



TRACY CROSS & ASSOCIATES, INC.

**Residential Market Analysis
--- 203 South Marion Apartments ---
Oak Park, Illinois**

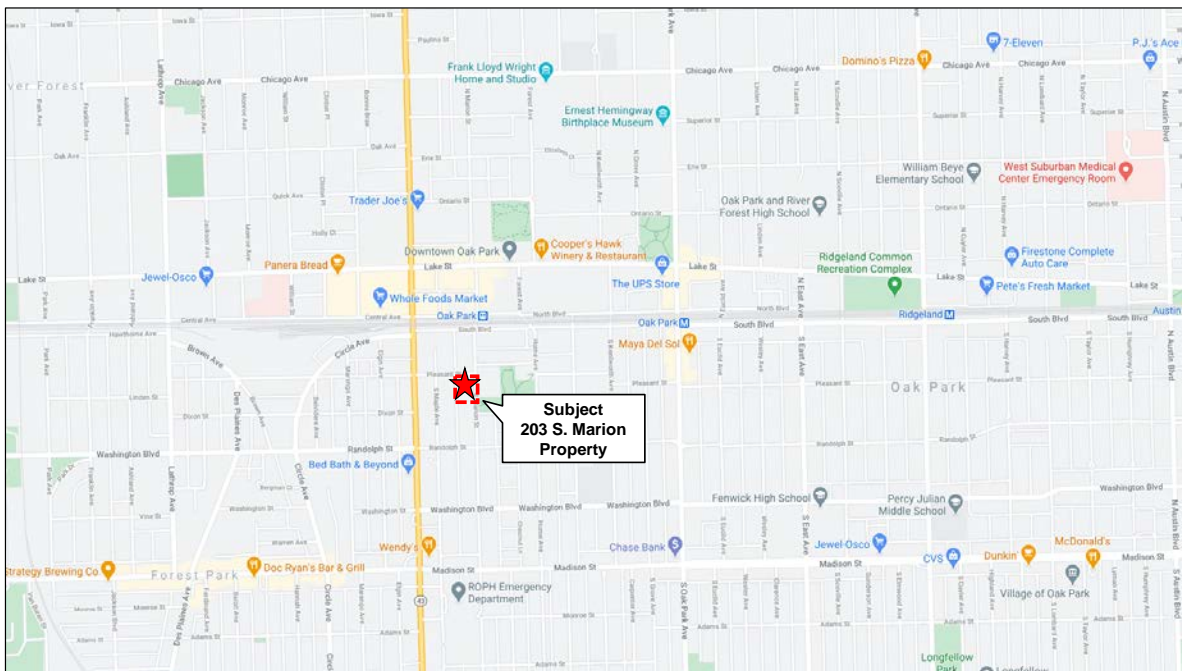
OCTOBER 2020

INTRODUCTION

At the request of Focus Acquisition Company, LLC, Tracy Cross & Associates, Inc. evaluated the market potential for residential development in Oak Park, Illinois. Specifically, this analysis addresses the marketability of moderate-density apartments within an approximate 34,000 square foot redevelopment parcel located at 203 South Marion Street.



**GEOGRAPHIC DELINEATION: 203 SOUTH MARION STREET PROPERTY
-- OAK PARK, ILLINOIS --**



Source: Focus Acquisition Company, LLC and Google Maps

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Overall, this analysis establishes the following:

- ❑ Conclusions regarding the depth of the Oak Park area for new construction multifamily development during the 2020-2025 forecast period based upon pertinent economic, demographic and residential construction trends which define the marketplace.
- ❑ Conclusions regarding the marketability of 159 apartments to be distributed within a seven-story, mixed-use building to include two levels of structured parking above grade together with approximately 1,127 square feet of commercial/retail space. These conclusions are based upon factors associated with the location of the property, the performance of proximate newer construction apartment developments, and the near term outlook for apartment development in Oak Park and its near west suburban environs.
- ❑ A benchmark rent strategy and attendant absorption forecast to competitively position the conceptualized 203 South Marion Apartments relative to similar and newer rental developments throughout the marketplace.
- ❑ Alternative benchmark rent strategies and attendant absorption forecasts to enable further financial modeling.

THE SUBJECT PROPERTY AND ITS ENVIRONS

The subject property consists of an approximate 34,000 square foot parcel situated at the southwest intersection of Pleasant and Marion streets in the Pleasant District of Oak Park, Illinois. The existing Dreschler Brown & Williams Funeral Home and parking lot will be razed for redevelopment. A public alleyway at the western boundary of the site will provides access for service and delivery vehicles, along with future ingress to the private parking structure. Vintage courtyard apartments are found directly west of the property, while the municipal Mills Park and Historic Pleasant Home are directly east of the site.



203 South Marion Redevelopment Site

The Pleasant District is host to the boutique Carleton Hotel as well as numerous established eateries such as Poor Phil's at the Carleton itself, along with a variety of ethnic restaurants, specialty boutiques, and consumer service providers. Additional shopping, dining and entertainment venues are within a short three-block walk north to Lake Street and/or west to Harlem Avenue where one finds Whole Foods, Trader Joe's, Target, and Walgreen's, along with national retailers such as Bed Bath & Beyond, Petco, Old Navy and others.



Mills Park and Historic Pleasant Home



The Pleasant District



The property is also enhanced by its proximity to the Chicago Transit Authority's Green Line commuter rail system as well as METRA's UP West Line, with commuter stations located one block north at South Boulevard and North Boulevard, respectively. From these transit stations, travel times to the Fulton Market District and Chicago's Loop average 15 minutes. The property is also served by the CTA's Route 20/Madison, 311/Oak Park Avenue, and 305/East Roosevelt Road bus routes which link the area with regional employment centers, as well as the Forest Park and Oak Park transit hubs. Seven major medical campuses are within a mere 5.0 miles of the site, including Rush Oak Park Hospital and West Suburban Hospital in Oak Park itself, MacNeal Hospital in neighboring Berwyn, Loyola Medical Center and Hines VA Hospital in Maywood, and Rush/University of Illinois/John Stroger Cook County medical campuses aligning the I-290/Eisenhower Expressway in Chicago's Near West Side. These medical campuses represent major regional employers. In addition, O'Hare International Airport and Chicago Midway Airport are within a short 7.5 miles northwest and due south of the subject site, respectively.



Rush Oak Park Hospital

Oak Park has experienced heightened levels of rental apartment construction in recent years, concentrated in its downtown district. Prior to 2008, for example, the newest rental developments of scale in the village included the 15-story, 234-unit *100 Forest Place*, along with the 125-unit *Oak Park City Apartments* at Lake Street and Euclid Avenue, which were built in 1986 and 1987, respectively. As graphically illustrated below and addressed in later sections of this report, in late-2008 the 204-unit *Oak Park Place* at Harlem Avenue and Lake Street was introduced, followed more recently by *The Emerson*, *Vantage*, *Albion at Oak Park* and *Eleven33* which were all introduced during the 2016-2019 period. These four newer developments all represent high-density, amenity-enhanced mixed-use projects which (collectively) brought 1,069 new apartment units to Oak Park over the last four years.



GEOGRAPHIC DELINEATION: NEWER DOWNTOWN DISTRICT APARTMENTS
-- OAK PARK, ILLINOIS --



Source: Tracy Cross & Associates, Inc. and Google Maps



Overall, the site occupies an **excellent** location relative to employment, shopping, services and recreation, while its alignment with Marion Street affords an ideal marketing window for Focus Acquisition Company, LLC.

THE PROPOSED DEVELOPMENT

As conceptualized by Focus Acquisition Company, LLC, the 203 South Marion Apartments will consist of 153 apartments distributed within a seven-story residential building to include two levels of private structured parking providing 124 single stalls and six (6) two-story, private-entrance “Maisonette” apartments oriented to Marion Street. Parking allocations for the 159 units translate to an enclosed parking ratio of 0.78 stalls per residential unit which is fully consistent with the transit-oriented nature of the proposed community and viewed as sufficient. The first floor of the midrise building will also include a residential lobby, leasing office and mail/package room with technology concierge, along with a bicycle storage/repair shop. A small café or other retail component is also planned. A fitness center, e-lounge café and meeting/media room will be located on Level Two, while a clubroom with kitchen and social area and game room will be provided on Level 3.

Utilizing energy-efficient construction technologies *including state-of-the-art VRF mechanical systems*, the development will feature architectural design aesthetics complimentary to its Oak Park environs. As summarized in the following text table, residential design concepts include a variety of studio, one, one bedroom and den, and two bedroom apartments which range in unit size from 440 to 1,120 square feet, with the two bedroom and den two-story Maisonette units extending offerings to 2,250 square feet. Overall, 203 South Marion Apartments will provide 119,976 net leasable square feet, with the average apartment residence containing 755 square feet of living area, *exclusive* of balcony or terrace.

DEVELOPMENT MATRIX: 203 SOUTH MARION APARTMENTS
-- OAK PARK, ILLINOIS --

Plan Designation	Total Proposed Units	Percent of Total	Bedrooms/ Baths	Net Leasable Square Feet		
				Plan Size (Sq. Ft.)		Total
				Range	Average	
Seven-Story Mixed-Use Building with Structured Parking: 159 Units / 124 Parking Stalls						
Studio	42	26.4	0 / 1.0	440 - 506	489	20,556
One Bedroom	60	37.7	1 / 1.0	508 - 853	690	41,377
One Bedroom+Den	19	11.9	1+Den / 1.0	787 - 817	803	15,253
Two Bedroom	32	20.1	2 / 2.0	864 - 1,120	980	31,345
Maisonette	6	3.8	2+Den / 2.5	1,685 - 2,250	1,908	11,445
Total/Average:	159	100.0	---	440 - 2,250	755	119,976

Source: Focus Acquisition Company, LLC: Concept Schematic dated 9/30/2020.

All apartments are expected to feature quality interior appointments commensurate with new construction apartment development throughout the region. Typically, these include nine-foot ceiling height, plank-style laminate flooring in kitchens and living areas, with carpeted bedrooms and bedroom-wing hallways; designer kitchens with quartz/granite countertops and islands, ceramic tile backsplash, stainless steel undermount sinks, energy-efficient stainless steel kitchen and laundry appliances; walk-in master bedroom closets; and designer baths with laminate or ceramic tile flooring, quartz/granite vanity tops, solid-surface shower surrounds and frameless glass shower doors. All apartments will provide internet/cable connectivity, some level of Smart technology, and adequate secondary closeting. For analytical purposes, it is assumed that all utilities will be billed directly to the resident.



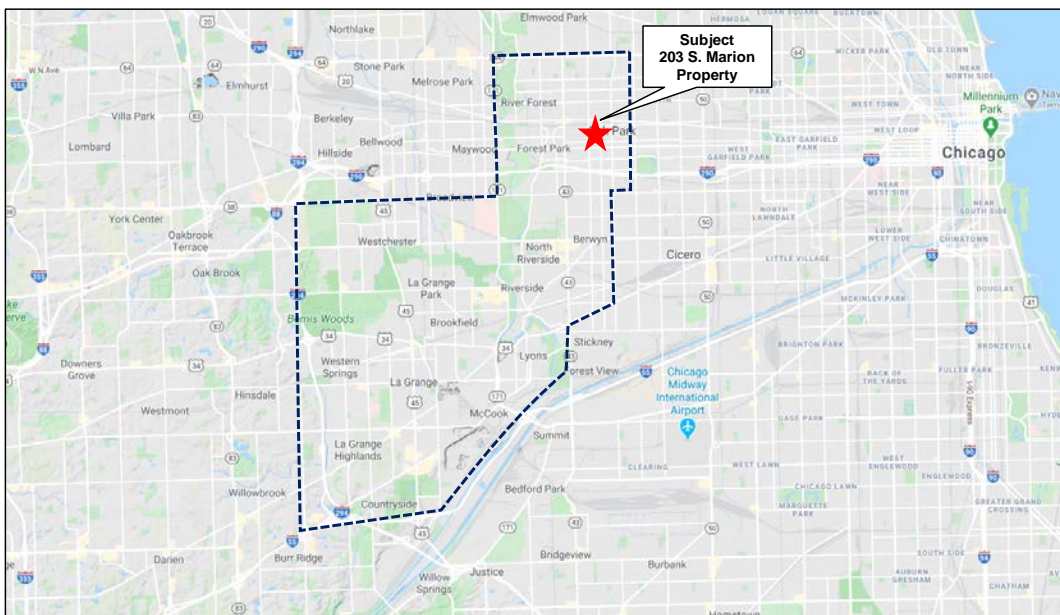
Pending approval, construction of 203 South Marion Apartments is expected to commence in 2021 in anticipation of initial occupancies Spring 2022.

THE OAK PARK MARKET AREA

For purposes of this analysis, the *Oak Park Market Area* consists of the village of Oak Park together with the adjoining near west municipalities of River Forest, Forest Park, Berwyn, Brookfield, Countryside, Indian Head Park, La Grange, La Grange Park, Lyons, Riverside, North Riverside, Western Springs, and Westchester in west suburban Cook County. This defined area forms a homogeneous component of the near west suburbs defined by its dependence upon like sources of employment and transportation, socio-economic similarities in demographic and household composition, and the alignment and location of newer rental developments which will serve as sources of competition.



GEOGRAPHIC DELINEATION: THE OAK PARK MARKET AREA



Source: Google Maps and Tracy Cross & Associates, Inc.



CONCLUSION

The market potential for rental apartment development within the Marion Street property is viewed as **favorable** based upon the overall strength of the region’s rental apartment sector and the property’s **excellent** location proximate to significant concentrations of employment, healthcare, dining, shopping, entertainment and recreation, along with access to multiple modes of transportation. This conclusion also considers the expectation of measured economic growth during the 2020-2025 forecast period, along with sustaining demand for rental apartment construction in the marketplace through the forecast period and beyond.

Our conclusion assumes market introduction in 2022, balancing a well-conceived apartment development with renter construction requirements over the 2020-2025 forecast period. Specifically, the defined Oak Park Market Area could support construction of 235 new rental units annually (or a total of 1,175 units through 2025) without creating market weakness **if competitive rents are maintained**. This new construction requirement reflects anticipated renter household growth over the five-year forecast period, multifamily construction trends over the past three decades, replacement demand, as well as a 5.0 to 6.0 percent vacancy allowance necessary to maintain market balance. The 235-unit yearly rental construction requirement represents lends support for the proposed 203 South Marion Apartments.

ANNUAL RENTAL CONSTRUCTION REQUIREMENT SUMMARY: 2020 - 2025
-- OAK PARK MARKET AREA --

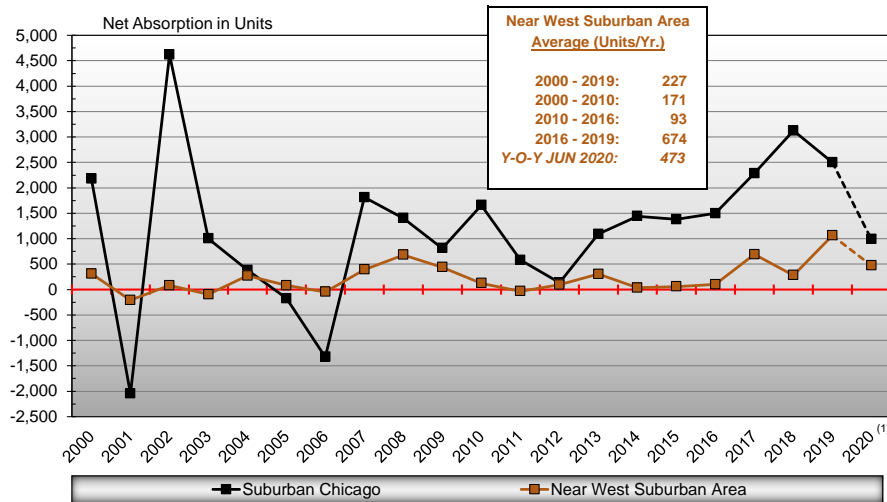
Attribute	Number
Expected Annual Household Growth	218
Expected Annual Renter Household Growth @ 60.0 Percent of Total ⁽¹⁾	130
Annual Vacancy Requirement to Maintain Balance in the Market ⁽²⁾	30
Annual Replacement Demand @ 0.3 Percent of 2019 Rental Inventory	75
Derived Annual Construction Requirement	235
⁽¹⁾ Determined by applying the expected percentage of new renter households to the expected number of new household additions from 2020 through 2025. ⁽²⁾ A balanced marketplace generally requires vacancies in the range of 5.0 to 6.0 percent; represents annualized estimate applied to total market area renter households over the five-year forecast period.	

Source: Tracy Cross & Associates, Inc.

Also lending support to the marketability of 203 South Marion Apartments, since 2000 and through 2019, Chicago’s suburban rental marketplace maintained strong levels of net absorption. Over the last 19 years, for example, the suburban marketplace averaged an estimated net absorption of 1,167 units yearly, with absorption levels accelerating to an annual pace of 2,637 units during the more recent 2016-2019 timeframe. In tandem with the suburban region overall, net absorption in the more localized near west suburbs (which includes Oak Park) has averaged 227 units yearly since 2000, *alone* accounting for 19.5 percent of net suburban Chicago absorption over the last 19 years. Notably, net absorption in the near west suburban area over during the 2016-2019 timeframe *nearly tripled* long term trends, averaging 674 units yearly. In fact, the 1,060 units absorbed in 2019 *represented the highest absorption level noted in the Near West Suburban Area since 1995*. Although the pace of absorption both region-wide moderated during the most recent June 2019-June 2020 period, absorption levels in the near west suburbs continued to

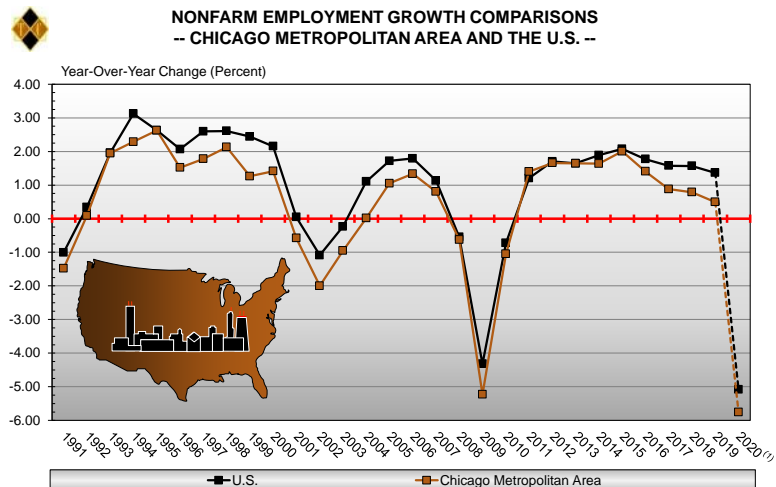
exceed long term trend lines, attributed in large part to increased occupancies among existing post-1985 developments, coupled with accelerated new construction of late concentrated in areas east of I-355.

NET ABSORPTION: POST-1985 RENTAL APARTMENTS
-- NEAR WEST SUBURBAN AREA --



(1) Y-O-Y June 2020.
 Source: Tracy Cross & Associates, Inc.

On a cautionary note, in the current environment we would be remiss not to address the impact of the Covid-19 pandemic upon the national and regional economy, exacerbated by the recent period of social unrest, and their implications for the housing market near term. While impossible to quantify given the very fluid nature of the situation, we expect the residential marketplace will be **significantly impacted** over the next six- to nine months as employment uncertainty (in particular) continues to grip the nation. As illustrated in the following graphic, for example, total non-agricultural employment in the Chicago, IL Metropolitan Statistical Area stood at 3,557,600 in June 2020, reflecting year-over-year losses of 255,800 jobs or 5.8 percent of total employment. This compares with the 5.1 percent employment contraction witnessed nationwide during the twelve-month period. As might be expected, the majority of contractions occurred during the April-June 2020 period when regional job losses averaged 432,400 per month.

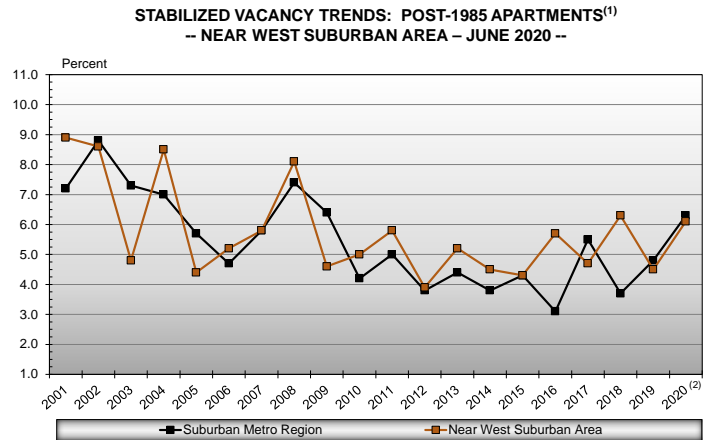


(1) YTD June.
 Source: U.S. Department of Labor, Bureau of Labor Statistics

That said, federal stimulus efforts coupled with coordinated reboot of business regionally and nationally have now begun to stabilize the economy with discernible growth anticipated beginning in the 4th Quarter 2020. Regionally, home sales (in particular) have begun to respond with for-sale housing sectors expected

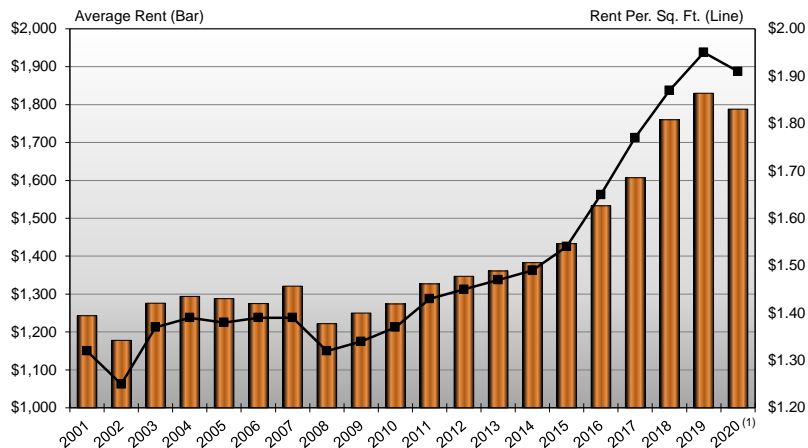
to continue to gain traction through the end of 2020 and achieve tangible growth during the 2021-2025 forecast period, especially given today's historic mortgage interest climate and expected favorable conditions for at least the next 24 to 36 months.

Given typical renter profiles, absorption, lease renewals and rents will be *directly impacted* by economic and/or social order disruptions for at least the next twelve months, likely reflected in strong lease incentives, discounting, and/or rent rollbacks. For example, the service-oriented hospitality industry has endured the most significant employment losses over the last several months *and* is expected to experience a more prolonged recovery period which will have a near term impact upon the rental market. This is especially true considering the uncertainty of additional stimulus dollars for the unemployed which (at best) are not likely to replicate the support given during the April-July 2020 period. The impact of the current period of economic strain is noted in increasing vacancies among stabilized apartments throughout the region as well as moderating rental rates. In the Near West Suburban Area, for example, vacancies among stabilized developments advanced from a relatively tight 4.5 percent at the close of 2019 to 6.1 percent as of June 2020. Similarly, at the close of June 2020, *posted* rents in the Near West Suburban Area averaged \$1.90 per square foot, down 2.6 percent from the \$1.95 per square foot average noted six months earlier and representing the first decline in asking rents (i.e. *before* incentives) in this sub-area in more than a decade.



(1) Excludes developments undergoing lease-up.
(2) YTD June 2020.
Source: Tracy Cross & Associates, Inc.

RENT GROWTH TRENDS: POST-1985 APARTMENTS
-- NEAR WEST SUBURBAN AREA --



(1) As of June 2020.
Source: Tracy Cross & Associates, Inc.



Realistically, the overall impact of the pandemic, and ensuing economic and social unrest, on the rental market will vary *dramatically from region to region* and could potentially also result in *intra-regional* shifts in levels of demand. It is notable that according to the Illinois Department of Employment Security, in 2019 there were nearly 2.0 million *private sector* jobs alone within a convenient 40-minute commuting distance of Oak Park, representing major employers across a broad base of industry sectors. **Recent employment losses notwithstanding, our favorable conclusion considers the expectation of tangible yet reserved regional economic growth beginning in 2021 and continuing through the 2025 forecast period, in concert with anticipated introduction of 203 South Marion Apartments in 2022.**

PRIVATE SECTOR EMPLOYMENT TRENDS
-- METROPOLITAN AREAS INCLUDING AND PROXIMATE TO OAK PARK --
2000 - 2019

Area	Total Private Sector Employment				Average Annual Change		
	2000	2010	2015	2019	2000 - 2010	2010 - 2015	2015 - 2019
Six-County Chicago Metro Area ⁽¹⁾	3,487,542	3,133,051	3,444,928	3,598,232	-35,449	62,375	38,326
Within a 40-Minute Commute of Oak Park:	1,155,978	1,011,151	1,136,426	1,197,131	-14,483	25,055	15,176
<i>City of Chicago</i>							
<i>Central Business District/Outer Bus. Ring</i>	528,868	479,199	563,691	612,914	-4,967	16,898	12,306
Remainder of City	627,110	531,952	572,735	584,217	-9,516	8,157	2,871
<i>Suburban Areas Serving Oak Park</i>	1,528,157	1,322,856	1,439,255	1,473,610	-20,530	23,280	8,589
Suburban Cook County ⁽²⁾	1,004,132	837,946	895,788	913,740	-16,619	11,568	4,488
DuPage County	524,025	484,910	543,467	559,870	-3,912	11,711	4,101

⁽¹⁾ Includes Cook, DuPage, Kane, Lake, McHenry, and Will counties in Illinois.
⁽²⁾ Includes West Suburban, Northwest Suburban and Southwest Suburban Cook County as defined by IDES.

Source: Illinois Department of Employment Security: *Where Workers Work 2019*

MARKET SUPPORT

The following paragraphs summarize demand-related market fundamentals which inform the suggested benchmark rent strategy and absorption forecast:

- ☐ As summarized in Appendix A1, during the 2000-2010 timeframe the Oak Park Market Area experienced net household contractions averaging 214 yearly, reflecting the impact of the last recession which began in late-2007 and continued through the close of the decade. In tandem with a slowly improving regional economy, the pace of net household contractions began to abate during the 2010-2020 timeframe, offset to some degree by changing demographics and transitioning lifecycles of maturing resident families. It is noted that the majority of market area household contractions occurred outside of the village of Oak Park. Also contributing to net household declines is the urban, built-out character of the market area which effectively *limits* new construction to potential redevelopment sites such as the Marion Street property. Expanding upon these points, Census/American Community Survey projections indicate that the Oak Park Market Area has begun to stabilize and will reflect modest household growth averaging 24 households yearly during the 2020-2025 forecast period. In Oak Park itself, household projections are cast at 110 yearly through 2025. However, these projections **do not reflect potentials inherent in redevelopment initiatives** to repurpose under-utilized properties to better meet the demands of tomorrow's urban centers, thus placing the 235-unit annual renter construction requirements in perspective. In fact,



annual renter construction requirements *could double* in any given year if supply were made available and *competitive rents are maintained*.

- Notably, while tenure estimates in the Oak Park Market Area favor ownership, *renter households* represent a substantial 30.8 percent of all occupied household units or 29,414 households, while in Oak Park a full 40.0 percent (or 8,929 households) are renters. Also consistent with the proposed lifestyle development initiative, market area householders are relatively young, reflecting a median age of 54 years. Specifically, 14.7 percent of existing market area households are under the age of 35, while more than one-half are aged between 45 and 74, representing the strongest age categories for rental and/or lifestyle-oriented housing forms. Moreover, analysis of household composition reveals that two-thirds of resident market area households represent those *without children*, primarily reflecting persons living alone or in two-person arrangements, consistent with unit types proposed for 203 South Marion Apartments.

HOUSEHOLD COMPOSITION: 2020
 -- OAK PARK MARKET AREA --

Attribute	Oak Park Market Area		Village of Oak Park	
	Number	Percent	Number	Percent
Total Households	95,428	100.0	22,319	100.0
1-Person Household	30,098	31.5	8,328	37.3
2-Person Household	27,811	29.1	6,601	29.6
3-Person Household	14,494	15.2	3,202	14.3
4-Person Household	12,874	13.5	2,769	12.4
5-Person Household	6,312	6.6	1,045	4.7
6-Person Household	2,462	2.6	270	1.2
7 or More Person Household	1,377	1.4	104	0.5
Total 1- and 2-Person Households	57,909	60.7	14,929	66.9

Source: U.S. Department of Commerce, Bureau of the Census: Census 2010; Environics Analytics

- As summarized in the following table and detailed in Appendix A2, market area householders support an estimated 2020 median income of \$83,587, with householders in Oak Park currently earning a median \$90,885 per annum. More importantly, not less than 60.0 percent of market area households at profile age categories of “Under 35” and “Aged 45 to 74” earn at least \$60,000 per annum, incomes requisite to support the benchmark rents established for 203 South Marion Apartments.

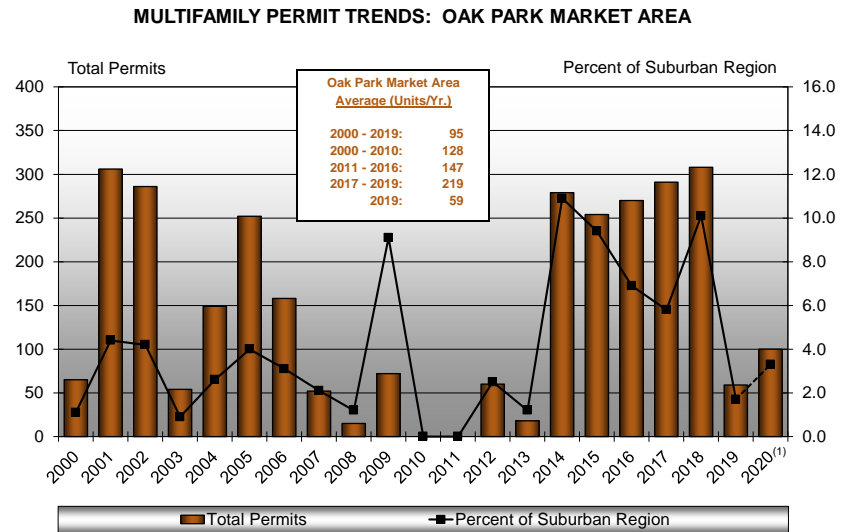
HOUSEHOLD AGE AND INCOME CHARACTERISTICS: 2020
 -- OAK PARK MARKET AREA --

Attribute	Total Households					
	Oak Park Market Area			Village of Oak Park		
	Number	Percent	Median	Number	Percent	Median
Total Households	95,428	100.0	\$83,587	22,319	100.0	\$90,885
Under 25 Years	2,319	2.4	44,040	616	2.8	44,379
25 - 34 Years	11,667	12.2	82,770	2,996	13.4	81,646
35 - 44 Years	15,733	16.5	107,486	3,988	17.9	125,707
45 - 54 Years	18,542	19.4	106,185	4,498	20.2	122,558
55 - 64 Years	19,896	20.8	95,210	4,428	19.8	105,307
65 - 74 Years	15,153	15.9	67,718	3,604	16.1	82,323
75 - 84 Years	7,883	8.3	45,417	1,509	6.8	45,723
85 Years and Over	4,235	4.4	30,916	680	3.0	24,920
Total Households Under 35 Years	13,986	14.7	\$76,348	3,612	16.2	\$75,290
With Incomes of \$60,000 or More	8,464	60.5	---	2,176	60.2	---
Total Households Aged 45 to 74 Years	38,438	40.3	\$127,200	8,926	40.0	\$147,239
With Incomes of \$60,000 or More	36,283	94.4	---	8,875	99.4	---

Source: Environics Analytics and Tracy Cross & Associates, Inc.



□ Additive to demographic and socio-economic support, and as previously noted, until recently there had been only limited and sporadic conventional apartment construction throughout the Oak Park Market Area over the last three decades. Rather, new suburban rental development remained concentrated in suburban areas aligning the I-88 corridor west of I-355 in DuPage County and or in mixed-use environments found in many of the region's first- and second-ring rail line municipalities aligning the I-90 corridor in northwest suburban Cook County. Since 2014, however, accelerated multifamily construction in the Oak Park Market Area saw permit issuances advance to an annual average of 244 units (again) concentrated in Oak Park itself. Permit levels during this six-year period are more than double the 128-unit average recorded during the 2000-2010 timeframe, lending support to the development of the 203 South Marion Apartments.



⁽¹⁾ Annualized estimate YTD July.
Source: U.S. Bureau of the Census: [C-40 Construction Reports](#) and Tracy Cross & Associates, Inc.

A BENCHMARK RENT STRATEGY

Balancing underlying market strengths and anticipated economic growth with competition from existing, larger-scale developments not only in Oak Park but throughout the general near west suburban area, coupled with new rental projects now under construction and/or in the planning pipeline, will require careful product positioning in order to ensure both acceptable levels of initial absorption and sustainable occupancies long term. To this end and based upon Concept Schematics dated August 26, 2020, **Exhibit 1** summarizes a suggested benchmark rent strategy to competitively position the 203 South Marion Apartments in context with new construction alternatives in the localized area as well as those in more suburban locales which offer similar lifestyle environs. As outlined, benchmark posted **base** rents, which are presented in September 2020 dollars and *include* corner-unit premiums as appropriate, extend from \$1,435 to \$3,085 monthly for the proposed midrise apartments, with Maisonette residences extending benchmark rents to \$5,875. Overall, benchmark rents translate to an average posted *base* rent of \$2,173 monthly for a 755 square foot apartment, yielding a value ratio of \$2.88 per square foot. For clarity, posted base rents represent the lowest rent available for a particular plan type and are (generally) established on Level 3 of the proposed midrise building. Again, they *include* corner-unit premiums for Plans 2B-01, 2B-02 2B.03, 2B.04, 2B.05, and M.04. Benchmark rents assume quality interior appointments and community amenities as outlined in the Concept Schematics and summarized in Exhibit 1. Exhibit 1 also forwards a range of suggested market-consistent premiums and other fees for consideration.

Exhibit 2 further details the benchmark rent strategy by plan type and summarizes anticipated rents (again, in current dollars) based upon estimated floor and corner-unit premiums only. In this regard, overall rents are projected to extend from \$1,435 to \$5,875 and average \$2,191 monthly or \$2.90 per square foot.



**A BENCHMARK RENTAL STRATEGY^(1:4): 203 SOUTH MARION APARTMENTS
-- OAK PARK, ILLINOIS --**



SEVEN-STORY MIXED-USE BUILDINGS WITH STRUCTURED PARKING: 159 UNITS / 124 STRUCTURED PARKING SPACES

Plan Designation	STUDIO	ONE BEDROOM	ONE BDRM & DEN	TWO BEDROOM	MAISONETTE ⁽³⁾
Number of Units:	42	60	19	32	6
Percent Distribution:	26.4	37.7	11.9	20.1	3.8
Bedrooms:	0	1	1+Den	2	2+Den
Baths:	1.0	1.0	1.0	2.0	2.5
Plan Size Range (Sq. Ft.):	440 - 506	508 - 853	787 - 817	864 - 1,120	1,685 - 2,250
Average:	489	690	803	980	1,908
Benchmark Posted Base Rent Range ⁽¹⁾ :	\$1,435 - \$1,595	\$1,640 - \$2,430	\$2,225 - \$2,295	\$2,505 - \$3,085	\$4,500 - \$5,875
Average:	\$1,550	\$2,007	\$2,262	\$2,715	\$5,020
Per Sq. Ft.:	\$3.17	\$2.91	\$2.82	\$2.77	\$2.63
Community Summary ^(1:3)			Absorption at Benchmark		
Total Number of Units:	159	Average Absorption to Stabilization:		12.0	
Total Net Leasable Square Feet:	119,976	(In Units)			
Weighted Average Unit Size (Sq. Ft.):	755	Months to Stabilization:		12.6	
Average Posted Base Rent/Sq. Ft.⁽¹⁾:	\$2,173	(151 Total Units at 95% Occupancy)			
Rent/Sq. Ft.⁽¹⁾:	\$2.88				
Estimated Overall Average Rent⁽²⁾:	\$2,225				
Rent/Sq. Ft.⁽²⁾:	\$2.95				

Benchmark Standard Features / Community Amenities / Suggested Premiums

- | | |
|---|---|
| <ul style="list-style-type: none"> ■ Programmable Thermostat ■ Internet/Cable/Smart Technology Connectivity ■ Nine-Foot Ceiling Height ■ Designer Finishes Throughout ■ Plank-Style Laminate Flooring in Kitchen/Living Areas ■ Carpeted Bedrooms and Bedroom-wing Hallways ■ Walk-In Master Bedroom Closet; Adequate Secondary Closeting ■ Designer Baths with Laminate or Ceramic Flooring, Quartz/Granite Vanity Top, Frameless Glass Shower Doors, Solid-Surface Surround with Accessory Niche ■ Designer Kitchen Cabinetry and Lighting ■ Quartz/Granite Kitchen Countertop/Island ■ Energy-Efficient Stainless Steel Appliances <ul style="list-style-type: none"> - Range - Dishwasher - Refrigerator - Microwave/Hood Vent - Full-Size Washer and Dryer ■ Undermount Stainless Steel Sink with Garbage Disposal ■ Balcony (per Plan) | <ul style="list-style-type: none"> ■ Non-Smoking Environment ■ Secured Reception Lobby ■ Secured Mail/Package Room with Technology Concierge ■ E-Lounge Café, Zoom/Co-Work Rooms, Media/Meeting Room ■ Fitness Center with On-Demand Training and Yoga/Pilates Studio ■ Community Social Area with Service Kitchen and Separate Game Area ■ Landscaped and Furnished Courtyard Terrace with Outdoor Kitchen/Grill Station ■ Pet Run ■ Secured Bicycle Storage ■ Tenant Paid Water/Refuse Collection or Resident Billing System; Individually Metered Utilities ■ On-Site Leasing/Management Office <p style="text-align: center;"><u>Suggested Premiums/Incremental Fees (Monthly)</u></p> <ul style="list-style-type: none"> ■ View Premium: \$25 to \$50 (Assumes maximum of 15% or +/-20 Units) ■ Corner-Unit Premium: \$50 ■ Floor Premium: Floors 4-6 @ \$10; Floor 7 @ \$25 ■ Balcony/Terrace: Private Terrace: \$200; Full Balcony \$25; Juliette Balcony \$10 ■ Pet Fees (Deposit/Mo. Rent): \$350 / \$25 ■ Assigned Enclosed Single Parking Space: \$135 |
|---|---|

⁽¹⁾ Benchmark base rents are presented in September 2020 dollars and **include** premiums for corner-unit orientation. They **do not include** premiums for floor, enhanced views, or incremental revenues derived from optional enclosed parking, terrace/balcony, utility fees, pet fees, administrative fees or other landlord-provided services.

⁽²⁾ Overall average rents, which are presented in September 2020 dollars, include *estimates* of floor and corner-unit premiums, as well as incremental revenues derived from enhanced views and terrace/balcony condition. They **do not include** additional revenue sources such as enclosed parking, utility fees, pet fees, administrative fees or other landlord-provided services. Overall average rent based upon stabilization at 95.0 percent occupancy (or 151 units).

⁽³⁾ Indicates a two-story residence with private entrance.

⁽⁴⁾ Benchmark rents and absorption forecast **assume a minimum** of 124 enclosed/structured parking spaces will be provided to accommodate residents. Parking allocation yields an overall parking ratio of 0.78 parking spaces per residence consistent with transit-oriented suburban development.

BENCHMARK RENT STRATEGY: 203 SOUTH MARION APARTMENTS
-- OAK PARK, ILLINOIS --

Plan Designation	Number of Units	Bedrooms/ Baths	Plan Size (Sq. Ft.)	Benchmark Posted Base Rent ⁽¹⁾		Estimated Overall Rent with Floor Premiums ⁽²⁾	
				\$	\$/Sq. Ft.	\$	\$/Sq. Ft.
Seven-Story Residential Building w/Structured Parking: 153 Units / 124 Structured Parking Spaces							
Plan Type - Studio	42	---	489	\$1,550	\$3.17	\$1,570	\$3.21
STU-01	1	0 / 1.0	440	\$1,435	\$3.26	\$1,435	\$3.26
STU-02	35	0 / 1.0	488	1,545	3.17	1,568	3.21
STU-03	6	0 / 1.0	506	1,595	3.15	1,605	3.17
Plan Type - One Bedroom	60	---	690	\$2,007	\$2.91	\$2,024	\$2.94
1B-01	1	1 / 1.0	508	\$1,640	\$3.23	\$1,640	\$3.23
1B-01a	8	1 / 1.0	532	1,645	3.09	1,660	3.12
1B-02	1	1 / 1.0	604	1,860	3.08	1,860	3.08
1B-02a	4	1 / 1.0	629	1,865	2.97	1,880	2.99
1B-03	2	1 / 1.0	668	2,005	3.00	2,005	3.00
1B-03a	4	1 / 1.0	691	2,005	2.90	2,020	2.92
1B-04	16	1 / 1.0	693	2,005	2.89	2,020	2.91
1B-05	5	1 / 1.0	712	2,055	2.89	2,078	2.92
1B-06	17	1 / 1.0	767	2,180	2.84	2,205	2.87
1B-07	2	1 / 1.0	853	2,430	2.85	2,430	2.85
Plan Type - One Bedroom & Den/Flex	19	---	803	\$2,262	\$2.82	\$2,285	\$2.85
1B.08	9	1+Den / 1.0	787	\$2,225	\$2.83	\$2,248	\$2.86
1B.08a	10	1+Den / 1.0	817	2,295	2.81	2,318	2.84
Plan Type - Two Bedroom	32	---	980	\$2,715	\$2.77	\$2,735	\$2.79
2B-01 ⁽³⁾	2	2 / 2.0	864	\$2,505	\$2.90	\$2,505	\$2.90
2B-02 ⁽³⁾	8	2 / 2.0	949	2,635	2.78	2,663	2.81
2B.03 ⁽³⁾	8	2 / 2.0	952	2,635	2.77	2,663	2.80
2B.03a	1	2 / 2.0	959	2,635	2.75	2,635	2.75
2B.04 ⁽³⁾	2	2 / 2.0	972	2,750	2.83	2,750	2.83
2B-05 ⁽³⁾	8	2 / 2.0	1,036	2,830	2.73	2,853	2.75
2B-05a ⁽³⁾	2	2 / 2.0	1,049	2,925	2.79	2,925	2.79
2B-05b	1	2 / 2.0	1,120	3,085	2.75	3,085	2.75
<i>Apartments Total/Average:</i>	153	---	709	\$2,061	\$2.91	\$2,080	\$2.93 ⁽²⁾
Maisonette (Levels 1 and 2)	6	---	1,908	\$5,020	\$2.63	\$5,020	\$2.63
M.01	2	2+Den / 2.5	1,685	\$4,500	\$2.67	\$4,500	\$2.67
M.02	1	2+Den / 2.5	1,835	4,845	2.64	4,845	2.64
M.03	2	2+Den / 2.5	1,995	5,200	2.61	5,200	2.61
M.04 ⁽³⁾	1	2+Den / 2.5	2,250	5,875	2.61	5,875	2.61
Grand Total/Average:	159	---	755	\$2,173	\$2.88	\$2,191	\$2.90⁽²⁾
Estimated Overall Average:						\$2,225	\$2.95
<i>(Including incremental premiums/fees for views and terrace/balcony condition only)</i>							

⁽¹⁾ Benchmark posted base rents, which are presented in September 2020 dollars, are established on Level 3 (apartments) and **include** premiums for corner-unit orientation as outlined. They **do not include** premiums for floor or enhanced views, or incremental revenues derived from enclosed parking, pet fees, utility fee, storage, administrative fees or other landlord-provided services.

⁽²⁾ Benchmark overall rents, which are presented in September 2020 dollars, include estimates of floor and corner-unit premiums only. They do not include premiums for enhanced views, or incremental revenues derived from enclosed parking, pet fees, utility fees, storage, administrative fees or other landlord-provided services.

⁽³⁾ Indicates a corner-unit orientation.

However, when incremental fees for enhanced views and terrace/balcony condition are factored, it is likely that overall rents will hover at the \$2.95 per square foot mark as summarized on Exhibits 1 and 2.

A FORECAST OF ABSORPTION

Assuming market introduction in 2023, at September 2020 benchmark rents, the 203 South Marion Apartments will achieve an overall absorption rate of 12.0 units per month, enabling the 159-unit community to generate a stabilized occupancy level of 95.0 percent or 151 units occupied within a 12.6-month timeframe **from first occupancy**. This leasing period assumes extensive marketing commence with site improvements and three- to six months of lease reservations prior to initial deliveries. While the marketplace is expected to maintain balance during the 2020-2025 forecast period, over the course of lease-up it may be necessary to offer a nominal discount or lease incentive on *select units* as market conditions dictate. Also, while it is understood that unit counts may vary with final design and approvals, it is strongly suggested that a *proportionate ratio of unit types and plan sizes be maintained* in order to achieve the forecasted rates of absorption.

A FORECAST OF ABSORPTION BY TIME PERIOD
-- 203 SOUTH MARION APARTMENTS --

Monthly Absorption in Units -- A 159-Unit Development --	
First 12 Months	12.2
Thereafter	8.0
<i>Average for Community</i>	12.0

Months to Stabilization (151 units @ 95% Occupancy)	12.6

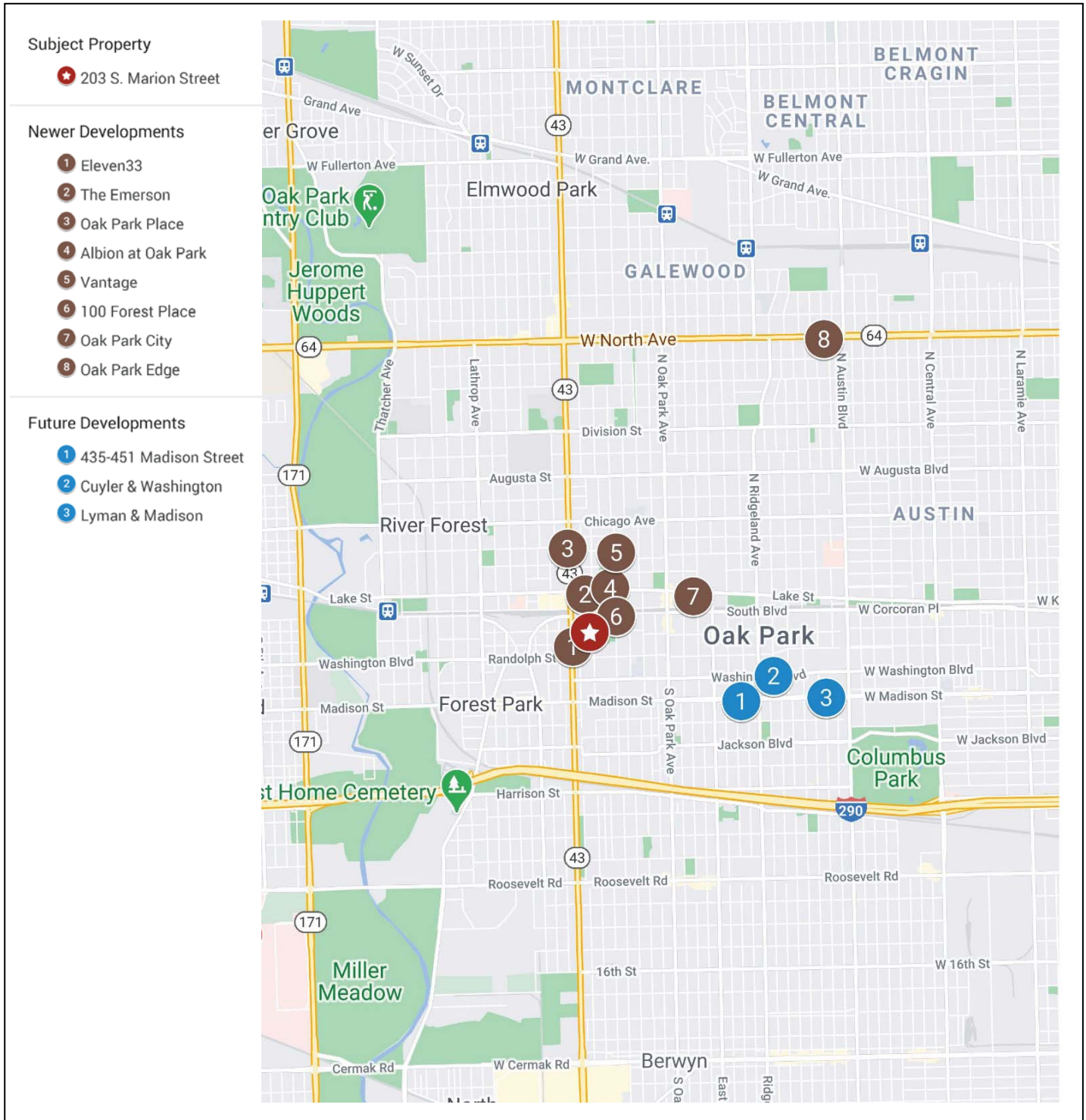
Source: Tracy Cross & Associates, Inc.

COMPETITIVE POSITIONING

From a practical standpoint, 203 South Marion Apartments will experience its strongest levels of competitive influence from eight new construction and/or fully renovated apartment developments marketing in Oak Park itself which share commonalities in terms of access to multiple modes of transit, sources of employment, and strong in-place ancillary shopping, dining and entertainment. These localized urban-oriented developments were built and/or fully renovated during the 2008-2020 timeframe and all represent similar moderate- to high-density product forms with structured parking available for an incremental fee. All are within walking distance of public transit and offer a broad range of plan types and unit sizes thus expanding market appeal from an affordability standpoint. **Exhibit 3** provides a geographic orientation of the eight newer localized developments, along with projects now under construction and/or in the planning pipeline for the village, while a composite summary is provided in **Exhibit 4**.

- ❑ **Exhibits 5 and 6** illustrate the competitive benchmark positioning of the proposed development (in both whole dollars and for comparable footage) relative to newer localized communities. For example, ...
 - On a *comparable footage basis*, benchmark rents appropriately position the 203 South Marion midrise apartments some \$191 monthly above the market average among the four newest construction developments in the marketplace, namely *Albion at Oak Park*, *Eleven 33*, *Vantage* and *The Emerson*. This competitive posture balances the expected quality new construction alternative with variances in project scale and levels of community amenities. However, benchmark rents also position the 203 South Marion apartments *well above* the four older projects identified on Exhibit 4 in downtown Oak Park (again) for comparable footage.

**GEOGRAPHIC ORIENTATION:
REPRESENTATIVE NEWER/PLANNED APARTMENT DEVELOPMENTS
-- OAK PARK CMA --**



Source: Google Maps and Tracy Cross & Associates, Inc.

**COMPOSITE SUMMARY: REPRESENTATIVE NEWER APARTMENT DEVELOPMENTS
-- OAK PARK CMA - JUNE 2020 --**

Municipality/ Development	Year Built/ Renovated	Number of Units	Number Vacant	Percent Vacant	Average Unit Size (Sq. Ft.)	Rent Characteristics					Stabilized Developments ⁽¹⁾		
						Average Posted June 2019	June 2020				Number of Units	Number Vacant	Percent Vacant
							Average Posted		Average Effective				
							\$	\$/Sq.	\$	\$/Sq. Ft.			
Oak Park Market Area Total/Average:	---	1,652	360	21.8	857	\$2,088	\$2,078	\$2.42	\$1,866	\$2.18	1,100	70	6.4
100 Forest Place	1986	234	4	1.7	917	1,907	1,881	2.05	1,857	2.03	234	19	8.1
Albion at Oak Park ⁽²⁾	2019	265	202	76.2	819	2,341	2,403	2.93	2,136	2.61	---	---	---
Eleven33 ⁽³⁾	2019	263	103	39.2	834	2,160	2,166	2.60	1,999	2.40	---	---	---
The Emerson ⁽⁴⁾	2017	271	2	0.7	841	2,099	2,038	2.42	1,747	2.08	271	11	4.1
Oak Park City	1987/2007-08	125	4	3.2	846	1,810	1,698	2.01	1,455	1.72	125	14	11.2
Oak Park Edge ⁽⁶⁾	2020	24	23	95.8	1,250	---	2,050	1.64	1,550	1.24	---	---	---
Oak Park Place	2008	200	1	0.5	799	2,025	1,907	2.39	1,695	2.12	200	10	5.0
Vantage ⁽⁵⁾	2016	270	21	7.8	894	2,089	2,188	2.45	1,945	2.18	270	16	5.9

⁽¹⁾ Excludes rental programs currently undergoing renovation and/or new programs undergoing initial absorption.

⁽²⁾ Leasing commenced May 2019; initial occupancy August 2019. Absorption rate of 13.0 units per month reflects 140 units occupied as of June 2020.

⁽³⁾ Leasing commenced January 2019; initial occupancy March 2019. Absorption rate of 13.2 units per month reflects 208 units occupied as of June 2020.

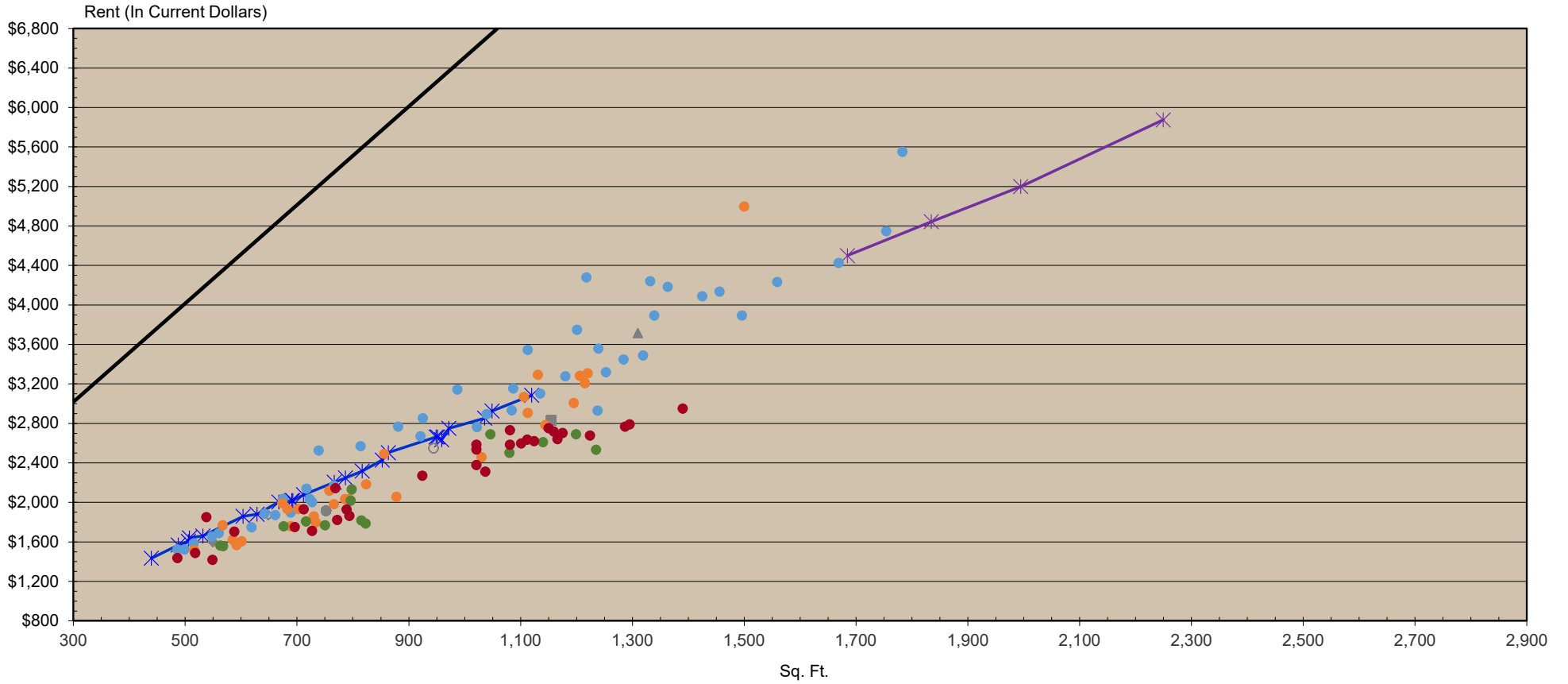
⁽⁴⁾ Initial occupancy September 2017; stabilized November 2018 at an overall absorption rate of 17.0 units per month.

⁽⁵⁾ Initial occupancy August 2016; stabilized May 2018 at an overall absorption rate of 11.9 units per month.

⁽⁶⁾ Leasing commenced July 22, 2020; one (1) unit leased.

Source: Tracy Cross & Associates, Inc.

Rent/Value Analysis
 Representative Newer Apartments
 Village of Oak Park
 June 2020



Program (Vacancy/Absorption)

◆ Studio	◇ JR-1/Convertible	● One Bedroom	○ One Bedroom & Den	■ Two Bedroom
▲ Three Bedroom/Two & Den	● Albion at Oak Park (13.0/Mo.)	● Eleven33 (13.2/Mo.)	● The Emerson (4.1)	● Vantage (5.9)
◆ 203 South Marion Apartments-Bnmk	◆ 203 South Marion-Maisonette Bnmk	— Market Line		

Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

**Rent/Value Analysis
Representative Newer Apartments
Village of Oak Park
June 2020**

Plan Size (Sq. Ft.)	Average Market Rent	Development/Location	Year Built Renovated	Total Units	Average Plan Size (Sq. Ft.)	Average Posted Rent		Average Market Rent	Variance From Market	Vacancy Rate / Absorption (Units/Mo.)
						Dollars	Rent per Sq. Ft.			
400	\$1,194	(1) 203 South Marion-Maisonette	2022	6	1,908	\$5,020	\$2.63	\$4,587	+\$433	---
500	1,419	Albion at Oak Park	2019	265	819	2,403	2.93	2,137	+266	(13.0/Mo.)
600	1,644	(1) 203 South Marion-Apartments	2022	153	709	2,080	2.93	1,889	+191	12.0/Mo. Fcst
700	1,869									
800	2,094	--- Market ---	2018	1,069 / 267	845	2,195	2.60	2,195	0	5.2 / (13.1/Mo.)
900	2,319									
1,000	2,544	Eleven 33	2019	263	834	2,166	2.60	2,170	-4	(13.2/Mo.)
1,100	2,769	Vantage	2016	270	894	2,188	2.45	2,305	-117	5.9
1,200	2,994	(2) Oak Park Place	2008	200	799	1,907	2.39	2,092	-185	5.0
1,300	3,219	The Emerson	2017	271	841	1,916	2.28	2,186	-270	4.1
1,400	3,444									
1,500	3,669									
1,600	3,894									
1,700	4,119									
1,800	4,344									
1,900	4,569									
2,000	4,794									
2,100	5,019									
2,200	5,244									
2,300	5,469									
2,400	5,694									
2,500	5,919									
2,600	6,144									
2,700	6,369									
2,800	6,594									

Slope: \$2.25 per sq. ft.

(1) Average Posted Rent includes premiums for floor location and corner-unit only; utilized for analytical purposes.

(2) Development not included in derivation of market line.

- The benchmark value positioning also considers the *dramatic shift* in vacancies in the market area over the last twelve months. Specifically, as detailed in Exhibit 4, vacancies among the five *stabilized* projects in the local area currently stand at 6.4 percent, *double* the 3.0 percent vacancy factor noted in June 2019. Exhibit 4 also illustrates that, across-the-board, vacancies in Oak Park have resulted in accelerated levels of lease incentives and discounts, with effective rents among localized projects now *averaging* \$2.18 per square foot or roughly a 10.0 percent discount from posted rents. The impact of the current environment is even more pronounced among similar projects located in the Fulton Market District/West Town community area of Chicago, where vacancies have surged to an overall average of 8.7 percent from a very tight 1.9 percent vacancy factor one year ago and effective rents now reflect discounts of up to 18.0 percent.
 - For added perspective, Appendix A4 delineates pertinent feature and amenity characteristics, and summarizes the range of leasing requirements and other incremental fees currently in effect among the four newest, larger-scale communities in Oak Park. These community characteristics are consistent with those envisioned for 203 South Marion Apartments and are factored into the benchmark rent strategy and absorption forecast.
 - Also, in the aftermath of the Covid-19 experience, it is also very likely that consumers across-the-board and (particularly) among profile lifestyle segments, will prioritize health and wellness factors in their housing choices. Incorporating this anticipated shift in lifestyle behaviors in the planning of interior appointments and community amenities, coupled with the energy-efficient technologies of new construction will enable Focus Acquisition Company, LLC to establish a strong competitive position in the marketplace of tomorrow.
- ☐ On a cautionary note, for *comparable footage* the average benchmark bundled rent (inclusive of floor and corner-unit premiums) of \$2,191 monthly or \$2.90 per square foot is generally on par with rents among direct competitors, with the higher value ratio reflecting the weighting to smaller studio and one bedroom unit types at 203 South Marion. However, they also stand well above rent levels noted among amenity-enhanced counterparts in transit-oriented and/or mixed-use locales in Downers Grove, Elmhurst, Lombard, Oakbrook Terrace and Wheaton (refer to Appendices A6 and A7), and are also higher than June 2020 average rents found in the Fulton Market/West Town area where *posted* rents now hover at the \$2.75 per square foot mark (on average). These variances suggest that Focus Acquisition Company *initiate an aggressive marketing posture through stabilization* and a ***judicious approach to rent growth thereafter*** in order to maintain a competitive advantage in the marketplace. To this point, and consistent with new projects now undergoing lease-up throughout the general area, in order to achieve the projected absorption rate, it *may* be necessary to also offer some form of incentive such as one month free with a 13-month lease through stabilization, while planning for similar promotions thereafter as competitive conditions dictate.
- ☐ The 12.0-unit per month absorption forecast is consistent with the average 11.9-unit monthly absorption level generated by newer localized developments during their respective stabilization periods, reflecting consistencies in the overall scale of the proposed project, coupled with the continuum of plan types and unit sizes and levels of amenities. To this point, in relative terms, the projected absorption rate appropriately reflects variances between the two newest Oak Park developments, namely *Albion at Oak Park* and *Eleven33* where absorption rates *as of June 2020* average 13.1 units monthly. However, as detailed in Exhibit 4, each of these communities is also marketing *aggressive* incentives to encourage lease-up.



ABSORPTION TRENDS: SELECT NEWER APARTMENT DEVELOPMENTS
-- OAK PARK MARKET AREA - JUNE 2020 --

Development/Location	Total Units	Occupancy (Month/Year)	Stabilization (Month/Year)	Average Unit Absorption Per Month Since Opening
Oak Park Place/Oak Park	200	November 2008	December 2010	6.9
Vantage/Oak Park	270	August 2016	May 2018	11.9
The Emerson/Oak Park	271	September 2017	November 2018	17.0
Total Units/Average Unit Absorption:	741	---	---	11.9
Average Development Size:	247	---	---	---

Source: Tracy Cross & Associates, Inc.

- ❑ Importantly, the forecasted pace of absorption can also be supported by turnover in the market area's existing rental stock. As previously noted, nearly 30,000 Oak Park Market Area householders are renters. Of these, approximately 9,000 will move annually, with at least 50 percent of these mobile households remaining renters, staying in the local area, and thus representing part of the subject development's pool of prospective residents. Hence, *the forecasted overall absorption rate of 12.0 units per month represents a reasonable 3.0 percent of aggregate new construction requirements and turnover potentials.*

- ❑ The conceptualized apartment development also *fully addresses* current and expected future trends in the residential marketplace; is representative of the newest urban apartment offerings in the region; while the benchmark rent strategy is established to enable the proposed development to align with the gradual upward movement of incomes in the marketplace.

UNIT MIX ANALYSIS: SELECTED NEWER APARTMENT FLATS
-- OAK PARK CMA - JUNE 2020 --

Unit Type	203 South Marion Apartments				Selected Newer Apartment Flats ⁽¹⁾			
	Total Units		Plan Size (Sq. Ft.)		Total Units		Plan Size (Sq. Ft.)	
	Number	Percent	Range	Average	Number	Percent	Range	Average
Studio	42	26.4	440 - 506	489	207	13.7	478 - 619	547
Convertible/JR-1	---	---	---	---	94	6.2	516 - 727	649
One Bedroom	67	42.1	508 - 787	698	657	43.5	626 - 921	753
One Bedroom & Den/Flex	12	7.5	817 - 853	823	100	6.6	798 - 1,238	914
Two Bedroom	32	20.1	864 - 1,120	980	409	27.1	920 - 1,496	1,153
Two Bedroom & Den/Flex	6	3.8	1,685 - 2,250	1,908	42	2.8	1,124 - 1,559	1,305
Total/Averages:	159	100.0	440 - 2,250	755	1,509	100.0	478 - 1,783	861

⁽¹⁾ Includes developments outlined in Exhibits 3 through 6.

Source: Focus Acquisition Company, LLC and Tracy Cross & Associates, Inc.



- Moreover, the proposed plan offerings and lifestyle amenities will appeal across a broad spectrum of consumer segments, including not only younger professional singles and childless couples, but also more mature consumers desirous of a lifestyle environment. To this latter point, lifestyle rental alternatives are generating strong interest among consumers between the ages of 45 and 74 given, in most cases, the high level of amenities and/or concierge services available to residents. Lending support to absorption potentials at 203 South Marion, it is again noted that roughly 56.0 percent of Oak Park Market Area householders align age categories between 45 and 74, while American Community Survey estimates derived from the 2010 Census reveal that roughly 40.0 percent of the market area's *existing renters* also reflect these profile age categories. That said, and with specific focus upon potential profile mature/move-down consumer segments, factors related to mobility and lifestyle preferences indicate that despite the aging of the general population, householders in their maturing lifecycle move infrequently. In fact, most householders in age categories of 55 and older are completely satisfied with their current residence, with less than 6.0 percent moving on an annual basis. For this reason, it is strongly recommended that dedicated marketing efforts begin with site improvements, with lease reservations beginning *at least three (3) months prior to initial deliveries*.

- Lastly, the benchmark rent strategy and absorption forecast also consider an *intensely competitive environment* marked by periods of accelerated apartment construction. This pattern of development will continue for the foreseeable future and intensify short term as, apart from the proposed 203 South Marion Apartments, there are currently eleven *announced* rental projects and no fewer than 1,600 new apartment units under construction and/or in various stages of the planning pipeline *in west suburban areas generally proximate to Oak Park* (Appendix A5). Of these, three projects and a collective 594 units are expected to begin lease reservation marketing and/or occupancy within the next 12- to 18 months, reinforcing the necessity to maintain an aggressive marketing approach through stabilization and beyond. *While it is acknowledged that only three boutique projects are planned in Oak Park itself*, several developments in west suburban Elmhurst, Lombard, Westmont and Oak Brook (in particular) will offer plan styles and amenity-enhanced living environments which also have an appeal to lifestyle and/or discretionary-income consumers. The overall marketplace, however, is expected to maintain balanced occupancies despite the number of units which could be introduced over the 2020-2025 timeframe, save for short periods should multiple developments come on-line within six- to nine months of one another.

ALTERNATIVE BENCHMARK RENT STRATEGIES

To reiterate, benchmark strategies are established to provide a competitive position in the marketplace and allow for an acceptable absorption period for the proposed 159-unit development. As these lease rates may differ from Focus Acquisition Company's financial objectives, the following text table outlines alternative benchmark strategies and attendant absorption forecasts to assist in continued pro forma financial modeling.



ALTERNATIVE RENT/ABSORPTION SCENARIOS: 203 SOUTH MARION APARTMENTS
-- OAK PARK, ILLINOIS --

A 159-Unit Development						
Benchmark Posted <i>Base Rent</i> ⁽¹⁾ for an 755 Sq. Ft. Residence		Variance From Benchmark	Anticipated Monthly Absorption		Average Monthly Absorption Rate ⁽²⁾	Months to Stabilization @ 95% (151 Units)
\$	\$/Sq. Ft.		First Twelve (12) Months of Occupancy	Thereafter		
\$2,291	\$3.03	+\$100	10.0	6.5	9.0	16.8
2,266	3.00	+75	10.7	7.0	9.9	15.3
2,241	2.97	+50	11.2	7.3	10.6	14.3
2,216	2.94	+25	11.7	7.6	11.2	13.5
2,191	2.90	Benchmark	12.2	8.0	12.0	12.6

⁽¹⁾ Benchmark posted rents are presented in September 2020 dollars. They **include premiums for floor and corner-unit orientation**, but do not include premiums for enhanced views or incremental revenues derived from optional enclosed parking, terrace/balcony, pet fees, utility fee, storage, administrative fees, etc.
⁽²⁾ Starting at the first month of occupancy. Marketing and lead list generation assumed to commence with site improvements. Lease reservations, which are anticipated to begin *at least* three (3) months prior to initial occupancies, are factored into this forecast.

Source: Tracy Cross & Associates, Inc.

It is again noted that the benchmark rents and associated absorption potentials are presented in September 2020 dollars. Given anticipated market conditions, however, it is likely that area rents will continue to moderate near term. For pro forma comparisons and barring *additional* unforeseen economic turmoil, it is therefore *strongly suggested* that posted benchmark rents **be held constant through at least 2021**, with modest annual rent appreciation in the range of 1.5 to 2.0 percent applied to benchmark rents *beginning in 2022*.

GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.





A1

POPULATION, HOUSEHOLDS, TENURE, AND INCOME: 2020
-- OAK PARK MARKET AREA --

Attribute/Year	Oak Park Market Area	Village of Oak Park	Attribute/Year	Oak Park Market Area	Village of Oak Park
Population			Households		
2000	247,119	52,524	2000	99,378	23,079
2010	247,882	51,878	2010	97,242	22,670
2020	240,712	50,240	2020	95,428	22,319
2025	237,608	49,587	2025	95,548	22,869
Average Annual Change			Average Annual Change		
2000 - 2010	76	-65	2000 - 2010	-214	-41
2010 - 2020	-717	-164	2010 - 2020	-181	-35
2020 - 2025	-621	-131	2020 - 2025	24	110
2020 Household Tenure			2020 Household Income		
Total Housing Units	104,703	24,655	Total Households	95,428	22,319
Total Occupied	95,428	22,319	Under \$25,000	13,217	3,412
Owner Occupied	66,014	13,390	25,000 - 34,999	6,191	1,099
Percent	69.2	60.0	35,000 - 49,999	9,208	1,642
Renter Occupied	29,414	8,929	50,000 - 74,999	14,634	3,070
Percent	30.8	40.0	75,000 - 99,999	12,180	2,422
Vacant	9,275	2,336	100,000 and Over	39,998	10,674
Percent	8.9	9.5	Median	\$83,587	\$90,885
2020 Household Size			2020 Travel Time to Work		
Total Population	240,712	50,240	Total Workers Age 16+	113,503	24,765
In Group Quarters	2,855	390	Less than 30 Minutes	47,951	8,112
In Households	237,857	49,850	30 - 44 Minutes	33,105	8,277
Total Households	95,428	22,319	45 - 59 Minutes	17,857	5,037
Average Persons Per Household	2.49	2.23	60 or More Minutes	14,590	3,339
			Average Minutes to Work	36.0	39.0

Source: U.S. Department of Commerce, Bureau of the Census: *Census 2000* and *Census 2010*; Environics Analytics; and Tracy Cross & Associates, Inc.



HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER: 2020 ESTIMATE
 -- OAK PARK MARKET AREA --

Age of Householder	2020 Income												Total	Median
	Under \$25,000		\$25,000 - 34,999		\$35,000 - 49,999		\$50,000 - 74,999		\$75,000 - 99,999		\$100,000 and Over			
	Number of Households	Percent of Total Households	Number of Households	Percent of Total Households	Number of Households	Percent of Total Households	Number of Households	Percent of Total Households	Number of Households	Percent of Total Households	Number of Households	Percent of Total Households		
Oak Park Market Area														
15 - 24 Years	570	0.60	299	0.31	471	0.49	539	0.56	219	0.23	221	0.23	2,319	\$44,040
25 - 34 Years	1,130	1.18	736	0.77	1,262	1.32	2,096	2.20	1,821	1.91	4,622	4.84	11,667	82,770
35 - 44 Years	1,095	1.15	608	0.64	1,167	1.22	2,114	2.22	2,261	2.37	8,488	8.89	15,733	107,486
45 - 54 Years	1,472	1.54	736	0.77	1,319	1.38	2,523	2.64	2,623	2.75	9,869	10.34	18,542	106,185
55 - 64 Years	2,372	2.49	892	0.93	1,706	1.79	2,776	2.91	2,676	2.80	9,474	9.93	19,896	95,210
65 - 74 Years	2,699	2.83	1,263	1.32	1,679	1.76	2,626	2.75	1,669	1.75	5,217	5.47	15,153	67,718
75 - 84 Years	2,157	2.26	1,039	1.09	1,026	1.08	1,365	1.43	641	0.67	1,655	1.73	7,883	45,417
85 Years & Over	1,722	1.80	618	0.65	578	0.61	595	0.62	270	0.28	452	0.47	4,235	30,916
Total	13,217	13.85	6,191	6.49	9,208	9.65	14,634	15.34	12,180	12.76	39,998	41.91	95,428	\$83,587
Village of Oak Park														
15 - 24 Years	219	0.98	49	0.22	66	0.30	166	0.74	46	0.21	70	0.31	616	\$44,379
25 - 34 Years	355	1.59	172	0.77	276	1.24	582	2.61	361	1.62	1,250	5.60	2,996	81,646
35 - 44 Years	331	1.48	129	0.58	224	1.00	518	2.32	399	1.79	2,387	10.69	3,988	125,707
45 - 54 Years	395	1.77	139	0.62	233	1.04	516	2.31	543	2.43	2,672	11.97	4,498	122,558
55 - 64 Years	609	2.73	162	0.73	295	1.32	543	2.43	515	2.31	2,304	10.32	4,428	105,307
65 - 74 Years	671	3.01	221	0.99	320	1.43	467	2.09	402	1.80	1,523	6.82	3,604	82,323
75 - 84 Years	491	2.20	154	0.69	147	0.66	207	0.93	127	0.57	383	1.72	1,509	45,723
85 Years & Over	341	1.53	73	0.33	81	0.36	71	0.32	29	0.13	85	0.38	680	24,920
Total	3,412	15.29	1,099	4.92	1,642	7.36	3,070	13.76	2,422	10.85	10,674	47.82	22,319	\$90,885

Source: Environics Analytics and Tracy Cross & Associates, Inc.

**RESIDENTIAL BUILDING PERMIT TRENDS: SUBURBAN CHICAGO AND THE OAK PARK MARKET AREA
2000 - 2019**

Year	Suburban Chicago			Oak Park Market Area						Village of Oak Park					
	Total	Single Family	Multi-Family	Total	Percent of Suburban Area	Single Family	Percent of Suburban Area	Multi-Family	Percent of Suburban Area	Total	Percent of Market Area	Single Family	Percent of Market Area	Multi-Family	Percent of Market Area
2000	32,476	26,475	6,001	158	0.5	93	0.4	65	1.1	6	3.8	6	6.5	0	0.0
2001	34,970	28,072	6,898	496	1.4	190	0.7	306	4.4	14	2.8	14	7.4	0	0.0
2002	37,252	30,469	6,783	432	1.2	146	0.5	286	4.2	13	3.0	13	8.9	0	0.0
2003	37,409	31,402	6,007	234	0.6	180	0.6	54	0.9	13	5.6	13	7.2	0	0.0
2004	36,905	31,200	5,705	296	0.8	147	0.5	149	2.6	13	4.4	6	4.1	7	4.7
2005	38,553	32,181	6,372	446	1.2	194	0.6	252	4.0	68	15.2	6	3.1	62	24.6
2006	29,336	24,216	5,120	418	1.4	260	1.1	158	3.1	76	18.2	60	23.1	16	10.1
2007	17,359	14,868	2,491	233	1.3	181	1.2	52	2.1	67	28.8	35	19.3	32	61.5
2008	7,371	6,113	1,258	88	1.2	73	1.2	15	1.2	38	43.2	23	31.5	15	100.0
2009	4,052	3,263	789	120	3.0	48	1.5	72	9.1	4	3.3	4	8.3	0	0.0
2010	4,266	3,169	1,097	37	0.9	37	1.2	0	0.0	2	5.4	2	5.4	0	0.0
2011	4,048	3,213	835	36	0.9	36	1.1	0	0.0	0	0.0	0	0.0	0	0.0
2012	6,679	4,283	2,396	113	1.7	53	1.2	60	2.5	62	54.9	2	3.8	60	100.0
2013	7,069	5,542	1,527	108	1.5	90	1.6	18	1.2	1	0.9	1	1.1	0	0.0
2014	8,500	5,931	2,569	378	4.4	99	1.7	279	10.9	280	74.1	10	10.1	270	96.8
2015	8,620	5,905	2,715	397	4.6	143	2.4	254	9.4	29	7.3	29	20.3	0	0.0
2016	9,795	5,888	3,907	394	4.0	124	2.1	270	6.9	290	73.6	20	16.1	270	100.0
2017	10,897	5,865	5,032	385	3.5	94	1.6	291	5.8	294	76.4	3	3.2	291	100.0
2018	9,336	6,272	3,064	412	4.4	104	1.7	308	10.1	313	76.0	9	8.7	304	98.7
2019	8,794	5,353	3,441	141	1.6	82	1.5	59	1.7	65	46.1	18	22.0	47	79.7
2020 ⁽¹⁾	7,916	4,880	3,036	144	1.8	44	0.9	100	3.3	55	38.2	10	22.7	45	45.0
Annual Average															
2000 - 2019	17,684	13,984	3,700	266	1.5	119	0.8	147	4.0	82	31.0	14	11.5	69	46.6

⁽¹⁾ Annualized estimate YTD July.



Attribute				
Project Name	ALBION AT OAK PARK	ELEVEN33	THE EMERSON	VANTAGE
Location	OAK PARK	OAK PARK	OAK PARK	OAK PARK
Year Built	2019	2019	2017	2016
Units	265	263	271	270
Project Type/Number of Floors	HIGHRISE / 19 FLOORS	HIGHRISE / 12 FLOORS	HIGHRISE / 20 FLOORS	HIGHRISE / 21 FLOORS
Average Unit Size	819	834	841	894
Average Posted Base Rent	\$2,403	\$2,166	\$2,038	\$2,188
Average Rent/Sq. Ft.	\$2.93	\$2.60	\$2.42	\$2.45
Parking / Utilities / Incremental Fees				
Parking⁽¹⁾				
Structured Assigned/General	NA / \$150	NA / \$125	NA / \$125	NA / \$125
Shared Car/Charging Station	NA / INCL	NA / INCL	NA / INCL	NA / INCL
Attached/Detached Garage	NA / NA	NA / NA	NA / NA	NA / NA
Carport/Surface Assigned	NA / NA	NA / NA	NA / NA	NA / NA
Utilities^(1;2)				
Water/Refuse Collection	TENANT	TENANT	TENANT	TENANT
Gas	TENANT	TENANT	TENANT	TENANT
Electric	TENANT	TENANT	TENANT	TENANT
Cable/Satellite	TENANT	TENANT	TENANT	TENANT
Premiums⁽¹⁾				
Floor	\$10-\$15	\$10	\$10	\$10
View	NA	VARIES	INCLUDED	VARIES
Other Fees⁽¹⁾				
Administrative/Application	\$500 / \$50	\$250 / \$75	\$250 / \$65	\$250 / \$75
Security Deposit	NA	NA	NA	NA
Pet Deposit/Pet Rent	\$250-300 / \$25	\$300 / \$25	\$350 / \$25	\$350 / \$25
Storage: Central/Bike	NA / INCL	\$50-\$100 / INCL	NA / INCL	\$45 / INCL
Standard Features and Community Amenities				
Interior Features⁽¹⁾				
Flooring: Common/Bedroom	FX WOOD / CRPT	FX WOOD / CRPT	FX WOOD / CRPT	FX WOOD / CRPT
Kitchen Appliances/Washer-Dryer	SS / UNIT	SS / UNIT	SS / UNIT	SS / UNIT
Kitchen Counters/Flooring	QUARTZ / FX WOOD	QUARTZ / FX WOOD	QUARTZ / FX WOOD	GRANITE / FX WOOD
Bath Counter/Flooring	QUARTZ / CERAMIC	QUARTZ / CERAMIC	QUARTZ / CERAMIC	GRANITE / CERAMIC
Patio/Balcony	OPT	OPT	OPT	OPT
Community/Building Amenities⁽¹⁾				
Clubroom/Kitchen	INCL / DEMONSTRATION	INCL / SERVICE	INCL / SERVICE	INCL / SERVICE
Fitness Center/Wi-Fi/E-Lounge	INCL / INCL / INCL	INCL / INCL / NA	INCL / INCL / NA	INCL / INCL / NA
Media Room/Business Center	NA / INCL	NA / INCL	NA / INCL	INCL / INCL
Doorman/Concierge	NA / PBOX; PKG SVC	NA / PBOX; PKG SVC	NA / PBOX; PKG SVC	SP INTERCOM / PKG SVC
Playground/Sport Court/Game Room	NA / NA / NA	NA / NA / NA	NA / INCL	NA / NA
Garden or Roof Terrace	INCL	INCL	INCL / INCL	INCL / INCL
Fireside Lounge/Grill Area	INCL / INCL	INCL / INCL	INCL / INCL	INCL / INCL
Swimming Pool	OUTDOOR	NA	OUTDOOR	NA
Pet Park/Grooming Station	INCL / INCL	INCL / INCL	NA / NA	NA / INCL
<p>⁽¹⁾ Indicates incremental monthly fee as applicable.</p> <p>⁽²⁾ Assumes tenant responsible for all utilities as standard unless otherwise indicated.</p>				



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RENTAL APARTMENT PROJECTS IN PLANNING⁽¹⁾: NEAR WEST SUBURBAN AREAS PROXIMATE TO OAK PARK

Municipality/ Proposed Development	Location	Builder/Developer	Current Status ^(2:3)	Anticipated Leasing	Number of Units
Elmhurst The Flynn	183-191 Addison Avenue	Lennar Multifamily Comm.	UC	Spring 2021	212
Lombard Lilac Station	Main Street and Parkside Avenue	Holladay Properties	Approved	Spring 2022	115
Yorktown Apartments III	2201 Highland Avenue	AIMCO Residential	Approved	---	78
Yorktown Commons	Grace Street and Yorktown Ring Road	Gilbane Development	Approved	---	336
The 450	Finley Road and Oak Creek Drive	Urban Street Group	UC	2021-22	288
Oak Brook Oak Brook Commons	2111 McDonald Drive	Hines Interests LP	Approved	---	250
Oak Park TBD	SE Corner Madison Street and Lyman Avenue	Ambrosia Homes	UC	2021	23
TBD	Washington Boulevard and Cuyler Avenue	Ambrosia Homes	PP	---	24
Madison Gunderson Place	435-451 Madison Street	Michigan Avenue RE Group	Approved	---	42
Westmont Quincy Station	Cass Avenue at Quincy Street	Holladay Properties	UC	2021	94
Willow Springs Willow Glen Lofts	Archer Avenue and Vana Street	West Point Builders	Approved	2021	224
				Total⁽⁴⁾	1,686

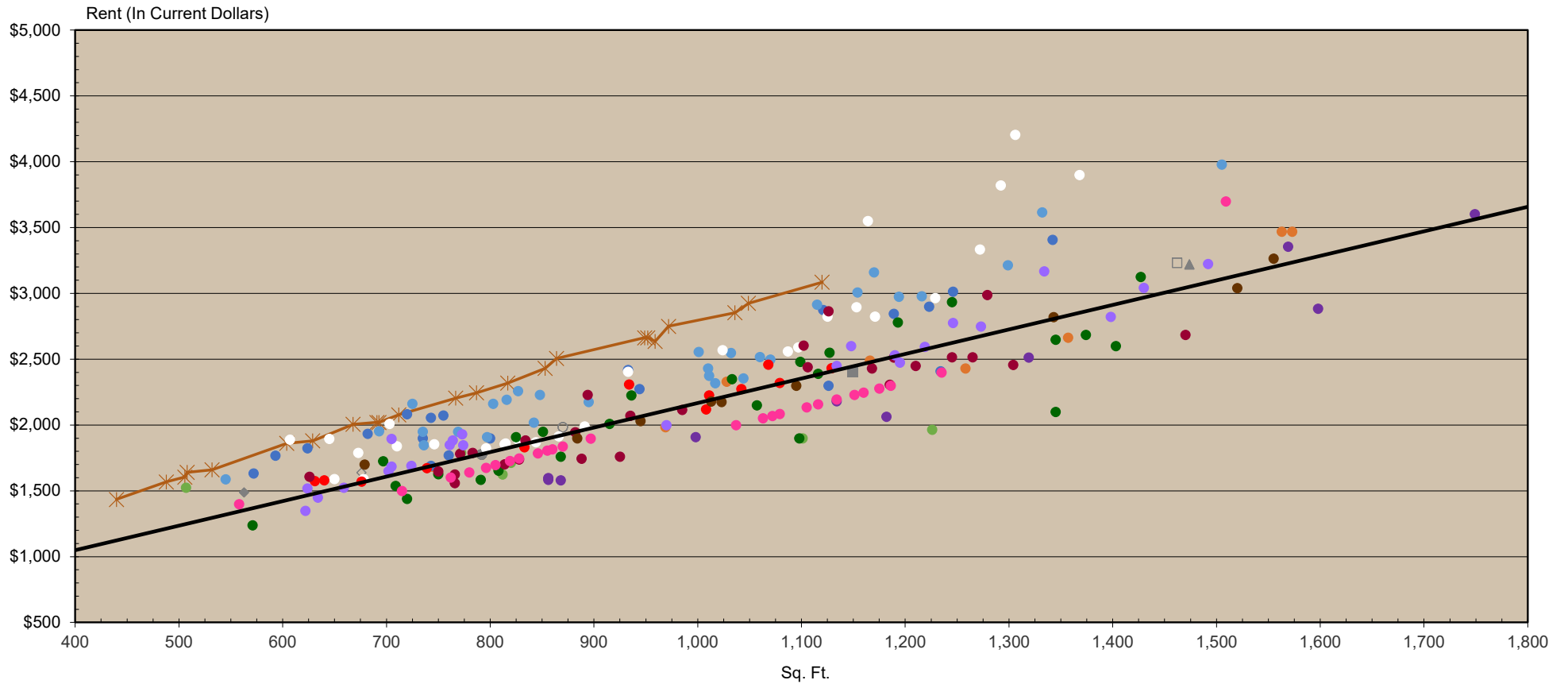
⁽¹⁾ Excludes age and/or income-restricted, service-enhanced, and congregate care senior developments.

⁽²⁾ As of August 2020.

⁽³⁾ Status key: Concept Stage (CS); Preliminary Plat Approval (PP); Final Plat Approval (FP); Site Improvements started (INF); Permits issued/under construction (UC).

⁽⁴⁾ Excludes developments with unit counts and product idioms yet to be determined.

Rent/Value Analysis Representative Newer Apartments: Excluding Two-Story Townhome and Specialty Units Western Suburbs June 2020



Development (Vacancy/Absorption)

◆ Studio	◇ JR-1/Convertible	● One Bedroom	○ One Bedroom & Den	■ Two Bedroom
□ Two Bedroom & Den	▲ Three Bedroom	● Burlington Station (0.0)	● Maple & Main (9.6)	● Renew Downers Grove (4.8)
● Elmhurst 255 (2.1)	● The Marke (13.7/Mo.)	● Marq on Main (7.4)	● Apex 41 (8.8)	● Elan Yorktown (13.5/Mo.)
● Lakeside Vlg (10.1/Mo.)	● Regency Place (8.9)	● Courthouse Square (2.0)	● Wheaton 121 (2.0)	—*— 203 South Marion-Apartments
— Market Line				

Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

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Rent/Value Analysis
Representative Newer Apartments: Excluding Two-Story Townhome and Specialty Units
Western Suburbs
June 2020

Plan Size (Sq. Ft.)	Average Market Rent	Development/Location	Year Built/ Renovated	Total Units	Average Plan Size (Sq. Ft.)	Average Posted Rent		Average Market Rent	Variance From Market	Vacancy Rate / Absorption (Units/Mo.)
						Dollars	Rent per Sq. Ft.			
400	\$1,050	203 S Marion Apartments/Oak Park	2022	153	709	\$2,080	\$2.93	\$1,624	+\$456	12.0/Mo. Fcst
500	1,236	Elmhurst 255/Elmhurst	2016	192	929	2,374	2.56	2,033	+341	2.1
600	1,422	Maple & Main/Downers Grove	2018	115	871	2,212	2.54	1,926	+286	9.6
700	1,608	The Marke/Elmhurst	2019	164	901	2,235	2.48	1,981	+254	(13.7/Mo.)
800	1,794	Marq on Main/Lisle	2018	202	795	1,880	2.36	1,784	+96	7.4
900	1,980	Courthouse Square/Wheaton	2016	149	974	2,203	2.26	2,117	+86	2.0
1,000	2,166									
1,100	2,352	---- Market ----	2015	2,385 / 199	965	2,100	2.18	2,100	0	4.8 / (12.4/Mo.)
1,200	2,538									
1,300	2,724	Burlington Station/Downers Grove	2018	89	1,029	2,186	2.12	2,219	-33	0.0
1,400	2,910	Lakeside Village/Oakbrook Terrace	2018	315	1,128	2,370	2.10	2,404	-34	(10.1/Mo.)
1,500	3,096	Apex 41/Lombard	2016	181	951	2,014	2.12	2,074	-60	8.8
1,600	3,282	Elan Yorktown/Lombard	2018	290	1,005	2,077	2.07	2,175	-98	(13.5/Mo.)
1,700	3,468	Renew/Downers Grove	2008	270	938	1,769	1.89	2,050	-281	4.8
1,800	3,654	⁽¹⁾ Regency Place/Oakbrook Terrace	2007	112	1,199	2,227	1.86	2,536	-309	8.9
1,900	3,840	Wheaton 121/Wheaton	2013	306	895	1,646	1.84	1,970	-324	2.0
2,000	4,026									

Slope: \$1.86 per sq. ft.

⁽¹⁾ Posted rents adjusted \$150 to reflect value of enclosed parking included.