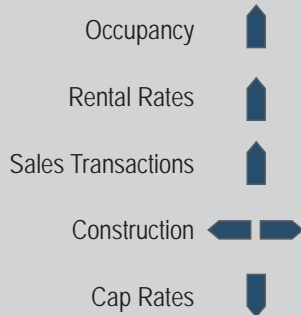


Quick Stats



Hot Topics

- Historically Low Interest Rates
 - Stronger Occupancy
 - Robust Rent Increases

For More Information Contact:

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WEB corner

Apartment Association of Greater Philadelphia
 www.aagp.com

National Multi-Housing Council
 www.nmhc.org

National Apartment Association
 www.naahq.org

Delaware Apartment Association
 www.daaonline.org

New Jersey Apartment Association
 www.njaa.com

News You Can Use

Philadelphia MSA Third Quarter 2011

Regional Apt Sales

NAME	AREA	UNITS
St James Gardens	Chester, PA	228
Renshaw Terrace	Chester, PA	78
Willow Gardens	Chester, PA	80
Concord Court	Aston, PA	84
Waterview	West Chester, PA	203
Leiper Court	Philadelphia, PA	80
School Lane House	Philadelphia, PA	506
Walnut Lane Apts	Philadelphia, PA	155
3717-19 Chestnut St.	Philadelphia, PA	29
1600 Chestnut St.	Philadelphia, PA	54
Londonbury @ Millenium	Conshohocken, PA	309
Livingstone Apts	Hatboro, PA	39
Oak Terrace	Hatboro, PA	14
Longford Apts	Ambler, PA	36
Wellington Apts	Hatboro, PA	136
Cuthbert Manor	Collingswood, NJ	80
Willow Ridge	Marlton, NJ	296
Eagle Meadows	Dover, DE	298

Please contact Ann for more information on the above sales.

LOFTS AT LIBERTY

1600-1602 Chestnut Street - Philadelphia, PA 19102



- Mixed Use Residential (54 units) and retail
- Located in the heart of Philadelphia Business District along the Chestnut Street retail corridor

*3rd Quarter 2011
 Market Update*

The weather may be cooling as we go into fall but the "hot" multi-family market continues moving forward.

Historically low interest rates have resulted in large numbers of refinancing. Freddie Mac and Fannie Mae still provide some of the best choices in the multi-family sector but some local/regional banks are starting to be a bit more relaxed in their previous stringent lending requirements. According to a recent report in Co-Star, banks have increased lending for multi-family projects in the first quarter of 2011 by approximately \$1.4B. Ultimately, these "refi's" will lead to physical improvements to the real estate (resulting in rent increases...) and also more money being re-deployed into new acquisitions by satisfied owners and their equity partners. Weary of the "bungee cord" ups and downs of a volatile stock market, we see more investors turning to real estate as an investment vehicle over which they have more control and somewhat predictable returns. The challenge of finding suitable product continues making this still very much a seller's market.

There were 18 noteworthy sales in the Philadelphia MSA in Q311. While we are still seeing some foreclosure activity, the majority of transactions were of B-grade suburban garden variety. Prices per unit ranged from low \$20K on the distressed side up to more than \$250K/unit for quality Class A product.

Rents continue a slow, modest rise. However, in the areas of downtown Philadelphia and the western suburbs (Mainline), the increases were more robust. Occupancy is generally up as more renters enter the market either by choice or by necessity. A very limited amount of new construction has occurred in primarily Chester and Montgomery County and rents in these new communities range from \$2.00 to \$2.50/SF. ■

Please call me for details on sales activity, leasing activity, rents and planned new construction.

FOR SALE

Washington Square West

1244 Lombard Street
 Philadelphia, PA 19147



- 100% Leased
- Currently Zoned as 6 Condos
- Tenants pay Utilities

3717-19 Chestnut Street

Philadelphia, PA 19104



- 29 Units
- Steps from U-Penn Campus
- 100% Occupied

Focus on Delaware

We continue to monitor the multi-family communities in Delaware. The geographical area, comprised of the three counties of New Castle, Kent and Sussex, can best be described as “steady but modest growth”. The national economic downturn and regional economic effect has contributed to the modest rent increases, albeit slight, and multi-family occupancy overall. The number of renters, both by choice and by necessity has increased, especially in the “B” grade product. “A” quality product, especially in the downtown Wilmington submarket, continues to attract young, employed professionals and active adults who desire a lifestyle free of home maintenance.

Rents for Class “A” suburban communities averages approximately \$1.25-\$1.50/SF. Class “A” in the downtown Wilmington market is slightly higher at \$1.50-\$2.00/SF. Class B product in all counties averages approximately \$0.95-\$1.00/SF. However, in some select submarkets, rents have trended up to \$1.25-\$1.35/SF, especially in those communities where owners have upgraded unit interiors and on site amenities.

Daily Treasury Yield Curve Rates

5 YEAR	7 YEAR	10 YEAR
1.01	1.52	2.01

As of October 7, 2011

continued

Occupancy ranges from 90% to 96%, again depending on the individual submarket. Few concessions are being offered overall. There is very little new construction with the exception of Kent County where there is one or two new communities planned in Dover.

Transactions have been minimal with only one reported transaction in Dover—Eagle Meadows, 298 Units sold for approximately \$77,500/unit. Demand continues to outpace supply on the sale side. It is very much a “seller’s market” as investors, weary of a volatile and uncertain stock market, are turning more to real estate where they can exercise more control and have somewhat predictable returns. ■

1222-1224 Walnut Street,
 Philadelphia, PA



16,000SF Premier Location
40ft Walnut St Window Frontage

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