



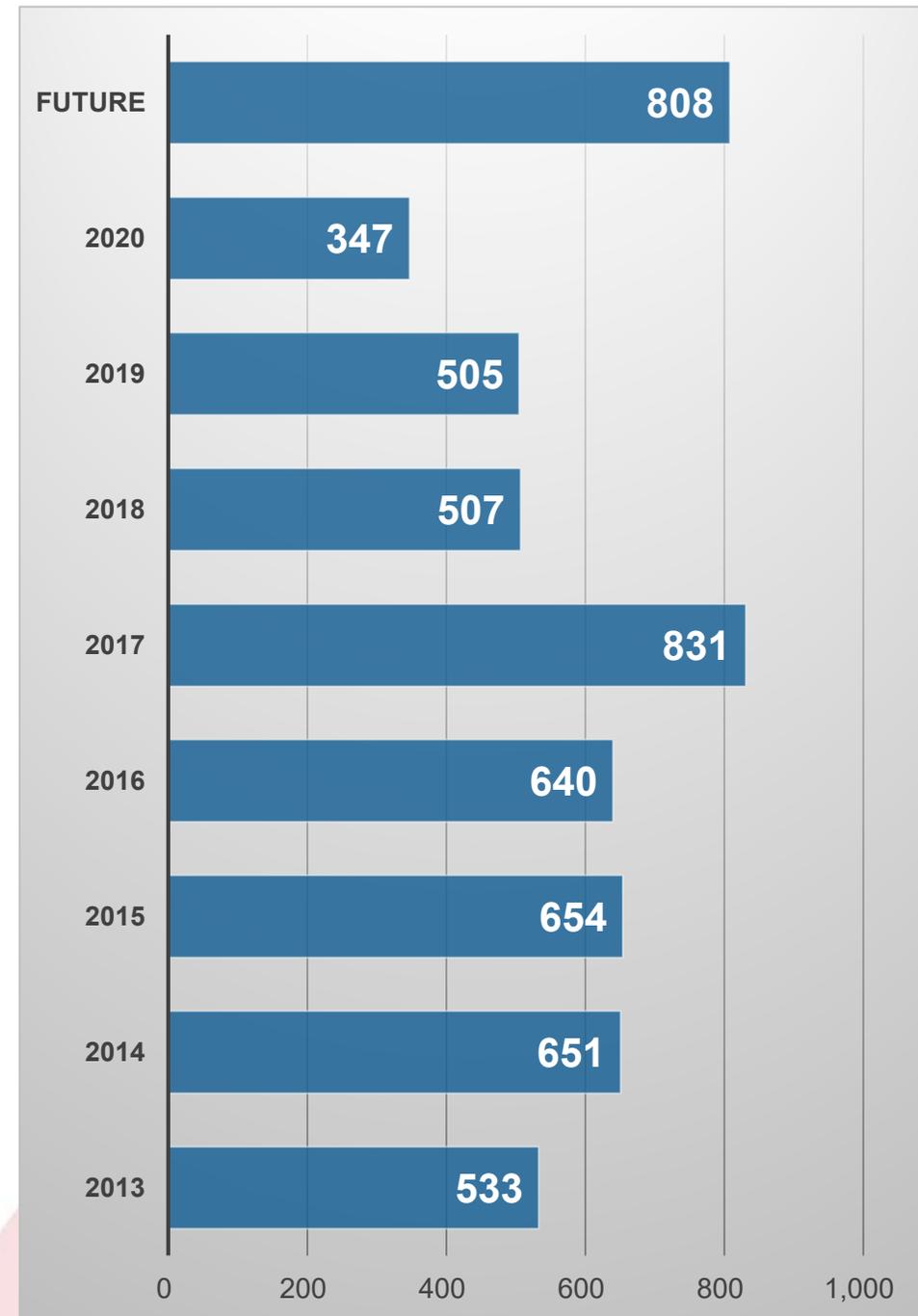
Commercial Real Estate Services, Worldwide.

Q3 2019 Wichita Multifamily Market Update

Jeff Englert

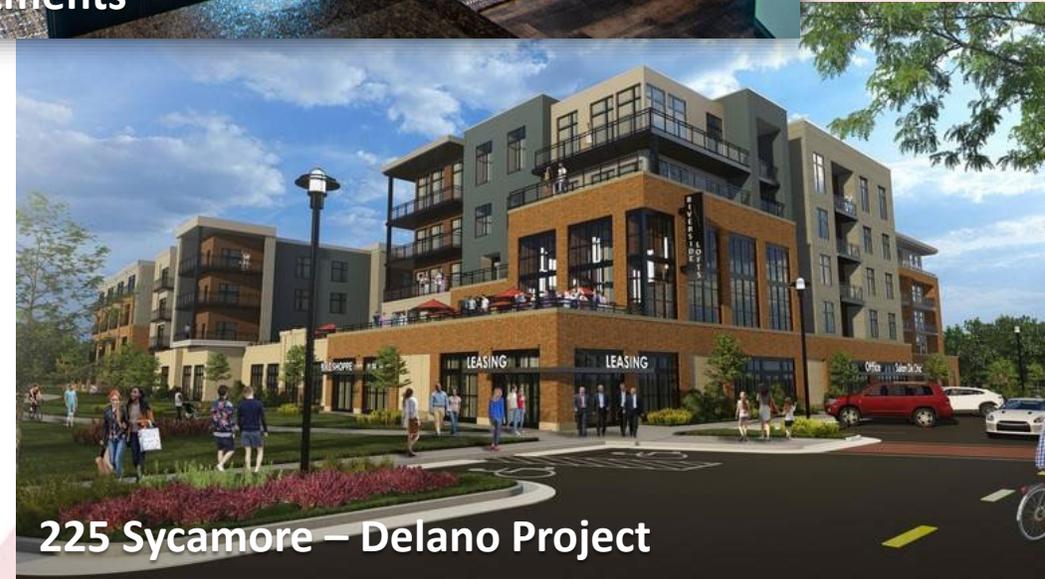
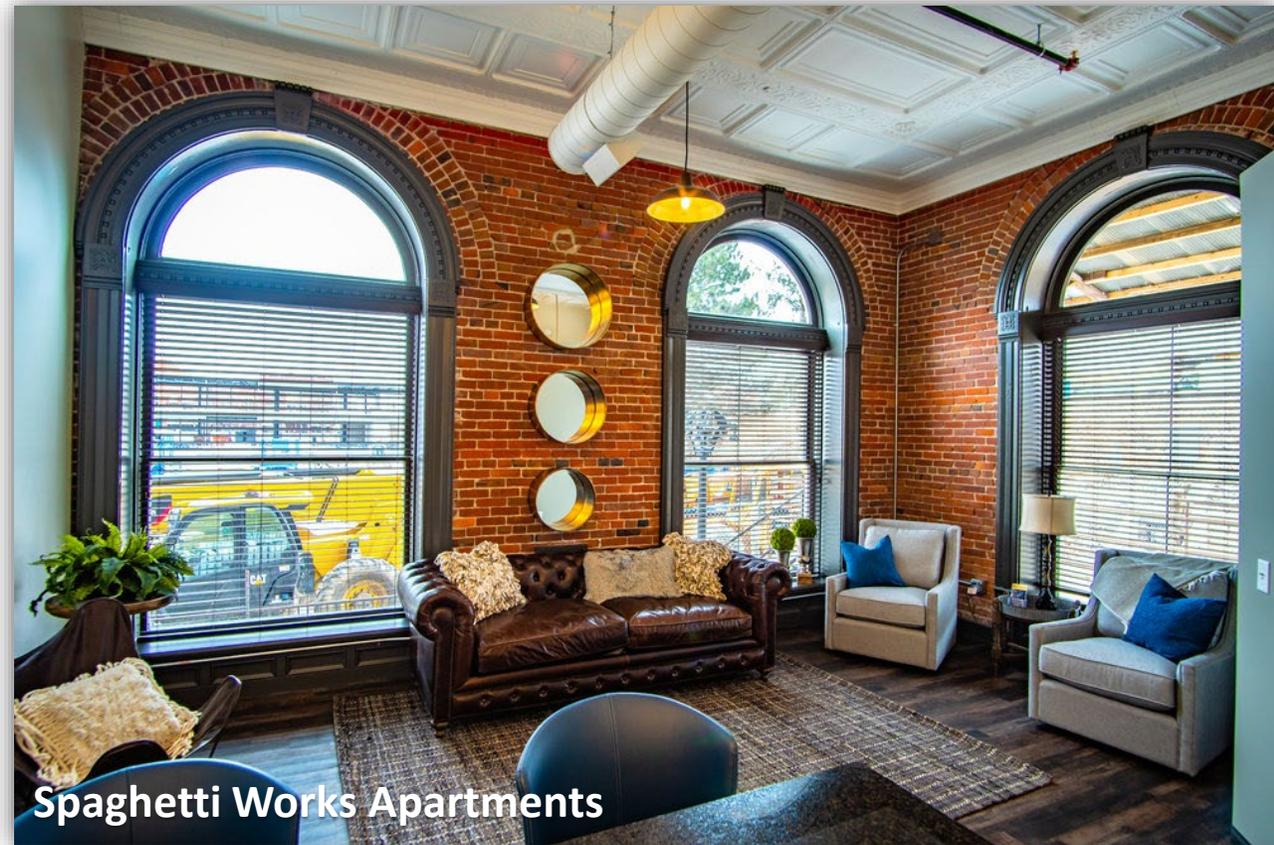
New Development

- Units added to the market in 2019 (505 units) was similar to 2018 after a strong 2017 (over 800 units)
- The trend moving forward seems to be in line with 2018's 500 units a year pace.
- Downtown construction has slowed with the only major project in 2019 being Spaghetti Works.
- Northeast had the largest number of units added.



Downtown

- Projects Completed
 - Spaghetti Works Apartments
- Projects Underway
 - 225 Sycamore – 204 Units in Delano
- Occupancy
 - New construction added in 2017-18 has been well received with all properties operating above 90%
 - Class A occupancy has improved by 6 percentage points since last year
 - New construction had an impact on existing Downtown Class B properties. Occupancy has decreased, but will rebound



Northeast

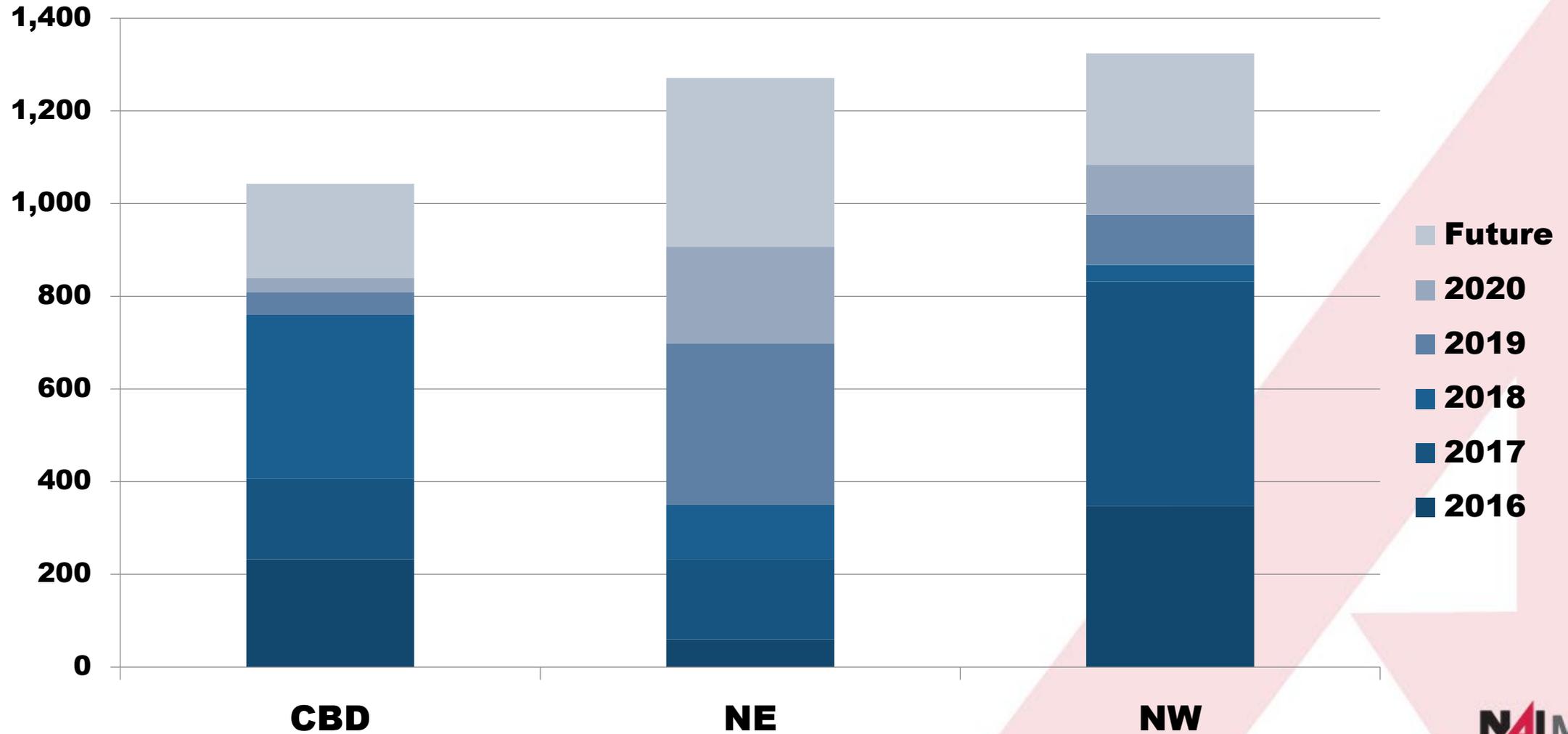
2019	2020
Cottages at Crestview (348 units)	Gentry Apartments (84 units)
	University Garden Apartments (150 units)

Northwest

2019	2020
Copper Creek at Hampton Lakes (360 total units – 180 in 2019)	Ridge Pointe Development (132 units)

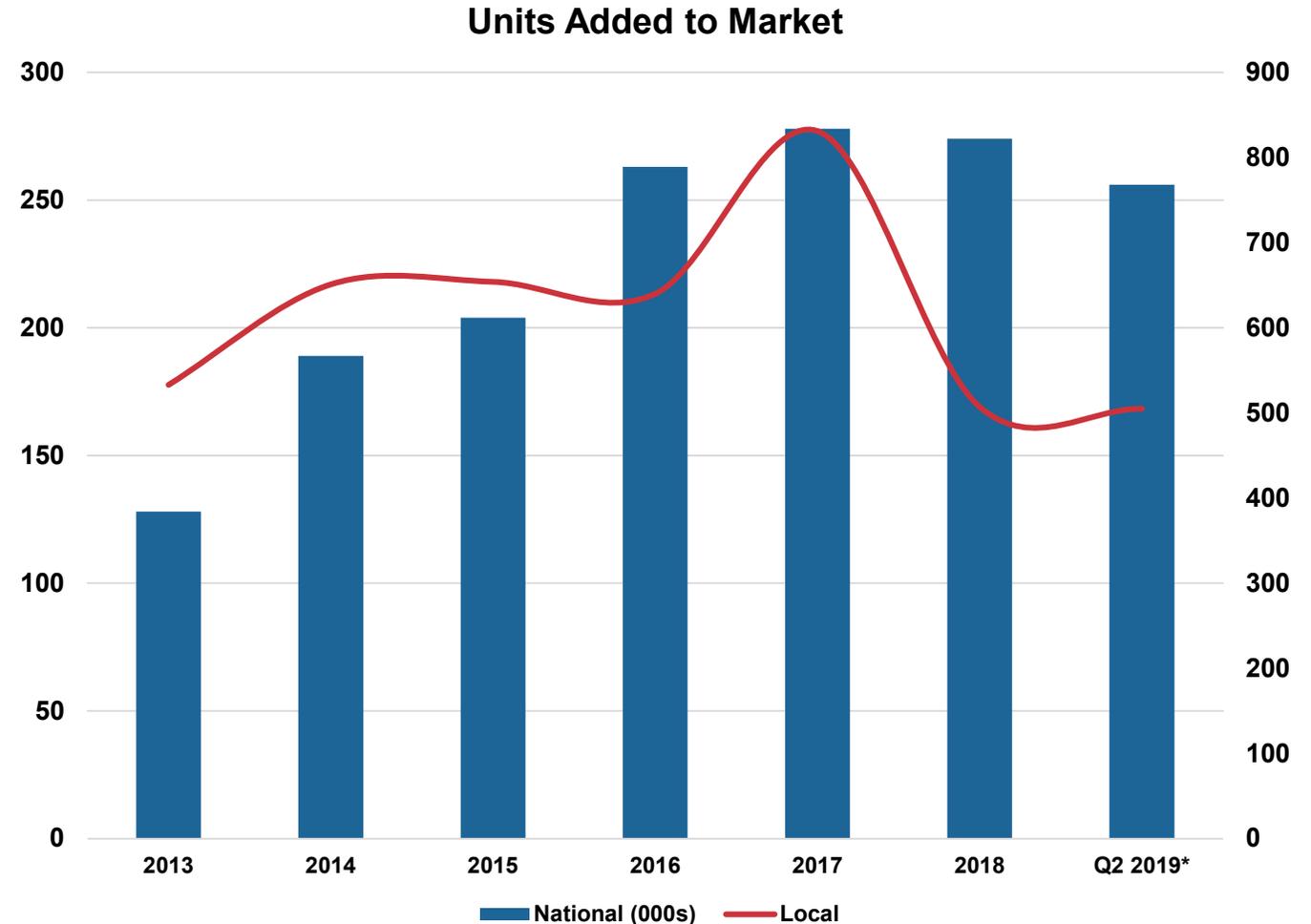


Units Added to the Market by Quadrant



National Multifamily Development Trends

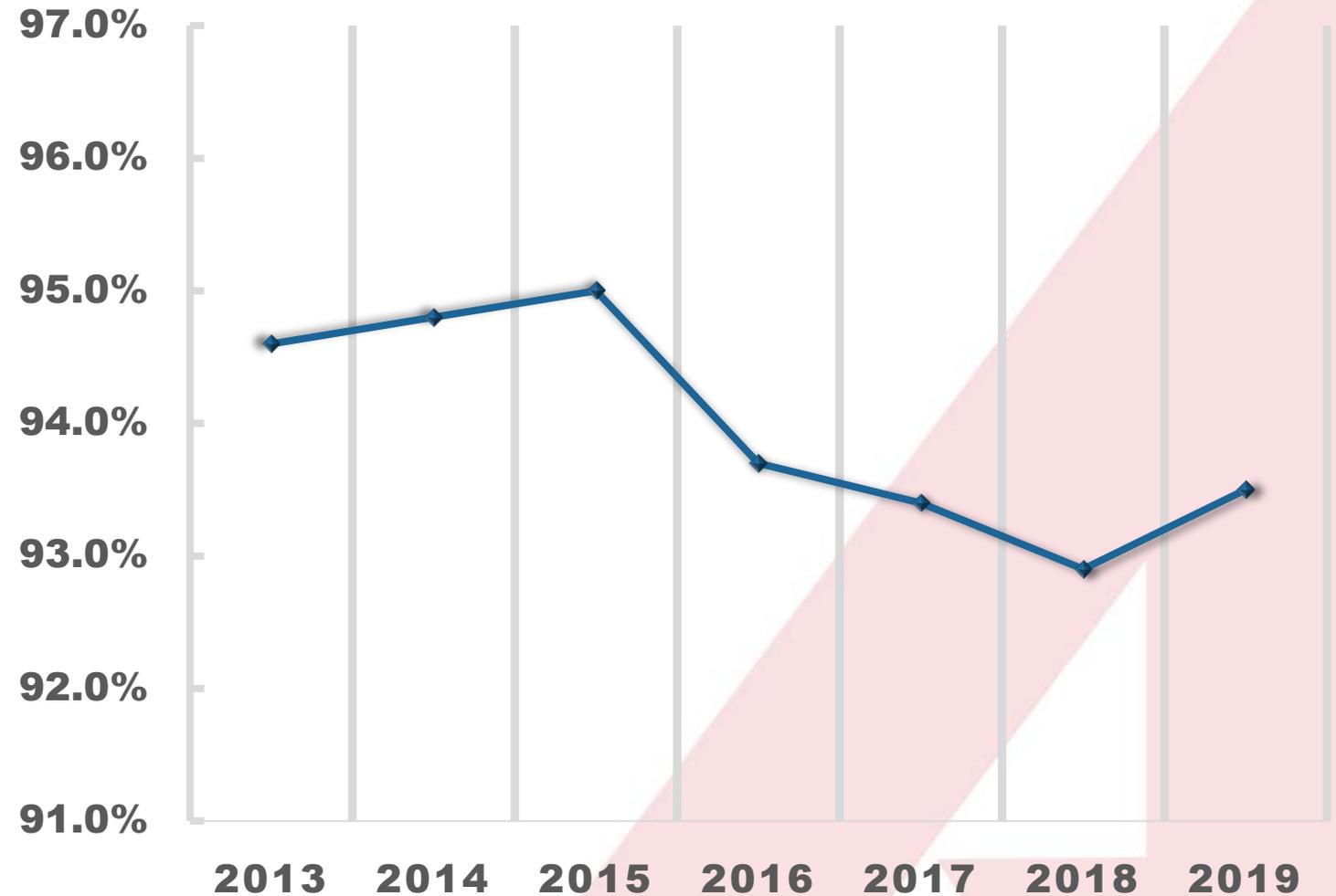
- Q2 2019's total number of unit absorbed was the highest quarterly demand in at least 15 years.
- Net absorption of 314,100 units in the four quarters ending Q2 2019 surpassed deliveries of 255,700 units over the same period.
- Q2 2019 was the fifth highest unit construction quarter since 2005



Occupancy

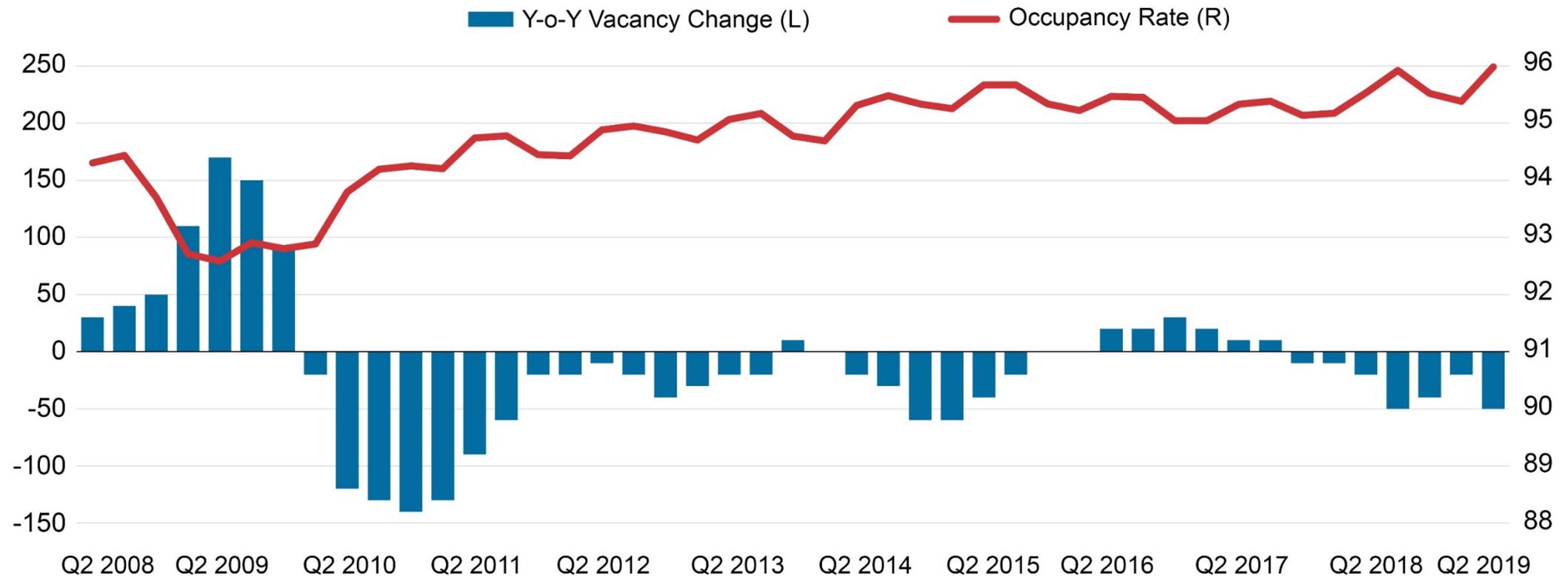
Overall mid-year 2019: 93.5%

- Class A: 95%
 - Class B: 94%
 - Class C: 88%
-
- Yardi Matrix (Sept. 2019) reported that Wichita had the highest year-over-year occupancy growth, 1.6%, of any metro area in the country.



National Multifamily Trends

- National occupancy is at 96%
- Vacancy in the United States has remained under 5% for more than five years now



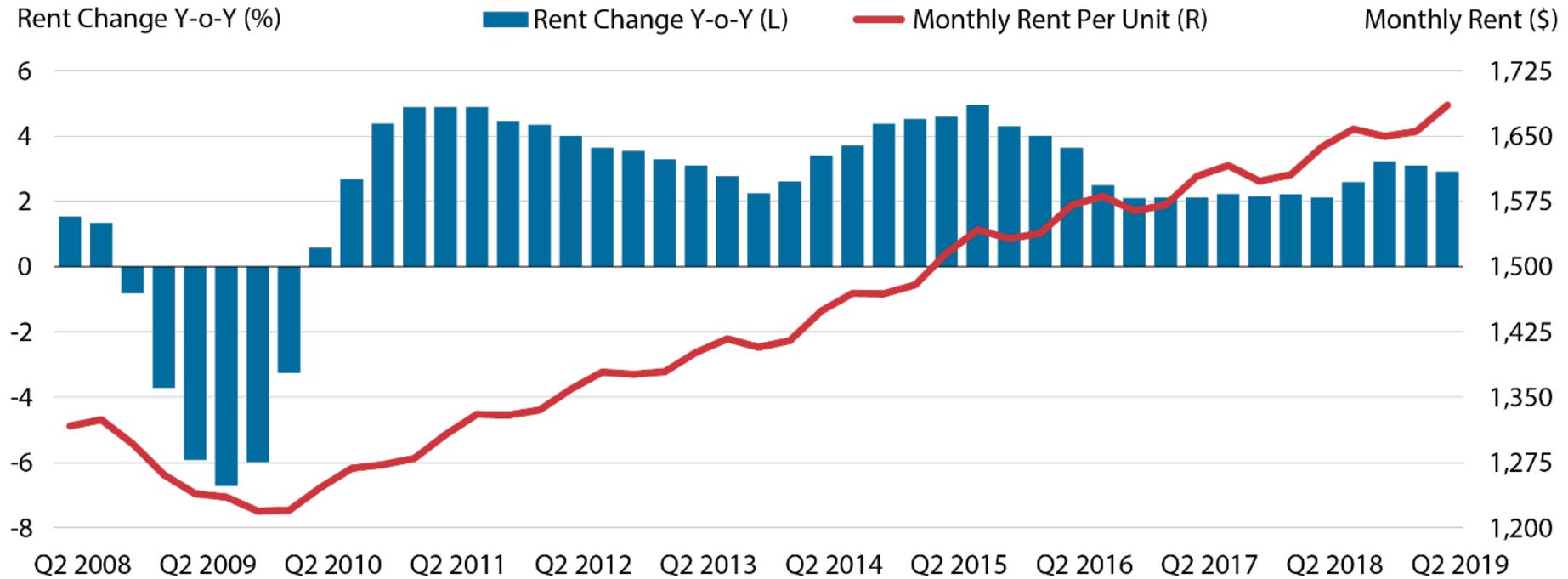
Source: CBRE Research, CBRE Econometric Advisors, Axiometrics Inc., Q2 2019. Based on the 66 metro markets tracked by CBRE EA.

Rental Rates

Overall monthly rents were up 4.5% from last year.

- Class A – Monthly rents were relatively unchanged. However rent per square foot increased by \$0.21 due to smaller Class A units in the CBD charging premium rates.
- Class B – Had the largest increase
- Class C – Monthly rents increased by 5.43%. Historically when Class C rents have seen strong increases, rates have remained steady the following year.

National Rental Rate Trends

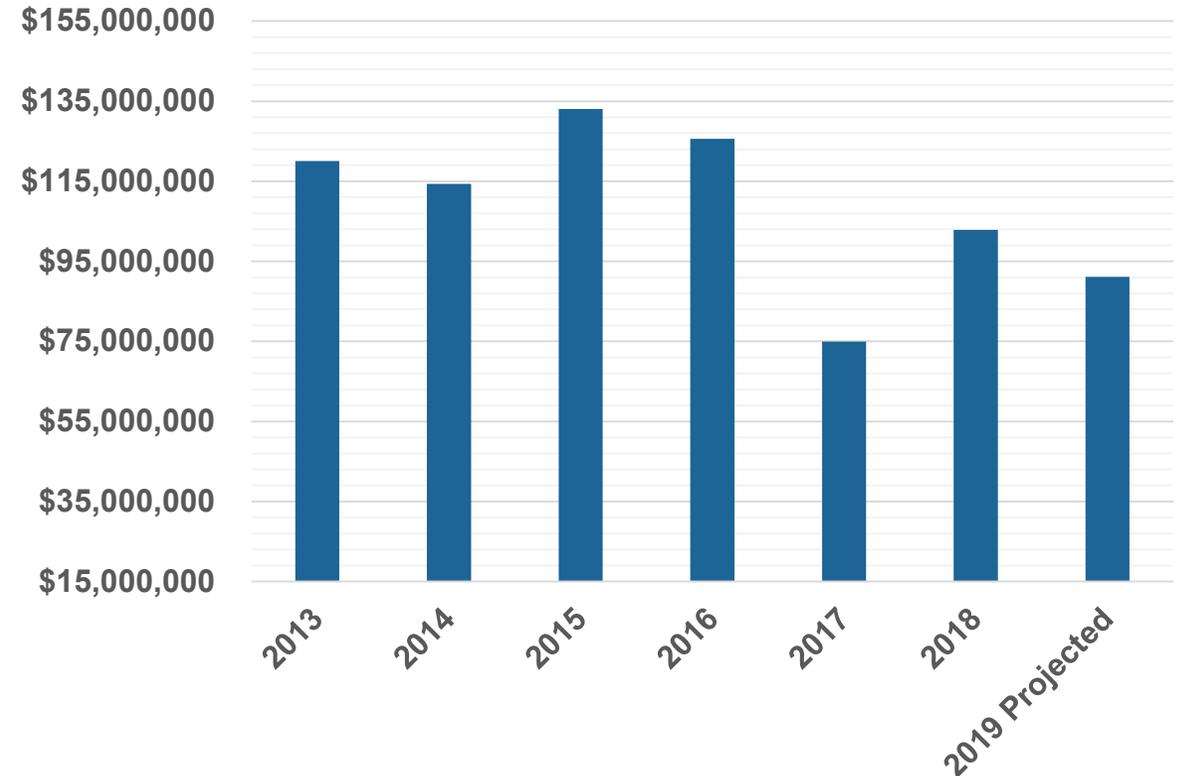


- Rents experienced at 2.9% year over year increase
- Average unit rent was \$1,685
- The average rents per square foot reached \$2.01 in Q2

Transaction Activity

- Transaction volume peaked in 2015 & 2016
- After nearly a 40% decline in transaction volume from 2016 to 2017, dollar volume of transaction increased in 2018 and is expected to hold steady in 2019.
- The decline in activity is primarily attributed to a lack of available quality product.
- Over 16,000 units have sold in the past 7 years, which equates to half of the units in Wichita.
- Cap rates have steadily declined from 2013 to 2017 and have more recently stabilized.

Dollar Volume Sold



2020 Multifamily Forecast

- Overall market likely to remain steady
 - Development will continue at a rate of approximately 500 new units per year for the next couple of years. Variances in this could be caused by changes in the local economy and overall market occupancy rates.
 - Occupancy will remain steady around 94% and potentially climb due to decreased new development compared to 2014-17.
 - Due to larger than normal rental rate increases over the past 12 months, rates will remain relatively flat with standard 2% - 3% increases.
- Transaction Activity should remain relatively steady in 2020 or a potential decrease due to a lack of available product.