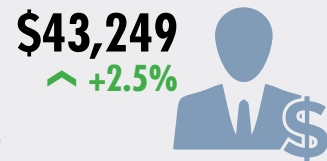
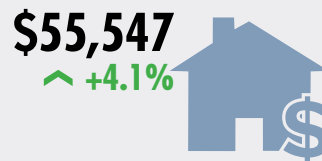
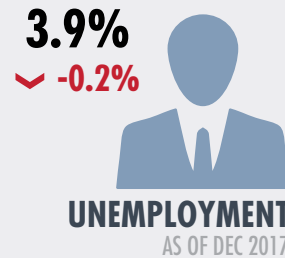


PHOENIX MSA | MULTIFAMILY | YE 2017 REPORT

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10+ UNIT PROPERTIES		YE 2017	INCREASE/DECREASE	YE 2016
Total Sales Volume		\$4.8B	-5% ▼	\$5.1B
A V E R A G E	Price/Unit	\$116,681	+12% ▲	\$104,435
	Price/SF	\$141.26	+9% ▲	\$129.97
	Year Built	1978	+1 yr ▲	1977
Average Rent		\$1,006	+5.6% ▲	\$953
Occupancy Rate		94.9%	-0.6% ▼	95.5%
Units Delivered		7,785	-2% ▼	7,912



ABI GEONEWS - PHOENIX MSA YE 2017 SELECT NEWS

CONTINUED ON PAGE 06



SkyBridge Arizona, nation's first international air cargo hub, expected to create 17,000 new jobs









Bill Gates invests \$80 million in real estate on Phoenix area's western edge to build smart city



USAA adding 1,000 tech jobs in Phoenix in next 3 years



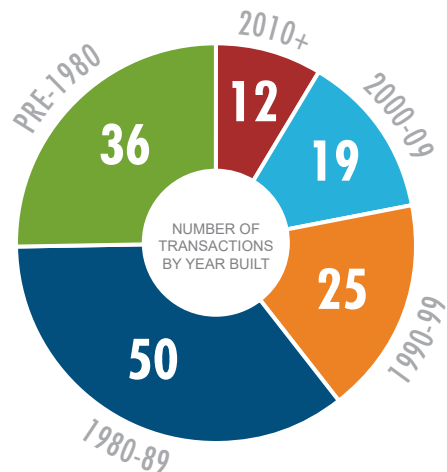
PHOENIX MSA - PER CITY ANALYSIS

PHOENIX MSA QUICK STATS	UNEMPLOYMENT RATE	MEDIAN HH INCOME	PER CAPITA INCOME	50+	
				TOTAL INVENTORY	UNDER CONSTRUCTION
 Phoenix MSA	3.9%	\$55,547	\$43,249	299,394	17,456
 Phoenix	4.1%	\$49,328	\$25,213	130,783	5,842
 Mesa	3.9%	\$50,615	\$25,669	36,474	762
 Scottsdale	3.4%	\$76,543	\$54,060	25,733	1,708
 Tempe	3.6%	\$50,474	\$27,705	30,978	3,185
 Glendale	4.6%	\$46,817	\$22,452	22,707	340

PHOENIX MSA - PER CITY ANALYSIS		Phoenix	Mesa	Scottsdale	Tempe	Glendale
RENT & OCCUPANCY STATS	Average Rent (YE 2017)	\$923	\$892	\$1,299	\$1,209	\$849
	% Change (y-o-y)	+5.6%	+5.7%	+4.4%	+5.2%	+5.5%
	Occupancy Rate (YE 2017)	94.8%	95.9%	94.5%	94.3%	95.0%
	% Change from 2016	0%	+0.1%	-0.7%	-1.0%	-0.3%
	(4th Qtr Only) Units Delivered (50+)	592	N/A	282	399	N/A
SALES DATA (100+)	Total Sales Volume (YE 2017, 100+)	\$1,710,631,379	\$651,970,716	\$345,250,000	\$571,670,000	\$338,016,500
	Total Sales Volume (YE 2016, 100+)	\$1,521,592,000	\$417,425,064	\$662,415,000	\$600,004,000	\$404,116,000
	% Change (y-o-y)	+12%	+56%	-48%	-5%	-16%
	Avg P/U (YE 2017, 100+)	\$109,340	\$106,740	\$192,233	\$131,328	\$101,506
	Avg P/U (YE 2016, 100+)	\$102,755	\$90,293	\$145,330	\$124,096	\$81,001
	% Change (y-o-y)	+6%	+18%	+32%	+6%	+25%
SALES DATA (10-99)	Total Sales Volume (YE 2017, 10-99)	\$301,501,581	\$51,985,900	\$22,400,000	\$61,607,000	\$22,890,000
	Total Sales Volume (YE 2016, 10-99)	\$321,629,551	\$56,979,500	\$20,920,000	\$45,188,368	\$5,224,750
	% Change (y-o-y)	-6%	-9%	+7%	+36%	+338%
	Avg P/U (YE 2017, 10-99)	\$83,634	\$78,410	\$122,404	\$154,018	\$59,921
	Avg P/U (YE 2016, 10-99)	\$63,727	\$70,958	\$121,628	\$103,170	\$35,302
	% Change (y-o-y)	+31%	+11%	+1%	+49%	+70%

100+ UNIT PROPERTIES

	YE 2017	INCREASE/DECREASE	YE 2016
Total Sales Volume	\$4.3B	-5%	\$4.6B
AVERAGE Price/Unit	\$121,349	+10%	\$110,649
AVERAGE Price/SF	\$145.65	+7%	\$136.07
AVERAGE Year Built	1989	+1 yr	1988

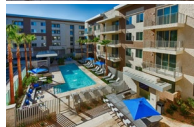


TOP 3 TRANSACTIONS BY PRICE/UNIT (100+)



The Standard

Scottsdale, 134 Units | \$43,000,000
\$320,896/Unit | \$381.58/SF | Built 2016



The View at Cascade

Scottsdale, 187 Units | \$50,050,000
\$267,647/Unit | \$301.35/SF | Built 2016



Alta Paradise Ridge

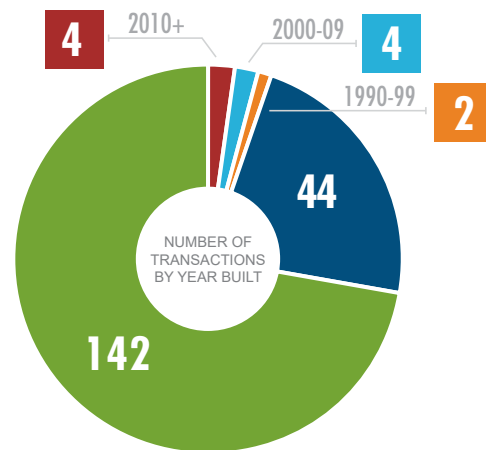
Phoenix, 278 Units | \$72,000,000
\$258,993/Unit | \$281.09/SF | Built 2016

YE 2017 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	12	\$217K	\$223
2000-09	19	\$139K	\$151
1990-99	25	\$166K	\$175
1980-89	50	\$91K	\$120
Pre-1980	36	\$79K	\$108

10 - 99 UNIT PROPERTIES

	YE 2017	INCREASE/DECREASE	YE 2016
Total Sales Volume	\$482M	+3%	\$468M
AVERAGE Price/Unit	\$86,277	+28%	\$67,399
AVERAGE Price/SF	\$110.71	+23%	\$90.31
AVERAGE Year Built	1970	-1 yr	1971



TOP 3 TRANSACTIONS BY PRICE/UNIT (10-99)



Trio Scottsdale Lofts

Scottsdale, 12 Units | \$4,750,000
\$395,833/unit | \$264.06/SF | Built 2016



1000 on 5th Urban Living

Tempe, 19 Units | \$6,600,000
\$347,368/unit | \$214.75/SF | Built 2016



The Place on Jentilly

Tempe, 33 Units | \$9,300,000
\$281,818/unit | \$184.03/SF | Built 2016

YE 2017 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	4	\$288K	\$197
2000-09	4	\$206K	\$162
1990-99	2	\$38K	\$43
1980-89	44	\$79K	\$105
Pre-1980	142	\$82K	\$109

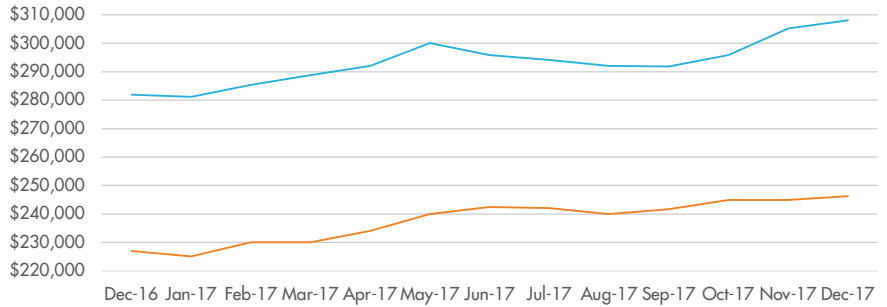
SINGLE FAMILY RESIDENTIAL - FOR SALE/LEASE

AVG SALES PRICE \$308,100

+9.5%, YEAR-OVER-YEAR AVERAGE

MEDIAN SALES PRICE \$246,200

+8.5%, YEAR-OVER-YEAR MEDIAN



SFR SALES TRENDS *

MONTHLY SALES 7,070

+0.5%, YEAR-OVER-YEAR
0%, MONTH-OVER-MONTH

AVG DAYS ON MARKET 70

-7 DAYS, YEAR-OVER-YEAR
+1 DAY, MONTH-OVER-MONTH

FORECLOSURES PENDING 3,048

-12.8%, YEAR-OVER-YEAR
-0.6%, MONTH-OVER-MONTH

* As of December 2017

SFR - FOR LEASE

YE 2017

Median Lease: \$1,358
Average Lease: \$1,531
Avg. Days on Market: 31
Rent Check Quotient™: 3 : 10

YE 2016

Median Lease: \$1,305
Average Lease: \$1,471
Avg. Days on Market: 30
Rent Check Quotient™: 3 : 10

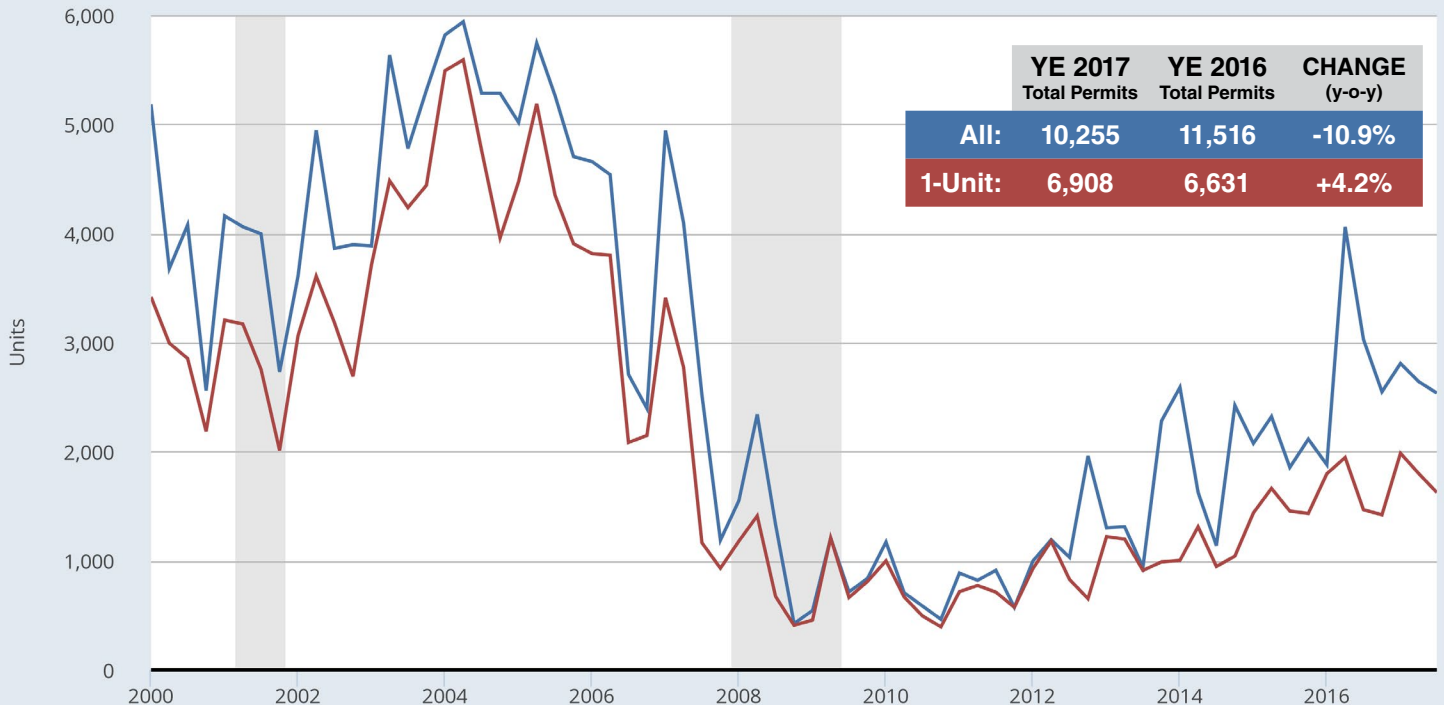
RENT Check Quotient (RCQ) is the ratio of closed rentals to closed sales. For example, 1:2 (one to two) would mean for every 1 rental, there are 2 closed sales. 1:1 (one to one) would mean that the number of closed rentals and closed sales are the same.

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HOUSING PERMIT DATA - SFR/MF *

FRED

— New Private Housing Units Authorized by Building Permits for Phoenix-Mesa-Scottsdale, AZ (MSA)
— New Private Housing Units Authorized by Building Permits: 1-Unit Structures for Phoenix-Mesa-Scottsdale, AZ (MSA)

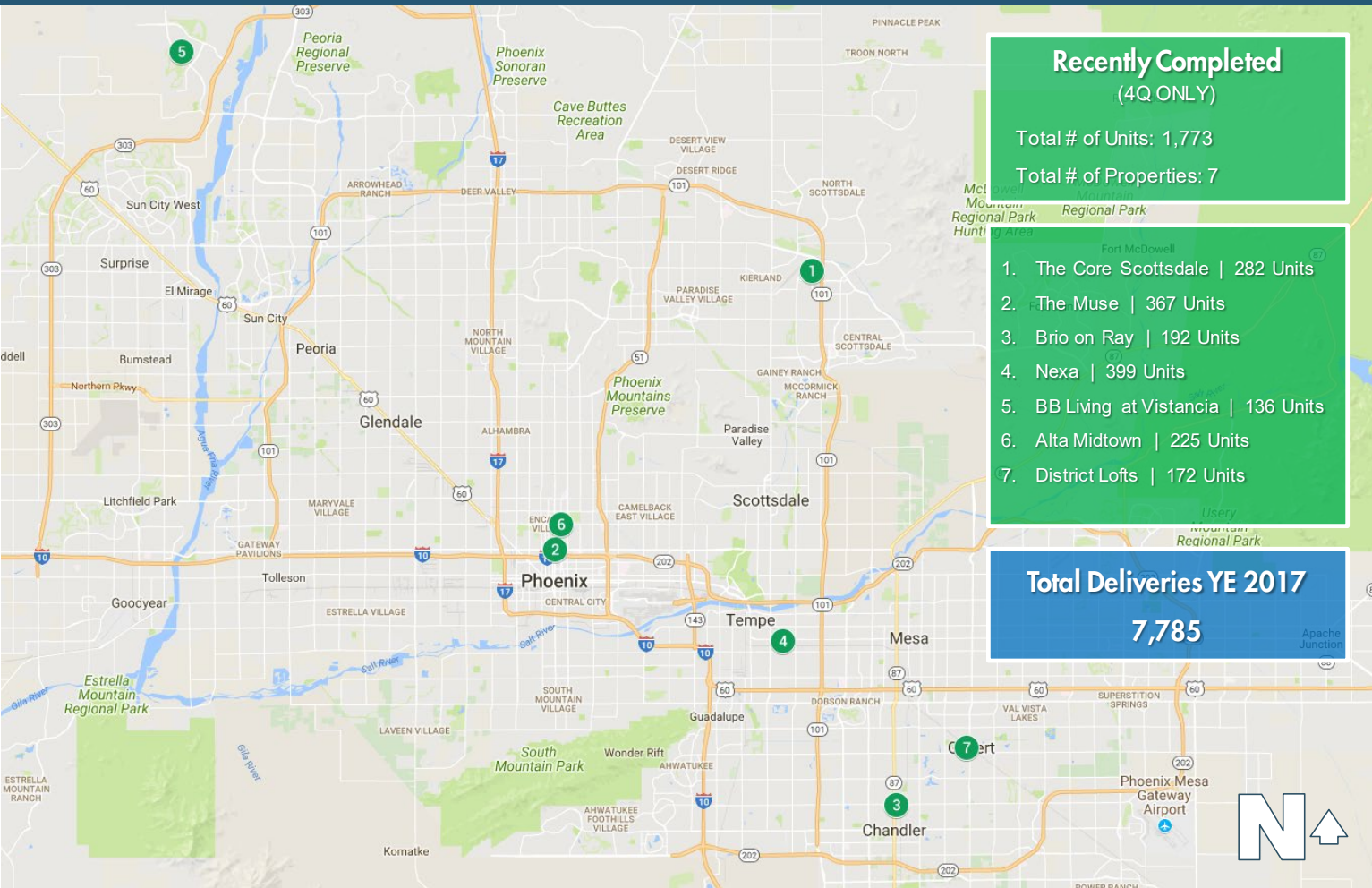


Source: U.S. Bureau of the Census

* Quarterly Average permitted units from 2000 to YTD (FRED)

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COMPLETED CONSTRUCTION



Recently Completed
(4Q ONLY)

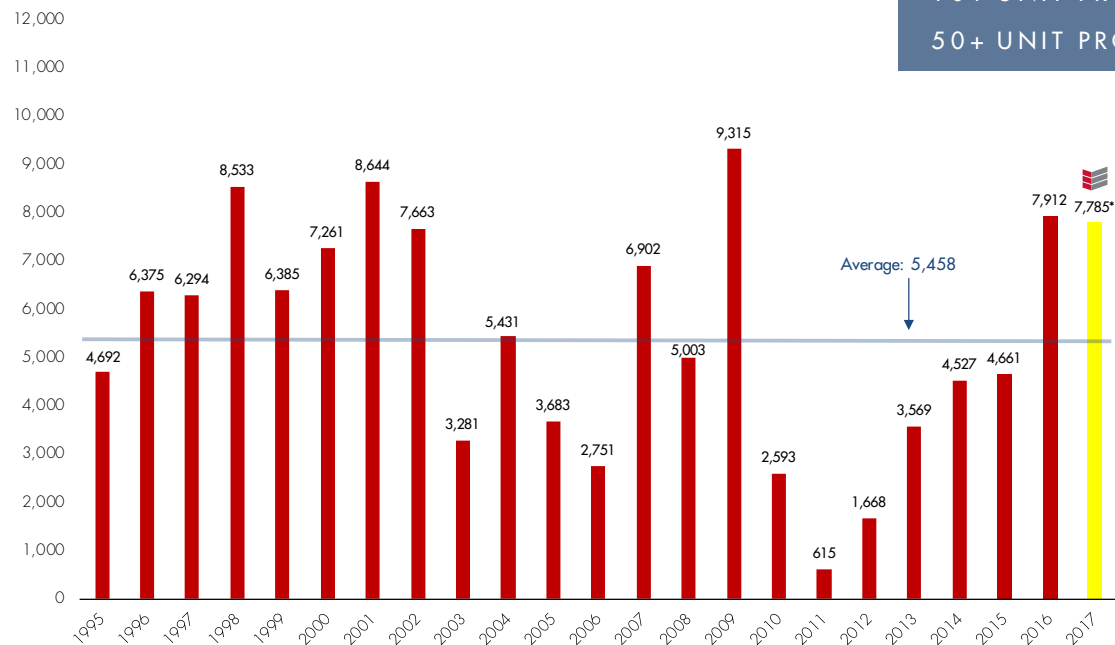
Total # of Units: 1,773
Total # of Properties: 7

1. The Core Scottsdale | 282 Units
2. The Muse | 367 Units
3. Brio on Ray | 192 Units
4. Nexa | 399 Units
5. BB Living at Vistancia | 136 Units
6. Alta Midtown | 225 Units
7. District Lofts | 172 Units

Total Deliveries YE 2017

7,785

PHOENIX MULTIFAMILY CONSTRUCTION PIPELINE YEAR END 2017



TOTAL UNIT INVENTORY

10+ UNIT PROPERTIES: **356,352**

50+ UNIT PROPERTIES: **299,394**

PRE-LEASE ABSORPTION RATE

16

Units/Property (Avg)

Under Construction

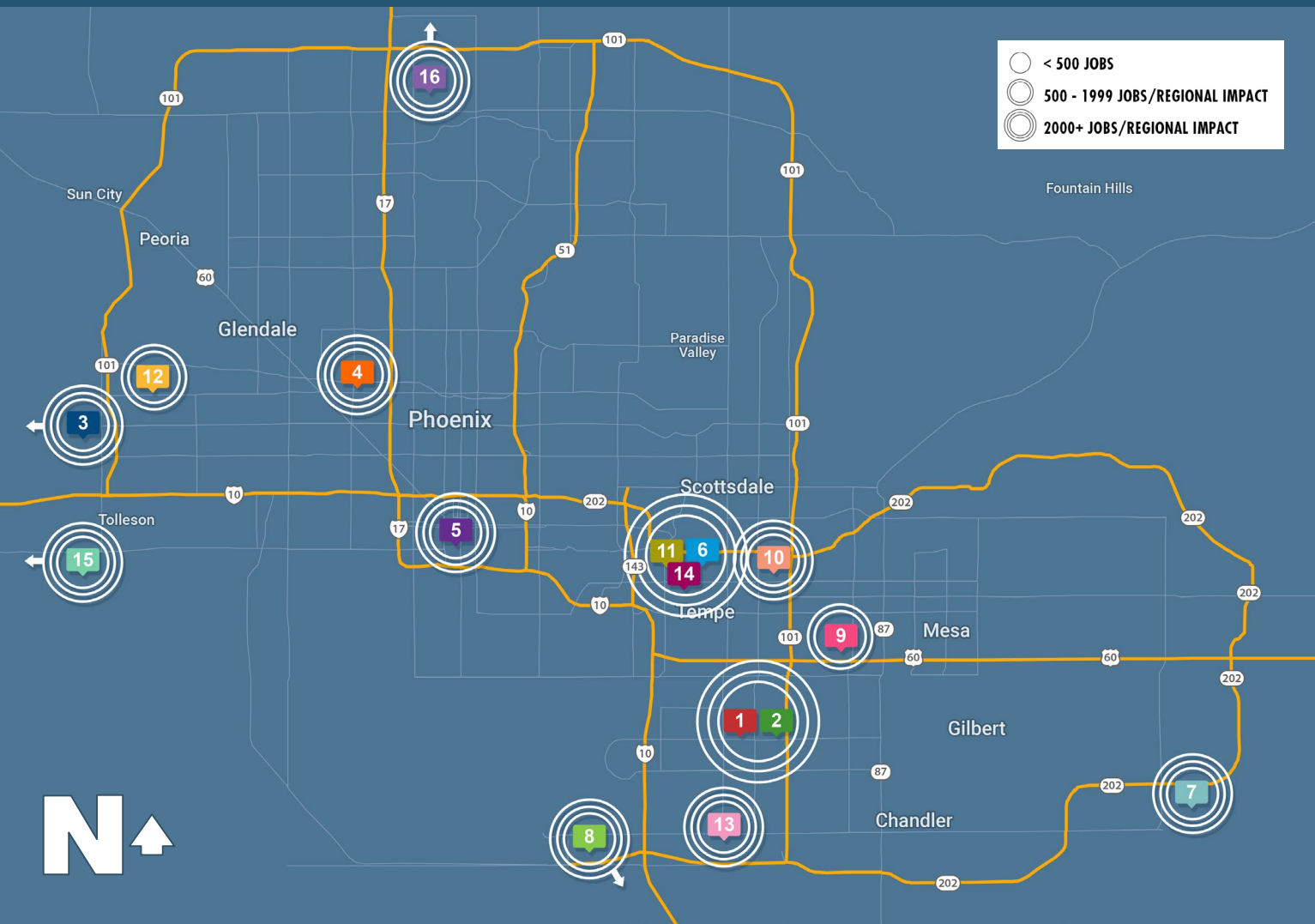
Total # of Units: 17,456
Total # of Properties: 68

Planned

Total # of Units: 12,034
Total # of Properties: 57

* Project Units Delivered. Project units delivered is based on when the total project is completed, not as individual buildings/units are delivered

YE 2017 SELECT NEWS

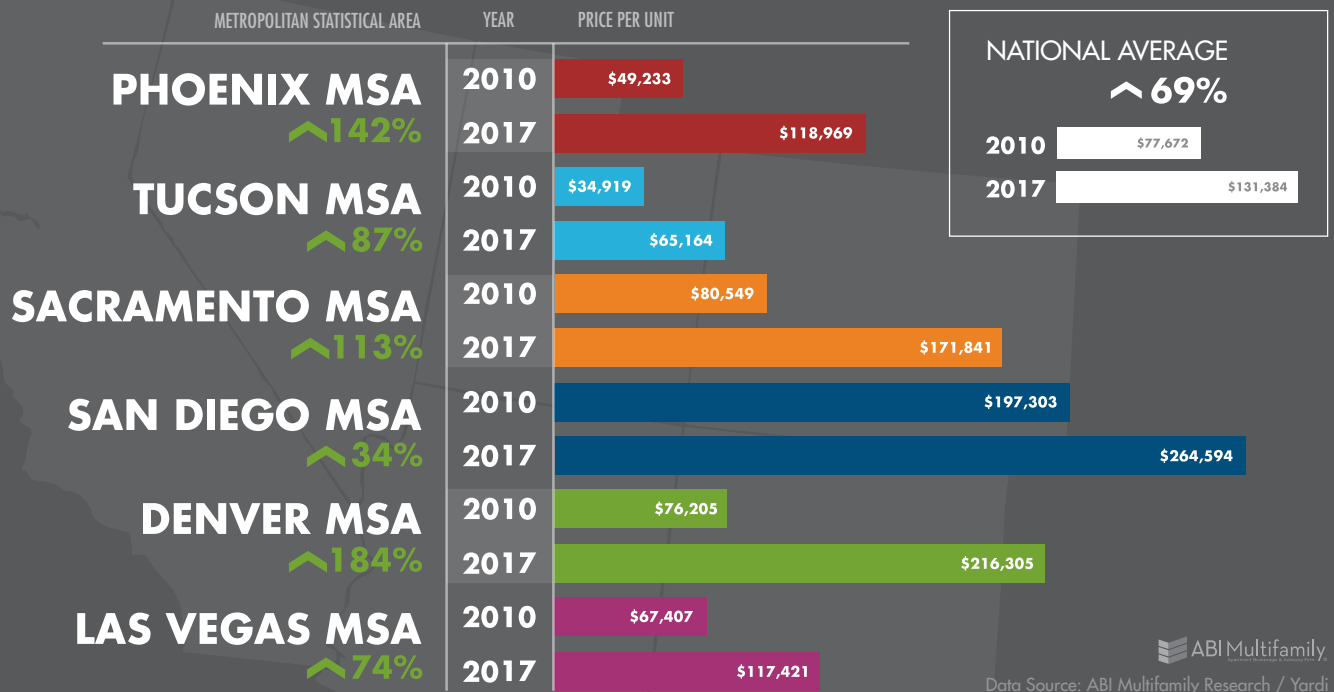


- 1** Northern Trust | Opening \$95M regional operations center in Tempe | Hiring 1,000
- 2** JPMorgan Chase building big new campus, landing 4,000 jobs in Tempe
- 3** New UPS Hub to add processing capacity for e-commerce, add 1,500 jobs at Goodyear PV303
- 4** GCU continues massive campus expansion | 3,000+ employees and 14,000+ students expected by 2020
- 5** Quicken Loans finalizes deal to move 1,100-plus jobs to Downtown Phoenix
- 6** State Farm Regional Headquarters: Brings total State Farm Phoenix area employment to 3,000+
- 7** SkyBridge Arizona, nation's first international air cargo hub to house both Mexican and United States customs, expected to create 17,000 new jobs
- 8** The Block Sports Company looking to develop 1,500-acre 'destination resort,' comparable to Disney World, in Casa Grande
- 9** Santander Consumer USA to hire 1,000+ workers for new regional operations center in Mesa's Fiesta District with avg salary of \$51,000
- 10** Freedom Financial Network expected to bring 3,200 jobs to East Valley hub after lease signing
- 11** New ADP office to bring 1,500 jobs to Tempe, AZ
- 12** IKEA opening second Arizona store near Westgate in Glendale
- 13** Intel to invest \$7 billion in new factory in Chandler, employ 3,000 workers
- 14** ASU hiring 3,000+ new faculty and staff to keep up with growth, enrollment tops 100,000+
- 15** Bill Gates invests \$80 million in real estate on Phoenix area's western edge to build smart city
- 16** USAA adding 1,000 tech jobs in Phoenix in next 3 years

BY: THOMAS M. BROPHY, DIRECTOR OF RESEARCH

AVERAGE PRICE PER UNIT INCREASE 2010 VS. 2017 | WEST U.S. REGION

* Based on total units purchased (50+ unit properties) for Year End 2010 compared to Year End 2017



THE YEAR THAT WAS

Phoenix MSA Year in Review

The Phoenix MSA multifamily market had another robust year fueled by both continued jobs, +2.6% and population, +2.2%, growth. On the jobs/economic investment front, the Phoenix area witnessed major announcements including: SkyBridge Arizona at Phoenix Mesa Gateway Airport (17,000+ jobs), ASU expansion (topped 100k+ students 2017/18, 3,000+ jobs), USAA (1,000+ jobs) and Bill Gates' backed \$80M smart city venture in the West Valley to name but a few (for list of all major job/economic announcements see Page 6 of this report).

In regards to population, in 2016, Maricopa County overtook Texas' Harris County as top spot for population growth, adding 222 residents per day or 81,000 total new residents. In 2017, according to North American Moving Services Migration Report, Arizona was the top

inbound state in the country for domestic migration in 2017 and 7th in overall net population change. Additionally, U-Hauls own Migration Report pegged Tempe as the country's top city for net inbound migration.

PHOENIX MARKET METRICS

By the Numbers

The MSA's total sales volume (10+ unit properties) decreased (5%), y-o-y, to \$4.81 billion across 339 transactions representing 41,288 total units sold. California-based investors continue to be the dominant buyer of multifamily properties in the Valley accounting for 32% of total units transacted, or 13,368 units, which is a 10%+ q-o-q increase. Arizona-based investors came in 2nd with a little over 5,900 units purchased and rounding out the

top five: (#3) Pacific Northwest-investors with 3,863 units purchased, (#4) Canada-based investors with 3,688 units and (#5) New York-based investors with 3,344 units.

Sales of 100+ unit properties witnessed a mild contraction of (5%) y-o-y to \$4.33 billion. Average price-per-unit amount increased approximately 10% to \$121,349. Whereas 100+ unit properties saw sales volume contract, 10 to 99 unit properties saw its volume increase 3% to \$482M with a surge of 28% in average price-per-unit amount to \$86,277. Price-per-unit increases in the smaller property size category dovetails the sales trend which began in earnest in late 2016 through YE 2017, as mid-century built, extensively repositioned properties having been coming back online for sale. In fact, pre-1980's built product represented 72% of all transactions for 2017.

BY: THOMAS M. BROPHY, DIRECTOR OF RESEARCH

In regards to new construction, developers delivered 7,785 units in 2017, a (2%) y-o-y contraction. It should be noted that despite delivering close to 31,000 units from 2011 to 2017, Phoenix's Average Occupancy Rate actually increased 2.9% to its current 94.9%. For 2018, developers are on track to deliver 9,000+ new units, the most since 2009's 9,315 unit delivery high. Planned unit construction has dropped dramatically, nearly 41% y-o-y, to 12,034 as of YE 2017, the lowest point in nearly a decade.

The MSA's Occupancy Rate ended 2017 at 94.9%, a (0.6%) y-o-y decline, while average rent increased 5.6% y-o-y to \$1,006. City of Mesa and Phoenix once again claimed the top spots in the MSA for rent growth at 5.7% and 5.6% respectively, followed by Glendale at 5.5%, Tempe at 5.2% and Scottsdale at 4.4%. Scottsdale still claims the top spot in actual average rent which at \$1,299 is the highest in the region.

INSTITUTIONAL INVESTORS COMING BACK

As can be referenced from the infographic, the National average price-per-unit (PPU) amount for Institutional Grade (50+ units) properties has been steadily rising, 9% per year, since 2010's nadir to its current \$131,384. In fact, most MSA's referenced in the infographic have experienced 10%+ per annum increases in PPU amounts. Despite the fact that Phoenix has witnessed an average 18% per year PPU appreciation rate since 2010, it is still significantly lower than Denver's current, \$216,305, and the

National average, referenced above.

Despite a minor sales volume contraction in 2017, Institutional Investors have been increasingly moving money back into the Phoenix market. In fact sales of 300+ unit properties hit 39 transactions, highest point in last 5 years outside of 2016, with 24 transactions occurring in the second half of 2017 alone. This type of institutional reinvestment was led by Florida-based, Priderock Capital's purchase of the 832-unit IMT Deer Valley, Irvine-based Bascom Group's purchase of 724-units The Tradition & Legend at Kierland and San Diego-based MG Properties purchase of 676-unit Lakeview at Superstition Springs to name a few.

FINAL THOUGHTS

The Great Unknown

In Janet Yellen's final interview before her exit as Fed chief she noted the risk of high asset valuations while making no reference to the Fed's 460% balance sheet explosion to \$4.5 trillion and ZIRP policies, not to mention NIRP and direct equity/bond purchases by Central Banks abroad. Nonetheless, and to be discussed in greater detail in my yet-to-be released Market Forecast, Yellen's penultimate act as Fed Chair was to reacquaint markets with volatility. Markets, in the first few weeks of 2018, chalked up the largest single day point drop in Dow Jones history with 10Y UST's pushing near Bond King Jeffrey Gundlach's 2.99% bond bear market threshold. Given

the ferocity of the market's current pogo stick corrections, increasing interest rates and tightening liquidity via QT we find ourselves in a new investment market 'normal.' This new normal is one marked by violent market swings which, if I had to guess, will probably sideline more retail investors as quants and active managed funds battle it out among the various asset classes.

Qui bono? For Institutional Investors, much like we saw in 2016/17, large portfolio purchases and company acquisitions should ramp up as investors look to streamline operations, via technology, and hit high unit count thresholds to gain additional yield. Small CAP investors, as I described in 3Q 2017's review, have definitely chosen Phoenix and Tucson as their markets of choice for investing in multifamily; one, as a hedge against inflation and two, sustained increases in renter population. Make no mistake it's the Federal Reserve's market now with all eyes on the incoming chair Jerome Powell. Thus begins our collective investment journey into the unknown.

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ABI MULTIFAMILY EXPANDS CALIFORNIA FOOTPRINT, OPENS SACRAMENTO OFFICE

ABI Multifamily, the Western US's leading multifamily brokerage and advisory services firm, is pleased to announce its continued regional expansion with the opening of the Sacramento, CA office.

We are pleased to be able to offer our clients in Sacramento the same high level of service and expertise that has made us the leading dedicated multifamily brokerage in San Diego and Arizona, and look forward to fostering new relationships in Sacramento and surrounding areas.

ABI COMPARATIVE MARKET REVIEW: YEAR END 2017



PHOENIX



TUCSON



SAN DIEGO

DEMOGRAPHICS

RENT/OCC/CONST (50+)

SALES (50+)

Total Population	4,649,287	1,026,099	3,317,749
Unemployment Rate (as of Dec '17)	3.9%	4.2%	3.3%
Employment Growth (y-o-y)	2.6%	1.2%	1.5%
Median HH Income	\$55,547	\$46,764	\$66,529
Per Capita Income	\$43,249	\$39,541	\$32,482
Rent (YE 2017)	\$1,006	\$796	\$1,833
% Increase / Decrease	+5.6%	+3.8%	+4.8%
Occupancy (YE 2017)	94.9%	94.5%	96.6%
% Increase / Decrease	-0.6%	-0.2%	-0.6%
Total Inventory (50+)	299,394	67,093	180,030
Total Under Construction (50+)	17,456	647	8,751
Units Delivered (50+, YE 2017 Total)	7,785	318	4,654
Total Sales Volume (YE 2017)	\$4.5B	\$598M	\$1.8B
y-o-y % Increase / Decrease	-7%	+30%	-7%
Average P/U (YE 2017)	\$118,969	\$65,164	\$265,659
y-o-y % Increase / Decrease	+11%	+4%	+5%

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OVER 200 YEARS OF COMBINED MULTIFAMILY BROKERAGE EXPERIENCE
SEASONED ADVISORS WITH REGIONAL INSIGHT
COLLABORATION & COOPERATION

NOTABLE RECENT ABI MULTIFAMILY TRANSACTIONS

100+ UNIT PROPERTIES

10-99 UNIT PROPERTIES



ALTA FILLMORE

601 West Fillmore Street
Phoenix, AZ

Price: \$59,000,000
Units: 230
Year Built: 2016

TEMPE NORTH

1855 East Don Carlos Avenue
Tempe, AZ

Price: \$7,000,000
Units: 56
Year Built: 1987

TRES ARCOS

4750 North 28th Street
Phoenix, AZ

Price: \$4,000,000
Units: 25
Year Built: 1969

MELROSE GARDENS

1320 South Hardy Drive
Tempe, AZ

Price: \$2,150,000
Units: 16
Year Built: 1974

APARTMENT BROKERAGE & ADVISORY FIRM

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