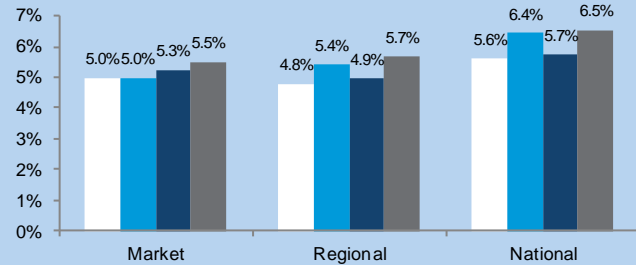
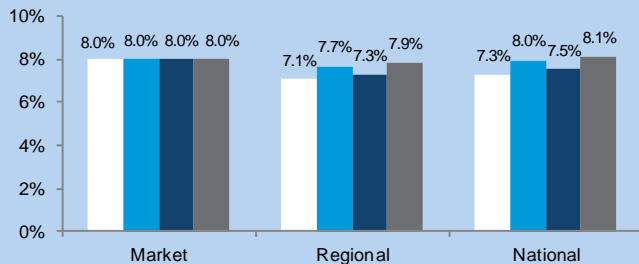


### Multifamily Snapshot

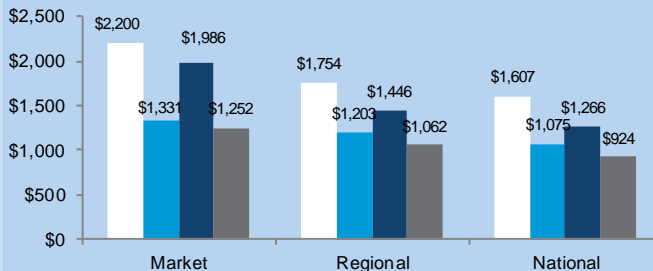
#### GOING IN CAP RATES (%)



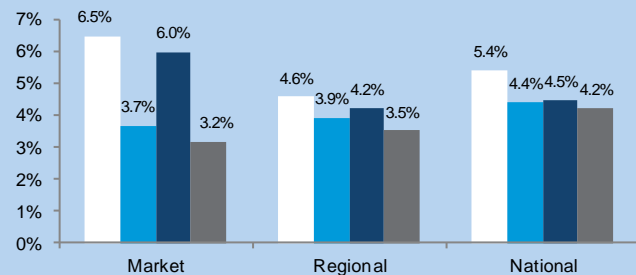
#### DISCOUNT RATES (%)



#### MARKET RENT (\$/UNIT)



#### VACANCY RATE (%)



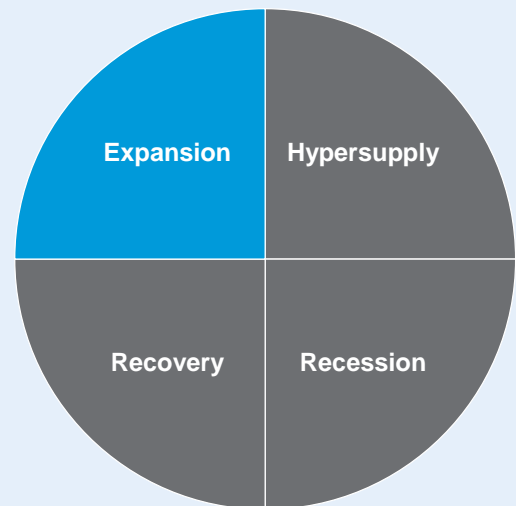
#### Legend

- Urban Multifamily Class A
- Suburban Multifamily Class A
- Urban Multifamily Class B
- Suburban Multifamily Class B

### Market Commentary

The apartment market continues to thrive in San Diego. Asking and effective rents are continuing to increase, several submarkets within the county are reporting vacancies of less than 3%, and the overall capitalization rate trend is continuing downward. Additionally, the San Diego market is a strong renters market. A generally transient population combined with a high barrier to entry to home-ownership (due to high property values) will help continue the trend of increasing rents and low vacancy rates.

#### MARKET CYCLE



#### Market Cycle: Expansion Stage 1

- Decreasing vacancy rates
- Moderate/high new construction
- High absorption
- Moderate/high employment growth
- Med/high rental rate growth

### SAN DIEGO FORECASTS

Categories	Urban Multifamily Class A	Urban Multifamily Class B	Suburban Multifamily Class A	Suburban Multifamily Class B
Going In Cap Rate	Decrease 1-24 bps	Decrease 1-24 bps	Decrease 1-24 bps	Decrease 1-24 bps
Discount Rate	Decrease 25-49 bps	Decrease 25-49 bps	Decrease 25-49 bps	Decrease 25-49 bps
Market Rent Change (%)	3.00%	3.00%	3.00%	3.00%
Expense Change (%)	3.00%	3.00%	3.00%	3.00%
Absorption (Units)	30	5	200	500
Construction (Units)	4,000			
Years to Balance	In Balance	In Balance	In Balance	In Balance

### CHANGE IN VALUE

Time	Urban Multifamily Class A	Urban Multifamily Class B	Suburban Multifamily Class A	Suburban Multifamily Class B
Previous 36 Months	Increase 4%+	Increase 4%+	Increase 4%+	Increase .1% - 1.9%
Previous 12 Months	Increase 4%+	Increase 4%+	Increase 4%+	Increase 4%+
Future 12 Months	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%
Future 36 Months	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%

### About IRR

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 200 MAI-designated members of the of the Appraisal Institute among over 900 professions based in our 66 offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

### TOP SEVEN CAP RATE FACTORS

- 1 Supply/demand
- 2 Local economy, job growth, unemployment
- 3 Property income growth
- 4 National economic conditions/GDP growth
- 5 Risk premium of private real estate
- 6 Interest rates
- 7 Availability of financing

### Disclaimer

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