

Colliers International Multi-Family MARKET REPORT



Conclusions

SELLERS: Good Pricing

BUYERS: Mid 3% mortgage rates available.

San Diego County

San Diego County Multi-Family sales continue upwards. The rising rent scenario, though, appears to be slowing, at least for the time being. Rental rates are up 0.5% (flatting) over the past 6 months and about 2.5% over the past year. Overall vacancy throughout the County maintains a low of about 2.5%. Sub-market vacancy rates, though, vary from a low of 1.3% in East County to a high of 4.3% in the Central San Diego City & surrounding area.

Overall sales price per unit is up countywide to about \$217,000 per unit and up in all sub-markets, except the South Bay area, where they were essentially flat.

Proposed new multi-family developments appears to be on the upswing at 9,984 units countywide.

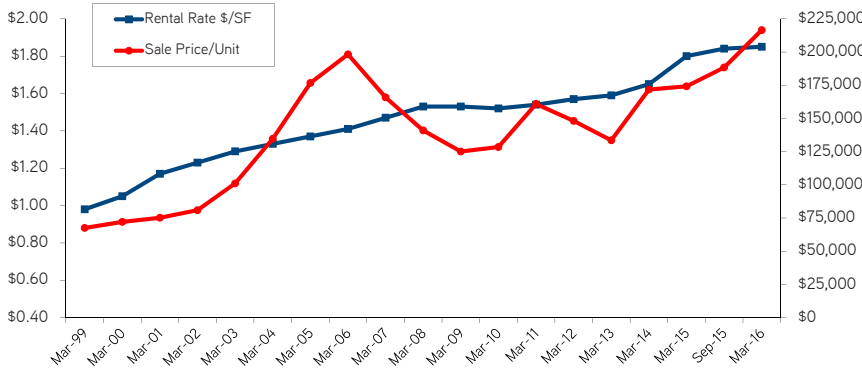
What is driving this market?

Continued low vacancy, limited new supply and low mortgage rates provide strong support for this market.

NOTE: THE UPSWING IN PROPOSED NEW DEVELOPMENTS SHOULD INCREASE THE SUPPLY OF NEW APARTMENTS GOING FORWARD, ESPECIALLY IN THE DOWNTOWN SAN DIEGO AREA.

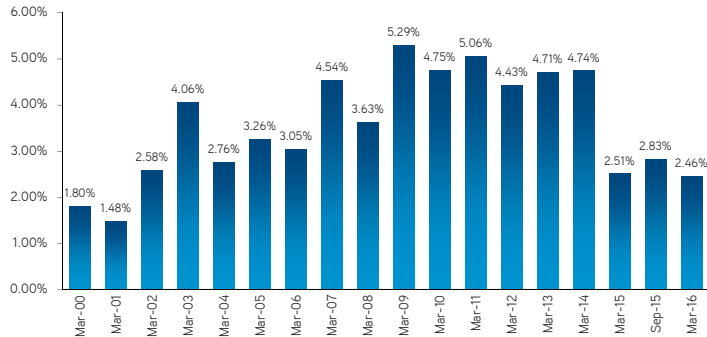
IN CONCLUSION – Very good market overall. Prices are up.

San Diego County

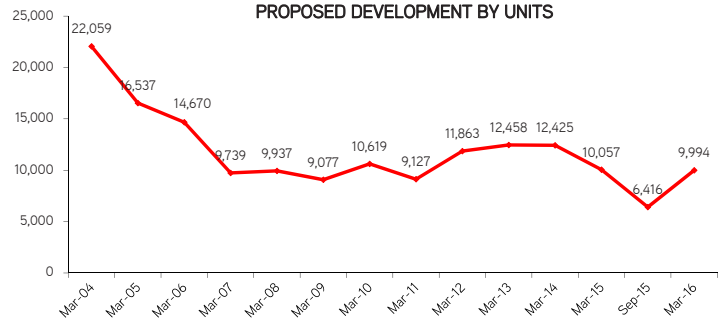


Period Ending	Rental Rate/SF	Sales Price Per Unit
March-05	\$1.37	\$176,683
March-06	\$1.41	\$198,226
March-07	\$1.47	\$165,820
March-08	\$1.53	\$140,952
Sept-08	\$1.56	\$136,466
March-09	\$1.53	\$125,063
Sept-09	\$1.53	\$118,492
March-10	\$1.52	\$128,476
Sept-10	\$1.52	\$171,468
March-11	\$1.54	\$160,857
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

SAN DIEGO VACANCY RATES



PROPOSED DEVELOPMENT BY UNITS



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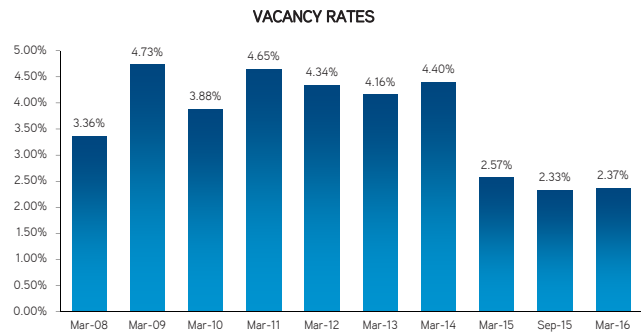
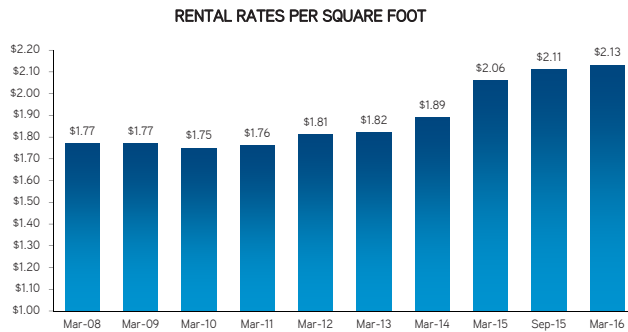
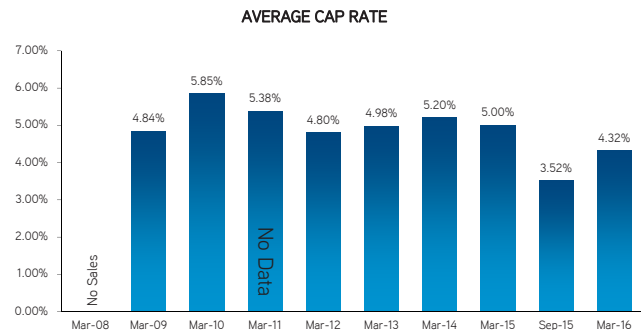
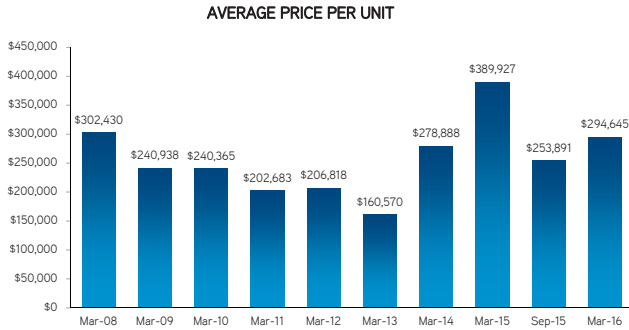


San Diego Coastal:

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 +16.1% ■ Calculations based on change over the past six month period
- Average Rental Rate Per Square Foot +0.5%

April 2014 to September 2014

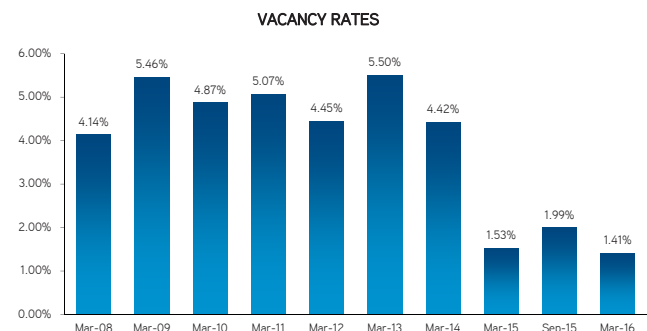
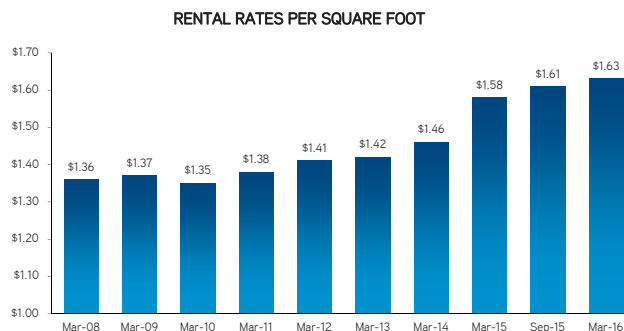
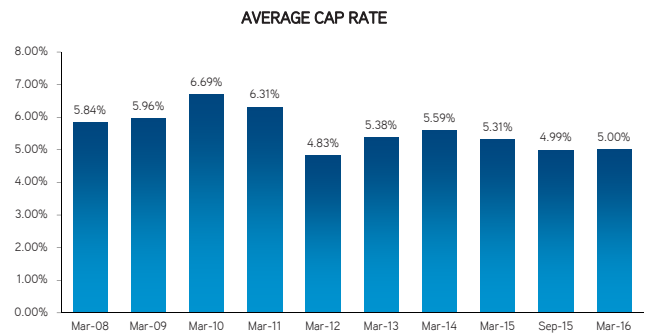
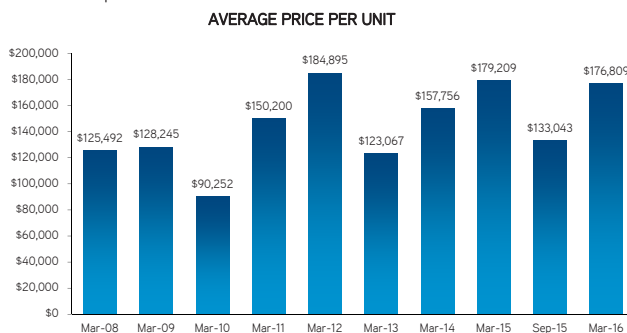


Highway-78 Corridor:

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

- Average Sales Price Per Unit +32.9% ■ Calculations based on change over the past six month period
- Average Rental Rate Per Square Foot +0.8%

April 2014 to September 2014



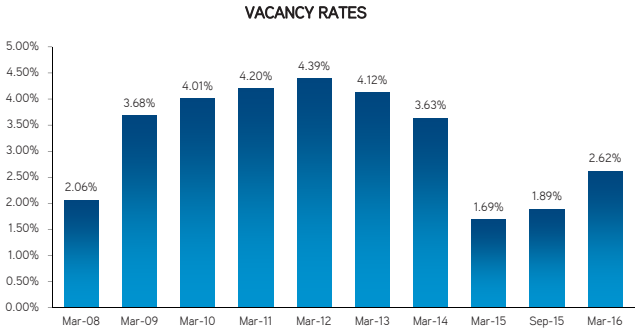
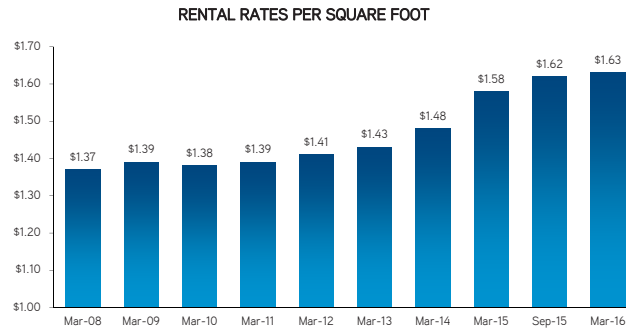
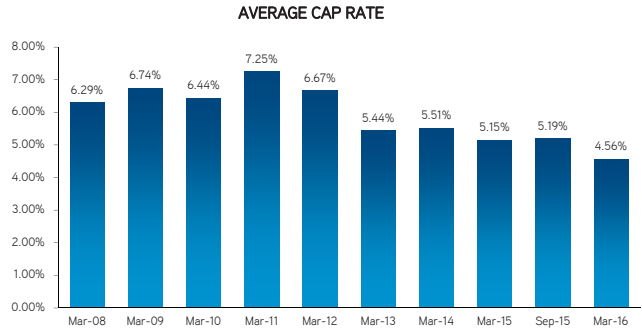
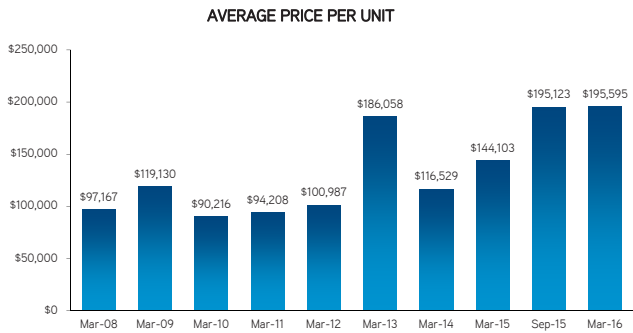
Source: Sales and cap rate data derived from Costar Comps, 10+ units in areas as listed above.
 Rental/vacancy data provided by MarketPointe. Current data is for the last 6 month period for similar geographic areas.

South Bay:

South East San Diego, Chula Vista, National City, Bonita, Imperial Beach, San Ysidro, Otay Mesa, Palm City, Nestor, Paradise Hills, Encanto.

- Average Sales Price Per Unit+0.2%
 ■ Calculations based on change over the past six month period
- Average Rental Rate Per Square Foot +0.9%

April 2014 to September 2014

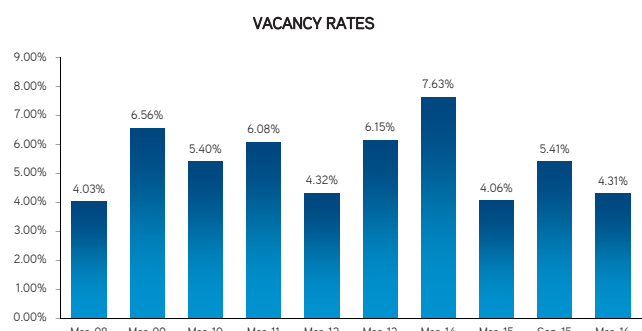
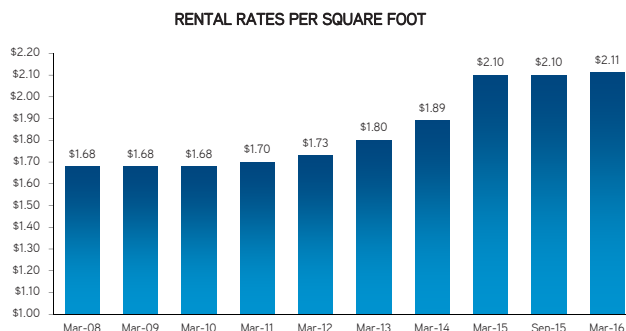
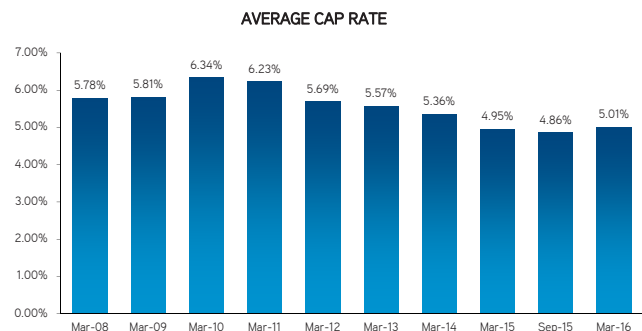
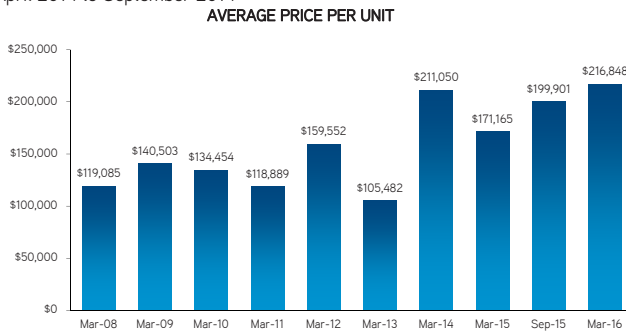


North, East & Central SD:

Clairemont, Hillcrest, Grantville, Goldenhill, Kensington, Linda Vista, Normal Heights, North Park, Old Town, E. San Diego, Tierrasanta, Downtown, Morena, Serra Mesa, Mission Hills, Mission Valley, Mission Village, College Grove, Del Cerro.

- Average Sales Price Per Unit+8.5%
 ■ Calculations based on change over the past six month period
- Average Rental Rate Per Square Foot+0.6%
 ■ Highest vacancy rate in the county

April 2014 to September 2014



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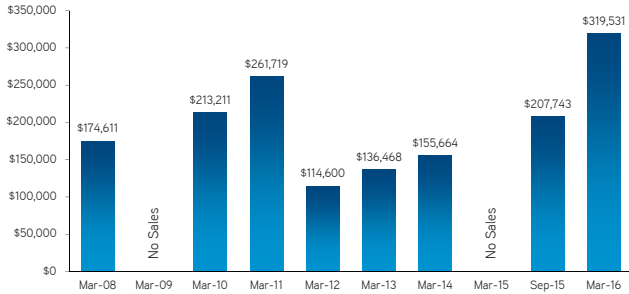
I-15 Corridor/Mira Mesa:

Rancho Bernardo, Rancho Penasquitos, Poway, Mira Mesa, /Scripps Ranch, Miramar, Sorrento Mesa, Sorrento Valley, Carmel Mountain Ranch.

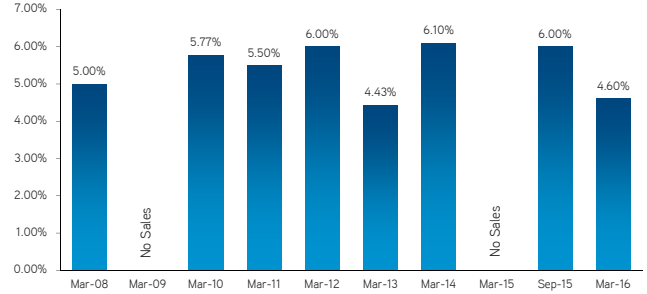
- Average Sales Price Per Unit.....+53.8%
- Average Rental Rate Per Square Foot..... -0.4%
- Calculations based on change over the past six month period
- Very small sample size (1 sale)

April 2014 to September 2014

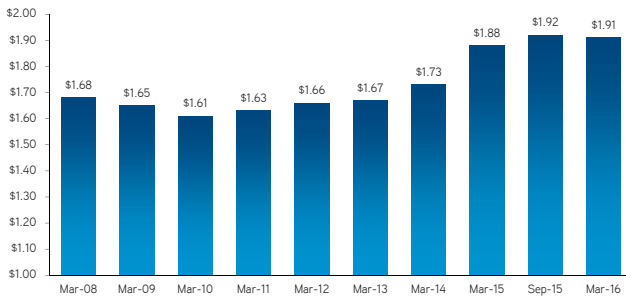
AVERAGE PRICE PER UNIT



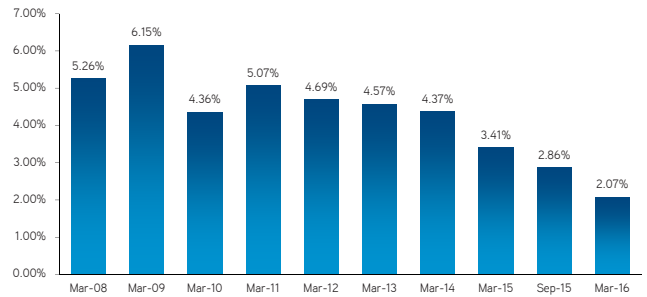
AVERAGE CAP RATE



RENTAL RATES PER SQUARE FOOT



VACANCY RATES



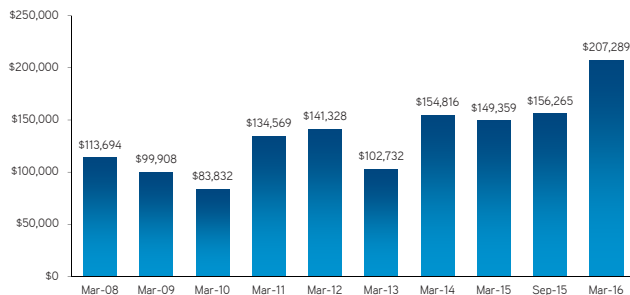
East County:

Alpine, Casa Del Oro, Lemon Grove, Spring Valley, La Mesa, San Carlos, Santee, El Cajon, Lakeside, Borrego Springs, Campo, Julian, Jamul, Palomar Mountain, Pauma Valley, Ramona, Rancho San Diego.

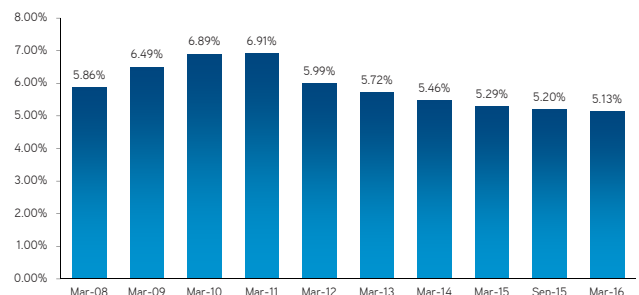
- Average Sales Price Per Unit+32.7%
- Average Rental Rate Per Square Foot+0.0%
- Calculations based on change over the past six month period
- Lowest vacancy in the county

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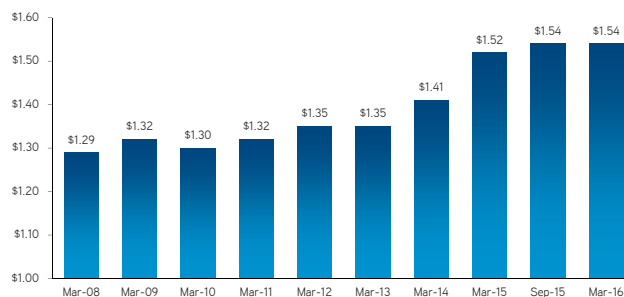
AVERAGE PRICE PER UNIT



AVERAGE CAP RATE



RENTAL RATES PER SQUARE FOOT



VACANCY RATES

