RADIUS INSIGHT

YOUR GUIDE TO SOUTH CENTRAL COAST COMMERCIAL REAL ESTATE | 2012 YEAR END REPORT

YEAR-OVER-YEAR VACANCY COMPARISON

	4Q'11		4Q'12
Office/R&D			
Santa Barbara	6.1%	▼	5.7%
Goleta	10.8%	▼	9.7%
Carpinteria	19.4%	▼	12.6%
Industrial			
Santa Barbara	1.2%	■	1.2%
Goleta	7.1%	▼	4.1%
Carpinteria	8.9%	▼	5.6%
Retail			
Santa Barbara	2.1%	▼	1.5%

Figures above represent percentage points.

A Year Driven by Growth

Local Commercial Real Estate makes great strides putting uncertainty of recent years in rearview mirror

It would be an understatement to say 2012 was chock full of compelling stories. And while in any year you can point to peaks and valleys in any economy or market, the peaks last year drove much of the storyline.

Here are five of 2012's top stories:

1. 85 total commercial sales transactions—matching 2005 as the most since 1998 and marking the third straight year of growth.

2. The transition of many local businesses from tenant to property owner due in large part to the SBA loan program which suddenly made it possible for small businesses to actually save money by purchasing their own real estate.

3. The ability of the South Coast to hold onto several locally grown businesses (and therefore many highly skilled workers) who were able to find viable commercial real estate solutions to grow their enterprises right here in their own backyard. For example, CMC Rescue, a world leader in the manufacture and distribution of emergency rescue products, was able to find and purchase a suitable space to house every aspect of their growing business, and will move later this year a short distance from their current location at 41 Aero Camino to a larger, 58,000 SF building at 6740 Cortona Dr., also in Goleta.

> ***"... this deal increases the probability that an employer of highly skilled labor will be in the best position to continue to prosper and keep that success in the market."***
>
> *—Paul Gamberdella, regarding Gigavac's lease of 6382 Rose Ln. in Carpinteria*

4. On the leasing side, vacancy rates declined by an average of about 27% across all South Coast markets from the end of 2011 to the end of 2012. Only Santa Barbara's Industrial sector stayed flat year-over-year at a very low 1.2%. And Santa Barbara's Retail sector continued to shrink, dropping even lower from 2.1% to 1.5% vacancy.

5. The proliferation of "sign of the times" deals where both property owner and tenant get the end results they need. Some landlords, perhaps motivated by vacant properties stale on the market for large periods of time, began to sweeten deals allowing new tenants greater flexibility and potential for growth. For example, in June Gigavac signed a lease with an option to buy a 39,000 SF Office/R&D building located at 6382 Rose Ln. in Carpinteria. The lease terms provide Gigavac the opportunity to capitalize on the benefits of owning versus leasing should they decide to go down that road. If that happens, the owner will have sufficient time to identify a suitable exchange property if that's a path they wish to pursue. Said Radius Principal Paul Gamberdella, "Perhaps more important is that this deal increases the probability that an employer of highly skilled labor will be in the best position to continue to prosper and keep that success in the market."

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RADIUS® Commercial Real Estate & Investments

LEASING | OFFICE

SANTA BARBARA OFFICE — 2012

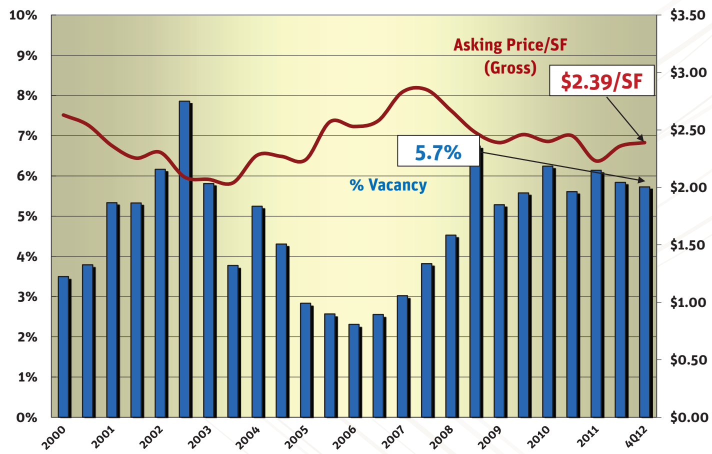
Both vacancy and lease rates for the Santa Barbara Office sector remained relatively steady in 2012 despite a lack of tenant activity during the second half of the year. The year ended with asking rates at about $2.39/SF gross, up from $2.23/SF at the end of 2011. Although there were slightly fewer leases in 2012 versus 2011, vacancy did decrease marginally to about 5.7%, just under the 6.1% vacancy at the end of 2011. There still remains a significant amount of quality office space currently on the market, and we do expect office activity to pick up in 2013.

To combat the shortage of tenants in the marketplace, landlords are providing attractive incentives to existing tenants to keep their buildings leased.

Additionally, the lack of velocity in the office market has enabled some tenants to expand their footprint. There are a number of large office leases currently in negotiation which should be completed during the first quarter of 2013.

Among the most notable office leases of 2012 were the Sonos lease of 22,400 SF of space located at 801 Garden St., and the lease of 14,200 SF of space at 40 E. Alamar Ave. to HUB International.

Santa Barbara Office | 2012 Price vs. Vacancy Rate



Santa Barbara Office | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
419 State St.	27,100	Territory Ahead
1025 Chapala St.	14,700	Multiple Tenants
3757 State St. 2nd/3rd Flrs.	12,600	Multiple Tenants
118 E. Carrillo St.	10,600	Morgan Stanley

Santa Barbara Office | 2012 Largest Leases

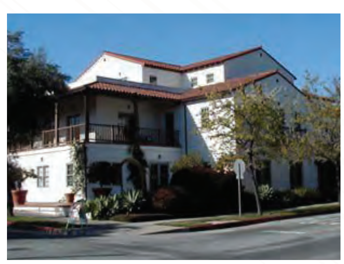
Address	*Size (SF)*	*Leased By*
801 Garden St.	22,400	Sonos Inc.
40 E. Alamar Ave.	14,200	HUB International
2921 De La Vina St.	9,800	Gold Coast Surgery
203 Chapala St.	9,700	Ergomotion, Inc.

2012 South County Highlight Leases – All Commercial Sectors

Industrial
6382 Rose Ln., Carpinteria
39,100 SF
Gigavac

Industrial
30 S. La Patera Ln., Goleta
33,000 SF
Powell Skate One

Retail
220 N. Milpas St., Santa Barbara
30,000 SF
Fresh Market



Office
801 Garden St., Santa Barbara
22,400 SF
Sonos, Inc.

LEASING | OFFICE

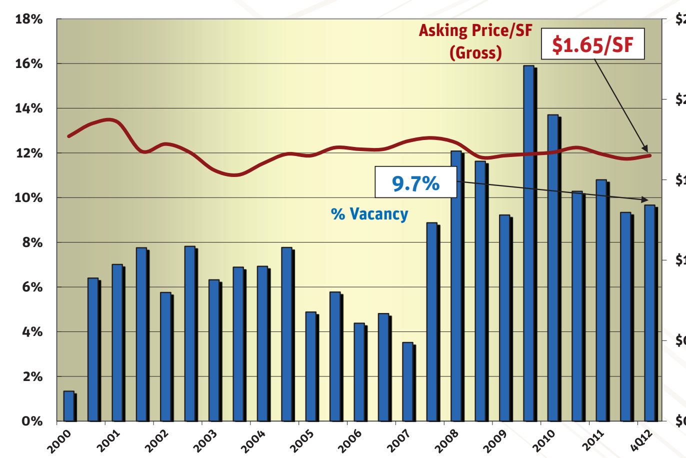
GOLETA OFFICE — 2012

Goleta's Office market was relatively stable throughout 2012 maintaining single digit vacancy at 9.7% with little change in lease rates. That said, there has been very little demand from larger office users as numerous high quality listings continue to receive little interest from new tenants.

There were 30 new office leases in 2012, down from 38 in 2011, further highlighting the slowed activity in this market. Highlight transactions include Conmed leasing 15,000 SF on Castilian and Deckers leasing 26,000 SF on Cremona, the latter being a short term lease until they occupy their new campus under construction on Hollister.

We don't anticipate any significant changes in 2013 as office demand will likely remain strong below 10,000 SF while larger vacancies will continue to see sluggish demand. And provided there are no drastic employment changes or layoffs, vacancy will remain stable and uneventful in 2013. However, we could see a significant swing in vacancy in 2014 if two large tenants who have expiring leases elect not to renew at that time.

Goleta Office | 2012 Price vs. Vacancy Rate



Goleta Office | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
7418 Hollister Ave.	86,300	Raytheon
5385 Hollister Ave.	24,500	Multiple Tenants
41 Aero Camino	19,900	CMC Rescue, Inc.
26 Castilian Dr.	19,400	Network Hardware Resale

Goleta Office | 2012 Largest Leases

Address	*Size (SF)*	*Leased By*
120 Cremona Dr.	25,100	Deckers, Inc.
26 Castilian Dr.	16,000	ConMed
1 S. Los Carneros Rd.	12,600	Brown & Brown
6500 Hollister Ave.	12,100	Network Hardware Resale

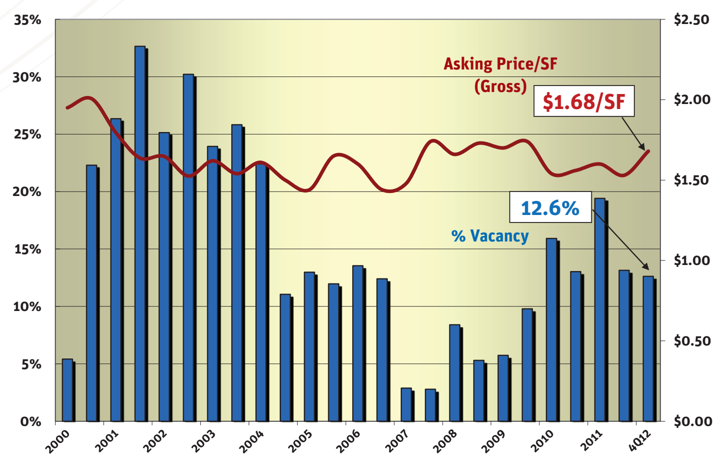
CARPINTERIA OFFICE — 2012

On the surface, Carpinteria's office market continues to experience pronounced fluctuations in vacancy. The reality is, the market consists of just 500,000 SF of space. Because of this lack of inventory, should a larger tenant simply expand their space, for example, vacancy for the entire market can suddenly drop below 10%. Conversely, if that larger tenant were to scale back their operation, vacancy could easily spike up to 20%.

The year ended with vacancy at 12.6%, down from 19.4% at the end of 2011, constituting a 35% drop. This was largely due to lynda.com's lease of just more than 19,000 SF of office space at 1001 Mark Ave. By contrast, the remaining seven leases in 2012 totaled just under 17,000 SF.

A number of spaces in Carpinteria have remained on the market for extended periods of time. The first half of 2013 could be an ideal time for tenants to lease space in this market.

Carpinteria Office | 2012 Price vs. Vacancy Rate



Carpinteria Office | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
5464 Carpinteria Ave.	28,300	Microsoft
4180 Via Real	12,600	Multiple Tenants
6307 Carpinteria Ave.	9,900	Clipper Windpower
1033 Cindy Ln.	4,900	ZBE, Inc.

Carpinteria Office | 2012 Largest Leases

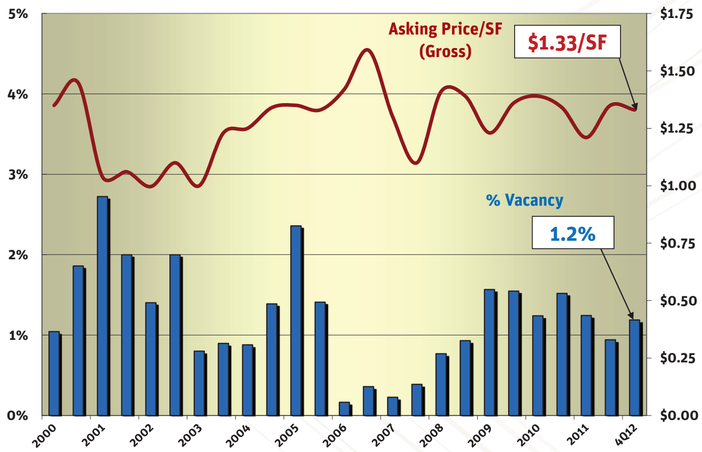
Address	*Size (SF)*	*Leased By*
1001 Mark Ave.	19,100	lynda.com
1145 Eugenia Pl.	7,500	Pacific Offshore
6187 Carpinteria Ave.	2,800	Montecito Realty, LLC
1022–1024 Cindy Ln.	2,300	No Info. Available

LEASING | INDUSTRIAL

SANTA BARBARA INDUSTRIAL — 2012

Santa Barbara's Industrial sector finished the year unchanged from the end of 2011, with vacancy at just 1.2%, while the average asking rate did creep up slightly to $1.33/SF Gross. The Industrial landscape in Goleta and Carpinteria tightened up toward the end of 2012, limiting options for industrial tenants along the South Coast. Look for Industrial lease rates in Santa Barbara to increase modestly in 2013 as tenants now have fewer relocation options in Goleta and Carpinteria. For example, Industrial properties in Santa Barbara with both parking and loading remain nearly impossible to find. Highlight leases in 2012 include Andros Floor Design taking 15,300 SF at 1 N. Calle Cesar Chavez Suite 5, and 96,000 SF leased by Dakar, Inc. at 619 E. Montecito St.

Santa Barbara Industrial | 2012 Price vs. Vacancy Rate



Santa Barbara Industrial | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
1 N. Calle Cesar Chavez	17,500	Bekins
4183-4185 State St.	15,900	Multiple Tenants
30 S. Calle Cesar Chavez	10,600	Masco
531 E. Cota St.	8,900	Haywards

Santa Barbara Industrial | 2012 Largest Leases

Address	*Size (SF)*	*Leased By*
1 N. Calle Cesar Chavez 15	15,300	Andros Floor Design
619 E. Montecito St.	9,600	Dakar, Inc.
427 Olive St.	6,000	Iron Horse Auto Body
590 E. Gutierrez St.	5,700	Total Fireplace

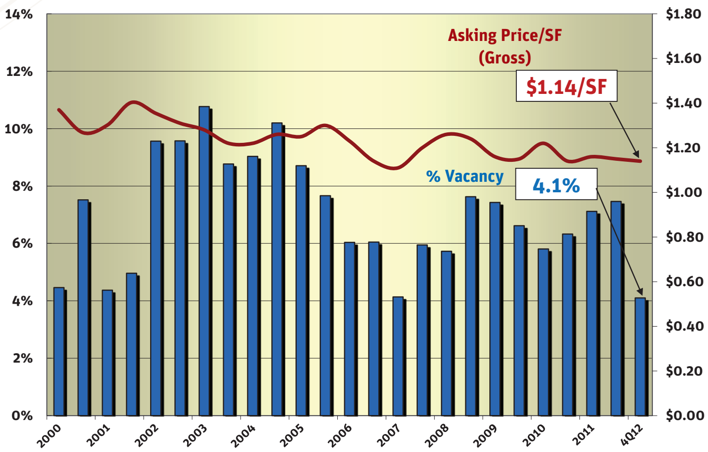
GOLETA INDUSTRIAL — 2012

Industrial leasing in Goleta saw a large reduction in vacancy from 7.1% in 2011 to 4.1% in 2012. The largest vacant industrial space in the market—32,000 SF located at 30 S. Patera #5—was scooped up by Skate One, an existing tenant who expanded in the building, and this played a large part in the vacancy decrease.

In addition, CMC Rescue purchased 6740 Cortona to occupy the vacant 36,000 Industrial space which was also up for lease, thereby pulling that off the list of lease inventory.

Lease rates were just about flat compared to 2011 and rates should remain relatively unchanged into 2013 as there are no significant market shifts anticipated such as large vacancies or employment shifts. In addition, unlike the office sector, there are no pending industrial projects to be constructed that would add to the market's inventory.

Goleta Industrial | 2012 Price vs. Vacancy Rate



Goleta Industrial | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
6775 Hollister Ave.	81,100	DuPont
30 S. La Patera Ln.	26,900	Multiple Tenants
151 Castilian Dr.	15,500	Great American Records
136 Aero Camino	9,500	Portania USA, Inc.

Goleta Industrial | 2012 Largest Leases

Address	*Size (SF)*	*Leased By*
30 S. La Patera Ln.	33,000	Powell Skate One
7406 Hollister Ave.	26,600	Citrix Systems, Inc.
30 S. La Patera Ln.	13,000	Zad Fashion, Inc.
485 Pine Ave.	12,600	Kaai Soraa

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LEASING | INDUSTRIAL

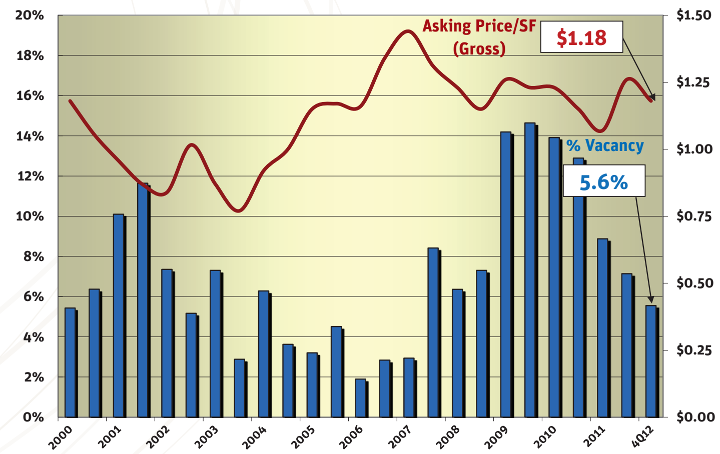
CARPINTERIA INDUSTRIAL — 2012

Carpinteria's Industrial sector experienced a dramatic shift in 2012 as the fourth quarter ended with vacancy falling by 37% from 8.9% at the end of 2011 to 5.6% at the end of 2012.

Even with the drop in vacancy, we do not expect lease rates to increase in 2013. There are a few leases currently in negotiation which may bring the vacancy rate under 5% during the first quarter of 2013.

By far, Carpinteria's headline Industrial deal of the year was Gigavac's expansion into more than 39,000 square feet on Rose Lane, more than double the square footage of all other Industrial leases in Carpinteria during the year.

Carpinteria Industrial | 2012 Price vs. Vacancy Rate



Carpinteria Industrial | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
5201 6th St.	26,300	Name Unavailable
6398 Cindy Ln.	19,100	Giati Designs
1105/1115/1135 Mark Ave.	16,000	Gigavac
1132 Mark Ave.	11,300	DAKO

Carpinteria Industrial | 2012 Largest Leases

Address	*Size (SF)*	*Leased By*
6382 Rose Ln.	39,100	Gigavac
1010 Cindy Ln.	8,100	Biosphere Industries
509 Maple St.	7,300	Caldwell Trust
1030 Cindy Ln.	4,400	Biosphere Industries

Highlight Lease

6382 Rose Ln.

In June, Gigavac expanded their operation in Carpinteria by leasing approximately 39,100 SF of R&D/Office space located at 6382 Rose Ln. Gigavac, which previously occupied 16,000 SF located at 1105-1135 Mark Ave., has an option to buy their new property at the end of their lease, which will expire November, 2017. *(See page 1 for more information on this deal.)*

LEASING | RETAIL

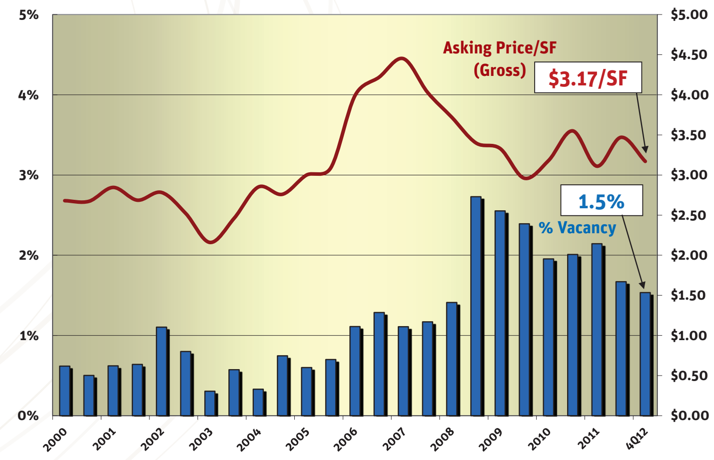
SANTA BARBARA RETAIL — 2012

Since the vacancy rate peaked at the end of 2011 (at a still low 2.1%), Santa Barbara's retail vacancy rate has steadily declined and the market has continued to tighten. We may not see lease rates achieve the highs from 2007 for a few years, but the options for retailers are shrinking as vacancy continues down towards 1%. Options for retailers less than 2,000 square feet in particular are extremely difficult to locate these days.

Look for potential retail growth in the Funk Zone as a number of projects may be coming online in the next few years. Lease rates in the Funk Zone have jumped $.75 to $1.00 per SF in the last year.

By far, the most notable Retail lease in Santa Barbara in 2012 was the leasing of 30,000 SF at 220 N. Milpas (the former Scolari's) to Fresh Market. No other Retail leases during the year involved spaces larger than 8,500 SF.

Santa Barbara Retail | 2012 Price vs. Vacancy Rate



Santa Barbara Retail | Largest Available Spaces

Address	*Size (SF)*	*Vacated By*
15 S. Hope Ave.	10,100	Aga John Oriental Rugs
222 N. Milpas St.	8,100	Scolari's
202 W. Carrillo St.	7,500	Multiple Tenants
111 State St.	7,100	BeBop Burgers

Santa Barbara Retail | 2012 Largest Leases

Address	*Size (SF)*	*Leased By*
220 N. Milpas St.	30,000	Fresh Market
314 State St.	8,500	Sit N Sleep
735 State St.	6,000	American Apparel
700 State St.	5,800	First Picks Bread

Highlight Lease

(Tom Bolton / Noozhawk photo)

700 State St.

Panera Bread plans to open a second location in Santa Barbara. The company leased vacant space at 700 State St. across from Macy's. Panera Bread, which has another location at 3851 State St., leased the 5,800 SF corner space that was vacant a number of years following the closure of the Left at Albuquerque restaurant.

SALES | COMMERCIAL

SOUTH COUNTY COMMERCIAL — 2012

Last year marks the third straight year of growth in the number of commercial sales since 2009's 15-year low of just 35 transactions. In fact, 2012 was particularly interesting because we saw a record breaking 35 sales in the fourth quarter alone, 18 of which occurred in December.

This speaks volumes when you consider these 35 4th Quarter sales are more than double the 15-year average of 16 per quarter. Additionally, this represents almost half of 2012's 85 total sales transactions. And the last time we saw 85 sales in a year was the 2005 peak. Of course, this begs the question "Are we seeing another bubble?"

The answer is both yes and no.

While you may consider December's 18 sales a small bubble due to sellers rushing to close before the end of the year to avoid the 3.8% real estate tax and capital gains tax increases in the new year, it is unlikely that the ripple caused by this small bubble will have any lasting effect beyond the first quarter of 2013.

The reason being interest rates remain low, inventory remains low and demand remains strong.

And from a national perspective, others are feeling confident about the trajectory the commercial real estate industry is following. In its Q4 2012 report, the industry publication *Commercial Connections* suggests that commercial real estate nationwide is improving.

"Most of the major commercial real estate sectors show gradually improving fundamentals and are easily absorbing the relatively small amount of new space that is coming online," the article states. "With the elections behind us…it's hoped that ambiguity over regulatory issues will clear relatively soon so employers can understand the rules of the game and the layout of the field."

We at Radius share this positive outlook for 2013 and are prepared to continue to assist our clients in capitalizing on the strong investment opportunities—for both buyers and sellers—that the year promises.

Just as impressive as the large number of sales transactions recorded in 2012 is the caliber of those properties that sold.

Most noteworthy was the sale of the mixed-use, 46-unit condo project located at 401 Chapala St. which sold to Woodridge Capital Partners, LLC, who also bought the eight luxury condo units located at 618-620 Anacapa St. in the fourth quarter. As you may know, Woodridge purchased the Entrada de Santa Barbara beachfront hotel project in January of 2011.

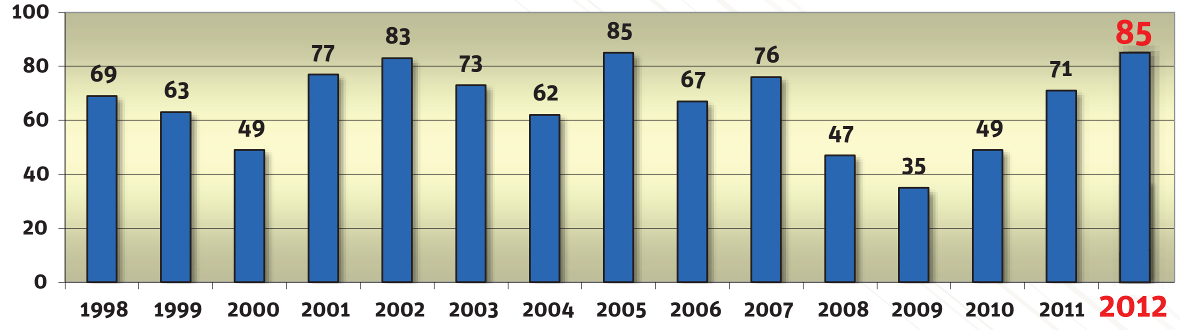
Hotels in Santa Barbara rarely change hands. But this year Days Inn and Suites—also known as the Prado Hotel—located at 1601 State St., sold to its fourth owner since it was first built in the 1960's. The 68-room hotel was quietly listed for $15.25 million and the buyer was a local investment firm.

Lower State Street was not to be left out in December, as the prominent downtown office/retail building located at 740 State St. sold for nearly $11 million. The 22,000 SF mixed-use property located on the corner of State and De La Guerra Streets just across from

Cont. on Page 8

2012 South County Commercial Sales Transactions

(Excluding Apartments)



SALES | COMMERCIAL

Cont. from Page 7

El Paseo, is now 100% leased with Pinkberry Frozen Yogurt and three new tenants who recently signed leases and will open their doors soon, including the high-profile, trendy athletic clothing company Lululemon and up-and-coming custom furniture maker Industry Home.

In the non-profit world, the 35,100 SF office building at 512 E. Guitierrez St. was bought by Visiting Nurses & Hospice Care (VNHC) who outgrew their old space. VNHC outgrew their previous 15,800 SF building located at 222 E. Canon Perdido, which sold to another non-profit. VNHC has been helping the local Santa Barbara community since 1908 and their new building will give them ample room to grow into for the foreseeable future.

Let's not forget Montecito, as the retail center located at 1046 Coast Village Rd. was also a notable December sale. Tenants include Starbucks, Sakana Sushi and most recently Vons Pharmacy. The sale was an off market transaction and the buyer a seasoned local real estate investor.

Further to the south in Carpinteria, a less-publicized but highly noteworthy deal was the sale of 3450 Via Real in two separate transactions. The unique 35.62-acre property was listed for $10.9 Million and includes 1,049,568 square feet of greenhouses and buildings. Formerly operated as Gallup & Stribling Orchids, a world class growing operation, the property was split and sold to two separate buyers.

The property includes a visitor showroom, warehouse & distribution operation, refrigeration facility, growing laboratory and two 3 Bed/2 Bath houses. "The unique nature of this greenhouse property and specificity regarding agricultural use required purchasers that were familiar with operating agricultural and greenhouse related businesses along the South Coast," said Radius Principal Paul Gamberdella. "It's a great benefit for the South Coast as two sophisticated local growers were able to purchase local real estate to expand their growing companies for years to come."

But, in the commercial real estate industry as in most, yesterday is so yesterday. What does all this activity really mean for the market headed into 2013?

2012 Highlight Sales Properties

Hotel
27 W. Carrillo St.
75,700 SF
Sold Price: $41,000,000
Buyer: Klimpton Hotels & Restaurants

Retail
401 Chapala St.
99,100 SF
Sold Price: Approx. $22,000,000
Buyer: Woodridge Capital Partners LLC

Office
512 E. Gutierrez St.
35,100 SF
Asking Price: $12,900,000
Buyer: Visiting Nurse & Hospice Care

Hotel
1601 State St.
32,200 SF
Asking Price: $15,250,000
Buyer: Hotel Investors LP

While we have a positive outlook for 2013, it would be foolish to say that we will continue to see more quarters like the fourth quarter of 2012. But we believe the economy will continue on a trajectory of solid growth in the coming year, and that strong interest from investors coupled with low inventory will cause inflation to accelerate, driving up prices and bringing CAP rates down.

SALES | APARTMENTS

SOUTH COUNTY APARTMENTS SALES — 2012

The Multifamily sector continued its run in the fourth quarter of 2012 with five sales transactions involving properties ranging in size from 5 units to 31 units. For the year there were seven sales transactions of 5–9 Unit complexes and 12 sale transactions of 10+ Unit complexes.

With the growth (albeit small and slow) in the economy, the need for housing in our area has definitely shown positive activity. The average vacancy factor for apartments is hovering around 1% and rents continue to increase, making investments in Multifamily commercial real estate extremely attractive. Couple this with the uncertainty that was present in the market with the run-up to the "fiscal cliff", and it made for a lot of sales transactions that needed to close before the end of 2012.

- ***2012 Gross Rent Multipliers (GRM) averaged 12.8X for 5–9 Units and 12X for 10+ Units***
- ***2012 Cap Rates averaged 5.57% for 5–9 Units and 5.02% for 10+ Units***
- ***2012 Price Per Unit Average was $194,000 for 5–9 Units and $205,000 for 10+ Units***

The biggest factor facing our market for 2013 is a lack of inventory. There are buyers ready to buy but the sellers are hesitant to sell without replacement properties, and the increase in the Capital Gains tax will not help this situation. We expect to see continued activity in off market sales as buyers will be beating the bushes to come up with investments.

Apartment financing remains the most readily available loan to get. Several local banks are competing for these loans. So we're consistently seeing loans in the low 4% range and some even below 4%. Financing stability from Freddie and Fannie will provide another advantage as access to agency debt sets this sector apart from others which have encountered more difficulty obtaining financing.

Current inventory is absolutely anemic with less than 10 properties of 5 or more units available in Santa Barbara County. Additionally, three of them are currently in escrow.

2012 Notable South County Apartment Sales

- *312 Ellwood Beach Drive*
  - *60 Unit property in Goleta near UCSB.*
  - *Property closed for $10 million with 5.33% cap rate.*
- *515 Red Rose Lane*
  - *32 Units near Santa Barbara City College*
  - *Property closed for $8.97 million at 4% cap rate.*
- *554 Coronel Place*
  - *49 Units near Santa Barbara City College*
  - *Property closed for $11.7 million*

2013 Predictions

- *Price per unit for 10+ units will average $180,000–$220,000 per unit. Smaller buildings (5–9 units) will sell at about a 5% premium over larger complexes.*
- *Cap rates have lowered for South County and will be from the high 4% to mid 5% range for properties to sell. We expect the majority of sales to be in the low 5% on properties over 5 units.*
- *Gross rent multipliers will stay at or near 11–13X for 10+ units while 5–9 unit buildings will sell at 12–14X gross.*
- *Rents in Santa Barbara will increase modestly by 2–5%.*
- *Vacancy rates will remain stable at well under the national average of 4% as our nation sees a trend towards renting versus buying.*
- *Bright Spots: Sales activity and interest in purchasing well located properties continues to remain very strong. We will continue to see demand for well-located properties in downtown Santa Barbara though not many choices are on the open market at this time. With this being stated the property "still" has to have the economics.*

SALES | APARTMENTS

NORTH COUNTY APARTMENTS SALES — 2012

The North County of Santa Barbara did not see as much activity in 2012 mainly because there was even fewer properties being marketed. Lompoc featured 5 of 8 total transactions for the North County of 5 or more units. Look for additional activity as the Lompoc Housing and Community Development Corporation continues to have their portfolio divided up and sold off. Similar sales in 2012 caused an artificial low in the selling price and price per unit levels for Lompoc as we saw several bank owned properties trade on the market between $34,000 and $48,000 per unit. This is substantially lower than the more normal market of $85,000 to $95,000 per unit that is traditionally seen. One bright spot saw the sale of The Seabreeze Apartments in Lompoc for $9,250,000 for 64 units or $144,000 per unit and a 6.65% CAP rate.

Santa Maria's highlight sale for 2012 featured 24 units on Cook Street that sold for $2,335,000 or $97,000 per unit and a 6.22% CAP rate.

Rents in North County remained stable and improved in the latter part of the year with some complexes implementing rent increases. We expect rents to continue to rise for the same fundamentals as in Santa Barbara, with little to no construction, an influx of foreclosures (with these foreclosed homes selling at a brisk pace), and more would-be homeowners becoming renters because they don't qualify for loans.

2013 Predictions

- *Price per unit for 10+ units will average at or near $100,000 per unit. Lompoc should see averages (not weighted with bank sales) at $85,000 to $90,000 per unit.*
- *CAP Rates will average between 6%–7%, depending on location, condition and income.*
- *GRMs will stay at or near 8.5X – 11X (5+ Units)*
- *Rents in Santa Maria will continue to see minor increases in the 1%-2% range.*
- *Vacancy Rates in Santa Maria will average below 4% and Lompoc should see vacancy levels in the 4%-5% range.*

Although the market in general slowed, the investment fundamentals for apartments actually improved over the previous year. Multifamily loans are very competitive with rates in the low to high 4% range, vacancy rates are compressing, rents are increasing, and there is little, if any, new construction to compete with existing properties.

We expect investors to keep seeing the benefit of investing in North County apartment buildings. All of the properties we are involved with, whether with the brokerage hat or the ownership side, are experiencing very high levels of occupancy with no rent concessions.

VENTURA COUNTY APARTMENTS SALES — 2012

Demand for multifamily investments continues to hold strong in the Ventura market and like most areas the supply just has not been there to satisfy investors. Countywide vacancy has been below 4% for the past 18 months and rents are rising in accordance.

The average CAP rate for properties sold in 2012 was 6.09% ranging from as low as 4.75% and as high as 8.2% depending on location, asset quality and size. Sales price per unit ranged from $98,000 to $269,000, with an average of $156,500. Two highlight sales were the sale of the 272 unit Archstone Ventura Colony in Ventura to Raintree Partners for $60,000,000 and the 191 unit Archstone Thousand Oaks in Thousand Oaks to IMT Capital for $51,375,000.

Multifamily sales activity and values for quality assets are expected to continue to increase as individual and institutional investors compete for the most desirable properties. While most of the recent activity has centered on high quality properties and locations, the limited amount of available inventory has prompted a trickle down of interest in "B" and "C" properties in secondary and tertiary markets.

If a picture is worth a thousand words, then what do all of these say?

We have 40 stories to share with you about how we achieved success for our clients in 2012. Forty total commercial sales along the South Coast last year—more than any other firm. Once again, Radius agents showed how we get it done.

But don't be sold on words alone. Let the Radius Team show you the big picture with bigger results in 2013.

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