

# **Retail and Residential Market Analysis Tall Oaks Village Center Redevelopment**

Prepared for Jefferson Apartment Group | Reston, Virginia | March 9, 2016

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# Objectives

Jefferson Apartment Group is the owner of Tall Oaks Shopping Center in Reston, Virginia, which has been languishing as an underperforming retail center since the departure of the Giant grocery store in 2007. Jefferson Apartment Group is currently exploring the redevelopment potential of a mix of uses on the site. The Reston Comprehensive Plan includes the following recommendation for the redevelopment of Reston’s Village Centers: “Conduct a market analysis to provide information on the existing and proposed development and the viability of the existing and proposed mix of uses.”

RCLCO has been engaged to help explore the market dynamics and development economics that govern both retail and residential opportunities to provide strategic consulting to help arrive at a better understanding of the market, and to determine what the site can support.

The following key questions to be addressed from a market perspective are:

1. What is the market for retail in this area of Reston and at Tall Oaks specifically? What type(s) of retail would be most successful, and in what quantities? How viable is the existing retail at Tall Oaks?
2. What is the market for conventional townhomes, two-over-two townhomes, and condominium apartments in this area of Reston and at Tall Oaks specifically?
3. If more than one of the types of housing specified in Question 2 is marketable, what would be the relative profitability of the different types of housing and mixes of housing, taking account of how many units could be accommodated on the site?



## Key Findings

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# Key Findings

Based on both residential and retail demand analysis, along with the location/urban fabric analysis and an overview of the competitive market, in the professional opinion of RCLCO Tall Oaks will be unable to attract a quality grocery anchor. Poor visibility, low traffic counts, and proximity to competitive existing stores and new developments in superior locations are all insurmountable challenges that will dissuade traditional or specialty grocers from electing to lease space at the project. RCLCO concluded that without a quality grocery anchor, the poor visibility and low traffic counts at Tall Oaks will result in demand for only a small number of desirable stores, restaurants, and service providers. There may be limited opportunity for a discount retailer on the site, but ultimately in RCLCO's professional opinion a neighborhood-serving grocer is not viable.

However, there is certainly sufficient pent-up demand to support a multifaceted development strategy:

- 1. For-Sale Residential: Some combination of condo, two-over-two, and townhome product**
- 2. Ancillary Retail: Small-scale retail to support local residential uses, and needs**

Given the inherent site challenges, difficult (if not impossible) market conditions for a grocery-anchored retail center, and high demand for residential product, RCLCO concludes that the highest and best use for the Tall Oaks site is a mix of for-sale residential uses served by a small amount of food-focused and convenience retail.

## ***Retail Findings and Recommendations***

- The retail market in the Reston area is performing well; overall vacancies are steady, and rents have been rising.
- Other shopping centers located within Village Centers are performing much better than the shopping center at Tall Oaks, with locations closer to Reston Town Center and/or with a higher degree of visibility performing best.
- Poor site conditions, with limited visibility from nearby Wiehle Avenue, and low traffic counts on North Shore Drive, greatly limit the retail potential on the site.
- There is little to no market opportunity for a grocery anchor on the site. A small amount (approximately 7,500 square feet) of food-based and neighborhood-serving retail would be supportable.

## ***Residential Findings and Recommendations***

- The site is surrounded by residential uses, making additional residential in-line with existing urban form.
- There is a lack of supply of new product in the Reston area, although there is a large pipeline of rental and for-sale multifamily units near current and future Silver Line stations.
- Demand for condominiums, two-over-two, and townhome products is strong, with townhomes in particular being the most desirable product from a market perspective.
- The combined lack of new supply and pent-up demand for new townhome and two-over-two product are likely to result in a healthy absorption pace for residential product—particularly townhomes.

# Challenging Site Conditions

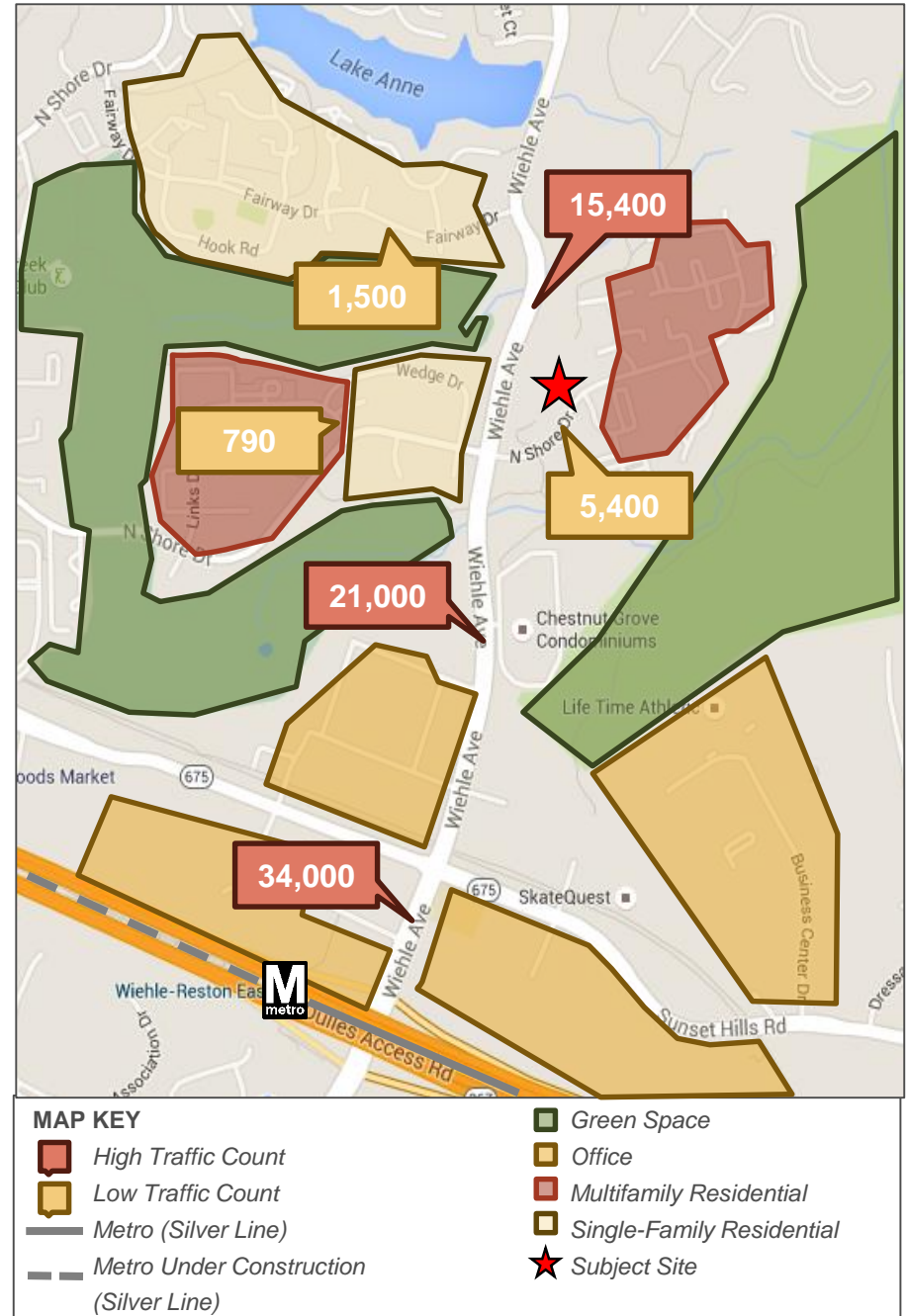
- One of the principal reasons for the limited retail potential of the subject site is the lack of visibility from Wiehle Avenue. There is limited opportunity to enhance signage, and desirable retailers are unlikely to locate at Tall Oaks given the lack of orientation to a major arterial, rather than a smaller connector street.
- Based on 2010 traffic counts, between 15,400 and 21,000 vehicles travel daily along Wiehle Ave. However, fewer than 5,500 vehicles pass by the site on North Shore Drive daily. This is a major consideration as retailers decide where to locate.
- While there is no data on pedestrian traffic by the site, anecdotal observations indicate that there is limited foot traffic at the site, despite the Reston Trail Network passing through the site.
- Traffic volume near the site will likely remain constant, given limited future development projected north of Sunset Hills Road.
- Given that North Shore Drive is a residential street with no outlet, there is virtually no chance that traffic volumes directly in front of Tall Oaks will increase in the foreseeable future.

## Subject Site Looking Southwest



Source: RCLCO; Esri; Google Maps

## Average Daily Traffic By Subject Site



# Subject Site Overview – SWOT

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Location – Regional Context	Reston is a desirable, prestigious location	Strong growth in competitive areas, particularly Tysons, Herndon, and potentially Loudoun County	Growth along Silver Line as additional stations added	More affordable developments farther west
	High-end retail and restaurants, as well as strong employment base			
Location – Site Specific	One of five village centers, historical significance to Reston	Weak transit connections as compared with other new developments near Metro stations	Residential mixed-use development with some supporting retail	Other locations are more walkable
	Established residential areas close to site	Poor visibility from Wiehle Avenue	Proximity to Reston Pathways	
Retail Land Uses	Village Center identity	Anchor stores recent failures at the site	New residential may support higher quality retail	Most promising grocery chains already have locations serving the Tall Oaks Primary Market Area (PMA)
	Connected to Reston path network, makes on-foot retail possible	Lack of street frontage compared with other Reston retail locations		Additional retail coming to market, making feasibility tougher
Residential Land Uses	Limited new single-family attached product available in this area	Competing locations are closer to the Silver Line	Dated residential product nearby, opportunity to offer a new alternative	Other developments have better access to Metro
	Residential surroundings, would blend well with existing fabric	Not walkable to Reston Town Center	Limited locations in Reston for townhomes and two-over-twos mean minimal supply risk	Loudoun County offers less expensive residential products



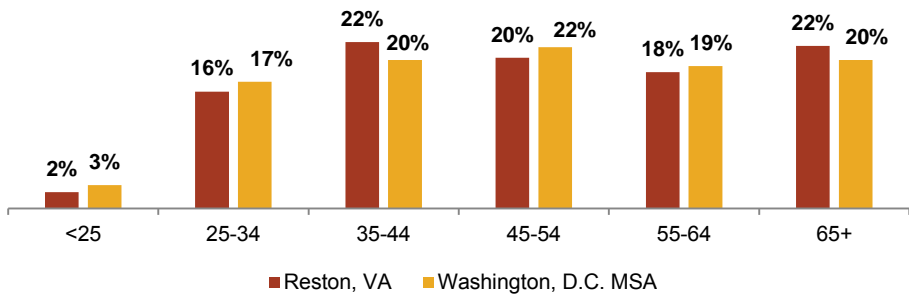
## Retail Market Analysis

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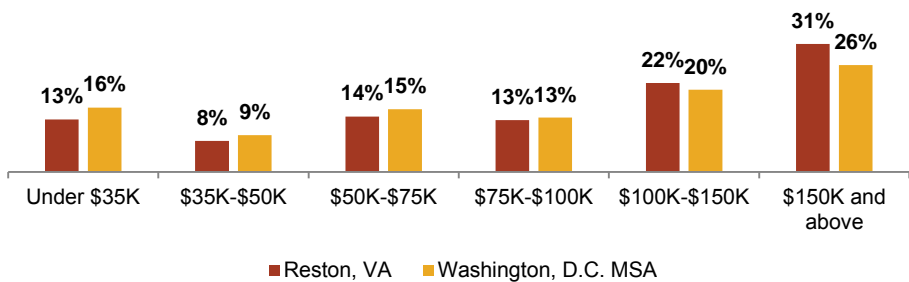
# Demographic Characteristics

- The Reston Census Designated Place (CDP) boundaries were selected and used for the statistical analysis of rents, vacancy rates, square footage, and center anchors in the pages that follow.
- In comparison to the Washington, D.C., MSA:
  - Reston has a higher percentage of 35-44 and 65+ residents, suggesting a concentration of families and retirees in the area.
  - Reston has a relatively affluent income distribution, with a smaller percentage in the lower income categories, and over 50% of households with incomes greater than \$100,000.
- Both of these characteristics are important when determining the demand and positioning of any potential retail at Tall Oaks.

**Household Distribution by Age, 2015**

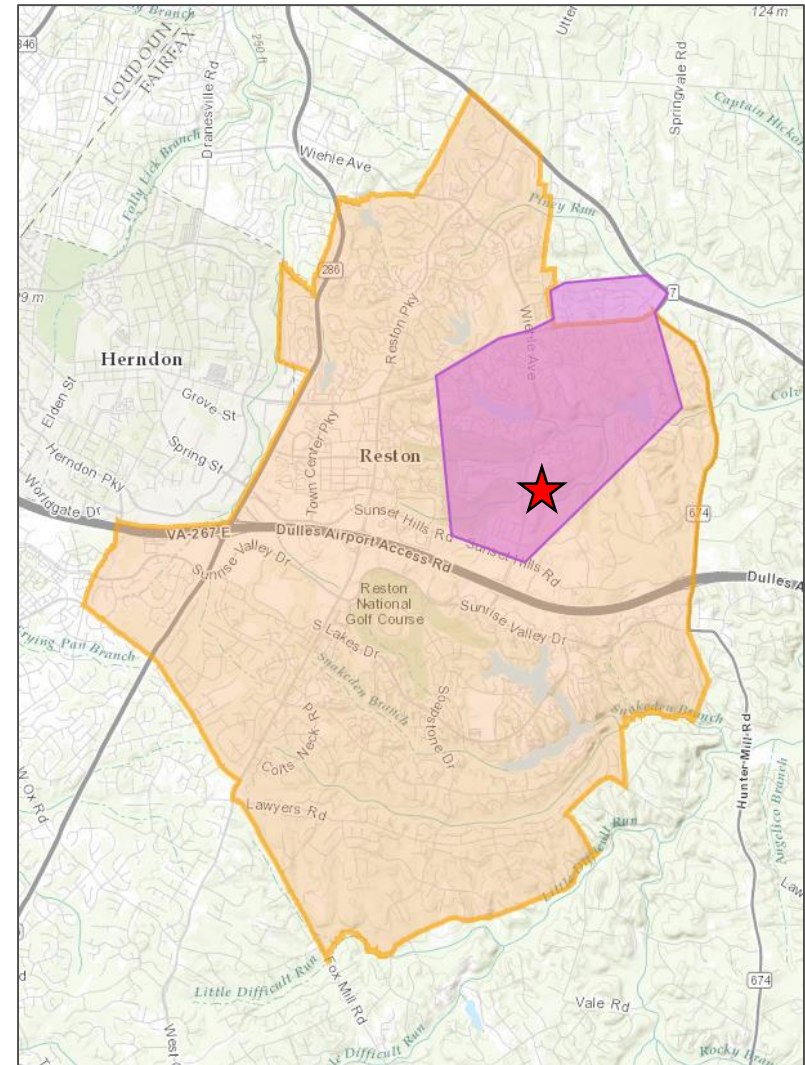


**Household Distribution by Income, 2015**



Source: Esri; RCLCO

**Map of Reston and the Tall Oaks Retail Primary Market Area (PMA)**



**KEY:** Reston Market: ■ Retail PMA: ■ Subject Site: ★

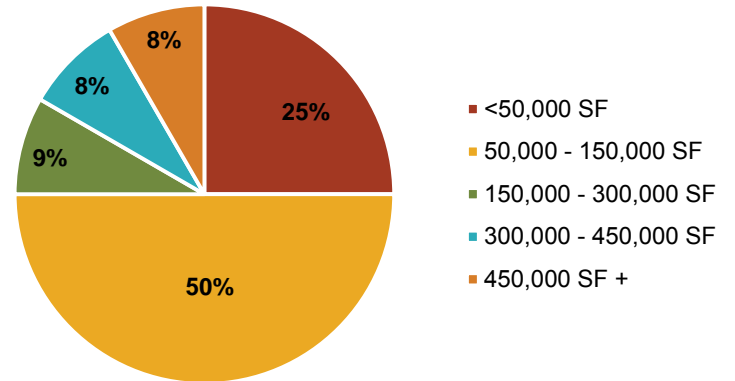




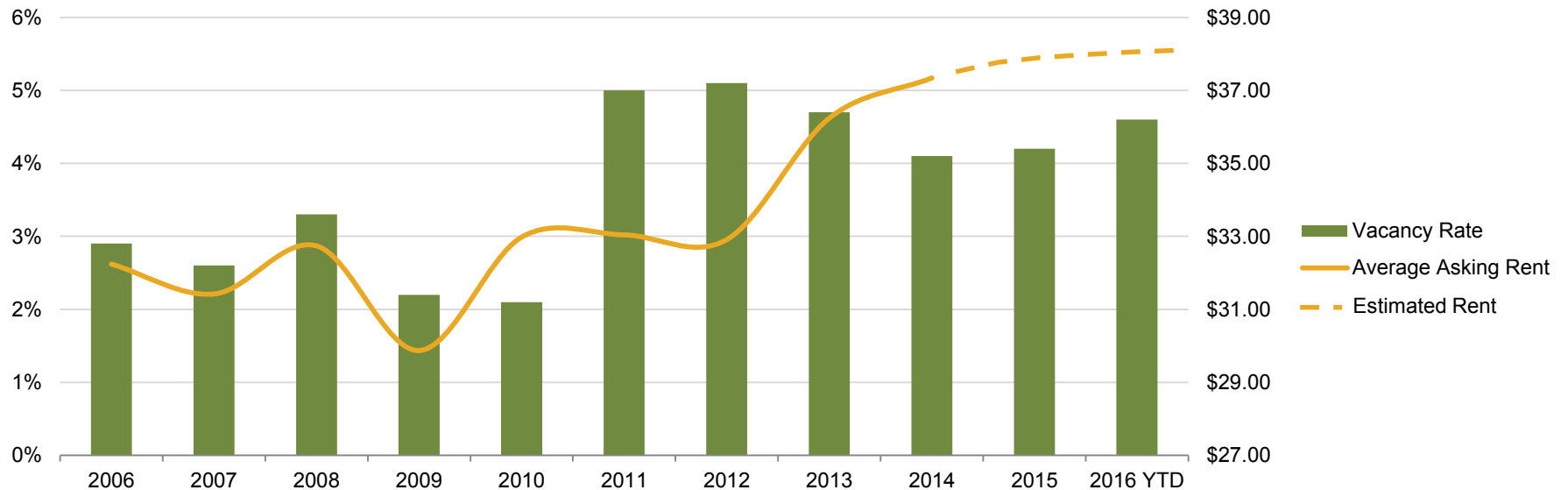
# Reston Retail Market Conditions

- The total square footage of Reston’s retail centers has remained steady over the last 10 years at over 1.4 million square feet, with essentially no new inventory added.
- Vacancy rates were at their lowest in 2009, although they have remained steady between 4% and 5% since 2011.
- Average asking rents have been increasing, likely in part because of the lack of space added. The average increased from \$32 in 2006 to over \$37 in 2014 (latest available CoStar data).
- When analyzing retail by center size, the majority of centers are between 50,000 and 150,000 square feet. Further, they generally exhibit healthy occupancy levels, likely due to strong anchor tenants such as grocers.

**Number of Retail Centers by Size  
Reston, VA, 2016**



**Retail Vacancy and Asking Rent  
Reston, VA, 2006-2016 YTD**

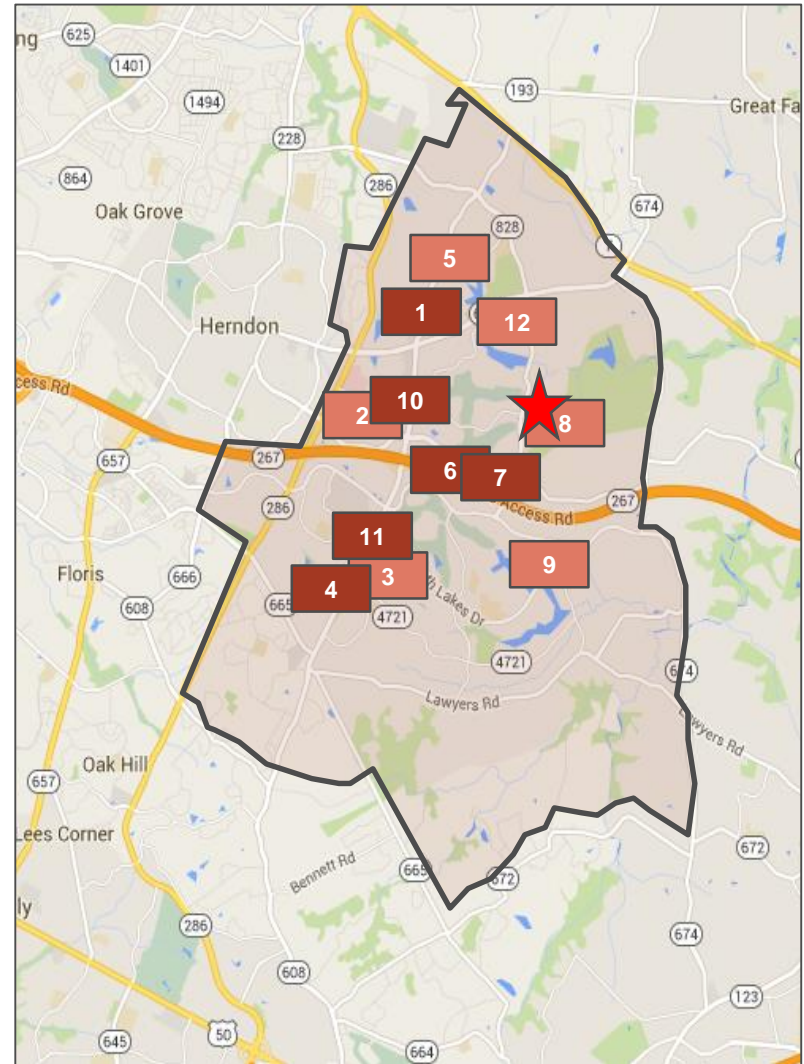


Source: CoStar

# Comparable Retail Centers

- RCLCO evaluated comparable retail centers in Reston to understand market dynamics. As there is only one soon-to-deliver retail center (Reston Station, 120,000 SF) within close proximity to the subject site, and no recently completed centers, other properties were included based on their age, proximity to the project site, and overall quality. All of the shopping centers within Village Centers were included; the Village Centers and Reston Town Center are highlighted in the table below.
- Generally the shopping centers are larger than 100,000 square feet, with the average for the competitive set over 150,000 square feet. Another key observation is the presence of a grocery store anchor at six of the 12 centers.
- North Point Village Center* demonstrates how a shopping center within a Village Center, albeit the newest of the five, can thrive in a contemporary retail environment. The center is anchored by a Giant grocery store, and is achieving high rents. Surrounding the store are a number of smaller neighborhood-serving retail stores, as well as a variety of restaurants and fast food retailers. The center has excellent visibility from Reston Parkway, with over 18,000 vehicles passing by each day.
- Reston Town Center is another major retail hub for the area, with *Reston Town Center* and *The Spectrum at Reston Town Center* accounting for over 58% of the total retail square footage in the market.

Map of Comparable Retail Centers



KEY: Retail Center: ■ Town/Village Center: ■

KEY	CENTER NAME	YEAR BUILT	GLA	% LEASED	RENT
1	Home Depot Shopping Center	1977	132,738	100%	N/A
2	Reston Town Center	1988	336,566	99%	N/A
3	Hunters Woods Village Center	1972	124,238	88%	\$32.52
4	Fox Mill Shopping Center	1977	108,032	100%	N/A
5	North Point Village Center	1993	148,196	100%	\$51.96
6	Plaza America	1995	164,398	100%	N/A
7	Reston Station	2016	50,000	83%	N/A
8	Tall Oaks Village Center	1974	72,000	13%	\$29.74*
9	South Lakes Village Center	1984	110,159	99%	N/A
10	The Spectrum At Reston Town Center	1995	455,611	100%	N/A
11	Village Commons	2002	20,225	100%	N/A
12	Lake Anne Village Center	1964	27,974	70%**	N/A






\* Rental rates reflect leases signed while grocery anchor was in place. New leases are likely to be significantly lower without an anchor.

\*\* Estimate based on site visit and visual inspection

Source: RCLCO; CoStar

# Demographic Comparison of Shopping Centers Within a Village Center

- Of the five shopping centers within a Village Center, South Lakes and North Point have the strongest demographics within a one-mile radius, with the highest median household incomes and home values of the areas surrounding the village centers.
- Tall Oaks and Lake Anne are the only two shopping centers within a Village Center that do not have a grocery store anchor tenant. They also both suffer from extremely poor visibility, which is a major contributor to their low occupancy rates and inability to secure credit tenants.

1-MILE SITE RADIUS	VILLAGE CENTER	YEAR BUILT	MEDIAN HH INC.	POPULATION	RETAIL OCC. RATE	RETAIL SF	KEY RETAILERS
	Lake Anne	1964	\$90,013	17,837	70%*	27,974	Reston Farmers Market
	Hunters Woods	1972	\$82,958	17,543	88%	124,238	Safeway
	Tall Oaks	1974	\$78,535	11,377	13%	72,000	Paisano's Pizza
	South Lakes	1984	\$127,825	7,087	99%	110,159	Safeway
	North Point	1993	\$113,123	16,027	100%	148,196	Giant

\* Estimate based on site visit and visual inspection  
 Source: RCLCO; CoStar; ESRI





# Planned and Proposed Retail Centers

- The Reston-Herndon area has a deep pipeline of under construction and planned and proposed retail projects. Approximately 225,000 square feet are currently under construction, with another 165,000 planned. There are additional retail projects in the area that are in early planning phases or not near an existing or future Metro station and are therefore not included in the table below.
- RCLCO expects the overall vacancy rate in Reston to increase moderately as new space comes to market. However, demand will largely keep pace with the supply and the market will maintain a healthy overall demand-supply balance over the mid-term. Nevertheless, any retail at Tall Oaks will deliver into a highly competitive market, mainly because of developments located near existing and future Silver Line Metro stations.
- Any new retail space with excellent visibility and easy access to Metro will meet the preferences and expectations of most retailers. The Tall Oaks site lacks this visibility and walkability to transit, and will therefore continue to be an inferior alternative to these other developments.

MAP KEY	CENTER NAME	EXPECTED DELIVERY	STATUS	GLA
1	Reston Town Center West	2017	N/A	40,000
2	1831 Wiehle Ave	N/A	Reqstd Rezoning	61,000
3	1850 Centennial Park Drive	N/A	Reqstd Rezoning	N/A
4	Reston Heights West	2017/2018	N/A	65,000
5	Triangle Park	N/A	Reqstd Rezoning	N/A
6	Reston Station	2016	U/C	120,000
7	Innovation Center Metro	2017-2019	U/C	104,000
<b>TOTAL</b>				<b>390,000</b>

Source: Google Maps; Washington Business Journal; Internet Searches; RCLCO

Map of Planned and Proposed Retail Centers



KEY: Silver Line Metro Station:  Future Metro Station: 

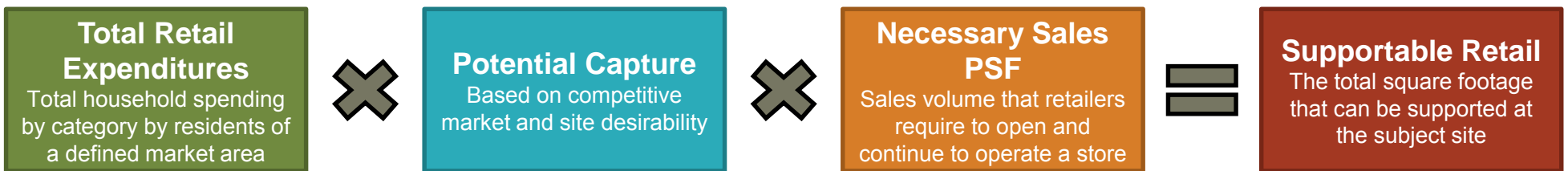
# Determining Retail Demand Potential at Tall Oaks

- RCLCO uses a demand model to determine the types and amounts of retail square footage that are supportable on a given site.
- After determining an appropriate market area (PMA) based on locations of competitive stores and centers, RCLCO determines the average spending per household for each category of retail establishment. This spending is then multiplied by the number of households in the PMA to determine the total retail spending at each type of store.
- RCLCO then determines the achievable capture rate (the percentage of this spending that will occur at the location being analyzed) and applies this capture rate to the potential pool of demand, as well as adding in some demand from outside the PMA, based on the competitive market and desirability of the site for retail. Higher capture rates are applied to households expected to live in new housing at Tall Oaks, who will also have higher median incomes than the PMA as a whole, and therefore higher retail spending per household.
- Finally, this “captured” demand is multiplied by a dollar amount per square foot (PSF) that retailers require to open and continue to operate a store. These thresholds vary by use, retailer, and region.
- These calculations are strictly an analysis of the demand potential of the PMA and the capture rates that Tall Oaks could achieve given current competition. Any additional delivery of the planned new supply serving the PMA will likely put further downward pressure on the capture rates that Tall Oaks can achieve.

Furthermore, trends towards more online shopping will have an adverse effect on brick and mortar stores.

- For this report, RCLCO analyzed the market potential at Tall Oaks for three different tiers of grocery-anchors:
  1. **A Full-Size Supermarket** – Large space (45,000 SF+) with offerings that meet most, if not all, of a household’s grocery needs. They frequently contain a pharmacy, bank, and coffee shop.
  2. **Specialty Organic Grocer** – Smaller in size (12,500-30,000 SF) with a focus on a specific type of offer. Will not meet the everyday needs of a household, who will have to supplement grocery spending at a supermarket (and will thus have a lower capture rate of overall PMA spending).
  3. **Trader Joe’s** – A unique and highly desirable grocery chain with its own branded goods. It is the smallest in size, but has the highest sales per SF requirements and an existing location nearby.
- There may be a limited opportunity to secure a non-grocery, discount-goods anchor to the Tall Oaks site. However, such a non-neighborhood-serving retailer would serve a much larger PMA at a lower overall capture rate and in professional opinion would not be an asset to the Village Center or the surrounding neighborhood. There is insufficient demand from the Tall Oaks PMA alone to support such a retailer.

*Diagram of a Retail Demand Model*



Source: RCLCO





# Retail Concept Program 1: Full-Size Supermarket

- RCLCO evaluated three potential neighborhood center concepts for the Tall Oaks site. The first concept considered is a shopping center anchored by a full-size supermarket.
- Full-size grocers, such as Giant, Safeway, and Harris Teeter, usually require between 45,000 SF and 60,000 SF. Some grocers require even more space, with Wegmans requiring over 100,000 SF. Given the evolution of supermarkets, which now regularly include an in-store bank and coffee shop, and sometimes a pharmacy, these grocers do not open a new store unless there is market support for at least 45,000 SF and limited transfer of sales from their existing stores. This is the minimal square footage necessary to meet the needs of contemporary supermarket, which is above the existing anchor square footage at Tall Oaks.
- A full-size supermarket will average about \$500/SF in annual retail sales.

## Opportunity

- Lowest required sales per square foot
- Alternative grocery option for residents in the area
- A good anchor that makes it possible to attract other retail

## Tall Oaks' Challenges

- Exceedingly poor visibility
- Numerous grocers have failed at this location previously, which will contribute to scaring off any potential anchor tenant
- All likely chains already have stores serving the PMA.

## Conclusion

A full-size supermarket is not supportable at Tall Oaks. Taking account of Tall Oaks' site challenges, there is only sufficient demand for approximately 12,500 SF of grocery retail. This is below the required threshold of 45,000 SF for this type of retailer. Without an anchor, there will only be sufficient demand for a few restaurants and limited additional neighborhood-serving retail and services.

### Summary of Retail Demand Model

RESTON DEMAND DEMOGRAPHICS		2020 DEMAND FROM PMA					2020 DEMAND FROM ON-SITE <sup>1</sup>			2020 TOTAL DEMAND				SUPPORTABLE SQUARE FOOTAGE	
TYPE OF RETAIL	Avg. HH Spending	Expenditure of HHs In PMA	Ideal Capture Rate	Site Issues Capture Penalty	Actual Capture of PMA	Subtotal from PMA	Expenditures of On-Site HHs	Capture Rate	Subtotal from On-site HHs	Total Est. On-Site Retail Spending	Est. Sales PSF	Total Supportable		MINIMUM STORE SIZE	TOTAL POSSIBLE SQUARE FEET
												10%-15% from Outside PMA	10%-15% from PMA		
Grocery & Drug	\$9,100	\$39,000,000	35%	65%	12%	\$4,800,000	\$2,000,000	45%	\$910,000	\$5,700,000	\$500	11,300	12,500	45,000	0
Restaurant & Specialty	\$4,400	\$18,900,000	40%	75%	10%	\$1,900,000	\$980,000	60%	\$588,000	\$2,300,000	\$425	5,800	6,700	1,500	6,000
Boutique Soft Goods	\$2,100	\$9,000,000	4%	75%	1%	\$92,000	\$460,000	2%	\$9,000	\$101,000	\$350	290	320	2,000	0
Home Goods	\$1,200	\$5,200,000	4%	75%	1%	\$52,000	\$267,000	2%	\$5,000	\$57,000	\$350	170	180	1,500	0
Florist/Gift/Hobby	\$2,400	\$10,400,000	6%	75%	2%	\$160,000	\$540,000	8%	\$43,000	\$203,000	\$350	580	640	1,200	0
Electronics	\$1,700	\$7,100,000	4%	75%	1%	\$71,000	\$370,000	2%	\$7,000	\$79,000	\$400	200	220	2,500	0
Beer/Wine/Specialty	\$500	\$2,200,000	9%	75%	2%	\$48,000	\$115,000	35%	\$40,000	\$88,000	\$450	200	220	1,300	0
+ 15% Additional SF for Services														1,500	1,500
<b>TOTAL SUPPORTABLE SF</b>															<b>7,500</b>

<sup>1</sup> Based on number of households from the November 2015 Conceptual Plan and RCLCO's estimates for average home prices. The retail demand would be slightly less under scenarios that have fewer total units.

Source: RCLCO

# Retail Concept Program 2: Specialty Grocer

- The second neighborhood center concept that RCLCO evaluated was one anchored by a specialty grocer.
- Specialty grocers, such as MOM's Organic Market, Sprouts Farmers Market, or The Fresh Market, specialize in organic products. They tend to have a smaller footprint (typically 12,500 SF for MOM's, 30,000 SF for Sprouts, and 21,000 SF for The Fresh Market) than a full-size supermarket and offer a more limited selection of goods.
- These grocers will not satisfy all of the needs of the average household, which will still need to shop at a full-size supermarket. Therefore, the specialty grocer has a lower capture rate.
- A specialty grocer will average about \$525-\$625/SF in annual retail sales, depending on the chain.

## Opportunity

- Potential to increase the "catchment," with shoppers willing to travel further for something different
- A unique offering with limited direct competition in PMA

## Tall Oaks' Challenges

- Exceedingly poor visibility
- Unique product but still not able to overcome hurdle of limited demand in a market with many grocer options, including Whole Foods

## Conclusion

A specialty grocer is not supportable at Tall Oaks site. There is only sufficient demand for approximately 7,600 SF of specialty grocery retail. This is below the required threshold of 12,500-30,000 SF for this type of retailer, depending on the chain. Without an anchor, there will only be sufficient demand for a few restaurants and limited additional neighborhood-serving retail and services.

### Summary of Retail Demand Model

RESTON DEMAND DEMOGRAPHICS		2020 DEMAND FROM PMA					2020 DEMAND FROM ON-SITE <sup>1</sup>			2020 TOTAL DEMAND				SUPPORTABLE SQUARE FOOTAGE	
TYPE OF RETAIL	Avg. HH Spending	Expenditure of HHs In PMA	Ideal Capture Rate	Site Issues Capture Penalty	Actual Capture of PMA	Subtotal from PMA	Expenditures of On-Site HHs	Capture Rate	Subtotal from On-site HHs	Total Est. On-Site Retail Spending	Est. Sales PSF	Total Supportable SF from PMA + On-Site HH	Addl. 10%-15% from Outside PMA	MINIMUM STORE SIZE	TOTAL POSSIBLE SQUARE FEET
Grocery & Drug	\$9,100	\$39,000,000	25%	65%	7%	\$3,200,000	\$2,000,000	30%	\$607,000	\$3,800,000	\$550	6,900	7,600	12,500 - 30,000	0
Restaurant & Specialty	\$4,400	\$18,900,000	40%	75%	12%	\$1,900,000	\$980,000	60%	\$588,000	\$2,500,000	\$425	5,800	6,700	1,500	6,000
Boutique Soft Goods	\$2,100	\$9,000,000	4%	75%	1%	\$92,000	\$460,000	2%	\$9,000	\$101,000	\$350	290	320	2,000	0
Home Goods	\$1,200	\$5,200,000	4%	75%	1%	\$52,000	\$267,000	2%	\$5,000	\$57,000	\$350	170	180	1,500	0
Florist/Gift/Hobby	\$2,400	\$10,400,000	6%	75%	2%	\$160,000	\$540,000	8%	\$43,000	\$203,000	\$350	580	640	1,200	0
Electronics	\$1,700	\$7,100,000	4%	75%	1%	\$71,000	\$370,000	2%	\$7,000	\$79,000	\$400	200	220	2,500	0
Beer/Wine/Specialty	\$500	\$2,200,000	9%	75%	2%	\$48,000	\$115,000	35%	\$40,000	\$88,000	\$450	200	220	1,300	0
+ 15% Additional SF for Services														1,500	1,500
<b>TOTAL SUPPORTABLE SF</b>															<b>7,500</b>

<sup>1</sup> Based on number of households from the November 2015 Conceptual Plan and RCLCO's estimates for average home prices. The retail demand would be slightly less under scenarios that have fewer total units.

Source: RCLCO

# Retail Concept Program 3: Trader Joe's

- Finally, RCLCO evaluated the potential for a center anchored by a Trader Joe's. This was determined to be even less viable than the other two scenarios that were investigated.
- Trader Joe's is an incredibly popular and well-regarded specialty grocery store. Rather than stocking national brands, Trader Joe's exclusively sells in-house products at lower cost. Trader Joe's has had great success in smaller, urban spaces (usually around 10,000-12,000 SF) with an incredibly high sales volume.
- Trader Joe's reportedly average about \$1,700-\$1,750 per square foot in annual retail sales.

## Opportunity

- Smallest land footprint required of the three options
- Highly desirable grocer

## Tall Oaks' Challenges

- Exceedingly poor visibility
- Highest required sales per square foot
- Already another Trader Joe's in Reston, which limits the PMA

## Conclusion

A Trader Joe's is not supportable at the Tall Oaks site. There is only sufficient demand for approximately 2,800 SF of retail of this type. This is below the required threshold of 10,000-12,000 SF for this type of retailer. Without an anchor, there will only be sufficient demand for a few restaurants and limited additional neighborhood-serving retail and services.

### Summary of Retail Demand Model

RESTON DEMAND DEMOGRAPHICS		2020 DEMAND FROM PMA					2020 DEMAND FROM ON-SITE <sup>1</sup>			2020 TOTAL DEMAND				SUPPORTABLE SQUARE FOOTAGE	
TYPE OF RETAIL	Avg. HH Spending	Expenditure of HHs In PMA	Ideal Capture Rate	Site Issues Capture Penalty	Actual Capture of PMA	Subtotal from PMA	Expenditures of On-Site HHs	Capture Rate	Subtotal from On-site HHs	Total Est. On-Site Retail Spending	Est. Sales PSF	Total Supportable SF from PMA + On-Site HH	Addl. 10%-15% from Outside PMA	MINIMUM STORE SIZE	TOTAL POSSIBLE SQUARE FEET
Grocery & Drug	\$9,100	\$39,000,000	25%	65%	9%	\$3,700,000	\$2,000,000	30%	\$607,000	\$4,300,000	\$1700	2,600	2,800	10,000 - 12,000	0
Restaurant & Specialty	\$4,400	\$18,900,000	40%	75%	10%	\$1,900,000	\$980,000	60%	\$588,000	\$2,300,000	\$425	5,800	6,700	1,500	6,000
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Home Goods	\$1,200	\$5,200,000	4%	75%	1%	\$52,000	\$267,000	2%	\$5,000	\$57,000	\$350	170	180	1,500	0
Florist/Gift/Hobby	\$2,400	\$10,400,000	6%	75%	2%	\$160,000	\$540,000	8%	\$43,000	\$203,000	\$350	580	640	1,200	0
Electronics	\$1,700	\$7,100,000	4%	75%	1%	\$71,000	\$370,000	2%	\$7,000	\$79,000	\$400	200	220	2,500	0
Beer/Wine/Specialty	\$500	\$2,200,000	9%	75%	2%	\$48,000	\$115,000	35%	\$40,000	\$88,000	\$450	200	220	1,300	0
+ 15% Additional SF for Services														1,500	1,500
<b>TOTAL SUPPORTABLE SF</b>															<b>7,500</b>

<sup>1</sup> Based on number of households from the November 2015 Conceptual Plan and RCLCO's estimates for average home prices. The retail demand would be slightly less under scenarios that have fewer total units.

Source: RCLCO



# Tall Oaks Retail Opportunities Conclusion

- After extensive research on Tall Oaks site conditions, the competitive retail environment and local and regional trends in retailer requirements, and demand and likely capture rates for various types of retailers, RCLCO reached the following conclusions:
  1. **A grocery store anchor is not supportable at the Tall Oaks site** – There are multiple existing grocers within close proximity to Tall Oaks that are already meeting the needs of the existing households in the PMA. The demand from new residents on the Tall Oaks site would not be able to make up this gap to support a grocer. Additionally, the extremely poor visibility and track record of failed grocery stores at Tall Oaks would dissuade any potential tenant from leasing at the location. Without a grocery anchor, it will be much more difficult to attract desirable retailers and for retailers to succeed.
  2. **There may be limited opportunity for a discount retailer on the site, but it would not serve neighborhood needs** – Such a retail anchor could be drawn to the site due to the relative affluence of the surrounding area and low rents in the existing retail center. However, this type of retailer would not have the same kind of positive impact to draw neighborhood-serving, ancillary retail uses.
  3. **Food-service, specialty food, and service-based retail is supportable on the site** – Based on overall demand, RCLCO’s professional opinion is that approximately 7,500 SF of this type of retail would be supportable on the site. Such a mix of retailers would serve the convenience needs of the on-site residents and local neighborhood.



# Residential Market Analysis

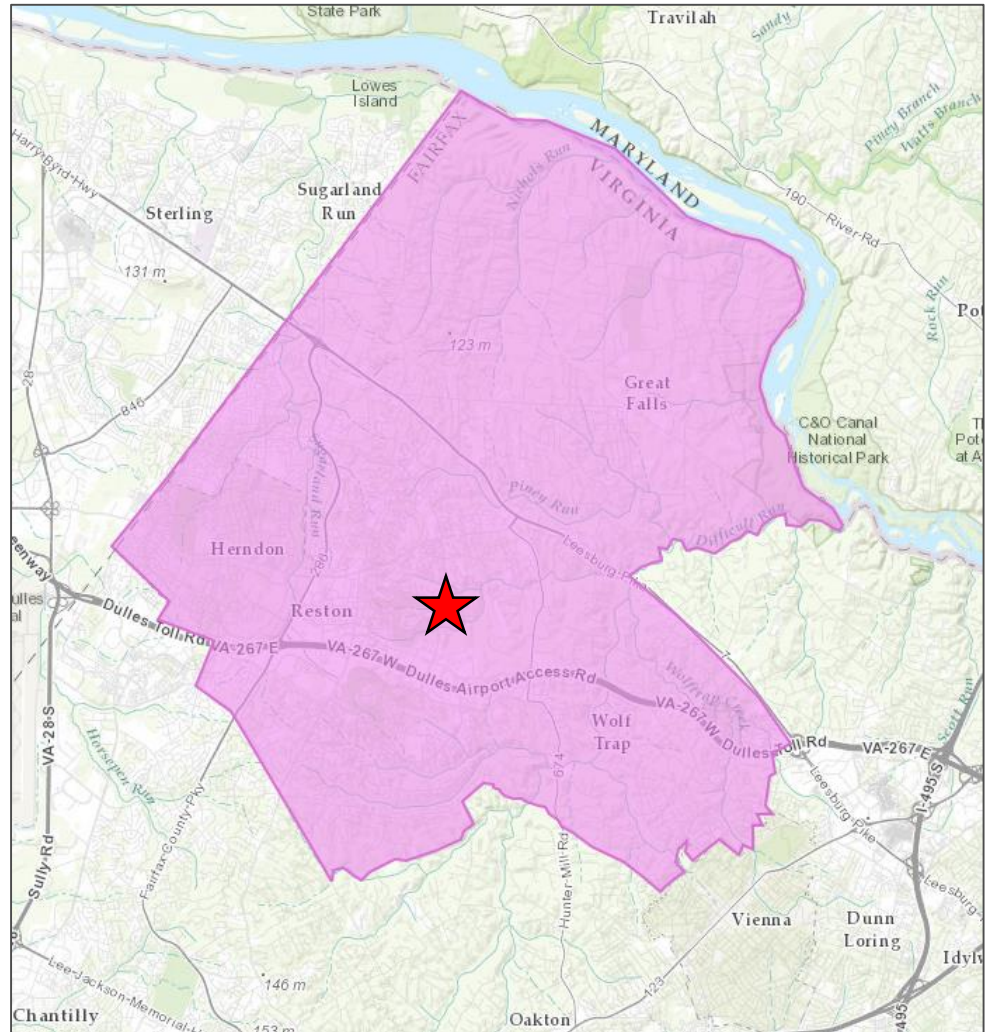
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# Residential PMA

- The residential primary market area (PMA) includes Reston, Herndon, Great Falls, and Wolf Trap, VA, all located in Fairfax County around 20-30 minutes west of Washington, D.C.
- The introduction of the Silver Line has made the PMA even more attractive for those commuting into Washington, D.C., the Rosslyn-Ballston corridor, and Tysons.
- New residential development will likely be further spurred by the extension of the Metro Silver Line farther west. Developers are recognizing the market potential, as indicated by a strong pipeline of residential projects near stations. Most of the planned units are likely to be rental apartments, although some will be condos. Very few, if any, of these new units are expected to be townhomes or two-over-twos.
- Development has also increased in Loudoun County, with generally lower prices than in western Fairfax County.
- Reston is a very desirable residential location, with locations in or close to Reston Town Center garnering the highest prices and rents.

**Primary Market Area Map; Reston, VA**



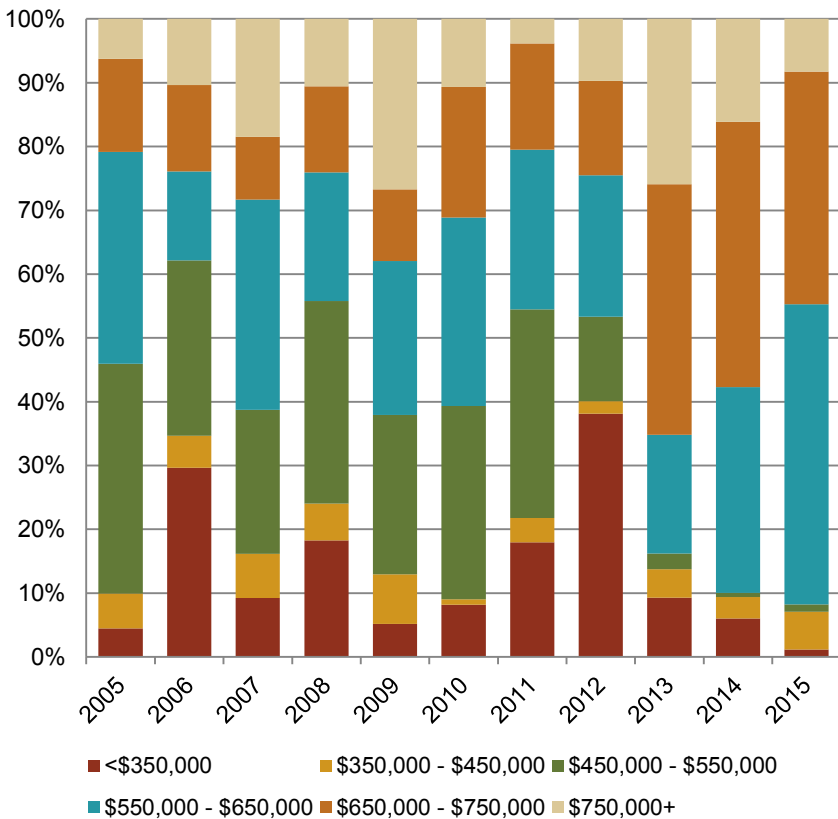
**KEY:** Primary Market Area:  Subject Site:



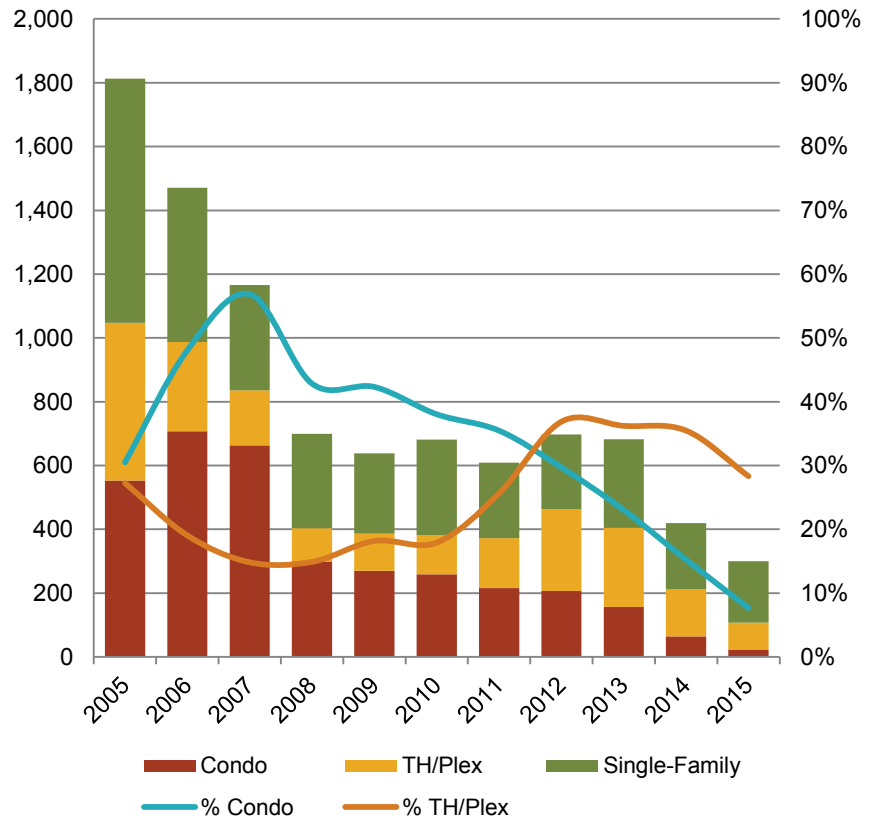
# Market Conditions in Fairfax County

- The percentage of townhome sales (new and resale) in Fairfax County priced \$550,000 and above, and \$650,000 and above, increased dramatically from 2011/12 to 2015. Prices have been increasing overall, with townhome sales less than \$350,000 dropping from a high of around 35% to less than 5% in 2015.
- The decreasing sales at the top of the townhome market is likely attributable to limited supply, as much as a change in demand. The number of new home sales has dropped precipitously in the last 10 years. The percentage of townhome sales decreased by around 10% from a high in 2012/2013 to 2015. An even more extreme path is evident for condos, seeing their market share decrease from over 50% in 2007 to less than 10% in 2015.

**Townhome Sales, Fairfax County, 2005-2015**



**Total New Homes Sold by Product Type, Fairfax County, 2005-2015**



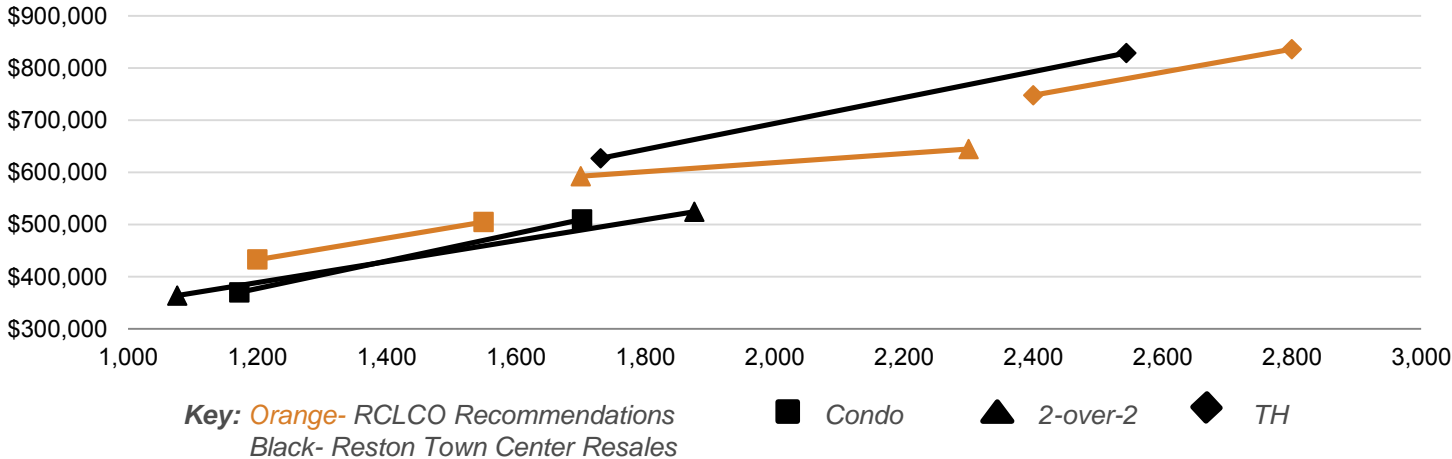
Source: RealQuest

# For-Sale Housing Price and Size Positioning

- Using market information regarding comparable developments, RCLCO determined achievable prices and recommended unit sizes for the product types based on the November 2015 Conceptual Plan. The general positioning averages around \$565,000, or \$301/SF base price. Townhomes are the most expensive, with base prices around \$700,000, while condos are the most affordable, with base prices averaging \$470,000. These prices are generally positioned below Reston Town Center resales, which are believed to be the top of the market for the Reston area.

UNIT TYPE	# UNITS	% OF TOTAL	AVERAGE SIZE	AVERAGE BASE PRICE	\$/SF	AVERAGE FINAL PRICE	\$/SF
2BR/1b Condo Flat	21	30%	1,200	\$420,000	\$350	\$432,600	\$361
2BR/2b Condo Flat	49	70%	1,550	\$490,000	\$316	\$504,700	\$326
<b>Condo Subtotal</b>	<b>70</b>	<b>100%</b>	<b>1,445</b>	<b>\$469,000</b>	<b>\$326</b>	<b>\$483,070</b>	<b>\$341</b>
3BR Two-Over-Two	21	50%	1,700	\$570,000	\$335	\$592,800	\$349
3BR Two-Over-Two	21	50%	2,300	\$620,000	\$270	\$644,800	\$280
<b>Two-Over-Two Subtotal</b>	<b>42</b>	<b>100%</b>	<b>2,000</b>	<b>\$595,000</b>	<b>\$302</b>	<b>\$618,800</b>	<b>\$309</b>
3BR Townhome	35	80%	2,400	\$680,000	\$283	\$748,000	\$312
4BR Townhome	9	20%	2,800	\$760,000	\$271	\$836,000	\$299
<b>Townhome Subtotal</b>	<b>44</b>	<b>100%</b>	<b>2,480</b>	<b>\$696,000</b>	<b>\$281</b>	<b>\$765,600</b>	<b>\$305</b>
<b>TOTAL / AVERAGE</b>	<b>156</b>	<b>100%</b>	<b>1,886</b>	<b>\$566,949</b>	<b>\$301</b>	<b>\$599,301</b>	<b>\$318</b>

Recommended Unit Mix, Unit Sizes, and Price Ranges



Source: RCLCO



# Demand Analysis

- RCLCO used a proprietary, demographic-based statistical demand model to estimate the annual demand for the subject site's for-sale product types.
- RCLCO estimates that there is annual, income-qualified demand for approximately 185 condo units and 315 townhome and two-over-two units in the subject site's residential PMA. "Income-qualified" is defined as households with incomes of \$100,000 and over annually and one-half of households with incomes between \$75,000 and \$100,000.
- Because of the limited pipeline of planned for-sale housing in the PMA, it is assumed that the subject site will capture a substantial share of the demand in the area.
- Assuming the subject property captures 35% of demand, Tall Oaks should be able to achieve an average absorption rate of approximately 5-6 condominiums and 7-11 townhomes and two-over-twos per month. At this pace, the community will sell out in approximately 12-14 months.

## Summary of Demand Analysis

Age and Income	Affordable Home Price Range <sup>1</sup>	Total HHs <sup>2</sup>	%	DEMAND FROM EXISTING HOUSEHOLDS			DEMAND FROM NEW HOUSEHOLDS			CONDO DEMAND			TOWNHOME & 2-OVER-2 DEMAND				
				% Owners	Annual Owners in Turnover	Demand from Renters becoming Owners <sup>3</sup>	Demand from Existing HHs	Net New HHs	% Owners <sup>3</sup>	Total Owner Demand from New HHs	Total For-Sale Demand Pool	% Choosing Condo <sup>3</sup>	% Choosing New Product <sup>4</sup>	Total Demand for New MF	% Choosing Townhome	% Choosing New Product	Total Demand for New SFA
UNDER - \$35K	UNDER - \$170K	4,901	10%	35%	180	34	214	195	27%	53	267	1%	5%	3	1%	5%	3
\$35K - \$50K	\$170K - \$230K	3,191	7%	59%	262	29	291	130	54%	70	361	16%	30%	59	7%	30%	25
\$50K - \$75K	\$230K - \$320K	5,167	11%	55%	158	119	277	200	44%	87	364	12%	35%	43	12%	35%	44
\$75K - \$100K	\$320K - \$400K	5,446	11%	53%	193	175	368	205	41%	84	453	12%	40%	53	16%	40%	75
\$100K - \$150K	\$400K - \$580K	9,530	20%	69%	313	317	631	280	61%	171	801	8%	40%	66	16%	40%	126
\$150K - OVER	\$580K - OVER	20,393	42%	86%	716	265	981	417	81%	338	1,319	7%	50%	95	13%	50%	165
<b>Total/ Average</b>		<b>48,628</b>	<b>100%</b>	<b>69%</b>	<b>1,823</b>	<b>939</b>	<b>2,762</b>	<b>1,428</b>		<b>803</b>	<b>3,565</b>	<b>9%</b>		<b>320</b>	<b>12%</b>		<b>438</b>

Capture Rate Analysis	CONDO	TH & 2-OVER-2
Annual Units Delivering in Similar Time Frame	400	150
Units at Subject Site	70	86
Subject Site Capture Rate	35.0%	35.0%
Subject Site Capture of Income-Qualified Demand	66	111
Market Exposure (Months to 100% occupancy)	12.8	9.3
Units Purchased Per Month	5.5	9.2

<sup>1</sup> Assumes that mortgage payments make up 24%-34% of monthly household budget

<sup>2</sup> ESRI estimate

<sup>3</sup> Estimates based on Census data and further adjusted by RCLCO

Source: RCLCO



# Supply and Demand Summary

- After determining the amount of income-qualified, annual demand for new condominiums, townhomes, and two-over-two units in the PMA, RCLCO further analyzed the projected supply to evaluate the likely absorption pace and overall health in the market.
- Clearly, there is much pent-up demand for these product types in the PMA. This is due to the lack of new deliveries in recent years, coupled with strong job and income growth in the immediate area. It is likely that households that prefer to live in the PMA are constrained in their choices and are buying in the resale market or in other areas rather than new product in Reston because it is simply unavailable.
- There is much greater demand for townhomes and two-over-tvos than for condos. Demand for all product types is expected to continue to increase with the arrival and further extension of the Silver Line.
- There is a slight supply risk for condominiums, given the planned delivery of 400 luxury condo units in Momentum, a project in the second phase of Comstock's Reston Station development. However, even if this project and the subject site development deliver concurrently, RCLCO anticipates that the absorption pace at Tall Oaks will still be a robust 5-6 units monthly.

## Summary of Supply and Absorption Analysis

PMA SUPPLY AND DEMAND BALANCE	CONDOMINIUM ANALYSIS			TOWNHOME & 2-OVER-2 ANALYSIS		
	LOW DEMAND	RCLCO ESTIMATE	HIGH DEMAND	LOW DEMAND	RCLCO ESTIMATE	HIGH DEMAND
Total Income-Qualified Annual Demand		187			316	
Projected Demand Variance	90%	100%	110%	90%	100%	110%
Annual Condo Demand	169	187	206	284	316	348
<b>Total 3-Year Demand</b>	<b>506</b>	<b>562</b>	<b>619</b>	<b>853</b>	<b>948</b>	<b>1,043</b>
<b>Planned and Proposed 3-Year Supply<sup>1</sup></b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>291</b>	<b>291</b>	<b>291</b>
	<b>Oversupply or (Undersupply)</b>			<b>Oversupply or (Undersupply)</b>		
If 70% of Planned Supply Delivers	(177)	(233)	(290)	(650)	(745)	(839)
If 80% of Planned Supply Delivers	(130)	(186)	(243)	(621)	(716)	(810)
If 90% of Planned Supply Delivers	(83)	(139)	(196)	(592)	(686)	(781)
If 100% of Planned Supply Delivers	(36)	(92)	(149)	(562)	(657)	(752)
If 110% of Planned Supply Delivers	11	(45)	(102)	(533)	(628)	(723)
	<b>Projected 2018 Monthly Absorption Pace</b>			<b>Projected 2018 Monthly Absorption Pace</b>		
If 25% Capture Rate for New Product	3.5	3.9	4.3	5.9	6.6	7.2
If 30% Capture Rate for New Product	4.2	4.7	5.2	7.1	7.9	8.7
If 35% Capture Rate for New Product	4.9	5.5	6.0	8.3	9.2	10.1
If 40% Capture Rate for New Product	5.6	6.2	6.9	9.5	10.5	11.6
If 45% Capture Rate for New Product	6.3	7.0	7.7	10.7	11.9	13.0

<sup>1</sup> Includes subject site units

Source: RCLCO



# Market Audience Segments



	POST-GRAD	YOUNG PROFESSIONAL	FAMILY	NEVER NESTER	EMPTY NESTER
<b>Description</b>	Just completed degree, in first job or grad school, single	Well into career, singles and couples	Children at home, usually young children	Couples and singles, established wealth	Couple or single, active in community and socially
<b>Motivated By...</b>	Price-point, location, transit	Location, amenities, quality, transit	Value-orientation, convenience, good schools	Nice finishes and amenities, convenience	Downsizing, urban living, nice finishes
<b>Moves from</b>	College housing	Washington, D.C., or inside the Beltway	Fairfax or Arlington Counties	Reston, Western Fairfax County	Reston, Western Fairfax County
<b>Age Range</b>	Early and mid 20s	Late 20s and 30s	30s and 40s	Late 30s, 40s, some 50s	60s, 70s
<b>Location Preferences</b>	Walkable urban, affordable, transit	Walkable urban, close to employment	Good school district, close to employment, retail	Walkable, sensitive to reputation	Walkable, urban-suburban locations
<b>Opportunity to Capture</b>	Anticipated price points will be too high to capture this demographic	Largest market segment; likely moving out of sub-par housing, ready for something new in an area with access to jobs and good schools	Will be attracted to family-friendly nature of Reston and strong school district. Will be interested in largest townhomes and two-over-twos	With the robust job growth that Fairfax continues to experience, more mature working professionals will be looking for top-end housing options in the area	This demographic will likely be downsizing but still wanting to remain in Reston.

Source: RCLCO

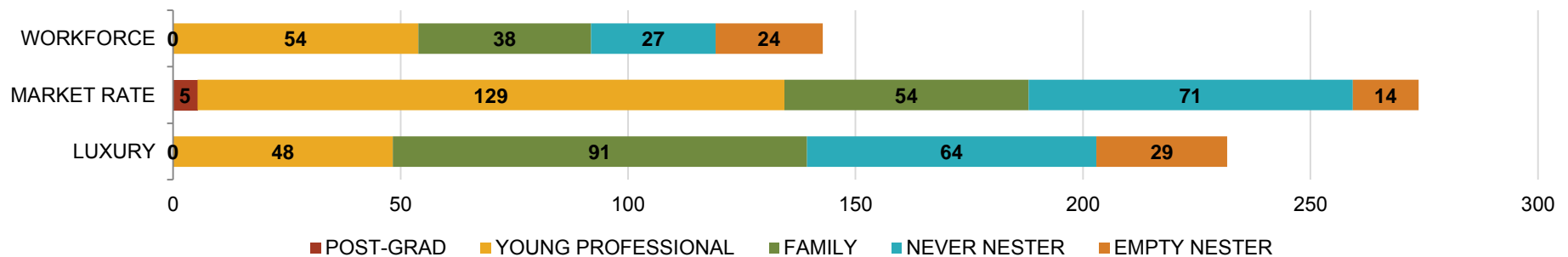
# Target Market Segments

- Due to the location of the site and demographic trends in the PMA, the likely target market audiences at the community will consist mostly of young professionals, families, never nesters, and empty nesters, including professional singles, couples, and families.
- These market segments comprise approximately 230 households that can afford luxury, new product annually within the PMA. There are also an additional 265 market-rate buyers, some of whom the subject site could capture as well.
- RCLCO recommends that the subject site target the luxury end of the market, with a particular focus on older buyers looking to downsize while still remaining in the area.
- There is also a strong opportunity to capture older young professionals who are transitioning to a family-oriented lifestyle.

## Market Segmentation Definitions

		Market Segments				
		POST-GRAD	YOUNG PROFESSIONAL	FAMILY	NEVER NESTER	EMPTY NESTER
LUXURY	WORKFORCE	Age 18-24 Roommates: Less than \$100k Single: Less than \$50k	Age 25-34 Roommates: \$35k-\$50k Singles and Couples: \$35k-\$50k	Any household with children Incomes \$35k-\$100k	Age 35-54 Roommates: \$35k-\$100k Singles and Couples: \$35k-\$75k	Age 55+ Roommates: \$35k-\$100k Singles and Couples: \$35-\$75k
	MARKET RATE	Age 18-24 Roommates: Over \$100k Single: \$50k-\$100k	Age 25-34 Roommates: \$50k-\$150k Singles and Couples: \$50k-\$150k	Any household with children Incomes \$100k-\$150k	Age 35-54 Roommates: Over \$100k Singles and Couples: \$75k-\$150k	Age 55+ Roommates: Over \$100k Singles and Couples: \$75k-\$150k
	LUXURY		Age 25-34 Singles and Couples: Over \$150k	Any household with children Incomes \$150k+	Age 35-54 Singles and Couples: Over \$150k	Age 55+ Singles and Couples: Over \$150k

Distribution of Annual New Condo, Townhome and Two-Over-Two Demand in the PMA by Market Segments



Source: RCLCO

# Comparable Properties Summary

- To understand market dynamics and pricing, RCLCO evaluated comparable communities in the PMA. These communities include newly constructed properties within close proximity to the subject site as well as selected resales of other properties based on their age, proximity to the site, and overall quality.

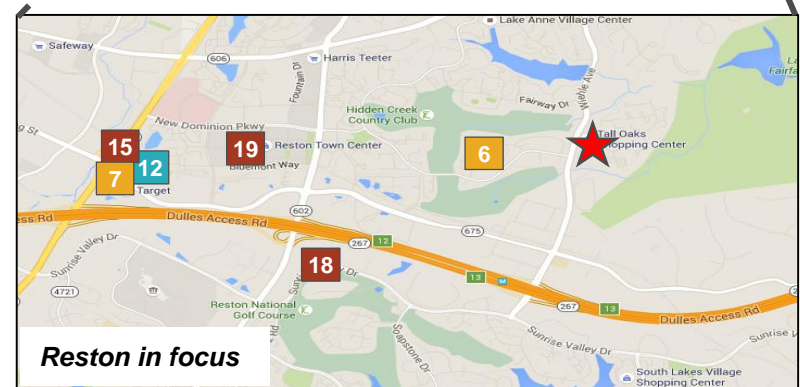
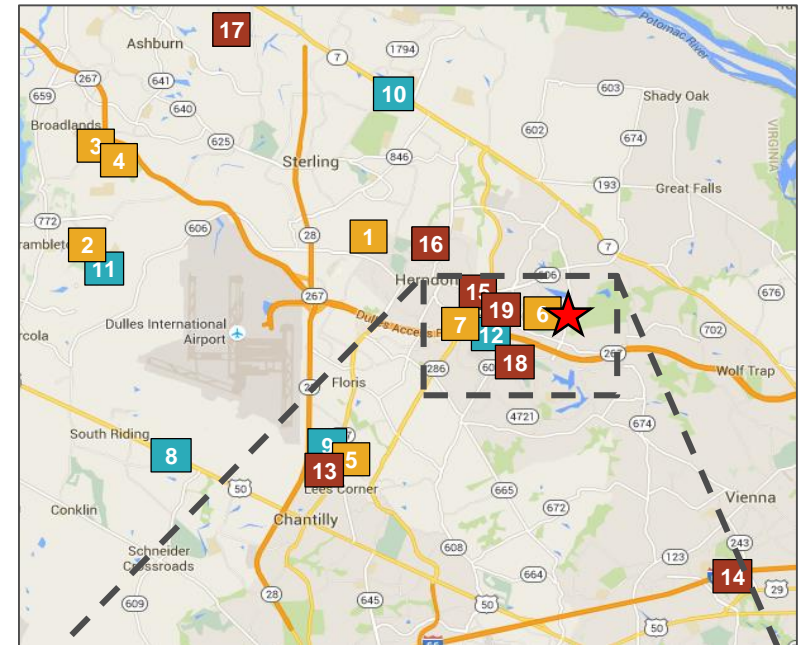
MAP KEY	PROPERTY	BUILDER	YEAR BUILT	# OF HOMES	AVG. BASE PRICE	PRICE \$/SF	AVG. FINAL PRICE	PRICE \$/SF
1	Townes at Hallcrest	Comstock	2014	42	\$405,990	\$197	\$438,469	\$197
2	Loudoun Valley	Toll Brothers	2015	401	\$491,890	\$237	\$541,079	\$237
3	Westmoore	NVHomes	2015	300	\$547,000	\$223	\$601,700	\$223
4	Westmoore	Ryan Homes	2015	300	\$496,992	\$252	\$546,691	\$252
5	Discovery Square	NVHomes	2014	85	\$613,859	\$275	\$675,245	\$275
6	Links Drive <sup>1</sup>	N/A	1968	28	\$420,370	\$199	\$462,414	\$199
7	West Market <sup>1</sup>	N/A	1998	20	\$728,000	\$375	\$801,000	\$375
8	East Gate	KB Home	2015	158	\$346,490	\$166	\$381,139	\$182
9	Discovery Square	Ryan Homes	2014	208	\$450,000	\$213	\$450,000	\$213
10	Crescent Collection	Wormald	2016	N/A	\$472,740	\$225	\$472,740	\$225
11	Loudoun Valley	Toll Brothers	2015	306	\$344,495	\$187	\$378,945	\$187
12	Lincoln Park <sup>1</sup>	N/A	1999	104	\$454,686	\$329	\$500,155	\$329
13	Discovery Square	K Hovnanian	2014	100+	-	-	\$368,990	\$299
14	The Flats at MetroWest <sup>1</sup>	Pulte	2014	128	-	-	\$559,990	\$401
15	Madison Park at West Market <sup>1</sup>	VanMetre	2000	98	-	-	\$423,816	\$313
16	Fortnightly Square <sup>1</sup>	Carr Homes	2005	N/A	-	-	\$269,627	\$238
17	Potomac Green <sup>2</sup>	Del Webb	2012	N/A	-	-	\$293,490	\$231
18	The Mercer	JBG	2006	300+	-	-	\$316,218	\$352
19	Stratford at Reston Town Ctr.	Renaissance	1998	338	-	-	\$521,347	\$428

<sup>1</sup> Resale data. Base prices have been estimated.

<sup>2</sup> Age-restricted community

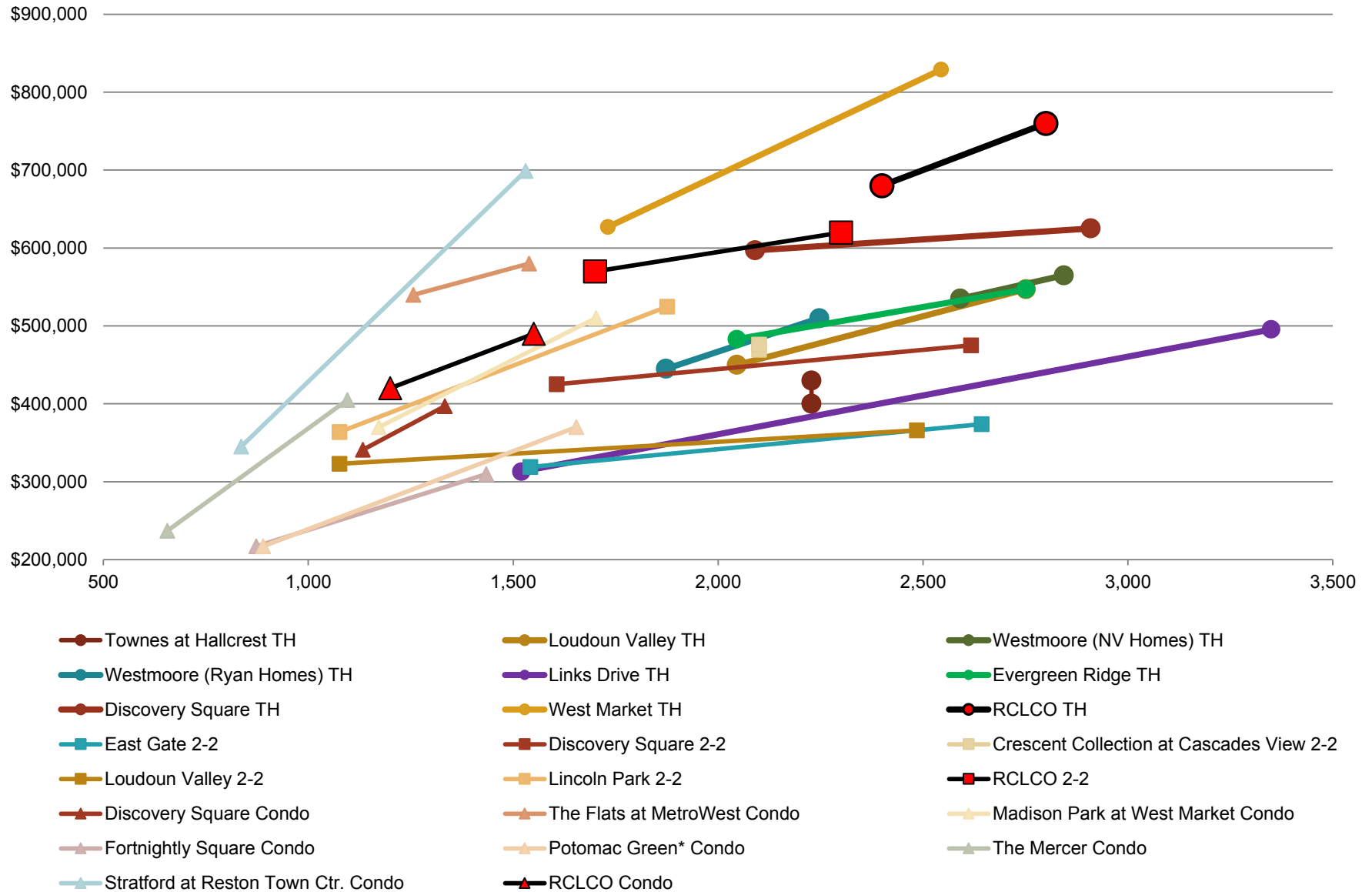
Source: Leasing agent interviews; Builder websites

Map of Comparable Properties



KEY ■ Townhomes ■ 2-over-2 ■ Condo

# Price-to-Size Comparison



Source: RCLCO

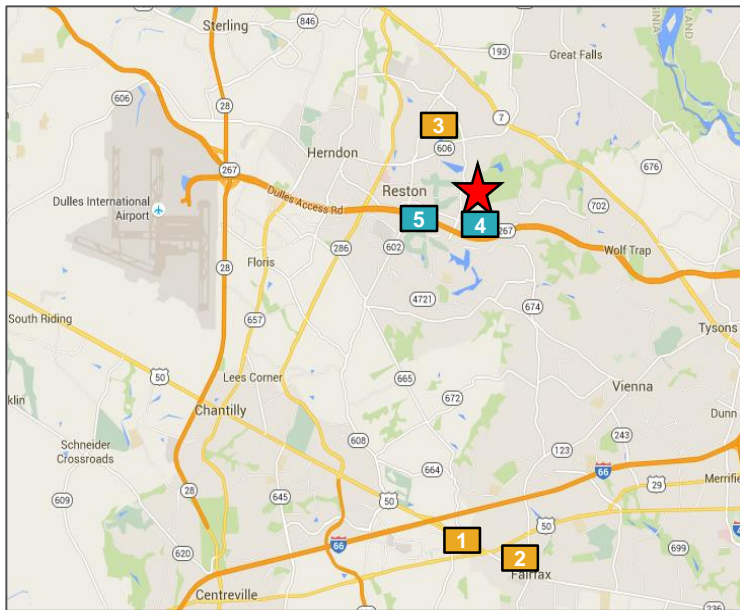


# Planned and Proposed

- The proposed townhome and two-over-two projects include two Metro-accessible sites, as well as two located near the City of Fairfax. In addition to those shown, there are also a number of currently selling projects, including Discovery Square, that have additional phases planned.

- The pipeline for condominium projects is less certain, as some planned projects could be developed as either rentals or condos. Their impact on demand at Tall Oaks will depend on tenure, quality, and delivery date.

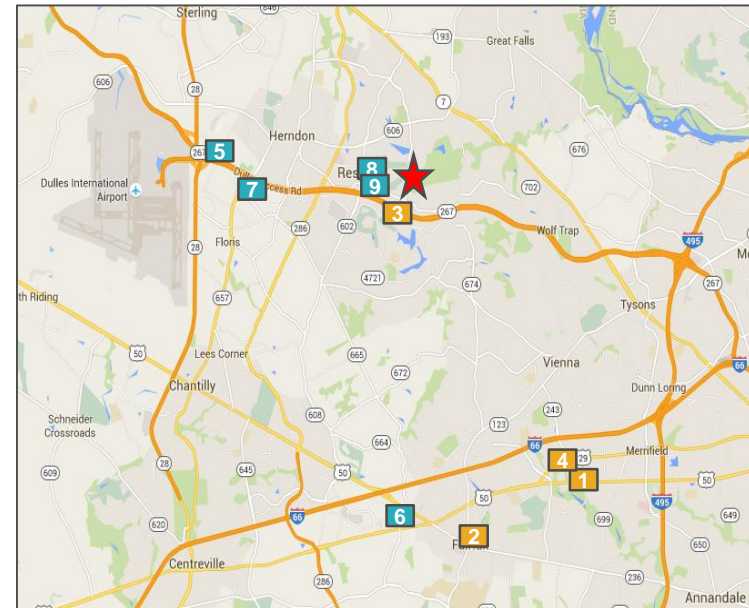
**Map of Planned & Proposed Townhome and 2-over-2 Projects**



MAP KEY	COMMUNITY	UNITS	STATUS	EST. OPENING
<b>Short Term Planned and Proposed</b>		<b>215</b>		
1	8301 Lee Highway (Vienna Metro)	141	Planned	2017/2018
2	Oak Knolls development (Condo & TH)	40	Planned	2017/2018
3	St John's Wood (Apt. & TH)	34	Planned	2017/2018
<b>Long Term Planned and Proposed</b>		<b>79</b>		
4	The Lofts at Reston Station	42	Proposed	2018+
5	American Press Institute Site	37	Proposed	2018+

Source: Leasing agent interviews; Apartment websites

**Map of Planned and Proposed Condominium Communities**



MAP KEY	COMMUNITY	UNITS	STATUS	EST. OPENING
<b>Short Term Planned and Proposed</b>		<b>1,422</b>		
1	The Enclave	80	Proposed	2018
2	Oak Knolls development (Condo & TH)	94	Proposed	2018
3	Momentum	400	Proposed	2019
4	MetroWest - Mid/High Rise	848	Site Plan	2020+
<b>Long Term Planned and Proposed</b>		<b>2,635</b>		
5	The Rocks	411	Proposed	2020+
6	Fairfax Corner	290	Site Plan	2020+
7	Arrowbrook Center - Phase III	508	Proposed	2020+
8	Spectrum North I & II	880	Proposed	2020+
9	Spectrum South	546	Proposed	2020+

# Critical Assumptions

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will grow at a stable and moderate rate to 2020 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when an economic and real estate upturn will end.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- Availability and cost of capital and mortgage financing for real estate developers, owners and buyers.
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

## General Limiting Conditions

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not

be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

## Appendix: Supporting Exhibits

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# JEFFERSON APARTMENT GROUP

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## LIST OF EXHIBITS

### I. ECONOMICS AND DEMOGRAPHICS

- Exhibit I-1* Regional Map; Select Geographies; 2016
- Exhibit I-2* Summary of Demographic Characteristics; PMA (Fairfax County), City of Reston, and Washington-Arlington-Alexandria, MSA; 2000, 2015 and 2020
- Exhibit I-3* Population Growth; Washington, D.C.-Arlington-Alexandria MSA; 1990-2040
- Exhibit I-4* Household Growth and Persons Per Household; Washington, D.C.-Arlington-Alexandria MSA; 1990-2040
- Exhibit I-5* Household Growth; Reston, Fairfax County, and Washington, D.C MSA; 2000-2020
- Exhibit I-6* Single-Family and Multifamily Building Permits; Washington, D.C.-Arlington-Alexandria MSA; 1980-2030
- Exhibit I-7* Median Existing Single-Family Home Price; Washington, D.C.-Arlington-Alexandria MSA; 1980-2030
- Exhibit I-8* Median Household Income; Washington, D.C.-Arlington-Alexandria MSA; 1980-2030
- Exhibit I-9* Annual Employment Growth; Washington, D.C.-Arlington-Alexandria MSA; 1990-2040
- Exhibit I-10* Job Growth by Sector; Washington, D.C.-Arlington-Alexandria MSA; 2000-2040
- Exhibit I-11* Top Employers in Primary Market Area; Fairfax County, VA; 2016
- Exhibit I-12* Where Employees in Reston, VA Live; Washington, D.C.-Arlington-Alexandria MSA; 2013
- Exhibit I-13* Where Residents of Reston, VA Work; Washington, D.C.-Arlington-Alexandria MSA; 2013
- Exhibit I-14* Age of Householder by Income; Washington, D.C.-Arlington-Alexandria MSA; 2015
- Exhibit I-15* Age of Householder by Income; Washington, D.C.-Arlington-Alexandria MSA; 2020
- Exhibit I-16* Age of Householder by Income; Secondary Market Area; 2015

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*Exhibit I-17* Age of Householder by Income; Secondary Market Area; 2020

*Exhibit I-18* Subject Site Analysis; Tall Oaks Site; 2016

## **II. RETAIL MARKET ANALYSIS**

*Exhibit II-1* Surrounding Grocers; Subject Area; 2016

*Exhibit II-2* Village Centers of Reston; Reston, VA; 2016

*Exhibit II-3* Local Retail Market Overview; Reston, VA; February 2016

*Exhibit II-4* Selected Retail and Other Properties; Reston, VA; February 2016

*Exhibit II-5* Overview of Planned and Proposed Retail Centers; Reston, VA; 2016

*Exhibit II-6* Retail Market Statistics; Reston, VA; 2016

*Exhibit II-7* Retail Vacancy Rate and Square Footage by Center Type; Reston, VA; 2016 QTD

*Exhibit II-8* Current Retail Under and Over Supply; Reston, VA; February 2016

*Exhibit II-9* Current Retail Under and Over Supply; 1 Mile Radius; February 2016

*Exhibit II-10* Current Retail Under and Over Supply; 3 Mile Radius; February 2016

*Exhibit II-11* Site Selection Criteria For High End Retailers; United States; 2015

## **III. RESIDENTIAL MARKET ANALYSIS**

*Exhibit III-1* Proposed For-Sale Program Based On Competitive Market; Tall Oaks; February 2016

*Exhibit III-2* Alternative For-Sale Programs Based On Competitive Market; Tall Oaks; February 2016

*Exhibit III-3* Residential Building Permits and Percent Multifamily; Fairfax County, VA; 2000-2015

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- Exhibit III-4* Fairfax County Capture of MSA Total Residential Building Permits; Fairfax County, VA; 2000-2015
- Exhibit III-5* Historical Residential Sales (All Homes); Fairfax County, VA; 2005-2015
- Exhibit III-6* Historical Residential Sales (Existing Homes); Fairfax County, VA; 2005-2015
- Exhibit III-7* Historical Residential Sales (New Homes); Fairfax County, VA; 2005-2015
- Exhibit III-8* Historical Residential Sales (Townhomes); Fairfax County, VA; 2005-2015
- Exhibit III-9* Map of For-Sale Condo and Townhome Developments; Reston and Surrounding Area; February 2016
- Exhibit III-10* For-Sale Townhomes & 2-Over-2; Reston and Surrounding Area; February 2016
- Exhibit III-11* For-Sale Condominiums; Reston and Surrounding Area; February 2016
- Exhibit III-12* Price-To-Size Relationship of Actively Selling Townhomes<sup>1</sup>; Reston and Surrounding Area; February 2016
- Exhibit III-13* Price-To-Size Relationship of Actively Selling 2-Over-2<sup>1</sup>; Reston and Surrounding Area; February 2016
- Exhibit III-14* Price-To-Size Relationship of Actively Selling Condominiums<sup>1</sup>; Reston and Surrounding Area; February 2016
- Exhibit III-15* Under Construction, Planned, and Proposed Townhome and 2-Over-2 Projects; Reston and Surrounding Area; February 2016
- Exhibit III-16* Under Construction, Planned, and Proposed Condominium Projects; Reston and Surrounding Area; February 2016
- Exhibit III-17* Land Values; Reston and Surrounding Area; February 2016

## **IV. RESIDENTIAL DEMAND**

- Exhibit IV-1* Annual For-Sale Residential Demand; Primary Market Area; 2016-2021
- Exhibit IV-2* Condo Supply and Demand Balance; Primary Market Area; 2016-2019

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- Exhibit IV-3* Townhome and Two-Over-Two Supply and Demand Balance; Primary Market Area; 2016-2019
- Exhibit IV-4* Renter Market Segmentation Matrix - Definitions; Primary Market Area
- Exhibit IV-5* Summary of Condo and Townhome Demand by Household Segmentation; Primary Market Area; Annual 5-Year Demand
- Exhibit IV-6* Reference Map; Primary Market Area; February 2016

## **V. RETAIL DEMAND**

- Exhibit V-1* Retail Primary Market Area; Reston, VA; 2016
- Exhibit V-2* Retail Demand For Traditional Grocer; Retail Primary Market Area; 2015-2020
- Exhibit V-3* Retail Demand For Specialty Grocer Anchor; Retail Primary Market Area; 2015-2020
- Exhibit V-4* Retail Demand For Trader Joe's; Retail Primary Market Area; 2015-2020



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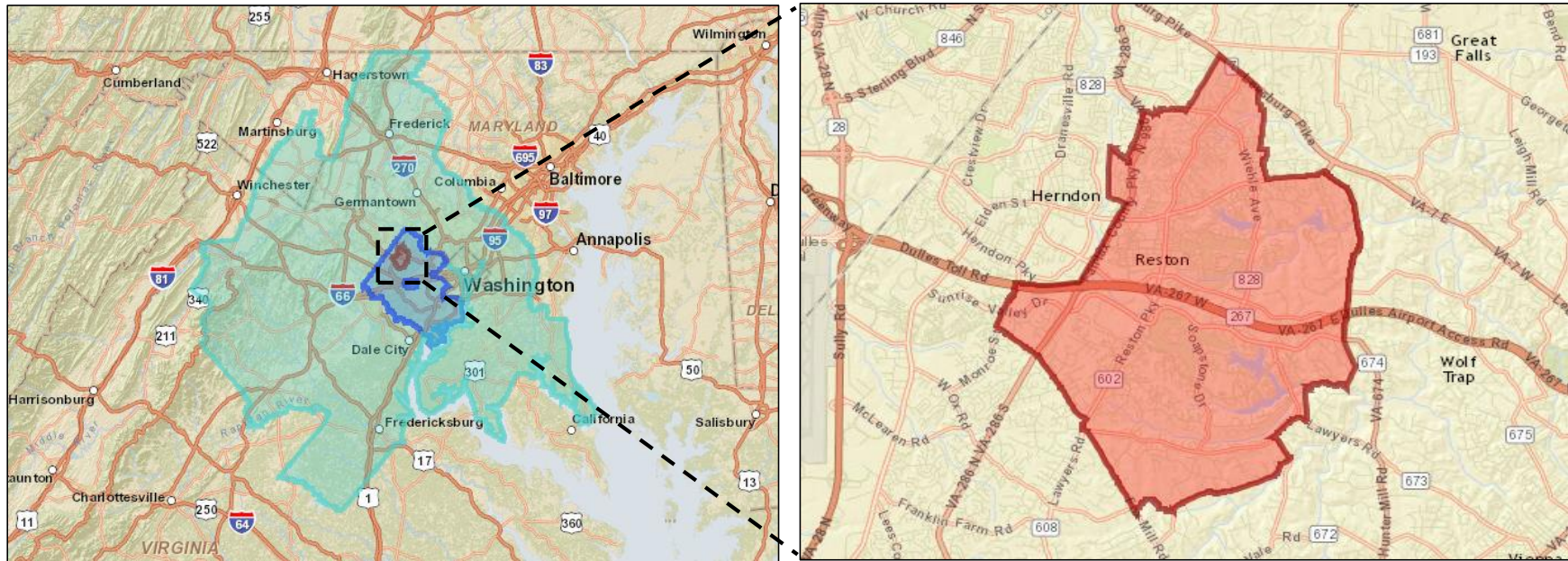
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## I. ECONOMICS AND DEMOGRAPHICS

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Exhibit I-1

## REGIONAL MAP SELECT GEOGRAPHIES 2016



-  Washington-Arlington-Alexandria, DC-VA-MD-WV MSA
-  Fairfax County
-  Reston, VA

SOURCE: Esri; RCLCO

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## Exhibit I-2

### SUMMARY OF DEMOGRAPHIC CHARACTERISTICS PMA (FAIRFAX COUNTY), CITY OF RESTON, AND WASHINGTON-ARLINGTON-ALEXANDRIA, MSA 2000, 2015 AND 2020

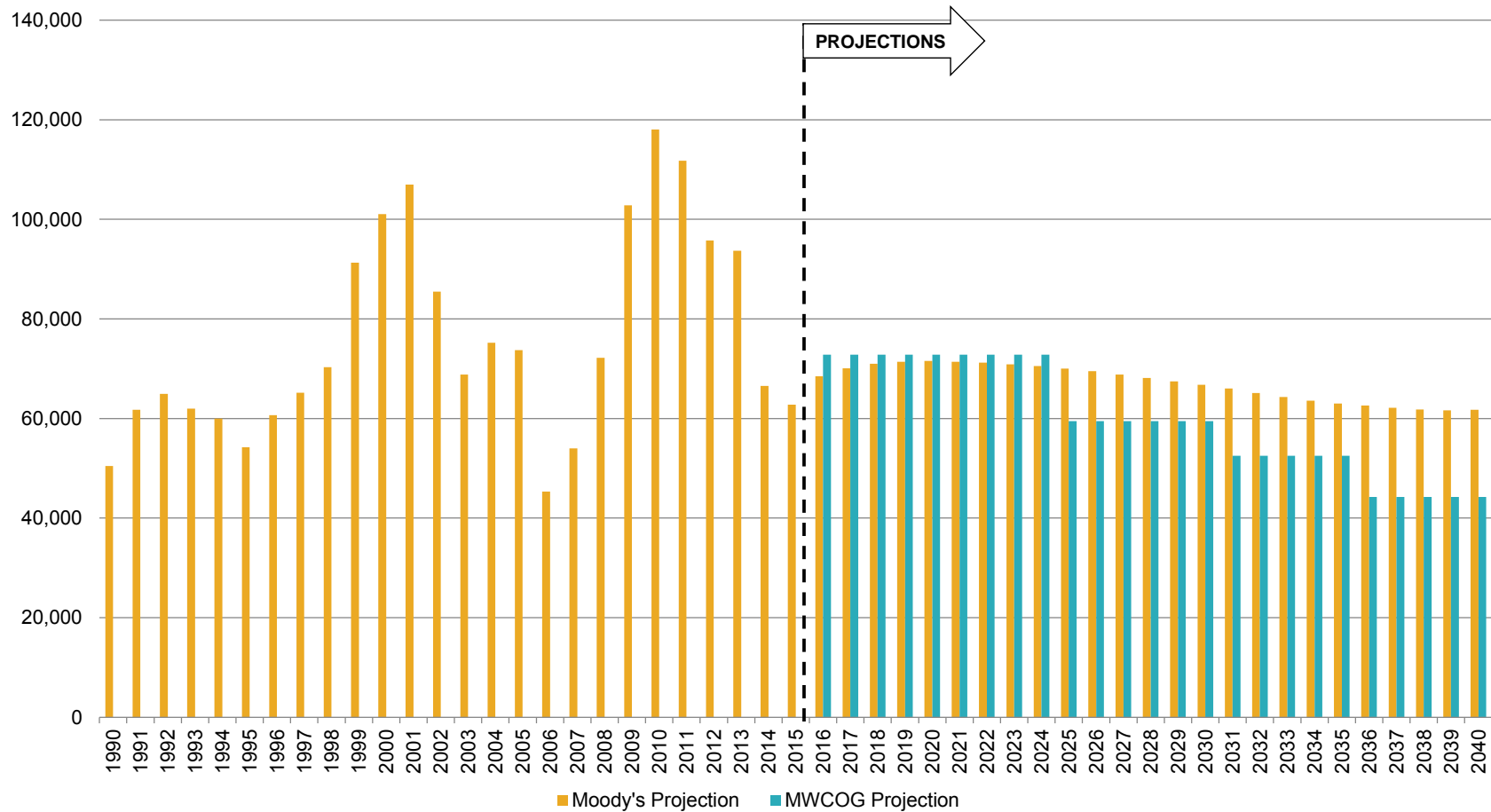
2000			
	RESTON	FAIRFAX COUNTY	MSA
Population	54,487	969,836	4,837,430
Households	22,756	350,752	1,815,193
Average Household Size	2.39	2.77	2.66
2015			
	RESTON	FAIRFAX COUNTY	MSA
Population	59,254	1,115,882	5,941,189
2000-2015 Annual Population Growth	0.56%	0.94%	1.38%
Households	25,906	403,745	2,206,969
Average Household Size	2.29	2.76	2.69
Median Income	\$104,865	\$111,614	\$91,943
Average Income	\$132,725	\$148,413	\$120,456
Median Home Value	\$503,679	\$578,374	\$428,384
2020			
	RESTON	FAIRFAX COUNTY	MSA
Population	61,295	1,168,178	6,338,910
2015-2020 Annual Population Growth	0.68%	0.92%	1.30%
Households	26,811	422,786	2,356,569
Average Household Size	2.29	2.76	2.69
Median Income	\$113,120	\$118,911	\$102,095
2015-2020 Annual Median Income Growth	1.53%	1.27%	2.12%
Median Home Value	\$640,366	\$690,981	\$510,431

SOURCE: Esri; RCLCO

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Exhibit I-3

## POPULATION GROWTH WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 1990-2040



Note: MWCOG projections adjusted by 7% to reflect different MSA definitions between two data sources

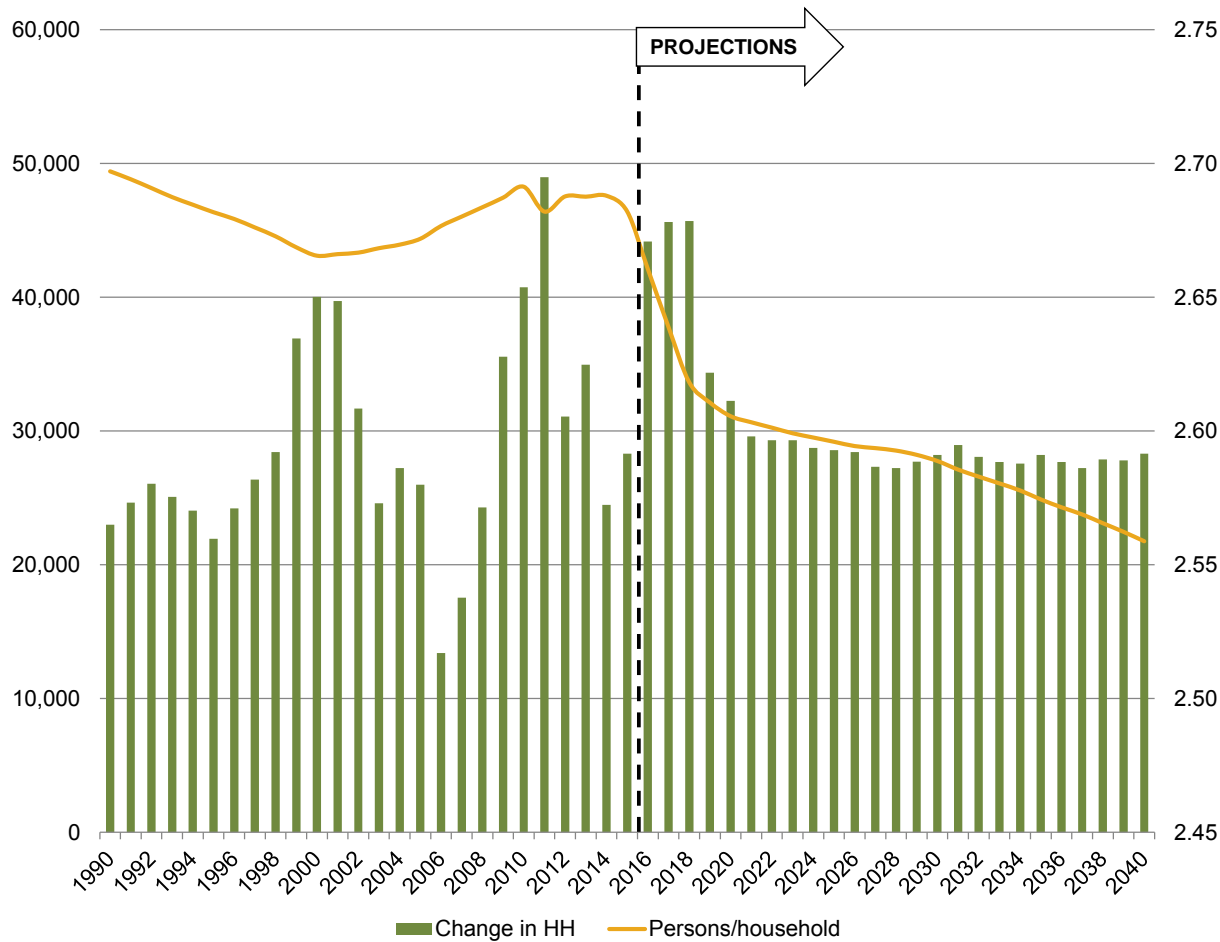
SOURCE: Moody's Analytics; ESRI; Loudoun County Gov't; MW COG



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Exhibit I-4

## HOUSEHOLD GROWTH AND PERSONS PER HOUSEHOLD WASHINGTON, D.C-ARLINGTON-ALEXANDRIA MSA 1990-2040



YEAR	TOTAL HOUSEHOLDS	CAGR
1980	1,237,884	
1985	1,371,420	2.07%
1990	1,546,901	2.44%
1995	1,668,661	1.53%
2000	1,824,571	1.80%
2005	1,973,773	1.58%
2010	2,105,305	1.30%
2015	2,273,092	1.55%
2020	2,475,139	1.72%
2025	2,620,626	1.15%
2030	2,759,515	1.04%
2035	2,900,003	1.00%
2040	3,038,891	0.94%

AVG. ANNUAL GROWTH	
1980-1990	30,902
1990-2000	27,767
2000-2010	28,073
2010-2020	36,983
2020-2030	28,438
2030-2040	27,938

SOURCE: Moody's Analytics

# JEFFERSON APARTMENT GROUP

## Exhibit I-5

### HOUSEHOLD GROWTH RESTON, FAIRFAX COUNTY, AND WASHINGTON, D.C MSA 2000-2020

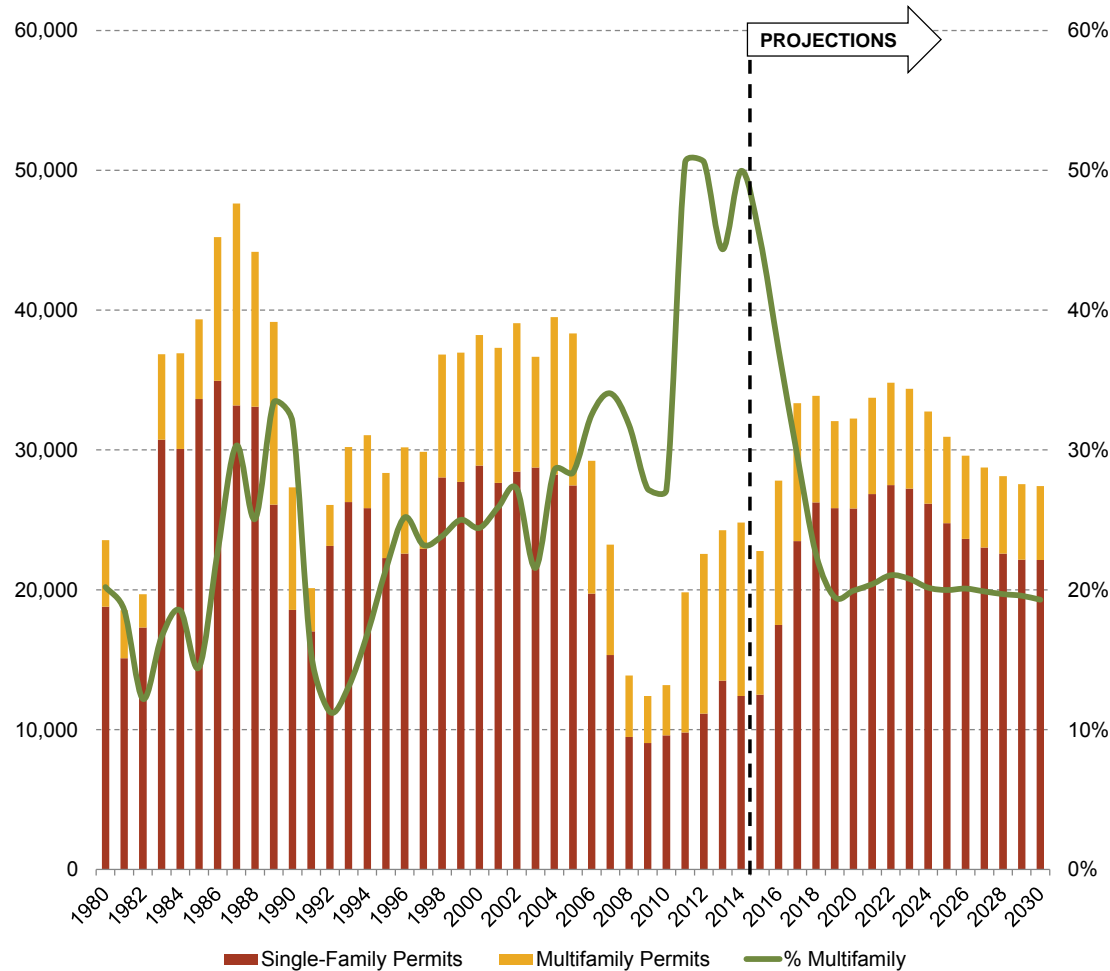
<b>Reston</b>	<b>Population</b>	<b>HH</b>	<b>Persons/Household</b>
<b>2000</b>	<b>54,487</b>	<b>22,756</b>	<b>2.39</b>
<b>2010</b>	<b>58,404</b>	<b>25,522</b>	<b>2.29</b>
<i>2000-2010 Yearly % Growth</i>	0.63%	1.05%	
<b>2015</b>	<b>59,254</b>	<b>25,906</b>	<b>2.29</b>
<i>2010-2015 Yearly % Growth</i>	0.36%	0.37%	
<b>2020</b>	<b>61,295</b>	<b>26,811</b>	<b>2.29</b>
<i>2015-2020 Yearly % Growth</i>	0.57%	0.57%	
<b>Fairfax County</b>	<b>Population</b>	<b>HH</b>	<b>Persons/Household</b>
<b>2000</b>	<b>969,836</b>	<b>350,752</b>	<b>2.77</b>
<b>2010</b>	<b>1,081,726</b>	<b>391,627</b>	<b>2.76</b>
<i>2000-2010 Yearly % Growth</i>	1.00%	1.01%	
<b>2015</b>	<b>1,115,882</b>	<b>403,745</b>	<b>2.76</b>
<i>2010-2015 Yearly % Growth</i>	0.78%	0.76%	
<b>2020</b>	<b>1,168,178</b>	<b>422,786</b>	<b>2.76</b>
<i>2015-2020 Yearly % Growth</i>	0.77%	0.77%	
<b>WASHINGTON D.C. MSA</b>	<b>Population</b>	<b>HH</b>	<b>Persons/Household</b>
<b>2000</b>	<b>4,837,430</b>	<b>1,815,193</b>	
<b>2010</b>	<b>5,636,232</b>	<b>2,094,033</b>	<b>2.69</b>
<i>2000-2010 Yearly % Growth</i>	1.40%	1.31%	
<b>2015</b>	<b>5,941,189</b>	<b>2,206,969</b>	<b>2.69</b>
<i>2010-2015 Yearly % Growth</i>	1.33%	1.32%	
<b>2020</b>	<b>6,338,910</b>	<b>2,356,569</b>	<b>2.69</b>
<i>2015-2020 Yearly % Growth</i>	1.09%	1.10%	

SOURCE: Esri; RCLCO

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Exhibit I-6

## SINGLE-FAMILY AND MULTIFAMILY BUILDING PERMITS WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 1980-2030



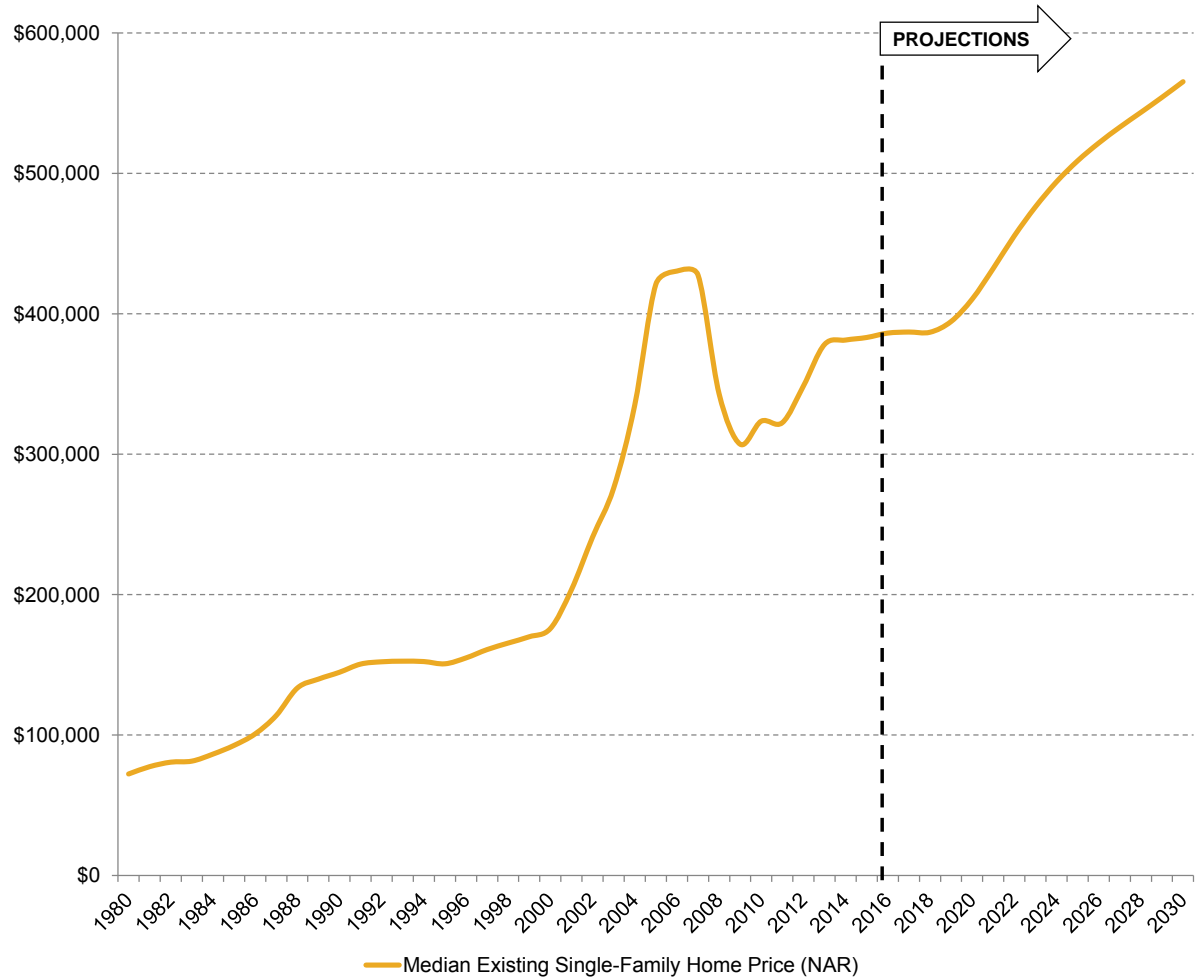
YEAR	AVG. ANNUAL PERMITS	SF	%	MF	%
1980-1985	29,144	24,271	83%	4,873	17%
1986-1990	40,698	29,175	71%	11,523	29%
1991-1995	27,165	22,904	84%	4,261	16%
1996-2000	34,414	26,037	76%	8,377	24%
2001-2005	38,175	28,105	74%	10,070	26%
2006-2010	18,382	12,627	69%	5,755	31%
2011-2015	22,840	11,866	52%	10,974	48%
2016-2020	31,871	23,769	74%	8,103	26%
2021-2025	33,321	26,496	80%	6,825	20%
2026-2030	28,283	22,709	80%	5,574	20%

SOURCE: Moody's Analytics

# JEFFERSON APARTMENT GROUP

Exhibit I-7

**MEDIAN EXISTING SINGLE-FAMILY HOME PRICE  
WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA  
1980-2030**



YEAR	MEDIAN PRICE	CAGR
1980	\$72,258	
1985	\$92,604	5.09%
1990	\$144,720	9.34%
1995	\$150,727	0.82%
2000	\$175,836	3.13%
2005	\$420,942	19.08%
2010	\$323,527	-5.13%
2015	\$383,134	3.44%
2020	\$410,443	1.39%
2025	\$508,941	4.40%
2030	\$565,299	2.12%
2035	\$647,487	2.75%
2040	\$767,632	3.46%

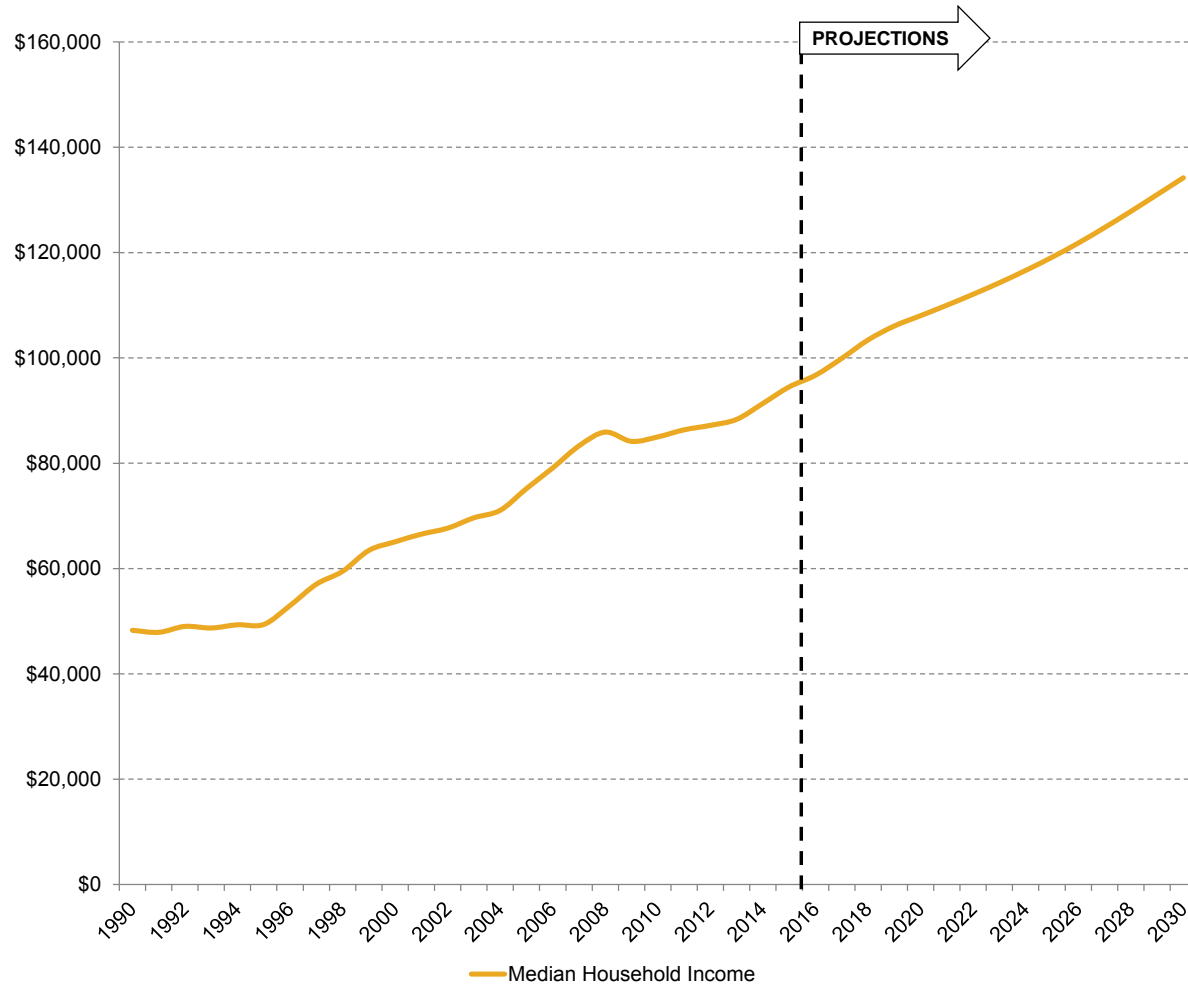
SOURCE: Moody's Analytics



# JEFFERSON APARTMENT GROUP

Exhibit I-8

## MEDIAN HOUSEHOLD INCOME WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 1980-2030



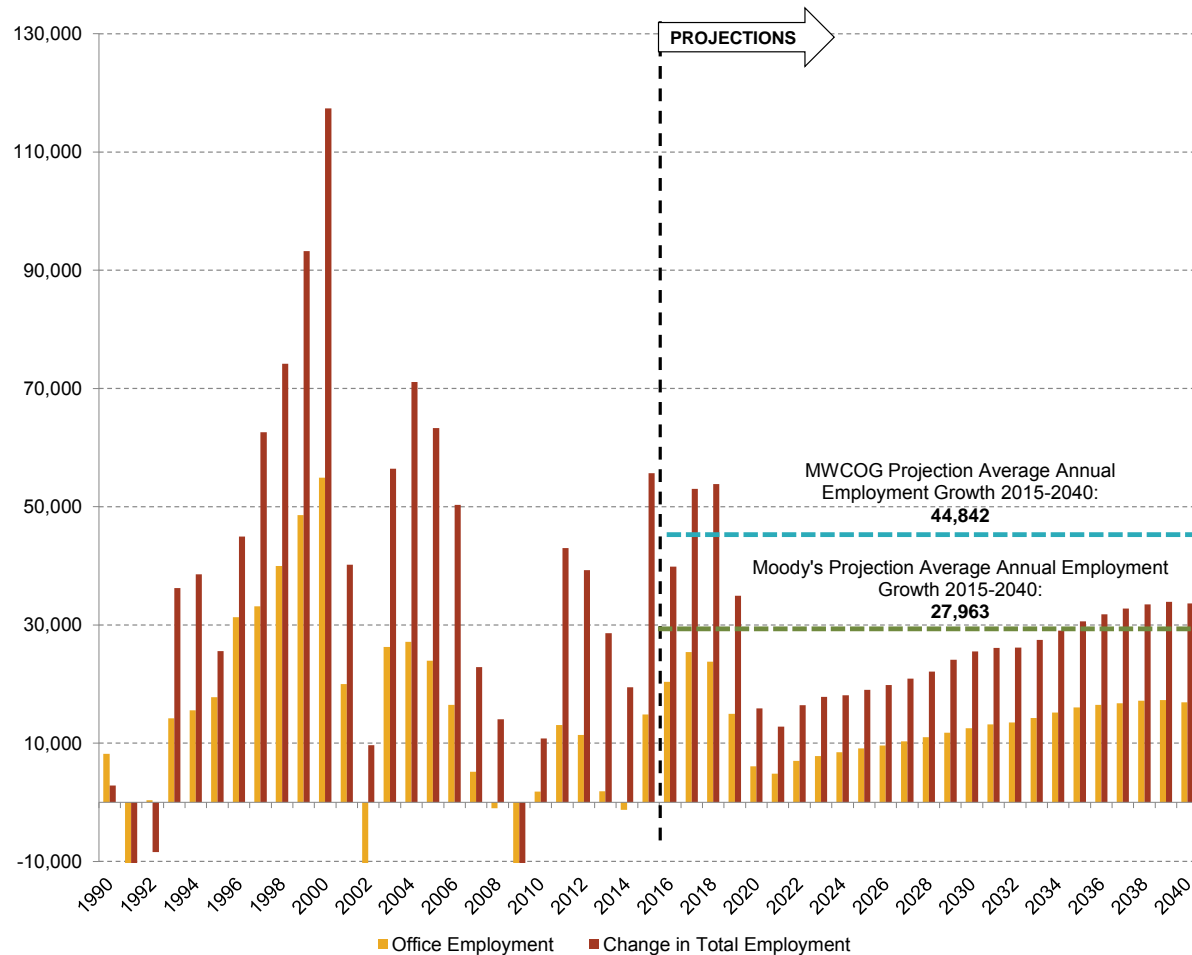
MEDIAN HOUSEHOLD		
YEAR	INCOME	CAGR
1980	\$24,876	
1985	\$37,199	8.38%
1990	\$48,266	5.35%
1995	\$49,374	0.45%
2000	\$65,081	5.68%
2005	\$75,189	2.93%
2010	\$85,001	2.48%
2015	\$94,500	2.14%
2020	\$108,021	2.71%
2025	\$119,112	1.97%
2030	\$134,208	2.42%
2035	\$151,550	2.46%
2040	\$172,272	2.60%

SOURCE: Moody's Analytics

# JEFFERSON APARTMENT GROUP

Exhibit I-9

## ANNUAL EMPLOYMENT GROWTH WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 1990-2040



SOURCE: Moody's Analytics

YEAR	TOTAL EMPLOYMENT	CAGR
1990	2,261,667	
1995	2,301,975	0.35%
2000	2,694,267	3.20%
2005	2,934,892	1.73%
2010	2,981,683	0.32%
2015	3,167,653	1.22%
2020	3,365,140	1.22%
2025	3,449,356	0.50%
2030	3,561,781	0.64%
2035	3,701,185	0.77%
2040	3,866,748	0.88%

AVG. ANNUAL GROWTH		
1990-2000	43,260	
2000-2010	28,742	
2010-2020	38,346	
2020-2030	19,664	
2030-2040	30,497	

YEAR	TOTAL OFFICE EMPLOYMENT	CAGR
1990	590,063	
1995	625,821	1.18%
2000	833,759	5.91%
2005	908,594	1.73%
2010	908,801	0.00%
2015	948,673	0.86%
2020	1,039,341	1.84%
2025	1,076,563	0.71%
2030	1,131,747	1.00%
2035	1,203,915	1.24%
2040	1,288,515	1.37%

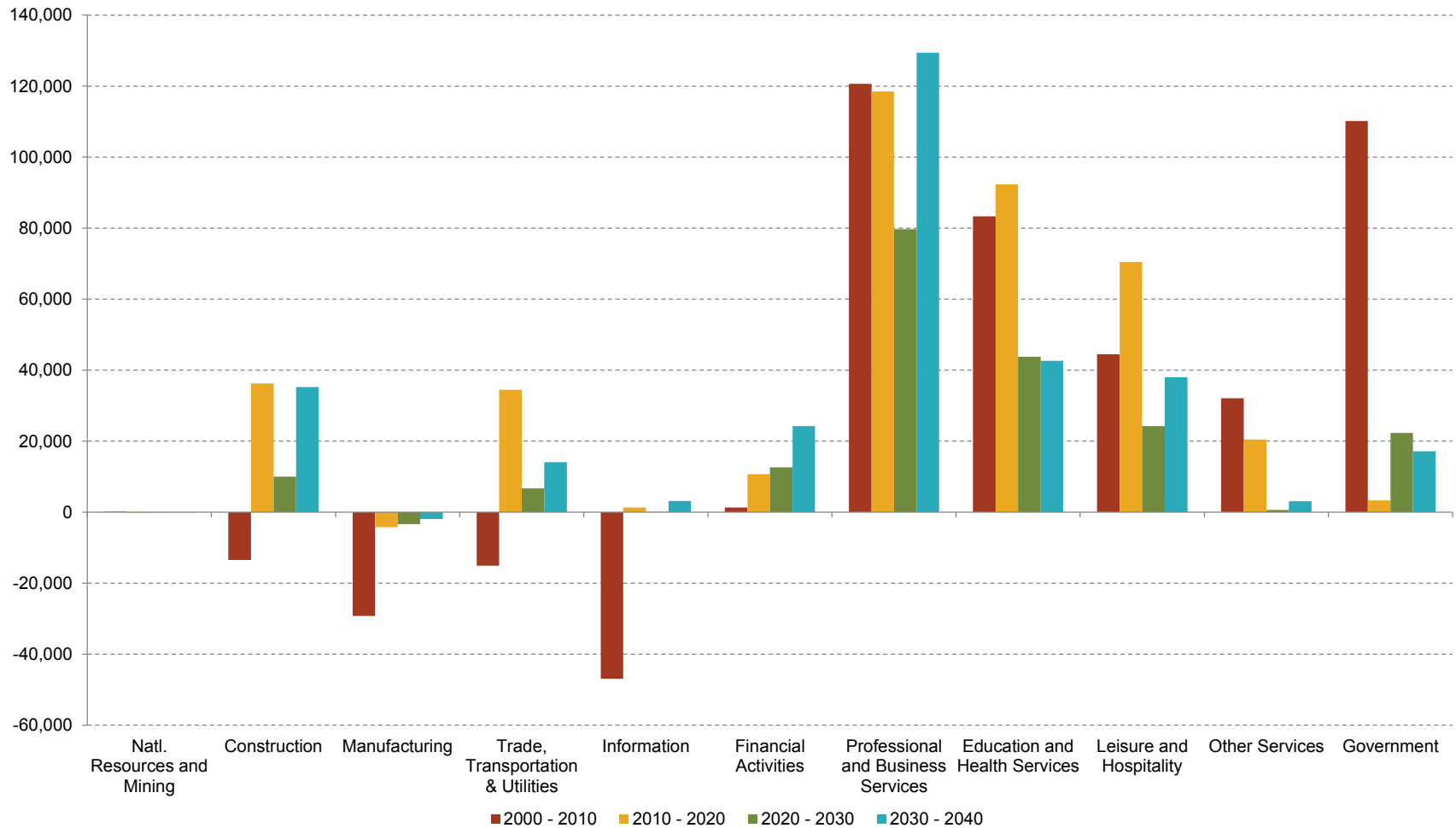
  

AVG. ANNUAL GROWTH		
1990-2000	24,370	
2000-2010	7,504	
2010-2020	13,054	
2020-2030	9,241	
2030-2040	15,677	

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Exhibit I-10

## JOB GROWTH BY SECTOR WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 2000-2040



SOURCE: Moody's Analytics

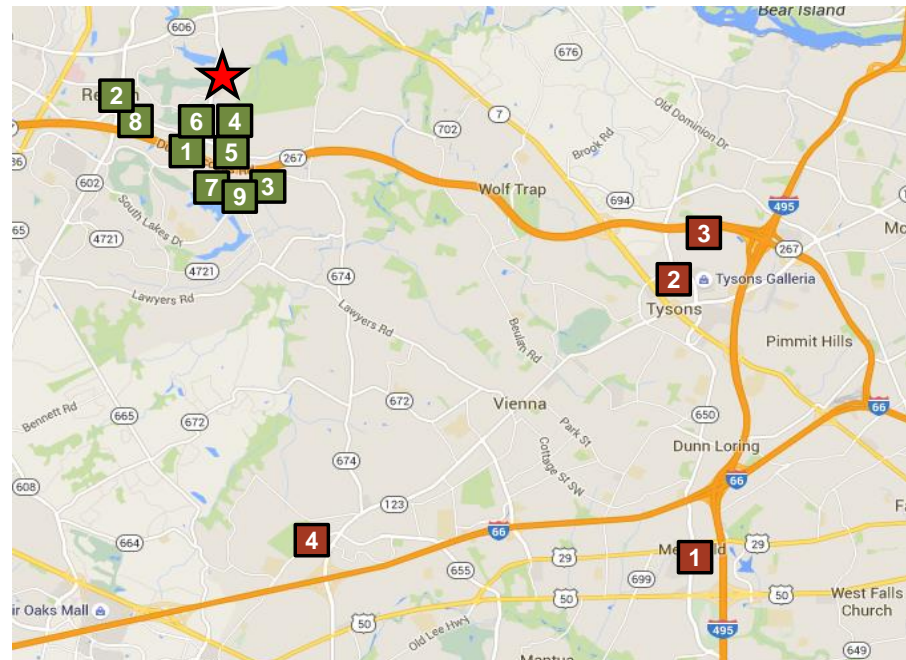
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Exhibit I-11

## TOP EMPLOYERS IN PRIMARY MARKET AREA FAIRFAX COUNTY, VA 2016

Largest employers in Fairfax County, and Firms with HQ in Reston

MAP KEY	RANK IN VA*	COMPANY	EMPLOYEES
<b>Largest employers in Fairfax Co</b>			
1	13	Inova Health System	7,000+
2	24	Booz Allen Hamilton	4,000-6,999
3	-	Federal Home Loan Mortgage Corp.	4,000-6,999
4	-	General Dynamics	4,000-6,999
<b>Firms with HQ in Reston</b>			
1		Maximus	515
2		Appian	274
3		Acclaim Technical Services	139
4		Knight Point Systems	136
5		Virginia Spine Institute	68
6		Dev Technology Group	57
7		Collaborative Solutions	56
8		IBC	56
9		iWorks	50



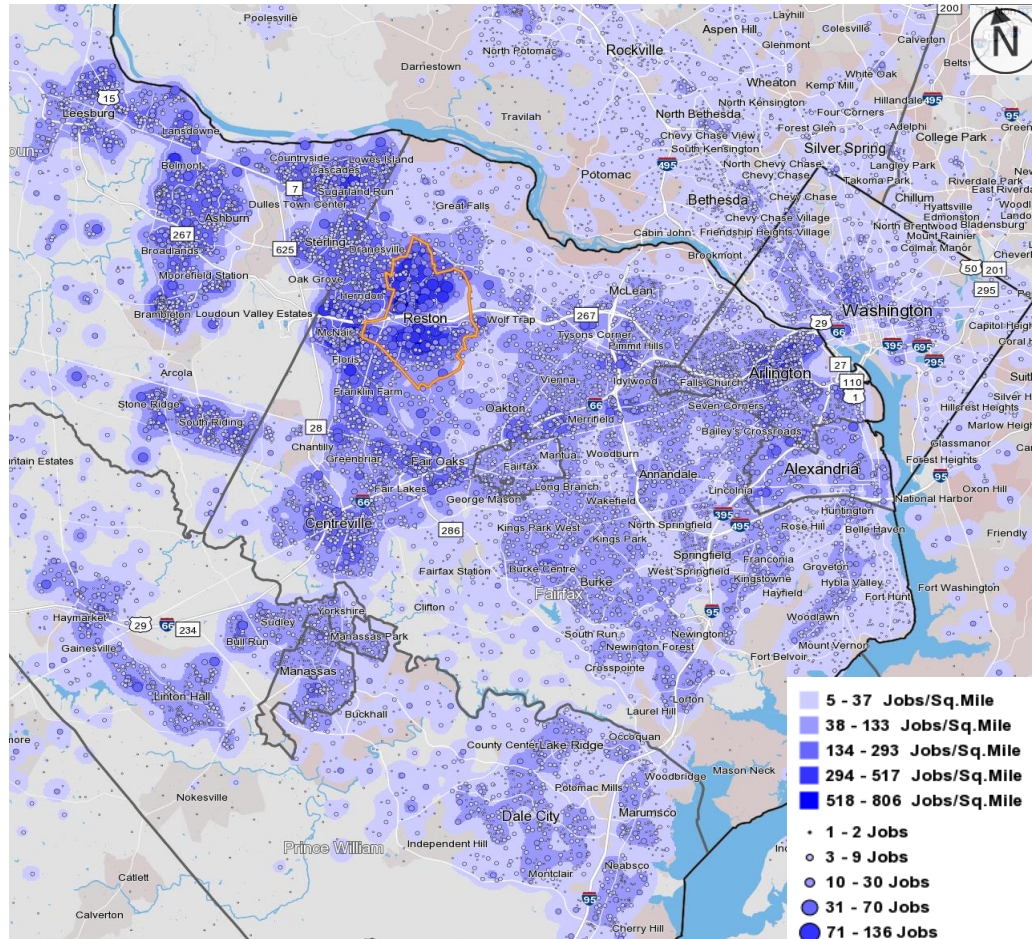
\*Based on Virginia LMI 50 Largest Employers  
SOURCE: Fairfax County EDA



# JEFFERSON APARTMENT GROUP

Exhibit I-12

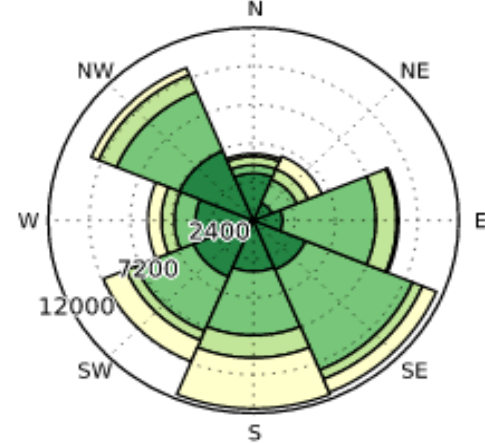
## WHERE EMPLOYEES IN RESTON, VA LIVE WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 2013



SOURCE: US Census On The Map

	NUMBER	SHARE
Less than 10 miles	24,179	37%
10 to 24 miles	27,185	41%
25 to 50 miles	6,981	11%
Greater than 50 miles	7,860	12%
<b>Total</b>	<b>66,205</b>	

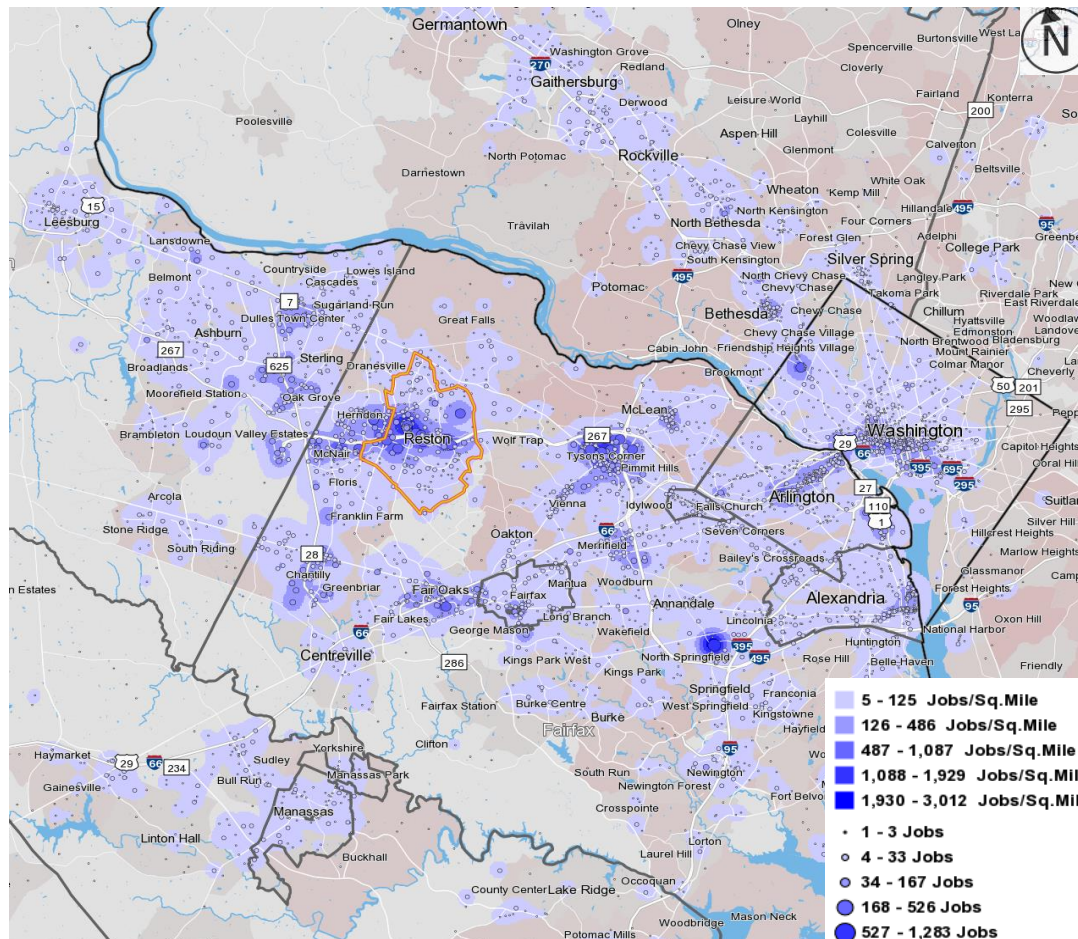
Job Counts by Distance/Direction in 2013  
All Workers



# JEFFERSON APARTMENT GROUP

Exhibit I-13

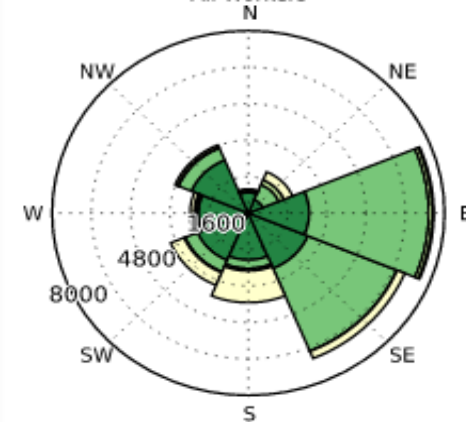
## WHERE RESIDENTS OF RESTON, VA WORK WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 2013



SOURCE: US Census On The Map

	NUMBER	SHARE
Less than 10 miles	15,497	51%
10 to 24 miles	11,155	37%
25 to 50 miles	698	2%
Greater than 50 miles	3,078	10%
<b>Total</b>	<b>30,428</b>	

Job Counts by Distance/Direction in 2013  
All Workers



# JEFFERSON APARTMENT GROUP

Exhibit I-14

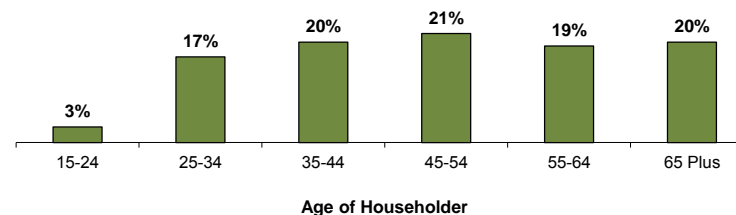
## AGE OF HOUSEHOLDER BY INCOME WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 2015

INCOME RANGE	15-24		25-34		35-44		45-54		55-64		65 Plus		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	9,490	14.0%	23,921	6.4%	16,917	3.9%	18,518	3.9%	25,141	6.0%	40,852	9.4%	134,839	6.1%
\$15,000 - \$24,999	6,098	9.0%	15,767	4.2%	14,596	3.3%	12,794	2.7%	16,500	3.9%	28,954	6.6%	94,709	4.3%
\$25,000 - \$34,999	7,290	10.7%	24,935	6.7%	18,649	4.3%	16,435	3.5%	16,934	4.0%	35,904	8.2%	120,147	5.4%
\$35,000 - \$49,999	10,704	15.8%	41,932	11.3%	35,425	8.1%	29,186	6.2%	26,361	6.3%	55,101	12.6%	198,709	9.0%
\$50,000 - \$74,999	13,383	19.7%	66,008	17.7%	63,079	14.4%	59,376	12.5%	53,187	12.7%	84,122	19.3%	339,155	15.4%
\$75,000 - \$99,999	8,233	12.1%	60,852	16.3%	65,506	15.0%	57,568	12.2%	51,422	12.3%	50,724	11.6%	294,305	13.3%
\$100,000 - \$149,999	8,988	13.2%	79,924	21.4%	93,382	21.4%	114,040	24.1%	88,233	21.0%	61,638	14.1%	446,205	20.2%
\$150,000 - \$199,999	2,503	3.7%	37,046	9.9%	70,227	16.1%	69,522	14.7%	62,146	14.8%	30,930	7.1%	272,374	12.3%
\$200,000 or more	1,215	1.8%	22,247	6.0%	59,008	13.5%	96,272	20.3%	79,394	18.9%	48,350	11.1%	306,486	13.9%
<b>TOTAL</b>	<b>67,904</b>	<b>100%</b>	<b>372,632</b>	<b>100%</b>	<b>436,789</b>	<b>100%</b>	<b>473,711</b>	<b>100%</b>	<b>419,318</b>	<b>100%</b>	<b>436,575</b>	<b>100%</b>	<b>2,206,929</b>	<b>100%</b>
Percent of Total	3%		17%		20%		21%		19%		20%		100%	

HOUSEHOLD INCOME DISTRIBUTION



DISTRIBUTION BY AGE OF HOUSEHOLDER



SOURCE: ESRI



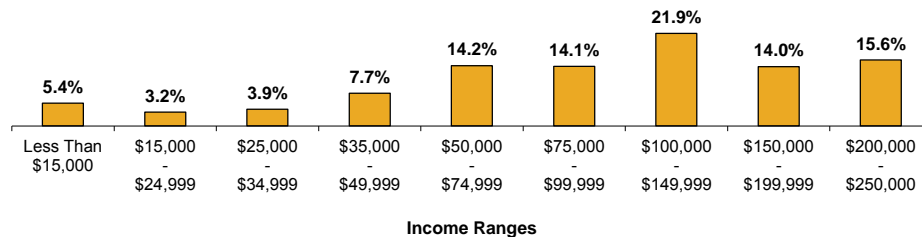
# JEFFERSON APARTMENT GROUP

## Exhibit I-15

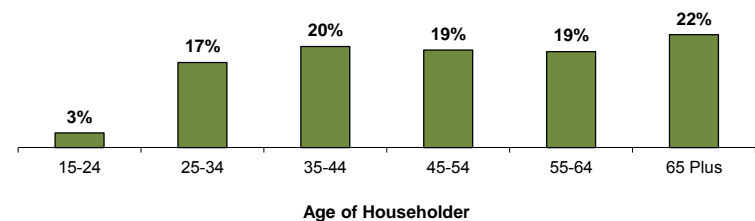
### AGE OF HOUSEHOLDER BY INCOME WASHINGTON, D.C.-ARLINGTON-ALEXANDRIA MSA 2020

INCOME RANGE	15-24		25-34		35-44		45-54		55-64		65 Plus		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	9,156	13.4%	22,075	5.6%	15,450	3.3%	14,786	3.3%	22,049	4.9%	43,383	8.3%	126,899	5.4%
\$15,000 - \$24,999	5,337	7.8%	12,965	3.3%	11,082	2.4%	8,570	1.9%	11,123	2.5%	26,884	5.1%	75,961	3.2%
\$25,000 - \$34,999	5,642	8.3%	18,609	4.7%	13,723	2.9%	10,737	2.4%	11,840	2.7%	31,937	6.1%	92,488	3.9%
\$35,000 - \$49,999	9,865	14.4%	38,239	9.7%	31,141	6.6%	21,879	4.8%	23,371	5.2%	57,810	11.0%	182,305	7.7%
\$50,000 - \$74,999	13,722	20.1%	65,369	16.5%	60,108	12.8%	48,699	10.8%	51,451	11.5%	95,956	18.3%	335,305	14.2%
\$75,000 - \$99,999	9,722	14.2%	70,361	17.8%	71,885	15.3%	56,252	12.4%	56,367	12.6%	66,904	12.8%	331,491	14.1%
\$100,000 - \$149,999	10,218	15.0%	93,362	23.6%	107,727	22.9%	114,805	25.3%	101,381	22.7%	87,646	16.7%	515,139	21.9%
\$150,000 - \$199,999	3,165	4.6%	46,505	11.8%	86,252	18.4%	74,432	16.4%	74,282	16.7%	45,503	8.7%	330,139	14.0%
\$200,000 or more	1,492	2.2%	27,976	7.1%	72,338	15.4%	102,792	22.7%	94,094	21.1%	68,110	13.0%	366,802	15.6%
<b>TOTAL</b>	<b>68,319</b>	<b>100%</b>	<b>395,461</b>	<b>100%</b>	<b>469,706</b>	<b>100%</b>	<b>452,952</b>	<b>100%</b>	<b>445,958</b>	<b>100%</b>	<b>524,133</b>	<b>100%</b>	<b>2,356,529</b>	<b>100%</b>
Percent of Total	3%		17%		20%		19%		19%		22%		100%	

HOUSEHOLD INCOME DISTRIBUTION



DISTRIBUTION BY AGE OF HOUSEHOLDER



SOURCE: ESRI



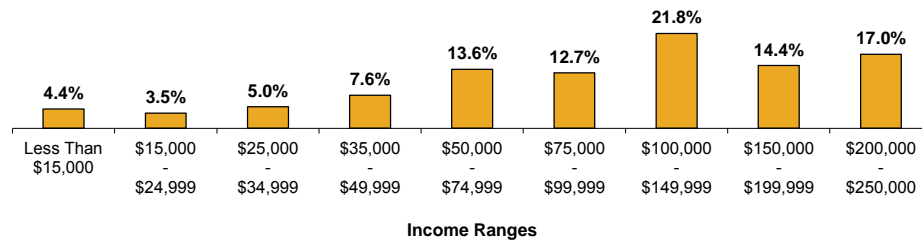
# JEFFERSON APARTMENT GROUP

## Exhibit I-16

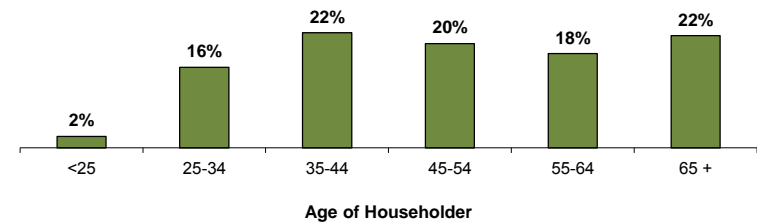
### AGE OF HOUSEHOLDER BY INCOME SECONDARY MARKET AREA 2015

INCOME RANGE	<25		25-34		35-44		45-54		55-64		65 +		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	46	8.0%	186	4.6%	165	2.9%	133	2.5%	148	3.1%	464	8.3%	1,142	4.4%
\$15,000 - \$24,999	42	7.3%	145	3.6%	168	2.9%	124	2.4%	138	2.9%	289	5.1%	906	3.5%
\$25,000 - \$34,999	52	9.0%	270	6.7%	241	4.2%	180	3.5%	205	4.3%	341	6.1%	1,289	5.0%
\$35,000 - \$49,999	81	14.1%	412	10.2%	412	7.2%	229	4.4%	258	5.5%	585	10.4%	1,977	7.6%
\$50,000 - \$74,999	135	23.5%	667	16.6%	722	12.5%	495	9.5%	471	10.0%	1,026	18.3%	3,516	13.6%
\$75,000 - \$99,999	93	16.2%	719	17.8%	943	16.4%	481	9.2%	472	10.0%	590	10.5%	3,298	12.7%
\$100,000 - \$149,999	85	14.8%	951	23.6%	1,203	20.9%	1,410	27.0%	1,003	21.3%	993	17.7%	5,645	21.8%
\$150,000 - \$199,999	33	5.7%	451	11.2%	1,066	18.5%	764	14.6%	824	17.5%	595	10.6%	3,733	14.4%
\$200,000 or more	8	1.4%	228	5.7%	842	14.6%	1,400	26.8%	1,194	25.3%	731	13.0%	4,403	17.0%
<b>TOTAL</b>	<b>575</b>	<b>100%</b>	<b>4,029</b>	<b>100%</b>	<b>5,762</b>	<b>100%</b>	<b>5,216</b>	<b>100%</b>	<b>4,713</b>	<b>100%</b>	<b>5,614</b>	<b>100%</b>	<b>25,909</b>	<b>100%</b>
Percent of Total	2%		16%		22%		20%		18%		22%		100%	

HOUSEHOLD INCOME DISTRIBUTION



DISTRIBUTION BY AGE OF HOUSEHOLDER



SOURCE: ESRI; RCLCO

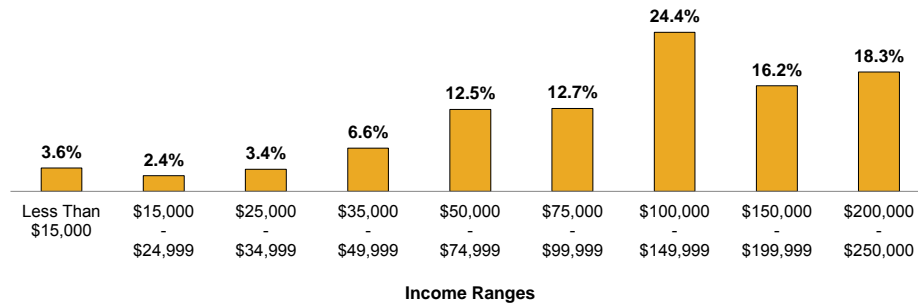
# JEFFERSON APARTMENT GROUP

Exhibit I-17

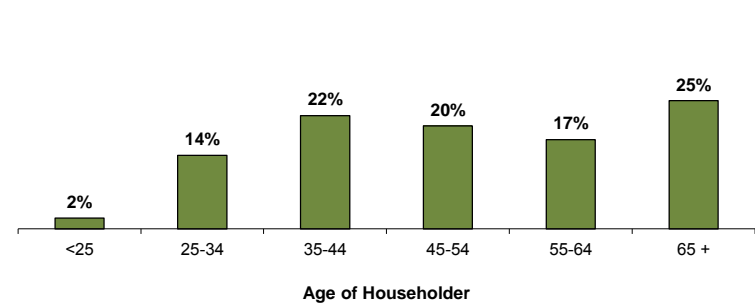
## AGE OF HOUSEHOLDER BY INCOME SECONDARY MARKET AREA 2020

INCOME RANGE	<25		25-34		35-44		45-54		55-64		65 +		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	46	8.1%	142	3.7%	120	2.0%	101	1.9%	97	2.1%	446	6.7%	952	3.6%
\$15,000 - \$24,999	35	6.2%	102	2.7%	113	1.9%	82	1.5%	69	1.5%	239	3.6%	640	2.4%
\$25,000 - \$34,999	39	6.9%	166	4.4%	162	2.8%	115	2.2%	132	2.9%	291	4.4%	905	3.4%
\$35,000 - \$49,999	67	11.8%	317	8.3%	346	5.9%	183	3.4%	215	4.7%	647	9.8%	1,775	6.6%
\$50,000 - \$74,999	131	23.1%	587	15.4%	640	10.9%	433	8.1%	444	9.6%	1,126	17.0%	3,361	12.5%
\$75,000 - \$99,999	104	18.3%	715	18.8%	945	16.1%	481	9.0%	461	10.0%	699	10.5%	3,405	12.7%
\$100,000 - \$149,999	93	16.4%	1,027	27.0%	1,387	23.7%	1,581	29.7%	1,072	23.2%	1,373	20.7%	6,533	24.4%
\$150,000 - \$199,999	44	7.7%	503	13.2%	1,213	20.7%	869	16.3%	877	19.0%	827	12.5%	4,333	16.2%
\$200,000 or more	9	1.6%	246	6.5%	935	16.0%	1,481	27.8%	1,256	27.2%	980	14.8%	4,907	18.3%
<b>TOTAL</b>	<b>568</b>	<b>100%</b>	<b>3,805</b>	<b>100%</b>	<b>5,861</b>	<b>100%</b>	<b>5,326</b>	<b>100%</b>	<b>4,623</b>	<b>100%</b>	<b>6,628</b>	<b>100%</b>	<b>26,811</b>	<b>100%</b>
Percent of Total	2%		14%		22%		20%		17%		25%		100%	

HOUSEHOLD INCOME DISTRIBUTION



DISTRIBUTION OF AGE BY HOUSEHOLDER

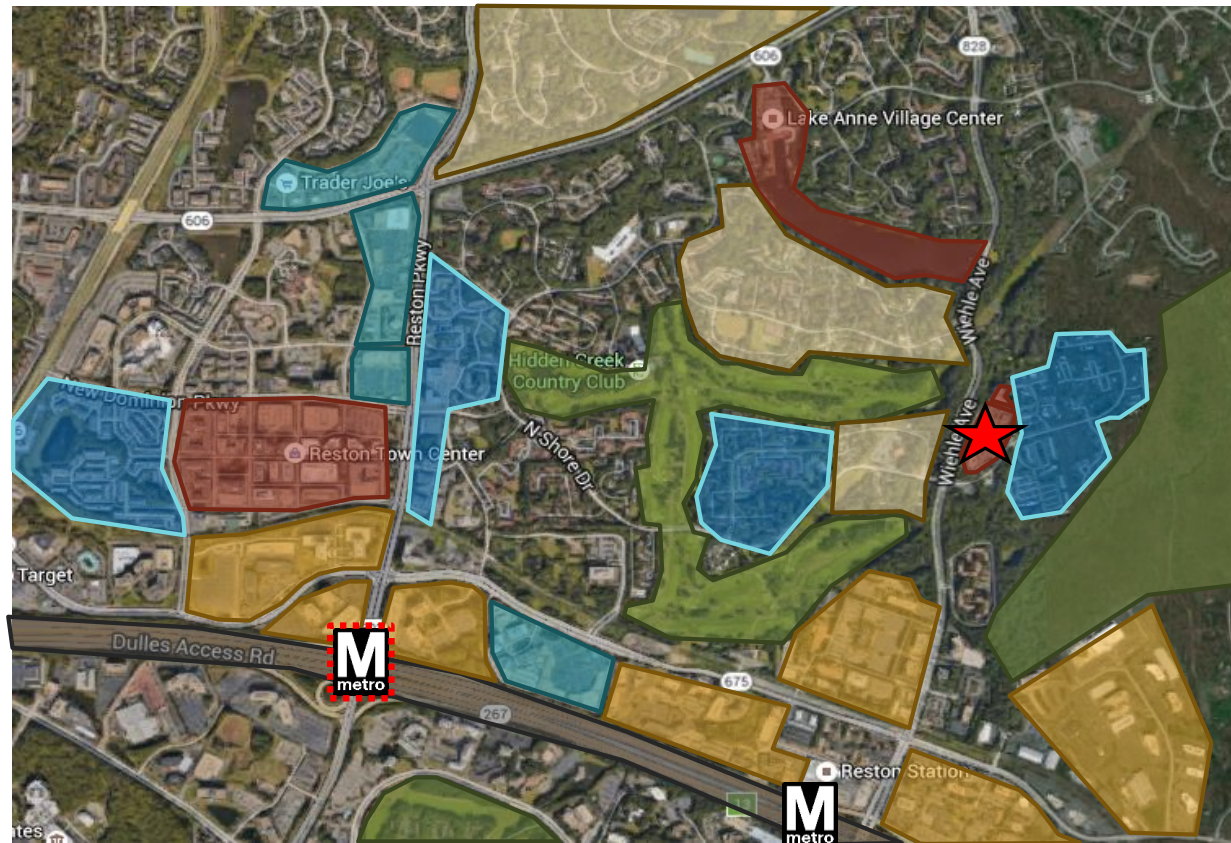


SOURCE: ESRI; RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit I-18

## SUBJECT SITE ANALYSIS TALL OAKS SITE 2016



MAP KEY	
	Existing SF Neighborhood
	Existing MF Neighborhood
	Office Space
	Retail Space
	Country Club/Green Space
	Town/Village Center
	Metro/Future Site
	Subject Site

SOURCE: Google Maps; RCLCO

# JEFFERSON APARTMENT GROUP

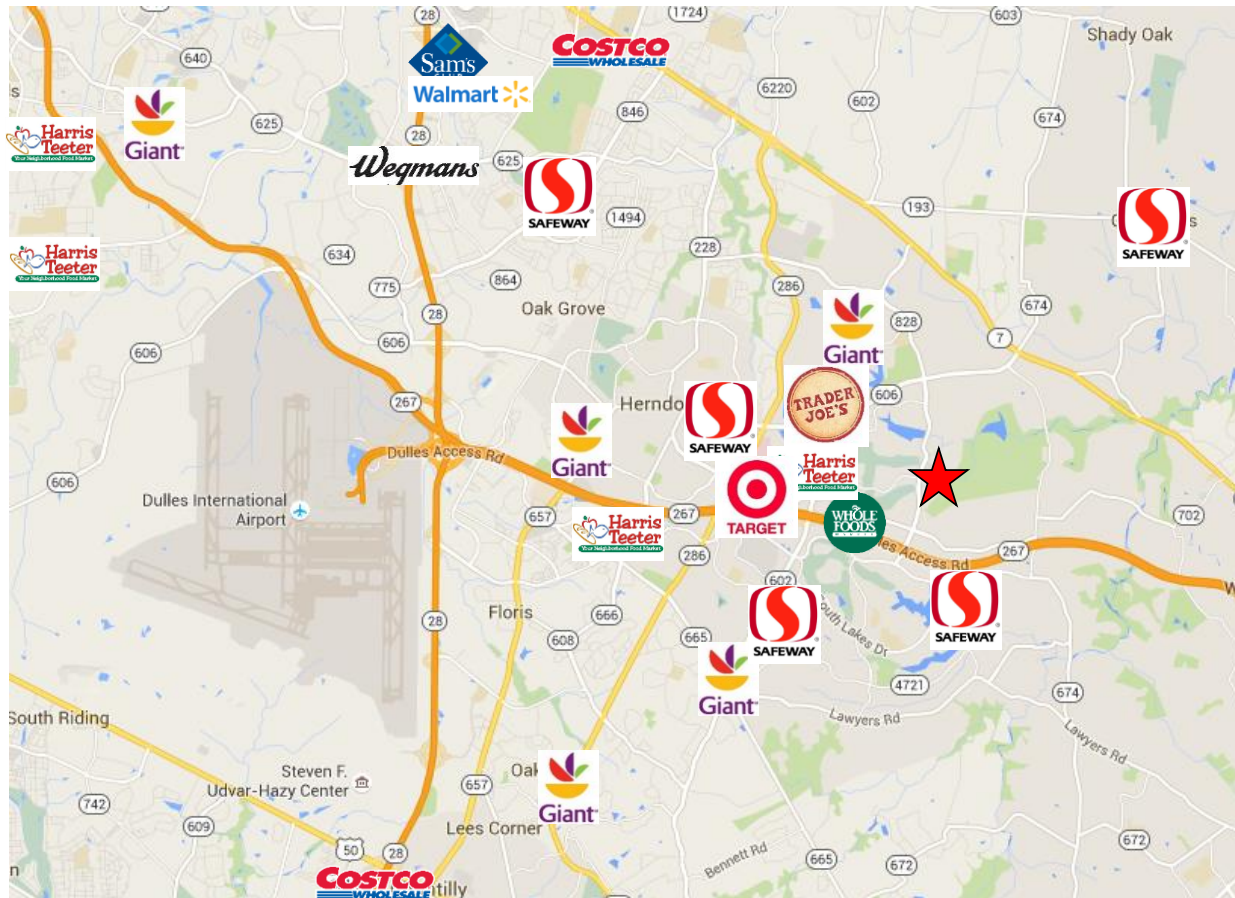
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## II. RETAIL MARKET ANALYSIS

# JEFFERSON APARTMENT GROUP

## Exhibit II-1

### SURROUNDING GROCERS SUBJECT AREA 2016



	# Within 5 Minute Drive	# Within 10 Minute Drive
Harris Teeter	1	2
Giant	0	3
Wegmans	0	0
SAFeway	0	3
Whole Foods	1	0
COSTCO	0	0
Sams Club	0	0
TRADER JOE'S	0	1
TARGET	0	1
Walmart	0	0
Ideal Conditions Capture Rate	35%	
Poor Visibility Penalty	65%	
<b>Potential Capture Rate</b>	<b>12.3%</b>	

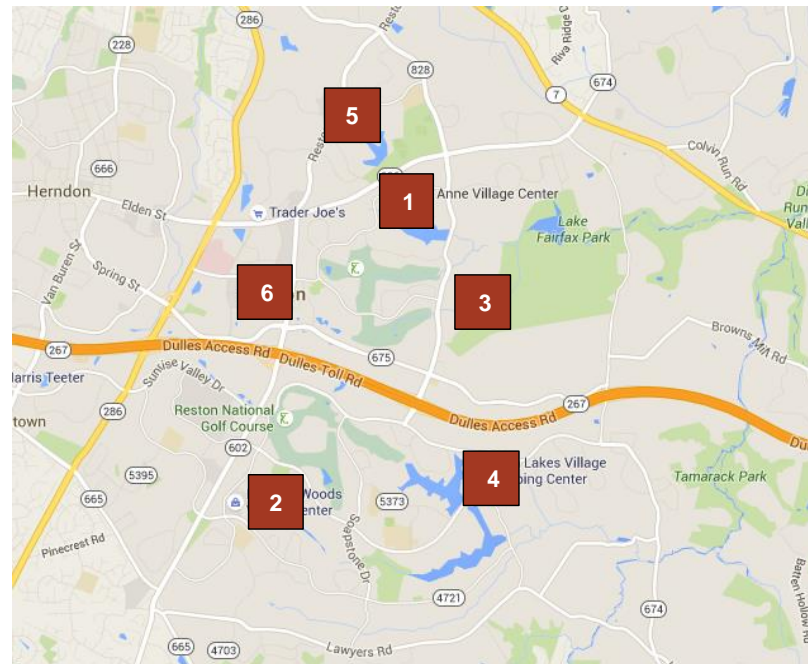
SOURCE: Google Maps, RCLCO



# JEFFERSON APARTMENT GROUP

## Exhibit II-2

### VILLAGE CENTERS OF RESTON RESTON, VA 2016



1 mile radius	Lake Anne (1)	Hunters Woods (2)	Tall Oaks (3)	South Lakes (4)	North Point (5)	Reston Town Center (6)
Date opened	1964	1972	1974	1984	1993	1990
Population	17,837	17,543	11,377	7,087	16,027	13,404
Median HH Inc.	\$90,013	\$82,958	\$78,535	\$127,825	\$113,123	\$97,028
Median Home Val.	\$469,859	\$406,423	\$449,926	\$541,563	\$563,470	\$489,355
Median Age	38.8	36.2	38.5	45.5	40.4	38.6
Retail Occ. Rate	70%*	88%	35%	99%	100%	99%
Retail Asking Rent	N/A	\$32.52	\$29.74	N/A	\$51.96	N/A
Key Retailers	Reston Farmers Market	Safeway	Paisano's Pizza	Safeway	Giant	Williams-Sonoma
Traffic Count	5,300 (Washington Plaza)	7,850 (Glade Dr.)	5,400 (N Shore Dr.)	10,000 (South Lakes Dr.)	18,000 (Reston Pkwy.)	9,100 (Market St.)

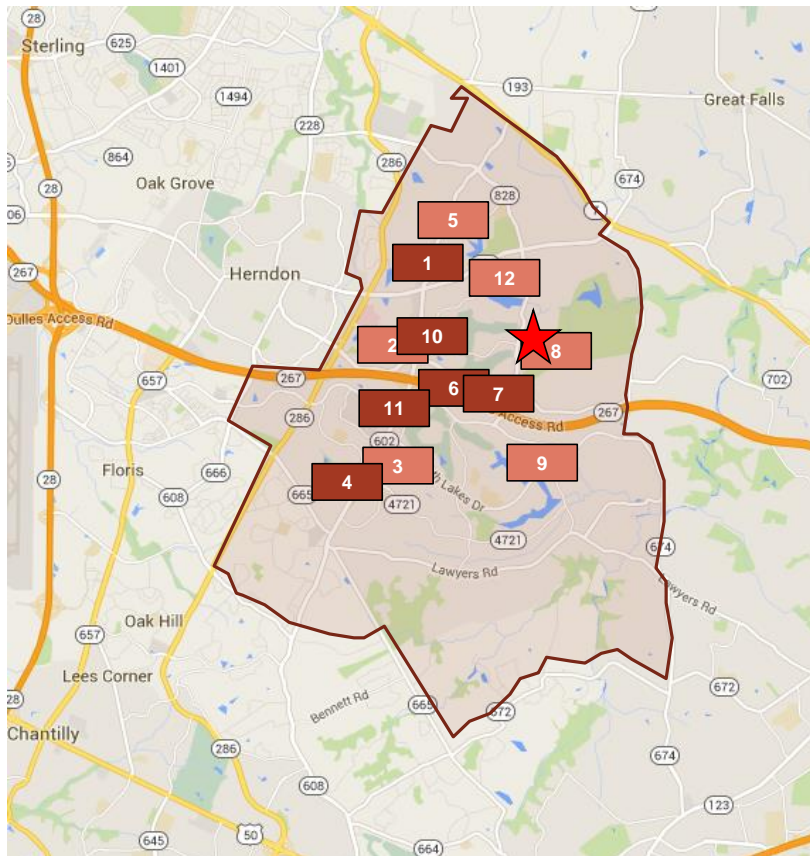
\* Estimate based on site visit and visual survey

SOURCE: Google Maps, RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit II-3

## LOCAL RETAIL MARKET OVERVIEW RESTON, VA FEBRUARY 2016



MAP KEY	CENTER NAME	YEAR BUILT	YEAR RENOV.	GLA	% LEASED	RENT
1	Home Depot Shopping Center	1977	-	132,738	100%	N/A
2	Reston Town Center	1988	-	336,566	99%	N/A
3	Hunters Woods Village Center	1972	1998	124,238	88%	\$32.52
4	Fox Mill Shopping Center	1977	-	108,032	100%	N/A
5	North Point Village Center	1993	-	148,196	100%	\$51.96
6	Plaza America	1995	-	164,398	100%	N/A
7	Reston Station	2016	-	50,000	83%	N/A
8	Tall Oaks Village Center	1974	2004	72,000	35%	\$29.74
9	South Lakes Village Shopping Center	1984	-	110,159	99%	N/A
10	The Spectrum At Reston Town Center	1995	-	455,611	100%	N/A
11	Village Commons	2002	-	20,225	100%	N/A
12	Lake Anne Village Center	1964	-	27,974	70%*	N/A

KEY  
 = Retail Center  
 = Town/Village Center

\* Estimate based on site visit and visual survey  
 SOURCE: CoStar

# JEFFERSON APARTMENT GROUP

## Exhibit II-4

### SELECTED RETAIL AND OTHER PROPERTIES RESTON, VA FEBRUARY 2016

MAP KEY	PROPERTY NAME STREET ADDRESS	SIZE (SF)	RETAIL (SF)	YEAR BUILT	NON-ANCHOR TENANT RETAIL GLA	ANCHOR TENANT GLA	OCCUPANCY RATE (%)	ANCHOR AND MAJOR TENANTS	RENT	ACRES
1	<b>Home Depot Shopping Center</b> 11800 Baron Cameron Ave Reston, VA 20194	132,738	132,738	1977	41,218	91,520	100%	The Home Depot	N/A	14.3445
2	<b>Reston Town Center</b> 11921 Freedom Dr Reston, VA 20190	336,566	336,566	1988	336,566	N/A	99%		N/A	25.6591
3	<b>Hunters Woods Village Center</b> 2204-2280 Hunters Woods Plz Reston, VA 20191	124,238	124,238	1972	44,786	79,452	88%	Safeway,Rite Aid	\$32.52	26.467
4	<b>Fox Mill Shopping Center</b> 2521-2599 John Milton Dr Herndon, VA 20171	108,032	108,032	1977	58,195	49,837	100%	Giant Food	N/A	24.42
5	<b>North Point Village Center</b> 1400-1498 Northpoint Village Ctr Reston, VA 20194	148,196	148,196	1993	89,511	58,685	100%	Giant Food	\$51.96	17.0447
6	<b>Plaza America</b> 11600-11694 Plaza America Dr Reston, VA 20190	164,398	164,398	1995	111,118	53,280	100%	Whole Foods,Michaels,CVS	N/A	38.0998

# JEFFERSON APARTMENT GROUP

## Exhibit II-4

### SELECTED RETAIL AND OTHER PROPERTIES RESTON, VA FEBRUARY 2016

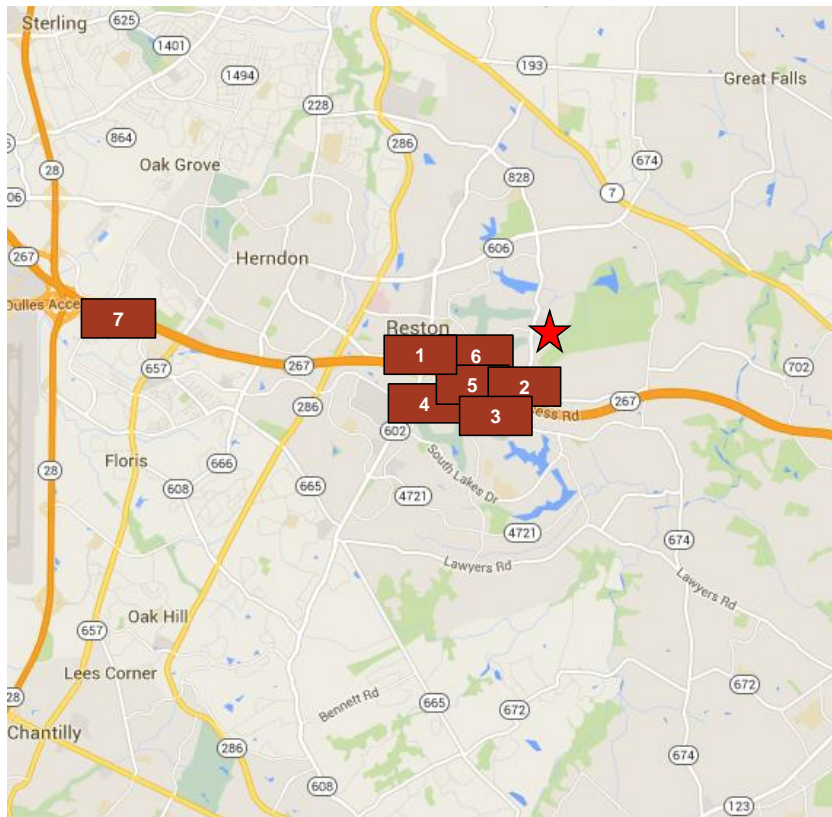
MAP KEY	PROPERTY NAME STREET ADDRESS	SIZE (SF)	RETAIL (SF)	YEAR BUILT	NON-ANCHOR TENANT RETAIL GLA	ANCHOR TENANT GLA	OCCUPANCY RATE (%)	ANCHOR AND MAJOR TENANTS	RENT	ACRES
7	<b>Reston Station</b> 1906 Reston Metro Plz Reston, VA 20190	50,000	50,000	2016	50,000	N/A	83%		N/A	-
8	<b>Tall Oaks Village Center</b> 12000-12056 N Shore Dr Reston, VA 20190	72,000	72,000	1974	72,000	N/A	35%		N/A	29.0854
9	<b>South Lakes Village Shopping Center</b> 11130-11180 South Lakes Dr Reston, VA 20191	110,159	110,159	1984	48,928	61,231	99%	Safeway, CVS Pharmacy	N/A	13.0238
10	<b>The Spectrum At Reston Town Center</b> 11846-11860 Spectrum Ctr Reston, VA 20190	455,611	455,611	1995	413,311	42,300	100%	Best Buy, Harris Teeter	N/A	40.231
11	<b>Village Commons</b> 12150-12160 Sunset Hills Rd Reston, VA 20190	20,225	20,225	2002	20,225	N/A	100%		N/A	11.8722
12	<b>Lake Anne Village Center</b> 11404 Washington Plaza W Reston, VA 20190	27,974	27,974	1964	27,974	N/A	70%*		N/A	-
<b>TOTAL</b>		<b>1,750,137</b>			<b>1,313,832</b>	<b>436,305</b>	<b>94%</b>			

\* Estimate based on site visit and visual survey  
SOURCE: CoStar, RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit II-5

### OVERVIEW OF PLANNED AND PROPOSED RETAIL CENTERS RESTON, VA 2016



MAP KEY	CENTER NAME	EXPECTED DELIVERY	STATUS	GLA
1	Reston Town Center West	2017	N/A	40,000
2	1831 Wiehle Ave	N/A	Requested Rezoning	61,000
3	1850 Centennial Park Drive	N/A	Requested Rezoning	N/A
4	Reston Heights West	2017/2018	N/A	65,000
5	Triangle Park	N/A	Requested Rezoning	N/A
6	Reston Station	2016	U/C	120,000
7	Innovation Center Metro	2017-2019	U/C	104,000
<b>TOTAL</b>				<b>390,000</b>

★ Subject Site



# JEFFERSON APARTMENT GROUP

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*Exhibit II-6*

**RETAIL MARKET STATISTICS  
RESTON, VA  
2016**

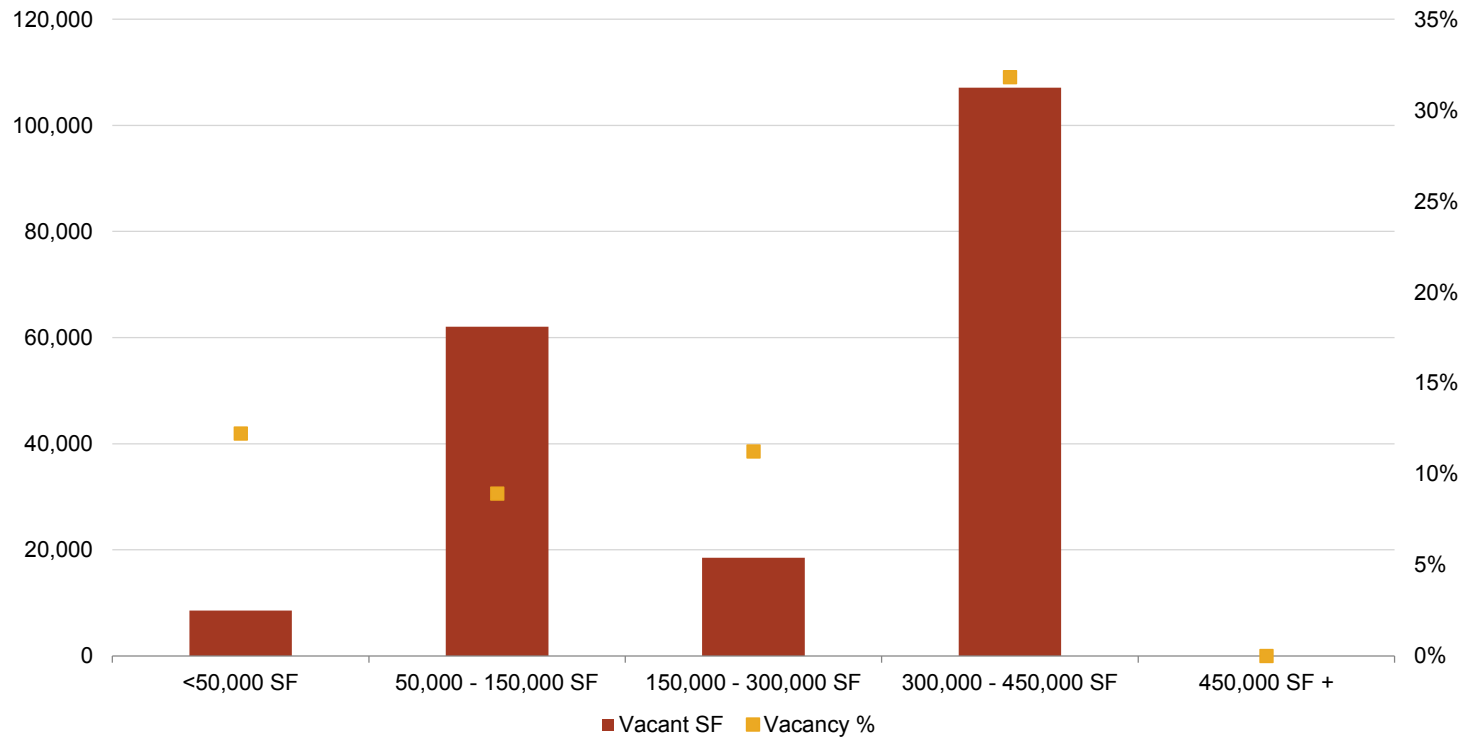
Reston	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 YTD
Total Retail Inventory	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844	1,436,844
Occupied SF	1,394,625	1,397,844	1,389,978	1,404,873	1,407,163	1,365,416	1,363,532	1,369,604	1,378,483	1,376,125	1,370,975
Completions (SF)	0	0	0	0	0	0	0	0	0	0	0
Net Absorption (SF)	-32,895	3,219	-7,866	14,895	2,290	-41,747	-1,884	6,072	8,879	-2,358	-5,150
Vacancy Rate	2.9%	2.6%	3.3%	2.2%	2.1%	5.0%	5.1%	4.7%	4.1%	4.2%	4.6%
Average Asking Rent	\$32.24	\$31.42	\$32.74	\$29.87	\$32.98	\$33.04	\$32.91	\$36.24	\$37.34	-	-

SOURCE: CoStar

# JEFFERSON APARTMENT GROUP

Exhibit II-7

RETAIL VACANCY RATE AND SQUARE FOOTAGE BY CENTER TYPE  
RESTON, VA  
2016 QTD

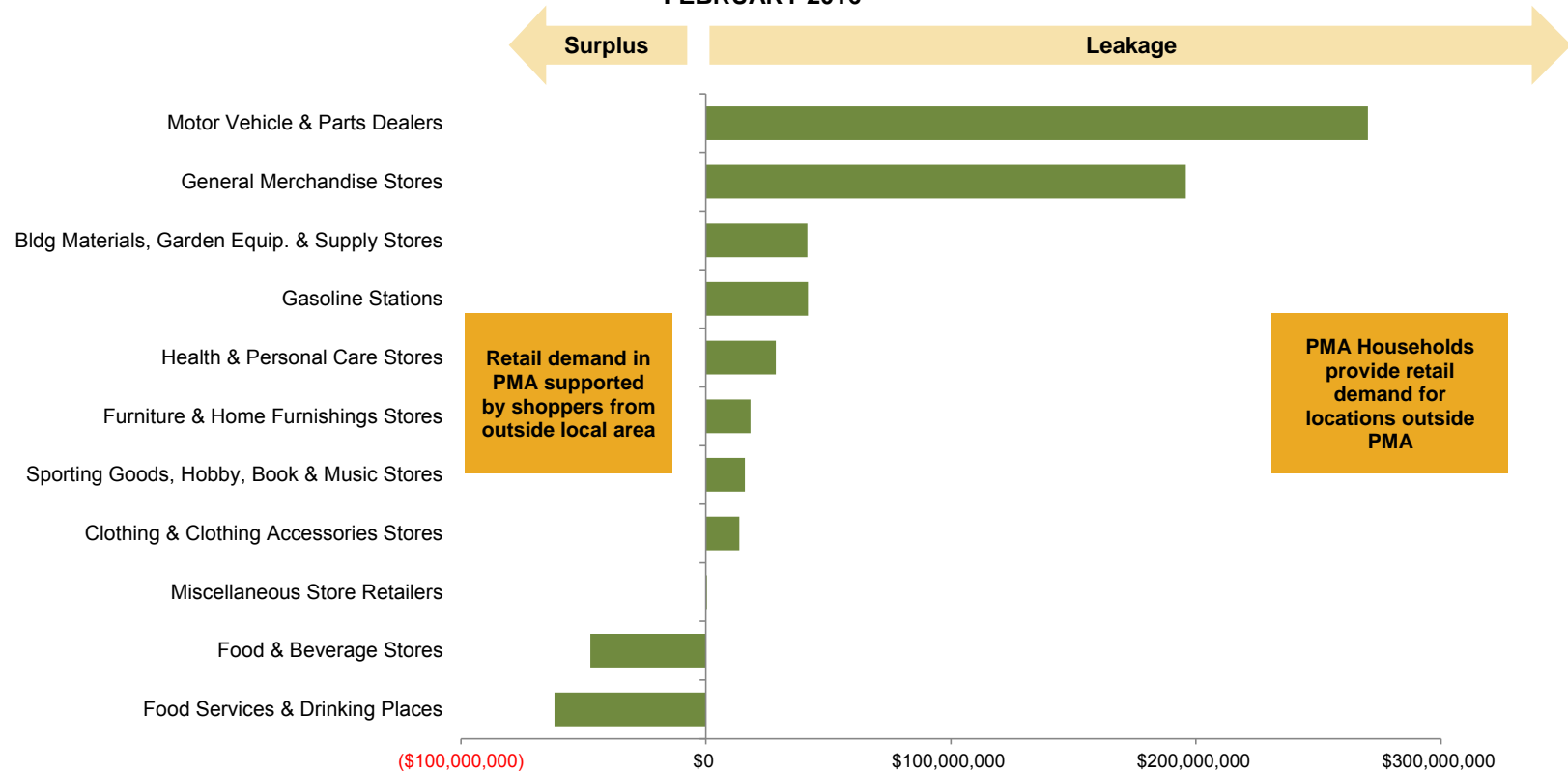


SOURCE: CoStar; RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit II-8

## CURRENT RETAIL UNDER AND OVER SUPPLY RESTON, VA FEBRUARY 2016

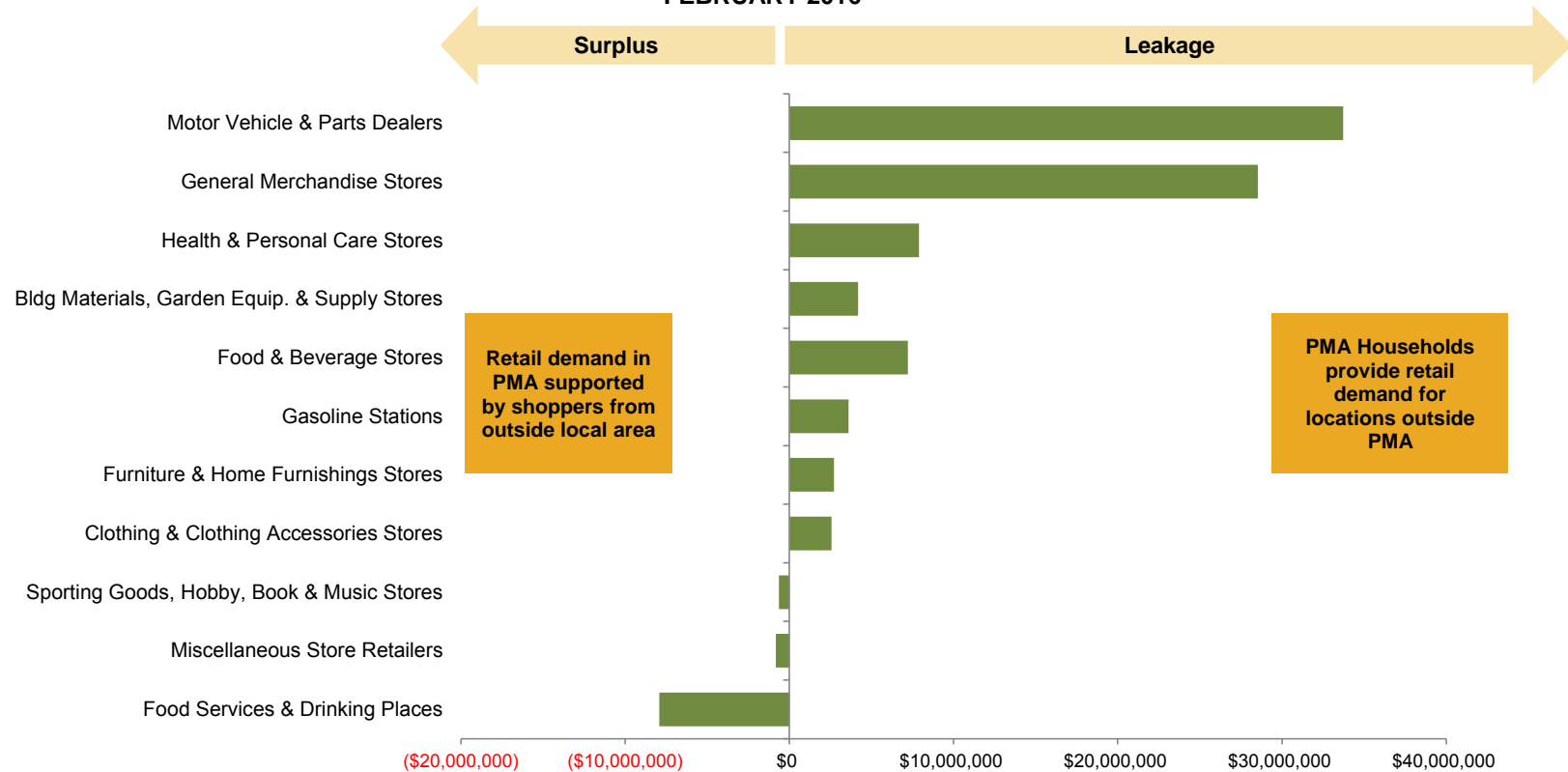


SOURCE: Esri; RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit II-9

## CURRENT RETAIL UNDER AND OVER SUPPLY 1 MILE RADIUS FEBRUARY 2016

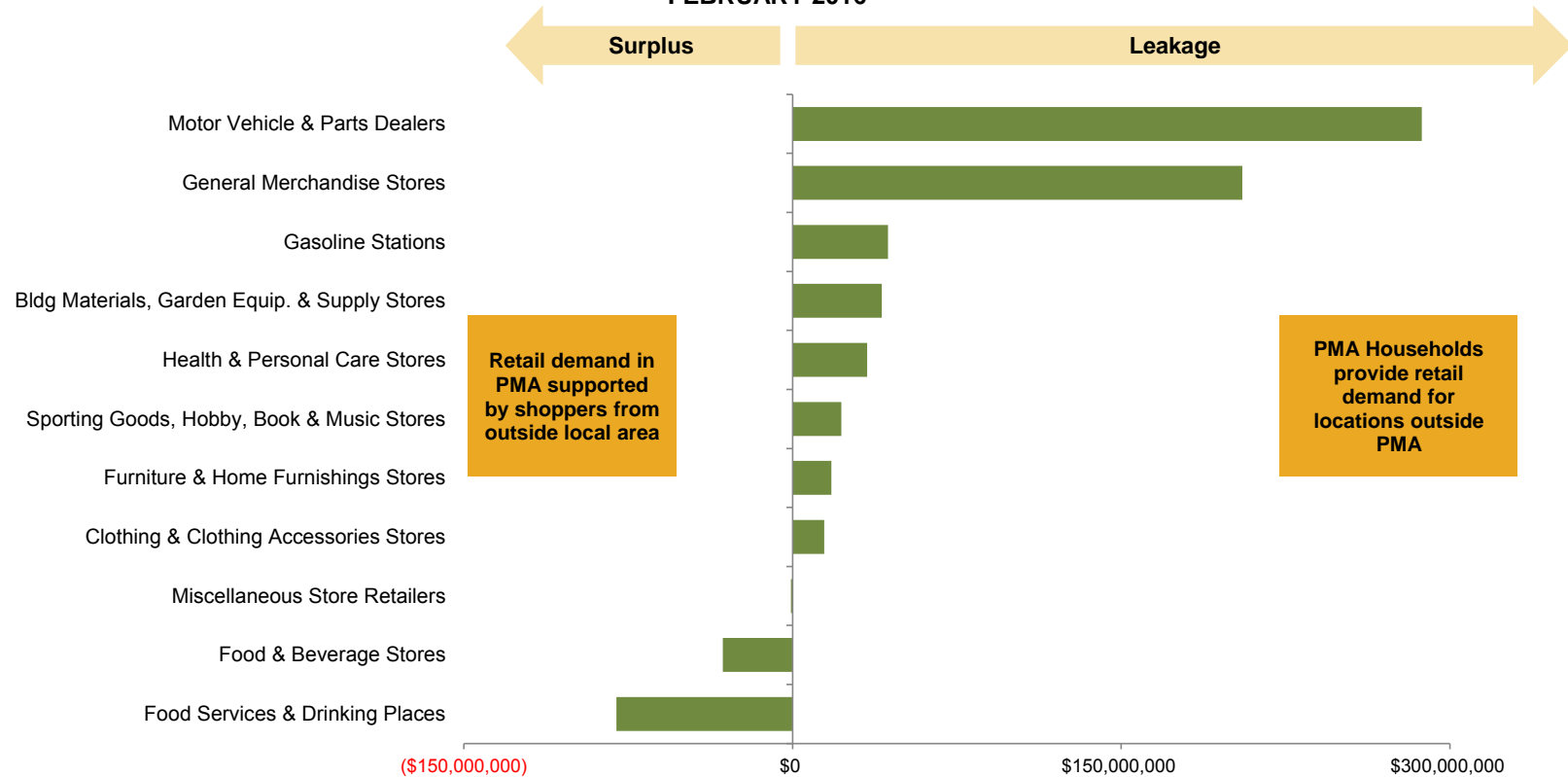


SOURCE: Esri; RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit II-10

## CURRENT RETAIL UNDER AND OVER SUPPLY 3 MILE RADIUS FEBRUARY 2016



SOURCE: Esri; RCLCO



# JEFFERSON APARTMENT GROUP

## Exhibit II-11

### SITE SELECTION CRITERIA FOR HIGH END RETAILERS UNITED STATES 2015

	Population	Median HH Inc	Avg HH Inc
Tall Oaks 1 mile radius	11,377	\$78,535	\$101,755
Tall Oaks 3 mile radius	81,003	\$113,504	\$151,297
Tall Oaks 5 mile radius	209,496	\$124,690	\$168,292

#### Site Location Criteria

Retailer	Type	Population	Radius	Income	Median or Average	Other Criteria
Saks Off 5th	Clothing	400,000		\$85,000		
Loft/Chico's/White House Black Market	Clothing	150,000		\$75,000		
Bon Worth	Clothing	100,000				
Brooks Brothers	Clothing					"Affluent areas"
South Moon Under	Clothing			\$100,000		Lululemon, Blue Mercury, Banana Republic
Bevello	Clothing	200,000		\$75,000	average	
Carter's / Osh Kosh B'Gosh	Clothing	150,000	5	\$75,000	average	10,000 kids under age 5
Bevello	Clothing	200,000	Trade Area	\$75,000	average	
Dick's Sporting Goods	Clothing			\$70,000	average	
Dick's Sporting Goods	Clothing		Trade Area	\$70,000	average	
Famous Footwear	Clothing	100,000	5	\$60,000		
Beauty Brands	Cosmetics	150,000	Trade Area	\$70,000	average	
Cobb Theaters	Entertainment	100,000	5	\$75,000	average	
LA Fitness	Fitness	60,000	3	\$20,000	per capita	
Complete Nutrition	Fitness	50,000	Trade Area	\$70,000	average	
Lifetime Fitness	Fitness		5	\$70,000	median	
Wegmans	Grocery	50,000	3	\$85,000	average	
Fresh Market	Grocery	150,000	5	\$75,000	median	
Whole Foods	Grocery	200,000	5	\$75,000		Psychographics of "leading edge of food" in area; like sites near large universities; 50% college educated; Home Owner (60%+ Owner Occupied Homes)
Sprouts Farmers Market	Grocery	100,000	3	"above avg."		"High % white collar jobs"; 40% college educated Median age of 44; 36,000 college educated in 5 mile; Home Owner (60%+ Owner Occupied Homes)
Trader Joe's	Grocery		5	\$64,000		
Costco	Grocery	200,000	5	\$75,000		
Plow and Hearth	Home Goods					"Affluent areas"
Pier 1 Imports	Home Goods	150,000	5	\$60,000	median	
Mattress Firm	Home Goods	100,000	5	\$65,000	average	
Sterling Jewelers	Jewelry	250,000	10	\$75,000	average	

# JEFFERSON APARTMENT GROUP

## Exhibit II-11

### SITE SELECTION CRITERIA FOR HIGH END RETAILERS UNITED STATES 2015

	Population	Median HH Inc	Avg HH Inc
Tall Oaks 1 mile radius	11,377	\$78,535	\$101,755
Tall Oaks 3 mile radius	81,003	\$113,504	\$151,297
Tall Oaks 5 mile radius	209,496	\$124,690	\$168,292

#### Site Location Criteria

Retailer	Type	Population	Radius	Income	Median or Average	Other Criteria
Massage Heights	Other	30,000	3	\$80,000	average	
Hand & Stone Massage Spa	Other	100,000	5	\$60,000	average	
Pump It Up	Other	30,000 kids	5	\$75,000	median	
Learning Express Toys	Other	100,000	5	\$80,000	average	
Performance Bicycle	Other	700,000	10	\$75,000	average	
Cabela's	Other	250,000	30			75,000 cars per day
La Madeleine	Restaurant	60,000		\$75,000		Female-oriented retail; 50,000 cpd
J. Alexanders	Restaurant	150,000	3	\$60,000		
Pei Wei	Restaurant	250,000	5	\$75,000		
Smashburger	Restaurant	50,000	3	\$60,000		50,000 cpd
Wolfgang Puck Pizza Bistro	Restaurant	200,000		\$80,000		"Recycled funky sites - gas stations"
World of Beer	Restaurant	75,000		\$80,000		
Cheesecake Factory	Restaurant	25,000	5	\$75,000	average	Bloomingdale's, Nordstrom, Nieman Marcus
Chuy's	Restaurant	50,000	5	\$65,000	average	
Dickey's BBQ Pit	Restaurant	30,000		\$60,000	average	
Ted's Montana Grill	Restaurant	60,000	3	\$100,000		Urban properties Pay most attention to performance of surrounding restaurants - demographics aren't the whole story
Bonefish Grill	Restaurant	200,000	5	\$100,000	median	
Robeks	Restaurant	35,000	2	\$60,000	average	
Pancheros Mexican Grill	Restaurant	20,000	2	\$65,000	average	
CeFiore Italian Yogurt	Restaurant	45,000	1.5	\$75,000	average	
Outback Steakhouse	Restaurant	150,000	5	\$65,000	average	
Eddie Merlot's	Restaurant	35,000	7	\$100,000	Average	
Red Robin	Restaurant	75,000	5	\$70,000	Average	
DSW	Shoes	200,000		\$70,000	average	

# JEFFERSON APARTMENT GROUP

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## III. RESIDENTIAL MARKET ANALYSIS

# JEFFERSON APARTMENT GROUP

## Exhibit III-1

### PROPOSED FOR-SALE PROGRAM BASED ON COMPETITIVE MARKET TALL OAKS FEBRUARY 2016

Scenario 1: Nov 2015 Plan	Program						
	Unit Type	# Units	% of Total	Average Size	Average Base Price	\$/SF	Average Final Price
2BR/1b Condo Flat	21	30%	1,200	\$420,000	\$350	\$432,600	\$361
2BR/2b Condo Flat	49	70%	1,550	\$490,000	\$316	\$504,700	\$326
<b>Subtotal</b>	<b>70</b>	<b>100%</b>	<b>1,445</b>	<b>\$469,000</b>	<b>\$326</b>	<b>\$483,070</b>	<b>\$341</b>
3BR Two-Over-Two	21	50%	1,700	\$570,000	\$335	\$592,800	\$349
3BR Two-Over-Two	21	50%	2,300	\$620,000	\$270	\$644,800	\$280
<b>Subtotal</b>	<b>42</b>	<b>100%</b>	<b>2,000</b>	<b>\$595,000</b>	<b>\$302</b>	<b>\$618,800</b>	<b>\$309</b>
3B Townhome	35	80%	2,400	\$680,000	\$283	\$748,000	\$312
4B Townhome	9	20%	2,800	\$760,000	\$271	\$836,000	\$299
<b>Subtotal</b>	<b>44</b>	<b>100%</b>	<b>2,480</b>	<b>\$696,000</b>	<b>\$281</b>	<b>\$765,600</b>	<b>\$305</b>
<b>TOTAL / AVERAGE</b>	<b>156</b>	<b>100%</b>	<b>1,886</b>	<b>\$566,949</b>	<b>\$301</b>	<b>\$599,301</b>	<b>\$318</b>

SOURCE: RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit III-2

### ALTERNATIVE FOR-SALE PROGRAMS BASED ON COMPETITIVE MARKET TALL OAKS FEBRUARY 2016

Scenario 2: Townhome & 2-Over-2		Program					
Unit Type	# Units	% of Total	Average Size	Average Base Price	\$/SF	Average Final Price	\$/SF
3BR Two-Over-Two	28	50%	1,700	\$570,000	\$335	\$592,800	\$349
3BR Two-Over-Two	28	50%	2,300	\$620,000	\$270	\$644,800	\$280
<b>Subtotal</b>	<b>56</b>	<b>100%</b>	<b>2,000</b>	<b>\$595,000</b>	<b>\$302</b>	<b>\$618,800</b>	<b>\$309</b>
3B Townhome	42	80%	2,400	\$680,000	\$283	\$748,000	\$312
4B Townhome	10	20%	2,800	\$760,000	\$271	\$836,000	\$299
<b>Subtotal</b>	<b>52</b>	<b>100%</b>	<b>2,480</b>	<b>\$696,000</b>	<b>\$281</b>	<b>\$765,600</b>	<b>\$305</b>
<b>TOTAL / AVERAGE</b>	<b>108</b>	<b>100%</b>	<b>2,231</b>	<b>\$643,630</b>	<b>\$288.48</b>	<b>\$689,481</b>	<b>\$309</b>

Scenario 3: Townhome Only		Program					
Unit Type	# Units	% of Total	Average Size	Average Base Price	\$/SF	Average Final Price	\$/SF
3B Townhome	80	80%	2,400	\$680,000	\$283	\$748,000	\$312
4B Townhome	20	20%	2,800	\$760,000	\$271	\$836,000	\$299
<b>Subtotal</b>	<b>100</b>	<b>100%</b>	<b>2,480</b>	<b>\$696,000</b>	<b>\$281</b>	<b>\$765,600</b>	<b>\$305</b>
<b>TOTAL / AVERAGE</b>	<b>100</b>	<b>100%</b>	<b>2,480</b>	<b>\$696,000</b>	<b>\$281</b>	<b>\$765,600</b>	<b>\$305</b>

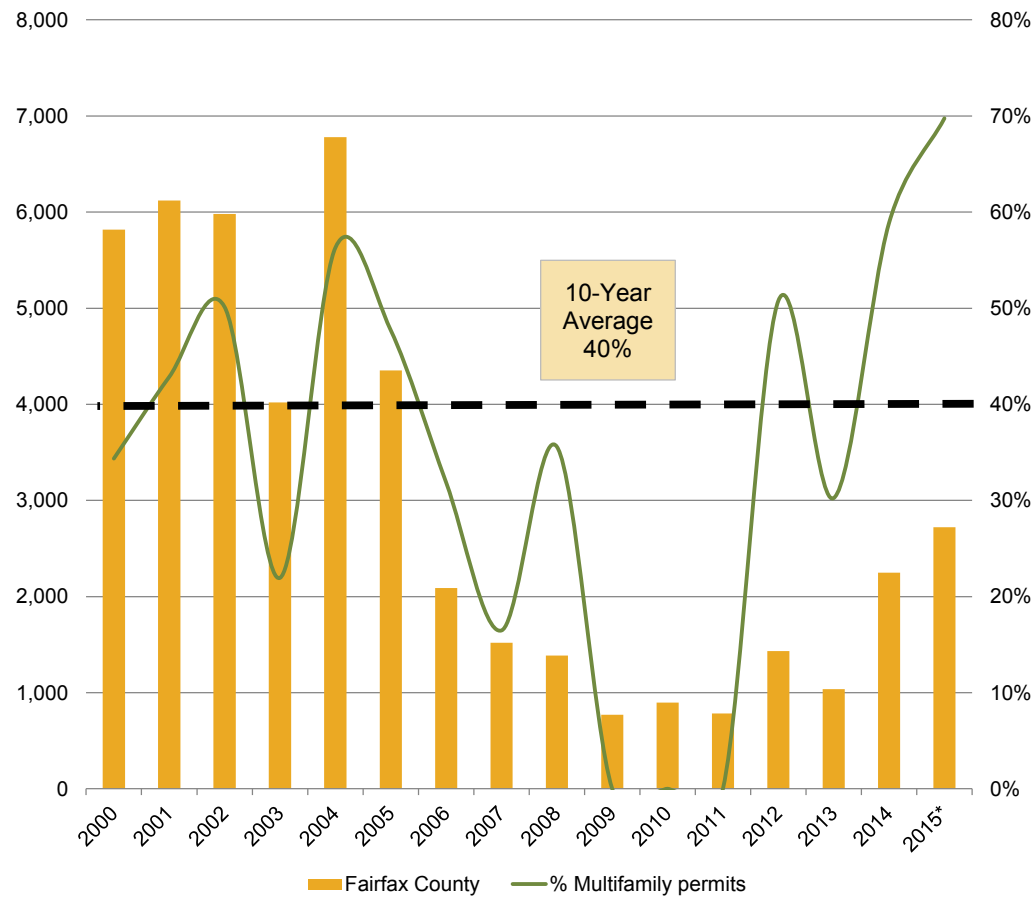
SOURCE: RCLCO



# JEFFERSON APARTMENT GROUP

Exhibit III-3

## RESIDENTIAL BUILDING PERMITS AND PERCENT MULTIFAMILY FAIRFAX COUNTY, VA 2000-2015



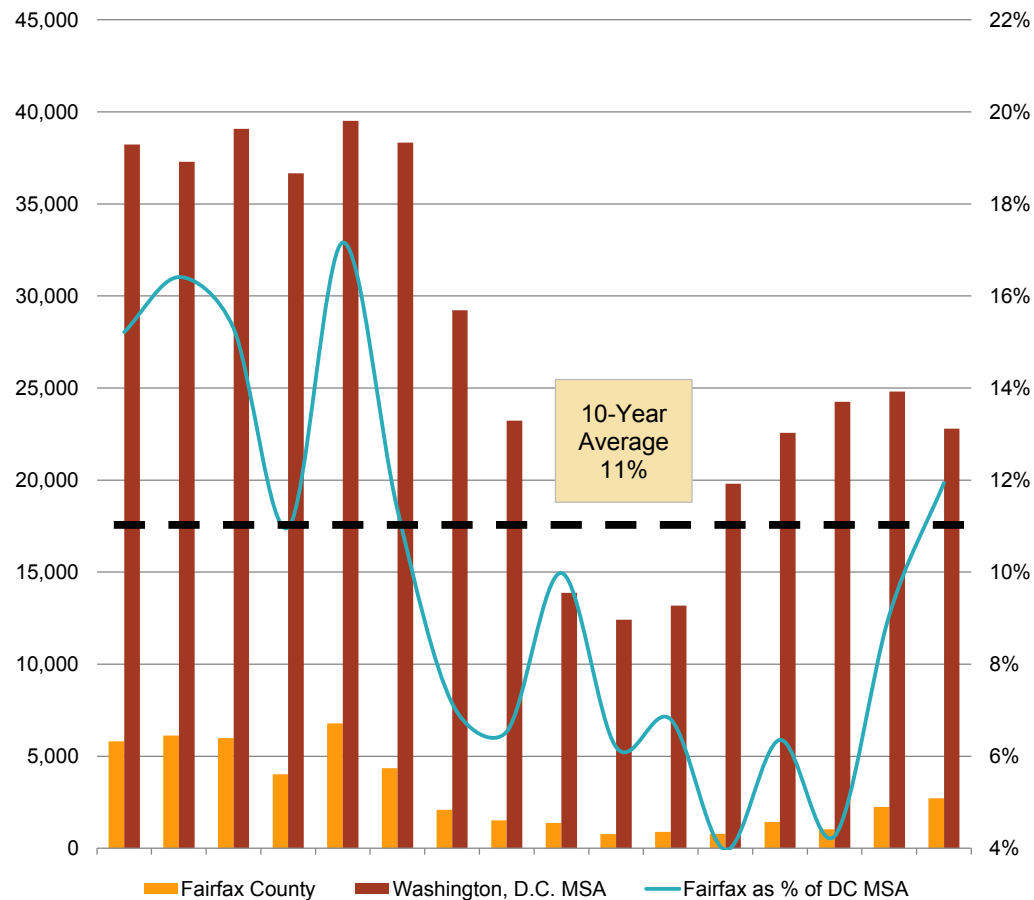
	Average Annual Residential Permits 2000 - 2015 YTD	
	FAIRFAX	D.C. MSA
# MF Permits	1,254	8,964
Total Permits	2,997	27,203
% MF Permits	42%	33%

\* 2015 figures are preliminary estimates  
SOURCE: HUD SOCDs

# JEFFERSON APARTMENT GROUP

Exhibit III-4

FAIRFAX COUNTY CAPTURE OF MSA TOTAL RESIDENTIAL BUILDING PERMITS  
FAIRFAX COUNTY, VA  
2000-2015



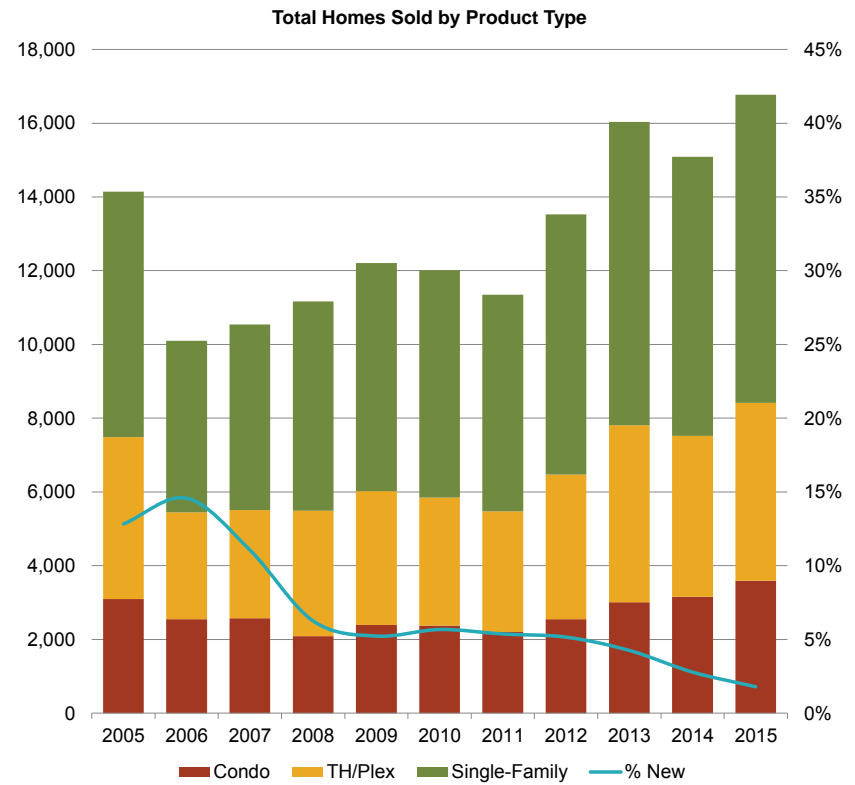
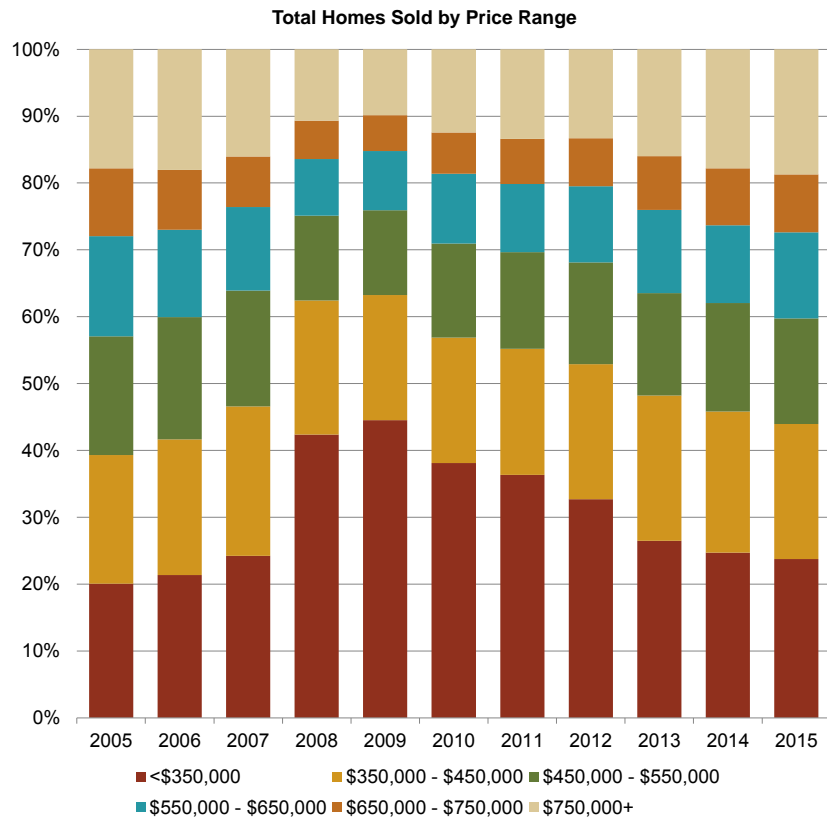
	Average Annual Residential Permits	
	2000 - 2015 YTD	
	FAIRFAX	D.C. MSA
Total Permits	4,251	36,167
County as % of MSA	--	12%

\* 2015 figures are preliminary estimates  
SOURCE: HUD SOCDs

# JEFFERSON APARTMENT GROUP

Exhibit III-5

## HISTORICAL RESIDENTIAL SALES (ALL HOMES) FAIRFAX COUNTY, VA 2005-2015

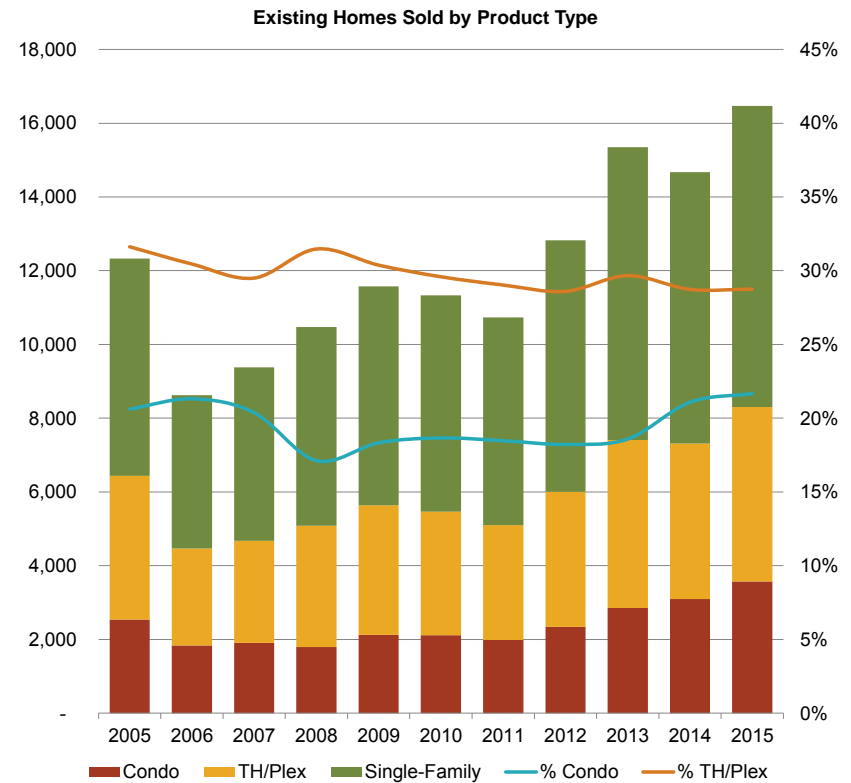
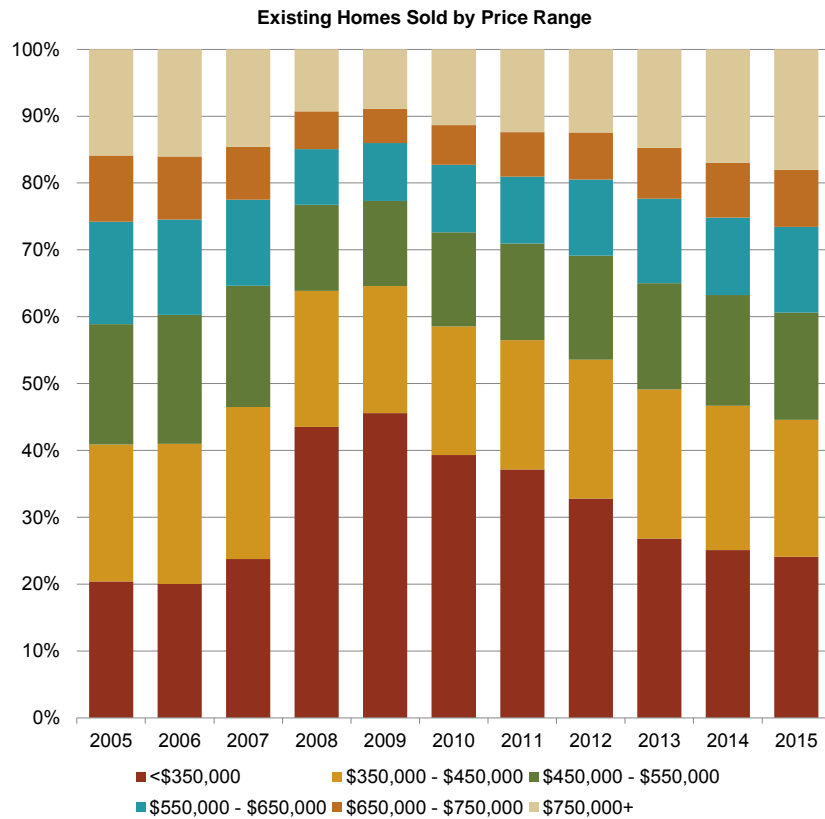


SOURCE: RealQuest

# JEFFERSON APARTMENT GROUP

Exhibit III-6

## HISTORICAL RESIDENTIAL SALES (EXISTING HOMES) FAIRFAX COUNTY, VA 2005-2015

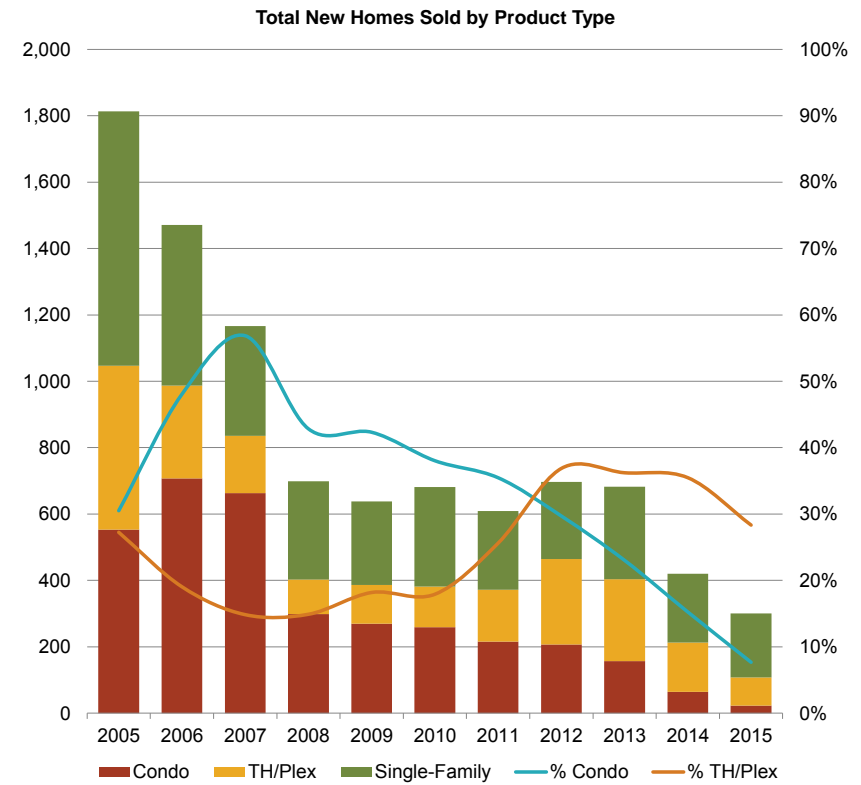
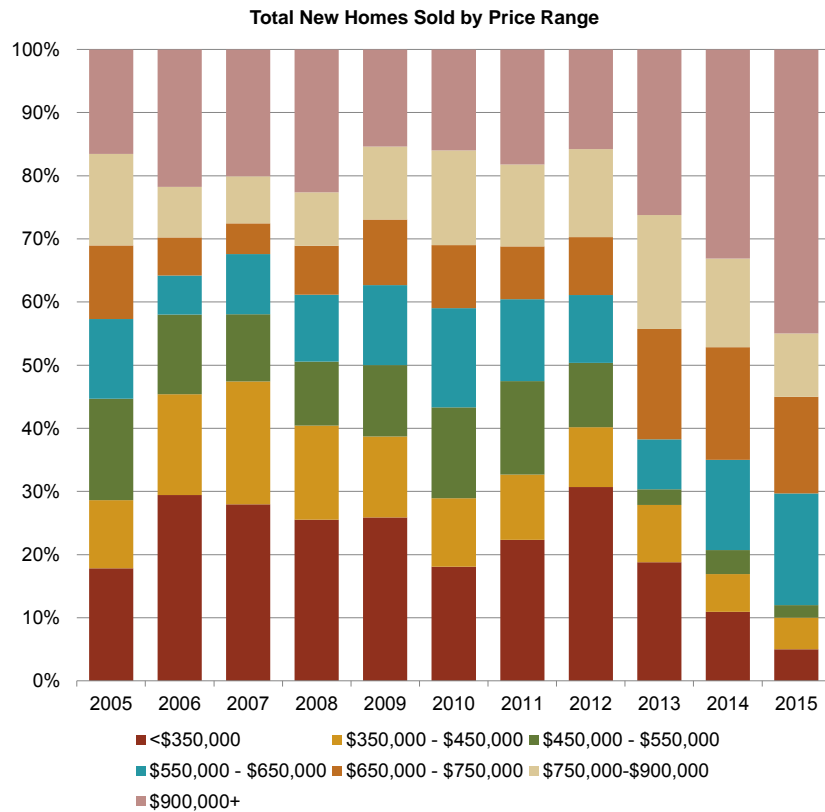


SOURCE: RealQuest

# JEFFERSON APARTMENT GROUP

Exhibit III-7

## HISTORICAL RESIDENTIAL SALES (NEW HOMES) FAIRFAX COUNTY, VA 2005-2015



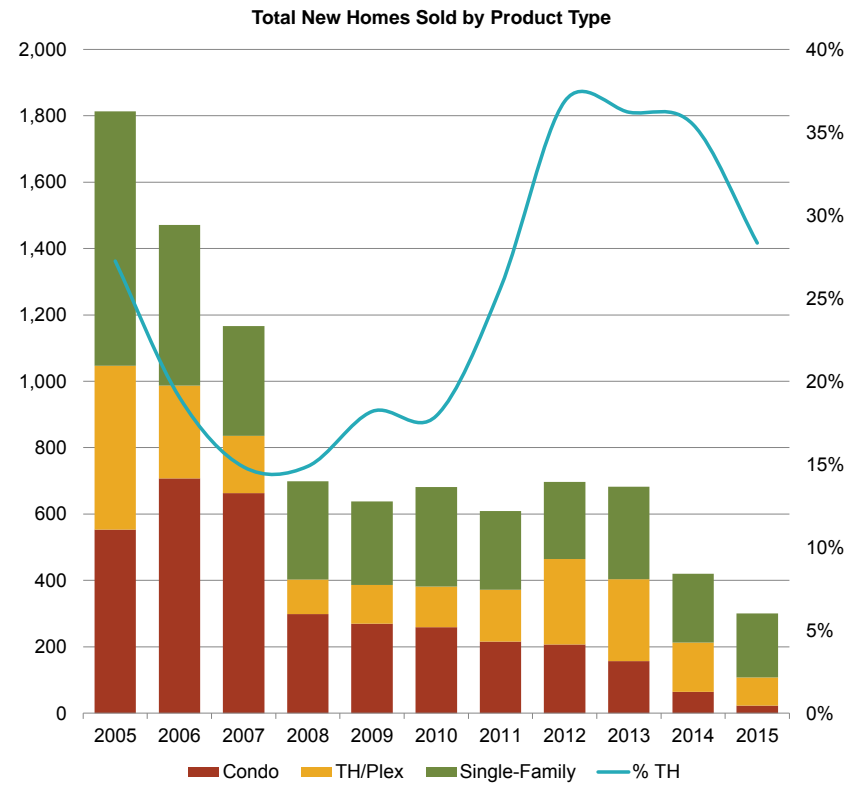
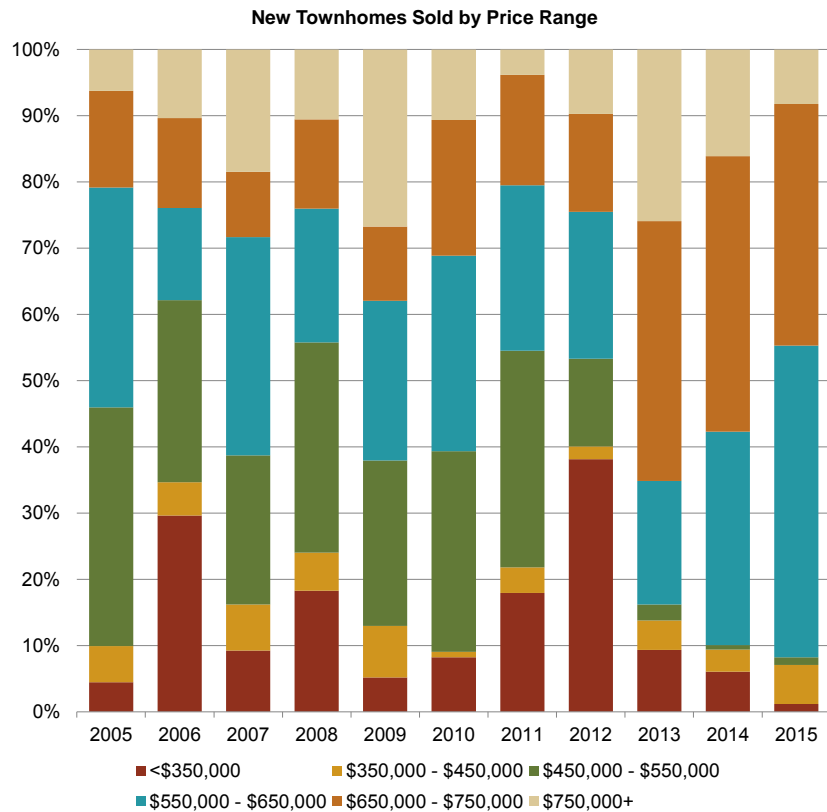
SOURCE: RealQuest



# JEFFERSON APARTMENT GROUP

Exhibit III-8

## HISTORICAL RESIDENTIAL SALES (TOWNHOMES) FAIRFAX COUNTY, VA 2005-2015

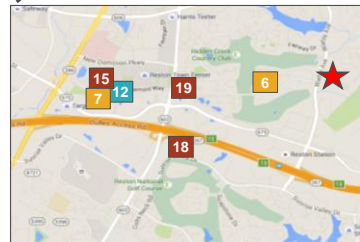
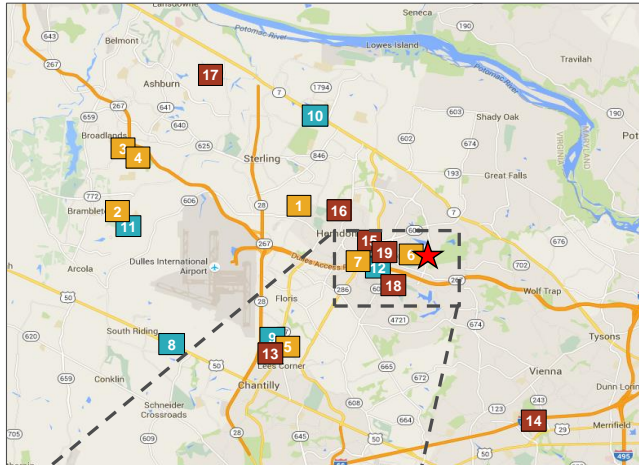


SOURCE: RealQuest

# JEFFERSON APARTMENT GROUP

## Exhibit III-9

### MAP OF FOR-SALE CONDO AND TOWNHOME DEVELOPMENTS RESTON AND SURROUNDING AREA FEBRUARY 2016



MAP KEY	PROPERTY	BUILDER	YEAR BUILT	# OF HOMES	AVG. BASE PRICE	PRICE \$/SF	AVG. FINAL PRICE	PRICE \$/SF
1	Townes at Hallcrest	Comstock	2014	42	\$405,990	\$197	\$438,469	\$197
2	Loudoun Valley	Toll Brothers	2015	401	\$491,890	\$237	\$541,079	\$237
3	Westmoore	NVHomes	2015	300	\$547,000	\$223	\$601,700	\$223
4	Westmoore	Ryan Homes	2015	300	\$496,992	\$252	\$546,691	\$252
5	Discovery Square	NVHomes	2014	85	\$613,859	\$275	\$675,245	\$275
6	Links Drive	N/A	1968	28	\$420,370	\$199	\$462,414	\$199
7	West Market	N/A	1998	20	\$728,000	\$375	\$801,000	\$375
8	East Gate	KB Home	2015	158	\$346,490	\$166	\$381,139	\$182
9	Discovery Square	Ryan Homes	2014	208	\$450,000	\$213	\$450,000	\$213
10	Crescent Collection at Cascades View	Wormald	2016	N/A	\$472,740	\$225	\$472,740	\$225
11	Loudoun Valley	Toll Brothers	2015	306	\$344,495	\$187	\$378,945	\$187
12	Lincoln Park	N/A	1999	104	\$454,686	\$329	\$500,155	\$329
13	Discovery Square	K Hovnanian	2014	100+	-	-	\$368,990	\$299
14	The Flats at MetroWest	Pulte	2014	128	-	-	\$559,990	\$401
15	Madison Park at West Market	VanMetre	2000	98	-	-	\$423,816	\$313
16	Fortnightly Square	Carr Homes	2005	N/A	-	-	\$269,627	\$238
17	Potomac Green*	Del Webb	2012	N/A	-	-	\$293,490	\$231
18	The Mercer	JBG	2006	300+	-	-	\$316,218	\$352
19	Stratford at Reston Town Ctr.	Renaissance	1998	338	-	-	\$521,347	\$428

KEY  
 Townhomes  
 Two-over-Two  
 Condo  
 Subject Site

\*Age-restricted community  
 SOURCE: Property websites; Leasing agent interviews; RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit III-10

### FOR-SALE TOWNHOMES & 2-OVER-2 RESTON AND SURROUNDING AREA FEBRUARY 2016

MAP KEY	COMMUNITY	YEAR BUILT	BUILDER	TYPE/ FLOOR PLANS	TOTAL UNITS	UNIT MIX	UNIT SIZE RANGE	AVG. SIZE	UNIT BASE PRICE	AVG. BASE PRICE	AVG. BASE \$/SF	AVG. ADD'L UPGRADES	AVG. FINAL PRICE	AVG. \$/SF
1	Townes at Hallcrest Oakgrove Road Sterling, VA 20166	2014	Comstock	Townhomes	42	100%	2,228 - 2,228	2,228	\$399,990 - \$429,990	\$405,990	\$182	8.00%	\$438,469	\$197
				3B/2.5b	34	80%	2,228 - 2,228	2,228	\$399,990 - \$399,990	\$399,990	\$180	8.00%	\$431,989	\$194
				4B/2.5b	8	20%	2,228 - 2,228	2,228	\$429,990 - \$429,990	\$429,990	\$193	8.00%	\$464,389	\$193
2	Loudoun Valley Evergreen Ridge Ashburn, VA 20148	2015	Toll Brothers	Townhomes	401	100%	2,046 - 2,751	2,281	\$449,995 - \$546,995	\$491,890	\$216	10.00%	\$541,079	\$237
				3B/2.5b	231	58%	2,046 - 2,751	2,399	\$482,995 - \$546,995	\$514,995	\$215	10.00%	\$566,495	\$236
				4B/3.5b	170	42%	2,103 - 2,142	2,123	\$449,995 - \$470,995	\$460,495	\$217	10.00%	\$506,545	\$217
3	Westmoore Ghazwa Square Ashburn, VA 20148	2015	NVHomes	Townhomes	300	100%	2,591 - 2,844	2,692	\$535,000 - \$565,000	\$547,000	\$203	10.00%	\$601,700	\$223
				3B/2.5b	180	60%	2,591 - 2,591	2,591	\$535,000 - \$535,000	\$535,000	\$206	10.00%	\$588,500	\$227
				3B/3.5b	120	40%	2,844 - 2,844	2,844	\$565,000 - \$565,000	\$565,000	\$199	10.00%	\$621,500	\$199
4	Westmoore Ghazwa Square Ashburn, VA 20148	2015	Ryan Homes	Townhomes	300	100%	1,873 - 2,247	2,172	\$445,000 - \$509,990	\$496,992	\$229	10.00%	\$546,691	\$252
				3B/2.5b	240	80%	2,247 - 2,247	2,247	\$509,990 - \$509,990	\$509,990	\$227	10.00%	\$560,989	\$250
				3B/3.5b	60	20%	1,873 - 1,873	1,873	\$445,000 - \$445,000	\$445,000	\$238	10.00%	\$489,500	\$261
5	Discovery Square Neil Armstrong Ave Herndon, VA 20171 <i>Based on past listings</i>	2014	NVHomes	Townhomes	85	100%	2,090 - 2,909	2,459	\$597,000 - \$625,099	\$613,859	\$250	10.00%	\$675,245	\$275
				4B/4b	34	40%	2,090 - 2,090	2,090	\$597,000 - \$597,000	\$597,000	\$286	10.00%	\$656,700	\$314
				4B/3.5b	51	60%	2,500 - 2,909	2,705	\$625,099 - \$625,099	\$625,099	\$231	10.00%	\$687,609	\$254
6	Links Drive Links Drive Reston, VA 20190 <i>Resales (unit mix based on 3yr sales)</i>	1968	N/A	Townhomes	28	100%	1,520 - 3,350	2,321	\$313,000 - \$495,455	\$420,370	\$181	10.00%	\$462,414	\$199
				2B/1.5b	2	7%	1,520 - 1,520	1,520	\$313,000 - \$341,000	\$327,000	\$215	10.00%	\$359,796	\$237
				3B/2.5b	12	43%	1,780 - 2,388	2,084	\$364,545 - \$495,455	\$430,000	\$206	10.00%	\$473,000	\$227
7	West Market Logan Manor Drive Reston, VA 20190 <i>Resales (unit mix based on 3yr sales)</i>	1998	N/A	Townhomes	20	100%	1,731 - 2,544	2,138	\$627,000 - \$829,000	\$728,000	\$341	10.00%	\$801,000	\$375
				3B/3b	20	100%	1,731 - 2,544	2,138	\$627,000 - \$829,000	\$728,000	\$341	10.00%	\$801,000	\$375
8	East Gate 25563 Feltre Terrace Chantilly, VA 20152	2015	KB Home	Two-over-Two	158	100%	1,542 - 2,643	2,093	\$318,990 - \$373,990	\$346,490	\$166	10.00%	\$381,139	\$182
				3B/2.5b	8	100%	1,542 - 2,643	2,093	\$318,990 - \$373,990	\$346,490	\$166	10.00%	\$381,139	\$182
9	Discovery Square Endeavor Drive Oak Hill, VA 20171	2014	Ryan Homes	Two-over-Two	208	100%	1,606 - 2,617	2,112	\$425,000 - \$475,000	\$450,000	\$213	N/A	\$450,000	\$213
				3B/2.5b	208	100%	1,606 - 2,617	2,112	\$425,000 - \$475,000	\$450,000	\$213		\$450,000	\$213
10	Crescent Collection at Cascades View 21408 Potomac View Road Sterling, VA 20164	2016	Wormald	Two-over-Two	N/A	100%	2,100 - 2,100	2,100	\$469,490 - \$475,990	\$472,740	\$225	N/A	\$472,740	\$225
				3B/2.5b		100%	2,100 - 2,100	2,100	\$469,490 - \$475,990	\$472,740	\$225		\$472,740	\$225
11	Loudoun Valley Evergreen Ridge Ashburn, VA 20148	2015	Toll Brothers	Two-over-Two	306	100%	1,076 - 2,485	2,030	\$322,995 - \$365,995	\$344,495	\$170	10.00%	\$378,945	\$187
				3B/2.5b	306	100%	1,575 - 2,485	2,030	\$322,995 - \$365,995	\$344,495	\$170	10.00%	\$378,945	\$187
12	Lincoln Park Trumbull Way Reston, VA 20190 <i>Resales (unit mix based on 3yr sales)</i>	1999	N/A	Two-over-Two	104	100%	1,076 - 1,876	1,521	\$363,636 - \$524,545	\$454,686	\$299	10.00%	\$500,155	\$329
				2B/2.5b		45%	1,076 - 1,076	1,076	\$363,636 - \$418,182	\$390,909	\$363	10.00%	\$430,000	\$400
				3B/2.5b		55%	1,876 - 1,876	1,876	\$482,727 - \$524,545	\$503,636	\$268	10.00%	\$554,000	\$295

Note: Resale prices deducted 10% to estimate base price  
SOURCE: Brokers; Homebuilder Websites; RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit III-11

### FOR-SALE CONDOMINIUMS RESTON AND SURROUNDING AREA FEBRUARY 2016

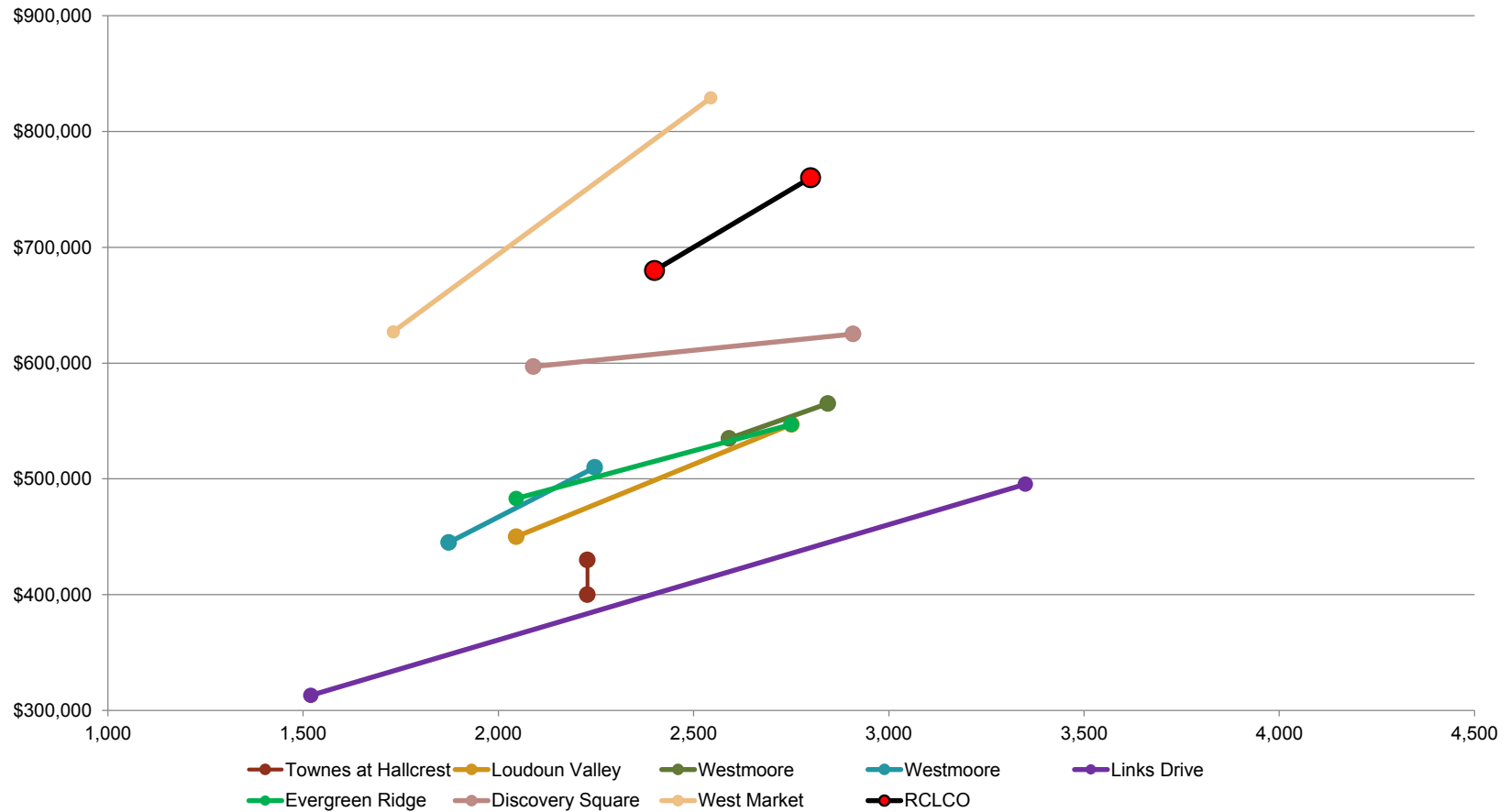
MAP KEY	COMMUNITY	YEAR BUILT	BUILDER	TYPE/ FLOOR PLANS	TOTAL UNITS	UNIT MIX	UNIT SIZE RANGE	AVG. SIZE	UNIT BASE PRICE	AVG. BASE PRICE	AVG. BASE \$/SF
<b>13</b>	<b>Discovery Square</b> Endeavor Drive Oak Hill, VA 20171	<b>2014</b>	<b>K Hovnanian</b>	<b>Condo</b> 2B/2b	<b>100+</b>	<b>100%</b> 100%	<b>1,133 - 1,333</b> 1,133 - 1,333	<b>1,233</b> 1,233	<b>\$340,990 - \$396,990</b> \$340,990 - \$396,990	<b>\$368,990</b> \$368,990	<b>\$299</b> \$299
<b>14</b>	<b>The Flats at MetroWest</b> Bastille St Fairfax, VA 22031	<b>2014</b>	<b>Pulte</b>	<b>Condo</b> 2B/2b	<b>128</b>	<b>100%</b> 100%	<b>1,256 - 1,539</b> 1,256 - 1,539	<b>1,398</b> 1,398	<b>\$539,990 - \$579,990</b> \$539,990 - \$579,990	<b>\$559,990</b> \$559,990	<b>\$401</b> \$401
<b>15</b>	<b>Madison Park at West Market</b> Abington Hall Place Reston, VA 20190 <i>Resales (unit mix based on 3yr sales)</i>	<b>2000</b>	<b>VanMetre</b>	<b>Condo</b> 2B/2b 3B/2b	<b>98</b>	<b>100%</b> 74% 26%	<b>1,172 - 1,702</b> 1,172 - 1,419 1,334 - 1,702	<b>1,354</b> 1,296 1,518	<b>\$370,000 - \$510,000</b> \$370,000 - \$437,500 \$450,000 - \$510,000	<b>\$423,816</b> \$403,750 \$480,000	<b>\$313</b>
<b>16</b>	<b>Fortnightly Square</b> Branch Dr Herndon, VA 20170 <i>Resales (unit mix based on 3yr sales)</i>	<b>2005</b>	<b>Carr Homes</b>	<b>Condo</b> 2B/1.5b 2B/2b	<b>N/A</b>	<b>100%</b> 33% 67%	<b>873 - 1,434</b> 873 - 1,147 950 - 1,434	<b>1,131</b> 1,010 1,192	<b>\$217,000 - \$309,880</b> \$217,000 - \$285,000 \$248,000 - \$309,880	<b>\$269,627</b> \$251,000 \$278,940	<b>\$238</b>
<b>17</b>	<b>Potomac Green*</b> Hope Spring Terrace Ashburn, VA 20147 <i>*Age restricted community</i>	<b>2012</b>	<b>Del Webb</b>	<b>Condo</b> 2B/2b	<b>N/A</b>	<b>100%</b> 100%	<b>890 - 1,654</b> 890 - 1,654	<b>1,272</b> 1,272	<b>\$216,990 - \$369,990</b> \$216,990 - \$369,990	<b>\$293,490</b> \$293,490	<b>\$231</b>
<b>18</b>	<b>The Mercer</b> 11760 Sunrise Valley Dr Reston, VA 20190 <i>Resales (unit mix based on 3yr sales)</i>	<b>2006</b>	<b>JBG</b>	<b>Condo</b> 1B/1b 2B/2b	<b>300+</b>	<b>100%</b> 36% 64%	<b>656 - 1,095</b> 656 - 741 922 - 1,095	<b>898</b> 699 1,009	<b>\$237,000 - \$405,000</b> \$237,000 - \$265,000 \$299,900 - \$405,000	<b>\$316,218</b> \$251,000 \$352,450	<b>\$352</b>
<b>19</b>	<b>Stratford at Reston Town Ctr.</b> 1854 Stratford Park Pl Reston, VA 20190 <i>Resales (unit mix based on 3yr sales)</i>	<b>1998</b>	<b>Renaissance</b>	<b>Condo</b> 2B/2b 3B/2.5b	<b>338</b>	<b>100%</b> 89% 11%	<b>836 - 1,530</b> 836 - 1,524 1,524 - 1,530	<b>1,219</b> 1,180 1,527	<b>\$345,000 - \$699,000</b> \$345,000 - \$699,000 \$487,500 - \$545,000	<b>\$521,347</b> \$522,000 \$516,250	<b>\$428</b>

SOURCE: Brokers; Homebuilder Websites; RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit III-12

PRICE-TO-SIZE RELATIONSHIP OF ACTIVELY SELLING TOWNHOMES<sup>1</sup>  
RESTON AND SURROUNDING AREA  
FEBRUARY 2016



<sup>1</sup> Selected communities are those RCLCO believes to be most similar to Subject Site properties and future residential opportunities

NOTE: RCLCO recommendations shown are base prices

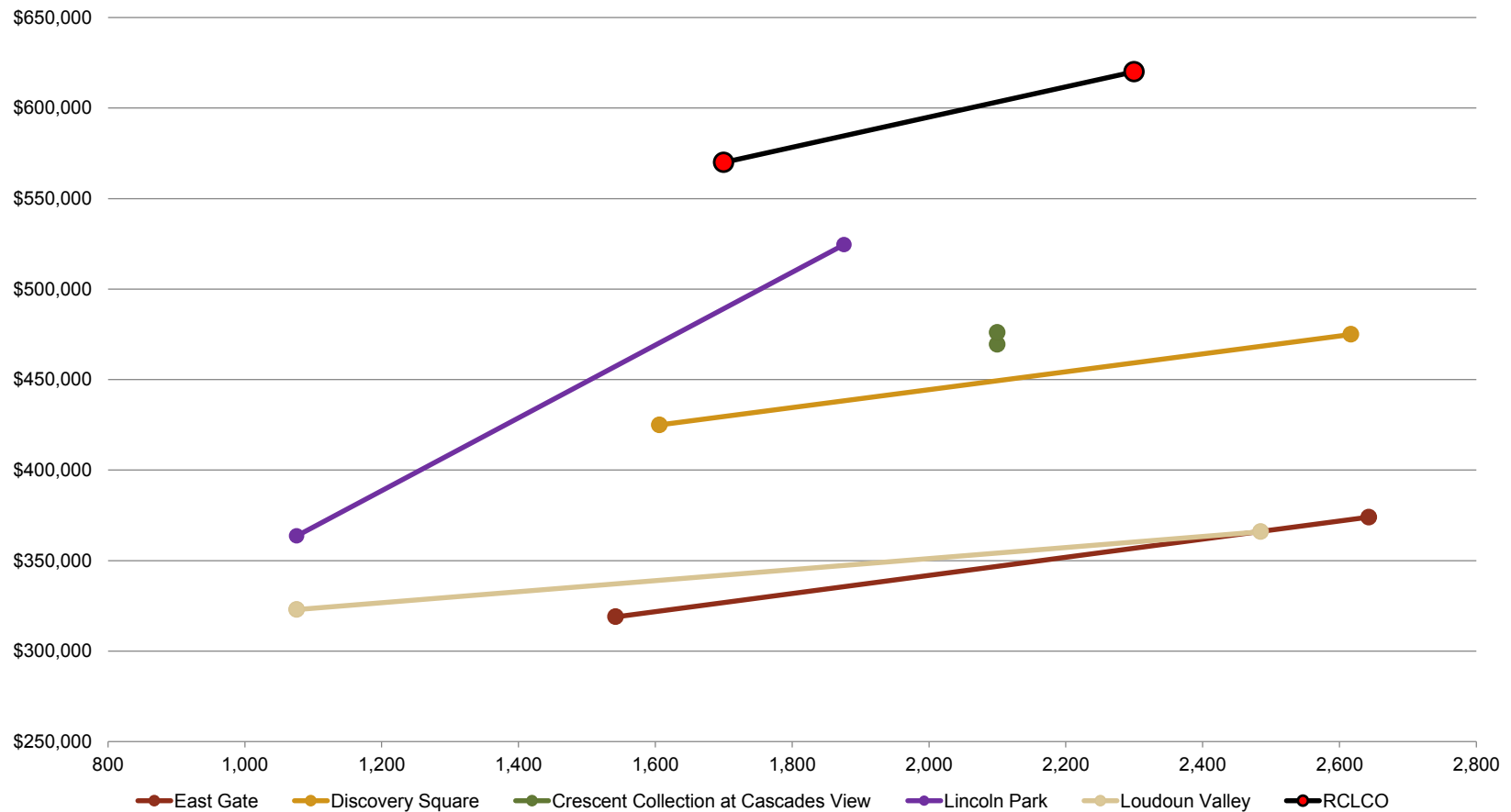
SOURCE: RCLCO



# JEFFERSON APARTMENT GROUP

Exhibit III-13

PRICE-TO-SIZE RELATIONSHIP OF ACTIVELY SELLING 2-OVER-2<sup>1</sup>  
 RESTON AND SURROUNDING AREA  
 FEBRUARY 2016



<sup>1</sup> Selected communities are those RCLCO believes to be most similar to Subject Site properties and future residential opportunities

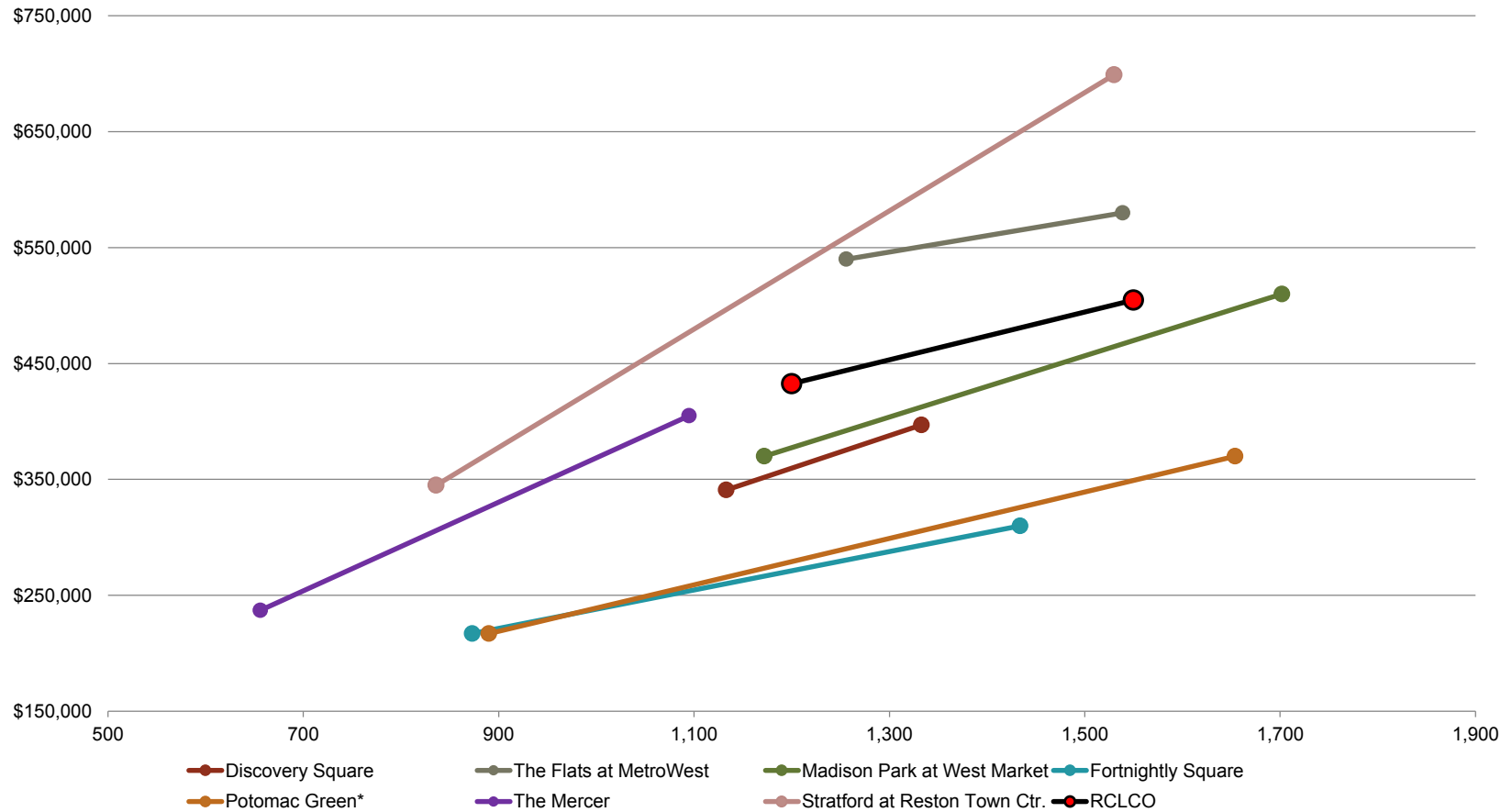
NOTE: RCLCO recommendations shown are base prices

SOURCE: RCLCO

# JEFFERSON APARTMENT GROUP

Exhibit III-14

PRICE-TO-SIZE RELATIONSHIP OF ACTIVELY SELLING CONDOMINIUMS<sup>1</sup>  
RESTON AND SURROUNDING AREA  
FEBRUARY 2016



<sup>1</sup> Selected communities are those RCLCO believes to be most similar to Subject Site properties and future residential opportunities

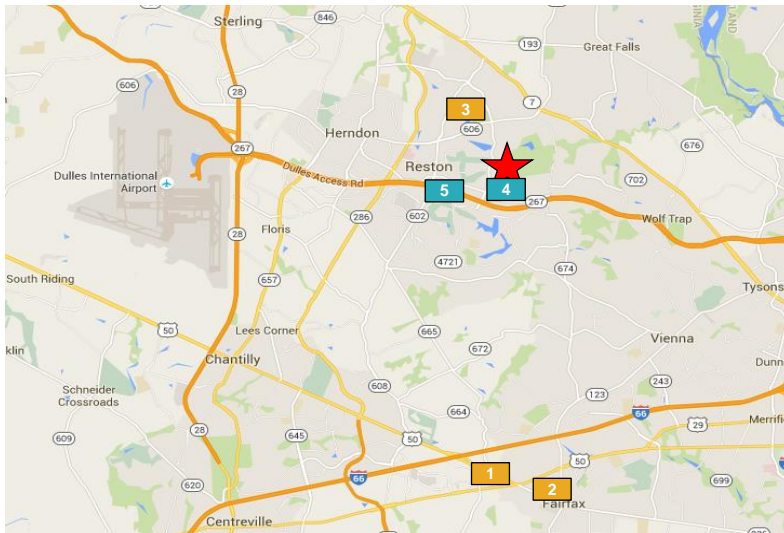
NOTE: RCLCO recommendations shown final prices

SOURCE: RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit III-15

### UNDER CONSTRUCTION, PLANNED, AND PROPOSED TOWNHOME AND 2-OVER-2 PROJECTS RESTON AND SURROUNDING AREA FEBRUARY 2016



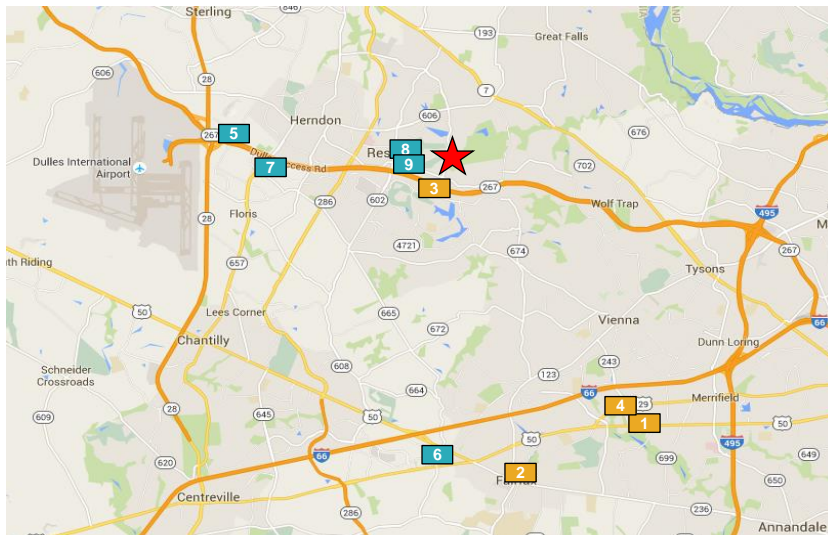
MAP KEY	COMMUNITY	DEVELOPER	UNITS	STATUS	EST. OPENING
<b>Short Term Planned and Proposed</b>			<b>215</b>		
1	8301 Lee Highway (Vienna Metro)	NVR	141	Planned	2017/2018
2	Oak Knolls development (Condo & TH)	Oak Knolls Realty Corp.	40	Planned	2017/2018
3	St John's Wood (Apt. & TH)	Bozzuto	34	Planned	2017/2018
<b>Long Term Planned and Proposed</b>			<b>79</b>		
4	The Lofts at Reston Station	Pulte Home Corp.	42	Proposed	2018+
5	American Press Institute Site	Sekas Homes	37	Proposed	2018+
★	Subject Site				

Note: Locations are an estimate  
SOURCE: Delta Associates; Local news sources

# JEFFERSON APARTMENT GROUP

## Exhibit III-16

### UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONDOMINIUM PROJECTS RESTON AND SURROUNDING AREA FEBRUARY 2016



MAP KEY	COMMUNITY	DEVELOPER	UNITS	STATUS	EST. OPENING
<b>Short Term Planned and Proposed</b>			<b>1,422</b>		
1	The Enclave	-	80	Proposed	2018
2	Oak Knolls development (Condo & TH)	Oak Knolls Realty Corp.	94	Proposed	2018
3	Momentum	-	400	Proposed	2019
4	MetroWest - Mid/High Rise	-	848	Site Plan	2020+
<b>Long Term Planned and Proposed</b>			<b>2,635</b>		
5	The Rocks	-	411	Proposed	2020+
6	Fairfax Corner	-	290	Site Plan	2020+
7	Arrowbrook Center - Phase III	-	508	Proposed	2020+
8	Spectrum North I & II	-	880	Proposed	2020+
9	Spectrum South	-	546	Proposed	2020+
★	Subject Site				

Note: Locations are an estimate. Based on planned and proposed MF units, unit mix to be determined  
SOURCE: Delta Associates; Local news sources

# JEFFERSON APARTMENT GROUP

Exhibit III-17

## LAND VALUES RESTON AND SURROUNDING AREA FEBRUARY 2016

PROJECT	LOCATION	BUILDER	COST OF LAND	# OF PARCELS / UNITS	\$ PER PARCEL / UNIT	AVG. SALES PRICE PER UNIT	LAND AS % OF COST
<b>Townhomes</b>							
Discovery Square	Herndon, VA	NVHomes	\$1,406,980	5	\$281,396	\$625,500	45.0%
Townes at Autumn Oaks	Sterling, VA	NVHomes	\$1,143,425	8	\$142,928	\$480,000	29.8%
Chestnut Place	Falls Church, VA	NVHomes	\$3,630,000	6	\$605,000	\$1,082,500	55.9%
Ridgewood	Fairfax, VA	NVHomes	\$2,205,000	9	\$245,000	\$690,675	35.5%
Brambleton	Ashburn, VA	Van Metre	\$3,290,000	20	\$164,500	\$503,250	32.7%
River Crest	Ashburn, VA	Pulte	\$11,500,000	95	\$121,053	--	--
<b>AVERAGE</b>							<b>39.8%</b>
<b>Two-Over-Two</b>							
Discovery Square	Herndon, VA	Ryan Homes	\$2,802,419	16	\$175,151	\$464,000	37.7%
East Gate	Chantilly, VA	KB Homes	\$1,264,000	10	\$126,400	\$346,500	36.5%
Cascades View	Sterling, VA	Wormald	\$7,000,000	38	\$184,211	\$472,750	39.0%
<b>AVERAGE</b>							<b>37.7%</b>
<b>Condo</b>							
Discovery Square	Herndon, VA	K Hovnanian	\$3,600,000	36	\$100,000	\$359,600	27.8%
<b>AVERAGE</b>							<b>27.8%</b>

SOURCE: RCLCO



# JEFFERSON APARTMENT GROUP

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## IV. RESIDENTIAL DEMAND

# JEFFERSON APARTMENT GROUP

## Exhibit IV-1

### ANNUAL FOR-SALE RESIDENTIAL DEMAND PRIMARY MARKET AREA 2016-2021

Age and Income	Mortgage as a % of Income	Affordable Home Price Range <sup>1</sup>	DEMAND FROM EXISTING HOUSEHOLDS										DEMAND FROM NEW HOUSEHOLDS			CONDO DEMAND		TOWNHOME & 2-OVER-2 DEMAND		
			Total HHs <sup>2</sup>	%	% Owners <sup>3</sup>	Total Owners	% Owners in Turnover <sup>3</sup>	Annual Owners in Turnover	Demand from Renters becoming Owners <sup>3</sup>	Demand from Existing HHs	Net New HHs	% Owners <sup>3</sup>	Total Owner Demand from New HHs	Total For-Sale Demand Pool	% Choosing Condo <sup>4</sup>	% Choosing New Product <sup>4</sup>	Total Demand for New MF	% Choosing TH	% Choosing New Product	Total Demand for New SFA
<b>Under 25</b>			<b>816</b>	<b>100%</b>		<b>79</b>			<b>24</b>	<b>38</b>	<b>62</b>	<b>117</b>		<b>11</b>	<b>73</b>		<b>9</b>			<b>14</b>
UNDER \$35,000	34% - 32%	UNDER - \$190,000	195	24%	7%	13	20%	3	3	5	28	7%	2	7	25%	5%	0	25%	5%	0
\$35,000 - \$50,000	32% - 30%	\$190,000 - \$260,000	114	14%	0%	-	20%	-	1	16	0%	0	1	1	25%	30%	0	25%	30%	0
\$50,000 - \$75,000	30% - 28%	\$260,000 - \$360,000	177	22%	6%	10	100%	10	6	16	25	6%	1	17	50%	35%	3	40%	35%	2
\$75,000 - \$100,000	28% - 26%	\$360,000 - \$450,000	133	16%	5%	6	20%	1	12	13	19	5%	1	14	40%	40%	2	50%	40%	3
\$100,000 - \$150,000	26% - 25%	\$450,000 - \$650,000	131	16%	38%	49	20%	10	8	18	19	38%	7	25	30%	40%	3	60%	40%	6
\$150,000 - AND OVER	25% - 24%	\$650,000 - AND OVER	66	8%	0%	-	20%	-	9	9	9	0%	0	9	10%	50%	0	60%	50%	3
<b>25-34</b>			<b>6,136</b>	<b>100%</b>		<b>1,901</b>		<b>483</b>	<b>397</b>	<b>879</b>	<b>437</b>		<b>136</b>	<b>1,015</b>		<b>119</b>			<b>169</b>	
UNDER \$35,000	34% - 32%	UNDER - \$190,000	842	14%	5%	39	20%	8	17	25	60	5%	3	28	25%	5%	0	5%	5%	0
\$35,000 - \$50,000	32% - 30%	\$190,000 - \$260,000	608	10%	47%	286	58%	165	14	179	43	47%	20	200	75%	30%	45	15%	30%	9
\$50,000 - \$75,000	30% - 28%	\$260,000 - \$360,000	892	15%	13%	112	20%	23	75	97	64	13%	8	105	40%	35%	15	30%	35%	11
\$75,000 - \$100,000	28% - 26%	\$360,000 - \$450,000	1,103	18%	26%	283	22%	62	71	132	79	26%	20	152	40%	40%	24	40%	40%	24
\$100,000 - \$150,000	26% - 25%	\$450,000 - \$650,000	1,454	24%	35%	515	18%	94	137	230	104	35%	37	267	20%	40%	21	55%	40%	59
\$150,000 - AND OVER	25% - 24%	\$650,000 - AND OVER	1,237	20%	54%	667	20%	132	84	215	88	54%	48	263	10%	50%	13	50%	50%	66
<b>35 - 44</b>			<b>9,721</b>	<b>100%</b>		<b>5,349</b>		<b>498</b>	<b>239</b>	<b>737</b>	<b>426</b>		<b>234</b>	<b>971</b>		<b>55</b>			<b>127</b>	
UNDER \$35,000	34% - 32%	UNDER - \$190,000	809	8%	21%	173	20%	35	6	40	35	21%	8	48	10%	5%	0	35%	5%	1
\$35,000 - \$50,000	32% - 30%	\$190,000 - \$260,000	691	7%	34%	233	28%	64	8	72	30	34%	10	82	35%	30%	9	35%	30%	9
\$50,000 - \$75,000	30% - 28%	\$260,000 - \$360,000	1,000	10%	31%	309	8%	25	24	49	44	31%	14	62	40%	35%	9	35%	35%	8
\$75,000 - \$100,000	28% - 26%	\$360,000 - \$450,000	1,420	15%	41%	576	16%	93	61	154	62	41%	25	179	20%	40%	14	50%	40%	36
\$100,000 - \$150,000	26% - 25%	\$450,000 - \$650,000	1,853	19%	61%	1,137	11%	129	58	187	81	61%	50	237	15%	40%	14	30%	40%	28
\$150,000 - AND OVER	25% - 24%	\$650,000 - AND OVER	3,948	41%	74%	2,920	5%	153	83	236	173	74%	128	363	5%	50%	9	25%	50%	45
<b>45 - 54</b>			<b>11,019</b>	<b>100%</b>		<b>8,447</b>		<b>320</b>	<b>108</b>	<b>427</b>	<b>42</b>		<b>32</b>	<b>459</b>		<b>22</b>			<b>45</b>	
UNDER \$35,000	34% - 32%	UNDER - \$190,000	634	6%	29%	183	9%	16	5	20	2	29%	1	21	10%	5%	0	35%	5%	0
\$35,000 - \$50,000	32% - 30%	\$190,000 - \$260,000	402	4%	36%	146	5%	8	4	12	2	36%	1	12	20%	30%	1	15%	30%	1
\$50,000 - \$75,000	30% - 28%	\$260,000 - \$360,000	785	7%	62%	483	2%	9	15	23	3	62%	2	25	10%	35%	1	65%	35%	6
\$75,000 - \$100,000	28% - 26%	\$360,000 - \$450,000	856	8%	66%	565	2%	9	0	9	3	66%	2	11	10%	40%	0	45%	40%	2
\$100,000 - \$150,000	26% - 25%	\$450,000 - \$650,000	2,408	22%	71%	1,713	1%	18	58	76	9	71%	6	83	15%	40%	5	40%	40%	13
\$150,000 - AND OVER	25% - 24%	\$650,000 - AND OVER	5,934	54%	90%	5,357	5%	261	26	287	23	90%	20	307	10%	50%	15	15%	50%	23
<b>55 - 64</b>			<b>10,358</b>	<b>100%</b>		<b>8,681</b>		<b>216</b>	<b>82</b>	<b>298</b>	<b>-56</b>		<b>-1</b>	<b>297</b>		<b>37</b>			<b>28</b>	
UNDER \$35,000	34% - 32%	UNDER - \$190,000	736	7%	55%	407	2%	8	3	11	-4	55%	0	11	25%	5%	0	25%	5%	0
\$35,000 - \$50,000	32% - 30%	\$190,000 - \$260,000	431	4%	75%	324	2%	6	1	7	-2	75%	0	7	25%	30%	1	25%	30%	1
\$50,000 - \$75,000	30% - 28%	\$260,000 - \$360,000	748	7%	69%	514	10%	52	0	52	-4	69%	0	52	30%	35%	5	45%	35%	8
\$75,000 - \$100,000	28% - 26%	\$360,000 - \$450,000	864	8%	73%	628	2%	13	3	16	-5	73%	0	16	30%	40%	2	50%	40%	3
\$100,000 - \$150,000	26% - 25%	\$450,000 - \$650,000	1,905	18%	80%	1,529	2%	31	42	72	-10	80%	0	72	30%	40%	9	20%	40%	6
\$150,000 - AND OVER	25% - 24%	\$650,000 - AND OVER	5,674	55%	93%	5,281	2%	106	34	139	-31	93%	-1	139	30%	50%	21	15%	50%	10
<b>65+</b>			<b>10,578</b>	<b>100%</b>		<b>8,942</b>		<b>283</b>	<b>76</b>	<b>359</b>	<b>462</b>		<b>391</b>	<b>750</b>		<b>77</b>			<b>55</b>	
UNDER \$35,000	34% - 32%	UNDER - \$190,000	1,685	16%	54%	907	12%	111	1	112	74	54%	40	152	25%	5%	2	20%	5%	2
\$35,000 - \$50,000	32% - 30%	\$190,000 - \$260,000	945	9%	95%	894	2%	18	1	19	41	95%	39	58	25%	30%	4	35%	30%	6
\$50,000 - \$75,000	30% - 28%	\$260,000 - \$360,000	1,565	15%	91%	1,431	3%	39	0	39	68	91%	63	102	30%	35%	11	25%	35%	9
\$75,000 - \$100,000	28% - 26%	\$360,000 - \$450,000	1,070	10%	77%	825	2%	16	28	45	47	77%	36	81	30%	40%	10	20%	40%	6
\$100,000 - \$150,000	26% - 25%	\$450,000 - \$650,000	1,779	17%	91%	1,620	2%	32	15	48	78	91%	71	118	30%	40%	14	30%	40%	14
\$150,000 - AND OVER	25% - 24%	\$650,000 - AND OVER	3,534	33%	92%	3,264	2%	65	31	96	154	92%	143	239	30%	50%	36	15%	50%	18

# JEFFERSON APARTMENT GROUP

## Exhibit IV-1

### ANNUAL FOR-SALE RESIDENTIAL DEMAND PRIMARY MARKET AREA 2016-2021

Age and Income	Mortgage as a % of Income	Affordable Home Price Range <sup>1</sup>	DEMAND FROM EXISTING HOUSEHOLDS					DEMAND FROM NEW HOUSEHOLDS					CONDO DEMAND		TOWNHOME & 2-OVER-2 DEMAND					
			Total HHs <sup>2</sup>	%	% Owners <sup>3</sup>	Total Owners	% Owners in Turnover <sup>3</sup>	Annual Owners in Turnover	Demand from Renters becoming Owners <sup>3</sup>	Demand from Existing HHs	Net New HHs	% Owners <sup>3</sup>	Total Owner Demand from New HHs	Total For-Sale Demand Pool	% Choosing Condo <sup>4</sup>	% Choosing New Product <sup>4</sup>	Total Demand for New MF	% Choosing TH	% Choosing New Product	Total Demand for New SFA
<b>Summary of Demand by Age Group</b>																				
Under - 25			816	2%	10%	79	30%	24	38	62	117	10%	11	73	30%	42%	9	43%	33%	14
25 - 34			6,136	13%	31%	1,901	25%	483	397	879	437	31%	136	1,015	35%	37%	119	33%	33%	169
35 - 44			9,721	20%	55%	5,349	9%	498	239	737	426	55%	234	971	21%	31%	55	35%	33%	127
45 - 54			11,019	23%	77%	8,447	4%	320	108	427	42	77%	32	459	13%	26%	22	36%	33%	45
55 - 64			10,358	21%	84%	8,681	2%	216	82	298	-56	84%	-1	297	28%	35%	37	30%	33%	28
65 - AND OVER			10,578	22%	85%	8,942	3%	283	76	359	462	85%	391	750	28%	11%	77	24%	33%	55
<b>Total</b>			<b>48,628</b>	<b>100%</b>		<b>33,399</b>	<b>5%</b>	<b>1,823</b>	<b>939</b>	<b>2,762</b>	<b>1,428</b>		<b>803</b>	<b>3,565</b>	<b>26%</b>	<b>30%</b>	<b>320</b>	<b>33%</b>	<b>33%</b>	<b>438</b>
<b>Summary of Demand by Income and Price Band</b>																				
UNDER \$35,000	34% - 32%	UNDER - \$170,000	4,901	10%	35%	1,722	10%	180	34	214	195	27%	53	267	1%	5%	3	1%	5%	3
\$35,000 - \$50,000	32% - 30%	\$170,000 - \$230,000	3,191	7%	59%	1,883	14%	262	29	291	130	54%	70	361	16%	30%	59	7%	30%	25
\$50,000 - \$75,000	30% - 28%	\$230,000 - \$320,000	5,167	11%	55%	2,858	6%	158	119	277	200	44%	87	364	12%	35%	43	12%	35%	44
\$75,000 - \$100,000	28% - 26%	\$320,000 - \$400,000	5,446	11%	53%	2,883	7%	193	175	368	205	41%	84	453	12%	40%	53	16%	40%	75
\$100,000 - \$150,000	26% - 25%	\$400,000 - \$580,000	9,530	20%	69%	6,563	5%	313	317	631	280	61%	171	801	8%	40%	66	16%	40%	126
\$150,000 - AND OVER	25% - 24%	\$580,000 - AND OVER	20,393	42%	86%	17,490	4%	716	265	981	417	81%	338	1,319	7%	50%	95	13%	50%	165
<b>Total</b>			<b>48,628</b>	<b>100%</b>	<b>69%</b>	<b>33,399</b>	<b>5%</b>	<b>1,823</b>	<b>939</b>	<b>2,762</b>	<b>1,428</b>		<b>803</b>	<b>3,565</b>	<b>9%</b>		<b>320</b>	<b>12%</b>		<b>438</b>

Capture Rate Analysis	CONDO	TH & 2-OVER-2
Annual Units Delivering in Similar Time Frame	400	150
Units at Subject Site	70	86
Subject Site Capture Rate	35.0%	35.0%
Subject Site Capture of Income-Qualified Demand	66	111
Market Exposure (Months to 100% occupancy)	12.8	9.3
Units Purchased Per Month	5.5	9.2

<sup>1</sup> RCLCO determined propensity to spend on mortgages at various income levels. This was used to calculate the affordable monthly mortgage range for each income range

<sup>2</sup> Calculated using Esri Age by Income data

<sup>3</sup> Calculated using PUMS American Community Survey (2013-2014) data for Fairfax County North Central (PUMS 50305) and Fairfax County Northwest (50307)

<sup>4</sup> Preference for multifamily (condominium) from existing owner distribution by product type. Preference in model accounts for all owners in 10+ unit multifamily buildings, plus half of renters in buildings with 2-10 units, assuming lack of larger building options

precludes full extent of choosing a 10+ unit MF building

SOURCE: Esri; PUMS ACS 2013-2014; RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit IV-2

### CONDO SUPPLY AND DEMAND BALANCE PRIMARY MARKET AREA 2016-2019

PMA SUPPLY AND DEMAND BALANCE	LOW DEMAND	RCLCO ESTIMATE	HIGH DEMAND
Total Income-Qualified Annual Demand For Condo Units <sup>1</sup>		187	
Projected Demand Variance	90%	100%	110%
Annual Condo Demand	169	187	206
<b>Total 3-Year Demand</b>	<b>506</b>	<b>562</b>	<b>619</b>
<b>Planned and Proposed 3-Year Supply<sup>2</sup></b>	<b>470</b>	<b>470</b>	<b>470</b>
	<b>Oversupply or (Undersupply)</b>		
If 70% of Planned Supply Delivers	(177)	(233)	(290)
If 80% of Planned Supply Delivers	(130)	(186)	(243)
If 90% of Planned Supply Delivers	(83)	(139)	(196)
If 100% of Planned Supply Delivers	(36)	(92)	(149)
If 110% of Planned Supply Delivers	11	(45)	(102)
	<b>Projected 2018 Monthly Absorption Pace</b>		
If 25% Capture Rate for New Product	3.5	3.9	4.3
If 30% Capture Rate for New Product	4.2	4.7	5.2
If 35% Capture Rate for New Product	4.9	5.5	6.0
If 40% Capture Rate for New Product	5.6	6.2	6.9
If 45% Capture Rate for New Product	6.3	7.0	7.7

<sup>1</sup> See Exhibit IV-1 Condo demand for households with incomes above \$100,000 and half of households \$75k-100k.

<sup>2</sup> Source: Delta Associates

# JEFFERSON APARTMENT GROUP

## Exhibit IV-3

### TOWNHOME AND TWO-OVER-TWO SUPPLY AND DEMAND BALANCE PRIMARY MARKET AREA 2016-2019

PMA SUPPLY AND DEMAND BALANCE	LOW DEMAND	RCLCO ESTIMATE	HIGH DEMAND
Total Income-Qualified Annual Demand For Townhome Units <sup>1</sup>		316	
Projected Demand Variance	90%	100%	110%
Annual Townhome Demand	284	316	348
<b>Total 3-Year Demand</b>	<b>853</b>	<b>948</b>	<b>1,043</b>
<b>Planned and Proposed 3-Year Supply<sup>2</sup></b>	<b>291</b>	<b>291</b>	<b>291</b>
	<b>Oversupply or (Undersupply)</b>		
If 70% of Planned Supply Delivers	(650)	(745)	(839)
If 80% of Planned Supply Delivers	(621)	(716)	(810)
If 90% of Planned Supply Delivers	(592)	(686)	(781)
If 100% of Planned Supply Delivers	(562)	(657)	(752)
If 110% of Planned Supply Delivers	(533)	(628)	(723)
	<b>Projected 2018 Monthly Absorption Pace</b>		
If 25% Capture Rate for New Product	5.9	6.6	7.2
If 30% Capture Rate for New Product	7.1	7.9	8.7
If 35% Capture Rate for New Product	8.3	9.2	10.1
If 40% Capture Rate for New Product	9.5	10.5	11.6
If 45% Capture Rate for New Product	10.7	11.9	13.0

<sup>1</sup> See Exhibit IV-1 Townhome demand for households with incomes above \$100,000 and half of households \$75k-\$100k.

<sup>2</sup> Source: RCLCO

# JEFFERSON APARTMENT GROUP

## Exhibit IV-4

### RENTER MARKET SEGMENTATION MATRIX - DEFINITIONS PRIMARY MARKET AREA

		Market Segments				
		POST-GRAD	YOUNG PROFESSIONAL	FAMILY	NEVER NESTER	EMPTY NESTER
MARKET RATE	WORKFORCE	Age 18 - 24 Roommates: Less than \$100k Single: Less than \$50k	Age 25-34 Roommates: \$35k-\$50k Singles and Couples: \$35k-\$50k	Any household with children Incomes \$35k-\$100k	Age 35-54 Roommates: \$35k-\$100k Singles and Couples: \$35k-\$75k	Age 55+ Roommates: \$35k-\$100k Singles and Couples: \$35k-\$75k
	MARKET RATE	Age 18 - 24 Roommates: Over \$100k Single: \$50k-\$100k	Age 25-34 Roommates: \$50k-\$150k Singles and Couples: \$50k-\$150k	Any household with children Incomes \$100k-\$150K	Age 35-54 Roommates: Over \$100k Singles and Couples: \$75k-\$150k	Age 55+ Roommates: Over \$100k Singles and Couples: \$75k-\$150k
	LUXURY		Age 25-34 Singles and Couples: Over \$150k	Any household with children Incomes \$150K+	Age 35-54 Singles and Couples: Over \$150k	Age 55+ Singles and Couples: Over \$150k

SOURCE: American Community Survey 2013 - 2014 PUMS



# JEFFERSON APARTMENT GROUP

Exhibit IV-5

**SUMMARY OF CONDO AND TOWNHOME DEMAND BY HOUSEHOLD SEGMENTATION  
PRIMARY MARKET AREA  
ANNUAL 5-YEAR DEMAND**

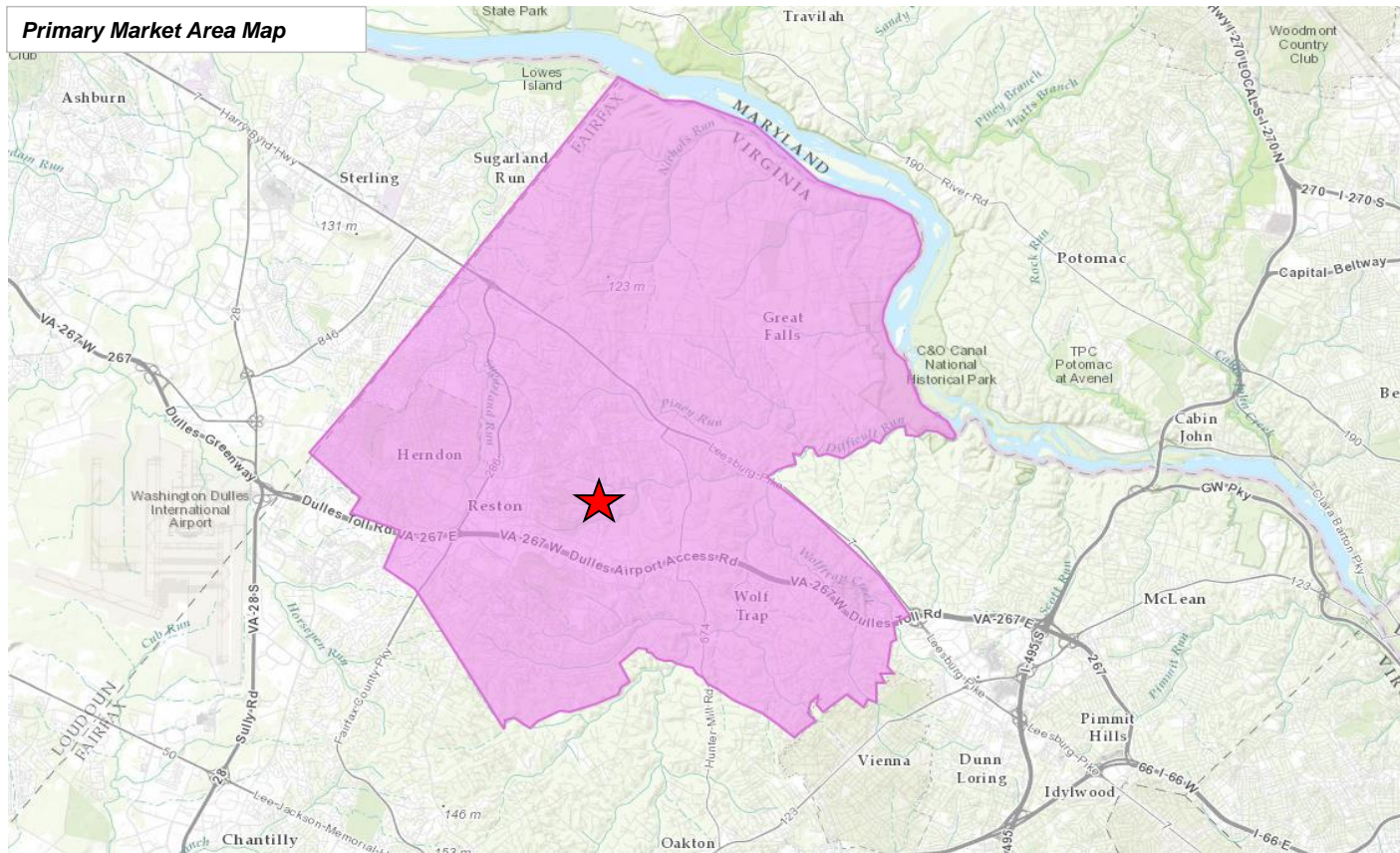
		Market Segments				
		POST-GRAD	YOUNG PROFESSIONAL	FAMILY	NEVER NESTER	EMPTY NESTER
LUXURY	WORKFORCE	0	54	38	27	24
	MARKET RATE	5	129	54	71	14
	LUXURY	0	48	91	64	29

SOURCE: American Community Survey 2013 - 2014 PUMS

# JEFFERSON APARTMENT GROUP

Exhibit IV-6

REFERENCE MAP  
PRIMARY MARKET AREA  
FEBRUARY 2016



 **Subject Site**

SOURCE: RCLCO; Esri

# JEFFERSON APARTMENT GROUP

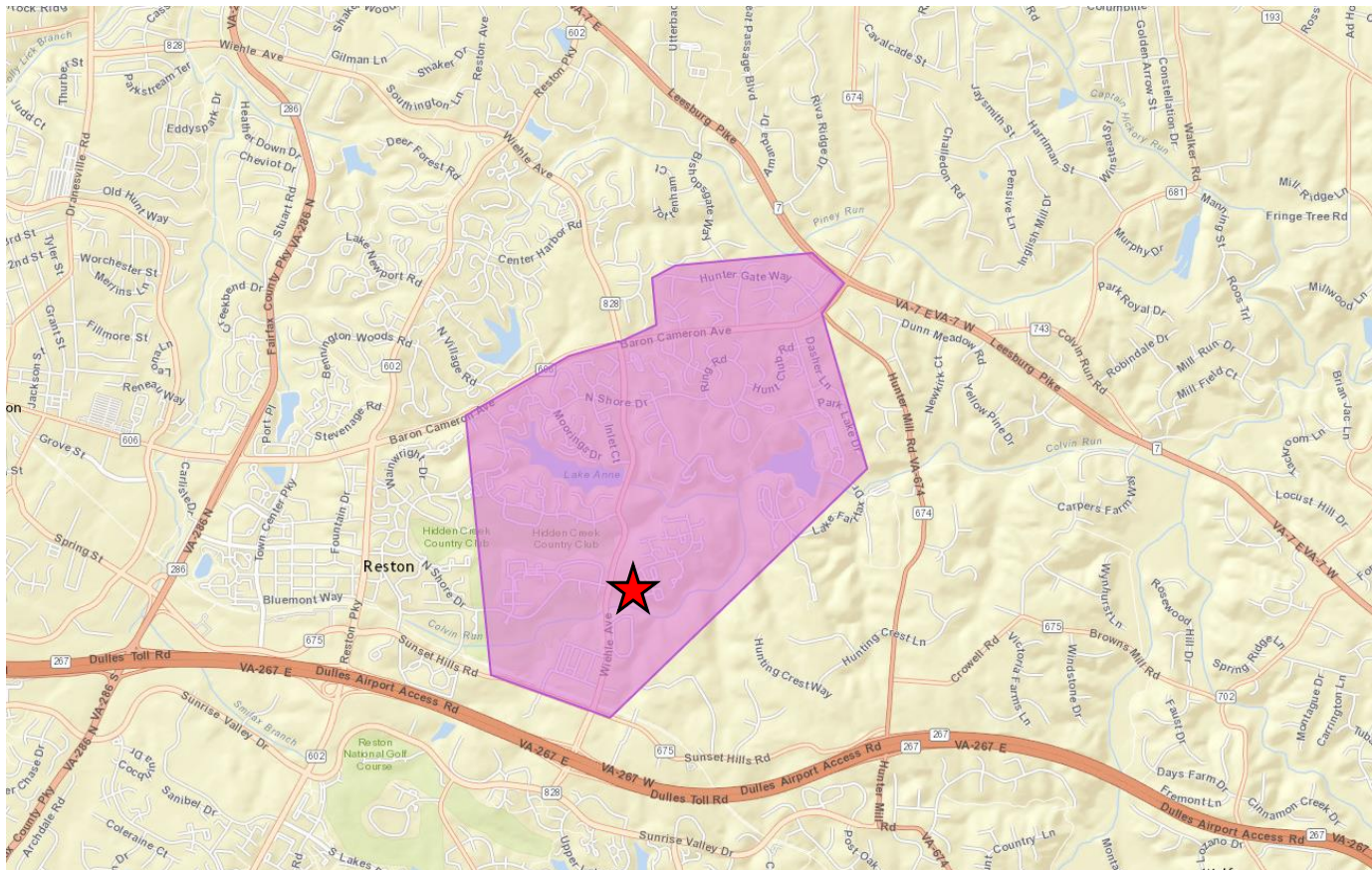
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## V. RETAIL DEMAND

# JEFFERSON APARTMENT GROUP

Exhibit V-1

RETAIL PRIMARY MARKET AREA  
RESTON, VA  
2016



 **Subject Site**

SOURCE: Google Maps, RCLCO



# JEFFERSON APARTMENT GROUP

## Exhibit V-2

### RETAIL DEMAND FOR TRADITIONAL GROCER RETAIL PRIMARY MARKET AREA 2015-2020

SCENARIO A:  
NEIGHBORHOOD CENTER WITH TRADITIONAL GROCER SCENARIO

DETAILED DEMAND FROM PMA										PMA Households	2015	2020
										ESRI Households	4,140	4,295
STORE TYPE	ANNUAL RETAIL IN PMA EXPENDITURES			SUBJECT SITE IDEAL CAPTURE % of PMA <sup>2</sup>	POOR VISIBILITY / NO ANCHOR PENALTY <sup>3</sup>	SUBJECT SITE ACTUAL CAPTURE % of PMA	ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES / SF THRESHOLD <sup>4</sup>	TOTAL RETAIL SPACE DEMANDED		
	PER HH <sup>1</sup>	PMA 2015	PMA 2020				\$ in 2015	\$ in 2020		2015	2020	
<b>ANCHOR TENANTS</b>												
Grocery Stores	\$6,991	\$28,942,360	\$30,025,951	35%	65%	12%	\$3,545,439	\$3,678,179	\$500	7,091	7,356	
Health & Personal Care Stores (drugstore)	\$2,087	\$8,638,661	\$8,962,089	35%	65%	12%	\$1,058,236	\$1,097,856	\$500	2,116	2,196	
<b>SECONDARY TENANTS</b>												
Automobile Dealers	\$7,423	\$30,730,196	\$31,880,722	0%	75%	0%	\$0	\$0	\$300	0	0	
Other Motor Vehicle Dealers	\$901	\$3,728,301	\$3,867,887	0%	75%	0%	\$0	\$0	\$300	0	0	
Auto Parts, Accessories, and Tire Stores	\$549	\$2,272,871	\$2,357,967	12%	75%	3%	\$68,186	\$70,739	\$300	227	236	
Furniture Stores	\$722	\$2,988,635	\$3,100,528	4%	75%	1%	\$29,886	\$31,005	\$350	85	89	
Home Furnishings Stores	\$479	\$1,982,872	\$2,057,110	4%	75%	1%	\$19,829	\$20,571	\$350	57	59	
Electronics & Appliance Stores	\$1,662	\$6,879,707	\$7,137,280	4%	75%	1%	\$68,797	\$71,373	\$400	172	178	
Building Material and Supplies Dealers	\$1,827	\$7,563,902	\$7,847,092	4%	75%	1%	\$75,639	\$78,471	\$300	252	262	
Lawn and Garden Equipment and Supplies Stores	\$163	\$673,416	\$698,628	4%	75%	1%	\$6,734	\$6,986	\$300	22	23	
Specialty Food Stores	\$217	\$896,415	\$929,976	0%	75%	0%	\$0	\$0	\$450	0	0	
Beer, Wine, and Liquor Stores	\$299	\$1,237,453	\$1,283,783	15%	75%	4%	\$46,404	\$48,142	\$450	103	107	
Gasoline Stations	\$2,622	\$10,853,774	\$11,260,135	0%	75%	0%	\$0	\$0	\$750	0	0	
Clothing Stores	\$1,475	\$6,106,088	\$6,334,698	4%	75%	1%	\$61,061	\$63,347	\$350	174	181	
Shoe Stores	\$230	\$953,530	\$989,230	4%	75%	1%	\$9,535	\$9,892	\$350	27	28	
Jewelry, Luggage, and Leather Goods Stores	\$360	\$1,489,436	\$1,545,200	5%	75%	1%	\$18,618	\$19,315	\$350	53	55	
Sporting Goods/Hobby/Musical Instrument Stores	\$868	\$3,593,535	\$3,728,076	10%	75%	3%	\$89,838	\$93,202	\$350	257	266	
Book, Periodical, and Music Stores	\$215	\$888,566	\$921,833	4%	75%	1%	\$8,886	\$9,218	\$350	25	26	
Department Stores Excluding Leased Depts.	\$5,755	\$23,826,410	\$24,718,462	0%	75%	0%	\$0	\$0	\$400	0	0	
Other General Merchandise Stores	\$1,720	\$7,122,647	\$7,389,316	4%	75%	1%	\$71,226	\$73,893	\$400	178	185	
Florists	\$1,274	\$5,276,144	\$5,473,681	4%	75%	1%	\$52,761	\$54,737	\$350	151	156	
Office Supplies, Stationery, and Gift Stores	\$70	\$289,724	\$300,571	4%	75%	1%	\$2,897	\$3,006	\$350	8	9	
Used Merchandise Stores	\$382	\$1,579,828	\$1,638,976	4%	75%	1%	\$15,798	\$16,390	\$300	53	55	
Other Miscellaneous Store Retailers	\$193	\$797,663	\$827,527	4%	75%	1%	\$7,977	\$8,275	\$300	27	28	
Full-Service Restaurants	\$2,439	\$10,097,143	\$10,475,176	40%	75%	10%	\$1,009,714	\$1,047,518	\$425	2,376	2,465	
Limited-Service Eating Places	\$1,844	\$7,633,516	\$7,919,312	40%	75%	10%	\$763,352	\$791,931	\$425	1,796	1,863	
Special Food Services (NAICS 7223)	\$84	\$348,104	\$361,137	40%	75%	10%	\$34,810	\$36,114	\$425	82	85	
Drinking Places - Alcoholic Beverages	\$34	\$141,036	\$146,316	40%	75%	10%	\$14,104	\$14,632	\$425	33	34	
<b>TOTAL / AVERAGE</b>	<b>\$33,805</b>	<b>\$139,950,909</b>	<b>\$145,190,617</b>	<b>10%</b>	<b>75%</b>	<b>2%</b>	<b>\$2,476,054</b>	<b>\$2,568,757</b>	<b>\$377</b>	<b>6,159</b>	<b>6,390</b>	

# JEFFERSON APARTMENT GROUP

## Exhibit V-2

### RETAIL DEMAND FOR TRADITIONAL GROCER RETAIL PRIMARY MARKET AREA 2015-2020

#### SCENARIO A: NEIGHBORHOOD CENTER WITH TRADITIONAL GROCER SCENARIO

SUMMARY DEMAND FROM PMA							PMA Households		2015	2020
							ESRI Households		4,140	4,295
STORE TYPE	ANNUAL RETAIL IN PMA EXPENDITURES			ANNUAL RETAIL CAPTURE AT SUBJECT SITE			SALES/SF THRESHOLD <sup>4</sup>	TOTAL RETAIL SPACE DEMANDED		
	PER HH <sup>1</sup>	PMA 2015	PMA 2020	\$ in 2015	\$ in 2020	2015		2020		
Grocery & Drug	\$9,078	\$37,581,020	\$38,988,039	\$4,603,675	\$4,776,035	\$500	9,207	9,552		
Restaurant/Specialty Foods	\$4,401	\$18,219,799	\$18,901,941	\$1,821,980	\$1,890,194	\$425	4,287	4,448		
Boutique Soft Goods	\$2,065	\$8,549,054	\$8,869,128	\$89,214	\$92,554	\$350	255	264		
Home Goods	\$1,201	\$4,971,506	\$5,157,638	\$49,715	\$51,576	\$350	142	147		
Florist/Gift/Hobby	\$2,427	\$10,047,968	\$10,424,160	\$154,383	\$160,163	\$350	441	458		
Electronics	\$1,662	\$6,879,707	\$7,137,280	\$68,797	\$71,373	\$400	172	178		
Beer/Wine/Specialty	\$515	\$2,133,868	\$2,213,759	\$46,404	\$48,142	\$450	103	107		
<b>TOTAL DEMAND POTENTIAL</b>								<b>14,608</b>	<b>15,154</b>	

DEMAND FROM SUBJECT SITE NEW HOUSEHOLDS							Subject Site Households		2015	2020
							Total Units			156
STORE TYPE	ANNUAL RETAIL EXPENDITURES			SUBJECT SITE CAPTURE <sup>2</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES/SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED		
	PER HH <sup>1</sup>	PMA 2015	PMA 2020		\$ in 2015	\$ in 2020		2015	2020	
Grocery & Drug	\$12,963	\$0	\$2,022,186	45%	0	\$909,984	\$500	0	1,820	
Restaurant/Specialty Foods	\$6,285	\$0	\$980,384	60%	0	\$588,230	\$425	0	1,384	
Boutique Soft Goods	\$2,949	\$0	\$460,013	2%	0	\$9,200	\$350	0	26	
Home Goods	\$1,715	\$0	\$267,510	2%	0	\$5,350	\$350	0	15	
Florist/Gift/Hobby	\$3,466	\$0	\$540,668	8%	0	\$43,253	\$350	0	124	
Electronics	\$2,373	\$0	\$370,188	2%	0	\$7,404	\$400	0	19	
Beer/Wine/Specialty	\$736	\$0	\$114,821	35%	0	\$40,187	\$450	0	89	
<b>TOTAL DEMAND POTENTIAL</b>									<b>0</b>	<b>3,477</b>



# JEFFERSON APARTMENT GROUP

## Exhibit V-2

### RETAIL DEMAND FOR TRADITIONAL GROCER RETAIL PRIMARY MARKET AREA 2015-2020

**SCENARIO A:**  
**NEIGHBORHOOD CENTER WITH TRADITIONAL GROCER SCENARIO**

TOTAL DEMAND POTENTIAL					Total Households		2015	2020
					Total Households		4,140	4,451
STORE TYPE	TOTAL RETAIL SPACE DEMANDED		PLUS % OUTSIDE OF ANALYSIS REGION <sup>5</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE			TOTAL RETAIL SPACE DEMANDED	
	2015	2020		2015	2020	SALES/SF THRESHOLD	2015	2020
Grocery & Drug	9,207	11,372	10%	10%	10%	\$500	10,128	12,509
Restaurant/Specialty Foods	4,287	5,832	15%	15%	15%	\$425	4,930	6,706
Boutique Soft Goods	255	291	10%	10%	10%	\$350	280	320
Home Goods	142	163	10%	10%	10%	\$350	156	179
Florist/Gift/Hobby	441	581	10%	10%	10%	\$350	485	639
Electronics	172	197	10%	10%	10%	\$400	189	217
Beer/Wine/Specialty	103	196	10%	10%	10%	\$450	113	216
+ 15% Total Additional SF for Service Uses			14%	14%	14%		2,345	2,993
<b>TOTAL DEMAND POTENTIAL</b>							<b>18,627</b>	<b>23,779</b>

SUPPORTABLE SF WITH REASONABLE STORE SIZES	STORE SIZE	2015	2020
Grocery & Drug	45,000	0	0
Restaurant/Specialty Foods	1,500	4,500	6,000
Boutique Soft Goods	2,000	0	0
Home Goods	1,500	0	0
Florist/Gift/Hobby	1,200	0	0
Electronics	2,500	0	0
Beer/Wine/Specialty	1,300	0	0
+ 15% Additional SF for Service Use	1,500	1,500	1,500
<b>TOTAL DEMAND POTENTIAL</b>		<b>6,000</b>	<b>7,500</b>

<sup>1</sup> Based on ESRI expenditure data by retail category.

<sup>2</sup> Site capture is based on competing locations in the market and likelihood of households to make store type expenditures at the property.

<sup>3</sup> Penalty on demand due to poor visibility and lack of traffic at subject site. If an anchor is unsupportable, penalty is applied to all secondary tenants

<sup>4</sup> RCLCO

<sup>5</sup> Includes employees working in PMA

# JEFFERSON APARTMENT GROUP

## Exhibit V-3

### RETAIL DEMAND FOR SPECIALTY GROCER RETAIL PRIMARY MARKET AREA 2015-2020

**SCENARIO B:**  
SPECIALTY GROCER ANCHOR - MOM'S ORGANIC / FRESH MARKET / SPROUTS FARMER'S MARKET

DETAILED DEMAND FROM PMA										PMA Households	2015	2020
										ESRI Households	4,140	4,295
STORE TYPE	ANNUAL RETAIL IN PMA EXPENDITURES			SUBJECT SITE IDEAL CAPTURE % of PMA <sup>2</sup>	POOR VISIBILITY / NO ANCHOR PENALTY <sup>3</sup>	SUBJECT SITE ACTUAL CAPTURE % of PMA	ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES / SF THRESHOLD <sup>4</sup>	TOTAL RETAIL SPACE DEMANDED		
	PER HH <sup>1</sup>	PMA 2015	PMA 2020				\$ in 2015	\$ in 2020		2015	2020	
<b>ANCHOR TENANTS</b>												
Grocery Stores	\$6,991	\$28,942,360	\$30,025,951	20%	65%	7%	\$2,025,965	\$2,101,817	\$800	2,532	2,627	
Health & Personal Care Stores (drugstore)	\$2,087	\$8,638,661	\$8,962,089	35%	65%	12%	\$1,058,236	\$1,097,856	\$500	2,116	2,196	
<b>SECONDARY TENANTS</b>												
Automobile Dealers	\$7,423	\$30,730,196	\$31,880,722	0%	75%	0%	\$0	\$0	\$300	0	0	
Other Motor Vehicle Dealers	\$901	\$3,728,301	\$3,867,887	0%	75%	0%	\$0	\$0	\$300	0	0	
Auto Parts, Accessories, and Tire Stores	\$549	\$2,272,871	\$2,357,967	12%	75%	3%	\$68,186	\$70,739	\$300	227	236	
Furniture Stores	\$722	\$2,988,635	\$3,100,528	4%	75%	1%	\$29,886	\$31,005	\$350	85	89	
Home Furnishings Stores	\$479	\$1,982,872	\$2,057,110	4%	75%	1%	\$19,829	\$20,571	\$350	57	59	
Electronics & Appliance Stores	\$1,662	\$6,879,707	\$7,137,280	4%	75%	1%	\$68,797	\$71,373	\$400	172	178	
Building Material and Supplies Dealers	\$1,827	\$7,563,902	\$7,847,092	4%	75%	1%	\$75,639	\$78,471	\$300	252	262	
Lawn and Garden Equipment and Supplies Stores	\$163	\$673,416	\$698,628	4%	75%	1%	\$6,734	\$6,986	\$300	22	23	
Specialty Food Stores	\$217	\$896,415	\$929,976	0%	75%	0%	\$0	\$0	\$450	0	0	
Beer, Wine, and Liquor Stores	\$299	\$1,237,453	\$1,283,783	15%	75%	4%	\$46,404	\$48,142	\$450	103	107	
Gasoline Stations	\$2,622	\$10,853,774	\$11,260,135	0%	75%	0%	\$0	\$0	\$750	0	0	
Clothing Stores	\$1,475	\$6,106,088	\$6,334,698	4%	75%	1%	\$61,061	\$63,347	\$350	174	181	
Shoe Stores	\$230	\$953,530	\$989,230	4%	75%	1%	\$9,535	\$9,892	\$350	27	28	
Jewelry, Luggage, and Leather Goods Stores	\$360	\$1,489,436	\$1,545,200	5%	75%	1%	\$18,618	\$19,315	\$350	53	55	
Sporting Goods/Hobby/Musical Instrument Stores	\$868	\$3,593,535	\$3,728,076	10%	75%	3%	\$89,838	\$93,202	\$350	257	266	
Book, Periodical, and Music Stores	\$215	\$888,566	\$921,833	4%	75%	1%	\$8,886	\$9,218	\$350	25	26	
Department Stores Excluding Leased Depts.	\$5,755	\$23,826,410	\$24,718,462	0%	75%	0%	\$0	\$0	\$400	0	0	
Other General Merchandise Stores	\$1,720	\$7,122,647	\$7,389,316	4%	75%	1%	\$71,226	\$73,893	\$400	178	185	
Florists	\$1,274	\$5,276,144	\$5,473,681	4%	75%	1%	\$52,761	\$54,737	\$350	151	156	
Office Supplies, Stationery, and Gift Stores	\$70	\$289,724	\$300,571	4%	75%	1%	\$2,897	\$3,006	\$350	8	9	
Used Merchandise Stores	\$382	\$1,579,828	\$1,638,976	4%	75%	1%	\$15,798	\$16,390	\$300	53	55	
Other Miscellaneous Store Retailers	\$193	\$797,663	\$827,527	4%	75%	1%	\$7,977	\$8,275	\$300	27	28	
Full-Service Restaurants	\$2,439	\$10,097,143	\$10,475,176	40%	75%	10%	\$1,009,714	\$1,047,518	\$425	2,376	2,465	
Limited-Service Eating Places	\$1,844	\$7,633,516	\$7,919,312	40%	75%	10%	\$763,352	\$791,931	\$425	1,796	1,863	
Special Food Services (NAICS 7223)	\$84	\$348,104	\$361,137	40%	75%	10%	\$34,810	\$36,114	\$425	82	85	
Drinking Places - Alcoholic Beverages	\$34	\$141,036	\$146,316	40%	75%	10%	\$14,104	\$14,632	\$425	33	34	
<b>TOTAL / AVERAGE</b>	<b>\$33,805</b>	<b>\$139,950,909</b>	<b>\$145,190,617</b>	<b>10%</b>	<b>75%</b>	<b>2%</b>	<b>\$2,476,054</b>	<b>\$2,568,757</b>	<b>\$377</b>	<b>6,159</b>	<b>6,390</b>	

# JEFFERSON APARTMENT GROUP

## Exhibit V-3

### RETAIL DEMAND FOR SPECIALTY GROCER RETAIL PRIMARY MARKET AREA 2015-2020

SCENARIO B:  
SPECIALTY GROCER ANCHOR - MOM'S ORGANIC / FRESH MARKET / SPROUTS FARMER'S MARKET

SUMMARY DEMAND FROM PMA				PMA Households		2015	2020	
				ESRI Households		4,140	4,295	
STORE TYPE	ANNUAL RETAIL IN PMA EXPENDITURES			ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES/SF THRESHOLD <sup>4</sup>	TOTAL RETAIL SPACE DEMANDED	
	PER HH <sup>1</sup>	PMA 2015	PMA 2020	\$ in 2015	\$ in 2020		2015	2020
Grocery & Drug	\$9,078	\$37,581,020	\$38,988,039	\$3,084,201	\$3,199,672	\$550	4,649	4,823
Restaurant/Specialty Foods	\$4,401	\$18,219,799	\$18,901,941	\$1,821,980	\$1,890,194	\$425	4,287	4,448
Boutique Soft Goods	\$2,065	\$8,549,054	\$8,869,128	\$89,214	\$92,554	\$350	255	264
Home Goods	\$1,201	\$4,971,506	\$5,157,638	\$49,715	\$51,576	\$350	142	147
Florist/Gift/Hobby	\$2,427	\$10,047,968	\$10,424,160	\$154,383	\$160,163	\$350	441	458
Electronics	\$1,662	\$6,879,707	\$7,137,280	\$68,797	\$71,373	\$400	172	178
Beer/Wine/Specialty	\$515	\$2,133,868	\$2,213,759	\$46,404	\$48,142	\$450	103	107
<b>TOTAL DEMAND POTENTIAL</b>							<b>10,049</b>	<b>10,425</b>

DEMAND FROM SUBJECT SITE NEW HOUSEHOLDS				Subject Site Households		2015	2020		
				Total Units		156	156		
STORE TYPE	ANNUAL RETAIL EXPENDITURES			SUBJECT SITE CAPTURE <sup>2</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES/SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED	
	PER HH <sup>1</sup>	PMA 2015	PMA 2020		\$ in 2015	\$ in 2020		2015	2020
Grocery & Drug	\$12,963	\$0	\$2,022,186	30%	0	606,656	\$550	0	1,103
Restaurant/Specialty Foods	\$6,285	\$0	\$980,384	60%	0	588,230	\$425	0	1,384
Boutique Soft Goods	\$2,949	\$0	\$460,013	2%	0	9,200	\$350	0	26
Home Goods	\$1,715	\$0	\$267,510	2%	0	5,350	\$350	0	15
Florist/Gift/Hobby	\$3,466	\$0	\$540,668	8%	0	43,253	\$350	0	124
Electronics	\$2,373	\$0	\$370,188	2%	0	7,404	\$400	0	19
Beer/Wine/Specialty	\$736	\$0	\$114,821	35%	0	40,187	\$450	0	89
<b>TOTAL DEMAND POTENTIAL</b>							<b>0</b>	<b>2,760</b>	

# JEFFERSON APARTMENT GROUP

## Exhibit V-3

### RETAIL DEMAND FOR SPECIALTY GROCER RETAIL PRIMARY MARKET AREA 2015-2020

**SCENARIO B:**  
SPECIALTY GROCER ANCHOR - MOM'S ORGANIC / FRESH MARKET / SPROUTS FARMER'S MARKET

TOTAL DEMAND POTENTIAL					Total Households		2015	2020
					Total Households		4,140	4,451
STORE TYPE	TOTAL RETAIL SPACE DEMANDED		PLUS % OUTSIDE OF ANALYSIS REGION <sup>5</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE			TOTAL RETAIL SPACE DEMANDED	
	2015	2020		2015	2020	SALES/SF THRESHOLD	2015	2020
Grocery & Drug	4,649	5,926	10%	10%	10%	\$550	5,114	6,519
Restaurant/Specialty Foods	4,287	5,832	15%	15%	15%	\$425	4,930	6,706
Boutique Soft Goods	255	291	10%	10%	10%	\$350	280	320
Home Goods	142	163	10%	10%	10%	\$350	156	179
Florist/Gift/Hobby	441	581	10%	10%	10%	\$350	485	639
Electronics	172	197	10%	10%	10%	\$400	189	217
Beer/Wine/Specialty	103	196	10%	10%	10%	\$450	113	216
+ 15% Total Additional SF for Service Uses			15%	15%	15%		1,690	2,219
<b>TOTAL DEMAND POTENTIAL</b>							<b>12,959</b>	<b>17,015</b>

SUPPORTABLE SF WITH REASONABLE STORE SIZES	STORE SIZE	2015	2020
Grocery & Drug	12,500	0	0
Restaurant/Specialty Foods	1,500	4,500	6,000
Boutique Soft Goods	2,000	0	0
Home Goods	1,500	0	0
Florist/Gift/Hobby	1,200	0	0
Electronics	2,500	0	0
Beer/Wine/Specialty	1,300	0	0
+ 15% Additional SF for Service Use	1,500	1,500	1,500
<b>TOTAL DEMAND POTENTIAL</b>		<b>6,000</b>	<b>7,500</b>

<sup>1</sup> Based on ESRI expenditure data by retail category.

<sup>2</sup> Site capture is based on competing locations in the market and likelihood of households to make store type expenditures at the property.

<sup>3</sup> Penalty on demand due to poor visibility and lack of traffic at subject site. If an anchor is unsupportable, penalty is applied to all secondary tenants

<sup>4</sup> RCLCO

<sup>5</sup> Includes employees working in PMA

# JEFFERSON APARTMENT GROUP

## Exhibit V-4

### RETAIL DEMAND FOR TRADER JOE'S RETAIL PRIMARY MARKET AREA 2015-2020

SCENARIO C:  
NEIGHBORHOOD CENTER WITH TRADER JOE'S SCENARIO

DETAILED DEMAND FROM PMA										PMA Households	2015	2020
										ESRI Households	4,140	4,295
STORE TYPE	ANNUAL RETAIL IN PMA EXPENDITURES			SUBJECT SITE IDEAL CAPTURE % of PMA <sup>2</sup>	POOR VISIBILITY / NO ANCHOR PENALTY <sup>3</sup>	SUBJECT SITE ACTUAL CAPTURE % of PMA	ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES / SF THRESHOLD <sup>4</sup>	TOTAL RETAIL SPACE DEMANDED		
	PER HH <sup>1</sup>	PMA 2015	PMA 2020				\$ in 2015	\$ in 2020		2015	2020	
<b>ANCHOR TENANTS</b>												
Grocery Stores	\$6,991	\$28,942,360	\$30,025,951	25%	65%	9%	\$2,532,456	\$2,627,271	\$1,700	1,490	1,545	
Health & Personal Care Stores (drugstore)	\$2,087	\$8,638,661	\$8,962,089	35%	65%	12%	\$1,058,236	\$1,097,856	\$500	2,116	2,196	
<b>SECONDARY TENANTS</b>												
Automobile Dealers	\$7,423	\$30,730,196	\$31,880,722	0%	75%	0%	\$0	\$0	\$300	0	0	
Other Motor Vehicle Dealers	\$901	\$3,728,301	\$3,867,887	0%	75%	0%	\$0	\$0	\$300	0	0	
Auto Parts, Accessories, and Tire Stores	\$549	\$2,272,871	\$2,357,967	12%	75%	3%	\$68,186	\$70,739	\$300	227	236	
Furniture Stores	\$722	\$2,988,635	\$3,100,528	4%	75%	1%	\$29,886	\$31,005	\$350	85	89	
Home Furnishings Stores	\$479	\$1,982,872	\$2,057,110	4%	75%	1%	\$19,829	\$20,571	\$350	57	59	
Electronics & Appliance Stores	\$1,662	\$6,879,707	\$7,137,280	4%	75%	1%	\$68,797	\$71,373	\$400	172	178	
Building Material and Supplies Dealers	\$1,827	\$7,563,902	\$7,847,092	4%	75%	1%	\$75,639	\$78,471	\$300	252	262	
Lawn and Garden Equipment and Supplies Stores	\$163	\$673,416	\$698,628	4%	75%	1%	\$6,734	\$6,986	\$300	22	23	
Specialty Food Stores	\$217	\$896,415	\$929,976	0%	75%	0%	\$0	\$0	\$450	0	0	
Beer, Wine, and Liquor Stores	\$299	\$1,237,453	\$1,283,783	15%	75%	4%	\$46,404	\$48,142	\$450	103	107	
Gasoline Stations	\$2,622	\$10,853,774	\$11,260,135	0%	75%	0%	\$0	\$0	\$750	0	0	
Clothing Stores	\$1,475	\$6,106,088	\$6,334,698	4%	75%	1%	\$61,061	\$63,347	\$350	174	181	
Shoe Stores	\$230	\$953,530	\$989,230	4%	75%	1%	\$9,535	\$9,892	\$350	27	28	
Jewelry, Luggage, and Leather Goods Stores	\$360	\$1,489,436	\$1,545,200	5%	75%	1%	\$18,618	\$19,315	\$350	53	55	
Sporting Goods/Hobby/Musical Instrument Stores	\$868	\$3,593,535	\$3,728,076	10%	75%	3%	\$89,838	\$93,202	\$350	257	266	
Book, Periodical, and Music Stores	\$215	\$888,566	\$921,833	4%	75%	1%	\$8,886	\$9,218	\$350	25	26	
Department Stores Excluding Leased Depts.	\$5,755	\$23,826,410	\$24,718,462	0%	75%	0%	\$0	\$0	\$400	0	0	
Other General Merchandise Stores	\$1,720	\$7,122,647	\$7,389,316	4%	75%	1%	\$71,226	\$73,893	\$400	178	185	
Florists	\$1,274	\$5,276,144	\$5,473,681	4%	75%	1%	\$52,761	\$54,737	\$350	151	156	
Office Supplies, Stationery, and Gift Stores	\$70	\$289,724	\$300,571	4%	75%	1%	\$2,897	\$3,006	\$350	8	9	
Used Merchandise Stores	\$382	\$1,579,828	\$1,638,976	4%	75%	1%	\$15,798	\$16,390	\$300	53	55	
Other Miscellaneous Store Retailers	\$193	\$797,663	\$827,527	4%	75%	1%	\$7,977	\$8,275	\$300	27	28	
Full-Service Restaurants	\$2,439	\$10,097,143	\$10,475,176	40%	75%	10%	\$1,009,714	\$1,047,518	\$425	2,376	2,465	
Limited-Service Eating Places	\$1,844	\$7,633,516	\$7,919,312	40%	75%	10%	\$763,352	\$791,931	\$425	1,796	1,863	
Special Food Services (NAICS 7223)	\$84	\$348,104	\$361,137	40%	75%	10%	\$34,810	\$36,114	\$425	82	85	
Drinking Places - Alcoholic Beverages	\$34	\$141,036	\$146,316	40%	75%	10%	\$14,104	\$14,632	\$425	33	34	
<b>TOTAL / AVERAGE</b>	<b>\$33,805</b>	<b>\$139,950,909</b>	<b>\$145,190,617</b>	<b>10%</b>	<b>75%</b>	<b>2%</b>	<b>\$2,476,054</b>	<b>\$2,568,757</b>	<b>\$377</b>	<b>6,159</b>	<b>6,390</b>	

# JEFFERSON APARTMENT GROUP

## Exhibit V-4

### RETAIL DEMAND FOR TRADER JOE'S RETAIL PRIMARY MARKET AREA 2015-2020

SCENARIO C:  
NEIGHBORHOOD CENTER WITH TRADER JOE'S SCENARIO

SUMMARY DEMAND FROM PMA				PMA Households		2015	2020		
				ESRI Households		4,140	4,295		
STORE TYPE	ANNUAL RETAIL IN PMA EXPENDITURES			ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES/SF THRESHOLD <sup>4</sup>	TOTAL RETAIL SPACE DEMANDED		
	PER HH <sup>1</sup>	PMA 2015	PMA 2020	\$ in 2015	\$ in 2020		2015	2020	
Grocery & Drug	\$9,078	\$37,581,020	\$38,988,039	\$3,590,692	\$3,725,127	\$1,700	3,606	3,741	
Restaurant/Specialty Foods	\$4,401	\$18,219,799	\$18,901,941	\$1,821,980	\$1,890,194	\$425	4,287	4,448	
Boutique Soft Goods	\$2,065	\$8,549,054	\$8,869,128	\$89,214	\$92,554	\$350	255	264	
Home Goods	\$1,201	\$4,971,506	\$5,157,638	\$49,715	\$51,576	\$350	142	147	
Florist/Gift/Hobby	\$2,427	\$10,047,968	\$10,424,160	\$154,383	\$160,163	\$350	441	458	
Electronics	\$1,662	\$6,879,707	\$7,137,280	\$68,797	\$71,373	\$400	172	178	
Beer/Wine/Specialty	\$515	\$2,133,868	\$2,213,759	\$46,404	\$48,142	\$450	103	107	
<b>TOTAL DEMAND POTENTIAL</b>								<b>9,006</b>	<b>9,344</b>

DEMAND FROM SUBJECT SITE NEW HOUSEHOLDS				Subject Site Households		2015	2020		
				Total Units			156		
STORE TYPE	ANNUAL RETAIL EXPENDITURES			SUBJECT SITE CAPTURE <sup>2</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE		SALES/SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED	
	PER HH <sup>1</sup>	PMA 2015	PMA 2020		\$ in 2015	\$ in 2020		2015	2020
Grocery & Drug	\$12,963	\$0	\$2,022,186	30%	0	606,656	\$1,700	0	357
Restaurant/Specialty Foods	\$6,285	\$0	\$980,384	60%	0	588,230	\$425	0	1,384
Boutique Soft Goods	\$2,949	\$0	\$460,013	2%	0	9,200	\$350	0	26
Home Goods	\$1,715	\$0	\$267,510	2%	0	5,350	\$350	0	15
Florist/Gift/Hobby	\$3,466	\$0	\$540,668	8%	0	43,253	\$350	0	124
Electronics	\$2,373	\$0	\$370,188	2%	0	7,404	\$400	0	19
Beer/Wine/Specialty	\$736	\$0	\$114,821	35%	0	40,187	\$450	0	89
<b>TOTAL DEMAND POTENTIAL</b>								<b>0</b>	<b>2,014</b>



# JEFFERSON APARTMENT GROUP

## Exhibit V-4

### RETAIL DEMAND FOR TRADER JOE'S RETAIL PRIMARY MARKET AREA 2015-2020

SCENARIO C:  
NEIGHBORHOOD CENTER WITH TRADER JOE'S SCENARIO

TOTAL DEMAND POTENTIAL					Total Households	2015	2020			
					Total Households	4,140	4,451			
STORE TYPE	TOTAL RETAIL SPACE DEMANDED		PLUS % OUTSIDE OF ANALYSIS REGION <sup>5</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE			SALES/SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED		
	2015	2020		2015	2020			2015	2020	
Grocery & Drug	3,606	4,098	10%	10%	10%	\$1,700	3,967	4,508		
Restaurant/Specialty Foods	4,287	5,832	15%	15%	15%	\$425	4,930	6,706		
Boutique Soft Goods	255	291	10%	10%	10%	\$350	280	320		
Home Goods	142	163	10%	10%	10%	\$350	156	179		
Florist/Gift/Hobby	441	581	10%	10%	10%	\$350	485	639		
Electronics	172	197	10%	10%	10%	\$400	189	217		
Beer/Wine/Specialty	103	196	10%	10%	10%	\$450	113	216		
+ 15% Total Additional SF for Service Uses			15%	15%	15%		1,518	1,918		
<b>TOTAL DEMAND POTENTIAL</b>							<b>11,639</b>	<b>14,702</b>		

SUPPORTABLE SF WITH REASONABLE STORE SIZES	STORE SIZE	2015	2020
Grocery & Drug	10,000	0	0
Restaurant/Specialty Foods	1,500	4,500	6,000
Boutique Soft Goods	2,000	0	0
Home Goods	1,500	0	0
Florist/Gift/Hobby	1,200	0	0
Electronics	2,500	0	0
Beer/Wine/Specialty	1,300	0	0
+ 15% Additional SF for Service Use	1,500	1,500	1,500
<b>TOTAL DEMAND POTENTIAL</b>		<b>6,000</b>	<b>7,500</b>

<sup>1</sup> Based on ESRI expenditure data by retail category.

<sup>2</sup> Site capture is based on competing locations in the market and likelihood of households to make store type expenditures at the property.

<sup>3</sup> Penalty on demand due to poor visibility and lack of traffic at subject site. If an anchor is unsupportable, penalty is applied to all secondary tenants

<sup>4</sup> RCLCO

<sup>5</sup> Includes employees working in PMA

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