

Miami Residential Real Estate Market Shows Signs of Strain Again...

By Rachel Barkley | Senior Vice President.1

Miami real estate is aided by the metro's position as a gateway to Latin America, drawing businesses, tourists, and new residents. The area's culture, weather, and low tax burden also serve as draws for both residents and businesses. Population for Miami-Dade County increased 10.2% from 2010 to 2017, almost double the national average of 5.5%. However, the area's market value, especially the residential market, still shows lingering effects of the recession.

The Miami region was among the worst hit by the 2008 housing downturn with market value of residential properties for Miami-Dade County decreasing 39% between the fiscal 2008 valuation and fiscal 2012 valuation. Since then, housing prices have rebounded. However, residential values as of the 2017 valuation had yet to return to fiscal 2008 levels. The county was aided by a more modest decline during the recession in the value of commercial and industrial property, which decreased 17% from peak to trough and

has since eclipsed pre-recession levels.

This is further complicated currently by the area showing rising signs of pressure in its residential housing market, although commercial real estate has remained strong.

Going forward, Miami is at risk of rising sea levels, which may exacerbate the area's affordability as available landmass is limited, impacting all real estate sectors in the region.

Residential

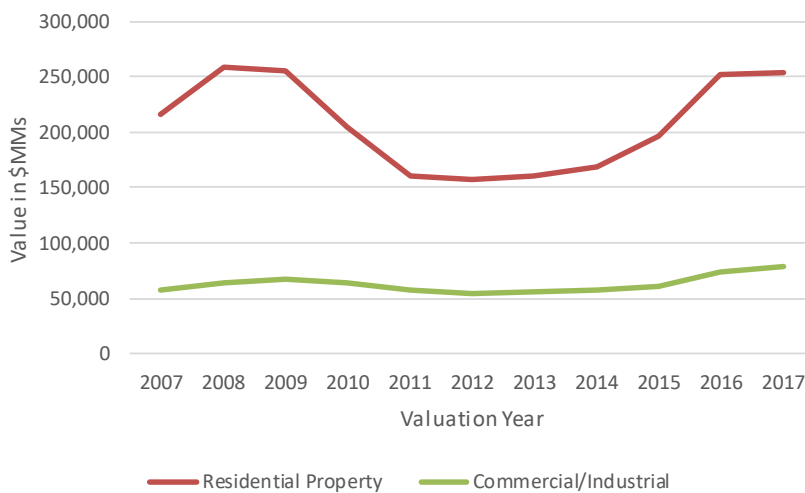
The local residential real estate market is facing a significant affordability issue. A 2019 study found the Miami MSA ranks as the seventh least affordable large metro area in the world. Comparing it to other U.S. metros, its median list price as compared to annual household income is second highest, trailing only Los Angeles.



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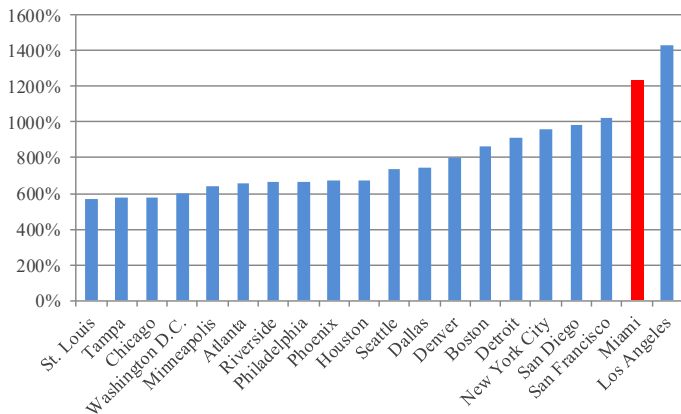
Miami-Dade County Just Market Valuation



Source: Miami-Dade County CAFR

This lack of affordability may be reaching a turning point. Looking at single-family home sales in the first quarter of 2019, 88.2% of sales occurred only after a reduction in asking price, the highest percentage among all major metro markets.² Market turnover remains low despite the price reductions with an average-days on market of 88, almost double the 45-day average of the top 10 metros.³

Median Housing List Price as % of Household Income



Source: Loop Capital, U.S. Census, and Realtor.com

Miami-Dade County is working to address the issue and is currently considering legislation that would increase the maximum price affordable housing facilities can be sold for from \$205,000 to \$235,000 for properties built on county land. Affordable housing loans from the county would be able to be granted to homes sold for up to \$310,000, more than a 50% increase from the current \$205,000 ceiling.⁴ How effective the measure would be remains to be seen.

The higher percentage of second-homes makes the area particularly vulnerable to economic downturns. Miami has the fourth highest percentage of second homes nationally among major metro areas at 14.5%.⁵ Second home sales in prior recessions have fallen considerably more than primary residences as people pulled back on spending.⁶

Miami-Dade County alone accounted for 6.1% of all U.S. home sales by international buyers in 2018.⁷ Buyers predominately came from Brazil (17% of international sales), Venezuela (13%), Argentina (10%), Columbia (9%), Canada (4%), and the Dominican Republic (4%). While the area draws from a large area for its international buyers, it remains vulnerable to international economic downturns and political tensions, highlighted by the current situation in Venezuela, its second largest source of international buyers.

² Bloomberg.

³ Loop Capital and Realtor.com

⁴ Miami-Dade says affordable housing isn't what it used to be, wants to raise prices. Miami Herald. April 9, 2019.

⁵ The city with the highest percentage of vacation and investment homes is. Inman. June 2018

⁶ Sales of vacation homes fall during recession. ABCNews April 15, 2009.

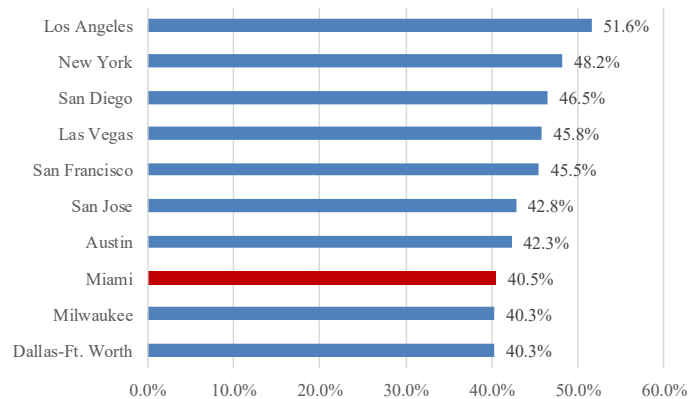
⁷ 2018 Profile of International Transactions in U.S. Residential Real Estate. National Association of Realtors.

Multi-Family Apartments

Partially driven by the lack of affordable housing for homebuyers, more than 40% of metro households rent their homes, the eighth level highest nationally among metro areas and above the U.S. rate of 36.1%.⁸ Rentals have become increasingly common in Miami since 2010, with the percentage of renter-occupied homes increasing by roughly 2% a year.

Despite the increased demand for apartments, construction of multi-family facilities has not kept up with that of other Florida cities since the recession, with slightly more than 15% of total inventory constructed over the past decade.⁹ However, construction has begun to increase over the past two years with completions hitting a post-recession peak in 2018 with 4,300 units delivered. Roughly 19,000 units are currently under construction, with expected completions over the next few years.

Metros with Highest Renter-Occupied Housing Rates



Source: Census

The vacancy rate has fallen over the past year to its current level of 6%.¹⁰

Office

Miami's overall 11.2% vacancy rate as of the close of 2018 was slightly above the state's overall office vacancy rate of 10.7%.¹¹ This is especially notable as Class A space in the Central Business District has increased its rents by 25% over the past five years.

Construction, which had been minimal since 2013, began to pick up in 2017 and 2018. Net absorption remained positive in Q4 2018 but slowed down to 76,133 square feet, accounting for 14% of the annual total.

⁸ Florida, Richard and Steven Pedigo. *Miami's Housing Affordability Crisis*. Creative Class Group. 2019 and U.S. Census.

⁹ Miami: 2019 Southeast U.S. Real Estate Market Outlook. CBRE. 2018.

¹⁰ Commercial Industrial Association of South Florida. 2019.

¹¹ CBRE Research, Q4 2018.

A total of 1.1 million square feet (msf) of additional office space is currently under construction. CBRE estimates completions will remain below a million square feet annually through 2020.¹²

Industrial

The metro added a record high of 5.3 million square feet of industrial space in 2018.¹³ Despite this, the vacancy rate fell 1% from the year prior to 3.7% as leasing activity increased 6.9% YoY.

Warehouse and distribution space were the largest drivers of demand, including Amazon adding 855,000 square feet for a fulfillment center.

Construction in the sector is expected to remain high for the next year or two with 2.5 msf under construction at the beginning of the year. An additional 4.4 msf is in planned for construction within the next two years.¹⁴

Government Impact

Miami-Dade County is rated Aa2/AA/AA by Moody's, S&P, and Fitch, while the City of Miami is currently rated Aa2/AA/AA-. S&P currently has a negative outlook on the city due to its recent decline in reserves and cost pressures.

Due to the requirement in Florida for G.O. debt to be approved by voters, both the city and county rely mainly on special tax and non-ad valorem revenue supported security structures.

The county is more reliant on property taxes than the city at 55% and 45% of General Fund revenues respectively. However, a slowdown in the real estate market would leave both the city and county with difficult political and budgetary decisions, testing their willingness to offset any slowdown in assessed value growth with increases in the millage rate.

Florida Property Tax Levy and Assessed Value Limitations

Property tax levy growth for cities, counties, and special districts is limited to the growth rate for per capita personal income for existing construction. This cap can be exceeded in any year by up to 10% if approved by a voter of 3/4ths of the entity's Board or by approval by the entity's voters.

Local governments are limited to a maximum millage rate of 10 mills by the Florida Constitution, although this can be exceeded to repay bonds that have been authorized by voters.

Residential homestead properties are further protected by the Save Our Homes Act which limits the increase in assessed value annually of applicable properties to the lesser of 3% or CPI. This protects local governments in real estate downturns as they have the ability to adjust the millage rate to offset any decrease in value from existing homes.

Non-homesteaded properties have a maximum annual increase in assessed value of 10%. This applies to all commercial real estate and non-primary residential properties.

¹² Miami: 2019 Southeast U.S. Real Estate Market Outlook. CBRE. 2018.

¹³ Miami-Dade Industrial Q4 2018. Cushman & Wakefield.

¹⁴ Cushman & Wakefield.

Loop Commercial Real Estate Survey

Following up on an article featured in our last report on proposed legislative changes, Loop's Commercial Real Estate Valuation Team is conducting a survey of its readers on their knowledge and thoughts on Illinois' HB 2217.

Please email your responses to any of the questions below to joseph.calvanico@loopcapital.com.



Have you read about IL HB 2217?



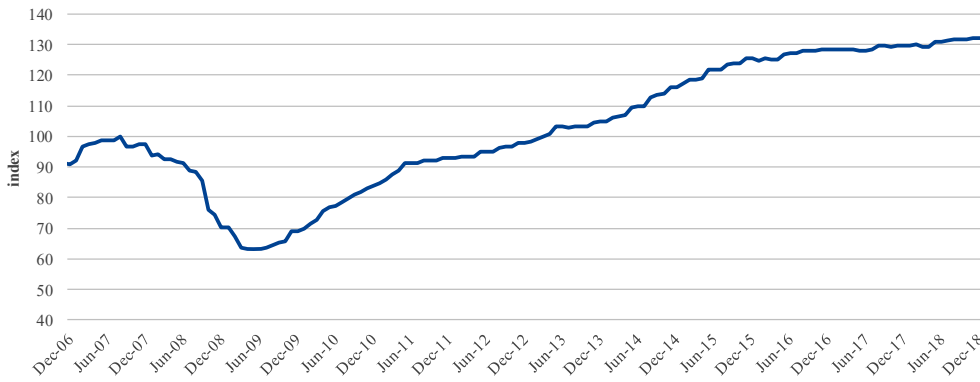
Do you own property in Cook County, Illinois?



What are your thoughts on the bill?

National Commercial Real Estate Statistics

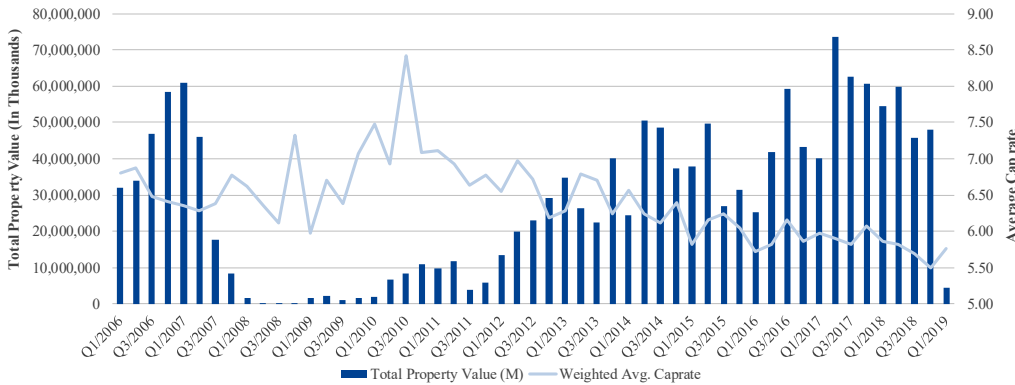
Figure 1 U.S. Commercial Property Price Index



Source: Green Street Advisors

The index has remained stable at 132 over the past three months.

Figure 2 Total Property Value vs Average Cap Rate



Source: Bloomberg

Q2 has been the highest quarter for property value for the past two years.

Figure 3 Commercial Mortgage Bond Spreads AAA vs BBB-

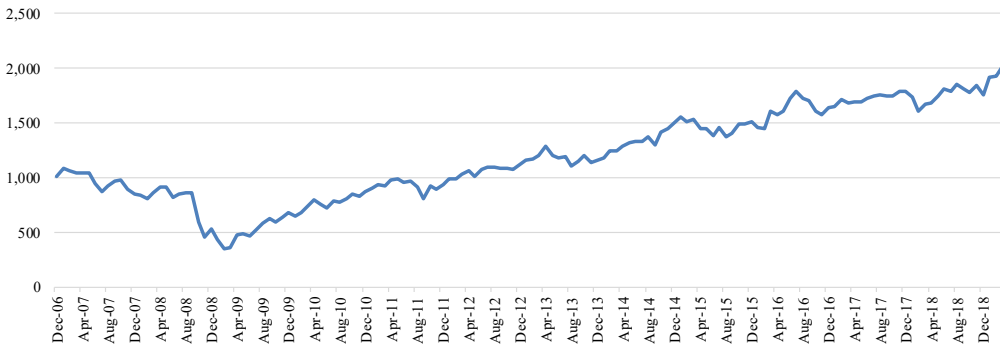


Source: Bloomberg

The CMB spread rates for AAA and BBB-bonds have decreased over the past few months after reaching annual peaks in December.

National Commercial Real Estate Statistics (continued)

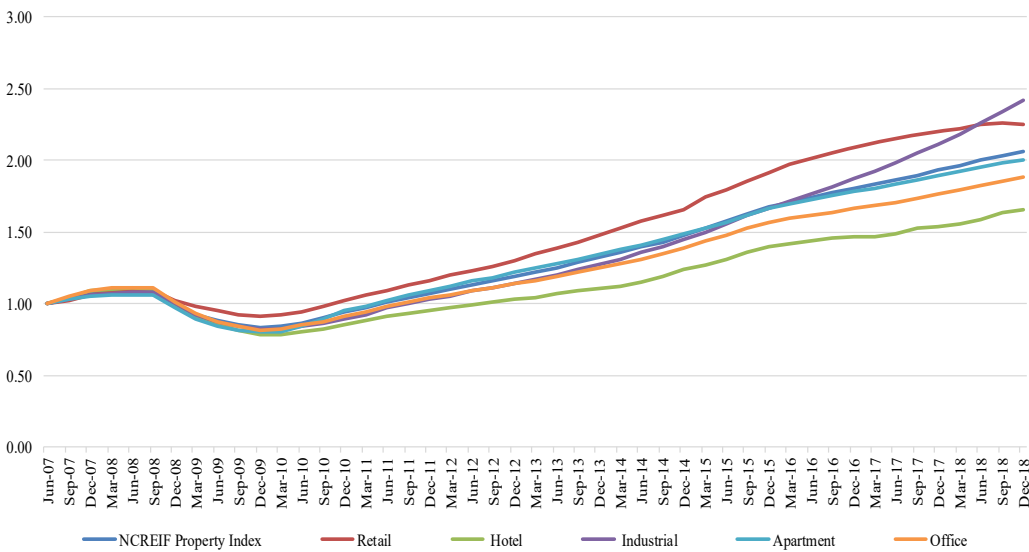
Figure 4 Dow Jones Equity REIT Total Return Index



The REIT Total Return Index increased 4.4% from the month prior to reach a new high of 2,007.33.

Source: Bloomberg

Figure 5 NCREIF Property Index



The industrial property index continues to have the largest YoY growth rate at 14.3%.

Source: Bloomberg

National Commercial Real Estate Statistics (continued)

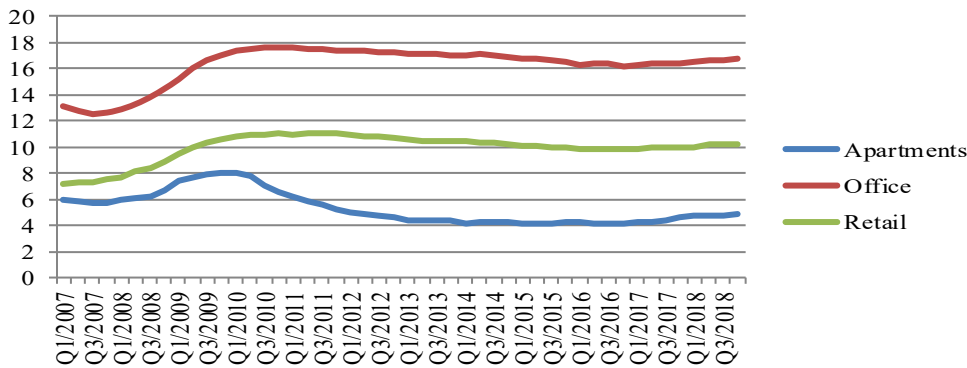
Figure 6 U.S. Metro Commercial Real Estate Data

	Date	Current	Q/Q % Change	Y/Y % Change
Multifamily Vacancy Rate	2018 Q4	4.90%	0.10%	0.30%
Multifamily Effective Rent	2018 Q4	\$1,371	1.11%	4.90%
Office Vacancy Rate	2018 Q4	16.70%	0.10%	0.30%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$27	0.67%	2.57%
Retail Vacancy Rate	2018 Q4	10.20%	0.00%	0.20%
Retail Effective Rent Per Sq Ft.	2018 Q4	\$18	0.49%	1.70%

Multifamily continues to lead commercial property sectors in quarterly and annual growth for effective rent.

Source: Realtor.com, FRED, REIS and Bloomberg

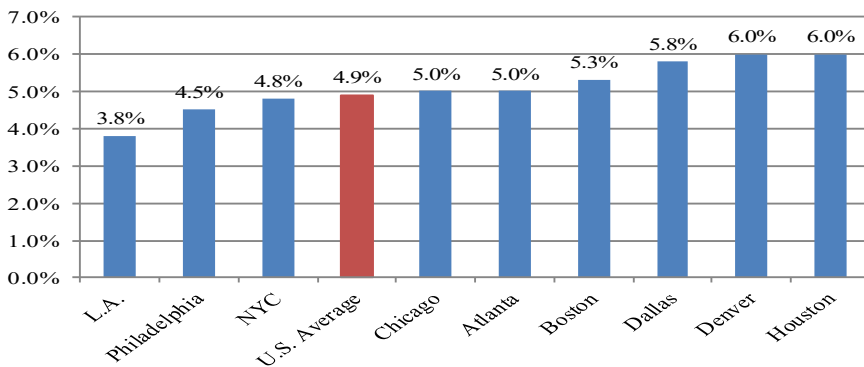
Figure 7 U.S. Metro Vacancy Rates



Source: REIS, Bloomberg

Vacancy rates for apartments and office inched up slightly from the prior quarter. Retail vacancy rates remained unchanged.

Figure 8 U.S. Metro Apartment Vacancy Rates Q4 2018

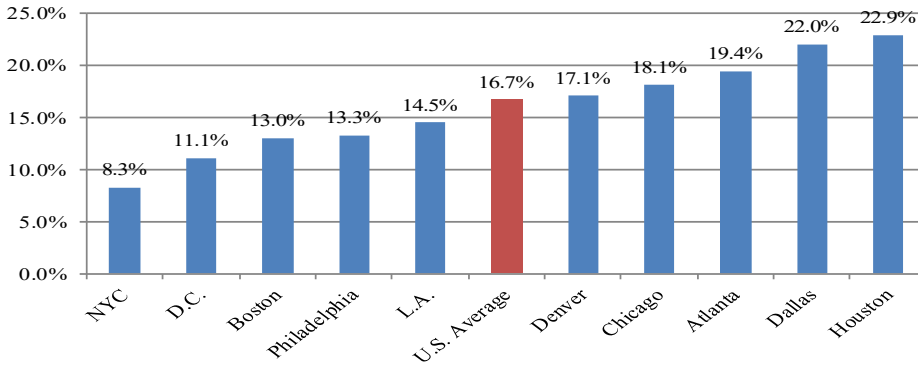


Source: REIS, Bloomberg

Houston was the only one of the top metro areas to have a quarterly decrease in vacancy rates. Dallas and Denver tied for having the largest quarterly increase at 0.4%.

National Commercial Real Estate Statistics (continued)

Figure 9 U.S. Metro Office Vacancy Rates Q4 2018

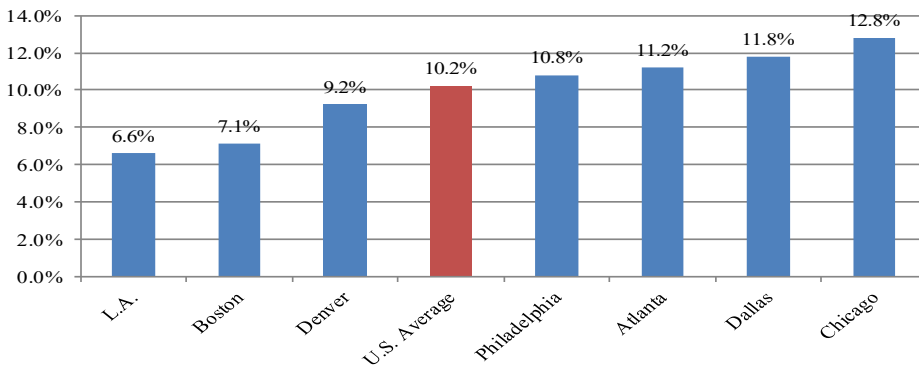


Source: REIS., Bloomberg

The Northeast and Mid-Atlantic continue to have the lower vacancy rates, while two Texas cities top the list.

Los Angeles and Denver were the only two of the top metro areas to have a quarterly decrease in office vacancy rates.

Figure 10 U.S. Metro Retail Vacancy Rates Q4 2018



Source: REIS., Bloomberg

Retail vacancy rates are only available for seven of the metro areas featured in this report.

Denver has now had a quarterly decrease for the past two quarters. It was the only one of the seven metros to have a decrease in each of the quarters.

National Single Family Real Estate Statistics

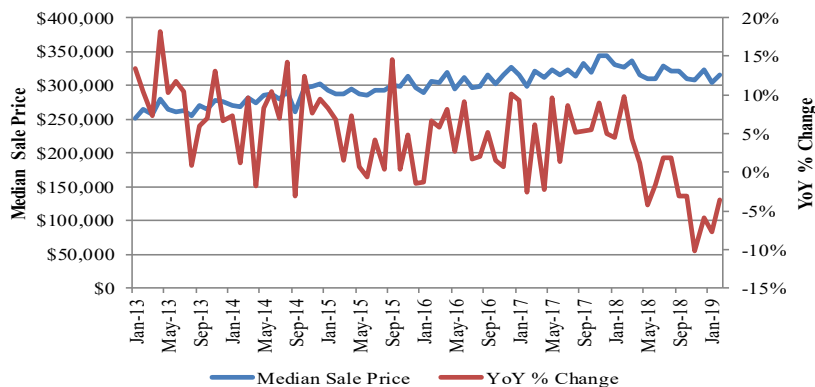
Figure 11 U.S. Single Family Home Data (February 2019)

	Current	M/M % Change	Y/Y % Change
New One Family Homes Sold (000s)	667	4.9%	0.6%
Median Sale Price New Home	315,300	3.8%	-3.6%
Days on Market	65	-21.7%	3.2%
Months of Supply	6.1	-6.2%	13.0%
New Listing Count	477,740	18.1%	-0.4%
Median List Price Per Sqft	\$149	2.0%	7.9%
Housing Starts (000s)	1,162	-8.7%	-9.9%
Housing Units Authorized by Building Permits (000s)	1,296	-1.6%	-2.0%

Source: Realtor.com, FRED and U.S. Census

Selling activity picked up in February with inventory decreasing

Figure 12 Single Family Home Median Sale Price



Source: FRED

The median sale price of new SFHs has declined on a YoY basis in each of the past six months. However, recent decreased have moderated after the recent low of -10.2% in November.

Figure 13 Housing Starts and Authorized Housing Units YoY Change

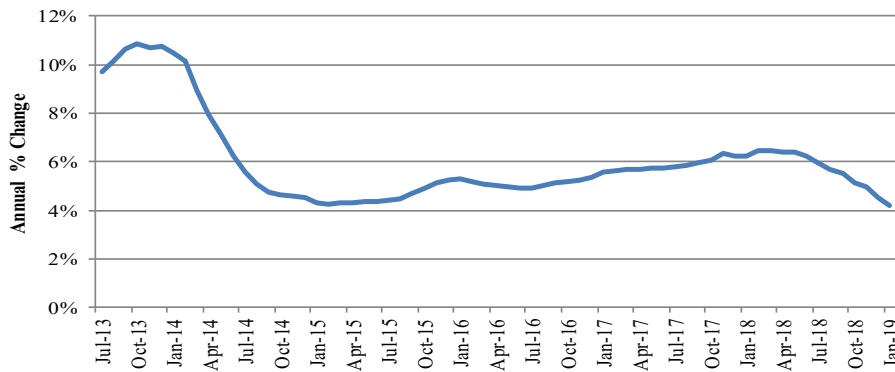


Source: FRED

Housing starts have fallen on a YoY basis for the past five months.

National Single Family Real Estate Statistics (continued)

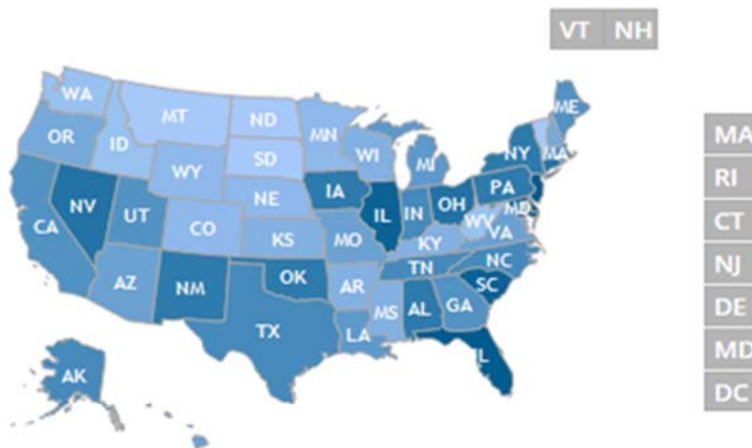
Figure 14 Case Schiller Index YoY % Change



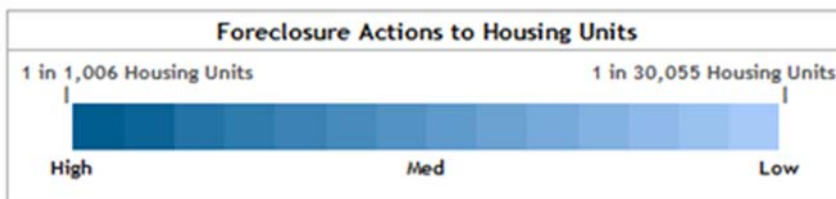
Source: Bloomberg/S&P Core Logic

The National Case Schiller Index continues to show positive YoY growth. However, annual increases have slowed considerably since the recent peak of 6.5% in March 2018 and are now at their lowest rate since 2015.

Figure 15 Foreclosure Rates



New Jersey, Delaware, Maryland, Florida, and Illinois have the highest foreclosure rates among states.



Source: Realty Trac

Atlanta Metro Real Estate Statistics

Figure 16 Metro Real Estate Data

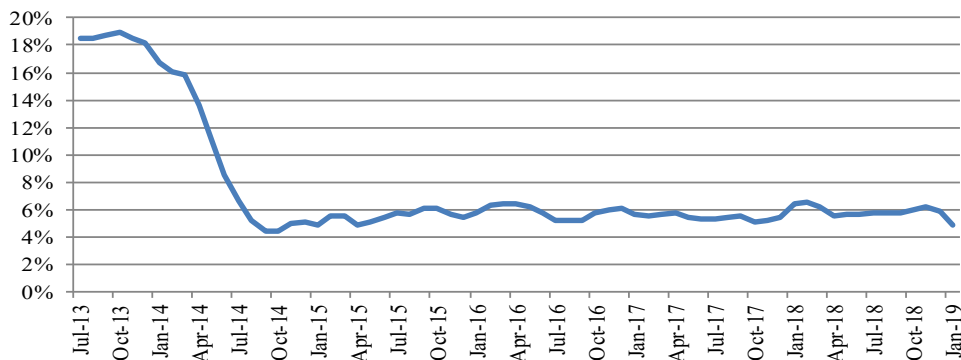
	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	148.36	-0.26%	4.90%
Median Listing Price	Mar-19	\$325,050	3.75%	2.34%
Days on Market	Mar-19	46	-18.58%	4.55%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	5.00%	0.20%	0.50%
Multifamily Effective Rent	2018 Q4	\$1,142	1.96%	7.43%
Office Vacancy Rate	2018 Q4	19.40%	0.20%	1.10%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$20	0.45%	2.69%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	11.20%	0.10%	0.80%

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Median list price increased from the month prior, marking the first monthly increase in the last eight months.

Atlanta had the largest increase in effective multifamily rents of all major metros on a YoY basis for Q4.

Figure 17 Metro Case Schiller Index YoY % Change

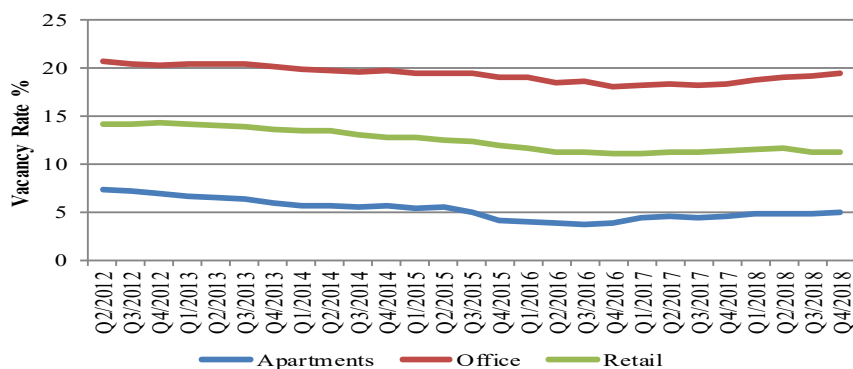


Source: Bloomberg/S&P Core Logic

Atlanta's 4.9% YoY increase in the Case Schiller Index for January was the lowest YoY growth rate since 2014.

The Index also has fallen on a monthly basis for the past two months.

Figure 18 Metro Vacancy Rates



Source: REIS and Bloomberg

Apartment, office, and retail vacancy rates all increased modestly from the prior quarter.

Apartment vacancy rates are now at their highest level since Q2 2015.

Boston Metro Real Estate Statistics

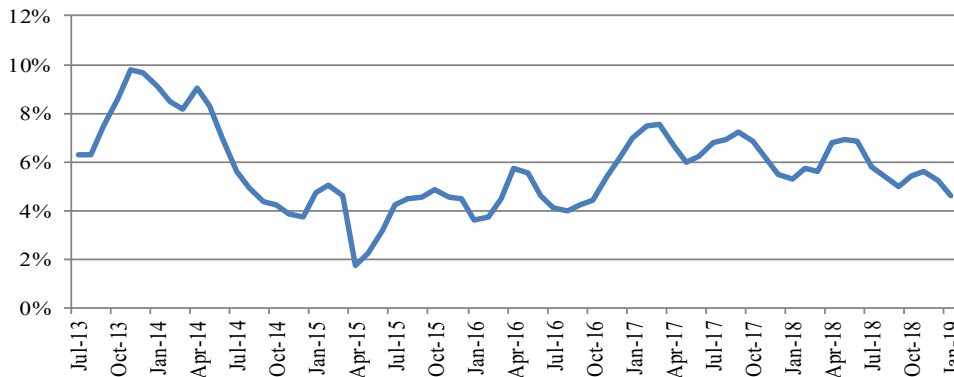
Figure 19 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	214.59	-0.40%	4.61%
Median Listing Price	Mar-19	\$539,050	3.93%	3.46%
Days on Market	Mar-19	41	-34.92%	10.81%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	5.30%	0.00%	0.10%
Multifamily Effective Rent	2018 Q4	\$2,223	1.14%	4.96%
Office Vacancy Rate	2018 Q4	13.00%	0.30%	0.20%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$37	0.57%	3.23%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	7.10%	0.20%	0.50%

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Boston's days on market has decreased considerably over the past two months from its recent peak of 73.5 in December.

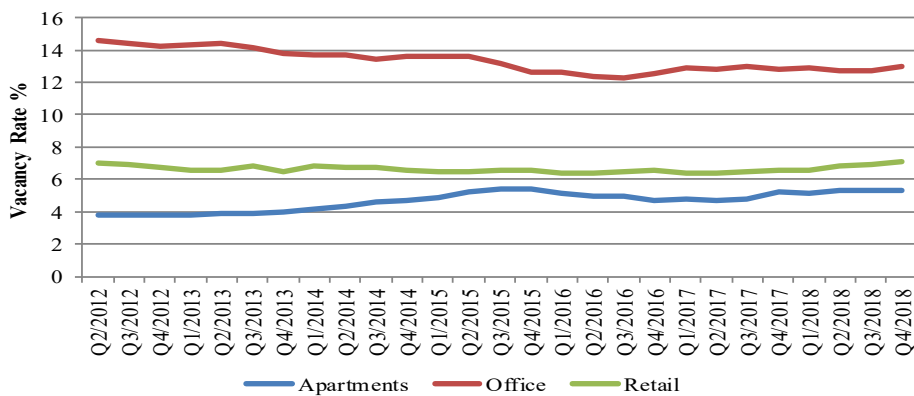
Figure 20 Metro Case Schiller Index YoY % Change



Source: Bloomberg/S&P Core Logic

Metro Case Schiller YoY growth is at its lowest level since mid-2016.

Figure 21 Metro Vacancy Rates



Source: REIS and Bloomberg

Boston's vacancy rates are below the U.S. average for office and retail sectors, while apartment vacancies remain above average.

Chicago Metro Real Estate Statistics

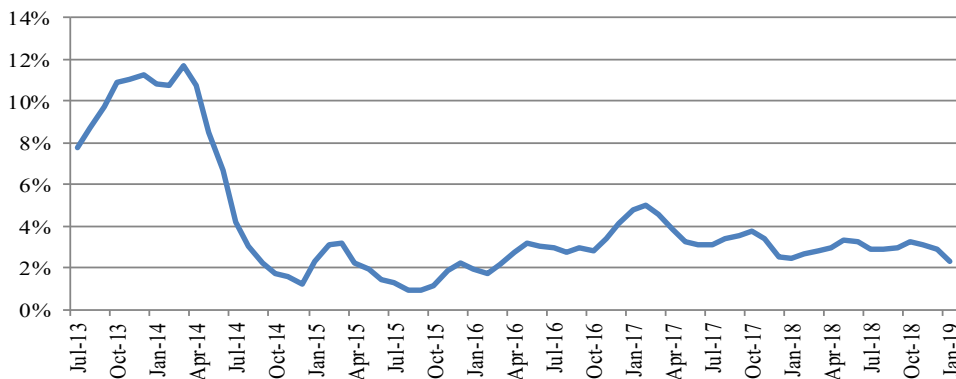
Figure 22 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	141.77	-0.51%	2.31%
Median Listing Price	Mar-19	\$299,950	2.90%	1.83%
Days on Market	Mar-19	45	-26.83%	-1.10%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	5.00%	0.10%	0.20%
Multifamily Effective Rent	2018 Q4	\$1,347	0.97%	3.22%
Office Vacancy Rate	2018 Q4	18.10%	0.10%	0.10%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$24	0.67%	2.07%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	12.80%	0.10%	0.00%

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Chicago's days on market has fallen from 75.5 in December to its current level of 45, more than a 40% reduction in four months.

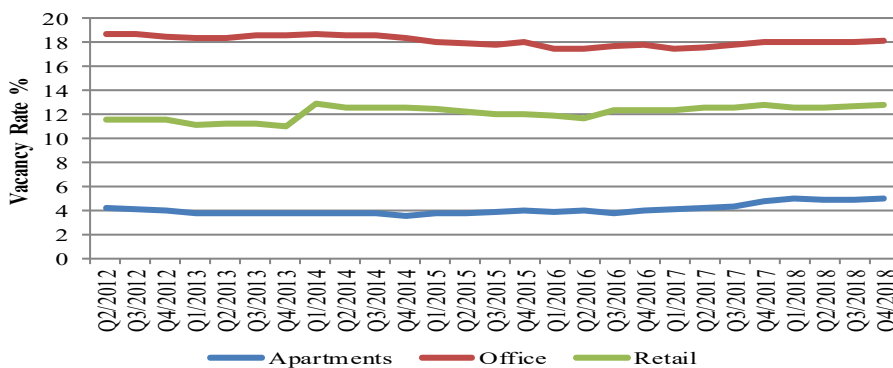
Figure 23 Metro Case Schiller Index YoY % Change



Source: Bloomberg/S&P Core Logic

YoY Case Schiller Index growth for the metro has decreased for the past here months.

Figure 24 Metro Vacancy Rates



Source: REIS and Bloomberg

Vacancy rates continue to be stable.

Dallas Metro Real Estate Statistics

Figure 25 Metro Real Estate Data

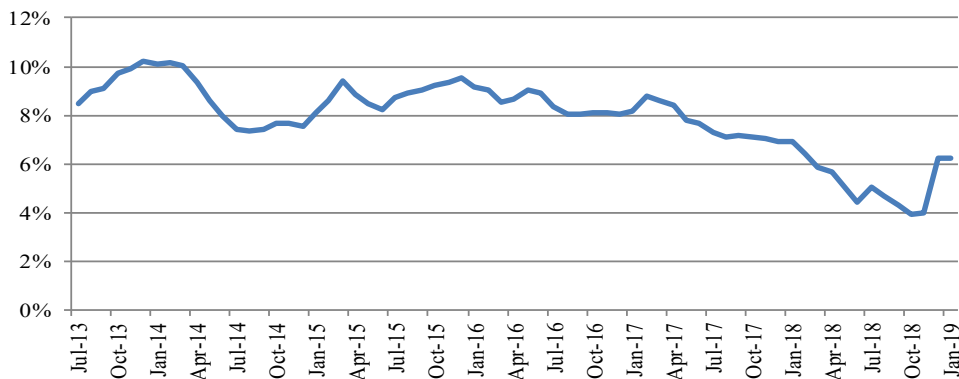
	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	188.19	0.13%	3.85%
Median Listing Price	Mar-19	\$344,950	2.75%	-2.84%
Days on Market	Mar-19	45	-16.67%	12.50%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	5.80%	0.40%	0.70%
Multifamily Effective Rent	2018 Q4	\$1,128	1.62%	6.31%
Office Vacancy Rate	2018 Q4	22.00%	0.00%	0.60%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$20	0.82%	2.78%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	12.00%	0.20%	0.30%

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Dallas had the second YoY decrease in median list price for March, trailing only Denver.

The average days on market has fallen in recent months as the slow winter buying season comes to a close.

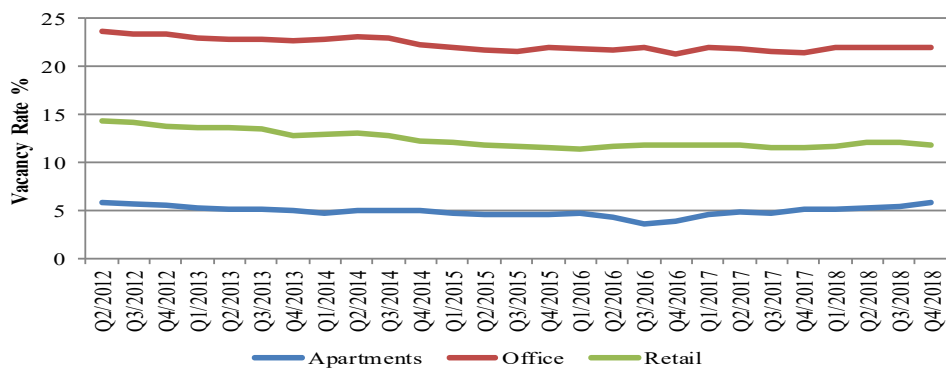
Figure 26 Metro Case Schiller Index YoY % Change



Source: Bloomberg/S&P Core Logic

Dallas has bucked the national trend over the past few months as its YoY growth in the Case Schiller Index has been increasing.

Figure 27 Metro Vacancy Rates



Source: REIS and Bloomberg

Dallas currently has the second highest vacancy among major metro areas for office and retail, as well as the third highest vacancy rate for apartments.

Dallas' apartment vacancy rate had the second largest YoY increase among major metro areas for Q4, behind Denver.

Denver Metro Real Estate Statistics

Figure 28 Metro Real Estate Data

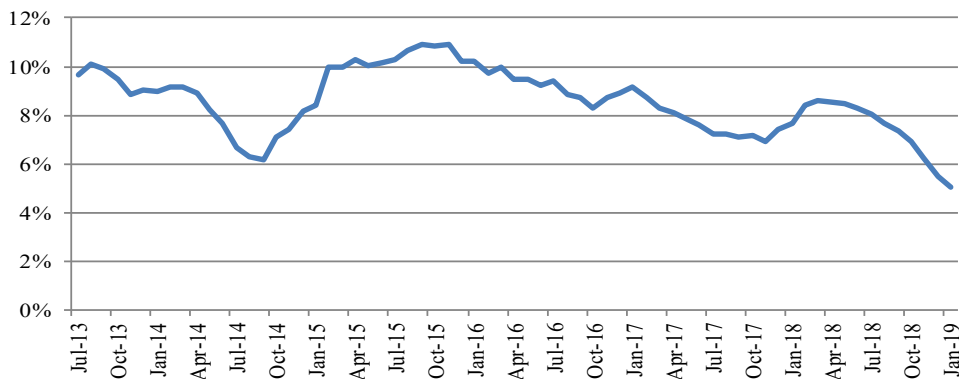
	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	215.61	0.22%	5.02%
Median Listing Price	Dec-18	\$475,050	2.82%	-12.42%
Days on Market	Dec-18	37	-2.63%	39.62%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	6.00%	0.40%	1.20%
Multifamily Effective Rent	2018 Q4	\$1,326	2.08%	7.02%
Office Vacancy Rate	2018 Q4	17.10%	-0.30%	-0.30%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$20	0.61%	3.74%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	9.20%	-0.10%	-0.20%

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Denver's median list price continues to fall on a YoY basis with by far the largest decrease among the major metro areas at -12.4%. However, prices have increased by more than 5% since the recent low of \$475,050 in December.

Days on market is the lowest among the metros featured in this report.

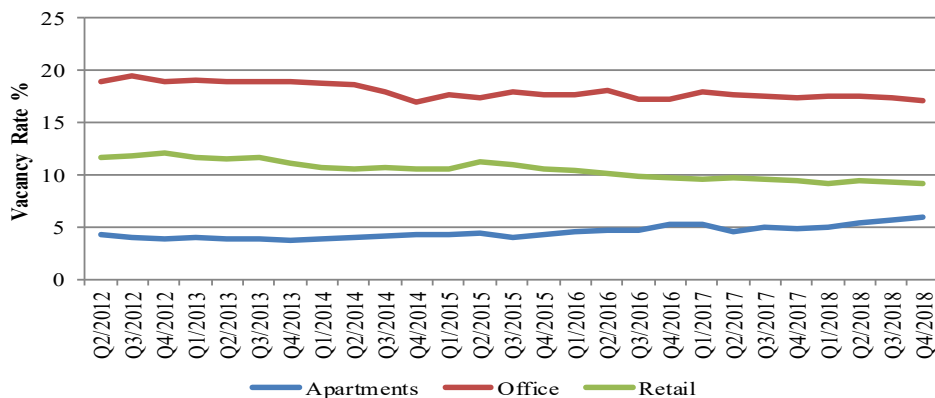
Figure 29 Metro Case Schiller Index YoY % Change



Source: Bloomberg/S&P Core Logic

While the YoY growth for the metro's Case Schiller Index is at its lowest rate in the past six years, it remains above the national growth rate of 4.2%.

Figure 30 Metro Vacancy Rates



Source: REIS and Bloomberg

Denver had the largest YoY increase in apartment vacancies (1.2%) among the major metros. However, retail and office space remain unaffected with YoY declines.

Houston Metro Real Estate Statistics

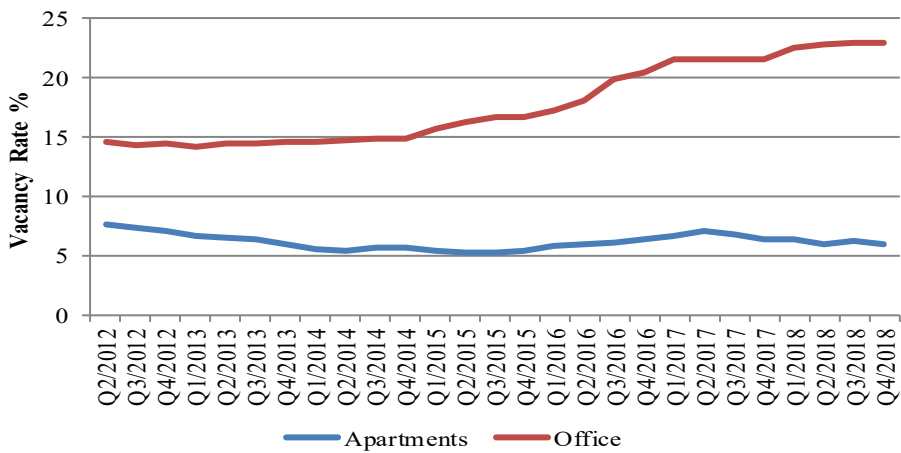
Figure 31 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	*	*	*
Median Listing Price	Mar-19	\$316,045	1.93%	-2.77%
Days on Market	Mar-19	54	-19.10%	9.09%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	6.00%	-0.20%	-0.40%
Multifamily Effective Rent	2018 Q4	\$1,011	0.40%	3.69%
Office Vacancy Rate	2018 Q4	22.90%	0.00%	1.30%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$24	-0.04%	0.46%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	*	*	*

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Houston was one of five of the largest metros to have a YoY decrease for March.

Figure 32 Metro Vacancy Rates



Source: REIS and Bloomberg

The metro continues to have the highest office vacancy rate among the major metros.

Los Angeles Metro Real Estate Statistics

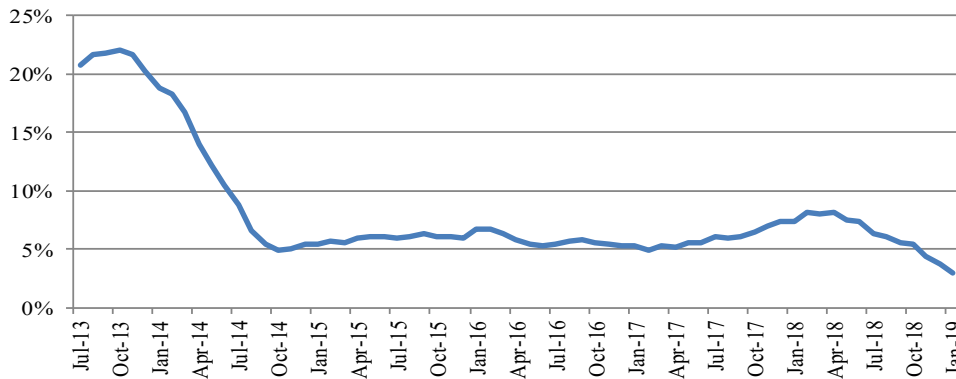
Figure 33 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	280.87	-0.28%	2.91%
Median Listing Price	Mar-19	\$739,950	3.56%	-0.05%
Days on Market	Mar-19	43	1.18%	28.36%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	3.80%	0.20%	0.30%
Multifamily Effective Rent	2018 Q4	\$1,921	1.05%	6.07%
Office Vacancy Rate	2018 Q4	14.50%	-0.20%	-0.10%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$32	1.46%	3.37%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	6.60%	0.00%	0.40%

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Monthly and YoY change in list price trends for the metro region echo the national trends.

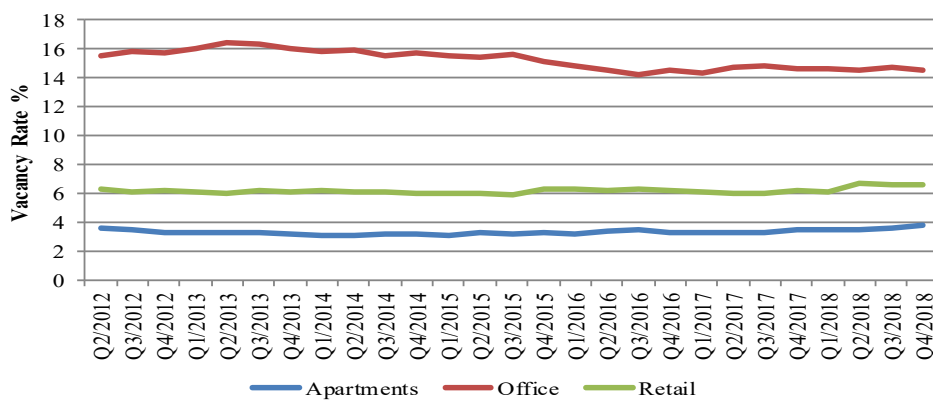
Figure 34 Metro Case Schiller Index YoY % Change



Source: Bloomberg/S&P Core Logic

Case Schiller Index growth is currently at its lowest level since early 2017.

Figure 35 Metro Vacancy Rates



Source: REIS and Bloomberg

L.A. had the second largest quarterly decrease in office space vacancies among the major metros.

New York City Metro Real Estate Statistics

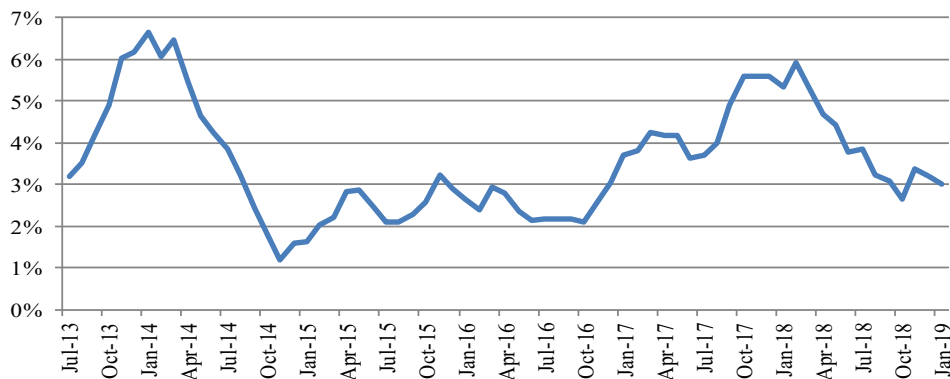
Figure 36 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	201.94	0.02%	3.01%
Median Listing Price	Mar-19	\$539,050	2.67%	6.91%
Days on Market	Mar-19	64	-24.71%	4.92%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	4.80%	0.00%	-0.30%
Multifamily Effective Rent	2018 Q4	\$3,420	-2.56%	-0.15%
Office Vacancy Rate	2018 Q4	8.30%	0.20%	0.00%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$61	0.45%	2.79%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	*	*	*

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

New York City continues to lead the nation in YoY median list price increases.

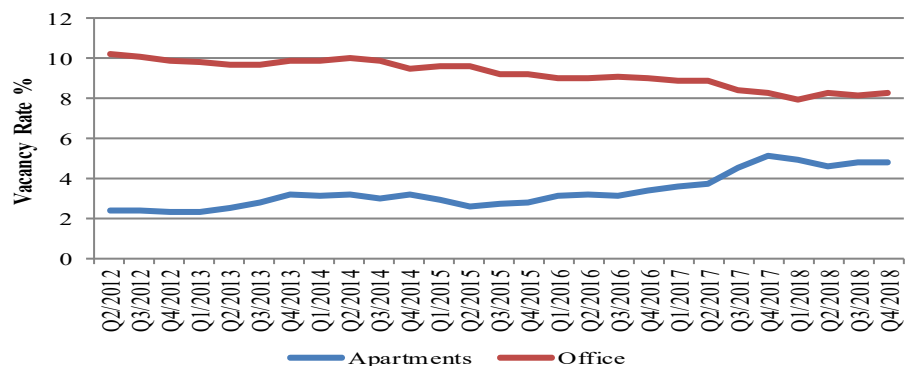
Figure 37 Metro Case Schiller Index YoY % Change



Source: Bloomberg/S&P Core Logic

The area's 3.0% YoY Case Schiller Index growth was lower than the national 4.2% increase.

Figure 38 Metro Vacancy Rates



Source: REIS and Bloomberg

New York has the lowest office vacancy rate among the major metros.

Philadelphia Metro Real Estate Statistics

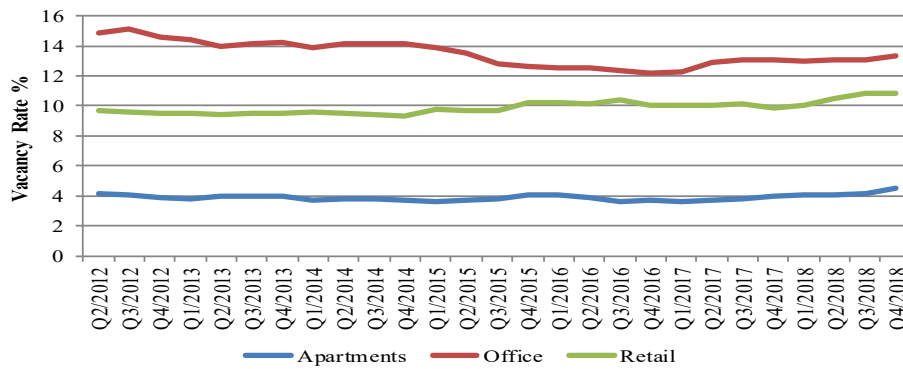
Figure 39 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	*	*	*
Median Listing Price	Mar-19	\$267,550	4.12%	9.45%
Days on Market	Mar-19	59	-23.87%	-0.84%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	4.50%	0.30%	0.50%
Multifamily Effective Rent	2018 Q4	\$1,325	3.03%	5.83%
Office Vacancy Rate	2018 Q4	13.30%	0.20%	0.20%
Office Effective Rent Per Sq. Ft.	2018 Q4	\$23	0.44%	0.62%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	10.80%	0.10%	0.90%

Philadelphia had the last YoY increase in median list price among the major metros.

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

Figure 40 Metro Vacancy Rates



Philadelphia apartment vacancies are second lowest among the major metros.

Source: REIS/Bloomberg

Washington, D.C. Metro Real Estate Statistics

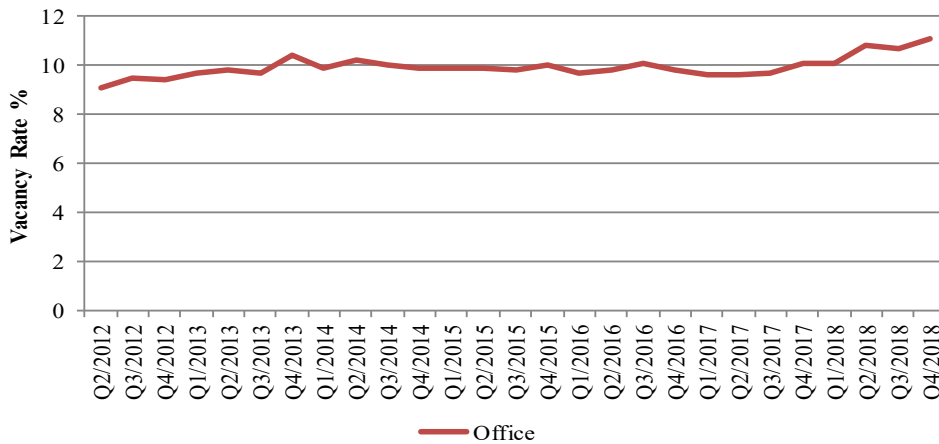
Figure 41 Metro Real Estate Data

	Date	Current	M/M or Q/Q % Change	Y/Y % Change
Single Family Homes				
Case-Schiller Index	Jan-19	*	*	*
Median Listing Price	Mar-19	\$445,050	4.7%	1.0%
Days on Market	Mar-19	41	-31.1%	24.2%
Commercial Real Estate				
Multifamily Vacancy Rate	2018 Q4	*	*	*
Multifamily Effective Rent	2018 Q4	*	*	*
Office Vacancy Rate	2018 Q4	11.10%	0.40%	0.80%
Office Effective Rent Per Sq. Ft.	2018 Q3	\$47	0.60%	2.30%
Retail Real Estate				
Retail Vacancy Rate	2018 Q4	*	*	*

Source: Case Schiller/Core Logic, Realtor.com, FRED, REIS and Bloomberg

D.C. had the largest monthly increase in median list price among the major metros.

Figure 42 Metro Vacancy Rates



Source: REIS/Bloomberg

D.C.'s office vacancy rate reached a six year high in Q4 at 11.1%, although it remains below the national average of 16.7%.

INCOME CAPITALIZED IN DIRECT CAPITALIZATION						
Fourth Quarter 2018						
MARKET	PERCENTAGE OF SURVEY RESPONDENTS USING:					
	METHOD 1 (a)		METHOD 2 (a)		METHOD 3 (a)	
	CURRENT	YEAR AGO	CURRENT	YEAR AGO	CURRENT	YEAR AGO
National Retail						
Regional Mall	20.0%	20.0%	80.0%	80.0%	0.0%	0.0%
Power Center	17.0%	14.0%	83.0%	86.0%	0.0%	0.0%
Strip Shopping Center	14.0%	14.0%	86.0%	86.0%	0.0%	0.0%
Office						
National CBD	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
National Suburban	29.0%	29.0%	71.0%	71.0%	0.0%	0.0%
National Secondary	13.0%	13.0%	88.0%	88.0%	0.0%	0.0%
Atlanta	17.0%	0.0%	83.0%	80.0%	0.0%	20.0%
Austin	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Boston	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Charlotte	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Chicago	40.0%	29.0%	60.0%	71.0%	0.0%	0.0%
Dallas	20.0%	17.0%	80.0%	83.0%	0.0%	0.0%
Denver	40.0%	40.0%	60.0%	60.0%	0.0%	0.0%
Houston	20.0%	20.0%	60.0%	60.0%	20.0%	20.0%
Los Angeles	13.0%	13.0%	88.0%	88.0%	0.0%	0.0%
Manhattan	20.0%	17.0%	80.0%	83.0%	0.0%	0.0%
Northern Virginia	33.0%	50.0%	67.0%	50.0%	0.0%	0.0%
Pacific Northwest	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Philadelphia	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Phoenix	20.0%	17.0%	80.0%	83.0%	0.0%	0.0%
San Diego	40.0%	60.0%	60.0%	40.0%	0.0%	0.0%
San Francisco	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Seattle	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Southeast Florida	20.0%	20.0%	60.0%	60.0%	20.0%	20.0%
Washington, DC	40.0%	33.0%	60.0%	67.0%	0.0%	0.0%
Industrial						
National Warehouse	20.0%	20.0%	80.0%	80.0%	0.0%	0.0%
ENC Region Warehouse	20.0%	20.0%	80.0%	80.0%	0.0%	0.0%
Pacific Region Warehouse	20.0%	40.0%	80.0%	60.0%	0.0%	0.0%
Apartments^b						
National	50.0%	50.0%	50.0%	50.0%		
Mid-Atlantic Region	80.0%	80.0%	20.0%	20.0%		
Pacific Region	100.0%	100.0%	0.0%	0.0%		
Southeast Region	0.0%	0.0%	100.0%	100.0%		
National Net Lease	14.0%	40.0%	43.0%	40.0%	43.0%	20.0%
National Medical Office Buildings	40.0%	40.0%	60.0%	60.0%	0.0%	0.0%

Note: Lines may not add to up to 100% due to rounding.

a. Method 1: NOI after deducting capital replacement reserve but before deducting Tls (tenant improvements) and leasing commissions.
 Method 2: NOI before deducting capital replacement reserve, Tls, and leasing commissions.
 Method 3: Cash flow after deducting capital replacement reserve, Tls, and leasing commissions.

b. Method 1: deducts FF&E reserve from NOI prior to direct capitalization.
 Method 2: does not deduct FF&E reserve from NOI prior to direct capitalization.

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