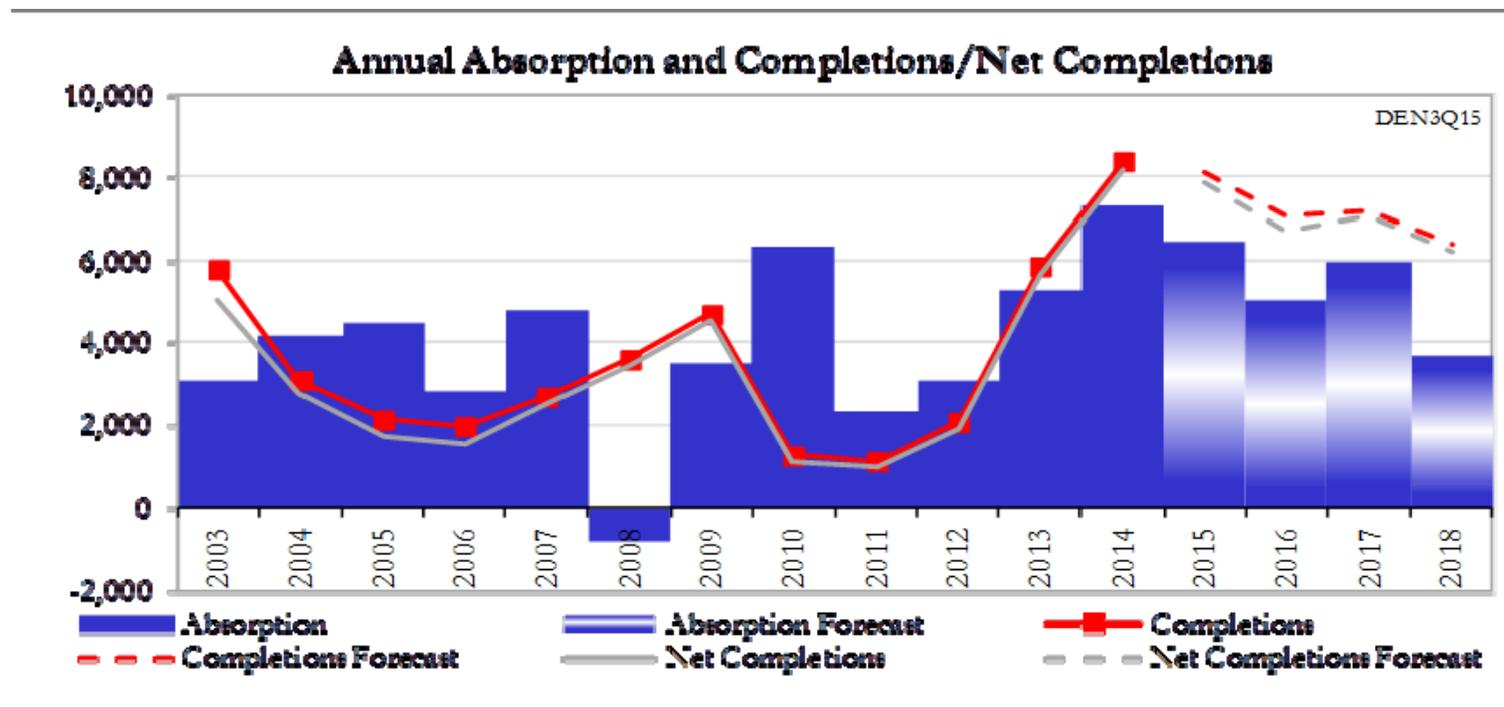


UNIVERSITY OF COLORADO COLORADO BUSINESS ECONOMIC OUTLOOK

COLORADO MULTIFAMILY BREAKOUT “HOW LONG WILL THE BOOM LAST?”



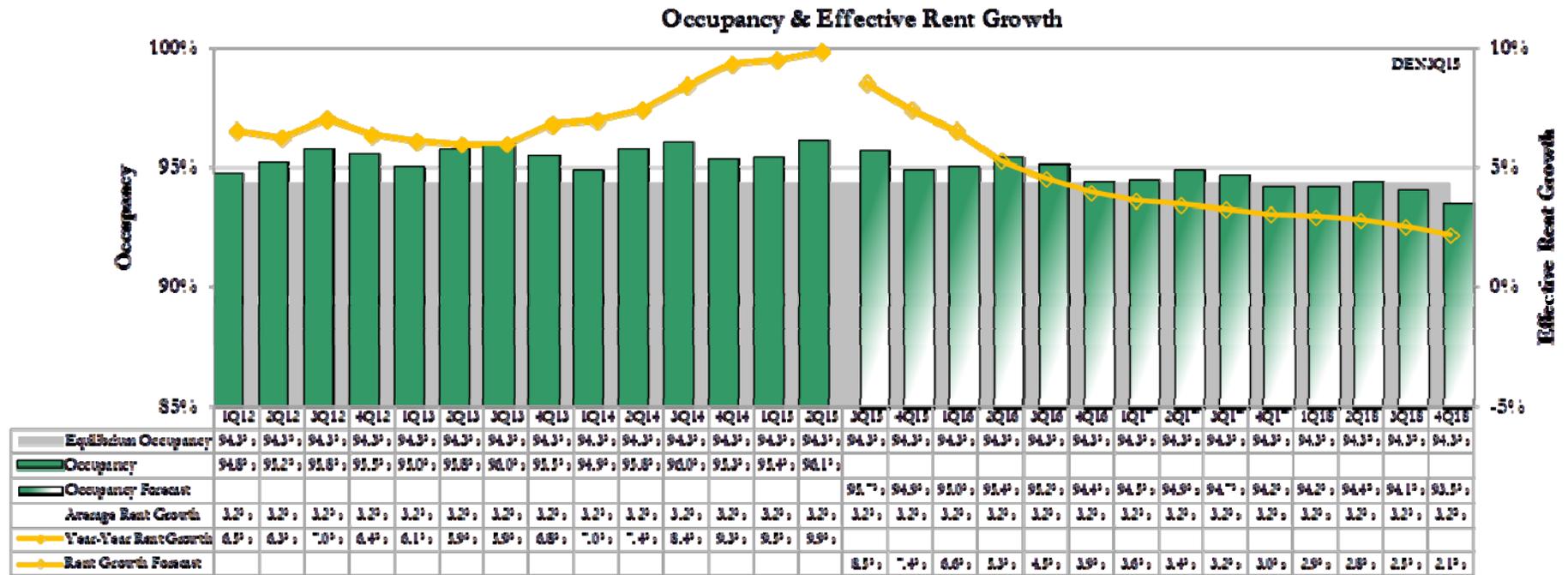
Forecasted Supply / Absorption



- Trailing four quarters of absorption was 8,501 apartment homes (4,043 in 2Q 2015)
- 2014 Net Completions 8,149 apartment homes
- 2015-2018 Net Completions projected to be ~7,000 per year.

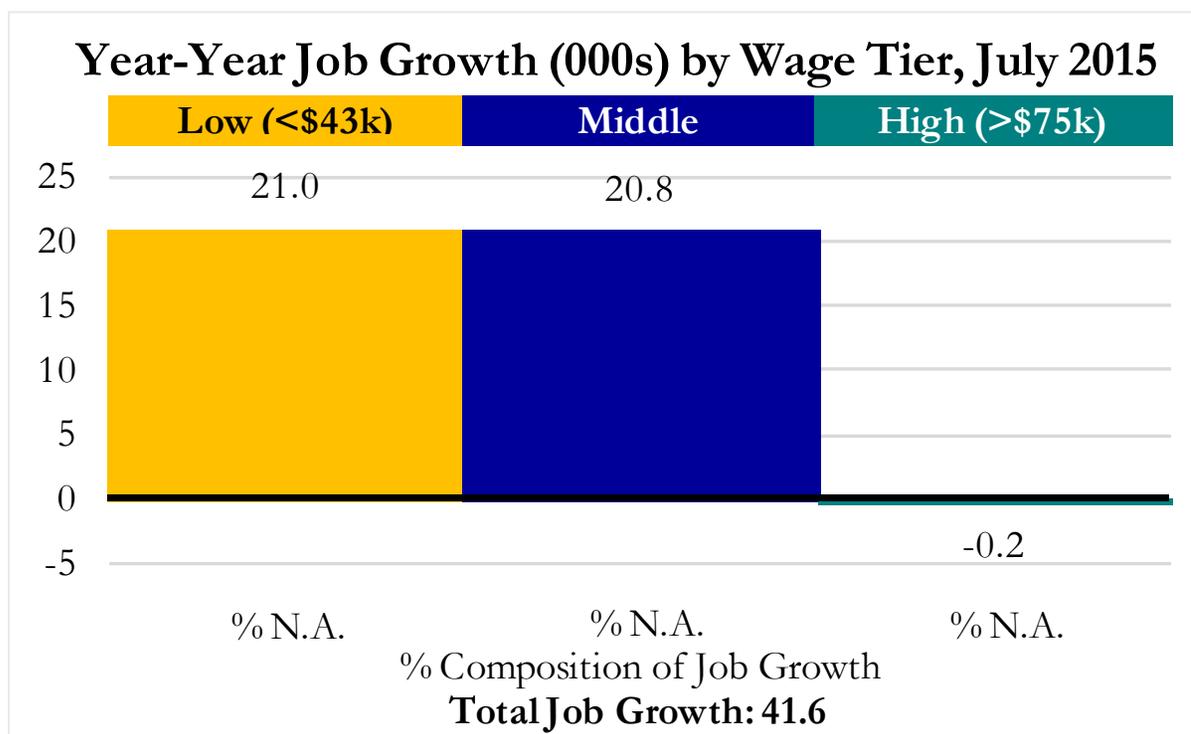
Source: Witten

Forecasted Rent Growth



- Year over year rent growth was 9.9% in 2Q 2015, up from 9.5% in the previous quarter.
- Future projections show rent growth returning to more sustainable levels (3-5%) in the next three years.
- 2Q 2015 Denver Metro stabilized occupancy levels were 96.1%.
- Occupancy project to remain above 94% for the next three years.

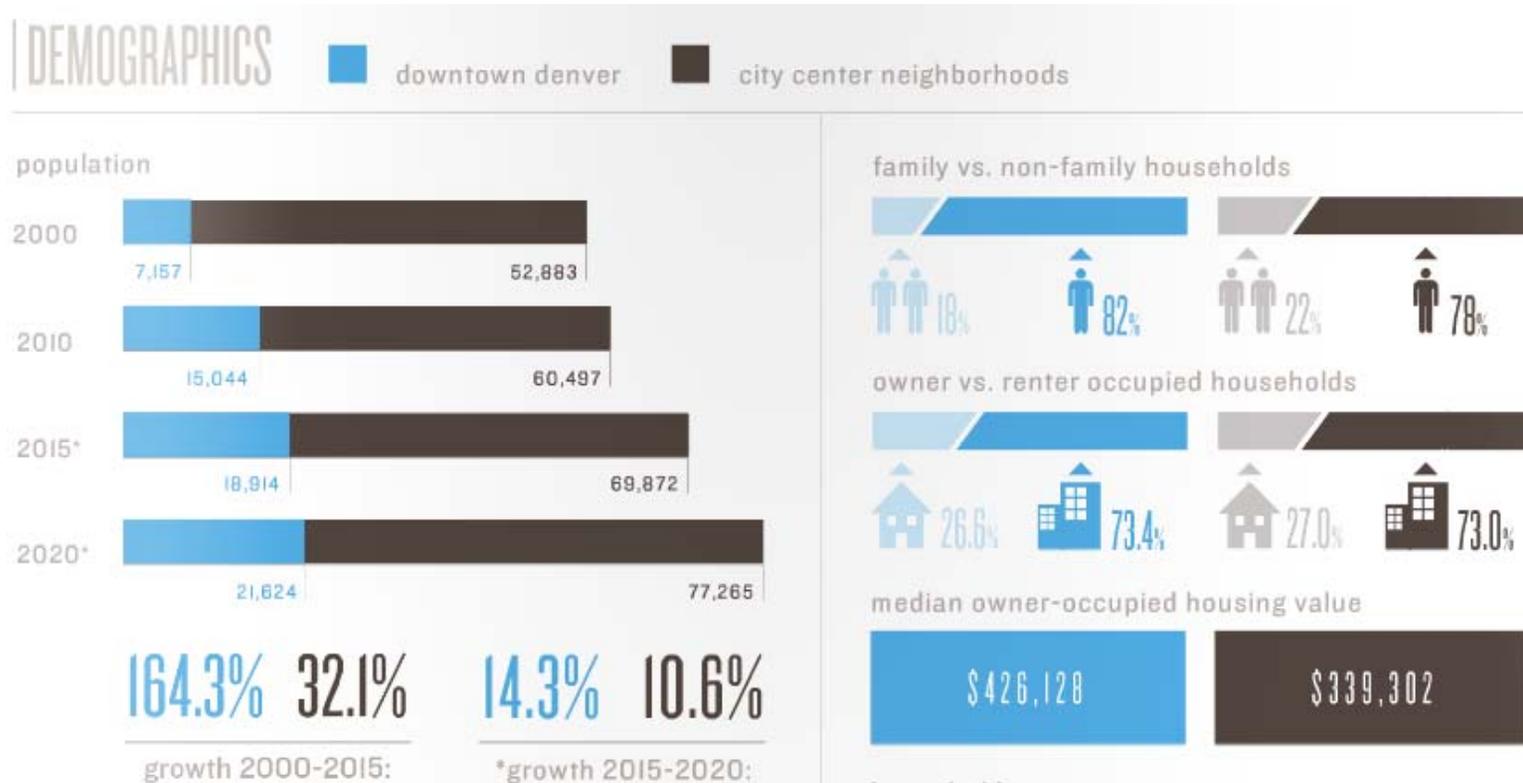
Source: Witten



- Moody’s Census Analytics show Denver MSA net in-migration of 35,000 for 2014 ~96 people per day arriving.
- Downtown Denver Employment added net 5,200 jobs (4.4 %), to 123,365 jobs between the fourth quarters of 2014 and 2015, exceeding both state and national employment trends.
- The commercial real estate market Downtown improved between the second quarter of 2014 and 2015, with vacancy rates declining 1.8 percentage points for office space and 0.7 percentage points for retail space.

Source: Witten, U.S. BLS

Market Indicator – Downtown Denver

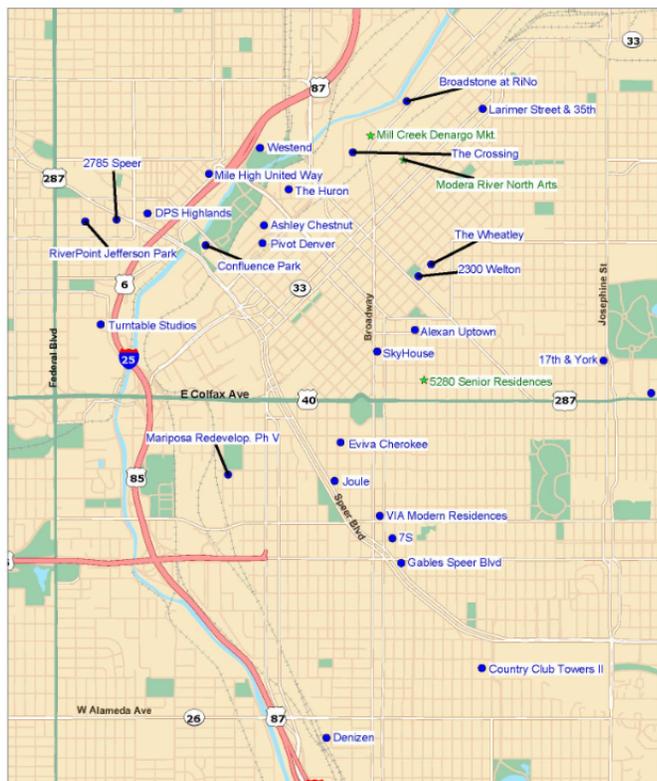


- Downtown Denver’s population has grown by 164.3 percent since 2000
- More than 15% population growth over the past 5 years
- Center City neighborhoods have added 13,000 residential units from 2011 to 2015
- The average age of a Downtown Denver resident is 34 years
- Average annual household income Downtown - \$91,961
- 23 percent of Downtown households do not own a car

Source: Downtown Denver Partnership

Trouble on the Horizon, or Continued Forward Progress???

Construction Map - CBD



Blue Circles-Under Construction

Green Stars - Scheduled or Final Plan Approval

- How will the next three years play out?
 - 2010-2015: Total apartment growth from 19,600 to over 28,000 units
 - 2010-2015: 6,100 absorbed (~1,200 per year)
 - 2016-2018: 7,100 additional units to Downtown
 - Equilibrium: 3,000 units per year of demand to maintain Downtown occupancy rate of 94%
- What if:
 1. **Doomsday** – Growth stalls = Vacancy , Rent
 2. **Soft Landing** - Low/Med Wage Job Growth Continues = Vacancy , Rent
 3. **Glory Days Yet to Come**- High Wages, Denver is the Place to Be = Vacancy , Rent

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MULTIFAMILY COMMUNITIES