



Residential Analysis

Residential Analysis – Executive Summary

To gauge the viability of retail at the Subject site, we took both a quantitative and qualitative approach. The following summarizes our observations and recommendations.

- Based on our For-Sale Residential Demand Analysis, there is demand for approximately 729 units per year in the CMA (5-mile radius). Currently, this demand is being filled by two- and three-story townhome product priced from the high-\$200,000's to mid-\$300,000's. We believe that a redeveloped Fox Valley Mall as well as a cohesive transportation plan and design (signage and landscaping) guidelines will increase the sales prices of the for-sale units in the Study Area.
- Approximately 30% of the For-Sale Demand is for 55+ buyers. Accordingly, approximately 1/3 of all units in the Study Area should be targeted toward active adults.
- High density product (even multi-floor condos) should be located in Areas 1, 2 and 3, as they are walkable to the Route 59 Metra Station.
- The Rental Residential Demand Analysis indicates that there is demand for approximately 378 rental units per year priced above \$1,900 per month. Currently, this demand is being met by Metro 59 and 500 Station Blvd. Additional rental communities similar to these two are recommended, especially in Areas 1, 2 and 3. We believe that this type of apartment community would fit well on the underutilized parking lots at the Fox Valley Mall.
- It should be noted that there is demand for approximately 254 affordable (under \$1,300/month) rental units. The Study Area would be a good location for at least one affordable apartment community.



Residential Analysis – For-Sale Residential Demand Model

Our For-Sale Residential Demand Model indicates that there is demand for approximately 729 newly built, for-sale residential units per year within a 5-mile radius of the Study Area. Approximately 32% of this demand is geared toward 55+ buyers. The Study Area should benefit from this demand over the next several years, assuming that much of the open space and underutilized parking lots are developed as residential uses.

Existing Households - Turnover

Income Cohort	Income to Mort. (1)	Home Value (2)	Existing Households (3)					% Home Owners (4)					Home Owners					Turnover (5)				Home Owners - Annual Turnover				
			25-34	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+
\$0 - \$50,000	35%	\$0 - \$155,000	4,408	4,224	3,649	10,216	22,497	20%	30%	30%	30%	28%	882	1,267	1,095	3,065	6,308	12%	10%	9%	6%	106	127	99	184	515
\$50,000 - \$75,000	33%	\$155,000 - \$253,000	3,069	3,033	2,620	4,708	13,430	30%	40%	40%	45%	39%	921	1,213	1,048	2,119	5,301	12%	10%	9%	6%	110	121	94	127	453
\$75,000 - \$100,000	31%	\$253,000 - \$295,000	2,625	3,074	2,557	3,855	12,111	35%	50%	50%	60%	49%	919	1,537	1,279	2,313	6,047	12%	10%	9%	6%	110	154	115	139	518
\$100,000 - \$150,000	30%	\$295,000 - \$452,000	2,940	4,586	4,750	5,747	18,023	55%	65%	70%	85%	69%	1,617	2,981	3,325	4,885	12,808	12%	10%	9%	6%	194	298	299	293	1,084
\$150,000 - \$200,000	28%	\$452,000 - \$575,000	1,274	2,754	3,501	3,688	11,217	75%	80%	85%	90%	83%	956	2,203	2,976	3,319	9,454	12%	10%	9%	6%	115	220	268	199	802
\$200,000 +	25%	\$575,000 -	1,014	2,941	4,446	4,733	13,134	80%	85%	90%	90%	86%	811	2,500	4,001	4,260	11,572	12%	10%	9%	6%	97	250	360	256	963
Total			15,330	20,612	21,523	32,947	90,412	49%	58%	61%	67%	59%	6105	11701	13723	19960	51490	12%	10%	9%	6%	733	1,170	1,235	1,198	4,335

New Households

Income Cohort	Income to Mort.	Home Value	New Households - Annual (3)					% Home Owners (4)					New Home Owners					Turnover				New Home Owners - Annual Turnover				
			<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+
\$0 - \$50,000	35%	\$0 - \$155,000	(375)	(428)	(369)	(117)	(1,289)	20%	30%	30%	30%	28%	(75)	(128)	(111)	(35)	(349)	100%	100%	100%	100%	(75)	(128)	(111)	(35)	(349)
\$50,000 - \$75,000	33%	\$155,000 - \$253,000	(426)	(647)	(525)	(327)	(1,925)	30%	40%	40%	45%	39%	(128)	(259)	(210)	(147)	(744)	100%	100%	100%	100%	(128)	(259)	(210)	(147)	(744)
\$75,000 - \$100,000	31%	\$253,000 - \$295,000	(116)	87	127	186	284	35%	50%	50%	60%	49%	(41)	44	64	112	178	100%	100%	100%	100%	(41)	44	64	112	178
\$100,000 - \$150,000	30%	\$295,000 - \$452,000	176	406	515	598	1,695	55%	65%	70%	85%	69%	97	264	361	508	1,230	100%	100%	100%	100%	97	264	361	508	1,230
\$150,000 - \$200,000	28%	\$452,000 - \$575,000	127	356	372	436	1,291	75%	80%	85%	90%	83%	95	285	316	392	1,089	100%	100%	100%	100%	95	285	316	392	1,089
\$200,000 +	25%	\$575,000 -	156	518	737	797	2,208	80%	85%	90%	90%	86%	125	440	663	717	1,946	100%	100%	100%	100%	125	440	663	717	1,946
Total			(458)	292	857	1,573	2,264	49%	58%	61%	67%	59%	73	645	1,083	1,547	3,349	100%	100%	100%	100%	73	645	1,083	1,547	3,349

New Home Demand - Annual

Income Cohort	Income to Mort.	Home Value	Turnover Demand					% Buy New (6)					Annual New Home Demand					
			<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	<35	35-44	45-54	55+	Total	Share
\$0 - \$50,000	35%	\$0 - \$155,000	31	(2)	(12)	149	166	0%	0%	0%	0%	0%	-	-	-	-	-	0%
\$50,000 - \$75,000	33%	\$155,000 - \$253,000	(17)	(137)	(116)	(20)	(291)	10%	10%	10%	10%	10%	(2)	(14)	(12)	(2)	(29)	-4%
\$75,000 - \$100,000	31%	\$253,000 - \$295,000	70	197	179	250	696	10%	12%	12%	10%	11%	7	24	21	25	77	11%
\$100,000 - \$150,000	30%	\$295,000 - \$452,000	291	562	660	801	2,314	10%	12%	12%	10%	11%	29	67	79	80	256	35%
\$150,000 - \$200,000	28%	\$452,000 - \$575,000	210	505	584	592	1,891	9%	11%	11%	9%	10%	19	56	64	53	192	26%
\$200,000 +	25%	\$575,000 -	222	690	1,023	973	2,909	8%	8%	8%	8%	8%	18	55	82	78	233	32%
Total			806	1,815	2,318	2,745	7,684						71	188	235	234	729	100%

Share

Sources:

- (1) US Census - American Factfinder
- (2) Assumes 10% Down Payment, 30-Year Mortgage at 5.0% Fixed Annual Rate, 2.5% Property Taxes
- (3) ESRI
- (4) ESRI
- (5) US Census - American Factfinder
- (6) DataQuick - percentage of overall home sales that are new - long term average

Residential Analysis – Rental Residential Demand Model

According to our Rental Demand Analysis, there is demand for approximately 633 rental units annually in the Study Area. Approximately 378 of these rental units are in the rental rate ranges that would be appropriate for the Study Area (above \$1,900/month).

DEMAND FROM HH GROWTH		TOTAL HOUSEHOLDS		RENTAL HOUSEHOLDS				Annual New Rental HH (A) (4)	% that Rent Apartment Homes	Total Rental Demand (5)
Annual Household Income	Monthly Rental Rate (1)	Total Households - 2017 (2)	Total Households - 2022 (P) (2)	% Rental Households 2017 (3)	2016 Calculated Renter HH	% Rental Households 2022 (3)	2022 Calculated Renter HH (P)			
\$0 to \$25,000	\$0 - \$600	9,023	9,077	68%	6,136	79%	7,160	205	80%	164
\$25,000 to \$35,000	\$600 - \$900	5,557	5,140	70%	3,890	81%	4,174	57	78%	44
\$35,000 to \$50,000	\$900-\$1,300	9,271	8,399	65%	6,026	75%	6,333	61	75%	46
\$50,000 to \$75,000	\$1,300-\$1,900	13,969	12,044	55%	7,683	64%	7,684	0	70%	0
\$75,000 to \$100,000	\$1,900-\$2,600	12,435	12,151	48%	5,969	56%	6,766	159	70%	112
\$100,000 to \$150,000	\$2,600-\$3,800	18,210	19,905	33%	6,009	38%	7,620	322	55%	177
\$150,000 to \$200,000	\$3,800-\$4,500	11,032	12,323	14%	1,544	16%	2,001	91	55%	50
\$200,000+	\$4,500	13,186	15,394	14%	1,846	16%	2,500	131	30%	39
Total	Total	92,683	94,433	42%	39,103	47%	44,237	1,027	62%	633

Monthly Rental Rate	Total Demand
\$0 - \$600	164
\$600 - \$900	44
\$900-\$1,300	46
\$1,300-\$1,900	0
\$1,900-\$2,600	112
\$2,600-\$3,800	177
\$3,800-\$4,500	50
\$4,500	39
Total	633
MR - Relevant:	46

1/ Assumes that in the MSA, households pay 31% of the annual income toward rent per American Community Survey 2014. 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.

2/ Estimated total existing households and annual household growth between 2017 and 2022. Total HH for 2017 per ESRI data is adjusted based on ACS distribution. 2022 growth per ESRI

3/ Percentage of area households that are renter occupied by income level per US Census American Community Survey 2014. For 2022 we adjusted the overall renter rate upward by 4.4% given our expectation of higher renter ratio trend in coming years. Percentages by income increase given the adjusted household income distribution.

4/ Calculated gain in renter households 2017 to 2022. Those income categories that show a decrease in households will not show household growth demand.

5/ Percentage of renters by income level that are likely to rent apartments. Data per US Census Bureau. Census reports 62% of all households in the MSA who rent, rent in structures that are 5+ units. For purposes of this analysis, Housing Trends, LLC defined these as apartments. Housing Trends model varies by income level assuming that lower income households are more likely to rent apartments than higher income households (which tend toward single-family homes).

Residential Analysis – For-Sale New Home Communities

At the present time, there are several new townhome communities in the vicinity of the Subject site. This activity demonstrates the demand for new homes in this region for townhomes in the \$300,000 to \$360,000 price range.

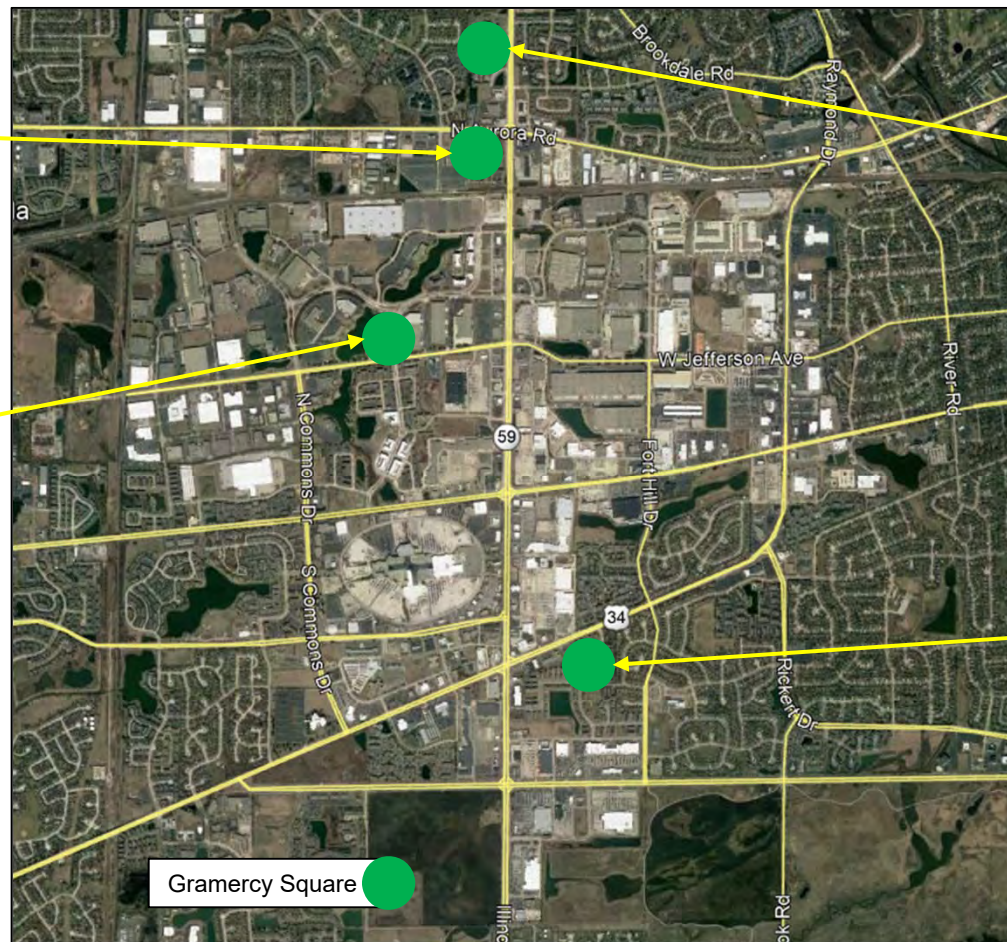
Community Name	Builder Name	Product Type	Base Price Range	Unit Size Range	\$/Sq. Ft. Range
Metro West	M/I Homes	Townhomes	\$313,990-\$323,990	1,813-1,910	\$169-\$173
Sedgewick	M/I Homes	Townhomes	\$302,990-\$359,990	1,780-2,287	\$157-\$170
Gramercy Square	M/I Homes	Townhomes	Coming Soon		
NeuDearborn Station	DR Horton	Townhomes	Coming Soon		
Union Square	Next Generation Dev.	Townhomes	\$287,900-\$309,900	1,632-1,817	\$170-\$176



Metro West



Union Square



NeuDearborn Station



Sedgewick

Gramercy Square

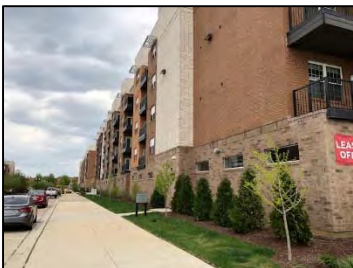
Residential Analysis – Apartment Communities

At the present time, there are several apartment communities near the Study Area. Two of these communities, Metro 59 and 500 Station Blvd., are in their initial lease-up phase and are achieving the highest rental rates in the region, primarily due to their walkability to the Route 59 Metra Station.

Community Name	Total Units	Product Type	Rental Rate Range	Unit Size Range	\$/Sq. Ft. Range
Metro 59	232	Flats, 5-Stories	\$1,365-\$2,644	590-1,451	\$1.82-\$2.31
500 Station Blvd.	417	Flats, 5-Stories	\$1,450-\$2,725	770-1,350	\$1.62-\$2.02
TGM Springbrook	600	Garden-Style	\$1,060-\$1,495	503-1,074	\$1.39-\$2.10
Legacy at Fox Valley	281	Garden-Style	\$1,125-\$2,265	685-1,388	\$163-\$175
Railway Plaza	418	Garden-Style	\$1,400-\$1,965	840-1,325	\$148-\$167
Brittany Springs	336	Garden-Style	\$1,330-\$2,150	846-1,339	\$157-\$177



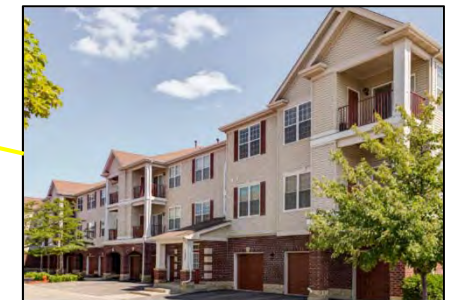
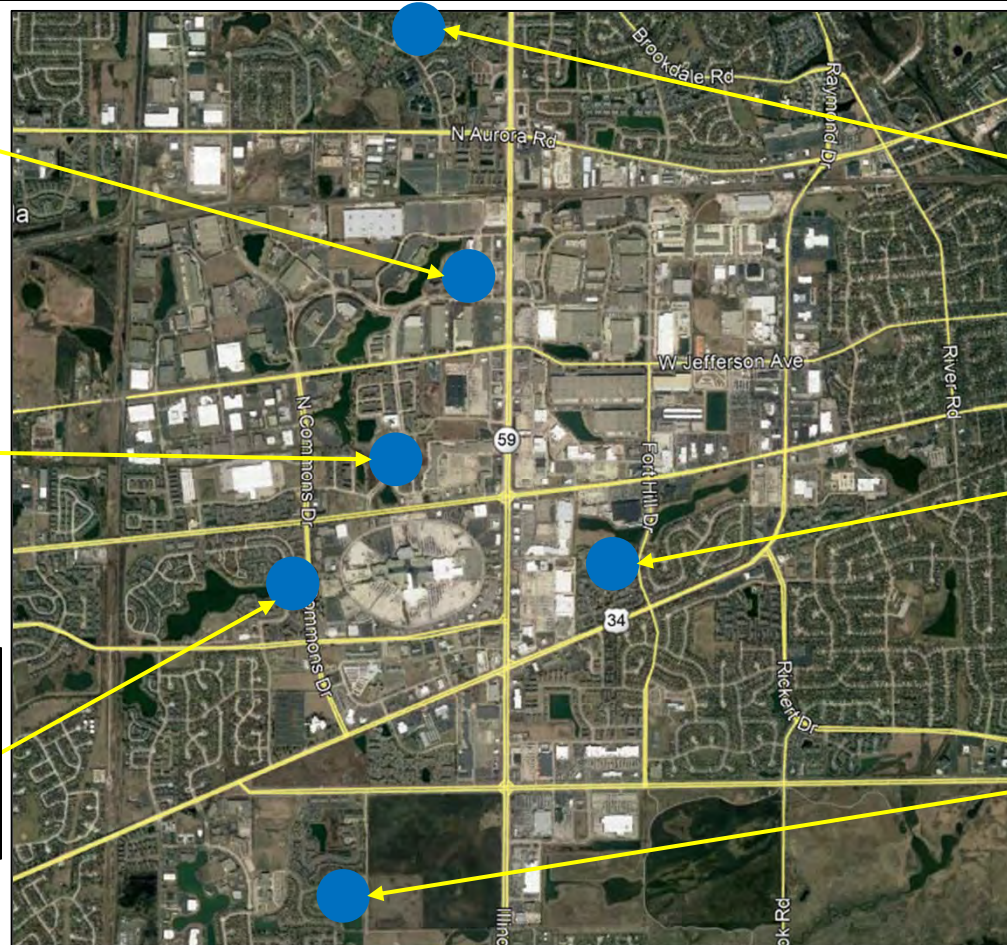
Metro 59



500 Station Blvd.



Legacy Fox Valley



Railway Station



Brittany Springs



TGM Springbrook.