

MARKETBEAT

MULTI-FAMILY SNAPSHOT



BLOOMINGTON, INDIANA

A Cushman & Wakefield Alliance Research Publication

YEAR-END 2011



OVERVIEW

The Bloomington multi-family market continues to flourish and has among the healthiest multi-family metrics in Indiana: Fall 2011 occupancy rates over 96%; total market rental rates at \$.95 per square foot (psf); and downtown rental rates

averaging \$1.39 psf.

New apartment construction continues at a good pace. There are several downtown sites available that could add a number of student rentals to the market. Most new projects have been and will be student oriented, small scale, and high quality.

New construction is changing the dynamics of the market. Many students are shifting to newer properties, which offer amenities including higher quality interior finishes and one bath per student. Newer property occupancies are near 100%, which has taken market share from less modern and less well located communities.

Indiana University's and Ivy Tech's enrollment numbers have leveled off after growth spurts during 2006 – 2009. IU's enrollment is now just under 43,000 students, up nearly 5,000 since 2006. As a part of its growth plan, IU is methodically upgrading its "fleet" of 12,000 dorm beds, and 1,200 apartment beds. IU has just opened the new Union Street Center (formerly Ashton), is rehabbing several others, and is planning for new construction near 3rd and Jordan Streets.

The university's stated plan is to upgrade its supply rather than increase bed count. As a result, the private market will continue to house the vast majority of IU students and all Ivy Tech students.

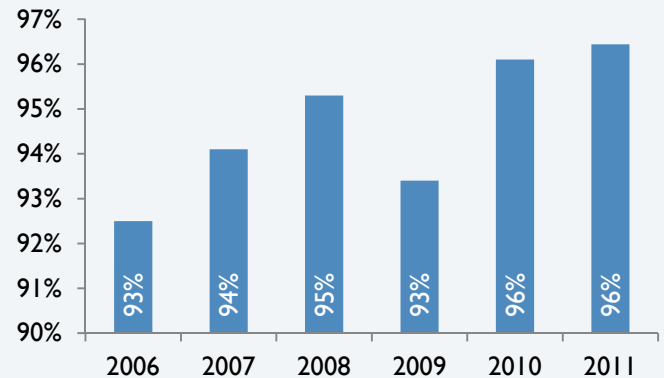
Investment sales will be a segment to watch in 2012. In 2011, investors purchased several garden-style student communities including the 179-unit Stratum at Indiana, the 139-unit Hoosier Courts, and the 108-unit Hoosier Courts at Henderson. Trading of properties closer to campus has been relatively slow. These properties are largely locally owned and either not for sale, priced at the higher end of the market, and/or smaller than institutional investors wish to pursue. However, available financing, cap rate compression in larger markets, college town stability, and high barriers to entry may result in more sales in 2012.

While trading of distressed and REO properties appears to be trending downward, the trading will continue, particularly at the lower end of the market.

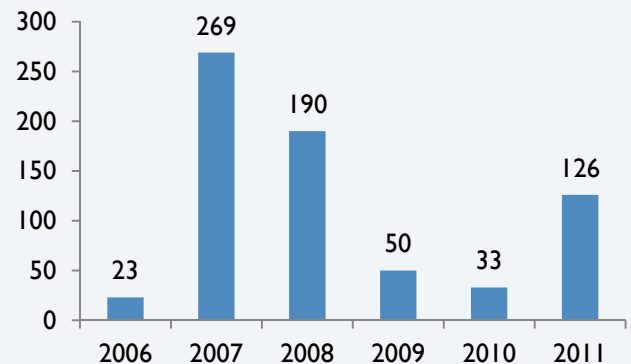
OUTLOOK

Overall, the future of the Bloomington market looks bright for a sustained apartment demand due to increases in higher education enrollments, high barriers to entry, decreased access to credit for potential homebuyers, and a general shortage of confidence in the economy and housing markets.

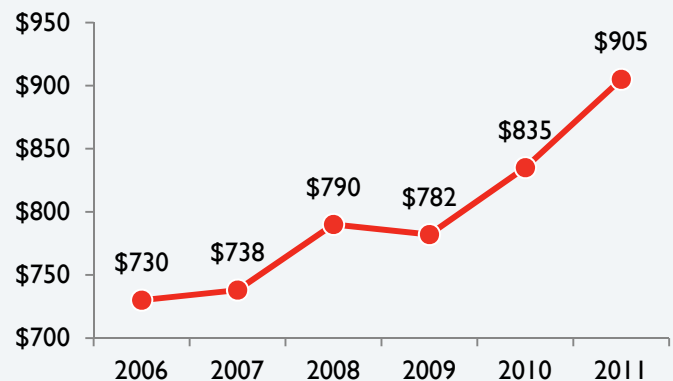
OCCUPANCY RATES



MULTI-FAMILY BUILDING PERMITS



QUOTED RENTS



BLOOMINGTON, INDIANA – MULTI-FAMILY STATISTICS

MARKET OVERVIEW	
NUMBER OF PROPERTIES	141
TOTAL UNITS	13,198
AVERAGE UNITS PER PROPERTY	93
AVERAGE OCCUPANCY RATE	96.44%
SMALLEST PROPERTY	4
LARGEST PROPERTY	488
AVERAGE YEAR BUILT	1985
EARLIEST YEAR BUILT	1903
LATEST YEAR BUILT	2011
AVERAGE RENT PSF	\$0.95

SUBMARKET STATISTICS							
SUBMARKET	NUMBER OF PROPERTIES	TOTAL UNITS	AVERAGE OCCUPANCY RATE	SMALLEST PROPERTY #UNITS	LARGEST PROPERTY #UNITS	AVERAGE RENT PSF	
Downtown	39	930	94.96%	3	228	\$1.39	
Stadium	26	1,891	97.01%	8	250	\$0.97	
College Mall	9	1,300	98.78%	26	285	\$1.15	
East	19	2,113	97.96%	24	488	\$1.18	
South	24	2,410	96.49%	10	334	\$0.97	
Southwest	15	2,715	94.90%	18	414	\$0.80	

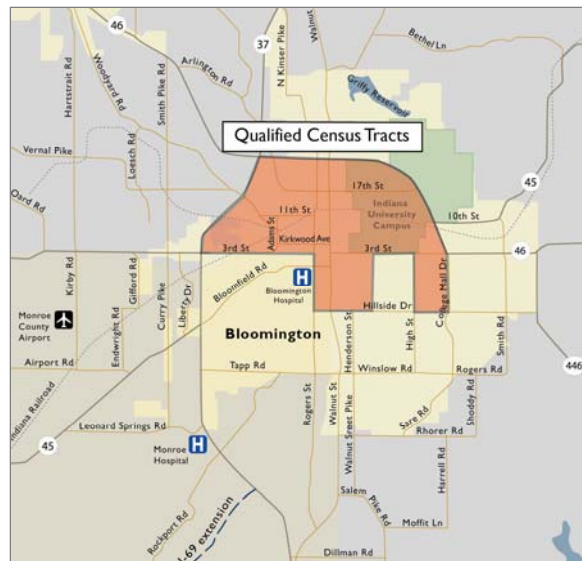
Submarket statistics do not include 1,839 scattered units included in Market Overview Statistics, including 1,298 units at Low Income Housing Tax Credit properties.

AFFORDABLE HOUSING

Due to Bloomington's strong market rate apartment market and relatively high barriers to entry, new construction of tax credit units has not matched demand for affordable housing.

The Indiana Housing and Community Development Authority's 2012-2013 Qualified Allocation Plan continues to tilt scoring toward sites located in Qualified Census Tracts (QCTs). While Bloomington has several QCTs (see adjacent map), land prices in those areas are generally cost prohibitive.

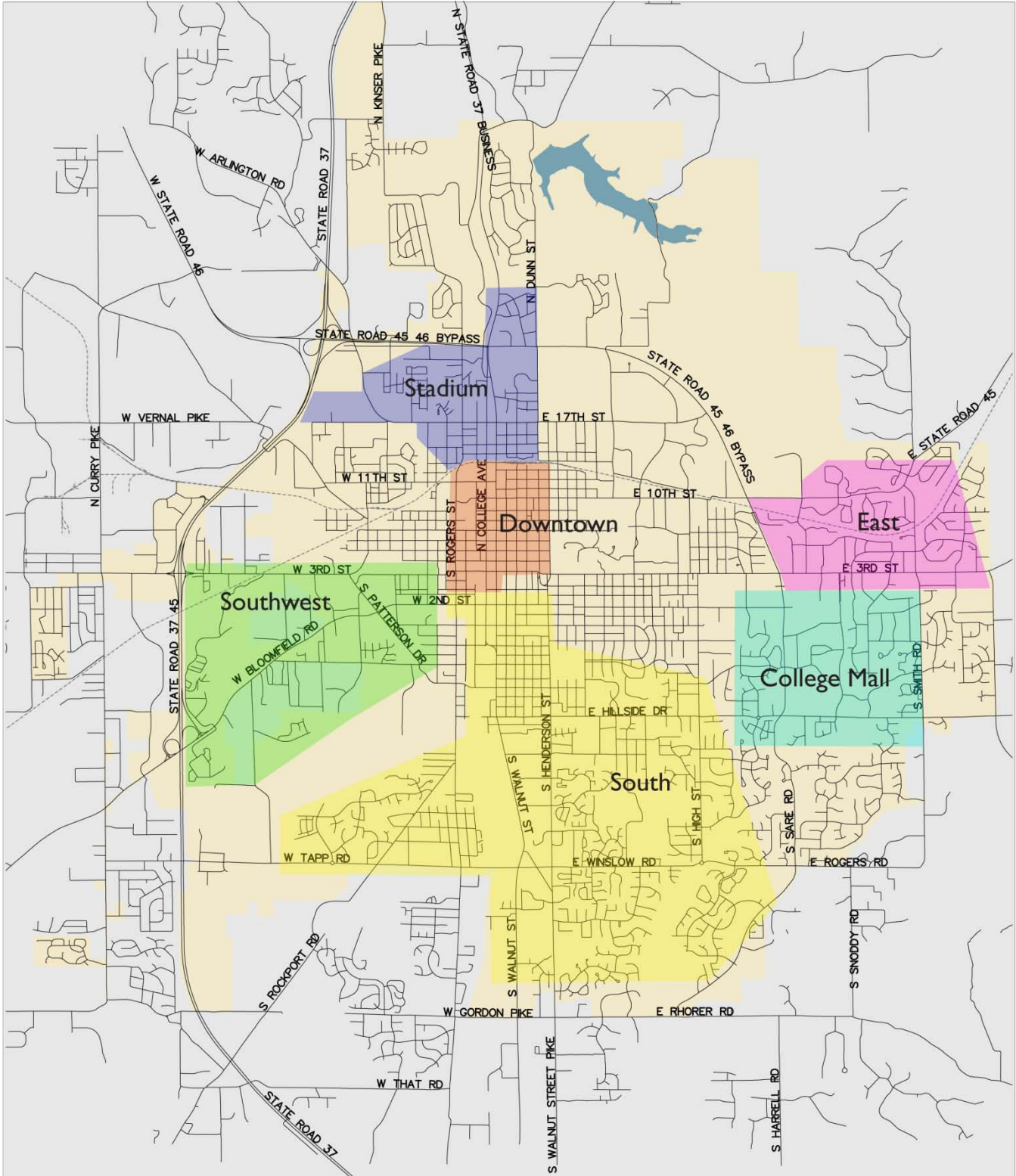
Late 2010, IHCD awarded an approximate \$1 million 9% LIHTC allocation for the 63-unit Patterson Pointe Senior Residence. No Monroe county applications were made in the most recent round.



AREA MEDIAN INCOME (AMI)	
FOUR-PERSON AMI	\$63,800
MAXIMUM RENTS AT 60% OF AMI	
EFFICIENCY	\$670
1 BEDROOM	\$718
2 BEDROOM	\$862
3 BEDROOM	\$996
4 BEDROOM	\$1,111

LOW INCOME HOUSING TAX CREDIT STATISTICS	
NUMBER OF PROPERTIES	10
TOTAL UNITS	1,298
AVERAGE OCCUPANCY RATE	94.96%
SMALLEST PROPERTY	33
LARGEST PROPERTY	208
AVERAGE RENT PSF	\$0.77

MULTI-FAMILY SUBMARKET MAP



THE BLOOMINGTON TEAM



DAVE HARSTAD
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Dave Harstad is a multi-disciplined real estate professional with 10+ years of experience as a broker, developer, and attorney. Dave graduated Phi Beta Kappa from Indiana University and cum laude from the University of Minnesota Law School. Dave is an active volunteer in the community, with activities ranging from chairing the Bloomington Historic Preservation Commission to coaching a Little 500 bicycle team.

SETH BIGGERSTAFF
PROJECT INTERN

Seth Biggerstaff is a Senior at Indiana University majoring in Real Estate Finance at the Benecki Center for Real Estate in the Kelly School of Business. Seth's research and analysis were instrumental in preparing this report.

SUMMIT REALTY GROUP

Summit Realty Group is a full service commercial real estate firm headquartered in Indianapolis with a satellite office in Bloomington servicing the south-central region of Indiana.

As a member of the Cushman & Wakefield Alliance, Summit brings the resources, contacts and expertise of a national and global network to the south central Indiana market.

Summit provides comprehensive real estate solutions via a team of specialized brokers and a professional caliber support staff consisting of market research, data analysts, marketing & design and client services.

Summit Bloomington's clients include ABB Inc., MDV Nash Finch, Lute Supply, CSX Transportation, Pavilion Properties, and Hubler Automotive.

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