HUMPHREYS & PARTNERS ARCHITECTS PRESENTS

MID-YEAR WEBINAR

FOR APARTMENT DEVELOPMENT

HUMPHREYS & PARTNERS ARCHITECTS, L.P.
JLL
REALPAGE Outperform

SPEAKERS

DUSTIN DULLIN
EVP – Capital Markets, JLL

GREG WILLETT
Chief Economist, RealPage

MARK HUMPHREYS
CEO, Humphreys & Partners

GREG FAULKNER
President, Humphreys & Partners

DANIEL GEHMAN
Studio Director, Humphreys & Partners

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HUMPHREYS & PARTNERS ARCHITECTS, L.P.

GREG WILLETT, *Chief Economist, Real Page*

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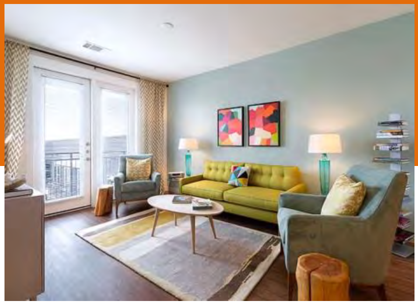
MPF RESEARCH

Mid-Year Apartment Market Update

July 27, 2016

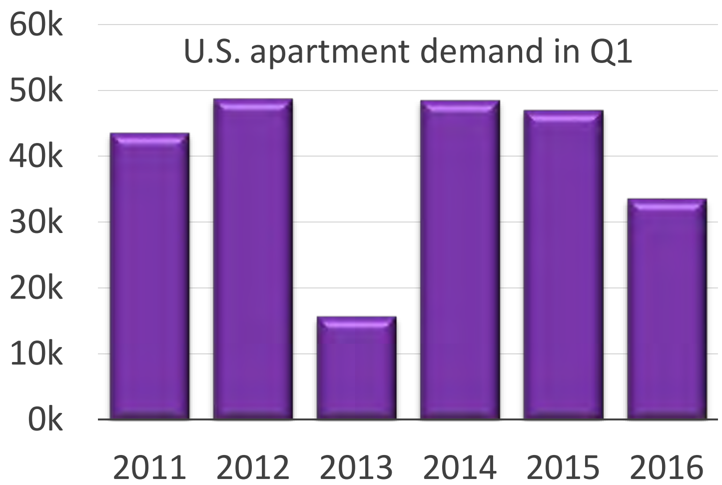
Greg Willett
Chief Economist
RealPage, Inc.

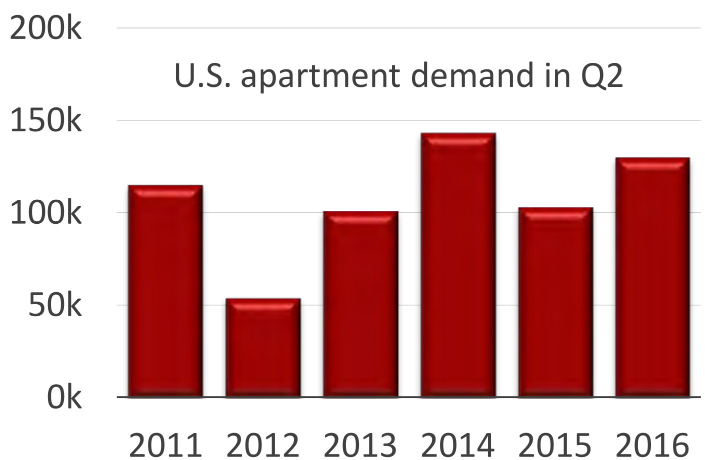


Data noise is intensifying. The economy is sending mixed signals, and there's some inconsistency to the apartment sector's performance from one moment to the next.

But the overall story is still terrific!

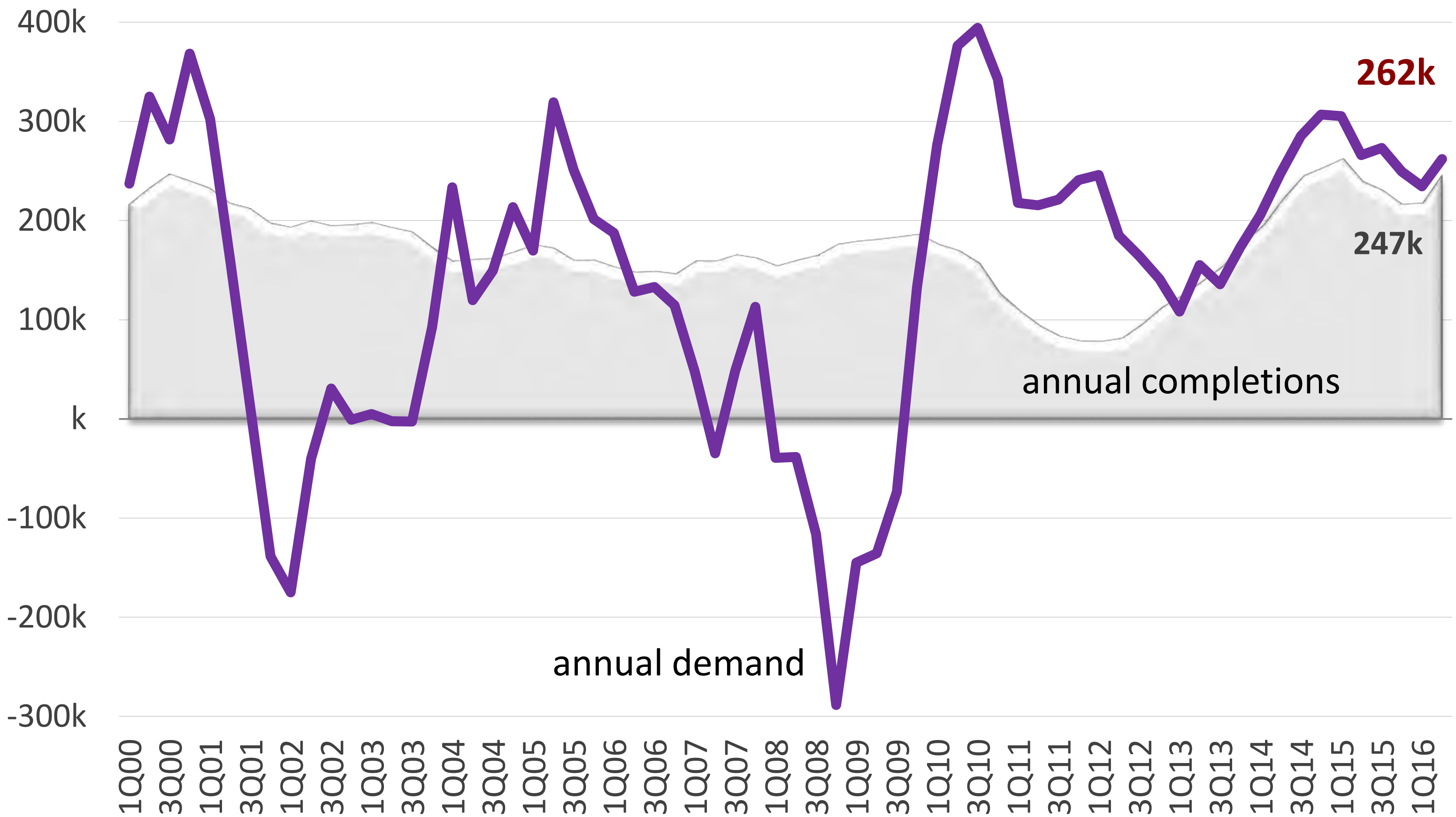
The big-picture demand story remains encouraging, after a Q2 comeback





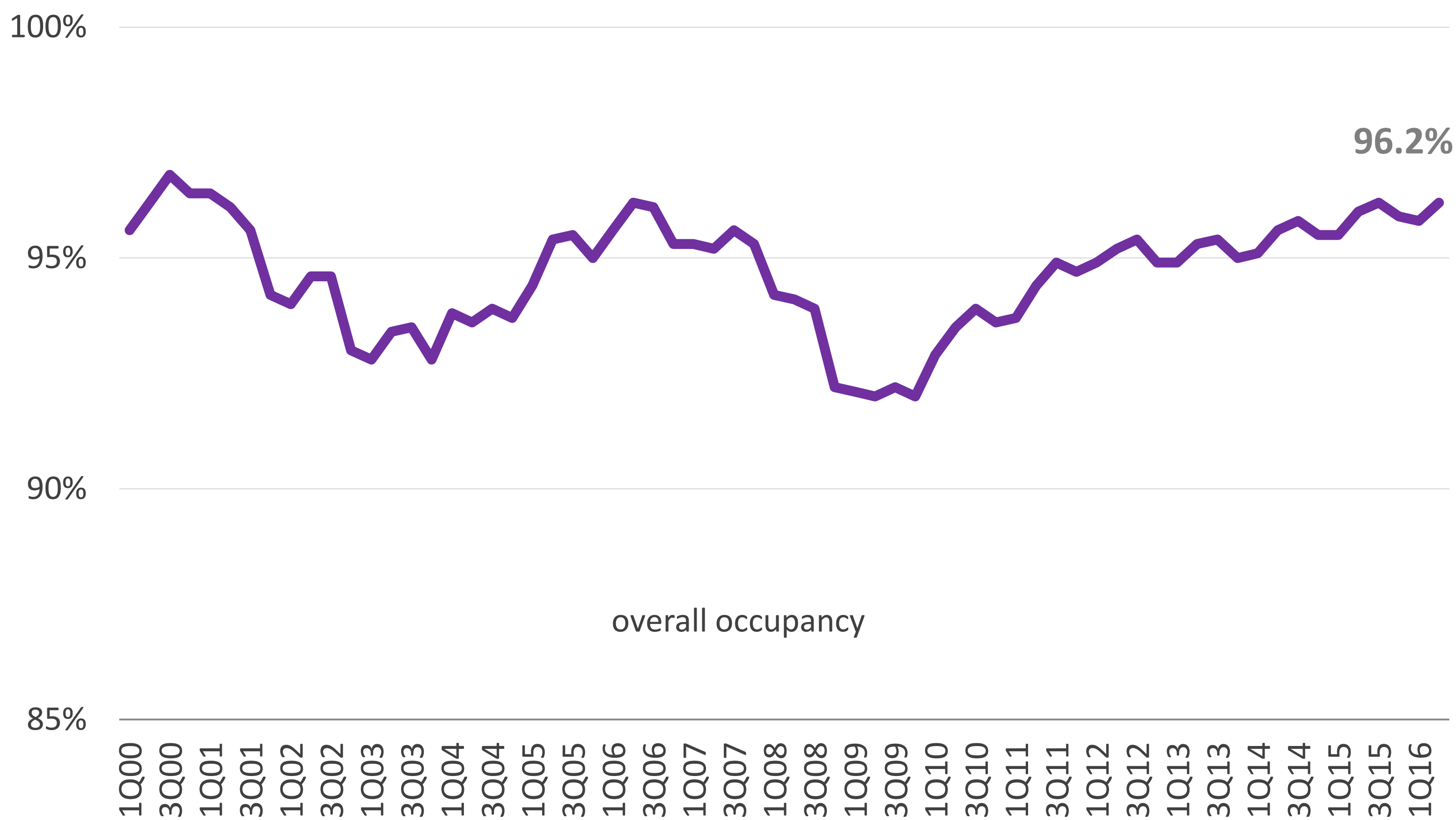
- Demand in the 100 largest markets registered at roughly 164k units in the first half of the year.
- We got there with a somewhat weak Q1 performance and then a stunningly strong Q2 absorption tally.

Some quarterly variations aside, demand is keeping up with accelerated completions



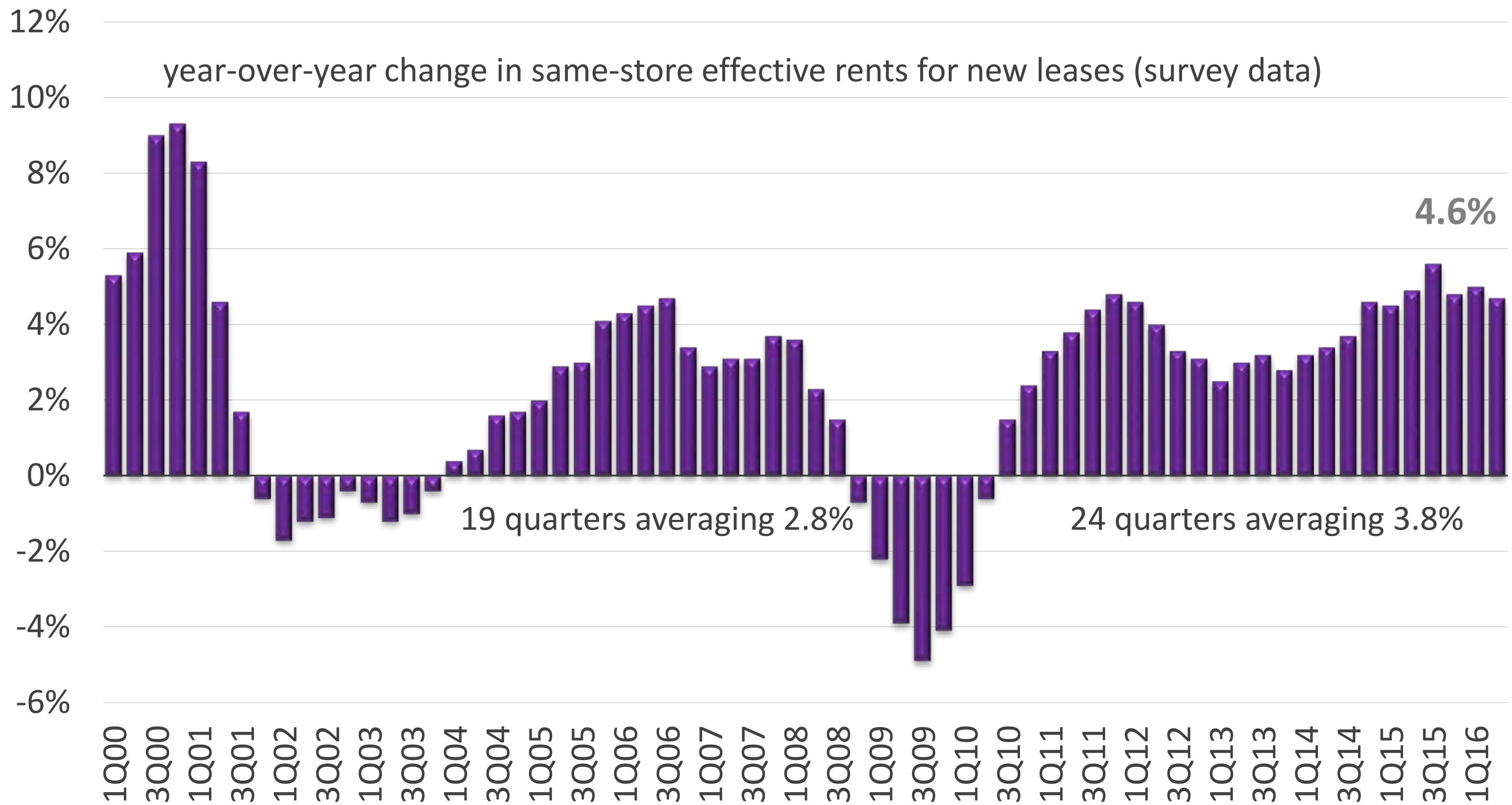
U.S. data is based on the 100 metros that form the core of MPF Research's coverage

U.S. apartment occupancy as of mid-year returned to the peak level seen so far in this cycle



U.S. data is based on the 100 metros that form the core of MPF Research's coverage

Rent growth remains robust, especially since we're deep into this economic/market performance cycle



U.S. data is based on the 100 metros that form the core of MPF Research's coverage

Lease transaction rent growth stats, reaching new highs, look even better than the survey data series

Lease Type	June Trade-Out Rent Growth
New Resident Lease	6.7%
Renewal Resident Lease	5.3%
Combined Trade-Out Growth	6.2%

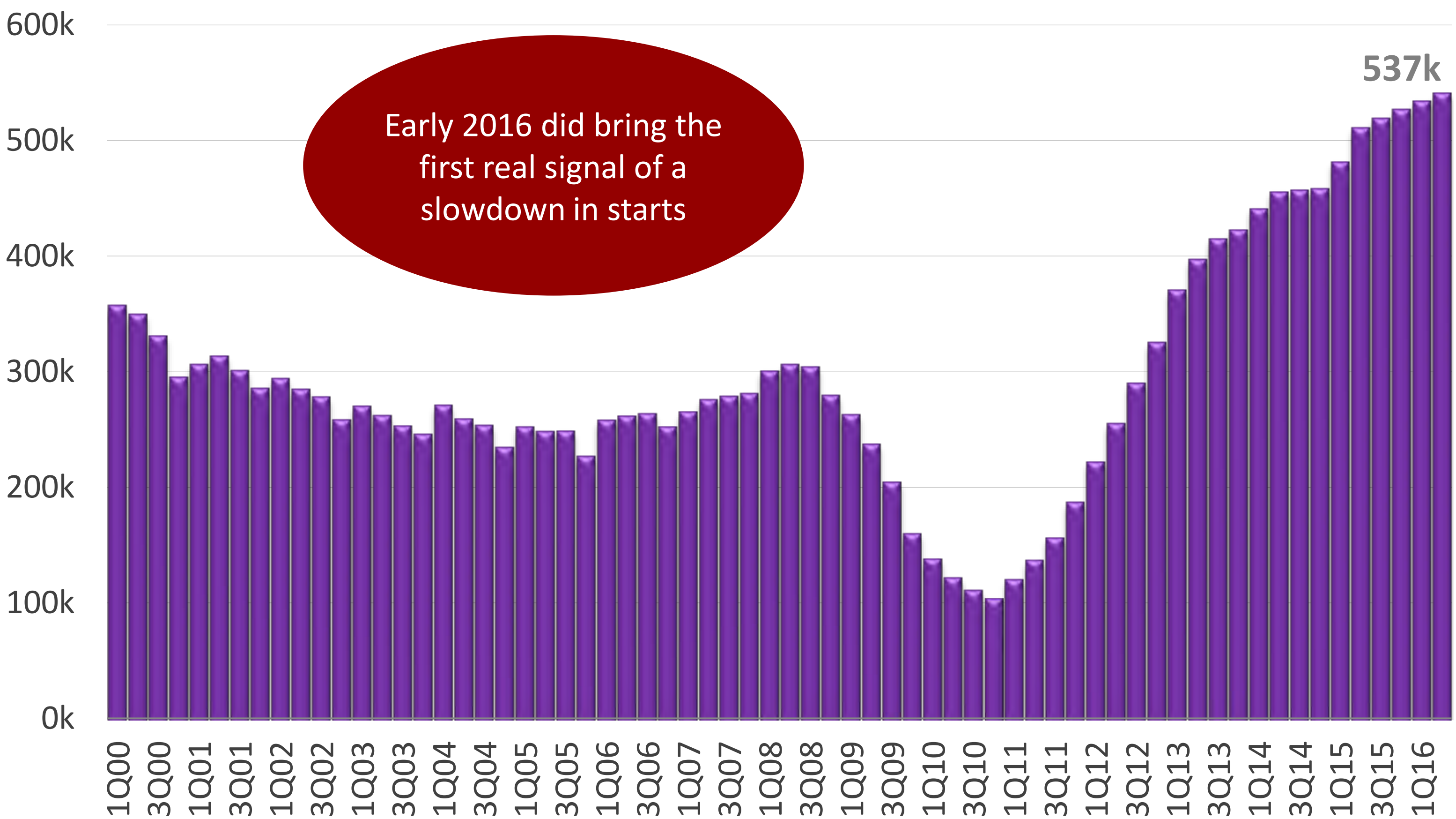
New resident lease rent growth reflects the change in price for a specific unit when an existing resident leaves and is replaced with a new renter.

Renewal resident lease growth reflects the change in price for a specific unit when an existing resident's lease expires and the resident stays in place, signing a new lease.

Combined trade-out rent growth includes both new resident leases and renewal resident leases, with each type of lease weighted according to its share of total activity.

New resident lease rent growth tends to run above survey data pricing growth in the warm weather months and below survey data pricing growth in the cold weather months.

Ongoing construction is substantial, with deliveries scheduled to peak in late 2016 to early 2017



U.S. data is based on the 100 metros that form the core of MPF Research's coverage, minus New York

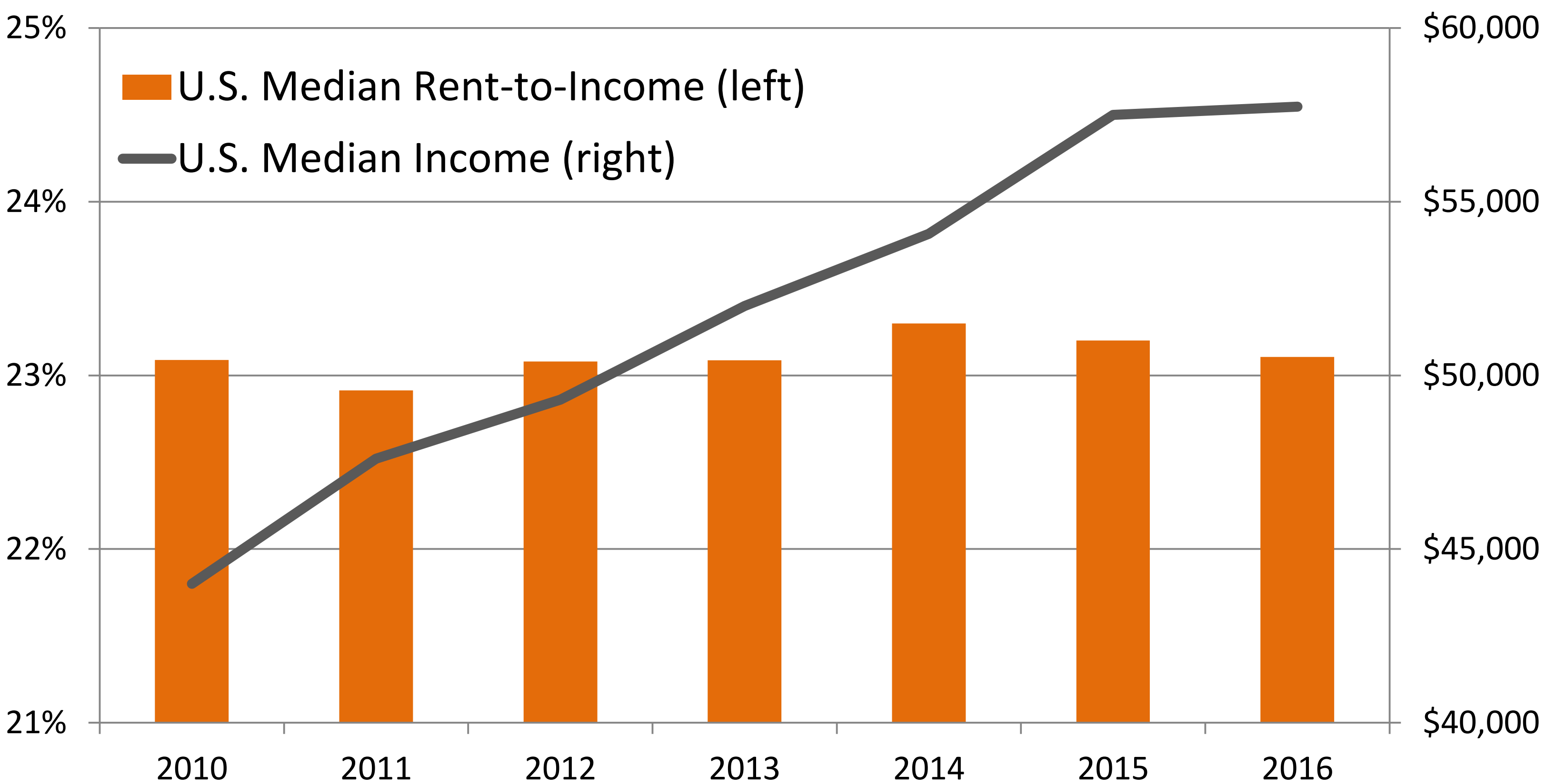
There's room for top-tier rent growth to slow but still be healthy in most, but not all, key building centers

Nashville
Charleston
Charlotte
Dallas
Salt Lake City
San Jose
Seattle
West Palm Beach

Raleigh
Denver
Austin

Washington, DC
Houston

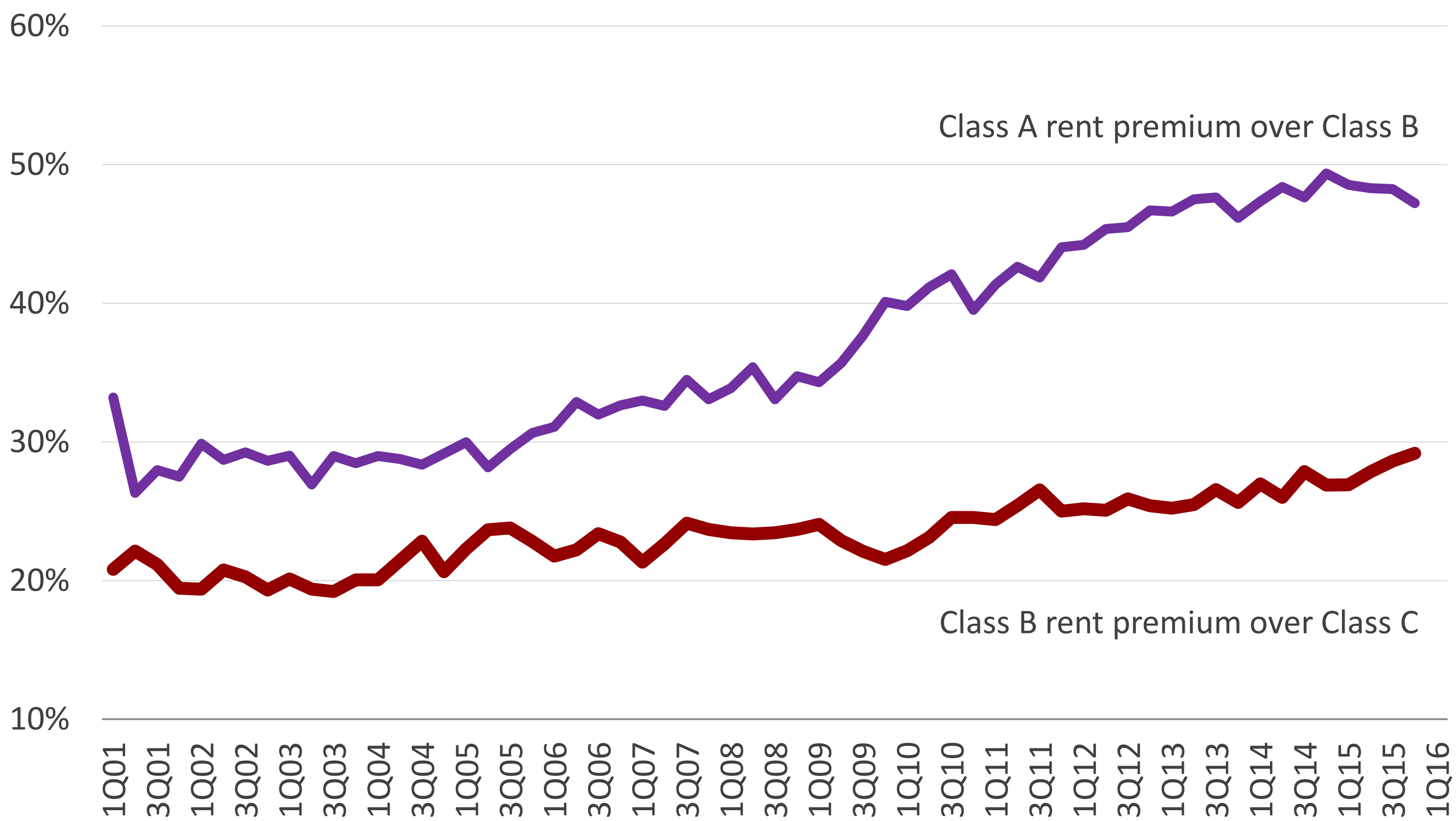
Upgrades in resident quality generally are leaving rent-to-income ratios steady so far in this economic cycle



Figures reflect actual lease transaction information for new residents in properties where RealPage technology solutions are in use

REALPAGE

Growing space in pricing power between product niches could have implications for what's next



The near-term outlook appears favorable, though not quite as hot as recent results

- Primarily because of more product moving through initial lease-up at any given point in time, look for occupancy to drift down just a little in 2016-2017.
- Still, the rate should remain healthy in the big picture, coming in around to slightly above 95%.

The near-term outlook appears favorable, though not quite as hot as recent results

- Similarly, annual rent growth probably is near its peak for this market cycle right now. But the outlook is still very healthy.
- From today's annual growth pace of roughly 5%, look for a year-over-year rent increase near 4% at the end of calendar 2016 and on into 2017.
- The comparison point there is rent growth averaging 2.5% to 3% annually over the course of the past two decades.

Thanks!

MPF Research, a division of RealPage, Inc.
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www.realpage.com

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ARCHITECTURE

HUMPHREYS & PARTNERS
ARCHITECTS, L.P.

DALLAS
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NEW YORK
NEWPORT
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ORLANDO
SCOTTSDALE
EDMONTON
TORONTO
CHENNAI
HANOI
LONDON
MONTEVIDEO

MARK HUMPHREYS, *CEO*

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Dallas, Texas 75240
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mark@humphreys.com

2016 CONSTRUCTION COSTS

HIGH RISE

HUMPHREYS & PARTNERS ARCHITECTS, L.P.

$210 - $240 per sq. ft. in Texas
(200-1000 units per acre)

Adolfson & Peterson Construction

$180 - $190 per sq. ft. in Texas
Under 17 story (no site or curtain wall)
(200-1000 units per acre)

CORBETT NICHTER
CNICHTER@A-P.COM

WT WHITING-TURNER

$175K - $225K per unit

MICHAEL BIGGS
MICHAEL.BIGGS@WHITING-TURNER.COM

Prices depend on square foot average, site conditions and other factors. • *15% higher out West (not California, Midwest or Northeast)
15% to 30% higher in California, Midwest, Northeast and Pacific Northwest • 10% higher on 5-story product

2016 CONSTRUCTION COSTS

CONVENTIONAL MULTIFAMILY

MARC PADGETT
MPADGETT@SUMMITCONTRACTORS.COM

Surface / Garden Style Product:
$90-$95/NSF – 1,000 SF Average

E-Urban / Surface Parked Product:
$100-$105/NSF w/ minimal sitework

Wrap Garage Product (4-Story):
$120 - $125/NSF

Wrap Garage Product (5-Story):
$150-$160 / sq ft = 900 sq ft avg

4-story Podium Parked Product:
$165-$175/NSF – NFPA 13R Type IV construction

5-story Podium Parked Product:
$190-$200/NSF – NFPA 13 Type III Construction

MICHAEL BIGGS
MICHAEL.BIGGS@WHITING-TURNER.COM

Wrap Garage Product (4-Story):
$100K - $150K per unit

Wrap Garage Product (5-Story):
$125K - $175K per unit

Prices depend on square foot average, site conditions and other factors. • *15% higher out West (not California, Midwest or Northeast)
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2016 CONSTRUCTION COSTS

CONVENTIONAL MULTIFAMILY

MARK LEAR
MLEAR@BBLBUILDERS.COM

Surface / Garden Style Product:
$106 - $115 NRSF

E-Urban / Surface Parked Product:
$112 - $118 NRSF

Wrap Garage Product (4-Story):
$130 - $138 NRSF

Wrap Garage Product (5-Story):
$145 - $160 NRSF

5 Stories Over 1 Level Podium (6 total)
$146 - $175 NRSF

JJ WILLIAMS
JWILLIAMS@JORDANFOSTERCONSTRUCTION.COM

Surface / Garden Style Product:
$115 - $125 NRSF

E-Urban / Surface Parked Product:
$115 - $125 NRSF

Wrap Garage Product (4-Story):
$140 - $150 NRSF

Wrap Garage Product (5-Story):
$150 - $160 NRSF

4 Stories Over 1 Level Podium (5 total)
$150 - $165 NRSF

5 Stories Over 1 Level Podium (6 total)
$160 - $175 NRSF

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ACHIEVING HIGHER DENSITY

HUMPHREYS & PARTNERS ARCHITECTS, L.P.

BIG HOUSE®

BIG HOUSE®

EFFICIENCY 100% rentable/sellable area

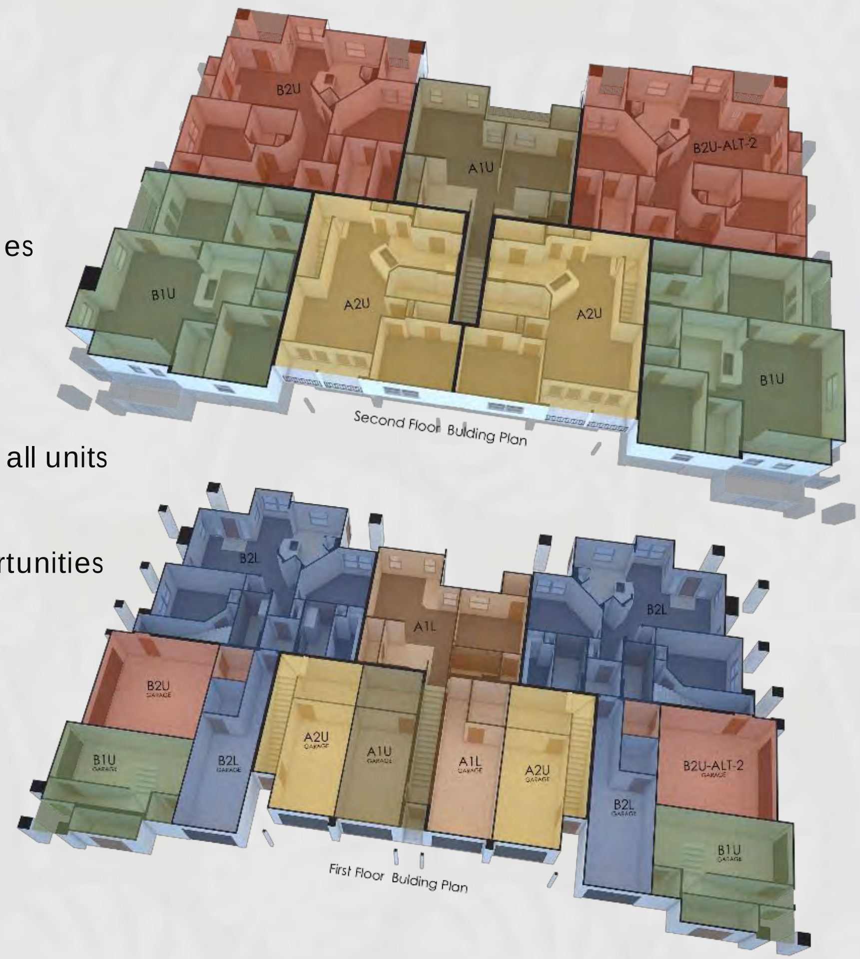
- Construction cost increase proportionate to increase in sales/leasing Stackable units simplify construction; garages pay for themselves
- Number of units per building can vary
- $100 - $105 per square foot

SINGLE FAMILY FEATURES Direct Access Garages available for all units

- Enclosed private stairs for all upper units
- Walk out patios and balconies; additional storage opportunities

ACCEPTANCE Aesthetic solution to multifamily development

- Greater community and jurisdiction acceptance



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EURBAN®

THE PRESERVE ON FREDRICKSBURG

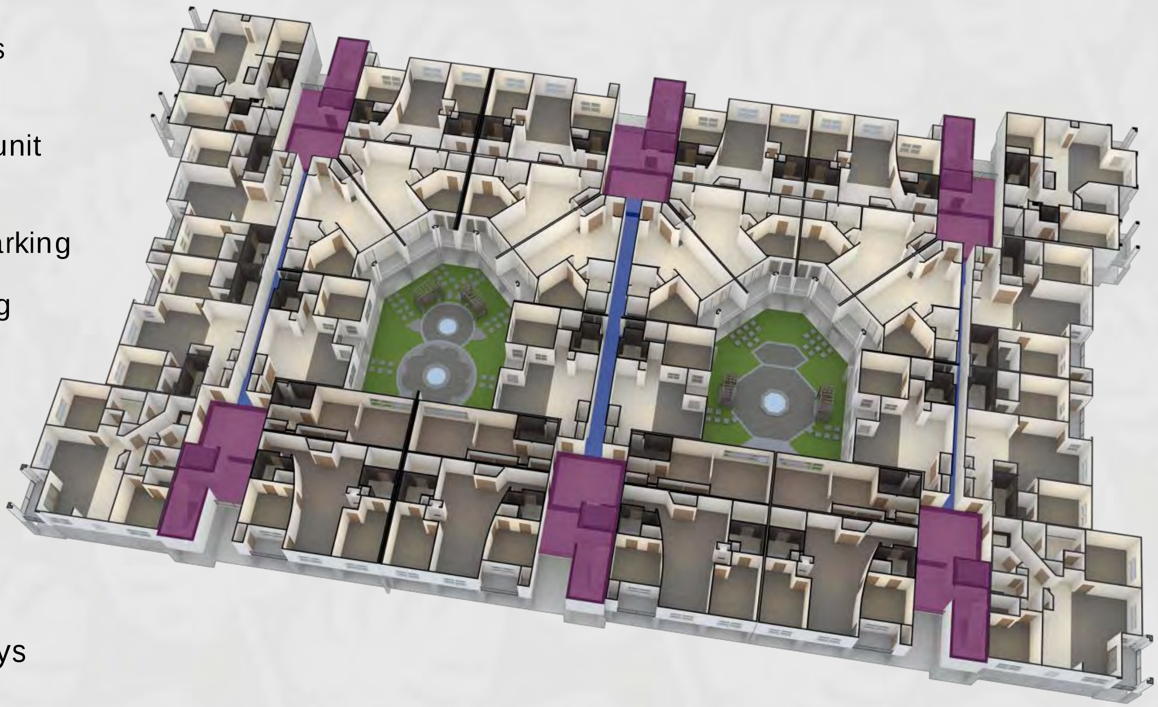
SAN ANTONIO, TX
24 units / acre

VOLARE

LAS VEGAS, NV
BIG HOUSE & EURBAN® 44.24 units / acre

EURBAN®

- Up to 86% efficient rentable/sellable area
- Comparable to typical corridor buildings (avg. 68%)
- Smaller unit square footages with same unit features
- Up to 44 units/acre with no structured parking
- Up to 118 units/acre with podium parking
- Up to 70 units/acre with wrap parking structure
- Densities based on 1.7 spaces/unit
- Most projects are 65 – 70% efficient
- 21%-31% savings
- 21%x 300,000 = 63,000 sq ft of hallways saved
- \$100 x 63,000 = <u>6.3 million</u>



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EOS

ORLANDO, FL

HOME RISE®

- Saves 3% - 5% of the Building OR about 25%-30% of circulation
- 300,000 sq ft OR $60,000,000 x 5%
- Saves 3 MILLION in Construction Costs
- Additionally, operation costs on hallways are less
- Typical long hi-rise corridors are eliminated
- Smaller & separate elevator lobbies are created
- Frees up the core of the building for building systems & service
- Simplified plan improves efficiency
- Creates a more inviting and luxurious unit entry space

Prices depend on square foot average, site conditions and other factors. • *15% higher out West (not California, Midwest or Northeast)
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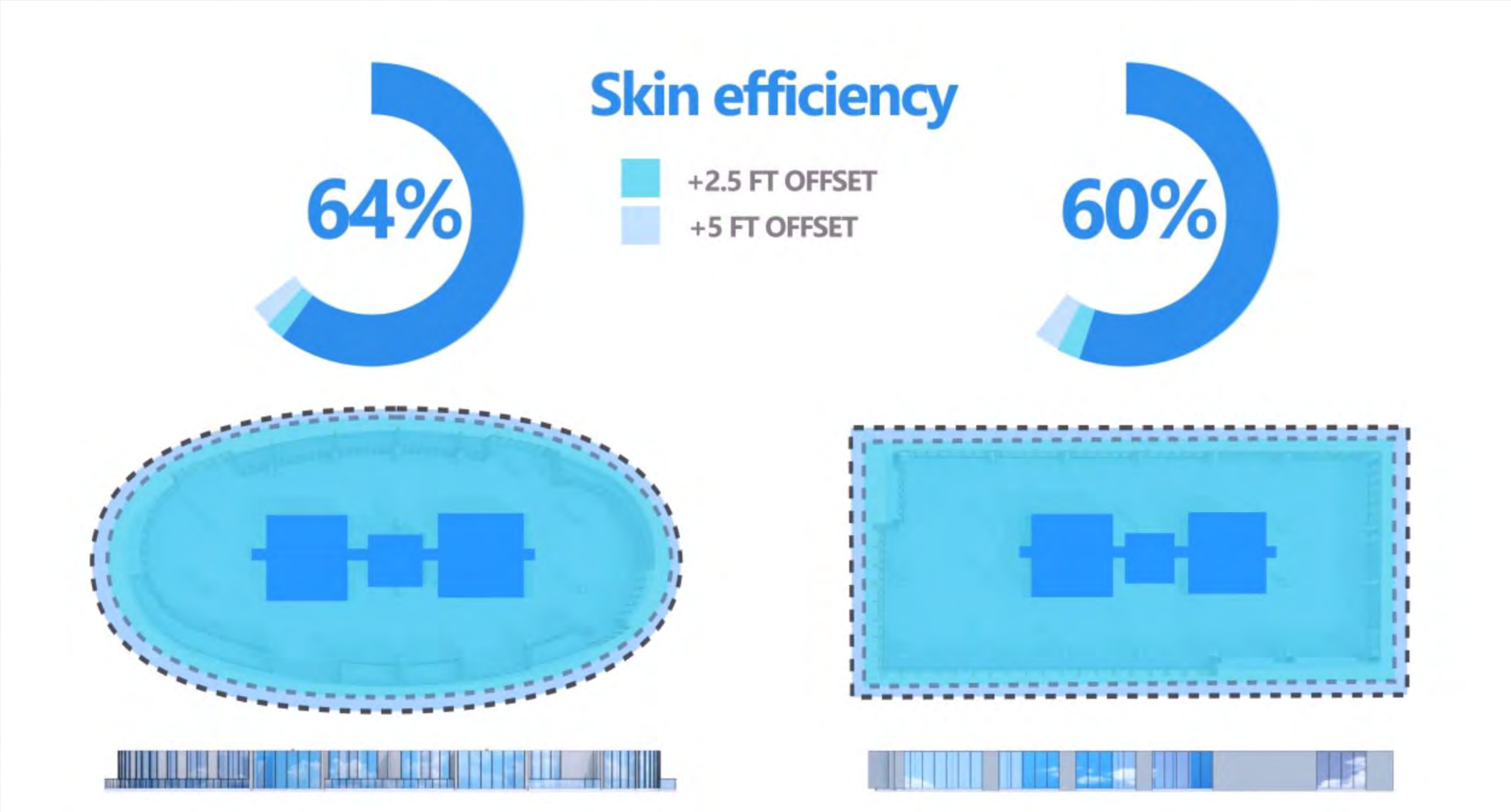
HOME RISE®

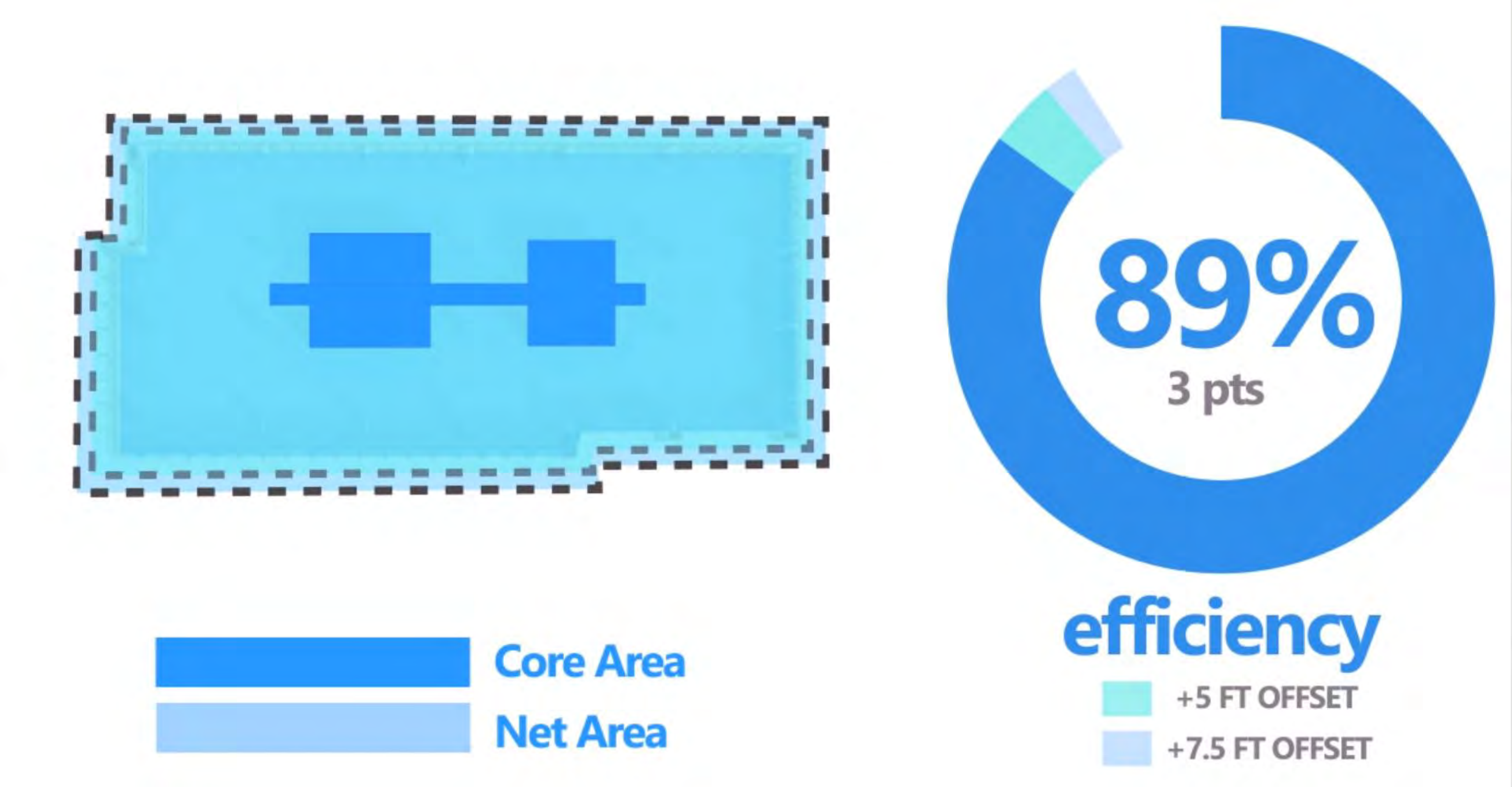
LEGACY WEST

PLANO, TX
184 units / acre

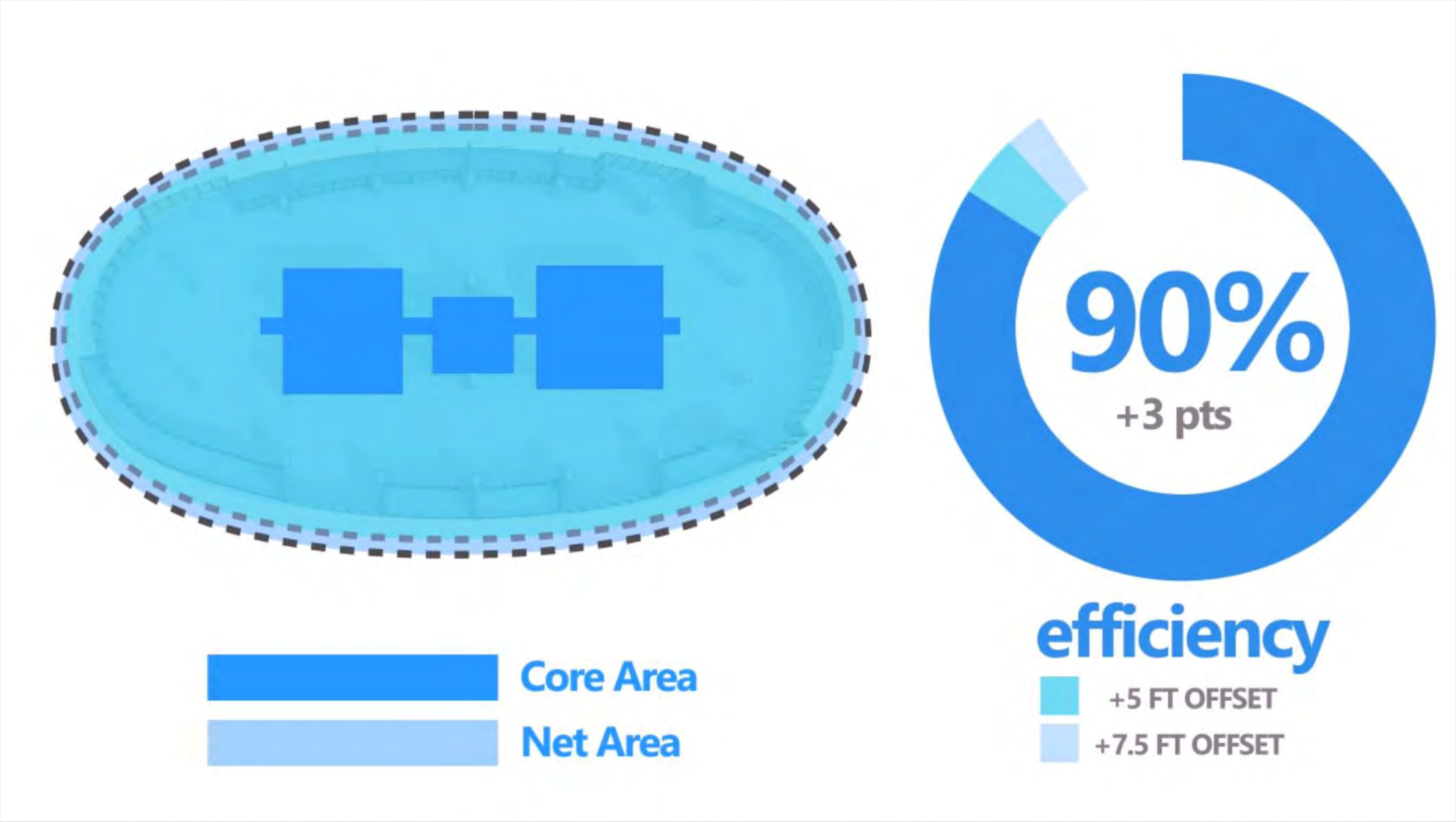
CASE STUDY: RECTANGLE VS OVAL



CASE STUDY: RECTANGLE VS OVAL



CASE STUDY: RECTANGLE VS OVAL



MIDRISE: WRAP & PODIUM

VITRUVIAN 200

FARMERS BRANCH, TX

5-Story Wrap : 82 units / acre

1100 SOUTH

Charlotte, NC

4-Story Podium : 107 units / acre







LATEST PROJECTS

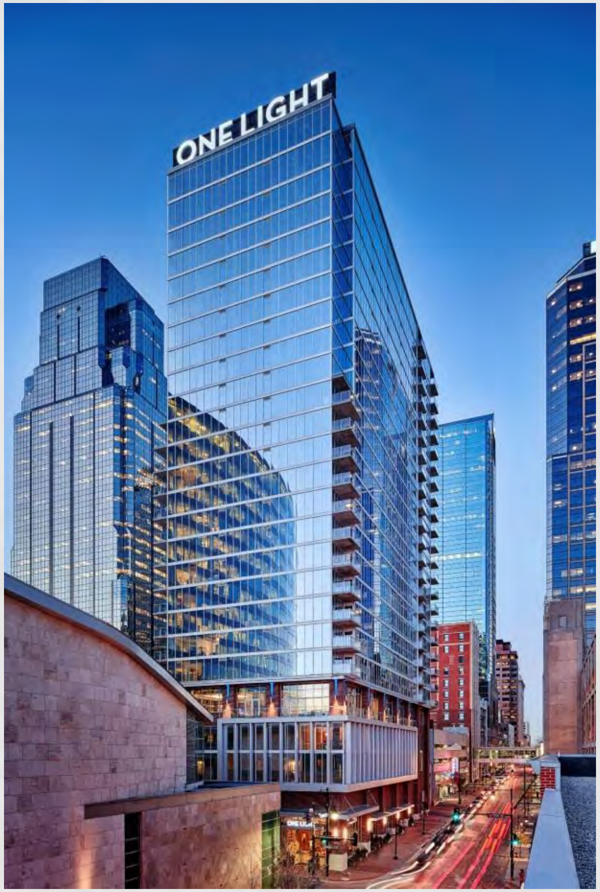
HUMPHREYS & PARTNERS ARCHITECTS, L.P.

ONE UPTOWN

DALLAS, TX
247 units / acre

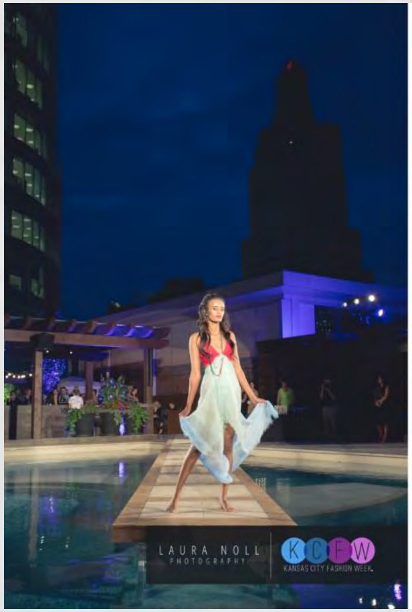
ONE LIGHT

KANSAS CITY, MO
972 units / acre



ONE LIGHT

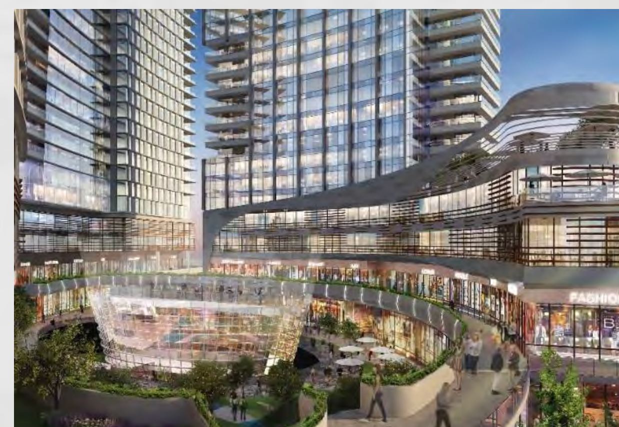
KANSAS CITY, MO



ONE ORCHARD
DENVER, CO

KING STREET

TORONTO, ONTARIO



NEWPORT ON THE LEVEE

NEWPORT, KY

STEEL FRAME | UNDER CONSTRUCTION

- 7-Story Aloft Hotel
- 139 keys
- 370.98 sq ft unit size
- 5-Story over Podium
- 229 Units
- 108 units per acre

AVALON

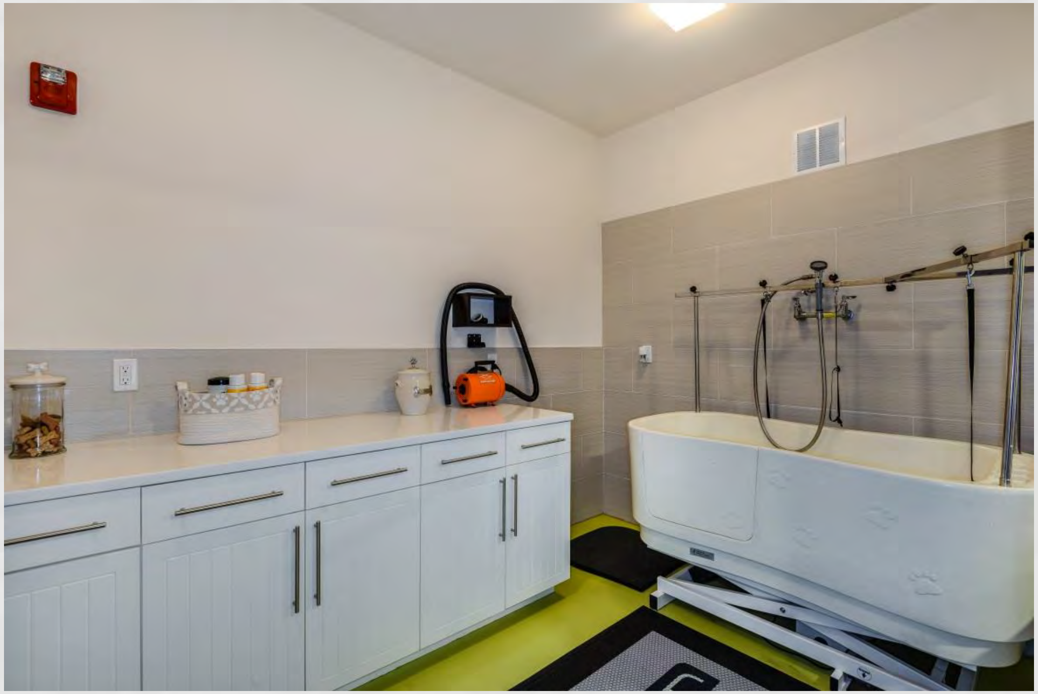
NASHVILLE, TN
203 units / acre

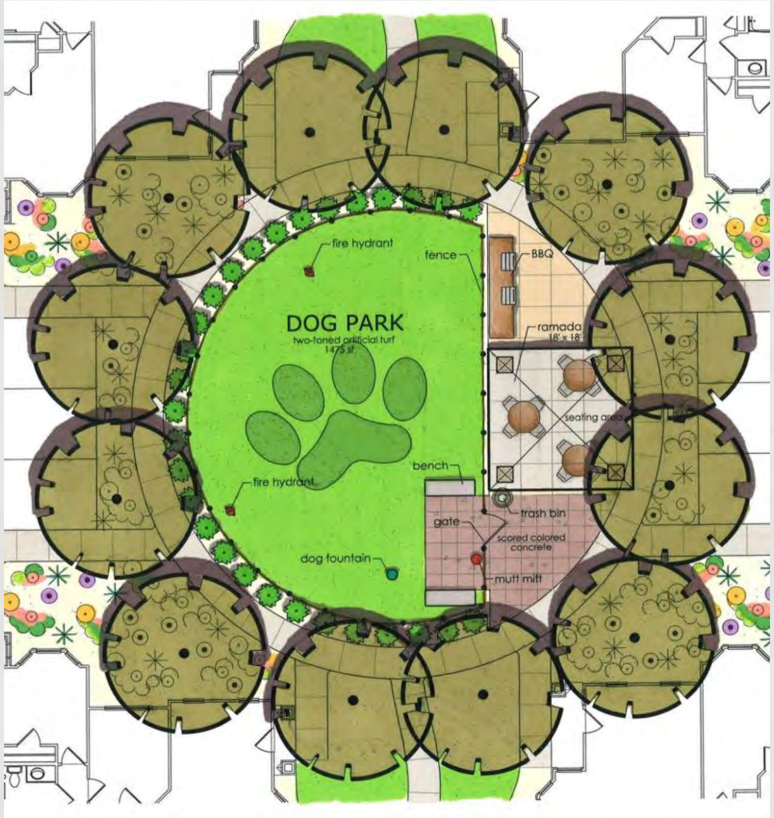
AMENITIES & TRENDS

HUMPHREYS & PARTNERS ARCHITECTS, L.P.

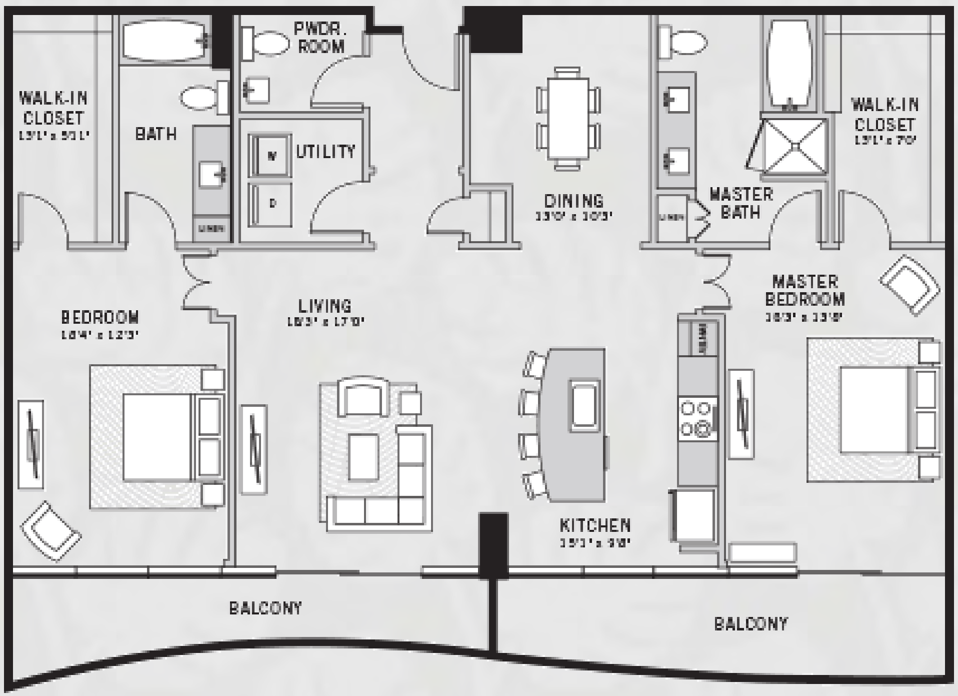
FOLDABLE WALLS

PET AMENITIES

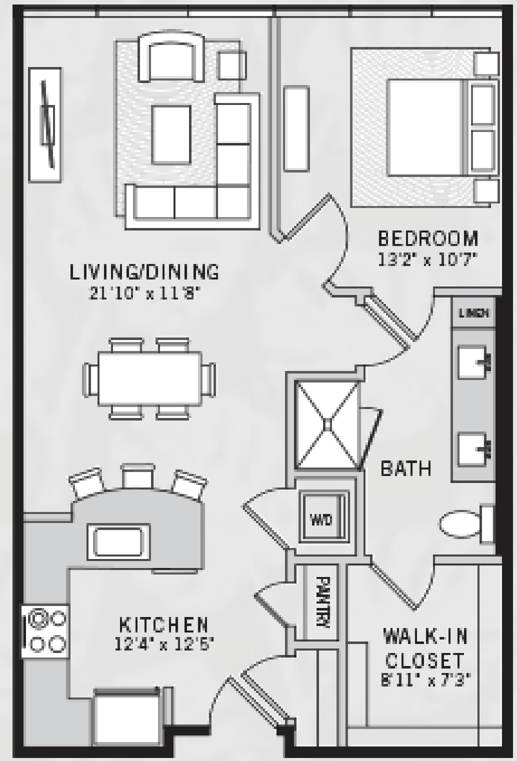




LARGER UNITS VS MICRO UNITS



Square Footage: 1,643



Square Footage: 771

VERTICAL GREEN

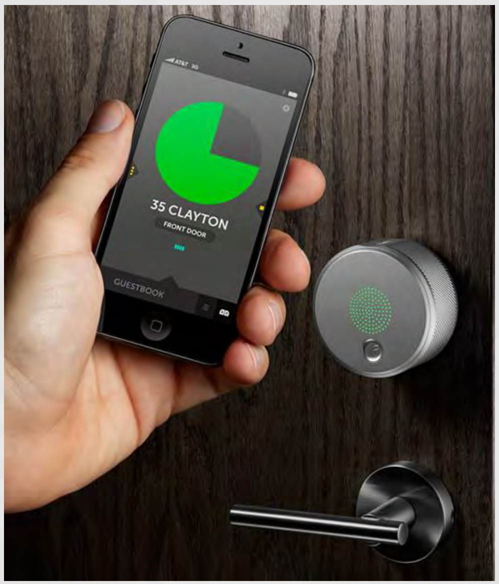
GAS COOKTOP

GLASS RECYCLED COUNTERTOPS

TEST KITCHEN

DISRUPTIVE TECHNOLOGY

UNIT UPGRADES



AIR BNB

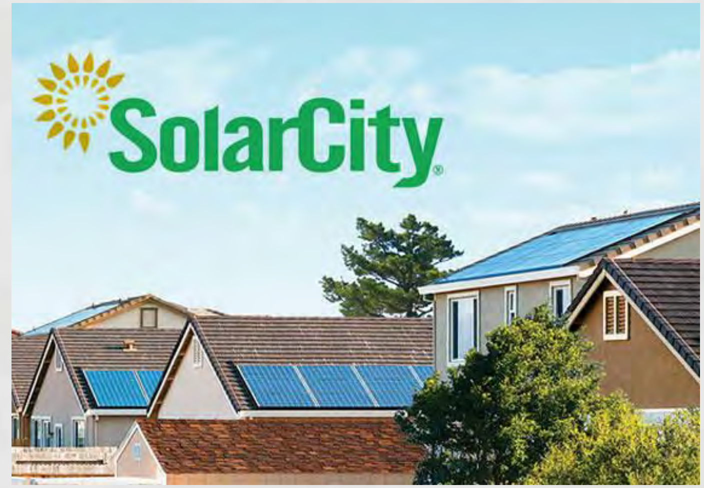
HOME DELIVERY

PACKAGE CONCIERGE

BATTERY HOUSE

SOLAR CITY

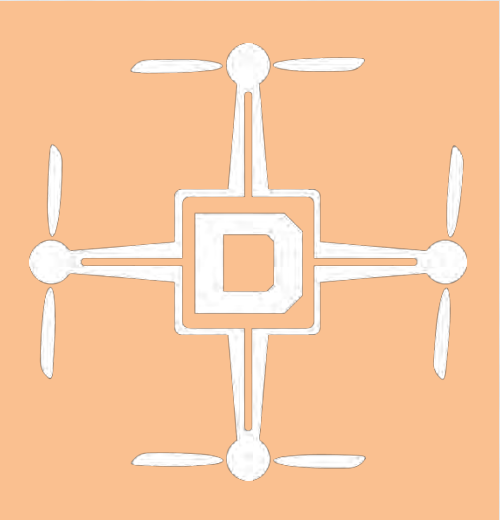

SolarCity


SolarCity


SolarCity
www.solarcity.com
888.SOL.CITY
Solar Power Systems for
888.765.2489

ELECTRIC CAR CHARGING

DRONE LANDING



ONE HUMPHREYS FAMILY OF COMPANIES

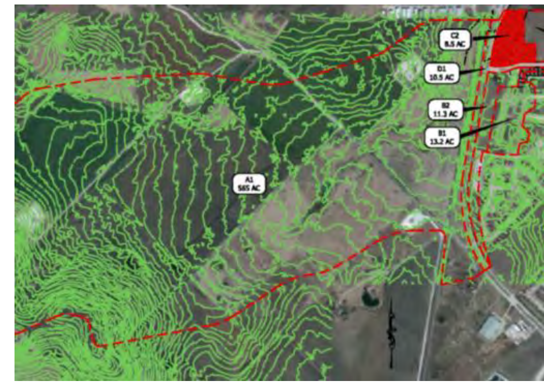
hpla

LANDSCAPE ARCHITECTURE
DANIEL ERLANDSON
214.269.5150
dan@hplastudio.com
www.hplastudio.com

HPA DESIGN GROUP

INTERIOR DESIGN
RACHELLE BEZNER
972.596.1700, ext. 4227
rachelle@hpadesign.com
www.hpadesigngroup.com

HP civil engineering



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ATTICUS
real estate with vision

GLASS RECYCLED
SURFACES

ARCHITECTURE: STUDENT HOUSING

HUMPHREYS & PARTNERS ARCHITECTS, L.P.

DALLAS
CHARLOTTE
CHICAGO
DENVER
NEW ORLEANS
NEW YORK
NEWPORT BEACH
ORLANDO
SCOTTSDALE
EDMONTON
TORONTO
CHENNAI
HANOI
LONDON
MONTEVIDEO

GREG FAULKNER, *President*

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P: 972.701.9636
greg@humphreys.com

VALUE, VISION AND REALITY

- Start with efficient building on net to gross & highest density as possible – (wood frame, steel to high rise)
- Big House®, eUrban® and Homerise - have to start with the best mousetrap.
- Location, location, location!
- Amenity war – especially with student, which are 10% of renters but their parents pay
- Parking and costs – keep above grade when it's possible or the costs are going to double.
- Beat the competition with unit plans and overall concept to achieve max rents.
- Mixed use and retail - make sure to have the right type of retail that will be a good fit. These sites have to be retail specific site, not retail in a housing project.

BEFORE...IN 1998...

ORLANDO, FLORIDA

THE STANDARD AT GAINESVILLE

GAINESVILLE, FLORIDA

- Student housing high rise
- 60,000 sf of retail
- 1200 beds
- 10-story parking garage
- VIP pool deck
- Hotel component

STERLING NORTHGATE

COLLEGE STATION, TEXAS

- Student housing
- 5 unit types
- 711 total beds
- 259 total units
- 7 story steel

NORTH POINT CROSSING

COLLEGE STATION, TEXAS

- 2 phases | 5 buildings total
- 1855 beds
- 623 units
- 4 & 5 Story
- Wrap & Podium

- Wrap & Podium
- Residential, retail and restaurant
- Phase 1: 375 units, 1123 beds; Buildings 1-3
- Phase 2: 228 units, 748 beds; Building 4 & Cottages

17^{TH} & P STREET

LINCOLN, NEBRASKA

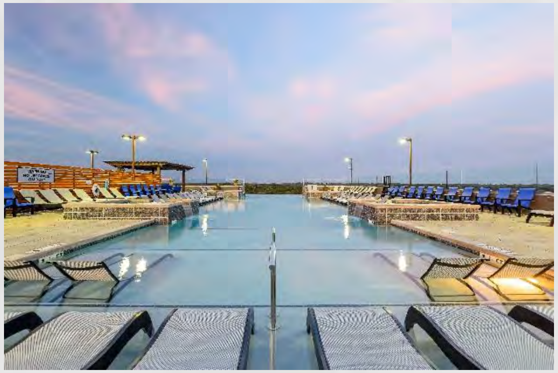
- 3 5-story buildings
- 1 2-story building
- 8-tier pre-cast parking garage
- 181 units
- 509 beds
- 2, 3, & 4 bedroom units

EXTREME AMENITIES

- Having the look and feel of a hotel
- Concierge services
- Yogurt service to the pool
- Infinity edge pools
- Lazy river pools
- Huge clubhouses with study areas
- Gaming / golf simulation
- Starbucks-type cyber cafes
- Digital exercise rooms
- Outdoor patio and kitchen areas
- Rooftop decks
- Wireless bandwidth
- Full theater rooms
- Apple-type leasing facilities
- Mixed-use contain retailers or grocers:

  (Whole Foods, CVS, Target)
- Spa-like amenities

EXTREME AMENITIES



2016 CONSTRUCTION COSTS

STUDENT HOUSING

Surface / Garden Style Apartments:
- $117 - $127 per NRSF (net rentable sq. ft.) in Texas and Southeast
- (30 to 50 beds per acre)

E-Urban / Surface Parked Apartments:
- 3-story $117 - $127 per NRSF
- 4- story elevatored $127 - $132 per NRSF in Texas and Southeast
- (80 to 90 beds per acre)

Wrap Garage Apartments:
- 4-story $137 - $142 per NRSF in Texas & Southeast
- 5 Story Type 3 Wrap $152 to $162 and podium $155 to $160
- (120 to150 beds per acre)

Podium Parked Apartments:
- $162 - $177 per NRSF in Texas and Southeast
- (170 to 220 beds per acre)

High Rise Apartments:
- $185 - $225 per NRSF in Texas & Southeast
- (300 beds per acre or higher)

5 Story Type 3 Wrap $145 to $150 and podium $155 to $160.

7 Story light steel $165 to $170 range.

*15% higher out West (not California, Midwest or Northeast)
15% to 30% higher in California, Midwest, Northeast and Pacific Northwest
10% higher on 5-story product
Prices depend on square foot average, site conditions and other factors.
Costs as of 2016

ARCHITECTURE: WEST COAST

HUMPHREYS & PARTNERS ARCHITECTS, L.P.

DALLAS
CHARLOTTE
CHICAGO
DENVER
NEW ORLEANS
NEW YORK
NEWPORT BEACH
ORLANDO
SCOTTSDALE
EDMONTON
TORONTO
CHENNAI
HANOI
LONDON
MONTEVIDEO

DANIEL GEHMAN, *Studio Director*

2350 SE Bristol St, Suite 310
Newport Beach, CA 92600
P: 947.955.9400
daniel@humphreys.com

BIXEL TOWER

LOS ANGELES, CALIFORNIA

- 425 units
- 36 stories
- Downtown location
- Studio, 1, and 2 bedroom plus penthouses
- Anticipated to break ground Q3 2017

500 KIRKHAM

OAKLAND, CALIFORNIA

- 414 units
- 20,000 sq ft of retail in "double podium" configuration
- Located half block from BART stop
- Studio, 1, and 2 bedrooms, including 16 artist-oriented work-live units

2130 VIOLET STREET

LOS ANGELES, CALIFORNIA

- 9-story creative office space
- Arts District location of downtown
- 95,000 sq ft of office space
- Parking at 3:1,000 sq ft, all above grade
- 5,000 sq ft of retail
- Roof deck
- Unique rotating program of art panel screen exposed garage

MILLIKAN & ALTON

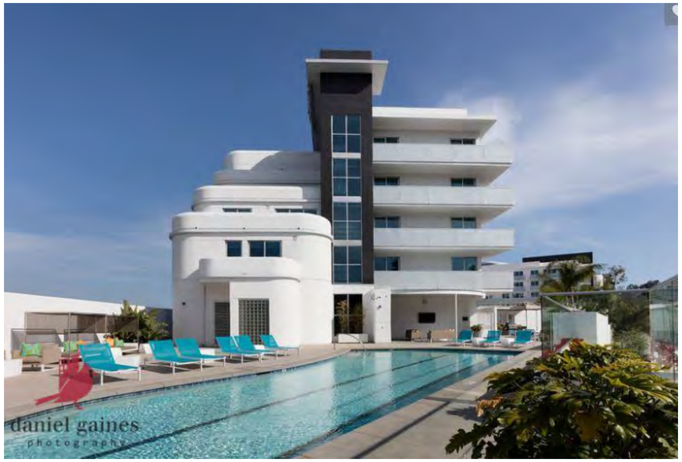
IRVINE, CALIFORNIA

- 5-story with loft wrap
- 344 units on 3.94 acres
- 87 units per ace
- 499 – 1,176 sq ft units
- 597 parking spaces
- 3,500 sq ft Clubhouse
- 2,500 sq ft Fitness area
- Also includes pool and rooftop garden

SKYE

LAGUNA NIGEL, CALIFORNIA

- 4-story
- 2 levels of parking
- 142 units
- 2.13 acres



2850 W 7th Street

LOS ANGELES, CALIFORNIA

- 166 units including 7 affordable units
- 5,000 sq ft of retail
- "Double podium" construction
- Korea Town neighborhood location

2016 CONSTRUCTION COSTS

WEST COAST MARKET

HUMPHREYS & PARTNERS ARCHITECTS, L.P.

Type III Wrap
225/sf on the net

Type III Podium
$275/sf on the net

High Rise
$375-400/sf on the net

Prices depend on square foot average, site conditions and other factors. • *15% higher out West (not California, Midwest or Northeast)
15% to 30% higher in California, Midwest, Northeast and Pacific Northwest • 10% higher on 5-story product

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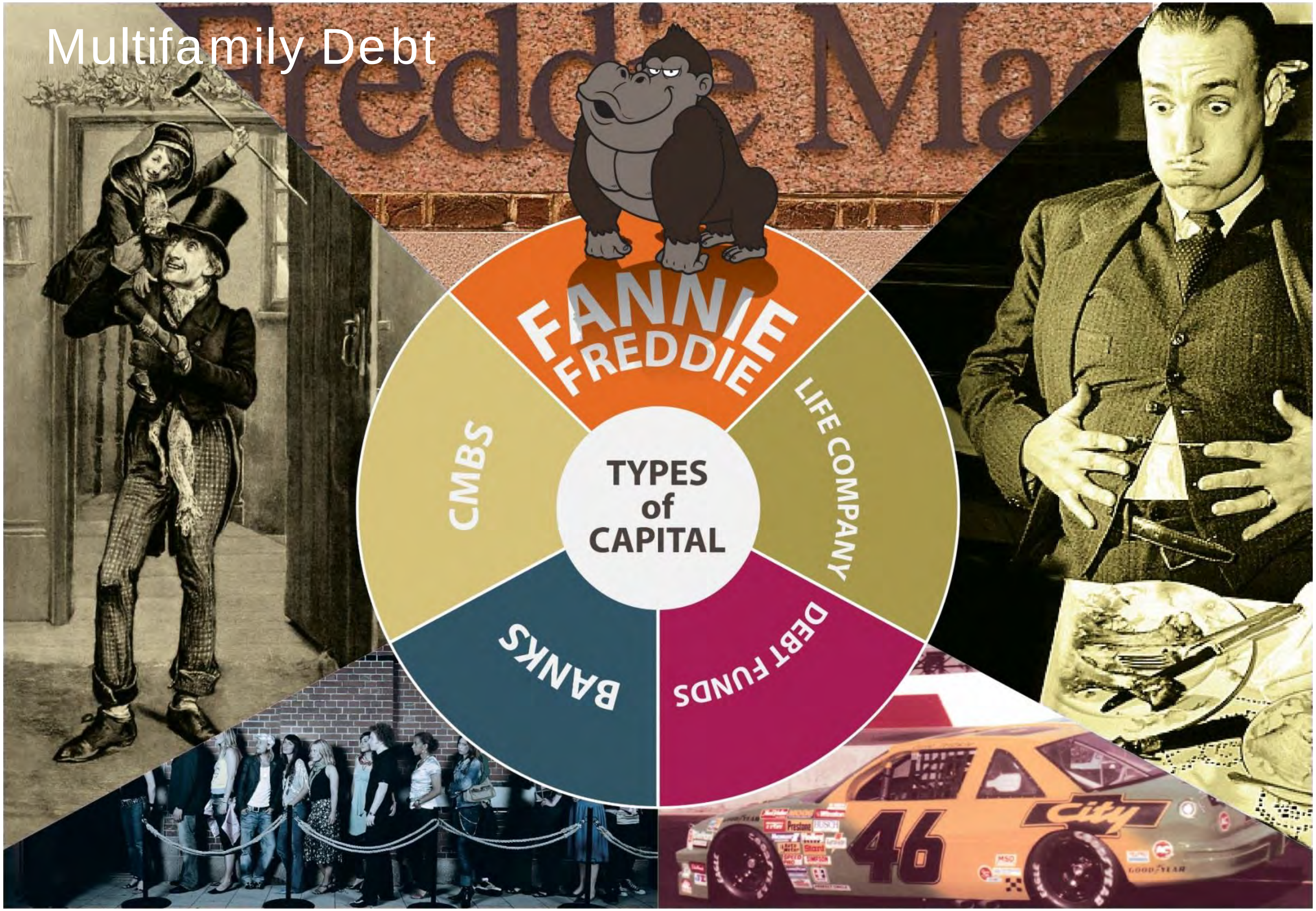
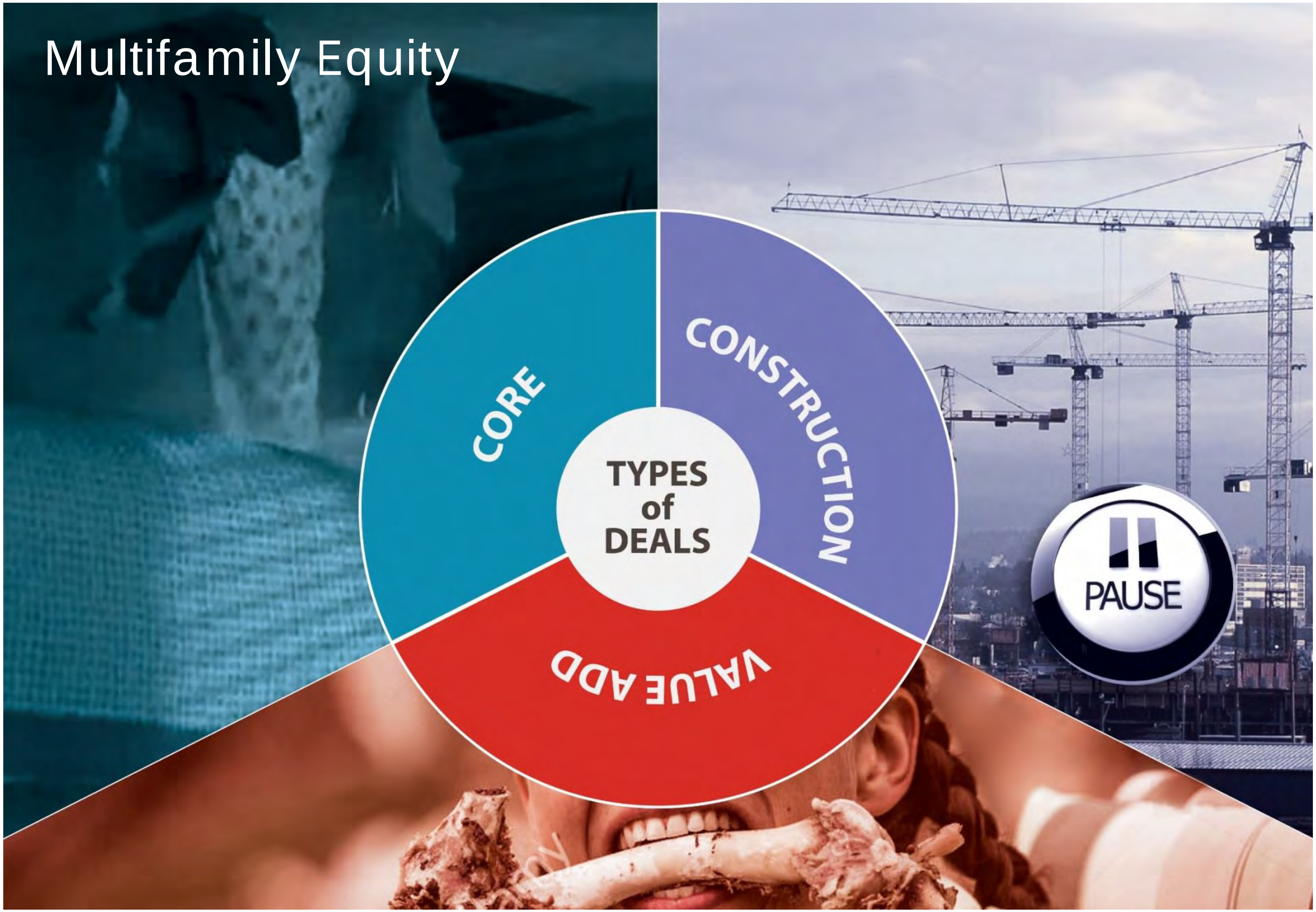
Multifamily Debt



Multifamily Equity



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FEEDBACK

What programs would you like to see in the future?

- New designs & concepts
- Equity
- Lending
- Student Housing
- Other (please specify)

Email marketing@humphreys.com with your ideas and/or any questions on today's discussion. We look forward to hearing from you!

CALL 972.701.9363
EMAIL marketing@humphreys.com
VISIT www.humphreys.com

UPCOMING EVENTS

Multifamily Executive Conference
Operational Excellence

September 19-21, 2016
Bellagio, Las Vegas

MFE
MULTIFAMILY EXECUTIVE

CONCEPT COMMUNITY 2016 >>
THE NEXT-GEN APARTMENT

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UPCOMING EVENTS

NMHC NATIONAL MULTIFAMILY HOUSING COUNCIL

NMHC Student Housing

Sept. 28-30, 2016

Marriott-New Orleans, LA

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THANK YOU FOR ATTENDING

MID-YEAR WEBINAR

FOR APARTMENT DEVELOPMENT

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