The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

**IN THIS EDITION**

**GEORGIA**
- Atlanta
- Savannah
- Augusta
- Columbus
- Macon

**NORTH CAROLINA**
- Charlotte
- Piedmont Triad
- Research Triangle

**SOUTH CAROLINA**
- Greenville
- Charleston
- Columbia

**MISSISSIPPI**
- Jackson
- Gulfport-Biloxi

**KENTUCKY**
- Louisville
- Lexington

**TENNESSEE**
- Nashville
- Memphis
- Chattanooga
- Knoxville

**FLORIDA PANHANDLE**
- Panama City
- Pensacola

**REGIONAL LEADERS**

**SOUTHEAST INSTITUTIONAL**
- MARC ROBINSON
  - VICE CHAIR
- CHRIS SPAIN
  - VICE CHAIR
- ROBERT STICKEL
  - VICE CHAIR
- ALEX BROWN
  - MANAGING DIRECTOR

**CAROLINAS**
- JORDAN MCCARLEY
  - VICE CHAIR
- WATSON BRYANT
  - EXECUTIVE MANAGING DIRECTOR
- TAI COHEN
  - DIRECTOR
- PAUL MARLEY
  - DIRECTOR
- KYLE CHASE
  - DIRECTOR

**GULF STATES**
- JIMMY ADAMS
  - VICE CHAIR
- CRAIG HEY
  - SENIOR DIRECTOR
- JOSH JACOBS
  - DIRECTOR

**GEORGIA**
- MIKE KEMETHER
  - VICE CHAIR
- JOSHUA GOLDFARB
  - VICE CHAIR
- TYLER AVERITT
  - VICE CHAIR
- NATHAN SWENSON
  - MANAGING DIRECTOR
- TRAVIS PRESNELL
  - DIRECTOR
- TAYLOR BIRD
  - DIRECTOR

**TENNESSEE**
- ROBBIE O’BRYAN
  - DIRECTOR

**KENTUCKY**
- MIKE KEMETHER
  - VICE CHAIR
- CRAIG COLLINS
  - EXECUTIVE VICE PRESIDENT COMMERCIAL KENTUCKY, INC.

**LOUISIANA**
- LARRY SCHEDLER
  - PRINCIPAL
- MIKE KEMETHER
  - VICE CHAIR
- PAUL MARLEY
  - DIRECTOR
- LARRY G. SCHEDLER & ASSOCIATES, INC.

**INTERACTIVE CONTENT**
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IN THIS EDITION

► Atlanta  ► Savannah  ► Augusta  ► Columbus  ► Macon

SELECTION OF RECENT TEAM TRANSACTIONS

GEORGIA-PLUS PORTFOLIO
13 Properties across GA & NC
2,492 units / Built 1968-2016

OAK TREE VILLAS
Decatur, GA
997 units / Built 1967

CANOPY
Norcross, GA
684 units / Built 1987

STONEGATE AT EAGLE’S LANDING & MANDALAY VILLAS
Stockbridge & McDonough, GA
467 units / Built 2008

THE IRONWOOD
North Augusta, GA (SC)
280 units / Built 2019

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CUSHMAN & WAKEFIELD SOUTHEAST MULTIFAMILY ADVISORY GROUP
EMPLOYMENT & UNEMPLOYMENT TRENDS
The greater Atlanta economy added nearly 10,000 net jobs YOY through second quarter, compared to more than 25,000 as of the first quarter. Atlanta job growth remains healthy but pace has decelerated since the beginning of 2019 and may continue to 2020, signaling a tightening labor market. Construction has still fared well, with 6.3% year-over-year job growth, and Professional & Business Services are maintaining 3.7% annual gains.

ATLANTA JOB GROWTH TRENDS
EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

ATLANTA, GA

ECONOMIC EXPANSION
The following are select job announcements from second quarter 2019:

- EarthFresh is creating 100 distribution jobs in College Park.
- Title and escrow service provider OS National is expanding its Gwinnett County headquarters and adding over 1,000 jobs.
- Dematic will add 230 jobs and relocate 100 existing jobs in Atlanta to its new Midtown headquarters.
- Ideas United is expanding its East Atlanta creative studio, adding 30 jobs.
- Invesco is adding 500 jobs in the Midtown Union development.
- Plethora will create 250 manufacturing jobs in Cobb County.
- LeaseQuery, the fifth fastest-growing private company in metro Atlanta, is expanding in Dunwoody and adding 200 jobs.
- GE Appliances is investing $55 million to develop a smart warehouse in Jackson County, creating 100 jobs.

JOB GROWTH & UNEMPLOYMENT RATE

+0.3 % Y O Y
Average Q2 employment increased by 10,000 jobs.

-17 B P S Y O Y
Average Q2 unemployment decreased to 3.6%.

OUTLOOK
Moody’s Analytics projects that Atlanta will add nearly 96,000 jobs from 2019 to 2024, which is a downward adjustment from the end of 2018. Still, strong market fundamentals demonstrate a strong outlook for the multifamily sector.
MULTIFAMILY TRENDS

Atlanta’s average effective year-over-year rent growth rate was 190 basis points higher than the national average, demonstrating the strength of major markets in the Southeast region.

+6.7% YOY

Average effective rent increased to $1,247.

-81 BPS YOY

Vacancy decreased to an average of 4.7%.

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Atlanta’s local rent trends over the first and second quarter of 2019 demonstrate a positive uptick in rent growth rates as compared to the end of 2018, resulting in strong year-over-year growth of 6.7%. Effective rent growth through 2024 is projected to increase by 14.9%, or nearly 3.0% annually.

DEVELOPMENT / INVENTORY

The number of market-rate units under construction in the metro Atlanta area slowed noticeably to approximately 17,000 as of the second quarter, a lower figure than the amount of units under construction in 2018. The most active submarkets in terms of units under construction are: Upper West Side (1,370 units), Tuxedo Park (1,281 units), Cherokee County (878 units), Reynoldstown (870 units), and Coweta County (780 units). Larger properties in the pipeline include: Point on Scott Phase II (450 units) in Decatur, SouthLawn (600 units) in Lawrenceville, Madison Yards (550 units) in Reynoldstown, The Bishop (424 units) in Sandy Springs/Dunwoody, and Star Metal Residences (409 units) in Home Park.

DEMOGRAPHIC FUNDAMENTALS

The MSA is projected to add 82,500 renter households from 2018 to 2023. Net migration is projected to accelerate during the next five years.

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections over the near term:

Source: AXIOMetrics

Forecast is 12-month outlook

ATLANTA RENT GROWTH RATES

HISTORICAL FORECAST

ATLANTA RENT GROWTH RATES

Source: AXIOMetrics
INVESTMENT ACTIVITY

Atlanta’s year-to-date transaction dollar volume for multifamily deals that are $2.5 million or greater is 12% higher than that of the same period in 2018, driven by nearly $2 billion in deal activity in the second quarter. Institutional and cross-border investment have both seen a decrease in 2019, with private deals contributing to nearly two-thirds of all transaction volume in the Atlanta market this quarter.

HISTORICAL SALES VOLUME

Source: Real Capital Analytics

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seventeen West</td>
<td>2005</td>
<td>473</td>
<td>John Hancock Real Estate</td>
<td>Goldman, Sachs &amp; Company</td>
<td>$230,444</td>
</tr>
<tr>
<td>CLASS B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hudson Woodstock</td>
<td>2000</td>
<td>498</td>
<td>Bell Partners, Inc.</td>
<td>Hudson Capital Properties</td>
<td>$197,791</td>
</tr>
<tr>
<td>CLASS C</td>
<td></td>
<td></td>
<td></td>
<td>Priderock Capital Management</td>
<td>$131,579</td>
</tr>
</tbody>
</table>

MOST ACTIVE MARKET PLAYERS

TOP FIVE ATLANTA BUYERS - SECOND QUARTER 2019

<table>
<thead>
<tr>
<th>RANK</th>
<th>BUYER</th>
<th>TOTAL VOLUME</th>
<th>NO. PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Blackstone Group L.P.</td>
<td>$170,500,000</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Harbor Group International, LLC</td>
<td>$164,000,000</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Goldman, Sachs &amp; Company</td>
<td>$109,000,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Hudson Capital Properties</td>
<td>$98,500,000</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>TruAmerica Multifamily, Inc.</td>
<td>$97,146,061</td>
<td>2</td>
</tr>
</tbody>
</table>

TOP FIVE ATLANTA SELLERS - SECOND QUARTER 2019

<table>
<thead>
<tr>
<th>RANK</th>
<th>SELLER</th>
<th>TOTAL VOLUME</th>
<th>NO. PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GoldOller Real Estate Investments</td>
<td>$164,000,000</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>AEW Capital Management</td>
<td>$160,500,000</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>The RADCO Companies</td>
<td>$139,300,000</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>John Hancock Real Estate</td>
<td>$109,000,000</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Bell Partners, Inc.</td>
<td>$98,500,000</td>
<td>1</td>
</tr>
</tbody>
</table>

PRICING & CAP RATES

The mid-quartile cap rate range decreased, ranging from 5.3% to 5.8% with a median of 5.7%. This trend indicates steady cap rate compression as prices continue to rise. The average Class C price per unit appreciated by 18% since the end of 2018.

Source: Real Capital Analytics, CoStar, Cushman & Wakefield Research
Cumberland

- **Pollack Shores** has acquired land to build a 281-unit apartment community within walking distance of Atlanta’s SunTrust Park, while also catering to a neighborhood surrounded by 17M square feet of office space and nearly 100,000 jobs.

Douglas County

- San Francisco-based **Stitch Fix** leased a 925,800-square-foot distribution center in the Lithia Springs area of Douglas County that is anticipated to involve nearly 1,000 jobs once the lease begins toward the end of September.

Downtown Atlanta

- **Greystar** has secured air rights and a construction loan to develop a 29-story apartment tower that will rise atop an existing parking deck in Downtown Atlanta. Twenty percent of the development will be set aside for households earning 80 percent below median income, adding the newest downtown workforce housing in over 15 years.

Central Perimeter

- Houston-based **Hines** is planning a 468,000-square-foot office tower in the Central Perimeter area. The tower, 700 Northpark, would be the fourth to enter the mixed-use campus Northpark Town Center, near the Sandy Springs MARTA station.

- GID’s **High Street Atlanta** mixed-use project shows signs of nearing construction, with the condo component replaced by an additional 235,000 square feet of office space.

South Fulton

- **CT Realty** is developing two distribution buildings totaling 1.7M square feet at Palmetto Logistics Park in Fairburn. The development is expected to deliver by Q2 2020.
SAVANNAH, GA

EMPLOYMENT & UNEMPLOYMENT TRENDS

The rate of employment growth in Savannah year over year has slowed in the second quarter compared to the second quarter of 2018. Leisure & Hospitality added 800 net jobs (+2.9%) year over year, largely in part due to its rapidly-growing tourism sector. With hotels, riverboats, and mixed-use developments quickly joining the Savannah scene, the tourist destination will continue to support the establishments that make up its 28,000-job hospitality industry. Trade, Transportation & Utilities also continues to demonstrate job gains, adding 1,200 net jobs (+2.8%) year over year.

SAVANNAH JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

![Employment Graph]

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

 job growth & unemployment rate

-0.5 % YOY
Average Q2 employment remained stable.

-4 BPS YOY
Average Q2 unemployment decreased to 3.5%.

+3.4 % YOY
Average effective rent increased to $1,074.

-5 BPS YOY
Vacancy decreased to an average of 4.9%.

ECONOMIC EXPANSION

The following are expansion announcements as of second quarter 2019:

- McCraney Property Company has announced plans to double the square footage of its I-95 industrial development. McCraney cites the area’s low industrial vacancy rates and rising port activity as reasons for boosting their industrial investment. Store Supply Warehouse will occupy a majority of the finished facility.

- Allegiant will create 66 high-paying jobs and establish its aircraft base at Savannah/Hilton Head International Airport.

- Savannah River Nuclear Solutions has added more than 900 jobs this fiscal year and plans to add 750 jobs over the next two years.

- Phase one of Savannah developer Richard Kessler’s long awaited Plant Riverside District is now slated to open in November 2019. This 670,000-square-foot mixed-use is anticipated to create 700 jobs and includes restaurants, retail, entertainment space, an art gallery and a JW Marriott hotel.

- Lat Purser & Associates received approval to develop a new mixed-use building in the Thomas Square neighborhood. The project will include 81 apartments, on-site parking, and five 1,700-square-foot retail spaces on the ground floor.

- CZM Foundation Equipment is adding 75 office jobs and relocating its headquarters to Bryan County. It intends to occupy a new 40,000-square-foot facility in the Interstate Centre II industrial park.

MULTIFAMILY TRENDS

As trends predicted, vacancy saw an uptick in early 2019 to the high 5.0% range, but dipped sharply by the second quarter to its current level.
SAVANNAH RENT GROWTH RATES

Historical: Savannah's rents increased by 1.4% in second quarter 2019, and 3.4% year over year. Strong population trends and new Class A deliveries in 2018 produced positive rent growth in the market overall, although supply-side pressure has created fluctuation across the last four quarters.

From 2019 to 2024, rents are projected to grow at an average annual rate of 2.3% or a total of 11.5%.

DEMOGRAPHIC FUNDAMENTALS

Nearly 5,000 renter households will be added in the metro from 2018 to 2023.

Source: AXIOMetrics

DEVELOPMENT / INVENTORY

Nearly 2,200 units are under construction in the greater Savannah market, showing a slight downtrend from the end of 2018. The largest properties under construction are: Lakeside Village (316 units), Eastern Wharf (306 units), Parc at Pooler (280 units), Waters at Gateway (276 market-rate and affordable housing units), Ardmore at Rice Hope (300 units), and The Baxly (275 units).

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rivermoor West</td>
<td>2018</td>
<td>98</td>
<td>Landmark 24 Realty, Inc.</td>
<td>Beachwold Residential</td>
<td>$171,939</td>
</tr>
<tr>
<td>Townhomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Slate</td>
<td>2018</td>
<td>272</td>
<td>Rohdie Group</td>
<td>Olympus Property</td>
<td>$160,846</td>
</tr>
</tbody>
</table>
ECONOMIC EXPANSION

The following are expansions or relocations as of second quarter 2019:

- Spanish audio insulation company Acoustics & Insulation Techniques is opening its first U.S. manufacturing facility in Augusta and creating 45 jobs. Production is expected to begin in July 2019.

- Outsource service provider Sitel Group will add 400 jobs at its existing facility in the Colony Plaza shopping center in Augusta. A company spokeswoman stated the expansion is due to an increasing client base, with hiring to begin in Summer 2019.

- Augusta National has begun site work on a Global Broadcasting Village, which will be accessible by a tunnel to be built underneath Washington Road. The initiative will bring enhanced digital offerings in real-time and improved tournament services.

- Balch & Bingham, a corporate law firm with over 200 attorneys nationwide, opened its ninth and newest office in the SunTrust Building in downtown Augusta. The company attributes the expansion to the presence of many longstanding clients in the area and an opportunity to grow its regional footprint.

- Augusta gained its first new business-class hotel in a quarter-century as Hyatt House opened this spring. Located on Broad Street in the downtown area, the 100-room hotel caters to the business class by offering extended-stay rooms, ample conference space and a rooftop bar.

MULTIFAMILY TRENDS

Georgia’s tertiary multifamily markets are performing similarly with rent gains that are steadily growing average effective rents into the mid-$800s. Augusta’s vacancy rate continues to decrease in the short term, having dropped 80 basis points since the first quarter.

EMPLOYMENT & UNEMPLOYMENT TRENDS

The Augusta local economy added 1,100 net jobs YOY through second quarter 2019. Over the past year, Education & Health Services (+2.3% or 800 net jobs) and Trade, Transportation, & Utilities (+2.2% or 900 net jobs) experienced the most significant job growth and helped boost Augusta to the top of the Georgia metros in terms of percent employment gains. Cybersecurity continues to grow in the area and will be an ongoing driver of employment expansion, while Healthcare will grow in the metro due to the upcoming Augusta University Medical Center.

AUGUSTA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

JOB GROWTH & UNEMPLOYMENT RATE

+0.4 % Y O Y
Average Q2 employment increased by 1,100 net jobs.

-2 B P S Y O Y
Average Q2 unemployment decreased to 3.9%.

+5.7 % Y O Y
Average effective rent increased to $855.

-43 B P S Y O Y
Vacancy decreased to an average of 4.7%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Augusta’s average effective rent growth rate gained momentum in the first and second quarters of 2019, bolstering a strong one-year historical effective rent growth of 5.7%.

The current construction lull seen in Augusta will soon be disrupted by new deliveries in the foreseeable future, which will aid in strong projected rent gains going forward. By 2024, the market’s average effective rent is projected to increase by nearly 18.8% or 3.8% per year.

DEMOGRAPHIC FUNDAMENTALS

Despite its smaller market size, Augusta is experiencing net in-migration with residents hailing from Atlanta and Columbia, SC. The metro is projected to add nearly 42,000 renter households from 2018 to 2023.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Renter Households</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>508,055</td>
<td>27.0%</td>
<td>$37,698</td>
</tr>
<tr>
<td>2010</td>
<td>564,873</td>
<td>32.6%</td>
<td>$43,513</td>
</tr>
<tr>
<td>2018</td>
<td>605,006</td>
<td>33.5%</td>
<td>$49,386</td>
</tr>
<tr>
<td>2023</td>
<td>634,710</td>
<td>33.2%</td>
<td>$56,834</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections over the near term:

<table>
<thead>
<tr>
<th>Rents</th>
<th>Vacancy</th>
<th>Pipeline % Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast is 12-month outlook</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
</table>

DEVELOPMENT / INVENTORY

Approximately 500 units are under construction in the greater Augusta market as of the second quarter, down from roughly 850 as of the end of 2018. These properties include: Beacon Station (221 units), McHenry Square (128 units), and Legacy at Walton Green (90 units).
ECONOMIC EXPANSION

The following are expansions or relocations as of second quarter 2019:

- **Daechang Seat Co. (DSC)** is creating **100 jobs** at its second U.S. production facility locating in eastern Alabama, inside of the Columbus metro area. The company’s location was made possible through the interstate cooperation of the city of Columbus and the state of Alabama. DSC plans to begin hiring in August 2019, with plans to be operational in Spring 2020.

- **The Mercer University School of Medicine** has announced plans to expand its two-year Columbus medical program into a full-scale campus scheduled to open in Fall 2021. Mercer expects enrollment to eventually compete with its Savannah and Macon campuses, with the goal of creating a stronger medical care and improved services in the Columbus area over time.

- Construction is under way for Columbus’ first food hall, **Banks Food Hall**, nestled downtown on Bay Ave., is set to feature 10 food and drink vendors in 12,000 square feet of indoor and outdoor space. The space will have capacity to seat over 250 people and includes a bar and multiple entertainment options. With the intention of catering to the crowds that come to visit Woodruff Park and Riverwalk, the food hall also gives way for diversity of dining offerings in the area. The development is anticipated to promote local businesses by providing a venue for vendors to bring their concepts to life.

MULTIFAMILY TRENDS

Columbus’ average effective rent increased to $854 while vacancy dropped below the 3.0% level from second quarter 2018 to second quarter 2019.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Columbus’ average effective rent growth in first quarter of 2019 carried the year, with an overall annual effective rent increase of 3.5% from second quarter of 2018 to second quarter of 2019.

Rents are projected to plateau in the next five years with a total estimated net gain of 10.0% by 2024, an estimate that has been adjusted downward since the first quarter. Columbus has seen a majority of its rent gains from pricing power due to limited construction and steady demand in the area, rather than increasing Class A development activity as seen in other markets. That being said, increased investment and development activity in the future could drive Columbus’ rent gains up at an accelerated rate.

DEMOGRAPHIC FUNDAMENTALS

More than 2,500 renter households will be added from 2018 to 2023.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>281,573</td>
</tr>
<tr>
<td>2010</td>
<td>294,865</td>
</tr>
<tr>
<td>2018</td>
<td>315,555</td>
</tr>
<tr>
<td>2023</td>
<td>328,629</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Renter Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>36.1%</td>
</tr>
<tr>
<td>2010</td>
<td>42.7%</td>
</tr>
<tr>
<td>2018</td>
<td>45.6%</td>
</tr>
<tr>
<td>2023</td>
<td>45.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$34,412</td>
</tr>
<tr>
<td>2010</td>
<td>$41,173</td>
</tr>
<tr>
<td>2018</td>
<td>$44,744</td>
</tr>
<tr>
<td>2023</td>
<td>$52,362</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:

DEVELOPMENT / INVENTORY

The multifamily construction pipeline in Columbus is minimal. Claflin School Apartments, a 44-unit mixed-income community, is under construction and expects to deliver by the end of 2019.

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Lory of Columbus</td>
<td>2012</td>
<td>292</td>
<td>Greystone</td>
<td>Lexerd Capital Management</td>
<td>$32,807</td>
</tr>
</tbody>
</table>
EMPLOYMENT & UNEMPLOYMENT TRENDS

Macon lost approximately 600 net jobs from second quarter 2018 to second quarter 2019, which follows trends of market softness in job gains in first half of 2019.

Three industries drove job growth over the past year: Leisure & Hospitality (+4.8% or 500 net jobs), Education & Health Services (+1.4% or 300 net jobs), and Professional & Business Services (+0.8% or 100 net jobs).

MACON JOG GROWTH TRENDS
EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

![Graph showing employment trends from Q3 2018 to Q2 2019.](image-url)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

JOB GROWTH & UNEMPLOYMENT RATE

-0.6  %  Y O Y
Average Q2 employment decreased by 600 net jobs.

-34  B P S  Y O Y
Average Q2 unemployment decreased to 3.9%.

+4.4  %  Y O Y
Average effective rent increased to $828.

-3  B P S  Y O Y
Vacancy decreased to an average of 3.7%.

ECONOMIC EXPANSION

The following are expansions or relocations as of second quarter 2019:

- **Embraer Aircraft Maintenance Service** has doubled its expected job count and is adding an additional 100 jobs at its new 150,000-square-foot facility in Macon. The company selected a strategic location for long-term growth that draws from the available aerospace workforce in Middle Georgia.

- **Macon Beer Co.** is slated to open its new mixed-use development in Summer 2019. The space incorporates 19 loft apartments, an event space, a bar-food restaurant and beer garden on the ground flood of their new Second St. location. The brewer’s intention is to make a more connected downtown area, with more dining and entertainment options and increased walkability.

- Two senior housing projects have been approved for the Macon area that could target a growing senior housing need in Middle Georgia. **In-Fill Housing Inc.**, a non-profit affiliated with the Macon-Bibb County Housing Authority, has gained approval to build a senior apartment complex on Northside Dr. that can house around 70 residents, 62 years and older. Nearby, **Sterling Heights** has been approved to build a 120-unit complex intended for people 55 years and older.

MULTIFAMILY TRENDS

Macon’s average vacancy rate held steady year over year as of the second quarter, maintaining in the high 3.0% range. During the same period, the market’s rent growth rate soared, accelerating by more than 400 basis points, resulting in the market average creeping toward the mid-$800 per unit threshold.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Quarter-to-quarter rent growth levels in the third quarter of 2018 and second quarter of 2019 were strong and helped carry the overall annual gains, with 4.4% year-over-year growth.

Consistent with the multifamily real estate life cycle, Macon’s rent growth trends will moderate in the future, but will remain positive. As of second quarter projections, Macon’s average annual rent growth is estimated at 2.9% over the next five years.

DEMOGRAPHIC FUNDAMENTALS

Macon’s median household income is projected to grow by 18%, while the proportion of renter households remains above that of the nation.

Source: AXIOMetrics

DEVELOPMENT / INVENTORY

Fewer than 200 units are currently under construction in the greater Macon market as of the second quarter. These properties include: The Station at River Crossing (92 units) and Tindall Fields Phase II (65 units).

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sandpiper Apartments</td>
<td>1982</td>
<td>530</td>
<td>Sterling Bridge Investment Partners, LLC</td>
<td>Madison Exchange Company</td>
<td>$79,245</td>
</tr>
<tr>
<td>River Walk Apartments</td>
<td>1993</td>
<td>152</td>
<td>Quality Mgmt. Group</td>
<td>Individual Investor</td>
<td>$65,789</td>
</tr>
</tbody>
</table>
The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

IN THIS EDITION

► Birmingham  |  ► Huntsville  |  ► Mobile  |  ► Montgomery

SELECTION OF RECENT TEAM TRANSACTIONS

THE HEIGHTS MONTGOMERY
Montgomery, AL
164 units / Built 2015

PARK 3 PORTFOLIO
Birmingham, AL
1,816 units / Built 1972-1978

PARKSIDE AT COTTAGE HILL
Mobile, AL
240 units / Built 2014

THE MILLS AT 601
Prattville, AL
136 units / Built 1995

MIDTOWN PORTFOLIO
Montgomery, AL
512 units / Built 1986 & 1988

HAVENLY PARK VILLAS
Prattville, AL
56 units / Built 1997

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ECONOMIC EXPANSION

The following are select expansions as of second quarter 2019:

- Phase one of a new entertainment complex is coming to Leeds, an eastern suburb 20 minutes from Birmingham. Hunter Lake, the developer behind Avondale Brewing, is including a redeveloped drive-in theater, mini-golf course, a dog park, and playground in phase one. Phase two will offer an amphitheater, as well as an observation deck and water activities on the Cahaba River.

- Alabama film investment in 2019 is set to eclipse its record-high $63.5 million economic impact in 2018, putting Birmingham in the industry spotlight. Roy Wood Jr.’s show, Jefferson County: Probation, began filming this spring. Additionally, the Netflix movie, Inheritance, is also filming in Birmingham this quarter.

- Performance Architectural Inc. is relocating its production and headquarters operations to Birmingham with plans to create 32 new jobs.

- ARC Realty announced plans to build a 250,000-square-foot mixed use development, including residential, retail, and 140-room hotel in the booming Parkside District in Birmingham.

JOB GROWTH & UNEMPLOYMENT RATE

+2.0% YOY
Average Q2 employment increased by 10,300 jobs.

-30 BPS YOY
Average Q2 unemployment rate decreased to 3.2%.

OUTLOOK

- Per Moody’s Analytics, Birmingham is projected to add 13,200 jobs from 2019 to 2024, while the unemployment rate will increase from the mid-3.0% to the low-5.0% range.
- Projects such as the $300-million Protective Stadium aim to boost its reputation as a destination for both tourists and a younger workforce.
MULTIFAMILY TRENDS

The market’s average vacancy rate continued to plummet from the 7.0% range in 2017 to the high 4.0% range in the second quarter of 2019. In the same period, Birmingham’s year-over-year effective rent growth rate accelerated, outpacing its year-over-year growth rate in the first quarter of 2019.

+6.4% YOY

Average effective rent increased to $976.

-115 BPS YOY

Vacancy decreased to an average of 4.8%.

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Birmingham’s one-year historical effective rent growth as of second quarter saw a boost in momentum as compared to fourth quarter 2018 and early 2019, resulting in strong year-over-year growth. Projected rent gains through 2024 saw a downward adjustment compared to estimates as of end of 2018.

DEVELOPMENT / INVENTORY

The number of units under construction in Birmingham has moderated to 1,400 units as of the second quarter, a slight decrease from 2018. These properties are dispersed among the Five Points, Fountain Heights, Parkside, and Southside submarkets.

Notable developments include: Vesta (315 units), Foundry Yards (268 units), Metropolitan in Lakeview (262 units), 20 Midtown Phase III (243 units), and Daniel Parkside (240 units).

DEMOPGRAPHIC FUNDAMENTALS

Birmingham is projected to add 3,833 renter households in the next five years. In-migration is primarily driven by residents moving from Tuscaloosa, Atlanta, Montgomery, and Gadsden.

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:
INVESTMENT ACTIVITY

Birmingham’s cumulative sales volume in 2019 through the second quarter for deals $2.5M or greater is 222% higher than the first half of 2018. The current trailing 12-month sales volume is the highest on record at $761 million. At nearly $299 million, Birmingham’s sales volume through mid-2019 is already 16% shy of the market’s historic average on an annual basis.

Mid-quartile cap rates have dipped to the high 5.0% range, showing signs of further cap rate compression. The median price per unit in the second quarter was approximately $81,000, up 11% from the first quarter median.

Only two Class A deals have sold in 2019 year-to-date, with average price per unit expected to rise once more Class A activity occurs.

PRICING & CAP RATES

Mid-quartile cap rates have dipped to the high 5.0% range, showing signs of further cap rate compression. The median price per unit in the second quarter was approximately $81,000, up 11% from the first quarter median. Only two Class A deals have sold in 2019 year-to-date, with average price per unit expected to rise once more Class A activity occurs.
SUBMARKET OVERVIEW

RENTS & VACANCY BY SUBMARKET

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Rent</th>
<th>Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Birmingham/Mountain Brook</td>
<td>$1,242</td>
<td>3.9%</td>
</tr>
<tr>
<td>Homewood/Southwest Birmingham</td>
<td>$940</td>
<td>7.2%</td>
</tr>
<tr>
<td>Hoover/Alabaster</td>
<td>$976</td>
<td>4.4%</td>
</tr>
<tr>
<td>North Birmingham/Bessemer</td>
<td>$760</td>
<td>3.9%</td>
</tr>
<tr>
<td>Southeast Birmingham</td>
<td>$1,043</td>
<td>5.1%</td>
</tr>
<tr>
<td>Vestavia Hills</td>
<td>$1,015</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

SELECT SUBMARKET NEWS

Downtown
- **Red Mountain Theatre Co.** will open its new arts campus in Parkside and will include rehearsal and classroom space, a 400-seat theater, and assorted office space. Its goal is to house its operations at one location and boost its effectiveness in engaging the community through art.
- **M2**, a redevelopment project taken on by Red Rock Realty, MAKEbhm, and ARC Realty, plans to cater to emerging businesses engaged in light manufacturing and product design. The 70,000-square-foot space will feature affordable rates and a mix of office and production space.
- Developer **Mike Mouron** purchased the former Greyhound station downtown and plans to redevelop it for office space. Mouron plans to incorporate original signage and retrofit vintage buses for casual meeting space.

Hoover
- **RealtyLink Investments** plans to develop a 52,000-square-foot retail center and grocery store complex in Hoover.

Bessemer
- **Scott Crawford Inc.** plans to redevelop the former Bessemer City Hall into a mixed-use space featuring 60 apartments and 4,000 square feet of retail.

Parkside
- **Novare Group** received approval to build a 268-unit apartment development west of Railroad Park and Regions Field. The project joins growing number entering the western portion of the district, and one of the first traditional apartments of its size joining the Parkside area.
- **Residential Ventures** will redevelop the Sherman Industries plant in Parkside into a six-story mixed-use development that will include residential, retail, food, office, and hotel space. The developer plans to break ground in 12 to 18 months.

Source: AXIOMetrics, CoStar, Cushman & Wakefield Research
HUNTSVILLE, AL

EMPLOYMENT & UNEMPLOYMENT TRENDS

Huntsville added approximately 3,500 net jobs year over year as of the second quarter. Indirect job growth from Mazda-Toyota’s new $1.6 billion, 4,000-job manufacturing facility should help Huntsville’s manufacturing sector recoup more production jobs lost in the recession. Manufacturing will continue to be a source of employment gains as new facilities build a presence in the area, with 4.0% growth seen in the second quarter, or 1,000 new jobs. Professional & Business Services also saw a boost in job creation reported in second quarter with 1,900 new jobs, a 4.9% increase year over year.

HUNTSVILLE JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Employment (thousands)</th>
<th>% Job Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2018</td>
<td>180</td>
<td>0.0%</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>150</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>100</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>70</td>
<td>-5.1%</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

ECONOMIC EXPANSION

The following are notable expansions as of second quarter:

- **Toyota Boshoku** is creating 400 new jobs and investing $50M in a new manufacturing facility approximately 30 miles from the Mazda Toyota Manufacturing USA plant coming to Limestone County. Construction of the plant is to begin in late Summer 2019, and it will produce seat systems for vehicles built at Mazda Toyota Manufacturing USA.

- **DaikyoNishikawa US (DNUS)** announced plans to create 380 new manufacturing jobs. The company is the second major supplier and first on-site partner to locate in Huntsville following the announcement of Mazda Toyota Manufacturing USA (MTMUS). DNUS supplies plastic parts and injection molding materials to major Japanese automakers.

- Huntsville developer **Scott McLain** and Chicago-based partners gained approval to construct a $62M mixed-use project at the vacant site by Memorial Parkway and Clinton Ave. Phase one would consist of 218 multifamily units, 20,000 square feet of office space, and 20,000 square feet of retail and restaurants, with work starting later this summer. Phase two would include a 100-room hotel and 60,000 square feet of office space.

- **Dynetics**, an aerospace and automotive supplier, has opened its latest advanced manufacturing facility in Huntsville, with plans to add 200 jobs to the area. Dynetics has been a major contractor in Huntsville since the 1970s, and has added more than 2,000 jobs to Research Park to date.

MULTIFAMILY TRENDS

Huntsville’s effective rent growth YOY through the second quarter accelerated while its vacancy rate is at historic lows for the market.

<table>
<thead>
<tr>
<th>Component</th>
<th>% YOY</th>
<th>BPS YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Q2 employment</td>
<td>increased by 3,500 jobs.</td>
<td>+1.6</td>
</tr>
<tr>
<td>Average Q2 unemployment</td>
<td>decreased to 3.1%</td>
<td>-34</td>
</tr>
<tr>
<td>Average effective rent</td>
<td>increased to $841</td>
<td>+6.3</td>
</tr>
<tr>
<td>Vacancy</td>
<td>decreased to an average of 3.4%</td>
<td>-89</td>
</tr>
</tbody>
</table>
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Second quarter of 2019 has seen the most pronounced effective rent growth in the last four quarters, resulting in an annual rent growth rate that is comparable to the three-year historical annual average. At 6.3%, Huntsville’s multifamily rent growth over the past year has exceeded the national average by 150 basis points.

Future rent growth in the Huntsville market will normalize to an average annual rate of approximately 1.7% through 2024.

DEMOGRAPHIC FUNDAMENTALS

Huntsville’s population growth outpaces other tertiary markets in the state as it is projected to increase by over 33,000 from 2018 to 2023.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>342,380</td>
</tr>
<tr>
<td>2010</td>
<td>417,593</td>
</tr>
<tr>
<td>2018</td>
<td>458,907</td>
</tr>
<tr>
<td>2023</td>
<td>491,976</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Renter Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>26.3%</td>
</tr>
<tr>
<td>2010</td>
<td>30.0%</td>
</tr>
<tr>
<td>2018</td>
<td>30.4%</td>
</tr>
<tr>
<td>2023</td>
<td>29.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Family Income (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$43,243</td>
</tr>
<tr>
<td>2010</td>
<td>$57,139</td>
</tr>
<tr>
<td>2018</td>
<td>$60,434</td>
</tr>
<tr>
<td>2023</td>
<td>$73,475</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

The number of units under construction in Huntsville decreased in the second quarter to roughly 1,200 units. Notable developments include: The Station at Clift Farm (316 units), The Station at Town Madison (275 units), Constellation Apartments (222 units), Legacy at Jones Farm (175 units), Virtuoso Living (130 units), and Limestone Creek Phase II (72 units) are currently under construction.

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Park at Redstone</td>
<td>1955</td>
<td>112</td>
<td>Freda Miller</td>
<td>Homewood RE Partners</td>
<td>$35,000</td>
</tr>
</tbody>
</table>
EMPLOYMENT & UNEMPLOYMENT TRENDS

In the second quarter, the metro added net jobs at a rate that is 50 basis points faster than the first quarter year over year, resulting in 2,500 net jobs being added to the area.

Gains already seen in Manufacturing (+1.1% YOY) and Trade, Transportation & Utilities (+1.9% YOY) are anticipated to carry the Mobile economy this year. Increased production at facilities like Airbus and Huntsville’s Mazda-Toyota plant will directly increase Port of Mobile traffic. Mobile has seen a continuing trend in out-migration since 2018, making population retention and attraction an important economic driver in 2019.

MOBILE JOB GROWTH TRENDS

MOBILE, AL

JOBS IN THOUSANDS & JOB GROWTH (%)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

ECONOMIC EXPANSION

The following are area expansions as of second quarter 2019:

- **Airbus** introduced two new programs aimed to expand the company’s long-term production workforce within the Mobile community. **FlightPath9** targets high school seniors with an interest in aerospace and guides them through a nine-month after school program. Graduates of the FlightPath9 program can then enroll in **Fast Track**, which provides those lacking aviation manufacturing experience the ability to gain the skills needed for an aerospace maintenance career.

- **MTC Logistics** will build a 300,000-square-foot, $58 million, cold storage facility in Mobile that **will add 50 to 70 jobs**.

- **Arkema Inc.** has begun operations at its new Kepstan PEKK facility near Mobile that **added 23 jobs** to the plant.

- **Waters Retail Group** proposed a new mixed-use development to replace the former Franklin Manor mobile home park located on North Atherton Street in Mobile. The development would include two retail spaces, a 115-room hotel, and 45 townhomes.

- The $85 million mixed-use hotel development proposed by **Embassy Suites** to join Gulf Shores is now slated to open in spring of 2022. The development will include 229 hotel rooms, a pool, spa, and fitness center, along with nearly 20,000 square feet of meeting and entertainment space. The hotel will also have a public rooftop and bar with views of Gulf Place beach.

MULTIFAMILY TRENDS

Mobile’s effective rent growth rate YOY through the second quarter increased at a rate 11 basis points faster than first quarter trends. This is in line with statewide trends.

- **Average effective rent** increased to $822.

- **Vacancy** decreased to an average of 5.7%.

Average Q2 employment increased by 2,500 jobs.

Average Q2 unemployment decreased to 4.4%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Effective rent growth remained positive and steady in the first and second quarter of 2019, mitigating downward trends seen at the end of 2018, and resulting in 3.1% year-over-year growth.

Rents are projected to increase by 9.5% through 2024, at which time the average effective rent is estimated to be approximately $912. New construction properties that have yet to enter the market will help push rents upward in the near term.

MOBILE RENT GROWTH RATES

DEMOGRAPHIC FUNDAMENTALS

With an estimated 33% renter households, the number of renter households is projected to remain stable while median household income is projected to increase by 16% from 2018 to 2023.

HISTORICAL FORECAST

MOBILE RENT GROWTH RATES

DEVELOPMENT / INVENTORY

The number of market units under construction in the greater Mobile market has dipped to roughly 800 units, as properties have delivered since 2018. Notable developments that are under construction include Meridian at the Port (267 units) and The Retreat at Fairhope Village (240 units).

NOTABLE SALES - SECOND QUARTER

Source: AXIOMetrics

Forecast is 12-month outlook
EMPLOYMENT & UNEMPLOYMENT TREND
Total employment gains in Montgomery reflected a sizeable uptick in the second quarter, adding approximately 1,800 net jobs year-over-year. A number of industries experienced steady job gains across the market, with losses only seen in Information jobs since second quarter 2018. The strongest industry in terms of percentage gains over the past year is Mining, Logging & Construction, adding 200 net jobs to Montgomery. Professional & Business Services and Financial Activities both saw annual gains of 1.3%, or a total of 400 net jobs.

MONTGOMERY JOB GROWTH TRENDS
EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

ECONOMIC EXPANSION
The following are Montgomery area expansions as of second quarter 2019:

- **Baltimore tech firm Fearless** announced plans to expand its national footprint into Montgomery, as it has landed a new contract with the U.S. Air Force. The company plans to add 30 jobs and partner with the Air Force and the Montgomery Area Chamber of Commerce to support new Department of Defense projects. Many of the new positions will be based in Montgomery, with others working alongside other team members in their Baltimore coworking space.

- **Lightsorce BP** and **Alabama Municipal Electric Authority (AMEA)** are partnering to develop one of the largest solar panel arrays in Alabama. The project will deploy over 350,000 solar panels across 800 acres, a $125 million investment. Lightsorce BP will finance, build, own, and operate the solar project, while AMEA will purchase the energy under a 20-year power purchase agreement and supply it to its 11 member utilities. The plant, located 15 miles outside of Montgomery, will contribute more than $5 million in property tax revenue and generate enough electricity to power more than 20,000 homes.

MULTIFAMILY TRENDS
Year-over-year rent growth per second quarter was strong for the market. Lack of new construction in Montgomery constrained vacancies significantly over the last four quarters, trending downwards by over 250 basis points.

- **Average effective rent** increased to $834.
- **Vacancy** decreased to an average of 5.3%.

Note: Q2 data is an average of April and May
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

The first two quarters of 2019 were strong for Montgomery in terms of year-over-year rent growth, culminating during the summer months.

Future rent growth in Montgomery is projected to increase by 7.9% by 2024, and will normalize to an average annual rate of approximately 1.6%.

DEMOGRAPHIC FUNDAMENTALS

Montgomery is projected to add 2,773 renter households in the next five years.

<table>
<thead>
<tr>
<th></th>
<th>POPULATION</th>
<th>PERCENT RENTER HOUSEHOLDS</th>
<th>MEDIAN FAMILY INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000:</td>
<td>346,446</td>
<td>26.9%</td>
<td>$37,318</td>
</tr>
<tr>
<td>2010:</td>
<td>374,536</td>
<td>32.9%</td>
<td>$44,977</td>
</tr>
<tr>
<td>2018:</td>
<td>381,035</td>
<td>34.9%</td>
<td>$49,481</td>
</tr>
<tr>
<td>2023:</td>
<td>395,348</td>
<td>35.0%</td>
<td>$59,936</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

There are no properties currently under construction in the Montgomery market.

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbor Station Apartments</td>
<td>2016</td>
<td>164</td>
<td>B&amp;M Management</td>
<td>Morrison Avenue Capital Partners</td>
<td>$68,000</td>
</tr>
<tr>
<td>The Heights Montgomery</td>
<td>1988</td>
<td>288</td>
<td>Waypoint Residential</td>
<td>Waypoint Residential</td>
<td>$152,000</td>
</tr>
</tbody>
</table>
MARKET INSIGHT

TENNESSEE MULTIFAMILY REPORT | SECOND QUARTER 2019

The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

IN THIS EDITION

► Nashville  ► Memphis  ► Chattanooga  ► Knoxville

SELECTION OF RECENT TEAM TRANSACTIONS

RENAISSANCE AT PEACHERS MILL
Clarksville, TN
216 units / Built 2011

HAWTHORNE SOUTH OAKS
Nashville, TN
323 units / Built 1984

SHALLOWFORD TRACE
Chattanooga, TN
252 units / Built 2004

JACKSON 5 PORTFOLIO
Jackson, TN
665 units / Built 1978-1996

TENNESSEE TEAM

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CUSHMAN & WAKEFIELD
EMPLOYMENT & UNEMPLOYMENT TRENDS
Nashville added approximately 33,000 net jobs in the last four quarters, demonstrating a year-over-year rate that gained significant momentum in the second quarter.

Leisure & Hospitality (+5.9% or 7,100 jobs), Professional & Business Services (+2.7% or 4,500 jobs), and Financial Activities (+2.6% or 1,800 jobs) provided majority of job gains in the last four quarters. Manufacturing payrolls in Nashville have weakened since second quarter 2018, resulting in office-using industries sourcing primary job gains. Tourism in Nashville generated a record 15.2 million visitors in 2018, prompting job gains in Leisure & Hospitality and Construction, as new developments arrive to cater to demand.

NASHVILLE JOB GROWTH TRENDS
EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

JOB GROWTH & UNEMPLOYMENT RATE
+3.2 % Y O Y
Average Q2 employment increased by 33,000 jobs.

-29 B P S Y O Y
Average Q2 unemployment decreased to 2.4%.

ECONOMIC EXPANSION
The following are select announcements from second quarter 2019:

- Software-based bookkeeping company Pilot.com will locate its account management headquarters in Nashville’s Wedgewood-Houston neighborhood. The company expects to create over 450 new jobs.
- Mitsubishi Motors North America will invest $18.3 million to relocate its headquarters to Franklin and create 200 new jobs.
- Amazon.com has secured the Nashville Yards office development for its plans to bring a new operations hub and create 5,000 jobs in Downtown Nashville.
- Harrow Health will locate its headquarters operations in Nashville and create 27 new jobs by the end of 2019.
- Medacta USA will invest $2.5 million and create over 385 headquarters jobs in Nashville over the next five years.
- Western Express, Inc. will invest in $88 million to expand in Davidson County and add 225 jobs by 2024.
- Rooms To Go plans to invest $69 million in Lebanon’s Cedar Farms facility and create 200 new jobs.

OUTLOOK
- The metro’s low costs and a highly-educated workforce will continue to promote business investment and job growth. Faster wage growth will preserve Nashville’s growing labor market, as Moody’s Analytics predicts Nashville will add 44,800 new jobs from 2019 to 2024.
MULTIFAMILY TRENDS
The average effective rent growth rate year over year in Nashville grossly outperformed the nation as of the second quarter. Meanwhile, vacancy noticeably decreased amidst nearly 8,000 newly delivered units during the same period.

+8.0 \% \ \text{Y O Y}

Average effective rent increased to $1,230.

-29 B P S \ \text{Y O Y}

Vacancy decreased to an average of 4.4%.

HISTORICAL & FORECASTED METRO RENT GROWTH RATES
Year-over-year rent growth in Nashville as of the second quarter exceeds that of the nation by 3.2%. Rents are projected to increase by an average annual rate of 16.1% through 2024, with rents reaching the mid-$1,400s.

DEVELOPMENT / INVENTORY
The number of market-rate units under construction in Nashville reduced to 8,500 units as of the second quarter. Suburban submarkets such as Rutherford County, Sumner County, Williamson County, and Wilson County all have 1,000 units or more that are under construction, which is a continuation of trends earlier in the cycle.

The largest developments under construction are: The Venue at 109 (728 units), Chandler Park (486 units), Novel Nashville West (436 units), Kenect Nashville (420 units), and Park at Murfreesboro (369 units).

DEMOGRAPHIC FUNDAMENTALS
Nashville’s population is projected to grow by over 130,000 households from 2018 to 2023.

- POPULATION
  2000: 1,381,204
  2010: 1,670,890
  2018: 1,918,305
  2023: 2,050,059

- PERCENT RENTER HOUSEHOLDS
  2000: 30.8%
  2010: 32.9%
  2018: 34.8%
  2023: 34.6%

- MEDIAN HOUSEHOLD INCOME
  2000: $43,421
  2010: $54,128
  2018: $60,646
  2023: $70,115

MULTIFAMILY FORECAST
The following are Cushman & Wakefield’s projections over the near term:

- RENTS
- VACANCY
- PIPELINE % GROWTH

Forecast is 12-month outlook

Source: AXIOMetrics
INVESTMENT ACTIVITY

Nashville multifamily dollar sales volume among deals $2.5 million and greater increased by 30% from second quarter 2018 to second quarter 2019 and is 14% away from the annual average.

Garden-style sales volume accounted for 84% of sales volume in the year to date. Private sales comprised 64% of investment in first half of 2019 compared to roughly 45% in 2018.

HISTORICAL SALES VOLUME

Source: Real Capital Analytics

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gossett on Church</td>
<td>2017</td>
<td>367</td>
<td>Pollack Shores</td>
<td>CBRE Global Investors</td>
<td>$279,973</td>
</tr>
<tr>
<td>Providence Trail</td>
<td>2007</td>
<td>334</td>
<td>Centennial Providence</td>
<td>Centennial Holding Company, LLC</td>
<td>$205,089</td>
</tr>
<tr>
<td><strong>CLASS B</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hawthorne South Oaks</td>
<td>1984</td>
<td>323</td>
<td>Hawthorne Res. Partners</td>
<td>Carroll Organization</td>
<td>$154,954</td>
</tr>
<tr>
<td><strong>CLASS C</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MOST ACTIVE MARKET PLAYERS

TOP FIVE NASHVILLE BUYERS - SECOND QUARTER 2019

<table>
<thead>
<tr>
<th>RANK</th>
<th>BUYER</th>
<th>TOTAL VOLUME</th>
<th>NO. PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CBRE Global Investors</td>
<td>$101,500,000</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Hamilton Zanze &amp; Company</td>
<td>$80,200,000</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Bluerock Real Estate</td>
<td>$68,500,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Morgan Properties</td>
<td>$66,650,000</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Carroll Organization</td>
<td>$50,050,000</td>
<td>1</td>
</tr>
</tbody>
</table>

TOP FIVE NASHVILLE SELLERS - SECOND QUARTER 2019

<table>
<thead>
<tr>
<th>RANK</th>
<th>SELLER</th>
<th>TOTAL VOLUME</th>
<th>NO. PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AMAC Holdings</td>
<td>$2,360,000</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Apartment Investment and Mgmt. Co.</td>
<td>$80,200,000</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Bluerock Real Estate, LLC</td>
<td>$39,500,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Brookside Properties, Inc.</td>
<td>$15,200,000</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Centennial Holding Company, LLC</td>
<td>$68,500,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: CoStar

PRICING & CAP RATES

Multifamily cap rates in the market remained steady at a median of 4.9% or an average of 5.2%. The average price per unit continues to rise in 2019 because of sales in the $150,000 per unit range or higher, including: 865 Bellevue Apartments, Copperfield, Gossett on Church, and Post Ridge Apartments.

Pricing & Cap Rates Chart

Source: Real Capital Analytics, Cushman & Wakefield Research
SUBMARKET OVERVIEW

RENTS & VACANCY BY SUBMARKET

Downtown
- Propst Development inked a deal to bring a $540 mixed-use project to the urban core. The project will combine a 237-room hotel, a 510,000-square-foot office tower, and 196 luxury condominiums.
- Crescent Real Estate and High Street Real Estate Partners announced plans to develop two hotel towers totaling 721 rooms joined by a four-story lobby, conference area, and public restaurant/retail space. Groundbreaking is slated for the second quarter of 2019, with delivery expected by 2020.

Donelson
- Athena Hospitality Group has started construction on the second Cambria Hotels location in proximity to the Nashville International Airport. Choice Hotels owns the Cambria Hotels brand, aimed to add an upscale lodging option to its economy and midscale brands.

Wedgewood-Houston
- Local developers Nathan Hysmith and Beau Fowler plan to develop a mixed-use development at what is now a three-acre lot in the WeHo area. The developers plan to break ground on the multifamily phase of the project in the first quarter of 2020.

Williamson County
- The state recently approved to begin construction late next year on an interchange that opens 780 acres of farmland in south Williamson County for development. The project will allow accessibility to Southeast Venture's potential mixed-use project, slated to bring nearly four million square feet of commercial office space, 1.3 million square feet of retail, roughly 3,000 housing units and hotels to the area.

Source: AXIOMetrics, CoStar, Cushman & Wakefield Research
Note: AXIOMetrics has changed their submarket definitions since second quarter 2018.
EMPLOYMENT & UNEMPLOYMENT TRENDS

Memphis’ job growth rate YOY through second quarter gained momentum in the most recent quarter, and the metro added 10,500 net jobs over the past year. The industries that drove job growth over the past year include: Professional & Business Services (+3.6% or 3,500 net jobs), Leisure & Hospitality (+5.6% or 4,000 net jobs), and Financial Activities (+2.4% or 700 net jobs). The tourism industry in Memphis currently acts as a vital driver of the economy and employment gains. The number of tourists visiting Memphis increased by 13% from 2012 to 2017, and will continue to grow as the market redevelops its urban core and creates new jobs to support new development.

MEMPHIS JOB GROWTH TRENDS

MEMPHIS, TN

ECONOMIC EXPANSION

The following are expansion announcements as of second quarter 2019:

- **Coca-Cola** will expand its operations into West Memphis and invest $33 million in a 200,000-square-foot expansion. The company expects to be operational by 2020 and will create 60 jobs.

- **AutoZone** will establish its technology and customer support ops in Downtown Memphis. The automotive parts retailer will invest $145 million to develop its IT infrastructure and create 130 jobs, with an average annual salary of $80,000.

- Railroad manufacturer **Vossloh** held a ribbon-cutting ceremony at its new manufacturing plant in South Memphis. Vossloh is investing $6 million to expand its operations, and includes improvements to the office space, new machinery, and expanded manufacturing capabilities. The expansion will create 51 new jobs.

- Local developer **Billy Orgel** is seeking approval to create a $190 million redevelopment project in Uptown Memphis that would include single-family homes and between 500 and 600 new apartments. The developer also plans to improve the riverwalk and add thousands of square feet of new office and retail space to the Snuff District.

MULTIFAMILY TRENDS

Average effective rent increased to the high-$800’s, with vacancy rates down 46 basis points from second quarter 2018. Vacancies may rise as a number of properties return to the market after undergoing renovation work.
MEMPHIS RENT GROWTH RATES

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Memphis’s multifamily rent growth trends demonstrated steady gains during all four quarters with momentum gaining in the second quarter.

At 4.7% year over year, Memphis’s rent growth rate has nearly kept up with the national rate during the same period. Memphis’s rent growth projection over the next five years is estimated to be 2.2% on an average annual basis.

DEVELOPMENT / INVENTORY

The number of units under construction increased from roughly 2,200 to nearly 2,900. Springs at Forest Hill (296 units), Vantage at Germantown (288 units), Silo Square (304 units), and Foote Park at South City (420 units) are the largest properties under construction.

DEMographic FUNDAMENTALS

Memphis is projected to add more than 9,400 renter households from 2018 to 2023.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Percent Renter Households</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,213,203</td>
<td>31.5%</td>
<td>$39,517</td>
</tr>
<tr>
<td>2010</td>
<td>1,324,829</td>
<td>35.9%</td>
<td>$44,855</td>
</tr>
<tr>
<td>2018</td>
<td>1,371,636</td>
<td>39.4%</td>
<td>$50,766</td>
</tr>
<tr>
<td>2023</td>
<td>1,435,455</td>
<td>39.0%</td>
<td>$61,592</td>
</tr>
</tbody>
</table>

Multifamily FORECAST

The following are Cushman & Wakefield’s projections for the near term:

<table>
<thead>
<tr>
<th>RENTS</th>
<th>VACANCY</th>
<th>PIPELINE % GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast is 12-month outlook</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DEMOGRAPHIC FUNDAMENTALS

<table>
<thead>
<tr>
<th>Population</th>
<th>Percent Renter Households</th>
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<tr>
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</tr>
<tr>
<td>2023</td>
<td>1,435,455</td>
<td>39.0%</td>
</tr>
</tbody>
</table>

PROPERTY YEAR UNITS SELLER BUYER PPU

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preserve at Bartlett</td>
<td>2001</td>
<td>300</td>
<td>PASSCO Companies</td>
<td>Balfour Beatty Investments, Inc.</td>
<td>$140,333</td>
</tr>
<tr>
<td>Savannah Creek</td>
<td>1989</td>
<td>204</td>
<td>McDowell Properties</td>
<td>Timberland Partners</td>
<td>$101,715</td>
</tr>
</tbody>
</table>

NOTABLE SALES - SECOND QUARTER
The following are expansions or relocations as of second quarter 2019:

- **Trident Transport** will expand its operations in Chattanooga and add a second location that will house its corporate office, gym, and nutrition bar. The company plans to add **75 to 100 new jobs** across its Chattanooga and Tampa locations.

- **Bob Martino**, owner of the Red Wolves soccer team, proposes to attract $125 million in potential development with the new East Ridge stadium mixed-use project. Martino’s plan includes 400 apartment and condo units, 375 hotel rooms, 4,750,000 square feet of commercial space, and a network of walking and nature trails. The project is expected to create **1,200 jobs**.

- Construction has begun on the 95,000-square-foot **Veteran Affairs** outpatient clinic, and is slated to open in spring 2021.

- The first phase of **Avondale Youth and Family Development Center** is under construction. Design work for Phase II has been completed. The second phase includes demolishing the old building, adding parking lots, and building outdoor sports fields.

- **Five Wits Brewing Company** is opening in fall 2019. The brewery will be located in the former Grocery Bar on Main Street, and will also host a restaurant incubator, R&D Test Kitchen, that will rotate aspiring chefs from across the country.

### Economic Expansion

**Employment & Unemployment Trends**

Total employment in Chattanooga increased by 5,800 net jobs or +2.2% year over year as of the second quarter.

Chattanooga saw steady job growth in most industry segments, resulting in strong annual employment growth overall. Employment gains in Manufacturing (+2.0% or 700 net jobs), Mining, Logging & Construction (+4.4% or 500 net jobs), Information (+3.0% or 100 jobs) and Education & Health Services (+3.3% or 1,100 jobs) produced healthy gains and countered marginal job losses seen in Professional & Business Services (-1.0% or 300 jobs).

**Chattanooga Job Growth Trends**

Employment in Thousands & Job Growth (%)

![Employment Graph]

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

**Job Growth & Unemployment Rate**

- **+2.2% YOY**
  - Average Q2 employment increased by 5,800 net jobs.

- **-34 BPS YOY**
  - Average Q2 unemployment decreased to 3.2%.

- **+5.2% YOY**
  - Average effective rent increased to $908.

- **-2 BPS YOY**
  - Vacancy decreased to an average of 4.0%.

### Multifamily Trends

The average effective rent in Chattanooga rose nearly to the mid-$900 level as of the second quarter. The market’s vacancy rate has remained steady at 4.0% but may inch up in coming months as new deliveries enter the market.
The effective rent growth rate in Chattanooga remained positive in the second quarter, remaining steady with the first quarter trends. Future rent growth is projected at approximately 2.2% on an average annual basis from 2019 to 2024, which is a notable slowdown from the second quarter’s year-over-year trend.

The number of units under construction rose from approximately 1,250 to over 1,600. The largest properties are: Bluebird Row (283 units), Lullwater at Hixson (250 units), Hawthorne at the W (204 units), Fivepoints Northshore (190 units), and Broad & 17th Street Lofts (158 units).

**DEVELOPMENT / INVENTORY**

The number of units under construction rose from approximately 1,250 to over 1,600. The largest properties are: Bluebird Row (283 units), Lullwater at Hixson (250 units), Hawthorne at the W (204 units), Fivepoints Northshore (190 units), and Broad & 17th Street Lofts (158 units).
EMPLOYMENT & UNEMPLOYMENT TRENDS

Total employment in Knoxville increased by 10,656 net jobs from second quarter 2018 to second quarter 2019, accelerating at a rate 144% faster than first quarter trends. Knoxville’s labor market has seen the strongest job growth in Trade, Transportation & Utilities (+3.3% or 2,600 jobs), Leisure & Hospitality (+5.7% or 2,500 jobs), and Manufacturing (+4.6% or 1,800 jobs) over the last 12 months. With the second-lowest jobless rate in the state, Knoxville maintains strong employment gains that keep pace with the nation. In-migration and average wage growth will become key drivers in sustaining the pace of Knoxville’s labor force expansion.

KNOXVILLE JOB GROWTH TRENDS
EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

JOB GROWTH & UNEMPLOYMENT RATE

Average Q2 employment increased by 10,656 net jobs.
Average Q2 unemployment rate decreased to 3.0%.
Average effective rent increased to $895.
Vacancy increased to an average of 3.9%.

ECONOMIC EXPANSION

The following are Knoxville area expansions as of second quarter 2019:

- **Ebm-papst, Inc.** announced its plan to locate its new motor fan production facility in Washington County, 80 miles northwest of Knoxville. The company will **create 200 new jobs** over the next five years and invest $37 million, representing the largest capital investment in the county since 2011.

- Knoxville developer **Rick Dover** has received approval on two PILOT agreements from the City Council to build a 237-unit mixed-use development in downtown Knoxville. The future $73 million development is located at the surface parking lot of the former Supreme Court building. The project will sit next to a boutique hotel to feature 27 rooms, with a variety of bedroom options. The developer hopes to turn the neighborhood outwards with the liveliness and activity the project will bring.

- **TJKS Retail Development, LLC** has broken ground on a new $15 million shopping center across from West Town Mall. The development, slated to open in spring 2020, will include nearly 25,000 square feet of retail space and multiple sit-down dining options. The development is expected to have a significant local impact, as it is located at the crossing point of some of the most heavily traveled areas of West Knoxville.

KNOXVILLE, TN

MULTIFAMILY TRENDS

Knoxville’s average effective rent continued to climb at a decent clip, which is in part fueled by the market’s robust pipeline relative to the market’s size. Vacancy rates inched up 25 basis points from second quarter 2018, signaling that Knoxville’s pipeline may need to slow down to allow for healthy absorption.
Knoxville’s effective rent growth in third quarter of 2018 and second quarter of 2019 carried the year, resulting in 3.1% gains year over year.

The market’s future rent growth is projected to normalize at 5.9% through 2024, or 1.2% annually.

Knoxville's annual population growth rate is projected to add more than 5,000 renter households from 2018 to 2023.

**HISTORICAL & FORECASTED METRO RENT GROWTH RATES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Historical Growth Rate</th>
<th>Forecasted Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 ’18</td>
<td>2.3%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>-1.0%</td>
<td></td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>Q2 ’19</td>
<td>3.1%</td>
<td></td>
</tr>
<tr>
<td>1-Year Change (YOY)</td>
<td>14.3%</td>
<td></td>
</tr>
<tr>
<td>3-Year Change</td>
<td>21.8%</td>
<td></td>
</tr>
<tr>
<td>5-Year Change</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>5-Year Forecast</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: AXIOMetrics*

**DEMOGRAPHIC FUNDAMENTALS**

**KNOXVILLE RENT GROWTH RATES**

- Historical: 1-Year Change (YOY) 14.3%
- Forecasted: 5-Year Forecast 5.3%

**DEVELOPMENT / INVENTORY**

Knoxville’s multifamily development pipeline decreased to approximately 1,300 units as of the second quarter. The largest properties under construction are Village at Westland Cove (240 units), The Overlook at Farragut (267 units), Southside Flats (160 units), and Stockyard Lofts (152 units).

**NOTABLE SALES - SECOND QUARTER**

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
</table>
The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

**IN THIS EDITION**

- Charlotte
- Piedmont Triad
- Research Triangle

**SELECTION OF RECENT TEAM TRANSACTIONS**

- **PAVILION VILLAGE**
  Charlotte, NC
  294 units / Built 2016

- **WINDSOR UPON STONECREST**
  Burlington, NC
  220 units / Built 2008

- **HAWTHORNE MOORESVILLE**
  Mooresville, NC
  268 units / Built 2000

- **ALLERTON PLACE**
  Greensboro, NC
  228 units / Built 1997

- **ASHTON OAKS**
  Winston-Salem, NC
  288 units / Built 1988

- **YORK RIDGE**
  Charlotte, NC
  240 units / Built 1990 & 1995

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**ECONOMIC EXPANSION**

The following are select area expansions as of second quarter 2019:

- **Lowe’s**: is locating its global headquarters to Charlotte’s South End area, and plans to invest $153 million and create 1,600 new jobs by 2021 with an average wage of $117,000.

- **Chewy**: an online pet supply retailer, will build a new fulfillment center in Rowan County, creating 1,200 new jobs. The facility is expected to be complete by June 2020.

- **Greenheck Group**: an HVAC parts manufacturer, is investing nearly $59 million to expand its campus in Foothills Commerce Park in Shelby, 40 miles from Charlotte. The company is projected to add 400 new jobs.

- **Hydromer Inc.**: is relocating its headquarters and manufacturing operations from central New Jersey to Concord, which is 20 miles from Charlotte. The company will invest $2 million and bring 33 new jobs with an average wage of $70,000.

- **AmeriQual Asepti**: will expand its food processing operations in Montgomery County, adding 76 jobs within the next five years.

- **SynergyLabs**: will locate its new pet products manufacturing facility in Burke County and create 237 new jobs by 2024.

- **Volunteric Modular**: will invest $12 million to locate its new production facility in Richmond County, creating 130 new jobs.

**OUTLOOK**

- Charlotte is projected to add 52,000 jobs from 2019 to 2024 per Moody’s Analytics.

---

**EMPLOYMENT & UNEMPLOYMENT TREND**

Charlotte metro area’s job growth remained strong in the second quarter at 2.6%, adding approximately 32,700 net jobs year over year.

Professional & Business Services supports more than 216,000 jobs in the metro and expanded by 4.5% or 9,400 net jobs. The other two major job drivers are Trade, Transportation & Utilities (+2.4% or 5,800 net jobs) and Education & Health Services (+3.8% or 4,700 net jobs).

**CHARLOTTE JOB GROWTH TRENDS**

**EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)**

![Employment Growth Chart]

Source: Moody’s Analytics

Note: Q2 data is an average of April and May

**JOB GROWTH & UNEMPLOYMENT RATE**

- **2.6% YOY**: Average Q2 employment increased by 32,700 net jobs.

- **-3 BPS YOY**: Average Q2 unemployment decreased to 3.5%.
MULTIFAMILY TRENDS

In the second quarter, the average effective rent in Charlotte grew at a rate 120 basis points faster than the nation year over year. Rent growth normalization has yet to occur in the Charlotte metro.

**+6.0 % YOY**

Average effective rents increased to $1,144

**-60 BPS YOY**

Vacancy decreased to an average of 4.2%.

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Charlotte’s effective rent has seen exponential increase since the end of 2018 and 6.0% overall growth over the last four quarters. Charlotte’s projected multifamily rent growth in the next five years is an average annual rate of 2.8% or 14.1% total.

DEVELOPMENT / INVENTORY

The number of units under construction in Charlotte increased from roughly 12,500 units to over 14,700 units. The most notable multifamily developments include: The Ellis (432 units), Bradham New Bern Station (423 units), 500 West Trade (354 units), Novel Atherton (346 units), Apex SouthPark (345 units), Broadstone Bryant Park (345 units), V & Three Apartments (338 units), Novel Montford Park (337 units), University City Gateway (322 units), Providence Flats (312 units), Capital Club at Indian Land (312 units), Alta Purl II (310 units), Parkwood Station (309 units), Mosby University City (309 units), and The Mason at Six Mile Creek (300 units).

DEMOGRAPHIC FUNDAMENTALS

Charlotte’s population is projected to increase by 9.2% and nearly 32,000 renters will enter the market by 2023.

**POPULATION**

- 2000: 1,717,435
- 2010: 2,217,016
- 2018: 2,546,183
- 2023: 2,780,847

**PERCENT RENTER HOUSEHOLDS**

- 2000: 28.5%
- 2010: 32.1%
- 2018: 34.4%
- 2023: 34.1%

**MEDIAN HOUSEHOLD INCOME**

- 2000: $45,064
- 2010: $50,687
- 2018: $61,369
- 2023: $72,246

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections over the near term:

**RENTS**

**VACANCY**

**PIPELINE % GROWTH**

Forecast is 12-month outlook

Source: AXIOMetrics
INVESTMENT ACTIVITY

Charlotte’s cumulative sales volume for deals greater than $2.5 million is 41% higher by mid-2019 compared to the same period in 2018. Charlotte’s sales volume through mid-2019 already surpassed the market’s historical annual average, with deal volume projected to continue at this level and surpass 2018 annual sales volumes by the end of 2019.

At 59%, private investor activity accounted for an increased portion of multifamily investment in the first half of 2019.

HISTORICAL SALES VOLUME

Source: Real Capital Analytics

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Lowrie</td>
<td>2018</td>
<td>245</td>
<td>Proffitt Dixon Partners</td>
<td>Redwood Capital Group</td>
<td>$230,000</td>
</tr>
<tr>
<td><strong>CLASS B</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Bryce</td>
<td>2000</td>
<td>494</td>
<td>Weinstein Properties</td>
<td>Pollack Shores</td>
<td>$165,991</td>
</tr>
<tr>
<td><strong>CLASS C</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avenues at Steele Creek</td>
<td>1990</td>
<td>240</td>
<td>EB Real Estate Group</td>
<td>Greenleaf Management</td>
<td>$131,875</td>
</tr>
</tbody>
</table>

MOST ACTIVE MARKET PLAYERS

**TOP FIVE CHARLOTTE BUYERS - SECOND QUARTER 2019**

<table>
<thead>
<tr>
<th>RANK</th>
<th>BUYER</th>
<th>TOTAL VOLUME</th>
<th>NO. PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Blackstone Group L.P.</td>
<td>$148,000,000</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>MLA Properties</td>
<td>$85,000,000</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Pollack Shores</td>
<td>$82,000,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>R.K. Properties</td>
<td>$57,300,000</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Millburn &amp; Company</td>
<td>$56,800,000</td>
<td>1</td>
</tr>
</tbody>
</table>

**TOP FIVE CHARLOTTE SELLERS - SECOND QUARTER 2019**

<table>
<thead>
<tr>
<th>RANK</th>
<th>SELLER</th>
<th>TOTAL VOLUME</th>
<th>NO. PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cortland Partners</td>
<td>$107,000,000</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Weinstein Properties</td>
<td>$82,000,000</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Terwilliger Pappas</td>
<td>$57,300,000</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Harlan Enterprises</td>
<td>$56,800,000</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Proffitt Dixon Partners</td>
<td>$56,350,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: CoStar

PRICING & CAP RATES

The mid-quartile cap rate range as of the second quarter inched up slightly with a median at 5.7% and an average of 5.9%. The average Class A price per unit maintained high levels from 2018 to 2019, with five sales year to date.

Source: Real Capital Analytics, Costar, Cushman & Wakefield Research
## Market Insight
Second Quarter 2019

### Select Submarket News

#### Ayrsly
- **New Forum Inc.** broke ground on Two Silver Crescent, a $43 million, 88,000-square-foot office building in the mixed-use Ayrsley development that is projected to deliver in fall 2019.

#### West Charlotte
- **Marsh Properties** donated 7.8 acres of land in west Charlotte to The Housing Partnership, which plans to build 185 apartments that are restricted for residents earning between 30% and 80% of the area median income as well as some market-rate units. The project is projected to deliver in mid-2020.

#### Wilmore
- **Ram Realty** acquired approximately 2.4 acres for the second phase of Three30Five where it will develop 30,000 square feet of office and 30,000 square feet of retail across three buildings. The project will include two, one-story retail buildings and one, three-story building on Tryon Street with ground-floor retail and two floors of office space. Ram is expected to complete the project by year-end 2019.

#### South End
- **Portman Holdings** purchased a 28,329-square-foot building along the Lynx Blue Line and Rail Trail for $12.7 million. Portman plans to develop a mixed-use project of up to 260,000 square feet of office space and up to 20,000 square feet of retail space.
- **Centro Railyard LLC** acquired 0.7 acres near Beacon Partners’ RailYard project. Centro Cityworks plans to develop 91 units, including “micro” units, and 12,000 square feet of commercial space for incubators and small businesses.

### Rents & Vacancy by Submarket

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Rent</th>
<th>Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballantyne</td>
<td>$1,814</td>
<td>4.3%</td>
</tr>
<tr>
<td>Concord/Kannapolis/Salisbury</td>
<td>$981</td>
<td>2.8%</td>
</tr>
<tr>
<td>East Charlotte</td>
<td>$955</td>
<td>3.6%</td>
</tr>
<tr>
<td>Far East Charlotte/Mint Hill</td>
<td>$927</td>
<td>3.9%</td>
</tr>
<tr>
<td>Gaston County</td>
<td>$947</td>
<td>2.0%</td>
</tr>
<tr>
<td>Huntersville/Cornelus</td>
<td>$1,181</td>
<td>3.4%</td>
</tr>
<tr>
<td>Matthews/Southeast Charlotte</td>
<td>$1,194</td>
<td>4.2%</td>
</tr>
<tr>
<td>Mooresville/Statesville</td>
<td>$1,018</td>
<td>3.8%</td>
</tr>
<tr>
<td>Myers Park</td>
<td>$1,721</td>
<td>4.4%</td>
</tr>
<tr>
<td>North Charlotte</td>
<td>$1,137</td>
<td>4.0%</td>
</tr>
<tr>
<td>Rock Hill/Fort Mill</td>
<td>$1,054</td>
<td>4.6%</td>
</tr>
<tr>
<td>South Charlotte</td>
<td>$1,084</td>
<td>4.4%</td>
</tr>
<tr>
<td>Southwest Charlotte</td>
<td>$1,092</td>
<td>4.3%</td>
</tr>
<tr>
<td>UNC Charlotte</td>
<td>$1,103</td>
<td>5.0%</td>
</tr>
<tr>
<td>Uptown/South End</td>
<td>$1,601</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

### Units Under Construction by Submarket

Source: AXIOMetrics, CoStar, Cushman & Wakefield Research

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**Source:** AXIOMetrics, CoStar, Cushman & Wakefield Research
ECONOMIC EXPANSION

The following are select area expansions as of second quarter 2019:

- Window manufacturer **Pella Corporation** will create 124 new production jobs at its upcoming manufacturing facility in Rockingham County. The company will invest nearly $20 million at the Reidsville site and will begin hiring at the end of 2019.
- **Amazon** announced plans to locate a new fulfillment center in Kernersville’s Triad Business Park. Amazon plans to create 1,000 new jobs and will begin hiring in 2020.
- **Honda Aircraft Co.** plans to invest $15.5 million to build a new 82,000-square-foot assembly and storage facility at its Greensboro campus. The expansion will allow for a major increase in production efficiency and is expected to be complete in July 2020.
- **Centric Brands** selected downtown Greensboro for its design and back-office operations facility. The company has signed a lease in downtown’s Gateway Building for roughly 50,000 square feet of office space. Centric Brands will create 213 new jobs and plans to complete hiring by July 2020.
- **Sprouts Farmers Market** announced its plans to open a new location in the Westridge Square shopping center. Sprouts will create 150 new jobs in the Greensboro facility.

MULTIFAMILY TRENDS

The Triad’s year-over-year effective rent gains exceed that of the nation by 200 basis points and the average vacancy rate dropped to the low 5.0% range as strong population growth brings new renter households to the market.

**JOB GROWTH & UNEMPLOYMENT RATE**

- **Average Q2 employment** increased by 6,600 net jobs.
- **Average Q2 unemployment rate** increased to 3.9%.
- **Average effective rent** increased to $849.
- **Vacancy** decreased to an average of 4.2%.

**PIEDMONT TRIAD JOB GROWTH TRENDS**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Total Employment (thousands)</th>
<th>YOY % Job Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2018</td>
<td>600</td>
<td>+10%</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>640</td>
<td>+4%</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>670</td>
<td>+2%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>700</td>
<td>+1%</td>
</tr>
</tbody>
</table>

**Source:** Moody’s Analytics
Note: Q2 data is an average of April and May
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

The Triad’s year-over-year effective rent growth outpaced the nation by 200 basis points at 6.8% and competes with the nation over the last five years at 25.6%.

The outlook for this market is positive with a projected increase in rents of approximately 9.4% over the next five years or an average of 2.4% per year.

PIEDMONT TRIAD RENT GROWTH RATES

DEMOGRAPHIC FUNDAMENTALS

The following data is for the combined MSAs that comprise The Triad:

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,212,615</td>
</tr>
<tr>
<td>2010</td>
<td>1,364,396</td>
</tr>
<tr>
<td>2018</td>
<td>1,439,811</td>
</tr>
<tr>
<td>2023</td>
<td>1,515,372</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Renter Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>28.9%</td>
</tr>
<tr>
<td>2010</td>
<td>33.5%</td>
</tr>
<tr>
<td>2018</td>
<td>35.4%</td>
</tr>
<tr>
<td>2023</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$40,647</td>
</tr>
<tr>
<td>2010</td>
<td>$44,014</td>
</tr>
<tr>
<td>2018</td>
<td>$48,543</td>
</tr>
<tr>
<td>2023</td>
<td>$55,670</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections over the near term:

<table>
<thead>
<tr>
<th>RENTS</th>
<th>VACANCY</th>
<th>PIPELINE % GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Forecast is 12-month outlook</td>
</tr>
</tbody>
</table>

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encore North</td>
<td>2017</td>
<td>237</td>
<td>Brantley Properties</td>
<td>Grimley Residential</td>
<td>$144,725</td>
</tr>
<tr>
<td>Windsor Upon Stonecrest</td>
<td>2007</td>
<td>220</td>
<td>Hamilton Point Investments</td>
<td>Southwood Realty Co.</td>
<td>$115,909</td>
</tr>
<tr>
<td>Ashton Oaks</td>
<td>1988</td>
<td>288</td>
<td>Cedar Grove Capital</td>
<td>Eller Capital Partners</td>
<td>$57,031</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

Approximately 2,700 units are under construction in the Triad. Notable developments include Link Apartments Innovation Quarter (344 units), Carroll at Bellemade (289 units), Reserve at Brookberry Farm (336 units), Elevate 54 (288 units), The Retreat at 68 (268 units), The Retreat at Sedgefield (248 units), Printworks Mill (217 units), and Comet Bermuda Run (224 units).
RESEARCH TRIANGLE, NC

EMPLOYMENT & UNEMPLOYMENT TRENDS

The Research Triangle added 10,750 net jobs year over year as of the second quarter, which is in line with first quarter trends.

Education & Health Services (+3.3% or 2,600 net jobs) in Raleigh-Cary and Government (+5.0% or 3,200 net jobs) in Durham-Chapel Hill helped drive employment growth from June 2018 to June 2019.

RESEARCH TRIANGLE JOB GROWTH TRENDS

The following are select area expansions as of second quarter 2019:

- **Tergus Pharma** will nearly triple its workforce over the next five years, adding 200 jobs and investing $35 million into its new 100,000-square-foot office and production facility in Durham.
- **Schunk**, a German tooling parts manufacturer, is expanding its manufacturing operation, with plans to invest $60 million and add 100 jobs in its new 170,000-square-foot Mooresville plant.
- Biopharmaceutical research company **Parexel** will invest $1.7 million to open a second U.S. headquarters in Durham County. The headquarters will create 263 new jobs to join Parexel’s more than 600 existing employees in North Carolina.
- **EG-GILERO**, a Morrisville-based medical device manufacturer, is expanding and plans to renovate and occupy a 40,000-square-foot industrial space in downtown Pittsboro. The company will invest $4 million and add 60 jobs to the Research Triangle area.
- **KriGen Pharmaceuticals** will invest $7 million to locate its new 50,000-square-foot medical supply manufacturing facility in Lillington and create 100 new jobs.
- **Broad River Retail**, an Ashley HomeStore retailer, will open a $2 million distribution center in Four Oaks, creating 161 new jobs in Johnson County by 2024.

MULTIFAMILY TRENDS

The average effective rent in the Triangle is projected to reach the high-$1,200s by 2024 while vacancy among stabilized properties holds firm in the mid-4.0% range.

<table>
<thead>
<tr>
<th>JOB GROWTH &amp; UNEMPLOYMENT RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>+1.1</strong></td>
</tr>
<tr>
<td>% YOY</td>
</tr>
<tr>
<td>Average Q2 employment increased by 10,750 jobs.</td>
</tr>
</tbody>
</table>
HISTORICAL & FORECASTED METRO RENT GROWTH RATES
A spike in rental rates in the first and second quarters of 2019 compensated for fourth quarter lackluster trends, resulting in an annual effective rent growth of 6.0%.

Rents are projected to increase by approximately 12.0% over the next five years at an average annual rate of 2.4%. By 2024, the market’s average effective rent is projected to be in the high-$1,200 range.

DEMOGRAPHIC FUNDAMENTALS
The following data is for the combined MSAs that comprise the Triangle:

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,223,318</td>
</tr>
<tr>
<td>2010</td>
<td>1,634,847</td>
</tr>
<tr>
<td>2018</td>
<td>1,930,961</td>
</tr>
<tr>
<td>2023</td>
<td>2,118,423</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Renter Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>32.7%</td>
</tr>
<tr>
<td>2010</td>
<td>35.4%</td>
</tr>
<tr>
<td>2018</td>
<td>36.4%</td>
</tr>
<tr>
<td>2023</td>
<td>36.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$48,497</td>
</tr>
<tr>
<td>2010</td>
<td>$57,220</td>
</tr>
<tr>
<td>2018</td>
<td>$68,684</td>
</tr>
<tr>
<td>2023</td>
<td>$80,673</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY
The number of units under construction in the greater Raleigh-Durham market is approximately 8,800 units as of the second quarter. Notable developments include: Peace/Smokey Hollow Project (445 units), The Retreat at Fuquay-Varina (432 units), Van Alen (418 units), Elevate Powell and Broad (388 units), Parkstone at Knightdale (350 units), Solis Patterson Place (343 units), Broadstone Durham (343 units), Union Chapel Hill (339 units), Trilogy Chapel Hill (328 units), The Gaddy (326 units), Exchange at Holly Springs (316 units), and Tower 4 (308 units).

HISTORICAL RENT GROWTH RATES

<table>
<thead>
<tr>
<th>Period</th>
<th>Research Triangle</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '18 Change</td>
<td>13%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Q4 '18 Change</td>
<td>1.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Q1 '19 Change</td>
<td>6.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Q2 '19 Change</td>
<td>13.6%</td>
<td>6.0%</td>
</tr>
<tr>
<td>1-Year Change (Y/Y)</td>
<td>29.2%</td>
<td>12.0%</td>
</tr>
<tr>
<td>3-Year Change</td>
<td>13.6%</td>
<td>6.0%</td>
</tr>
<tr>
<td>5-Year Change</td>
<td>12.0%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST
The following are Cushman & Wakefield’s projections over the near term:

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adara Alexander Place</td>
<td>2018</td>
<td>202</td>
<td>Davis Development</td>
<td>Blackstone Real Estate</td>
<td>$205,000</td>
</tr>
<tr>
<td>Springfield Apartments</td>
<td>1986</td>
<td>288</td>
<td>McCann Realty Partners LLC</td>
<td>Gamma Real Estate</td>
<td>$115,451</td>
</tr>
<tr>
<td>Oaks at Northgate</td>
<td>1965</td>
<td>322</td>
<td>Cedar Grove Capital</td>
<td>Saratoga Capital Partners</td>
<td>$83,031</td>
</tr>
</tbody>
</table>
The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

IN THIS EDITION

► Greenville  ► Charleston  ► Columbia

SELECTION OF RECENT TEAM TRANSACTIONS

PACES RUN
Columbia, SC  
260 units / Built 1987

ENCLAVE BLYTHEWOOD
Blythewood, SC  
384 units / Built 2008

THE COMMONS AT FORT MILL
Fort Mill, SC  
144 units / Built 2009

HAWTHORNE WILLOWBROOK
Simpsonville, SC  
144 units / Built 2000

WATERSIDE GREENE
Greenville, SC  
378 units / Built 2005

BROAD RIVER TRACE
Columbia, SC  
240 units / Built 1998

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The Greenville-Anderson-Mauldin, SC and Spartanburg, SC combined MSAs added 8,800 net jobs from second quarter 2018 to second quarter 2019 at a rate that is 30 basis points higher than first quarter growth rate trends. Industries such as Manufacturing (+5.9% or 2,000 jobs) in Spartanburg and Education & Health Services (+5.8% or 2,900 net jobs) in Greenville-Anderson supported the metro’s 1.6% employment expansion year over year.

GREENVILLE JOB GROWTH TRENDS
EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

Source: Moody’s Analytics
Note: Q2 data is an average of April and May

ECONOMIC EXPANSION
The following are metro area expansions as of second quarter 2019:

- Getronics announced plans to establish its Global Service Center in Greenville County. The new facility will require a $1.6 million investment and will create 500 new jobs.
- Horton Holding, Inc. will locate new production operations to Oconee County and create 125 new jobs. The facility is expected to come online in early 2020.
- Multi-Pack will invest $16.3 million and add 78 new jobs to relocate to its new, 125,000-square-foot facility at the South Carolina Technology and Aviation Center. Operations will begin by the end of 2019, with hiring to begin in early 2020.
- U.S. Waffle Company is opening a $22 million manufacturing facility near Liberty, 18 miles from Greenville. The company will create 114 new jobs and will be operational by fourth quarter 2019.
- Kimura, Inc. is expanding its distribution facility in Greenville County with a $4 million investment and 25 new jobs.
- Lucideon M+P is expanding its Greenville County operations and will relocate from its current facility, adding nearly 16,000 square feet to its footprint. The company will invest $7.5 million and add 28 new jobs by 2024.
- The Muffin Mam, Inc. will invest $18.8 million and add 114 new jobs to expand its operations in Laurens County.

MULTIFAMILY TRENDS
Effective rent in Greenville grew 6.6% YOY through second quarter, growing at a rate 60 basis points slower than first quarter. The average vacancy rate in Greenville is projected to remain in the low-5.0% range through 2024.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Similar to trends among several markets across the Southeast, Greenville’s rent growth rebounded in the first and second quarters after experiencing moderation in the fourth quarter. The metro has seen strong year-over-year growth overall at 6.6%.

During the next five years, Greenville’s average effective rent is projected to increase by 11.2% or an average of 2.2% annually.

DEMOGRAPHIC FUNDAMENTALS

The following data is for the Greenville-Anderson-Mauldin and Spartanburg combined MSAs.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Percenter Renter Households</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,009,391</td>
<td>25.3%</td>
<td>$38,645</td>
</tr>
<tr>
<td>2010</td>
<td>1,137,378</td>
<td>30.7%</td>
<td>$43,815</td>
</tr>
<tr>
<td>2018</td>
<td>1,231,652</td>
<td>32.8%</td>
<td>$51,350</td>
</tr>
<tr>
<td>2023</td>
<td>1,290,558</td>
<td>32.7%</td>
<td>$59,431</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterside Greene</td>
<td>2005</td>
<td>378</td>
<td>Hudson Capital Investments</td>
<td>Audubon Communities</td>
<td>$124,338</td>
</tr>
<tr>
<td>Willowbrook Apartments</td>
<td>2000</td>
<td>144</td>
<td>Hawthorne Residential</td>
<td>Randazzo Capital</td>
<td>$114,583</td>
</tr>
<tr>
<td>Southern Pines</td>
<td>1976</td>
<td>352</td>
<td>Upstate Property Rentals, LLC</td>
<td>Nakash Family Land Trust</td>
<td>$61,080</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

The number of units under construction in Greenville-Spartanburg increased in the second quarter to approximately 3,500. The most active submarkets are Downtown Greenville and Simpsonville. Notable projects include BridgeWay Station (380 units), Emerald Creek (330 units), Northpointe (284 units), The Preserve at Logan Park (259 units), The Encore at the Springs (252 units), and Waterleaf at Neely Ferry Apartments (246 units).
**EMPLOYMENT & UNEMPLOYMENT TRENDS**

The Charleston metro added 8,500 net jobs year over year as of the second quarter, which is a 38% increase compared to first quarter trends. The market’s unemployment rate remained in the mid-2.0% range, hovering near its lowest rate since the 1990s.

Industries with the highest growth include: Manufacturing (+2.6% or 700 net jobs), Trade, Transportation & Utilities (+3.2% or 2,200 net jobs), and Leisure & Hospitality (+5.9% or 2,900 net jobs).

**CHARLESTON JOB GROWTH TRENDS**

**EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)**

![Employment Trends Graph]

Source: Moody’s Analytics

Note: Q2 data is an average of April and May

**JOB GROWTH & UNEMPLOYMENT RATE**

- **+2.3 % Y O Y**  
  Average Q2 employment increased by 8,500 net jobs.

- **+3 B P S Y O Y**  
  Average Q2 unemployment increased to 2.6%.

- **+5.3 % Y O Y**  
  Average effective rent increased to $1,195.

- **-129 B P S Y O Y**  
  Vacancy decreased to an average of 5.0%.

**ECONOMIC EXPANSION**

The following are Charleston area expansions as of second quarter 2019:

- **LAB Medical Manufacturing Inc.** is opening a production facility for its new product division and will **create over 30 new jobs** at James Island Business Park in Charleston.

- **East West Partners** will soon break ground in an upscale mixed-use development called The Waterfront that will include 300 condos and townhomes, retail, and a freestanding market.

- **High Wire Distilling** will invest $3 million and **create 45 new jobs** to expand its whiskey and bourbon production in Charleston.

- **DHL Supply Chain** is investing $100 million to build a warehouse park in Dorchester County and is **creating 450 new jobs**.

- **Atlantic Packaging** is investing $4.5 million to expand its Summerville distribution center and will **create 10 new jobs**.

- **Victor Hoppenstein's Brewlab** will open a $1.1 million craft beer production and taproom facility that will **create 16 new jobs**.

- **Sundaram-Clayton Limited** opened its $90 million production facility in Charleston and will **create 230 new jobs** by 2024.

**MULTIFAMILY TRENDS**

The metro’s average effective rent is 32.6% higher than levels in 2014, demonstrating the gains the market has achieved this cycle. Charleston’s vacancy rate dropped significantly in second quarter amidst increases in new deliveries, showing strong market fundamentals.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Charleston’s rent growth in the first and second quarter of 2019 mitigated market softness seen at the end of 2018, resulting in year-over-year effective rent growth of 5.3%.

Charleston’s projected rent growth through 2024 is forecasted to be a 2.6% average annual rate, which is an downward adjustment compared to projections as of the first quarter.

CHARLESTON RENT GROWTH RATES

DEMOGRAPHIC FUNDAMENTALS

The Charleston market is projected to grow by approximately 9,200 renter households by 2023.

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>PERCENT RENTER HOUSEHOLDS</th>
<th>MEDIAN HOUSEHOLD INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010: 664,607</td>
<td>2010: 35.4%</td>
<td>2010: $48,207</td>
</tr>
<tr>
<td>2018: 778,931</td>
<td>2018: 35.5%</td>
<td>2018: $58,298</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLASS C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1800 Ashley West</td>
<td>1978</td>
<td>207</td>
<td>JEM Holdings, LLC</td>
<td>DAS Alliance Group</td>
<td>$106,280</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

The number of units under construction in Charleston has inched up slightly since end of 2018 to approximately 4,000 units. The most active submarkets are Summerville, North Charleston, and the Upper Peninsula. The largest properties in the pipeline are: Crescent Pointe (480 units), South City Summerville (360 units), Harborstone (312 units), and McKewn Apartments (286 units).
COLUMBIA, SC

EMPLOYMENT & UNEMPLOYMENT TRENDS

Total employment in Columbia increased by approximately 4,700 net jobs from second quarter 2018 to second quarter 2019. Second quarter experienced the most sizable increase in job growth over the last four quarters, adding nearly 3,000 jobs.

As the following graph illustrates, Columbia’s economy delivered a strong rebound in the first half of 2019, due in large part to Manufacturing, which expanded employment by 4.3% or 1,300 net jobs.

COLUMBIA JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>390.0</td>
<td>390.0</td>
<td>400.0</td>
<td>405.0</td>
</tr>
<tr>
<td>YOY Job Change</td>
<td>1.2%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics  
Note: Q2 data is an average of April and May

ECONOMIC EXPANSION

The following are Columbia area expansions as of second quarter 2019:

- JUUL Labs is investing $125 million to establish a new Lexington County manufacturing facility. The company will begin operations in summer 2019 and plans to add 500 new jobs.

- Clayton Supply will invest $14 million for a 130,000-square-foot production facility in Sumner County. The company plans to create 110 new jobs and open in early 2020.

- Flex plans to add 500 production jobs through the end of 2019 at its manufacturing plant in West Columbia.

- The University of South Carolina approved the first phase of the Campus Village mixed-use student housing complex. The $460 million final project will include 3,700 beds, parking, restaurants, and retail. The first phase will be complete in fall of 2022.

- The 105-room Holiday Inn Express near the Vista is currently under construction and slated to open in May or June of 2020.

- New York developer Andy Weddle proposed a mixed-use development for the Capital City Stadium site that would include a mix of market rate apartments and 25,000 square feet of retail.

MULTIFAMILY TRENDS

Rent growth in the metro accelerated to the low-4.0% range year over year and vacancy dropped dramatically as of the second quarter.

- Average Q2 employment increased by 4,700 net jobs.
- Average Q2 unemployment decreased to 2.9%.
- Average effective rent increased to $936.
- Vacancy decreased to an average of 5.3%.

JOB GROWTH & UNEMPLOYMENT RATE

+1.2% Y O Y

Average Q2 employment increased by 4,700 net jobs.

-6 B P S Y O Y

Average Q2 unemployment decreased to 2.9%.

+4.3% Y O Y

Average effective rent increased to $936.

-84 B P S Y O Y

Vacancy decreased to an average of 5.3%.
COLUMBIA RENT GROWTH RATES

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Columbia’s second quarter year-over-year rent growth change was moderated but still positive at 4.3%.

The projected average annual rent growth rate in Columbia over the next five years is 11.0%. Projected effective rent in Columbia is expected to reach the mid-$1,000 range.

COLUMBIA RENT GROWTH RATES

HISTORICAL

FORECAST

1.0%  0.7%  1.0%  1.6%  4.3%  9.9%  22.7%  11.0%
Q3 '18 Change Q4 '18 Change Q1 '19 Change Q2 '19 Change 1-Year Change (Y/Y) 3-Year Change 5-Year Change 5-Year Forecast

Source: AXIOMetrics

DEMOGRAPHIC FUNDAMENTALS

Based upon household growth projections, an estimated 7,900 renter households will be added by 2023.

POPULATION

2000: 647,187
2010: 767,598
2018: 832,545
2023: 889,768

PERCENT RENTER HOUSEHOLDS

2000: 27.1%
2010: 31.8%
2018: 33.3%
2023: 33.1%

MEDIAN HOUSEHOLD INCOME

2000: $40,795
2010: $47,879
2018: $53,298
2023: $61,964

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:

RENTS

VACANCY

PIPECLINE % GROWTH

Forecast is 12-month outlook

NOTABLE SALES - SECOND QUARTER

PROPERTY YEAR UNITS SELLER BUYER PPU

CLASS A

Palisade of Blythewood II 2014 156 McCall Capital LLC Southwood Realty Company $118,340

CLASS B

Broad River Trace Apts. 1998 240 PASSCO Companies LLC Hamilton Point Investments $100,000

The number of units under construction in Columbia declined over the last two quarters, with approximately 900 under construction. These properties include: Killian Lakes Phase II (373 units), The Cardinal at Cardinal Crossing (256 units), Indigo at Brickwords (186 units), and the Keenan Building (109 units).
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**SELECTION OF RECENT TEAM TRANSACTIONS**

**SANDALWOOD**
Pensacola, FL  
144 units / Built 1985

**COMMANDO VILLAGE**
Fort Walton Beach, FL  
300 units / Built 1992

**ARBOR CLUB & ASHLEY CLUB**
Pensacola, FL  
392 units / Built 1986

**ASHLEY AT BREAKFAST POINT (U/C)**
Panama City Beach, FL  
360 units / Built 2007

**FLORIDA PANHANDLE TEAM**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>JIMMY ADAMS</td>
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</tr>
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<td>SENIOR DIRECTOR</td>
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</tr>
<tr>
<td>JOSH JACOBS</td>
<td>DIRECTOR</td>
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<td>ANDREW BROWN</td>
<td>SENIOR ASSOCIATE</td>
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</tr>
<tr>
<td>PARKER CALDWELL</td>
<td>ASSOCIATE</td>
<td>+1 205 518 9285</td>
</tr>
</tbody>
</table>
**EMPLOYMENT & UNEMPLOYMENT TRENDS**

Panama City’s total employment in the metro decreased by 2,600 net jobs year over year as of the second quarter due to the impacts of Hurricane Michael, which hit the area in October 2018 and caused the displacement of both residents and businesses. However, certain local industries still expanded over the last four quarters. Professional & Business Services employment grew by 4.8% or 500 net jobs from June 2018 to June 2019, for example.

**PANAMA CITY JOB GROWTH TRENDS**

**ECONOMIC EXPANSION**

The following are metro area expansions as of second quarter 2019:

- **Gulf Coast Regional Medical Center** is expanding its emergency medical services, with plans to build a new ER. The expansion will add 30 new jobs and is expected to serve over 10,000 patients.

- **Bay Medical Sacred Heart** plans to expand its services and add 144 beds and 300 jobs in the coming months.

- **Panama City Beach Sports Complex** is already beginning to boost the economy, with dozens of events scheduled while still under construction. The $30 million development will include 13 multipurpose fields and will be able to hold multiple events at the same time. The grand opening is set for fall 2019.

- **The St. Joe Company** began planning a 154 single-family home development to enter the unincorporated Bay County sub-market. Construction is set to begin in early 2020. The company also announced plans to develop two commercial buildings at Cedar Gover Commerce Park in Panama City. Once complete, the buildings will add nearly 20,000 square feet of office, warehouse, and light industrial space to the business park. The buildings are expected to be complete in early 2020.

- **Panama City Beach Senior Resort** will invest $33 million and create 100 new jobs to support its new upscale living for seniors. The development will include a bar and lounge, five-star dining, and more for residents to enjoy in the apartment community. The project is expected to finish between summer and fall of 2020.

**MULTIFAMILY TRENDS**

Vacancy continued to remain abnormally low while average effective rents grew to exceptionally high levels because of Hurricane Michael, which hit the Florida Panhandle in October 2018.

**JOB GROWTH & UNEMPLOYMENT RATE**

- **-2.9%** YOY
- **+45 BPS** YOY
- **+22.5%** YOY
- **-220 BPS** YOY

Average Q2 employment decreased by 2,600 jobs.
Average Q2 unemployment increased to 3.8%.
Average effective rent increased to $1,259.
Vacancy decreased to an average of 1.6%.

GREECE | ALABAMA | TENNESSEE | NORTH CAROLINA | SOUTH CAROLINA | FLORIDA PANHANDLE | MISSISSIPPI | KENTUCKY | LOUISIANA
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Panama City’s rapid increase in rents since the beginning of 2019 indicates the effect of supply constraints caused by damage from Hurricane Michael, with more than half of all apartment stock in Bay County deemed unlivable by Panama City Community Development as of May 2019.

Effective rent growth soared in the first half of 2019, resulting in a one-year historical effective rent growth of 22.5%.

DEMOGRAFIC FUNDAMENTALS

The market’s net inflow migration is driven by residents moving primarily from Crestview, Atlanta, Tallahassee, Miami, Tampa, and Jacksonville.

2000: 161,558
2010: 184,715
2018: 199,643
2023: 212,496

2000: 22.8%
2010: 36.0%
2018: 37.1%
2023: 37.4%

2000: $35,711
2010: $45,145
2018: $47,611
2023: $55,350

DEVELOPMENT / INVENTORY

One property is currently under construction in the Panama City market: Pier Park Crossings (240 units).

NOTABLE SALES - SECOND QUARTER

There were no notable sales in Panama City in the second quarter.
ECONOMIC EXPANSION

The following are Pensacola area expansions as of second quarter 2019:

- Pensacola native Chad Henderson, CEO of Catalyst HRE, announced a new $50 million project for downtown Pensacola which will continue the momentum in the area. The development, East Garden District, will include a mix of a hotel, retail, restaurants, and apartments along Jefferson Street. Renovations are also planned for existing buildings surrounding Perfect Plain Brewing Co. to accommodate the burgeoning expansion in the area.

- Baptist Health Care announced its plans to build a new hospital on Brent Lane across from Pensacola Christian College. The company will invest $550 million to build the new hospital, which is expected to open in 2023.

- Pensacola Co:Lab celebrated its expansion and new group of entrepreneurs in May. Co:Lab is Pensacola’s small business incubator and growth accelerator that offers mentoring, technical assistance, and working space for entrepreneurs to grow their businesses. Co:Lab began as one floor in 418 W. Garden Street and now occupies three floors of the facility. The incubator currently has 16 businesses with 40 employees and growing, mostly in the technology sector.

MULTIFAMILY TRENDS

Pensacola’s year-over-year growth in rents through the second quarter remained consistent and elevated at +7.9%. Pensacola trends will remain impacted by Hurricane Michael’s effects until the area fully recovers and stabilizes.

EMPLOYMENT & UNEMPLOYMENT TRENDS

The metro added 2,400 net jobs YOY through second quarter at a rate of 1.1%, which is a narrow growth margin compared to the first quarter.

Key job drivers in the market are Education & Health Services (+3.7% or 1,100 jobs), Financial Activities (+5.0% or 700 jobs), and Manufacturing (+9.5% or 600 jobs). Market employment gains counter changes seen in the weakening Information and Professional & Business Services industries in the last four quarters, resulting in the average jobless rate declining to 3.2%.

JOB GROWTH & UNEMPLOYMENT RATE

+1.1 % Y O Y
Average Q2 employment increased by 2,400 net jobs.

-24 B P S Y O Y
Average Q2 unemployment decreased to 3.2%.

+7.9 % Y O Y
Average effective rent increased to $998.

-76 B P S Y O Y
Vacancy decreased to an average of 3.3%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Pensacola’s effective rent growth over the past year as of the second quarter is 7.9%, more than 300 basis points over the national average rate.

Rents are projected to grow at an average annual rate of 2.4% through 2024. As previously stated, trends going forward in the greater region will be heavily impacted by Hurricane Michael’s effects, which hit the Florida Panhandle in October 2018.

DEMOGRAPHIC FUNDAMENTALS

Pensacola consistently experiences a strong net in-migration of residents annually with the majority hailing from Crestview, Daphne, Virginia Beach, San Diego, and Jacksonville.

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>PERCENT RENTER HOUSEHOLDS</th>
<th>MEDIAN HOUSEHOLD INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010: 448,991</td>
<td>2010: 31.3%</td>
<td>2010: $46,829</td>
</tr>
<tr>
<td>2018: 494,498</td>
<td>2018: 34.1%</td>
<td>2018: $51,136</td>
</tr>
<tr>
<td>2023: 518,101</td>
<td>2023: 33.9%</td>
<td>2023: $59,443</td>
</tr>
</tbody>
</table>

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:

<table>
<thead>
<tr>
<th>RENTS</th>
<th>VACANCY</th>
<th>PIPELINE % GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast is 12-month outlook</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atwood Oaks Apartments</td>
<td>1972</td>
<td>136</td>
<td>ROCO Real Estate</td>
<td>The Chetrit Group</td>
<td>$73,239</td>
</tr>
<tr>
<td>Davis Gardens Apartments</td>
<td>1985</td>
<td>73</td>
<td>ROCO Real Estate</td>
<td>The Chetrit Group</td>
<td>$43,088</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

There are no notable developments under construction in the Pensacola market.

Source: AXIOMetrics
The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

IN THIS EDITION

► Jackson

► Gulfport-Biloxi

SELECTION OF RECENT TEAM TRANSACTIONS

PROSPER HATTIESBURG
Hattiesburg, MS
304 units / Built 1996

HIGHLAND HILLS
Jackson, MS
453 units / Built 1973

THE DESOTO
Horn Lake, MS
253 units / Built 1991

SAVANNAH CREEK
Southaven, MS
204 units / Built 1989

MISSISSIPPI TEAM

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EMployment & Unemployment Trends

Jackson's total employment decreased by 0.6% or 1,500 net jobs YOY through second quarter, which is in line with state trends over the last 12 months. Professional & Business Services supports 35,300 jobs in Jackson, expanding employment by 3.8% and adding 1,300 net jobs year over year. Education & Health Services (+5.7% or 2,500 net jobs) and Leisure & Hospitality (+8.1% or 2,200 net jobs) also drove the strengthening of the local economy over the past year.

Jackson Job Growth Trends

Employment in Thousands & Job Growth (%)

Employment (thousands)

Q3 2018: 260,000
Q4 2018: 260,000
Q1 2019: 260,000
Q2 2019: 255,000

Source: Moody's Analytics
Note: Q2 data is an average of April and May

Economic Expansion

The following are metro area expansions as of second quarter 2019:

Construction has started on the $500 million lifestyle development, Waterpointe, in Flowood just outside of Jackson. When complete, the mixed-use project will span 800,000 square feet of commercial space and will be able to accommodate 800 households in an assortment of apartments, condos, townhomes, and single-family homes. The development will also feature a town center, walking and biking trails, as well as restaurants, shopping, and entertainment options to encourage a more urban and active lifestyle.

The city of Flowood and MCC Real Estate began construction on a $50 million conference center and a 200-room luxury hotel, located about a mile from the Jackson-Medgar Wiley Evers International Airport. The community envisions the center as an anchor for future investment in the Leisure & Hospitality industry in the area. Construction will pick up steam in late summer 2019 and is projected to be complete by late summer 2020.

Multifamily Trends

Jackson's average effective rent increased by 4.5% on a year-over-year basis, average effective rent improved.

Similarly, the market's multifamily vacancy rate dropped significantly in the second quarter and dropped to the 4.0% range, its lowest average in five years.

Job Growth & Unemployment Rate

-0.6% YOY
Average Q2 employment decreased by 1,500 jobs.

+26 BPS YOY
Average Q2 unemployment increased to 4.6%.

+4.7% YOY
Average effective rent increased to $856.

-155 BPS YOY
Vacancy decreased to an average of 4.8%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Jackson’s multifamily rent growth year over year is consistent with tertiary markets in the Southeast. The projected five-year rent growth outlook surpasses historical five-year rent growth trends at 14.1%, or 2.8% annually.

DEMOGRAPHIC FUNDAMENTALS

The majority of people moving to Jackson are from Hattiesburg, Memphis, Gulfport, Atlanta, and New Orleans. Over 600 renter households will be added to the MSA from 2018 to 2023.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Renting Households</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>525,343</td>
<td>27.7%</td>
<td>$36,808</td>
</tr>
<tr>
<td>2010</td>
<td>567,120</td>
<td>32.1%</td>
<td>$42,589</td>
</tr>
<tr>
<td>2018</td>
<td>588,529</td>
<td>32.4%</td>
<td>$52,015</td>
</tr>
<tr>
<td>2023</td>
<td>597,787</td>
<td>32.0%</td>
<td>$61,220</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

There are no major changes to the Jackson pipeline as of the second quarter. Edison Walthall Hotel Apartments (140 units) is currently in the planning stage.

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pebble Creek</td>
<td>1973</td>
<td>150</td>
<td>ROCO Real Estate</td>
<td>The Chetrit Group</td>
<td>$67,144</td>
</tr>
<tr>
<td>Highland Hills</td>
<td>1967</td>
<td>453</td>
<td>CLMS Management</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
</tbody>
</table>

Forecast is 12-month outlook
EMployment & Unemployment Trends

Total employment decreased in Gulfport-Biloxi year over year, as the market lost roughly 3,000 jobs overall. The local Leisure & Hospitality industry gained 1,900 net jobs from June 2018 to June 2019, as the area adjusts to increased tourism traffic from strong income gains across the South. Gulfport-Biexli's manufacturing industry grew at a steady clip and created 700 new jobs YOY through second quarter. New government contractors entering the market assisted in maintaining manufacturing growth over the last 12 months as well.

Gulfport-Biloxi, MS

Economic Expansion

The following are area expansions as of second quarter 2019:

- **Relativity**, a California-based aerospace company, is establishing a production and rocket testing facility at NASA'S Stennis Space Center. Relativity will occupy a 220,000-square-foot building with heavy industrial capability on a nine-year lease, and will add 110 new jobs, bringing its workforce from 90 to 200 employees. The company plans to begin operations in summer 2019 and develop the world's first 3D-printed rocket in 2020.

- Shipbuilder **VT Halter Marine** is expanding in Pascagoula to begin a new defense contract with the U.S. Coast Guard. The contract entails that VT Halter Marine construct and deliver a Polar Security Cutter, the first U.S. Coast Guard ice cutting ship to be built in over four decades. The company plans to invest $37.5 million and create 900 new jobs over the next five years. Renovations to the shipyard are set to begin in late 2019, and the company plans to deliver the Polar Security Cutter in 2024.

Multifamily Trends

Gulfport-Biloxi's rents increased by 2.8% to the high $700s range in the last four quarters, while the vacancy rate remained steady at 4.8%. Vacancy projections for Jackson have adjusted upwards to over 8.0% by 2024.

Job Growth & Unemployment Rate

- **-1.9%** YOY
  - Average Q2 employment decreased by 3,000 net jobs.
- **+11 BPS** YOY
  - Average Q2 unemployment increased to 5.2%.
- **+2.8%** BPS YOY
  - Average effective rent increased to $764.
- **-1 BPS** YOY
  - Vacancy decreased to an average of 4.8%.

Source: Moody's Analytics
Note: Q2 data is an average of April and May
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Gulfport-Biloxi’s average effective rent pattern conforms to the overall Southeast trend with a strong performance in the second and third quarters. The market diverges from the norm as it had a strong first quarter as well.

The rent growth outlook for the market has been adjusted upward nominally since the third quarter, increasing to 13.5% from 2018 to 2023.

DEMOGRAPHIC FUNDAMENTALS

Inflow residents are hailing from Mobile, New Orleans, Hattiesburg, and Jackson. Approximately 2,200 renter households will be added from 2018 to 2023.

DEVELOPMENT / INVENTORY

There are no major developments in the Gulfport-Biloxi pipeline as of the second quarter.

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwind-Woodland Towns</td>
<td>1974</td>
<td>233</td>
<td>ROCO Real Estate</td>
<td>The Chetrit Group</td>
<td>$35,693</td>
</tr>
</tbody>
</table>
The Cushman & Wakefield Southeast Multifamily Research Team provides in-depth coverage of primary, secondary, and tertiary cities across the Southeast. In addition to analyzing multifamily rent and sales trends, these reports examine employment data, job growth trends, key economic announcements, and development pipeline news.

**IN THIS EDITION**

- Louisville
- Lexington

**SELECTION OF RECENT TEAM TRANSACTIONS**

**THE HENRY AT FRITZ FARM**
Lexington, KY
306 units / Built 2017

**FAIRWAYS AT HARTLAND**
Bowling Green, KY
240 units / Built 1995

**THE FOUNTAINS AT ANDOVER**
Lexington, KY
318 units / Built 1998

**BRADFORD MILLS LOFTS**
Louisville, KY
146 units / Built 2018

**KENTUCKY TEAM**

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LOUISVILLE, KY

EMPLOYMENT & UNEMPLOYMENT TRENDS

Louisville’s economy added 5,400 net jobs from second quarter 2018 to second quarter 2019, which is greater than but in line with first quarter trends. Unemployment rate compression seems to be restarting as of second quarter, as rates decreased nearly 20 basis points. Leisure & Hospitality and Manufacturing were the most important factors in year-over-year employment gains, as they added 2,900 net jobs combined during that period.

LOUISVILLE JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

The following are select area expansions as of second quarter 2019:

- Curvature may invest $6.7 million to establish a new Louisville location for its IT infrastructure that will create 47 new jobs.
- Log Still Distilling LLC will invest $12 million to establish a new whiskey distillery near Louisville and create 20 new jobs.
- UPS completed its $310 million ground hub expansion this spring and will add 300 jobs to accommodate its now tripled size.
- Capstone Realty Inc. is planning to develop a retail center to cater to the employees of Commerce Crossings business park. Additionally, Capstone recently expanded the scope of its nearby multifamily development by raising its size to 190 units.
- Piston Automotive LLC will expand its Louisville facility and add 50 jobs to support its added production line. The company also intends to increase capabilities to support growing market demand.
- Fast-growing pharmaceutical startup PharmaCord LLC plans to invest nearly $57 million into a new operations and call center. The company will create 850 new jobs and plans to locate its new employees in both The Gallery Building and in a soon-to-be constructed facility in River Ridge, 12 miles from Louisville. Its presence in Louisville is not unfamiliar, as it operates a pharmacy and its headquarters across the Ohio River.

MULTIFAMILY TRENDS

The year-over-year rent growth rate rose 2.0% in the second quarter of 2019 compared to 2.6% in the first quarter, with average effective rent entering the low-$900s range.

JOB GROWTH & UNEMPLOYMENT RATE

+0.8 % Y O Y
Average Q2 employment increased by 5,400 jobs.

-19 B P S Y O Y
Average Q2 unemployment decreased to 3.7%.

+6.7 % Y O Y
Average effective rent increased to $902.

-98 B P S Y O Y
Vacancy decreased to an average of 4.0%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

The past year has proven to be a momentum-building year in terms of effective rent growth in the market, resulting in a 6.7% year-over-year increase. In the next five years, rents are projected to increase by 10.6% or an average annual rate of 2.1%, which have been adjusted downward since the first quarter of 2019. The market’s average effective rent is projected to reach the $980 range in the next five years.

LOUISVILLE RENT GROWTH RATES

<table>
<thead>
<tr>
<th>Q3 '18 Change</th>
<th>Q4 '18 Change</th>
<th>Q1 '19 Change</th>
<th>Q2 '19 Change</th>
<th>1-Year Change (Y/Y)</th>
<th>3-Year Change</th>
<th>5-Year Change</th>
<th>5-Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.5%</td>
<td>2.5%</td>
<td>2.0%</td>
<td>19.2%</td>
<td>11.8%</td>
<td>6.7%</td>
<td>2.0%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Source: AXIOMetrics

DEVELOPMENT / INVENTORY

The number of units under construction in the greater market increased sharply since the state of 2019 to nearly 3,400. Notable properties include: **Jefferson Green** (311 units) in Okolona, **Upton Oxmoor** (302 units), **Lyric at Norton Commons** (276 units) in Prospect, **Flats at Springhurst** (249 units) in East End, **Rialto on Hurstbourne** (268 units), **Covington by the Lake** (264 units), **Haven at Tucker Station** (370 units), and **Villas on Jeffersonville** (264 units).

DEMOGRAPHIC FUNDAMENTALS

From 2018 to 2023, the metro is projected to add 28,600 households, of which approximately 7,100 will be renters.

| PERCENT RENTER HOUSEHOLDS | 2000: 28.8% | 2010: 32.1% | 2018: 33.1% | 2023: 32.7% |

MULTIFAMILY FORECAST

The following are Cushman & Wakefield’s projections for the near term:

<table>
<thead>
<tr>
<th>RENTS</th>
<th>VACANCY</th>
<th>PIPELINE % GROWTH</th>
</tr>
</thead>
</table>

Forecast is 12-month outlook

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hurstbourne Estates</td>
<td>2013</td>
<td>270</td>
<td>Inland Private Capital Co.</td>
<td>Peak Capital Partners</td>
<td>$168,519</td>
</tr>
<tr>
<td><strong>CLASS B</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspenwood</td>
<td>2001</td>
<td>98</td>
<td>Brentwood Real Estate Capital</td>
<td>Peak Capital Partners</td>
<td>$132,653</td>
</tr>
</tbody>
</table>
LEXINGTON, KY

EMPLOYMENT & UNEMPLOYMENT TRENDS

Lexington added 3,500 net jobs from second quarter 2018 to second quarter 2019. As the following graph demonstrates, job growth began to rebound in first and second quarters 2019 after remaining steady near the end of 2018. Lexington’s year-over-year job growth rate ranged between -0.1% and 1.3% over the past four quarters, with largest net job gains seen in Leisure & Hospitality (+12% or 3,800 jobs) and Education & Health Services (+2.5% or 900 jobs).

LEXINGTON JOB GROWTH TRENDS

ECONOMIC EXPANSION

The following are select area expansions as of second quarter 2019:

- **LBX** revealed its new $10 million customer experience and training center expansion in Lexington. The facility will accommodate customer experience programs, such as trainings, product demonstrations, and community events.

- **Community Ventures** will soon break ground on a new mixed-use development in Lexington. The 75,000-square-foot building will include ground-floor retail, as well as a grocery store and restaurant. The upper levels will include 44 apartment units, with 30% being subsidized for renters earning below the median household income. The developers hope to be open by summer 2020.

- **The Thrash Group** is nearing completion of its new project, the Origin Lexington hotel. The 120-room hotel will create 45 new jobs and debut as a part of The Summit at Fritz Farm, a mixed-use development with restaurants, retail, office, and apartments. Origin Lexington will also contain a restaurant, meeting and entertainment space, and a fitness center.

MULTIFAMILY TRENDS

Lexington’s year-over-year effective rent growth rate increased 70 basis points in the second quarter compared to first quarter trends. Vacancy continues to improve, reaching 4.9%.

- **Average effective rent** increased to $839.
- **Vacancy** decreased to an average of 4.9%.

**JOB GROWTH & UNEMPLOYMENT RATE**

<table>
<thead>
<tr>
<th></th>
<th>Y O Y</th>
<th>B P S</th>
<th>Y O Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.3</strong></td>
<td>%</td>
<td><strong>31</strong></td>
<td>-164</td>
</tr>
</tbody>
</table>

Average Q2 employment increased by 3,500 net jobs.

Average Q2 unemployment decreased to 3.2%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Lexington’s rent growth in third quarter of 2018 and first half of 2019 countered any end of year market softness, generating the market’s strong year-over-year gains of 5.0%.

Lexington’s projected five-year average annual rent growth rate from 2019 to 2024 remains nominal at 6.9%, or 1.4% per year.

DEMographic FUNDAMENTALS

Lexington has a higher percentage of renter households than the national average. From 2018 to 2023, an estimated 5,500 renter households will be added to the market.

DEVELOPMENT / INVENTORY

Approximately 570 units are under construction in Lexington. Current developments include: Greyson on 27 (312 units), Ashton Park (144 units), Brighton 3050 Phase II (72 units), and Palomar View Phase II (40 units).

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>YEAR</th>
<th>UNITS</th>
<th>SELLER</th>
<th>BUYER</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve at</td>
<td>1996</td>
<td>318</td>
<td>B &amp; M Mgmt. Company</td>
<td>Wilkinson Real Estate Advisors</td>
<td>$97,484</td>
</tr>
<tr>
<td>Hamburg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park Thirty99</td>
<td>1979</td>
<td>174</td>
<td>APM Management</td>
<td>Lexington 101 KY</td>
<td>$75,575</td>
</tr>
</tbody>
</table>

Source: AXIOMetrics
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IN THIS EDITION

► New Orleans
► Baton Rouge

 Selección de transacciones recientes del equipo de la compañía

**SELECTION OF RECENT TEAM TRANSACTIONS**

**LOUISIANA TEAM**

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**AFFILIATE**
**LARRY SCHEDLER**
PRINCIPAL
LARRY G. SCHEDLER & ASSOCIATES, INC.
+1 504 836 5222 | larry@larryschedler.com

**MILLENNIUM TOWNE CENTER**
Baton Rouge, LA
276 units / Built 2007

**21 SOUTH AT PARKVIEW**
Baton Rouge, LA
264 units / Built 1973

**LOUISIANA 4 PORTFOLIO**
Gretna, Harahan, Lafayette & New Iberia, LA
649 units / Built 1966-1984
ECONOMIC EXPANSION

The following are select area expansions as of second quarter 2019:

- **Ernst & Young (EY)** will more than double its presence in downtown New Orleans and add 200 office jobs to its footprint. Of the 200 jobs, 175 will provide back office support to its business lines while 25 will be engaged in risk services.

- **Technology Associates (TAI)** is expanding its maritime engineering operations at University of New Orleans and will add 70 new direct jobs, with an average annual salary of $85,000. Louisiana Economic Development predicts the project will create an additional 93 new indirect jobs.

- **Diamond Alternative Energy** and **Darling Ingredients** announced plans to invest $1.1 billion to expand their joint-venture refinery. The combined projects will create 54 new direct jobs, with an average annual salary of $130,000.

- **Arcosa** will invest $7.5M and create 149 new direct jobs, with an average annual salary of $51,400. The infrastructure-related products manufacturer plans to reopen its idle manufacturing facility near New Orleans to resume production of multiple types of waterway barges. Louisiana Economic Development predicts the project will create an additional 236 new indirect jobs.

MULTIFAMILY TRENDS

The average effective rent in New Orleans surpassed the $1,000 per unit threshold while vacancy decreased by 57 basis points year over year from second quarter 2018 to second quarter 2019.

- Average Q2 employment increased by 7,300 jobs.
- Average Q2 unemployment decreased to 4.3%.
- Average effective rent increased to $1,004.
- Vacancy decreased to an average of 4.0%.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

New Orleans’ quarter-to-quarter rent growth rates remained positive throughout the year, resulting in strong 4.7% rent growth year over year.

AXIOMetrics projects rents to grow at a faster average annual rate (nearly 3.0%) than that of the past five years.

**NEW ORLEANS RENT GROWTH RATES**

<table>
<thead>
<tr>
<th>Period</th>
<th>Change</th>
<th>Change</th>
<th>Change</th>
<th>Change</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 '18</td>
<td>0.9%</td>
<td>1.3%</td>
<td>4.7%</td>
<td>6.4%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Q4 '18</td>
<td>1.1%</td>
<td>1.2%</td>
<td>4.7%</td>
<td>6.4%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Q1 '19</td>
<td>2.3%</td>
<td>2.5%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Q2 '19</td>
<td>2.6%</td>
<td>2.8%</td>
<td>5.3%</td>
<td>5.3%</td>
<td>9.6%</td>
</tr>
<tr>
<td>1-Year (Y/Y)</td>
<td>3-Year</td>
<td>5-Year</td>
<td>5-Year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: AXIOMetrics

**DEMOGRAPHIC FUNDAMENTALS**

Median household income in New Orleans is projected to increase by 17% from 2018 to 2023.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Households</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,337,787</td>
<td>34.6%</td>
<td>$35,338</td>
</tr>
<tr>
<td>2010</td>
<td>1,189,866</td>
<td>36.3%</td>
<td>$45,211</td>
</tr>
<tr>
<td>2018</td>
<td>1,279,410</td>
<td>38.6%</td>
<td>$49,620</td>
</tr>
<tr>
<td>2023</td>
<td>1,275,324</td>
<td>38.6%</td>
<td>$58,099</td>
</tr>
</tbody>
</table>

**MULTIFAMILY FORECAST**

The following are Cushman & Wakefield’s projections for the near term:

<table>
<thead>
<tr>
<th>RENTS</th>
<th>VACANCY</th>
<th>PIPELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>% Growth</td>
</tr>
</tbody>
</table>

Forecast is 12-month outlook

**DEVELOPMENT / INVENTORY**

The number of multifamily units under construction in New Orleans rose sharply to approximately 3,000 as of the second quarter. The majority of the units are located in the Downtown submarket. Notable larger developments include: Lumina (382 units), 1535 Canal Street (330 units), The Collins (272 units), The Odeon (271 units), Two Saints (223 co-living units), and 2424 Tulane (202 units).

**NOTABLE SALES - SECOND QUARTER**

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial Manor Apartment Homes</td>
<td>1967</td>
<td>48</td>
<td>Morguard NA</td>
<td>Latter &amp; Blum</td>
<td>$71,667</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Residential</td>
<td>Property Mgmt.</td>
<td></td>
</tr>
</tbody>
</table>
EMPLOYMENT & UNEMPLOYMENT TRENDS

Baton Rouge continues to see little progress in terms of annual job growth, with 100 net jobs since second quarter of 2018. Baton Rouge has seen the most expansion in Education & Health Services (+3.0% or 1,600 jobs), Government (+2.5% or 1,800 jobs), and Leisure & Hospitality (+1.7% or 700 jobs) in the last four quarters. Public administration in Baton Rouge will continue to increase jobs in the foreseeable future, in part due to a rebounding state budget and increased educational spending at Louisiana State University.

Baton Rouge Job Growth Trends

EMPLOYMENT IN THOUSANDS & JOB GROWTH (%)

Source: Moody's Analytics
Note: Q2 data is an average of April and May

JOB GROWTH & UNEMPLOYMENT RATE

+0 % YOY
Average Q2 employment remained stable.

-37 BPS YOY
Average Q2 unemployment decreased to 4.2%.

+0.2 % YOY
Average effective rent increased to $954.

-24 BPS YOY
Vacancy decreased to an average of 8.5%.

ECONOMIC EXPANSION

The following are area expansions as of second quarter 2019:

Conn’s HomePlus will invest $5.7 million to build out a 250,000-square-foot distribution facility in West Baton Rouge Parish. The company plans to create 70 new direct jobs, with an average salary of over $41,300.

The Port of Greater Baton Rouge announced a $20 million rail project aimed to enhance the transfer of agricultural commodities from Louisiana farmers to export vessels at the port. This investment will improve logistical processes when moving agricultural products and give Baton Rouge a strategic advantage in international commerce. Construction is projected to be complete in 2020.

BASF has chosen to proceed with the second phase of its production expansion just outside of Baton Rouge. The company plans to invest $87 million to double its production output by 2020. The project is anticipated to create 170 construction jobs and generate significant property tax revenue.

The Restic Development has begun planning a second hotel Indigo in the mixed-use development behind the Mall of Louisiana. The hotel is expected to consist of 150 rooms, with construction anticipated to begin in late summer.

MULTIFAMILY TRENDS

Baton Rouge’s effective rent growth experienced an ongoing market correction following a period of inflated rents in 2017 due to a natural disaster in 2016 that took some multifamily supply off-line. As of second quarter, multifamily trends in Baton Rouge finally reflect direction of trends in other Southeastern markets, albeit at a slower rate.
HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Baton Rouge’s multifamily rental rate trends saw a shallow uptick since first quarter 2019; however, sharp market softness seen at the end of 2018 resulted in the market’s 0.2% year-over-year effective rent growth.

Demand growth is expected to continue, while continued supply growth will keep five-year projected rent growth moderate at 6.9%, or 1.4% annually over the next five years.

DEMOGRAPHIC FUNDAMENTALS

Baton Rouge is projected to add nearly 20,000 to its population from 2018 to 2023.

<table>
<thead>
<tr>
<th>Population</th>
<th>Percent Renter Households</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000: 27.8%</td>
<td>2010: 32.2%</td>
<td>2018: 32.5%</td>
</tr>
</tbody>
</table>

DEVELOPMENT / INVENTORY

Approximately 1,200 multifamily units are under construction as of the second quarter compared to 1,100 units as of the end of 2018. The most active submarket is Ascension Parish and the most notable properties are: Conway Plantation (280 units), Sawgrass Point (270 units), Meadows at Nicholson (228 units), and Legacy South (216 units).

NOTABLE SALES - SECOND QUARTER

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Units</th>
<th>Seller</th>
<th>Buyer</th>
<th>PPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Millennium Towne Center</td>
<td>2008</td>
<td>276</td>
<td>Morgan Communities</td>
<td>Inland Real Estate Group</td>
<td>$180,087</td>
</tr>
</tbody>
</table>

Source: AXIOMetrics

FORECAST is 12-month outlook