

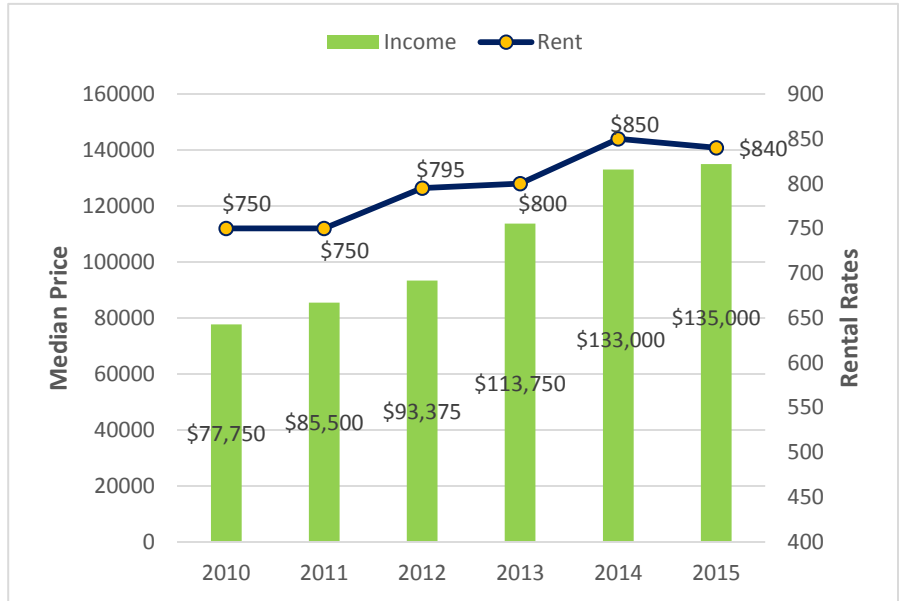


MARKET SNAPSHOT

QUICK STATS

| | |
|------------------------------------|-----------|
| Active listings | 193 |
| Median List Price (Per Unit) | \$111,365 |
| Median Days on Market | 64 |
| Sold in Past Year | 425 |
| 2014 Median Sales Price (Per Unit) | \$78,803 |
| Median Days on Market | 40 |

2-4 UNIT INCOME PROPERTIES



During the downturn in the real estate market, 2-4 unit income properties were among the best bargains for value investors. Most of the sales represented some form of a distressed 'value-add' play and allowed investors to pick-up vacant or low occupancy properties at a discount. Many of these properties were being purchased at less than 50% of their replacement cost. For the past several years, these investors have been rewarded by a run-up in rental rates and market values. However, recent data suggest that trend may be changing.

While the median price has risen 74% since 2010, prices year-over-year have only risen 2.59%. And the median price in 2015 is only up 1.5% over 2014 prices. What's more telling is the recent stagnation in rental rates. Rates have increased over the past several years but have actually lowered slightly in 2015. This is likely due to two factors. While the economy has improved, wage growth has seriously lagged. That has a tremendous

impact in the 2-4 unit market. Second, large multi-family (apartment) pricing has skyrocketed the past several years and has spurred new development. Many of those projects have come on-line recently and their additional supply is impacting rental rates.

Given the additional rental supply and lack of wage growth, this segment of the market could see challenges in the near future.



- ♦ Commercial and Residential
- ♦ Litigation Support/Eminent Domain
- ♦ Subdivision/Development Analysis
- ♦ Insurable Value
- ♦ Estate/Taxation Appraisals
- ♦ Ad Valorem Issues
- ♦ Rental Studies/Lease Analysis
- ♦ General Consulting



WORTHY OF NOTE:

- 5.5 Months of Inventory
- 2.59% Median Price Increase (2013-2014)
- Leveling of Rental Rates

For more information, contact us at: info@MHSappraisal.com