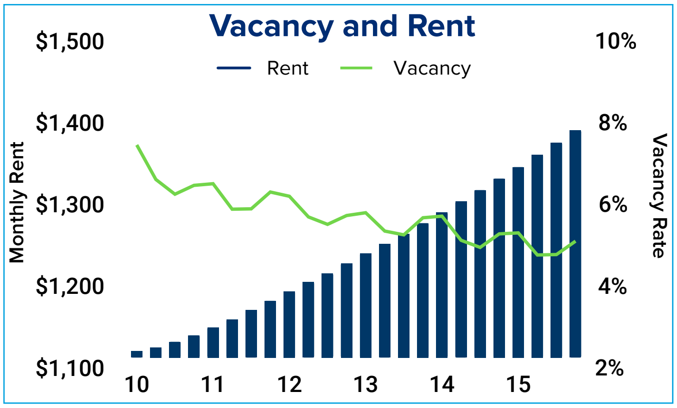
JANUARY 2016

Strong Household Growth Supporting Operations at Single-Family Rentals

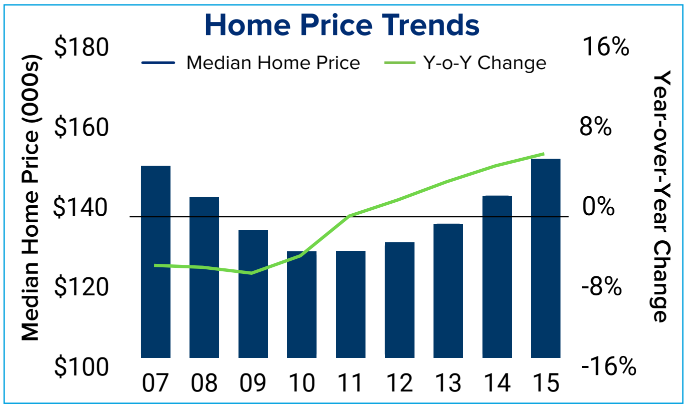
The single-family market outperformed last year as renter demand surged. Of the approximately 1.4 million new households that formed nationwide in 2015, 1.3 million were renter households, and most of those renters leased single-family homes. The homeownership rate dropped to a multi-decade low as first-time homebuyers accounted for just 30 percent of purchases, down from the long-term average of 40 percent. Retiring baby boomers also contributed to lower homeownership as they sold homes but opted to rent in retirement destinations. As a result, vacancy finished the year near 5 percent and average rents climbed 5 percent nationally. Rising rents and lower vacancy supported higher prices for investment homes. The median sales price for an investment home climbed 7.2 percent last year. Several markets in Florida and California recorded gains north of 15 percent. In Florida, fewer foreclosures were available for investors, helping facilitate the rise in prices. Appreciation in California was supported by competition between traditional homebuyers and investors.



Strong demand from new renter households supported a 5 percent rise in rent to $1,416 per month. Vacancy finished the year at 5.2 percent, down 20 basis points from 2014 and at a level considered to be full occupancy.

Select Metro Rent Appreciation

Metro	Monthly Rent	Y-o-Y Change
Portland	$1,474	14.7%
Oakland	$2,846	11.6%
San Jose	$3,621	11.3%
Atlanta	$1,296	10.9%
Sacramento	$1,645	10.9%
Seattle	$2,243	9.4%
Denver	$2,045	8.8%
San Diego	$2,451	8.2%
San Francisco	$4,761	7.8%
West Palm Beach	$1,874	8.3%
U.S.	**$1,416**	**5.0%**



Investment home prices surged by 10.6 percent over the past year to $142,500 in the third quarter. The increase represented the largest annual gain since the recession.

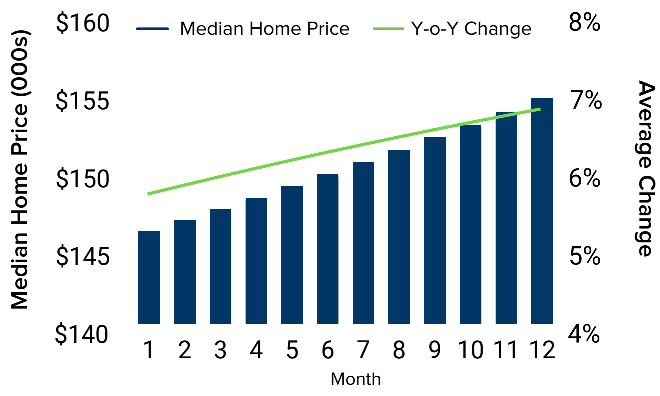
Select Metro Investment Home Appreciation

Metro	Median Home Price	Y-o-Y Change
West Palm Beach	$260,800	26.1%
Fort Lauderdale	$207,900	23.5%
Oakland	$511,500	23.3%
Miami	$209,300	21.3%
San Jose	$827,000	20.1%
Las Vegas	$208,200	19.3%
Los Angeles	$497,600	19.2%
San Francisco	$977,500	18.6%
Sacramento	$285,900	17.8%
Orlando	$163,900	17.2%
U.S.	**$156,500**	**7.2%**

Rental Homes Outclass Other Investments

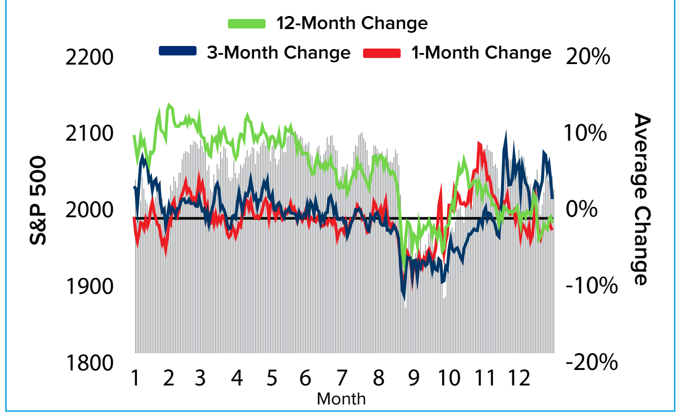
Investors in the equity markets gained very little ground last year as fear of a Chinese slowdown and low oil prices weighed on stocks in the final five months of 2015. Since the beginning of the year, the S&P 500 has shed another 9 percent, pulling the market far into correction territory. The single-family REITs have not fared much better despite the performance of the underlying asset class. On average, the three major single-family REITs have lost more than 10 percent of their share price since the beginning of the year. Investment homes, meanwhile, reported a 5 percent rise in rents and 7.2 percent appreciation.

Investment Home Price Trends



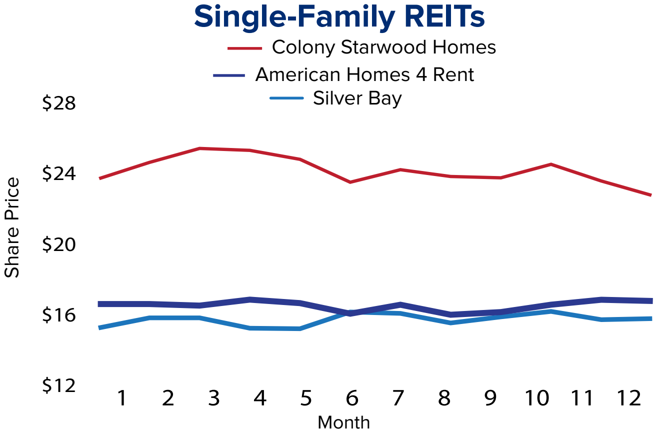
The median investment home price appreciated 7.2 percent in 2015 to $156,500. Average rents added 5 percent, supporting the sector's strong year.

S&P 500 Trends



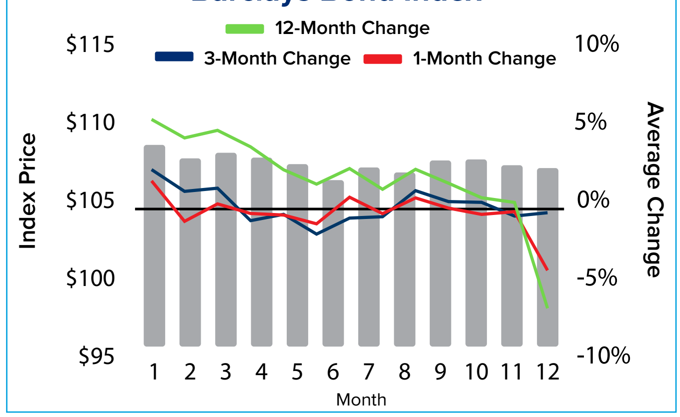
Even prior to the current meltdown, equities have struggled. Last year, the compounded annual rate of return for the S&P 500 was just 1.3 percent.

Single-Family REITs



Share prices for the single-family REITs have retreated despite strong performance of the asset class. Wholesale selling on the exchanges contributed to the devaluation.

Barclays Bond Index



As weakness in the stock markets pushed investors into safety positions, interest rates have declined sharply. The 10-year Treasury rate recently dipped below 2 percent.

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Sources: HomeUnion Research Services, Axiometrics Inc., Barclay's, Freddie Mac, U.S. Bureau of Labor Statistics, U.S. Census Bureau, U.S. Treasury Department.