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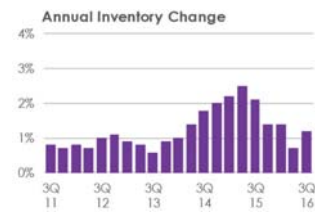
QUARTERLY REPORT

Tampa Bay | Orlando | Southwest Florida
Third Quarter 2016

Marcus & Millichap

THIRD QUARTER MARKET DATA

Tampa Bay

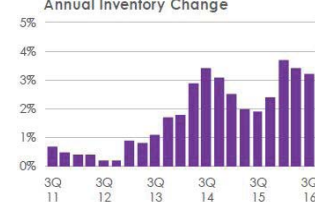


Occupancy: During Q3 2016, the average occupancy rate in the Tampa Bay MSA landed at 96.4%. The Tampa MSA has seen average occupancy rates between 96.0% and 96.6% in each of the past six quarters, which continues to out-pace the five-year average (94.8%). Furthermore, Q3 2016 average occupancy is up 0.2% year-over-year. The strongest vintage classes for occupancy rates during Q3 2016 were the Pre-1970s (96.7%), 2000s+ (96.6%), and 1980/1990s (96.5%) segments. Over the past two years, occupancy was generally tighter in Class B and C product, but recent improvements in Class A product has narrowed the gap. New supply is having little impact on occupancy in high-supply areas. All submarkets are registering occupancies between 95% and 98%.

Rent Growth: Annual rent growth in the Tampa Bay MSA continues to impress. In the year-ending Q3 2016, rents climbed 5.6%, which is well above the five-year annual average of 3.7%, but also below the 7.2% post-recession peak recorded in the year ending Q1 2016. Consistent with previous periods, Tampa Bay's recent annual rent increase outpaced the preliminary norms for both the South Region (3.7%) and the U.S. overall (4.1%). Rent growth in Tampa Bay has been most pronounced in Class A and B product, which saw annual rent growth levels jump to roughly 6% to 9% over the last six quarters. Of all vintage classes, the pre-1970s segment experienced the strongest annual growth (8.0% year-over-year). Among submarkets, annual rent growth has been consistently stronger in Pinellas County, specifically North Pinellas County (8.4%) and North St. Petersburg (6.6%).

Supply: In the year ending Q3 2016, the Tampa Bay MSA expanded its inventory 1.2% by adding nearly 3,047 new units to the supply. Over the last two years, supply has been concentrated in Central Tampa, North St. Petersburg, South St. Petersburg, and Brandon/Southeast Hillsborough County. Looking ahead, Central Tampa will continue to lead with new supply as over half of all units under construction in the metro at the end of Q3 2016 were located within this area. For the metro overall, inventory expansion will accelerate in the coming year, with nearly 4,300 new units set to grow the apartment stock by an additional 1.8%.

Orlando

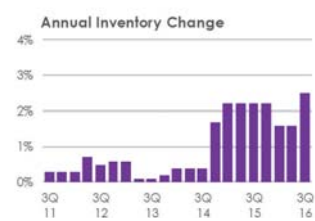
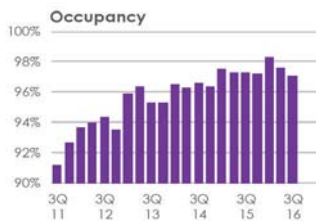


Occupancy: In Q3 2016, the average occupancy rate in the Orlando MSA landed at 96.9%. The Orlando MSA has seen average occupancy rates between 96% and 97% during each of the past nine quarters. Furthermore, Q3 2016 average occupancy is up 0.2% over the Q2 2016 occupancy level. The strongest vintage classes for occupancy rates during Q3 2016 were the 1990s (98.0%), 1970s (98.0%), and Pre-1970s (98.0%) segments. New supply has not had a substantial impact on occupancy rates across the submarkets as the 2000+ vintage class recorded 95.6% occupancy during Q3. Given the controllable levels of new supply hitting the market and Orlando's strong demand drivers, occupancy is projected to stay above 96% for the foreseeable future.

Rent Growth: Annual rent growth in the Orlando MSA came in at 5.3%, slightly lower than Q2 2016 (5.7%) but still healthy above the preliminary estimates for the South Region (3.7%) and the Nation (4.1%). Of all the vintage classes, the pre-1970s segment recorded an astonishing year-over-year rent growth of 9.0%. The Casselberry/Winter Springs/Oviedo and University submarkets were the highest performing submarkets in terms of annual rent change at 7.4% and 7.0% respectively. All in all, rent growth is expected to continue above Orlando's historical rent growth trend which can be attributed to the market's healthy demand drivers.

Supply: In Q3 2016, the Orlando MSA expanded its inventory base 3.2% by adding nearly 6,664 new units to supply. Furthermore, forecasts for current construction activity over the next year suggest inventory is slated to grow an additional 4.2%. The Orlando MSA's supply levels remain the highest since 2009 with annual inventory expansion rates of 2% to 3.5% in each of the past 12 quarters. South Orange County and Central Orlando submarkets were responsible for nearly half of the MSA's total units under construction at the end of Q3 2016. Considering the recent inventory expansion, demand for multifamily housing in the Orlando MSA has remained strong with annual absorption levels ranging from 5,200 units to 7,800 units in each of the last ten quarters. Demand in the year-ending Q3 2016 registered at 6,368 units which is just under the new supply of 6,700 units.

Southwest Florida



Occupancy: The Southwest Florida Region, made up of Ft. Myers/Naples and Sarasota/Bradenton registered an average occupancy of 96.9% at the end of Q3 2016. Specifically, 96.7% in Sarasota/Bradenton and 97.1% in Ft. Myers/Naples. This marked 11 consecutive quarters of a 96%+ occupancy level in the Ft. Myers/Naples market. The Q3 2016 Ft. Myers/Naples occupancy rate declined slightly by 0.2 points year-over-year, but is still at a strong level overall. Although, occupancy in Sarasota/Bradenton is down 1.7 points year-over-year from the decade high recorded in Q1 2016 (98.4%). This could be a market reaction to the aggressive annual rental increases the market has experienced over the past 24 months. All in all, occupancy in Southwest Florida remains very strong compared to regional and national benchmarks.

Rent Growth: Southwest Florida has experienced significant rent growth since late 2013 as post-recession economic recovery and limited additions to supply have facilitated demand for multifamily housing. During the year ending Q3 2016, the Southwest Florida region registered 5.15% annual rent growth. While still strong, this is down 2.45 points from the Q2 2016 year-over-year growth. Specifically, the Ft. Myers/Naples region experienced a 5.5% annual increase and Sarasota/Bradenton recorded 4.6% annual growth in the latest 12 month period. While still very healthy growth levels, these figures are down slightly from the substantial increases this market has experienced in recent periods. As the overall economy has reached economic recovery and supply additions begin to pick up, annual growth levels are expected to approach a more stabilized level in the coming 12-24 months.

Supply: In year-ending Q3 2016, 3,054 units were delivered to the market place in the Southwest Florida market which is significant compared to recent years in which supply expansion has been minimal. In the year-ending Q3 2016, a total of 1,374 units were completed in the Sarasota/Bradenton metro which resulted in net inventory expansion of 2.5%. Furthermore, nearly all of the 1,374 units were completed in Bradenton. Additionally, 1,680 units were completed in the last year in the Ft. Myers/Naples market which represents a long-term high. At the end of Q3 2016, 3,981 units were under construction in Southwest Florida which is projected to increase supply by 3.2%. The supply wave is expected to continue as developers see opportunity in a region that continues to outperform regional and national benchmarks.

Resources: MPF Publications, Co-Star Group, Pierce Eislen Inc and Respective Property Appraiser Websites

NOTABLE MARKET TRANSACTIONS

Tampa Bay

PROPERTY	CITY	UNITS	CLOSE OF ESCROW	YEAR BUILT	PRICE	PRICE PER UNIT	PRICE PER SQUARE FOOT	CAP RATE	GRM	CLASS
Mabry Manor (FKA Newport Villas)	Tampa	372	7/5/2016	1984	\$20,100,000	\$54,032	\$78.58	7.11%	6.34	B
Westbury at Lake Brandon	Brandon	366	7/12/2016	2001	\$49,600,000	\$135,519	\$135.43	5.23%	10.96	A
The Enclave at Tranquility Lake	Riverview	348	7/13/2016	2009	\$48,750,000	\$140,086	\$141.88	5.20%	10.84	A
The Preserve at Lakeland Hills	Lakeland	432	7/28/2016	2000	\$46,600,000	\$107,870	\$102.49	5.65%	9.23	A
Ridgestone	Hudson	136	8/3/2016	1985	\$8,570,000	\$63,015	\$76.14	5.89%	8.58	B
Arbor Lakes	Tampa	356	8/4/2016	1978	\$28,250,000	\$79,354	\$125.56	5.84%	8.63	C
Jasmine Homes	Lakeland	120	8/5/2016	1975	\$7,400,000	\$61,667	\$74.16	6.85%	7.12	C
Tampa Woods (FKA Camden Woods)	Tampa	444	8/9/2016	1986	\$58,000,000	\$130,631	\$106.85	5.75%	11.09	B
TGM Bay Isle (FKA Bay Isle Key)	St. Petersburg	583	8/11/2016	2004	\$93,750,000	\$160,806	\$163.25	5.06%	9.95	A
Laurel Chase	Tampa	122	9/1/2016	1972	\$4,875,000	\$39,959	\$52.48	7.25%	5.25	C
Park East	Tampa	192	9/1/2016	1987	\$17,500,000	\$91,146	\$115.18	5.91%	9.70	B
Rivertree Landing	Tampa	228	9/1/2016	1974	\$10,450,000	\$45,833	\$47.33	7.46%	5.49	C
Puritan Place	Tampa	232	9/1/2016	1974	\$11,450,000	\$49,353	\$57.26	7.36%	5.97	C
Trellis at the Lakes (FKA Camden Lakes)	St. Petersburg	688	9/8/2016	1981	\$80,850,000	\$117,515	\$160.50	6.14%	9.27	B
Oasis At Bayside	Largo	304	9/12/2016	1974	\$23,150,000	\$76,151	\$93.54	6.50%	7.59	C
Green Oaks	Tampa	100	9/14/2016	1986	\$6,400,000	\$64,000	\$89.64	6.70%	7.27	C
Pasco Woods	Wesley Chapel	200	9/15/2016	1999	\$15,308,200	\$76,541	\$69.52	6.33%	8.42	B
Riverside Palms	Tampa	354	9/28/2016	1973	\$19,000,000	\$53,672	\$59.44	7.05%	6.17	B
TGM Ibis Walk	St. Petersburg	401	9/29/2016	2014	\$68,000,000	\$169,576	\$185.49	5.17%	9.59	A
The District of Clearwater	Clearwater	222	9/30/2016	1991	\$28,750,000	\$129,505	\$129.38	6.20%	9.19	B
2016 Q3 Average				1987	\$32,337,660	\$92,312	\$103.21	6.23%	8.33	
2016 Q2 Average				1985	\$28,985,921	\$98,347	\$111.65	6.09%	8.37	
T12 Average				1986	\$28,051,485	\$92,376	\$103.48	6.22%	8.15	

Orlando

PROPERTY	CITY	UNITS	CLOSE OF ESCROW	YEAR BUILT	PRICE	PRICE PER UNIT	PRICE PER SQUARE FOOT	CAP RATE	GRM	CLASS
Kensington Cottages	Orlando	169	7/5/2016	1984	\$7,346,000	\$43,467	\$72.67	7.75%	5.56	C
Element At Metrowest	Orlando	294	7/6/2016	1996	\$34,900,000	\$118,707	\$118.10	5.90%	7.94	A
Parke East	Orlando	272	7/28/2016	1985	\$29,249,882	\$107,536	\$110.29	6.08%	9.00	B
Millenia West	Orlando	200	7/29/2016	1987	\$15,150,000	\$75,750	\$99.85	6.67%	6.92	B
Allora at Lake Lotus	Altamonte Springs	578	8/1/2016	1996	\$78,900,000	\$136,505	\$151.94	5.34%	11.91	B
Eagles Landing	Orlando	188	8/1/2016	1969	\$8,084,000	\$43,000	\$50.23	8.41%	5.34	C
Avesta Winter Park	Winter Park	348	8/1/2016	1969	\$26,814,000	\$77,052	\$70.31	6.17%	7.42	C
Tzadik Millennium	Orlando	200	8/10/2016	1975	\$12,973,400	\$64,867	\$56.72	6.86%	6.62	C
Tzadik Brookside	Orlando	344	8/10/2016	1984	\$13,813,400	\$40,155	\$80.15	7.25%	5.26	C
M North Apartments	Orlando	288	8/23/2016	2015	\$49,400,000	\$171,528	\$183.05	5.65%	10.42	A
Chickasaw Crossings	Orlando	292	8/23/2016	1986	\$26,850,000	\$91,952	\$108.07	5.50%	8.41	B
Park at Highgate (FKA Silver Oaks)	Orlando	320	8/31/2016	1990	\$20,950,000	\$65,469	\$68.39	6.55%	7.56	B
The Lofts @ Savannah Park	Sanford	138	9/1/2016	2015	\$21,200,000	\$153,623	\$189.12	5.37%	10.62	A
Sola at Celebration (fka Aviva at Celebration)	Kissimmee	306	9/1/2016	2016	\$67,000,000	\$218,954	\$231.64	4.90%	12.53	A
Misty Oaks	Orlando	250	9/7/2016	1984	\$14,056,000	\$56,224	\$112.22	6.77%	7.05	B
ARIUM Bala Sands	Orlando	298	9/12/2016	2002	\$44,500,000	\$149,329	\$136.12	5.79%	10.05	A
The Parkway At Hunter's Creek	Orlando	496	9/12/2016	1997	\$78,199,410	\$157,660	\$125.23	5.50%	9.86	B
Villas at 17th	Kissimmee	130	9/29/2016	1973	\$8,150,000	\$62,692	\$100.25	8.19%	7.11	B
The Valencian	Kissimmee	367	9/30/2016	1972	\$32,600,000	\$88,828	\$89.93	6.50%	8.39	B
2016 Q3 Average				1989	\$31,059,794	\$101,226	\$113.38	6.38%	8.31	
2016 Q2 Average				1983	\$26,592,337	\$101,048	\$116.97	5.93%	8.39	
T12 Average				1989	\$33,289,076	\$104,659	\$115.51	6.08%	8.44	

Southwest Florida

PROPERTY	CITY	UNITS	CLOSE OF ESCROW	YEAR BUILT	PRICE	PRICE PER UNIT	PRICE PER SQUARE FOOT	CAP RATE	GRM	CLASS
Beveledere at Quail Run	Naples	162	8/17/2016	1987	\$26,098,800	\$161,104	\$208.01	6.07%	10.94	A
ParkCrest Landings	Bradenton	400	8/26/2016	2015	\$75,000,000	\$187,500	\$182.82	5.25%	11.63	A
Orchid Run Apartments	Naples	282	9/1/2016	2016	\$75,000,000	\$265,957	\$244.99	4.84%	13.80	A
2016 Q3 Average				2006	\$58,699,600	\$204,854	\$211.94	5.39%	12.12	
2016 Q2 Average				1988	\$19,675,000	\$88,730	\$89.83	6.28%	9.03	
T12 Average				1992	\$32,021,390	\$112,329	\$114.35	6.09%	9.40	

ANOTHER CLIENT SUCCESS



Silver Oaks Apartments Orlando, FL

Sale Price	\$20,950,000
Year Built	1990
Number of Units	320
Price Per Unit	\$65,469
Price Per Square Foot	\$68.40
CAP Rate	6.55%
GRM	7.56

Francesco Carriera and Michael Regan of Marcus & Millichap represented both the seller and buyer in the transaction.

"Strong fundamentals in Orlando continue to draw the attention of multifamily investors." - Michael Regan

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