

STATE OF THE WASHINGTON CLASS A APARTMENT MARKET

THIRD QUARTER 2014

2014 TRENDS



THE 36-MONTH **DEVELOPMENT PIPELINE** EDGED UP SLIGHTLY TO **40,175 UNITS**

with 32,081 of those units currently **under construction**



METRO-WIDE, THE **STABILIZED VACANCY RATE** FOR ALL CLASSES OF INVESTMENT GRADE APARTMENTS **REMAINED UNCHANGED OVER THE PAST YEAR – AT 4.1%**

However, Class A vacancy edged up to **4.6%**

THE GOOD NEWS



METRO AREA **CLASS A RENTS ROSE BY 1.1%** OVER THE PAST 12 MONTHS

due to **unprecedented absorption levels**



RECORD SETTING **CLASS A ABSORPTION** CONTINUES, AS **10,663 CLASS A UNITS WERE ABSORBED OVER THE PAST 12 MONTHS**

77% ahead of our long term average, despite weak job growth over the past year

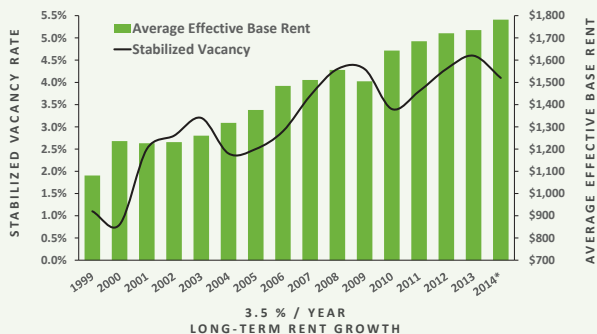


CONSTRUCTION STARTS IN THE 3RD QUARTER ARE AT THEIR **LOWEST LEVEL IN 3 YEARS**

but an **elevated amount of units are expected** to start construction before the end of the year

EFFECTIVE RENTAL RATE AND VACANCY RATE

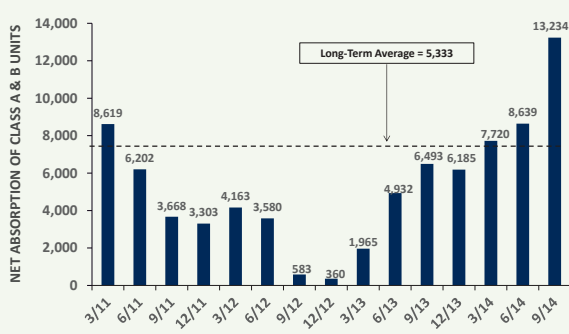
ALL TYPES AND CLASSES OF APARTMENTS WASHINGTON METRO



*As of Third Quarter 2014. Source: Delta Associates, September 2014.

ANNUAL NET APARTMENT ABSORPTION

CLASS A & B UNITS WASHINGTON METRO



Source: Delta Associates, September 2014.

NORTHERN VIRGINIA

ANNUAL CLASS A RENT GROWTH

HIGH-RISE **FOR RENT** **↓ -0.1%**

36 MONTH PIPELINE

36 MONTHS **16,662** PAST 12 MONTHS **↑ 13.2%**

Q3 2014 CONSTRUCTION STARTS

PROJECTS **1** UNITS **320**

CLASS A: THIRD QUARTER

ANNUAL CLASS A

ABSORPTION **3,508** DELIVERED **6,006**

ANNUAL CHANGE IN ABSORPTION

↑ 15%

SUBURBAN MARYLAND

ANNUAL CLASS A RENT GROWTH

HIGH-RISE **FOR RENT** **↑ 1.2%**

36 MONTH PIPELINE

36 MONTHS **12,440** PAST 12 MONTHS **↑ 3.8%**

Q3 2014 CONSTRUCTION STARTS

PROJECTS **3** UNITS **390**

CLASS A: THIRD QUARTER

ANNUAL CLASS A

ABSORPTION **4,424** DELIVERED **4,618**

ANNUAL CHANGE IN ABSORPTION

↑ 56%

THE DISTRICT

ANNUAL CLASS A RENT GROWTH

HIGH-RISE **FOR RENT** **↑ 2.6%**

36 MONTH PIPELINE

36 MONTHS **11,073** PAST 12 MONTHS **↑ 17.9%**

Q3 2014 CONSTRUCTION STARTS

PROJECTS **4** UNITS **905**

CLASS A: THIRD QUARTER

ANNUAL CLASS A

ABSORPTION **2,731** DELIVERED **4,477**

ANNUAL CHANGE IN ABSORPTION

↑ 22%