



Rental Market Analysis & Development Planning Study: Block A Redevelopment Parcel

Lake Zurich, Illinois

PREPARED FOR:
Village of Lake Zurich

SEPTEMBER 15, 2015

I. Background to the Assignment

At the request of the Village of Lake Zurich, Illinois, Residential Planning Partners, LLC investigated the market potential for new rental apartments within the Village's downtown district. The subject of this study is the 2.0-acre (+/-) "Block A" redevelopment site located at 173 W. Main Street, within the Downtown TIF #2 Redevelopment Project Area. The objective of our investigation was to provide conclusions and guidance regarding the introduction of market rate rental apartments.

Our work for this assignment encompassed a series of interrelated research investigations, including (but not limited to) the following:

- A thorough evaluation of the subject site, downtown Lake Zurich, and environs with regard to their suitability for multifamily apartment development;
- An analysis of market area demographic and socio-economic conditions and trends;
- An analysis of local and regional economic and employment conditions, along with an investigation of factors that have the potential to impact housing demand within the foreseeable future;
- An analysis of area rental market conditions and trends;
- An assessment of current supply conditions and demand potentials for the near and mid-term.

Section II of the following report provides an orientation to Lake Zurich generally, as well as the Block A subject site, together with a detailed site evaluation. **Section III** details our findings regarding current and projected rental market conditions, apartment demand potentials and other forms of market support within the market area at large, and conclusions regarding the potential for the successful development and lease-up of market rate apartments within the subject site. It further provides product guidance for apartment units that are deemed to have measurable levels of market support, including a suggested benchmark rent structure and attendant forecast of unit absorption.

Sections IV and **V** summarize our research and analysis regarding market fundamentals, including background demographic and socio-economic trends and current competitive conditions within the defined market area.

The conclusions and recommendations provided were based on a variety of analyses. Methodology included, where applicable, a modified sales comparison approach and statistical modeling utilizing regression analysis.

Current demographic and socio-economic estimates and five-year projections cited within this report are from Esri Business Analyst, provided by Esri, Inc. U.S. Census Bureau statistics cited are the most recent vintages available and are derived from the Decennial Census (for longer term population trend data) and from the 2009-2013 American Community Survey, Five-Year Estimates. Extensive field work and interviews with municipal officials and local leasing professionals provided rich contextual support for conclusions regarding rental market conditions and potentials within the market area. Additional

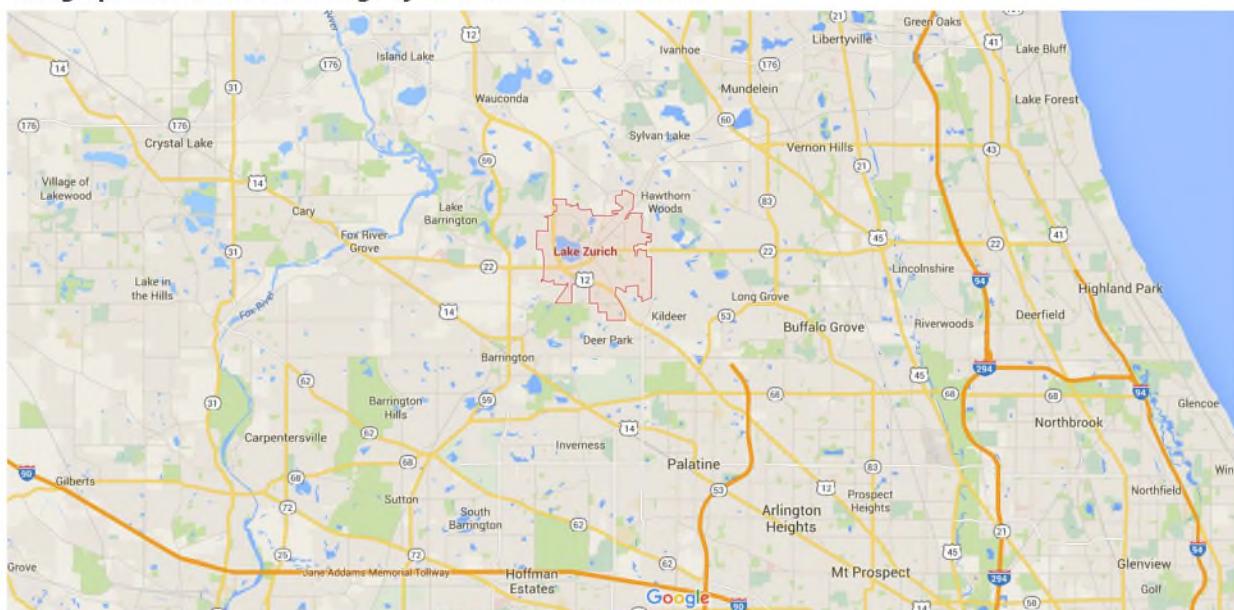
Rental Market Analysis
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information related to rental market trends was gleaned from Reis, Inc. and local apartment listing services. Sources for other secondary data analyzed are noted throughout the report.

II. Introduction

Located in southwest Lake County and surrounding the 250-acre spring-fed lake for which it is named, the Village of Lake Zurich is home to approximately 20,000 people by current estimates. While the Village was founded as a farming community, with the completion of two primary regional highways – U.S. Route 12 and Illinois Route 22 – through the area in the 1920s, it became a popular vacation destination for affluent Chicagoans. Now one of Chicago's northwest suburban bedroom communities, the Village has retained its affluent status, with a current median household income estimated at more than \$110,000.

Geographic Orientation: Village of Lake Zurich and Environs



Source: Residential Planning Partners, LLC; map by Google

Lake Zurich residents enjoy a high quality of life, and the Village has received numerous accolades, including a 2015 designation from the personal finance website nerdwallet.com as the number one place in Illinois for young families and a 2006 nod from Frommer's as one of the county's best places to raise a family.

Downtown Lake Zurich

In late 2006 work was completed on the much-anticipated IL-22 bypass, which realigned this busy east-west route from Main Street to a new roadway south and east of downtown Lake Zurich. While the realignment saved many buildings that would have otherwise been subject to demolition as part of the Illinois Department of Transportation's alternative plan to widen Main Street to four lanes, the resulting roadway shift drew traffic out of downtown at a time when the national and regional economies were stumbling into recession.

In development prior to the IL-22 realignment and partially in response to diminishing downtown vitality, the Village created a Downtown Redevelopment Plan. The plan's primary purpose was to foster a more business and resident-friendly downtown through, among other things, improvements to the pedestrian environment, strengthening community identity, improving parking, rebuilding aging streets and sidewalks, and replacing dilapidated and obsolete buildings. A six point Downtown Action Plan, adopted in October of 2013, builds on this plan and addresses the appearance, community utilization, marketing, redevelopment, and financial health of the downtown district.

Block A Redevelopment Site

The Block A Redevelopment site aligns West Main Street between Lake Street and Mionske Drive in the western section of downtown. From the site to the west are unimpeded views of Lake Zurich and the recently completed Promenade Park. The 13-parcel Block A assemblage was purchased and cleared for development by the Village, which sees it as a key redevelopment opportunity and potential generator of economic activity. The site is being actively marketed as a residential development opportunity offering lakefront living and walkability to downtown commercial amenities, and while several development proposals have been submitted to the Village – most recently by the national luxury homebuilder Toll Brothers – none of these have advanced out of the proposal stages.

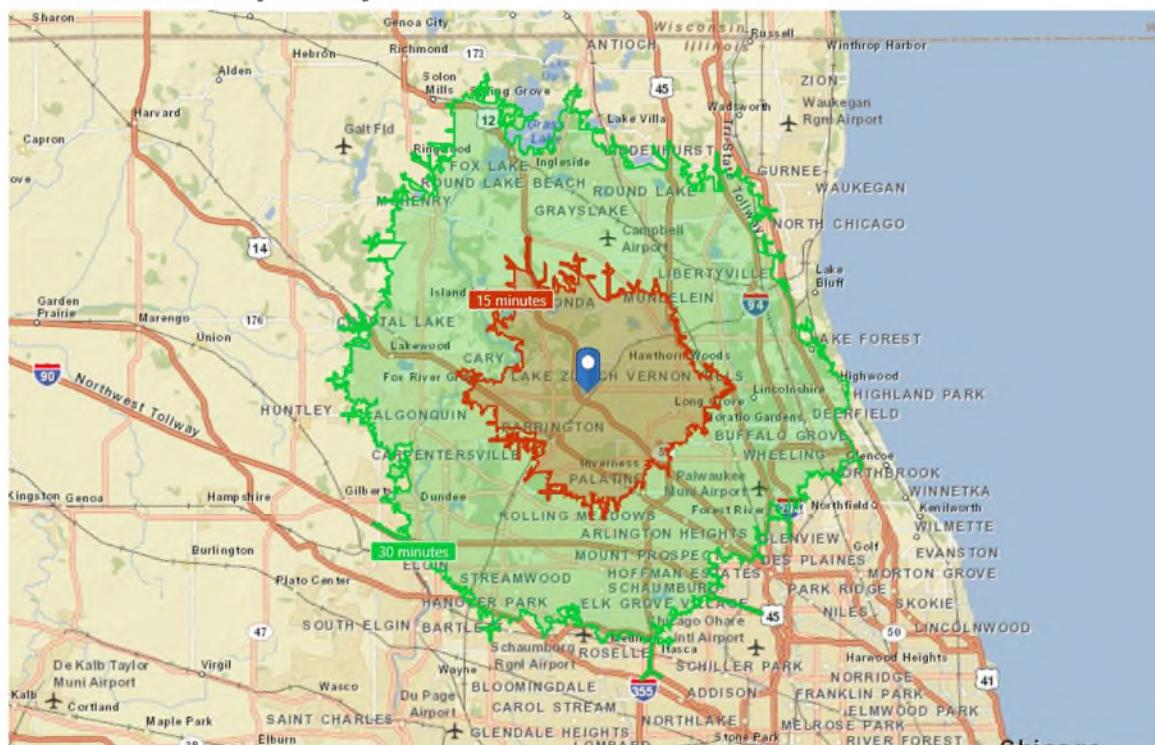
Block A Subject Site



The Block A site represents a strong location in terms of accessibility and orientation to area transportation corridors. As mentioned previously, IL-22 and U.S.-12 are major regional highways that are easily accessible from the site. Primary regional employment concentrations, largely aligning

Interstate 94 (Tri-State Tollway) and Interstate 90 (Jane Addams Tollway) approximately ten miles to the east and south of the site, respectively, are accessible via IL-22, U.S.-12, and other regional highways and other arterials. Normal drive times to both of these important areas are less than 30 minutes.

Selected Drive Times from Subject Site



From downtown Lake Zurich, Chicago's Loop lies 45 miles to the southeast. Drive times in light traffic are approximately 60 minutes (though they can extend much longer in heavy traffic).

While the subject site enjoys good connectivity to the regional auto-oriented transportation network, mass transit service within Lake Zurich is extremely limited. Metra, the Regional Transit Authority's (RTA) commuter rail service, does not have a stop in Lake Zurich, nor does the RTA's Pace bus system serve the Village. However, a Metra station is located in downtown Barrington, 4.5 miles to the southwest. From the Barrington station, Metra offers 29 departures each weekday to Chicago's Ogilvie Transportation Center in the Loop.



Land uses aligning the site to the north, east, and south are largely residential, including both single family homes and rental apartments of older vintage. Directly south of the site across Lake Street is an older garden-style apartment development (Watersedge Apartments). To the west, as mentioned, is Promenade Park and the lakefront.

Downtown Lake Zurich, while walkable from the subject site, lacks the scope and variety of commercial establishments that would be needed to serve as a draw for most Village residents. While redevelopment efforts are aimed at changing this, at the present time the lack of a vibrant Village center constitutes a missed opportunity.



The commercial center of the Village, rather than centering on downtown, has shifted to the IL-22 and U.S.-12 corridors to the west. A variety of businesses are located here, including big box discounters, local and chain restaurants, daily needs service providers, convenience retail, and grocery stores.

Numerous opportunities for more upscale and/or destination-oriented shopping, dining, and entertainment exist near the subject site. Chief among these is Deer Park Town Center, located just three miles to the southeast along U.S.-12. This major regional lifestyle center offers more than 70 stores and restaurants in nearly 400,000 square feet. Additionally, Woodfield Mall – northwest suburban Chicago's premier indoor shopping venue, is located 20 minutes south in Schaumburg.

Lake Zurich is served primarily by Lake Zurich Unified School District 95, which operates five elementary schools, two middle schools, and Lake Zurich High School. USD 95 schools are widely considered excellent, and the district is one of few Illinois school systems to earn a perfect ten rating from the greatschools.org website.

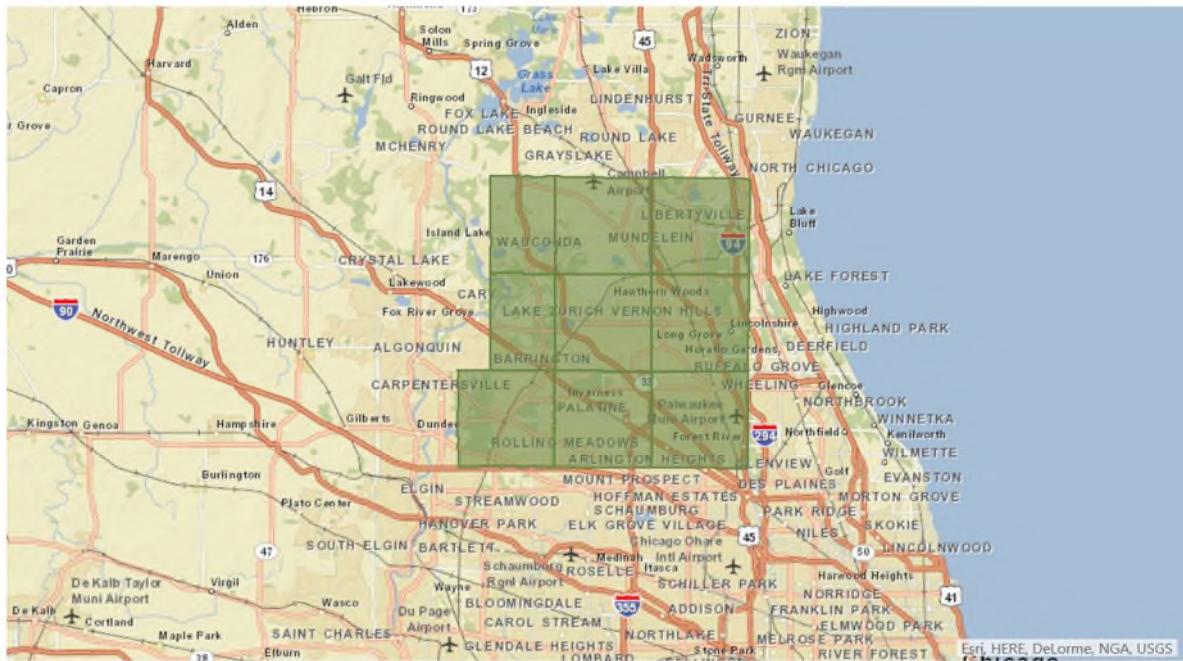
Finally, numerous medical facilities exist within the immediate area, including a variety of smaller clinics located primarily along U.S.-12 and IL-22 as well as Advocate Good Shepherd Hospital, located four miles west of the subject site on IL-22. This 176-bed acute-care facility offers comprehensive medical care provided by more than 700 physicians in 50 specialty areas.

Primary Market Area

The Primary Market Area (PMA) for any rental apartments developed within downtown Lake Zurich, from which roughly 75 percent of market support can be expected to emanate, is here defined as an area encompassing the townships of Ela (in which the Village of Lake Zurich lies), Wauconda, Fremont, Libertyville, Cuba, and Vernon in southwest Lake County, along with those of Barrington, Palatine, and Wheeling in northwest Cook County. This *Southwest Lake County-Northwest Cook County PMA* has been established based on the following: 1) Demographic and socio-economic linkages between the nine townships; 2) Recent trends in localized residential and commercial development throughout the area; 3) Proximity to regional employment concentrations aligning I-90 and I-94; 4) Area commutation patterns (primarily along the U.S.-12, IL-22, IL-53, U.S.-45, I-90 and I-94 corridors); and 5) Information gleaned generally on local geographic mobility, customs, and propensities.

Notably, the PMA includes west Lake County's most populous areas, as well as its primary commercial corridors.

Southwest Lake County – Northwest Cook County Primary Market Area (PMA)



Source: Residential Planning Partners; map by Esri, Inc.

III. Findings, Conclusions, and Development Recommendations

The primary findings of our investigation are summarized as follows:

- The area rental market exhibits considerable strength. Occupancies within both the West Lake County Submarket generally and our surveyed group of representative Class A developments located throughout the SW Lake Co. – NW Cook Co. Primary Market Area (see **Section V**) are high and have been for some time. Rent growth among the group of representative developments has outpaced that of the Chicago region as a whole for the last five years. And apartment construction levels within the PMA are considered healthy.
- The majority of workers living within the PMA are employed either in the City of Chicago or within the major concentrations of employment aligning I-90 and I-94. Less than ten percent of Lake Zurich residents are employed within the Village itself. Chicago, Schaumburg, Arlington Heights, and Palatine together account for nearly 27 percent of employment for Lake Zurich residents. The vitality of the area rental market is largely dependent upon the strength of employment conditions within Chicago's northwest suburbs and the City of Chicago itself, which are finally showing signs of normalization following the long recovery from the Great Recession.
- Within the PMA, rental apartment demand driven by normal household growth and replacement need will equate to 1,400 units during the 2016-2020 timeframe. Given area commutation routes and historic development patterns, much of this demand will accrue to more developed and urbanized areas, primarily along major transportation corridors proximate to I-90 and I-94 (particularly within Vernon Hills, Buffalo Grove, Wheeling, Arlington Heights, and Palatine). Pockets of opportunity will exist, however, in stronger locations throughout the PMA where rental housing is currently lacking and viable apartment product can be introduced to address market gaps.
- The existing market rate multifamily apartment market within Lake Zurich itself is quite small, consisting of just one Class A development (*The Landings of Lake Zurich*) built in 2000 and one Class B/C development (*Watersedge Apartments*) built in the early 1970s. Both communities, however, maintain full or near full occupancies.
- Block A represents a strong development opportunity in many respects, including its proximity to area employment and connectivity to primary transportation routes. Downtown Lake Zurich, however, lacks much of the density and scope of commercial amenities available in more developed downtowns and commercial districts elsewhere within the PMA. While the potential exists for downtown Lake Zurich to grow into a high profile Village Center offering a diversity of unique shopping, dining, and lakefront activities, that potential is, as of yet, largely unrealized.

- Moreover, Lake Zurich lacks direct connectivity to the regional mass transit system. While a Metra station is located in downtown Barrington less than five miles away, walkability to mass transit is a highly desired amenity for many of today's renters – and one that is available in many other locations within the PMA.
- That said, the Block A subject site offers a distinctive advantage in its lakefront location with unimpeded views and direct access (across Main Street) to the lakefront Promenade.

Market Support for Rental Apartments

Briefly stated, we find adequate market support for the introduction of new rental apartments in a *luxury-style mid-rise idiom* within the Block A subject site. However, near to mid-term potentials for such development are somewhat limited in scope, with the primary limiting factor being levels of competitive interference from more developed PMA locations closer to I-90 and I-94 (primarily in Vernon Hills, Buffalo Grove, Wheeling, Palatine, and Arlington Heights).

Given these limitations, and based on 1) our evaluation of the subject site and area development context; 2) our measurement of the market potential for new apartments generally within the market area; and 3) our investigation of the market for higher-end Class A units specifically, we find support for the introduction of *up to 70 units* within the subject site within the next two to three years.

This conclusion is further supported by the following:

- The subject site, with its lakefront orientation, represents a unique and desirable location that is well suited to luxury-style apartment development.
- The apartment market in Lake Zurich has seen no growth since 2000, nor has the West Lake County Submarket overall seen any expansion in apartment inventories in the last ten years. Meanwhile, extremely tight occupancy conditions and rising rent levels clearly demonstrate the need for new rental options.
- The successful lease-up of a 70-unit development in downtown Lake Zurich would equate to a modest four percent capture rate relative to projected market area rental demand resulting from household growth and replacement need (assuming that 75 percent of market support for the development will emanate from within the PMA). This is considered appropriate for a higher-end community in a unique lakefront setting.
- Moreover, as an alternative to the market area's rather homogenous offering of suburban-style garden apartments (which make up more than 80 percent of the Class A inventory surveyed), a new mid-rise lakefront building with contemporary design, features, and amenities could be expected to draw additional market support from renters living in older, more traditional apartment communities.

- Finally, a sustainable return to healthier labor market conditions within the Chicago region appears finally to have been achieved. More normalized employment growth over the next several quarters is expected to bring with it – at long last – upward pressure on wages. Expanded job opportunities and growing incomes will provide lift to both for sale and rental housing in most parts of Metro Chicago in the near to mid-term. In particular, higher-end rental communities in premium settings will be among the first housing segments to benefit.

On a cautionary note, two apartment developments are in the initial planning and proposal stages within Lake Zurich, potentially adding up 350 units to area inventories (see **Section V**). If one or both are built as currently envisioned, these developments could significantly alter the apartment market within Lake Zurich and dramatically increase competitive pressures. Based on our estimate of overall rental market capacity within Lake Zurich over the near to mid-term, it is considered unlikely that all three projects could successfully lease up simultaneously. However, it should be noted that the subject site does have a significant competitive advantage relative to the two other proposed development sites in that it is both on the lake and adjacent to downtown and the IL-22 and U.S.-21 corridors. Furthermore, at normal absorption levels, a smaller-scale development of 70 units could, if appropriately priced and aggressively marketed, achieve stabilized occupancy within a one year timeframe – thus limiting exposure to competitive interference.

Target Markets

Lake Zurich has with the Block A site a unique opportunity to capitalize on changing demographics within the PMA. Specifically, by 2020 the PMA is expected to have nearly 13,000 more residents age 55 to 74 than it does today. The aging of the PMA population presents a significant opportunity for the development of new apartment product with the character, features, and amenities desired by this important demographic, and the Block A site is uniquely suited to an apartment community that meets the needs of downsizing active adults. With appropriate target marketing, it is estimated – based primarily on typical movership rates of householders 55 and older – that up to 30 percent of units within the development could be leased to members of this group.

Other primary target markets will include singles and couples age 25 to 34 without children (the traditional primary target market for new rental apartments), and those age 35 to 44 who may be in temporary employment situations, transitional life stages, or who choose rental housing for other reasons.

Household incomes among all target market groups will for the most part range between \$50,000 and \$100,000. As demonstrated in the following analysis of householders by age and income, more than 39,000 existing households within the PMA fall into one of the three specified target markets – equating to nearly 20 percent of all PMA households.

Households by Income & Age of Householder

SW Lake Co. - NW Cook Co. PMA

Household Income	Age of Householder						
	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or More
Less than \$15,000	428	1,509	1,242	1,559	2,186	1,532	2,298
\$15,000-\$24,999	342	1,274	1,614	1,578	2,118	2,013	2,303
\$25,000-\$34,999	369	1,780	1,786	1,705	1,978	2,043	3,280
\$35,000-\$49,999	655	3,469	3,232	2,981	2,728	3,144	4,437
\$50,000-\$74,999	669	4,556	4,975	5,370	5,368	5,516	4,817
\$75,000-\$99,999	361	3,962	5,150	4,913	5,485	4,096	1,458
\$100,000-\$149,999	281	4,039	6,318	9,416	8,567	3,986	1,989
\$150,000-\$199,999	51	1,549	4,721	5,775	6,088	1,613	505
\$200,000 or More	29	1,064	5,057	10,545	9,526	3,562	987
Total	3,185	23,202	34,095	43,842	44,044	27,505	22,074
Median	\$44,123	\$67,799	\$94,222	\$115,352	\$109,057	\$71,860	\$44,462

(Shaded areas represent primary target markets.)

Source: Residential Planning Partners, LLC and Reis, Inc. (2015 estimates)

Development Planning Guidelines

Based on our analyses of rental market characteristics within the PMA together with the primary target market criteria provided above for the proposed Block A apartments, we recommend a portfolio of five to seven unit plan types ranging from 800 to 1,300 square feet in size, averaging 1,050 square feet across the portfolio, with an overall mix of roughly 50 percent one bedroom units and 50 percent two bedroom units. Suburban locations such as Lake Zurich offer little to no support for studio units. Additionally, families with children are not expected to make up a significant portion of the target market for any apartments developed within the subject site. Therefore, no studio or three bedroom units are recommended. (These recommendations, it should be noted, are in line with the existing plan mix throughout the PMA.)

The level of unit finishes and features should be consistent with newer higher-end apartments throughout the PMA and include nine-foot ceiling heights; granite or equivalent countertops; upgraded flooring throughout the unit; upgraded appliance package with dishwasher, microwave, and refrigerator with ice maker; balcony; and in-unit washer and dryer. Community amenities should include, at minimum, indoor and outdoor resident gathering spaces, fitness center, business center/library, and resident storage (including bike room/storage). Garage parking should be included in rents.

Suggested Benchmark Pricing Structure

Suggested benchmark base monthly rents for the proposed apartments range from \$1,500 for the smallest one bedroom units to \$2,075 for the largest two bedroom units, averaging \$1,788 across the group.

The suggested benchmark rent levels are supported by an analysis of current competitive price alignments among those representative area communities considered the *most comparable* to the proposed Block A apartments – namely, the six mid and high rise developments located in Arlington Heights, Wheeling, Buffalo Grove, and Vernon Hills.

As demonstrated in **Exhibit 1**, when statistical analysis utilizing a regression model is employed to illustrate relative market positioning on a price-value (i.e., rent to unit size) basis, the proposed development will, at suggested rent levels, be positioned almost exactly in line with market averages for comparable square footage. Specifically, the Block A apartments will be positioned 0.8 percent (\$14) above the market as a whole. This positioning is considered appropriate, given the new construction status of the proposed Block A apartments and the prime location aligning Lake Zurich *balanced against* the locational advantages of closer proximity to diverse commercial amenities, commutation corridors, employment, and/or mass transit shared by many of the competing communities.

It should be noted that the suggested rent structure represents pricing levels *at base*. It does not include floor premiums, which can be estimated at \$25 per floor. Nor does it include view premiums which, given the lakefront location, could be significant, given a well-conceived and executed building design.

Unit Absorption

At benchmark rent levels, the Block A apartments can be expected to absorb at a rate of between 4.5 and 6.5 units monthly, resulting in a total lease-up timeframe of roughly 10 to 15 months to reach stabilized occupancy (defined as 95 percent occupancy, or 67 units). This lease-up timeframe does not include three initial months of pre-leasing prior to first lease signings.

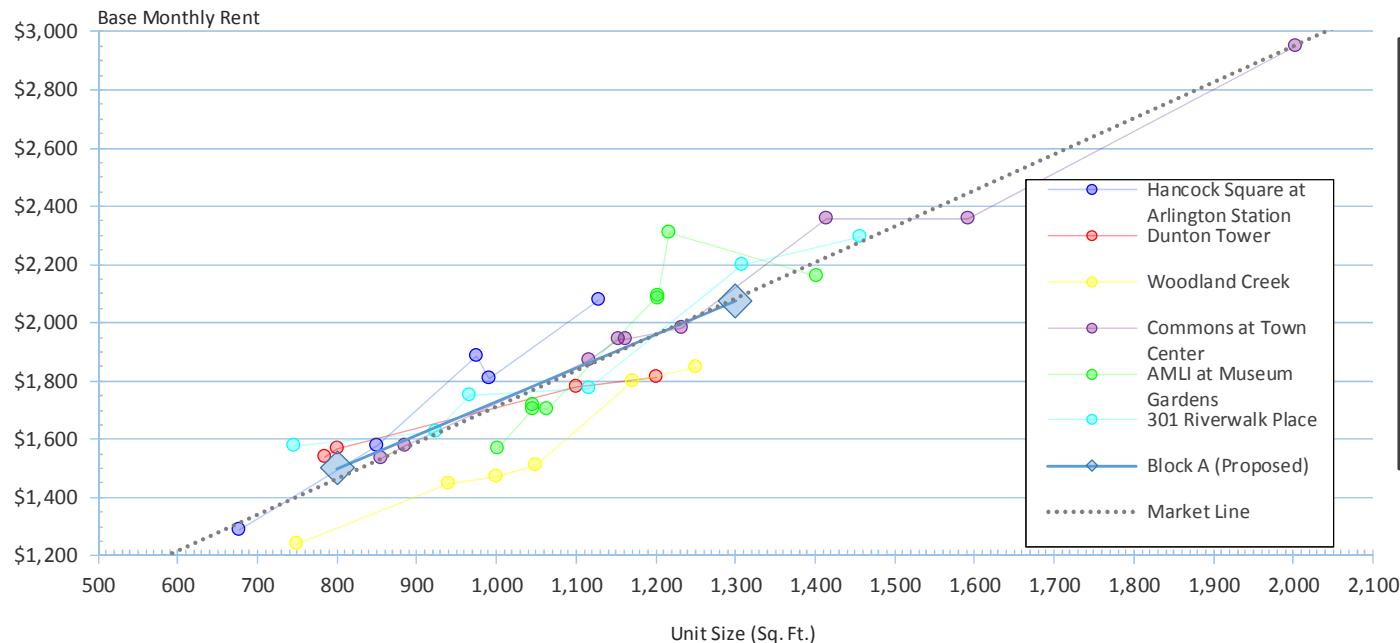
This forecast, supported by the recent experience of new higher end apartment communities elsewhere in suburban Chicago as well as current and projected market conditions over the next two to three years, is considered conservative. It should be noted, however, that external forces and unexpected events can – and regularly do – impact the actual performance of residential developments. These could include unexpected shocks to the local or regional economies. Actual absorption velocities can also be affected by the physical characteristics of the apartments as built, changes in the expected development and delivery timeframe, marketing and leasing efforts, and others factors both intrinsic and extrinsic to the development process.

Final Thoughts – Longer Term Market Potentials

Our projection of market support for the Block A subject site, considered conservative, is nevertheless based on prevailing market realities. That said, were Lake Zurich to successfully realize its plans for a revitalized downtown, the potential for additional apartment development throughout the downtown district is strong. Additional analysis would be needed to provide a detailed forecast of downtown rental market capacity. However, based on our work on this assignment, a longer term market potential within a revitalized downtown Lake Zurich – assuming steady rates of market area growth (as well as the

[EXHIBIT 1]

Pricing Positioning Analysis – Mid and High Rise Developments, SW Lake Co. – NW Cook Co. PMA



How to Read This Graph

The points on the graph represent the relative rent and unit size positions of all available plans among the group of most comparable market area rental communities. Regression analysis is used to establish a trendline representing market movement for the group. The slope of the line represents a dollar/square foot value.

Development	Location	Total Units	Average Unit Size (Sq. Ft.)	Average Base Mo. Rent	Average Rent at Market ⁽¹⁾	Rent Position ⁽²⁾	
						\$	%
Hancock Square at Arlington Station	Arlington Heights	409	924	\$1,727	\$1,618	+\$109	+6.7
301 Riverwalk Place	Buffalo Grove	90	1,086	1,870	1,818	+52	+2.9
AMLI at Museum Gardens	Vernon Hills	294	1,147	1,918	1,894	+24	+1.3
Commons at Town Center	Vernon Hills	84	1,268	2,057	2,044	+13	+0.6
Dunton Tower	Arlington Heights	216	971	1,675	1,676	-1	-0.1
Woodland Creek	Wheeling	640	1,027	1,552	1,745	-193	-11.1
Market Average	---	289	1,099	\$1,835	\$1,835	--	--
<i>Block A Apartments (Proposed)</i>	<i>Lake Zurich</i>	<i>70</i>	<i>1,050</i>	<i>\$1,788</i>	<i>\$1,774</i>	<i>\$14</i>	<i>+0.8</i>

⁽¹⁾Represents the average price per development if priced in accordance with market averages.

⁽²⁾Represents variance of actual price to market.

availability of suitable land) – of 250 to 300 units would not appear to be overly exuberant, with this rough estimate based on a market capture rate of roughly seven to ten percent over a market incubation period of five to ten years. Much of this development would be expected to take place in mixed use forms along Main Street and Old Rand Road.

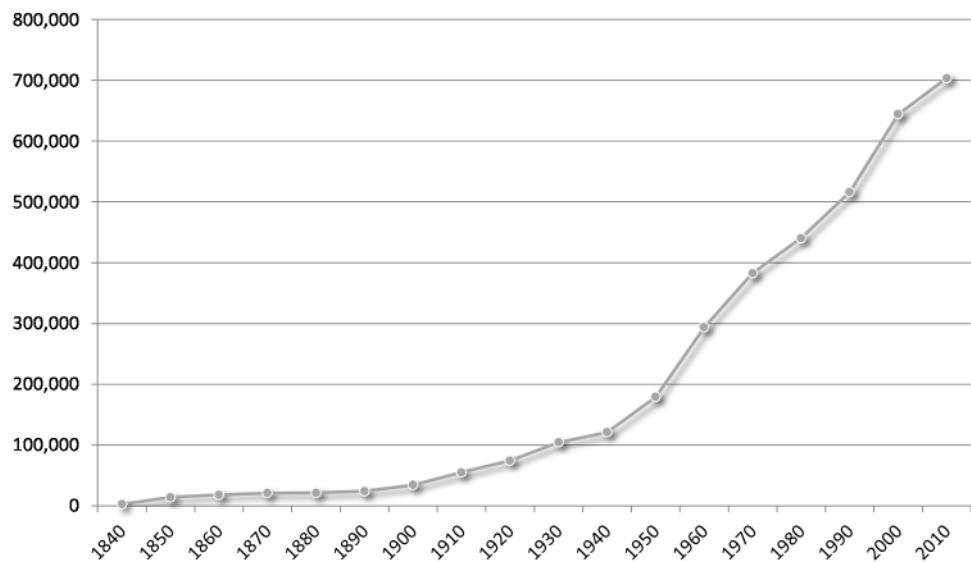
IV. Background to the Market

The Village of Lake Zurich, home to 19,924 people by current estimates, is located in southwest Lake County, some 45 miles from Chicago's Loop. Bordered by the villages of Hawthorn Woods to the north, Kildeer to the east, Deer Park to the south, and North Barrington to the west, Lake Zurich encompasses roughly seven square miles (as of the 2010 Census). The Village surrounds Lake Zurich, for which it is named, and is also home to Echo Lake, Oak Ridge Marsh, and a number of additional natural areas, parks, and recreation areas as well as several single family home neighborhoods. The Village was incorporated in 1896 and remained below 1,000 residents until the second half of the 19th century, when explosive growth driven by the outwardly expanding path of development from the City of Chicago, driven by transportation infrastructure improvements, overtook it.

Population & Household Trend

Beginning in the 1940s, as the regional transportation network grew, Lake County began to see increased levels of suburbanization and urbanization, particularly within its southern and eastern municipalities – a trend that accelerated in the 1950s and remained generally in place through 2010. From 1950 through 2010, for instance, the county added nearly 525,000 residents, or more than 8,700, on average, per year.

Population Growth -Lake County, IL



Source: U.S. Census Bureau

Current year estimates by Esri, Inc. show that rapid growth slowed between 2010 and 2015, largely as a result of the slow recovery from the national recession, with the county now home to 707,461 individuals and 245,144 households. However, Esri projections indicate that growth has gained a

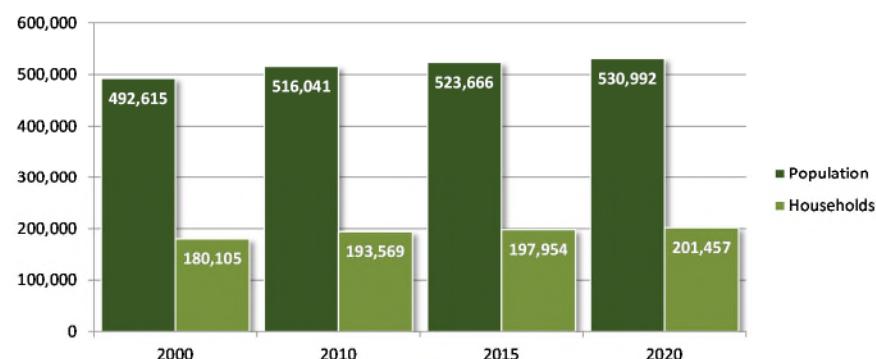
moderate measure of steam, with the county expected to add 5,162 residents and 2,521 households over the next five years (2015-2020).

By current estimates, nearly 524,000 people reside within the nine townships that make up the defined SW Lake Co. – NW Cook Co. Primary Market Area (see **Section II**), distributed among almost 198,000 households. Population distribution around the PMA is uneven, however, with more than half of all residents living in the more densely populated townships of Palatine and Wheeling in Cook County.

Population growth within the PMA averaged more than 2,300 persons per year between 2000 and 2010, but moderated significantly during the recessionary years and their aftermath. Moreover, growth rates are projected to remain essentially flat over the mid-term, with the PMA growing at average annual pace of less than 1,500 people per year from 2015 to 2020. Nevertheless, the PMA is expected to add, in total, 7,326 people and 3,503 households during this time.

Population & Household Trend

SW Lake Co. - NW Cook Co. PMA

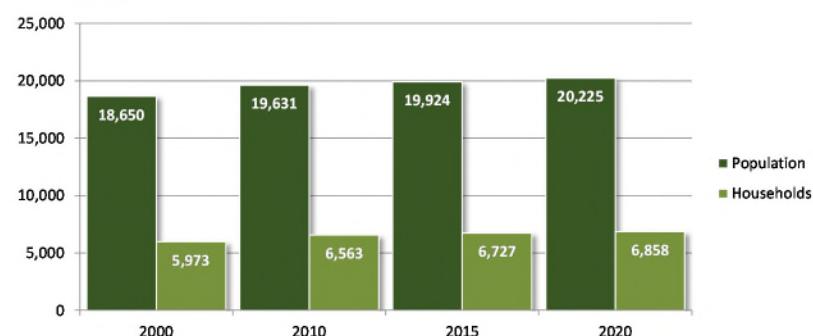


Source: U.S. Census Bureau; Esri, Inc. (2015 estimates, 2020 projections)

Within Lake Zurich itself, meanwhile, population growth averaged just under 100 persons per year between 2000 and 2010, and has averaged an estimated 60 persons per year since then. Esri projections show the Village growing by approximately 300 people and 131 households over the course of the next five years.

Population & Household Trend

Lake Zurich, IL



Source: U.S. Census Bureau; Esri, Inc. (2015 estimates, 2020 projections)

Housing Occupancy

Typical of second and third ring suburban locations, the PMA exhibits a high owner-occupancy rate. By Census Bureau estimates, of the area's 190,749 occupied housing units, 79.0 percent are owner-occupied, while 21.0 percent are renter-occupied. Renter tenure rates rose significantly, however, with the onset of the housing market crisis and national recession – from 19.5 percent recorded in the 2010 Decennial Census – with this trend expected to persist in the near to mid-term. Within Lake Zurich itself renter-occupied homes account for just 11.2 percent of all occupied housing units, equating to just 733 renter households.

Housing vacancy rates within the PMA stand at 1.9 percent for ownership units and 6.2 percent for rental units. By most standards, these are considered moderately high for ownership units and low for rental units. (Research shows that normal vacancy rates within most balanced markets average 1.5 percent for ownership units and 7.4 percent for rental units over the long term.) Vacancies within Lake Zurich itself are somewhat more imbalanced, at just 0.6 percent for ownership units, but 8.4 percent for renter units. (Note that most of the vacant rental units in Lake Zurich are single family homes that have been put onto the rental market. Vacancies among the Village's multifamily apartment communities are actually quite low.)

Housing Occupancy Characteristics

SW Lake Co. - NW Cook Co. PMA & Lake Zurich

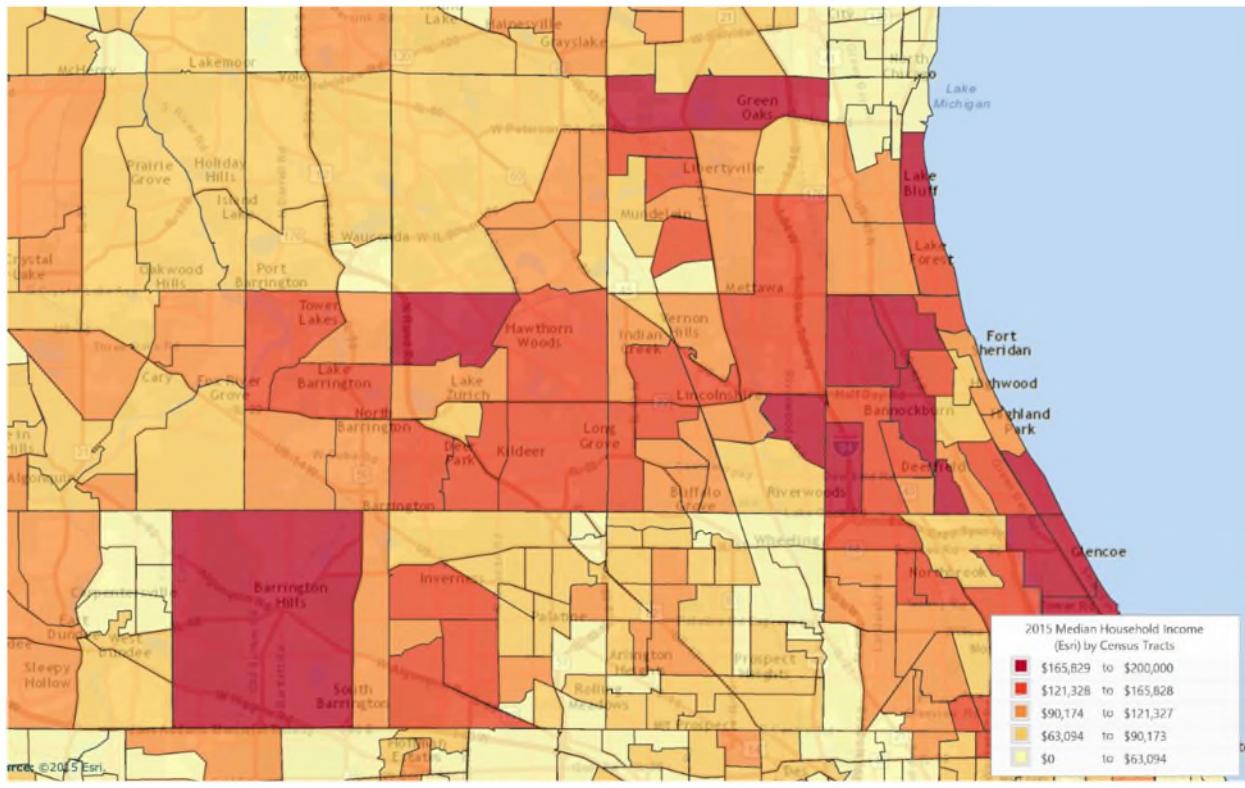
Attribute	PMA	Lake Zurich
Total Housing Units	201,430	6,891
Occupied Housing Units	190,749	6,554
Owner-Occupied	150,646	5,821
Percent	79.0	88.8
Renter-Occupied	40,103	733
Percent	21.0	11.2
Vacant Housing Units	10,681	337
Vacancy Rate (%)	5.3	4.9
Homeowner Vacancy Rate (%)	1.9	0.6
Rental Vacancy Rate (%)	6.2	8.4

Source: U.S. Census Bureau

Household Income

According to Census Bureau estimates (as of the 2013 American Community Survey), the median income for all households within the PMA stands at \$85,000, approximately 40 percent higher than the Chicago Metropolitan Region (\$56,650) and Illinois as a whole (\$56,797). As shown in the following map of household income by Census tract, areas of greater affluence within the PMA are concentrated within Cuba, Ela, Vernon, and Libertyville townships in Lake County and in Barrington Township in Cook County.

Household Income by Census Tract



A more nuanced analysis of income by housing tenure within the PMA shows sharp income inequality between owner and renter households. In fact, at \$48,988, the median income of renter households is just 50 percent of their owner counterparts, at \$97,993.

Households by Housing Tenure & Income
 SW Lake Co. - NW Cook Co. Primary Market Area

Income	Owner		Renter		Total	
	HH	%	HH	%	HH	%
Less than \$5,000	1,671	1.1	1,255	3.1	2,926	1.5
\$5,000 to \$9,999	1314	0.9	1,557	3.9	2,871	1.5
\$10,000 to \$14,999	2,156	1.4	1,954	4.9	4,110	2.2
\$15,000 to \$19,999	3,356	2.2	2,387	6.0	5,743	3.0
\$20,000 to \$24,999	3,710	2.5	2,482	6.2	6,192	3.2
\$25,000 to \$34,999	8,124	5.4	4,339	10.8	12,463	6.5
\$35,000 to \$49,999	13,037	8.7	6,521	16.3	19,558	10.3
\$50,000 to \$74,999	22,999	15.3	8,197	20.4	31,196	16.4
\$75,000 to \$99,999	20,644	13.7	5,107	12.7	25,751	13.5
\$100,000 to \$149,999	31,608	21.0	4,118	10.3	35,726	18.7
\$150,000 or More	42,027	27.9	2186	5.5	44,213	23.2
Total	150,646	100.0	40,103	100.0	190,749	100.0
Median	--\$97,993--		--\$48,988--		--\$85,000--	

Source: U.S. Census Bureau

That said, however, more than 20 percent of renter households within the market area have incomes ranging from \$50,000 to \$75,000, while more than 28 percent have incomes over \$75,000.

Within Lake Zurich itself, meanwhile, the latest ACS estimates of median household income are \$56,716 for renter households and \$111,777 for owner households. The median household income for all households stands at \$106,103.

Population Age Dynamics

The current estimated median age of PMA residents stands at 41.6 years, 2.7 percent higher than the 2010 Census figure and indicative of the influence exerted by the aging of the Baby Boomers. Currently, 30 percent of PMA residents are 55 years old or older. The median age is expected to increase to 41.5 years by 2020, when *nearly one third* of PMA residents will be 55 years old or older. The dramatic rise in older residents within the PMA is demonstrated in the following table. As shown, by 2020 the area is expected to have nearly 20 percent more people between the ages of 75 and 84 and more than 23 percent more people age 65-74 than it does today.

Population by Age - SW Lake Co. - NW Cook Co. Primary Market Area

Age (Years)	2010		2015 ⁽¹⁾		2020 ⁽²⁾		Change (2015-2020)	
	Pop.	Percent of Tot.	Pop.	Percent of Tot.	Pop.	Percent of Tot.	Gain/ Loss	Percent
0-4	30,272	5.8	28,338	5.4	28,208	5.3	-130	-0.5
5-9	34,405	6.6	33,505	6.4	31,081	5.9	-2,424	-7.2
10-14	37,641	7.2	36,800	7.0	35,618	6.7	-1,182	-3.2
15-19	35,144	6.7	33,631	6.4	32,523	6.1	-1,108	-3.3
20-24	24,495	4.7	28,137	5.4	24,937	4.7	-3,200	-11.4
25-34	58,751	11.2	59,147	11.3	60,393	11.4	+1,246	+2.1
35-44	71,795	13.7	66,228	12.6	69,570	13.1	+3,342	+5.0
45-54	89,187	17.0	80,584	15.4	72,969	13.7	-7,615	-9.4
55-64	67,187	12.8	77,223	14.7	79,514	15.0	+2,291	+3.0
65-74	35,457	6.8	45,822	8.8	56,465	10.6	+10,643	+23.2
75-84	21,785	4.2	22,988	4.4	27,538	5.2	+4,550	+19.8
85+	9,922	1.9	11,263	2.2	12,176	2.3	+913	+8.1
Total	516,041	98.5	523,666	100.0	530,992	100.0	+7,326	+1.4
Median Age	---40.5---		---41.6---		---42.5---		---	

⁽¹⁾Estimate

⁽²⁾Projection

Source: U.S. Census Bureau, Esri, Inc. (2015 estimates, 2020 projections)

In addition to a dramatic rise in older residents, the PMA is expected to experience a much more modest increase in younger adults age 25-34 and 35-44. While these two age cohorts today make up roughly 24 percent of the PMA population, this total will rise to 24.5 percent by 2020 – an addition of 4,588 people within this age range.

Gross Rent

Among PMA renter households, the median monthly gross rent cost stood at \$1,170 as of the 2009-2013 American Community Survey (ACS) Five-Year Estimate.

As shown in the following table, more than one quarter of market area rental households have gross rents between \$750 and \$1,000. However, more than 40 percent have gross rents of \$1,000 to \$1,500, and more than 22 percent have gross rents of \$1,500 or more. (While the table represents the latest gross rent data available from the Census Bureau, it should be kept in mind that rent levels have almost certainly risen since 2013. Thus, the figures in the table below are included as a baseline measure of relative – rather than absolute – rent expenditure distribution within the PMA.)

Renter Households by Gross Rent
 SW Lake Co. - NW Cook Co. PMA

Gross Rent	HH	%
Less than \$200	328	0.8
\$200 to \$299	618	1.6
\$300 to \$499	886	2.3
\$500 to \$749	1,855	4.8
\$750 to \$999	10,145	26.2
\$1,000 to \$1,499	16,290	42.1
\$1,500 or more	8,610	22.2
Total	38,732 ⁽¹⁾	100.0
Median	-\$1,170--	

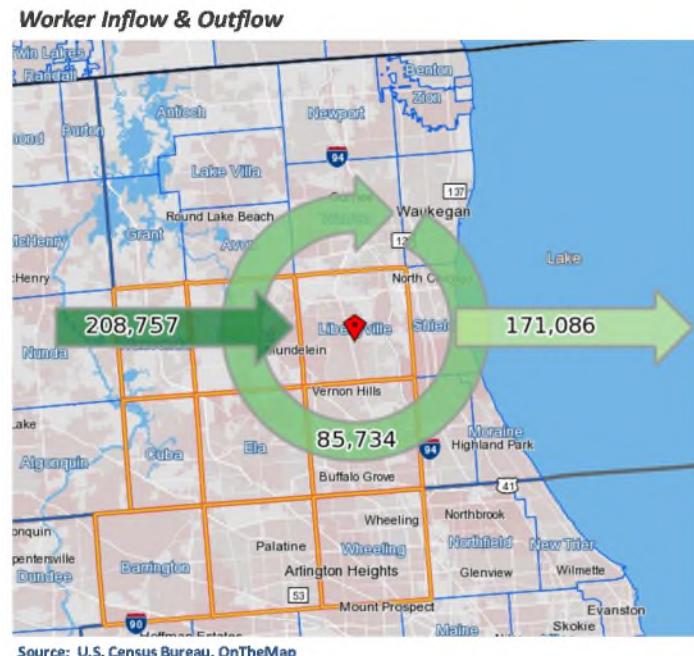
⁽¹⁾An additional 1,371 renter households pay no cash rent.

Source: U.S. Census Bureau

Area Employment Patterns

According to Census data, 256,820 people living within the SW Lake Co. – NW Cook Co. PMA are employed. Two thirds of these workers (171,086) are employed outside the PMA, while one third (85,734) are employed within it. Additionally, nearly 209,000 workers live outside the PMA but commute into it for work (including more than 27,600 who commute to the PMA from the City of Chicago).

Among workers who commute out of the PMA, the top destination is the City of Chicago, which sees a daily inflow of nearly 37,000 workers who reside within the PMA. Northfield and Schaumburg townships rank second and third, with inflows of 15,841 and 11,407 workers, respectively. Together, these top three destinations represent nearly 38 percent of employment for those living within the PMA and commuting outside of it for work.



For the nearly 10,000 employed persons living in Lake Zurich itself, more than 9,000 commute outside the Village for work, with the top destination being the City of Chicago, where nearly 15 percent of Lake Zurich workers are employed. Just over nine percent are employed in the Village itself, while the northwest Cook County municipalities of Schaumburg, Arlington Heights, and Palatine account for another 12 percent of employment for Lake Zurich residents.

Worker Job Locations

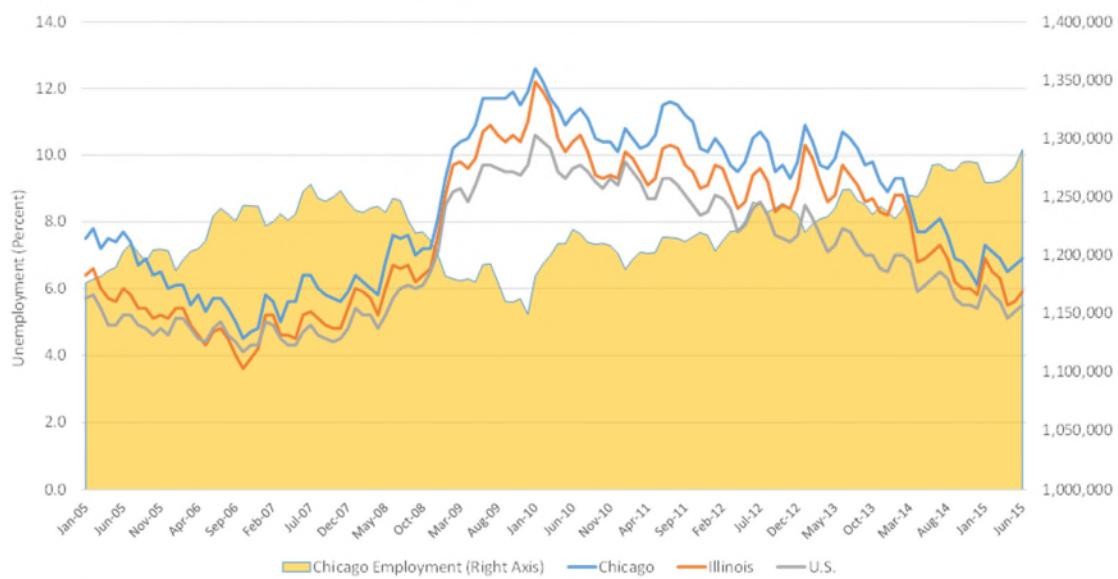
Lake Zurich, IL

Location	No.	Percent
Chicago	1,469	14.8
Lake Zurich	900	9.1
Schaumburg	502	5.1
Arlington Heights	372	3.7
Palatine	299	3.0
Vernon Hills	269	2.7
Elk Grove	214	2.2
Northbrook	200	2.0
Barrington	198	2.0
Deerfield	195	2.0
Other Locations	5315	53.5
Total	9,933	100.0

Source: U.S. Census Bureau: OnTheMap data.

Like most areas of the country, the Chicago region experienced severe job losses as a result of the national recession. Recovery has been slow, with regional job growth falling short of national averages. However, in the current year, the region has once again reached pre-recession peak levels of employment.

Employment Trends – Selected Geographies



Source: U.S. Bureau of Labor Statistics

The national economic expansion appears to finally be giving the Chicago region needed lift, and after years of lagging, the rate of regional growth is expected to at last achieve parity with the nation as a whole over the next several quarters. As noted by PNC bank in its most recent *Chicago Market Outlook* report, "Existing capacity utilization is becoming stretched at the national level, and when businesses are forced to expand to meet new demand, Chicago will benefit as a major center for commerce and business synergies." Moreover, the report notes, increased competition for skilled and educated workers will have the added benefit (for workers) of driving wages higher.

Rental Apartment Demand Potentials

New home demand is supported first and foremost by household growth—that is, the increase in the total number of resident households either by in-migration (movement into a market area) or the formation of new households within the market.

As discussed above, the PMA is expected to add 3,503 new households over the next five years, creating demand for new housing. Further, as any housing stock ages, homes inevitably fall into obsolescence and disrepair and are subject to demolition. Others are destroyed by fire or man-made or natural disaster. On average, in markets across the nation, roughly 0.26 percent of the existing housing stock is lost each year, creating replacement demand for new homes.

Finally, a third (though smaller) factor contributing to new home demand based on household growth is the need to retain a certain amount of vacancy within the market for the purpose of efficient unit turn.

Our derivation of rental housing demand potentials supported by household growth – factoring in current housing tenure rates, expected housing unit loss due to abandonment and demolition, and the need to retain vacancy balance – suggests that over the next five years the PMA will experience demand for 1,400 new rental units, or 280, on average, per year.

Derivation of Rental Unit Demand Potentials

2016-2020

SW Lake Co. - NW Cook Co. PMA

Households, CY Estimate	197,954
Households, 5Y Projection	201,457
Projected HH Growth	3,503
Expected Loss, Units (0.26%/year)	2,705
Gross Housing Demand, Units	6,208
Rental Units (21.0%)	1,304
Vacancy Requirement (7.4 Percent)	96
Total Renter-Occupied Demand	1,400
Average Per Year	280

Source: Residential Planning Partners, LLC

(*Household and housing tenure estimates and projections from Esri, Inc.*)

This forecast assumes that normal economic conditions will prevail throughout the forecast period. It does not include (nor should it be confused with) additional forms of market support that may be

applicable on a per development basis. (As they relate to the subject site, these are discussed in **Section III** of this report.)

V. Competitive Environment

Our investigation of the area competitive environment included an analysis of market rate apartment inventory and rental rate trends within the **West Lake County Submarket** as well as a more detailed analysis of current apartment market characteristics within the PMA specifically.

The West Lake County Submarket (of which Lake Zurich is a part) consists of those portions of Lake County roughly west of U.S.-45. While not entirely contiguous with the PMA (and extending farther north), it is the submarket area most comparable to Lake Zurich in terms of geography and localized growth patterns. As such, historic market trends within this submarket are considered most relevant to the apartment market within Lake Zurich itself.

Within the submarket, total multifamily rental inventory (inclusive of market rate developments with 40 or more units) currently stands at 4,953 units. Submarket-wide apartment inventories have not grown at all in the last decade, even as market occupancies have tightened considerably. In total, just 1,074 units have been added to submarket inventories since 1995. On an annual basis, the submarket vacancy rate reached a cyclical low in 2014 at 2.1 percent (considered extremely low) and remain essentially flat as of the second quarter of the current year.

Market Rate Apartment Inventory Trend⁽¹⁾

West Lake County Submarket

Year	Inventory (Units)	Comple-tions	Vacant Units	Vacancy Rate (Percent)	Vacancy Change (BPS)	Net Units Absorbed
1995	4,047	0	130	3.2	--	-41
1996	4,047	0	202	5.0	178	-72
1997	4,383	336	136	3.1	-189	402
1998	4,383	0	61	1.4	-171	75
1999	4,383	0	136	3.1	171	-75
2000	4,589	206	372	8.1	500	-30
2001	4,589	0	340	7.4	-70	32
2002	4,769	180	258	5.4	-200	262
2003	4,841	72	421	8.7	329	-91
2004	4,673	0	346	7.4	-129	-93
2005	4,953	280	589	11.9	449	37
2006	4,953	0	520	10.5	-139	69
2007	4,953	0	233	4.7	-579	287
2008	4,953	0	292	5.9	119	-59
2009	4,953	0	392	7.9	202	-100
2010	4,953	0	273	5.5	-241	119
2011	4,953	0	223	4.5	-100	50
2012	4,953	0	249	5.0	50	-26
2013	4,953	0	148	3.0	-200	101
2014	4,953	0	104	2.1	-90	44
2015 ⁽²⁾	4,953	0	115	2.3	20	-16
Total/Average	1,074		264	5.5	-5	45

⁽¹⁾Includes market rate rental developments with 40 or more units.

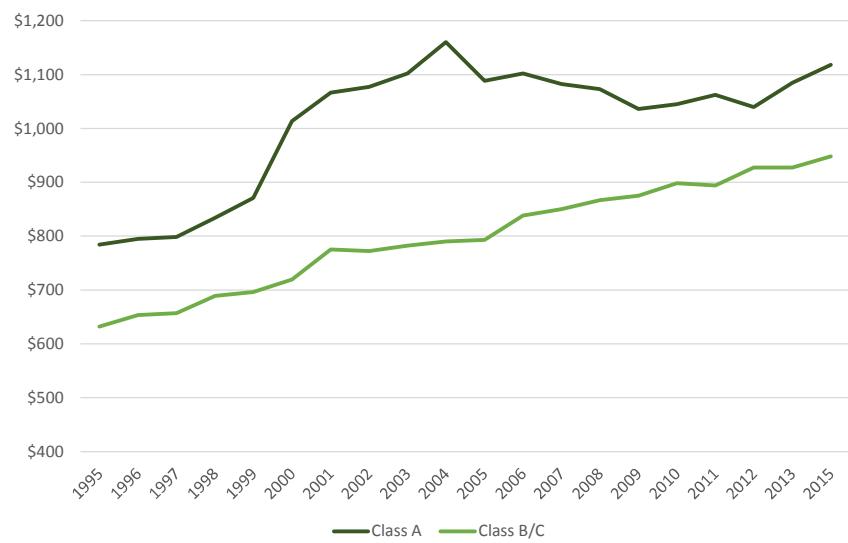
⁽²⁾As of July 1.

Source: Reis, Inc.

By traditional market standards, Class A apartment communities are investment-grade properties that generally command the highest rents for the market area. They are often newer or newly renovated properties that offer a high degree of unit and community features and amenities. Class B properties may still be considered investment worthy. They are often older, but well-maintained properties. Others may be newer but lack the level of features and amenities associated with true Class A properties. Class C properties generally command the lowest rents of all market rate rental communities. They are usually older and/or of relatively poor quality and may have significant, ongoing maintenance issues.

Approximately 70 percent of inventory units within the West Lake County Submarket are located in developments considered Class A for the market, with the remainder distributed among Class B and C properties. Average monthly rent levels currently stand at \$1,118 for Class A properties and \$948 for Class B/C properties. Between 2011 and 2014 Class A average rents rose 5.4 percent – or 1.8 percent on an annualized basis for the three year period.

Average Monthly Rent by Class - West Lake County Submarket



Source: Residential Planning Partners, LLC and Reis, Inc. (data as of Q2 2015).

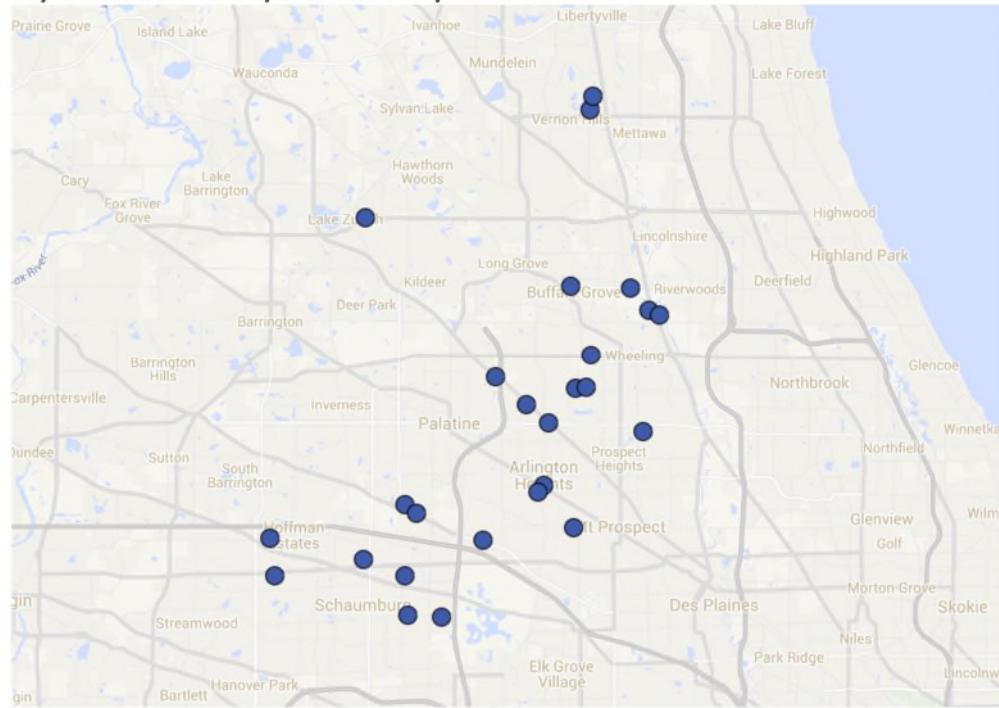
Current Market Conditions - PMA

In order to facilitate a full understanding of the market potential for new, higher-end apartment units within the PMA, we selected for special in-depth analysis a representative sample of those developments deemed *most comparable* to any units expected to be developed within the subject site.

This group of 26 Class A market comparables includes properties located in nine different PMA municipalities, with the largest representation from Arlington Heights (six communities) and Schaumburg (seven communities). Just one of the communities is located in Lake Zurich itself (*The*

Landings of Lake Zurich) with the next closest properties located six to seven miles away in Buffalo Grove and Palatine.

Representative Class A Apartment Developments



Source: Residential Planning Partners, LLC (map by Google)

Together, the 26 properties encompass more than 10,000 units, with an average of 387 units per development. The properties were built between 1971 and 2010, with the majority built in the 70s and 80s. While the majority of the properties are traditional suburban-style garden apartments (i.e., consisting of buildings with two to three stories), one is four stories, four are mid-rise buildings with five to seven stories, and two are true high rise buildings with 11 and 15 stories.

Representative Class A Apartment Characteristics

SW Lake Co. - NW Cook Co. PMA

Property Name	Location	Year Built	Size (Units)	Floors	Average Plan Size (Sq. Ft.)	Average Base Mo. Rent	Average Rent/Sq. Ft.	Average Vacant Units	Occ. Rate (%)	
Hancock Sq. at Arlington Station	Arlington Heights	1987	409	11	872	\$1,670	\$1.92	16	96.1	
Versailles on the Lake	Schaumburg	1976	618	3	785	1,423	1.81	20	96.8	
Dunton Tower	Arlington Heights	1987	216	15	897	1,603	1.79	4	98.1	
301 Riverwalk Place	Buffalo Grove	2006	90	7	1,086	1,870	1.72	0	100.0	
Brook Run	Arlington Heights	1986	182	2	889	1,528	1.72	3	98.4	
Park Meadows	Schaumburg	1989	578	3	858	1,443	1.68	21	96.4	
Apts. At Windbrooke Crossing	Buffalo Grove	1987	236	2	920	1,543	1.68	9	96.2	
AMLI at Museum Gardens	Vernon Hills	2005	294	7	1,147	1,918	1.67	8	97.3	
Green at Chevy Chase	Buffalo Grove	1987	592	3	846	1,408	1.66	4	99.3	
Lakes of Schaumburg	Schaumburg	1988	428	3	850	1,382	1.63	7	98.4	
Commons at Town Center	Vernon Hills	2010	84	6	1,268	2,057	1.62	1	98.8	
Central Park East	Arlington Heights	1989	204	3	974	1,557	1.60	5	97.5	
Treehouse of Schaumburg	Schaumburg	1978	752	3	971	1,544	1.59	42	94.4	
Village Green of Schaumburg	Schaumburg	1987	179	2	861	1,343	1.56	2	98.9	
Clover Ridge East	Palatine	1987	276	3	866	1,339	1.55	13	95.3	
Woodland Creek	Wheeler	1984	640	5	1,027	1,552	1.51	22	96.6	
Landings of Lake Zurich	Lake Zurich	2000	206	3	902	1,354	1.50	1	99.5	
Remington Place	Schaumburg	1987	528	3	872	1,284	1.47	12	97.7	
Village Green at Arlington Club	Wheeler	1987	430	2	856	1,254	1.46	6	98.6	
Arbor Lakes	Arlington Heights	1986	379	2	918	1,318	1.44	5	98.7	
Wheatlands, The	Buffalo Grove	1994	352	3	1,063	1,494	1.41	12	96.6	
Legacy at Poplar Creek	Schaumburg	1986	196	2	950	1,308	1.38	4	98.0	
Mallard Lake	Wheeler	1972	480	3	900	1,229	1.37	1	99.8	
Barrington Lakes	Hoffman Estates	1972	790	3	954	1,301	1.36	9	98.9	
Stonebridge Villas	Arlington Heights	1972	586	4	1,025	1,375	1.34	2	99.7	
Willow Bend	Rolling Meadows	1971	329	3	1,138	1,361	1.20	2	99.4	
Total/Average		---	---	10,054	--	957	\$1,517	\$1.59	231	97.7

Source: Residential Planning Partners, LLC and Reis, Inc.

Average monthly market rents among the group range from \$1,229 to \$2,057 on a whole dollar basis, and \$1.20 to \$1.92 on a rent per square foot basis. For the group, the average rent stands at \$1,517 for 957 square feet of living space, or \$1.59 per square foot. Notably, the mid and high rise properties, generally located in more urbanized areas of the PMA, as a group command higher rents per square foot than the garden style properties. Specifically, current rents stand at \$1.71 per square foot, on average, among the five properties with five or more stories – nearly 12 percent higher than the \$1.53 per square foot average for the traditional garden style properties.



Current occupancies among the communities range from 94.4 percent for the large scale *Treehouse of Schaumburg* community to 100.0 percent for the *301 Riverwalk Place* mid-rise development in Buffalo Grove. Across the group, 231 units are vacant, for an overall occupancy rate of 97.7 percent – considered extremely tight. (For most markets, an occupancy rate of 94 to 95 percent would be considered balanced.)

Generally speaking, the level of included features and amenities across the group is consistent with Class A market expectations, including upgrade level interior finishes and appliance packages, in-unit laundry, and extensive building amenities (typically including community gathering space, fitness center, swimming pool, resident storage, and fully landscaped grounds). Notably, a majority of units in older properties have been updated to contemporary tastes and design standards. Parking is generally handled via surface lot for the garden style properties, with garages available in some cases for an additional fee, and via structure for mid and high rise buildings.



Of the 134 plans offered among the group of market comparables, more than 40 percent offer one bedroom, while nearly 50 percent offer two bedrooms (with either one or two bathrooms). Studio and three bedroom units have minimal representation among the group.

A more detailed analysis of rental rates by plan type shows that, across all of the developments, one bedroom plans average 813 square feet in size and \$1,325 in rent, or \$1.63 per square foot. Two bedroom, one bath plans average 962 square feet in size and \$1,526 in rent (\$1.59 per square foot), while two bedroom, two bath plans average 1,109 square feet in size and \$1,722 in rent (\$1.55 per square foot).

Rent by Plan Type

Representative Market Comparables

Plan Type (Bed/Bath)	No. of Plans	Percent of Total	Avg. Size (SF)	Avg. Base Mo. Rent	Avg. Rent Per SF
Studio/1.0	5	3.7	517	\$1,172	2.27
1/1.0	56	41.8	813	1,325	1.63
2/1.0	21	15.7	962	1,526	1.59
2/2.0	44	32.8	1,109	1,722	1.55
3/2.0	8	6.0	1,292	1,794	1.39
Tot./Avg.	134	100.0	957	\$1,517	1.59

Source: Residential Planning Partners, LLC

Lake Zurich Apartment Market

The market rate apartment market within Lake Zurich proper is very small, consisting of just two developments of significant scale.

- Located at 25 Buesching Road and included in our survey of comparable PMA communities, *The Landings of Lake Zurich* is a Class A garden-style property built in 2000 and consisting of 206 units. Eight plans are offered, including three that include an attached one car garage. Current rents range from \$1,099 to \$1,715 and average \$1,354 for 902 square feet of living space, or \$1.50



per square foot. Garages, where not included, are available for an additional \$150 per month. According to the community leasing agent, the community maintains a very high occupancy rate, and, indeed, at the time of survey just one unit was available, for an overall occupancy of 99.5 percent.

- Located directly south of the subject site at 245 W. Main Street, *Watersedge Apartments* is an older, Class B/C development. The property was constructed in the early 70s, and approximately half the units have received recent updating. Current rents stand at \$875 to \$900 for a 750-square foot one bedroom unit and \$975 to \$1,000 for a 950-square foot two bedroom units. The community is fully occupied at the present time.



Planned Development

Two market rate apartment developments are in the early proposal stages at this time in the Village of Lake Zurich:

- UrbanStreet and North American Properties have proposed a mixed-use development with 231 upscale apartments and 10,000 square feet of commercial space at 880 N. Old Rand Road (currently the site of Hackney's restaurant). UrbanStreet, which is currently set to break ground on a similar development in Schaumburg, sought input from the Village Board and residents at the beginning of September and will next present a formal application to the Planning and Zoning Commission. UrbanStreet is currently in negotiations to purchase the 8.4-acre property. If an agreement is reached and Village approval secured, demolition work could begin at the beginning of 2016.
- Local developer John Breugelmans of Lakeland Asset Management, together with Jade Development, has proposed the development of a six-story apartment building at the intersection of Route 22 and South Old Rand Road (the development parcel known as "Block G"). At the beginning of August, the Village Board granted the developer the opportunity to submit more formal plans for the development to the Planning and Zoning Commission. If approved and built as currently envisioned, the project could encompass 100 to 120 luxury apartments.



Elsewhere within the PMA at the present time there are seven market rate apartment developments in formal planning or under construction. Together, these developments represent a potential future

inventory of 1,482 units – though it is highly unlikely that all will be built. (Note that at any given time a number of projects may be in more informal planning stages. The projects listed below represent those for which formal plans have been submitted to local building officials and for which information is publically available through normal channels.)

Proposed & Under Construction Apartment Developments

SW Lake Co. - NW Cook Co. PMA

Approximate Location	Municipality	Status	Units Planned
U.S.-45 & Corporate Woods Pkwy.	Vernon Hills	Under Const.	304
E Lake Cook Rd. & Northgate Pkwy.	Wheeling	Under Const.	288
N Buffalo Grove Rd. & Old Checker Rd.	Buffalo Grove	Proposed	48
W Lake Cook Rd. & Raupp Blvd.	Buffalo Grove	Proposed	325
W Dunee Rd. & Northgate Pkwy.	Wheeling	Proposed	280
W Northwest Hwy. & E Miner St.	Arlington Heights	Proposed	45
E Algonquin Rd. & S Quentin Rd.	Schaumburg	Proposed	192
Total	---	---	1,482
<i>Under Construction</i>	---	---	592
<i>Proposed</i>	---	---	890

Source: Residential Planning Partners, LLC and Reis, Inc.

The majority of the listed projects are of significant scale, ranging from 192 to 325 units, while two are smaller projects of less than 50 units each. The majority are located in more developed areas of the PMA proximate to primary traffic routes.



VI. Appendix: Assumptions & Limiting Conditions

Data collection for this assignment took place in August and September of 2015. Information analyzed herein was obtained from a variety of sources deemed reliable at the time, but is not guaranteed. The estimates, projections, recommendations, and opinions provided were based on the information analyzed. No liability is assumed for the accuracy of said information. Client agrees to indemnify and hold harmless Residential Planning Partners, LLC, its owners, independent contractors, agents, employees, and assigns, from all liabilities they may be subject to as a result of these services.

Absorption forecasts provided in this report are based on the assumption that the housing product will be developed in accordance with the recommendations given, with high caliber design, features, and amenities, and that the units will be professionally and aggressively marketed to the appropriate target markets. They also assume that normal economic conditions will prevail during the marketing of the properties. Unforeseen economic downturns can impact the performance of even the best housing developments.