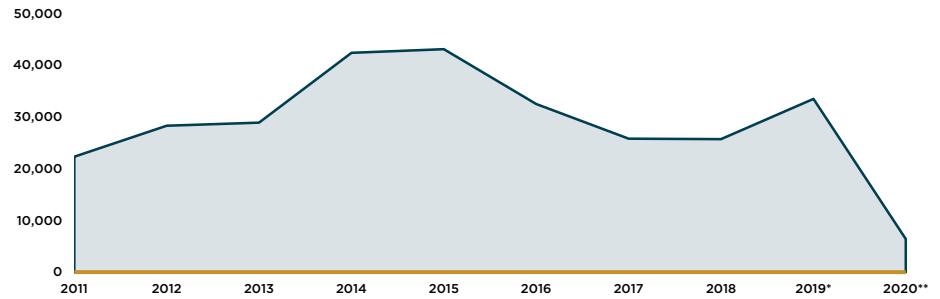


2019 REVIEW

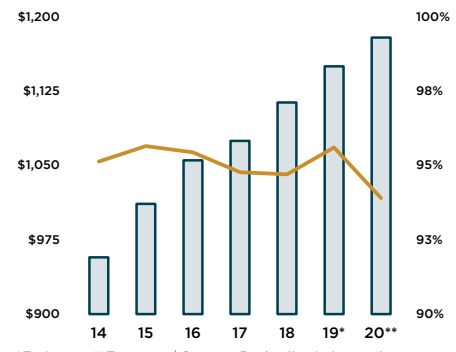
Employers in the Charlotte metro ramped up hiring over the past 12 months, bringing on 33,500 employees in new positions, an annual gain of 2.8%. This increase was an improvement over the previous year and the strongest year for employment growth in the area since 2016. Contributing to this hiring spree in 2019 was population growth of 1.6%, just short of the 1.7% population growth from 2018, and expansions by major corporate leaders in the tech industry. This including Microsoft Corporation, which began to fill 430 new positions in the area. The growing population also encouraged developers to continue delivering new multifamily units across the metro. In 2019, the total number of delivered units was 6,844. There was no shortage of demand for multifamily last year as 8,228 net apartments were absorbed. Occupancy subsequently improved 90 basis points to 95.6% since one year prior, and these factors encouraged apartment operators to keep effective rent heading in an upward direction. As a result, effective rent metrowide increased 3.3% in 2019 to \$1,150 per month by year-end.

EMPLOYMENT CHANGE



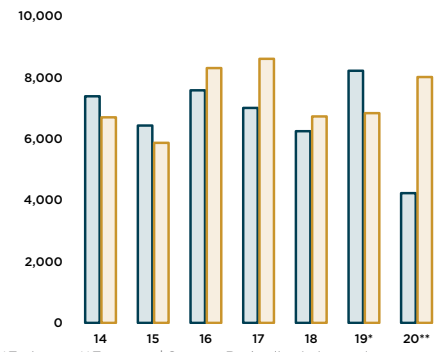
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



*Estimate; **Forecast | Source: Berkadia, Axiometrics

ABSORPTION AND DELIVERIES



*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE

33,500
▲ 2.8% YOY

UNEMPLOYMENT RATE

3.4%
▼ 10 BPS YOY

OCCUPANCY

95.6%
▲ 90 BPS YOY

EFFECTIVE RENT

\$1,150
▲ 3.3% YOY

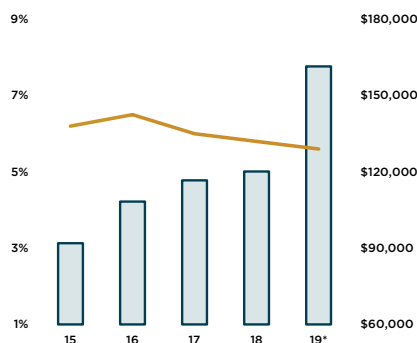
ABSORPTION

8,228 Units

CONSTRUCTION

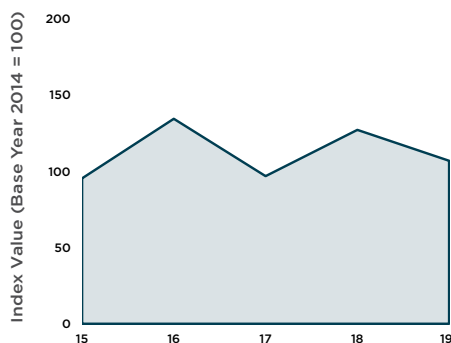
6,844 Units
▲ 1.6% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION

2,632,100
YE 2019 ▲ 1.6% YOY

HOUSEHOLDS

1,026,100
YE 2019 ▲ 2.1% YOY

MEDIAN HOUSEHOLD INCOME

\$66,303
YE 2019 ▲ 3.3% YOY

RENT SHARE OF WALLET

20.8%
YE 2019 0 BPS YOY

2020 PREVIEW

Apartment construction is expected to accelerate across the Charlotte metro area in 2020. In total, 8,022 new multifamily units are scheduled to be brought online by the end of the year, including at the amenity rich, 280-unit Verde at McCullough Station development located in the UNC Charlotte submarket. Apartment absorption will slow down this year as residents continue to lease units from the latest wave of multifamily product to hit the metro. Another factor contributing to reduced absorption in the metro in 2020 is a deceleration in population growth. The total number of new residents moving to Charlotte and expanding the metro's population is expected to shrink year over year. That said, apartment demand in the Charlotte metro will still be substantial. Net 4,233 units are expected to be leased over the next 12 months. Metrowide occupancy will decrease 170 basis points to 93.9% by the end of 2020 due in part to supply side pressure. Anticipating increased competition from newly delivered multifamily units, apartment operators are expected to limit effective rent growth compared to 2019, when effective rent increased by 3.3%. However, effective rent growth is still expected to remain on par with the national average, up 2.5% through 2020 to \$1,179 per month by December.