



MARKET AT A GLANCE



OCCUPANCY RATE 93.3%

Down **10 bps** since 3Q16



ASKING RENT \$826

Up **0.9%** since 3Q16



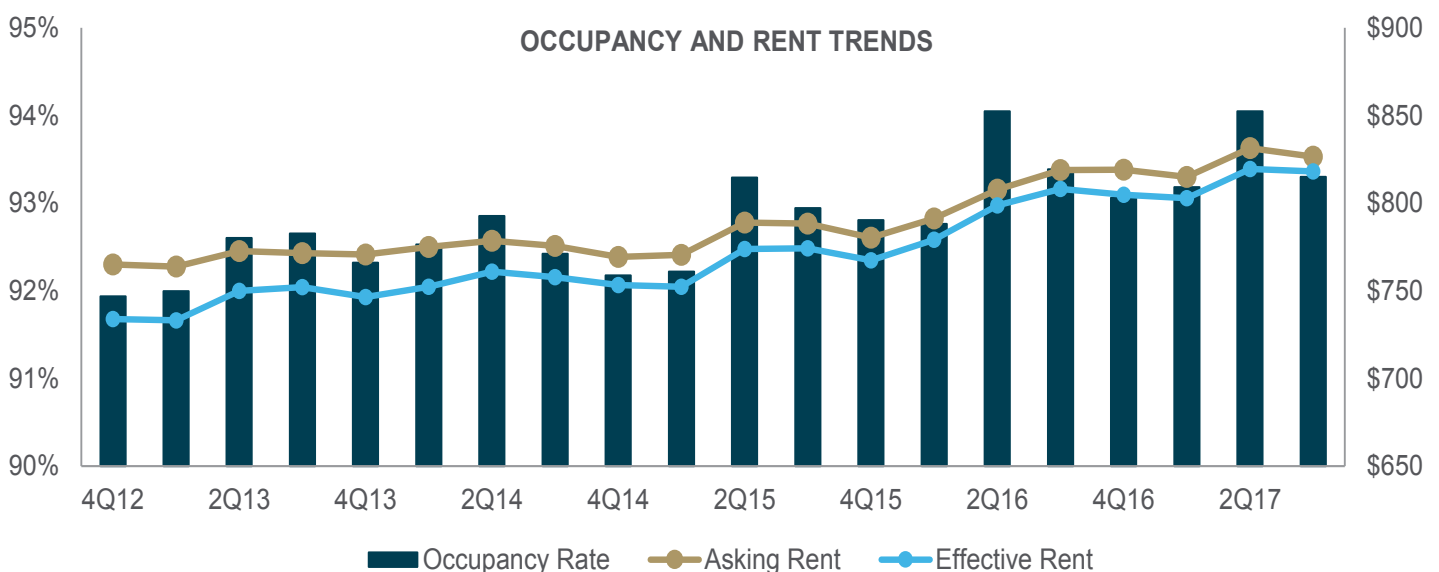
CONCESSIONS 1.0%

Down **20 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

APARTMENT OCCUPANCY DIPS AMID RISING HOME SALES

Over the 12-month period ending in September 2017, developers added 1,354 new units to the Greater Memphis apartment market, exceeding net absorption by 253 units. This imbalance, paired with an 11.2% annual increase in single family home sales, were key contributors to the year-over-year occupancy rate dropping 10 basis points to 93.3%. Construction of new units was limited to four of Memphis' 14 submarkets with the Downtown/Midtown area receiving 44% of new deliveries. Annual net move-in and move-out totals were split relatively evenly across Memphis submarkets with eight submarkets recording positive annual absorption. The Downtown/Midtown submarket accounted for 52% of all leasing activity. The submarket's appeal to renters was bolstered by the opening of the 1.5 million-square-foot Crosstown Concourse, which included the consolidation of 350 jobs by Bonheur Healthcare. Negative annual rent growth in eight submarkets and slowed rental activity limited rent growth in the metro area as average asking rent increased 0.9% to \$826 per month. Effective rent growth exceeded asking rent growth by 30 basis points, reaching \$818 per month as concessions dropped 20 basis points to 1.0%.



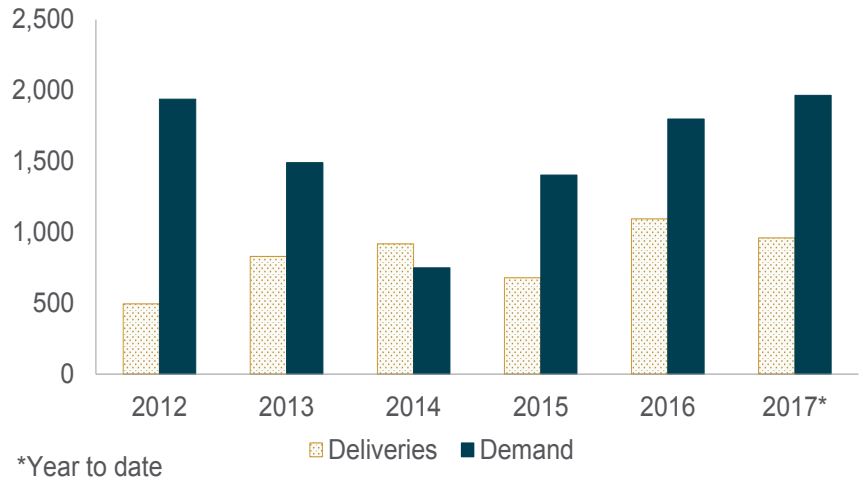
DELIVERIES AND DEMAND



DELIVERIES 961
Units YTD



NET ABSORPTION 1,965
Units YTD



ECONOMIC TRENDS

2016 5.4% **UNEMPLOYMENT*** 2017 4.0%
-140 BPS CHANGE

2016 638.9k **EMPLOYMENT*** 2017 647.2k
1.3% CHANGE

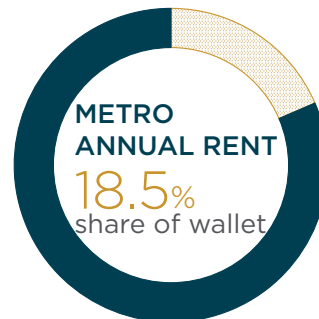
2016 21.5k **EXISTING SFH SALES**** 2017 23.9k
11.2% CHANGE

2016 \$155.8k **MEDIAN SFH PRICE**** 2017 \$161.9k
3.9% CHANGE

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

*August; **September

During the 12-month period ending in August 2017, nonfarm employment increased 1.3% as payrolls expanded by 8,300 new jobs. Memphis' largest employment sector—trade, transportation, and utilities—continued to increase its market share as companies in the sector added 5,700 new jobs. FedEx Corporation added 800 jobs at the company's world headquarters hub at the Memphis International Airport (MEM) and Sprouts Farmers Market Inc. grew by 100 positions to support its new East Memphis location. Construction companies added 3,200 new positions as over \$4 billion in new developments got underway in the past year, including the highly anticipated One Beale project in Downtown Memphis and MEM's modernization project. A 58% annual increase in the number of visitors to Memphis' top 50 tourist destinations helped facilitate the creation of 1,500 leisure and hospitality jobs. Job growth was stunted by losses totaling 3,000 layoffs across five sectors. Despite the layoffs, August unemployment rate dropped 140 basis points annually to 4.0%.



MEMPHIS

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
Crittenden County	95.5%	93.7%	-	-12.5%	\$817	\$715	37	-51	0	0
DeSoto County / Other	95.2%	94.9%	7.2%	-2.2%	\$948	\$928	-2	-10	0	0
Downtown/Midtown	94.5%	94.5%	7.6%	-1.1%	\$1,085	\$1,073	185	570	181	601
East Memphis/University	95.7%	95.0%	-10.1%	5.3%	\$575	\$606	131	228	61	274
Frayser	84.8%	80.9%	0.5%	-7.3%	\$533	\$494	5	-93	0	0
Poplar Pike/Germantown/Cordova	93.9%	95.0%	4.8%	1.1%	\$931	\$942	-72	515	30	319
Raleigh/Bartlett	92.0%	91.9%	2.8%	-2.0%	\$692	\$678	46	-9	0	0
Shelby County/Other	97.0%	97.7%	7.2%	4.0%	\$1,022	\$1,063	1	11	0	0
South Memphis	94.0%	91.7%	3.4%	1.4%	\$547	\$554	12	-120	0	0
Southeast Shelby County/Ridgeway	94.1%	93.7%	0.6%	3.2%	\$641	\$662	-45	97	0	160
Tate County	93.8%	95.0%	-	-0.2%	\$839	\$838	-2	5	0	0
Tipton County / Other	-	93.7%	-	-	-	\$942	1	1	0	0
Tunica County	92.4%	96.7%	4.6%	-0.7%	\$655	\$651	-21	62	0	0
Whitehaven/Airport/Southaven	92.6%	91.6%	-10.2%	-0.3%	\$735	\$733	112	-107	0	0
TOTALS	93.4%	93.3%	3.9%	0.9%	\$819	\$826	389	1,101	272	1,354



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