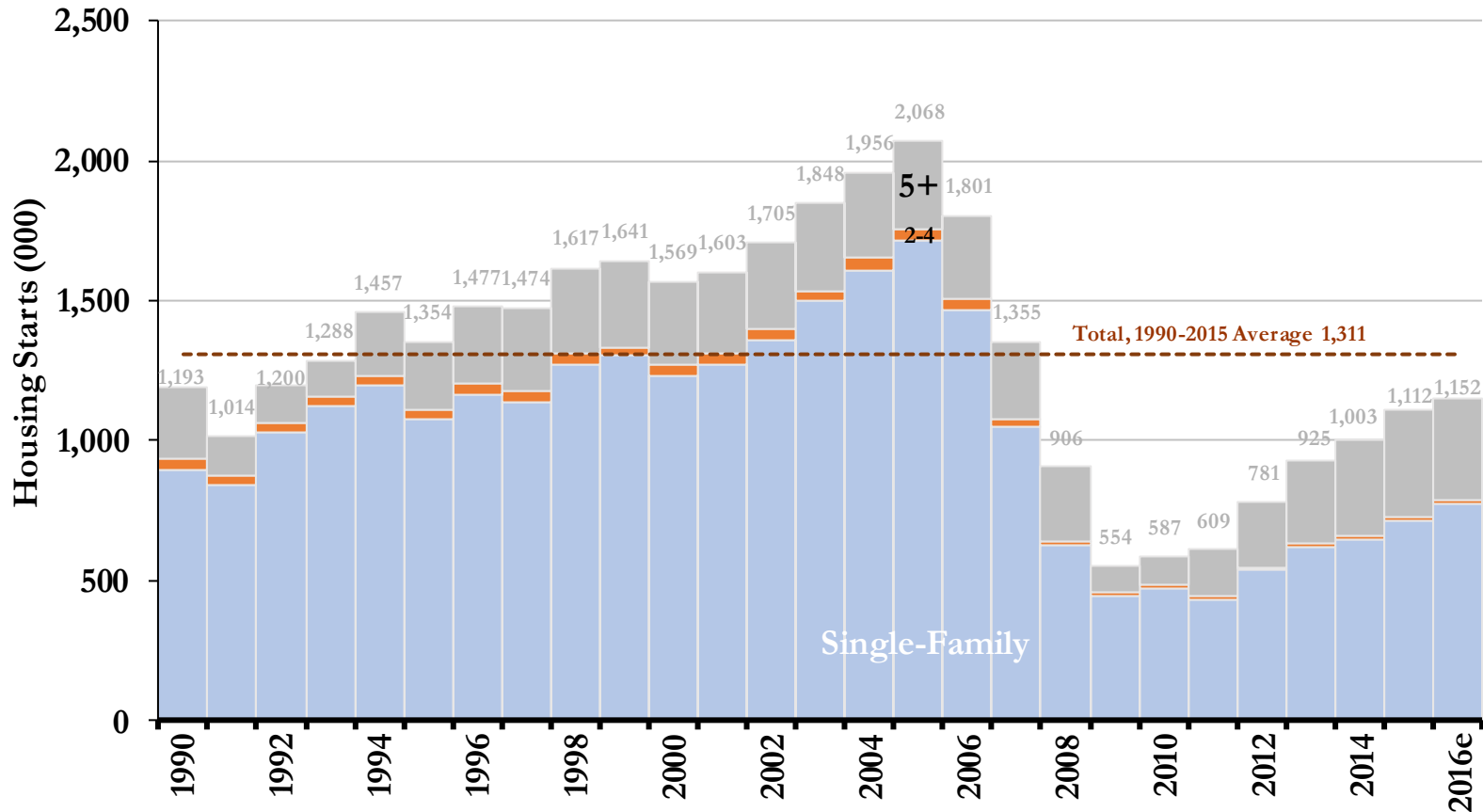
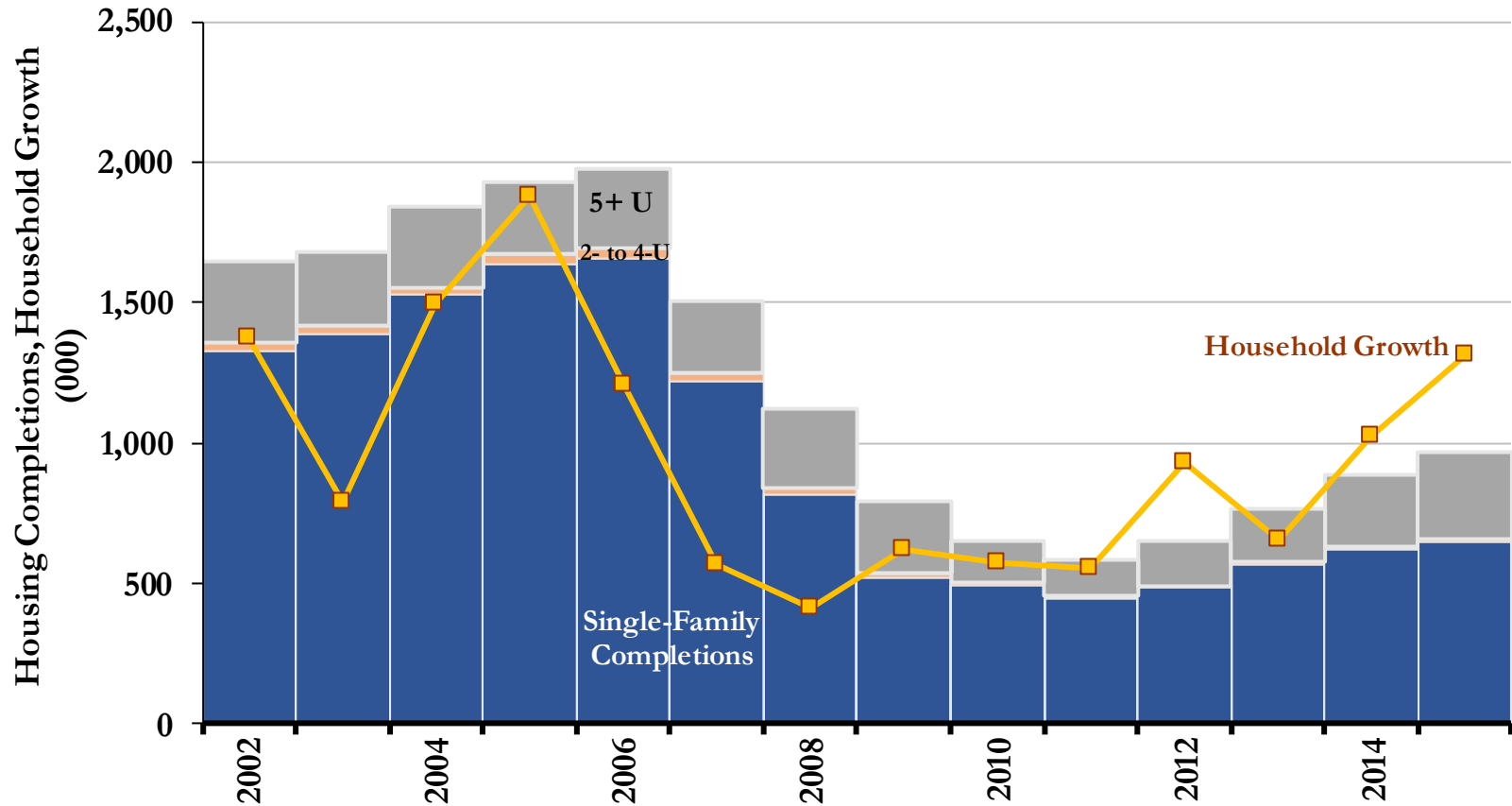


Trends and Outlook for the U.S. and Texas Apartment Markets

Seven years into recovery, U.S. housing starts not yet back to 1.2m units



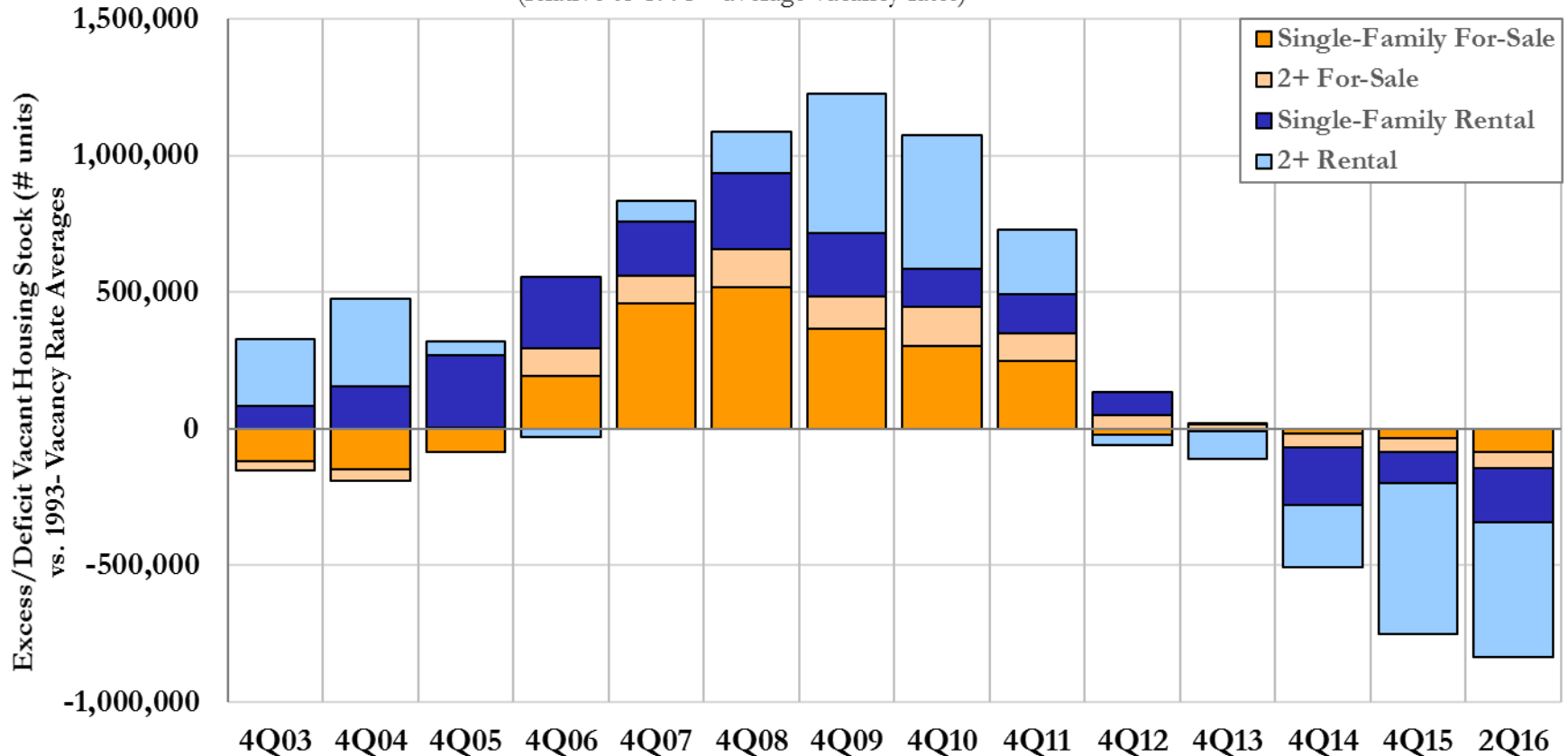
More households being formed than new housing finished



Source: U.S. Census Bureau

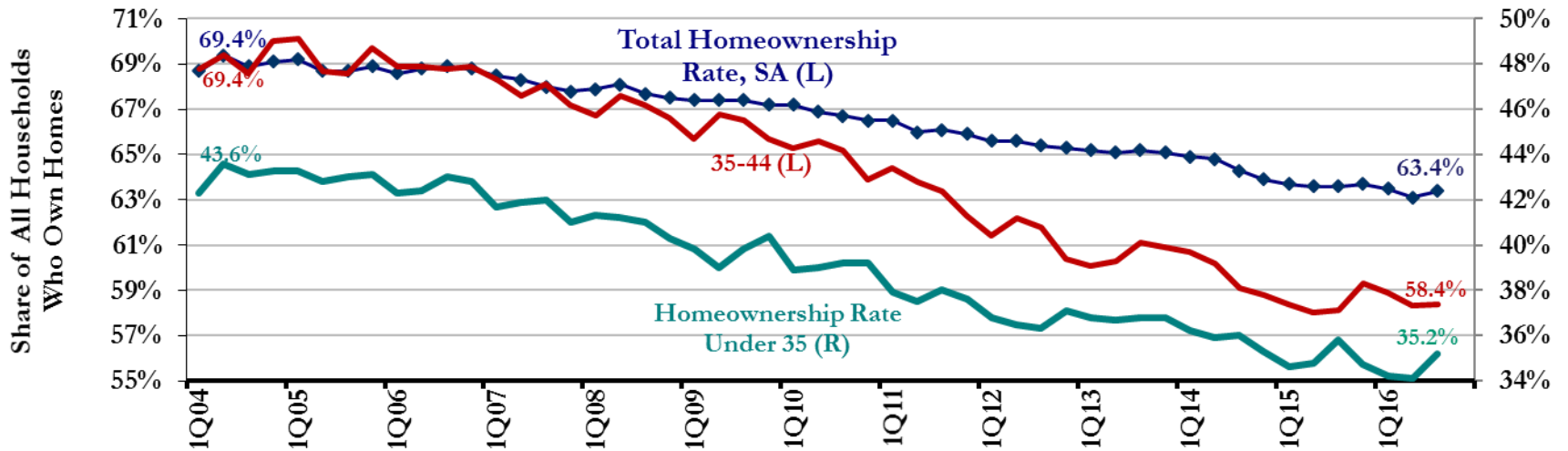
As a result, a relative housing shortage continues

U.S. Housing Supply Excess/Deficit
(relative to 1993+ average vacancy rates)



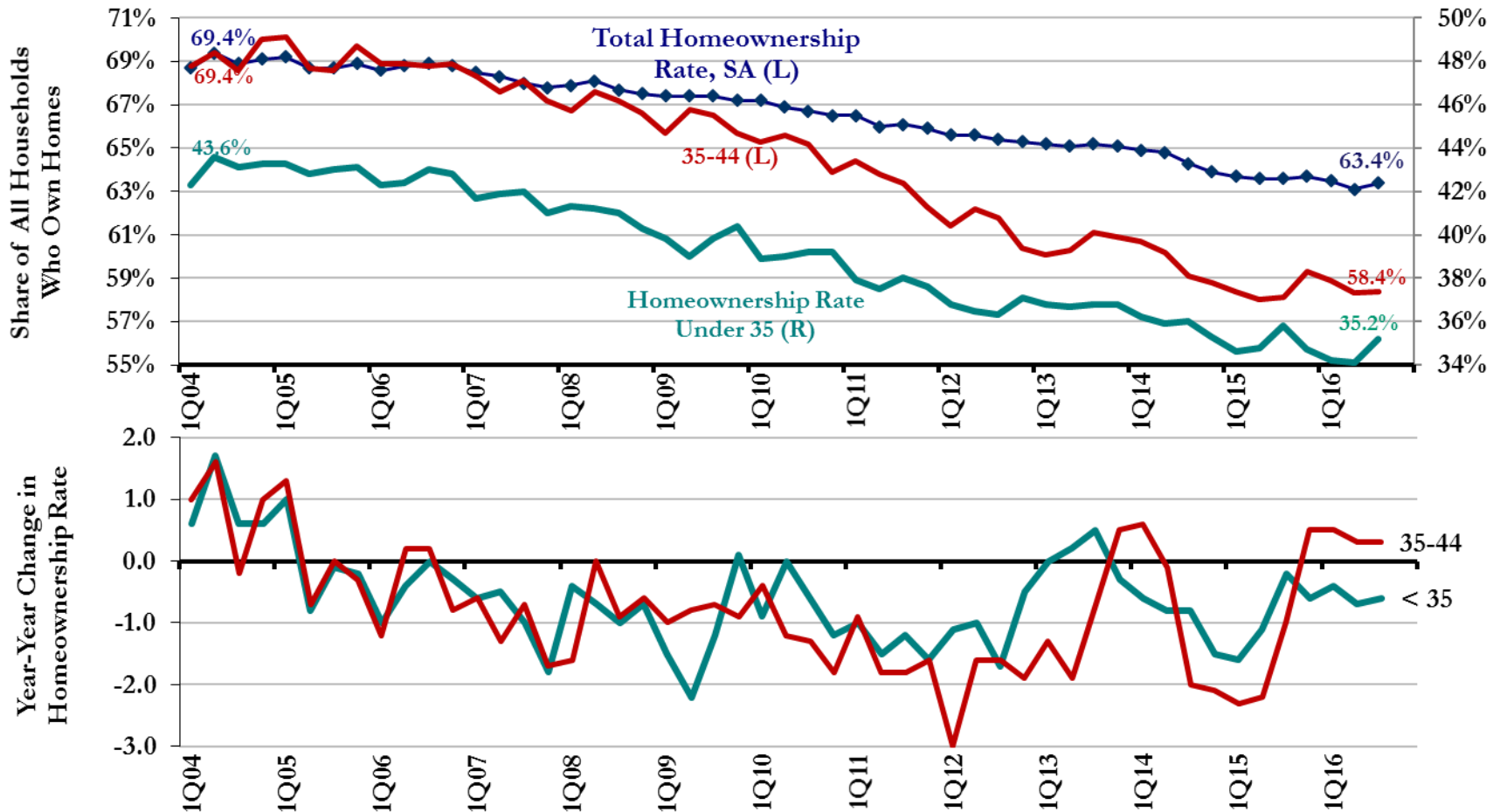
Source: Witten Advisors, U.S. Census Bureau

Homeownership rate did firm in 3Q (to 63.4% SA), as expected



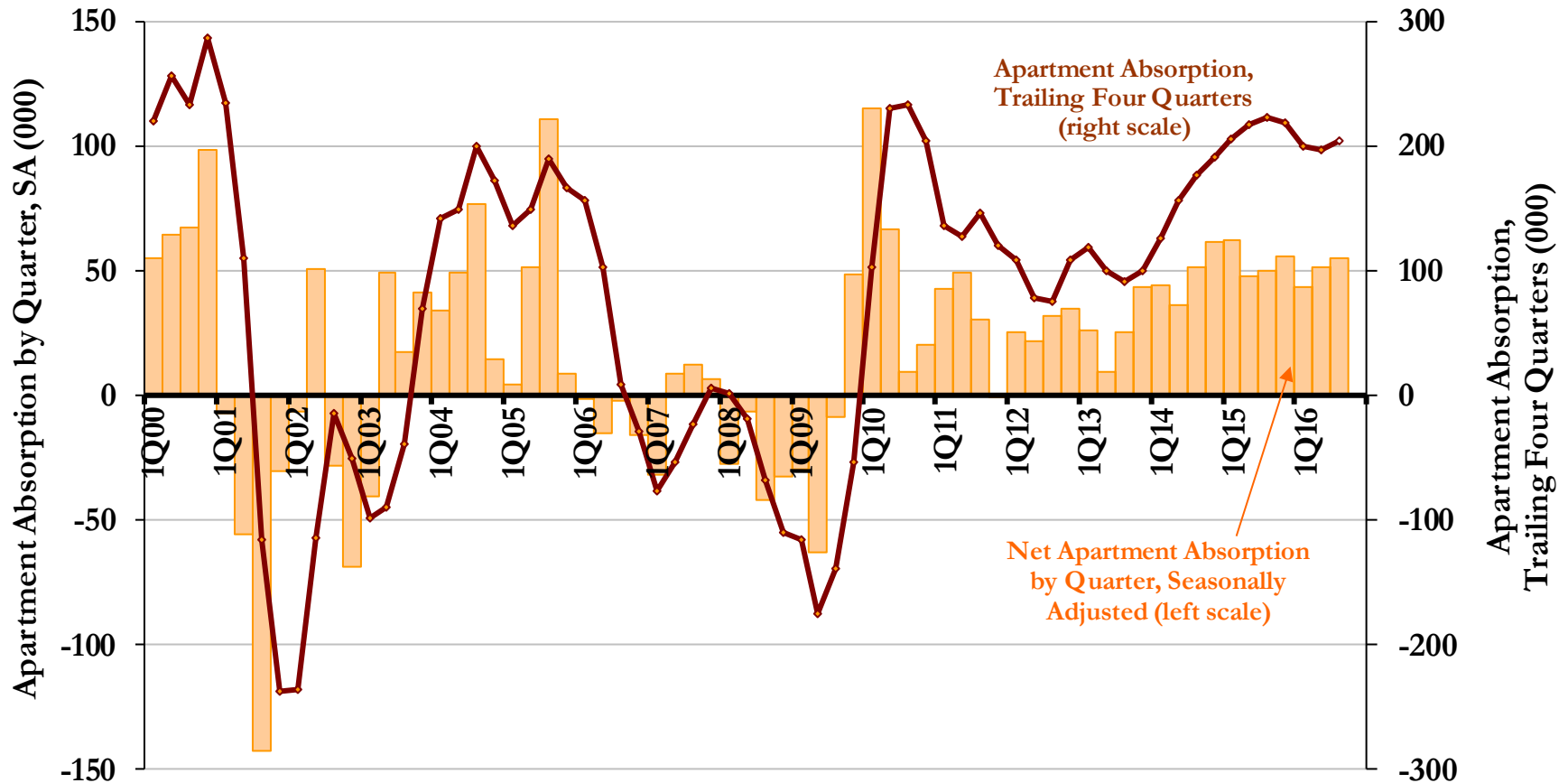
Source: U.S. Census Bureau 5

Homeownership rate did firm in 3Q (to 63.4% SA), as expected
 – older Millennials are buying; HO up year-year for last four quarters



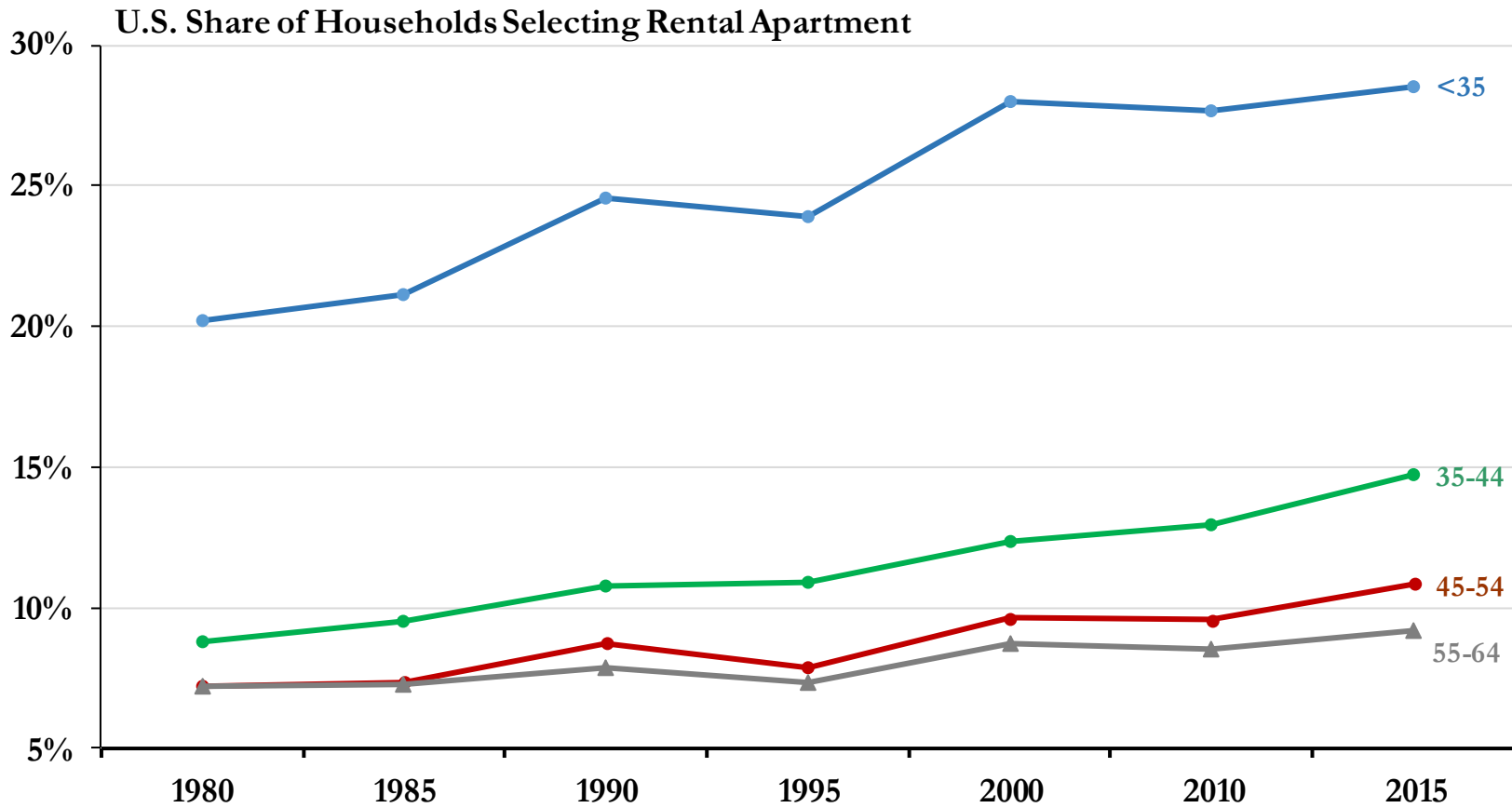
Source: U.S. Census Bureau 6

New move-ins solid in 3Q; on pace with forecast ~200k for the year



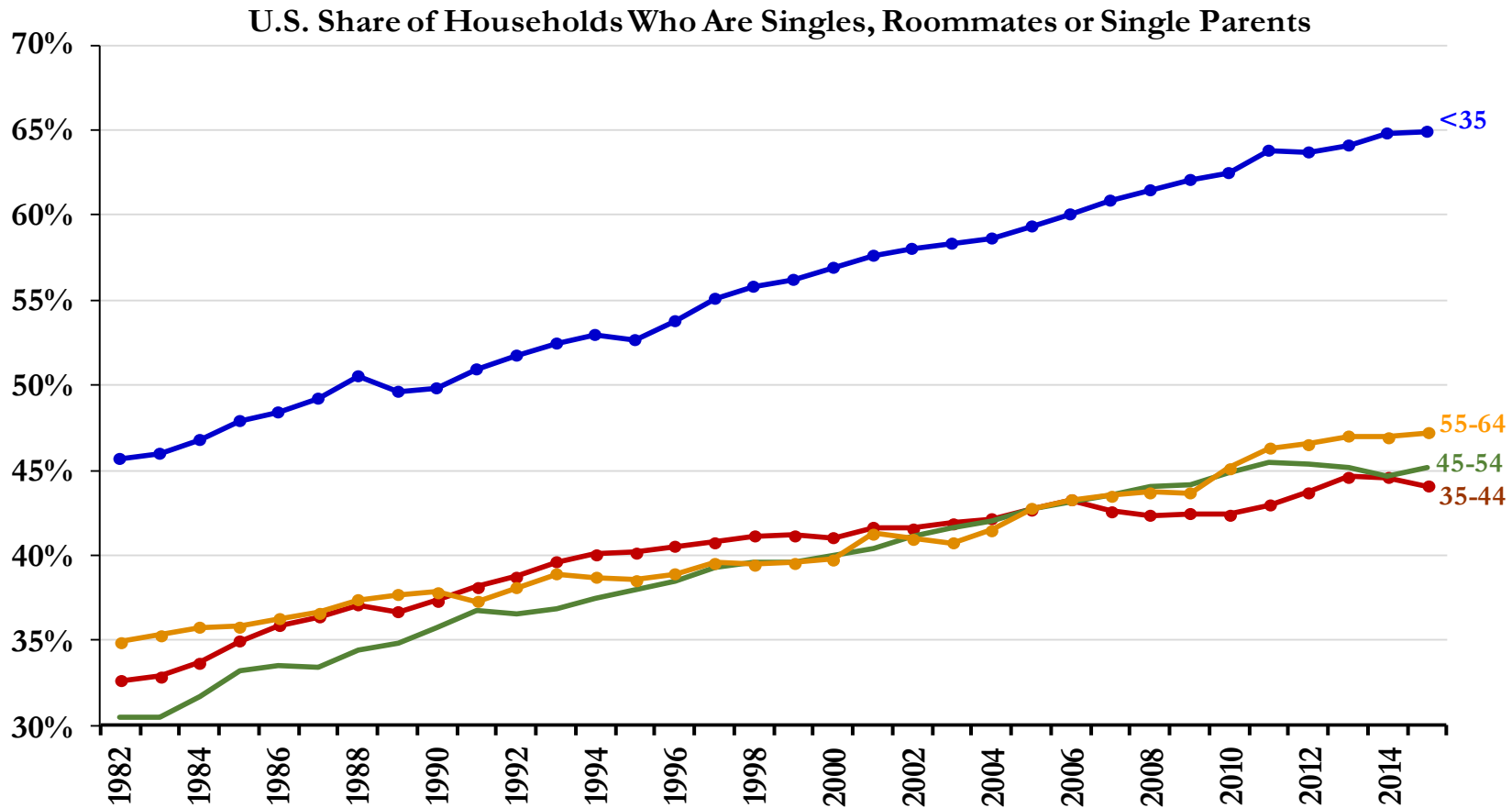
Source: Witten Advisors

All age groups under 65 increasingly rent apartments...



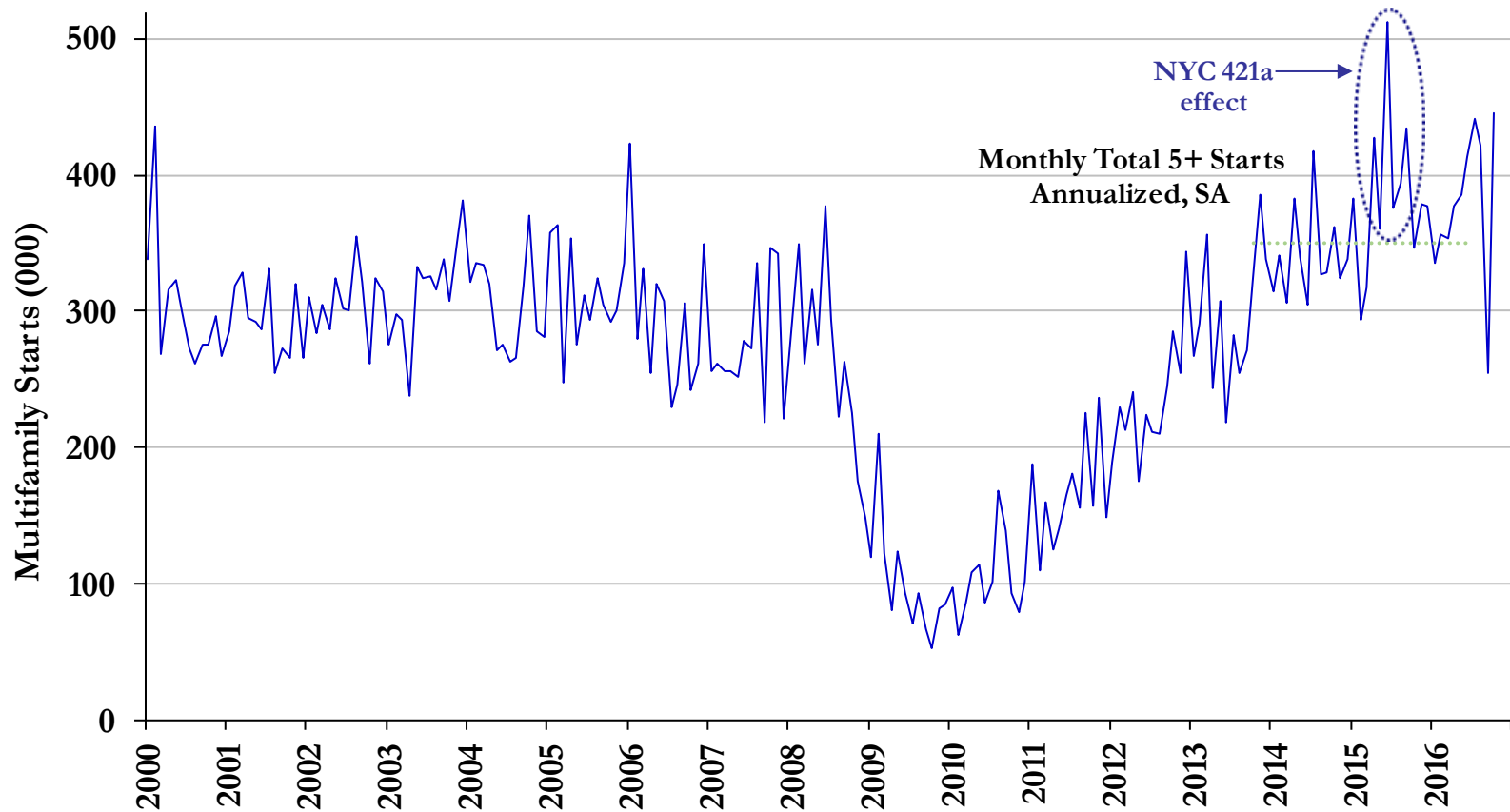
Source: Witten Advisors, IPUMS-CPS

...in part because more households under 65 are singles, roommates, single parents – all of whom rent more often than married couples



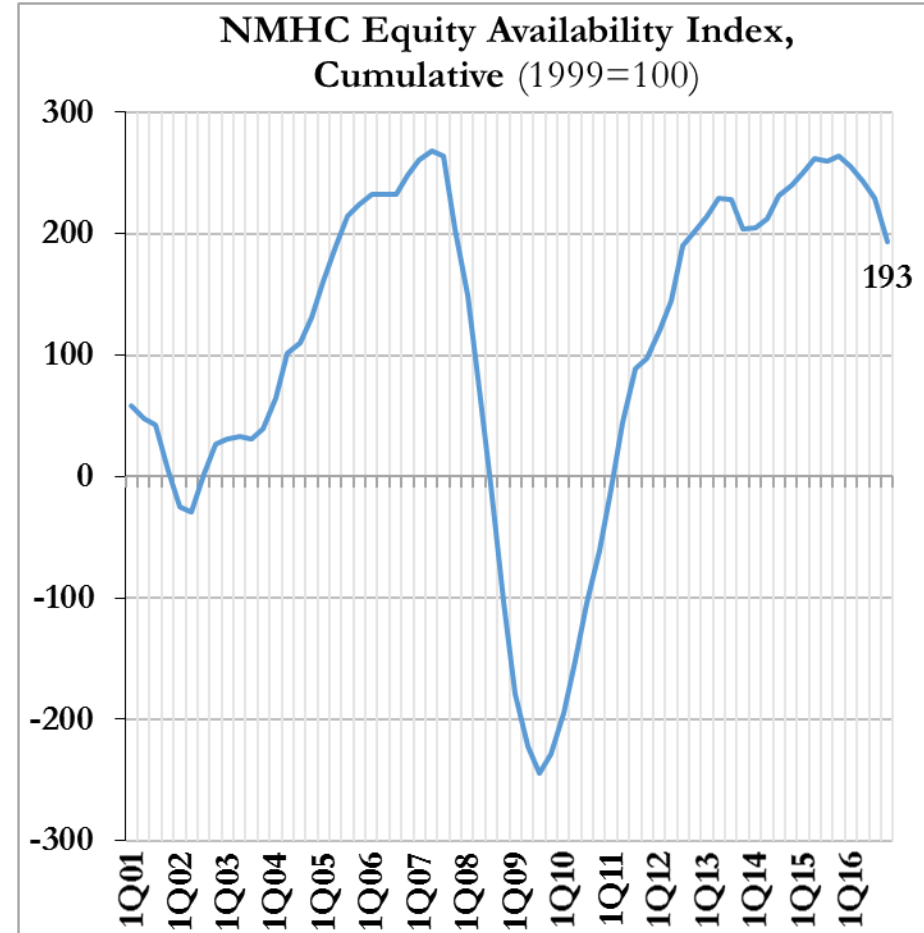
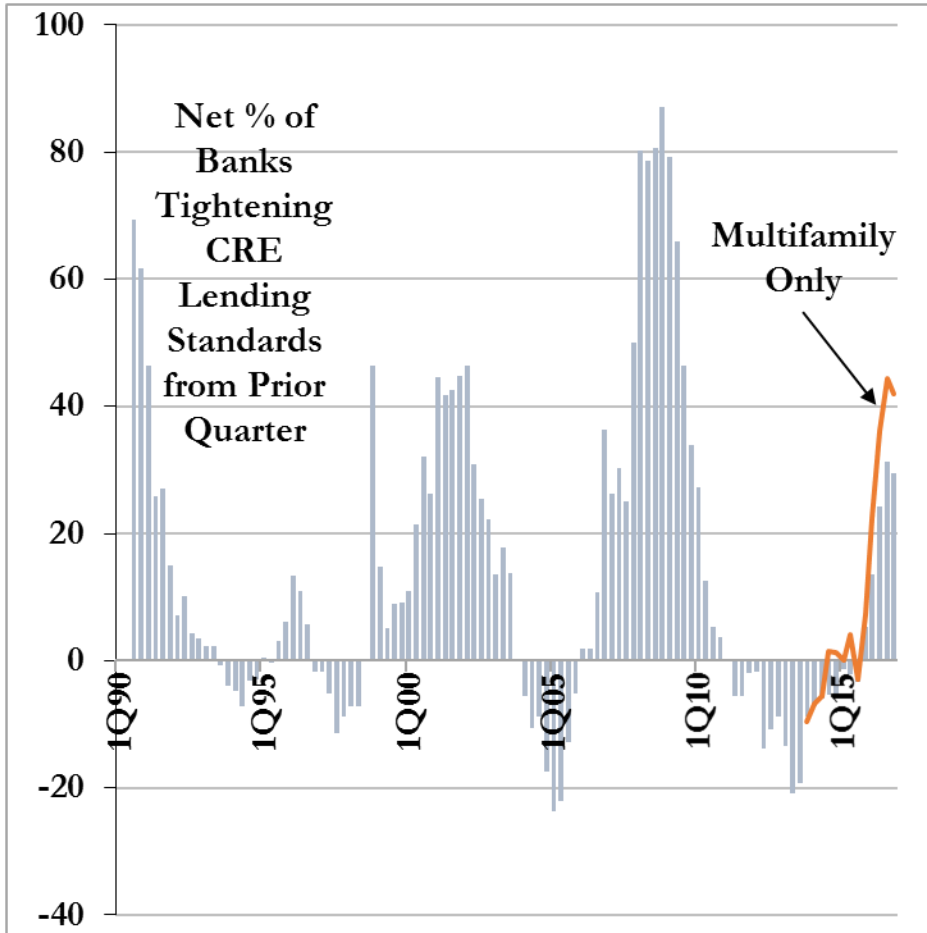
Source: U.S. Census Bureau

Monthly 5+ starts rate had held in the 350k-unit range from 2014 in 2016 (*ex-NYC*)...but volatile since June



Source: U.S. Department of Commerce; Witten Advisors

**With a shortage, why wouldn't MF construction keep climbing?
Banks tightening up on multifamily loans; equity more selective**



Sources: Federal Reserve Bank, NMHC

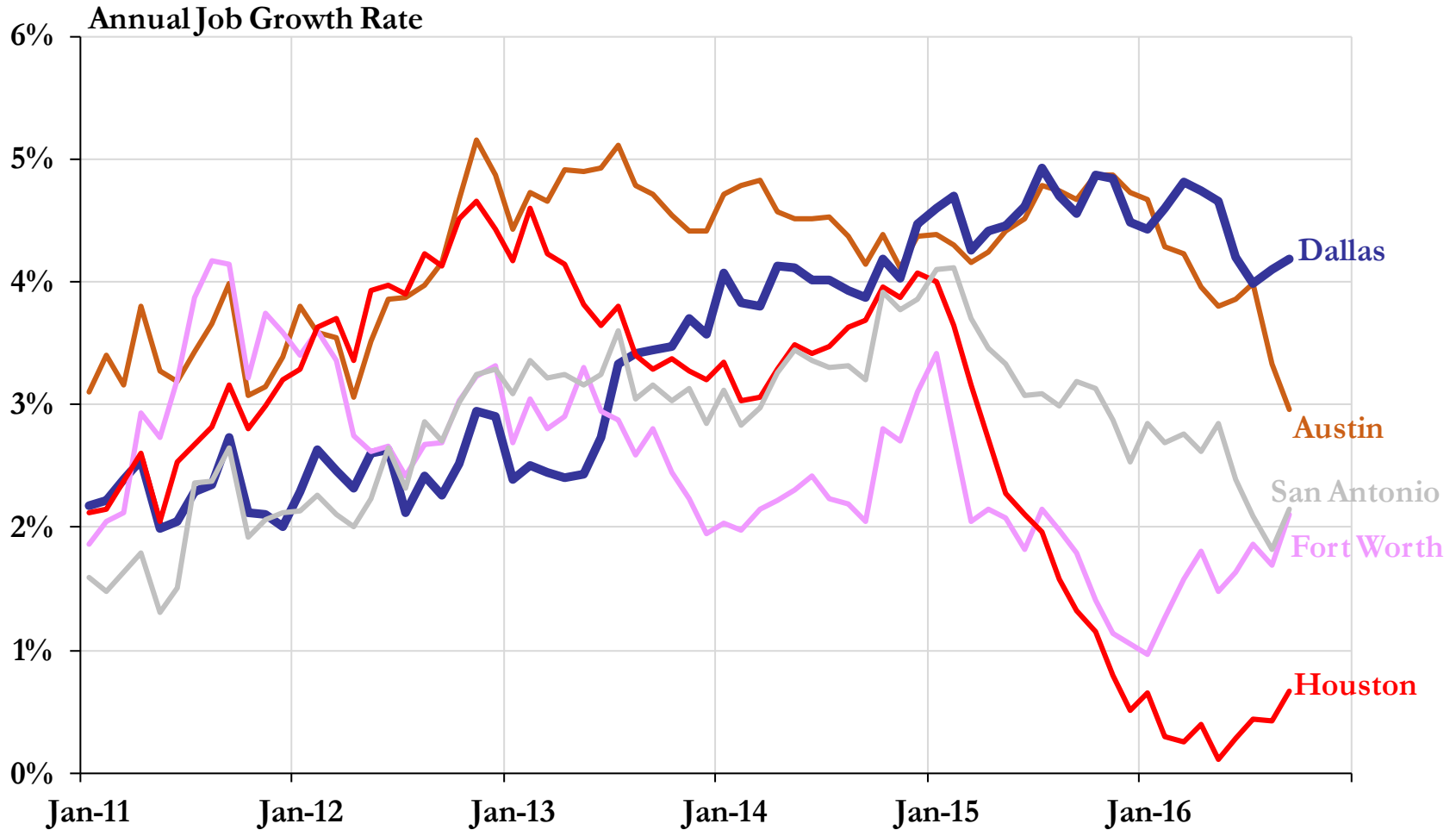
September job growth slower in most markets; 3%+ in only 9 of 43

Employment Growth		
<u>12 Months ending Sept. 2016</u>		
1.	New York (+1.8%)	169.4k
2.	Dallas (+4.2%)	101.3k
3.	Wash D.C. (+2.4%)	76.1k
4.	Atlanta (+2.9%)	74.8k
5.	Los Angeles (+1.6%)	69.7k
<hr/>		
39.	<i>Cinci, Columbus</i> (+1.6%)	<i>17.0k</i>
40.	<i>Miami</i> (+1.3%)	<i>14.9k</i>
41.	<i>WPB</i> (+2.0%)	<i>11.5k</i>
42.	<i>Kansas City</i> (+1.0%)	<i>10.1k</i>
43.	<i>Norfolk</i> (+0.4%)	<i>3.3k</i>

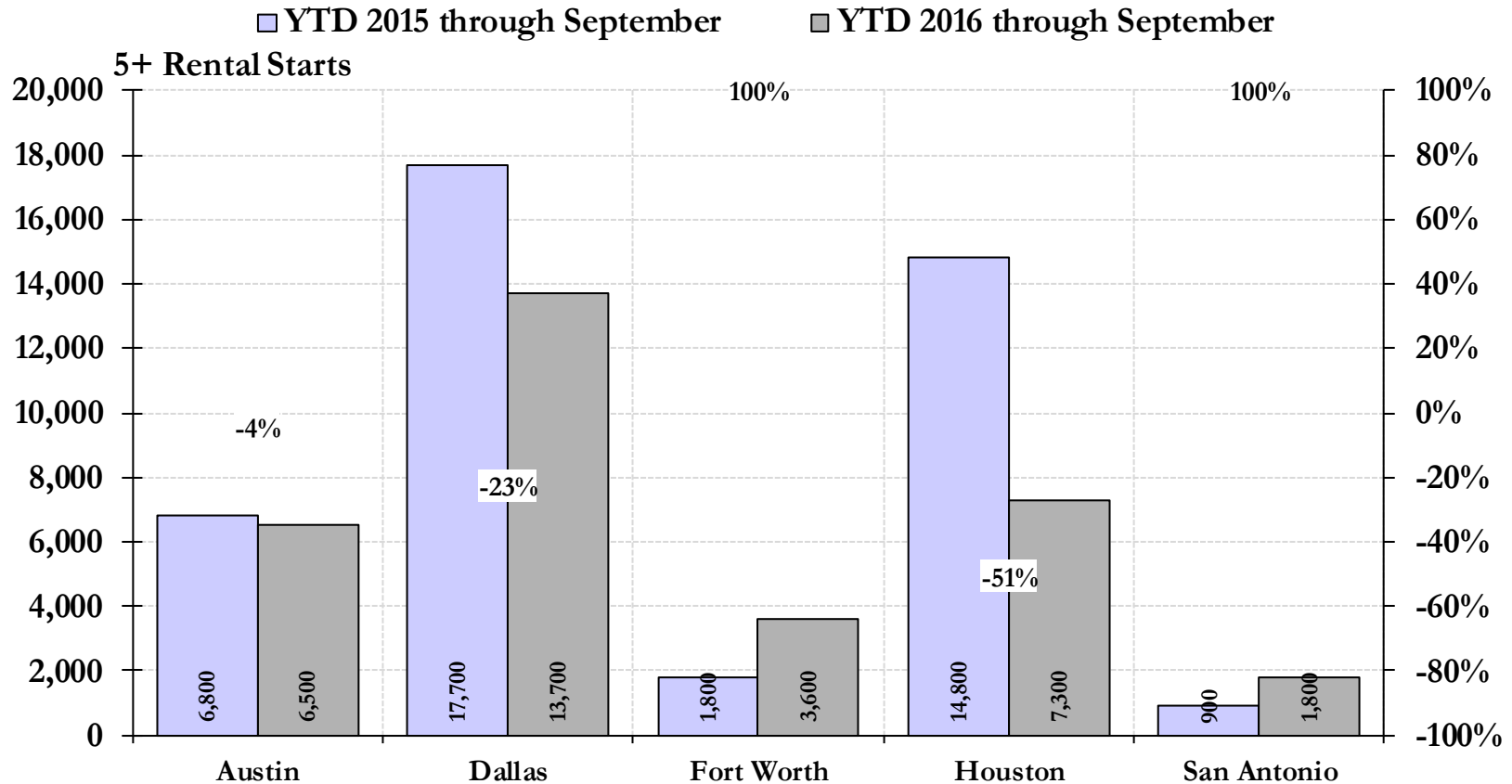
Employment Growth Rate		
<u>12 Months ending Sept. 2016</u>		
1.	Orlando	4.7%
2.	Jacksonville	4.6%
3.	Fort Lauderdale	4.4%
4.	Dallas	4.2%
5.	San Jose	3.6%
6.	Seattle	3.5%
7.	Denver	3.3%
8.	Salt Lake City	3.0%
9.	Austin	3.0%
10.	Sacramento, Atlanta	2.9%
		<i>U.S. 1.7%</i>

Source: U.S. Bureau of Labor Statistics establishment survey 12

Hiring scant in Hou, modest in SA, firming in FW, solid in Dal, Aus

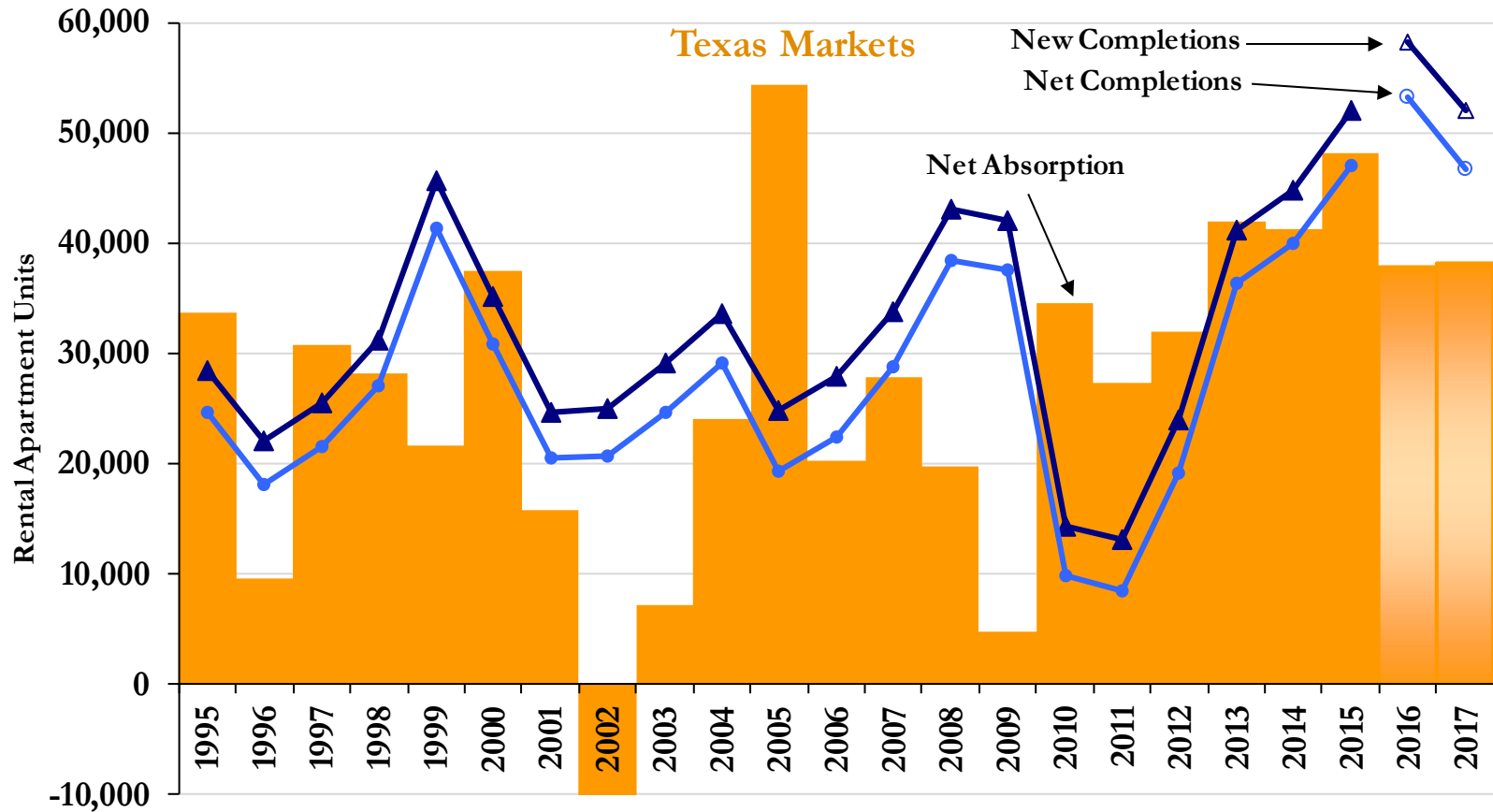


YTD September 2016 starts surged in FW, SA; down sharply in Hou



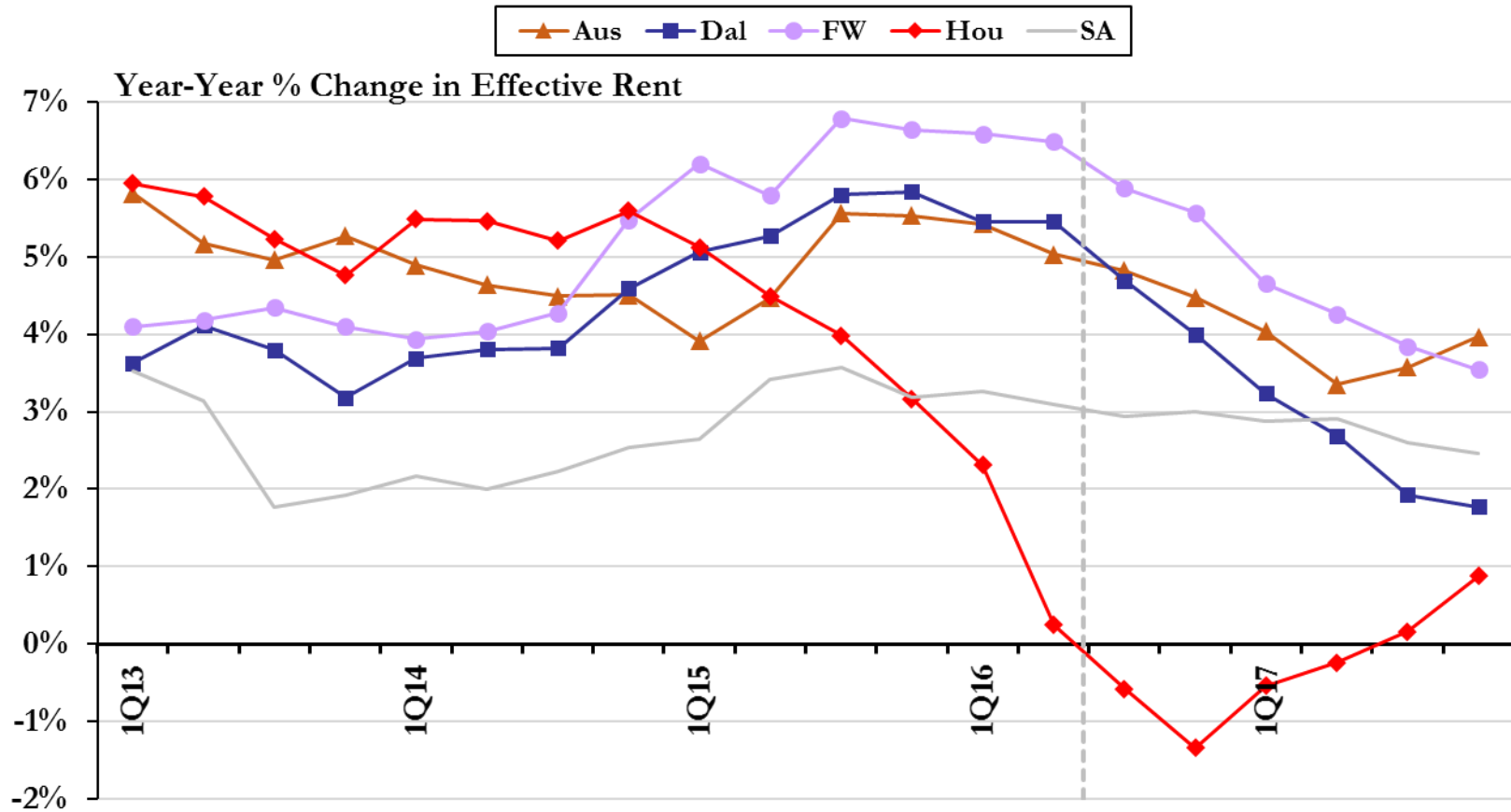
Source: Witten Advisors 14

Across TX markets, demand short of net supply in '16-'17...



Source: Witten Advisors

...so: FW rent growth solid but easing; Aus firms after mid-'17; rents decline in Hou near-term; Dal much weaker through '17; SA slower



Source: Witten Advisors

Questions/Discussion