VIEWPOINT

2016 ATLANTA, GA MULTIFAMILY MARKET REPORT

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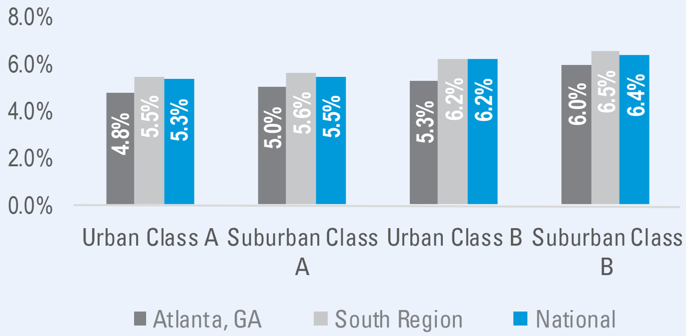
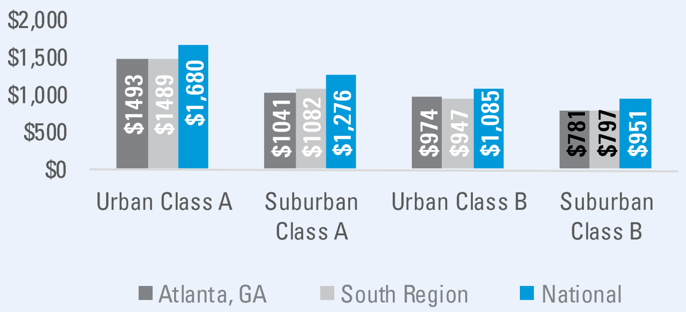
Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	▼	▼
Asking Rent ($/Unit)	▲	▲
Vacancy Rate (%)	▲	▼

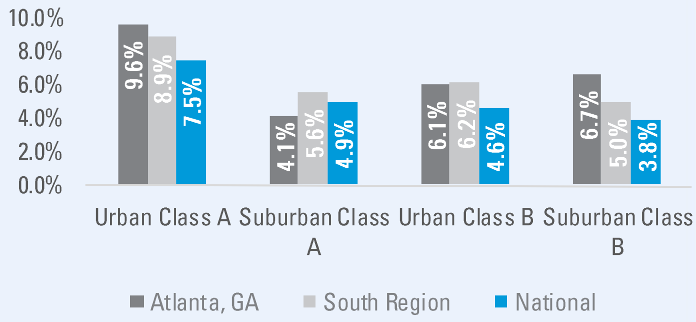
Going In Cap Rate Comparisons (%)



Asking Rents ($/Unit)



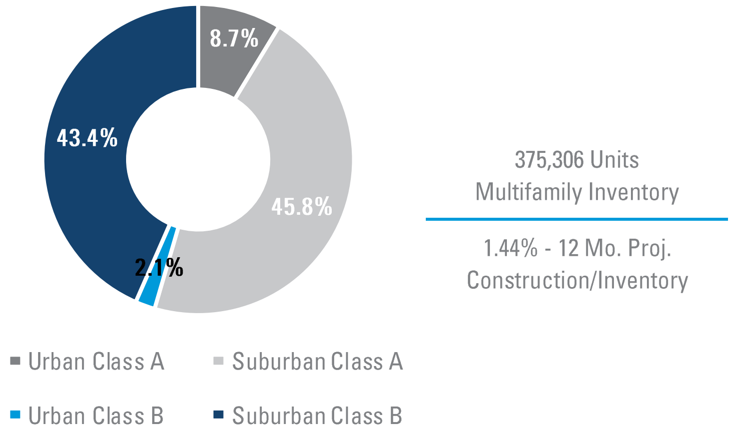
Vacancy Rates (%)



Atlanta, GA Multifamily Market Overview

New construction of Class A multifamily properties in the urban and suburban locations in Atlanta continues with more product in the pipeline. This has led to a recent spike in Class A vacancy in the urban areas to 9.64% versus 4.0% one year ago. Vacancy rates for the urban Class B/C properties also increased to 6.06% versus 2.6% one year ago. The suburban Class A vacancy declined slightly from 4.5% last year to 4.15%. The suburban Class B/C vacancy declined from 7.4% to 6.68%. According to REIS, both the urban and suburban Class A inventory has grown by approximately 4,000 units each in the last year. Amidst the surge in construction, the urban Class A market rent has continued to increase with a current average market rent of $1,493 versus $1,360 last year. The urban Class B/C rent has increased modestly. The suburban Class A rents have remained stable and the Class B/C rent has increased slightly. Tenant demand for in-town living with restaurants and entertainment options, within short walking distances or MARTA ride, continue to fuel the new construction of multifamily development with high amenities. Soaring land prices and construction costs are attributing to much smaller average unit sizes in the new developments. The higher rents in Midtown and Buckhead are benefiting the suburban multifamily markets as many tenants locate in the burbs due to the lower rents. In the Central Perimeter submarket, State Farm Insurance and Mercedes-Benz corporate campus are the impetus for several new projects planned or under construction. In Alpharetta, on the 102-acre Riverwalk Village development 1,156 units are proposed. In the Cumberland area, the $620+ million Braves stadium is the catalyst for numerous proposed multifamily developments. The overall outlook for the Atlanta multifamily market is positive although there is some concern over the increasing vacancy of the urban Class A properties and sustainability of their rent growth.

Distribution of Total Inventory



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Change In Value Next 12 Months

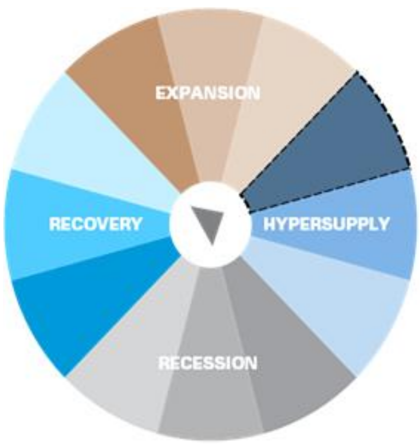
+ 4%
Urban Class A

+ 2% - 3.9%
Suburban Class A

+ 2% - 3.9%
Urban Class B

+ 2% - 3.9%
Suburban Class B

Market Cycle: Hypersupply Stage 1



- Moderate/High New Construction
- Increasing Vacancy Rates
- Low/Negative Absorption
- Med/Low Rental Rate Growth
- Moderate/Low Employment Growth

Forecasts

Atlanta, GA 12 Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Construction (Units)	5,400			
Years to Balance	2	2	1	1

Atlanta, GA 36 Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	Increase 5% - 7.9%	Increase 5% - 7.9%	Increase 5% - 7.9%	Increase 5% - 7.9%
Expense Rate Change	Increase 8%+	Increase 8%+	Increase 8%+	Increase 8%+
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (Units)	1,500	200	1,800	700

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