

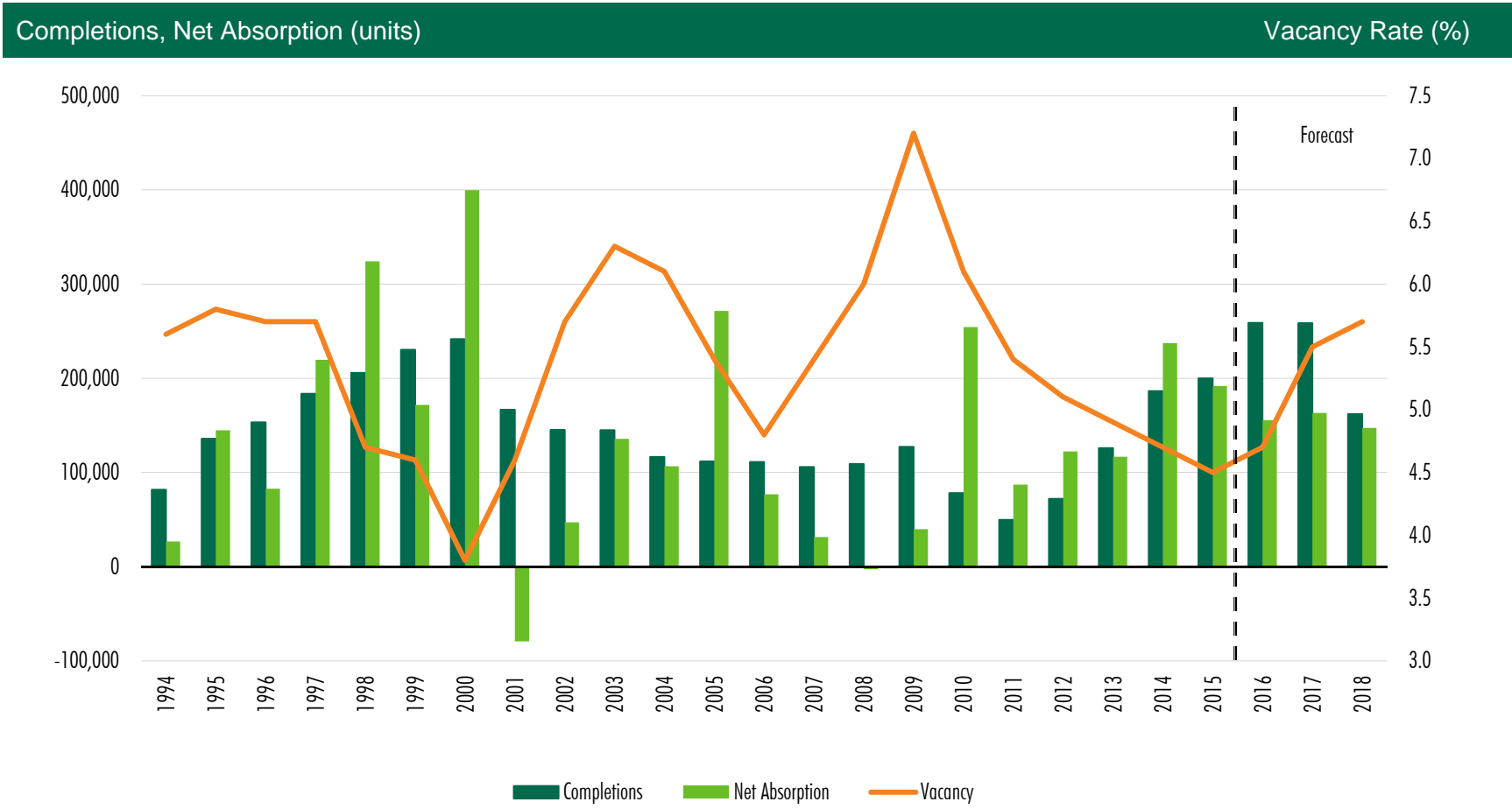


**CBRE**

**APARTMENT**

**Q3 2016: SLOWER, BUT NOT SLOW**

# SUPPLY & DEMAND: CONSTRUCTION WILL OUTPACE ABSORPTION



Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

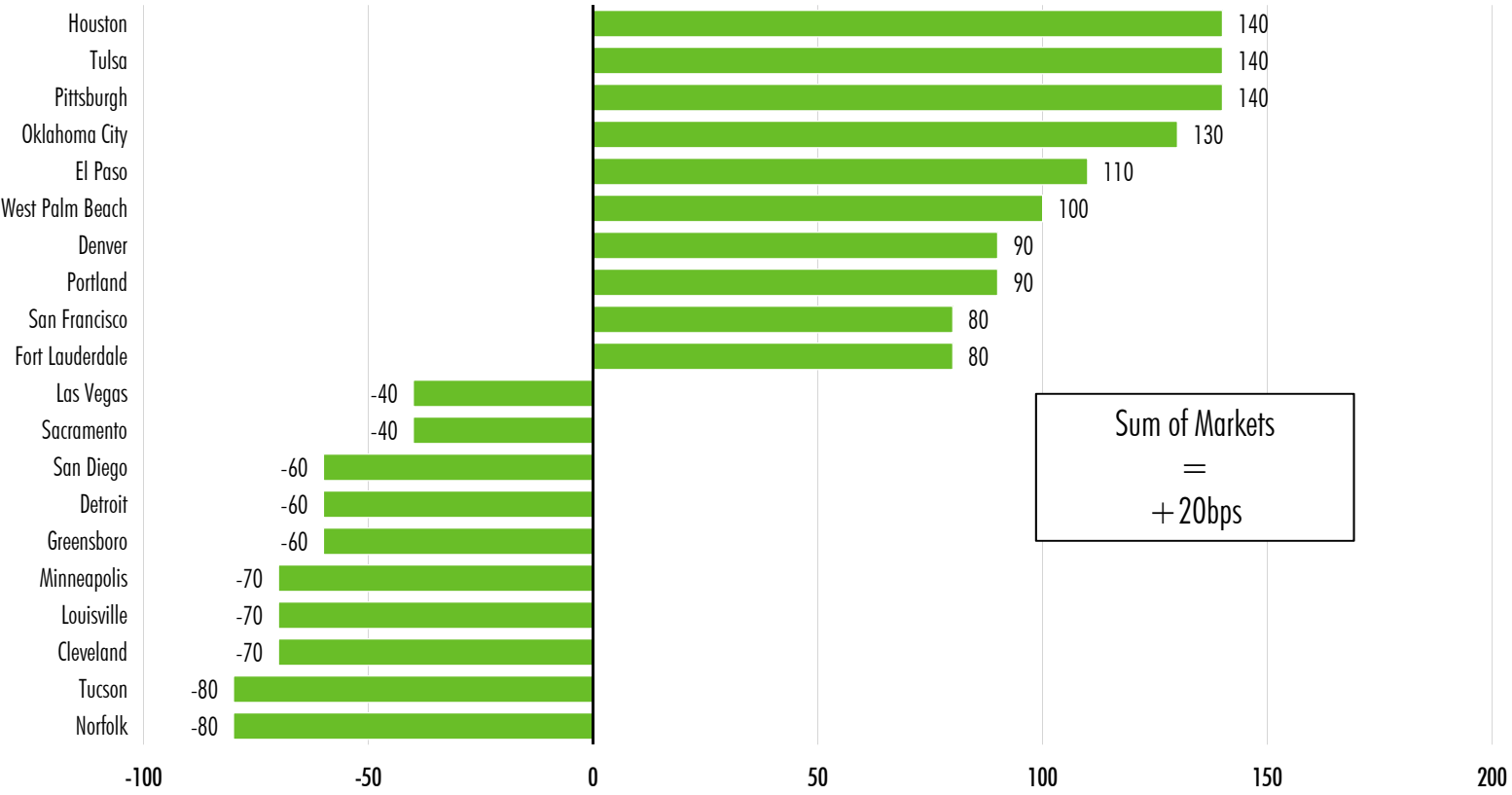
## SEASONALITY

Sum of Markets	Vacancy	Same-Store Rent Index (\$/unit)	Rent Growth (Q-o-Q)	Rent Growth (Y-o-Y)
Q3 2012	4.9	1,437.91	1.60	3.9
Q4 2012	5.1	1,432.98	-0.30	3.9
Q1 2013	5.1	1,439.41	0.40	3.9
Q2 2013	4.7	1,470.52	2.20	3.9
Q3 2013	4.6	1,489.04	1.30	3.6
Q4 2013	5.1	1,479.34	-0.70	3.2
Q1 2014	5.1	1,485.23	0.40	3.2
Q2 2014	4.5	1,533.37	3.20	4.3
Q3 2014	4.4	1,563.21	1.90	5.0
Q4 2014	4.7	1,558.22	-0.30	5.3
Q1 2015	4.7	1,570.49	0.80	5.7
Q2 2015	4.3	1,614.82	2.80	5.3
Q3 2015	4.3	1,644.73	1.90	5.2
Q4 2015	4.6	1,628.12	-1.00	4.5
Q1 2016	4.7	1,633.34	0.30	4.0
Q2 2016	4.4	1,669.50	2.20	3.4
Q3 2016	4.5	1,678.17	0.50	2.0

Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

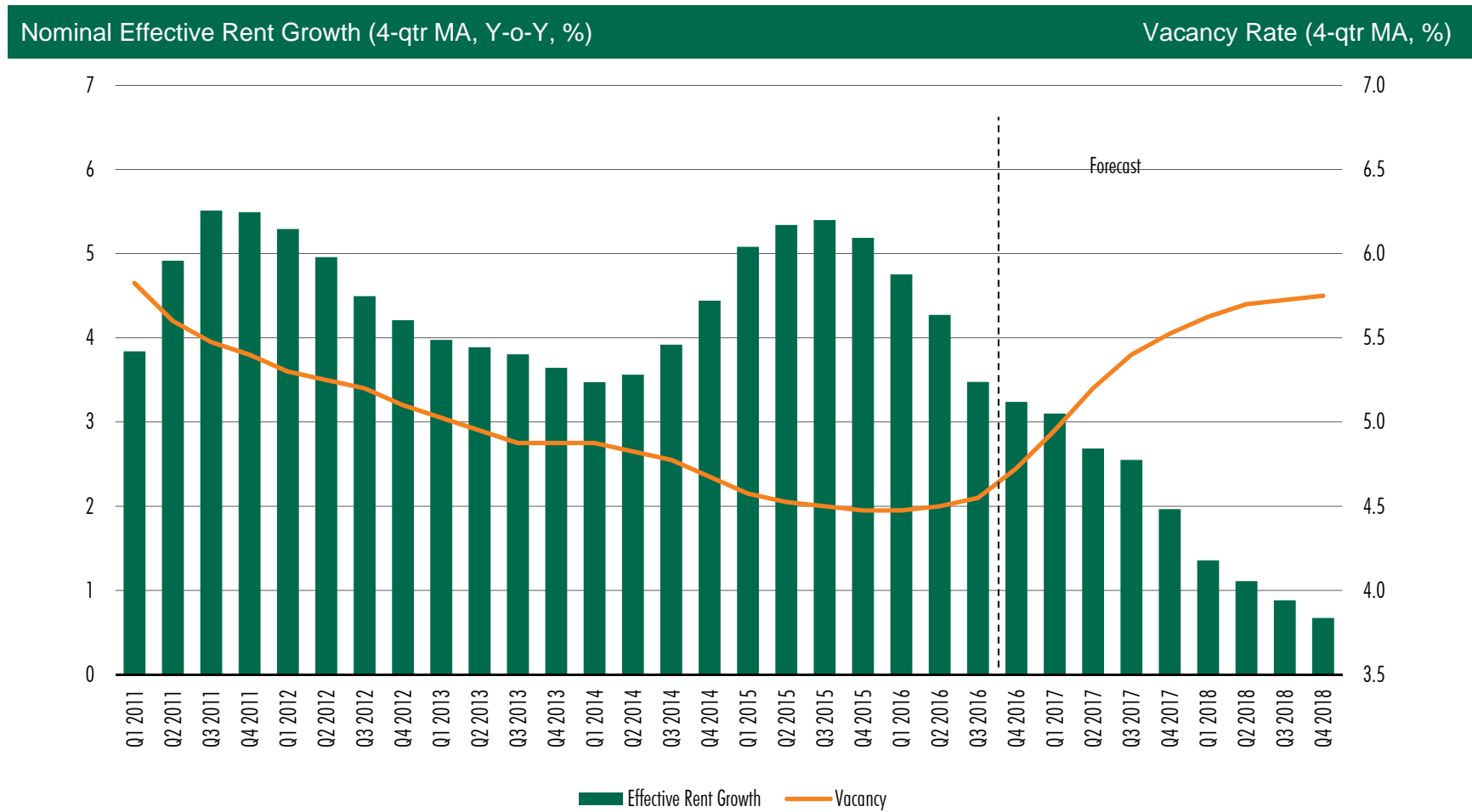
# A FAMILIAR STORY AS LEADING MARKETS LOOSEN

Changes in vacancy, top ten & bottom ten (last 4 quarters, bps)



Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

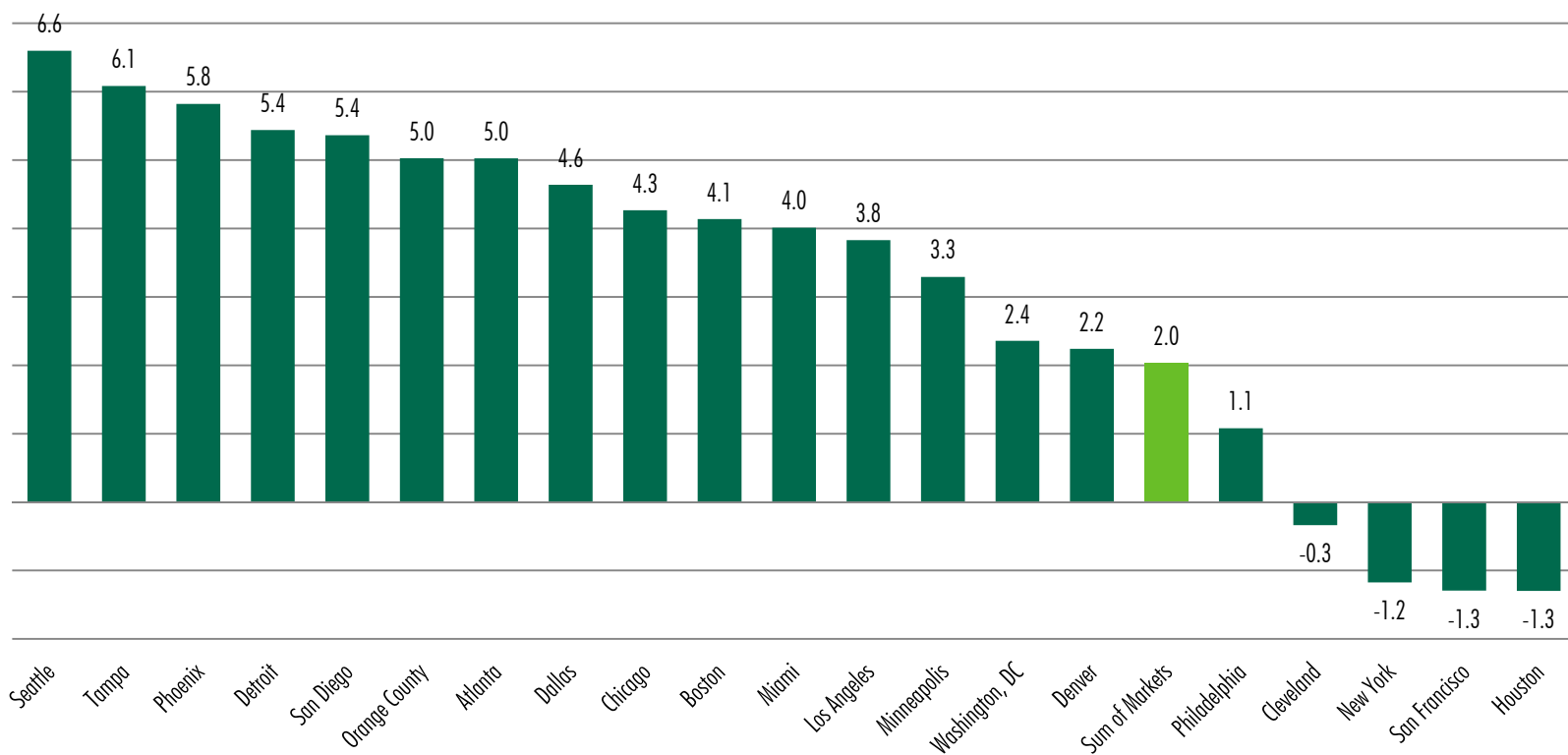
# EFFECTIVE RENT GROWTH HAS ALSO SOFTENED



Source: Axionometrics Inc., CBRE Econometric Advisors, Q3 2016.

# A MIXED PERFORMANCE AMONG THE 20 LARGEST MARKETS

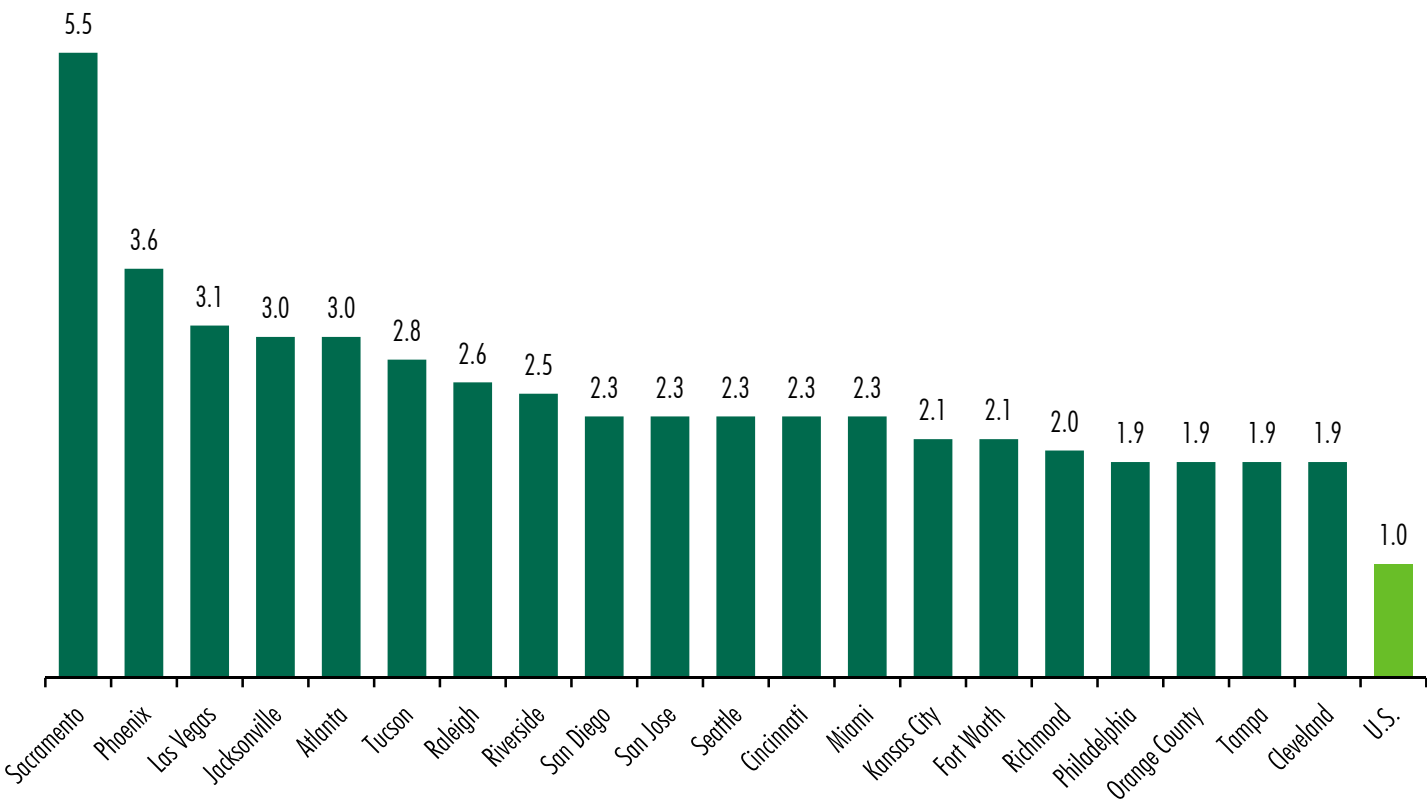
Q3 Nominal Rent Growth (Y-o-Y, %)



Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

# WHO WILL BE TOP PERFORMERS GOING FORWARD?

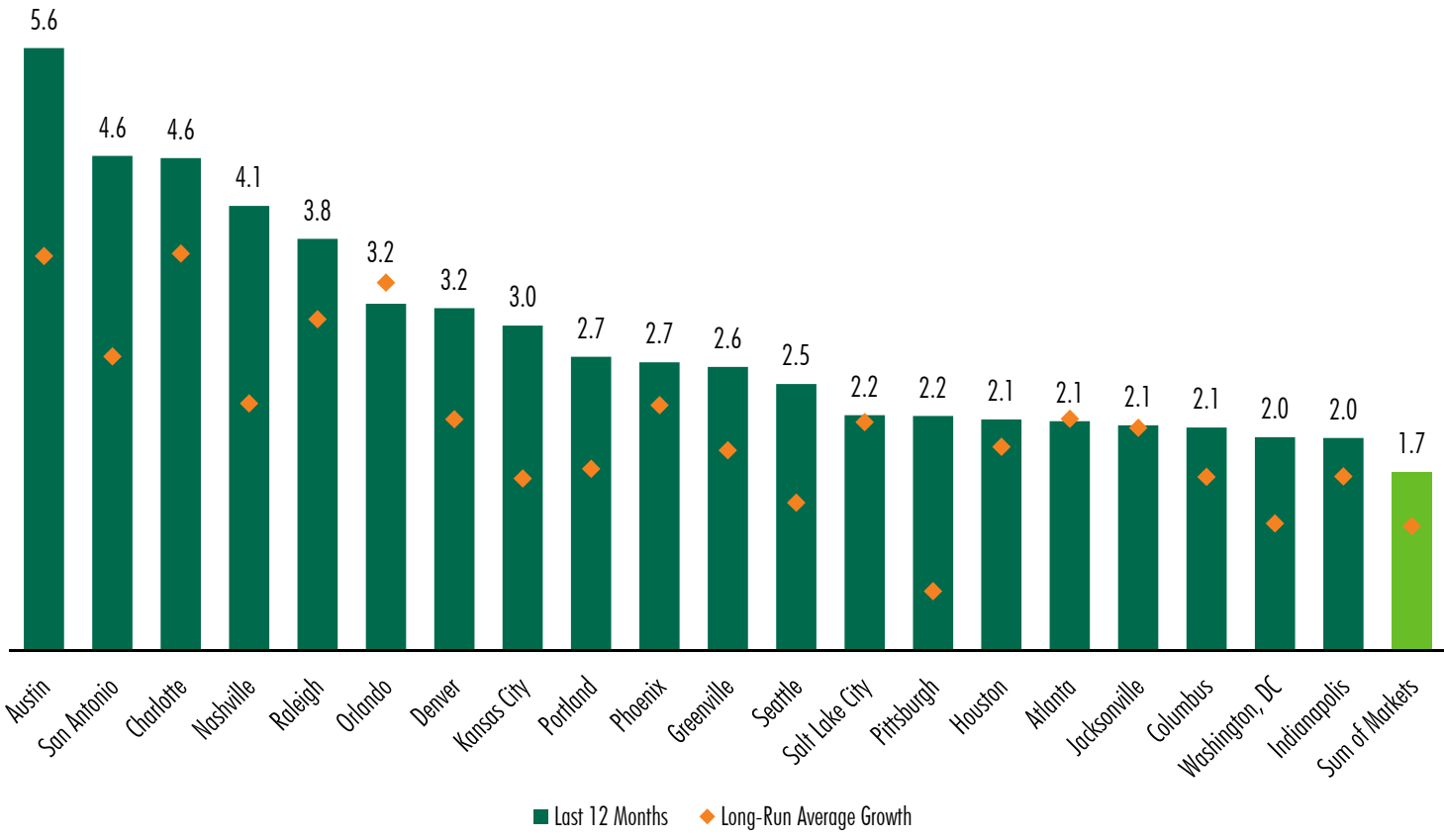
Annual Nominal Rent Growth (Next 2 Years, %)



Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

# SUPPLY TRENDS: NOT EVERY MARKET AT RISK

Annual Stock Growth (%)

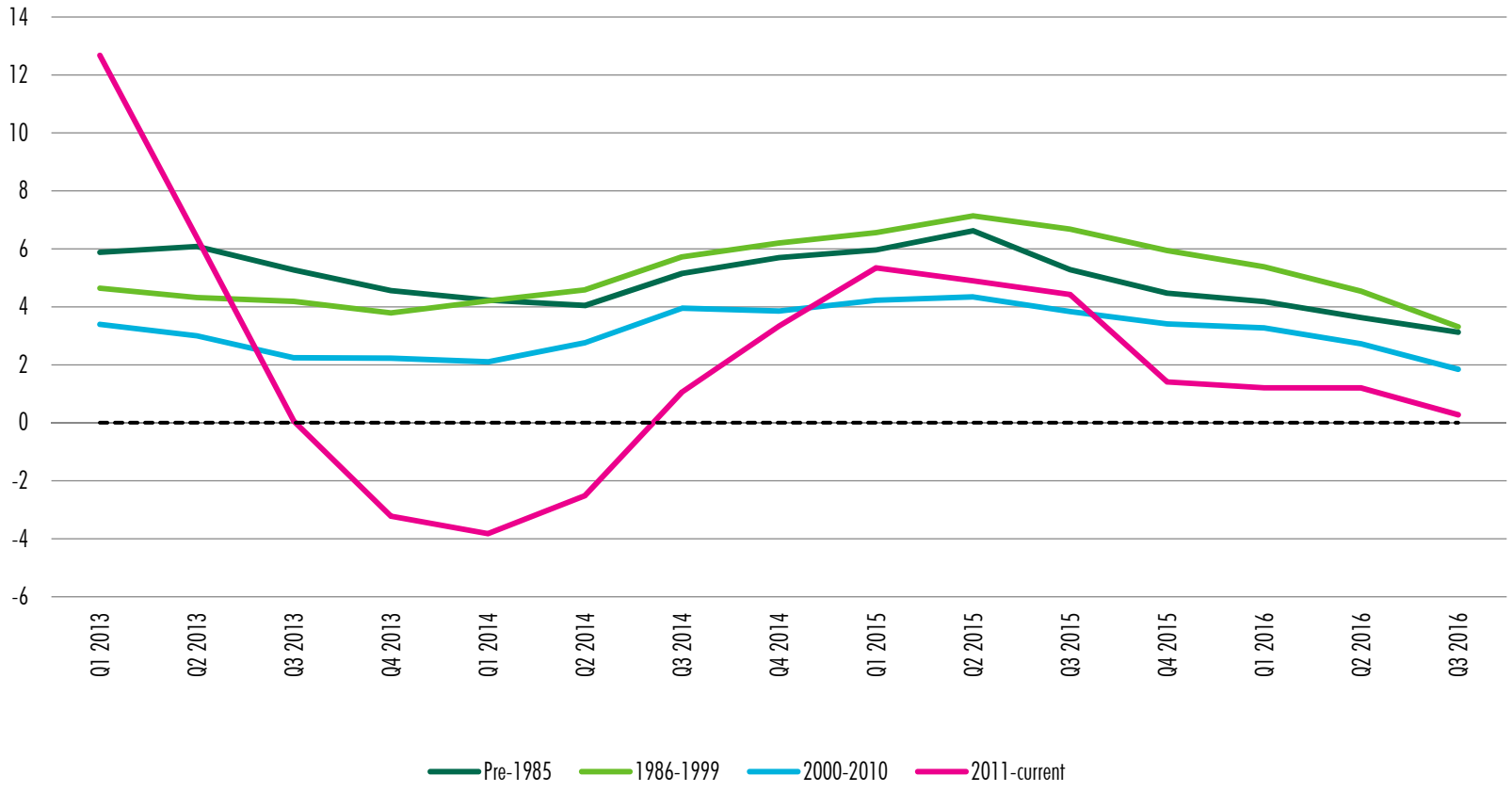


Source: CBRE Econometric Advisors, Q3 2016.



# AGE MATTERS: OLDER ASSETS PERFORM WELL THIS CYCLE

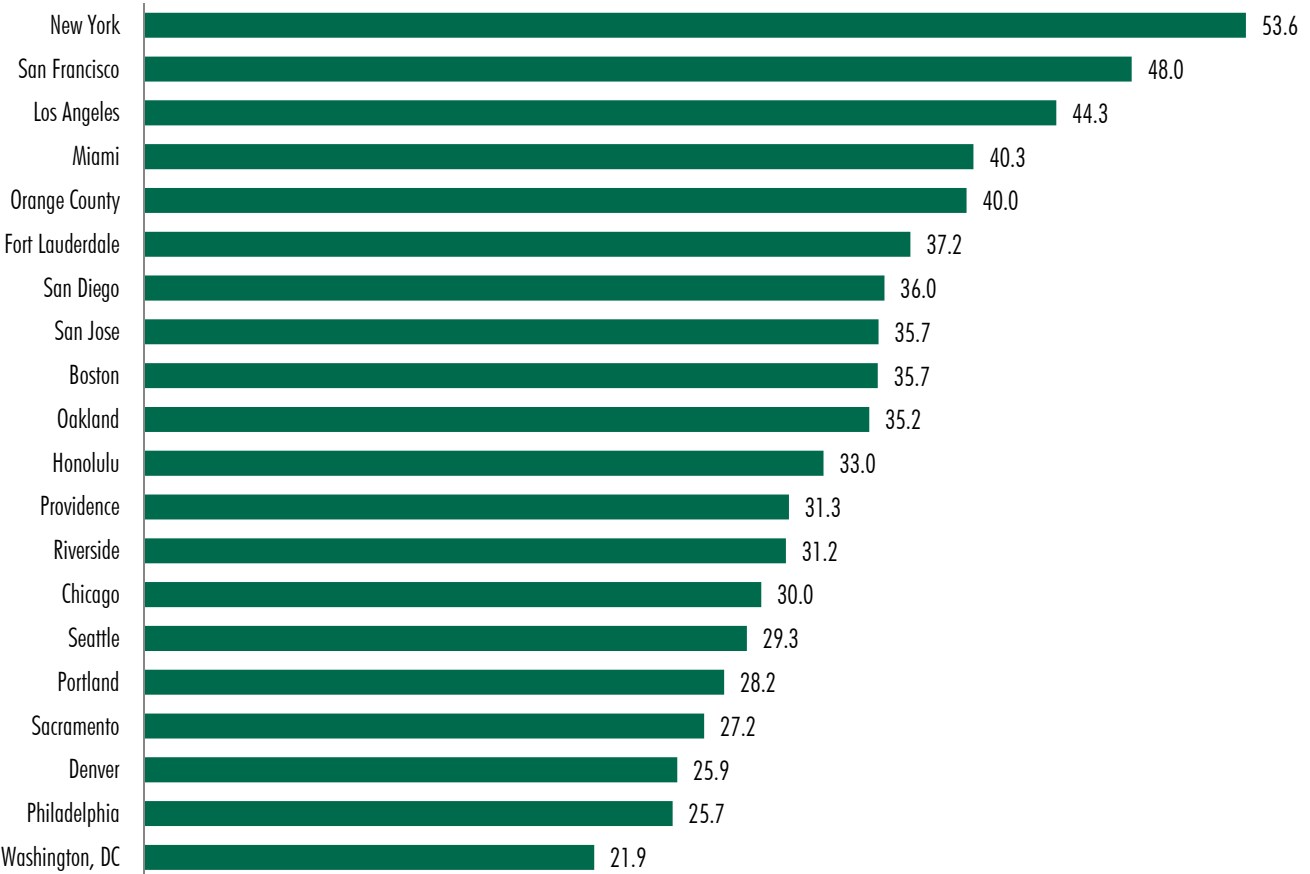
Nominal Effective Rent Growth (Y-o-Y, %)



Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

# AFFORDABILITY IN THE COUNTRY'S MOST EXPENSIVE MARKETS

## Rent as a Percentage of Household Income



Source: Axiometrics Inc., CBRE Econometric Advisors, Q3 2016.

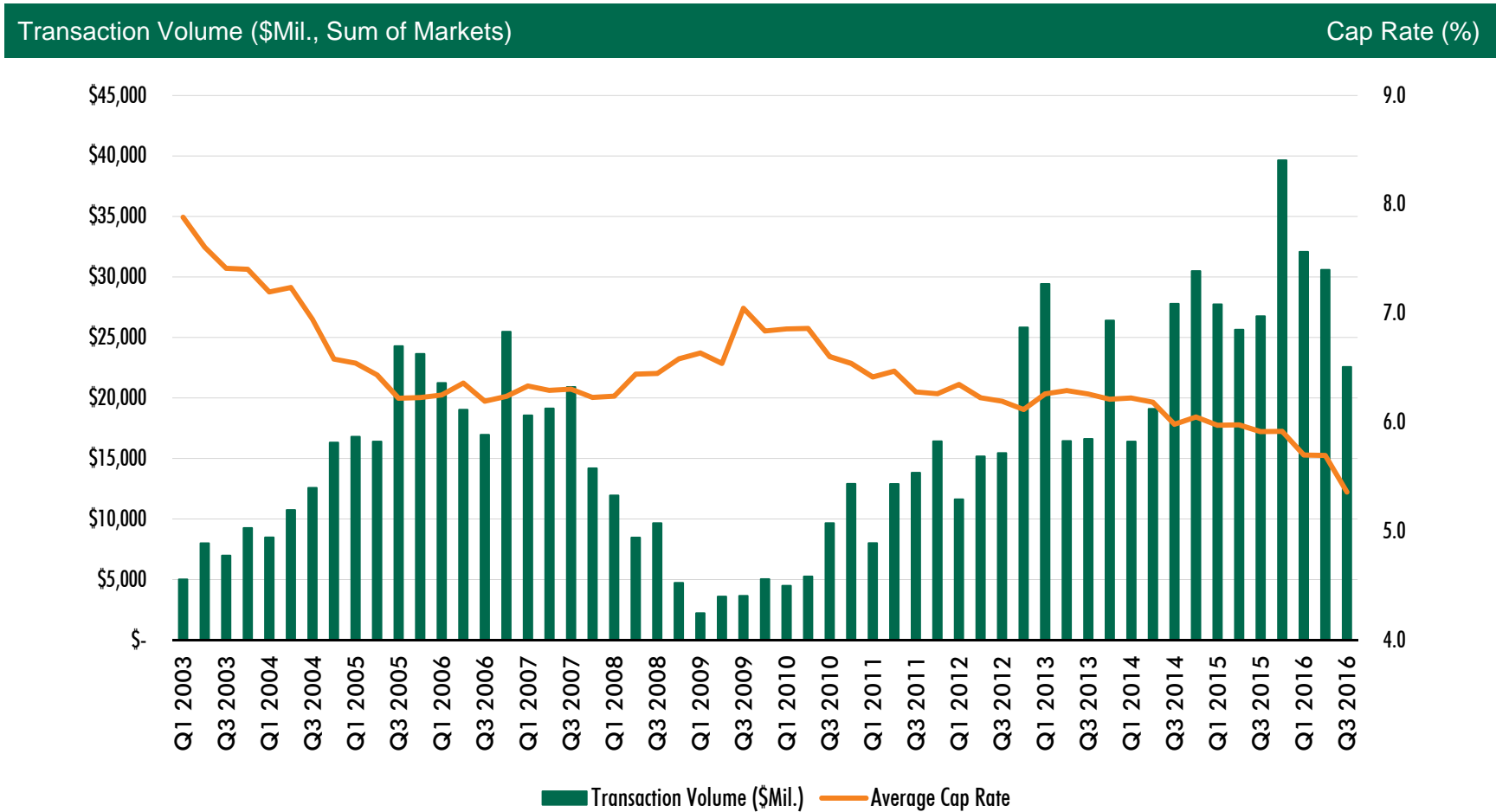
# URBAN VS. SUBURBAN PERFORMANCE

Nominal Effective Rent Growth (Y-o-Y, %)



Source: Real Capital Analytics, CBRE Econometric Advisors, Q3 2016.

# TRANSACTIONS DECELERATE, PRICING REMAINS STRONG



Source: Real Capital Analytics, CBRE Econometric Advisors, Q3 2016.

# TRANSACTION VOLUME BREAKDOWN

Multifamily the only property type to post YTD gains

Cap Rate (%)

## U.S. Commercial Real Estate Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	90.5	92.2	1.9
Portfolios	21.2	18.6	-12.2
Entity-Level	5.5	4.0	-28.2
<b>Total</b>	<b>117.2</b>	<b>114.8</b>	<b>-2.1</b>
Year-to-Date – Q3	2015	2016	
Individual Assets	264.2	265.4	0.5
Portfolios	77.2	61.5	-20.4
Entity-Level	36.2	16.2	-55.3
<b>Total</b>	<b>377.6</b>	<b>343.1</b>	<b>-9.1</b>

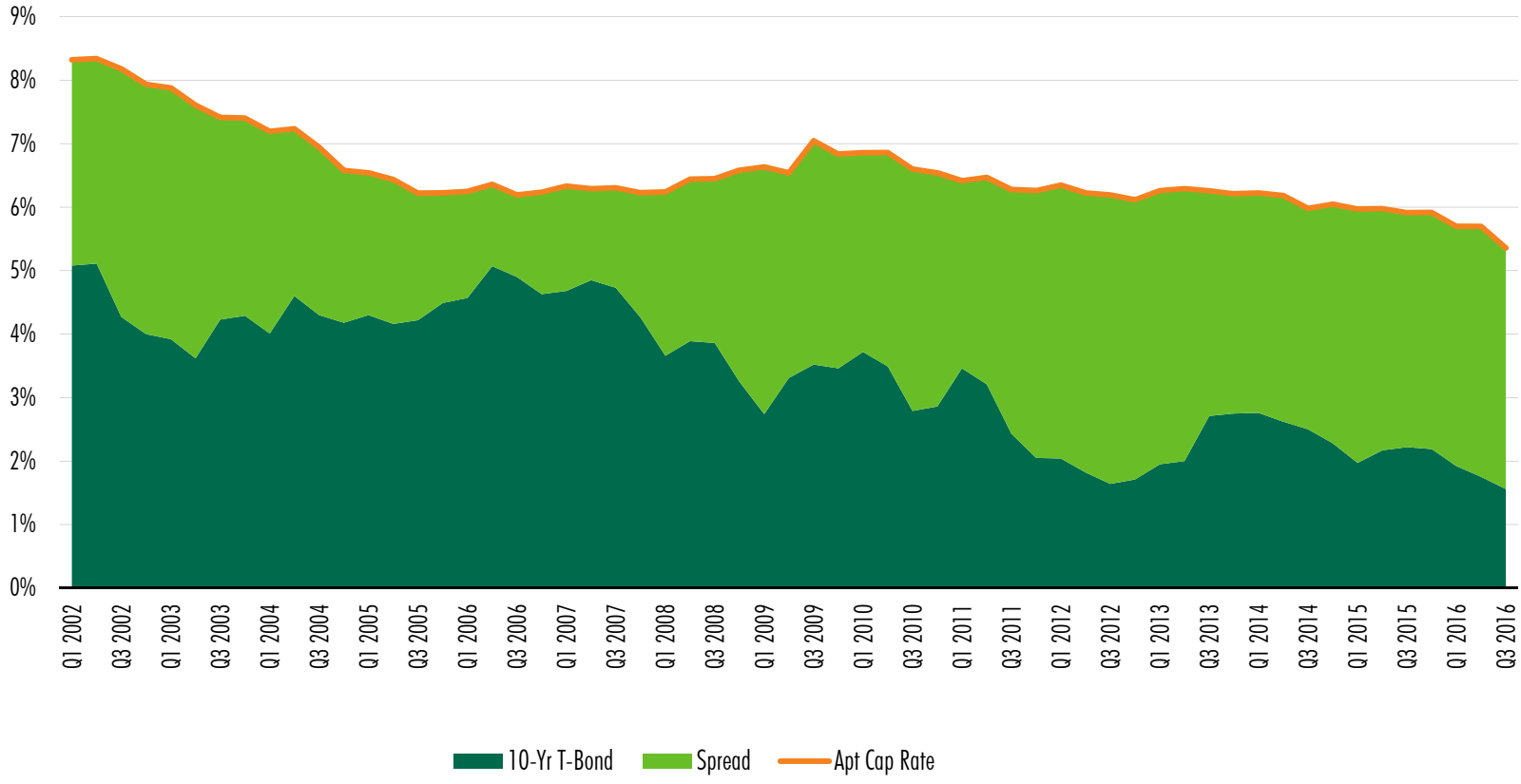
## U.S. Multifamily Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	25.5	31.6	23.8
Portfolios	5.7	5.2	-8.5
Entity-Level	3.2	0.0	-100.0
<b>Total</b>	<b>34.4</b>	<b>36.8</b>	<b>7.1</b>
Year-to-Date – Q3	2015	2016	
Individual Assets	75.8	84.6	11.6
Portfolios	18.3	23.7	29.4
Entity-Level	6.1	3.3	-46.6
<b>Total</b>	<b>100.2</b>	<b>111.5</b>	<b>11.3</b>

Source: Real Capital Analytics, CBRE Research, Q3 2016.

# CAP RATES, TREASURIES AND SPREAD

10-Yr T-Bond, Spread, Cap Rate (%)



Source: Board of Governors of the Federal Reserve System, Real Capital Analytics, CBRE Econometric Advisors, Q3 2016.

# CBRE H1 CAP RATE SURVEY: HAS MULTIFAMILY STABILIZED?

Average Rate	Infill				Suburban			
		Metro Tier				Metro Tier		
	All	I	II	III	All	I	II	III
CLASS A	4.60	4.20	4.78	5.50	5.00	4.57	5.17	5.64
CLASS B	5.15	4.70	5.43	6.10	5.52	5.09	5.69	6.15
CLASS C	6.06	5.57	6.12	7.33	6.48	6.02	6.52	7.35

Basis Point Change from 2H 2015	Infill				Suburban			
		Metro Tier				Metro Tier		
	All	I	II	III	All	I	II	III
CLASS A	3	4	5	-5	2	4	1	-6
CLASS B	-1	1	-2	-9	-3	-1	-7	-7
CLASS C	-3	-1	0	-17	-9	-7	-9	-15

Source: CBRE Research, CBRE Capital Markets, H1 2016.



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**THANK YOU**