Norris & Stevens
APARTMENT INVESTORS JOURNAL

Spring 2013 | Creating Value in Investment Real Estate® Brokerage and Management for Apartment Investments | Portland, Oregon

A Promising Year Ahead

by Brian Bjornson, Managing Director

The coming year holds great promise for multifamily investors, and may continue to "lift all boats" in the apartment market. That especially seems to be the case in the metropolitan areas of western Oregon and Southwest Washington. ***Due to high demand, the rents commanded by new inner-city construction would have amazed most observers just a few years ago. But older and suburban development is also flourishing.*** Rents have risen moderately, and vacancy rates have stabilized well below 5% for these apartments.

As a result, a significant number of developers are building apartment communities for the first time since the downturn. Many of the new developments have been concentrated in the inner city neighborhoods of Portland, but new communities are under construction in Hillsboro and the Westside suburbs surrounding Intel, in North Portland, and in Salem and Eugene.

This positive market has not gone unnoticed - construction financing is available for all types of apartments, and terms are very good on take out financing. Once again, investors have the opportunity to benefit from positive leverage in financing an apartment purchase, or refinancing a community they already own.

Will it last? ***Indications are that investors in commercial real estate should view 2013 as a window of opportunity. Financing is expected to tightened after 2014, and new construction of higher-end apartments may catch up with pent-up demand in subsequent years.*** Investment in existing communities — those serving middle-income residents — should continue to be profitable for years to come, as long as we continue to see in-migration and new job creation. If Portland's slow but steady job creation spreads to many sectors of Oregon's economy, demand for these apartments should remain strong for the foreseeable future. Should demand drop, we could see some aggressive competition in rents as the market compresses. Other forms of commercial real estate are also showing distinct improvement in occupancy since the low point in 2009.

What steps should an apartment investor take during 2013? ***This is an excellent time to embark upon a comprehensive evaluation of your portfolio. Thanks to the low cost of money, now would be a good time to finance needed upgrades to solidify or improve your existing investment's market position.*** This might also be the optimal time to expand your investment in properties with upgrade potential. Although increases in rents are starting to garner some push back, the demand for nicely upgraded units remains strong.

Developers can profit from carefully-planned and well-conceived new construction. The key is knowing your market, and building housing that meets anticipated demand with features for convenient living.

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Increased Liquidity and Positive Leverage!

A Rare Opportunity for Investors

by Kirk Ward • Senior Multifamily Investment Broker

This is one of the best times to finance real estate. Historically low Treasury rates, an improving economy across the board, expanding available capital from all sources (including small banks, credit unions, and Wall Street, have provided the highest liquidity for investors since the start of the recession in 2007.

This, coupled with the fact that ***investors can finance their investments with positive leverage - meaning the cost of borrowing to finance or refinance is much lower than the yield on the property*** - creates a unique opportunity for investors.

Currently, there is more supply of financing dollars in the market than demand for those dollars. This situation should hold for the remainder of 2013, and throughout 2014. Looking further down the road, demand is scheduled to dramatically increase in the years 2015-2017, as the 10 year loans from the real estate bubble of 2005-2007 reach maturity. Investors should be aware that the competition will be much higher during those years, and try to finance maturities that are not in conflict.

Luckily, investors will find some of the best financing options in the last 5 years available to them.

- ***Higher leveraged loans are available*** - up to 75% for non-government security loans. However, pricing is still based on loan-to-value and debt service ratios.
- ***More lenders are offering non-recourse loans*** for an added premium or for minimum loan-to-value loans.
- Increasing numbers of ***lenders are allowing partial cash outs***, and not just the refinancing of the total existing debt.
- ***There are lender choices for tertiary, or smaller, markets.***
- ***Reduced lending fees*** - especially for third party reports. These are often being paid for or offset by the lender.
- Increasing ***options for the type of prepayment penalties for early payoff*** - from step-downs, yield maintenance time frames, and, in some cases, no prepayment penalties upon a sale.
- ***Easing of lender qualifying standards for new loan***s, and more lenders are looking primarily at the real estate asset for security.
- Investors will see changes in both the Fannie and the Freddie financing programs as pressures are exerted to reduce their lending presence in the market and open the way for additional private lenders to enter the market.
- And, don't forget, there are ***more lenders today than in the past***, when only large banks and Fannie and Freddie dominated the market.

Conclusion: This is a great time to finance or refinance your real estate investment, and lock in long-term cash flows. The brokers at Norris & Stevens, working with dozens of lenders, can assist any investor with lending options that best suits the investor's goals.

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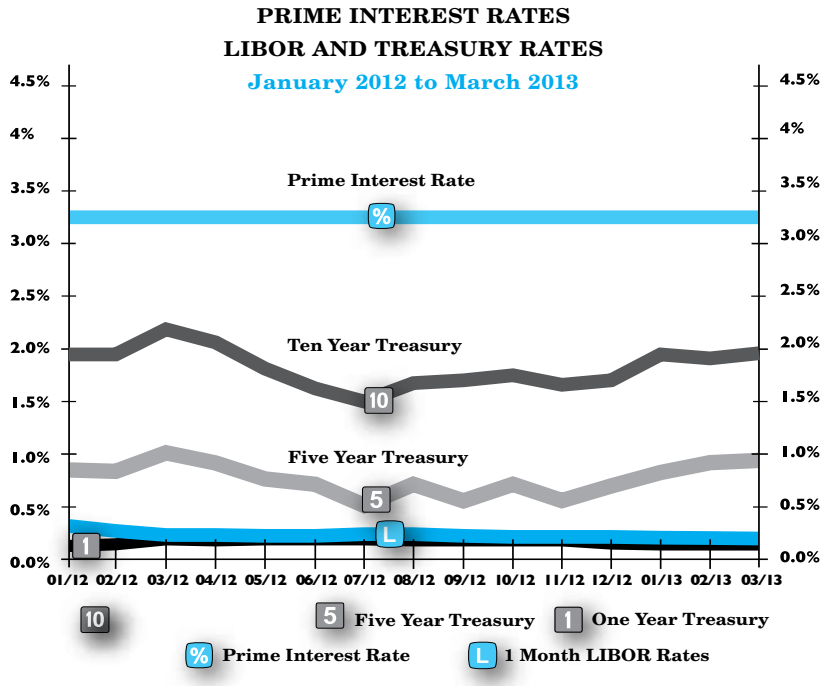

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Continued Operating Strength Defines Apartment Market

by Tom Davies CPM®, CCIM® • Multifamily Investment Broker

Apartment operations continue to show why apartments have been the premier commercial real estate asset over the past several years. Although all sectors were affected by the economic downturn in 2008, the apartment market has fared much better, and recently has provided superior results.

The strong occupancy reported in 2011 continued throughout 2012 in the Portland Metropolitan Market and Willamette Valley. Occupancy in Portland was at 95.6% at the time of our survey at year end. Similarly, the US Census Bureau showed a 4.5% vacancy factor in their 3rd Quarter 2012 report for Portland. The Salem market showed some modest softening, with average occupancy declining to a still healthy 95.4%. The Eugene/Springfield market continues to be favorable as well, holding steady at 96.8%.

As always, there were a few segments of the larger markets that were not as vibrant as the whole. In Eugene for example, the usually tight campus market has seen a spike in vacancy for the first time in many years. Enrollment at the University of Oregon and Lane Community College has leveled off, and new construction around the campuses has contributed to a current oversupply. Similarly, the South Salem sector has seen higher vacancy in recent months. New construction has contributed to the supply of apartments, and the growing number of single family homes in the rental pool has drawn some higher income renters out of apartment living. In Portland, the Hillsboro submarket has shown occupancy slightly lower than the Portland average, partly due to the dynamic nature of the area. With one of the lowest unemployment rates in the state at 6.5%, and a projected surge in jobs and population, Hillsboro will likely experience a period of supply and demand rebalancing. Current projects, such as Holland Partners' project at Orenco Station, will cater to more affluent renters, while housing

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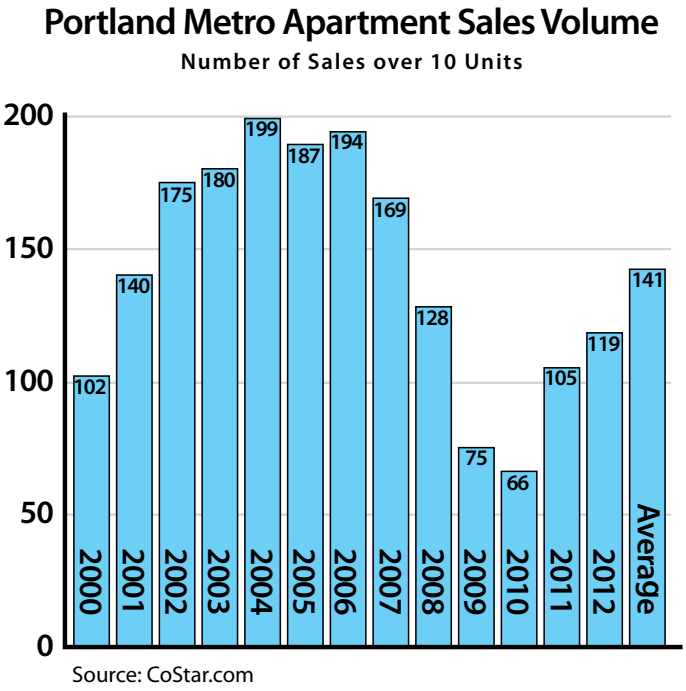

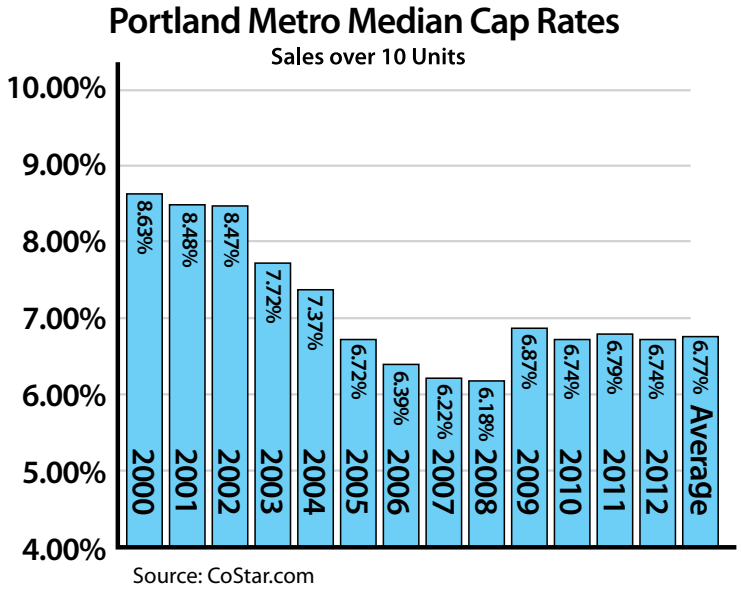

Portland Metro Multifamily Permits Issued 5+ Units

2005	2006	2007	2008	2009	2010	2011	2012 [through Nov]
3745	4600	4242	3346	794	991	1970	2901

Source: US Census Bureau

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Continued Operating Strength in Apartment Market

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demand from low to moderate income renters may be under-served.

Rents continue to increase across the rental market, with existing apartments showing steady growth. Our survey of existing two bedroom, one bath apartments shows an average rent of $810, which is a 3.4% increase over the previous year. The survey points to a decline in rents at the upper end of the spectrum, reflecting newer apartments coming into the market, and less impact from high end condominiums entering the rental pool. We expect a continuation of this rent growth in the coming year, although new construction may increase competition toward the end of the year.

With rising rents and tight occupancy, new construction continues to surge. Portland Metro construction permits in 2012 were well above the previous three years, but still well off the pace of 2005 through 2009. Many more units are planned, so new units coming on the market in 2013 will certainly rise. Construction jobs declined slightly in the winter of 2012, but should grow in 2013. The expectation is for continued improvement in the Metro job picture, which was at 7.9% unemployment at the end of 2012.

The volume of sales has increased for apartments over ten units, continuing the steady rise in transactions since the low year of 2009. Sales volume is still low compared to the more robust sales years of 2001 through 2008. Median capitalization rates have been holding steady at approximately 6.75% for transactions in the Portland Metropolitan market, reflecting increases in scheduled rent rolls, and utility reimbursements, sales prices have been on the rise for most unit types. A departure from this trend would be newer construction, which shows reduced values for 2012. A number of failed high end condominium projects which sold as apartments over the past few years skewed values upward for new apartment sales, while sales of newer product in 2012 reflect a more accurate picture of conventional apartment values.

The single family market continues to recover in the Portland area. 2012 average sale prices increased by 4.4% to $275,000 compared with 2011, and volume increased by 19.1%. Although prices are still below their peak in 2007, the trends are positive. Inventory and market time are at their lowest levels in several years.

With increasing rents and high occupancy, net operating income is improving for apartment owners. Many are choosing to refinance their existing mortgages, rather than sell and move to larger investments, taking advantage of historically low interest rates. Closing trends reported by several title companies show that 60% to 85% of the apartment transactions are for loan closings, rather than sales. This has been a tremendous opportunity for apartment owners to reduce the debt load on their investments, not only contributing to the overall health of the apartment market, but giving them a significant boost in cash flow and flexibility. While there were dire predictions of inadequate capital available to refinance maturing commercial loans, this has not held true for apartments. There are many lenders competing for apartment loans, and although standards are slightly more narrow than several years ago, most owners are reporting very positive results in their refinancing applications.

Conclusion: Clearly, apartments are performing at a high level in our current market, and all signs point to continued strength in the apartment sector. With excellent financing rates available, now is an excellent time to consider investing in apartments to take advantage of projected growth in both cash flow and value. Existing owners should also consider repositioning their properties with new financing to increase cash flow, and lock in long term low interest rates.

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01/01/2012 - 12/31/2012 Sales Activity by County

Median Values - Sales over 10 Units

County	Sales	Avg # Units	GIM	GRM	Cap Rate	Price/Unit	Price/SF
Clackamas	13	35	N/A	8.30	7.04%	$65,000	$71.76
Clark	5	81	N/A	N/A	7.28%	$54,938	$50.86
Lane	6	35	N/A	6.75	6.50%	$53,489	$44.66
Marion	12	44	7.22	N/A	7.69%	$44,817	$52.17
Multnomah	72	22	N/A	9.78	6.77%	$70,000	$82.55
Washington	25	62	N/A	8.75	6.48%	$80,000	$80.00

Source: CoStar

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Where Are Commercial Real Estate Values Going?

by Charles Conrow, CPM® • Multifamily Investment Broker

The value of income-producing properties is driven primarily by Capitalization Rates. To determine where values are headed, we need to determine ***what*** is affecting Cap Rates, and ***how*** they are being affected.

The primary drivers of Cap Rates currently are:

- The Federal Reserve policy to keep interest rates artificially low,
- Economy-wide risk premiums demanded by investors,
- Local real estate fundmentals, i.e. occupancy, neighborhood quality and risk, trends, and government costs and incentives, and
- Availability and cost of credit.

The first factor, the low national interest rate is a result of Federal Reserve policy tying the interest rate to the unemployment rate. ***The Feds have stated that they will keep interest rates low until unemployment drops below 6.5%.*** The consensus seems to be that this will occur in 2015 or beyond. As the economy picks up strength, ***there will be general upward pressure on interest rates, which will in turn put upward pressure on Cap Rates.***

Adding to this base is an economy-wide risk premium. This premium can be seen in the spread between treasury rates and corporate bonds of similar terms. ***The risks driving rates higher include how the federal budget deficit will be resolved, and issues with the economies in the European Union.***

Doug Marshall's *MCF Market Assessment* points out four other issues that have ***the possibility of real economic impact: medical costs, entitlements, tax rates and who pays them.*** To fund health care and entitlements, either tax rates will have to go up, government spending will have to go down, or both. One way or the other, ***these are risks to the economy, and will be factored in to Cap Rates - more risk demands higher returns.***

Using multifamily property as an example, an investor knows that a 10-year Treasury will bring in somewhere around 2%, with little or no risk involved. ***In exchange for any higher risk, the investor expects a higher return.***

The investor knows that the government is spending vastly more than it is taking in, and that this could be resolved through cuts in spending, which would slow the economy and result in lower rents, and hence, lower returns. On the other hand the government could increase revenue through higher tax rates, which would reduce either the tenants income or his own - also reducing the investment income he gets to keep. ***The investor wants a higher initial return (a higher Cap Rate) to compensate for these general risks to his income.***

Local and property specific fundamentals will dictate differences in the Cap Rates between properties of different types and in different locations. ***Functionally obsolete properties will demand higher Cap Rates, as will properties with demographics that inhibit rent growth. Lower Cap Rates will be achieved with higher demand products types in favored locations.***

The multifamily market, in general, has been good, and rents have increased. But if you look at our recent survey, you will note that vacancy and rental rates vary by location, age of property, unit size and mix, as well as other factors. ***Our investor will want a higher return for a property in an area with a history of slow rent growth.*** Neighborhood demographic trends - which determine what rents can be achieved, area-specific government regulation, as well as property-specific features will also impact on the demand for a property, and result in a higher or lower Cap Rates.

Finally, cost and availability of credit by product type will affect Cap Rates. ***Lower interest rates will result in higher yields, and compress Cap Rates, especially when credit is readily available.***

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Where Are Values Going?

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The investor will look at the cost of borrowing money and, of course, ***if*** money is available. Multifamily properties have been lender favorites. This has been reflected in lower cost and readily available money. This will increase the yield of the investment to the investor, which will, in turn, lower Cap Rates.

To determine where commercial real estate values are going, the investor needs to look at all the factors influencing Cap Rates. A skilled broker can guide an owner or purchaser so that, at the time of sale or purchase, they can better analyze a market and a property. By keeping current on economic conditions, both macro and micro, as well as property specifics, an investor can make the best decision possible when either pricing a property for sale or negotiating a purchase price.

By purchasing a multifamily property, the investor is choosing a property type that has a track record of standing up better than other types of real estate in turbulent markets. With the assistance of a skilled broker and proper analysis of the dynamics of Cap Rates, an investor can maximize investment returns.

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Close-in Land Values Continue to Increase

by Todd VanDomelen • Multifamily Investment Broker

With CBD and close-in apartment rents now exceeding over $2.00 Sq. Ft. per month, and maintaining low vacancies, ***the apartment market is primed for new development.*** There had been very little new construction since the heyday of the "condo craze," which ended in 2008 as the economy went into recession. Many of the late condo projects were converted to high end apartments because they would not sell. Now, this has radically changed.

Until recently, lenders have been wary of lending for new development as they concentrated on getting their own houses in order. In the meantime, the apartment demand continued to get stronger and stronger. Now, like the flip of a switch, ***lenders are lending to apartment developers, and experienced developers are "back in the saddle."*** Oregon banks have loaned more than $700 million to developers building apartments according to recent Federal Deposit Insurance Corp. data. This does not include loans made by banks based outside Oregon.

Now there are approximately 4,000 proposed units located in CBD, close-in SW, SE, NW and NE. Some of the larger projects in the Pearl are The Parker (177 units) and The Overton (270 units). In the Lloyd District, 750 units are planned to be located in a four tower superblock. In North Portland, The Prescott (155 units) is being developed. In the South Water Front, 220 more units are planned. In addition, there are an estimated 35 other proposed smaller projects.

This demand in apartment development has spurred a significant increase in land values. Premium sites for sale have seen strong interest, with multiple buyers driving up prices, and accelerated due diligence and shorter time lines. Land prices have increased to the pre-recession level on some premium sites.

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A Promising Year

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Conclusion: Norris & Stevens has the tools to evaluate, plan, lease or sell your apartments, or to guide your investment into a productive position most likely to maximize your profits during this advantageous time for apartment investors. Our brokers have the knowledge and experience to analyze current markets and project future demand. They can assist you with obtaining appropriate financing for expanding your holdings, or with refinancing for improvements or to claim a portion of the appreciation on an existing investment. Call us today.

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Higher Density is the New Normal

by Chase B. Brand • Multifamily Investment Broker

As a result of low vacancy, higher rents and available financing, ***apartment construction is now in full swing throughout the Portland area, and to a lesser extent in communities in the Willamette Valley.*** There are multiple in-fill developments being built in Portland's close-in neighborhoods. In addition, there are also several large, lower density communities being developed in Portland's suburbs, as well as a few in Salem, Corvallis, Eugene and Medford.

New in-fill apartments have distinct features including ***smaller unit sizes, compact washer/dryers in the apartments and, most significantly, little or no dedicated parking.*** Most units in new construction are studios and one bedroom apartments.

This is in contrast to buildings built during the condo craze of the early 2000s which tended to produce larger units with more amenities and dedicated parking. Incidentally, many of these units are now part of the rental pool as a result of failed projects that converted to apartments, or individual units owned by small investors.

The new buildings are constructed to maximize the density allowed under the building code by building vertically. Most are 3-5 stories with interior hallways, and may or may not be elevator served. Smaller footprints of 1 city block or less usually limit the size of the buildings 100 units or less. Common area amenities, such as a pool or work-out area are minimal or non-existent. Many buildings take advantage of the increased foot traffic by incorporating commercial spaces on the street level.

Acceptance of these smaller, more efficient apartments appears to be good, as most communities are renting up quickly and the overall vacancy in the close-in neighborhoods continues to fall, while rents continue to increase.

There is, however, beginning to be a backlash from the nearby residential neighborhoods over the impact these buildings have on the competition for on-street parking. The City of Portland has long embraced a policy of higher density and limited parking in order to promote bicycling and the use of public transportation. The reality, unfortunately, is that many new residents do have cars and need a place to park. Consequently, residential streets become the parking areas for these new buildings. ***New projects face increased scrutiny from neighborhood groups during the permitting phase, and at least one project under construction has been interrupted and stopped over permitting as it pertains to parking issues.***

Structured off-street parking adds significant cost to an apartment building, and changes to the city code to require it could have a dampening effect or future development On the other hand, off-street parking is becoming more valuable, and could represent a new income stream for apartment owners and developers.

New developments in the suburbs and in the Willamette Valley are also of higher densities than in previous years, usually consisting of 3-story wood frame construction. Communities feature full-size washers and dryers, and community amenities such as pools and work-out rooms. Off-street parking is free, and usually adequate for the number of units being built.

Current large projects underway include more than 700 new units in Wilsonville, more than 900 units in Orenco Station in Hillsboro, 1000 units in Corvallis, and several hundred units in Eugene.

Saturation of the apartment market appears to be at least a couple of years away. The Oregon market has seen below average construction of new apartments for the last five years. While there are many new projects in the planning stages or being constructed, it will take time to catch up with demand. In addition, the Oregon economy appears to be emerging from many years of stagnation. Job growth could inspire more in-migration and population growth which will keep apartment demand high.

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What Title Insurance Does — and Doesn't — Do for Buyers

by Mark A Stayer & Nikki Hatton • Schwabe, Williamson & Wyatt, Attorneys at Law

Title insurance is one of the most important — but also one of the most misunderstood — elements of any real estate transaction. Other forms of insurance such as fire, automobile, theft, and so on, presuppose that during a designated period of time ***after*** the policy issued, the calamity insured against may occur. Based on actuarial studies as to the probability of such an occurrence, the insurance establishes a premium sufficient to pay losses, yet retain a profit.

Title insurance, in contrast, is a contract of indemnity. If the state of the title is not as represented ***at the time the policy is issued,*** the title insurance company will be responsible for clearing the defect or reimbursing the losses that occurred due to the defective title. The company protects against such losses by searching property records, requiring surveys when advisable, and gathering other information necessary to make an informed decision. The form of the resulting policy varies little from title company to title company, since all policy forms and rates must be approved by the State of Oregon Insurance Division prior to use.

There are five basic types of policy: Owner's, Purchaser's, Lender's, Leasehold Owner's, and Leasehold Lender's. Each type of policy offers either ***standard*** coverage or ***extended*** coverage. Various trade organizations develop the policy forms, and today the most widely used is the ***ALTA*** form of policy. The term ALTA stands for American Land Title Association, and does not automatically mean the policy offers extended coverage - a common misconception. (ALTA offers both types. If extended coverage is desired, the purchase agreement should so specify.)

Every policy has ***insuring clauses*** set forth at the beginning of the policy, and these vary somewhat depending on the type of policy. (For example, an owner's policy insures, among other things, that there are no defects in, or liens or encumbrances on, the title as a matter of public record.) ***The insuring clauses must be read against the remainder of the policy's provisions, which, for the most part, severely limit them.***

All title policy exclusions vary somewhat depending on the type of policy. Generally, these provisions ***exclude matters that are unrecorded, or which are known to the insured, but not to the title company.*** The policies also set for the standard exceptions, and any special exceptions which are matters recorded in the public records. (The difference between standard coverage and extended coverage is that the standard exceptions are omitted from an extended coverage policy.) All policies contain "boilerplate" provisions and stipulations affecting the insured's rights under the policy.

Finally, each type of policy has certain endorsement ***available***, which may eliminate one of the preprinted exceptions, or expand the insuring clauses in the policy. ***In buying or developing apartments, a buyer may want to consider requiring extended coverage, or adding certain endorsements to do with specific concerns regarding easements, adverse possession, encroachments, access, contiguity of parcels, setbacks, or the accuracy of the survey.*** The individual transaction will dictate which endorsements are appropriate.

The premium for an extended coverage owner's policy runs between 150-165% of that for standard coverage. In our experience, customarily the seller pays the premium for the standard policy, and the purchaser pays for the additional premium associated with extended coverage and any special endorsements to the lender — although this is always negotiable, as is everything in a real estate transaction.

Buyers want to condition their obligation to close the transaction on reviewing and approving the condition of the title to the land. The basic document utilized to make that decision is the ***preliminary title report.*** The PTR reflects the status of the title at the indicated date, provides a blueprint for closing, the provisions of the final policy, and sets for the preprinted exceptions and ***any special exceptions recorded against the property.*** It also provides a legal description of the property and names the owner. A buyer will want to carefully look at each of the matter disclosed in the PTR, and obtain copies of the underlying documents referenced therein, to be certain there

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The Art of Preparing Your Investment for Sale

by Shane Olson • Multifamily Investment Broker

Just recently I was sitting down with two local investors, we'll refer to them as Mary and Bob, who have owned a couple of mid-sized multi-family properties for over 20 years. Combined, their portfolio is around 100 units. They were considering making some changes. Mary and Bob told me that they were interested in working with Norris & Stevens because of the strategic approach we have demonstrated with other clients while handling their investment portfolio.

Originally, they came to us with what they "thought" was their only real option to move forward with their investment plans. ***As the conversation developed, we helped them to determine their "true" objectives, and what fears were preventing them from truly taking a step forward with their long-term investment vision.***

We'll revisit that conversation with Mary and Bob shortly. But from that consultation, I want to share with you our discussion regarding positioning their asset to maximize value and prepare the investment for sale.

The first thing to keep in mind in any action plan is that ***you can not get where you are going, if you do not understand where you are.*** This means it is critical to perform a baseline analysis and determine your assets present value. Once we have achieved your baseline valuation, ***we can move forward with an evaluation of your current financial model, and the market demographics surrounding the asset.***

Norris & Stevens has the tools to accurately complete this analysis, and our pedigree of experience (going back to 1966), allows us to make strategic adjustments to extract the hidden value in your asset

At this point, I hope you realize how customized this process needs to be for each individual owner and asset. ***Nevertheless, there are some items that can universally be implemented to improve the first impression presented when marketing your property.*** This first "impression" will affect the tenants you attract, and will impress investors when you reach the point of sale. Never underestimate the value of presenting a quality product.

Right about now you're saying, "Shane, I am not going to put all my money toward fixing everything!" The good news is, you're absolutely right! ***The power of strategically positioning your asset is in knowing what to fix, and more importantly, who to have do the work.*** You should always remember the fundamentals of providing an attractive property, while focusing on adding value.

Going back to my conversation with Mary and Bob, we are in the process of implementing a two-year plan. In this plan, we utilize Norris & Stevens' sound property management and asset stabilization to maximize the financials on the property. The "simplified" objective is to ***increase the income and to control the expenses related to operations.***

Next, we conducted a site analysis which included ***a cost/benefit assessment of potential repairs, and selected only those repairs that will yield the biggest return on their dollar.*** For Mary and Bob, their vision will actualize a few years from now.

For clients who began working with us earlier, their vision is now bearing fruit. ***In one notable case, one of our investors has not only seen a growth in cash flow in the last two years, but his value has increased by over $900,000 — even during these challenging economic times.***

Conclusion: If you only retain one thing from this article, remember that the art of preparing your investment for sale requires a holistic approach. It requires weaving together many elements which, when interconnected properly, will result in a dramatic increase in value. The bottom line is, you will make more money, both in monthly cash flow and in total asset net worth! If this sounds attractive to you, call us, you'll be glad you did!

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Portland: Time to Build?

by Cameron Mercer • Multifamily Investment Broker

Edging into 2013, it appears that the trends in multifamily housing we witnessed in 2012 will continue in the new year. Particularly in Oregon and Southwest Washington, and to a lesser extent for the nation as a whole, ***apartments remain the most attractive commercial investment type.***

Developers are taking note! The higher rents that newly built apartments can command, especially in trendy "rental hot spots," are spurring builders to start new projects. Four areas in particular have seen increases in re-rent rates over the last two years: Downtown Portland, Close-in East and West Portland, and the Lake Oswego/West Linn market (neighborhoods 12, 15/16, 17A, and 18 on the map at left.) These four markets have seen a hike in re-rent rates of 5-10% — or higher.

The common denominator is a location conveniently close to very attractive and fashionable neighborhood business districts. For the Downtown Portland and Close-in East and West markets, there is also proximity to mass transit, while Lake Oswego/West Linn offers easy access to major routes. The higher rents in these areas reflect pent-up demand for new product.

Certainly, there was very little in the way of new supply built in the first decade of this century. The costs associated with new development, the popularity of condominiums, and the higher profits to be made by constructing higher-end, for-sale units encouraged most builders to put their efforts there. After 2007, as the recession began, demand, not to mention financing, dried up for this apartment projects.

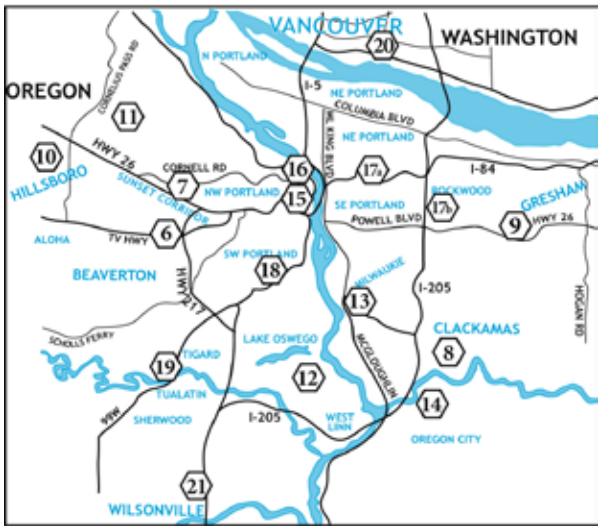
With very little being built between 1999 and 2010, a large portion of Portland's apartment inventory is at least 20 years old. Approximately 38% of Metro apartments were constructed in the '70s and '80s, with an additional 38% built during the '90s, according to REIS. [Development in the following decade dropped by 2/3rds — only 12% of the current inventory was built during those years.]

For "rental hot spots" in Portland, ***there is room for the market to absorb a significant number of units in the next several years.*** Areas farther removed from the central core also show increased demand for new product to a lesser extent. Portland has not over-built apartments, as many other metropolitan areas have, and this is reflected in the rent and vacancy rates. ***Now seems to be a very good time for land owners and builders to assess their markets, and consider developing new apartment projects.***

Real estate is cyclical, like every other aspect of the economy. The key to profiting from these cycles is to correctly analyze where we are in the cycle, and act accordingly. ***Norris and Stevens' brokers have tools and experience to help you take advantage of the opportunities that present during times like these.***

Conclusion: Apartment properties can be a strong component of any investment portfolio. Portland and other communities continue to be "hot spots" among cities nationally for both apartment investors and developers. Call us today to discuss your real estate portfolio and plans for the future!

N&S



Built	%
<1970	12%
1970-79	17%
1980-89	21%
1990-99	38%
2000-09	12%
>2009	1.0%

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Reverse Exchanges in a Nutshell

by Toija J. Beutler • Attorney/NW Regional Manager • Investment Property Exchange Services, Inc.

Bad News Scenario

You close the sale of your old property but cannot locate an acceptable replacement property within the 45-day identification deadline. Tax bill!

Good News Scenario

You find and close on the perfect replacement property. Then you close the sale of your old property.

Which scenario would you prefer?

In this economy with slim inventories, locking in the replacement property can be critical to the success of a 1031 tax-deferred exchange. A Reverse Exchange can be the answer.

The most challenging feature of a Forward Exchange is the short time-frame for identifying the replacement property - 45 days after closing the sale of the old property. This deadline is carved in stone and can only be extended in the event of a federally-declared disaster. A majority of Taxpayers can only list three replacement properties and they must purchase from this list. This requirement is hugely restrictive and, frankly, auditors know this and are on the lookout for Taxpayers who fail to conform to these rules.

In a Reverse Exchange, the Taxpayer purchases the new property before closing the sale of the old property. The replacement property is secured and the Taxpayer doesn't have to sweat the 45-day identification deadline.

While the basic rules remain the same, a Reverse Exchange differs significantly from a Forward Exchange in one respect. The Taxpayer cannot be the owner of both properties at the same time.

Reverse Exchange Structure

The ownership of one of the properties must be "parked" with an exchange company, meaning, the exchange company will be the deeded owner either of the new property or of the old property. There is no rule specifying which property gets parked. Practical matters (i.e., lender requirements, environmental issues, closing costs, etc.) will usually dictate which is held by the exchange company. The "parking" arrangement comes with higher exchange fees, more CPA expense and double closing costs for the "parked" property.

Practical Considerations

Before undertaking a Reverse Exchange the Taxpayer should consider the following:

1. Cost. When the exchange fees, CPA time, double closing costs, and so on are tallied, the Reverse Exchange can cost $10,000, or more!

2. Taxpayers find Reverse Exchanges require more effort – coordinating with the exchange company, CPA, lenders, title companies, etc.

3. The Reverse Exchange period is the same as a Forward Exchange – 180 days. A buyer for the old property must be located and close within that time frame for a successful conclusion to the Reverse Exchange.

4. The Taxpayer must have the financial wherewithal to purchase the new property while their equity is still tied up in the old property.

5. Reverse Exchanges take longer to set up. While a Forward Exchange can typically be set up in a couple days the Reverse Exchange may take all parties a week or two to be ready for closings.

When does a Reverse Exchange Make Sense?

Taxpayers will undertake a Reverse Exchange when they do not wish to lose sleep over the 45-day identification requirement, have found a replacement property they do not want to lose, and there is enough gain in the old property to warrant the additional cost of a Reverse Exchange.

While this article offers a brief description of the Reverse Exchange, detailed information can be found at www.ipx1031.com.

Toija can be reached at 503-223-3911 or toija.beutler@ipx1031.com

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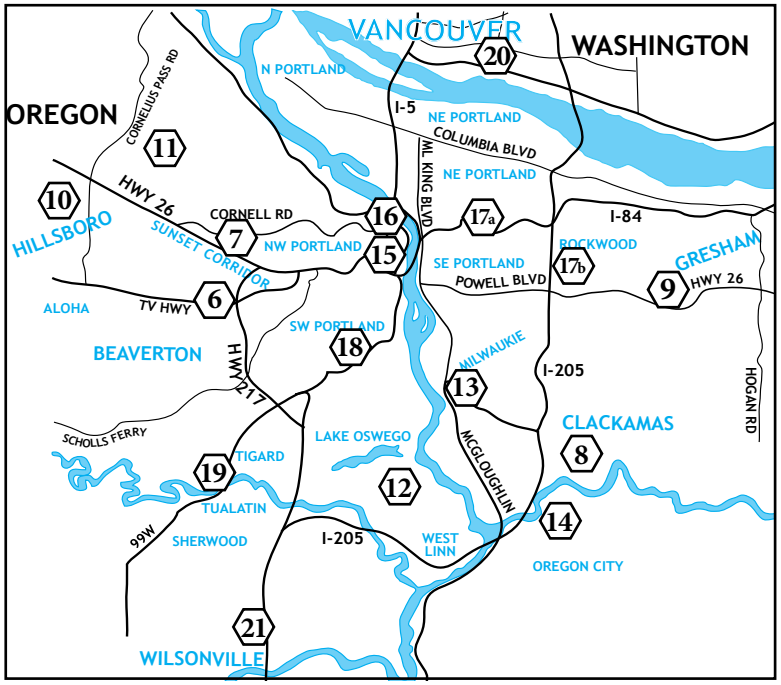
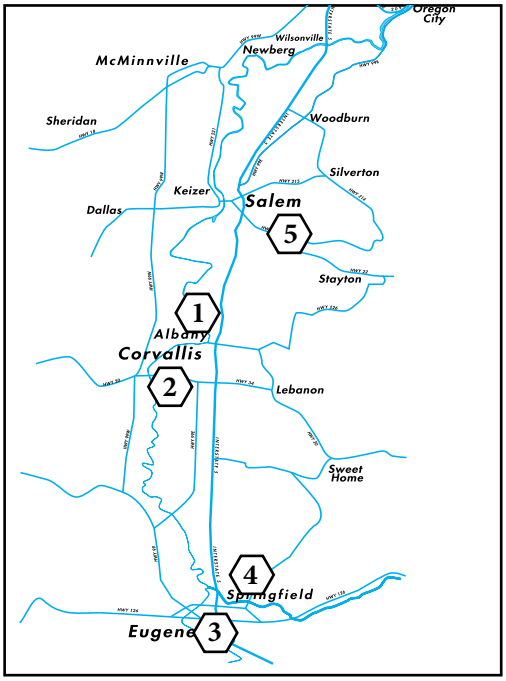
SPRING 2013 RENT SURVEY





Numerical Key to Rent Survey Markets. Norris & Stevens also surveys additional markets not published in this newsletter.

Executive Summary

Norris & Stevens conducts regular rent and vacancy surveys in order to determine the range and depth of the rental market in Portland Metro and the Willamette Valley. The current survey covers 152,460 apartment units. ***The overall vacancy rate for the Portland Metro Area is 4.44% at the time of this survey. This is a increase of .28%. [Currently Norris & Stevens' management portfolio shows a vacancy rate of 3.7%.] Rents shown below are an average of the stated asking rents, and do not reflect the impact of specials and concessions on rental income. Specials and concessions are also not factored into the vacancy rates, therefore, financial occupancy may be significantly lower than physical occupancy.*** Under -reporting of vacancies may be concealing additional turnover issues. Lease-ups are not included in vacancy rates. Only complexes over 20 units are included.

Please note that there has been a change in the definition of "Newer" and "Older" beginning with the last issue. Previously, older properties were defined as those built prior to 1995. In order to differentiate between the aging apartment inventory and new construction, "Older" buildings are now defined as those built prior to 2000. We feel this better reflects market realities.

Norris & Stevens deems the results reliable. We do not guarantee their accuracy. All information should be verified prior to any real estate transaction use. As we add properties to or drop properties from our survey, any area may show minor data fluctuations. Call a Norris & Stevens broker regarding other submarkets surveyed in Oregon and Southwest Washington.

Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Albany	Av. Rent	$425*	$574	$657	$764	N/A	$850*	$848
(Vacancy Rate 3.23%)	Av. Sq. Ft.	338	680	865	991	N/A	1200	1083
(1) * one building only	Rent/Sq. Ft.	1.26	.84	.76	.77	N/A	.71	.78
Corvallis/Newer	Av. Rent	$650	$807*	$812	$906*	N/A	N/A	$1164*
(Vacancy Rate 3.8%)	Av. Sq. Ft.	451	678	844	979	N/A	N/A	1167
(2) includes Timberhill Meadows*	Rent/Sq. Ft.	1.44	1.19	.96	.93	N/A	N/A	1.00

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SPRING 2013 RENT SURVEY DATA

Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Eugene/[Springfield]/Newer	Av. Rent	$844* [N/A]	$792* [N/A]	$956* [$804]	$1024* [$862]	$1982* [N/A]	N/A [N/A]	$1106* [$913]
(Vacancy Rate 3.7% [4.2%])	Av. Sq. Ft.	543 [N/A]	755 [N/A]	879 [1000]	1079 [1150]	1286 [N/A]	N/A [N/A]	1238 [1250]
3 4 includes Crescent Village*	Rent/Sq. Ft.	1.55 [N/A]	1.05 [N/A]	1.09 [.80]	.95 [.75]	1.54 [N/A]	N/A [N/A]	.89 [.73]
Eugene/[Springfield]/Pre-2000	Av. Rent	$571 [$554]	$723 [$556]	$761 [$658]	$893 [$720]*	$1107 [N/A]	$757 [$741]	$1121 [$808]
(Vacancy Rate 2.9% [3.9%])	Av. Sq. Ft.	427 [397]	683 [612]	852 [832]	1022 [884]	1209 [N/A]	944 [924]	1215 [1138]
3 4 * one building only	Rent/Sq. Ft.	1.34 [1.40]	1.06 [.91]	.89 [.79]	.87 [.81]	.92 [N/A]	.80 [.80]	.92 [.71]
Salem Vicinity/Newer	Av. Rent	$578	$671	$706	$805	$874	N/A	$976
(Vacancy Rate 4.8%)	Av. Sq. Ft.	472	723	931	968	1083	N/A	1219
5	Rent/Sq. Ft.	1.22	.93	.76	.83	.81	N/A	.80
Salem Vicinity/Pre-2000	Av. Rent	$495	$546	$626	$713	$991	$764	$817
(Vacancy Rate 4.5%)	Av. Sq. Ft.	409	677	870	986	1150	1132	1149
5	Rent/Sq. Ft.	1.21	.81	.72	.72	.86	.67	.71
Beaverton/[Sunset Corr]/Newer	Av. Rent	N/A [N/A]	$750 [$867]	$884[$1115]*	$925 [$971]	$1153 [$1232]	N/A [N/A]	$1083 [$1453]
(Vacancy Rate 3.9%/[3.3%])	Av. Sq. Ft.	N/A [N/A]	685 [683]	973 [882]	1004 [946]	1091 [1000]	N/A [N/A]	1188 [1328]
6 7 * one building only	Rent/Sq. Ft.	N/A [N/A]	1.09 [1.30]	.91 [1.26]	.92 [1.03]	1.06 [1.23]	N/A [N/A]	.91 [1.07]
Beaverton/[Sunset Corr]/Pre-2000	Av. Rent	$567 [$722]	$804 [$781]	$778 [$863]	$895 [$950]	$1094 [$1243]	$912 [$883]	$1033 [$1200]
(Vacancy Rate 4.4%/[5.0%])	Av. Sq. Ft.	397 [461]	680 [672]	885 [884]	959 [955]	1157 [1106]	1031 [952]	1153 [1165]
6 7	Rent/Sq. Ft.	1.43 [1.57]	1.18 [1.16]	.88 [.98]	.93 [.99]	.95 [1.12]	.88 [.93]	.90 [1.03]
Clackamas/Newer	Av. Rent	N/A	$888	$931	$1029	N/A	N/A	$1275
(Vacancy Rate 4.3%)	Av. Sq. Ft.	N/A	768	933	1040	N/A	N/A	1250
8	Rent/Sq. Ft.	N/A	1.15	1.00	.99	N/A	N/A	1.02
Clackamas/Pre-2000	Av. Rent	$597	$722	$805	$881	$1037	$1055*	$1052
(Vacancy Rate 3.8%)	Av. Sq. Ft.	426	676	875	962	1147	1232	1128
8 * one building only	Rent/Sq. Ft.	1.40	1.07	.92	.92	.90	.86	.93
Gresham/Newer	Av. Rent	$621	$757	$835	$908	$1154	N/A	$1076
(Vacancy Rate 4.0%)	Av. Sq. Ft.	498	693	882	985	1215	N/A	1192
9	Rent/Sq. Ft.	1.25	1.09	.95	.92	.95	N/A	.90
Gresham/Pre-2000	Av. Rent	$595	$669	$748	$814	N/A	$858	$957
(Vacancy Rate 4.2%)	Av. Sq. Ft.	499	683	880	973	N/A	1070	1148
9	Rent/Sq. Ft.	1.19	.98	.85	.84	N/A	.80	.83
Hillsboro & Tanasbourne New	Av. Rent	$795*	$877	$998	$1038	$1260	N/A	$1287
(Vacancy Rate 5.5%)	Av. Sq. Ft.	634	723	946	1005	1129	N/A	1281
10 11 * one building only	Rent/Sq. Ft.	1.25	1.21	1.05	1.03	1.15	N/A	1.00
Hillsboro & Tanasbourne Old	Av. Rent	$648	$838	$900	$974	$1282	$1160	$1199
(Vacancy Rate 5.7%)	Av. Sq. Ft.	448	730	938	1038	1277	1148	1302
10 11	Rent/Sq. Ft.	1.45	1.15	.96	.94	1.00	1.01	.92
No New Construction in Lake Oswego		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lake Oswego & W Linn/Old	Av. Rent	$678	$890	$889	$1106	$1501	$802*	$1352
(Vacancy Rate 4.1%)	Av. Sq. Ft.	396	728	914	1072	1268	962	1298
12 * 22 units total	Rent/Sq. Ft.	1.71	1.22	.97	1.03	1.18	.83	1.04

continued on page fourteen

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SPRING 2013 RENT SURVEY DATA

Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Milwaukie & Gladstone/New	Av. Rent	N/A	$692	$714	$856	N/A	N/A	N/A
(Vacancy Rate 3.6%)	Av. Sq. Ft.	N/A	667	819	982	N/A	N/A	N/A
13	Rent/Sq. Ft.	N/A	1.04	.87	.87	N/A	N/A	N/A
Milwaukie & Gladstone/Old	Av. Rent	$591	$702	$781	$851	$1371	$864	$1041
(Vacancy Rate 4.9%)	Av. Sq. Ft.	473	690	877	1012	1288	1085	1213
13	Rent/Sq. Ft.	1.25	1.01	.89	.84	1.06	.80	.86
Oregon City/New	Av. Rent	N/A	$825	$1050	$1100 TH	N/A	N/A	$1438
(Vacancy Rate lease-up)	Av. Sq. Ft.	N/A	850 avg	1200 avg	1250 avg	N/A	N/A	1562 avg
14 169 units/one community	Rent/Sq. Ft.	N/A	.97	.88	.88	N/A	N/A	.92
Oregon City/Pre-2000	Av. Rent	$613*	$698	$808	$851	N/A	$934	$971
(Vacancy Rate 3.8%)	Av. Sq. Ft.	251	696	881	957	N/A	1000	1095
14 * 3 units only	Rent/Sq. Ft.	2.44	1.00	.92	.90	N/A	.93	.89
PDX Downtown/Newer	Av. Rent	$958	$1433	$1482	$2479	$3448	N/A	$3941
(Vacancy Rate 4.6%*)	Av. Sq. Ft.	489	724	953	1154	1375	N/A	1977
15 *not including lease-ups	Rent/Sq. Ft.	1.96	1.98	1.56	2.15	2.51	N/A	1.99
PDX Downtown /[Vintage DT] Pre-2000	Av. Rent	$728 [$719]	$1114 [$928]	$1363 [$1195]	$1649 [$1439]	$1873 [1895]*	$1963*[$1350]*	$2928 [N/A]
(Vacancy Rate 3.2%/[1.8%])	Av. Sq. Ft.	386 [390]	643 [634]	944 [861]	1044 [822]	1245 [2000]	1113 [850]	1888 [N/A]
15 16 * one building only	Rent/Sq. Ft.	1.89 [1.84]	1.73 [1.46]	1.44 [1.39]	1.58 [1.75]	1.50 [.95]	1.76 [1.59]	1.55 [N/A]
PDX Inner Eastside/Newer	Av. Rent	$769	$950	$1082	$1419	$1786	$751*	$1336
(Vacancy Rate 3.2%)	Av. Sq. Ft.	479	649	828	1077	1104	1046	1307
17a * one building only not including New Columbia	Rent/Sq. Ft	1.61	1.46	1.31	1.32	1.62	.72	1.02
PDX Inner Eastside/Pre-2000	Av. Rent	$703	$801	$889	$1108	$1384	$998	$974
(Vacancy Rate 2.6%)	Av. Sq. Ft.	428	638	862	1012	1046	1095	1111
17a	Rent/Sq. Ft.	1.64	1.26	1.03	1.09	1.32	.91	.84
PDX Outer Eastside/Newer	Av. Rent	$480*	$645	$740	$832	N/A	$825	$917
(Vacancy Rate 3.5%)	Av. Sq. Ft.	382	644	836	966	N/A	1092	1089
17b * one building only	Rent/Sq. Ft.	1.26	1.00	.88	.86	N/A	.76	.84
PDX Outer Eastside/Pre-2000	Av. Rent	$508	$627	$737	$783	N/A	$871	$917
(Vacancy Rate 4.8%)	Av. Sq. Ft.	452	645	862	989	N/A	1016	1171
17b	Rent/Sq. Ft.	1.12	.97	.85	.79	N/A	.86	.78
PDX Westside/Newer	Av. Rent	N/A	$913	$1016	$1236	$1514	N/A	$1488*
(Vacancy Rate 3.0%)	Av. Sq. Ft.	N/A	739	955	1049	1293	N/A	1368
18 * one building only	Rent/Sq. Ft.	N/A	1.23	1.06	1.18	1.17	N/A	1.09
PDX Westside/Pre-2000	Av. Rent	$620	$716	$818	$945	$1266	$949	$1163
(Vacancy Rate 3.4%)	Av. Sq. Ft.	430	670	905	1016	1162	1080	1262
18	Rent/Sq. Ft.	1.44	1.07	.90	.93	1.09	.88	.92
Tigard-Tualatin/Newer	Av. Rent	N/A	$702	$1025*	$813	N/A	N/A	$1003
(Vacancy Rate 3.1%)	Av. Sq. Ft.	N/A	645	948	982	N/A	N/A	1144
19 * one building only	Rent/Sq. Ft..	N/A	1.09	1.08	.83	N/A	N/A	.88

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Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Tigard-Tualatin /Pre-2000	Av. Rent	$634	$744	$780	$885	$1159	$858	$1134
(Vacancy Rate 3.4%)	Av. Sq. Ft.	450	674	846	973	1152	981	1138
19	Rent/Sq. Ft.	1.41	1.10	.92	.91	1.01	.87	1.00
Vancouver/Newer	Av. Rent	$644	$762	$846	$935	$1187	$989	$1183
(Vacancy Rate 3.1%)	Av. Sq. Ft.	555	722	914	1081	1248	1108	1330
20	Rent/Sq. Ft.	1.16	1.06	.93	.86	.95	.89	.89
Vancouver/Pre-2000	Av. Rent	$609	$689	$746	$862	$1117	$915	$1075
(Vacancy Rate 3.9%)	Av. Sq. Ft.	447	688	881	1020	1223	1102	1232
20	Rent/Sq. Ft.	1.36	1.00	.85	.85	.91	.83	.87
Wilsonville/Newer	Av. Rent	$795*	$887	$1014	$1142	$1352	N/A	$1279
(Vacancy Rate 4.8%)	Av. Sq. Ft.	527	757	975	1079	1201	N/A	1292
21 * one building only	Rent/Sq. Ft.	1.51	1.17	1.04	1.06	1.13	N/A	.99
Wilsonville/Pre-2000	Av. Rent	N/A	$738	$756	$864	N/A	N/A	$1053
(Vacancy Rate 5.3%)	Av. Sq. Ft.	N/A	747	848	915	N/A	N/A	1138
21	Rent/Sq. Ft.	N/A	.99	.89	.94	N/A	N/A	.93

Current Long Term Rates Available by Lender Type

Portfolio Lenders & Savings Banks:
5 years 7 years 10 years
3.50% 4.40% 4.70%
Life Insurance Companies
10 years - 3.80%
Conduits:
10 year - 4.25%
Fannie Mae & Freddie Mac:
10 years - 3.80%
HUD 223-F: approximately 3.30%

Rates vary: recourse/non-recourse; loan-to-value; loan size.

Cap Rate Ranges

Representative capitalization [Cap] rates for larger apartments communities [20 or more units] sold 02/12 - 02/13

MULTNOMAH COUNTY	
BUILT PRIOR TO 1990 **5.10% — 7.89%**	BUILT 1990 - PRESENT **5.10% — 7.65%**
WASHINGTON COUNTY	
BUILT PRIOR TO 1990 **5.76% — 8.98%**	BUILT 1990 - PRESENT **5.80% — 7.31%**
CLACKAMAS COUNTY	
BUILT PRIOR TO 1990 **6.22% — 8.08%**	BUILT 1990 - PRESENT **5.76% — 7.44%**
CLARK COUNTY	
BUILT PRIOR TO 1990 **6.10% — 6.50%**	BUILT 1990 - PRESENT **6.80% — 7.75%**
MARION COUNTY	
BUILT PRIOR TO 1990 **6.39% — 8.56%**	BUILT 1990 - PRESENT **6.10% — 7.20%**

Smaller-sized apartment communities may have values that vary from these findings. Please refer to a Licensed Appraiser or MAI for specific values.

Information courtesy of William Leavens of Leavens NW, LLC, (Multifamily Specialists) and CoStar Comps

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What Title Insurance Does — and Doesn't Do

[continued from page eight]

is nothing objectionable. ***Not all encumbrances are created equal!***

Buyers should be aware that title companies concern themselves with tax lots, ***not legal lots.*** Although a legal lot always consists of one or more tax lots, ***a tax lot is not necessarily a legal lot.*** If the land use laws for dividing land have not been followed in creating the lot, a building permit cannot be issued. ***At this time, no title policy or endorsement in Oregon insures that the subject property is a legal lot.***

If the property being purchased is part of a recorded partition or subdivision, the lot has probably been created legally. However, if the legal description in the PTR is a "metes and bounds" description, there is no way of determining the parcel's legality other than by obtaining a copy of the deed which initially created the lot, and analyzing the then applicable land use laws with respect to partitioning or dividing property in that particular jurisdiction. If a PTR discloses that a certain tax lot "affects other property," this should be a red flag and trigger further investigation.

Finally, in reviewing the PTR, ***the buyer will want the title company to remove all applicable encumbrances on the title report, so the title is as "clean" as possible.*** This makes the property more marketable, and eliminates problems in any future sale.

Conclusion: Title insurance provides an invaluable review and indemnification of the condition of the title. However, buyers should be aware of exactly what the policy indemnifies (and what it does not), the effect of the boilerplate and other provisions on the insuring clauses, and the legal status of the parcel in question. Consulting with experienced legal counsel provides the buyer with the opportunity to explore whether extended coverage is appropriate, whether special endorsements are indicated, and whether any underlying encumbrances interfere with the buyer's intended use of the property.

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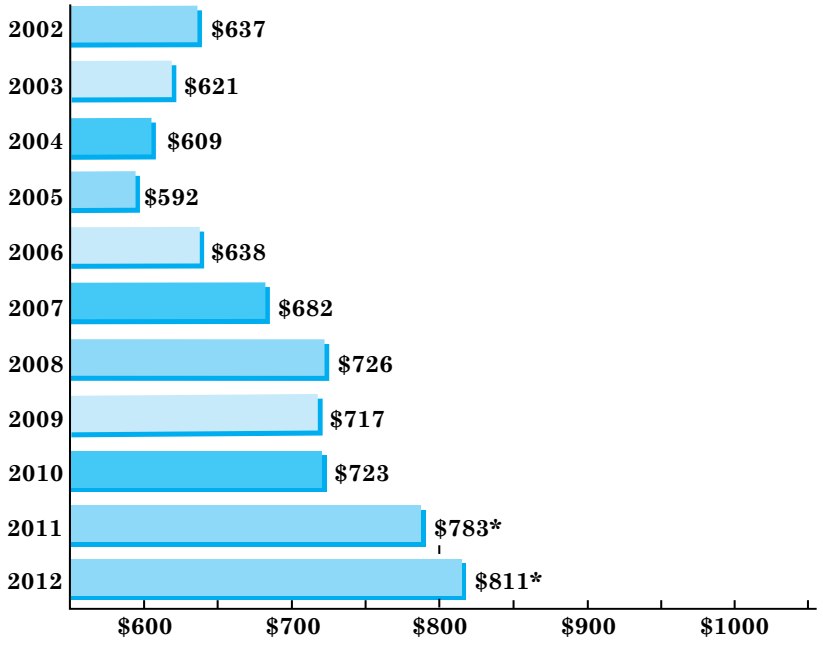
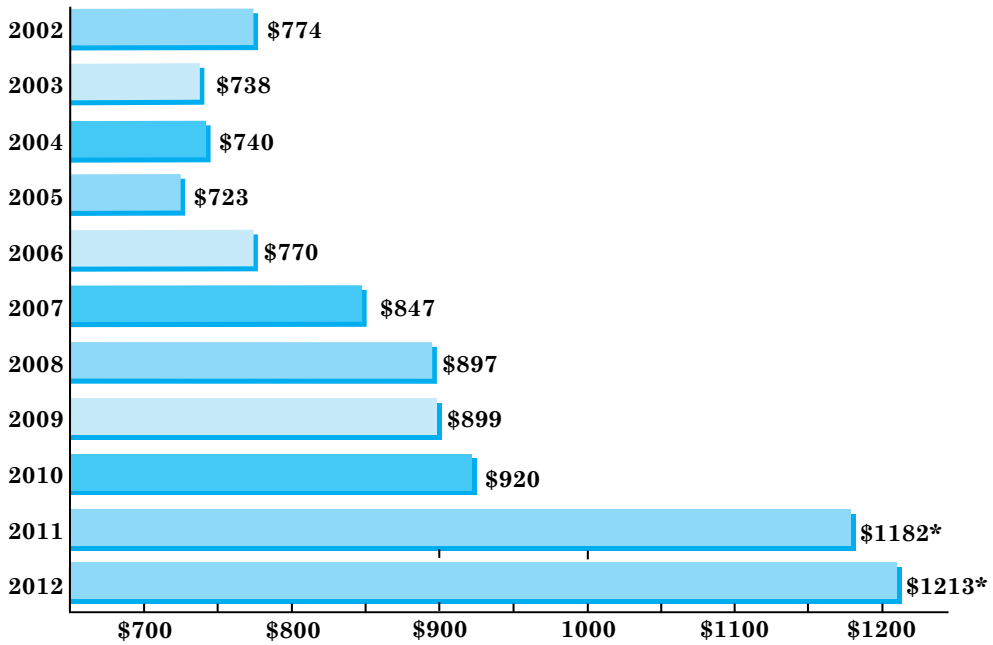
AVERAGE RENTS SEASONED CONSTRUCTION



A HISTORY OF AVERAGE RENTS FOR SEASONED TWO BEDROOM/ONE BATH APARTMENTS IN THE PORTLAND METRO AREA.

*Seasoned apartments defined as built prior to 2000 for the years 2011 - present
Seasoned apartments defined as built prior to 1990 for the years 2002 - 2010

AVERAGE RENTS NEWER CONSTRUCTION



A HISTORY OF AVERAGE RENTS FOR NEWER TWO BEDROOM/TWO BATH APARTMENTS IN THE PORTLAND METRO AREA.

*Newer apartments defined as built 2000 - present for the year 2011 - present [including those originally built as condos]
Newer apartments defined as built 1990 to the present for the years 2002 - 2010

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Recent Apartment Sales in Oregon & SW Washington

Property	City	Price	Units	CAP	Price /Unit	Built	Sale Date
Hampton Heights	Troutdale	$4,900,000	64	6.75%	$76,563	1996	03/02/2012
Village East	Springfield	$2,600,000	42	N/A	$61,905	1979	03/29/2012
Oak Place	Hillsboro	$1,700,000	33	8.00%	$51,515	1964	04/11/2012
Arbor Creek	Beaverton	$35,500,000	440	6.10%	$80,682	1984	04/17/2012
LaSalle Crossing	Harrisburg	$2,197,000	34	7.15%	$64,618	1999	05/17/2012
Hawthorne 44	Portland	$5,500,000	27	N/A	$203,704	2009	05/21/2012
Dalton Park	Portland	$3,100,000	36	N/A	$86,111	2004	05/22/2012
Forest Rim	Tualatin	$42,150,000	300	5.50%	$140,000	1994	05/31/2012
Century Apartments	Portland	$1,925,000	25	6.85%	$77,000	1968	06/06/2012
Brackney Estates	Beaverton	$4,975,000	39	6.60%	$127,564	1998	06/27/2012
The Belvedere	Portland	$3,475,000	25	5.07%	$144,792	1911	06/29/2012
Evergreen Ridge	Vancouver	$4,450,000	116	6.80%	$38,362	1987	07/30/2012
Autumn Chase	Vancouver	$39,000,000	400	5.50%	$97,500	1989	07/31/2012
Arthur Hotel	Portland	$3,300,000	50	7.86%	$66,000	1912	08/14/2012
Axcess 15	Portland	$48,625,000	202	5.25%	$240,718	1996	08/24/2012
Alpine Village	Salem	$2,150,000	53	7.49%	$40,566	1968	08/30/2012
Shadow Lane	Portland	$2,450,000	28	6.52%	$87,500	1976	09/12/2012
Forest Creek	Portland	$25,700,000	160	5.10%	$160,625	2004	09/14/2012
Sandalwood Apartments	Salem	$3,675,000	82	7.79%	$44,817	1981	09/27/2012
Oswego Cove	Lake Oswego	$7,260,000	64	N/A	$113,438	1989	09/28/2012
LynnMarie Apartments	Beaverton	$11,000,000	170	6.50%	$64,706	1979	10/10/2012
The Park @ Tualatin	Tualatin	$19,350,000	210	6.13%	$92,143	1978	10/26/2012
Riverplace Square	Portland	$72,870,233	290	N/A	$251,276	1988	10/31/2012
Wellington Square	Portland	$1,825,000	27	7.28%	$67,593	1974	11/01/2012
Cortland Village	Hilsboro	$56,050,000	360	N/A	$155,694	1997	11/28/2012
Imperial House	Portland	$2,350,000	38	6.36%	$61,842	1964	11/29/2012
Mountain Oaks	Vancouver	$1,320,000	20	6.50%	$66,000	1997	12/05/2012
Wyndham Park	Beaverton	$28,737,000	228	5.15%	$126,039	1996	12/11/2012
Redwood Creek	Beaverton	$33,700,000	406	6.50%	$83,005	1983	12/14/2012
The Hermitage	Portland	$3,875,000	72	6.50%	$53,819	1978	12/19/2012
Eden Roc	Portland	$1,630,000	30	N/A	$54,333	1968	12/26/2012
Woodcreek Apartments	Fairview	$5,250,000	70	6.76%	$75,000	1993	12/27/2012
The Arboretum	Salem	$2,000,000	23	6.88%	$86,957	2009	12/27/2012
Sunrise Apartments	Milwaukie	$1,250,000	24	7.07%	$52,083	1978	12/28/2012
Sunrise Apartments	Milwaukie	$1,250,000	24	7.07%	$52,083	1978	12/28/2012
Moreland Place	Portland	$4,900,000	51	7.30%	$96,078	1980	12/28/2012
Brooktree Apartments	Salem	$2,050,000	44	7.00%	$46,591	1968	12/28/2012
Commons @ Avalon Park	Tigard	$19,650,000	192	6.78%	$102,344	1990	12/31/2012
Powell Court	Portland	$6,425,000	72	6.65%	$89,236	1998	01/18/2013
Countryside Apartments	Springfield	$7,800,000	98	N/A	$79,592	1974	01/28/2013
Rivercrest Meadows	Tualatin	$46,650,000	338	N/A	$138,018	1991	01/30/2013

NOTE: CAP rates reported by CoStar may not represent actual operation of the property, since the assumptions made by the information source to calculate CAP rate may differ from the actual operating data.

Sources: CoStar Comps.com, Black & Associates, and Norris & Stevens Sales

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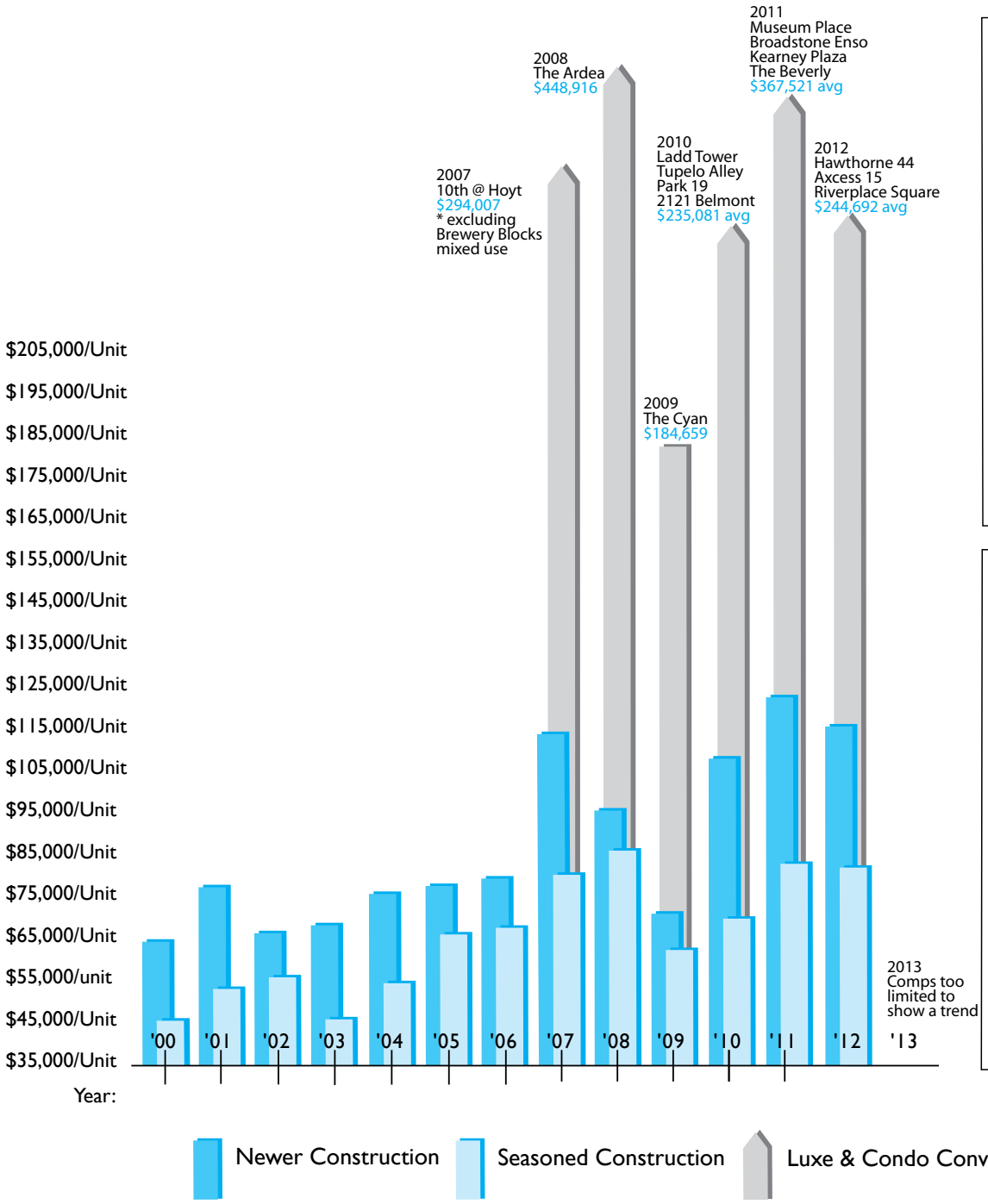
AVERAGE PRICE/UNIT FOR APARTMENT SALES
2000-2013
PORTLAND METROPOLITAN AREA



Seasoned Construction

Year	Price/Unit
2000	$47,642
2001	$54,689
2002	$56,628
2003	$47,709
2004	$55,293
2005	$66,931
2006	$67,164
2007	$80,544
2008	$86,717
2009	$64,815
2010	$70,776
2011	$82,644*
2012	$82,397
2013	4 transactions

Newer Construction

Year	Price/Unit
2000	$65,103
2001	$77,574
2002	$65,826
2003	$66,899
2004	$76,286
2005	$78,518
2006	$79,112
2007	$114,728
2008	$96,211
2009	$69,373
2010	$107,132
2011	$123,973*
2012	$115,764
2013	No comps as of 02/13

* Paramenters change: Newer Construction is defined as having been built after 2000 for the years 2011- 2013; For the years 2000 - 2010, Newer Construction is defined as having been built after1990.
New high-end sales and condo-conversion sales are graphed separately.

Source: CoStar Comps.com

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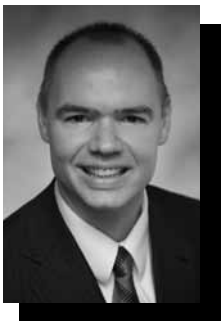

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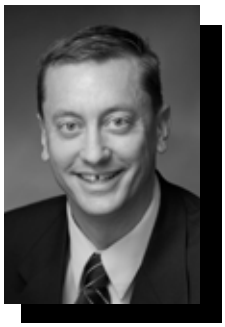

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