

# 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA

Marcus & Millichap  
Real Estate Investment Services



## MARKET POSITIONING & PRICING ANALYSIS

*Prepared For:*

Josip Jaklic  
Owner - Manager

Thursday, June 30, 2011



# TABLE OF CONTENTS

## SECTION ONE

.....PRICING & FINANCIAL ANALYSIS

## SECTION TWO

.....PROPERTY DESCRIPTION

## SECTION THREE

.....RECENT SALES

## SECTION FOUR

.....ON MARKET COMPARABLES

## SECTION FIVE

.....RENT COMPARABLES

## SECTION SIX

.....MARKET OVERVIEW

## SECTION SEVEN

.....DEMOGRAPHIC ANALYSIS

## SECTION EIGHT

.....MARKETING PLAN

## SECTION NINE

.....AGENT QUALIFICATIONS

## SECTION TEN

.....THE MARCUS & MILLICHAP  
ADVANTAGE



## 3309 FIRST AVENUE APARTMENTS

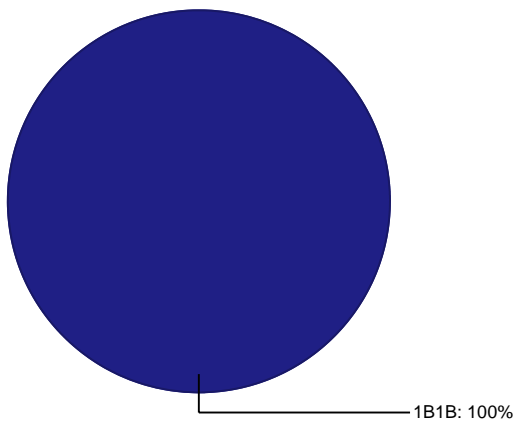
SACRAMENTO, CA



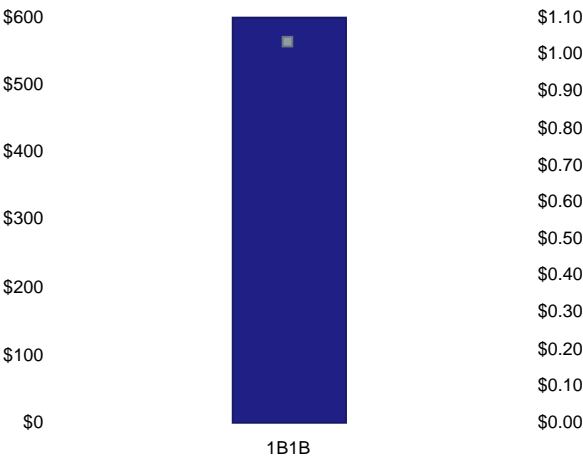
# Unit Mix

No. of Units	Unit Type	Approx. Square Feet	Current Rents	Rent/ SF	Monthly Income	Pro Forma Rents	Rent/ SF	Monthly Income
8	1 Bdr 1 Bath Flat	540	\$600	\$1.03	\$4,800	\$575	\$0.95	\$4,600
8	TOTAL	4,640			\$4,800			\$4,600

UNIT MIX



UNIT RENT & RENT/SF



# COMMENTS

The existing lease rates (\$600 per month) for this property in its current condition are not competitive. The pro forma reduces the asking monthly rent to \$575 per month in order to be more competitive.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )





## Rent Roll

Unit Number	Unit Type			Unit SF	Current Rent	Rent/ SF	Asking Rent	Rent/ SF	Parking
1	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
2	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
3	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
4	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
5	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
6	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
7	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5
8	1 Bdr	1 Bath	Flat	540	\$600	\$1.11	\$600	\$1.11	.5

	<b>TOTAL VACANT</b>		<b>\$0</b>	<b>\$0</b>
<b>8</b>	<b>TOTAL OCCUPIED</b>	<b>4,320</b>	<b>\$4,800</b>	<b>\$4,800</b>
<b>8</b>	<b>TOTAL</b>	<b>4,320</b>	<b>\$4,800</b>	<b>\$4,800</b>

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Income & Expenses

<b>Total Number of Units:</b>	<b>8</b>			
<b>Total Rentable Area:</b>	<b>4,640</b>	<b>SF</b>		
<b>INCOME</b>	<b>CURRENT</b>	<b>PER UNIT</b>	<b>PRO FORMA</b>	<b>PER UNIT</b>
<b>GROSS POTENTIAL RENT</b>	<b>\$57,600</b>	<b>\$7,200</b>	<b>\$55,200</b>	<b>\$6,900</b>
<b>Other Income</b>				
Laundry Income	400	50	400	50
Application/Transfer Fee	200	25	200	25
Cleaning/Damage Income	400	50	400	50
<b>Total Other Income</b>	<b>\$1,000</b>	<b>\$125</b>	<b>\$1,000</b>	<b>\$125</b>
<b>GROSS POTENTIAL INCOME</b>	<b>\$58,600</b>	<b>\$7,325</b>	<b>\$56,200</b>	<b>\$7,025</b>
Vacancy/Collection Allowance (GPR)	(20.0%) \$11,520	1,440	(10.0%) \$5,520	690
Concessions (GPR)	(0.0%) \$0	0	(0.0%) \$0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$47,080</b>	<b>\$5,885</b>	<b>\$50,680</b>	<b>\$6,335</b>
<b>EXPENSES</b>				
Real Estate Taxes	\$4,944	\$618	\$3,427	\$428
Insurance	1,450	181	1,450	181
Utilities	8,254	1,032	8,254	1,032
Contract Services	1,800	225	1,800	225
Repairs & Maintenance	3,200	400	3,200	400
Marketing & Promotion	800	100	800	100
On-Site Payroll	0	0	0	0
Management Fee	(6.0%) \$2,825	353	(6.0%) \$3,041	380
General & Administrative	1,200	150	1,200	150
Reserves & Replacements	1,800	225	1,800	225
<b>TOTAL EXPENSES</b>	<b>\$26,273</b>	<b>\$3,284</b>	<b>\$24,972</b>	<b>\$3,121</b>
Expenses per SF	\$5.66		\$5.38	
% of EGI	55.8%		49.3%	
<b>NET OPERATING INCOME</b>	<b>\$20,807</b>	<b>\$2,601</b>	<b>\$25,708</b>	<b>\$3,214</b>

## COMMENTS

The pro forma reflects a reduction in monthly asking rent from the current \$600 per month to \$575 per month.  
The repairs and maintenance costs for the pro forma reflect a property that has had deferred maintenance completed.  
The pro forma anticipates lower vacancy and collection losses due to more competitive rent structure.



## Pricing (A) - Current

	LIST PRICE		SALES RANGE	
Price	\$298,000		\$278,000	\$258,000
Down Payment	35%	\$104,300	35%	\$97,300 35% \$90,300
First Trust Deed/Mortgage		\$193,700		\$180,700 \$167,700
Interest Rate/ Amortization		5.25% / 20 Yrs.		5.25% / 20 Yrs. 5.25% / 20 Yrs.
NET OPERATING INCOME		\$20,807		\$20,807 \$20,807

### CASH FLOW ANALYSIS

Debt Service	(15,663)	(14,612)	(13,560)
Debt Coverage Ratio	1.33	1.42	1.53
Net Cash Flow After Debt Service	\$5,144	\$6,196	\$7,247
Return %	4.93%	6.37%	8.03%
Principal Reduction	5,628	5,250	4,872
Total Return	\$10,772	\$11,446	\$12,119
Total Return %	10.33%	11.76%	13.42%

### VALUE INDICATORS

CAP Rate	6.98%	7.48%	8.06%
GRM	5.17	4.83	4.48
Price/Unit	\$37,250	\$34,750	\$32,250
Price/SF	\$64.22	\$59.91	\$55.60

### COMMENTS

The most recent comparable sale for an eight-unit property located in North Oak Park was located on X Street and sold in March 2011 for \$258,000. The X Street location is superior to the 3309 1st Avenue location. The X Street property was in superior condition compared to the 3309 1st Avenue property.



## Pricing (B) - Pro Forma

	LIST PRICE		SALES RANGE			
Price		\$298,000		\$268,000		\$238,000
Down Payment	35%	\$104,300	35%	\$93,800	35%	\$83,300
First Trust Deed/Mortgage		\$193,700		\$174,200		\$154,700
Interest Rate/Amortization		5.25% / 20 Yrs.		5.25% / 20 Yrs.		5.25% / 20 Yrs.
NET OPERATING INCOME		\$25,708		\$25,708		\$25,708

### CASH FLOW ANALYSIS

Debt Service		(15,663)		(14,086)		(12,509)
Debt Coverage Ratio		1.64		1.83		2.06
Net Cash Flow After Debt Service		\$10,045		\$11,622		\$13,199
Return %		9.63%		12.39%		15.85%
Principal Reduction		5,628		5,061		4,495
Total Return		\$15,673		\$16,683		\$17,694
Total Return %		15.03%		17.79%		21.24%

### VALUE INDICATORS

CAP Rate		8.63%		9.59%		10.80%
GRM		5.40		4.86		4.31
Price/Unit		\$37,250		\$33,500		\$29,750
Price/SF		\$64.22		\$57.76		\$51.29



## Financial Overview

### LOCATION

3309 First Avenue  
Sacramento, CA 95817

Price	\$298,000
Down Payment	35% \$104,300
Number of Units	8
Price/Unit	\$37,250
Rentable Square Feet	4,640
Price/SF	\$64.22
CAP Rate- Current	6.98%
CAP Rate- Pro Forma	8.63%
GRM- Current	5.17
GRM- Pro Forma	5.40
Year Built	1955
Lot Size	6,098
Type of Ownership	Fee Simple

### FINANCING

#### FIRST TRUST DEED

Loan Amount	\$193,700
Loan Type	Proposed New
Interest Rate	5.25%
Amortization	20 Years
Program	Five-Year Fixed
Loan to Value	65 Percent LTV
Loan information is time sensitive and subject to change. Contact your local Marcus & Millichap Capital Corporation representative.	

### ANNUALIZED OPERATING DATA

INCOME	CURRENT	PRO FORMA
Gross Potential Rent	\$57,600	\$55,200
Other Income	1,000	1,000
Gross Potential Income	\$58,600	\$56,200
Less: Vacancy/Deductions (GPR)	(20.0%) 11,520	(10.0%) 5,520
Effective Gross Income	\$47,080	\$50,680
Less: Expenses	26,273	24,972
Net Operating Income	\$20,807	\$25,708
Debt Service	15,663	15,663
Debt Coverage Ratio	1.33	1.64
Net Cash Flow After Debt Service	4.93% \$5,144	9.63% \$10,045
Principal Reduction	5,628	5,628
Total Return	10.33% \$10,772	15.03% \$15,673

### EXPENSES

Real Estate Taxes	\$4,944	\$3,427
Insurance	1,450	1,450
Utilities	8,254	8,254
Contract Services	1,800	1,800
Repairs & Maintenance	3,200	3,200
Marketing & Promotion	800	800
On-Site Payroll	0	0
Management Fee	2,825	3,041
General & Administrative	1,200	1,200
Reserves & Replacements	1,800	1,800
TOTAL EXPENSES	\$26,273	\$24,972
EXPENSES/UNIT	\$3,284	\$3,121
EXPENSES/SF	\$5.66	\$5.38
% of EGI	55.80%	49.27%

### SCHEDULED INCOME

No. of Units	Unit Type	Approx. Square Feet	Current Rents	Rent/SF	Monthly Income	Pro Forma Rents	Rent/SF	Monthly Income
8	1 Bdr 1 Bath Flat	540	\$600	\$1.03	\$4,800	\$575	\$0.95	\$4,600
8	Total/Wtd. Avg.	4,640			\$4,800			\$4,600

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA



## Investment Overview



### INVESTMENT HIGHLIGHTS

*Close to Highway 99, Highway 50 and Business Interstate 80*

*Short Drive to Three Large Medical Center Campuses*

*Large One-Bedroom/One-Bathroom Units*

*Convenient On-Site Laundry*

*Parking in Rear for Four Vehicles*

*Neighboring Properties Recently Renovated*

*Outstanding Opportunity for Value Added Investor*

*Significant Upside Due to Redevelopment in Immediate Area*

The eight-unit property at 3309 1st Avenue is centrally located in a vibrant neighborhood that is undergoing significant revitalization. North Oak Park was originally developed in the 1880s as the first suburb of the city of Sacramento and as such it is well connected to midtown Sacramento and downtown Sacramento via major arterial streets and highways.

A Sacramento Light Rail station is within walking distance along Alhambra Boulevard, a major arterial street that connects North Oak Park to East Sacramento and the famous "Fab 40s" neighborhood.

Second Avenue, which passes within one block of the subject property, connects North Oak Park to the nationally renown UC Davis Medical Center campus. Several thousand highly trained and highly compensated medical professionals work at the UC Davis Medical Center, a short convenient walk from the subject property.





## Investment Overview



The Oak Park Neighborhood Association is actively working with several Oak Park based business development organizations to attempt to create more work/live studio/gallery spaces in Oak Park for artists and craftsmen who are professional and who need affordable convenient work/live rental options. There has already been some development in North Oak Park toward creating a San Francisco style "South of Mission" Bohemian neighborhood that will attract creative personalities who are looking for convenient affordable living and studio space. There is increasing recognition that the Oak Park Neighborhood Association has created a "critical mass" level of community support toward creating a "South of Mission" environment in the North Oak Park Neighborhood. The future truly looks bright for the North Oak Park Neighborhood and its proactive community oriented residents.



## Property Summary



### THE OFFERING

Property	3309 First Avenue Apartments
Property Address	3309 First Avenue Sacramento, CA 95817
Assessor's Parcel Number	010-0311-018
Zoning	RMX

### SITE DESCRIPTION

Number of Units	8
Number of Buildings	One
Number of Stories	Two
Year Built	1955
Rentable Square Feet	4,640
Lot Size	6,098
Type of Ownership	Fee Simple
Density	60 DWU Per Acre
Parking	Four Spaces
Parking Ratio	0.5 Parking Spaces Per Unit
Landscaping	Deminimis
Topography	Flat

### UTILITIES

Water	City of Sacramento by Owner
Phone	AT&T by Tenants
Electric	SMUD by Tenants
Gas	PG&E by Tenants

### CONSTRUCTION

Foundation	Raised Foundation
Framing	Conventional Wood
Exterior	Stucco and Wood
Parking Surface	Concrete
Roof	Composition Shingle

### MECHANICAL

HVAC	Wall Gas Heat, Wall Electrical A/C
Wiring	Copper
Fire Protection	Smoke Detectors, No Sprinklers



## Amenities



### COMMON AREA AMENITIES

*Parking at Rear of Property*

*Street Parking in Front of Property*

*Laundry On-Site*

*Convenient Access to Public Transportation*

*Central Sacramento Location with Convenient Freeway Access*

PROPERTY DESCRIPTION

### UNIT AMENITIES

*Modern Kitchen Appliances*

*Efficient Floor Plans*

*Tub Areas with Shower Enclosures*

*Wall-to-Wall Carpeting*

*Unit Entries with Street Privacy*







## Property Photos



PROPERTY DESCRIPTION

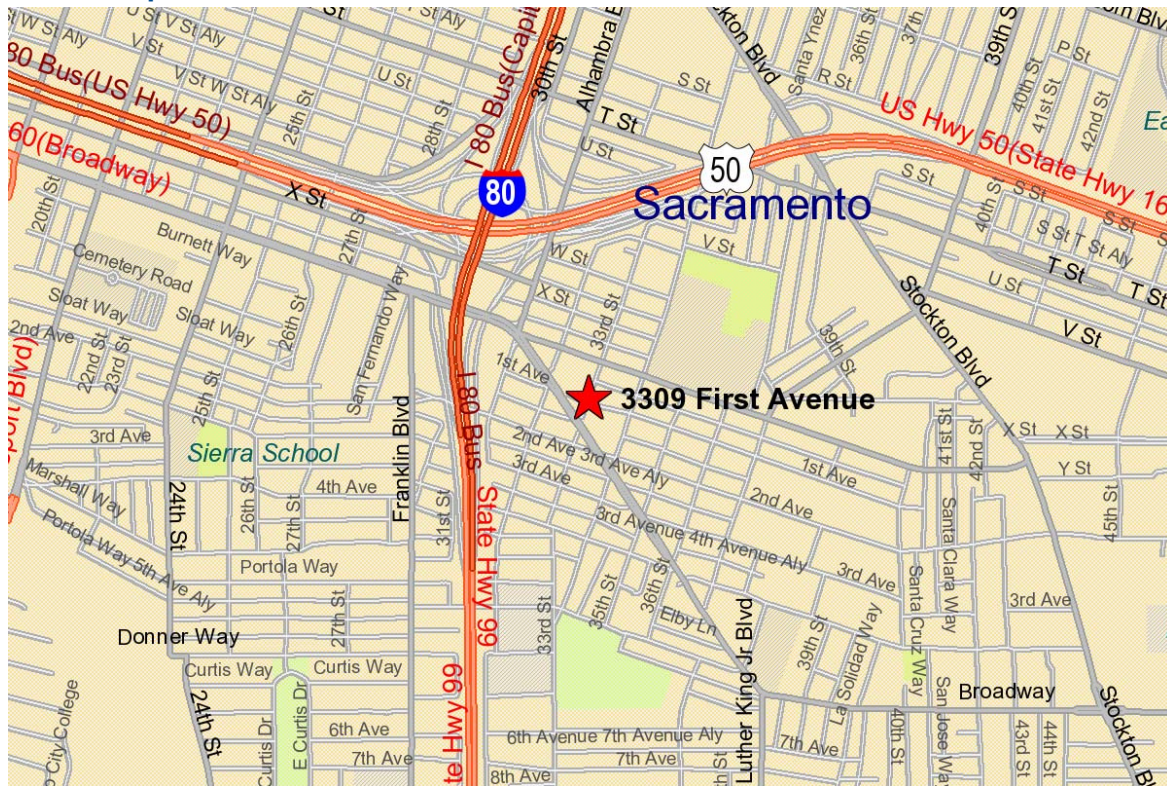
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services

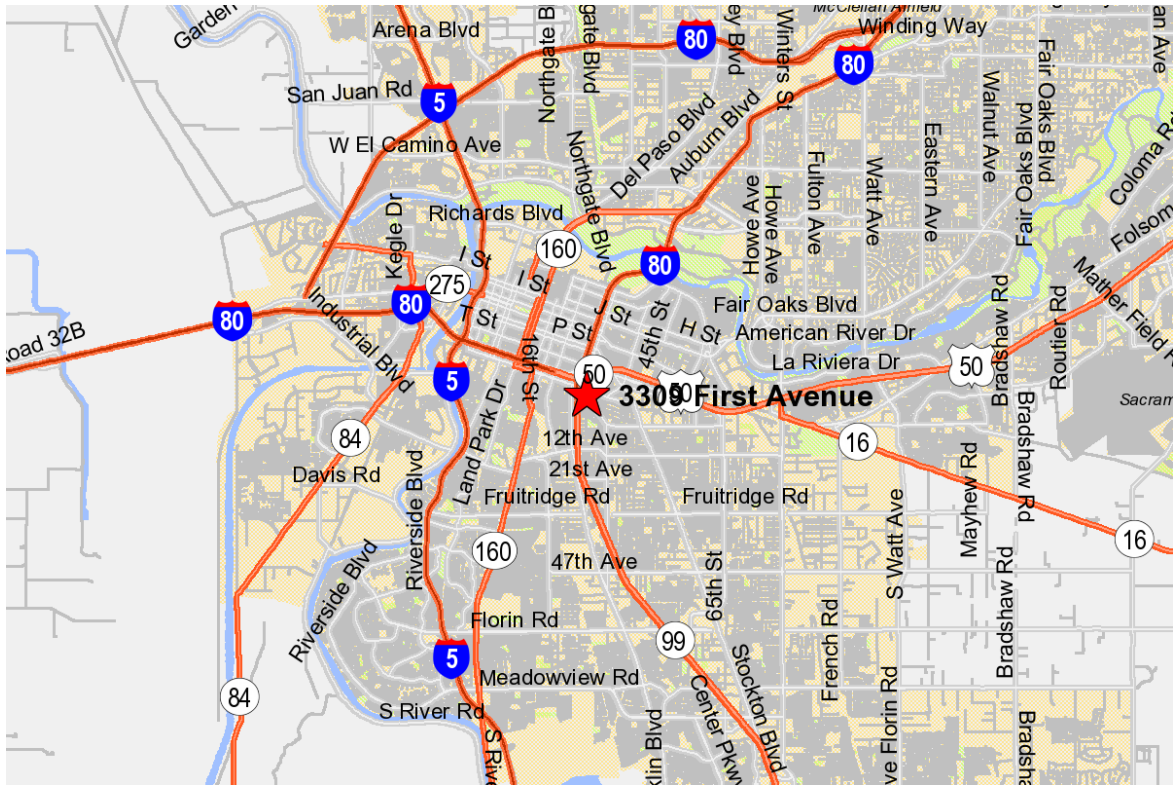




## Area Maps



LOCAL MAP



REGIONAL MAP

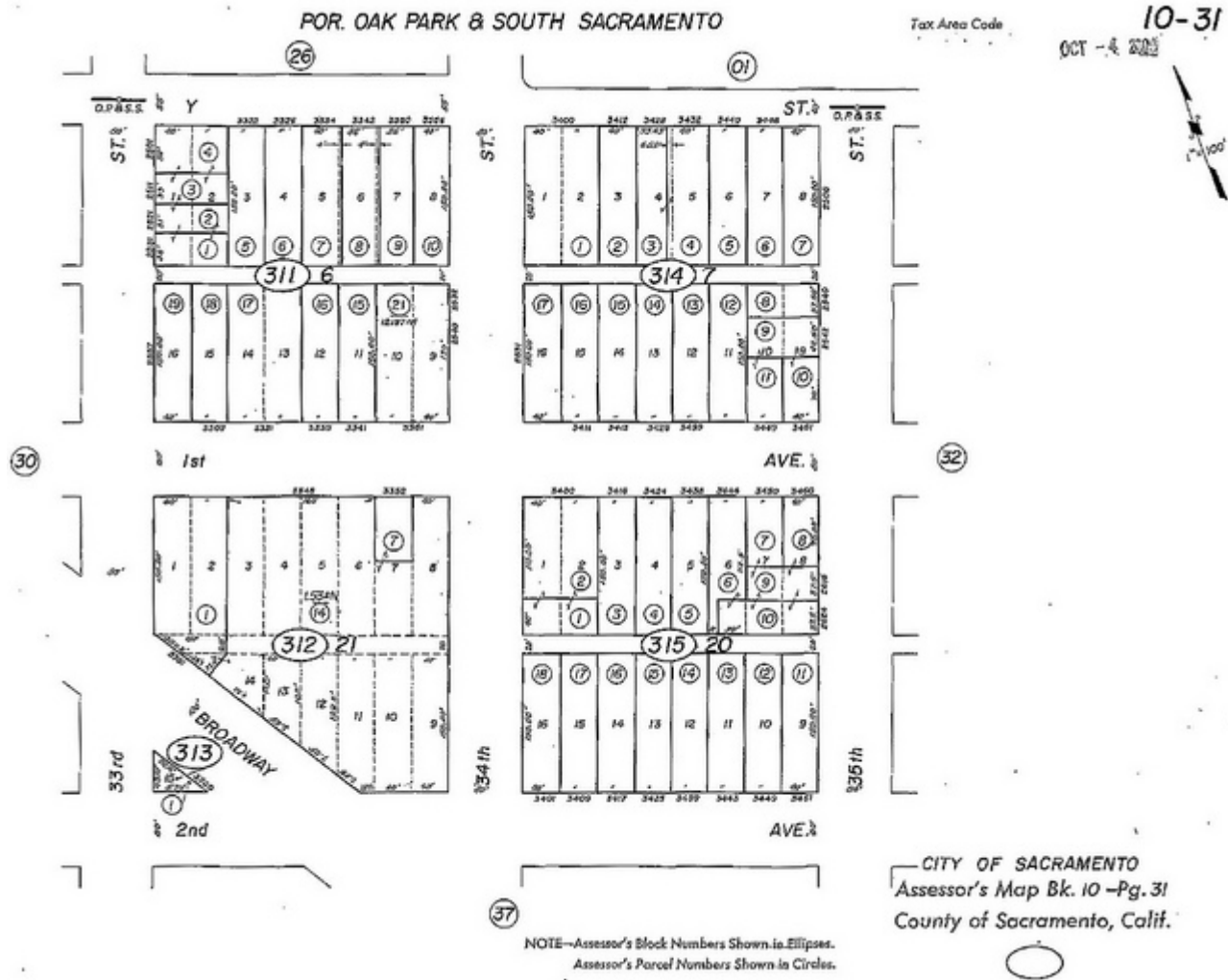
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap (V 10.7)

**Marcus & Millichap**  
Real Estate Investment Services



## Site Plan

## PROPERTY DESCRIPTION



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services





Aerial Photo



PROPERTY DESCRIPTION

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services





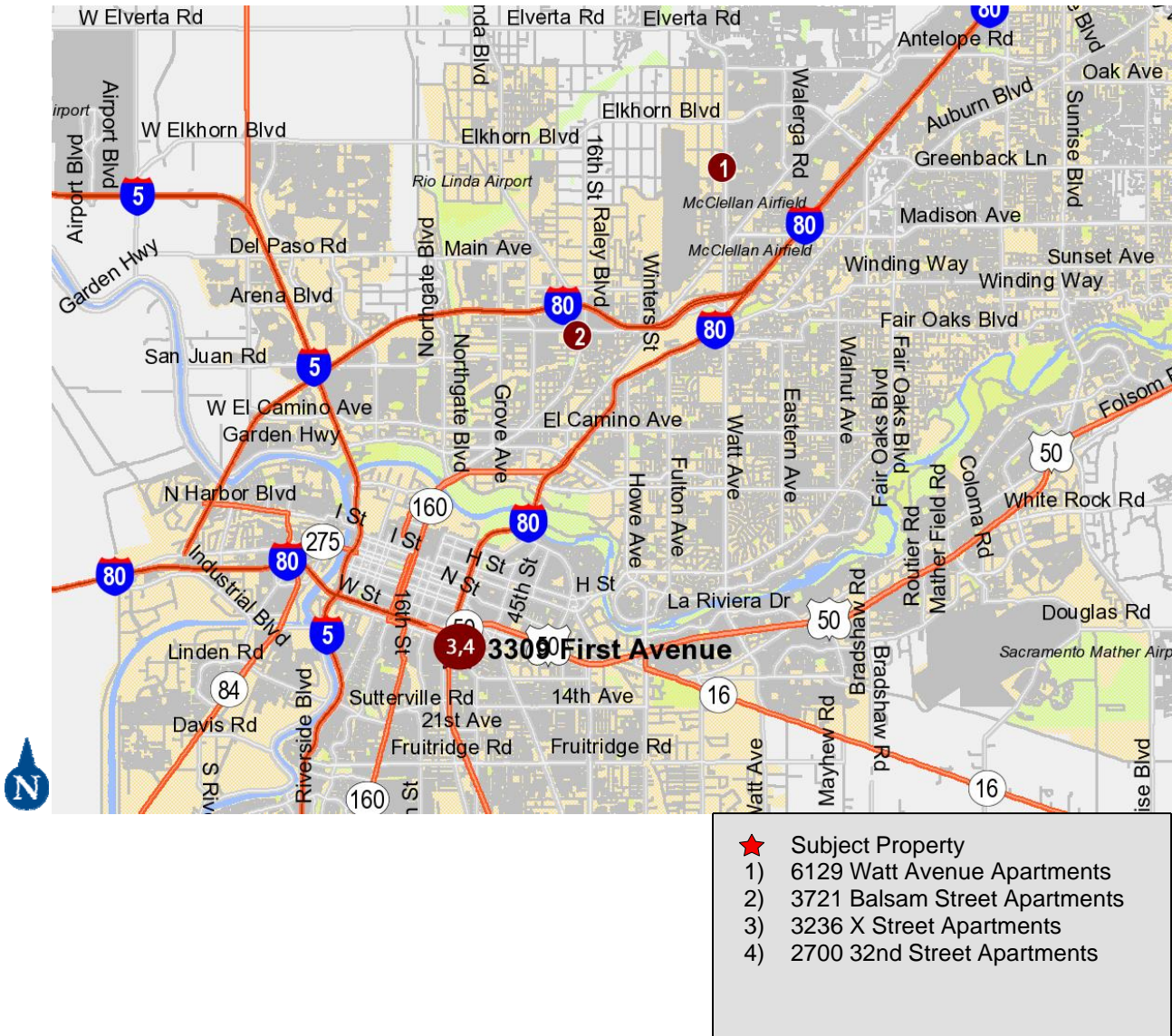
## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA



## Recent Sales Map

## RECENT SALES



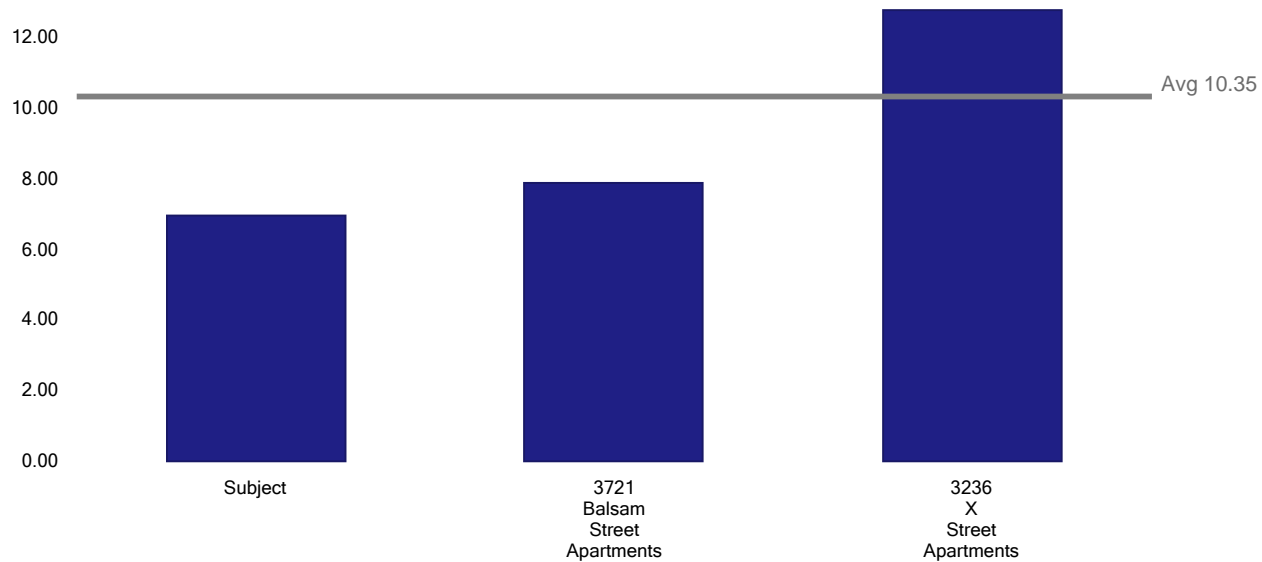
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



# CAP Rate & GRM

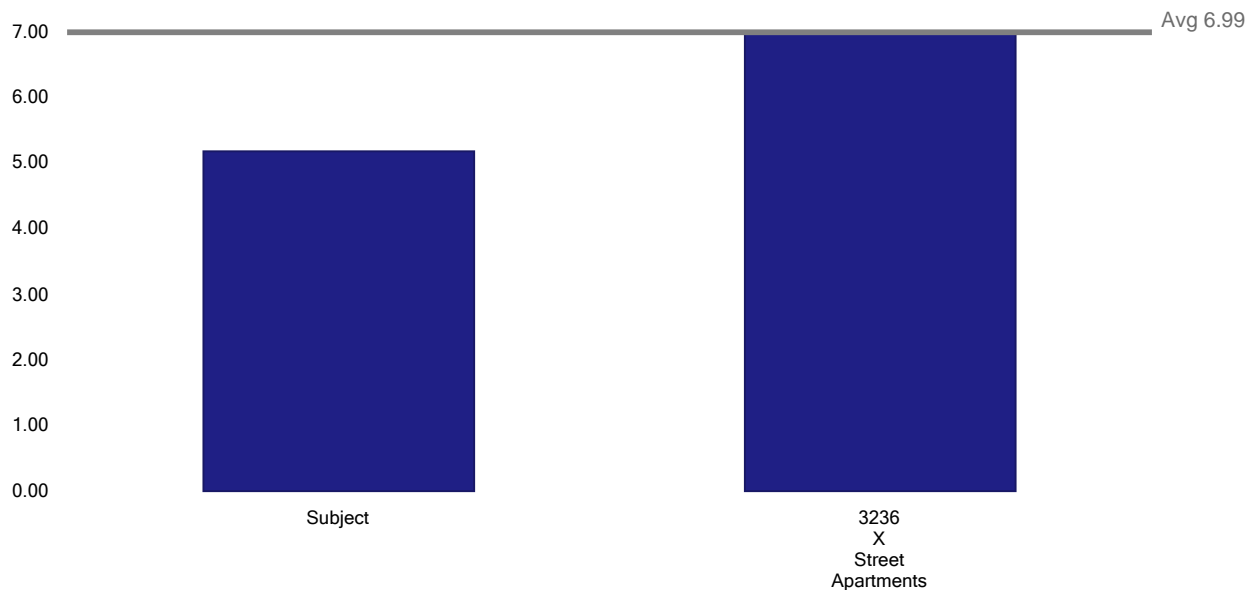
## AVERAGE CAP RATE



## COMMENTS

The sales in North Oak Park in the past 12 months have without exception been sales of distressed properties with vacancy, collection and deferred maintenance issues. Accordingly, there is little reliable cap rate and GRM data.

## AVERAGE GRM



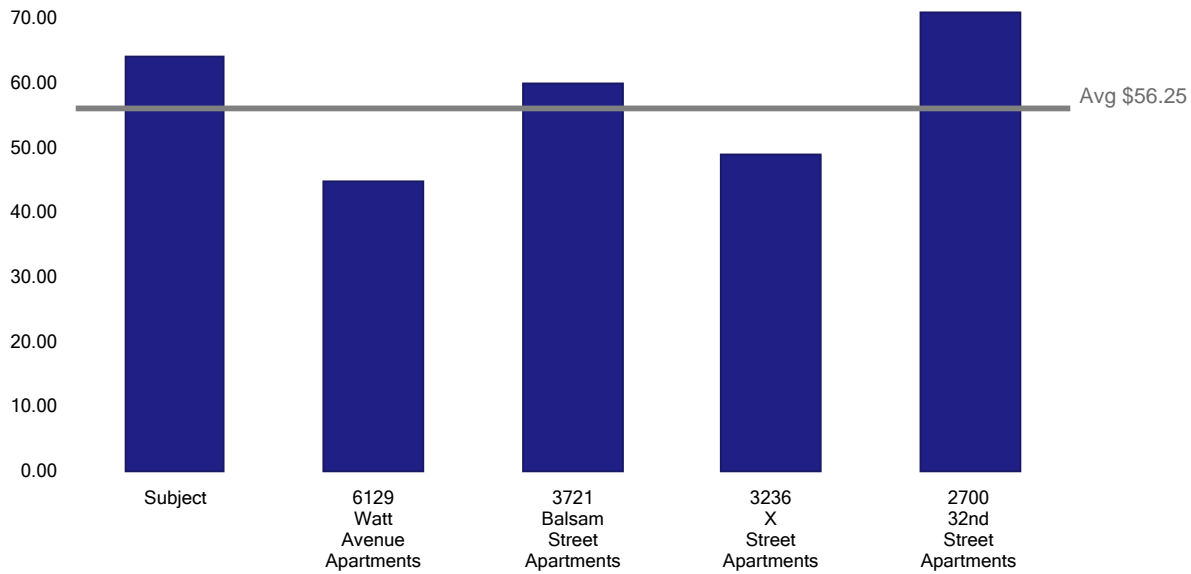
## COMMENTS

There is little reliable GRM data obtainable from recent sales of distressed apartment properties located in the North Oak Park submarket.



## Price/SF & Price/Unit

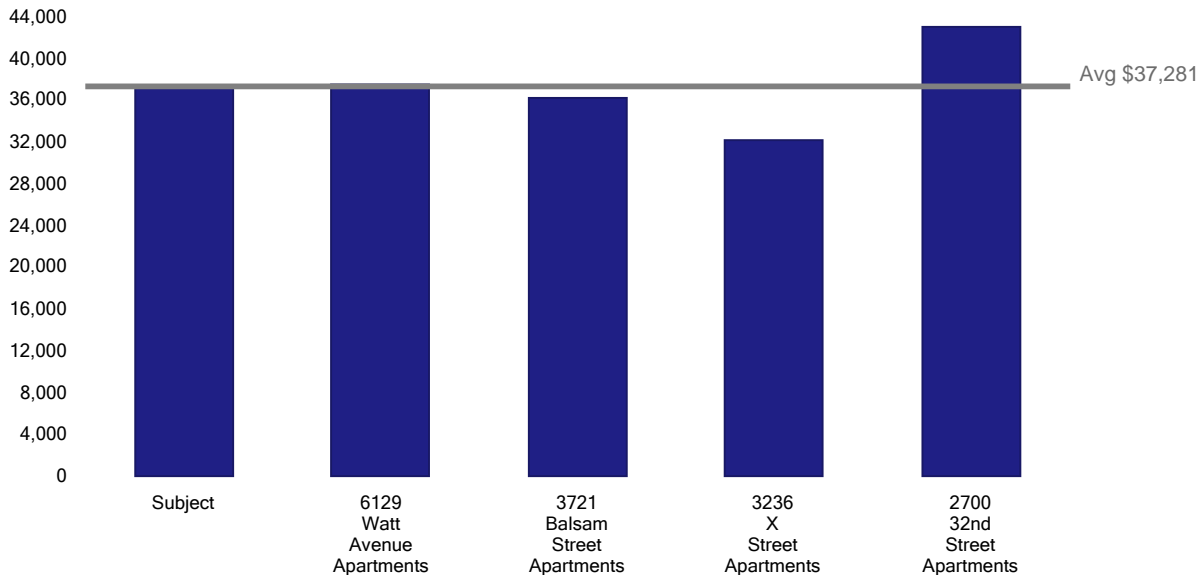
### AVERAGE PRICE/SF



### COMMENTS

The recent sales of distressed apartment properties in North Oak Park have been in the price range of \$250,000 to \$300,000 or \$50 per square foot to \$60 per square foot.

### AVERAGE PRICE/UNIT



### COMMENTS

The eight-unit properties that have sold in North Oak Park in the past 12 months have sold in the \$30,000 to \$40,000 per unit price range. The overall per unit average price is \$35,000.



## Profile of Recent Sale #1



### 6129 WATT AVENUE APARTMENTS

6129 Watt Avenue  
North Highlands, CA 95660

Close of Escrow:	04/22/2011
No. of Units:	8
Year Built:	1960
Market Time:	30 Days
Lot Size:	132x160

### VITAL DATA

Sale Price:	\$300,000
Down Payment:	120,000%
Price/Unit:	\$37,500
Price/SF:	\$45.00

### UNDERWRITING CRITERIA

Financing:	New 60% LTV loan
------------	------------------

### UNIT MIX

NO. OF UNITS	UNIT TYPE
8	2 Bdr 1 Bath Flat

### COMMENTS

This eight-unit apartment property was a Chase Bank owned REO asset with a high-vacancy rate and no reliable operating history. Accordingly, the property sold for approximately 35 percent of replacement cost or \$45 per square foot. The property was on a one-half-acre lot. This Chase Bank REO sale is typical of the current Sacramento apartment market. Approximately 65 percent of apartment sales in the Sacramento apartment market involve banks taking assets during foreclosure or banks selling foreclosed REO properties.





## Profile of Recent Sale #2



### 3721 BALSAM STREET APARTMENTS

3721 Balsam Street  
Sacramento, CA 95838

Close of Escrow:	04/25/2011
No. of Units:	8
Occupancy:	92%
Year Built:	1960
Market Time:	259 Days
Lot Size:	100x120

### VITAL DATA

Sale Price:	\$290,000
Down Payment:	87,000%
CAP Rate:	7.90%
Price/Unit:	\$36,250
Price/SF:	\$60.00

### UNIT MIX

NO. OF UNITS	UNIT TYPE
8	1 Bdr 1 Bath Flat

## COMMENTS

This eight-unit property languished on the market for 259 days as the Sacramento apartment market declined through 2010 and early 2011. The marketing of this 1960 apartment building benefited from the surge in buyer activity and heightened buyer demand for sub \$500,000 apartment properties witnessed in the first six months of 2011. The \$60 per square foot sales price and the \$36,000 per unit sales price are almost exactly the average per square foot sales price and per unit sales price seen in the Sacramento sub \$500,000 apartment property market in 2011. There has been more buyer competition for smaller apartment properties in the first half of 2011 and some properties priced below \$500,000 have sold in a few days at list price or higher than list price.



## Profile of Recent Sale #3



### 3236 X STREET APARTMENTS

3236 X Street  
Sacramento, CA 95817

Close of Escrow:	03/15/2011
No. of Units:	8
Year Built:	1959
Market Time:	266 Days
Lot Size:	40x150

### VITAL DATA

Sale Price:	\$258,000
CAP Rate:	12.80%
GRM:	6.99
Price/Unit:	\$32,250
Price/SF:	\$49.00

### UNIT MIX

NO. OF UNITS	UNIT TYPE
8	1 Bdr 1 Bath Flat

### COMMENTS

This eight-unit property was a short sale that sold for over \$150,000 less than the existing debt amount. There have been several sellers of eight-unit properties in North Oak Park who paid approximately \$90,000 per unit in 2005-2006 and who sold their property in the past 15 months for approximately \$35,000 per unit. Many of these recent sales have been short sales, bank REO sales or sales subject to existing debt.





## Profile of Recent Sale #4



### 2700 32ND STREET APARTMENTS

2700 32nd Street  
Sacramento, CA 95817

Close of Escrow: 04/09/2010  
No. of Units: 8  
Occupancy: 35%  
Year Built/Renovated: 1955 / 2006  
Market Time: 145 Days  
Lot Size: 40x150

### VITAL DATA

Sale Price: \$345,000  
Price/Unit: \$43,125  
Price/SF: \$71.00

### UNIT MIX

NO. OF UNITS	UNIT TYPE
8	1 Bdr 1 Bath Flat

### COMMENTS

This North Oak Park eight-unit property was purchased by the current owner in April 2010 with a zero-dollar down payment subject to the existing Bank of America loan with an outstanding balance of \$345,000. The property was 65 percent vacant (35 percent occupied) at the time of purchase. The current owner renovated the property in April and May 2010 and immediately leased up the property to 100 percent occupancy using online marketing methods. The property is currently being leased at \$535.00 per unit for 600 square foot one-bedroom units.



## Recent Sales



**SUBJECT PROPERTY**

### 3309 FIRST AVENUE APARTMENTS

3309 First Avenue  
Sacramento, CA 95817

No. of Units:	8	No. of Units	Unit Type
Year Built:	1955	8	1 Bdr 1 Bath Flat
Sale Price:	\$298,000		
Price/Unit:	\$37,250		
Price/SF:	\$64.22		
CAP Rate:	6.98%		
GRM:	5.17		

#### COMMENTS

The subject property is in average condition and in an average location compared to the recent sales comps of similar eight-unit buildings in North Oak Park. The tenant profile in the subject is somewhat weaker than average.

1



Close of Escrow 04/22/2011

### 6129 WATT AVENUE APARTMENTS

6129 Watt Avenue  
North Highlands, CA 95660

No. of Units:	8	No. of Units	Unit Type
Year Built:	1960	8	2 Bdr 1 Bath Flat
Sale Price:	\$300,000		
Price/Unit:	\$37,500		
Price/SF:	\$45.00		

#### COMMENTS

This eight-unit apartment property was a Chase Bank owned REO asset with a high-vacancy rate and no reliable operating history. Accordingly, the property sold for approximately 35 percent of replacement cost or \$45 per square foot. The property was on a one-half-acre lot. This Chase Bank REO sale is typical of the current Sacramento apartment market. Approximately 65 percent of apartment sales in the Sacramento apartment market involve banks taking assets during foreclosure or banks selling foreclosed REO properties.

2



Close of Escrow 04/25/2011

### 3721 BALSAM STREET APARTMENTS

3721 Balsam Street  
Sacramento, CA 95838

No. of Units:	8	No. of Units	Unit Type
Year Built:	1960	8	1 Bdr 1 Bath Flat
Sale Price:	\$290,000		
Price/Unit:	\$36,250		
Price/SF:	\$60.00		
CAP Rate:	7.90%		

#### COMMENTS

This eight-unit property languished on the market for 259 days as the Sacramento apartment market declined through 2010 and early 2011. The marketing of this 1960 apartment building benefited from the surge in buyer activity and heightened buyer demand for sub \$500,000 apartment properties witnessed in the first six months of 2011. The \$60 per square foot sales price and the \$36,000 per unit sales price are almost exactly the average per square foot sales price and per unit sales price seen in the Sacramento sub \$500,000 apartment property market in 2011. There has been more buyer competition for smaller apartment properties in the first half of 2011 and some properties priced below \$500,000 have sold in a few days at list price or higher than list price.



## Recent Sales

3



Close of Escrow 03/15/2011

### 3236 X STREET APARTMENTS

3236 X Street  
Sacramento, CA 95817

No. of Units:	8	No. of Units	Unit Type
Year Built:	1959	8	1 Bdr 1 Bath Flat
Sale Price:	\$258,000		
Price/Unit:	\$32,250		
Price/SF:	\$49.00		
CAP Rate:	12.80%		
GRM:	6.99		

#### COMMENTS

This eight-unit property was a short sale that sold for over \$150,000 less than the existing debt amount. There have been several sellers of eight-unit properties in North Oak Park who paid approximately \$90,000 per unit in 2005-2006 and who sold their property in the past 15 months for approximately \$35,000 per unit. Many of these recent sales have been short sales, bank REO sales or sales subject to existing debt.

4



Close of Escrow 04/09/2010

### 2700 32ND STREET APARTMENTS

2700 32nd Street  
Sacramento, CA 95817

No. of Units:	8	No. of Units	Unit Type
Year Built:	1955 / 2006	8	1 Bdr 1 Bath Flat
Sale Price:	\$345,000		
Price/Unit:	\$43,125		
Price/SF:	\$71.00		

#### COMMENTS

This North Oak Park eight-unit property was purchased by the current owner in April 2010 with a zero-dollar down payment subject to the existing Bank of America loan with an outstanding balance of \$345,000. The property was 65 percent vacant (35 percent occupied) at the time of purchase. The current owner renovated the property in April and May 2010 and immediately leased up the property to 100 percent occupancy using online marketing methods. The property is currently being leased at \$535.00 per unit for 600 square foot one-bedroom units.



## 3309 FIRST AVENUE APARTMENTS

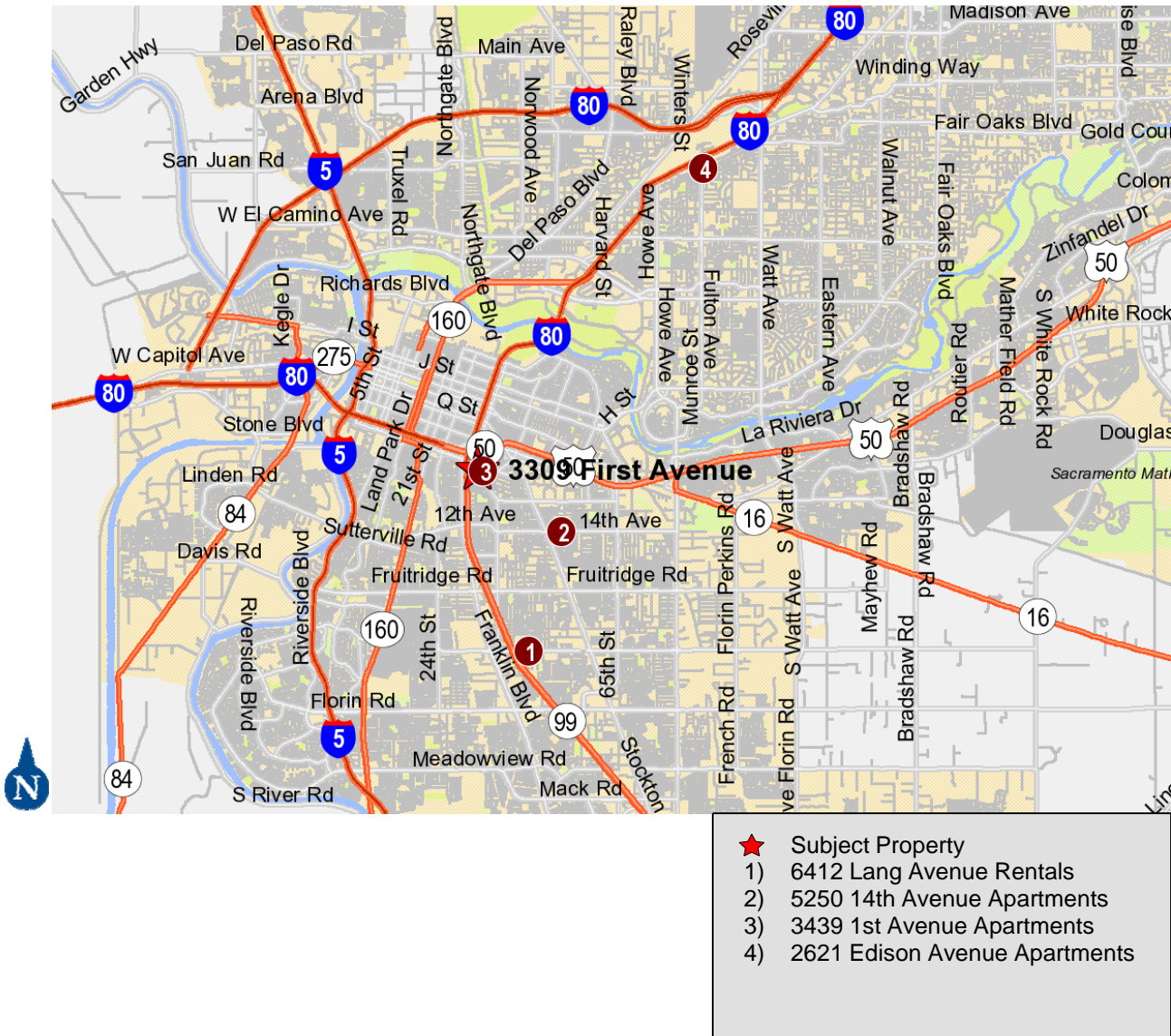
SACRAMENTO, CA





## On Market Comparables Map

## ON MARKET COMPARABLES



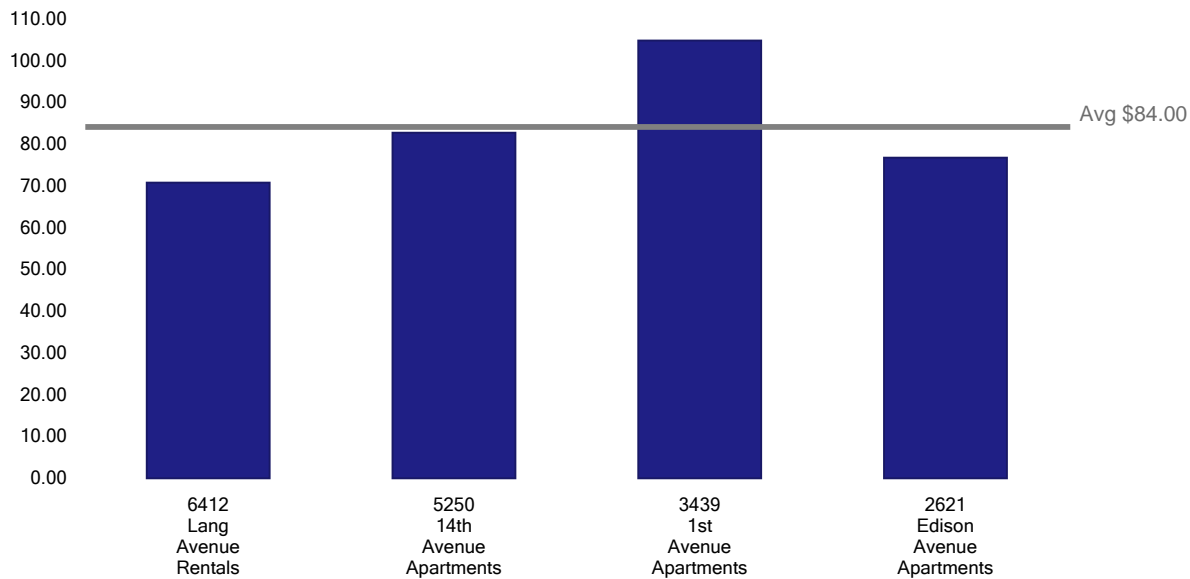
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Price/SF & Price/Unit

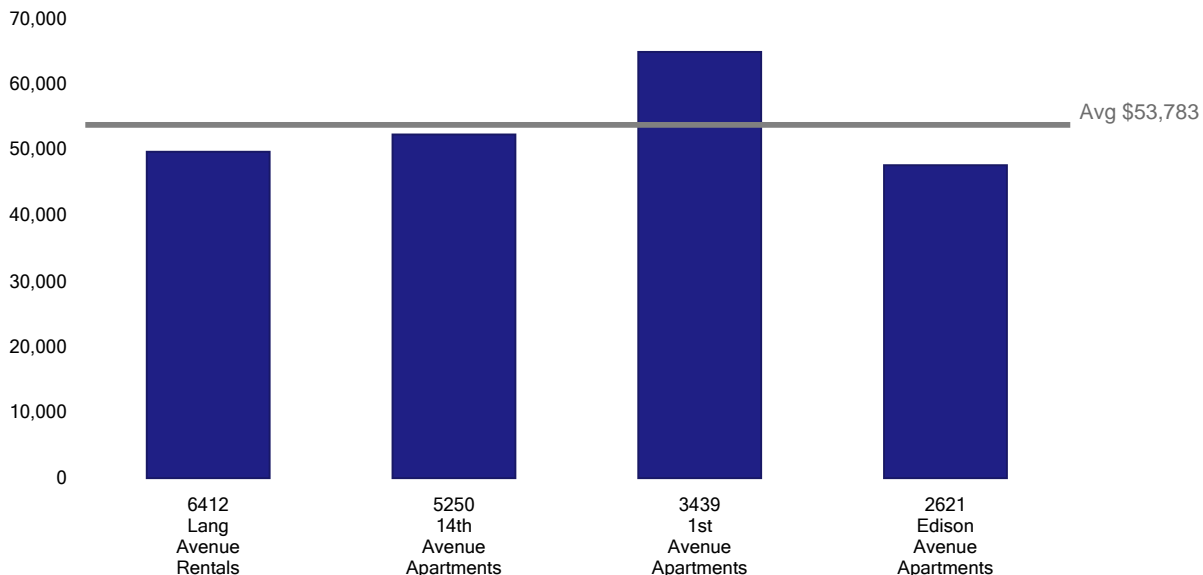
### AVERAGE PRICE/SF



### COMMENTS

The lack of financial performance metrics in the distressed asset markets has resulted in investors and brokers utilizing non-financial metrics to evaluate current investment properties, such as price per square foot and price per unit.

### AVERAGE PRICE/UNIT



### COMMENTS

Price per unit in North Oak Park has ranged from \$30,000 to \$45,000 per unit in the past 24 months, down from \$75,000 to \$95,000 per unit at the market peak in late 2005.



## Profile of On Market Comparable #1



### 6412 LANG AVENUE RENTALS

6412 Lang Avenue  
Sacramento, CA 95823

Close of Escrow:	On Market
No. of Units:	6
Year Built:	1965
Market Time:	71 Days
Lot Size:	58,000 SF

### VITAL DATA

List Price:	\$299,000
Price/Unit:	\$49,833
Price/SF:	\$71.00

### UNIT MIX

NO. OF UNITS	UNIT TYPE
6	1 Bdr 1 Bath





## Profile of On Market Comparable #2



### 5250 14TH AVENUE APARTMENTS

5250 14th Avenue  
Sacramento, CA 95820

Close of Escrow:

No. of Units:	8
Year Built:	1965
Market Time:	190 Days
Lot Size:	80x133

### VITAL DATA

List Price:	\$420,000
CAP Rate:	10.70%
GRM:	7.57
Price/Unit:	\$52,500
Price/SF:	\$83.00

### UNIT MIX

NO. OF UNITS	UNIT TYPE
8	1 Bdr 1 Bath



## Profile of On Market Comparable #3



### 3439 1ST AVENUE APARTMENTS

3439 1st Avenue  
Sacramento, CA 95817

Close of Escrow:	On Market
No. of Units:	5
Year Built:	1905
Market Time:	312 Days
Lot Size:	40x150

### VITAL DATA

List Price:	\$325,000
Price/Unit:	\$65,000
Price/SF:	\$105.00

### UNIT MIX

NO. OF UNITS	UNIT TYPE
5	1 Bdr 1 Bath

### COMMENTS

This older North Oak Park five-unit property is in the same submarket as the subject property and is on the same street as the subject property.



## Profile of On Market Comparable #4



### 2621 EDISON AVENUE APARTMENTS

2621 Edison Avenue  
Sacramento, CA 95821

Close of Escrow: On Market  
No. of Units: 5

### VITAL DATA

List Price: \$239,000  
Price/Unit: \$47,800

### UNIT MIX

NO. OF UNITS  
5

### COMMENTS

This mid-1950s asset has noticeable deferred maintenance and is located in a declining neighborhood. The property has been listed on CoStar for over 200 days and it remains unsold, indicating that it is not competitively priced in a market that is experiencing increasing buyer competition for apartment properties priced under \$500,000.



## On Market Comparables

1



Close of Escrow    On Market

### 6412 LANG AVENUE RENTALS

6412 Lang Avenue  
Sacramento, CA 95823

No. of Units:	6	No. of Units	Unit Type
Year Built:	1965	6	1 Bdr 1 Bath
List Price:	\$299,000		
Price/Unit:	\$49,833		
Price/SF:	\$71		

2



### 5250 14TH AVENUE APARTMENTS

5250 14th Avenue  
Sacramento, CA 95820

No. of Units:	8	No. of Units	Unit Type
Year Built:	1965	8	1 Bdr 1 Bath
List Price:	\$420,000		
Price/Unit:	\$52,500		
Price/SF:	\$83.00		
CAP Rate:	10.70%		
GRM:	7.57		

3



Close of Escrow    On Market

### 3439 1ST AVENUE APARTMENTS

3439 1st Avenue  
Sacramento, CA 95817

No. of Units:	5	No. of Units	Unit Type
Year Built:	1905	5	1 Bdr 1 Bath
List Price:	\$325,000		
Price/Unit:	\$65,000		
Price/SF:	\$105.00		

### COMMENTS

This older North Oak Park five-unit property is in the same submarket as the subject property and is on the same street as the subject property.



## On Market Comparables

4



Close of Escrow    On Market

### 2621 EDISON AVENUE APARTMENTS

2621 Edison Avenue  
Sacramento, CA 95821

No. of Units:	5	No. of Units
		5
List Price:	\$239,000	
Price/Unit:	\$47,800	

#### COMMENTS

This mid-1950s asset has noticeable deferred maintenance and is located in a declining neighborhood. The property has been listed on CoStar for over 200 days and it remains unsold, indicating that it is not competitively priced in a market that is



## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA





## Rent Comparables Map

## RENT COMPARABLES



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

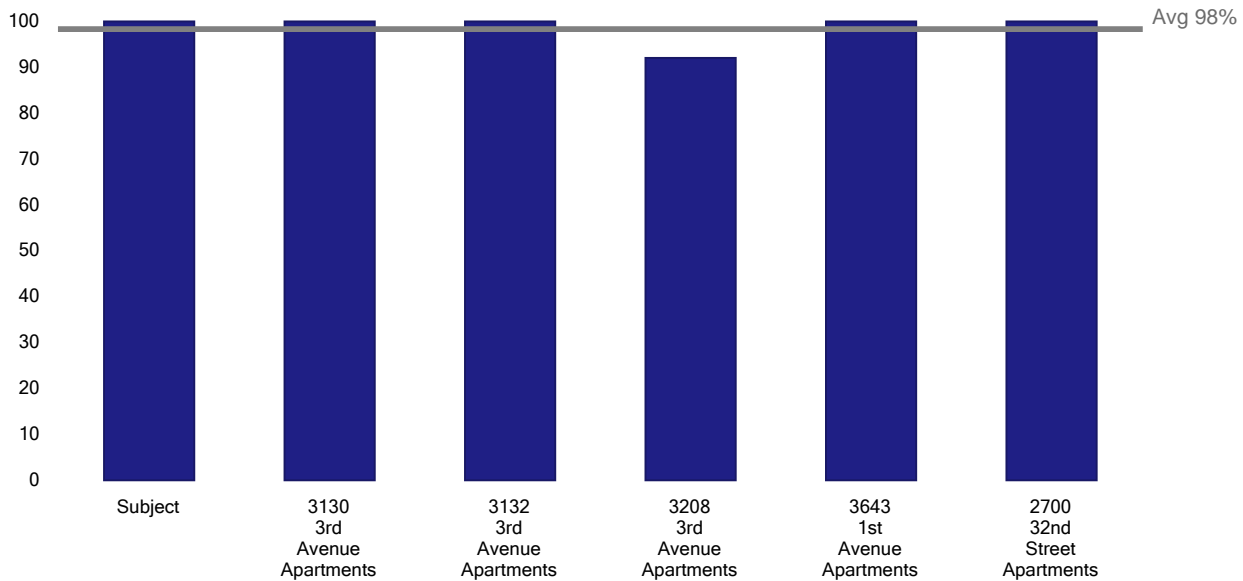
**Marcus & Millichap**  
Real Estate Investment Services





## Occupancy & Average Rents

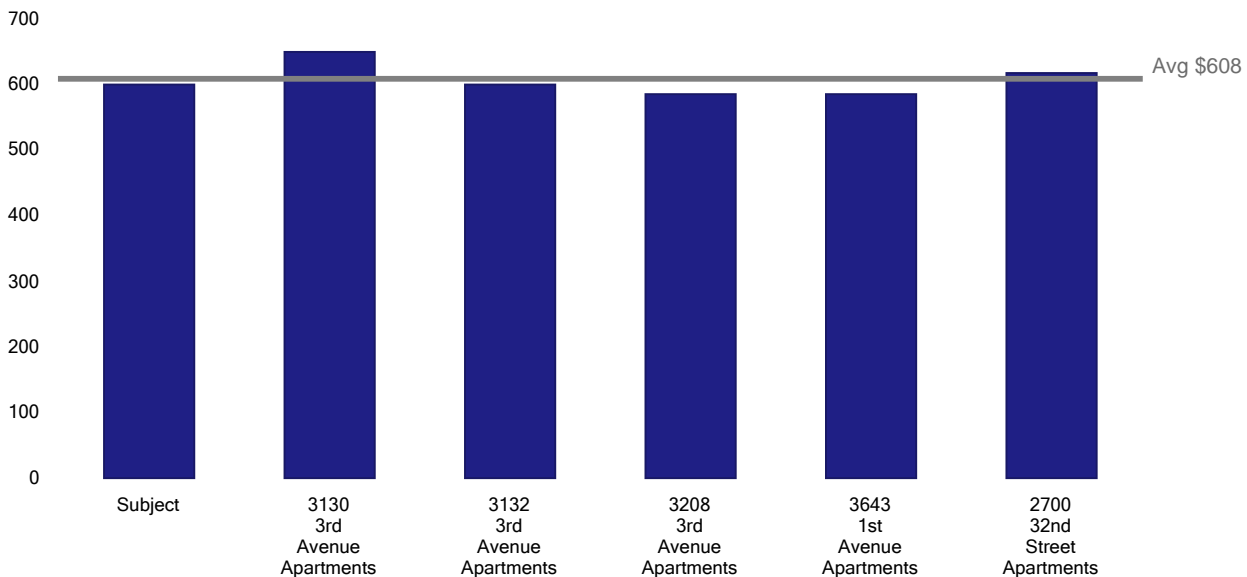
### AVERAGE OCCUPANCY



### COMMENTS

The North Oak Park apartment market contains a wide variety of older apartment buildings that are in various stages of repair. The better maintained and better managed apartment properties had vacancy rates less than 10 percent.

### AVERAGE RENTS - 1 BEDROOM

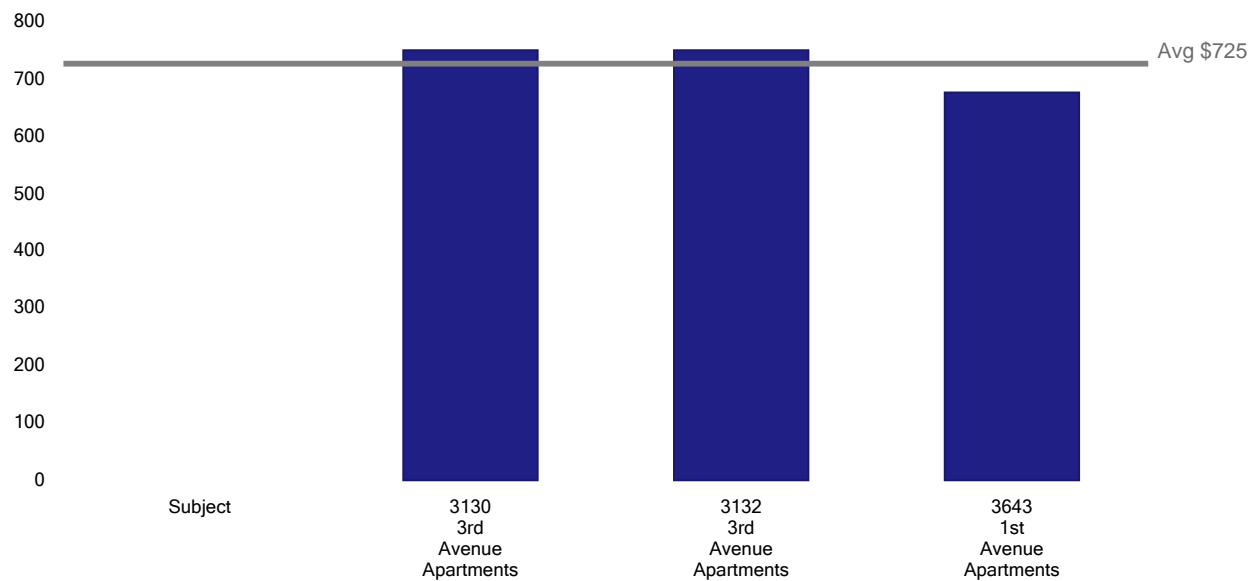


### COMMENTS

Most of the apartments in the North Oak Park apartment submarket are one-bedroom/one-bathroom units. The one-bedroom/one-bathroom units in North Oak Park rent for an average of \$565 per month.



Average Rents  
AVERAGE RENTS - 2 BEDROOMS



COMMENTS

The two-bedroom/two-bathroom units in North Oak Park rent for an average of \$675 per month. There were no three-bedroom units in the properties contacted for the rent survey.



## Profile of Subject Property



### 3309 FIRST AVENUE APARTMENTS

3309 First Avenue  
Sacramento, CA 95817

Date Surveyed: 06/22/2011  
No. of Units: 8  
Occupancy: 100%  
Year Built: 1955  
Lease Terms: Month-to-Month  
Management: Josip Jaklic  
Pets: No pets permitted on premises.

### LEASING ACTIVITY

Unit Type	No. of Units	Square Feet	Rental Range	Avg. Rent	Rent/SF
1 Bdr 1 Bath Flat	8	540	\$600	\$600	\$1.03

<b>Total/Wtd. Avg.</b>	<b>8</b>	<b>4,640</b>	<b>\$600</b>	<b>\$1.03</b>
------------------------	----------	--------------	--------------	---------------

### COMMON AREA AMENITIES

Pool	No	Clubhouse	No	Laundry	Yes	Racquetball	No
Jacuzzi/Spa	No	Business Center	No	Security	No	Tot Lot	No
Sauna	No	Garden	No	Playground	No	Garages	No
Barbecue	No	Gated	Yes	Rec. Room	No	Carports	No
Cable TV	No	Gym	No	Tennis	No	R.V. Storage	No

### UNIT FEATURES

Roof	Composition	Refrigerator	Yes	Fireplace	No	Walk-In Closets	Yes
A/C	Wall	Range	Yes	W/D	No	Water	City of
Heating	Wall	Microwave	No	Unit Alarms	No	Gas	PGE
Dishwasher	No	Oven	Yes	Patio/Balcony	No	Electric	SMUD
Disposal	No	Ceiling Fans	No	Carpet	Yes	Trash	City of

### COMMENTS

The subject property offers a strong location and a sound building for a savvy value added investor. The North Oak Park submarket is an up-and-coming neighborhood in a very convenient location.



## Profile of Rent Comparable #1



### 3130 3RD AVENUE APARTMENTS

3130 3rd Avenue  
Sacramento, CA 95817

Date Surveyed: 06/21/2011  
No. of Units: 8  
Occupancy: 100%  
Year Built/Renovated: 1955 / 2011  
Lease Terms: Written-Term Leases  
Management: Daniel Cioci  
Pets: No

### LEASING ACTIVITY

Unit Type	No. of Units	Square	Rental Range	Avg. Rent	Rent/SF
1 Bdr 1 Bath Flat	6	600 - 600	\$650 - \$650	\$650	\$1.08
2 Bdr 1 Bath Flat	2	700 - 700	\$750 - \$750	\$750	\$1.07

<b>Total/ Avg.</b>	<b>8</b>	<b>5,000</b>	<b>\$700</b>	<b>\$1.08</b>
--------------------	----------	--------------	--------------	---------------

### COMMON AREA AMENITIES

Pool	No	Clubhouse	No	Laundry	Yes	Racquetball	No
Jacuzzi/Spa	No	Business Center	No	Security	No	Tot Lot	No
Sauna	No	Garden	No	Playground	No	Garages	No
Barbecue	No	Gated	Yes	Rec. Room	No	Carports	No
Cable TV	No	Gym	No	Tennis	No	R.V. Storage	No

### UNIT FEATURES

Roof	Composition	Refrigerator	Yes	Fireplace	No	Walk-In Closets	Yes
A/C	Wall	Range	Yes	W/D	No	Water	City of
Heating	Wall	Microwave	No	Unit Alarms	No	Gas	PGE
Dishwasher	No	Oven	Yes	Patio/Balcony	No	Electric	SMUD
Disposal	No	Ceiling Fans	No	Carpet	Yes	Trash	City of

### COMMENTS

This mid-1950s eight-unit apartment building was completely renovated in 2011. All units have all new interior finishes and the exterior has also been completely refurbished. The North Oak Park location is becoming more popular with students due to its convenient location to McGeorge School of Law and Sacramento City College.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Profile of Rent Comparable #2



### 3132 3RD AVENUE APARTMENTS

3132 3rd Avenue  
Sacramento, CA 95817

Date Surveyed: 06/21/2011  
No. of Units: 8  
Occupancy: 100%  
Year Built/Renovated: 1955 / 2011  
Lease Terms: Written-Term Leases  
Management: Daniel Cioci  
Pets: No

### LEASING ACTIVITY

Unit Type	No. of Units	Square	Rental Range	Avg. Rent	Rent/SF
1 Bdr 1 Bath Flat	6	600 - 600	\$600 - \$600	\$600	\$1.00
2 Bdr 1 Bath Flat	2	700 - 700	\$750 - \$750	\$750	\$1.07

<b>Total/ Avg.</b>	<b>8</b>	<b>5,000</b>	<b>\$675</b>	<b>\$1.04</b>
--------------------	----------	--------------	--------------	---------------

### COMMON AREA AMENITIES

Pool	No	Clubhouse	No	Laundry	Yes	Racquetball	No
Jacuzzi/Spa	No	Business Center	No	Security	No	Tot Lot	No
Sauna	No	Garden	No	Playground	No	Garages	No
Barbecue	No	Gated	Yes	Rec. Room	No	Carports	No
Cable TV	No	Gym	No	Tennis	No	R.V. Storage	No

### UNIT FEATURES

Roof	Composition	Refrigerator	Yes	Fireplace	No	Walk-In Closets	Yes
A/C	Wall	Range	Yes	W/D	No	Water	City of
Heating	Wall	Microwave	No	Unit Alarms	No	Gas	PGE
Dishwasher	No	Oven	Yes	Patio/Balcony	No	Electric	SMUD
Disposal	No	Ceiling Fans	No	Carpet	Yes	Trash	City of

### COMMENTS

3132 3rd Avenue Apartments is a companion development to the 3130 3rd Avenue Apartments. Both properties were completely renovated in early 2011. The property at 3132 3rd Avenue leased up a few months after 3130 3rd Avenue and was forced to reduce the one-bedroom unit rents from \$650 to \$600 in order to fill the newly renovated units. The two-bedroom units in the 3132 3rd Avenue building were leased up at \$750 per month, comparable to the two-bedroom unit rents in the 3130 3rd Avenue building.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Profile of Rent Comparable #3



### 3208 3RD AVENUE APARTMENTS

3208 3rd Avenue  
Sacramento, CA 95817

Date Surveyed: 06/21/2011  
No. of Units: 12  
Occupancy: 92%  
Year Built: 1957  
Lease Terms: Month-to-Month  
Management: C & M Properties LP  
Pets: No

### LEASING ACTIVITY

Unit Type	No. of Units	Square	Rental Range	Avg. Rent	Rent/SF
1 Bdr 1 Bath Flat	12	565 - 565	\$575 - \$600	\$588	\$1.04

Total/ Avg.	12	6,800	\$587	\$1.04
-------------	----	-------	-------	--------

### COMMON AREA AMENITIES

Pool	No	Clubhouse	No	Laundry	Yes	Racquetball	No
Jacuzzi/Spa	No	Business Center	No	Security	No	Tot Lot	No
Sauna	No	Garden	No	Playground	No	Garages	No
Barbecue	No	Gated	No	Rec. Room	No	Carports	No
Cable TV	No	Gym	No	Tennis	No	R.V. Storage	No

### UNIT FEATURES

Roof	Flat Tar	Refrigerator	Yes	Fireplace	No	Walk-In Closets	Yes
A/C	Wall	Range	Yes	W/D	No	Water	City of
Heating	Wall	Microwave	No	Unit Alarms	No	Gas	PGE
Dishwasher	No	Oven	Yes	Patio/Balcony	No	Electric	SMUD
Disposal	No	Ceiling Fans	No	Carpet	Yes	Trash	City of

### COMMENTS

This 12-unit 1950s apartment building shows signs of significant long-term deferred maintenance. The tenant profile appears to be weaker than other properties surveyed for the proposal rent comparables. Vacancy and collection losses are above average due to weak tenant profile and above market rents for the condition of the property.





## Profile of Rent Comparable #4



### 3643 1ST AVENUE APARTMENTS

3643 1st Avenue  
Sacramento, CA 95817

Date Surveyed: 06/21/2011  
No. of Units: 8  
Occupancy: 100%  
Year Built/Renovated: 1958 / 2006  
Lease Terms: Written-Term Leases  
Management: BJP Ventures LLC  
Pets: No

### LEASING ACTIVITY

Unit Type	No. of Units	Square	Rental Range	Avg. Rent	Rent/SF
1 Bdr 1 Bath Flat	7	550 - 550	\$575 - \$600	\$588	\$1.07
2 Bdr 1 Bath Flat	1	650 - 650	\$675 - \$675	\$675	\$1.04

<b>Total/ Avg.</b>	<b>8</b>	<b>4,600</b>	<b>\$631</b>	<b>\$1.06</b>
--------------------	----------	--------------	--------------	---------------

### COMMON AREA AMENITIES

Pool	No	Clubhouse	No	Laundry	Yes	Racquetball	No
Jacuzzi/Spa	No	Business Center	No	Security	No	Tot Lot	No
Sauna	No	Garden	No	Playground	No	Garages	No
Barbecue	No	Gated	Yes	Rec. Room	No	Carports	No
Cable TV	No	Gym	No	Tennis	No	R.V. Storage	No

### UNIT FEATURES

Roof	Composition	Refrigerator	Yes	Fireplace	No	Walk-In Closets	Yes
A/C	Wall	Range	Yes	W/D	No	Water	City of
Heating	Wall	Microwave	No	Unit Alarms	No	Gas	PGE
Dishwasher	No	Oven	Yes	Patio/Balcony	No	Electric	SMUD
Disposal	No	Ceiling Fans	No	Carpet	Yes	Trash	City of

### COMMENTS

This late 1950s apartment property is located within two blocks of Sacramento High School and is a short six-block walk to the UC Davis Medical Center. All the apartment units were renovated over the 2005-2011 time frame. The property is typical of the eight-unit apartment buildings built in North Oak Park in the 1950s and 1960s. The building has strong curb appeal and the unit interiors are all rent ready.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services





## Profile of Rent Comparable #5



### 2700 32ND STREET APARTMENTS

2700 32nd Street  
Sacramento, CA 95817

Date Surveyed: 06/22/2011  
No. of Units: 8  
Occupancy: 100%  
Year Built/Renovated: 1955 / 2006  
Lease Terms: Month-to-Month  
Management: Batchelder Real Estate Inc  
Pets: Small pets (under 10 pounds) with additional \$500 pet deposit.

### LEASING ACTIVITY

Unit Type	No. of Units	Square	Rental Range	Avg. Rent	Rent/SF
1 Bdr 1 Bath Flat	8	595 - 605	\$535 - \$700	\$618	\$1.03

<b>Total/ Avg.</b>	<b>8</b>	<b>4,800</b>	<b>\$617</b>	<b>\$1.03</b>
--------------------	----------	--------------	--------------	---------------

### COMMON AREA AMENITIES

Pool	No	Clubhouse	No	Laundry	Yes	Racquetball	No
Jacuzzi/Spa	No	Business Center	No	Security	No	Tot Lot	No
Sauna	No	Garden	Yes	Playground	No	Garages	No
Barbecue	Yes	Gated	Yes	Rec. Room	No	Carports	No
Cable TV	Yes	Gym	No	Tennis	No	R.V. Storage	No

### UNIT FEATURES

Roof	Composition	Refrigerator	Yes	Fireplace	No	Walk-In Closets	Yes
A/C	Wall	Range	Yes	W/D	No	Water	Sacramento
Heating	Wall	Microwave	No	Unit Alarms	No	Gas	PGE
Dishwasher	No	Oven	Yes	Patio/Balcony	No	Electric	SMUD
Disposal	No	Ceiling Fans	Yes	Carpet	Yes	Trash	Sacramento

### COMMENTS

This eight-unit apartment building was completely renovated over the 2006-2010 four-year period. The current owner is deliberately maintaining below market rents to minimize tenant turnover. Current owner purchased the property in March 2010 as a distressed asset.



## Rent Comparables



### SUBJECT PROPERTY

No. of Units 8  
Occupancy: 100%  
Year Built: 1955

### 3309 FIRST AVENUE APARTMENTS

3309 First Avenue  
Sacramento, CA 95817

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	8	540	\$600	\$1.03

Total/Wtd. Avg.	8	4,640	\$600	\$1.03
-----------------	---	-------	-------	--------

### COMMENTS

The subject property offers a strong location and a sound building for a savvy value added investor. The North Oak Park submarket is an up-and-coming neighborhood in a very convenient location.

1



No. of Units 8  
Occupancy: 100%  
Year Built/Renovated: 1955/2011

### 3130 3RD AVENUE APARTMENTS

3130 3rd Avenue  
Sacramento, CA 95817

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	6	600 - 600	\$650 - \$650	\$1.08
2 Bdr 1 Bath Flat	2	700 - 700	\$750 - \$750	\$1.07

Total/ Avg.	8	5,000	\$700	\$1.08
-------------	---	-------	-------	--------

### COMMENTS

This mid-1950s eight-unit apartment building was completely renovated in 2011. All units have all new interior finishes and the exterior has also been completely refurbished. The North Oak Park location is becoming more popular with students due to its convenient location to McGeorge School of Law and Sacramento City College.

2



No. of Units 8  
Occupancy: 100%  
Year Built/Renovated: 1955/2011

### 3132 3RD AVENUE APARTMENTS

3132 3rd Avenue  
Sacramento, CA 95817

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	6	600 - 600	\$600 - \$600	\$1.00
2 Bdr 1 Bath Flat	2	700 - 700	\$750 - \$750	\$1.07

Total/ Avg.	8	5,000	\$675	\$1.04
-------------	---	-------	-------	--------

### COMMENTS

3132 3rd Avenue Apartments is a companion development to the 3130 3rd Avenue Apartments. Both properties were completely renovated in early 2011. The property at 3132 3rd Avenue leased up a few months after 3130 3rd Avenue and was forced to reduce the one-bedroom unit rents from \$650 to \$600 in order to fill the newly renovated units. The two-bedroom units in the 3132 3rd Avenue building were leased up at \$750 per month, comparable to the two-bedroom unit rents in the 3130 3rd Avenue building.



## Rent Comparables

3



No. of Units 12  
Occupancy: 92%  
Year Built: 1957

### COMMENTS

This 12-unit 1950s apartment building shows signs of significant long-term deferred maintenance. The tenant profile appears to be weaker than other properties surveyed for the proposal rent comparables. Vacancy and collection losses are above average due to weak tenant profile and above market rents for the condition of the property.

### 3208 3RD AVENUE APARTMENTS

3208 3rd Avenue  
Sacramento, CA 95817

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	12	565 - 565	\$575 - \$600	\$1.04

Total/ Avg.	12	6,800	\$587	\$1.04
-------------	----	-------	-------	--------

4



No. of Units 8  
Occupancy: 100%  
Year Built: 1958/2006

### COMMENTS

This late 1950s apartment property is located within two blocks of Sacramento High School and is a short six-block walk to the UC Davis Medical Center. All the apartment units were renovated over the 2005-2011 time frame. The property is typical of the eight-unit apartment buildings built in North Oak Park in the 1950s and 1960s. The building has strong curb appeal and the unit interiors are all rent ready.

### 3643 1ST AVENUE APARTMENTS

3643 1st Avenue  
Sacramento, CA 95817

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	7	550 - 550	\$575 - \$600	\$1.07
2 Bdr 1 Bath Flat	1	650 - 650	\$675 - \$675	\$1.04

Total/ Avg.	8	4,600	\$631	\$1.06
-------------	---	-------	-------	--------

5



No. of Units 8  
Occupancy: 100%  
Year Built: 1955/2006

### COMMENTS

This eight-unit apartment building was completely renovated over the 2006-2010 four-year period. The current owner is deliberately maintaining below market rents to minimize tenant turnover. Current owner purchased the property in March 2010 as a distressed asset.

### 2700 32ND STREET APARTMENTS

2700 32nd Street  
Sacramento, CA 95817

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	8	595 - 605	\$535 - \$700	\$1.03

Total/ Avg.	8	4,800	\$617	\$1.03
-------------	---	-------	-------	--------



## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA





## Sacramento

### MARKET HIGHLIGHTS

#### Strong population growth

- Sacramento's population growth is above the national average.

#### Solid levels of job creation

- Job growth is forecast to increase at an average of 1.7 percent annually through 2015.

#### Relatively low cost of living

- Sacramento's median home price is more affordable than other California metros.



### GEOGRAPHY

The Sacramento metro is located in the middle of the 400-mile long Central Valley. The northern part of the Valley has been developed as a fertile agricultural region. The foothills of the Sierra Nevada Mountains are located to the east, and the Sacramento and American rivers traverse the region. Sacramento is flat grassland subject to seasonal flooding. Unlike the nearby San Francisco Bay Area, Sacramento is seismically quiet.



Sacramento-Arden-Arcade-Roseville MSA

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Sacramento

### METRO

The Sacramento MSA is comprised of Sacramento, El Dorado, Placer and Yolo counties. Sacramento is the largest city and the state capital, with more than 473,700 residents. During the past 10 years, population growth in the metro's five largest cities outpaced the nation, and three cities expanded at a rate at least twice the national level.

### INFRASTRUCTURE

Sacramento is the Central Valley's primary transportation and distribution hub. The region is close to major population and business centers throughout the Western United States.

The MSA has two interstate freeways — Interstate 5 travels north and south, and Interstate 80 stretches from the Pacific Coast to the East Coast

The Port of Sacramento, located on the Sacramento River, is serviced by the Union Pacific and BNSF railroads, connecting the region to national and world markets.

The Sacramento Regional Transit District operates the bus and light-rail network covering a 418-square mile service area. High-speed rail service between Sacramento and the Bay Area is currently under consideration due to the high volume of commuter traffic into San Francisco.



### Largest Cities: Sacramento MSA

Sacramento	473,700
Roseville	117,300
Arden-Arcade	94,100
Citrus Heights	85,700
Folsom	72,900
Elk Grove	72,500

2010 Estimate  
Sources: Marcus & Millichap Research Services, AGS

### Airports

- Sacramento International Airport
- Three general aviation airports

### Major Roadways

- Interstates 5 and 80
- U.S. Highway 50, state Route 99

### Rail

- Freight - Union Pacific, BNSF
- Passenger - Amtrak
- Commuter - Sac RT light-rail

### Port

- Port of Sacramento

### The Sacramento MSA is:

- 90 miles from San Francisco
- 140 miles from Reno
- 515 miles from San Diego
- 755 miles from Seattle



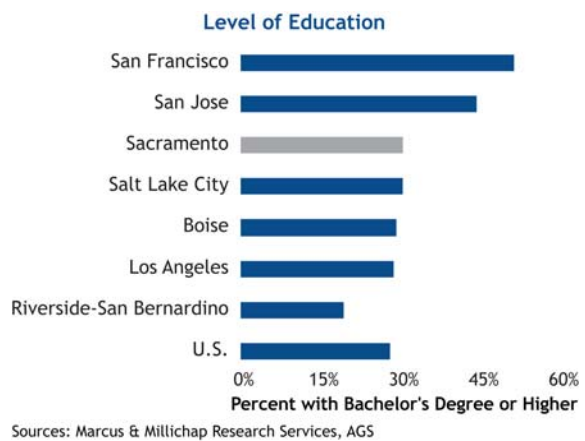
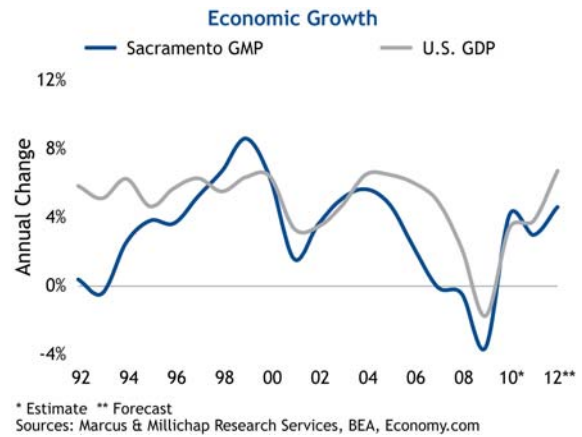
## Sacramento

### ECONOMY

Sacramento serves as the state capital, making the government sector important to the region's economy. During the past three decades, however, the local economy has diversified considerably, and government jobs now comprise just 29 percent of total employment, compared to 40 percent in 1970. In the near term, the state's continued budget deficit will result in further government job cuts locally, but the long-term outlook for the sector appears bright.

Sacramento's seismic stability and relatively low business costs compared to other California MSAs attract major corporations seeking to relocate or establish operations in the region. Intel Corp., Apple Computer and Siemens Transportation Systems, among others, maintain facilities in the area.

The decommissioning of Mather Air Force Base to Mather Airport has created new trade and transportation opportunities, as many globally recognized cargo companies, such as Airborne Express and United Parcel Service, now use the former base to ship freight. McClellan Air Force Base has also been converted to civilian use, transforming into McClellan Business Park. The park is largely industrial and has been successful in attracting tenants, which include TRW and Aerojet.





## Sacramento

### LABOR

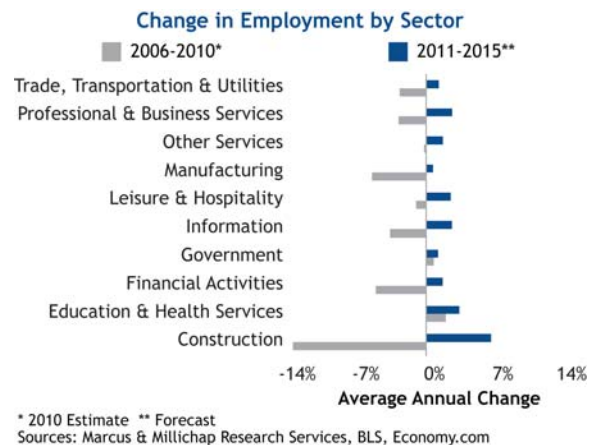
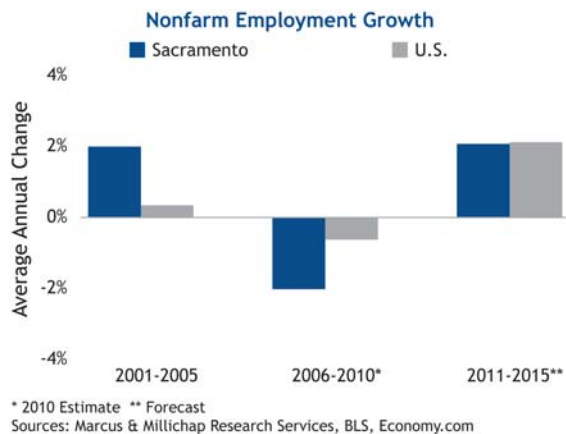
Sacramento's employment base is approximately 800,000 strong. An average annual growth rate of 1.7 percent is forecast through 2015.

Robust population growth fueled expansion in the education and health services sector over the past five years, resulting in an average annual increase of 1.8 percent. Through 2015, this segment will expand at a rate of 3.2 percent annually.

The financial activities sector, which includes insurance and real estate-related employment, contracted at a pace of 5.6 percent annually over the past five years. Looking ahead, this sector will resume growth and expand at a modest pace, with a forecast for annual increases of 1.5 percent through 2015.

During the past five years, the information sector has been plagued with job cuts, recording a 3 percent annual loss. Much of this was attributable to contraction in high-tech businesses that migrated to the area in search of a lower cost of doing business. The sector appears to be rebounding, however, and is expected to record a 1.5 percent yearly increase through 2015.

While the state government continues cutbacks in an effort to ease budget shortfalls, the government sector is forecast to achieve modest gains through 2015, averaging 0.8 percent per year, with the local government expected to eventually make up for losses incurred at the state level.







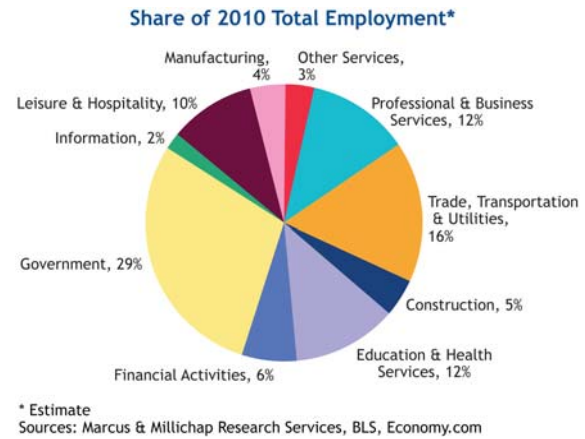
## Sacramento

### EMPLOYERS

Sacramento is home to numerous high-tech companies, including Intel Corp., which tops the list of major high-tech employers, and Hewlett-Packard Co., the second largest high-tech private employer in the area. The dip in demand for high-tech products worldwide has adversely affected the local economy in recent years, but the major imbalance between inventories and new orders is nearly resolved, and demand for high-tech products has begun to edge upward.

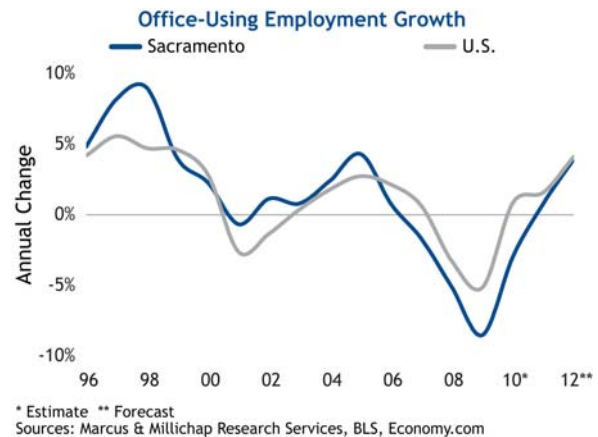
Healthcare companies, including Kaiser Permanente Sutter Health Central and CHW/Mercy Healthcare Sacramento, are significant employers. Demand for health services is projected to surge due to the aging population and continued strong population growth. Kaiser Permanente recently completed a \$300 million expansion on the 42-acre South Sacramento Medical Center campus, incorporating services needed to operate as a Level II Trauma Center.

Higher education provides many jobs within the metro, with California State University at Sacramento and the University of California at Davis together employing more than 30,000 individuals.



### Major Employers

California State University Sacramento  
Sutter Health Central  
Kaiser Permanente  
Raley's, Inc.  
Intel Corp.  
CHW/Mercy Healthcare Sacramento  
University of California Davis Medical Center  
SBC Communications, Inc.  
Hewlett-Packard Co.  
Target Corp.







## Sacramento

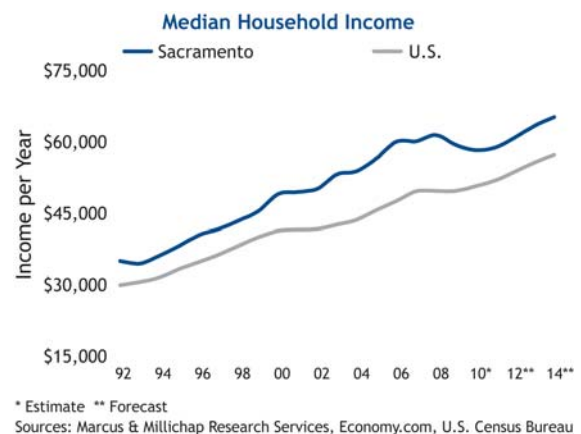
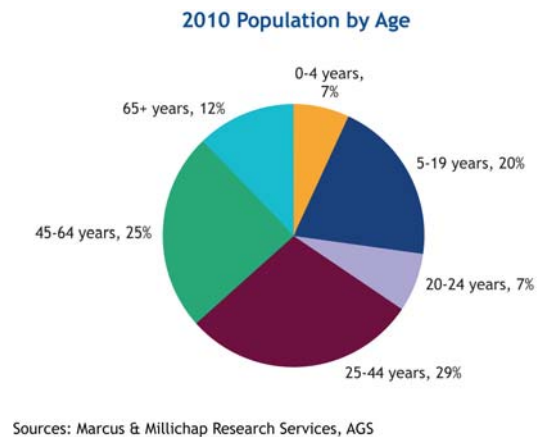
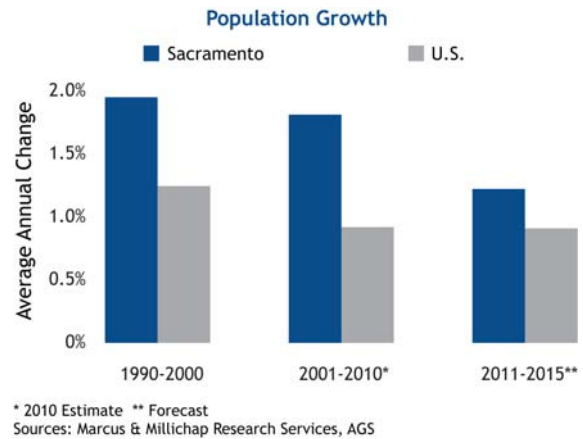
### DEMOGRAPHICS

Sacramento has undergone significant job and population growth. The area received more than 500,000 residents over the past 15 years, an increase of 32 percent, driving the population to 2.1 million citizens. More than 50 percent of the gain was due to in-migration, which averaged 25,000 persons per year due to employment opportunities and relatively affordable housing. An expansion rate of 1.5 percent is forecast through 2015.

The MSA has registered strong population growth in the college-educated segment. The percentage of adults who have attained a bachelor's degree is 30 percent, compared to the national average of 28 percent.

Increased education levels have helped push the median household income in the Sacramento area to \$59,500 per year, well above the national median. In addition, nearly 10 percent of households earn in excess of \$150,000 annually.

Affordable home prices and healthy incomes have allowed nearly 56 percent of residents to own their own home. The median home price is currently \$182,000, slightly above the national average but well below most California metros.





## Sacramento

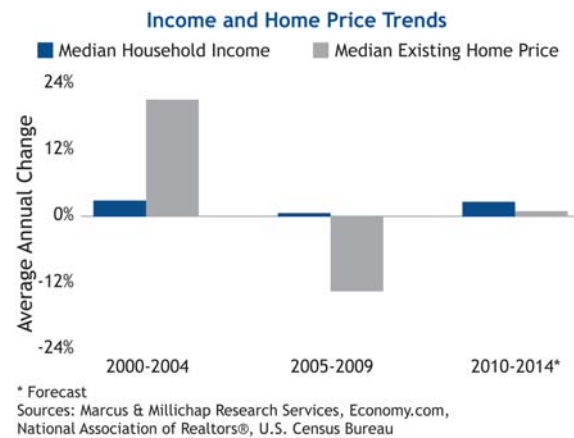
### QUALITY OF LIFE

Residents and visitors to Sacramento can enjoy many recreational activities. The region is home to several professional sports teams, including the Kings (NBA), Monarchs (WNBA), Sirens (IWFL), Knights (Soccer) and the River Cats, the Triple-A affiliate of the Oakland A's. Boating is popular on Folsom Lake, and Sacramento is near the recreational areas of the Sierra Nevada Mountains, including Lake Tahoe. A short drive leads to some of the world's finest wine producing regions — the Napa, Sonoma and Alexander valleys.

Sacramento offers a professional ballet troupe, opera performances, a theater, more than 20 outstanding museums and a zoo. Each year, the city hosts the Dixieland Jazz Jubilee and many other recreational, entertainment and cultural activities.

In addition to four community colleges, there are two universities located in the region: University of California, Davis, and California State University, Sacramento. Numerous undergraduate and graduate programs are offered to the more than 150,000 students enrolled.

Housing is relatively affordable in the Sacramento region compared to the San Francisco Bay Area. The median single-family home in Sacramento is half the cost of a median home in the Bay Area and 10 percent below the median price for all of Northern California.





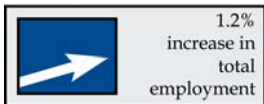
## Sacramento

### REO LISTINGS RISE, EVEN AS OCCUPANCY RATES, RENTS TICK UP

Recovery of the Sacramento apartment market will continue through 2011 as new supply remains limited, job growth resumes and the prime renter age cohort posts above-average expansion. The 20- to 34-year-old age group will increase by 2.6 percent this year, the strongest pace in approximately 10 years and well above anticipated gains in the overall population. While home prices in Sacramento have retreated considerably in recent years, bringing the mortgage payment on a typical single-family residence to levels on par with the average Class A rent, many would-be first-time buyers will be unable to meet tight lender standards and high downpayment requirements. As a result, local apartment property owners should experience another year of healthy absorption, supporting rent growth and cutbacks in concessions, particularly in complexes catering to young professionals. The recovery was dominated by the Class A sector in 2010 but should intensify for Class B/C units this year as job growth resumes in typically lower-paying industries, such as leisure and hospitality, construction, and trade, transportation and utilities.

Apartment investment activity will accelerate in the Sacramento market through 2011, though a large share of activity will involve distressed properties. Firming operations and rising buyer demand will continue to encourage lenders to list reclaimed assets, a trend that began to gain traction last year. REO sales to date range from small lower-quality properties in areas like South Sacramento to newer, large assets in suburban locations such as Roseville/Rocklin. The rising number of distressed-property sales will place added downward pressure on average prices in the market, though high-quality performing assets in prime locations remain capable of selling at a premium. While the overall cap rate in the metro hovers in the low- to mid-7 percent range, top-tier Class A listings, which have been scarce, may still sell at 6 percent or less.

### 2011 ANNUAL APARTMENT FORECAST



**Employment:** Employment in Sacramento will rise by 9,500 jobs in 2011, or 1.2 percent, after the loss of nearly 100,000 positions over the past three years. With the exception of government employment, all major sectors are forecast to stabilize or post growth.



**Construction:** Developers will deliver just 125 units to the Sacramento market in 2011, 90 percent below the 10-year average. Last year, 435 apartments came online in the metro.



**Vacancy:** The apartment vacancy rate will retreat 90 basis points this year to 5.3 percent, following a 110 basis point reduction in 2010. By year end, vacancy will be only slightly higher than pre-recession rates.



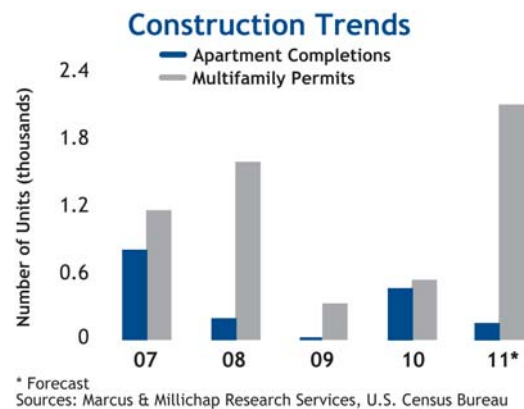
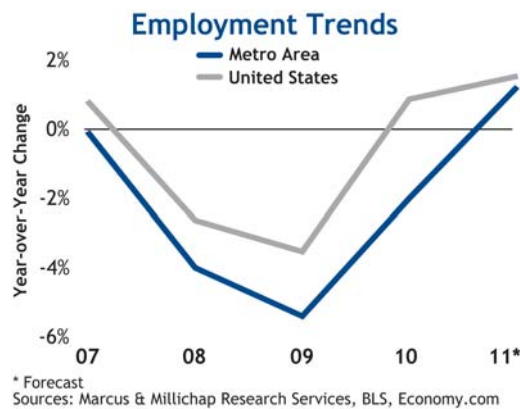
**Rents:** In 2011, apartment asking rents in the metro will rise 2.2 percent to \$926 per month. Effective rents will increase at a faster clip of 2.8 percent to \$868 per month as tighter conditions encourage owners to pull back on concessions.



## Sacramento

### EMPLOYMENT

- Sacramento employers shed 16,500 jobs over the past 12 months, a 2 percent reduction in payrolls. During the first quarter, the local job market lost approximately 5,000 positions.
- With the exception of government employment, all major sectors are forecast to stabilize or post growth in 2011. The professional and business services; trade, transportation and utilities; and construction sectors will record some of the strongest gains, after losing the most jobs through the downturn.
- Outlook: Employment in Sacramento will rise by 9,500 jobs in 2011, or 1.2 percent, a welcome reversal from the loss of nearly 100,000 positions over the past three years.



### CONSTRUCTION

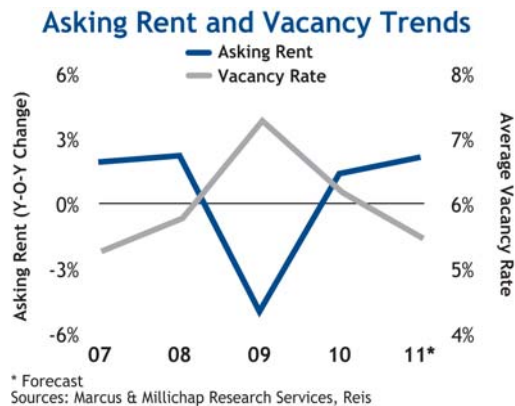
- Completions totaled 275 units during the last year, down from 160 apartments in the previous 12-month period. Roughly 3,700 units remain in the planning pipeline, though only one project has an announced start date.
- Construction began to slow considerably in late 2006 as the housing downturn intensified. Over the past five years, developers completed an average of 425 units per year, down from 1,900 units between 2000 and 2005.
- Outlook: Developers will deliver just 125 units to the Sacramento metro during 2011, a drop from 435 units in 2010 and 90 percent lower than the 10-year average.



## Sacramento

### VACANCY AND RENTS

- Vacancy declined 50 basis points during the first quarter to 5.7 percent, placing the rate 140 basis points below year-earlier levels. The Class A sector accounted for more than 70 percent of all units absorbed over the past 12 months.
- Owners have raised rents steadily since mid-2010. Asking rents increased 1.7 percent over the past year to \$908 per month, while effective rents picked up 2.3 percent to \$846 per month.
- Outlook: The apartment vacancy rate in the metro will retreat 90 basis points in 2011 to 5.3 percent, following a 110 basis point reduction last year. Asking and effective rents will rise 2.2 percent and 2.8 percent, respectively.



### SALES TRENDS

- Sales velocity increased 35 percent during 2010 but remained low compared to pre-recession levels. The most significant rise in activity was recorded in the \$1.5 million to \$5 million price range, driven by the return of private in-state buyers to the marketplace.
- The median price declined significantly last year to \$57,100 per unit as sales of distressed properties accelerated. Cap rates averaged in the low- to mid-7 percent range but tracked 100 basis points to 150 basis points higher for lower-quality deals.
- Outlook: While a large share of all transactions involve distressed properties, demand will remain strong for higher-quality performing assets that become available. As a result, cap rates for top-tier apartments in prime locations will likely fall 100 basis points to 150 basis points below the marketwide average this year.





## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA



## Demographic Report

## DEMOGRAPHIC ANALYSIS

	1 Miles:	3 Miles:	5 Miles:
1990 Population	22,176	145,925	351,737
2000 Population	21,451	146,712	368,871
2010 Population	21,521	149,437	386,848
2015 Population	21,023	145,862	396,240
1990 Households	9,237	62,440	142,514
2000 Households	9,382	63,412	146,013
2010 Households	9,221	63,409	149,947
2015 Households	8,979	61,450	152,114
2010 Average Household Size	2.28	2.27	2.52
2010 Daytime Population	23,689	171,021	281,201
1990 Median Housing Value	\$111,813	\$111,036	\$105,487
2000 Median Housing Value	\$143,595	\$135,104	\$118,729
2000 Owner Occupied Housing Units	35.7%	41.8%	42.9%
2000 Renter Occupied Housing Units	56.4%	51.8%	51.2%
2000 Vacant	7.93%	6.47%	5.89%
2010 Owner Occupied Housing Units	34.0%	39.6%	41.5%
2010 Renter Occupied Housing Units	54.9%	50.7%	49.6%
2010 Vacant	11.09%	9.63%	8.95%
2015 Owner Occupied Housing Units	33.4%	39.1%	40.8%
2015 Renter Occupied Housing Units	55.7%	51.3%	50.4%
2015 Vacant	10.89%	9.55%	8.86%
\$ 0 - \$ 14,999	19.3%	18.4%	16.6%
\$ 15,000 - \$24,999	14.8%	13.5%	13.2%
\$ 25,000 - \$34,999	12.5%	11.2%	11.9%
\$ 35,000 - \$49,999	13.3%	13.9%	15.3%
\$ 50,000 - \$74,999	14.9%	16.6%	17.3%
\$ 75,000 - \$99,999	9.0%	9.3%	9.7%
\$100,000 - \$124,999	5.6%	7.0%	6.5%
\$125,000 - \$149,999	4.2%	3.8%	3.5%
\$150,000 - \$200,000	3.1%	3.8%	3.5%
\$200,000 to \$249,999	0.8%	0.8%	0.8%
\$250,000 +	2.4%	1.7%	1.7%
Median Household Income	\$38,151	\$41,688	\$42,245
Per Capita Income	\$29,421	\$28,045	\$25,251
Average Household Income	\$64,697	\$62,767	\$62,413

Demographic data © 2010 by Experian/Applied Geographic Solutions.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Summary Report

Geography: 5 Miles

### Population

In 2010, the population in your selected geography is 386,848. The population has changed by 4.87% since 2000. It is estimated that the population in your area will be 396,240 five years from now, which represents a change of 2.43% from the current year. The current population is 48.86% male and 51.14% female. The median age of the population in your area is 34.4, compare this to the US average which is 37.1. The population density in your area is 4,925.50 people per square mile.

### Households

There are currently 149,947 households in your selected geography. The number of households has changed by 2.69% since 2000. It is estimated that the number of households in your area will be 152,114 five years from now, which represents a change of 1.45% from the current year. The average household size in your area is 2.52 persons.

### Income

In 2010, the median household income for your selected geography is \$42,245, compare this to the US average which is currently \$51,517. The median household income for your area has changed by 23.11% since 2000. It is estimated that the median household income in your area will be \$45,345 five years from now, which represents a change of 7.34% from the current year.

The current year per capita income in your area is \$25,251, compare this to the US average, which is \$27,867. The current year average household income in your area is \$62,413, compare this to the US average which is \$72,148.

### Race & Ethnicity

The current year racial makeup of your selected area is as follows: 51.63% White, 11.92% Black, 1.18% Native American and 16.56% Asian/Pacific Islander. Compare these to US% averages which are: 73.52% White, 12.42% Black, 0.76% Native American and 4.60% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 29.79% of the current year population in your selected area. Compare this to the US% average of 15.45%.

### Housing

The median housing value in your area was \$118,729 in 2000, compare this to the \$US average of \$115,194 for the same year. In 2000, there were 66,521 owner occupied housing units in your area and there were 79,492 renter occupied housing units in your area. The median rent at the time was \$533.

### Employment

In 2010, there are 281,201 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 63.2% of employees are employed in white-collar occupations in this geography, and 36.8% are employed in blue-collar occupations. In 2010, unemployment in this area is 13.78%. In 2000, the median time traveled to work was 19.5 minutes.

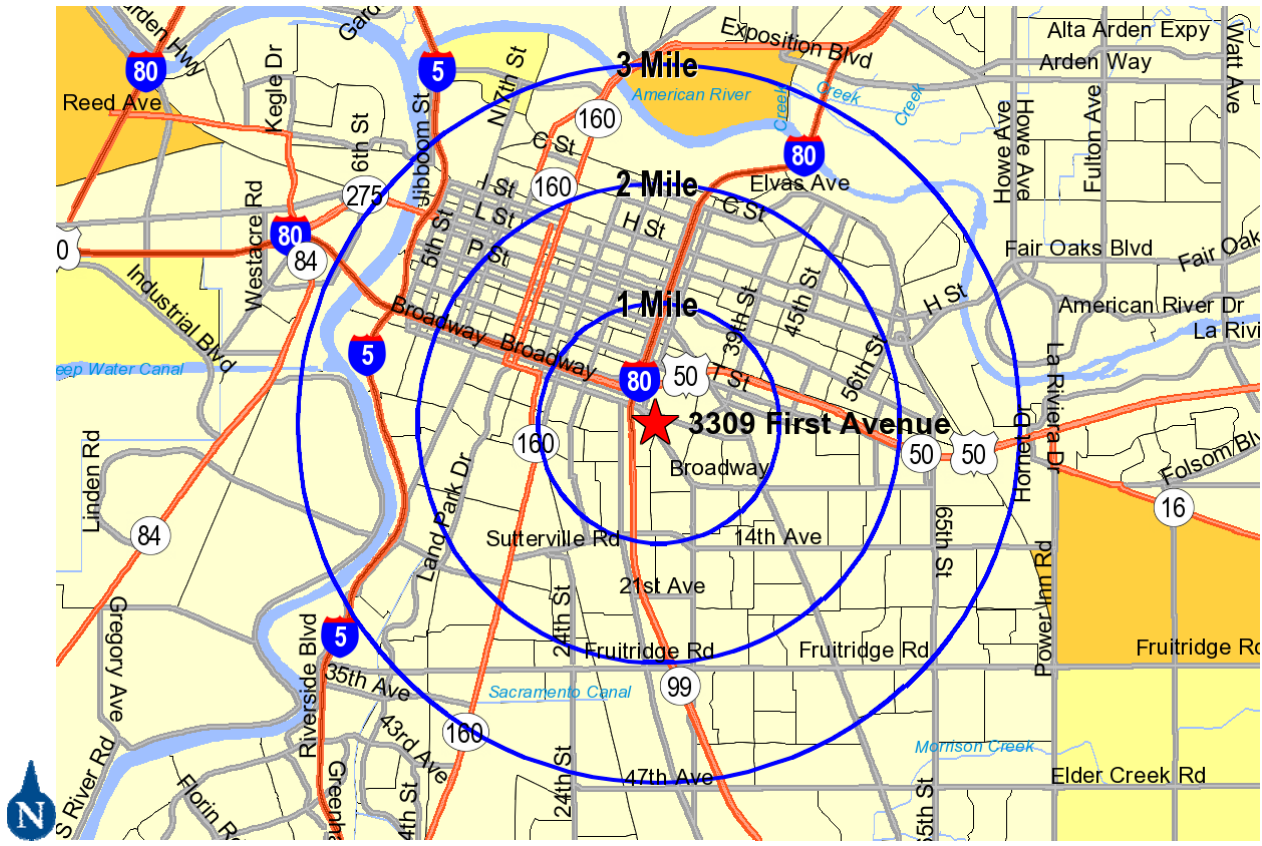
Demographic data © 2010 by Experian/Applied Geographic Solutions.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



# Population Density



Demographic data © 2010 by Experian/ Applied Geographic Solutions.

## Population Density

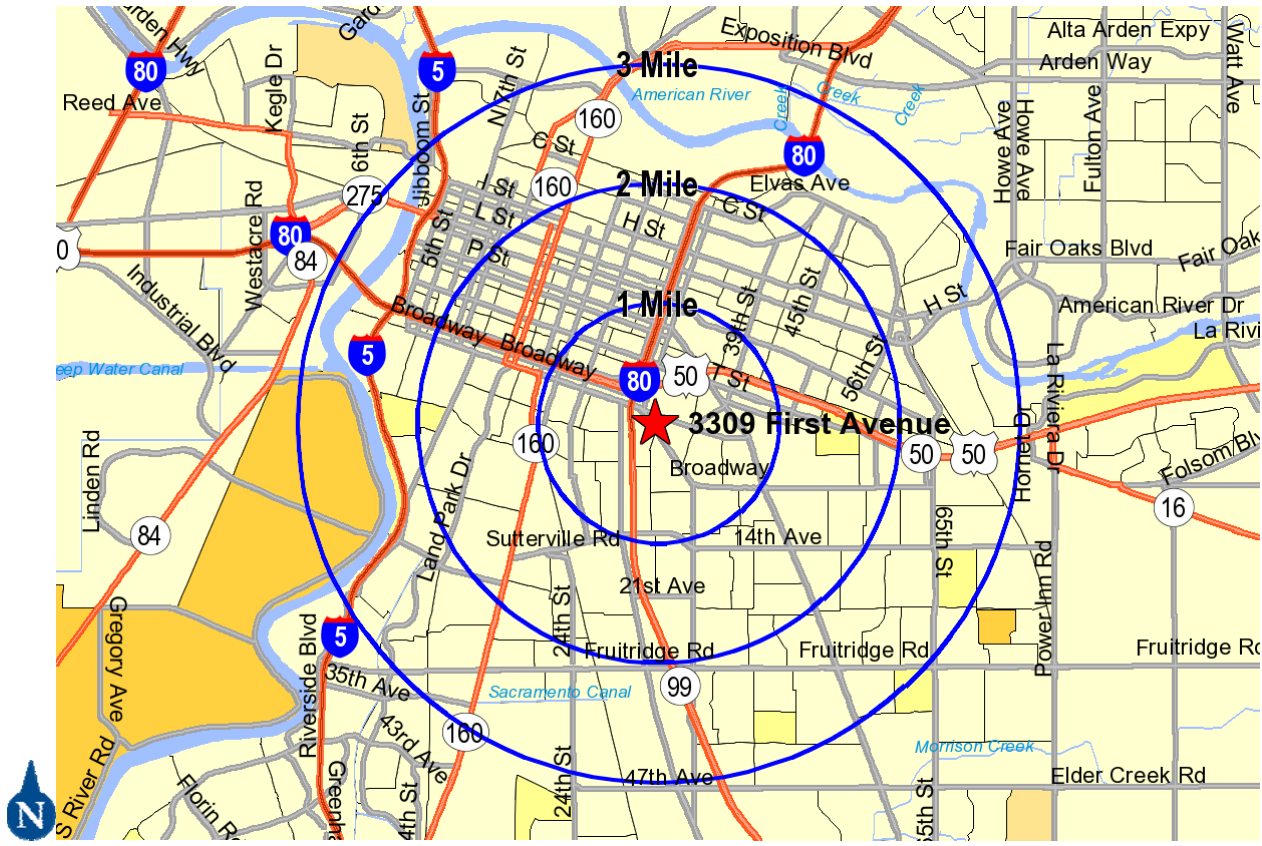
Theme	Low	High
High	172	or more
Above Average	108	172
Average	68	108
Below Average	43	68
Low	less than	43

Number of people living in a given area per square mile.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )



# Employment Density



Demographic data © 2010 by Experian/ Applied Geographic Solutions.

## Employment Density

Theme	Low	High
High	82	or more
Above Average	52	82
Average	33	52
Below Average	21	33
Low	less than	21

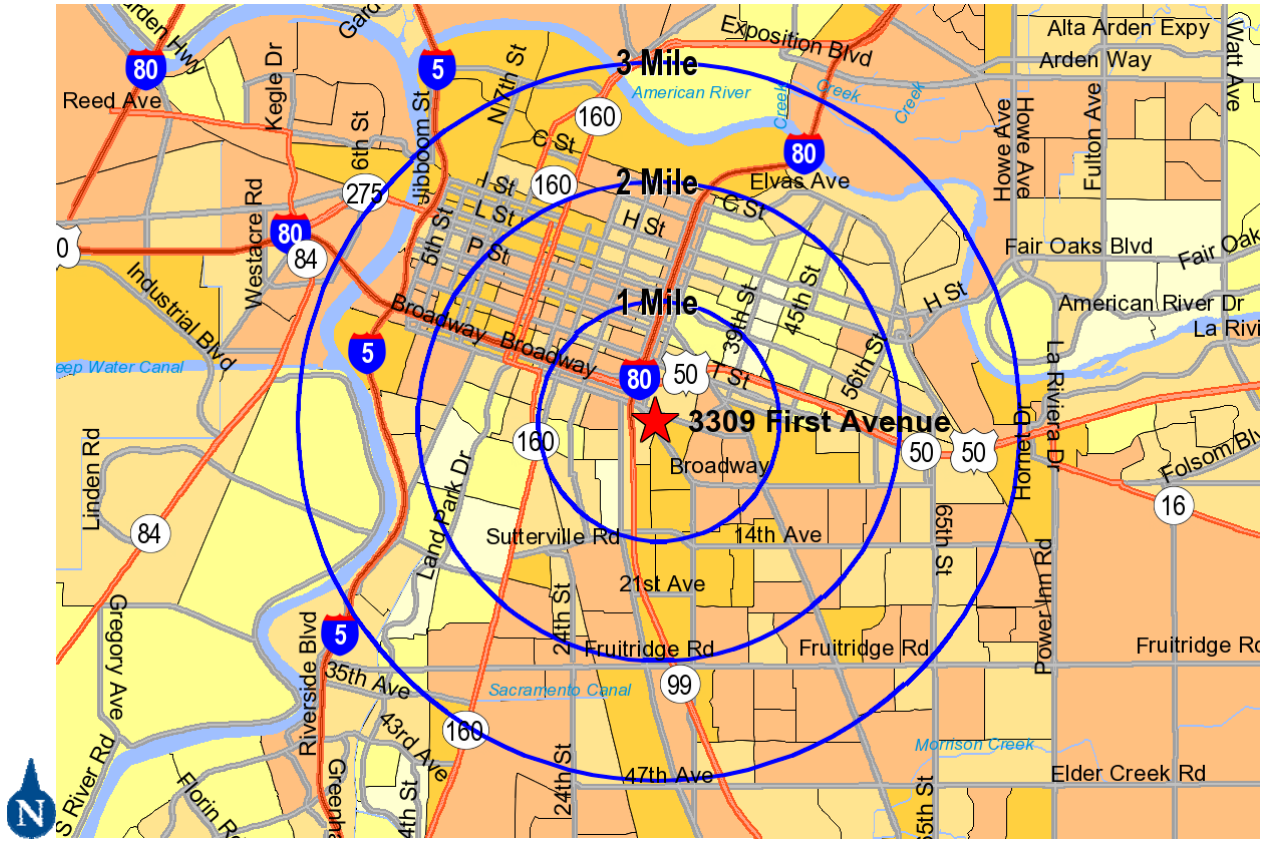
The number of people employed in a given area per square mile.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )





## Average Household Income



Demographic data © 2010 by Experian/ Applied Geographic Solutions.

### Average Household Income

Theme	Low	High
High	\$144,296	or more
Above Average	\$90,901	\$144,296
Average	\$57,264	\$90,901
Below Average	\$36,074	\$57,264
Low	less than	\$36,074

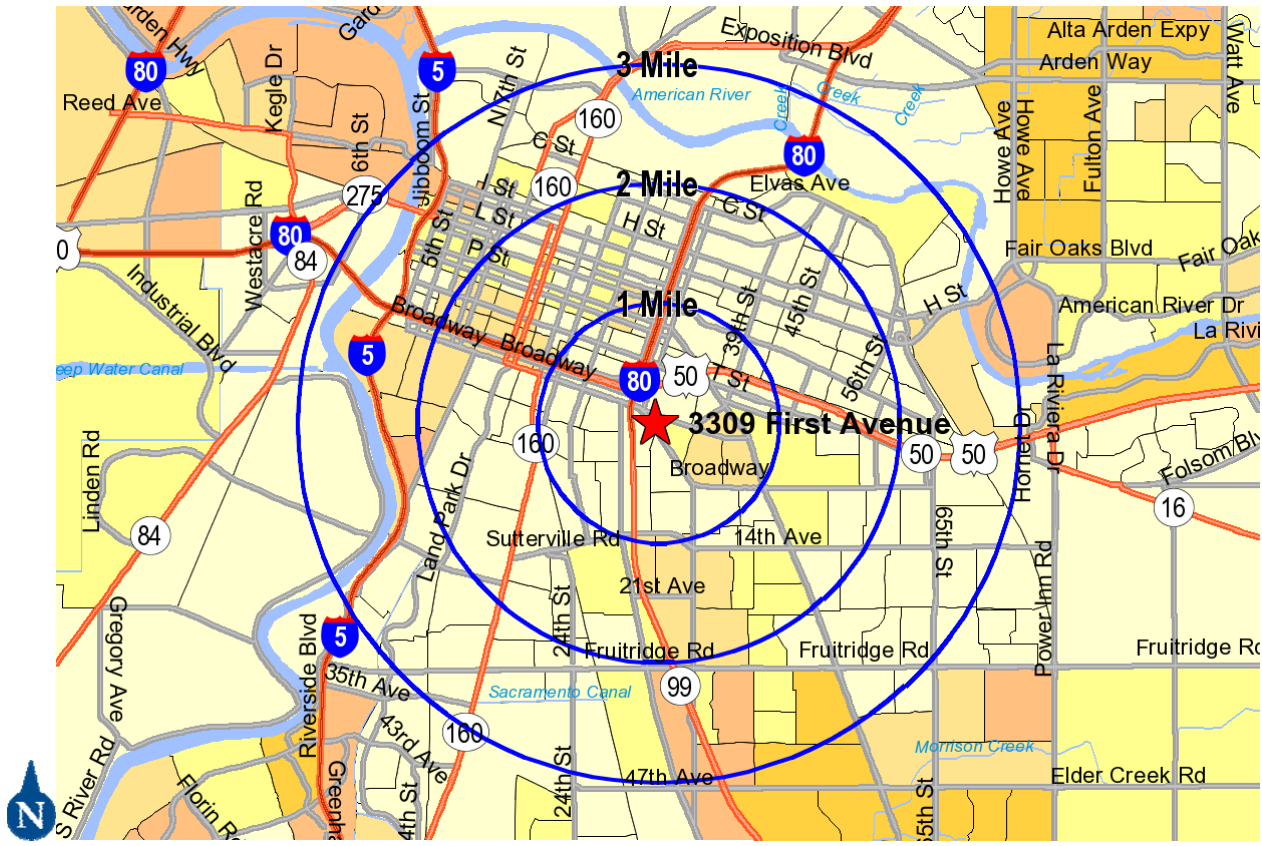
Average income of all the people 15 years and older occupying a single housing unit.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



# Total Crime Risk



Crime data © 2010 by Experian/ Applied Geographic Solutions.

Total Crime

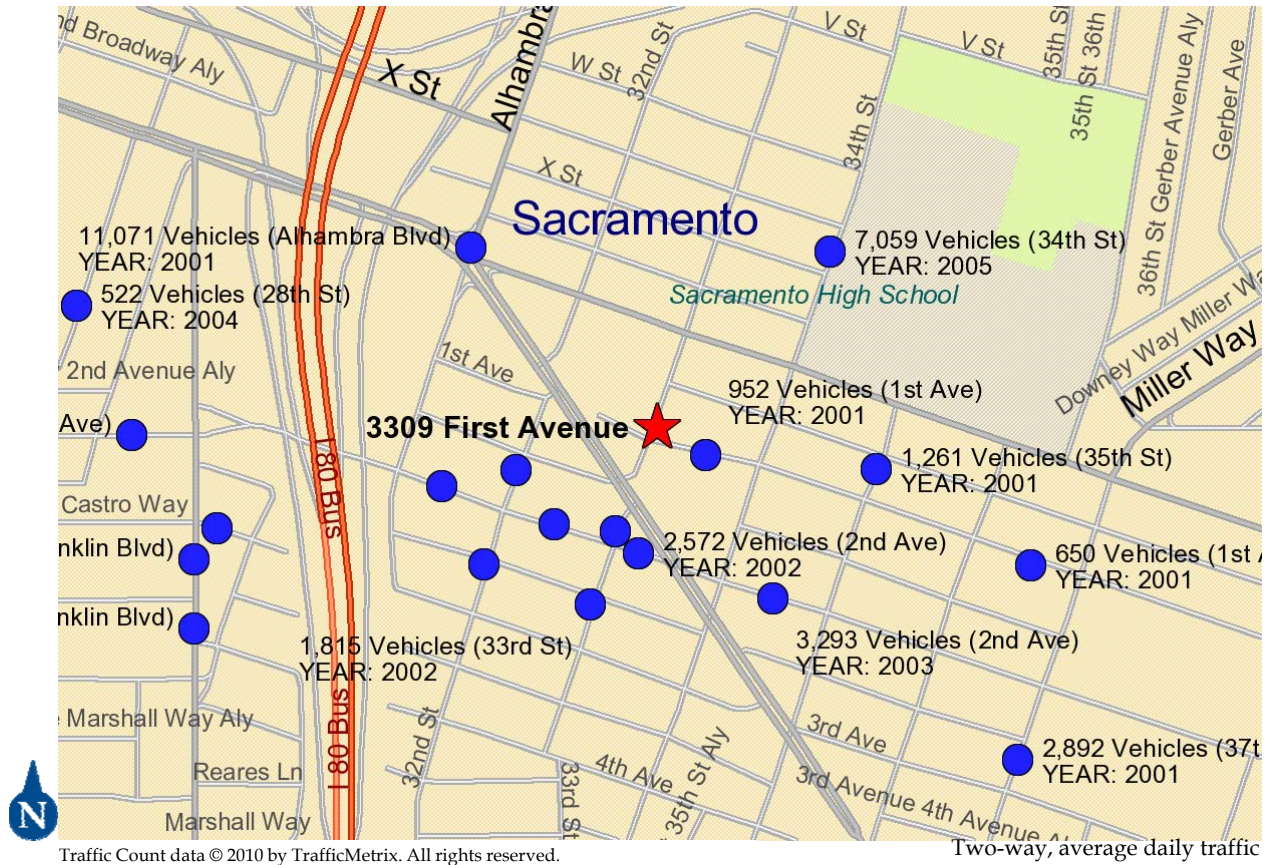
Theme	Low	High
High	200	or more
Above Average	126	200
Average	79	126
Below Average	50	79
Low	less than	50

Index of the relative risk of crime in a given area.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )



## Traffic Counts







## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA



EXPOSURE

EXPERTISE

RESULTS



## Leaving No Stone Unturned in Marketing Your Property.

- Expert Underwriting
- Access To More Investors Than Any Other Source
- A Tightly Managed Marketing Campaign

At Marcus & Millichap, our mission is to help each client achieve their investment goals. Through our investment expertise and extensive research capabilities, our agents develop optimal positioning, pricing and marketing strategies for each property.

While experience and knowledge of a market create value in the representation of a client, the quality of exposure to the marketplace determines the final outcome. Marcus & Millichap's time-tested marketing system ensures that each listing will be presented to an expanded marketplace, creating the broadest buyer interest and maximizing value for our clients.





## INVESTOR PROFILES

There are three primary investor tiers in the marketplace, and Marcus & Millichap has the track record and relationships to effectively access each of these buyer pools.

### 3rd-Tier Investors

This group, mostly private, individual investors, typically acquires one or two properties per year. Many of these investors operate below other brokers' radar screens. Marcus & Millichap has relationships with the industry's largest pool of 3rd-Tier investors, who account for the lion's share of transactions in the market and are instrumental in driving value in the market.

### 2nd-Tier Investors

Professional investors who focus the majority of their time actively operating and selling investment properties, such as syndicators, developers, merchant builders and general partnerships, are included in this group. These investors typically focus within a region, investing in smaller properties and smaller markets than 1st-Tier investors.

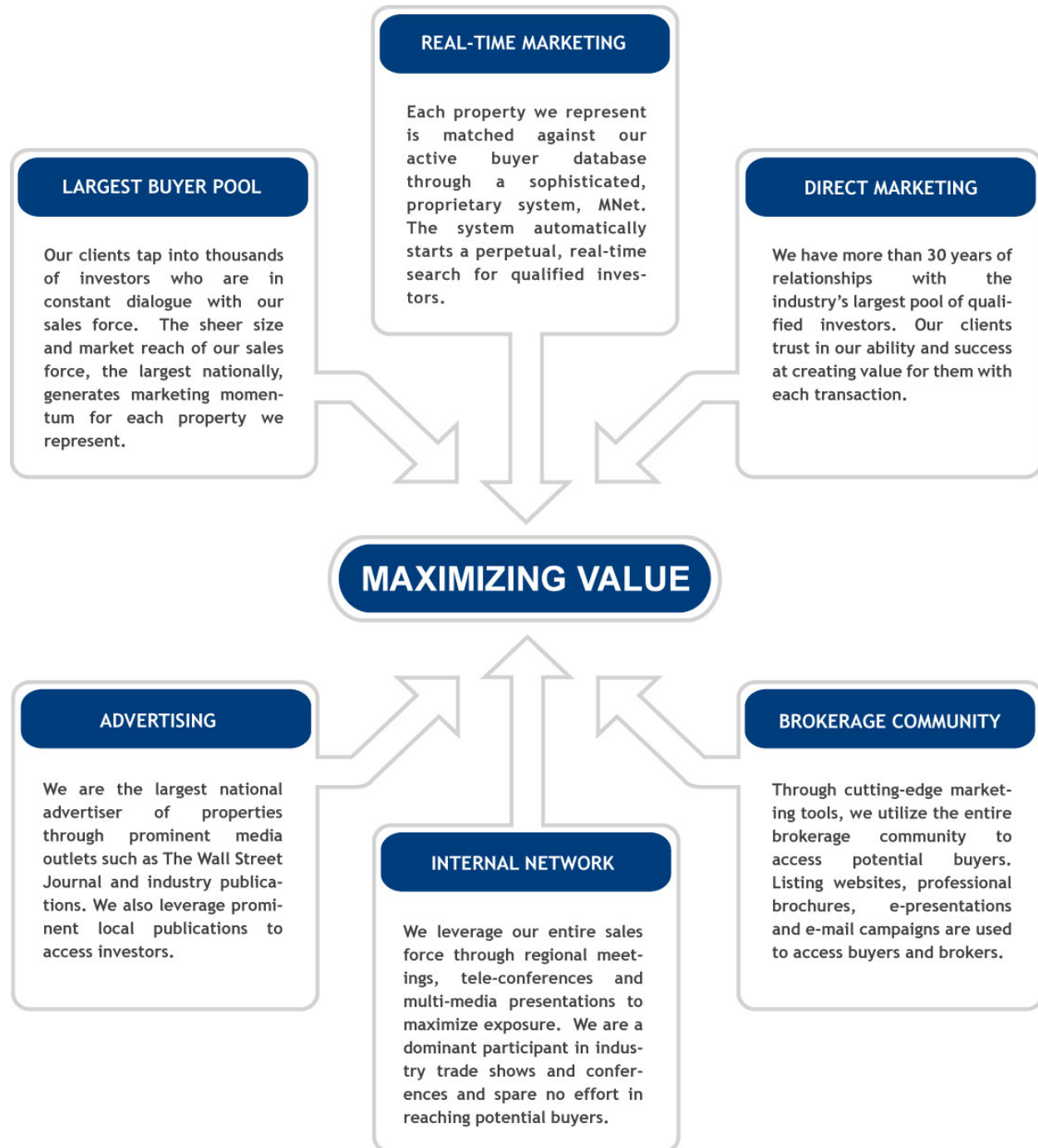
### 1st-Tier Investors

This group consists of pension funds, advisors, banks, REITs and life insurance companies that tend to own large portfolios with properties in multiple markets nationwide. They typically focus on larger properties in major markets. Through our national specialty groups, Marcus & Millichap maintains long-term relationships with these investors. We frequently facilitate transactions that bring institutions and private investors together.



## ACHIEVING OPTIMAL RESULTS

### ONE TRANSACTION AT A TIME



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services

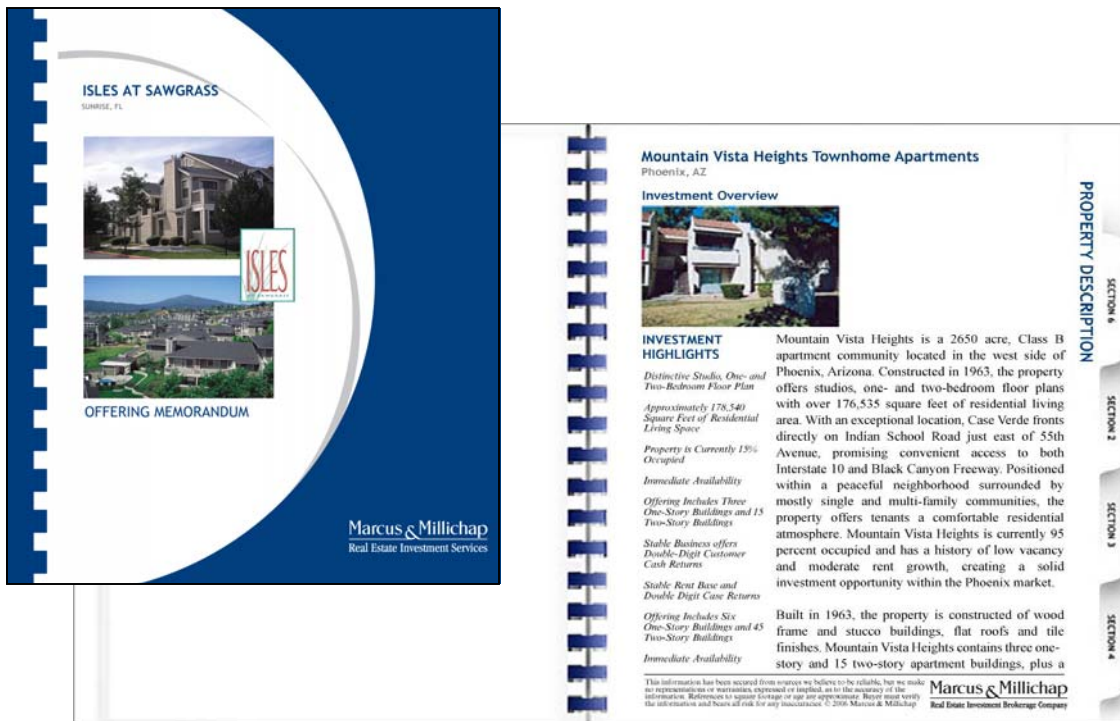


## The Marketing Package

A complete Marketing Package is prepared immediately after execution of the “Exclusive Right to Sell” agreement. Within 72 hours of signing the listing agreement, we distribute a detailed information package to sales professionals in our offices throughout the United States.

### Marketing Package Contents:

- Property Description-Overview, Highlights, Summary, Photos, Maps, Site Plan, Floor Plans, Aerial Photos, etc.
- Market Profile-MSA and Local Market Overviews
- Rent Comparables-Summary, Graphs and Map
- Recent Sales-Summary, Graphs and Map
- Financial Analysis-Tenant Summary, Income & Expense Summary
- Demographic Information-Summary of Local Market Population’s Statistical Characteristics, Reports, Maps



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



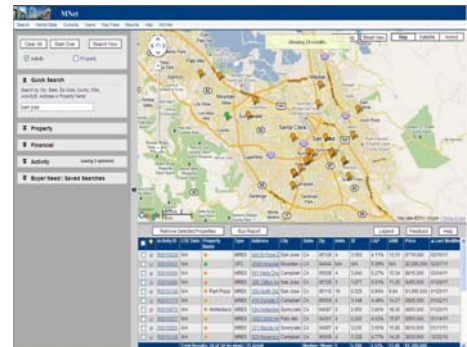
## Maximum Exposure, Optimal Results

1. Internal Information Sharing
2. Direct Marketing
3. Advertising
4. Investor Symposiums
5. Broker Cooperation
6. Internet Marketing
7. Industry Events and Trade Shows

### 1. Internal Information Sharing

#### - MNet

Each listing is entered into Marcus & Millichap's proprietary property database (MNet) and the information is instantaneously transmitted to the firm's more than 1,200 agents nationwide. Employing the "Buyer Needs" function of MNet, an agent specifies a client's property investment criteria; when a matching property is listed, the agent is immediately notified.



#### - Sales Meetings

At our weekly local office sales meetings, a PowerPoint presentation will promote the property to the entire sales force. Agents will be instructed on how to reinforce the property's strong points and overcome any shortcomings. Properties are further promoted internally through our monthly property specialty group conference calls, where, for example, members of our National Multi Housing Group or National Retail Group confer on market trends and investment opportunities.





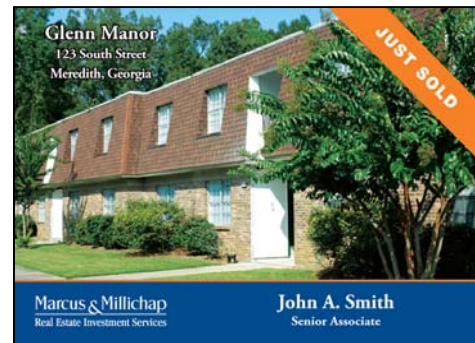


## 2. Direct Marketing

Offering memorandums and promotional materials are utilized to present the opportunity to a broad base of investors. Using “My Marketplace,” an automated Web application, Marcus & Millichap agents can easily produce high-quality marketing materials and get properties to market quicker. Through MNet’s “Buyer Needs” function and their personal databases of investor relationships, our investment professionals identify qualified potential buyers. After specific investors are identified, a direct marketing campaign is initiated, which includes mailings followed by personal contact with each potential buyer.

## 3. Advertising

Marcus & Millichap actively advertises its exclusive property listings in national, regional and local publications to expand the exposure to potential investors. We regularly feature our listings in full-page advertisements in The Property Report section of The Wall Street Journal, the nation’s premier business publication.



THE WALL STREET JOURNAL.





#### 4. Investor Symposiums

Marcus & Millichap's local offices host regular investor symposiums throughout the United States. These invitation-only events feature property presentations where the merits of each investment opportunity are discussed with the large group of qualified investors in attendance.

#### 5. Broker Cooperation

We contact all brokers who possess the expertise and qualifications to contribute to a property's marketing. These contacts include brokers who have been involved in the sale of similar types of properties within the past 24 months and brokers who represent clients qualified to acquire such properties. As part of our initial marketing campaign, a mailer serves to notify qualified brokers of the offering. In addition, these brokers receive the property's Executive Summary via e-mail.

#### 6. Internet

Marcus & Millichap utilizes the vast reach of the Internet to ensure maximum exposure of a listing. With the seller's permission, exclusive listings are promoted through the Marcus & Millichap website.

[www.MarcusMillichap.com](http://www.MarcusMillichap.com)

#### 7. Industry Events and Trade Shows

Marcus & Millichap is a leading participant and sponsor of key real estate industry events, the majority of which are organized by property type. Our commitment to industry events and our presence at key gatherings of investors result in additional exposure of investment properties to potential investors. Our agents and management interact with the nation's most prominent investors, as well as numerous local investors, at events such as ICSC, NAIOP, NMHC, ULI, Inside Self-Storage, ALFAA, AAHOA and Western Manufactured Housing.





### Marketing Budget - Planning for Success

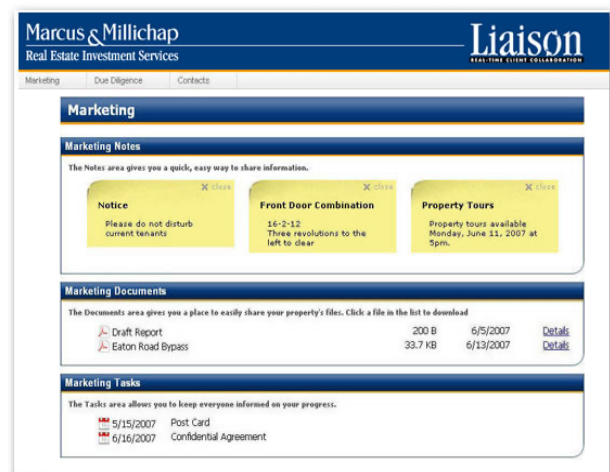
Marcus & Millichap designs its marketing budget to effectively target the right pool of investors. Employing cutting-edge marketing tools and state-of-the-art communications, we ensure the broadest possible exposure for each listing.

### Emphasis on Client Communication - Liaison

Marcus & Millichap emphasizes proactive transaction management and client communication. We will give you regular updates on the pending sale of your asset. These reports will include progress status of interested parties, objections from uninterested parties, marketing activity updates and copies of all advertisements and dates when placed.

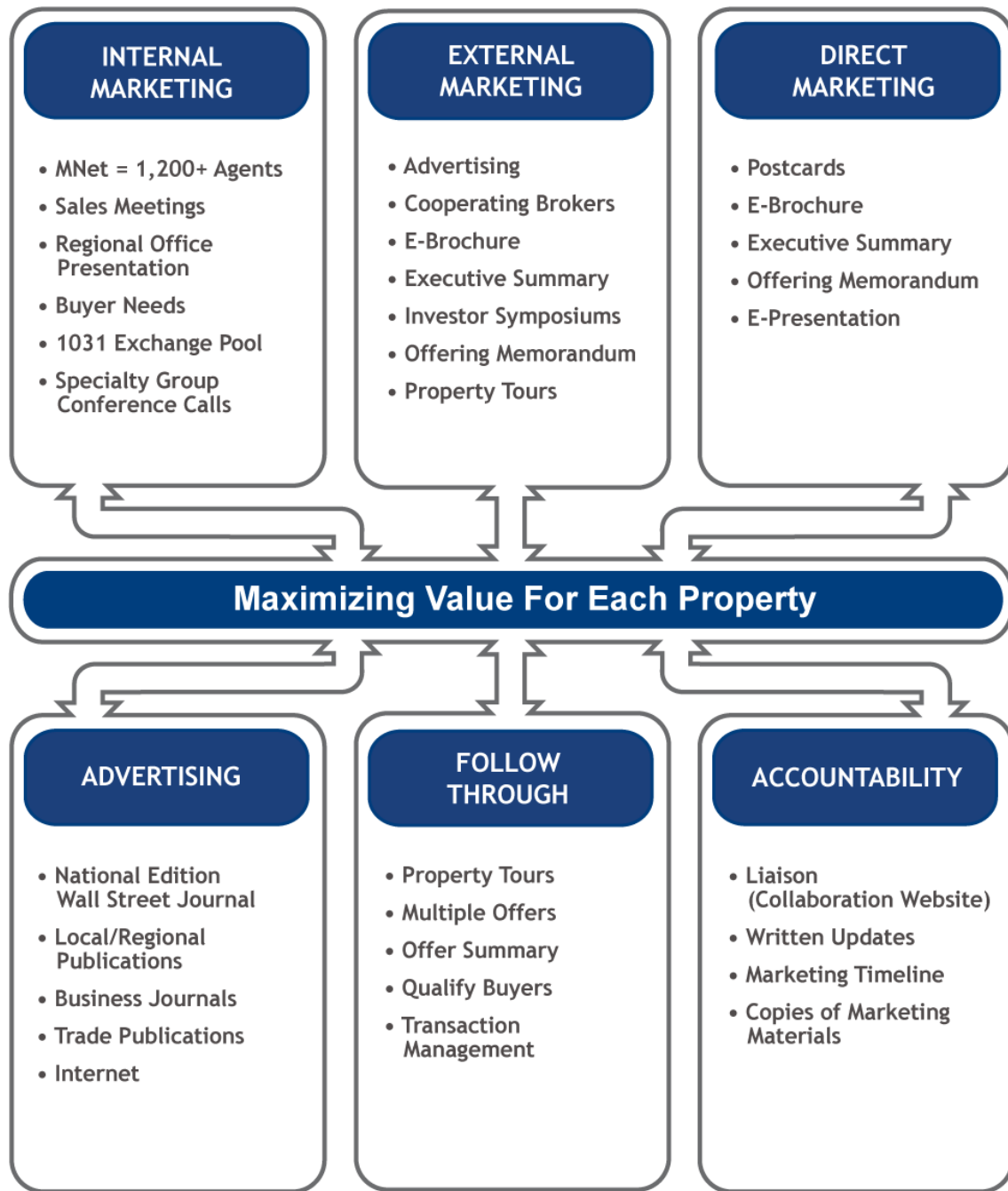
Clients also have the option of utilizing Marcus & Millichap's Marketing Liaison. This Web-based collaboration platform provides clients the convenience of online access to transaction progress reports and documents on a 24/7 basis. Agents and clients can also use the secured Internet meeting place as another means of communication.

### BUDGET BREAKDOWN



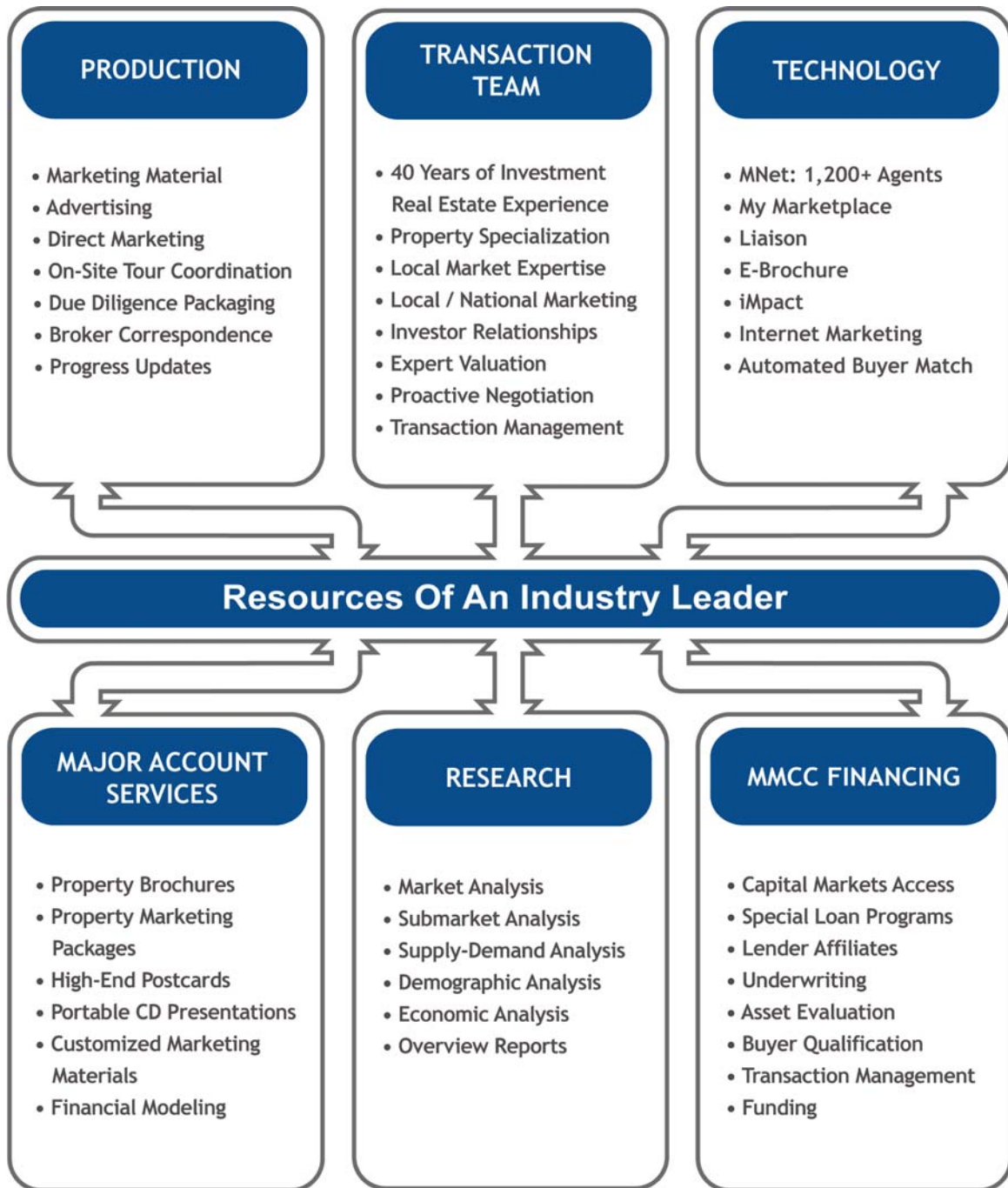


## THE INDUSTRY'S MOST POWERFUL MARKETING PLATFORM





## THE INDUSTRY'S MOST COMPREHENSIVE SUPPORT SYSTEMS



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



Timeline	Month 1				Month 2				Month 3				Month 4				Month 5				Month 6			
Week	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>Internal Marketing</b>																								
Property in MNet = 1,200+ Agents	▲																							
Sales Meetings		▲				▲				▲				▲				▲				▲		
Regional Office Presentations			▲	▲	▲	▲	▲	▲																
Buyer Needs (Automated Matching)	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
1031-Exchange List	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
National Specialty Group Marketing			▲				▲				▲				▲				▲				▲	
<b>Direct Marketing to Potential Investors</b>																								
E-Brochure	▲																							
Executive Summary	▲	▲	▲																					
Offering Memorandum			▲	▲																				
Investor Symposiums				▲				▲				▲				▲				▲				▲
Postcards			▲				▲				▲				▲				▲				▲	
E-Presentation		▲						▲							▲									
Property Tours				▲				▲				▲				▲				▲				▲
<b>Marketing to Cooperating Brokers</b>																								
E-mail	▲												▲											
E-Brochure	▲												▲											
Executive Summary	▲	▲	▲										▲	▲	▲									
Offering Memorandum			▲	▲										▲	▲									
<b>Advertising</b>																								
www.MarcusMillichap.com (optional)	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
National Edition The Wall Street			▲				▲				▲				▲				▲				▲	
Local/Regional Newspapers		▲				▲				▲				▲				▲				▲		
Business Journals							▲													▲				
Trade Publications				▲																▲				
<b>Accountability</b>																								
Status Meetings with Seller							▲								▲									▲
Marketing Updates (written)			▲				▲				▲				▲				▲				▲	
Copies of Marketing Materials			▲				▲				▲				▲				▲				▲	
Follow Through																								
<b>Buyer Qualification</b>																								
Multiple Offers																								
Offering																								
Transaction Management																								

ONGOING ➡





## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA



## Professional Qualifications

**John Russell Batchelder**

**Broker Associate**

### INVESTMENT EXPERTISE

Since completing an MBA in Real Estate at CSU Sacramento and obtaining his broker license in 1982, John Batchelder has worked for an apartment syndicator, condominium developer, apartment developer and single family developer as an analyst, project manager and a marketing manager.

### EXPERIENCE / PROFESSIONAL HISTORY

John has worked in a wide variety of capacities for several Northern California apartment developers and residential condominium developers in the past thirty years. Job titles and responsibilities include research analyst, feasibility analyst, project manager and marketing manager. John's scope of work experience and expertise includes all aspects of apartment development, apartment investing and apartment management.

The largest and most recent apartment project management position that John held was with Tandem Properties - Pyramid Construction, where John provided turn key project management services for a 120-unit 160,000 square foot Class A multi-family community located in Davis, California.

### SALES ACHIEVEMENTS / AWARDS

John obtained his California broker license in 1982. In the past thirty years John has been involved with a wide variety of commercial and residential real estate transactions, including hospitality properties, multi-family properties and owner occupied residential properties. Numerous clients from past transactions have written unsolicited letters of recommendation to John and his employers.

### EDUCATION

BA Economics, Northwestern University, Evanston, Illinois

Construction Management, UC Davis, Davis, California

Master Business Administration, CSU Sacramento

### PROFESSIONAL AFFILIATIONS

California Association of Realtors

National Multi-family Housing Council

Association of Commercial Real Estate, Sacramento Chapter.



## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA



EXPOSURE

EXPERTISE

RESULTS



## The Marcus & Millichap Advantage

Since 1971, Marcus & Millichap Real Estate Investment Services has been the premier provider of investment real estate brokerage services. With more than 1,200 investment professionals throughout the United States, Marcus & Millichap is the largest brokerage firm focused exclusively on investments. By specializing 100 percent on investments and organizing our sales force into property specialty groups, we provide clients with superior market knowledge and transaction expertise targeted specifically to the unique requirements of each property type. Having pioneered the industry's most powerful marketing system, the essence of Marcus & Millichap's value proposition is our ability to "make a market" for each property through expanded market exposure, which generates the broadest buyer interest and results in maximum value.

We combine comprehensive market research, state-of-the-art technology and communications systems with access to the industry's largest pool of private and institutional investors. The result is the most efficient process for matching buyers and sellers locally, regionally and nationally. We offer investment expertise in all major property types, including apartments, retail, office, industrial, single-tenant net-lease, seniors housing, hospitality and lodging, manufactured home communities, self-storage and land.



## Exposure



- **The Industry's Most Powerful Marketing System**

Marcus & Millichap utilizes a powerful and proprietary marketing system to facilitate the sale, purchase or exchange of investment properties nationwide. This platform is supported by our national inventory of investment properties, state-of-the-art communication technology and our culture of information sharing.

- **Access to more qualified investors than any other source.**

Through investment specialization, we have accumulated the largest database of qualified investors in the industry. Through the personal local relationships maintained by our investment professionals, we provide unparalleled access to potential buyers for each property we represent.

- **The largest investment brokerage sales force, a culture of information sharing.**

Each property is exposed to the broadest pool of qualified investors. Our unique culture brings a superior level of expertise to each transaction. The large number of owners and investors who repeatedly conduct business with Marcus & Millichap serves as a testimony to our success in matching buyers and sellers, and maximizing value.

A pioneer in real estate technology, Marcus & Millichap leverages the power of its sales force and the entire brokerage community to assure maximum exposure for each listing and meet investors' needs.

Our real-time property marketing system, supported by reliable property and market information, facilitates the matching of buyers and sellers from coast to coast.

- **Our investment property inventory is recognized for its size, diversity, quality, deliverability and underwriting standards.**

Investors have come to rely on Marcus & Millichap for access to investment opportunities that meet their specific parameters, including sensitive timing demands driven by 1031-exchange requirements.





## Expertise: A Foundation for Client Success



### 1. Specialization

Our commitment and focus on investment brokerage services is rooted in our founders' philosophy that the most effective market knowledge and expertise can only be generated through specialization. Our sales force and services are further specialized by property type and geography, leading to the deepest and most up-to-date market knowledge, as well as personal relationships with owners and investors. To support our commitment to specialization within each property type, the firm has instituted National Specialty Groups, which organize the training, communication and marketing activities of our sales force by property type. Our specialty groups include National Multi Housing Group, National Retail Group, National Office and Industrial Properties Group, National Hospitality Group, National Manufactured Home Communities Group, National Self-Storage Group, National Seniors Housing Group, Net Leased Properties Group, Special Assets Services and Healthcare Real Estate Group.

### 2. Making a Market Through Information Sharing

Information sharing among our sales force and throughout the brokerage community best serves our clients' interests when all of our agents present investment opportunities to their clients. This results in the broadest possible exposure for each property and the most visible investment opportunities for investors. We "make a market" for each property we represent while expanding investors' choices and investment options.

### 3. Value-Added Brokerage

Marcus & Millichap believes in maintaining long-term relationships with its clients by providing the industry's highest quality services. We offer a number of services and capabilities designed to help clients maximize their investment returns. Through our Research Services Division, Marcus & Millichap Capital Corporation, National Specialty Groups and Major Account Services, we offer an array of services that help investors meet their objectives before, during and after each and every transaction. In addition, our investment-experienced management team operates with a hands-on philosophy focused on quality assurance and support for agents and clients in every market.



## Results: Maximizing Results Through Value-Added Services



### Expert Underwriting/Positioning



- ❖ We review comparable property rents, recent sales, current for-sale properties and local market conditions.
- ❖ Our investment team creates financial performance scenarios with input from clients in order to help assess pricing and formulate the right strategy.
- ❖ Our investment professionals conduct detailed market surveys that provide an accurate and competitive estimate of a property's current and future value.
- ❖ A comparison of property trends and values in various submarkets enables investors to assess the desirability of moving equity from one market to another in order to take advantage of local cycles and opportunities.

### Investment Decision Support Through Market Research

Marcus & Millichap's Research Services Division is comprised of experienced real estate analysts. Our market research is specialized by property type and integrates local market trends, as well as regional and national developments, to support property evaluation, pricing and positioning. Clients who are pursuing a transaction will benefit from the combination of our investment research capabilities and the market knowledge of our agents. During the hold period of an investment, owners can utilize numerous research publications and analysis capabilities to help maximize property performance.

### Access to Competitive Financing - Marcus & Millichap Capital Corporation

As a part of our effort to create value for property owners and investors, Marcus & Millichap Capital Corporation offers access to the most competitive capital sources, tailored by property type. Property owners can take advantage of refinancing opportunities to increase their returns during ownership. Investors can rely on our expert capital market knowledge and benefit from our ability to secure well-managed, competitively priced financing through our network of prominent national and regional lenders. Our national team of finance specialists possesses experience in providing financing for a full range of investment property types.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



### Major Account Services

We have tailored our services and delivery system to meet the needs of larger private and institutional investors. We provide major clients access to a special group of highly experienced financial analysts, research professionals and graphic designers. Our Major Account Services (MAS) team delivers state-of-the-art underwriting, property and market analysis, marketing and presentation capabilities. Services include financial modeling, analysis and valuation, portfolio analysis, preparation of offering memorandums, specialized marketing material and generation of full-scale marketing packages. Key assignments for major accounts are planned and executed with the involvement of the firm's management team to deliver the proper level of expertise to every client.

### National Specialty Groups

Marcus & Millichap's national product specialty groups provide clients with product knowledge and transaction expertise geared specifically to the unique requirements of each property type. Our specialists work closely with major clients to understand their long-term objectives and to formulate the most effective marketing plan and team for specific projects. Our capabilities produce superior results for major clients, whether the assignment involves a single asset or a large multi-market portfolio.

### Management Team of Investment Experts

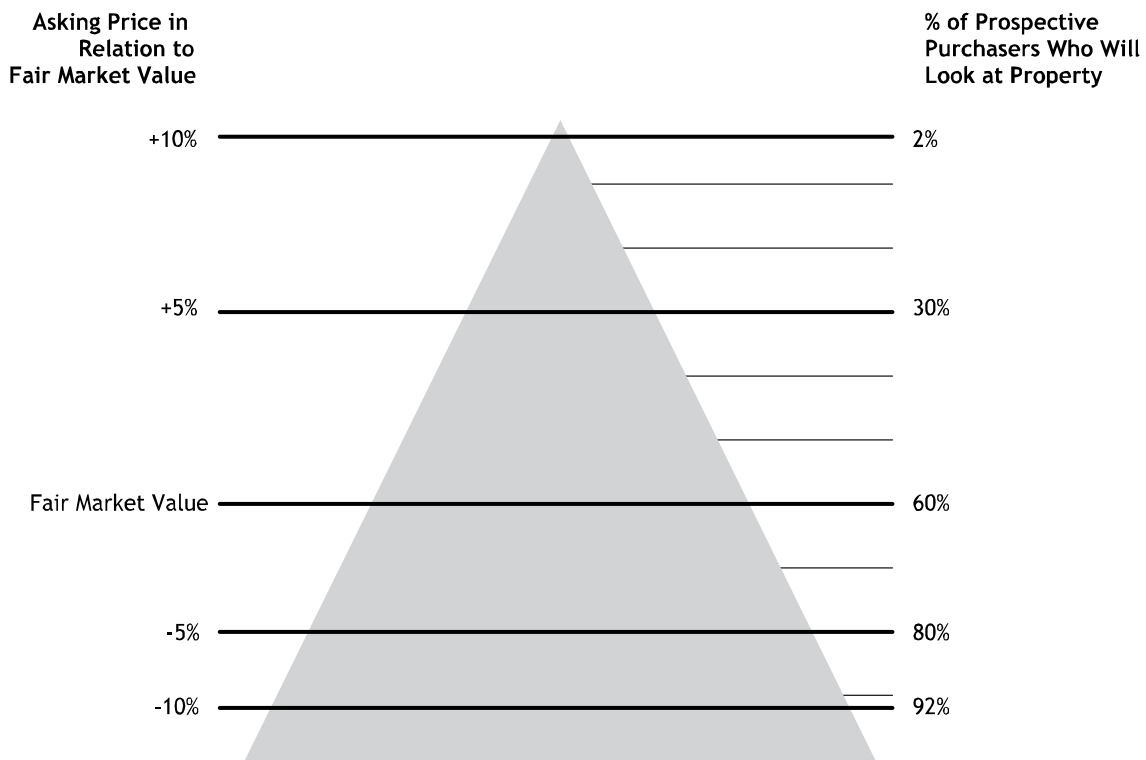
Our national sales force is managed by a team of market experts who were investment sales professionals at some point in their careers. Marcus & Millichap has a long-standing philosophy of supporting its sales professionals with noncompetitive managers whose purpose is to provide clients with premier investment brokerage services. Managers foster these services by providing ongoing training and coaching of the sales force, supporting client and agents' needs, and overseeing the transaction process to ensure the best possible results for every client.





## Pricing Evaluation

The diagram below shows the segment of prospective purchasers who are likely to see YOUR PROPERTY based upon the relationship of its asking price to its fair market value.



If you want to have a cushion for negotiation, you must still have people to negotiate with. If you over-price your property, it is not likely to be shown.

If your property is being shown, but not sold, maybe it is being used to make other listings more attractive.

These percentages are based upon a multi-state study conducted by a national marketing organization.



## Maximizing Value By Accessing More Out-of-Market Buyers Than Any Other Source

In 2010, Marcus & Millichap's National Marketing System and Investor Relationships Secured Out-of-Market Buyers 65 Percent of the Time for Mid-Market Sellers.







## More Than 1,200 Investment Professionals in Offices Nationwide



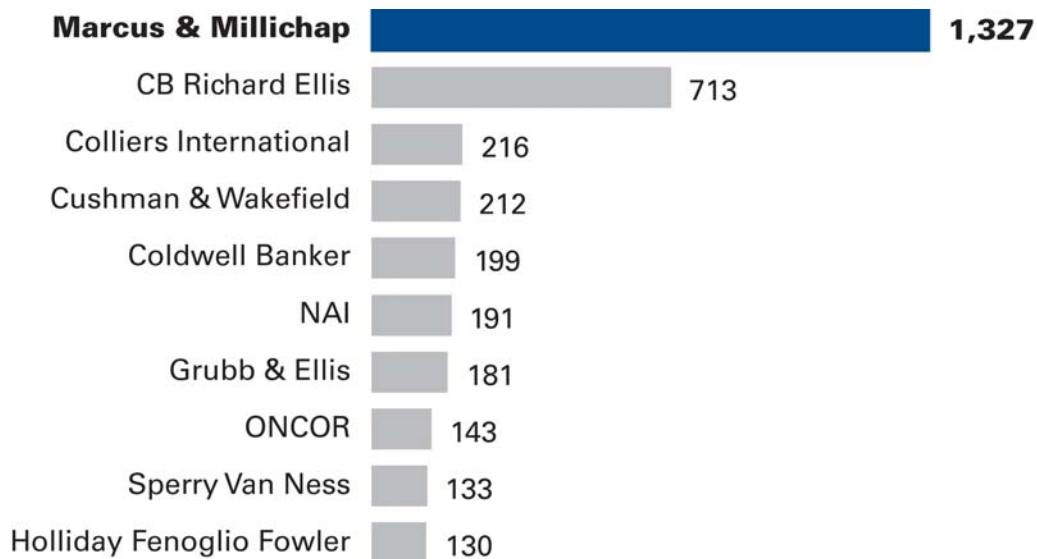
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2011 Marcus & Millichap ( V 10.7 )

**Marcus & Millichap**  
Real Estate Investment Services



## Marcus & Millichap Closed More Transactions Than Any Other Firm in the Last 12 Months

### U.S. Investment Sales Brokerage Company Ranking by Number of Sales



\*Includes sales of apartment, office, retail and industrial properties of \$1 million and above nationally, 12 months ending September 2010; list side.

Source: Costar Group, Inc.

## 3309 FIRST AVENUE APARTMENTS

SACRAMENTO, CA

### MARKET POSITIONING & PRICING ANALYSIS

*Presented By:*

John Batchelder  
Associate  
Associate Member, National Multi Housing Group  
Sacramento Office  
Tel: (916) 724 - 1400  
Fax: (916) 724 - 1410  
[John.Batchelder@marcusmillichap.com](mailto:John.Batchelder@marcusmillichap.com)  
[www.marcusmillichap.com/JohnBatchelder](http://www.marcusmillichap.com/JohnBatchelder)

Kenneth N. Blomsterberg  
First Vice President Investments  
Director, National Multi Housing Group  
Sacramento Office  
Tel: (916) 724 - 1400  
Fax: (916) 724 - 1410  
License: CA: 00669083, NV: 06886  
[Kenneth.Blomsterberg@marcusmillichap.com](mailto:Kenneth.Blomsterberg@marcusmillichap.com)  
[www.marcusmillichap.com/KennethNBlomsterberg](http://www.marcusmillichap.com/KennethNBlomsterberg)