

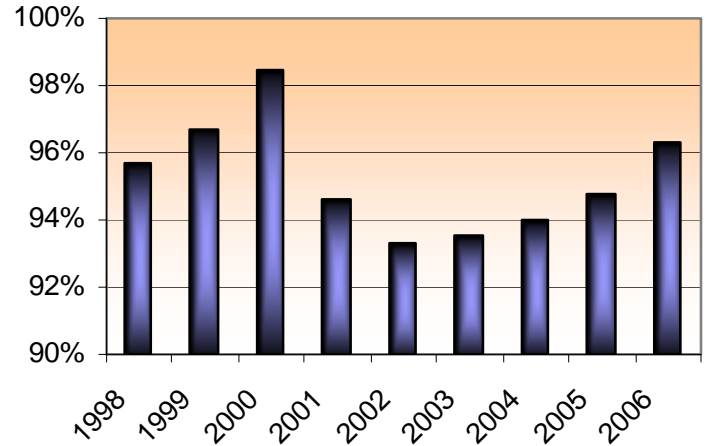
## ECONOMIC OVERVIEW

### Multi-Family Real Estate

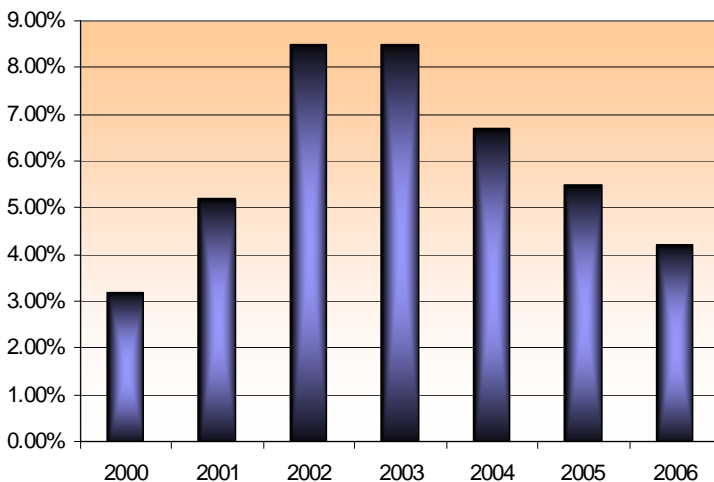
Having recovered from the high rate of unemployment as a result of the "Dot Com" industry collapse in 2000, the economy of the South Bay is once again proving to be a stable and growing market for multi-family investors.

Multi-family occupancy and rental rates bottomed out between 2002-2004. In the last couple years however, occupancy and rents have been rising steadily reflective of the current job growth and an improving economy.

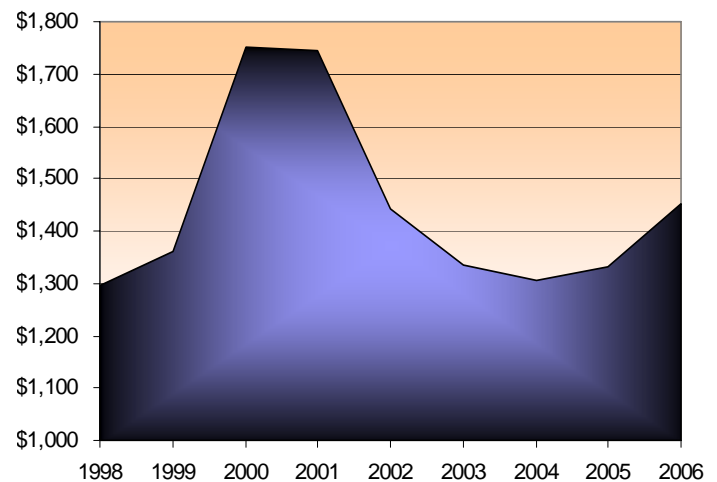
### Average Occupancy



### Unemployment Rate



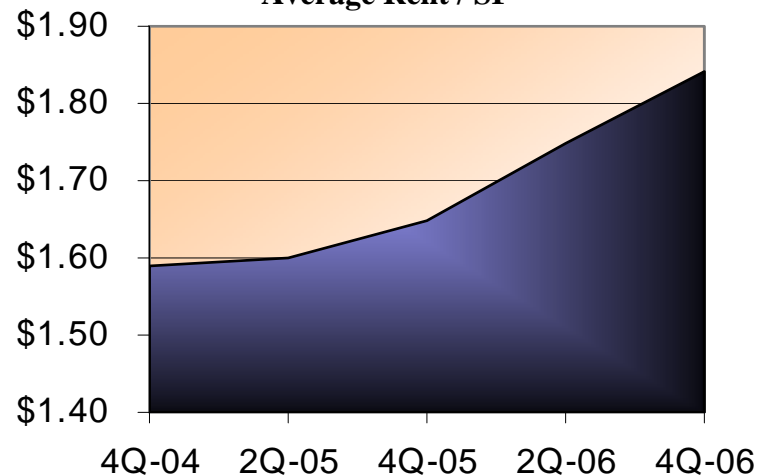
### Average Rental Rates



Most notable was the 11.5% increase in rent per square foot reported in 2006. Average rent per square foot is now estimated at \$1.84. Multi-family occupancy increased as well to 96.3% in 2006.

Average sales price per unit has appreciated 41% since 2004 and Capitalization Rates fell to 4.74% in 2006 an indication of investor confidence in the continued growth and stability of this market.

### Average Rent / SF





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## APARTMENT LISTINGS IN SOUTH BAY

Selected Apartment Listings 30 units+, Santa Clara County & San Mateo County, Loopnet, Inc.					
City	# of Units	Square Feet	Listing Price	Price/Unit	Cap Rate
San Jose	88	71,280	\$16,500,000	\$187,500	3.19%
San Jose	67	51,914	\$12,998,000	\$194,000	4.07%
San Jose	39	20,736	\$5,070,000	\$130,000	5.80%
Mountain View	38	36,670	\$5,999,000	\$157,868	4.67%
San Jose	36	20,830	\$4,725,000	\$131,250	4.39%
San Mateo	34	23,850	\$6,450,000	\$189,706	4.09%
San Carlos	32	28,683	\$7,395,000	\$231,094	3.70%
Redwood City	30	16,763	\$2,995,000	\$99,833	5.32%

## APARTMENT SALES IN SOUTH BAY

South Bay Apartment Sales, Co-Star	2004	2005	2006
Total # of Apartment Sales	20	37	34
Total \$\$ Volume	\$243,932,500	\$702,809,283	\$640,751,250
Average Sales Price	\$13,551,806	\$19,934,035	\$21,358,375
Average \$ / Unit	\$141,165	\$182,158	\$199,239
Average Cap Rate	6.23%	5.39%	4.74%
Average GRM	10.32	11.37	12.12
Average Days on Market	143	39	171



**John Gallagher**, CCIM, CPM

For more information on any of these listings  
 or for a free market evaluation of your properties contact:

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