

MARKET STUDY

**PROPOSED
AGE-RESTRICTED (55+)
RENTAL HOUSING DEVELOPMENT
484-490 BOSTON POST ROAD
WAYLAND, MASSACHUSETTS**

Prepared For:

Wayland Economic Development Committee
Town of Wayland
41 Cochituate Road
Wayland, MA

Prepared By:

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October 2012

Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

October 9, 2012

Mr. Frederic E. Turkington, Jr.
Office of the Town Administrator
41 Cochituate Road
Wayland, MA

**RE: Senior Rental Housing Market Study
490 Boston Post Road (Town Septage/DPW Site)
Wayland, Massachusetts**

Dear Mr. Turkington:

In accordance with your request, the attached summary sets forth the results of our analysis of the market support for redevelopment of the Town's DPW site at 484-490 Boston Post Road in Wayland, MA for rental apartments targeted to seniors (aged 55+). The market analysis, along with other site due diligence, planning and pre-permitting work (being undertaken by others) is intended to inform the Town's planning for a future disposition the site for senior housing development. The research and analysis was undertaken during August and September of 2012 and the conclusions are applicable to that time frame.

The report that follows sets forth our analysis of the relevant market supply and demand factors influencing both age-restricted and conventional rental apartment development potentials in the subject locale and provides recommendations concerning the various features which a rental development at the site must have to be marketable, including a discussion of the scale of a supportable development and its market orientation (renter mix – by age and affordability tier), the requisite product features and amenities (competitive unit sizes, bedroom mix, common area requirements, interior unit finishes, parking, resident service offerings, project-wide amenities etc.), the supportable pricing (rents per SF and per unit plus any additional fees), and achievable absorption rates (lease-up pace).

We appreciate the opportunity to be of assistance and look forward to discussing our findings with you further. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,

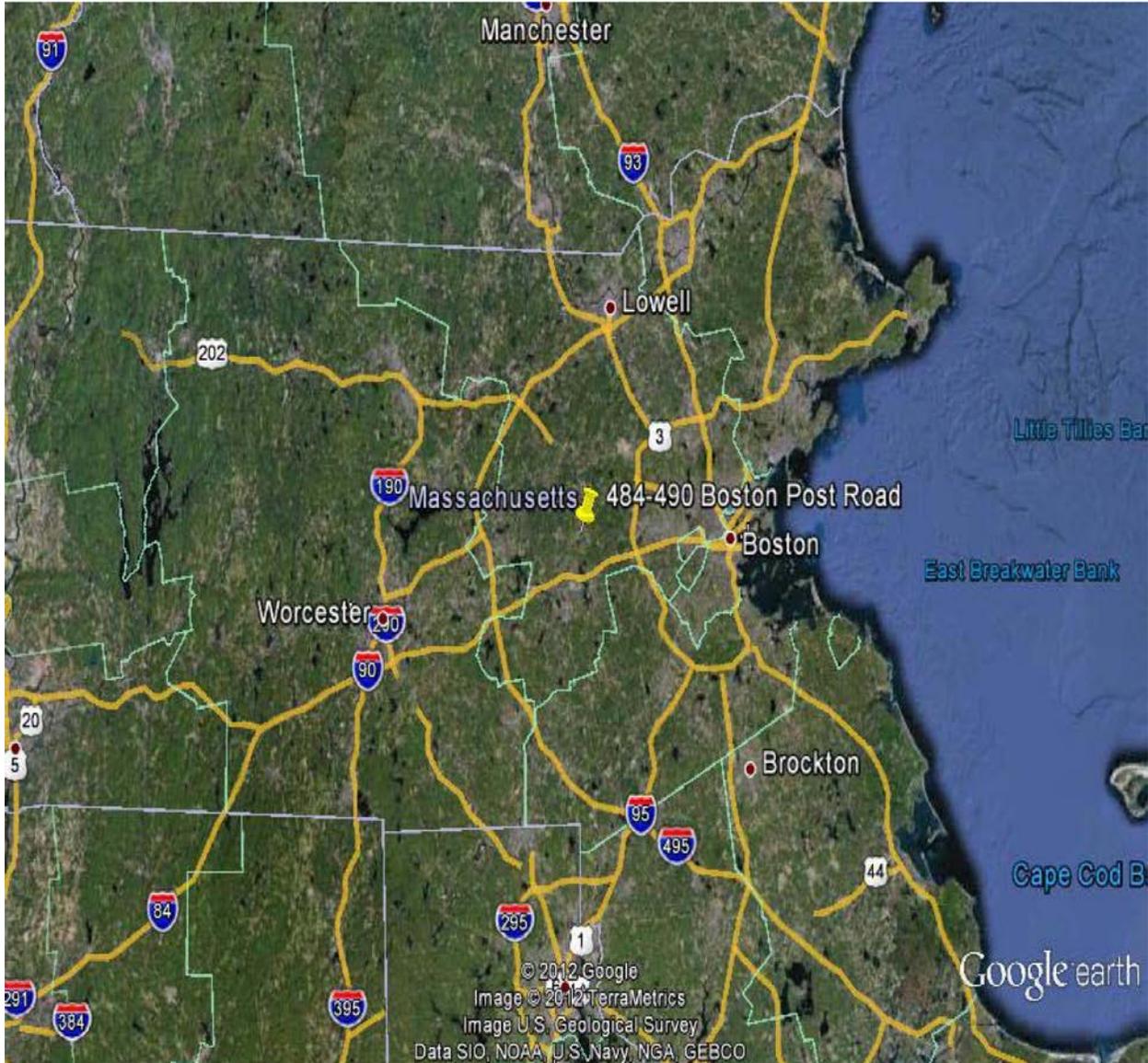
BYRNE MCKINNEY & ASSOCIATES, INC.

Pamela S. McKinney MAI, CRE
Principal

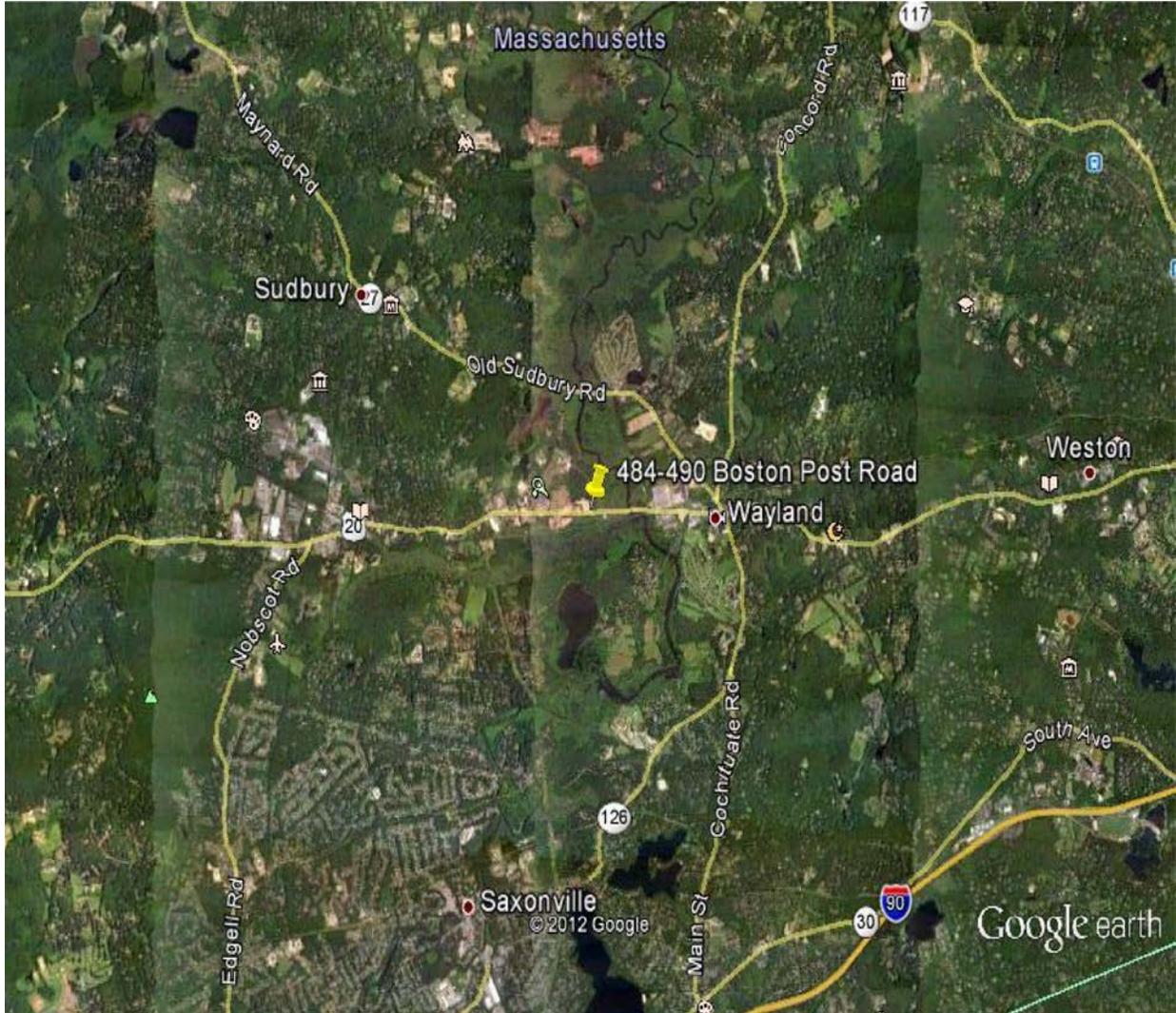
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484-490 BOSTON POST ROAD WAYLAND
REGIONAL LOCATION



484-490 BOSTON POST ROAD WAYLAND
TOWN LOCATION

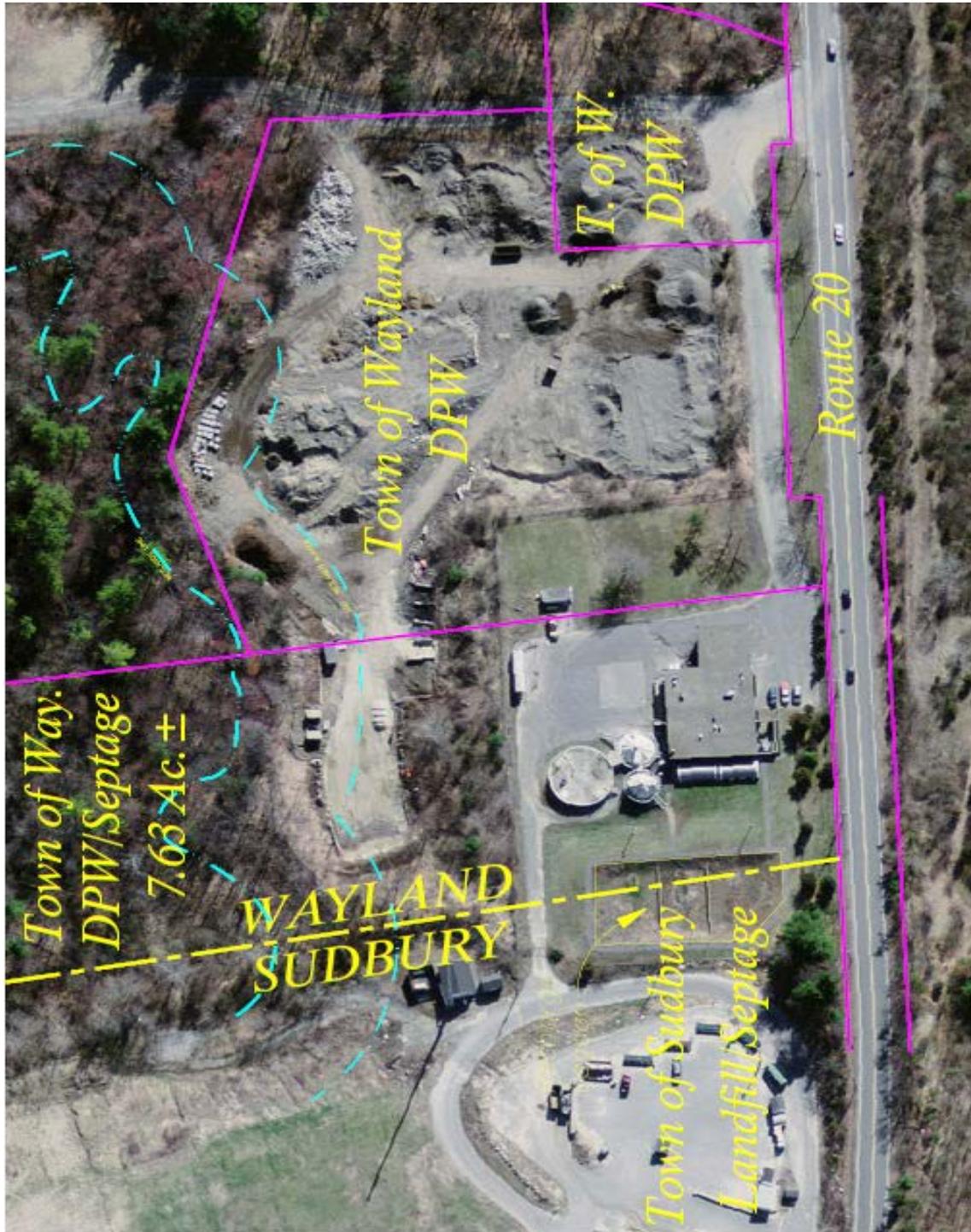


484-490 BOSTON POST ROAD WAYLAND
NEIGHBORHOOD LOCATION



484-490 BOSTON POST ROAD WAYLAND

AERIAL



EXECUTIVE SUMMARY

Development Concept

Site Location - The subject property is a 7.63 acre site located in Wayland at 484-490 Boston Post Road, and is now utilized by the Town's Department of Public Works (DPW). Situated on the Town's western boundary with Sudbury, the basic locational attributes define the site's competitive positioning and shape the market opportunities for housing redevelopment options at the site.

Program Parameters - The proposed development concept evaluated by this study envisions the redevelopment of the subject site for a program of approximately 216 rental housing units (this is the minimum number required to fully satisfy the Town's remaining requirements under Chapter 40B), targeted to the greatest extent possible for occupancy by households headed by persons aged 55 year or older. All programs examined by this study (both age-restricted and unrestricted) assume that 25% of units would be affordable to households earning at or below 80% of Area Median Income.

Rental Housing Market Area Definition

Primary Market Area (PMA) – In keeping with accepted standards for rental housing analysis, fully 70% to 90% of rental units developed at the site are expected to be filled by residents from the Primary Market Area (PMA), defined in this case as a 10-minute drive time of the site, an area mostly comprising the adjoining communities of Wayland, Sudbury and Weston.

Secondary Market Area (SMA) – A Secondary Market Area (SMA) – from which 10% to 30% of renters at the site would be expected to come - has been defined as a 15-minute drive time of the site. The SMA includes additional areas extending beyond the PMA west to Rte. 495-Marlborough, north to Rte. 2 – Concord, Lincoln and Maynard, south to Framingham and Natick and east to Rte. 128 - Wellesley, and parts of Needham, Newton and Waltham.

Market Demand and Capture Potential

Rental Demand Segments - Rental housing development at the site has the potential to draw a spectrum of consumer types including young professional singles and couples (primarily households aged 24 to 34 years), empty-nester/downsizers (aged 50-75) and seniors (aged 75+). Each of these age cohorts exhibits substantial depth of market demand in the subject market areas as well a pattern of significant historic and forecasted future growth potential.

The vast majority of renter households in the subject market areas are 1 and 2 person households (this is true for both the <55 and the 55+ markets). As a result, the greatest depth of demand and the core of the rental market opportunity is concentrated in the smaller, one and two bedroom unit typologies. While larger 2+ bedroom units also have the potential to draw demand, this market niche is relatively shallow and comes with more challenging economics (high unit costs drive prices above what the current market can easily shoulder). Likewise smaller studio unit demand also exists but this market niche is also shallow and importantly in the subject’s case less able to meet the demands of the key downsizer market.

Market Capture - As the detailed analyses that follow demonstrate, with a 75% to 25%, market rate to affordable unit mix, a capture of 5.4% of the overall un-accommodated market rate rental demand (for the combined PMA and SMA) would need to be drawn to support a **non-age restricted** rental project at the proposed 216-unit scale (a blended average capture for the market rate units consisting of 8.3% from the PMA and 2.3% from the SMA). Capture ratios for the unrestricted affordable units range from under .04% to 4.6%. Both market rate and affordable capture ratios for the PMA are low (Note that anything under 10% for market rate capture in the PMA is viewed as a strong indicator of feasibility), demonstrating the strength of the site rental market potential.

Narrowing the target market to **55+ renters only** produces the need for higher capture ratios. Fully 12.2% of the un-accommodated market rate 55+ renter demand in the combined PMA-SMA, would needed to be captured to support a 55+ development of 216 units. This represents a blended average consisting of a 19.3% capture of market rate demand from the PMA and a 2.8% capture of market rate demand from the SMA. Capture ratios for the age-restricted affordable units range from under .05% to 8.6%. While affordable capture ratios are well within the feasible range, market rate capture requirements for the PMA (at almost 20%) are viewed as ambitious.

BASE CASE CAPTURE RATIOS

Subject Capture Summary		Market Area	Affordable	Market Rate	Total
Base Case Scenarios					
1	100% Unrestricted (216 Units)	Combined Mkt	1.0%	5.4%	2.6%
		PMA	4.6%	8.3%	7.1%
		SMA	0.4%	2.3%	0.8%
2	100% 55+ Age-Restricted (216 units)	Combined Mkt	2.1%	12.2%	5.6%
		PMA	8.6%	19.3%	15.0%
		SMA	0.5%	2.8%	1.0%

We recommend that alternative programming concepts aimed at tempering the risk be considered. Four specific strategies have been explored. A key for interpreting the capture results is shown below. A table summarizing the results is presented following the descriptions.

FEASIBILITY METRICS - PMA

Feasibility Metrics - PMA	Market Rate	Total
Strong	<10%	<10%
Good	10%-15%	10%-12%
Fair-Weak	>15%	>12%

- **Strategy A - Reducing the overall age-restriction to 50+** (a substantial market exists for rental housing in the 50-54 age tier). Inclusion of un-accommodated demand from this additional cohort would reduce the market rate capture ratio for the combined PMA-SMA to 10.1% and the PMA capture to 16.8% - still slightly higher than desired but not out of the question. Additional loosening of the age restriction or a reduction in the project size could improve the capture ratio further. This approach is viewed as ambitious but supportable.
- **Strategy B - Reducing the overall size of the project** (a 55+ program of up to 160 units would improve the capture ratios). An age-restricted project of this size would produce a market rate capture ratio of 9.4% for the combined area and 14.5% for the PMA. Additional reductions in the project size could improve the capture ratio further – likewise a slightly larger project might also be contemplated with commensurate increases in the capture requirement. This option is viewed as highly supportable.
- **Strategy C - Creating an age-mixed program that includes 75% of units at 55+ and 25% unrestricted units** (50-60 units of housing for younger unrestricted occupancy would constitute sufficient critical mass for marketability of these units). Introducing 54 units (75% of the total 216 units) for unrestricted occupancy would produce a PMA market rate capture ratio for these units at 5.1% (under 1% PMA-SMA combined). For the remaining 162 age-restricted units, the market rate capture ratio (similar in scale to Strategy B) is 14.6% (9.4% for the PMA). This option is viewed as highly supportable.
- **Strategy D - Creating an age-mixed program that includes 75% of units at 55+ and 25% age-restricted at 50-54** Introducing 54 units (25% of the mix) for occupancy by households aged 50-54 would produce a PMA market rate capture ratio these units in isolation at 40.3% (15.5% for the PMA-SMA combined). For the remaining 162 - 55+ age-restricted units, the market rate capture ratio is identical to Strategy C at 14.6% (9.4% for the PMA). This approach is not recommended.

SUBJECT CAPTURE SUMMARY

Subject Capture Summary		Market Area	Affordable	Market Rate	Total
Base Case Scenarios					
1	100% Unrestricted (216 Units)	Combined Mkt	1.0%	5.4%	2.6%
		PMA	4.6%	8.3%	7.1%
		SMA	0.4%	2.3%	0.8%
2	100% 55+ Age-Restricted (216 units)	Combined Mkt	2.1%	12.2%	5.6%
		PMA	8.6%	19.3%	15.0%
		SMA	0.5%	2.8%	1.0%
Risk Mitigation Strategies/Age-Restricted Program Variations					
A	100% - 50+ Age-Restricted Program Size - 216 Units	Combined Mkt	1.8%	10.1%	4.7%
		PMA	7.3%	16.8%	12.9%
		SMA	0.5%	2.2%	0.9%
B	100% - 55+ Age Restricted Program Size - 160 Units	Combined Mkt	1.8%	9.4%	4.4%
		PMA	7.4%	14.5%	11.9%
		SMA	0.5%	2.2%	0.8%
C	25% - Unrestricted Program Size - 54 Units	Combined Mkt	0.2%	0.3%	0.3%
		PMA	2.3%	5.1%	4.0%
		SMA	0.1%	0.1%	0.1%
	75% - 55+ Age Restricted Program Size - 162 Units	Combined Mkt	1.8%	9.4%	4.5%
		PMA	7.4%	14.6%	12.0%
		SMA	0.5%	2.3%	0.8%
D	25% - 50-54 Age-Restricted Program Size - 54 Units	Combined Mkt	5.9%	15.5%	11.1%
		PMA	22.3%	40.3%	34.1%
		SMA	2.2%	4.5%	3.3%
	75% - 55+ Age Restricted Program Size - 162 Units	Combined Mkt	1.8%	9.4%	4.5%
		PMA	7.4%	14.6%	12.0%
		SMA	0.5%	2.3%	0.8%

Feasibility Metrics - PMA	Market Rate	Total
Strong	<10%	<10%
Good	10%-15%	10%-12%
Fair-Weak	>15%	>12%

Market Supply and Product Features

Unit Mix and Sizes – The analysis suggests that a supportable market mix for a wholly age-restricted (55+) program would include roughly 0% to 10% Studio/Jr. 1-bedroom units (averaging ≈600 SF), 40% to 50% 1-bedroom units (averaging ≈750 SF) and 40% to 50% standard 2-bedroom units (averaging ≈1,000 SF). For an un-restricted program (no age limitations), the proposed mix would be expected to include roughly 35% to 40% 1-bedroom units (averaging ≈750 SF), 55% to 60% standard 2-bedroom units (averaging ≈1,000 SF) and 0% to 5% larger 2 bedroom+ units (averaging ≈1,250 SF).

Unit Finishes - The standard finish package in the current market would be expected to offer a high-end look but not high-end branding, based more on consumer preferences for style and materials rather than on cost. Competitive new rental projects provide excellent finishes that now typically include hardwood flooring throughout the living area and kitchen, carpeting in the bedrooms, tile in the master bathrooms, granite kitchen countertops, quality wood cabinets and stainless steel appliances. Most aspire to clean-lines and a contemporary appearance, although with an older market target more traditional features such as crown molding, etc. are likely to appeal.

Unit Features - Other features desired by the market include gas cooking or ceramic stove tops, recessed lighting, multiple high-speed telecommunication lines (every main room), and large closets (plus sufficient storage space). Either laundry machine hookups or full-size stackable washer and dryers may be provided (there is variation within the competitive market; with the latter more desirable). Gas fireplaces are a bonus, but not widely expected.

Outdoor Space - Private outdoor space is generally desirable, but must be of sufficient size and have real utility (balconies or patios must be able to fit a small table and chairs or more) to command a premium in pricing. And, some renters prefer to pay for furnishable, year-round interior space. Consideration should be given to roof-top terraces and balconies as these features can be expected to deliver a premium value and price.

Parking - Renters in this market own cars – often more than one - and thus the availability of secure, designated parking is important to marketability. The provision of a mix of garage and surface parking is the typical approach (though not the only approach) in the competitive market and there is acceptance of a surcharge for parking above the monthly rent levels, especially for garage parking. In this location, and especially for the targeted older renter, covered parking availability will be essential, with the potential to house some number of second cars on surface. The availability of visitor parking will also be important.

Storage - Private storage space is always sought-after in apartment living and will be especially important for empty-nester/senior downsizers. All apartments should have access to some amount of secure private storage.

Building Features and Services - The most important amenity will be handsome and substantial lobby areas that convey a sense of place and identity for the project overall. Second will be security. Front desk personnel with security camera monitoring and package drop-off service will be important. Other services should be offered a la carte to allow occupants to tailor their choices and manage cost and would be expected to include such things as housekeeping, dog walking, local transportation, etc. Ground floor spaces (such as a library, lounge, wi-fi café, fitness center, etc.) and outdoor common areas (gardens, pool/sun deck, etc.) will also be important for marketability of a project at this scale and price point.

Note that the mixing of different age groups on the site (55+ and perhaps other younger groups) might warrant more targeted and perhaps even separate lobbies and amenity spaces. Finally, also note that with a focus on independent living, rather than assisted living (for which ample supply exists elsewhere in the market) no additional health care or social services are anticipated to be provided by the development sponsor, although we expect that individual occupants might contract for outside services on an as needed basis.

Market Rent and Absorption Estimates

Market Pricing – The market consumer for rental units at the subject site is viewed as value seeking – which constrains the absolute monthly rent a consumer is likely to spend for the end product - estimated to be between \$1,300 and \$1,800 per month for a studio unit to between \$1,600 and \$2,200 per month for a 1-bedroom unit, to \$1,800 to \$2,600 per month for an standard 2-bedroom unit, to over \$3,000 for a larger 2-bedroom or 2-bedroom plus den unit. In this context, the size and rent per SF are inversely proportional with smaller units commanding higher rents per SF (and improved feasibility margins) and larger units commanding lower rents per SF (with more challenging feasibility margins).

MARKET RENT SUMMARY

Program Unit Types	Unit Avg SF	Market			
		Low Range (Per Month/Per SF)		High Range (per Month/Per SF)	
Studio/Jr. 1 Br	600	\$1,300	\$2.60	\$1,800	\$2.57
Std. 1-Bedroom/ 1-Bathroom	750	\$1,600	\$2.46	\$2,200	\$2.59
Std. 2-Bedroom/ 2-Bathroom	1,000	\$1,800	\$2.12	\$2,600	\$2.26
2+-Bedroom/ 2.5-Bathroom	1,250	\$2,100	\$2.00	\$3,000	\$2.07

Note: 1) Rents are in 2012 dollars escalat to 2015

2) Unit occupancy is estimated at 1 person/bedroom

3) Rates above include heat & hot/cold water only

Because the proposed senior rental concept does not envision integrated health and/or social services as provided in typical Assisted Living or CCRC models, the competitive alternatives for most older market area renter households consist of other newer, Class A rental developments such as those prevalent in the nearby Route 128 and Route 495 corridors along with more traditional service laden Independent Living facilities such as those being developed in nearby Wellesley and Sudbury. As such, please note that the estimated rents purposely do not include daily meals or other services as are typically found in high-end luxury (i.e. Waterstone at Wellesley) or affordable independent living alternatives (i.e. The Coolidge).

Absorption Pace – Absorption is estimated to average of 10 to 15 units per month, beginning at the onset of marketing (typically 2 to 4 months prior to Certificate of Occupancy), with full lease up of a 216-unit development expected to be achievable within approximately 18 months.

INTRODUCTION

Market Study Type

Market study is defined as “a macroeconomic analysis that examines the general market conditions of supply, demand and pricing or the demographics of demand for a specific area or property type.”¹ There are numerous types of market studies ranging from the general to site specific. This report is a market analysis for a given development program, and predetermined uses, i.e. 216 units of independent rental housing targeted for 25% affordable occupancy (by households with incomes below 80% of the Area Median Income).

Key Dates

A rental apartment development at the site is expected to begin delivering units to the market in 2014/2015 assuming a site disposition in early 2013 and an 18 to 24 construction period. This market study is intended to reflect current expectations and perceptions of market participants. We inspected the subject neighborhood and site and conducted our market research and data collection in July and August of 2012 and our findings pertain to what was known of market conditions as of this time frame. Byrne McKinney & Associates, Inc. is not responsible for unforeseeable events that may alter market conditions prior to the projected date of delivery.

Study Objectives

The study objectives are to:

- Estimate market penetration rates by economic tier (low, moderate, market) for a proposed senior rental apartment redevelopment of the site.
- Evaluate the proposed 216 unit age-restricted development concept and offer alternatives to the extent needed to enhance market feasibility.
- Evaluate competitive product features (including finishes, amenities, and service offerings), achievable rents, and absorption/occupancy potentials for a marketable rental redevelopment of the site.

¹ *Dictionary of Real Estate Appraisal*, Third Edition, C 1993, Appraisal Institute

Intended Users and Use of Report

The report has been prepared for use by the Town to inform the planning, programming, permitting and site disposition and may not be used for any other purpose. Out-of-context quoting from or partial reprinting of this report is prohibited.

Scope of Study

In undertaking this assignment we have toured the subject site, investigated market area trends and conducted both general rental apartment and senior housing market analyses. Our research involved discussions with real estate leasing agents, property managers and developers, and others knowledgeable of development trends and economic forces in the local market area.

On the demand side, population, income, and employment trends were examined. On the supply side, the current inventory, competitive rents and occupancy levels, planned changes to supply and competitive environment were assessed. The information gathered from these investigations was used as the basis for evaluating the market demand and supply conditions for rental apartment development at the site and for making strategic recommendations for a proposed project.

Data was collected from the following sources:

Client Representatives

Wayland Economic Development Committee

Government

Local municipalities

Massachusetts Development Finance Agency (MassDevelopment)

Massachusetts Department of Housing and Community Development (DHCD)

Massachusetts Department of Employment and Training (DET)

US Bureau of Labor Statistic (BLS)

US Federal Reserve

Private

Real estate professionals active in the local market were interviewed and various real estate data sources were consulted in preparing this report, including but not limited to the following:

New England Economic Project – regional economic information

STDB, Inc. – demographic information

REIS, Inc. – rental apartment information

MLS, Inc. – home sale information

Massachusetts Assisted Living Facilities Association – independent and assisted living data

Massachusetts Association of Realtors – home sale information
The Warren Group – home sale information
CoStar, Inc. – development site sale data

PROPOSED DEVELOPMENT CONCEPT

Site Location

The subject property is a 7.63 acre site located in Wayland at 484-490 Boston Post Road, now utilized by the Town's Department of Public Works (DPW). Regional access to the property is provided by State Route 20 (Boston Post Road), a two-lane arterial road that connects Wayland with points east to metro-Boston's Route 128 inner-belt (US-95) and the City of Boston and west to Route 495, metro-Boston's outer-belt and the Cities of Worcester and Springfield. Situated on the Town's western boundary with Sudbury, local access to Wayland and the site from the adjoining communities is provided via Routes 20 (E-W), and Routes 27 and 126 (N-S). These basic locational attributes define the competitive positioning for Wayland in general and shape the market opportunities for specific housing redevelopment options at the subject property.

Basic Program Parameters

The proposed development concept evaluated by this study envisions the redevelopment of the subject site for a program of approximately 216 rental housing units (this is the minimum number required to fully satisfy the Town's remaining requirements under Chapter 40B), targeted to the greatest extent possible for occupancy by households headed by persons aged 55 year or older. The analysis explores the market potential for an age-restricted development at this scale as a sub-set of the more general opportunity for unrestricted rental apartment development at the site. All programs tested (both age-restricted and unrestricted) assume that 25% of units would be affordable to households under the 40B definition - at or below 80% of Area Median Income.

The basic parameters for a 216-unit senior rental apartment development at the site are illustrated below. This program served as the basis for our initial market feasibility tests. Modifications to the program arising from our evaluations are presented later in this study.

ILLUSTRATIVE SENIOR (55+) RENTAL APARTMENT PROGRAM

Targeted Income Mix	%	Studio/Jr 1 Bed Units	1 Bedroom Units	2 Bedroom Units	Program Totals
Age Restricted Mix (Project)	100%	10%	50%	40%	216
Age Restricted Mix (By Type)	100%	22	108	86	216
<i>Affordable</i>	25%	5	27	22	54
<i>Market Rate</i>	75%	16	81	65	162

Development Schedule

The construction start for a rental apartment development at the site is estimated for early 2014 with the delivery of units likely to occur roughly before the end of 2015. Our analysis examines demand statistics for the current market, forecast to the anticipated dates of occupancy. Likewise, the market rental surveys and rent estimates were undertaken in the current time frame and growth rates appropriate to the product type and market are applied.

REGIONAL MARKET OVERVIEW

Economic Trends

The subject site is located within the Boston-NH-PMA Metro (NECTA) Division. The Boston metropolitan area is the economic hub of the Commonwealth of Massachusetts and the New England region, providing governmental, professional, business, financial, higher educational and medical services, as well as important transportation, communications, export, cultural and entertainment activities.

Over the past four decades Greater Boston has “made the transition from manufacturing to a knowledge economy, Boston’s economic dynamism is grounded in an almost unparalleled regional concentration of institutions of higher education and health care, research institutes, high tech companies, a highly skilled workforce and venture capital”². In fact, according to the “New Economy Index”, a report compiled by the Information Technology & Innovation Foundation, Massachusetts ranked 1st overall among the 50 states in terms of jobs and workforce education.

This strong foundation supports long-term economic health; however, experts envision tough economic times for Massachusetts in the near-term. Data published in the most recent *New England Economic Indicators* report of the Federal Reserve Bank of Boston provides historic and recent trends.

The tables that follow summarize total non-agricultural employment and annual average unemployment rates over the past decade for the region, state and metropolitan area. The latter is the Boston core urbanized area plus surrounding towns with strong social and economic ties to the core area, defined by the U.S. Census Bureau as the Boston-Cambridge-PMA MA-NH Metropolitan NECTA (New England City and Town Area; corresponding with the CMSA).

Employment Change in the New England Region 2001-2012
(NON-AGRICULTURAL EMPLOYMENT; SEASONALLY ADJUSTED AVERAGES)

Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Jul-12
New England	7,037,100	6,928,600	6,850,500	6,874,700	6,918,700	6,986,100	7,046,300	7,045,800	6,788,500	6,771,600	6,812,400	6,863,100
Emp. Change		-108,500	-78,100	24,200	44,000	67,400	60,200	-500	-257,300	-16,900	40,800	50,700
% Change		-1.54%	-1.13%	0.35%	0.64%	0.97%	0.86%	-0.01%	-3.65%	-0.25%	0.60%	0.74%
Massachusetts	3,339,900	3,259,600	3,197,900	3,194,400	3,211,800	3,246,500	3,281,200	3,291,100	3,180,400	3,189,800	3,209,400	3,249,300
Emp. Change		-80,300	-61,700	-3,500	17,400	34,700	34,700	9,900	-110,700	9,400	19,600	39,900
% Change		-2.40%	-1.89%	-0.11%	0.54%	1.08%	1.07%	0.30%	-3.36%	0.30%	0.61%	1.24%
Boston NECTA	2,535,200	2,466,000	2,410,100	2,404,500	2,424,000	2,451,900	2,486,200	2,496,500	2,416,500	2,426,300	2,441,300	2,491,300
Emp. Change		-69,200	-55,900	-5,600	19,500	27,900	34,300	10,300	-80,000	9,800	15,000	50,000
% Change		-2.73%	-2.27%	-0.23%	0.81%	1.15%	1.40%	0.41%	-3.20%	0.41%	0.62%	2.05%

Source: Federal Reserve Bank of Boston’s website (‘Indicators Interactive’, data from U.S. Bureau of Labor Statistics).

² The Boston Indicators Project, The Boston Foundation,

In just over a decade, the Boston area unemployment rate has ranged from a low of 2.5% in 2000 to a high of 7.7% in 2010. Notably, the local area has consistently fared better than the country overall. Unemployment figures rose as the regional and national economies sunk into a previous recession (2002-2003), and then trended downward with the subsequent recovery; unemployment reached an annual average low of 4.1% for the Boston area in 2007. More recently, this trend reversed, with substantial increases seen in unemployment which reached an annual average high of 7.7% in 2010, before declines in unemployment began to be reported last year. The July 2012 unemployment rate for Boston has fallen to 5.8%. As shown in the table below, the Boston area's unemployment rate typically trends below that of the state and region.

Annual Average Unemployment Rates, 2000-2012

Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Jul-12
United States	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	9.0%	8.3%
New England	2.8%	3.6%	4.8%	5.4%	4.9%	4.7%	4.5%	4.5%	5.4%	8.1%	8.5%	7.8%	7.1%
Massachusetts	2.7%	3.7%	5.3%	5.8%	5.2%	4.8%	4.8%	4.5%	5.4%	8.2%	8.3%	7.4%	6.1%
Boston NECTA	2.5%	3.6%	5.3%	5.7%	5.0%	4.5%	4.4%	4.1%	4.9%	7.6%	7.7%	6.7%	5.8%

Note: Annual seasonally adjusted rates.

Source: Federal Reserve Bank of Boston's website ("Indicators Interactive") with data from U.S. Bureau of Labor Statistics.

The New England Economic Partnership (NEEP), a nonprofit corporation comprised of representatives from New England business firms, state governments, and educational institutions, which is dedicated to providing objective economic analysis and forecasts, meets twice annually. The following highlights their published outlook for the regional economy following their last conference in May 2012.

The forecast for the New England region is for the economy to continue to grow slowly, with employment growth averaging 1.3% annually and overall economic growth (regional gross product) averaging 2.8% annually over their forecast period (to year end 2016). The regional unemployment rate is expected to remain below the U.S. average, but remain at above 6% until 2015. "Weakness in the housing market is anticipated to remain a deterrent to economic recovery."

Northeastern University associate professor Alan Clayton-Matthews prepared the NEEP forecast for the State of Massachusetts, which indicated that the economy here has been in recovery mode since the summer of 2009. He summarized that "the pace of expansion appears to have slowed from the robust growth in 2010, although in 2011 it appears that the state's economy grew moderately, with growth as least as fast as the nation's."

Looking forward, the state's economy is expected to continue to expand at a moderate pace. Noting that "this assumes that the effects of the economic crisis in Europe and the slowing Chinese

economy will be more than offset by growing demand within the U.S., and that the looming fiscal austerity scheduled to begin in 2013 will be softened by post-election compromises in Washington.”

Over the five year forecast period (from last quarter of 2011 to the last quarter of 2016) overall payroll employment is projected to expand at an annual average rate of 1.3%. Similarly, personal income growth is anticipated to average 5.2% over the five year period. The state’s unemployment rate is actually expected to rise somewhat, to 7.0% by mid-2013, “as improving job prospects entice workers who have given up looking to re-enter the labor force” and then subsequently decline steadily to just over 5% by the end of 2016. And, the residential housing market “may finally be at its bottom” as sales and permits are expected to reach pre-recession levels in 2015, while prices are anticipate to rise at an annual average rate of almost 3% in 2015 and 2016.

Population and Household Trends

Population and household growth is relevant to the analysis of residential property as it forms the available pool of potential occupants at the aggregate level, and reveals the direction and pace of change in the market area. The data provided by STDB reflects very modest increases in population and in numbers of households throughout the Boston-Cambridge-PMA MA-NH Core Based Metropolitan Statistical Area (CBSA) over the past 10 years - a trend that is expected to continue for the foreseeable future.

GREATER BOSTON AREA - POPULATION AND HOUSEHOLD TRENDS

	<i>2000</i>	<i>2010</i>	<i>2015</i>	<i>Annual Avg. Change</i>	
<i>Population Growth</i>				<i>2000-'10</i>	<i>'10-'15</i>
Boston CBSA	4,391,344	4,512,381	4,556,416	0.30%	0.19%
<i>Household Growth</i>				<i>2000-'10</i>	<i>'10-'15</i>
Boston CBSA	1,679,659	1,736,273	1,758,167	0.37%	0.25%

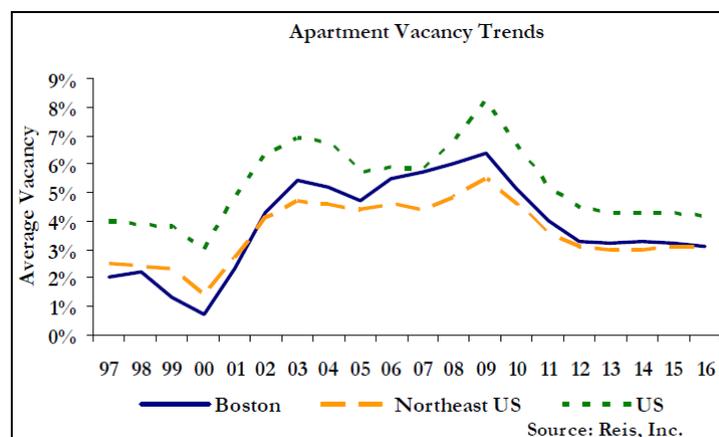
Metro-Boston Rental Housing Market Trends

According to the REIS Observer’s 1st Quarter 2012 Issue on the Boston Apartment Market (published May 23, 2012):

The 198,154-unit Boston metropolitan apartment market is more constricted than at any time since the end of the 1990s tech boom, and rent gains are starting to accelerate, according to REIS. “Going into 212, the Boston multifamily market should continue to be strong based on market fundamentals and continued investor demand,” according to *Northeast Real Estate Business*. “Limited new supply over the past few years and robust demand for rental units has reduced vacancy to a cyclical low,” according to Marcus & Millichap. Although conditions are “sparking [a] surge in development across Boston,” the new units will take time to build.

Occupancy – REIS reports a 1st Quarter 2012 vacancy level in the metro-Boston area’s investment-grade apartments at 3.8% (down 20 basis points from the prior quarter and 80 from a year earlier). This is a perennially tight market (ranging from seven years with sub-zero vacancy during the 1990s tech boom, year-end vacancy rates above 4% between 2002 and 2011 with the swell of new supply, and peaking at a reported 6.5% in 1st Quarter 2010), and it is constricting further now. The Class B/C segment of the market has been tight all along, and the current vacancy rate of 3.2% is down 100 basis points from a year earlier. New supply lifted the Class A rate, but it is now 4.5%, after an 80-basis-point decline from a year earlier.

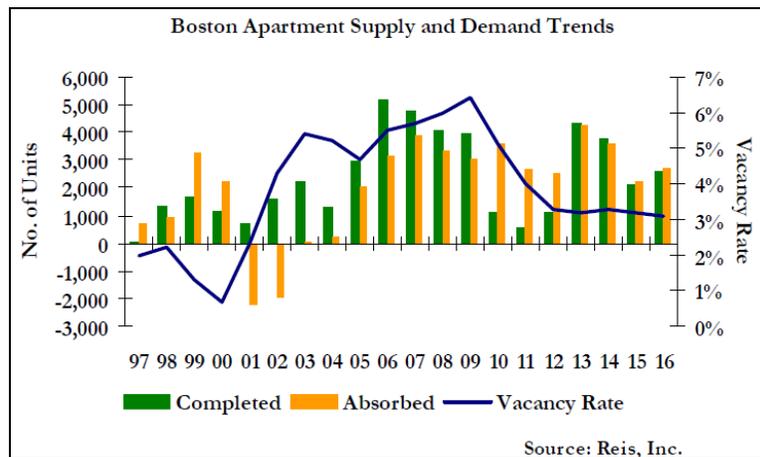
REIS predicts the metro-wide vacancy rate to fall to 3.3% by the end of 2012 before leveling off. Marcus & Millichap similarly predicts reaching a rate of 3.5% by the end of the year. Under these forecasts, Boston’s vacancy rate would be significantly lower than in the 2000s but higher than the 1990s. And as is usually the case, it is expected to remain well below the U.S. average throughout the five-year forecast period.



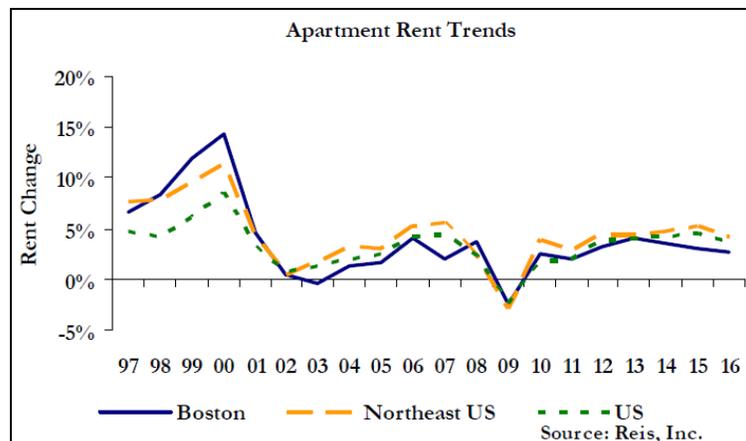
Supply/Demand – Net absorption totaled 2,655 units in 2011. The Class A total was 1,417, while the Class B/C total, despite an absence of new supply, was 1,238. Absorption remained strong in the 1st Quarter of 2012 at 468 units. (The total had been at least 2,000 units in every year from 2005 to 2011, averaging more than 3,000 per year.) REIS predicts net absorption of 2,500 in 2012, reducing vacant inventory to fewer than 6,500 units metro-wide by year end.

Following soaring rents in the 1990s, there was an apartment development boom. From 2005 to 2009 an average of nearly 4,200 apartments per year were added to the market (and condominium development further increased the multifamily supply). The recent recession put a halt to this pace, and by 2011 only 536 units completed construction in the metro area (the least since 1997). Now there are nearly 4,000 units under construction metro-wide (the majority in projects that broke ground in the past year).

REIS predicts that new supply will total 1,100 units in 2012, and then soar to around 4,000 units in both 2013 and 2014. This new supply is seen to closely match net absorption. Levels of supply and demand are forecast to subsequently be more modest, but totals are still expected to exceed 2,000 units in both 2015 and 2016.



Rents – In 1st Quarter 2012, Boston area’s year-over-year rent gains were 2.1% for the average asking and 2.6% for the average effective. On a quarterly basis, rents increased by 0.3% for the average asking and 0.6% for the average effective in 1st Quarter 2012, had been flat in the previous quarter, but strong earlier in 2011. The Class B/C average asking rent is up 2.8% year-over-year, while the Class A average asking is up 1.4%.



Marcus & Millichap predicts an increase in asking rents of 4.0%, and in effective rents of 4.5%, in 2012. REIS predicts the average asking rent will rise 3.3%, with the average effective up 4.2% in 2012. They forecast slightly larger gains in 2013 to be followed by slightly smaller gains thereafter.

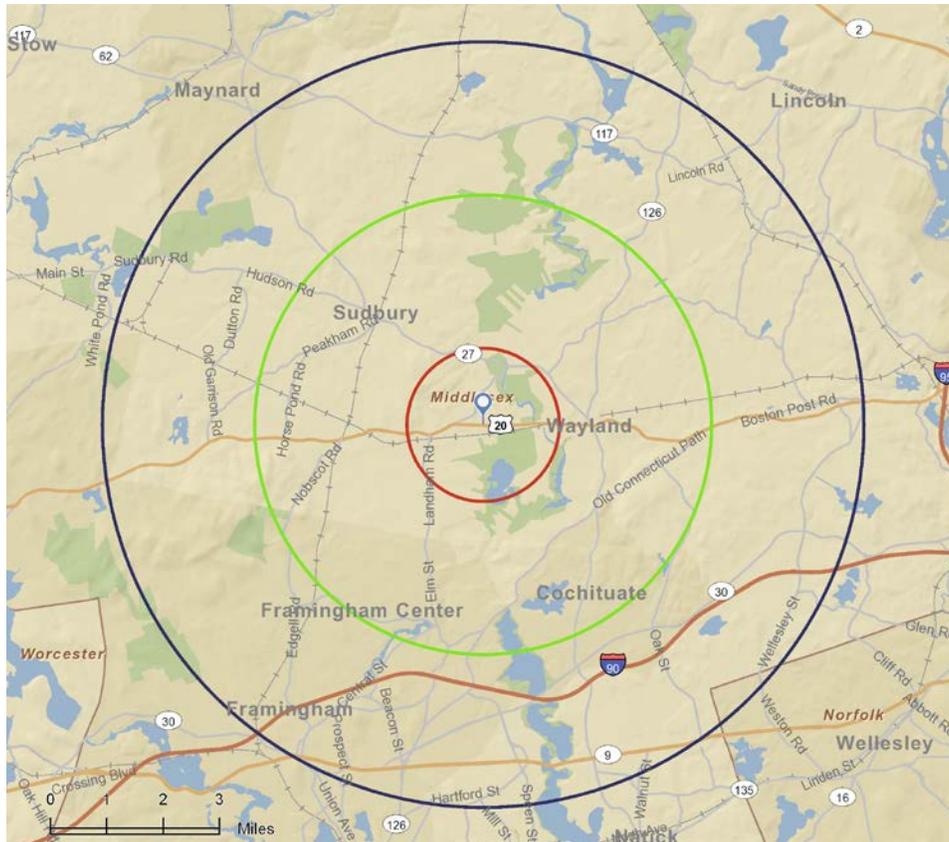
LOCAL MARKET OVERVIEW

Market Area Definition

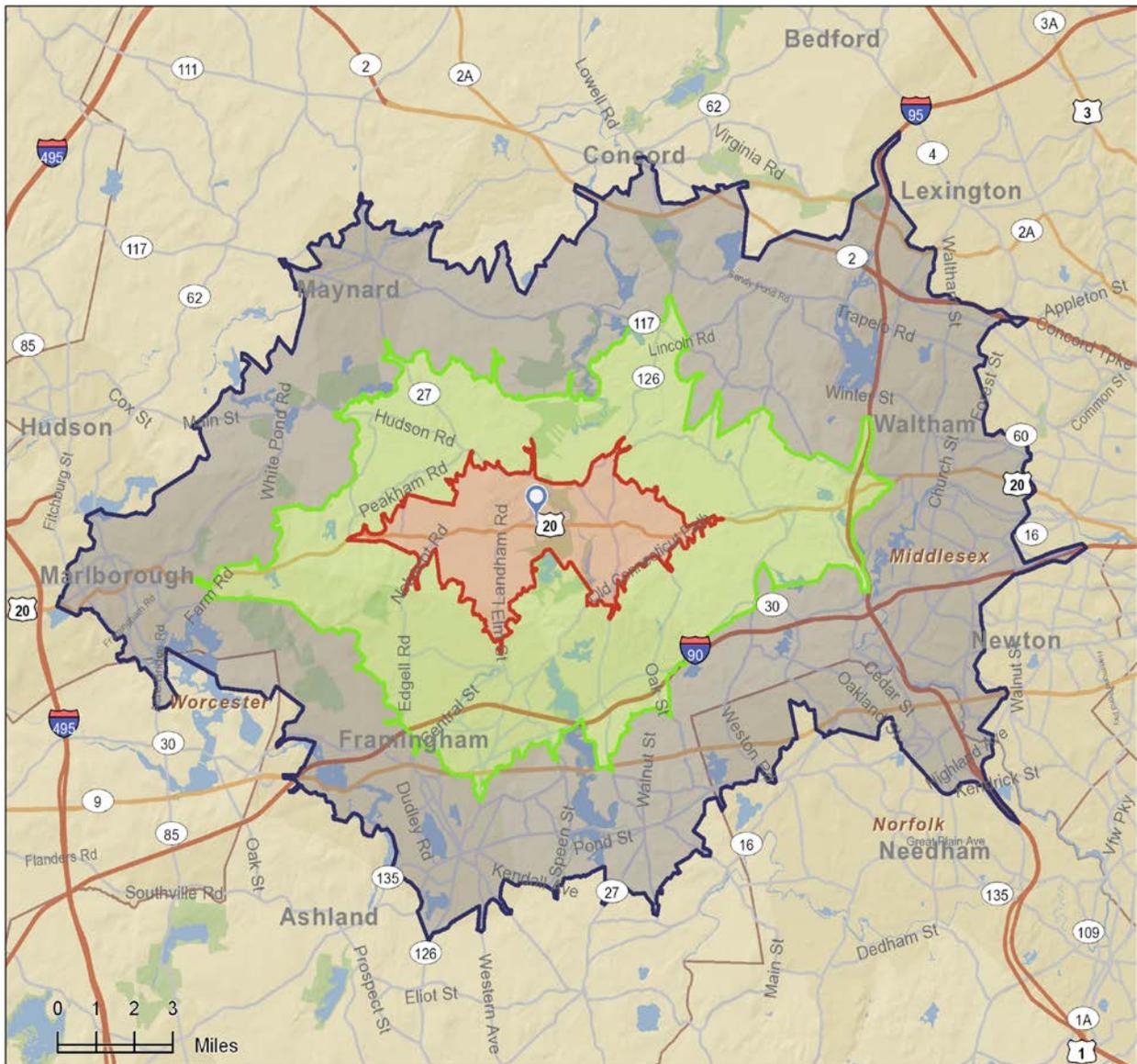
An appropriate market typically consists of a geographic area that shares similar supply and demand characteristics. From a demand standpoint, a sub-market consists of a geographic area from which demand can expect to be captured. From a supply standpoint, a sub-market consists of a geographic area within which supply is relatively similar and competitive. A sub-market must have cohesive locational and access attributes as well as relatively homogeneous economic and demographic characteristics. The range of a target market area may vary depending upon the region's population density, land use patterns, transportation infrastructure and the location of competitive developments.

The subject property is located in the western suburban community of Wayland Massachusetts just west of Interstate 95 on State Route 20. To inform our market area definitions for the project we examined market area attributes within the boundaries of the typical suburban market 1, 3 and 5 mile radii and within the limits of 5, 10 and 15 minute travel times from the site.

1, 3 AND 5-MILE RADII



5, 10 AND 15 MINUTE DRIVE TIMES



The range of a primary target market area can vary dramatically depending upon a region's population density, the location of competitive developments, and whether the property offers a unique product. For conventional suburban rental apartment developments, it is typical for 65% to 90% of the residents to be drawn from within a 5 to 10 mile radius (PMA/SMA combined), while more specialized facilities - like assisted living developments - often draw more broadly and have the potential to induce demand completely unrelated to geography (typically 15% to 35% of assisted living facility occupancy originates from outside the local market area).

For the subject’s independent senior housing focus, a localized market definition is suggested for the PMA (90% of market rate units are expected to be filled from the PMA and 80% of affordable units). This tier has been defined as the area with a 10 minute drive time, and primarily encompasses the towns of Wayland, Sudbury and Weston.

MARKET AREA DRAWING POTENTIAL

Market Draw	PMA	SMA	Tertiary	Total
Total Units	173	43	0	216
For a 100% Non Age Restricted Program				
Affordable				
% Draw	70%	30%	0%	100%
Units	38	16		54
Market Rate				
% Draw	80%	20%	0%	100%
Units	130	32		162
Total Non-Age Restricted Units				
Units	167	49	0	216
For a 100% Age Restricted Program				
Affordable				
% Draw	80%	20%	0%	100%
Units	43	11		54
Market Rate				
% Draw	90%	10%	0%	100%
Units	146	16		162
Total Age Restricted Units				
Units	189	27	0	216

For the SMA the drawing potential for the site has been defined by a maximum 15 minute drive time, generally straddling Route 20, with Route 495 forming a natural western boundary for the market area, Route 128 (US-95) serving as a logical western boundary, Route 2 defining the limit to the north and the area straddling Route 90 defining the market boundary to the south. Roughly 20% of market rate and 30% of affordable units are expected to be draw from this outer area.

Demographic Trends

While the PMA is small in absolute terms, it has kept pace with the region and consistent with the broader SMA market. Going forward, the next five years (to 2015) are expected to show moderate growth in all market tiers. As shown in the tables that follow, an increase in the number of households produces direct demand for housing. Between 2015 and 2010, over 1,600 net new households are expected to be formed in the subject's combined market areas (with increased

population of nearly 4,000 people) and just under 20% of this growth is forecast for the Primary Market Area.

PRIMARY MARKET AREA – POPULATION AND HOUSEHOLDS

	Census 2000	2010	2015	2010-2015 Change	2010-2015 Annual Rate
Population	61,929	62,404	63,089	685	0.22%
Households	22,580	22,787	23,051	264	0.23%
Median Age	40.2	43.3	45.1	1.8	0.82%
HH Size	2.74	2.74	2.74		

SECONDARY MARKET AREA – POPULATION AND HOUSEHOLDS

	Census 2000	2010	2015	2010-2015 Change	2010-2015 Annual Rate
Population	292,281	296,896	300,662	3,766	0.25%
Households	112,960	114,819	116,419	1,600	0.28%
Median Age	37.4	40.1	40.7	0.6	0.30%
HH Size	2.59	2.59	2.58		

More significant to the subject senior housing analysis is the growth in older households

PRIMARY MARKET AREA – 50+ POPULATION AND HOUSEHOLDS

Demographic Summary	Census 2000	2010	2015	2010-2015 Change	2010-2015 Annual Rate
Total Population	61,929	62,404	63,089	685	0.22%
Population Age 50+	20,476	23,573	26,518	2,945	2.38%
Median Age	40.2	43.3	45.1	1.8	0.82%
Households	22,580	22,787	23,051	264	0.23%
% Householders Age 55+	39.2	46.1	50.3	4.3	1.76%
Owner/Renter Ratio	5.1	4.3	4.3	0.0	0.00%
Median Home Value	\$289,157	\$443,819	\$550,926	\$107,107	4.42%
Average Home Value	\$379,882	\$557,093	\$656,536	\$99,443	3.34%
Median Household Income	\$80,821	\$111,051	\$128,413	\$17,362	2.95%
Median Household Income for Householder Age 55+	\$58,936	\$96,034	\$120,348	\$24,314	4.62%

SECONDARY MARKET AREA – 50+ POPULATION AND HOUSEHOLDS

Demographic Summary	Census 2000	2010	2015	2010-2015 Change	2010-2015 Annual Rate
Total Population	292,281	296,896	300,662	3,766	0.25%
Population Age 50+	86,029	99,756	110,692	10,936	2.10%
Median Age	37.4	40.1	40.7	0.6	0.30%
Households	112,960	114,819	116,419	1,600	0.28%
% Householders Age 55+	35.2	40.2	43.7	3.5	1.68%
Owner/Renter Ratio	1.8	1.7	1.7	0.0	0.00%
Median Home Value	\$277,862	\$427,277	\$508,672	\$81,395	3.55%
Average Home Value	\$355,094	\$526,255	\$616,355	\$90,100	3.21%
Median Household Income	\$66,052	\$92,311	\$106,662	\$14,351	2.93%
Median Household Income for Householder Age 55+	\$49,298	\$80,013	\$100,405	\$20,392	4.64%

As indicated by the tables above, by 2015, the PMA population is expected to exhibiting an average age fully 5 years older than the average for the overall market and nearly 8 years older than metro Boston. In addition, over 50% of PMA households are expected to be headed by persons over 55 years of age.

Income Trends

The median household income for the PMA in 2010 stood at \$111,051, reflecting a compound average annual rate over the last 10 years well above the rate of inflation, with even faster growth (over 2.95% annually), projected between 2010 and 2015. The median household income for the PMA in 2015 is expected to exceed \$128,400. For PMA seniors, the rate of income growth is forecast to be even more pronounced with average annual increases expected at above 4.6% (\$96,000 growing to over \$120,000 by 2015).

The median household income for the SMA in 2010 stood at \$92,300, reflecting a compound average annual rate above the rate of inflation, with median household income for the SMA in 2015 is expected to reach \$106,700, based on compound annual growth for the next five years estimated at 2.93%. For SMA seniors, the rate of income growth is forecast is also more pronounced with average annual increases expected at above 4.6% (\$80,000 growing to over \$100,000 by 2015).

Local Housing Trends

Rental and Home Ownership Inventory - Subsequent tables summarize selected housing data for the PMA and SMA for 2010 along with forecasts for 2015.

2010 PMA AND SMA INVENTORY

Housing Unit Inventory		2010 Existing Unit Inventory	2010 Sale Inventory	2010 Rental Inventory	2010 Renter Occupied
PMA	Subtotal	23,697	18,476	5,221	4,960
	% of Subtotal	100%	78%	22%	95%
SMA	Subtotal	96,510	54,042	42,468	40,345
	% of Subtotal	100%	56%	44%	95%
Market Area Totals		120,207	72,518	47,689	45,305
		100%	60%	40%	95%

Source: STDB/ESRI

Notes: 1) Rental occupancy estimated at 95%

As shown by the preceding and following tables, the great majority (78%) of the existing PMA housing stock is owner-occupied, with a lesser percent registered (56%) for the SMA. The 2010 Census data reported a 4.0% vacancy of housing units (all types) in PMA and SMA. Our survey of comparable market-rate apartment properties in the local market indicates that the larger, professionally managed properties currently have occupancy rates ranging from 97% to 100%. Occupancy of 95% reflects stable market conditions.

As indicated below, these ratios are expected to remain relatively unchanged through 2015.

2010 PMA AND SMA HOUSING INVENTORY

Housing Unit Inventory		2015 Forecast Unit Inventory	2015 Sale Inventory	2015 Rental Inventory	2015 Renter Occupied
PMA	Subtotal	23,995	18,714	5,281	5,017
	% of Subtotal	100%	78%	22%	95%
SMA	Subtotal	98,030	54,932	43,098	40,943
	% of Subtotal	100%	56%	44%	95%
Market Area Totals		122,025	73,646	48,379	45,960
		100%	60%	40%	95%
Source:		STDB/ESRI			
Notes:		1) Rental occupancy estimated at 95%			

Affordable Housing Inventory - According to data kept by the Department of Housing and Community Development (current as of December 22, 2010), there are 4,965 affordable units in the PMA, representing 5.5% of the overall stock with another 3,588 units in the SMA (8.67%) identified within the State's existing rental programs. Adding other 40B eligible units produces totals of 5,905 units for the PMA and 12,050 units for the SMA.

MARKET AREA AFFORDABLE HOUSING INVENTORY - ALL

Affordable Housing		2010	%	40B	Needed	Public	Public	Public	MRVP	Other	Other	Total
Inventory		All Housing	Afford.	Req't @	to Achieve	Family	Elderly	Sp. Needs	200%	Sec. 8, LIHTC	Un-Id 40B	40B Eligible
Max. Income Limit		Inventory	2010	10%	10%	80% AMI	80% AMI	N/A	FPL	Etc.	Units	Units
PMA	Wayland	4,957	3.20%	496	216	136	0	0	0	77	67	280
Est.	Sudbury	5,921	5.90%	592	76	64	20	0	0	0	432	516
	Weston	3,952	3.50%	395	143	60	20	0	0	60	112	252
	Lincoln	2,153	11.00%	215	-93	0	0	0	0	236	72	308
	Framingham (part)	27,443	10.50%	2,744	-131	796	249	24	47	1,759	0	2,875
	Natick (part)	14,052	10.10%	1,405	-269	325	89	8	5	990	257	1,674
	Subtotal	58,478	5.52%	5,848	-57	1,381	378	32	52	3,122	940	5,905
	% of 40B Eligible	16,983				23%	6%	1%	1%	53%	16%	100%
SMA	Wellesley	9,090	5.30%	909	399	133	102	0	1	242	32	510
Est.	Marlborough	16,347	10.20%	1,635	-97	227	0	12	5	1,424	64	1,732
	Maynard	4,430	8.40%	443	80	144	0	0	42	177	0	363
	Concord	6,852	10.50%	685	-77	106	28	8	0	577	43	762
	Waltham	24,805	7.10%	2,481	399	491	297	22	28	931	313	2,082
	Newton	32,346	7.50%	3,235	712	362	79	41	28	1,924	89	2,523
	Needham	11,047	7.60%	1,105	246	228	80	8	0	521	22	859
	Framingham (part)	27,443	10.50%	2,744	588	796	249	24	47	-1,116	2,156	2,156
	Natick (part)	14,052	10.10%	1,405	342	325	89	8	5	-427	1,063	1,063
	Subtotal	146,412	8.67%	3,588	2,591	2,812	924	123	156	4,253	3,782	12,050
	% of 40B Eligible					23%	8%	1%	1%	35%	31%	100%
Market Area Totals		204,890	7.89%	9,436	2,534	4,193	1,302	155	208	7,375	4,722	17,955
Source:		DHCD/CHAPA										
Notes:		1) Public Housing total includes State, Federal and locally administered subsidy programs (Tenant and Project-based)										
		2) Other affordable includes other (primarily) private pay rental and affordable ownership units										

As indicated by the following table, of these units, 1,746 units in the PMA and 11,245 units in the SMA are judged to be competitive for subject occupancy (including other 40B inventory).

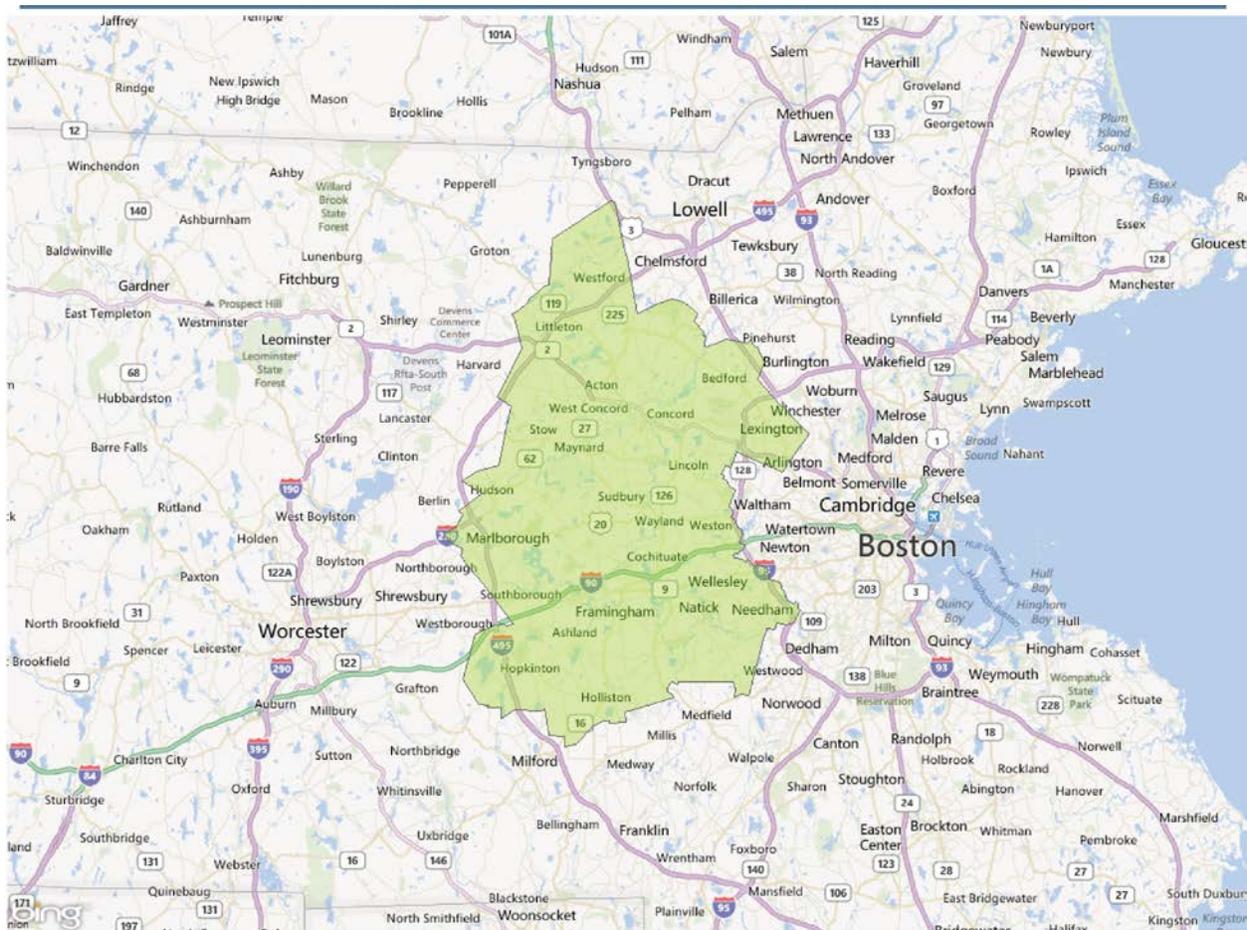
AFFORDABLE HOUSING INVENTORY (INCLUDING ALL COMPETITIVE 40B UNITS)

Affordable Housing		Total	Competitive	Competitive
Inventory		40B Eligible	to Subject	Affordable
Max. Income Limit		Units	(%)	Inventory
PMA	Wayland	280	100%	213
Est.	Sudbury	516	100%	84
	Weston	252	100%	140
	Lincoln	308	100%	236
	Framingham (part)	2,875	25%	719
	Natick (part)	1,674	25%	354
	Subtotal	5,905	30%	1,746
	% of 40B Eligible	100%		
SMA	Wellesley	510	100%	510
Est.	Marlborough	1,732	100%	1,732
	Maynard	363	100%	363
	Concord	762	100%	762
	Waltham	2,082	100%	2,082
	Newton	2,523	100%	2,523
	Needham	859	100%	859
	Framingham (part)	2,156	75%	1,617
	Natick (part)	1,063	75%	797
	Subtotal	12,050	93%	11,245
	% of 40B Eligible	100%		
	Market Area Totals	17,955	72%	12,991

Based on household income distributions in the market area (see demand study that follows for the detailed computations), 10% of Primary Market Area (PMA) market area households (2,381 HH's) qualify for affordable housing with incomes below 60% of the area median (AMI) and 6% (1,421 HH's) qualify as very low income earning under 30% of AMI. In the Secondary Market Area (SMA), 14% of households (9,795 HH's) would qualify at under 60% of AMI and 10% (13,133 HH's) would qualify as very low income earning less than 30% of AMI. Note that these income categories are the primary targets for developers of affordable rental housing who expect to utilize Low Income Housing Tax Credit financing tools.

Rental Market Trends- For the 19,045-unit West/Northwest submarket (including but extending beyond the boundaries of the subject PMA and SMA), REIS reports second quarter vacancy rate of 3.9%, and an average asking rent of \$1,542 per month (including all product types) and an average asking rent for newer product at above \$3,000 per month.

WEST/NORTHWEST SUBMARKET DEFINITION



Section 1 - Current Submarket Rent Details

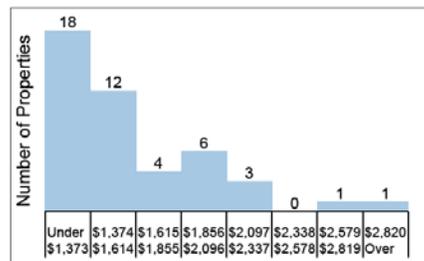
Asking Rent by Age

Year Built	Rent
Before 1970	\$1,384
1970-1979	\$1,362
1980-1989	\$1,729
1990-1999	\$1,926
2000-2009	\$1,770
After 2009	\$3,063
All	\$1,542

As of 06/30/12

Asking Rent Distribution

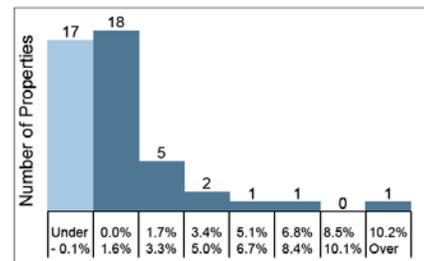
Low	25%	Mean	Median	75%	High
\$1,132	\$1,335	\$1,542	\$1,388	\$1,544	\$3,063



As of 06/30/12

Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
-1.6%	-0.6%	1.4%	1.0%	2.1%	12.4%



17 Negative Growth Positive Growth 28

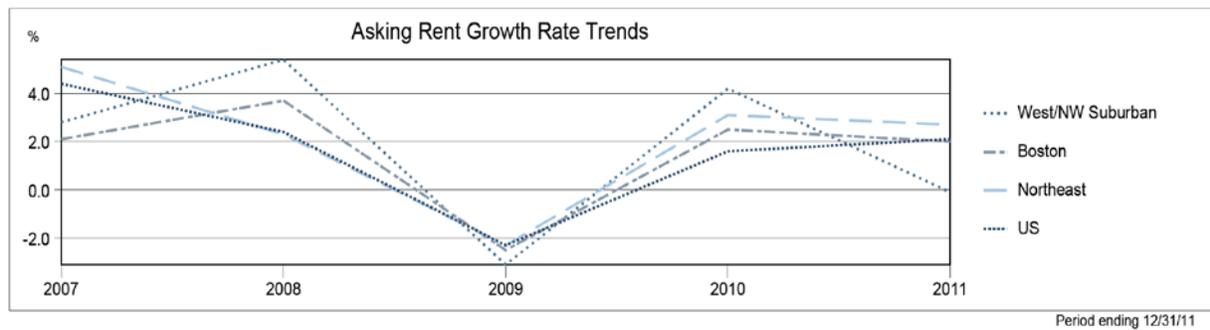
Qtr Ending 06/30/12

Section 2 - Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	2Q12	1Q12	YTD Avg	1 Year	3 Year	5 Year
West/NW Suburban	1.4%	1.1%	1.3%	-0.1%	0.3%	1.8%
Boston	1.0%	0.3%	0.7%	2.0%	0.6%	1.5%
Northeast	1.2%	0.3%	0.7%	2.7%	1.1%	2.1%
United States	1.0%	0.5%	0.8%	2.1%	0.4%	1.6%
Period Ending:	06/30/12	03/31/12	06/30/12	12/31/11	12/31/11	12/31/11



Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		2Q12	1Q12	YTD	1 Year	3 Year	5 Year
Boston	9	3	3	1	9	8	3
Northeast	103	13	22	8	102	83	46
United States	834	121	172	87	789	512	323



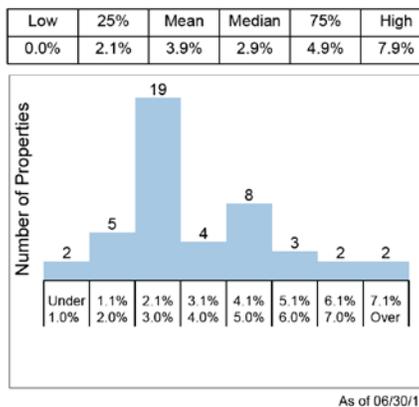
Section 3 - Current Submarket Vacancy Details

Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	3.2%
1970-1979	4.1%
1980-1989	3.8%
1990-1999	7.5%
2000-2009	3.6%
After 2009	2.7%
All	3.9%

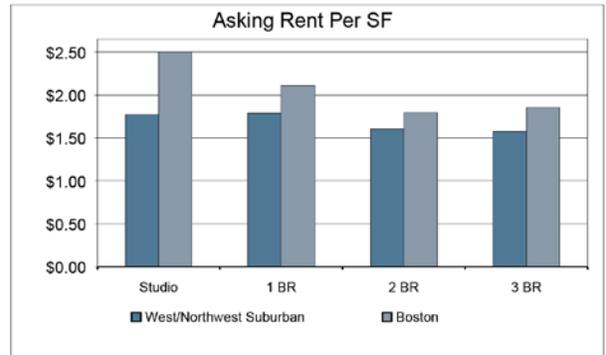
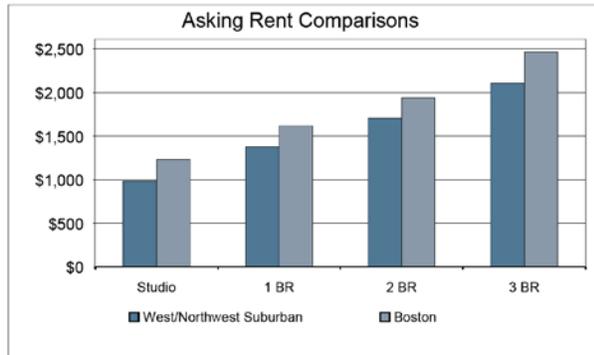
As of 06/30/12

Vacancy Rate Distribution



Section 5 - Submarket Unit Mix Rent Details

Current Submarket Average Rents and Sizes				Asking Rent Growth					
	2Q 2012			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	2Q12	1Q12	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	\$980	552	\$ 1.77	1.2%	1.5%	2.7%	5.5%	0.7%	- 0.5%
One Bedroom	\$1,378	770	\$ 1.79	1.5%	1.8%	3.4%	0.7%	0.6%	1.6%
Two Bedroom	\$1,708	1064	\$ 1.61	1.5%	1.0%	2.5%	- 1.0%	0.1%	1.9%
Three Bedroom	\$2,105	1338	\$ 1.57	- 1.6%	- 3.8%	- 5.4%	1.1%	- 0.5%	1.8%
Average over period ending:				06/30/12	03/31/12	06/30/12	12/31/11	12/31/11	12/31/11



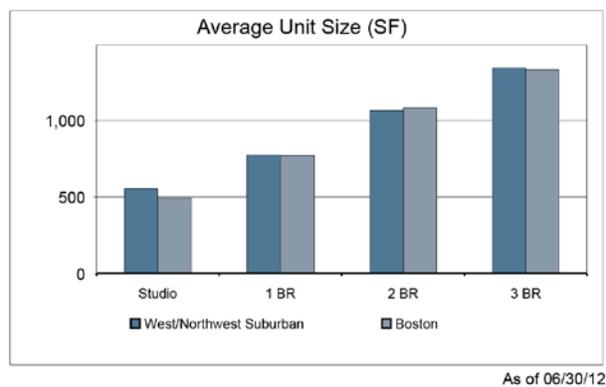
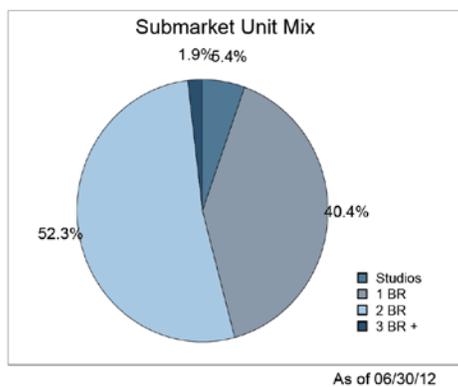
	Studio	1 BR	2 BR	3 BR
West/Northwest Suburban	\$980	\$1,378	\$1,708	\$2,105
Boston	\$1,233	\$1,616	\$1,941	\$2,466

As of 06/30/12

	Studio	1 BR	2 BR	3 BR
West/Northwest Suburban	\$ 1.77	\$ 1.79	\$ 1.61	\$ 1.57
Boston	\$ 2.50	\$ 2.11	\$ 1.80	\$ 1.86

As of 06/30/12

Section 6 - Submarket Unit Mix Inventory Details



Most submarket developments include a concentrated mix of 1 and 2-bedroom units with fewer studio and 3-bedroom units and typical unit sizes at roughly 600 SF for studios, 750 SF for 1 bedroom units, just over 1,000 SF for 2-bedrooms and above 1,250 for 3-bedrooms.

Section 7 - Submarket Inventory Details

Inventory By Building Age

Year Built	Percent
Before 1970	18.0%
1970-1979	50.0%
1980-1989	5.0%
1990-1999	4.0%
2000-2009	20.0%
After 2009	3.0%
All	100.0%

As of 06/30/12

Apartment Stock Traits

	Submarket			
	Low	Mean	Median	High
Year Built	1962	1981	1973	2010
Size (units)	48	195	157	1,020
Distance to Highway (miles)	0	0.7	0.4	2.5
Distance to CBD (miles)	8.9	18.5	19.3	27.6
Distance to Landmark (miles)	4.6	13.8	14.2	22.3

As of 06/30/12 Landmark =Coast

Only 23% of the submarket rental inventory was constructed after 2000, underscoring the competitive appeal of new product.

Section 8 - Inventory Growth Comparisons

	Inventory Growth Rates					
	Quarterly			Annualized		
	2Q12	1Q12	YTD Avg	1 Year	3 Year	5 Year
West/NW Suburban	0.0%	0.0%	0.0%	0.0%	0.7%	1.9%
Boston	0.1%	0.0%	0.1%	0.3%	1.0%	1.5%
Northeast	0.2%	0.1%	0.2%	0.5%	0.8%	0.8%
United States	0.1%	0.1%	0.1%	0.4%	0.9%	1.0%
Period Ending:	06/30/12	03/31/12	06/30/12	12/31/11	12/31/11	12/31/11

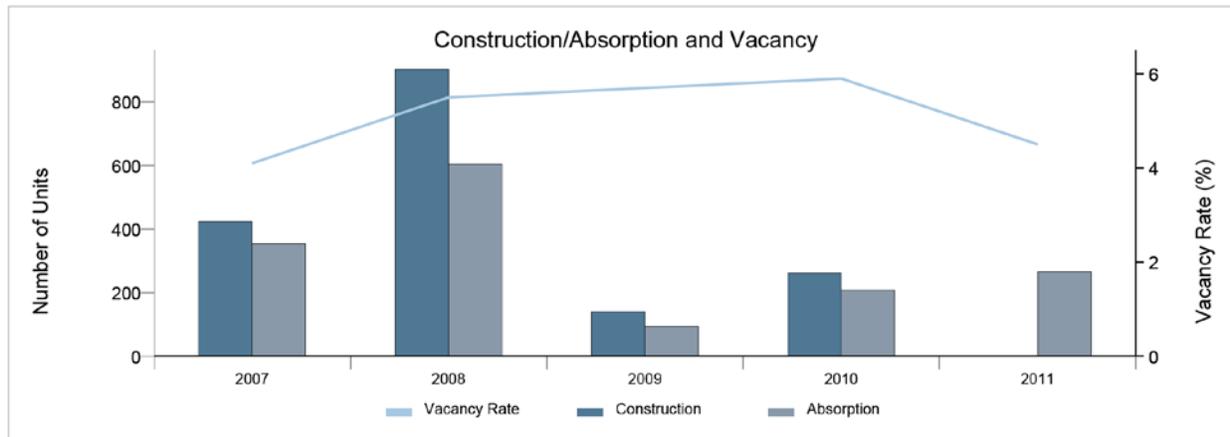
Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		2Q12	1Q12	YTD	1 Year	3 Year	5 Year
Boston	9	6	7	7	7	7	2
Northeast	103	31	32	36	37	28	14
United States	834	157	163	186	251	320	177

Section 9 - Construction/Absorption Change

Construction and Absorption

	Quarterly								
	2Q12			1Q12			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
West/NW Suburban	0	0	0.0	0	114	0.0	0	57	0.0
Boston	220	402	0.5	39	469	0.1	130	436	0.3
Average over period ending:	06/30/12	06/30/12	06/30/12	03/31/12	03/31/12	03/31/12	06/30/12	06/30/12	06/30/12

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
West/NW Suburban	0	267	0.0	134	190	0.7	345	306	1.1
Boston	536	2,656	0.2	1,903	3,132	0.6	2,911	3,330	0.9
Average over period ending:	12/31/11	12/31/11	12/31/11	12/31/11	12/31/11	12/31/11	12/31/11	12/31/11	12/31/11



Period ending 12/31/11

In the last three year rental absorption has exceeded unit deliveries by 30% - yielding record low vacancy levels and illustrating the undersupply conditions in the submarket. The submarket statistics paint a comfortable picture for new development feasibility, according to *Northeast Real Estate Business*. “Average rents will grow 5.0% or more this year, which is in line with the 20-year average for rent growth.” While not quite that optimistic, REIS does expect landlords to be comfortable in 2012 as vacancy drops below the benchmark 5.0% rate and effective rents rise by the most since 2006. The long term outlook is strong as well, as development opportunities are hard to come by and demand is strong.

Home Sale Trends - The average value of an owner occupied unit in the PMA was reported by the 2010 Census at \$443,800. ESRI forecasts the median PMA home value at \$551,000 by 2015, reflecting an increase of nearly 4.5% per year over the next five years. The same general patterns hold for the combined market area and are supported by home sale data tracked by the Warren Group.

As shown by the tables that follow, both the larger Middlesex County and Wayland markets have experienced substantial home-owner price growth over the last decade (albeit with recessionary impacts felt in the last couple of years).

MIDDLESEX COUNTY HOME SALE TRENDS 2000-2012

MIDDLESEX County, MA - Median Sales Price - Calendar Year				
Year	Period	1-Fam	Condo	All
2012	Jan - Jun	\$385,000	\$303,000	\$363,000
2011	Jan - Dec	\$388,000	\$305,000	\$360,000
2010	Jan - Dec	\$400,000	\$298,000	\$361,271
2009	Jan - Dec	\$379,900	\$285,000	\$344,650
2008	Jan - Dec	\$392,000	\$305,000	\$355,000
2007	Jan - Dec	\$426,850	\$308,000	\$390,000
2006	Jan - Dec	\$425,000	\$300,000	\$390,000
2005	Jan - Dec	\$435,000	\$300,000	\$398,400
2004	Jan - Dec	\$412,000	\$263,000	\$380,000
2003	Jan - Dec	\$379,900	\$255,000	\$350,000
2002	Jan - Dec	\$363,000	\$236,000	\$332,500
2001	Jan - Dec	\$320,000	\$195,000	\$291,220
2000	Jan - Dec	\$294,900	\$165,000	\$260,000

MIDDLESEX County, MA - Number of Sales - Calendar Year				
Year	Period	1-Fam	Condo	All
2012	Jan - Jun	4,709	2,515	8,929
2011	Jan - Dec	8,619	4,563	16,333
2010	Jan - Dec	8,836	5,140	17,014
2009	Jan - Dec	8,814	5,345	16,932
2008	Jan - Dec	8,591	5,735	17,103
2007	Jan - Dec	9,842	7,290	20,243
2006	Jan - Dec	10,475	7,523	21,624
2005	Jan - Dec	12,174	8,584	25,908
2004	Jan - Dec	13,327	6,784	26,128
2003	Jan - Dec	12,097	6,630	23,083
2002	Jan - Dec	11,301	5,989	21,390
2001	Jan - Dec	10,879	5,847	21,301
2000	Jan - Dec	12,174	5,956	22,908

WAYLAND HOME SALE TRENDS 2000-2012

Year	Period	1-Fam	Condo	All
2012	Jan - Jun	\$520,500	\$508,000	\$507,000
2011	Jan - Dec	\$555,500	\$556,458	\$550,000
2010	Jan - Dec	\$545,000	\$500,000	\$548,750
2009	Jan - Dec	\$510,000	\$305,000	\$470,000
2008	Jan - Dec	\$505,000	\$457,500	\$505,000
2007	Jan - Dec	\$631,000	\$631,000	\$625,000
2006	Jan - Dec	\$586,250	\$639,250	\$600,000
2005	Jan - Dec	\$600,000	\$634,000	\$604,000
2004	Jan - Dec	\$570,000	\$590,000	\$587,500
2003	Jan - Dec	\$535,000	\$570,000	\$536,000
2002	Jan - Dec	\$506,000	\$535,000	\$518,750
2001	Jan - Dec	\$475,000	\$520,000	\$490,000
2000	Jan - Dec	\$400,000	\$524,100	\$434,000

Year	Period	1-Fam	Condo	All
2012	Jan - Jun	92	32	135
2011	Jan - Dec	130	49	189
2010	Jan - Dec	143	27	182
2009	Jan - Dec	139	49	198
2008	Jan - Dec	131	20	162
2007	Jan - Dec	143	30	191
2006	Jan - Dec	168	33	216
2005	Jan - Dec	168	27	214
2004	Jan - Dec	199	41	258
2003	Jan - Dec	179	29	223
2002	Jan - Dec	160	42	222
2001	Jan - Dec	149	37	204
2000	Jan - Dec	158	82	273

UNRESTRICTED RENTAL DEMAND ANALYSIS

Market Demand Analysis

Methodology - The methodology utilized to analyze the depth of available market demand for the proposed apartment development follows a process aimed at isolating and quantifying the numbers of people comprising the targeted market, evaluating the alternative housing choices available to those people and estimating the nature of the subject's likely competitive positioning and achievable penetration relative to the identified demand and supply. This 1st analysis explores the potential based on income screens only. The next section of this study examines an additional age-restriction that narrows the market to 55+ households only.

On the demand side of the equation, the lower-income and market rate households within the PMA and SMA are identified. This group is then narrowed to isolate renter households meeting the income eligibility of the specific target markets (<30%, 30%-60% AMI, 60%-80% AMI and >80% AMI). Then, on the supply side of the equation, the available demand or net rental demand is further narrowed to account for competitive alternatives available to serve the targeted renter households by income tier within the market area. The un-accommodated market demand is then identified and the market capture necessary to support the proposed subject apartments estimated.

Our demographic figures are based on data compiled by STDB-Online, which provides U.S. Census data and forecasts (current and five-year projections) made by ESRI. It is projected that the proposed facility be constructed and that the first units will be available for occupancy by the end of 2015. Given the time frame for project build-out, our demand analysis focuses on data for 2015.

Income Qualified Households – Based on a project total of 216 units, 54 rental units (25% of the project total) are assumed to be set aside for affordable occupancy. Note that while 40B counts “affordable” units as those affordable to persons earning under 80% of AMI, the affordability tiers examined here are more conservatively defined for analytic purposes as households earning below 60% of AMI as the capture potentials within these categories are of particular significance to developers of affordable rental housing.

The tables that follow illustrate the rent levels (net of tenant electricity) and the household incomes associated with S, 1, 2 and 2+ bedroom units under different housing affordability programs. The estimated market rents derived by this study (and presented later in the report) are also shown for reference purposes.

COMPARISON OF AFFORDABLE RENTS BY PROGRAM AND MARKET RENT

Program	Unit	HUD FMR	MRVP	LIHTC			Market			
Unit Types	Avg SF	Metro-Boston HMFA	200% FPL	30% AMI	50% AMI	60% AMI	Low Range 60%-80% AMI (Per Month/Per SF)		High Range >80% AMI (per Month/Per SF)	
Studio/Jr. 1 Br	600	\$1,213	\$511	\$531	\$912	\$1,104	\$1,300	\$2.60	\$1,800	\$2.57
Std. 1-Bedroom/ 1-Bathroom	750	\$1,213	\$511	\$531	\$912	\$1,104	\$1,600	\$2.46	\$2,200	\$2.59
Std. 2-Bedroom/ 2-Bathroom	1,000	\$1,424	\$885	\$619	\$1,078	\$1,307	\$1,800	\$2.12	\$2,600	\$2.26
2+-Bedroom/ 2.5-Bathroom	1,250	\$1,703	\$1,258	\$705	\$1,234	\$1,499	\$2,100	\$2.00	\$3,000	\$2.07
Note: 1) Rents are in 2012 dollars escalated at: 2.00% /year for 2 years to 2015										
2) Unit occupancy is estimated at 1 person/bedroom										
3) Rates above include heat & hot/cold water only										
4) Utility allowance adjustments have been made to the FMR and LIHTC rents for tenant-paid electricity & electric cooking.										

MINIMUM INCOMES REQUIRED TO SUPPORT RENT

Unit Types	MRVP <200% of FPL	LIHTC 30% AMI	LIHTC 50% AMI	LIHTC 60% AMI	60%-80% AMI	>80% AMI
Studio/Jr. 1 Br	\$22,340	\$21,224	\$36,497	\$44,155	\$50,000	\$70,000
Std. 1-Bedroom/ 1-Bathroom	\$22,340	\$21,224	\$36,497	\$44,155	\$60,000	\$90,000
Std. 2-Bedroom/ 2-Bathroom	\$30,260	\$24,762	\$43,114	\$52,270	\$70,000	\$104,000
2+-Bedroom/ 2.5-Bathroom	\$38,180	\$28,216	\$49,357	\$59,969	\$80,000	\$120,000

The subject's proposed affordable unit mix, monthly rents, and applicable income ranges for affordability are shown in the table that follows. The income ranges for each unit type are based on the following assumptions:

- Affordable unit occupancy is estimated at 1.0 persons per bedroom for the purpose of selecting the appropriate published AMI's (this sets the maximum household occupant income by unit type).
- Very low income households ($\leq 30\%$ AMI target group) are assumed to allocate 30% of their income toward rental payments (we know that often the actual percentage is higher - however a conservative minimum has been assumed for our analysis). This sets the maximum income at \$21,200 for a one-bedroom unit for very low income households.
- Private-pay residents with incomes between 30% and up to 60% AMI (tax credit eligible) will allocate 30% of their income toward rental payments (we know that often the actual percentage is higher - however a conservative minimum has been assumed for our analysis). This sets the maximum income for a tax credit eligible unit at \$60,000 for a 2+ bedroom unit.
- Note that while 40B counts “affordable” units as those affordable to persons earning under 80% of AMI, the affordability tiers examined here are more conservatively defined for

analytic purposes as households earning below 60% of AMI as the capture potentials within these categories are of particular significance to developers of affordable rental housing.

We have simplified the brackets for analytic purposes to avoid double-counting qualified households in more than one income tier.

The tables provided below show the total number of households (unrestricted - including all age brackets) by household income bracket in the PMA and SMA (data per STDB/ESRI) for 2015. We have chosen 2015 as the reference year for our demand calculations as rental unit delivery is estimated to begin in 2015.

PRIMARY MARKET AREA INCOME DISTRIBUTIONS 2015

Number of Households by Income Tier - All Age Tiers					
PMA					
	2000 Census	2010 Estimate	2015 Projection	Target Occupancy 2015	Distribution
<\$15,000	1,458	816	557	557	2.4%
\$15,000 - \$24,999	1,375	922	586	586	2.5%
\$25,000 - \$34,999	1,278	842	555	555	2.4%
\$35,000 - \$49,999	2,415	1,490	931	931	4.0%
\$50,000 - \$74,999	3,872	2,915	2,932	2,932	12.7%
\$75,000 - \$99,999	3,197	3,027	2,660	2,660	11.5%
\$100,000 - \$149,999	4,117	5,228	5,161	5,161	22.4%
\$150,000 - \$199,999	1,781	2,224	2,482	2,482	10.8%
> \$200,000	3,152	5,321	7,186	7,186	31.2%
Total Households:	22,645	22,785	23,050	23,050	100.0%
Total Population	61,929	62,404	63,089	63,089	
Average HH Size	2.73	2.74	2.74	2.74	

SECONDARY MARKET AREA INCOME DISTRIBUTIONS 2015

Number of Households by Income Tier - All Age Tiers					
SMA (Incremental Additional Households)					
	2000 Census	2010 Estimate	2015 Projection	Target Occupancy 2015	Distribution
<\$15,000	9,235	5,717	4,325	4,325	4.6%
\$15,000 - \$24,999	7,279	5,205	3,644	3,644	3.9%
\$25,000 - \$34,999	7,694	5,142	3,652	3,652	3.9%
\$35,000 - \$49,999	11,226	7,607	5,193	5,193	5.6%
\$50,000 - \$74,999	17,039	14,370	15,284	15,284	16.4%
\$75,000 - \$99,999	12,560	13,517	12,763	12,763	13.7%
\$100,000 - \$149,999	13,581	20,221	21,717	21,717	23.3%
\$150,000 - \$199,999	5,080	7,820	10,341	10,341	11.1%
> \$200,000	6,659	12,435	16,451	16,451	17.6%
Total Households:	90,353	92,034	93,370	93,370	100.0%
Total Population	230,352	233,807	237,573	237,573	
Average HH Size	2.55	2.54	2.54	2.54	

As shown in the tables that follow, the next step in the demand analysis is to identify those PMA and SMA households that are financially eligible for occupancy at the subject's affordable and market rate units. When the targeted incomes fall within or straddle the brackets provided by STDB/ESRI, a simple pro-ration method is used to capture the appropriate household counts. The tables show the number of households that would qualify for the subject unit occupancy in each of the defined income brackets.

SCREEN FOR INCOME QUALIFIED (NO SCREEN FOR AGE)

RENTER HOUSEHOLDS IN THE PMA

PMA 2015 Households by Income	Portion of Income Groups Qualified By Affordability Tier				Indicated Income-Qualified Households within the PMA			
	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+
<\$15,000	100%	0%	0%	0%	557	0	0	0
\$15,000 - \$24,999	100%	0%	0%	0%	586	0	0	0
\$25,000 - \$34,999	50%	50%	0%	0%	278	278	0	0
\$35,000 - \$49,999	0%	100%	0%	0%	0	931	0	0
\$50,000 - \$74,999	0%	40%	60%	0%	0	1,173	1,759	0
\$75,000 - \$99,999	0%	0%	20%	80%	0	0	532	2,128
\$100,000 - \$149,999	0%	0%	0%	100%	0	0	0	5,161
\$150,000 - \$199,999	0%	0%	0%	100%	0	0	0	2,482
> \$200,000	0%	0%	0%	100%	0	0	0	7,186
Total Households:					1,421	2,381	2,291	16,957
% of All Households					6%	10%	10%	74%
% Renter HH's	32%				80%	60%	60%	20%
# Income Qualified - Renter HH's	7,331				1,136	1,429	1,375	3,391
Est. Rental Units in 2015	5,281				16%	19%	19%	46%
								% of Total Renter Pool

SCREEN FOR INCOME QUALIFIED (NO SCREEN FOR AGE)

RENTER HOUSEHOLDS IN THE SMA

SMA (Incremental Additional Households) 2015 Households by Income	Portion of Income Groups Qualified By Affordability Tier				Indicated Income-Qualified Households within the SMA			
	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+
<\$15,000	100%	0%	0%	0%	4,325	0	0	0
\$15,000 - \$24,999	100%	0%	0%	0%	3,644	0	0	0
\$25,000 - \$34,999	50%	50%	0%	0%	1,826	1,826	0	0
\$35,000 - \$49,999	0%	100%	0%	0%	0	5,193	0	0
\$50,000 - \$74,999	0%	40%	60%	0%	0	6,114	9,170	0
\$75,000 - \$99,999	0%	0%	20%	80%	0	0	2,553	10,210
\$100,000 - \$149,999	0%	0%	0%	100%	0	0	0	21,717
\$150,000 - \$199,999	0%	0%	0%	100%	0	0	0	10,341
> \$200,000	0%	0%	0%	100%	0	0	0	16,451
Total Households:					9,795	13,133	11,723	58,719
% of Total Households					10%	14%	13%	63%
% Renter HH's	50%				80%	60%	60%	40%
# Income Qualified - Renter HH's	46,237				7,836	7,880	7,034	23,488
Est. Rental Units in 2015	43,098 (by 2015)				17%	17%	15%	51%
					% of Total Renter Pool			

As indicated, income eligible households are further screened for rental propensity based on correlations to age (younger and older households exhibit a higher rental propensity), income (lower income households have a higher propensity to rent) and the rental housing inventory of the market locale (availability and growth of rental housing supply in a given market area geography tends to induce demand).

Non-Age Restricted Rental Demand - Subtracting the unit supply (discussed in the earlier sections of this report) from the identified number of qualified households, produces an indication of un-accommodated demand for convention non-age restricted affordable and market rate rental units in the market (i.e., not met by the competitive apartment projects forecast to exist in 2015).

The following tables present the results of the analysis for each of the market area geographic tiers (PMA and SMA) and also for the Combined Market Area for both affordable and market rate elements in a potential non-age restricted rental apartment redevelopment of the subject site.

These computations set the backdrop for age-restricted analyses (55+) which follow.

PMA DEMAND AND CAPTURE ANALYSIS – NO AGE RESTRICTION

Competitive Market Assessment	PMA-All	Affordable	Market Rate	Total
# Rental Unit Supply		1,746	3,214	4,960
% of Rental Stock		24%	76%	100%
# Renter HH Demand		2,565	4,766	7,331
% of Rental Demand		35%	65%	100%
Under (Over) Supply		819	1,552	2,371
Subject Capture Analysis (Illustrative Program)		54	162	216
% Units Filled from PMA Demand		70%	80%	78%
# Units Filled from PMA Demand		38	130	167
% Market Capture		5%	8%	7%

SMA DEMAND AND CAPTURE ANALYSIS – NO AGE RESTRICTION

Competitive Market Assessment	SMA-All	Affordable	Market Rate	Total
# Rental Unit Supply		11,245	29,099	40,345
% of Rental Stock		24%	76%	100%
# Renter HH Demand		15,716	30,522	46,237
% of Rental Demand		34%	66%	100%
Under (Over) Supply		4,470	1,422	5,893
Subject Capture Analysis (Illustrative Program)		54	162	216
% Units Filled from SMA Demand		30%	20%	23%
# Units Filled from SMA Demand		16	32	49
% Market Capture		0%	2%	1%

COMBINED PMA-SMA DEMAND AND CAPTURE ANALYSIS – NO AGE RESTRICTION

Competitive Market Assessment	All Age Tiers	Affordable	Market Rate	Total
# Rental Unit Supply	PMA-SMA	12,991	32,313	45,305
% of Rental Stock		24%	76%	100%
# Renter HH Demand		18,281	35,288	53,568
% of Rental Demand		34%	66%	100%
Under (Over) Supply		5,289	2,974	8,264
Subject Capture Analysis (Illustrative Program)		54	162	216
% Units Filled from PMA-SMA Demand		100%	100%	100%
# Units Filled from PMA-SMA Demand		54	162	216
% Market Capture		1%	5%	3%

Competitive Market Assessment & Capture Potential

Affordable Demand Capture Ratios (Unrestricted)- As indicated by the preceding, the PMA and SMA together are expected to support 18,281 affordable renter households by 2015 and only 12,991 units of available stock, indicating a 2015 undersupply for the market area of 5,289 affordable units. The 54 units proposed at the subject site account for only 1% of the un-accommodated demand (4.6% capture of the PMA demand and <1% of the SMA) – a strong indication of affordable demand and feasibility.

Market Rate Demand Capture Ratios (Unrestricted) - The PMA and SMA together are expected to support 35,288 market rate renter households by 2015 and only 32,313 units of available stock, indicating a 2015 undersupply for the market area of 2,974 market rate units. The 162 market rate units proposed at the subject site account for only 5.4% of the un-accommodated demand (8.3% capture of the PMA demand and 2.3% of the SMA) – also a strong indication rental demand and feasibility.

Combined Capture Ratios (Unrestricted)- The PMA and SMA together are expected to support a total rental demand (affordable and market rate) of 53,568 households by 2015 and only 45,305 units of available stock, indicating a 2015 undersupply for the market area of 8,264 rental units. The total program of 216 units proposed at the subject site account for only 2.6% of the un-accommodated demand (7.1% capture of the PMA demand and .8% of the SMA) – a strong indication rental demand and feasibility for conventional unrestricted rental development at the site.

Unrestricted Demand Conclusion - Potential rental demand for the site has been identified in each of the targeted tiers of the market. Our analysis indicates that in order to successfully fill the subject affordable units only 1.0% of unmet affordable demand and only 5.4% of unmet market rate demand must be captured for the project to succeed. The demographic analyses suggest strong support for conventional apartment market feasibility.

A summary of the capture ratios for a 216-unit unrestricted development of the site is presented on the following page.

UNRESTRICTED APARTMENT DEVELOPMENT (216 UNITS)

Subject Capture Summary		Market Area	Affordable	Market Rate	Total
Base Case Scenarios					
1	100% Unrestricted (216 Units)	Combined Mkt	1.0%	5.4%	2.6%
		PMA	4.6%	8.3%	7.1%
		SMA	0.4%	2.3%	0.8%

AGE-RESTRICTED RENTAL DEMAND ANALYSIS

Market Demand Analysis

Methodology – Following the same methodology, the next section of this study examines the market potential for an age-restricted rental apartment development of the site, applying an addition screen that narrows the market to 55+ households only.

Age and Income Qualified Households – Based on a project total of 216 age-restricted units, 54 rental units (25% of the project total) are assumed to be set aside for affordable occupancy. As with the earlier unrestricted analysis, all of the affordable units are expected to be aimed at LIHTC tax credit eligible households and which would be expected to pay the appropriate tax credit rents with 30% of their household income. The estimated market rents by unit type and size for an age-restricted development are also unchanged from the prior analysis.

The tables provided below show the total number of 55+ households by household income bracket in the PMA and SMA (data per STDB/ESRI) for 2015.

PRIMARY MARKET AREA INCOME DISTRIBUTIONS 2015

55+ HH'S ONLY

Number of Households by Income Tier - Age 55+ Tiers Only					
PMA					
	2000 Census	2010 Estimate	2015 Projection	Target Occupancy 2015	Distribution
<\$15,000	920	572	407	407	3.5%
\$15,000 - \$24,999	921	662	454	454	3.9%
\$25,000 - \$34,999	647	497	365	365	3.1%
\$35,000 - \$49,999	1,288	926	623	623	5.4%
\$50,000 - \$74,999	1,513	1,472	1,676	1,676	14.4%
\$75,000 - \$99,999	1,040	1,283	1,312	1,312	11.3%
\$100,000 - \$149,999	1,113	1,721	1,936	1,936	16.7%
\$150,000 - \$199,999	426	792	1,016	1,016	8.8%
> \$200,000	921	2,572	3,816	3,816	32.9%
Total Households:	8,789	10,497	11,605	11,605	100.0%
Total 55+ Population	15,510	18,274	20,616	20,616	
Average HH Size	1.76	1.74	1.78	1.78	

SECONDARY MARKET AREA AGE-INCOME DISTRIBUTIONS 2015

55+ HH'S ONLY

Number of Households by Income Tier - Age 55+ Tiers Only					
SMA					
	2000 Census	2010 Estimate	2015 Projection	Target Occupancy 2015	Distribution
<\$15,000	5,194	3,448	2,768	2,768	7.1%
\$15,000 - \$24,999	3,975	3,128	2,299	2,299	5.9%
\$25,000 - \$34,999	3,105	2,465	1,895	1,895	4.8%
\$35,000 - \$49,999	4,090	3,146	2,420	2,420	6.2%
\$50,000 - \$74,999	5,009	5,313	6,312	6,312	16.1%
\$75,000 - \$99,999	3,194	4,432	4,783	4,783	12.2%
\$100,000 - \$149,999	3,196	5,584	6,748	6,748	17.2%
\$150,000 - \$199,999	1,395	2,844	4,241	4,241	10.8%
> \$200,000	1,915	5,243	7,768	7,768	19.8%
Total Households:	31,073	35,603	39,234	39,234	100.0%
Total 55+ Population	50,439	58,550	65,258	65,258	
Average HH Size	1.62	1.64	1.66	1.66	

As shown in the tables that follow, the next step in the analysis is to identify those 55+ aged PMA and SMA households that are financially eligible for occupancy at the subject's age-restricted units.

SCREEN FOR INCOME AND AGE QUALIFIED (55+ ONLY) RENTER
HOUSEHOLDS IN THE PMA

PMA 2015 Households by Income	Portion of Income Groups Qualified By Affordability Tier					Indicated Income-Qualified Households within the PMA				
	Total Households	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+	
<\$15,000	407	100%	0%	0%	0%	407	0	0	0	0
\$15,000 - \$24,999	454	100%	0%	0%	0%	454	0	0	0	0
\$25,000 - \$34,999	365	50%	50%	0%	0%	183	183	0	0	0
\$35,000 - \$49,999	623	0%	100%	0%	0%	0	623	0	0	0
\$50,000 - \$74,999	1,676	0%	40%	60%	0%	0	670	1,006	0	0
\$75,000 - \$99,999	1,312	0%	0%	20%	80%	0	0	262	1,050	0
\$100,000 - \$149,999	1,936	0%	0%	0%	100%	0	0	0	1,936	0
\$150,000 - \$199,999	1,016	0%	0%	0%	100%	0	0	0	1,016	0
> \$200,000	3,816	0%	0%	0%	100%	0	0	0	3,816	0
Total Households:	11,605					1,044	1,476	1,268	7,818	
% of All Households						9%	13%	11%	67%	
% Renter HH's	16%					35%	35%	15.0%	10%	
# Income Qualified - Renter HH's	1,854					365	517	190	782	
Est. 55+ Rental Units in 2015	595					20%	28%	10%	42%	
						% of Total Renter Pool				

SCREEN FOR INCOME AND AGE QUALIFIED (55+ ONLY) RENTER
HOUSEHOLDS IN THE SMA

SMA	Portion of Income Groups Qualified By Affordability Tier				Indicated Income-Qualified Households within the SMA			
	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+	Affordable @ <30% AMI \$0 - \$30,000	Affordable @ 30%-60% AMI \$30,000-\$60,000	Market Low @ 60%-80% AMI \$60,000-\$80,000	Market High @ >80% AMI \$80,000+
2015 Households by Income								
<\$15,000	100%	0%	0%	0%	2,768	0	0	0
\$15,000 - \$24,999	100%	0%	0%	0%	2,299	0	0	0
\$25,000 - \$34,999	50%	50%	0%	0%	948	948	0	0
\$35,000 - \$49,999	0%	100%	0%	0%	0	2,420	0	0
\$50,000 - \$74,999	0%	40%	60%	0%	0	2,525	3,787	0
\$75,000 - \$99,999	0%	0%	20%	80%	0	0	957	3,826
\$100,000 - \$149,999	0%	0%	0%	100%	0	0	0	6,748
\$150,000 - \$199,999	0%	0%	0%	100%	0	0	0	4,241
>\$200,000	0%	0%	0%	100%	0	0	0	7,768
Total Households:					6,015	5,892	4,744	22,583
% of All Households					15%	15%	12%	58%
% Renter HH's	28%				25%	25%	30%	30%
# Income Qualified - Renter HH's	11,175				1,504	1,473	1,423	6,775
Est. 55+ Rental Units in 2015	8,551				13%	13%	13%	61%
					% of Total Renter Pool			

55+ Age-Restricted Rental Demand - Subtracting the targeted senior rental unit supply from the identified number of qualified households (discussed in the earlier sections of this report) produces an indication of un-accommodated demand for affordable and market rate rental units in the market (i.e., not met by the competitive projects forecast to exist in 2015) for 55+ age-restricted units.

The following tables present the results of the analysis for each of the market area geographic tiers (PMA and SMA) and also for the Combined Market Area for both affordable and market rate elements for a potential 55+ age-0restricted rental apartment redevelopment of the subject site.

PMA DEMAND AND CAPTURE ANALYSIS

WITH 55+ AGE RESTRICTION

Competitive Market Assessment	PMA-55+	Affordable	Market Rate	Total
# Rental Unit Supply		378	217	595
% of Rental Stock		20%	80%	100%
# Renter HH Demand		882	972	1,854
% of Rental Demand		48%	52%	100%
Under (Over) Supply		504	755	1,259
% Of Overall Rental Market Potential		61%	49%	53%
Subject Capture Analysis (Illustrative Program)		54	162	216
% Units Filled from PMA Demand		80%	90%	88%
# Units Filled from PMA Demand		43	146	189
% Market Capture		9%	19%	15%

SMA DEMAND AND CAPTURE ANALYSIS

WITH 55+ AGE RESTRICTION

Competitive Market Assessment	SMA-55+	Affordable	Market Rate	Total
# Rental Unit Supply		924	7,627	8,551
% of Rental Stock		8%	92%	100%
# Renter HH Demand		2,977	8,198	11,175
% of Rental Demand		27%	73%	100%
Under (Over) Supply		2,053	571	2,624
% Of Overall Rental Market Potential		46%	40%	45%
Subject Capture Analysis (Illustrative Program)		54	162	216
% Units Filled from SMA Demand		20%	10%	13%
# Units Filled from SMA Demand		11	16	27
% Market Capture		1%	3%	1%

**COMBINED PMA-SMA DEMAND AND CAPTURE ANALYSIS
WITH 55+ AGE RESTRICTION**

Competitive Market Assessment	55+ Only	Affordable	Market Rate	Total
# Rental Unit Supply	PMA-SMA	1,302	7,843	9,145
% of Rental Stock		10%	90%	100%
# Renter HH Demand		3,858	9,170	13,029
% of Rental Demand		30%	70%	100%
Under (Over) Supply		2,556	1,327	3,883
% Of Overall Rental Market Potential		57%	93%	66%
Subject Capture Analysis (Illustrative Program)		54	162	216
% Units Filled from PMA-SMA Demand		100%	100%	100%
# Units Filled from PMA-SMA Demand		54	162	216
% Market Capture		2%	12%	6%

Competitive Market Assessment & Capture Potential

Affordable Demand Capture Ratios (55+ Age-Restricted)- As indicated by the preceding, the PMA and SMA together are expected to support 3,858 affordable 55+ renter households by 2015 and only 1,302 units of available stock, indicating a 2015 undersupply for the market area of 2,556 affordable units. The 54 units proposed at the subject site account for only 2.1% of the un-accommodated demand (8.6% capture of the PMA demand and .5% of the SMA) – a strong indication of affordable 55+ demand and feasibility.

Market Rate Demand Capture Ratios (55+ Age-Restricted) - The PMA and SMA together are expected to support 9,170 market rate 55+ renter households by 2015 and only 7,843 units of available stock, indicating a 2015 undersupply for the market area of 1,327 market rate units. The 162 market rate units proposed at the subject site account for 12.2% of the un-accommodated demand (19.3% capture of the PMA market rate demand and 2.8% of the SMA). While market rate capture requirements in this range (including the need to capture nearly 20% of market rate PMA demand) are not out of the question, they are viewed as ambitious.

Combined Capture Ratios (55+ Age-Restricted) - The PMA and SMA together are expected to support a total 55+ rental demand (affordable and market rate) of 13,029 households by 2015 and only 9,145 units of available stock, indicating a 2015 undersupply for the market area of 3,883 rental units. The total program of 216 units proposed at the subject site account for only 5.6% of the un-accommodated demand (15% capture of the PMA demand and 1% of the SMA). A combined 15% PMA capture is viewed as high.

A summary of the capture ratios for an age-restricted (55+) 216-unit development of the site is presented on the following page.

55+ AGE-RESTRICTED APARTMENT DEVELOPMENT (216 UNITS)

Subject Capture Summary		Market Area	Affordable	Market Rate	Total
Base Case Scenarios					
2	100% 55+ Age-Restricted (216 units)	Combined Mkt	2.1%	12.2%	5.6%
		PMA	8.6%	19.3%	15.0%
		SMA	0.5%	2.8%	1.0%

Risk Mitigation Strategies/Programming Options

In light of the PMA market rate capture ratios required to support a 216-unit, age-restricted development, we recommend that alternative programming concepts aimed at tempering the risk be considered. Four specific strategies have been explored. The table on the following page summarizes the results.

- **Strategy A - Reducing the overall age-restriction to 50+** (a substantial market exists for rental housing in the 50-54 age tier). Inclusion of un-accommodated demand from this additional cohort would reduce the market rate capture ratio for the combined PMA-SMA to 10.1% and the PMA capture to 16.8% - still a bit higher than desired (15% is viewed as an acceptable upper limit for PMA capture with 10%-12% as the upper limit for the combined market area capture). Some additional loosening of the age restriction could bring this option into less risky territory.
- **Strategy B - Reducing the overall size of the project** (a 55+ program of up to 160 units would reduce the capture ratios to more supportable levels). An age-restricted project of this size would produce a market rate capture ratio under 9.4% for the combined area and under 14.5% for the PMA (15% is viewed as an acceptable upper limit for PMA capture with 10%-12% as the upper limit for the combined market area capture).
- **Strategy C - Creating an age-mixed program that includes 75% of units at 55+ and 25% unrestricted units** (50-60 units of housing for younger unrestricted occupancy would constitute sufficient critical mass for marketability of these units). Introducing 54 units (75% of the mix) for unrestricted occupancy would produce a PMA market rate capture ratio these units at 5.1% (under 1% PMA-SMA Combined). For the remaining 162 age-restricted units, the market rate capture ratio is 14.6% (9.4% for the PMA).
- **Strategy D - Creating an age-mixed program that includes 75% of units at 55+ and 25% at 50-54** Introducing 54 units (25% of the mix) for occupancy by households aged 50-54 would produce a PMA market rate capture ratio these units in isolation at 40.3% (15.5% for the PMA-SMA Combined). For the remaining 162 - 55+ age-restricted units, the market rate capture ratio is identical to Strategy C at 14.6% (9.4% for the PMA).

SUBJECT CAPTURE SUMMARY

Subject Capture Summary		Market Area	Affordable	Market Rate	Total
Base Case Scenarios					
1	100% Unrestricted (216 Units)	Combined Mkt	1.0%	5.4%	2.6%
		PMA	4.6%	8.3%	7.1%
		SMA	0.4%	2.3%	0.8%
2	100% 55+ Age-Restricted (216 units)	Combined Mkt	2.1%	12.2%	5.6%
		PMA	8.6%	19.3%	15.0%
		SMA	0.5%	2.8%	1.0%
Risk Mitigation Strategies/Age-Restricted Program Variations					
A	100% - 50+ Age-Restricted Program Size - 216 Units	Combined Mkt	1.8%	10.1%	4.7%
		PMA	7.3%	16.8%	12.9%
		SMA	0.5%	2.2%	0.9%
B	100% - 55+ Age Restricted Program Size - 160 Units	Combined Mkt	1.8%	9.4%	4.4%
		PMA	7.4%	14.5%	11.9%
		SMA	0.5%	2.2%	0.8%
C	25% - Unrestricted Program Size - 54 Units	Combined Mkt	0.2%	0.3%	0.3%
		PMA	2.3%	5.1%	4.0%
		SMA	0.1%	0.1%	0.1%
75% - 55+ Age Restricted Program Size - 162 Units	Combined Mkt	1.8%	9.4%	4.5%	
	PMA	7.4%	14.6%	12.0%	
	SMA	0.5%	2.3%	0.8%	
D	25% - 50-54 Age-Restricted Program Size - 54 Units	Combined Mkt	5.9%	15.5%	11.1%
		PMA	22.3%	40.3%	34.1%
		SMA	2.2%	4.5%	3.3%
75% - 55+ Age Restricted Program Size - 162 Units	Combined Mkt	1.8%	9.4%	4.5%	
	PMA	7.4%	14.6%	12.0%	
	SMA	0.5%	2.3%	0.8%	

Feasibility Metrics - PMA	Market Rate	Overall
Positive - Lower Limit	<10%	<10%
Positive - Upper Limit	10%-15%	10%-12%
Negative	>15%	>12%

COMPETITIVE PRODUCT ATTRIBUTES

In order to understand the project features required for feasibility and to evaluate market-rate rents and absorption potentials for the subject units (as if all units were to be rented at market), we have examined illustrative multi-family rental developments in the competitive market area focusing on newer construction mid-rise apartments with similar property or neighborhood features to the proposed redevelopment.

Illustrative Project Examples

The competitive examples presented on the following pages inform our understanding of likely product positioning and rental market preferences and are not intended as a comprehensive inventory of market-wide rental apartment availability.

The developments selected for comparison purposes vary in terms of their locational characteristics, physical design and unit features, etc., but all are typical of the kinds of units that might attract renters from the subject market area.

In particular we note that the massing and size of some of the projects profiled (some are more urban in terms of building typologies and story heights), are not necessarily reflective of the massing and density proposed for the subject site

All information was obtained by direct interview with property leasing agents and managers.

APARTMENT RENT COMPARABLE #1
ARCHSTONE AT BEAR HILL



Description:

Address:	1449 Main Street, Waltham
Number of Buildings:	28
Stories:	2- & 3-stories
Number of Units:	324
Year Built:	1998

This multiple building complex is positioned up on a wooded hill, with gated access off Route 117, in close proximity to Route 128 (I-95). It is approximately 1.5 miles to a supermarket and approximately two miles to the town center (Moody Street's restaurants, cinema, and MBTA station). Common area amenities include a resort-style outdoor swimming pool and sundeck, a fitness center, a clubhouse with function room and computer workstations. Included in the rent is a surface parking space plus a private garage (some attached and some detached).

The property is comprised of a mix of flat-layout and two-level units. The residences' interior finish includes carpeting throughout the living areas and bedrooms, linoleum flooring in the kitchens, laminate kitchen countertops, and white appliances. Full-sized washer and dryer machines are provided in each unit. They feature private balconies and walk-in closets. Some have panoramic views of the surrounding area.

Archstone Bear Hill (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center		X
High-speed Internet Access	X		Covered Parking ⁽¹⁾	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	X		Private Storage		
Fireplace		X	Security	X	
Air Conditioning	X		Concierge		X
Other: Pet friendly ⁽²⁾	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to ‘T’ stop		X
Other: NA			Other: Media rm./Theater.	X	

Initial/Amenity Fee: \$600 one-time fee per apartment.

(1) Parking included (no additional cost).

(2) Pets - \$75/month/cat or dog

Unit Data and Rental Income:

Utilities Included in the Rent: None (tenant pays heat, hot water, & electricity)

Current Concessions Offered: None

Current Occupancy Rate: 97%

UNIT MIX	#	SIZE (SF)	BATH	RENT/MONTH	RENT/SF
1-Bedroom (flat)		790-955	1.0	\$2,035-\$2,317	\$2.43-\$2.58
1-BR +Den (flat)		1,051 (to 1,114)	1.0	\$2,400±	\$2.28±
2-Bedroom (flat)		1,242-1,314	2.0	\$2,800-\$3,030	\$2.25-\$2.31
2-BR +Den (flat) & 2-BR +Loft (2-sty)		1,514-1,589 (some plans indicate 3brs)	2.0	\$3,100-\$3,481	\$2.05-\$2.19
3-BR +Den (2-sty)		1,702	2.5	\$3,675±	\$2.16

Note: Leasing representative quoted from current pricing sheet (currently available, or upcoming vacant, units – although also claimed they were reflective of pricing overall)

Surveyed: Late June 2012

APARTMENT RENT COMPARABLE #2
AVALON MARLBOROUGH



Description:

Address:	3 Avalon Drive, Route 20, Marlborough, MA
Stories:	3
Number of Units:	156 (25% affordable)
Year Built:	2005

This multiple building complex is located on a wooded site off Route 20. Common area amenities include an outdoor swimming pool and sundeck, a fitness center, a clubhouse with function room and computer workstations. Included in the rent is surface parking. Optional detached garage parking is available for a fee.

The property is comprised of a mix of flat-layout and two-level loft-style units. The residences' interior finish includes carpeting throughout the living areas and bedrooms, linoleum flooring in the kitchens, laminate kitchen countertops, and white appliances. Full-sized washer and dryer machines are provided in each unit. Most units feature private balconies or porches. Gas-fireplaces are available in some units for additional fee.

Avalon Marlborough (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen	X		Pool	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		X
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines	X		Clubroom/Lounge	X	
Cable Ready or Satellite Dish	X		Business Center		X
High-speed Internet Access	X		Covered Parking (optional detached garages)	X	
Walk-in Closets	Some		Laundry Facilities		X
Balcony/Patio	X		Private Storage	X	
Fireplace	X		Security (24 hr. front desk)	X	
Air Conditioning - central	X		Concierge		X
Other: Floor-to-ceiling windows		X	Walk to CBD Amenities/Stores:		X
Other: Pet-friendly	X		Walk to "T" stop		X
Other: Gas Fireplaces (+\$40/mo)	X		Other: Bike storage	X	

Note:

Unit Data and Rental Income:

Utilities Included in the Rent: LL pays heat and hot water
 Rent Concession Offers: None at this time
 Current Occupancy Rate: 98%

Unit Data and Rental Income:

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH	RENT/SF
1-Bedroom	N/A	827	1	\$1,490 - \$2,190	\$1.80-\$2.64
1-Bedroom Loft	N/A	1,023	1	\$1,530 - \$2,190	\$1.50-\$2.14
2-Bedroom	N/A	1,131	2	\$1,640 - \$2,475	\$1.45-\$2.06
2-Bedroom Loft	N/A	1,513	2	\$1,880 - \$2,675	\$1.24-\$1.76

Surveyed: October 2012

APARTMENT RENT COMPARABLE #3
FLANDERS HILL



Description

Address:	One Homestead Blvd., Westborough, MA
Distance from Subject:	11.5 miles west
Number of Buildings:	13
Stories/Building:	3 & 4 Stories
Number of Units:	280
Age/Last Renovation:	2002
Elevator/Walk up:	Walk-up

General Comments: This community (formerly owned and operated by Avalon) opened in June 2002 with a second phase completed in December 2002. Unit features include dishwasher, disposal, frost-free refrigerator, and a balcony/patio. Some units have fireplaces and top floor units have a separate loft. Community features include a heated outdoor pool with hot tub, two playgrounds, a picnic/BBQ area, fitness center and detached garages.

Flanders Hill: (Continued)

<u>APARTMENT FEATURES</u>	<u>YES</u>	<u>NO</u>		<u>PROJECT AMENITIES</u>	<u>YES</u>	<u>NO</u>
Microwave		X		Pets Allowed (cats)	X	
Washer/Dryer Provided	X			Children Allowed	X	
Eat In Kitchen		X		Waterscapes		X
Washer/Dryer Hook-ups	X			Outdoor Pool (heated)	X	
Garbage Disposal	X			Indoor Pool		X
Dishwasher	X			Tennis Court		X
Fireplace (some)	X			Jacuzzi	X	
Vaulted Ceilings (some)	X			Exercise Room	X	
Walk-in Closets	X			Playground	X	
Balcony/Patio	X			Covered Parking (\$150/mo)	X	
Security System	X			Security	X	
Air Conditioning (central)	X			Other: Indoor Basketball	X	
Cable Ready	X			Other: Community Room	X	

<u>RENT ADJUSTMENTS</u>	<u>TYPE</u>	<u>LANDLORD</u>	<u>TENANT</u>
Heat			X
Hot Water			X
Water & Sewer		X	
Electric			X
Air Conditioning	Central		X
Parking – Surface space included; Garage space for \$150/month			

Flanders Hill:(Continued)

Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom		746	851	1	\$1,350	\$1,505	\$1.77	\$1.81
1-Bedroom +Loft		899	1,177	1	\$1,495	\$1,510	\$1.28	\$1.61
2-Bedroom		1,123	1,131	2	\$2,170	\$2,364	\$1.93	\$2.09
2-Bedroom +Loft		1,281	1,566	2	\$2,070	\$2,600	\$1.62	\$1.66
3-Bedroom +Loft		1,463		2	\$2,405	\$2,480	\$1.64	\$1.70
Total Units	280							

Vacancy Rate: 2%

Concessions: None

Surveyed: October 2012

APARTMENT RENT COMPARABLE #3
JEFFERSON AT WHEELER HILL



Description

Address:	21 Austen Way, Marlborough, MA
Distance from Subject:	18 miles west
Number of Buildings:	8
Stories/Building:	3 Stories
Number of Units:	274
Age/Last Renovation:	2002
Elevator/Walk up:	Walk-up

General Comments: Constructed in 2002 is this Class A apartment complex with a full amenity package. Apartment features include balcony, air conditioning, dishwasher, microwave, washer/dryer units, fireplace and walk-in-closets. Community features include two story clubhouse with theater, fitness center, business center, outdoor pool and surface parking (with covered parking available for \$40/month carports or \$150/month private garages). There is a one-time amenity fee of \$100. Pets are allowed at this complex. Additional storage is also available for a monthly fee.

Jefferson at Wheeler Hill: (Continued)

<u>APARTMENT FEATURES</u>	<u>YES</u>	<u>NO</u>		<u>PROJECT AMENITIES</u>	<u>YES</u>	<u>NO</u>
Microwave	X			Pets Allowed (cats and dogs)	X	
Washer/Dryer Provided	X			Children Allowed	X	
Eat In Kitchen		X		Waterscapes		X
Washer/Dryer Hook-ups	X			Outdoor Pool (heated)	X	
Garbage Disposal	X			Indoor Pool		X
Dishwasher	X			Tennis Court		X
Fireplace (3 rd Floor units)	X			Jacuzzi		X
Vaulted Ceilings (some)	X			Exercise Room	X	
Walk-in Closets	X			Playground	X	
Balcony/Patio (some)	X			Covered Parking	X	
Security System		X		Security		X
Air Conditioning (central)	X			Other: Business Center	X	
Cable Ready	X			Other: Community Room	X	

<u>RENT ADJUSTMENTS</u>	<u>TYPE</u>	<u>LANDLORD</u>	<u>TENANT</u>
Heat			X
Hot Water			X
Water & Sewer		X	
Electric			X
Air Conditioning			X
Parking – Surface space included; Carport space for \$40/mo. or Private Garage for \$175/mo.			
Amenities Fee – One-time charge of \$100.			

Jefferson at Wheeler Hill (Continued)

Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom		724	874	1	\$1,109	\$1,436	\$1.53	\$1.64
2-Bedroom		964	1,097	1	\$1,326	\$1,695	\$1.38	\$1.55
2-Bedroom		1,132	1,177	2	\$1,675	\$2,016	\$1.48	\$1.71
Total Units	274							

Vacancy Rate: 2%

Concessions: 1.5 months of free rent (with a 12 month lease term)

Surveyed: October 2012

APARTMENT RENT COMPARABLE #4
CHARLES RIVER LANDING



Description:

Address:	300 Second Street, Needham
Number of Buildings:	One
Stories:	4-stories
Number of Units:	350
Year Built:	2010

This 350-unit apartment building opened in January 2010. It is located within the New England Business Center office and industrial park, which consists primarily of one- and two-story office, R&D or light-industrial buildings (housing such corporations as General Dynamics, Parametric Technologies, etc. as well as Mulberry Day Care Center and a Gold's Gym, and a 250-room Sheraton Hotel), interspersed with trees and landscaping. The northerly side of the apartment complex site is wooded, with the Charles River abutting beyond. The location is off Highland Avenue, to the west of its juncture with Route 128 (I-95). The highway access is approximately a half mile from the property.

Charles River Landing's on-site amenities an outdoor heated swimming pool, a dual sided fireplace (facing indoors to the clubhouse and out to the pool courtyard), a small theater/media room (with Wii and PS3), a sports lounge with billiards, a conference room, a fitness center, and outdoor barbeque grills. Management is on site every day, with security on site in the evenings. The property offers one free garage parking space (second spaces are available for free in the surrounding surface lot or for \$200 in the garage). The residences' interior finish includes engineered wood flooring in the living area, stone tile flooring (travertine) in the entryway, kitchen and bathroom, carpeting in the bedrooms, granite kitchen countertops, and stainless steel appliances. Washer and dryer machines are located in each unit.

Charles River Landing (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center (conference rm.)	X	
High-speed Internet Access	X		Covered Parking ⁽¹⁾	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	FEW		Private Storage		
Fireplace		X	Security	X	
Air Conditioning	X		Concierge		X
Other: Pet friendly ⁽²⁾	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to ‘T’ stop		X
Other: NA			Other: Media room	X	

Initial/Amenity Fee: None

(1) Garage parking included (2nd space free outdoors or \$200 for garage space).

(2) Pet fees – Refundable deposit (\$150/cat; \$200/dog), plus \$35-\$65/cat/mo. or \$40-\$75/dog/mo. (2 pets max.)

Unit Data and Rental Income:

Utilities Included in the Rent: None (tenant pays gas heat, hot water, cold water/sewer, & electric).

Current Concessions Offered: None property-wide (periodic specials; currently -\$500 off one-month’s rent for selected units only).

Current Occupancy Rate: 95%

UNIT MIX	#	SIZE (SF)	BATH	RENT/MONTH	RENT/SF
1-Bedrooms	252	792-1,316	1.0	\$2,000-\$2,200±; (to \$2,700)	\$1.80-\$2.53
1-BRs +Den		1,116-1,145		\$2,350-\$2,500±	\$2.11-\$2.18
2-Bedrooms	98	1,131	1.0	\$2,600-\$2,750±	\$2.30-\$2.43
		1,339-1,588	2.0	\$2,800-\$3,500±	\$2.09-\$2.20

Note: The largest 1-br & 2-br models have a separate dining room and a terrace (the range is approximately 100 sf less for those without range).

Surveyed: Late June 2012

APARTMENT RENT COMPARABLE #5
LONGVIEW PLACE



Description

Address:	70 Hope Avenue, Waltham
Distance From Subject:	11 miles east
Number of Buildings:	Three
Stories/Building:	6-story
Number of Units:	348 Total
Age/Last Renovation:	2004
Elevator/Walk up:	Elevator

General Comments: This apartment complex opened its first phase for occupancy in September 2004; the second phase in December 2004, and the final phase in February 2005. The property consists of (3) 6-story attached mid-rise apartment buildings, with attached underground garages. One underground parking space is provided with the rent, additional spaces are available for \$125/month for a garage space or \$40/month for surface spaces. The property is positioned on a hilltop, with views of the surrounding treetops. A bus stop is located near the site (MBTA/commuter rail stop is approximately one mile away, but not considered walkable due to the hilltop locale and access through a more industrial area). Common amenities on-site include a clubhouse, resident lounge with large-screen TV, concierge services, and a business center. Interior unit finish includes carpeting throughout the living areas and bedrooms, and Pergo flooring in the kitchens.

LONGVIEW PLACE, (CONT'D)

APARTMENT FEATURES	YES	NO		PROJECT AMENITIES	YES	NO
Eat-in Kitchen		X		Outdoor Pool		X
Dishwasher	X			Indoor Pool		X
Garbage Disposal	X			Tennis Court		X
Microwave	X			Jacuzzi/Whirlpool		X
Washer/Dryer Machines	X			Exercise Room	X	
Washer/Dryer Hook-ups				Playground		X
TV Monitor Security		X		Covered Parking	X	
Security System/Alarm	X			Laundry Facilities		X
Cable Ready	X			Private Storage Bins	X	
High-speed Internet Access	X			Security	X	
Walk-in Closets	X			Concierge	X	
Balcony/Patio	X			Walk to CBD amenities		X
Fireplace		X		Walk to "T" train stop	X	
Central HVAC	X			Other: Clubhouse, Resident Lounge,	X	

Unit Data and Rental Income:

Utilities Included in the Rent: Tenant pays all but hot water

Current Concessions Offered: None property-wide

Current Occupancy Rate: 95%

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom		721	997	1	\$1,505	\$1,845	\$1.85	\$2.09
2-Bedroom		1,050	1,350	2	\$1,770	\$2,185	\$1.62	\$1.69
3-Bedroom		1,516	1,518	2	\$2,520	\$2,655	\$1.66	\$1.75
Total Units	348	Parking \$175/mo						

Surveyed: Late June 2012

APARTMENT RENT COMPARABLE #6

CRONIN'S LANDING



Description

Address:	25 Crescent Street, Waltham, MA
Distance from Subject:	12 miles east
Number of Buildings:	Three connected
Stories/Building:	4/5 Stories – Mid-Rise Brick
Number of Units:	281
Age/Last Renovation:	1998
Elevator/Walk up:	Elevator

General Comments: This property is located along the Charles River in downtown Waltham. It enjoys proximity to shops, restaurants and a movie cinema, as well as public transportation (with a commuter rail station within one-quarter mile and an express bus stop at the property corner). Amenities at the property include the riverfront park (large brick patio with seating), 24-hour concierge, indoor parking, and a fitness room. One reserved parking garage space is included in the rent (the underground garage has direct elevator access into the building; there is no surface parking) and extra spaces rent for \$150 per month. The units' interior finish includes wall-to-wall carpeting throughout the living areas and bedrooms, vinyl flooring in the kitchens, ceramic tile in the bathrooms, laminate countertops (kitchens and bathrooms) and white raised panel cabinetry. Many units have bay windows, balconies or brick patios. Building security includes entry by electronic access key. Several units are set aside for occupancy as furnished 'corporate' units at higher rates. The property opened in February 1998 and reportedly attained 98% occupancy within twelve months

CRONIN'S LANDING (Cont'd)

<u>APARTMENT FEATURES</u>	<u>YES</u>	<u>NO</u>		<u>PROJECT AMENITIES</u>	<u>YES</u>	<u>NO</u>
Eat-in Kitchen		GALLEY		Outdoor Pool		X
Dishwasher	X			Indoor Pool		X
Garbage Disposal	X			Tennis Court		X
Microwave	X			Jacuzzi/Whirlpool		X
Washer/Dryer Machines	X			Exercise Room	X	
Washer/Dryer Hook-ups		X		Playground		X
TV Monitor Security		X		Covered Parking	X	
Security System/Alarm	X			Laundry Facilities		X
Cable Ready	X			Private Storage Bins		SOME
High-speed Internet Access	X			Security		X
Walk-in Closets	X			Concierge	X	
Balcony/Patio	X			Walk to CBD amenities	X	
Fireplace		X		Walk to "T" train stop	X	
Central HVAC	X			Other: River Deck	X	

Unit Data and Rental Income:

Utilities Included in the Rent: Landlord pays gas heat and hot water
 Current Concessions Offered: None property-wide
 Current Occupancy Rate: 97%

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom		854	861 (920)	1	\$1,800	\$1,995 (NA)	\$2.11	\$2.32
1-Bedroom +Den		979	1,106	1	\$1,970	\$2,265	\$2.01	\$2.05
2-Bedroom		1,000	1,220	2	\$1,820	\$1,960	\$1.61	\$1.82
2-Bedroom +Den		1,452	1,662	2	\$2,390	\$2,595	\$1.56	\$1.65
Total Units	281	Plus Parking \$150/mo						

Surveyed: Late June 2012

APARTMENT RENT COMPARABLE #7
AVALON AT NEWTON HIGHLANDS



Description

Address:	99 Needham Street, Newton, MA
Distance from Subject:	10.5 miles east
Number of Buildings:	2
Stories/Building:	4.5 stories
Number of Units:	294
Age/Last Renovation:	2003
Elevator/Walk up:	Elevator

General Comments: This new apartment complex contains 294 rental units in two, 4.5-story buildings. The unit mix includes (6) studios, (90) one-bedroom units, (139) two-bedroom units and (59) three-bedroom units. Interior unit finish includes wall-to-wall carpeting throughout the living areas and bedrooms, ceramic tile flooring in the kitchens and bathrooms, laminate cabinets (white raised panel in the lower floor units; cherry finish in the upper floor units), and granite countertops in the kitchens. Common amenities at the property include an attended lobby (weekdays from 4-12 pm), a clubroom with billiards and big-screen television, a community kitchen, a children's playroom, an outdoor basketball half court, putting green, barbeque area, outdoor swimming pool, and landscaped courtyards. It has both surface and underground garage parking. Its location on Needham Street in Newton is convenient to Route 9 and Route 128.

AVALON AT NEWTON HIGHLANDS, (CON'T)

<u>APARTMENT FEATURES</u>	<u>YES</u>	<u>NO</u>		<u>PROJECT AMENITIES</u>	<u>YES</u>	<u>NO</u>
Microwave	X			Pets Allowed	X	
Washer/Dryer Provided	X			Children Allowed	X	
Eat In Kitchen		X		Business Center	X	
Washer/Dryer Hook-ups	X			Outdoor Pool	X	
Garbage Disposal	X			Indoor Pool		X
Dishwasher	X			Tennis Court		X
Fireplace (some)		X		Jacuzzi	X	
Vaulted Ceilings (some)	X			Exercise Room	X	
Walk-in Closets (some)	X			Playground	X	
Balcony/Patio	X			Covered Parking	X	
Security System	X			Security	X	
Air Conditioning (central)	X			Other: Elevator	X	
Ceramic Tile		X		Other: Community Room	X	
Cable Ready	X			Other: ½ BBallCourt (outdoor), Putting Green, BBQ area, Playroom	X	

Unit Data and Rental Income:

Utilities Included in the Rent: Tenant pays all
 Current Concessions Offered: None property-wide
 Current Occupancy Rate: 97%

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio		570		1	\$1,535		\$2.69	
1-Bedroom		862	912	1	\$1,650	\$1,890	\$1.91	\$2.07
1-Bedroom +Loft		1,074	1,249	1	NA	\$2,190	NA	\$1.75
2-Bedroom		929	1,365	1-2	\$2,300	\$2,590	\$2.48	\$1.90
2-Bedroom +Loft		1,126	1,659	1-2	NA	\$3,005	NA	\$1.81
3-Bedroom		1,591	1,627	2-3	\$3,075	\$3,250	\$1.93	\$2.00
3-Bedroom +Loft		1,726	1,877	2-3	\$3,345	\$3,960	\$1.94	\$2.11
Total Units	294	Parking \$100/mo						

Surveyed: Late June 2012

APARTMENT RENT COMPARABLE #8
JEFFERSON AT DEDHAM CROSSING



Description:

Address:	1000 President's Way, Dedham
Number of Buildings:	Three
Stories:	4-stories
Number of Units:	300
Year Built:	2006

The (3) four-story buildings that comprise this property each have elevator access and surrounding surface parking. The 300-unit property was completed in 2006. It is located near the curve in Rustcraft Road, which is proximate to the juncture of Routes 1 and 128 (I-95) and directly across the street from the Dedham Corporate Center MBTA commuter rail station (the rail line runs parallel to the street frontage). Property uses in the surrounding neighborhood had been predominantly a mix of hotel and residential uses, but more recent significant additions include both the immediately adjacent Station 250 apartment complex and the Legacy Place open-air mall. Legacy Place, approximately one-quarter mile walk away, offers numerous shops, restaurants, groceries (Whole Foods Market) and entertainment (Showcase cinema and King's Bowling).

The property's on-site amenities, centralized at the main building, include an outdoor swimming pool and Jacuzzi, a 24-hour fitness center, and a clubhouse with a great room, billiard table, business center, lounge and small movie theater. An on-site management is staffed daily. The property offers free surface parking (some carport spaces, detached from the buildings, are available for an additional fee). The residences' interior finish includes carpeting throughout the living area and bedrooms, vinyl tile flooring in the kitchens and bathrooms, wood cabinets, laminate kitchen countertops, and black GE appliances. There are 9-foot ceiling heights. Washer and dryer machines are located in each unit (stacked in the smaller units; full-sized in the larger ones).

Jefferson at Dedham Station (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen		X	Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center		X
High-speed Internet Access	X		Covered Parking ⁽¹⁾	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	SOME		Private Storage		
Fireplace		X	Security	X	
Air Conditioning (wall-thru)	X		Concierge		X
Other: Pet friendly ⁽²⁾	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to ‘T’ stop	X	
Other: NA			Other: Media rm./Theater.	X	

Initial/Amenity Fee: \$350 one-time fee per apartment unit.

(1) Surface parking included (a limited number of carports are available for an added cost).

(2) Pets - \$250 one-time fee, plus \$50/mo./dog or \$25/mo./cat

Unit Data and Rental Income:

Utilities Included in the Rent: Heat, hot water & cold water/sewer (tenant pays electricity, including cooking and AC).

Current Concessions Offered: None

Current Occupancy Rate: 98%

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH	RENT/SF
1-Bedroom	149	782-886	1.0	\$1,600-\$1,900	\$2.05-\$2.14
2-Bedroom	151	1,094-1,182	2.0	\$1,800-\$2,170	\$1.65-\$1.84

Surveyed: Late June 2012

APARTMENT RENT COMPARABLE #9
ARBORPOINT AT WOODLAND STATION
1940 WASHINGTON STREET, NEWTON, MA



Just opened on August 1, 2007 is this 180-unit apartment property at the Woodland MBTA Station in Newton. The site is set off Washington Street (Route 16), across the street from the Woodland Country Club and very close (within ¼-mile) of the Newton Wellesley Hospital. There are no retailers within a short walking distance. A new MBTA 550-vehicle structured parking garage is now located at the far end of the site (replacing the former surface parking utilized by T riders, and now occupied by housing). The apartment complex is comprised of two elongated 6-story buildings and a centrally adjoining 2-story structure with a clock tower.

The six stories have elevator access (from three lobbies) and include two levels of structured garage parking and four residential floors above. There are two-story town-house style units set along the building front. Of the 180 units, 20% are affordable and 80% market-rate. The central structure houses the management office and common amenities, including a business center, resident lounge and kitchen, and a fitness center. Outdoor amenities include a picnic area and a swimming pool (set toward the front of the site). There are 20 surface parking spaces for guest and 295 covered parking spaces for residents (one space included in the rent; second spaces available for \$150/month). There is no amenity fee. A cat or dog is permitted (\$150 one-time fee and \$25-\$50/month).

The residential units have fully applianced kitchens (stainless steel GE brand), full-sized washer and dryer, wall-to-wall carpeting throughout the living areas and bedrooms, ceramic tile flooring in the kitchens and bathrooms, cherry finish cabinets and granite countertops in the kitchens and bathrooms. Approximately 33% of the market-rate units were reported to be pre-leased by opening.

Arborpoint at Woodland Station (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen		X	Pool - outdoor	X	
Dishwasher	X		Tennis Court		X
Garbage Disposal	X		Jacuzzi/Whirlpool		
Microwave	X		Fitness Center	X	
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines	X		Business Center	X	
Security System (CCTV &/or Alarm)			Covered Parking ⁽¹⁾	X	
Cable Ready or Satellite Dish	X		Laundry Facilities		
High-speed Internet Access	X		Private Storage		
Walk-in Closets	SOME		Security		
Balcony/Patio	MANY		Concierge		
Fireplace		X	Walk to CBD Amenities/Stores:		X
Air Conditioning - central	X		Walk to "T" stop	X	
Other:			Other: Community room; Business Center.	X	

(1) Rent includes 1 covered parking space (2nd spaces available for \$150/month).

Unit Data and Rental Income:

Utilities Included in the Rent: Tempered water for heat pump system (for heat, tenant pays the distribution fan and running the heat pump).

Current Concessions Offered: 1BRs - 1 month's free rent (up front) on a 13-month lease term.
2BRs - 2 month's free rent (up front) on a 13-month lease term.
3BRs & 1BR+den - None (fully occupied)

Note: Initially had been offering 2 month's free on all units.

Current Occupancy Rate: 98% occupied

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH	RENT/SQ. FT.
1-Bedroom	60	726-1,004	1.0	\$2,040-\$2,770	\$2.76-\$2.81
1-Bedroom +Den	15	924-1,144	1.0	\$2,240-\$2,844	\$2.43-\$2.49
2-Bedroom	82	1,094-1,282	2.0	\$2,516-\$2,995	\$2.30-\$2.34
Townhouse 2-Br	13	1,220-1,352	2.5	\$3,079-\$3,395	\$2.51-\$2.52
Townhouse 3-Br	9	1,687-1,770	2.5	\$3,524-\$3,691	\$2.09-\$2.09

Note: Face rental rates, prior to including current concessions (i.e., not the effective rates).

Surveyed: June 2012

AGE-RESTRICTED COMPARABLE #10
SHILLMAN HOUSE FRAMINGHAM



Description:

Address: 49 Edmands Road, Framingham, MA
 Number of Buildings: 1
 Stories: 4
 Number of Units: 150
 Year Built: 2010
 Type: Independent Living (w/services)
 Minimum Age: 62

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen	X		Pool (roof deck)		X
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines		X	Playground		X
Hook-ups for Laundry Machines		X	Clubroom/Lounge	X	
Cable Ready or Satellite Dish	X		Business Center	X	
High-speed Internet Access	X		Covered Parking		X
Walk-in Closets		X	Laundry Facilities	X	
Balcony/Patio	X		Private Storage		
Fireplace		X	Security (24 hr. front desk)	X	
Air Conditioning - central	X		Concierge		
Other: Local transportation	X		Walk to CBD Amenities/Stores:		X
Other: Pet-friendly	X		Walk to "T" stop		X
Other: Meals and social programming	X		Other: Housekeeping		

Note: Monthly fee include 2 meals per day, weekly housekeeping and linen service; all other additional fee

Shillman House (Cont'd)

Unit Data and Rental Income:

Utilities Included in the Rent: Heat, air conditioning, electricity and water

Rent Concession Offers: None currently

Current Occupancy Rate: 98%

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH*	RENT/SF
1-Bedrooms		560 - 664	1.0	\$2,290	\$3.45 - \$4.09
2-Bedrooms		791 - 860	1.0 1.5	\$3,340	\$3.88 - \$4.22

Note: Monthly fee include 2 meals per day, weekly housekeeping and linen service; all other services provided for an additional fee

Surveyed: October 2012

AGE-RESTRICTED COMPARABLE #11
WATERSTONE AT WELLESLEY



Description:

Address: 27 Washington Street, Wellesley, MA
 Number of Buildings: 1
 Stories: 4
 Number of Units: 135 (83 IL/52 AL)
 Year Built: 2012
 Type: Independent and Assisted Living
 Minimum Age: 62

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen	X		Pool (indoor)	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		X
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish	X		Business Center	X	
High-speed Internet Access	X		Covered Parking (garage)	X	
Walk-in Closets	X		Laundry Facilities		X
Balcony/Patio	X		Private Storage	X	
Fireplace		X	Security (24 hr. front desk)	X	
Air Conditioning - central	X		Concierge	X	
Other: Floor-to-ceiling windows		X	Walk to CBD Amenities/Stores:	X	
Other: Pet-friendly	X		Walk to 'T' stop		X
Other: Dining, Housekeeping	X		Other: Assisted Living on-site	X	

Waterstone @ Wellesley (Cont'd)

Unit Data and Rental Income:

Utilities Included in the Rent: All
Rent Concession Offers: Lease-up concessions being offered
Current Occupancy Rate: In lease-up

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH*	RENT/SF
1-Bedrooms		678 – 893	1.0	\$5,000+	\$6.16-\$8.11
2-Bedrooms		1,029 – 1,033	2.0	\$8,000+	\$7.74-\$7.78

Note:

Monthly fee includes: 30 meal credits per month; Weekly housekeeping and linen service; All basic utilities; Free garage parking; Complimentary scheduled transportation service; Concierge services; Access to all community amenities; Health club with pool and spa; Cultural and social activities and programs; Complimentary Wi-Fi in all community common areas; Building and grounds maintenance; 24/7 security

Surveyed: October 2012

AGE-RESTRICTED COMPARABLE #12
THE COOLIDGE



Description:

Address:	189 Boston Post Road, Sudbury, MA
Number of Buildings:	Multiple - interconnected
Stories:	3
Number of Units:	64 (61-1 BR; 3-2 BR)
Year Built:	2012
Type:	Independent Living (100% affordable)
Minimum Age:	55

The Coolidge (Cont'd)

Unit Data and Rental Income:

Utilities Included in the Rent: All
Rent Concession Offers: N/A
Current Occupancy Rate: N/A

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH*	RENT/SF
1-Bedrooms	61	700	1.0	N/A	N/A
2-Bedroom	3	850	3.0	N/A	N/A

Surveyed: October 2012

Absorption Benchmarks

APARTMENT PROPERTIES -- ORIGINAL ABSORPTION RATES *

Property	Total Units	Opening Date	Absorption Period	Average Units/Month
Charles River Landing, Needham	350 (262 mkt.)	Jan-10	85% in 10± months	29.8% (26± mkt.)
Avalon at Northborough – Ph.2	163	Mar-2009	±95% in 12 months	12.9±
River’s Edge, Medford	222	Sept-09	95% in 12± months	17.6%
Avalon at Hingham Shipyard	235	July-08	90% in 11.5± months	18.4±
Princeton at Boston Rd., Billerica	156	Oct-07	80% in 12 months	10.4
Overlook Ridge, Revere – Ph.2	412	July-07	25% in 6 months	17.1
Princeton Commons, N. Chelmsford	108	June-07	85% in 16± months	5.8
The Cordovan, Haverhill	85 mkt. (146 total)	Mar-07	75% in 5.5± months	12.8
Arborpoint Woodland, Newton	180	Aug-06	73% in 5.5 months	23.8
Oak Grove Village, Melrose	344	Aug-06	90% in 17 months	18.2
Arborpoint at Station Lndg., Medford	292	May-06	80% in 20± months	11.3
Jefferson at Dedham Station	300	May-06	80% in 20± months	12.0
Hastings Village, Wellesley	52	Feb-06	85% in 7-8 months	5.5-6.3
Simrah Gardens, Hudson	158	Sept-05	43% in 7 months	7.9
The Ridge, Waltham	264	June-05	58% in 5 months	30.6
Overlook Ridge, Revere	310	Dec-04	95% in 15 months	19.6
Archstone at Watertown Square	134	Oct-04	96-100% in 7 months	19±
Longview Place, Waltham	348	Sept-04	75% in 14 months	18.6

* Lease-up rates from date of opening for occupancy.

New suburban properties throughout the greater metro area have been referenced.

Project Features and Attributes

Unit Mix and Sizes – The analysis suggests that a supportable market mix for a wholly age-restricted (55+) program would include roughly 0% to 10% Studio/Jr. 1-bedroom units (averaging ≈600 SF), 40% to 50% 1-bedroom units (averaging ≈750 SF) and 40% to 50% standard 2-bedroom units (averaging ≈1,000 SF). For an un-restricted program (no age limitations), the proposed mix would be expected to include roughly 35% to 40% 1-bedroom units (averaging ≈750 SF), 55% to 60% standard 2-bedroom units (averaging ≈1,000 SF) and 0% to 5% larger 2 bedroom+ units (averaging ≈1,250 SF).

Unit Finishes - The standard finish package in the current market would be expected to offer a high-end look but not high-end branding, based more on consumer preferences for style and materials rather than on cost. Competitive new rental projects provide excellent finishes that now typically include hardwood flooring throughout the living area and kitchen, carpeting in the bedrooms, tile in the master bathrooms, granite kitchen countertops, quality wood cabinets and stainless steel appliances. Most aspire to clean-lines and a contemporary appearance, although with an older market target more traditional features such as crown molding, etc. are likely to appeal.

Unit Features - Other features desired by the market include gas cooking or ceramic stove tops, recessed lighting, multiple high-speed telecommunication lines (every main room), and large closets (plus sufficient storage space). Either laundry machine hookups or full-size stackable washer and dryers may be provided (there is variation within the competitive market; with the latter more desirable). Gas fireplaces are a bonus, but not widely expected.

Outdoor Space - Private outdoor space is generally desirable, but must be of sufficient size and have real utility (balconies or patios must be able to fit a small table and chairs or more) to command a premium in pricing. And, some renters prefer to pay for furnishable, year-round interior space. Consideration should be given to roof-top terraces and balconies as these features can be expected to deliver a premium value and price.

Parking - Renters in this market own cars – often more than one - and thus the availability of secure, designated parking is important to marketability. The provision of a mix of garage and surface parking is the typical approach (though not the only approach) in the competitive market and there is acceptance of a surcharge for parking above the monthly rent levels, especially for garage parking. In this location, and especially for the targeted older renter, covered parking availability will be essential, with the potential to house some number of second cars on surface. The availability of visitor parking will also be important.

Storage - Private storage space is always sought-after in apartment living and will be especially important for empty-nester/senior downsizers. All apartments should have access to some amount of secure private storage.

Building Features and Services - The most important amenity will be handsome and substantial lobby areas that convey a sense of place and identity for the project overall. Second will be security. Front desk personnel with security camera monitoring and package drop-off service will be important. Other services should be offered a la carte to allow occupants to tailor their choices and manage cost and would be expected to include such things as housekeeping, dog walking, local transportation, etc. Ground floor spaces (such as a library, lounge, Wi-Fi café, fitness center, etc.) and outdoor common areas (gardens, pool/sun deck, etc.) will also be important for marketability of a project at this scale and price point.

Note that the mixing of different age groups on the site (55+ and perhaps other younger groups) might warrant more targeted and perhaps even separate lobbies and amenity spaces. Finally, also note that with a focus on independent living, rather than assisted living (for which ample supply exists elsewhere in the market) no additional health care or social services are anticipated to be provided by the development sponsor, although we expect that individual occupants might contract for outside services on an as needed basis.

Market Rent and Absorption Estimates

Market Pricing – The market consumer for rental units at the subject site is viewed as value seeking – which constrains the absolute monthly rent a consumer is likely to spend for the end product - estimated to be between \$1,300 and \$1,800 per month for a studio unit to between \$1,600 and \$2,200 per month for a 1-bedroom unit, to \$1,800 to \$2,600 per month for an standard 2-bedroom unit, to over \$3,000 for a larger 2-bedroom or 2-bedroom plus den unit. In this context, the size and rent per SF are inversely proportional with smaller units commanding higher rents per SF (and improved feasibility margins) and larger units commanding lower rents per SF (with more challenging feasibility margins).

MARKET RENT SUMMARY

Program Unit Types	Unit Avg SF	Market			
		Low Range (Per Month/Per SF)		High Range (per Month/Per SF)	
Studio/Jr. 1 Br	600	\$1,300	\$2.60	\$1,800	\$2.57
Std. 1-Bedroom/ 1-Bathroom	750	\$1,600	\$2.46	\$2,200	\$2.59
Std. 2-Bedroom/ 2-Bathroom	1,000	\$1,800	\$2.12	\$2,600	\$2.26
2+-Bedroom/ 2.5-Bathroom	1,250	\$2,100	\$2.00	\$3,000	\$2.07

Note: 1) Rents are in 2012 dollars escalat to 2015

2) Unit occupancy is estimated at 1 person/bedroom

3) Rates above include heat & hot/cold water only

Because the proposed senior rental concept does not envision integrated health and/or social services as provided in typical Assisted Living or CCRC models, the competitive alternatives for most older market area renter households consist of other newer, Class A rental developments such as those prevalent in the nearby Route 128 and Route 495 corridors along with more traditional service laden Independent Living facilities such as those being developed in nearby Wellesley and Sudbury. As such, please note that the estimated rents purposely do not include daily meals or other services as are typically found in high-end luxury (Waterstone at Wellesley) or affordable independent living alternatives (The Coolidge).

Absorption Pace – Absorption is estimated to average of 10 to 15 units per month, beginning at the onset of marketing (typically 2 to 4 months prior to Certificate of Occupancy), with full lease up of a 216-unit development expected to be achievable within approximately 18 months.

ADDENDA

QUALIFICATIONS

Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

PAMELA S. MCKINNEY, MAI, CRE

Pamela S. McKinney, MAI, CRE, has conducted a broad range of consulting and valuation assignments for public, private, and institutional clients. Her background includes both public and private sector experience, with an emphasis on commercial, industrial, large-scale residential and special purpose property.

Notable assignments undertaken by Ms. McKinney include: asset management and disposition/acquisition counseling for public agencies, Fortune 500 companies and institutional investors; market and financial feasibility studies for large scale waterfront developments; development feasibility and marketing implementation studies for both downtown and suburban office, industrial and bio-medical research parks; market and financial analyses for major mixed-use developments; development consulting for ski area, marina, golf and equestrian resorts; hotel valuation and feasibility analyses; adaptive re-use, redevelopment and disposition studies for surplus public, corporate and institutional properties; residential condominium, rental apartment and assisted living analyses for market rate and affordable projects; commercial district revitalization, affordable housing and fiscal impacts studies for various state and local governments; and the valuation of investor-held properties nationwide. Ms. McKinney has qualified as an expert witness in the Middlesex, Norfolk and Suffolk County courts in Massachusetts as well as the Massachusetts Land Court and the federal bankruptcy and tax courts.

Ms. McKinney is the President and a Principal of Byrne McKinney & Associates, Inc. with 20 years of experience in the field of real estate counseling and valuation. Prior to founding the firm in 1989, Ms. McKinney was Senior Vice President of Leggat McCall Advisors, Inc., the national consulting arm of the Leggat McCall Companies. Before joining Leggat McCall, she served as Senior Vice President of Minot, DeBlois & Maddison, Inc., the nation's oldest real estate firm, where she was a principal in the consulting group and a director of the firm. Ms. McKinney also worked as a planner and real estate market analyst for metropolitan Boston's Regional Planning Agency where she managed major land use projects, and authored several planning manuals for local officials.

Ms. McKinney teaches courses in real estate investment analysis and finance for Harvard University and lectures widely on the topic of affordable housing and assisted living development.

Ms. McKinney holds the CRE designation of the Society of Real Estate Counselors, the MAI designation of the Appraisal Institute, is a member of the Board of Directors of the Greater Boston Chapter of the Appraisal Institute and has been elected to Lambda Alpha International, an honorary land economics society. Ms. McKinney is also a former member of the Board of Directors of the Massachusetts Assisted Living Facilities Association, the Boston YWCA and the Advent School of Boston. She currently serves on the board of the Boston Latin School Association.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- We have the requisite knowledge and experience to competently undertake this assignment.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analysis, opinions, conclusions and recommendations.
- We have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this consulting assignment.
- Our analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Pamela McKinney has personally inspected the property.
- No one provided significant real property appraisal or appraisal consulting assistance to the persons signing this certification.
- Pamela S. McKinney, MAI, CRE is currently certified under the continuing education program of the Appraisal Institute and she is registered with the State of Massachusetts as a Certified General Real Estate Appraisers holding license number 745.

BYRNE MCKINNEY & ASSOCIATES, INC.

Pamela S. McKinney, MAI, CRE
Principle

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

We assume:

1. That the property is free and clear of all liens, encumbrances, easements and restrictions unless otherwise noted.
2. No liabilities legal in nature.
3. The property ownership and management are in competent, responsible hands.
4. That the property is not operating in violation of any applicable government regulations, codes, ordinances, or statutes. Any zoning variations and special permits currently in place are assumed to be available as of the date of analysis.
5. That there are no concealed or dubious conditions of the subsoil or subsurface waters, including water table and flood plain.
6. When the date of inspection differs from the effective date of analysis, the appraiser has assumed no material change in the condition of the property, unless otherwise noted in the report.

The following limiting conditions are submitted with this report:

1. All of the facts, conclusions and observations contained herein are consistent with information available as of the date of analysis. The value of real estate is affected by many related and unrelated economic conditions, both local and national. Byrne McKinney, therefore assumes no liability for the effect on this subject property of any unforeseen precipitous change in the economy
2. The analysis, which applies only to the property described herein, was prepared for the purpose so stated and should not be used for any other purpose.
3. The appraiser has made no survey of the property. Any and all maps, sketches, and site plans provided to the appraisers are presumed to be correct, but no guarantee is made as to their accuracy.
4. Any information furnished by others is presumed to be reliable and, where so specified in the report, has been verified, but no responsibility, whether legal or otherwise, is assumed for its accuracy nor can it be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of any other information.
5. The signatory herein shall not be required to give testimony or attend court or appear at any governmental hearing with reference to the subject property, unless prior arrangements have been made.

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6. Disclosure of the contents of this report is governed by the bylaws of the Appraisal Institute. Neither this report nor any portions thereof (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI, SRPA, SRA or RM designation) shall be disseminated to the public through public means of communications without the prior written consent and approval of the appraisers and the firm which they represent.
 7. The appraiser has no present or contemplated interest in the subject property.
 8. Employment for this appraisal and compensation for this report is in no way contingent on the conclusions reported herein.
 9. This analysis has been made in conformance to the Code of Professional Ethics and Standards of Practice of the Appraisal Institute, of which Pamela S. McKinney, MAI, CRE is a member, and represents the best judgment of the appraiser.
 10. No responsibility is taken for the effect on the subject property of changes in market conditions after the date of analysis or for the inability of the property owner to find purchasers at the estimated prices.
 11. No effort has been made to determine the impact on this project of possible energy shortages or present or future federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
 12. The analysis is based on the purchasing power of the U.S. dollar as of the date of the report.
 13. The conclusions that apply to the subject property are based on economic conditions and estimated supply and demand factors as of September 2012
 14. The report does not take into consideration the impacts associated with any hazardous materials that may present at the property.
 15. We did not consider any impacts associated with possible non-compliance with the requirements of the ADA in estimating the marketability or pricing at the subject property.
 16. Further, no effort has been made to determine the possible effect on the subject property of present or future federal, state or local legislation or any environmental or ecological matters.