Follow The Job Growth

Employment Growth vs. Apartment RevPAF Growth ('99-1H15)

Employment and Apartment RevPAF Growth

Source: Axiometrics, Reis, BLS, and Green Street Advisors.
‘16 Rent Growth Will Be Comparable To ‘15

Average Apartment REIT New and Renewal Lease Rate Growth
- New Lease Rate Growth
- Renewal Lease Rate Growth
- Occupancy (rt axis)

Source: Company documents and Green Street Advisors.
Cap Rates Have Hit New Lows

Source: Green Street Advisors

Indust 5.7%  Strip 5.6%  Office 5.1%  Mall 5.0%  Apt 4.8%
Apartment Asset Values Are Well Above The Prior Peak

Green Street Commercial Property Price Index

Source: Green Street Advisors
Apartment REIT NAV Premiums

LT Avg: -1.4%
Real Estate Is No Longer Cheap Vs. Corporate Bonds

Assuming investment-grade bond yields stay constant, a reversion of return premiums on real estate to long-term norms will involve a change in...

Source: Green Street Advisors
Relative To Junk Bonds, Pricing Is Closer To Fair

Assuming pricing of high-yield bonds stays constant, a reversion of return premiums on real estate to long-term norms will involve a change in...

* Because the high-yield market is volatile, we use an adjustment that is smaller than difference between today’s return premium and the historic norm.

Source: Green Street Advisors
The Bond & REIT Markets Suggest Downside For Asset Values

**Expected Direction of Property Prices over next Six Months**

- **50% Weight**
  - Investment-Grade Bonds: -12%

- **50% Weight**
  - High-Yield Bonds: -8%
  - REIT Market Signal: -12%

Source: Green Street Advisors