Vickers Project Market Analysis

Yule
GROUP

CONTENT

OBJECTIVES

The objectives of this assignment was to provide a market study to include demand analysis, absorption and final home prices for the different segments of the Vickers projected located in Chatham County, North Carolina. In addition, we were asked to provide a description of demand indicators for each land use type, including commercial.

EXECUTIVE SUMMARY

The Vickers project is a well-planned multi-use community of 115-acres located on Highway 15-501 directly across from Briar Chapel. The community is planned for 195 units and 20,000 sq. ft. of commercial space. The site plan was created with the Chatham County comprehensive plan in mind. We believe the proposed units are currently underserved in the county and will provide a more diverse product offering for customers.

With the growth that the norther part of the county has seen, we also believe that there are commercial services that are needed and not currently offered.

This report contains our assessment of the housing demand, anticipated product, price and absorption and commercial assessment from JLL. JLL is an international real estate firm that specializes in a variety of assets including industrial, commercial, retail, residential and hotel real estate.

SITE PLAN

Vickers Bennett is an approximately 115-acre community planned as follows:

21 SFD Rear-loaded units (47' x 130')
139 Traditional TH (3-story, 2-car) units (22' x 42')
20 Townhomes, tandem 2-car (18' x 42)
15 Condos/Apartment units above commercial

The communiy is planned for 20,000 sq. Ft. of commercial located along 15-501. Plans for a play field and passive amenity (dog park, etc) are included. There will also be a wastewater treatment plant along with onsite spray fields.

The community will appeal to singles, couples and young families. These consumers prefer new homes and communities with strong architectural curb appeal and desire a location within 30 minutes of work with easy access to restraunts and entertainment.
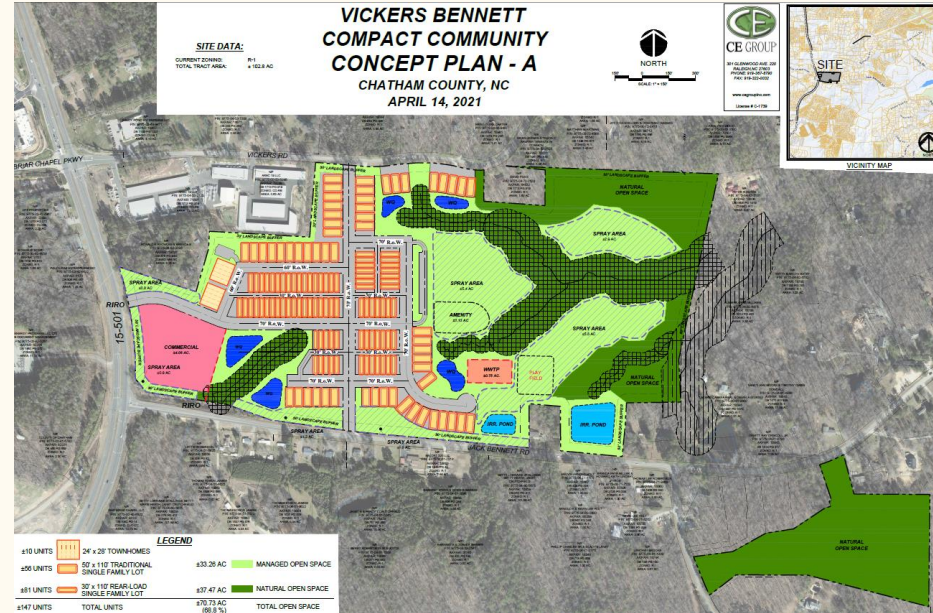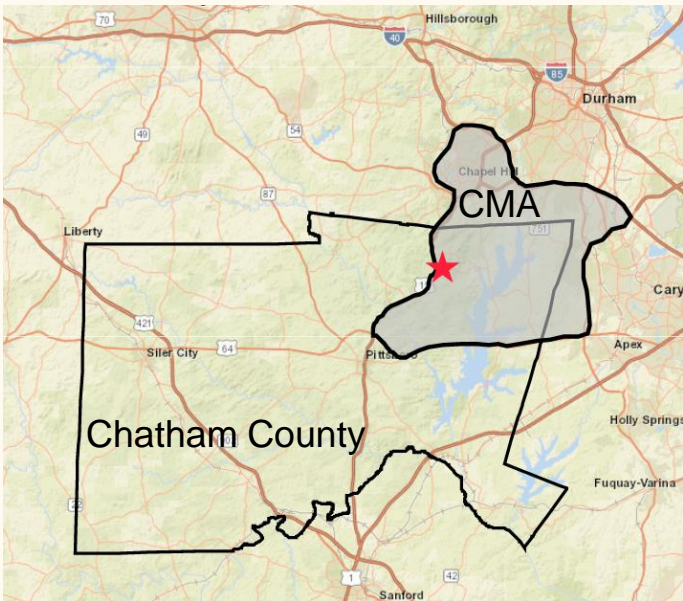
The competitive market area is defined by 15-501 to the west, I-40 to the north, Hwy 540 to the east and Hwy 64 to the south. These areas include transportation and employment corridors. They also represent counties with dwindling new home supply. In conversations with Realtors and new home builders, this area is where ~ 60% of new home buyers are drawn.

Source: ESRI

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HOUSING DEMAND

MARKET OVERVIEW

Despite the pandemic, Raleigh's housing market has continued to grow. According to Zonda, "In March, Raleigh's New Home Pending Sales Index had the third highest YOY gain among major markets nationwide. The metro's index did see a decrease MOM, but this is mostly a reflection of low inventory and sales caps. In terms of demand, Raleigh builders remain in a good place, but the pressure is on to deliver supply. The pressure will be magnified over the future as Apple has announced it will spend $1B to build a new campus in Research Triangle Park that will employ 3,000 tech workers at an average salary of $187,000. Raleigh stands among the top 15 metros in the country with the lowest unemployment rates as its economic recovery continues. As of March data, the metro has recovered 80% of its pandemic job losses with particular strength in professional and business services. In a recent Zonda Builder Sentiment Survey, 78% of Raleigh builders indicated they are expanding their geographic search for land opportunities into additional markets due to increasingly competitive conditions caused by local land constraints and tight lot supply." This strong demand and waning land supply in counties like Wake, Orange and Durham, will benefit surrounding counties like Chatham.

According to Moody's, total nonfarm employment in the Raleigh-Cary, NC metropolitan statistical area decreased 3.0% year over year to 638,900 payrolls in February 2021. There are approximately 19,900 fewer jobs than February of last year. The local unemployment rate decreased to 4.9% in February 2021 compared to 5.1% in the previous month. Forecasts show that the region's unemployment rate will finish the year at 4.8%.

Sources: ZONDA, MLS, Moody's, WRAL

Several news reports further demonstrate the resiliency of the MSA. According to WRAL, "The coronavirus pandemic has taken a toll on many facets of daily life, from education to business to mental health. But one area thriving through it all in North Carolina is residential real estate. According to mover United Van Lines, 60 percent of the moves in North Carolina were made by people moving into the state, which is the sixth-highest inbound percentage in the country."
County statistics obtained by WRAL reflect that:

In Wake County, sales were up 6.8 percent, and prices were up 7.1 percent.
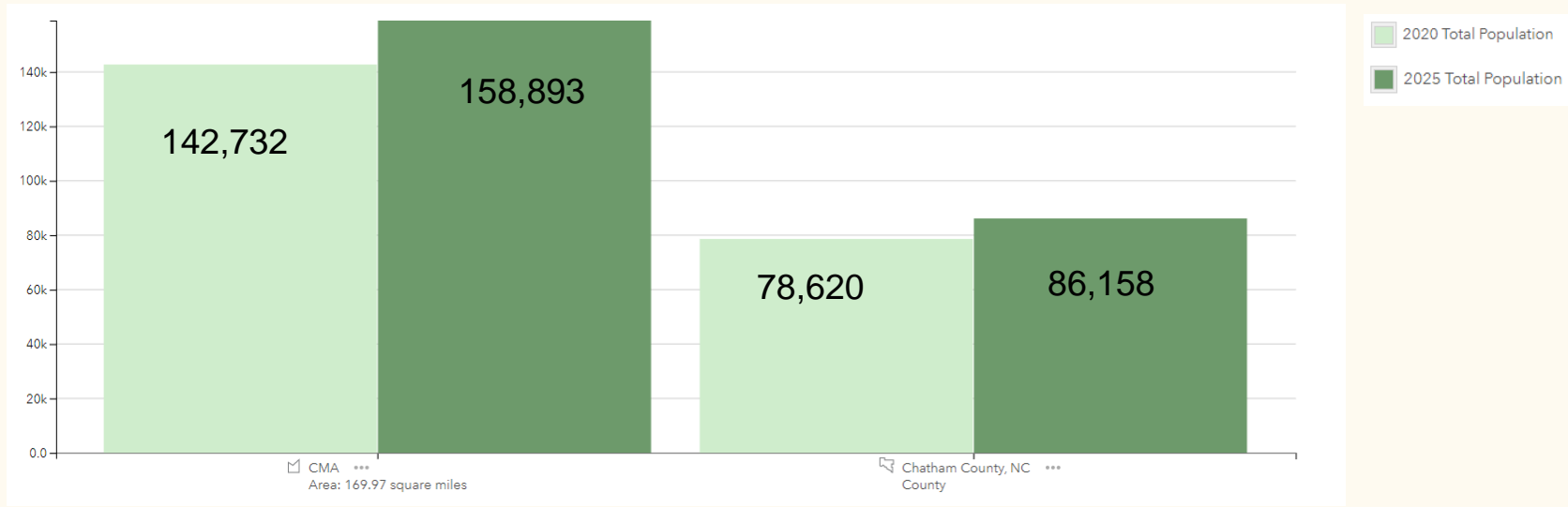In Durham County, sales jumped 4.2, percent, and prices rose 6.7 percent.
Johnston County experienced a 14.5 percent increase in sales and a 6.4 percent increase in prices.
Despite sales dropping 2.2 percent in Orange County, the median price went up more than 4 percent.
Cumberland County had the biggest winners among home sellers, with sales up 13 percent and prices up 12 percent.

With strong recovery in the professional and business services industries, waning supply in neighboring counties and reduced inventory overall, we believe there is more than sufficient demand for the 215 residential units at the Subject property.

Total population in the CMA is projected to increase by 11% or 16,161 by 2025. By comparison, Chatham County is expected to grow by 10%.

According to Wake Co. Economic Development, "Unemployment rates have improved significantly since the worst of the crisis in April 2020, with 5.3% unemployment reported in November in the Triangle Region. This is lower than state and national figures.
Economic recovery has been uneven. The restaurant, leisure, and hospitality sectors continue to show large job losses statewide and other sectors including education, manufacturing, and public sector are still far below employment levels from the same time in 2019.
In November 2020, there were nearly over 53,000 people defined as unemployed in the Triangle region, an increase from over 33,000 in February 2020. In addition, there are over 43,000 fewer people in the labor force when compared to February, representing many previously employed people who have stopped actively looking for work for reasons including childcare, virtual schooling, caregiving, health concerns, and others."
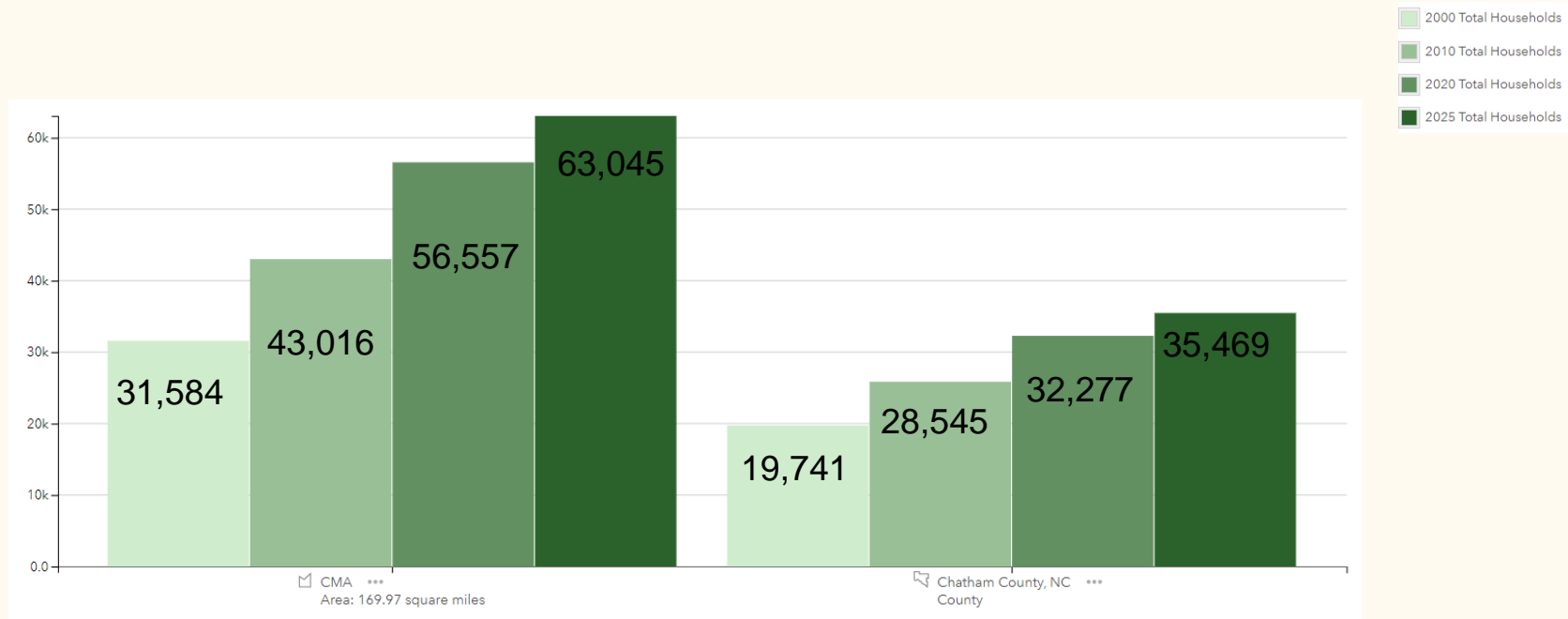
Currently unemployment rates are as follows: Chapel Hill 3.2%, Durham 4.9%, Cary 2.9%, Apex 3.6%. The unemployment rates are lowest for the target buyers of new homes.

| 0 | 11.6 | 29.1 | 66.8 | 127 | 242 | 432 | 757 | 1.2k | 2.2k | >4.0k |
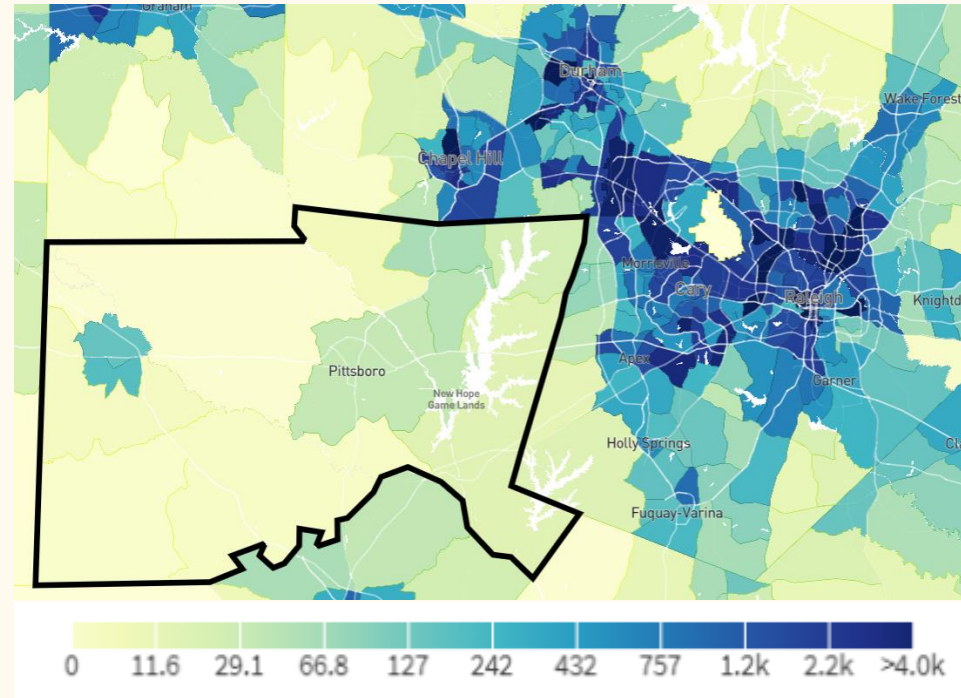
Number of jobs per square mile in this area

As this map shows, the job centers have historically located in and around Raleigh, Durham and Chapel Hill. Most people who live in Chatham county either work from home or commute to one of the job centers.

Source: Wake County Economic Development, BLS.gov, OpportunityAtlas

Households in the CMA are projected to grow 2.2% annually (3,140 households) from 2020 to 2025 vs. 1.8% (1,415 households) for Chatham County.

Source: ESRI

CURRENT AND PROJECTED HOUSEHOLD SIZE FOR CMA

Site	2010 Average Household Size	2020 Average Household Size	2025 Average Household Size
CMA	2.33	2.39	2.40

Household size in the CMA has remained steady at approximately 2 per household. It's expected to increase to almost 2.5 by 2025. When we analyze the population by average age, we see that 25% is 55+ and 15% are 24-34. The proportion of empty nesters and young singles/couples will hold the average household number down.

PROJECTED POPULATION CAPTURE IN THE TRADE AREA

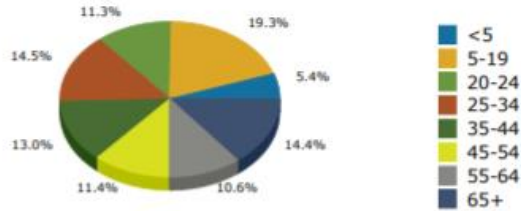| Year	2020	2021	2022	2023	2024	2025
Total New Home Sales	3024	3021	3081	3142	3205	3269*
Projected CMA Population Growth	142,732	145,786	148,950	152,182	155,484	158,893
Projected New Home Capture	0	0	2.0%	2.0%	2.0%	2.0%

The subject has a total of 195 units. Anticipated start date is in 2022. We have projected a new home capture of 2.0% for most of the six-year life of the project. We only have population projections from the census through 2025 but we expect home capture percentage to drop in 2026 and 2027 as supply dwindles.

25% of residents in this area are 55+; 24.4% are 34 – 54 and 15% are 24 - 34

2020 Population by Age

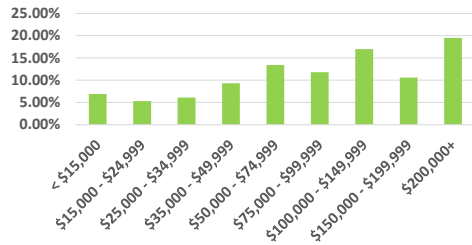| Color	Age
	<5
	5-19
	20-24
	25-34
	35-44
	45-54
	55-64
	65+

19.3%, 5.4%, 14.4%, 10.6%, 11.4%, 13.0%, 14.5%, 11.3%

29.3% of homes are valued at $500K + and 17.6% are between $400 - 499K and 24% are $300 – 399K.

2020 Home Value

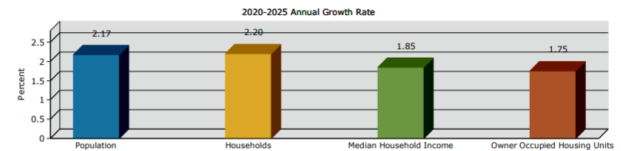| Color	Value
	<$100K
	$100-199K
	$200-299K
	$300-399K
	$400-499K
	$500K+

18.7%, 8.2%, 2.1%, 29.3%, 17.6%, 24.0%
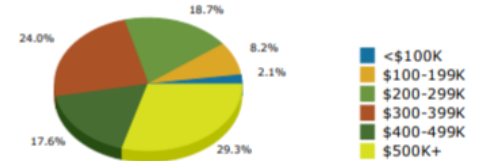
Median household income was $92,720 in 2020. Median income is expected to grow ~9% by 2025 to $101,599

2020 HH by Income

(Bar chart with income brackets: < $15,000; $15,000 - $24,999; $25,000 - $34,999; $35,000 - $49,999; $50,000 - $74,999; $75,000 - $99,999; $100,000 - $149,999; $150,000 - $199,999; $200,000+)

The number of households is expected to grow 2.29% annually from 2020-2025.

2020-2025 Annual Growth Rate

Category	Percent
Population	2.17
Households	2.20
Median Household Income	1.85
Owner Occupied Housing Units	1.75

Sources: ESRI

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PRICING AND COMPETITIVE ANALYSIS

PRICING DETAIL

Chapel Hill			Product							Price Recommendations					
		Mix	Home Width (Ft)	Home Size (SqFt)	Bd	Ba	Levels	Pkg	Base Price	Net Base Price	Net Base /SqFt	Ttl Buyer & Seller Options	Total Price	Total Price/ SqFt
Rear Load SFD	Builder TBD														
Product	SFD	Sales Start	6/1/22	1.0	47'	2,100	3	2.5	2.0	2.0	$400,000	$400,000	$190	$15,000	$415,000	$198
		Total Units	21	1.0	47'	2,300	3	2.5	2.0	2.0	$424,400	$424,400	$185	$15,000	$439,400	$191
		Target Sales Rate	1.50	1	47'	2,500	4	3.0	2.0	2.0	$448,800	$448,800	$180	$15,000	$463,800	$186
		Sell-Out (months)	14													
		Total/Avg	3	41' - 50'	2,300 SF					$424,400	$424,400	$185	$15,000	$439,400	$191
18' 3-story TH	Builder TBD														
Product	TH	Sales Start	6/1/22	1	18'	1,500	3	2.5	3	2.0	$300,000	$300,000	$200	$20,000	$320,000	$213
Alley Load		Total Units	20	1	18'	1,800	4	3.0	3	2.0	$323,400	$323,400	$180	$20,000	$343,400	$191
Min Lot/Density		Target Sales Rate	4.00	1	18'	2,000	4	3.0	3	2.0	$339,000	$339,000	$170	$20,000	$359,000	$180
Dimens/Config		Sell-Out (months)	5													
		Total/Avg	3	12'	1,767 SF					$320,800	$320,800	$182	$20,000	$340,800	$193
22' 3-story TH	Builder TBD														
Product	TH	Sales Start	6/1/22	1	22'	1,900	3	2.5	3	2.0	$331,200	$331,200	$174	$15,000	$346,200	$182
		Total Units	139	1	22'	2,100	3	2.5	3	2.0	$346,800	$346,800	$165	$15,000	$361,800	$172
Min Lot/Density		Target Sales Rate	3.50	1	22'	2,300	3	2.5	3	2.0	$362,400	$362,400	$158	$15,000	$377,400	$164
Dimens/Config		Sell-Out (months)	40													
		Total/Avg	3		2,100 SF					$346,800	$346,800	$165	$15,000	$361,800	$172
Condo over Retail	Builder TBD														
Product	Condo	Sales Start	12/1/25	1	Condo	800	1	1.0	1	2.0	$270,000	$270,000	$280	$0	$270,000	$338
Condo		Total Units	15	1	Condo	1,200	2	2.0	1	2.0	$380,000	$380,000	$420	$0	$380,000	$317
Min Lot/Density		Target Sales Rate	2.00													
Dimens/Config		Sell-Out (months)	8													
		Total/Avg	2	0'	1,000 SF					$325,000	$325,000	$325	$0	$325,000	$325
		Overall Totals/Averages:	195		2,003					$350,813	$350,813	$181	$14,359	$365,172	$188

Sources: Yule Group

COMPARABLE FOR SALE PROJECT DETAIL

We anticipate the single-family detached home plans from 2,100 – 2,500 sq. ft. will have an average price of $439,400 for the rear load product. The 18' attached homes range from 1,500 to 2,00 sq. ft. and average $340,800 total price. The 22' attached homes range from 1,900 to 2,300 and average $361,800 in total price. The attached product is in line with Creekside Commons, which is in Durham. Most of the competition for townhomes is in closeout. The average for the single-family are 3% below Briar Chapel which is appropriate due to the numerous amenities and brand premium for Briar Chapel. We priced the condos just approximately 1% below Mosiac, as they have more walkable retail planned but have yet to sale a condo. We believe the sales pace will pick up once they have product to show. We used $0.35/sq. ft. for HOA pricing for the condos, which is in-line with Mosiac.

Project Summary

	Location	Community	Builder	Product Type	Unit Size (SqFt)	Overall Abs	3-Mo Abs	Price	Avg Price
1	Chapel Hill	Rear Load SFD	Builder TBD	SFD	2,300	1.5	New	$400K - $449K	$439,400
2	Chapel Hill	18' 3-story TH	Builder TBD	TH	1,767	4.0	New	$300K - $339K	$340,800
3	Chapel Hill	22' 3-story TH	Builder TBD	TH	2,100	3.5	New	$331K - $362K	$361,800
4	Chapel Hill	Condo over Retail	Builder TBD	Condo	1,000	2.0	New	$270K - $380K	$325,000
1	Durham	Creekside Commons	Ryan Homes	TH	2,159	4.6	19.0	$336K - $351K	$343,490
2	Chatham	Providence at Southpoint	David Weekley	TH	2,092	New	New	$319K - $343K	$330,300
2	Chapel Hill	Chapel Run	David Weekley	TH	2,034	1.0	2.3	$299K - $316K	$307,495
3	Chapel Hill	Briar Chapel 2100 - 2500	Multiple Builders	SFD	2,354	5.3	3.6	$358K - $665K	$453,658
4	Pittsboro	Mosiac	Chatham Park	Condo	1,207	0.0	0.0	$274K - $600K	$400,700
	Competitor Median				**2,092**	**2.8**	**3.0**		**$343,490**
	Competitor Average				**1,969**	**2.7**	**6.2**		**$367,129**
	Competitor Minimum				**1,207**	**0.0**	**0.0**		**$307,495**
	Competitor Maximum				**2,354**	**5.3**	**19.0**		**$453,658**

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COMPARABLE FOR SALE PROJECT DETAIL

Community	Briar Chapel	Creekside Commons – Closeout (TH)	Chapel Run (Closed Out)	Briar Chapel TH (Anticipated pricing)	Mosiac Condos (Above Retail)
Location	Chapel Hill	Durham	Chapel Hill	Chapel Hill	Pittsboro
Builders	David Weekley, Homes by Dickerson	Dan Ryan	David Weekley	David Weekley	Montgomery Construction
Lot Size	SFD - 32', 45', 55', 70' Future TH – 1800 – 2400 sq. ft.	Th - 22'	18'	25'	N/A
Home Price Range	$550,000 - $950,000*	Townhomes $335,990 - $350,990	$275,900 - $288,900	$328,467 - $353,187	$273,900 - $599,900
Square Foot Range	1,920 – 4,000	1,978 – 2,339	1,558 – 1,915	1,950 – 2,271	853 – 1,675
Total Lots/Remaining Lots	SFD 2,606/94	132/3	441/260	89/89	56/56
Monthly HOA	$130 - $330 (Age restricted)	TH $100/month	SFD $119/month	$200/month	$0.33/sq. ft. $250 - $586
Amenities	Jr. Olympic and Free form saltwater pool, clubhouse with fitness center, dog parks, trails, parks, community garden, basketball court, pickle ball, volleyball court, amphitheater, covered picnic area	No Amenities Product is 3-stories and includes 2-car garages	No amenities 2-3 story with 1-car garage Chapel Hill address but located in Durham County	Jr. Olympic and Free form saltwater pool, clubhouse with fitness center, dog parks, trails, parks, community garden, basketball court, pickle ball, volleyball court, amphitheater, covered picnic area	Amenities include Reserved Covered Parking Smart Phone keyless entry Private entrance with elevators Pet spa Interior – 11' ceilings, Caesarstone countertops with tile backsplash
Buyer Profile	Local/relos. 55+, young and mature families, couples, singles	Local/relos, singles, couples	Local/relos, singles, couples,	Local/relos, young families, couples, singles	No sales yet

Sources: Yule Group, *David Weekley TH price unavailable

COMPARABLE LOCATION MAP

Most of the new townhome competition is in close out and located near Durham. Briar Chapel is directly across from the subject but is also in close out for smaller product. The one exception is the three-story townhomes by David Weekley anticipated to come online by the end of 2021. Mosiac is offering new condos over retail and is planning on having four condo buildings.
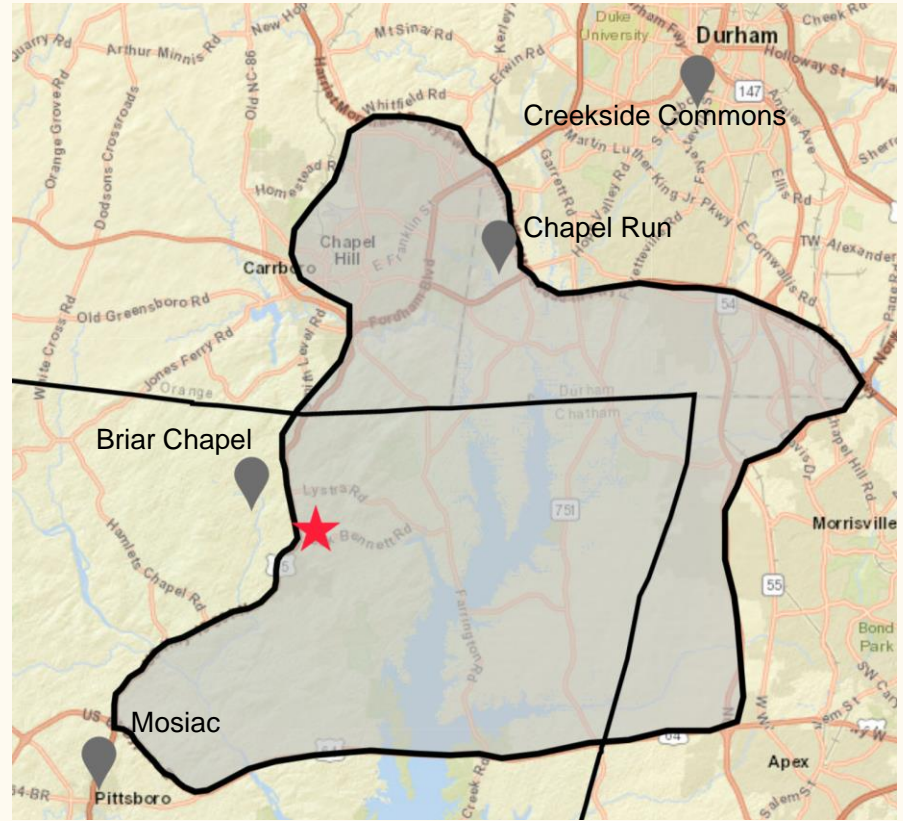

Chatham County ——— CMA ★ Subject

COMMUNITY PRODUCT RECOMMENDATIONS

The subject is proposing four product lines: condos, an 18' townhome with a tandem 2-car garage, a 22' townhome with a 2-car garage and a 47', rear-load single-family home. We recommend total prices for the condos of $270,000 - $380,000, the 18' townhome product of $320,000 - $359,000 and for the 22' townhomes a range of $346,200 - $377,400. For the single-family product we recommend $415,000 to $463,800 for the rear load single-family homes.

Sources: Yule Group
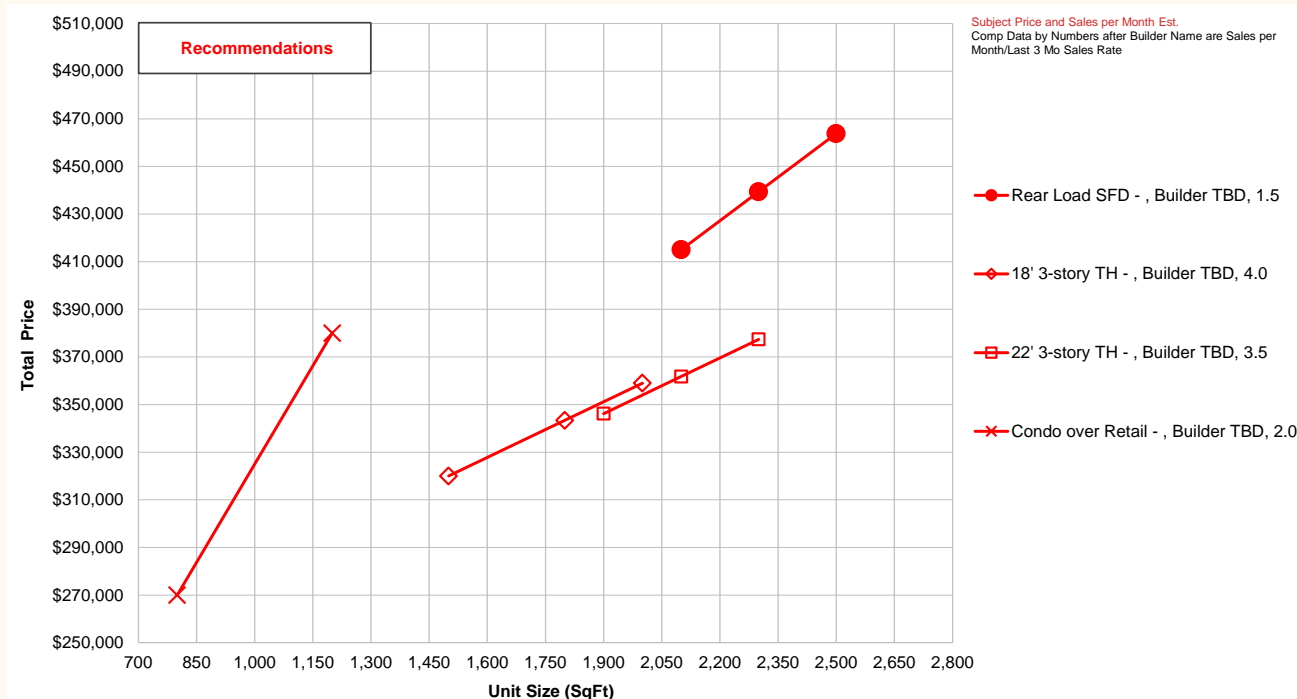
We recommend three plans for each townhome line. For the 18' product we recommend 1,500 – 2,000 and for the 22' product 1,900 – 2,300 sq. ft. We have priced the Subject in-line with Creekside Commons and just above Chapel Run closings. Please note that these closings occurred in 2019 and prices have risen approximately 10-15% since then. We believe that the lack of attached supply as well as the small number of townhomes planned for the Subject will allow for a stronger price per sq. ft. We priced the condos 1% below Mosiac. They have more planned retail but have been preselling for a year with no sales. We expect sales to increase once they have product to show.

Sources: MLS
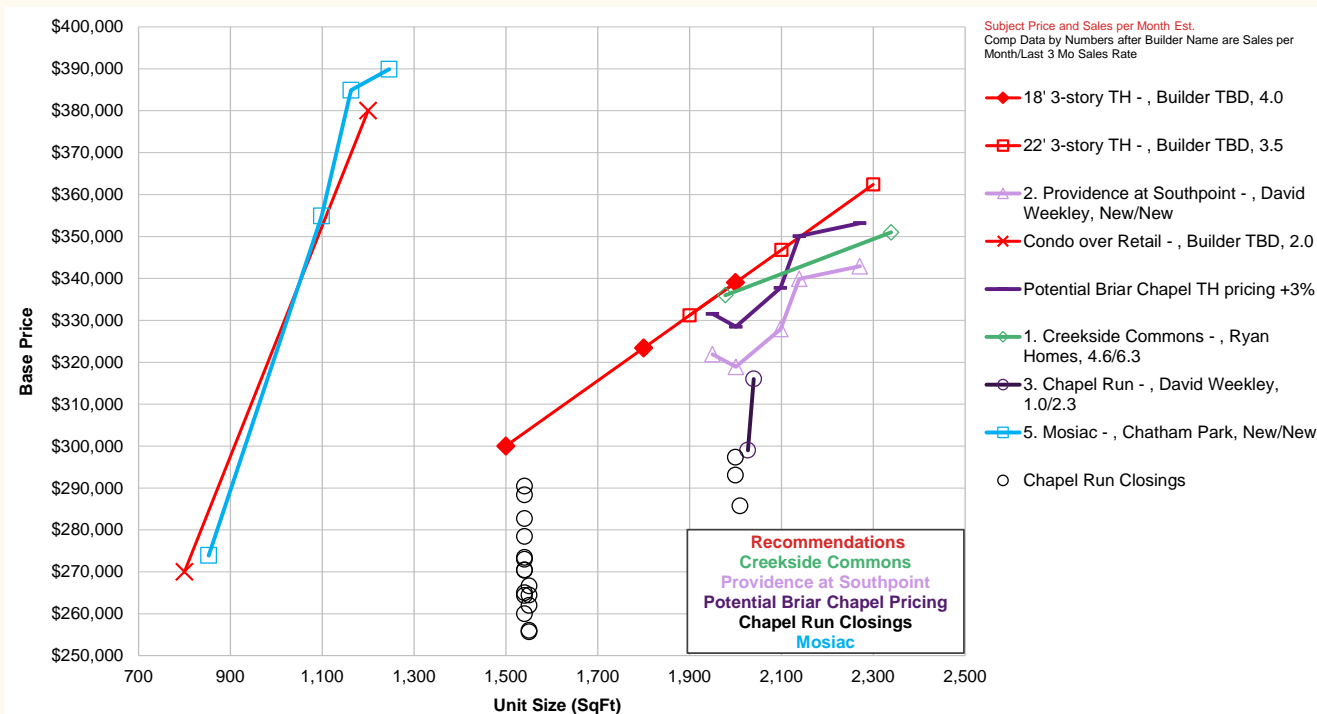
The average resale townhome in Chatham County is 2,044 sq. ft and sells for $284,308. The recommended pricing for the 18' townhome product averages $340,800 for 1,767 sq. ft. and the 22' townhome averages 2,100 for $361,800. This price range is a 20- 27% premium over resale. Most areas of the triangle achieve a 25%-30% premium over resale. Most condo closings in the CMA occurred in Orange County with average resale of $233,144 with an average age of 32 years. The higher priced ones are along Franklin Street. The average recommended price for the condos is $325,000 for 1,000 sq. ft. Given the age and supply of condos, we feel the 39% spread between new and resale is appropriate.

Sources: MLS

23
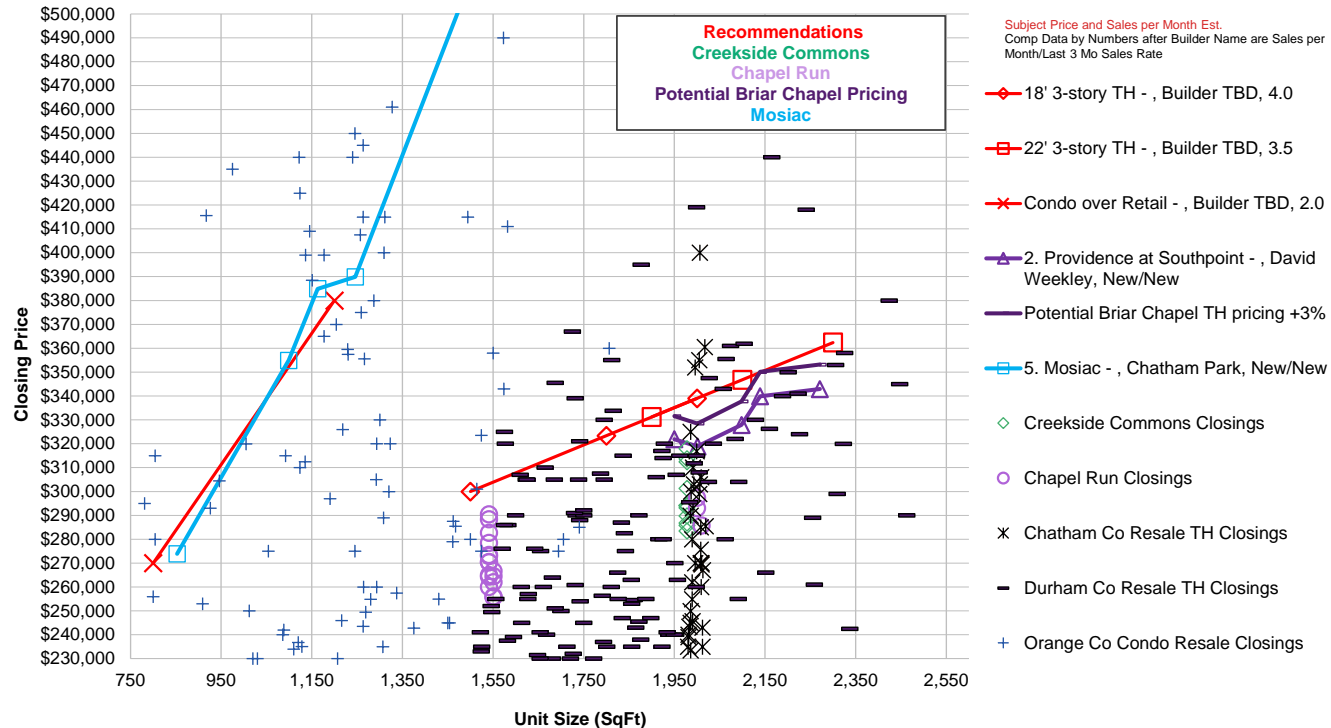
POSITIONING

There is one single-family product; a rear load from 2,100 – 2,500 sq. ft.   The average size and price for new homes in Briar Chapel from 2,100 – 2,500 was $453,658. Our recommendations price the single-family product line at $439,400, which is a 3% discount to Briar Chapel. Given the amenity load and brand recognition, we believe this discount is appropriate.

Subject Price and Sales per Month Est.
Comp Data by Numbers after Builder Name are Sales per Month/Last 3 Mo Sales Rate

— Rear Load SFD - , Builder TBD, 1.5

● Briar Chapel 2100 - 2500

Recommendations
Briar Chapel

Sources: MLS

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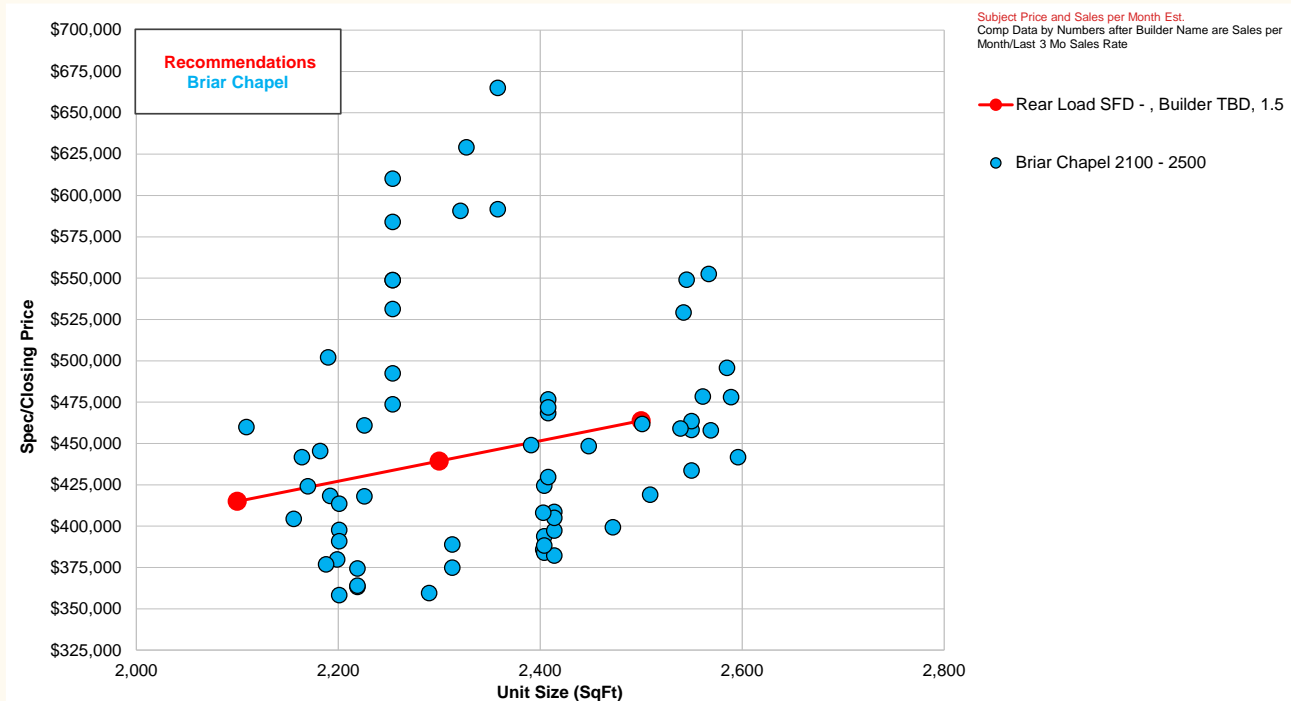
PROJECTED HOME PRICE APPRECIATION

According to Zillow, "Inventory growth should cool down home value appreciation. While panelists expect home value growth this year to be almost double its pre-bubble, historically "normal" annual pace of 3.6%, they expect a slowdown through the middle of the decade. On average, panelists said they expect annual home value growth to slow to 4.5% in 2022, slowing further to 3.7%, 3.5%, and 3.6% in 2023, 2024, and 2025, respectively. Even with an anticipated slowdown to levels more in line with historic norms, the recent stretch of rapid home value growth is extraordinary."

Expectations for U.S. Home Values

Zillow Home Value Index
Pre-Bubble Trend
All Panelists
Optimists

Zillow Economic Research and Pulsenomics | Q1 2021 Zillow Home Price Expectations (ZHPE) survey
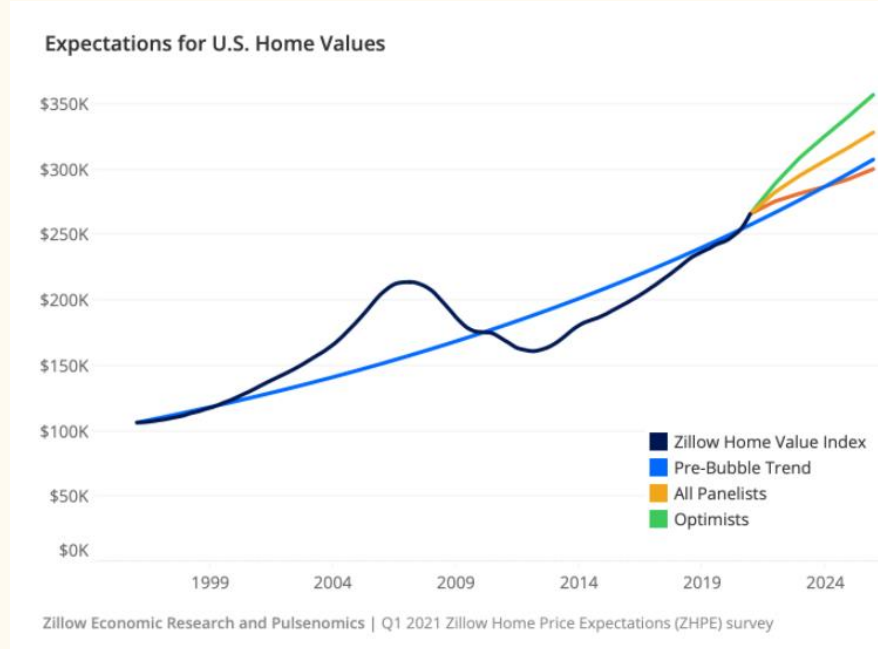
Based on the above index, Yule Group has based annual price appreciation at 3.3 beginning in 2022.

Sources: Zillow

Zillow is currently projecting a 3.1% price appreciation for this area. We have conservatively kept the appreciation the same for 2022 - 2024. Zillow is projecting a 9.8% price appreciation for the total MSA. We reduced to 6.8% to avoid double counting the appreciation. We have also reduced the price appreciation rate down to 2020's levels beginning in 2022 as we feel that most of the cost increases are due to delays in materials and is directly related to COVID-19 and inventory for materials should increase within a year.

MSA and Subject Forecasted Value Change; Subject Forecasted Absorption and Sell-Out

				Dec-21	Dec-22	Dec-23	Dec-24
Total Price Appreciation - MSA				6.8%	3.3%	3.3%	3.3%
Project or Neighborhood Adjustments to MSA Forecast							
<u>Category</u>							
Zillow Home Value Index				3.1%	3.1%	3.1%	3.0%
Other				0.0%	0.0%	0.0%	0.0%
Forecasted Change for Subject				**9.9%**	**6.4%**	**6.4%**	**6.3%**

Community	Units	Product Detail	Total Price May 2021	Dec-21	Dec-22	Dec-23	Dec-24
Rear Load SFD	25	Rear Load SFD	$439,400	$482,901	$513,806	$546,690	$581,104
18' 3-story TH	20	Allley Load	$340,800	$374,539	$398,510	N/A	N/A
22' 3-story TH	155	22' 3-story TH	$361,800	$397,618	$423,066	$450,142	$478,478
Condo over Retail	15	Condo	$325,000	$357,175	$380,034	$404,356	$429,811
Weighted Avg	**215**		**$366,302**	**$402,566**	**$428,330**	**$416,300**	**$442,507**

Sources: MLS, Zillow

Below is the forecasted absorption levels for the Subject assuming a 6/1/2022 beginning of sales. We have assumed a reduction in absorptions in 2023 and beyond as prices rise.

			Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
Monthly Absorption Change			0%	0%	-10%	-10%	-10%	-10%	-10%
Community	Units	Sales/Month	2021	2022	2023	2024	2025	2026	2027
Rear Load SFD	21	1.50	1.50	1.50	1.35	1.22	1.09	0.98	0.89
18' 3-story TH	20	4.00	4.00	4.00	3.60	3.24	2.92	2.62	2.36
22' 3-story TH	139	3.50	3.50	3.50	3.15	2.84	2.55	2.30	2.07
Condo over Retail	15	2.00	2.00	2.00	1.80	1.62	1.46	1.31	1.18
Total Project	**195**	**11.0**	**11.0**	**11.0**	**9.9**	**8.9**	**8.0**	**7.2**	**6.5**
Potential Sellout									
Community	Units	Sales Start	2021	2022	2023	2024	2025	2026	2027
Rear Load SFD	21	06/01/22	0	9	12	0	0	0	0
18' 3-story TH	20	06/01/22	0	20	0	0	0	0	0
22' 3-story TH	139	06/01/22	0	21	38	34	31	16	3
Condo over Retail	15	12/01/25	0	0	0	0	0	15	0
Total Project	**195**		**0**	**50**	**50**	**34**	**31**	**31**	**3**

Subject Projected Sales

Sources: MLS, Zillow

27

Yule GROUP
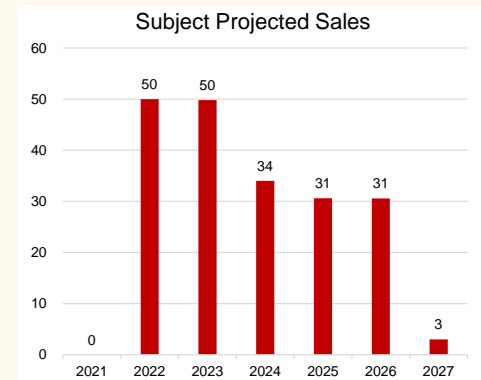
We defined the Competitive Market Area (CMA) by 15-501 to the west, I-40 to the north, Hwy 540 to the east and Hwy 64 to the south and included Briar Chapel which is across 15-501 and has had similar product to the Subject. New home closings were steady at approximately 33% for 2018-2019. Supply has since dropped and is currenlty projected to drop to 20% this year. The competition for the Subject represents a dwindling market share, starting at 6% and is currently around 3-5%. At the projected sales absorptions, assuming all product lines are available, the Subject will obtain a 2% market share by 2022. The amount of market share the Subject property will obtain is much less than the drop-off from the competition.

New and Resale CMA Closings

Includes detached and attached. Added 2% volume to 2022 & 2023 in new and resales; added subject property in new beginning 2022.

Source: MLS, Yule Group

28
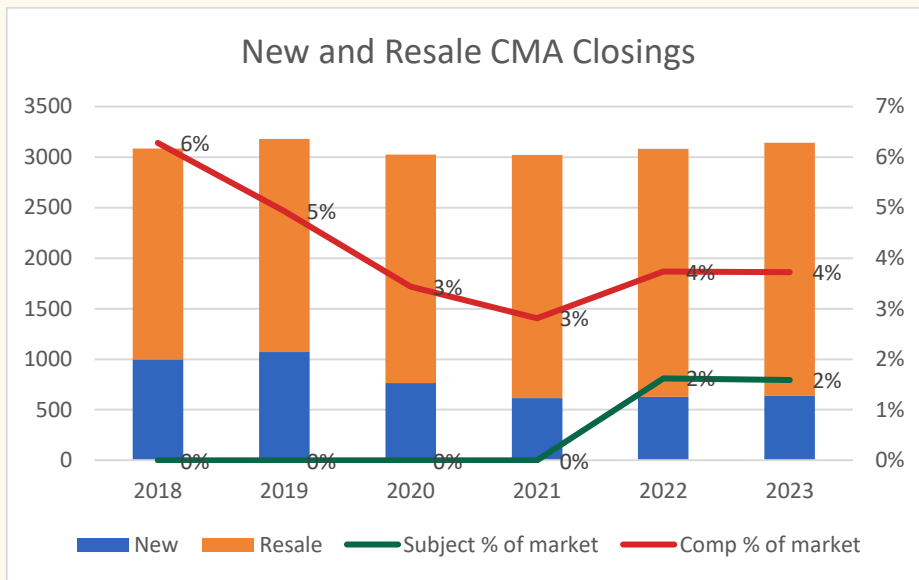
COMMERCIAL

Veranda is a 42,500 Sq. Ft. neighborhood retail center located at the entrance to Briar Chapel on 15-501. It was built in 2016, eight years after the start of the development with approximately 686 homes closed. The Veranda includes restaurants, traditional office tenants, preschool / daycare, and health and beauty providers.

Sales at Veranda occurred from 2016-2017 and averaged $327/Sq. Ft. or $2,330,750 with 7,448 Sq. Ft.
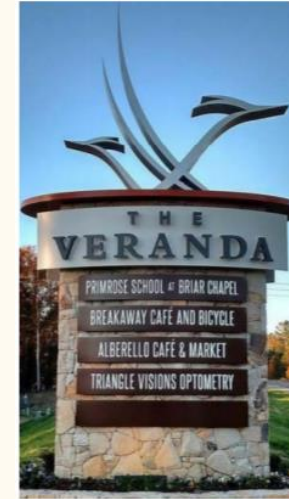
Property Name - Address	Type	Property			Sale			
		Yr Built	Size	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Multi-Property Sale 79 Falling Springs Dr Chapel Hill, NC 27516 ★★★☆☆	Retail	2016	13,000 SF	-	6/20/2018	$5,160,611 Part of Portfolio	$397/SF	-
1 Multi-Property Sale 58 Chapelton Ct Chapel Hill, NC 27516 ★★★★☆	Retail	2016	10,029 SF	-	6/20/2018	$1,765,999 Part of Portfolio	$176/SF	-
1 Multi-Property Sale 72 Chapelton Ct Chapel Hill, NC 27516 ★★★★☆	Office	2016	2,565 SF	-	6/20/2018	$1,073,390 Part of Portfolio	$418/SF	-
2 Carolina Convenient... 98 Chapelton Ct Chapel Hill, NC 27516 ★★★★☆	Retail	2016	4,199 SF	-	12/19/2017	$1,323,000	$315/SF	7.3%

Sources: CoStar

Need comment from commercial regarding difference in market then vs. now

Yule GROUP

30

The development plan provides for 20,000 SF of commercial space, along the western border of the project site, adjacent to Highway 15-501 North. The commercial space will benefit from very high visibility along the 4-lane highway and excellent access at a fully signalized intersection at the southwestern corner of the project. The Vickers Bennett owners will offer the commercial parcel (and necessary infrastructure) for sale to a commercial real estate developer who will build the physical commercial space.

The site is a natural fit for Class A/B commercial tenants that value easy access, high visibility and proximity to higher density residential development.

The owners see the commercial development directly across Highway 15-501 North, the Veranda, as a very close - and very successful - comparable. The Veranda is a part of its parent project, Briar Chapel, which comprises 2,389 approved residential units, 42,500 commercial SF, and 18 parks with 21 miles of trails. The Veranda was developed as two physically adjacent sections and totals approximately 42,500 SF of commercial and retail space.

The owners anticipate that construction of the commercial parcel will likely start approximately two years after construction of the residential development begins in 2022. Assuming a one-year build-out of the commercial space, and a six-to-twelve-month absorption timeframe, the owners expect that 20,000 SF of commercial space would be completely absorbed sometime in 2024/2025.

The owners believe that some of the most likely uses for the commercial space at the Vickers Bennett project would-be stand-alone food /beverage service, destination entertainment, professional office users, specialized medical providers, and other service providers.

The commercial space will be integrated into the overall design of the Vickers Bennett Project so that each compliments the other. The adjacent residential development is within an easy walk of the commercial development. The single-family residences will share a common, inviting connection with the commercial space.

COMMERCIAL PLAN

102 Vickers Road (the "Site" or "Subject Property") is a nearly 103-acre development tract that will conceptually hold 195single-family and multi-family units and approximately 4.06 acres of retail development. The Site is located on Hwy-501 about 7.5 miles south Chapel Hill, North Carolina, an economic powerhouse home to the University of North Carolina at Chapel Hill (30,000+ enrolled students and 3,800+ faculty). Hwy-501 is a major Raleigh-Durham arterial roadway that connects major economic centers and population bases, particularly in the Chapel Hill and Durham markets. Directly across the street from 102 Vickers Road is the Veranda retail development. Dubbed as the "front porch" to the adjacent Briar Chapel neighborhood, the Veranda offers a variety of locally owned retailers, restaurants, and businesses. Delivered in 2017, the Veranda is now 100 percent occupied as of 2021 and is home to a collection of medical services, cafes and eateries, a school, and a pharmacy. Serving as a catalyst for retail growth along this Hwy-501 corridor, the Veranda will serve as a complementary shopping center to the potential retail space within the Subject Property. The Veranda's stabilized, leas-up timeline of approximately three years was considered for the lease-up timeline for the Subject Property (found on page 2 of this report). Furthermore, as the immediate trade area continues to growth, more retailers will need to be constructed in order to support the increased consumer demand. Given the current growth of the Raleigh-Durham MSA as the second fastest growing "large" city in the U.S. (United Nations Population Division) and recent, record-breaking economic announcements (Apple and Google), we estimate a greater influx of residents to the MSA as well as a continued, increased need for services and retailers.

Sources: JLL
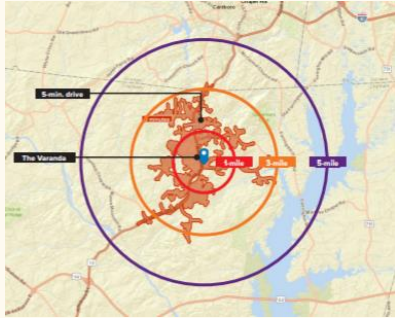
102 Vickers Road provides incredible retail opportunity due to its surrounding demographics and immediate trade area. Strength is in numbers with a projected 14% population growth (2020 - 2025) within one mile of the Site as well as a high average household incomes greater than $117,000. The site sits on Hwy-501 (30,000+ VPD), a major arterial roadway connecting Chapel Hill to Durham. Collectively, this is a prime area for increased retail supply to support a growing and well accessible population.

Within a 5-Minute Drive

43 RETAILERS & SHOPS

114 TOTAL BUSINESSES

Population	1-MILE	3-MILE	5-MILE
2020 Total	1,752	14,355	31,082
2025 Projection	1,992	15,513	33,613
2020 - 2025 Growth	14%	8%	8%
Bachelor's Degree or Higher	73%	70%	69%
Households	1-MILE	3-MILE	5-MILE
2020 Total	837	6,696	13,456
2025 Projection	945	7,227	14,578
2020 - 2025 Growth	13%	8%	8%
Household Income	1-MILE	3-MILE	5-MILE
2020 Total	$117,805	$138,477	$146,632
2025 Projection	$127,574	$152,571	$162,453
2020 - 2025 Growth	8%	10%	11%

$117,000+
Average Household Income (1-3-5 Miles)

14%
Projected Population Growth within 1-Mile
2020 - 2025

Over 70%
of Population Holds a Bachelors Degree or Higher (1-3-5 Miles)

Yule GROUP

Sources: JLL

COMMERCIAL – FINANCIAL/LEASE UP ANALYSIS

Value Description

- With 4.06 acres of commercial land, this property portion likely yields 35,000 SF of commercial area.
- A $16 PSF NNN retail market rent (area south of Chapel Hill) is applied to all 35,000 SF of potential commercial land. This assumes all tenants pay their pro-rata share of expenses with no slippage.
- While more aggressive leasing assumptions / development plans (i.e. outparcel pad) could be considered, conservative projections are shown below for a strip center at $16 PSF NNN rent.

The below analysis assumes the Owner pays all leasing and development costs, including TI's and leasing commissions.

Space	SF	Lease Up Year	NNN Base Rent (PSF)	Annual Market Rent Inflation	PSF Rent Upon Year 3 Stabilization	Total Net Income
Space 1	5,000	Year 1	$16	3.00%	$16.97	$84,872
Space 2	5,000	Year 1	$16	3.00%	$16.97	$84,872
Space 3	5,000	Year 1	$16	3.00%	$16.97	$84,872
Space 4	5,000	Year 2	$16	3.00%	$16.48	$82,400
Space 5	5,000	Year 2	$16	3.00%	$16.48	$82,400
Space 6	5,000	Year 2	$16	3.00%	$16.48	$82,400
Space 7	5,000	Year 3	$16	3.00%	$16.00	$80,000
Total	**35,000**		**$16**	**3.00%**	**$16.62** _Average_	**$581,816** _Stabilized (100% occupied)_

Sources: JLL

Comps

PROPERTY NAME	LOCATION	NOTABLE TENANTS	SF	OCC.	SALE DATE	PURCHASE PRICE	PRICE (PSF)	CAP RATE
3309 Rogers Road	Wake Forest, NC	Shuckers Oyster Bar & Grill, Thai Cafe, Aura Salon	22,545	88%	Jan-20	$7,400,000	$328	7.5%
Lawyers Square Shopping Center	Mint Hill, NC	Dollar General, Cor-Fitness Martial Arts, Pizza Hut,	54,705	100%	Nov-19	$6,400,000	$117	8.2%
Shops at Stratford	Winston Salem, NC	Mattress Warehouse, Americas Best Contacts, Pivot Physical Therapy, First Watch	23,712	100%	Oct-19	$5,750,000	$242	7.2%

COMMERCIAL – KEY FACTORS THAT WILL INCREASE VALUE

- Area Demographics / Buying Power
- Employment Drivers
- Surrounding area single-family and multi-family developments

As these factors continue to progress, retailers will desire to be in this area.
Below are popular retailers who currently do not operate within 5-miles but could occupy space in this project as they operate nearby:

- Restaurant: Cava, Chipotle, Panera Bread
- Gym: Barre3, The Little Gym
- Auto Parts: Autozone, O'Reilly Auto Parts
- Electronics: Sprint, Verizon

DEMOGRAPHIC OVERVIEW

DOMINANT TAPESTRY MAP – CMA

This map is the dominant tapestry map designated competitive market area for the Subject. The orange areas are Affluent Estates LifeMode which includes Boomburbs and Exurbanites. The dark pink area is Senior Styles LifeMode and includes Golden Years. Light Blue areas are Uptown Individuals and include Metro Renters. Light green areas are Upscale Avenues and include Urban Chic buyer groups. These groups represent 57% of the population in this area.

Tapestry LifeMode

L1: Affluent Estates	L8: Middle Ground
L2: Upscale Avenues	L9: Senior Styles
L3: Uptown Individuals	L10: Rustic Outposts
L4: Family Landscapes	L11: Midtown Singles
L5: GenXurban	L12: Hometown
L6: Cozy Country	L13: Next Wave
L7: Ethnic Enclaves	L14: Scholars and Patriots

★ Vickers Bennett

Target Buyer Groups - Tapestry Descriptions

Boomburbs

Exurbanites

Golden Years

Market Profile

Boomburbs
- Average household size is 3.25.
- Median Income is $113,400.
- Median age is 34
- Young families are mostly married couples and nearly half have school-aged kids.
- Prefer new homes and neighborhoods.
- These buyers drive long distances to work, over 30 minutes average.
- Well educated young professionals, 55% are college graduates.
- Leisure includes sports to visits to theme or water parks.
- Residents are generous supporters of charitable organizations.

Exurbanites
- Average household size is 2.5.
- Median Income is $103,400.
- Median age is 51
- Residents are college educated, more than half hold a bachelor's degree or higher.
- This labor force is beginning to retire, 1 in 3 households currently receive social security.
- Consumers are more interested in quality than cost. Sociable and hardworking, they still find time to stay physically fit.
- They take advantage of their proximity to large metropolitan centers to support the arts, but they prefer a more expensive home style in less crowded neighborhoods.

Golden Years
- Average household size is 2.0
- Median Income is $71,700.
- Median age is 52.3
- Single person households (over 40%) and married-couple families with no children.
- Avid readers, they regularly read daily newspapers, particularly the Sunday edition.
- They use professional services to maintain their homes inside and out to minimize chores.
- Involved in physical fitness, also travel, sports, dining out and the arts.
- Will choose single-family detached or multi-family units.

Target Buyer Groups - Tapestry Descriptions

Urban Chic

Metro Renters

Market Profile

- Average household size is 2.39
- Median Income is $109,400.
- Median age is 43.3
- More than half of these households are married couples; 30% are singles
- Well educated, more than 65% hold a bachelor's degree or higher.
- Prefer single-family detach housing
- Environmentally aware, residents actively recycle and maintain a "green" lifestyle.

- Average household size is 1.6
- Median Income is $67,000.
- Median age is 32.5
- Single person households (over 50%).
- Participate in leisure activities including yoga, Pilates and skiing.
- Very interested in fine arts and strive to be sophisticated; value education and creativity.
- Will choose townhome or multi-family units.

Source: ESRI

APPENDIX

Tapestry Segmentation – Boomburbs

LifeMode Group: **Affluent Estates**
Boomburbs

1C

Households: 2,004,400

Average Household Size: 3.25

Median Age: 34.0

Median Household Income: $113,400

WHO ARE WE?

This is the new growth market, with a profile similar to the original: young professionals with families that have opted to trade up to the newest housing in the suburbs. The original *Boomburbs* neighborhoods began growing in the 1990s and continued through the peak of the housing boom. Most of those neighborhoods are fully developed now. This is an affluent market but with a higher proportion of mortgages. Rapid growth still distinguishes the *Boomburbs* neighborhoods, although the boom is more subdued now than it was 10 years ago. So is the housing market. Residents are well-educated professionals with a running start on prosperity.

OUR NEIGHBORHOOD

- Growth markets are in the suburban periphery of large metropolitan areas.
- Young families are married with children (Index 220); average household size is 3.25.
- Home ownership is 84% (Index 134), with the highest rate of mortgages, 71.5% (Index 173).
- Primarily single-family homes, in new neighborhoods, 66% built since 2000 (Index 441).
- Median home value is $350,000 (Index 169).
- Lower housing vacancy rate at 3.7%.
- The cost of affordable new housing comes at the expense of one of the longest commutes to work, over 30 minutes average, including a disproportionate number (33.6%) commuting across county lines (Index 141).

SOCIOECONOMIC TRAITS

- Well educated young professionals, 55% are college graduates (Index 178).
- Unemployment is low at 3.3% (Index 61); high labor force participation at 71.3% (Index 114); most households have more than two workers (Index 124).
- Longer commute times from the suburban growth corridors have created more home workers (Index 156).
- They are well connected: own the latest devices and understand how to use them efficiently; biggest complaints—too many devices and too many intrusions on personal time.
- Financial planning is well under way for these professionals.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

43

Tapestry Segmentation – Boomburbs

LifeMode Group: Affluent Estates
1C Boomburbs

TAPESTRY SEGMENTATION
esri.com/tapestry

AGE BY SEX (Esri data)

Median Age: 34.0 US: 38.2

Indicates US
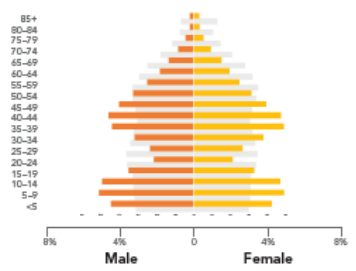
Male / Female

RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: 63.2 US: 64.0

Group	%	US Average
Hispanic*	15.0%	18.1%
Multiple	4.2%	3.4%
Other	3.8%	6.8%
Asian and Pac. Islander	15.6%	5.8%
American Indian	0.4%	1.0%
Black	8.0%	12.8%
White	68.1%	70.2%

US Average. *Hispanic Can Be of Any Race.

INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

$113,400
$56,100

Median Net Worth

$357,600
$93,300

US Median.

AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.

Category	Index
Housing	165
Food	164
Apparel & Services	172
Transportation	154
Health Care	199
Entertainment & Recreation	200
Education	183
Pensions & Social Security	184
Other	227

OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.

44

Tapestry Segmentation – Boomburbs

LifeMode Group: Affluent Estates
1C Boomburbs

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- *Boomburbs* residents prefer late model imports, primarily SUVs, and also luxury cars and minivans.
- This is one of the top markets for the latest in technology, from smartphones to tablets to Internet connectable televisions.
- Style matters in the *Boomburbs*, from personal appearance to their homes. These consumers are still furnishing their new homes and already remodeling.
- They like to garden but more often contract for home services.
- Physical fitness is a priority, including club memberships and home equipment.
- Leisure includes a range of activities from sports (hiking, bicycling, swimming, golf) to visits to theme parks or water parks.
- Residents are generous supporters of charitable organizations.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

Home Ownership
US Percentage:
62.7% Own
37.3% Rent

Own 84.0%
Rent 16.0%

Typical Housing:
Single Family

Median Value:
$350,000
US Median: $207,300
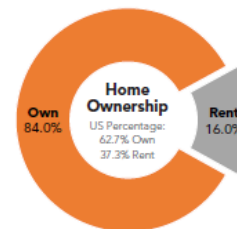
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population
900,000 — 11,000,000
6,536,700

Population Growth (Annual %)
-0.5% — 3.0%
3.5%

Population Density (Persons per sq. mile)
0 — 25,000
1000
1017

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

0 — **153** — 350
Wealth Index

0 — **167** — 350
Socioeconomic Status Index

0 — **156** — 350
Housing Affordability Index

45
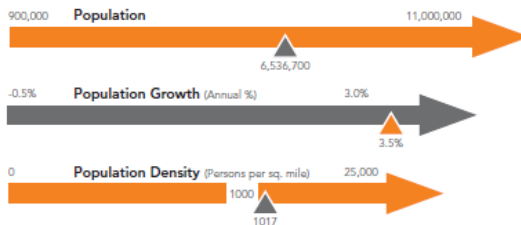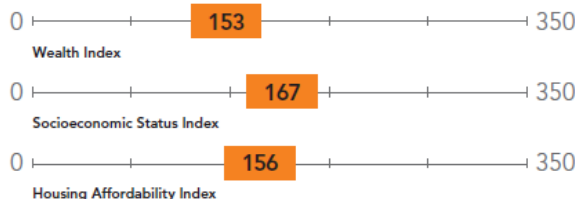
Tapestry Segmentation – Golden Years

LifeMode Group: Senior Styles
Golden Years

9B

Households: 1,657,400

Average Household Size: 2.06

Median Age: 52.3

Median Household Income: $71,700

WHO ARE WE?

Independent, active seniors nearing the end of their careers or already in retirement best describes *Golden Years* residents. This market is primarily singles living alone or empty nesters. Those still active in the labor force are employed in professional occupations; however, these consumers are actively pursuing a variety of leisure interests—travel, sports, dining out, museums, and concerts. They are involved, focused on physical fitness, and enjoying their lives. This market is smaller, but growing, and financially secure.

OUR NEIGHBORHOOD

- This older market has a median age of 52 years and a disproportionate share (nearly 32%) of residents aged 65 years or older.
- Single-person households (over 40%) and married-couple families with no children (one-third) dominate these neighborhoods; average household size is low at 2.06 (Index 80).
- Most of the housing was built after 1970; approximately 43% of householders live in single-family homes and 43% in multiunit dwellings.
- These neighborhoods are found in large metropolitan areas, outside central cities, scattered across the US.

SOCIOECONOMIC TRAITS

- *Golden Years* residents are well educated—22% have graduate or professional degrees, 28% have bachelor's degrees, and 25% have some college credits.
- Unemployment is low at 4% (Index 74), but so is labor force participation at 56% (Index 89), due to residents reaching retirement.
- Median household income is higher in this market, more than $71,000. Although wages still provide income to nearly 2 out of 3 households, earned income is available from investments (Index 171), Social Security benefits (Index 146), and retirement income (Index 144).
- These consumers are well connected: Internet access is used for everything from shopping or paying bills to monitoring investments and entertainment.
- They are generous supporters of the arts and charitable organizations.
- They keep their landlines and view cell phones more as a convenience.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

TAPESTRY
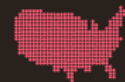**SEGMENTATION**
esri.com/tapestry

Source: ESRI

Source: ESRI

Tapestry Segmentation – Golden Years

LifeMode Group: Senior Styles
Golden Years
9B

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Avid readers, they regularly read daily newspapers, particularly the Sunday edition.
- They subscribe to cable TV; news and sports programs are popular as well as on-demand movies.
- They use professional services to maintain their homes inside and out and minimize their chores.
- Leisure time is spent on sports (tennis, golf, boating, and fishing) or simple exercise like walking.
- Good health is a priority; they believe in healthy eating, coupled with vitamins and dietary supplements.
- Active social lives include travel, especially abroad, plus going to concerts and museums.
- Residents maintain actively managed financial portfolios that include a range of instruments such as IRA's, common stocks, and certificates of deposit (more than six months).

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

Typical Housing:
Single Family;
Multi-Units

Median Value:
$332,100
US Median: $207,300
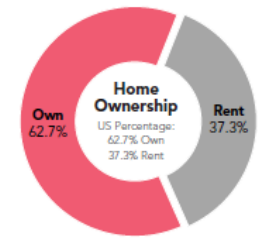
Home Ownership
US Percentage:
62.7% Own
37.3% Rent

Own 62.7%
Rent 37.3%

POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population
900,000 — 11,000,000
3,547,600

Population Growth (Annual %)
-0.5% — 3.0%
0.8%

Population Density (Persons per sq. mile)
0 — 25,000
1000
1,058

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

0 —— 162 —— 350
Wealth Index

0 —— 133 —— 350
Socioeconomic Status Index

0 —— 100 —— 350
Housing Affordability Index
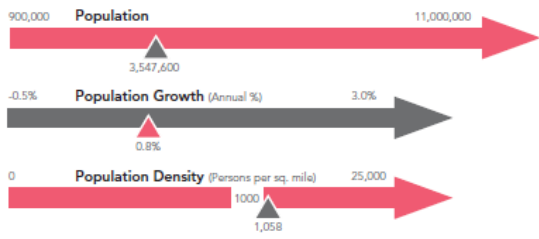
Source: ESRI

Tapestry Segmentation – Metro Renters

LifeMode Group: Uptown Individuals

Metro Renters

3B

Households: 1,911,500

Average Household Size: 1.67

Median Age: 32.5

Median Household Income: $67,000

WHO ARE WE?

Residents in this highly mobile and educated market live alone or with a roommate in older apartment buildings and condos located in the urban core of the city. This is one of the fastest growing segments; the popularity of urban life continues to increase for consumers in their late twenties and thirties. *Metro Renters* residents income is above the US average, but they spend a large portion of their wages on rent, clothes, and the latest technology. Computers and cell phones are an integral part of everyday life and are used interchangeably for news, entertainment, shopping, and social media. *Metro Renters* residents live close to their jobs and usually walk or take a taxi to get around the city.

OUR NEIGHBORHOOD

- Over half of all households are occupied by singles, resulting in the smallest average household size among the markets, 1.67.
- Neighborhoods feature 20+ unit apartment buildings, typically surrounded by offices and businesses.
- Renters occupy close to 80% of all households.
- Public transportation, taxis, walking, and biking are popular ways to navigate the city.

SOCIOECONOMIC TRAITS

- Well-educated consumers, many currently enrolled in college.
- Very interested in the fine arts and strive to be sophisticated; value education and creativity.
- Willing to take risks and work long hours to get to the top of their profession.
- Become well informed before purchasing the newest technology.
- Prefer environmentally safe products.
- Socializing and social status very important.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

Source: ESRI

Tapestry Segmentation – Metro Renters

LifeMode Group: Uptown Individuals
3B Metro Renters

TAPESTRY SEGMENTATION
esri.com/tapestry

AGE BY SEX (Esri data)

Median Age: 32.5   US: 38.2

Indicates US
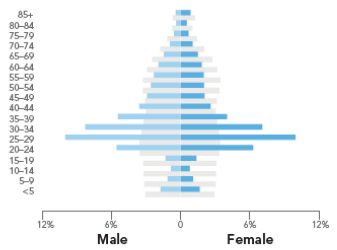
Male / Female
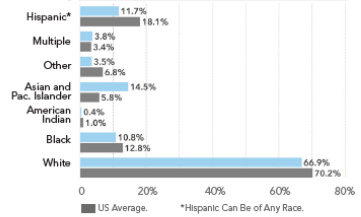
RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: 61.9   US: 64.0

Hispanic*	11.7% / 18.1%
Multiple	3.8% / 3.4%
Other	3.5% / 6.8%
Asian and Pac. Islander	14.5% / 5.8%
American Indian	0.4% / 1.0%
Black	10.8% / 12.8%
White	66.9% / 70.2%

US Average.   *Hispanic Can Be of Any Race.

INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

$67,000
$56,100

0   $100K $200K $300K $400K $500K $600K+

Median Net Worth

$21,000
$93,300

0   $100K $200K $300K $400K $500K $600K+

US Median.

AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.

Housing	130
Food	126
Apparel & Services	189
Transportation	111
Health Care	108
Entertainment & Recreation	85
Education	123
Pensions & Social Security	60
Other	105

0   50   100   150   200   250   300   350

OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.

Median Earnings: $140,000 / $120,000 / $100,000 / $80,000 / $60,000 / $40,000 / $20,000 / 0

Computer And Mathematical
Business And Financial Operations
Management
Office And Administrative Support
Sales And Related

Workers (Age 16+): 100,000 / 200,000 / 300,000

Source: ESRI

Tapestry Segmentation – Metro Renters

LifeMode Group: Uptown Individuals
3B Metro Renters

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Enjoy wine at bars and restaurants.
- Shop at Trader Joe's and Whole Foods for groceries; partial to organic foods.
- Own a Mac computer and use it for reading/writing blogs, accessing dating websites, and watching TV programs and movies.
- Favorite websites: Facebook, Twitter, YouTube, and LinkedIn.
- Use a tablet for reading newspapers and magazines.
- Participate in leisure activities including yoga, Pilates, and downhill skiing.
- Shop for clothes at Banana Republic, The Gap, and Nordstrom.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

Typical Housing:
Multiunit Rentals

Average Rent:
$1,430
US Average: $1,038
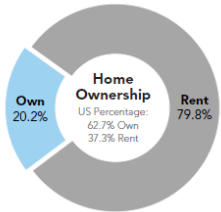
Home Ownership
Own 20.2%
Rent 79.8%
US Percentage:
62.7% Own
37.3% Rent

POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population
900,000 — 11,000,000
3,373,900

Population Growth (Annual %)
-0.5% — 3.0%
1.8%

Population Density (Persons per sq. mile)
0 — 25,000
1000
5,308

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

0 — 75 — 350
Wealth Index

0 — 133 — 350
Socioeconomic Status Index

0 — 88 — 350
Housing Affordability Index

Source: ESRI

51
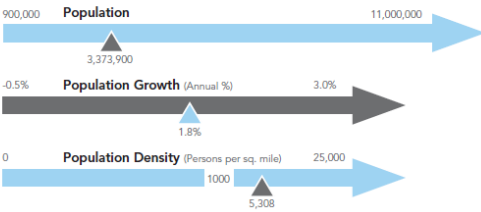
Tapestry Segmentation – Exurbanites

LifeMode Group: Affluent Estates

Exurbanites

1E

Households: 2,398,200

Average Household Size: 2.50

Median Age: 51.0

Median Household Income: $103,400

WHO ARE WE?

Ten years later, *Exurbanites* residents are now approaching retirement but showing few signs of slowing down. They are active in their communities, generous in their donations, and seasoned travelers. They take advantage of their proximity to large metropolitan centers to support the arts, but prefer a more expansive home style in less crowded neighborhoods. They have cultivated a lifestyle that is both affluent and urbane.

OUR NEIGHBORHOOD

- Established neighborhoods (most built between 1970 and 1990) found in the suburban periphery of large metropolitan markets.

- A larger market of empty nesters, married couples with no children; average household size is 2.50.

- Primarily single-family homes with a high median value of $423,400 (Index 204), most still carrying mortgages.

- Higher vacancy rate at 9%.

SOCIOECONOMIC TRAITS

- Residents are college educated; more than half have a bachelor's degree or higher; nearly 81% have some college education.

- This labor force is beginning to retire. 1 in 3 households currently receive Social Security or retirement income. Labor force participation has declined to less than 60% (Index 95).

- Unemployment remains low at 3.3% (Index 61); more of the residents prefer self-employment (Index 178) or working from home (Index 177).

- Consumers are more interested in quality than cost. They take pride in their homes and foster a sense of personal style.

- *Exurbanites* residents are well connected, using the Internet for everything from shopping to managing their finances.

- Sociable and hardworking, they still find time to stay physically fit.

Note: The index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

TAPESTRY SEGMENTATION
esri.com/tapestry

Source: ESRI

52

Source: ESRI

Tapestry Segmentation – Exurbanites

LifeMode Group: Affluent Estates
Exurbanites
1E

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- *Exurbanites* residents' preferred vehicles are late model luxury cars or SUVs.
- They are active supporters of the arts and public television/radio.
- Attentive to ingredients, they prefer natural or organic products.
- Gardening and home improvement are priorities, but they also use a number of services, from home care and maintenance to personal care.
- Financially active with wide-ranging investments, these investors rely on financial planners, extensive reading, and the Internet to handle their money.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

Typical Housing: Single Family

Median Value: $423,400
US Median: $207,300
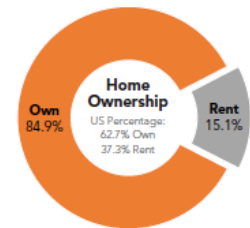
Home Ownership
Own 84.9%
Rent 15.1%
US Percentage: 62.7% Own 37.3% Rent

POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population 900,000 — 11,000,000
6,092,100

Population Growth (Annual %) -0.5% — 3.0%
0.8%

Population Density (Persons per sq. mile) 0 — 25,000
1000
288

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

Wealth Index 0 — 264 — 350

Socioeconomic Status Index 0 — 167 — 350

Housing Affordability Index 0 — 117 — 350

Source: ESRI

54
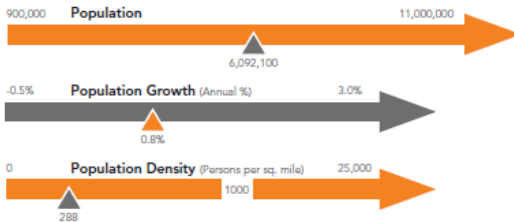
Tapestry Segmentation – Urban Chic

LifeMode Group: Upscale Avenues
Urban Chic

2A

Households: 1,635,200

Average Household Size: 2.39

Median Age: 43.3

Median Household Income: $109,400

WHO ARE WE?

Urban Chic residents are professionals that live a sophisticated, exclusive lifestyle. Half of all households are occupied by married-couple families and about 30% are singles. These are busy, well-connected, and well-educated consumers—avid readers and moviegoers, environmentally active, and financially stable. This market is a bit older, with a median age of 43 years, and growing slowly, but steadily.

OUR NEIGHBORHOOD

- More than half of *Urban Chic* households include married couples; nearly 30% are singles.
- Average household size is slightly lower at 2.39.
- Homes range from prewar to recent construction, high-rise to single family. Over 60% of householders live in single-family homes; more than one in four live in multiunit structures.
- Two-thirds of homes are owner occupied.
- Major concentrations of these neighborhoods are found in the suburban periphery of large metropolitan areas on the California coast and along the East Coast.
- Most households have two vehicles available. Commuting time is slightly longer, but commuting by bicycle is common (Index 252).

SOCIOECONOMIC TRAITS

- Well educated, more than 65% of residents hold a bachelor's degree or higher (Index 212).
- Unemployment rate is well below average at 3.3% (Index 61); labor force participation is higher at 68%.
- Residents are employed in white collar occupations—in managerial, technical, and legal positions.
- Nearly 40% of households receive income from investments.
- Environmentally aware, residents actively recycle and maintain a "green" lifestyle.
- These busy, tech-savvy residents use PCs extensively for an array of activities such as shopping, banking, and staying current— a top market for Apple computers.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.
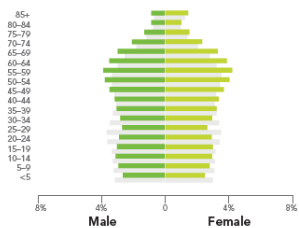
TAPESTRY SEGMENTATION
esri.com/tapestry

Source: ESRI

55

Tapestry Segmentation – Urban Chic

Source: ESRI

Tapestry Segmentation – Urban Chic

LifeMode Group: Upscale Avenues
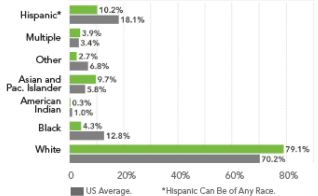## 2A Urban Chic

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Shop at Trader Joe's, Costco, or Whole Foods.
- Eat organic foods, drink imported wine, and truly appreciate a good cup of coffee.
- Travel extensively (domestically and internationally).
- Prefer to drive luxury imports and shop at upscale establishments.
- Embrace city life by visiting museums, art galleries, and movie theaters for a night out.
- Avid book readers of both digital and audio formats.
- Financially shrewd residents that maintain a healthy portfolio of stocks, bonds, and real estate.
- In their downtime, enjoy activities such as skiing, yoga, hiking, and tennis.
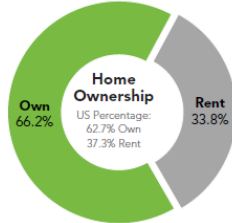
HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.
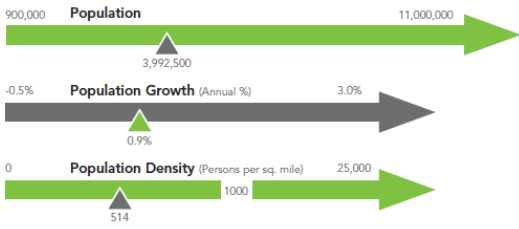
Typical Housing:
Single Family

Median Value:
$623,400
US Median: $207,300

Home Ownership
US Percentage:
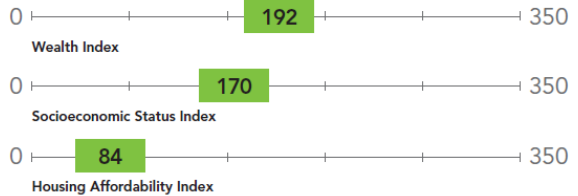62.7% Own
37.3% Rent

Own 66.2%   Rent 33.8%

POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population
900,000 — 3,992,500 — 11,000,000

Population Growth (Annual %)
-0.5% — 0.9% — 3.0%

Population Density (Persons per sq. mile)
0 — 514 — 1000 — 25,000

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

0 — **192** — 350
Wealth Index

0 — **170** — 350
Socioeconomic Status Index

0 — **84** — 350
Housing Affordability Index

Source: ESRI

57

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 re-evaluated 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.

OUR
TEAM
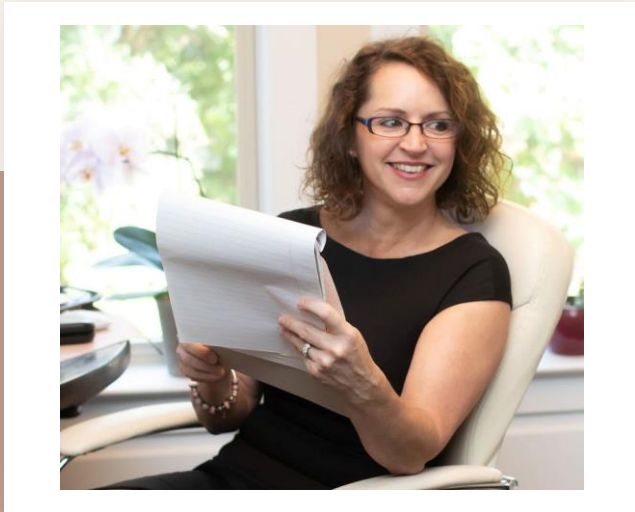
Kristy Yule

Lead Strategist

919.928.6453

kristy@yulegrp.com

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kristy@yulegrp.com   I   919.928.6453   I   www.yulegrp.com