APARTMENT REVENUE MANAGEMENT CONFERENCE

TOP 10 SUBMARKETS

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Vice President - Research

September 23-25, 2013
Turnberry Isle Miami

National Apartment Association

Joshua Tree Conference Group
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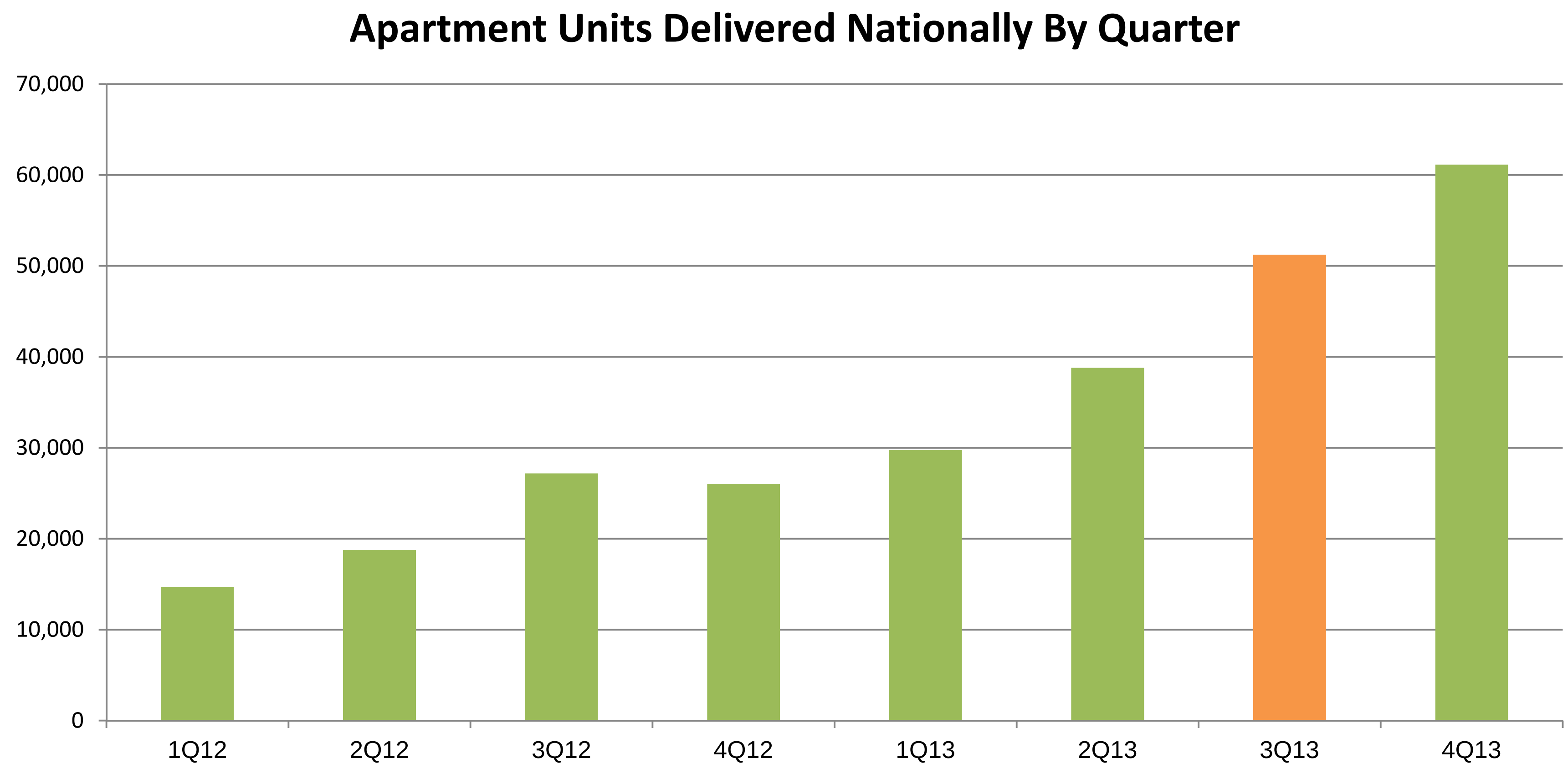
U.S. Apartment Deliveries

More Than 60k Units Will Deliver By EOY



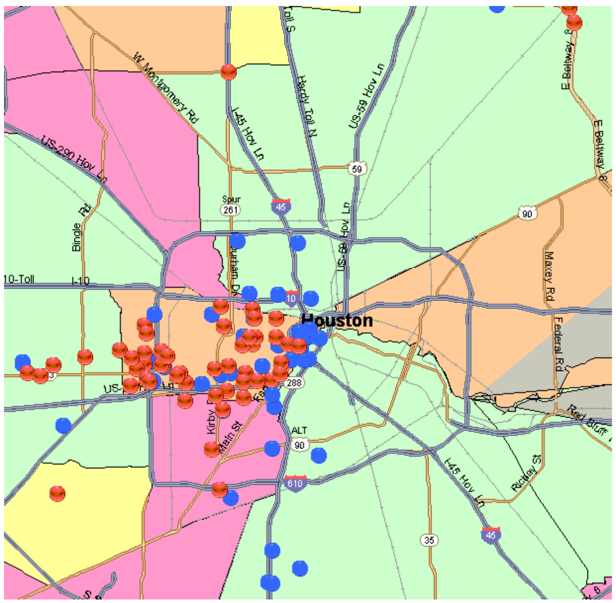
Source: Axiometrics Inc.

Delivery schedule is based on individual properties tracked by Axiometrics.

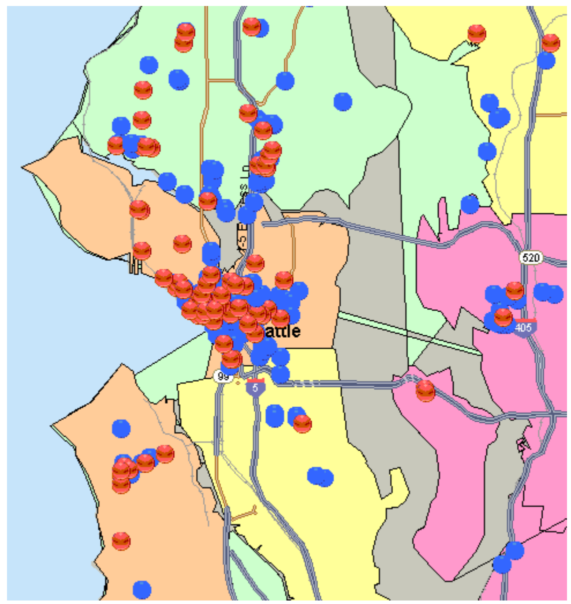
Submarkets With The Most New Construction

Maps of Pipeline Properties Show Heavy Concentration in the Urban Core

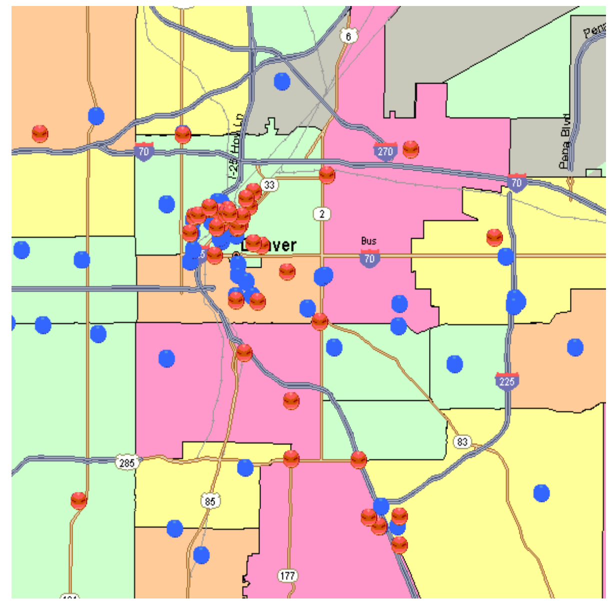
Houston



Seattle



Denver



Planned

Under Construction/Lease Up

Source: Axiometrics Inc.

Pipeline status as of August 2013. Shading is based on submarket boundaries.

Most New Construction

Delivery Schedule By Submarket

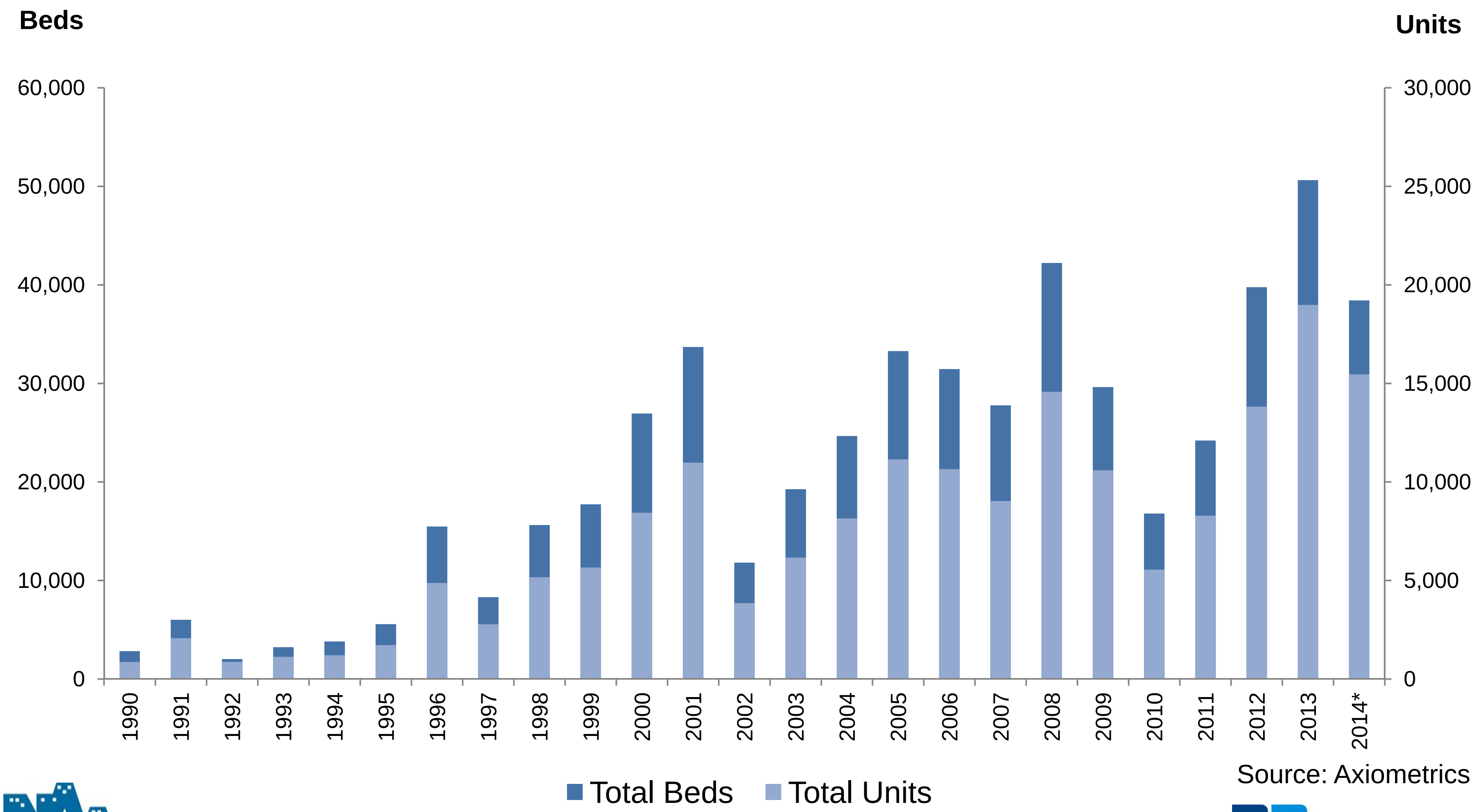
			Units Delivered			3-Year
MSA	**Submarket**	**Grade**	**2012**	**2013**	**2014***	**Total**
HOU	Montrose/River Oaks	A	260	3,812	6,153	10,225
SEA	Downtown/Capitol Hill/Queen Anne	A-	1,366	3,394	3,098	7,858
SJO	Northeast San Jose	B	914	2,205	1,934	5,053
ATL	Atlanta/Fulton	A-	103	1,730	3,161	4,994
DEN	Denver-Downtown	A	432	1,659	2,901	4,992
DAL	Oaklawn	A+	433	1,393	2,549	4,375
NY	Kings County	B+	281	1,490	2,561	4,332
MINN	Minneapolis	A-	575	1,618	2,079	4,272
WDC	Anacostia/Northeast DC	B+	1,069	1,334	1,788	4,191
DAL	Plano/Frisco/McKinney	B+	1,269	1,691	1,056	4,016
U.S.	**Total**		**86,653**	**180,880**	**191,095**	**458,628**

Source: Axiometrics Inc.

*The 2014 total only includes properties that have already started construction.

Student Housing Construction

Deliveries Have Been Escalating Since the Late 1990s; Watch out for Competing Supply!



Source: Axiometrics Inc.

*The 2014 total only includes properties that have already started construction.

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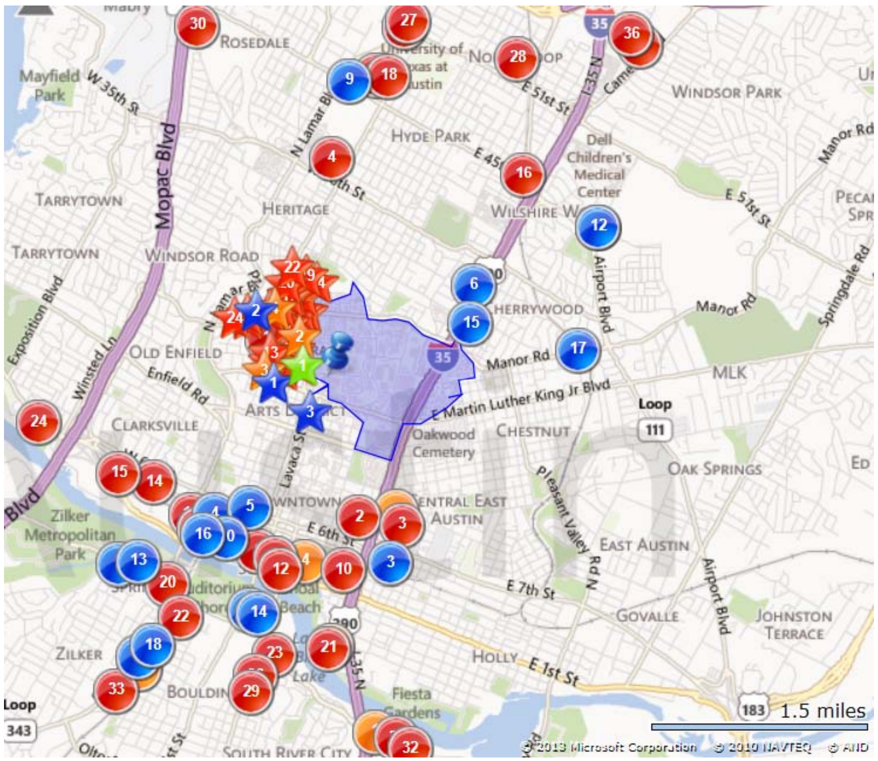
Student Housing

Map of Student and Conventional Properties Near Campus

Austin - University of Texas



CONVENTIONAL APARTMENT	STUDENT HOUSING
Stabilized: 48	Stabilized: 25
Lease up*: 5	Initial Lease up*: 4
Under Construction: 18	Under Construction: 3

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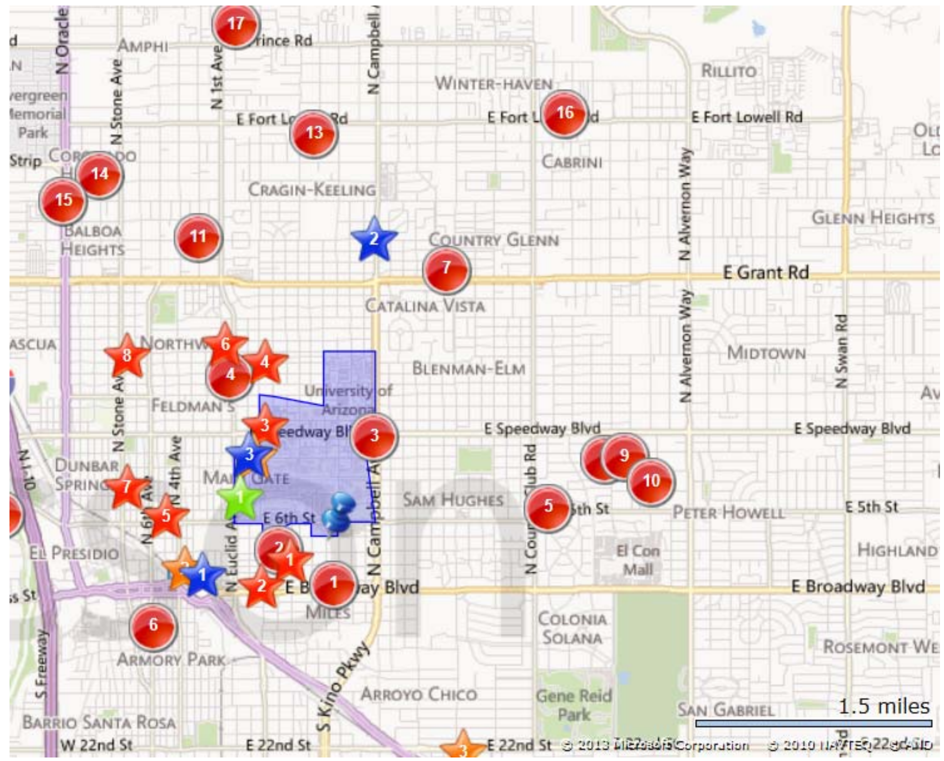
Property status as of July 2013.

Tucson - University of Arizona



CONVENTIONAL APARTMENT	STUDENT HOUSING
Stabilized: 18	Stabilized: 8
Lease up*: 0	Initial Lease up*: 3
Under Construction: 0	Under Construction: 3

Source: Axiometrics Inc.

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Student Housing Construction

Deliveries Within Conventional Submarkets
2013/2014 and 2014/2015 School Years

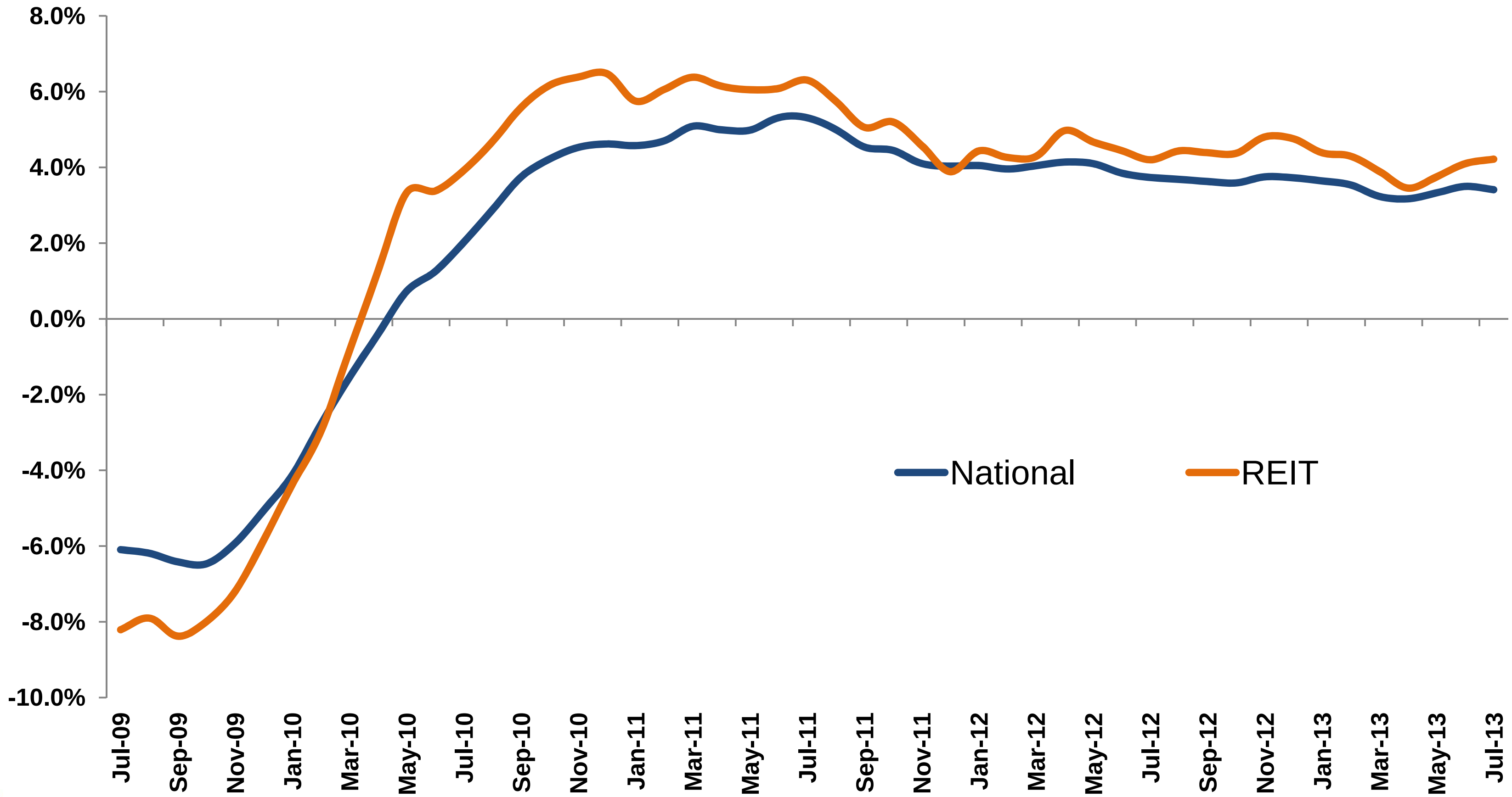
MSA	Submarket	University	Beds	Units	Adjusted Units*
LA	Central LA	UCLA	3,648	943	2,432
TUC	Central Tucson/Univ-North	Arizona	2,980	986	1,987
ORL	Northeast/436/551	Central Florida	2,213	585	1,475
AUS	San Marcos	Texas State	2,141	890	1,427
AUS	Central	Texas	2,089	1,316	1,393
CHAR	Harris Blvd/Mallard Crk Church	UNC - Charlotte	1,598	731	1,065
PHO	North Tempe	Arizona State	1,537	548	1,025
ATL	Marietta	Kennesaw State	1,483	492	989
LEX	North Circle	Kentucky	1,298	428	865
MINN	Minneapolis	Minnesota	1,255	631	837

Source: Axiometrics Inc.

*Adjusted units divides the bed count by 1.5 to closer replicate the equivalent number of conventional units potentially impacted.

Effective Rent Growth Trends

REITS Outperform the Nation for Several Reasons, Including: Being in the Right MSAs, Right Submarkets, and Using Revenue Management



Source: Axiometrics Inc.

Top and Bottom Performing MSAs for Effective Rent Growth

Top 10

MSA	Annual ERG	Occ
Cape Coral, FL	11.0%	94%
Oakland, CA	10.2%	97%
Naples, FL	9.8%	97%
Boulder, CO	9.0%	95%
San Francisco, CA	8.0%	96%
Corpus Christi, TX	8.0%	96%
Denver, CO	7.6%	96%
North Port, FL	7.6%	96%
Seattle, WA	6.9%	96%
Portland, OR	6.7%	97%

Bottom 10

MSA	Annual ERG	Occ
Winston-Salem, NC	0.6%	92%
Little Rock, AR	0.4%	90%
Hartford, CT	0.2%	96%
Philadelphia, PA	0.1%	94%
Washington, DC	-0.2%	95%
Albuquerque, NM	-0.2%	94%
Chattanooga, TN	-0.3%	93%
Mobile, AL	-0.4%	92%
Montgomery, AL	-1.3%	92%
Augusta, GA	-1.3%	93%

Based on July 2013 data.
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Source: Axiometrics Inc.

Best Effective Rent Growth

Oakland, Denver, and Cape Coral Submarkets Dominate the List

			Submarket		MSA	
MSA	**Submarket**	**Grade**	**ERG**	**Occ**	**ERG**	**Occ**
OAK	East Alameda	B+	13%	97%	10%	97%
OAK	North Alameda	B+	13%	96%	10%	97%
CAPE	FORT MYERS	B-	13%	94%	11%	94%
DEN	Aurora-South	B	11%	95%	8%	96%
DEN	Aurora-Central-Southeast	B-	10%	96%	8%	96%
OAK	San Ramon/Walnut Creek	B+	10%	97%	10%	97%
CHI	The Loop	A-	10%	95%	3%	96%
DEN	Denver-Far Southeast	B	10%	96%	8%	96%
CAPE	SOUTHERN LEE COUNTY	B+	10%	94%	11%	94%
CAPE	Fremont/Newark/Union City	B	10%	97%	10%	97%
U.S.	**Weighted Average**		**3.4%**	**94.8%**	**3.4%**	**94.8%**

These submarkets have a combined nine properties with 2,004 units under construction.

Based on July 2013 data.

List is only based on submarkets with at least 10 same store properties.

Source: Axiometrics Inc.

Lowest Effective Rent Growth

Six of the Bottom 10 are in Washington, DC

			Submarket		MSA	
MSA	**Submarket**	**Grade**	**ERG**	**Occ**	**ERG**	**Occ**
WDC	Woodley Pk./Cleveland Pk.	A-	-2%	95%	0%	95%
WDC	Rosslyn/Ballston	A-	-3%	95%	0%	95%
WDC	SE Fairfax County	B	-3%	96%	0%	95%
PHI	Torresdale/Bensalem	B-	-3%	95%	0%	94%
MINN	Minneapolis	A-	-4%	98%	3%	97%
WDC	Columbia Pike/Shirlington	B+	-4%	95%	0%	95%
WDC	Pentagon City/Crystal City	A-	-4%	95%	0%	95%
LSV	University	C	-4%	92%	2%	92%
CHAT	South	B+	-6%	93%	0%	93%
WDC	Old Town	B+	-7%	93%	0%	95%
U.S.	**Weighted Average**		**3.4%**	**94.8%**	**3.4%**	**94.8%**

These submarkets have a combined 34 properties with 7,438 units under construction.

Based on July 2013 data.

List is only based on submarkets with at least 10 same store properties.

Source: Axiometrics Inc.

Largest ERG Variance from MSA

Top 10 (Plus Two) Outperform MSA by 4%; Not All is Terrible in Washington, DC

MSA	Submarket	Grade	Submarket ERG	Submarket Occ	MSA ERG	MSA Occ	ERG Diff
CHI	The Loop	A-	10%	95%	3%	96%	7%
NY	Westchester/Putnam	B-	9%	98%	3%	97%	6%
PHO	Central Phoenix North	B	9%	92%	4%	93%	6%
CHAT	North	B	4%	94%	0%	93%	5%
LA	Wilshire District	B-	8%	96%	4%	95%	5%
WDC	Landover	B-	4%	95%	0%	95%	5%
RICH	Hanover County	B	6%	96%	1%	93%	4%
PHO	Deer Valley	B-	8%	93%	4%	93%	4%
WDC	Howard U./Mt. Pleasant	B+	4%	96%	0%	95%	4%
MEM	Downtown/Midtown	B+	5%	94%	1%	93%	4%
WDC	Tysons Corner/Fairfax City	B+	4%	96%	0%	95%	4%
AUS	Far North Central	C	9%	96%	5%	95%	4%

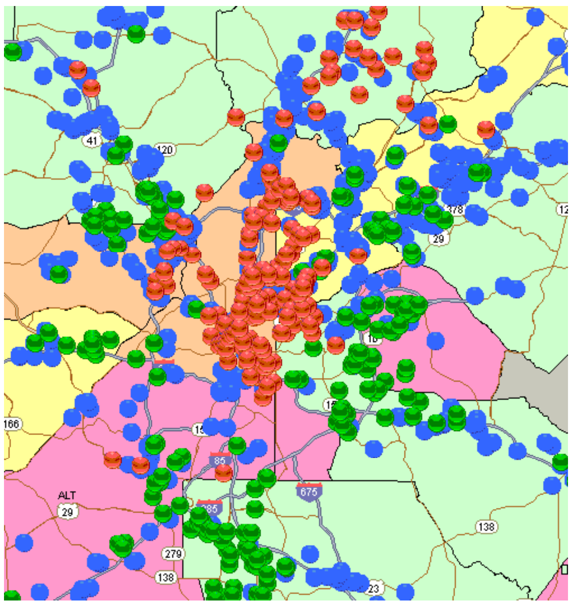
Source: Axiometrics Inc.

Based on July 2013 data.
List is only based on submarkets with at least 10 same store properties.

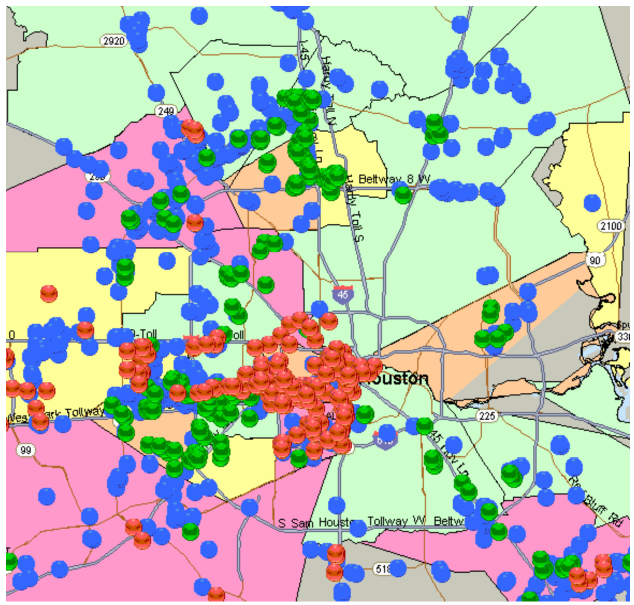
What Makes a Class A Submarket?

Map of Properties by Effective Rent Level

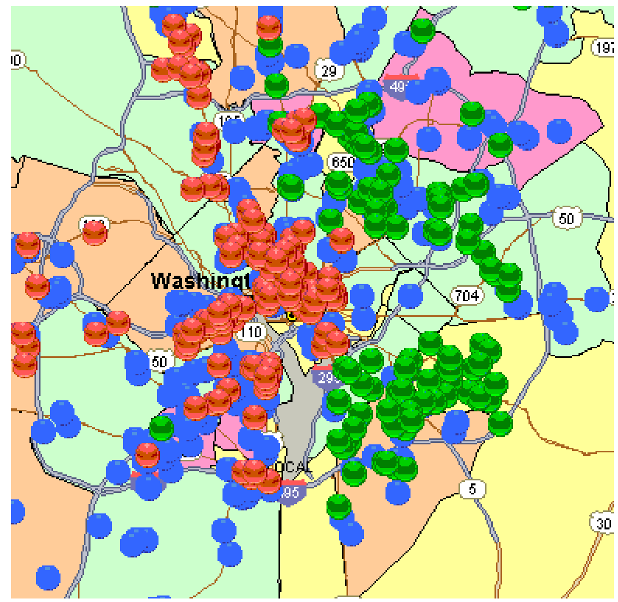
Atlanta



Houston



Washington, DC



Property Effective Rent Groupings (MSA Asset Class Grade)

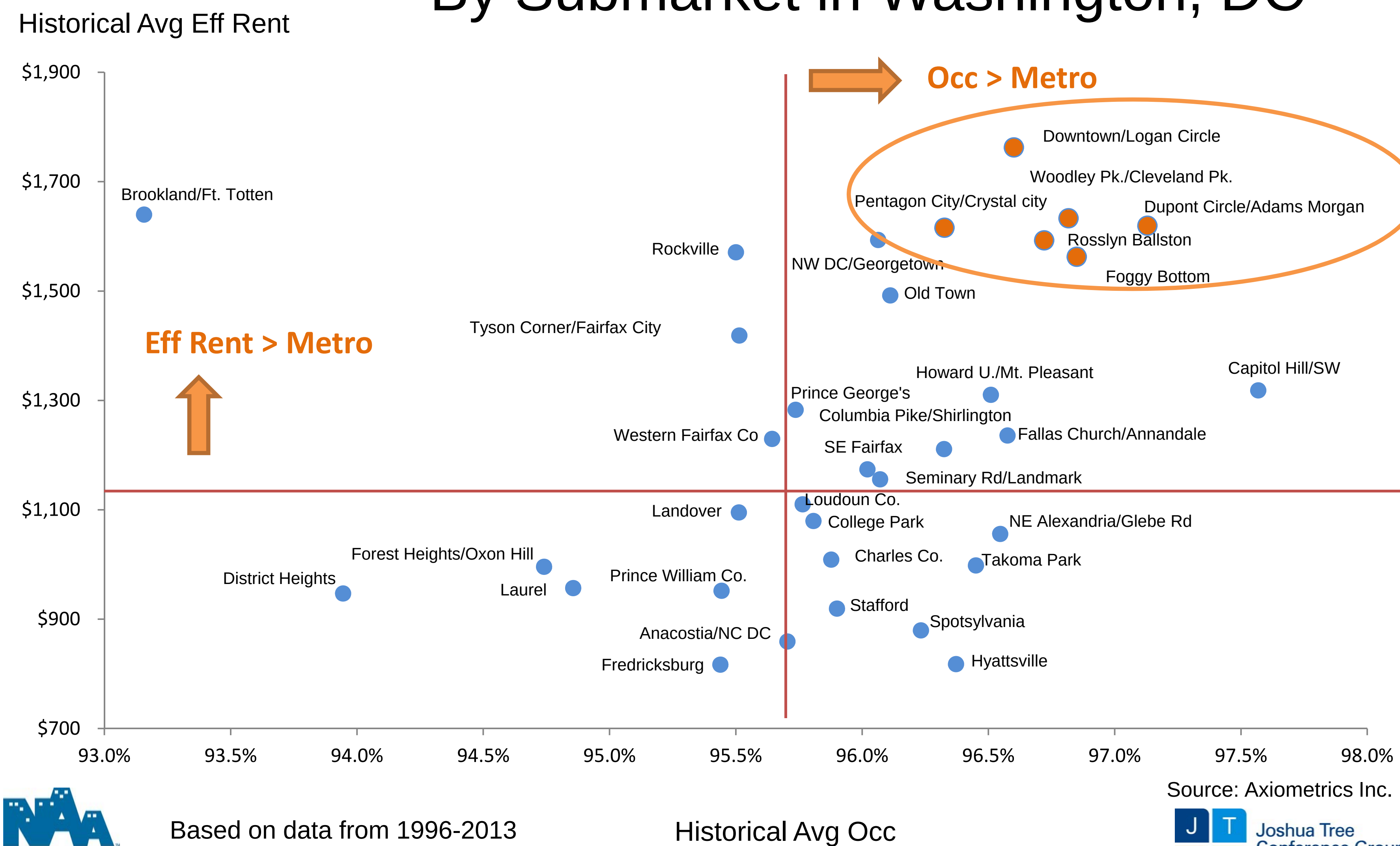
- Top 20% (Class A)
- Middle 60% (Class B)
- Bottom 20% (Class C)

Source: Axiometrics Inc.

Based on July 2013 rent levels.
Shading based on submarket boundaries.

Most Desirable Submarkets

A Look at Long-Term Rent and Occupancy By Submarket in Washington, DC



Based on data from 1996-2013

Source: Axiometrics Inc.

Most Desirable Submarkets

Based on Relative Difference in Eff Rent Level to MSA Average

		Effective Rent		Submarket Premium	
MSA	**Submarket**	**Submkt**	**MSA**	**$**	**%**
AUS	Central	$1,948	$1,029	$919	89.3%
LA	Santa Monica	$3,411	$1,837	$1,574	85.7%
DAL	Oaklawn	$1,672	$946	$726	76.7%
HOU	Montrose/River Oaks	$1,668	$984	$684	69.5%
WDC	Foggy Bottom	$2,731	$1,614	$1,117	69.2%
BOS	Central City/Back Bay/Beacon Hill	$3,427	$2,095	$1,332	63.6%
CHI	Gold Coast/River North	$2,122	$1,326	$796	60.1%
CHAR	Downtown	$1,377	$868	$509	58.6%
FOT	Fort Lauderdale	$2,022	$1,303	$719	55.2%
NASH	Downtown/West End/Green Hills	$1,410	$912	$497	54.5%

Source: Axiometrics Inc.

Only submarkets with > 1,000 units were considered.
Based on July 2013 data.

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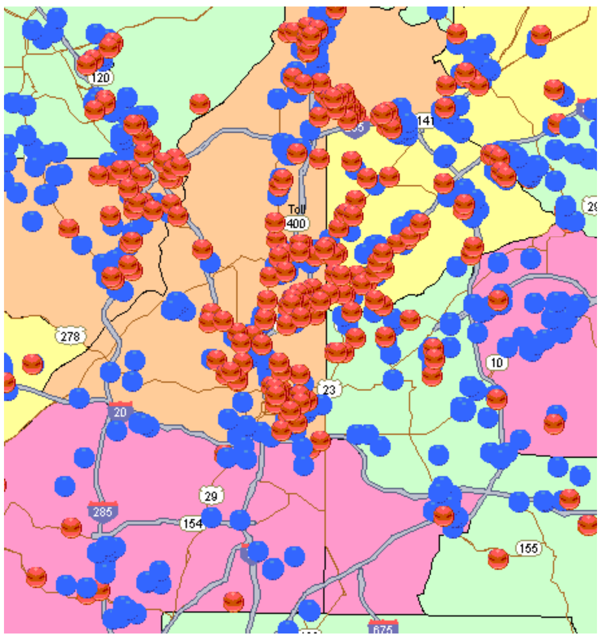
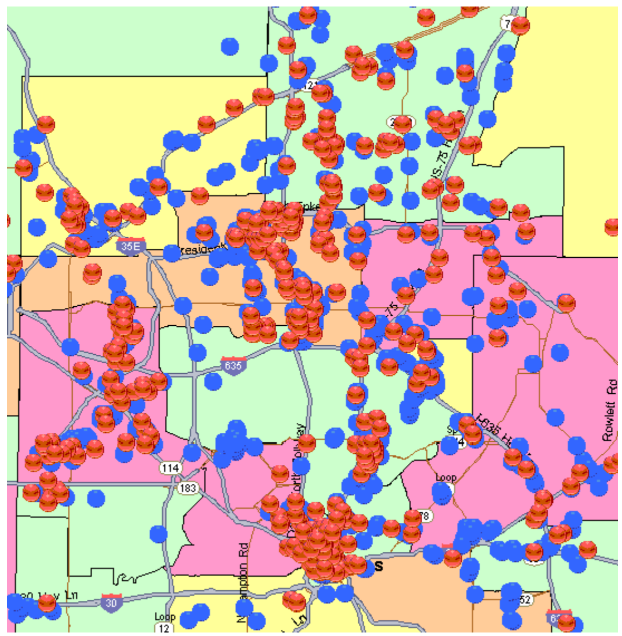
Map of Properties Based on Pricing Type

Areas with a lot of Blue Dots Typically Have More Class B- and C Properties

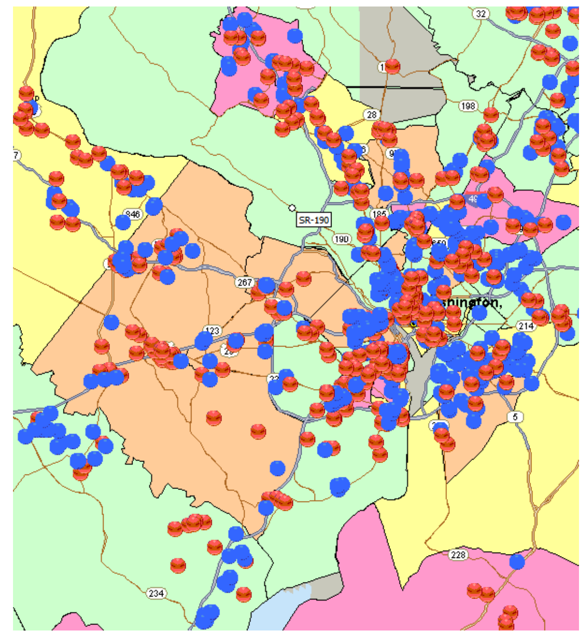
Atlanta



Dallas



Washington, DC



Source: Axiometrics Inc.

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Traditional

Revenue Management

Pricing type as of August 2013.
Shading based on submarket boundaries.

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Highest Usage of Revenue Management Software

Based on Number of Properties

MSA	Submarket	Properties RevMan	Properties Traditional	RevMan Share
DAL	Plano/Allen/McKinney	80	73	52%
ATL	Atlanta/Fulton	68	69	50%
DAL	Far North	47	63	43%
DAL	North Irving	51	52	50%
HOU	Montrose/River Oaks	50	49	51%
DAL	Oaklawn	48	27	64%
WDC	Western Fairfax County	46	19	71%
HOU	Briar Forest/Ashford	45	61	42%
ALT	North DeKalb	45	46	49%
SEA	Bellevue/Issaquah	43	23	65%
WDC	Downtown/Capitol Hill/Queen Anne	41	50	45%
RAL	Northwest Raleigh	37	20	65%
PHO	South Tempe/Ahwatukee	33	33	50%
RICH	Far West End	32	10	76%

Source: Axiometrics Inc.

Property counts based on institutional-quality product.
Pricing type as of August 2013.

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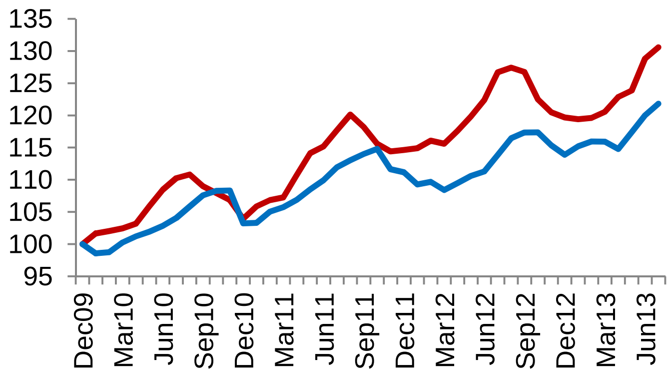
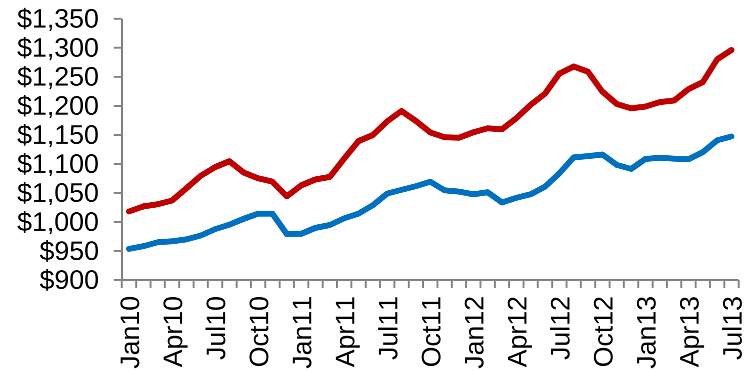
Performance Comparison for the Atlanta/Fulton Submarket

Revenue Management and Traditional Pricing

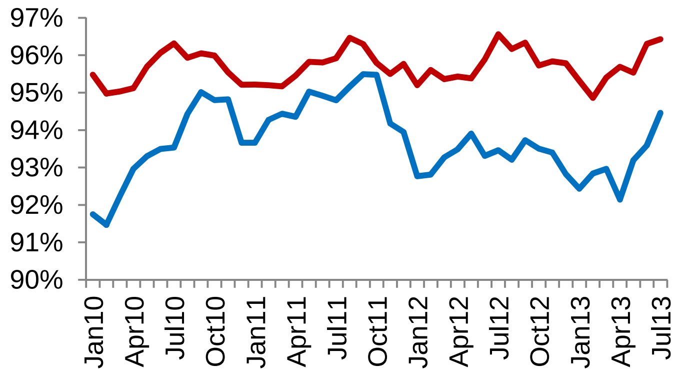
Revenue Index



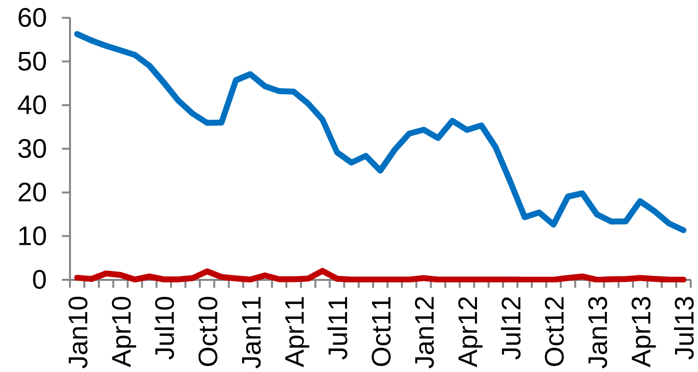
Effective Rent



Occupancy Rate



Days of Free Rent



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RevMan Traditional

Source: Axiometrics Inc.

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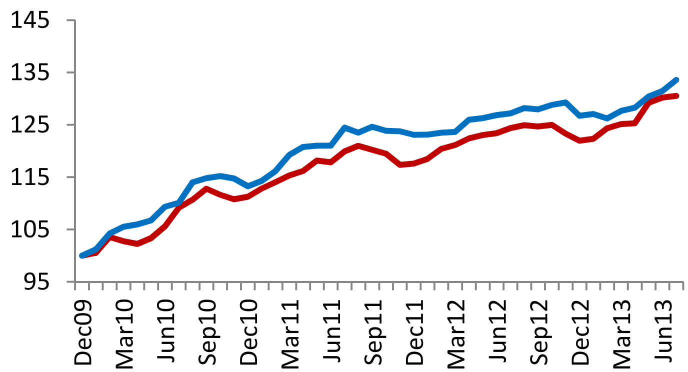
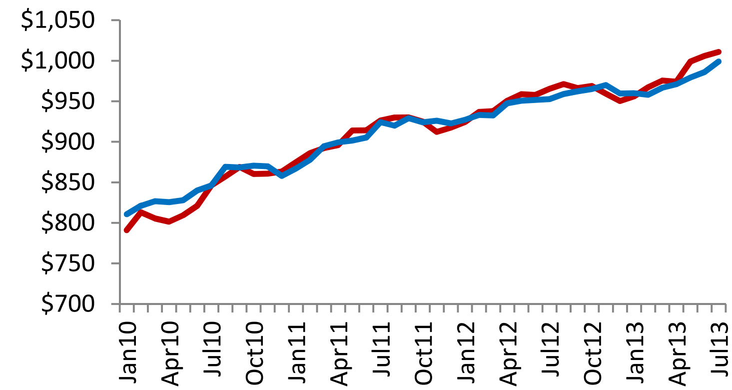
Performance Comparison for the Plano/Allen/McKinney Submarket

Revenue Management and Traditional Pricing

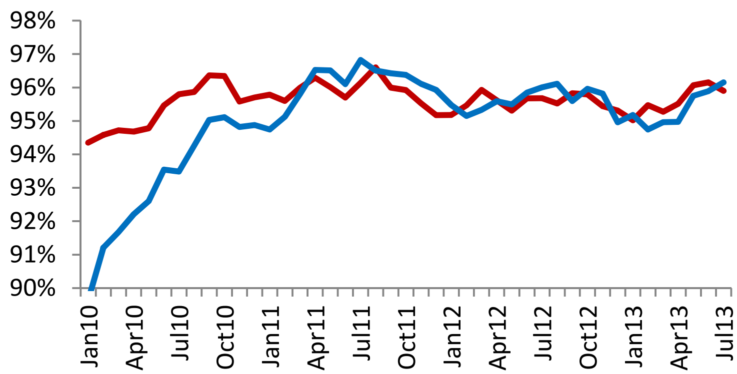
Revenue Index



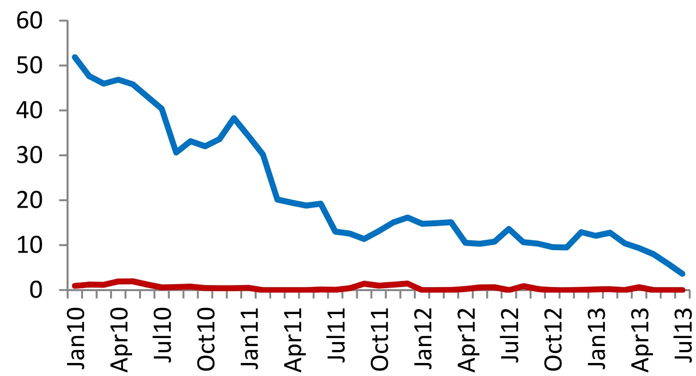
Effective Rent



Occupancy Rate



Days of Free Rent

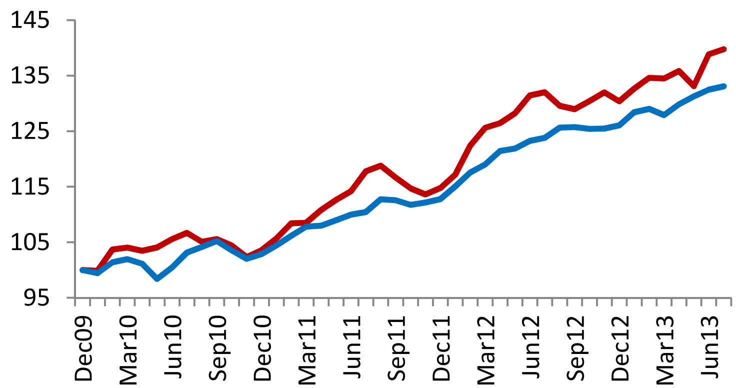


RevMan Traditional

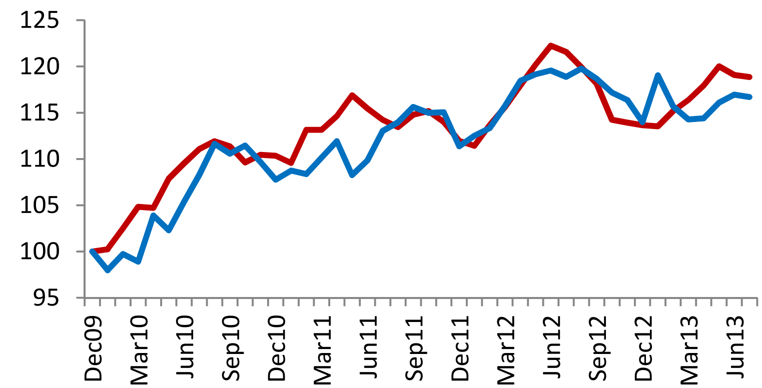
Source: Axiometrics Inc.

Revenue Index for Other Top RevMan Submarkets

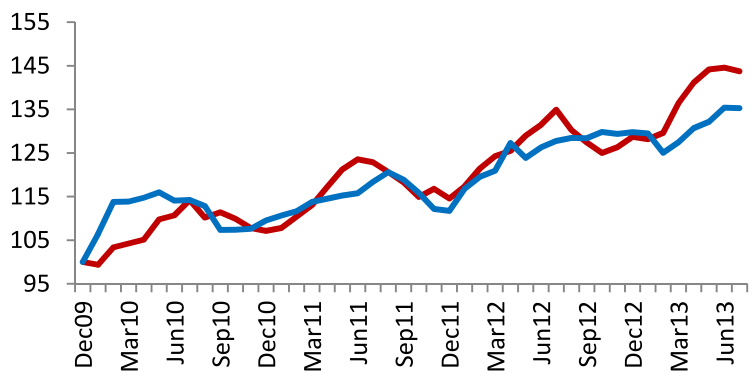
HOU: Montrose/River Oaks



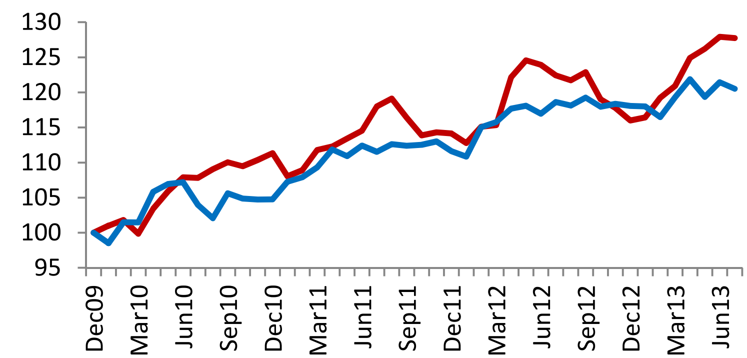
WDC: Western Fairfax County



SEA: Bellevue/Issaquah



RAL: Northwest Raleigh



RevMan Traditional

Source: Axiometrics Inc.

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For More Information Please Contact:

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