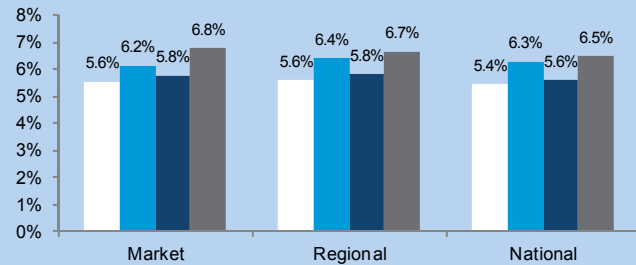


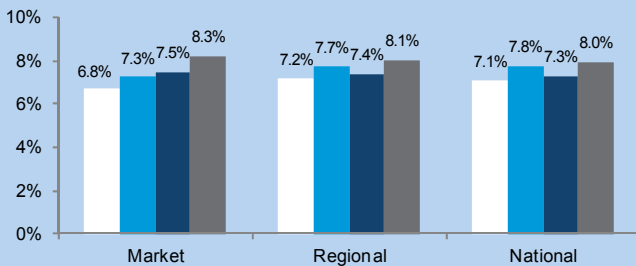


Multifamily Snapshot

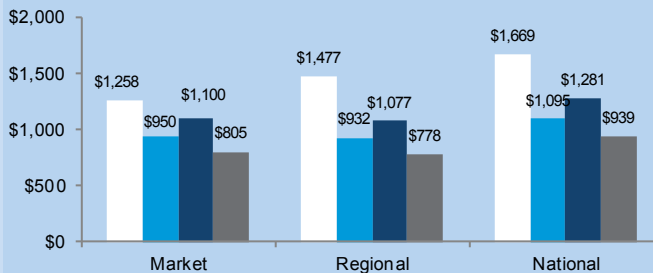
GOING IN CAP RATES (%)



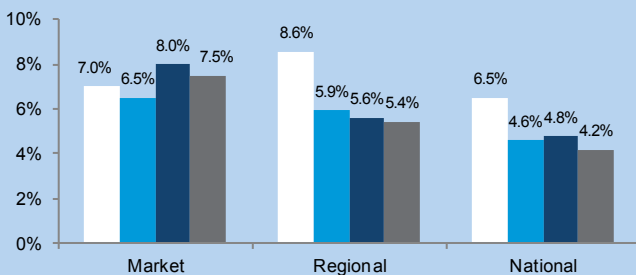
DISCOUNT RATES (%)



MARKET RENT (\$/UNIT)



VACANCY RATE (%)



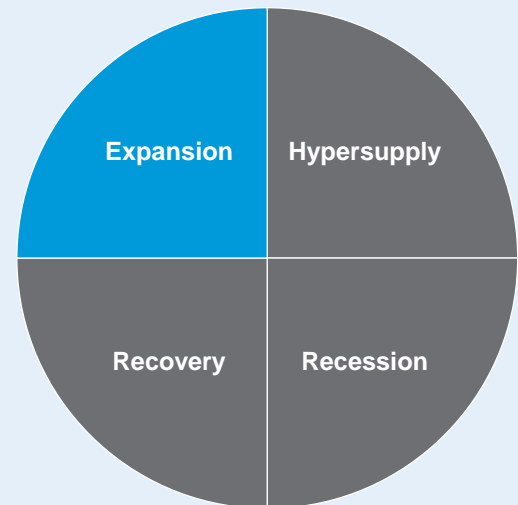
Legend

- Urban Multifamily Class A
- Suburban Multifamily Class A
- Urban Multifamily Class B
- Suburban Multifamily Class B

Market Commentary

The outlook for Jacksonville remains optimistic as the unemployment rate remains below 6%, which as of March 2015 is 5.4% in comparison to 5.5% for Florida and 5.5% National. Over 10,000 jobs were added in Jacksonville since December 2015 and the job market is anticipated to grow steadily through 2016. Jacksonville is also among the top 10 cities for college graduates. There are approximately 2,500 apartment units in various stages of construction and recently built communities have generally experienced good absorption, ranging from 15 to 25 units per month.

MARKET CYCLE



Market Cycle: Expansion Stage 3

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

The Urban submarket is seeing its first new construction since 2007 with the development of over 900 units within 220 Riverside, Riverside Park and The Brooklyn at Riverside. There are over 1,000 additional units proposed outside the core area scattered throughout Jacksonville. Newer projects are offering an array of upscale amenities and the continued demand for rental units has offset the impact of new apartment inventory over the last year and rental rates have generally been increasing 2% to 4%.



2015 Mid-Year VIEWPOINT

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Jacksonville, FL | Multifamily

JACKSONVILLE 12 MONTH FORECASTS

Categories	Urban Multifamily Class A	Urban Multifamily Class B	Suburban Multifamily Class A	Suburban Multifamily Class B
Going In Cap Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Increase 1-24 bps
Discount Rate	Remain Steady - no change	Increase 1-24 bps	Remain Steady - no change	Increase 25-49 bps
Market Rent Change (%)	0.50%	5.00%	2.00%	1.50%
Expense Change (%)	2.50%	2.50%	2.50%	2.50%
Absorption (Units)	140	-	1,750	817
Construction (Units)	2,567			
Years to Balance	In Balance	In Balance	1	In Balance

AVERAGE ANNUAL CHANGE IN VALUE

Time	Urban Multifamily Class A	Urban Multifamily Class B	Suburban Multifamily Class A	Suburban Multifamily Class B
Previous 36 Months	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 4%+	Increase 2% - 3.9%
Previous 12 Months	Increase .1% - 1.9%	Increase .1% - 1.9%	Increase 2% - 3.9%	Increase .1% - 1.9%
Future 12 Months	Remain Steady - no change	Remain Steady - no change	Increase 2% - 3.9%	Increase .1% - 1.9%
Future 36 Months	Remain Steady - no change	Remain Steady - no change	Increase .1% - 1.9%	Remain Steady - no change

Market Commentary (continued)

Rent concessions are typical during lease-up for new product, however as occupancy remains over 90%, concessions are limited and offered only periodically as needed in Class A and B stabilized properties. Occupancy stands at 93% citywide and is anticipated to continue to improve. Capitalization rates for Class A projects are generally below 6% and the more favorable debt terms have been an incentive to developers to build more product. In conclusion, we anticipate the the multi-family market to remain in equilibrium at least over the next 2-3 years with continued construction of upscale, Class A projects, stable occupancies and increasing rent levels. Sales activity should also remain robust over the next two year horizon, with a focus on stabilized Class A projects, and Class B and C projects that are well positioned, having significant upside potential via renovation program.

TOP SEVEN CAP RATE FACTORS

- 1 Availability of financing
- 2 Interest rates
- 3 Property income growth
- 4 Supply/demand
- 5 Local economy, job growth, unemployment
- 6 National economic conditions/GDP growth
- 7 Risk premium of private real estate

About IRR

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 200 MAI-designated members of the of the Appraisal Institute among over 900 professionals based in our 66 offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments. For more information, visit www.irr.com or blog.irr.com.

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