

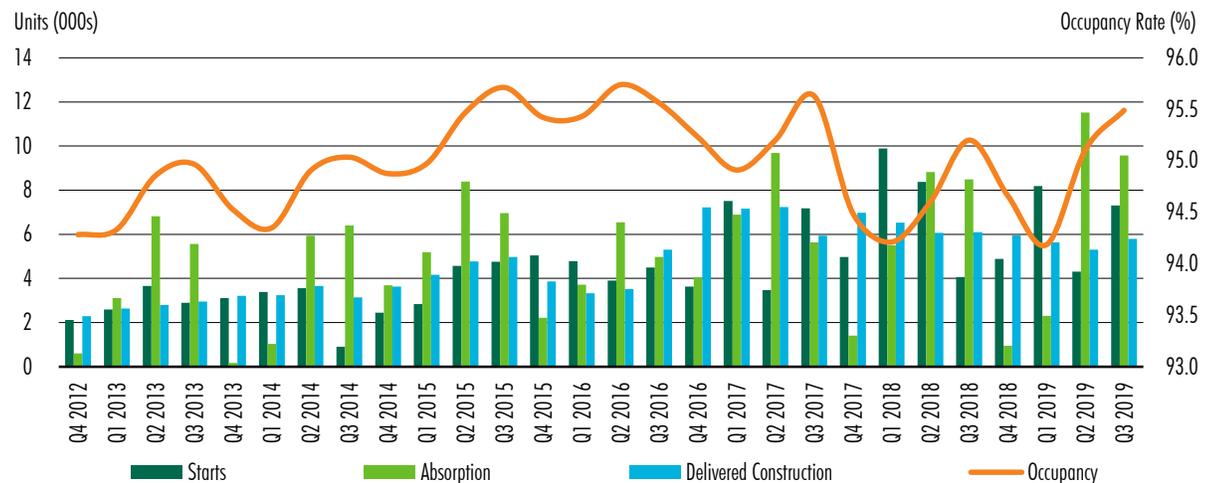
Dallas/Fort Worth Multifamily, Q3 2019

Healthy job growth helps keep market tight with rising rents

▲ Occupancy Rate 95.5%
▲ Avg. Rental Rate \$1.34 PSF
▲ Construction Starts 7,315 Units
▲ Delivered 5,800 Units
▼ Absorption 9,571 Units

*Arrows indicate trend from previous quarter.

Figure 1: DFW Multifamily Market



Source: CBRE Research, Axiometrics, a RealPage Company, Q3 2019.

Occupancy continued to tighten despite Dallas/Fort Worth sustaining its strong rate of development. This happened because even though 5,800 units were delivered during Q3 2019, 9,571 units were also absorbed. Rents continued to increase at a rate of +3.0% year-over-year, in line with the national average.

Far and away, the most active submarkets of the last few quarters have been Frisco and Intown Fort Worth/University. Over twelve months, Frisco has built 2,935 units of multifamily, while Intown Fort Worth/University built 2,794 units. At the same time, Frisco absorbed 3,000 units, demonstrating the strong draw that new, quality product with proximity to high-paying jobs generates. Frisco achieved +3.1% rent growth. Meanwhile, net absorption reached only 2,412 units in Intown Fort Worth/University, and submarket rent growth has fallen to -1.8% year-over-year.

Notably, Dallas' effective rent growth rate (+3.1%) is for the first time in five years higher than Fort Worth's (+2.5%), and this gap will likely widen through 2020. Both Fort Worth and Dallas have job growth well above the U.S. rate, but in Fort Worth both multifamily permitting and single family permitting are *increasing*, while in Dallas permitting in both is *decreasing*.

Strong demand materialized in submarkets with high deliveries, leading to strong rent growth in the high-profile areas of Frisco (+3.1%), Allen/McKinney (+2.8%) and Richardson (+4.2%). This time last year, rent growth among these submarkets was flat.

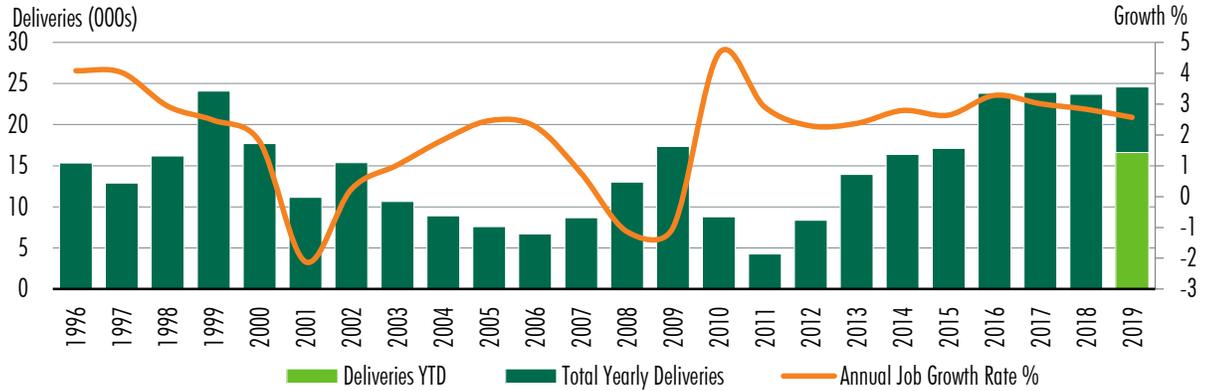
Through the next twelve months, we expect three submarkets to lead deliveries with just over 2,000 units each: Carrollton/Farmers Branch, Frisco, and Intown Dallas. Construction is more geographically spread than in previous years.

Figure 2: Market Overview

	Submarket	Unit Count	Effective Rent (\$/SF/Mth)	Rent Growth Year-Over-Year (%)	Occupancy (%)	Net Absorption Units	Under Construction Units	Delivered Units
CENTRAL	East Dallas	23,525	1.64	3.4	95.5	312	1,036	150
	Far East Dallas	20,163	1.15	4.7	95.1	24	235	-
	Intown Dallas	38,433	1.84	1.4	94.8	762	3,492	492
	Northeast Dallas	37,111	1.26	3.2	94.7	151	-	-
	Oak Lawn / Park Cities	18,107	1.85	2.1	94.9	16	1,407	80
	Central Total	137,339	1.55	2.8	94.9	1,265	6,170	722
NORTH	Addison/ Bent Tree	27,787	1.36	2.7	96.1	198	1,590	156
	Allen / McKinney	23,479	1.33	2.8	95.6	764	2,855	554
	Central / East Plano	20,209	1.34	4.8	95.7	382	911	265
	Far North Dallas	29,558	1.33	2.5	95.9	275	-	-
	Frisco	21,993	1.39	3.1	95.5	544	3,931	316
	North Dallas	15,067	1.36	3.0	95.8	165	634	-
	Richardson	18,156	1.40	4.2	95.0	180	1,431	148
	West Plano	18,028	1.48	3.5	96.1	396	616	-
	North Total	174,277	1.37	3.2	95.7	2,904	11,968	1,439
NORTHEAST	Garland	19,564	1.21	3.7	95.4	89	872	165
	Hunt County	4,582	0.95	3.8	94.9	60	-	-
	Rockwall / Rowlett / Wylie	6,848	1.40	-0.8	96.0	218	1,804	174
	Northeast Total	30,994	1.21	2.7	95.5	367	2,676	339
SOUTHEAST	Kaufman County	3,133	1.13	1.5	96.1	41	521	43
	Mesquite	12,869	1.18	3.0	95.6	37	-	-
	Southeast Total	16,002	1.17	2.7	95.7	78	521	43
SOUTH	Ellis County	6,028	1.15	1.9	97.3	189	298	236
	Southeast Dallas	16,571	1.03	4.0	95.2	51	-	-
	Southern Dallas County	10,508	1.19	4.5	96.5	73	234	66
	Zang Triangle / Cedars / Fair Park	7,626	1.33	4.6	94.2	(43)	68	-
	South Total	40,733	1.15	3.9	95.7	270	600	302
SOUTHWEST	Grand Prairie	19,638	1.29	2.6	95.4	336	920	469
	North Oak Cliff / West Dallas	12,992	1.36	2.6	95.6	209	1,361	165
	Southwest Dallas	18,800	1.15	5.9	96.2	372	478	70
	Southwest Total	51,430	1.26	3.8	95.7	917	2,759	704
NORTHWEST	Carrollton / Farmers Branch	16,994	1.31	2.6	96.1	356	3,019	216
	Denon	21,871	1.31	1.3	96.2	645	832	294
	Las Colinas / Coppell	27,597	1.50	2.6	95.8	512	1,694	250
	Lewisville / Flower Mound	26,150	1.34	3.4	95.5	204	1,322	83
	Love Field / Medical District	9,019	1.57	2.4	95.4	44	641	-
	North Irving	11,230	1.29	2.7	95.1	171	288	-
	Northwest Dallas	11,521	1.23	3.4	97.2	83	86	129
	South Irving	21,049	1.19	4.6	96.8	83	282	-
	The Colony / Far North	16,464	1.38	3.5	95.4	566	2,197	394
	Northwest Total	161,895	1.35	3.0	96.0	2,664	10,361	1,366
CENTRAL	Intown Fort Worth / University	19,817	1.50	-1.8	92.4	721	2,517	519
	Central Total	19,817	1.50	-1.8	92.4	721	2,517	519
NORTH	Haltom City / Meacham	8,053	1.23	5.8	95.2	121	1,179	44
	North Fort Worth / Keller	10,076	1.36	3.2	95.8	108	1,854	117
North Total	18,129	1.30	4.4	95.6	229	3,033	161	
NORTHEAST	Grapevine / Southlake	8,027	1.49	2.3	96.3	5	803	-
	Hurst / Euless / Bedford	32,851	1.27	2.7	95.8	98	813	99
	Northeast Fort Worth / North Richland Hills	15,168	1.24	2.8	95.5	-	714	54
	Northeast Total	56,046	1.29	2.6	95.8	103	2,330	153
EAST	Central Arlington	23,352	1.17	2.4	95.6	(6)	-	-
	East Fort Worth	12,837	1.08	3.2	94.0	2	-	-
	North Arlington	20,905	1.24	2.8	95.1	110	358	-
	South Arlington/Mansfield	9,522	1.35	4.1	96.0	27	-	-
	East Total	66,616	1.20	2.9	95.2	133	358	52
SOUTH	Burleson/Johnson County	5,529	1.16	1.4	96.3	50	-	52
	South Fort Worth	9,820	1.07	2.3	95.5	(33)	467	-
	South Total	15,349	1.10	2.0	95.8	17	467	52
WEST	Southwest Fort Worth	21,515	1.12	4.1	95.0	6	387	-
	West Fort Worth/Parker County	6,427	1.11	0.5	96.1	(103)	-	-
	West Total	27,942	1.11	3.3	95.2	(97)	387	-
DALLAS TOTAL		612,670	1.37	3.1	95.6	8,465	35,055	4,915
FORT WORTH TOTAL		203,899	1.24	2.5	95.2	1,106	9,092	885
DALLAS/FORT WORTH TOTAL		816,569	1.34	3.0	95.5	9,571	44,147	5,800

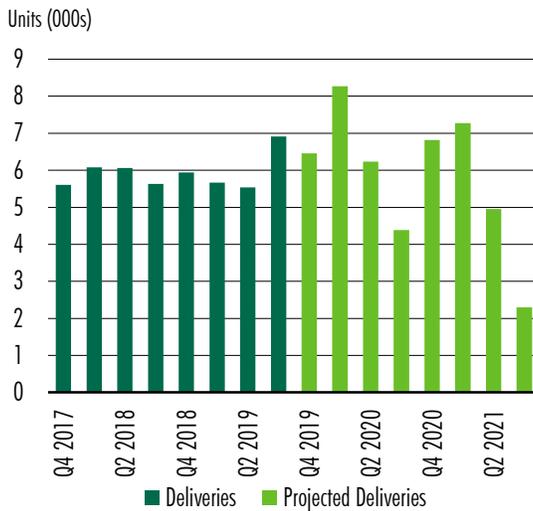
Source: CBRE Research, Axionmetrics, a RealPage Company, Q3 2019.

Figure 3: New Supply & Job Growth



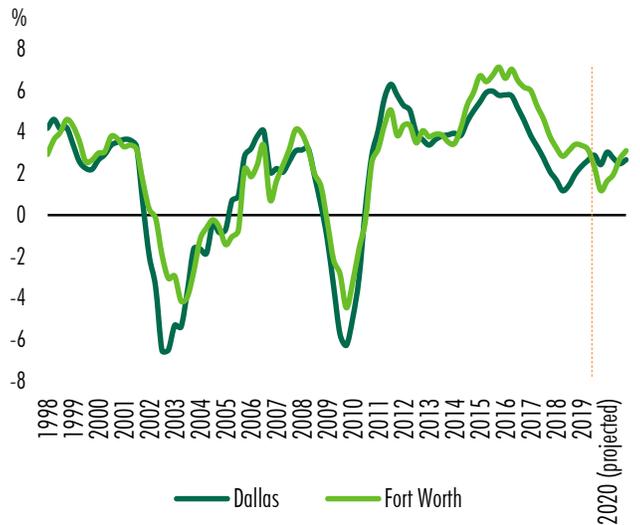
Source: CBRE Research, Axiometrics, a RealPage Company, Bureau of Labor Statistics, Q3 2019.

Figure 4: Historical & Forecasted Deliveries



Source: CBRE Research, Axiometrics, a RealPage Company, Q3 2019.

Figure 5: Historical & Forecasted Annual Rent Growth



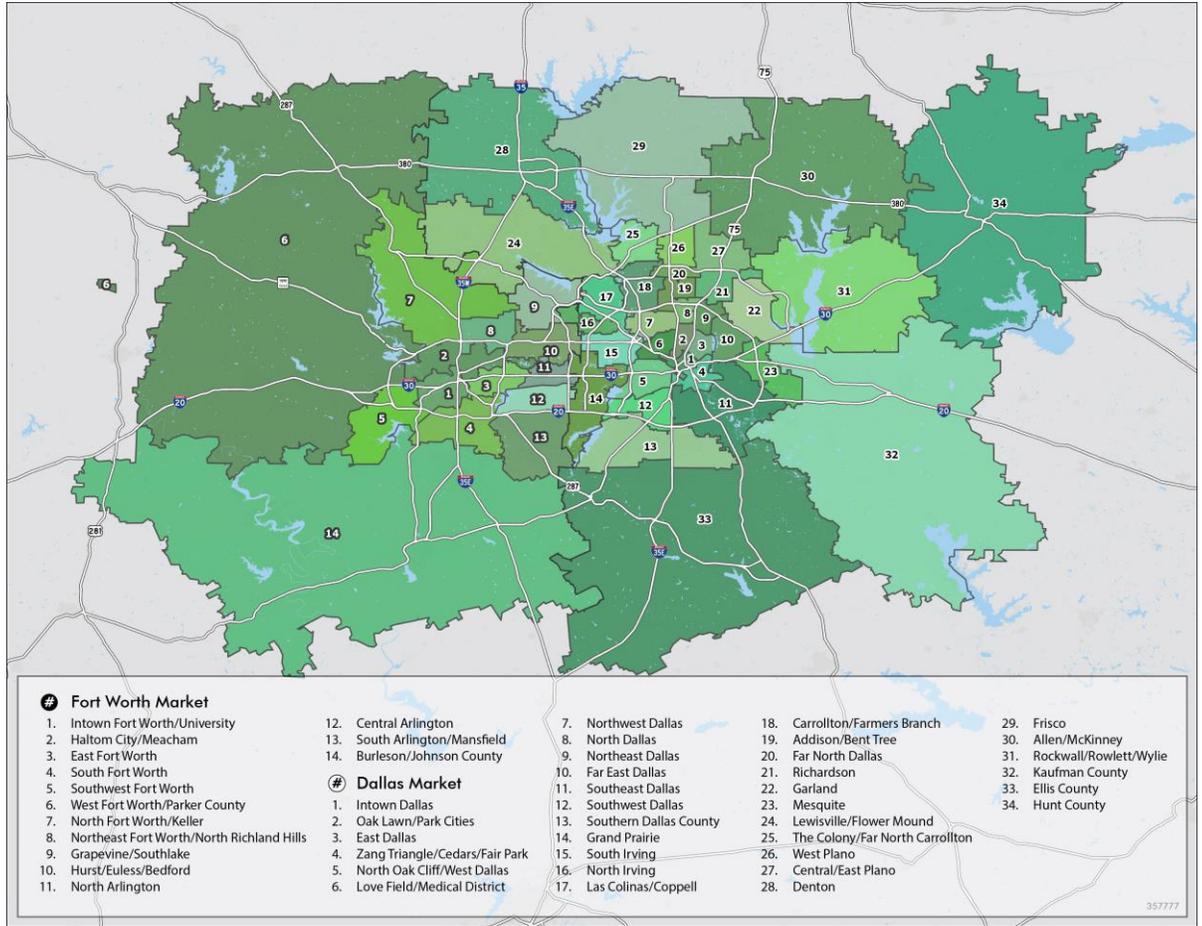
Source: CBRE Research, Axiometrics, a RealPage Company, Q3 2019.

Figure 6: Performance by Asset Class

EFFECTIVE RENTAL RATE	GRADE	3Q18	4Q18	1Q19	2Q19	3Q19
Dallas-Plano-Irving, TX	A	\$1.67	\$1.67	\$1.69	\$1.71	\$1.72
Dallas-Plano-Irving, TX	B	\$1.28	\$1.28	\$1.29	\$1.32	\$1.34
Dallas-Plano-Irving, TX	C	\$1.02	\$1.02	\$1.04	\$1.06	\$1.08
Fort Worth-Arlington, TX	A	\$1.45	\$1.46	\$1.46	\$1.48	\$1.48
Fort Worth-Arlington, TX	B	\$1.18	\$1.19	\$1.19	\$1.21	\$1.23
Fort Worth-Arlington, TX	C	\$0.95	\$0.95	\$0.96	\$0.97	\$0.99

OCCUPANCY RATE	GRADE	3Q18	4Q18	1Q19	2Q19	3Q19
Dallas-Plano-Irving, TX	A	94.4%	93.9%	93.6%	94.4%	95.2%
Dallas-Plano-Irving, TX	B	95.2%	94.5%	94.1%	95.1%	95.6%
Dallas-Plano-Irving, TX	C	95.9%	95.3%	94.9%	95.8%	96.0%
Fort Worth-Arlington, TX	A	94.9%	93.9%	93.8%	94.5%	94.6%
Fort Worth-Arlington, TX	B	95.5%	94.7%	94.5%	95.4%	95.5%
Fort Worth-Arlington, TX	C	95.6%	94.8%	94.4%	95.0%	95.3%

Source: CBRE Research, Axiometrics, a RealPage Company, Q3 2019



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