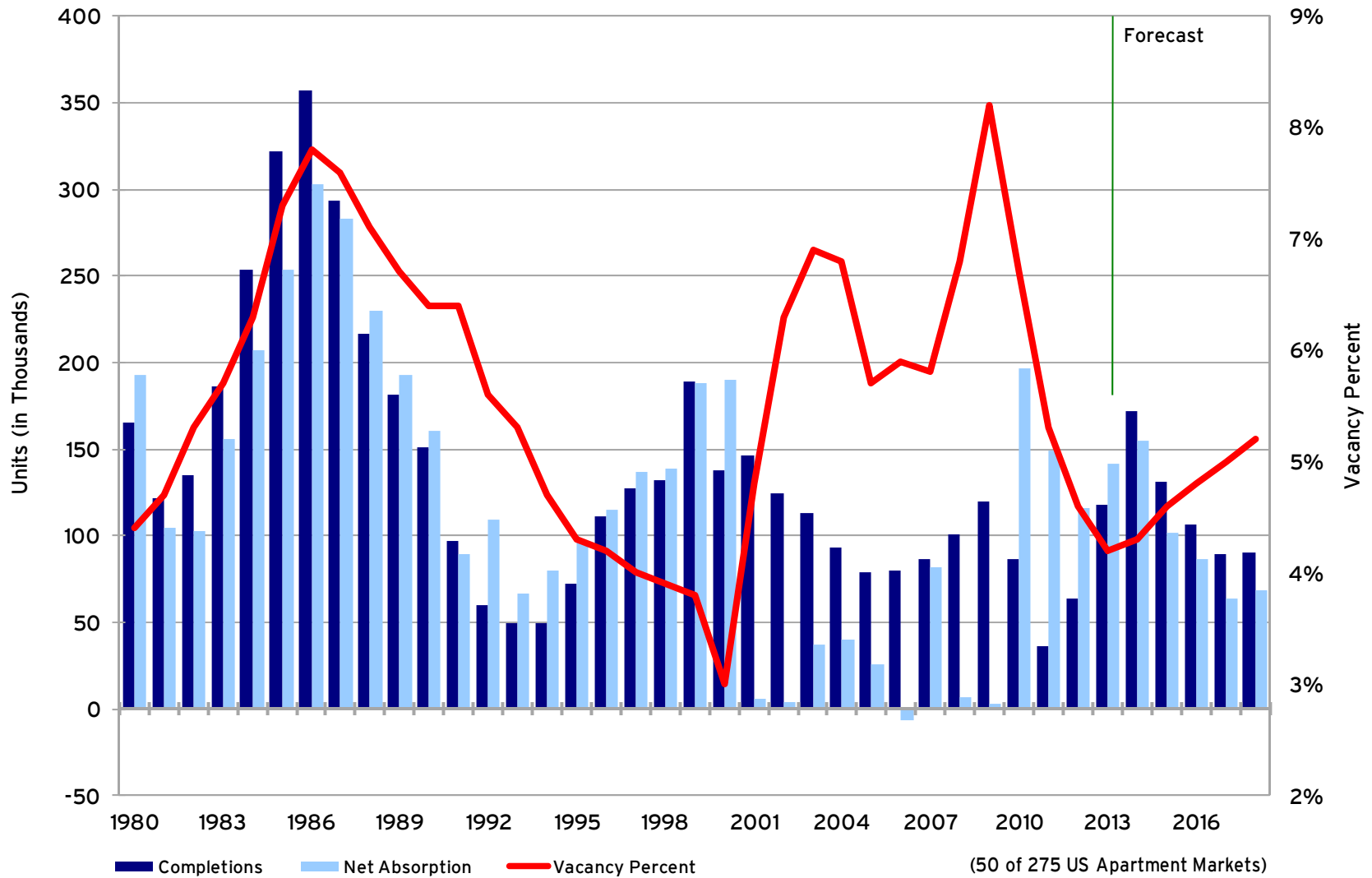


National Apartment Market

Supply & Demand Trends



Source: Reis

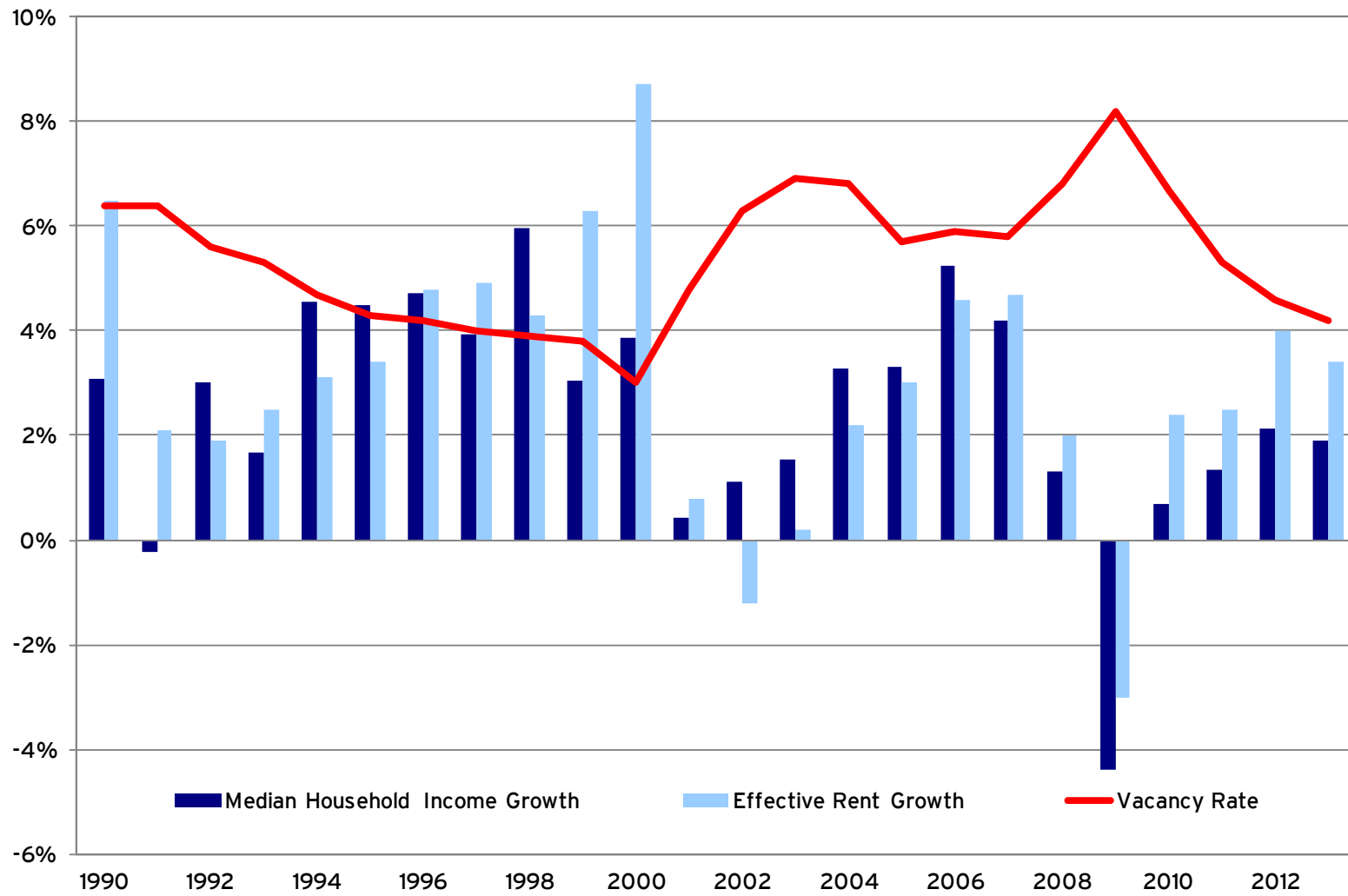
Supply Side Risk



MSA	Total Potential Units (2014)	Total Completions (2013)	Vacancy Change (BPS - 2013)	Forecasted Inventory Change (2014)	Long-Term Inventory Change (1990-2010)
District of Columbia	5277	2757	+90 [4.4% - 5.3%]	5.7%	0.4%
Seattle	6293	7034	+30 [4.1% - 4.4%]	3.1%	1.9%
San Francisco	2711	1820	-20 [3.3% - 3.1%]	2.0%	0.6%
Manhattan	1635	1331	+10 [2.1% - 2.2%]	1.4%	3.0%

Source: Reis

Slow Income Gains Restrain Rent Growth



Source: Reis

Going-In vs. Exit Cap Rate / NOI Requirements

5-Year Investment Horizon



(Five Year Investment Horizon)			
Going-In Cap Rate	Exit Cap Rate	Required NOI growth for IRR of 3%	Required NOI growth for IRR of 5%
3.0%	7.0%	16.2%	18.4%
4.0%	7.0%	9.1%	11.2%
5.0%	7.0%	3.8%	5.9%
3.0%	8.0%	18.8%	21.1%
4.0%	8.0%	11.5%	13.7%
5.0%	8.0%	6.1%	8.2%
6.0%	8.0%	1.9%	3.8%
5.0%	9.0%	8.2%	10.3%
6.0%	9.0%	3.8%	5.8%
7.0%	9.0%	0.2%	2.1%