

**4Q2008**

Merced is 1 of 1 counties in Merced CA MSA (with at least 5 communities)

Rent ranking  
for counties in Merced CA MSAOccupancy ranking  
for counties in Merced CA MSA

<b>County</b>	<b>Avg Rent</b>	<b>County</b>	<b>Avg Occ.</b>
1. Merced	\$735	1. Merced	95.7%

Rent growth % Rankings Yr. over Yr.  
for counties in Merced CA MSAOccupancy growth Rankings Yr. over Yr.  
for counties in Merced CA MSA

<b>County</b>	<b>Avg Rent</b>	<b>County</b>	<b>Avg Occ.</b>
1. Merced	4.0%	1. Merced	2.2%

Merced CA MSA is 1 of 25 MSAs in California

Rent ranking  
for MSAs in California

<b>MSA</b>	<b>Avg Rent</b>
1. San Jose-Sunnyvale-Santa Clara CA MSA	\$1,674
2. Santa Cruz-Watsonville CA MSA	\$1,637
3. Los Angeles-Long Beach-Santa Ana CA MSA	\$1,636
4. San Francisco-Oakland-Fremont CA MSA	\$1,624
5. Oxnard-Thousand Oaks-Ventura CA MSA	\$1,515
6. San Diego-Carlsbad-San Marcos CA MSA	\$1,394
7. Napa CA MSA	\$1,328
8. Santa Barbara-Santa Maria CA MSA	\$1,223
9. Salinas CA MSA	\$1,220
10. San Luis Obispo-Paso Robles CA MSA	\$1,207
11. Santa Rosa-Petaluma CA MSA	\$1,201
12. Vallejo-Fairfield CA MSA	\$1,166
13. Riverside-San Bernardino-Ontario CA MSA	\$1,129
14. Sacramento-Arden-Arcade-Roseville CA MSA	\$966
15. Stockton CA MSA	\$876
16. Bakersfield CA MSA	\$859
17. Modesto CA MSA	\$819
18. Redding CA MSA	\$809
19. Chico CA MSA	\$803
20. Fresno CA MSA	\$800
21. Visalia-Porterville CA MSA	\$787
22. Yuba City CA MSA	\$773
23. El Centro CA MSA	\$758
24. Merced CA MSA	\$735
25. Hanford-Corcoran CA MSA	\$708

Occupancy ranking  
for MSAs in California

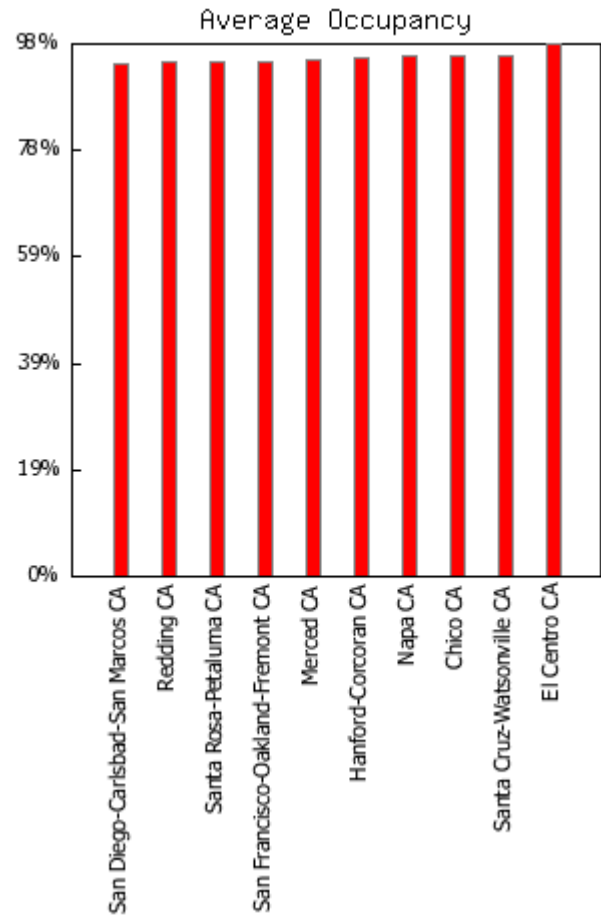
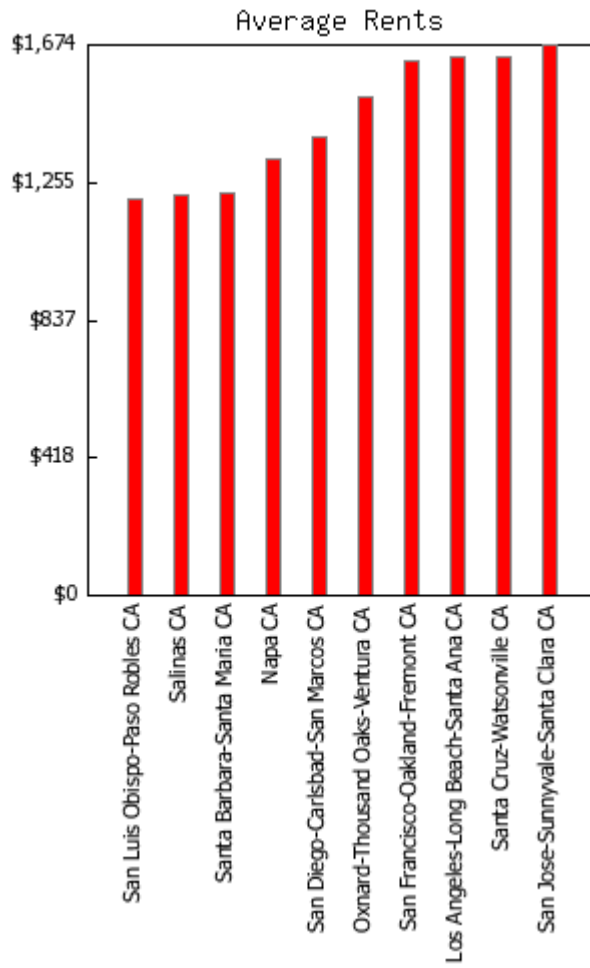
<b>MSA</b>	<b>Avg Occ.</b>
1. El Centro CA MSA	98.7%
2. Santa Cruz-Watsonville CA MSA	96.5%
3. Chico CA MSA	96.5%
4. Napa CA MSA	96.4%
5. Hanford-Corcoran CA MSA	96.0%
6. Merced CA MSA	95.7%
7. San Francisco-Oakland-Fremont CA MSA	95.4%
8. Santa Rosa-Petaluma CA MSA	95.3%
9. Redding CA MSA	95.2%
10. San Diego-Carlsbad-San Marcos CA MSA	95.1%
11. San Jose-Sunnyvale-Santa Clara CA MSA	94.8%
12. Stockton CA MSA	94.6%
13. Fresno CA MSA	94.5%
14. Salinas CA MSA	94.3%
15. Yuba City CA MSA	94.2%
16. Visalia-Porterville CA MSA	94.2%
17. Vallejo-Fairfield CA MSA	94.2%
18. Santa Barbara-Santa Maria CA MSA	94.1%
19. San Luis Obispo-Paso Robles CA MSA	93.7%
20. Los Angeles-Long Beach-Santa Ana CA MSA	93.7%
21. Oxnard-Thousand Oaks-Ventura CA MSA	93.3%
22. Bakersfield CA MSA	93.2%
23. Sacramento-Arden-Arcade-Roseville CA MSA	92.8%
24. Modesto CA MSA	92.8%
25. Riverside-San Bernardino-Ontario CA MSA	91.5%

Rent growth % Rankings Yr. over Yr.  
for MSAs in California

MSA	Avg Rent
1. Salinas CA MSA	7.9%
2. Yuba City CA MSA	5.6%
3. Merced CA MSA	4.0%
4. Napa CA MSA	3.7%
5. San Francisco-Oakland-Fremont CA MSA	3.0%
6. Santa Barbara-Santa Maria CA MSA	2.7%
7. Santa Cruz-Watsonville CA MSA	2.2%
8. Vallejo-Fairfield CA MSA	1.9%
9. San Luis Obispo-Paso Robles CA MSA	1.8%
10. San Diego-Carlsbad-San Marcos CA MSA	1.8%
11. San Jose-Sunnyvale-Santa Clara CA MSA	1.6%
12. Visalia-Porterville CA MSA	1.4%
13. Bakersfield CA MSA	0.9%
14. Fresno CA MSA	0.6%
15. Chico CA MSA	0.5%
16. Sacramento-Arden-Arcade-Roseville CA MSA	0.4%
17. Redding CA MSA	0.4%
18. Santa Rosa-Petaluma CA MSA	0.1%
19. Modesto CA MSA	0.1%
20. El Centro CA MSA	0.0%
21. Stockton CA MSA	-0.3%
22. Los Angeles-Long Beach-Santa Ana CA MSA	-0.4%
23. Oxnard-Thousand Oaks-Ventura CA MSA	-2.6%
24. Riverside-San Bernardino-Ontario CA MSA	-2.8%
25. Hanford-Corcoran CA MSA	-4.1%

Occupancy growth Rankings Yr. over Yr.  
for MSAs in California

MSA	Avg Occ.
1. Visalia-Porterville CA MSA	3.0%
2. El Centro CA MSA	2.4%
3. Merced CA MSA	2.2%
4. Napa CA MSA	1.7%
5. Redding CA MSA	1.5%
6. Santa Rosa-Petaluma CA MSA	1.1%
7. Santa Cruz-Watsonville CA MSA	0.6%
8. Hanford-Corcoran CA MSA	0.5%
9. San Francisco-Oakland-Fremont CA MSA	0.1%
10. San Diego-Carlsbad-San Marcos CA MSA	-0.1%
11. Oxnard-Thousand Oaks-Ventura CA MSA	-0.1%
12. Vallejo-Fairfield CA MSA	-0.2%
13. Fresno CA MSA	-0.2%
14. Stockton CA MSA	-0.4%
15. Los Angeles-Long Beach-Santa Ana CA MSA	-0.5%
16. Sacramento-Arden-Arcade-Roseville CA MSA	-0.7%
17. Chico CA MSA	-0.7%
18. Salinas CA MSA	-0.8%
19. Riverside-San Bernardino-Ontario CA MSA	-0.9%
20. Yuba City CA MSA	-1.4%
21. San Jose-Sunnyvale-Santa Clara CA MSA	-1.4%
22. Modesto CA MSA	-1.6%
23. Bakersfield CA MSA	-2.2%
24. Santa Barbara-Santa Maria CA MSA	-2.5%
25. San Luis Obispo-Paso Robles CA MSA	-5.5%



**Inventory Analysis**

Merced County  
4Q2008

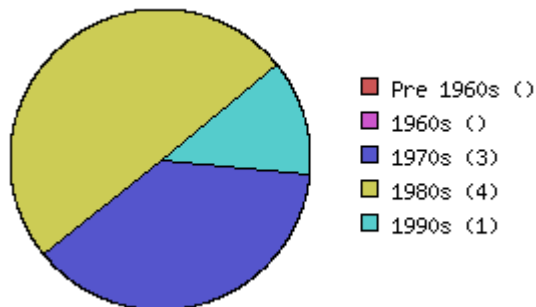
Properties/Units	8 / 1,367	Average units per property	170
Class A	0 /	Average year built	1981
Class B	1 / 176	Size range (units)	100 - 288
Class C	7 / 1,191	Age range	1970 - 1992

**Unit Mix** (all unit types appear in this report)

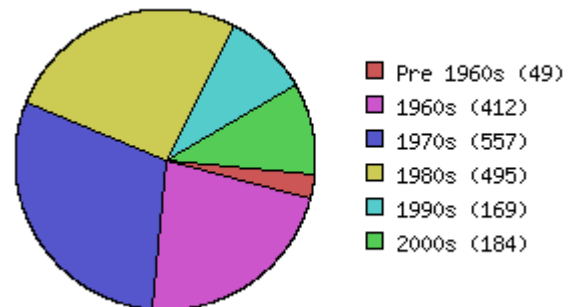
Totals	Units	% of Mix	Benchmark % of Mix	Average Sq. Ft	Benchmark Avg Sq Ft	Average Rent	Benchmark Avg. Rent	Avg. Rent Sq. Ft.	Benchmark Avg. Rent Sq. Ft.
All	1,367	100.0%	100.0%	923	842	\$735	\$1,375	\$0.80	\$1.63
Urban Loft									
studio									
jr 1bd									
1bd 1bth	336	24.6%	38.7%	729	700	\$654	\$1,237	\$0.90	\$1.77
1bd 1.5bth									
1bd TH									
2bd 1bth	324	23.7%	17.9%	857	863	\$721	\$1,203	\$0.84	\$1.39
2bd 1.5bth	56	4.1%	1.6%	845	933	\$680	\$1,318	\$0.80	\$1.41
2bd 2bth	518	37.9%	25.6%	1,020	1,009	\$758	\$1,589	\$0.74	\$1.57
2bd 2.5th									
2bd TH									
3bd 1bth									
3bd 1.5bth									
3bd 2bth	133	9.7%	3.5%	1,224	1,233	\$911	\$1,785	\$0.74	\$1.45
3bd 3bth									
3bd TH									
4bd									
5bd 2bth									
5bd TH									

Age of Existing Inventory

Area: Merced County



Benchmark: Nor Cal Region

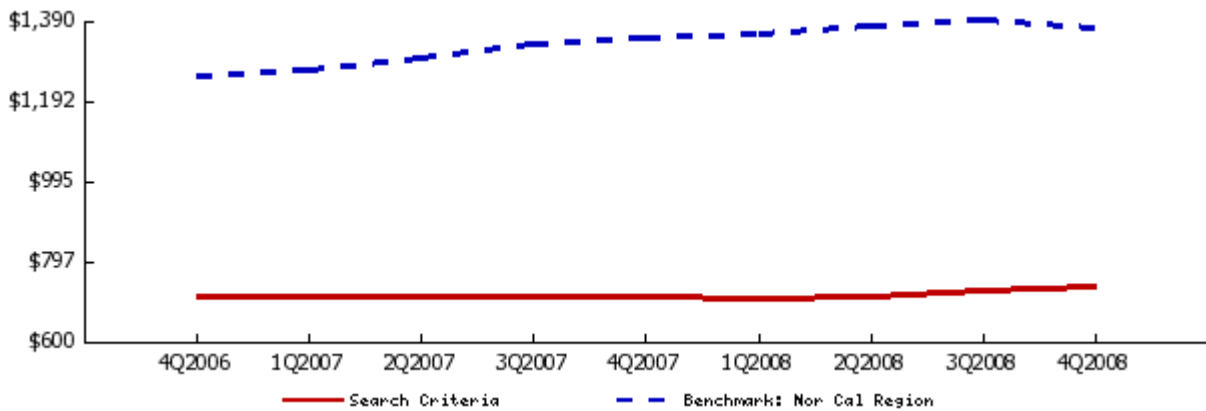


**Rental Trends for Merced County**

All Classes  
Quarterly Trend

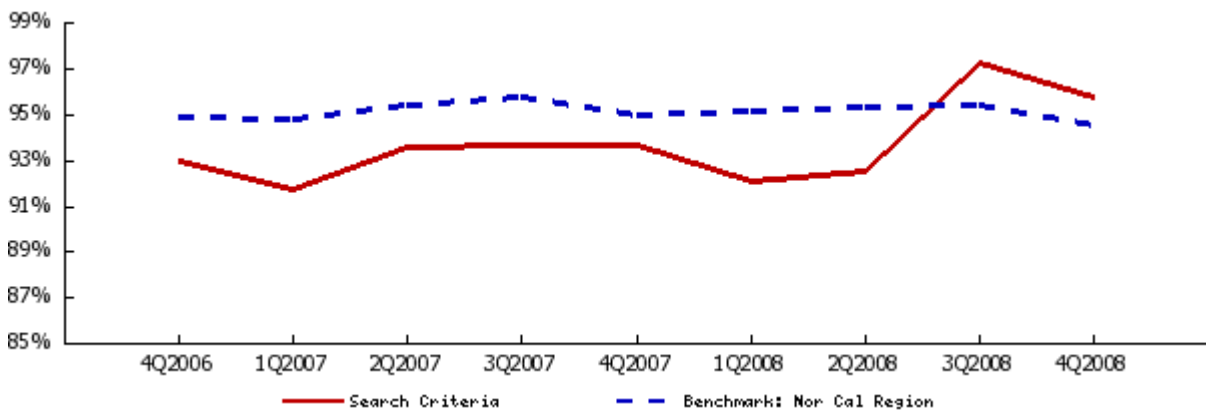
**Average Asking Rent**

	4Q2006	1Q2007	2Q2007	3Q2007	4Q2007	1Q2008	2Q2008	3Q2008	4Q2008	1 Yr. Change
<b>AVERAGE</b>	\$711	\$709	\$708	\$709	\$707	\$706	\$711	\$724	\$735	4.0%
studio										
jr 1bd										
1bd 1bth	\$632	\$627	\$621	\$625	\$625	\$623	\$630	\$644	\$654	4.6%
2bd 1bth	\$707	\$708	\$708	\$710	\$701	\$697	\$697	\$718	\$721	2.8%
2bd 2bth	\$734	\$732	\$732	\$732	\$731	\$731	\$727	\$740	\$758	3.8%
2bd TH										
3bd 2bth	\$851	\$851	\$851	\$851	\$853	\$853	\$897	\$897	\$911	6.7%
3bd TH										



**Average Occupancy Rate**

	4Q2006	1Q2007	2Q2007	3Q2007	4Q2007	1Q2008	2Q2008	3Q2008	4Q2008	1 Yr. Change
<b>AVERAGE</b>	92.9%	91.7%	93.5%	93.6%	93.6%	92.0%	92.5%	97.2%	95.7%	2.3%

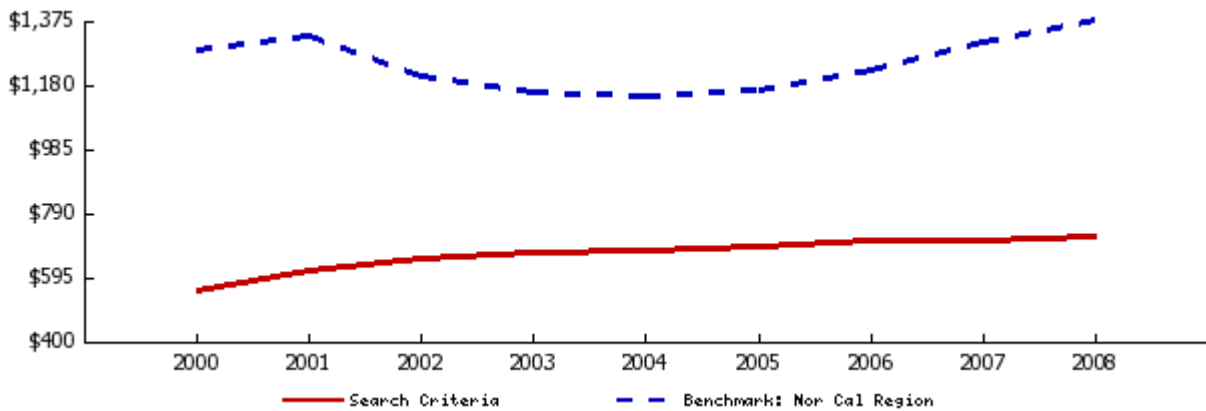


**Rental Trends for Merced County**

All Classes  
Annual Trend

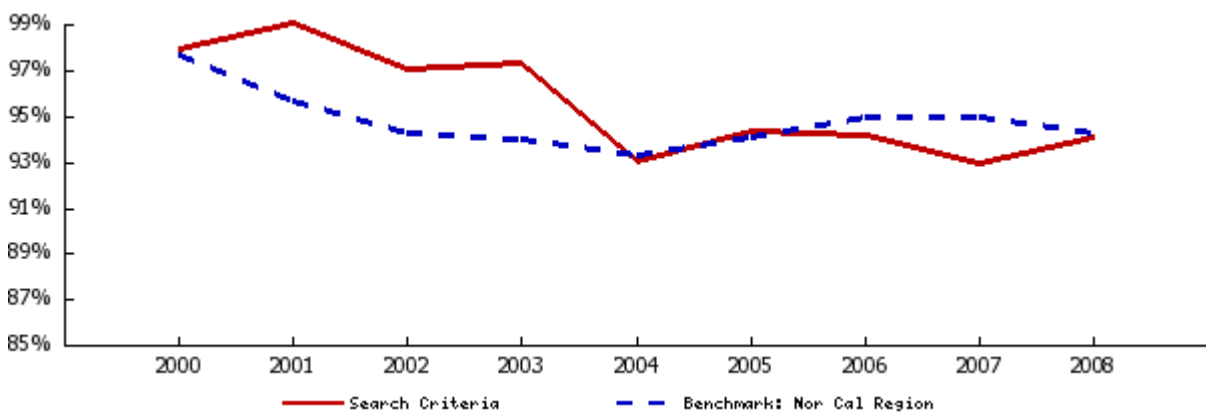
**Average Asking Rent**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	4 Yr. Change
<b>AVERAGE</b>	\$555	\$611	\$649	\$667	\$678	\$690	\$707	\$708	\$719	6.1%
studio										
jr 1bd										
1bd 1bth	\$491	\$532	\$568	\$585	\$604	\$607	\$625	\$625	\$638	5.5%
2bd 1bth	\$525	\$599	\$643	\$655	\$659	\$676	\$700	\$707	\$708	7.4%
2bd 2bth	\$586	\$643	\$677	\$698	\$707	\$720	\$731	\$731	\$739	4.5%
2bd TH										
3bd 2bth	\$675	\$730	\$775	\$800	\$810	\$838	\$851	\$852	\$890	9.8%
3bd TH										



**Average Occupancy Rate**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	4 Yr. Change
<b>AVERAGE</b>	98.3%	99.4%	97.4%	97.6%	93.2%	94.6%	94.4%	93.1%	94.3%	1.2%



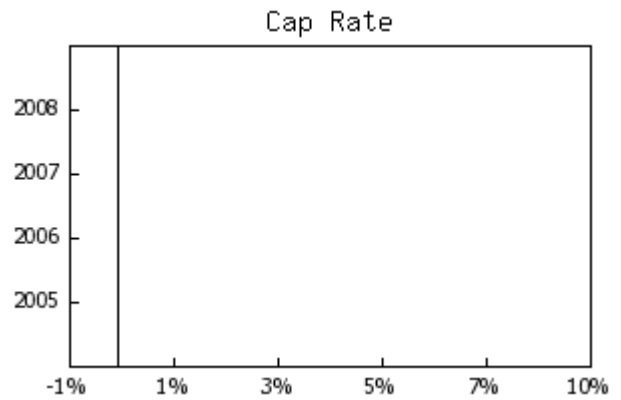
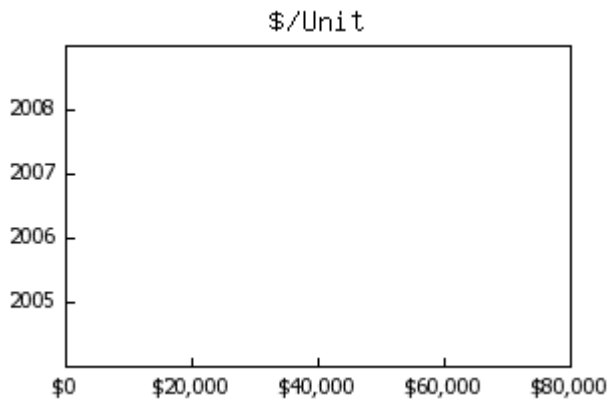
**Sales Trends for Merced County**

2005-2008 , All Classes

	2008	2007	2006	2005
Total Transactions	0	0	0	0
Total Dollar Value				
Total Square Feet				
Total Units				

Median Year Built
Average Square Footage
Average Sale Price
Average Price Per Square Foot
Average CAP Rate
Average GRM
Average Units
Average Price Per Unit

	2008	2007	2006	2005
Average Rent/sf (All)	\$0.80	\$0.79	\$0.79	\$0.77
Class A				
Class B	\$0.70	\$0.76	\$0.76	\$0.75
Class C	\$0.81	\$0.80	\$0.79	\$0.77
Average Occupancy (All)	93%	91%	93%	94%
Class A				
Class B	98%	95%	95%	94%
Class C	92%	90%	93%	94%



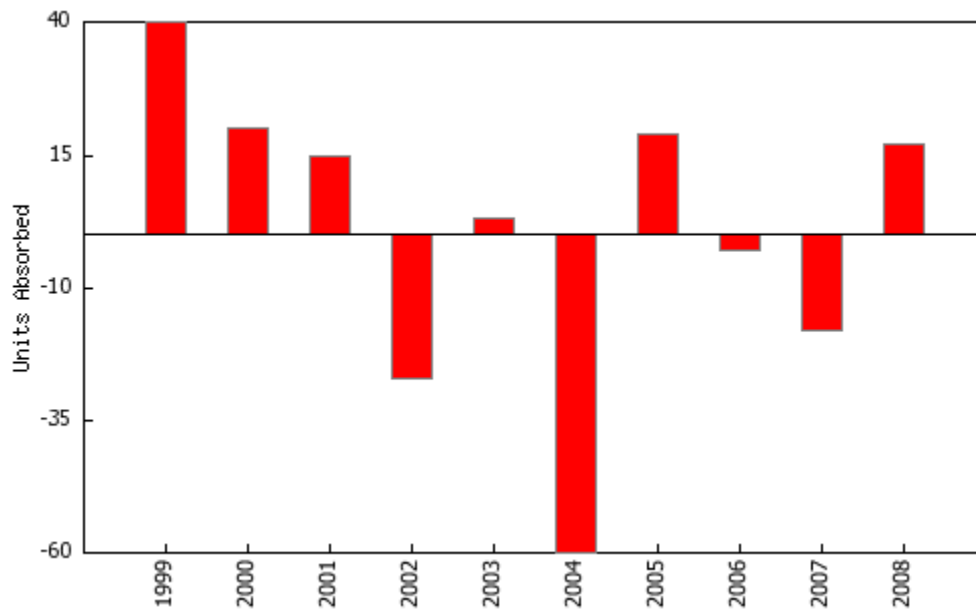
**Absorption**

Merced County

4Q2008

**Units Absorbed**

	Units Built	Total Units	Occupancy Rate	Occupied Units	Units Absorbed
1998	0	1,367	93.9%	1,283	N/A
1999	0	1,367	96.8%	1,323	40
2000	0	1,367	98.3%	1,343	20
2001	0	1,367	99.4%	1,358	15
2002	0	1,367	97.4%	1,331	-27
2003	0	1,367	97.6%	1,334	3
2004	0	1,367	93.2%	1,274	-60
2005	0	1,367	94.6%	1,293	19
2006	0	1,367	94.4%	1,290	-3
2007	0	1,367	93.1%	1,272	-18
2008	0	1,367	94.3%	1,289	17



**Area Analysis**

Merced County

4Q2008

## Cities with at least 5 communities

City	Communities	% of Total	Avg. Occupancy	Yr /Yr Change	Avg. Rent	Yr /Yr Change
Merced	8	100.0%	95.7%	2.2%	\$735	4.0%