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Apartment Markets

2019 NMHC Research Forum
April 2-3, 2019



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APARTMENT MARKETS



Jeanette Rice,
CBRE
(Moderator)

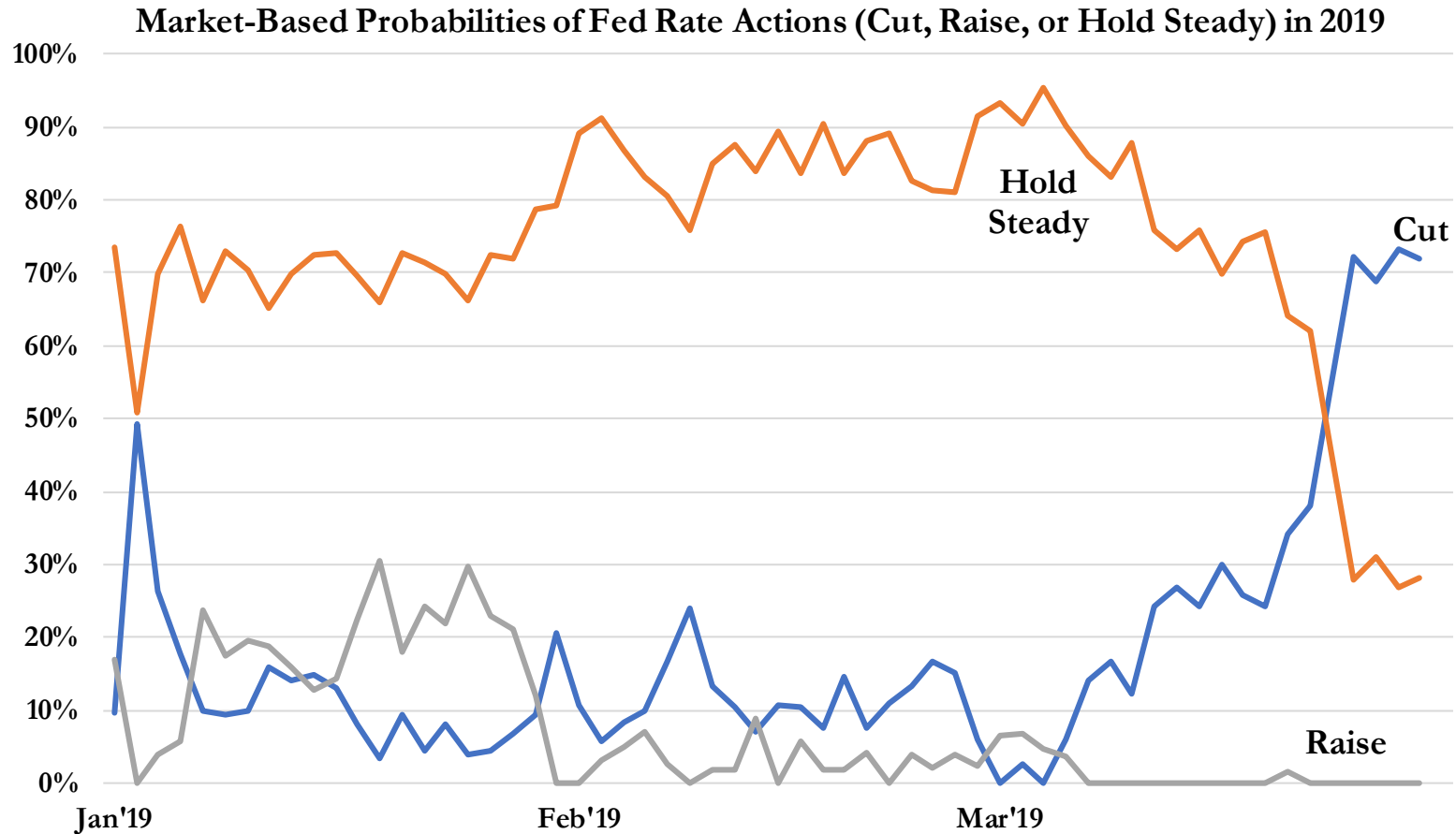


Ryan Davis,
Witten Advisors LLC



Carl Whitaker,
RealPage, Inc

MARKET SAYS THE FED IS NOW MORE LIKELY TO CUT RATES THAN RAISE THEM



Source: CME Group

RENT GROWTH LEADERS AS OF 1Q19 (PRELIMINARY)

| Market | Annual Rent Growth (1Q19) |
|--------------|---------------------------|
| Phoenix | 8.0% |
| Las Vegas | 7.9% |
| Atlanta | 5.3% |
| Greensboro | 5.2% |
| Memphis | 5.1% |
| Sacramento | 5.0% |
| Riverside | 4.8% |
| Austin | 4.7% |
| Jacksonville | 4.2% |
| Tampa | 4.2% |
| U.S. | 3.2% |

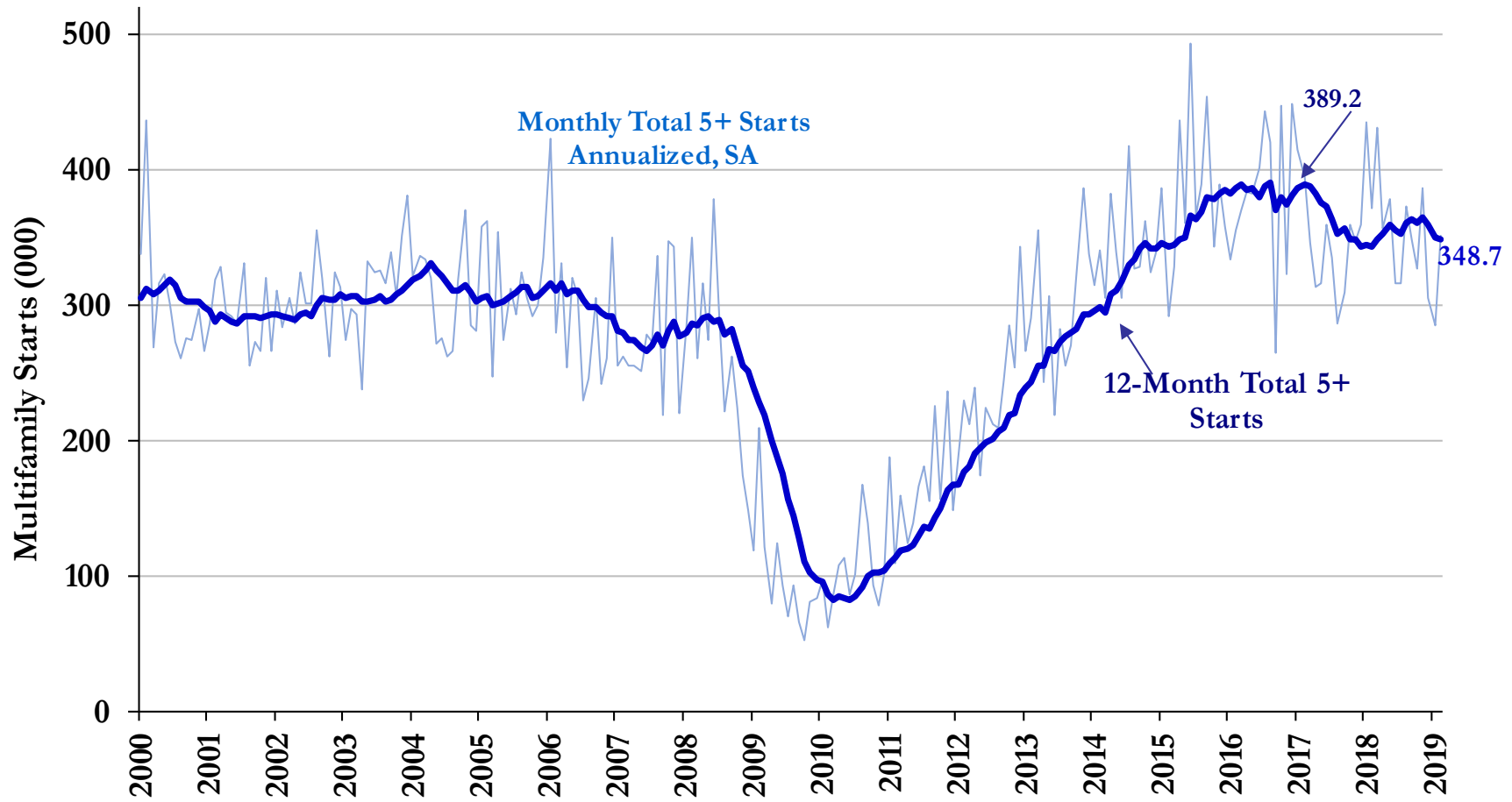
Source: RealPage

MANY OF THE LEADING RENT GROWTH MARKETS ARE LATE RECOVERY

| Market | Annual Rent Growth (1Q19) | Time of Recovery |
|---------------|---------------------------|------------------|
| Phoenix | 8.0% | 4Q14 |
| Las Vegas | 7.9% | 4Q15 |
| Atlanta | 5.3% | 4Q13 |
| Greensboro | 5.2% | 4Q16 |
| Memphis | 5.1% | 4Q15 |
| Sacramento | 5.0% | 2Q15 |
| Riverside | 4.8% | 4Q13 |
| <i>Austin</i> | 4.7% | 4Q10 |
| Jacksonville | 4.2% | 4Q14 |
| Tampa | 4.2% | 2Q14 |
| U.S. | 3.2% | 4Q13 |

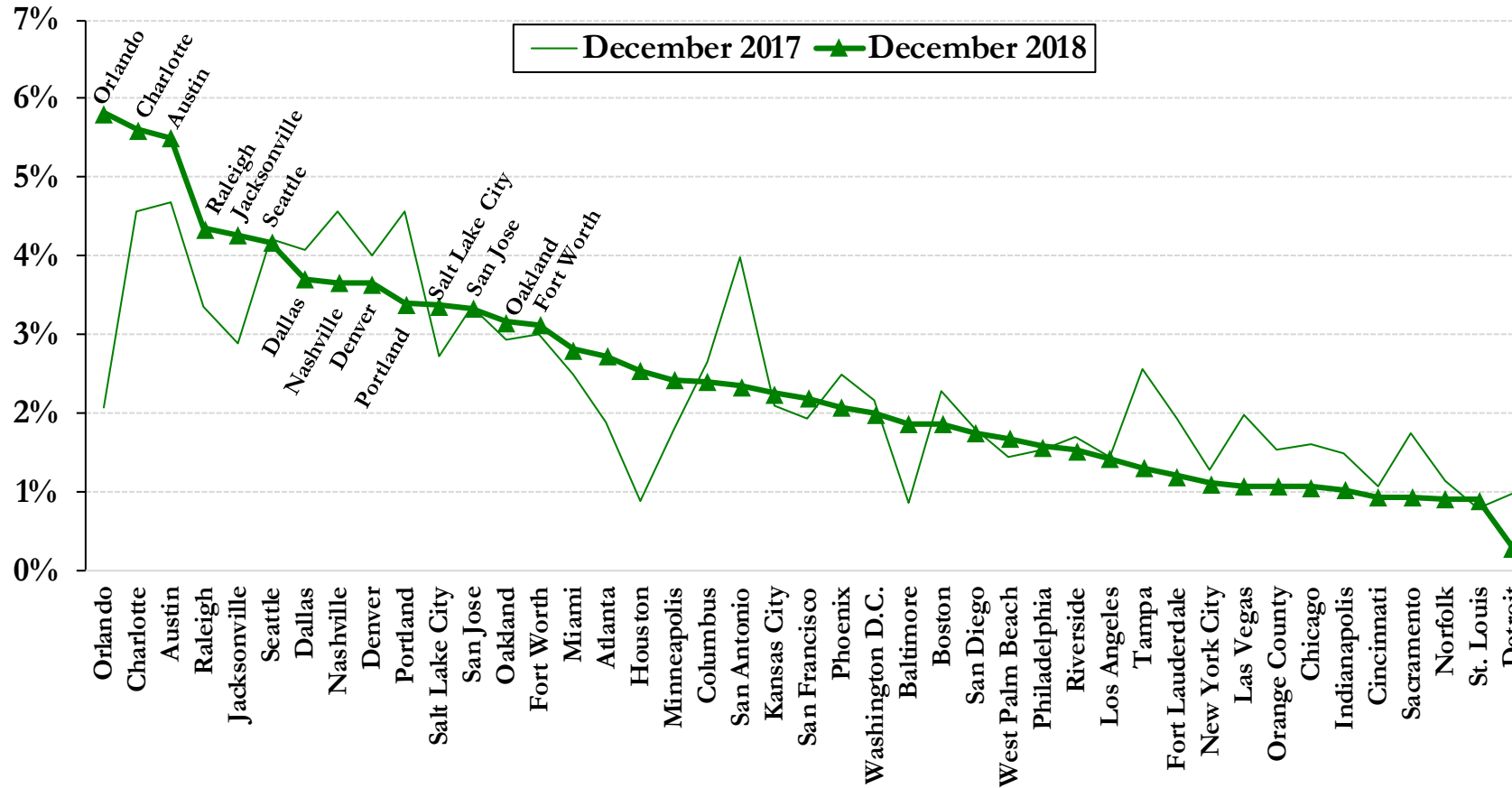
Source: RealPage. "Recovery" defined as the year in which the market's total employment base reached pre-recession (2Q08) levels.

TOTAL 5+ STARTS OFF PEAK LEVELS, BUT ROSE 5% IN 2018; EBBED IN EARLY 2019



Source: U.S. Department of Commerce

2018 STARTS DOWN IN MOST MAJOR MARKETS, BUT SURGING IN SOME

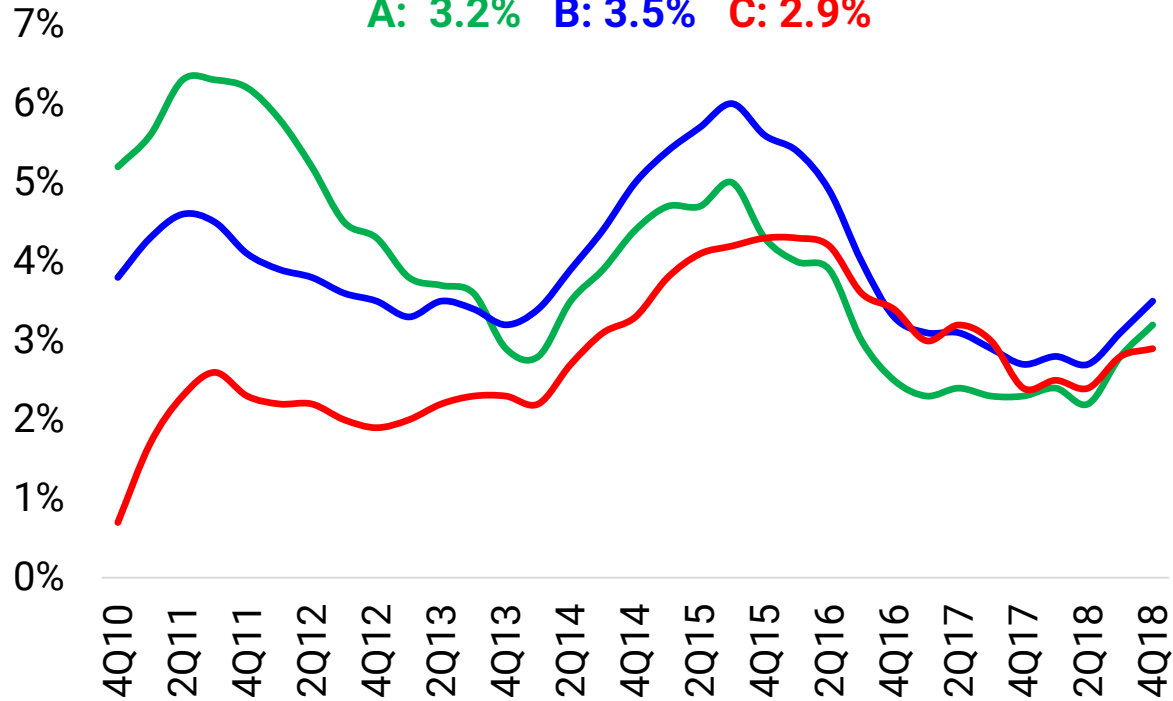


Source: Witten Advisors

IN 2018, CLASS A GROWTH TOPPED CLASS C FOR THE FIRST TIME IN THREE YEARS

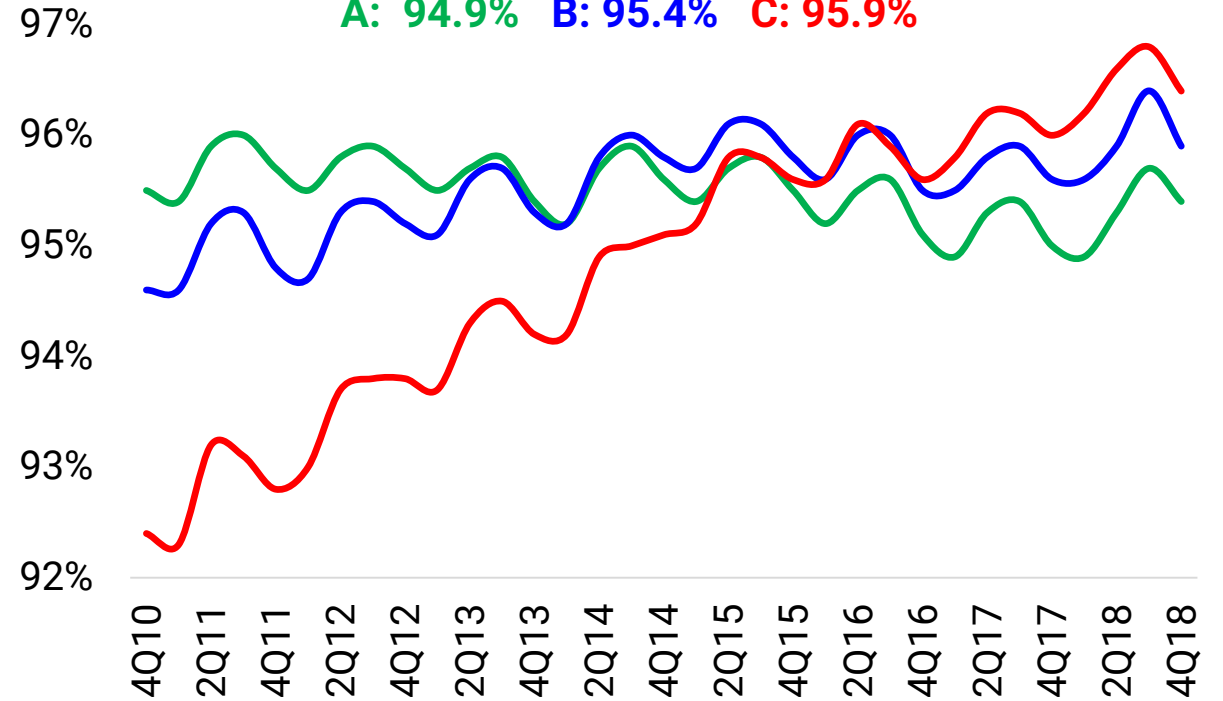
Annual Rent Growth by Asset Class

A: 3.2% **B: 3.5%** **C: 2.9%**



Occupancy Rate by Asset Class

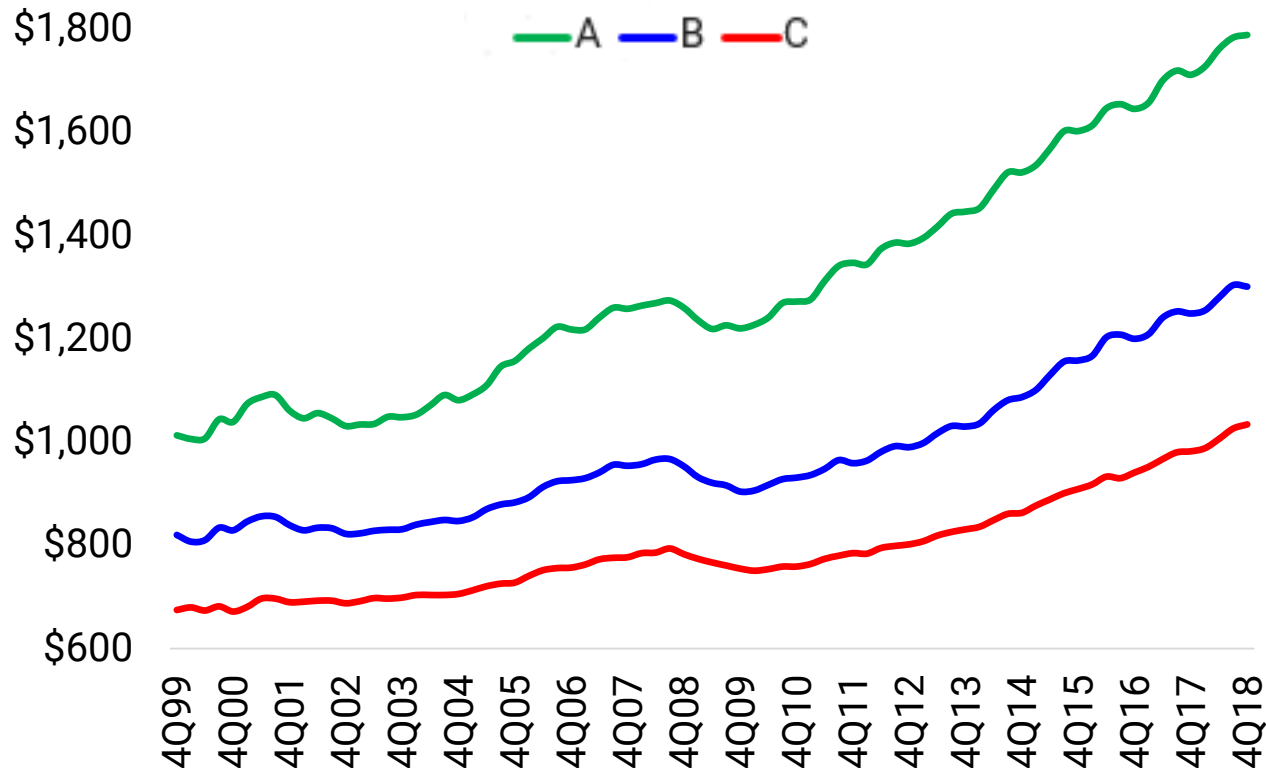
A: 94.9% **B: 95.4%** **C: 95.9%**



Source: RealPage

THE SPREAD BETWEEN A & B RENTS IS GROWING

Average Monthly Rent By Class



| Spread from Class A to Class B Rental Rate | | |
|--|-----|---------|
| 2000 | 25% | + \$200 |
| 2008 | 32% | + \$310 |
| 2013 | 40% | + \$415 |
| 2018 | 38% | + \$490 |

Source: RealPage