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CBRE CAPITAL MARKETS
MULTI-HOUSING GROUP

Multi-Housing Monitor

In This Issue:

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Issue 16 | Fourth Quarter 2009

APARTMENTS: A BETTER YEAR AHEAD

Gleb Nechayev,
Vice President and Senior Economist
CBRE Econometric Advisors
(formerly Torto Wheaton Research)

The new year promises to be a better one for the apartment sector. With the U.S. economy expected to show some improvement in 2010, our outlook for multi-housing is cautiously optimistic. Rental demand should strengthen due to a more robust overall household formation and declining homeownership rate. With completions of new multi-housing product dropping sharply from the current pace, most markets are likely to see moderate improvement in occupancy and less severe effective rent declines in 2010, with additional momentum in 2011.

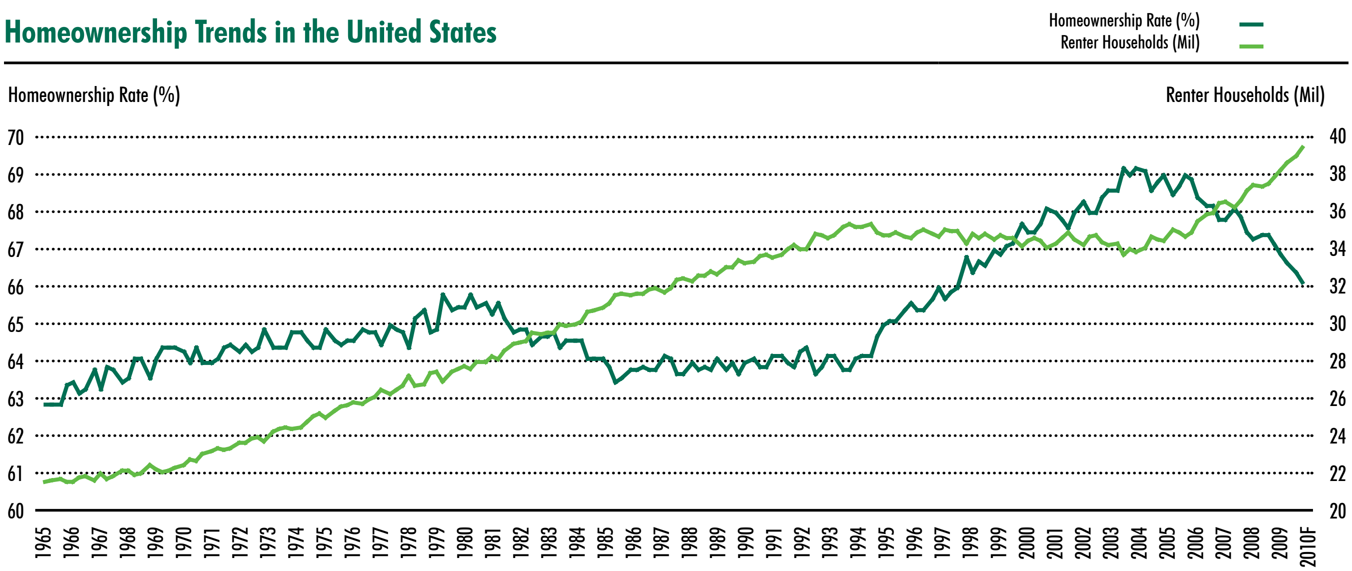
While the worst of the job losses are behind us, after-shocks such as rising unemployment and foreclosure rates, are still a concern for the economy. Today's record overhang of vacant year-round housing still poses tangible risk to home prices and rents in many markets. In this respect, the national apartment market will remain in uncharted waters in terms of vacancy rates until the broader housing market shows convincing signs of recovery. In general, areas with stable employment bases, limited supply overhang, and declining affordability of owning should fare better in terms of apartment rent and revenue growth. Even in such submarkets, however, property performance can vary widely depending on product type, condition, amenities, and street location.

Demand Trends

After a steep loss in apartment demand by the consumer over the first year of recession, 2009 is on track for a positive net absorption. Property managers are offering incentives to attract and retain renters even in markets that are doing relatively well, possibly in anticipation of traditionally weak year-end leasing and uncertain early months of next year. It is encouraging to see that renters are taking advantage of these discounts as evidenced by improving net absorption. As the economy continues to improve and housing becomes less affordable, these concessions will dissipate and allow for effective rent growth to resume after 2010.

The total rental demand (i.e., including 1 to 4 unit family housing) continues to expand at near-record pace. This recent growth is a result of overall household formation and changes in homeownership rate, with the latter contributing the most. Over the five year period ending mid-2009, about 3.5 million households were added to the national rental pool, including in excess of a million households last year alone. With foreclosures still on the rise and home mortgage lending more stringent, homeownership is likely to continue falling from its current rate of 67.4% to about 66.0% by the end of next year, boosting growth in rental households

Homeownership Trends in the United States



Sources: Bureau of the Census, CBRE Econometric Advisors even further—perhaps by as much as a million above the long-term trend of 350,000 to 400,000 per year.

Such record expansion in total rental demand provides a timely cushion for apartment occupancy—without it, the impact of record job losses on property performance would be much more negative. While declining homeownership does create a near-term tail-wind for apartments, it is important that foreclosures begin to taper off next year allowing home prices to stabilize and start recovering. A prolonged slump can lead to a tangible loss in apartments' market share to other forms of housing. Conversely, steady or rising home sales and prices will make ownership less affordable, which would support increased rental demand over time, especially given the favorable age demographics.

Even in the environment of rapidly growing total rental demand, apartment properties will have to compete aggressively to retain existing tenants and attract new ones, especially those of good quality. There is evidence that markets with higher total rental vacancy also tend to see higher apartment vacancy rates. Not surprisingly, single-family prices and rents in such areas are also generally more affordable—another factor limiting apartment rent growth.

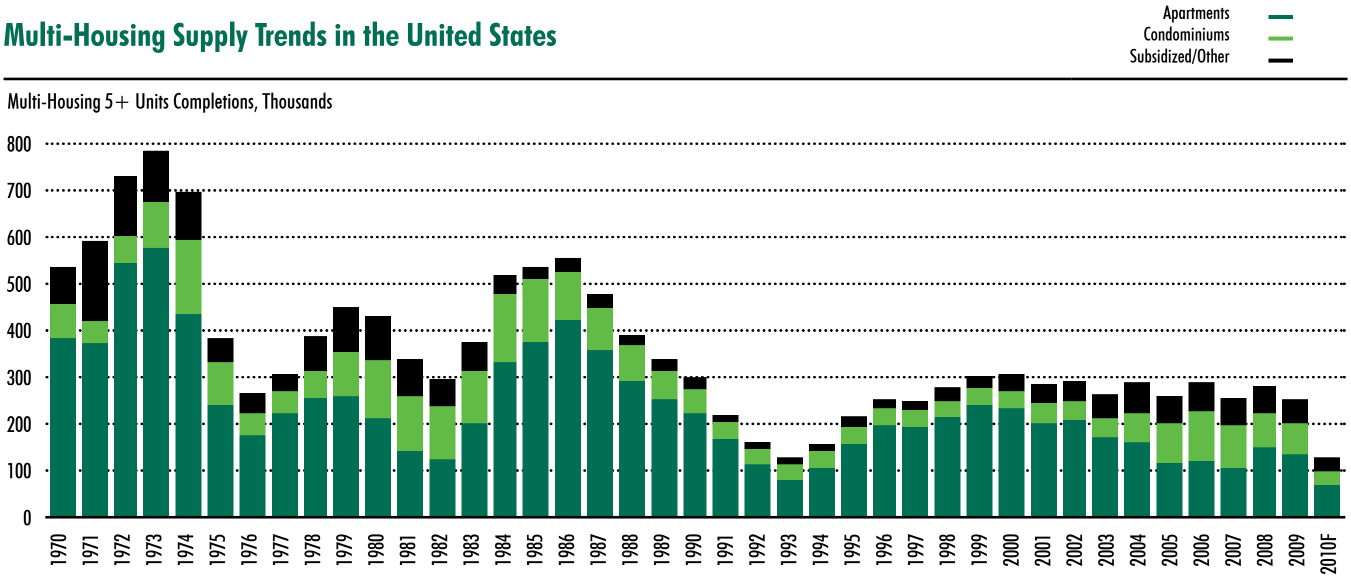
Supply Trends

One factor that should help ease competitive pressures on apartments next year is a major reduction in new multi-housing supply. Judging by the number of projects which started in 2009, completions of properties with five or more units are expected to drop from the current annual pace of 250,000 units to about half that figure in 2010. Market-rate apartments will comprise fewer than 70,000 units nationally—less than half the average level of the prior twenty years and a new historical low for this segment.

The exact timing of deliveries does vary, however, and many projects are often deferred during recessions. There are still over 50,000 apartment units which started in 2008, whose current status is unclear. If construction for most of these projects was deferred rather than abandoned, the actual completions in 2010 could be significantly higher than expected.

Given today's record-high apartment vacancy and depressed rents, however, completions are still likely to drop below historically low levels last seen in the aftermath of the real estate bust of the early 1990s. Moreover, a slow recovery in fundamentals along with highly constrained residential construction lending (at least for the moment) would limit the subsequent recovery in total multi-housing completions, keeping them at very low annual levels of about 100,000 units over the next few years. Some argue that a combination of record low new supply and pent-up rental demand would create conditions for above-average rent increases, or "spikes", in 2011 to 2013 nationwide. In our view, such a case can be made in markets with low housing affordability,

Multi-Housing Supply Trends in the United States



Sources: Bureau of the Census, CBRE Econometric Advisors

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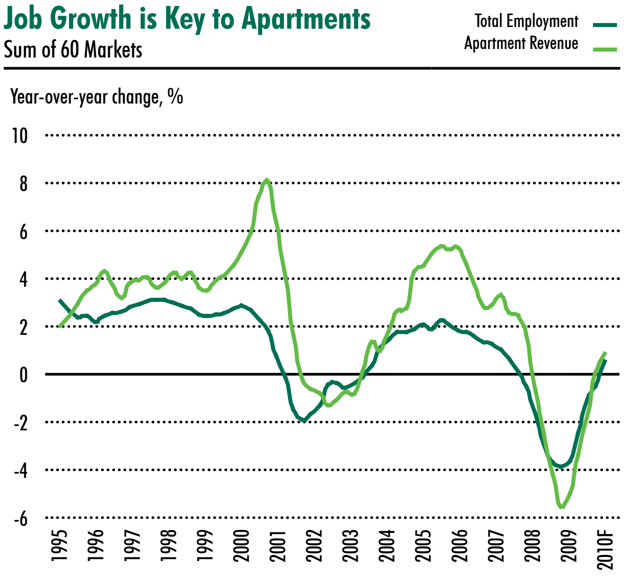
high barriers to development, and sharp declines in apartment rent and revenues this year and next.

2010 Outlook

The near-term outlook for apartment rents and revenues calls for a gradual recovery from the record declines experienced in 2009. Positive net absorption expected in 2010 should bring the national vacancy rate to 7.0%, or about 100 basis points below the peak. While the vacancy rate level will remain over 150 basis points above the long-term average next year, demand momentum is expected to curb further spread of rent discounts and concessions for new leases resulting in progressively smaller effective rent declines. Since the roots of this recession are in housing, however, cumulative peak-to-trough loss in apartment rents and revenues nationally will be more severe than after the 2001 recession and more comparable to those sustained in the early 1990s. After the 2001 recession, apartment performance benefited from rapidly rising home prices and massive rent-to-own conversions. It is just the opposite situation now: there is a record inventory of vacant single-family homes and condominiums, falling home prices, and own-to-rent conversions.

Job Growth is Key to Apartments
Sum of 60 Markets



Sources: Bureau of the Census, CBRE Econometric Advisors

Employment trends aside, housing affordability is a key factor affecting apartments in this cycle and contributing to wider differentiation in rent growth across markets, submarkets, and product types. Variation in performance, already much wider than it has been historically, will likely widen even more as markets adjust to new economic realities. For the first time in over a decade apartment owners and managers have to operate in the environment when the premium to buy a median-priced single-family home or a condominium is much smaller relative to rents.

Declining homeownership rates and rising propensity to rent does boost aggregate rental demand but employment and household growth are more important for apartments. With fewer workers and households and reduced incomes, potential apartment demand cannot be realized, especially in locations with an over-supply of vacant single-family homes and condominiums for rent and for sale.

There are some signs, however, that home prices are stabilizing. The recent decline in sale duration for single-family homes indicates that markets are functioning as expected. A plunge in new house completions helped keep for-sale inventory at bay, and low prices attracted more buyers, including investors. It is important to look behind this façade, however, to see that much of the recent improvement is accounted for by Arizona, California, Florida, and Nevada—states whose housing busts were among the triggers for the financial crisis and the national recession.

While home sales are indeed leveling out, the steep job losses of late-2008 and early-2009 have affected regular borrowers and foreclosures on fixed-rate mortgages now drive much of the distress. In California, Florida, and Nevada, current unemployment rates are not only well above the national average, they are also above their own historical peaks. Labor markets in these states must improve quickly or they will risk facing new negative impacts from housing that can have national implications once again.

Stabilization and subsequent recovery in the labor market and home prices are both key to the multi-housing outlook. Judging by the current conditions, a tangible improvement in fundamentals is unlikely to begin for another year or so. We don't expect "heaven in 2011" either, but the road to a real recovery in apartment rents and revenues should clear by then.

US RESIDENTIAL INVESTMENT: A SLEEPING GIANT

Gleb Nechayev, Senior Economist
William C. Wheaton, Principal
CBRE Econometric Advisors

Residential investment is no longer a drag on the U.S. economy. Instead, it will slowly return to being a major driver of domestic GDP growth and should play an important role in this recovery for a number of years.

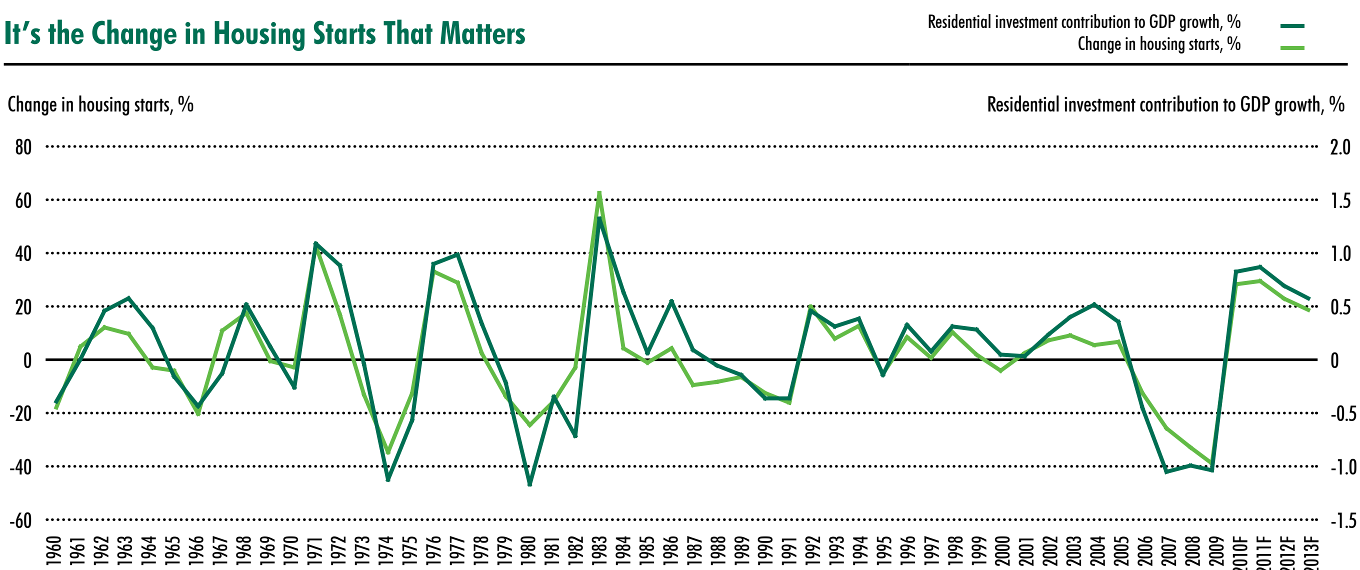
Despite being a relatively small share of the U.S. gross domestic product (typically 3-4% of GDP), residential investment can have a more dramatic effect on GDP growth. This happens when residential investment increases or decreases. As the chart below shows, during the recessions of 1973-75 and 1980-82, residential investment subtracted close to a full percent from annual GDP growth but then added just as much in the first year or two of the subsequent recovery. In the last decade, residential investment's effect was more sustained. In the thirteen years between 1993 and 2005 it added an average of 0.25% each year to GDP growth as construction steadily increased from 1.2 to 2.1 million units.

Residential investment is realized through new construction activity and the relationship between the change in housing starts and residential investment's contribution to GDP growth has been very close historically, as the chart above illustrates. Since housing starts peaked at an annualized pace of over 2.1 million units in 2006q1, residential investment plunged and this has had a strong negative impact on economic growth. Starts declined continuously since then—finally bottoming out at a record low of 530,000 in 2009q1—two thirds below their historical average. During this period residential investment was subtracting about 1% from GDP growth on a yearly basis.

With housing starts increasing by 50,000 units in 2009q3, residential investment added 0.5% to that quarter's GDP growth—the first positive contribution in over three years. That is exactly what one would expect given the relationship observed historically between changes in housing starts and residential investment's effect! So going forward into 2010 and beyond, just how much of a contribution to the U.S. GDP growth could residential investment provide?

To answer this question, one needs to consider where new supply (housing starts) currently is relative to new demand (primarily from household formation) as well as the existing housing overhang. At first it may seem surprising that housing starts would be rising at all given recent job losses, an already record-high residential vacancy rate, and foreclosure rates. Census is reporting that in 2009 there is over a million more year-round vacant units for rent and for sale than when the housing correction began, and that new housing demand, measured by changes in the number of households (occupied units) are about 700,000 per year—half the historical average.

It's the Change in Housing Starts That Matters



Sources: BEA, BOC, CBRE Econometric Advisors

With annual housing demolitions of about 300,000 units, housing "demand" in 2009 has been about a million units—or twice the current construction. Moving into 2010, household formation should recover a bit—perhaps to 0.9 million, creating demand of 1.2 million. If construction rebounds a bit further—to about 700,000, then again there would remain "excess demand" of 0.5 million units. In short, by the end of 2010—there should be little excess inventory.

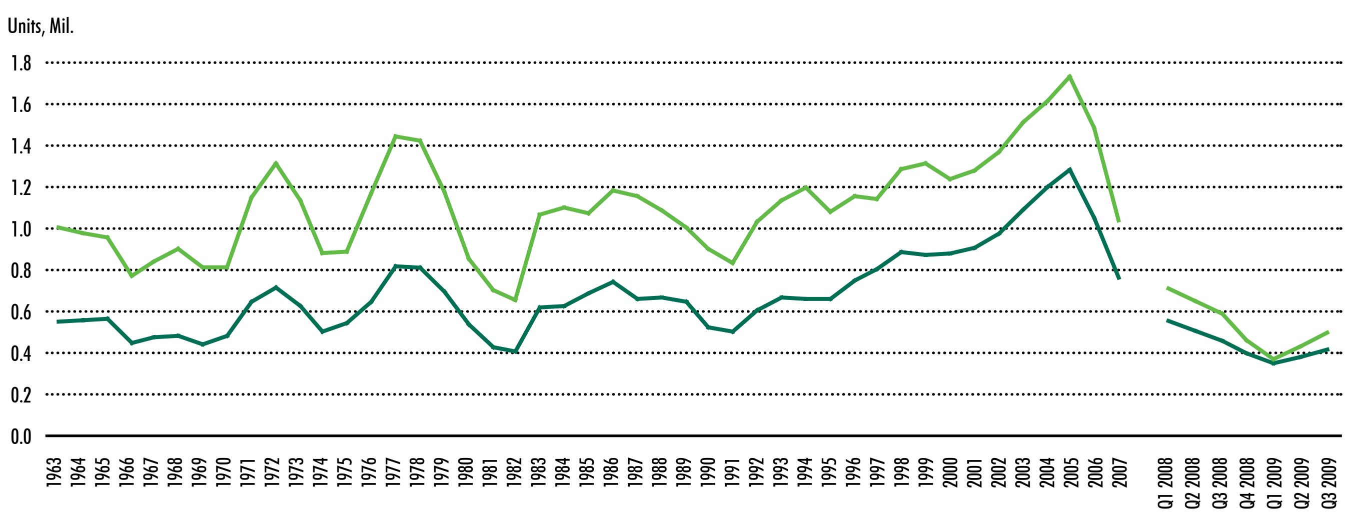
From 2011 on, we should return to a more stable long term housing demand of 1.4 million units (1.1 million from household formation plus .3 million from demolitions and second home demand). Supposing construction still does not meet all of this demand (hence allowing prices to rise) it is quite reasonable to expect 2011 starts to increase to 0.9 million and then to 1.1 million in 2012, and finally 1.3 million in 2013.

This trajectory of "under supply" should allow prices to continue in recovery mode for the full 2010 to 2013 period. In such a scenario (graphed as a forecast in the chart on the previous page), the recovery of housing construction generates a 0.8% annual contribution to GDP growth—for 4 years. This cumulative boost of over 3% is far greater than during the recoveries from previous recessions and is exceeded only by the ramping up of housing construction right after the World War II.

As a final point, we suggest that the year-to-date demand for new homes actually has been quite strong—it is only low in magnitude because we are not building any! In normal years, new home sales are about 75% of single family starts. The other 25% of units are in some sense "pre-sold" and directly contracted for. As shown in the chart below, during the last several quarters, this part of the market seems to have dried up as the sale of units in the pipeline has gobbled up virtually every new start. It is not surprising that all of the recent increase in overall housing starts was driven by the single-family segment which is already adding volume in expectation of a more robust demand down the road.

Thus despite the glut of existing homes, there is still demand for new product. In fact one might argue that at current depressed construction levels there may even be "excess demand"—for newly constructed homes. This exists mainly in those parts of the country that did not over-build and that have been less hard hit by the recession. As a broader economic recovery solidifies in the coming years, residential investment will have to grow—a great deal, for a sustained period. Housing construction is a sleeping giant that is about to wake up.

Sales and Starts of New Single-Family Homes



Sources: BOC, CBRE Econometric Advisors

These articles were submitted by Gleb Nechayev, Vice President and Senior Economist, on behalf of CBRE Econometric Advisors (formerly Torto Wheaton Research), the premier provider of research services to owners and investors in the U.S. and Canadian commercial real estate markets. The company's flagship product, CBRE-EA Multi-Housing Outlook, encompasses the richest dataset of supply and demand statistics and forecasts available for commercial and multi-housing sectors.

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Listings

WEST

Biscayne Bay
Maplewood
Sagewood



Tyler Anderson and Sean Cunningham of CBRE's Phoenix office are currently marketing Biscayne Bay, a Class A community located in Chandler, AZ. The 512-unit community was built in 2000, and is being offered at $43.1 million or $84,180 per unit. This pricing is reflective of the recent market correction in value. The previous sale of the property in 2007 was at $120,898 per unit, indicating a 31% discount to peak pricing. The current price is well below current replacement cost.

The community possesses extensive amenities including a 24-hour fitness center, two resort-style pools, a movie theater, business center, sport court, putting green, indoor racquetball court and private garages.

The property is conveniently accessible to numerous East Valley employers, three major freeways, and to four regional malls.

The Phoenix team is also marketing Maplewood and Sagewood, both renovated Class B communities in Glendale, AZ. The properties contain 130 units and 176 units respectively, and both were built in 1983-84. Maplewood is priced at $5.1 million or $39,231 per unit, while Sagewood is offered at $8.8 million or $50,000 per unit.

The properties have received over $1.8 million in exterior and interior renovations over the last three years, but an additional value-add opportunity exists to continue adding washers and dryers.

Sagewood is situated adjacent to the renowned Thunderbird School of Global Management, which draws international business and management students and their families from around the world.

Both communities are located close to major employment corridors, freeways and major retail centers. Nearby employers include Wells Fargo, Cigna Healthcare, Bull HN Information Systems, Cox Communications, Discover Financial Services and Karsten Manufacturing.

For additional information on these or other opportunities in the Phoenix area, please call Tyler Anderson – 602.735.5557 or Sean Cunningham – 602.735.1740.

ICIS


Laurie Lustig-Bower, Adrienne Barr, and Kadie Presley of CBRE's Beverly Hills office are pleased to present investors/developers with a unique opportunity to purchase ICIS, an entitled 200-unit mixed-use residential development project located in Glendale, CA. The proposed project is comprised of two parcels located across a small residential street from each other. Parcel A is slated for 186 residential units with subterranean parking and approximately 8,668 square feet of retail. Parcel B is slated for 14 town home units.

The ICIS project sits on approximately 2.5 acres of land and offers a developer the opportunity to acquire a well-located urban infill development project entitled for a significant amount of residential units. The property is being offered unpriced and will be sold to a purchaser with the best terms and conditions as determined by the Seller. Existing improvements include four vacant industrial buildings totaling approximately 58,000 square feet of space and a parking lot.

The project is located in the heart of the city of Glendale, CA within the Tri-Cities submarket of Los Angeles. The location offers convenient access to three major freeways, a Metrolink train station, and the Burbank airport. The property is three blocks west of the Americana at Brand, an ultra high-end 16 acre destination lifestyle center and the Glendale Galleria, one of California's most successful indoor regional malls.

For more information, please call Kadie Presley – 310.550.2529 or Nancy Badzey – 310.550.2568.

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Listings

CENTRAL

Williamsburg Plaza Apartments

Jeff Stingley of CBRE's Kansas City office is pleased to present Williamsburg Plaza Apartments, a 252-unit luxury apartment community located in the high-growth Platte County submarket of Kansas City. The property was completed in 2003. Over the last decade, Platte County's population grew by over 17.5%, with growth of 8.5% expected over the next five years. Economically, the submarket has fared considerably better than much of the rest of nation. Through October 2009, Platte County unemployment was 7.3%, well below the national average of 9.5% for the same period. Since 2008, the owner has completed capital improvements of over $500,000, including the construction of 24 carports, clubhouse renovation, painting all handrails with a lifetime-warranty paint, extensive landscaping, construction of a playground, painting of all exterior doors and frames, and the purchase of full-size washer and dryers for each unit. The property draws from several employment centers, including Ft. Leavenworth, office and industrial developments near Kansas City International Airport, retail developments along the Barry Road corridor, and St. Joseph, MO. The asking price is $22.4 million.

For additional information on this or other opportunities in the Kansas City region, please contact Jeff Stingley – 816.968.5884 or jeff.stingley@cbre.com.

The Edge

Charles Cirar and Jaclyn Fitts of CBRE's Central Texas office, along with Ryan Reid of CBRE's Dallas office, are currently marketing The Edge, a 173-unit, 553-bed community in San Marcos, TX. The Edge recently completed an extensive remodel to maintain its reputation as a premier student housing community serving Texas State University (TSU). Currently occupied at 97.5% for the 2009-2010 school year, the Edge is leased by the bed with parental guarantees on a full year basis of 12 months.

The Edge is located approximately three quarters of a mile west of TSU on Ranch Road 12, a scenic roadway that extends further west into the environmentally protected Texas Hill Country. Convenient to campus, the University operated TxTram Shuttle System has its first stop at The Edge's parking lot and offers free transportation to and from campus. With an enrollment of over 30,816 students, TSU is within the City of San Marcos, a southern suburb of the 1.69 million person Austin MSA. The student population at TSU has grown by over 42% in the last decade, and is well positioned for future expansion from the ever growing demand for college education in Central Texas. For example, the nearby University of Texas at Austin has capped its undergraduate enrollment and lacks space for thousands of applicants annually.

The Edge was upgraded between the Fall of 2008 and the Summer of 2009, with a capital improvement program of over $1.5 million. Exterior improvements include new paint scheme on the entire property, landscape and signage enhancement, new covered outdoor living room, and a fully remodeled pool area including pool and spa replastering, pump replacement and new pool furniture. Common amenity upgrades include a fully remodeled leasing center and clubroom, and state-of the art equipment upgrades in the fitness, tanning and business centers. Apartment home interior upgrades include all new furnishings on first floor units, and new couches and club chairs on second and third floor units.

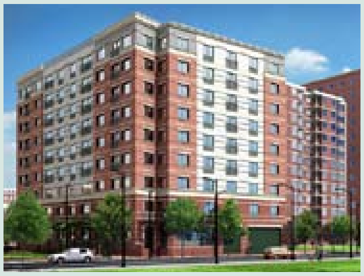
This property is being offered unpriced.

For more information on this property or any of our other listings, please contact Charles Cirar-512.499.4916, Ryan Reid- 972.458.5223 or Jaclyn Fitts-512.499.4941 or visit http://www.cbre.com/mhgaustinsa

Listings

EAST

Portico at Silver Spring Metro
Argent



Bill Roohan, Mike Muldowney and Andy Boyer of the Washington DC Multi-Housing Group are currently marketing Portico at Silver Spring Metro and Argent, two brand new Class A communities just blocks apart in downtown Silver Spring, MD. Both properties are within walking distance of the Silver Spring Metro Station, the busiest stop in Montgomery County. Downtown Silver Spring abounds with high-end retail shops, restaurants, theatres, nightlife and major employers like Discovery Communications, NOAA and Walter Reed U.S. Army Medical Center. The Team expects significant interest on each property due to the quality of the assets, proximity to transit and the small number of available, quality properties for sale.

Portico, a 13-story, 151-unit building just 500 feet from the Metro Station features units with gourmet kitchens, hardwood floors and huge windows. The average monthly market rent is an impressive $2.27 per square foot. The property is 93% occupied and offers investors an opportunity to purchase a brand new, stable, transit-oriented apartment building.

Argent, also completed in 2009, is a vacant 96-unit condo-platted mid-rise building with condo-quality finishes. The team is presenting Argent to the market as either a rental community or a condominium development. A limited supply of new “for-sale” housing and extremely high home values will ensure demand for Argent, either as a rental or condominium opportunity.

For more information on this or other opportunities in the area, please contact Bill Roohan – 410.244.3122, Mike Muldowney – 410.244.3144, or Andy Boyer – 703.734.4737.

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Closings

WEST

Colonnade
Park at Mill Plain

Kirk Taylor, Ann Blume and Graham Taylor of CBRE's Portland office are pleased to announce two dispositions on behalf of an institutional seller to Nevins Adams Lewbel Schell.

The Colonnade is a 268-unit, Class A community, located in Hillsboro, OR. At the heart of Oregon's Silicon Forest, residents of the Colonnade enjoy condominium-style living with direct-entry garages. The Community was built in 1996 by Trammell Crow Residential. Floor plans include one, two and three bedroom town homes. An extensive amenity package is offered. The property sold for approximately $21.4 million.

The 352-unit Park at Mill Plain is located in Vancouver, WA. The Park at Mill Plain offers one, two and three bedroom floor plans. Amenities include two pools, fitness center, walking trails, playground, basketball and tennis courts. The community was built in two phases, 1996 and 1997. The property sold for $23.0 million.

The Madison Belmont

William Huberty and Lisa Moore of CBRE's San Francisco office recently completed a $28.8 million disposition assignment for BlackRock and Pacific Property Company. The Madison Belmont apartments are located at 649 Old County Road in Belmont, CA. The CBRE team represented The Madison Belmont's ownership exclusively. Prime Group successfully outbid numerous perspective investors to secure the acquisition. Andrew Behrens, also located in CBRE's San Francisco office, secured the financing through CBRE's Fannie Mae DUS lending program.

Built in stages in 1966 and 1971, this 198-unit, 176,200 square foot community is located in the Mid-Peninsula submarket of the Bay Area. The entire marketing and financing of the property took under two months, demonstrating its unique value and the rare availability of such a property.

CENTRAL

Broadstone Westover Hills

Charles Cirar and Jaclyn Fitts of CBRE's Central Texas office are pleased to announce a recent closing in the Central Texas area.

In San Antonio, the team assisted Prudential Real Estate Investors and Alliance Residential with their disposition of the newly-constructed Broadstone Westover Hills. Located in the prestigious Westover Hills neighborhood, this 400-unit community has an average home size of 836 square feet, with a stunning setting on a 22.27 acre site overlooking the greens and fairways of the famed Hyatt Hill Country Resort Golf Club. Recently stabilized at 93%, Broadstone Westover Hills has established a base of lifestyle renters attracted to the close proximity to major employers, upscale retail, destination resort amenities, and blue ribbon schools.

Strategically bordered by San Antonio's inner Loop 410 and outer Loop 1604, and bisected by the SH-151 (Stotzer Freeway), Westover Hills has become the city's third largest employment district in less than a decade. The area is home to a roster of high-profile companies that include JPMorgan Chase, Microsoft, Wells Fargo/Wachovia, Capital Group/American Funds, Citicorp, Christus Santa Rosa Hospital, and the soon to be completed campus of the National Security Agency. Broadstone Westover Hills residents are within a five minute commute to the estimated 66,000 job employment base in Westover Hills and within twenty minutes to downtown San Antonio and the South Texas Medical Center.

Closings

EAST

The Buckingham

Glenn Housman of CBRE's Orlando office recently arranged Freddie Mac financing in the amount of $35.5 million on behalf of The Buckingham, LLC for the refinance of The Buckingham, a 129-unit, 456-bed high-rise student housing facility located in The South Loop University District of downtown Chicago, IL.

The property, a landmark building listed on the National Register of Historic Places, is master leased under lease terms that created significant underwriting challenges. The tenancy also included a branch of a Chicago area bank on the ground floor. Financing included a seven year term, attractive spread over the 30-day reference bill, loan-to-value of approximately 70% and debt service coverage of more than 1.50x.

Canopy Apartments

Glen Housman also recently arranged permanent financing in the amount of $27.5 Million on behalf of Glenmont Arlington Biltmore, LLC for the take-out of the existing construction loan for Canopy Apartments, a 240 unit, 770 bed luxury student housing community located in Gainesville, FL, near the University of Florida campus. Terms of the financing included a ten year term, an attractive spread over the 30-day reference bill, a loan-to-value of approximately 70%, and a debt service coverage of 1.55x.

Alta Woods

Mike Riccio and Christine Kubas of CBRE's Hartford office and Robert LaChapelle CBRE's Atlanta office arranged $27.37 million in permanent financing for Alta Woods located in Woodstock, GA. Alta Woods contains 498-units in 19, two- and three-story Class A residential buildings. The property features two swimming pools, two lighted tennis courts, a putting green, community building with fitness center, and garage parking. Freddie Mac provided the financing under their 7-year Capped ARM Program.

Avalon Orange

Jeffrey Dunne, Christopher Leonard and Matthew Innes of CBRE's Stamford, CT office represented ownership in the sale of Avalon Orange in Orange, CT for $25.5 million. The team also procured the buyer, Behringer Harvard Multifamily OP I LP, an entity controlled by Behringer Harvard.

Avalon Orange is an exceptional luxury apartment community comprised of 168 apartment homes located on a 9.59-acre park-like site. Constructed in 2005, Avalon Orange is a conveniently located, highly attractive community that is one of the few Class A apartment communities in the regional area. The community enjoys an extensive amenity package and a convenient commuting location less than one-half of a mile from the abundant retail options located on US Route 1, while situated just one mile from Interstate 95 and the Merritt/Wilbur Cross Parkway (US-15). Robust demand and the extreme lack of new supply should bode well for fundamentals in the area.

The Town of Orange has a growing population of skilled workers that boast an average annual household income of nearly $120,000, on par with many of the top towns in bordering Fairfield County. The convenience provided by both I-95 and the Wilbur Cross/Merritt Parkway allow for easy commuting into the major employment centers of Fairfield County and New Haven. The growing healthcare sector and additional planned new commercial development in the regional economy are expected to further increase the pool of potential renters. Furthermore, it is extremely difficult to develop new apartment communities in Orange and the surrounding towns. In fact, there have been minimal deliveries in the entire New Haven Harborside submarket (where Avalon Orange is located) since 2005 with only a single community being completed since the construction of Avalon Orange and no additional development sites have been identified on the current horizon.

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Closings

EAST *(continued)*

Communities at Southwood

Wink Ewing, Barry Hofheimer and Scott Boyers of CBRE's Richmond, VA office are pleased to announce the disposition of Communities at Southwood, located in Richmond, VA for $24 million. The team represented the Special Servicer, Capmark Finance, Inc., in the disposition to Southwood Apartments, LLC.

The Communities at Southwood is a 1970's vintage 1,286-unit garden-style and townhouse apartment community located in the Southside of Richmond. Situated on 67 acres, the property contains 150 two-story residential structures and support facilities, comprising approximately one million gross square feet.

The property went into foreclosure in May 2008 with over 40% vacancy and numerous units unfit for tenants. Over the course of 18 months, the property was substantially rehabbed and stabilized by McKinley, Inc. At the time of the disposition, Southwood was approximately 90% leased, but offered a value-add opportunity through continued capital improvements and good management practices.

Sundance Station

Andy Boyer and Bill Roohan of CBRE's Washington, DC group are pleased to announce the $19.250 million disposition of Sundance Station in Richmond, VA. Sundance Station is a 300-unit garden apartment community located in northern Henrico County. The community benefits from excellent visibility along West Broad Street, a popular and well-traveled commercial corridor with major shopping centers nearby such as Short Pump Town Center and Westland Shopping Center. Built in 1983, the owner had recently begun a capital improvement project renovating the kitchens, baths and flooring and was 15% complete at sale.

Culpeper Farms
The Oaks at Gayton

Andy Boyer, Bill Roohan and Maury Zanoff of CBRE's Washington DC group are pleased to announce the portfolio disposition and financing of Culpeper Farms and The Oaks at Gayton for $33.354 million. The team represented the owner in the disposition of the two garden apartment communities located in Richmond, VA, as well as assisted the buyer with financing for the deal. Culpeper Farms is a 228-unit garden apartment built in 1989 and located off West Broad in the prestigious West End submarket. The Oaks at Gayton, built in 1987, is tucked away in the Wellesley Community just south of Short Pump Mall. The community contains 220 garden apartments on spacious landscaped grounds.

Oxford Gateway Apartments

Lizann McGowan, Robert Fahey, Michael Hines and Michael Blunt of CBRE's Philadelphia Office are pleased to announce the successful disposition of Oxford Gateway Apartments, located in West Chester, PA. Completed in 2007, Oxford Gateway is a Class A, luxury multifamily community containing 136 units. Community amenities include a clubhouse with fitness center, business center, resort-style swimming pool, sundeck and grilling area. The Property is situated within the West Chester submarket, which has been among the top performing multifamily markets over the past few years. Oxford Gateway's location on Manley Road between Route 3 and Route 352 provides outstanding visibility in addition to quick access to all major roadways (Route 202, Route 100, Route 1, I-76 and I-476). Oxford Gateway was 97% occupied at the time of sale, further underscoring the Property's appeal within its submarket.

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