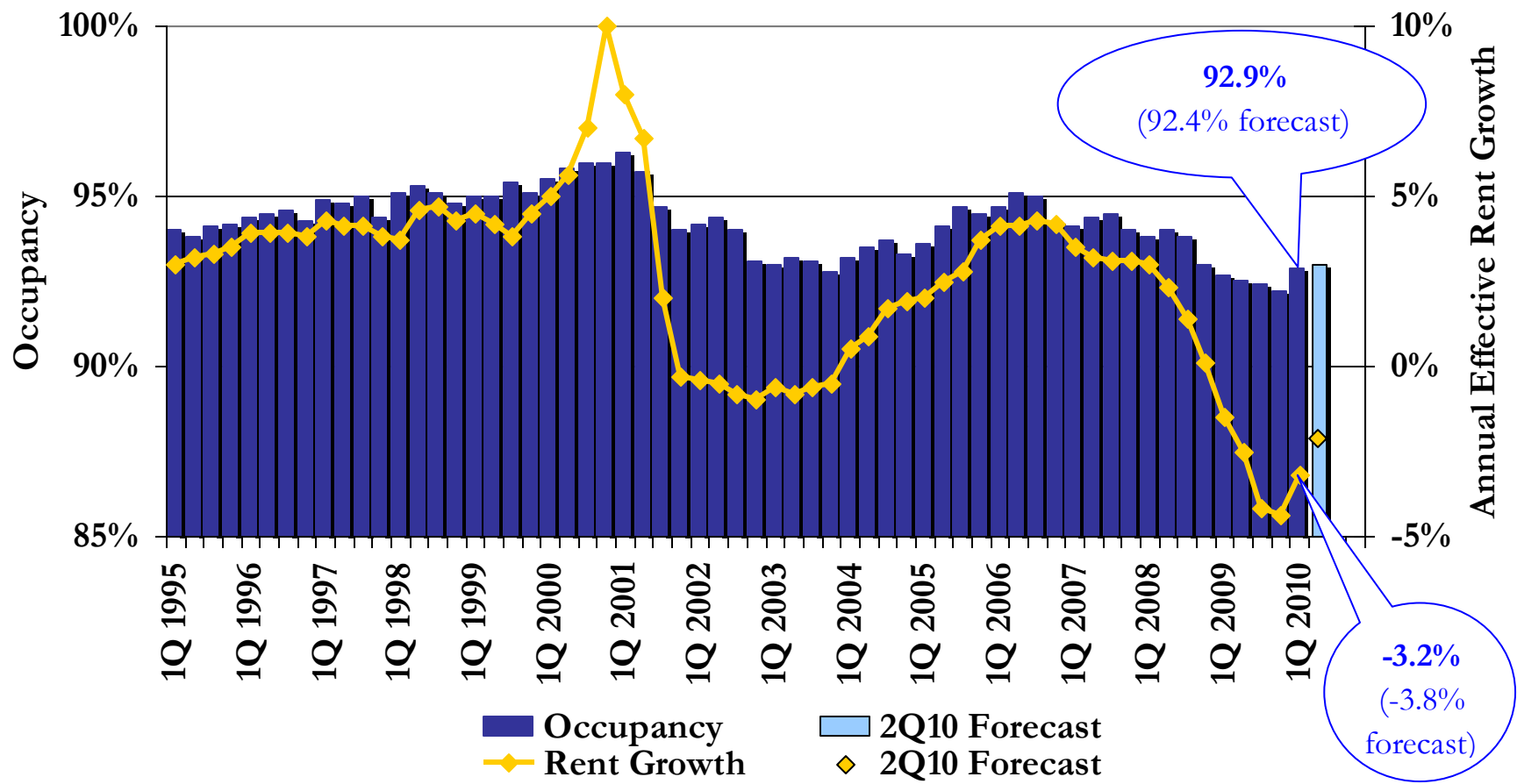


Multifamily Market Prospects

for

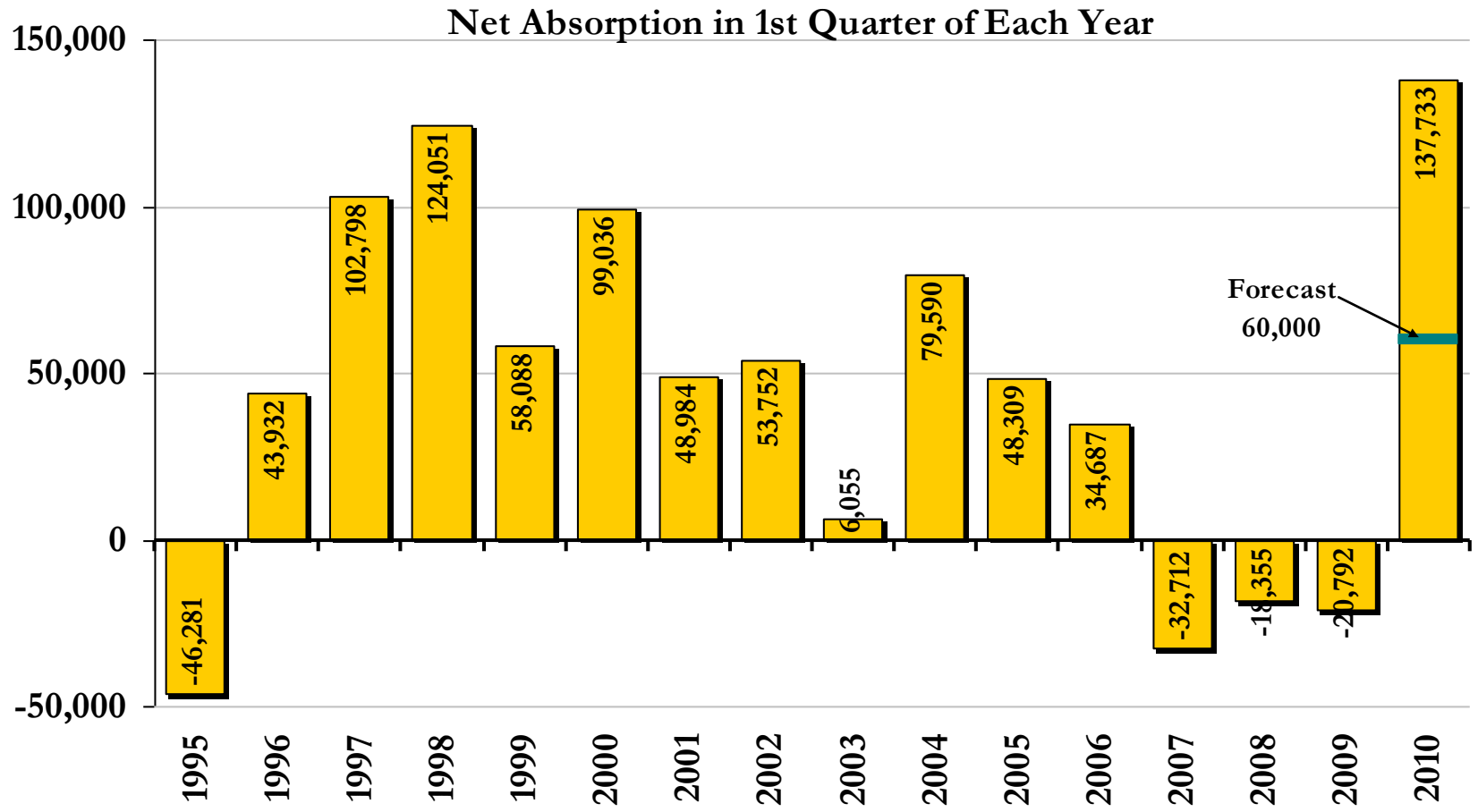
NAHB Multifamily Leadership Board

So far in 2010: upside surprises



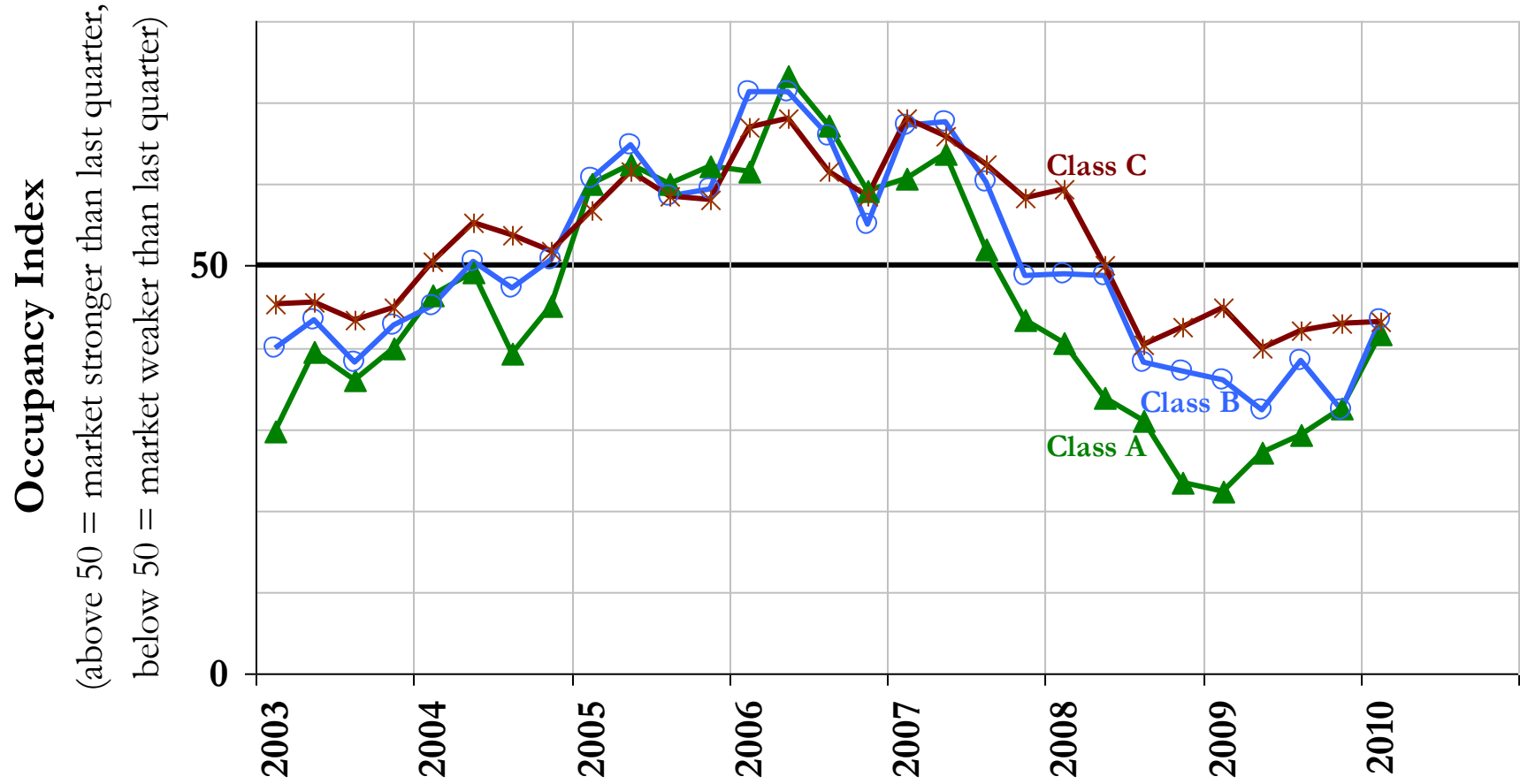
Source: Witten Advisors

1Q10 demand more than doubled the forecast



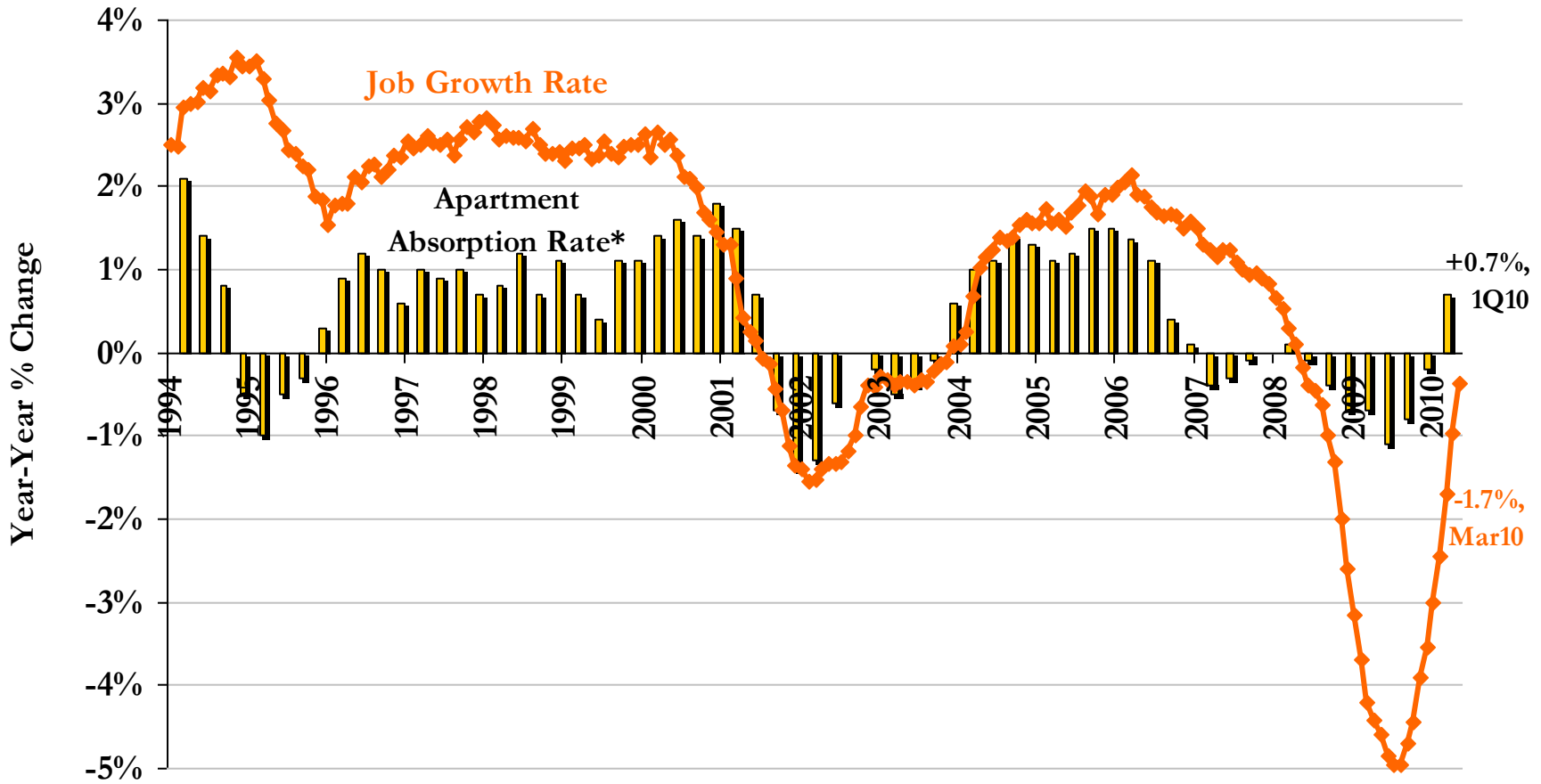
Source: Witten Advisors

Occupancy decline began at the top – recovery too



Source: NAHB Multifamily

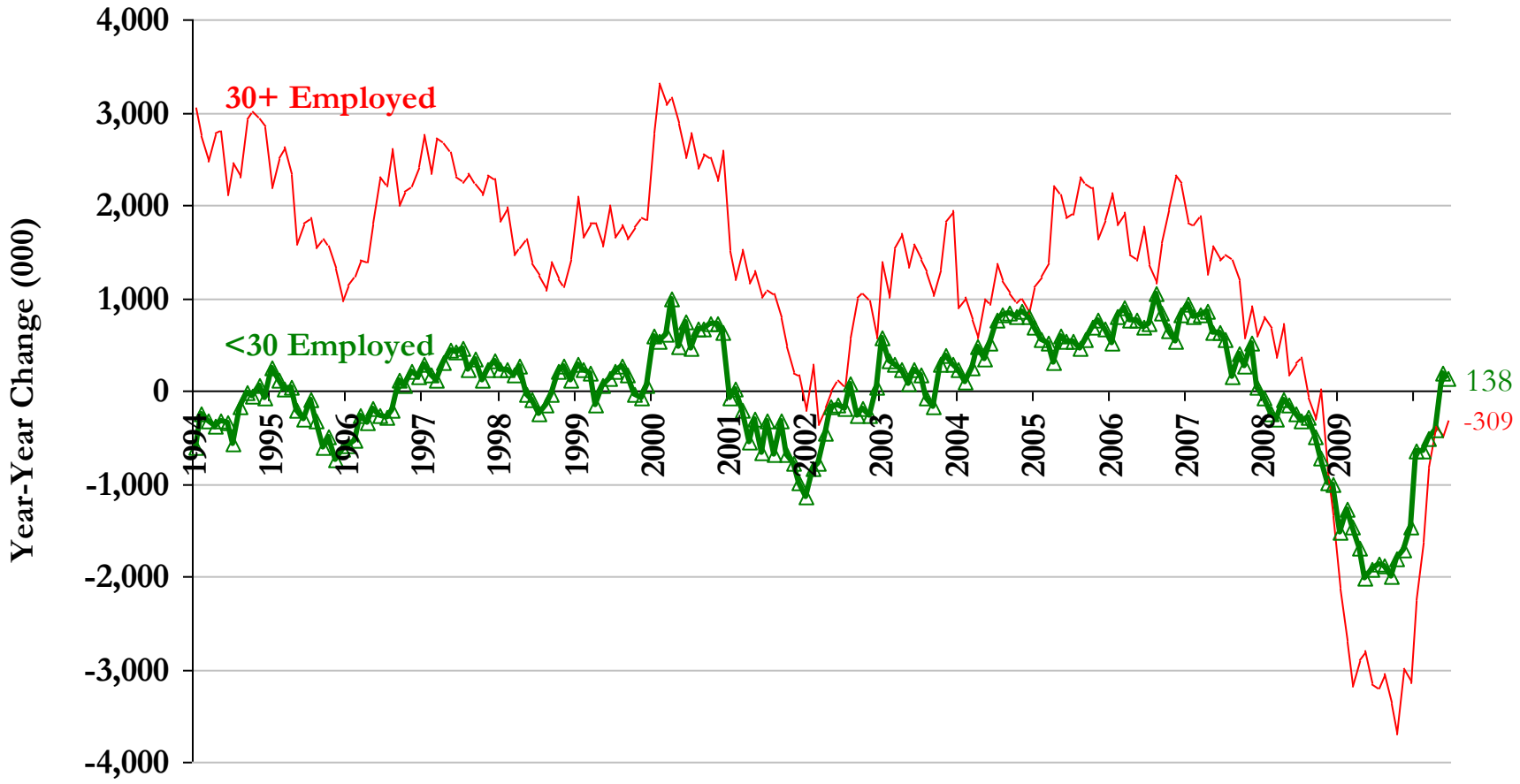
Apartment demand \neq jobs...thankfully



*net change in occupied apartments

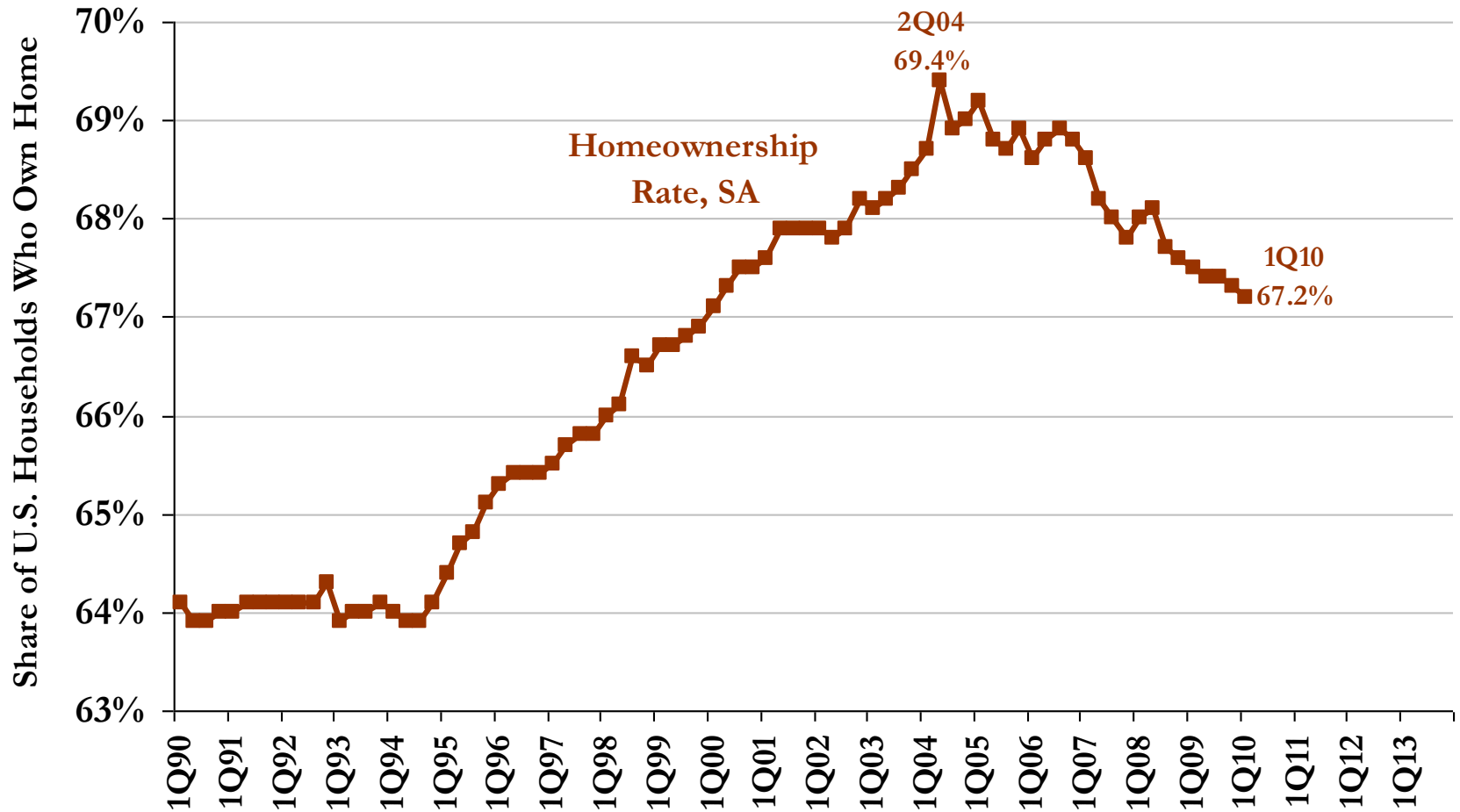
Source: U.S. Bureau of Labor Statistics, Witten Advisors

Young adults are (finally) beginning to find work



Source: U.S. Bureau of Labor Statistics

Rental demand also gains by flight from ownership



Source: U.S. Department of Commerce

Apartment Demand Patterns

Absorption Rate*: Leaders

12 Months ending 1Q 2010

1.	Raleigh	4.6%
2.	Austin	4.4%
3.	Orlando	3.9%
4.	Denver	2.8%
5.	Riverside	2.7%
6.	Nashville	2.5%
7.	Charlotte	2.5%
8.	Jacksonville	2.3%
9.	Sacramento	2.2%
10.	San Antonio	2.1%

Absorption Rate*: Laggards

12 Months ending 1Q 2010

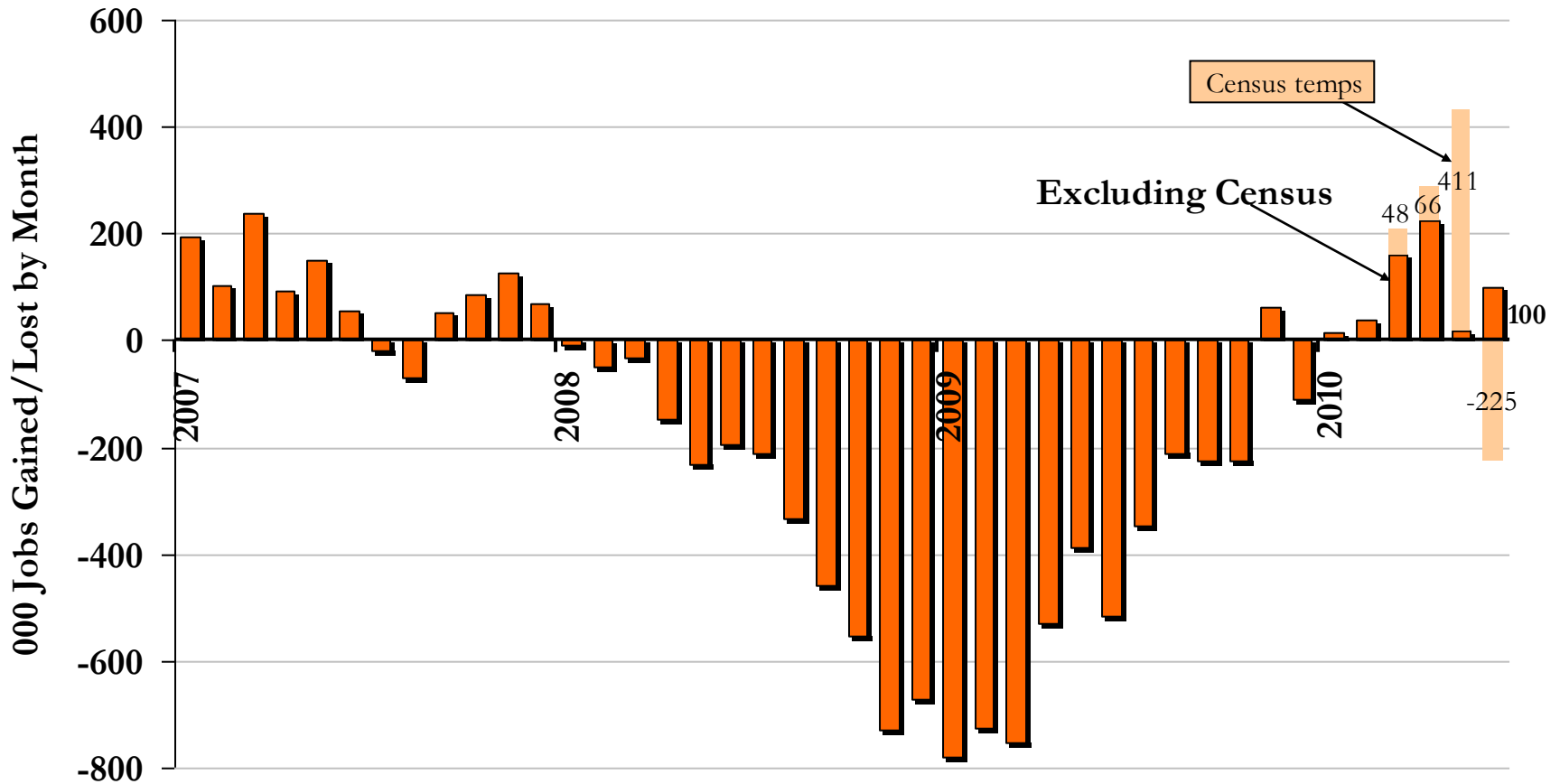
33.	Fort Lauderdale	0.6%
34.	Las Vegas	0.5%
35.	St. Louis	0.5%
36.	Chicago	0.5%
37.	Detroit	0.0%
38.	Columbus	-0.4%
39.	Houston	-0.4%
40.	Cincinnati	-0.7%
41.	Kansas City	-0.7%
42.	Minneapolis	-0.9%

*year-year % change in occupied apartments

Source: Witten Advisors

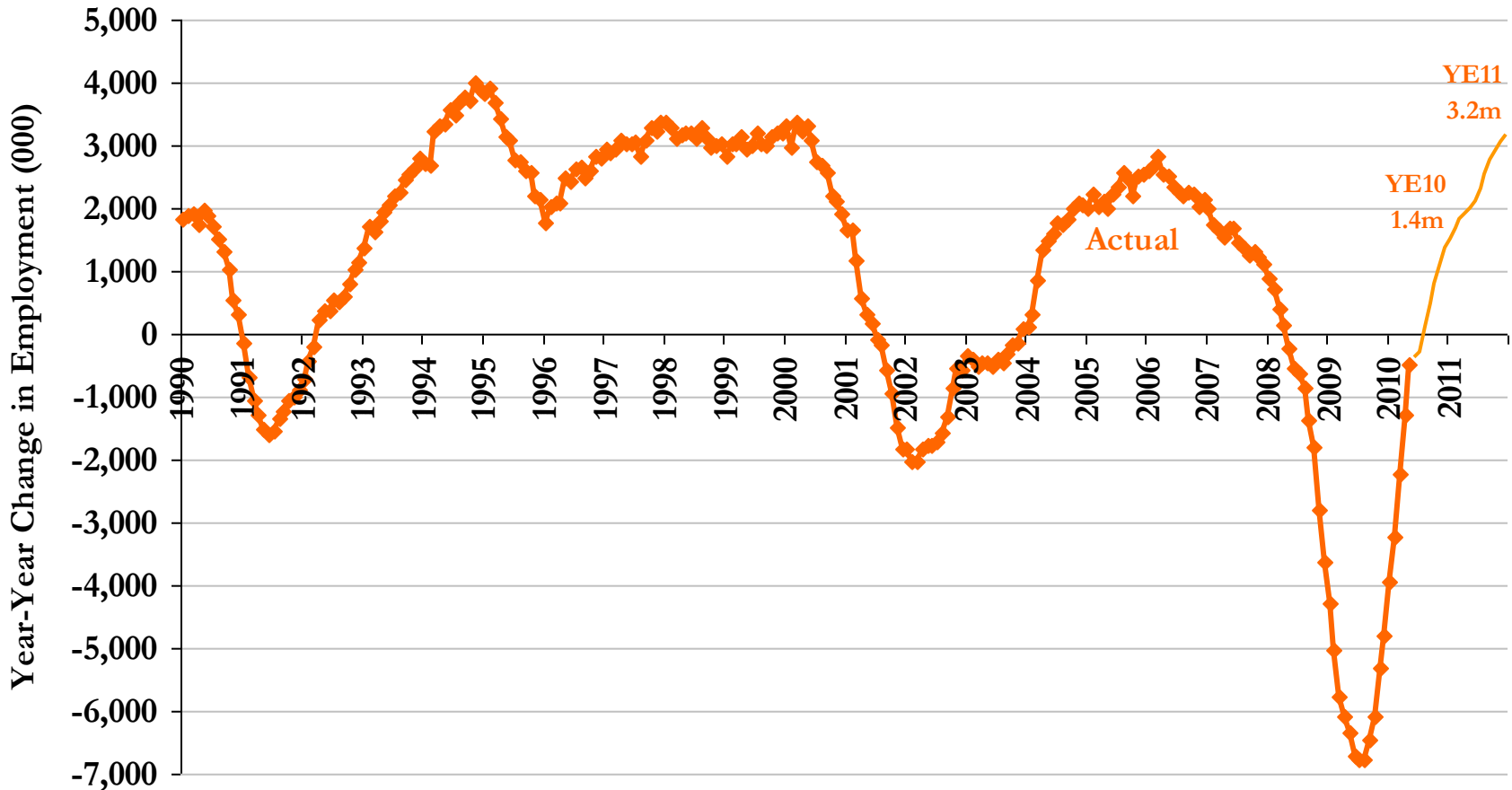
Outlook for Apartment Demand Drivers

June adds 100k jobs ex -225k Census temps



Source: U.S. Bureau of Labor Statistics

Jobs Forecast: 2010 upgraded; 2011 solid



Sources: U.S. Bureau of Labor Statistics; Consensus forecast includes Economy.com, National Association for Business Economics, Federal Reserve Bank of Philadelphia, Standard & Poor's

Job Growth Highlights

Employment Growth

12 Months ending May 2010

1.	Washington DC	+13.2k
2.	Dallas	+5.6k
3.	Austin	+4.0k
4.	Baltimore	-0.9k
5.	Fort Worth	-2.2k
<hr/>		
38.	<i>Detroit</i>	<i>-35.4k</i>
39.	<i>Atlanta</i>	<i>-36.5k</i>
40.	<i>Chicago</i>	<i>-61.5k</i>
41.	<i>New York</i>	<i>-66.2k</i>
42.	<i>Los Angeles</i>	<i>-69.5k</i>

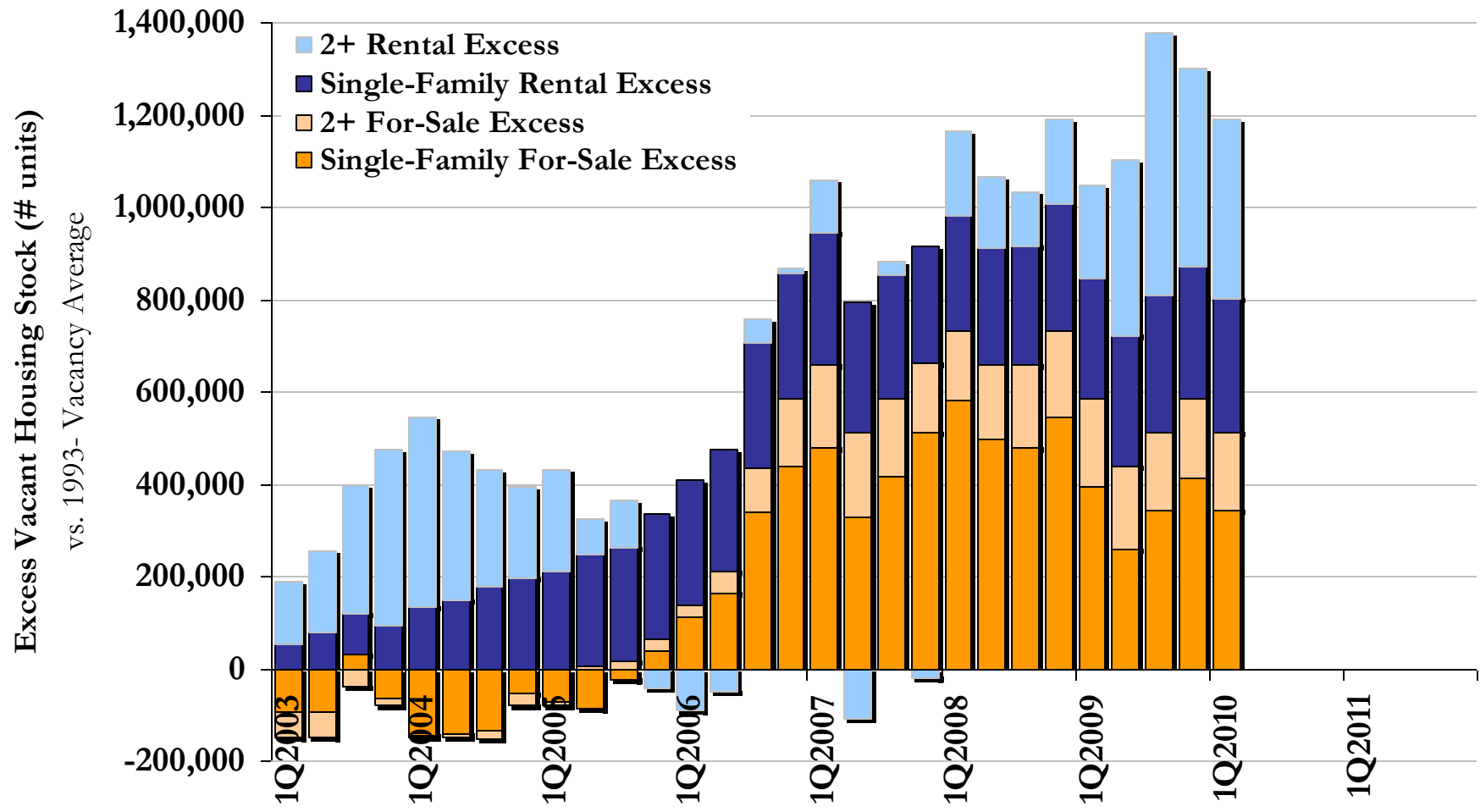
Employment Growth Rate

12 Months ending May 2010

1.	Austin	+0.5%
2.	Washington DC	+0.4%
3.	Dallas	+0.3%
4.	Baltimore	-0.1%
5.	Boston	-0.1%
6.	Fort Worth	-0.3%
7.	Charlotte	-0.4%
8.	Raleigh	-0.5%
9.	Norfolk	-0.6%
10.	Indianapolis	-0.6%
		<i>U.S. -0.4%</i>

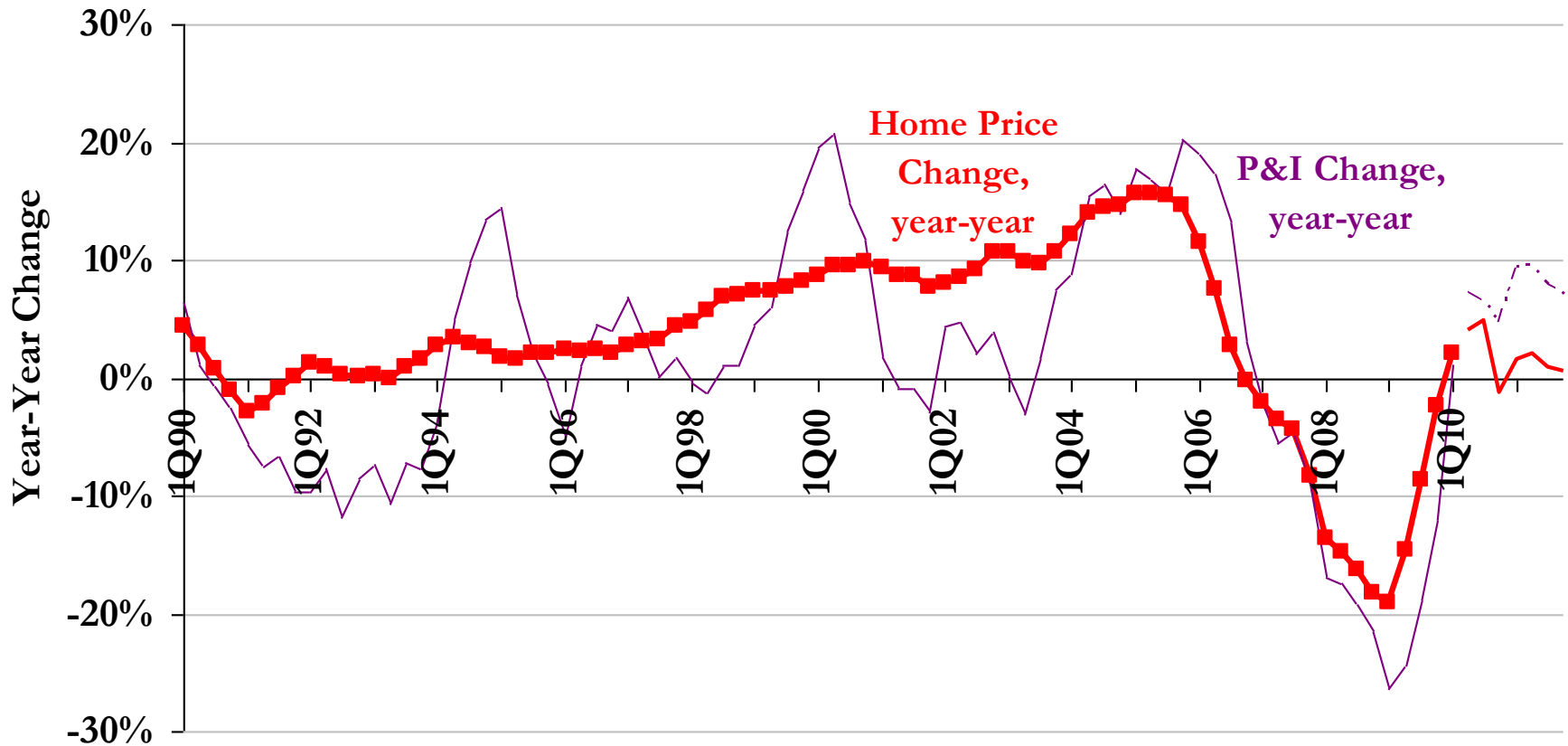
Source: U.S. Bureau of Labor Statistics
Copyright 2010, Witten Advisors LLC
Dallas, Texas

Housing oversupply edges lower



Source: Witten Advisors

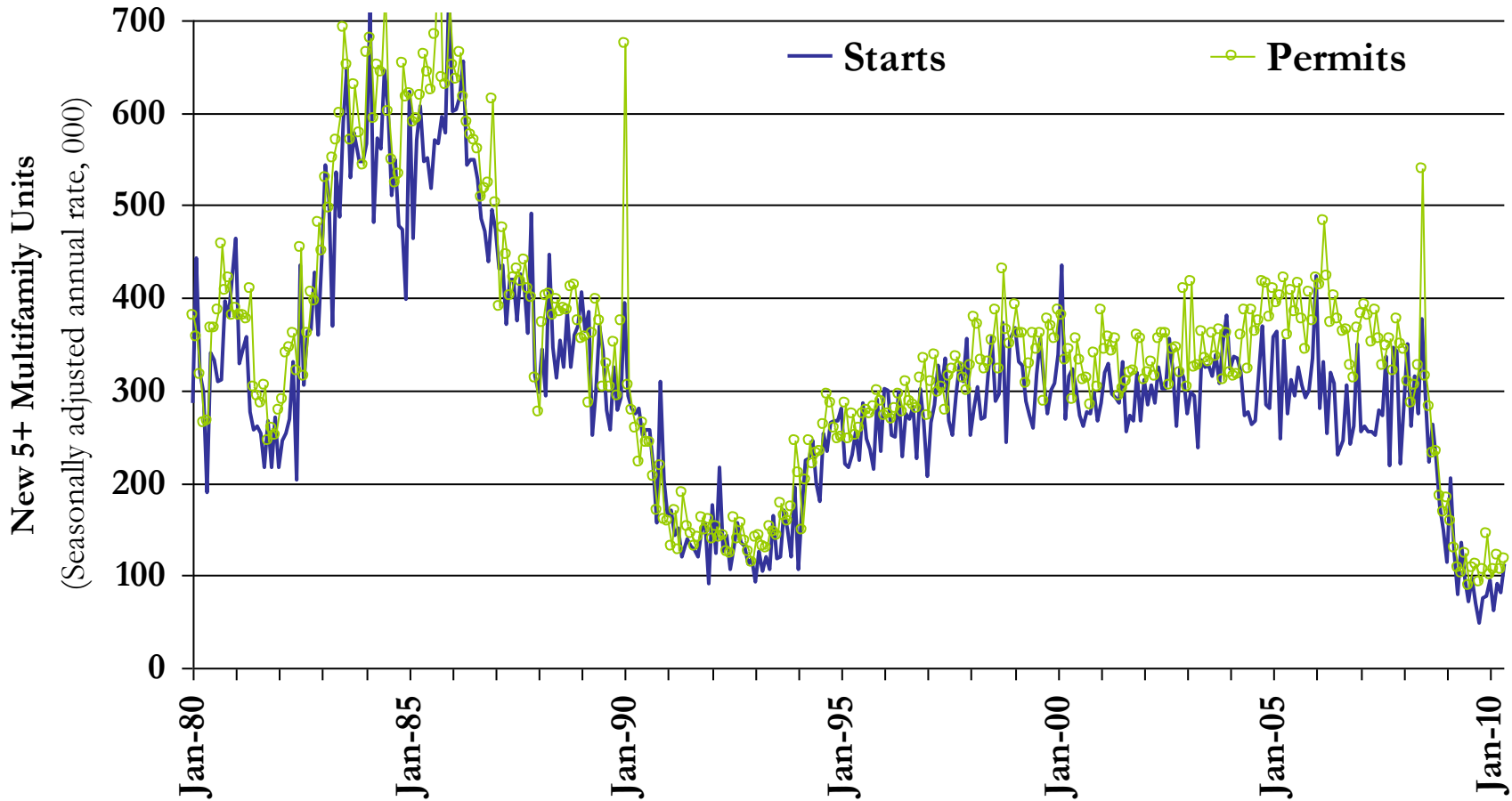
Tax credit lifts home prices for now; higher rates to boost payments...?



Sources: Calculated from Case-Schiller national home price series; forecast by Witten Advisors

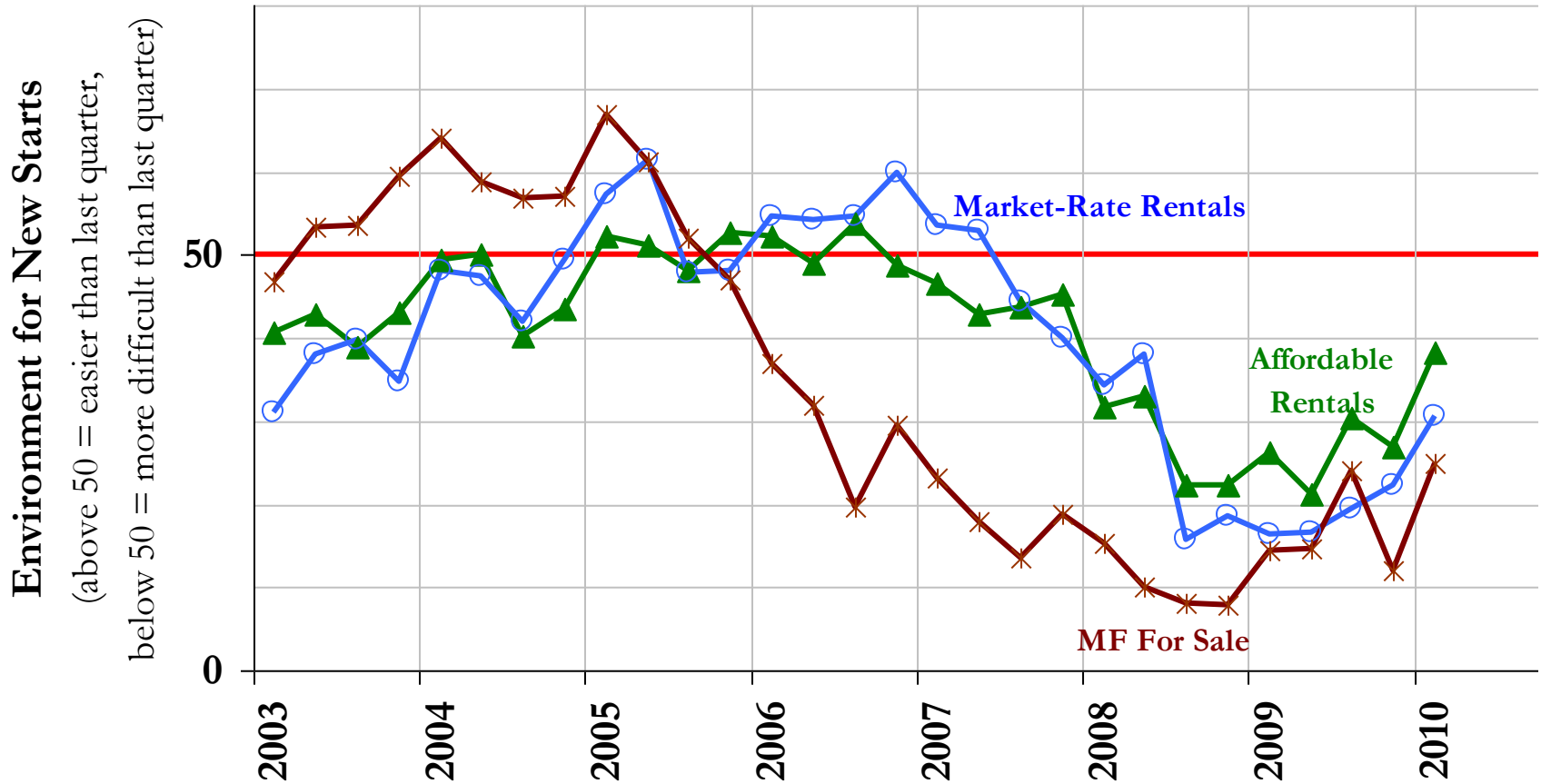
Outlook for Apartment Development

Multifamily construction depressed, but stable



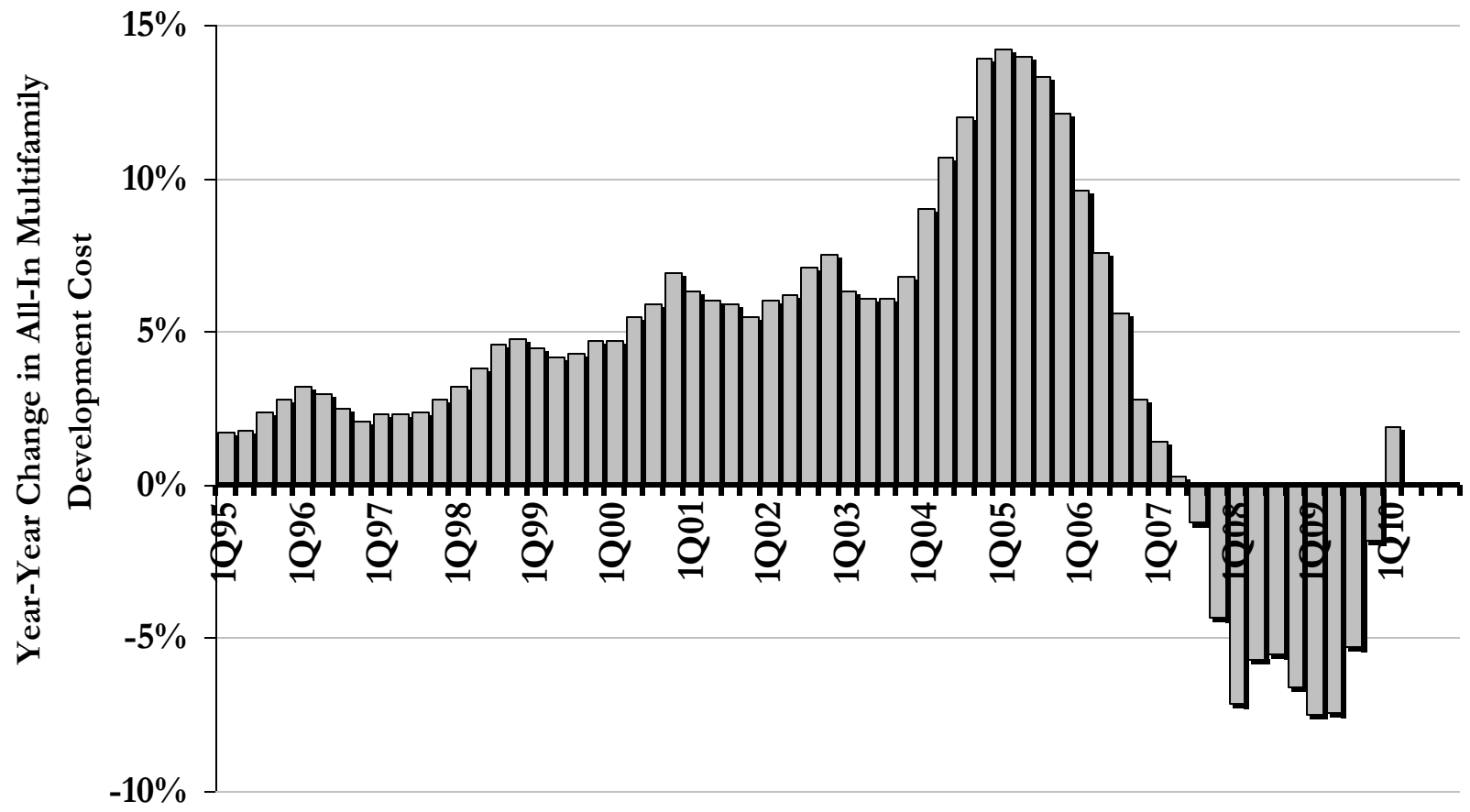
Source: U.S. Department of Commerce

MF development edging closer toward recovery



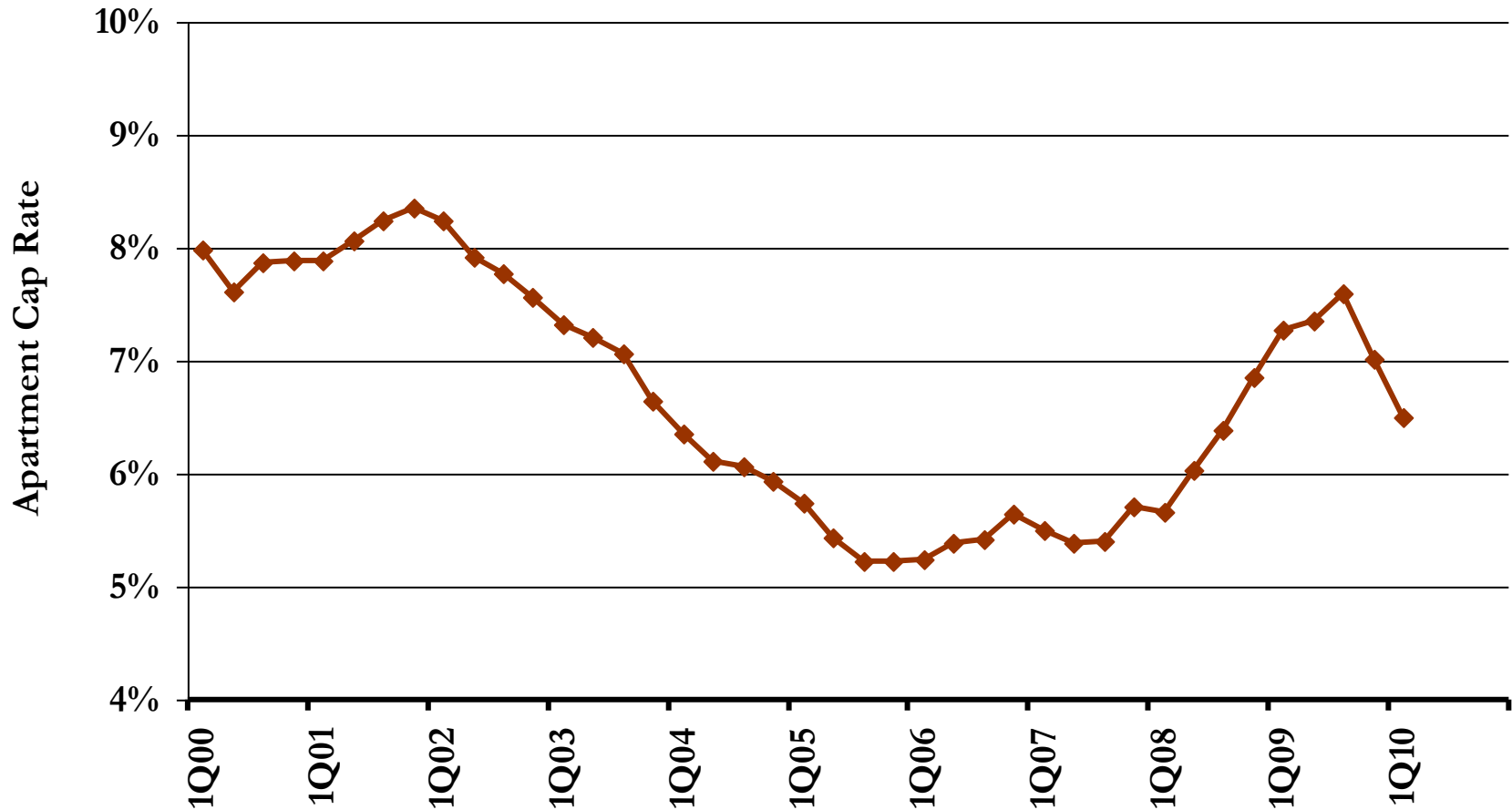
Source: NAHB Multifamily

Replacement cost down 15%+ from the peak



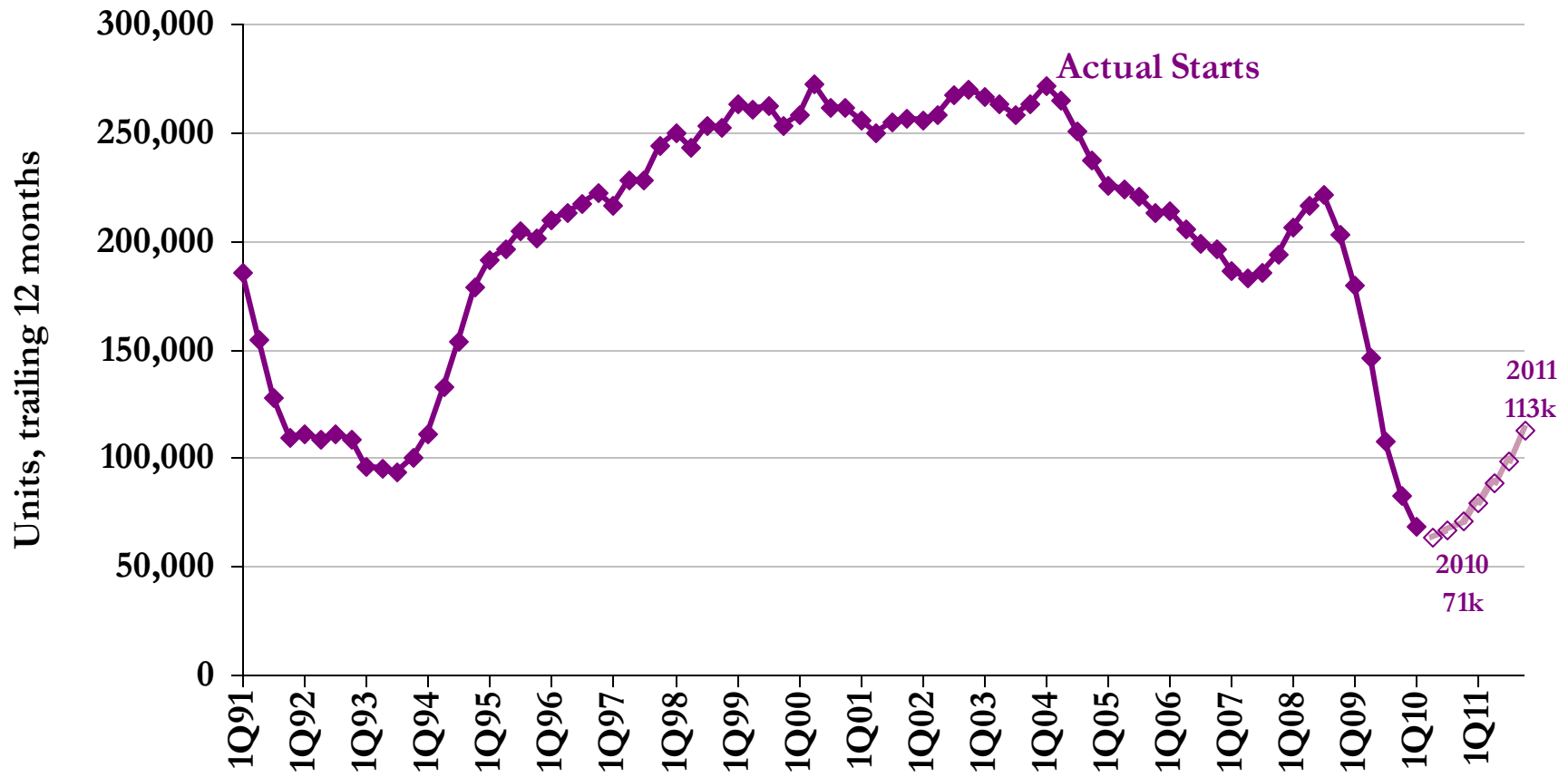
Sources: Construction cost inflation from Producer Price Index, Bureau of Labor Statistics; land value changes from Fed study

Cap rates off 50 bps in 4Q09 and again in 1Q10



Source: composite of Real Capital Analytics, NCREIF

MF rental starts bottom in 2010, rebound modestly



Predicted starts based on return on new development relative to U.S. Treasuries and inflation, availability of debt and equity financing

Source: Witten Advisors

Multifamily Rental Construction Leaders

Multifamily Rental Starts

12 Months ending 1Q 2010

1.	Houston	3.1k
2.	Dallas	3.0k
3.	Washington DC	2.3k
4.	Tampa	2.0k
5.	Los Angeles	2.0k
6.	Charlotte	1.8k
7.	Norfolk	1.8k
8.	Salt Lake City	1.6k
9.	Indianapolis	1.5k
10.	Baltimore	1.5k

MF Rental Completions Rate

12 Months ending 4Q 2011

1.	Salt Lake City	1.5%
2.	Tampa	1.2%
3.	Indianapolis	1.1%
4.	Nashville	1.0%
5.	Norfolk	0.9%
6.	Kansas City	0.9%
7.	Austin	0.8%
8.	St. Louis	0.8%
9.	Baltimore	0.8%
10.	Raleigh	0.8%

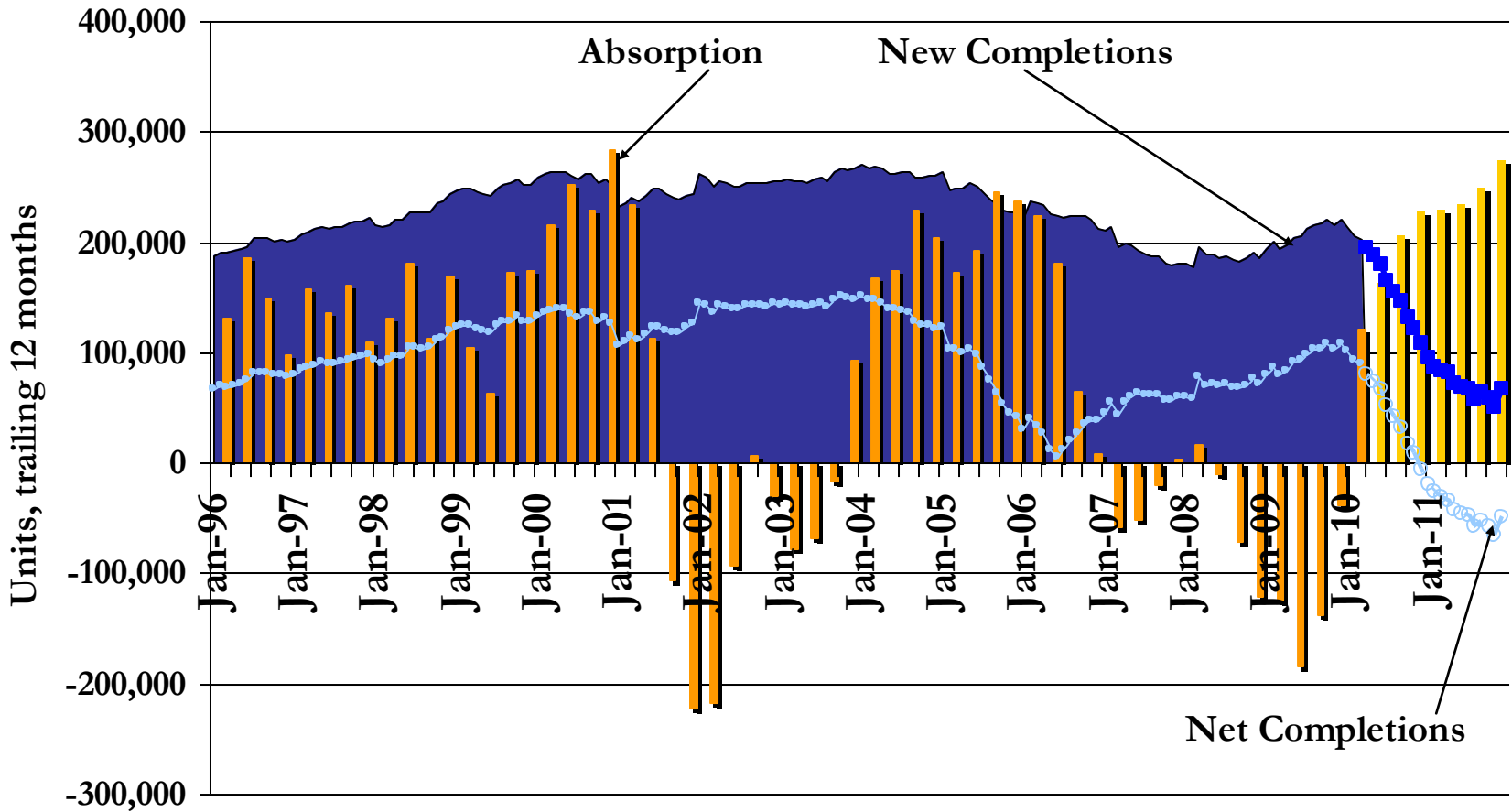
Source: Witten Advisors

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Dallas, Texas

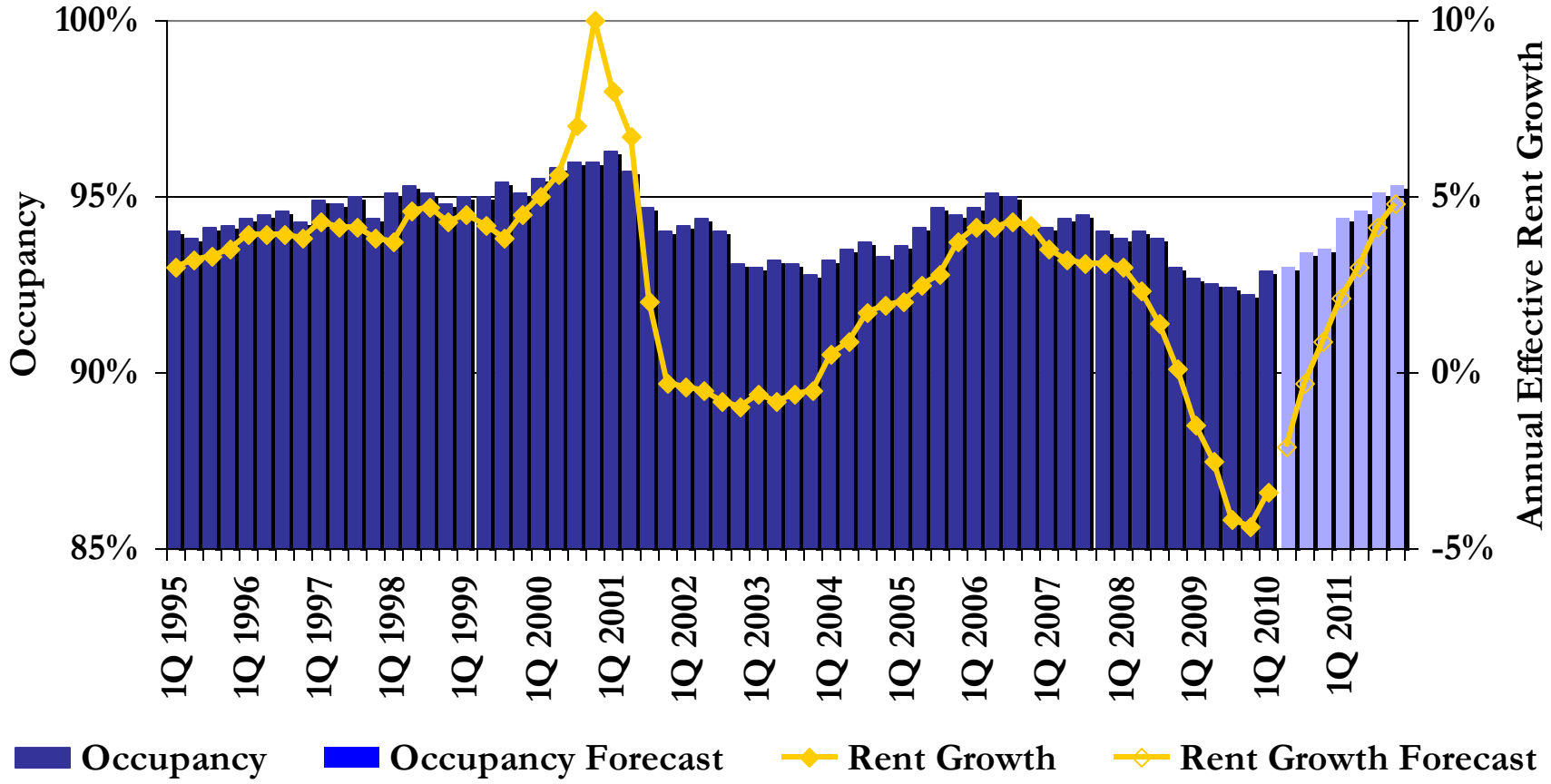
U.S. Apartment Market Performance Outlook

Demand surge continues in 2011, while stock shrinks



Source: Witten Advisors

Market recovery begins in 2010; 2011 above trend



Source: Witten Advisors

The Landscape From Here

- 2010: Good news begins
 - Job gains return (+1.4m); house payments climb 5%
 - Effective rents up, but NOI -3¹/₂⁰% as rents still roll down
- 2011: First year of strong recovery
 - Employment gains 3.2m; P&I +7%
 - Negative net completions
 - Rents up 5%

Questions