

Apartment market shows signs of improvement

CHICAGO (MarketWatch) -- Recent measures show that vacancy rates are falling and confidence is rising in rental markets -- specifically in apartment buildings -- despite only subtle improvements in the nation's employment picture.

Demand for apartments has risen significantly this year, said Greg Willett, vice president of research and analysis for MPF Research, which analyzes apart-

ment trends. "There's no way to look at these apartment numbers and not be impressed," he said.

But with the job market still struggling, it isn't easy to explain the growing demand. Private-sector job growth was weaker than expected in July, and the unemployment rate held at 9.5%.

The apartment market absorbed 215,000 units in the first half of the year, and at

this rate, the market will absorb a little more than 300,000 units by the end of 2010, Willett said.

Absorption was just under 300,000 units in 1999, 2000 and 2004; the record since the early 1990s was 350,000 units in 2005, when absorption jumped due to the volume of Hurricane Katrina evacuees, Willett said.

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MarketWatch
August 9, 2010

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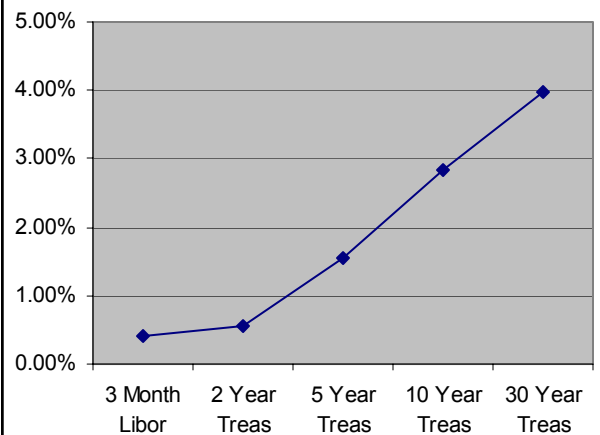
Market Indices

	August 10, 2010
Prime	3.25%
3 Month Libor	0.40%
5 Year Treasury	1.56%
10 Year Treasury	2.83%

Representative Spreads *

Project	Spread
Multi Family	Call
Office	Call
Industrial	Call
Retail	Call

August 10, 2010



Paragon Arranges \$5,200,000 Construction to Permanent Loan

Paragon Prime Funding recently arranged \$5,200,000 in Construction-to-Permanent financing for Phase 1 of The Spinney at Pond View in North Greenbush, NY.

Phase 1 of the project consists of 46 market rate active adult apartment units in 6 cottage style residences. The units will include high end finishes, private entrances, porches / patios, and yards with outdoor storage.

Complex amenities will include an indoor rehabilitation pool, recreational facilities, and a full-time on-premises community coordinator.

In addition to arranging a conventional construction loan, Paragon also arranged a forward takeout for permanent financing.



The prime based construction loan was originated at the lesser of 75% of value and 80% of total project costs.

The non recourse permanent loan converts upon 90% occupancy and a 1.20x debt service coverage ratio.

* Representative spreads are indicative of class A properties with 75% loan to value on a 20 to 30 year amortization. Lower leveraged loans will result in a spread reduction.