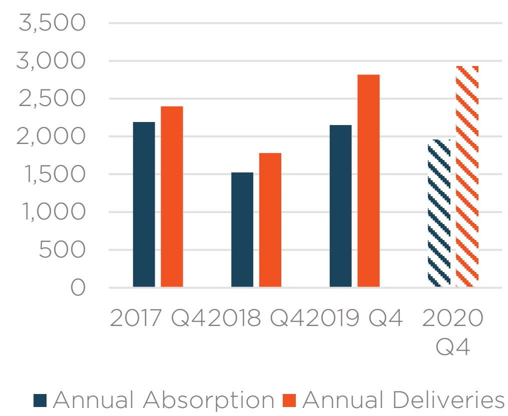
Units Under Construction



Absorption and Deliveries

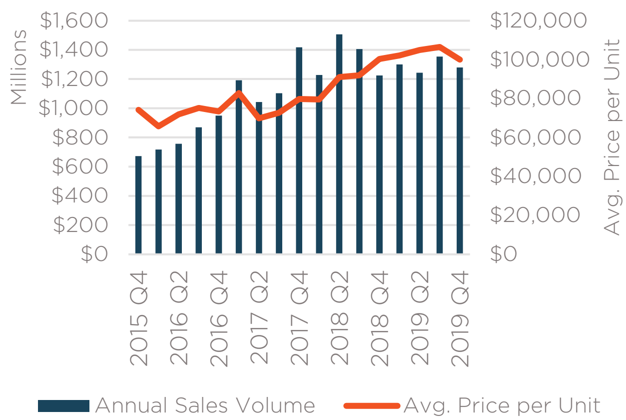


CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	82.5%	$1,384	-4.6%	0.8%
High-Income Suburbs	94.0%	$1,342	3.0%	2.9%
Suburbs	92.4%	$1,366	2.4%	2.1%
Exurbs	79.4%	$1,301	6.3%	4.8%
Total	90.7%	$1,347	2.1%	2.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	78.0%	$912	13.0%	6.4%
High-Income Suburbs	93.4%	$1,088	2.5%	4.3%
Suburbs	91.2%	$932	5.6%	5.0%
Exurbs	93.8%	$999	2.6%	4.4%
Total	92.6%	$1,013	3.6%	4.6%

SOURCES: COSTAR

JACKSONVILLE

Annual Sales Volume and Avg. Price per Unit



Annual Sales Volume by Class

Trailing 12-month transaction volumes have remained mostly flat over the last four quarters, albeit at a high level of around $1.2 billion.

The average price per unit sold in the last year dipped to $99,000 in Q4 2019, down slightly from the peak of $106,000 in Q3 2019. The relatively low average price is explained by the small share of Class A units that have traded. Over the last 12 months, Class A apartments made up only about 20% of the total transaction volume.

That Class A apartments in Jacksonville can command high prices is demonstrated by the sale of Ravella at Town Center in Q4 2019 for $221,000 per unit.

Q4 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Ravella at Town Center	2018	High Income Suburbs	The Michelson Organization	$221,000	NA
Registry at Windsor Parke	1999	High Income Suburbs	Beachwold Residential	$191,000	NA
The Palms at 2800	1971	Suburbs	Quad Property Group	$96,000	NA
Park Village	1968	Exurbs	Navarino Capital Management LLC	$91,000	5.5%
Ninety 47 On the Bay	1972	High Income Suburbs	The Lighthouse Group	$88,000	NA
Red Bay	1972	Suburbs	SAAR Management	$86,000	NA
Charter Landing	1975	Suburbs	Savlan Capital	$84,000	4.9%
Arbor Place Apartments	1970	High Income Suburbs	R.O.I. Capital Group	$82,000	5.2%
Camelot Gardens	1967	Suburbs	Arch Companies	$58,000	NA

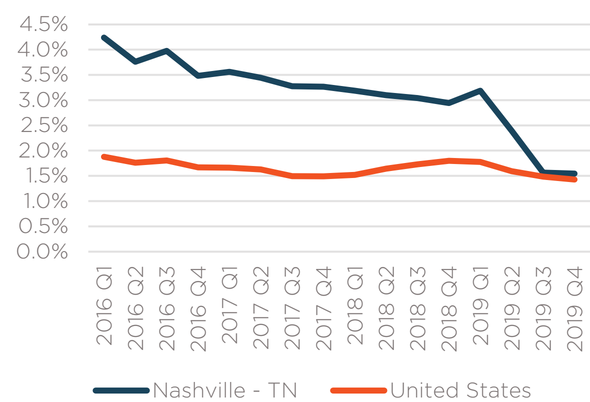
SOURCES: COSTAR

NASHVILLE

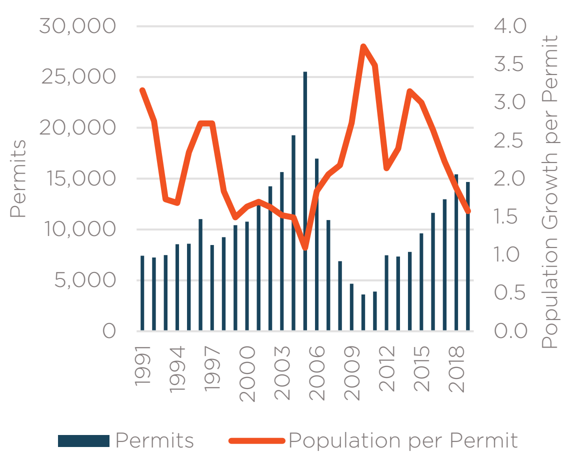
$68,000 MEDIAN HOUSEHOLD INCOME ↑ 3.7% YOY	**1,969,000** POPULATION ↑ 1.6% YOY	**2.6%** UNEMPLOYMENT RATE ↑ 10 BPS FROM Q4 2018
4.0 HOME PRICE-TO-INCOME RATIO ↑ 10 BPS FROM Q3 2018	**5.8%** YOY EFFECTIVE RENT GROWTH ↑ 220 BPS FROM Q4 2018	**7.7%** UNITS U/C AS % OF STOCK ↑ 50 BPS FROM Q4 2018

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.

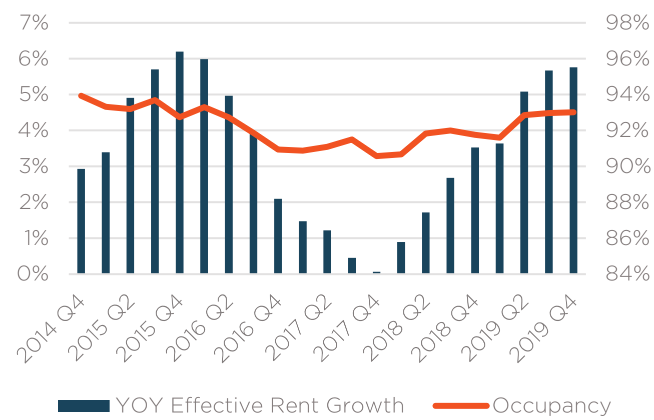
However, the Music City metro area's long streak of extraordinary job growth slowed noticeably in 2019. Still, even with a marked slowdown, Nashville added 16,800 jobs over the last year, a 1.6% increase.

Despite the slowdown in job growth, rent growth accelerated rapidly in 2019 from 3.6% YOY in Q1 to 5.8% in Q4. The improvement in rent growth was likely supported by relatively few deliveries in 2019 compared to previous years. This has allowed some time for demand to catch up with all of the new supply delivered in 2017 and 2018. Indeed, the overall occupancy rate improved from 91.6% in Q1 2019 to 93.0% in Q4.

However, Costar projects that nearly 5,700 units will deliver in 2020, an increase of nearly 2,000 units over 2019. That volume of new supply will likely push rent growth down once again to more a more sustainable level of 2.5% to 3.5% throughout 2020.

NASHVILLE

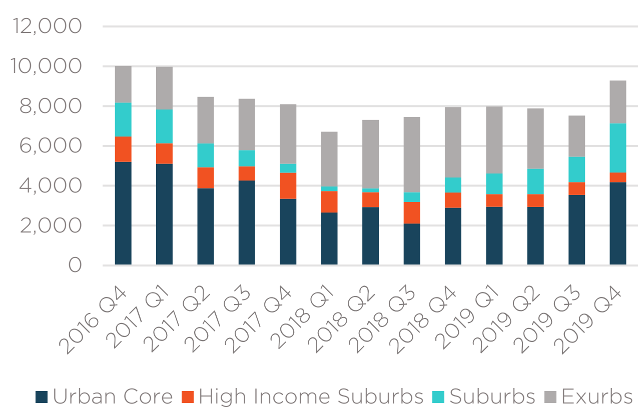
YOY Effective Rent Growth and Occupancy



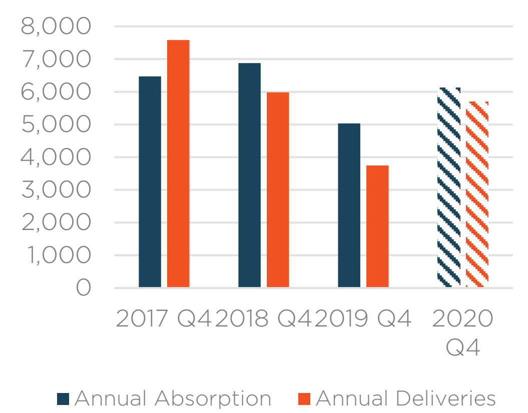
Almost every asset class and every geography performed well in Nashville in 2019. Even Class A assets in the urban core, which were performing weakly in 2018 under the weight of new supply, have now reached full occupancy and have been able to drop concessions and push rents significantly.

Class B and C assets turned in another quarter of excellent rent growth and occupancy across all geographies.

Units Under Construction



Absorption and Deliveries



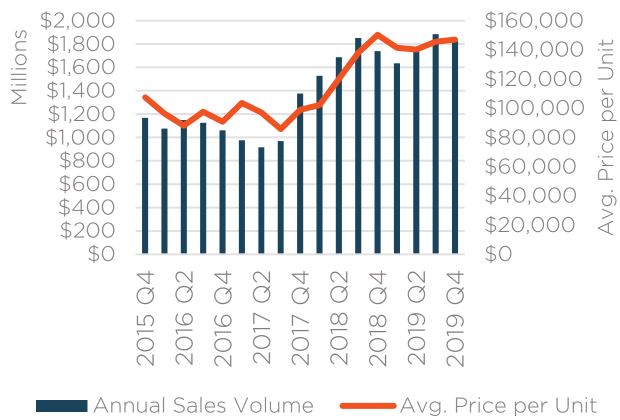
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	93.0%	$1,954	6.8%	1.2%
High-Income Suburbs	91.5%	$1,571	1.8%	2.4%
Suburbs	94.0%	$1,327	8.2%	4.0%
Exurbs	90.0%	$1,209	3.4%	3.1%
Total	91.4%	$1,560	5.5%	1.9%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.1%	$1,542	6.8%	3.9%
High-Income Suburbs	93.9%	$1,321	6.8%	3.7%
Suburbs	94.2%	$1,059	6.3%	5.6%
Exurbs	91.9%	$1,003	4.2%	4.5%
Total	93.5%	$1,129	5.9%	4.7%

SOURCES: COSTAR

MIDDLEBURG COMMUNITIES

NASHVILLE

Annual Sales Volume and Avg. Price per Unit

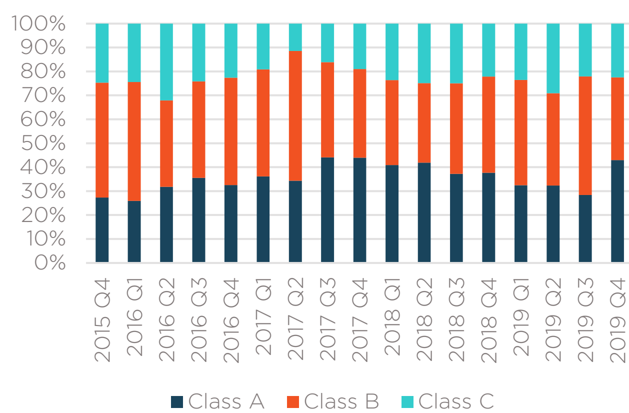


The transaction volume in Nashville over the last 12 months totaled $1.8 billion, a result in-line with the last five quarters.

The average price per unit sold in the last 12 months was $147,000, also in keeping with the last five quarters but still a remarkable increase over the $100,000 per unit average that predominated in 2015 and 2016.

The list of sales for over $250,000 per unit in just Q4 alone is long, as shown in the table below. Clearly, Nashville is an attractive target for investment.

Annual Sales Volume by Class



Q4 2019 PROPERTY SALES (Representative)	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Crossroads at the Gulch	2018	Urban Core	Security Properties, Inc.	$339,000	4.0%
The Shay	2018	Urban Core	Carter-Haston Real Estate Services, Inc.	$292,000	NA
One MetroCenter	2015	Urban Core	BC Property Investments	$260,000	NA
Eastside Heights	2017	Suburbs	Steadfast Investment Properties, Inc.	$258,000	4.9%
Rivertop Apartments	2019	Suburbs	Hamilton Zanze & Company	$255,000	NA
Apollo Midtown	2015	Urban Core	Spyglass Capital Partners, LLC	$245,000	NA
Artemis Midtown	2015	Urban Core	Spyglass Capital Partners, LLC	$230,000	NA
Poplar Village	1966	Exurbs	Dominion Management Group	$75,000	NA

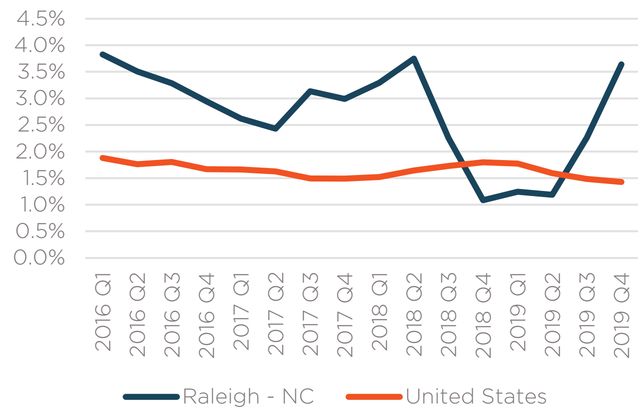
SOURCES: COSTAR

RALEIGH

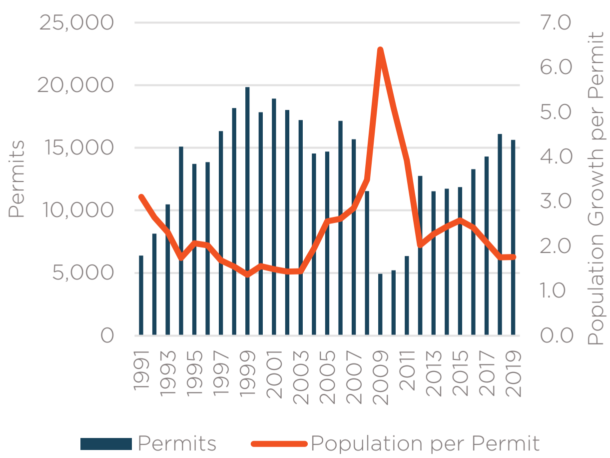
$79,000 MEDIAN HOUSEHOLD INCOME ↑ 4.7% YOY	**1,398,000** POPULATION ↑ 2.0% YOY	**3.5%** UNEMPLOYMENT RATE ↑ 20 BPS FROM Q4 2018
3.7 HOME PRICE-TO-INCOME RATIO ↑ 20 BPS FROM Q3 2018	**5.8%** YOY EFFECTIVE RENT GROWTH ↑ 170 BPS FROM Q4 2018	**5.0%** UNITS U/C AS % OF STOCK ↓ 10 BPS FROM Q4 2018

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



SOURCES: COSTAR, ZILLOW, FEDERAL RESERVE ECONOMIC DATABASE

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.

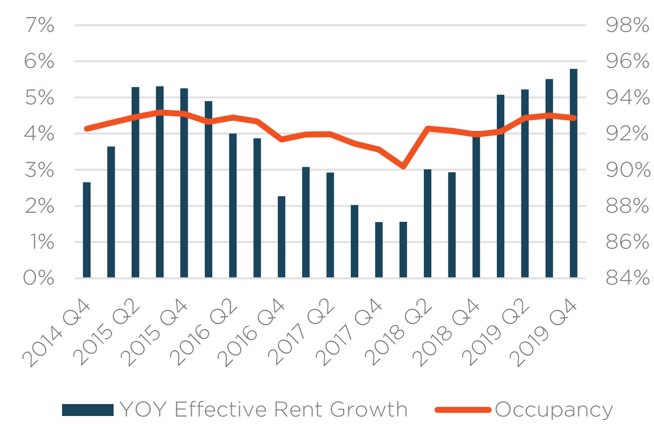
Job growth slowed sharply in the last half of 2018 but has picked up significantly over the last two quarters Over the last year, metro Raleigh added nearly 23,000 jobs, a 3.6% increase. Since the pre-recession peak, Raleigh has expanded its job base by 24%, more than double the national expansion of 10%.

The apartment market has fully recovered from some softness in 2018. YOY effective rent growth as of Q4 2019, measured 5.8%, and occupancy now stands at 92.9%

MIDDLEBURG COMMUNITIES

RALEIGH

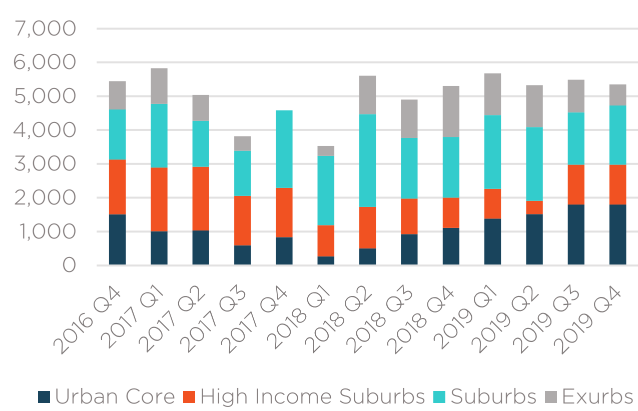
YOY Effective Rent Growth and Occupancy



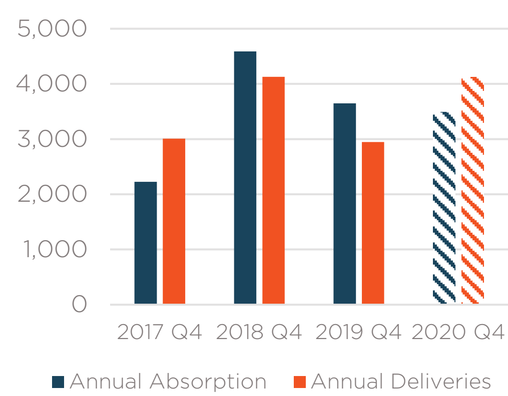
The pipeline of units under construction has stayed quite consistent over the last five years although the timing of deliveries is not always as even. The last year saw just 2,900 units delivered but CoStar projects that 4,100 will deliver over the next 12 months. If true, that will exceed the average absorption over the last three years though not by a large amount.

If job growth continues at its recent pace, Raleigh will likely be able to sustain rent growth above 3.0% throughout 2020.

Units Under Construction



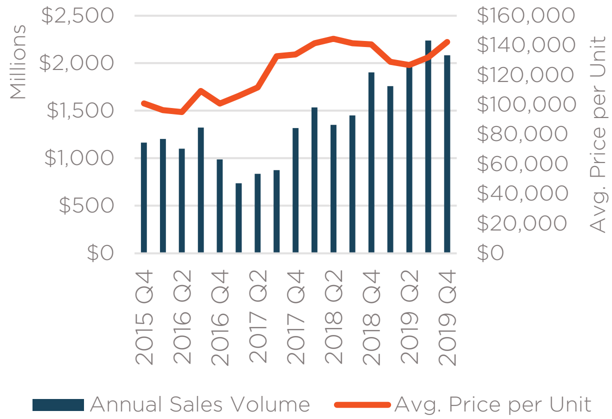
Absorption and Deliveries



CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	92.0%	$1,541	7.1%	2.1%
High-Income Suburbs	94.7%	$1,248	6.1%	3.7%
Suburbs	92.9%	$1,273	4.2%	2.8%
Exurbs	90.2%	$1,191	4.7%	4.1%
Total	93.2%	$1,342	5.7%	2.9%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	93.4%	$994	6.1%	4.0%
High-Income Suburbs	93.3%	$1,121	5.8%	4.2%
Suburbs	92.5%	$1,066	6.4%	4.6%
Exurbs	91.6%	$1,138	5.1%	3.7%
Total	92.8%	$1,086	5.9%	4.2%

SOURCES: COSTAR

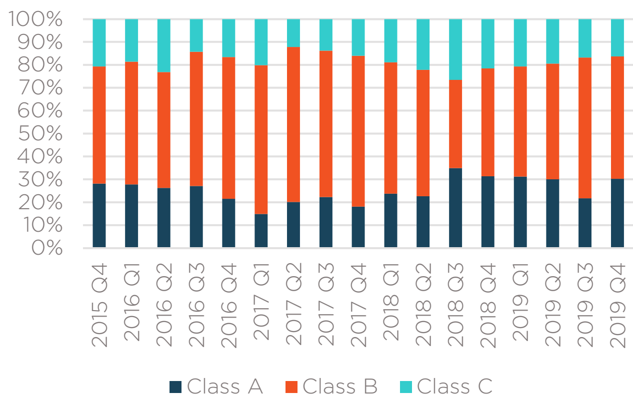
Annual Sales Volume and Avg. Price per Unit



The apartment transaction volume in Raleigh totaled $2.1 billion over the last 12 months, slightly below the all-time record of $2.2 billion set in Q3. The average sale price per unit over the last 12 months was $143,000, very nearly hitting the peak of $144,000 set in Q1 2018,.

Raleigh remains one of the most liquid markets in the southeast and investors are willing to pay very high prices for strong assets. The sale of the Carolinian on Glenwood to Camden for $403,000 per unit demonstrates the pricing power that Raleigh can command.

Annual Sales Volume by Class



Q4 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
Camden Carolinian	2017	Urban Core	Camden Property Trust	$403,000	4.7%
Alexan North Hills	2006	Suburbs	Starlight Investments Ltd	$239,000	4.3%
Creekside at Crabtree	2016	High Income Suburbs	Invesco Ltd.	$228,000	NA
Tradition at Stonewater	2009	High Income Suburbs	Goldman Sachs & Company	$199,000	4.5%
The Residences at Wakefield	1999	Exurbs	Nuveen	$196,000	4.4%
Regatta at Lake Lynn	1984	High Income Suburbs	Cypress Real Estate Advisors, Inc.	$137,000	4.7%
Andover at Crabtree	1982	High Income Suburbs	Magnolia Capital	$132,000	NA

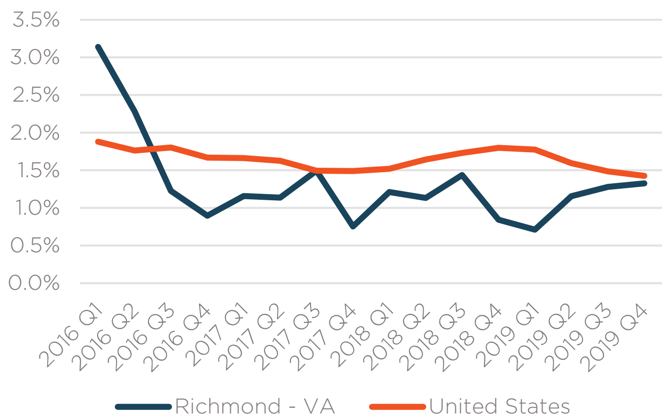
SOURCES: COSTAR

RICHMOND

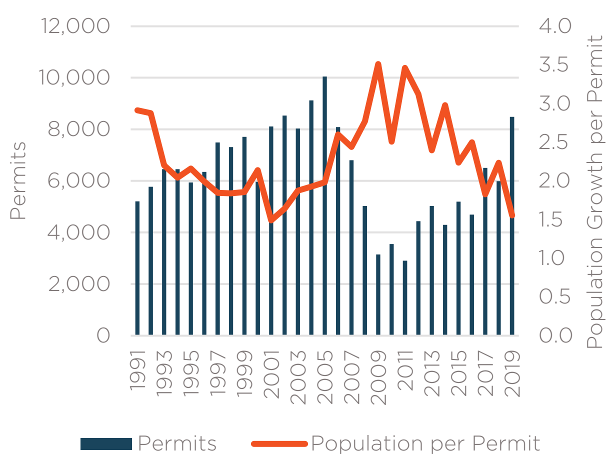
$69,000 **MEDIAN HOUSEHOLD INCOME** ↑ 2.4% YOY	**1,324,000** **POPULATION** ↑ 1.0% YOY	**2.6%** **UNEMPLOYMENT RATE** ↓ 20 BPS FROM Q4 2018
3.3 **HOME PRICE-TO-INCOME RATIO** ↑ 10 BPS FROM Q3 2018	**2.8%** **YOY EFFECTIVE RENT GROWTH** ↓ 100 BPS FROM Q4 2018	**6.1%** **UNITS U/C AS % OF STOCK** ↑ 270 BPS FROM Q4 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.

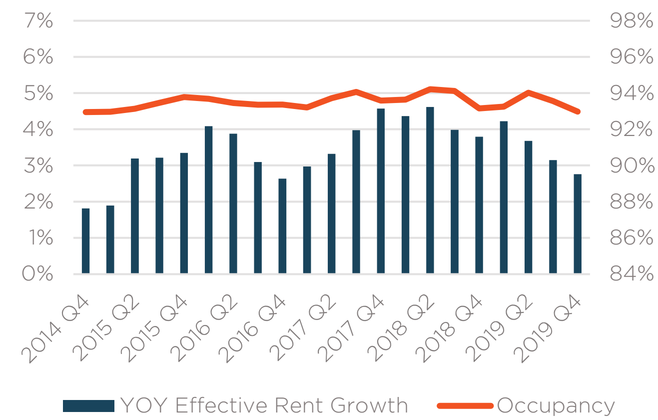
Compared to the pre-recession peak, Richmond has expanded its job base by 10%, on pace with the national average. Over the last three years, however, job growth has slowed to rate somewhat below the national average.

The slower rate of job growth, coupled with an increase in deliveries have combined to gradually erode occupancy and rent growth in 2019. YOY rent growth measured 2.8% in Q4 2019, the slowest rate of growth recorded since Q4 2016.

Rent growth and occupancy will likely continue their slide in 2020 because CoStar projects that 2,900 units will deliver over the next year, an increase of 1,000 over the 1,900 that delivered over the last 12 months. Average annual absorption of just 1,700 over the last three years suggests that this level of new supply will overshoot demand.

RICHMOND

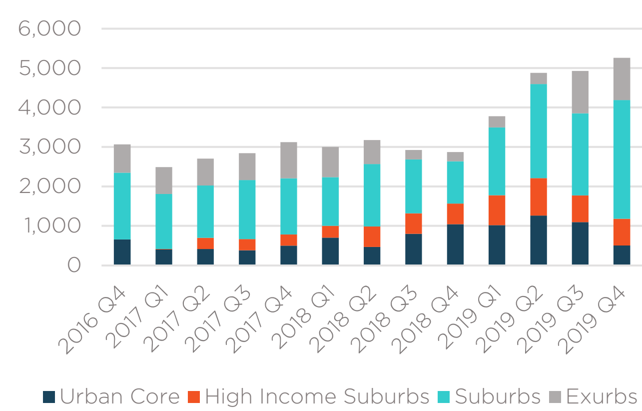
YOY Effective Rent Growth and Occupancy



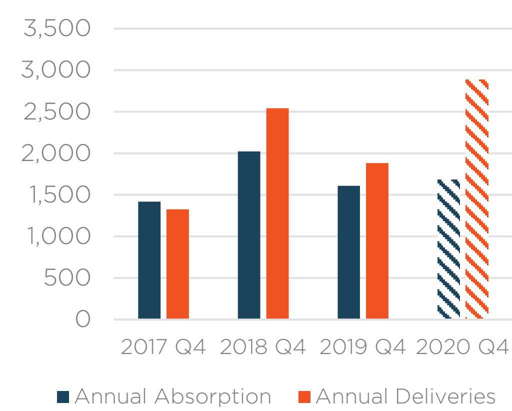
The impact of new supply is already being felt in the urban core and high-income suburbs. Overall occupancy rates among Class A assets in these areas has dipped well below 90%, including properties in lease-up, and rents in the high-income suburbs actually declined compared to last year.

However, Class B and C assets maintained their steady, positive performance across all geographies.

Units Under Construction



Absorption and Deliveries



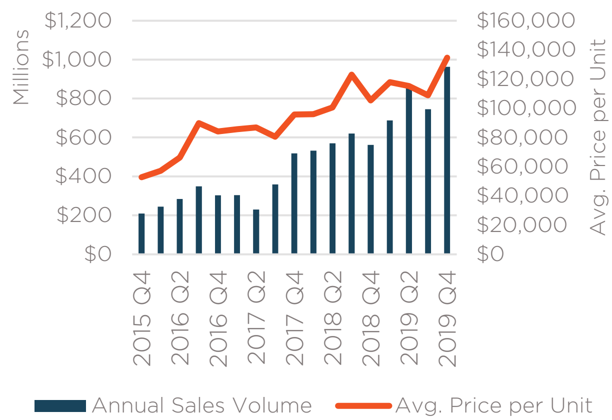
CLASS A	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	85.2%	$1,390	2.9%	3.2%
High-Income Suburbs	80.6%	$1,284	-2.0%	3.4%
Suburbs	90.7%	$1,260	2.8%	2.7%
Exurbs	93.5%	$1,338	1.1%	2.8%
Total	88.8%	$1,303	1.9%	2.6%
CLASS B/C	OCC. RATE	EFF. RENT	YOY RENT GROWTH	5. YR. AVG. RENT GROWTH
Urban Core	94.7%	$1,174	2.9%	2.6%
High-Income Suburbs	95.0%	$1,156	4.2%	3.9%
Suburbs	93.4%	$1,002	2.7%	3.8%
Exurbs	94.0%	$1,030	3.6%	3.8%
Total	93.8%	$1,033	3.1%	3.7%

SOURCES: COSTAR

MIDDLEBURG COMMUNITIES

RICHMOND

Annual Sales Volume and Avg. Price per Unit



Richmond has seen an incredible run up in sales volume and prices over the last four years. In Q4 2015, the annual transaction volume totaled just $200 million and the average price per unit sold was $57,000. In 2019, the transaction volume totaled $963 million and the average price per unit was $134,000 per unit. Few markets can boast such a rapid increase in prices.

Annual Sales Volume by Class

Q4 2019 PROPERTY SALES	YEAR BUILT	AREA	BUYER	PRICE PER UNIT	EST. CAP RATE
2000 West Creek	2018	Exurbs	Capital Square 1031	$276,000	5.5%
The Trails at Short Pump	1989	Suburbs	Angelo, Gordon & Co.	$180,000	NA
Villages at West Laurel	1978	Suburbs	Angelo, Gordon & Co.	$161,000	NA
Yorktown Apartments	1967	Suburbs	Landmark Property Services	$88,000	NA
Landmark at Patterson	1967	Suburbs	Landmark Property Services	$78,000	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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