

Apartment Outlook

Miami



Q1 2015

Miami - Overview

The population of the Miami area stands at 2.69 million, 25th largest of the apartment markets we track. The average per capita income (according to recent data from Moody's Economy.com) is estimated to be \$42,574 - approximately 10% below the national average. Total employment stands at 1.11 million workers.

Key Statistics	Level	Rank
Per Capita Income (\$000)	42.57	51
Total Employment (mil.)	1.1	28
Total Inventory (units x 1000)	258	14
Vacancy Rate (%)	3.4	3
Rent Index (\$/unit)	1,600	13

1-Quarter Change	Metro	All Mkts
Total Employment Growth	↓	↔
Completion Rate	↓	↓
Absorption Rate	↑	↑
Vacancy Rate	↓	↑
Rent Inflation	↓	↑

Apartment Market Forecast

The short-term forecast calls for an overall increase in the number of workers through year-end 2016. Total net absorption is forecasted to be a positive 4,704 units, lagging supply during the same period. By year-end 2016, the annualized vacancy rate is expected to be 4.7% while rents are forecasted to grow - reaching \$1,683.66 compared to current market rents of \$1,600.07.

Miami Forecast Summary: Q1 2015

	Demand			Supply		Performance		
	New Jobs Total Emp.	Net Absorp (Units)	Absorp Rate (%)	Rentable Completions (Units)	Rate (%)	Vac Rate (%)	Rent Index (\$/Unit)	Rent Infl (%)
2014	37,800	1,416	0.6	2,143	0.8	3.8	1,576.47	8.4
2015F	31,900	3,608	1.5	3,758	1.5	3.8	1,635.22	3.7
Q1	6,500	2,070	0.8	313	0.1	3.4	1,600.07	1.5
Q2F	9,800	95	0.0	1,170	0.5	3.8	1,613.63	0.8
Q3F	8,000	839	0.3	1,184	0.5	3.9	1,624.55	0.7
Q4F	7,600	604	0.2	1,091	0.4	4.1	1,635.22	0.7
2016F	28,100	3,166	1.3	5,407	2.1	4.7	1,683.66	3.0
Historical Performance								
Min	-67,200	-11,116	-5.4	24	0.0	1.3	629.03	-8.5
Max	52,100	13,668	6.9	7,296	4.1	7.8	1,600.07	14.2
Mean	15,900	2,727	1.4	2,945	1.5	4.0	1,015.96	3.5

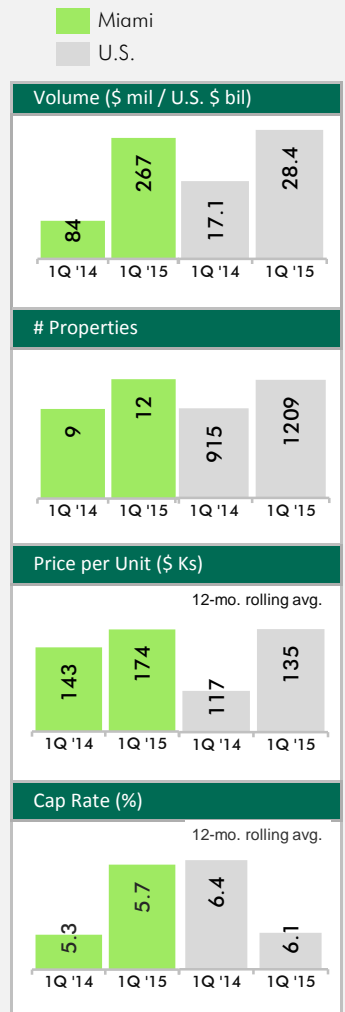
Historical minimum, maximum, and average values for each variable are provided to put current market performance in perspective. The time period from which these values are calculated is 1980 (or the earliest year of available data) to the current year.

Historical and current apartment vacancy and rent data are provided by AXIOMetrics Inc.

Market Definition

The Miami market is defined as Miami-Dade County in Florida.

Capital Markets Summary



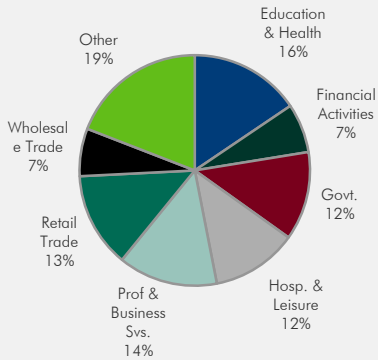
Source: Real Capital Analytics, Inc. Transactions \$5 million and greater

Total Employment Growth Rankings

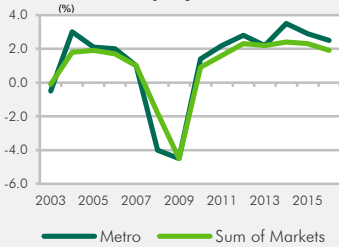
History	Growth (%)	Rank
1 year	3.4	13
2 year	2.9	19
5 year	2.5	16

Forecast	Growth (%)	Rank
1 year	3.0	9
2 year	2.6	10
5 year	1.6	15

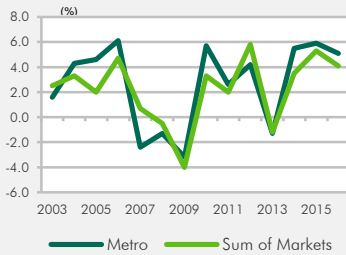
Largest Employment Sectors Share of Total Employment (%)



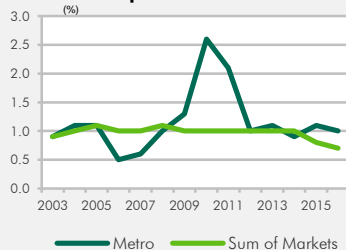
Total Employment Growth



Real Personal Inc. Growth



Population Growth



The Miami Economy

Over the last five years, total employment in the Miami area has grown at an average annual rate of 2.5% while across the U.S., employment has grown at an average annual rate of 1.7%. In the last 4 quarters, Miami's employment has grown at an average annual rate of 3.4%. Our forecast predicts growth of 1.6% in the Miami area in the next five years. Miami's construction employment sector will post the best job performance over the next five years.

The table below presents the current employment levels for major industry groups as well as historical growth rates over the last five years, last 12 months, and the next five years.

Employment Levels and Growth Rates: Miami vs. Nation

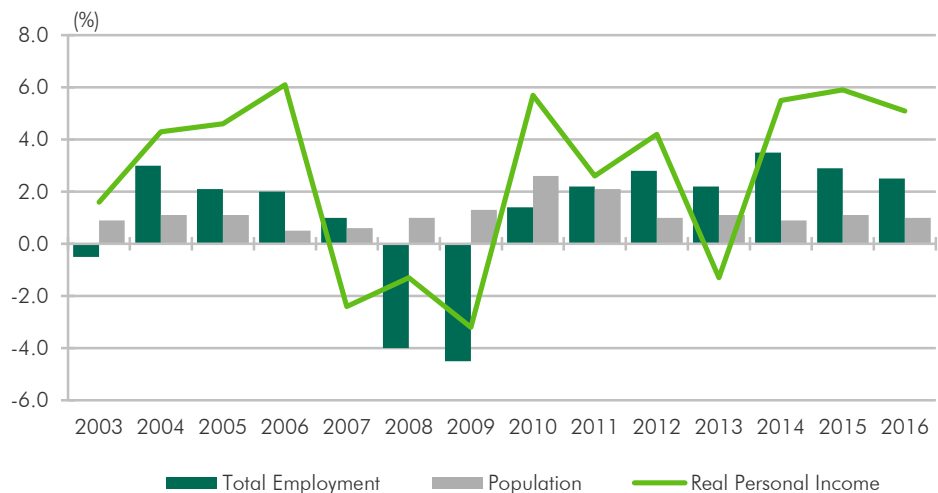
NAICS Category	Level (x 1000)	Location Quotient	Avg Annual Growth Rates (%)					
			Last 5 Years		Last 12 Mos.		Next 5 Years	
			Metro	U.S.	Metro	U.S.	Metro	U.S.
Agriculture & Mining	0	0.06	5.9	5.8	0.0	2.0	0.0	-0.9
Construction	37	0.75	2.7	2.7	6.6	5.0	4.7	2.8
Manufacturing	38	0.40	1.5	1.5	2.7	1.7	-0.1	-0.7
Wholesale Trade	74	1.60	1.7	1.6	1.8	1.9	1.2	0.5
Retail Trade	148	1.21	4.1	1.6	4.5	2.0	0.1	0.3
Transportation & Warehousing	63	1.70	3.0	2.7	2.6	3.6	0.6	0.3
Information	19	0.88	1.3	0.3	3.2	2.1	1.1	0.6
Financial Activities	77	1.20	3.2	0.9	3.2	1.9	1.7	0.8
Prof. & Business Svcs.	155	1.01	4.5	3.4	4.0	3.6	2.8	2.4
Education & Health	173	1.01	1.8	2.0	5.2	2.5	1.9	1.7
Hospitality & Leisure	134	1.13	4.8	3.0	4.2	3.4	2.7	1.8
Other Services	51	1.16	3.4	1.1	5.3	1.4	1.2	0.9
Government	138	0.80	-1.5	-0.5	-1.1	0.4	0.4	0.1
Total	1,110	n/a	2.5	1.7	3.4	2.3	1.6	1.1

Source: Moody's Economy.com, CBRE EA

Economic Drivers of Demand

Population, personal income, and most importantly, total employment are the primary economic drivers of apartment demand. The graph below shows the annual growth rates of these variables from 2003 through year-end 2016.

Total Employment, Population, and Real Personal Income Growth



Miami Annual History & Forecast

Presented below is our six-year forecast for the Miami apartment market. Historical measures are provided back to 2006. Market data through the 1st quarter of 2015 are included in the year-end 2015 estimates.

Miami Annual History & Forecast: 2006 - 2020

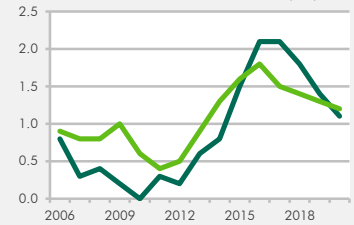
Year	Total Employment (x 1000)	Real Pers Income (\$ billions)	Rentable Inventory (units)	Rentable Completions (Units)	Vacancy Rate (%)	Net Absorption (units)	Rent Index (\$/unit)	Rent Inflation (%)
History								
2006	1,057	102.3	250,469	2,066	2.9	-3,350	1,313.56	0.3
2007	1,068	99.8	251,324	855	4.0	-560	1,266.00	-3.6
2008	1,025	98.5	252,354	1,030	6.0	-5,107	1,231.81	-2.7
2009	979	95.3	252,796	442	6.1	4,972	1,195.33	-3.0
2010	993	100.7	252,820	24	4.4	3,133	1,289.66	7.9
2011	1,014	103.3	253,638	818	4.2	263	1,375.84	6.7
2012	1,042	107.6	254,151	513	3.9	1,955	1,418.30	3.1
2013	1,065	106.2	255,598	1,447	3.9	865	1,453.78	2.5
2014	1,103	112.0	257,741	2,143	3.8	1,416	1,576.47	8.4
Forecast								
2015	1,135	118.7	261,499	3,758	3.8	3,608	1,635.22	3.7
2016	1,163	124.7	266,906	5,407	4.7	3,166	1,683.66	3.0
2017	1,179	130.5	272,477	5,572	5.3	3,706	1,733.53	3.0
2018	1,191	135.2	277,398	4,921	5.7	4,104	1,782.34	2.8
2019	1,198	138.9	281,365	3,966	5.8	3,600	1,830.10	2.7
2020	1,203	142.5	284,597	3,233	5.8	3,095	1,877.18	2.6

Market Trends

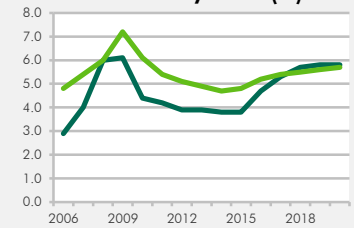
Miami vs. All Markets

— Miami
— All Markets

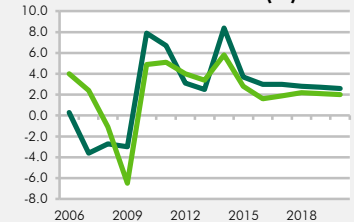
Completion Rates (%)



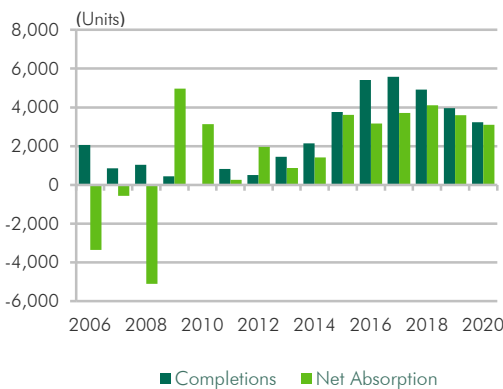
Vacancy Rates (%)



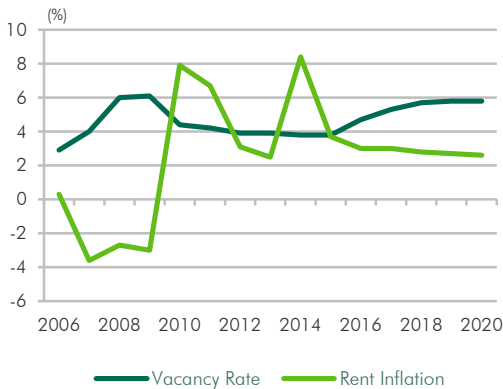
Rent Inflation (%)



Completions vs. Net Absorption



Vacancy Rate vs. Rent Inflation



Total employment in the Miami is projected to grow by 100,300 jobs during the 2015-2020 period. During the same time period, new supply is expected to average 4,476 units, while net absorption is expected to average 3,546 units, lagging new supply. Vacancy rates are expected to increase to 5.8%, while rents are forecasted to rise to \$1,877.18.

Apartment Market Snapshot - Submarket Detail

Submarket	Apartment Inventory		Apartment Completions		Net Absorption		Vacancy Rate		Rent per Unit	
	Units	Share (%)	Curr Qtr (Units)	YTD (Units)	Curr Qtr (Units)	YTD (Units)	Curr Qtr (%)	YOY Chg (BPS)	Curr Qtr (\$/Unit)	Ann. Chg (%)
Airport West	21,636	8.4	0	0	-87	-87	3.8	40	1,665.84	4.6
Hialeah	23,461	9.1	0	0	8	8	0.1	-20	1,239.30	4.5
Kendall East/Coral Gables	12,748	4.9	15	15	-17	-17	3.4	40	2,006.80	7.9
Kendall Lakes/Hammond	13,546	5.2	0	0	43	43	3.8	-100	1,345.55	5.4
Kendall West	6,763	2.6	0	0	97	97	3.0	70	1,371.38	4.3
Miami	48,799	18.9	0	0	785	785	5.2	300	2,003.44	1.8
Miami Lakes	9,953	3.9	0	0	7	7	2.6	30	1,304.95	4.6
N Miami Beach/Bal Harbour/Golden Beach	27,933	10.8	298	298	431	431	3.2	60	1,953.28	4.4
North Dade	11,033	4.3	0	0	71	71	3.4	-120	1,174.63	8.9
North Miami/Bayshore	14,705	5.7	0	0	732	732	3.8	-380	1,195.32	4.5
Opa-Locka/Brownsville	9,804	3.8	0	0	n/a	n/a	0.3	n/a	912.03	4.6
South Beach/Miami Bayshore	44,134	17.1	0	0	308	308	2.0	20	2,218.93	1.2
South Dade/Homestead	13,539	5.2	0	0	76	76	3.8	-540	861.55	1.8

Total: Miami	258,054	100.0	313	313	2,454	2,454	3.4	-10	1,605.10	5.9
---------------------	----------------	--------------	------------	------------	--------------	--------------	------------	------------	-----------------	------------

Apartment Market Under Construction Profile - Submarket Detail

Submarket	Apartment Inventory		Hist Completions (Apt Units)		New Supply (Apt Units)		Under Construction (Apt Units)		
	Units	% Share	5-Year Avg.	2-Year Avg.	Completed 2013	Completed 2014 YTD	Due 2015	Due After 2015	Total UC
Airport West	21,636	8.4	167	356	0	0	679	360	1,039
Hialeah	23,461	9.1	0	0	0	0	0	0	0
Kendall East/Coral Gables	12,748	4.9	75	183	350	15	431	413	844
Kendall Lakes/Hammond	13,546	5.2	106	266	296	0	416	322	738
Kendall West	6,763	2.6	0	0	0	0	321	0	321
Miami	48,799	18.9	173	359	526	0	1,223	192	1,415
Miami Lakes	9,953	3.9	84	0	0	0	0	0	0
N Miami Beach/Bal Harbour/Golden Beach	27,933	10.8	60	149	0	298	139	233	372
North Dade	11,033	4.3	16	0	0	0	0	532	532
North Miami/Bayshore	14,705	5.7	60	150	0	0	0	0	0
Opa-Locka/Brownsville	9,804	3.8	118	180	360	0	0	10	10
South Beach/Miami Bayshore	44,134	17.1	122	306	611	0	497	352	849
South Dade/Homestead	13,539	5.2	70	4	0	0	129	0	129
Total: Miami	258,054	100.0	1,052	1,952	2,143	313	3,835	2,414	6,249

Apartment Market 2-Year Forecast - Submarket Detail

Submarket	Rentable Inventory		Rentable Completions		Net Absorption		Vacancy Rate		Rent Growth (%) Performance Relative to Metro
	Units	Share (%)	Level (Units)	Share (%)	Avg Ann (Units)	Share (%)	End Rate (%)	Chg (BPS)	
Airport West	21,636	8.4	435	8.5	241	9.1	5.4	160	Average
Hialeah	23,461	9.1	491	9.6	156	5.9	2.8	270	Outperforms
Kendall East/Coral Gables	12,748	4.9	224	4.4	130	4.9	4.7	130	Average
Kendall Lakes/Hammond	13,546	5.2	320	6.2	152	5.7	6.0	220	Underperforms
Kendall West	6,763	2.6	117	2.3	63	2.4	4.5	150	Outperforms
Miami	48,799	18.9	704	13.7	628	23.6	5.4	20	Underperforms
Miami Lakes	9,953	3.9	240	4.7	98	3.7	5.2	260	Outperforms
N Miami Beach/Bal Harbour/Golden Beach	27,933	10.8	610	11.9	279	10.5	5.3	210	Average
North Dade	11,033	4.3	236	4.6	119	4.5	5.3	190	Average
North Miami/Bayshore	14,705	5.7	302	5.9	155	5.8	5.6	180	Average
Opa-Locka/Brownsville	9,804	3.8	161	3.1	67	2.5	2.2	190	Outperforms
South Beach/Miami Bayshore	44,134	17.1	984	19.2	407	15.3	4.4	240	Outperforms
South Dade/Homestead	13,539	5.2	296	5.8	157	5.9	5.6	180	Average
Total: Miami	258,054	100.0	5,132	100.0	2,658	100.0	5.1	170	2.9

Recent Apartment Property Transactions

Property	Property Info		Transaction		Buyer	Seller
	Size (Units)	Type	Price (\$)	Month		
Signature at Doral 11501 NW 41st St Miami, FL	352	Apartment Mid/Highrise	\$103,500,000 \$294,034/Unit	April 2015	Morgan Stanley	Codina Partners JV AREA Property Ptnrs
AMLI Dadeland 8250 SW 72nd Ave Miami, FL	350	Apartment Mid/Highrise	\$104,500,000 \$298,571/Unit	March 2015	Morgan Stanley	Mill Creek Residential
future Waldorf Hotel 1334 Washington Ave Miami Beach, FL	14	Apartment Garden	\$6,160,000 \$440,000/Unit	March 2015	Blue Road Group	BRC Florida Inc
9348-9372 Collins Ave Miami Beach, FL	22	Apartment Garden	\$6,377,000 \$289,864/Unit	March 2015	Chateau Group	Bratt Holdings LLC
5385 Palm Ave Hialeah, FL	10	Apartment Garden	\$825,000 \$82,500/Unit	March 2015	Avcon Industries LLC JV Hialeah Properties Realty LLC/Hialeah Properties R	Trojan Park Investments Inc/I & M Enterprises Inc

Source: Real Capital Analytics, Inc. The information and data maintained by Real Capital Analytics encompasses all markets nationally and includes only properties and portfolios exceeding \$5 million. For a full glossary and complete methodologies, visit Real Capital Analytics's website at <http://www.rcanalytics.com>.

Copyright (C) 2015, CBRE. All rights reserved. Metropolitan employment forecasts are copyrighted by Moody's Economy.com. Sources of information utilized in this report include Moody's Economy.com, Real Capital Analytics, and AXIOMetrics. The information presented has been obtained from sources believed to be reliable but its accuracy, and that of the opinions and forecasts based thereon, is not guaranteed. All opinions, assumptions and estimates constitute CBRE Econometric Advisor's (CBRE EA) judgment as of the date of the release and are subject to change without notice. The information and material contained within this product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security or real estate assets. This product does not take into account the investment objectives or financial situation of any particular person or institution.

CBRE EA holds all right, title and interest in this product and the proprietary information contained therein. This report is a component of the CBRE EA Outlook product and its use is subject to the CBRE EA Outlook license agreement. This product is licensed to the Licensee for use in the ordinary course of the Licensee's ordinary business, subject to the restrictions set forth herein. Unless otherwise agreed to in writing by CBRE EA, Licensee shall not provide this product to, or permit their use by or for, any third party, including, without limitation, any parent, subsidiary, affiliated entity or franchisee of Licensee. Licensee agrees to hold this product and all proprietary information contained therein in strict confidence and further agrees not to sell, sublease or disseminate this product including, but not limited to, computer readable data files, either in whole or in part, without the prior written consent of CBRE EA. Licensee agrees to acknowledge CBRE EA in any reports, presentations or any other materials produced by Licensee using this product as the source of the data in which such report, representation or other material is based. CBRE EA hereby represents that it will use commercially reasonable efforts to deliver the scope of services free from any defects in design, materials and