



## APARTMENT ADVISORY TEAM SALES

	Units	Price	\$/Unit	Sub-Market	COE
River Oaks	148	\$18,025,000	\$121,791	Yuba City	11/20/07
Windsor Court	193	\$16,075,000	\$83,290	Turlock	10/17/07
Stoneridge	130	\$40,500,000	\$176,087	Roseville	09/27/07
Country Village	44	\$3,775,000	\$85,795	Carmichael	05/31/07
Transpacific Gardens	106	\$6,100,000	\$57,547	Chico	04/27/07
Bridge Street Commons	166	\$16,250,000	\$97,892	Yuba City	01/24/07
Marconi Woods	64	\$5,000,000	\$78,125	Carmichael	12/18/06
Courtside	87	\$5,600,000	\$64,368	Carmichael	12/18/06
Orangevale Farms	49	\$3,075,000	\$62,755	Orangevale	08/02/06
Rivergate	140	\$12,300,000	\$87,857	Pocket	01/27/06

*"After consultation with very competent commercial real estate sales agents at CB Richard Ellis, Hendricks & Partners, Marcus & Millichap, and TRI Commercial, we listed the property with John Gallagher and Dean Bagneschi of TRI Commercial. Within a very short time we had a number of strong offers. The property sold for about 98% of listing price, and almost \$1,000,000 higher than a listing price suggested by a major national firm. Mr. Gallagher and Mr. Bagneschi know the market, I can tell you."*

*~Aaron F. Klein (Rivergate Apartments)*



John Gallagher, CCIM, CPM

For information on currently available properties,  
 or for a free market evaluation of your properties, please contact:  
**John Gallagher or Dean Bagneschi (916) 960-5700**  
 JGallagher@tricommercial.com DBagneschi@tricommercial.com

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



Dean Bagneschi, BS, ACRE

## NORTHERN CALIFORNIA'S ECONOMIC CONDITIONS & 2008 FORECAST

The collapse in the single family housing market has impacted the apartment market in various fashions: job loss in the construction and financial services industries is estimated at 7,000 in Sacramento, resulting from declining construction starts and stagnant sales of existing homes. Sacramento County Construction starts are down 19.4% comparing the first three quarters of 2007 with the same period the previous year, (down 37.7% in Placer County, 28.6% in Yolo County, 26.5% in Sacramento County and 16.5% in El Dorado County). This caused Sacramento MSA job growth to slow to 1.3%. Single Family foreclosures will displace many families who may become residents of apartment properties, a positive on the demand side of the equation, but the bank owned homes may also be acquired by investors adding to what is known as the shadow inventory of rental stock, a negative supply side of the equation. Also, due to the levels of foreclosures, the inventory of existing homes for sale has caused the Sacramento Area median home price to drop an estimated 17.9% in 2007, which improves the affordability index. In 2005, the percentage of households able to afford a single family home in the Capitol City was 27.7%, in 2006 31.7% and an estimated 43.4% in 2007 increasing to 48.9% in 2008.

Aside from effects to the supply and demand for apartments mentioned above, sub-prime loan foreclosures and the impact on Wall Street in the secondary markets have spilled into commercial loan portfolios. Although lenders of commercial real estate, including apartments, have not reported any foreclosure activity out of the ordinary, the inability

of Wall Street to package and sell a AAA or AA commercial loan portfolio speaks to the uncertainty in the market, causing our current lack of liquidity. Although the 10 Year Treasury is down to 3.58% (as of April 2008), lenders' margins have increased holding the cost of borrowing at high rates. These rates combined with stringent underwriting and Debt Service Coverage Ratios (DSCR) of 1.2:1 and 1.25:1 require buyers to add more equity to their down payments. Consequently, sales activity has slowed and pricing of apartment properties is coming down and is expected to fall further unless the liquidity issue is resolved.

The Federal Reserve Board is addressing the issue of rates and liquidity by reductions in the Federal Funds Rate (300 bps since August 2007) and by having recently taken on high risk portfolios of mortgage backed securities from investment banks, such as Bear Stearns.

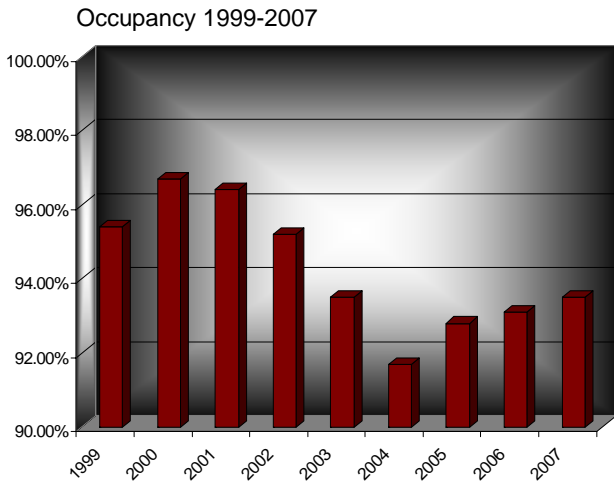
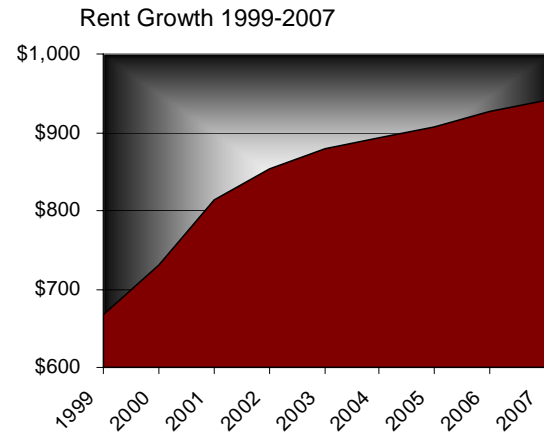
Nationally, it is now reported that our economy entered into a recessionary period in January 2007. Expectation and hope is for a mild recession with improvement in employment growth expected in 2009.

TRI Apartment Advisory Team forecasts Sacramento vacancies to increase in 2008 from an estimated 7.5% to 8%. Rent growth will fall from the 3-4% annual rate of previous years. Capitalization Rates will improve for investors and there may be some very good values especially for long-term positions.

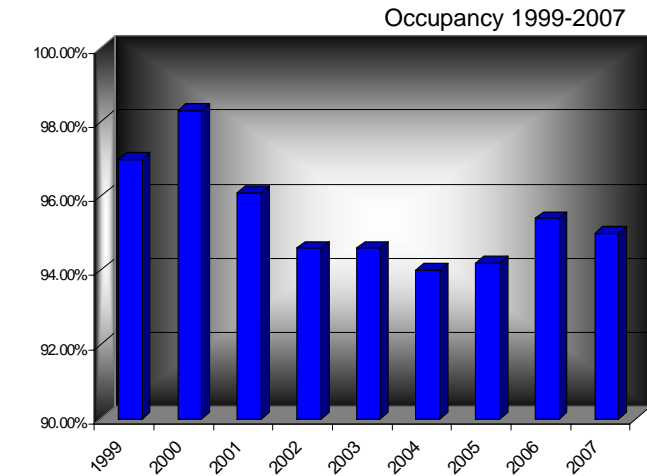
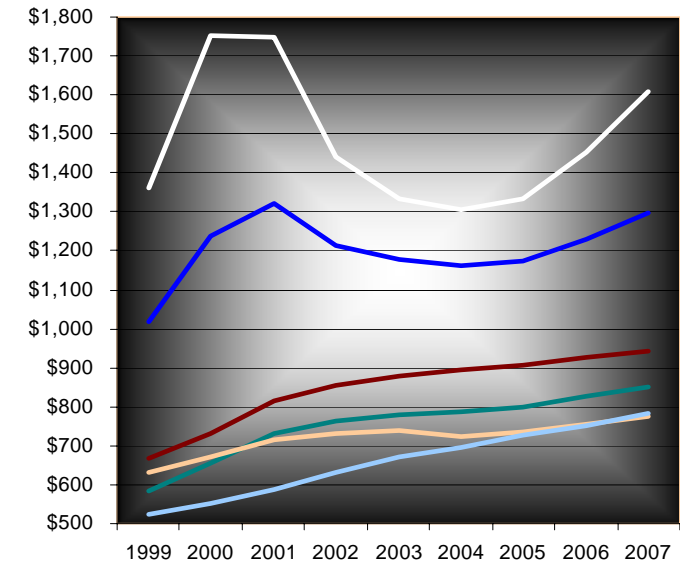


## SACRAMENTO MSA

SACRAMENTO, PLACER, EL DORADO

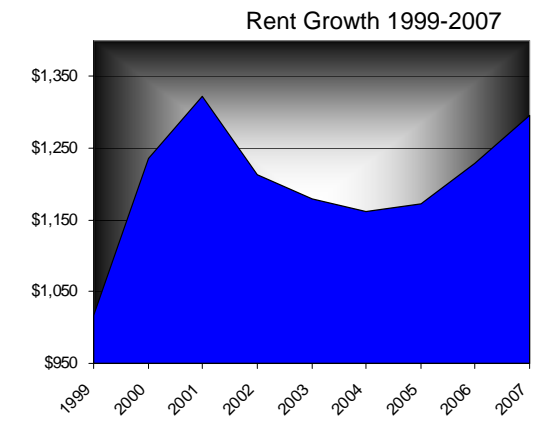


## Average Rental Rates Comparison by Region 1999-2007



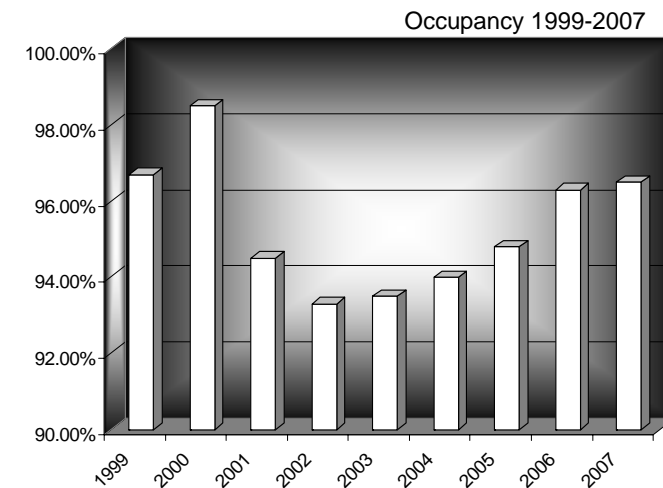
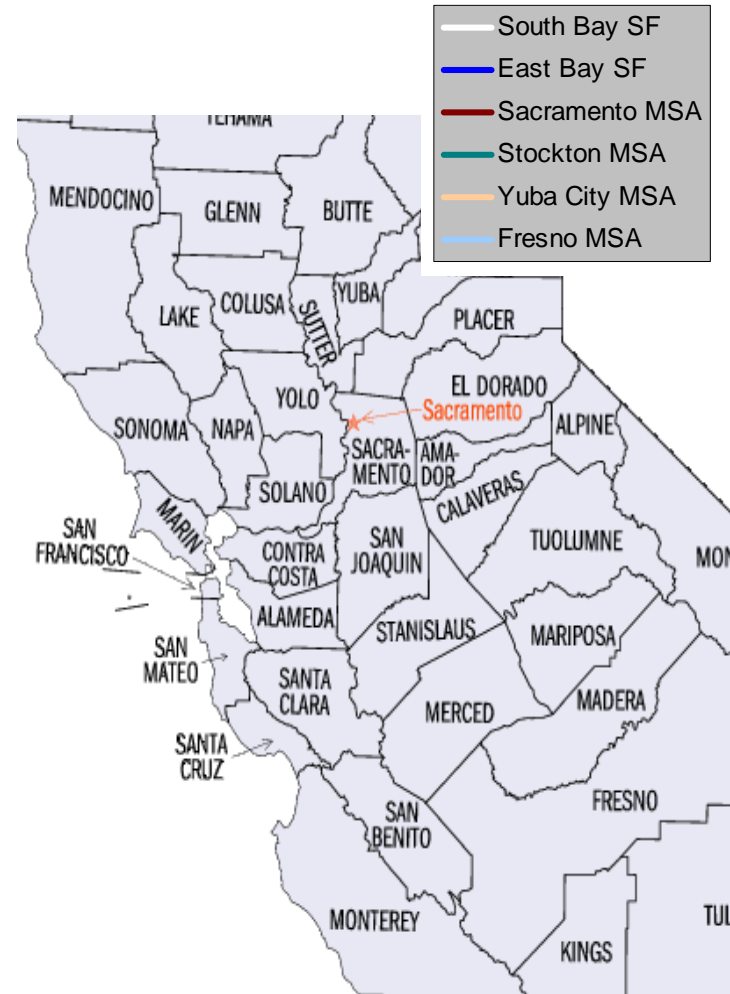
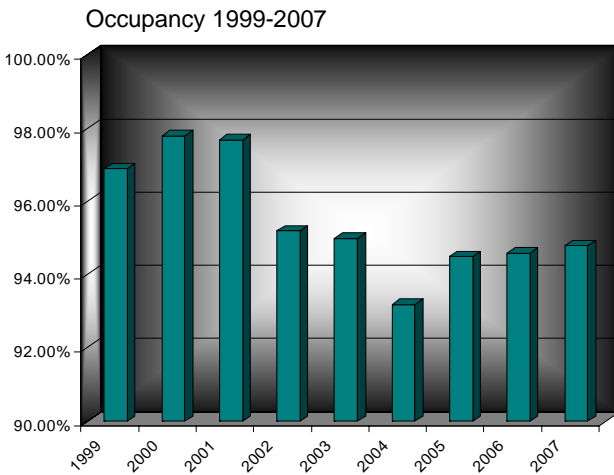
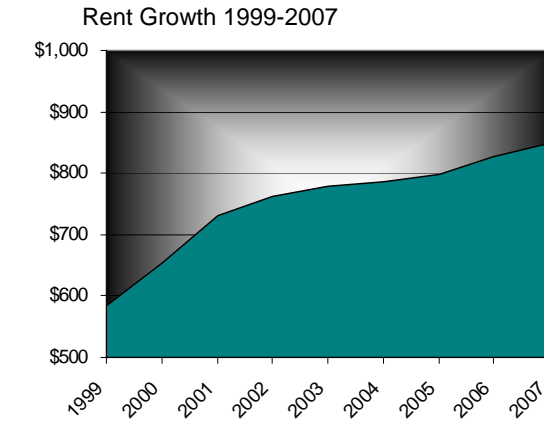
## EAST BAY SF

CONTRA COSTA, ALAMEDA, SOLANO



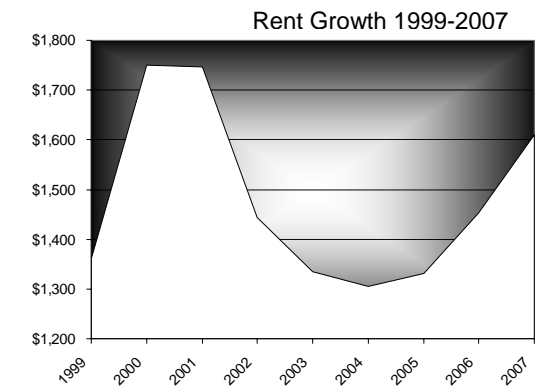
## STOCKTON MSA

SAN JOAQUIN, STANISLAUS



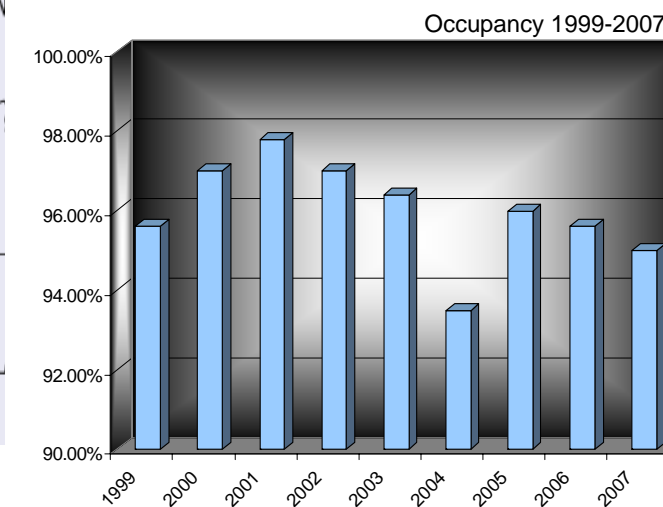
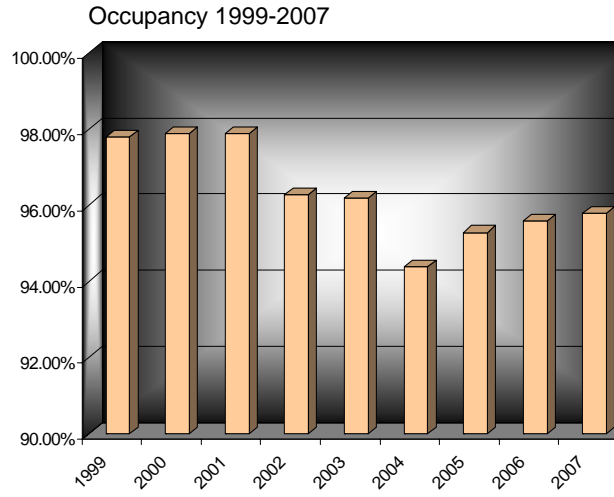
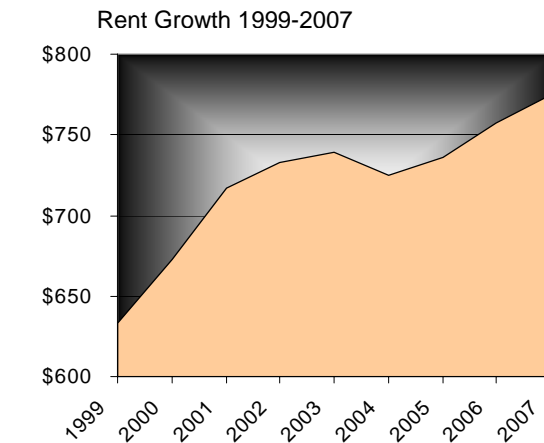
## SOUTH BAY SF

SANTA CLARA, SAN MATEO, SANTA CRUZ



## YUBA CITY / CHICO MSA

YUBA, SUTTER, BUTTE



## FRESNO MSA

FRESNO, MERCED, MADERA

