

# MULTIFAMILY POINT OF VIEW SURVEY

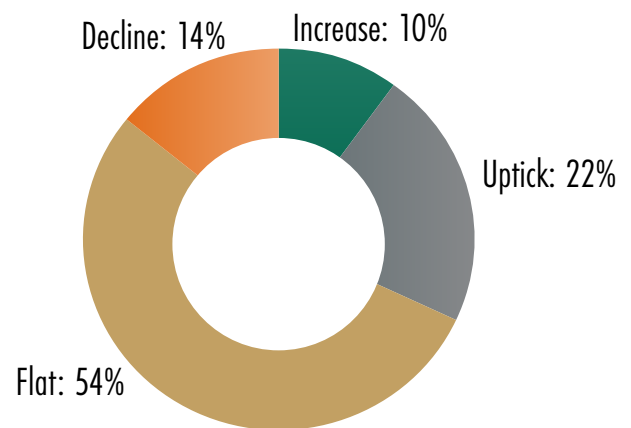
TRI Commercial performed a survey of brokers in the Northern California market to gauge the current state of the multifamily market, the impending laws affecting it, and their forecast over the next 12 to 36 months. Over 61% of the respondents believe that impending state-wide legislation will have investors in a “wait and see” mode causing the market to moderately increase or flatten over the next 12 months.

## MARKET CONSENSUS AND FORECAST | Survey Summary



The broker consensus for the next 12 months is that multifamily vacancy, sales volume, and cap rates will remain relatively flat. Meanwhile, rents will continue to be elevated due to perpetual lack of housing supply.

Over the next 12 to 36 months, the TRI team sees cap rates decreasing, sales volume decreasing and rents beginning to decline (albeit, not for another 36 months). Construction is also expected to taper off in the next 36 months as the cost to build remains high.



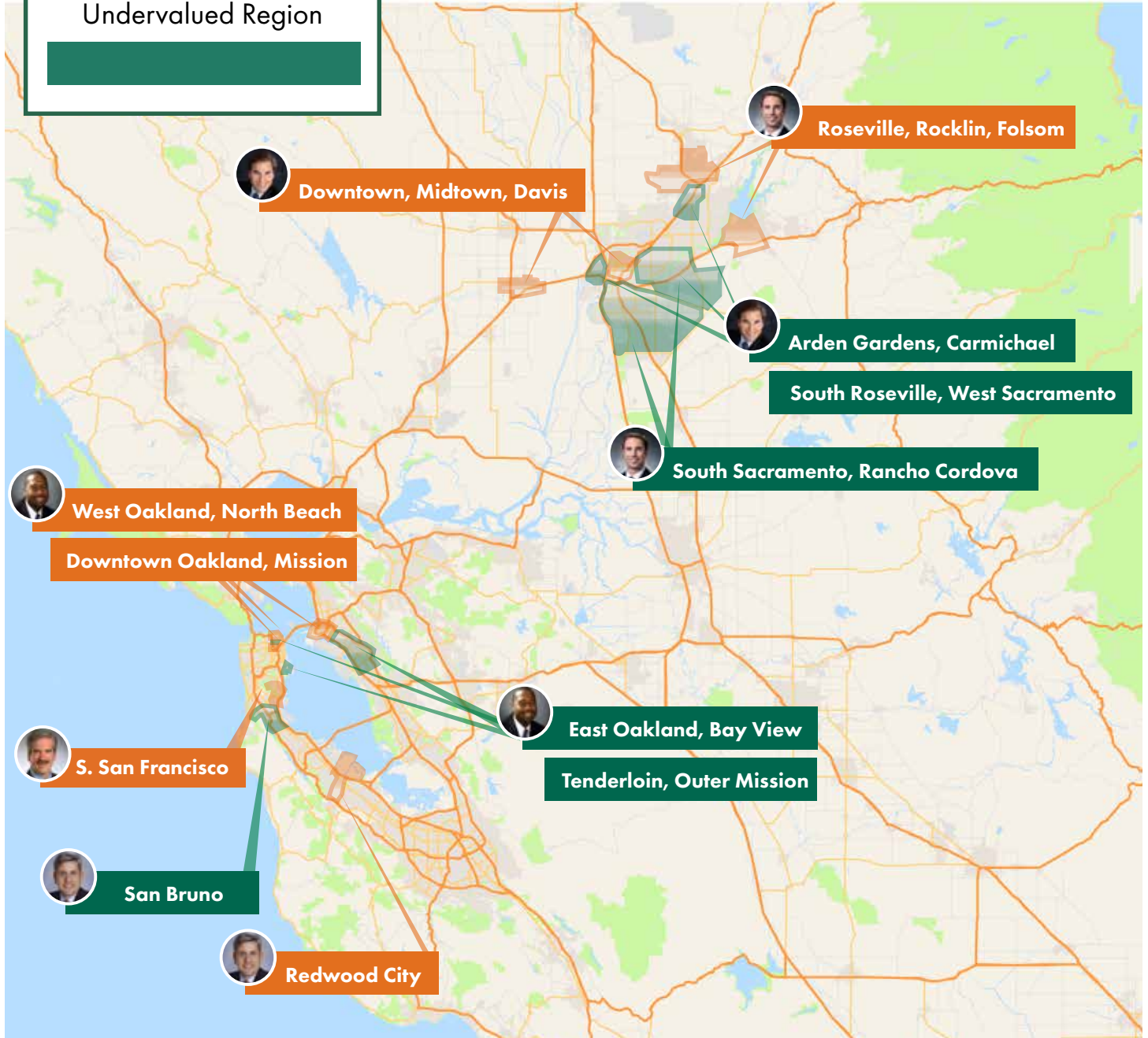
Broker Opinion of General State of Market Over Next 12 Months

THE OVER/UNDER | What Markets Are Currently Overvalued & Undervalued?

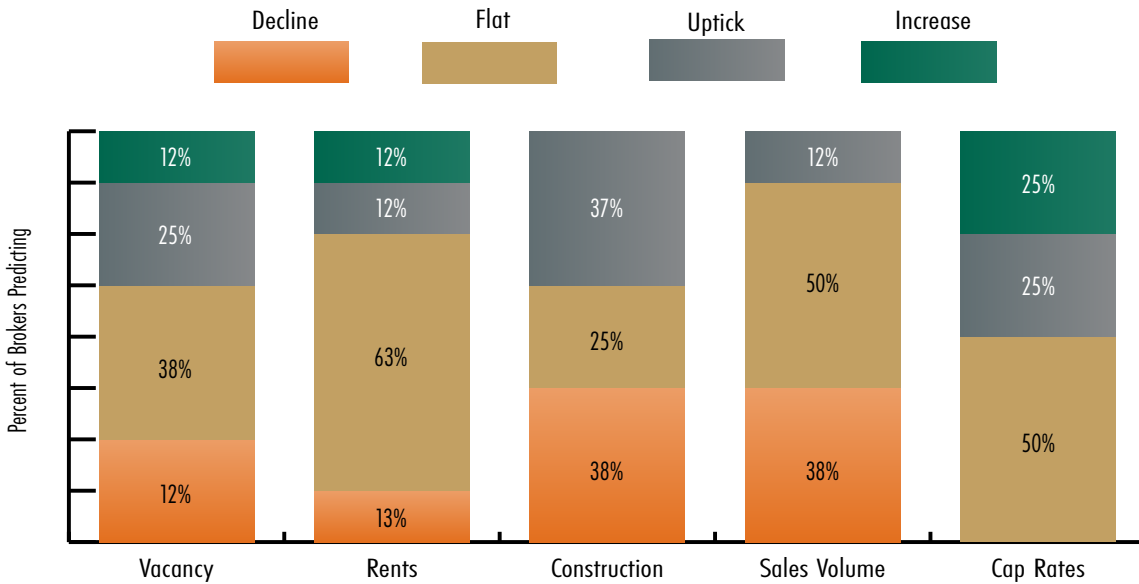
Overvalued Region

Undervalued Region

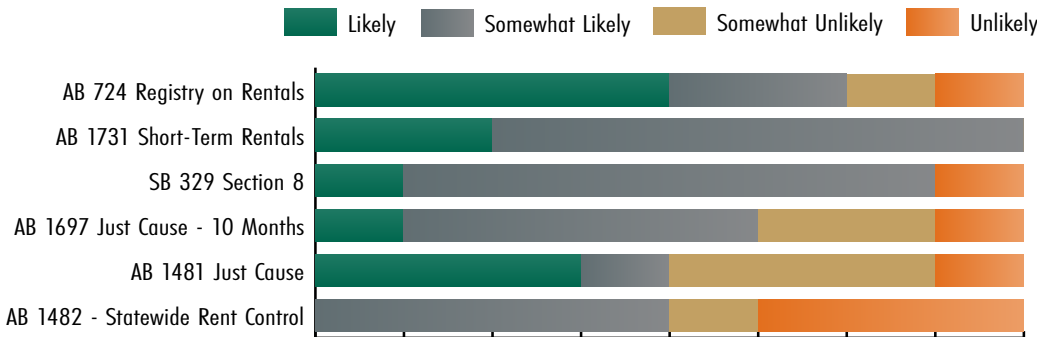
*“Most neighborhoods have cycled fully. Class C submarkets have the most headroom for rent increases, and therefore are a value-add play. Class A and B markets are overvalued.” - Mike Burns*



## 36-MONTH OUTLOOK | TRI Commercial Brokers Weigh in on Where the Market is Headed



## IMPENDING LAWS | Are They Likely to Pass?



*“The preparations of regulatory changes depend on length of ownership. Long-term owners should stay put.”*  
- Gary Cohen

The TRI Multifamily team closely follows the laws affecting housing. The consensus is that AB 1481 Just Cause Eviction Rules is likely to pass. Currently this legislation passed Committee to the Assembly Floor for 3rd Reading: the law states that landlords may not terminate a tenant lease without “just cause.” At-fault just causes include failure to pay rent, material breach of rental agreement, illegal conduct, and using a rental unit for criminal activity. No-fault just causes include owner intent to occupy property, withdrawal of rental unit from market, intent to demolish or substantially remodel unit or property. In these cases, the owner must pay tenant relocation assistance directly to tenant regardless of tenant’s income.

**This survey isn't the end of the conversation.** The Northern California market as a whole, and the myriad submarkets that we work in continues to change and fluctuate. We plan on maintaining our overlook within TRI Commercial among our communities. We look forward to connecting with you!



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