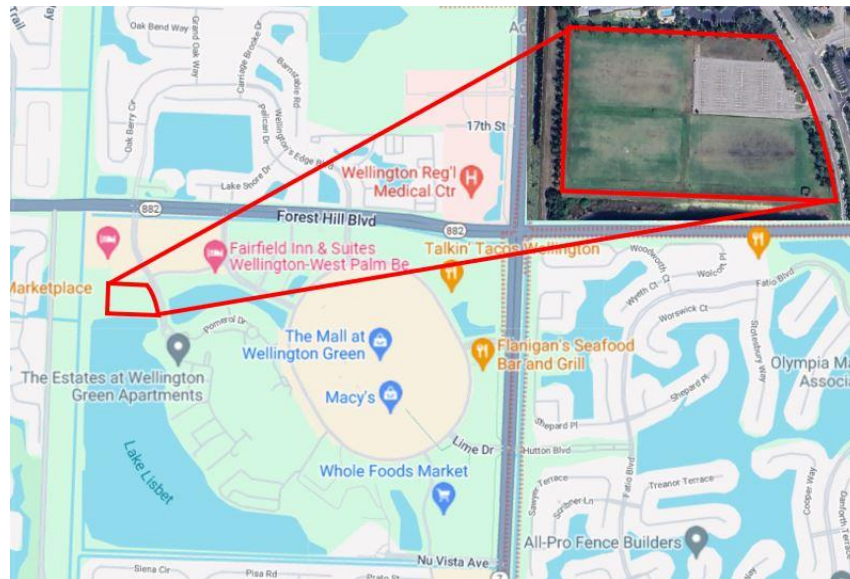


"Providing solutions & exceeding expectations through vision, integrity & excellence"

Wellington Apartments
2175 Wellington Green Drive
Wellington, Florida 33414



Date of Research
May 17, 2024

Date of the Report
July 16, 2024

Prepared for
Mr. Gary Koolik
Brefrank, Inc.
512 Lake Avenue
Lake Worth Beach, FL 33460

File Number 2024-101

240 Crystal Grove Blvd.
Lutz, FL 33548
(813) 948-0545
www.gotovalue.com



"Providing solutions & exceeding expectations through vision, integrity & excellence"

July 16, 2024

Mr. Gary Koolik
Brefrank, Inc.
512 Lake Avenue
Lake Worth Beach, FL 33460

Internal File Number: 2024-101

Re: **Concept Letter** of the proposed apartment project known as Wellington Apartments, located at 2175 Wellington Green Drive in Wellington, Palm Beach County, Florida 33414

Dear Mr. Koolik:

At your request, we have prepared a concept market study of the above referenced property. The subject is a proposed 220-unit rental apartment complex to be located in Wellington, Florida. The subject's site is considered suitable for multifamily development.

Wellington, Florida is a suburban market of West Palm Beach. Historically, the area was known as an international equestrian community. Today, Wellington is a popular bedroom community that serves the surrounding economic nodes such as Boca Raton and West Palm Beach.

Land along the east coast of Florida is becoming scarce, forcing development patterns inland. This trend is spurring new development in Wellington. Two large-scale, mixed-use developments are underway just north of the subject site. These mixed-use developments aim to provide a modern, high-end living environment that will target young professionals and families relocating to the area. The projects are attracting high-end retail, entertainment, and restaurants and will complement the proposed subject.

The tenant profile in Wellington includes seniors, families with children, and singles/roommates. Many of these tenants are relocating from out of state. Wellington has a highly rated school district, which attracts families with children. Seniors are attracted to Wellington for the favorable price points compared to markets east of Interstate 95. Furthermore, the subject site is near Wellington Bay, a large retirement community. Seniors seeking to relocate without the need for additional services may seek rental housing proximate to this node to age in place.

The recommended project concept includes four and five-story mid-rise buildings. This concept capitalizes on the scarcity of elevator serviced buildings in the market and appeals to the various tenant profiles. The amenity package should be high-end and include modern outdoor amenities and a robust fitness center.

Conditions in the subject's Primary Market Area (PMA) are appropriate for additions to supply. The existing supply is operating at capacity. Elan Polo Gardens, the newest community in the PMA began leasing units in January 2024 and has leased an average of 25 units per month. The forecasted future supply consists of two mixed-use projects that will offer a high-traffic live-work-play environment. The subject will offer a quieter living environment that is centrally located. Despite the forecasted supply, excess demand exists, and the addition of the subject will not create an oversupplied market.

Mr. Gary Koolik
Brefrank, Inc.

July 16, 2024
Page 2

Based on the demographic analysis conducted, there is market support for a high-quality rental property such as the proposed subject. The addition of the subject will not impact any HUD-financed properties or create an over-supplied or overall soft housing market.

We appreciate this opportunity to provide market study services to Brefrank, Inc..

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.

A handwritten signature in blue ink that reads "Max Perez". The signature is written in a cursive, flowing style.

Max Perez
Real Estate Analyst

A handwritten signature in blue ink that reads "Quintin Kauchick". The signature is written in a cursive, flowing style.

Quintin Kauchick
President

MP:bs
2024-101

MARKET ANALYST CERTIFICATION FOR HUD

I understand that my market study will be used by Brefrank, Inc. to document to the U.S. Department of Housing and Urban Development that the MAP Lender's application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements. This report has been made, presented, and delivered for the purpose of influencing an official action of the FHA, and of the Commissioner, and may be relied upon by the Commissioner as a true statement of the facts contained therein. I certify that my review was in compliance with HUD program and processing requirements applicable on the date of my review and that I have no financial interest or family relationship with the officers, directors, shareholders, members or partners of the Lender or affiliated entities, Borrower or affiliated entities, the General Contractor, any subcontractors, the buyer or seller of the proposed property and that I have not engaged in any business that might present a conflict of interest.



Signature

I hereby certify under penalty of perjury that all of the information I have provided on this form and in any accompanying documentation is true and accurate. I acknowledge that if I knowingly have made any false, fictitious, or fraudulent statement, representation, or certification on this form or on any accompanying documents, I may be subject to criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law, including but not limited to 12 U.S.C. §§ 1708 and 1735f-14, and 1833a; 18 U.S.C. §§1001, 1006, 1010, 1012, and 1014; and 31 U.S.C. §§3729 and 3802.

Table of Contents

Table of Contents	1
Background Information.....	2
Assumptions and Limiting Conditions.....	3
Project Description.....	5
Recommended Project Concept(s)	9
Palm Beach County Area Analysis	14
Primary Market Area (PMA).....	28
Market Supply and Demand Analysis.....	35
Market Rent Analysis	45

ADDENDA

COMPARABLES	ADDENDUM A
UTILITY ALLOWANCE	ADDENDUM B
QUALIFICATIONS	ADDENDUM C
ENGAGEMENT LETTER	ADDENDUM D

Background Information

Identification of the Subject

The subject property is a proposed mid-rise apartment community known as Wellington Apartments. The site is located at 2175 Wellington Green Drive, Wellington, Palm Beach County, Florida. The project is planned to enter the market in 2027. The community will be 220 units and will contain 237,550 square feet of rentable area. The improvements will be situated on a 10.00-acre site.

Intended Use of the Market Analysis

The purpose of the market analysis is to define the geographic boundaries of the market area that the subject will compete within, conduct a quantitative and qualitative analysis of existing and proposed competitive facilities within the market, and determine if sufficient incremental demand exists to sustain the existing competitive housing supply and the subject.

Intended User of the Market Analysis

This market analysis is to be used by BreFrank, Inc. and the U.S. Department of Housing and Urban Development in evaluating market support and sustainability for a mortgage loan to be secured by the subject.

Effective Dates

Date of Report	July 16, 2024
Date of Inspection	May 16, 2024
Date of Research	May 17, 2024

Inspection

The property was inspected by Max Perez.

Compliance

We developed this report in compliance with the requirements of the U.S. Department of Housing and Urban Development under the 221(d)(4) program.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

General Assumptions

- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property was analyzed “free and clear” of any and all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- All engineering is assumed to be correct. The plot plans and illustrative material if presented in this report are included only to assist the reader in visualizing the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less marketable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this report.
- It is assumed that all applicable zoning and land use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in this report.
- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the market support contained in this report is based.
- It is assumed that the utilization of the land and improvements will be within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- The analyst has not made an environmental inspection of the subject and is not qualified to detect the existence of hazardous materials. The analyst is relying on other third party sources for the detection of hazardous materials.
- The racial/ethnic composition of the neighborhood surrounding the property has no way affected the determination of market support.
- It is our assumption that the property will be designed in compliance with Fair Housing and ADA as required.

General Limiting Conditions

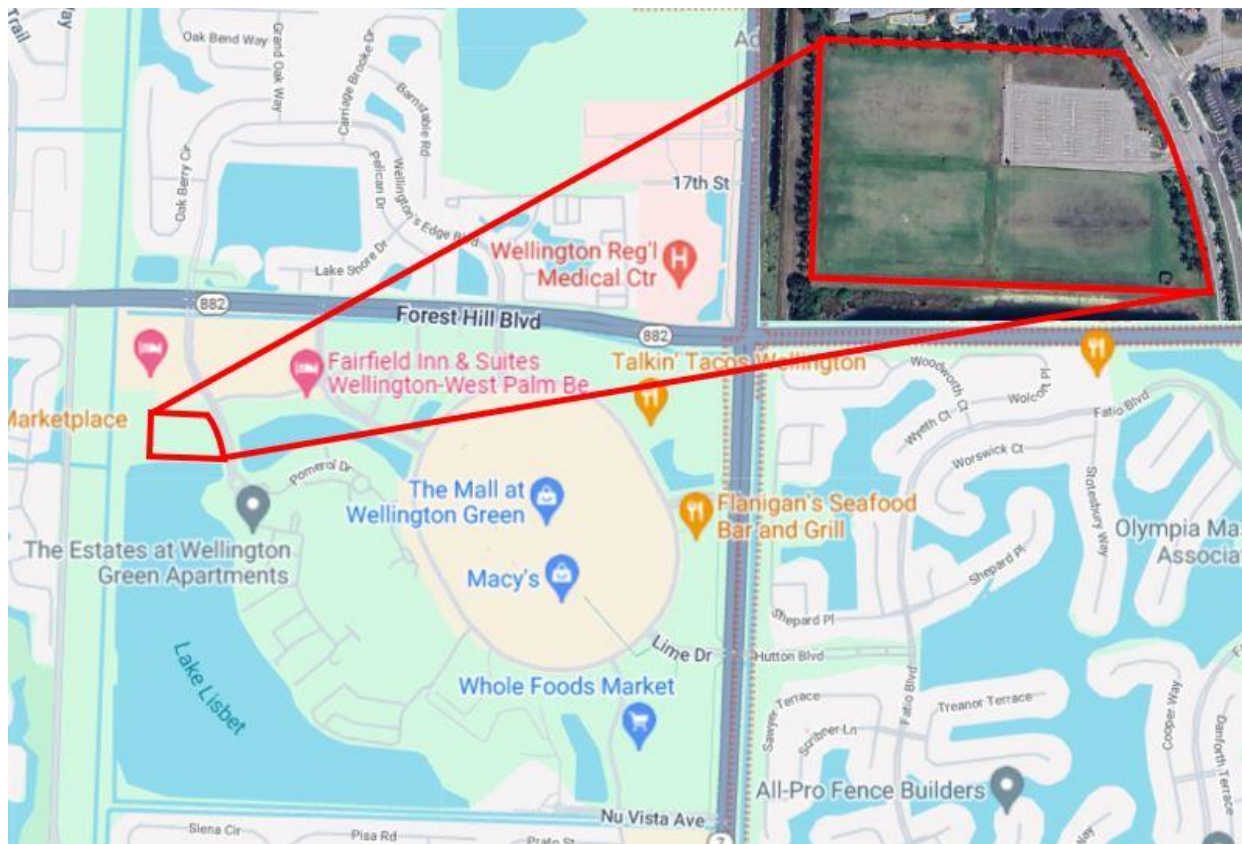
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The market analyst herein by reason of this report is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially any conclusions as to market support, the identity of the market analyst or that with which the market analyst is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the market analyst.

Specific Assumptions and Limiting Conditions

This report has also been made subject to the following specific assumptions and limiting conditions:

- We assume that the project will be constructed as proposed;
- We assume that the proposed project can be developed as proposed; and,
- We assume that the subject will be aggressively marketed and professionally managed.

Project Description



Overview

This section provides information regarding the site including location and access, flood plain, utilities, land uses, zoning, hazardous materials, etc. The subsequent section provides detailed information on the improvements.

Location and Access

The site is in an existing economic node in Wellington. The Mall at Wellington, along with various dining and entertainment nodes are adjacent to the subject site. The subject site is slightly removed from Wellington Green Drive. Wellington Green Drive provides access to Forest Hill Boulevard to the north. Forest Hill Boulevard is a major east-west arterial that connects Wellington to the southern portion of West Palm Beach. U.S. Highway 441 runs north-south just east of the subject site and connects Wellington to residential communities to the north and runs as far south as Miami.

Site Description

Identification

Location 2175 Wellington Green Drive
Parcel Number 73-41-44-13-01-016-0000

Physical Features

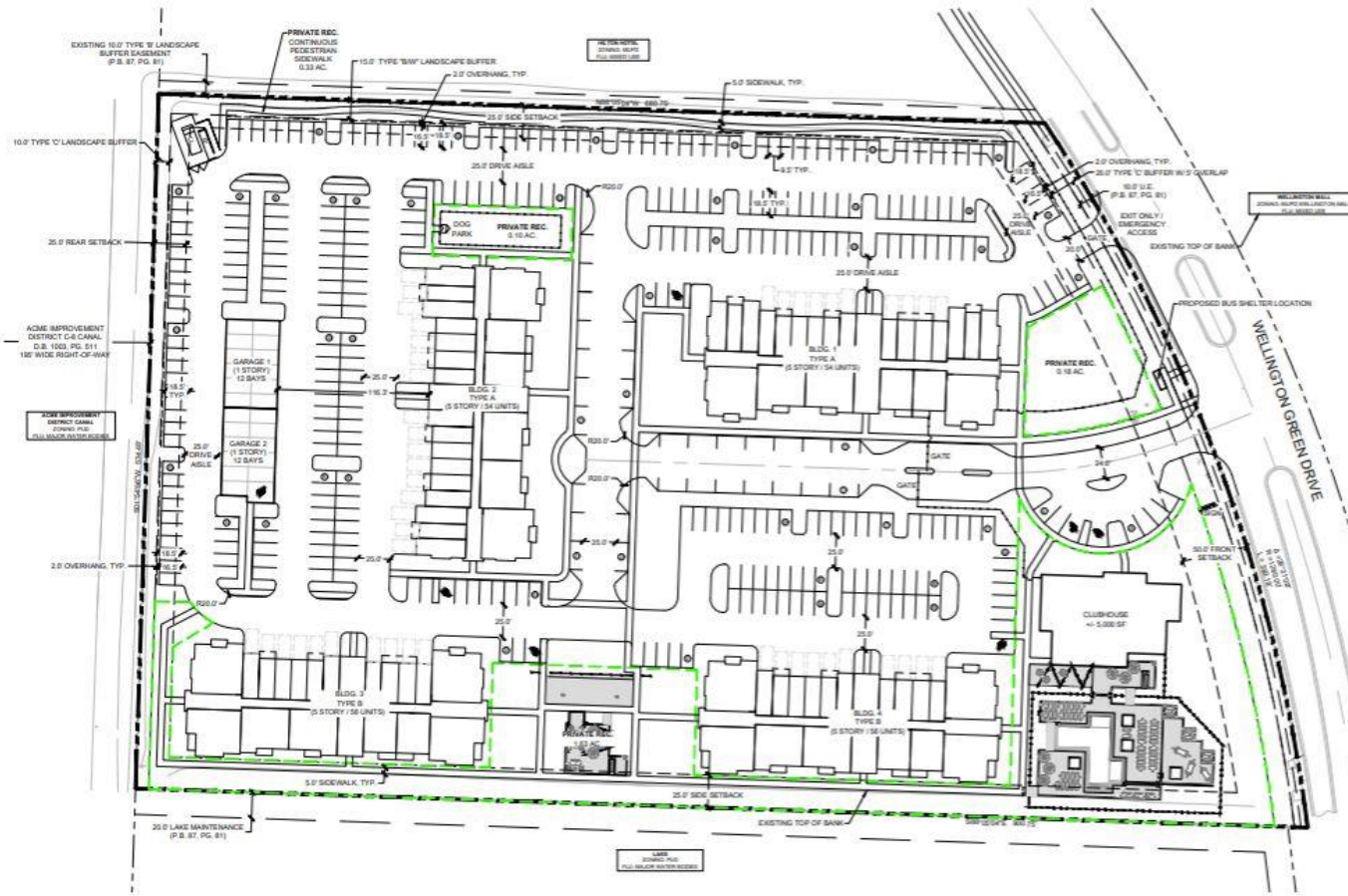
Size Approximately 10.00 acres, or 435,617 square feet. This is considered to be generally the upland acres.
Configuration Irregular
Topography Generally Level
Drainage Assumed Adequate
Utilities All Available
Ground Stability We were not provided with a soil report. We assume that the load bearing capacity of the soil is sufficient to support the proposed structure. We did not observe any evidence to the contrary during our physical inspection of the property.

Land Uses

The surrounding uses complement the subject site. These are shown below:

LAND USES	
Northern	Multifamily
Southern	Multifamily
Eastern	Commercial
Western	Multifamily

Proposed Site Plan



LOCATION MAP



SITE DATA

PETITION NAME:	AXIS AT WELLINGTON
PETITION NUMBER:	782
EXISTING LAND USE:	(OF) COMMUNITY FACILITIES
PROPOSED LAND USE:	(R) RESIDENTIAL H
EXISTING ZONING:	(OF) COMMUNITY FACILITIES
PROPOSED ZONING:	(PLU) PLANNED UNIT DEVELOPMENT
LAND USE DESIGNATION:	MUNICIPAL
ZONING DISTRICT:	CF - COMMUNITY FACILITIES
OVERLAYS (NEIGHBORHOOD PLANS):	N/A
PROPERTY CONTROL NUMBER:	22 44 13 01 016 000
EXISTING USE:	MUNICIPAL SOCCER FIELDS
PROPOSED USE:	MULTIFAMILY RESIDENTIAL
TOTAL SITE AREA:	16.00 AC. (43580 S.F.)
DENSITY:	22 UNITS / AC
UNIT TYPE:	MIXED-FAMILY
MINIMUM LOT SIZE:	10 AC
PROPOSED LOT SIZE:	10 AC
MAX. BUILDING COVERAGE:	40%
PROPOSED BUILDING COVERAGE:	21%
RESIDENT CALCULATIONS	
NUMBER OF RESIDENTS:	673
NUMBER OF DWELLING UNITS:	200 UNITS
RESIDENTS / DWELLING UNITS:	3.36 / DU
PRIVATE RECREATION REQUIREMENTS	
AREA REQUIRED:	1.70 AC. (74,852 SF)
AREA PROPOSED:	2.03 AC
PUBLIC RECREATION REQUIREMENTS	
AREA REQUIRED:	3.37 AC. (146,787 SQ SF)
AREA PROPOSED:	1937 SQ FEET
CLAC REQUIREMENTS	
AREA REQUIRED:	0.673 AC. (2,901.59 SF)
AREA PROPOSED:	1937 SQ FEET
PARKING REQUIREMENTS	
2.25 SP. / UNIT	450 SP.
PARKING PROVIDED	
379 SURFACE SPACES	
13 GARAGE SPACES	
49 TANDEM SPACES	
SETBACK REQUIREMENTS	
FRONT SETBACK	50'
SIDE SETBACK	25'
REAR SETBACK	25'

Site Photographs



Street Scenes



North on Wellington Green Drive



South on Wellington Green Drive

Recommended Project Concept(s)

The subject is a proposed 220-unit Class A apartment community anticipated to enter the market in 2027. The subject should offer one-, two-, and three-bedroom apartments. The project concept should capitalize on the scarcity of elevator serviced buildings in the market area. As such, a four to five story mid-rise is recommended. A recommended unit mix with developer proposed rental rates is provided in the following table:

SUBJECT UNIT MIX								
<i>Unit Type</i>	<i>Orientation</i>	<i>BR</i>	<i>BA</i>	<i>Unit SF</i>	<i># of Units</i>	<i>Total SF</i>	<i>Developer Proposed Net Rent</i>	<i>\$/SF</i>
A1	Market-Rate	1	1	790	72	56,880	\$2,400	\$3.04
B1	Market-Rate	2	2	1,201	65	78,065	\$2,949	\$2.46
B2	Market-Rate	2	2	1,351	50	67,550	\$3,149	\$2.33
C1	Market-Rate	3	2	1,470	33	48,510	\$3,600	\$2.45
Totals				1,141	220	251,005	\$2,912	\$2.62

The subject's proposed unit mix is approximately 33% one-bedroom, 52% two-bedroom, and 15% three-bedroom units.

Tenant Profiles

Senior households are pre-retiring and retiring to the region. Various shopping, entertainment, golf courses, and equestrian amenities are attracting seniors to the area. The benefit to rental apartments is the ability to capture seniors temporarily living in the market to determine if they want to purchase a home. Furthermore, seniors looking to age-in-place may seek interim rental housing proximate to the Wellington Bay retirement center.

Some physical considerations to attract this market include apartments with walk-in showers, in-unit washer/dryer appliances, and low thresholds. Elevator buildings are attractive allowing persons with mobility constraints to live on any floor within the building.

Single individuals/roommates generally pursue typical rental products with amenities. This cohort typically prioritizes the amenity package and unit features such as key fob entry and technology-friendly interiors including USB ports. A large portion of these residents work remotely.

As previously stated, the Lotis Wellington and Tuttle Royale mixed-use projects will feature units targeting the single individual/roommate cohort. A fitness center with multiple rooms along sufficient co-working space will allow the subject to compete with these newer properties and capture households that don't desire to live in the dense mixed-use environment.

Families with children typically seek two to three-bedroom apartments, or larger. Tenants will typically evaluate the cost/benefit of offerings such as size of units, backyards, direct access garages, direct access, versus robust community amenities typical at apartment properties. Some communities are offering a small number of build-to-rent townhomes that target this cohort of renters. Families are an important cohort of renters due to the positive reputation of the Wellington school system. However, the cost of a townhome product does not translate into premium rents. Therefore, no townhome design units are recommended.

Unit Mix/ Square Footage Analysis

An analysis of the existing rental communities, their unit mixes, and their square footages was provided:

PMA UNIT MIX COMPARISON					
<i>Property Name</i>	<i>Total Units</i>	<i>One-Bedroom</i>	<i>Two-Bedroom</i>	<i>Three-Bedroom</i>	<i>Four-Bedroom</i>
Elan Polo Gardens	284	96	142	46	0
Wellington Vista*	370	6	280	84	0
The Point at Southern Blvd	392	192	140	60	0
The Quaye at Wellington*	350	104	153	75	18
The Point at Royal Palm Beach	268	60	160	48	0
Axis Wellington Green	273	73	144	56	0
10x Wellington Club	204	54	102	48	0
Villas at Royale* (U/C)	401	156	154	70	21
TOTAL / AVERAGE	2,542	741	1,275	487	39
PERCENTAGE WEIGHT	100%	29%	50%	19%	2%
CONCLUSION	220	25% -30%	45% -55%	15% -25%	0% -5%

* = properties that feature townhome style units

PMA SQUARE FOOTAGE ANALYSIS				
<i>Property Name</i>	<i>Total Units</i>	<i>1BR SF</i>	<i>2BR SF</i>	<i>3BR SF</i>
Elan Polo Gardens	284	715	1,109	1,258
Wellington Vista*	370	793	1,124	1,328
The Point at Southern Blvd	392	766	1,139	1,257
The Quaye at Wellington*	350	888	1,443	1,719
The Point at Royal Palm Beach	268	828	1,074	1,307
Axis Wellington Green	273	848	1,186	1,432
10x Wellington Club	204	758	1,055	1,295
TOTAL / AVERAGE		799	1,162	1,371
CONCLUSION		700-850	1,100-1,200	1,250-1,400

* features townhome units

An analysis of the price per square foot of existing communities that feature townhome units was provided.

TOWNHOME RENT COMPARISON						
<i>Property / Unit Type</i>	<i>3BR \$</i>	<i>3BR \$/SF</i>	<i>3BR TH \$</i>	<i>3BR TH \$/SF</i>	<i>4BR TH \$</i>	<i>4BR TH \$/SF</i>
Wellington Vista*	\$3,022	\$2.39	\$3,600	\$2.20	-	-
The Quaye at Wellington*	-	-	\$3,343	\$1.94	\$3,859	\$1.79
Villas at Royale* (U/C)	\$3,214	\$2.31	\$3,914	\$2.32	\$4,314	\$2.12
Axis Wellington Green	\$3,105	\$2.17	-	-	-	-

The Villas at Royale is under construction and will feature both garden-style and townhome-style units, increasing the saturation of existing townhome-style units. As the chart illustrates, there is no significant pricing advantage with a townhome and therefore, not recommended.

Recommended Amenities

The pool area anchors the community space. Site plan permitting, allowing a pet park, barbecue area, and pool to be within proximity of each other greatly increases attractiveness to prospective tenants. The outdoor entertainment area should include features that appeal to all tenant profiles. Cabanas, lounge furniture, firepits, grilling areas, playground, cornhole, and bocce ball courts should be considered. Package lockers can become a management burden. If package lockers are pursued it is recommended to charge a package locker fee to absorb the cost of this amenity.

Clubhouse square footage should be generously allocated to the fitness center. The fitness center should be robust and spacious. A variety of exercise equipment and free weights as well as separate spaces provides a competitive advantage. Elan Polo Gardens and The Point at Southern Boulevard offer modern fitness centers with multiple rooms. A modern fitness center will help place the subject in a competitive position in the market area. Pictures of Elan Polo Gardens and The Point at Southern Boulevard fitness centers are provided:



Elan Polo Gardens



The Point at Southern Boulevard

An outdoor entertainment area is recommended. The area should be proximate to the pool, cabanas, and BBQ/picnic areas and should permit the use of games such as cornhole and bocce ball. The area will appeal to parents seeking entertainment options for children. The area will also appeal to single/roommates seeking to entertain guests. Pictures of the central amenity area at Manor Latana is provided:



The following project and unit amenities are recommended for consideration:

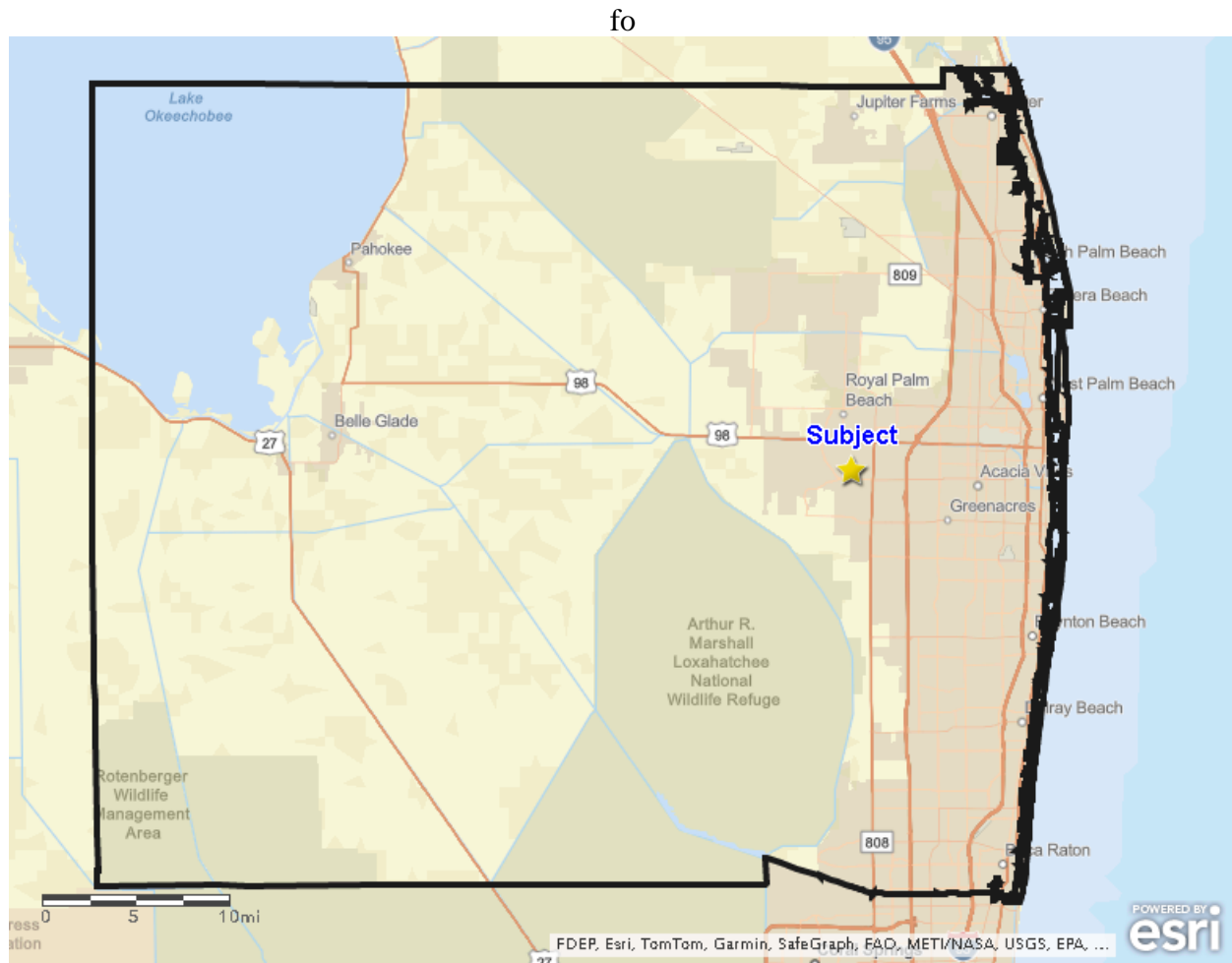
UNIT AMENITIES
Balcony/Patio (with screens)
Large Walk-In Closets
Wood Vinyl Flooring
Granite/Quartz Countertops
Blinds
Stainless Steel Appliances
Refrigerator
Range/Oven
Dishwasher
Microwave
Garbage Disposal
USB-Charging Outlets
Smart Thermostats
Washer/Dryer
Key Fob Entry

PROJECT AMENITIES
Clubhouse
Robust Fitness Room(s)
Pool
Barbeque/Picnic Area
Golf Simulator
Demo Kitchen
Waterfront Pavillion
Outdoor Games (cornhole, boccee ball)
Playground/Child Entertainment Area
Pet Park
Pet Spa
Gated/Secure Access

Conclusion

The region will continue to attract households relocating to the area as well as existing renter households seeking higher quality accommodations. The known projects in the pipeline feature garden-style communities in mixed-use developments that aim to attract young professionals and families. However, these communities do not feature elevators. Seniors are retiring and pre-retiring in the region and will seek units with easy access. As such, an elevator serviced project concept will aim to capture this cohort of renters. Additionally, singles/roommates and families that prefer to live away from the busy mixed-use nodes will seek quality rental housing options proximate to the retailers at these developments. Residents will prioritize a quality amenity package that includes a pool, robust fitness center, and an outdoor lounge/games area.

Palm Beach County Area Analysis



Introduction

Palm Beach County was founded in 1909 and was named after Palm Beach, which is one of its oldest settlements. The county covers 2,383 square miles and has an estimated density of 641 people per square mile. West Palm Beach is the county seat and the largest city. Boca Raton is the second largest and southernmost city in the county. Wellington, where the proposed project is located, is a submarket west of Boca Raton.

Palm Beach County is surrounded by Martin County to the north, Broward County to the south, Hendry County to the west, and Glades County to the northwest. The county is included in the Miami-Fort Lauderdale-West Palm Beach metropolitan statistical area (MSA).

Population and Demographics

The information in this section was obtained through the U.S. Census Bureau and Esri. Palm Beach County continues to experience positive population growth as evidenced by the following:

PALMBEACH COUNTY POPULATION AND HOUSEHOLD TRENDS					
<i>Year</i>	<i>Households</i>	<i>Household CAGR</i>	<i>Average HH Size</i>	<i>Population</i>	<i>Population CAGR</i>
2010	544,227	---	2.39	1,320,134	---
2023	625,316	1.1%	2.40	1,527,592	1.1%
2028	636,628	0.4%	2.38	1,544,310	0.2%

Source: Esri

Total population and the total number of households have increased over the past 13 years. The population and household projections through 2028 are underestimated based on supplemental growth indicators described in the demand analysis.

The following chart provides historical population data as well as future projections by age for Palm Beach County:

PALMBEACH COUNTY POPULATION BY AGE							
<i>Age</i>	<i>2010</i>	<i>2023</i>	<i>2028</i>	<i>Change 2010 - 2023</i>	<i>CAGR 2010 - 2023</i>	<i>Change 2023 - 2028</i>	<i>CAGR 2023 - 2028</i>
0-4	70,852	70,590	72,794	-262	0.0%	2,204	0.6%
5-9	72,847	75,792	73,915	2,945	0.3%	-1,877	-0.5%
10-14	76,917	79,794	77,460	2,877	0.3%	-2,334	-0.6%
15-19	79,570	79,558	75,921	-12	0.0%	-3,637	-0.9%
20-24	74,105	79,253	76,567	5,148	0.5%	-2,686	-0.7%
25-34	146,694	184,195	178,091	37,501	1.8%	-6,104	-0.7%
35-44	165,576	170,855	183,475	5,279	0.2%	12,620	1.4%
45-54	188,126	172,533	164,109	-15,593	-0.7%	-8,424	-1.0%
55-64	160,292	201,919	185,767	41,627	1.8%	-16,152	-1.7%
65-74	130,427	204,728	212,396	74,301	3.5%	7,668	0.7%
75-84	105,523	141,068	168,177	35,545	2.3%	27,109	3.6%
85+	49,205	67,307	75,638	18,102	2.4%	8,331	2.4%
Total	1,320,134	1,527,592	1,544,310	207,458	1.1%	16,718	0.2%

Source: Esri

The county has experienced positive growth trends which are projected to continue through 2028. From 2010 to 2023, the largest population increases occurred in the 65-74, 55-64, and 25-34 age groups. Over the next five years the 75-84, 35-44, and 85+ age groups are projected to experience the largest population increases. The 65+ age cohorts represent the empty nester housing market. This is becoming a more important segment within the rental housing industry as seniors seek low maintenance lifestyles within a secured living environment.

The following table provides information on the working-age population within Palm Beach County:

PALM BEACH COUNTY WORKING-AGE RESIDENTS							
Age	2010	2023	2028	Change 2010 - 2023	CAGR 2010 - 2023	Change 2023 - 2028	CAGR 2023 - 2028
20-24	74,105	79,253	76,567	5,148	0.5%	-2,686	-0.7%
25-34	146,694	184,195	178,091	37,501	1.8%	-6,104	-0.7%
35-44	165,576	170,855	183,475	5,279	0.2%	12,620	1.4%
45-54	188,126	172,533	164,109	-15,593	-0.7%	-8,424	-1.0%
55-64	160,292	201,919	185,767	41,627	1.8%	-16,152	-1.7%
Total	734,793	808,755	788,009	73,962	0.7%	-20,746	-0.5%

Source: Esri

The working-age population increased from 2010 to 2023. The projected decline by ESRI is inconsistent with other economic trends.

Estimated households by size within Palm Beach County are provided:

HOUSEHOLDS BY SIZE IN PALM BEACH COUNTY		
Household Size	Number	Percentage
One Person	194,016	31.0%
Two People	225,311	36.0%
Three People	89,574	14.3%
Four People	65,233	10.4%
Five People	32,714	5.2%
Six People	10,929	1.7%
Seven or More People	7,538	1.2%
Total	625,316	100%

Source: Esri, American Community Survey, VTRS

Most households within Palm Beach County are one or two-person households.

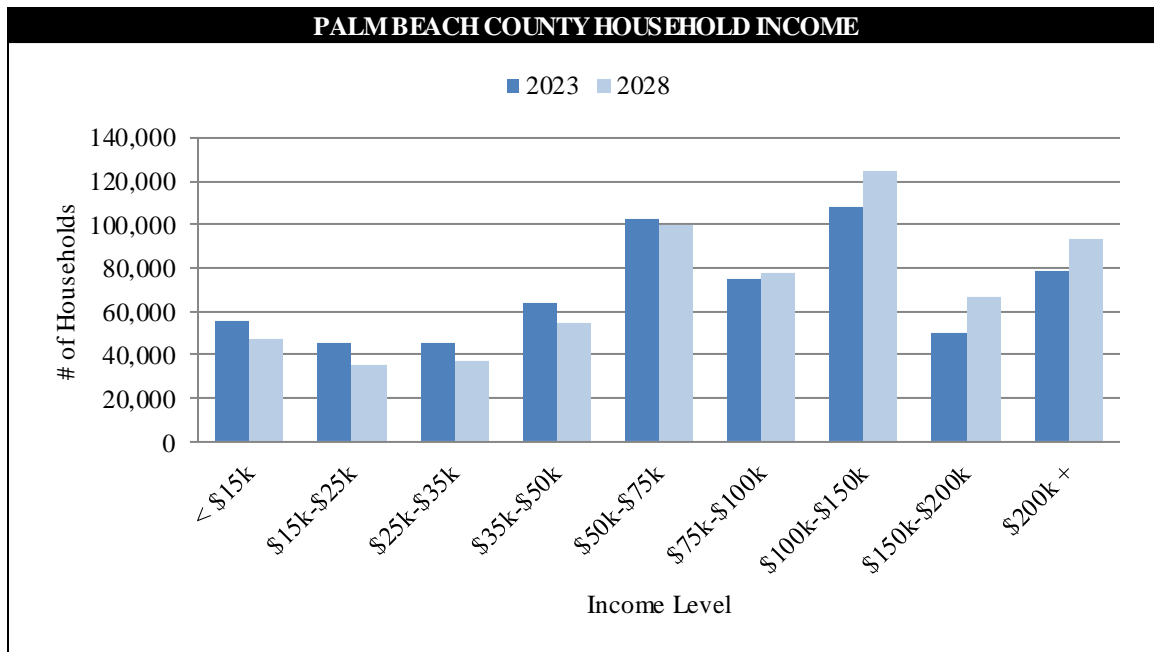
Household Income

Households by income in Palm Beach County are provided:

PALM BEACH COUNTY HOUSEHOLD INCOME		
Household Income Level	2023	2028
< \$15,000	55,887	47,505
\$15,000 - \$24,999	45,429	35,174
\$25,000 - \$34,999	45,286	37,519
\$35,000 - \$49,999	64,186	54,576
\$50,000 - \$74,999	102,702	99,520
\$75,000 - \$99,999	74,965	77,594
\$100,000 - \$149,999	108,450	124,161
\$150,000 - \$199,999	50,155	67,010
\$200,000+	78,252	93,565
Median Household Income	\$74,715	\$87,541
Average Household Income	\$114,399	\$132,441

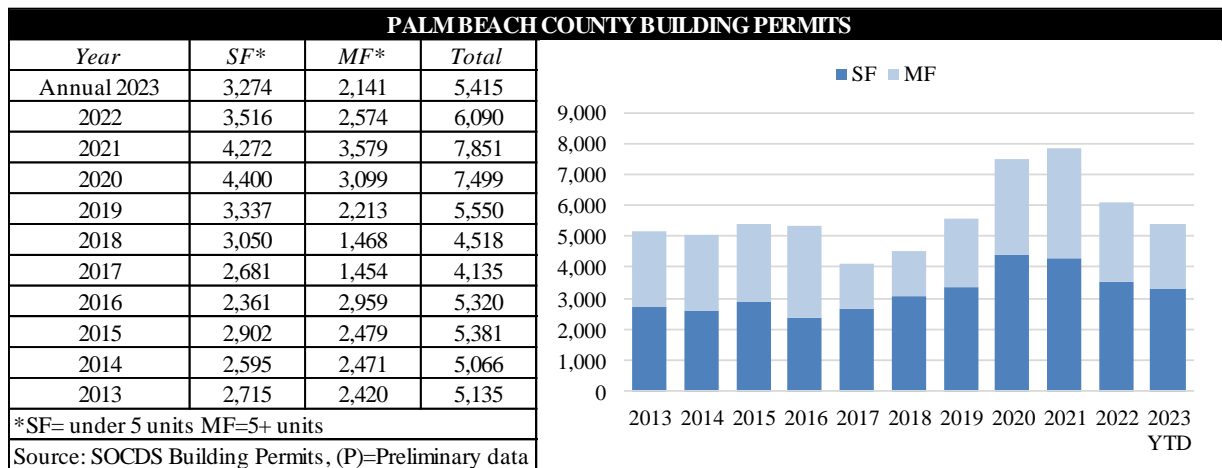
Source: Esri

More than 66.3% of households earn more than \$50,000 per year, the income levels typically associated with new construction rental housing. Households are generally projected to earn higher incomes by 2028. The graph of income distribution in Palm Beach County is provided:



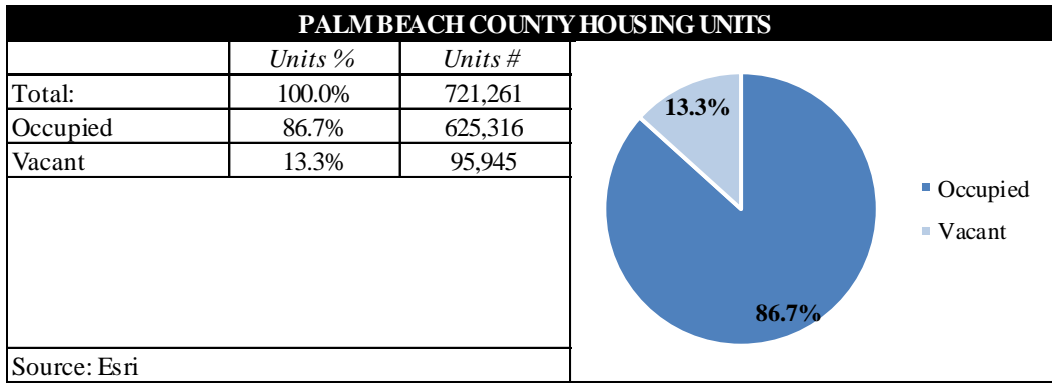
Housing Market

Residential building permits for Palm Beach County are presented below:

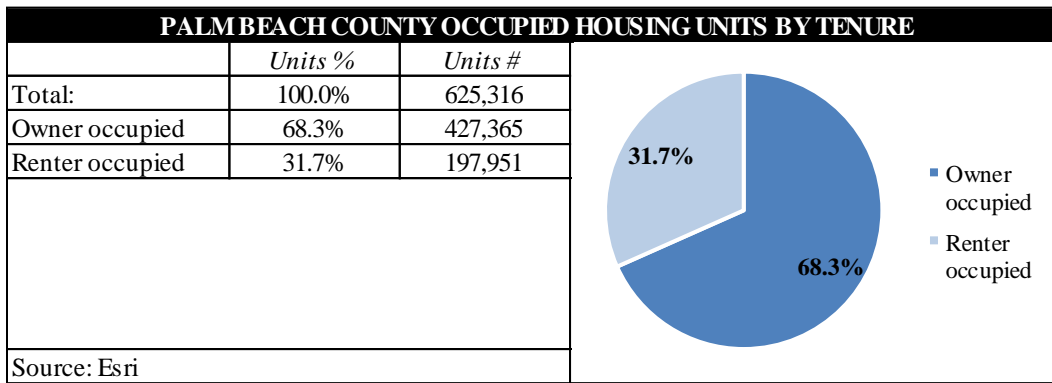


Residential development in the market has trended upward. An average of 5,655 building permits were issued annually from 2013 to 2022. Over the last three years, an average of 7,147 units were permitted annually.

The following table displays the occupancy and vacancy rates for the housing market in the county:



The vacancy rate includes all vacant homes regardless of their availability to be rented. Most housing units in the county are owner occupied. Rental housing includes all types of units such as apartments, duplexes, triplexes, manufactured housing, single-family homes, etc. The number of owner and renter occupied units for the area is provided:



For Sale Housing Trends

Broward, Palm Beaches and St. Lucie Realtors® provides single-family real estate trends for Palm Beach County. March 2024 statistics (most recent available) are provided:

Single Family Homes	2024	2023	% Change
Closed Sales	1,226	1,465	-16.3%
Median Sale Price	\$640,000	\$575,000	11.3%
Original List Price Received	94.6%	94.8%	-0.2%
Median Days to Contract	35	31	12.9%
Inventory (Active Listings)	5,066	3,876	30.7%
Months Supply of Inventory	4.4	3.2	37.5%

Townhouses/Condos	2024	2023	% Change
Closed Sales	997	1,335	-25.3%
Median Sale Price	\$330,000	\$312,000	5.8%
Original List Price Received	93.6%	94.3%	-0.7%
Median Days to Contract	41	35	17.1%
Inventory (Active Listings)	6,496	3,880	67.4%
Months Supply of Inventory	6.8	3.7	83.8%

The median sale price for single-family homes increased by 11.3% year over year.

Employment Trends

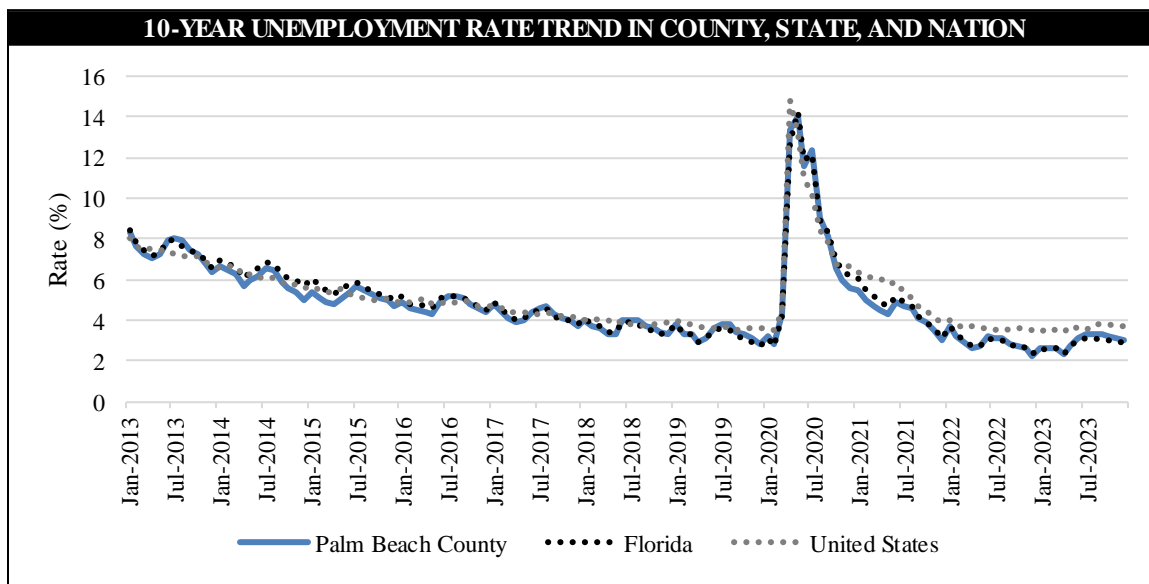
The civilian labor force is defined as all employed or unemployed persons 16+ years of age who are actively looking for work and available to accept employment. Persons in the Armed Forces or within institutional settings such as prisons, nursing homes, etc. are not counted within the civilian labor force. The trend in employment is provided:

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT DATA IN PALMBEACH COUNTY				
<i>Year</i>	<i>Civilian Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate</i>
2023 YTD*	780,150	756,720	23,430	3.0%
2022	763,006	740,847	22,159	2.9%
2021	735,244	703,046	32,198	4.4%
2020	716,221	658,815	57,406	8.0%
2019	730,620	706,156	24,464	3.3%
2018	722,361	695,781	26,580	3.7%
2017	716,528	686,091	30,437	4.2%
2016	711,609	677,839	33,770	4.7%
2015	693,582	657,771	35,811	5.2%
2014	683,721	642,418	41,303	6.0%
2013	670,585	620,621	49,964	7.5%

Source: Bureau of Labor Statistics
 YTD* 2023 consists of data through Dec 2023; the data is not seasonally adjusted.

The unemployment rate in Palm Beach County had been decreasing over the past several years, despite that the labor force is increasing. Overall employment has recovered to above pre-pandemic levels.

The county’s unemployment rate compared to the state and national unemployment rates over the past 10 years is provided:



Palm Beach County’s unemployment rate has generally mirrored the state and national unemployment rate over the past 10 years. As of December 2023, Palm Beach County’s unemployment rate of 3.0% was relative to the state unemployment rate of 2.9%, and lower than the national unemployment rate of 3.7%.

At-place employment refers to jobs that are filled and located within the same county. The trend in the market is presented:

AT-PLACE EMPLOYMENT IN PALM BEACH COUNTY			
Year	Employment	Change	Percent
2023 YTD*	649,925	13,022	2.0%
2022	636,903	29,622	4.9%
2021	607,281	27,718	4.8%
2020	579,563	-36,438	-5.9%
2019	616,001	9,598	1.6%
2018	606,403	9,717	1.6%
2017	596,686	11,697	2.0%
2016	584,989	19,329	3.4%
2015	565,660	21,929	4.0%
2014	543,731	20,076	3.8%
2013	523,655	-	-

*YTD data is provided through Jun. 2023
 Source: Bureau of Labor Statistics

The trend in the market was positive through 2019 as employment increased. Though there was a drop in at-place employment in 2020 due to the impact of the COVID-19 pandemic, at-place employment has since increased to above pre-pandemic levels.

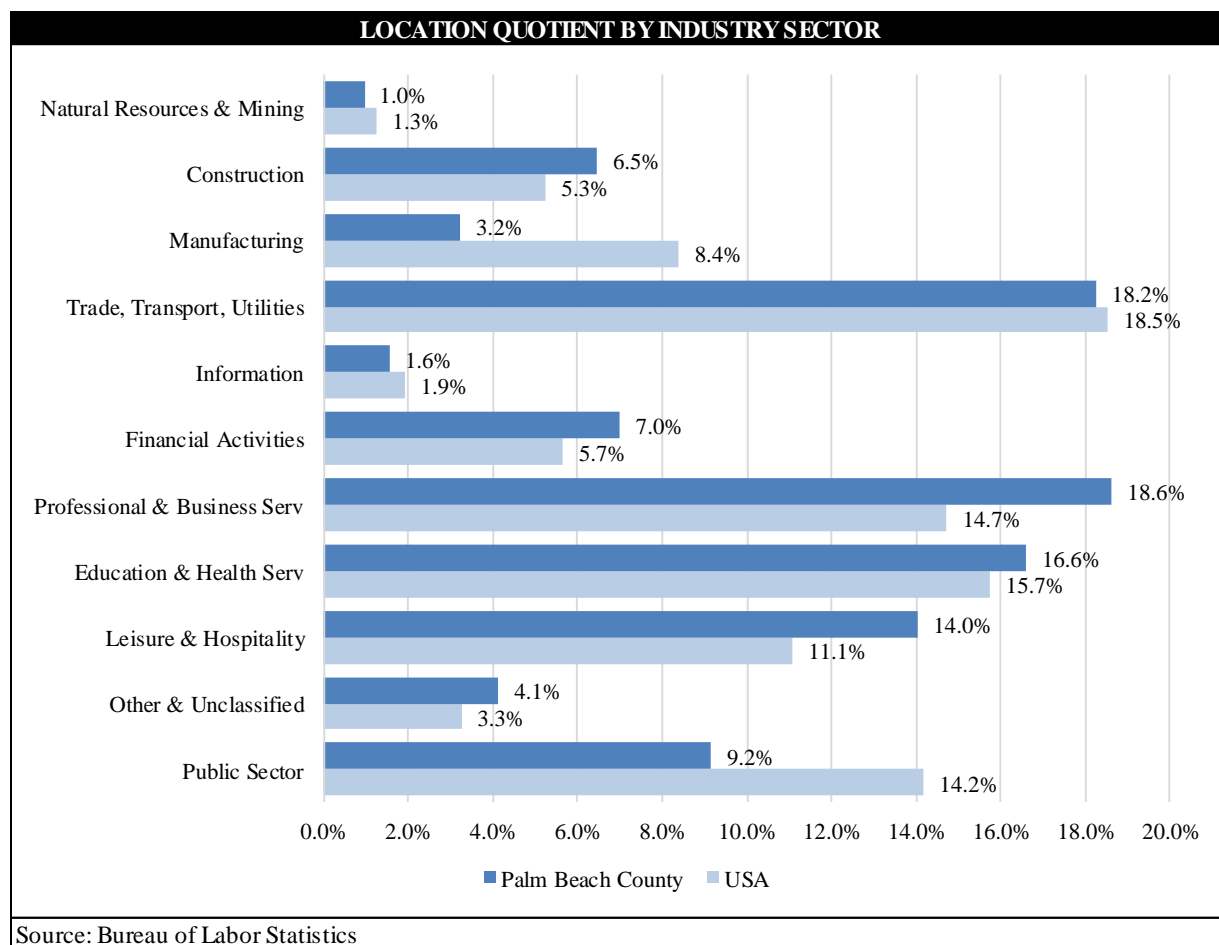
Employment totals by industry sector over the previous five years are provided:

PALM BEACH COUNTY AT-PLACE EMPLOYMENT BY INDUSTRY											
Industry Sector	Annual 2018	Annual 2019	% Chg	Annual 2020	% Chg	Annual 2021	% Chg	Annual 2022	% Chg	Jun 2023	% Chg
Private sector	544,414	553,014	1.6%	520,197	-5.9%	547,756	5.3%	577,168	5.4%	590,394	2.3%
Goods producing	63,709	64,561	1.3%	62,665	-2.9%	65,097	3.9%	68,099	4.6%	69,314	1.8%
Natural resources and mining	6,926	6,599	-4.7%	6,907	4.7%	7,053	2.1%	6,870	-2.6%	6,230	-9.3%
Construction	36,788	37,864	2.9%	36,679	-3.1%	38,114	3.9%	40,670	6.7%	42,038	3.4%
Manufacturing	19,995	20,098	0.5%	19,079	-5.1%	19,929	4.5%	20,559	3.2%	21,046	2.4%
Service providing	480,705	488,453	1.6%	457,532	-6.3%	482,659	5.5%	509,069	5.5%	521,080	2.4%
Trade, transportation, and utilities	112,617	111,897	-0.6%	106,629	-4.7%	112,089	5.1%	117,406	4.7%	118,538	1.0%
Information	10,053	9,588	-4.6%	8,874	-7.4%	8,881	0.1%	9,692	9.1%	10,151	4.7%
Financial activities	39,929	40,967	2.6%	41,196	0.6%	42,794	3.9%	44,836	4.8%	45,544	1.6%
Professional and business services	104,704	106,683	1.9%	104,468	-2.1%	112,451	7.6%	119,077	5.9%	120,943	1.6%
Education and health services	99,271	103,339	4.1%	99,322	-3.9%	100,713	1.4%	103,742	3.0%	107,830	3.9%
Leisure and hospitality	88,016	89,458	1.6%	72,966	-18.4%	81,080	11.1%	88,627	9.3%	91,184	2.9%
Other services	25,586	25,835	1.0%	23,570	-8.8%	24,166	2.5%	24,567	1.7%	24,961	1.6%
Unclassified	529	688	30.1%	508	-26.2%	485	-4.5%	1,121	131.1%	1,929	72.1%
Public sector	61,989	62,987	1.6%	59,366	-5.7%	6,872	-88.4%	59,735	769.3%	59,531	-0.3%
Federal government	6,754	6,888	2.0%	7,155	3.9%	6,872	-4.0%	6,902	0.4%	7,028	1.8%
State government	10,239	10,229	-0.1%	9,513	-7.0%	---	---	10,087	---	10,215	1.3%
Local government	44,996	45,870	1.9%	42,698	-6.9%	---	---	42,746	---	42,288	-1.1%
Total Employment	606,403	616,001	1.6%	579,563	-5.9%	554,628	-4.3%	636,903	14.8%	649,925	2.0%

Source: Bureau of Labor Statistics

The top three industry sectors in the county are the professional and business services industry; the trade, transportation, and utilities industry; and the education and health services industry.

Location Quotients (LQ) compare the concentration of employment in an industry within a specific area to the concentration of employment in that industry nationwide. This measurement helps understand the local economy's reliance on a particular industry. The LQs for industry sectors in Palm Beach County are provided below:



The professional and business services industry and the leisure and hospitality industry play notably larger roles in the local economy than in the national economy.

The following chart provides the total job growth and growth for the largest occupational categories in Palm Beach County through 2031:

Occupation	2021	2031	Change #	Change %
Office and Administrative Support Occupations	103,742	105,468	1,726	1.7%
Sales and Related Occupations	85,734	90,371	4,637	5.4%
Food Preparation and Serving Related Occupations	70,137	75,824	5,687	8.1%
Management Occupations	52,305	57,841	5,536	10.6%
Business and Financial Operations Occupations	50,603	56,328	5,725	11.3%
Transportation and Material Moving Occupations	49,378	53,149	3,771	7.6%
Healthcare Practitioners and Technical Occupations	43,822	48,348	4,526	10.3%
Construction and Extraction Occupations	36,173	39,496	3,323	9.2%
Building and Grounds Cleaning and Maintenance Occupations	33,395	36,377	2,982	8.9%
Installation, Maintenance, and Repair Occupations	29,932	32,589	2,657	8.9%
All Occupations	742,294	803,621	61,327	8.3%

Source: Florida Jobs.org

Jobs are projected to increase by 8.3% between 2021 and 2031. This amounts to an increase of over 61,300 total job openings. Office and administrative occupations, sales and related occupations, food preparation and serving related occupations were the largest categories in 2021 and are expected to remain the largest through 2031.

The following chart shows the typical annual wages by occupation type for the Miami-Fort Lauderdale-West Palm Beach, FL MSA:

ANNUAL WAGE LEVEL BY OCCUPATION		
<i>Occupation Type</i>	<i>Miami-Fort Lauderdale-West Palm Beach, FL MSA</i>	<i>Florida</i>
Management Occupations	\$123,780	\$121,170
Business and Financial Operations Occupations	\$85,090	\$78,600
Computer and Mathematical Occupations	\$94,390	\$94,200
Architecture and Engineering Occupations	\$84,110	\$85,580
Life, Physical, and Social Science Occupations	\$71,650	\$69,110
Community and Social Service Occupations	\$53,200	\$50,170
Legal Occupations	\$114,570	\$104,810
Education, Training, and Library Occupations	\$59,480	\$55,820
Arts, Design, Entertainment, Sports, and Media Occupations	\$65,230	\$62,450
Healthcare Practitioners and Technical Occupations	\$89,920	\$89,800
Healthcare Support Occupations	\$35,810	\$35,790
Protective Service Occupations	\$59,900	\$51,580
Food Preparation and Serving Related Occupations	\$32,720	\$31,580
Building and Grounds Cleaning and Maintenance Occupations	\$32,600	\$32,400
Personal Care and Service Occupations	\$34,690	\$33,400
Sales and Related Occupations	\$49,560	\$47,130
Office and Administrative Support Occupations	\$44,080	\$42,600
Farming, Fishing, and Forestry Occupations	\$31,130	\$32,880
Construction and Extraction Occupations	\$52,890	\$48,090
Installation Maintenance and Repair Occupations	\$51,420	\$49,720
Production Occupations	\$41,240	\$41,230
Transportation and Material Moving Occupations	\$47,000	\$42,010

Source: Bureau of Labor Statistics

The annual salaries in the Miami-Fort Lauderdale-West Palm Beach, FL MSA outperform the annual salaries in Florida by an average of \$2,470.

Economic Development

PopStroke

PopStroke is a golf and casual dining company that opened its first Palm Beach County location in October 2023. The plan created roughly 150 full time and part time jobs in Delray Beach. The site features two 18-hole miniature golf courses, a restaurant, and an outdoor beer garden. The location is at the intersection of Australian Avenue and Belvedere Road. The company plans to open a West Palm Beach location at the Palm Beach International Airport in late 2024.

Nora

Nora is a \$1 billion district that is expected to open in late 2024 in West Palm Beach. The first phase of the district will include 154,000 square feet of dining and shopping areas. Future phases will consist of 2 million square feet of residential and office buildings that will also include a luxury hotel. The district will include

cobblestone streets and curb-less sidewalks to promote a pedestrian centered environment. The plans have not stated how many jobs will be created.

Lotis Wellington

Lotis Wellington Phase I was recently approved to include 372 multifamily units, 42,000 square feet of restaurants, 12,000 square feet of retail, 13,000 square feet of professional offices, and 60,000 square feet of medical office space. Phase II will include 100 single-family residences, 72 townhome residences, a mini-golf course, and an early education center. The project is under construction and will compliment the subject site with additional high-end retail and entertainment.

Tuttle Royale Mixed-Use

Tuttle Royale is a mixed-use project located along Southern Boulevard. The project will feature multiple apartment communities and high-end retail and commercial uses. Some of the occupants include The Improv Comedy Club, EOS Fitness/ LA Fitness, Lululemon, Sephora, Oak and Stone, Cheesecake Factory, and many more. A rendering of the project is shown below.

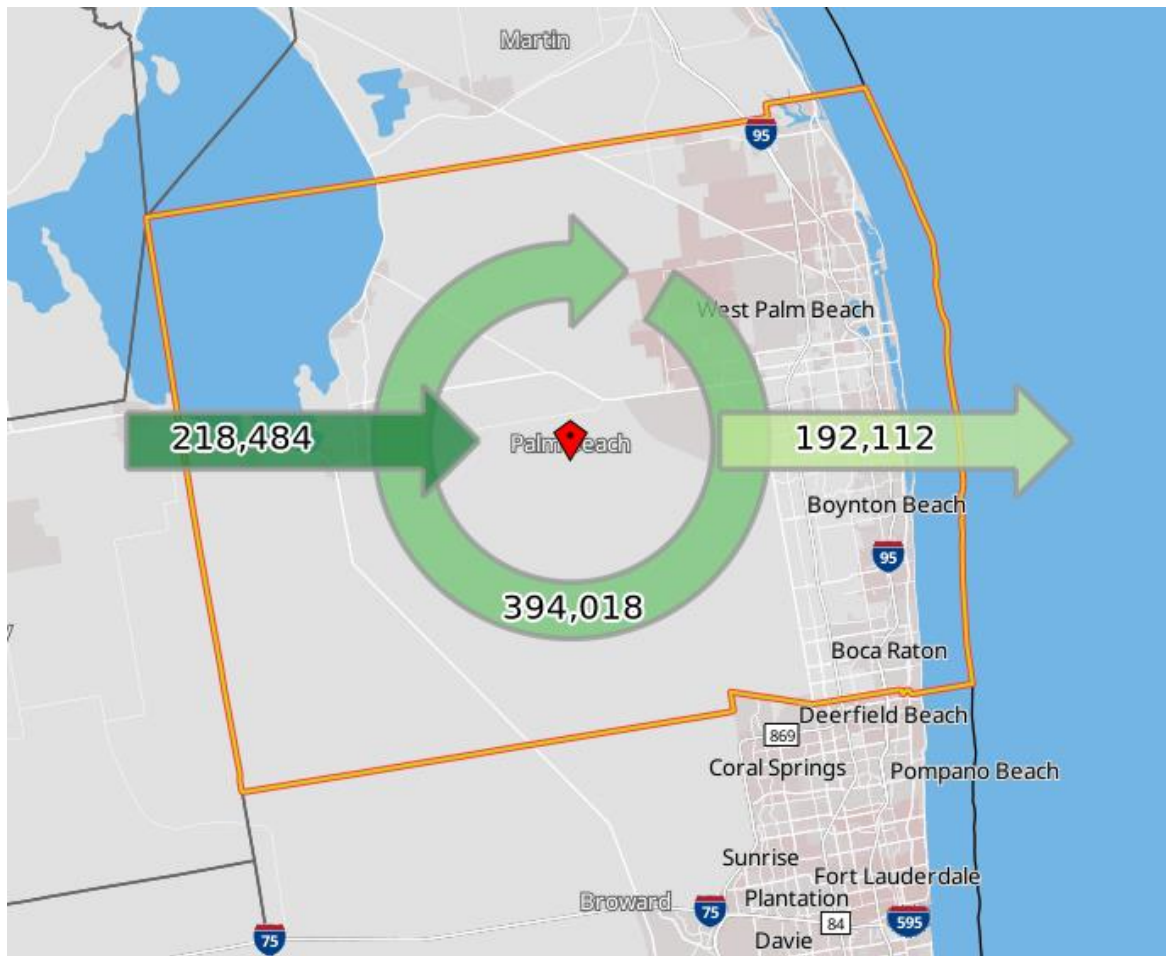


Worker Adjustment and Retraining Notification Act (WARN)

WARN notices are sent in coordination with the United States labor law which protects employees by requiring most employers with 100 or more employees to provide 60 calendar day advance notification of plant closings and mass layoffs of employees. WARN notices are available at the city level. There have been no WARN notices issued in the last three years in the Village of Wellington

Commuting Patterns

An inflow/outflow map of residents and workers in Palm Beach County is provided:



Source: Census OnTheMap

Palm Beach County is an economic hub that attracts commuters from surrounding counties. Based on 2019 (most recent available) data, 586,130 workers live in Palm Beach County but 612,502 workers are employed in Palm Beach County.

Typical travel time provides an indication of the distance from employment residents live and/or the traffic congestion involved with their commutes. The typical travel time is provided:

TYPICAL TRAVEL TIME		
<i>Commuter Time</i>	<i>Number</i>	<i>Percent</i>
Less Than 15 Minutes	129,231	21.6%
15 to 29 Minutes	238,049	39.7%
30 to 44 Minutes	144,123	24.0%
45 to 59 Minutes	43,507	7.3%
60 or More Minutes	44,428	7.4%
Total	599,338	100.0%
Source: American Community Survey		

Most residents have travel times less than 30 minutes.

Travel patterns in the county provide an indication of where residents work and their commuting patterns. The typical modes of transportation are provided:

TYPICAL MODE OF TRANSPORTATION		
<i>Mode of Transportation</i>	<i>Number</i>	<i>Percent</i>
Drove Alone	497,601	72.9%
Carpooled	67,346	9.9%
Public Transit	9,427	1.4%
Walked	7,723	1.1%
Other Means	17,241	2.5%
Worked at Home	82,843	12.1%
Total	682,181	100.0%
Source: American Community Survey		

Most residents commute alone.

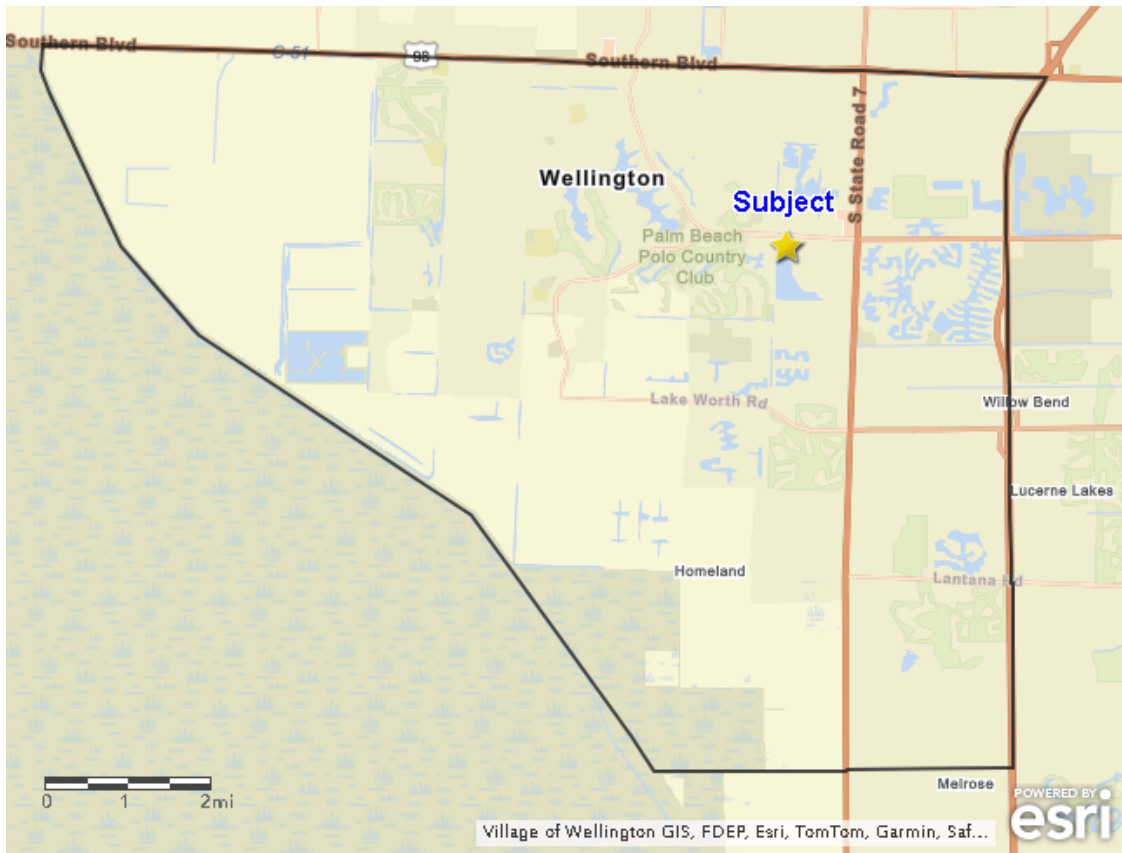
The following table illustrates the major employers in the area:

MAJOR EMPLOYERS IN PALM BEACH COUNTY		
<i>Company</i>	<i>Number of Employees</i>	<i>Industry</i>
Florida Crystals	1,900	Agriculture
U.S. Sugar Corp.	1,700	Agriculture
Pratt & Whitney Rocketdyne	1,200	Aerospace
A. Duda & Sons Growers	1,100	Agriculture
Thomas Produce Co.	1,000	Agriculture
Sikorsky Aircraft	880	Aviation
Walgreens Distribution	850	Pharmaceutical
SimplexGrinell/Tyco International	698	Manufacturing
IBM Corp.	600	Software
Palm Beach Newspapers	585	Mass Media
Sugar Growers Coop.	552	Agriculture
Cheney Brothers	550	Food & Beverage
BIOMET 3i, Inc.	519	Healthcare
ADT Worldwide/Tyco International	500	Manufacturing
Belcan Engineering Group	470	Aerospace
Jarden Consumer Solutions	467	Manufacturing
Pepsi Cola Bottling Co.	450	Food & Beverage
Siemens/Enterprise Communications	450	Telecommunications
Meisner Electric, Inc.	400	Energy
Signet Diagnostics Imaging	400	Manufacturing
Lockheed Martin Corpotation	400	Aerospace
Cemex/Rinker Materials	300	Manufacturing
Rexall Sundown	300	Pharmaceutical
Campus Management Corp.	256	Software
Ranger Construction Industries	250	Construction
Source: Business Development Board of Palm Beach County		

Conclusion

Palm Beach County is experiencing a growth in population and household formation due in part to the expanding job market attracting new residents to fill job opportunities. The economy is expanding with projects such as Nora, Tuttle Royale, and Lotis Wellington. The projects will create employment opportunities and offer entertainment options to attract households to the area. Employment is projected to increase by 8.3% over the next seven years. An increase in employment will create additional demand workers thereby attracting more households seeking quality rental housing options such as the subject.

Primary Market Area (PMA)



PMA Delineation

The PMA is the geographic area that a proposed or existing housing community serves. The primary market area was established by evaluating the transportation link between the subject and key employment nodes and residential support services. The Village of Wellington’s boundaries set the focus for the PMA. Florida’s Turnpike serves as the eastern boundary of the PMA.

The PMA’s boundaries are presented in the charts as follows:

PMA BOUNDARIES		
<i>Direction</i>	<i>Area of Delineation</i>	<i>Distance from Subject (mi)</i>
Northern	U.S. Highway 98	2.2
Southern	80th Street	6.3
Eastern	Florida's Turnpike	2.4
Western	Everglades	8.3

The selected census tracts are presented in the chart as follows:

CENSUS TRACTS	
120990077.57	120990077.05
120990077.58	120990077.10
120990077.59	120990077.21
120990077.63	120990077.23
120990077.64	120990077.24
120990077.70	120990077.25
120990077.71	120990077.50
120990077.75	120990077.51
120990077.76	120990077.52
120990077.78	120990077.54

PMA Recent Demographic Trends

Historic counts and future estimates for households and population within the PMA are provided below utilizing current Esri demographic information:

HOUSEHOLD GROWTH: PRIMARY MARKET AREA				
Year	Households	Change #	Change %	CAGR
2010	30,552	---	---	---
2020	34,803	4,251	13.9%	1.3%
2023	36,060	1,257	3.6%	1.2%
2028	37,030	970	2.7%	0.5%

Source: Esri

POPULATION GROWTH: PRIMARY MARKET AREA				
Year	Population	Change #	Change %	CAGR
2010	85,977	---	---	---
2020	97,264	11,287	13.1%	1.2%
2023	99,760	2,496	2.6%	0.8%
2028	101,749	1,989	2.0%	0.4%

Source: Esri

The 2020 census had data collection constraints due to the pandemic. Undercounting occurred in many areas that impacted the 2020 data as well as current and projected results generated by Esri. Census and Esri representatives stress the importance of supplementing economic and other demographic data when projecting household growth. Supplemental economic data combined with discussions with regional and local planners provided the basis for the growth forecast for household formation. A summary of the mentioned growth indicators is below:

GROWTH INDICATORS SUMMARY	
FLHSMV County Drivers Licenses 2022-2023 CAGR	3.01%
County Employment Trend 2021-2023 CAGR	2.10%
Total Wellington Absorbtion 2014-2024 CAGR	2.89%
Conclusion	3.00%
Source: STDB, Esri, BLS, SCODS, FL EDR, FLHSMV	

The demand model relies on the various demographic and economic indicators with reliance placed on more recent household growth trends. New job openings are occurring reflecting an expanding workforce and housing absorption trends are positive. This suggests household formation is occurring. **Therefore, an**

adjusted 3.00% growth rate was utilized in the analysis to better reflect more recent trends in growth in the PMA.

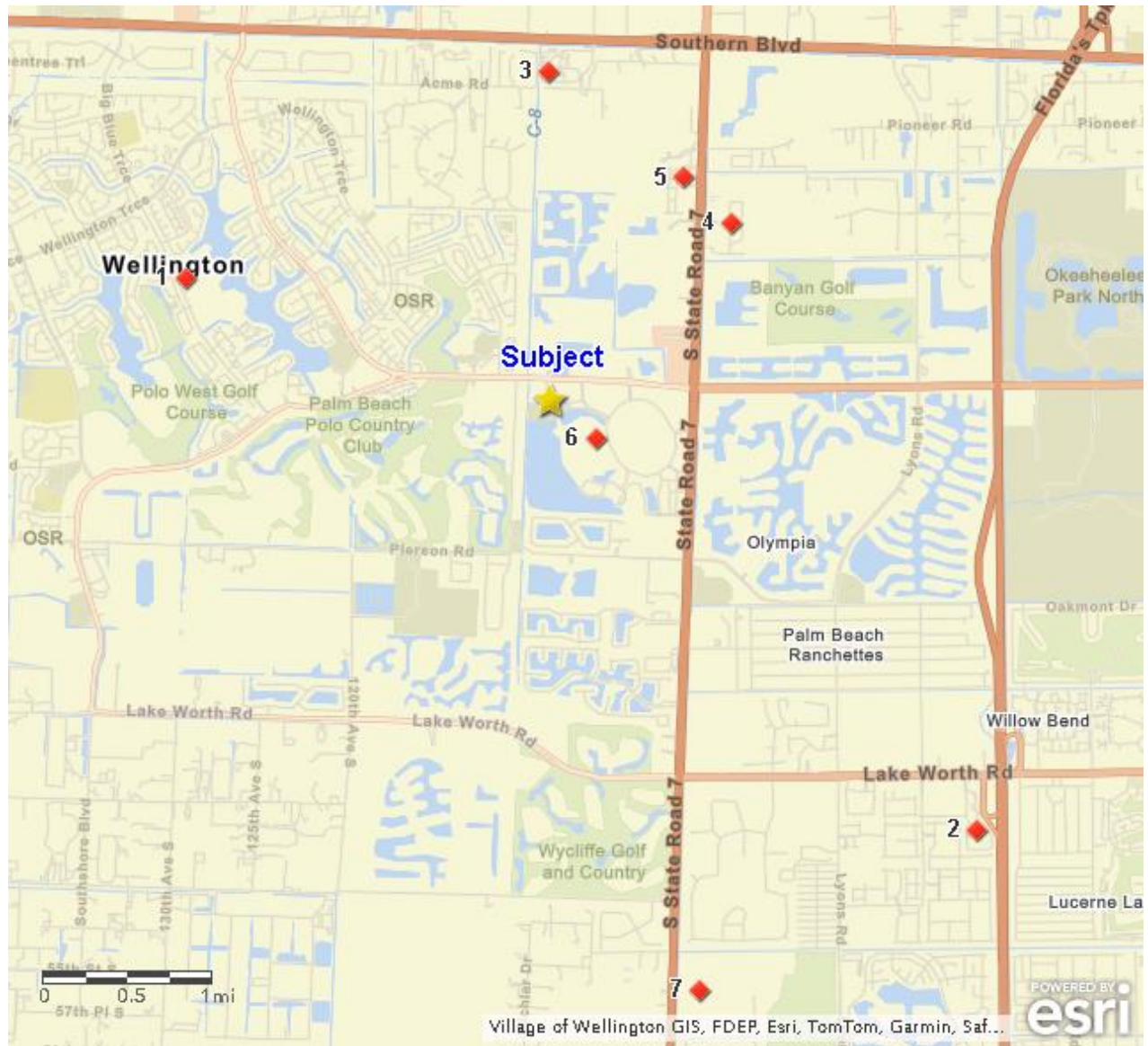
PMA Rental Survey Results

Rental apartment communities in the subject's region were interviewed in order to understand the dynamics of the market. Occupancy levels for the properties in the PMA are as follows:

APARTMENTS LOCATED WITHIN THE SUBJECT'S PMA						
#	Property Name	Year Built	Type	# Units	Occupancy	Occupied Units
---	Wellington Apartments	2027	Market-Rate	220	--	--
1	Elan Polo Gardens*	2024	Market-Rate	284	35%	101
2	Wellington Vista	2022	Market-Rate	370	95%	352
3	The Point at Southern Blvd	2019	Market-Rate	392	93%	366
4	The Quaye at Wellington	2017	Market-Rate	350	93%	326
5	The Point at Royal Palm Beach	2013	Market-Rate	268	93%	250
6	Axis Wellington Green	2013	Market-Rate	273	95%	260
7	10x Wellington Club	2012	Market-Rate	204	94%	191
Surveyed Rental Units in PMA - Stabilized Only				1,857	94.0%	1,745
Surveyed Rental Units in PMA				2,141	86.2%	1,845
Additional Rental Units in PMA (Built pre-2010)				1,428	94.1%	1,344
Total Rental Units in PMA				3,569	89.4%	3,189
*Property is in lease-up						

The surveyed properties are reporting an overall occupancy rate of 86.2%. As the chart above illustrates, Elan Polo Gardens is in lease-up. The remaining properties in the PMA are operating at capacity. As such, conditions in the subject's market area are appropriate for additions to supply.

A map of the rental properties in the PMA is presented:



PMA Future Supply

Officials with the Village of Wellington, along with officials from unincorporated Palm Beach County, were contacted to determine the pipeline of developments within the PMA. Additional information was obtained from third-party sources including CoStar and Yardi. A summary of known projects is provided:

Tuttle Royale Mixed-Use

1. *Villas at Tuttle Royale* is a 401-unit apartment community located in the Tuttle Royale mixed-use development project. The Villas at Tuttle Royale will include one-, two-, and three-bedroom, garden-style units and three and four-bedroom, townhome-style units. The project is under construction and is pre-leasing units. Property managers report that 3.74% of the units have been pre-leased.
2. *Tuttle Royale Apartments* is a 320-unit proposed garden-style apartment community located in the Tuttle Royale mixed-use development project. The received financing in March 2024 and will likely be delivered within the analysis window.
3. *Main Street Tuttle Royale* is a proposed 401-unit mid-rise that will be the main attraction of the Tuttle Royale mixed-use development project. The 401 units will be located on top of a major retail node that will feature high-end retailers. The retail component is already 60% preleased and will include retailers such as Fresh Market, Bowlero Bowling, iPic Dine-in Movie Theatre, LA Fitness, Improv Comedy Club, Cheesecake Factory, Ruth's Chris Steakhouse, Tommy Bahama Marlin Bar, and North Italia. The node will also feature major clothing retailers such as Lululemon, Urban Outfitters, and Free People. The project has not broken ground. However, to remain conservative, the project was included in the demand analysis.



Lotis Wellington Mixed-Use

Lotis Wellington Phase I was recently approved to include 372 multifamily units, 42,000 square feet of restaurants, 12,000 square feet of retail, 13,000 square feet of professional offices, and 60,000 square feet of medical office space. The site is being cleared and will likely deliver units within the analysis window.

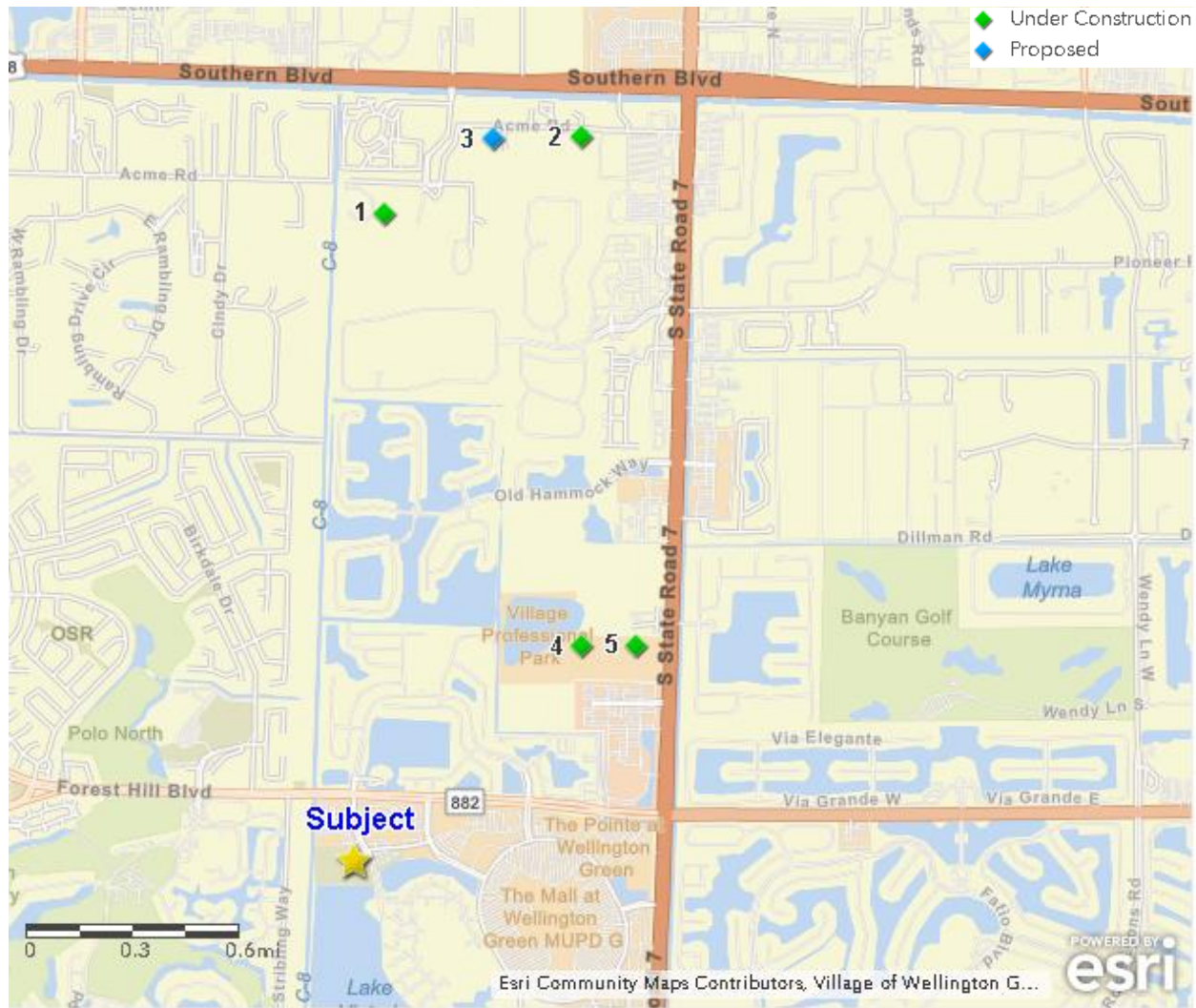
Lotis Wellington Phase II will include 100 single-family residences, 72 townhome residences, a mini-golf course, and an early education center. The site is being cleared, however, due to the timeline of build-to-rent communities, the units are anticipated to be delivered in the fourth year of the demand analysis.



A summary of the future supply projects likely to move forward in the PMA is provided:

FUTURE SUPPLY SUMMARY			
<i>Property Name</i>	<i>Orientation</i>	<i>Status</i>	<i># of Units</i>
Villas at Tuttle Royale	Market-Rate	Under Construction	401
Tuttle Royale Apartments	Market-Rate	Under Construction	320
Main Street Tuttle Royale	Market-Rate	Proposed	401
Lotis Wellington Phase I	Market-Rate	Under Construction	372
Lotis Wellington Phase II	Market-Rate	Under Construction	172
TOTAL UNIT DELIVERIES BY 2027			1,494
TOTAL UNIT DELIVERIES BY 2028			1,666

A map of the future supply in the PMA is provided:



Market Supply and Demand Analysis

Methodology

Two methodologies are utilized to judge market support for the subject. The first presents an incremental approach that evaluates new renter household formation relative to new rental housing supply. This approach takes into consideration all price points and rental housing demand. In essence, the methodology evaluates the balance of supply and demand overall. The second methodology, effective demand, evaluates both the proposed project's ability to be absorbed and the risk level associated with absorption. Furthermore, it provides an indication of saturation at the price point anticipated for the subject. The incremental analysis is presented first, followed by the effective demand analysis.

INCREMENTAL (NET) DEMAND ANALYSIS

Incremental (net) demand analyzes new household formation relative to existing and proposed supply. The purpose is to evaluate the primary market area relative to potential saturation.

Household Growth

The analysis begins with the quantification of households within the defined PMA. Once total households are calculated, they were projected forward based on growth rates obtained through ESRI. Per industry standards, it is recommended that the forecast period be between 36 and 48 months from the date of the study. Household growth projected forward to 2028 is provided:

HOUSEHOLD GROWTH - PMA		
<i>Year</i>	<i>Total Households</i>	<i>Annual Growth</i>
2023	36,060	---
2024	37,209	1,149
2025	38,357	1,149
2026	39,506	1,149
2027	40,655	1,149
2028	41,803	1,149

Source: Esri, Value Tech Realty Services

Change in Inventory (CINCH)

A market will experience a loss in inventory stock due to natural and man-related disasters. This could be from storms, fires, or intentional demolition due to functional obsolescence. National statistics available rely on a 2015-2017 CINCH study. Across the national housing stock, the annual permanent removal rate is 0.37%. In renter occupied buildings, the annual permanent removal rate is 0.33%. In all occupied buildings, the annual permanent removal rate is 0.23%. Placing reliance on this study, a factor of **0.23%** of homes was estimated to be lost. Applying the ratio to the housing stock by year indicates the following number of units will be lost over the projection period:

ANNUAL HOUSING STOCK LOSS			
<i>Year</i>	<i>Total Households</i>	<i>Removal Rate</i>	<i>Annual Housing Stock Loss</i>
2023	36,060	0.23%	---
2024	37,209	0.23%	85
2025	38,357	0.23%	88
2026	39,506	0.23%	90
2027	40,655	0.23%	93
2028	41,803	0.23%	96

Propensity to Rent

Propensity to rent is the likelihood of a household in a market to be a renter household. The existing propensity to rent is a function of current renter households and the housing product that is available. However, this calculation does not project propensity to rent in the future. As product becomes available, the properties are absorbed, and the household mix is altered. The result is the capturing of “latent demand,” which is demand that would seek housing in a market but is restricted due to lack of appropriate supply. Once captured, the market’s propensity to rent could change.

The calculation of future propensity to rent is based on the forecasted rental supply divided by the change of total households over the analysis period. The estimated propensity to rent based on new supply is based off the total rental supply in the PMA built after 2023. This is calculated by adding the existing supply built after 2023 to the forecasted additions to supply over the analysis window. Then the change in total households from 2023 to 2027 is calculated to represent household growth over the analysis window. The addition to supply is divided by the addition of renter households to show how many of the new households will be renters. This represents the propensity to rent after taking the “latent demand” into consideration.

PROPENSITY TO RENT - NEW SUPPLY - 2027	
A Rental supply in lease-up	183
B Future supply through 2027	1,666
C Total Rental Additions (A+B)	1,849
D Projected Annual Household Growth (2027)	3,446
E Projected Propensity to Rent (C÷D)	53.7%
Source: Esri & Value Tech Realty Services, Inc.	

A 50.0% (rounded) propensity to rent is concluded to over the analysis period. The indicated propensity to rent is applied to the total household growth and housing stock loss over the analysis period to determine demand for new and replacement rental housing.

Balanced Market Calculation

The supply and demand analyses are conducted on the basis of an overall balanced market. This is to ensure that there is enough sustainable demand for the subject without adversely impacting the existing supply. An occupancy level of 95% is the standard for a balanced market. Therefore, the balanced market calculation incorporates a 5% vacancy rate.

Surveyed supply in the PMA includes the 3,569 units presented previously. The 5% vacancy rate is multiplied by the total units in the PMA. This calculates the number of vacant units that are required for a balanced market. The current vacant units in the PMA are then deducted from the required vacant units.

The excess demand (positive number) or supply (negative number) is then added or subtracted to the incremental (net) demand analysis. This calculation is shown in the following chart:

BALANCED MARKET VACANCY CALCULATION	
Surveyed PMA Supply	3,569
Balanced Market Vacancy Rate	5.0%
Vacant Units in Balanced Market	178
Surveyed PMA Supply	3,569
PMA Vacancy Rate	10.6%
Vacant Units in PMA	380
PMA Balanced Market Vacancy Calculation	-201

A positive number is excess demand and is added to demand in the current year. A negative number is excess supply and is subtracted from demand. Typically, excess supply is due to new apartment communities in lease-up. Elan Polo Gardens began leasing units in January 2024 and is experiencing normal absorption rates.

Total Incremental (Net) Housing Demand

Total incremental (net) housing demand is the combination of household growth with the inventory loss and vacant units required to lease-up. The incremental (net) demand includes all rental households. This is provided as follows:

INCREMENTAL DEMAND SUMMARY - ALL HOUSEHOLDS							
	<i>Month</i>	<i>July 1</i>	<i>May 31</i>	<i>May 31</i>	<i>May 31</i>	<i>May 31</i>	
	Esri Base	Current	Forecast	Forecast	Forecast		
	Year	Year	Year 1	Year 2	Year 3		
		2023	2024	2025	2026	2027	3-Year Estimate
Total Households		36,060	37,017	38,166	39,315	40,463	
A Projected Annual Household Growth			957	1,149	1,149	1,149	3,446
Total Households			37,017	38,166	39,315	40,463	
Annual Removal Rate			0.23%	0.23%	0.23%	0.23%	
B Annual Housing Stock Loss			85	87	90	93	270
C Propensity to Rent Over Analysis Period							50.0%
D Demand for New Rental Housing (A+B)*C							1,858
Surveyed PMA Supply		3,569					
Vacant Units in Balanced Market		178					
Vacant Units in PMA		380					
E PMA Balanced Market Vacancy Calculation		-201					-201
F Total Demand for Rental Housing (D+E)							1,657
Future Supply						1,494	
Subject Units						220	
New Supply						1,714	
G New Supply (at 95% Occupancy)						1,628	
H Excess Demand - Including Subject (F-G)							28

*Totals may not add due to rounding

An excess demand value of -100 to +100 indicates a market will be generally in balance. An excess demand value of less than -100 indicates a market may be oversupplied. An excess demand value of greater than +100 indicates a market that may continue to be under supplied.

The incremental analysis indicates there is sufficient new demand in the PMA to absorb the proposed subject. Excess demand exists indicating the addition of the subject will have no impact on existing or future supply. **Based on the overall analysis and the new renter household analysis, there is market support for the subject as proposed. The addition of the subject will not create a soft housing market.**

Impact on Existing HUD Housing

There are no existing HUD-insured properties located in the subject's PMA.

EFFECTIVE DEMAND ANALYSIS

Methodology

The effective demand analysis provides an indication of market support at the price points anticipated for the subject. Further, it examines potential saturation. A demographic analysis was conducted of the primary market area (PMA). The market analysis is based on the following steps:

1. Quantify the number of renter households within the PMA by income level;
2. Analyze household growth to estimate the future rental demand that would likely reside within apartments;
3. Quantify the level of rental demand the subject would capture;
4. Determine the competitive set of apartments;
5. Quantify supply and demand;
6. Calculate market penetration and capture rates, and
7. Evaluate the results relative to the guidelines provided by the National Council of Housing Market Analysts (NCHMA)

Projected Households by Income

The analysis begins with the quantification of households within the defined PMA by income. Once total households are calculated, they were projected forward based on growth rates obtained through ESRI. Per industry standards, it is recommended that the forecast period be between 36 and 48 months from the date of the study. Household growth projected forward by income to 2028 is provided:

TOTAL HOUSEHOLDS IN THE PMA						
<i>Income Level:</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>
<\$15,000	1,528	1,489	1,451	1,412	1,374	1,335
\$15,000-\$24,999	1,161	1,108	1,054	1,001	947	894
\$25,000-\$34,999	1,671	1,610	1,548	1,487	1,425	1,364
\$35,000-\$49,999	2,185	2,107	2,029	1,950	1,872	1,794
\$50,000-\$74,999	4,882	4,861	4,841	4,820	4,799	4,779
\$75,000-\$99,999	4,638	4,710	4,782	4,854	4,927	4,999
\$100,000-\$149,999	8,431	8,822	9,214	9,605	9,997	10,388
\$150,000-\$199,999	4,574	4,987	5,400	5,813	6,226	6,639
\$200,000+	6,990	7,514	8,039	8,563	9,087	9,612
Total Households	36,060	37,209	38,357	39,506	40,655	41,803

Projected Renter Households by Income

The most recent American Community Survey data for the PMA is used to estimate propensity to rent by income within the defined PMA:

PROPENSITY TO RENT - EXISTING HOUSEHOLDS	
<i>Income Level</i>	<i>Renter %</i>
<\$15,000	34.2%
\$15,000-\$24,999	28.3%
\$25,000-\$34,999	34.1%
\$35,000-\$49,999	26.6%
\$50,000-\$74,999	30.6%
\$75,000-\$99,999	25.5%
\$100,000-\$149,999	15.6%
\$150,000+	11.3%
Source: American Community Survey	

These rates are generally indicative of an inverse relationship between household income levels and the propensity to rent. As household incomes decline, the propensity to rent increases. The propensity to rent is applied to the households to determine potential rental housing demand.

The propensity to rent by income is then applied to the projection of renter households by income at the end of the 36-month analysis period:

PROJECTED RENTER HOUSEHOLDS BY INCOME - 2027			
<i>Income Levels</i>	<i>Total Households</i>	<i>Propensity to Rent</i>	<i>Renter Households</i>
\$0-\$14,999	1,374	34.2%	469
\$15,000-\$24,999	947	28.3%	268
\$25,000-\$34,999	1,425	34.1%	486
\$35,000-\$49,999	1,872	26.6%	499
\$50,000-\$74,999	4,799	30.6%	1,468
\$75,000-\$99,999	4,927	25.5%	1,256
\$100,000-\$149,999	9,997	15.6%	1,557
\$150,000-\$199,999	6,226	11.3%	701
\$200,000+	9,087	11.3%	1,023
Total Projected Renter Households - 2027			7,726
Source: American Community Survey, Esri, Value Tech Realty Services			

Demand Analysis – Income Qualification

The subject is a proposed market-rate apartment community. An analysis was conducted to determine the cost-to-income ratio that is supportable by the market for potential residents at the proposed project. Discussions with leasing agents indicate that tenants are qualified at a threshold approximately three times the rent. Therefore, a rounded 35% income ratio was applied in the analysis.

HOUSEHOLD INCOME REQUIREMENTS - MARKET RATE	
Low End of Subject's Rental Range	\$2,400
Maximum Housing Cost as % of Income	35%
Monthly Income Required	\$6,857
Annual Income Required	\$82,286
Conclusion	\$83,000

The income qualified renter households in 2027 for the PMA are presented:

MKT RATE RENTER HOUSEHOLDS - 2027			
<i>Income Level:</i>	<i>Total Renter Households</i>	<i>Allocation</i>	<i>Qualified Renter Households</i>
<\$15,000	469	0.0%	0
\$15,000-\$24,999	268	0.0%	0
\$25,000-\$34,999	486	0.0%	0
\$35,000-\$49,999	499	0.0%	0
\$50,000-\$74,999	1,468	0.0%	0
\$75,000-\$99,999	1,256	68.0%	854
\$100,000-\$149,999	1,557	100.0%	1,557
\$150,000-\$199,999	701	100.0%	701
\$200,000+	1,023	100.0%	1,023
Total Households	7,726	53.5%	4,135

Approximately 53.5% of the renter households in the PMA will be income qualified based on the subject's proposed starting rents.

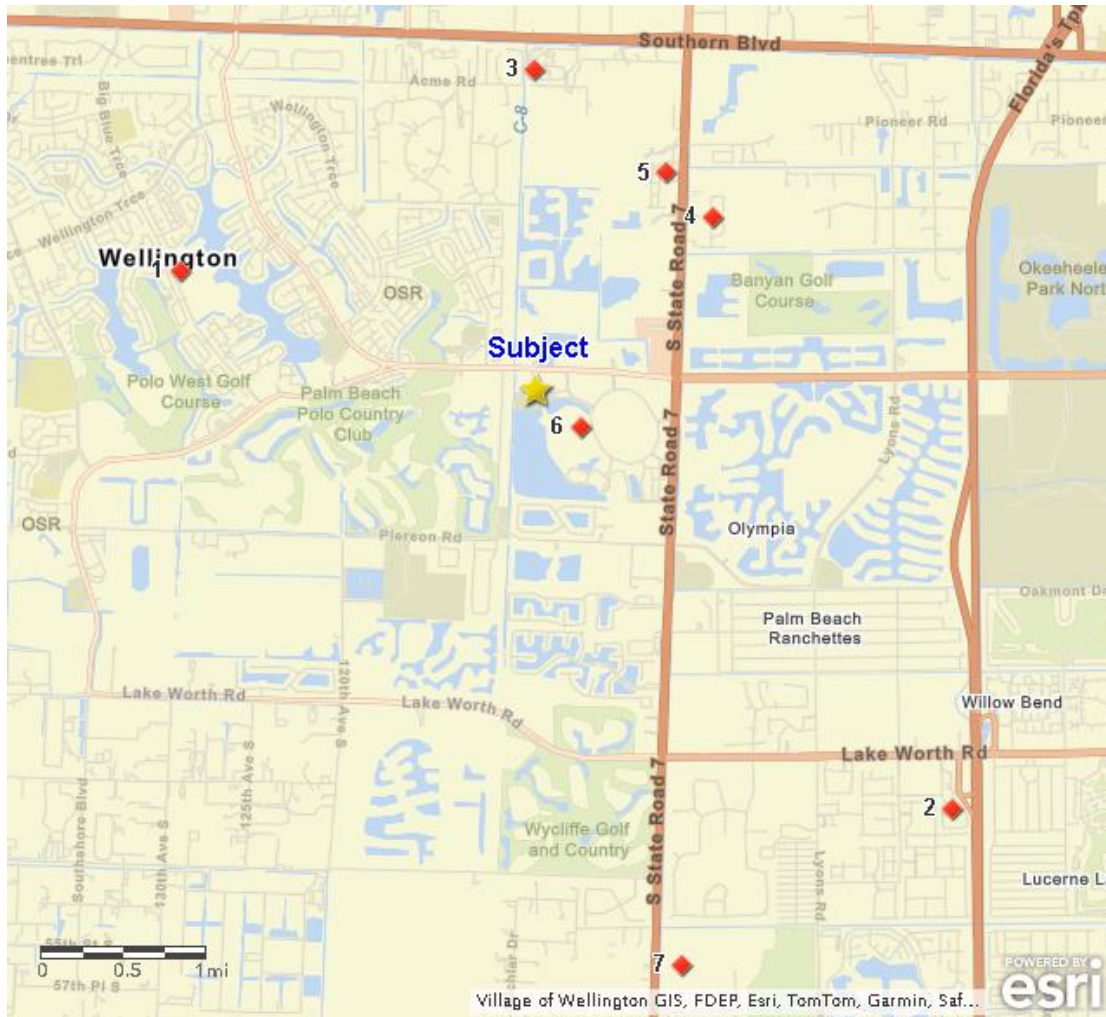
Existing Supply – Market Rate

Properties that were built after 2010 were considered to be competitive with the subject. The occupancy levels for the properties within the PMA are shown as follows:

SUBJECT'S COMPETITIVE SUPPLY						
#	<i>Property Name</i>	<i>Year Built</i>	<i>Type</i>	<i># Units</i>	<i>Occupancy</i>	<i>Occupied Units</i>
---	Wellington Apartments	2027	Market-Rate	220	--	--
1	Elan Polo Gardens*	2024	Market-Rate	284	35%	101
2	Wellington Vista	2022	Market-Rate	370	95%	352
3	The Point at Southern Blvd	2019	Market-Rate	392	93%	366
4	The Quaye at Wellington	2017	Market-Rate	350	93%	326
5	The Point at Royal Palm Beach	2013	Market-Rate	268	93%	250
6	Axis Wellington Green	2013	Market-Rate	273	95%	260
7	10x Wellington Club	2012	Market-Rate	204	94%	191
Surveyed Competitive Units in PMA - Stabilized				1,857	94%	1,745
Surveyed Competitive Units in PMA				2,141	86%	1,845
*Property is in lease-up						

The competitive market is reporting a 86% occupancy level. As previously stated, Elan Polo Gardens began leasing units in January 2024. The remaining properties are operating at capacity and conditions in the PMA are appropriate for additions to supply.

A map of the rental properties in relation to the PMA is provided:



A summary of the properties in the PMA is provided:

Competitive Properties

Elan Polo Gardens (Lease # 1)

Elan Polo Gardens is a 284-unit apartment community built in 2024. It features one-, two-, and three-bedroom units ranging from 715 to 1,258 square feet. The property features a clubhouse, pool, fitness center, BBQ/picnic area, pet park, and gated/secure access.

No utilities are included in base rents. Trash removal, pest control, and internet are billed above base rents at a rate of \$30, \$7, and \$75 per month, respectively. Detached garages are available for an additional fee of \$200 per month. The property had their first move-ins in January 2024. At the time of the survey, the property was 35.4% occupied.

Wellington Vista (Lease # 2)

Wellington Vista is a 370-unit apartment community built in 2022. It features one-, two-, and three-bedroom units ranging from 793 to 1,778 square feet. The property features a clubhouse, pool, fitness center, business center, recreational area, BBQ/picnic area, and gated/secure access.

Pest control is the only utility included in base rent. Trash removal is billed above base rents at a rate of \$25 per month. Property managers refused to participate in the survey. At the time of the survey, the property was 95.2% occupied.

The Point at Southern Blvd (Lease # 3)

The Point at Southern Boulevard is a 392-unit apartment community built in 2019. It features one-, two-, and three-bedroom units ranging from 721 to 1,306 square feet. The property features a clubhouse, pool, fitness center, BBQ/picnic area, playground, tennis/pickleball court, theatre room, putting green, and gated/secure access.

Pest control is the only utility included in base rents. Trash removal is billed above base rents at a rate of \$20 per month. Storage units are available for an additional fee of \$50 and \$175 per month, depending on size. At the time of the survey, the property was 93.4% occupied.

The Quaye at Wellington (Lease # 4)

The Quaye at Wellington is a 350-unit apartment community built in 2017. It features one-, two-, three-, and four-bedroom units ranging from 888 to 2,156 square feet. The property features a clubhouse, pool, fitness center, multi-sport simulator, pet park, indoor sport court, playground, and gated/secure access.

The property would not participate in the market survey. At the time of the survey, the property was 93.1% occupied.

The Point at Royal Palm Beach (Lease # 5)

The Point at Royal Palm Beach is a 268-unit apartment community built in 2013. It features one-, two-, and three-bedroom units ranging from 800 to 1,365 square feet. The property features a clubhouse, pool, fitness center, business center, pet park, tennis/pickleball court, and gated/secure access.

Pest control is the only utility included in base rents. Trash removal is billed above base rents at a rate of \$14 per month. Detached and attached garages are available for an additional fee of \$100 and \$125 per month, respectively. At the time of the survey, the property was 93.2% occupied.

Axis Wellington Green (Lease # 6)

Axis Wellington Green is a 273-unit apartment community built in 2013. It features one-, two-, and three-bedroom units ranging from 848 to 1,432 square feet. The property features a clubhouse, pool, fitness center, business center, BBQ/picnic area, playground, pet park, recreation area, and gated/secure access.

No utilities are included in base rents. Trash removal and pest control are billed above base rents at a rate of \$56 and \$5 per month, respectively. Detached garages are available for an additional fee of \$200 per month. At the time of the survey, the property was 95.2% occupied.

10x Wellington Club (Lease # 7)

10X Wellington Club is a 204-unit apartment community built in 2012. It features one-, two-, and three-bedroom units ranging from 758 to 1,295 square feet. The property features a clubhouse, pool, spa, fitness center, business center, pet park, BBQ/picnic area, tennis court, and gated/secure access.

Property managers would not participate in the survey. Water is billed at a flat rate of \$42, \$58, and \$72 per month for one-, two-, and three-bedroom units respectively. At the time of the survey, the property was 93.6% occupied.

Capture and Penetration Analysis

A **capture rate** is defined as the percentage of age, size, and income-qualified renter households in the primary market area that the subject property must capture to achieve a stabilized level of occupancy. The overall capture rates shown above are well within the norm of the industry, indicating the subject is supported by the PMA.

A **penetration rate** (total competitive supply divided by qualified households expected to rent) provides another methodology to measure the strength of a market. It is the percentage of age- and income-qualified renter households in the primary market area that all competitive existing and proposed properties must capture to achieve a stabilized level of occupancy.

A capture rate provides an indication of the subject's portion of demand necessary to fill to a stabilized level. A low capture rate indicates absorption should be at normalized levels. The penetration rate provides an indication of overall market saturation. The higher the percentage, the higher the risk. Both capture and penetration rates are within an acceptable level for market support. This indicates a normalized absorption period is anticipated. This is summarized as follows:

MARKET RATE OVERALL CAPTURE AND PENETRATION - 2027		
a	Qualified Renter Households	4,135
b	Competitive Current Supply	2,141
c	at 95% Occupancy	2,034
d	Competitive Future Supply	1,666
e	at 95% Occupancy	1,583
f	Subject Units	220
g	at 95% Occupancy	209
h	Total Supply (c+e+g)	4,027
i	at 95% Occupancy	3,826
j	Capture Rate (g/a)	5.05%
k	Penetration Rate (i/a)	92.52%

The capture rate for the subject is low indicating there is ample demand in the market to support the project. This would suggest the lease-up will be at normal levels. There is ample demand to absorb the future supply and sustain the existing supply, including the subject.

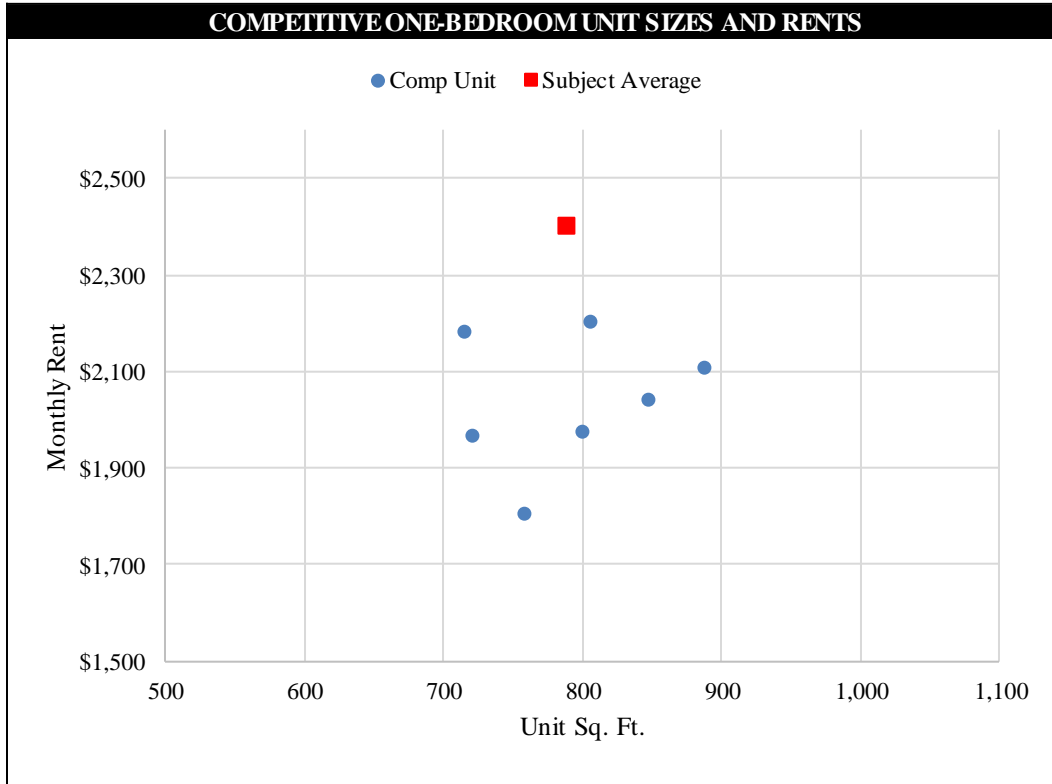
Nearly 100% of rental households moving to the PMA are being captured by rental apartments. This is contributing to a high penetration rate. There is minimal alternative rental product available in the PMA. Therefore, new rental households will be required to utilize rental apartments. As such, apartments will experience a high penetration rate of qualified renter households.

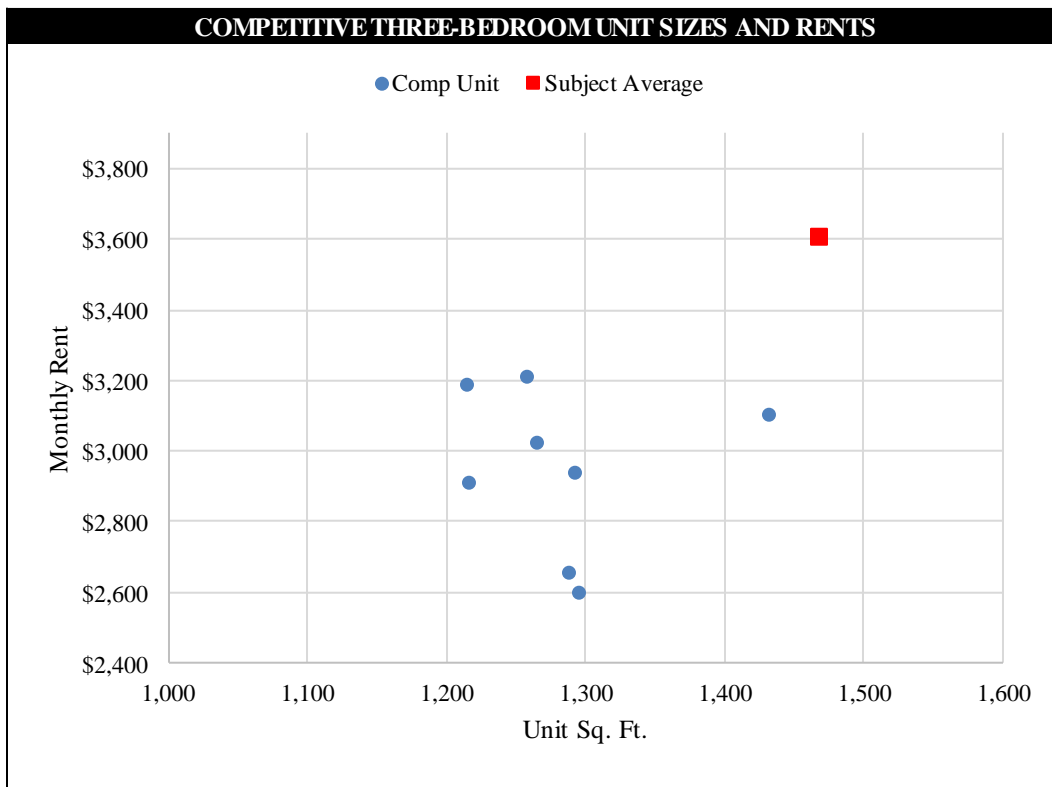
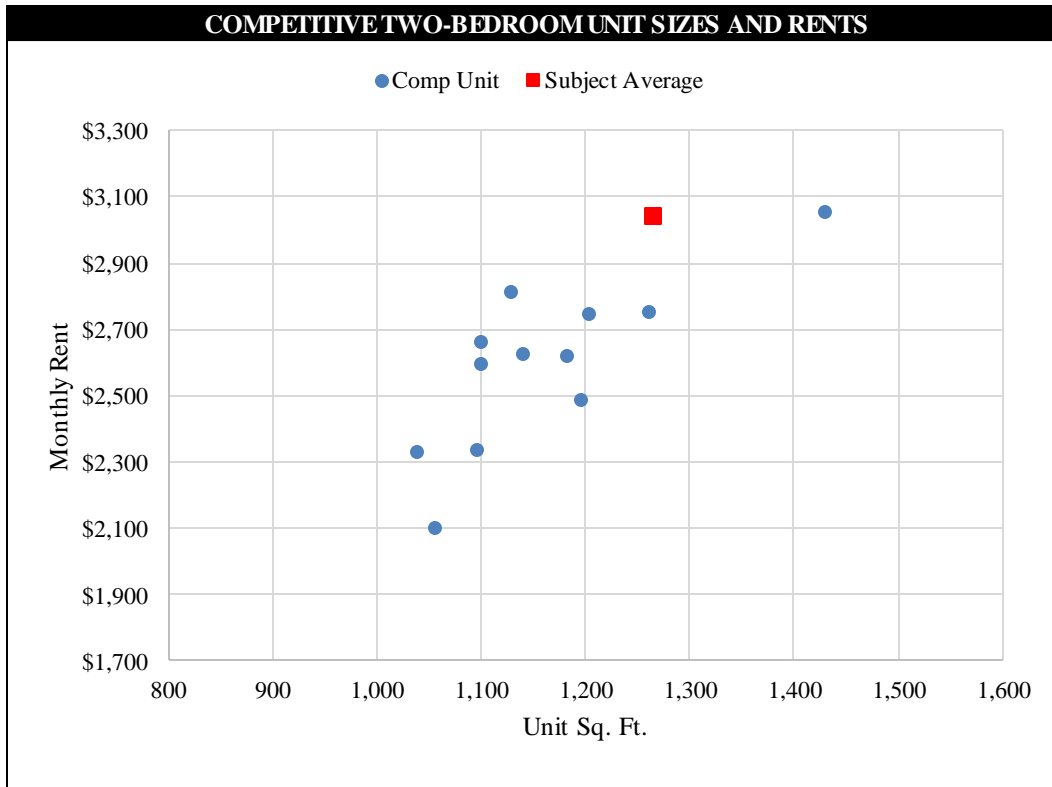
The saturation level for the proposed project is within an acceptable level indicating the market can support the subject. The capture and penetration analyses suggest the subject should experience normal absorption rates.

Based on the demographic analysis, there is market support for the subject. There is enough demand for all of the properties in the PMA.

Market Rent Analysis

Base rents and square footages for the subject and units at the comparable/competitive properties are presented by bedroom:





The HUD MAP Guide asks for market rents and gross rents by unit type. Gross rent is defined as the cost of renting the unit, including the cost of resident paid utilities. The MAP Guide further defines utilities as water/sewer, electricity, and/or gas.

The subject's base rate will not include any utilities. Therefore, utility costs including electricity, water/sewer, trash removal, and pest control are the responsibility of the tenant. This is similar to the pricing structure at the newer communities in the market that are considered most similar to the subject. The subject property will not have gas; therefore, gas rates were not provided. Gross rents for each property were analyzed. The resident paid utilities were based on local market data as follows:

HOUSING AUTHORITY UTILITY ALLOWANCE- WATER AND SEWER			
<i>Item</i>	<i>One-Bedroom</i>	<i>Two-Bedroom</i>	<i>Three-Bedroom</i>
Water	\$13	\$17	\$25
Sewer	\$23	\$27	\$32
Total Water/Sewer	\$36	\$44	\$57
Source: Palm Beach County Housing Authority			

HOUSING AUTHORITY ELECTRIC ADJUSTMENT			
<i>Item</i>	<i>One-Bedroom</i>	<i>Two-Bedroom</i>	<i>Three-Bedroom</i>
Heating	\$4	\$5	\$6
Cooking	\$7	\$7	\$8
Water Heating	\$19	\$23	\$31
Other Electric	\$25	\$30	\$36
Air Conditioning	\$39	\$47	\$58
Total Electric	\$94	\$112	\$139
Source: Palm Beach County Housing Authority			

TRASH REMOVAL ADJUSTMENT	
<i>Property</i>	<i>Rate</i>
Elan Polo Gardens	\$30
Wellington Vista	\$25
The Point at Royal Palm Beach	\$14
The Point at Southern Boulevard	\$20
Axis Wellington	\$56
Conclusion	\$29

PEST CONTROL ADJUSTMENT	
<i>Property</i>	<i>Rate</i>
Elan Polo Gardens	\$7
Axis Wellington	\$5
Conclusion	\$6

The income targeted by the subject was defined based on the most comparable properties located in the PMA. The rental rates provided reflect current 2024 rents and have not been trended into the future. The rental rate range for the comparable set is summarized by unit type as follows:

ONE-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
SUBJECT	\$2,400	\$2,400	None	\$165	\$2,565	\$2,565
Elan Polo Gardens	\$2,181	\$2,181	None	\$165	\$2,346	\$2,346
The Point at Southern Blvd	\$1,966	\$2,203	P	\$159	\$2,125	\$2,362
The Quaye at Wellington	\$2,109	\$2,109	None	\$165	\$2,274	\$2,274
The Point at Royal Palm Beach	\$1,975	\$1,975	P	\$159	\$2,134	\$2,134
Axis Wellington Green	\$2,040	\$2,040	None	\$165	\$2,205	\$2,205
10x Wellington Club	\$1,804	\$1,804	P	\$159	\$1,963	\$1,963

TWO-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
SUBJECT	\$2,949	\$3,149	None	\$191	\$3,140	\$3,340
Elan Polo Gardens	\$2,662	\$2,815	None	\$191	\$2,853	\$3,006
Wellington Vista	\$2,335	\$3,837	P	\$185	\$2,520	\$4,022
The Point at Southern Blvd	\$2,593	\$2,753	P	\$185	\$2,778	\$2,938
The Quaye at Wellington	\$3,054	\$3,054	None	\$191	\$3,245	\$3,245
The Point at Royal Palm Beach	\$2,327	\$2,488	P	\$185	\$2,512	\$2,673
Axis Wellington Green	\$2,620	\$2,748	None	\$191	\$2,811	\$2,939
10x Wellington Club	\$2,100	\$2,100	P	\$185	\$2,285	\$2,285

THREE-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
SUBJECT	\$3,600	\$3,600	None	\$231	\$3,831	\$3,831
Elan Polo Gardens	\$3,210	\$3,210	None	\$231	\$3,441	\$3,441
Wellington Vista	\$3,022	\$3,600	P	\$225	\$3,247	\$3,825
The Point at Southern Blvd	\$2,911	\$3,186	P	\$225	\$3,136	\$3,411
The Quaye at Wellington	\$3,343	\$3,343	None	\$231	\$3,574	\$3,574
The Point at Royal Palm Beach	\$2,656	\$2,656	P	\$225	\$2,881	\$2,881
Axis Wellington Green	\$3,105	\$3,105	None	\$231	\$3,336	\$3,336
10x Wellington Club	\$2,600	\$2,600	P	\$225	\$2,825	\$2,825

Concessions

Concessions among the competitive properties are minimal, as noted:

CONCESSION SUMMARY	
Property Name	Concession Offered
Elan Polo Gardens	1 Month Free
Wellington Vista	\$1,000 Off Two-Bedroom Units
The Point at Southern Blvd	Waived App And Admin Fee
The Quaye at Wellington	None
The Point at Royal Palm Beach	None
Axis Wellington Green	Waived Admin Fee
10x Wellington Club	None

Absorption

The subject will be a newly-constructed apartment complex that will require lease-up. The absorption rates for new properties in the area are provided:

ABSORPTION ANALYSIS					
<i>Property</i>	<i>Month Lease-Up Began</i>	<i>Total # of Units</i>	<i>Months in Lease Up</i>	<i>Absorbed Units per Month</i>	<i>Current Occupancy</i>
<i>CURRENTLY IN LEASE-UP</i>					
Elan Polo Gardens	Jan-24	284	4	25	35%
Source: Leasing agents at each community					

Elan Polo Gardens began leasing units in January 2024 and has leased an average of 25 units per month. The subject is anticipated to be fully absorbed within 18 months after leasing commences. The absorption schedule for the subject is estimated as follows:

WELLINGTON APARTMENTS			
Total Units			220.0
Stabilized Occupancy			95.0%
Stabilized Units			209.0
	Move Ins	Occ. Units	Occupancy
Construction Begins	0.0	0.0	0%
Month 1 (First C/O - Leasing Begins)	20.0	20.0	9%
Month 2	20.0	40.0	18%
Month 3	20.0	60.0	27%
Month 4	20.0	80.0	36%
Month 5	20.0	100.0	45%
Month 6	20.0	120.0	55%
Month 7	20.0	140.0	64%
Month 8	20.0	160.0	73%
Month 9	20.0	180.0	82%
Month 10	20.0	200.0	91%
Month 11	9.0	209.0	95%
Total	209.0	209.0	95%

ADDENDUM A
RENT COMPARABLES

**Lease Comparable 1
Elan Polo Gardens**

Property Identification - 23812	
Property Name	Elan Polo Gardens
Property Type	Multifamily Other
Address	4310 Chukka Lane
City, State, Zip	Wellington, Florida 33467
Occupancy	35.4%
Confirmed By	Max Perez
Confirmed With	Sylvia
Date of Confirmation	05-14-2024
Confirmation Phone	561-617-9690



Physical Data	
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Year Built	2024
Stories	3
Number of Units	284

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	96	715	68,640	\$2,181	\$209,376	\$3.05	34%
	2 Bd 2.0 Ba	96	1,100	105,600	\$2,662	\$255,552	\$2.42	34%
	2 Bd 2.0 Ba	46	1,129	51,934	\$2,815	\$129,490	\$2.49	16%
	3 Bd 2.0 Ba	46	1,258	57,868	\$3,210	\$147,660	\$2.55	16%
* Totals *		284	1,000	284,042	\$2,613	\$742,078	\$2.61	100%

Remarks

Elan Polo Gardens is a 284-unit apartment community built in 2024. It features one-, two-, and three-bedroom units ranging from 715 to 1,258 square feet. The property features a clubhouse, pool, fitness center, BBQ/picnic area, pet park, and gated/secure access.

No utilities are included in base rents. Trash removal, pest control, and internet are billed above base rents at a rate of \$30, \$7, and \$75 per month, respectively. Detached garages are available for an additional fee of \$200 per month. The property had their first move-ins in January 2024. At the time of the survey, the property was 35.4% occupied.

**Lease Comparable 2
Wellington Vista**

Property Identification - 23808

Property Name Wellington Vista
Property Type Multifamily
Address 8300 Garden Catalina Cir
City, State, Zip Lake Worth, Florida 33467
Occupancy 95.2%
Confirmed By Max Perez
Confirmed With Costar
Date of Confirmation 05-14-2024
Confirmation Phone 561-440-2254



Physical Data

Year Built 2022
Stories 3
Number of Units 370

Property Amenities Business Center, Clubhouse, Fitness Center, Playground, Pool, Property Manager on Site, Waterfront, Gated, Cabana, Grill, Package Service, Pet Play Area, Renters Insurance Program, Trash Pickup - Door to Door, Wi-Fi, Conference Rooms, Lounge, Maintenance

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	6	793	4,758				2%
	2 Bd 2.0 Ba	256	1,097	280,832	\$2,335	\$597,760	\$2.13	69%
	2 Bd 2.0 Ba	12	1,178	14,136				3%
	2 Bd 2.0 Ba	6	1,269	7,614				2%
	2 Bd 2.5 Ba	6	2,024	12,144	\$3,837	\$23,022	\$1.90	2%
	3 Bd 2.0 Ba	72	1,265	91,080	\$3,022	\$217,584	\$2.39	19%
	3 Bd 2.5 Ba	6	1,637	9,822	\$3,600	\$21,600	\$2.20	2%
	3 Bd 2.5 Ba	6	1,778	10,668				2%
* Totals *		370	1,165	431,054				100%

Remarks

Wellington Vista is a 370-unit apartment community built in 2022. It features one-, two-, and three-bedroom units ranging from 793 to 1,778 square feet. The property features a clubhouse, pool, fitness center, business center, recreational area, BBQ/picnic area, and gated/secure access.

Pest control is the only utility included in base rent. Trash removal is billed above base rents at a rate of \$25 per month. Property managers refused to participate in the survey. At the time of the survey, the property was 95.2% occupied.

**Lease Comparable 3
The Point at Southern Blvd**

Property Identification - 23811

Property Name The Point at Southern Blvd
Property Type Multifamily
Address 11020 Town Cir
City, State, Zip Royal Palm Beach, Florida
 33414-6520
Occupancy 93.4%
Confirmed By Max Perez
Confirmed With Ricardo
Date of Confirmation 05-14-2024
Confirmation Phone 561-990-1213



Physical Data

Year Built 2019
Stories 2
Number of Units 392

Property Amenities Air Conditioning, Clubhouse, Fitness Center, Playground, Pool, Tennis Court, Waterfront, Gated, Cabana, Grill, Putting Greens, Volleyball Court, Composting, Lounge, Freezer, Island Kitchen, Pantry, Patio

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	90	721	64,890	\$1,966	\$176,940	\$2.73	23%
	1 Bd 1.0 Ba	102	806	82,212	\$2,203	\$224,706	\$2.73	26%
	2 Bd 2.0 Ba	96	1,100	105,600	\$2,593	\$248,928	\$2.36	24%
	2 Bd 2.0 Ba	14	1,141	15,974	\$2,623	\$36,722	\$2.30	4%
	2 Bd 2.0 Ba	30	1,261	37,830	\$2,753	\$82,590	\$2.18	8%
	3 Bd 2.0 Ba	18	1,215	21,870	\$3,186	\$57,348	\$2.62	5%
	3 Bd 2.0 Ba	12	1,216	14,592	\$2,911	\$34,932	\$2.39	3%
	3 Bd 2.0 Ba	18	1,292	23,256	\$2,936	\$52,848	\$2.27	5%
	3 Bd 2.0 Ba	12	1,306	15,672				3%
* Totals *		392	974	381,896				100%

Remarks

The Point at Southern Boulevard is a 392-unit apartment community built in 2019. It features one-, two-, and three-bedroom units ranging from 721 to 1,306 square feet. The property features a clubhouse, pool, fitness center, BBQ/picnic area, playground, tennis/pickleball court, theatre room, putting green, and gated/secure access. Pest control is the only utility included in base rents. Trash removal is billed above base rents at a rate of \$20 per month. Storage units are available for an additional fee of \$50 and \$175 per month, depending on size. At the time of the survey, the property was 93.4% occupied.

**Lease Comparable 4
The Quaye at Wellington**

Property Identification - 23810

Property Name The Quaye at Wellington
Property Type Multifamily
Address 1090 Quaye Lake Cir
City, State, Zip Wellington, Florida 33411-5032
Occupancy 93.1%
Confirmed By Max Perez
Confirmed With CoStar
Date of Confirmation 05-17-2024
Confirmation Phone 561-767-8497



Physical Data

Year Built 2017
Stories 3
Number of Units 350

Property Amenities Air Conditioning, Business Center, Fenced Lot, Fitness Center, Picnic Area, Playground, Pool, Waterfront, Gated, Basketball Court, Gameroom, Pet Play Area, Smoke Free, Conference Rooms, Maintenance on site, Pantry

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	104	888	92,352	\$2,109	\$219,336	\$2.38	30%
w garage	2 Bd 2.0 Ba	123	1,429	175,767	\$3,054	\$375,642	\$2.14	35%
	2 Bd 2.0 Ba	30	1,501	45,030				9%
w garage	3 Bd 2.0 Ba	75	1,719	128,925	\$3,343	\$250,725	\$1.94	21%
w garage	4 Bd 3.0 Ba	18	2,156	38,808	\$3,859	\$69,462	\$1.79	5%
* Totals *		350	1,374	480,882	\$2,615	\$915,165	\$1.90	100%

Remarks

The Quaye at Wellington is a 350-unit apartment community built in 2017. It features one-, two-, three-, and four-bedroom units ranging from 888 to 2,156 square feet. The property features a clubhouse, pool, fitness center, multi-sport simulator, pet park, indoor sport court, playground, and gated/secure access.

The property would not participate in the market survey. At the time of the survey, the property was 93.1% occupied.

**Lease Comparable 5
The Point at Royal Palm Beach**

Property Identification - 23807

Property Name The Point at Royal Palm Beach
Property Type Multifamily
Address 570 Christina Dr
City, State, Zip Royal Palm Beach, Florida 33414-2164
Occupancy 93.2%
Confirmed By Max Perez
Confirmed With Carmel
Date of Confirmation 05-17-2024
Confirmation Phone 561-237-5958



Physical Data

Year Built 2013
Stories 3
Number of Units 268

Property Amenities Air Conditioning, Business Center, Controlled Access, Clubhouse, Courtyard, Fitness Center, Laundry Facilities, Property Manager on Site, Tennis Court, Waterfront, Gated, Gameroom, Grill, Package Service, Renters Insurance Program, Walking/Biking Trails,

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	48	800	38,400	\$1,975	\$94,800	\$2.47	18%
	1 Bd 1.0 Ba	12	940	11,280				4%
	2 Bd 2.0 Ba	124	1,039	128,836	\$2,327	\$288,548	\$2.24	46%
	2 Bd 2.0 Ba	36	1,195	43,020	\$2,488	\$89,568	\$2.08	13%
	3 Bd 2.0 Ba	36	1,288	46,368	\$2,656	\$95,616	\$2.06	13%
	3 Bd 2.0 Ba	12	1,365	16,380				4%
* Totals *		268	1,061	284,284			\$2.00	100%

Remarks

The Point at Royal Palm Beach is a 268-unit apartment community built in 2013. It features one-, two-, and three-bedroom units ranging from 800 to 1,365 square feet. The property features a clubhouse, pool, fitness center, business center, pet park, tennis/pickleball court, and gated/secure access.

Pest control is the only utility included in base rents. Trash removal is billed above base rents at a rate of \$14 per month. Detached and attached garages are available for an additional fee of \$100 and \$125 per month, respectively. At the time of the survey, the property was 93.2% occupied.

**Lease Comparable 6
Axis Wellington Green**

Property Identification - 10509

Property Name Axis Wellington Green
Property Type Multifamily
Address 3409 Pomerol Drive
City, State, Zip Wellington, Florida 33414
Occupancy 95.2%
Confirmed By Max Perez
Confirmed With Kathy
Date of Confirmation 05-14-2024
Confirmation Phone 561-333-5353



Physical Data

Rentable Area 312,928
Year Built 2013
Stories 4
Number of Units 273

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	73	848	61,904	\$2,040	\$148,920	\$2.41	27%
	2 Bd 2.0 Ba	120	1,183	141,960	\$2,620	\$314,400	\$2.21	44%
	2 Bd 2.0 Ba	24	1,203	28,872	\$2,748	\$65,952	\$2.28	9%
	3 Bd 2.0 Ba	56	1,432	80,192	\$3,105	\$173,880	\$2.17	21%
* Totals *		273	1,146	312,928	\$2,576	\$703,152	\$2.25	100%

Remarks

Axis Wellington Green is a 273-unit apartment community built in 2013. It features one-, two-, and three-bedroom units ranging from 848 to 1,432 square feet. The property features a clubhouse, pool, fitness center, business center, BBQ/picnic area, playground, pet park, recreation area, and gated/secure access. No utilities are included in base rents. Trash removal and pest control are billed above base rents at a rate of \$56 and \$5 per month, respectively. Detached garages are available for an additional fee of \$200 per month. At the time of the survey, the property was 95.2% occupied.

**Lease Comparable 7
10x Wellington Club**

Property Identification - 23809

Property Name 10x Wellington Club
Property Type Multifamily
Address 9855 Herons Nest Ct
City, State, Zip Wellington, Florida 33467-5269
Occupancy 93.6%
Confirmed By Max Perez
Confirmed With Costar/ Website
Date of Confirmation 05-17-2024
Confirmation Phone 561-468-3648



Physical Data

Year Built 2012
Stories 3
Number of Units 204

Property Amenities Air Conditioning, Business Center, Controlled Access, Fitness Center, Laundry Facilities, Picnic Area, Playground, Spa, Tennis Court, Waterfront, Gated, Grill

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
	1 Bd 1.0 Ba	54	758	40,932	\$1,804	\$97,416	\$2.38	26%
	2 Bd 2.0 Ba	102	1,055	107,610	\$2,100	\$214,200	\$1.99	50%
	3 Bd 2.0 Ba	48	1,295	62,160	\$2,600	\$124,800	\$2.01	24%
* Totals *		204	1,033	210,702	\$2,139	\$436,416	\$2.07	100%

Remarks

10X Wellington Club is a 204-unit apartment community built in 2012. It features one-, two-, and three-bedroom units ranging from 758 to 1,295 square feet. The property features a clubhouse, pool, spa, fitness center, business center, pet park, BBQ/[picnic area, tennis court, and gated/secure access.

Property managers would not participate in the survey. Water is billed at a flat rate of \$42, \$58, and \$72 per month for one-, two-, and three-bedroom units respectively. At the time of the survey, the property was 93.6% occupied.

ADDENDUM B
UTILITY ALLOWANCE

**Allowances for
Tenant-Furnished Utilities
and Other Services**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp 07-31-2024)

See Public Reporting Statement and Instructions on back

Locality Palm Beach County	Unit Type Flat/Garden/High Rise	Date (mm/dd/yyyy) Effective 1-1-2023
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Utility of Service	Monthly Dollar Allowances						
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas	5.00	6.00	7.00	9.00	12.00	15.00
	b. Bottle Gas	10.00	10.00	11.00	16.00	19.00	23.00
	c. Electric	4.00	4.00	5.00	6.00	6.00	7.00
	d. Electric-Heat Pump	4.00	4.00	5.00	6.00	6.00	7.00
Cooking	a. Natural Gas	5.00	6.00	7.00	7.00	8.00	8.00
	b. Bottle Gas	10.00	11.00	12.00	13.00	14.00	15.00
	c. Electric	6.00	7.00	7.00	8.00	9.00	10.00
Other Electric	22.00	25.00	30.00	36.00	43.00	50.00	
Air Conditioning	34.00	39.00	47.00	58.00	68.00	80.00	
Water Heating	a. Natural Gas	22.00	26.00	30.00	39.00	45.00	53.00
	b. Bottle Gas	40.00	48.00	56.00	71.00	83.00	99.00
	c. Electric	14.00	19.00	23.00	31.00	40.00	48.00
Water	a. City	28.00	29.00	33.00	39.00	43.00	48.00
	b. County	13.00	13.00	17.00	25.00	32.00	39.00
Sewer	a. City	21.00	22.00	29.00	38.00	45.00	51.00
	b. County	23.00	23.00	27.00	32.00	35.00	39.00
Trash Collection	20.00	20.00	20.00	20.00	20.00	20.00	
Range/Microwave	7.00	7.00	7.00	7.00	7.00	7.00	
Refrigerator	7.00	7.00	7.00	7.00	7.00	7.00	
OTHER (Specify)	Electric	9.00	9.00	9.00	9.00	9.00	9.00
	Natural Gas	11.00	11.00	11.00	11.00	11.00	11.00

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.	Utility/ Service/Appliance	Allowance
	Heating	
Name of Family	Cooking	
	Other Electric	
	Air Conditioning	
	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Range/Microwave	
	Refrigerator	
	Other	
Number of Bedrooms	Total	
		\$

ADDENDUM C
QUALIFICATIONS



"Providing solutions & exceeding expectations through vision, integrity & excellence"

Max Perez
Real Estate Analyst
RI25899
Value Tech Realty Services, Inc.
240 Crystal Grove Boulevard
Lutz, FL 33548
813.948.0545 ph
813.909.9338 fax

Certifications

Member: NCHMA – National Council of Housing Market Analysts

Registered Trainee Appraiser – Florida RI25899

Education

University of South Florida – Bachelor of Science in Business Management

Professional Experience

Max serves as a project coordinator and analyst focused primarily on multifamily housing reports. He has performed market studies for market-rate and affordable multifamily properties in urban, suburban, and rural environments. Max has worked with a variety of clients including private equity firms, national lenders, developers, and state housing finance agencies. As an analyst, he has assisted in the analysis of various markets across the United States including Florida, Georgia, South Carolina, North Carolina, Alabama, Louisiana, South Dakota, Nebraska, and Iowa. Max is a Registered Trainee Appraiser in the state of Florida and is accruing experience hours and qualifying education to be a licensed Certified General Appraiser.



"Providing solutions & exceeding expectations through vision, integrity & excellence"

Quintin Kauchick

President

Value Tech Realty Services, Inc.

240 Crystal Grove Boulevard

Lutz, FL 33548

813.948.0545 ext. 205 Phone

813.909.9338 Fax

Certifications

Member: NCHMA – National Council of Housing Market Analysts

State-Certified General Real Estate Appraiser:

- Florida RZ4346
- Georgia 428005
- Alabama G01634
- North Carolina A9103

Education

Bachelor of Science – Emory University

Professional Experience

Mr. Kauchick joined Value Tech Realty Services in January 2021. He is a real estate consultant focused primarily on the multifamily arena. He has been active in the real estate industry since 2015 with experience in acquisition due diligence, valuation, and market research.

At Value Tech his experience is utilized in market research for mixed-use, affordable, and market-rate apartment communities. He is currently the project lead for consulting assignments that require feasibility and/or concept studies. His experience is focused on developments that are best-in-class or unique for the target market.

The municipal consulting practice is also led by Mr. Kauchick. Municipalities utilize his expertise for their long-term planning of multifamily, healthcare, office, and hospitality land uses.

Mr. Kauchick is a licensed appraiser with a focus on healthcare and multifamily. His experience in multifamily and healthcare includes HUD compliant 221(d)(4), 223(f), and 232 LEAN appraisals, conventional financing, affordable programs, as well as various capital stacks.

ADDENDUM D
ENGAGEMENT LETTER



"Providing solutions & exceeding expectations through vision, integrity & excellence"

April 11, 2024

Mr. Gary Koolik
Brefrank, Inc.
512 Lake Avenue
Lake Worth Beach, FL 33460

RE: Proposal for a 221(d)(4) concept study for the potential development of a proposed 220-unit mid-rise apartment unit to be located in Wellington, FL.

Dear Mr. Ehrenstein:

We are pleased to present this proposal to conduct a market study for the proposed apartment development to be located in Wellington, Florida. The complex is projected to be a mid-rise unit with 220-units.

Scope of Work

Demand and rent projections will be based on the following scope of work:

1. Gather inventory of the apartments if they marketed themselves readily to the public (CoStar, apartment guide, etc.);
2. Quantify the level of demand currently accommodated;
3. Analyze job and household growth to estimate the future rental household demand that would likely reside within apartments;
4. Determine if the subject would satisfy the need of residents based on location, project description/amenities, etc.;
5. Determine if there is market support for the subject property.
6. Analyze specific demographic and economic trends on a primary market area (PMA) basis for the city and/or specific census tracts/zip codes including population and household trends, age and income distribution, and projections;
7. Project rental housing demand and general rental rates for the proposed project;
9. Provide recommendations relative to the project concept as deemed appropriate based on market evidence.

Recommendations

The purpose of the research conducted is to provide market support for determining the project concept. This will include the number of supportable units, unit mix, square footage and general interior layouts for the apartments, common areas and recreational amenities to ensure a long-term competitive position is achieved. The project concept will require discussions between Value Tech and the development team as decisions are made regarding the project and the alignment to market demand.

Intended Use of the Concept Study

The purpose of the multifamily concept study assignment is to establish the demand for rental housing so that you can demonstrate there is sufficient demand to support the property. The effective date of the study will be our most recent inspection date and/or the most current date of obtaining market information.

Intended Users of the Concept Study

The concept study is to be used by Brefrank, Inc. and Urban Development (HUD) in evaluating if there is sufficient market support for the proposed project.

Timing and Fees

The timeline and fee for this project is as follows:

TIMING AND FEES		
	Timing	Fee
Concept Study	4-5 weeks	

Typical turnaround is five to six weeks; however, this is dependent on timely delivery of subject information. A retainer of _____ is required before commencement of the assignment. This will be applied to the initial assessment component of the analysis and cover travel expenditures. The balance will be billed once the report is prepared. The report will be subject to General Assumptions and Limiting Conditions, which are normal and typical for this type of assignment.

The balance of the fee is due within 90-days of the initial release of the draft report.

Reports

We will issue the final concept study in a PDF format. If printed copies are needed, please contact us.

We appreciate the opportunity to submit this proposal. Please call us at (813) 948-0545 if you have any questions.

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.

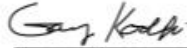


Quintin Kauchick
President

Mr. Gary Koolik
Brefrank, Inc.

Page 3
April 11, 2024

Your signature along with a retainer in the amount of _____ authorizes our firm to complete this assignment. It is understood that in the event any part of the fee or expenses is not delivered to Value Tech Realty Services, Inc., the proprietary interest in the research shall remain exclusively in Value Tech Realty Services, Inc. It is further understood that you, the client, shall be responsible for any fees or costs that may be incurred in an attempt to collect unpaid fees under this agreement.



Accepted by: _____

04/14/2024

Date _____

Mr. Gary Koolik
Brefrank, Inc.