

Colliers International Multi-Family MARKET REPORT



San Diego County

The San Diego County Apartment market continues it's strong performance, as it has done over the past several years. After a flattening period beginning about one year ago, rental rates are up 7% over the past 6 months. Vacancy rates are down again to a level close to 2% Countywide. A level not seen in 15 years. Again, East County vacancy rates are the lowest at 1.45%, with the I-78 corridor a close second at 1.69%.

Average sales price per unit countywide is now at \$247,000. This is an increase of 14% over the previous 6 month period.

Proposed new apartment development, by units, is down about 12% Countywide.

▶ Conclusions

SELLERS: Strong pricing

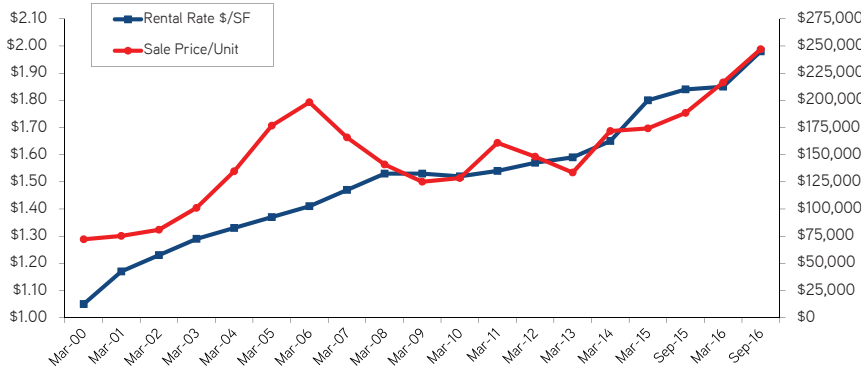
BUYERS: Strong rents, low vacancy

What is driving this market?

Historically low vacancy rates, recent healthy rent bumps, limited new supply and low mortgage rates are all favorable factors supporting this market.

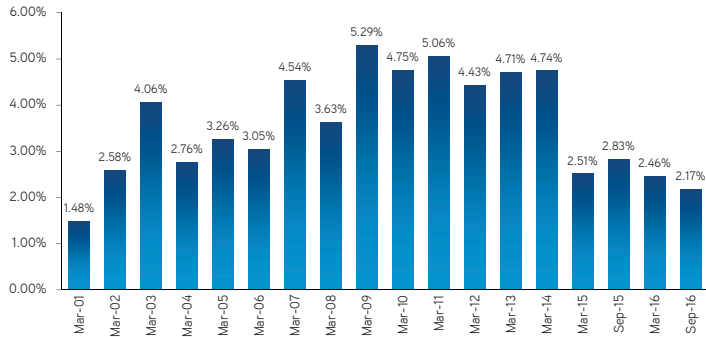
IN CONCLUSION – Very good market from the operating side and the sales side!

San Diego County

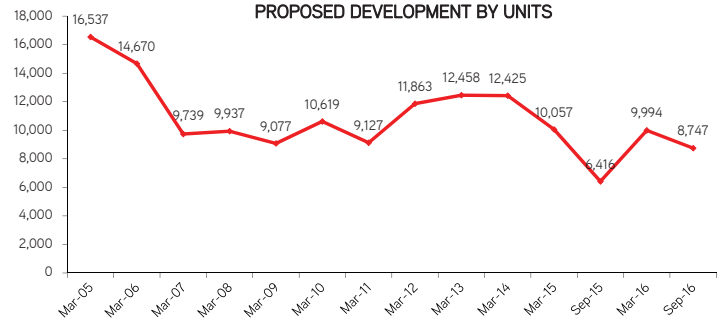


Period Ending	Rental Rate/SF	Sales Price Per Unit
March-06	\$1.41	\$198,226
March-07	\$1.47	\$165,820
March-08	\$1.53	\$140,952
Sept-08	\$1.56	\$136,466
March-09	\$1.53	\$125,063
Sept-09	\$1.53	\$118,492
March-10	\$1.52	\$128,476
Sept-10	\$1.52	\$171,468
March-11	\$1.54	\$160,857
Sept-11	\$1.57	\$112,845
March-12	\$1.57	\$148,122
Sept-12	\$1.58	\$135,177
March-13	\$1.59	\$133,528
Sept-13	\$1.69	\$198,836
March-14	\$1.65	\$171,738
Sept-14	\$1.73	\$183,946
March-15	\$1.80	\$174,153
Sept-15	\$1.84	\$188,358
March-16	\$1.85	\$216,473
Sept-16	\$1.98	\$247,021

SAN DIEGO VACANCY RATES



PROPOSED DEVELOPMENT BY UNITS



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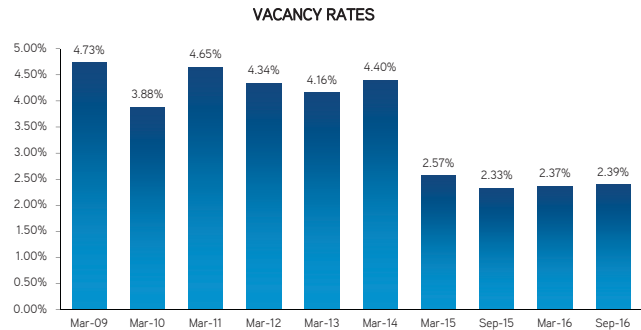
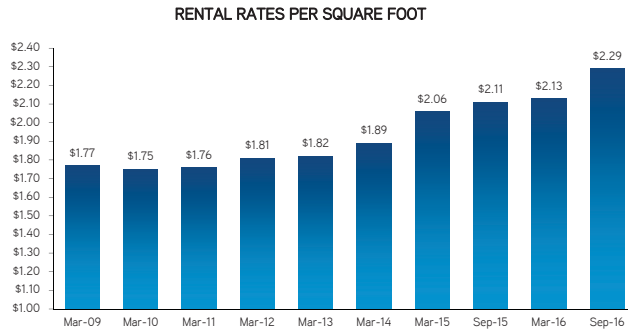
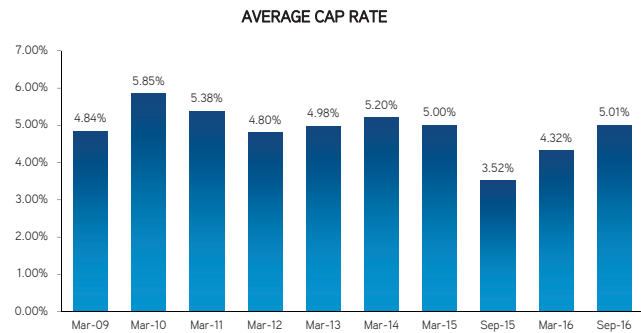
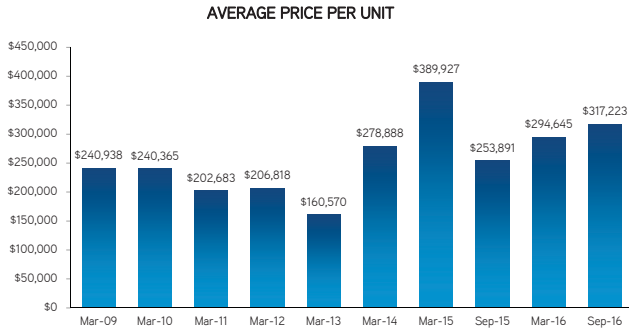


San Diego Coastal:

Carlsbad, La Costa, Cardiff, Del Mar, Leucadia, Encinitas, Solana Beach, La Jolla, Pacific Beach, University City, Torrey Pines, Ocean Beach, Mission Beach, Coronado, Carmel Valley, Point Loma, Rancho Santa Fe.

- Average Sales Price Per Unit+7.7% ■ Calculations based on change over the past six month period
- Average Rental Rate Per Square Foot+7.9%

April 2014 to September 2014

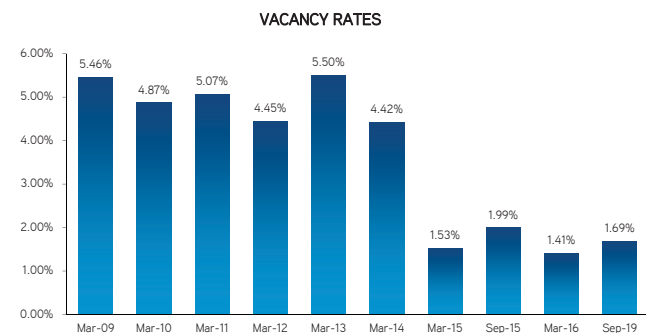
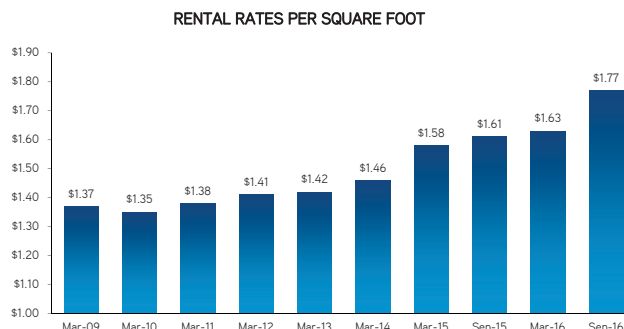
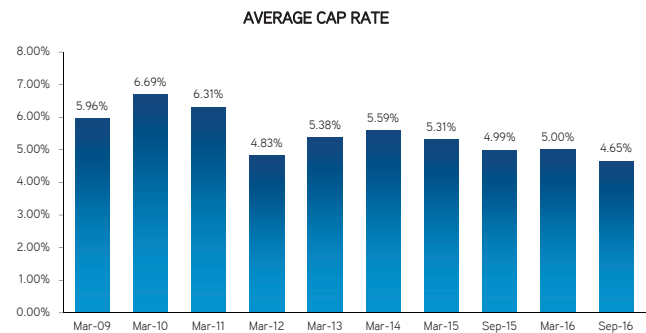
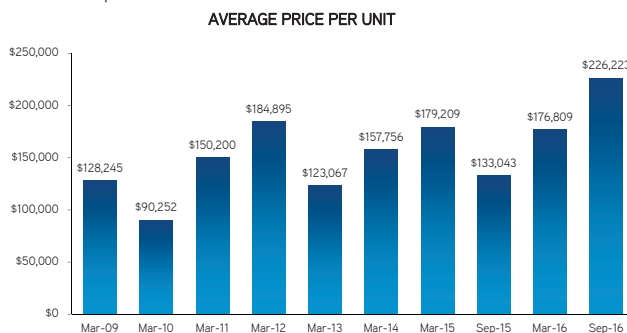


Highway-78 Corridor:

Oceanside, San Luis Rey, Vista, Fallbrook, Escondido, Bonsall, Valley Center, San Marcos.

- Average Sales Price Per Unit +27.9% ■ Calculations based on change over the past six month period
- Average Rental Rate Per Square Foot +8.9%

April 2014 to September 2014



Source: Sales and cap rate data derived from Costar Comps, 10+ units in areas as listed above.
 Rental/vacancy data provided by MarketPointe. Current data is for the last 6 month period for similar geographic areas.

