



A Lennar Company

COLORADO BUSINESS ECONOMIC OUTLOOK 2017



Lennar Multifamily Communities

About Us

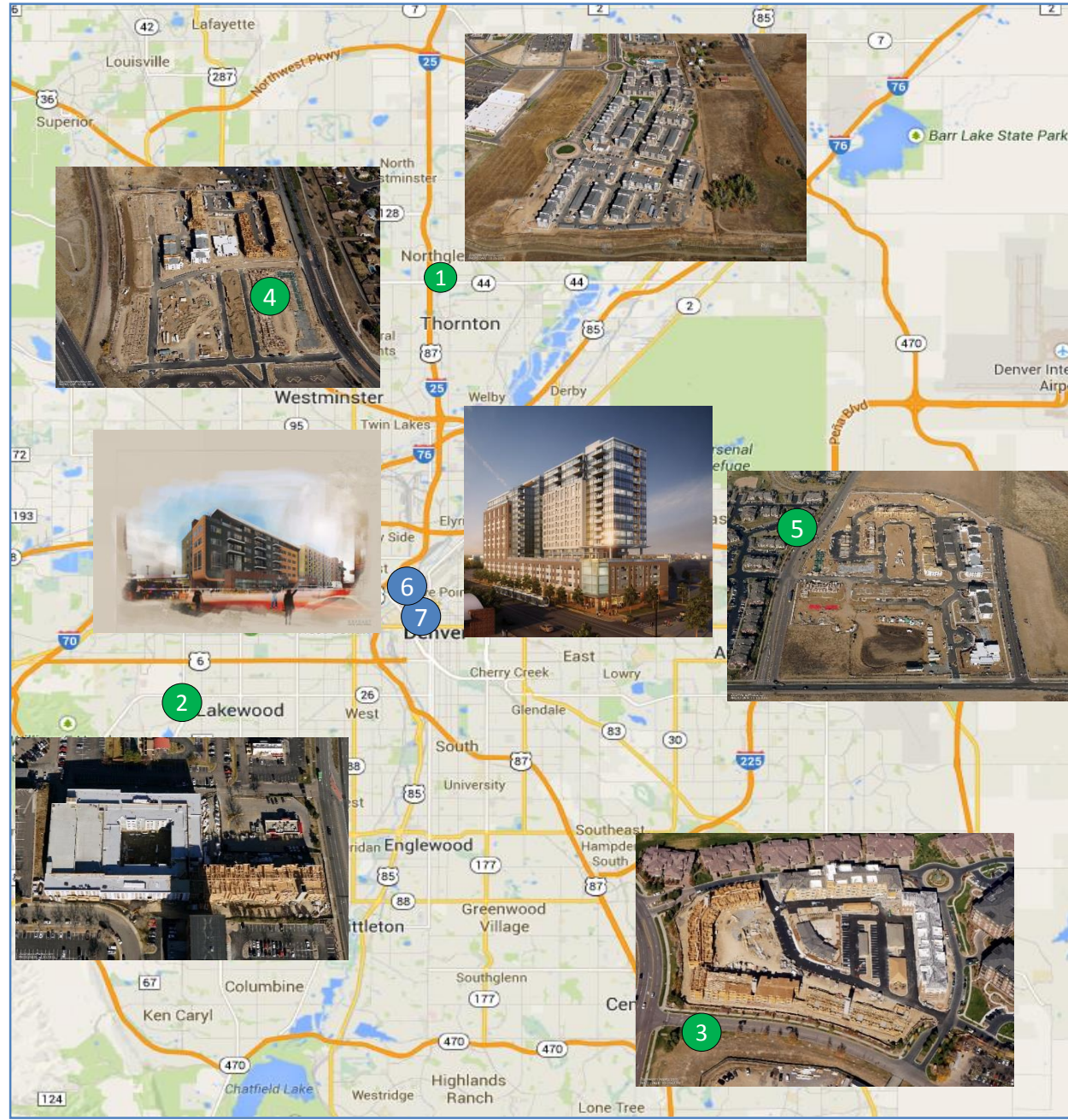
- LMC Started in 2011
 - Currently \$8 Billion in Development Activity
- Denver:
 - 7 communities underway
 - \$600 million total activity
 - 2,319 apartment homes
 - ~ 60 associates
 - Growing to ~110 in '17

Under Construction	Completion Date
--------------------	-----------------

1 Parkhouse	02/2017
2 85 S. Union	08/2017
3 Vallagio	09/2017
4 Axis	02/2018
5 Parkfield	05/2018

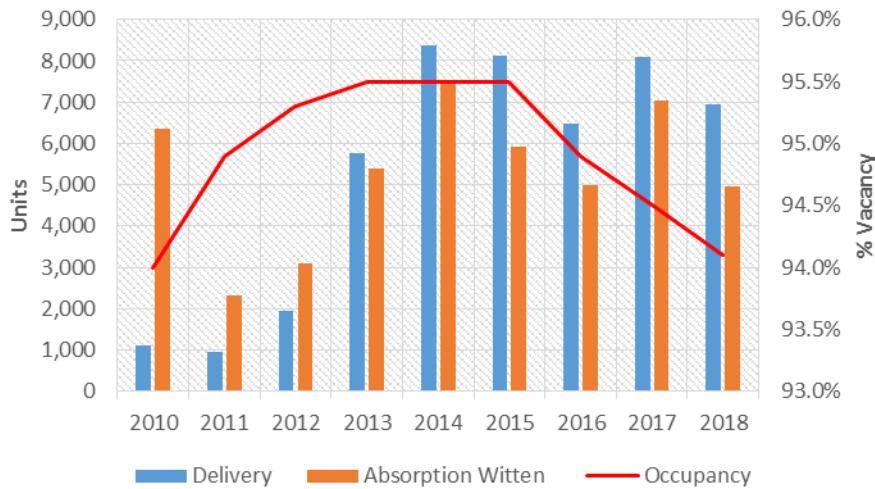
Planned	Start Date
---------	------------

6 24 th & Blake	01/2017
7 21 st & Welton	12/2016

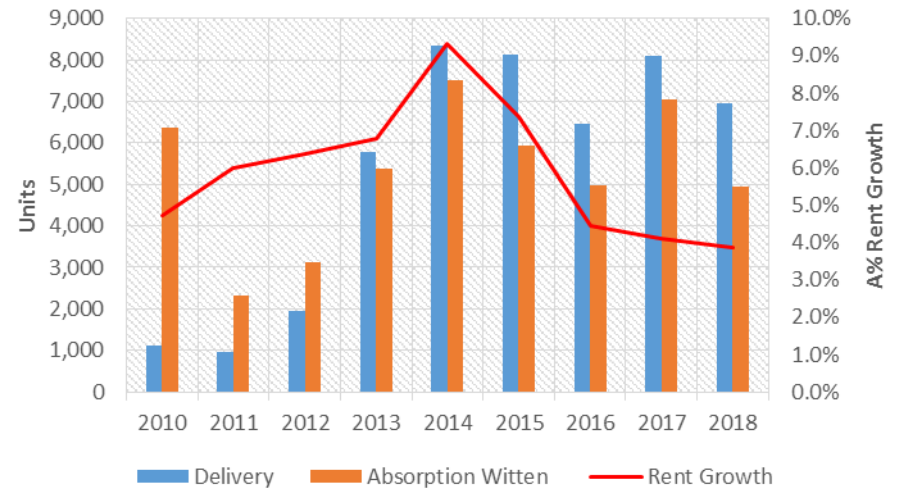


Apartment Supply and Demand: Where We Have Come From; Where We Are Going

Supply & Demand vs Occupancy



Supply & Demand vs Rent Growth

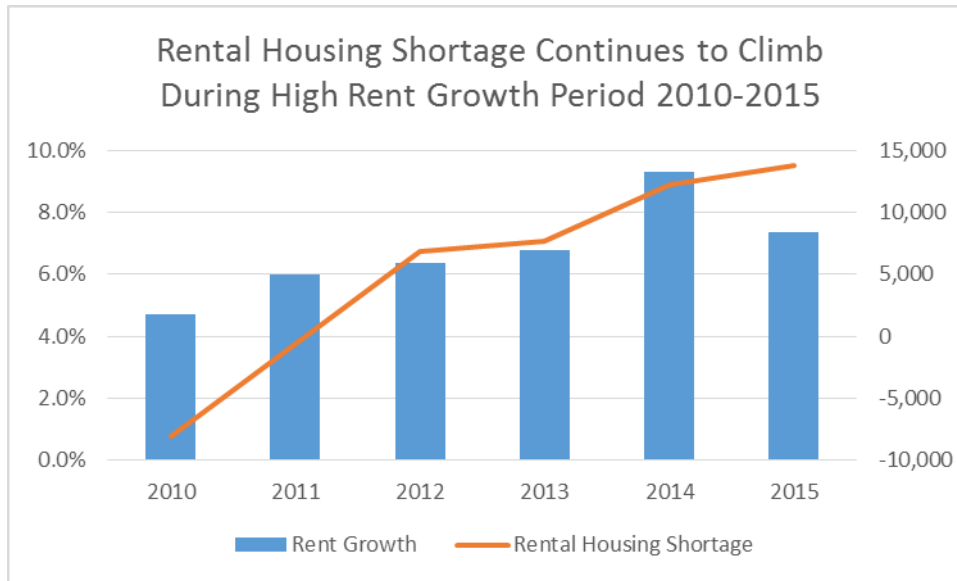


- 2010 – 2018 Net Change in Supply: + 47,786 Apartments (32k delivered; 15k expected 2017-18)
- 2010 – 2018 Net Change in Demand: + 47,619 Apartments (12k in 2017-18) (36k absorbed; 12k expected 2017-18)
- 2010 – 2018 Cumulative Rent Increase: + 57% (\$907 in 2010; \$1,420 in 2018)
- Occupancy above equilibrium since 2010, expected to return to 94% in 2018
- Rent Growth Expectations?

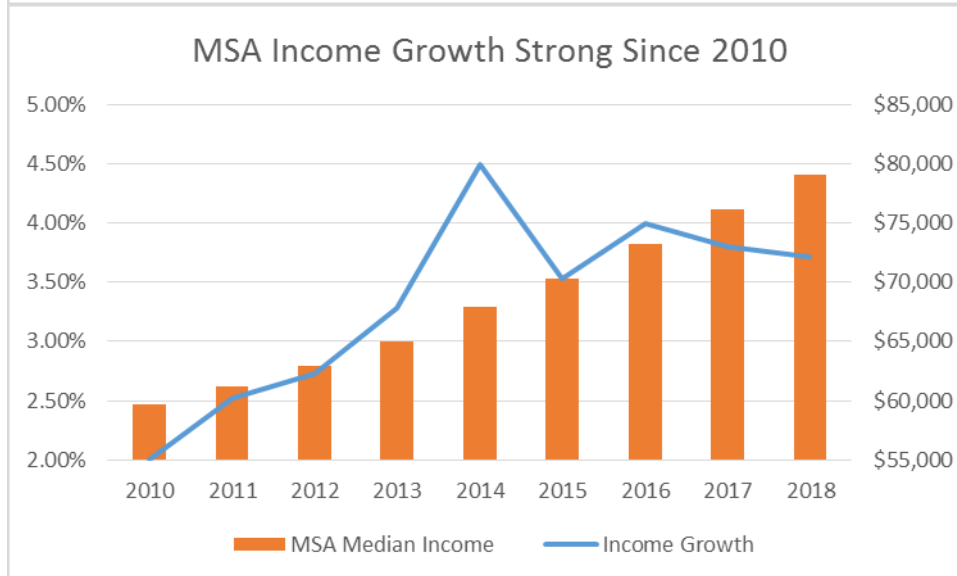
Source: Witten Advisors



Why So Much Rent Growth?



- Rental Housing Shortage Growing
- Currently ~ 14,000 rental unit shortage

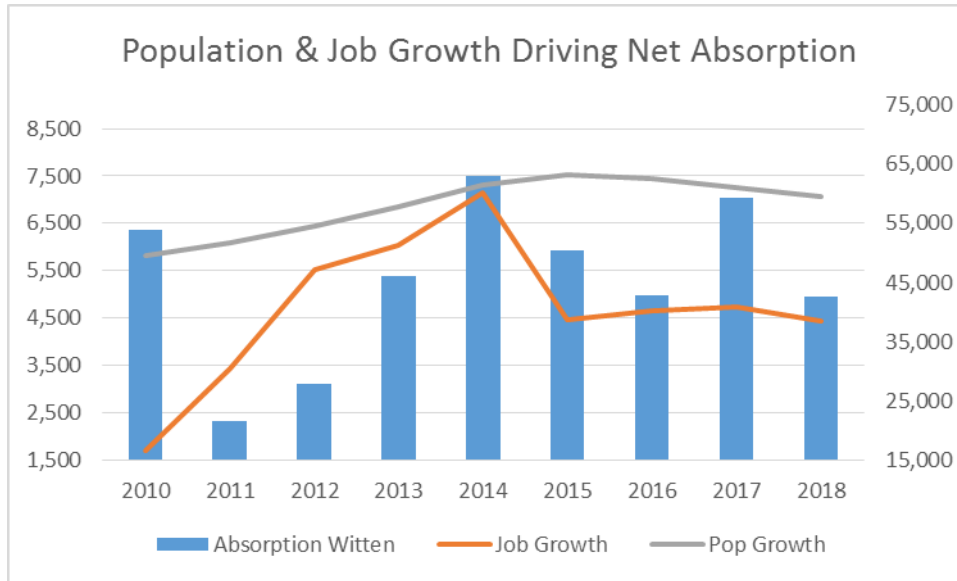


- MSA HH Income since 2010: +23%
\$59.7k in 2010; \$73.3 in 2016
+ \$13.4K / HH in 7 years
- Total Income Expansion from 2010 – 2018 is \$19,302 or 32% over 9 years

Source: Witten Advisors



Why So Much Rent Growth?



2010-2018:

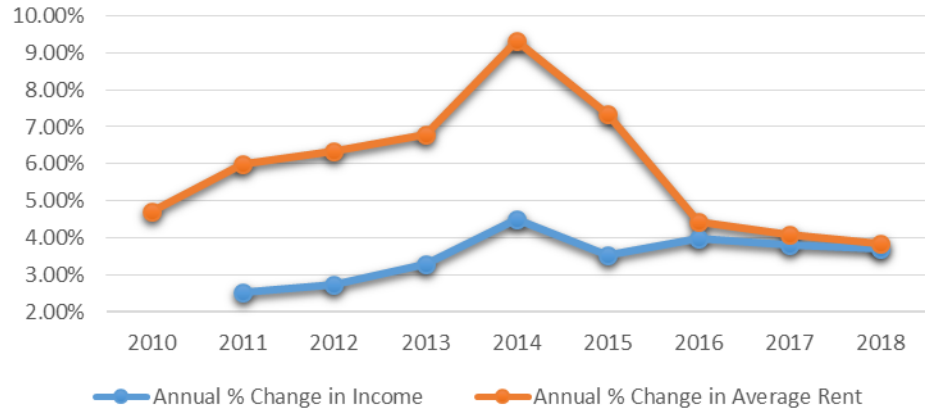
- MSA population growing consistently 50,000 to 60,000 (~2% annually)
- Job growth 30,000 to 60,000 (~2.5%)
- Apartment absorption responding to net positive in-migration / economic expansion

Source: Witten Advisors

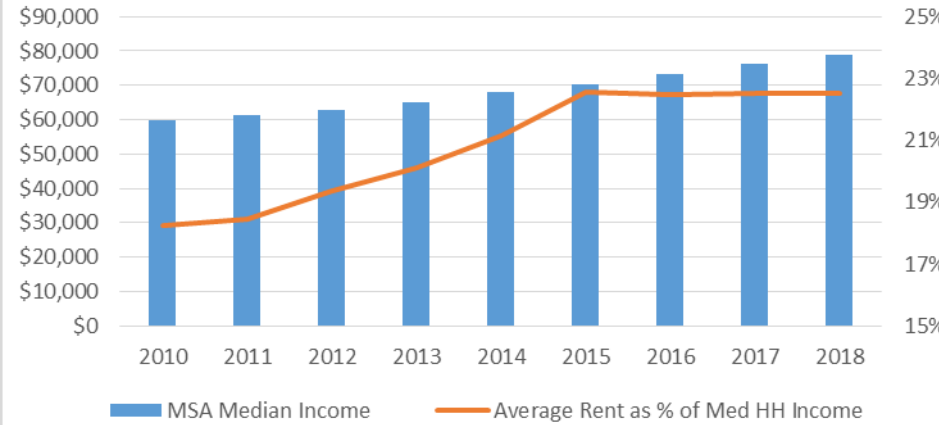


Affordability Maxed Out?

Annual Rent Growth vs. HH Income Growth



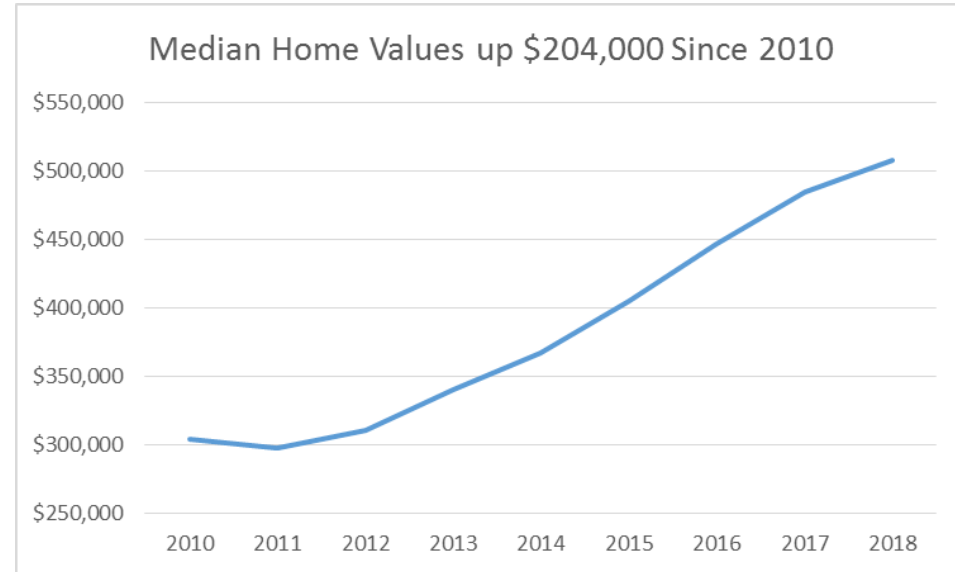
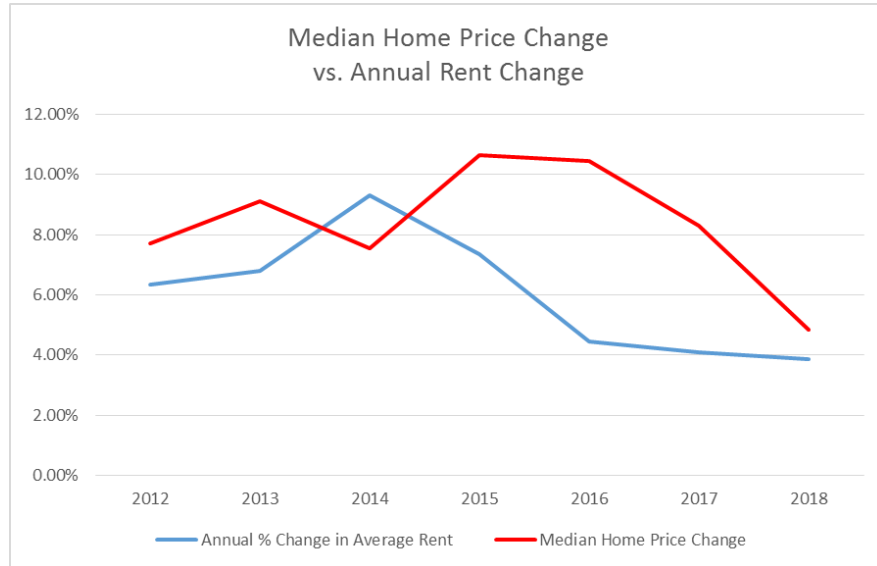
Percentage of Income Toward Rent Remains at Peak



- 2010 – 2018 Cumulative Rent Increase: + 57% (\$907 in 2010; \$1,420 in 2018)
- 2010 – 2018 Cumulative Income Growth: +32%
- 2015: Median HH Income : Average Rent Ratio Capped out at 23%
- Conclusion: Future rent growth likely tied to income growth



What about Home Purchasing?



- Mid 2014: Home Price Acceleration outpaced Rental Rent Growth
- MSA Home Values up \$204,000 (+67%) over 9-year period
- Average Rent up \$513/mo (+57%) over 9-year period
- Conclusion: Income growth likely closest correlation to rent/home value increase
- Future Supply: Debt Constrained

