



Office Submarket Report

North Natomas

Sacramento - CA

PREPARED BY



BACON Commercial
Real Estate

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OFFICE SUBMARKET REPORT

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12 Mo Deliveries in SF

532K

12 Mo Net Absorption in SF

509K

Vacancy Rate

9.7%

12 Mo Rent Growth

0.4%

Vacancies in North Natomas topped 20% for a decade, but in 2020, the mark fell to a single-digit percentage for the first time in 20 years. While government occupiers, as in many metro submarkets, have a significant footprint here, inventory growth and net absorption each established all-time high's last year thanks to Centene. In 2018, the health insurer chose North Natomas for the site of a new regional headquarters, and Phase I of the project, which is expected to ultimately total 1.2 million SF, delivered in 20Q4.

The majority of submarket office stock is located only about 10 miles from Downtown. Most assets are in the southern half of the submarket, between Del Paso Road to the north and Interstate 80 to the south. New supply

was a rare sight this past decade, and though the area's inflated vacancies likely did not inspire developers to enter the submarket, Natomas was subject to a five-year building moratorium, before the ban was lifted in 2015. The area contains an abundance of high-end product, which is one reason asking rents are similar to the metro average.

While North Natomas is home to more than 3 million SF of inventory, this is an illiquid submarket. In most years, annual deal flow lands in the single digits, and that was again the case in 2020. Nonetheless, sales volume surpassed the annual historical average on the strength of one transaction.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	1,124,454	3.0%	\$2.60	3.0%	0	0	0
3 Star	1,869,334	12.9%	\$2.14	17.7%	(23,354)	0	0
1 & 2 Star	700,163	11.9%	\$1.61	16.7%	0	0	0
Submarket	3,693,951	9.7%	\$2.18	13.0%	(23,354)	0	0

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.9%	20.9%	10.1%	36.6%	2004 Q3	3.7%	1999 Q3
Net Absorption SF	509K	82,701	55,130	593,394	2020 Q4	(341,003)	2001 Q2
Deliveries SF	532K	93,990	69,735	571,800	2021 Q1	0	2018 Q2
Rent Growth	0.4%	1.8%	1.9%	10.7%	2001 Q1	-8.9%	2009 Q3
Sales Volume	\$75.8M	\$17.9M	N/A	\$83.2M	2017 Q2	\$0	2013 Q2

Despite the coronavirus pandemic and ensuing recession, 2020 concluded with office vacancies in North Natomas sitting below 10% for the first time in two decades. Annual demand was positive for a seventh consecutive year but moreover, came in at the highest level on record thanks to one large move-in.

In 20Q4, Centene, a health insurer and Fortune 100 member, took delivery of Phase I of the company's new regional headquarters. Slated to ultimately consist of five buildings totaling 1.2 million SF, the approximately 70-acre site is located between Interstate 5 and East Commerce Way, adjacent to Sleep Train Arena. To lure St. Louis-based Centene, the City of Sacramento approved a \$13.5 million incentive package, based on the company creating 5,000 jobs and 1,500 net new jobs. Houston-based Hines is the project developer.

Vacancies at year's end were only about 100 basis points higher than the metro average, which is in stark contrast to what has been typical here: From 2007–17, the submarket vacancy rate topped 20%. Inventory increased by more than 20% between 2007–10, and with that period encompassing the Great Recession and the early stages of recovery, vacancies skyrocketed.

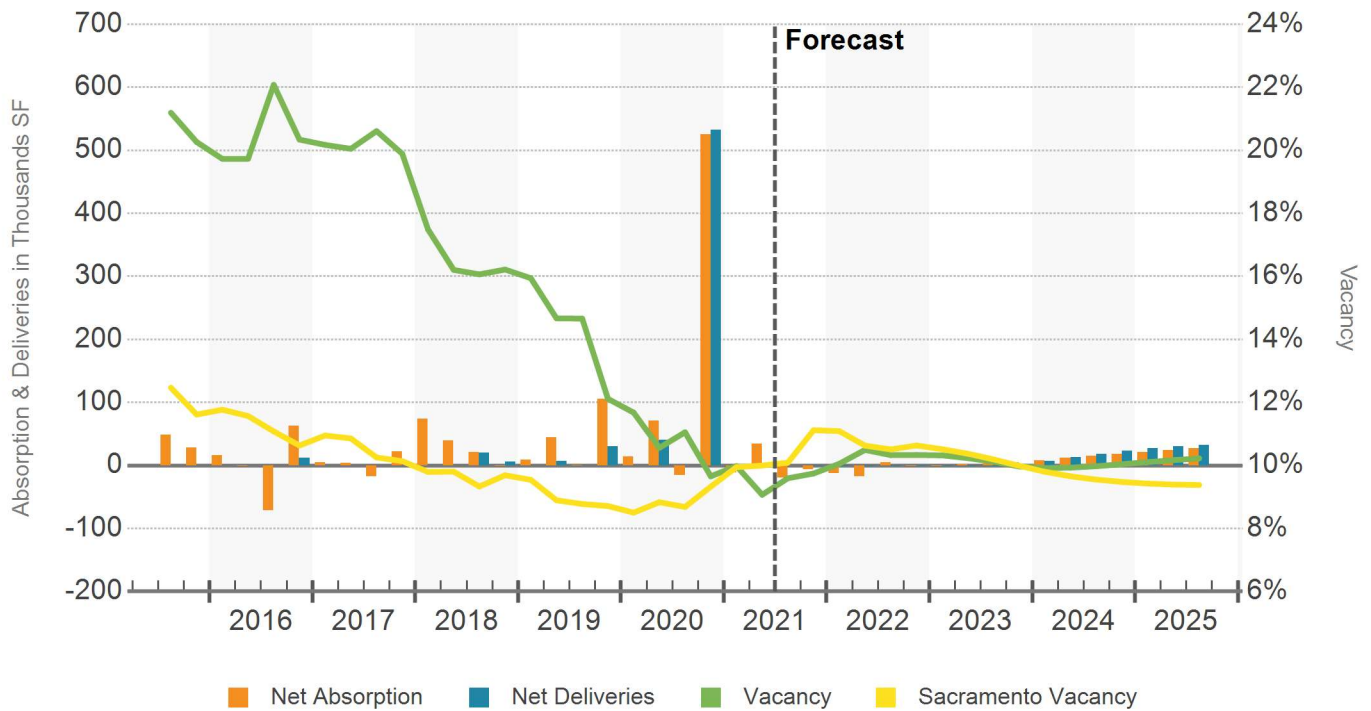
Government typically propels office requirements in North Natomas. Some of the submarket's largest tenants includes the Department of Consumer Affairs, which

occupies 200,000 SF at North Market Corporate Center; the Department of Human Assistance, which leases around 80,000 SF in Arena Business Park II; and the California Department of Tax & Fee Administration, absorbing roughly 50,000 SF at Gateway Corporate Center. And one of the largest recent move-in's was consummated by the State of California Department of Business Oversight. In 19Q4, the agency took occupancy of 2101 Arena Blvd., a 3 Star, 78,400-SF asset owned by Realty Advisors.

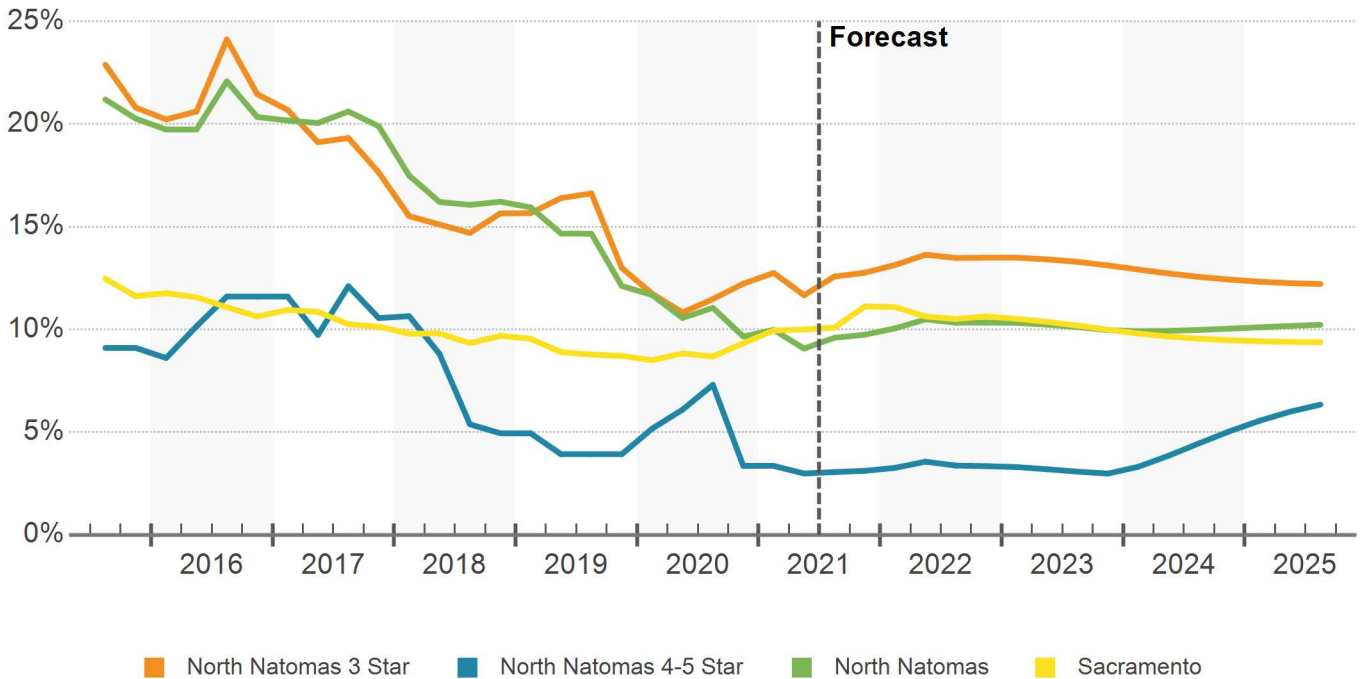
Besides Centene, other recent nongovernment deals of note were signed by ABM (21,000 SF at Sutter Business Center) and Sutter Health (20,000 SF at Natomas Pointe Plaza).

On the one hand, few outsized leases in North Natomas are scheduled to expire over the next several years, and some of the largest tenants are owner/occupants. Moreover, there was no product under construction at the start of 2021, dynamics that would typically indicate that near-term vacancies are likely to remain stable. But as the recession continues and with no end to the pandemic in sight, an increase in vacancies would not be surprising. And while vacancies have decreased since the onslaught of the virus, availabilities have not. Since the end of 20Q1, the submarket availability rate has increased by roughly 400 basis points.

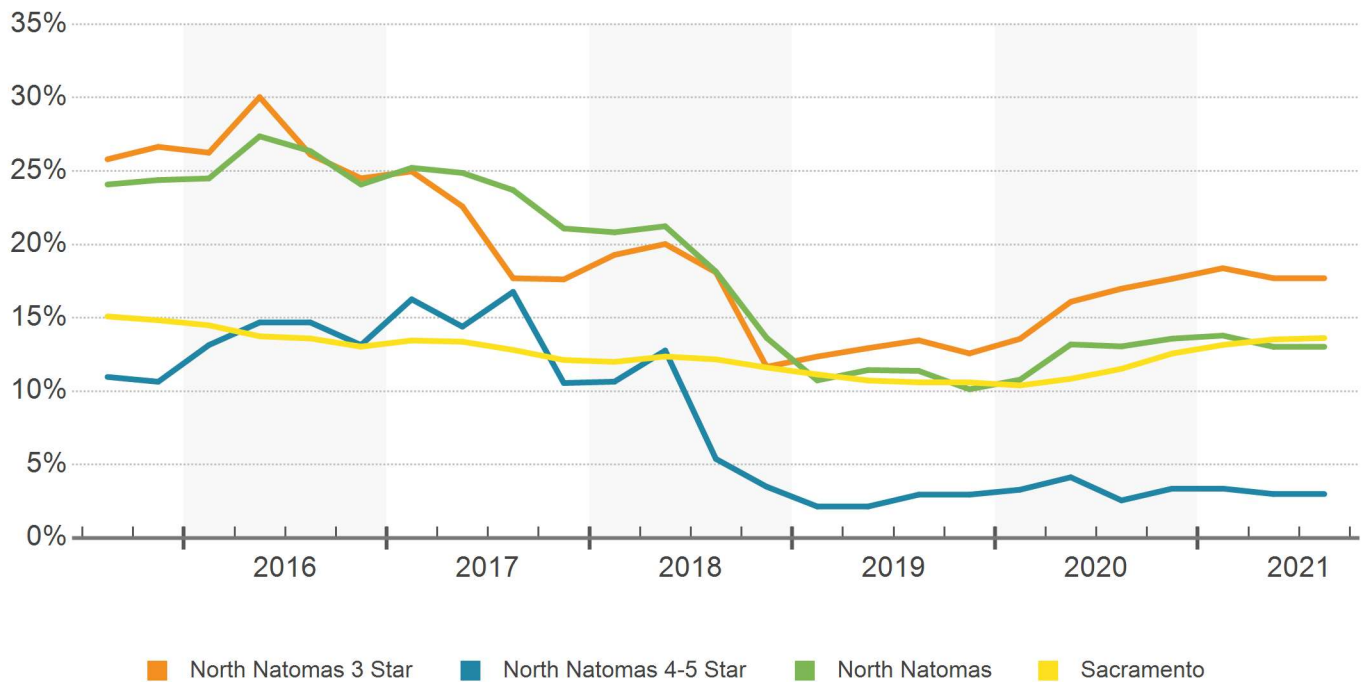
NET ABSORPTION, NET DELIVERIES & VACANCY



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
1747 N Market Blvd	★★★★☆	105,000	5	88,516	8.5%	13,424

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
Bldg B 4180 Truxel Rd	★ ★ ★ ★ ★	12,496	1	5,749	27.6%	5,749
1174 National Dr	★ ★ ★ ★ ★	38,880	2	8,116	48.9%	4,662
Bldg D 2260 Del Paso Rd	★ ★ ★ ★ ★	8,393	1	2,600	12.4%	2,600
Bldg B 4142 E Commerce Way	★ ★ ★ ★ ★	6,273	12	3,000	22.7%	1,940
2402 Del Paso Dr	★ ★ ★ ★ ★	5,200	1	1,648	19.0%	1,648
4720 Northgate Blvd	★ ★ ★ ★ ★	10,140	1	10,140	80.0%	901
Bldg. G 2200 Del Paso Rd	★ ★ ★ ★ ★	5,073	1	5,073	60.0%	451
Bldg A 2081 Arena Blvd	★ ★ ★ ★ ★	24,061	2	4,037	7.7%	(50)
Bldg I 1942 Del Paso Rd	★ ★ ★ ★ ★	5,451	1	350	4.2%	(392)
Bldg B 3841 N Freeway Blvd	★ ★ ★ ★ ★	50,280	2	7,146	26.7%	(2,082)
Bldg K 4030 Truxel Rd	★ ★ ★ ★ ★	8,044	1	325	22.3%	(2,239)
Bldg F 4110 Truxel Rd	★ ★ ★ ★ ★	11,846	2	4,798	95.3%	(2,508)
4600 4600 Northgate Blvd	★ ★ ★ ★ ★	36,625	1	3,142	19.3%	(2,621)
Bldg A 3835 N Freeway Blvd	★ ★ ★ ★ ★	51,001	2	7,262	44.2%	(6,259)

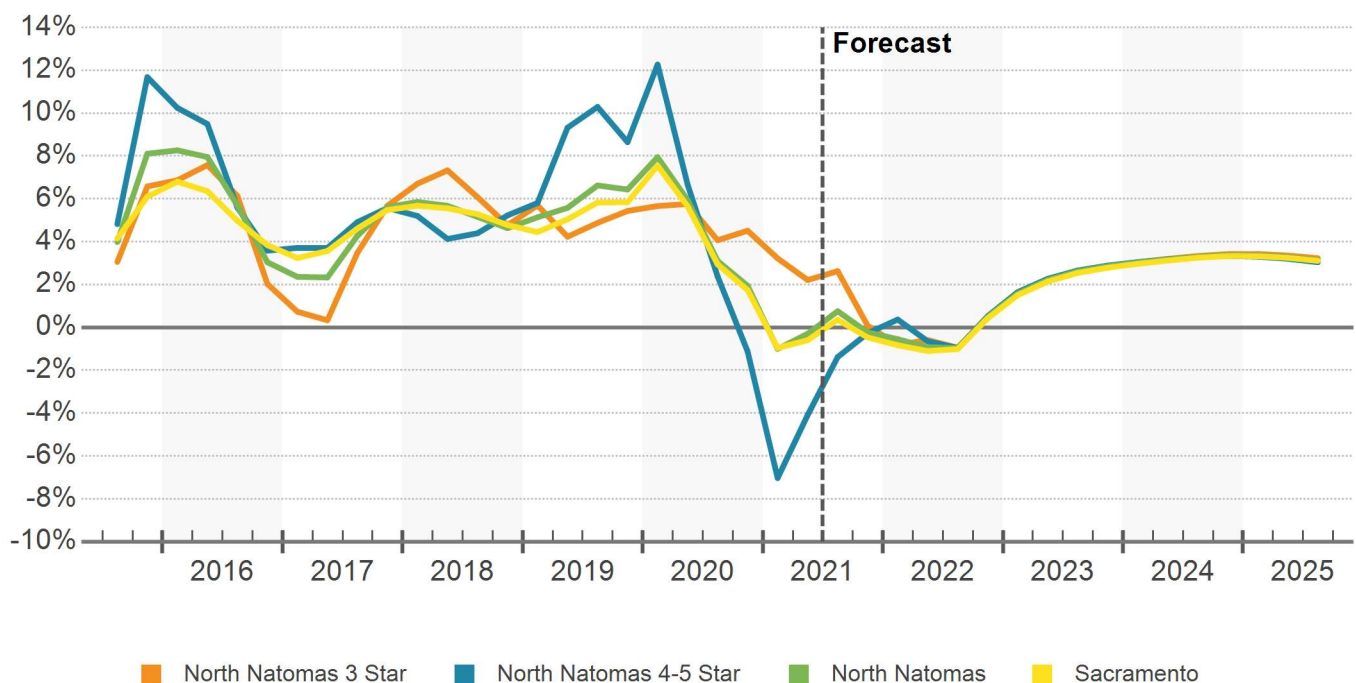
While vacancies fell to a single-digit percentage in 2020, that did not help local landlord's implement outsized rent hikes. Annual rent growth came in at a low-single digit percentage, but nonetheless outpaced the metro average. In contrast, trailing 12-month gains averaged more than 5% from 2015–19, including a cyclical peak of approximately 8% in 2015. Still, the strength of recent years may have been a product of the metro's overall strong growth as opposed to unique dynamics within the submarket itself. Currently, year-over-year rent growth is 0.4%.

The average asking rent at the start of 2021 was less than 5% below the metro average. Rents here receive a nice boost from upper-tier product; around 30% of submarket inventory is 4 & 5 Star, and the average

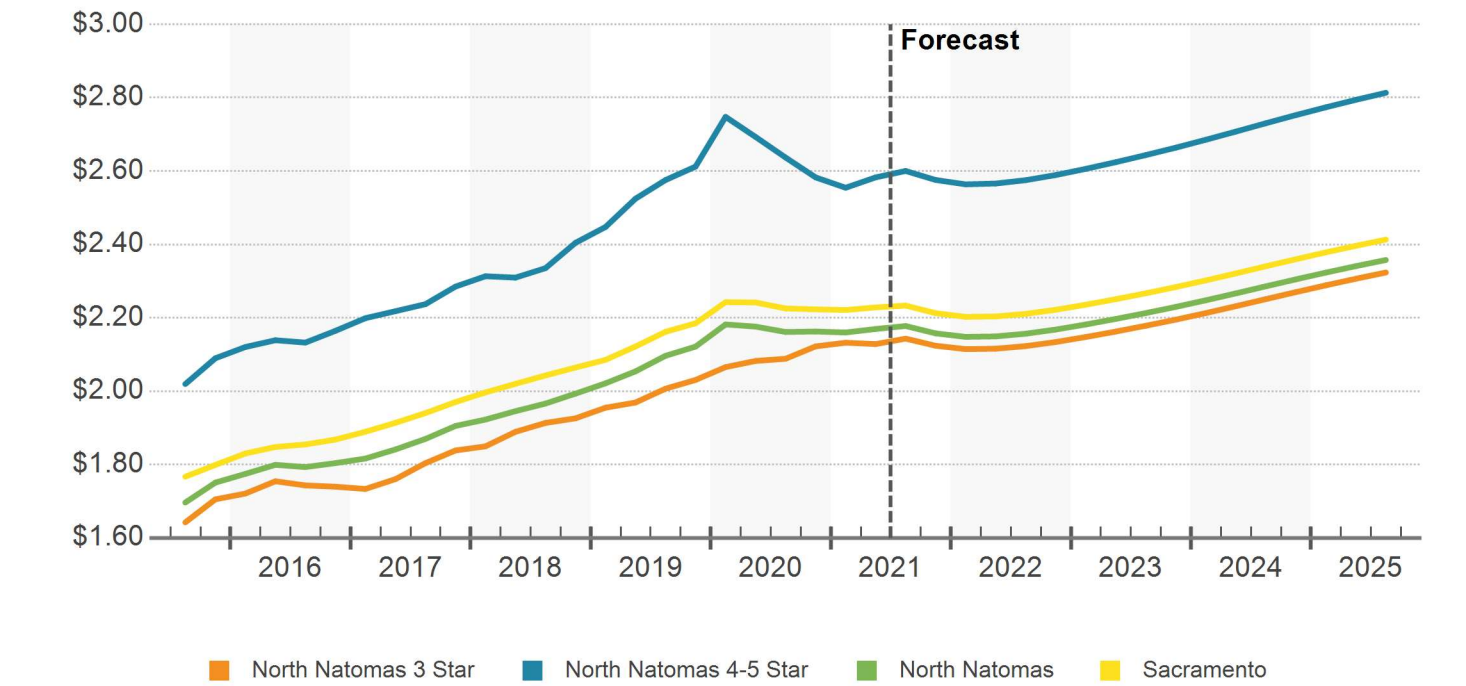
asking rent for high-end space achieves a roughly 25% premium over the 3 Star average. Moreover, as of 21Q1, 4 & 5 Star vacancies were less than half of the local norm. Some of the tenants that occupy 4 & 5 Star properties are Regus, the U.S. General Services Administration, and Vanir Development Company.

Compared to nearby submarkets, the average rent is approximately 15% cheaper than that of South Natomas, but commands about a 20% premium to Rio Linda/N Highlands. Approximately 60% of inventory in South Natomas is 4 & 5 Star, and the submarket enjoys close proximity to Downtown. Rio Linda/N Highlands, on the other hand, offers no upper-tier options and primarily attracts local service providers, as opposed to government or corporate tenants.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



North Natomas's office footprint expanded at a record pace in 2020. As noted, Centene took delivery of Phase I of the company's new regional headquarters on East Commerce Way, adjacent to Sleep Train Arena. The two assets each measure 255,900 SF.

Outside of Centene's regional headquarters, most recent construction in North Natomas has centered on the Natomas Pointe Plaza office park. Building's B and D, which each measure 20,000 SF, both delivered in 2020 and are occupied by the Peace Officers Research Association. Building F, located at 2951 Benefit Way, wrapped up construction in 20Q4; the 20,000-SF property was a build-to-suit for Sutter Health. And Building E, a 30,000-SF asset, broke ground on spec but was sold to owner-user Natomas Charter School at the time of its completion in 19Q4.

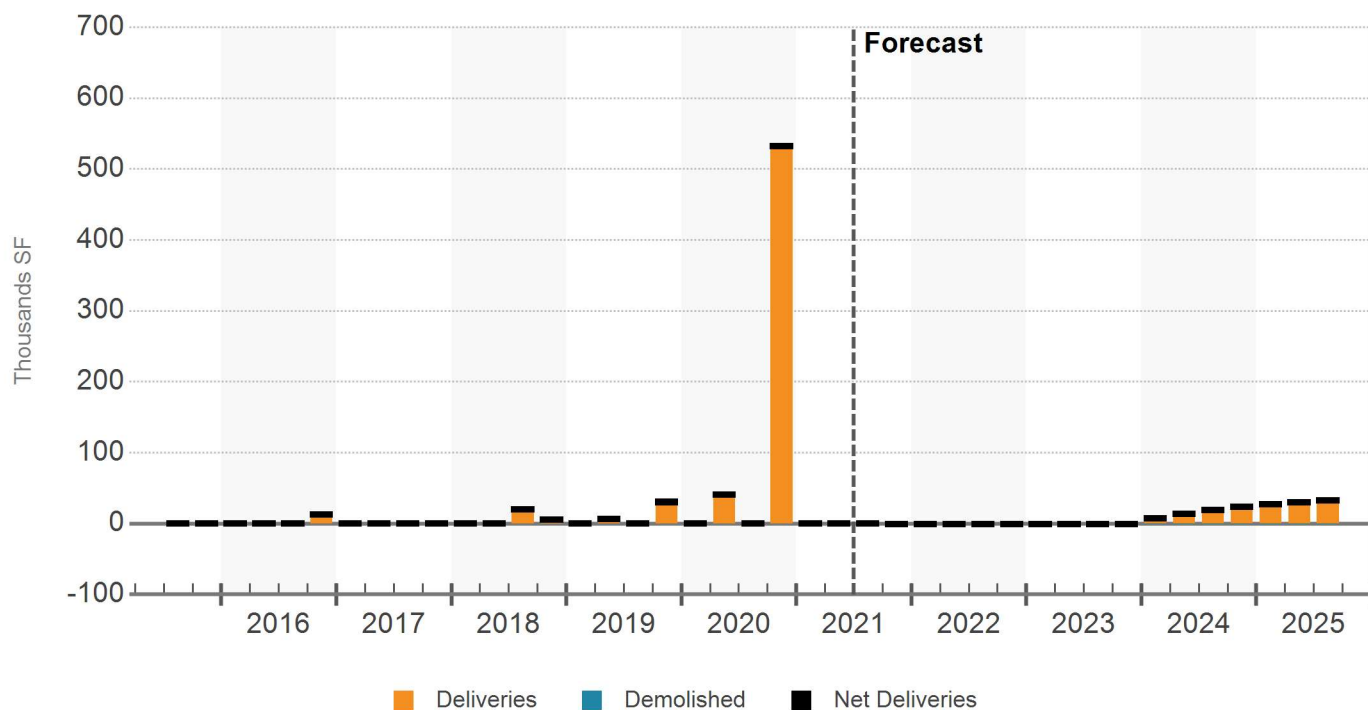
Despite this recent activity, office construction in North Natomas was a rare sight this past decade. From

2010–19, supply increased by less than 200,000 SF. However, this was due in part to a five-year building moratorium in Natomas, after it was found the levees were not high enough to guard against flooding. The moratorium was lifted in 2015.

Though the construction moratorium did nothing to boost activity, it is unlikely that developers were anxious to build here; from 2010–14, the average vacancy rate in North Natomas was 21%.

A number of projects are in the planning stages, and with the metro's limited 4 & 5 Star availabilities, particularly for large blocks of space, coupled with the submarket's proximity to Downtown, which similarly lacks high-end options, it may appear spec construction is poised for a comeback. But with metro vacancies rising because of the pandemic and recession, it would be a surprise to see any spec development in the near-term.

DELIVERIES & DEMOLITIONS



Construction

North Natomas Office

All-Time Annual Avg. Square Feet

90,924

Delivered Square Feet Past 8 Qtrs

601,800

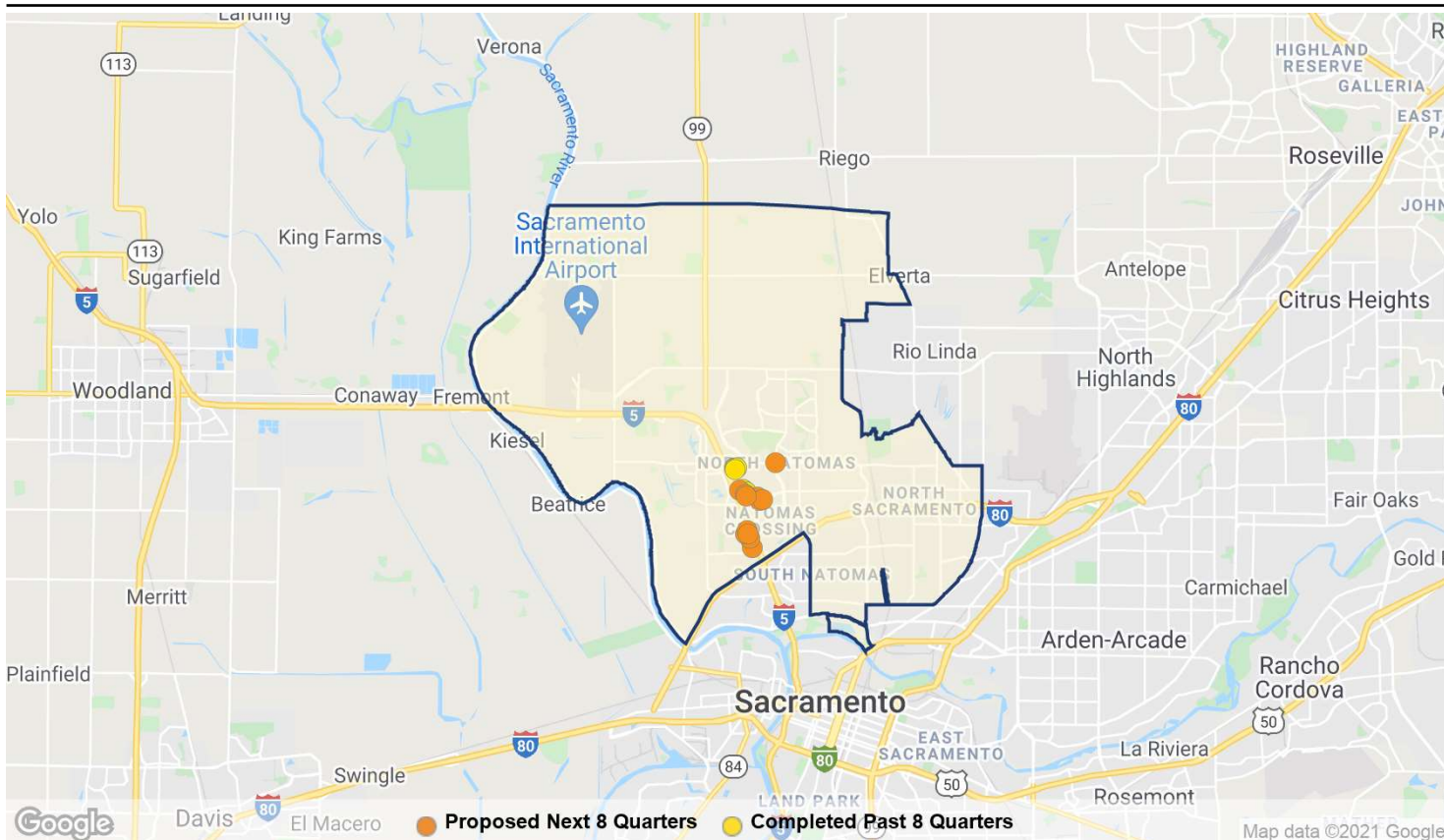
Delivered Square Feet Next 8 Qtrs

0

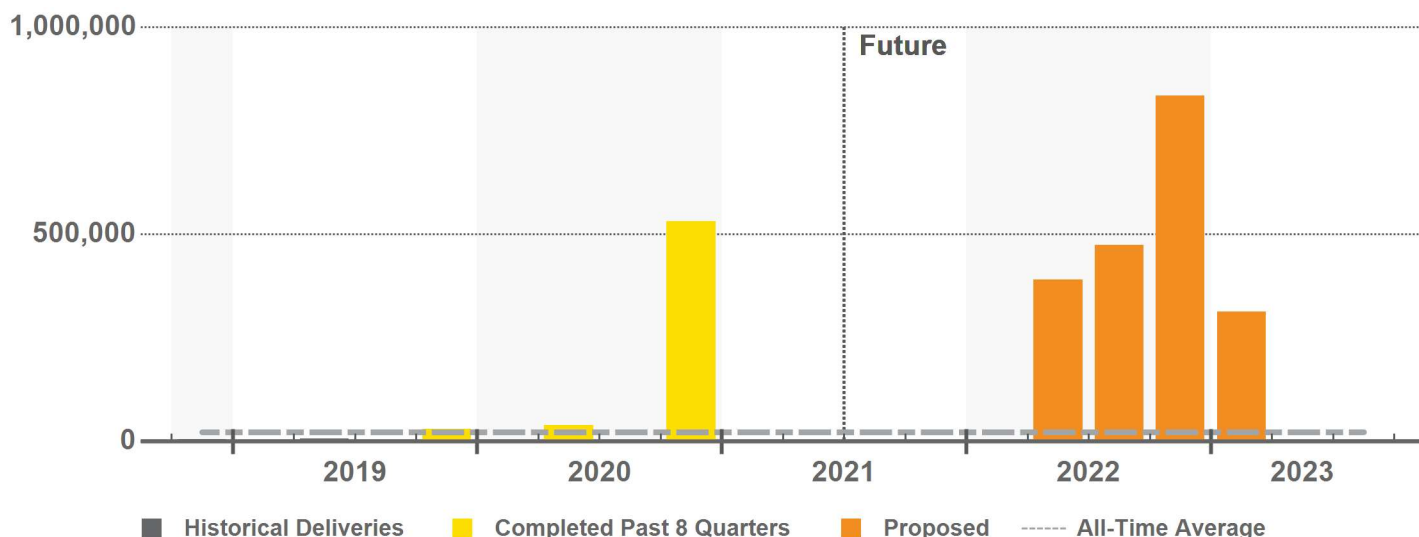
Proposed Square Feet Next 8 Qtrs

2,013,730

PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



PAST & FUTURE DELIVERIES IN SQUARE FEET



RECENT DELIVERIES

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	Phase I Bldg A 4201 E Commerce Way	★ ★ ★ ★ ★	255,900	4	Oct 2018	Dec 2020	Hines Hines
2	Phase I Bldg B 4201 E Commerce Way	★ ★ ★ ★ ★	255,900	4	Mar 2019	Dec 2020	Hines Hines
3	Bldg F 2951 Benefit Way	★ ★ ★ ★ ★	20,000	2	Apr 2020	Nov 2020	- Stephen M Marks Jr
4	Natomas Pointe Plaza -... 2960 Advantage Way	★ ★ ★ ★ ★	20,000	2	Mar 2019	Jun 2020	Kobra Properties Peace Officers Research Associa...
5	Natomas Pointe Plaza -... 2940 Advantage Way	★ ★ ★ ★ ★	20,000	2	Jan 2020	Apr 2020	Kobra Properties Peace Officers Research Associa...
6	Bldg E 2920 Advantage Way	★ ★ ★ ★ ★	30,000	2	Jan 2019	Nov 2019	Kobra Properties Natomas Charter School

PROPOSED

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	Phase II Bldg C 4201 E Commerce Way	★ ★ ★ ★ ★	255,900	4	Jul 2021	Jul 2022	Hines Hines
2	Phase II Bldg E 4201 E Commerce Way	★ ★ ★ ★ ★	255,900	4	Jul 2021	May 2022	Hines Hines
3	Phase II Bldg D 4201 E Commerce Way	★ ★ ★ ★ ★	218,400	4	Jul 2021	Jul 2022	Hines Hines
4	Bldg A 1 Duckhorn Dr	★ ★ ★ ★ ★	172,280	4	Oct 2021	Oct 2022	- Pappas Investments
5	Bldg C 1 Duckhorn Dr	★ ★ ★ ★ ★	172,280	4	Oct 2021	Oct 2022	- Pappas Investments
6	Bldg D 1 Duckhorn Dr	★ ★ ★ ★ ★	172,280	4	Oct 2021	Oct 2022	- Pappas Investments
7	Bldg E 1 Duckhorn Dr	★ ★ ★ ★ ★	172,280	4	Oct 2021	Oct 2022	- Pappas Investments
8	Bldg B 1 Duckhorn Dr	★ ★ ★ ★ ★	145,760	4	Oct 2021	Oct 2022	- Pappas Investments
9	Centerpointe at Natomas... 2290 Del Paso Rd	★ ★ ★ ★ ★	135,000	1	Sep 2021	Apr 2022	- Jack & Mary Meissner Family Trust
10	Bldg A 2599 Arena Blvd	★ ★ ★ ★ ★	115,650	4	Jan 2022	Jan 2023	Kobra Properties John Della Penna
11	Bldg B 2599 Arena Blvd	★ ★ ★ ★ ★	113,000	4	Jan 2022	Jan 2023	Kobra Properties John Della Penna
12	Bldg C 2599 Arena Blvd	★ ★ ★ ★ ★	85,000	4	Jan 2022	Jan 2023	Kobra Properties John Della Penna

North Natomas is typically a lightly traded submarket, and that trend continued in 2020. Only six deals recorded, but thanks to one sale, that was enough to propel investment volume past the \$17 million annual historical average.

Last September, Modesto-based Graceada Partners acquired the aforementioned 2101 Arena Blvd. for \$12.1 million (\$154/SF) at a reported cap rate of 6.5%. As noted, the 3 Star, 78,400-SF property is 100% leased to the State of California Department of Business Oversight (DBO). The seller, Lily Company, reportedly invested \$6-\$7 million into the asset to accommodate the DBO.

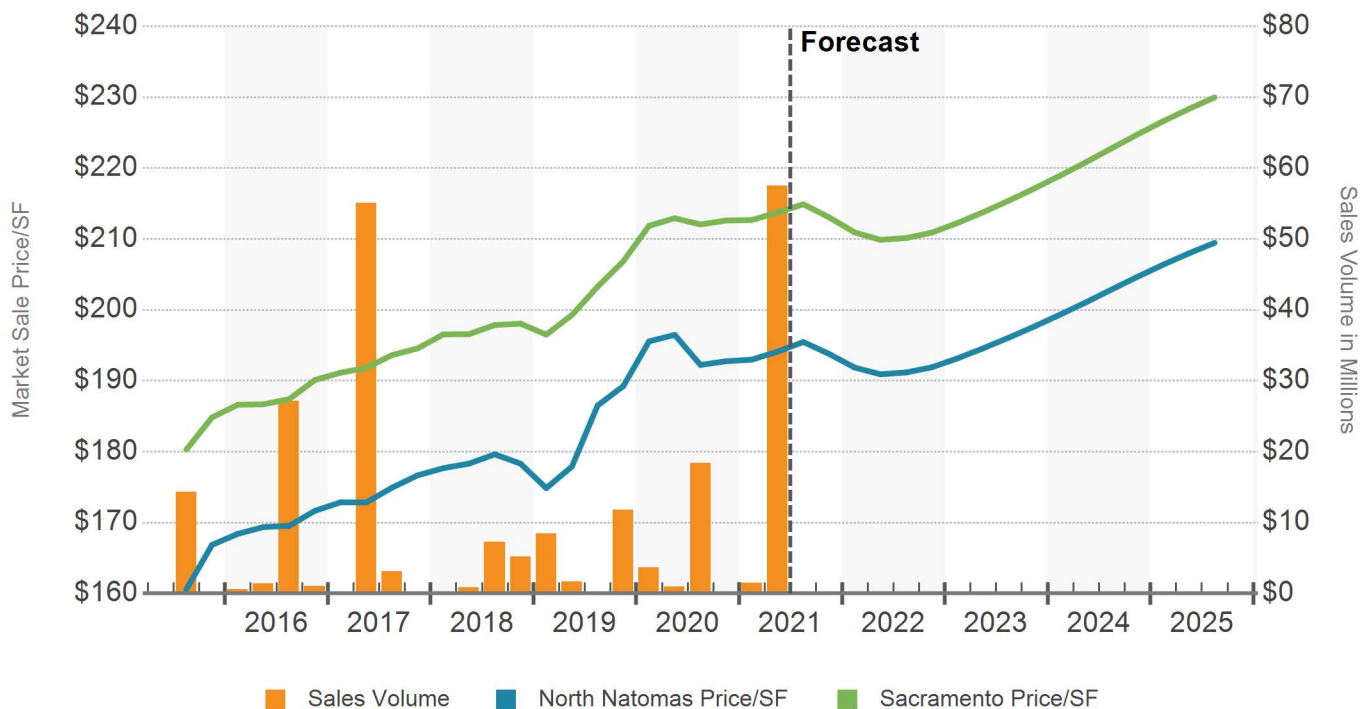
Two additional trades involved the same parties and neighboring properties. Last March, the Peace Officers Research Association of California acquired Building C of Natomas Pointe Plaza from Tower Investments for \$3.63 million (\$182/SF), before picking up Building D in

September similarly for \$3.63 million (\$182/SF). Each property measures 20,000 SF and delivered in 2020. However, construction originally began during the Great Recession. The project came to a halt in 2009, before work finally recommenced in 2019 and 2020.

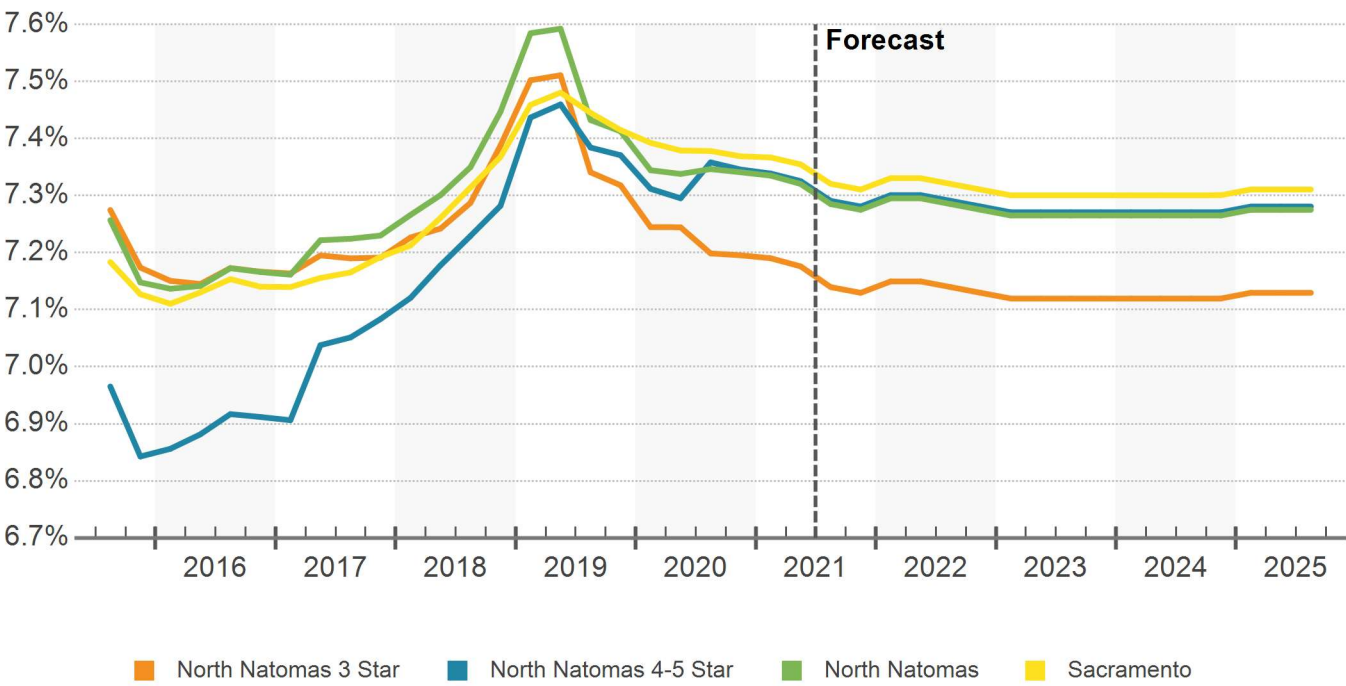
Pricing last year inched higher. The average market price, which is based on the estimated price movement of all properties in the market, informed by actual transactions, was \$195/SF, compared to \$191/SF in 2019. The average market cap rate was essentially unchanged, coming in at 7.3%. Cap rates have landed between 7.2% and 7.6% since 2011.

Since 2010, institutional and private equity buyers accounted for about 40% of all investment in North Natomas. Some of the most active buyers have included Newport Beach-based KBS Realty Advisors and Pappas Investments.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

North Natomas Office

Sale Comparables

8

Avg. Cap Rate

6.6%

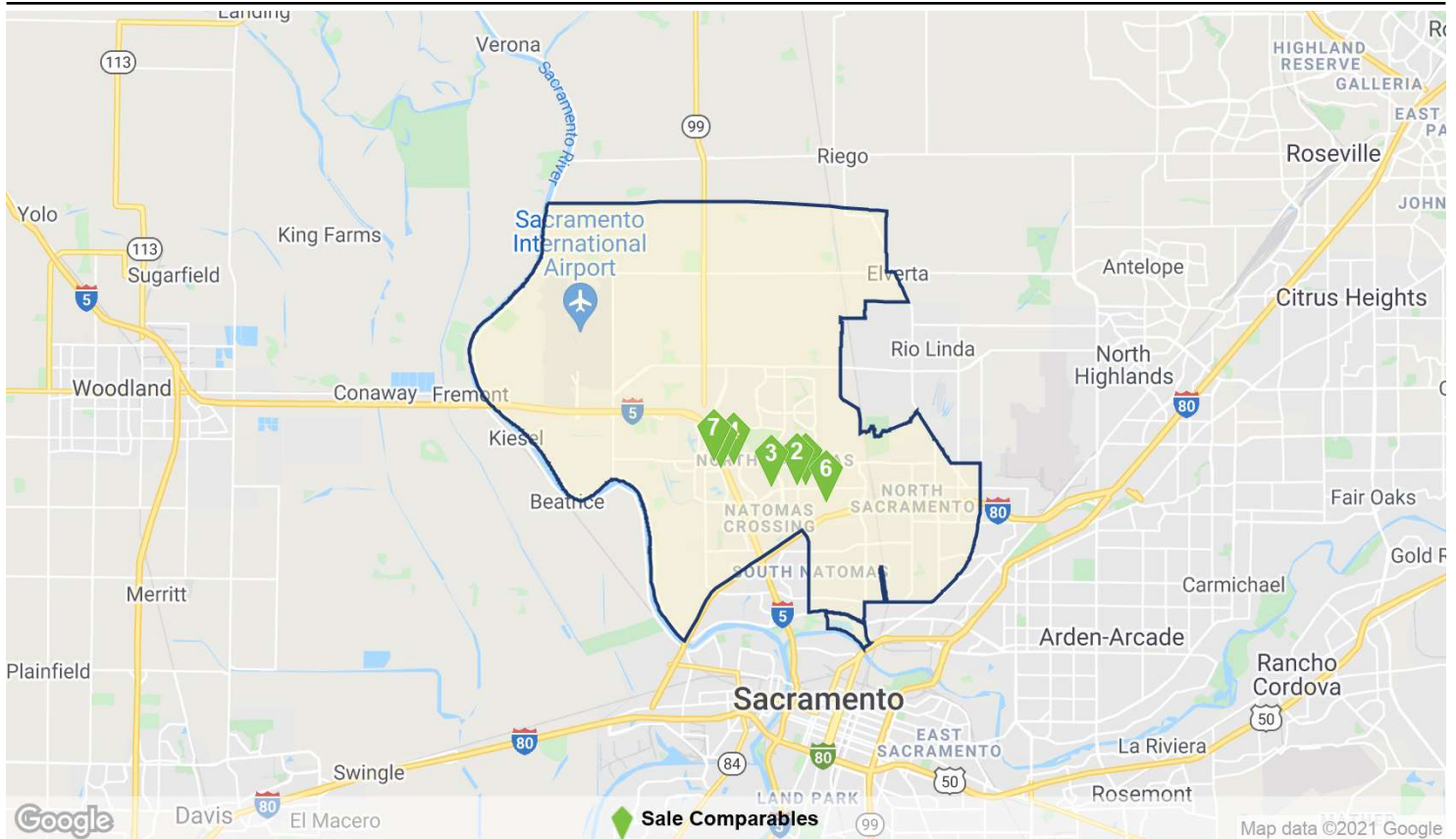
Avg. Price/SF

\$178

Avg. Vacancy At Sale

3.5%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,100,000	\$12,633,833	\$7,869,000	\$35,780,392
Price/SF	\$145	\$178	\$176	\$297
Cap Rate	6.5%	6.6%	6.6%	6.6%
Time Since Sale in Months	2.5	7.5	9.5	10.6
Property Attributes	Low	Average	Median	High
Building SF	4,936	70,796	49,200	210,372
Stories	1	2	2	3
Typical Floor SF	4,936	30,472	24,600	70,124
Vacancy Rate At Sale	0%	3.5%	0%	3.1%
Year Built	1991	2005	2004	2020
Star Rating	★★★★★	★★★★★ 3.3	★★★★★	★★★★★

Sales Past 12 Months

North Natomas Office

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Department of Consume... 1625 N Market Blvd	★★★★★	1991	210,372	0%	4/22/2021	\$35,780,392	\$170	-
2 1747 N Market Blvd	★★★★★	2010	105,000	3.1%	4/22/2021	\$21,719,608	\$207	-
3 Arena Corporate Center 2101 Arena Blvd	★★★★★	1999	78,400	0%	9/17/2020	\$12,100,000	\$154	6.5%
4 Natomas Pointe Plaza -... 2940 Advantage Way	★★★★★	2020	20,000	0%	9/4/2020	\$3,638,000	\$182	-
5 Bldg 1 - Phase 1 4480 Duckhorn Dr	★★★★★	2005	4,936	0%	1/20/2021	\$1,465,000	\$297	-
6 Bldg 2 4020 Lennane Dr	★★★★★	2003	6,069	0%	8/18/2020	\$1,100,000	\$181	6.6%
7 Bldg C 4650-4698 Duckhorn Dr	★★★★★	2006	3,318	38.7%	9/11/2020	\$480,000	\$145	-
7 Bldg C 4650-4698 Duckhorn Dr	★★★★★	2006	3,120	38.7%	9/28/2020	\$474,000	\$152	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	3,864,876	123,043	3.3%	101,679	2.6%	1.2
2024	3,741,833	60,807	1.7%	52,049	1.4%	1.2
2023	3,681,026	(5,667)	-0.2%	8,371	0.2%	-
2022	3,686,693	(5,817)	-0.2%	(26,889)	-0.7%	-
2021	3,692,510	(1,441)	0%	(4,584)	-0.1%	-
YTD	3,693,951	0	0%	(1,716)	0%	-
2020	3,693,951	571,800	18.3%	593,394	16.1%	1.0
2019	3,122,151	36,273	1.2%	158,435	5.1%	0.2
2018	3,085,878	25,200	0.8%	133,496	4.3%	0.2
2017	3,060,678	0	0%	13,837	0.5%	0
2016	3,060,678	12,000	0.4%	7,236	0.2%	1.7
2015	3,048,678	0	0%	63,036	2.1%	0
2014	3,048,678	0	0%	54,587	1.8%	0
2013	3,048,678	0	0%	(29,654)	-1.0%	-
2012	3,048,678	0	0%	(84,367)	-2.8%	-
2011	3,048,678	0	0%	111,061	3.6%	0
2010	3,048,678	105,000	3.6%	92,290	3.0%	1.1
2009	2,943,678	159,128	5.7%	17,405	0.6%	9.1

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	1,320,575	129,027	10.8%	101,743	7.7%	1.3
2024	1,191,548	66,783	5.9%	40,289	3.4%	1.7
2023	1,124,765	311	0%	4,374	0.4%	0.1
2022	1,124,454	0	0%	(2,565)	-0.2%	-
2021	1,124,454	0	0%	2,689	0.2%	0
YTD	1,124,454	0	0%	4,151	0.4%	0
2020	1,124,454	511,800	83.5%	498,097	44.3%	1.0
2019	612,654	0	0%	6,250	1.0%	0
2018	612,654	0	0%	34,352	5.6%	0
2017	612,654	0	0%	6,421	1.0%	0
2016	612,654	0	0%	(15,322)	-2.5%	-
2015	612,654	0	0%	(2,783)	-0.5%	-
2014	612,654	0	0%	26,305	4.3%	0
2013	612,654	0	0%	(13,761)	-2.2%	-
2012	612,654	0	0%	2,572	0.4%	0
2011	612,654	0	0%	68,330	11.2%	0
2010	612,654	105,000	20.7%	118,844	19.4%	0.9
2009	507,654	116,918	29.9%	45,167	8.9%	2.6

Supply & Demand Trends

North Natomas Office

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	1,869,334	0	0%	4,387	0.2%	0
2024	1,869,334	0	0%	12,866	0.7%	0
2023	1,869,334	0	0%	7,077	0.4%	0
2022	1,869,334	0	0%	(13,681)	-0.7%	-
2021	1,869,334	0	0%	(10,013)	-0.5%	-
YTD	1,869,334	0	0%	(12,840)	-0.7%	-
2020	1,869,334	60,000	3.3%	66,526	3.6%	0.9
2019	1,809,334	36,273	2.0%	78,647	4.3%	0.5
2018	1,773,061	25,200	1.4%	56,049	3.2%	0.4
2017	1,747,861	0	0%	66,594	3.8%	0
2016	1,747,861	12,000	0.7%	(1,893)	-0.1%	-
2015	1,735,861	0	0%	32,330	1.9%	0
2014	1,735,861	0	0%	63,143	3.6%	0
2013	1,735,861	0	0%	(49,901)	-2.9%	-
2012	1,735,861	0	0%	16,178	0.9%	0
2011	1,735,861	0	0%	33,003	1.9%	0
2010	1,735,861	0	0%	2,159	0.1%	0
2009	1,735,861	42,210	2.5%	(12,504)	-0.7%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	674,967	(5,984)	-0.9%	(4,451)	-0.7%	-
2024	680,951	(5,976)	-0.9%	(1,106)	-0.2%	-
2023	686,927	(5,978)	-0.9%	(3,080)	-0.4%	-
2022	692,905	(5,817)	-0.8%	(10,643)	-1.5%	-
2021	698,722	(1,441)	-0.2%	2,740	0.4%	-
YTD	700,163	0	0%	6,973	1.0%	0
2020	700,163	0	0%	28,771	4.1%	0
2019	700,163	0	0%	73,538	10.5%	0
2018	700,163	0	0%	43,095	6.2%	0
2017	700,163	0	0%	(59,178)	-8.5%	-
2016	700,163	0	0%	24,451	3.5%	0
2015	700,163	0	0%	33,489	4.8%	0
2014	700,163	0	0%	(34,861)	-5.0%	-
2013	700,163	0	0%	34,008	4.9%	0
2012	700,163	0	0%	(103,117)	-14.7%	-
2011	700,163	0	0%	9,728	1.4%	0
2010	700,163	0	0%	(28,713)	-4.1%	-
2009	700,163	0	0%	(15,258)	-2.2%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$2.37	121	3.0%	9.7%	397,093	10.3%	0.2%
2024	\$2.30	117	3.4%	6.6%	375,712	10.0%	0.1%
2023	\$2.23	113	2.8%	3.1%	366,938	10.0%	-0.4%
2022	\$2.17	110	0.5%	0.2%	380,953	10.3%	0.6%
2021	\$2.16	110	-0.2%	-0.2%	359,834	9.7%	0.1%
YTD	\$2.18	111	0.9%	0.9%	358,395	9.7%	0%
2020	\$2.16	110	1.9%	0%	356,679	9.7%	-2.5%
2019	\$2.12	108	6.4%	-1.9%	378,273	12.1%	-4.1%
2018	\$1.99	101	4.6%	-7.8%	500,435	16.2%	-3.7%
2017	\$1.91	97	5.6%	-11.9%	608,731	19.9%	-0.5%
2016	\$1.80	92	3.0%	-16.6%	622,568	20.3%	0.1%
2015	\$1.75	89	8.1%	-19.0%	617,804	20.3%	-2.1%
2014	\$1.62	82	0.4%	-25.1%	680,840	22.3%	-1.8%
2013	\$1.61	82	1.5%	-25.4%	735,427	24.1%	1.0%
2012	\$1.59	81	-1.8%	-26.5%	705,773	23.2%	2.8%
2011	\$1.62	82	-5.7%	-25.2%	621,406	20.4%	-3.6%
2010	\$1.71	87	-5.5%	-20.7%	732,467	24.0%	-0.4%
2009	\$1.81	92	-7.8%	-16.1%	719,757	24.5%	3.7%

4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$2.83	124	2.9%	8.4%	87,315	6.6%	1.6%
2024	\$2.75	121	3.3%	5.4%	60,047	5.0%	2.1%
2023	\$2.66	117	2.9%	2.0%	33,570	3.0%	-0.4%
2022	\$2.59	113	0.5%	-0.9%	37,636	3.3%	0.2%
2021	\$2.58	113	-0.3%	-1.4%	35,071	3.1%	-0.2%
YTD	\$2.60	114	0.8%	-0.4%	33,609	3.0%	-0.4%
2020	\$2.58	113	-1.1%	-1.1%	37,760	3.4%	-0.6%
2019	\$2.61	114	8.6%	0%	24,057	3.9%	-1.0%
2018	\$2.40	105	5.2%	-8.0%	30,307	4.9%	-5.6%
2017	\$2.28	100	5.6%	-12.5%	64,659	10.6%	-1.0%
2016	\$2.16	95	3.6%	-17.1%	71,080	11.6%	2.5%
2015	\$2.09	92	11.7%	-20.0%	55,758	9.1%	0.5%
2014	\$1.87	82	-2.9%	-28.4%	52,975	8.6%	-4.3%
2013	\$1.93	84	3.1%	-26.2%	79,280	12.9%	2.2%
2012	\$1.87	82	-1.6%	-28.4%	65,519	10.7%	-0.4%
2011	\$1.90	83	-4.9%	-27.3%	68,091	11.1%	-11.2%
2010	\$2	87	-4.9%	-23.6%	136,421	22.3%	-7.3%
2009	\$2.10	92	-8.1%	-19.6%	150,265	29.6%	9.5%

3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$2.34	120	3.1%	10.3%	227,946	12.2%	-0.2%
2024	\$2.27	116	3.4%	7.0%	232,333	12.4%	-0.7%
2023	\$2.19	112	2.9%	3.4%	245,199	13.1%	-0.4%
2022	\$2.13	109	0.5%	0.6%	252,276	13.5%	0.7%
2021	\$2.12	109	0.1%	0.1%	238,595	12.8%	0.5%
YTD	\$2.14	110	1.1%	1.1%	241,424	12.9%	0.7%
2020	\$2.12	109	4.5%	0%	228,584	12.2%	-0.8%
2019	\$2.03	104	5.4%	-4.3%	235,110	13.0%	-2.7%
2018	\$1.93	98	4.8%	-9.2%	277,484	15.6%	-2.0%
2017	\$1.84	94	5.7%	-13.4%	308,333	17.6%	-3.8%
2016	\$1.74	89	2.0%	-18.0%	374,927	21.5%	0.7%
2015	\$1.71	87	6.6%	-19.7%	361,034	20.8%	-1.9%
2014	\$1.60	82	2.1%	-24.6%	393,364	22.7%	-3.6%
2013	\$1.57	80	1.5%	-26.1%	456,507	26.3%	2.9%
2012	\$1.54	79	-2.6%	-27.2%	406,606	23.4%	-0.9%
2011	\$1.59	81	-6.4%	-25.3%	422,784	24.4%	-1.9%
2010	\$1.69	87	-6.2%	-20.2%	455,787	26.3%	-0.1%
2009	\$1.81	92	-7.7%	-14.9%	457,946	26.4%	2.6%

1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$1.73	116	2.9%	8.3%	81,832	12.1%	-0.1%
2024	\$1.68	113	3.3%	5.2%	83,332	12.2%	-0.6%
2023	\$1.63	109	2.7%	1.8%	88,169	12.8%	-0.3%
2022	\$1.58	106	0.4%	-0.9%	91,041	13.1%	0.8%
2021	\$1.58	106	-1.2%	-1.2%	86,168	12.3%	-0.6%
YTD	\$1.61	108	0.9%	0.9%	83,362	11.9%	-1.0%
2020	\$1.60	107	1.3%	0%	90,335	12.9%	-4.1%
2019	\$1.58	106	4.2%	-1.2%	119,106	17.0%	-10.5%
2018	\$1.51	102	2.7%	-5.2%	192,644	27.5%	-6.2%
2017	\$1.47	99	5.5%	-7.7%	235,739	33.7%	8.5%
2016	\$1.40	94	5.2%	-12.5%	176,561	25.2%	-3.5%
2015	\$1.33	89	4.8%	-16.8%	201,012	28.7%	-4.8%
2014	\$1.27	85	3.0%	-20.6%	234,501	33.5%	5.0%
2013	\$1.23	83	-2.1%	-22.9%	199,640	28.5%	-4.9%
2012	\$1.26	84	0.5%	-21.3%	233,648	33.4%	14.7%
2011	\$1.25	84	-4.9%	-21.7%	130,531	18.6%	-1.4%
2010	\$1.31	88	-4.4%	-17.6%	140,259	20.0%	4.1%
2009	\$1.38	92	-7.6%	-13.8%	111,546	15.9%	2.2%

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	-	-	-	-	-	-	\$210.84	143	7.3%
2024	-	-	-	-	-	-	\$204.67	139	7.3%
2023	-	-	-	-	-	-	\$197.68	134	7.3%
2022	-	-	-	-	-	-	\$191.91	130	7.3%
2021	-	-	-	-	-	-	\$193.80	131	7.3%
YTD	3	\$59M	8.7%	\$19,655,000	\$184.09	-	\$195.51	132	7.3%
2020	6	\$22.9M	3.7%	\$3,812,667	\$168.42	6.6%	\$192.76	131	7.3%
2019	16	\$21.8M	8.6%	\$2,182,002	\$115.62	-	\$189.25	128	7.4%
2018	4	\$13.2M	3.6%	\$3,303,005	\$120.45	-	\$178.32	121	7.4%
2017	8	\$58.1M	9.2%	\$9,690,417	\$215.28	6.6%	\$176.67	120	7.2%
2016	14	\$30.1M	11.6%	\$3,253,649	\$100.85	5.3%	\$171.66	116	7.2%
2015	8	\$22.1M	9.0%	\$3,584,489	\$80.66	6.0%	\$166.87	113	7.1%
2014	7	\$8.9M	2.1%	\$3,827,106	\$136.19	-	\$154.96	105	7.3%
2013	4	\$2.8M	1.3%	\$921,333	\$83.88	-	\$151.09	102	7.4%
2012	11	\$4.7M	8.6%	\$1,172,542	\$96.24	-	\$144.99	98	7.6%
2011	5	\$48.3M	8.1%	\$9,669,936	\$196.67	-	\$145.42	98	7.6%
2010	5	\$4.1M	2.3%	\$1,371,000	\$147.45	-	\$138.95	94	7.9%

(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	-	-	-	-	-	-	\$249.81	135	7.3%
2024	-	-	-	-	-	-	\$242.72	131	7.3%
2023	-	-	-	-	-	-	\$234.48	127	7.3%
2022	-	-	-	-	-	-	\$227.51	123	7.3%
2021	-	-	-	-	-	-	\$229.63	124	7.3%
YTD	2	\$57.5M	28.0%	\$28,750,000	\$182.32	-	\$231.33	125	7.3%
2020	-	-	-	-	-	-	\$228.24	123	7.3%
2019	-	-	-	-	-	-	\$223.45	121	7.4%
2018	-	-	-	-	-	-	\$216.55	117	7.3%
2017	2	\$47.5M	38.7%	\$23,750,000	\$200.18	-	\$214.64	116	7.1%
2016	-	-	-	-	-	-	\$211.87	115	6.9%
2015	-	-	-	-	-	-	\$208.82	113	6.8%
2014	-	-	-	-	-	-	\$194.10	105	7.0%
2013	-	-	-	-	-	-	\$190.16	103	7.0%
2012	-	-	-	-	-	-	\$183.24	99	7.2%
2011	2	\$47.4M	38.7%	\$23,703,500	\$199.79	-	\$184.12	100	7.2%
2010	-	-	-	-	-	-	\$173.85	94	7.6%

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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	-	-	-	-	-	-	\$205.29	148	7.1%
2024	-	-	-	-	-	-	\$199.10	144	7.1%
2023	-	-	-	-	-	-	\$192.20	139	7.1%
2022	-	-	-	-	-	-	\$186.55	135	7.1%
2021	-	-	-	-	-	-	\$188.38	136	7.1%
YTD	1	\$1.5M	0.3%	\$1,465,000	\$296.80	-	\$189.67	137	7.2%
2020	6	\$22.9M	7.3%	\$3,812,667	\$168.42	6.6%	\$186.85	135	7.2%
2019	12	\$16.5M	6.7%	\$2,358,429	\$151.56	-	\$183.74	133	7.3%
2018	4	\$13.2M	6.2%	\$3,303,005	\$120.45	-	\$170.99	123	7.4%
2017	6	\$10.6M	2.4%	\$2,660,625	\$324.48	6.6%	\$168.21	121	7.2%
2016	9	\$9.6M	5.1%	\$1,750,590	\$117.19	5.3%	\$162.05	117	7.2%
2015	6	\$15.5M	11.1%	\$3,746,754	\$80.84	6.0%	\$156.04	113	7.2%
2014	7	\$8.9M	3.7%	\$3,827,106	\$136.19	-	\$144.94	105	7.3%
2013	4	\$2.8M	2.3%	\$921,333	\$83.88	-	\$140.50	101	7.4%
2012	8	\$3.5M	5.7%	\$1,171,723	\$112.05	-	\$134.23	97	7.6%
2011	2	\$892.7K	0.4%	\$446,340	\$120.99	-	\$134.67	97	7.7%
2010	5	\$4.1M	4.1%	\$1,371,000	\$147.45	-	\$129.52	94	8.0%

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(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.

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	-	-	-	-	-	-	\$163.05	145	7.7%
2024	-	-	-	-	-	-	\$158.44	141	7.6%
2023	-	-	-	-	-	-	\$153.23	136	7.6%
2022	-	-	-	-	-	-	\$149.03	133	7.7%
2021	-	-	-	-	-	-	\$150.75	134	7.7%
YTD	-	-	-	-	-	-	\$153.58	137	7.7%
2020	-	-	-	-	-	-	\$151.57	135	7.7%
2019	4	\$5.3M	21.0%	\$1,770,341	\$66.56	-	\$149.05	133	7.7%
2018	-	-	-	-	-	-	\$136.49	121	7.9%
2017	-	-	-	-	-	-	\$138.29	123	7.6%
2016	5	\$20.5M	38.3%	\$5,132,473	\$94.68	-	\$132.75	118	7.6%
2015	2	\$6.5M	11.6%	\$3,259,958	\$80.23	-	\$128.38	114	7.6%
2014	-	-	-	-	-	-	\$118.88	106	7.7%
2013	-	-	-	-	-	-	\$116.60	104	7.8%
2012	3	\$1.2M	23.3%	\$1,175,000	\$67.68	-	\$112.27	100	8.0%
2011	1	\$50K	0.2%	\$50,000	\$42.30	-	\$111.98	100	8.1%
2010	-	-	-	-	-	-	\$108.05	96	8.4%

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