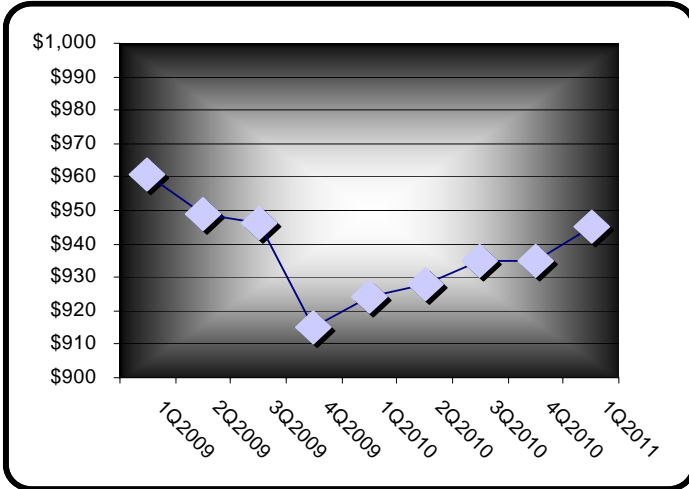
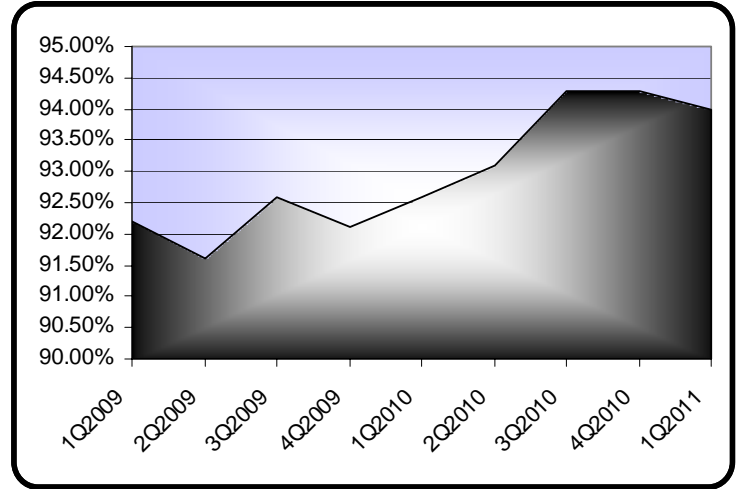


Greater Sacramento

Rental Trends



Occupancy



APARTMENT MARKET OUTLOOK

Despite the Sacramento region's soft economy, rents and occupancy strengthened in the past year. Rents are up approximately 2% Q1 2011 over Q1 2010, most likely due to fewer job losses in 2010 compared with downward employment trends during 2008/2009. Occupancy is also up -- to 94%, a 1.5% increase in 12 months. Both data point to a strong rental market. Concessions are still a factor, however, and the economic loss is approximately 5.5% of rental income.

Market-rate apartment development stopped several years ago and there is not likely going to be any new construction anytime in the near future. The cost to complete new construction exceeds the cost of existing apartment product in most cases. Although land values have declined, the cost of permits and fees plus the cost of site work, sticks and bricks exceeds current market values of existing stock.

Delinquent construction loans on bank balance sheets appear to be a significant problem and consequently, sourcing financing for new construction -- even if it pencils, would be a challenge. The only new construction completed since January 2010 have been three affordable apartment communities. Tax credit financing is available and it is reported that tax credits are once again trading for premiums.

LENDER'S CORNER

David Mac Millan is the manager of Newmark Realty Capital's Sacramento office and has approximately 25 years experience in financing commercial properties. With offices in San Francisco, Sacramento, Seattle, Spokane, Los Angeles, Irvine, Las Vegas, Phoenix and Dallas, Newmark Realty Capital is a full service mortgage banking company with a strong line up of correspondent lenders utilizing Newmark's production, closing and servicing capabilities.

In addition to arranging loans, Newmark is active in loan restructuring assignments through it's Debt Advisory Group. Established in November 1991, Newmark is currently staffed by approximately 50 employees in seven regional offices throughout the western United States. The company services a mortgage portfolio of over \$5.5 billion with nearly 800 loans. Newmark is rated as a Primary Servicer by Standard and Poor's and is one of a select few non-banking/non-insurance chartered companies with this designation.



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The Apartment Advisory Team is in the NEWS AGAIN!

S-2 | HEAVY HITTERS IN REAL ESTATE

SACRAMENTO BUSINESS JOURNAL | MARCH 25, 2011

sacramento.bizjournals.com

APARTMENTS

2 Dean Bagneschi | Apartment specialist, TRI Commercial

Years in commercial real estate: 7

Notable clients or properties: Sheehy Investment Group LLC, Sherwood Apartments LLC, CRP Properties

Deals closed in 2010: 9

College attended: California State University Chico

Something notable about you: Organized a 1,500-mile road trip to Cabo San Lucas three consecutive years when in college

Favorite website: Fish sniffer

Best business book: "How I Turned \$1,000 into Five Million in Real Estate in My Spare Time," William Nickerson

Best business advice received: Never give up on a deal



2 John Gallagher | Vice president, TRI Commercial

Years in commercial real estate: 20

Notable clients or properties: Elliot Homes, Chase Bank, East West Bank

Deals closed in 2010: 9

Colleges attended: University of Montana, University of San Francisco

Something notable about you: Board member, Girl Scouts Heart of Central California

Favorite website: Bamstormers

Best business book: "Winning in Commercial Real Estate Sales," Thomas Arthur Smith

Best business advice received: Focus on the service; the transactions and commissions will follow



The Biggest Deal



← John Gallagher, CCIM, of TRI Commercial Real Estate Services in Rocklin, Calif., negotiated the \$50.4 million sale of the 336-unit Sherwood Apartments in Folsom, Calif., from Sherwood Apartments LLC to Sherwood Iron Point LP.

The Apartment Advisory Team can assist you in this challenging market with expert property evaluations and the best plan of action for your Apartment Investments.

Call Today for a FREE CONSULTATION

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