



MARKET AT A GLANCE



OCCUPANCY RATE **96.7%**
Down **10 bps** since 3Q16



ASKING RENT **\$1,118**
Up **1.2%** since 3Q16

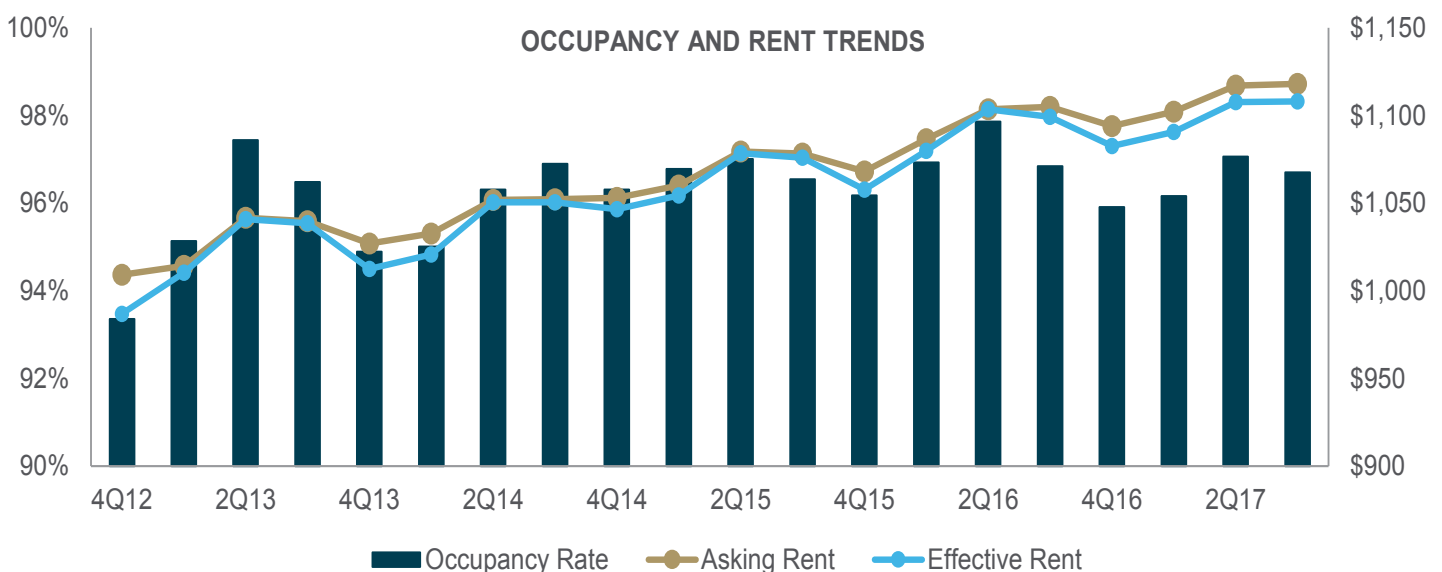


CONCESSIONS **0.9%**
Up **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

DEVELOPERS WORK TO MEET DEMAND AMID ELEVATED VACANCY

With elevated apartment occupancy during recent years in the Milwaukee metropolitan area, multifamily developers expanded the construction pipeline to lead to an influx of new inventory during the last year. Construction completed on 3,258 units since September 2016, more than double the 1,553 deliveries in the 12 months prior. The latest inventory growth was a postrecession high with development focused in the neighboring submarkets of City East and Cudahy/S. Milwaukee/Oak Creek. Leasing activity trailed deliveries, causing occupancy to tick down 10 basis points year over year to 96.7% in September 2017. Even with the dip, occupancy was 40 basis points higher than the five-year average. With occupancy lowering, operators slowed rent growth, while expanding concessions to entice rents. At \$1,118 per month in September, average asking rent advanced 1.2% in the last year, following 2.5% rent growth during the preceding 12 months. Also in the last year, average concessions expanded to 0.9% of asking rent. In the highly desired City East submarket, asking rent advanced 2.2% annually to \$1,541 per month in September 2017 while concessions were reduced to 0.5% of asking rent.



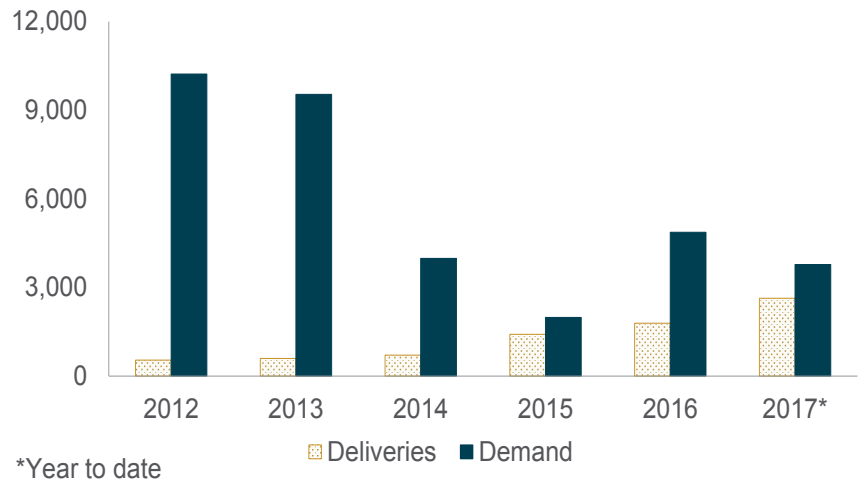
DELIVERIES AND DEMAND



DELIVERIES 2,635
Units YTD



NET ABSORPTION 3,775
Units YTD



ECONOMIC TRENDS

2016 4.6% **UNEMPLOYMENT*** 2017 3.7%
-90 BPS CHANGE

2016 863.8k **EMPLOYMENT*** 2017 857.3k
-0.8% CHANGE

2016 22.4k **EXISTING SFH SALES**** 2017 30.0k
33.9% CHANGE

2016 \$226.8k **MEDIAN SFH PRICE**** 2017 \$240.0k
5.8% CHANGE

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

*August; **September

Job creation in the education and health services sector was a significant economic driver in the Milwaukee metropolitan area, expanding 1.4% year over year since August 2016. The net 2,300 workers added to the education and health services industry led job creation for the metro. The manufacturing and the professional and business services segments also posted gains of 600 and 200 new jobs, respectively. These additions were offset by contractions in several other employment sectors in the last year. With the reduction of 2,600 positions, the governmental segment was a critical drag on the local economy. The financial services industry also shed 2,400 workers, decreasing 4.7% annually. Part of the reduction was by Northwestern Mutual Life Insurance Co., one of the Milwaukee area's largest employers. Overall, total nonfarm employment contracted 0.8% annually through August 2017 with the elimination of 6,500 jobs. A positive economic indicator was the 4.8% year-over-year increase for the median household income to \$61,716 in Greater Milwaukee in August 2017.



SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Brookfield/New Berlin	97.3%	97.0%	0.3%	-1.2%	\$1,303	\$1,288	20	206	20	235
City East	96.2%	95.8%	-5.0%	2.2%	\$1,507	\$1,541	269	559	306	673
City West	97.4%	96.0%	-16.5%	1.3%	\$1,390	\$1,407	87	30	99	311
Cudahy/S. Milwaukee/Oak Creek	97.9%	97.7%	1.4%	0.5%	\$935	\$940	39	577	138	621
Greenfield/Greendale/Franklin	96.8%	97.2%	-2.0%	-3.5%	\$958	\$924	-36	135	60	71
Northshore/NW Milwaukee	95.5%	95.8%	1.5%	0.6%	\$1,125	\$1,132	-44	146	23	99
Washington/Ozaukee County	97.7%	96.8%	7.7%	-8.6%	\$1,354	\$1,238	-51	178	84	313
Wauwatosa/West Allis	96.1%	95.9%	3.9%	-1.9%	\$1,022	\$1,002	118	336	169	379
West Waukesha County	97.5%	97.5%	5.2%	2.2%	\$1,057	\$1,081	302	539	336	556
TOTALS	96.8%	96.7%	2.5%	1.2%	\$1,105	\$1,118	703	2,706	1,235	3,258



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