

Atlanta

Apartment Market Snapshot - 12/13/2018

Market Grade B	Volatility		CPPI	
	Sector	Market	Index	YoY Δ
	Low	High	147.4	5.3%

Cap Rate		LT NOI Growth	IRR
Current	YoY Δ	0.9%	5.8%
5.5%	-5 bps		

MARKET METRICS

Metric	Current	Rank of 52
Avg. Effective Rents	\$1,160	30
Occupancy	94.4%	48
YOY M-RevPAF Growth	4.3%	14
YOY Job Growth	2.2%	22
Median Income	\$67k	29
Homeownership Rate	54.7%	27
Med. Home Price	\$210k	37
Apartment Units	425,000	7
Households	2,258k	6

COMMENTARY

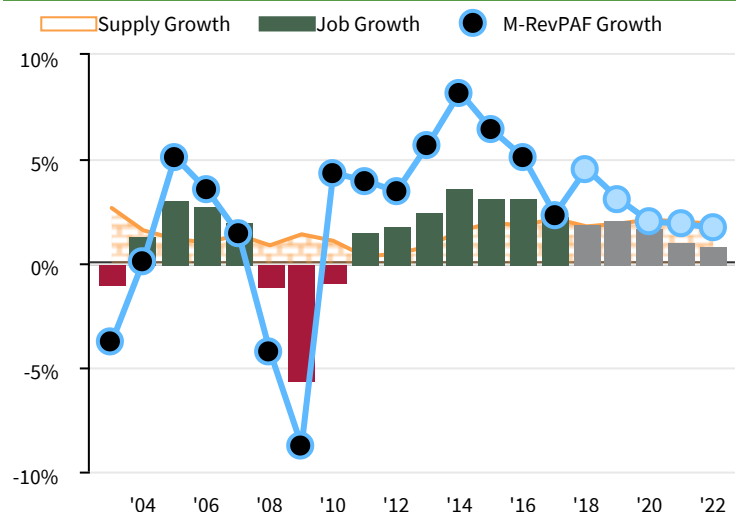
Atlanta: Atlanta boasts a diversified economy, anchored by the global headquarters of 15 Fortune 500 companies including The Home Depot, UPS, Coca-Cola, and Delta Air Lines. Atlanta's tech employment has also seen growth, with companies such as Amazon Web Services and Anthem's IT department now calling Midtown home. Millennials relocating to Midtown after graduation, many from Georgia Tech and Emory, have driven demand for apartments in the growing tech hub. Midtown boasts a healthy live / work / play balance for residents and MARTA accessibility to the financial-focused Buckhead, which is just 3 stops north. Voters recently approved \$2.5B in funding for MARTA line expansions over the next 4 decades, and construction has already begun on the \$1B I-285 / SR 400 interchange lane additions, slated to finish in '20. Both projects aim to address Atlanta's growing traffic congestion problems. With increased transit accessibility and more demand for outdoor recreational space, investors are looking for opportunity in currently underutilized sites west of Downtown, near trail expansions along the Atlanta Beltline and existing MARTA stations. Because of the success of the live / work / play environments created in Midtown and Buckhead, developers have begun to submit rezoning applications that would allow for large mixed-use projects within proximity to the Beltline and MARTA stations. As momentum in this part of town accelerates, elevated supply remains a risk.

TOP 10 EMPLOYERS

- Delta Air Lines
- Emory University
- Gwinnett County Public Schools
- WellStar Health System
- AT&T
- UPS
- Northside Hospital
- Piedmont Healthcare
- Marriott International
- Publix Super Markets

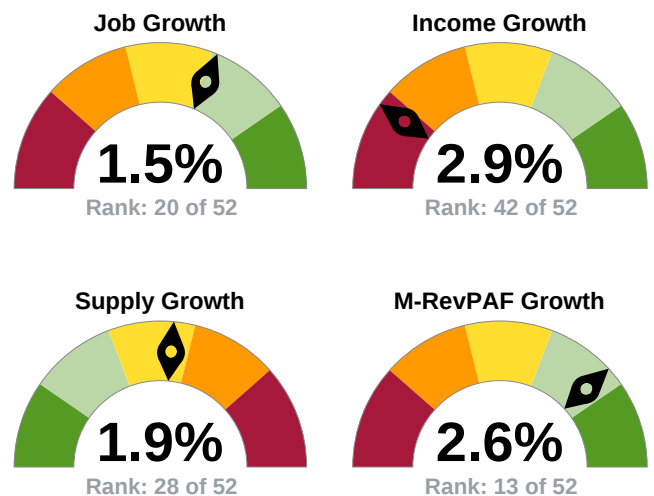
Strengths	<ul style="list-style-type: none"> Growing technology sector attracting recent graduates Continuously improving demographics Focus on infrastructure improvement
Weaknesses	<ul style="list-style-type: none"> Traffic congestion Affordable single-family suburban housing MARTA routes currently limited in accessibility

SUPPLY AND DEMAND



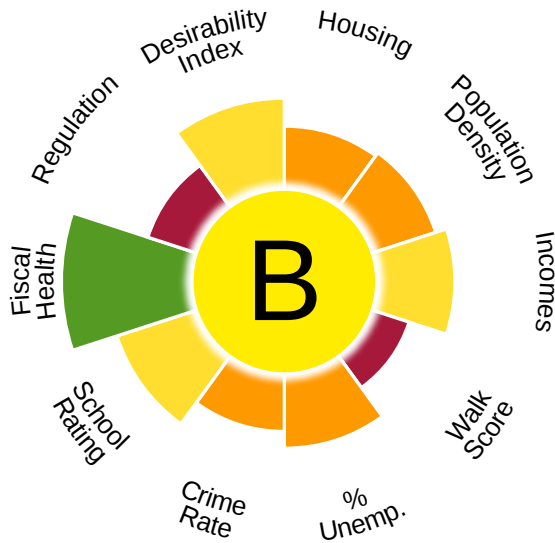
5-YEAR FORECASTS

(Growth Rates Annualized; Rankings 1-52 w/ 1 being best)

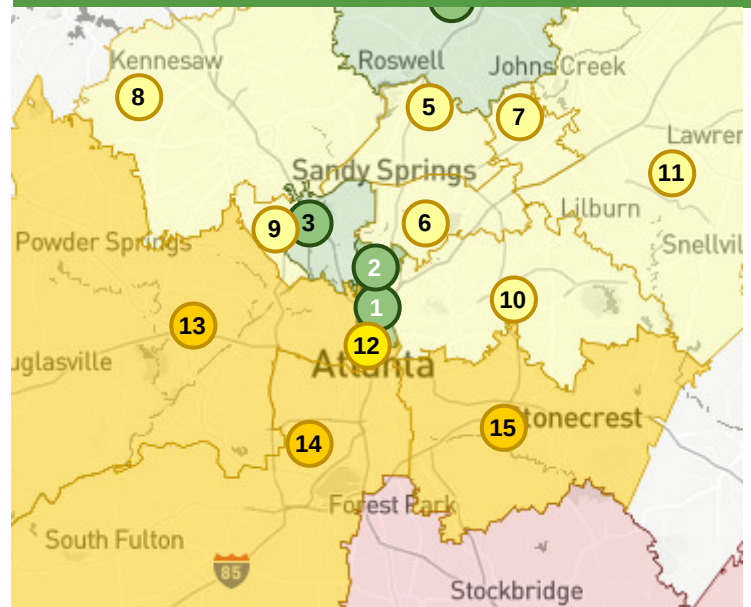


Sources: BLS, CBRE, IHS, U.S. Census Bureau, and Green Street Advisors.

MARKET GRADE



SUBMARKETS

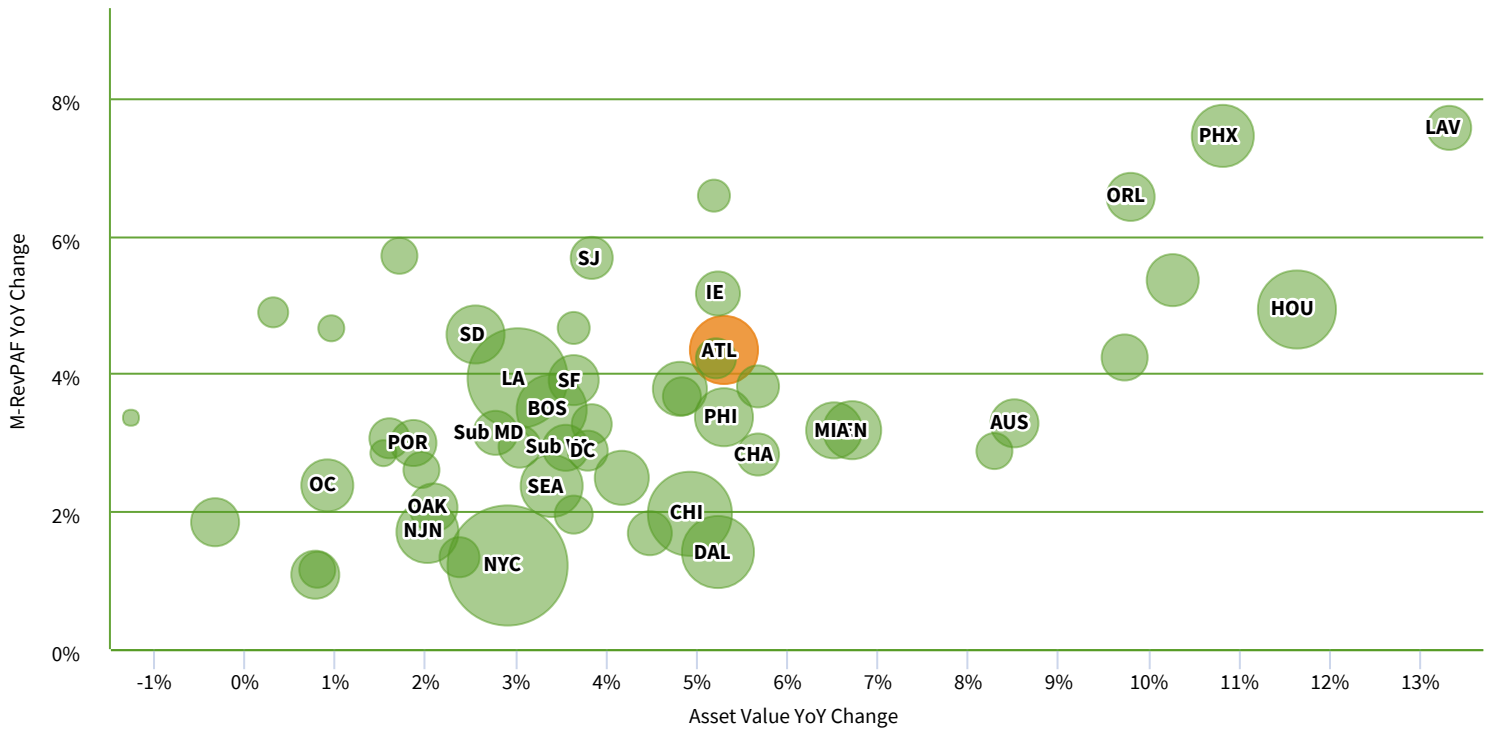


TOP 15 SUBMARKETS (RANKED BY GRADE)

Submarket	Occ.	Rent	Med. Home Price	Affordability	Pop/Sq. Mi.	Med. HHI	Walk Score	Description	% Unemp.	Crime Rate	School Rating	Grade
1 Midtown	93.2%	\$1,660	\$274k	Neutral	8,330	\$73k	78	Very Walkable	3.5%	57	3.5	A
2 Buckhead	93.5%	\$1,700	\$478k	Very Expensive	4,150	\$92k	62	Somewhat Walkable	2.7%	41	7.7	A
3 Cumberland	93.4%	\$1,340	\$618k	Very Expensive	1,840	\$120k	23	Car-Dependent	2.1%	44	8.7	A-
4 Alpharetta / Roswell	93.9%	\$1,270	\$356k	Expensive	1,920	\$100k	21	Car-Dependent	3.9%	31	8.4	A-
5 Sandy Springs / Dunwoody	93.5%	\$1,280	\$396k	Expensive	3,140	\$78k	27	Car-Dependent	4.3%	49	6.8	B+
6 Northeast	94.5%	\$1,270	\$366k	Expensive	3,550	\$70k	38	Car-Dependent	3.7%	51	6.3	B+
7 Peachtree Corners	94.1%	\$980	\$247k	Neutral	2,650	\$58k	27	Car-Dependent	5.6%	52	6.7	B+
8 Marietta	94.7%	\$1,070	\$235k	Cheap	2,340	\$76k	21	Car-Dependent	5.5%	41	7.1	B+
9 Smyrna	94.5%	\$1,090	\$225k	Cheap	4,210	\$64k	37	Car-Dependent	4.5%	61	4.3	B+
10 North DeKalb	94.0%	\$1,200	\$251k	Neutral	3,420	\$61k	36	Car-Dependent	6.9%	54	5.6	B+
11 Gwinnett	94.3%	\$1,100	\$208k	Cheap	1,940	\$74k	18	Car-Dependent	5.4%	38	7.6	B+
12 Downtown	90.1%	\$1,150	\$196k	Neutral	8,220	\$36k	82	Very Walkable	16.8%	84	2.5	B
13 West	94.1%	\$1,090	\$151k	Very Cheap	1,030	\$58k	16	Car-Dependent	7.9%	50	5.3	B-
14 Airport / South	94.2%	\$950	\$154k	Very Cheap	1,010	\$55k	22	Car-Dependent	9.3%	60	4.7	B-
15 South DeKalb	93.3%	\$890	\$124k	Very Cheap	2,030	\$52k	21	Car-Dependent	10.0%	61	3.3	B-
Atlanta	94.4%	\$1,160	\$210k	Cheap	1,590	\$67k	22	Car-Dependent	6.7%	48	5.8	B

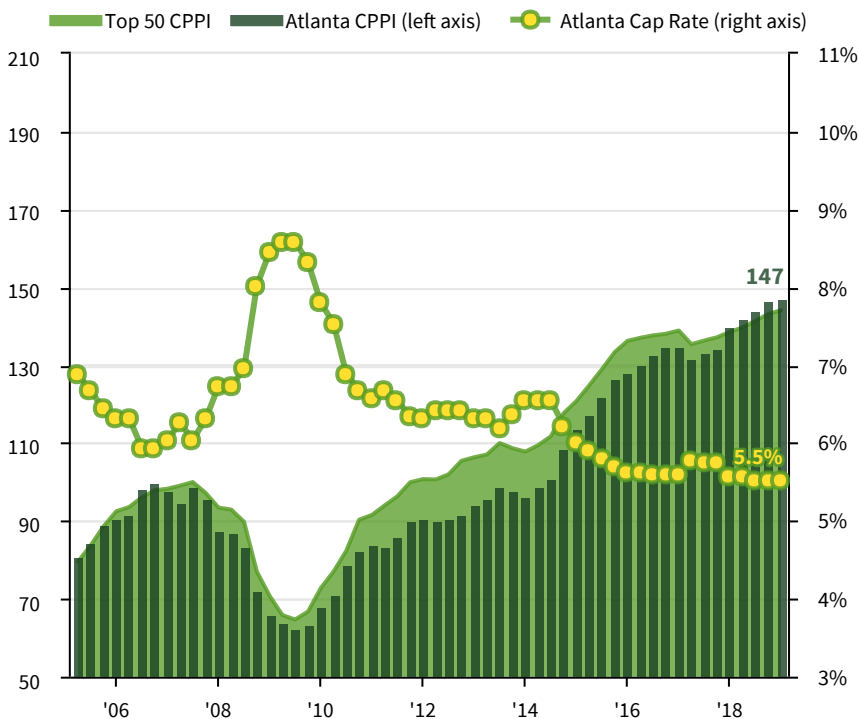
Sources: GreatSchools, U.S. Census Bureau, Walk Score, and Green Street Advisors.

MOMENTUM



Note: Size of bubble represents size of market.

ASSET VALUES

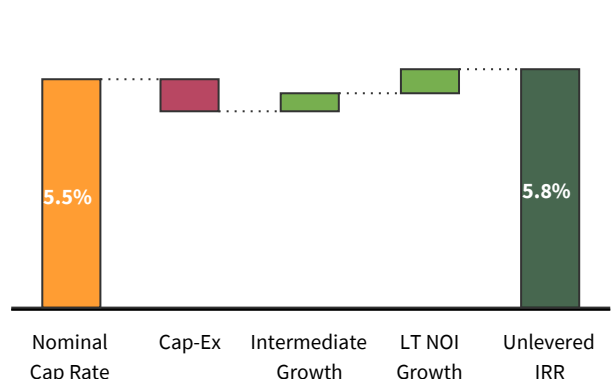


Source: Green Street Advisors.

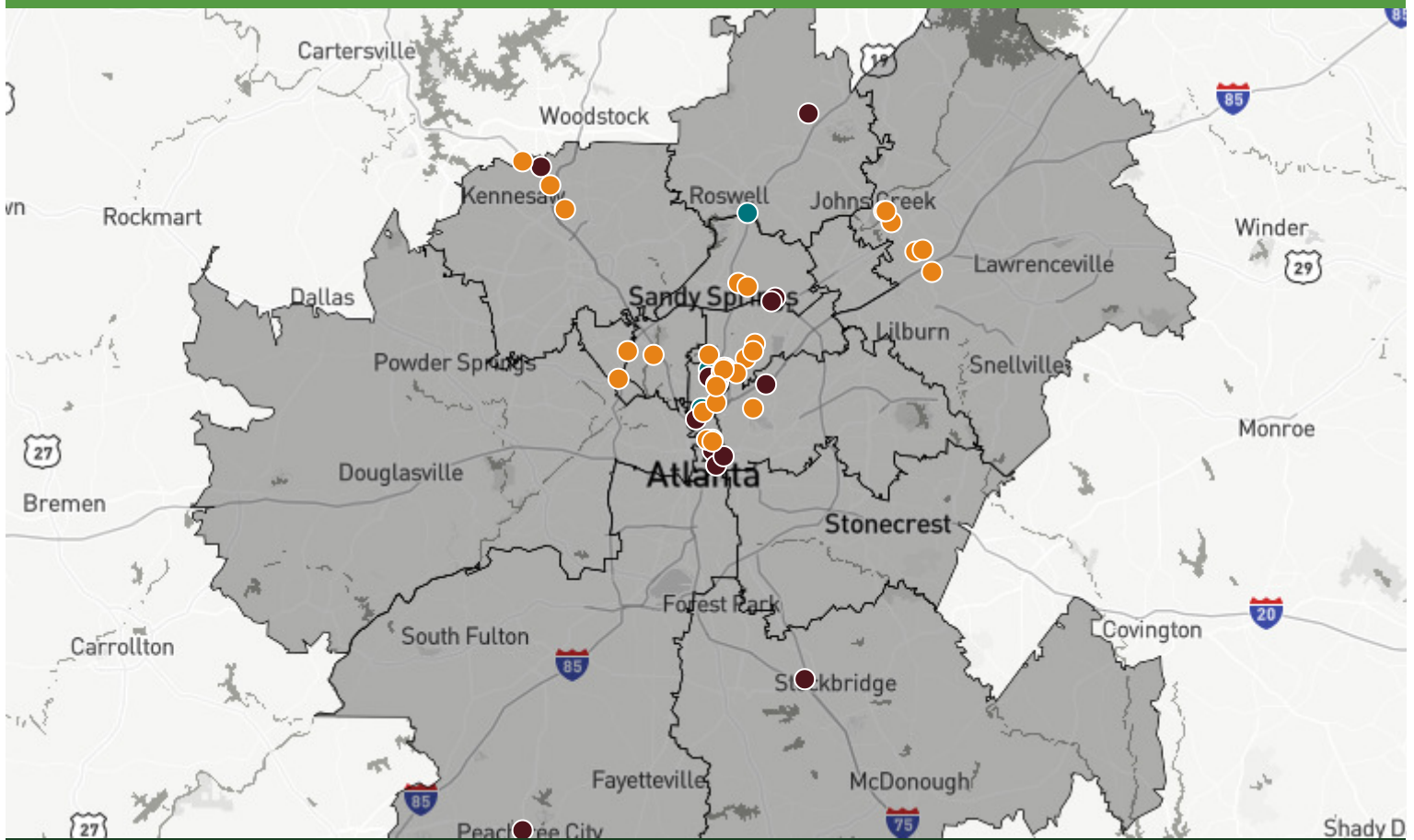
MARKET VALUATION

Nominal Cap Rate	5.5%
Cap-Ex Reserve (% NOI)	-13.7%
Economic Cap Rate	4.7%
Intermediate Growth ('18 - '22)	2.8%
Long-Term NOI Growth	0.9%
Unlevered IRR	5.8%

Unlevered IRR



REIT PROPERTIES



ATLANTA PORTFOLIO SUMMARY

Name	Submarket Grade	Zip Code Grade	% of REIT NOI	# Props	Units	Nominal Cap Rate
MAA	B+	A-	13%	29	10,300	5.3%
Camden Prop Trust	B+	A-	9%	14	4,500	5.2%
AIMCO	A-	A	2%	5	800	5.1%
Total REIT Exposure			3%			5.2%

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