

NATIONAL MULTI HOUSING COUNCIL Quarterly Survey of Apartment Market Conditions (July 2011)

	Market Tightness Index ¹	Sales Volume Index ²	Equity Financing Index ³	Debt Financing Index ⁴
Jul 2011	82	70	70	74
Apr 2011	90	65	76	69
Jan 2011	78	62	74	48
Oct 2010	77	84	70	82
Jul 2010	83	78	73	81
Apr 2010	81	72	71	58
Jan 2010	38	56	66	49
Oct 2009	31	59	58	59
Jul 2009	20	44	39	39
Apr 2009	16	30	29	41
Jan 2009	11	12	12	26
Oct 2008	24	5	4	4
Jul 2008	40	17	11	13
Apr 2008	44	13	13	22
Jan 2008	33	18	24	45
Oct 2007	46	12	22	17
Jul 2007	55	39	48	26

The reported index numbers are based on data compiled from quarterly surveys of NMHC members. Survey responses reflect the change, if any, from the previous quarter. The indexes are standard diffusion indexes, hence are convenient summary measures showing the prevailing direction and scope of changes. They are calculated by taking one-half the difference between positive (tighter markets, higher sales volume, equity financing more available, a better time to borrow) and negative (looser markets, lower sales volume, equity financing less available, a worse time to borrow) responses and adding 50. This produces a series bounded by 0 (if all respondents answered in the negative) and 100 (if all respondents answered in the positive).

¹ A *Market Tightness Index* reading above 50 indicates that, on balance, apartment markets around the country are getting tighter; a reading below 50 indicates that market conditions are getting looser; and a reading of 50 indicates that market conditions are unchanged.

² A *Sales Volume Index* reading above 50 indicates that, on balance, sales volume around the country is increasing; a reading below 50 indicates that sales volume is decreasing; and a reading of 50 indicates that market conditions are unchanged.

³ An *Equity Financing Index* reading above 50 indicates that, on balance, equity finance is more available; a reading below 50 indicates that equity finance is less available; and a reading of 50 indicates that equity finance availability is unchanged.

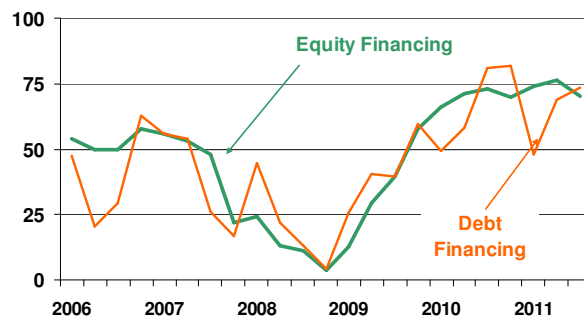
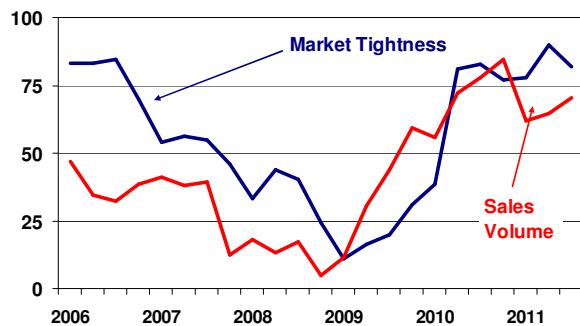
⁴ A *Debt Financing Index* reading above 50 indicates that, on balance, borrowing conditions are improving; below 50 indicates that borrowing conditions are worsening; a reading of 50 indicates borrowing conditions are unchanged.

For the complete historical series, please visit www.nmhc.org/goto/quarterlysurvey.



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INDEX TRENDS



SURVEY QUESTIONS

Question #1: How are apartment market conditions in the local markets that you watch? "Tight" markets are defined as those with low vacancies and high rent increases. Conditions obviously vary greatly from place to place, but on balance, apartment market conditions in your markets today are:

	July 2011	April 2011	July 2010
Tighter than three months ago	67%	79%	69%
Looser than three months ago	3%	0%	4%
About unchanged from three months ago	30%	21%	28%
Don't know or not applicable	0%	0%	0%

Question #2: What about sales of apartment properties in the local markets you watch? The sales volume (number of deals) currently is:

	July 2011	April 2011	July 2010
Higher than three months ago	46%	37%	61%
Lower than three months ago	5%	8%	5%
About unchanged from three months ago	46%	47%	34%
Don't know or not applicable	2%	8%	1%

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Question #3: What about equity financing for apartment acquisition or development? Considering both price and non-price terms, equity financing today is:			
	July 2011	April 2011	July 2010
More available than three months ago	42%	54%	48%
Less available than three months ago	1%	1%	2%
About unchanged from three months ago	49%	41%	47%
Don't know or not applicable	8%	4%	4%

Question #4: What about the conditions for multifamily mortgage borrowing? Considering both interest rates and non-rate terms, compared to three months ago:			
	July 2011	April 2011	July 2010
Now is a better time to borrow	53%	44%	64%
Now is a worse time to borrow	5%	7%	3%
Conditions are about unchanged	40%	48%	31%
Don't know or not applicable	2%	1%	2%

Note: The July 2011 Quarterly Survey of Apartment Market Conditions was conducted July 25-August 1, 2011; 91 CEOs and other senior executives of apartment-related firms nationwide responded. The April 2011 Quarterly Survey of Apartment Market Conditions was conducted April 25-May 2, 2011; 102 CEOs and other senior executives of apartment-related firms nationwide responded. The July 2010 Quarterly Survey was conducted July 26-August 2, 2010; 109 responded.