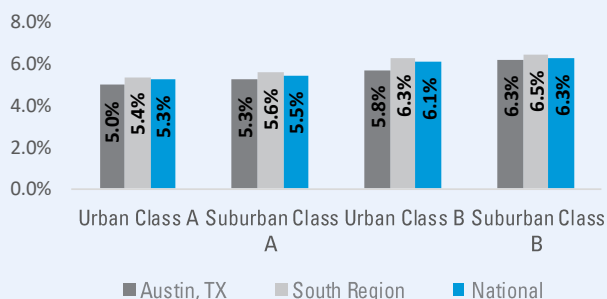


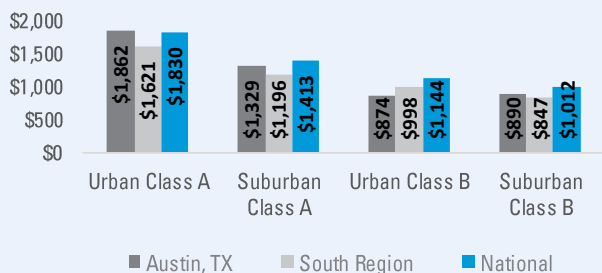
Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	↔	↔

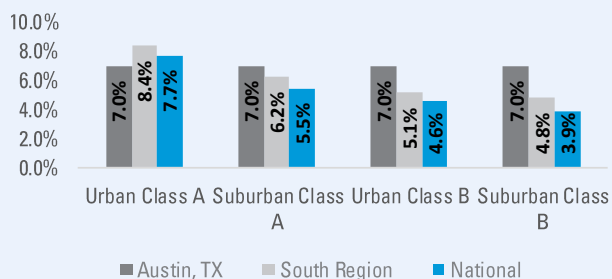
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



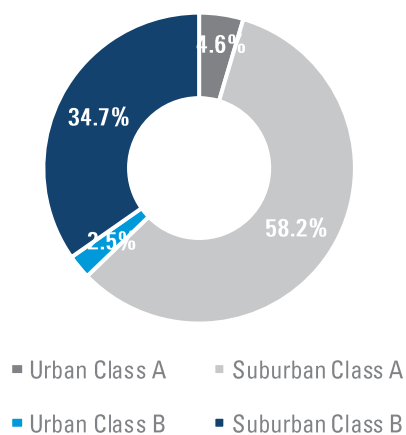
Vacancy Rates (%)



Austin, TX Multifamily Market Overview

Absorption continues to be strong in the Austin multifamily market, coupled with continued low vacancy rates and growing rental rates. Job growth coupled with population growth are the main drivers for the strong multifamily rental market. The downside of the population growth has been the traffic that accompanies it. The expansion of MoPac Expressway appears to be alleviating some of the north/south congestion, but IH 35 remains a congested challenge even on weekends. The lack of public transportation to offset adding more vehicles on the roadways could be a negative deciding factor for the city when courting large companies like Amazon, which could bring as much as 50,000 base employees. It is however, noteworthy that even after the last few years of congestion, the multifamily market has remained very strong. With the rise of rideshares, the growth of apartment renters that do not own vehicles has risen. The Avenue, a 30-story, at Congress and 8th, will have 135-luxury apartments, an office space, restaurant and bar, but no parking. This project is planned by Congress Development Partners, which is led by Austin architect Brad Nelson. Nelson reported to the Austin American Statesman that he felt Austin's transportation options can now support the carless concept, pointing to successful examples of buildings in Portland, Denver, Seattle and, with little surprise, New York. While this bold move for a downtown multifamily project is atypical, it does illustrate adaptability between multifamily developers and tenants. Continued population and job growth in 2018, throughout the Austin MSA should offset any market worries of increasing interest rates or even traffic congestion worries, and we expect to slightly less construction than in the past, but continued rent growth and low vacancy levels.

Distribution of Total Inventory



212,603 Units
Multifamily Inventory

2.82% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



4%+

Urban Class A

4%+

Urban Class B



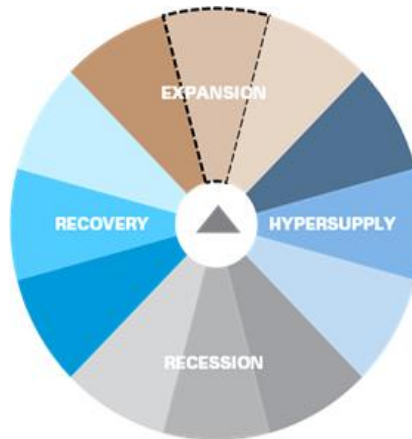
4%+

Suburban Class A

4%+

Suburban Class B

Market Cycle: Expansion Stage 2



- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- Moderate/High New Construction
- High Absorption
- Decreasing Vacancy Rates

Forecasts

Austin, TX 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	6,000			
Years to Balance	In Balance	In Balance	In Balance	In Balance

Austin, TX 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	4.00%	3.00%	4.00%	3.00%
Expense Rate Change	3.00%	3.00%	3.00%	3.00%
Change in Value	Increase 4%+	Increase 4%+	Increase 4%+	Increase 4%+
Annual Absorption (Units)	506	130	2,140	420

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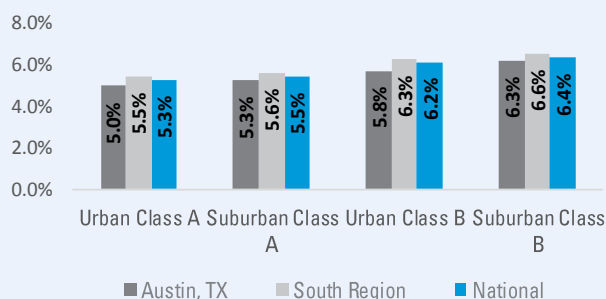
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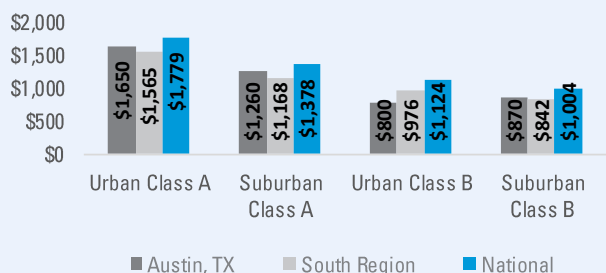
Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/Unit)	↓	↑
Vacancy Rate (%)	↑	↑

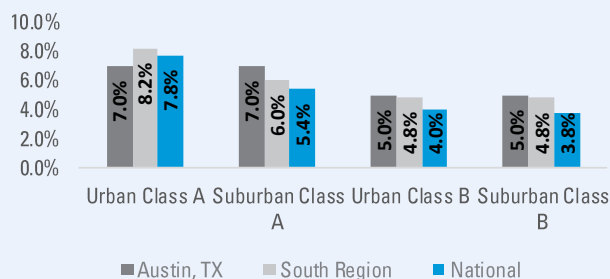
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



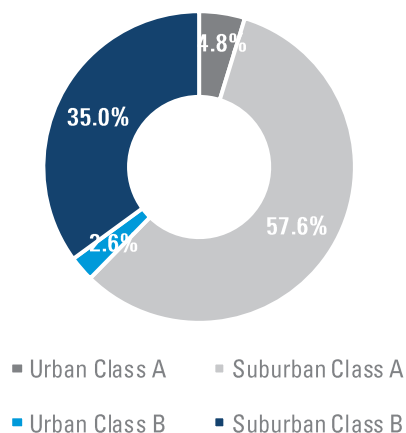
Vacancy Rates (%)



Austin, TX Multifamily Market Overview

The mood within the Austin multifamily market is continued optimism, but with a bit of growing concern about the length of time we have been in this expansion market. Market participants (lenders and investors) are straining to see what is around the corner, looking for weakness in any one of the pillars of the multifamily market (job growth, rental rate growth, vacancy rate levels or rise of concessions). The picture is a bit muddled in some of the markets where new development has been strong, such as the CBD, where we need to wait until the dust settles after construction completes on a number of projects to see if we have a change in market level rents and vacancy rates. Given how quick absorption has been for the new products, few expect to see any significant changes. The recent tax assessment jump for multifamily properties has poured some cold water on developer yield expectations, but given that values based on income were outdistancing values based on cost by large percentage points, it may serve as a governor on development thereby injecting a bit of stability to the market. For the next 12 months, we should see a continuation of what we witnessed over the last 12 months, but of course remain vigilant to whatever may be coming around the corner. Austin has several large and notable projects under construction including The Independent, a condominium tower that when complete will be city's tallest building. With an estimated value of \$300M, the 58-story, 370-unit project is expected to take 3 years to complete. Several other large projects were recently completed or are nearing completion including The Northshore at Green Water Treatment Plant, a redevelopment project with 440 multifamily units along with retail and office space, and the 346-unit Eastside Village Apartments in East Austin. Population growth in the suburban areas has also spurred the demand for more multifamily units, with numerous projects under construction.

Distribution of Total Inventory



208,400 Units
Multifamily Inventory

N/A - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



4%+

Urban Class A

4%+

Urban Class B



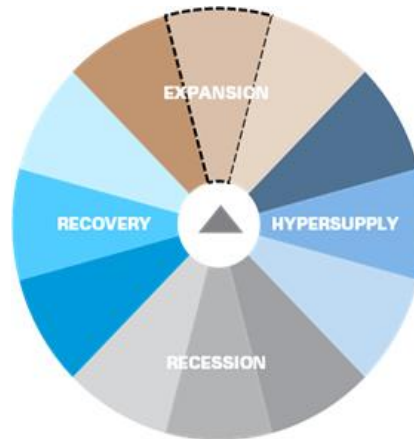
4%+

Suburban Class A

4%+

Suburban Class B

Market Cycle: Expansion Stage 2



- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- Moderate/High New Construction
- High Absorption
- Decreasing Vacancy Rates

Forecasts

Austin, TX 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	-			
Years to Balance	In Balance	In Balance	In Balance	In Balance

Austin, TX 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	5.00%	4.00%	4.00%	4.00%
Expense Rate Change	3.00%	3.00%	3.00%	3.00%
Change in Value	Increase 4%+	Increase 4%+	Increase 4%+	Increase 4%+
Annual Absorption (Units)	506	130	2,140	420

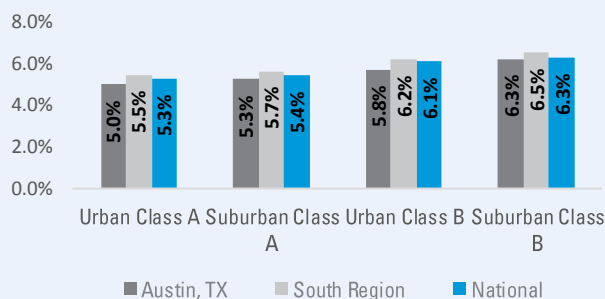
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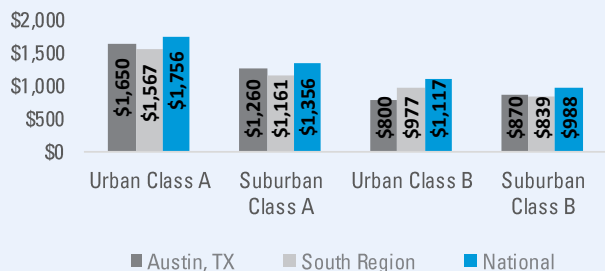
Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▼	▲
Vacancy Rate (%)	▲	▲

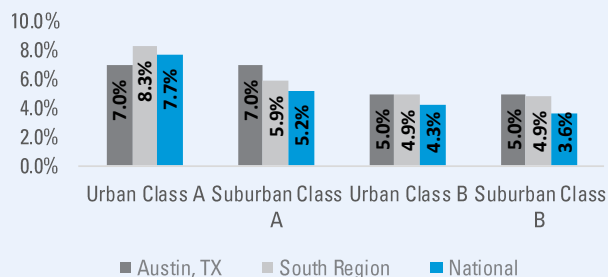
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



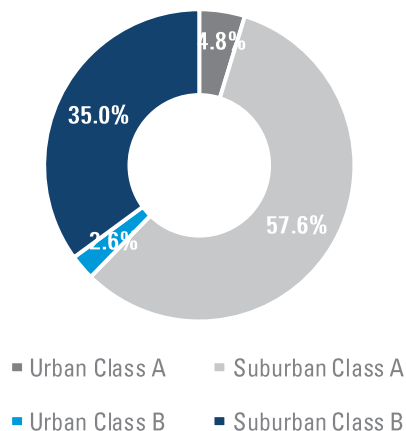
Vacancy Rates (%)



Austin, TX Multifamily Market Overview

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Distribution of Total Inventory



208,400 Units
Multifamily Inventory

5.47% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



4%+

Urban Class A

4%+

Urban Class B



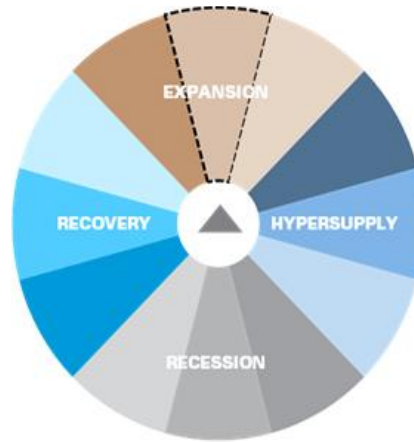
4%+

Suburban Class A

4%+

Suburban Class B

Market Cycle: Expansion Stage 2



- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- Moderate/High New Construction
- High Absorption
- Decreasing Vacancy Rates

Forecasts

Austin, TX 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	11,400			
Years to Balance	In Balance	In Balance	In Balance	In Balance

Austin, TX 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	5.00%	4.00%	4.00%	4.00%
Expense Rate Change	3.00%	3.00%	3.00%	3.00%
Change in Value	Increase 4%+	Increase 4%+	Increase 4%+	Increase 4%+
Annual Absorption (Units)	506	130	2,140	420

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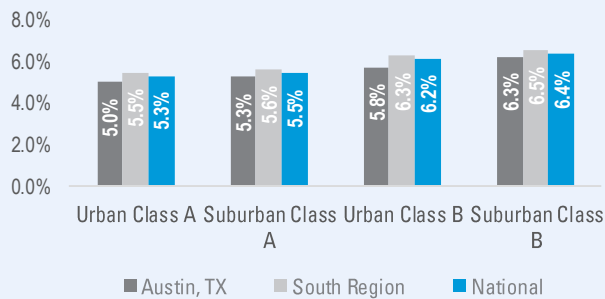
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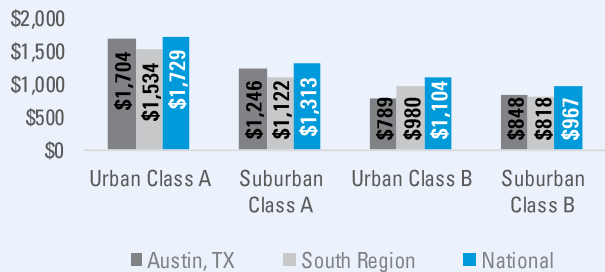
Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▼	▲
Vacancy Rate (%)	▼	▼

Going In Cap Rate Comparisons (%)

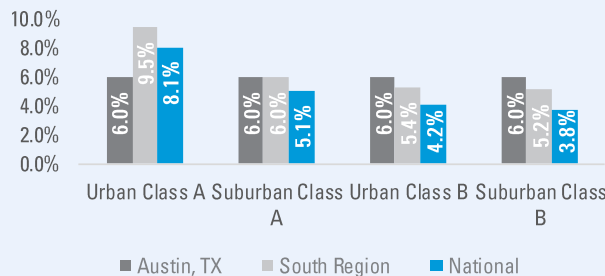


Asking Rents (\$/Unit)



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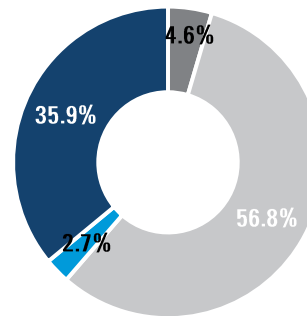
Vacancy Rates (%)



Austin, TX Multifamily Market Overview

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Distribution of Total Inventory



202,573 Units
Multifamily Inventory

5.60% - 12 Mo. Proj.
Construction/Inventory

- Urban Class A
- Suburban Class A
- Urban Class B
- Suburban Class B

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Integra Realty Resources - Austin

3755 S. Capital of Texas Hwy., Suite 245, Austin, TX 78704, 512-459-3440
Randy Williams, MAI, SR/WA, FRICS, Senior Managing Director, rawilliams@irr.com

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Change In Value Next 12 Months



4%+

Urban Class A

4%+

Urban Class B



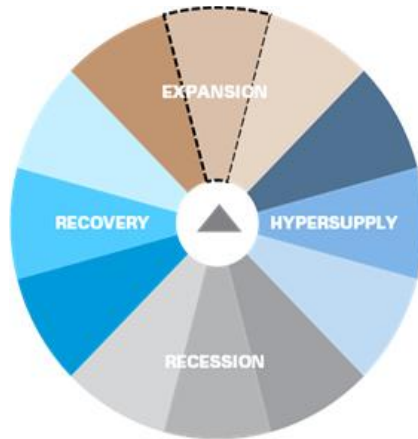
4%+

Suburban Class A

4%+

Suburban Class B

Market Cycle: Expansion Stage 2



- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- Moderate/High New Construction
- High Absorption
- Decreasing Vacancy Rates

Forecasts

Austin, TX 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain +/- 0%	Remain +/- 0%	Remain +/- 0%	Remain +/- 0%
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Remain +/- 0%	Remain +/- 0%	Remain +/- 0%	Remain +/- 0%
Construction (Units)	11,344			
Years to Balance	In Balance	In Balance	In Balance	In Balance

Austin, TX 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	5.00%	4.00%	4.00%	4.00%
Expense Rate Change	3.00%	3.00%	3.00%	3.00%
Change in Value	Increase 4%+	Increase 4%+	Increase 4%+	Increase 4%+
Annual Absorption (Units)	506	130	2,140	420

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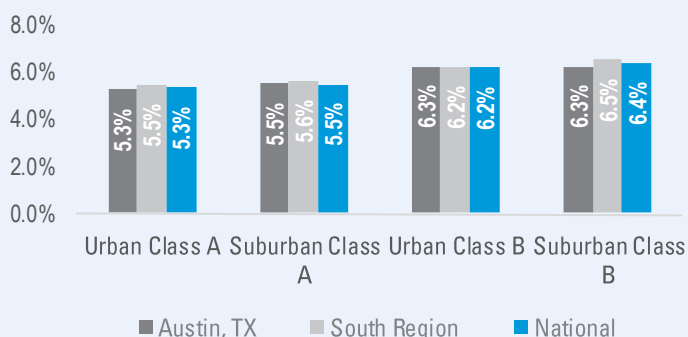
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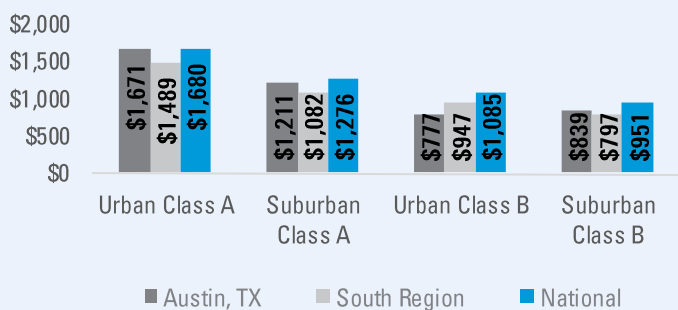
Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

Going In Cap Rate Comparisons (%)

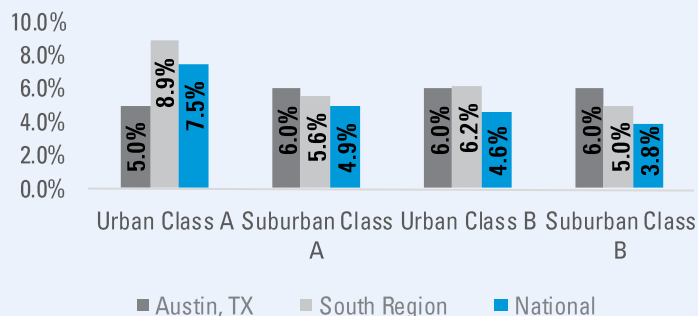


Asking Rents (\$/Unit)



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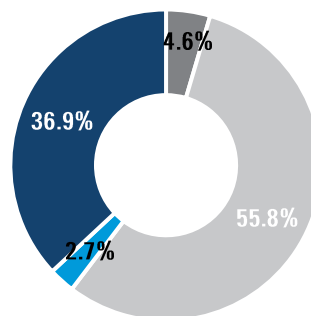
Vacancy Rates (%)



Austin, TX Multifamily Market Overview

With a booming local economy driven by strong population growth, the expansion of business, and a low unemployment rate, the Austin multifamily market continues to expand. Overall vacancy increased marginally throughout 2015 and is expected to continue climbing slightly based on the tremendous amount of new supply added in the last 12 months. More than 10,000 new multifamily units were added in 2015, one of the biggest year-over-year increases in 30 years. Downtown Austin continues to be a hot spot for new development, with more than 2,300 new multifamily units added in the past year. Rental rates in urban and suburban areas continue to increase, and are expected to continue ticking upward over the next two years – at a faster rate than average household incomes in Austin. Overall absorption remained positive for all classes, in both the suburban and urban setting. Cap rates and discounts saw little variation over the last two quarters of 2015. Going into 2016 both cap rates and discount rates are expected to remain steady. There are several large and notable projects planned in the Austin area – one of which is The Independent, a proposed condominium tower that would be Austin's tallest building. With an estimated value of \$300M, the proposed 58-story, 370-unit project is already 90 percent pre-sold. Unprecedented growth is also occurring in suburban Austin, with communities such as Cedar Park, Round Rock, Georgetown, Kyle, and San Marcos experiencing a boom in multifamily development. With population growth driving the demand for the increased supply of new multifamily units, the market should continue to expand into 2016.

Distribution of Total Inventory



198,384 Units
Multifamily Inventory

4.71% - 12 Mo. Proj.
Construction/Inventory

- Urban Class A
- Suburban Class A
- Urban Class B
- Suburban Class B

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Integra Realty Resources - Austin

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Randy Williams, MAI, SR/WA, FRICS, Senior Managing Director, rawilliams@irr.com

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Change In Value Next 12 Months



+ 4%

Urban Class A

+ 4%

Urban Class B



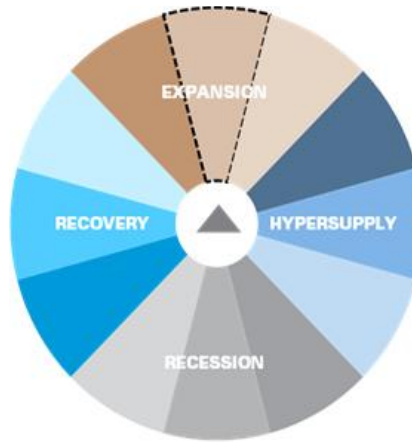
+ 4%

Suburban Class A

+ 4%

Suburban Class B

Market Cycle: Expansion Stage 2



- Moderate/High Employment Growth
- Moderate/High New Construction
- Moderate/High Employment Growth
- High Absorption
- Decreasing Vacancy Rates

Forecasts

Austin, TX 12 Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	9,350			
Years to Balance	In Balance	In Balance	In Balance	In Balance

Austin, TX 36 Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	Increase 3% - 4.9%	Increase 3% - 4.9%	Increase 3% - 4.9%	Increase 3% - 4.9%
Expense Rate Change	Increase 1% - 2.9%	Increase 1% - 2.9%	Increase 1% - 2.9%	Increase 1% - 2.9%
Change in Value	Increase 4%+	Increase 4%+	Increase 4%+	Increase 4%+
Annual Absorption (Units)	500	154	2,280	520

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