



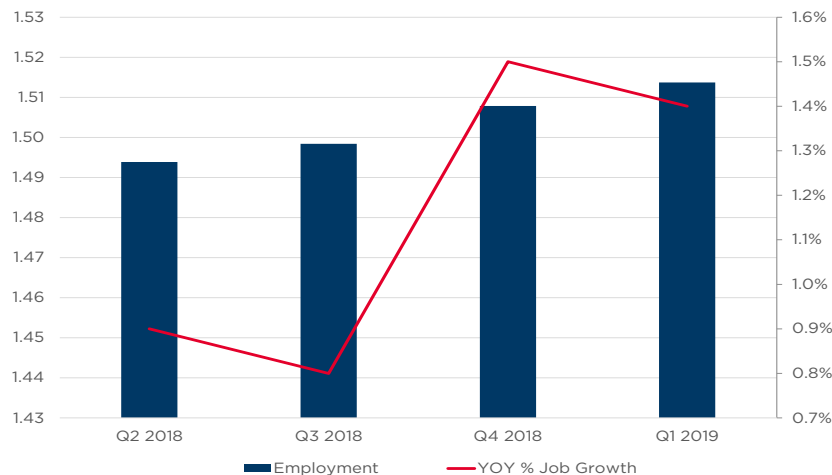
CINCINNATI/DAYTON, OH

EMPLOYMENT & UNEMPLOYMENT TRENDS

The combined Cincinnati/Dayton region added nearly 21,000 net jobs year-over-year per recent statistics from Moody's Analytics. Those 21,000 new jobs represent a job growth rate of 1.4%, which is in-line with the level of growth seen in the past year. Industries that led job growth in the first quarter were Education & Health Services (+5,100 net jobs), Manufacturing (+5,000 net jobs) and Professional & Business Services (+3,500 net jobs).

CINCINNATI/DAYTON JOB GROWTH TRENDS

EMPLOYMENT IN MILLIONS & JOB GROWTH (%)



Source: Moody's Analytics

JOB GROWTH & UNEMPLOYMENT RATE

+1.4
% YOY

Average Q1 employment increased by 21,000 jobs.

+13
BPS YOY

Average Q1 unemployment increased to 4.2%.

ECONOMIC EXPANSION

The following are announcements from first quarter 2019:

- ✓ After recently acquiring two major Class-A office buildings in downtown Dayton, local digital technology provider **Stratacache** is planning to add **300 new jobs** in the next five years.
- ✓ **RoundTower Technologies**, a Kenwood-based technology consultancy, is looking to expand its headquarters office and recently received state tax credits to add **128 new full-time jobs** over the next three years.
- ✓ **Trew, LLC** is a provider of material handling products and software that is currently based in Mason. The company is currently looking for a new expanded headquarters location in the region and as part of the planned expansion, the company will use state tax incentives to **hire 100 new employees**.
- ✓ Mason-based medical device manufacturer **AtriCure** is planning a \$15 million expansion and expects to **hire an additional 100 employees**.
- ✓ **MegaCorp Logistics** will add **90 new jobs** in next two years as it doubles the size of its headquarters in Covington, Kentucky.

| | 2017 | 2018 | 2019 | FORECAST |
|-----------------------------------|------|------|------|----------|
| U.S. EMPLOYMENT (% Change) | 1.7% | 1.5% | 1.8% | |
| MSA EMPLOYMENT (% Change) | 1.3% | 0.9% | 1.4% | |
| MSA UNEMPLOYMENT RATE | 4.3% | 4.0% | 4.2% | |

Forecast is 12-month outlook

OUTLOOK

- With a combination of low cost-of-living and available jobs, financial advice website SmartAsset.com ranked Cincinnati as the best city for new college graduates in 2019. Cincinnati also claimed the top spot in the survey in both 2016 and 2017 and finished second among U.S. cities in 2018.
- Multifamily vacancy in Cincinnati/Dayton is less than 5.0% and increasing effective rent rates are headed toward \$900 per unit.



MULTIFAMILY TRENDS

In the combined Cincinnati/Dayton market, the average effective rent is greater than \$850 per unit. Vacancy in the Cincinnati/Dayton market has fallen dramatically on a yearly basis, reaching a near-record low level of 4.9% in Q1 2019.

+3.6
% YOY

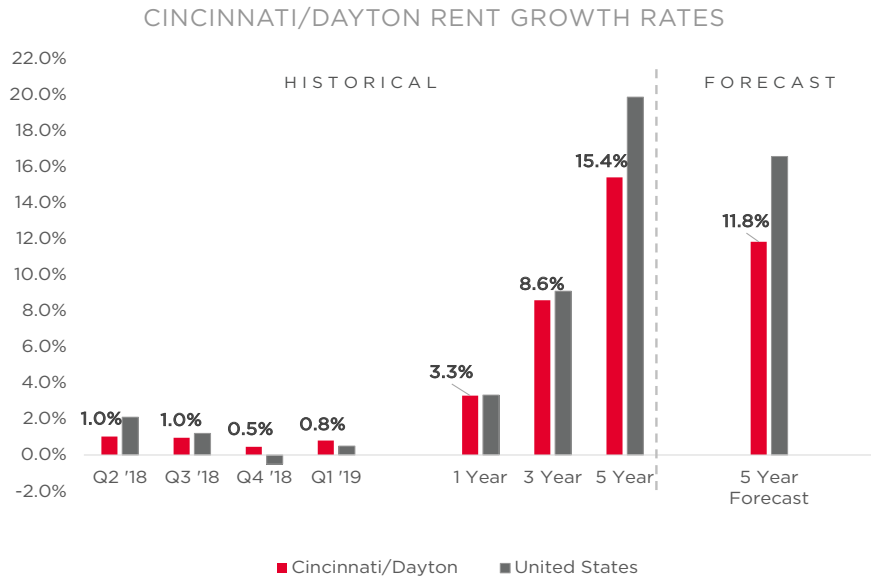
Average effective rent increased to \$856.

-93
BPS YOY

Vacancy decreased to an average of 4.9%.

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Cincinnati/Dayton's one-year historical rent growth (per first quarter 2019 year-over-year data) is on-par with the national average growth rate. Effective rent growth has been positive in Cincinnati/Dayton for each of the past four quarters and is projected to increase by nearly 12% over the next five years.



Source: AXIOMetrics

DEVELOPMENT / INVENTORY

In the first quarter of 2019, two new projects (140 units) finished construction across combined Cincinnati/Dayton market. Nearly 4,600 units are currently under construction across the region.

More than three-quarters of current construction is centered in Greater Cincinnati. Nearly 800 units are underway in Downtown Cincinnati/Over-The-Rhine, while an additional 500 units are under construction along the I-71 Corridor. 1,350 additional units are also under construction in Northern Kentucky. Of the 1,000 units underway in Greater Dayton, over 400 units are in the suburbs of Centerville/Kettering and 350 units are under construction in Downtown Dayton.

DEMOGRAPHIC FUNDAMENTALS

The combined Cincinnati/Dayton MSA population is projected to increase by more than 93,000 people between 2018 and 2023. During that period, median family income is projected to increase by nearly \$11,000.

POPULATION



2000: 2,800,663
2010: 2,913,810
2018: 2,991,182
2023: 3,084,661

PERCENT RENTER HOUSEHOLDS



2000: 33.1%
2010: 33.3%
2018: 34.5%
2023: 34.1%

MEDIAN FAMILY INCOME



2000: \$43,955
2010: \$51,359
2018: \$59,647
2023: \$70,235

MULTIFAMILY FORECAST

The following are Cushman & Wakefield's projections over the near term.



RENTS



VACANCY



PIPELINE % GROWTH

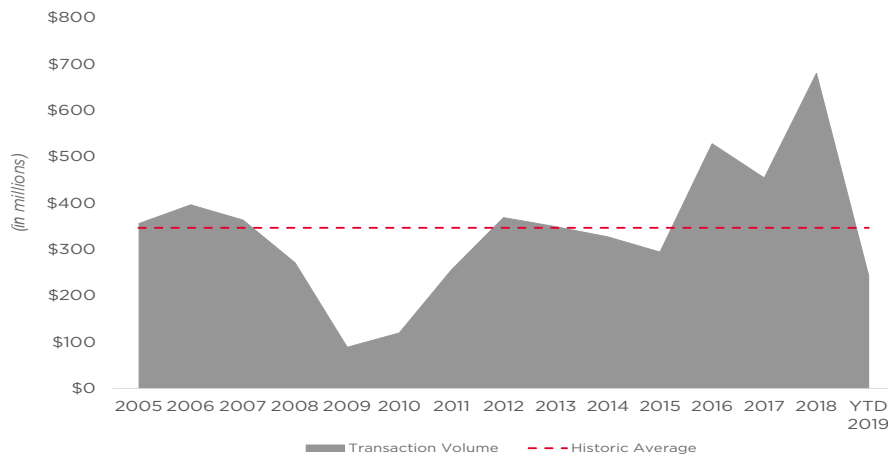
Forecast is 12-month outlook



INVESTMENT ACTIVITY

Multifamily investment sales volume for the combined Cincinnati/Dayton market have been record-setting in recent years, and the first quarter of 2019 followed that trend. Total sales volume in 2018 hit an all-time market high of \$670 million, breaking the previous record level (2016) by nearly \$150 million. Q1 2019 sales volume was \$243 million, which was the highest single-quarter level seen in more than a decade.

HISTORICAL SALES VOLUME



Source: Real Capital Analytics

NOTABLE SALES - FIRST QUARTER

| PROPERTY | YEAR | UNITS | SELLER | BUYER | PPU |
|-------------------------|------|-------|------------------|-------------------|--------|
| CLASS A | | | | | |
| WaterStone-Carriage Tr. | 2016 | 192 | Miller-Valentine | Dietz Prop. Group | \$130k |
| CLASS B | | | | | |
| Glenbridge Manors | 2002 | 274 | JRK Asset Mgmt | GoldOller RE | \$199k |
| Preserve at Sagebrook | 1997 | 336 | Brack Capital RE | Star RE Ventures | \$97k |
| Williamsburg-Cincinnati | 1967 | 976 | Resource RE | BRC Williamsburg | \$72k |

MOST ACTIVE MARKET PLAYERS

TOP FIVE CINCINNATI/DAYTON BUYERS - PAST 12 MONTHS

| RANK | BUYER | TOTAL VOLUME | NO. PROPERTIES |
|------|--------------------------|----------------|----------------|
| 1 | Solomon Organization | \$68.9 million | 2 |
| 2 | PLK Communities | \$59.5 million | 2 |
| 3 | GoldOller RE Investments | \$54.5 million | 1 |
| 4 | Monarch | \$51.8 million | 2 |
| 5 | Varia US Properties | \$45.0 million | 6 |

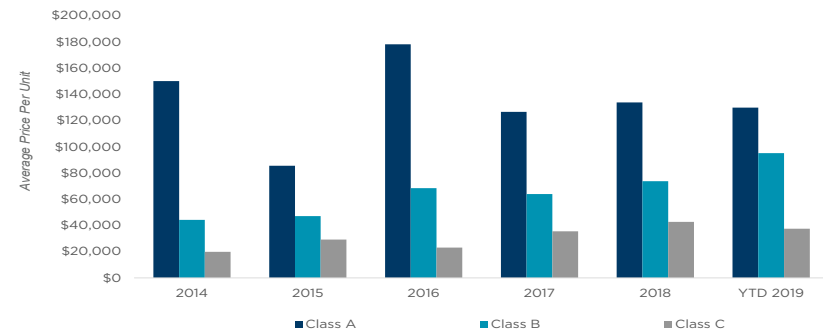
TOP FIVE CINCINNATI/DAYTON SELLERS - PAST 12 MONTHS

| RANK | SELLER | TOTAL VOLUME | NO. PROPERTIES |
|------|----------------------------|----------------|----------------|
| 1 | Apollo Property Management | \$65.7 million | 4 |
| 2 | Miller-Valentine Group | \$60.5 million | 5 |
| 3 | JRK Asset Management | \$54.5 million | 1 |
| 4 | The Connor Group | \$50.6 million | 1 |
| 5 | Resource America | \$50.0 million | 1 |

Source: Real Capital Analytics

PRICING & CAP RATES

The market's mid-quartile spread is 6.0% to 6.9%, which was in-line with prior quarter. Q1 2019 sales volume was extremely strong and average price per unit was similar to levels seen in 2017 and 2018.

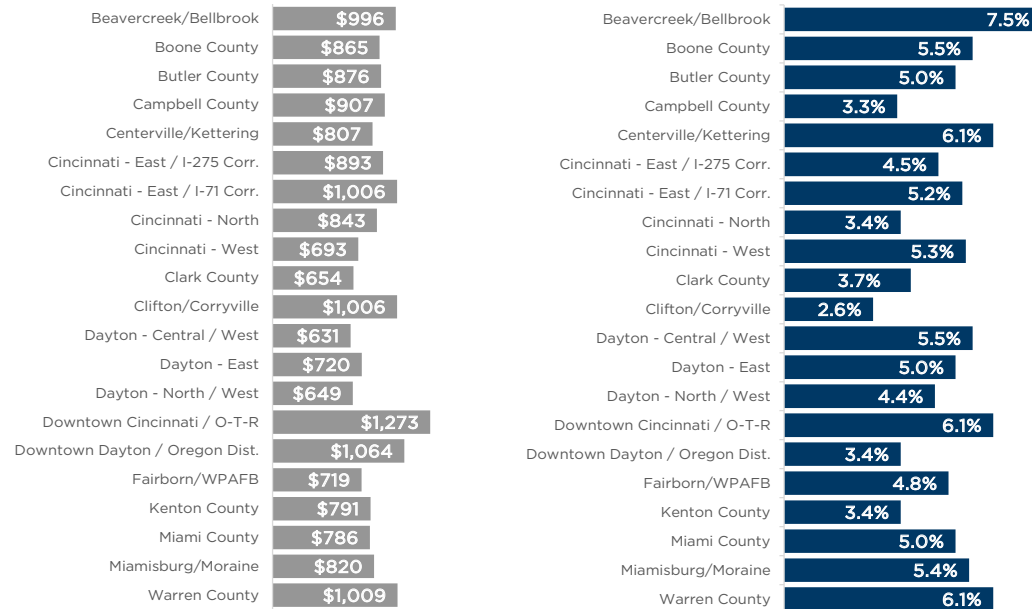


Source: Real Capital Analytics

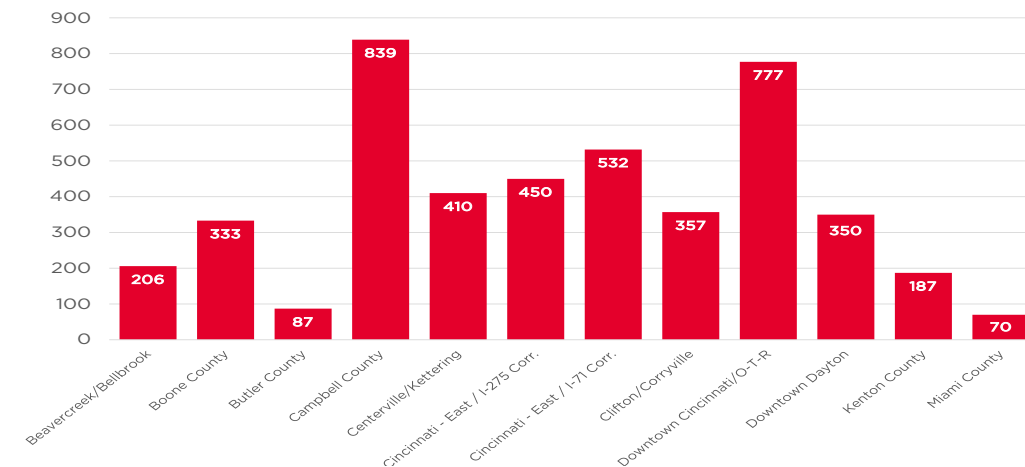


SUBMARKET OVERVIEW

RENTS & VACANCY BY SUBMARKET



UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Cushman & Wakefield Research
Note: Submarkets are defined by Cushman & Wakefield Research

SELECT SUBMARKET NEWS

Silverton

- Construction is nearing completion on the first phase of a mixed-use development called Ag47, a \$50 million project from developers **Jeffrey R. Anderson and Miller-Valentine Group**. **The Residences at Ag47** is comprised of 204 luxury apartment units, located at the corner of Montgomery and Stewart Roads.

Columbia-Tusculum (Cincinnati)

- Columbus-based **Steiner + Associates** is planning a **yet-to-be-named \$15 million multifamily development** on Hoge Street in the Columbia-Tusculum neighborhood located east of downtown Cincinnati. The 62-unit project may start construction this Summer and is expected to last 12 months.

Union Township

- Adjacent to the recently-completed 187-unit Echelon Luxury Apartments, developer **PLK Communities** spent nearly \$1 million on four land parcels to build a second **yet-to-be-named apartment community** on Glen Este-Withamsville Road.

Huber Heights

- Columbus-based **Metropolitan Holdings** will soon begin construction on 310-unit luxury apartment complex called **Parkview**. Located just north of I-70, apartments at Parkview will be ready as early as the Summer of 2020.