

2016 MULTIFAMILY MARKET

Agenda

- (Mis)leading Economic Indicators
- Rents & Occupancies (assuming everyone told the truth)
- Everything's for sale...except in Cincinnati
- We keep building and renters keep showing up
- Insider Strategies for 2016

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NATIONAL & LOCAL ECONOMIC CONDITIONS



(Mis)leading Economic Indicators

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The Price of Natural Crude Oil

CLH11 - Crude Oil WTI (NYMEX)
CL*1: 32.07 Vol: 1253588



Source: NASDAQ

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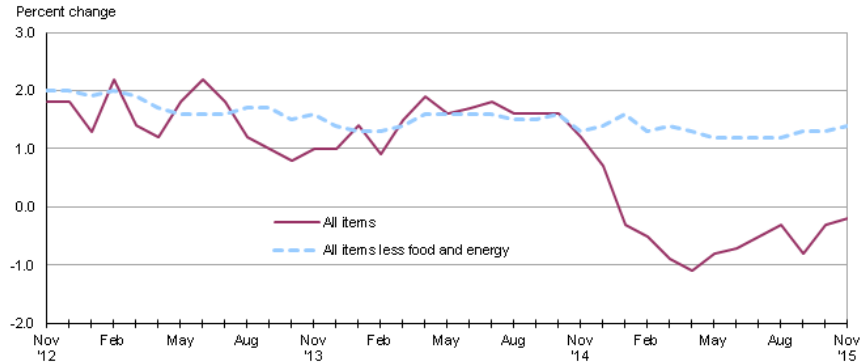
4

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MULTIFAMILY MARKET OVERVIEW

2016 APARTMENT MARKET

Midwest Region Consumer Price Index

Over-the-Year percent change in CPI-U, Midwest region, November 2012-November 2015



Source: U.S. Bureau of Labor Statistics.

Notes: Statistics for Dayton MSA are no longer available. Above based on Midwest region B/C MSA Population 50,000-1,500,000.
Source: Bureau of Labor Statistics, http://www.bls.gov/regions/mountain-plains/news-release/consumerpriceindex_midwest.htm#chart1



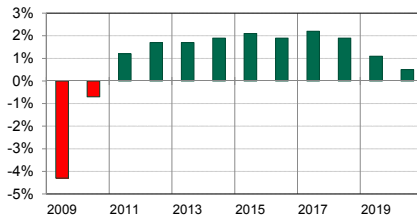
5

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2016 MULTIFAMILY MARKET

U.S. Economic Outlook

Employment Forecasts - Change Y-o-Y



2014 = 1.8%
2015 = 2.1%
About 245,000 jobs/month



GDP Outlook

- 2015 = 2.5%
- 2016 = 3.2%
- 2017 = 3.2%
- 2018 = 2.6%
- 2019 = 2.0%
- 2020 = 1.7%

Source: Moody's Analytics, October 2015

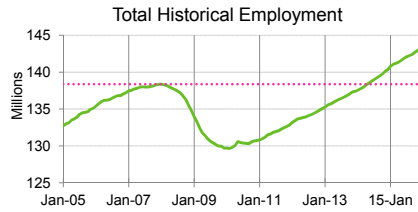


6

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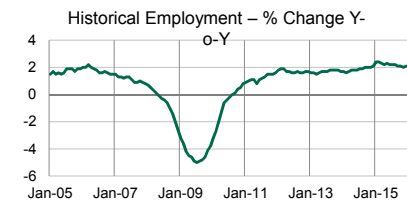
2016 MULTIFAMILY MARKET

Jobs – U. S. Unemployment Rate



Seasonally Adjusted Unemployment Rate as of 12/2015

Ohio	4.7%
Nationwide	5.0%
Kentucky	5.3%
Indiana	4.4%



Source: Bureau of Labor Statistics, seasonally adjusted data through Dec 2015

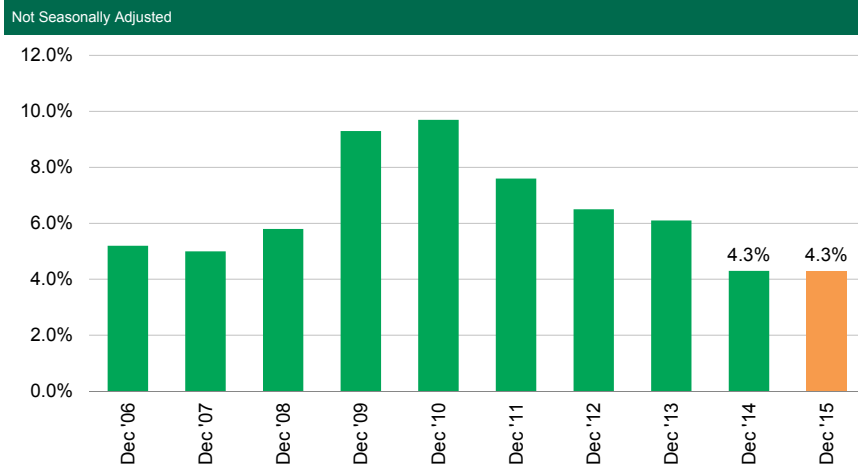


7

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2016 MULTIFAMILY MARKET

Jobs – Cincinnati MSA Unemployment Rate

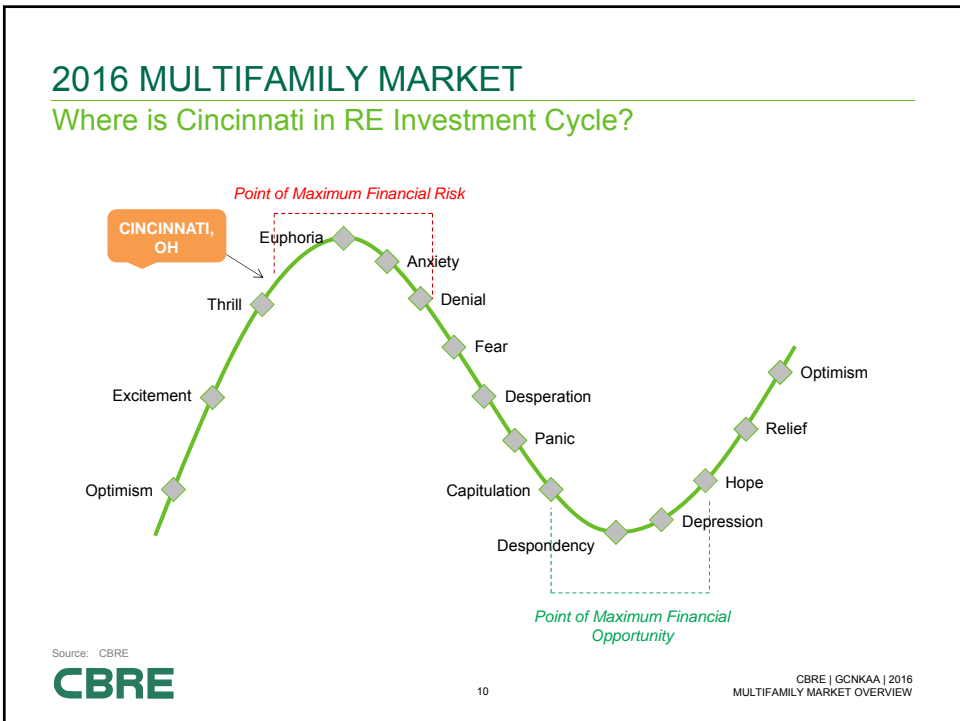
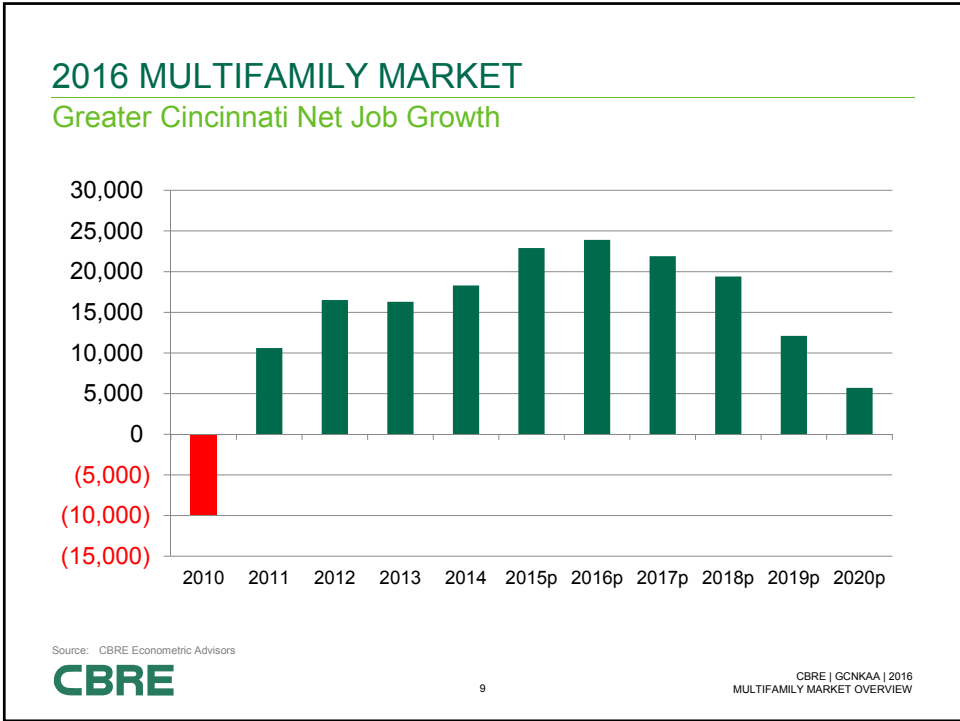


Source: Bureau of Labor Statistics, "Civilian labor force and unemployment by state and metropolitan area"



8

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2016 MULTIFAMILY MARKET

Multifamily On Top of The Market



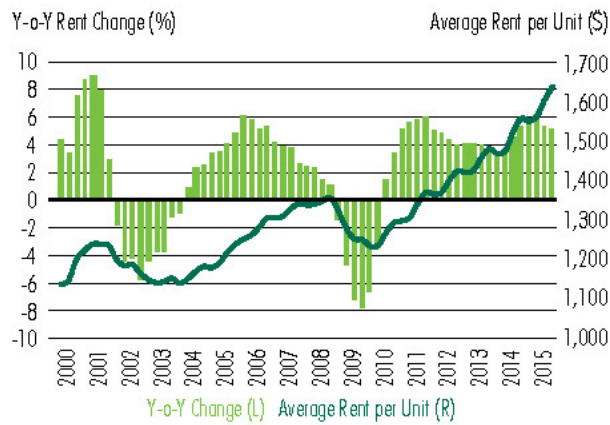
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11

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2016 APARTMENT MARKET

National Rent Growth Continues Swift Climb



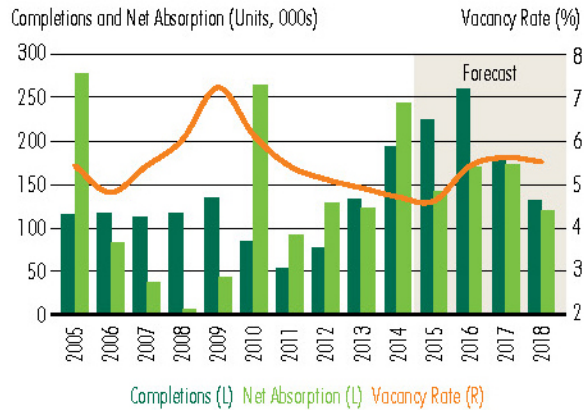
Source: CBRE Econometric Advisors, Q3 2015

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12

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2016 APARTMENT MARKET U.S. Multifamily Supply and Demand Outlook



Source: CBRE Econometric Advisors, Q3 2015



2015 MULTIFAMILY MARKET

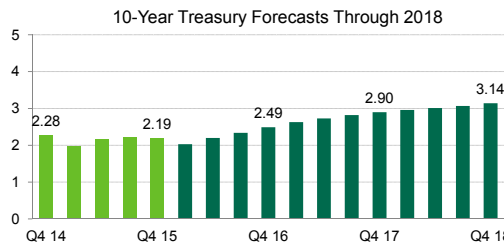
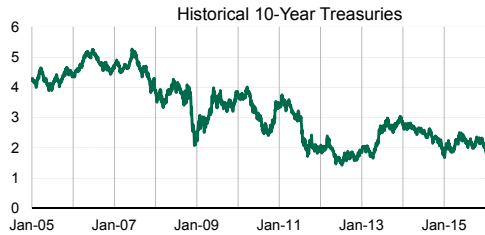
Key Rates – Current & Historical

	1/2009	1/2010	1/2011	1/2012	1/2013	1/2014	1/2015	TODAY
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.50%
5-Year Treasuries	1.86%	2.63%	2.13%	0.88%	0.89%	1.55%	1.52%	1.21%
10-Year Treasuries	2.83%	3.38%	3.41%	2.00%	2.00%	2.73%	2.00%	1.77%
LIBOR (3-mo)	2.83%	0.25%	0.30%	0.56%	0.30%	0.24%	0.25%	0.62%

Source: *Bloomberg.com as of 02/16/2016 @ 10:29 AM and Bankrate.com



2016 MULTIFAMILY MARKET Debt Pricing / Environment – Interest Rates



Source: U.S. Department of the Treasury, historical through 02.09.16 (1.74%); Oxford Economics, forecasts as of 02.09.16.

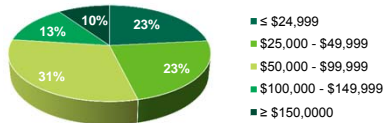


15

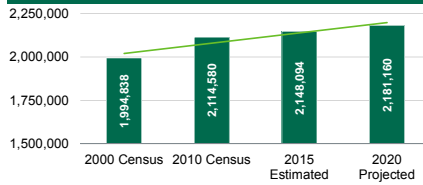
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2016 MULTIFAMILY MARKET Demographic Snapshot - Greater Cincinnati MSA

2015 ESTIMATED INCOME (Based on 841,338 Households)



POPULATION GROWTH

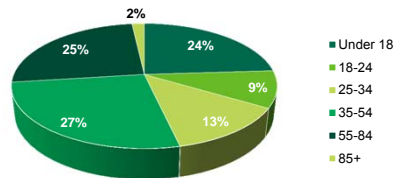


2015 ESTIMATED AVERAGE HOUSEHOLD SIZE

2.50 Persons



2015 EST POPULATION BY AGE (Based on 2,148,094 Pop.)



Source: Nielsen, 02/2016

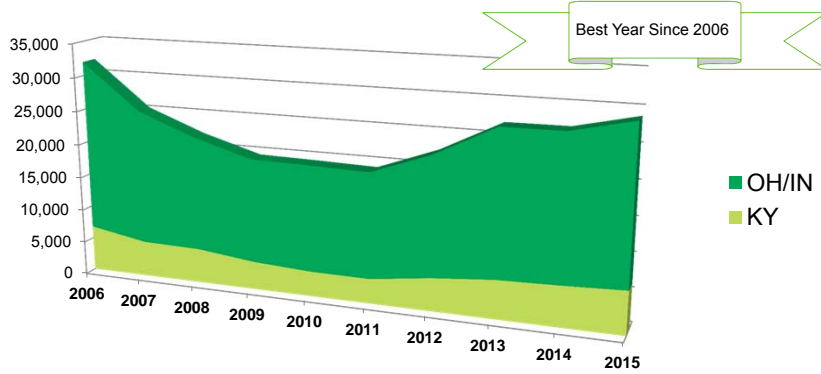


16

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2016 MULTIFAMILY MARKET Cincinnati MSA Single Family Sales

Number of Single Family Sales*



*OH/IN Counties include: IN (Dearborn, Franklin, and Ohio), OH (Clermont, Hamilton, Warren, and Brown)
KY Counties include: KY (Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton)

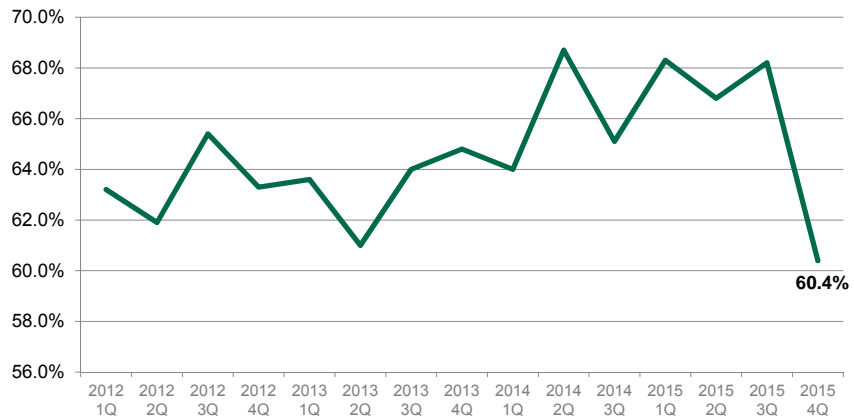
Source: Cincinnati Board of Realtors & Northern Kentucky Association of Realtors



17

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2016 MULTIFAMILY MARKET Greater Cincinnati MSA Homeownership Rate

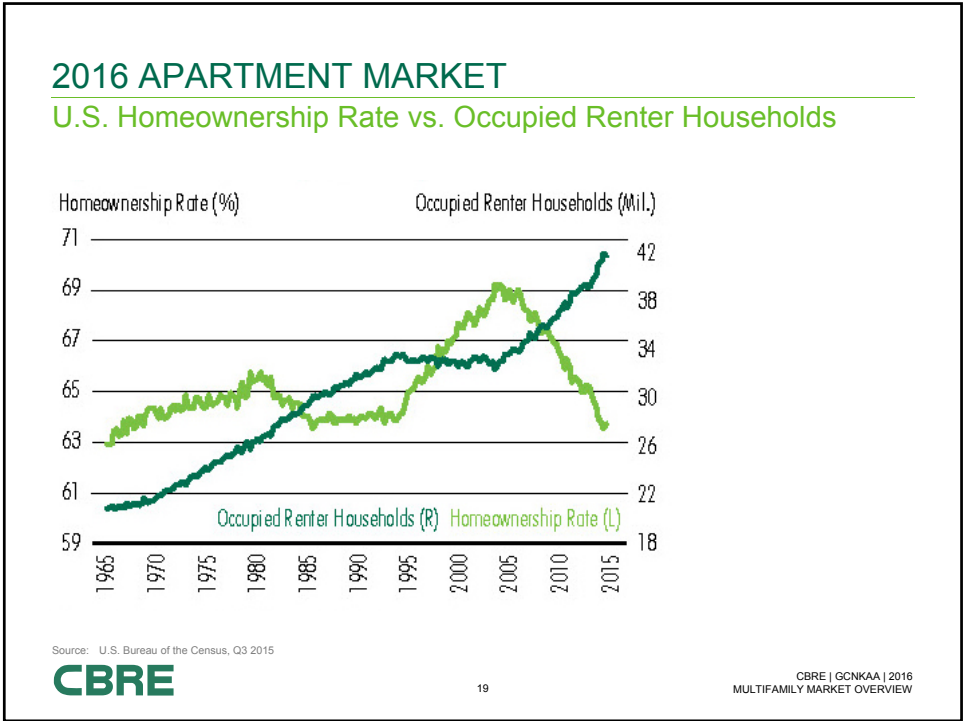


Source: Bureau of the Census, Homeownership Rates for 75 Largest Metropolitan Statistical Areas 2005-present (Q4 2015)



18

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RENTS & OCCUPANCIES

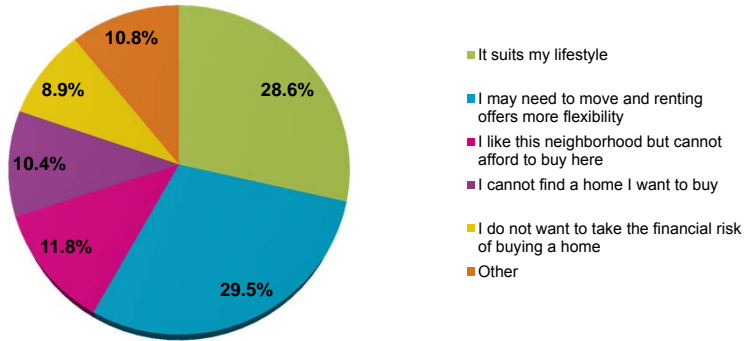
(Assuming everyone told the truth...)

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2016 MULTIFAMILY MARKET

Kingsley & Associates/NMHC: Reason for Renting

Why do you choose to rent rather than own?



Source: NMHC/Kingsley Associates, 2015 Rent Preference Study Nationwide Report

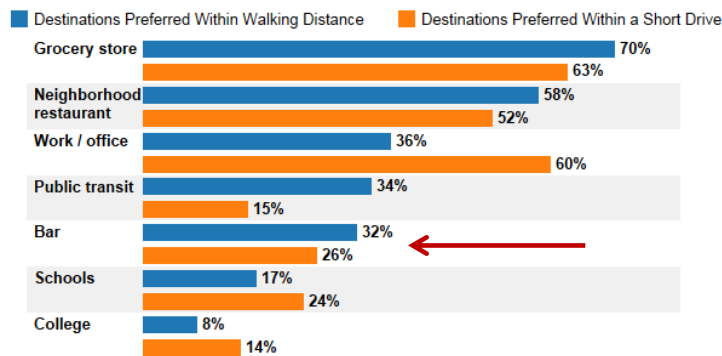


21

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2016 MULTIFAMILY MARKET

Kingsley & Associates/NMHC: Neighborhood Destinations



Source: NMHC/Kingsley Associates, 2015 Rent Preference Study Nationwide Report



22

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2016 MULTIFAMILY MARKET

Kingsley & Associates/NMHC: Apartment / Community Features

Below is a list of the top 10 areas (out of 69 total features / amenities), sorted by percent interested (4s and 5s on a 1-5 scale). In addition to residents' interest in amenities, Kingsley Associates and NMHC also collected information on what residents expect to pay for the additional amenities.

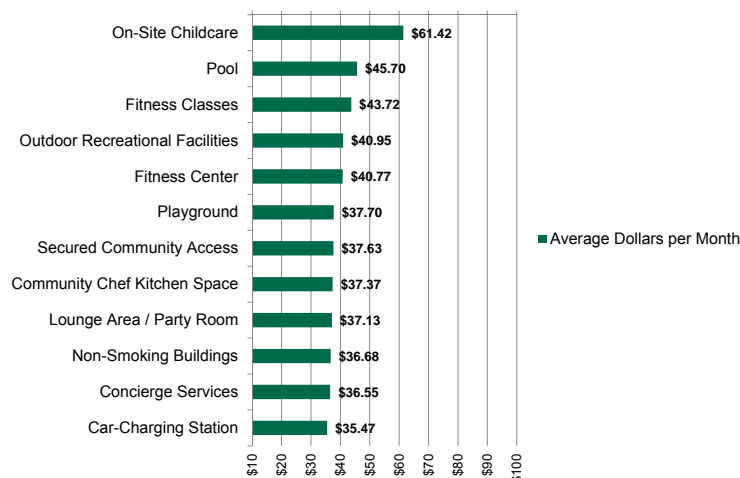
Apartment / Community Amenity	% Interested		Pricing
	2013	2015	
High Speed Internet Access	93%	94%	\$35
Parking	--	94%	\$32
Walk-in Closet	--	89%	\$49
Soundproof Walls	--	88%	\$62
Patio or Balcony	93%	87%	\$52
Washer/Dryer in Unit	88%	87%	\$64
Microwave	85%	87%	\$21
Refrigerator w/ water/ice Dispenser	83%	85%	\$31
Garbage Disposal	88%	83%	\$17
Pool	--	83%	\$46

Source: NMHC/Kingsley Associates, 2015 Rent Preference Study Nationwide Report



2016 MULTIFAMILY MARKET

Kingsley & Associates/NMHC: Community Amenities - Pricing

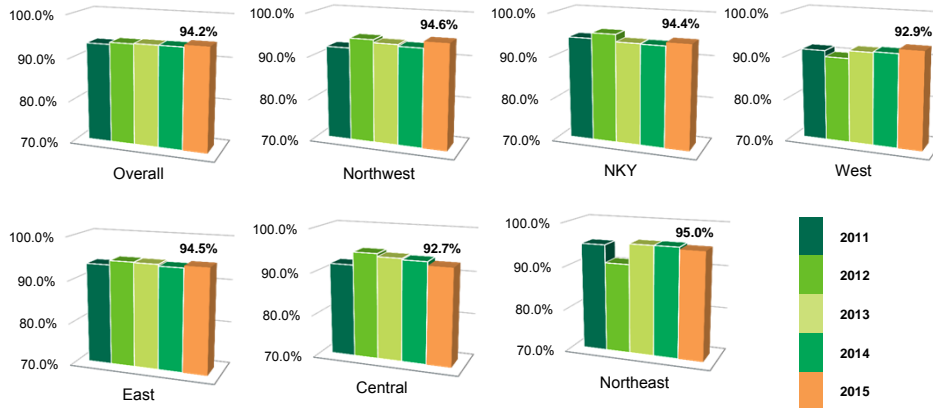


Source: NMHC/Kingsley Associates, 2015 Rent Preference Study Nationwide Report



2016 MULTIFAMILY MARKET Rents & Occupancy

Occupancy by Submarket



Source: CBRE Annual Rent and Occupancy Survey, YE2011-YE2015 (Not including new construction delivered during 2015)



2016 MULTIFAMILY MARKET Rents & Occupancy

Greater Cincinnati Overall Occupancy History



Source: CBRE Annual Rent & Occupancy Survey, YE2006-YE2015 (Not including new construction delivered during 2015)



2016 MULTIFAMILY MARKET

Rents & Occupancy

Average Effective Rent Per Square Foot

	December 2012	December 2013	December 2014	December 2015
Overall	\$0.82	\$0.86	\$0.89	\$0.92
Northwest	\$0.76	\$0.78	\$0.80	\$0.83
Northeast	\$0.91	\$0.96	\$0.99	\$1.01
West	\$0.73	\$0.74	\$0.77	\$0.76
East	\$0.85	\$0.89	\$0.89	\$0.94
NKY	\$0.75	\$0.78	\$0.79	\$0.85
Central	\$0.92	\$1.01	\$1.07	\$1.09

Overall Average Effective Rent with Year over Year % Change



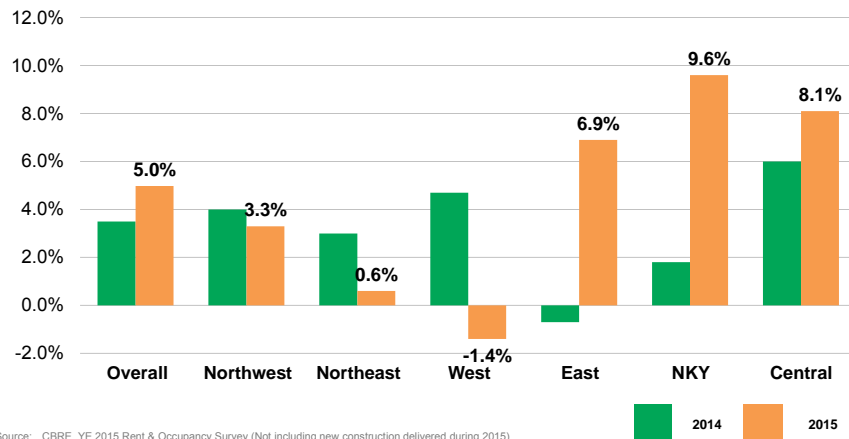
Source: CBRE Annual Rent and Occupancy Survey, YE2012-YE2015 (Not including new construction delivered during 2015)



2016 MULTIFAMILY MARKET

Rents & Occupancy

2014 & 2015 Rent Increases by Submarket



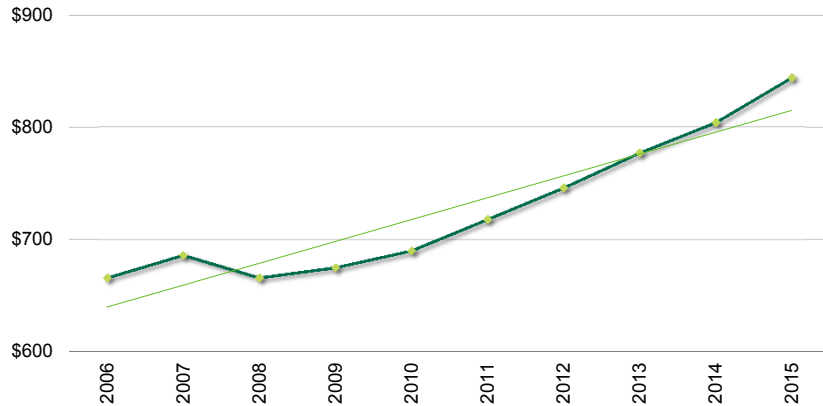
Source: CBRE, YE 2015 Rent & Occupancy Survey (Not including new construction delivered during 2015)



2016 MULTIFAMILY MARKET

Rents & Occupancy

Greater Cincinnati Overall Effective Rent History



Source: CBRE Annual Rent & Occupancy Survey, YE2006-YE2015 (Not including new construction delivered during 2015)



29

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MULTIFAMILY MARKET OVERVIEW

2016 MULTIFAMILY MARKET

Rents & Occupancy

Effective Rent / Rent/SF / Occupancy by Class



Source: CBRE Annual Rent & Occupancy Survey, YE2015 (Not including new construction delivered during 2015)



30

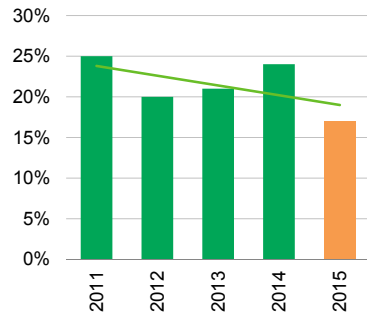
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2016 MULTIFAMILY MARKET

Rents & Occupancy

Concession Summary

Percentage of Properties Offering Concessions



Average Monthly Concessions by Style:



	2014	2015
Studio	\$36	\$47
1 Bedroom	\$43	\$38
2 Bedroom	\$46	\$43
3 Bedroom	\$47	\$66

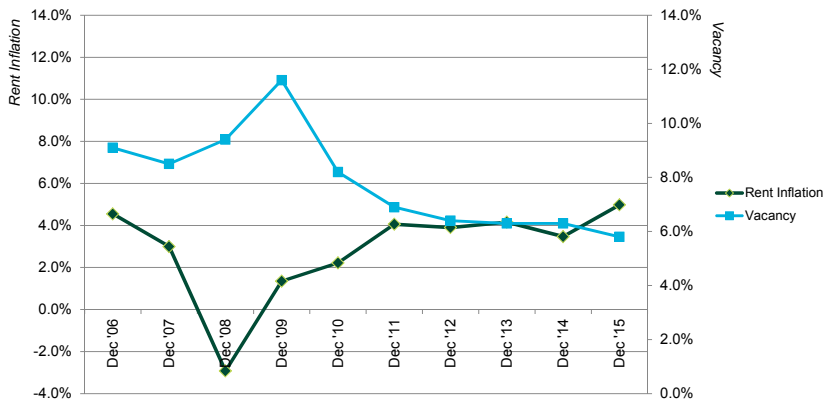
Source: CBRE Annual Rent & Occupancy Survey, YE2011-YE2015 (Not including new construction delivered during 2015)



2016 MULTIFAMILY MARKET

Rents & Occupancy

Vacancy vs. Rent Inflation



Source: CBRE Annual Rent & Occupancy Survey, YE2006-YE2015 (Not including new construction delivered during 2015)





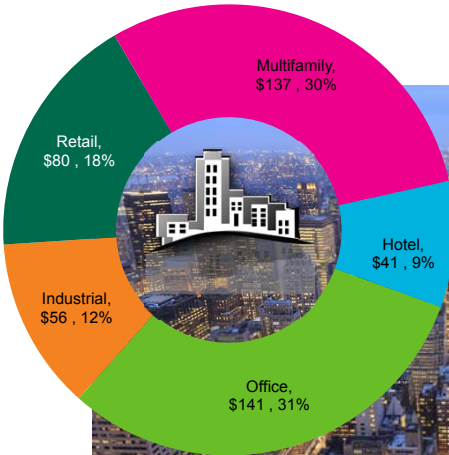
INVESTMENT MARKET
Everything's for sale... except Cincinnati

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2016 MULTIFAMILY MARKET

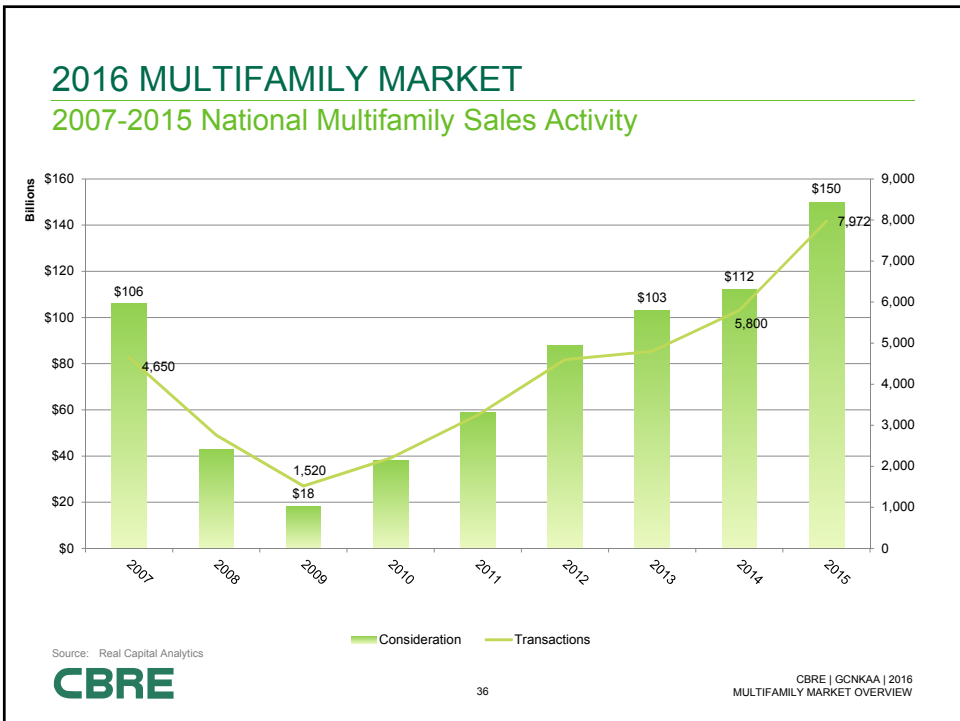
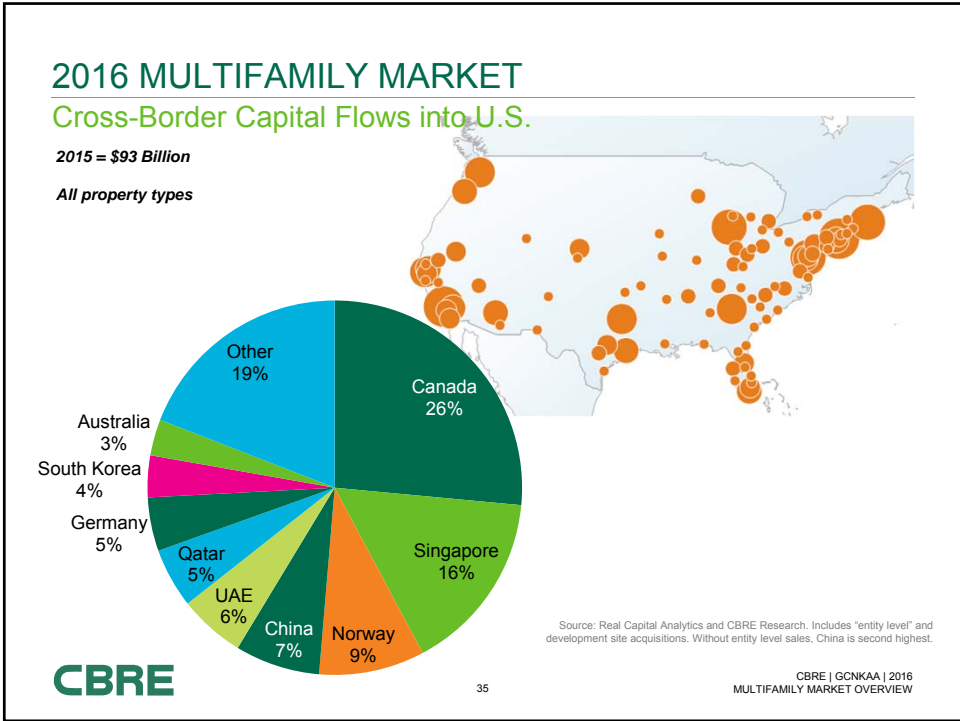
Money is following Multifamily

\$456 BILLION total investment in U.S. commercial real estate, 2015 (ex M&A)



Property Type	Investment (\$ Billion)	Percentage
Office	\$141	31%
Multifamily	\$137	30%
Retail	\$80	18%
Industrial	\$56	12%
Hotel	\$41	9%

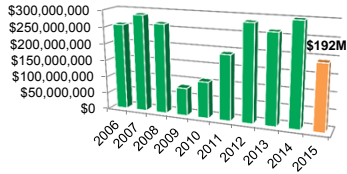
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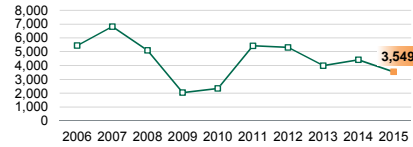
2016 MULTIFAMILY MARKET

Investment Market – Cincinnati Multifamily Sales*

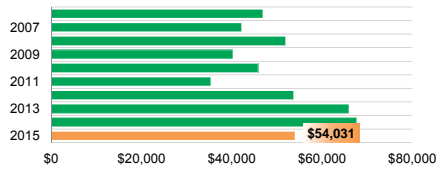
Transaction Sales Volume



Number of Apartment Units Sold



Average Apartment Price per Unit



Source: CBRE; Sales over \$1 Million or 100+ Units



2016 MULTIFAMILY MARKET

Investment Market – 2015 Sales*



Cambridge Park

Sale Date	9/2015
No. Units	196
Price per Unit	\$26,531
Year Built	1973
Submarket	Northeast



Columns on Wetherington

Sale Date	2/2015
No. Units	192
Price per Unit	\$130,208
Year Built	2003
Submarket	NKY

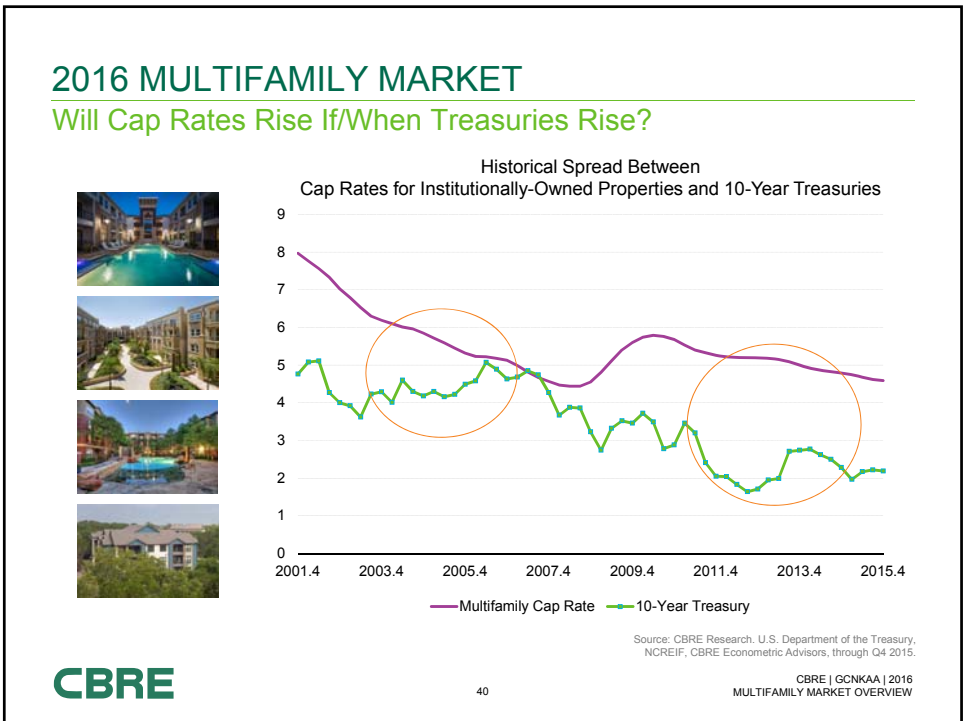
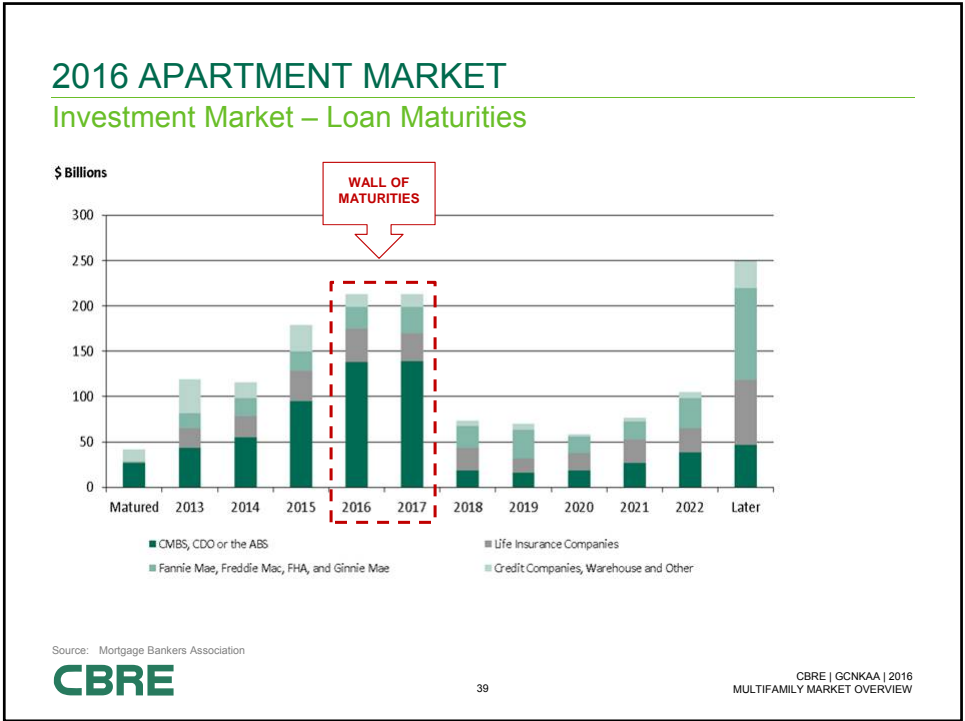


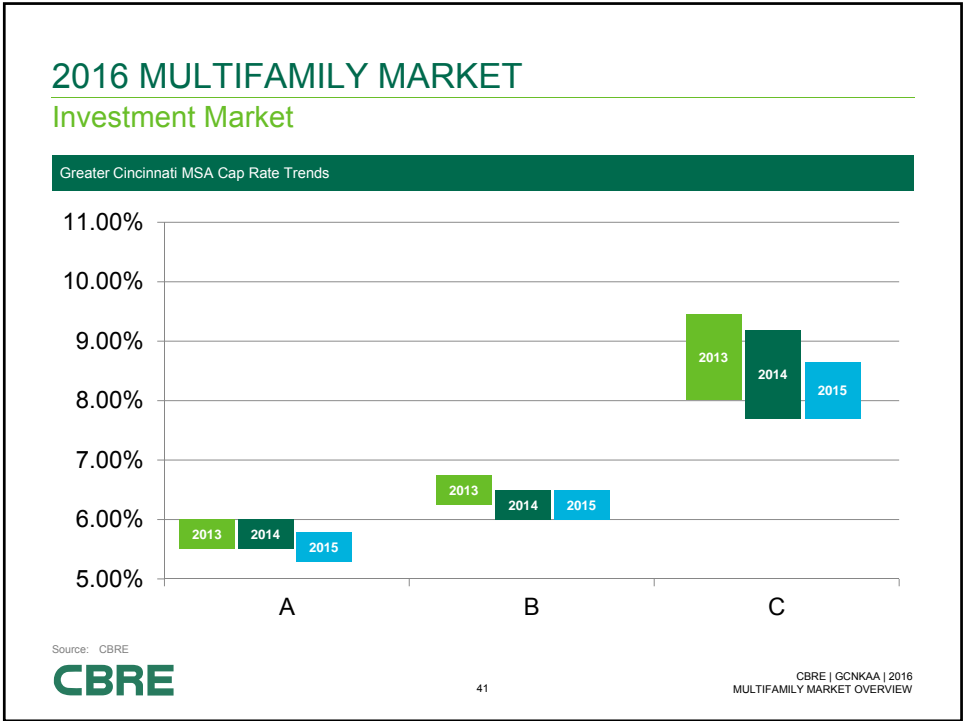
Vienna Forest

Sale Date	10/2015
No. Units	107
Price per Unit	\$26,138
Year Built	1994
Submarket	Northwest

Source: CBRE; *Sales over \$1 Million or 100+ Units







DEVELOPMENT PIPELINE


We keep building and renters keep showing up

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2016 APARTMENT MARKET

Ohio Department of Transportation

A Change in Priorities



The seal of the Ohio Department of Transportation is circular with a green border. Inside the border, the words "STATE OF OHIO" are at the top and "DEPARTMENT OF TRANSPORTATION" are at the bottom, both in white capital letters. The center of the seal features a white silhouette of a sailboat on a green background.

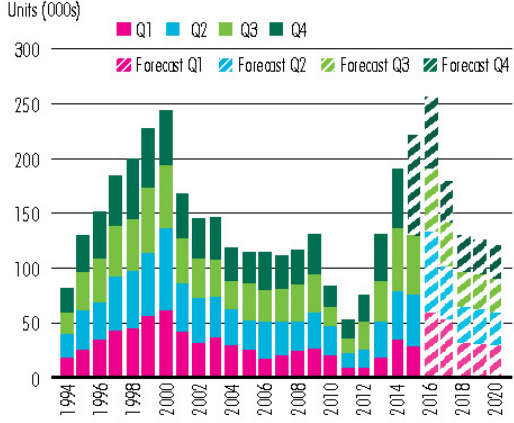
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43

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MULTIFAMILY MARKET OVERVIEW

2016 APARTMENT MARKET

Multifamily Completions to Peak in 2016



The chart displays multifamily completions in thousands of units from 1994 to 2020. The y-axis ranges from 0 to 300 units in increments of 50. The x-axis shows years from 1994 to 2020. The bars are stacked by quarter: Q1 (pink), Q2 (light blue), Q3 (light green), and Q4 (dark green). From 2016 onwards, the bars are hatched to indicate they are forecasts. The chart shows a significant peak in completions in 2000 (reaching approximately 250,000 units) and another major peak in 2016 (reaching approximately 260,000 units). There is a notable dip in completions around 2012-2013.

Units (000s)

Legend: Q1, Q2, Q3, Q4, Forecast Q1, Forecast Q2, Forecast Q3, Forecast Q4

Source: CBRE Econometric Advisors, Q3 2015

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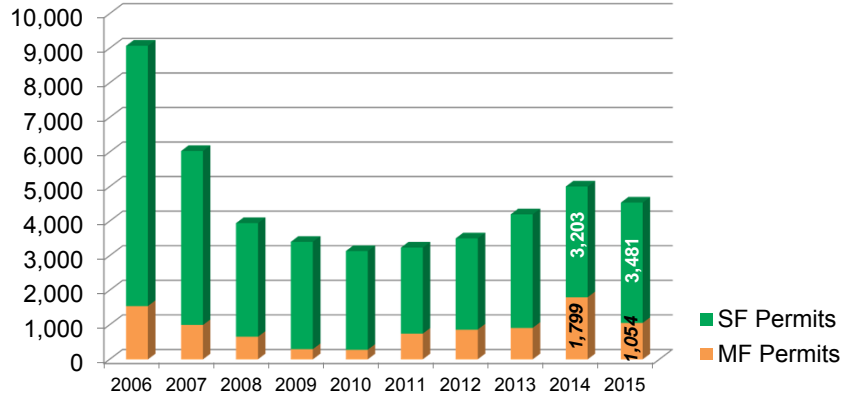
44

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2016 MULTIFAMILY MARKET

Development Pipeline

Cincinnati MSA Multifamily and Single Family Permits Issued (MF defined as 5+ units)



Source: US Census Bureau > Permits by Metropolitan Area



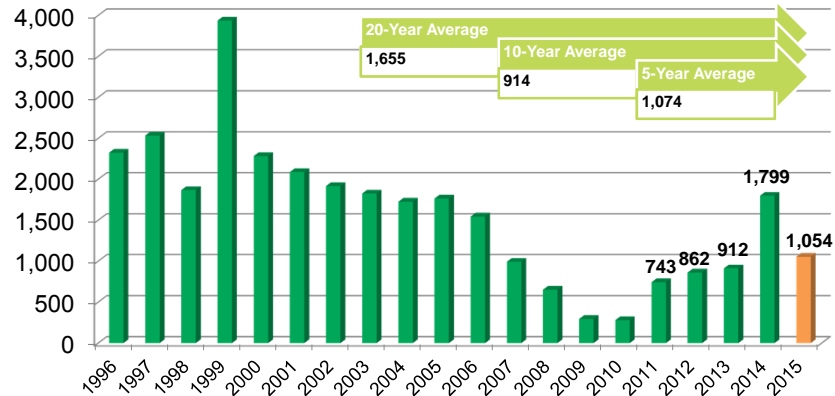
45

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2016 MULTIFAMILY MARKET

Development Pipeline

Cincinnati MSA Multifamily Permits Issued (MF defined as 5+ units)



Source: US Census



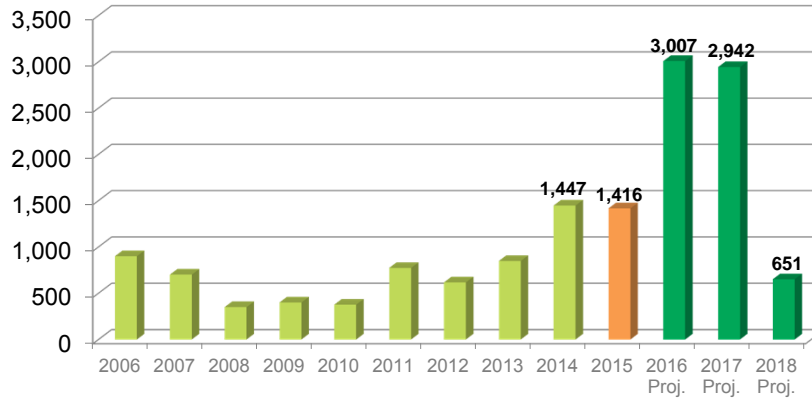
46

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MULTIFAMILY MARKET OVERVIEW

2016 MULTIFAMILY MARKET

Development Pipeline

Greater Cincinnati MF Units Built & Projected



Source: CBRE



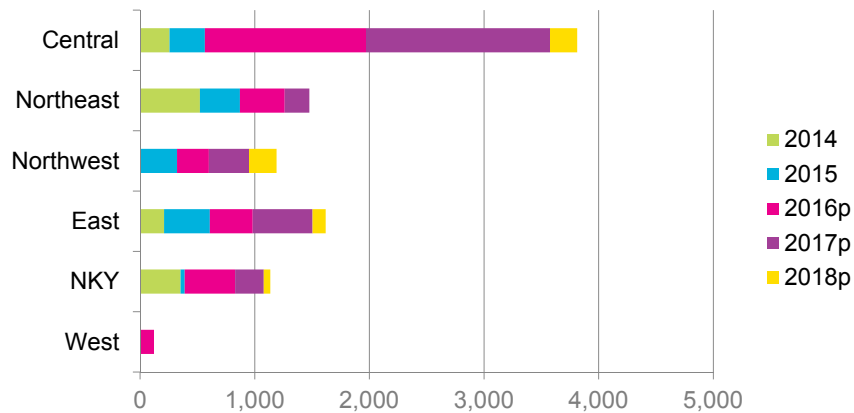
47

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2016 MULTIFAMILY MARKET

Development Pipeline

Greater Cincinnati MF Units Built and Projected by Submarket per Year



Source: CBRE

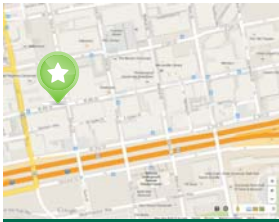


48

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2016 MULTIFAMILY MARKET

Development Pipeline



4th & Race


Location	Downtown Cincinnati
Submarket	Central CBD
Detail	208 units in residential tower above a 950-space parking garage and 25,000 SF street-level retail
Delivery Date	Early 2018



Flaherty & Collins

Phase II: The Boulevard at Oakley Station

Location	Oakley
Submarket	East
Detail	150 units with full amenity package; Finish similar to Phase I
Delivery Date	4Q 2016 – 2Q 2017

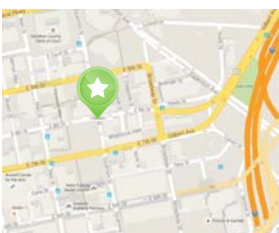


49

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2016 MULTIFAMILY MARKET


Development Pipeline



8th & Sycamore

Location	Downtown Cincinnati
Submarket	Central CBD
Detail	133 market rate apartments
Delivery Date	Fall, 2017





50

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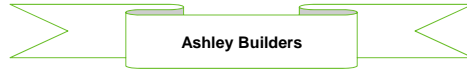
2016 MULTIFAMILY MARKET

Development Pipeline



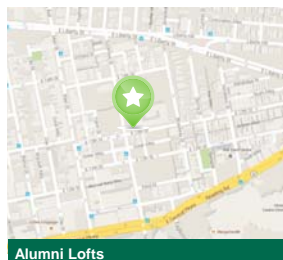
Newberry Lofts

Location	Downtown CBD
Submarket	Central CBD
Detail	62 1-bedroom units adjacent Fountain Square and Cincinnati Hotel; Historic Preservation Project with fitness center, rooftop terrace and luxury finishes
Delivery Date	September, 2016



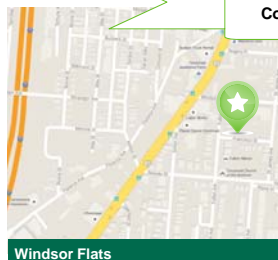
2016 MULTIFAMILY MARKET

Development Pipeline



Alumni Lofts

Location	Pendleton
Submarket	Central
Detail	142 market rate units adjacent soon-to-be rehabbed Ziegler Park and 3CDC-buit 400-space parking garage
Delivery Date	July/August, 2016



Windsor Flats

Location	Walnut Hills
Submarket	Central
Detail	41 units in rehab of existing school building and additional 50 units of new construction
Delivery Date	3Q2016 - Mid-2017



2015 MULTIFAMILY MARKET

Development Pipeline



Aqua on the Levee

Location	Newport, KY
Submarket	Northern Kentucky
Detail	239 apartments with full amenity package (2 river view clubrooms, fitness center, swimming pool and hot tub, dog park and pet boutique room, PGA golf simulator room, outdoor "play" terrace, business center, community car care center and smart car charging stations)
Delivery Date	May/June, 2016



53

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MULTIFAMILY MARKET OVERVIEW

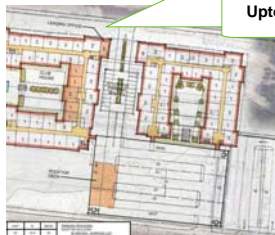
2016 MULTIFAMILY MARKET

Development Pipeline



101 Corry

Location	Clifton Heights
Submarket	Central
Detail	116 Units; sister property to VP3 with parking garage, outdoor amenity deck, fitness center, theater, and study rooms
Delivery Date	August, 2016



111 Wellington

Location	Mt. Auburn
Submarket	Central
Detail	6-acre site including rehab of 60-unit historic building and new construction of two 4-story buildings
Delivery Date	Fall, 2017



54

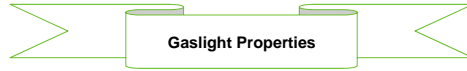
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MULTIFAMILY MARKET OVERVIEW

2016 MULTIFAMILY MARKET

Development Pipeline



The Whitfield	
Location	Clifton
Submarket	Central
Developer	Gaslight Properties
Detail	117 Class A studio, 1BR, and 2BR units with condo finishes targeting young and medical professionals and empty nesters
Delivery Date	Spring, 2016



55

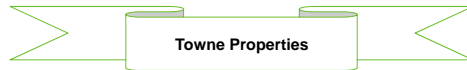
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MULTIFAMILY MARKET OVERVIEW

2016 MULTIFAMILY MARKET

Development Pipeline



Phase II - DeSales Flats	
Location	Walnut Hills
Submarket	Central
Detail	93 units; Phase II to original 76 units
Delivery Date	Spring, 2017



56

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MULTIFAMILY MARKET OVERVIEW

2016 MULTIFAMILY MARKET

Development Pipeline

Hills Communities



Savoy at the Streets of West Chester

Location	West Chester
Submarket	Northwest
Detail	Walkable to The Streets of West Chester featuring 272 luxury one- and two-bedroom units with luxury finishes and amenities
Delivery Date	212 unit delivered; Remaining 60 units by April, 2016



49 Hundred

Location	Blue Ash
Submarket	Northeast
Detail	Across from Towne Square in the heart of downtown Blue Ash; 266 units with luxury finishes and amenities
Delivery Date	Phase I (141 units) – April, 2016 Phase II (125 units) – December, 2016



2016 MULTIFAMILY MARKET

Development Pipeline

CMC Properties



Loveland Station

Location	Downtown Loveland
Submarket	Northeast
Detail	1-, 2-, and 3-bedroom units in the heart of walkable downtown Loveland
Delivery Date	2015-2016



2016 MULTIFAMILY MARKET

Development Pipeline



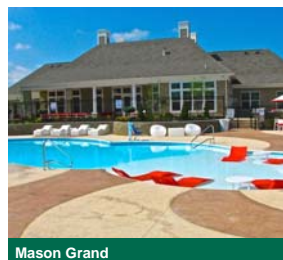
Austin Park

Location	Austin Road Interchange
Detail	At Austin Landing, including clubhouse, swimming pool and direct access to regional bike path and Waldruhe Park
Delivery Date	2016



2016 MULTIFAMILY MARKET

Development Pipeline



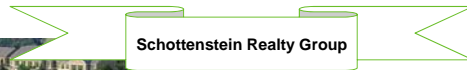
Mason Grand

Location	Mason
Submarket	Northeast
Detail	Mixed-use with 294 high-end apartments with attached garages and top amenities including an 8,000 SF state-of-the-art clubhouse
Delivery Date	Delivered 2015



The Grand at Florence

Location	Florence
Submarket	NKY
Detail	294 units with resort-style pool, fitness center, game room, juice bar, community garden and more
Delivery Date	2015-August, 2016





2016 MULTIFAMILY MARKET

Forecasts

Recap, 2015 Forecast

- Rent increases moderating to 3.0%
- Sale market over \$400 million
- Development pipeline will grow even larger
- More tear-downs and adaptive re-use
- More challenges on legislative and governmental front

2016 Forecast

- Rent increases moderating to 3.0%
- Sale market over \$400 million
- Development Pipeline will moderate locally
- More attention paid to market-rate workforce housing
- _____ will be elected President of the United States

2016 MULTIFAMILY MARKET

CBRE Central Midwest Multifamily is pleased to welcome...



Kurt Shoemaker

- Began multifamily brokerage in 2009
- Involved in sale of 5,000+ units
- Former member of UC Bearcat football team

KURT
SHOEMAKER
Vice President
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2016 MULTIFAMILY MARKET

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