



MARKET AT A GLANCE



OCCUPANCY RATE **94.8%**
Down **20 bps** since 3Q16



ASKING RENT **\$1,161**
Up **3.2%** since 3Q16

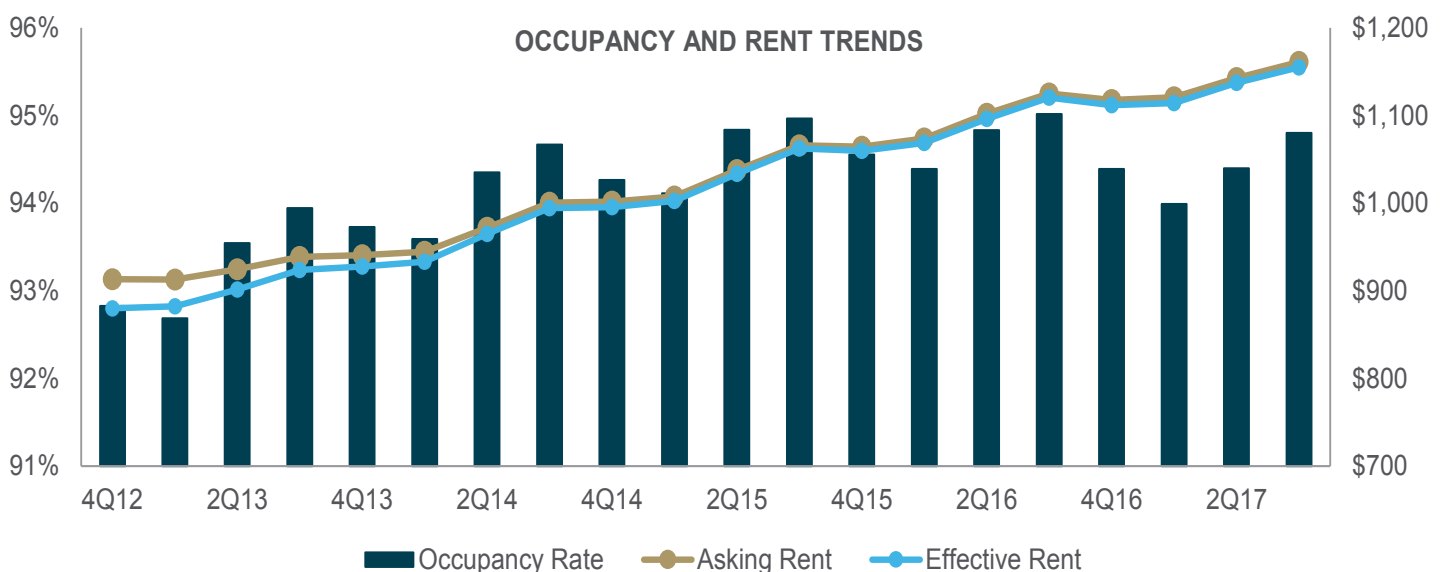


CONCESSIONS **0.5%**
Up **20 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

BROAD-BASED EXPANSION SPURS 3.2% ANNUAL JOB GROWTH

Average asking rent increased in 24 of the 25 submarkets in the Atlanta metro area since the third quarter of 2016. While local rent appreciation persisted, the rate of growth decelerated, mirroring the trend in many other metro areas. Asking rent averaged \$1,161 per month in September of this year, a 3.2% annual gain, compared to a 5.5% increase in the prior 12-month period. Much of the slowdown in rent growth resulted from heightened multifamily completions outpacing demand. Builders delivered 13,437 apartments during the last 12 months while net absorption totaled 11,303 units. The imbalance fueled a 20-basis-point reduction in occupancy to 94.8% in September. Of the 12 submarkets with new inventory, leasing activity exceeded deliveries only in the Clayton and South Fulton submarkets. Operators responded by increasing renter incentives. Over the last 12 months, the average concession in the metro area increased 20 basis points to 0.5% of asking rent. Targeting market equilibrium, multifamily developers scaled back permitting activity to 5,960 units so far this year, down 34% from the same period in 2016.



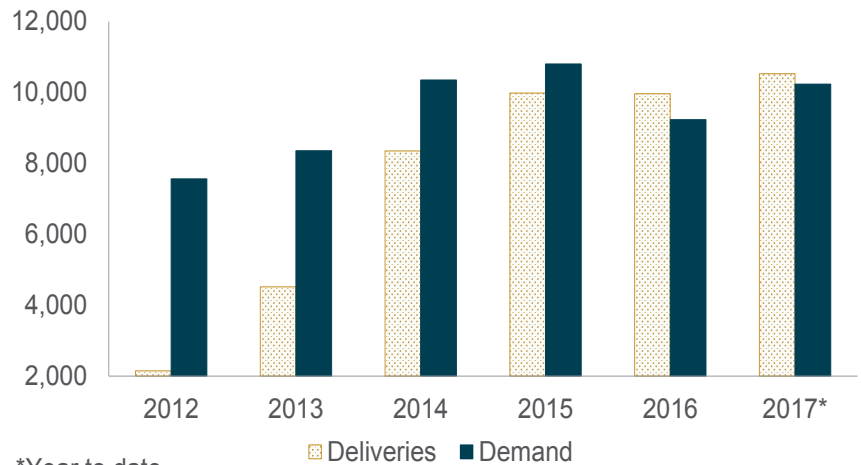
DELIVERIES AND DEMAND



DELIVERIES 10,529
Units YTD



NET ABSORPTION 10,236
Units YTD



*Year to date

ECONOMIC TRENDS

2016 5.1% **UNEMPLOYMENT*** 2017 4.5%
-60 BPS CHANGE

2016 2.68m **EMPLOYMENT*** 2017 2.76m
3.2% CHANGE

2016 100.9k **EXISTING SFH SALES**** 2017 109.0k
8.0% CHANGE

2016 \$185.4k **MEDIAN SFH PRICE**** 2017 \$194.2k
4.7% CHANGE

2016 1.63% **10-YEAR TREASURY**** 2017 2.20%
60 BPS CHANGE

*August; **September

Companies and institutions in the Atlanta area maintained a steady pace of hiring since August of 2016. Employment expanded 3.2% annually, the same rate of growth as the prior year. Of the 85,000 net workers hired, 33,100 new recruits were in the professional and business services sector, which grew 6.8%. Significant growth was also present in the education and health services segment, where 9,200 jobs were created, a 2.7% increase. Similarly, 9,200 positions were filled in the trade, transportation, and utilities sector, equating to 1.6% growth. The sector was bolstered by hundreds of new hires among Amazon.com Inc., Duracell Inc., and Variety Wholesalers Inc. distribution centers. Numerous major local job announcements are expected to benefit multiple employment sectors in the near term. Jackson Healthcare LLC will begin their five-year hiring spree of 1,400 workers in 2018. Anthem Inc. will recruit 900 workers through 2019. Meanwhile, Honeywell Inc. plans to fill 800 high-paying positions through 2021.



SUBMARKET BREAKDOWN

| SUBMARKET NAME | OCCUPANCY | | AVG RENT INCREASE | | AVG RENT | | NET ABSORPTION | | DELIVERED UNITS | |
|--------------------------|--------------|--------------|-------------------|-------------|----------------|----------------|----------------|---------------|-----------------|---------------|
| | 3Q16 | 3Q17 | 3Q16 | 3Q17 | 3Q16 | 3Q17 | 3Q17 | ANNUAL | 3Q17 | ANNUAL |
| Atlanta/Fulton | 94.6% | 94.3% | 8.0% | 3.6% | \$1,554 | \$1,610 | 1,716 | 6,140 | 1,638 | 6,799 |
| Bartow County | 96.8% | 96.1% | 4.4% | 1.9% | \$871 | \$888 | -33 | -23 | 0 | 0 |
| Carroll County | 94.4% | 94.2% | 5.1% | 2.5% | \$850 | \$871 | 10 | -9 | 0 | 0 |
| Cherokee County Other | 97.0% | 94.7% | 1.5% | 3.8% | \$1,014 | \$1,052 | -25 | -73 | 0 | 0 |
| Clarkston/Stone Mountain | 93.6% | 93.5% | 6.2% | 5.7% | \$787 | \$832 | -153 | -10 | 0 | 0 |
| Clayton | 94.7% | 95.1% | 9.0% | 5.1% | \$833 | \$875 | 132 | 201 | 67 | 67 |
| Coweta County | 95.7% | 94.8% | 5.7% | 2.9% | \$1,027 | \$1,057 | 44 | 26 | 0 | 73 |
| Decatur/Avondale | 94.6% | 94.6% | -2.1% | 5.3% | \$1,116 | \$1,175 | 123 | 536 | 82 | 573 |
| Forsyth County | 97.4% | 96.5% | 0.0% | 3.8% | \$1,217 | \$1,264 | -8 | -14 | 0 | 0 |
| I-20 East | 93.6% | 93.7% | 1.4% | 3.4% | \$868 | \$898 | -100 | 16 | 0 | 0 |
| I-20 West | 94.4% | 93.1% | 8.5% | 1.0% | \$895 | \$904 | -160 | -142 | 0 | 0 |
| Marietta | 95.0% | 94.3% | 7.2% | 2.4% | \$1,079 | \$1,105 | 36 | 167 | 162 | 485 |
| Newton County | 95.9% | 96.8% | 7.9% | 3.0% | \$842 | \$867 | 10 | 17 | 0 | 0 |
| North DeKalb | 95.2% | 94.9% | 4.9% | 3.1% | \$1,176 | \$1,212 | 177 | 308 | 244 | 437 |
| North Gwinnett | 95.2% | 94.3% | 10.2% | 2.0% | \$1,086 | \$1,108 | 5 | 109 | 101 | 316 |
| Paulding County | 97.8% | 97.5% | 12.7% | 3.0% | \$1,049 | \$1,080 | 13 | -6 | 0 | 0 |
| Pickens County | 94.2% | 96.4% | 3.4% | 3.2% | \$859 | \$887 | -21 | 12 | 0 | 0 |
| Roswell/Alpharetta | 94.8% | 94.0% | 6.6% | 4.4% | \$1,259 | \$1,315 | 269 | 614 | 305 | 849 |
| Sandy Springs/Dunwoody | 94.4% | 93.9% | 6.1% | 2.5% | \$1,272 | \$1,304 | 553 | 1,014 | 583 | 1,230 |
| Smyrna | 94.7% | 94.4% | 7.3% | 1.6% | \$1,156 | \$1,174 | 608 | 853 | 532 | 977 |
| South DeKalb | 91.0% | 94.0% | 19.2% | 6.8% | \$840 | \$897 | -11 | 122 | 0 | 0 |
| South Fulton | 94.0% | 94.2% | 4.1% | 2.2% | \$933 | \$954 | 722 | 958 | 192 | 931 |
| South Gwinnett | 95.4% | 94.8% | 8.7% | 4.0% | \$1,006 | \$1,046 | 164 | 477 | 117 | 700 |
| Spalding County | 94.9% | 95.5% | 6.2% | 4.2% | \$700 | \$729 | -13 | 13 | 0 | 0 |
| Walton County | - | 99.3% | - | - | - | \$1,028 | -4 | -4 | 0 | 0 |
| TOTALS | 95.0% | 94.8% | 5.5% | 3.2% | \$1,125 | \$1,161 | 4,053 | 11,303 | 4,023 | 13,437 |



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