

Investment Properties | Multifamily Group  
Capital Markets

# GrandVilla APARTMENTS

## Offering Memorandum

41 Apartment Homes

Grand Villa Apartments  
1960 East Grand Avenue  
Escondido, CA 92027

CBRE

# CBRE

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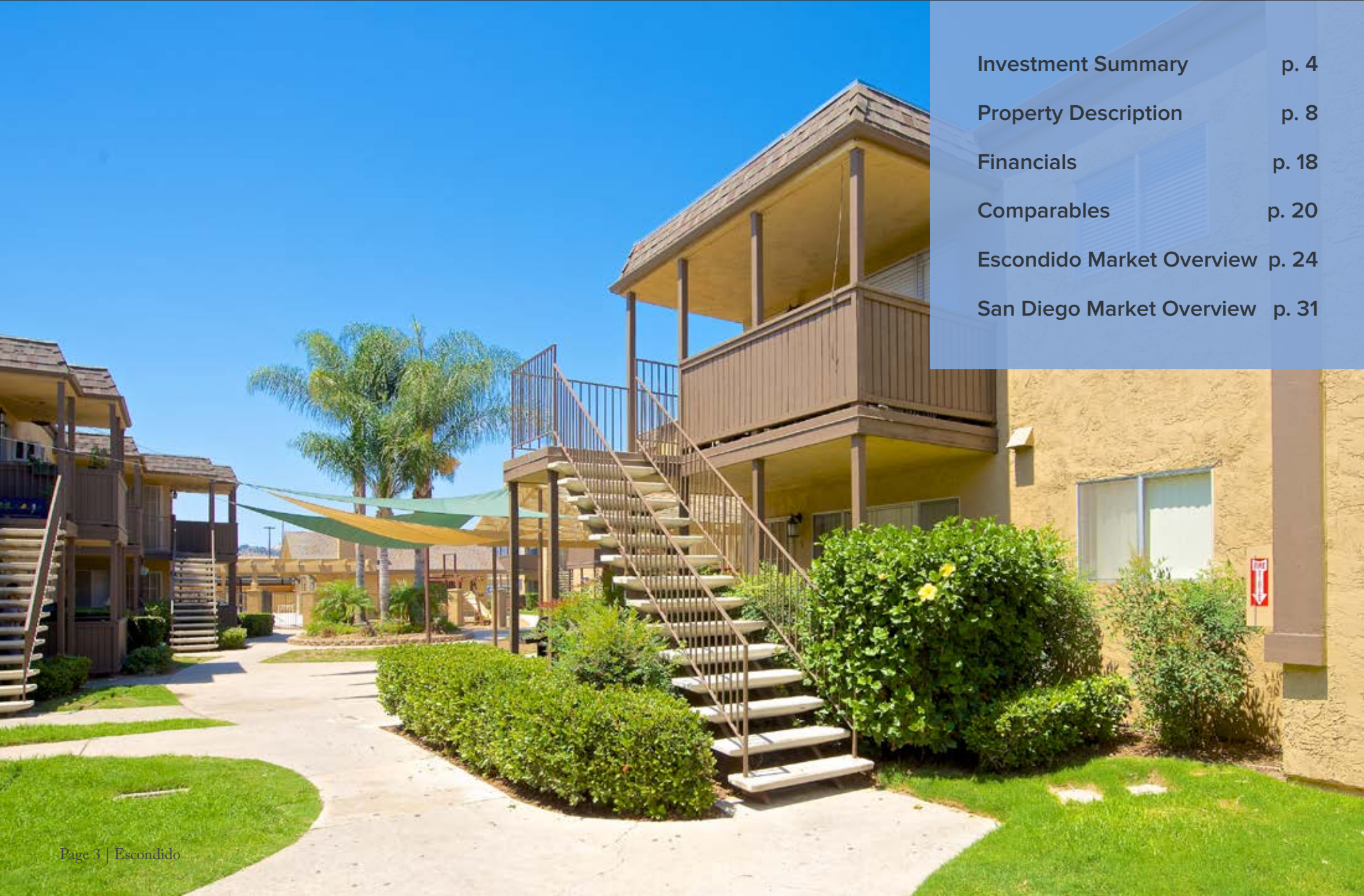
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# TABLE OF CONTENTS

Investment Summary	p. 4
Property Description	p. 8
Financials	p. 18
Comparables	p. 20
Escondido Market Overview	p. 24
San Diego Market Overview	p. 31



# GrandVilla

## APARTMENTS

### The Offering

1960 East Grand Avenue, Escondido, CA 92027

CBRE is pleased to present this opportunity to acquire Grand Villa Apartments, a 41-unit garden style building located in Escondido, California. Built in 1977, Grand Villa Apartments features one-bedroom, two-bedroom, one and a half bathrooms and two-bedroom two-bathrooms floor plans. The property has numerous amenities including a newly refurbished clubhouse, pool, jacuzzi, playground and picnic area. Recently, the property has undergone exterior and interior renovations such as new dual pane windows, newly installed kitchens appliances and air conditioning units in select units, upgraded common areas, new window coverings and more. Although there has been recent renovations, there is still opportunity to achieve higher rents.

PRICE	<del>\$6,900,000</del> \$6,840,000	In Place	Market
\$/UNIT	<del>\$168,293</del> \$166,829	CAP RATE	4.32% 5.45%
\$/SQ. FT.	<del>\$203.06</del> \$201.29	GRM	12.1 11.0

# INVESTMENT HIGHLIGHTS

- **TURN KEY PROPERTY:** Over the last 24 months, Grand Villa Apartments have undergone approximately \$380,000 of capital improvements. These improvements include a new pool area, renovations to the club house, new exterior paint, new windows, roof repairs, new exterior and interior lighting, exterior wood replacement, new air conditioning units, new interior appliances, new electrical upgrades and a new boiler.
- **UPSIDE IN RENTS:** When compared to other similar communities in Escondido, the rents at Grand Villa Apartments show room for growth to current market rate.
- **NEAR EMPLOYMENT:** Grand Villa Apartments is located close to Palomar Medical Center, Escondido's largest private employer with 3,000 jobs. Walking distance to the property is Palomar College's Escondido campus, which recently completed a \$10 million renovation. Within a 10-mile radius of Grand Villa Apartments, there are approximately 159,106 jobs.
- **LARGER UNITS WITH DESIRABLE UNIT MIX:** The Grand Villa Apartments offer large floor plans with patios or balconies and a desirable unit mix of one bedroom, two bedroom one and a half bath, and two bedroom two bath units.
- **CLOSE TO SCHOOL AND COLLEGES:** Several academic institutions are located in close proximity to the property making it a suitable location for families, students and employees. Escondido Charter High School, Escondido High School, Oak Hill Elementary & Orange Glen High School is less than 2 miles from the property. Additionally, Palomar College's Escondido Center is located adjacent to the property. The main Palomar College campus and CSU San Marcos are within 9 miles of Grand Villa Apartments.
- **PROXIMITY TO RETAIL:** The immediate area offers a variety of retail and services. Residents are close to Home Depot, Valley Max Supermarket, Vons, Ralphs, plus numerous other convenient shops, restaurants and services. Additionally, just a short drive away is the Westfield Shopping Center. With over 1-million SF of retail, this super-regional shopping center offers a variety of stores and restaurants including anchors such as Nordstrom, Macy's, Sears, JcPenney and Target.
- **RUBS IMPLEMENTATION:** The property has a RUBS system set up that will begin implementation on 1/1/2016. Utility bill back should be in the zone of \$28, \$56, \$85, \$113, or \$141 per unit per month depending on if there are 1,2,3,4 or 5 people residing in a unit.
- **EXCELLENT VISIBILITY:** Grand Villas is located on Grand Avenue, one of Escondido's main east/west surface streets with an estimated traffic count of 15,000 cars per day.

# AREA OVERVIEW



PALOMAR HOSPITAL  
DOWNTOWN CAMPUS

ESCONDIDO  
HIGH SCHOOL

DALEY RANCH

PUBLIC  
ELEMENTARY  
SCHOOL

DIXON LAKE

Office DEPOT  
WALMART

WASHINGTON  
PARK & POOL

BIG  
LOTS!

CVS  
pharmacy

GLEN VIEW  
ELEMENTARY SCHOOL

ESCONDIDO CHARTER  
HIGH SCHOOL

PALOMAR COLLEGE  
ESCONDIDO CENTER

EL NORTE PKWY

OAK HILL  
ELEMENTARY SCHOOL

MIDWAY AVE

GRAND AVE

VALLEY PARKWAY

BEAR VALLEY PKWY

VONS

Ralphs

CVS  
pharmacy

# PROPERTY DESCRIPTION

## Building Description

<b>Property Address</b>	1960 E. Grand Avenue Escondido, CA 92027
<b># of Units</b>	41
<b>APN</b>	231-060-73-00
<b>Rentable SF</b>	33,980 SF
<b>Land Area</b>	85,378 SF (1.96 acres)
<b>Year Built</b>	1977
<b>Building Configuration:</b>	Six (6) 2-story buildings and One (1), 1-story building
<b>Construction:</b>	Two story wood frame construction, slab on grade
<b>Roof:</b>	Flat roof with mansard
<b>Windows:</b>	Some new dual pane vinyl windows and some single pane aluminum frame
<b>Parking</b>	79 total parking spaces: 5 garages with one two car garage 36 covered spaces 37 open spaces

## Unit Mix

# Units	Unit Type	Sq. Ft.	Total Sq. Ft.
1	STUDIO	500	500
12	1BD/ 1BA	660	7,920
16	2BD/ 1.5BA	870	13,920
12	2BD/ 2BA	970	11,640
41	TOTAL/Avg	829	33,980

## Mechanical/Electrical

<b>Heating &amp; Cooling</b>	All 2-bedroom, 2-bathroom units have central air and heating All other units have wall A/C and radiant heating (majority wall units are new)
<b>Electricity</b>	90 amp service with 400 amp total breakers
<b>Cooking Energy</b>	Electric
<b>Metering</b>	SDGE are separately metered
<b>Water Heating</b>	Master metered
<b>Laundry Equipment</b>	Four (4) washers and four (4) dryers. The property has two laundry facilities with 2 washers and 2 dryers in each.
<b>Dishwasher</b>	All units include dishwasher except in the manager's unit

## Jurisdiction of Taxes

<b>Tax ID Number</b>	231-060-73-00
<b>Millage Rate</b>	1.12725%
<b>Fixed Assessments</b>	\$103.60
<b>Tax Year</b>	Fiscal year 2014-2015

## Utilities

Type	Provider	Paid By	Billing Method
Water	City of Escondido	Owner	Direct Bill
Sewer	City of Escondido	Owner	Direct Bill
Trash	EDCO	Owner	Direct Bill
Electric & Gas	San Diego Gas & Electric	Resident	Direct Bill
Electric & Gas	San Diego Gas & Electric	Owner/House Meter	Direct Bill







# RECENT RENOVATIONS

Within the last couple of years the owners have completed approximately \$380,000 in exterior and interior renovations. Renovations include:

## Building Renovations

- Pool: repairs and upgrades to pool, installed new pool pump
- Refreshed paint
- Clubhouse: new doors, windows, cabinets, counter top, repaired roof, removed and replaced siding with T111 siding
- Repaired front of the property mansard roof
- Tree removal and landscaping
- Electrical upgrades throughout the property
- New water boiler
- General maintenance and other upgrades

## Unit Renovations

- Appliances: replaced 30 refrigerators and 30 dishwashers
- Added 23 new wall A/C units
- New Dual Pane Vinyl windows to select units
- New entrance security doors
- Installed on-demand water heater controller
- Exterior wood replacement and cosmetic repairs
- Installed new window coverings



# BUILDING FEATURES

Pool & Jacuzzi

Picnic Area

BBQ

Playground

Clubhouse

Two Laundry Facilities

Covered Parking & Garages



# PROPERTY PHOTOS



# UNIT FEATURES

Dishwasher

Patio or Balcony

Horizontal Blinds

Laminate Woodlike Floors

Ceiling Fans

Central AC & Heating\*

Wall AC Units\*

Built-in Shelves\*

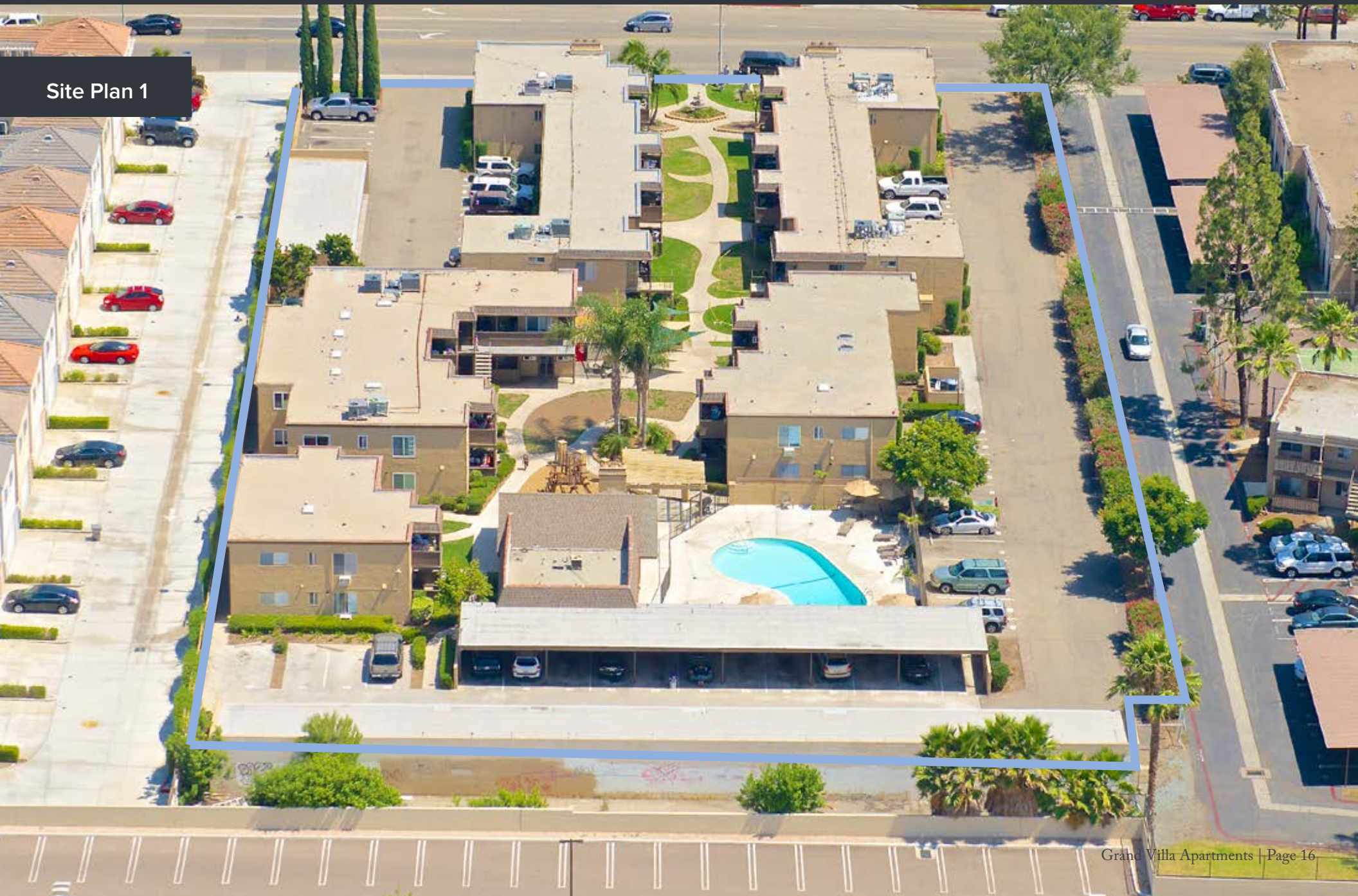
\*select units



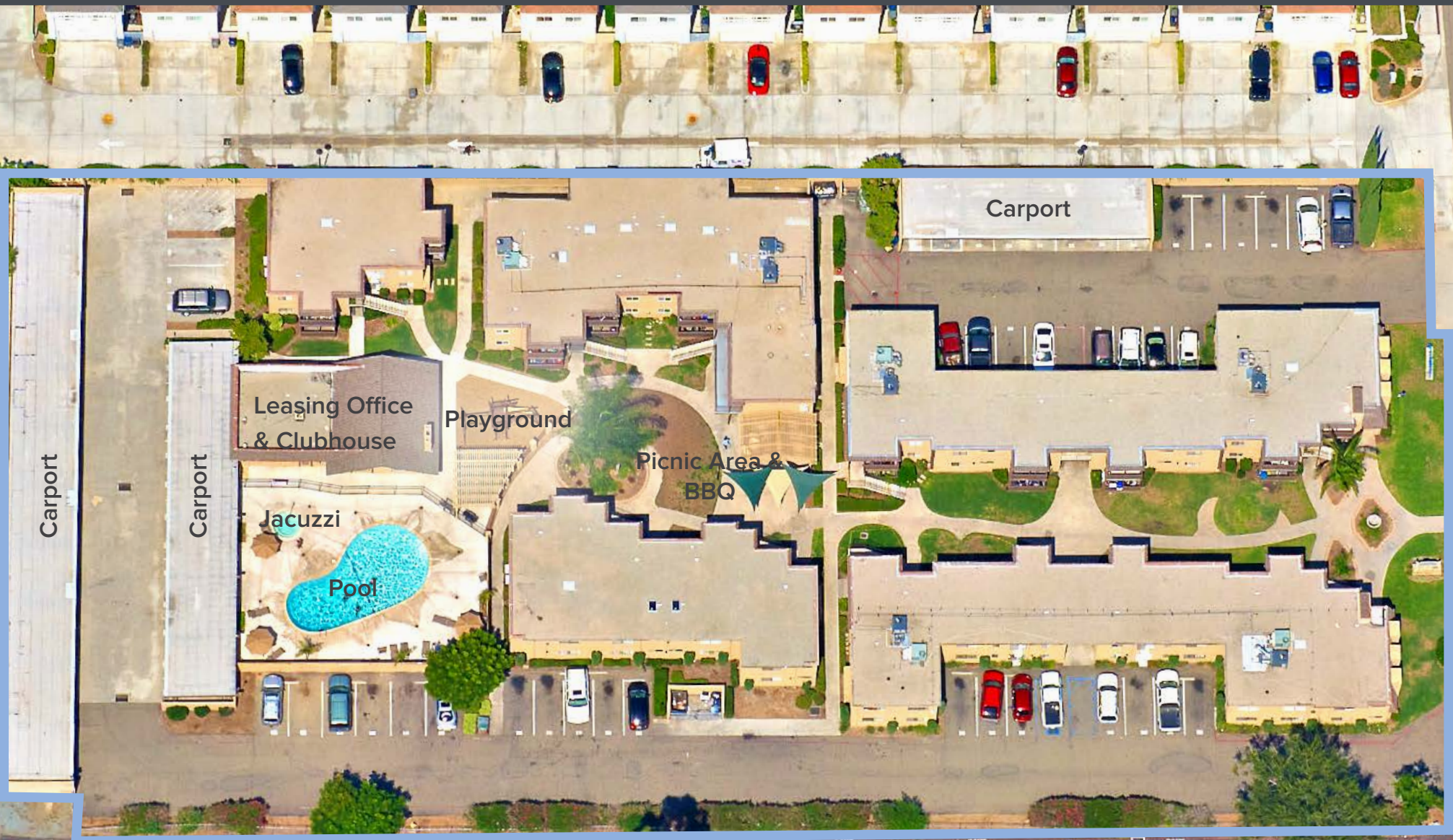
# INTERIOR PHOTOS



Site Plan 1



# SITE PLAN





# FINANCIALS

## Income Summary

PRICE	<del>\$6,900,000</del> - \$6,840,000		
\$/UNIT	<del>\$168,293</del> \$166,829		
\$/SQ. FT.	<del>\$203.06</del> \$201.29		
Down Payment	\$2,500,000		
% Down	36.55%		
		In Place	Market
		CAP RATE	4.32%
		GRM	12.1
			5.45%
			11.0

## INCOME SUMMARY

# Units	Unit Type	Sq. Ft.	Total Sq.Ft.	\$ Rent	\$/Sq.Ft.	Total In Place	Market Rent	Total Market	\$/Sq.Ft.
1	STUDIO	500	500	\$910	\$1.82	\$910	\$925	\$925	\$1.85
12	1BD/ 1BA	660	7,920	\$955	\$1.45	\$11,465	\$1,050	\$12,600	\$1.59
16	2BD/ 1.5BA	870	13,920	\$1,236	\$1.42	\$19,770	\$1,350	\$21,600	\$1.55
12	2BD/ 2BA	970	11,640	\$1,235	\$1.27	\$14,820	\$1,400	\$16,800	\$1.44
<b>41</b>	<b>Total/Avg</b>	<b>829</b>	<b>33,980</b>	<b>\$1,145</b>	<b>\$1.38</b>	<b>\$46,965</b>	<b>\$1,266</b>	<b>\$51,925</b>	<b>\$1.53</b>

## ANNUALIZED GROSS INCOME

				<u>\$563,580</u>	<u>\$623,100</u>
Vacancy	1.00%	3.00%		(\$5,636)	(\$18,693)

## ADJUSTED GROSS INCOME

				<u>\$557,944</u>	<u>\$604,407</u>
Laundry Income				\$12,860	\$12,860
RUBS Income*				\$0	\$27,552
Garage Rent (4 Garages)				\$1,682	\$4,800
Parking Rent				\$660	\$660
Other Income				\$4,604	\$4,604

## EFFECTIVE GROSS INCOME

				<u>\$577,750</u>	<u>\$654,883</u>
			<b>TRAILING 3 MONTH</b>		
			<b>\$547,904</b>		

# FINANCIALS

		Actual 2014		Proforma	
		\$/UNIT	\$/YEAR	\$/YEAR	\$/YEAR
Less Estimated Expenses:					
Property Taxes	1.12725%	\$1,436	\$58,884	\$77,104	
Fixed Assessment		\$3	\$103	\$103	
Insurance		\$154	\$6,304	\$6,304	
Flood Insurance		\$355	\$14,543	\$14,543	
<u>Controllable Expenses</u>					
Utilities		\$1,847	\$75,747	\$75,747	
On-Site Manager		\$689	\$28,244	\$25,000	
Professional Management Fee (4.0%)		\$514	\$21,094	\$22,318	
Repairs /Maintenance/ Turnover/ Supplies		\$3,986	\$163,421	\$35,000	
Contracted Services		\$1,063	\$43,572	\$12,900	
Administrative		\$174	\$7,114	\$5,000	
Replacement Reserves		\$200	\$188,841	\$8,200	
			\$607,867	\$282,219	
<i>Exp./unit:</i>			\$14,826	\$6,883	(\$282,219)
<i>Exp/psf:</i>			\$17.89	\$8.31	(\$282,219)
<i>Exp. % of SGI:</i>			107.9%	45.3%	
<b>NET OPERATING INCOME</b>				<b>\$295,532</b>	<b>\$372,664</b>
Amortization			30		
Rate			3.50%		
Debt Service	\$4,340,000 @			\$233,862	\$233,862
<b>CASH FLOW</b>				<b>\$61,669</b>	<b>\$138,802</b>
				<b>2.47%</b>	<b>5.55%</b>
				1.26	1.59
				\$81,962	\$81,962
				\$143,632	\$220,764
				<b>5.75%</b>	<b>8.83%</b>








\* RUBS PROGRAM WILL BEGIN IMPLEMENTATION ON 1/1/2016

# RENT COMPARABLES

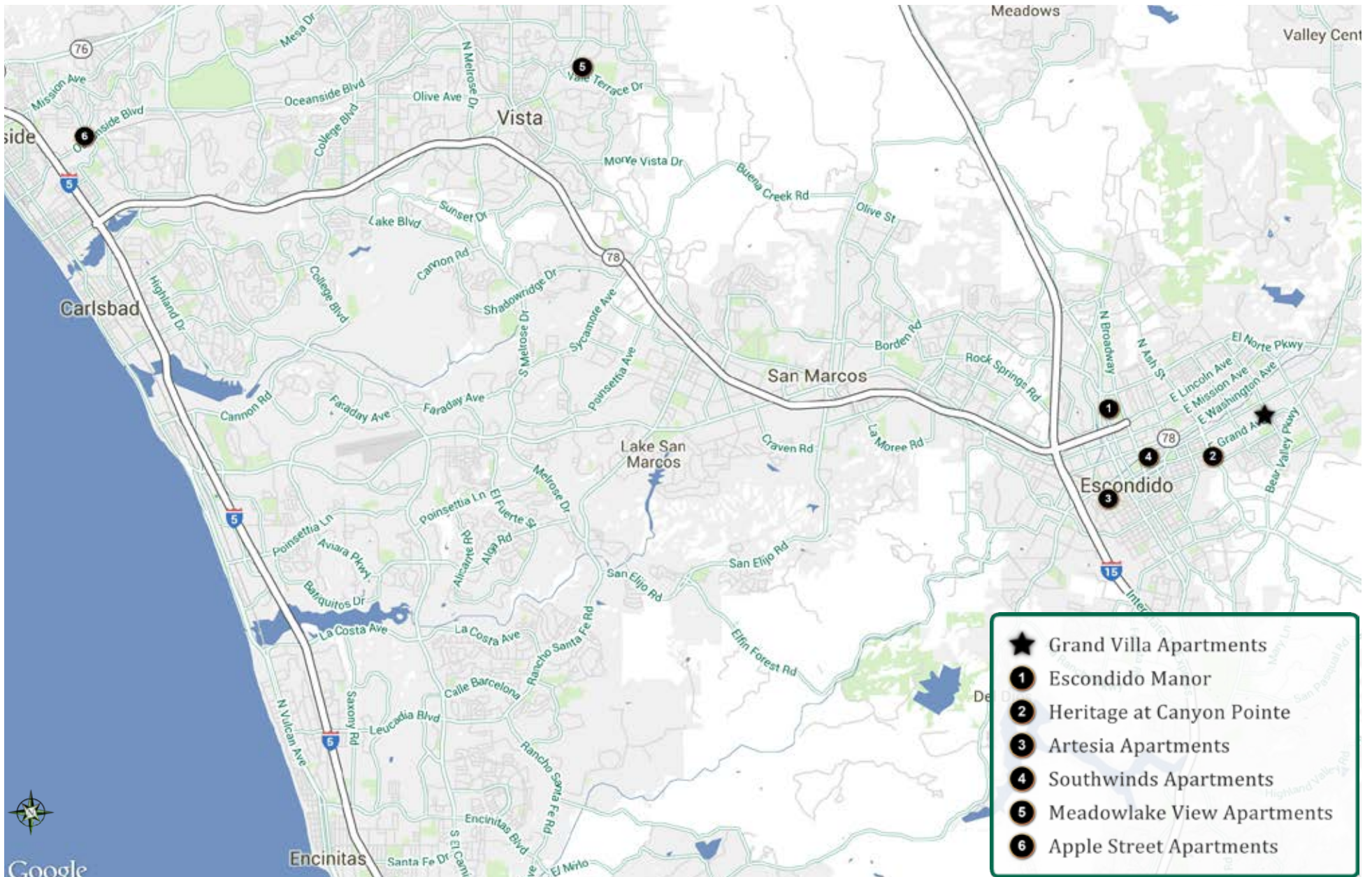
	SUBJECT	1	2	3	4	5	6
							
	<b>GRAND VILLA APARTMENTS</b>	<b>TANGLEWOOD</b>	<b>GRAND REGENCY</b>	<b>ESTANCIA</b>	<b>WINDSONG VILLAS</b>	<b>HERITAGE AT CANYON POINTE</b>	<b>COVE AT BEAR VALLEY</b>
Address	1960 E. Grand Ave	1920 E. Grand Ave	2010-2080 E. Grand Ave	725 N. Fig Street	1206 N. Broadway	495-505 San Pasqual Valley	2530 Bear Valley Parkway
City	Escondido	Escondido	Escondido	Escondido	Escondido	Escondido	Escondido
# of Units	41	96	60	100	67	60	24
Built	1977	1977	1967	1973	1968	1987 Renov 2006/2007	1989 Renov. 2007
Studio							
Rental Range	\$910						
Avg. Rent	\$910						
Avg. SF	500						
Rent/SF	\$1.82						
1 Bedroom							
Rental Range	\$900 - \$975	\$975	\$1,075			\$1,150	
Avg. Rent	\$952	\$975	\$1,075			\$1,150	
Avg. SF	660	435	705			644	
Rent/SF	\$1.44	\$2.24	\$1.52			\$1.79	
2 Bedroom / 1 bath	1.5 baths						
Rental Range	\$1,100 - \$1,275	\$1,250	\$1,300	\$1,340 - \$1,445	\$1,350 - \$1,375		
Avg. Rent	\$1,228	\$1,250	\$1,300	\$1,395	\$1,363		
Avg SF	870	650	715	875	860		
Rent/SF	\$1.41	\$1.92	\$1.82	\$1.59	\$1.58		
2 Bedroom / 2 bath						* does not include TH plan	
Rental Range	\$1,150 - \$1,345			\$1,285 - \$1,495		\$1,445 - \$1,515	\$1,455
Avg Rent	\$1,237			\$1,445		\$1,480	\$1,455
Avg SF	970			965		917	950
Rent/SF	\$1.27			\$1.50		\$1.61	\$1.53
3 Bedroom				2.5 baths		* does not include TH plan	
Rental Range				\$1,675 - \$1,775	\$1,595 - \$1,675	\$1,725	\$1,710
Avg Rent				\$1,725	\$1,635	\$1,725	\$1,710
SF				1,360	1,100	1,157	1,150
Rent/SF				\$1.27	\$1.49	\$1.49	\$1.49
Property Amenities	New Pool, New Spa, Clubhouse, Carports, 2 Common Laundry Facility, Playground, Garages	Swimming Pool, Spa, Tennis Court, Clubhouse, Laundry Facilities, Courtyard Areas	Swimming Pool, Spa, Laundry Facilities, Picnic Area	Swimming Pool, Spa, Clubhouse with Community Room, Fitness Facility, On-Site Laundry Facilities, Gated Community	Playground, Laundry Facilities, Landscaped Courtyards	2 Swimming Pools, 2 Spas, Clubhouse, In-Unit Washer/Dryer, 2007 Condo Conversion Renovation	Swimming Pool, In-Unit Washer/Dryer, 2007 Condo Conversion Renovation
Utilities/RUBS	None	RUBS program for water, trash, sewer	RUBS program for water, trash, sewer	RUBS program for water, trash, sewer	RUBS program for water, trash, sewer	RUBS program for water, trash, sewer	RUBS program for water, trash, sewer
Parking		Combination carports and surface spaces. Ratio of 1.90 spaces per unit	Carport parking	Combination carports and surface parking. 4 Detached garages assigned to 3br units. Ratio of 1.48 per unit	Carport parking. Ratio of 2.1 spaces per unit.	Combination carports and single-car garages. Ratio of 1.85 spaces per unit	Combination single car garages and surface parking. Each unit gets 1-car garage. Ratio of 2.17 spaces per unit



# SALE COMPARABLES

	SUBJECT	1	2	3	4	5	6	
								
	GRAND VILLA APARTMENTS	ESCONDIDO MANOR	HERITAGE AT CANYON POINTE	ARTESIA APTS	SOUTHWINDS APTS	MEADOWLAKE VIE APTS	APPLE ST APTS	AVERAGE
Property Address	1960 E Grand Ave Escondido	1150 N. Escondido Blvd. Escondido	495 San Pasqual Valley Escondido	101 S. Spruce St Escondido	333 N. Juniper St Escondido	1060 Meadowlake Dr Vista	973 Apple St Oceanside	
Neighborhood	Escondido	Escondido	Escondido	Escondido	Escondido	Vista	Oceanside	
# of Units	41	44	60	51	18	28	42	41
Rentable SF	33,980	35,220	59,175	43,752	7,506	26,992	19,756	34,276
Year Built	1977	1979	1987 Renov 2006	1989 Renov 2005	1962	1965	1973	1973
Date Sold	PROPOSED	4/17/15	1/9/15	1/30/15	6/5/15	6/16/15	2/26/15	
Sales Price	\$6,840,000	\$6,600,000	\$11,000,000	\$9,010,000	\$2,075,000	\$4,900,000	\$5,150,000	\$6,345,556
Price/Unit	\$166,829	\$150,000	\$183,333	\$176,667	\$115,278	\$175,000	\$122,619	\$152,871
Price/SF	\$201.29	\$187	\$186	\$206	\$276	\$182	\$261	\$199
Actual Cap Rate	4.32%	4.13%	-	5.55%	4.59%	4.27%	5.31%	4.79%
Actual GRM	12.1	11.84	-	-	11.78	12.30	11.22	11.33
Market Cap Rate	5.45%	-	5.50%	-	5.18%	5.02%	6.27%	5.41%
Market GRM	11.0	-	-	-	11.10	11.20	10.07	10.56
Unit Mix	1 - Studio 12 - 1bd/1ba 16 - 2bd/1.5ba 12 - 2bd/2ba	44 - 2br/1ba	16 - 1br/1ba 17 - 2br/2ba 11 - 2br/2.5ba TH 7 - 3br/2ba 9 - 3br/2.5ba TH	51 - 2br/2ba	18 - 1br/1ba	28 - 2br/1ba	42 - Studios	
Community Amenities	New Pool, New Spa, Clubhouse, Carports, 2 Common Laundry Facility, Playground, Garages	Swimming Pool, Common Laundry	2 Swimming Pools, 2 Spas, Clubhouse	Swimming Pool, Spa, BBQ & Picnic Area, Fitness Center, Clubhouse	Common Laundry Facility, Carports & Garages, BBQ Area	Carports, Common Laundry Facility, Storage	Gated Parking, Select units have fenced yards	
Comments		Sold to an affordable housing developer.	Broken condo project: 60 of 116 total units. Units fully renovated in 2006/2007 to condo standards.	Broken condo project: 51 of 81 total units. Units fully renovated in 2005/2006 to condo standards.	On market 11 days before entering into contract.	Inferior Condition, Big Lot		

# SALE COMPARABLES MAP



# ESCONDIDO MARKET OVERVIEW

## Escondido Market Overview

Escondido is a highly desirable place to live. It has a wide range of housing options, many parks and lakes, the Daley Ranch Preserve, a sports center, golf courses, art galleries, antique stores, restaurants, wineries, a Children's Museum, wonderful shopping opportunities, and the nearby San Diego Zoo Safari Park.

Escondido is the cultural heart of San Diego North with its \$86 million California Center for the Arts that includes a conference center, theatre, concert hall and museum and brings world-class entertainment to the San Diego area. Balboa Park's Mingei International Museum chose Escondido for its new \$3 million satellite museum facility.

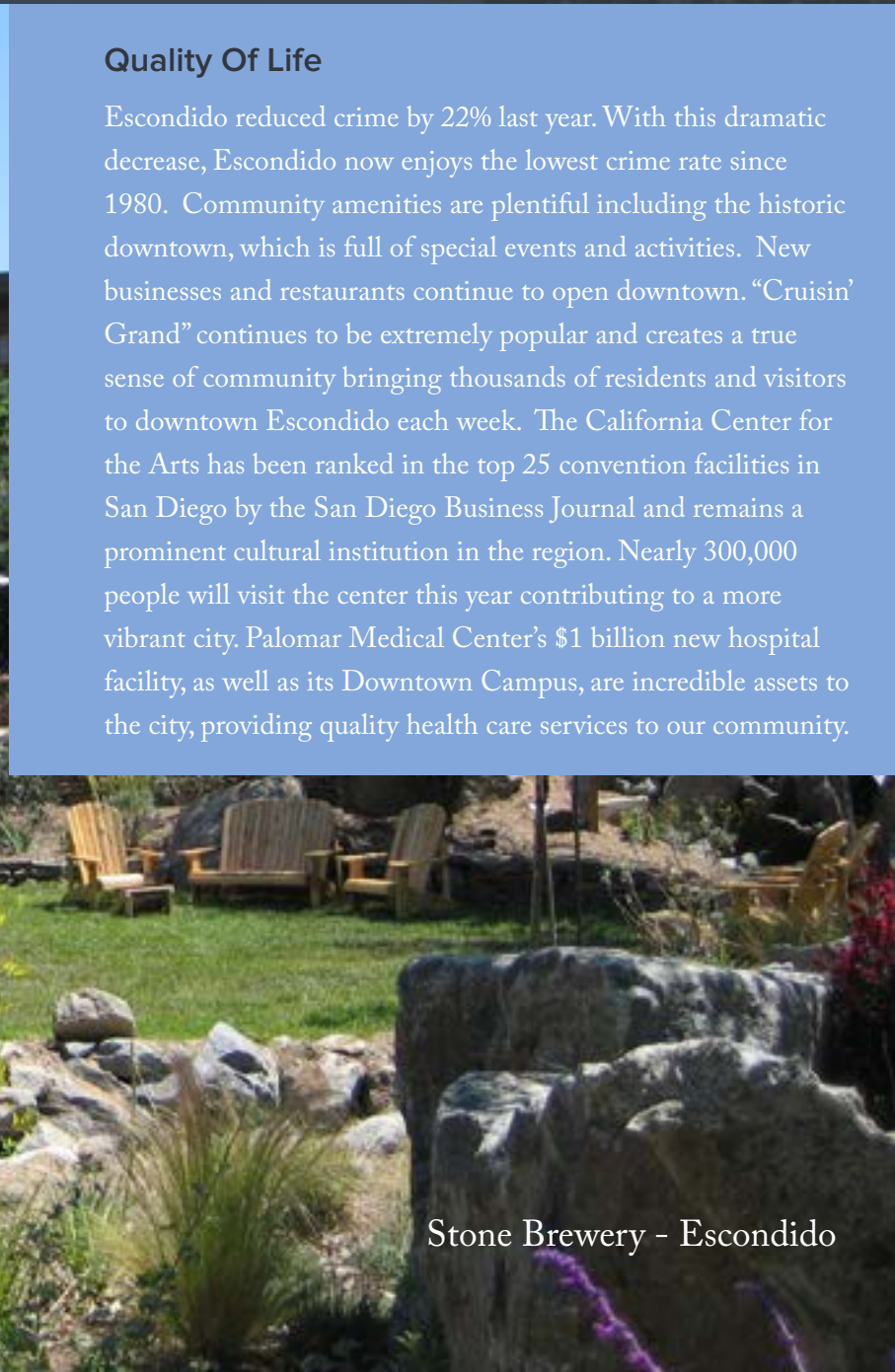
Escondido has a unique feeling of authentic Old California because of its history, heritage and hometown appeal, while still possessing a feel of casual sophistication. In recent years Escondido was named by Money Magazine as the Best Place in the West in which to retire and, at the other end of the spectrum, was named a Kid-Friendly City for the broad range of youth programs.



# ESCONDIDO MARKET OVERVIEW

## Quality Of Life

Escondido reduced crime by 22% last year. With this dramatic decrease, Escondido now enjoys the lowest crime rate since 1980. Community amenities are plentiful including the historic downtown, which is full of special events and activities. New businesses and restaurants continue to open downtown. “Cruisin’ Grand” continues to be extremely popular and creates a true sense of community bringing thousands of residents and visitors to downtown Escondido each week. The California Center for the Arts has been ranked in the top 25 convention facilities in San Diego by the San Diego Business Journal and remains a prominent cultural institution in the region. Nearly 300,000 people will visit the center this year contributing to a more vibrant city. Palomar Medical Center’s \$1 billion new hospital facility, as well as its Downtown Campus, are incredible assets to the city, providing quality health care services to our community.



Stone Brewery - Escondido



## Escondido Apartment Market

Effective rent increased 2.5% from \$1,449 in 1Q15 to \$1,485 in 2Q15. The submarket's annual rent growth rate of 7.1% was above the market average of 6.3%. Out of the 14 submarkets in the market, the Escondido/San Marcos submarket ranked 11th for quarterly effective rent growth and 8th for annual effective rent growth for 2Q15. Annual effective rent growth is forecast to be 5.8% in 2015, and average 4.5% through 2015 to 2017. The annual effective rent growth has averaged 3.9% per year since 4Q98. The submarket's occupancy rate increased from 97.4% in 1Q15 to 97.9% in 2Q15, and was up from 96.6% a year ago. The submarket's occupancy rate was above the market average of 96.1% in 2Q15. For the forecast period, the submarket's occupancy rate is expected to decrease to 96.9% in 2015 and average 96.3% from 2015 to 2017. The submarket's occupancy rate has averaged 95.4% since 4Q98.

Based on Axiometrics' identified supply of properties under construction, the submarket is not expected to deliver any units in 2015. Overall market deliveries increased from 2,568 units in 2014 to 3,464 in 2015, and the total is expected to lower to 1,384 units in 2016. During the last 12 months, 1,903 units were absorbed in lease-up properties across the market with none of them in this submarket. The average absorption rate for lease-up properties in the market was 17 units per property, per month.

Source: Axiometrics, Market Summary 2Q2015

Total Avg Rent	\$1,257 - \$1,49
Studio	\$836
1 Bedroom	\$1,078
2 Bedroom	\$1,372
3 Bedroom	\$1,634
Total Units	6,584

Source: Marketpointe Report March 2015



# ESCONDIDO MARKET OVERVIEW

## Local Economy

Escondido today enjoys a healthy local economy. The private sector's confidence is stronger than ever. There was a net gain of 500 new businesses over the last four years and more than \$500 million in new investment. Westfield North County, after spending \$100 million dollars in renovation, has seen a 25% growth with sales increasing from \$400 to \$500/SF. With major new retailers added like Michael Kors, The Cheesecake Factory and White House Black Market. This growth puts Westfield North County among the top shopping malls in the region.

Part of Escondido's diverse economy is tourism. The San Diego Zoo Safari Park and Stone Brewing Company continue to attract two million visitors every year. Stone Brewing Company's phenomenal success has been nationally recognized. Since they moved to Escondido in 2005, their annual sales have increased from \$5 million to \$175 million today.

Queen Calafia Magical Castle



## Escondido Demographic Trends

### POPULATION

2015 Estimated Population	150,249
2020 Projected Population	157,362
Growth 2015-2020	4.73%

### HOUSEHOLDS

2015 Estimated Households	47,466
2020 Projected Households	49,720
Growth 2015-2020	4.75%

### HOUSEHOLD INCOME

2015 Est. Average Household Income	\$65,766
2020 Prj. Median Household Income	\$47,021
2015 Estimated Housing Units	50,092
2015 Est. Owner Occupied Units	50%
2015 Est. Renter Occupied Units	45%
2015 Est. Average Housing Value	\$433,330

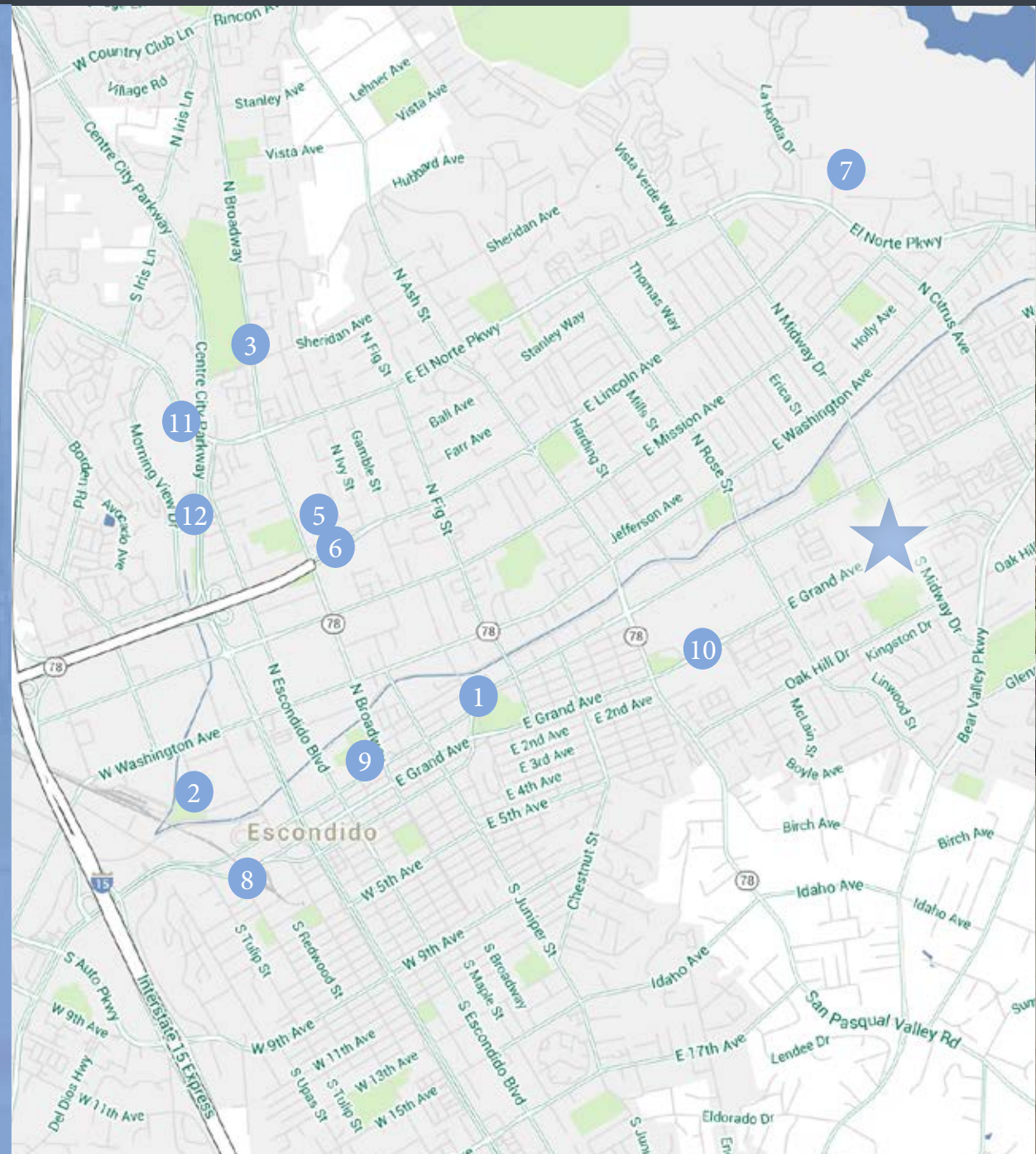
Source: CBRE FastReport

# ESCONDIDO MARKET OVERVIEW

## Nearby Employment Options

Within 3 miles of the property, there are 12 employers in a variety of industries with over 200 + employees. The residents of Grand Villa Apartments have access to numerous employment opportunities nearby.

	Employer	# of Employees
1)	Palomar Hospital Downtown	3,000
2)	Escondido Public Works Dept	868
3)	Escondido Union High School	800
4)	Escondido Risk Management	800
5)	CA Gold Gymnastics	500
6)	Scion Toyota	350
7)	Henry Avocado Corp	300
8)	Mission Pools Inc	250
9)	Escondido Water & Sewer Dept	250
10)	Walmart	230
11)	Las Villas Del Norte Health Center	210
12)	Escondido Police Depart	201



### PALOMAR COLLEGE

The main 200-acre campus of Palomar College is located in northern San Marcos. It is a public two-year community college and is a member of the California Community Colleges system. Palomar enrolls approximately 30,000 full-time and part-time students. There is no student housing.

### PALOMAR ESCONDIDO

The Palomar College Escondido Campus is located down the block from Grand Villa Apartments. This college is an extension to the Palomar College in San Marcos. The campus offers Emergency Medical Education, English as a second language classes and a variety of other course to pursue an associates degree, complete general education requirements for transfer, and occupational skills for employment courses.

### CSU SAN MARCOS

More than 10,000 students currently attend the 304-acre campus. The university employs approximately 230 full-time professors, and has more than one million square feet of facilities. According to the student housing office, only 900 beds will be available in on campus residence halls for next year's enrollment. More than 91% of students find housing off campus. CSU San Marcos campus master plan calls for an eventual enrollment of 25,000.

### Academics

There are three academic institutions within 10 miles of Grand Villa Apartments. Between the three nearby campuses, there are 40,610 of students and 1,932 employees. Given that these institutions provide limited to no student housing, Grand Villa Apartments is situated in a location easily accessible for students and employees to live.

College/University	Location	# Employees	# Students	Driving Distance from Subject
Palomar College - Escondido	Escondido	±1,666	±30,000	0.4 miles
Palomar Community College	San Marcos			9 miles
CSU San Marcos	San Marcos	±226	±10,610	8 miles

## Entertainment, Retail & Services Nearby

Grand Villas Apartments is located near a myriad of shopping, entertainment and services.

Location	Distance (Miles)	Drive Time (Minutes)
Albertson's	0.6	2
CVS	0.7	2
Walmart	0.8	2
Home Depot	0.8	3
Starbucks	0.9	3
Washington Park & Pool	0.9	2
Big 5	1	3
Patio Playhouse	2.1	6
Regal Cinemas	2.3	6
CA Center for Arts	2.3	6
Queen Califa Magic Castle	2.4	7
Kit Carson Park	4.6	8
Reidy Creek Golf	4.7	10
San Diego Safari Park	5.1	8
Westfield Shopping	5.4	9
Elfin Forest Recreation	5.8	14
Lake Hodges	7.6	16
Welks Resort & Golf	10.9	20
Daley Ranch	11	28
Dixon Lake	11	28



# SAN DIEGO MARKET OVERVIEW

## San Diego Economic Overview

San Diego County's nearly perfect year-around weather combined with a dynamic economy make the region one of the most desirable places to live and work in the United States. San Diego's quality of life and burgeoning economy attract residents, businesses and visitors from around the world. Over the last two decades, the San Diego region has developed its own progressive identity as a premier tourist destination as well as a leader in defense development, biotechnology, sustainable energy, wireless and telecommunications technologies, and electronics manufacturing.

North County San Diego is one of the most affluent regions in California and hosts the world's largest golf manufacturing industry. South County boasts a flourishing industrial and manufacturing base fueled by large defense contractors, medium-sized family-owned companies and international Maquiladoras. The city of San Diego encompasses 342 square miles in Central San Diego and includes densely populated coastal and inland communities. East County San Diego is a mix of established older neighborhoods, rural communities and expansive open space.

## Geography

Framed by the Pacific Ocean to the west, mountains and desert to the east, Camp Pendleton and Riverside County to the north, and the U.S./Mexico border to the south, San Diego County encompasses 4,261 square miles. Unlike markets such as Las Vegas and Phoenix, San Diego is land-constrained resulting in a limited availability of developable land. This land shortage raises high entry barriers for new real estate development and creates a premium for land values.

## Population

With a total population close to 1.3 million, San Diego is the second largest city in California behind Los Angeles and the eighth largest city in the United States. At approximately 3.2 million people, San Diego County is the second largest county in the state and the fifth largest county in the country.

## Income

The 2015 average household income in San Diego County was \$82,986 and is projected to increase to \$85,465 by 2018. This compares favorably to the national average household income of \$69,637.



# SAN DIEGO MARKET OVERVIEW

## San Diego Apartment Rental Trends

Studio	\$1,244
1-bedroom	\$1,353
2-bedroom	\$1,638
3-bedroom	\$2,195
Total Units	127,966
Avg. Monthly Rent	\$1,574
Avg. SF	874
Avg. Rent per SF	\$1.80

Source: Marketpointe Report March 2015

## Apartment Performance

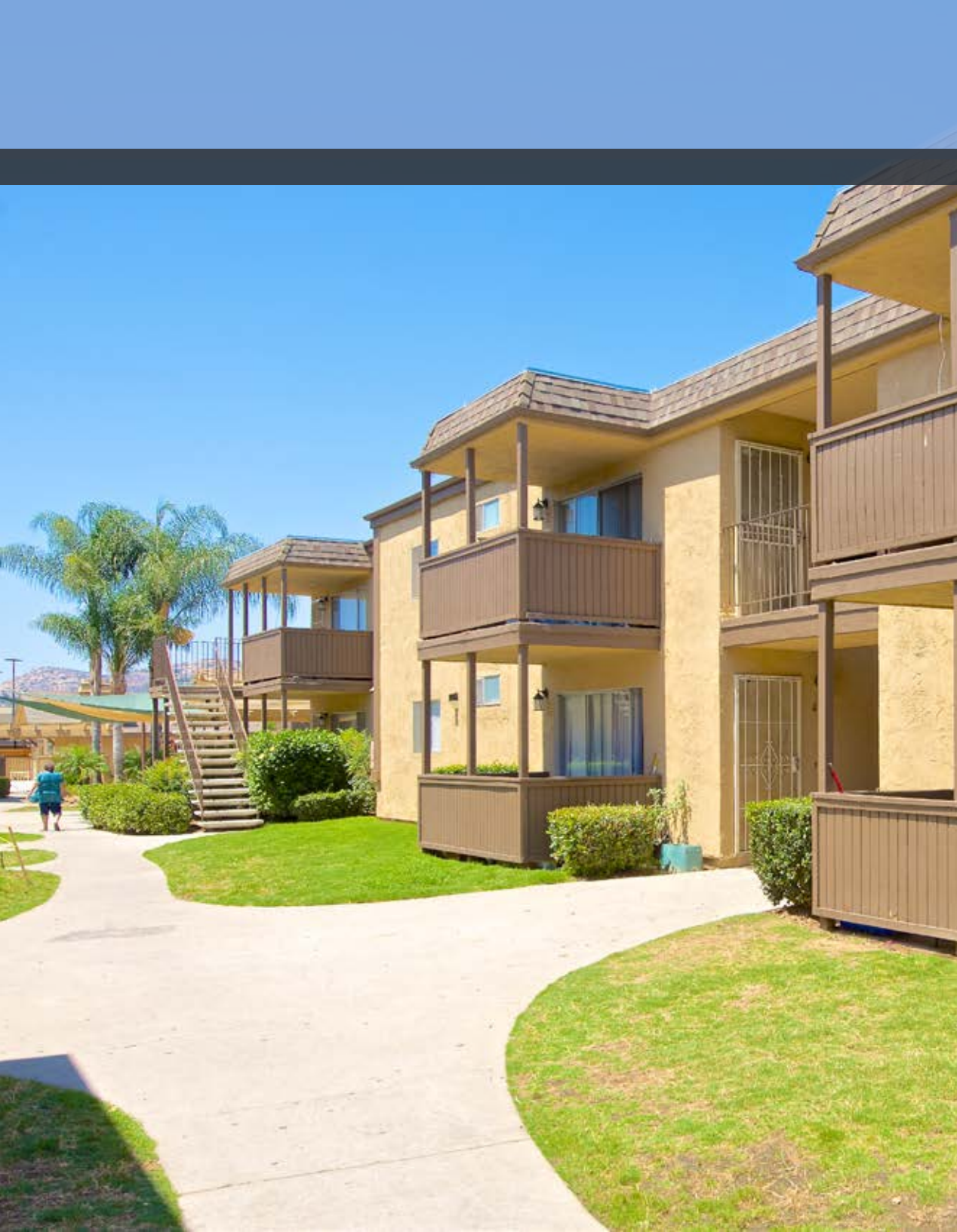
Effective rent increased 3.1% from \$1,725 in 1Q15 to \$1,778 in 2Q15, which resulted in an annual growth rate of 6.3%. Annual effective rent growth is forecast to be 3.6% in 2016, and average 3.7% from 2017 to 2019. Annual effective rent growth has averaged 3.7% since 3Q96. The market's annual rent growth rate was above the national average of 5.0%. Out of the 120 markets ranked by Axiometrics nationally, San Diego-Carlsbad, CA Metro Area was 31st for quarterly effective rent growth, and 23rd for annual effective rent growth for 2Q15. The market's occupancy rate increased from 95.9% in 1Q15 to 96.1% in 2Q15, and was up from 96.0% a year ago. The market's occupancy rate was above the national average of 95.3% in 2Q15. For the forecast period, the market's occupancy rate is expected to be 95.2% in 2016, and average 95.8% from 2017 to 2019. The market's occupancy rate has averaged 95.9% since 3Q95.

## Job Growth

According to the Bureau of Labor Statistics, job growth in San Diego-Carlsbad, CA Metro Area was 3.1% in May 2015, reflecting 42,400 jobs added during a 12-month period. The metro job growth figure was above the national number of 2.2%. Axiometrics forecasts San Diego-Carlsbad, CA Metro Area's job growth to be 2.2% in 2016, with 30,303 jobs added. Job growth is expected to average 2.0% from 2017 to 2019, with an average of 28,256 jobs added each year. On the supply side, permits for 4,901 multifamily units were issued in the 12 months ending in May 2015, up 799 units from the prior year's sum. In terms of total residential housing, 7,898 units were permitted in the 12 months ending May 2015, an increase of 1,027 units from the prior year's total.







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**GrandVilla**  
APARTMENTS