

Exhibit E: Market Study Summary (MF-SF)

TABLE 37

SUMMARY OF EXISTING AND FUTURE INCREASE IN DEMAND FOR MULTI-FAMILY RENTAL HOUSING Palm Beach County And The Wellington Market Area (1) 2021 - 2024

	<u>Palm Beach County</u>	<u>The Wellington Market Area</u>
* Forecast Of Increase Of Rental Utilized Housing, Per Year: (See Table 36): 2021 - 2024	5,357	1,558
* Forecasted Increase In Demand For Multiple (2) Family Apartments-Generated From Growth (80% Share Of Rental Utilized Housing Increase): 2021 - 2024	4,286	1,246
* Existing Demand:		
· Total Rental Utilized Housing, 2021	239,119	41,151
· Non-Apartment Rental Utilized Housing, 2021	140,602	25,267
· Estimated % Interested in Rental Apts.	10.0%	10.0%
· Estimated Number Interested In Apts.	14,060	2,527
· Estimated Number Non-Apartment (3) Renter Households Drawn To Apartments, Per Year, 2021 - 2024:	1,406	253
* Total Estimated Annual Demand For Apartments, Generated From Growth And Existing Demand 2021 - 2024	5,692	1,499
* Additional Demand From (5)		
· Current Undersupply	1,346	233
· Replacement Demand For Units Demolished (CINCH 0.30%) Apartments:	296	48
* Adjusted Demand Including		
· Current Over/Undersupply And Replacement	7,334	1,780
· Market Area Potential Additional (4) Share Of The County Demand, Estimated At 10.0%: 2021 - 2024	0	733
· Estimated Annual Demand For Apartments: 2021 - 2024	7,334	2,513
* Annual Demand Potential For Market (5) Rate Apartments With Rents of \$900 +:		

TABLE 37

SUMMARY OF EXISTING AND FUTURE INCREASE IN
 DEMAND FOR MULTI-FAMILY RENTAL HOUSING
 Palm Beach County And The Wellington Market Area (1)
 2021 - 2024

	<u>Palm Beach County</u>	<u>The Wellington Market Area</u>
· % Renter Households Can Afford \$900+ Rents	67.4%	64.5%
· Annual Demand For Market Rate Apartments With Rents \$900 +: 2021 - 2024	4,943	1,621
* Annual Demand Potential For Apartments Renting For \$1,950+:		
· % Renter Household Can Afford \$1,950 + Rents:	30.7%	27.0%
· Annual Demand For Upscale Apartments Renting \$1,950 +: 2021 - 2024	2,251	679

- (1) The Wellington Market Area is bordered on the north by Okeechobee Road/Royal Palm Boulevard/Southern Boulevard, the south by Indian Mound Road/Lake Worth Road, the east by Military Trail and the west by Flying Cow Road/South 160th Trail.
- (2) Based on analysis of Florida rental markets in which an adequate supply of multi-family units are being offered.
- (3) Assumes that households representing existing demand could be drawn into the market over a 10 year period.
- (4) Additional 10% market share for market area is warranted by the share of rental utilized housing located in the market area as well as its growth projection.

(5) Calculation of current Adjustment for Under/Oversupply:

	<u>County</u>	<u>Market Area</u>
• Total Multi-family Apartments	98,517	15,884
• Current Vacant Units (0.9%/0.6%)	887	95
• Vacant At 5% Market Acceptable	4,926	794
• Total Current Oversupply	4,039	699
• Adjustment For Oversupply Over three years; demand per year:	1,346	233

- (6) Replacement/demolition demand factor of 0.30% based on 2015-2017 CINCH study.
- (7) See Table 16 regarding renter household incomes. Analysis assumes households could spend up to 35% of their income for rent.

Source: Analysis by Reinhold P. Wolff Economic Research, Inc.

CHAPTER VI

CONCLUSIONS/RECOMMENDATIONS

A. Summary Of General Conclusions

As of August, 2021 the vacancy rate in apartment developments located throughout Palm Beach County stood at 0.9%, slightly higher than the 0.6% rate found in the General Wellington area. Vacancy rates in both Palm Beach County and the General Wellington area have been lower in 2021 than in 2020.

New apartment unit construction starts, completions and absorption increased considerably in 2012 through 2017 in Palm Beach County. Despite this, new apartment completions remained well below levels experienced during the 1990s and early 2000s and well below current estimates of demand. During 2020 new apartment construction starts in the County were about 28.0% above the pace of 2019, completions were about 12.6% below the level of 2019 and absorption was about 3.0% below the pace of 2019.

Apartment vacancy rates in Palm Beach County and the General Wellington Area are expected to hold in the 1.0% to low 2.0% range through 2021 and will fluctuate in the 2.0% to 3.0% range during 2022-2024 period.

The population and household growth of Palm Beach County was exceptionally strong from 1990 to 2000 and to 2006 prior to the economic recession. From 1990 to 2000 the population of Palm Beach County expanded by an average of 26,767 per year and from 2000 to 2010 an average annual increase of 18,895 was experienced. In the Wellington Market Area the population increased by an average of 4,235 per year from 1990 to 2000 and from 2000 to 2010 the population increased by an average of 6,701 per year. Most of the increase in population and household growth during 2000 to 2010 occurred from 2000 to 2006. The economic recession resulted in some decline of population and households from 2006 to 2010. From 2010 to 2020 the population of the market area increased by an average of 7,444 per year and from 2020 to 2021 the population of the market area increased by an average of 7,670 per year in the Wellington Market Area.

From 2021 to 2024 the population and household growth is expected to accelerate from the level of the past few years as we advance further from the economic recession. In Palm Beach County the population is forecast to increase by 15,682 persons per year from 2021 to 2024 while

households expand by 6,465 annually. In the Wellington Market Area the population from 2021 to 2024 is forecast to increase by 7,852 persons per year and households by 2,850 annually.

These forecasts of population and household growth are expected to generate a demand for an additional 7,893 housing units per year in Palm Beach County from 2021 to 2024 and in the Wellington Market Area the number of housing units is forecast to increase by 3,338 units annually from 2021 to 2024.

Based on analysis of the historical trend in the percentage share of housing utilized on a rental basis and multi-family rentals as a share of all rental utilized housing, it is forecast that there is an annual demand potential for 7,334 additional apartment units in Palm Beach County from 2020 to 2024 and in the Wellington Market Area there is an estimated demand for 2,513 additional apartments per year during this three year period. As detailed in the demand analysis section of this report, this demand is generated not only by growth of households but also by households within the area switching from owner to renter status and non-apartment renters shifting to multi-family apartments.

When the demand is narrowed to include only those households which could afford apartments having rents concluded for the subject development, the demand is estimated at 2,251 units per year in Palm Beach County from 2021 to 2024.

In the Wellington Market Area the demand for additional apartments of the rent character planned at the subject development is 679 units annually from 2021 to 2024.

The extent to which a rental apartment development at the subject site can capture a share of the indicated demand depends on numerous factors, including the appropriateness of the development parameters for the market and rents charged. In the following sections of this report the proposed development parameters are reviewed, rent conclusions are offered and absorption potential is forecast.

B. Review Of Development Parameters

1. Mix Of Unit Types

The following summarizes the unit mix planned for the subject Lotis Wellington Apartments versus the mix found in the selected comparable developments and in market rate apartment developments located throughout the General Wellington Area:

Unit Type	% Unit Mix		
	Subject Lotis Wellington	Selected Comparables	General Wellington Developments
Studio	----	0.3%	----
1BR/1B	30.6%	35.7%	25.0%
2BR/1-2B	35.9%	38.6%	52.4%
3BR/2-2.5B	33.5%	23.4%	21.4%
4BR/2B	0.0%	2.0%	1.2%
Total	100.0%	100.0%	100.0%

It is believed that the mix of unit types planned is excellent for the market.

2. Square Footage Size (Livable Area)

The one-bedroom/one-bath units are to provide 801 square feet of livable area. The two-bedroom/two-bath apartments are proposed to offer 1,080 and 1,254 square feet of livable area and average 1,293 square feet. The three models of three-bedroom/two-bath and three-bedroom/two-bath and one half bath townhomes range from 1,455 to 1,669 square feet and have an overall weighted average size of 1,593 square feet.

The overall average square footage size planned for the subject development with the unit mix planned is higher than found in the selected comparable developments and those in the General Wellington Area. (See Table 38.)

The following shows the average square footage sizes for the various unit types planned for the subject Lotis Wellington versus the selected comparable and market rate developments in the General Wellington Area market rate developments.

Unit Type	Average Square Footage Sizes		
	Subject Lotis Wellington	Selected Comparables	General Wellington Developments
Studio	----	640 s.f.	----
1BR/1B	801 s.f.	798 s.f.	804 s.f.
2BR/1-2B	1,093 s.f.	1,183 s.f.	1,124 s.f.
3BR/2B	1,593 s.f.	1,367 s.f.	1,417 s.f.
4BR/2B	----	1,861 s.f.	1,771 s.f.

	Average Square Footage Sizes		
Unit Type	Subject Lotis Wellington	Selected Comparables	General Wellington Developments
Overall Weighted Average:	1,172 s.f.	1,100 s.f.	1,113 s.f.

The average square footage sizes of the various unit types planned for the Lotis Wellington are considered to be excellent for the market. The average size of all of the unit types planned at Lotis Wellington are comparable to those of the selected comparable developments and larger than the averages found in market rate developments located throughout the General Wellington Area.

3. Unit Features And Amenities

The amenities and interior unit features planned for the subject Lotis Wellington Apartments are detailed in Table 38. The features and amenities recommended are indicative of an upscale apartment development. The differences in the features and amenities to be offered at the subject versus those offered by the comparable/competitive developments has been taken into account in estimating rent potential.

4. Rent Potential

Based on analysis of the rent character of the selected comparable/competitive developments and after adjustment for unit size, development location, age and differences in features and amenities offered, it is believed that the current overall weighted average base or starting rent for the subject Lotis Wellington Apartments is \$2,579 or 220.1¢ per square foot of livable area. (See Table 38).

Table 38 shows the base or starting rent believed appropriate for each unit type proposed. The one-bedroom base rent potential is \$1,950 or 243.4¢ per square foot. The current base rent potential for the two-bedroom units range from \$2,480 to \$2,675 and the weighted base average is \$2,494 or 228.2¢ per square foot. The three-bedroom base rent potential is \$2,970 or 204.1¢ per square foot. The three-bedroom townhomes range from \$3,245 to \$3,335 and the weighted average is \$3,279 or 203.4¢ per square foot of livable area. (See Table 38.)

The above rent conclusions assume that the units were in the market at this time, October, 2021 and they exclude all premiums. The following lists the various rent premiums believed to be appropriate at this time.

Premium Item	Premiums Amount/Unit Type		
	1-Bedroom	2-Bedrooms	3-Bedrooms
Direct Pool View	\$45	\$45	\$45
End/Corner Units	\$50	\$70	\$90
Pond/Lake views	\$15	\$15	\$15
Per Floor	\$15	\$20	\$25

It is forecast that the rent potential for the subject proposed development will increase by 4.0% per year from 2021 to 2024. (See Table 39.)

C. Absorption Potential

As indicated previously in this report there is an estimated demand for 679 additional apartments per year in the Wellington Market Area of the rent character concluded for the Lotis Wellington Apartment development.

The subject 301 unit Lotis Wellington is one of two market rate rental apartment developments known to be planned/proposed in the Wellington Market Area. The two planned developments are to offer a total of 626 units if and when they are built.

On balance, it is expected that the subject development will be one of only two apartment developments in lease-up during at least some portion of the absorption period. It is forecast that the subject Lotis Wellington will experience an average monthly absorption rate of 30.0 units during its lease-up period resulting in the proposed 301 units being fully absorbed within 10 to 11 months after the first units are completed and available for occupancy. Even if all three developments are in lease-up during the same time period, which is unlikely.

TABLE 38

**SUMMARY DEVELOPMENT CHARACTER
Proposed Lotis Wellington Apartments Phase I and II
October, 2021**

Model	Unit Type	# Units	Sq. Ft. Livable Area	Base Rent Potential Per Month	Base Rent Per Sq. Ft.
A1	1BR/1B	92	801 s.f.	\$1,950	243.4¢
B1	2BR/2B	100	1,080 s.f.	\$2,480	229.6¢
B2	2BR/2B	8	1,254 s.f.	\$2,675	213.3¢
C1	3BR/2B	12	1,455 s.f.	\$2,970	204.1¢
THA	3BR/2.5 THA	55	1,577 s.f.	\$3,245	205.8¢
THB	3BR/2.5B THB	34	1,669 s.f.	\$3,335	199.8¢
		301			

Overall Weighted Average Base Rent:\$2,579/220.1¢

General Development Character: Five 4-story garden buildings each with an elevator. Eighteen buildings will be 2-story townhouses with either single or double car garages. On-site lake/pond, separate 2-story clubhouse building.

Note: See attached development amenities and interior unit features planned.

Source: Development parameters by Lotis Wellington 2, LLC. Rent potential by Reinhold. P. Wolff Economic Research, Inc.

TABLE 36

**DEMAND FOR ADDITIONAL
SINGLE FAMILY HOMES
Palm Beach County And Wellington Market Area
2021-2024**

	<u>Palm Beach County</u>	<u>Wellington Market Area</u>
* Demand For Additional Housing 2021 - 2024	7,893 Per Yr.	3,338 Per Year
* % of Demand As Single Family Homes: (Fee-Simple Housing) 2021 - 2024	60% - 62%	64% - 66%
* Demand Needed As Single Family Homes (1) 2021 - 2021	4,736-4,894 Per Yr.	2,136-2,204 Per Yr.
* % Demand In The \$550,000-\$650,000 Price Range	17.9%	18.2%
* Number Of Homes In Demand (2) \$550,000-\$650,000 Price Range	848-876	381-401

(1) Based on analysis of historical single family housing growth to expansion of all housing.

(2) Based on percent of ownership households which could afford homes in the relevant price range.

Source: Forecast by Reinhold P. Wolff Economic Research, Inc.

V. CONCLUSIONS/RECOMMENDATIONS

A. General Conclusions

The single family housing market of Palm Beach County and the Wellington Market Area appears strong with single family home resales increasing by 21.3% from 2019 to 2020 in the County and 21.1% in the General Wellington Area. Resales in the County and Wellington Area are on pace through September, 2021 to exceed the level of 2020.

New home sales in Palm Beach County have increased over the past two years while the Wellington Area new home sales have been lower. The lower pace of sales in the market area is the result of lack of supply. This conclusion is supported by the pace of resales in the area.

Resale prices of single-family homes have been increasing at a relatively strong pace in recent years. Resale price trends are a better indicator of overall price trends for single-family homes than new homes sell prices.

Over the 2021 to 2024 forecast period there is an estimated average annual demand for from 4,736 to 4,894 additional single family homes in the County and about 848 to 876 of these homes are expected to be in the \$550,000 to \$650,000 price range.

In the Wellington Market Area the demand for additional single family homes is forecast to range from 2,136 to 2,204 per year from 2021 to 2024. Homes in the \$550,000 to \$650,000 price range are forecast to account for 389 to 401 sales per year.

B. Recommendations For Subject Wellington Site

1. General Development Character

It is recommended that two basic models of single family homes be offered at the subject site. About 50% of the homes are recommended to be three-bedroom/two-bath in character with the remaining 50% being four-bedroom/three-bath homes. The homes should include a two-car garage and both the three- and four-bedroom models could be offered as one- or two-story homes. (See Table 37.)

Based on analysis of the current listings and recent sales of single family homes in the comparable developments examined, and after adjustments for unit size, age of the comparables and location differences, it is believed that the current base or starting price potential for the three-bedroom single family homes is \$587,000 or \$260.89 per square foot of livable area and the four-bedrooms single family homes base price potential is \$629,000 or \$260.60. (See Table 37.)

There should be a premium of about \$4,500 for homes having a direct view of the cypress area.

The general home interior features and amenities recommended for the subject development are listed in Table 37. Given the small size of the subject development, amenities should be limited. The home interior features recommended are comparable to those offered in the selected comparable developments.

2. Absorption Potential

As indicated previously, there is an estimated average annual demand for 389 to 401 additional single family homes in the Wellington Market Area, annually, from 2021 to 2024 in the \$550,000-\$650,000 price range.

Based on the forecast of demand and expected competition in the Wellington Market Area, it is believed that the single family development of the general character recommended it would experience an average monthly sales rate of about 10 homes.

TABLE 37

**RECOMMENDED DEVELOPMENT PARAMETERS
PROPOSED LOTIS AT WELLINGTON 2
SINGLE FAMILY HOMES
October, 2021**

<u>Unit Type</u>	<u># Units</u>	<u>Sq. Ft. Livable Area</u>	<u>Base (Starting) Price</u>	<u>Price Per Per Sq. Ft. L/A</u>
3BR/2B+2CG	56	2,250 s.f.	\$587,000	\$260.89
4BR/3B+2CG	56	2,510 s.f.	\$629,000	\$250.60

General Development Character: Mixed use development on a 44.0± acre parcel of land.

Interior Unit Features: European style cabinets, quartz counters & breakfast nook, stainless steel, appliances walk-in closets, Roman tub, icemaker, dishwasher, disposal, washer and dryer, microwave, security system, smoke detector, automatic garage door opener, self cleaning oven, ceramic tile, ceiling fans, cultured marble vanities, double basin in master bath, covered porch.

Source: Recommendations by Reinhold P. Wolff Economic Research, Inc.