



MARKET AT A GLANCE



OCCUPANCY RATE **96.0%**
Up **30 bps** since 3Q16



ASKING RENT **\$893**
Up **2.5%** since 3Q16

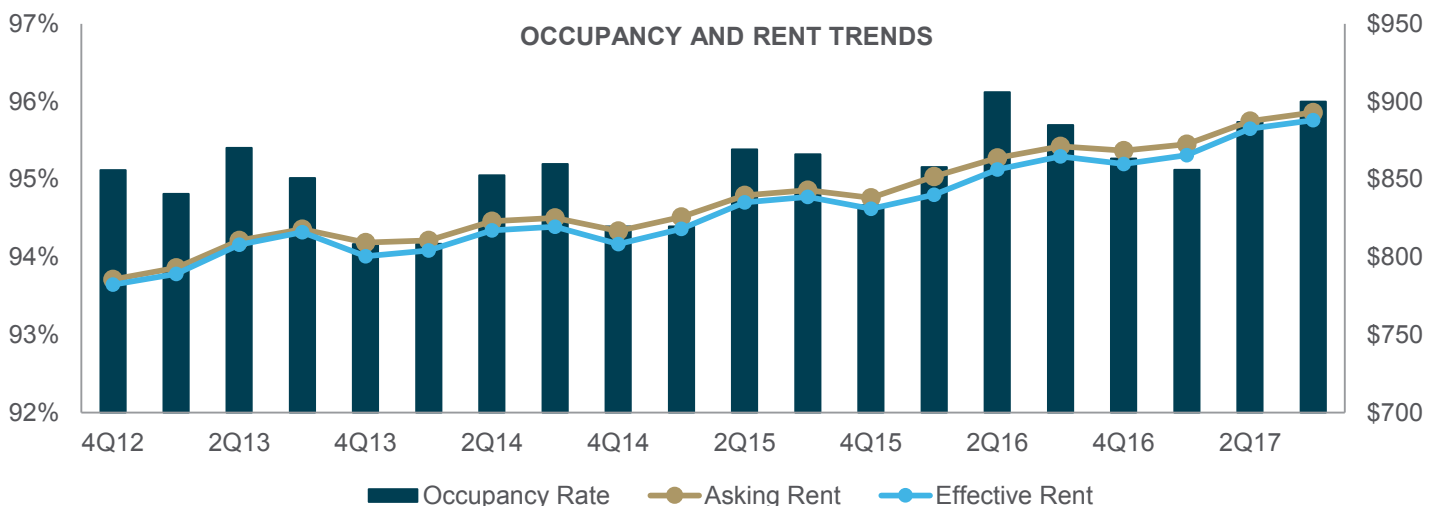


CONCESSIONS **0.6%**
Down **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

LEASING EXCEEDS UPSWING IN DELIVERIES, OCCUPANCY RISES 30 BPS

Rental demand heightened with 2,491 newly occupied units annually through September 2017. Simultaneously, multifamily construction more than doubled year over year. As leasing activity outpaced deliveries by 12%, metrowide occupancy rose 30 basis points annually to 96.0% allowing operators to advance asking rents 2.5% year over year to \$893 per month. A substantial portion of the 2,225 metro deliveries came online in the Northeast Jefferson County submarket. Pent-up demand in this area was observed as a disproportionate share of deliveries was unable to keep pace with leasing activity. With robust rental demand, apartment managers in this submarket ratcheted up rents 4.9% year over year to a metro-leading \$1,063 per month as occupancy rose 60 basis points. The largest property to complete in this area was the 263-unit Idlewild phase II project, located approximately six miles of the Ford Kentucky Truck Plant, employing 7,600 full-time workers. Multifamily permit submissions increased with 1,896 units filed January through August compared to 977 units for the same time last year, signaling investors' confidence in sustained demand and were replenishing the construction pipeline.



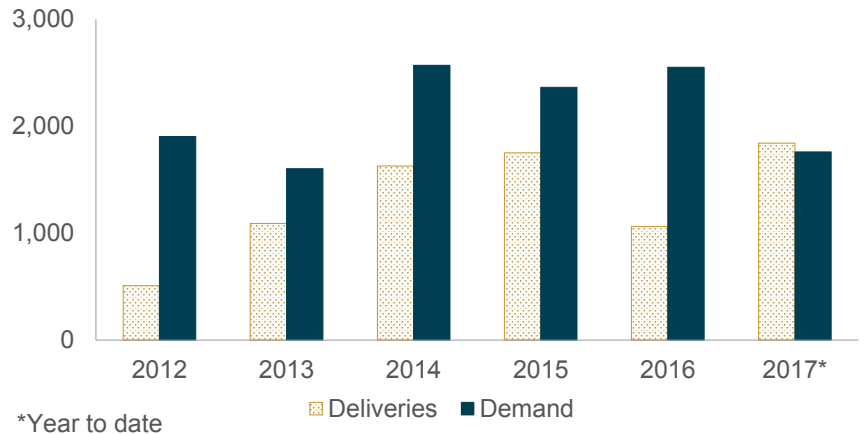
DELIVERIES AND DEMAND



DELIVERIES 1,843
Units YTD



NET ABSORPTION 1,760
Units YTD



ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
4.2% **40 BPS CHANGE** 4.6%

2016 **EMPLOYMENT*** 2017
663.0k **2.0% CHANGE** 676.0k

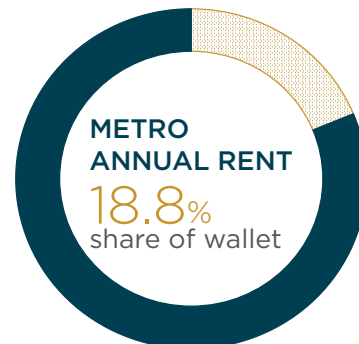
2016 **EXISTING SFH SALES**** 2017
21.7k **-19.8% CHANGE** 17.4k

2016 **MEDIAN SFH PRICE**** 2017
\$167.3k **2.1% CHANGE** \$170.8k

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

*August; **September

Louisville businesses added a net 13,000 new jobs since August of last year, a 2.0% annual gain, building on the 2.9% increase in the prior 12-month period. United Parcel Service Inc. is the largest employer in the area and its global Worldport package handling operation, along with the multiyear expansion of UPS' Centennial Ground Hub, helped to make Louisville International Airport the world's seventh-busiest cargo airport. These successes along with Amazon.com Inc.'s expanding workforce have contributed to the trade, transportation, and utilities employment sector accounting for more than one-fifth of all jobs held by Louisville metro residents which expanded 2.1% with 3,100 new hires. The education and health services sector was another economic driver, adding 2,200 jobs since August of 2016 representing growth of 2.4%. The manufacturing sector expanded 1.6% as 1,300 jobs were created, boosted by hiring at Ford Motor Company in the prior 12-month period, which included Ford's \$900 million investment in the summer to retool its Kentucky Truck Plant.



LOUISVILLE

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Bullitt County	-	92.2%	-	-	\$-	\$838	0	-32	0	0
Chenoweth/Taylorville	94.7%	95.0%	5.6%	4.5%	\$873	\$912	27	291	42	274
Clark County / Other	-	95.9%	-	-	\$-	\$812	0	-7	0	0
East Central	92.1%	92.7%	7.1%	4.5%	\$985	\$1,029	-197	365	90	328
Floyd County	94.5%	96.9%	-	5.9%	\$670	\$710	63	286	48	204
Jeffersonville	93.8%	94.5%	6.9%	3.3%	\$702	\$725	4	41	0	0
Northeast Jefferson County	94.0%	94.6%	9.2%	4.9%	\$1,014	\$1,063	49	1,078	201	1,054
Oldham County	95.6%	98.9%	-11.1%	6.8%	\$851	\$909	0	29	0	0
South Central	96.3%	96.5%	3.2%	4.3%	\$748	\$780	76	166	84	150
Southwest Jefferson County	96.6%	96.9%	-1.1%	2.8%	\$718	\$738	19	166	33	141
West Central	94.1%	94.3%	14.1%	17.7%	\$819	\$964	76	108	74	74
TOTALS	95.7%	96.0%	3.3%	2.5%	\$871	\$893	117	2,491	572	2,225



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521 Fifth Avenue
20th Floor
New York, NY 10175
(646) 600-7800 | Fax: (646) 600-7838
www.Berkadia.com

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