

DEFINITIONS & ABBREVIATIONS

Volume

The total sales volume in the calendar year or year-to-date period excluding non-arms-length transactions or bulk sales where the individual property allocations are suspect.

Number of sales

The total number of sales, excluding the types of transactions mentioned above.

Total units

The total number of units sold.

Total volume

The total dollar volume stated in millions of dollars.

Price per unit

The average sale price per unit.

Price per sq. ft. (NRSF)

The average sale price based on dollars per square foot of net rentable area.

Avg. no. of units

The average size of each property that sold during the reporting period.

Average age

The average age of each property sold in the reporting period. This, along with the average number of units data, is a useful tool to test the financial results presented from year to year to see if variations in market data are the result of age or size differences, or the result of legitimate market variations.

Avg. unit size (NRSF)

The average net rentable square footage of all units sold. This is also a useful test of the data. If the average square footage varies significantly from one period to another, then that physical change may be responsible for some of the price movement.

Avg. rent per month

The average scheduled gross income per unit of all the property sales in the category. Please note that, as scheduled gross income, this figure includes income from all sources, including parking, laundry, deposits, late fees and so on.

Avg. rent per NRSF/month

The average rent per net rentable square foot for all of the sales in the category.

Gross income multiplier (Act.)

The "actual" (Act.) gross income multiplier (GIM), based on annual scheduled gross income in effect on the date of sale.

Gross income multiplier (Antic.)

The "anticipated" (antic.) gross income multiplier based on annual scheduled gross income anticipated within the first six months of ownership.

Note: If the anticipated multiplier is lower than the actual multiplier, that indicates the buyer anticipates a short-term increase in scheduled gross income. When the anticipated is higher than the actual multiplier, that suggests two possibilities:

(a) the purchaser expected income to decline as a result of lower rents, higher vacancies or other factors, or

(b) the buyer planned to invest significant capital into renovation or repairs in the first few months of ownership. That, in effect, raises the purchase price to the buyer and affects the anticipated multiplier.

Capitalization rate (Act.)

The capitalization rate (cap rate) based on the scheduled gross income at the time of sale.

Capitalization rate (Antic.)

The capitalization rate based on the scheduled gross income anticipated within the first six months of ownership.

Note: If the anticipated cap rate is higher than the actual cap rate, that indicates the buyer anticipates a short-term increase in net operating income. The increase is the result of either higher scheduled or effective gross income, or lower operating costs. When the anticipated is lower than the actual, that suggests two possibilities:

(a) the purchaser expected income to decline as a result of lower rents, higher vacancies or other factors, or

(b) the buyer planned to invest significant capital into renovation or repairs in the first few months of ownership. That, in effect, raises the purchase price to the buyer and affects the anticipated cap rate.

Average assessed value

The average of each sale's assessed value as a percent of the property's selling price.

Note: Since properties are typically not assessed at or near the time of sale, the assessed values need not reflect the property's market value at that time. This is a useful indicator of market changes, and certainly low or high relationships deserve additional attention.

Expenses

These are expenses budgeted by participants and includes budgets for replacement reserves. However, when buyers plan significant capital expenses soon after acquisition, those costs are separated as a renovation expense. We present the information three ways:

- (a) % of scheduled gross - based on anticipated scheduled gross income (note: reports published prior to 2001 were based on actual gross income);*
- (b) \$/unit/year - the total expenses expressed as a cost per unit per year; and*
- (c) \$/nrsf/year - the expenses per net rentable square foot per year.*

All three indicators should be compared in any analysis. Here is a partial list of considerations:

The “% of gross” should be higher with older, lower-rent properties, and lower with newer, higher-rent properties.

The “\$/unit” should be lower with older properties with lower values and resulting lower property tax costs as well as typically smaller units with

fewer amenities; and higher with newer, more expensive properties with full amenity packages.

The “\$/nrsf” should be higher with smaller units and lower with larger units.

Total with cap rate

This total presents information on how many of the properties that sold in any category responded to our survey with complete financial information. This row presents the total number of sales in each category where we have obtained income and expense information so that we can calculate a cap rate. Compare this number with the number of sales for each category at the top of the same column to see how complete the research is.

Note: The most recent year, if preliminary, may show a lower overall response rate than prior years simply due to a lag time in collecting data. We make a significant effort to include the most recent transactions we are aware of for each edition of the report. As a result, we may have physical information on the most recently closed transactions but lack financial information. Future updates will revise this information with more financial data.

% with financial response

This converts the above total to a percentage of total sales where income and expense information was obtained. ■