

US CAPITAL TRENDS | APARTMENT

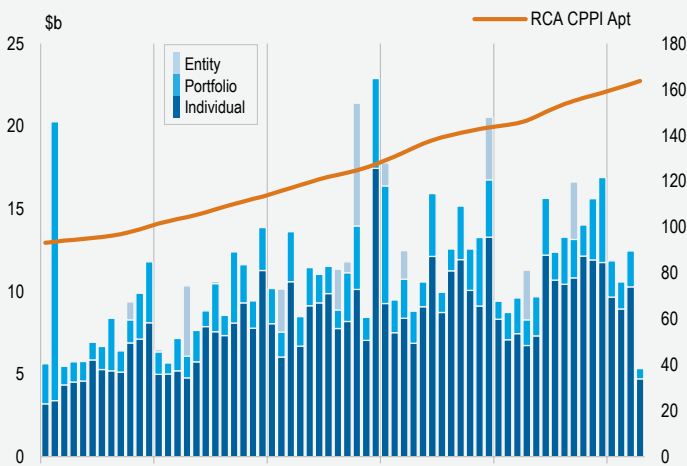
Deal activity in the apartment sector stalled in April after three months of high double-digit sales growth. One month does not make a trend, but the scale of the decline in April was strong enough to eliminate the gains of previous months.

\$5.3b Transaction volume

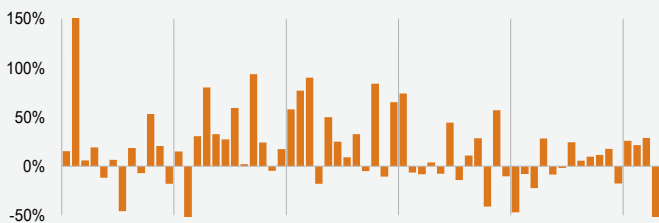
-53% YOY volume change

11.7% YOY price change

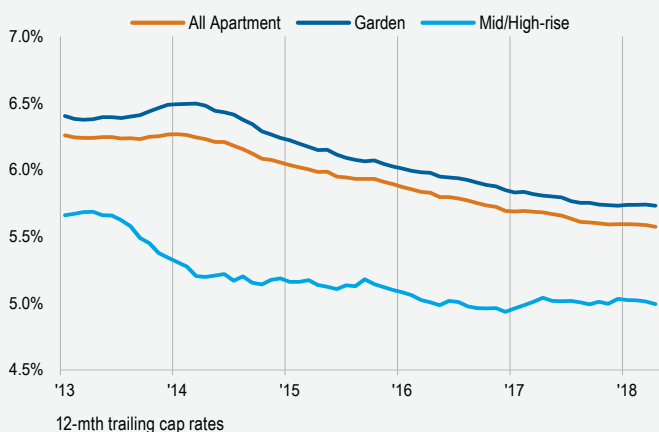
Monthly Transaction Volume & Pricing



Year-Over-Year Volume Change



Cap Rates



The story for the apartment sector in 2018 had been one of strong double-digit growth in sales but, with this single month, volume is now only slightly ahead of the pace set in 2017. Macro concerns may have driven this reversal. The 10yr UST peaked below the 3% range in February then began sliding into early April. Throughout April the 10yr UST climbed sharply and crossed the 3% threshold.

Uncertainty grew in April as the 10yr UST moved up 30 bps and deals are more difficult to complete when there is uncertainty. Cap rates did not move from the levels seen in the last six months. Cap rates for garden apartments stayed at 5.7% while those for mid/highrise assets stayed at 5.0%.

Along with the stalled pace of change in cap rates, growth in the RCA CPPI for apartments has flattened. The growth is still impressive, with prices up 11.7% YOY in April, but there is a bit of a tempering in this growth which suggests that the recent acceleration has hit a near-term peak.

The decline in deal volume was more of story for garden apartments than for mid/highrise assets.

Make no mistake, deal volume was weak for mid/highrise assets as well, with activity down 41% YOY. Deal volume for garden apartments, though, was down 57% YOY with a \$4.8b decline from a year earlier. The pace of decline was closer when looking at single asset sales: down 30% YOY for garden apartments and 29% for mid/highrise.

The decline in portfolio and entity-level deals in April was more pronounced than that for single asset sales. Megadeal volume fell \$3.9b from a year earlier, with only \$626m of sales in the month. This drop was sharp enough to bring megadeal volume for the year below the pace set in 2017. By contrast, single assets sales, while down 30% YOY in April, are still up 14% for the year to date.

Market Table | All Apartment

Apartment Transactions Reported Closed		Garden				Mid/Highrise				All Apartment			
		Volume		Price		Volume		Price		Volume		Price	
YTD through Apr'18		\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate
Mid-Atlantic	Baltimore	147.7	6	189,043		140.4	6	182,747		288.0	12	185,889	
	DC	78.0	7	99,869		406.5	10	358,809	4.4%	484.5	17	293,519	4.4%
	DC MD burbs	597.2	20	151,608		307.7	7	238,920		904.9	27	173,123	4.7%
	DC VA burbs	480.8	8	216,603	5.0%	458.6	5	279,124	4.7%	939.4	13	245,224	4.8%
	Philadelphia	159.9	11	175,496	5.9%	271.6	12	381,525	4.8%	431.5	23	264,218	5.5%
	Pittsburgh	39.8	1						6.3%	39.8	1		6.4%
	Richmond/Norfolk	203.0	18	72,555	6.2%	39.0	2			242.0	20	75,692	6.2%
	Tertiary Mid-Atlantic	160.9	12	87,032	7.0%	46.3	4	88,602	8.2%	207.2	16	87,415	7.4%
	Total	1,867.2	83	137,272	6.1%	1,670.1	46	268,830	5.5%	3,537.3	129	179,822	5.9%
Midwest	Chicago	507.6	31	123,443	6.2%	551.1	18	227,568	5.2%	1,058.8	49	161,696	5.7%
	Cincinnati	105.0	7	66,231	7.0%	51.7	2			156.7	9	62,327	7.0%
	Cleveland	37.4	5	46,346		104.0	5	100,279		141.4	10	76,129	
	Columbus	223.7	14	80,932	6.8%					223.7	14	80,932	6.8%
	Detroit	118.0	10	84,523	6.8%	20.4	2		6.3%	138.4	12	84,523	6.7%
	Indianapolis	132.0	11	88,266		55.1	2			187.1	13	88,266	
	Kansas City	128.0	10	70,742	6.3%	56.1	2		5.8%	184.0	12	91,008	6.1%
	Minneapolis	171.8	22	104,130	6.5%	179.5	6	248,350		351.3	28	138,709	6.1%
	St Louis	332.1	22	56,486	7.0%	89.4	2	148,752		421.5	24	66,050	7.0%
	Tertiary Midwest	586.4	69	64,606	6.9%	359.0	15	170,060	5.6%	945.4	84	84,729	6.5%
	Total	2,355.4	202	77,769	6.7%	1,466.3	54	181,782	5.7%	3,821.7	256	99,403	6.4%
Northeast	Boston	184.3	18	212,083	6.1%	300.4	8	441,629		484.7	26	290,167	5.5%
	Hartford	80.9	6	135,737						80.9	6	135,737	
	Long Island	69.7	6	196,338						69.7	6	196,338	
	Manhattan					2,264.7	73	659,503	3.7%	2,264.7	73	659,503	3.7%
	No NJ	208.0	28	131,701	5.1%	511.5	59	158,659	5.9%	719.6	87	149,827	5.5%
	NYC Boroughs	25.7	6	295,517		1,539.3	122	287,802	4.5%	1,565.0	128	287,949	4.4%
	Stamford	19.5	3	163,782		25.5	1			45.0	4	245,847	
	Westchester	145.2	8	235,720		97.1	6	353,621	5.9%	242.3	14	274,523	5.9%
	Tertiary Northeast	422.0	29	191,591	6.1%	40.9	5	144,375	4.8%	462.9	34	185,882	5.7%
	Total	1,155.3	104	182,012	5.4%	4,779.5	274	368,118	4.7%	5,934.8	378	305,719	4.9%
	Southeast	Atlanta	1,501.6	59	97,626		278.8	5	204,813		1,780.3	64	106,940
Broward		172.5	13	109,092	5.3%	206.3	4	194,426		378.8	17	147,849	4.9%
Charlotte		519.6	26	92,405	5.1%	107.1	2	182,765		626.7	28	102,424	5.1%
Jacksonville		173.5	10	92,893		59.6	1			233.1	11	106,070	6.5%
Memphis		82.2	5	54,376		8.5	1			90.7	6	54,376	
Miami		173.3	26	145,004		26.8	3	153,012		200.0	29	145,552	6.9%
Nashville		184.7	12	92,922	5.6%	178.2	3	225,025		362.9	15	139,094	5.6%
Orlando		407.9	15	139,347	5.1%	240.2	4	213,467	4.8%	648.0	19	160,994	5.0%
Palm Beach		312.5	11	170,834	6.6%	10.3	1			322.8	12	155,080	6.6%
Raleigh/Durham		487.8	17	120,678		237.1	4	215,766	5.4%	724.9	21	141,005	5.4%
Tampa		442.4	17	116,334	5.9%	130.8	2	307,104		573.2	19	139,285	5.8%
Tertiary Southeast		2,543.8	201	85,913	7.0%	336.3	15	130,238		2,880.2	216	88,867	7.0%
Total		7,002.6	413	97,343	6.4%	1,819.9	45	192,013	5.2%	8,822.4	458	108,788	6.2%
Southwest	Austin	591.7	24	143,353	5.3%	33.0	1			624.7	25	143,353	5.3%
	Dallas	1,986.7	94	108,187	5.6%	358.1	9	189,377	4.5%	2,344.8	103	114,296	5.5%
	Denver	966.7	38	180,123	5.8%	254.1	7	248,368	4.6%	1,220.8	45	192,508	5.4%
	Houston	1,563.2	62	101,706	6.0%	185.3	3	200,530		1,748.5	65	110,669	6.0%
	Phoenix	1,065.5	55	123,912	5.6%	549.2	6	262,549		1,614.6	61	153,827	5.6%
	San Antonio	301.5	20	66,600	6.7%	292.9	5	162,075		594.3	25	88,781	6.7%
	Tertiary Southwest	1,403.0	139	84,941	6.8%	15.3	2	145,286		1,418.2	141	85,552	6.8%
	Total	7,878.2	432	110,569	6.0%	1,687.8	33	224,048	4.5%	9,566.0	465	123,194	5.9%
	West	East Bay	144.8	17	268,565	5.0%	103.4	4	344,517		248.1	21	298,350
Inland Empire		399.9	16	153,943	5.0%	35.3	1			435.3	17	153,943	5.0%
Las Vegas		443.1	20	119,634	5.0%	57.4	3	91,939		500.5	23	115,641	5.0%
Los Angeles		1,492.9	180	246,689	4.4%	646.9	34	348,027	4.6%	2,139.8	214	269,893	4.4%
Orange Co		402.1	33	283,828	4.3%	153.2	2	207,843		555.3	35	257,174	4.3%
Portland		306.7	29	163,573	4.7%	165.2	7	304,056	4.9%	471.9	36	190,763	4.8%
Sacramento		317.0	26	130,099	5.4%	51.0	2	233,945		368.0	28	139,280	5.4%
Salt Lake City		378.1	15	155,464	6.5%	29.1	3			407.2	18	155,464	6.5%
San Diego		302.2	29	236,423	4.6%					302.2	29	236,423	4.6%
San Francisco		206.9	31	421,368		133.7	11	423,085		340.6	42	422,057	4.4%
San Jose		213.0	18	370,358		107.3	1			320.2	19	420,770	4.5%
Seattle		786.3	56	184,768	5.1%	416.0	19	346,125	4.2%	1,202.3	75	221,669	4.8%
Tertiary West		1,183.0	89	146,803	5.7%	81.1	5	135,472		1,264.2	94	146,164	5.7%
Total	6,575.9	559	184,510	5.0%	1,979.7	92	293,262	4.5%	8,555.6	651	201,399	4.9%	
Total	Total US	26,834.6	1,793	119,319	5.8%	13,403.1	544	263,440	5.0%	40,237.7	2,337	146,877	5.6%

Selected Recent Transactions



Strand of Alexandria, Alexandria, VA



Optima Tower, Chicago, IL

Property Name Address Location	Units Year Built Notes	Price \$/Unit Qualifier	O Owner/Buyer S Seller ↔ Broker
Mid-Atlantic			
Barton at Woodley 2701 Calvert St NW Washington, DC	211 2001 Mid/Highrise	\$106,500,000 \$504,739 confirmed	O TA Realty from S JP Morgan JV Gables Res - Clarion by ↔ CBRE
Strand Of Alexandria 240 Yoakum Pkwy Alexandria, VA	395 1988 Mid/Highrise	\$80,000,000 \$202,532 confirmed	O FPA Multifamily from S Azure Partners by ↔ Eastdil Secured
Orchard Meadows at North Ridge 3421 Sonia Trl Ellicott City, MD	240 1998 Mid/Highrise	\$50,500,000 \$210,417 confirmed	O Morgan Properties from S Azure Partners by ↔ Eastdil Secured
Crystal Park at Waterford 100 Alessandra Ct Frederick, MD	314 1990 Garden	\$45,700,000 \$145,541 confirmed	O Elite Street Capital from S KBS Legacy Partners Apt REIT by ↔ HFF
Zion Towers 1100 Pennsylvania Ave Baltimore, MD	211 1977 Mid/Highrise	\$39,000,000 \$184,834 approximate	O Orion Residential from S SHP Acquisitions, LLC
Midwest			
Optima Tower 200 E Illinois St Chicago, IL	325 2013 Mid/Highrise	\$155,000,000 \$476,923 approximate	O Edge Principal from S Optima JV DeBartolo Development JV OPSEU Pension Trust (OPTrust) by ↔ HFF
Northgate Crossings 250 Northgate Pkwy Wheeling, IL	300 2015 Garden	\$72,250,000 \$240,833 confirmed	O Azure Partners from S REVA Dev't Partners
Maverick North Loop 100 Hennepin Ave Minneapolis, MN	168 2017 Mid/Highrise	\$57,225,000 \$340,625 confirmed	O Praedium Group from S Ryan Companies JV Shorenstein by ↔ Eastdil Secured
Lofts at the Highlands 1031 Highlands Plaza Dr W St. Louis, MO	200 2005 Mid/Highrise	\$44,400,000 \$222,000 confirmed	O Elite Street Capital from S KBS Legacy Partners Apt REIT by ↔ HFF
River South 13000 Harriet Ave Burnsville, MN	304 1971 Garden	\$37,250,000 \$122,533 confirmed	O Priderock Cap Prtnrs from S Hudson Cap Props JV Redwood Capital Group
Northeast			
Prospect Place 300 Prospect Ave Hackensack, NJ	360 1988 Mid/Highrise	\$101,666,667 \$282,407 approximate	O Kushner Companies from S Goldman Sachs JV Greystar JV Ivanhoe Cambridge by ↔ HFF
Elmhurst Apartments 94-26 56th Ave Queens, NY	164 1961 Mid/Highrise	\$56,500,000 \$344,512 approximate	O Zara Realty by ↔ Rosewood from S TreeTop Development by ↔ Rosewood
Forest Hill Terrace 325 Grafton Ave Newark, NJ	452 1949 Garden	\$50,000,000 \$110,619 approximate	O Skylark Management by ↔ Gebroe-Hammer from S Kamson Corp by ↔ Gebroe-Hammer
Webster Green 757 Highland Ave Needham, MA	79 1985 Garden	\$34,500,000 \$436,709 confirmed	O Hamilton Company from S True North Cap Prtnrs by ↔ CBRE
Wakefield Vista 105 Hopkins St Wakefield, MA	114 2013 Mid/Highrise	\$29,500,000 \$258,772 confirmed	O OBP Partners by ↔ Colliers International from S True North Cap Prtnrs by ↔ Colliers International

Selected Recent Transactions



The Cleo Apartments, Nashville, TN



The Met at Fashion Center, Chandler, AZ

Property Name Address Location	Units Year Built Notes	Price \$/Unit Qualifier	O Owner/Buyer S Seller ↔ Broker
Southeast			
The Cleo Apartments 1034 W Eastland Ave Nashville, TN	291 2017 Mid/Highrise	\$68,000,000 \$233,677 approximate	O Mautner-Glick Corp JV Spyglass Cap Prtnrs from S Liv Development by ↔ CBRE
Alexander Village 9224 Graham Ridge Dr Charlotte, NC	320 2014 Mid/Highrise	\$59,100,000 \$184,688 approximate	O Starlight US MF No 1 from S Centennial Holding Co
Wildwood of Baton Rouge 5959 Burbank Dr Baton Rouge, LA	204 2016 Garden	\$52,500,000 \$257,353 approximate	O Adam America RE from S Dovetail Companies by ↔ IPA (Marcus & Millichap)
Tramore Village 2222 East West Connector Austell, GA	324 1999 Garden	\$44,350,000 \$136,883 confirmed	O Resource Apartment REIT III from S Cottonwood Capital JV Creekstone Partners by ↔ JLL
Royal Oaks 7314 Jackson Springs Rd Town 'n' Country, Tampa, FL	400 1972 Garden	\$42,150,000 \$105,375 confirmed	O NorthEnd Equities from S Axonic Properties by ↔ Marcus & Millichap
Southwest			
Legacy at Valley Ranch 7902 N Macarthur Blvd Irving, TX	504 1997 Garden	\$67,500,000 \$133,929 confirmed	O Elite Street Capital from S KBS Legacy Partners Apt REIT by ↔ HFF
The Met at Fashion Center 1 N Hearthstone Way Chandler, AZ	303 2016 Mid/Highrise	\$64,800,000 \$213,861 confirmed	O Eaton Vance RE from S HCW Development JV Statesman Group by ↔ Marcus & Millichap
The Links at Plum Creek 1100 E Plum Creek Pkwy Castle Rock, CO	264 2000 Garden	\$61,100,000 \$231,439 confirmed	O Bluerock RE LLC from S Sentinel Real Estate by ↔ Newmark Knight Frank
Brookside 2702 Moorhead Ave Boulder, CO	144 1993 Garden	\$51,000,000 \$354,167 confirmed	O Carlyle Group from S Starwood Capital by ↔ Newmark Knight Frank
Willow Run Village 12621 Zuni St Broomfield, CO	216 1999 Garden	\$50,000,000 \$231,481 approximate	O Hamilton Zanze & Co from S Griffs/Blessing Inc by ↔ CBRE
West			
Santa Fe Lofts 558 S Main St Los Angeles, CA	132 1911 Mid/Highrise	\$68,623,500 \$519,875 confirmed	O M West Holdings JV GreenOak by ↔ Cushman & Wakefield from S Capital Foresight by ↔ Cushman & Wakefield
Nova Pointe 800 E Washington St Colton, CA	600 1985 Garden	\$60,000,000 \$100,000 approximate	O Westview Group JV FFAH from S Korda Construction by ↔ IPA (Marcus & Millichap)
Dry Creek at East Village 124 S Dry Creek Ridge Ln Sandy, UT	282 2015 Garden	\$57,000,000 \$202,128 confirmed	O DiNapoli Cap Prtnrs from S Security Natl Life Ins by ↔ Berkadia
Bridgetown Lofts 1850 NW Front Ave Portland, OR	149 2016 Mid/Highrise	\$55,000,000 \$369,128 confirmed	O Madison Park Financial Corp from S Fore Property by ↔ CBRE
Rainier Pointe Apartments 6643 20th St E Tacoma, WA	241 1986 Garden	\$39,500,000 \$163,900 approximate	O RISE Properties Trust from S Loma Linda U Endowment JV Security Properties by ↔ Moran & Co

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About Real Capital Analytics

Real Capital Analytics (RCA) is the authority on the deals, the players and the trends that drive the commercial real estate investment markets. Covering all markets globally, RCA delivers timely and reliable data with unique insight into market participants, pricing and capital flows. The most active investors, lenders and advisors depend on RCA's market intelligence to formulate strategy and to source, underwrite and execute deals. An industry pioneer since 2000, RCA has offices in New York, San Jose, London and Singapore. For more information, visit: rcanalytics.com

About Capital Trends

Capital Trends reports analyze and interpret trends in the global real estate market using RCA's comprehensive data. US Capital Trends is a monthly edition comprising an overview of the U.S. market and separate reports on the five main property types. Asia Pacific, Europe and Global Capital Trends are published quarterly.

Methodology

Data based on properties and portfolios \$2.5m and greater unless otherwise stated.

For the most current data and even more options for analysis, visit: rcanalytics.com