



Office Submarket Report

Downtown

Sacramento - CA

PREPARED BY



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Real Estate

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OFFICE SUBMARKET REPORT

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12 Mo Deliveries in SF

0

12 Mo Net Absorption in SF

(285K)

Vacancy Rate

8.1%

12 Mo Rent Growth

-0.8%

Downtown is Sacramento's largest and most prominent office submarket. About half of the area's 21 million SF of inventory is 4 & 5 Star, and it is home to an abundance of government and corporate occupiers. The California Environmental Protection Agency occupies 950,000 SF, CalPERS is in 560,000 SF, and the California Department of Tax & Fee Administration leases approximately 470,000 SF, to name just a few of many government tenants with large footprints. But since the onslaught of the coronavirus pandemic, demand Downtown has plunged and rents are in decline.

A lack of inventory growth, coupled with positive demand nearly every year in the past decade, has consistently held vacancies below the Sacramento norm. As in the wider metro, new supply, particularly of the spec variety, was rare this past cycle. While the vacancy rate remains below the Sacramento average, the mark has expanded in 2021, after increasing last year for the first time since 2013. Rents are falling, but office product here is easily the priciest in Sacramento, thanks to its locale and wealth of high-end inventory.

After many years of limited inventory growth, supply is

set to increase significantly. Sacramento's most conspicuous office developments in more than a decade are underway, in the form of three government buildings totaling approximately 1.7 million SF. Perhaps most notably, it appears the Railyards may finally have momentum. Several projects at the 240-acre redevelopment site are under construction, and a two-building office project dubbed The Foundry could be on the horizon. But with the nation in recession because of the pandemic, it might be some time before The Foundry breaks ground.

The local sales market has experienced a notable pullback since the onset of the virus. Few projects have sold in 2021, after deal flow last year was only about half of what was recorded in 2018-19. Still, the number of trades most years is limited. While Downtown contains more square footage than any other metro submarket, many assets are government-owned. In recent years, several of the area's most visible assets have changed hands, and the lofty prices those high-end properties command is what typically drives investment volume, rather than outsized transaction volume.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	10,202,807	6.4%	\$3.34	6.9%	(1,550)	0	1,198,000
3 Star	7,748,209	9.2%	\$2.42	10.9%	(1,601)	0	472,000
1 & 2 Star	2,992,280	11.1%	\$1.93	14.3%	0	0	0
Submarket	20,943,296	8.1%	\$2.82	9.3%	(3,151)	0	1,670,000

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.4%	9.1%	8.2%	11.9%	2004 Q3	6.1%	2001 Q1
Net Absorption SF	(285K)	140,675	389,770	1,138,026	2001 Q1	(564,207)	2004 Q1
Deliveries SF	0	189,355	438,324	1,164,586	2003 Q1	0	2021 Q2
Rent Growth	-0.8%	2.0%	1.9%	12.3%	2001 Q1	-8.3%	2009 Q3
Sales Volume	\$37.8M	\$158.8M	N/A	\$592M	2020 Q1	\$6.7M	2010 Q4

Downtown's office fundamentals have continued to deteriorate in 2021, after the submarket experienced one of its weakest years on record in 2020. Leasing activity has been tepid, after coming in at an all-time low and just a fraction of what is typical last year. Moreover, net absorption was negative the past five consecutive quarters, and it appears that streak could be extended in 21Q2. In contrast, annual net absorption had been positive each year here since 2013, and 2018–19 marked the strongest back-to-back years of demand during the past cycle.

As is typical, Downtown vacancies are well below the metro average, despite the lack of recent demand. However, the vacancy rate has notably increased this year, after only rising modestly in 2020, and the greatest vacancy expansion has come from 4 & 5 Star properties. The types of corporate tenants that typically occupy high-end space transitioned to working from home almost seamlessly, and while some employees have returned to the office, a number of workers may continue working remotely on at least a part-time basis after the virus has been contained. Since 20Q1, 4 & 5 Star vacancies have increased by approximately 250 basis points.

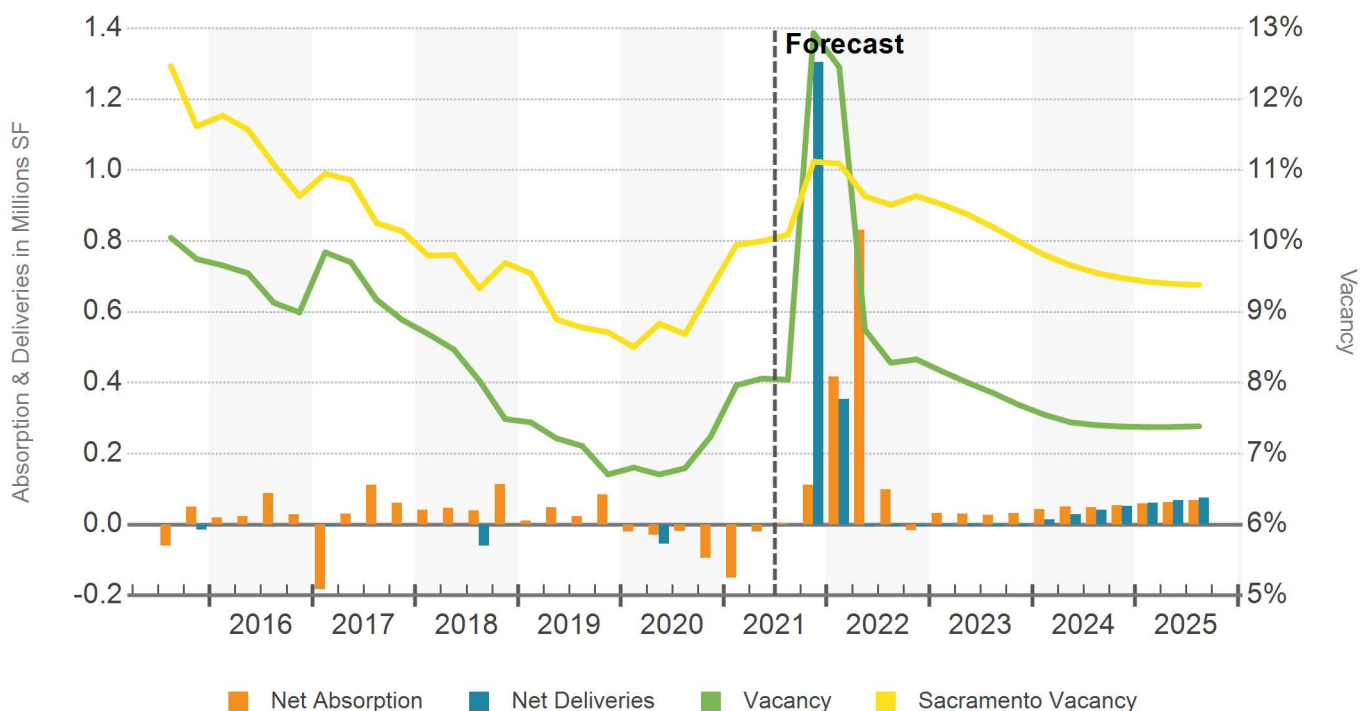
The government sector, which is the main driver of office activity Downtown, can typically be counted on to buttress occupancy during economic downturns, but a

number of agencies have similarly reevaluated their office footprints. In one of the area's largest recent move-outs, the California State Auditor vacated three floors totaling 62,400 SF at the U.S. Bank Tower. And more government move-outs could be on the horizon. According to the Bureau of Labor Statistics, government employment in Sacramento has decreased since last April, when the wider job market bottomed, while virtually every other sector has added workers.

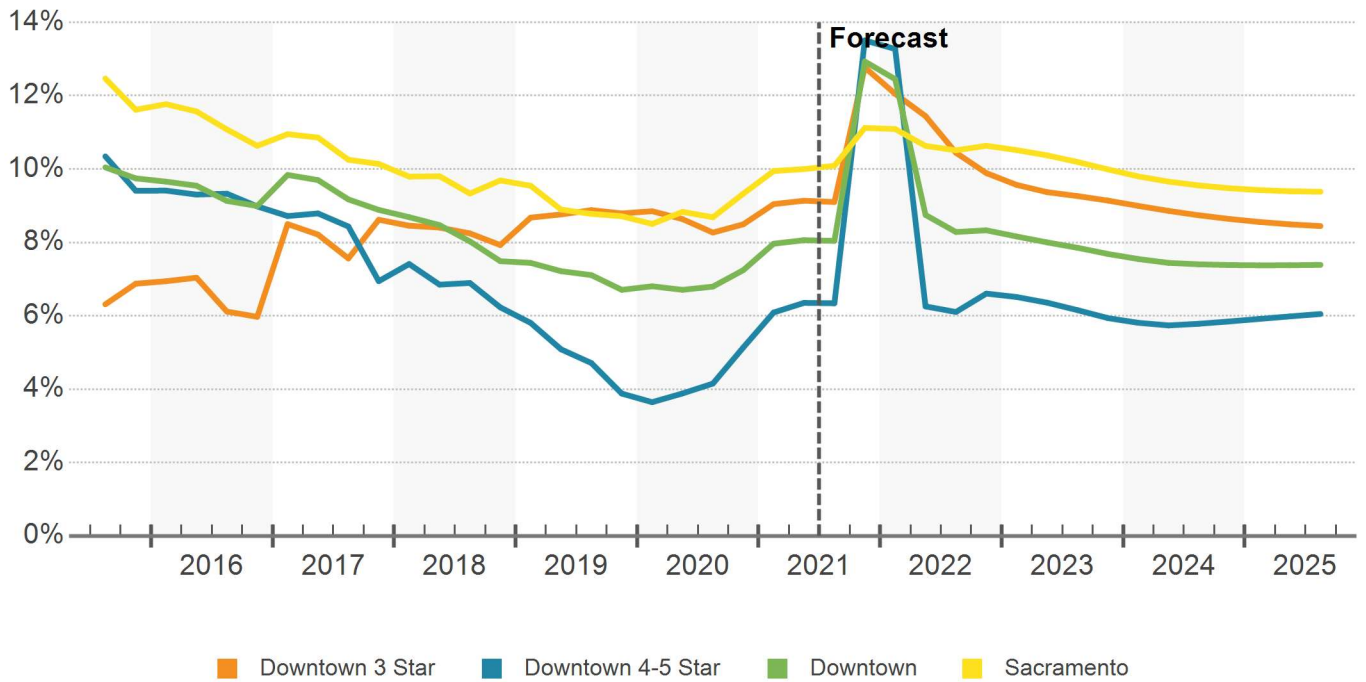
Few sizable leases have been signed here since the start of last year. One of the only recent deals for at least 10,000 SF came in 20Q1, when the County of Sacramento picked up 11,300 SF at 444 N 3rd St., part of Riverpark Business Center.

Looking ahead, a lack of supply-driven pressure could keep vacancies in check; no spec projects are under construction. And many government occupiers own their properties or are under long-term leases, which may mitigate move-outs, at least in the near-term. Another positive is sublet space has remained limited, which is in stark contrast to wider Sacramento. Available sublet space metro wide has soared to an all-time high. Still, the pandemic-induced economic uncertainty is not likely to abate any time soon, and CoStar is forecasting that vacancies will continue to rise in 2021.

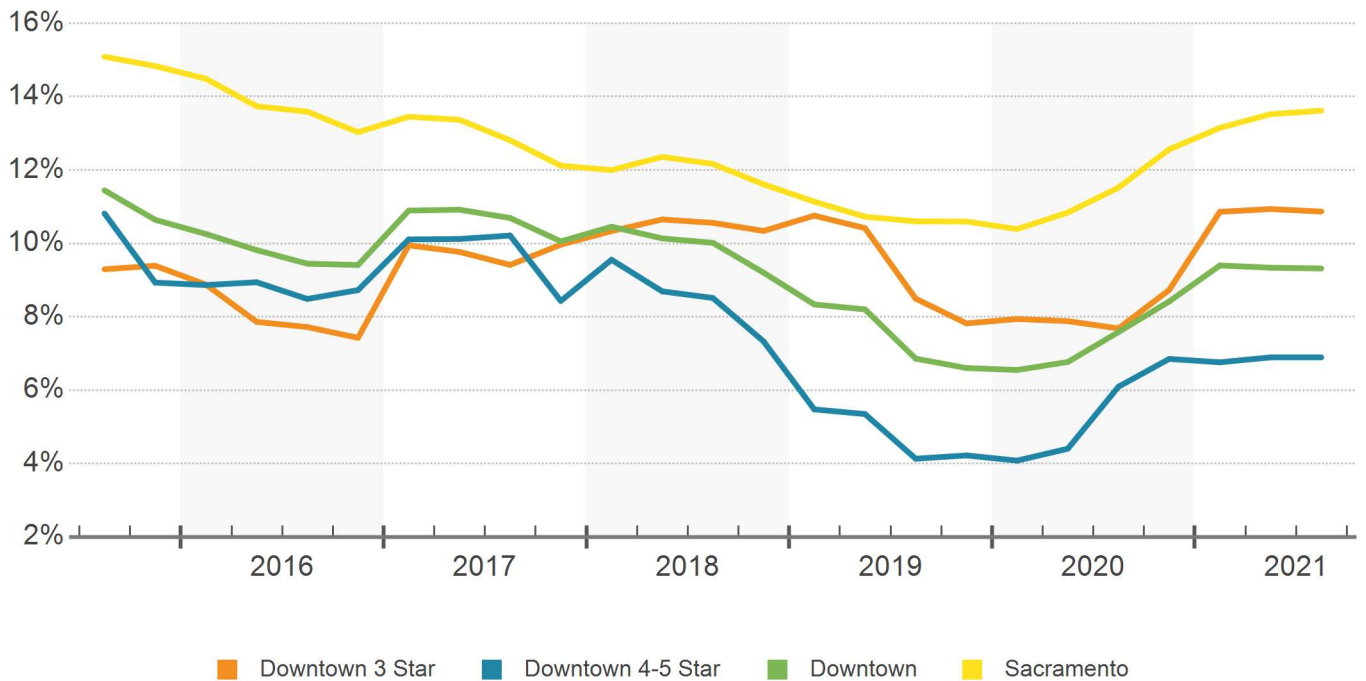
NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



AVAILABILITY RATE



4 & 5 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
400 R St	★ ★ ★ ★ ★	230,074	1	2,737	22.5%	4,790
925 L St	★ ★ ★ ★ ★	165,919	5	11,550	4.8%	419
Meridian Plaza 1415 L St	★ ★ ★ ★ ★	229,109	3	5,357	6.7%	(1,844)
1303 J St	★ ★ ★ ★ ★	72,825	3	11,785	7.5%	(7,998)
Senator Office Building 1121-1123 L St	★ ★ ★ ★ ★	180,123	3	4,251	7.6%	(8,727)
Park Tower 980 9th St	★ ★ ★ ★ ★	489,171	2	6,040	7.4%	(11,065)
Bank of the West Tower 500 Capitol Mall	★ ★ ★ ★ ★	445,984	1	3,495	6.6%	(12,596)
Plaza Five Fifty Five 555 Capitol Mall	★ ★ ★ ★ ★	389,064	5	16,995	7.4%	(13,209)
One Capitol Mall 1 Capitol Mall	★ ★ ★ ★ ★	185,950	1	8,146	7.2%	(19,715)
1201 K Street 1201 K St	★ ★ ★ ★ ★	241,996	6	12,962	6.1%	(20,709)
Wells Fargo Center 400 Capitol Mall	★ ★ ★ ★ ★	500,662	2	6,256	13.1%	(57,645)
U.S. Bank Tower 621 Capitol Mall	★ ★ ★ ★ ★	380,000	2	5,260	21.6%	(82,783)

3 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
Capitol Place 915 L St	★ ★ ★ ★ ★	163,840	3	10,034	5.0%	6,226
Sacramento Co Employment... 800 H St	★ ★ ★ ★ ★	39,000	1	5,480	16.1%	5,523
Court Plaza 901 H St	★ ★ ★ ★ ★	44,000	4	3,110	22.2%	2,765
1300 1300-1302 S St	★ ★ ★ ★ ★	4,800	1	2,400	20.0%	2,400
The Fratt Building 200 K St	★ ★ ★ ★ ★	15,000	2	1,310	39.0%	126
The Forum Building 1107 9th St	★ ★ ★ ★ ★	114,165	3	5,335	5.2%	(378)
1020 11th St	★ ★ ★ ★ ★	30,420	1	2,650	5.2%	(2,650)
455 Capitol Mall	★ ★ ★ ★ ★	126,849	4	10,843	13.5%	(5,961)

Downtown office rents are in decline. Thanks to the tepid recent demand and rising vacancies, the average rent has decreased -0.8% over the past 12 months. In stark contrast, annual gains averaged 4.2% over the past three years. Moreover, Downtown rent growth at the start of 2020 was among the strongest in the nation among all office submarkets.

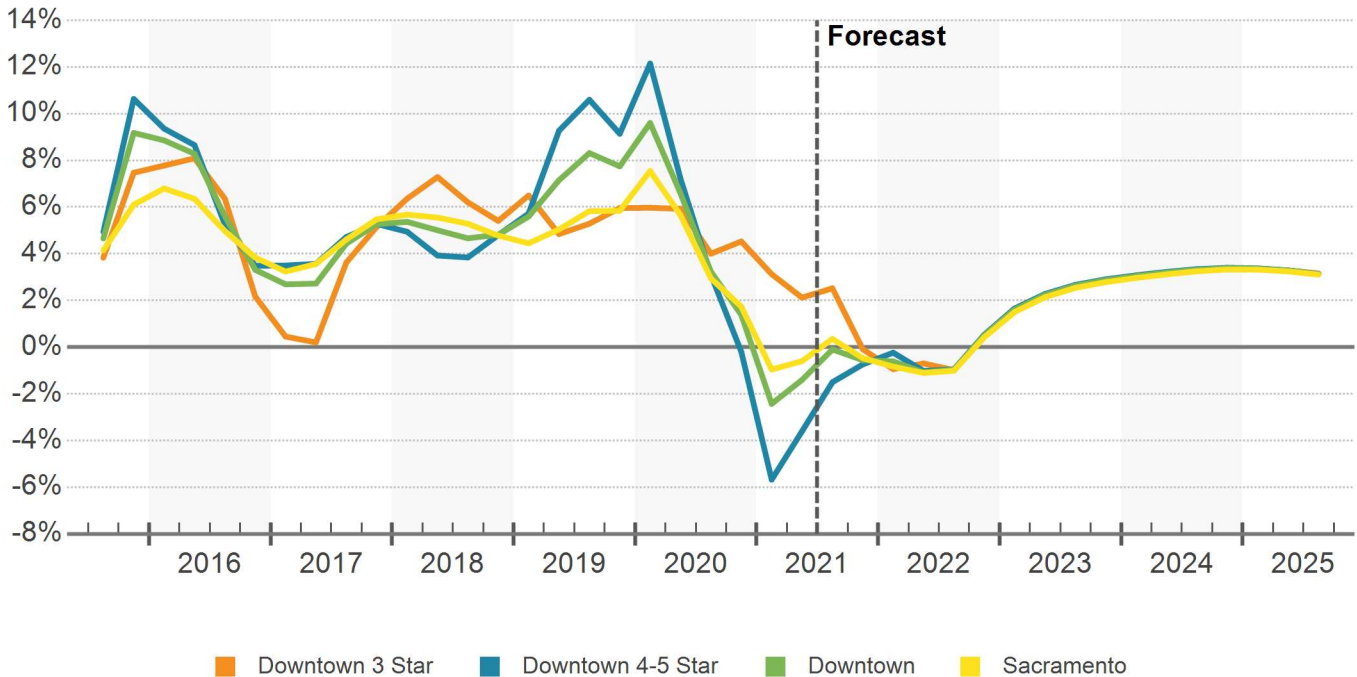
The average asking rent is \$33.80/SF, or approximately 25% greater than the metro average. Compared to neighboring submarkets, rents here exceed those of Midtown by around 20% and South Natomas by about 10%. Midtown primarily consists of low-rise buildings, and upper-tier supply is limited. South Natomas, on the other hand, offers an abundance of high-end inventory:

Nearly two-thirds of submarket product is 4 & 5 Star.

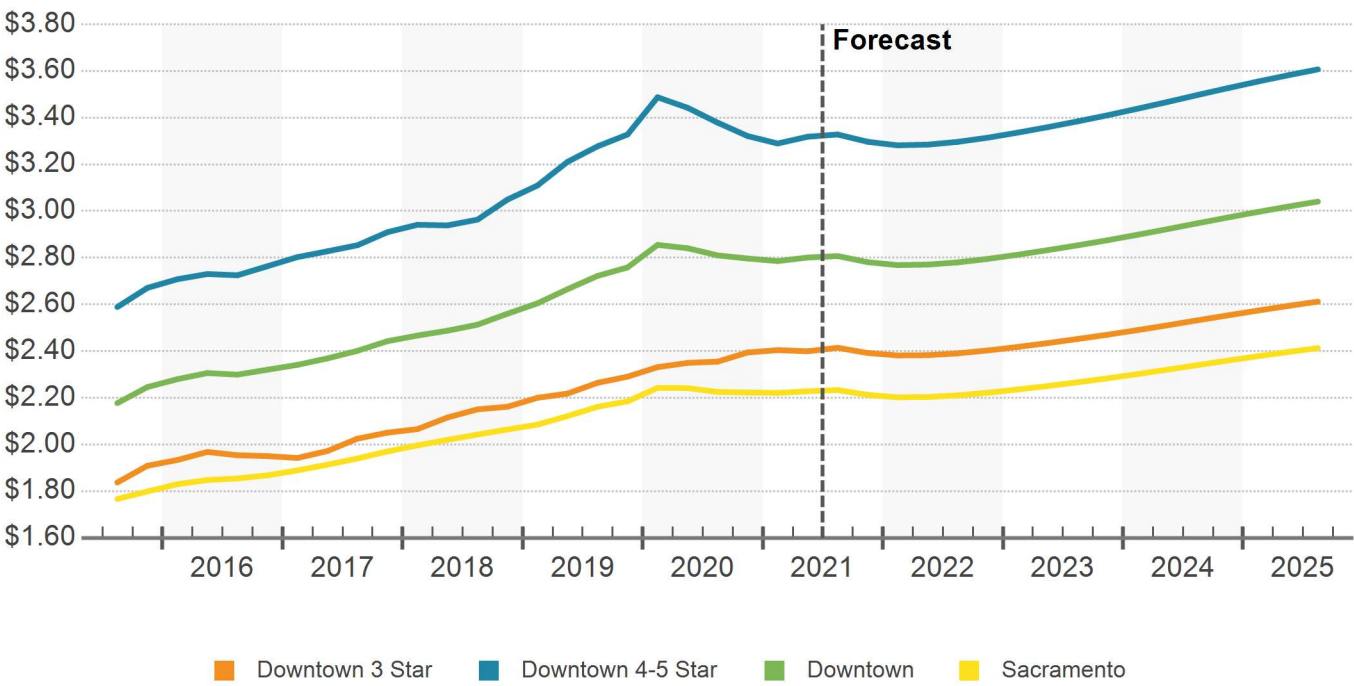
Downtown tenants pay a significant premium for high-end buildings. Before the pandemic and recession, demand for high-quality space was easily outpacing that of low- and mid-tier assets, and rent growth consequently beat that of other slices. As a result, the average asking rent for 4 & 5 Star assets is approximately 40% higher than those of 3 Star.

Moreover, the spread between rents for 4 & 5 Star product Downtown and rents for 4 & 5 Star product in the wider metro had expanded in recent years. Downtown 4 & 5 Star rents are about 20% higher than rents for similar product in the greater metro.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



Currently, 1.7 million SF is under construction Downtown, which will increase submarket inventory by 8.0%. This is in stark contrast to recent years; since 2010, supply Downtown has actually decreased. A number of office buildings were demolished to make way for the Golden 1 Center, while the only notable delivery during the past cycle was a new 155,000-SF headquarters for the California State Lottery Commission, which completed construction in 2011.

The only projects currently underway are similarly government buildings, including a new home for the California Natural Resources Agency. Located on P Street, the 21-story, 838,000-SF building is scheduled to deliver in 2022. And at the corner of 10th and O streets, the state is constructing a 472,000-SF property that will serve as swing space for the Capitol Annex. Lastly, the California Department of General Services is underway on its new 11-story, 360,000-SF tower at 1215 O St. Expected to wrap up construction in 2022, the building is slated to house workers from numerous state agencies.

While office projects have yet to break ground there, the Railyards, a 240-acre redevelopment site that was once home to the largest railroad facility west of the Mississippi River, is finally coming to fruition after many starts and stops. Envisioned as a mixed-use, regional destination, the Railyards gained momentum after the city of Sacramento won the rights to an MLS franchise in

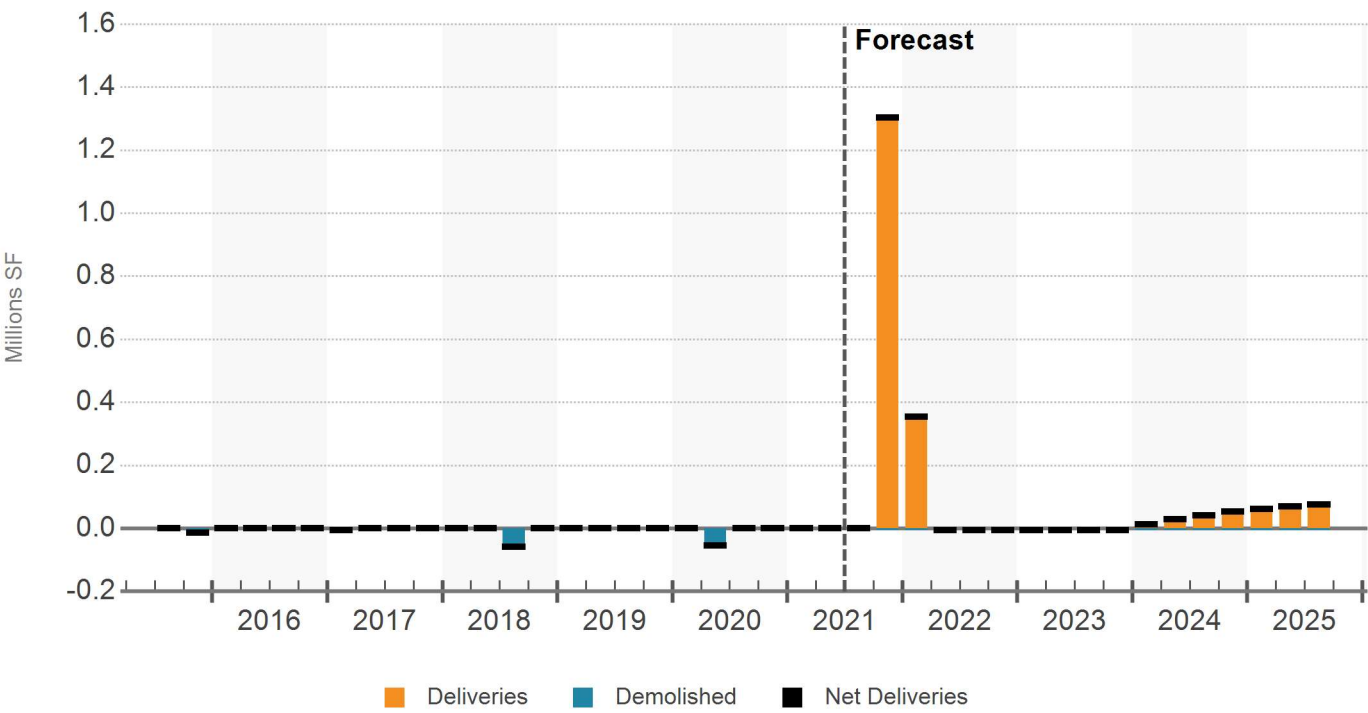
2019. Moreover, Kaiser Permanente closed on 18 acres of land for its long-awaited hospital. First announced by Kaiser in 2015, the site is expected to house a state-of-the-art medical center and replace the company's existing hospital in the Howe Ave/Fulton Ave/Watt Ave Submarket.

The SMUD Museum of Science and Curiosity and a multifamily project are underway in the Railyards, plus an office building the state of California expects to occupy may soon break ground. Still, the pandemic has introduced some hurdles. The MLS team was slated to begin play in 2023 in a new 22,500-seat stadium, but in February, the team's lead investor pulled out, and its status appears to be uncertain. Originally, the team was to join the MLS in 2022, but last summer it was announced the inaugural season would be pushed back because of the virus.

Another Railyards project that appeared to be on the horizon was The Foundry, a two-building, 300,000-SF office development. But with the nation in recession, The Foundry may not break ground until at least next summer. And Kaiser has yet to announce when construction could start on the company's hospital.

Outside of the Railyards, developable land is sparse. As a result, any new projects here are usually redevelopments, and supply gains are expected to remain limited.

DELIVERIES & DEMOLITIONS



Construction

Downtown Office

All-Time Annual Avg. Square Feet

187,524

Delivered Square Feet Past 8 Qtrs

0

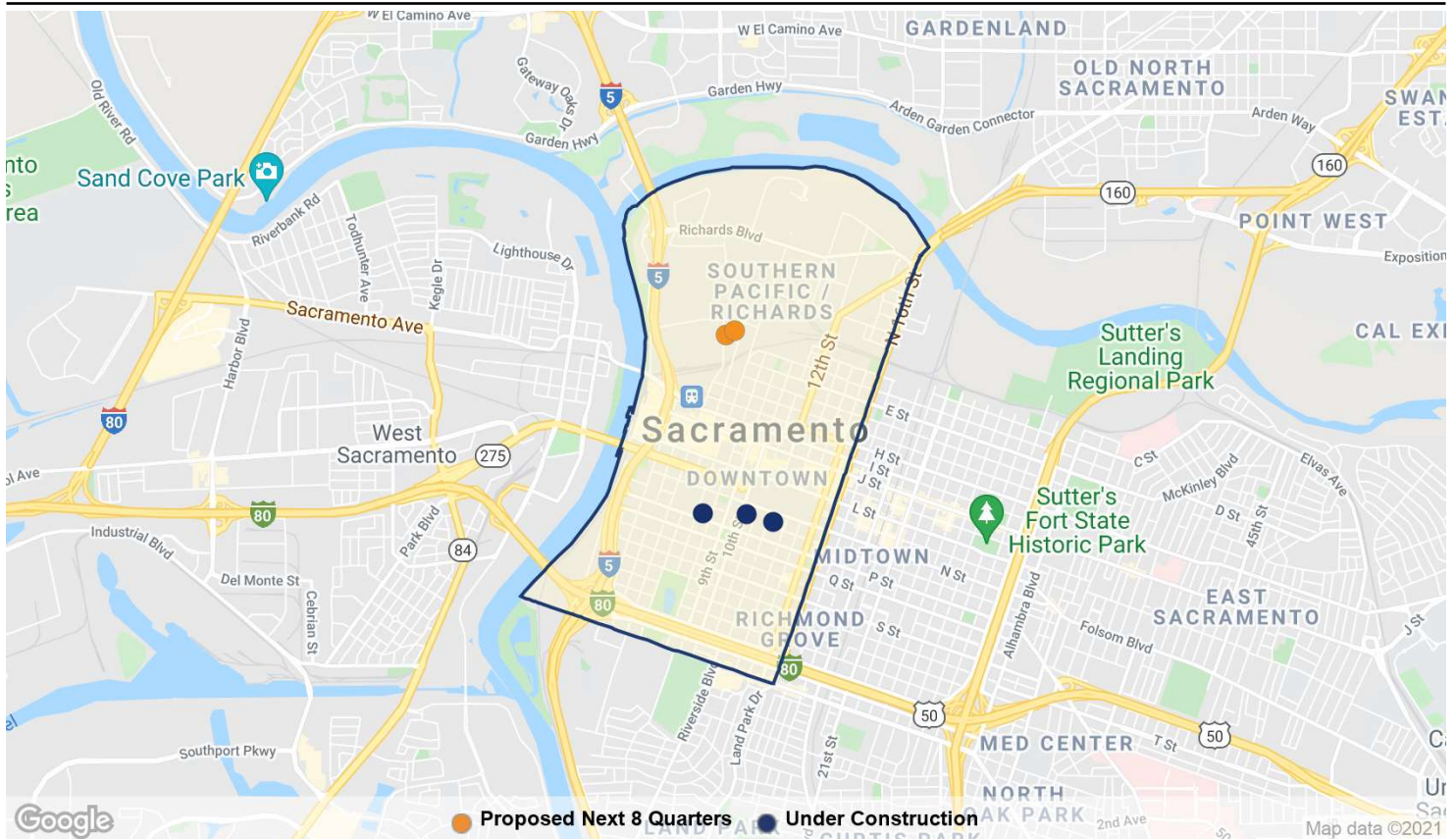
Delivered Square Feet Next 8 Qtrs

1,670,000

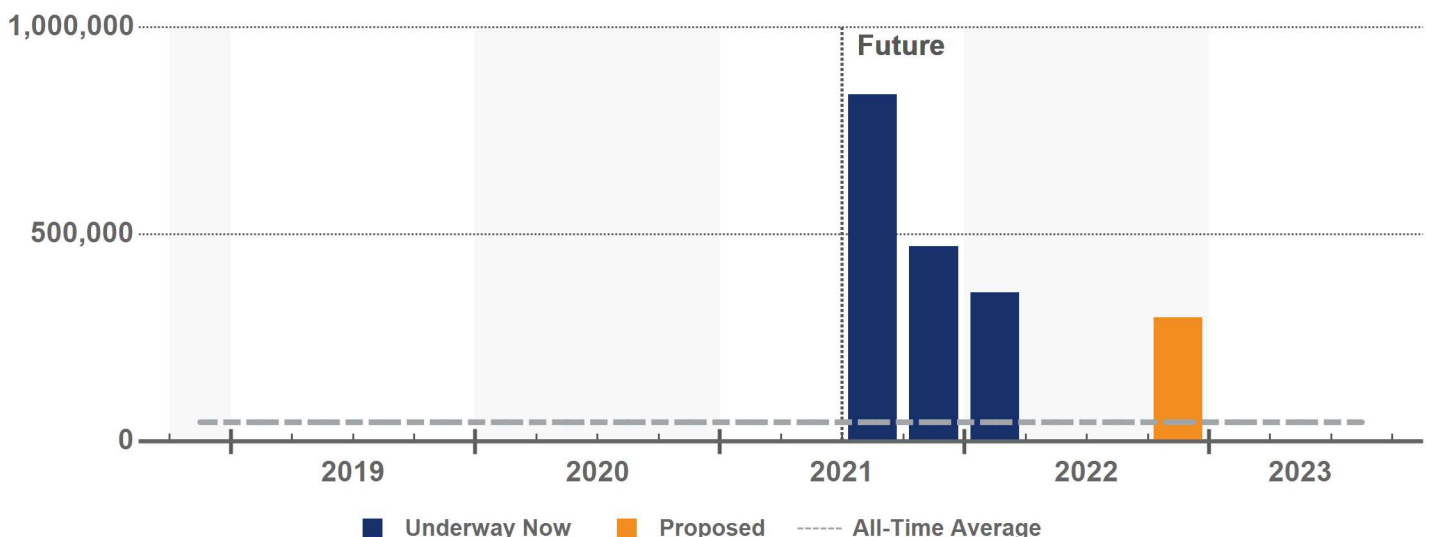
Proposed Square Feet Next 8 Qtrs

300,000

PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



PAST & FUTURE DELIVERIES IN SQUARE FEET



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	California Natural Resou... 715 P St	★ ★ ★ ★ ★	838,000	21	Jan 2019	Sep 2021	AC Martin Partners, Inc. State of California
2	Capitol Annex Expansion 1021 O St	★ ★ ★ ★ ★	472,000	10	Jun 2019	Oct 2021	- -
3	California Department of... 1215 O St	★ ★ ★ ★ ★	360,000	11	Oct 2018	Feb 2022	Rudolph & Sletten Inc State of California

PROPOSED

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	The Foundry I N 7th St	★ ★ ★ ★ ★	150,000	6	Aug 2021	Nov 2022	Downtown Railyard Venture LLC Downtown Railyard Venture LLC
2	The Foundry II N 7th St	★ ★ ★ ★ ★	150,000	6	Aug 2021	Nov 2022	Downtown Railyard Venture LLC Downtown Railyard Venture LLC

Downtown typically sees a limited number of office trades, but that trend has been even more pronounced since the start of the pandemic. Approaching the year's halfway point, few deals of note had occurred, after only a single-digit number of transactions recorded in 2020. In contrast, this submarket has averaged 17 trades annually over the past five years. Potential buyers may be questioning long-term office demand, given how quickly workers were able to transition to working from home.

One of the year's largest deals thus far was for 1300 U St. In January, Los Angeles-based Clippinger Investment Properties acquired the 3 Star, 47,500-SF building from a Greenbrae-based individual for \$9.86 million (\$208/SF). Constructed in 1910 and renovated in 1984, the single-story property sits on three parcels totaling 1.33 acres. Vacant since the Department of Forestry and Fire Protection moved out in 2019, the property was available for lease at an asking rate of \$25.20/SF full service as of 21Q2.

Another notable recent trade was for 660 J St., part of Downtown Commons. Last August, Argosy Capital and RevOz Capital picked up the 124,500-SF property from the joint venture of Sacramento Kings Limited Partnership and JMA Ventures for \$20.2 million (\$162/SF). The asset is under renovation, and that effort may wrap up before year's end. In 2019, a 96,300-SF portion of 660 J St. was leased to WeWork, and the co-working giant was expected to take occupancy of the space this year. However, that lease has been canceled in the wake of the company's ongoing financial

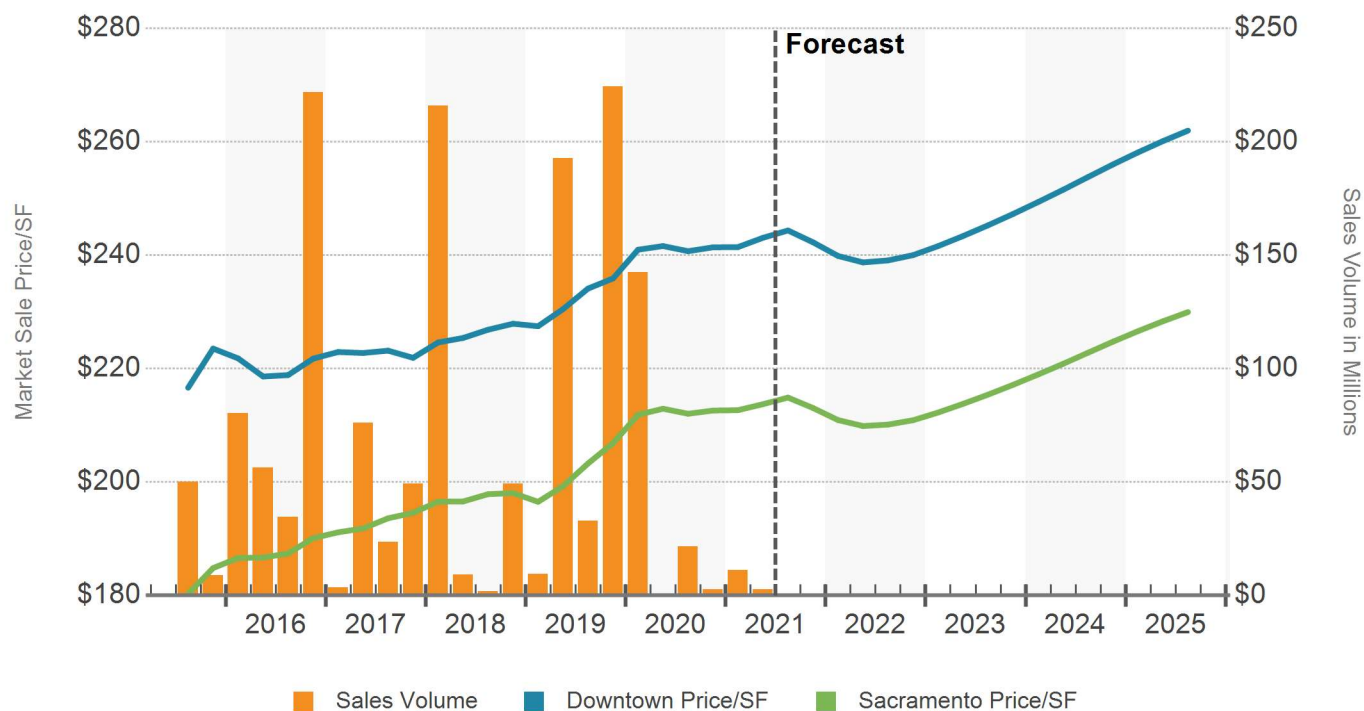
challenges, as well as the weak demand for co-working space because of the virus. It should be noted that WeWork's lease termination is not unique to Sacramento. The company has reportedly renegotiated or canceled a number of its leases throughout the U.S.

Over the past five years, annual investment volume here has averaged \$268 million, and that has been driven in part by the sale of a number of Downtown's most notable assets. In 2020, Singapore-based Prime US REIT picked up Park Tower and two associated parking structures for \$165.5 million; in 2019, a joint venture of The Evergreen Company and United Auburn Indian Community purchased Emerald Tower for \$127 million (\$329/SF); and in 2018, San Francisco-based Shorenstein Properties acquired the U.S. Bank Tower for \$181 million (\$439/SF).

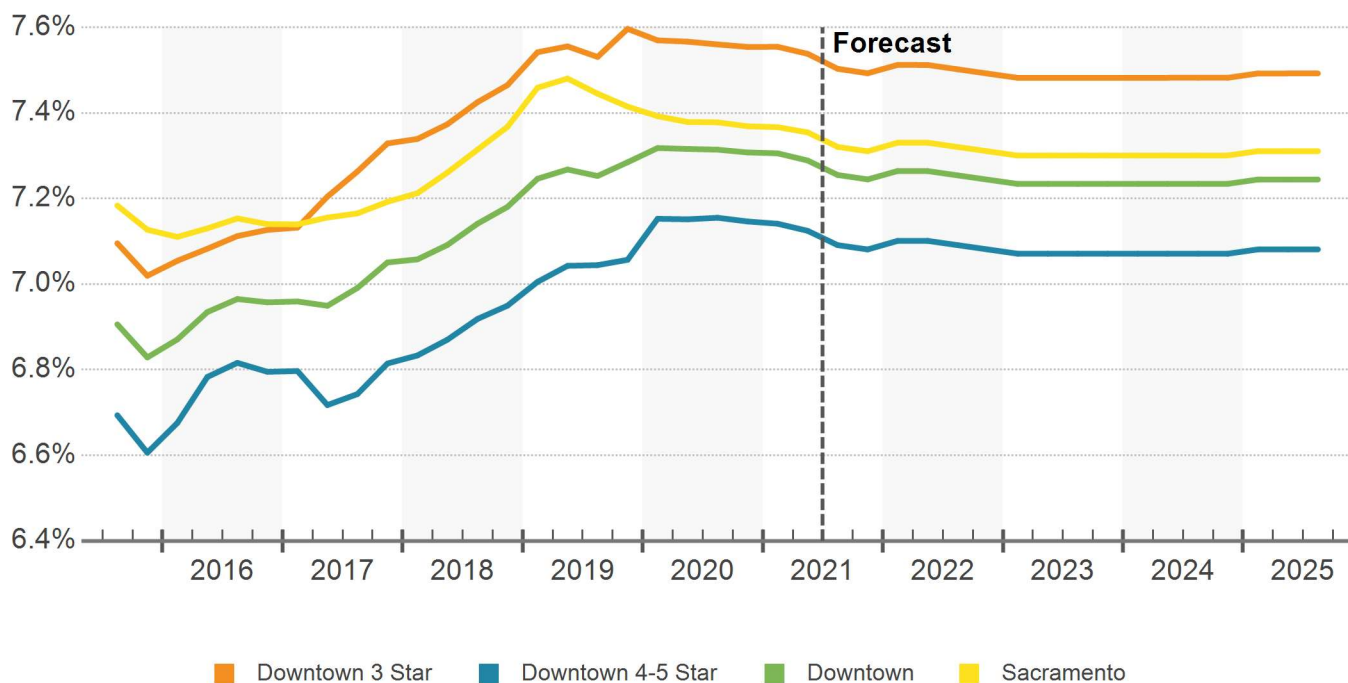
Despite Downtown's weakening fundamentals, valuations have remained healthy. Over the past 12 months, the average market sale price, which is based on the estimated price movement of all properties in the market, informed by actual transactions, is \$240/SF. By comparison, market pricing over the past three years averaged \$240/SF. The average market cap rate is 7.3%, virtually unchanged from the past couple of years.

Downtown office investors tend to be metro based, and this past cycle, private capital accounted for the majority of sales volume. However, institutional, private equity, and REIT buyers have been active, as well. Since 2010, almost half of all invested capital here has originated from the three groups.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

Downtown Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

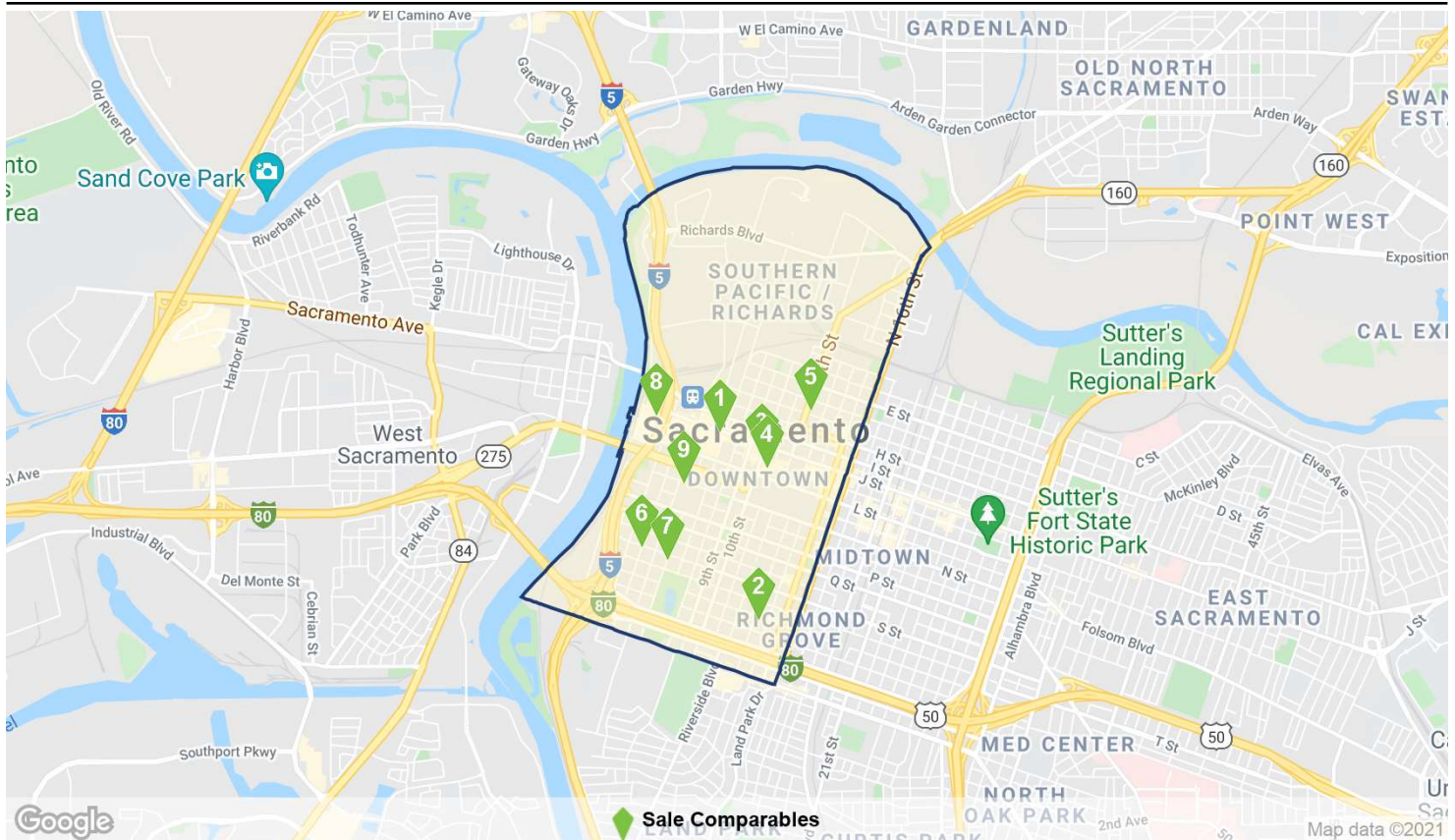
9

4.9%

\$193

20.7%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$550,000	\$5,031,786	\$1,267,500	\$20,200,000
Price/SF	\$148	\$193	\$264	\$1,334
Cap Rate	4.0%	4.9%	4.9%	5.8%
Time Since Sale in Months	1.2	6.6	6.7	10.6
Property Attributes	Low	Average	Median	High
Building SF	2,533	27,167	4,386	124,471
Stories	1	2	1	4
Typical Floor SF	1,076	13,211	3,240	47,514
Vacancy Rate At Sale	0%	20.7%	0%	80.1%
Year Built	1910	1953	1971	1986
Star Rating	★★★★★	★★★★★ 2.3	★★★★★	★★★★★

Sales Past 12 Months

Downtown Office

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 XC 660 J St	★★★★★	1982	124,471	80.1%	8/21/2020	\$20,200,000	\$162	-
2 1300 U St	★★★★★	1910	47,514	0%	1/26/2021	\$9,865,000	\$208	-
3 K Street West 1001 K St	★★★★★	1940	7,755	0%	6/2/2021	\$2,600,000	\$335	5.8%
4 1112 11th St	★★★★★	1920	3,240	0%	12/15/2020	\$1,750,000	\$540	-
5 1207-1215 G St	★★★★★	1986	4,800	0%	9/29/2020	\$1,267,500	\$264	-
6 400 S St	★★★★★	1984	2,533	0%	11/20/2020	\$940,000	\$371	-
7 1915 6th St	★★★★★	1917	4,386	0%	2/17/2021	\$650,000	\$148	-
8 1015 2nd St	★★★★★	1971	3,228	0%	3/17/2021	\$550,000	\$170	4.0%
9 500 N 500 N St	★★★★★	1980	329	0%	8/21/2020	\$439,000	\$1,334	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	22,979,115	286,230	1.3%	261,177	1.1%	1.1
2024	22,692,885	135,757	0.6%	194,304	0.9%	0.7
2023	22,557,128	(25,001)	-0.1%	122,749	0.5%	-
2022	22,582,129	334,991	1.5%	1,331,163	5.9%	0.3
2021	22,247,138	1,303,842	6.2%	(55,795)	-0.3%	-
YTD	20,943,296	0	0%	(174,038)	-0.8%	-
2020	20,943,296	(54,032)	-0.3%	(162,818)	-0.8%	-
2019	20,997,328	0	0%	163,936	0.8%	0
2018	20,997,328	(59,751)	-0.3%	239,079	1.1%	-
2017	21,057,079	(6,000)	0%	17,052	0.1%	-
2016	21,063,079	0	0%	158,524	0.8%	0
2015	21,063,079	(14,976)	-0.1%	22,682	0.1%	-
2014	21,078,055	(133,943)	-0.6%	154,347	0.7%	-
2013	21,211,998	0	0%	(297,611)	-1.4%	-
2012	21,211,998	(127,643)	-0.6%	(13,619)	-0.1%	-
2011	21,339,641	155,000	0.7%	(44,761)	-0.2%	-
2010	21,184,641	(74,000)	-0.3%	(322,740)	-1.5%	-
2009	21,258,641	428,284	2.1%	560,612	2.6%	0.8

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	11,875,019	311,988	2.7%	262,545	2.2%	1.2
2024	11,563,031	161,477	1.4%	162,408	1.4%	1.0
2023	11,401,554	747	0%	76,712	0.7%	0
2022	11,400,807	360,000	3.3%	1,098,200	9.6%	0.3
2021	11,040,807	838,000	8.2%	(129,070)	-1.2%	-
YTD	10,202,807	0	0%	(125,546)	-1.2%	-
2020	10,202,807	0	0%	(128,286)	-1.3%	-
2019	10,202,807	0	0%	239,819	2.4%	0
2018	10,202,807	0	0%	72,820	0.7%	0
2017	10,202,807	0	0%	208,003	2.0%	0
2016	10,202,807	0	0%	43,470	0.4%	0
2015	10,202,807	0	0%	71,830	0.7%	0
2014	10,202,807	0	0%	(21,949)	-0.2%	-
2013	10,202,807	0	0%	(194,413)	-1.9%	-
2012	10,202,807	0	0%	32,059	0.3%	0
2011	10,202,807	155,000	1.5%	234,667	2.3%	0.7
2010	10,047,807	0	0%	(5,231)	-0.1%	-
2009	10,047,807	445,984	4.6%	434,260	4.3%	1.0

Supply & Demand Trends

Downtown Office

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	8,220,209	0	0%	18,586	0.2%	0
2024	8,220,209	0	0%	41,214	0.5%	0
2023	8,220,209	0	0%	61,599	0.7%	0
2022	8,220,209	0	0%	236,673	2.9%	0
2021	8,220,209	472,000	6.1%	80,452	1.0%	5.9
YTD	7,748,209	0	0%	(51,443)	-0.7%	-
2020	7,748,209	(22,880)	-0.3%	2,125	0%	-
2019	7,771,089	0	0%	(66,986)	-0.9%	-
2018	7,771,089	0	0%	53,557	0.7%	0
2017	7,771,089	0	0%	(205,553)	-2.6%	-
2016	7,771,089	0	0%	70,158	0.9%	0
2015	7,771,089	0	0%	(29,386)	-0.4%	-
2014	7,771,089	(133,943)	-1.7%	115,785	1.5%	-
2013	7,905,032	0	0%	(74,630)	-0.9%	-
2012	7,905,032	(21,000)	-0.3%	(45,955)	-0.6%	-
2011	7,926,032	0	0%	(135,513)	-1.7%	-
2010	7,926,032	(74,000)	-0.9%	(190,798)	-2.4%	-
2009	8,000,032	0	0%	96,626	1.2%	0

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	2,883,887	(25,758)	-0.9%	(19,954)	-0.7%	-
2024	2,909,645	(25,720)	-0.9%	(9,318)	-0.3%	-
2023	2,935,365	(25,748)	-0.9%	(15,562)	-0.5%	-
2022	2,961,113	(25,009)	-0.8%	(3,710)	-0.1%	-
2021	2,986,122	(6,158)	-0.2%	(7,177)	-0.2%	-
YTD	2,992,280	0	0%	2,951	0.1%	0
2020	2,992,280	(31,152)	-1.0%	(36,657)	-1.2%	-
2019	3,023,432	0	0%	(8,897)	-0.3%	-
2018	3,023,432	(59,751)	-1.9%	112,702	3.7%	-
2017	3,083,183	(6,000)	-0.2%	14,602	0.5%	-
2016	3,089,183	0	0%	44,896	1.5%	0
2015	3,089,183	(14,976)	-0.5%	(19,762)	-0.6%	-
2014	3,104,159	0	0%	60,511	1.9%	0
2013	3,104,159	0	0%	(28,568)	-0.9%	-
2012	3,104,159	(106,643)	-3.3%	277	0%	-
2011	3,210,802	0	0%	(143,915)	-4.5%	-
2010	3,210,802	0	0%	(126,711)	-3.9%	-
2009	3,210,802	(17,700)	-0.5%	29,726	0.9%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$3.06	125	3.0%	9.4%	1,700,922	7.4%	0%
2024	\$2.97	122	3.4%	6.3%	1,675,522	7.4%	-0.3%
2023	\$2.88	118	2.9%	2.8%	1,733,736	7.7%	-0.6%
2022	\$2.80	114	0.5%	-0.1%	1,881,198	8.3%	-4.6%
2021	\$2.78	114	-0.6%	-0.6%	2,877,002	12.9%	5.7%
YTD	\$2.82	115	0.7%	0.7%	1,691,291	8.1%	0.8%
2020	\$2.80	114	1.4%	0%	1,517,253	7.2%	0.5%
2019	\$2.76	113	7.7%	-1.4%	1,408,467	6.7%	-0.8%
2018	\$2.56	105	4.8%	-8.5%	1,572,403	7.5%	-1.4%
2017	\$2.44	100	5.3%	-12.7%	1,871,233	8.9%	-0.1%
2016	\$2.32	95	3.3%	-17.0%	1,894,285	9.0%	-0.8%
2015	\$2.25	92	9.2%	-19.7%	2,052,809	9.7%	-0.2%
2014	\$2.06	84	-0.3%	-26.4%	2,090,467	9.9%	-1.3%
2013	\$2.06	84	2.6%	-26.2%	2,378,757	11.2%	1.4%
2012	\$2.01	82	-1.1%	-28.1%	2,081,146	9.8%	-0.5%
2011	\$2.03	83	-4.5%	-27.3%	2,195,170	10.3%	0.9%
2010	\$2.13	87	-5.5%	-23.9%	1,995,409	9.4%	1.2%
2009	\$2.25	92	-7.8%	-19.4%	1,746,669	8.2%	-0.8%

4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$3.63	129	3.0%	9.1%	725,347	6.1%	0.3%
2024	\$3.53	125	3.4%	6.0%	675,977	5.8%	-0.1%
2023	\$3.41	121	2.9%	2.5%	676,975	5.9%	-0.7%
2022	\$3.31	117	0.5%	-0.4%	752,960	6.6%	-6.9%
2021	\$3.30	117	-0.7%	-0.9%	1,491,160	13.5%	8.4%
YTD	\$3.34	118	0.5%	0.3%	649,637	6.4%	1.2%
2020	\$3.32	118	-0.2%	-0.2%	524,091	5.1%	1.3%
2019	\$3.33	118	9.1%	0%	395,805	3.9%	-2.4%
2018	\$3.05	108	4.8%	-8.4%	635,624	6.2%	-0.7%
2017	\$2.91	103	5.3%	-12.6%	708,444	6.9%	-2.0%
2016	\$2.76	98	3.5%	-17.0%	916,447	9.0%	-0.4%
2015	\$2.67	95	10.6%	-19.7%	959,917	9.4%	-0.7%
2014	\$2.41	86	-2.0%	-27.5%	1,031,747	10.1%	0.2%
2013	\$2.46	87	3.8%	-26.0%	1,009,798	9.9%	1.9%
2012	\$2.37	84	-0.6%	-28.7%	815,385	8.0%	-0.3%
2011	\$2.39	85	-3.8%	-28.2%	847,444	8.3%	-0.9%
2010	\$2.48	88	-4.8%	-25.4%	927,111	9.2%	0.1%
2009	\$2.61	92	-7.6%	-21.6%	921,880	9.2%	-0.3%

3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$2.63	121	3.0%	9.9%	691,565	8.4%	-0.2%
2024	\$2.55	117	3.4%	6.6%	710,151	8.6%	-0.5%
2023	\$2.47	113	2.8%	3.2%	751,365	9.1%	-0.7%
2022	\$2.40	110	0.5%	0.4%	812,964	9.9%	-2.9%
2021	\$2.39	110	-0.1%	-0.1%	1,049,637	12.8%	4.3%
YTD	\$2.42	111	1.0%	1.0%	709,534	9.2%	0.7%
2020	\$2.39	110	4.5%	0%	658,091	8.5%	-0.3%
2019	\$2.29	105	6.0%	-4.3%	683,096	8.8%	0.9%
2018	\$2.16	99	5.4%	-9.7%	616,110	7.9%	-0.7%
2017	\$2.05	94	5.2%	-14.3%	669,667	8.6%	2.6%
2016	\$1.95	89	2.2%	-18.5%	464,114	6.0%	-0.9%
2015	\$1.91	88	7.5%	-20.3%	534,272	6.9%	0.4%
2014	\$1.78	81	2.1%	-25.8%	504,886	6.5%	-3.0%
2013	\$1.74	80	1.5%	-27.3%	754,614	9.5%	0.9%
2012	\$1.71	79	-2.7%	-28.4%	679,984	8.6%	0.3%
2011	\$1.76	81	-6.2%	-26.4%	655,029	8.3%	1.7%
2010	\$1.88	86	-6.4%	-21.5%	519,516	6.6%	1.5%
2009	\$2.01	92	-8.0%	-16.2%	402,718	5.0%	-1.2%

1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$2.07	120	3.0%	8.9%	284,010	9.8%	-0.1%
2024	\$2.01	117	3.4%	5.7%	289,394	9.9%	-0.5%
2023	\$1.95	113	2.8%	2.3%	305,396	10.4%	-0.2%
2022	\$1.89	110	0.5%	-0.5%	315,274	10.6%	-0.6%
2021	\$1.89	109	-1.0%	-1.0%	336,205	11.3%	0.1%
YTD	\$1.93	112	1.1%	1.1%	332,120	11.1%	-0.1%
2020	\$1.90	110	1.5%	0%	335,071	11.2%	0.3%
2019	\$1.88	109	4.6%	-1.5%	329,566	10.9%	0.3%
2018	\$1.79	104	3.0%	-5.9%	320,669	10.6%	-5.4%
2017	\$1.74	101	5.6%	-8.6%	493,122	16.0%	-0.6%
2016	\$1.65	96	6.0%	-13.5%	513,724	16.6%	-1.5%
2015	\$1.55	90	5.7%	-18.4%	558,620	18.1%	0.2%
2014	\$1.47	85	3.0%	-22.8%	553,834	17.8%	-1.9%
2013	\$1.43	83	-1.1%	-25.1%	614,345	19.8%	0.9%
2012	\$1.44	84	1.2%	-24.2%	585,777	18.9%	-2.7%
2011	\$1.43	83	-2.9%	-25.2%	692,697	21.6%	4.5%
2010	\$1.47	85	-7.3%	-22.9%	548,782	17.1%	3.9%
2009	\$1.58	92	-8.2%	-16.9%	422,071	13.1%	-1.4%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$263.66	141	7.3%
2024	-	-	-	-	-	-	\$256	137	7.2%
2023	-	-	-	-	-	-	\$247.26	132	7.2%
2022	-	-	-	-	-	-	\$240.01	128	7.2%
2021	-	-	-	-	-	-	\$242.27	129	7.2%
YTD	4	\$13.7M	0.3%	\$3,688,333	\$217.31	4.9%	\$244.71	131	7.3%
2020	8	\$166.4M	3.5%	\$20,806,078	\$226.63	-	\$241.38	129	7.3%
2019	16	\$459M	8.6%	\$30,599,503	\$256.76	7.2%	\$235.90	126	7.3%
2018	16	\$275.9M	4.4%	\$22,980,040	\$305.58	5.9%	\$227.91	122	7.2%
2017	26	\$152.5M	4.7%	\$9,530,481	\$166.03	7.4%	\$221.91	119	7.1%
2016	26	\$392.6M	8.0%	\$17,698,614	\$235.77	6.4%	\$221.76	118	7.0%
2015	19	\$98.9M	3.0%	\$6,018,899	\$155.66	7.3%	\$223.53	119	6.8%
2014	21	\$251.7M	6.8%	\$14,738,445	\$177.26	-	\$206.13	110	7.0%
2013	20	\$51.6M	1.8%	\$3,674,876	\$136.52	6.5%	\$198.12	106	7.1%
2012	10	\$16.9M	1.9%	\$2,108,258	\$43.26	-	\$190.52	102	7.3%
2011	20	\$41.7M	2.4%	\$3,657,365	\$88.30	10.0%	\$189.93	101	7.4%
2010	4	\$6.7M	0.3%	\$1,677,844	\$105.85	-	\$177.06	95	7.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$319.72	139	7.1%
2024	-	-	-	-	-	-	\$310.53	135	7.1%
2023	-	-	-	-	-	-	\$299.91	131	7.1%
2022	-	-	-	-	-	-	\$291.05	127	7.1%
2021	-	-	-	-	-	-	\$293.81	128	7.1%
YTD	-	-	-	-	-	-	\$296.61	129	7.1%
2020	2	\$138.8M	5.6%	\$69,386,563	\$240.80	-	\$292.47	127	7.1%
2019	2	\$325.8M	8.9%	\$162,875,000	\$359.65	7.2%	\$286.43	125	7.1%
2018	4	\$252.6M	7.2%	\$84,133,333	\$345.52	6.3%	\$276.17	120	6.9%
2017	3	\$126.5M	7.1%	\$42,172,336	\$173.81	6.9%	\$269.51	117	6.8%
2016	4	\$283.1M	9.1%	\$94,233,333	\$305.96	6.4%	\$268.48	117	6.8%
2015	3	\$57.3M	2.6%	\$28,381,250	\$212.27	5.6%	\$274.40	119	6.6%
2014	5	\$217.6M	9.4%	\$72,141,353	\$226.82	-	\$254.25	111	6.7%
2013	5	\$31.8M	1.8%	\$29,400,000	\$174.08	6.5%	\$244.34	106	6.9%
2012	-	-	-	-	-	-	\$234.98	102	7.0%
2011	3	\$30.1M	3.2%	\$10,028,466	\$92.35	-	\$234.20	102	7.1%
2010	-	-	-	-	-	-	\$217.65	95	7.5%

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3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$207.01	140	7.5%
2024	-	-	-	-	-	-	\$200.84	135	7.5%
2023	-	-	-	-	-	-	\$193.99	131	7.5%
2022	-	-	-	-	-	-	\$188.35	127	7.5%
2021	-	-	-	-	-	-	\$190.14	128	7.5%
YTD	1	\$9.9M	0.6%	\$9,865,000	\$207.62	-	\$191.67	129	7.5%
2020	2	\$23M	1.8%	\$11,484,000	\$164.56	-	\$189.24	128	7.6%
2019	7	\$107M	9.7%	\$15,291,792	\$141.74	-	\$184.47	124	7.6%
2018	4	\$10M	1.4%	\$2,497,091	\$92.78	-	\$180.35	122	7.5%
2017	5	\$8.3M	0.9%	\$1,654,580	\$113.70	9.3%	\$175.63	118	7.3%
2016	9	\$94.4M	8.5%	\$11,436,461	\$142.53	6.4%	\$178.28	120	7.1%
2015	5	\$21.3M	2.2%	\$4,260,599	\$124.21	-	\$177.67	120	7.0%
2014	5	\$18.5M	4.1%	\$3,707,500	\$58.86	-	\$163.12	110	7.2%
2013	3	\$6.6M	0.8%	\$2,208,333	\$101.38	-	\$156.76	106	7.3%
2012	2	\$7.5M	3.2%	\$3,735,531	\$29.36	-	\$150.58	101	7.5%
2011	2	\$1.6M	0.2%	\$810,000	\$86.26	-	\$150.40	101	7.6%
2010	1	\$3M	0.4%	\$3,000,000	\$104.36	-	\$140.67	95	8.0%

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1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$206.86	156	7.2%
2024	-	-	-	-	-	-	\$200.88	151	7.2%
2023	-	-	-	-	-	-	\$194.10	146	7.2%
2022	-	-	-	-	-	-	\$188.52	142	7.2%
2021	-	-	-	-	-	-	\$190.19	143	7.2%
YTD	3	\$3.8M	0.5%	\$600,000	\$247.25	4.9%	\$193.72	146	7.2%
2020	4	\$4.7M	0.6%	\$1,176,875	\$253.46	-	\$191.06	144	7.2%
2019	7	\$26.2M	4.9%	\$4,366,667	\$206.79	-	\$185.73	140	7.3%
2018	8	\$13.4M	3.1%	\$2,674,423	\$207.79	4.8%	\$175.75	132	7.3%
2017	18	\$17.7M	5.9%	\$2,212,224	\$150.28	7.2%	\$168.70	127	7.2%
2016	13	\$15.2M	3.0%	\$1,379,801	\$194.83	6.6%	\$164.27	124	7.1%
2015	11	\$20.3M	6.3%	\$2,026,321	\$104.81	9.0%	\$156.94	118	7.1%
2014	11	\$15.6M	5.1%	\$1,732,444	\$107.01	-	\$142.06	107	7.4%
2013	12	\$13.2M	4.6%	\$1,305,376	\$101.56	-	\$136.79	103	7.5%
2012	8	\$9.4M	4.8%	\$1,565,833	\$69.36	-	\$131.93	99	7.7%
2011	15	\$9.9M	5.4%	\$1,420,936	\$78.24	10.0%	\$130.95	98	7.8%
2010	3	\$3.7M	1.1%	\$1,237,125	\$107.08	-	\$123.39	93	8.2%

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