



Marcus & Millichap

2018

National Multi Housing Group

West and Central Florida

Apartment Market Overview and Outlook

John S. Sebree

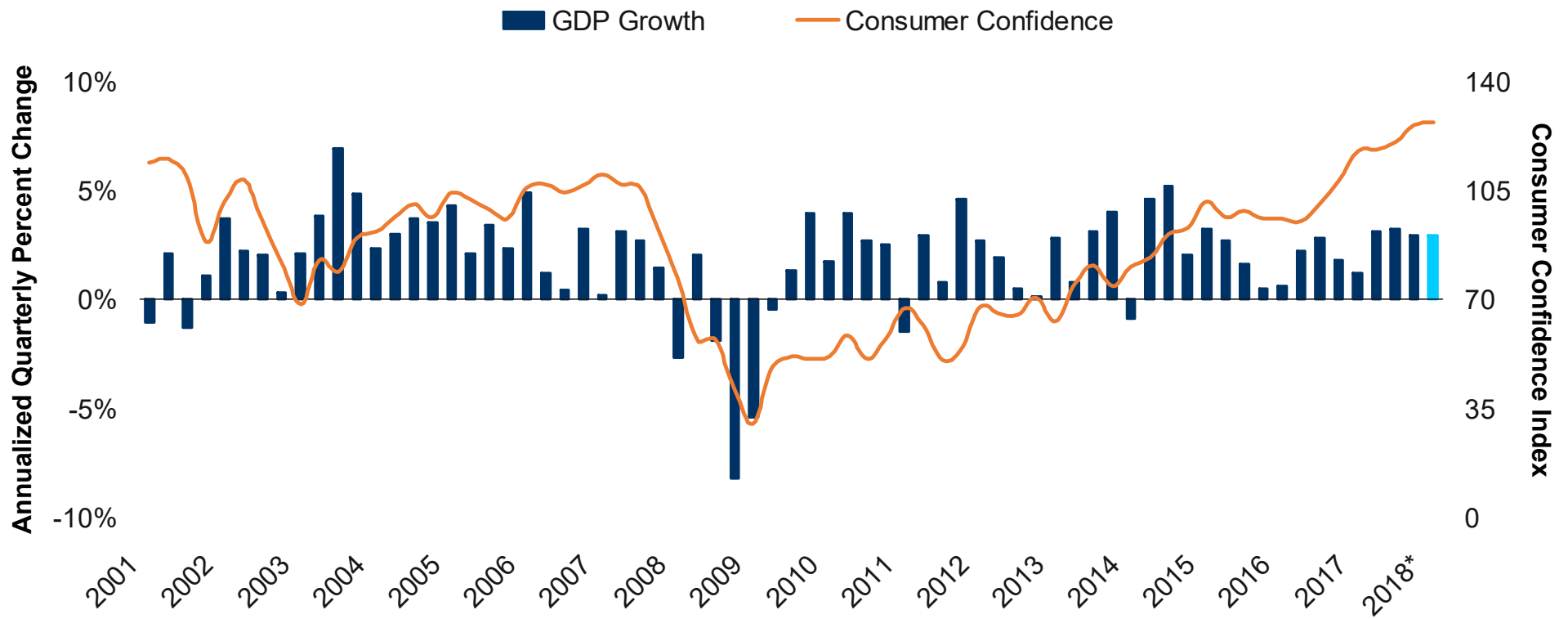
National Director – National Multi Housing Group

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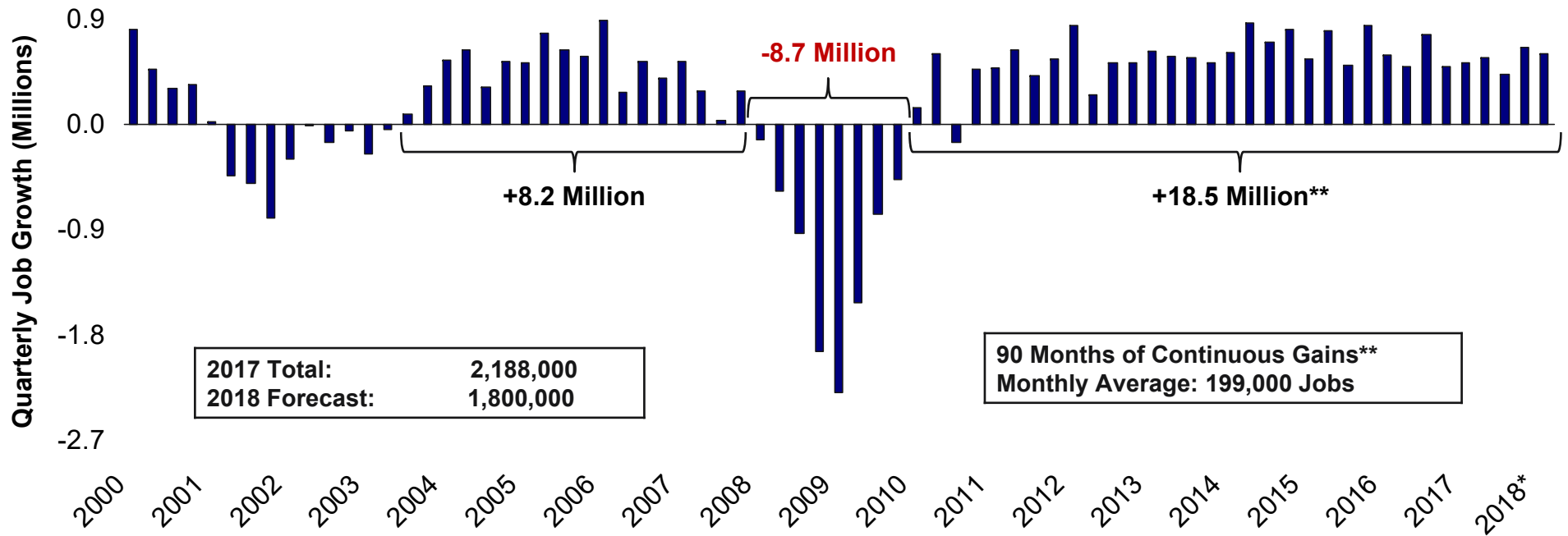
April 2018

U.S. GDP in Eighth Year of Expansion; Growth Moderate But Picking Up



* Forecast GDP; Consumer confidence through 1Q
Sources: Marcus & Millichap Research Services, BEA, The Conference Board

Employment Growth Durable and Remarkably Stable



* Through 1Q

** Through March 2018

Sources: Marcus & Millichap Research Services, BLS

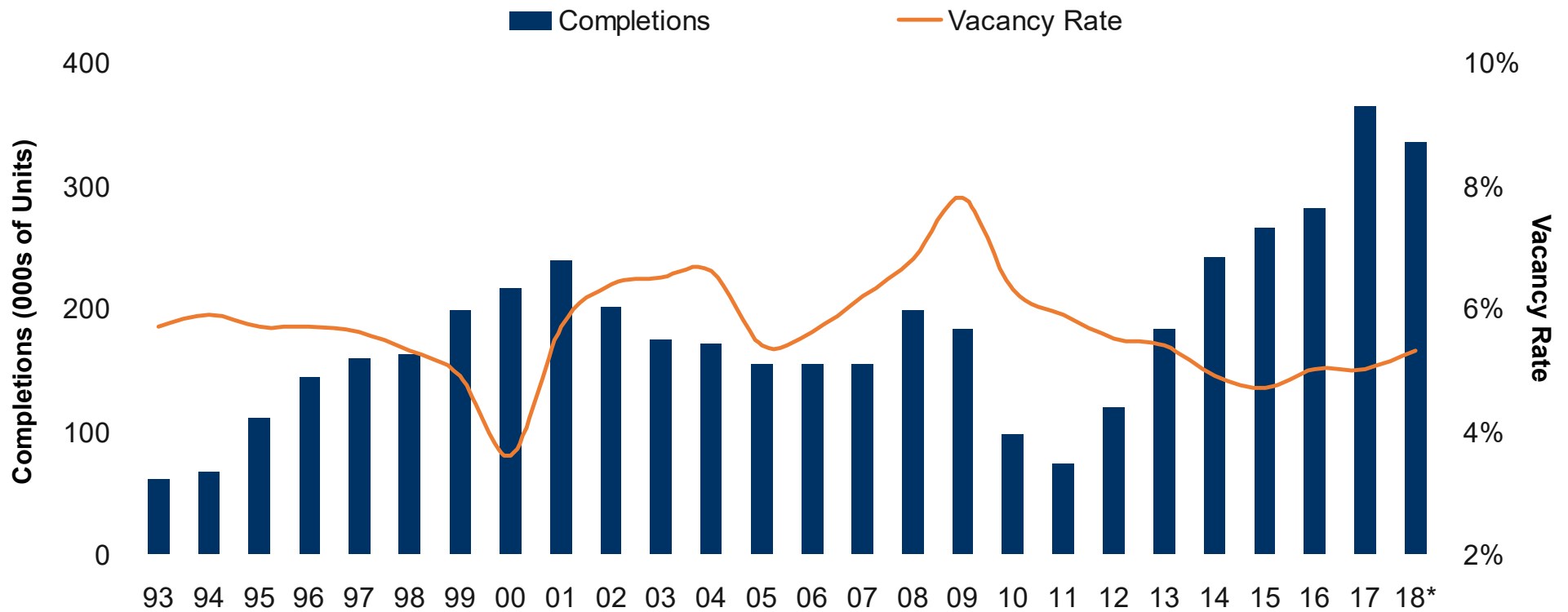
National Employment Rank by Metro Y-O-Y Percent Change Through February 2018

Top 10 Metros	Absolute Change	Percent Change
Austin	37,200	3.6%
Inland Empire	49,600	3.5%
Orlando	42,300	3.4%
Seattle-Tacoma	60,800	3.1%
Charlotte	34,200	2.9%
San Jose	31,100	2.9%
Salt Lake City	34,200	2.8%
Phoenix	56,600	2.8%
Las Vegas	26,300	2.7%
Tampa	35,300	2.7%
U.S. Total	2,231,000	1.5%

Bottom 10 Metros	Absolute Change	Percent Change
Cleveland	1,900	0.2%
St. Louis	6,300	0.5%
Chicago	26,900	0.6%
Northern New Jersey	14,600	0.7%
West Palm Beach	4,500	0.7%
Cincinnati	8,000	0.7%
Philadelphia	22,900	0.8%
Columbus	9,500	0.9%
Detroit	18,600	0.9%
Baltimore	13,600	1.0%
U.S. Total	2,231,000	1.5%

Sources: Marcus & Millichap Research Services, BLS

National Apartment Vacancy vs. Construction



* Forecast

Sources: Marcus & Millichap Research Services, RealPage, Inc.

National Apartment Rank by Metro 2018 Completions*

Top 10 Metros	2018 Completions*	Completions as % Inv.
Dallas-Fort Worth	32,000	4.2%
New York	19,400	1.1%
Los Angeles	17,200	1.6%
Washington, D.C.	15,700	2.5%
Denver	14,300	5.1%
Atlanta	13,000	2.6%
Houston	12,400	1.8%
Seattle-Tacoma	12,100	3.1%
Chicago	10,500	1.5%
Northern New Jersey	10,200	3.1%
U.S. Total	335,000	1.9%

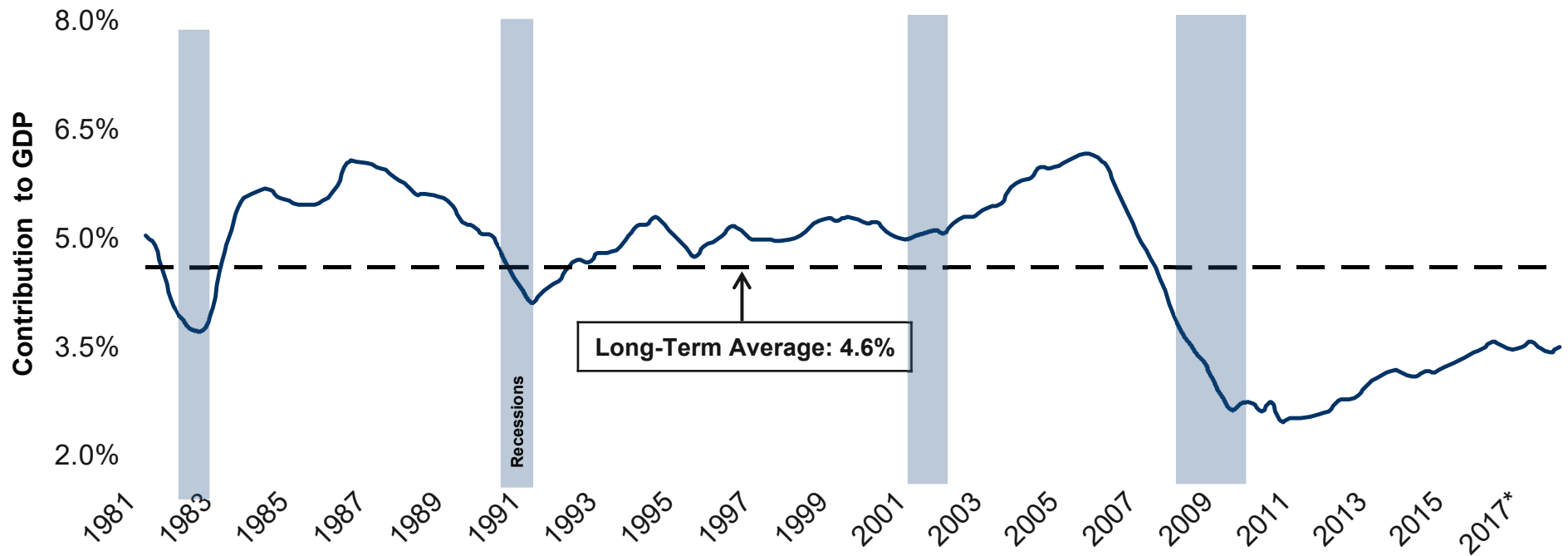
Bottom 10 Metros	2018 Completions*	Completions as % Inv.
St. Louis	1,070	0.7%
Detroit	1,500	0.6%
Cleveland	1,600	1.0%
West Palm Beach	1,600	1.4%
Inland Empire	1,700	0.9%
Sacramento	1,900	1.3%
Cincinnati	2,100	1.3%
Oakland	2,460	1.2%
San Francisco	2,500	1.0%
Indianapolis	2,700	1.7%
U.S. Total	335,000	1.9%

* Forecast

Tampa: (4,800, 1.9%); Orlando: (6,900, 3.1%)

Sources: Marcus & Millichap Research Services, RealPage, Inc., CoStar Group, Inc.

Housing Contribution to GDP

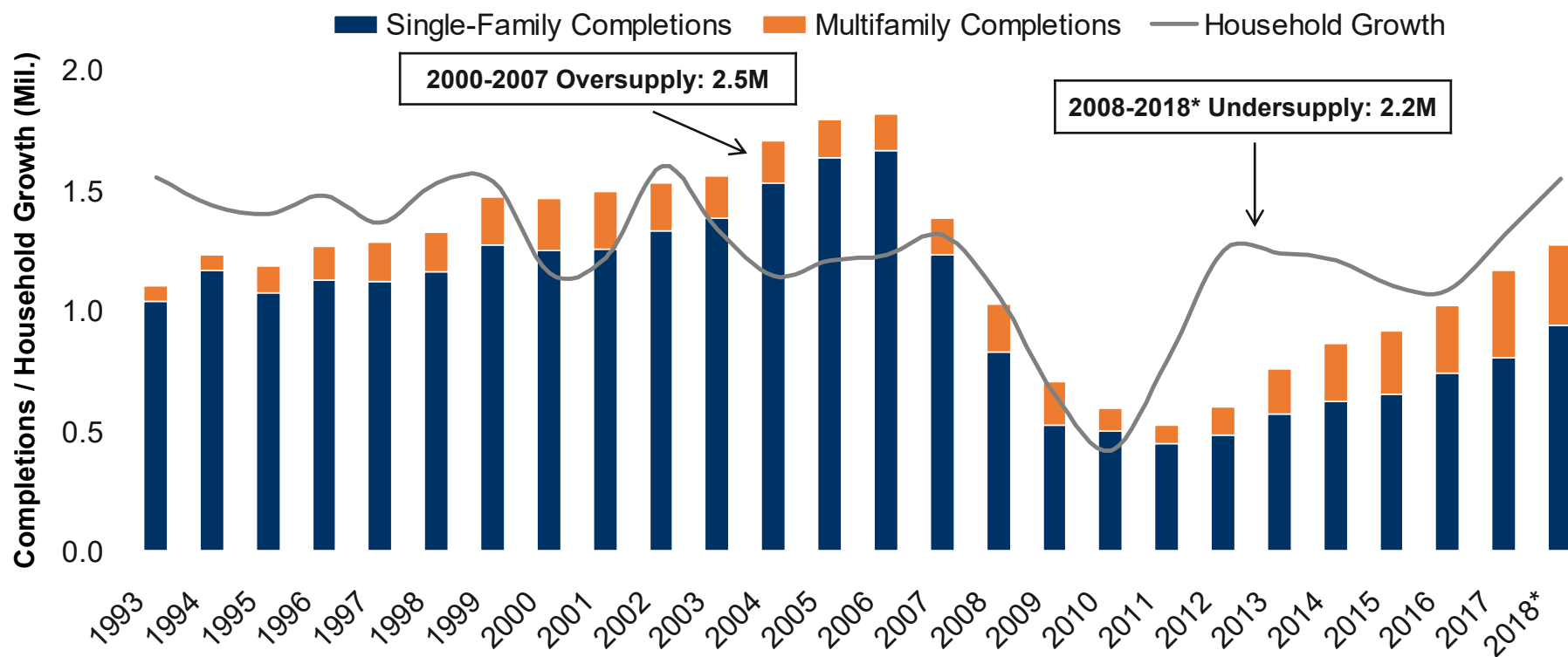


* Through 4Q

Recession periods: (3Q1981-4Q1982), (3Q1990-1Q1991), (1Q2001-4Q2001), (4Q2007-2Q2009)

Sources: Marcus & Millichap Research Services, BEA

Housing Construction Has Fallen Short of Demand

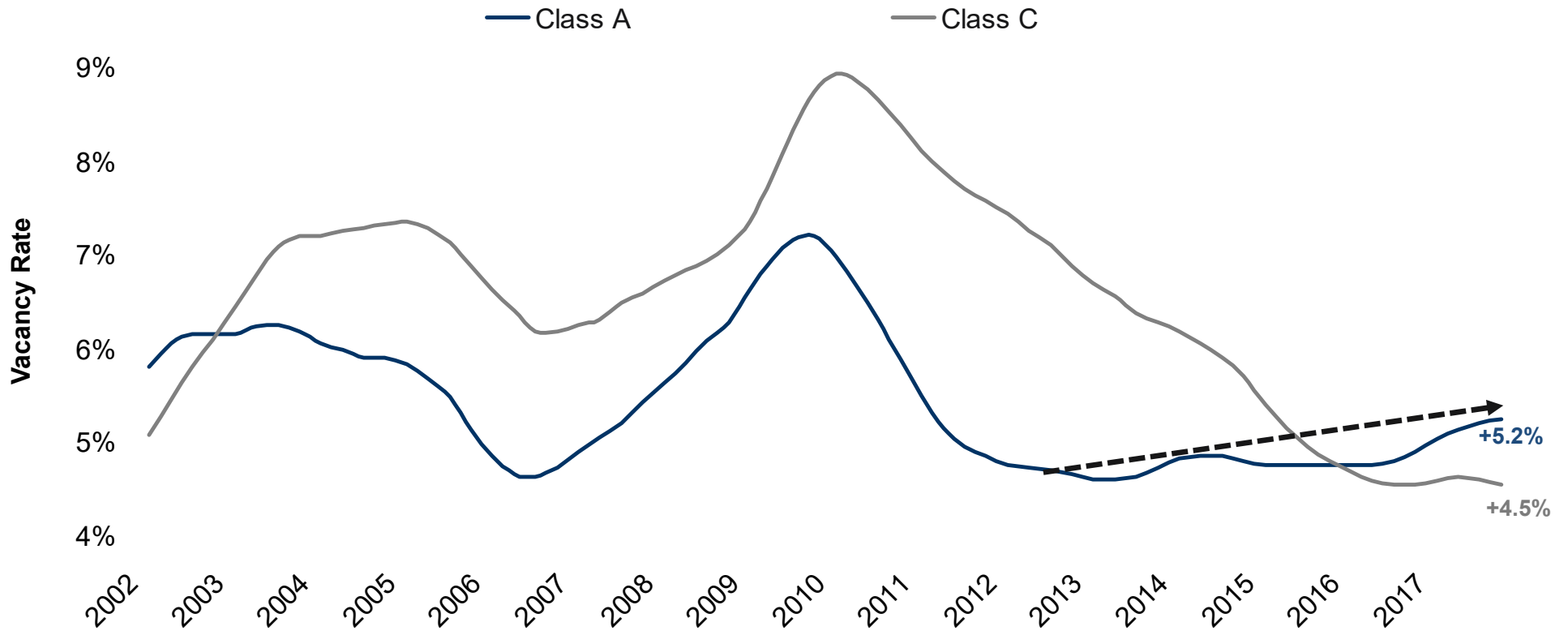


* Forecast

Trailing 24-month average for household growth

Sources: Marcus & Millichap Research Services, U.S. Census Bureau, RealPage, Inc.

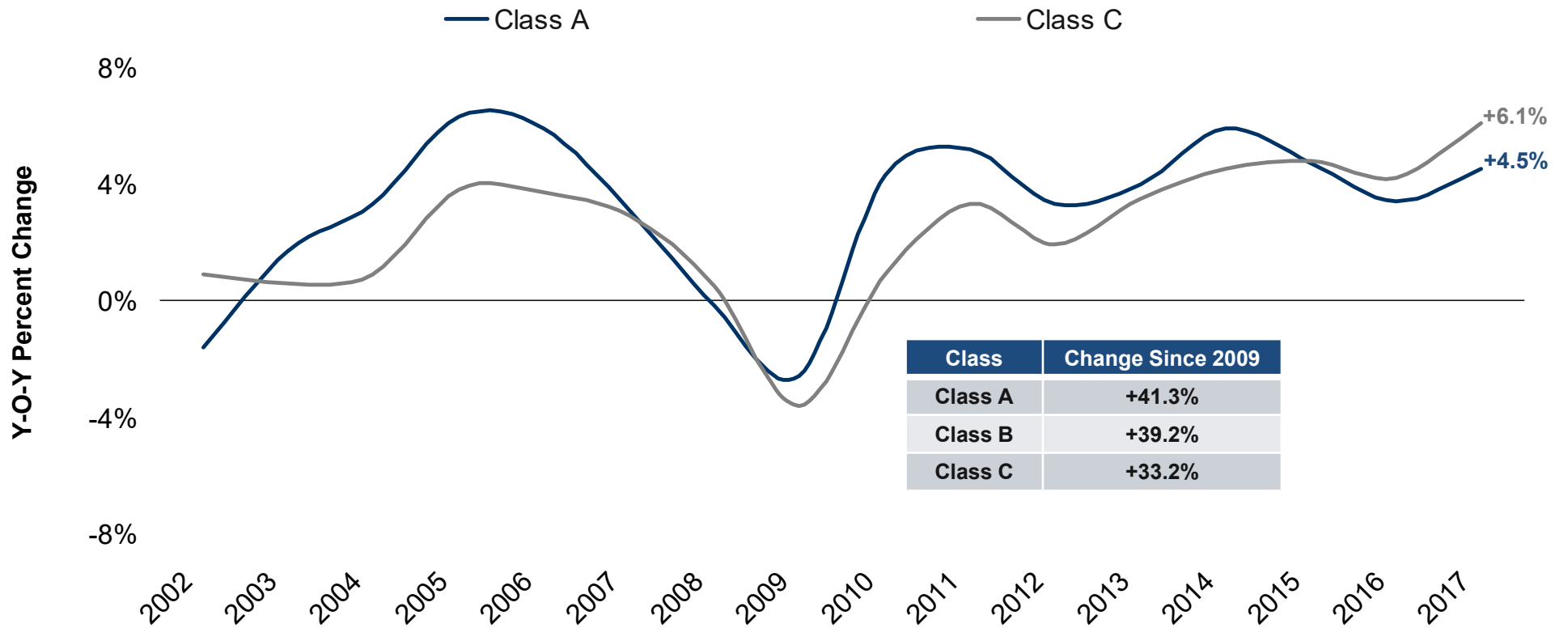
U.S. Apartment Vacancy Trends by Class



Trailing 12-month average

Sources: Marcus & Millichap Research Services, RealPage, Inc.

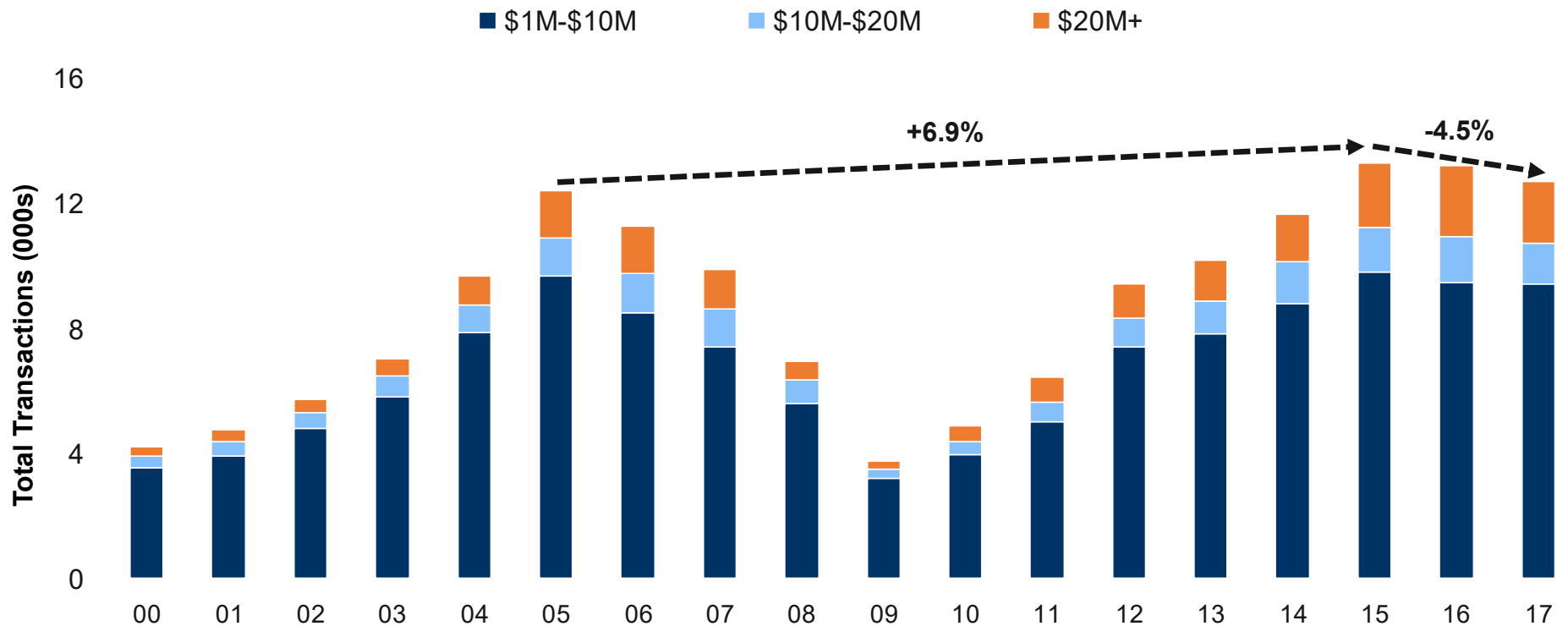
U.S. Apartment Rent Growth Trends by Class



Sources: Marcus & Millichap Research Services, RealPage, Inc.

U.S. Apartment Investment Trends

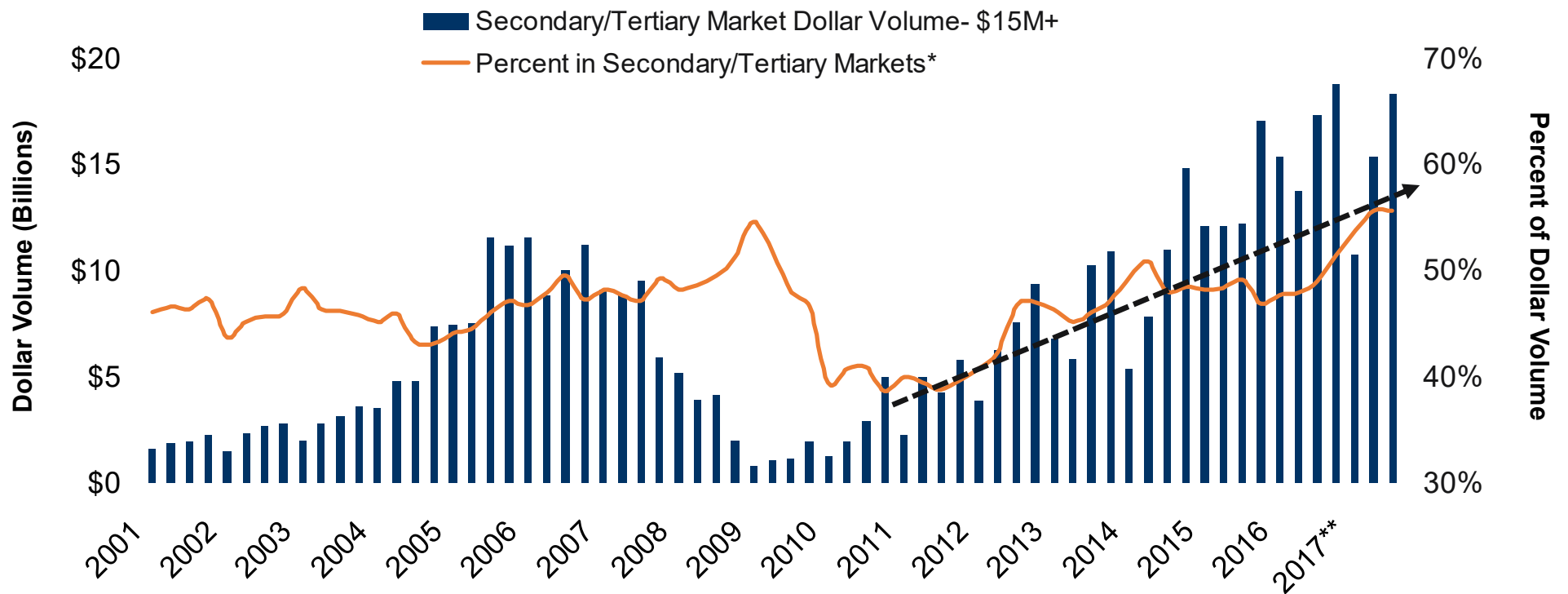
Transaction Activity by Price Tranche



Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Apartment Investors Pursue Yield – Capital Allocations Moving Beyond the Core



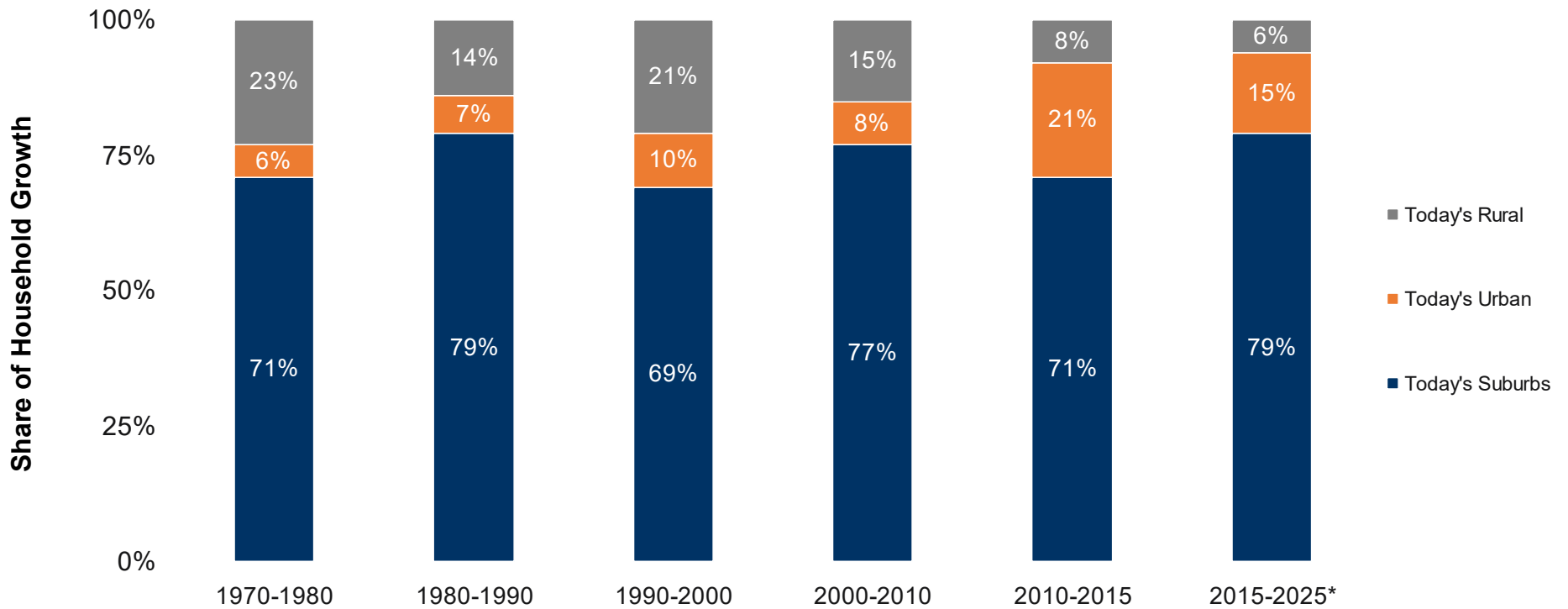
* Trailing 12-month average

** Through 3Q

Includes sales \$15 million and greater

Sources: Marcus & Millichap Research Services, Real Capital Analytics, CoStar Group, Inc.

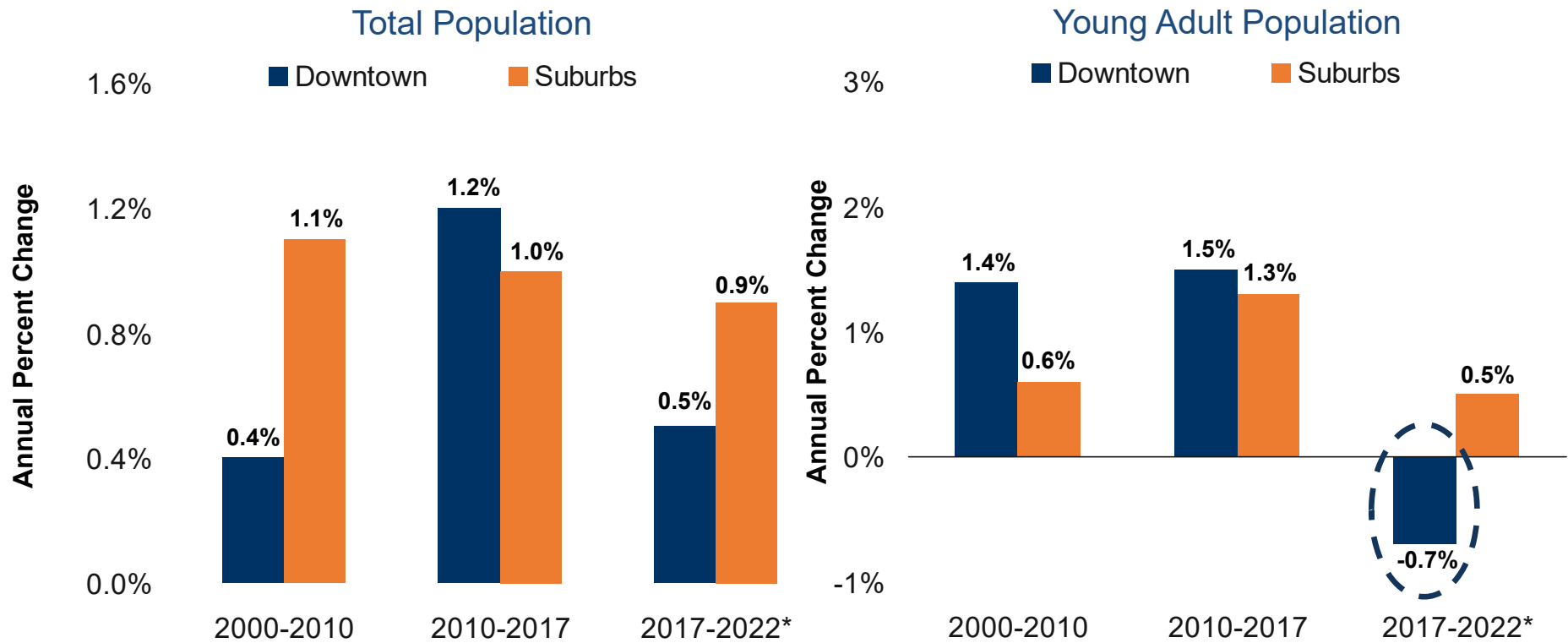
Suburbs Will Capture a Larger Share of Household Growth Over the Next Decade



* Forecast

Sources: Marcus & Millichap Research Services, U.S. Census Bureau, John Burns Real Estate Consulting

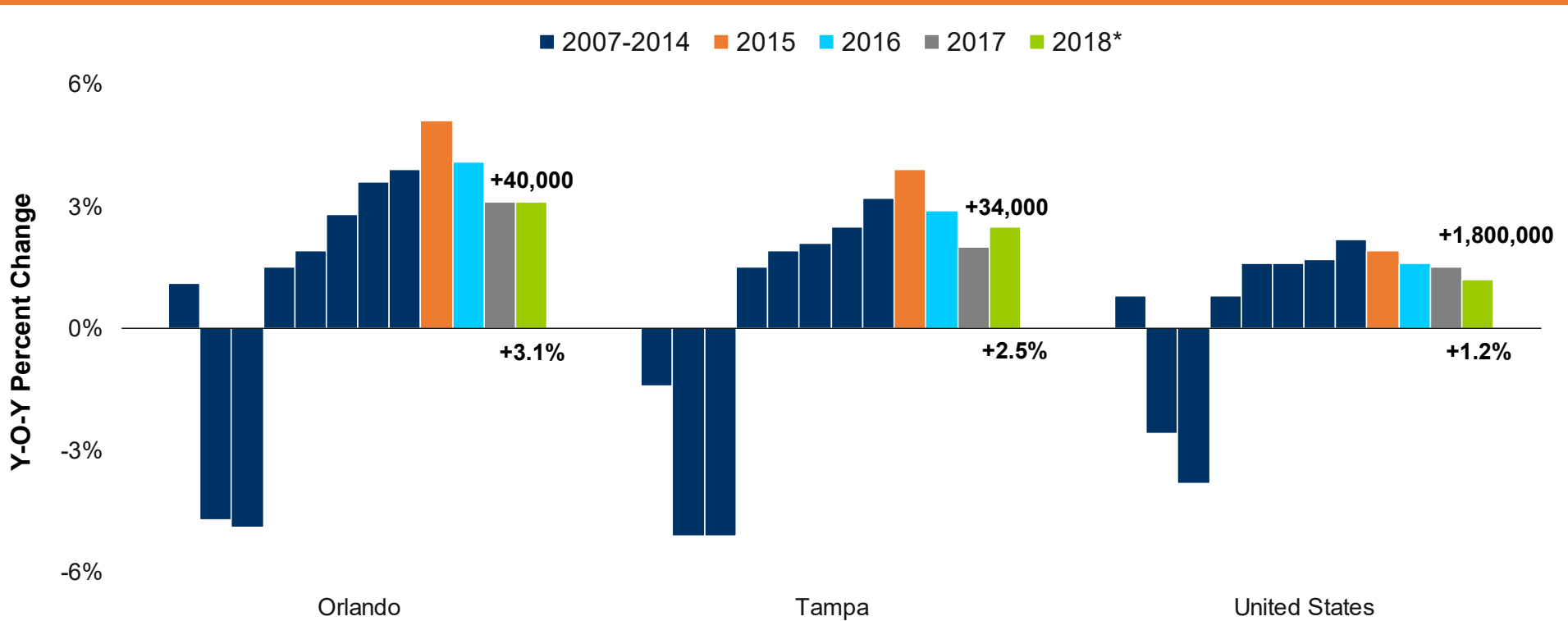
Population Growth Shifting to Areas Outside the City



* Forecast
 Young adult population: 20-34 years old
 Sources: Marcus & Millichap Research Services, U.S. Census Bureau

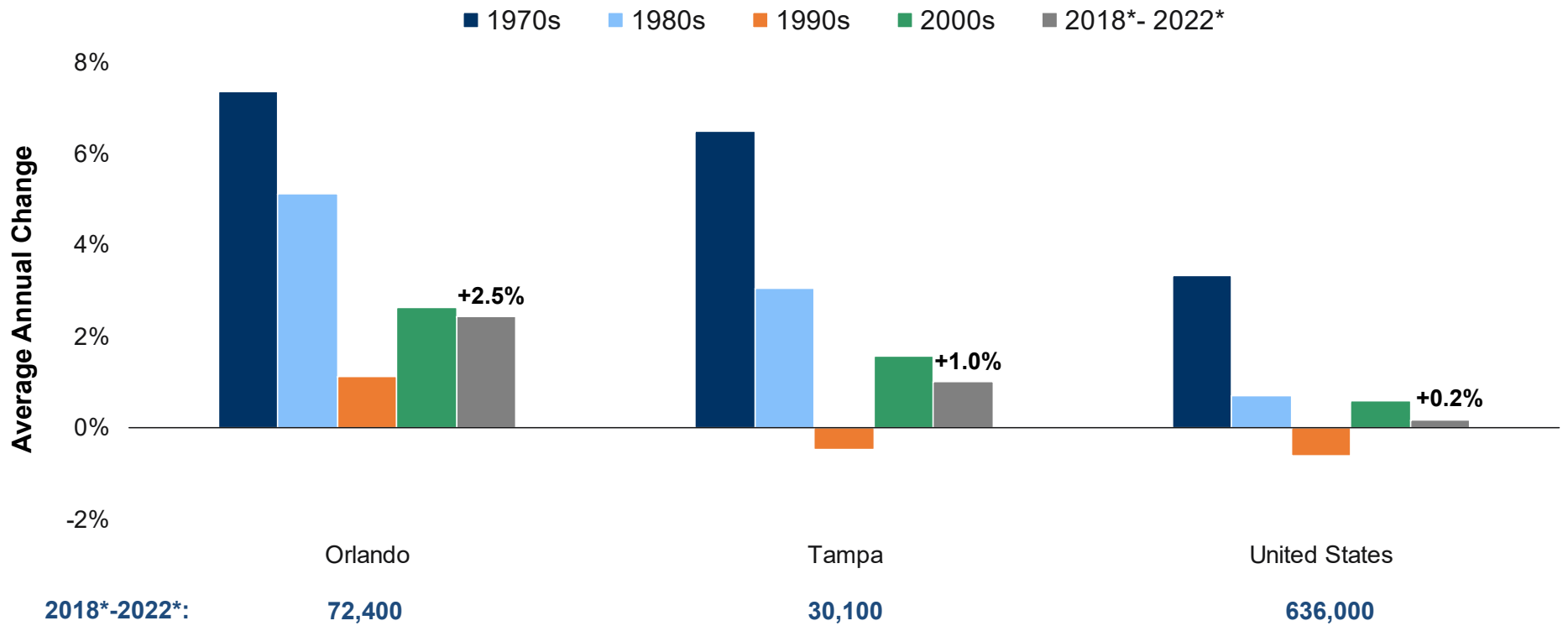
Central Florida Economic Overview and Outlook

Employment Growth Trends



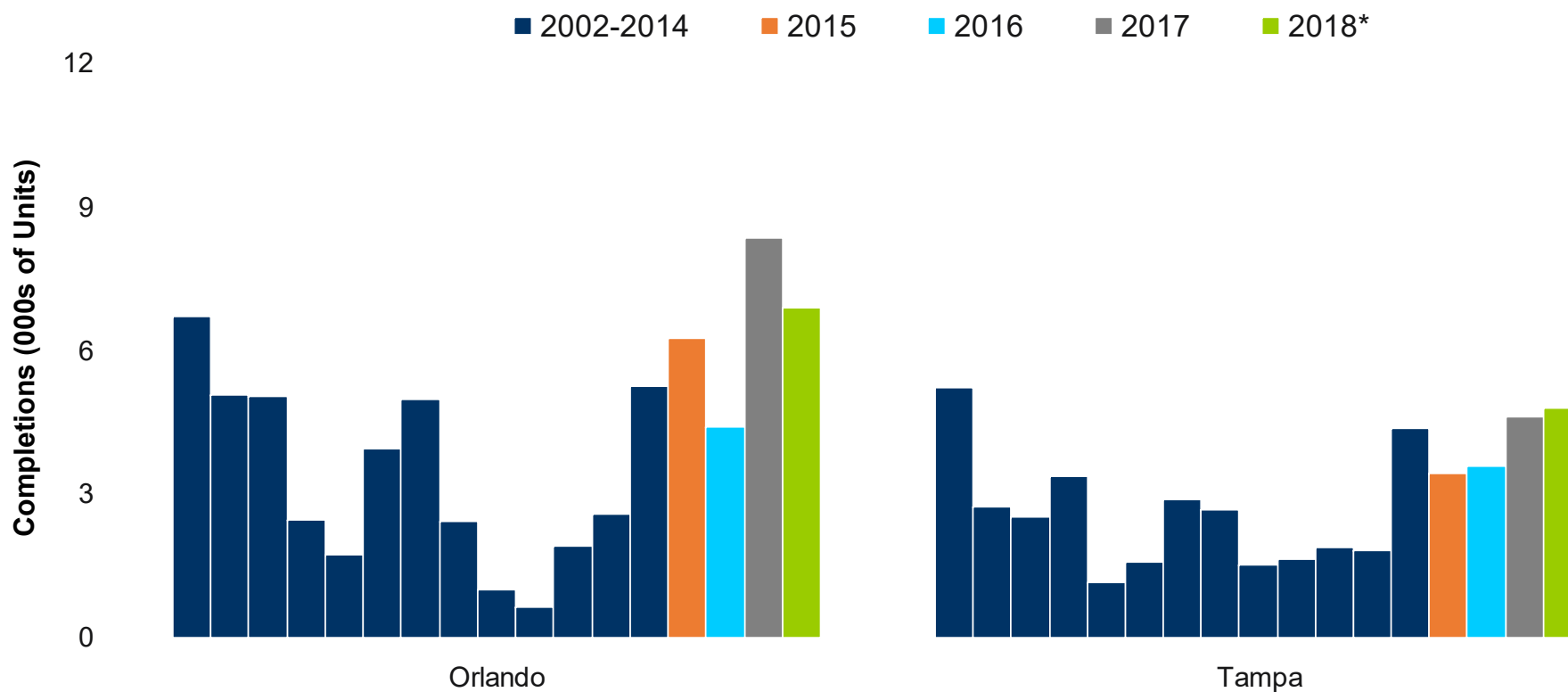
* Forecast
Sources: Marcus Millichap Research Services, BLS

20-34 Year-Old Population Growth



* Forecast
 Sources: Marcus Millichap Research Services, U.S. Census Bureau

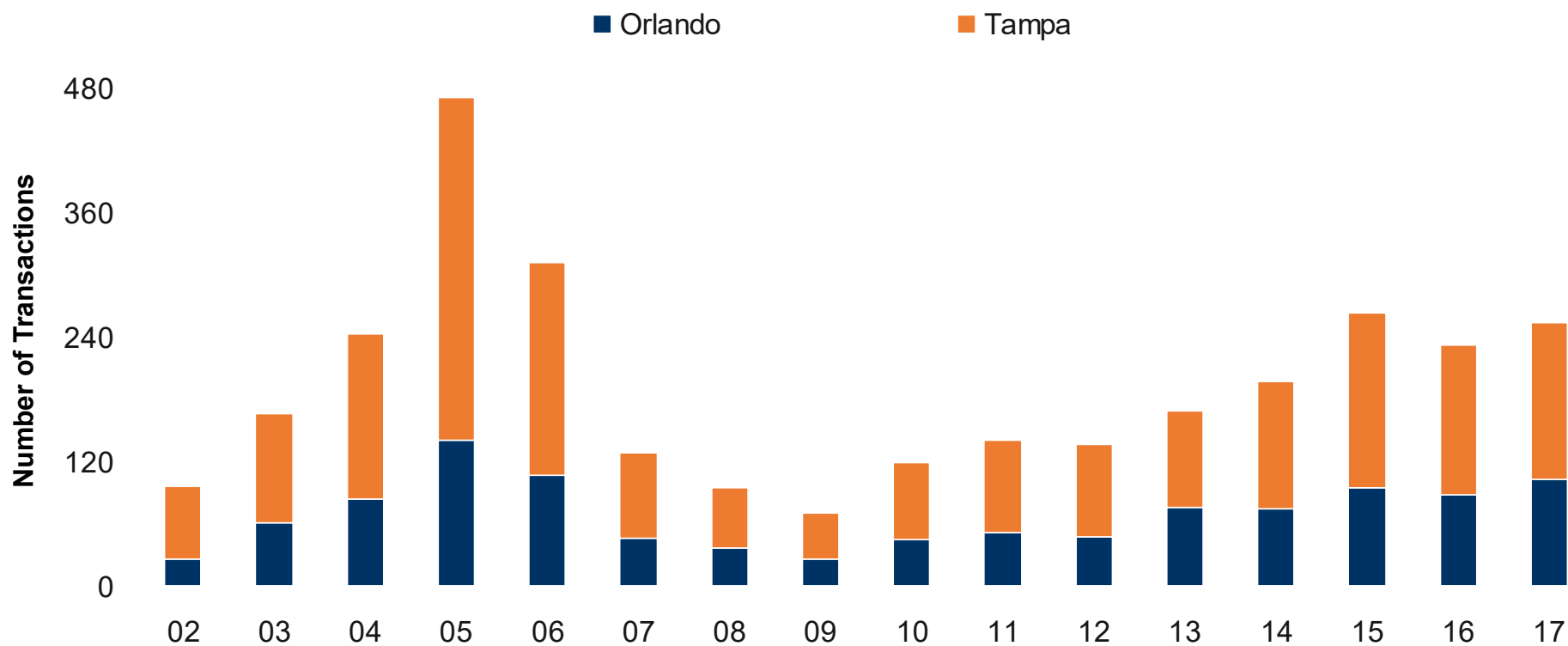
Apartment Construction Trends



* Forecast

Sources: Marcus & Millichap Research Services, RealPage, Inc.

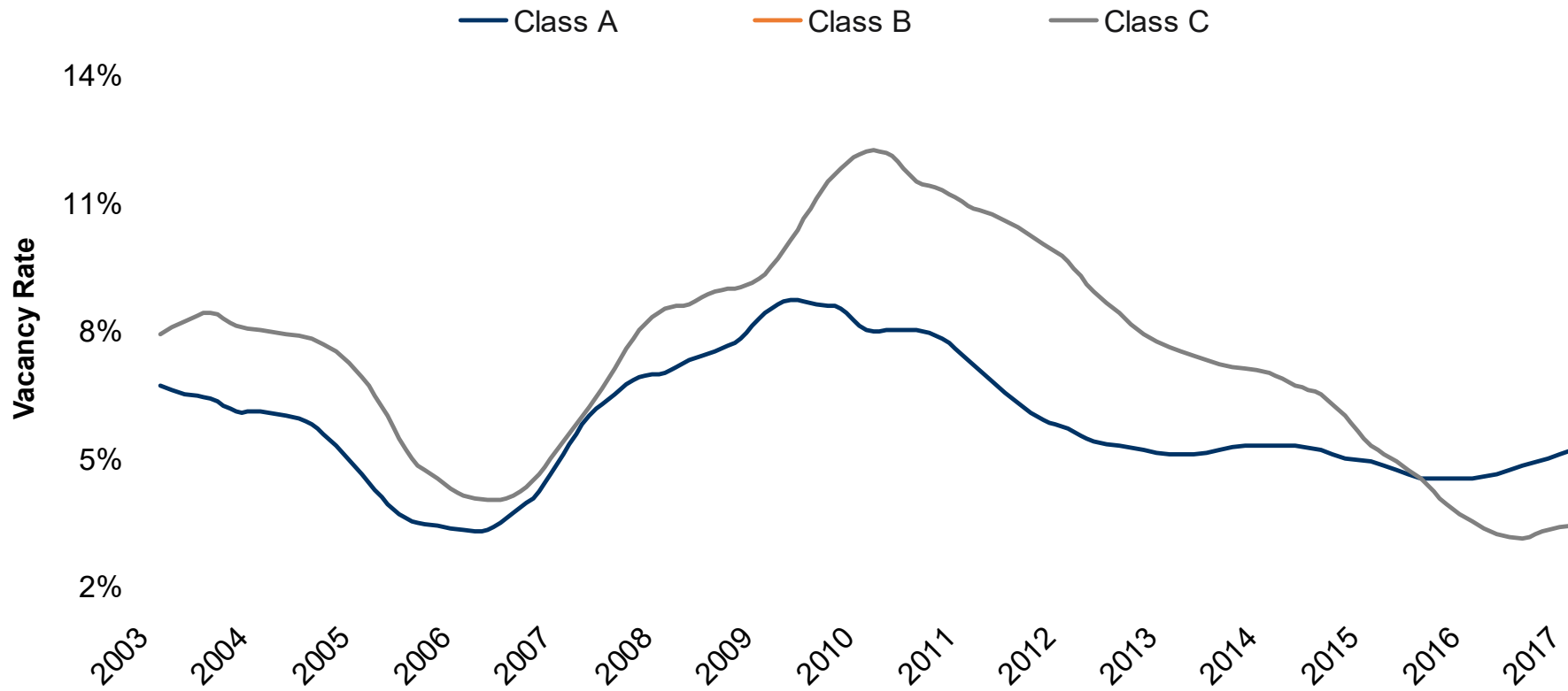
Central Florida Apartment Transaction Activity



Includes sales \$1 million and greater

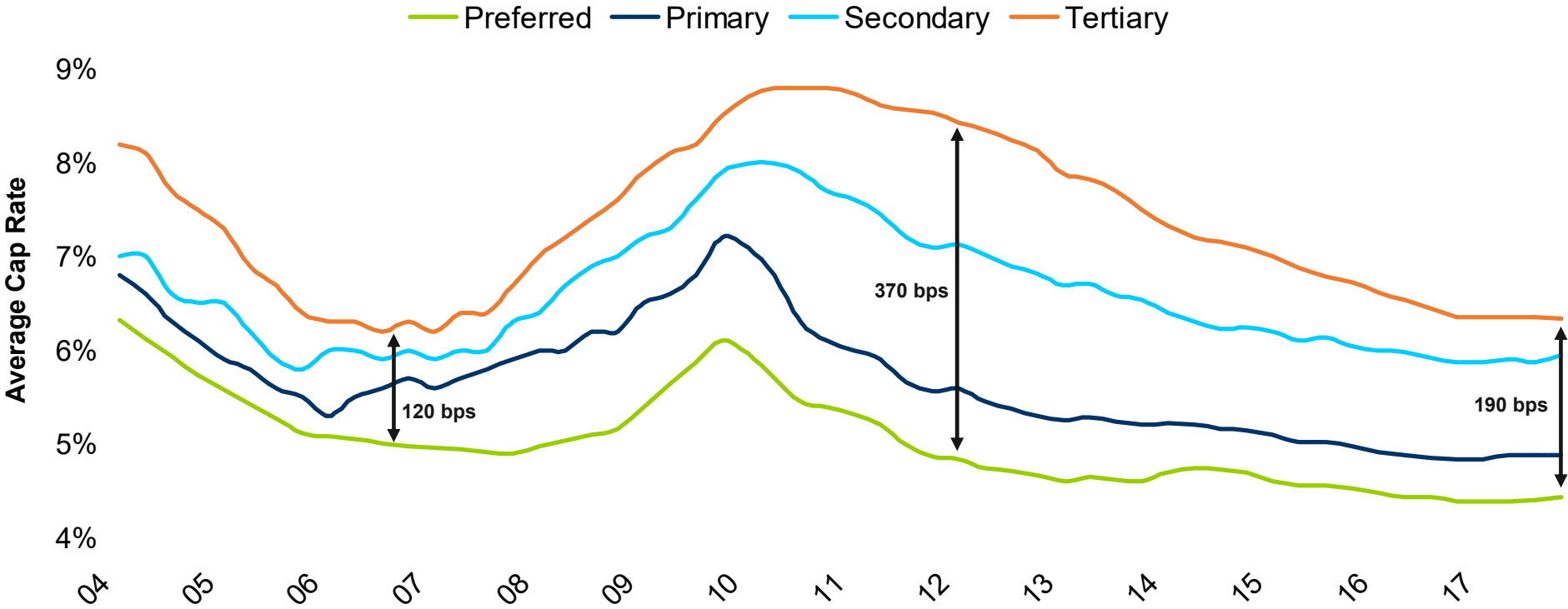
Sources: Marcus Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Central Florida Apartment Vacancy Rate Trends by Class



Trailing 12-month average
Sources: Marcus & Millichap Research Services, RealPage, Inc.

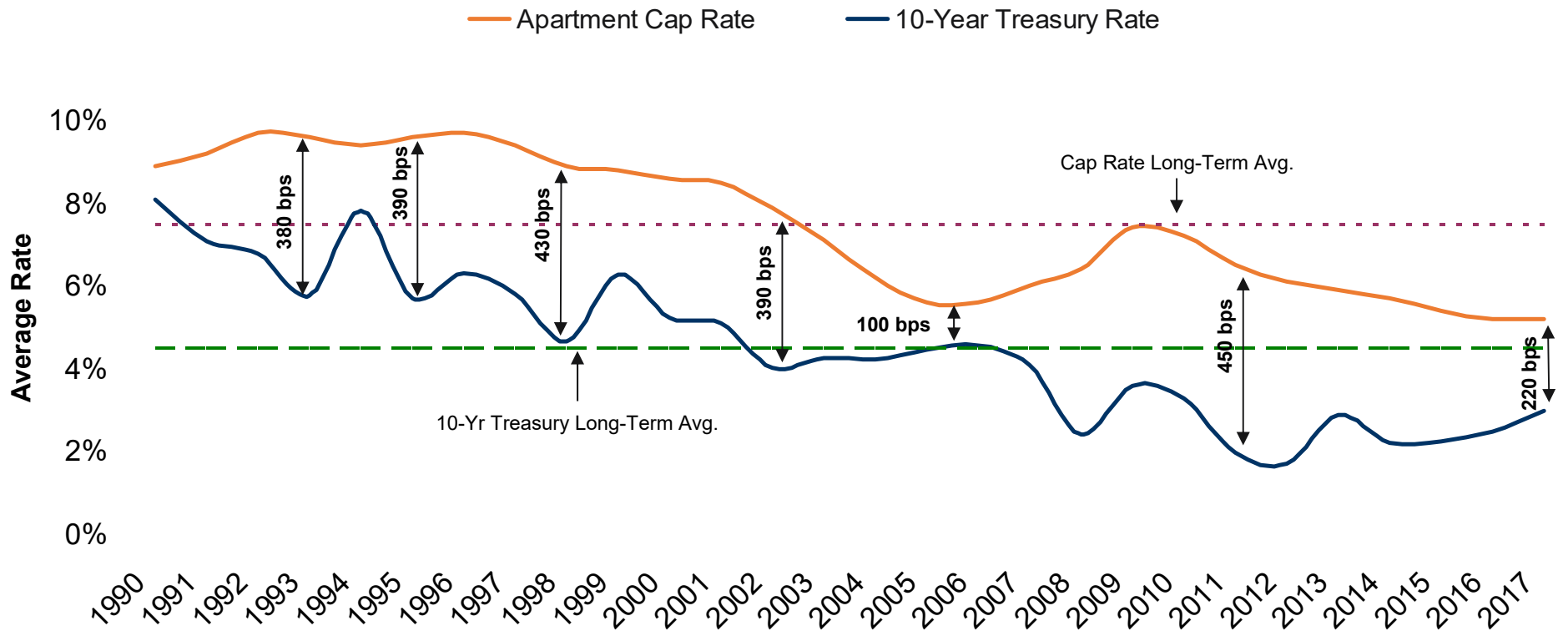
Apartment Cap Rate Spreads Compress as Investors Pursue Yields Beyond Core



Includes sales \$1 million and greater
 Preferred Markets Include: NY, DC, BOS, SD, LA, OC, SJ, SF, SEA
 Sources: Marcus & Millichap Research Services, Real Capital Analytics, CoStar Group, Inc.

U.S. Apartment Cap Rate Trends

Average Cap Rates vs. 10-Year Treasury



Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve



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