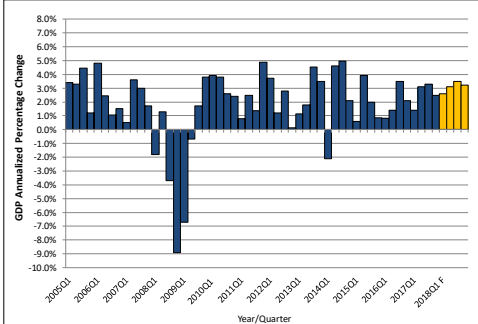




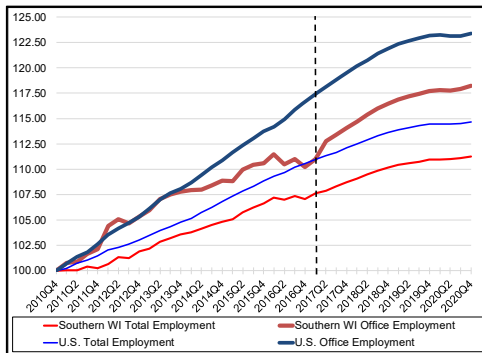
SOUTHERN WISCONSIN APARTMENT MARKET SNAPSHOT REPORT

Quarterly Change in U.S. Gross Domestic Product, 2005 Q4 to 2018 Q4



Sources: U.S. Bureau of Economic Analysis and Real Estate Counselors International, Inc.

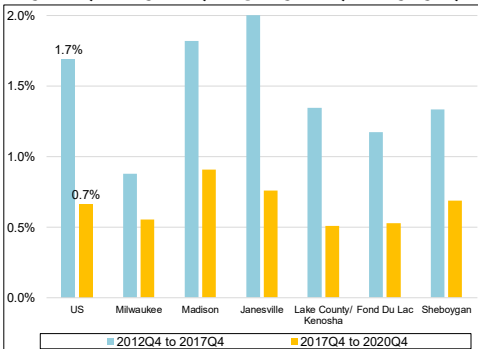
Total Jobs and Office Jobs for the United States and Southern Wisconsin Q4 2010 - Q4 2020



Sources: U.S. Bureau of Labor Statistics, Moody's Analytics and Real Estate Counselors International, Inc.

Compounded Annual Average Total Employment Growth: For Southern Wisconsin MSAs

2012 Q4 - 2017 Q4 vs. 2017 Q4 - 2020 Q4



Sources: United States Bureau of Labor Statistics, Moody's Analytics, and Real Estate Counselors International, Inc.

Executive Summary

The current United States economic expansion is anticipated to be the longest on record; as of the end of late 2017, it was the second longest in U.S. history. The tax cuts will indeed boost economic growth, but as Moody's has pointed out for, at least the last several months, stronger growth in an economy at full employment will result in higher interest rates and wage and price pressures. Today, the odds of a recession are extremely low, and there is little reason to expect a downturn in 2018. However, of concern is Moody's view that the risk of a national recession will increase significantly early in the next decade. Moody's Analytics is now forecasting GDP growth to average 2.7% in 2017, 2.7% in 2018 and 2.5% in 2019, but only 0.9% in 2020.

Jobs in most sectors of the Southern Wisconsin economy are forecast to grow more slowly through at least 2019 based on Moody's present econometric model. The United States and **Southern Wisconsin** total job growth over the next three years is forecast to be about half of the rate exhibited between 2012 to 2017. The six southern Wisconsin MSAs are projected to exhibit annual average employment growth between 0.5% to 0.9% per year through the end of 2020 versus 0.7% for the United States.

Southern Wisconsin Apartment Market Highlights as of 4th Quarter 2017

- After six years of declining vacancy and strong rental growth, vacancy rates increased in 2017 while rental growth slowed to below 2% by year-end 2017.
- At the end of 2017, for all properties containing 50+ units, the vacancy rate was 5.6%. The vacancy rate has returned to near 2010 levels. For properties of all sizes, the vacancy rate was 5.5% while **Class A properties** exhibited a vacancy rate of 10.1% which is up 210 basis points since year-end 2016.
- **Rent growth** from Q4 2016 to Q4 2017 slowed dramatically for all properties (1.6%) and all properties with 50+ units (1.8%). The average rent for Class A properties with 50+ units was relatively weak, at only 1.0%.
- Although **construction peaked in the 4th quarter of 2016**, the level of construction remains high for **properties containing 50+ units** to almost 8,400 units, representing 5.1% of existing inventory, which is well above the nation's rate of apartment unit construction. There are almost **4,500 units under construction in Milwaukee County and just over 800 units under construction in Waukesha County. More than 2,500 units are under construction in Dane County.**

Wisconsin Apartment Market Outlook

All properties in the Southern Wisconsin apartment market **exhibited an absorption/ deliveries ratio of 91% (19,351 units absorbed to 21,191 units delivered) from 2014 to 2017.** This ratio decreased sharply to 77% over the last four quarters, suggesting that the regional vacancy rate will continue to rise as the rate of economic growth slows and apartment demand moderates. In the face of slowing apartment unit demand (in part a result of a cooling economy), the risk of over building has increased despite lower levels of new construction in 2018. The market remains in the *Equilibrium Phase* of the real estate cycle.



SOUTHERN WISCONSIN MARKET FUNDAMENTALS

VACANCY AND RENT GROWTH

The average vacancy rate for all properties containing 50+ units was 5.6% at the end of 2017, versus 4.7% at year-end 2016. **It is the largest properties (properties with 50+ units) that have exhibited the greatest increase in vacancy.** In fact, Class A properties with 50+ units increased by 210 basis points since year-end 2016. Inventory has grown by 16.2% for Class A properties with 50+ units over the past year.

From 2016 to 2017, the average change in asking rent for all properties was 1.6% across the region. Class A properties with 50+ units, exhibited rent growth of 1.0% over the same period. The rate of growth from 2016 to 2017 is about half of the rate of growth exhibited between 2015 to 2016.

Among Class A properties with 50+ units, 3,430 units were delivered over the past 12 months while total net absorption was only 2,596 units, which may suggest that Class A unit demand could continue to fall behind new supply. This is not surprising, since nearly all new construction falls within the Class A segment.

We conclude that the Southern Wisconsin market's *equilibrium vacancy rate*, i.e., the vacancy rate at which rents neither rise nor fall in real (i.e., not in nominal) terms, is between 5.5% and 6.5%.

SOUTHERN WISCONSIN REGIONAL DEMAND/SUPPLY TRENDS

	All Properties - All Sizes	All Properties with 50+ Units	Class A Properties with 50+ Units
Number of Properties	5,458	1,302	155
Total Units	228,240	163,295	21,131
Apartment Vacancy Rate, 2017 Q4	5.5%	5.6%	10.1%
Apartment Vacancy Rate, 2016 Q4	5.0%	4.7%	8.0%
Basis Point Change in Vacancy 2016 Q4 to 2017 Q4	50	90	210
Apartment Asking Rent 2017 Q4	\$992	\$1,029	\$1,370
Apartment Asking Rent 2016 Q4	\$976	\$1,011	\$1,357
Percent Change in Asking Rent 2016 Q4 to 2017 Q4	1.6%	1.8%	1.0%
Rent Concessions, % of Asking Rent, 2017 Q4	2.0%	2.3%	3.9%
Units Absorbed - since 2016 Q4	5,200	4,233	2,596
Units Delivered - since 2016 Q4	6,733	6,008	3,430

Sources: CoStar Group and Real Estate Counselors International, Inc.

Real Estate Counselors International, Inc.



DEMAND/SUPPLY TRENDS – SEVEN COUNTY APARTMENT MARKETS

For all properties containing 50+ units, in four of the seven counties shown below, the vacancy rate has increased since the 4th quarter 2016. The vacancy rates across five of the seven counties remain at or below 6.0%. Rock County exhibits a vacancy rate of only 2.9% and Milwaukee County exhibits a vacancy rate of 6.4%, the second highest among the seven counties profiled. Dane County’s vacancy rate jumped 70 basis points and Waukesha County’s vacancy rate jumped 300 basis points since the 4th quarter 2016. However, it was Fond Du Lac that saw the greatest vacancy decrease – 150 basis points – despite the still relatively low vacancy rate of 4.2%.

Rental rate growth since the 4th quarter 2016 has been healthy except for Fond Du Lac, Dane and Milwaukee counties which exhibited increases under 2.0%. The average rental rate in Kenosha County and Rock County exhibited the strongest rate growth since the 4th quarter 2016, at just over 3.0%.

DEMAND/SUPPLY STATISTICS FOR PRIMARY SOUTHERN WISCONSIN COUNTIES

	Milwaukee	Dane	Waukesha	Kenosha	Rock	Fond Du Lac	Sheboygan
Number of Properties	483	383	127	57	33	29	27
Total Units	63,277	48,653	17,513	7,567	3,387	3,382	3,005
Apartment Vacancy Rate, 2017 Q4	6.4%	5.2%	7.0%	5.2%	2.9%	4.2%	3.9%
Apartment Vacancy Rate, 2016 Q4	5.3%	4.5%	4.0%	2.9%	3.8%	5.7%	4.9%
Basis Point Change in Vacancy 2016 Q4 to 2017 Q4	110	70	300	230	-90	-150	-100
Apartment Asking Rent 2017 Q4	\$1,020	\$1,131	\$1,133	\$929	\$757	\$716	\$749
Apartment Asking Rent 2016 Q4	\$1,007	\$1,112	\$1,102	\$900	\$733	\$709	\$731
Percent Change in Asking Rent 2016 Q4 to 2017 Q4	1.3%	1.7%	2.8%	3.2%	3.3%	1.0%	2.5%
Rent Concessions, % of Asking Rent, 2017 Q4	2.8%	2.2%	2.0%	2.0%	0.6%	4.5%	1.1%
Units Absorbed - since 2016 Q4	1,337	1,736	55	354	30	52	28
Units Delivered - since 2016 Q4	2,195	2,185	591	541	0	0	0

Sources: CoStar Group and Real Estate Counselors International, Inc.

Approximately 93% of all apartment units under construction in the region are found in Milwaukee County, Waukesha County and Dane County.

RECI surveyed 62 properties with approximately 7,800 units currently under construction in these three counties. The majority of the units are located in mid-rise buildings (60%), followed by low-rise buildings (22%). Approximately 15% are units in high-rise buildings and 3% of total units are located in garden style developments. In Waukesha County, there are currently seven confirmed projects under construction totaling 816 units. In Milwaukee County, there are currently 30 projects under construction totaling 4,464 units. In Dane County (Madison), there are currently 17 projects under construction totaling 2,544 units.

Units under construction in the three counties are presented on the following three pages. The tables on the following pages present pertinent details for recently completed properties and those under construction, including anticipated delivery period.

Real Estate Counselors International, Inc.



WAUKESHA, MILWAUKEE AND DANE COUNTIES – APARTMENT CONSTRUCTION

WAUKESHA COUNTY (MILWAUKEE MSA)

#	Property Name	Address	City	Developer, Owner or Management Co.	Style/ Market Segment	Number of Units	Leasing / Construction Start	Anticipated Completion
RECENTLY COMPLETED (4Q 2017)								
1	The Preserve at Prairie Creek Phase III	1200 Prairie Creek Blvd	Oconomowoc	Wangard Partners Inc.	Garden	148	3Q 2016	4Q 2017
WAUKESHA COUNTY TOTAL - RECENTLY COMPLETED						148		
UNDER CONSTRUCTION								
1	Mammoth Springs South	W233-N6263 Deyer Dr	Sussex	Sawall Development	Garden	89	1Q 2017	1Q 2018
2	RiverWalk on the Falls - Phase I	N88W16554 Main St	Menomonee Falls	Wimmer Communities	Mid-Rise	114	2Q 2016	2Q 2018
3	Riverwalk on the Falls	N88 W16554 Main St	Menomonee Falls	Wimmer/Village of Menomonee Falls	Low-Rise	120	4Q 2016	2Q 2018
4	Poplar Creek	20118 Bluemound Rd	Brookfield	Wimmer Communities / Town of Brookfield	Low-Rise	136	4Q 2016	3Q 2018
5	Main Street Apartments	234 W Main St	Waukesha	Main Street Plaza II LLC	Mid-Rise	64	2Q 2017	3Q 2018
6	The Artisan at Georgetown Square	15999 W Wisconsin Ave	Brookfield	Wimmer Communities	Low-Rise	99	4Q 2016	3Q 2018
7	The Brookfield Reserve	W Bluemound Rd	Brookfield	Atlantic Realty Partners	Mid-Rise	194	4Q 2016	4Q 2018
WAUKESHA COUNTY TOTAL - UNDER CONSTRUCTION						816		

Sources: CoStar Group and Real Estate Counselors International, Inc. field survey January 2018.



MILWAUKEE COUNTY (MILWAUKEE MSA)

#	Property Name	Address	City	Developer, Owner or Management Co.	Style/ Market Segment	Number of Units	Leasing / Construction Start	Anticipated Completion
RECENTLY COMPLETED (4Q 2017)								
1	Forest Ridge	11077 Forest Home Ave	Hales Corners	Wimmer Communities	Low-Rise	259	3Q 2016	4Q 2017
2	906-910 W Mitchell St	906-910 W Mitchell St	Milwaukee	Gorman & Co	Mid-Rise	60	2Q 2016	4Q 2017
3	Stitchweld	2141 S Robinson Ave	Milwaukee	Wired Properties	Mid-Rise	291	1Q 2015	4Q 2017
MILWAUKEE COUNTY TOTAL - RECENTLY COMPLETED						610		
UNDER CONSTRUCTION								
1	Greenbelt	5204 S 76th St	Greendale	Village Of Greendale, WI	Low-Rise	160	1Q 2017	1Q 2018
2	Greenfield Highlands, Ph II	4380 S 110th St	Greenfield	Forest Green Realty	Mid-Rise	120	4Q 2016	1Q 2018
3	Vue Apartments	2202 S Kinnickinnic Ave	Milwaukee	Michael Erkamaa	Mid-Rise	69	4Q 2016	1Q 2018*
4	The Mayfair Collection -East Bldg	Burleigh Street & Hwy 45 - East Bldg	Wauwatosa	HSA Commercial Real Estate	Mid-Rise	153	1Q 2017	2Q 2018
5	Prospect Avenue Apts	2228 N Prospect Ave	Milwaukee	Boulder Venture	Mid-Rise	95	3Q 2017	2Q 2018
6	Plankinton Clover	275 W Wisconsin Ave	Milwaukee	Interstate Parking	Hi-Rise	50	3Q 2017	2Q 2018
7	84South	S 92nd St	Greenfield	Fiduciary Real Estate Development, Inc.	Mid-Rise	268	2Q 2017	2Q 2018
8	8500 W Chapman Ave	8500 W Chapman Ave	Greenfield	84 South Furniture LLC	Mid-Rise	360	3Q 2017	2Q 2018
9	The Waters at Oak Creek	8000 S Market St	Oak Creek	The Waters Senior Living Management LLC	Mid-Rise	135	3Q 2017	2Q 2018
10	7333 S 27th St	7333 S 27th St	Franklin	Zilber Ltd.	Low-Rise	180	1Q 2017	3Q 2018
11	1832-1840 N Farwell Ave	1832-1840 N Farwell Ave	Milwaukee	New Land Enterprises	Mid-Rise	153	2Q 2017	3Q 2018
12	Brewery Lofts	1009 W Juneau Ave	Milwaukee	Juneau Avenue Partners LLC	Mid-Rise	118	2Q 2016	3Q 2018
13	1900 W Layton Ave	1900 W Layton Ave	Milwaukee	Lamar Advertising Co.	Low-Rise	60	4Q 2016	3Q 2018
14	The 2100	2100 N Mayfair Rd	Wauwatosa	Commercial United	Mid-Rise	100	3Q 2016	3Q 2018
15	Milwaukee Fortress Redevelopment	100 E Pleasant St	Milwaukee	The Alexander Company	Mid-Rise	132	2Q 2017	3Q 2018
16	7Seventy7	777 N Van Buren St	Milwaukee	Northwestern Mutual Life Insurance Company	Hi-Rise	322	2Q 2016	3Q 2018
17	The Grainery Building	720 W Virginia St	Milwaukee	David Winograd	Mid-Rise	80	2Q 2016	3Q 2018
18	The Mayfair Collection -West Bldg	Burleigh Street & Hwy 45 - West Bldg	Wauwatosa	HSA Commercial Real Estate	Mid-Rise	152	1Q 2017	3Q 2018
19	Dunwood Commons	217 W Dunwood Rd	Fox Point	Mandel Group	Mid-Rise	105	1Q 2017	3Q 2018
20	Vim & Vigor at The Brewery	926 W Juneau Ave	Milwaukee	Blocks 4 & 5 LLC	Mid-Rise	110	3Q 2017	3Q 2018
21	Drexel Ridge Phase II	7721 Pennsylvania Ave	Oak Creek	HSI Properties	Garden	82	2Q 2015	3Q 2018
22	735 West	735 W Wisconsin Ave	Milwaukee	3L Real Estate	Mid-Rise	144	2Q 2017	3Q 2018
23	The Quin	324 S 2nd St	Milwaukee	Linden Street Partners, LLC	Mid-Rise	70	4Q 2016	3Q 2018
24	808 N Old Third St	808 N Old Third St	Milwaukee	Century Building Milwaukee LLC	Mid-Rise	50	3Q 2017	4Q 2018
25	W Wells St	W Wells St	Milwaukee	Marquette University	Hi-Rise	188	4Q 2016	4Q 2018
26	Park 7 Lofts	1250 N 6th St	Milwaukee	Royal Capital Group LLC	Low-Rise	100	1Q 2017	4Q 2018
27	River House - Phase II	1775 N Water St	Milwaukee	Atlantic Realty Partners	Mid-Rise	200	4Q 2014	4Q 2018
28	Block 5	1003 W Winnebago St	Milwaukee	Brewery Project, LLC	Mid-Rise	164	2Q 2016	4Q 2018
29	Synergy at the District	11100-11300 W Burleigh St	Wauwatosa	HSA Commercial Real Estate	Mid-Rise	250	3Q 2017	2Q 2019
30	Couture	909 E Michigan St	Milwaukee	County Of Milwaukee	Hi-Rise	294	4Q 2017	4Q 2019
MILWAUKEE COUNTY TOTAL - UNDER CONSTRUCTION						4,464		

Sources: CoStar Group and Real Estate Counselors International, Inc. field survey, January 2018.



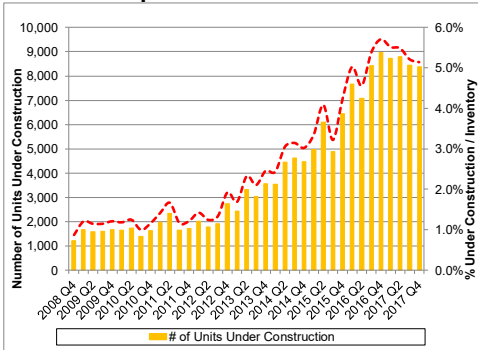
DANE COUNTY (MADISON MSA)

#	Property Name	Address	City	Developer, Owner or Management Co.	Style/ Market Segment	Number of Units	Leasing / Construction Start	Anticipated Completion
RECENTLY COMPLETED (4Q 2017)								
1	Deco	518 S Junction Rd	Madison	LZ Management	Mid-Rise	83	4Q 2016	4Q 2017
2	Park Place Apartments	6203 Williamsburg Way	De Forest	Cascade Development	Mid-Rise	200	2Q 2016	4Q 2017
3	Carbon at Union Corners	2418 Winnebago St	Madison	Gorman & Company, Inc.	Low-Rise	90	4Q 2016	4Q 2017
4	Terraces of Windsor Crossing - Phase I	6660 N Towne Rd	Windsor	Forward Development	Low-Rise	41	4Q 2016	4Q 2017
DANE COUNTY TOTAL - RECENTLY COMPLETED						414		
UNDER CONSTRUCTION								
1	The Apartments at Ten35 West - Phase II	1035 Purple Iris Trl	Verona	T.R. McKenzie, Inc.	Garden	102	3Q 2015	1Q 2018
2	Terraces of Windsor Crossing - Phase II	6660 N Towne Rd	Windsor	Forward Development	Low-Rise	247	4Q 2016	1Q 2018
3	Watts Hill Apartments - 489 Commerce Dr	489 Commerce Dr	Madison	Rouse Management	Mid-Rise	80	2Q 2017	2Q 2018
4	22 Slate - Phase II	5401 Tancho Dr	Madison	Fiduciary Real Estate Development, Inc.	Hi-Rise	66	3Q 2016	2Q 2018
5	Autumn Lake Apartments	5607 Summer Shine Dr	Madison	DSI	Low-Rise	80	4Q 2017	2Q 2018
6	Deco - Phase II	518 Junction Rd	Madison	LZ Management - Deco	Mid-Rise	91	4Q 2016	2Q 2018
7	Paragon Place at Bear Claw Way Phase 2	9603 Paragon St	Middleton	United Financial Group Inc	Low-Rise	107	1Q 2016	2Q 2018
8	Catalina Crossing	4525 Secret Garden Dr	Mc Farland	Decker	Mid-Rise	113	4Q 2016	2Q 2018
9	Drumlin Residences	107 E Reynolds St	Cottage Grove	Drumlin Residences LLC	Mid-Rise	60	4Q 2016	1Q 2018
10	The Village at Autumn Lake	City View Dr	Madison	Grosse, Hanzel & Simon	Low-Rise	170	2Q 2017	3Q 2018
11	Timber Valley Apartments	9615 Haverst Moon Ln	Verona	Knothe & Bruce Architects, LLC	Mid-Rise	274	4Q 2016	3Q 2018
12	7902 Watts Rd	7902 Watts Rd	Madison	Princeton Club West Real Estate Llc	Mid-Rise	156	2Q 2017	3Q 2018
13	East Wilson Apartments	151 E Wilson St	Madison	McGrath Property Group	Mid-Rise	121	1Q 2016	3Q 2018
14	Springs at Sun Prairie	650 Spring St	Sun Prairie	Brooks Inc	Low-Rise	228	4Q 2017	3Q 2018
15	The Marling	1801-1827 E Washington Ave - The Marling	Madison	Campbell Capital Group, LLC	Mid-Rise	228	4Q 2016	4Q 2018
16	Cross Hill Apartments	3601 Cross Hill Dr	Madison	Lancaster Investments Inc.	Mid-Rise	189	2Q 2017	4Q 2018
17	1801 Washington	1801 E Washington Ave	Madison	Campbell Capital Group, LLC	Hi-Rise	232	4Q 2016	4Q 2018
DANE COUNTY TOTAL - UNDER CONSTRUCTION						2,544		

Sources: CoStar Group and Real Estate Counselors International, Inc. field survey, January 2018.

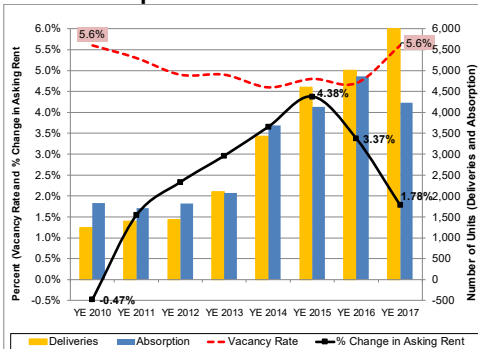


Southern Wisconsin Apartment Construction: Properties with 50+ Units



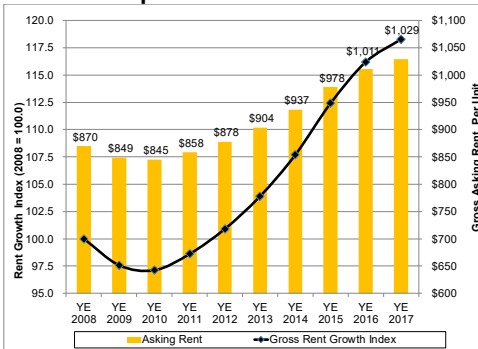
Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

Southern Wisconsin Apartment Demand/Supply: Deliveries, Absorption, Vacancy, and Change in Average Rent: Properties with 50+ Units



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

Trend of Apartment Asking Rents for Southern Wisconsin Metro Market: Properties with 50+ Units



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

SOUTHERN WISCONSIN APARTMENT MARKET DEMAND/SUPPLY

Apartment Demand/Supply in the U.S.

Key trends identified and highlighted at the 2018 National Multifamily Housing Council Apartment Strategies Outlook Conference in January include:

1. **Interest Rate Increase** – developers should anticipate at least four interest rate hikes in 2018. There will be a shift from negative to positive *real interest rates* (i.e., interest rates minus inflation).
2. **A National Economic Downturn is on the Horizon** - The economy may experience a downturn in the next three or four years. (*Moody's Analytics believes the risk of a downturn increases dramatically early in the next decade.*)
3. **Niche Demand Opportunities** - Workforce housing and the targeting of so called “renters by necessity” represent opportunities for investors today and in the future.
4. **Class A and Class B Rent Bifurcation** – originates from the product differentiation of multifamily construction of the early 2000s in contrast to the product being built today, both in terms of lifestyle offered and building type (i.e., predominately garden style in the late 1990s/early 2000s vs. mid-rise and high-rise projects during this recent construction boom).
5. **Greater Attention to the Realities of the 2018 Multifamily Market** - rising land costs, slowing rent growth, higher labor costs and interest rate hikes.
6. **Potential for Overbuilding** – although constructions starts overall are expected to slow in 2018, there are some markets that may become overbuilt. Markets like Houston, Dallas and Seattle exhibit strong demand, but this could prompt inventory growth that may be too aggressive to sustain rent growth.

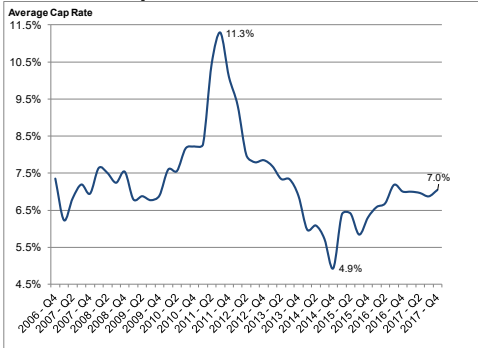
Southern Wisconsin Apartment Market Summary

At the end of 2017, the Southern Wisconsin apartment market inventory encompassed over 5,400 apartment properties, totaling about 228,000 units. About 1,300 of the existing properties contain 50+ units and encompass about 163,000 units. Of these 163,000 units, approximately 21,000 units are considered Class A apartments.

Net unit absorption in 2017 lagged total unit deliveries. It is important to point out that total units delivered in the region as a percentage of total inventory has been trending above the U.S. average. Over the past six quarters, the number of units under construction has leveled off to around 5.0% of total inventory but a large number of units are expected to be delivered in 2018.

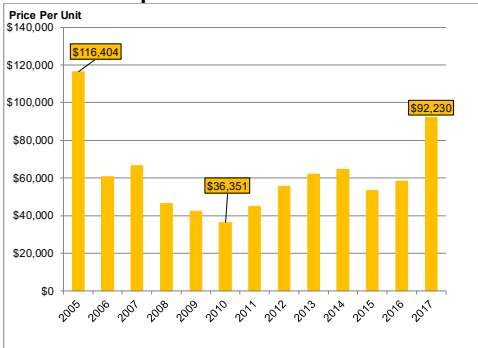


**Average Cap Rates:
Properties with 50+ Units**



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

**Price Per Unit:
Properties with 50+ Units**



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

**Number of Units Sold:
Properties with 50+ Units**



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

The overall Southern Wisconsin apartment market continues to exhibit rising vacancy trends and slowing rent growth, even though most of the new supply is being absorbed. Of concern is, over the last four quarters, the absorption/deliveries ratio has averaged only 77% (5,200 units delivered/6,733 units absorbed) versus the four-year average of 91%. Class A properties with 50+ units, in particular, have exhibited an increasing vacancy rate (up 210 basis points) and slowing rent growth (1.0%) since year-end 2016. Inventory grew by 16.2% for Class A properties with 50+ units during 2017.

Southern Wisconsin total job growth and office-using job growth are forecast to increase at nearly the same level as the U.S. average rate of growth. In turn, this office-using job growth will fuel growing demand for households and consequently apartment units, especially in the Milwaukee and Madison metro markets. Regional growth in households is forecast to accelerate slightly, but still remain below the U.S. average, which is typical for a Midwestern market. The regional market's vacancy rate is expected to continue an upward climb as it did in 2017. In the face of slowing apartment unit demand (in part a result of a cooling economy), the risk of over building has increased despite lower levels of new construction in 2018. Despite these conditions, the market remains in the *Equilibrium Phase* of the real estate cycle at the end of 2017.

SOUTHERN WISCONSIN APARTMENT INVESTMENT TRENDS

Southern Wisconsin market capitalization rates have increased approximately 200 basis points to 7.0% since reaching a low of 4.9% at the end of 2014 and have been near 7.0% for the past five quarters.

In 2017, a total of 4,359 units sold in Southern Wisconsin. This was the highest level since 2012 (3,932 units sold) and 2007 (4,163 units sold).

Meanwhile, the Southern Wisconsin average per unit price is trending upward and was \$92,230 per unit for all of 2017. **In the 4th quarter 2017, the average per unit price was about \$114,000.** These transactions, which include student housing projects, are presented below. Excluding student housing properties, the average price in the 4th quarter was \$81,026 per unit.

APARTMENT UNITS SOLD IN THE 4TH QUARTER 2017

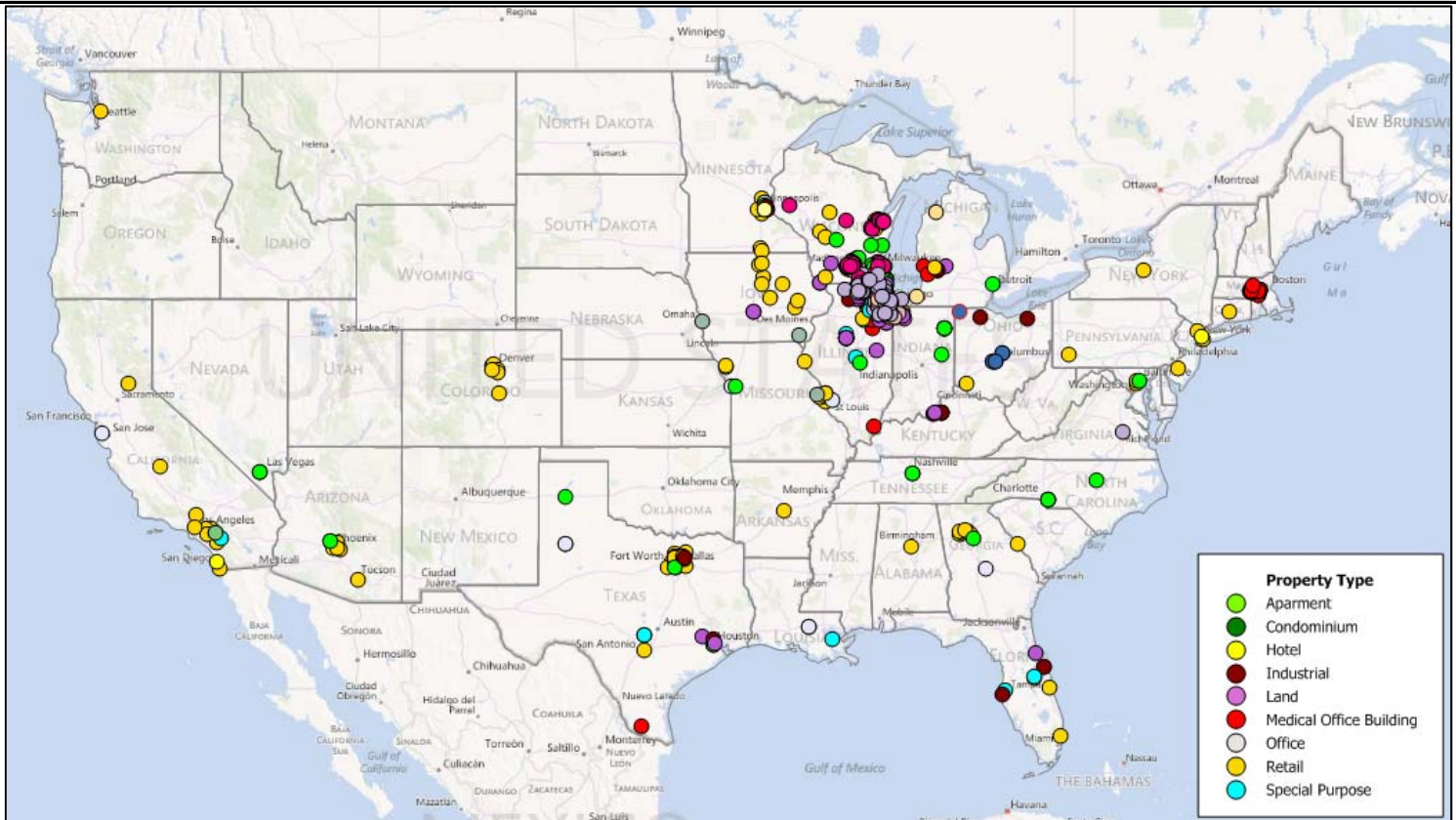
#	Property Name	City	Sale Date	Type	# of Units	Price per Unit	Sale Price (millions)
1	The Towers	Madison	Nov-17	Student Housing	137	\$ 237,234	\$ 32.5
2	The Marq	Milwaukee	Oct-17	Student Housing	231	\$ 183,009	\$ 42.3
3	The Statesider	Madison	Nov-17	Student Housing	88	\$ 125,455	\$ 11.0
4	Arbor Ridge Apartments	Milwaukee	Oct-17	Apartments	138	\$ 119,928	\$ 16.6
5	St. James Place Apartments	Milwaukee	Nov-17	Apartments	236	\$ 103,814	\$ 24.5
6	Rivers Edge	Madison	Oct-17	Apartments	312	\$ 89,285	\$ 27.9
7	Sunset Ridge	Milwaukee	Oct-17	Apartments	148	\$ 86,486	\$ 12.8
8	Fordem Towers	Madison	Oct-17	Apartments	108	\$ 82,908	\$ 9.0
9	Aspenwood Glen	Milwaukee	Oct-17	Apartments	120	\$ 59,167	\$ 7.1
10	Woodland Park Apartments	Madison	Nov-17	Apartments	128	\$ 54,688	\$ 7.0
11	Mill Gardens	Glendale	Oct-17	Apartments	57	\$ 51,930	\$ 3.0
Total/Average					1,703	\$ 113,645	\$ 193.5

Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.



Notes: All information is from sources deemed reliable; however, no representation is made as to the accuracy thereof. CoStar began to track the Southern Wisconsin apartment inventory during the 1990s, a process that accelerated in the mid-2000s. As such, the company continues to increase its capture of additional existing inventory as well as new construction, which thereby increases the total inventory over time, which may change historical absorption and vacancy figures presented by RECI.

**REAL ESTATE COUNSELORS INTERNATIONAL, INC.
MAP SHOWING LOCATION OF RECENT ENGAGEMENTS**



Sources: CoStar Group and Real Estate Counselors International, Inc.

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- Acquisition Due Diligence
- Litigation Support/Dispute Resolution
- Portfolio Valuations
- Forensic Due Diligence/Evaluations
- Disposition Pricing
- Market Feasibility Analysis

Real Estate Counselors International Inc. (RECI) is an independently owned, commercial real estate valuation and consulting company headquartered in Chicago, Illinois. With roots to 1935, we have earned the reputation as a full-service firm known for our ability to perform high level, complex projects. Apartment analysis is one of our specialties and includes appraisals, market feasibility studies and acquisitions due diligence.

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