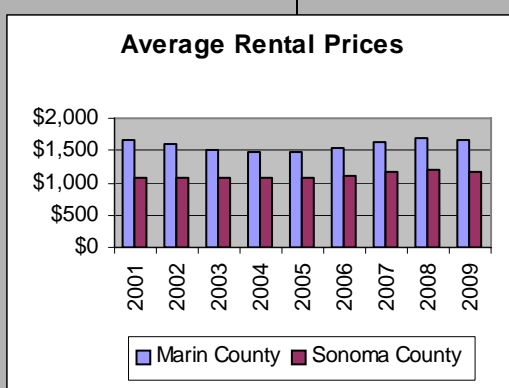


What's the Deal With These Rental Prices?

The Bay Area's high unemployment rates are being felt in almost every sector of our economy, and unfortunately that includes the apartment rental market. According to RealFacts of Novato, rents in the Bay Area and the rest of the country have fallen for five straight quarters. The big question that everyone has is, "When is it going to get better?"

Unfortunately, the answer is, "We can't be sure". On the brighter side, we have noticed signs that declining rental prices are leveling out, and that Marin and Sonoma's prices remain some of the strongest around. In 2009, the

average Bay Area rental prices fell by \$125, while rental prices only dropped by \$37 in Marin County and \$48 in Sonoma County.



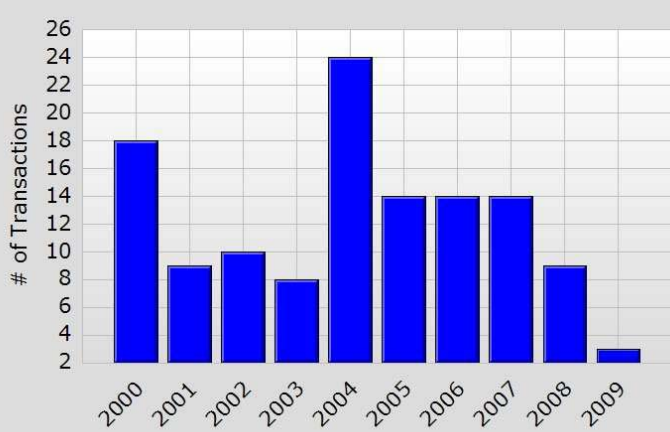
People are worried about entering into leasing agreements when they aren't sure that their jobs are stable.

Not surprisingly, the biggest rent declines were in apartments properties that did not allow for roommates such as studios and 1-bedrooms.

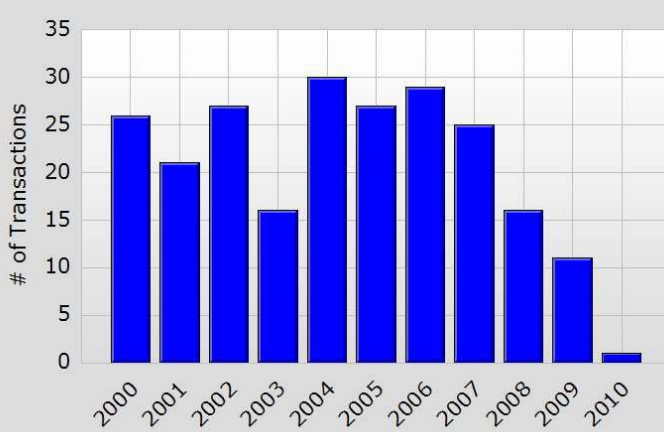
Signs of increasing rents are on the rise, as occupancy rates were slightly higher in the 4th quarter of 2009 than the 3rd as a result of lower rents.

Quick Marin and Sonoma County Sales Trends

Marin County # of Transactions

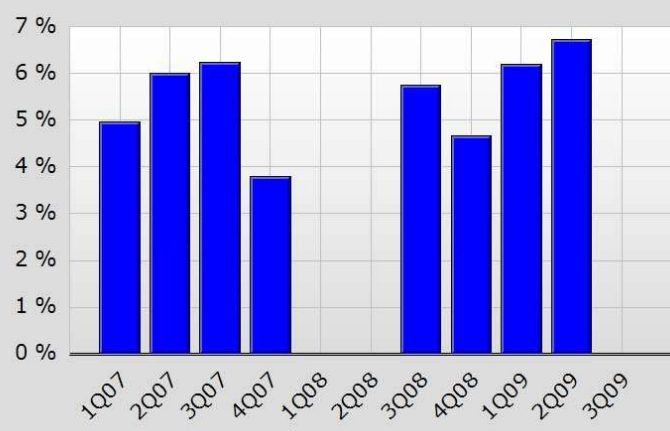


Sonoma County # of Transactions



- Transaction levels in Marin and Sonoma Counties are at levels not seen since 1994, however large deals are still trading. Overall, 10+ unit inventory is down 50% from a year ago.

Marin County CAP Rate

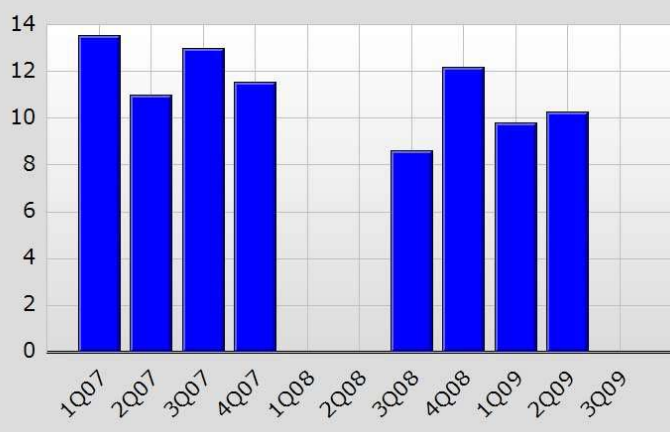


Sonoma County CAP Rate

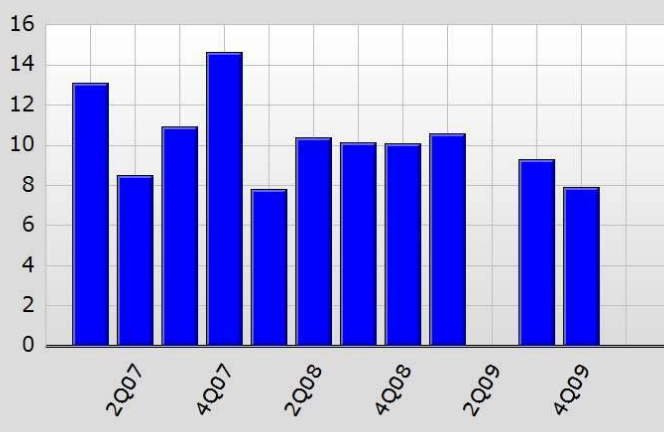


- Capitalization rates in Marin and Sonoma Counties are now between 6% and 7% and have increased since 2007, offering positive leverage in most cases on most properties.

Marin County GRM



Sonoma County GRM



- The Average Marin County GRM is down 26.9% from the first quarter of 2007.
- The Average Sonoma County GRM is down 35.3% from the quarter of 2007.

MARK YOUR CALENDARS!

FREE Sonoma County e-Waste Recycling drop off locations!



13200 Old Redwood Hwy, Healdsburg 2/27-2/28—8:30AM-4:30 PM
 501 Asti Road, Cloverdale 3/13-3/14—8:30AM-4:30PM

ADVICE: How Can I lower my vacancies?

Not finding that your apartments are renting as easily as they should be? Here are some tips to help you fill those vacancies:

- Start with the obvious. Make sure that your prices are reasonable and competitive. If your looking for somewhere to start, you can download the latest copy of our rental survey at www.norcalcre.com.
- Make sure you advertise online! When potential renters start apartment hunting, the first place they are going to look is on the Internet. All of the large apartment companies use online advertising to attract renters, and there is no reason you can't do the same. If you aren't technically savvy, craigslist.com is a great place to start. It's free and takes very little time to set up. Rental Address.com is also a good example of a service that can help. It might be a little expensive, but it will provide a full featured website for your property within itself. Also, getting listed on Google doesn't take more than 10 minutes, and will get you major exposure with apartment seekers on the Internet.
- Get your current tenants to provide referrals by offering incentives. For example, you can offer current tenants \$200 off their next months rent for any approved referral. This is a great way to save money on advertising!
- Let your property advertise itself! Items that stand out near or on your property can be a great way to get people to notice your complex. Signs, banners, and even balloons can have an impact on people that drive by on a regular basis. If you have a sign, make sure that it's easy to read, doesn't interfere with any zoning laws or regulations, and offers some sort of promotion or incentive.
- Offer something unique! There are many different things that you can offer that will entice new renters. For example, offering free apartment-wide wireless Internet may be a huge perk to new renters. It's a minimal cost for you, but will save each renter a lot of money each month.



NorCal Commercial specializes in apartment sales of two units to over two hundred units in the North Bay. We provide apartment owners, managers, developers and investors with all of the tools necessary to navigate the complexities of today's rental housing environment.

When it's time to consider selling, buying, exchanging or simply evaluating the performance of your apartment property, please call NorCal Commercial, Inc.

Scott A. Gerber
NorCal Commercial Inc.
 777 Grand Avenue, Suite 205
 San Rafael, CA 94901

(415) 927-8888
 (415) 215-3333 Cell
scott@scottgerber.com