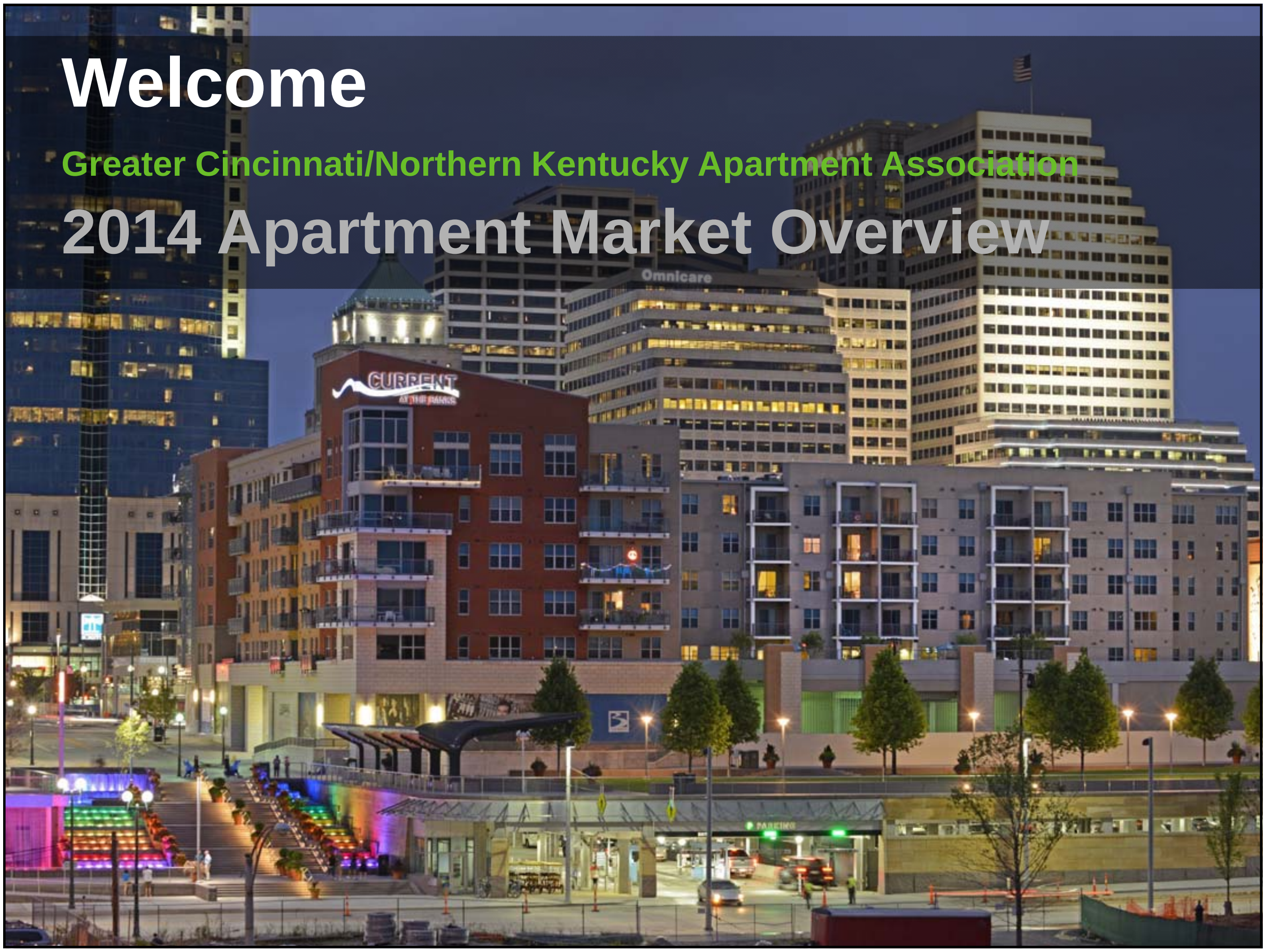
Welcome

Greater Cincinnati/Northern Kentucky Apartment Association

2014 Apartment Market Overview



2014 Apartment Market

- Capital Markets
- Economic Fundamentals
- Rents and Occupancies
- Investment Market
- Development Pipeline
- Forecast for 2014

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2014 Apartment Market

Winter Weather: 2013-14 thru January

Snowfall:

NORMAL:	ACTUAL:
12.4 INCHES	33.2 INCHES

Heating Degree Days:

NORMAL	JUL '13-JAN '14:
2,972 DAYS	3,223 DAYS

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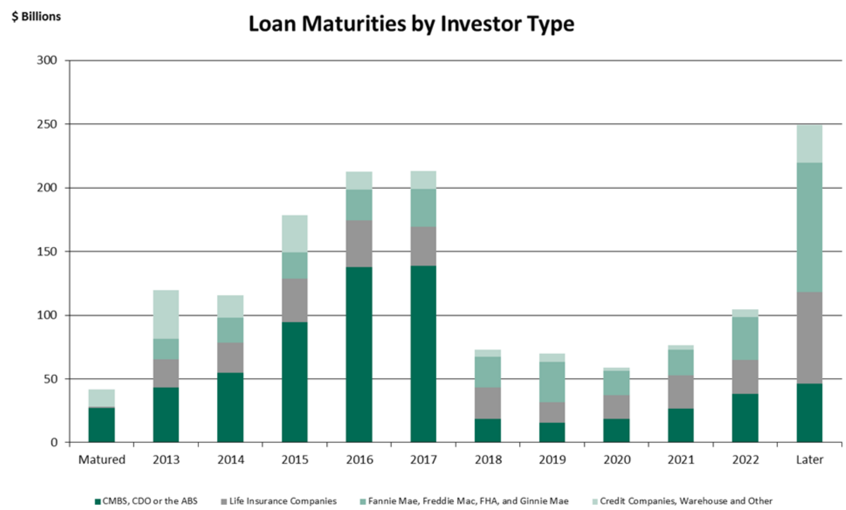
2014 Apartment Market

Loan Maturities

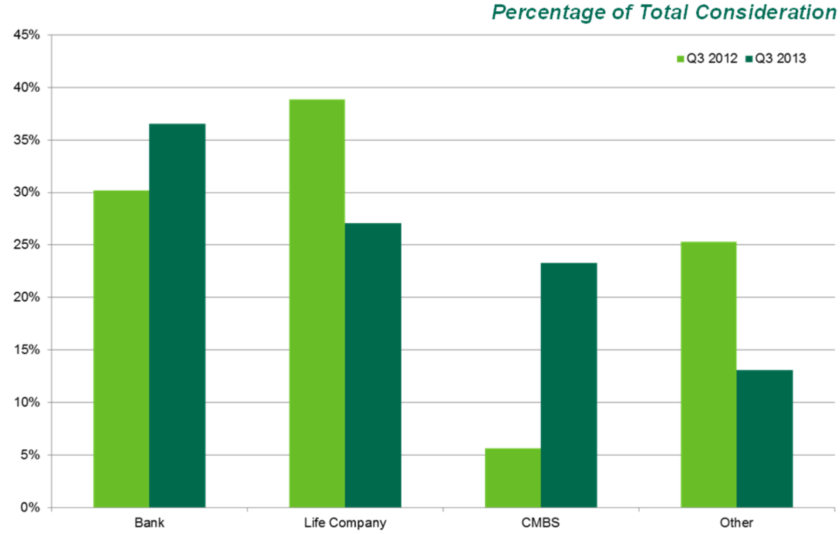


Source: Mortgage Bankers Association, Q4 2012. Updated Annually.

2014 Apartment Market

Who's Lending on Commercial Properties?

Percentage of Total Consideration



Source: CBRE, Econometric Advisors, Q3 2013

2014 Apartment Market

Key Rates

:: Historical and Current

	2/2008	2/2009	2/2010	2/2011	2/2012	2/2013	2/2014*
Prime Rate	6.00%	3.25%	3.25%	3.25%	3.25%	3.25%	**3.25%**
5-Year Treasuries	2.74%	1.87%	2.25%	2.33%	0.875%	0.860%	**1.57%**
10-Year Treasuries	3.68%	2.89%	3.63%	3.60%	2.00%	2.00%	**2.76%**
LIBOR (3-mo)	3.09%	1.24%	0.25%	0.31%	0.49%	0.29%	**0.24%**

Source: *Bloomberg.com as of 2/12/2014 @ 1:11 PM

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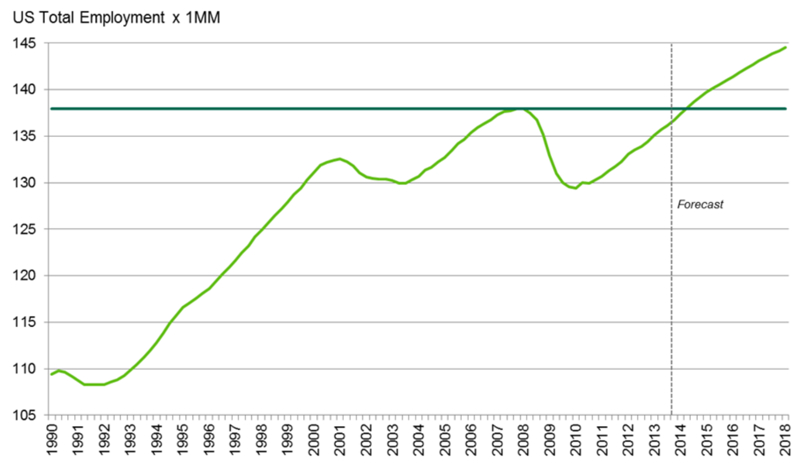
2014 Apartment Market

Employment Outlook

Return to Previous Peak in 2014 Q1



Source: Bureau of Labor Statistics, Updated as of Q3 2013

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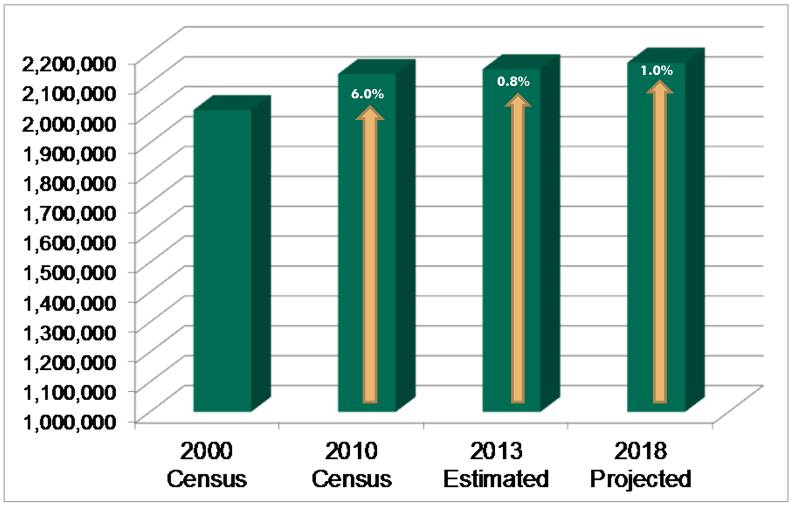
2014 Apartment Market

Cincinnati MSA Population Growth



Source: Nielsen

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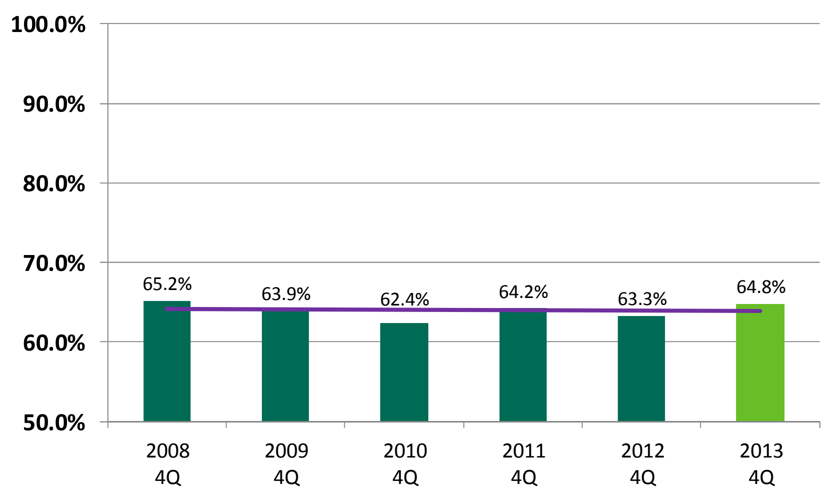
2014 Apartment Market

Homeownership Rate | Cincinnati MSA



Source: Bureau of the Census, Homeownership Rates for 75 Largest Metropolitan Statistical Areas 2005-present, Q4 2013

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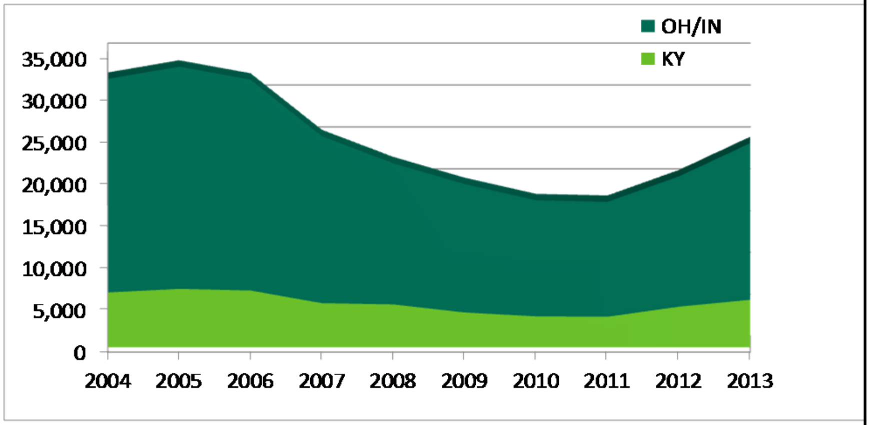
2014 Apartment Market

Cincinnati MSA Housing Market

Number of Single Family Sales



OH/IN Counties include: IN-Dearborn, IN-Franklin, IN-Ohio, OH-Butler, OH-Clermont, OH-Hamilton, OH-Warren, OH-Brown
KY Counties include: KY-Boone, KY-Bracken, KY-Campbell, KY-Gallatin, KY-Grant, KY-Kenton, KY-Pendleton

Source: Cincinnati Board of Realtors & Northern Kentucky Association of Realtors

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2014 Apartment Market

Jobs – Statewide Unemployment Rate

Seasonally Adjusted

	December 2013
Nationwide	6.7%
Indiana	6.9%
Ohio	7.2%
Kentucky	8.0%

Source: Bureau of Labor Statistics

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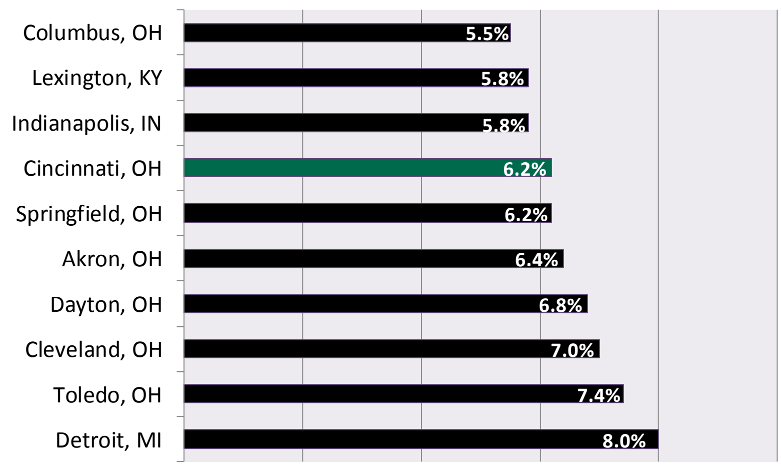
2014 Apartment Market

Jobs | Local MSA Unemployment Rates

(Not Seasonally Adjusted as of December 2013p)



Source: Bureau of Labor Statistics

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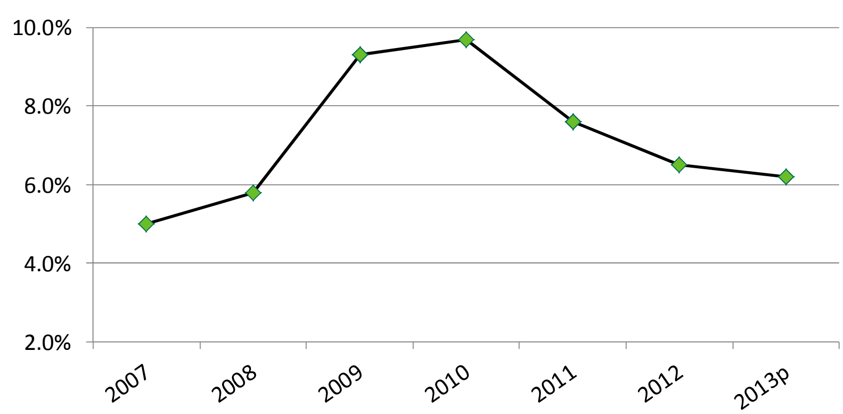
2014 Apartment Market

Greater Cincinnati MSA Unemployment Rate

(Not Seasonally Adjusted)



Source: Bureau of Labor Statistics

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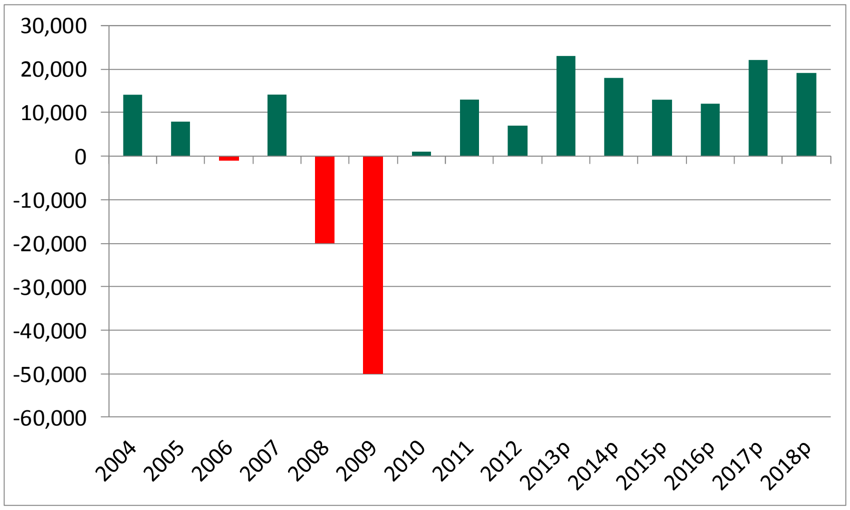
2014 Apartment Market

Greater Cincinnati Net Job Growth



Source: CBRE Econometric Advisors

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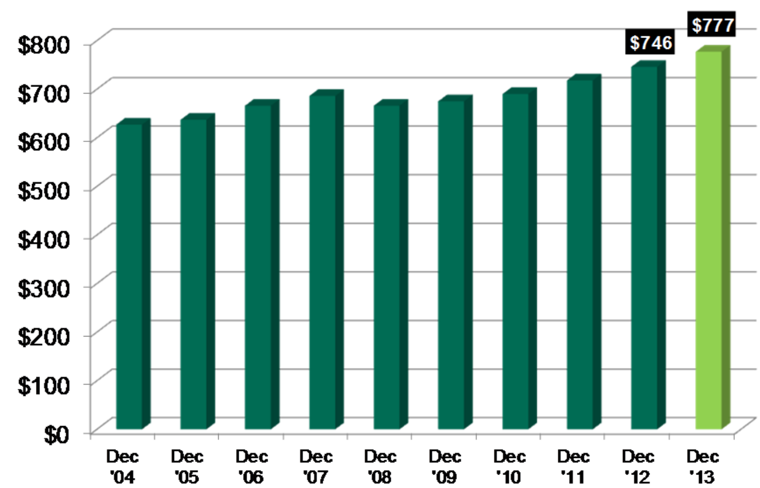
2014 Apartment Market

Greater Cincinnati Effective Rents



Source: CBRE, Year End Rent & Occupancy Survey

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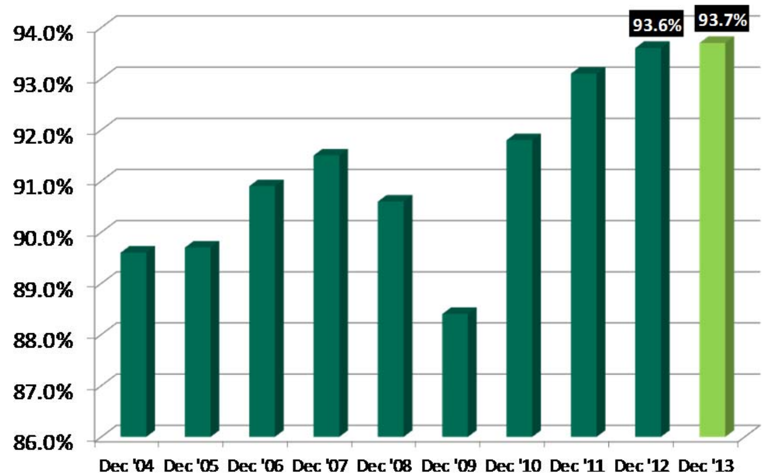
2014 Apartment Market

Greater Cincinnati Historical Occupancy



Source: CBRE, Year End Rent & Occupancy Survey

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2014 Apartment Market

Rents & Occupancy | Overall Market

	December						July	Dec
	2007	2008	2009	2010	2011	2012	2013	2013
Occupancy	91.5%	90.6%	88.4%	91.8%	93.1%	93.6%	95.0%	93.7%
Effective Rent	$680	$666	$675	$690	$718	$746	$769	$777
Effective Rent Per SF	$0.75	$0.75	$0.74	$0.77	$0.79	$0.82	$0.85	$0.86

Source: CBRE, Year End Rent & Occupancy Survey

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2014 Apartment Market

Occupancy by Submarket

	December						July	Dec
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2013**
Overall	91.5%	90.6%	88.4%	91.8%	93.1%	93.6%	95.0%	**93.7%**
Northwest	90.1%	89.0%	87.8%	91.0%	91.9%	94.2%	94.1%	**93.5%**
N. KY	93.9%	91.1%	88.0%	92.2%	94.1%	95.4%	94.7%	**93.7%**
West	89.0%	87.1%	84.8%	89.9%	91.3%	89.9%	92.8%	**91.7%**
East	91.7%	92.8%	90.8%	92.7%	93.5%	94.5%	96.0%	**94.4%**
Central	90.1%	90.5%	88.4%	90.3%	91.6%	94.6%	95.1%	**93.9%**
Northeast	93.2%	92.9%	89.8%	93.5%	94.9%	90.8%	96.5%	**95.5%**

Source: CBRE, Year End Rent & Occupancy Survey

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2014 Apartment Market

Rent per SF by Submarket

	December						July	Dec.
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2013**
Overall	$0.75	$0.75	$0.74	$0.77	$0.79	$0.82	$0.85	**$0.86**
Northwest	$0.72	$0.69	$0.67	$0.71	$0.69	$0.76	$0.76	**$0.78**
Northeast	$0.83	$0.85	$0.81	$0.84	$0.88	$0.91	$0.94	**$0.96**
West	$0.69	$0.67	$0.64	$0.66	$0.68	$0.73	$0.72	**$0.74**
East	$0.74	$0.74	$0.77	$0.77	$0.78	$0.85	$0.86	**$0.89**
N. KY	$0.70	$0.71	$0.69	$0.72	$0.75	$0.75	$0.77	**$0.78**
Central	$0.79	$0.84	$0.83	$0.91	$0.91	$0.92	$0.97	**$1.01**

Source: CBRE, Year End Rent & Occupancy Survey

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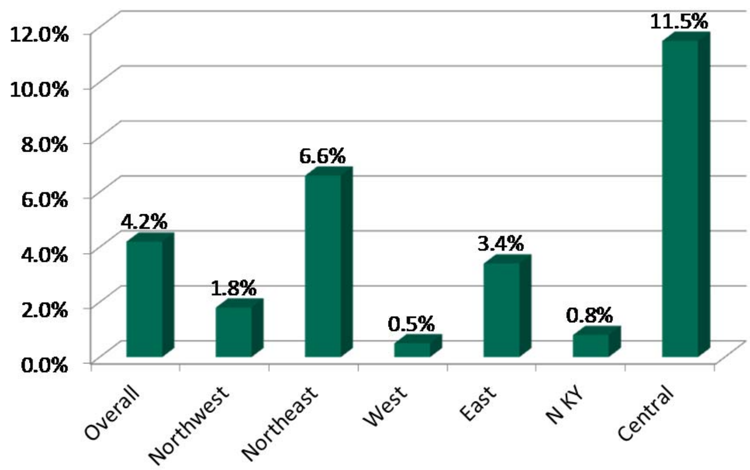
2014 Apartment Market

2013 Rent Increases by Submarket



Source: CBRE, Year End Rent & Occupancy Survey

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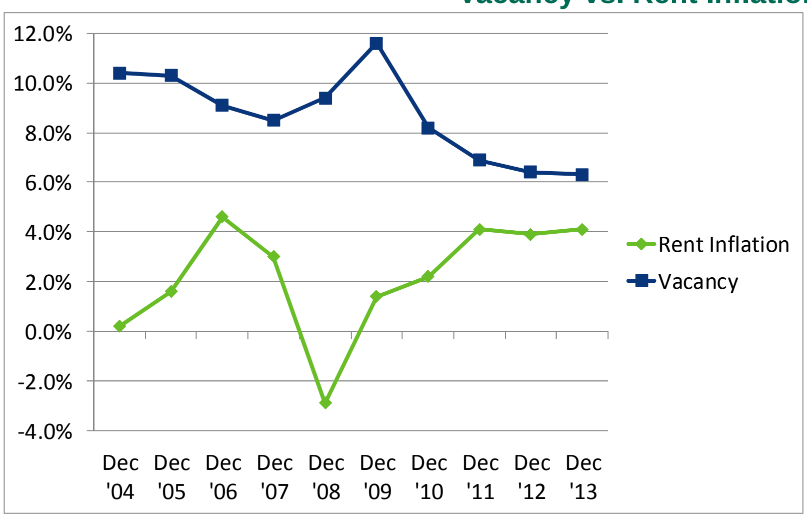
2014 Apartment Market

Vacancy vs. Rent Inflation



Source: CBRE, Year End Rent & Occupancy Survey

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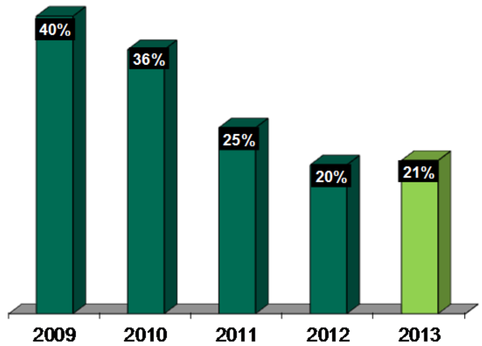
2014 Apartment Market

Greater Cincinnati Concession Summary

- Percentage of Properties Offering Concessions:



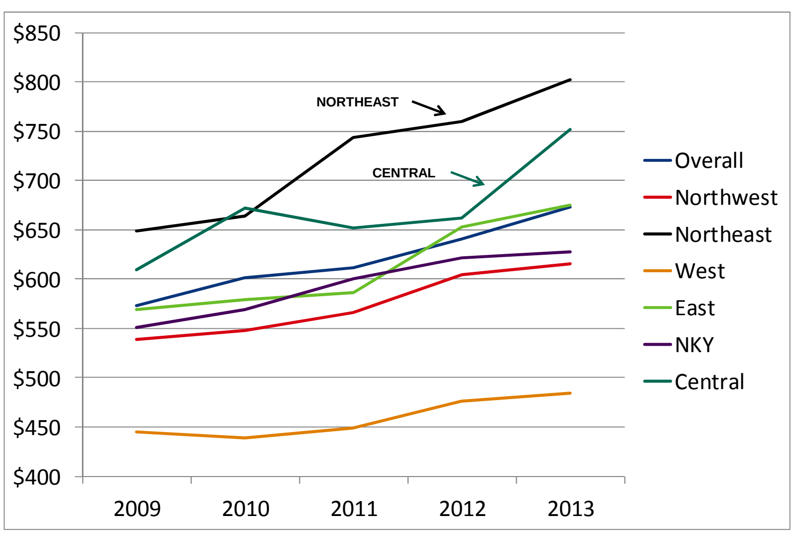
- Avg. Monthly Concessions by Style:

December	2012	2013
Efficiency	$22	$29
1 Bedroom	$30	$32
2 Bedroom	$39	$39
3 Bedroom	$55	$56

Source: CBRE, Year End Rent & Occupancy Survey

2014 Apartment Market

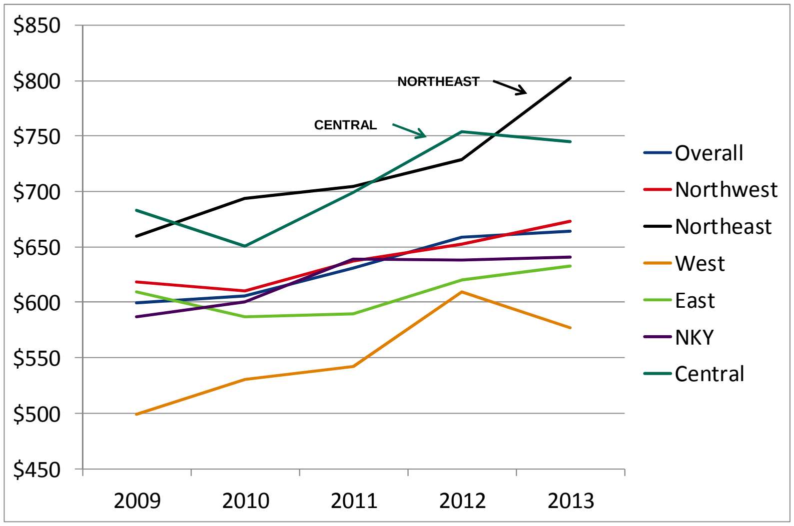
1 Bedroom / 1 Bath Effective Rents by Submarket



Source: CBRE, Year End Rent & Occupancy Survey

2014 Apartment Market

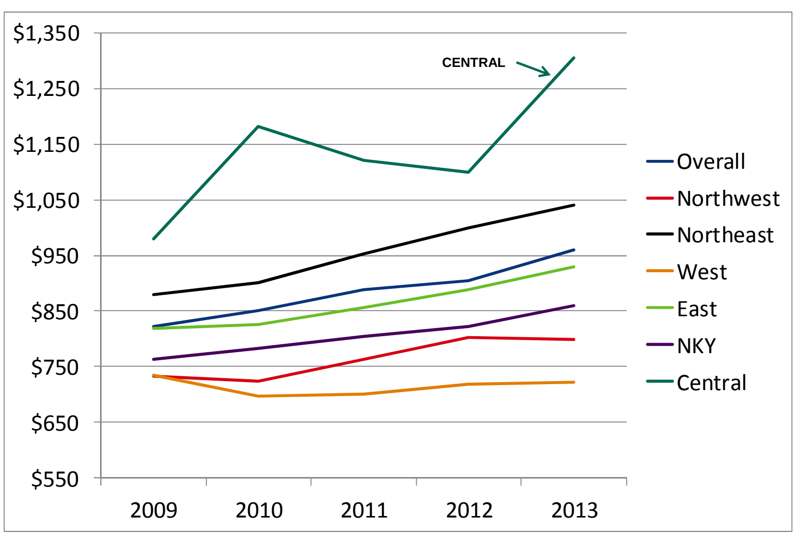
2 Bedroom / 1 Bath Effective Rents by Submarket



Source: CBRE, Year End Rent & Occupancy Survey

2014 Apartment Market

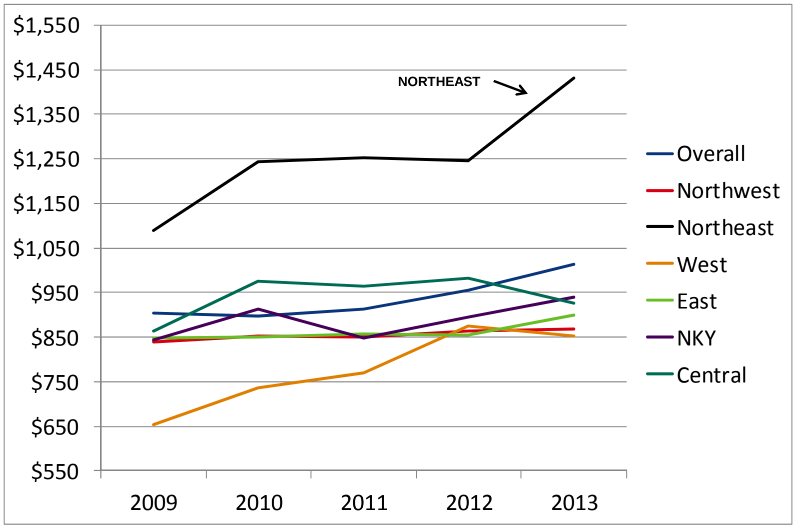
2 Bedroom / 2 Bath Effective Rents by Submarket



Source: CBRE, Year End Rent & Occupancy Survey

2014 Apartment Market

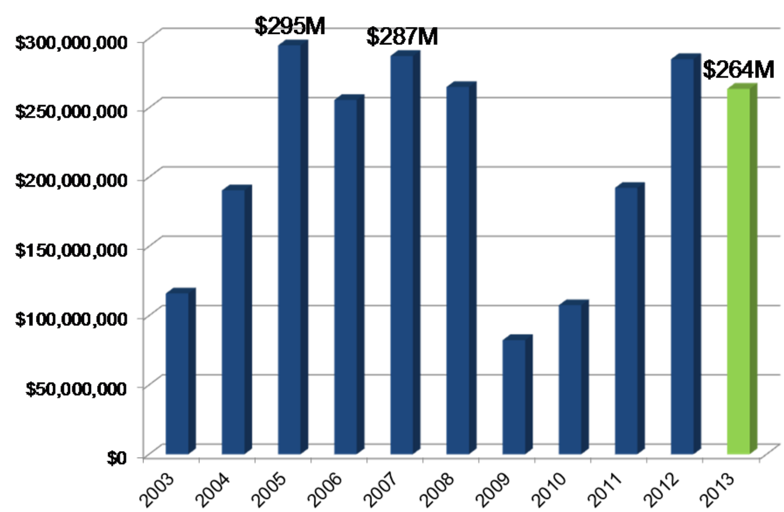
3 Bedroom Effective Rents by Submarket



Source: CBRE, Year End Rent & Occupancy Survey

2014 Apartment Market

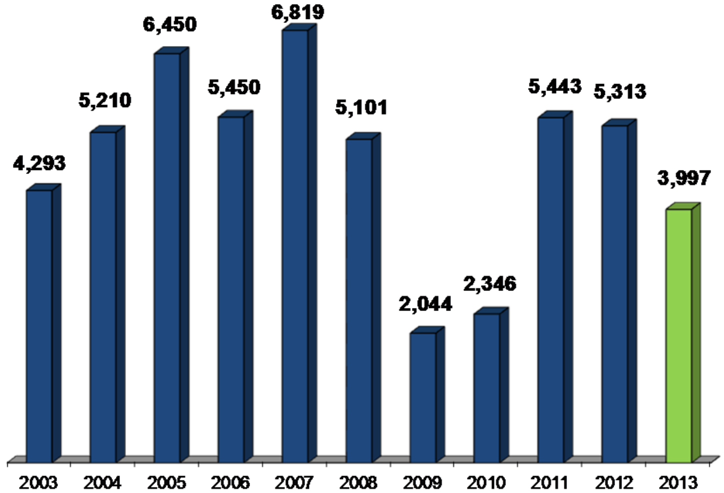
Greater Cincinnati Multi-Housing Sales Volume



Source: CBRE

2014 Apartment Market

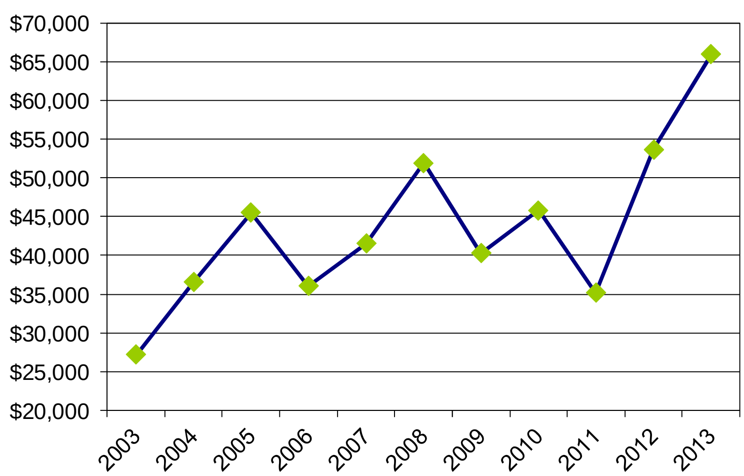
Apartment Units Sold in Greater Cincinnati



Source: CBRE

2014 Apartment Market

Average Price Per Unit



Source: CBRE

2014 Apartment Market

Investment Market – 2013 Sales

CURRENT AT THE BANKS		
Sold	Sale Date	Price
300 Units + 90,000 SF Retail	10/2013	$79.5M

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2014 Apartment Market

Investment Market – 2013 Sales

CAMELOT EAST APARTMENTS	
# of Units	Sale Date
492	4/2013

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2014 Apartment Market

Investment Market – 2013 Sales

TIMBER CREEK		
# of Units	Sale Date	Price per Unit
128	5/2013	$48,438

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2014 Apartment Market

Investment Market – 2013 Sales

VININGS AT FORT MITCHELL		
# of Units	Sale Date	Price per Unit
368	11/2013	$54,599

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2014 Apartment Market

Investment Market – 2013 Sales

FERGUSON WOODS FKA: FOUR TOWERS FERGUSON		
# of Units	Sale Date	Price per Unit
156	8/2013	$17,032

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2014 Apartment Market

Investment Market – 2013 Sales

MALLARD CROSSING		
# of Units	Sale Date	Price per Unit
350	12/2013	$113,686

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2014 Apartment Market

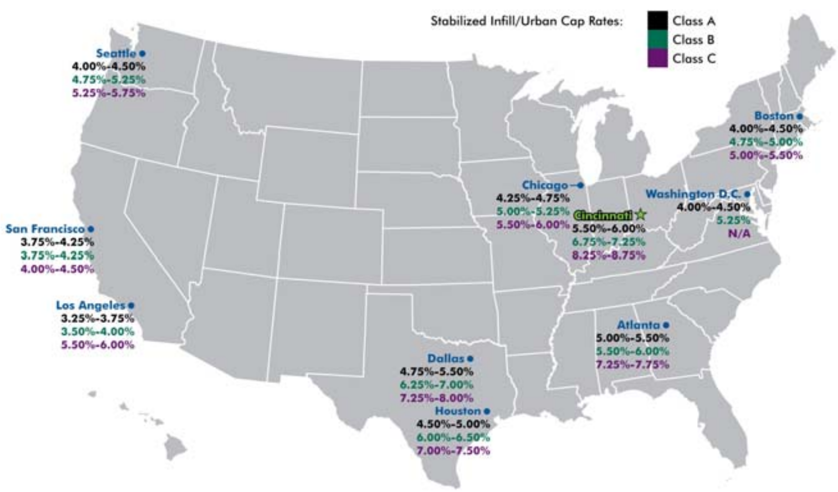
Investment Market – 2013 Sales

MACHINE FLATS		
# of Units	Sale Date	Price per Unit
60	9/2013	$42,917

2014 Apartment Market

Cap Rate Trends

Infill/Urban, Stabilized

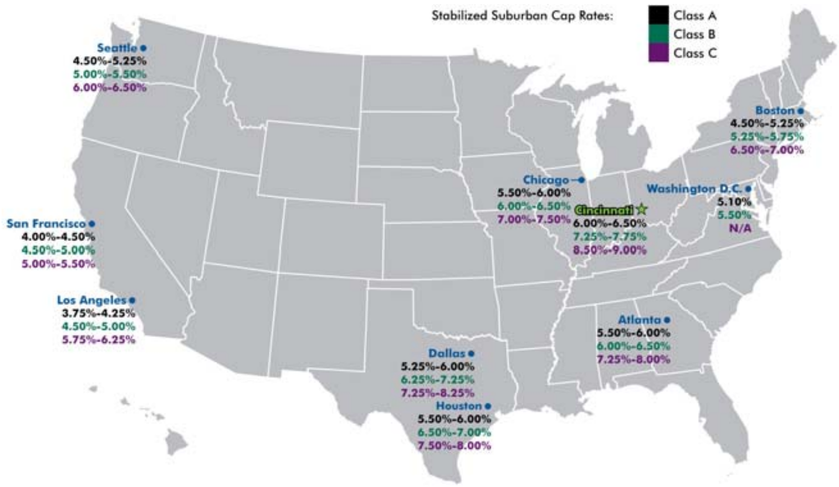


Source: CBRE, Cap Rate Survey First Half 2013

2014 Apartment Market

Cap Rate Trends

Suburban, Stabilized



Source: CBRE, Cap Rate Survey First Half 2013

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2014 Apartment Market

2009-2013 Cap Rates

Source: CBRE

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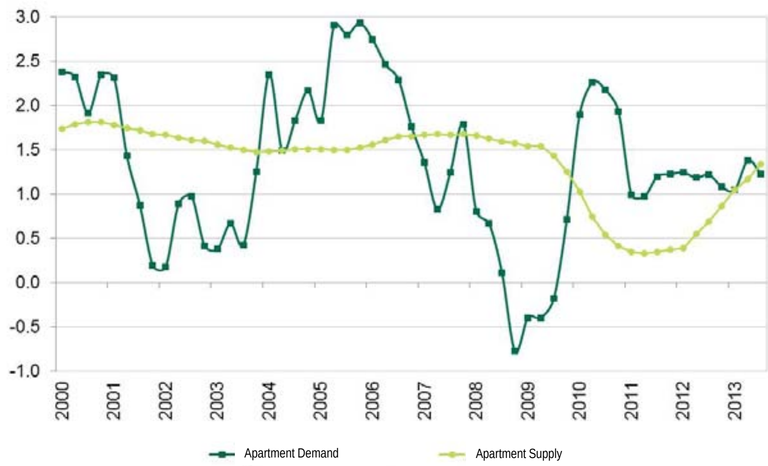
2014 Apartment Market

National Apartment Supply is Catching up with Demand

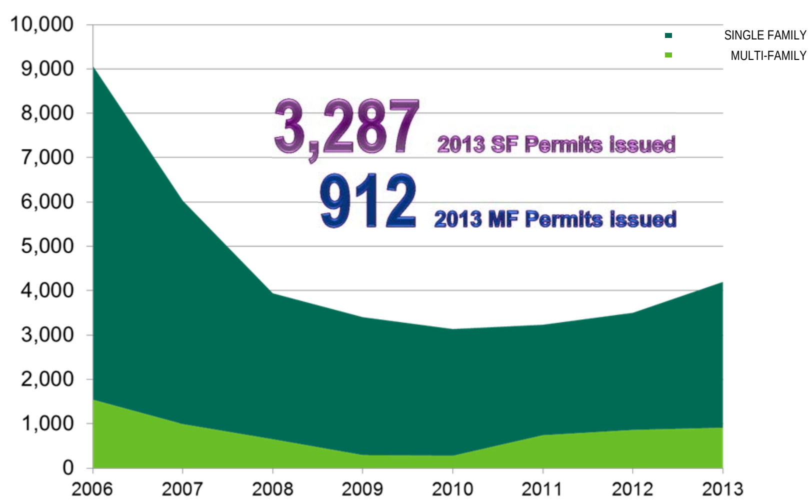
Year-over-Year Change, %



Source: Bureau of the Census, CBRE Econometric Advisors, Q3 2013

2014 Apartment Market

Greater Cincinnati Building Permits Issued

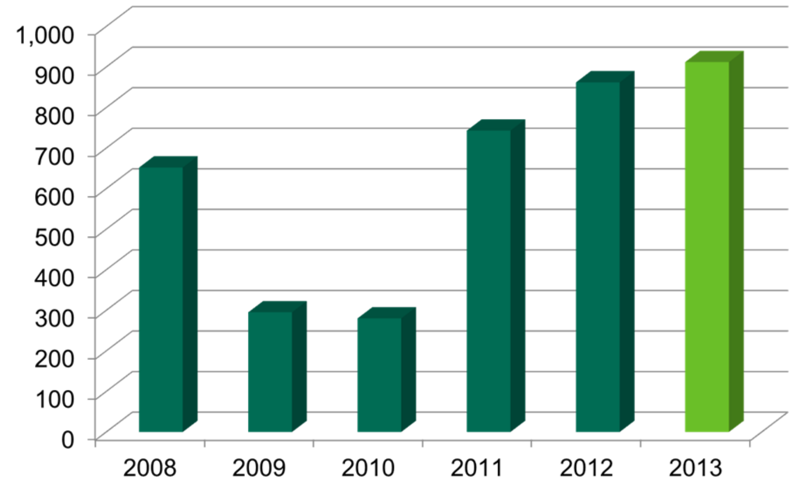


Source: US Census

2014 Apartment Market

Greater Cincinnati Multi-Family Permits*

**Multi-Family Defined as 5+ Units*



Source: US Census

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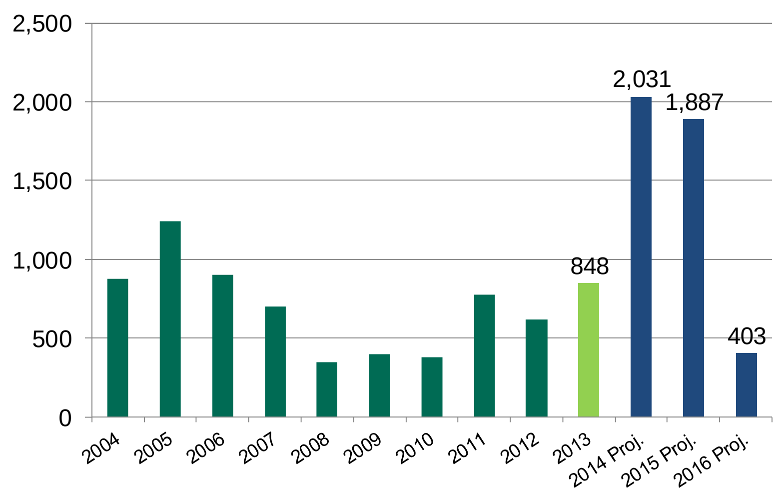
2014 Apartment Market

Greater Cincinnati Multi-Family Units Built and Projected



Source: CBRE

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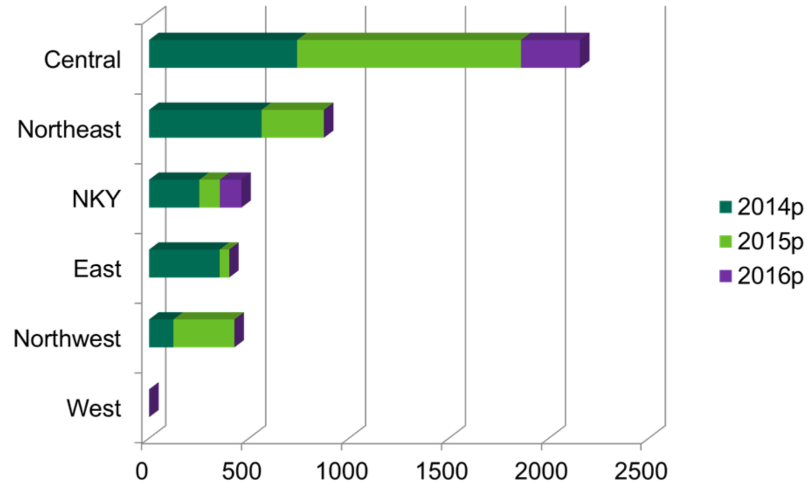
2014 Apartment Market

Greater Cincinnati Multi-Family Units Projected

By Submarket Per Year



Source: CBRE

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2014 Apartment Market

Development

Monmouth Row – 2014 Delivery

102 Units at Monmouth and Fourth Streets in Newport

- Towne Properties
- One- and two-bedroom flats in a three story, brick rowhouse style building

Source: CBRE

2014 Apartment Market

Development

4th & Race

300 Units at Fourth & Race | CBD
• Flaherty & Collins
• 15,000 SF urban-format grocery at street level
• 1,025 parking space garage
• 10,000 SF amenity space

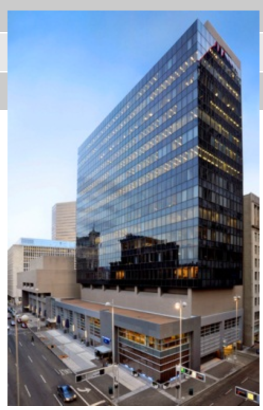
Source: CBRE

2014 Apartment Market

Development

AT580 – 2014 Delivery

176 Units Downtown at 6th and Walnut
• Anderson Birkla
• Mixed-use with Prime 47 at street level
• Below-ground parking



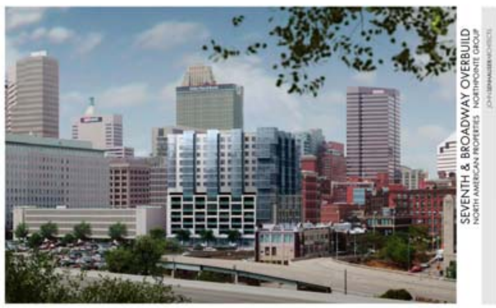
Source: CBRE

Development

Seven at Broadway – Delivery Spring 2015

111 Units at Seventh & Broadway | CBD

- NorthPointe Group & North American Properties
- Seven floors constructed above eight story garage
- Mix of studios, 1 BR, 1 BR + Den, and 2 BR



Source: CBRE

Development

VP3 – Delivery 2015

149 Units behind 2600 block of Vine Street between Charlton & Corry

- Uptown/North American Properties
- Garden and townhome units
- Garage and surface parking
- High-end amenities and finishes

Source: CBRE

2014 Apartment Market

Development

University Station – Residential Occupancy August 2014

480 Beds at Xavier University

- Ackermann Group
- Mixed-Use: 15-acre Site with ± 315,000 SF
- 85% residential preleased for upcoming school year

Source: CBRE

2014 Apartment Market

Development

Delta Flats – 2014 Delivery

76 Units at Columbia Pkwy & Delta Ave

- Towne Properties
- 1 BR, 1 BR + Den unit types

Source: CBRE

2014 Apartment Market

Development

Boulevard at Oakley Station

306 Units at Oakley Station

- Flaherty & Collins
- Class A luxury units
- First occupancy was August 2013

Source: CBRE

2014 Apartment Market

Development

Riverwalk Flats & Rowhouses – Delivered 2013

96 Units in Milford

- CMC Properties
- Along Little Miami River
- Convenient bicycle, kayak and canoe storage

Source: CBRE

2014 Apartment Market

Development

River Trail Flats

92 Units in Loveland

- CMC Properties
- ± 15,000 SF Commercial
- Adjacent to Little Miami Bike Trail

Source: CBRE

2014 Apartment Market

Development

The Enclave – Delivery Late 2014

136 Units in Sharonville

- Rookwood Properties
- Gated community with premium finishes and amenities
- Adjacent The Pines Apartments

Source: CBRE

2014 Apartment Market

Development

49Hundred

218 Units in Blue Ash

- Hills Communities
- 4-stories with elevators and structured parking
- Suburban infill

Source: CBRE

2014 Apartment Market

Development

Savoy at The Streets of West Chester

272 Units in West Chester - east side of I-75 at Union Center Blvd

- Hills Communities
- 3-4 stories with under building garages

Source: CBRE

2014 Apartment Market

Development

Latitude at Deerfield Crossing – 2014 Delivery

227 Units at south side of Natorp Boulevard
• Anderson Birkla
• Class A finishes

Source: CBRE

2014 Apartment Market

Recap of Dave's 2013 Forecast

- Effective rents will increase by 3.0% on Class "A" and Class "B" assets
- Effective rents on all other properties will increase by 1.0%
- Occupancy will remain above 93.0%
- Sale market volume will exceed $300 million
- Development pipeline will trend to "Green" with higher densities

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2014 Apartment Market

Dave's 2014 Forecast

- Suburban rent increases averaging 2.5%
- In-fill rent increases averaging 4.0%
- Occupancies averaging around 92.0%
- Sale market picks up momentum in the 2nd half
- Luxury apartment developments replacing condominiums as a housing preference
- New developments will absorb rapidly
- A big spring leasing season

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2014 Apartment Market

CBRE Indianapolis-Cincinnati Multi-Housing Group

Dave Lockard, CCIM
Senior Vice President

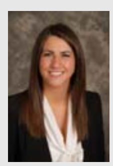
Steve LaMotte, CCIM
Senior Vice President

Dave Lockard, CCIM
Senior Vice President

Dane Wilson
Senior Associate

Emily Cantley
Sales Assistant

Carrie Ballard
Client Services Specialist



Joanna Yarbrough
Client Services Coordinator

CBRE