Marcus & Millichap
LAAA Team

Offering Memorandum

2661 LOS ROBLES RD
Thousand Oaks, CA 91362

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2661 LOS ROBLES RD
Thousand Oaks, CA
ACT ID ZAA0121363

Marcus & Millichap
LAAA Team
Expertise | Execution | Excellence

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Marcus & Millichap
LAAA Team
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INVESTMENT
OVERVIEW

EXECUTIVE SUMMARY

VITAL DATA

			CURRENT	PRO FORMA
Price	$1,165,000		CURRENT	PRO FORMA
Loan Amount	$873,750	CAP Rate	5.46%	6.24%
Loan Type	Proposed New	GRM	14.19	12.77
Interest Rate / Amortization	3.63% / 30 Years	Net Operating Income	$63,625	$72,745
Price/Unit	$388,333	Net Cash Flow After Debt Service	5.43% / $15,808	8.56% / $24,928
Price/SF	$609.31	Total Return	11.06% / $32,223	14.40% / $41,948
Number of Units	3			
Rentable Square Feet	1,912			
Year Built / Renovated	1947 / 2017			
Lot Size	0.19 acre(s)			

UNIT MIX

NUMBER OF UNITS	UNIT TYPE	APPROX. SQUARE FEET
2	1 Bed / 1 Bath	
1	3 Bed / 1.5 Bath	
3	Total	1,912

PROPOSED FINANCING

First Trust Deed	
Loan Amount	$873,750
Loan Type	Proposed New
Interest Rate	3.63%
Amortization	30 Years
Loan Term	30 Years
Loan to Value	75%
Debt Coverage Ratio	1.33

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
Dole Holding Company LLC	49,207
Castle & Cooke Calaveras Inc	5,004
Amgen Pharmaceuticals Inc	4,200
Agilent Technologies Inc	3,275
Amgen Inc	2,693
On Call Consulting	1,737
Pds Tech Inc	1,231
Pnmac Gmsr Issuer Trust	1,070
Baxter Healthcare Corporation	1,000
American Homes 4 Rent	963
Bana Home Loan Servicing	900
Alcoa	854

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2018 Estimate Pop	10,643	58,358	146,981
2010 Census Pop	10,358	57,047	144,177
2018 Estimate HH	4,397	23,129	54,663
2010 Census HH	4,220	22,320	52,936
Median HH Income	$66,836	$95,505	$108,063
Per Capita Income	$39,375	$56,151	$57,126
Average HH Income	$95,015	$141,426	$152,954

INVESTMENT OVERVIEW

The LAAA Team of Marcus & Millichap is pleased to present another price reduction for these turn-key three-units located at 2661 Los Robles Road in Thousand Oaks, California. Situated on a large 8,508-square foot lot with 1,912-square feet of rentable area, the offering is composed of an excellent mix with two, one-bed/one-bath cottages and one, main house three-bed/one-and-a-half-bath unit.

In 2017, the property had an extensive renovation done. This renovation included: New roofs, total re-plumbing, all new electrical, remodeled kitchens and bathrooms, all new stainless steel appliances, new cabinets in kitchen, new showers, sinks, vanities, toilets, and cabinets in the bathroom, new stacked washer/dryers, new water heaters, new wood laminate floors, new lighting fixtures in living room, bedrooms, bathrooms, and kitchen. New electric gate for back unit. New wood fenced dividers for each unit. Removed dead oak tree, shrubs, and added a dog run with fencing for front unit yard.

With all three units currently rented at or near market rents, this property offers an investor an impressive 5.46% CAP rate from day 1, based on current income and expenses. Furthermore, since the property has less than five units, an investor can lock in a residential loan with today's very low interest rates, which will be fixed for 30 years.

We have a great loan quote for a qualified buyer which would be a 25% down payment ($291k) for a 3.63% interest rate, fixed for the entire 30 year loan. Utilizing this loan quote, a buyer could expect a cash-on-cash return of 5.43% from Day-1.

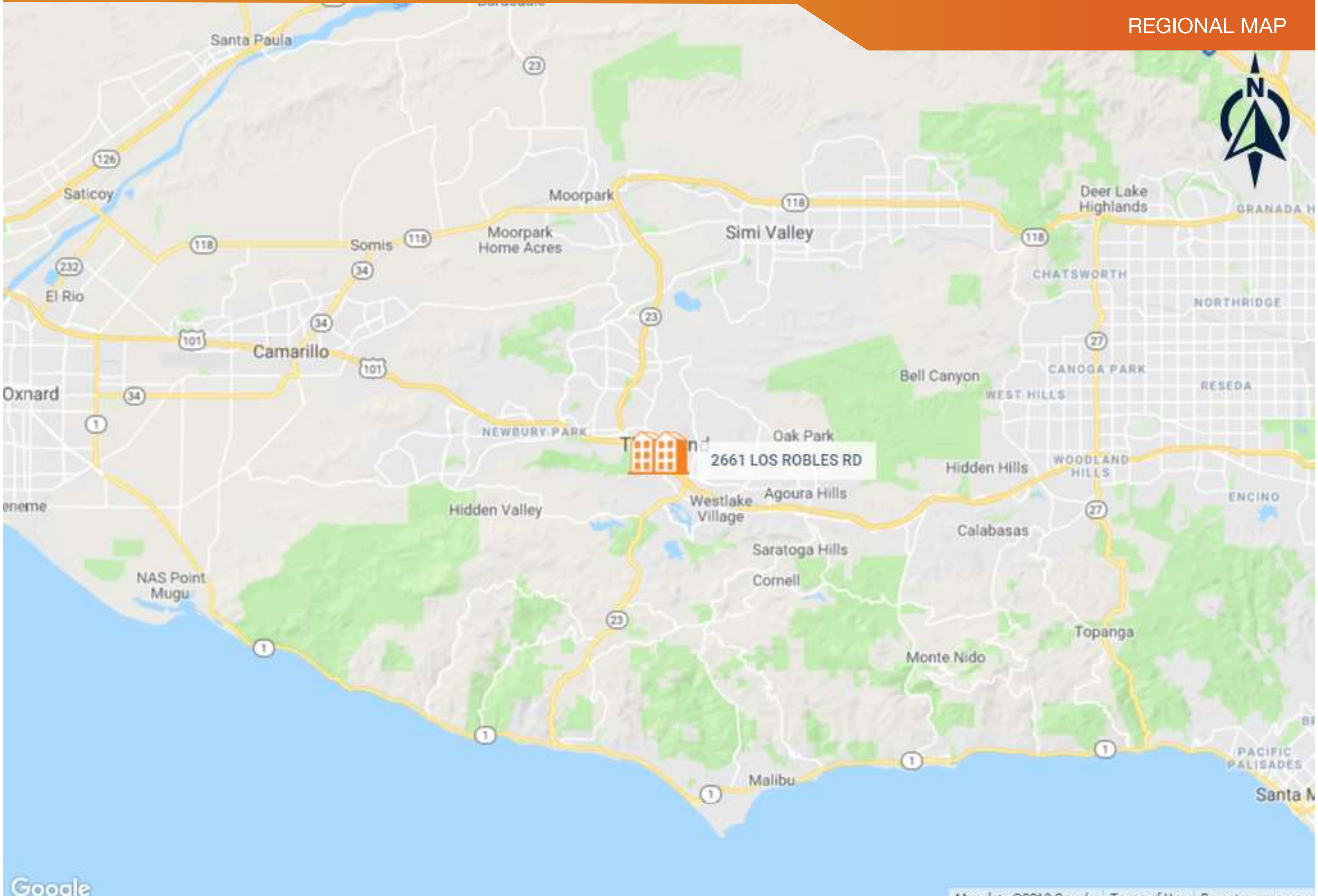
Lastly, with the new 2020 Accessory-Dwelling-Unit (ADU) laws for California, a buyer should be able to build an ADU on this large lot with very little push-back from the City since it is a new state-wide law. For more information on this new ADU law, please give us a call or email.

The subject property offers an investor a very rare opportunity to acquire a hassle-free, high cash flow, and turn-key triplex in a market that almost never sees multifamily properties hit the market! For more information, give us a call at 818-212-2808.

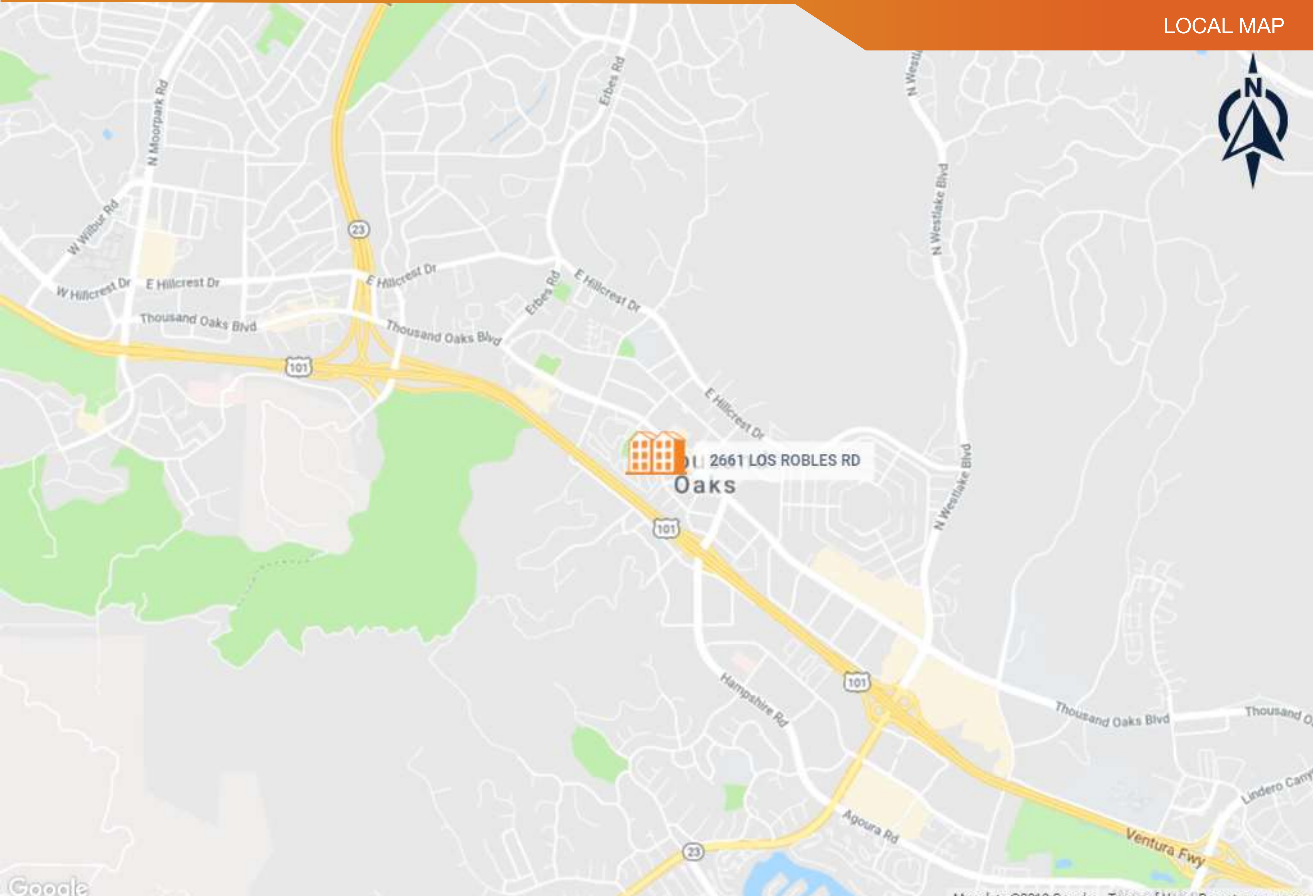
INVESTMENT HIGHLIGHTS

- Built in 1947 / Renovated in 2017
- Turn-Key Property
- High Barrier to Entry Market
- Extremely Unique Property
- High Day 1 Cash Flow
- Garage and Surface Parking

REGIONAL MAP



LOCAL MAP


N Moorpark Rd
W Wilbur Rd
W Hillcrest Dr
E Hillcrest Dr
Thousand Oaks Blvd
Erbes Rd
N Westlake Blvd
2661 LOS ROBLES RD
Oaks
Hampshire Rd
Agoura Rd
Ventura Fwy
Lindero Cany
101
23
N
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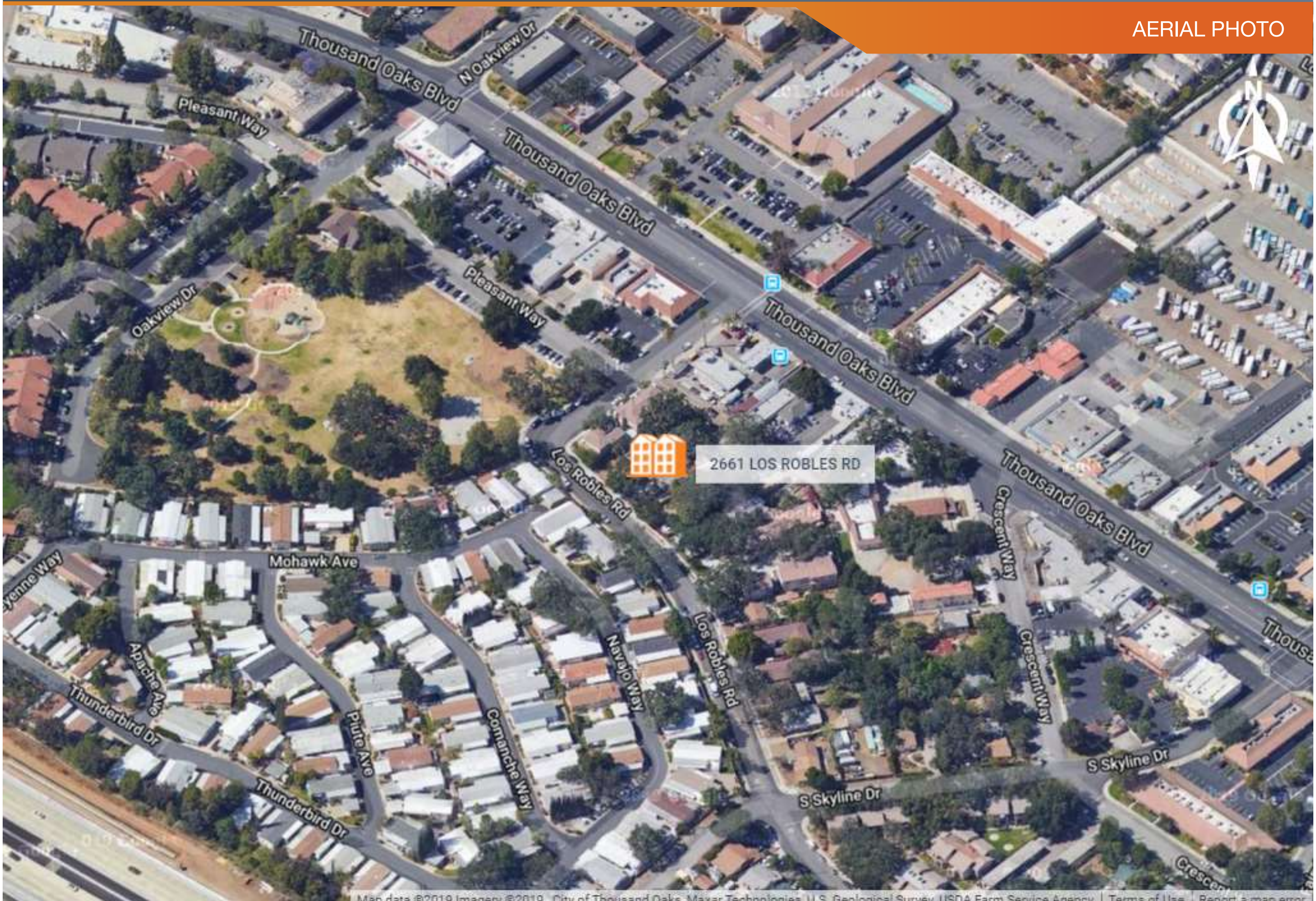
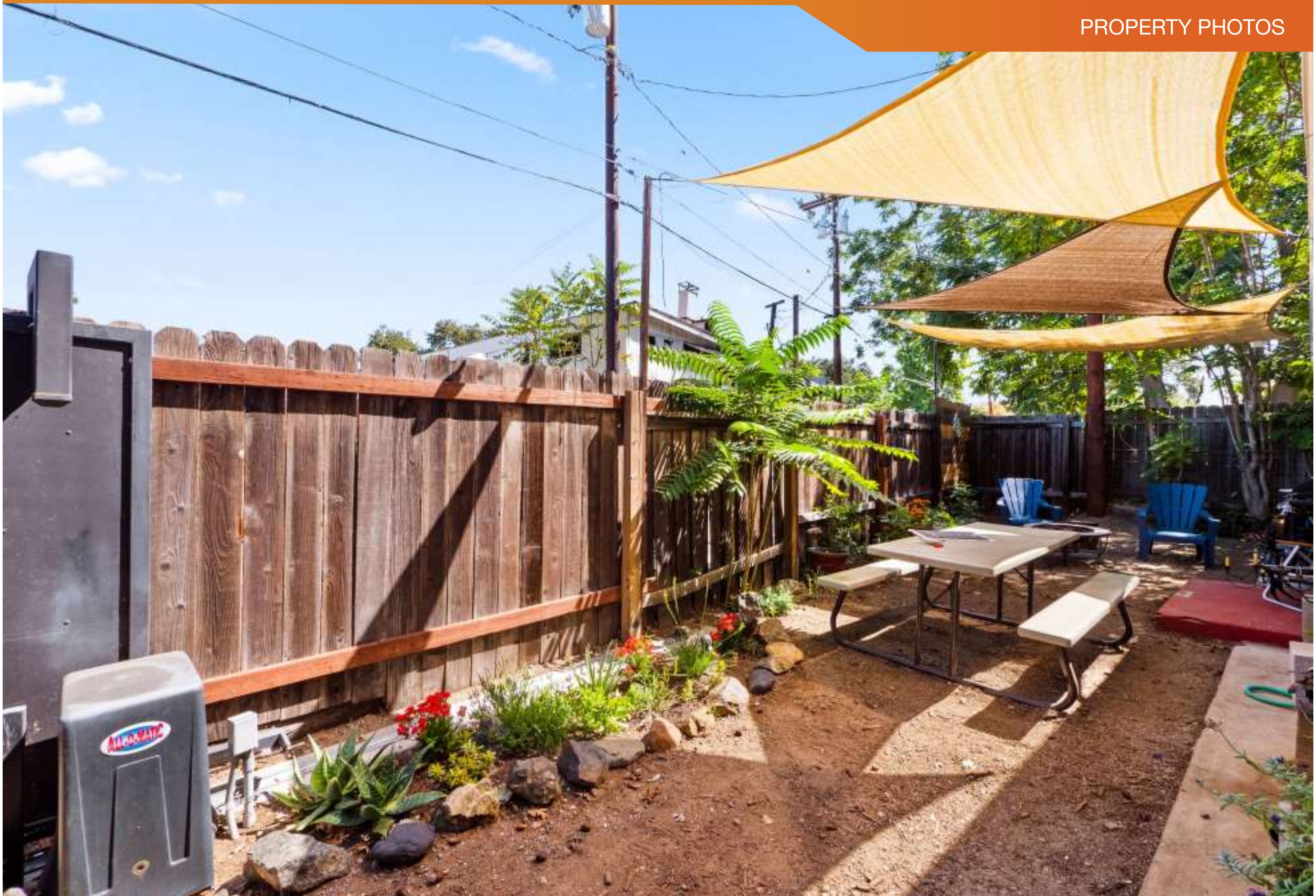
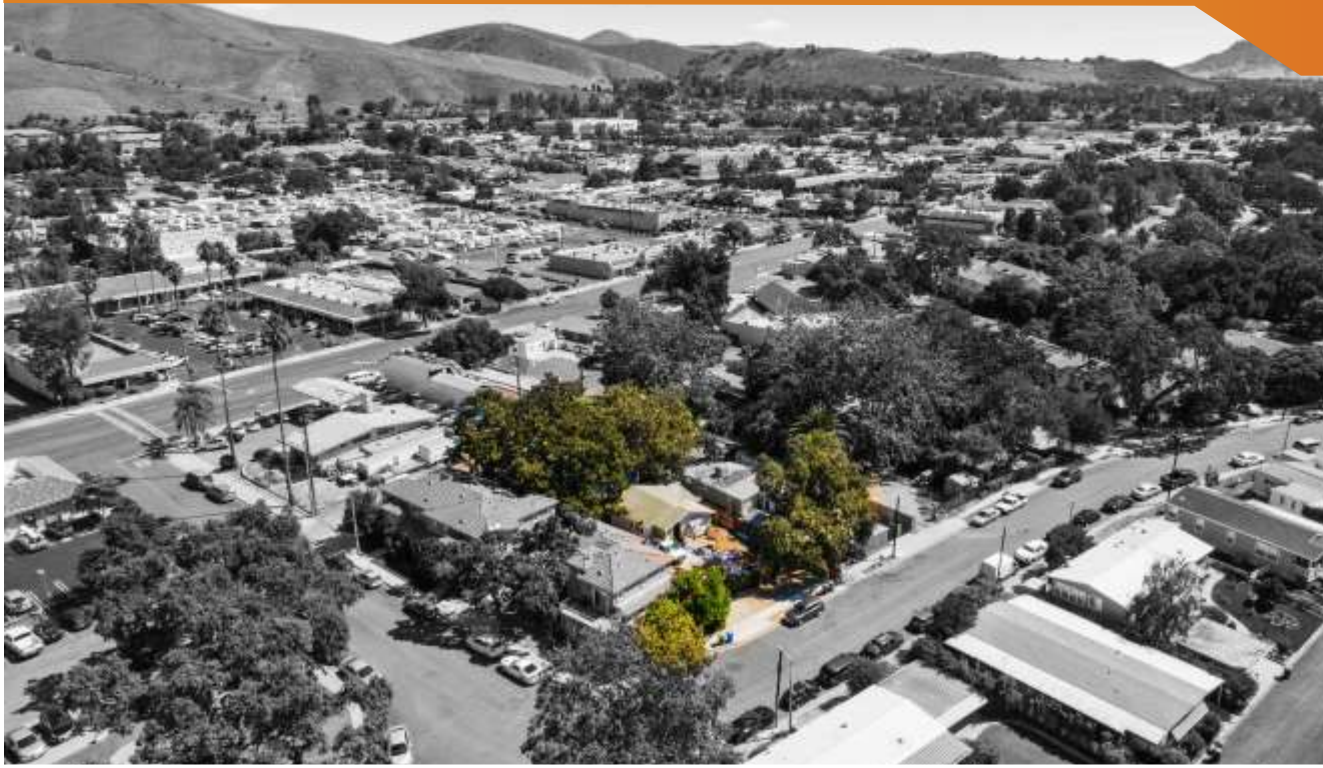
AERIAL PHOTO




Blue Rhino





PROPERTY PHOTOS

FINANCIAL
ANALYSIS

RENT ROLL SUMMARY

As of October,2020

				Current			Potential		
Unit Type	# of Units	Avg Sq Feet	Rental Range	Average Rent	Average Rent / SF	Monthly Income	Average Rent	Average Rent / SF	Monthly Income
1 Bed / 1 Bath	2	N/A	$2,095 - $2,095	$2,095	N/A	$4,190	$2,250	N/A	$4,500
3 Bed / 1.5 Bath	1	N/A	$2,650 - $2,650	$2,650	N/A	$2,650	$3,100	N/A	$3,100
Totals/Weighted Averages	**3**	**637**		**$2,280**	**$3.58**	**$6,840**	**$2,533**	**$3.97**	**$7,600**
Gross Annualized Rents				**$82,080**			**$91,200**		

Notes:

RENT ROLL DETAIL

As of October,2020

Unit	Unit Type		Current Rent / Month	Current Rent / SF/ Month	Potential Rent / Month	Potential Rent/ SF/ Month
1	1 Bed / 1 Bath		$2,095	$0.00	$2,250	$0.00
2	1 Bed / 1 Bath		$2,095	$0.00	$2,250	$0.00
3	3 Bed / 1.5 Bath		$2,650	$0.00	$3,100	$0.00
Total		**Square Feet: 1,912**	**$6,840**	**$3.58**	**$7,600**	**$3.97**

OPERATING STATEMENT

Income	Current		Pro Forma		Notes	Per Unit	Per SF
Gross Current Rent	82,080		91,200			30,400	47.70
Total Vacancy	$0	0.0%	$0	0.0%		$0	$0
Effective Gross Income	$82,080		$91,200			$30,400	$47.70

Expenses	Current	Pro Forma	Notes	Per Unit	Per SF
Real Estate Taxes	12,213	12,213	[1]	4,071	6.39
Insurance	965	965	[2]	322	0.50
Utilities	2,257	2,257	[3]	752	1.18
Repairs & Maintenance	750	750	[4]	250	0.39
Landscaping	853	853	[5]	284	0.45
Pest Control	667	667	[6]	222	0.35
Operating Reserves	750	750	[7]	250	0.39
Total Expenses	$18,455	$18,455		$6,152	$9.65
Expenses as % of EGI	22.5%	20.2%			
Net Operating Income	$63,625	$72,745		$24,248	$38.05

Notes and assumptions to the above analysis are on the following page.

NOTES

Notes to Operating Statement	
[1]	1.0483% of the purchase price
[2]	Owner provided P&L
[3]	Owner provided P&L
[4]	$250 per unit per year
[5]	Owner provided P&L
[6]	Owner provided P&L
[7]	$250 per unit per year

PRICING DETAIL

Summary		
Price	**$1,165,000**	
Down Payment	$291,250	25%
Number of Units	3	
Price Per Unit	$388,333	
Price Per SqFt	$609.31	
Gross SqFt	1,912	
Lot Size	0.19 Acres	
Approx. Year Built	1947/2017	

Returns	Current	Pro Forma
CAP Rate	**5.46%**	**6.24%**
GRM	14.19	12.77
Cash-on-Cash	5.43%	8.56%
Debt Coverage Ratio	1.33	1.52

Financing	1st Loan
Loan Amount	$873,750
Loan Type	New
Interest Rate	3.63%
Amortization	30 Years
Year Due	2050

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.

# Of Units	Unit Type	SqFt/Unit	Scheduled Rents	Market Rents
2	1 Bed / 1 Bath	0	$2,095	$2,250
1	3 Bed / 1.5 Bath	0	$2,650	$3,100

Operating Data

Income		Current		Pro Forma
Gross Scheduled Rent		**$82,080**		**$91,200**
Less: Vacancy/Deductions	0.0%	$0	0.0%	$0
Total Effective Rental Income		$82,080		$91,200
Other Income		$0		$0
Effective Gross Income		$82,080		$91,200
Less: Expenses	22.5%	$18,455	20.2%	$18,455
Net Operating Income		**$63,625**		**$72,745**
Cash Flow		$63,625		$72,745
Debt Service		$47,817		$47,817
Net Cash Flow After Debt Service	5.43%	$15,808	8.56%	$24,928
Principal Reduction		$16,414		$17,019
Total Return	**11.06%**	**$32,222**	**14.40%**	**$41,948**

Expenses	Current	Pro Forma
Real Estate Taxes	$12,213	$12,213
Insurance	$965	$965
Utilities	$2,257	$2,257
Repairs & Maintenance	$750	$750
Landscaping	$853	$853
Pest Control	$667	$667
Operating Reserves	$750	$750
Total Expenses	**$18,455**	**$18,455**
Expenses/Unit	**$6,152**	**$6,152**
Expenses/SF	**$9.65**	**$9.65**

MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues to the benefit of our clients.

Closed 1,678 debt and equity financings in 2018

National platform operating within the firm's brokerage offices

$6.24 billion total national volume in 2018

Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Our ability to enhance buyer pool by expanding finance options

Our ability to enhance seller control

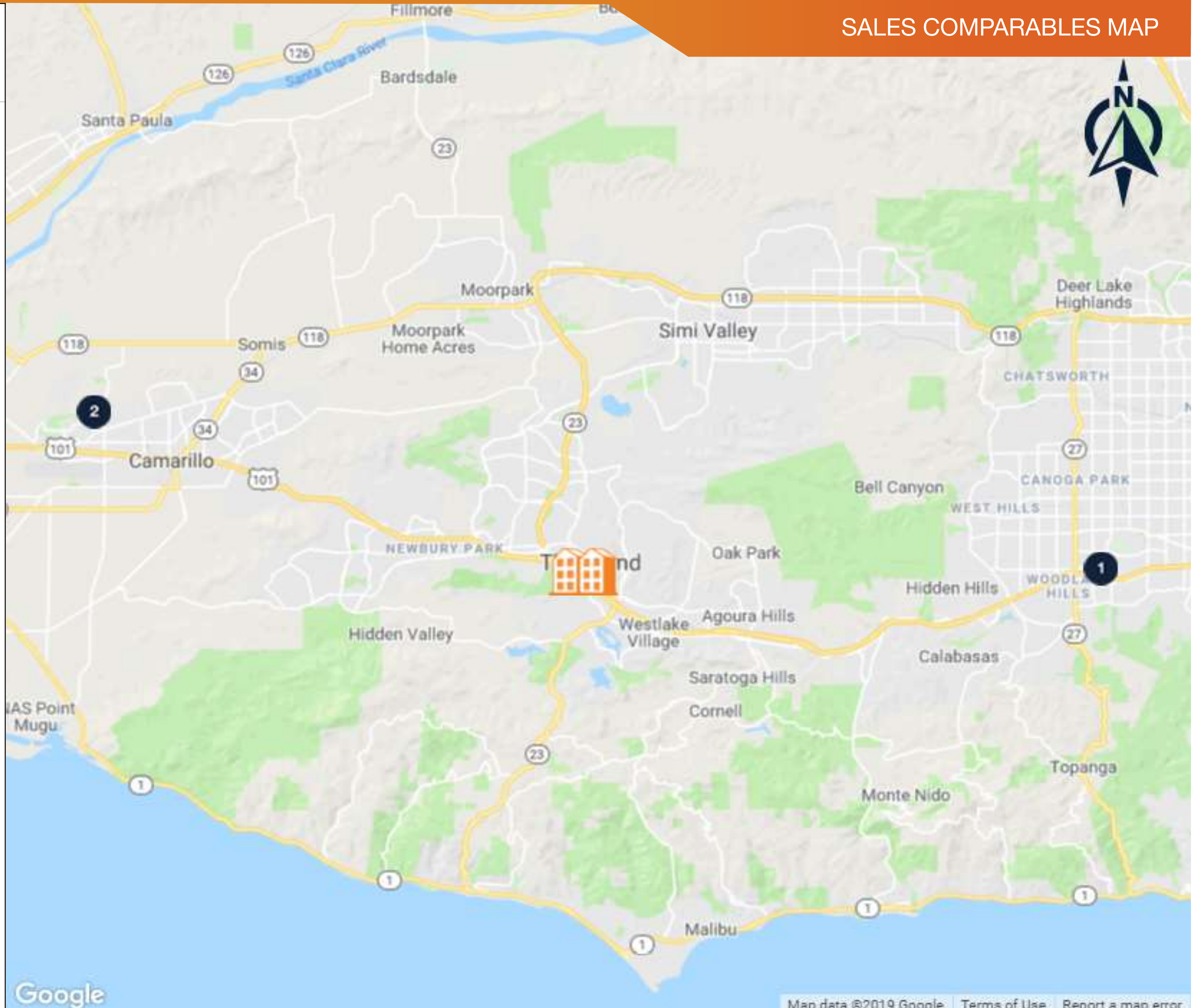
- **Through buyer qualification support**
- **Our ability to manage buyers finance expectations**
- **Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings**
- **By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file**

MARKET
COMPARABLES

SALES COMPARABLES MAP

2661 LOS ROBLES RD
Thousand Oaks, CA 91362

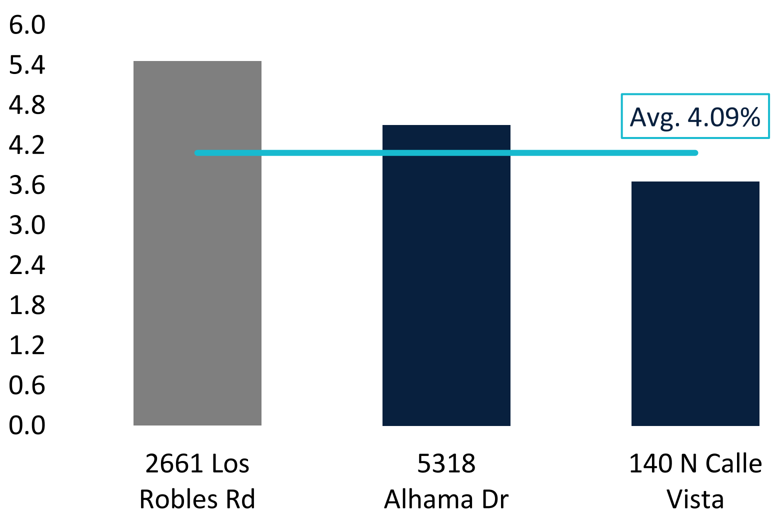
1. 5318 Alhama Dr
2. 140 N Calle Vista



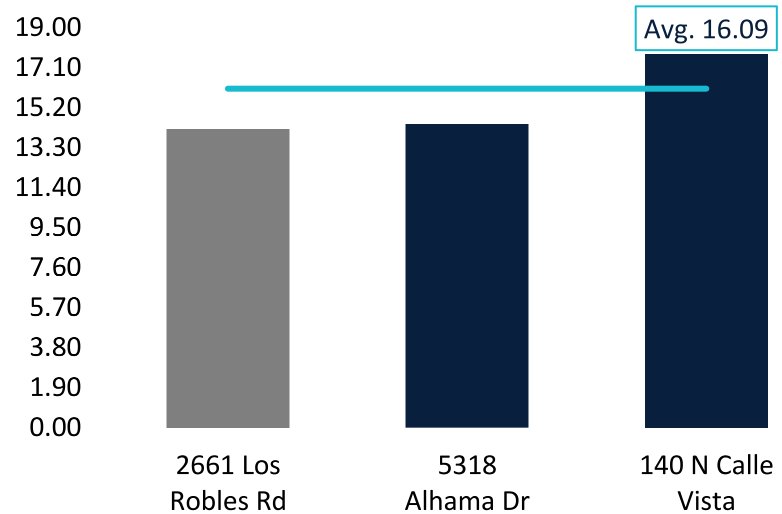
● SALES COMPARABLES

SALES COMPARABLES   SALES COMPS AVG

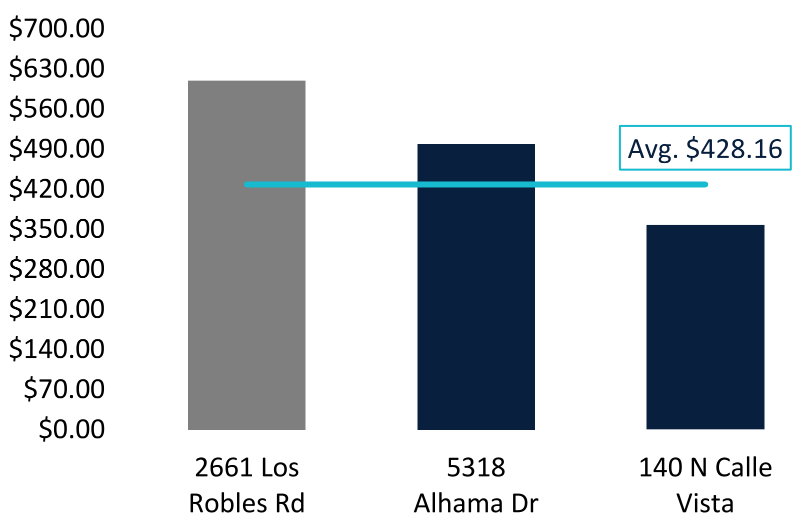
Average Cap Rate



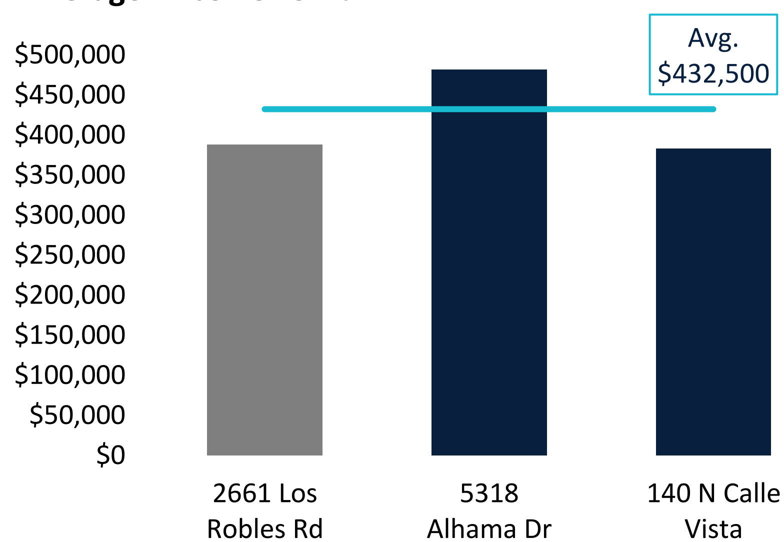
Average GRM



Average Price Per Square Foot



Average Price Per Unit



SALES COMPARABLES

2661 LOS ROBLES RD
2661 Los Robles Rd, Thousand Oaks, CA, 91362

		Units	Unit Type
Offering Price:	$1,165,000	2	1 Bed 1 Bath
Price/Unit:	$388,333	1	3 Bed 1.5 Bath
Price/SF:	$609.31		
CAP Rate:	5.46%		
GRM:	14.19		
Total No. of Units:	3		
Year Built:	1947		

Underwriting Criteria			
Income	$82,080	Expenses	$18,455
NOI	$63,625		

5318 ALHAMA DR
5318 Alhama Dr, Woodland Hills, CA, 91364

1

		Units	Unit Type
Close Of Escrow:	3/28/2019	1	1 Bdr 1 Bath
Sales Price:	$1,445,000	1	2 Bdr 2 Bath
Price/Unit:	$481,667	1	3 Bdr 2 Bath
Price/SF:	$498.96		
CAP Rate:	4.51%		
GRM:	14.42		
Total No. of Units:	3		
Year Built:	1940		

Underwriting Criteria			
Income	$100,200	Expenses	$35,070
NOI	$65,130		

140 N CALLE VISTA
140 N Calle Vista, Camarillo, CA, 93010

2

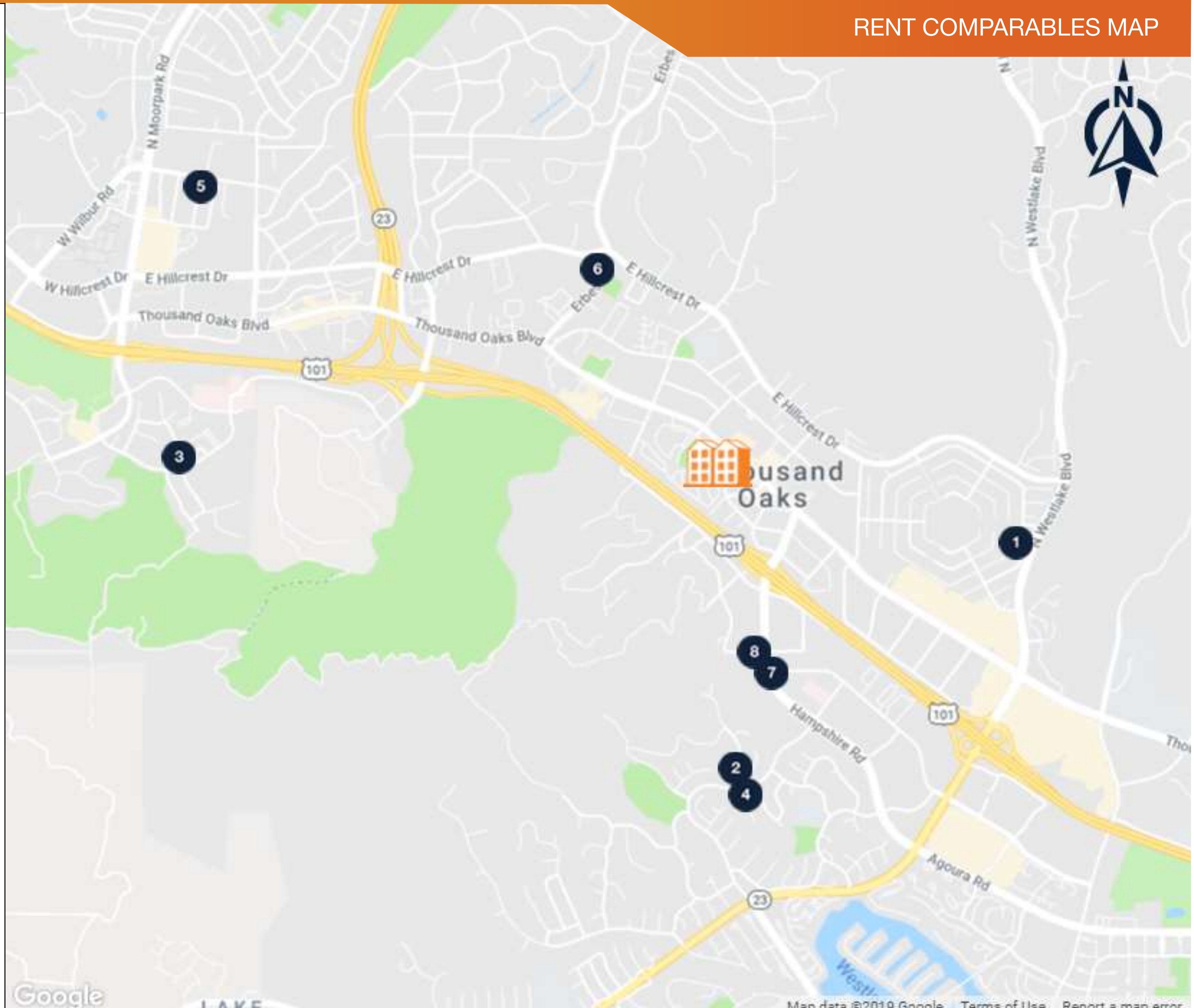
		Units	Unit Type
Close Of Escrow:	7/12/2019	2	2 Bdr 1 Bath
Sales Price:	$1,150,000	1	3 Bdr 2 Bath
Price/Unit:	$383,333		
Price/SF:	$357.36		
CAP Rate:	3.66%		
GRM:	17.75		
Total No. of Units:	3		
Year Built:	1972		

Underwriting Criteria			
Income	$64,800	Expenses	$22,680
NOI	$42,120		

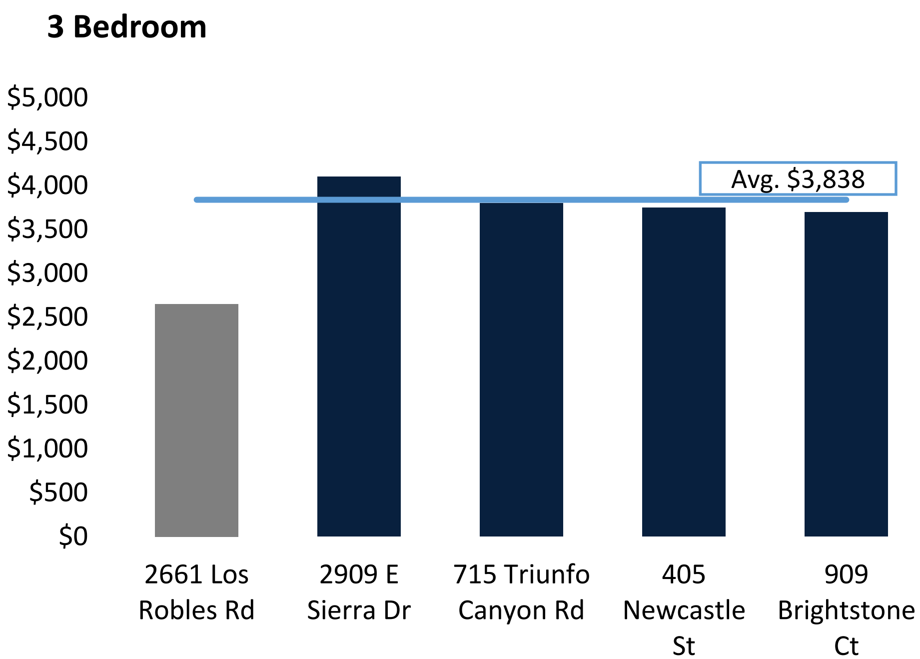
RENT COMPARABLES MAP

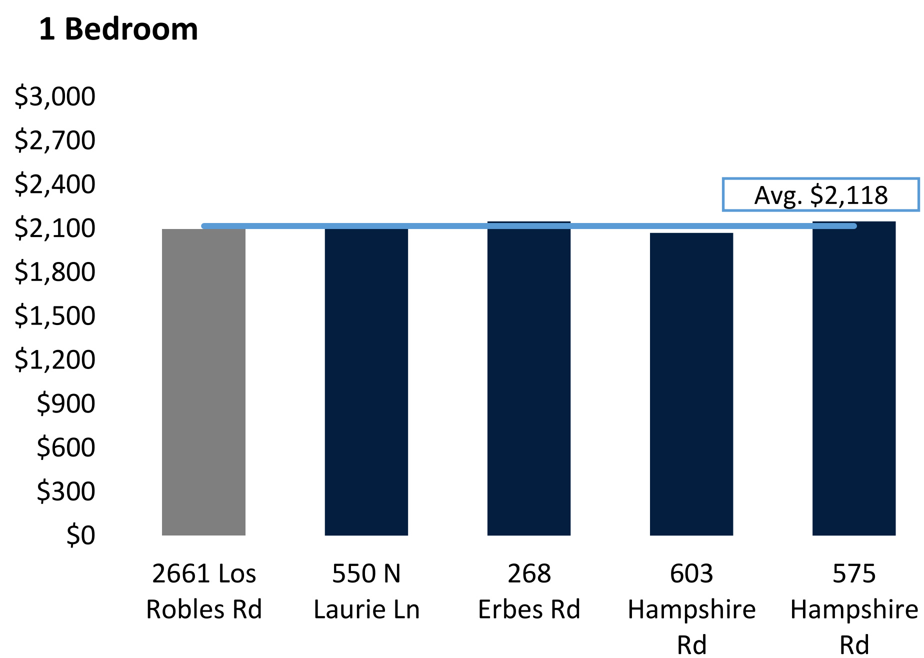
2661 LOS ROBLES RD
Thousand Oaks, CA 91362

1. 2909 E Sierra Dr
2. 715 Triunfo Canyon Rd
3. 405 Newcastle St
4. 909 Brightstone Ct
5. 550 N Laurie Ln
6. 268 Erbes Rd
7. 603 Hampshire Rd
8. 575 Hampshire Rd



AVERAGE RENT - MULTIFAMILY





2661 LOS ROBLES RD
2661 Los Robles Rd, Thousand Oaks, CA, 91362

Unit Type	Units	SF	Rent	Rent/SF
1 Bed 1 Bath	2		$2,095	$0.00
3 Bed 1.5 Bath	1		$2,650	$0.00
Total/Avg.	3		$2,280	

YEAR BUILT: 1947

2909 E SIERRA DR
2909 E Sierra Dr, Westlake Village, CA, 91362

1

Unit Type	Units	SF	Rent	Rent/SF
3 Bdr 2 Bath	1	1,699	$4,100	$2.41
Total/Avg.	1	1,699	$4,100	$2.41

YEAR BUILT: 1970

715 TRIUNFO CANYON RD
715 Triunfo Canyon Rd, Westlake Village, CA, 91361

2

Unit Type	Units	SF	Rent	Rent/SF
3 Bdr 2 Bath	1	2,023	$3,800	$1.88
Total/Avg.	1	2,023	$3,800	$1.88

YEAR BUILT: 1976

405 NEWCASTLE ST

405 Newcastle St, Thousand Oaks, CA, 91361

3

Unit Type	Units	SF	Rent	Rent/SF
3 Bdr 2 Bath	1	1,846	$3,750	$2.03
Total/Avg.	1	1,846	$3,750	$2.03

YEAR BUILT: 1983

909 BRIGHTSTONE CT

909 Brightstone Ct, Westlake Village, CA, 91361

4

Unit Type	Units	SF	Rent	Rent/SF
3 Bdr 2 Bath	1	2,023	$3,700	$1.83
Total/Avg.	1	2,023	$3,700	$1.83

YEAR BUILT: 1977

550 N LAURIE LN

550 N Laurie Ln, Thousand Oaks, CA, 91360

5

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	1	850	$2,100	$2.47
Total/Avg.	1	850	$2,100	$2.47

YEAR BUILT: 1966

268 ERBES RD

268 Erbes Rd, Thousand Oaks, CA, 91362

6

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	1	700	$2,150	$3.07
Total/Avg.	1	700	$2,150	$3.07

YEAR BUILT: 1964

603 HAMPSHIRE RD

603 Hampshire Rd, Westlake Village, CA, 91361

7

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	1	730	$2,070	$2.84
Total/Avg.	1	730	$2,070	$2.84

YEAR BUILT: 1971

575 HAMPSHIRE RD

575 Hampshire Rd, Westlake Village, CA, 91361

8

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	1	850	$2,150	$2.53
Total/Avg.	1	850	$2,150	$2.53

YEAR BUILT: 1979

MARKET
OVERVIEW

VENTURA COUNTY

OVERVIEW

Ventura County is located along the coast of Southern California between Malibu and Santa Barbara, stretching across nearly 43 miles of coastline. Executive housing, excellent public schools, open space, and a wide range of recreational activities that include horseback riding, surfing, sailing, scuba and golf contribute to its quality of life. An educated workforce, the 101 Tech Corridor, a deep-water port and Naval Base Ventura County draw business and residents to the market, while high barriers to entry continue to push valuations higher.

METRO HIGHLIGHTS

SKILLED LABOR POOL

California State University, Channel Islands, California Lutheran University and Ventura County Community College attract and retain top talent. Roughly 32 percent of people age 25 and older hold a bachelor's degree or higher.

101 TECH CORRIDOR

The 101 corridor from Calabasas to Camarillo is a center for high-tech companies, especially biotechnology, healthcare, telecommunications and clean energy firms. Amgen's world headquarters are in Newberry Park.

NAVAL BASE VENTURA COUNTY

NBVC generates large revenues for the local economy, supporting jobs in the government sector as well as at defense contractors serving the base. More than 19,000 people are housed at the base.

ECONOMY

- Ventura County's economy is supported by the agriculture, agricultural-related industries, health services, biomedicine, tourism and financial services sectors.
- Due to Ventura County's proximity to Los Angeles, local businesses can capitalize on major air, ground, rail and port-served transportation networks, drawing businesses.
- Naval Base Ventura County (NBVC), which is composed of Port Hueneme, Point Mugu and San Nicolas Island (60 miles offshore), is a major aviation shore command and naval construction force mobilization site. Port Hueneme has five berths and is the only deep-water port between Los Angeles and San Francisco connecting Ventura County to markets around the world.

DEMOGRAPHICS

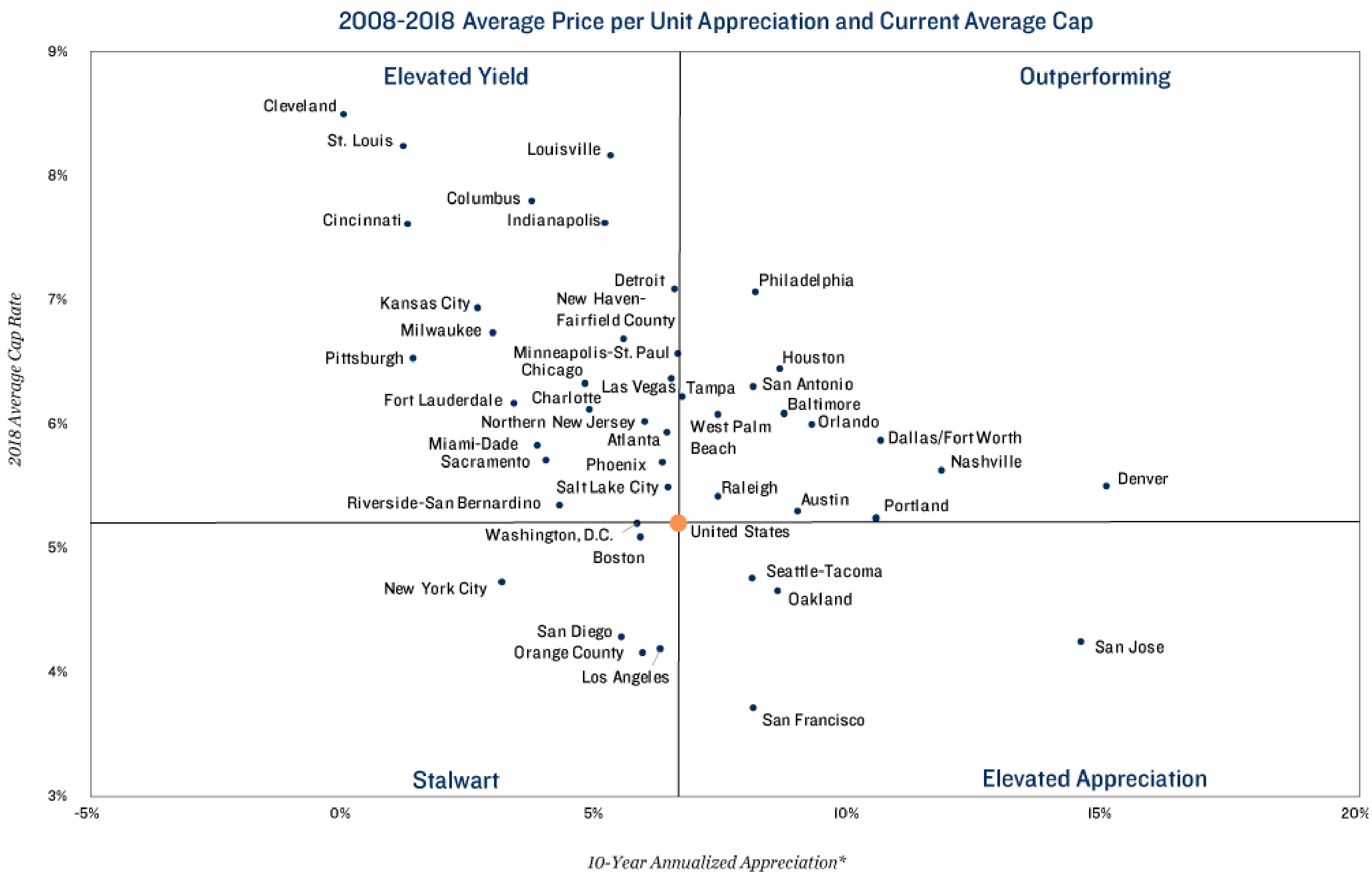
2018 POPULATION:	2018 HOUSEHOLDS:	2018 MEDIAN AGE:	2018 MEDIAN HOUSEHOLD INCOME:
853K	279K	37.9	$80,600
Growth 2018-2023*: 3.8%	Growth 2018-2023*: 5.0%	U.S. Median: 38.0	U.S. Median: $58,800

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

2019 PRICING QUADRANT

Yield Range Offers Compelling Options for Investors;
Most Metros Demonstrate Strong Appreciation



* 2008-2018 Average annualized appreciations in price per unit

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

2019 PRICING QUADRANT

Pricing and Valuation Trends Summary

Ten-year appreciation favors high-growth markets. Benchmarked from the end of 2008 as the U.S. economy began its rapid tumble into recession, appreciation has generally been strongest in tech, growth and Texas markets. Because Texas experienced a much softer downturn, assets there had to recover less lost value during the growth cycle. Interestingly, markets like Denver, Nashville, Orlando and Baltimore generated stronger-than-average value gains that reflect substantive economic and employment growth. Several Midwestern markets, which were trading at cycle highs in late 2008, faced significant value loss during the recession and only recently surpassed their prices of 10 years ago.

Capital pursues yield to smaller metros. Although Midwestern markets have taken longer to generate appreciation relative to the near-peak pricing achieved in late 2008, they have offered investors particularly high yields. Comparatively, the Bay Area and Seattle provide low yields but have higher-than-average appreciation. The most favored primary markets, New York City, Southern California and Washington, D.C., have generated lower-than-average appreciation over the last 10 years. This reflects the flight to safety in late 2008 that kept pricing in these markets stronger than many others.

Average Price per Unit Range

(Alphabetical order within each segment)

\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000 - \$149,999	\$150,000 - \$199,999	\$200,000 - \$299,999	\$300,000 - \$450,000
Cincinnati	Kansas City	Atlanta	Chicago	Los Angeles	Boston
Cleveland	Las Vegas	Austin	Denver	New York City	Orange County
Columbus	Louisville	Baltimore	Fort Lauderdale	Oakland	San Francisco
Detroit	Milwaukee	Charlotte	Miami-Dade	San Diego	San Jose
Indianapolis	Pittsburgh	Dallas/ Fort Worth	N.H.-Fairfield County	Seattle-Tacoma	
St. Louis		Houston	Northern New Jersey		
		Minneapolis-St. Paul	Orlando		
		Nashville	Philadelphia		
		Phoenix	Portland		
		Raleigh	Washington, D.C.		
		Riverside-San Bernardino	West Palm Beach		
		Sacramento			
		Salt Lake City			
		San Antonio			
		Tampa-St. Petersburg			

2008-2018 Average annualized appreciations in price per unit Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

2019 NATIONAL MULTIFAMILY INDEX

Midwest Metro Rises to Claim First Place;
Coastal Markets Fill Remainder of Top Rungs

Reshuffling changes leader. Minneapolis-St. Paul climbed two spots to head this year's Index as sustained apartment demand kept vacancy persistently tight, allowing steady rent growth. It is the only Midwest market to break into the top 20. San Diego also inched up two notches on solid rent growth to claim second place. High housing prices and the lowest vacancy rate among major U.S. markets advanced New York City (#3) four steps, while an escalation in the vacancy rate slid Los Angeles (#4) down two places. A surge in new inventory this year will increase vacancy in Seattle-Tacoma (#5), pushing last year's Index leader down four rungs to round out the first five markets. Orlando (#6) is the only new entrant into the top 10, with Riverside-San Bernardino (#7), Boston (#8), Oakland (#9), and Portland (#10) changing places to round out the rest of the spots.

Biggest movers shake up Index. Neighboring Florida metros Orlando (#6) and Tampa-St. Petersburg (#12) registered the largest advances in this year's NMI, leaping 11 and nine places, respectively. In both markets, robust job growth will expand the population base, generating strong demand for apartments, cutting vacancy and producing substantial rent gains. An escalation in employment and in-migration also propelled Las Vegas (#27) up six notches. The most significant declines in the Index were posted in Northern New Jersey, Denver, Cincinnati and St. Louis. Northern New Jersey (#24) stumbled eight notches as a slowdown in employment and a rise in deliveries widened the gap between supply and demand. Another year of elevated completions will push vacancy above the national average in Denver (#21) this year, lowering the metro seven steps. Cincinnati (#40) and St. Louis (#46) each moved down six rungs due to above-average vacancy and slower rent growth. Midwestern markets dominate the last five spots in the Index with St. Louis sliding into the bottom rung.

Index Methodology

The NMI ranks 46 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including projected job growth, vacancy, construction, housing affordability and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to show relative supply-and-demand conditions at the market level.

Users of the Index are cautioned to keep several important points in mind. First, the NMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NMI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next even if its fundamentals are improving. The NMI is an ordinal Index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

Market Name	Rank 2019	Rank 2018	18-19 Change	
Minneapolis-St. Paul	1	3	↑	2
San Diego	2	4	↑	2
New York City	3	7	↑	4
Los Angeles	4	2	↓	-2
Seattle-Tacoma	5	1	↓	-4
Orlando	6	17	↑	11
Riverside-San Bernardino	7	9	↑	2
Boston	8	6	↓	-2
Oakland	9	10	↑	1
Portland	10	5	↓	-5
Sacramento	11	8	↓	-3
Tampa-St. Petersburg	12	21	↑	9
Phoenix	13	13	■	0
San Jose	14	12	↓	-2
San Francisco	15	11	↓	-4
Orange County	16	19	↑	3
Fort Lauderdale	17	22	↑	5
Atlanta	18	15	↓	-3
Salt Lake City	19	24	↑	5
Raleigh	20	18	↓	-2
Denver	21	14	↓	-7
Miami-Dade	22	20	↓	-2
Columbus	23	26	↑	3
Northern New Jersey	24	16	↓	-8
Philadelphia	25	23	↓	-2
Charlotte	26	27	↑	1
Las Vegas	27	33	↑	6
Chicago	28	25	↓	-3
Washington, D.C.	29	32	↑	3
Houston	30	29	↓	-1
Dallas/Fort Worth	31	30	↓	-1
Detroit	32	28	↓	-4
Indianapolis	33	36	↑	3
Austin	34	31	↓	-3
Milwaukee	35	38	↑	3
West Palm Beach	36	41	↑	5
Nashville	37	35	↓	-2
San Antonio	38	37	↓	-1
New Haven-Fairfield	39	44	↑	5
Cincinnati	40	34	↓	-6
Pittsburgh	41	42	↑	1
Kansas City	42	46	↑	4
Cleveland	43	39	↓	-4
Baltimore	44	45	↑	1
Louisville	45	43	↓	-2
St. Louis	46	40	↓	-6

U.S. ECONOMY

Tight Labor Market, Waning Confidence Challenge Economic Momentum; Climate Remains Favorable

Exceptionally low unemployment levels invigorate household formation. Accelerated job creation in 2018 drove the unemployment rate of young adults between 20 to 34 years old to a 48-year low of 4.5 percent. With two-thirds of this age group living in rentals, they are a dominant force supporting apartment demand, and the strong job market has empowered more of them to move out on their own. Record-high consumer confidence in 2018 reinforced these positive dynamics, inspiring young adults to form new households. These trends should carry into 2019, though confidence has begun to ease back from peak levels and total job additions will likely taper. Labor force shortages will weigh on companies' ability to fill positions, creating an increasingly competitive hiring climate that pushes wage growth above 3 percent for the first time in more than 10 years. Increased compensation and rising disposable income will sustain rising retail sales and apartment tenants' ability to absorb escalating rents. However, wage gains will also place upward pressure on inflation, causing the Federal Reserve to tap the brakes on the economy by raising rates.

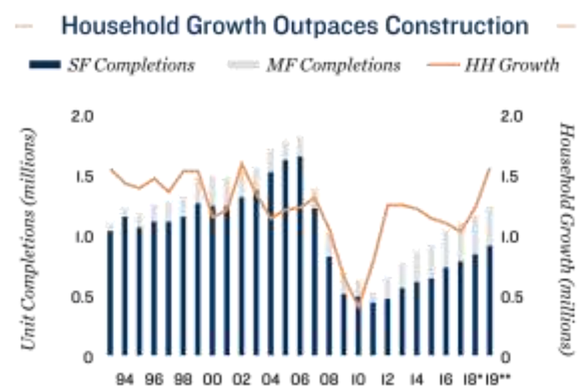
Rising interest rates weigh on home sales, favor rental demand. Inflation remained in the 2 to 3 percent range through much of last year, but increasing wage growth and the potential inflationary impact of tariffs have elevated caution at the Federal Reserve. The Fed exerted upward pressure on interest rates through quantitative tightening and by raising the overnight rate, resulting in a substantive 90-basis-point increase in mortgage rates in 2018. Higher loan rates converged with rising home prices, a shortage of entry-level homes for sale and changing lifestyle preferences to reduce home sales activity by 4 percent. The monthly payment on a median-priced home increased by $175 last year to nearly $1,700 per month, dramatically widening the disparity between a mortgage payment and the average monthly rent. This widening payment gap, together with tighter underwriting, has restrained young adults' migration into homeownership, reducing the under-35 homeownership rate to 37 percent, down from the peak of 43 percent in 2007. This confluence of factors will likely carry into 2019, sustaining young adults' preference for rental housing.

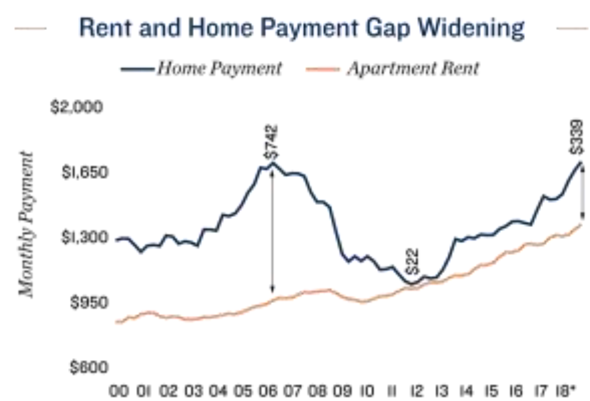
* Estimate
** Forecast

U.S. ECONOMY

2019 National Economic Outlook

- **Economic growth to ease as benefits of tax stimulus fade. Though consumption and corporate investment will support economic growth in 2019, trade imbalances and a likely weaker housing market will weigh on momentum. Job creation, facing an ultra-tight labor market, will slacken to the 2 million range, but wage growth should push above 3 percent.**
- **International trade and capital flows complicate outlook. Trade tensions with China, the strengthening U.S. dollar and floundering European economies could pose economic risks in 2019. Raising tariffs could accelerate inflation and weigh on consumption, resulting in slower economic growth. More significantly, a strengthening U.S. dollar could hamper foreign investment in the U.S. and disrupt international debt markets, increasing financial market stress.**
- **Federal Reserve closely monitoring inflation. Rising wages and tariffs are leading the way toward higher inflation risk, but the Federal Reserve has maintained a cautious stance, increasing short-term interest rates to ward off the trend. Long-term interest rates, however, have remained range-bound near 3 percent as stock market volatility and low international interest rates restrain upward movement. A yield-curve inversion, when short-term rates rise above long-term rates, is a commonly perceived sign of an upcoming recession, and a potential inversion could weigh on confidence levels.**





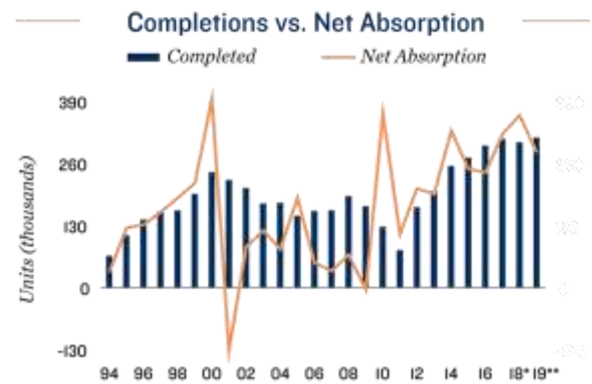
* Estimate
** Forecast

U.S. APARTMENT OVERVIEW

Economy Delivers Elevated Apartment Demand; Aggressive Building Nudges Top-Tier Vacancy Higher

Housing market remains tight as household formation accelerates. Steady job creation and exceptionally low unemployment will boost household formation in 2019, supporting a third consecutive year of national sub-5 percent vacancy levels. Much of the new demand will center on apartments that serve to the traditional workforce: Class B and C properties. Although new apartment completions will reach their highest level in more than 25 years with the delivery of more than 315,000 units, the new inventory largely caters to more affluent renters. As a result, Class A vacancy is expected to rise to 5.8 percent while Class B apartment vacancy remains relatively stable at 4.7 percent. The most affordable segment of the market, Class C apartments, faces strong demand and vacancy for this segment is expected to tighten to 3.9 percent, its lowest year-end level in 19 years. These trends will support consistent rent gains averaging 3.7 percent in 2019, led by momentum in secondary and tertiary markets.

Smaller metros step to forefront. While primary markets such as Boston, Los Angeles, the Bay Area and New York City are expected to see the largest dollar rent increases, smaller metros are generating faster increases on a percentage basis. Metros across the Southeast and Midwest in particular are generating outsize employment growth and housing demand. For the seventh consecutive year, secondary markets will lead in percentage rent growth, followed closely by tertiary markets. This reflects the concentration of new supply additions in primary markets, which is raising competition for renters and suppressing rent gains. Another important factor has been the migration of millennials to more affordable smaller cities. Many tech firms and other industries have pursued the millennial labor force to these smaller metros, boosting local job creation. In addition to having higher-than-average job growth, cities such as Orlando, Phoenix, Indianapolis and Salt Lake City are expected to generate outsize rent gains. Many investors, in pursuit of higher yields, have already expanded their search for assets in these metros, increasingly the market liquidity and boosting values.

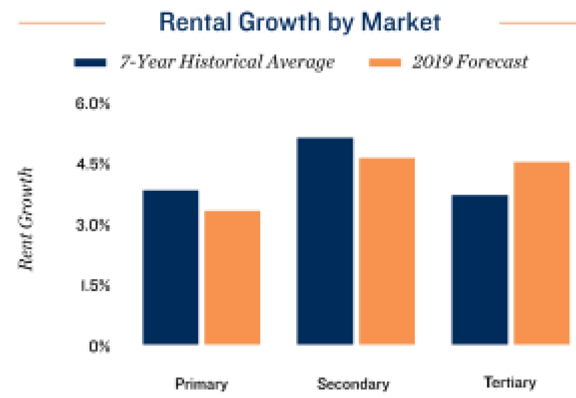


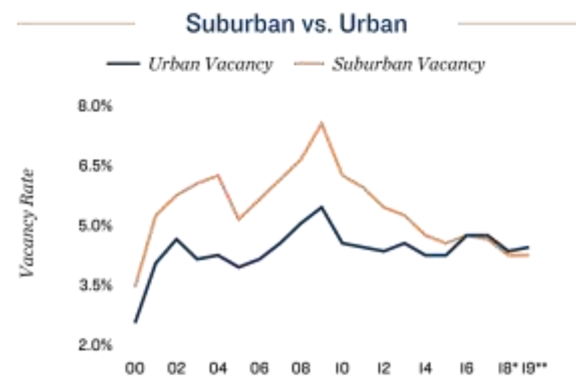
* Estimate
** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

U.S. APARTMENT OVERVIEW

2019 National Apartment Outlook

- **Tax reform boosts rental demand. The new tax law is having a substantive impact on rental demand as several tax benefits of homeownership have been altered. The doubling of the standard deduction to $12,000 for singles and $24,000 for couples means fewer homeowners will benefit from itemizing mortgage interest deductions. In addition, a $10,000 cap on state and local taxes will reduce homeowners' ability to deduct property taxes. These changes will weigh on first-time homebuyers in high-tax states the most, keeping young adults in the rental pool longer.**
- **Suburbs invigorated by changing lifestyles. A surge in new inventory and much higher rents in the urban core are diverting more renters to the suburbs. As a result, vacancy in suburban submarkets nationwide remain below the rate in downtown submarkets for the third consecutive year. Millennials, now entering their late 30s, are starting to form families. As this trend plays out, the lower rents of suburban areas and the generally higher-quality schools have begun to win out over the urban lifestyle.**
- **Potential housing shortage despite record development. Elevated completions in 2019 will bring the total apartment additions since 2012 above 2.1 million units, a net inventory gain of approximately 13 percent over eight years. Despite this cycle's delivery of the most apartments since the 1980s, vacancy is forecast to remain at just 4.6 percent in 2019. With rising labor and materials costs, tighter lending, and a shortage of skilled construction labor available, the pace of construction should begin to ebb in 2020.**





* Estimate
** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

U.S. CAPITAL MARKETS

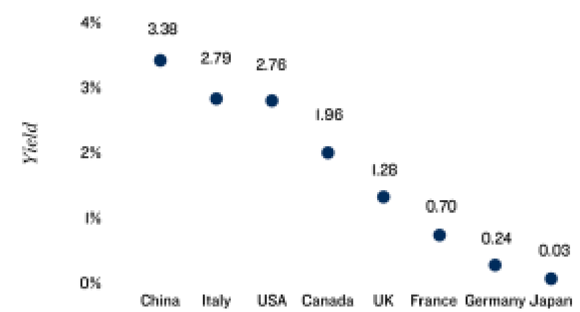
Fed Balances International Headwinds With Domestic Optimism; Elevated Liquidity Supports Active Market

Fed walking a tightrope. The Federal Reserve has been battling the inflationary pressure created by wage gains and increased trade protectionism with raises of short-term interest rates and quantitative tightening. The efforts, however, have run into the stubbornly low 10-year Treasury that has not responded to the Fed's prodding. Slowing international economic growth and the exceptionally low bond yields offered by most other high-credit countries have drawn international investors to the higher yields and safety of U.S. Treasurys. International buying activity together with other factors such as stock market volatility have held U.S. long-term rates down. This combination of events has placed the Fed in an awkward position and their decision to raise rates in December has placed additional upward pressure on short-term yields. Should short-term interest rates rise above long-term rates, a yield curve inversion forms, and this is a commonly known sign of an impending recession. The inverted yield curve will weigh on confidence levels and could potentially erode consumption and stall the growth cycle. The typical onset time of a recession following an inversion is about one year, but there have been two false positives in which a recession did not follow an inversion.

Conservative underwriting balances abundant capital. Debt financing for apartment assets remains widely available, with sourcing led by Fannie Mae and Freddie Mac in addition to a wide array of local, regional and national banks and insurance companies. Loan-to-value (LTV) ratios have tightened, with maximum leverage typically in the 55 to 75 percent range depending on the borrower, asset and location. Lenders have been reluctant to lend on future revenue growth through value-add efforts, resulting in increased use of short-term mezzanine debt and bridge loans to cover the span until improvements deliver the planned returns. Construction lending has also tightened as developers deliver record numbers of new units into the market. Higher borrowing costs and questions about the durability of the growth cycle have widened bid/ask spreads. Rising capital costs and increased downpayments are eroding buyer yields, while sellers continue to seek premium pricing based on ongoing robust property performance.

10-Year Treasury vs. 2-Year Treasury Yield Spread Tightens

Foreign 10-Year Treasury Rates❖

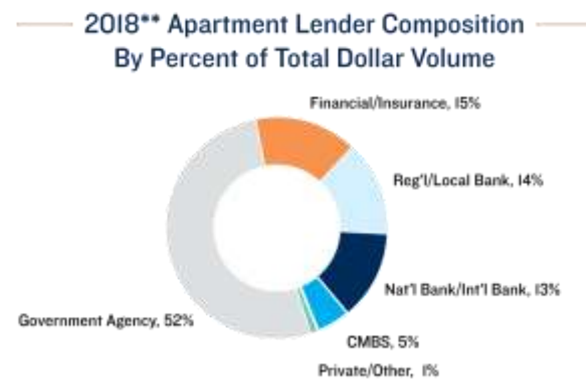


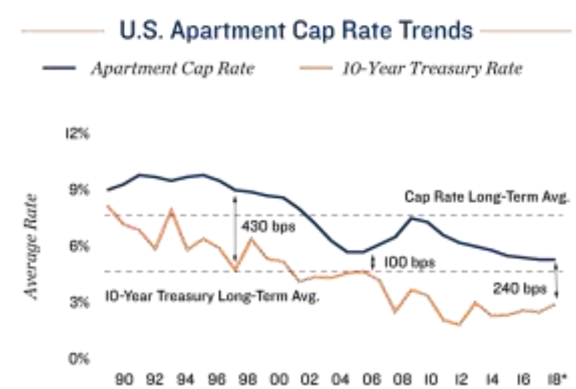
* Through Dec. 18
❖ Through Dec. 19

U.S. CAPITAL MARKETS

2019 Capital Markets Outlook

- **Investors wary of interest rate surge. While the 10-Year Treasury has traded in a relatively tight range near 3 percent recently, on two occasions it has rapidly surged and stalled investor activity. The 90-basis-point jump in late 2016 and the 80-basis-point surge in late 2017 both strained liquidity, widened bid/ask spreads and stalled transactions as investors recalibrated their underwriting. Given the volatility of financial markets, investors must remain prepared for a rapidly changing climate.**
- **Lenders remain nimble in dynamic climate. Most lenders, particularly Fannie Mae and Freddie Mac, have adapted to the more fluid financial climate. When Treasury rates increased in the third quarter, many lenders tightened their spreads to cushion volatility. Lenders remain cautious and they have adopted tighter underwriting standards, but they are also aggressively competing to place capital and apartment assets are a favored investment class.**
- **Tightened yield spreads erode positive leverage. Multifamily cap rates have remained relatively stable on a macro level, with yields in primary markets flattening while secondary and tertiary market cap rates have continued to trickle lower. Rising interest rates, however, have tightened the spread between cap rates and lending rates, reducing investors' ability to generate positive leverage. Though this trend could put some upward pressure on yields, elevated capital flows into apartments will likely mitigate the upward pressure.**





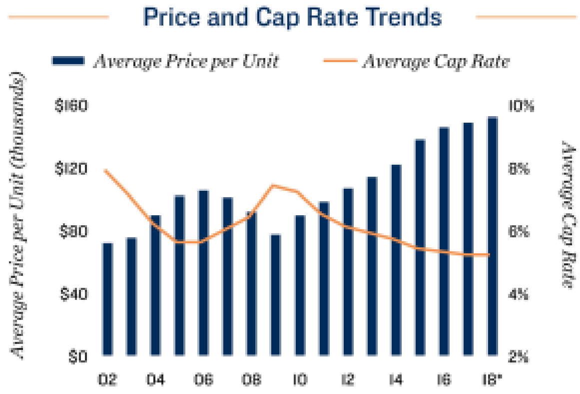
* Through Dec. 18
** Estimate
⌘ Year-end estimate for cap rate; 10-year Treasury rate through Dec. 18

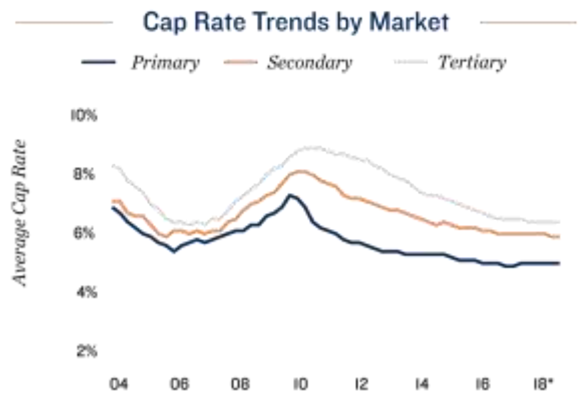
U.S. INVESTMENT OUTLOOK

Investors Consider Portfolio Strategies to Mitigate Risk, Boost Returns; Buyers Adapt to Tighter Yield Spreads

Market diversification a key portfolio strategy in maturing cycle. The economic expansion will remain supportive of the apartment investment market in 2019, though buyers' and sellers' expectations will likely need to adjust to a rising interest rate climate and the possibility of downside economic risk. Stock market volatility and prospects of a flattening yield curve will weigh on sentiment and induce elevated caution, but the underlying performance of apartments remain positive. Strong demand drivers supporting long-term yield models will counterbalance much of the market volatility, encouraging investors to look beyond any short-term turbulence. While the bid/ask gap could widen for transactions in primary locations where the spread between interest rates and cap rates is narrowest, capital could pursue yields to suburban locations as well as secondary and tertiary markets. The spread in average cap rates between primary to secondary markets has tightened to approximately 80 basis points, with an additional 80-bassis-point yield difference between secondary and tertiary markets. The yield premium offered by smaller metros, together with the market diversification it brings, should offer investors more durable yields on a portfolio basis.

Influx of non-traditional capital could invigorate transaction activity. Sales of apartment assets have remained relatively stable at elevated levels for four years, and the trend should carry into 2019 as new capital enters commercial real estate. Tax reform, particularly the ability to defer and reduce capital gains from other investment types by placing the gains into an opportunity fund, has the potential to draw new capital into real estate. In addition to the initial opportunity fund investments into properties located in opportunity zones, a domino effect could ensue as the sellers of that property seek to reinvest into other property types through 1031 exchanges. This influx of new capital could offset a natural slowing of sales generally experienced in a maturing growth cycle. Another tax rule change that could affect investor behavior is tied to the new depreciation rules. Investors may apply accelerated depreciation to the personal property of new acquisitions identified by using a cost-segregation study. In doing this, investors can fully expense property such as HVAC systems, furnishings and security systems in acquired properties, thereby boosting the cash flow in the early years of ownership.



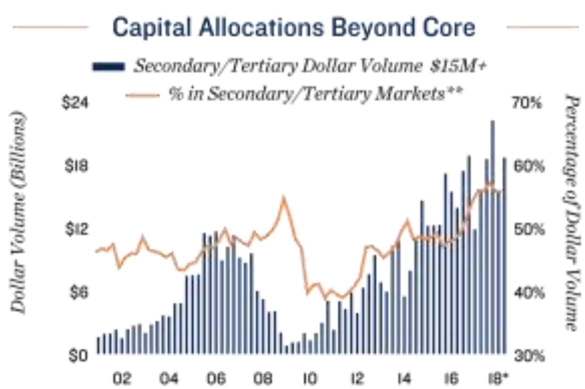


* Through 3Q

U.S. INVESTMENT OUTLOOK

2019 Investment Outlook

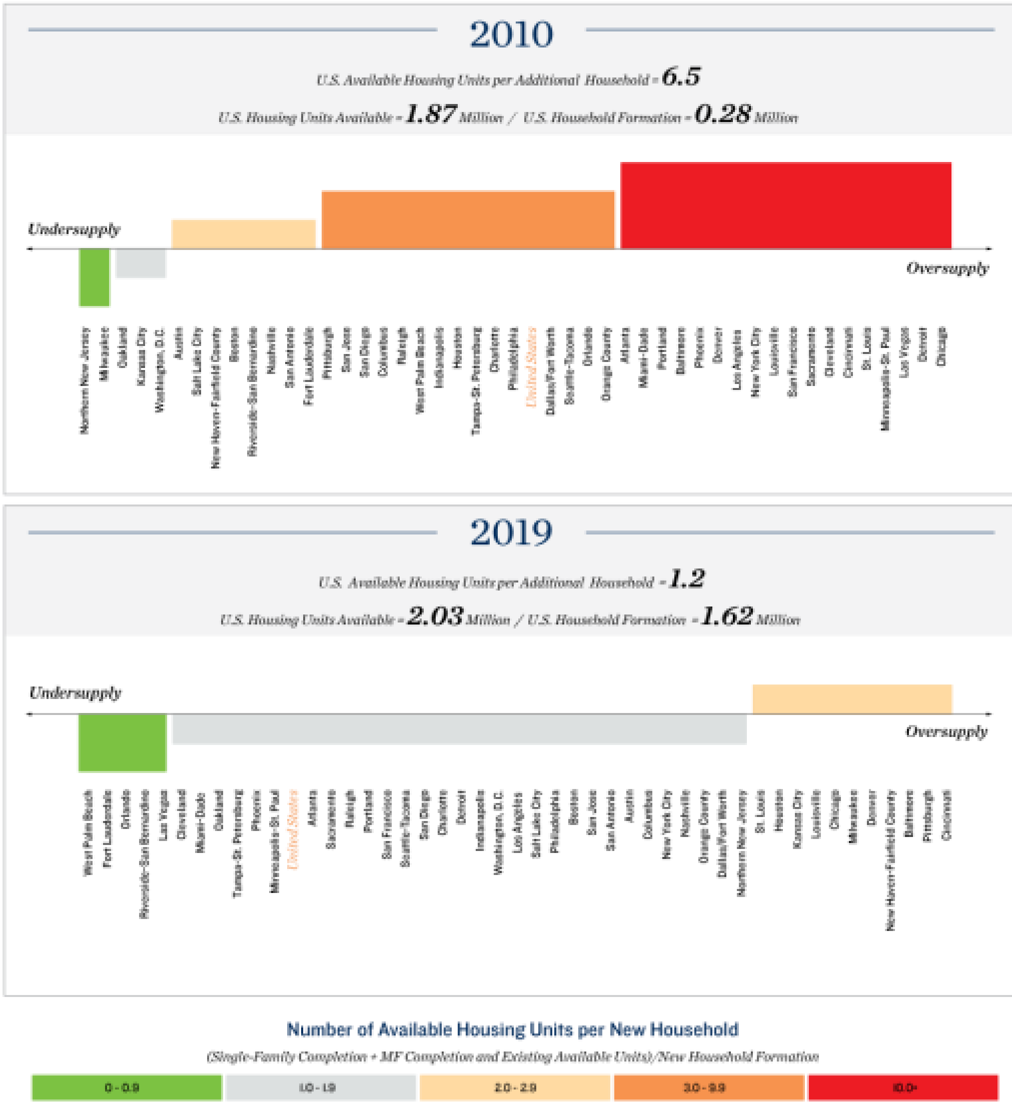
- **Pursuit of yield drives capital beyond the core. As multifamily yields have compressed, an increasing portion of "mobile capital" acquiring assets priced over $15 million has migrated to secondary and tertiary markets. Whereas in 2010 nearly 60 percent of the dollar volume was focused in primary markets, in 2018 the share of capital inverted with 60 percent of the capital flowing to secondary and tertiary markets. This trend will likely be sustained in 2019.**
- **Portfolio diversity increasingly important to private investors. A range of localized risks such as natural disasters, metro-level economic downturns, and the rise of state or metro-level policy decisions such as rent control have inspired investors to more carefully consider geographic diversification. Following the spate of recent hurricanes across Texas and the Southeast as well as the recent Proposition 10 vote in California, interstate buyer activity has accelerated.**
- **Increased investor caution may elevate expectation gap. Stock market volatility, rising interest rates, trade tensions and the implications of a flattening yield curve will weigh on buyer sentiment and inspire increasingly cautious underwriting. Sellers, focusing on positive performance metrics, may price assets more aggressively and the resulting expectation gap could weigh on transaction timelines.**



* Through 3Q
** Trailing 12 months through 3Q

Supply/Demand Profile

Housing Demand Growth Outpacing New Supply

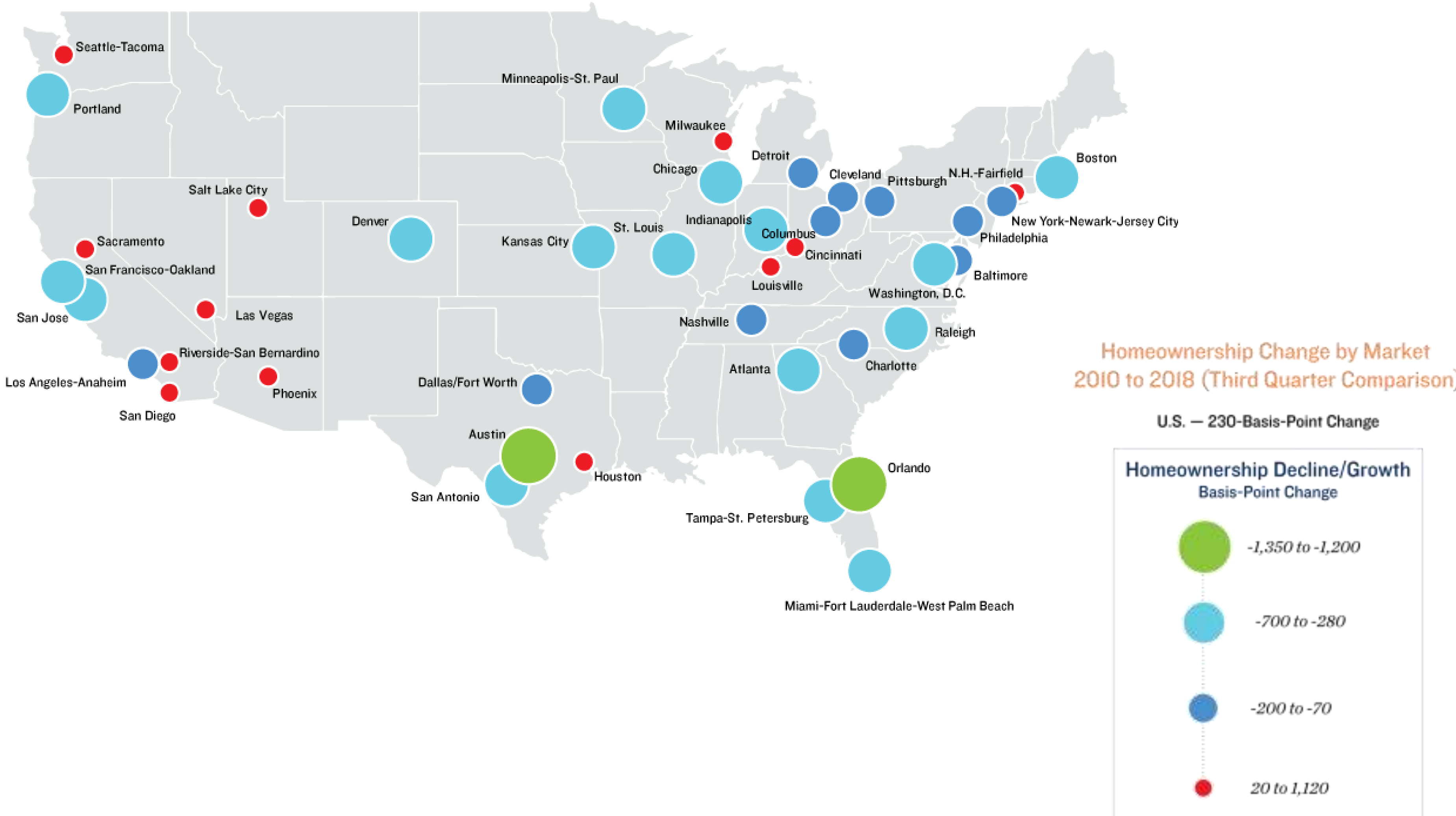


Sources: Marcus & Millichap Research Services; Moody's Analytics; RealPage, Inc.; U.S. Census

HISTORICAL HOMEOWNERSHIP TREND

Decline in Homeownership Underpins Lowering Apartment Vacancy

Eight-Year Change 2010-2018



Sources: Marcus & Millichap Research Services; U.S. Census

HISTORICAL HOMEOWNERSHIP TREND

Top 10 Markets by Homeownership

Eight-Year Change 2010-2018

Lowest Homeownership	2018 3Q	2010 3Q-2018 3Q Apt. Vacancy Basis-Point Change
Los Angeles-Long Beach-Anaheim	47.3%	-180
New York-Newark-Jersey City	48.8%	-140
Austin	54.0%	-80
San Francisco-Oakland	54.1%	-40
San Jose	54.4%	-20
Orlando	55.4%	-430
Miami-Fort Lauderdale-West Palm Beach	57.0%	-100
Las Vegas	57.2%	-410
San Diego	59.3%	-200
Seattle-Tacoma	61.3%	-120
U.S.	64.4%	-220

Highest Homeownership	2018 3Q	2010 3Q-2018 3Q Apt. Vacancy Basis-Point Change
Detroit	74.2%	-430
New Haven-Milford	70.4%	0
Cleveland	69.5%	-130
Pittsburgh	69.5%	-150
Sacramento	69.5%	-230
Minneapolis-St. Paul	68.9%	-190
Philadelphia	68.5%	-140
St. Louis	68.3%	-120
Nashville	68.1%	-60
Phoenix	67.4%	-510

Sources: Marcus & Millichap Research Services; U.S. Census

Created on October 2019

POPULATION	1 Miles	3 Miles	5 Miles
▪ 2023 Projection			
Total Population	11,267	59,419	151,060
▪ 2018 Estimate			
Total Population	10,643	58,358	146,981
▪ 2010 Census			
Total Population	10,358	57,047	144,177
▪ 2000 Census			
Total Population	9,584	55,135	143,206
▪ Daytime Population			
2018 Estimate	19,500	83,348	171,064
HOUSEHOLDS	**1 Miles**	**3 Miles**	**5 Miles**
▪ 2023 Projection			
Total Households	4,690	23,692	56,609
▪ 2018 Estimate			
Total Households	4,397	23,129	54,663
Average (Mean) Household Size	2.42	2.50	2.64
▪ 2010 Census			
Total Households	4,220	22,320	52,936
▪ 2000 Census			
Total Households	3,831	21,105	51,143
Growth 2015-2020	6.66%	2.43%	3.56%
HOUSING UNITS	**1 Miles**	**3 Miles**	**5 Miles**
▪ Occupied Units			
2023 Projection	4,690	23,692	56,609
2018 Estimate	4,473	23,432	55,202
Owner Occupied	1,972	14,824	38,817
Renter Occupied	2,426	8,305	15,846
Vacant	76	303	539
▪ Persons In Units			
2018 Estimate Total Occupied Units	4,397	23,129	54,663
1 Person Units	34.18%	27.99%	23.30%
2 Person Units	29.72%	33.67%	32.71%
3 Person Units	14.74%	15.64%	17.53%
4 Person Units	11.21%	13.11%	16.23%
5 Person Units	5.66%	5.71%	6.46%
6+ Person Units	4.50%	3.88%	3.77%

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
▪ 2018 Estimate			
$200,000 or More	9.09%	18.32%	20.32%
$150,000 - $199,000	6.07%	10.40%	12.88%
$100,000 - $149,000	16.64%	19.01%	20.90%
$75,000 - $99,999	12.92%	13.07%	12.18%
$50,000 - $74,999	15.26%	12.86%	11.79%
$35,000 - $49,999	11.72%	8.15%	7.39%
$25,000 - $34,999	7.40%	5.87%	5.04%
$15,000 - $24,999	8.94%	5.26%	4.33%
Under $15,000	11.95%	7.05%	5.18%
Average Household Income	$95,015	$141,426	$152,954
Median Household Income	$66,836	$95,505	$108,063
Per Capita Income	$39,375	$56,151	$57,126
POPULATION PROFILE	**1 Miles**	**3 Miles**	**5 Miles**
▪ Population By Age			
2018 Estimate Total Population	10,643	58,358	146,981
Under 20	22.93%	21.48%	22.96%
20 to 34 Years	21.47%	16.33%	15.74%
35 to 39 Years	7.29%	5.24%	4.94%
40 to 49 Years	14.28%	12.97%	13.35%
50 to 64 Years	17.81%	22.65%	23.95%
Age 65+	16.20%	21.31%	19.07%
Median Age	38.81	45.76	45.36
▪ Population 25+ by Education Level			
2018 Estimate Population Age 25+	7,566	42,675	104,501
Elementary (0-8)	5.21%	2.54%	2.03%
Some High School (9-11)	4.90%	3.53%	2.93%
High School Graduate (12)	16.58%	15.18%	13.12%
Some College (13-15)	19.97%	20.70%	20.22%
Associate Degree Only	10.50%	8.15%	8.11%
Bachelors Degree Only	27.28%	28.93%	30.43%
Graduate Degree	13.91%	20.12%	22.47%
▪ Population by Gender			
2018 Estimate Total Population	10,643	58,358	146,981
Male Population	49.43%	48.67%	48.80%
Female Population	50.57%	51.33%	51.20%

Source: © 2018 Experian

Population

In 2018, the population in your selected geography is 10,643. The population has changed by 11.05% since 2000. It is estimated that the population in your area will be 11,267.00 five years from now, which represents a change of 5.86% from the current year. The current population is 49.43% male and 50.57% female. The median age of the population in your area is 38.81, compare this to the US average which is 37.95. The population density in your area is 3,387.24 people per square mile.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 74.48% White, 2.08% Black, 0.17% Native American and 7.72% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 34.70% of the current year population in your selected area. Compare this to the US average of 18.01%.

Households

There are currently 4,397 households in your selected geography. The number of households has changed by 14.77% since 2000. It is estimated that the number of households in your area will be 4,690 five years from now, which represents a change of 6.66% from the current year. The average household size in your area is 2.42 persons.

Housing

The median housing value in your area was $526,216 in 2018, compare this to the US average of $201,842. In 2000, there were 2,074 owner occupied housing units in your area and there were 1,757 renter occupied housing units in your area. The median rent at the time was $909.

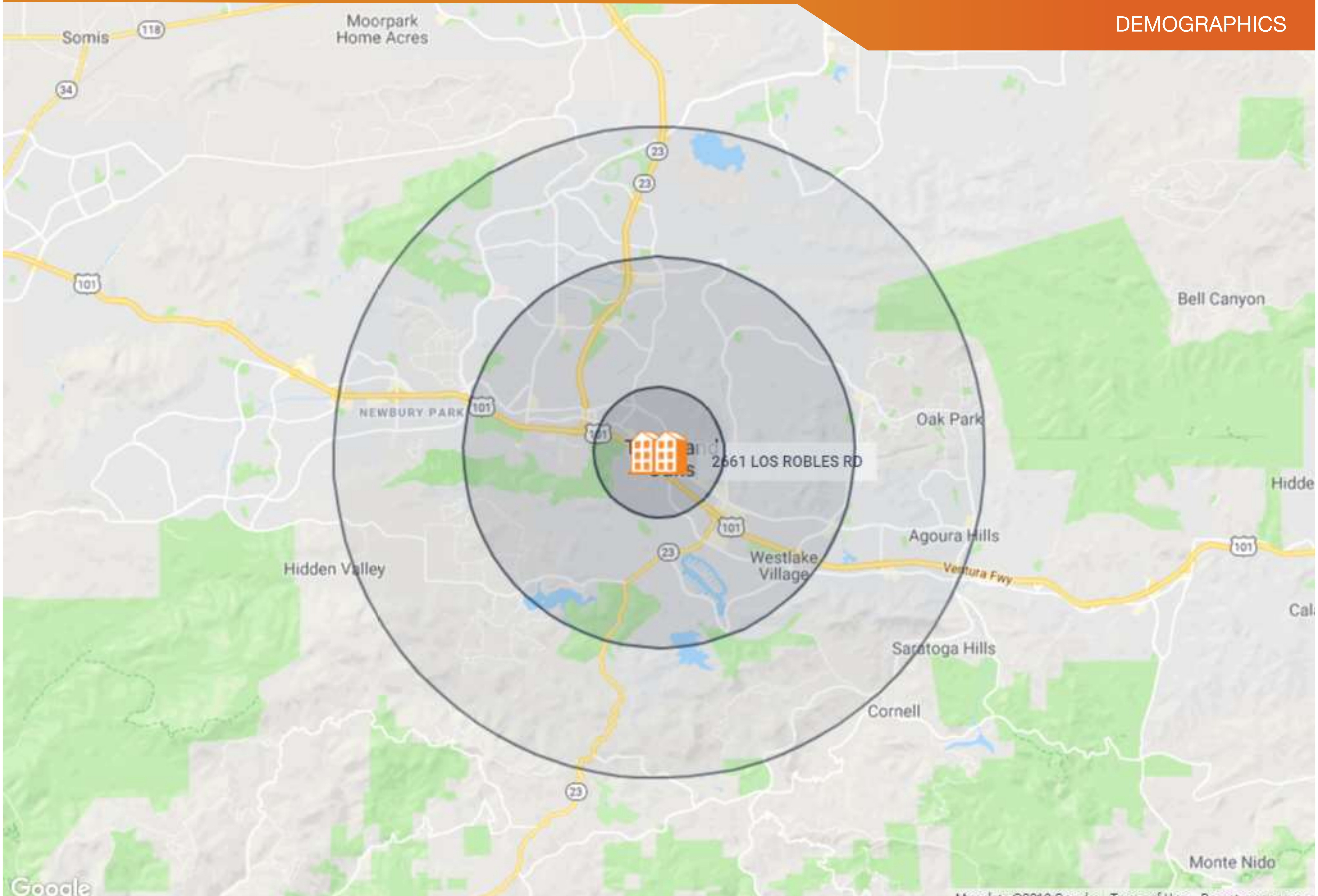
Income

In 2018, the median household income for your selected geography is $66,836, compare this to the US average which is currently $58,754. The median household income for your area has changed by 36.03% since 2000. It is estimated that the median household income in your area will be $75,391 five years from now, which represents a change of 12.80% from the current year.

The current year per capita income in your area is $39,375, compare this to the US average, which is $32,356. The current year average household income in your area is $95,015, compare this to the US average which is $84,609.

Employment

In 2018, there are 7,737 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 68.43% of employees are employed in white-collar occupations in this geography, and 31.24% are employed in blue-collar occupations. In 2018, unemployment in this area is 5.20%. In 2000, the average time traveled to work was 27.00 minutes.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