

Prepared for: Vertica Partners

MARKET ASSESSMENT OPPORTUNITY: ROSEMARY APARTMENTS



Table of Contents

BACKGROUND AND OBJECTIVE	3
EXECUTIVE SUMMARY	5
LOCATION ASSESSMENT	9
SARASOTA/TAMPA APARTMENT MARKET (NEW CONSTRUCTION)	14
PRICING RECOMMENDATIONS	22
DEMAND	38
MULTIFAMILY TRENDS	42
SARASOTA MSA ECONOMICS AND DEMOGRAPHICS	46
APPENDIX	55
LIMITING CONDITIONS	58





Background and Objective

Background

Vertica Partners requested a market assessment for a potential 228-unit ground-up construction, midrise apartment project in Sarasota, Florida (the “Subject”). The Subject will be 5-story frame construction with a precast parking deck. The project will be co-developed with the Framework Group.

Objective

The objective of this assignment was to help analyze the potential development opportunity of the Subject site. We translated our research, market assessments and rental recommendations into specific rental rate and demand conclusions. We summarize our key assumptions used to derive our conclusions, including our view on the current market and submarket.

The pricing and absorption recommendations in this report assume that the Developer of the Subject will provide excellent execution of the following:

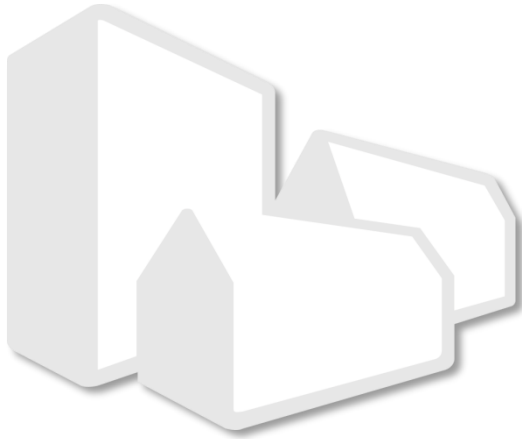
1. Offer floor plan sizes, types, and amenity levels as proposed and recommended
2. The development will be completed in a quality “market appropriate” manner with a community entrance, monumentation, landscaping, amenities, and unit finishes in-line with market expectations
3. Provide sufficient advertising and marketing efforts to generate shopper traffic commensurate with market comps,
4. Have an on-site leasing office open seven days per week
5. Have experienced, professionally trained leasing agents familiar with the local market.

Contact Information

This analysis was prepared by John Burns Real Estate Consulting. It has been commissioned by Vertica Partners (“Client”).

Lesley Deutch, Senior Vice President served as Project Manager and managed the day-to-day operations of the analysis. Mike Willinger, Senior Consultant, participated in the research and analysis. Follow-up questions should be directed to us at:

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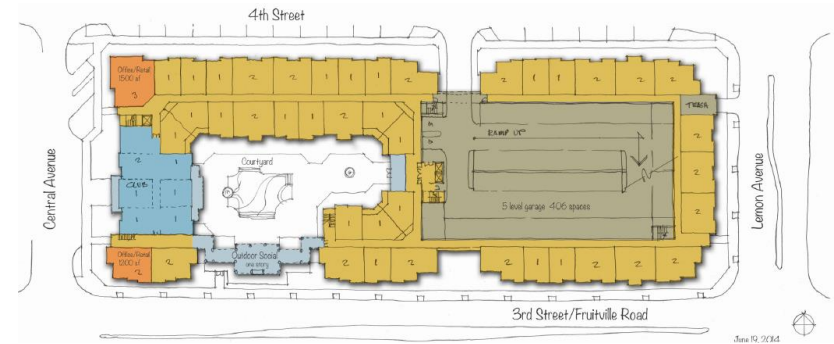
Executive Summary

Project Overview

Rosemary apartments is a proposed 228 unit luxury midrise apartment community to be built in downtown Sarasota.

Amenities planned for the project include the following:

- Resort-style pool and deck with cabanas
- Outdoor pavilion and kitchen with bar
- State-of-the-art exercise room with Fitness on Demand
- Separate yoga/Pilates room
- Resident club room with flat-screen televisions
- Internet café and social lounge with Starbucks coffee station
- 100% smoke free community
- Pet spa facility
- FGBC (Florida Green Building Coalition) certified
- Valet trash service with recycling
- Air-conditioned carpeted corridor access to all units
- Secured bike storage
- Rentable unit storage.



The vision for the Subject property is to create a luxury mid-rise rental product appealing to both young professionals and empty-nesters and retirees. The Subject is within walking distance to Whole Foods and other major restaurants and retail, and will benefit from the lack of new construction (apartments) in downtown Sarasota.



Project Overview

JBREC recommends positioning Rosemary apartments at a slight discount to luxury apartment communities in the Tampa Bay/St. Petersburg apartment market, but above local suburban Sarasota apartments. JBREC projects rent appreciation of 2.0% to 2.5% per year for Rosemary apartments. JBREC estimates lease-up for the property to be approximately 12 months. This is a similar experience to currently-leasing apartments across the region today.

	Effective Base Rents	Effective Rent Per Square Foot
Studio	\$1,200	\$1.90
1 bedroom	\$1,450	\$1.87
2 bedroom	\$1,850	\$1.58
3 bedroom	\$2,300	\$1.50
Weighted Average	\$1,745	\$1.81

JBREC Average Net Rent Appreciation					2.0%	2.5%	2.0%	2.0%
Community	Product	Configuration	Units	Avg. Net	2015	2016	2017	2018
Rosemary	Midrise	5-story	228	\$1,745	\$1,780	\$1,825	\$1,861	\$1,899

JBREC Net Rent Appreciation (\$/SF)					2.0%	2.5%	2.0%	2.0%
Community	Product	Configuration	Units	Avg. Net \$/SF	2015	2016	2017	2018
Rosemary	Midrise	5-story	228	\$1.81	\$1.86	\$1.91	\$1.95	\$1.99

*Our 2015 appreciation forecast is May-Dec only.

Conclusions and Methodology

There are no existing apartment communities in downtown Sarasota. Below we describe our methodology and primary conclusions of our analysis.

Location Analysis

- We analyzed the location of the Subject relative to its surroundings. The Subject has a strong location within the downtown Sarasota submarket, benefiting from walking distance to Whole Foods, as well as numerous restaurants and retail on Main Street.

New Apartment Construction

- While downtown Sarasota does not have any new apartment construction, the greater region has a booming apartment construction market. We analyzed four additional submarkets: Manatee County, St. Petersburg, Westshore/SoHo, and Bayshore to understand rents, absorption, and product offerings. While many of these projects are not directly comparable, they can provide guidance for potential rents and absorption. Demand for new apartment construction across all of the submarkets is very strong, and most communities are experiencing rapid lease-up.

Rental Recommendations

- We chose representative examples of apartment communities across the aforementioned submarkets, as well as local Sarasota apartment projects built within the last 10 years. We then positioned Rosemary apartment rents toward the lower-end of new construction in Tampa, but the higher-end of Sarasota and Manatee County comparables.

Apartment Demand

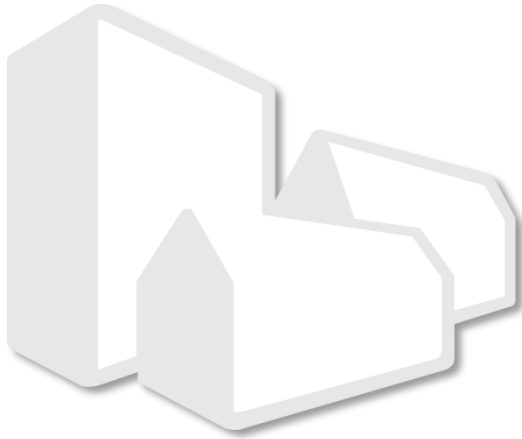
- To determine a reasonable lease-up rate, we analyzed lease and occupancy rates across the new apartment comparables, as well as the current occupancy rates across existing Sarasota apartments and the Sarasota MSA. Given strong demand and high occupancy rates, we assumed a 12-month lease up for Rosemary apartments. We also created an apartment demand model for the Sarasota MSA to determine a future forecast of apartment demand based on household growth and propensity to rent.

Sarasota MSA Apartment Market

- We analyzed trends in the Sarasota MSA (defined as Sarasota and Manatee counties) apartment market to determine the reasonableness of our rental rate and demand assumptions. The Sarasota MSA apartment market currently has a low vacancy rate of 3.4%, and rents increased 3.2% year over year to reach \$954 in the first quarter of 2014.

Sarasota MSA Economy

- The Sarasota MSA economy is expected to expand rapidly over the next few years – both through population growth and employment growth. The demographic profile of Sarasota and the smaller submarket area surrounding Rosemary apartments indicate demand stemming from empty-nesters and retirees as well as young professionals.



Location Assessment

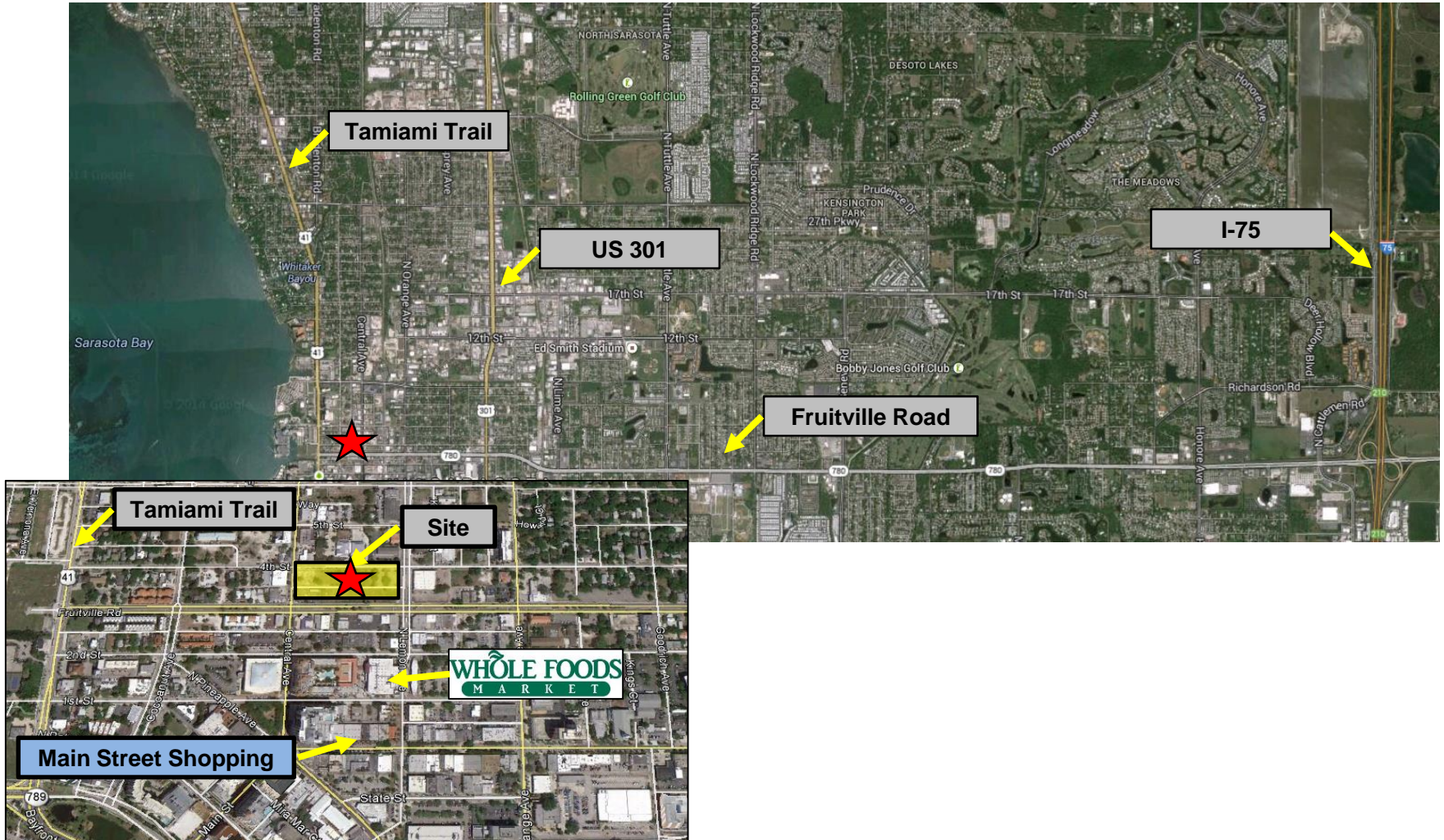
Regional Location

The Subject is located in the north part of Sarasota (Sarasota County). Directly north of the Subject is Bradenton (Manatee County). The location provides good access to major roadways and is within reasonable commuting distance to employment centers of Sarasota, St. Petersburg and South Tampa. We analyzed all luxury apartment complexes within four counties to include those in Hillsborough, Manatee, Pinellas and Sarasota.

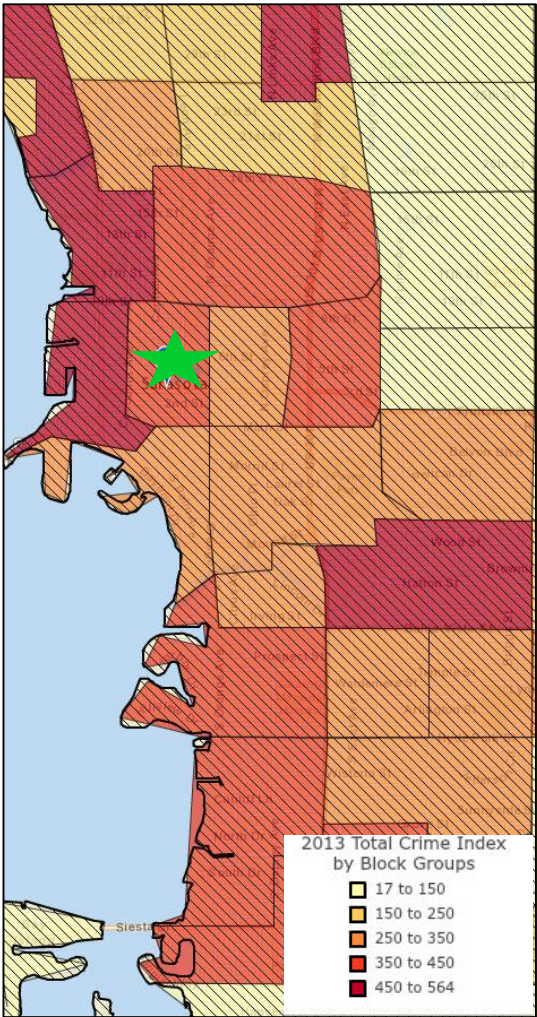
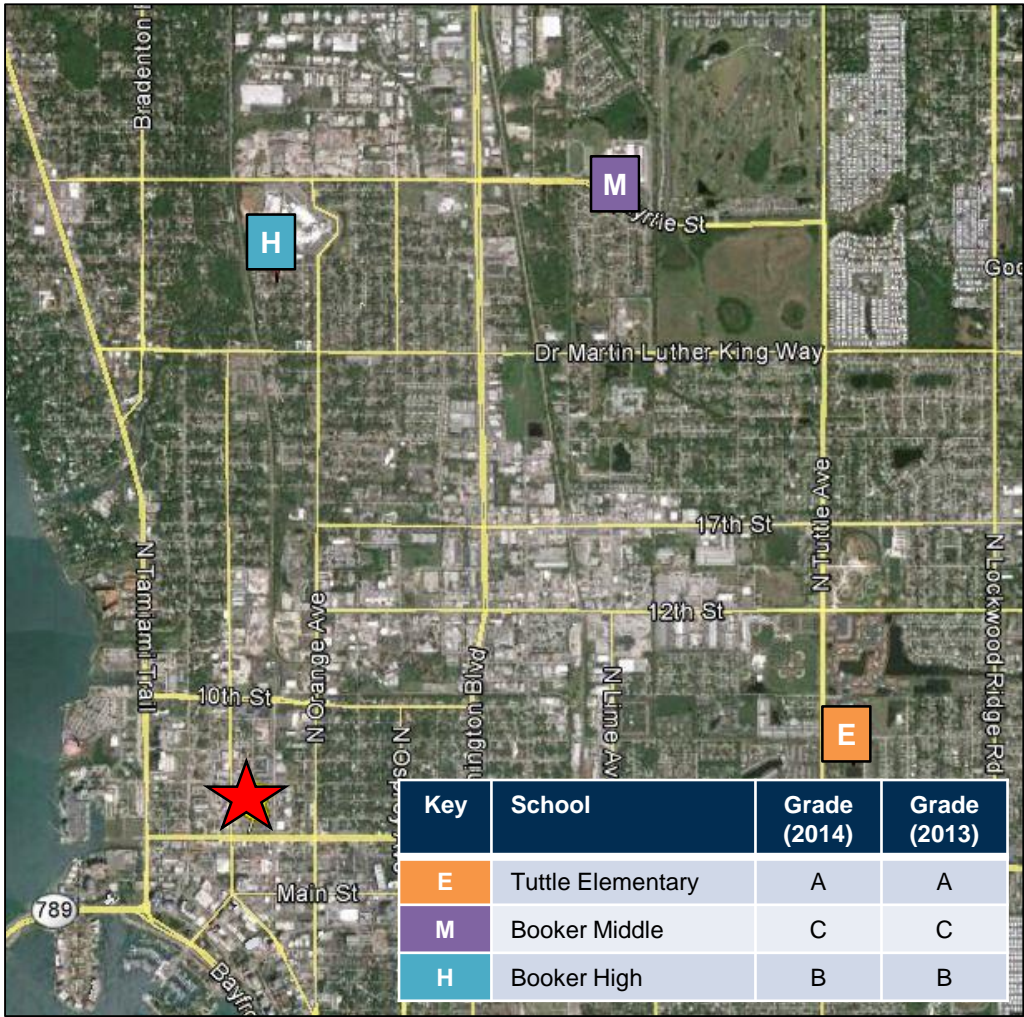


Site Location

The Subject is located within walking distance to Whole Foods and 3 blocks from Main Street shopping and restaurants. The closest beach is approximately four miles away (Lido Key). The Subject's location offers good access to major roadways such as Tamiami Trail (0.3 miles), US 301 (0.7 miles) and I-75 (less than 6 miles).



The designated schools for the Subject are shown below. The elementary and high school are rated “A” and “B” respectively, while the middle school received a “C” ranking. The Subject is located in downtown Sarasota. While the downtown area does experience more crime than suburban areas, we do not perceive crime concerns to be a major issue for potential renters. The crime index in the Subject’s immediate vicinity is similar to other submarkets discussed in this report.



Subject Site Summary

Rosemary is an infill location in downtown Sarasota. While downtown Sarasota has typically seen condominium construction (not apartment construction), we believe the Subject should experience strong demand.

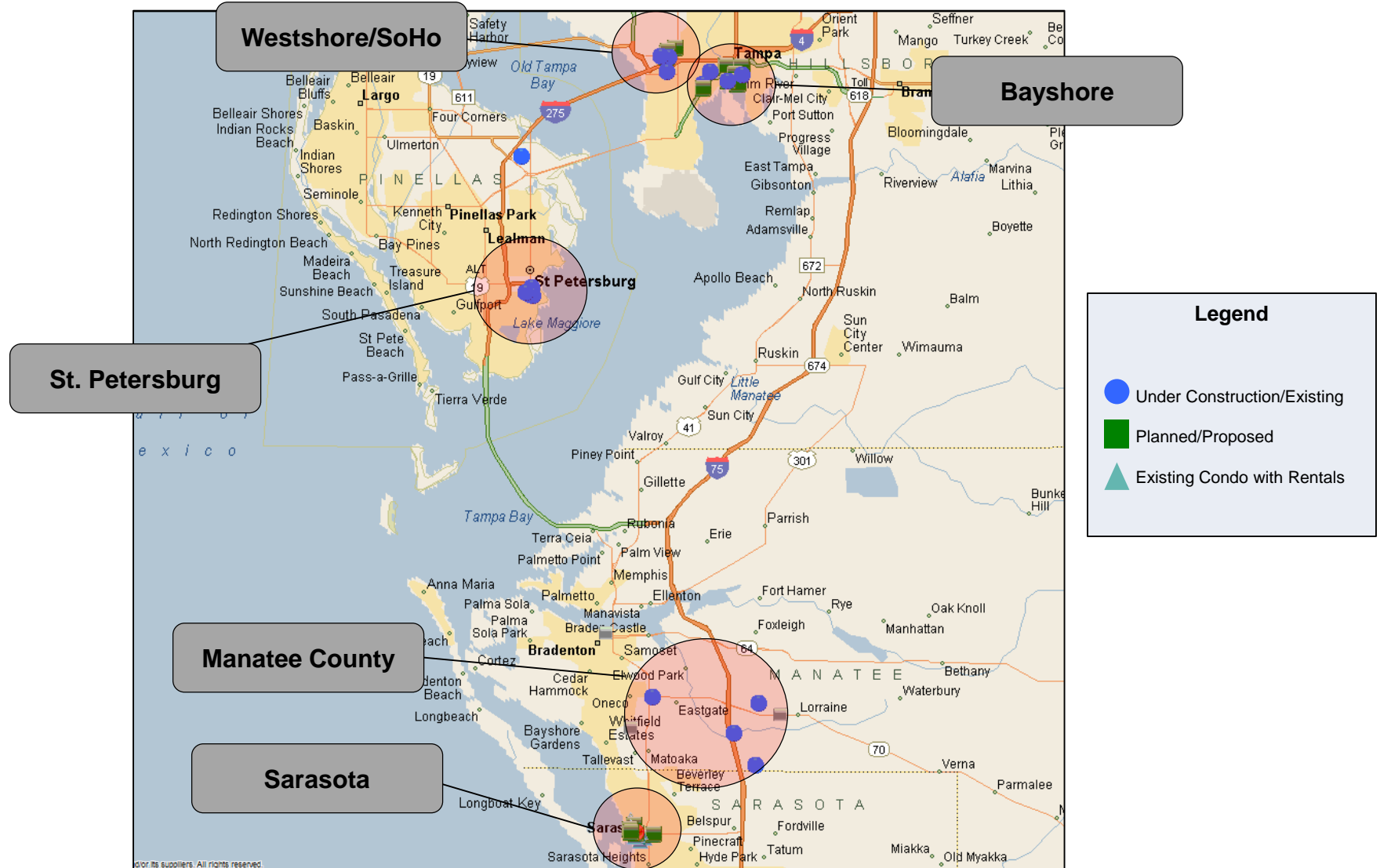
Attribute	Opportunities	Challenges	JBREC Conclusion
Location	Rosemary Apartments will benefit from its infill location in downtown Sarasota. Major amenities, such as grocery, restaurants and retail are within walking distance of the Subject.	The site is at the Northern-end of the upscale area of Sarasota's downtown. The neighborhood north of the property could be considered transitional.	Very Good
Site Access	Access to the Subject is excellent. The Subject is directly on Fruitville Road, a major east-west connector through Sarasota. Additionally, US 301 lies less than a mile east of the site, providing easy access to St. Petersburg (about 30 minute drive) and Tampa (about 45 minute drive).	The site is located in downtown Sarasota, which has a small employment base. Larger employment centers such as Lakewood Ranch and St. Petersburg/Tampa are located 25-45 minutes away.	Good
Surrounding Land Uses	The Subject is one block from Whole Foods and 3 blocks from Main Street shopping area. A large, modern firehouse borders the Subject's north side.	The direct surrounding uses include some dilapidated/older buildings that have been purchased for redevelopment.	Good
Employment	Access to local employment centers in downtown Sarasota, St. Petersburg and Tampa are good via 301 which provides a major north-south artery through Bradenton, to St. Petersburg.	There has been a burst of new apartment projects in St. Petersburg and Tampa over the last year, and renters who work in these areas will likely prefer living closer to their employment center.	Good
Retail and Recreation	The Subject property provides excellent walkability to retail and recreation. Additionally, the Ringling Museum is located north of the property.	No challenges to retail access.	Excellent



Sarasota/Tampa Apartment Market (New Construction)





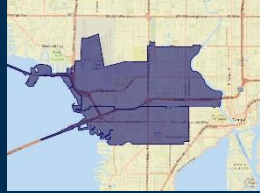
New Apartment Construction

We identified the majority of new (2013+), under construction, planned and proposed mid-rise and high rise apartment communities in the southern Tampa MSA and Sarasota MSA. The majority of new apartment projects are located in the Westshore, Bayshore, St. Petersburg, Manatee County and Sarasota submarkets.



Submarket Demographic Comparison

Comparing the five submarket demographics, downtown Sarasota has the highest median age at 59.4, reflecting the larger number of retirees in the submarket. The median household income in downtown Sarasota is higher than St. Petersburg and Westshore/Soho, but lower than Bayshore and Manatee County. The population growth in downtown Sarasota over the next five years is projected to be below the other submarkets, but that is primarily due to the lack of developable land.

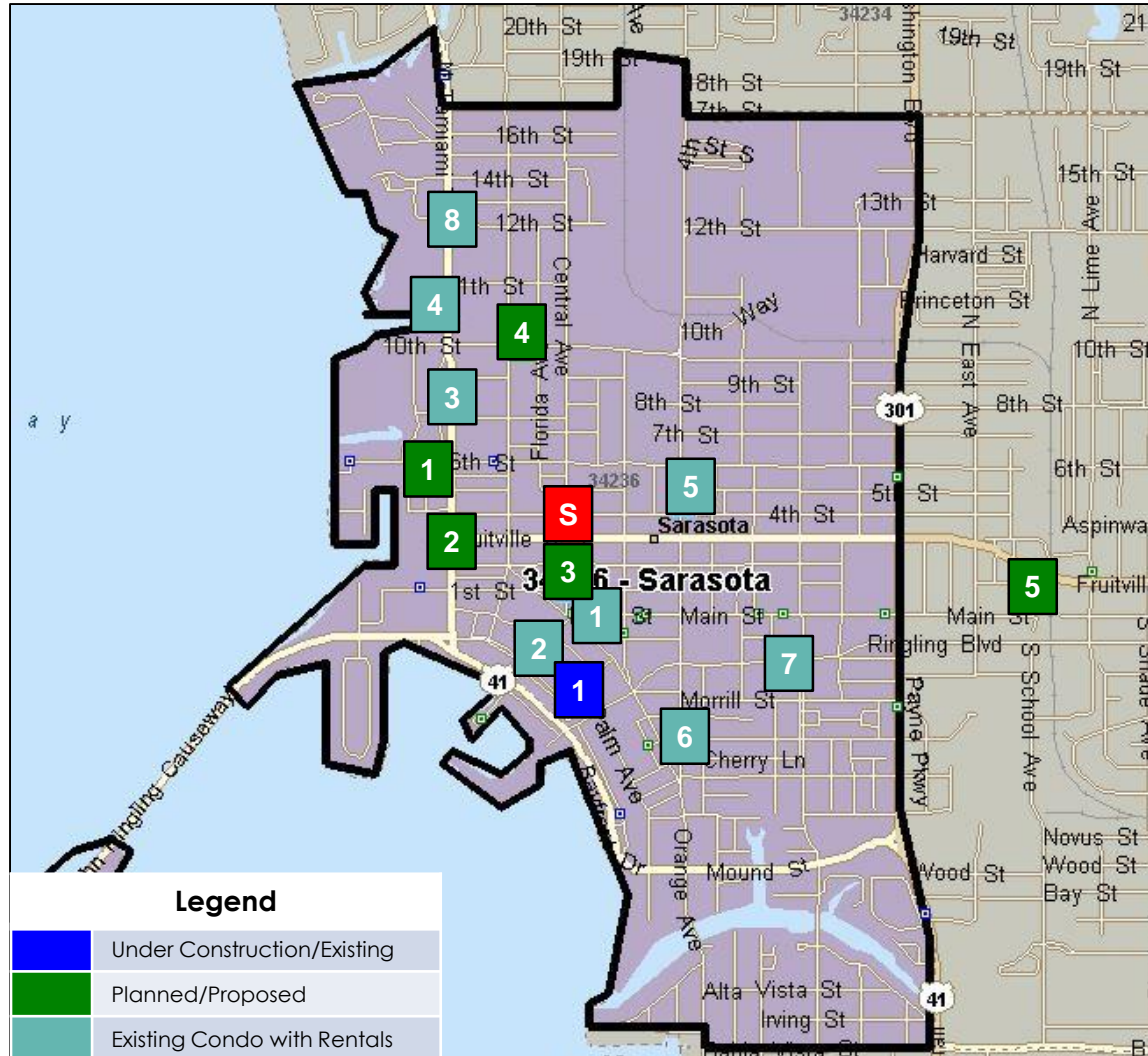
	 Bayshore	 Downtown Sarasota	 Manatee	 St. Petersburg	 Westshore/ SoHo
Population	30,910	12,487	65,645	15,281	41,473
Population Growth	1.31%	0.28%	2.04%	0.91%	1.07%
Households	14,637	6,881	26,124	8,772	18,056
Household Growth	1.05%	0.48%	1.90%	1.08%	1.09%
Median HH Income	\$56,534	\$44,436	\$60,845	\$27,659	\$37,265
Renter Households	50.0%	32.5%	20.8%	54.3%	46.4%
Median Age	33.7	59.4	46.9	46.3	37.9
Median Net Worth	\$24,845	\$80,199	\$205,318	\$12,448	\$21,243

Growth percentages reflect 2014-2019
All other values represent 2014 values

Source: ESRI

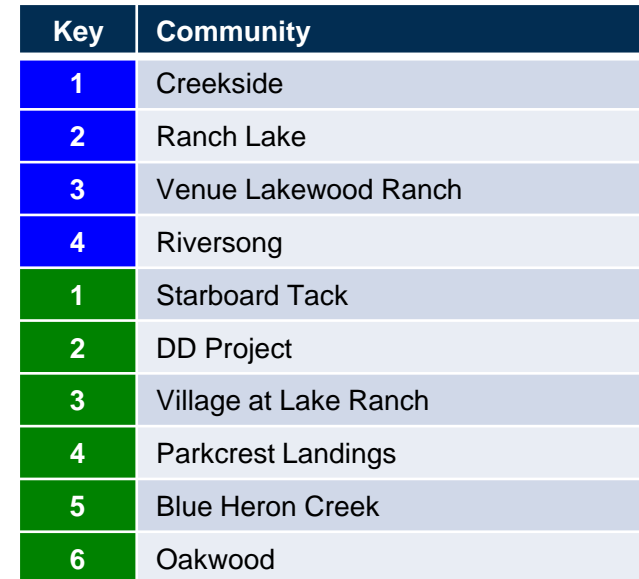
Downtown Sarasota Submarket

One Palm is the only new apartment project under construction in the downtown Sarasota Submarket. This apartment community will consist of 141-unit luxury apartments, which will also include a 139-room Aloft hotel. There are several other planned/proposed projects as well.



Key	Community
S	ROSEMARY
1	One Palm
1	100 Central Avenue
2	1350 Main
3	Alinari
4	Broadway Promenade
5	Citrus Square
6	Kanaya
7	RIVO at Ringling
8	San Marco
1	Rosemary Square
2	Sarasota Quay
3	Unnamed (10-Story)
4	Unnamed (450 units)
5	Terracap Partners (Potential Condos)

Source: Vertica Partners

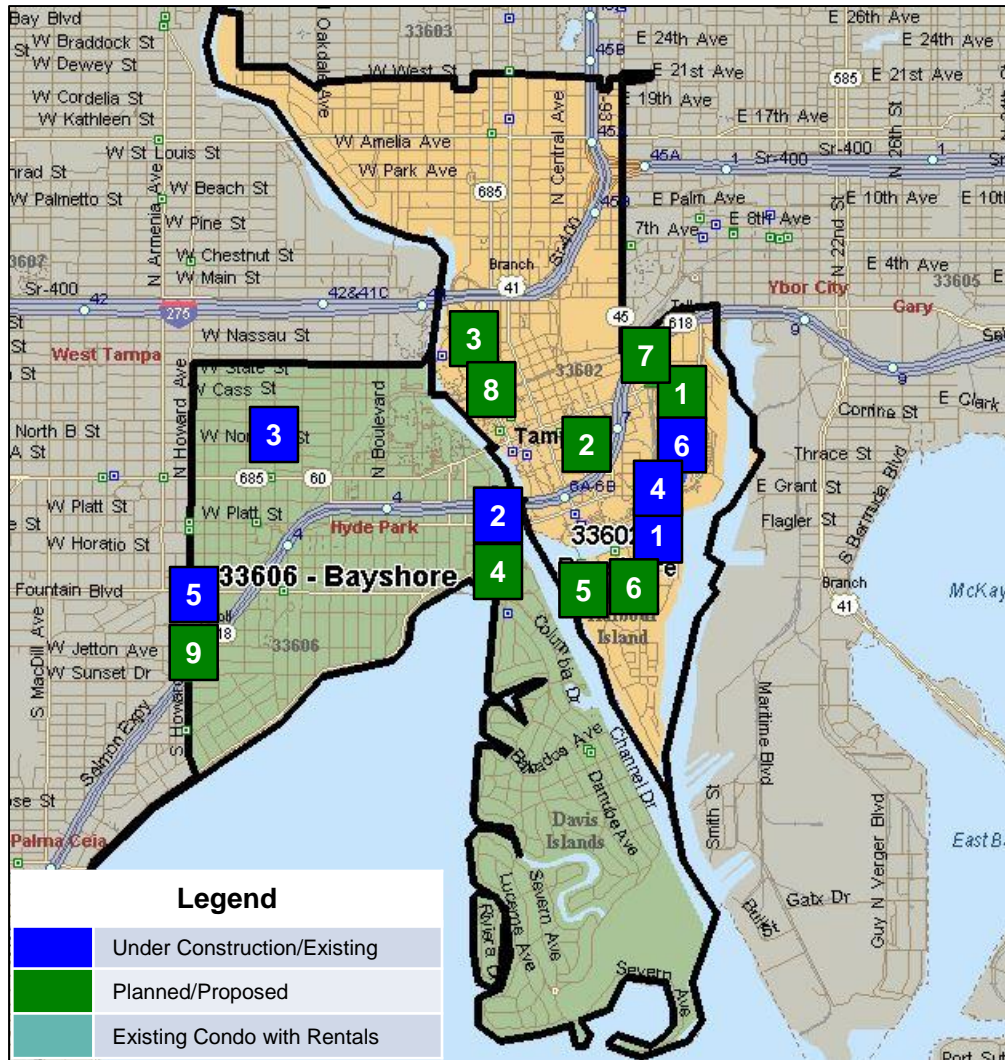


Source: Vertica Partners



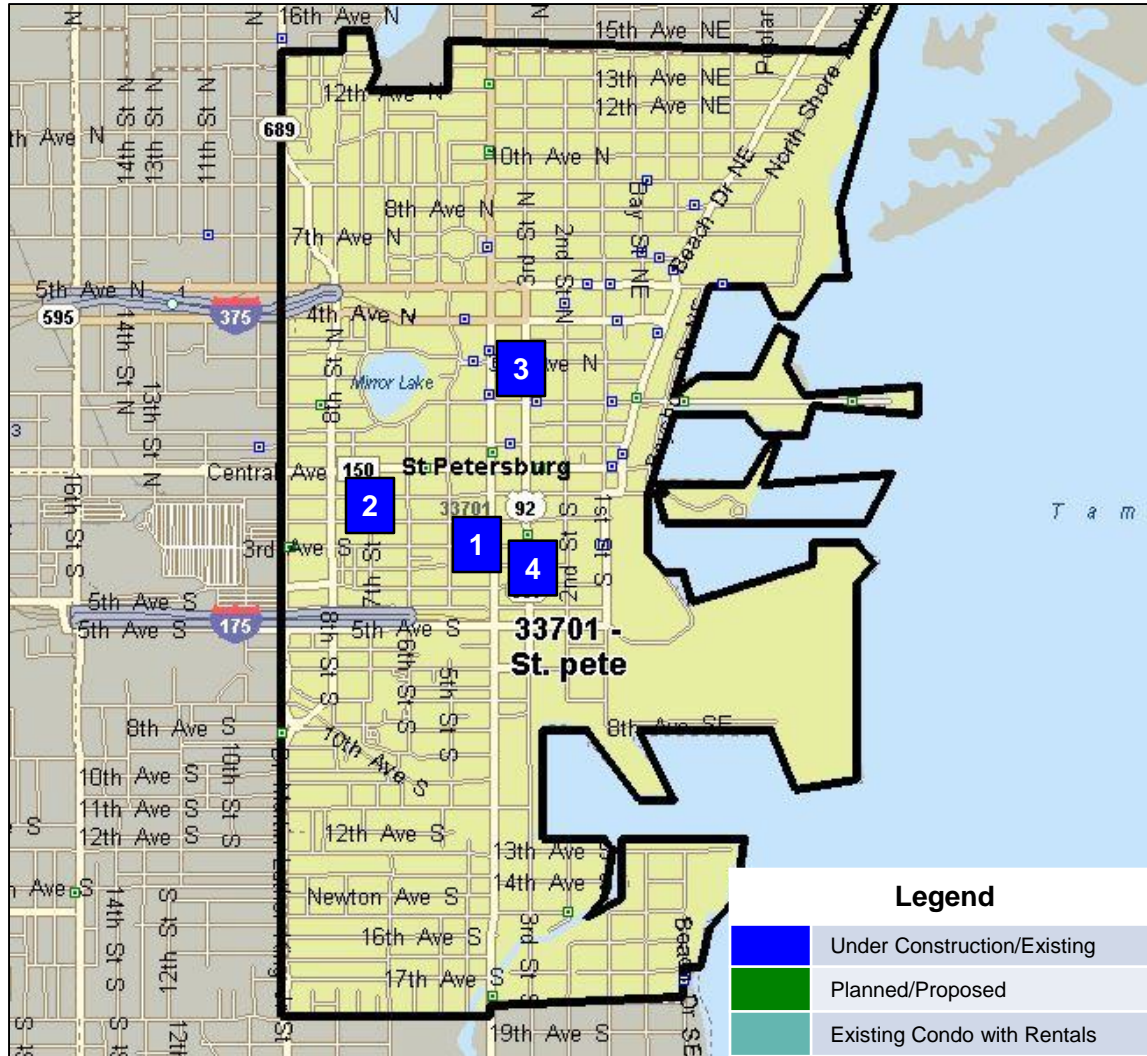
Bayshore Submarket

The Bayshore Submarket is located along the Channels leading to Hillsborough Bay. This submarket is quickly becoming one of the most sought-after apartment submarkets in Tampa's for young professionals.

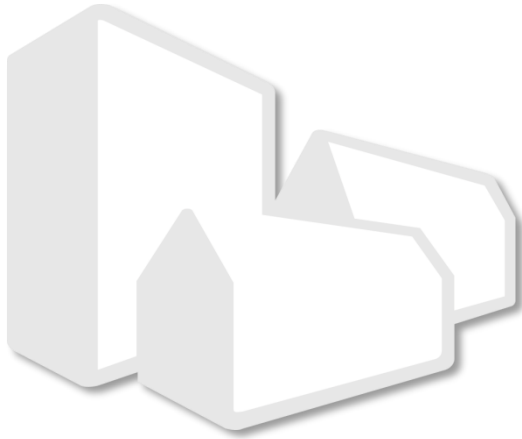


St. Petersburg Submarket

The St. Petersburg submarket is a popular submarket for young professionals, as most of the new apartment communities are located along Tampa Bay and within walking distance to numerous restaurants and eclectic retail stores.



Key	Community
1	Beacon 430
2	The Hermitage
3	Modera Prime
4	Unnamed



Rental Recommendations

Rental Recommendations and Appreciation Projections

The recommended average rents for the Subject range from \$1,200 for 525 square feet to \$2,300 for 1,400 square feet. The Subject's recommended rent rates are anticipated to appreciate over the next three years, and our schedule shows an average price per square foot average of \$1.99 by year-end 2018.

Plan	# Units	Square Feet	Effective Rent	Effective Price Per Square Foot
Studio	11	525	\$1,200	\$1.90
1 bed/1bath	80	750	\$1,450	\$1.87
2 bed/2 bath	103	1,075	\$1,850	\$1.58
3 bed/2bath	34	1,400	\$2,300	\$1.50
Total/Weighted Avg.	228	983	\$1,745	\$1.81

JBREC Average Net Rent Appreciation					2.0%	2.5%	2.0%	2.0%
Community	Product	Configuration	Units	Avg. Net	2015	2016	2017	2018
Rosemary	Midrise	5-story	228	\$1,745	\$1,780	\$1,825	\$1,861	\$1,899

JBREC Net Rent Appreciation (\$/SF)					2.0%	2.5%	2.0%	2.0%
Community	Product	Configuration	Units	Avg. Net \$/SF	2015	2016	2017	2018
Rosemary	Midrise	5-story	228	\$1.81	\$1.86	\$1.91	\$1.95	\$1.99

Rental information for the Sarasota MSA is included below.

Revenue Inputs	Comments
Market Rents	Market rents are intended to represent advertised or published rents before concessions. Base rents are a representative “starting point” typically intended to represent a ground floor unit without views or any other sort of premium. Most competitive projects now use a computerized system to set rents. Rents are established based on factors that include the availability of a particular floorplan and lease expirations.
Concessions	Most comparable projects in the competitive market are not offering concessions. The aforementioned computerized system for establishing rents adjusts market rents based on factors that include the availability of specific floorplans or lease expiration dates and as such, “concessions” are frequently calculated into specific unit rents. Recommended net effective base rents shown for Rosemary are reflective of current and anticipated future market conditions and can include concessions.

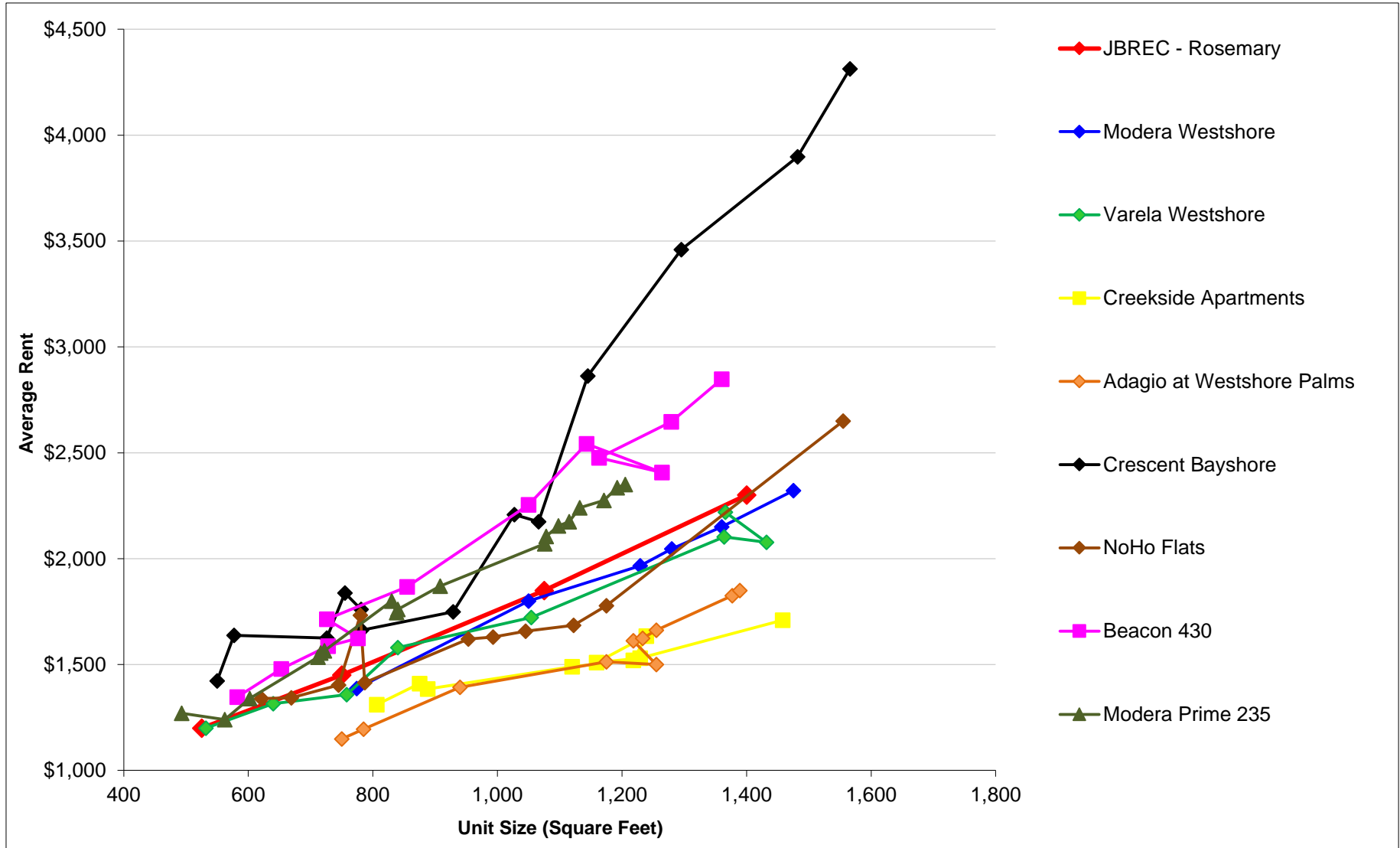
Primary Apartment Comparable Summary

The average unit size for the 8 comparable properties was 1,029 square feet. The average rent for these properties was \$1,826, with an average rent per square foot of \$1.76. JBREC recommends for Rosemary positions the Subject similarly to current luxury apartment comparables.

COMMUNITY	Developer/Manager	BASE RENT RANGE	AVERAGE UNIT SIZE	PRICE SUMMARY OF COMPETITORS	
				EFFECTIVE AVG RENT	EFFECTIVE AVG \$/SF
Rosemary	Subject	\$1200 - \$2300	983	\$1,745	\$1.81
Modera Westshore	MCRT	\$1378 - \$2294	1,195	\$1,945	\$1.64
Varela Westshore	Framework Group/Northwood Ravin	\$1150 - \$2220	998	\$1,697	\$1.78
Adagio at Westshore Palms	Alan Development	\$1149 - \$1850	1,138	\$1,532	\$1.36
Crescent Bayshore	Crescent Communities	\$1270 - \$3925	975	\$2,355	\$2.39
NoHo Flats	Pollack-Shores	\$1220 - \$2580	950	\$1,659	\$1.79
Beacon 430	NRP Group	\$1284 - \$2695	965	\$2,066	\$2.16
Creekside Apartments	P.A.C. Land Development	\$1310 - \$1709	1,110	\$1,500	\$1.38
Modera Prime 235	Mill Creek Residential	\$1165 - \$2275	905	\$1,855	\$2.08
			AVERAGE	1,029	\$1,826
			MEDIAN	998	\$1,697
					\$1.76
					\$1.78

Average Rent Positioning

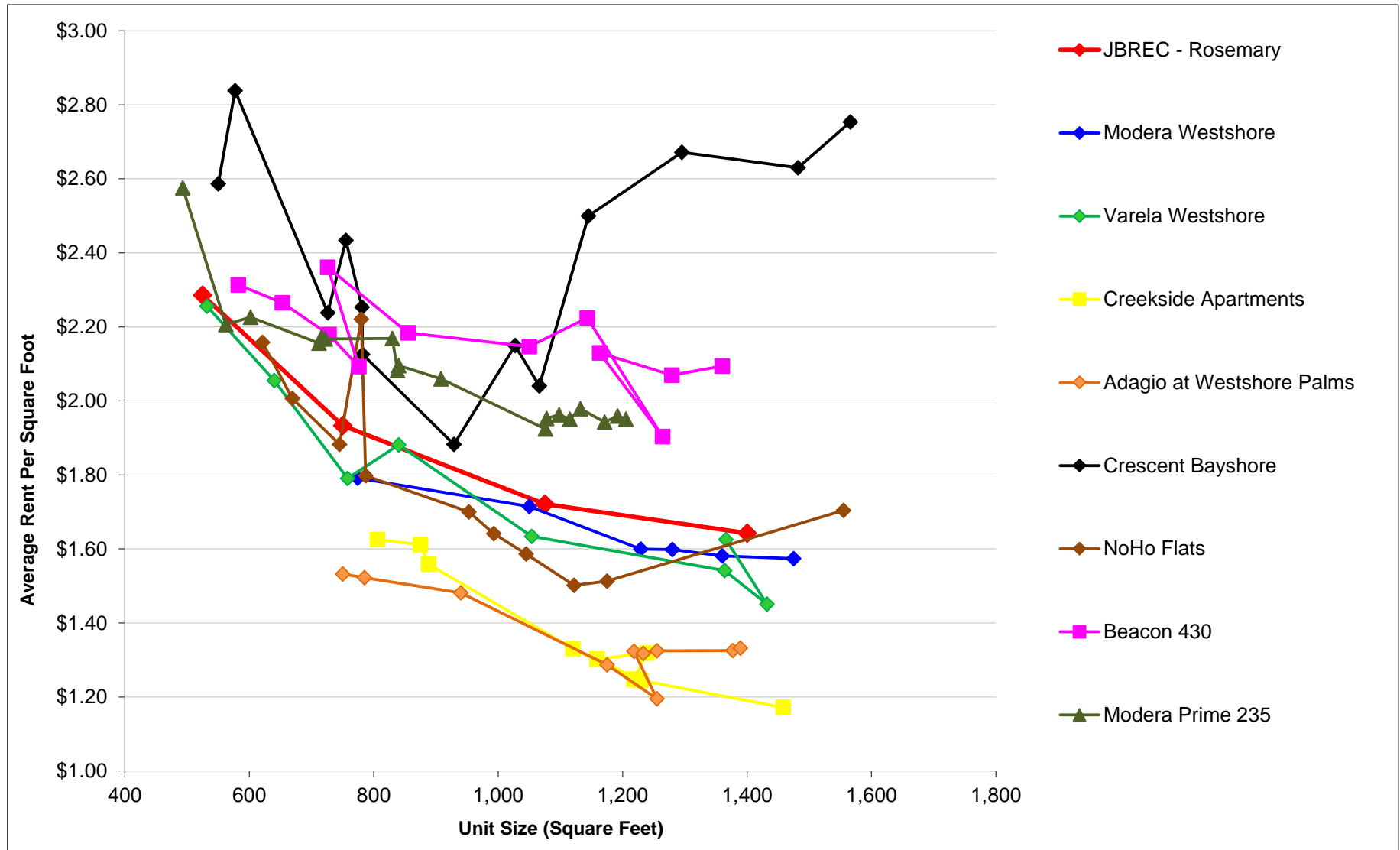
We positioned Rosemary Apartments above Creekside Apartments in Lakewood Ranch, Adagio at Westshore Palms (in secondary location of Tampa) and NoHo flats (also in a secondary location). Rosemary Apartments are positioned similarly to the new Westshore apartment projects, but below most new apartment projects in Tampa.



Sources: Local leasing offices, John Burns Real Estate Consulting LLC

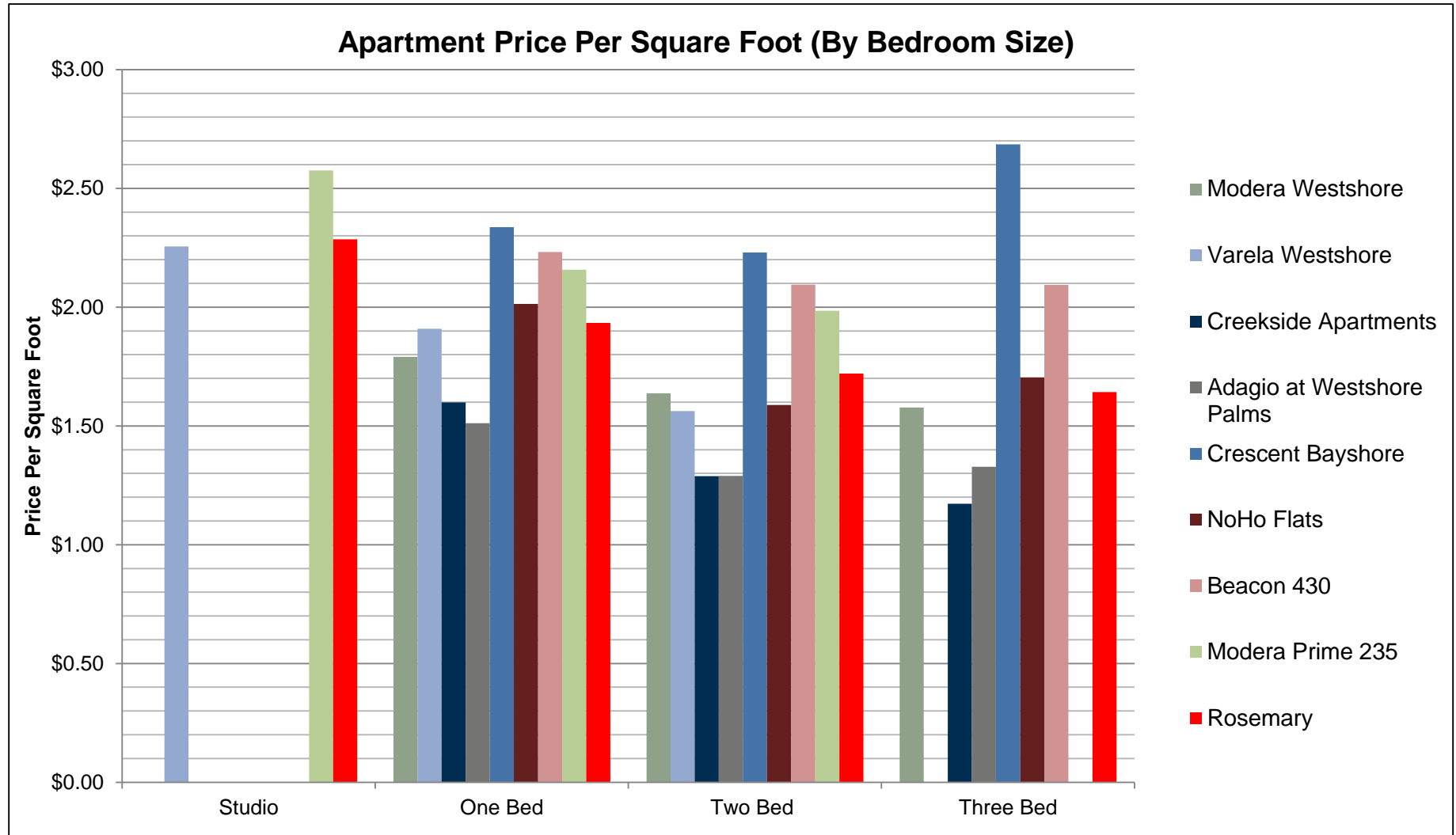
Average Rent Positioning – Rent Per Square Foot

On a rent per square foot basis, the Subject is positioned similarly to the average rent basis.



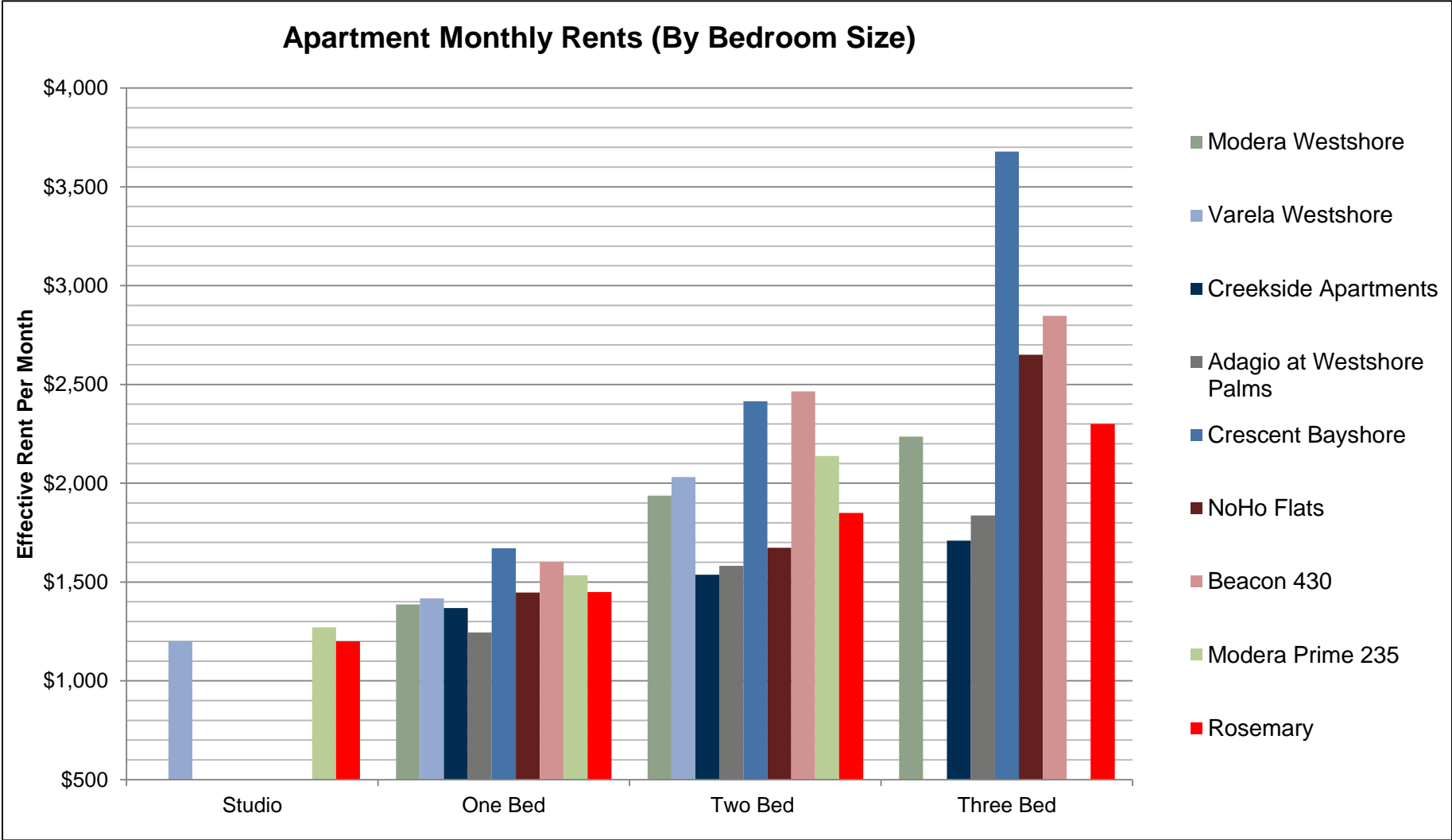
Effective Rent Positioning (Rent Per SF) – Primary Comparables

Our monthly rental positioning for Rosemary Apartments by unit bedroom count positions the Subject above Adagio at Westshore Palms and Creekside Apartments, similar to the Westshore apartments and below most St. Petersburg new apartment communities.



Effective Rent Positioning – Primary Comparables

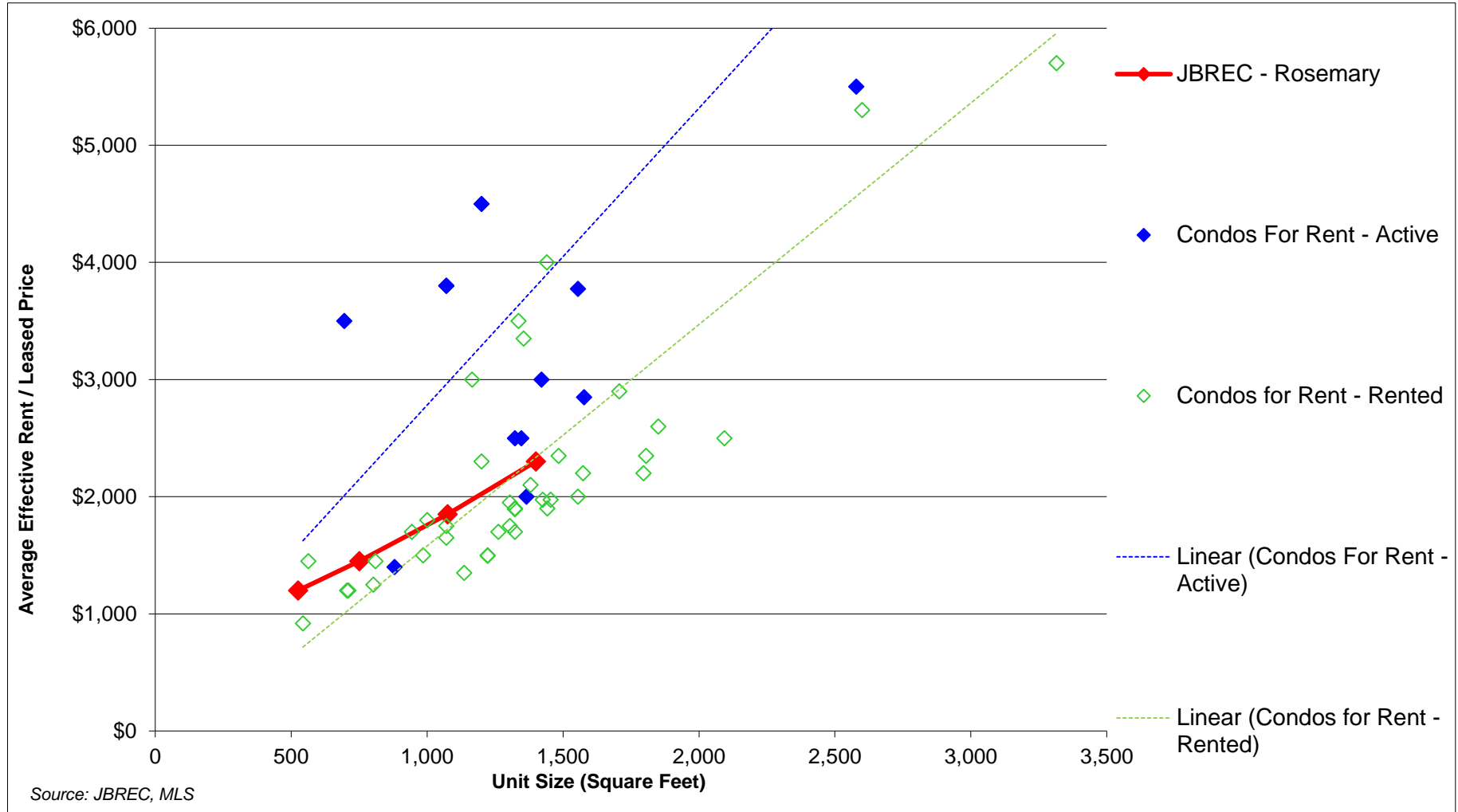
The following chart shows the Subject rental positioning on a price per square foot basis.



Sources: Local leasing offices, John Burns Real Estate Consulting LLC

Current Downtown Sarasota Condo Rentals

We also analyzed our rental recommendations relative to the local condominium market – both for sale and active rentals within existing condominiums. The Subject is positioned similarly to recently rented units in newer condominium towers of downtown Sarasota.

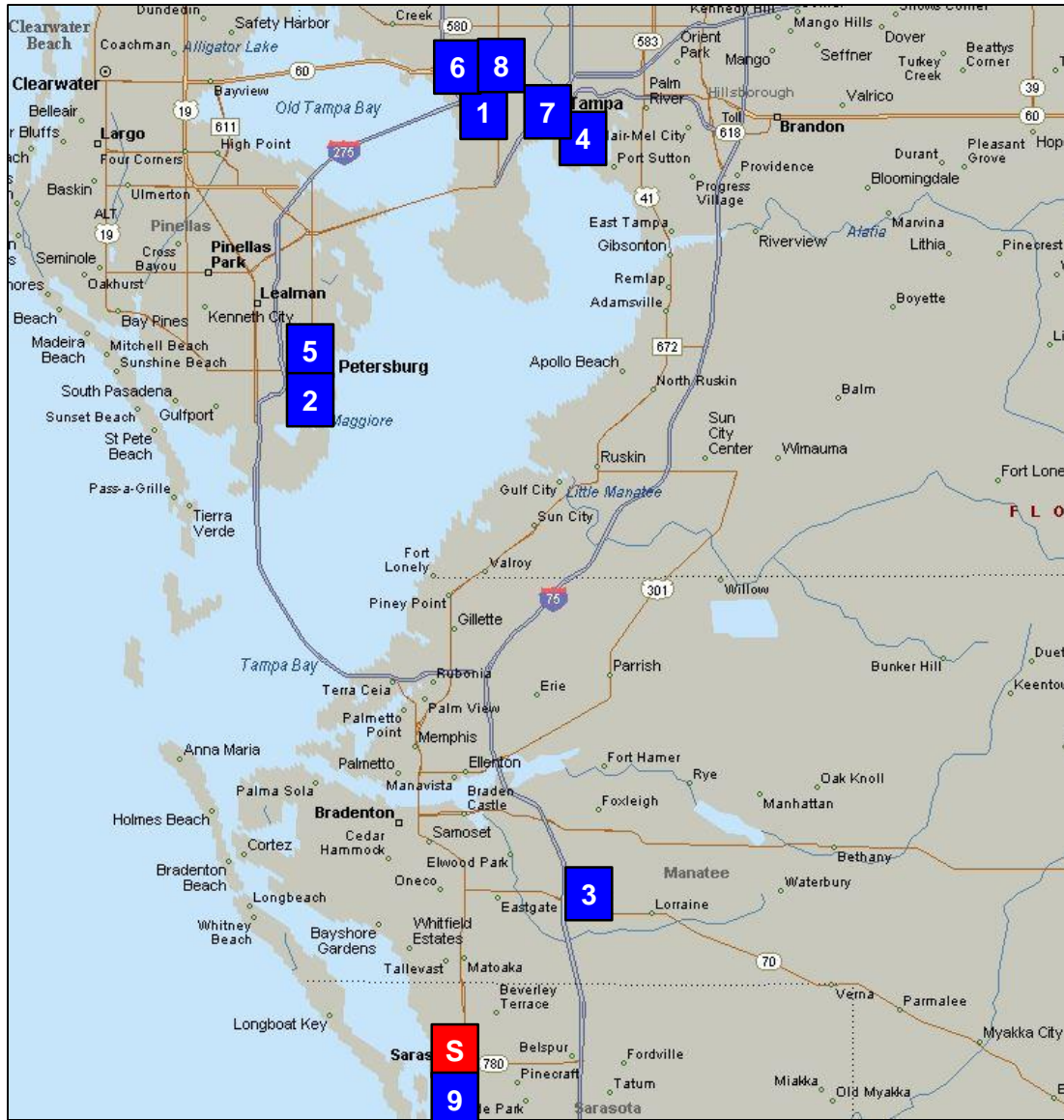


We eliminated one active listing for \$10,000 per month.

Source: Vertica Partners, Sarasota MLS, Zillow, John Burns Real Estate Consulting LLC

Competitive Communities

The competitive set represents a sample of new apartment communities throughout the Sarasota and Tampa Bay region.



Key	Community
S	ROSEMARY
1	Adagio at Westshore Palms
2	Beacon 430
3	Creekside Apartments
4	Crescent Bayshore
5	Modera Prime 235
6	Modera Westshore
7	NoHo Flats
8	Varela Westshore
9	One Palm



Modera Westshore (Westshore/SoHo submarket)

- 300-unit mid-rise (5-story) community by MCRT
- Floorplans range from 774 SF to 1,475 SF
- Located in Westshore submarket
- Started in 3Q2012



Varela Westshore (Westshore/SoHo submarket)

- 350-unit mid-rise (5-story) community by Framework Group/Northwood Ravin
- Floorplans range from 532 SF to 1,666 SF
- Located in Westshore submarket
- Started in 2Q2013



Creekside Apartments (Manatee submarket)

- 256-unit mid-rise (4-story) community by P.A.C. Land Development
- Floorplans range from 806 SF to 1,458 SF
- Located in Manatee submarket
- Started in 4Q2013



Adagio at Westshore Palms (Westshore/SoHo submarket)

- 42-unit low-rise (3-story) community by Alan Development
- Floorplans range from 940 SF to 1,389 SF
- Located in Westshore submarket
- Started in 3Q2013



Crescent Bayshore (Bayshore submarket)

- 367-unit mid-rise (7-story) community by Crescent Communities
- Floorplans range from 550 SF to 1,566 SF
- Located in Bayshore submarket
- Started in 4Q2012



NoHo Flats (Westshore/SoHo submarket)

- 380-unit mid-rise (4-story) community by Pollack-Shores
- Floorplans range from 686 SF to 1,617 SF
- Located in Bayshore submarket
- Started in 4Q2013



Beacon 430 (St. Petersburg submarket)

- 326-unit mid-rise (4-story) community by NRP Group
- Floorplans range from 582 SF to 1,360 SF
- Located in St. Petersburg submarket
- Started in 3Q2014



Modera Prime 235 (St. Petersburg submarket)

- 325-unit mid-rise (8-story) community by Mill Creek Residential
- Floorplans range from 493 SF to 1,205 SF
- Located in St. Petersburg submarket
- Started in 1Q2013

Competitive Community Summary – One Palm

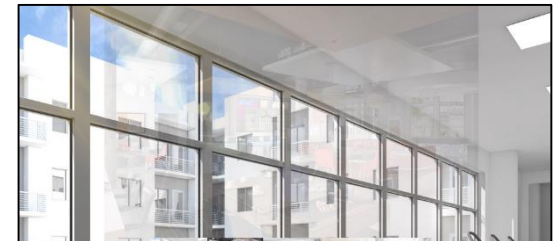
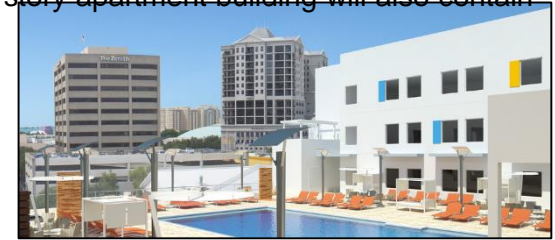
One Palm is the only downtown Sarasota apartment project under construction. We were not able to obtain information from One Palm directly, although the project has advertised pre-leasing pricing at \$2.16 per square foot. The 10-story apartment building will also contain an Aloft Hotel.

One Palm – 141 luxury apartments

Anticipated Open: 4th Quarter, 2015



Unit Type	Square Footage Range
1 bedroom	688 to 1,086
2 bedroom	955 to 1,840
3 bedroom	2,447



Amenities

- Clubhouse with fitness center, cyber café, coffee bar and courtyard
- Resort style pool
- On-site parking garage
- Walkable to restaurants, shopping, grocery store, etc.

Community Amenities

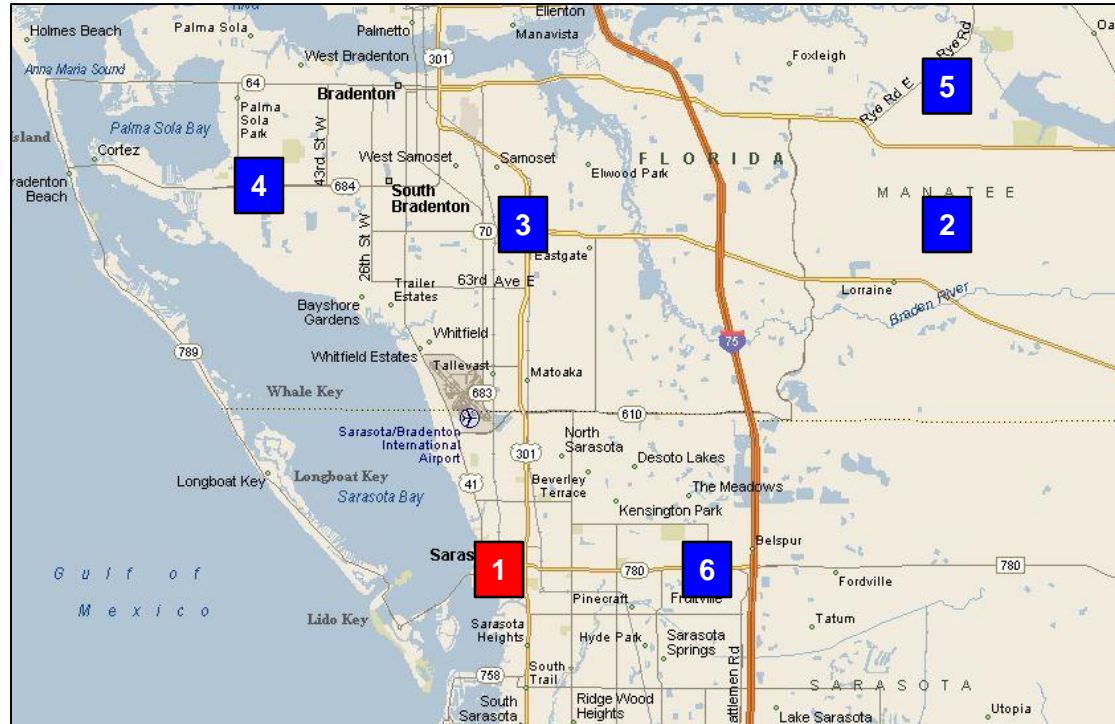
Community amenities planned for Rosemary are consistent with comparable projects in the competitive market.

Amenity	Subject	Comparable Projects								
	Rosemary	Modera Westshore	Varela Westshore	Creekside Apartments	Adagio at Westshore Palms	Crescent Bayshore	NoHo Flats	Beacon 430	Moderna Prime 235	One Palm
Clubhouse/ Outdoor Pavilion	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Gated Entry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Door Attendant	No	No	Yes	No	No	No	No	No	No	No
Pool	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Spa	No	No	Yes	Yes	No	No	No	No	No	No
Fitness Center	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Business Center	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes
Resident Lounge/ Media Room	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes
Sports Courts	No	No	No	Yes	No	No	No	No	No	No
BBQ Area	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	No
Garages	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Storage	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pet Friendly	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pet Park/ Pet Washing Areas	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	No
Car Care Center	No	No	No	Yes	Yes	No	No	No	No	No
Elevators	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



Local Sarasota Comparables

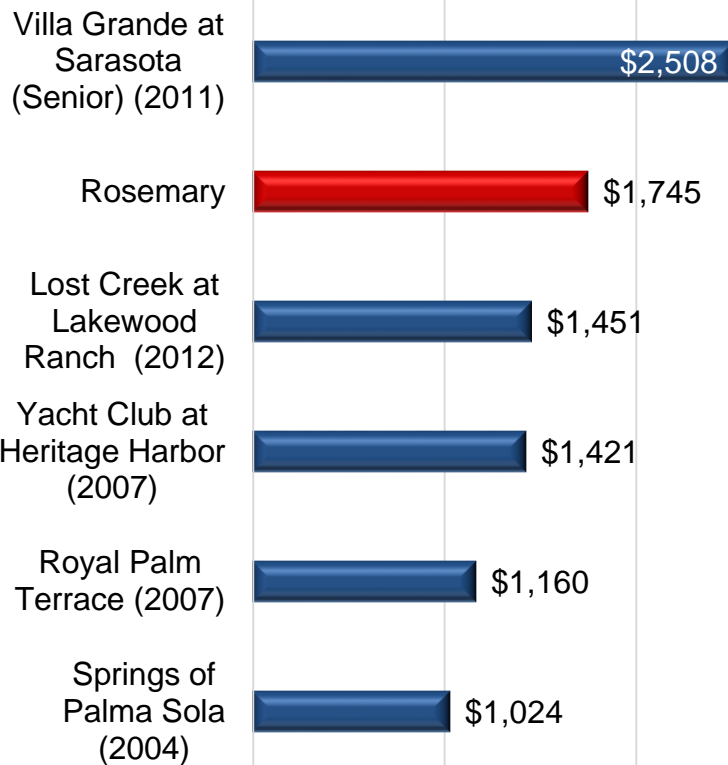
Most local Sarasota comparable properties are garden or “walk-up” style apartments. The only other mid-rise community is Villa Grande of Sarasota, a senior living community. The Springs of Palma Sola consists of townhome-style apartments.



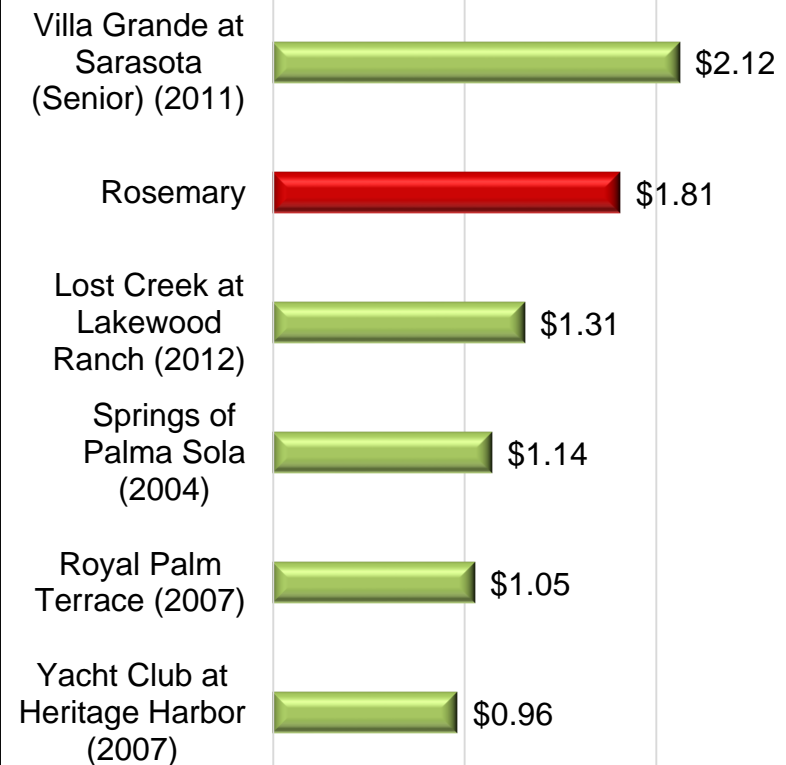
Key	Community	Location	Units	Type
1	ROSEMARY	Downtown	289	Mid-Rise
2	Lost Creek at Lakewood Ranch	Lakewood Ranch	272	Garden
3	Royal Palm Terrace	East Bradenton	220	Garden
4	Springs of Palma Sola	East Bradenton	297	Townhome-Style
5	Yacht Club at Heritage Harbour	Manatee River	392	Garden
6	Villa Grande at Sarasota (Senior)	Downtown	108	Mid-Rise

Newer (last 10 years) construction in Sarasota is primarily garden apartments, with considerably lower rents than the Subject's proposed rental rate.

Average Monthly Rent Local Sarasota Apartments

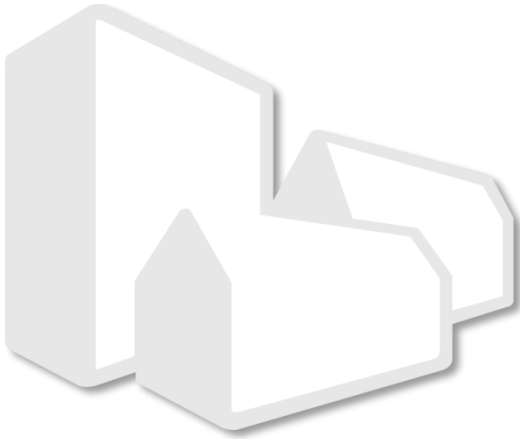


Average Rent Per Sq. Foot Local Sarasota Apartments



Rosemary based on weighted averages

Sources: Local leasing offices, John Burns Real Estate Consulting LLC



Demand

JBREC Rental Demand Analysis – Baseline

Our demand analysis shows there could be approximately 1,684 units of rental demand per year in the Sarasota MSA for units leasing at \$1,000 or more per month. Based on a market capture rate of 12%, we estimate approximately 258 units of new demand per year in the submarket (city of Sarasota). This demand model is only meant as a guide to understanding future demand in the Sarasota MSA as is not meant to predict actual annual demand.

DEMAND FROM HH GROWTH		TOTAL HOUSEHOLDS		RENTAL HOUSEHOLDS						
Annual Household Income	Monthly Rental Rate 1/	Total Households - 2014 2/	Total Households - 2019 (P) 2/	% Rental Households 2014 3/	2014 Calculated Renter HH	% Rental Households 2019 3/	2019 Calculated Renter HH (P)	Annual New Rental HH (A) 4/	% that Rent Apartment Homes	# that Rent Apartment Homes 5/
\$0 to \$25,000	\$0 - \$700	83,275	75,311	40%	32,898	49%	37,190	858	40%	343
\$25,000 to \$35,000	\$700 - \$1000	40,305	35,595	38%	15,387	48%	16,986	320	37%	118
\$35,000 to \$50,000	\$1000 - \$1400	48,300	53,243	31%	15,043	39%	20,728	1,137	37%	421
\$50,000 to \$75,000	\$1400 - \$2100	63,622	78,309	26%	16,331	32%	25,127	1,759	35%	616
\$75,000 to \$100,000	\$2100 - \$2900	37,307	52,456	19%	6,903	23%	12,133	1,046	35%	366
\$100,000 to \$150,000	\$2900 - \$4300	34,309	44,213	12%	4,167	15%	6,713	509	30%	153
\$150,000+	\$4300+	25,649	35,595	11%	2,931	14%	5,085	431	30%	129
Total	Total	332,767	374,683	28%	93,661	33%	123,961	6,060	35%	2,146

Economy.com projects 12.6% growth in the next 5-years (2.5% per year) in the Sarasota MSA.

JBREC increased the overall renter rate +/-5% and adjusted rate by income category to account for growth.

In the Sarasota MSA, 35% of households who rent, rent apartments with 5+ units (opposed to SFD). JBREC assumes lower income groups are more likely to rent apartments. The difference is attributed to future growth concentrated in the higher income groups that have a lower likelihood to rent apartments.

Monthly Rental Rate	Total Demand	
\$0 - \$700	343	1 Assumes that in the Sarasota MSA, households pay 34.3% of the annual income toward rent per American Community Survey 2010. While percentage paid by income may vary, the calculation is intended to establish reasonable rent ranges as perspective. Some households will spend more and some will spend less.
\$700 - \$1000	118	
\$1000 - \$1400	421	2 Estimated total existing households and annual household growth between 2014 and 2019. Total HH for 2014 per Economy.com. Data is adjusted based on ACS distribution. 2019 growth per Economy.com.
\$1400 - \$2100	616	
\$2100 - \$2900	366	3 Percentage of area households that are renter occupied by income level per US Census American Community Survey 2011. For 2019 we adjusted the overall renter rate upward by 5% given our expectation of higher renter ratio trend in coming years. Percentages by income increase given the adjusted household income distribution.
\$2900 - \$4300	153	
\$4300+	129	4 Calculated gain in renter households 2014 to 2019. Those income categories that show a decrease in households will not show household growth demand.
Total	2,146	
MR - Relevant:	1,684	5 Percentage of renters by income level that are likely to rent apartments. Data per US Census Bureau. Census reports 35% of all households in the Sarasota MSA who rent, rent in structures that are 5+ units. For purposes of this analysis, JBREC defined these as apartments. JBREC model varies by income level assuming that lower income households are more likely to rent apartments than higher income households (which may tend toward single family homes).

Focused Market Capture Sensitivities		
Monthly Rental Rate	% of Households (City of Sarasota) vs. Sarasota MSA	JBREC Adjusted Based on Location Attractiveness
1684 Units of Demand	7%	12%
\$0 - \$700	24	41
\$700 - \$1000	8	14
\$1000 - \$1400	30	50
\$1400 - \$2100	44	74
\$2100 - \$2900	26	44
\$2900 - \$4300	11	18
\$4300+	9	16
Total	152	258

Estimated Lease Up Rates

The following table estimates lease-up rates for the competitive set. While these are just estimates, lease-up rates range from 20.7 (excluding the small Adagio at Westshore Palms community) to 43.5 in the local submarkets. Our estimate for Rosemary is a one-year lease up, or 19 units per month, which appears to be a relatively conservative estimate, but Rosemary apartments will be located in a newer submarket for apartment development.

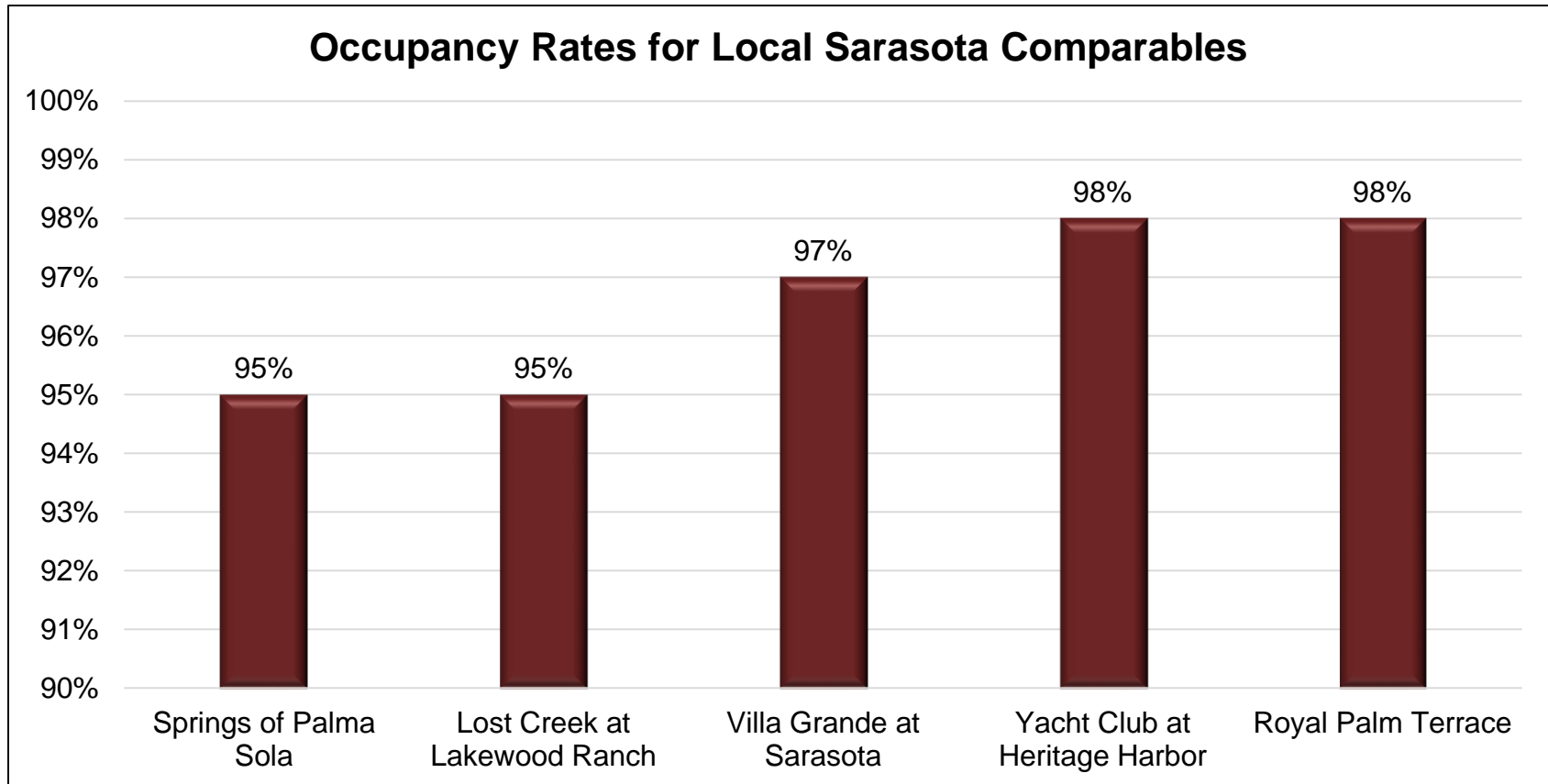
	Open Date	Total Units	Leased	Occupancy	Monthly Lease Up Rate
Modera Westshore	September 2013	300	95.7%	94.3%	35.9
Varela Westshore	June 2014	NAV	NAV	NAV	NAV
Creekside Apartments	August 2014	256	97.0%	79.7%	26.4
Adagio at Westshore Palms	July 2014	42	50.0%	50.0%	1.9
Crescent Bayshore	June 2014	367	81.5%	73.6%	24.9
NoHo Flats	January 2014	380	98.0%	96.0%	20.7
Beacon 430	November 2014	326	80.0%	60.0%	43.5
Modera Prime 235	April 2014	325	96.1%	92.9%	24.0

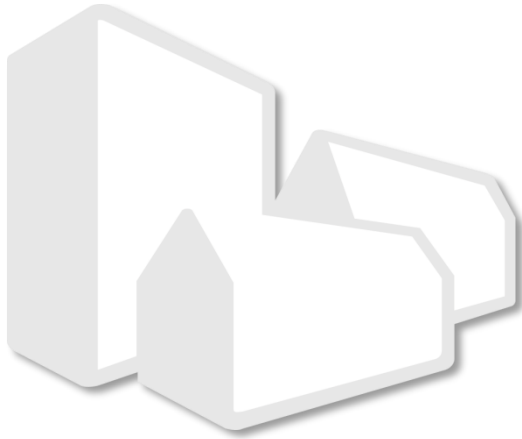
Leased and occupancy rates based on surveys conducted in local leasing offices.

Sources: Local leasing offices, John Burns Real Estate Consulting LLC

Local Sarasota Comparables

We surveyed occupancy rates for the local Sarasota comparable communities. Most communities were practically fully leased with occupancies ranging from 95% to 98%.





Multifamily Trends

The Sarasota apartment market is strong.

- Sarasota apartment market is healthy. The low vacancy rate across most apartment communities is resulting in increasing rents.
- The majority of apartment communities we surveyed have occupancies over 95%, with rents increasing monthly.

Housing is a new driver of demand.

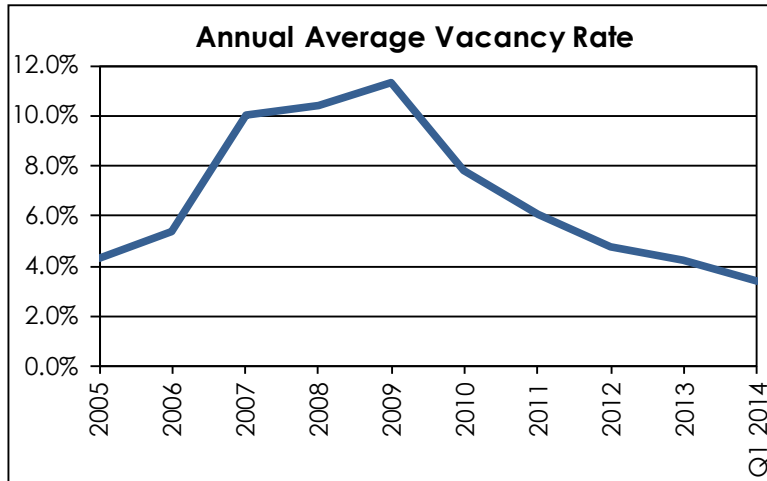
- Many apartment projects are reporting boosts in occupancy, as potential homebuyers move to the area to look for or build a new home.

Job growth should drive apartment demand.

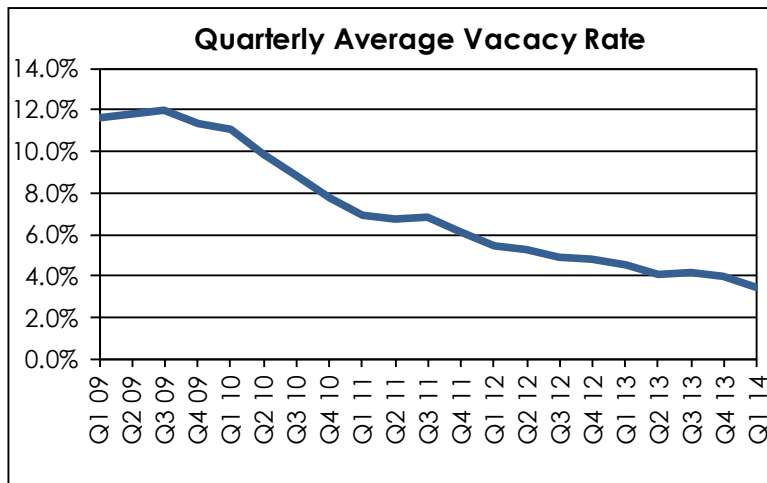
- Sarasota's annual job growth is forecast to increase 4.5% in 2015 and between 1.7% and 3.6% from 2016 through 2018.
- While construction activity is driving some of the job growth, higher-income jobs in the Professional and Business Services sector are contributing to the higher growth rate.

Sarasota MSA Apartment Rents

The apartment vacancy rate in the Sarasota MSA is declining rapidly as demand for apartments improves.



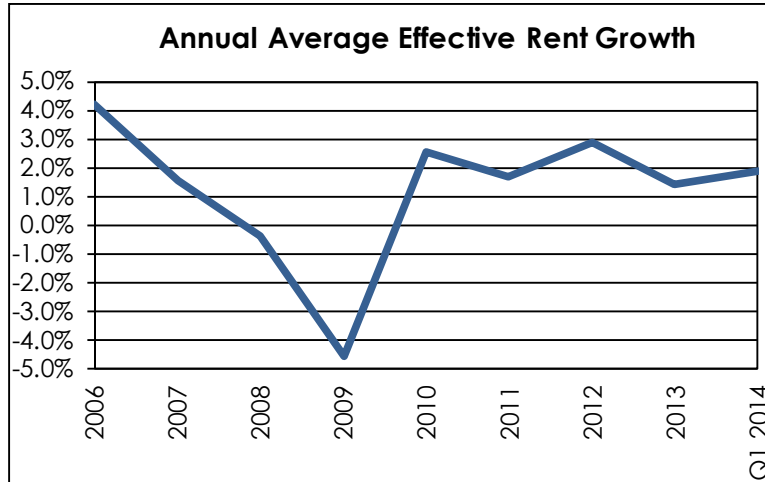
- Sarasota's apartment vacancy rate is low, at 3.4% in the first quarter of 2014, which is below to the U.S. average of 4.1%.



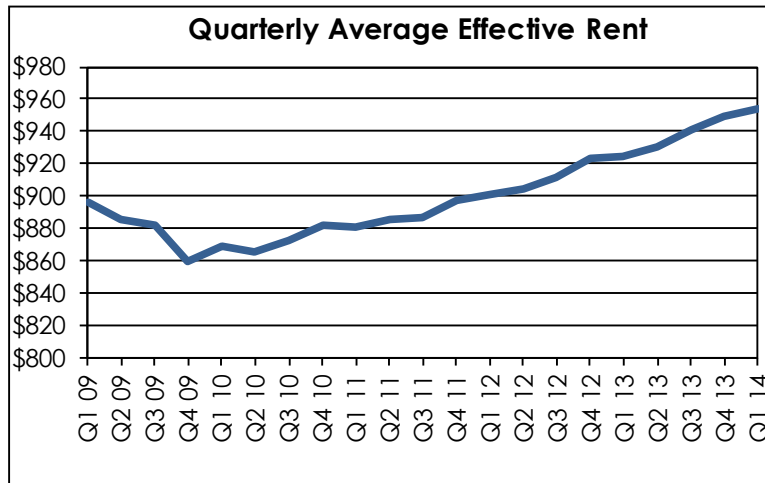
- After peaking at 11.3% in 2009, Sarasota apartment vacancy rates have experienced a steady decline as demand for apartments improved.

Sarasota MSA Apartment Rents

Average asking rents in the Sarasota MSA continue to increase, and are now \$954 per month, a 3.2% year over year improvement.



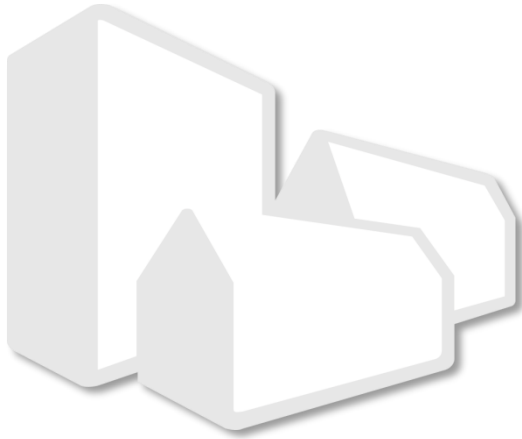
- Apartment rents in the Sarasota MSA have grown rapidly since 2010, at an average annual pace of 2.1% per year.



- In the first quarter of 2014, asking rents in the Sarasota MSA grew 3.2% per year over year, bringing average rents to \$954.

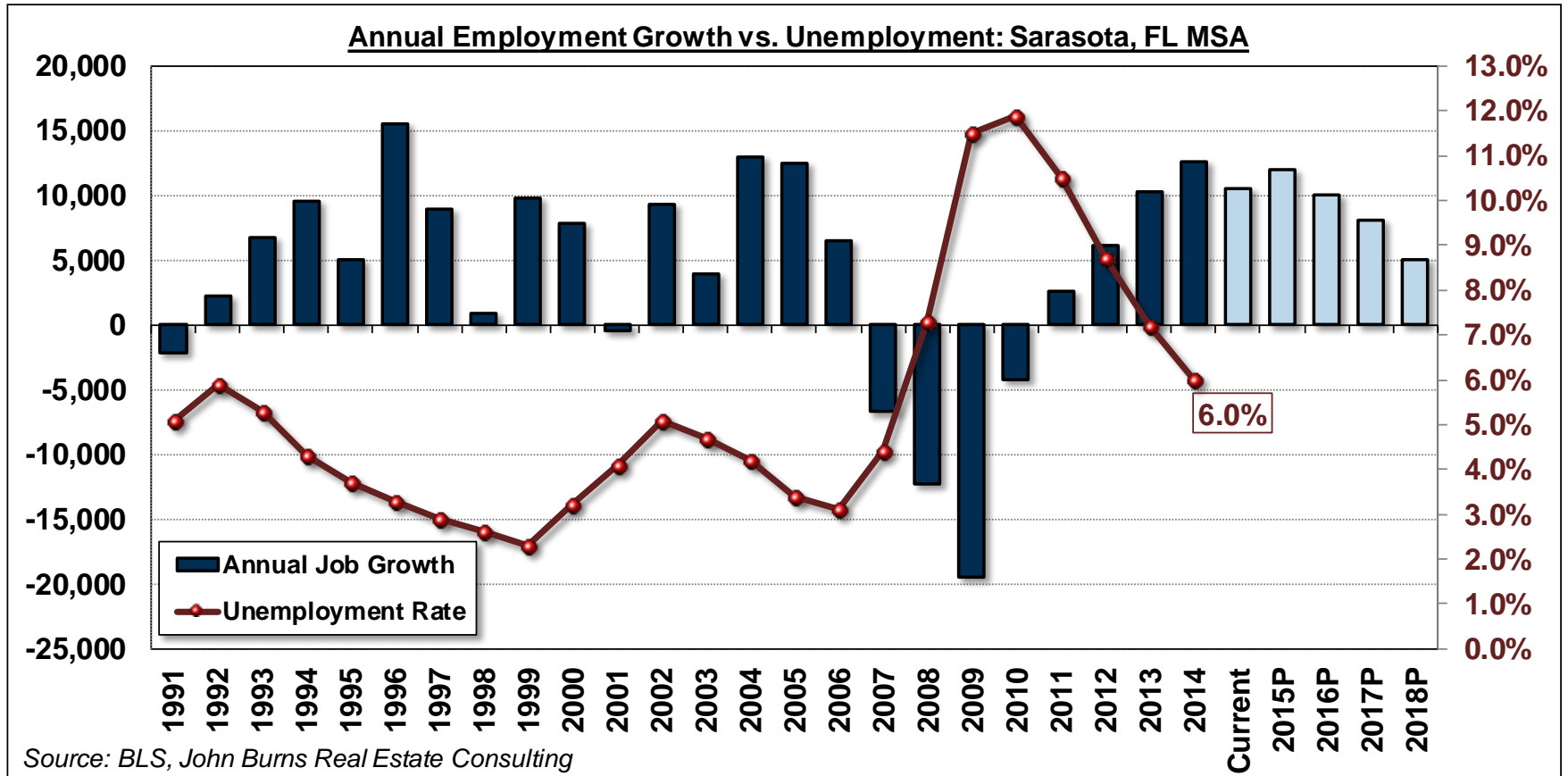
Source: John Burns Real Estate Consulting, REIS

*REIS includes all apartments with 40+ units



Sarasota MSA Economics and Demographics

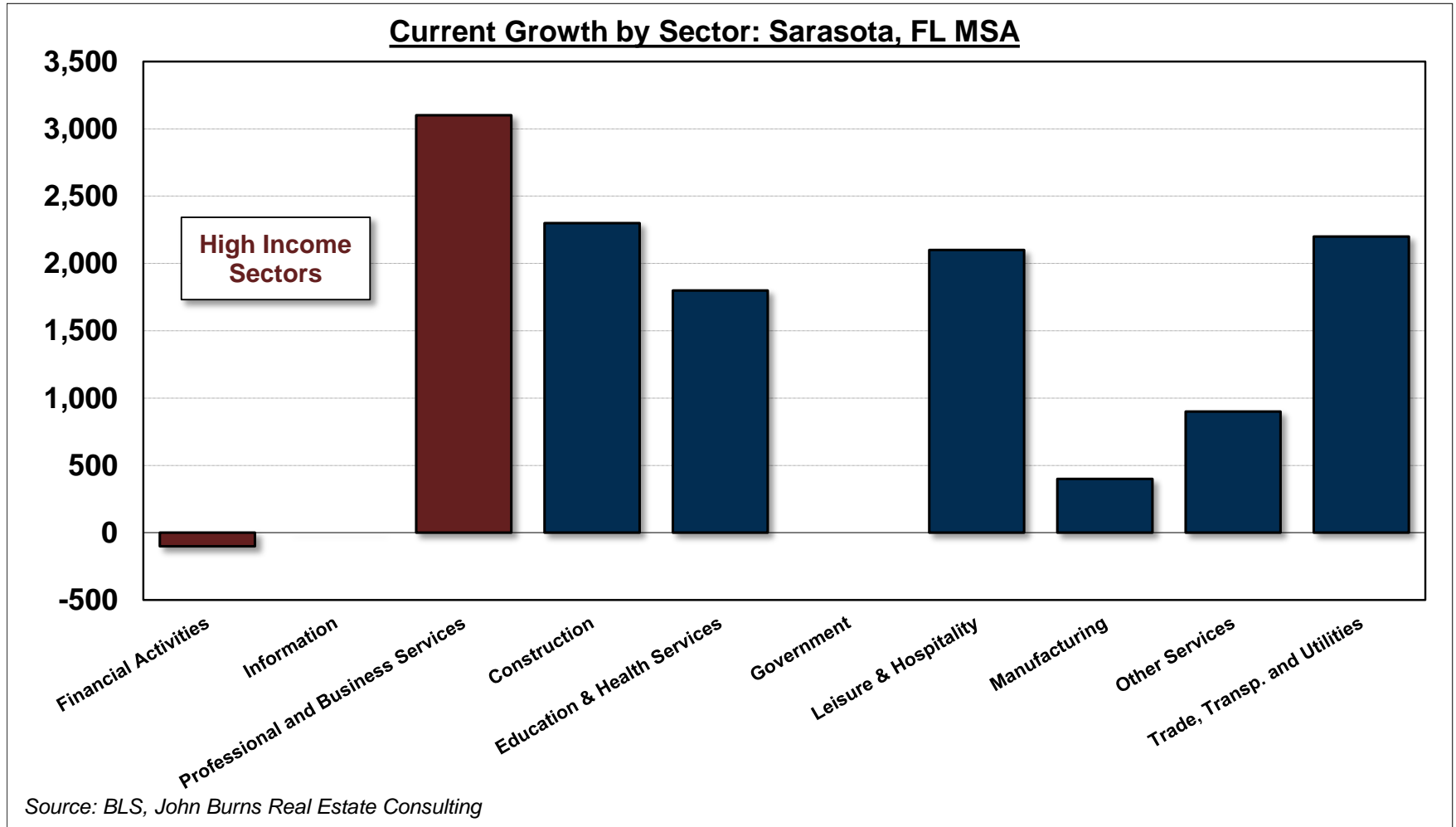
Current employment growth has been steady with about 10,500 new jobs added per year, an increase of 3.9% year over year. Job growth is expected to add an average of 8,800 jobs per year at an average rate of 3.1%. Stronger job growth is an indicator of population growth in the region.



Employment History & Projections	2008	2009	2010	2011	2012	2013	2014	Current	2015P	2016P	2017P	2018P
Wage & Salary Employment Total	261,100	241,600	237,400	240,000	246,100	256,400	269,000	276,900	281,000	291,000	299,100	304,200
1-Year Change	-12,300	-19,500	-4,200	2,600	6,100	10,300	12,600	10,500	12,000	10,000	8,100	5,100
1-Year Growth Rate	-4.5%	-7.5%	-1.7%	1.1%	2.5%	4.2%	4.9%	3.9%	4.5%	3.6%	2.8%	1.7%
Unemployment Rate	7.3%	11.5%	11.9%	10.5%	8.7%	7.2%	6.0%					

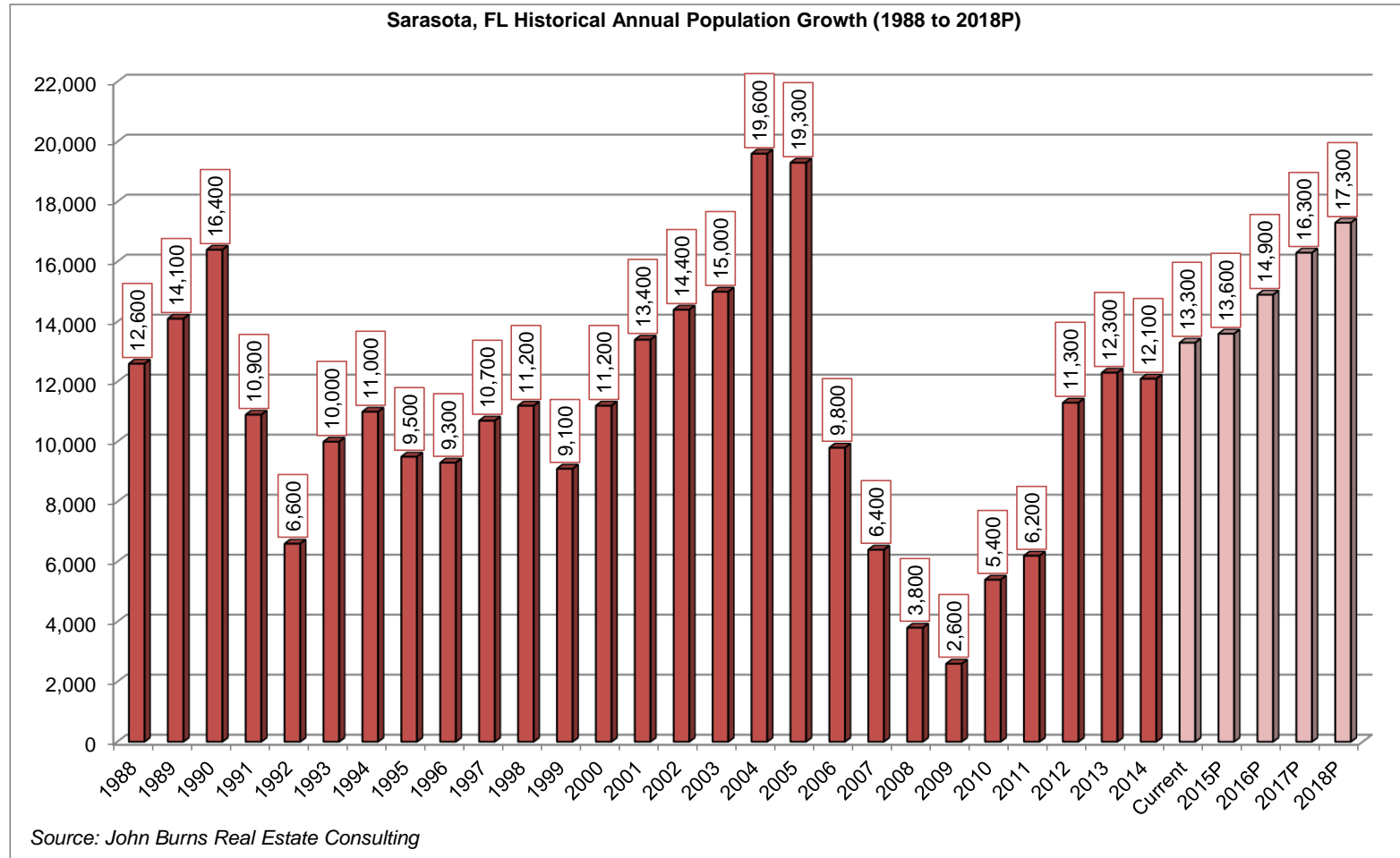
Sarasota MSA – Employment by Sector

Most of the primary employment sectors are adding jobs. Sarasota is currently adding the most jobs in the high income sector of Professional/Business Services followed by Construction, Trade/Transportation/Utilities followed by Education/Health Services.



Sarasota MSA – Annual Average Population Growth

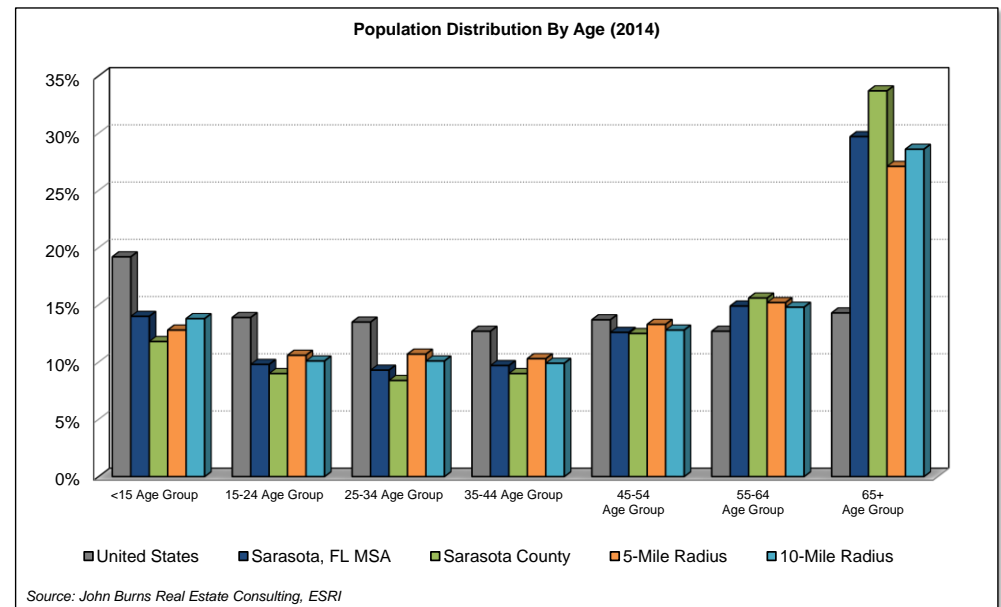
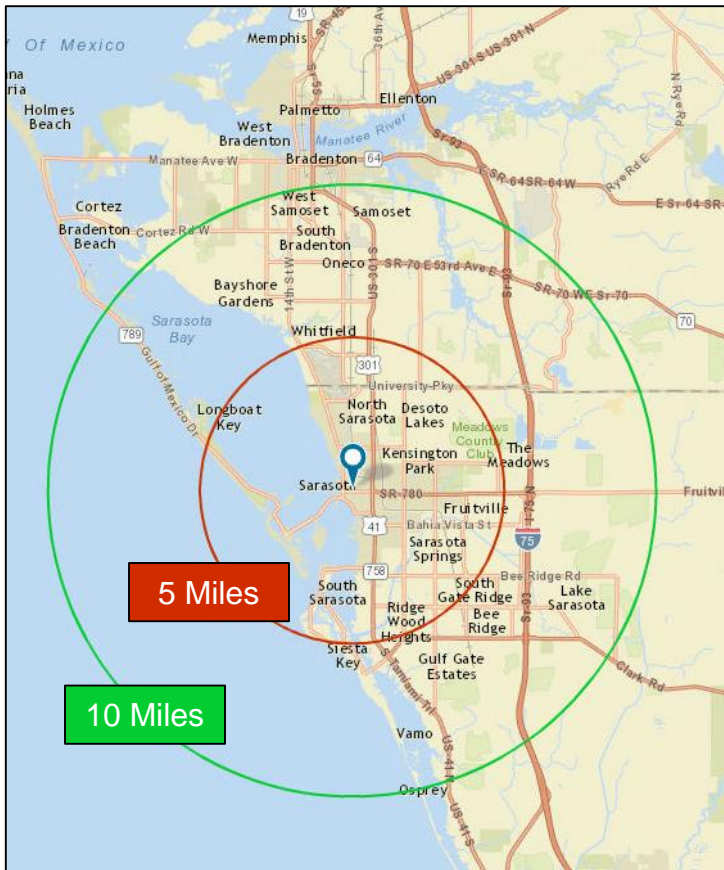
The population of Sarasota is increasing and we are projecting strong population growth for the MSA over the next five years, which should fuel demand for new housing. We expect population to grow an average of 15,525 from 2015 through 2018, increasing every year.



Population History & Projections	2008	2009	2010	2011	2012	2013	2014	Current	2015P	2016P	2017P	2018P
Population Total	696,100	698,700	704,100	710,300	721,600	733,900	746,000	754,400	759,600	774,500	790,800	808,100
1-Year Change	3,800	2,600	5,400	6,200	11,300	12,300	12,100	13,300	13,600	14,900	16,300	17,300
1-Year Growth Rate	0.5%	0.4%	0.8%	0.9%	1.6%	1.7%	1.6%	1.8%	1.8%	2.0%	2.1%	2.2%

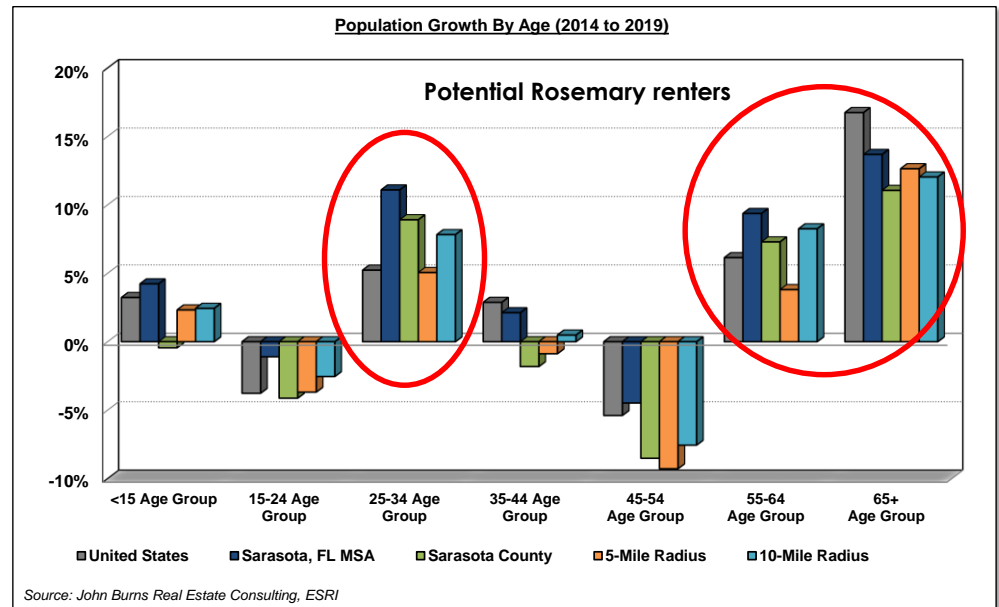
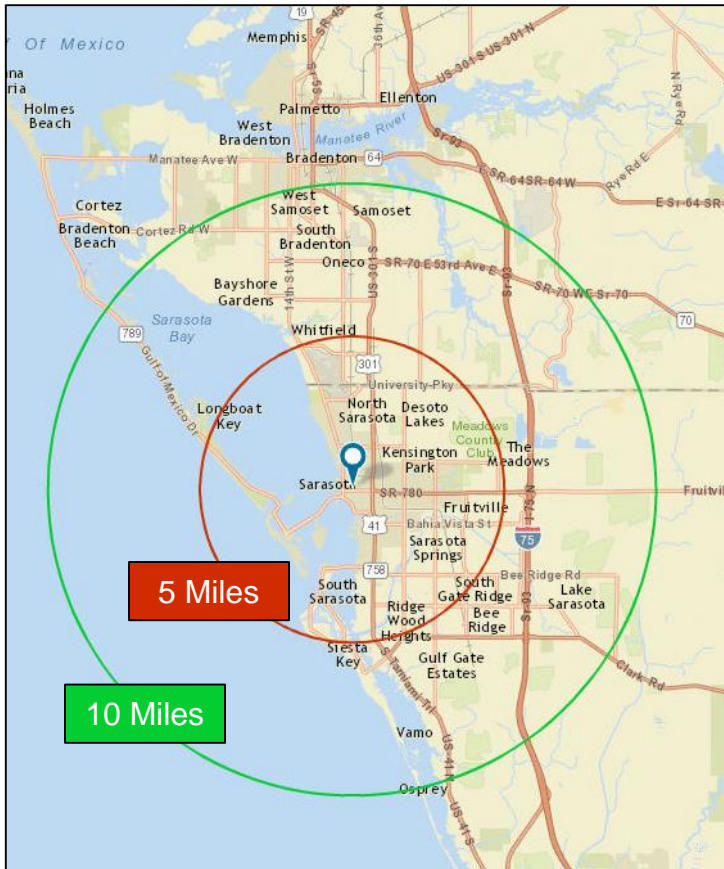
Geographic & Demo Trends – Population Distribution

The Sarasota MSA has a considerably older population with 27.1% to 33.7% of the population 65 and older in the MSA, county and both five and ten miles within the Subject. The older population needs to be considered when designing amenities and floor plans.



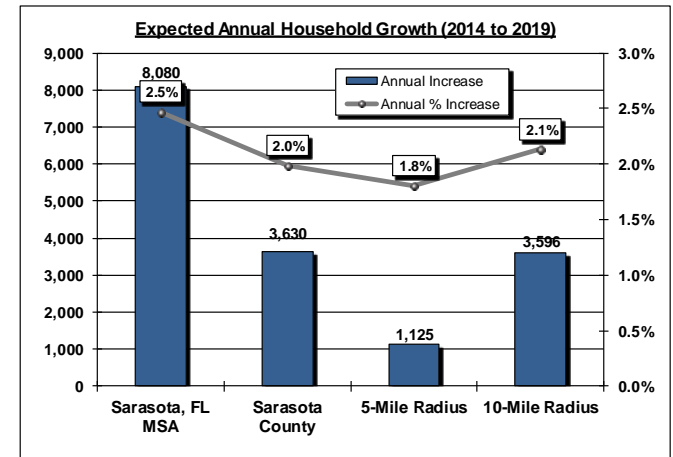
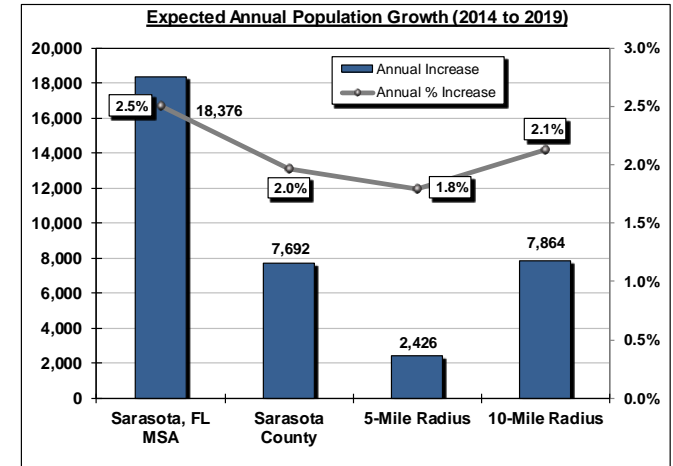
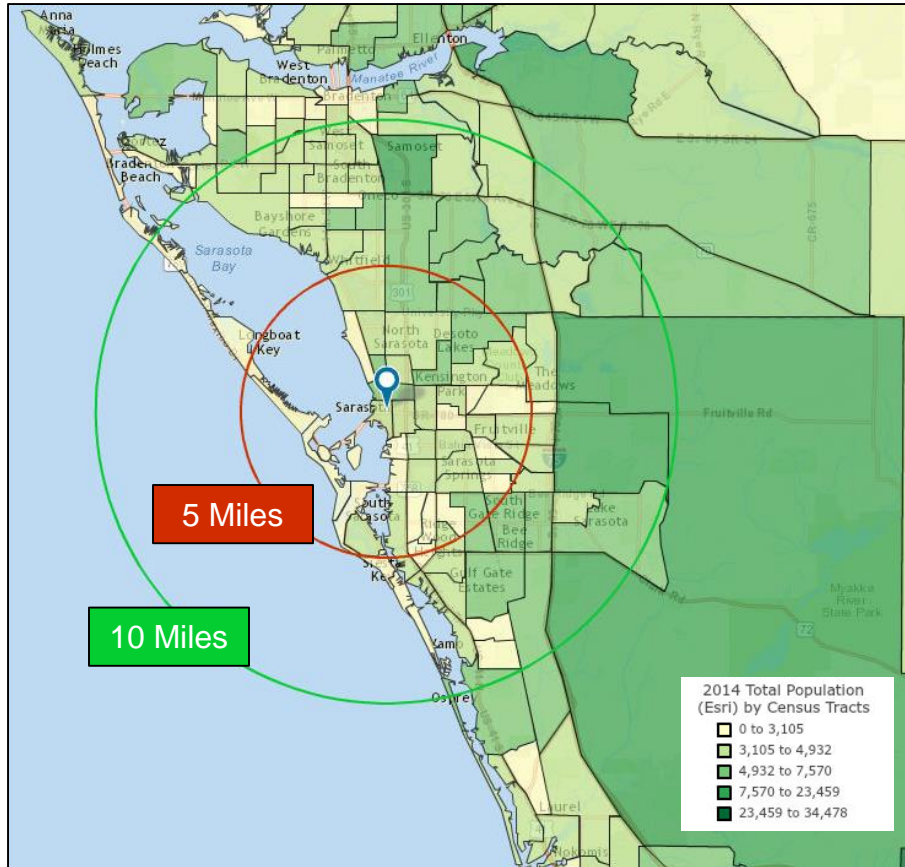
Geographic & Demo Trends – Population Growth

Population growth is expected to be largest in 55 and older age group over the next 5 years in the MSA, county and five and ten mile radius from the Subject. However, it is expected that those in the 25-34 age group will increase between 5.1% and 11.1% in the MSA, counties and five and ten mile radius from the Subject.



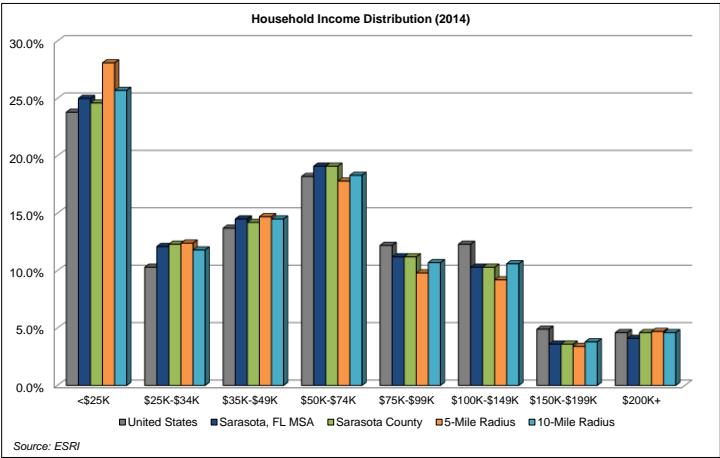
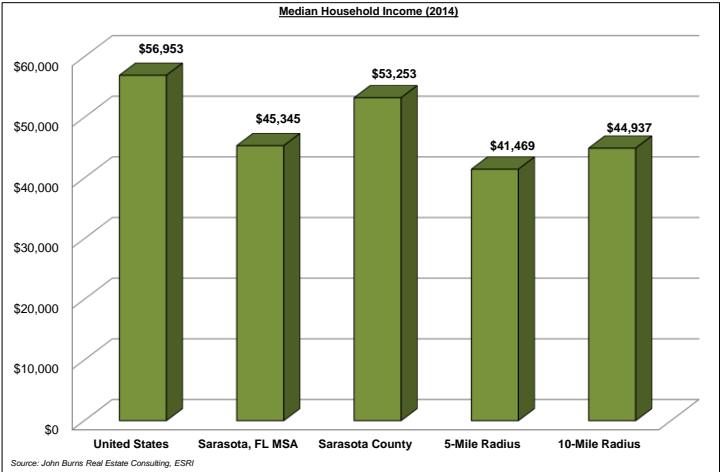
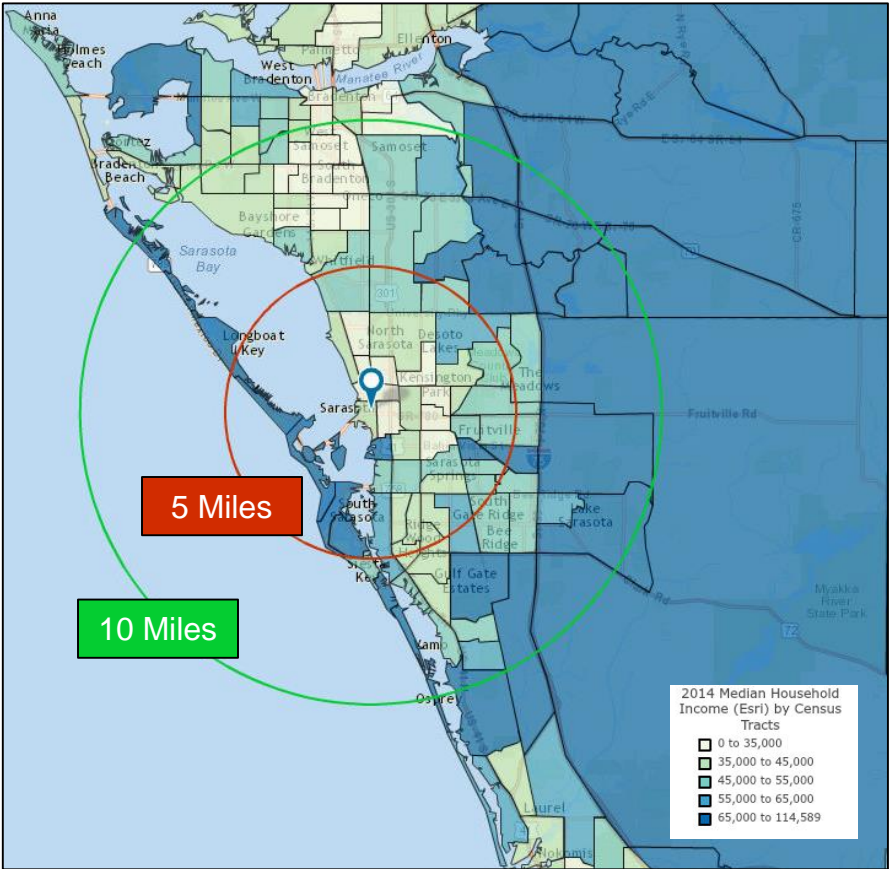
Geographic & Demo Trends – Population Concentration

ESRI is projecting strong population and household growth in the Sarasota MSA and subject submarket, which will boost demand for apartments. The population growth is more modest for the 5-mile radius due to lack of developable land.



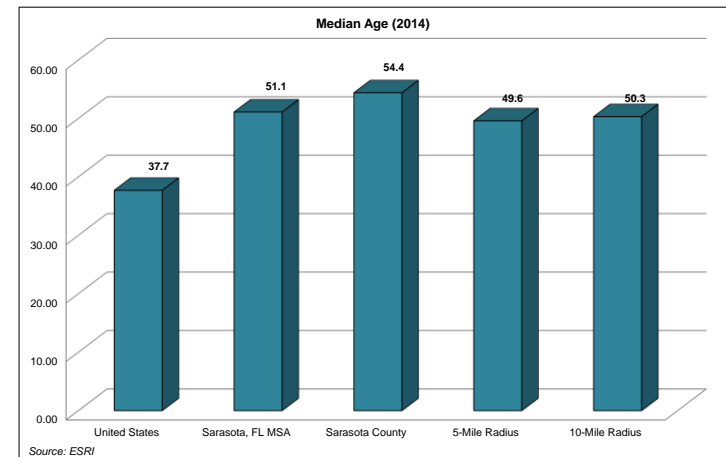
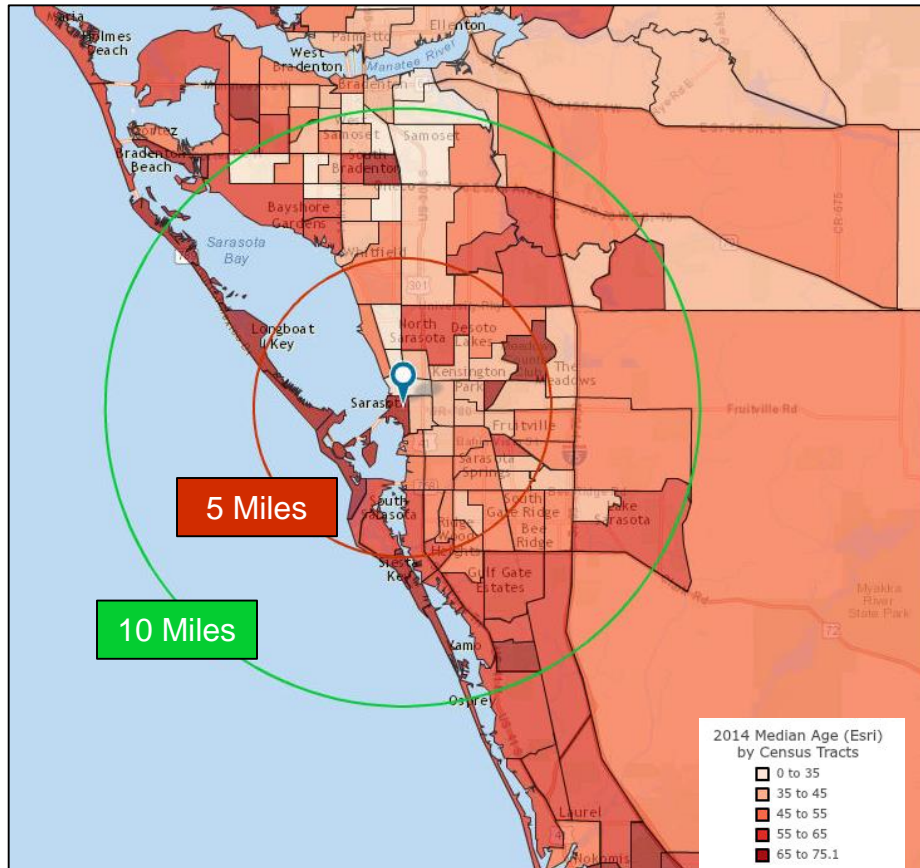
Geographic & Demo Trends – Income Concentration

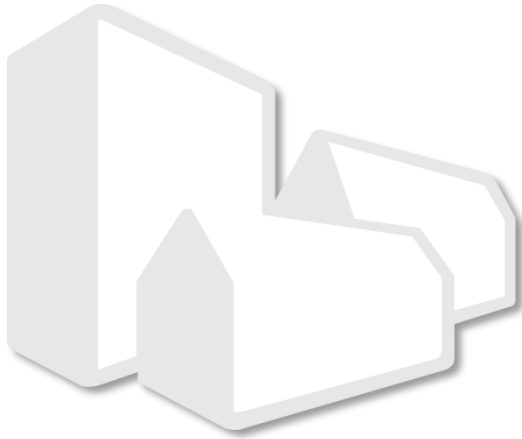
The Sarasota MSA has a median income of \$45,345, which is 20% below the U.S. average. The 5-mile radius from the Subject site has a lower median than the MSA or county. This is due to the combination of older, transitional neighborhoods north of the property.



Geographic & Demo Trends – Median Age

The median age of the Sarasota MSA is 51.1, which is considerably older than the U.S. median age of 37.7. The area surrounding the Subject site attracts slightly younger residents (the median age is 49.6), which bodes well for new apartment construction.





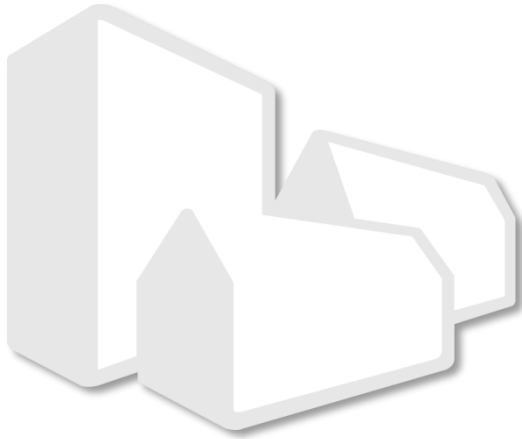
Appendix

Competitor Detail

				MIX	PRODUCT		RENTS & OCCUPANCY												ADDITIONAL RENT ITEMS				OTHER								
Project Name		City			Sq. Ft.	Plan Configuration	Base Rent			Base \$/SF				Net Effective Rent				Net Effective \$/SF				Extra Parking		Pet	Admin Fees		Utilities Included	Washer/ Dryer	Unit Interior Finish		
								Low	-	High	Average	Low	-	High	Average	Low	-	High	Average	Low	-	High	Average								
MODERA WESTSHORE																															
Modera Westshore		MCRT	1	774	1	1.0	\$1,378	-	\$1,395	\$1,387	\$1.78	-	\$1.80	\$1.79	\$1,378	-	\$1,395	\$1,387	\$1.78	-	\$1.80	\$1.79	Reserved	\$75	\$500	App Admin Sec Dep	\$65 \$350 \$500	None	Included	Kit. Counters Flooring	Granite Wood Style
Product: Mid Rise		Total Units: 300	1	1,050	2	2.0	\$1,800	-	\$1,800	\$1,800	\$1.71	-	\$1.71	\$1.71	\$1,800	-	\$1,800	\$1,800	\$1.71	-	\$1.71	\$1.71									
Number of Floors: 5 Story		Occupancy Rate: 94.3%	1	1,229	2	2.0	\$1,966	-	\$1,966	\$1,966	\$1.60	-	\$1.60	\$1.60	\$1,966	-	\$1,966	\$1,966	\$1.60	-	\$1.60	\$1.60									
		Leased Rate 95.7%	1	1,280	2	2.5	\$2,046	-	\$2,046	\$2,046	\$1.60	-	\$1.60	\$1.60	\$2,046	-	\$2,046	\$2,046	\$1.60	-	\$1.60	\$1.60									
			1	1,360	3	2.0	\$2,135	-	\$2,165	\$2,150	\$1.57	-	\$1.59	\$1.58	\$2,135	-	\$2,165	\$2,150	\$1.57	-	\$1.59	\$1.58									
Year Built: U/C - Lease-up			1	1,475	3	2.0	\$2,294	-	\$2,349	\$2,322	\$1.56	-	\$1.59	\$1.57	\$2,294	-	\$2,349	\$2,322	\$1.56	-	\$1.59	\$1.57									
Estimated Start 3Q2012		Open: Sep 2013																													
Estimated Completion 2Q2014																															
Stabilization 4Q2014																															
Totals/Averages:				6	1,195		\$1,937	-	\$1,954	\$1,945	\$1.64	-	\$1.65	\$1.64	\$1,937	-	\$1,954	\$1,945	\$1.64	-	\$1.65	\$1.64									
VARELA WESTSHORE																															
Varela Westshore		Framework Group/Northwood Ravin	1	532	Studio	1.0	\$1,150	-	\$1,250	\$1,200	\$2.16	-	\$2.35	\$2.26	\$1,150	-	\$1,250	\$1,200	\$2.16	-	\$2.35	\$2.26	Podium Structured Parking	\$300	App Admin Sec Dep	\$60 \$275 \$200-\$500	None	Included	Kit. Counters Flooring	Granite Hardwood Style	
Product: Mid Rise		Total Units: 350	1	640	1	1.0	\$1,180	-	\$1,450	\$1,315	\$1.84	-	\$2.27	\$2.05	\$1,180	-	\$1,450	\$1,315	\$1.84	-	\$2.27	\$2.05									
Number of Floors: 5 Story		Occupancy Rate: NAV	1	758	1	1.0	\$1,320	-	\$1,395	\$1,358	\$1.74	-	\$1.84	\$1.79	\$1,320	-	\$1,395	\$1,358	\$1.74	-	\$1.84	\$1.79									
		Leased Rate NAV	1	840	1	1.0	\$1,580	-	\$1,580	\$1,580	\$1.88	-	\$1.88	\$1.88	\$1,580	-	\$1,580	\$1,580	\$1.88	-	\$1.88	\$1.88									
			1	1,054	2	2.0	\$1,595	-	\$1,850	\$1,723	\$1.51	-	\$1.76	\$1.63	\$1,595	-	\$1,850	\$1,723	\$1.51	-	\$1.76	\$1.63									
Year Built: U/C			1	1,364	2	2.0	\$2,015	-	\$2,190	\$2,103	\$1.48	-	\$1.61	\$1.54	\$2,015	-	\$2,190	\$2,103	\$1.48	-	\$1.61	\$1.54									
Estimated Start 2Q2013		Open: Aug 2014	1	1,432	2	2.0	\$2,015	-	\$2,140	\$2,078	\$1.41	-	\$1.49	\$1.45	\$2,015	-	\$2,140	\$2,078	\$1.41	-	\$1.49	\$1.45									
Estimated Completion 4Q2014			1	1,366	2	2.0	\$2,220	-	\$2,220	\$2,220	\$1.63	-	\$1.63	\$1.63	\$2,220	-	\$2,220	\$2,220	\$1.63	-	\$1.63	\$1.63									
Stabilization 4Q2015																															
Totals/Averages:				8	998		\$1,634	-	\$1,759	\$1,697	\$1.71	-	\$1.85	\$1.78	\$1,634	-	\$1,759	\$1,697	\$1.71	-	\$1.85	\$1.78									
CREEKSIDE APARTMENTS																															
Creekside Apartments		P.A.C. Land Development	1	806	1	1.0	\$1,310	-	\$1,310	\$1,310	\$1.63	-	\$1.63	\$1.63	\$1,310	-	\$1,310	\$1,310	\$1.63	-	\$1.63	\$1.63	Det Gar	\$105	\$300 +\$20/mo. Storage	App Admin Sec Dep	\$450 \$30/mo	Water	Included	Appliances Kit. Counters Flooring	White Laminate Vinyl
Product: Mid Rise		Total Units: 256	1	875	1	1.0	\$1,410	-	\$1,410	\$1,410	\$1.61	-	\$1.61	\$1.61	\$1,410	-	\$1,410	\$1,410	\$1.61	-	\$1.61	\$1.61									
Number of Floors: 4 Story		Occupancy Rate: 79.7%	1	888	1	1.0	\$1,384	-	\$1,384	\$1,384	\$1.56	-	\$1.56	\$1.56	\$1,384	-	\$1,384	\$1,384	\$1.56	-	\$1.56	\$1.56									
		Leased Rate 97.0%	1	1,120	2	2.0	\$1,490	-	\$1,490	\$1,490	\$1.33	-	\$1.33	\$1.33	\$1,490	-	\$1,490	\$1,490	\$1.33	-	\$1.33	\$1.33									
			1	1,218	2	2.0	\$1,520	-	\$1,520	\$1,520	\$1.25	-	\$1.25	\$1.25	\$1,520	-	\$1,520	\$1,520	\$1.25	-	\$1.25	\$1.25									
			1	1,239	2	2.0	\$1,634	-	\$1,634	\$1,634	\$1.32	-	\$1.32	\$1.32	\$1,634	-	\$1,634	\$1,634	\$1.32	-	\$1.32	\$1.32									
Year Built: U/C			1	1,159	2	2.0	\$1,509	-	\$1,509	\$1,509	\$1.30	-	\$1.30	\$1.30	\$1,509	-	\$1,509	\$1,509	\$1.30	-	\$1.30	\$1.30									
Estimated Start 4Q2013		Open: Aug 2014	1	1,229	2	2.0	\$1,530	-	\$1,530	\$1,530	\$1.24	-	\$1.24	\$1.24	\$1,530	-	\$1,530	\$1,530	\$1.24	-	\$1.24	\$1.24									
Estimated Completion 2Q2015			1	1,458	3	2.0	\$1,709	-	\$1,709	\$1,709	\$1.17	-	\$1.17	\$1.17	\$1,709	-	\$1,709	\$1,709	\$1.17	-	\$1.17	\$1.17									
Totals/Averages:				9	1,110		\$1,500	-	\$1,500	\$1,500	\$1.38	-	\$1.38	\$1.38	\$1,500	-	\$1,500	\$1,500	\$1.38	-	\$1.38	\$1.38									
ADAGIO AT WESTSHORE PALMS																															
Adagio at Westshore Palms		Alan Development	1	750	1	1.0	\$1,149	-	\$1,149	\$1,149	\$1.53	-	\$1.53	\$1.53	\$1,149	-	\$1,149	\$1,149	\$1.53	-	\$1.53	\$1.53			\$300	App Admin Sec Dep	\$100 \$100 \$500	None	Included	Kit. Counters Flooring	Granite Wood Plank
Product: Low Rise		Total Units: 42	1	785	1	1.0	\$1,195	-	\$1,195	\$1,195	\$1.52	-	\$1.52	\$1.52	\$1,195	-	\$1,195	\$1,195	\$1.52	-	\$1.52	\$1.52									
Number of Floors: 3 Story		Occupancy Rate: 50.0%	1	940	1	1.0	\$1,385	-	\$1,400	\$1,393	\$1.47	-	\$1.49	\$1.48	\$1,385	-	\$1,400	\$1,393	\$1.47	-	\$1.49	\$1.48									
		Leased Rate 50.0%	1	1,175	2	2.0	\$1,450	-	\$1,575	\$1,513	\$1.23	-	\$1.34	\$1.29	\$1,450	-	\$1,575	\$1,513	\$1.23	-	\$1.34	\$1.29									
			1	1,255	2	2.0	\$1,475	-	\$1,525	\$1,500	\$1.18	-	\$1.22	\$1.20	\$1,475	-	\$1,525	\$1,500	\$1.18	-	\$1.22	\$1.20									
			1	1,218	2	2.0	\$1,599	-	\$1,625	\$1,612	\$1.31	-	\$1.33	\$1.32	\$1,599	-	\$1,625	\$1,612	\$1.31	-	\$1.33	\$1.32									
Year Built: U/C			1	1,233	2	2.0	\$1,599	-	\$1,650	\$1,625	\$1.30	-	\$1.34	\$1.32	\$1,599	-	\$1,650	\$1,625	\$1.30	-	\$1.34	\$1.32									
Estimated Start 3Q2013		Open: July 2014	1	1,255	2	2.0	\$1,625	-	\$1,700	\$1,663	\$1.29	-	\$1.35	\$1.32	\$1,625	-	\$1,700	\$1,663	\$1.29	-	\$1.35	\$1.32									
Estimated Completion 2Q2014			1	1,377	3	2.0	\$1,825	-	\$1,825	\$1,825	\$1.33	-	\$1.33	\$1.33	\$1,825	-	\$1,825	\$1,825	\$1.33	-	\$1.33	\$1.33									
Stabilization 3Q2014			1	1,389	3	2.0	\$1,850	-	\$1,850	\$1,850	\$1.33	-	\$1.33	\$1.33	\$1,850	-	\$1,850	\$1,850	\$1.33	-	\$1.33	\$1.33									
Totals/Averages:				10	1,138		\$1,515	-	\$1,549	\$1,532	\$1.35	-	\$1.38	\$1.36	\$1,515	-	\$1,549	\$1,532	\$1.35	-	\$1.38	\$1.36									

Competitor Detail

				MIX	PRODUCT			RENTS & OCCUPANCY												ADDITIONAL RENT ITEMS			OTHER									
			City		Sq. Ft.	Plan Configuration	Bath	Base Rent			Base \$/SF			Net Effective Rent			Net Effective \$/SF			Extra Parking		Pet	Admin Fees	Utilities Included	Washer/Dryer	Unit Interior Finish						
								Low	-	High	Average	Low	-	High	Average	Low	-	High	Average													
CRESCENT BAYSHORE																																
Crescent Bayshore				Crescent Communities				1	550	1	1.0	\$1,270	-	\$1,575	\$1,423	\$2.31	-	\$2.86	\$2.59	\$1,270	-	\$1,575	\$1,423	\$2.31	-	\$2.86	\$2.59					
								1	577	1	1.0	\$1,325	-	\$1,950	\$1,638	\$2.30	-	\$3.38	\$2.84	\$1,325	-	\$1,950	\$1,638	\$2.30	-	\$3.38	\$2.84					
Product: Mid Rise				Total Units: 367				1	726	1	1.0	\$1,475	-	\$1,775	\$1,625	\$2.03	-	\$2.44	\$2.24	\$1,475	-	\$1,775	\$1,625	\$2.03	-	\$2.44	\$2.24					
Number of Floors: 7 Story				Occupancy Rate: 73.6%				1	755	1	1.0	\$1,600	-	\$2,075	\$1,838	\$2.12	-	\$2.75	\$2.43	\$1,600	-	\$2,075	\$1,838	\$2.12	-	\$2.75	\$2.43					
				Leased Rate 81.5%				1	781	1	1.0	\$1,620	-	\$1,900	\$1,760	\$2.07	-	\$2.43	\$2.25	\$1,620	-	\$1,900	\$1,760	\$2.07	-	\$2.43	\$2.25					
								1	782	1	1.0	\$1,650	-	\$1,675	\$1,663	\$2.11	-	\$2.14	\$2.13	\$1,650	-	\$1,675	\$1,663	\$2.11	-	\$2.14	\$2.13					
Year Built: U/C								1	929	1	1.0	\$1,749	-	\$1,749	\$1,749	\$1.88	-	\$1.88	\$1.88	\$1,749	-	\$1,749	\$1,749	\$1.88	-	\$1.88	\$1.88					
Estimated Start 4Q2012				Open: June 2014				1	1,027	2	2.0	\$2,050	-	\$2,365	\$2,208	\$2.00	-	\$2.30	\$2.15	\$2,050	-	\$2,365	\$2,208	\$2.00	-	\$2.30	\$2.15					
Estimated Completio 4Q2014								1	1,066	2	2.0	\$2,175	-	\$2,175	\$2,175	\$2.04	-	\$2.04	\$2.04	\$2,175	-	\$2,175	\$2,175	\$2.04	-	\$2.04	\$2.04					
Stabilization 1Q2016								1	1,145	2	2.0	\$2,350	-	\$3,375	\$2,863	\$2.05	-	\$2.95	\$2.50	\$2,350	-	\$3,375	\$2,863	\$2.05	-	\$2.95	\$2.50					
								1	1,295	3	2.0	\$3,170	-	\$3,750	\$3,460	\$2.45	-	\$2.90	\$2.67	\$3,170	-	\$3,750	\$3,460	\$2.45	-	\$2.90	\$2.67					
								1	1,482	3	2.0	\$3,620	-	\$4,175	\$3,898	\$2.44	-	\$2.82	\$2.63	\$3,620	-	\$4,175	\$3,898	\$2.44	-	\$2.82	\$2.63					
								1	1,566	3	2.0	\$3,925	-	\$4,700	\$4,313	\$2.51	-	\$3.00	\$2.75	\$3,925	-	\$4,700	\$4,313	\$2.51	-	\$3.00	\$2.75					
Totals/Averages:								13	975			\$2,152	-	\$2,557	\$2,355	\$2.18	-	\$2.61	\$2.39	\$2,152	-	\$2,557	\$2,355	\$2.18	-	\$2.61	\$2.39					
NOHO FLATS																																
NoHo Flats				Pollack-Shores				1	621	1	1.0	\$1,220	-	\$1,460	\$1,460	\$1.96	-	\$2.35	\$2.16	\$1,220	-	\$1,460	\$1,340	\$1.96	-	\$2.35	\$2.16					
								1	669	1	1.0	\$1,265	-	\$1,420	\$1,420	\$1.89	-	\$2.12	\$2.01	\$1,265	-	\$1,420	\$1,343	\$1.89	-	\$2.12	\$2.01					
Product: Mid Rise				Total Units: 380				1	745	1	1.0	\$1,355	-	\$1,450	\$1,450	\$1.82	-	\$1.95	\$1.88	\$1,355	-	\$1,450	\$1,403	\$1.82	-	\$1.95	\$1.88					
Number of Floors: 4 Story				Occupancy Rate: 96.0%				1	780	1	1.0	\$1,695	-	\$1,770	\$1,770	\$2.17	-	\$2.27	\$2.22	\$1,695	-	\$1,770	\$1,733	\$2.17	-	\$2.27	\$2.22					
				Lease Rate 98.0%				1	787	1	1.0	\$1,345	-	\$1,485	\$1,485	\$1.71	-	\$1.89	\$1.80	\$1,345	-	\$1,485	\$1,415	\$1.71	-	\$1.89	\$1.80					
								1	953	2	2.0	\$1,525	-	\$1,715	\$1,715	\$1.60	-	\$1.80	\$1.70	\$1,525	-	\$1,715	\$1,620	\$1.60	-	\$1.80	\$1.70					
Year Built: U/C								1	993	2	2.0	\$1,535	-	\$1,725	\$1,725	\$1.55	-	\$1.74	\$1.64	\$1,535	-	\$1,725	\$1,630	\$1.55	-	\$1.74	\$1.64					
Estimated Start 4Q2013				Open: Jan 2014				1	1,045	2	2.0	\$1,580	-	\$1,735	\$1,735	\$1.51	-	\$1.66	\$1.59	\$1,580	-	\$1,735	\$1,658	\$1.51	-	\$1.66	\$1.59					
Estimated Completio 2Q2014								1	1,122	2	2.0	\$1,665	-	\$1,705	\$1,705	\$1.48	-	\$1.52	\$1.50	\$1,665	-	\$1,705	\$1,685	\$1.48	-	\$1.52	\$1.50					
Stabilization 4Q2015								1	1,175	2	2.0	\$1,760	-	\$1,795	\$1,795	\$1.50	-	\$1.53	\$1.51	\$1,760	-	\$1,795	\$1,778	\$1.50	-	\$1.53	\$1.51					
								1	1,555	3	3.0	\$2,580	-	\$2,720	\$2,720	\$1.66	-	\$1.75	\$1.70	\$2,580	-	\$2,720	\$2,650	\$1.66	-	\$1.75	\$1.70					
Totals/Averages:								11	950			\$1,593	-	\$1,725	\$1,725	\$1.71	-	\$1.87	\$1.79	\$1,593	-	\$1,725	\$1,659	\$1.71	-	\$1.87	\$1.79					
BEACON 430																																
Beacon 430				NRP Group				1	582	1	1.0	\$1,284	-	\$1,409	\$1,347	\$2.21	-	\$2.42	\$2.31	\$1,284	-	\$1,409	\$1,347	\$2.21	-	\$2.42	\$2.31					
								1	653	1	1.0	\$1,414	-	\$1,544	\$1,479	\$2.17	-	\$2.36	\$2.26	\$1,414	-	\$1,544	\$1,479	\$2.17	-	\$2.36	\$2.26					
Product: Mid Rise				Total Units: 326				1	728	1	1.0	\$1,559	-	\$1,614	\$1,587	\$2.14	-	\$2.22	\$2.18	\$1,559	-	\$1,614	\$1,587	\$2.14	-	\$2.22	\$2.18					
Number of Floors: 4 Story				Occupancy Rate: 60.0%				1	776	1	1.0	\$1,624	-	\$1,624	\$1,624	\$2.09	-	\$2.09	\$2.09	\$1,624	-	\$1,624	\$1,624	\$2.09	-	\$2.09	\$2.09					
				Lease Rate 80.0%				1	726	1	1.0	\$1,664	-	\$1,764	\$1,714	\$2.29	-	\$2.43	\$2.36	\$1,664	-	\$1,764	\$1,714	\$2.29	-	\$2.43	\$2.36					
								1	855	1	1.0	\$1,675	-	\$2,059	\$1,867	\$1.96	-	\$2.41	\$2.18	\$1,675	-	\$2,059	\$1,867	\$1.96	-	\$2.41	\$2.18					
Year Built: U/C								1	1,050	2	2.0	\$2,194	-	\$2,314	\$2,254	\$2.09	-	\$2.20	\$2.15	\$2,194	-	\$2,314	\$2,254	\$2.09	-	\$2.20	\$2.15					
Estimated Start 1Q2013				Open: Nov 2014				1	1,143	2	2.0	\$2,325	-	\$2,759	\$2,542	\$2.03	-	\$2.41	\$2.22	\$2,325	-	\$2,759	\$2,542	\$2.03	-	\$2.41	\$2.22					
Estimated Completio 3Q2014								1	1,264	2	2.0	\$2,359	-	\$2,454	\$2,407	\$1.87	-	\$1.94	\$1.90	\$2,359	-	\$2,454	\$2,407	\$1.87	-	\$1.94	\$1.90					
								1	1,163	2	2.0	\$2,459	-	\$2,494	\$2,477	\$2.11	-	\$2.14	\$2.13	\$2,459	-	\$2,494	\$2,477	\$2.11	-	\$2.14	\$2.13					
								1	1,279	2	2.0	\$2,584	-	\$2,709	\$2,647	\$2.02	-	\$2.12	\$2.07	\$2,584	-	\$2,709	\$2,647	\$2.02	-	\$2.12	\$2.07					
								1	1,360	3	2.0	\$2,695	-	\$3,000	\$2,848	\$1.98	-	\$2.21	\$2.09	\$2,695	-	\$3,000	\$2,848	\$1.98	-	\$2.21	\$2.09					
Totals/Averages:								12	965			\$1,986	-	\$2,145	\$2,066	\$2.08	-	\$2.25	\$2.16	\$1,986	-	\$2,145	\$2,066	\$2.08	-	\$2.25	\$2.16					
MODERA PRIME 235																																
Modera Prime 235				Mill Creek Residential				1	493	Studio	1.0	\$1,195	-	\$1,345	\$1,270	\$2.42	-	\$2.73	\$2.58	\$1,195	-	\$1,345	\$1,270	\$2.42	-	\$2.73	\$2.58					
								1	562	1	1.0	\$1,165	-	\$1,315	\$1,240	\$2.07	-	\$2.34	\$2.21	\$1,165	-	\$1,315	\$1,240	\$2.07	-	\$2.34	\$2.21					
Product: Mid Rise				Total Units: 325				1	602	1	1.0	\$1,265	-	\$1,415	\$1,340	\$2.10	-	\$2.35	\$2.23	\$1,265	-	\$1,415	\$1,340	\$2.10	-	\$2.35	\$2.23					
Number of Floors: 8 Story				Occupancy Rate: 92.9%				1	712	1	1.0	\$1,460	-	\$1,610	\$1,535	\$2.05	-	\$2.26	\$2.16	\$1,460	-	\$1,610	\$1,535	\$2.05	-	\$2.26	\$2.16					
				Lease Rate 96.1%				1	716	1	1.0	\$1,480	-	\$1,630	\$1,555	\$2.07	-	\$2.28	\$2.17	\$1,480	-	\$1,630	\$1,555	\$2.07	-	\$2.28	\$2.17					
								1	722	1	1.0	\$1,490	-	\$1,640	\$1,565	\$2.06	-	\$2.27	\$2.17	\$1,490	-	\$1,640	\$1,565	\$2.06	-	\$2.27	\$2.17					
Year Built: U/C								1	830	2	2.0	\$1,725	-	\$1,875	\$1,800	\$2.08	-	\$2.26	\$2.17	\$1,725	-	\$1,875	\$1,800	\$2.08	-	\$2.26	\$2.17					
Estimated Start 1Q2013				Open: Apr. 2014				1	838	1	1.0	\$1,670	-	\$1,820	\$1,745	\$1.99	-	\$2.17	\$2.08	\$1,670	-	\$1,820	\$1,745	\$1.99	-	\$2.17	\$2.08					
Estimated Completio 4Q2014								1	840	1	1.0	\$1,685	-	\$1,835	\$1,760	\$2.01	-	\$2.18	\$2.10	\$1,685	-	\$1,835	\$1,760	\$2.01	-	\$2.18	\$2.10					
								1	908	2	1.0	\$1,795	-	\$1,945	\$1,870	\$1.98	-	\$2.14	\$2.06	\$1,795	-	\$1,945	\$1,870	\$1.98	-	\$2.14	\$2.06					
								1	1,076	2	2.0	\$1,995	-	\$2,145	\$2,070	\$1.85	-	\$1.99	\$1.92	\$1,995	-	\$2,145	\$2,070	\$1.85	-	\$1.99	\$1.92					
								1	1,078	2	2.0	\$2,030	-	\$2,180	\$2,105	\$1.88	-	\$2.02	\$1.95	\$2,030	-	\$2,180	\$2,105	\$1.88	-	\$2.02	\$1.95					
								1	1,098	2	2.0	\$2,080	-	\$2,230	\$2,155	\$1.89	-	\$2.03	\$1.96	\$2,080	-	\$2,230	\$2,155	\$1.89	-	\$2.03	\$1.96					
								1	1,115	2	2.0	\$2,100	-	\$2,250	\$2,175	\$1.88	-	\$2.02	\$1.95	\$2,100	-	\$2,250	\$2,175	\$1.88	-	\$2.02	\$1.95					
								1	1,132	2	2.0	\$2																				



Limiting Conditions

The conclusions and recommendations presented in this report are based on our analysis of the information available to us from our own research and from the client as of the date of this report. We assume that the information is correct and reliable and that we have been informed about any issues that would affect project marketability or success potential.

Our conclusions and recommendations are based on current and expected performance of the national, and/or local economy and real estate market. Given that economic conditions can change and real estate markets are cyclical, it is critical to monitor the economy and real estate market continuously, and to revisit key project assumptions periodically to ensure that they are still justified.

The future is difficult to predict, particularly given that the economy and housing markets can be cyclical, as well as subject to changing consumer and market psychology. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. We do not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions.

In general, for projects out in the future, we are assuming “normal” real estate market conditions, and not a condition of either prolonged “boom” or “bust” market conditions. We do assume that economic, employment, and household growth will occur more or less in accordance with current expectations. We are not taking into account major shifts in the level of consumer confidence; in the ability of developers to secure needed project entitlements; in the cost of development or construction; in tax laws that favor or disfavor real estate markets; or in the availability and/or cost of capital and mortgage financing for real estate developers, owners and buyers. Should there be such major shifts affecting real estate markets, this analysis should be updated, with the conclusions and recommendations summarized herein reviewed and reevaluated under a potential range of build-out scenarios reflecting changed market conditions.

We have no responsibility to update our analysis for events and circumstances occurring after the date of our report.

Geographic Coverage

