

5301 New Hampshire Ave NW

WASHINGTON, DC



OFFERING MEMORANDUM



Marcus & Millichap
Real Estate Investment Services

5301 New Hampshire Ave NW

WASHINGTON, DC

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5301 New Hampshire Ave NW

WASHINGTON, DC

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TRANSACTION GUIDELINES

5301 New Hampshire Ave NW

WASHINGTON, DC

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TOUR SCHEDULE

Available showing times for 5301 New Hampshire Avenue NW will be on Tuesdays and Thursdays starting on Thursday, September 19, 2013 and ending Thursday, October 10th. The deadline for prospective investors to submit offers is Monday, October 14, 2013 by the close of business. **Showings are by appointment only.**

Deadline for offer submissions will be close of business Monday, October 14th, 2013.

Showing Times

Thursday, September 19, 2013	2:00 PM - 3:30 PM
Tuesday, September 24, 2013	10:00 AM - 11:30 AM
Thursday, September 26, 2013	2:00 PM - 3:30 PM
Tuesday, October 1, 2013	10:00 AM - 11:30 AM
Thursday, October 3, 2013	2:00 PM - 3:30 PM
Tuesday, October 8, 2013	10:00 AM - 11:30 PM
Thursday, October 10, 2013	2:00 PM - 3:30 PM

Deadline for Offer Submission

Monday, October 14, 2013 (close of business)

September

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

TOPA EXEMPTION

District of Columbia Official Code

Division VII. Property

Title 42. Real Property

Subtitle VII. Rental Housing

Chapter 34. Rental Housing Conversion and Sale

Subchapter IV. Opportunity to Purchase

(2) For the purposes of subchapters IV and V of this chapter, and notwithstanding anything to the contrary herein, the term "sell" or "sale" shall not include:

(E) A bankruptcy sale;

PRICING AND FINANCIAL ANALYSIS

5301 New Hampshire Ave NW

WASHINGTON, DC

OFFERING SUMMARY



Price	Request For Offer
Number of Units	44
Gross Square Feet / Rentable Square Feet	37,958 / 28,150
Number of Buildings	1
Number of Stories	3
Year Built	1931
Lot Size	15,421 SF
Vital Data	
Net Operating Income - Current	\$160,631
Net Operating Income - Year 1	\$255,846

Unit Mix

No. of Units	Unit Type	Approx. Square
10	Efficiency 1 Bath Flat	500
27	1 Bdr 1 Bath Flat	650
7	2 Bdr 1 Bath Flat	800
44	Total	28,150

Major Employers

Company	Local Employees
US Doc	19,000
United States Dept Agriculture	9,824
District of Columbia Government	7,567
Environmental Protection Agcy	7,456
FBI	6,697
United States Department Labor	6,400
Geico	6,026
USA For Unhcr	6,000
World Bank Office of Publisher	6,000
Whur-FM	5,595
Washington Hospital Center	5,032
AIA International Aviation	5,000

Demographics

	1-Mile	3-Miles	5-Miles
2012 Total	38,801	317,128	735,753
2017 Total	38,490	319,625	745,964
2012 Total	15,639	129,542	307,182
2017 Total	15,829	133,026	315,978
Median HH Income	\$56,437	\$59,336	\$67,947
Per Capita Income	\$30,793	\$36,626	\$45,448
Average (Mean) HH	\$74,453	\$88,353	\$106,650

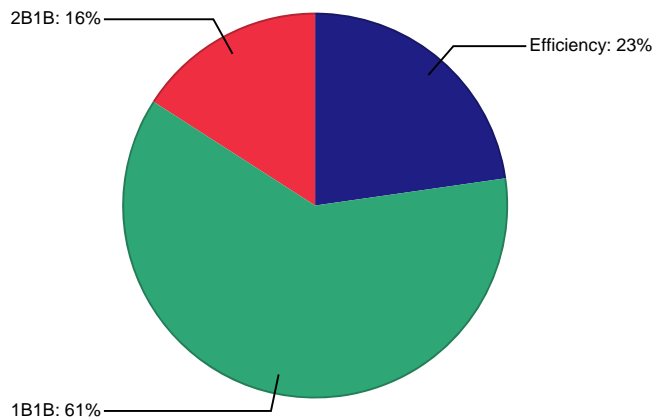
Comments

Gross Square Footage is 37,958 Square Feet.

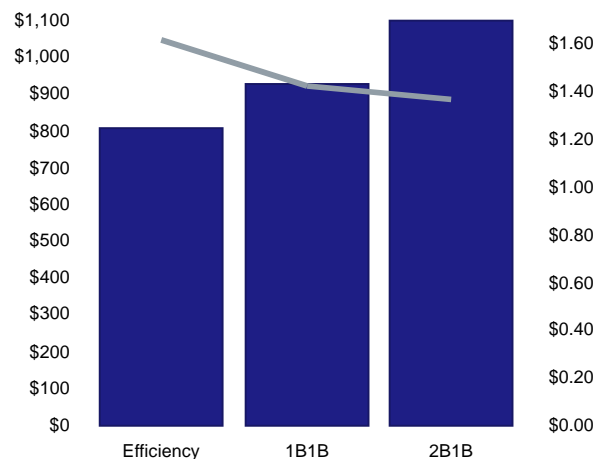
UNIT MIX

No. of Units	Unit Type	Approx. SF	Current Rents	Rent/ SF	Monthly Income	Year 1 Rents	Rent/ SF	Monthly Income
10	Efficiency 1 Bath Flat	500	\$633 - \$871	\$1.62	\$8,103	\$647 - \$890	\$1.66	\$8,281
27	1 Bdr 1 Bath Flat	650	\$500 - \$1,461	\$1.43	\$25,053	\$511 - \$1,493	\$1.46	\$25,604
7	2 Bdr 1 Bath Flat	800	\$1,054 - \$1,114	\$1.37	\$7,698	\$1,077 - \$1,139	\$1.41	\$7,867
44	TOTAL	28,150			\$40,854			\$41,752

Unit Mix



Unit Rent & Rent/SF



Comments

Rentable square footage has been approximated for each unit type.
 Rentable square footage has been estimated deducting 25% for CORE Area.

RENT ROLL

Unit Number	Unit Type		Unit SF	Current Rent	Rent/ SF	Year 1 Rents	Rent/ SF	Parking	Storage
001	Efficiency	1 Bath	500	\$633	\$1.27	\$647	\$1.29		
002	2 Bdr	1 Bath	800	\$1,100	\$1.38	\$1,124	\$1.41		
003	Efficiency	1 Bath	500	\$871	\$1.74	\$890	\$1.78		
004	1 Bdr	1 Bath	Vacant	\$965	\$1.48	\$986	\$1.52		
005	1 Bdr	1 Bath	Vacant	\$965	\$1.48	\$986	\$1.52		
101	Efficiency	1 Bath	500	\$850	\$1.70	\$869	\$1.74		
102	2 Bdr	1 Bath	800	\$1,108	\$1.39	\$1,132	\$1.42		
103	Efficiency	1 Bath	500	\$700	\$1.40	\$715	\$1.43		
104	1 Bdr	1 Bath	650	\$960	\$1.48	\$981	\$1.51		
105	Efficiency	1 Bath	500	\$800	\$1.60	\$818	\$1.64		
106	1 Bdr	1 Bath	650	\$914	\$1.41	\$934	\$1.44		
107	1 Bdr	1 Bath	650	\$965	\$1.48	\$986	\$1.52		
108	1 Bdr	1 Bath	Vacant	\$965	\$1.48	\$986	\$1.52		
109	2 Bdr	1 Bath	800	\$1,054	\$1.32	\$1,077	\$1.35		
110	Efficiency	1 Bath	500	\$765	\$1.53	\$782	\$1.56		
111	1 Bdr	1 Bath	650	\$965	\$1.48	\$986	\$1.52		
112	1 Bdr	1 Bath	650	\$871	\$1.34	\$890	\$1.37		
114	1 Bdr	1 Bath	650	\$854	\$1.31	\$873	\$1.34		
201	1 Bdr	1 Bath	Vacant	\$965	\$1.48	\$986	\$1.52		
202	2 Bdr	1 Bath	Vacant	\$1,114	\$1.39	\$1,139	\$1.42		
203	Efficiency	1 Bath	Vacant	\$871	\$1.74	\$890	\$1.78		
204	1 Bdr	1 Bath	650	\$1,461	\$2.25	\$1,493	\$2.30		
205	1 Bdr	1 Bath	Vacant	\$965	\$1.48	\$986	\$1.52		
206	1 Bdr	1 Bath	Vacant	\$965	\$1.48	\$986	\$1.52		
207	1 Bdr	1 Bath	650	\$900	\$1.38	\$920	\$1.42		
208	1 Bdr	1 Bath	650	\$964	\$1.48	\$985	\$1.52		
209	2 Bdr	1 Bath	800	\$1,108	\$1.39	\$1,132	\$1.42		
210	Efficiency	1 Bath	Vacant	\$871	\$1.74	\$890	\$1.78		
211	1 Bdr	1 Bath	650	\$575	\$0.88	\$588	\$0.90		
212	1 Bdr	1 Bath	650	\$900	\$1.38	\$920	\$1.42		
214	1 Bdr	1 Bath	650	\$900	\$1.38	\$920	\$1.42		
301	1 Bdr	1 Bath	650	\$888	\$1.37	\$908	\$1.40		
302	2 Bdr	1 Bath	800	\$1,114	\$1.39	\$1,139	\$1.42		
303	Efficiency	1 Bath	Vacant	\$871	\$1.74	\$890	\$1.78		

Comments

- 1.) Unit square footage has been estimated.
2.) Year 1 (Pro Forma) rents have been calculated by adding Year 2013 CPI.

RENT ROLL

[illegible]

Comments

INCOME & EXPENSES

Total Number of Units: 44
 Total Rentable Area: 28,150 SF

Income	Current	Per Unit	Year 1	Per Unit
GROSS POTENTIAL RENT	\$490,248	\$11,142	\$501,024	\$11,387
Other Income				
Laundry Income	\$2,400	\$55	\$2,400	\$55
Total Other Income	\$2,400	\$55	\$2,400	\$55
GROSS POTENTIAL INCOME	\$492,648	\$11,197	\$503,424	\$11,441
Vacancy/Collection Allowance (GPR)	27.0% / \$132,367	\$3,008	7.5% / \$37,577	\$854
EFFECTIVE GROSS INCOME	\$360,281	\$8,188	\$465,847	\$10,587
Expenses				
Real Estate Taxes	\$24,033	\$546	\$28,050	\$638
Insurance	\$17,600	\$400	\$17,600	\$400
Utilities	\$66,000	\$1,500	\$66,000	\$1,500
Contract Services	\$11,000	\$250	\$11,000	\$250
Repairs & Maintenance	\$44,000	\$1,000	\$44,000	\$1,000
Management Fee	6.0% / \$21,617	\$491	6.0% / \$27,951	\$635
General & Administrative	\$4,400	\$100	\$4,400	\$100
Reserves & Replacements	\$11,000	\$250	\$11,000	\$250
TOTAL EXPENSES	\$199,650	\$4,537	\$210,001	\$4,773
Expenses per SF	\$7.09		\$7.46	
% of EGI	55.4%		45.1%	
NET OPERATING INCOME	\$160,631	\$3,651	\$255,846	\$5,815

Comments

Expenses for "Current" and "Year 1" have been estimated based on property specific condition, submarket norms, and information gathered.

Gross Square Footage is 37,958 Square Feet.

FINANCIAL OVERVIEW

Location

5301 New Hampshire Avenue
Washington, DC 20011

Price	Request For Offer
Number of Units	44
Rentable Square Feet	28,150
Year Built	1931
Lot Size	15,421 SF

Annualized Operating Data

Income	Current	Year 1
Gross Potential Rent	\$490,248	\$501,024
Other Income	\$2,400	\$2,400
Gross Potential Income	\$492,648	\$503,424
Less: Vacancy/Deductions (GPR)	27.0% / \$132,367	7.5% / \$37,577
Effective Gross Income	\$360,281	\$465,847
Less: Expenses	\$199,650	\$210,001
Net Operating Income	\$160,631	\$255,846
Net Cash Flow Before Debt Service	\$160,631	\$255,846

Expenses

Real Estate Taxes	\$24,033	28,050
Insurance	\$17,600	\$17,600
Utilities	\$66,000	\$66,000
Contract Services	\$11,000	\$11,000
Repairs & Maintenance	\$44,000	\$44,000
Management Fee	\$21,617	\$27,951
General & Administrative	\$4,400	\$4,400
Reserves & Replacements	\$11,000	\$11,000
Total Expenses	\$199,650	\$210,001
Expenses/unit	\$4,537	\$4,773
Expenses/SF	\$7.09	\$7.46
% of EGI	55.42%	45.08%

Scheduled Income

No. of Units	Unit Type	Approx. SF	Current Rents	Rent/ SF	Monthly Income	Year 1 Rents	Rent/ SF	Monthly Income
10	Efficiency 1 Bath Flat	500	\$633 - \$871	\$1.62	8,103	\$647 - \$890	\$1.66	8,281
27	1 Bdr 1 Bath Flat	650	\$500 - \$1,461	\$1.43	25,053	\$511 - \$1,493	\$1.46	\$25,604
7	2 Bdr 1 Bath Flat	800	\$1,054 - \$1,114	\$1.37	7,698	\$1,077 - \$1,139	\$1.41	\$7,867
44	Total/Wtd. Avg.	28,150			\$40,854			\$41,752

Comments:

Expenses for "Current" and "Year 1" have been estimated based on property specific condition, submarket norms, and information gathered. Gross Square Footage is 37,958 Square Feet.

PROPERTY DESCRIPTION

5301 New Hampshire Ave NW

WASHINGTON, DC

INVESTMENT OVERVIEW

Investment Highlights

- 44 units: 7 2 Bdr/1 Bath, 10 Efficiencies, 27 1 Bdr/1 Bath
- 37,958 gross square feet of space, three story building plus basement
- Lot Area of 0.35 acres
- 5-Minute walk to CVS Pharmacy
- 1- Minute walk to two MetroBus service stops
- 8-Minute Walk to Fort Totten Square Development Site
- 10-Minute walk to Fort Totten Metro Station
- Zoned R5A



The Investment

Marcus & Millichap is pleased to present the following opportunity in the Fort Totten neighborhood of Washington, DC. The subject property is a 44-unit multifamily walk-up apartment building located at 5301 New Hampshire Avenue NW. The building is comprised of 7 Two Bedroom/One Bath, 10 Efficiencies, and 27 One Bedroom/One Bath units. The Lot (Square: 3394 Lot: 2) and building are zoned R5A, with the lot totaling 15,421 gross square feet. At three stories tall, the building itself totals 37,958 gross square feet. 5301 New Hampshire Avenue NW was built in 1931 with an effervescent red brick exterior that adds vibrancy to the plush green way via New Hampshire Avenue. This exciting asset finds itself at the heavily traveled intersection of Missouri Avenue, New Hampshire Avenue, and North Capitol Street. The subject property also finds itself within a convenient 10-minute walk of the historic Fort Totten and Fort Slocum Parks.

The Opportunity

This property offers a tremendous opportunity for an investor to deploy real investment capital to reposition the asset to take advantage of the significant transit-oriented development occurring in and around the Fort Totten metro, which is a short ten-minute walk away. With a 27% vacancy, the building will thrive under the expertise of an investor who is well versed in effective property management. Capital improvements will improve the building's chances of operating at full occupancy, as well as fundamentally serve as a comfortable living establishment for tenants. The future developments of Fort Totten Square and Art Place at Fort Totten will help convert Fort Totten into a booming retail hub, allowing the property to realize an upside in overall rental income and property value appreciation over the next ten years. In addition, the building's close proximity to the Fort Totten Metro (Red, Yellow, and Green Lines) enables 5301 New Hampshire Avenue NW to benefit from a consistent high rental demand.

INVESTMENT OVERVIEW



The Neighborhood

The subject property is located less than one mile from two massive development projects, Fort Totten Square and Art Place at Fort Totten, which are slated to be delivered in 2014 and 2015 respectively. Fort Totten Square is a \$100 million mixed-use development project that is co-developed by JBG and Lowe Enterprises, two development groups who have been active in transit-oriented development at other prominent DC metro stops. The project is slated to be anchored by an urban format Wal-Mart, which will be accompanied by 350 luxury apartments and 740 underground parking spaces. Art Place at Fort Totten, developed by the Morris & Gwendolyn Cafritz Foundation, will feature 305,000 square feet of retail, 929 multi-family residential units, a 47,000 square foot Children's Museum, and 170,000 square feet of cultural art and space. The significant developments occurring in the area coupled with the property's access to transit make this an ideal investment to capitalize on the area's momentum.

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PROPERTY SUMMARY

The Offering

Property	5301 New Hampshire Ave NW
Property Address	5301 New Hampshire Avenue NW Washington, DC 20011
Assessor's Parcel Number	3394-0000-0002
Zoning	R-5-A

Site Description

Number of Units	44
Number of Buildings	1
Number of Stories	3
Year Built	1931
Rentable Square Feet	28,150
Lot Size	15,421 SF

Utilities

Water	DC WASA (Landlord)
Phone	Local Carrier (Tenant)
Electric	PEPCO (Tenant)
Gas	Washington Gas (Landlord)

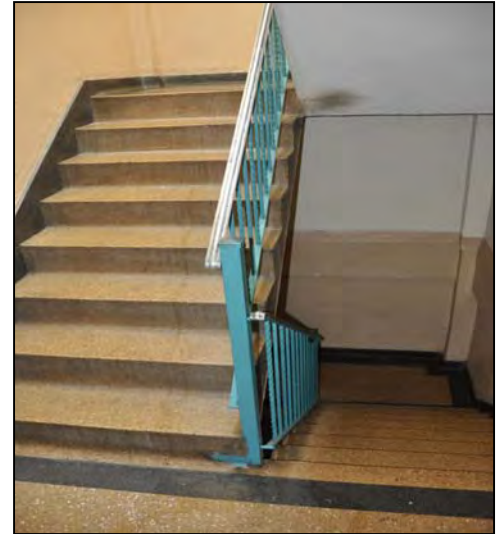
Construction

Exterior	Brick
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AMENITIES

Common Area Amenities

- Laundry room equipped with washers and dryers
- Mailboxes for each tenant
- Trash room for tenant waste disposal
- Lobby area with access to front and rear of building



Unit Amenities

- Kitchen equipped with a refrigerator, sink, and oven/gas stove unit
- Bathroom with a toilet, sink, and bathtub
- Hardwood floors or carpeting

PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS



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PROPERTY PHOTOS

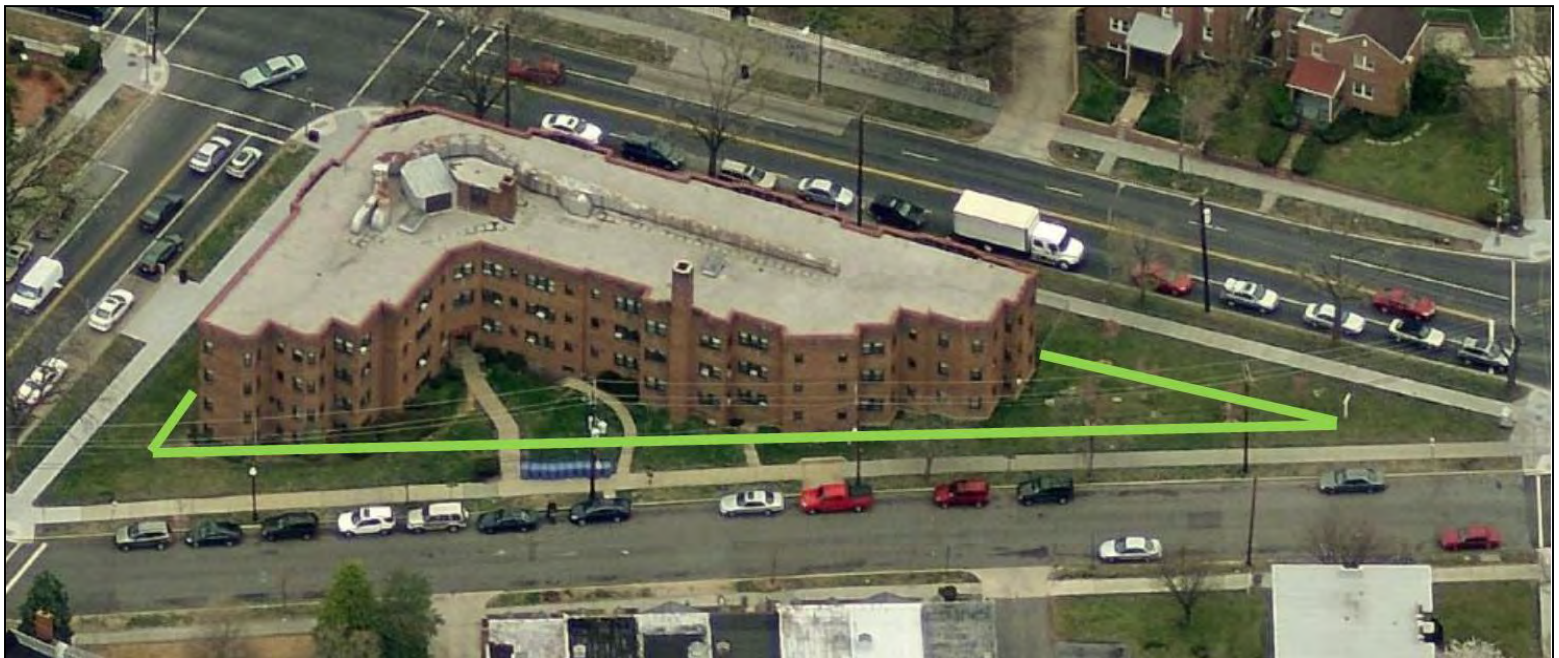


BIRD'S EYE PHOTOS

View from North to South (Front Entrance)



View looking North (Rear Entrance)



BIRD'S EYE PHOTOS

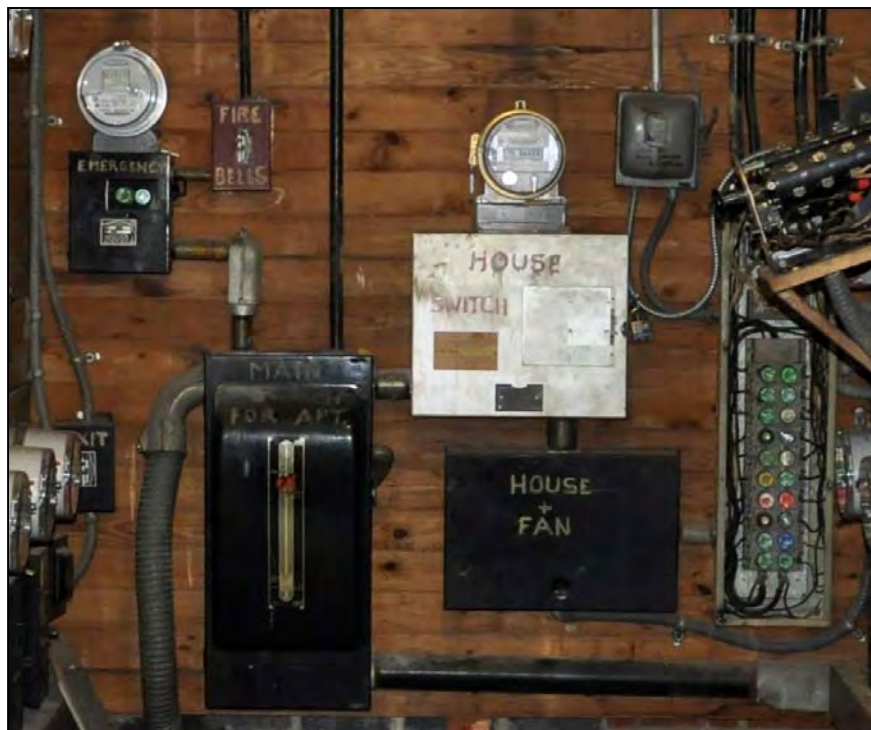


UNIT PHOTOS

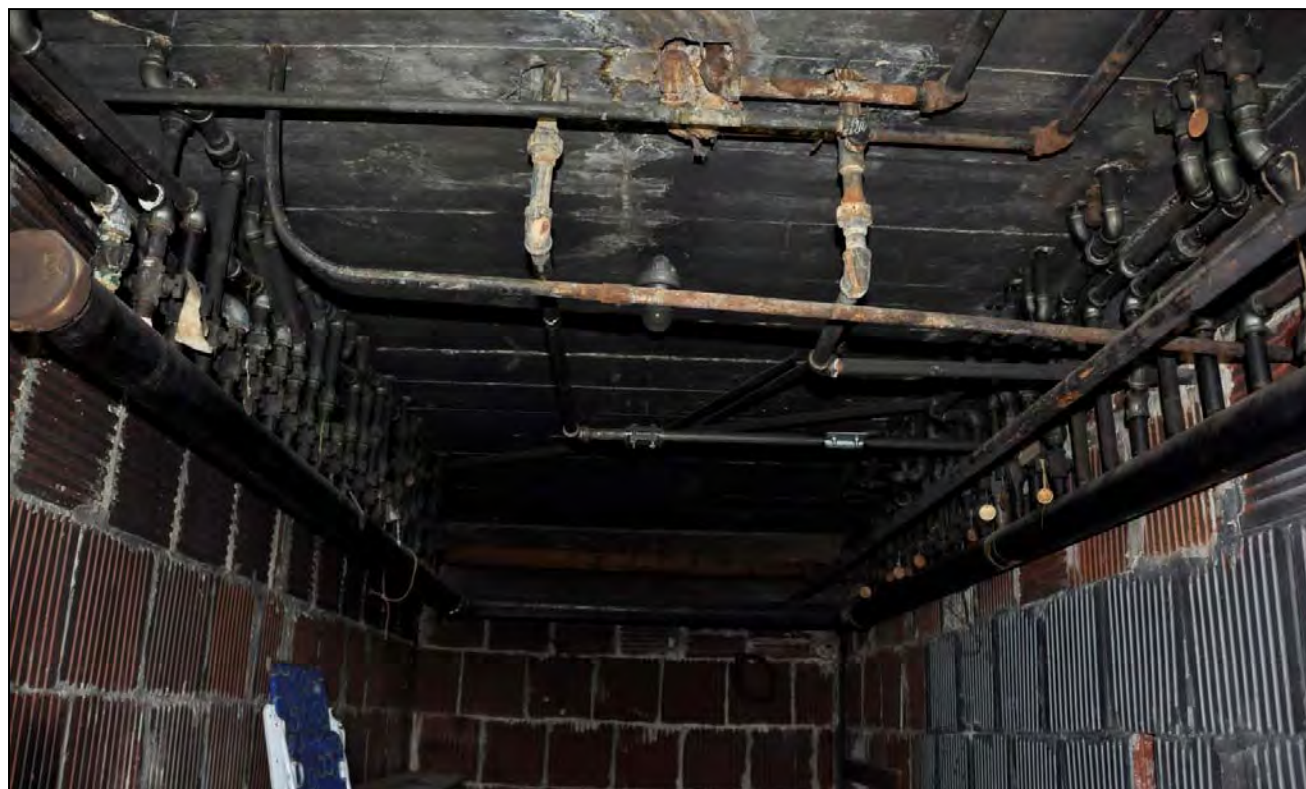
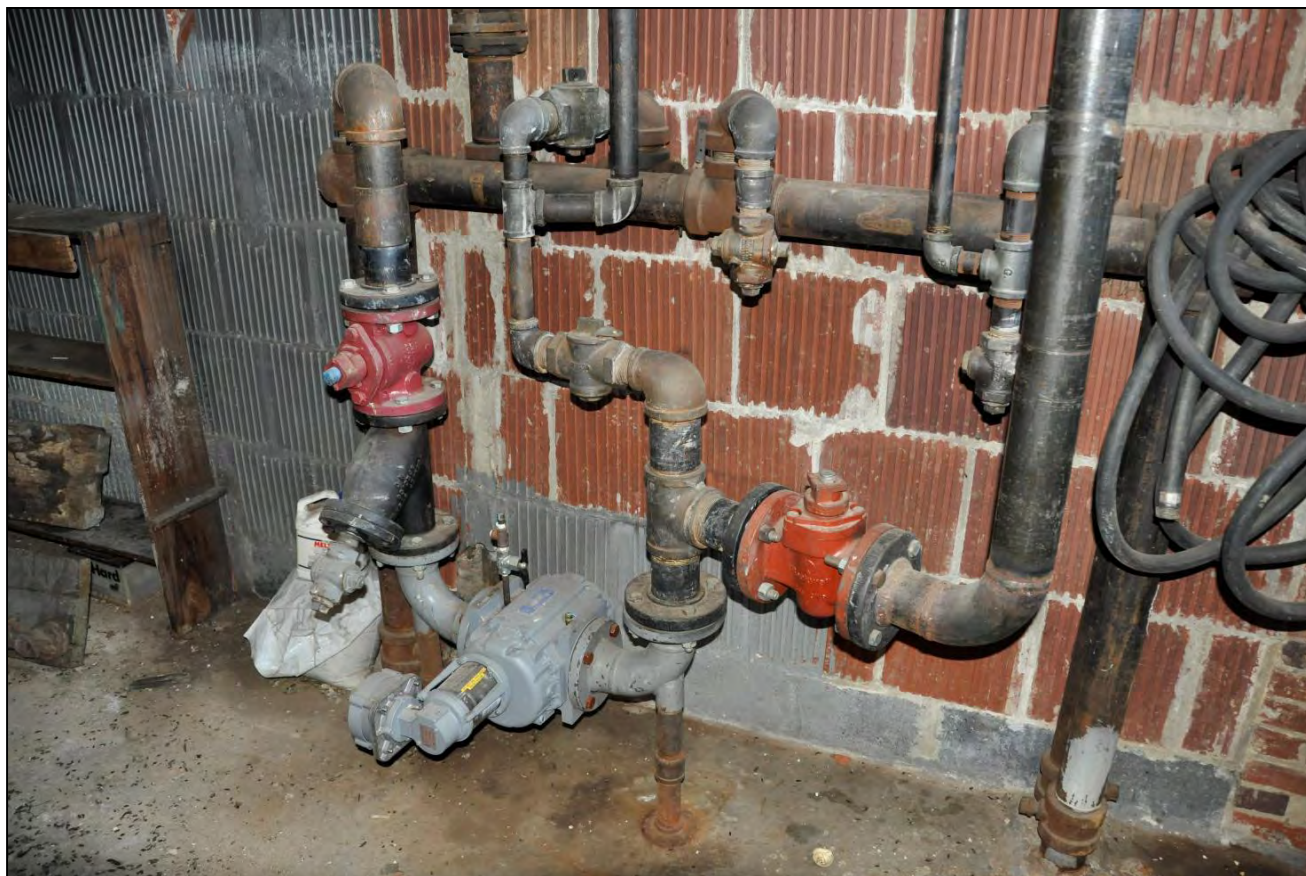


Majority of the units are hardwood floors while some are carpeted

ELECTRIC METERS



GAS METER



BOILER



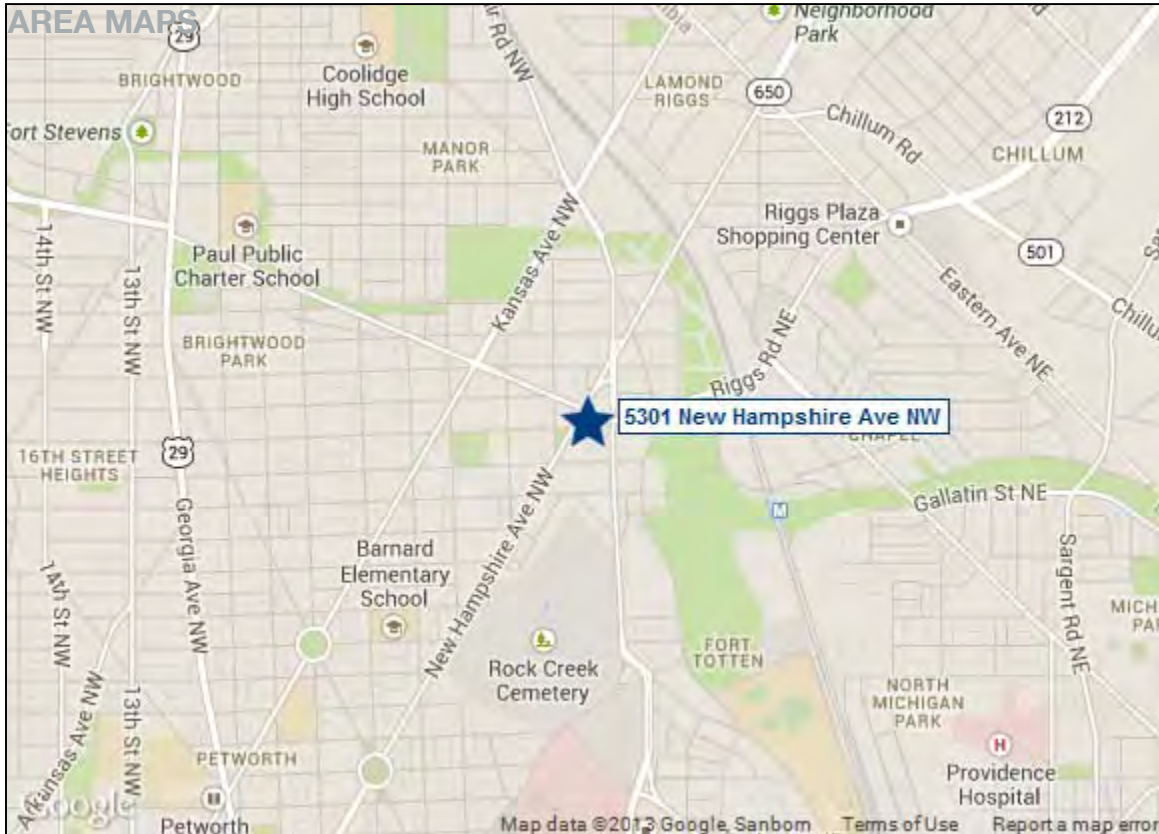
COMMON AREA AMENITIES



5301 New Hampshire Ave NW

WASHINGTON, DC

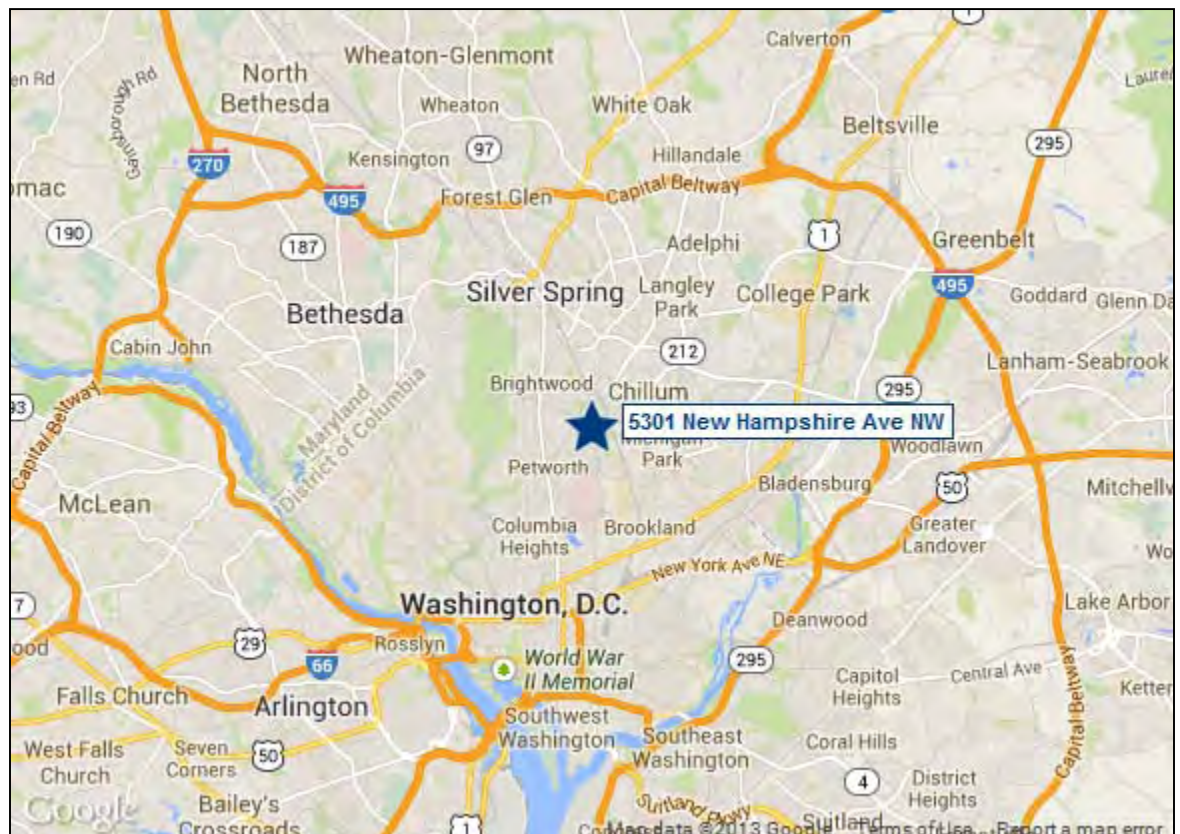
PROPERTY DESCRIPTION



Local Map



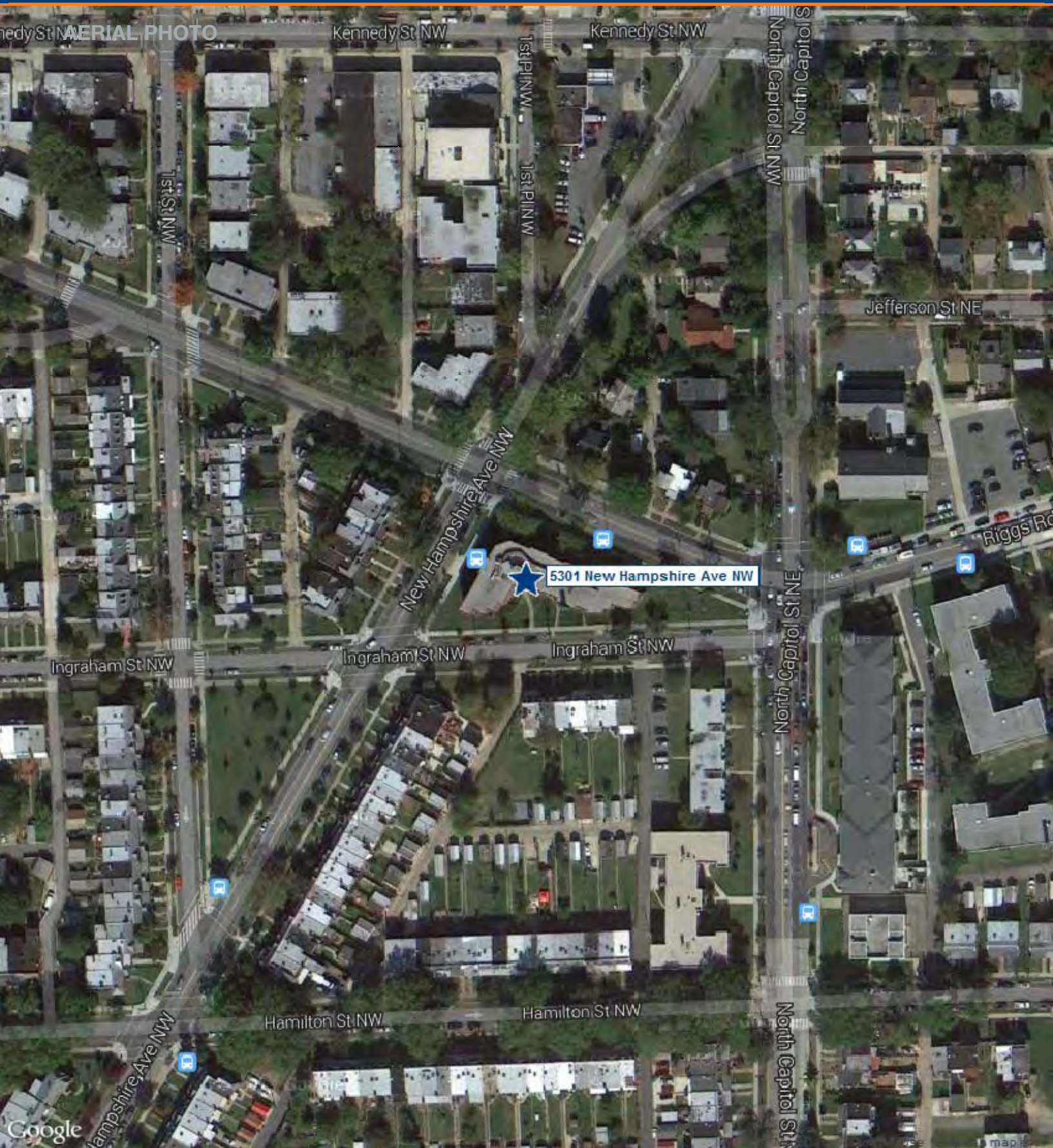
Regional Map



5301 New Hampshire Ave NW

WASHINGTON, DC

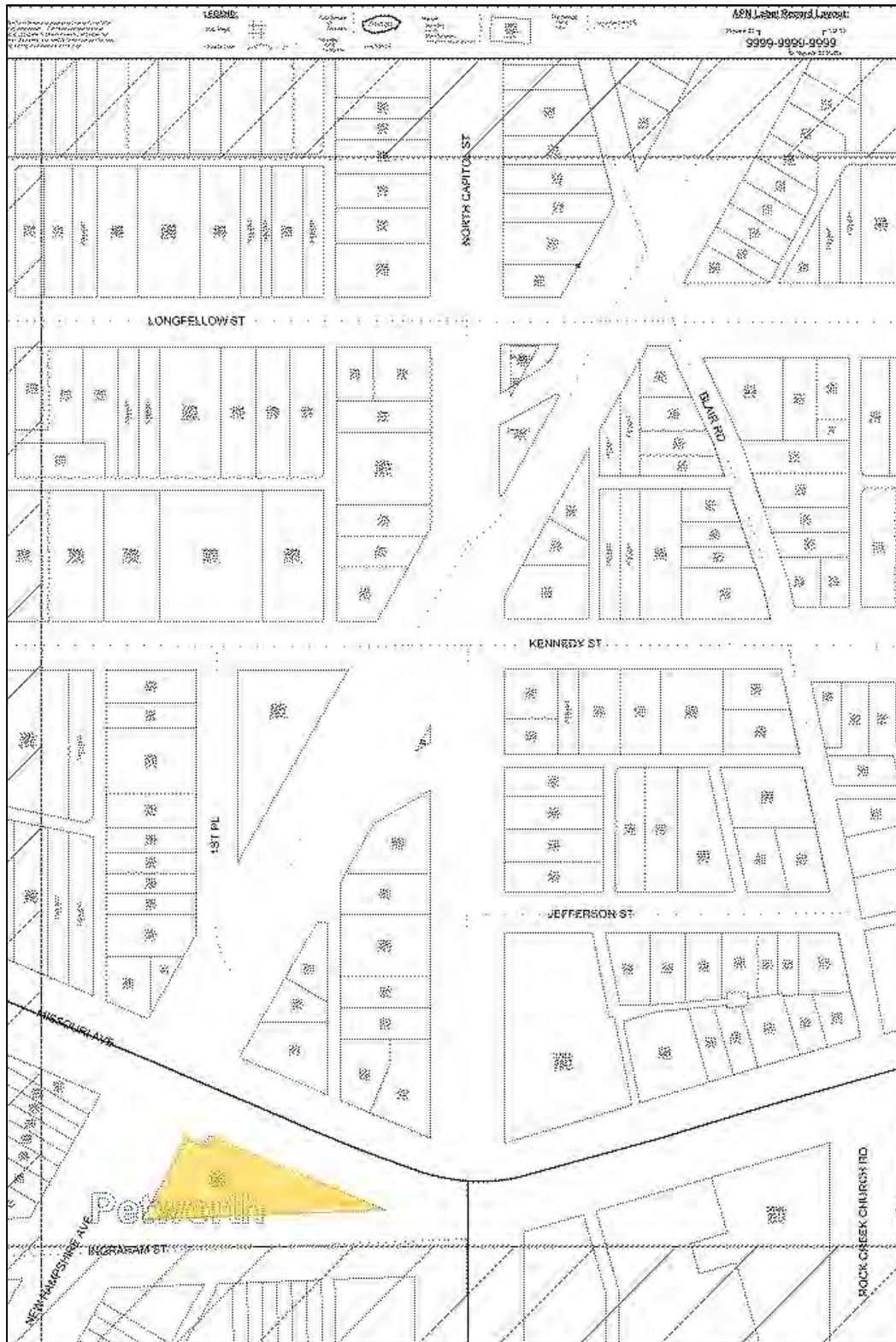
PROPERTY DESCRIPTION



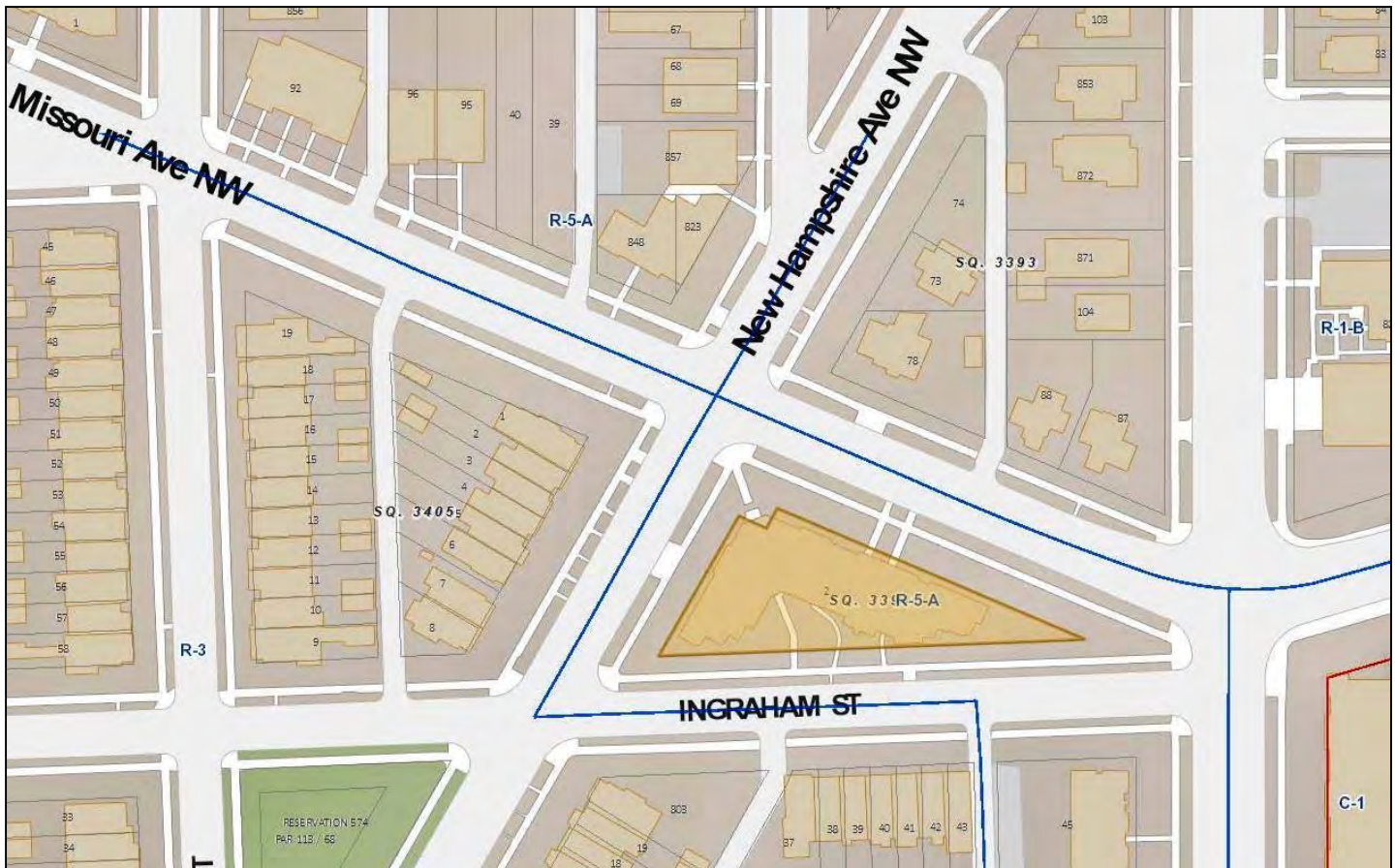
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Marcus & Millichap
Real Estate Investment Services

PARCEL MAP



ZONING



R-5-A

Permits matter-of-right development of single-family residential uses for detached and semi-detached dwellings and, with the approval of the Board of Zoning Adjustment, new residential development of low density residential uses including row houses, flats, and apartments to a maximum lot occupancy of 40%, 60% for churches and public schools, and 20% for public recreation and community centers; a maximum floor area ratio (FAR) of 0.9, and a maximum height of three (3) stories/forty (40) feet (90 feet for schools, 60 feet for churches, and 45 feet for public recreation and community centers). Rear yard requirements are twenty (20) feet, side yard requirements are not less than eight (8) feet. If all other provisions of the zoning regulations are complied with, conversion of existing buildings to flat or apartment use is permitted as a matter-of-right.

FORT TOTTEN DEVELOPMENT

5301 New Hampshire Ave NW

WASHINGTON, DC

Marcus & Millichap
Real Estate Investment Services

AREA MAP OF 5301 NEW HAMPSHIRE



FORT TOTTEN METRO



Fort Totten Metro Station

The Fort Totten Washington Metro station is located on 550 Galloway Street NE, Washington, DC 20011. With this location, Fort Totten Metro Station finds itself only 0.9 miles from the subject property, 5301 New Hampshire Avenue.

The station acts as a transfer hub between the Green and Red Metro lines, with a Yellow line service during off-peak hours. According to statistics divulged by the Washington, DC Economic Partnership, the Fort Totten Station has over 2.66 million passengers travel through the station every year.

FORT TOTTEN SQUARE DEVELOPMENT



Fort Totten Square

Fort Totten Square is a new \$100 million mixed-use development project that is co-developed by Lowe Enterprises and The JBG Cos. The project is slated to be anchored by the construction of an urban format Wal-Mart, which will be accompanied by 350 luxury apartments and 740 underground parking spaces. Henry Jordan, senior divisional vice president of Wal-Mart, has projected that the development will create over 300 new jobs. Fort Totten Square will find itself only 0.5 miles from the subject property. The project is expected to be delivered by late 2014.

FORT TOTTEN SQUARE SITE



FORT TOTTEN SQUARE SITE



ART PLACE AT FORT TOTTEN DEVELOPMENT



Art Place at Fort Totten

Art Place at Fort Totten is located at 400 Galloway Street, NE Washington, DC, just south of Riggs Road NE. Art Place at Fort Totten finds itself only 0.9 miles from the subject property. Developed by the Morris and Gwendolyn Cafritz Foundation, the 16.5 acre site will include 305,000 square feet of retail, 929 multi-family residential units, a 47,000 square foot children's museum, and 170,000 square feet of cultural art and space. The project is slated to be delivered in early 2015.

ART PLACE AT FORT TOTTEN DEVELOPMENT

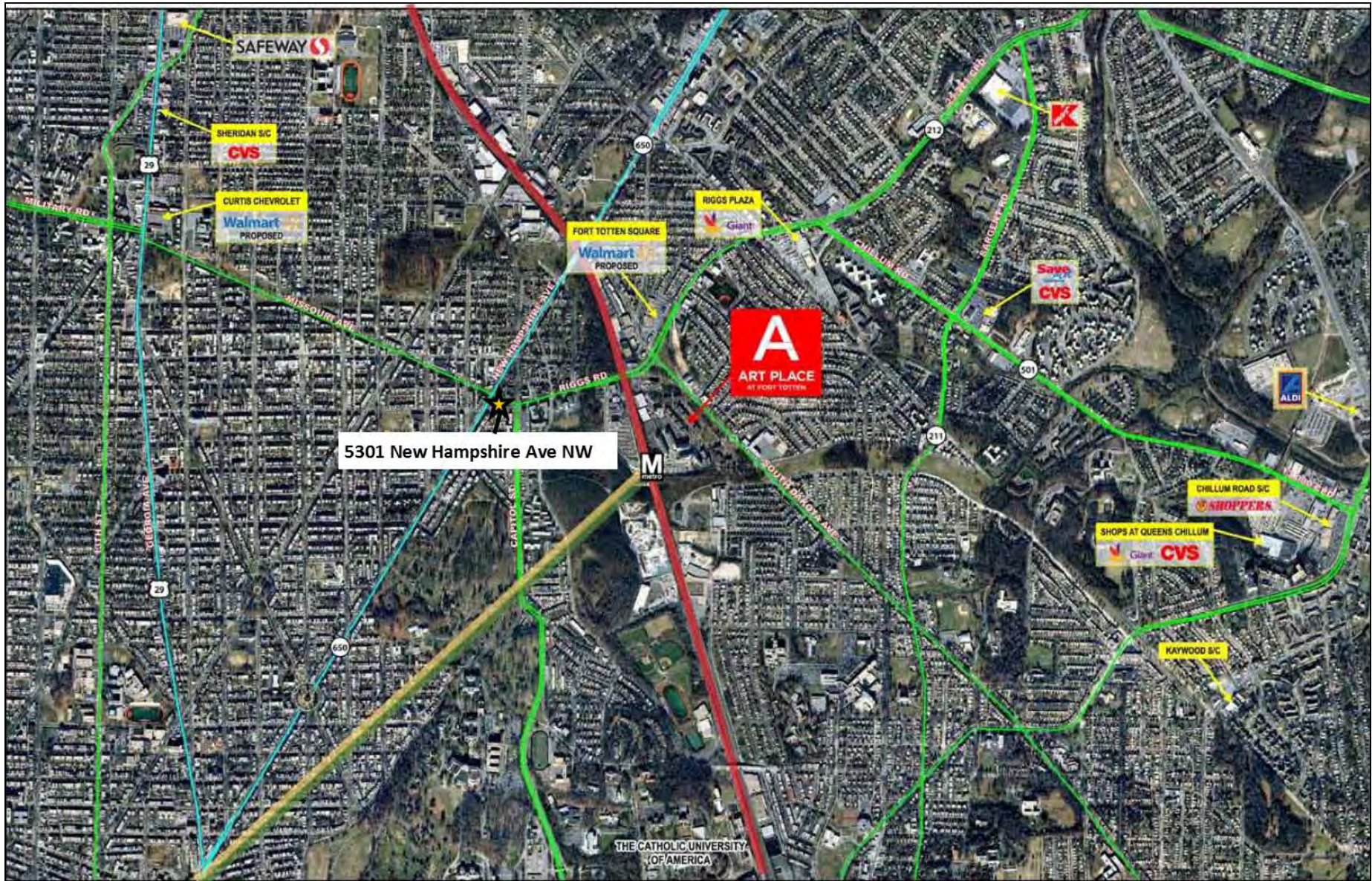


Aerial View of the complete Art Place at Fort Totten Site



Street View of the Art Place at Fort Totten Retail

ART PLACE AT FORT TOTTEN



RECENT SALES

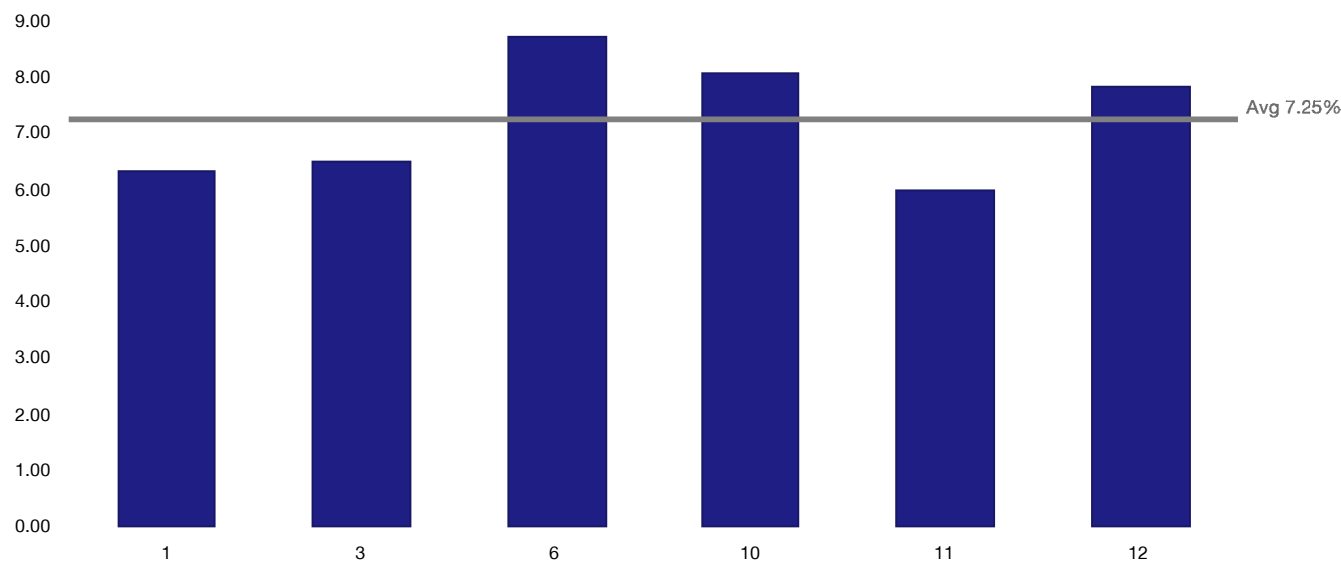
5301 New Hampshire Ave NW

WASHINGTON, DC

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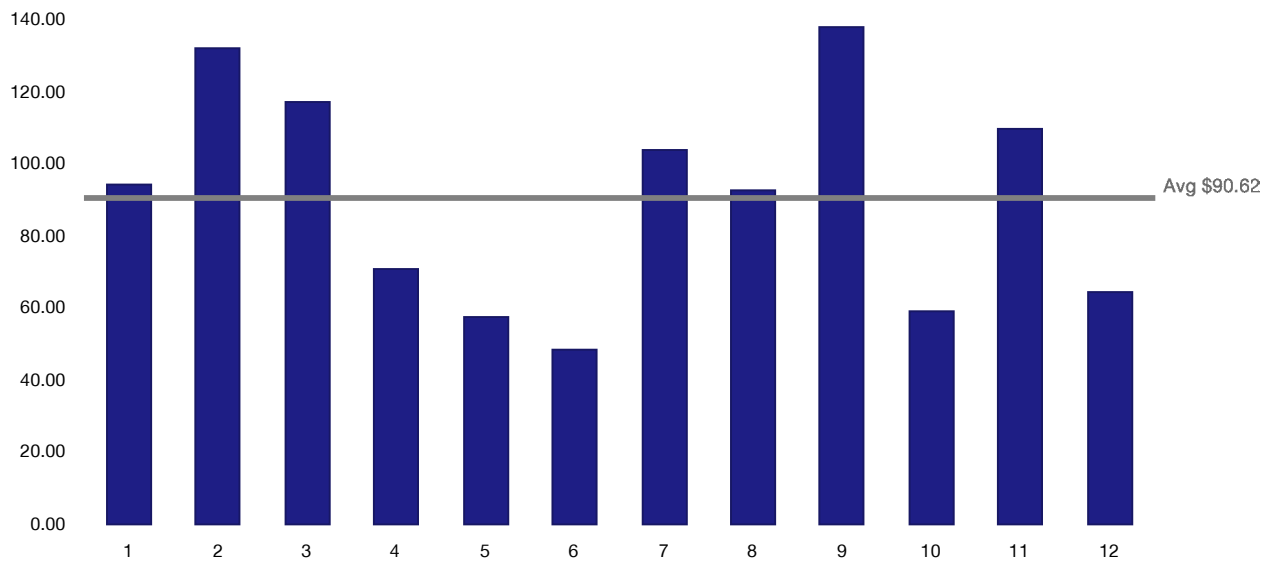
CAP RATE AND GRM

Average Cap Rate

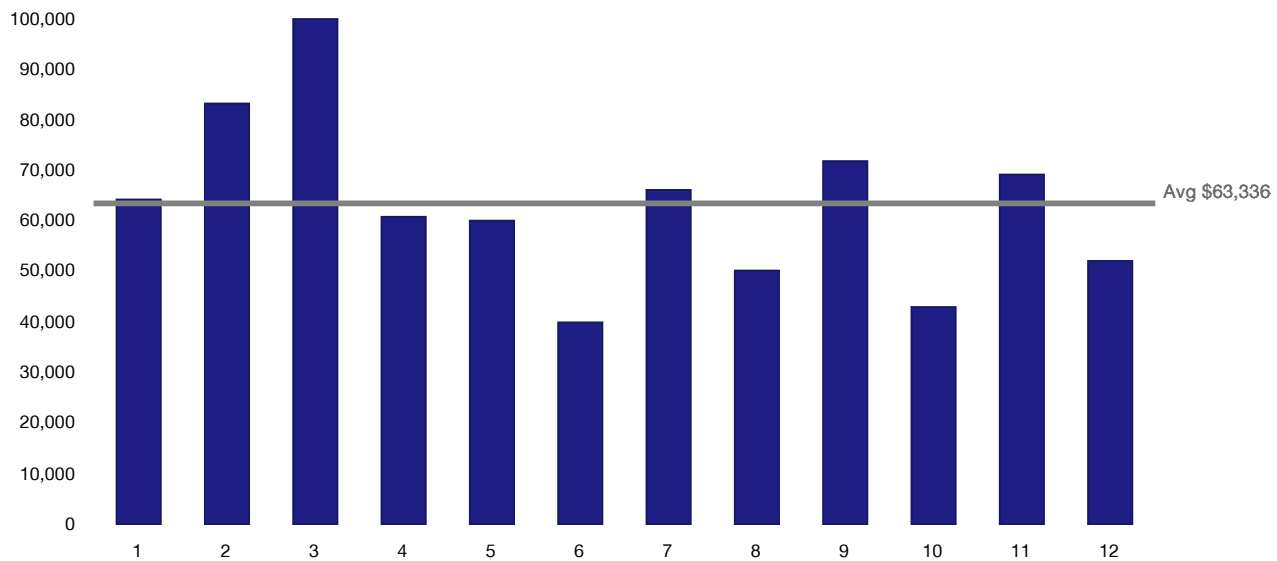


PRICE PER SF AND PRICE PER UNIT

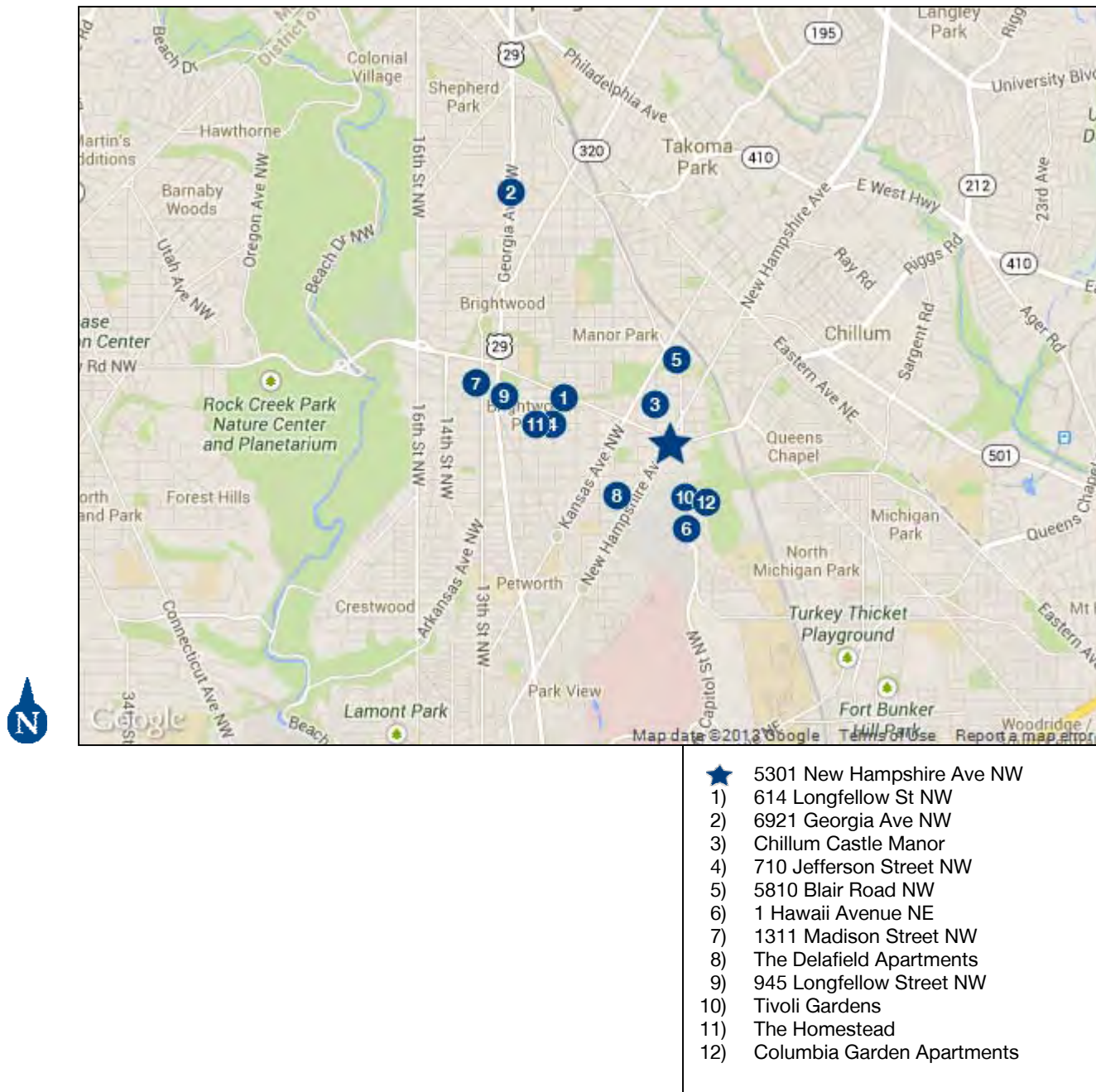
Average Price per Square Foot



Average Price per Unit



RECENT SALES MAP



RECENT SALES



Subject Property

5301 New Hampshire Ave NW

5301 New Hampshire Avenue NW
Washington, DC 20011

No. of Units: 44
Year Built: 1931
Sale Price: Request For Offer

Units	Unit Type
10	Efficiency 1 Bath Flat
27	1 Bdr 1 Bath Flat
7	2 Bdr 1 Bath Flat

1



Close of Escrow: 9/11/2013

614 Longfellow St NW
Washington, DC 20011

No. of Units: 23
Year Built: 1965
Sale Price: \$1,475,000
Price/Unit: \$64,130
Price/SF: \$94.00
CAP Rate: 6.34%

Units	Unit Type
1	2 Bdr 2 Bath Flat
6	2 Bdr 1 Bath Flat
3	Efficiency 1 Bath Flat
13	1 Bdr 1 Bath Flat

Comments

Sold for \$1,475,000 and a 6.34% cap rate. The building sold at \$64,130 per unit.

2



Close of Escrow: 8/30/2013

6921 Georgia Ave NW
Washington, DC 20012

No. of Units: 21
Year Built: 1926
Sale Price: \$1,750,000
Price/Unit: \$83,333
Price/SF: \$132.10

Units	Unit Type
1	Efficiency 1 Bath Flat
15	1 Bdr 1 Bath Flat
5	2 Bdr 1 Bath Flat

Comments

Sold on 8/30/2013 for \$1,750,000 and \$132.10 per SF. Sold at \$83,333 per unit.

RECENT SALES

3



Close of Escrow: 8/1/2013

Chillum Castle Manor

5510 1st Street NW
Washington, DC 20011

No. of Units: 11
Year Built: 1936
Sale Price: \$1,099,000
Price/Unit: \$99,909
Price/SF: \$117.30
CAP Rate: 6.50%

Units	Unit Type
1	0 Bdr 1 Bath
5	1 Bdr 1 Bath
5	2 Bdr 1 Bath

Comments

Building was sold on August 1, 2013 at \$99,909 per unit. The building was sold fully occupied as part of a 1031 Exchange.

4



Close of Escrow: 02/08/2013

710 Jefferson Street NW
Washington, DC 20011

No. of Units: 14
Year Built: 1954
Sale Price: \$850,000
Price/Unit: \$60,714
Price/SF: \$70.92

Units	Unit Type

Comments

On February 8, 2013 the 11,985 square foot multi-family building at 710 Jefferson Street NW in Washington, DC 20011 sold for \$850,000. The building was originally built in 1954 and is currently zoned R-4.

5



Close of Escrow: 05/08/2012

5810 Blair Road NW
Washington, DC 20011

No. of Units: 13
Year Built: 1953
Sale Price: \$780,000
Price/Unit: \$60,000
Price/SF: \$57.24

Units	Unit Type
13	2 Bdr 1 Bath

Comments

On May 18, 2012 the property sold for \$780,000 or 60,000 per unit. The purchase was financed with a \$655,000 loan with a \$125,000 down payment.

RECENT SALES

6



Close of Escrow: 03/02/2012

1 Hawaii Avenue NE
Washington, DC 20011

No. of Units: 33
Year Built: 1940
Sale Price: \$1,320,000
Price/Unit: \$40,000
Price/SF: \$48.41
CAP Rate: 8.73%

Units	Unit Type
28	1 Bdr 1 Bath \$537-\$952
5	2 Bdr 1 Bath \$906-\$1,026

Comments

This 33-unit apartment building sold for \$1,320,000 at an 8.73% capitalization rate.

7



Close of Escrow: 09/29/2011

1311 Madison Street NW
Washington, DC 20011

No. of Units: 28
Year Built: 1951
Sale Price: \$1,850,000
Price/Unit: \$66,071
Price/SF: \$103.93

Units	Unit Type
6	0 Bdr 1 Bath
22	1 Bdr 1 Bath

Comments

The property has 28 units. The property was on the market for approximately one year.

8



Close of Escrow: 06/30/2011

The Delafield Apartments

301 Delafield PI NW
Washington, DC 20011

No. of Units: 23
Year Built: 1936
Sale Price: \$1,150,000
Price/Unit: \$50,000
Price/SF: \$92.44

Units	Unit Type
-------	-----------

Comments

301 Delafield PL sold for \$1,150,000 and 310 Hamilton St sold for \$800,000 for a total purchase price of \$1,950,000. The sales contract was signed in January and the closing occurred on June 30th; Closing was delayed due to TOPA (Tenant Opportunity to Purchase Act).

RECENT SALES

9



Close of Escrow: 02/15/2011

945 Longfellow Street NW
Washington, DC 20011

No. of Units: 13
Year Built: 1925
Sale Price: \$935,000
Price/Unit: \$71,923
Price/SF: \$138.07

Units	Unit Type
8	1 Bdr 1 Bath
5	2 Bdr 1 Bath

Comments

The tenants exercised their TOPA rights which extended the escrow period.

10



Close of Escrow: 11/30/2010

Tivoli Gardens

4811-4819 N Capitol Street NE
Washington, DC 20011

No. of Units: 49
Year Built: 1965
Sale Price: \$2,100,000
Price/Unit: \$42,857
Price/SF: \$59.04
CAP Rate: 8.07%

Units	Unit Type
49	1 Bdr 1 Bath Flat

Comments

The purchase was financed with a \$1,575,000 loan with a down payment of \$525,000.

11



Close of Escrow: 09/08/2010

The Homestead

812 Jefferson Street NW
Washington, DC 20011

No. of Units: 55
Year Built: 1939
Sale Price: \$3,800,000
Price/Unit: \$69,091
Price/SF: \$109.82
CAP Rate: 6.00%

Units	Unit Type
6	Efficiency 1 Bath
47	1 Bdr 1.5 Bath
2	2 Bdr 2 Bath

Comments

Property was between 93% and 96% of occupancy. The cap rate was reported to be approximately 6%. The building is a 55-unit apartment complex.

RECENT SALES

12



Close of Escrow: 08/05/2010

Columbia Garden Apartments

4840 Fort Totten Drive NE

Washington, DC 20011

No. of Units: 42
 Year Built: 1965
 Sale Price: \$2,184,000
 Price/Unit: \$52,000
 Price/SF: \$64.20
 CAP Rate: 7.85%

Units	Unit Type
6	1 Bdr 1 Bath
36	2 Bdr 1 Bath

Comments

Sold at a 7.85% capitalization rate and \$64.20 per square foot.

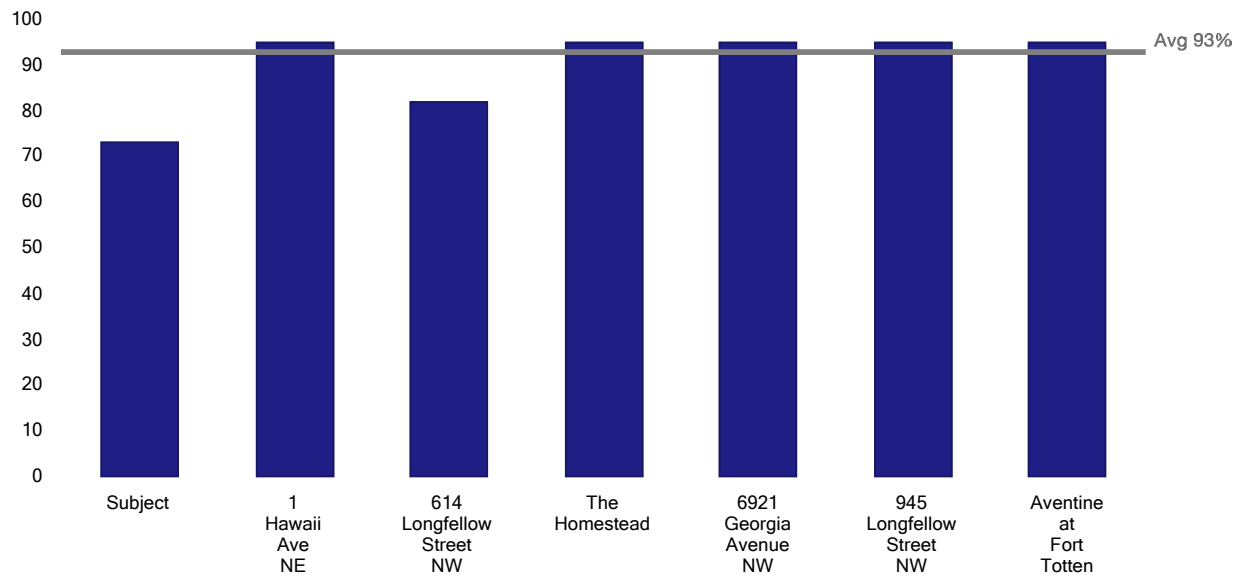
RENT COMPARABLES

5301 New Hampshire Ave NW

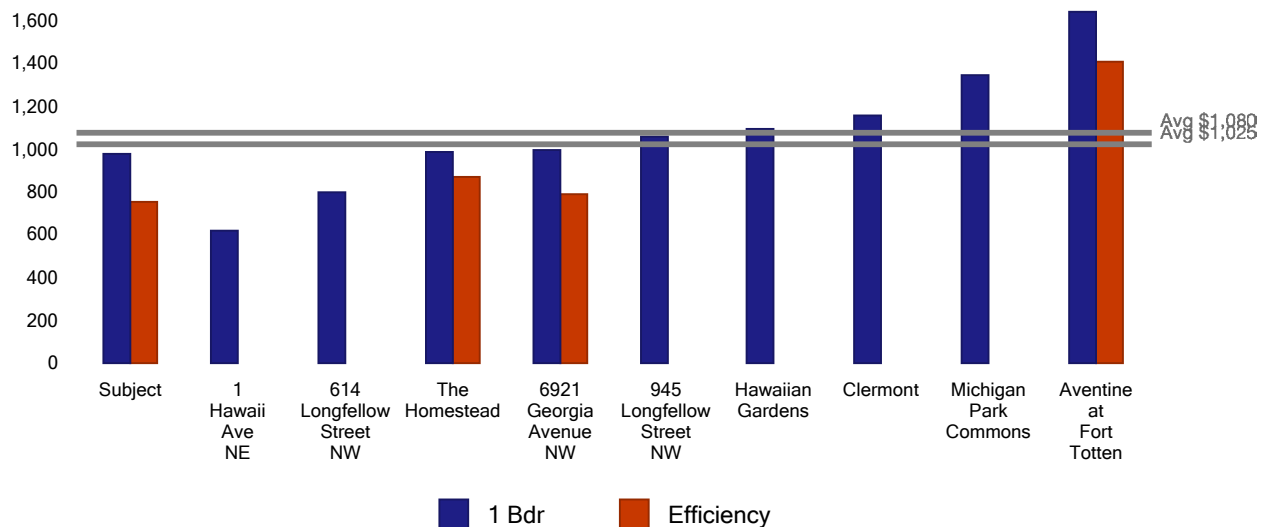
WASHINGTON, DC

OCCUPANCY AND AVERAGE RENTS

Average Occupancy

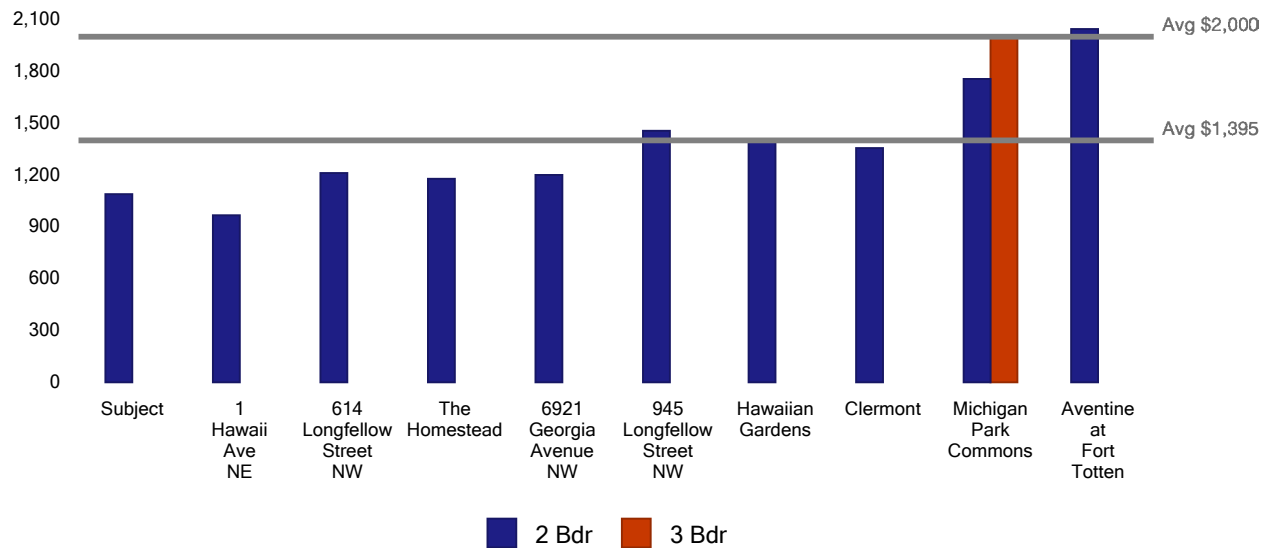


Average Rents - Efficiency and 1 Bedroom

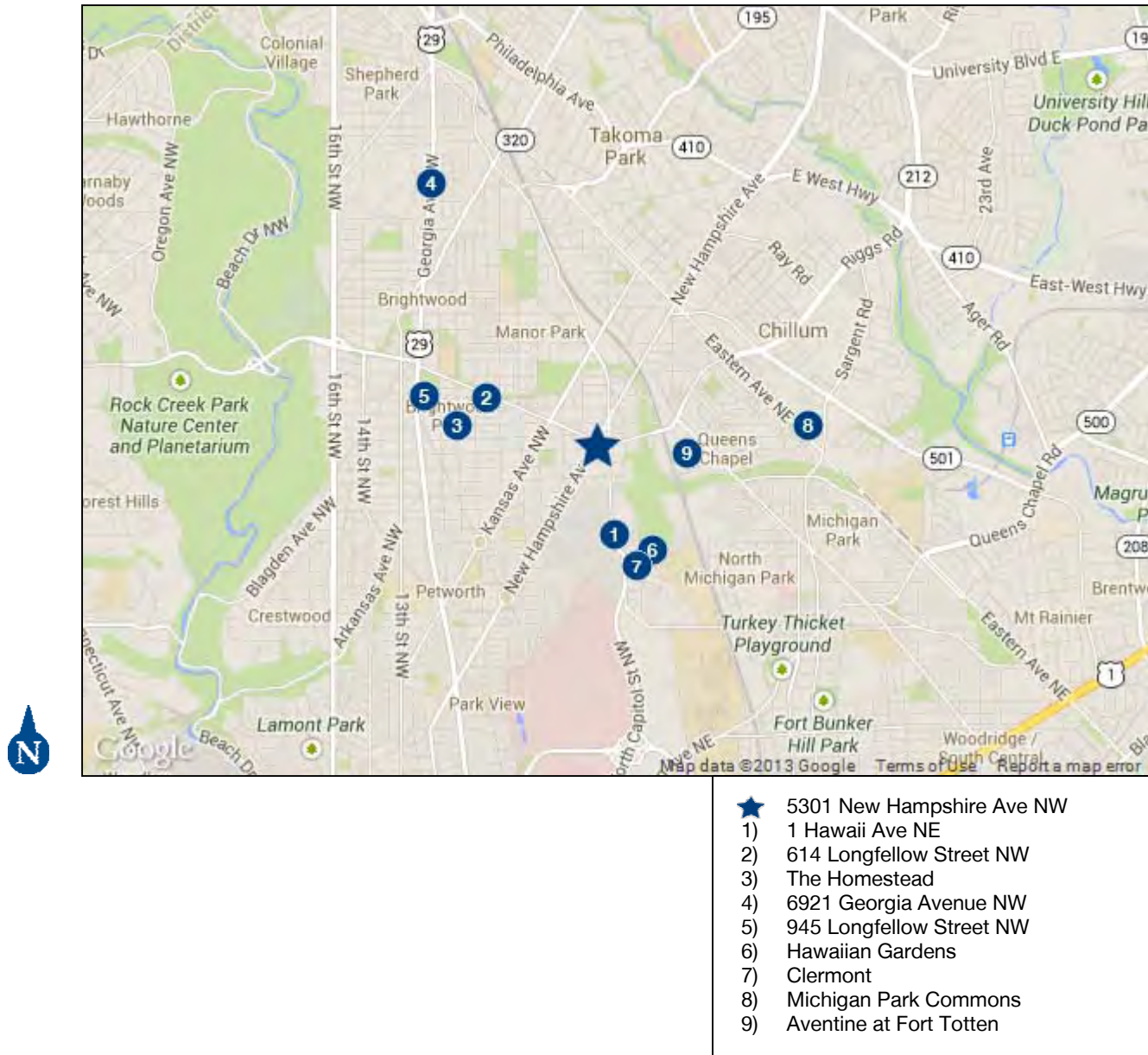


AVERAGE RENTS

Average Rents - 2 and 3 Bedrooms



RENT COMPARABLES MAP



RENT COMPARABLES



Subject Property

No. of Units: 44
Occupancy: 73%
Year Built: 1931

5301 New Hampshire Ave NW

5301 New Hampshire Avenue NW
Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
Efficiency 1 Bath Flat	10	500	\$633 - \$871	\$1.62
1 Bdr 1 Bath Flat	27	650	\$500 - \$1,461	\$1.43
2 Bdr 1 Bath Flat	7	800	\$1,054 - \$1,114	\$1.37
Total/Avg.	44	28,150	\$939	\$1.45

1



No. of Units: 33
Occupancy: 95%
Year Built/Renovated: 1940/1985

1 Hawaii Ave NE
Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	28	485 - 625	\$537 - \$710	\$1.12
2 Bdr 1 Bath	5	900	\$906 - \$1,026	\$1.07
Total/ Avg.	33	27,267	\$794	\$1.10

Comments

Close Proximity to Providence Hospital, Washington Hospital Center, and Children's National Medical Center.

2



No. of Units: 23
Occupancy: 82%
Year Built: 1965

614 Longfellow Street NW

614 Longfellow Street NW
Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	16	507 - 630	\$606 - \$989	\$1.40
2 Bdr 1 Bath Flat	6	860 - 860	\$1,079 - \$1,253	\$1.36
2 Bdr 2 Bath Flat	1	950 - 950	\$1,249 - \$1,249	\$1.31
Total/ Avg.	23	17,984	\$1,070	\$1.36

Comments

Tenant pays electric; Landlord pays Gas, Water/Sewer, and Trash.

RENT COMPARABLES

3



The Homestead

812 Jefferson Street NW

Washington, DC 20011

No. of Units: 58
Occupancy: 95%
Year Built/Renovated: 1939/2009

Unit Type	Units	SF	Rent	Rent/SF
Efficiency	7	500 - 550	\$815 - \$925	\$1.66
1 Bdr 1 Bath Flat	49	660 - 660	\$980 - \$1,000	\$1.50
2 Bdr 1 Bath Flat	2	820 - 820	\$1,150 - \$1,200	\$1.43
Total/ Avg.	58	37,655	\$1,011	\$1.53

Comments

A recently renovated multifamily walk-up building with a unit mix of efficiencies, 1 bedrooms, and 2 bedroom units.

4



6921 Georgia Avenue NW

Washington, DC 20012

No. of Units: 21
Occupancy: 95%
Year Built/Renovated: 1926

Unit Type	Units	SF	Rent	Rent/SF
Efficiency 1 Bath Flat	1	450	\$796	\$1.77
1 Bdr 1 Bath Flat	15	600	\$863 - \$1,140	\$1.67
2 Bdr 1 Bath Flat	5	850	\$1,000 - \$1,395	\$1.41
Total/ Avg.	21		\$998	\$1.62

Comments

The building is 21 units and is located across from the proposed Walter Reed Development. It is also within a 10-minute walk from Rock Creek Park.

5



945 Longfellow Street NW

Washington, DC 20011

No. of Units: 13
Occupancy: 95%
Year Built/Renovated: 1924

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	8	550 - 650	\$950 - \$1,170	\$1.77
2 Bdr 1 Bath Flat	5	650 - 800	\$1,461	\$2.02
Total/ Avg.	13		\$1,260	\$1.90

Comments

Two story walk-up apartment building situated within the Brightwood Park neighborhood of Washington, D.C. Built in 1924, the property offers residents one and two bedroom units. Off-street parking is available.

RENT COMPARABLES

6



No. of Units 126
Occupancy: N/A
Year Built/Renovated: 1959

Hawaiian Gardens

4520 Fort Totten Drive NE

Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	83	550 - 625	\$995 - \$1,200	\$1.87
2 Bdr 1 Bath Flat	43	775	\$1,400	\$1.81
Total/ Avg.	126		\$1,248	\$1.84

Comments

Individually controlled air conditioning and heating. Tenants have free parking, onsite laundry access, and an intercom system.

7



No. of Units 84
Occupancy: N/A
Year Built/Renovated: 1965

Clermont

99 Webster Street NE

Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	36	682	\$1,160	\$1.70
2 Bdr 1 Bath Flat	48	936	\$1,360	\$1.45
Total/Wtd. Avg.	84		\$1,260	\$1.54

Comments

Located off North Capitol Street N.E. downtown Washington, D.C. Free parking, a private balcony or patio, and fully equipped kitchens.

8



No. of Units 69
Occupancy: N/A
Year Built/Renovated: 1954

Michigan Park Commons

5182 Eastern Avenue NE

Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	34	530	\$1,350	\$2.55
2 Bdr 1 Bath Flat	22	780	\$1,750	\$2.24
3 Bdr 1 Bath Flat	13	917	\$2,000	\$2.18
Total/Wtd. Avg.	69		\$1,700	\$2.34

Comments

Updated kitchens and bathrooms, and courtyard views. The Fort Totten Metro is less than one mile away.

RENT COMPARABLES

9



No. of Units 308
 Occupancy: 95%
 Year Built/Renovated: 2008

Aventine at Fort Totten

5210 Third Street NE
 Washington, DC 20011

Unit Type	Units	SF	Rent	Rent/SF
Efficiency 1 Bath Flat	9	562 - 771	\$1,302 - \$1,517	\$2.11
1 Bdr 1 Bath Flat	93	702	\$1,561	\$2.22
1 Bdr 1 Bath Den	77	752	\$1,729	\$2.30
2 Bdr 2 Bath Flat	129	985 - 1,007	\$2,014 - \$2,072	\$2.05
Total/ Avg.	308		\$1,685	\$2.17

Comments

Efficiencies, one bedroom, and two bedroom units that have air conditioning, washer/dryer units, walk-in closets. Located in Fort Totten, less than a half mile from the Fort Totten Metro.

MARKET OVERVIEW

5301 New Hampshire Ave NW

WASHINGTON, DC

WASHINGTON, D.C.

Market Highlights

Strong population growth

- The Washington, D.C., metro population growth outpaces the national average.

Highly skilled work force

- Nearly half of all local residents age 25 and above have earned a bachelor's degree or higher.

Economic diversity

- Jobs in professional services now outnumber federal government positions.



Geography

Washington, D.C., is located on the Potomac River, just inland from the Chesapeake Bay. The Anacostia River and Rock Creek flow through the region. Nearly 20 percent of the district is parkland managed by the U.S. National Park Service. Areas of the MSA surrounding the District of Columbia include portions of Maryland, Virginia and West Virginia. The area around Washington, D.C., is comprised of gently rolling hills and forested plains. There is a high density of population near the capitol and inner-ring suburbs.



Washington-Arlington-Alexandria Metro

WASHINGTON, D.C.

Cities

The Washington, D.C., metro encompasses the District of Columbia, as well as 22 counties and jurisdictions in three adjacent states. Washington, D.C., is the largest city in the metro, with a population of 631,100. The remaining population centers are much smaller, with only Arlington and Alexandria having populations more than 100,000.

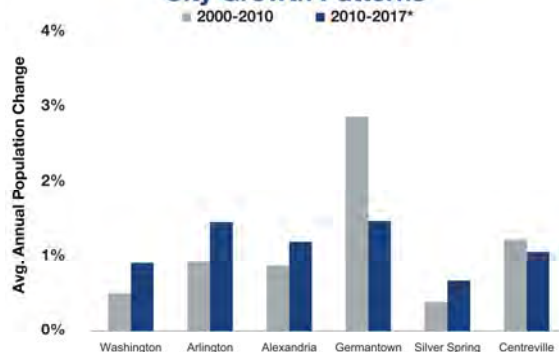
Infrastructure

Washington, D.C., is located on the Interstate 95 corridor, which provides access to all major cities along the East Coast. The region benefits from an integrated transportation system of airports, rail, highways and public buses.

The Metrorail and Metrobus systems are operated by the Washington Metropolitan Area Transit Authority and comprise the second largest transit system in the nation. The transportation system serves a 1,500-square-mile area with 106 miles of track and 86 stations. Around 40 percent of those working in the central core of the region use public transportation.

Approximately 19 million passengers fly in and out of Ronald Reagan Washington National Airport each year, and 23 million passengers travel through Dulles International Airport. Air service is also available at Baltimore-Washington International Thurgood Marshall Airport in Baltimore, 40 miles away.

City Growth Patterns



* Forecast
Sources: Marcus & Millichap Research Services, Experian

Largest Population Centers: Washington, D.C., MSA

Washington, D.C.	631,100
Arlington	221,000
Alexandria	146,900
Germantown	89,100
Silver Spring	74,300
Centreville	72,900

2012 Estimate

Sources: Marcus & Millichap Research Services, Experian

International Airports

- Ronald Reagan Washington National
- Baltimore-Washington International Thurgood Marshall
- Dulles International

Major Roadways

- Interstates 66, 70, 95, 270, 370 and 495

Rail

- Passenger - Amtrak, Acela Express, MARC, VRE
- Commuter - Metrorail

The Washington, D.C., MSA is:

- 40 miles from Baltimore
- 140 miles from Philadelphia
- 230 miles from New York City
- 400 miles from Charlotte

WASHINGTON, D.C.

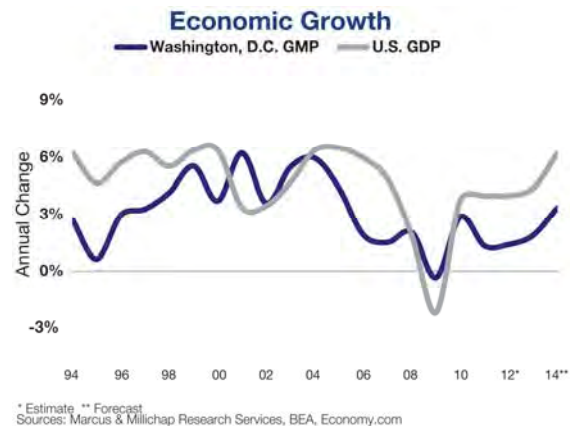
Economy

The Washington, D.C., metro economy is one of the largest in the nation and is home to 20 Fortune 500 companies. The local economy is primarily information-based and focused on government, lobbying, data processing and news reporting. There is also a large hospitality sector that supports almost 18 million visitors per year who spend around \$6 billion locally.

Washington, D.C., maintained one of the most consistent and top-performing local economies in the nation during the past 15 years. The metro's GMP outpaced the U.S. GDP, posting strong gains during the downturn. Local retail sales growth was on par with the nation's over the last four years.

Until recently, the federal government employed more people than any other sector in the metro. This is no longer the case, as Washington, D.C., now has a significant concentration of professional and business services employers. The local economy, however, relies on federal spending for growth. This spending enabled Washington, D.C., to fare better than most other metro areas during the recession.

The long-term outlook for the area is positive. Strengths include a highly educated labor force; status as a world capital and gateway city for international travel; inflow of tax dollars from across the nation; growing presence in high-tech, data processing and analysis, communications, and finance; and an expanding hospitality base.



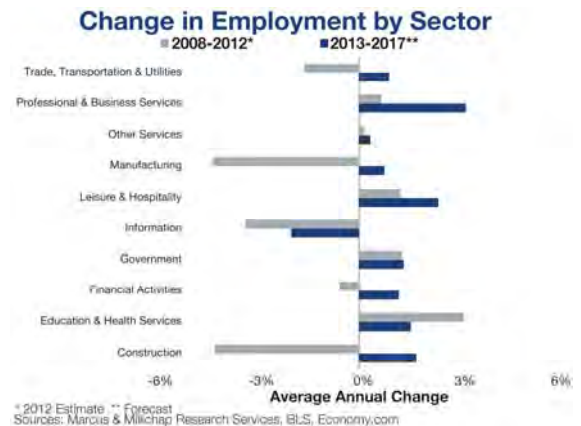
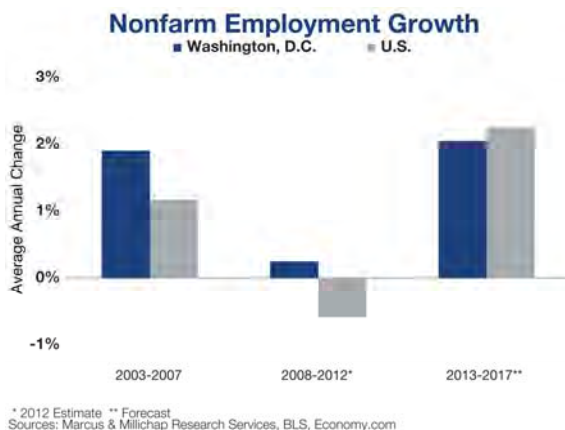
WASHINGTON, D.C.

Labor

Employment in Washington, D.C., totals more than 3 million workers. White-collar jobs account for 68 percent of the total. Local employment growth generally surpasses that of the nation, but is expected to fall slightly behind U.S. over the next five years. During this time, employment in all sectors, except information, will expand.

As the economy regains steam, a significant share of job growth is projected in the largest sector, which is professional and business services, with an annual increase of 3 percent. Government is the other dominant industry in the metro, and employers in the segment will expand at 1.3 percent per year through 2017. Education and health services, which comprises 13 percent of the work force, will grow at a rate of 1.5 percent annually.

Construction employment, which has contracted in recent years, will increase 1.7 percent annually over the next five years as projects put on hold during the recession resume and the housing market turns around. Washington, D.C., continues to be a hot spot for tourism and more people are visiting the nation's capital in recent years. The leisure and hospitality sector, which represents 9 percent of the labor force, is expected to gain 2.3 percent annually through 2017.



WASHINGTON, D.C.

Employers

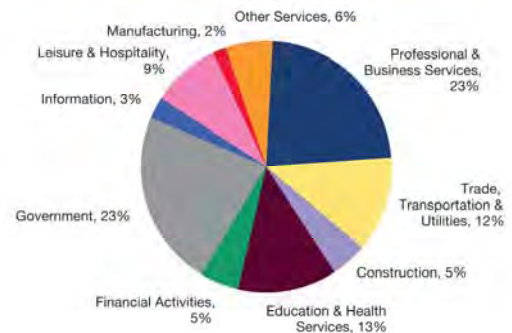
Washington, D.C., is home to large organizations that hire sizable numbers of workers. The professional and business services sector employs 703,000 workers, or 23 percent of the total employment base. The sector has increased in size significantly faster in Washington, D.C., than nationally, with growth continuing over the next several years.

The government sector is the second largest segment in the Washington, D.C., metro, with nearly 700,000 positions. Government jobs were added during the recession, however, growth will slow in the next five years. The FBI, Smithsonian Institution, U.S. Census Bureau and the National Institute of Health are some of the governments' largest employers.

The Washington, D.C., area has a very strong presence of high-tech firms involved in defense, aerospace, and electronic and data systems. Companies include General Dynamics and Lockheed Martin. These firms have thrived due to defense and homeland security spending.

A number of major institutions of higher learning such as George Washington University, Georgetown University and the University of Maryland, as well as large hospitals, including Washington Hospital Center and Inova Fairfax Hospital are some of the larger employers in the education and health services sector. Employment in this sector will continue to rise to meet the needs of an expanding population.

Share of 2012 Total Employment*



* Estimate
Sources: Marcus & Millichap Research Services, BLS, Economy.com

Major Employers

George Washington University
Fannie Mae
Federal Bureau of Investigation
Lockheed Martin
Georgetown University
Capital One Financial Corp.
Smithsonian Institution
Washington Hospital Center
CSC Corp.
Andrews Air Force Base

Office-Using Employment Growth



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services, BLS, Economy.com

WASHINGTON, D.C.

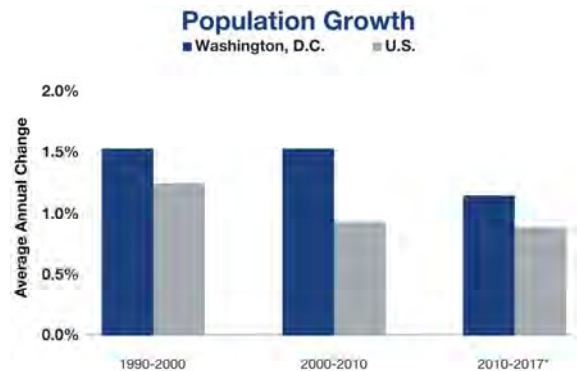
Demographics

The Washington, D.C., metro has nearly 5.8 million residents. The area expanded by more than 780,000 individuals during the past decade, or 16 percent, much faster than the U.S. population. The metro is projected to receive 265,000 new inhabitants during the next five years, expanding at an annual rate of nearly 1.2 percent.

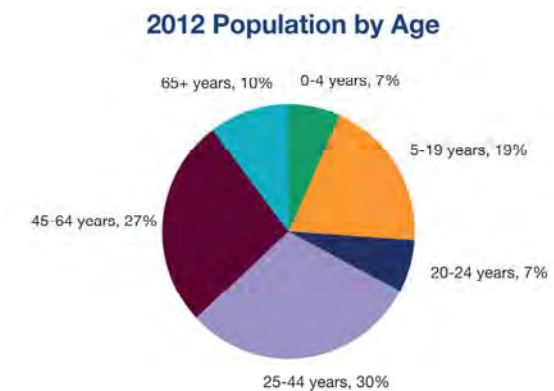
The metro contains a greater percentage of people in the 25- to 44-year-old cohort than the nation. This age group forms the bulk of the local labor force. The Washington, D.C., area has an exceptionally high concentration of college graduates. The percentage of adults in the region with at least a bachelor's degree is 47 percent, while the share of the local population with a graduate degree is 22 percent.

The median household income in Washington, D.C., is \$87,800 per year, substantially more than the U.S. median. There is also expected to be significant growth among households earning \$100,000 or more per year during the next five years. This bodes well for the local economy by supporting high levels of retail sales and strong demand for housing.

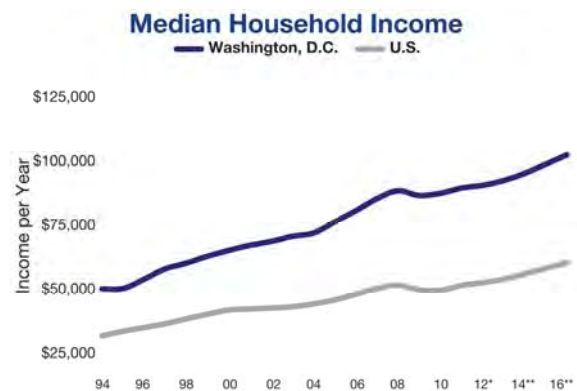
The median price of a home in the metro at \$347,300, however, is out of the reach of many households, supporting a strong rental housing market. Currently, 59 percent of households own their homes.



* Forecast
Sources: Marcus & Millichap Research Services, AGS, Experian



Sources: Marcus & Millichap Research Services, Experian



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services, Economy.com, U.S. Census Bureau

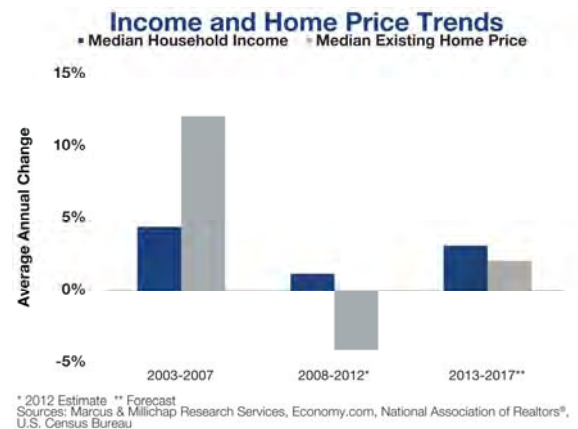
WASHINGTON, D.C.

Quality of Life

The Washington, D.C., area is one of the most dynamic in the world. It is the seat of power for the United States government, active with the latest news and politics. The region has a cosmopolitan air and is a destination for visitors from across the nation and around the globe, with numerous prominent public buildings and landmarks. It is home to many of the nation's leading newspapers, think tanks and universities. Washington, D.C., also has extraordinary museums and thriving theaters and restaurants supported by both visitors and an affluent local population.

Educational opportunities abound in the metro area's many institutions of higher learning. Prominent universities include George Washington University, American University, Georgetown University, Catholic University of America and Howard University. Enrollment in local institutions totals more than 100,000 students.

The region's population density is moderate, with tree-lined avenues, grand 19th-century buildings and structures generally limited to the height of the Capitol dome. History abounds in every direction with battle sites, national parks and monuments. Outdoor and recreation opportunities are plentiful and the area is home to professional sports teams in football, basketball, baseball, hockey and soccer.



WASHINGTON, D.C.

Apartment Sector Holds Tight in First Half of 2013

The Washington, D.C., metro economy handily absorbed the impact of reduced government spending in the first half of the year, but the sequester will likely support more modest growth in the second half of 2013. Defense department workers face furloughs in the third quarter and, while it is improbable that apartment vacancy will soar as a consequence of temporary unpaid leave, the effects on employers in the defense supply chain are less clear. Diminished government funding and contracts could slow hiring at firms that heavily rely on government business, potentially constricting the flow of newly employed residents into the rental housing market. New tenants are needed in the second half of the year, when more than half of the units to be completed in 2013 will come online. Over the years, new construction in the metro has triggered temporary upswings in vacancy that were followed by a quick reversion to normal levels. With a potentially smaller pool of prospective renters, however, new properties may not be sufficiently leased by the end of 2013 to avert an increase in full-year vacancy.

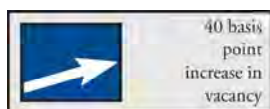
Through the first half of the year, REITs and institutions continued to amass sizable property portfolios. A competitive landscape and a full construction pipeline are not dulling appetites, and higher prices are only encouraging developers. Inside the district, activity among smaller investors is heated, with well-priced assets eliciting multiple offers. Cap rates in Dupont Circle, arguably the district's most coveted neighborhood among investors, reside in the low- to mid-5 percent range. First-year returns in most other neighborhoods are in the low- to mid-6 percent region. At midyear, higher interest rates had not yet affected acquisition financing. Local and regional banks are honoring pricing for deals in their pipelines and are generally waiting for the Treasury market to settle. CMBS loans will likely re-price in the months ahead. Banks that were offering five-year terms in the mid- to upper-3 percent range prior to the recent rise in 10-year rates are also starting to quote rates roughly 40 basis points higher on new business. Refinancing is still an option for many property owners, and higher rates may move some off the fence.

2013 Annual Apartment Forecast

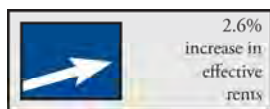
Employment: Following a gain of 36,000 positions in 2012, local employers will add 33,000 jobs this year, expanding employment 1.1 percent. Hiring was strong in the first half of this year, but will slow in the final six months of 2013 as federal spending cuts take hold.



Construction: Developers will bring online 12,000 rentals in 2013, up from 6,101 units last year. In the district, 4,900 rentals will be placed in service, expanding rental stock 2.8 percent. A 2.5 percent rise will occur in Virginia through the completion of 4,000 predominantly market-rate rentals.



Vacancy: Completions will outpace demand, raising vacancy 40 basis points this year to 5.0 percent; a 30-basis point rise was posted in 2012. This year, the vacancy rate will climb 70 basis points to 5.0 percent in the district, while a 40-basis point increase to 5.3 percent will occur in Maryland.

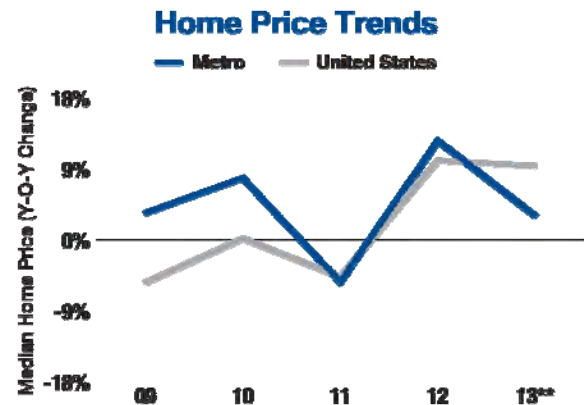
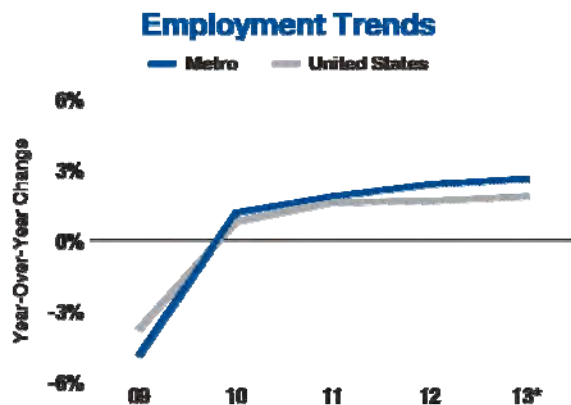


Rents: Average effective rents in the metro will advance 2.6 percent to \$1,559 per month in 2013. A 1.3 percent jump was posted last year.

WASHINGTON, D.C.

Economy

- Employers in the metro added 44,800 workers over the past year, including 22,900 jobs in the first six months of 2013. Year to date, private-sector employers created more than 29,000 positions metrowide, while government payrolls lost 6,200 workers.
- Despite potential losses of government contracts, funding and grants for some employers, the professional and business services sector is flourishing. More than 11,000 positions were created in the first half of the year, compared with a gain of roughly 4,000 jobs in the corresponding period last year. Leisure and hospitality employers, meanwhile, created 7,000 jobs in the first half of the year.
- Job growth in the district has been lackluster. Only 1,100 jobs were added in the first half of this year following a loss of 200 posts from April to June. The unemployment rate, however, held steady in the first half at 8.5 percent.
- Outlook: This year, employers in the metro will add 33,000 jobs, slightly off the pace of growth recorded last year.



Housing and Demographics

- Single-family home building is increasing and supported a gain of 9,000 construction jobs in the first half of 2013. Over the 12 months ending at midyear, construction started on 13,100 single-family homes, a 25 percent jump over the preceding year.
- Low interest rates sparked a 28 percent jump in sales of existing single-family homes over the past year. The median price edged up 3 percent to \$363,800, which is about 20 percent less than the peak median price recorded nearly seven years ago.
- Despite the building of new subdivisions and attractive interest rates, the homeownership rate in the metro registered approximately 65 percent at the end of the second quarter, down from more than 66 percent at year-end 2012.
- Outlook: More renter households are forming in the metro, especially within younger age groups who are delaying first-time home purchases in order to retain mobility to pursue job opportunities.

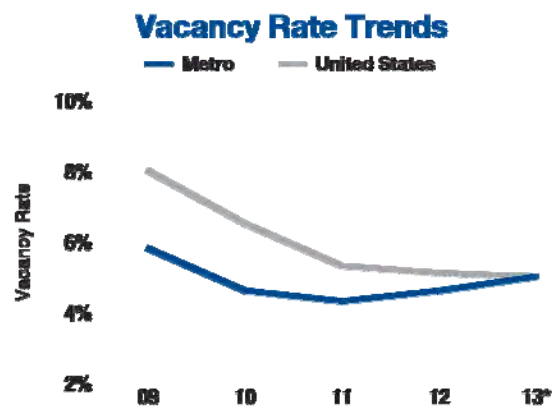
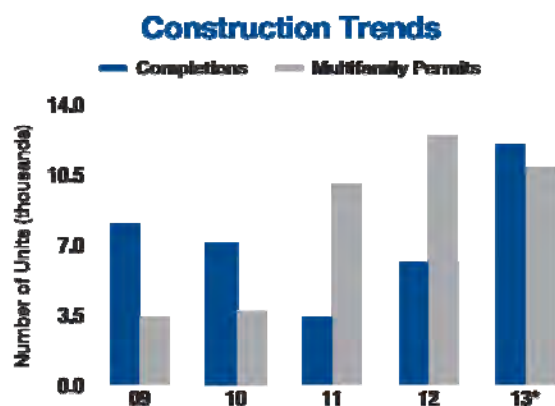
* Forecast

** Trailing 12-month period through 2Q

WASHINGTON, D.C.

Construction

- Building is ramping up. Approximately 2,000 units came online in the second quarter, raising to 8,600 the number of rentals that have been delivered over the past year. Roughly 3,900 apartments were completed in the preceding 12 months.
- Four market-rate projects comprising 805 rentals and a 69-unit affordable complex were delivered in the district from April to June. The market-rate projects include the 255-unit Capitol View on 14th. Following the delivery of nearly 1,400 rentals in the first quarter, the 294-unit Bainbridge River Oaks in Woodbridge was the only property completed in Virginia in the second quarter.
- Completions in Maryland during the second quarter totaled 801 units. For the entire metro, more than 17,000 rentals were under construction at midyear, with deliveries scheduled from the second half of 2013 to 2015.
- Outlook: Rental stock in the metro will expand 2.3 percent in 2013 through the completion of 12,000 rentals.



Vacancy

- A slight easing in deliveries and solid tenant demand pushed down the metrowide vacancy rate 20 basis points in the second quarter to 4.6 percent. Vacancy, however, is unchanged year to date and up 40 basis points over the past 12 months.
- Vacancy in the district ticked up 10 basis points in the second quarter to 4.0 percent, but is down 30 basis points thus far in 2013. More than 1,400 new units came online in the district in the first half, but pent-up demand for rental housing supported net absorption of 2,000 units year to date.
- Among the three sections of the metro, tenant demand has been softest in Maryland so far this year. Year to date, net absorption totaled less than 200 units, contributing to a 50-basis point increase in vacancy to 5.4 percent. Vacancy in Virginia is up 20 basis points to 4.4 percent through the first two quarters as completions slightly exceeded net absorption.
- Outlook: Completions will outpace demand, raising metrowide vacancy 40 basis points this year to 5.0 percent.

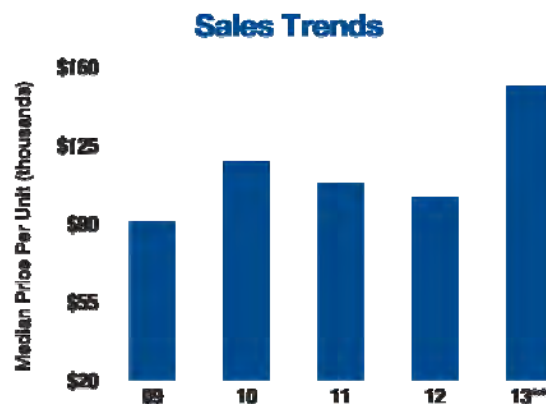
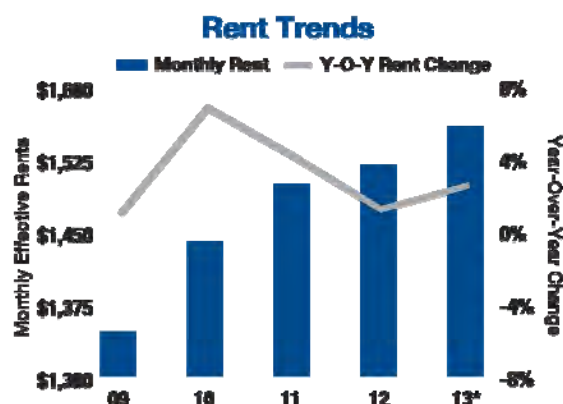
* Forecast

** Trailing 12-month period

WASHINGTON, D.C.

Rents

- Average effective rents in the metro advanced 0.6 percent from April to June to \$1,550 per month. Effective rents are up 2.1 percent year to date, but only 1.5 percent year over year due to a soft fourth quarter.
- In the Tysons Corner/Falls Church/Merrifield submarket, where the 354-unit Avalon Park Crest was delivered early this year, the average effective rent on a two-bedroom unit has jumped more than 4 percent year to date to \$1,805 per month. In the entire Virginia section of the metro, two-bedroom rents have climbed about 2.5 percent this year.
- Approximately 500 units were brought online in the Northeast D.C. submarket in the first two quarters, though leasing incentives were unchanged at 10 percent of asking rents. Average one-bedroom rents in the submarket were flat at \$1,754 per month.
- Outlook: In 2013, the average effective rent in the metro will increase 2.6 percent to \$1,559 per month.



Sales Trends**

- Several sales of institutional-caliber portfolios contributed to a 38 percent jump in transaction velocity over the past 12 months. The number of deals pricing from \$1 million to \$10 million was flat over the past year.
- Properties sold in the metro over the past year carried a median price of \$151,300 per unit, compared with a median price of \$101,500 per unit in the preceding 12-month stretch. Assets selling from \$1 million to \$10 million posted a median price of \$83,300 per unit, up 9 percent from the prior year.
- Cap rates vary widely. Assets in the district or institutional properties within the beltway trade in the low- to mid-5 percent range. Lower-quality assets or properties farther from the center of the metro can change hands as high as 8 percent.
- Outlook: Institutions will maintain a keen focus on the metro and seek opportunities to grow portfolios, while smaller investors continue to trade up to better properties or expand their holdings.

* Forecast

** Trailing 12-month period

WASHINGTON, D.C.

Capital Markets

- The rate on the 10-year U.S. Treasury rose to the mid-2 percent range after comments from Fed Chairman Bernanke were interpreted to mean that the central bank would start tapering stimulus sooner than expected in late 2013. Subsequent statements from Fed officials were intended to reassure the markets that the winding down of bond purchases would be neither peremptory nor severe. The immediate reaction of multifamily lenders was to hold rates firm on transactions in the pipeline, but quote higher rates on new inquiries.
- Cap rates will be affected by higher interest rates, although the two will not move in a one-to-one relationship. Most immediately, cap rates will rise on Class A assets, where spreads were already quite narrow before the Treasury re-priced. With long-term rates well below historical trends, however, opportune conditions exist for borrowers to either get acquisition financing or refinance.
- The 10-year CMBS loans will re-price as interest rates settle, and other lenders will follow. Local and regional banks were issuing loans of \$3 million and more for 10 years from 3.75 percent to 4.25 percent this year, but are likely to price 75 basis points higher. Competition remains keen as new sources of capital emerge. Five-year loans, meanwhile, will price from 4.25 percent to 4.625 percent.
- Government agencies Fannie Mae and Freddie Mac continue to assume leading roles in multifamily finance and account for most of the debt placed in the sector. The agencies will underwrite deals at up to 80 percent LTV and rates 2.75 percent over the seven-year Treasury.

Sources: Marcus & Millichap Research Services, Bureau of Labor Statistics, CoStar Group, Inc., Economy.com, National Association of Realtors, Real Capital Analytics, MPF Research, TWR/Dodge Pipeline, U.S. Census Bureau.

DEMOGRAPHIC ANALYSIS

5301 New Hampshire Ave NW

WASHINGTON, DC

DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
2000 Population	36,476	295,543	667,213
2010 Population	37,358	305,010	708,688
2012 Population	38,801	317,128	735,753
2017 Population	38,490	319,625	745,964
2000 Households	14,859	117,466	278,255
2010 Households	14,994	123,912	294,019
2012 Households	15,639	129,542	307,182
2017 Households	15,829	133,026	315,978
2012 Average Household Size	2.45	2.35	2.24
2012 Daytime Population	11,726	133,069	822,715
2000 Median Housing Value		\$152,677	\$161,305
2000 Owner Occupied Housing Units	54.95%	39.41%	41.46%
2000 Renter Occupied Housing Units	37.61%	53.57%	51.57%
2000 Vacant	7.43%	7.21%	6.90%
2012 Owner Occupied Housing Units	52.93%	38.87%	40.06%
2012 Renter Occupied Housing Units	42.33%	55.97%	54.38%
2012 Vacant	4.73%	5.16%	5.56%
2017 Owner Occupied Housing Units	52.67%	38.70%	39.78%
2017 Renter Occupied Housing Units	42.96%	56.31%	54.75%
2017 Vacant	4.37%	4.99%	5.47%
\$ 0 - \$14,999	12.2%	12.4%	11.5%
\$ 15,000 - \$24,999	9.9%	8.5%	7.1%
\$ 25,000 - \$34,999	9.2%	9.0%	7.6%
\$ 35,000 - \$49,999	12.9%	12.5%	11.3%
\$ 50,000 - \$74,999	20.3%	18.0%	16.7%
\$ 75,000 - \$99,999	14.1%	12.5%	12.2%
\$100,000 - \$124,999	8.1%	8.5%	8.9%
\$125,000 - \$149,999	5.1%	5.6%	6.5%
\$150,000 - \$199,999	4.8%	6.1%	7.2%
\$200,000 - \$249,999	1.3%	2.5%	4.2%
\$250,000 +	2.1%	4.3%	6.8%
2012 Median Household Income	\$56,437	\$59,336	\$67,947
2012 Per Capita Income	\$30,793	\$36,626	\$45,448
2012 Average Household Income	\$74,453	\$88,353	\$106,650

Demographic data © 2012 by Experian.

SUMMARY REPORT

Geography: 5 Miles**Population**

In 2012, the population in your selected geography was 735,753 . The population has changed by 10.27% since 2000. It is estimated that the population in your area will be 745,964 five years from now, which represents a change of 1.38% from the current year. The current population is 48.4% male and 51.5% female. The median age of the population in your area is 33.0 , compare this to the U.S. average which is 37. The population density in your area is 9,276.48 people per square mile.

Households

There are currently 307,182 households in your selected geography. The number of households has changed by 10.39% since 2000. It is estimated that the number of households in your area will be 315,978 five years from now, which represents a change of 2.86% from the current year. The average household size in your area is 2.24 persons.

Income

In 2012, the median household income for your selected geography is \$67,947 , compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 57.88% since 2000. It is estimated that the median household income in your area will be \$80,397 five years from now, which represents a change of 18.32% from the current year.

The current year per capita income in your area is \$45,448 , compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$106,650 , compare this to the U.S. average which is \$75,373.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 46.89% White, 33.81% African American, 0.52% Native American and 5.19% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.20% White, 12.65% African American, 0.96% Native American and 5.01% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 18.83% of the current year population in your selected area. Compare this to the U.S. average of 16.55%.

Housing

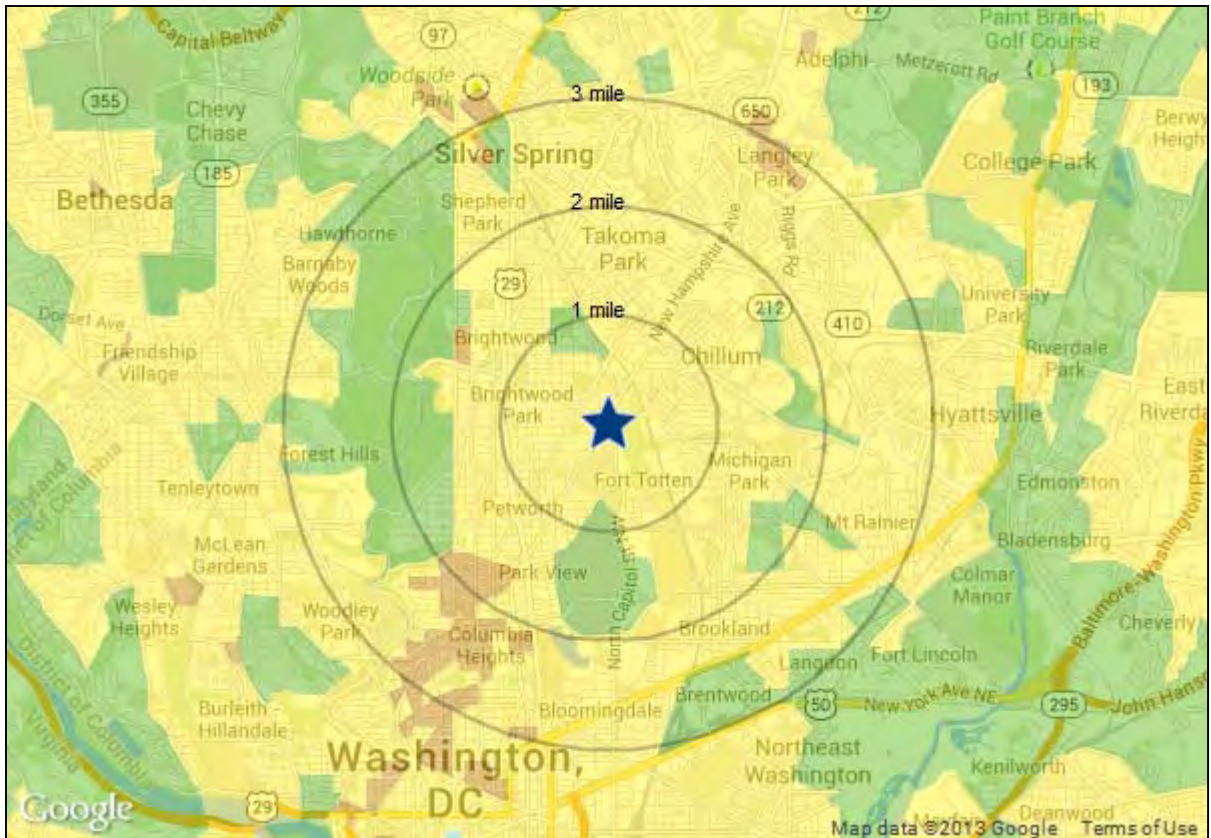
The median housing value in your area was \$161,305 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 123,923 owner occupied housing units in your area and there were 154,136 renter occupied housing units in your area. The median rent at the time was \$638 .

Employment

In 2012, there are 822,715 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 71.4% of employees are employed in white-collar occupations in this geography, and 28.6% are employed in blue-collar occupations. In 2012, unemployment in this area is 4.99% . In 2000, the median time traveled to work was 30.3 minutes.

Demographic data © 2012 by Experian.

POPULATION DENSITY



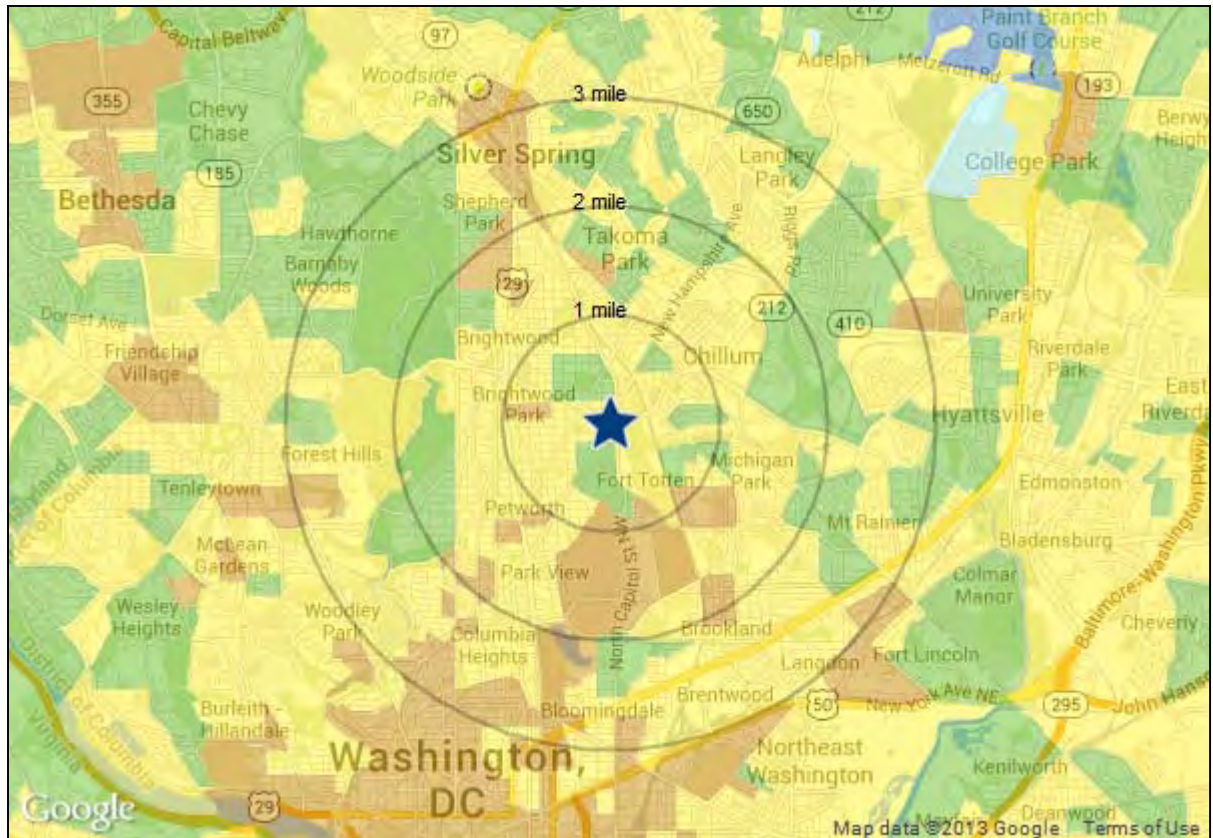
Demographic data © 2012 by Experian.

Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

EMPLOYMENT DENSITY



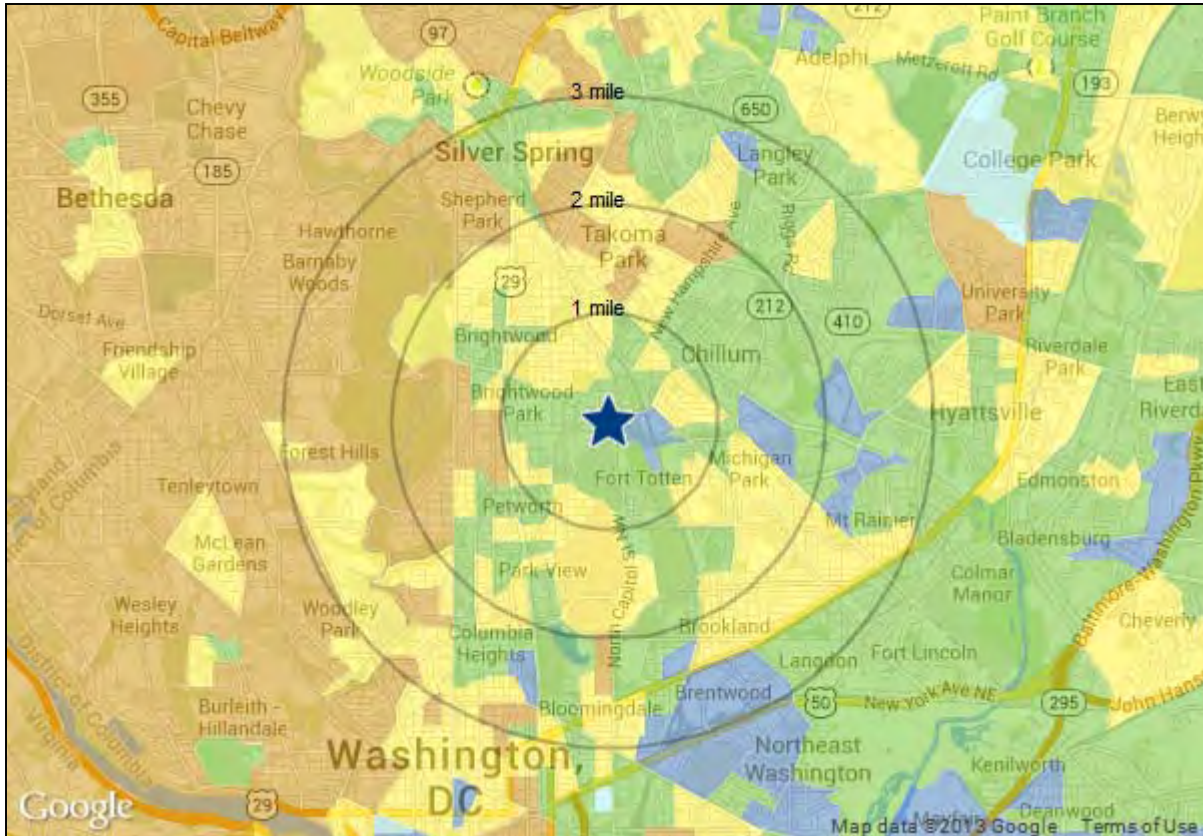
Demographic data © 2012 by Experian.

Employment Density

Theme	Low	High
Low	less than	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

AVERAGE HOUSEHOLD INCOME



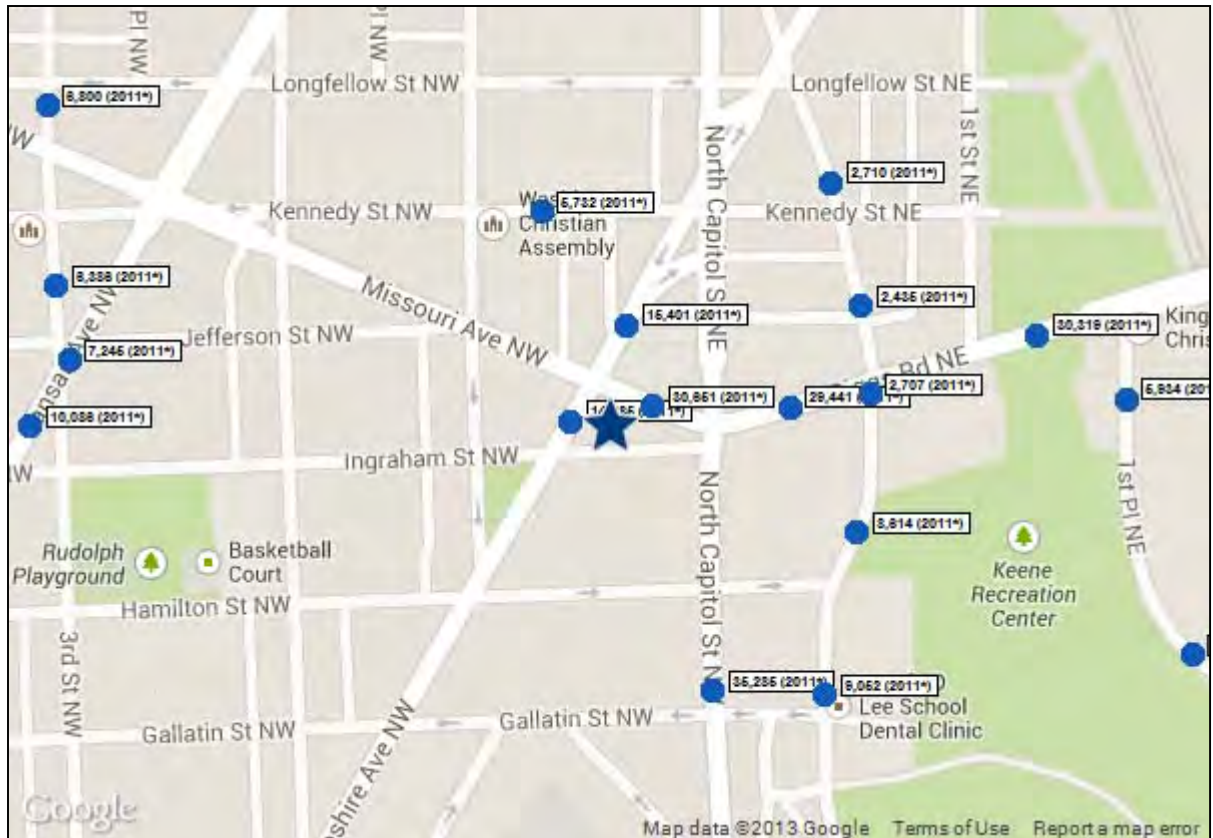
Demographic data © 2012 by Experian.

Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.

TRAFFIC COUNTS



Traffic Count data © 2012 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.

* Traffic Count Estimate



5301 New Hampshire Ave NW

WASHINGTON, DC

OFFERING MEMORANDUM

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