

CHESTNUT PARK ON I44B IN SPRINGFIELD, MO

GREENE COUNTY MULTI-FAMILY MARKET OVERVIEW

- (62) **Source document.** Greene County Apartment Survey dated February 10, 2010 prepared by Southwest Valuation, LLC (the "Report"). Link to the report in Links section.
- (63) **Location of Chestnut Park.** Straddles the northwest and southwest market segments defined in the study as the Chestnut Expressway is the boundary.
- (64) **Report observations.**
- (a) The number of new permits in 2009 increased by 65% from their low in 2008 (396 units permitted in 2009 vs. 240 in 2008).
 - (b) 2009 new unit permits were still 56% under the average annual permits during the 4-year period of 2004-2007 ($1 - (396 / [539+777+1,120+1,192])$).
 - (c) County-wide occupancy year-end 2009 compared to year-end 2008 declined by 0.5% to 89.5% or a net increase of 75 unoccupied units.
 - (d) With 396 new permits in 2009, the market essentially regained its annual growth rate of 2003 with 397 units.
 - (e) 2008 new permits were the 2nd lowest annual # in the past 10 year period exceeding only 2001 when 202 new permits were issued.
 - (f) Southwest sub-market occupancy dropped by 1.6% from 2008 to 2009 to 88.4% occupancy, while northwest sub-market occupancy dropped 3% to 80% occupancy.
 - (g) Southwest sub-market effective monthly rent rates dropped 1.38% from \$0.65 to \$0.641 per SF per month while northwest sub-market rates increased by 2.857% from \$0.70 to \$0.72 per SF per month.
 - (h) Southwest sub-market surpassed the southeast sub-market in total # of units due to continued population and housing growth".
 - (i) Northwest sub-market appears to be underperforming, but this sub-market is influenced by only one complex in that that market that qualifies for the survey criteria.
 - (j) The Center City sub-market continues to achieve the higher rental levels on a square foot basis due to the presence of universities, and the generally smaller living units that influence the rent per square foot comparison.

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- (k) The Center City sub-market does not include loft apartments, while a substantial component of the market are not routinely counted as many do not have the 40 unit minimum for the Report.
- (65) **Our additional observations.**
- (a) **Easy access to Center City sub-market.** Chestnut Park is immediately off of the Chestnut Expressway and less than 3 miles and 5 minutes from Center City.
 - (b) **Just one major competitor.** The entire northwest market is currently served by only one major complex.
 - (c) **Low existing home values.** The existing home inventory within a 5-minute drive-time has the lowest average and median values of all Benchmarks we analyzed. This may increase local demand for new affordable apartments.
 - (d) **High projected demographic and economic growth.** Within a 5-minute drive-time, the area has the highest projected annual % growth in: population, households, families, \$100K and higher households and \$250K and higher household of all Benchmarks we analyzed for this offering*.
 - (e) **Limited undeveloped land competition.** Within the core Springfield market area (roughly bounded on the north by I 44, on the west by US 160, to the south by US 60 and to the east by US 65, there are very limited undeveloped locations for new housing or industrial development.
 - (f) **Expected growth in multi-family unit new permits.** Assuming the economy continues to improve, short term regression models project 700-850 new permits in 2011 and 800-1,200 in 2012.
 - (g) **By 2013, annual permitting may set a record.** If this model is accurate, 2012 or 2013 could set new records for new unit permits.
 - (h) **Acceleration from PICW and the Airport.** As the Partnership Industrial Center West and the Springfield-Branson Regional Airport add jobs in the northwest sub-market, with only one large multi-family complex in the sub-market, we expect Chestnut Park multi-family units to be perfectly positioned to capture the market share due to proximity and desired proximity closer to Center City.
 - (i) **Acceleration from job creation.** As Chestnut Park develops, the need for multi-family housing in the immediate area will further accelerate due to new job creation.

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