



Q4 2013 APARTMENT OVERVIEW

Market Recap

There was a slight decrease in occupancy in the final quarter landing at 0.67% below the previous quarter. 2013 ended very similar to the beginning of the year. Very little change was experienced throughout the year with overall occupancy dropping by a half (.5%) of a percent and rental rates increasing at a modest 2%. The cold weather has taken its toll on the central Pennsylvania complexes. Tenants in some areas are having trouble paying utility bills and are giving the keys back to the managers. Overall there are few changes in the last quarter of the year. 2013, we are sad to see you go.

Dauphin County

Dauphin County has struggled a bit through the winter months so far. Many management offices experienced a drop in occupancy with the overall level almost a point under last quarter. The rental rates remain steady with very little movement. Rental incentives are picking up again as managers try to entice potential tenants as they receive their tax returns.

Cumberland County

New development continues in the county as several projects move towards construction such as the Brooks Edge Apartments in Lower Allen and some towards completion such as the Overlook Apartments project on Erford Road in Camp Hill. Occupancy fell less than .2% as the quarter closes. One bedroom rents increased by \$7.00 and two and three bedroom rents decreased by an average of \$12.00.

Lancaster County

It's been quiet in the county as very little changes take place. Lancaster County's overall occupancy also dipped by .3%. One bedroom rents increased by \$4.00 while two bedroom rents decreased by \$4.00.

York County

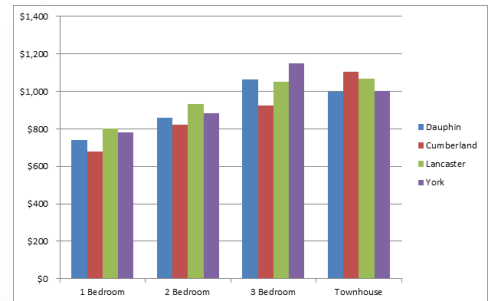
York County continues to remain fundamentally strong with very little fluctuation from the previous quarter. The rental rates haven't had dramatic changes and the occupancy level of 95% remained flat as well. The many management offices are definitely looking forward to spring and the anticipated increase in tenants interest.

Outlook

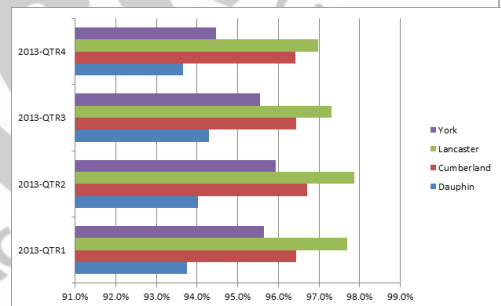
New construction deliveries will add new supply in nearly every market surveyed. In a national survey of all major metros, 231,000 new apartments are expected to come online in 2014. Also, new national flood insurance regulations are taking effect. On July 6, 2012, a law took effect that made significant reforms to the National Flood Insurance Program (NFIP). Among other things, this law requires FEMA to take immediate steps to eliminate a variety of existing flood insurance subsidies. Beginning in 2014, premium rates for other properties, including non-subsidized properties, will increase as new or revised flood insurance rate maps become effective and full risk rates are phased in for these properties. This additional cost translates to a smaller cash flow which concerns many owners.

2013 was a strong year for the apartment industry. As the market continues to slowly strengthen, we expect rising interest rates. Currently rates range from 4.17% to 5.62%. In 2014, we expect the current strong multi-family market to continue.

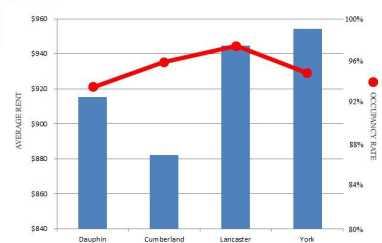
Market Rent



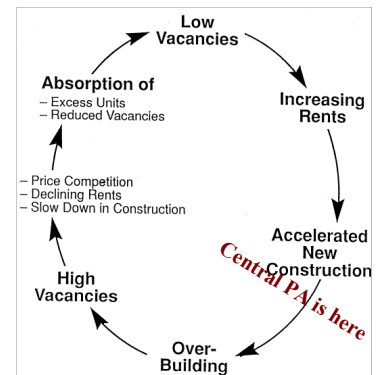
Market Occupancy



Market Occupancy Compared to Rent



THE APARTMENT CYCLE



Chuck Heller or Drew Bobincheck, CCIM



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RECENT APARTMENT SALES TRANSACTIONS

PROPERTY ADDRESS	CITY/MARKET	SELLER	BUYER	UNITS	CAP	PURCHASE PRICE
1001 N Spring Street Ivy Ridge Apartments	Middletown Harrisburg	The Blair Knox Trust Triple Crown Corp.	Undisclosed The Solomon Organization	79 218	Undisclosed Undisclosed	\$4,400,000.00 \$25,700,000.00

AVAILABLE

**48 Units
Luxury Apartments
Diamond Pointe
Lycoming County
Williamsport, PA**



**Locust Grove & Lawnton
Gardens Apartments
52 unit and 57 Unit
Garden Style
Apartments
Harrisburg Suburbs**



AVAILABLE

With a combined 16 years in Commercial Investment Real Estate, Mr. Heller and Mr. Bobincheck have developed an in-depth understanding of the multi-family market. This in-depth understanding is a result of continual monitoring of the many factors that effect changes in the market including **tracking job growth** in the various central PA communities which will effect market demand, regularly **monitoring occupancy rates** to evaluate the supply and demand, and continuing to stay active in **associations that promote this expertise** including CCIM, Urban Land Institute, Apartment Association of Central Pennsylvania and more. Their intensive focus on this market enables them to have an edge that sets them apart from all other brokers.

