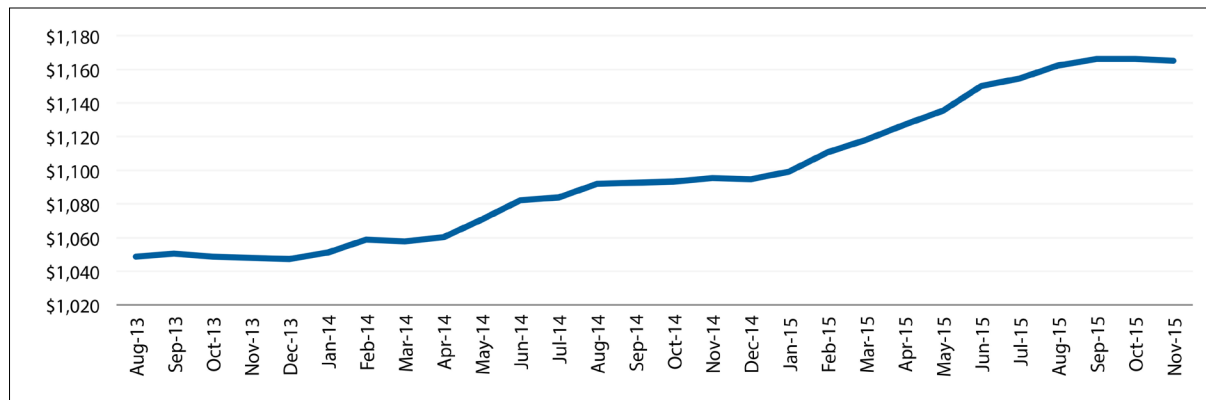


## Rent Survey | November 2015

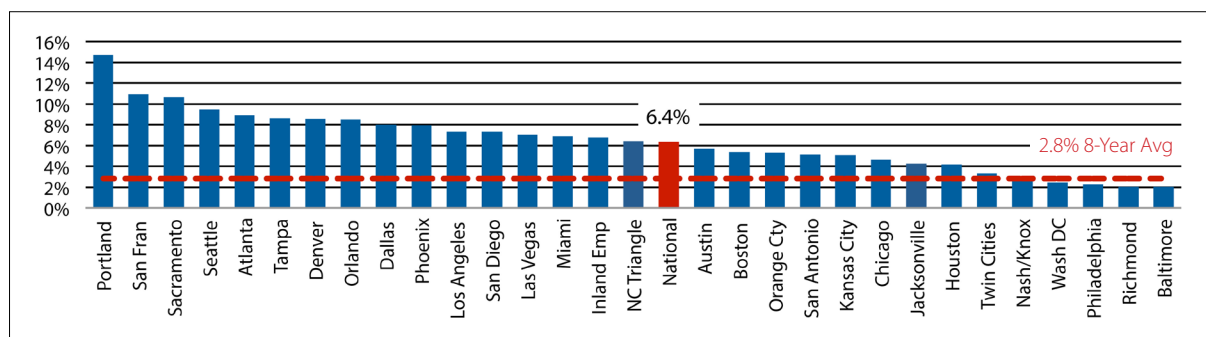
### Steady as She Goes for Multifamily Rents

- U.S. multifamily rents remained steady in November, although the hottest markets are showing signs of a deceleration in growth.
- Nationwide, rents dropped by \$1 to \$1,165 and have been basically flat for two months, which is consistent with a normal seasonal pattern. Rents had risen for nine straight months before October. The flattening of rents during the winter months is expected, and it is consistent with Yardi Matrix's forecast, which calls for rent growth to slow to about 4.5% in 2016.
- Rents increased by 6.4% year-over-year in November, which is a 30-basis-point decline from October but 190 basis points more than the 4.5% growth recorded in November 2014. Rents continue to increase at a rate that is far higher than the 2.8% long-term average.
- On a year-over-year basis, Portland (14.7%) and San Francisco (11.0%) once again led the pack, with ongoing hot markets including Sacramento (10.7%), Seattle (9.5%), Atlanta (8.9%) and Denver (8.5%) all in the top 10, as well. However, in recent months some of the Western tech-oriented growth markets have been showing signs of slipping and rent growth has been led by warm-weather metros in the South and Southwest, including Miami, Phoenix and the Inland Empire.
- The bifurcation in rent between higher-end Lifestyle and working-class Rent By Necessity units has become glaring in recent months, an effect of new development.

#### National Average Rents



#### Year-Over-Year Rent Growth—All Asset Classes

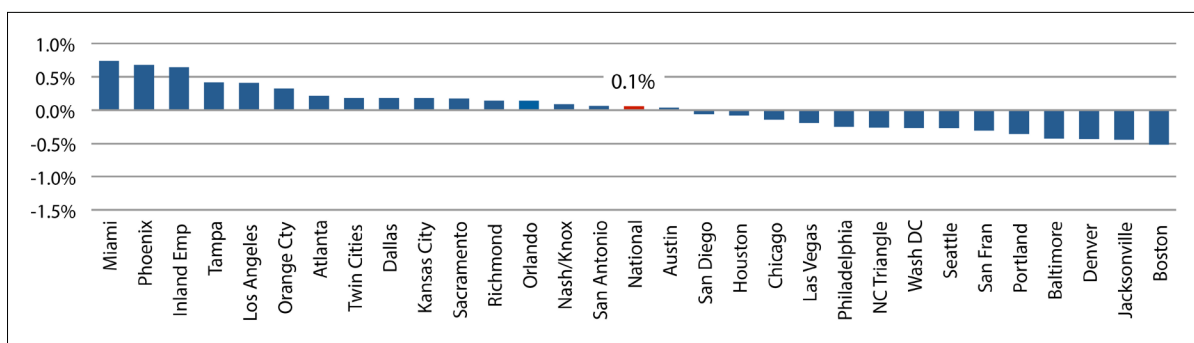


National averages include 111 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.

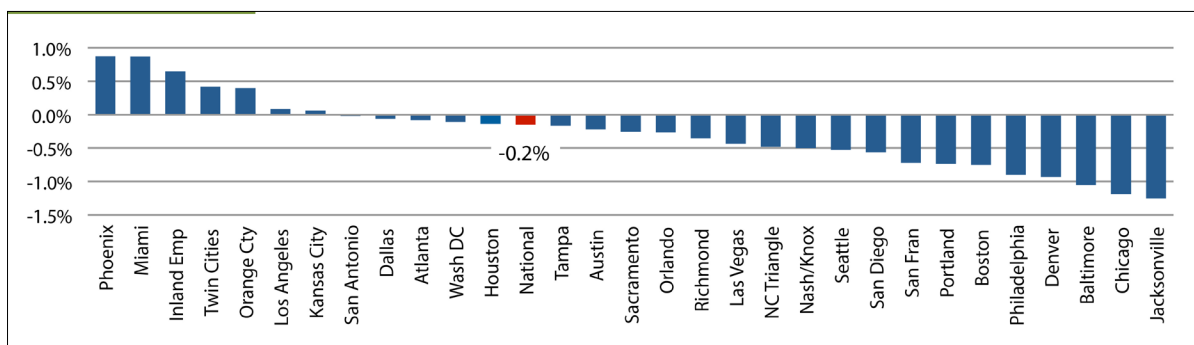
## Trailing 3 Months: Lifestyle Shows Effects of Robust Supply Growth

- Nationally, rents rose by an average of 0.1% on a trailing three-month basis compared to the prior-year period, a 20-basis-point decrease from last month and 40-basis-point decrease over two months. The T-3 survey captures short-term changes in rents that may or may not be indicative of future trends.
- The drop in growth is largely caused by the precipitous fall-off in Lifestyle rents. Nationally, Lifestyle rents declined 0.2% on a T-3 basis, while working-class Rent By Necessity assets rose by 0.2%.
- All told, 18 (or 60%) of the top 30 metros surveyed saw negative growth in Lifestyle rents and 12 (40%) experienced negative growth of 0.5% or more, led by Jacksonville (-1.3%), Chicago (-1.2%) and Baltimore (-1.1%). Most new supply coming online is in the Lifestyle category, and the competition is forcing landlords to lower rents or offer concessions to attract the limited number of tenants that can afford high-end prices.

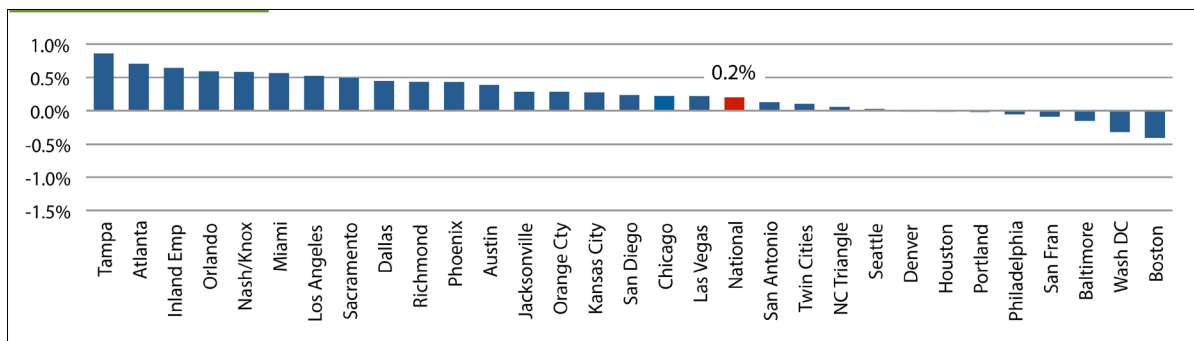
### Trailing 3 Months Sequential—All Asset Classes



### Trailing 3 Months Sequential—Lifestyle Asset Class



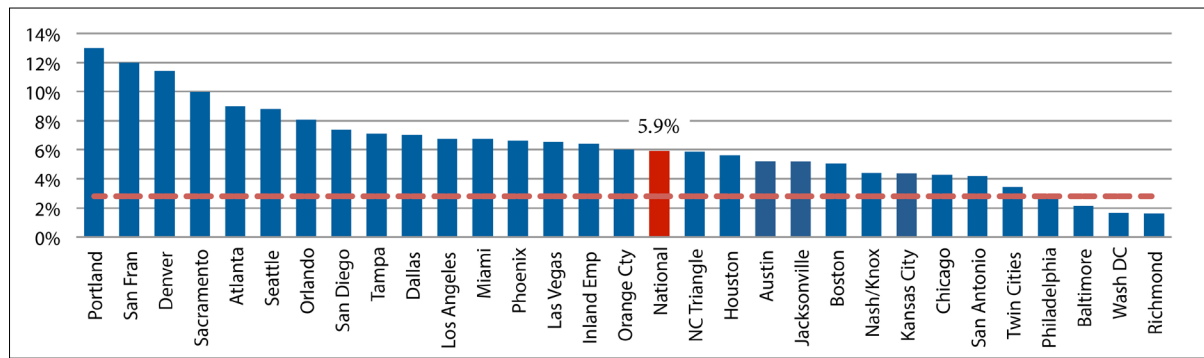
### Trailing 3 Months Sequential—Rent by Necessity Asset Class



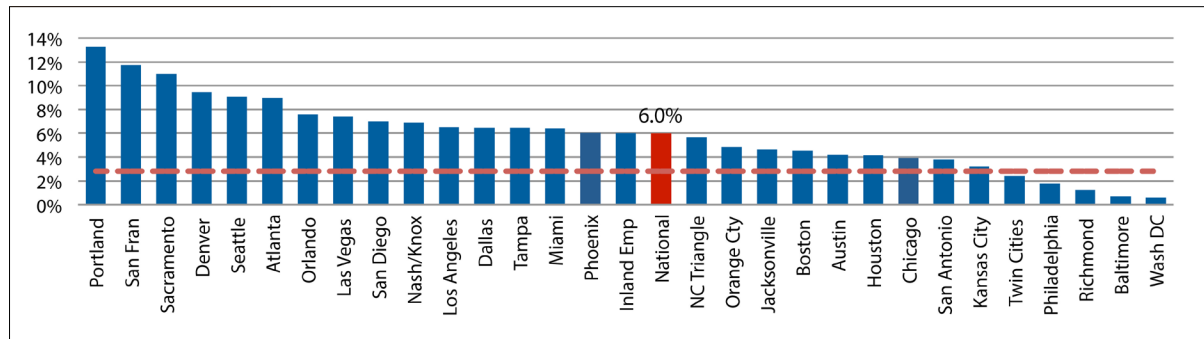
## Trailing 12 Months: Tech Markets Stay on Top, Start to Decelerate

- Nationally, rents grew by 5.9% on a trailing 12-month basis, which averages the last 12 months compared to the prior-year period. That represented a 10-basis-point increase over October. The Lifestyle segment (6.0%) still outperformed the Rent By Necessity properties (5.9%), but the gap between the two segments narrowed on a T-12 basis compared to October.
- Portland, San Francisco and Denver continue to lead the T-12 rankings with double-digit growth, but recent numbers show that these tech-oriented markets may be cooling. On a T-3 basis, Denver (-0.4%), Portland (-0.4%), and San Francisco and Seattle (-0.3%) have been among the worst-performing metros. The losses were a combination of seasonal and market factors, including the escalation of luxury-priced supply. Demand in these markets is likely to remain robust, which ensures that rent growth will pick up soon, but we expect that the outsize growth garnered in 2015 will begin to moderate.

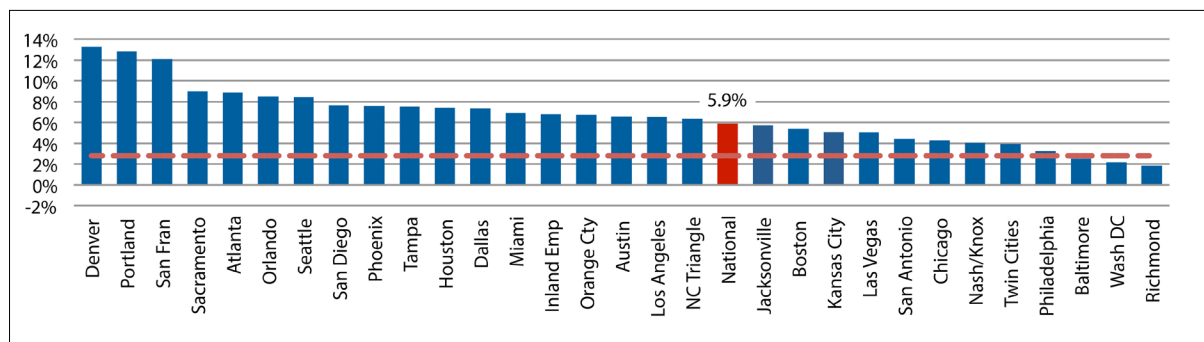
### Trailing 12 Months Year-Over-Year — All Asset Classes



### Trailing 12 Months Year-Over-Year — Lifestyle Asset Class



### Trailing 12 Months Year-Over-Year — Rent by Necessity Asset Class



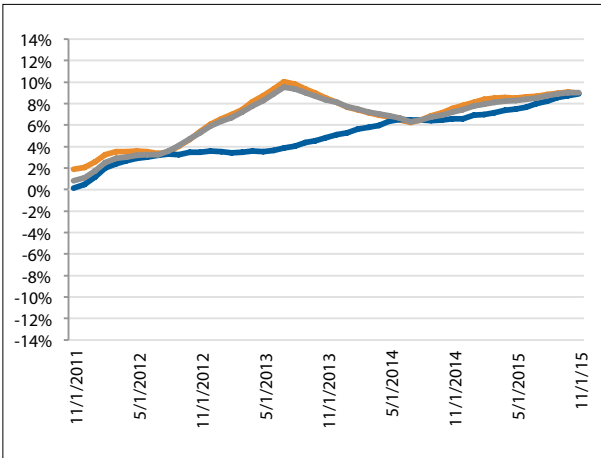
## Employment/Supply Trends and Forecast Rent Growth

- Evidence of the seasonal nature of this month's data is the fact that the top six metros based on rent growth on a T-3 basis are in warm-weather climates. The recent growth was led by Miami and Phoenix (0.7%), the Inland Empire (0.6%), Tampa and Los Angeles (0.4%), and Orange County (0.3%). Next were Atlanta, the Twin Cities, Dallas, Kansas City and Sacramento with a 0.2% gain. In addition to featuring comfortable climates, the economy in markets including Phoenix, Tampa and Orange County are dependent on housing to a larger degree. On the other end of the spectrum, Jacksonville (-0.4%) is feeling the effects of growing high-end inventory, while job growth is concentrated at the lower end of the scale.
- Metros at the high end of the rent growth spectrum continue to feature strong gains in employment, not just in total but in high-wage jobs. That helps to set apart metros such as San Francisco (3.8% year-over-year job growth), Portland and Dallas (3.4%) and Atlanta (3.1%). It also helps to explain some of the reason why markets such as Seattle and Denver can continue to produce above-trend rent increases despite multifamily supply growing at a higher rate than employment.

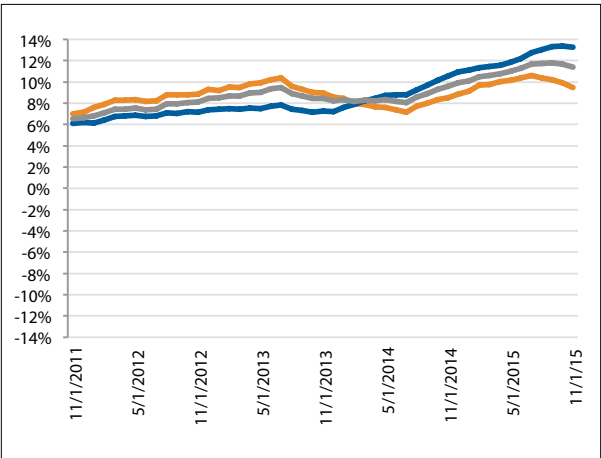
| Market        | Actual Rent Growth<br>Jan 15 to Oct 15 | Forecasted<br>Rent Growth<br>(YE 2015) | YoY Job Growth<br>(6-mo moving avg)<br>As of September<br>2015 | Completions as a<br>% of Total Stock<br>As of November<br>2015 |
|---------------|----------------------------------------|----------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Portland      | 14.0%                                  | 9.0%                                   | 3.4%                                                           | 2.8%                                                           |
| San Francisco | 10.6%                                  | 11.0%                                  | 3.8%                                                           | 2.6%                                                           |
| Sacramento    | 10.0%                                  | 8.8%                                   | 2.5%                                                           | 0.7%                                                           |
| Denver        | 8.8%                                   | 11.2%                                  | 2.8%                                                           | 3.7%                                                           |
| Atlanta       | 8.8%                                   | 6.8%                                   | 3.1%                                                           | 2.2%                                                           |
| Seattle       | 8.6%                                   | 7.2%                                   | 3.6%                                                           | 4.3%                                                           |
| Orlando       | 8.2%                                   | 6.4%                                   | 3.8%                                                           | 2.5%                                                           |
| Tampa         | 7.8%                                   | 4.4%                                   | 2.9%                                                           | 2.2%                                                           |
| Los Angeles   | 7.8%                                   | 4.2%                                   | 2.3%                                                           | 1.6%                                                           |
| Phoenix       | 7.5%                                   | 5.4%                                   | 2.8%                                                           | 1.4%                                                           |
| Dallas        | 6.8%                                   | 7.0%                                   | 3.4%                                                           | 2.1%                                                           |
| Austin        | 6.6%                                   | 8.0%                                   | 3.3%                                                           | 4.1%                                                           |
| San Diego     | 6.5%                                   | 6.5%                                   | 3.2%                                                           | 1.5%                                                           |
| Miami         | 6.3%                                   | 4.9%                                   | 2.9%                                                           | 3.5%                                                           |
| Inland Empire | 6.0%                                   | 5.4%                                   | 3.7%                                                           | 0.4%                                                           |
| NC Triangle   | 5.2%                                   | 4.6%                                   | 2.9%                                                           | 4.9%                                                           |
| Las Vegas     | 5.2%                                   | 4.1%                                   | 2.9%                                                           | 0.9%                                                           |
| San Antonio   | 4.9%                                   | 1.5%                                   | 3.3%                                                           | 2.3%                                                           |
| Boston        | 4.9%                                   | 4.2%                                   | 2.1%                                                           | 2.9%                                                           |
| Orange County | 4.7%                                   | 5.3%                                   | 3.3%                                                           | 2.4%                                                           |
| Jacksonville  | 4.4%                                   | 5.6%                                   | 2.6%                                                           | 1.7%                                                           |
| Kansas City   | 4.3%                                   | 3.5%                                   | 1.6%                                                           | 2.1%                                                           |
| Richmond      | 3.5%                                   | 0.0%                                   | 0.6%                                                           | 1.8%                                                           |
| Houston       | 3.4%                                   | 4.7%                                   | 1.9%                                                           | 2.3%                                                           |
| Chicago       | 3.3%                                   | 1.9%                                   | 1.2%                                                           | 1.8%                                                           |
| Washington DC | 3.1%                                   | 0.8%                                   | 2.0%                                                           | 2.6%                                                           |
| Twin Cities   | 2.8%                                   | 0.8%                                   | 1.9%                                                           | 2.0%                                                           |
| Philadelphia  | 2.3%                                   | 1.3%                                   | 1.2%                                                           | 1.0%                                                           |
| Nash/Knox     | 2.3%                                   | 4.2%                                   | 3.1%                                                           | 2.4%                                                           |
| Baltimore     | 1.5%                                   | 2.3%                                   | 2.1%                                                           | 1.1%                                                           |

# Market Rent Growth by Asset Class

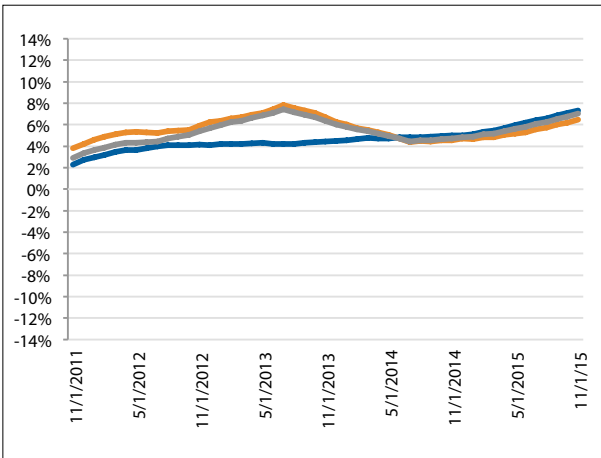
Atlanta



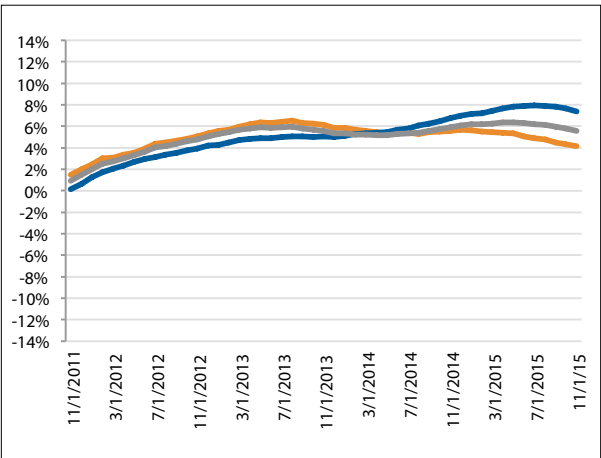
Denver



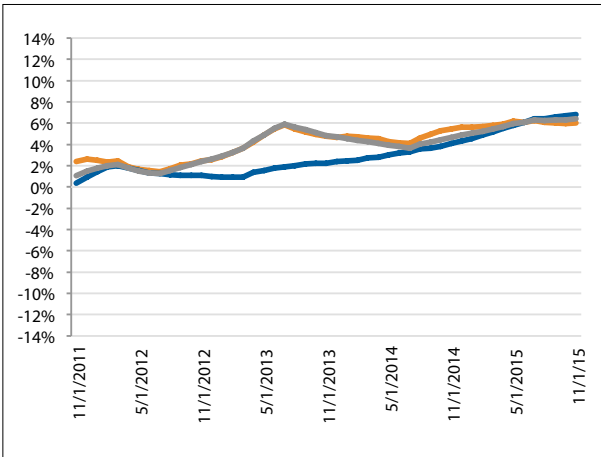
Dallas



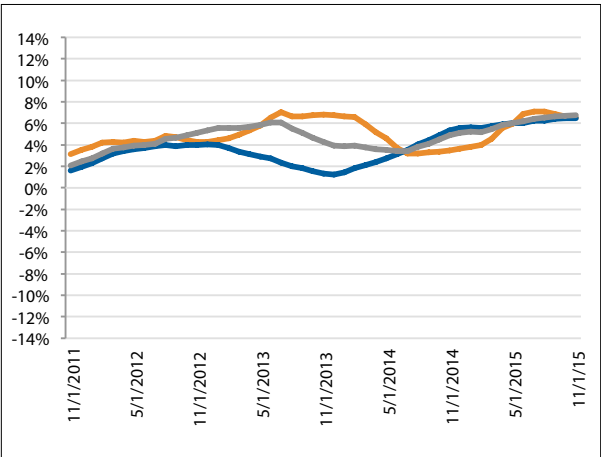
Houston



Inland Empire

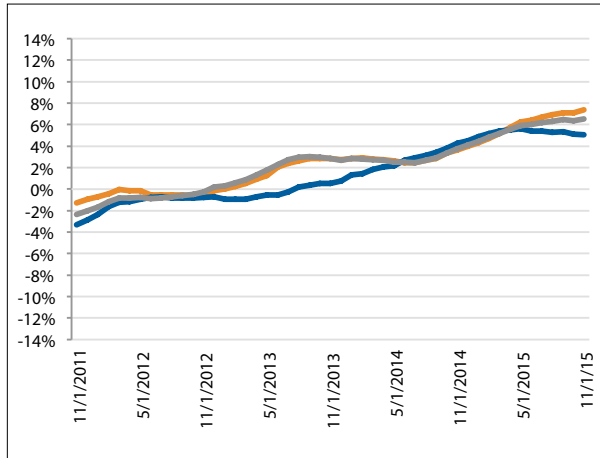


Los Angeles

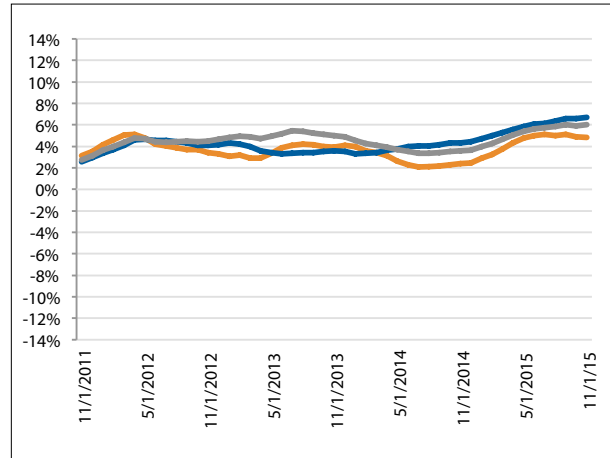


Trailing 12 Months Overall      Trailing 12 Months Lifestyle      Trailing 12 Months Rent By Necessity

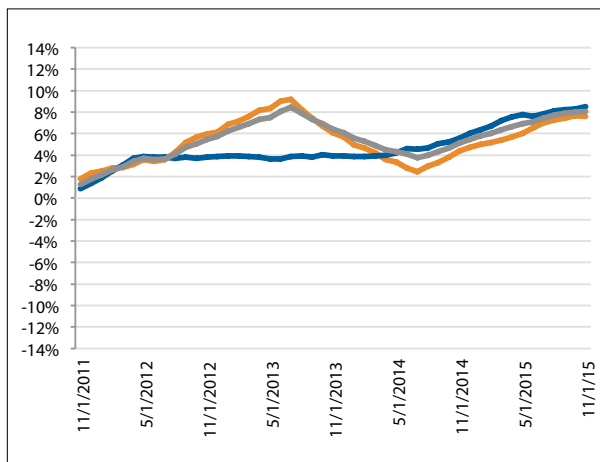
## Las Vegas



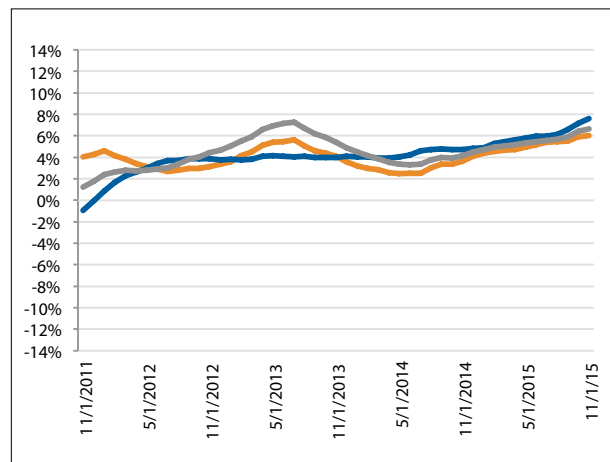
## Orange County



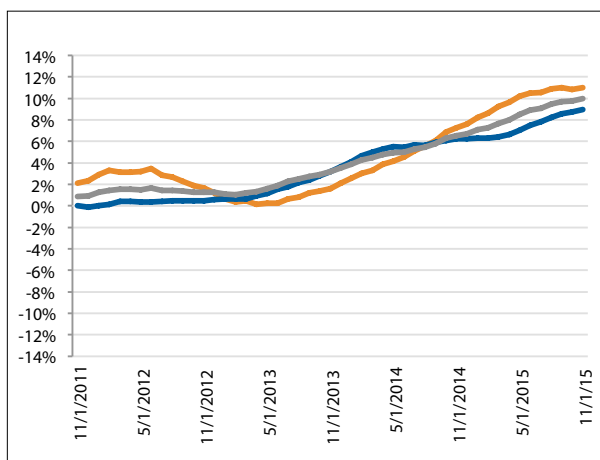
## Orlando



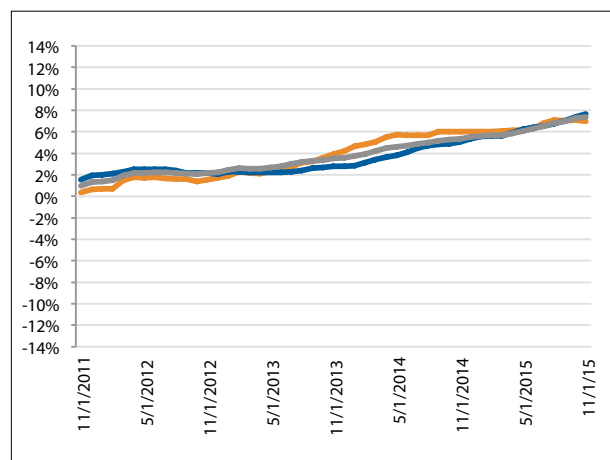
## Phoenix



## Sacramento



## San Diego

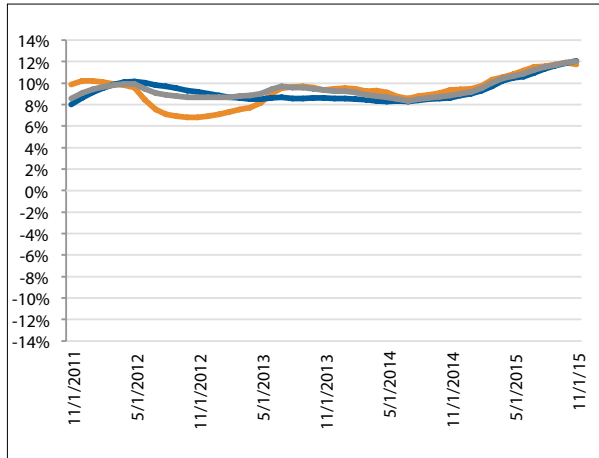


Trailing 12 Months Overall

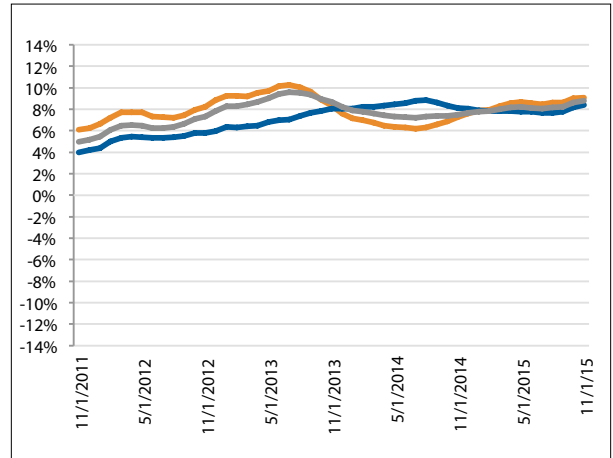
Trailing 12 Months Lifestyle

Trailing 12 Months Rent By Necessity

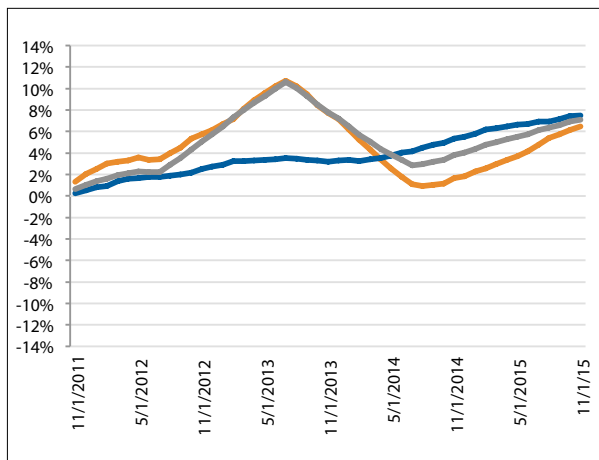
### San Francisco



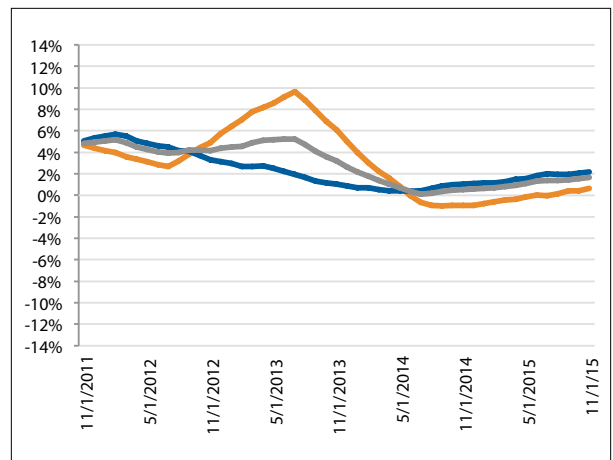
### Seattle



### Tampa



### Washington, DC



— Trailing 12 Months Overall
 — Trailing 12 Months Lifestyle
 — Trailing 12 Months Rent By Necessity

## Appendix: Year-over-Year Rent Growth for Non-Reported Markets

| Market                 | November 2015 |           |                   |
|------------------------|---------------|-----------|-------------------|
|                        | Overall       | Lifestyle | Rent-by-Necessity |
| San Fernando           | 8.3%          | 5.0%      | 9.3%              |
| Bridgeport - New Haven | 4.4%          | 5.7%      | 1.2%              |
| Central East Texas     | 3.1%          | 4.2%      | 2.9%              |
| Central Valley         | 6.1%          | 4.2%      | 6.5%              |
| Colorado Springs       | 9.5%          | 7.9%      | 10.9%             |
| El Paso                | 1.2%          | 4.7%      | 0.0%              |
| Indianapolis           | 2.0%          | -0.1%     | 2.4%              |
| Long Island            | 6.2%          | 8.4%      | 5.6%              |
| Louisville             | 2.6%          | 1.3%      | 2.8%              |
| Northern New Jersey    | 2.6%          | 1.5%      | 3.2%              |
| Reno                   | 7.5%          | 7.5%      | 7.6%              |
| SW Florida Coast       | 9.5%          | 7.8%      | 11.0%             |
| Tacoma                 | 10.2%         | 13.0%     | 8.0%              |
| Triad                  | 3.3%          | 1.9%      | 4.6%              |
| Tucson                 | 3.4%          | 3.9%      | 3.2%              |
| St Louis               | 3.2%          | 3.1%      | 3.1%              |
| Albuquerque            | 4.1%          | 4.9%      | 3.5%              |



---

## Definitions

**Lifestyle households (renters by choice)** have wealth sufficient to own, but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter By Necessity households** span a range. In descending order, household types can be:

- *A young professional, double-income-no-kids household* with substantial income, but without wealth needed to acquire a home or condominium;
- *Students*, who also may span a range of income capability, extending from *affluent* to *barely getting by*;
- *Lower-middle-income ("gray collar") households* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which may barely meet rent demands each month and who likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, may extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

| Market Position | Improvements Ratings |
|-----------------|----------------------|
| Discretionary   | A+ / A               |
| High Mid-Range  | A- / B+              |
| Low Mid-Range   | B / B-               |
| Workforce       | C+ / C / C- / D      |

The value in application of Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit [www.yardimatrix.com](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x2404.

© Yardi Systems, Inc., 2015. All rights reserved. All other trademarks are the property of their respective owners.

### Contacts

- **Jeff Adler**, Vice President & General Manager of Yardi Matrix: [Jeff.Adler@Yardi.com](mailto:Jeff.Adler@Yardi.com), 1-800-866-1124 x2403
- **Jack Kern**, Director of Research and Publications: [Jack.Kern@Yardi.com](mailto:Jack.Kern@Yardi.com), 1-800-866-1124 x2444
- **Paul Fiorilla**, Associate Director of Research: [Paul.Fiorilla@Yardi.com](mailto:Paul.Fiorilla@Yardi.com), 1-800-866-1124 x5764
- **Dana Seeley**, Senior Research Analyst: [Dana.Seeley@Yardi.com](mailto:Dana.Seeley@Yardi.com), 1-800-866-1124 x2035