

Multifamily Market



Steve Woodyard

Woodyard Realty Corp.



DRIVING CHANGE

What drives the market?



Jobs



Interest Rates



Financing



Low supply of new housing



New home owner credit and desire



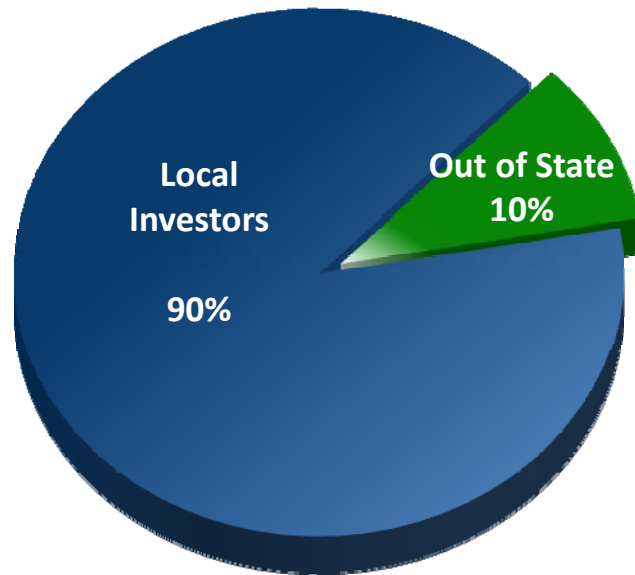
Changing demographics



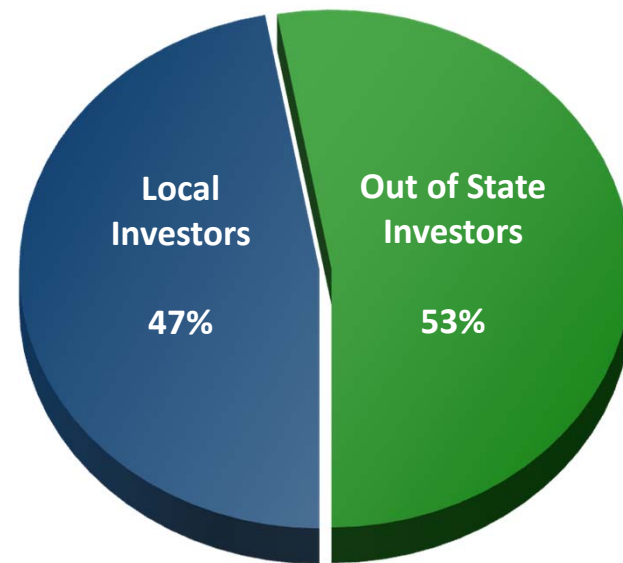
Technology

Timeline of Woodyard Realty Corp.'s Sales to Out-of-State Investors Versus Local Investors

1984 – 2000



2001 – 2014



Memphis Submarkets

as defined by Apartment Association of Greater Memphis



Bartlett	38134, 38135, 38133
Collierville/Germ	38017, 38138, 38139
Cordova/Lakeland	38016, 38018, 38002
Downtown	38103, 38105, 38157
East	38119, 38120, 38122, 38117
Frayser	38127
Midtown	38104, 38107, 38112
Univ of Memphis	38111
North Mississippi	38632, 38637, 38654, 38671, 38664, 38680, 38676
Raleigh	38108, 38128
Southeast	38115, 38118, 38125, 38141
Southwest	38106, 38109, 38114, 38116, 38126, 38132, 38131

As of December 31, 2014

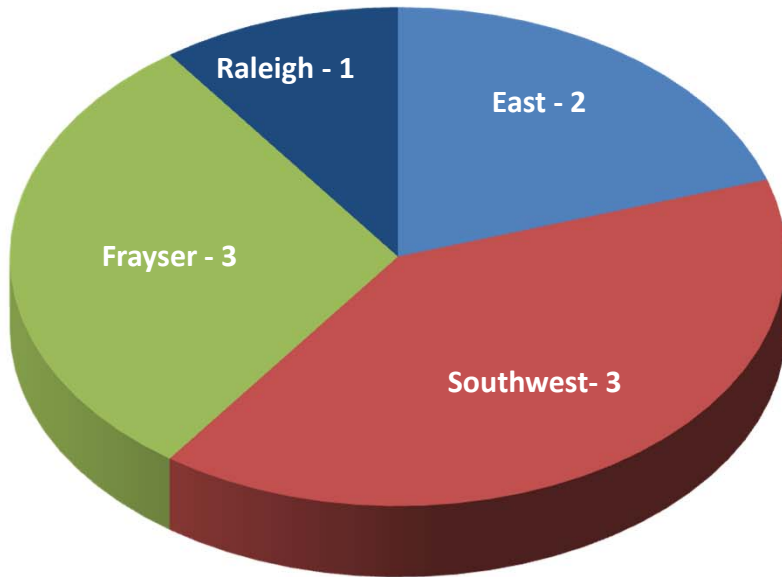
SUBMARKET	# Prop	Including Distressed*		Excluding Distressed*		Overall			
		Units	Occ %	Units	Occ %	Rent Sq.ft	Avg Sq.ft	Market Rent	Effective Rent
Bartlett	19	5,027	93.46%	0	93.46%	\$0.75	962	\$722	\$692
Collierville/Germantown	11	2,556	92.53%	0	92.53%	\$0.99	1068	\$1,060	\$1,035
Cordova/Lakeland	18	7,447	93.82%	0	93.82%	\$0.84	1009	\$847	\$831
Downtown	24	3,680	93.37%	0	93.37%	\$1.09	909	\$989	\$984
East	14	2,653	93.97%	0	93.97%	\$0.86	973	\$832	\$813
Frayser	11	1,359	93.52%	46	95.58%	\$0.69	821	\$567	\$554
Jackson, TN	6	963	97.40%	0	97.40%	\$0.73	976	\$711	\$710
Mid-town	18	2,088	95.40%	0	95.40%	\$0.97	743	\$720	\$719
North Mississippi	22	5,374	93.15%	0	93.15%	\$0.79	1040	\$820	\$803
Raleigh	8	1,655	84.35%	335	89.92%	\$0.67	907	\$611	\$586
Southeast	41	12,436	91.61%	134	92.39%	\$0.76	952	\$724	\$703
Southwest	24	4,131	92.28%	0	92.28%	\$0.57	1001	\$575	\$572
U of M Area	12	1,200	77.92%	357	94.78%	\$0.65	836	\$547	\$547
Total	228	50,569	92.39%	872	93.23%	\$0.80	963	\$769	\$753

*Distressed assets are defined as properties with unusually low occupancy (less than 65% occupancy).

Local Multifamily Market: 2014 Review

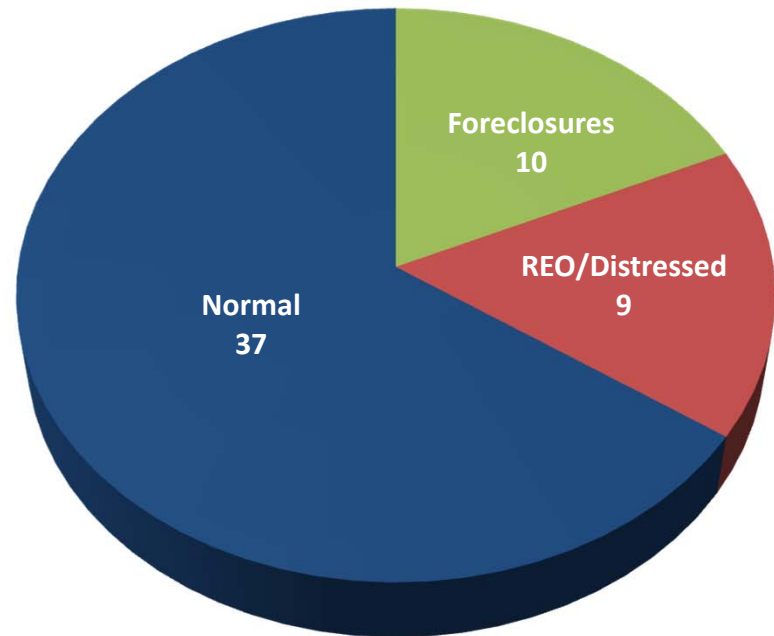
Foreclosures by Submarket

10 Foreclosures

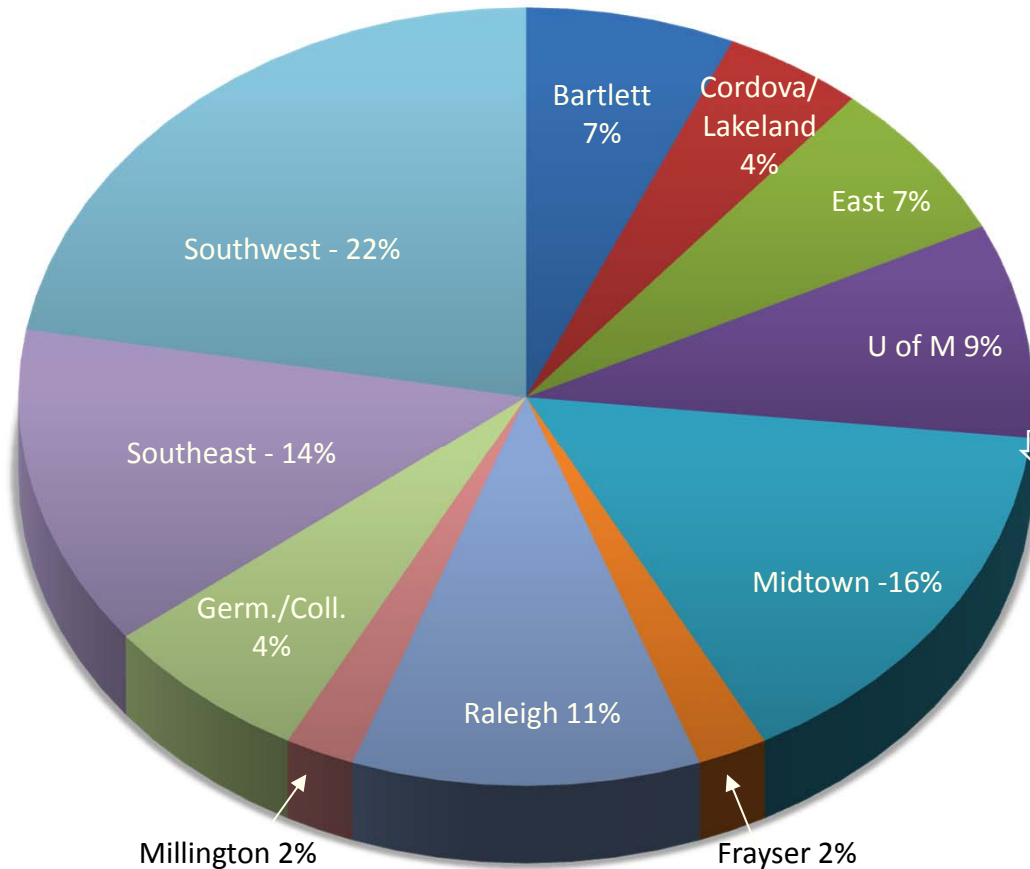


Type of Transaction

45 Sales plus 10 Foreclosures



Local Multifamily Market: 2014 Sales



45 Sales Transactions

32 total sales in 2013

\$352.9 Gross Sales Volume (in Millions)

\$239.3 total gross sales volume in 2013

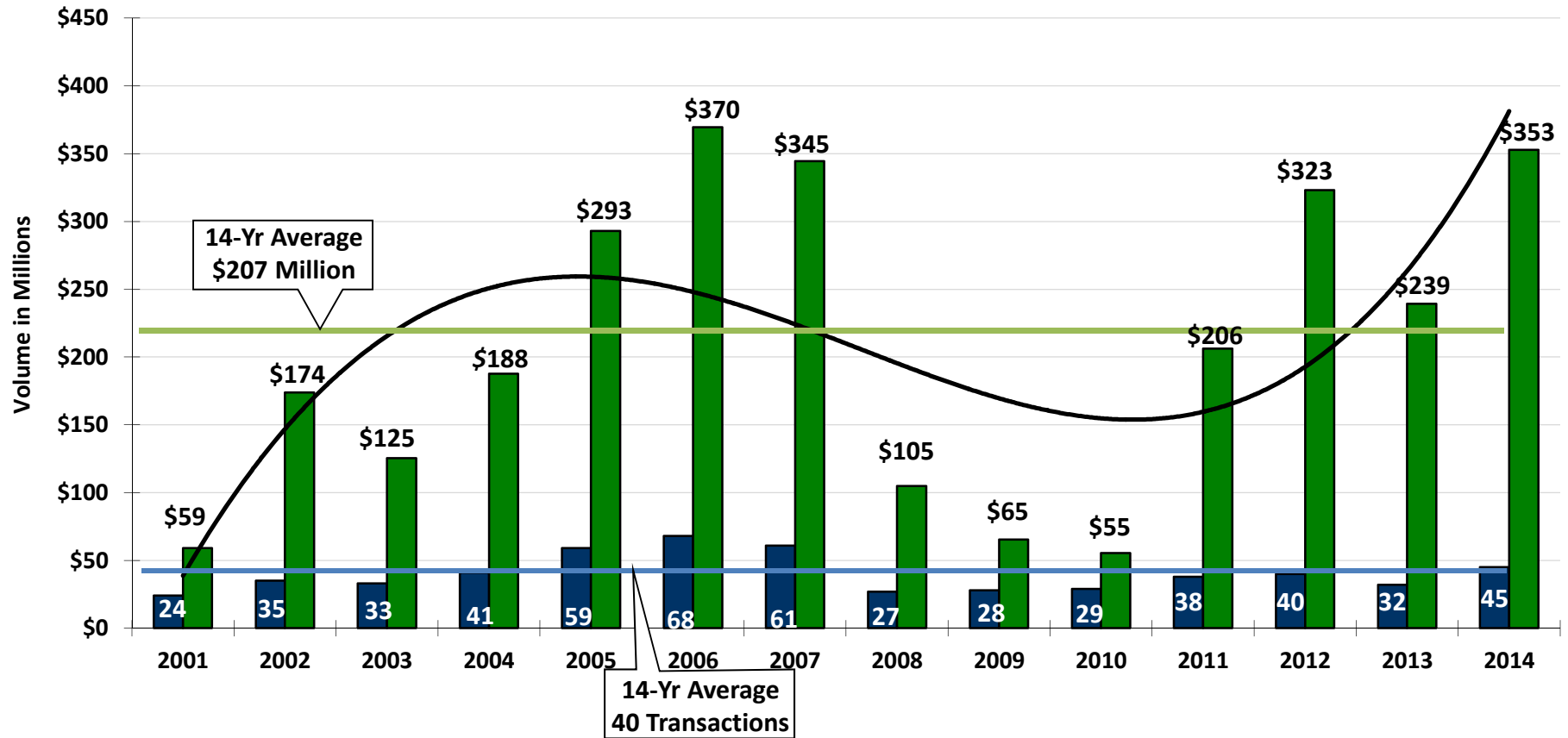
8,328 Units Sold

6,513 total units sold in 2013

\$42,375 Average Price per Unit

\$36,757 total avg. price/unit in 2013

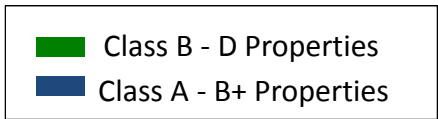
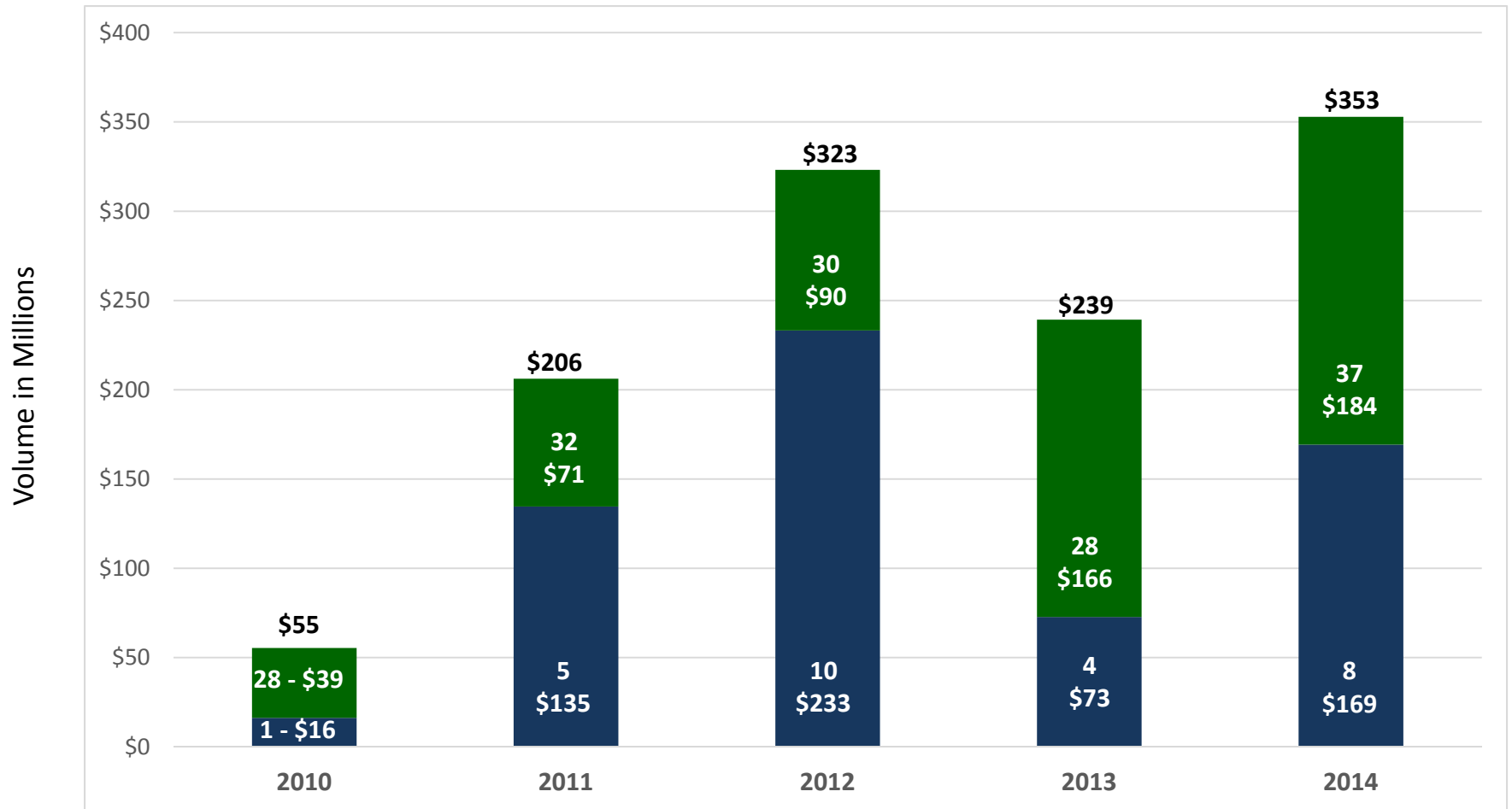
Local Multifamily Market: 2001-2014 Sales in Review



30+ apartment units in Greater Memphis Metropolitan Area

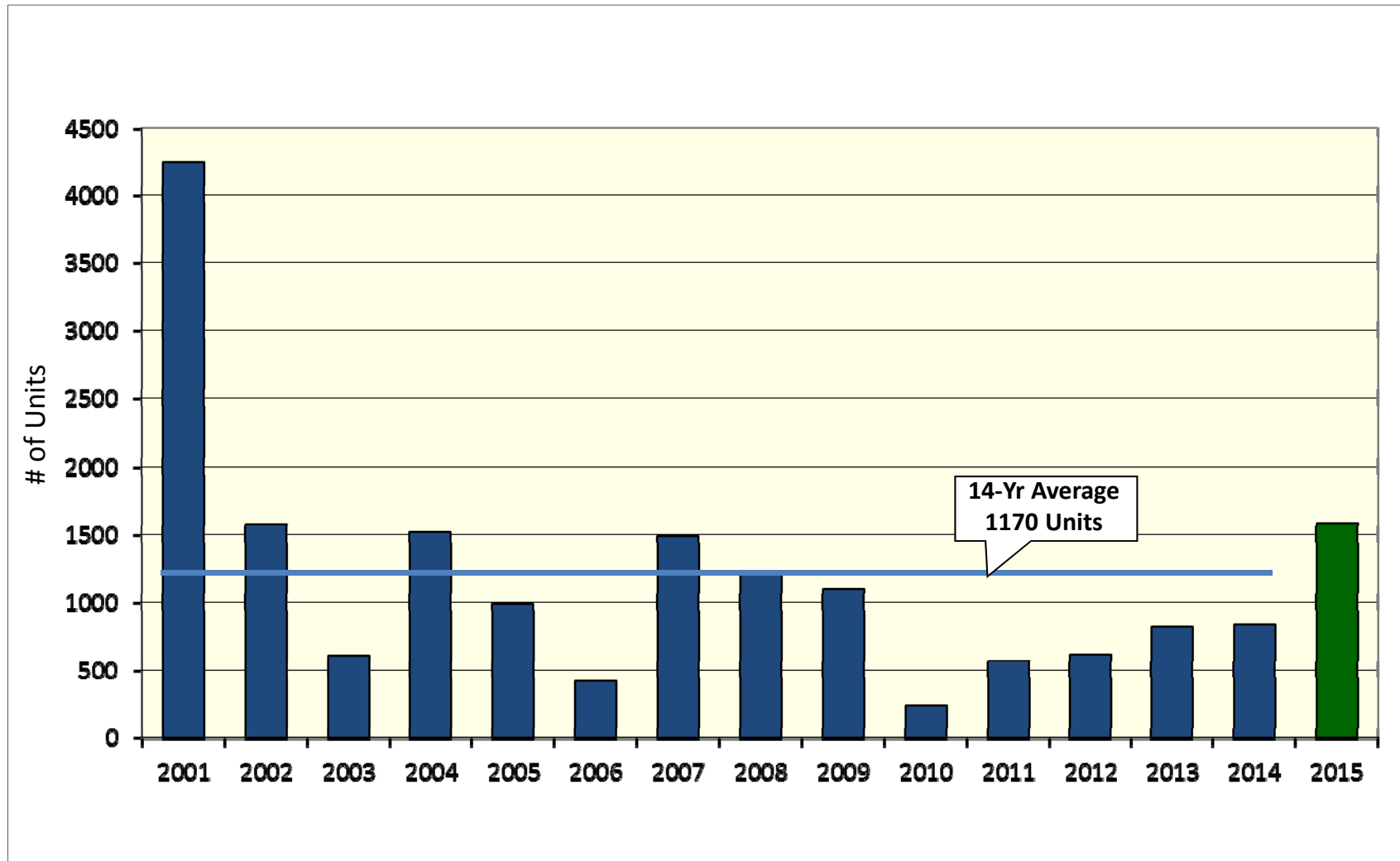
Local Multifamily Market: 2010-2014 Sales in Review

Broken Down by Product Class



30+ apartment units in Greater Memphis Metropolitan Area

Local Multifamily Market: 2001 – 2014 Construction



30+ apartment units in Greater Memphis Metropolitan Area

Local Multifamily Market: New Construction

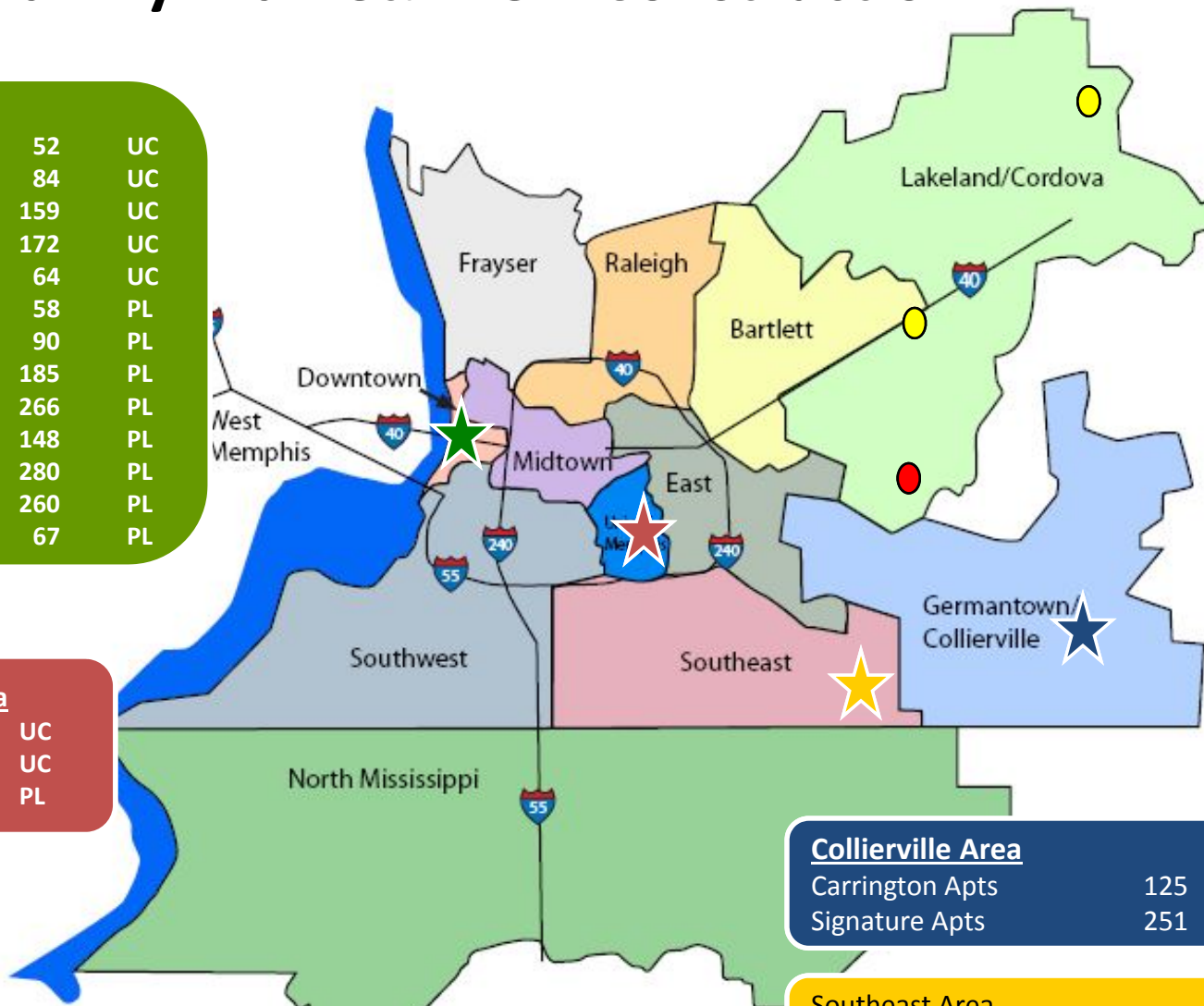
Downtown Area

Printer's Alley & Annex	52	UC
South Junction Apts	84	UC
The Chisca Apts	159	UC
Crescent Bluff	172	UC
New Blossom	64	UC
Artspace Memphis	58	PL
Uptown Apts	90	PL
266 Front	185	PL
100 N Main	266	PL
TN Brewery	148	PL
One Beale	280	PL
Sears Crosstown	260	PL
French Fort	67	PL

University of Memphis Area

3595 Southern	64	UC
Highland Row	354	UC
Midland Apts	120	PL

- Under Construction
 - Apts – Planning Stages
-
- CP – Completed Project
 - UC – Under Construction
 - PL - Planned



Collierville Area

Carrington Apts	125	UC
Signature Apts	251	UC

Southeast Area

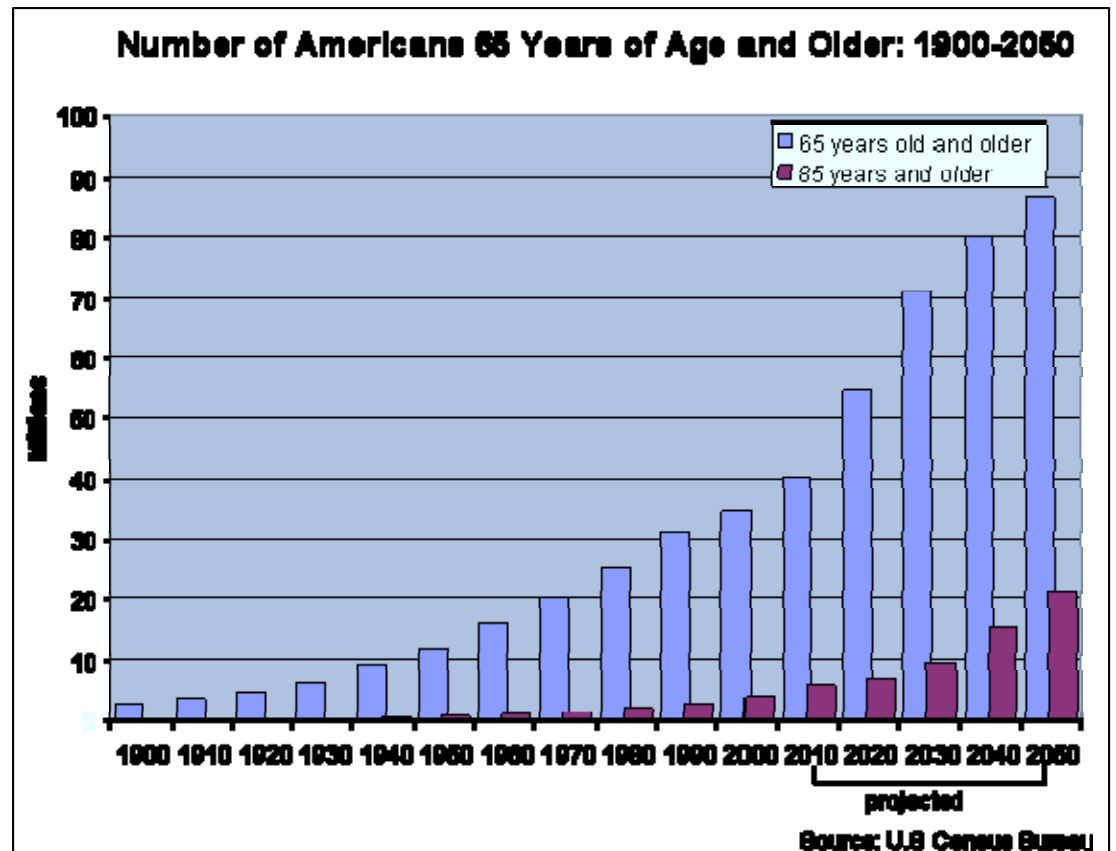
Fieldstone, Ph 5,6,7	529	UC
Irene Woods	432	UC

Trends Improving the Rental Demand

Baby Boomers Scaling Down, Entering Rental Market

In the United States, the baby boom generation represents 76 million people.

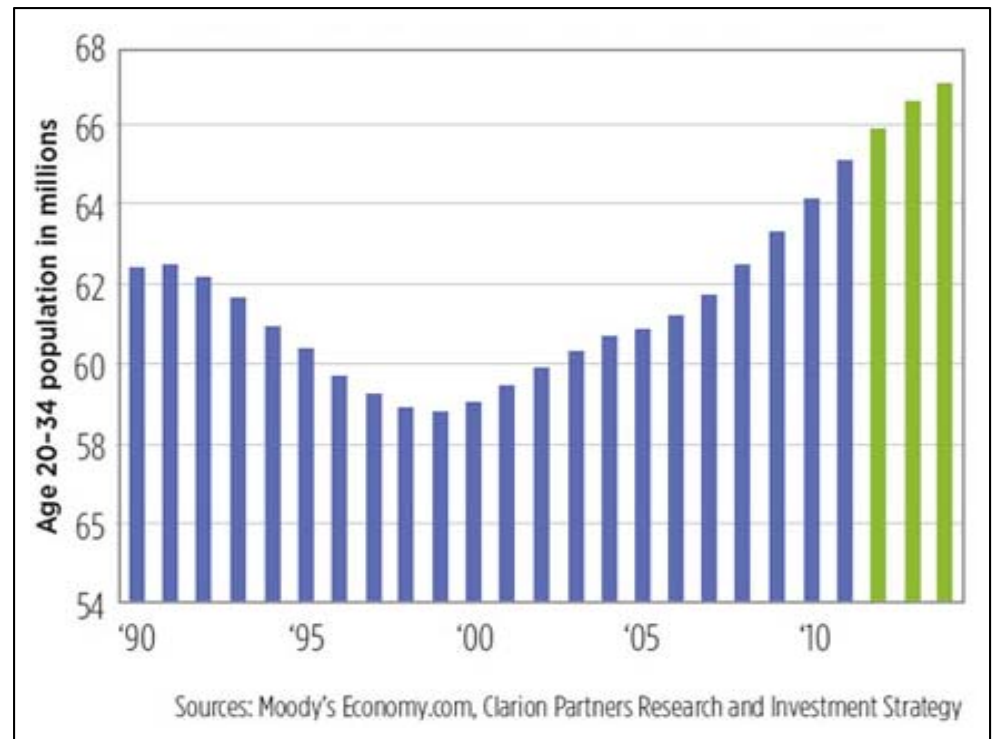
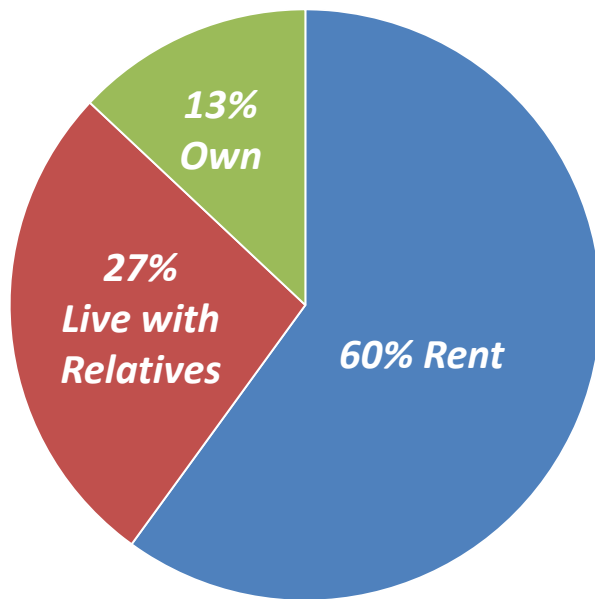
On January 1, 2011, as the baby boomers began to celebrate their 65th birthdays, 10,000 people turned 65 every day— this will continue for next 16 years.



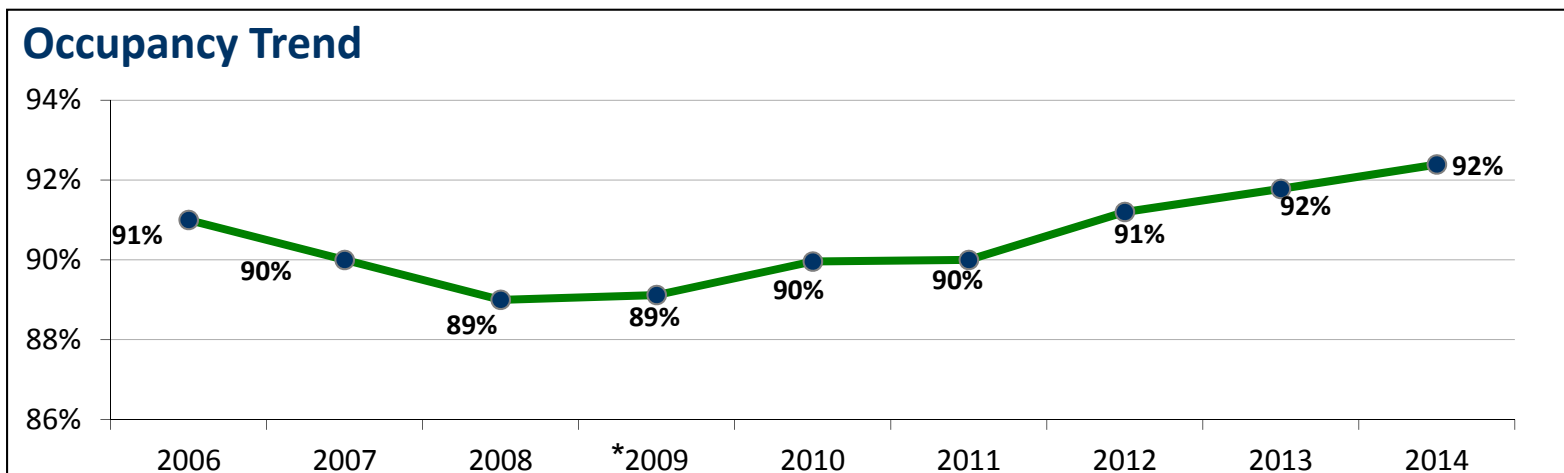
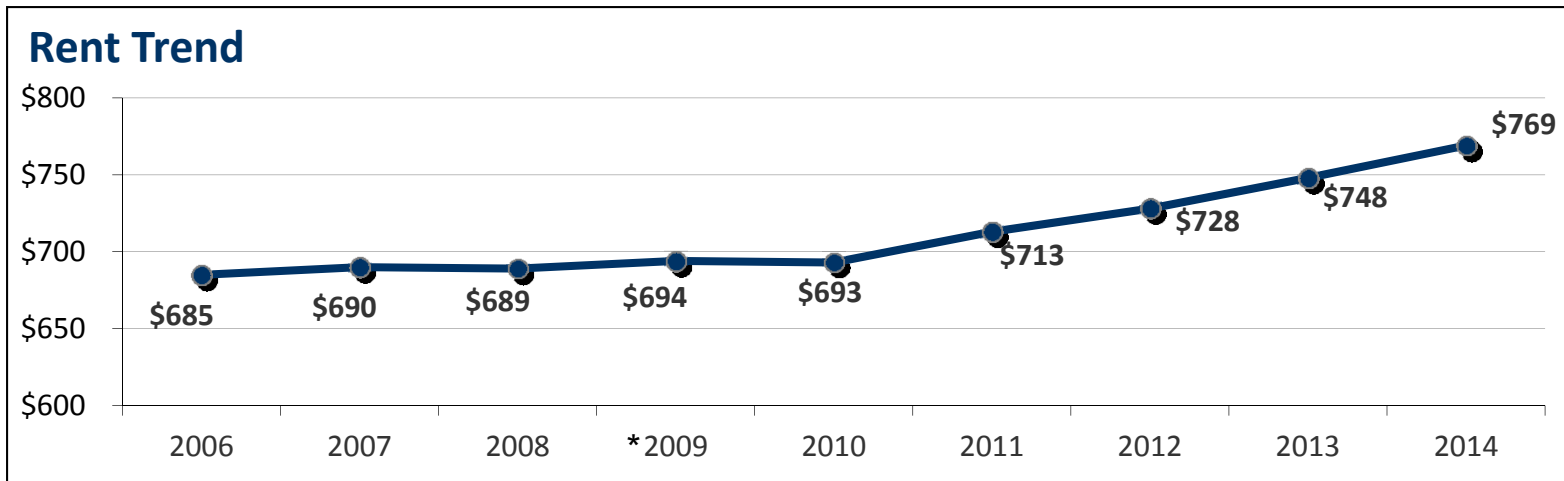
Trends Improving the Rental Demand

More Renters Entering the Market - Generation Y

- Generation Y, the **echo boom** of the baby boomers, born from 1977-2001 (estimated majority are between 18-30 years old)
- Nearly 80 million in population (larger than the baby boomer population of 72 million)

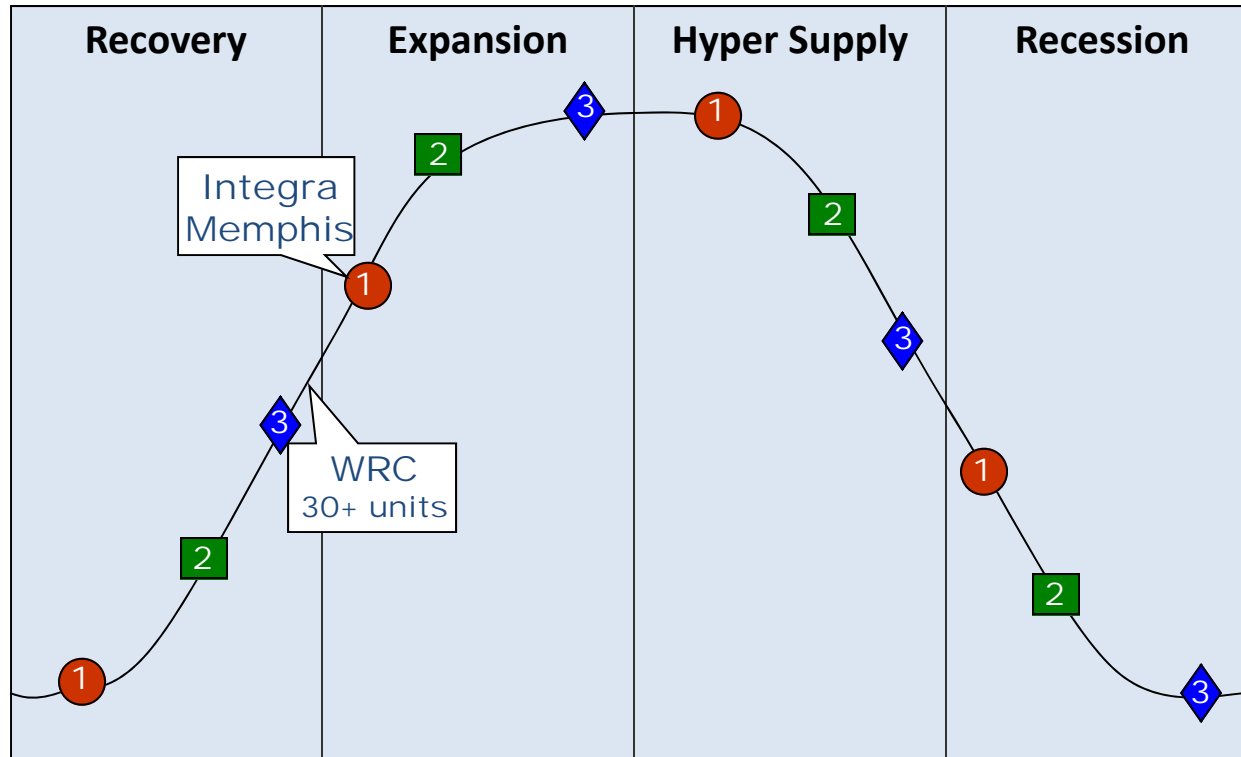


Local Multifamily Market: 2014



* Apartment Association of Greater Memphis includes foreclosures and out of service apartments for the first time

Market Cycle as Projected by Integra Realty Resources



- 1 1st Stage of the Phase
- 2 2nd Stage of the Phase
- 3 3rd Stage of the Phase

IRR - Memphis Metro

- Decreasing Vacancy
- Moderate/High New Construction
- High Absorption
- Moderate/High Employment Growth
- Medium/High Rental Rate Growth

Woodyard Realty - Memphis Metro

- Decreasing Vacancy
- Low to Moderate New Construction
- Moderate/High Absorption
- Low/Moderate Employment Growth
- Low/Medium Rental Rate Growth

Recovery Phase

- Decreasing Vacancy Rates
- Low New Construction
- Moderate Absorption
- Low/Moderate Employment Growth
- Neg/Low Rental Rate Growth

Expansion Phase

- Decreasing Vacancy Rates
- Moderate/High New Construction
- High Absorption
- Moderate/High Employment Growth
- Med/High Rental Rate Growth

Hyper Supply Phase

- Increasing Vacancy Rates
- Moderate/High New Construction
- Low/Negative Absorption
- Moderate/Low Employment Growth
- Med/Low Rental Rate Growth

Recession Phase

- Increasing Vacancy Rates
- Moderate/Low New Construction
- Low Absorption
- Low/Neg Employment Growth
- Low/Neg Rental Rate Growth



Woodyard Realty Corp.'s 2015 Forecast

- ↑ Each submarket will have improving conditions
- ↔ Similar and slightly declining levels of foreclosures
- ↑ Increasing levels of new construction
- ↑ Modestly increasing rents that are gaining momentum
- ↑ Improving Occupancy
- ↑ Prices have hit bottom and are improving
- ↑ Two possibly three years left to find value-add opportunities