



# MARKET UPDATE ANALYSIS FOR THE MIXED- USE LAKEFOREST MALL REDEVELOPMENT

GAITHERSBURG, MARYLAND

Prepared for WRS, Inc.  
January 17, 2024

Since 1967, RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 50 years and thousands of projects—touching over \$5B of real estate activity each year—RCLCO brings success to all product types across the United States and around the world.

Learn more about RCLCO at [www.RCLCO.com](http://www.RCLCO.com).

## REPORT AUTHORS

### *Project Director:*

Charlie Hewlett, Managing Director

► P: (240) 644-1006 | E: [CHEWLETT@RCLCO.COM](mailto:CHEWLETT@RCLCO.COM)

Jacob Ross, Principal

► P: (240) 404-6811 | E: [JROSS@RCLCO.COM](mailto:JROSS@RCLCO.COM)

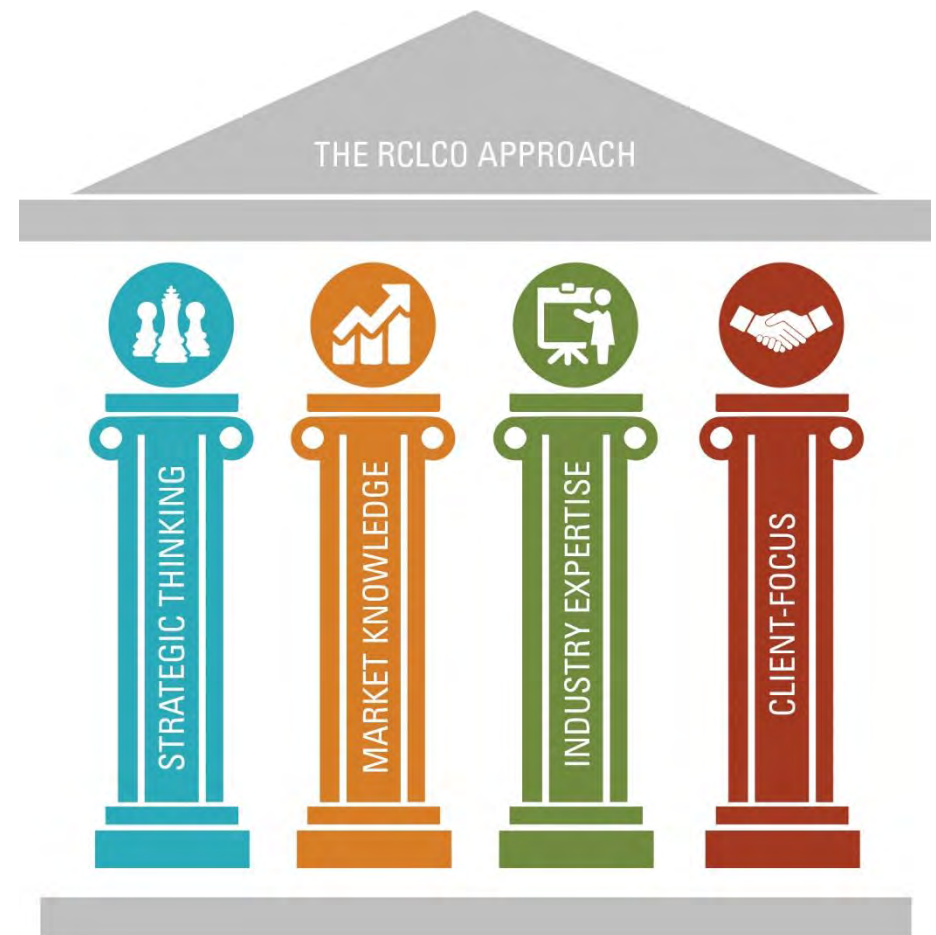
### *Project Manager:*

Philip Carney, Vice President

► P: (240) 669-5639 | E: [PCARNEY@RCLCO.COM](mailto:PCARNEY@RCLCO.COM)

### *Additional Authors:*

Mike Weaver, Associate



# TABLE OF CONTENTS

OBJECTIVES & KEY FINDINGS	4	FOR-SALE MARKET ANALYSIS	45
▶ Objectives	5	▶ For-Sale Housing Market Trends	46
▶ Key Findings	6	▶ Competitive Set	47
▶ Residential Opportunities	11	▶ For-Sale Housing Demand at Site	51
▶ Commercial Opportunities	12	OFFICE / MEDICAL OFFICE	52
▶ Program & Phasing Strategy	13	▶ National Office Dynamics	53
REGIONAL OVERVIEW	14	▶ Conventional Office Market Trends	54
▶ Economic Expansion By Sector	16	▶ Medical Office Market Trends	55
SITE CONTEXT	18	▶ Office Demand Drivers	56
▶ Demographic Context	20	LIFE SCIENCE MARKET ANALYSIS	57
▶ Site Analysis	21	▶ Competitive Set	59
RETAIL MARKET ANALYSIS	23	▶ Future Development	61
▶ Local Market Trends	26	▶ Life Science Demand	63
▶ Retail Leakage Analysis	27	▶ Life Science Integrated Light Manufacturing Supply Analysis	65
▶ Redevelopment Potential	31	▶ Life Science Integrated Light Manufacturing Demand	66
▶ Retail Demand At Site	34	HOSPITALITY MARKET ANALYSIS	68
▶ Retail Absorption Potential	37	▶ Site-Specific Hotel Demand	72
RENTAL MARKET ANALYSIS	38	DISCLAIMERS	73
▶ Competitive Set	40	APPENDIX: SUPPORTING EXHIBITS	76
▶ Rental Demand	42		
▶ Rental Demand At Site	44		

## OBJECTIVES & KEY FINDINGS

---

# OBJECTIVES

WRS, Inc. (“WRS”) is planning the redevelopment of the approximately 102-acre former Lakeforest Mall property (“subject site”) in Gaithersburg, Maryland. To inform the strategy for redevelopment, WRS previously engaged RCLCO to conduct an independent market analysis for the subject site in August 2022, with the goal of determining the level of support for various forms of residential and commercial development. Since the completion of the original report, the city of Gaithersburg has granted conditional approval of the rezoning of the subject site, with one of the conditions requiring that WRS submit a revised market analysis prepared with methodology and assumptions determined in consultation with city staff. Against this background, WRS engaged RCLCO to provide an updated market analysis, designed to respond to the following key questions:

- ▶ What are the logical target market audiences for residential and commercial development at the subject site?
- ▶ What is the potential depth of market demand for these various residential and commercial land uses?
- ▶ How should the subject site be positioned to capture its share of market demand, given an assessment of the submarket, in general, and the site, in particular?
- ▶ What revenue assumptions (retail lease rates, apartment rents, townhome prices, etc.) are achievable given the balance between supply and demand?
- ▶ Based on the above, what is the optimal development program to respond to the market opportunity at the subject site?

As part of this effort, RCLCO conducted research into supply and demand conditions for the above product types. RCLCO also consulted with city of Gaithersburg staff—including Sharon Disque and John Schlichting—during in-person meetings on July 6, 2023 and on November 17, 2023, as well as through subsequent email correspondence. Finally, RCLCO performed interviews with local and regional real estate professionals, such as brokers, leasing agents, and other knowledgeable market participants.

Additionally, WRS engaged RCLCO to conduct a fiscal impact analysis on the program at the time of SDP application, with the goal of demonstrating the impacts that program would have on the city of Gaithersburg. The results of this analysis will be issued under a separate cover.

Lakeforest Mall, 2019;  
Gaithersburg, MD



## REGIONAL OVERVIEW

Washington, D.C., is a dynamic market that continues to experience strong growth. Given the presence of the federal government, the regional economy of Washington, D.C., is generally more resilient in the face of economic downturns than the regional economies of other major metropolitan areas. Despite the strong anchor of the Federal government, most recent job growth is occurring in the private sector; from 2010 to 2019, only 4% of new jobs were in Government, while half were in Education & Health Services or Professional & Business Services.

More recently, science and technology have emerged as major drivers of the regional economy. Today, many of the fastest-growing cybersecurity companies are based in the Washington, D.C., region, with many concentrating in Northern Virginia to locate near the Defense Department, the Central Intelligence Agency, and other federal agencies that award contracts for cybersecurity and cloud computing. The presence of health-related agencies like the National Institutes of Health and the Food and Drug Administration has a similar impact on the life science and biotechnology industries, which are largely concentrated along the I-270 corridor of Montgomery County.

While the Washington, D.C., region lost 201,000 jobs in 2020 as the local and national economies shut down during the COVID-19 pandemic, conditions were quick to rebound. The region added 159,000 jobs in 2021 and 2022, and **Moody's** Analytics expects it to surpass pre-pandemic levels of employment by the end of 2023.

As of early August, the RCLCO Base Case (65% probability) assumes that U.S. GDP growth will be down slightly for the year (1% to 2%) with a shallow recession likely in late 2023 or early 2024, though a soft landing remains possible. Job growth will moderate to between 2.0 and 2.5 million (annual) in 2023, though may decline further in 2024 if a recession materializes. U.S. growth will likely return to trend (2% to 3%) in 2025. As the economy slows, US real estate fundamentals will soften, with moderately higher vacancy rates and slower rent growth over the next several years. Industrial and integrated light industrial rents should stay relatively strong while office rent growth will trend towards 0% and turn negative in a downside scenario. Apartment rent growth will moderate toward between 2% and 3% but may contract in downside scenario, and neighborhood retail rents will moderate a modest growth of

2%. Real estate capital markets are likely to stay cautious in 2023 as the market reprices and economy slows, although wholesale selling not likely. Transactions should pick up in 2024 once prices reset at 10% to 20% below peak values.

In general, RCLCO expects rental housing, life sciences, and industrial (including integrated light industrial) to outperform other real estate uses during this time, though high-quality office and retail in compelling, mixed-use environments are likely to present attractive opportunities as tenants and users gravitate to these environments. As such, the proposed uses at the subject site bode well for its ability to withstand the current macroeconomic headwinds. Moreover, it is important to note that the subject site is a long-term development project, where many of its phases are unlikely to deliver until after these headwinds have subsided.

## SITE CONTEXT

Located in the suburb of Gaithersburg, the subject site is home to the former Lakeforest Mall, an approximately 1.0 million square foot enclosed regional mall that is now defunct. The demise of the former Lakeforest Mall is not uncommon for indoor shopping malls, which are increasingly facing headwinds as the rise of e-commerce threatens brick-and-mortar retail, and as consumers search for more experiential shopping environments. Along with these trends, the subject site faces unique challenges, including a competitive regional landscape. A variety of other shopping destinations operate within a short drive of the subject site, requiring it to effectively differentiate itself—by fostering a pedestrian-oriented, mixed-use environment, and by creating a compelling and community-oriented mix of retail, restaurant, entertainment, housing, and employment opportunities, which are likely to enable the community to adapt to changing consumer behavior and market dynamics moving forward.

Regardless of the challenges that Lakeforest Mall has faced in the past, the subject site is exceptionally well-located from the standpoint of well-executed, mixed-use redevelopment. Its location in the favored path of growth along the I-270 Corridor in Montgomery County makes it attractive for most forms of housing development, and creates opportunities for commercial development, particularly for tenants and users that value access to life science and retail anchors in the region.

## SITE CONTEXT (CONT.)

Other key drivers of the opportunity at the subject site include the following:

- ▶ **Large Size:** At approximately 102 acres, the subject site represents a significant redevelopment opportunity for Montgomery County, where land constraints have increasingly limited the ability of the market to respond to growing demand.
- ▶ **Master-Planned Nature:** Coupled with this large size, the master-planned nature of the subject site unlocks the opportunity to create a cohesive and differentiated environment through effective programming.
- ▶ **Mixed-Use Environment:** As Montgomery County has evolved in recent years, pricing and demand for urban real estate has increased, and the subject site is poised to build upon these trends by offering a range of product types. This type of environment is likely to serve as a significant competitive advantage for all uses developed at the subject site.

## OPPORTUNITY BY LAND USE

Retail: Despite the failure of Lakeforest Mall, the eastern side of I-270, generally, and the subject site, specifically, present strong opportunities for a broad range of retail, including grocery, food and beverage, entertainment, and hard goods. The creation of a compelling, walkable environment is likely key to unlocking this opportunity at the subject site and capturing sales that are currently leaking out of the influence area of the subject property.

While the retail industry has faced headwinds from e-commerce and the pandemic, these disruptions have not impacted the industry in uniform ways. New and walkable spaces have far outperformed old and inferior ones, as customers have increasingly flocked to newer vintage and compelling mixed-use experiential retail environments. These patterns are particularly evident in Montgomery County. Since 2010, the County has absorbed 3.5 million square feet of retail built after 2000, even as it has seen a slight reduction (205,000 square feet) in occupied retail built before 1980; however, it is important to note that the years when older spaces saw negative net absorption were also among the ones with the fewest deliveries, indicating that age

and quality pose a far greater threat to the performance of these spaces than the introduction of new space. At the same time, several of the properties with the highest occupancies and rental rates are part of mixed-use environments, which provide built-in customer bases and destination traffic.

Even as new and walkable retail has delivered elsewhere in Montgomery County, the Primary Market Area (“PMA,” see Page 25 for a map) has seen very few deliveries, leaving its residents underserved and creating strong opportunities for additional retail at the subject site. In the PMA, household expenditures far exceed actual retail sales for grocery, restaurant, hard goods, services, fitness, and entertainment uses, by more than \$251 million annually. As a result, a sizable number of households leave the market area to accomplish these retail needs, often to retail centers in other jurisdictions. Interestingly, one of the retail centers with the strongest pull from the city of Gaithersburg is *Milestone Center*, an 860,000 square foot big-box center in Germantown. The performance and trade area of this property point to clear appetite for these users, particularly in the northern half of Gaithersburg near the subject site.

Together, all the above factors highlight a strong opportunity for the type, vintage, and scale of retail envisioned at the subject site. Through a statistical demand analysis based on household spending patterns and competitive retail options in the trade areas of the site, RCLCO identified demand for up to 509,000 square feet of retail at the site over the long term. As in the initial Strategic Market Analysis, the analysis concludes there is strong demand for retail in the local market area, and the planned retail on-site can help alleviate supply/demand balances for households in the PMA.

In general, the strongest opportunities involve household-serving and entertainment-oriented users, such as a grocery store, a movie theater, or a gym. Entertainment-oriented uses (e.g., movie theaters), in particular, have the potential to differentiate the subject site from other retail options in the area, and to help drive demand for other on-site uses in a mutually supportive way. In addition, there is a sizable amount of demand for hard goods at the subject site, likely sufficient to support two large-format anchors. Finally, local-serving retail, such as restaurants and services, should be prioritized for smaller in-line spaces, as these users will help to create a more resilient retail environment that is focused on household needs, rather than traditional shopping.

## OPPORTUNITY BY LAND USE (CONT.)

Rental Housing: Clear demand for new, higher-quality rental apartments, particularly in compelling mixed-use developments, which have demonstrated the ability to command premiums over the rest of the market.

The residential Primary Market Area (“PMA,” see Page 39 for a definition and map) has seen flat or declining vacancy rates, even as it has seen consistent deliveries each year. Demand has slightly outpaced supply, leading to average annual rent growth of 4.3% over the last five years, far above the rates of 2.0% to 3.0% considered to be healthy by most industry professionals. At the same time, vacancy rates are currently averaging 5.2%, in line with the lowest point during the 10-year period prior to the COVID-19 pandemic. Together, these trends point to favorable fundamentals in the PMA.

Within the PMA, new rental apartment communities in and around Downtown Crown are achieving higher rents than most other properties in the market. The performance of these communities demonstrates the desire of households to live near compelling, mixed-use environments, as well as the willingness to pay a premium to do so. As a result, rental apartments are a highly logical form of development for the subject site, considering its planned mix of uses, as well as the strength of the market.

Although becoming increasingly common across the country, build-for-rent (“BFR”) townhome product is still scarce in the neighborhoods surrounding the subject site. A handful of communities offer BFR townhomes, which help to bridge the gap between rental apartments and for-sale homes. These communities are well-occupied and are achieving attractive rents owing to the well-reputed schools and access to jobs in Montgomery County. However, the product may not represent the highest-and-best use for the subject site, given the relatively low density of this product.

For-Sale Housing: Strong demand and limited pipeline presents opportunities for many product types and price points to appeal to a broad market audience.

The subject site represents a very attractive location for for-sale housing, given the well-reputed school system, access to employment, retail and services, and the limited supply of land available for this land use.

In recent years, a growing share of townhome and condominium sales have taken place at higher price points, as the construction of new, high-density for-sale housing has increased. The shift toward higher price points within the market suggests high-density housing is no longer serving as just a value alternative to detached housing, but that it is increasingly becoming a lifestyle option of its own. New units at nearby townhome communities typically sell for \$650,000 to \$750,000 and stacked flat condominiums have started to emerge as an alternative to larger and more expensive attached townhome options, with prices that usually start at approximately \$500,000. Multiple condominium buildings have delivered and sold out in nearby Downtown Crown, indicating that this product is an attractive option in the type of mixed-use communities contemplated for the subject site.

The subject site is well-located from the perspective of townhome development, given its mixed-use orientation. Although demand for townhomes is strong, the subject site is likely to face some competition from other communities in the market. Incorporating more diverse housing options would mitigate this risk, differentiate the site from other communities in the PMA, and would support the city of **Gaithersburg’s** desire for more attainably priced housing. Stacked flats, which often take the form of townhome-style two-over-two units but can involve other variations of the same product, represent a compelling alternative to traditional townhomes. This product has performed well in the market, and it—along with duplexes and triplexes—could serve as good examples of the “**gap housing**” that the city of Gaithersburg is aiming to create. While multifamily condominiums are well-suited for the subject site, this form of development is often most successful in established mixed-use environments and is likely to benefit from delivering at the same time or after the bulk of the retail.

## OPPORTUNITY BY LAND USE (CONT.)

Life Science: Although the life science market is facing headwinds presently, long-term fundamentals remain strong, and there are relatively few other sites that can serve users that value locations in walkable, mixed-use environments.

Conventional suburban corporate office properties have been, and will likely continue to be, under considerable stress; however, the life science segment of the market has experienced significant growth, and is likely to continue to expand in the region. This year, CBRE ranked the Washington-Baltimore region as the third-best market for life science research talent, and Gaithersburg and other nearby parts of Montgomery County are home to large concentrations of these users, in part due to the proximity of federal agencies including National Institutes of Health (“NIH”), Food and Drug Administration (“FDA”), Walter Reed Army Institute of Research (“WRAIR”), the Uniformed Services University of the Health Sciences (“USUHS”), and the National Institute of Standards and Technology (“NIST”). Also nearby are numerous private companies, higher education facilities, and research institutes, such as AstraZeneca and Howard Hughes Medical Institute (“HHMI”), as well as Johns Hopkins University and the University of Maryland, both of which are located at the Shady Grove Life Sciences Center (“SGLSC”) in Montgomery County.

While Montgomery County presents favorable long-term fundamentals for life science development, recent interest rate increases have curbed activity in the market, with higher interest rates requiring higher yields-on-cost for new construction. As such, the pipeline has contracted slightly, though it remains sizable at this time. Conversations with brokers and other industry professionals suggest additional life science space is necessary in the mid- and long-terms, though proper scale and phasing is critical to ensure success.

At the subject site, an optimal strategy is likely to gradually deliver life science buildings, which should be moderate in scale, and which should aim to serve multiple small- to medium-sized users rather than a single large facility. The subject site is well-positioned to attract life science users, as its planned mixed-use environment is

poised to differentiate it from many of the other existing and planned projects in Montgomery County. This environment is likely to be attractive to companies that not only wish to locate along the popular I-270 corridor, but that also value proximity and walkability to neighborhood amenities.

An additional opportunity for the subject site involves integrated light biomanufacturing space. In the Washington, D.C., region, biomanufacturing users tend to most commonly fall within the pharmaceutical and medicine manufacturing industry (59%), followed by the medical equipment and supplies manufacturing industry (31%). While MXD zoning in the city of Gaithersburg prohibits many forms of industrial development, integrated light manufacturing is permitted and stands to generate synergies with traditional life science development. Specifically, life science users often wish to co-locate research and development (“R&D”) and manufacturing functions, but these users can struggle to find sites that can enable them to do so. The ability of the subject site to potentially accommodate both types of spaces in the same location stands to differentiate it relative to other sites in the region.

## OPPORTUNITY BY LAND USE (CONT.)

Hotel: A steady rebound in demand following the COVID-19 pandemic, coupled with limited supply additions over the last five to 10 years, highlights an opportunity for newer and higher-quality hospitality development in the market

The hotel market along the I-270 corridor of Montgomery County is characterized by slow but steady growth, capable of supporting newer and higher-quality development than that which has historically occurred. After experiencing significant COVID-induced stress in 2020 and 2021, the hospitality market along the I-270 corridor has largely bounced back to pre-pandemic performance, with revenue per available room (“RevPAR”) mirroring 2019 levels thus far during 2023. Hotel fundamentals have been buoyed by limited supply additions, including no new developments since 2018.

The hotel inventory along the I-270 corridor is dated, with just two hotels delivering along the corridor over the last 10 years. Moreover, most of the hotels that do exist are highly auto-oriented, with few shops, restaurants, or other locational amenities within walking distance. At present, there are two projects in the pipeline for future development, though both are small (70 to 85 keys) and part of the same mixed-use development project in Germantown (*Century*). This competitive landscape points to a lack of both new hotel options, as well as ones in compelling mixed-use settings.

Moving forward, the I-270 corridor is likely to see steady growth in its hospitality market, suggesting new hotels will need to deliver over time to perpetuate stable supply/demand dynamics. By 2040, RCLCO estimates the corridor will require 1,200 additional hotel keys—beyond those already in the pipeline—to keep supply-demand dynamics stable, and to best serve the **submarket’s** hospitality needs.

RCLCO projects sufficient demand to support a hotel at the subject site by 2028, strictly from unmet demand in the market. However, this timeline could potentially be accelerated, as a new hotel could capture demand from lower-quality aging supply in the market, or if any of these aging hotels go offline in the coming years. In the near term, demand is likely sufficient to support a 125- to 150-key hotel at the subject site. However, there could be an opportunity to support a larger (i.e., 175 to 200 keys) hotel in the mid to long term, if the hospitality component of the subject site were to

instead deliver after the I-270 corridor has experienced further growth and the subject site has solidified its sense of place.

Conventional / Medical Office: Market stress increasing as tenants right-size in the wake of COVID. Limited development opportunities near mass transit or other major demand drivers, but continued risk for suburban office development will remain elevated for some time.

Office utilization has increased since reaching unprecedented lows during COVID, but seems to have stabilized near 50% of pre-covid utilization, impacting the depth of office demand. The Washington, D.C., region has hovered near the national average or slightly below it, topping out at 49% utilization compared to pre-COVID highs.

The local office market has faced significant headwinds, even before the start of the COVID-19 pandemic, and even as the pace of development has slowed over the last decade. Conventional office vacancy rates remain near 15.0%, while medical office **isn’t** far behind at a record 13.4% vacancy. Net absorption in both categories has been significantly negative for the past five years.

Recent office development in the market has been very limited and the development that has occurred has primarily been centered around transit or other major demand drivers. 72% of all conventional office deliveries in the I-270 corridor since 2010 have been located within walking distance of a metro station, while many of the medical office buildings are located proximate to a hospital or other major medical institution.

Given these trends, RCLCO does not believe there is a notable market opportunity to develop conventional or medical office on site. Tenants are continuing to downsize and are seeking out accessible locations proximate to transit or other major demand drivers. While the subject site will provide a walkable environment with excellent access via car, the oversupply of suburban office in the local market and general trajectory of market trends carry significant risk for new office development in this location in the coming years.

While the conventional and medical office markets are currently seeing considerable headwinds, some niche sectors are outperforming, creating opportunities for select investment. In particular, the supply / demand dynamics and outlook for life science-oriented office remain more favorable than the broader conventional office market.

# RESIDENTIAL OPPORTUNITIES

An analysis of supply and demand conditions demonstrates considerable market support for both rental and for-sale housing. This support is based on the fact that:

- ▶ Market conditions are very favorable for rental apartment development, and the subject site is particularly well-situated to accommodate demand given its location. The diversity of the surrounding rental market creates opportunities for **“broad market appeal”** apartments, designed to serve households ranging from young professionals to empty nesters.
  - » While more targeted forms of rental apartment development (e.g., **“young professional-targeted”** apartments, **“age-restricted”** apartments, etc.) have taken place in other suburban mixed-use developments, there are likely stronger locations in Montgomery County for these types of housing, and the diversity of the local market is expected to present stronger opportunities for **“broad market appeal”** apartments.
- ▶ For-sale housing presents similarly strong opportunities, as Gaithersburg is already an established and well-regarded residential submarket among homeowners. In addition, the subject site is likely to be uniquely attractive, given the amenities that its anticipated mixed-use environment are likely to provide. Diverse for-sale housing options are likely to enable the subject site to expedite its absorption timeline, and to tap into different—and often underserved—market segments.

DESCRIPTION / TARGET MARKET	ACHIEVABLE PRICING (4Q 2023 \$)	AVG. UNIT SIZE	TYPICAL PROJECT SCALE	TYPICAL PROJECT ABSORPTION	LONG-TERM DEMAND AT SITE (BY 2040)	OPPORTUNITIES			OVERALL OPPORTUNITY	
						LOCATION APPEAL	CONCEPT FIT	SUPPLY / DEMAND BALANCE		
<b>RENTAL HOUSING</b>										
Broad Market Appeal Apartments	Apartments with a broad mix of unit types and sizes	\$2.55 / SF \$2,350 / Month	925 SF	350 Units	15 to 20 Units / Month	1,475 Units	STRONG	STRONG	STRONG	STRONG
Young Professional-Targeted Apartments	Rental apartments with primarily smaller unit types and sizes	\$2.55 / SF \$2,050 / Month	800 SF	300 Units	15 to 20 Units / Month	455 Units	MODERATE	STRONG	STRONG	MODERATE / STRONG
Empty Nester-Targeted Apartments	Rental apartments with higher-end finishes and larger units	\$2.65 / SF \$2,925 / Month	1,100 SF	200 Units	12 to 14 Units / Month	145 Units	WEAK	STRONG	MODERATE	MODERATE
Age-Restricted Apartments	Rental apartments, restricted to households over the age of 55	\$2.78 / SF \$2,780 / Month	1,000 SF	175 Units	8 to 10 Units / Month	70 Units	WEAK	MODERATE	MODERATE	MODERATE / WEAK
<b>FOR-SALE HOUSING</b>										
Stacked Flats	Two-over-tvos or other stacked flat configuration	\$329 / SF \$575,000	1,750 SF	75 Units	6 Units / Month	1,090 Units	STRONG	STRONG	STRONG	STRONG
Townhomes	Traditional for-sale townhomes	\$311 / SF \$700,000	2,250 SF	150 Units	5 Units / Month	880 Units	STRONG	STRONG	STRONG	STRONG
Condominiums	High-end condominiums	\$440 / SF \$550,000	1,250 SF	100 Units	3 to 4 Units / Month	655 Units	STRONG	STRONG	STRONG	STRONG

Note: Achievable pricing is listed in Q4 2023 dollars, and does not include any rent growth or price appreciation that may occur **between now and when the subject site delivers**. The **“cumulative site demand”** listed for broad market appeal apartments reflects the maximum number of apartment units that could be supported at the subject site at any given point in time. More targeted offerings have the benefit of 1) minimizing competition between buildings and 2) realizing rent premiums at some of those buildings, but they are unlikely to result in substantially **higher demand**. Likewise, the demand pools for **“Empty Nester-Targeted Apartments”** and **“Age-Restricted Apartments”** overlap as well, and the total number of these units should not exceed the maximum shown under **“Empty Nester-Targeted Apartments”**.

# COMMERCIAL OPPORTUNITIES

An analysis of supply and demand conditions demonstrates similarly strong support for life sciences space, as well as most forms of retail. This support is based on the fact that:

- ▶ The subject site offers a desirable location along the I-270 corridor, which is an established submarket for life science users. Prospective users are likely to value its proximity to federal agencies like the NIST, as well as the presence of companies like AstraZeneca. While the market for these users has grown increasingly competitive, the subject site is likely to be differentiated, given its rare combination of a large site size and a potential mixed-use environment. Integrated life science-related light manufacturing (e.g., integrated pharmaceuticals, medical supplies, etc.) represents another opportunity and potential differentiator for the subject site, helping it to attract life science companies that wish to co-locate their R&D and integrated manufacturing functions. While true industrial development is unlikely to be the highest-and-best use for the subject site (nor be allowable under the likely zoning of the subject site), selective integrated light manufacturing of this type could help boost its job base.
- ▶ There have been few new retail deliveries in the area that immediately surrounds the subject site. Along with a “right-sizing” of retail at the subject site, a shift in its tenant profile is likely to help the site respond to industry trends, and to remain competitive moving forward. In general, the strongest retail opportunities involve household-serving (e.g., grocer, gym, restaurants, neighborhood services, etc.) and entertainment-oriented (e.g., a movie theater, a bowling alley, etc.) users. While demand for hard and soft goods is moderating due to e-commerce, there is unmet demand for hard goods, in particular, and the subject site is well-located to attract some of these users as anchor tenants. The entertainment-oriented uses are likely to play especially important roles in differentiating the site from other suburban retail options, helping to drive demand for other on-site uses in the process; for example, a movie theater or bowling alley could help make the subject site more attractive to inline restaurants and retailers, which could help make it more attractive to residents and employees.

DESCRIPTION / TARGET MARKET	ACHIEVABLE PRICING (4Q 2023 \$)	AVG. UNIT SIZE	TYPICAL PROJECT SCALE	TYPICAL PROJECT ABSORPTION	LONG-TERM DEMAND AT SITE (BY 2040)	OPPORTUNITIES			OVERALL OPPORTUNITY	
						LOCATION APPEAL	SUPPLY / DEMAND BALANCE	CONCEPT FIT		
<b>RETAIL</b>						508,700 SF				
Grocery & Drug	Full-scale (e.g., Giant) or boutique (e.g., Fresh Market) grocer	\$30 to \$40 NNN	N/A	N/A	N/A	57,800 SF	STRONG	STRONG	STRONG	STRONG
Restaurants	Mix of fast casual and sit-down restaurant concepts	\$45 to \$48 NNN	N/A	N/A	N/A	93,400 SF	STRONG	STRONG	STRONG	STRONG
Entertainment & Fitness	Gym and/or mix of other boutique fitness concepts	\$40 to \$45 NNN	N/A	N/A	N/A	74,300 SF	STRONG	STRONG	STRONG	STRONG
Services	Basic household services, such as nail salons, barbershops, etc.	\$45 to \$48 NNN	N/A	N/A	N/A	46,700 SF	STRONG	MODERATE	STRONG	MODERATE / STRONG
Hard & Soft Goods	National tenants that are likely to have more than one suburban location	\$35 to \$45 NNN	N/A	N/A	N/A	236,500 SF	STRONG	STRONG	MODERATE / STRONG	MODERATE / STRONG
<b>OTHER</b>						1,015,000 SF				
Life Science	Lab functions of biotech companies and integrated light manufacturing	\$35 to \$45 NNN	N/A	200,000 SF	N/A	1,015,000 SF	STRONG	STRONG	MODERATE	MODERATE / STRONG
Hotel	Limited- or select-service hotel with focused amenities; likely upscale flag	\$175 / Night	300 SF	150 Rooms	N/A	220 Rooms	STRONG	STRONG	MODERATE / STRONG	STRONG
Conventional / Medical Office	Corporate professional services office or medical office.	\$37 to \$42 NNN	N/A	200,000 SF	N/A	N/A	MODERATE	STRONG	WEAK	WEAK

Note: Achievable pricing is listed in Q4 2023 dollars, and does not include any rent growth or price appreciation that may occur between now and when the subject site delivers.

# PROGRAM & PHASING STRATEGY

Based on an analysis of future supply and demand, RCLCO developed an illustrative program and phasing strategy for the subject site, assuming construction begins within the next three years. RCLCO recommends the concurrent development of retail, residential, and life science space in the initial phases to generate on-site traffic and establish a sense of place, as this type of mixed-use environment is likely to enhance opportunities for each form of development, and to serve as a key competitive advantage. Given the status of the life science market today and the role of on-site retail and housing in differentiating the subject site from other life science developments in the area, RCLCO recommends delivering an initial life science phase *after* a majority of the retail and other uses have delivered, to ensure it benefits from the sense of place established by these other uses. While for-sale housing is expected to continuously deliver, the development of other uses is spaced out to allow for a newly delivered property to stabilize before delivering additional space.

The program below is intended to address requirements in the Lakeforest Mall Master Plan. From a market perspective, an “**optimal**” program would likely feature a greater number of townhomes and a smaller number of stacked flats, resulting in a shorter absorption timeline for both uses. In general, RCLCO expects retail to be one of the first uses to fully deliver and stabilize, given that most demand already exists today, and that this use is likely to play a key role in supporting the sense of place for others. Meanwhile, RCLCO expects life sciences to be the final use to reach buildout, given that development is likely to occur at a more gradual pace and will strongly benefit from delivering into a more established development. While the below phasing strategy is intended to optimize the development of the subject site potential based on current market data and forecasts, it is critical to maintain a strategy that emphasizes flexibility and can respond to local and national market shocks should the need arise in the future.

Illustrative Program and Phasing Strategy, 2023-2040;  
Subject Site

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	BUILDOUT
RENTAL HOUSING (Units)				300				300			300								900 Units
Broad Market Appeal Apartments				300				300			300								900 Units
FOR-SALE HOUSING (Units)				120	120	120	170	70	70	30									700 Units
Stacked Flats				70	70	70	70	70	70	30									450 Units
Townhomes				50	50	50													150 Units
Condominiums							100												100 Units
RETAIL (SF)				350,000	75,000	50,000													475,000 SF
Grocery & Drug				50,000															50,000 SF
Restaurants				30,000	30,000	30,000													90,000 SF
Entertainment & Fitness				25,000	25,000	20,000													70,000 SF
Services				20,000	20,000														40,000 SF
Hard & Soft Goods				225,000															225,000 SF
LIFE SCIENCES (SF)									200,000			200,000		200,000		200,000			800,000 SF
HOTEL (Rooms)							125 <sup>1</sup>												125 Rooms

<sup>1</sup> RCLCO projects long-term demand for up to 220 hotel keys at the subject site, suggesting a larger concept could be supportable if delivered later in the development timeline.

## REGIONAL OVERVIEW

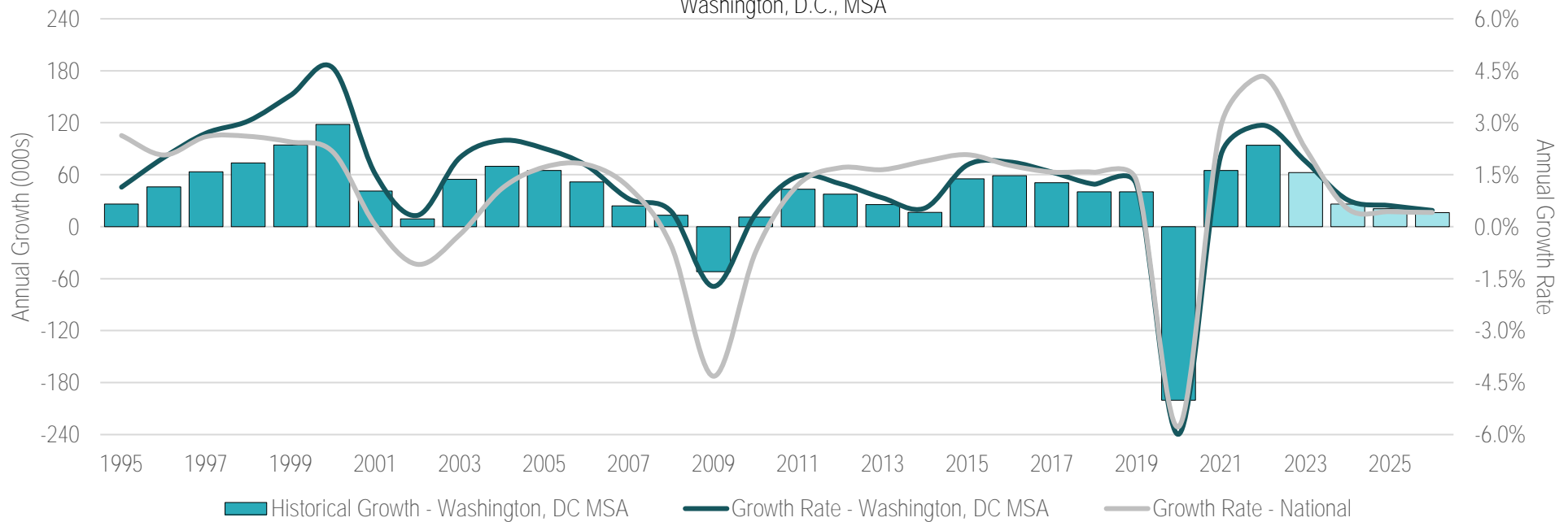
---

# REGIONAL ECONOMIC GROWTH

## THE REGIONAL ECONOMY OF WASHINGTON, D.C. IS GENERALLY MORE RESISTANT TO DOWNTURNS THAN THE REGIONAL ECONOMIES OF OTHER MAJOR METROPOLITAN AREAS, IN PART DUE TO THE FEDERAL GOVERNMENT

- ▶ The Washington, D.C., metropolitan statistical area (“MSA”) has access to approximately 718,000 government jobs, which are often less impacted by broader macroeconomic conditions than jobs in other economic sectors. As a result, the MSA has fared better than other major metropolitan areas during economic downturns, including the Gulf War Recession (1990 to 1991), the Dotcom Crash (2001 to 2002), and the Great Recession (2007 to 2009).
- ▶ While the Washington, D.C., MSA lost 201,000 jobs in 2020 during the COVID-19 pandemic, it added 65,000 jobs in 2021 and another 94,000 jobs in 2022. As of mid-2023, **Moody’s** Analytics projects the region to add 62,000 jobs in 2023, bringing total employment above the pre-pandemic high by the end of the year.
- ▶ In recent months, rising interest rates have fueled concerns regarding a potential economic downturn. However, the presence of the federal government is likely to continue to support a healthy job base, which is particularly beneficial in Montgomery County. In addition to offering short commute times to government employment in Downtown D.C. and throughout the region, Montgomery **County’s** three largest employers—the National Institutes of Health, the U.S. Food and Drug Administration, and Naval Support Activity Bethesda (Walter Reed)—are all federal agencies.

Historical and Projected Employment Growth and Growth Rate, 1995-2026;  
Washington, D.C., MSA



Note: “Top 10 MSAs” include New York, Los Angeles, Chicago, Dallas, Houston, Philadelphia, Miami, Atlanta, Boston, and Washington, D.C.

Source: Moody’s Analytics; RCLCO

# ECONOMIC EXPANSION BY SECTOR

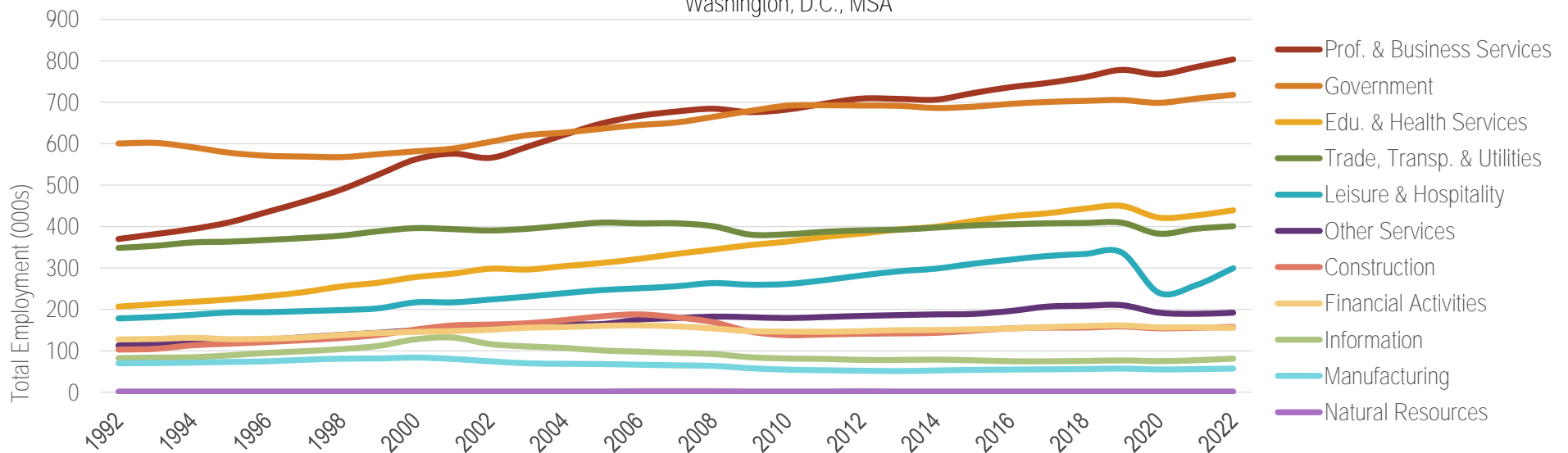
## IN RECENT YEARS, THE PROFESSIONAL & BUSINESS SERVICES SECTOR HAS EMERGED AS A MAJOR DRIVER OF THE REGIONAL ECONOMY

- ▶ Government jobs buffer the regional economy of Washington, D.C., though the economic makeup is rapidly diversifying, and most growth is occurring in the private sector. Between 2010 and 2019, only 4% of the 365,000 new jobs in the Washington, D.C., MSA were in Government, while half were in professional & business services (26%) and education & health services (24%).
- ▶ The professional & business services sector, meanwhile, has reinforced its importance to the region, surpassing pre-pandemic levels of employment well before other industries. The sector added 17,800 jobs in 2021, more than making up the 11,000 it lost during 2020, and growth expanded during 2022, with another 18,300 jobs added during the year.
- ▶ The technology and life science industries are expected to grow in importance in the coming years and have seen considerable growth and investment coming out of the pandemic. CBRE ranked the market fourth in terms of tech talent and third in terms of life science talent in the U.S. in its 2023 rankings.

Comparison of Job Growth by Industry, 2010-2019\*;  
Washington, D.C., MSA

CATEGORY	TOTAL GROWTH		AVG. ANNUAL	
	#	%	#	%
Prof. & Business Services	95,837	14.0%	10,649	1.5%
Edu. & Health Services	86,331	23.8%	9,592	2.4%
Leisure & Hospitality	75,911	29.1%	8,435	2.9%
Other Services	31,036	17.3%	3,448	1.8%
Trade, Transp. & Utilities	28,179	7.4%	3,131	0.8%
Construction	21,074	15.4%	2,342	1.6%
Financial Activities	14,951	10.3%	1,661	1.1%
Government	13,719	2.0%	1,524	0.2%
Manufacturing	2,624	4.9%	292	0.5%
Natural Resources	-152	-10.0%	-17	-1.2%
Information	-4,591	-5.7%	-510	-0.6%
<b>TOTAL</b>	<b>364,919</b>	<b>12.3%</b>	<b>40,547</b>	<b>1.3%</b>

Historical Employment Growth by Sector, 1991-2022;  
Washington, D.C., MSA



Note: Above table excludes data from 2020 onwards to focus on growth prior to the COVID-19 pandemic.

Source: Cushman & Wakefield; Forbes; Moody's Analytics; RCLCO

## Q4 2023 - NOT OUT OF THE WOODS, BUT PROBABILITY OF A SOFT LANDING HAS INCREASED

The RCLCO Base Case (70% probability) assumes that the US economy will slow materially in early 2024, with moderate job losses and a recession still possible, although a soft landing seems more likely than just a few quarters ago. Though 3Q 2023 fears of a broad economic downturn **haven't** materialized; most real estate sectors have been experiencing recession-like conditions over the past year with continuing downward pressure on operating fundamentals and values. The possibility of continuing Fed action to squash inflation could tip the economy into a shallow recession in late 2023 or early 2024.

US GDP growth to end 2023 stronger than anticipated at (1.5% to 2.5%) with slowing predicted in 2024 to between zero and 1%. Depending on inflation and geopolitics, the U.S. economy will likely return to trend (2%-3%) growth in 2025. Job growth will moderate to 2.5-3.0 million (annual) in 2023 though is expected to decline in 2024 to zero to 1.0 million, possibly turning negative for parts of the year. As the economy slows, US real estate fundamentals will continue to soften, with moderately higher vacancy rates and slower rent growth in most property types.

- ▶ Rental Housing – Demographics, limited for-sale housing inventory, and high borrowing costs will keep multifamily and single-family rental demand strong, although significant supply is slated to come to market over the next 12-18 months and rent/price increases are moderating. Elevated vacancy rates and potential job losses could cause additional softness in the market. Apartment rent growth will struggle in 2024, trending toward 3% thereafter.
- ▶ Industrial supply is up but vacancy rates should remain low and demand should stay strong as e-commerce continues to expand and re- and near-shoring accelerate, with rent growth averaging 5% annually through 2026.
- ▶ Single-family for-sale prices expected to be flat through 2026 and single-family rental (BTR) should continue to gain share of new construction.
- ▶ Neighborhood retail rent growth will average 2-3% over the next 3 years as new supply is minimal.

- ▶ Niche Sectors – Health care (medical office, life sciences, senior housing), data centers, and self-storage out-perform in recessions and have strong long-term demand drivers.
- ▶ Caution is recommended for office, as ongoing structural shifts create greater risk. Net effective office rents will contract 1-2% annually, and vacancies will hit new highs, approaching 20% by 2026. Deep discounts in some cases will create some opportunistic buying/redevelopment opportunities.
- ▶ Once land prices adjust, strong fundamentals and long-term growth support selective development and refurbishment of rental residential, industrial, and some niche property types (life science, medical office).

Real estate capital markets to remain constrained in 2024 as lending is tight and borrowing costs have risen materially. Institutions are constrained by valuation uncertainty and potential recession impacts, although wholesale selling is unlikely. Transactions may pick up in late 2024 once buyers adjust to reset prices (20% to 40% below peak, depending upon the asset class). The public real estate markets are very bearish, with implied cap rates much higher than in private markets.

The 10-Year US Treasury (UST) peaked at nearly 5.0% in mid October, but has since decreased to 4.4%. Economists and futures markets expect that the UST will hover in the 3.5% to 4.0% range for the next several years. Unlike in past recessions, the Fed is unlikely to lower short-term rates in the near term.

Values for many sectors will likely fall below replacement cost, creating buying opportunities, although many office and retail properties may have limited future usefulness. Widespread distress is not expected, except for office and non-dominant regional malls.

Job growth in gateway markets is forecasted to rebound, although Sunbelt markets will continue to outperform.

## SITE CONTEXT

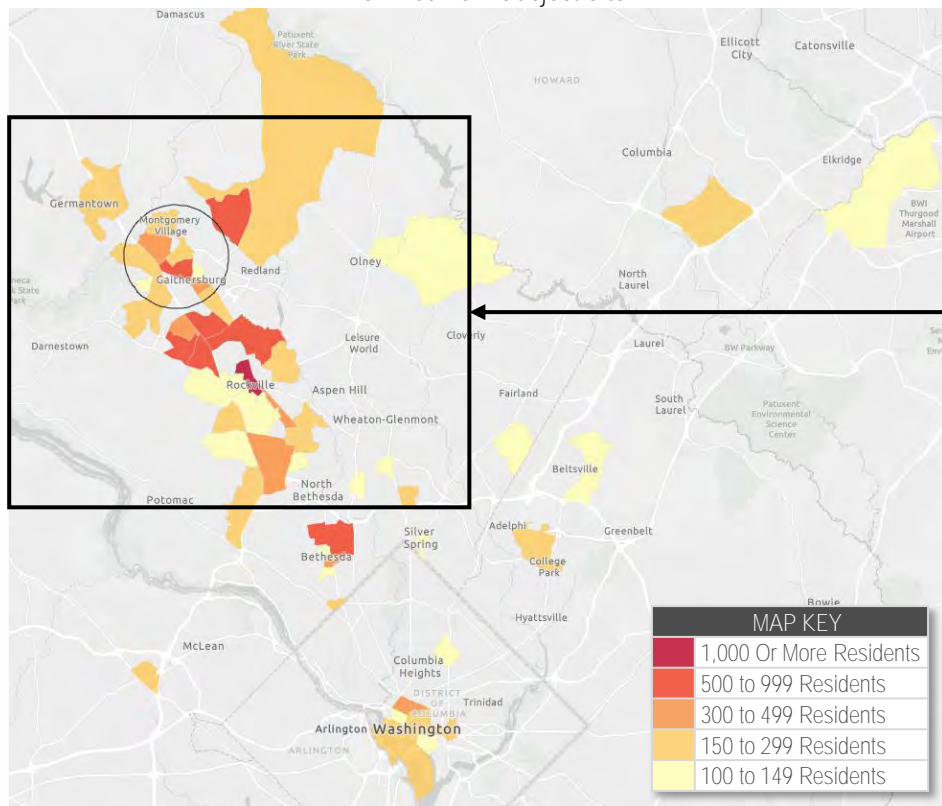
---

# COMMUTE PATTERNS

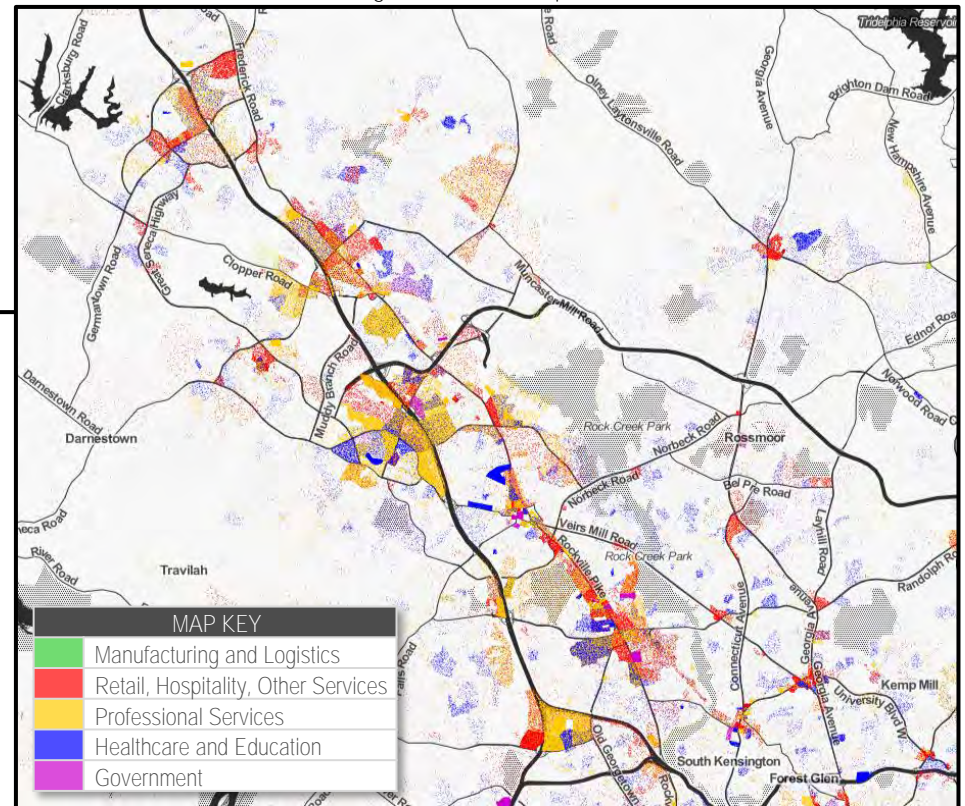
## MOST PEOPLE WHO LIVE NEAR THE SUBJECT SITE WORK ALONG I-270, WHICH IS A MAJOR JOB CORRIDOR IN THE REGION

- ▶ At this time, less than 10% of people who live within two miles of the subject site commute into the District of Columbia for work. Meanwhile, 60% of the people who live in this area work in Montgomery County, especially along the I-270 corridor, with Downtown Crown, other parts of Gaithersburg, Shady Grove, and Rockville Town Center being some of the most common work destinations for residents. Known as the “DNA Alley,” the I-270 corridor is home to a large number of professional services and healthcare jobs, many of which are concentrated in the life science and/or biotechnology industries. Notable employers include Abbott, AstraZeneca, and Sucampo Pharmaceuticals.
- ▶ This pattern, wherein a large share of residents work in the immediate surrounding area, is unique compared to many suburban communities, and it highlights an opportunity for the subject site. Already, a large number of people work nearby, and there are likely opportunities to better serve these individuals by providing them with new and higher-quality places to live and play.

Work Destinations of Residents, 2020;  
Two Miles from Subject Site



Heat Map of Employment, 2019;  
Washington, D.C., Metropolitan Area



Note: Each dot in the heat map represents one job, color-coded by industry.

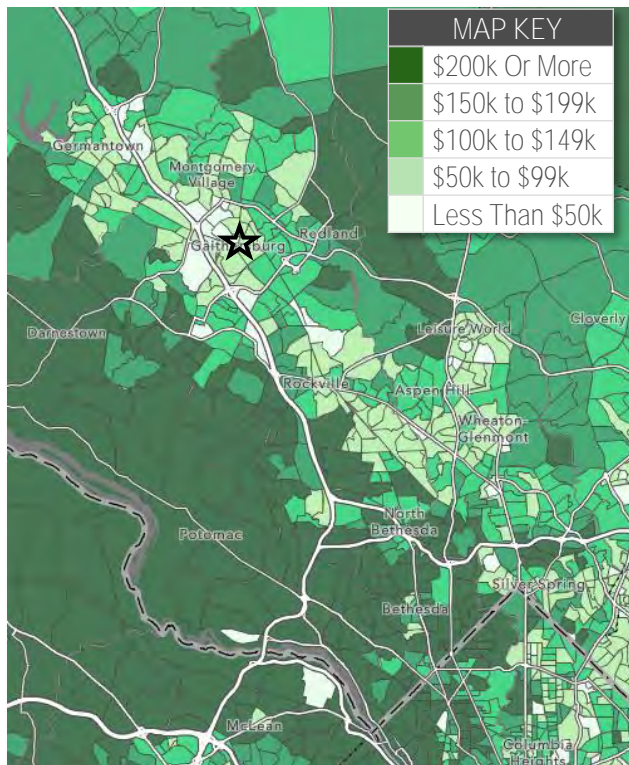
Source: LEHD Employment Data; RCLCO

# DEMOGRAPHIC CONTEXT

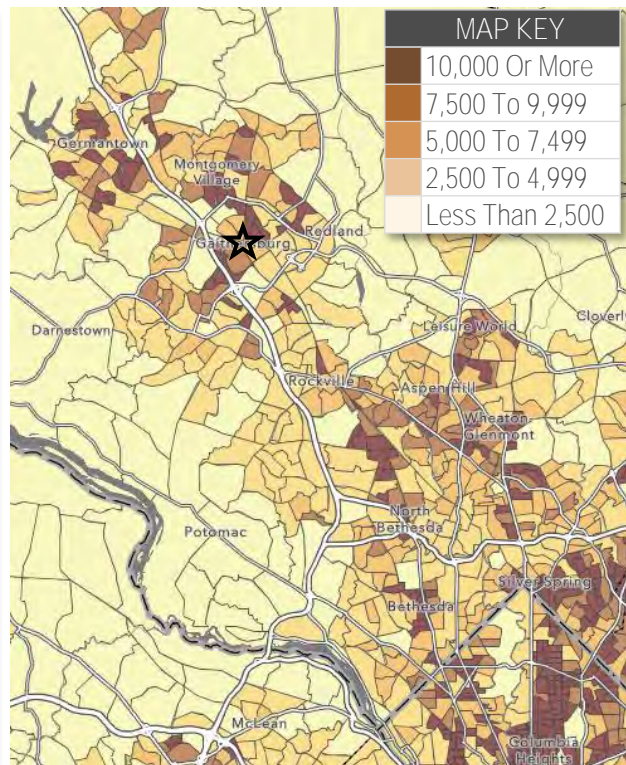
## THE SUBJECT SITE IS LOCATED IN A MIDDLE- TO HIGH-INCOME SUBURB, WHICH HAS SEEN GROWTH IN RECENT YEARS

- ▶ Similar to many other locations along the I-270 corridor, Gaithersburg is characterized by middle- to high-income levels. While the households that live directly along the corridor tend to have lower incomes than those that live in more suburban parts of Montgomery County, this dynamic is at least partially due to differences in housing inventories. Relative to outlying parts of Montgomery County, Gaithersburg offers a more diverse housing inventory, with a mix of multifamily and single-family attached homes in addition to single-family detached homes. For this reason, population densities tend to be higher directly along the I-270 corridor than they do further off it.
- ▶ Since 2010, the City of Gaithersburg has added more than 4,300 households, translating to average annual household growth of 1.4%. This rate of growth far exceeds averages for both the Washington, D.C., MSA (1.1%) and Montgomery County (0.7%). During the same time frame, nearly 3,000 rental apartment units have delivered in the City of Gaithersburg, suggesting that one way it is accommodating its growing household base is through higher-density housing options.

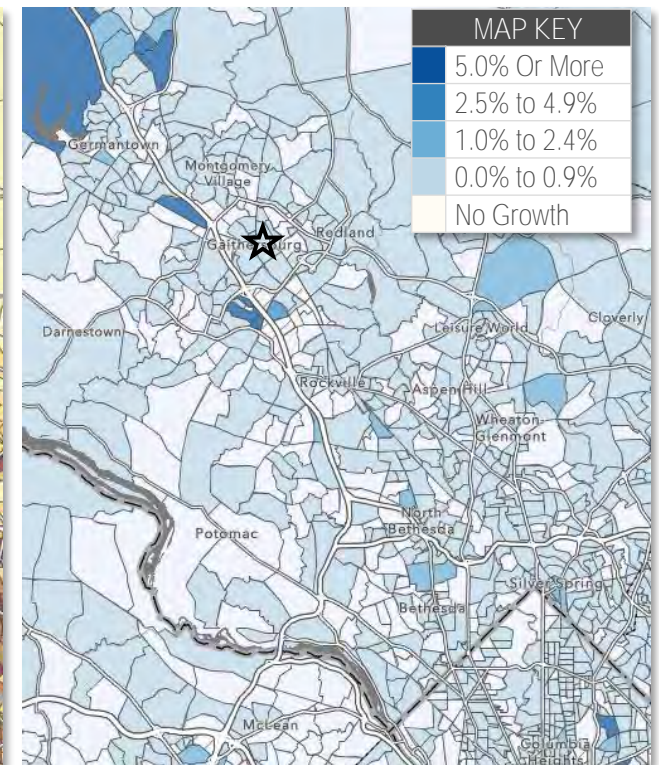
Median Household Income by Census Tract, 2023;  
Washington, D.C. MSA



Population Per Square Mile by Census Tract, 2023;  
Washington, D.C. MSA



Ann. Household Growth by Census Tract, 2010-2022;  
Washington, D.C. MSA



Source: Esri; RCLCO

# SITE ANALYSIS



Source: Google Maps; RCLCO

## STRENGTHS

- ▶ **Large Size:** At approximately 102 acres, the subject site presents a rare opportunity to design a large-scale mixed-use development, in a suburban area with few remaining sites of this size. The fact that WRS controls this amount of acreage allows for significant flexibility and an opportunity to design a well-functioning “town center.”
- ▶ **Site Access:** Located less than half a mile from an I-270 interchange, the subject site boasts excellent access across the region. Nearly 127,000 households live within a 15-minute drive of the site, highlighting its strong accessibility. The Red Line of the Washington Metro System is within a short drive, as is the MARC Brunswick Line.
- ▶ **Proximity to Employment:** Given the location near I-270, the subject site offers excellent access to jobs in Montgomery County and across the region. Often known as “DNA Alley,” I-270 contains a plethora of jobs in the life science and biotechnology industry, in part due to the number of related federal agencies that are based in nearby locations of Montgomery County. In addition, I-270 is a major commuting corridor, which provides easy access to jobs in the District.
- ▶ **Prestige of Montgomery County:** Montgomery County is a desirable location to live, work, and play. Together, the top-rated schools, recreational amenities, and employment opportunities in Montgomery County make it a premier residential location, helping to attract an affluent and well-educated household base. This household base in turn makes the County attractive to employers that wish to locate near their workforces.

## CHALLENGES

- ▶ **Prestige of Immediate Surrounding Area:** While part of Montgomery County, the part of Gaithersburg in which the subject site is located does not necessarily benefit from the same “prestige” as other areas of the County, in part because it tends to have more moderate income levels than other areas. The immediate surroundings of the site—which include older multifamily and lower-density commercial land uses—could present similar challenges at a site level. As such, the subject site will likely have to establish itself in the eyes of potential users.
- ▶ **Interstate Access and/or Visibility:** Although highly accessible, the subject site lacks direct access and visibility from I-270, which may limit appeal to retail or office tenants for whom regional accessibility is a top priority. However, the subject site is likely to benefit from its planned mixed-use environment, and there are likely other users that value these features equally, if not more.

- ▶ **Location Relative to Existing Retail:** The subject site is proximate to a number of existing retail and mixed-use destinations, such as *RIO Washingtonian Center* and *Downtown Crown* to the south. The presence of these destinations may limit the trade area of the subject site, suggesting that a focus on household needs and entertainment—rather than traditional “mall retail”—is likely important.

## OPPORTUNITIES

- ▶ **Mixed-Use Environment:** Right now, the subject site lacks the same sense of vibrancy seen at other mixed-use development projects across the Washington region. By establishing a mixed-use environment, the subject site can create a live/work/play atmosphere wherein each individual land use complements one another. For example, any residential development at the subject site would attract households, which would provide greater support to the retail development. At the same time, that retail development is likely to make the subject site even more attractive from a residential perspective. This mixed-use environment is likely to serve as a competitive advantage for the subject site, bolstering both pricing and demand.
- ▶ **Gap in Retail Quality to the East of I-270:** At this time, there is a lack of high-quality retail options on the eastern side of I-270, and many people who live near the subject site must endure lengthy commutes to access retail or restaurants in compelling and/or pedestrian-friendly environments. The subject site presents an opportunity to better-serve these individuals, and to provide them with the same access to walkable retail that other residents of Montgomery County enjoy.
- ▶ **Location Relative to Life Science Drivers:** The subject site is located within a five-minute drive of the National Institute of Standards & Technology (“NIST”), a federal agency that promotes innovation and industrial competitiveness. Several other agencies—including the National Institutes of Health (“NIH”) and Food and Drug Administration (“FDA”)—are within an easy, 30-minute drive as well. The presence of such organizations is likely to be attractive to biotechnology and life science companies, which is likely the reason many such companies (e.g., AstraZeneca) already operate nearby.
- ▶ **Flexibility to Respond to Changing Market Conditions:** Along with the large size of the subject site, the multi-use, open air grid pattern of the proposed development is likely to afford it flexibility to respond to changing market conditions, and to accommodate potential future employment-generating uses that are may not be apparent at the time of this market analysis.

# RETAIL MARKET ANALYSIS

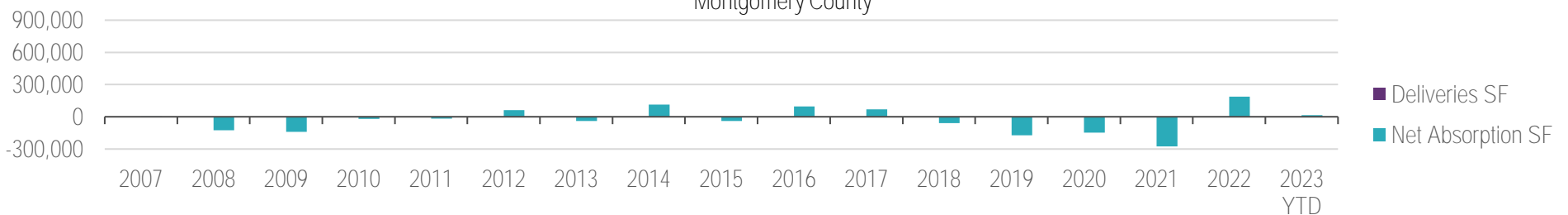
---

# REGIONAL MARKET TRENDS

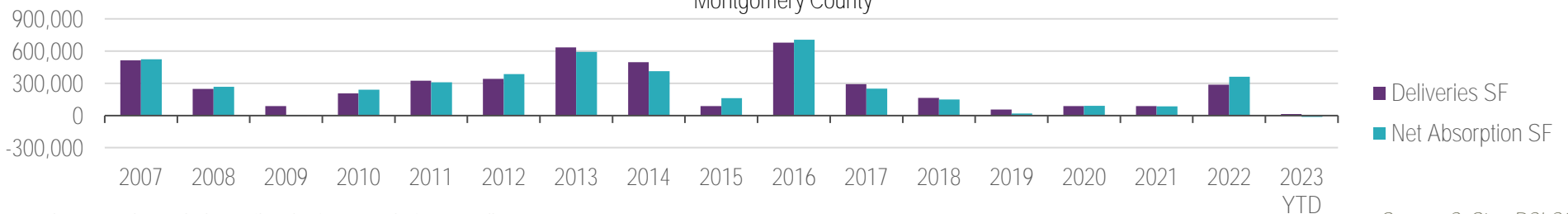
## MONTGOMERY COUNTY HAS QUICKLY ABSORBED NEW RETAIL SPACE, POINTING TO DEMONSTRATED DEMAND FOR SPACES THAT MEET THE NEEDS OF RETAIL TENANTS AND THE CUSTOMERS THEY SERVE

- ▶ While the retail industry has faced headwinds from e-commerce and the COVID-19 pandemic, these disruptions have not impacted the industry in uniform ways. Rather, certain types of retail (e.g., restaurants, household services, grocery, etc.) have seen support continue to grow, driven by new households and employees fueling a need for supporting uses. Likewise, certain types of spaces (e.g., new, pedestrian-friendly, mixed-use, etc.) have seen support do the same, as customers have increasingly flocked to experiential retail environments. These trends have led to additional demand for newer and more desirable retail, and flat or declining demand for older and inferior retail.
- ▶ This pattern is evident in Montgomery County. In the decade prior to the COVID-19 pandemic (2010 to 2019), Montgomery County did not experience any net absorption of retail built prior to 1980. Meanwhile, Montgomery County absorbed 3.2 million square feet of retail that was built after 2000, representing more than 98% of supply delivered during that decade. Even since the start of the COVID-19 pandemic, Montgomery County has absorbed 522,000 square feet of retail space that was built after 2000, pointing to strong demand in spite of any headwinds. Meanwhile, Montgomery County experienced negative net absorption (-219,000 square feet) in its older retail spaces.
- ▶ However, it is important to note that there is no clear relationship between the delivery of new space and the vacancy of old space, as evidenced by the fact that Montgomery County delivered a significant amount of space between 2010 and 2019, and that its older space only recently started to experience negative net absorption. Likely a result of the COVID-19 pandemic and perhaps e-commerce, this negative net absorption was most evident in 2019, 2020, and 2021, even though these years were three of the four lowest years for deliveries in the last 15 years. This mismatch suggests the age and quality of older space is a bigger driver of its vacancies than the delivery of newer space.

Historical Deliveries and Absorption of Older (Pre-1980) Retail Space, 2007-2023 YTD;  
Montgomery County



Historical Deliveries and Absorption of Newer (Post-2000) Retail Space, 2007-2023 YTD;  
Montgomery County



Note: Above graphs exclude retail at the former Lakeforest Mall.

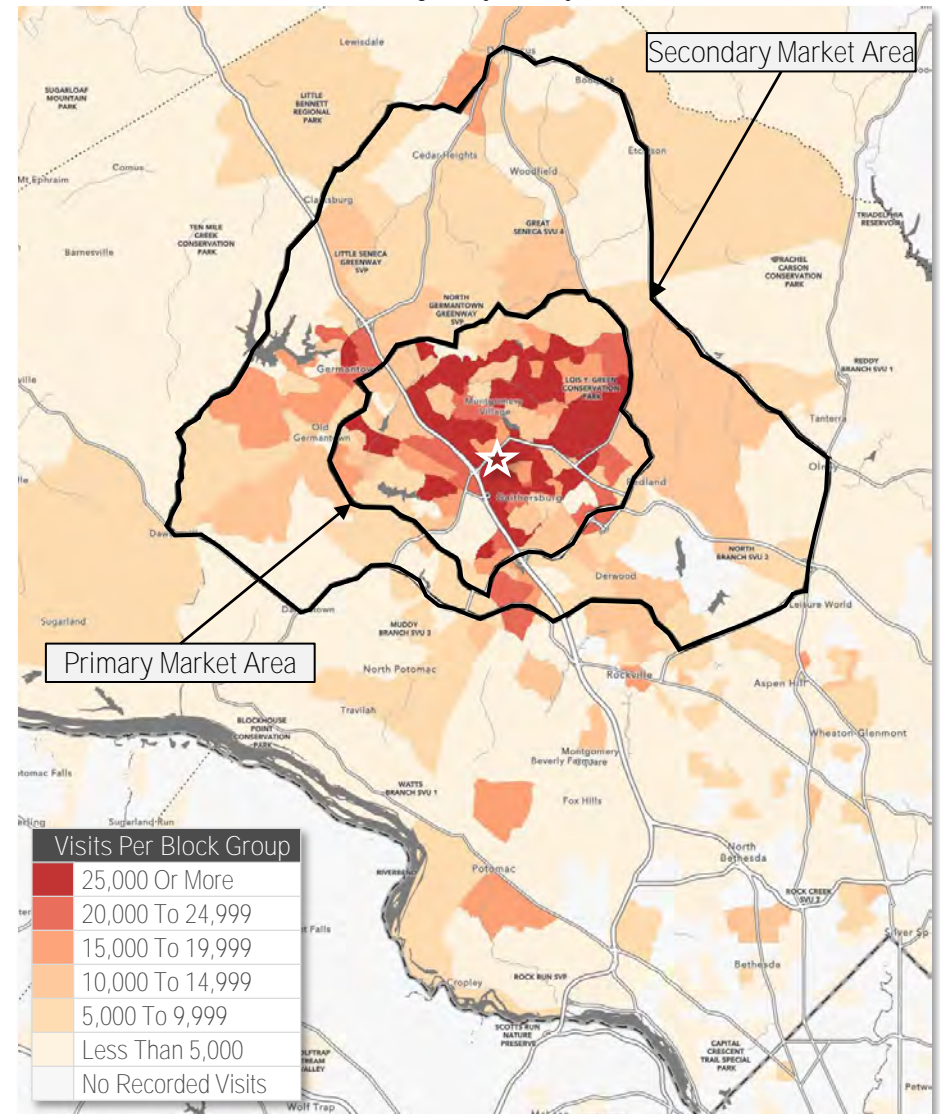
Source: CoStar; RCLCO

# RETAIL TRADE AREA

## RETAIL AT THE SUBJECT SITE IS LIKELY TO DRAW **REGULAR VISITORS FROM A SMALLER “PMA,” AS WELL AS MORE INFREQUENT VISITORS FROM A LARGER “SMA”**

- ▶ RCLCO considered several questions to determine the trade area(s) of retail at the subject site. In particular, two key questions included the following:
  - » Existing Shopping Patterns: From which neighborhoods are visitors to existing retailers around the subject site coming?
  - » Alternative Retail Options: What are the “lines” that shoppers are unlikely to cross because they have other options available to them?
- ▶ As shown in the map to the right, existing retailers around the subject site attract large numbers of people from the immediate surrounding area, within a roughly 10-minute drive of the subject site. The most frequent visitors to these retailers tend to live to the north of I-370, to the south of Germantown Road, to the east of Great Seneca Highway, and to the west of Woodfield Road. Outside of this area, households must travel longer distances to reach retailers around the subject site, and they often have better access to other options that are competitive with those retailers. For these reasons, RCLCO defined the Primary Market Area (“PMA”) for retail at the subject site as the geography to the right.
  - » In general, the PMA reflects the geography from which retail at the subject site likely to draw households and employees on a regular basis, often for “daily needs” retail, like grocery stores, restaurants, and household services.
- ▶ However, retailers also pull from a larger geography that spans other parts of Montgomery County, albeit on a less frequent basis. As such, RCLCO defined a Secondary Market Area (“SMA”) for the subject site, as shown to the right.
  - » In general, households in the SMA are likely to come to the subject site for select meals and other occasional needs, like fitness, entertainment, and establishments with specific goods or services they require from time to time.

Visitation to Retail Within Half Mile of Subject Site, Last Three Months;  
Montgomery County



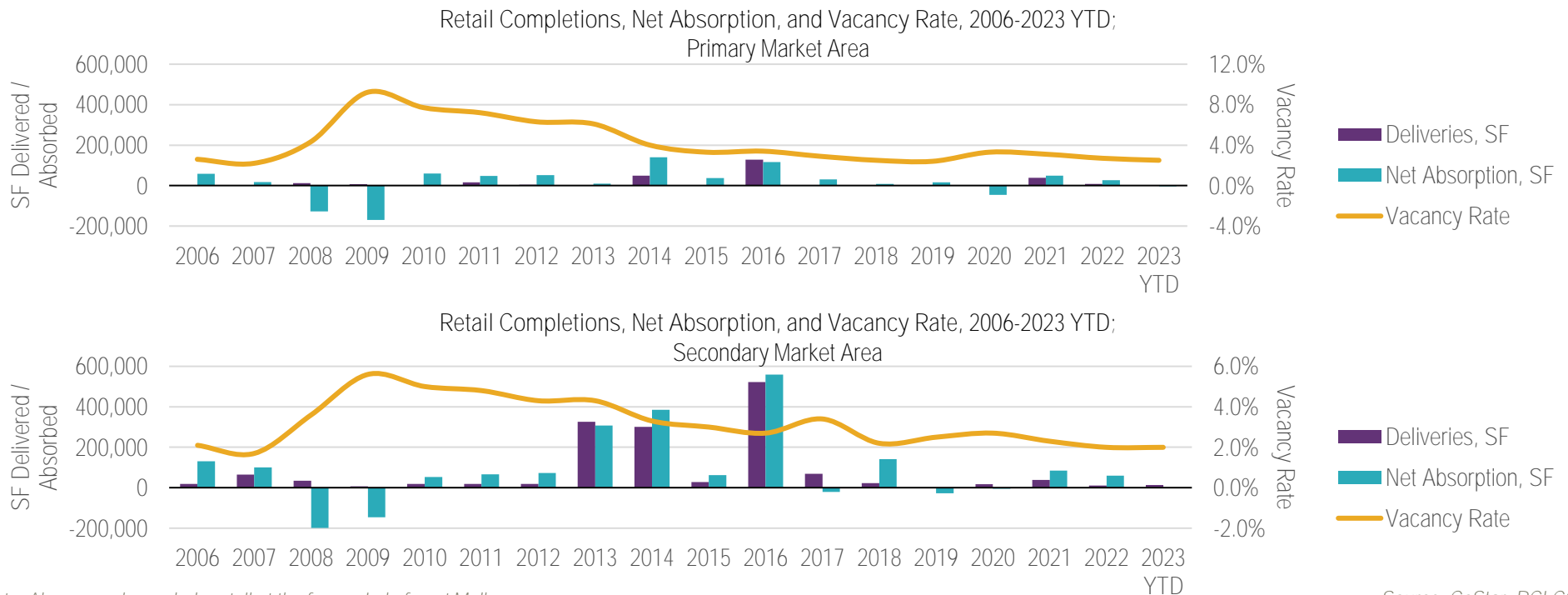
*Note: The above map displays the number of visits to retailers that operate within a half mile of the subject site, by block group. Retailers include those in the following categories: Grocery & Drug, Restaurants, Hard Goods, Soft Goods, Entertainment & Fitness, and Services. Data is shown for the last three months, and excludes any visits to the former Lakeforest Mall.*

Source: SafeGraph; RCLCO

# LOCAL MARKET TRENDS

## NEW RETAIL DEVELOPMENT HAS NOT KEPT UP WITH DEMAND, DRIVING VACANCY RATES TO 2.5% AND CREATING AN OPPORTUNITY FOR NEW DEVELOPMENTS TO BETTER SERVE CUSTOMERS IN THE MARKET, ESPECIALLY ONES EAST OF I-270

- ▶ Since 2010, the PMA has delivered 248,000 square feet of retail but has absorbed 549,000 square feet of it, indicating a tight retail market in which supply has not kept up with demand. Excluding the vacant space at the Lakeforest Mall, retail vacancy rates in the PMA currently sit at just 2.5%—lower than the observed vacancies for surrounding multifamily, life-science, and office uses. Likewise, retail rents have averaged \$30 for NNN leases thus far during 2023, despite historically hovering between \$22 and \$24 for NNN leases. The combination of these trends points to supply constraints in the PMA.
  - » Along with these trends, the research on Page 24 highlights that the lack of new and high-quality retail space in the PMA has historically constrained its absorption potential. As a result, historical absorption is unlikely to be an accurate indicator of future demand in the PMA.
- ▶ Since 2010, the SMA has delivered 1.4 million square feet of retail and absorbed 1.7 million square feet of it. The mismatch between supply and demand has steadily lowered vacancies, even during years with more development activity. This pattern indicates the delivery of new spaces has not led to vacancies in existing ones.
- ▶ Market trends in the PMA and SMA indicate broad support for new retail development, which the subject site is well-located to provide. Together, the new space and pedestrian-friendly environment at the site is likely to make it an appealing location for not only retailers, but also customers who must currently travel long distances to find similar options.



Note: Above graphs exclude retail at the former Lakeforest Mall.

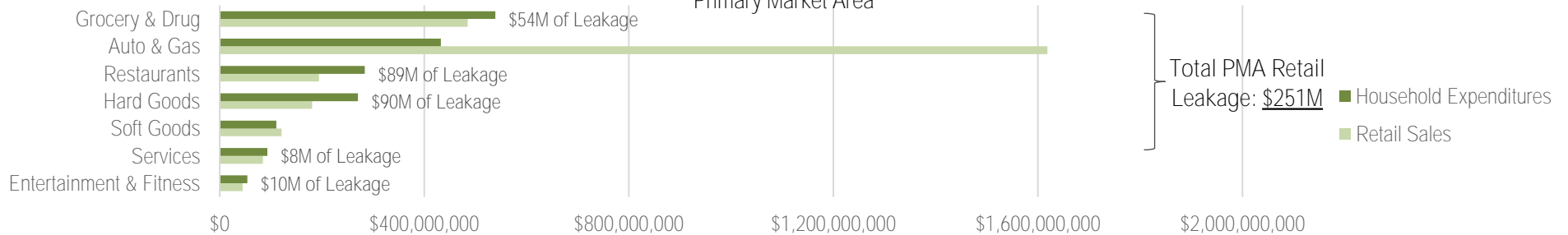
Source: CoStar; RCLCO

# RETAIL LEAKAGE ANALYSIS

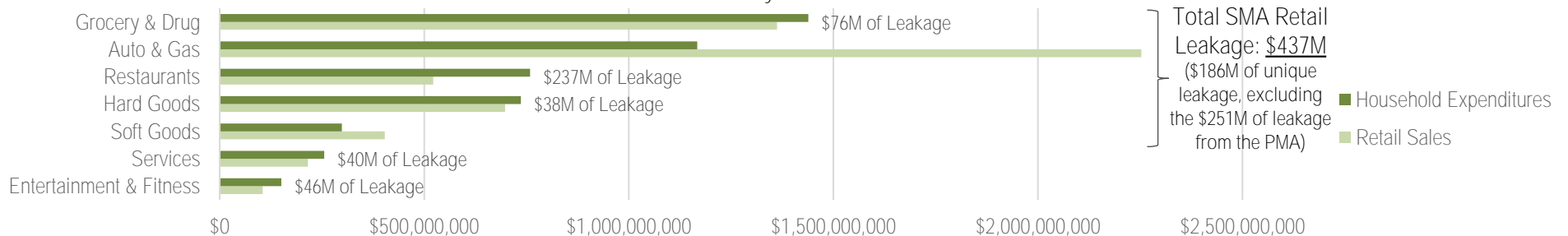
## TODAY, THE PMA AND SMA ARE LOSING SPENDING ACTIVITY, INDICATING OPPORTUNITIES TO BETTER-SERVE RESIDENTS

- ▶ To understand supply and demand dynamics in the market, RCLCO examined household spending patterns within the PMA and SMA, comparing those patterns to retail sales within the same areas. When doing so, RCLCO excluded retail sales that formerly took place at the Lakeforest Mall, to understand retail needs following its redevelopment. Likewise, RCLCO also excluded household spending that takes place online, to account for trends toward e-commerce in certain sectors of the market.
- ▶ Through this analysis, RCLCO determined both the PMA and SMA face a shortage of Grocery & Drug, Restaurant, Hard Goods, Services, and Entertainment & Fitness options, given the level of household spending. Meanwhile, the PMA and SMA are generally better-served by Soft Goods and Auto & Gas, importing shoppers from other areas.
  - » The mismatch between sales and expenditures for Grocery & Drug, Restaurants, Services, and Entertainment & Fitness points to a need for greater neighborhood-serving retail options within the PMA and SMA. This need is likely to grow as the household base in and around Gaithersburg continues to expand.
  - » At the same time, the mismatch between sales and expenditures for Hard Goods demonstrates support for traditional retail as well, suggesting additional users can deliver in this category without cannibalizing the success of existing users in the PMA and/or SMA (e.g., *Home Depot*, *Lowe's*, *Dick's Sporting Goods*, etc.). Moreover, the fact that the PMA is experiencing greater “retail leakage” than the SMA indicates needs for these retailers are strongest between I-370 and Germantown Road, near the subject site.

Retail Leakage Analysis, 2022;  
Primary Market Area



Retail Leakage Analysis, 2022;  
Secondary Market Area



Source: Esri; RCLCO

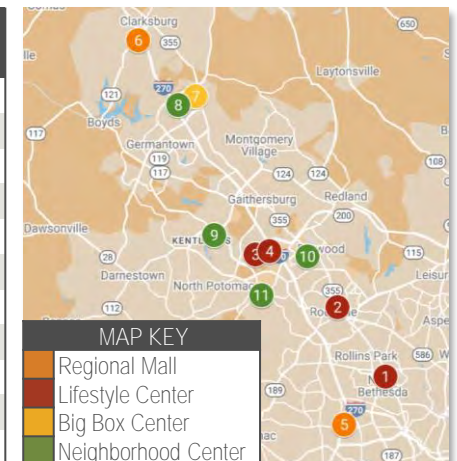
# NEARBY RETAIL DESTINATIONS

## THE PERFORMANCE OF OTHER PROPERTIES POINTS TO APPETITE FOR THE TYPE OF ENVIRONMENT ENVISIONED AT THE SITE

- ▶ To better understand the retail opportunity available at the subject site, RCLCO surveyed a number of retail developments along the I-270 corridor, including both regional retail destinations and newer neighborhood centers. Within this competitive set, new and walkable retail developments are performing very well, pointing to appetite for a different type of retail than that which currently exists in the PMA, where most retail is currently older and more suburban. Key examples of higher-quality retail are highlighted below:
  - » Downtown Crown: Part of a 180-acre mixed-use development, *Downtown Crown* embodies a live/work/play atmosphere in a city-inspired environment. *Downtown Crown* contains both household-serving and destination retail, attracting households from along the I-270 corridor with its established brands, restaurants, and ample free parking. *Downtown Crown* is well occupied and boasts the highest known rents in the competitive set. Key tenants include *Harris Teeter* and *LA Fitness*.
  - » Rio Washingtonian: With its location along a lake and walkable open-air environment, *Rio Washingtonian* has created a unique sense of place that appeals to its visitors. Although walkable and mixed-use, the lifestyle center still includes several big box retailers, such as *Target*, *Kohl's*, and *Dick's Sporting Goods*.
- ▶ While the above retail developments are both located in Gaithersburg, they are also both situated to the south of I-370, roughly 10 minutes from the subject site. Meanwhile, there are few new, walkable, and/or high-quality retail developments to the north of I-370, where most retail is older and more suburban in nature. As such, the subject site represents an opportunity to better-serve nearby residents, many of whom must currently travel to other locations when looking for such a retail environment.
- ▶ Across the competitive set, most properties are very well-occupied, with vacancies that are in line with—if not below—the typical thresholds considered to be healthy by industry professionals (5.0% to 10.0%). The performance of these properties points to healthy fundamentals in the local retail market.
- ▶ The subject site could likely achieve rents of \$30 to \$50 NNN, depending on tenant in question, as it is repositioned from a regional mall to a mixed-use redevelopment. These rents are near the top of the market, largely due to the expected sense of place and vintage of space at the subject site.

Select Retail Properties, August 2023;  
Montgomery County, Maryland

MAP KEY	PROPERTY NAME	SIZE (SF)	YEAR BUILT	YEAR RENO-VATED	VACANCY RATE	RENT – SIGNED LEASES	RENT - AVAILABLE SPACES
1	Pike & Rose	299,651	2014	2017	0.0%	\$42.00	N/A
2	Rockville Town Square	183,000	2007		27.3%	N/A	N/A
3	Downtown Crown	256,495	2013		9.8%	\$45.00	N/A
4	Rio Washingtonian	760,000	1998	2020	3.1%	\$35.00 to \$45.00	N/A
5	Westfield Montgomery	1,025,435	1968	2016	0.0%	N/A	N/A
6	Clarksburg Premium Outlets	390,128	2016		5.4%	\$40.00	N/A
7	Milestone Center	860,000	1996	2013	0.5%	N/A	N/A
8	Shops at Seneca Meadows	211,903	2013		1.3%	\$25.00	\$25.00
9	Kentlands Market Square	242,149	1998		3.1%	\$35.00 to \$37.00	N/A
10	King Farm Village Center	118,146	2001		9.9%	N/A	N/A
11	Traville Village Center	98,484	2003		19.0%	\$30.00 to \$40.00	N/A



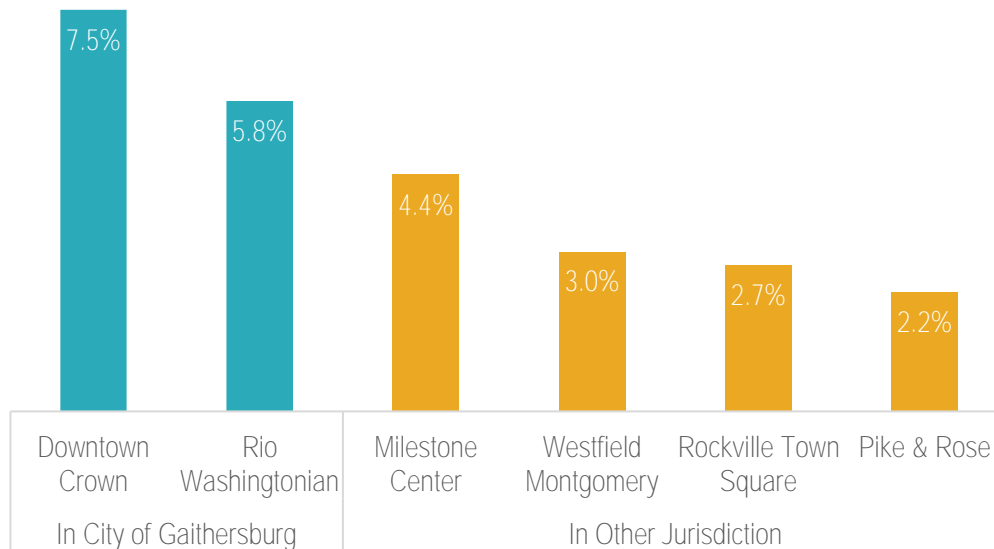
Source: CoStar; Loopnet; Property Websites; Broker Websites; RCLCO

# NEARBY RETAIL DESTINATIONS

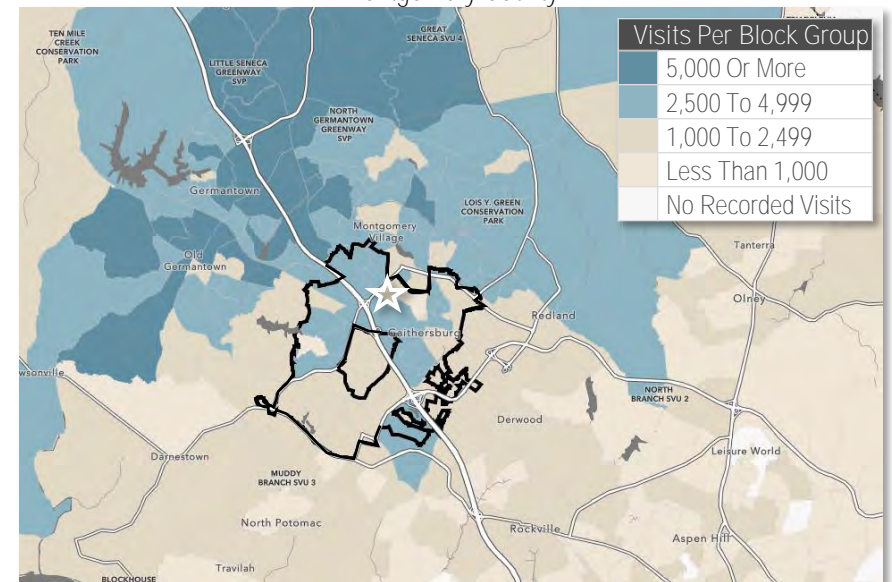
## LOCAL SHOPPING PATTERNS POINT TO A NEED FOR A GREATER AMOUNT AND DIVERSITY OF RETAIL WITHIN THE CITY OF GAITHERSBURG, ESPECIALLY TO THE EAST OF I-270

- ▶ In 2022, Gaithersburg residents represented between 2.2% and 4.4% of local visitors to select regional malls, lifestyle centers, and big box centers outside city boundaries. While these numbers may appear insignificant at first glance, it is important to note that Gaithersburg only represents 5.8% to 7.5% of local visitors to major retail developments *within* city boundaries, given its relatively small population. Furthermore, the 2.2% to 4.4% of visitors from within the City of Gaithersburg are enough to support between 50,000 and 60,000 square feet of retail at these four developments alone, based on the relationship between the number of visitors and amount of occupied space. This number would likely be even higher considering the number of other retail developments across the region that also attract Gaithersburg residents.
  - » This pattern highlights an opportunity to not only better-serve Gaithersburg residents by providing them with retail options that are closer to the locations in which they live, but also to stop the loss of their spending activity to other jurisdictions in the region. This demand is likely to be additive to any unmet demand in the PMA and/or SMA, as well as any demand from growth in either of those areas.
- ▶ The retail center located outside city limits that attracts the largest amount of Gaithersburg residents, *Milestone Center*, primarily attracts these residents from the northern half of Gaithersburg and the eastern side of I-270, likely due to a lack of compelling options in these locations. Moreover, *Milestone Center* is also home to numerous big box tenants (e.g., *Home Depot*), pointing to appetite for these users. As such, the location, vintage, environment, and type of retail at the subject site are all fitting to address needs within the community.

Visitors from Gaithersburg as Percent of All Local Visitors, 2022;  
Select Retail Developments



Average Monthly Visits to Milestone Center by Block Group, 2022;  
Montgomery County



Note: In the above graph, "Local Visitors" are defined as those who live within the Washington, D.C., MSA.

Source: SafeGraph; RCLCO

# RECENT & FUTURE DEVELOPMENT

## MOST NEW RETAIL DEVELOPMENT HAS HISTORICALLY OCCURRED TO THE WEST OF I-270, OPPOSITE THE SUBJECT SITE

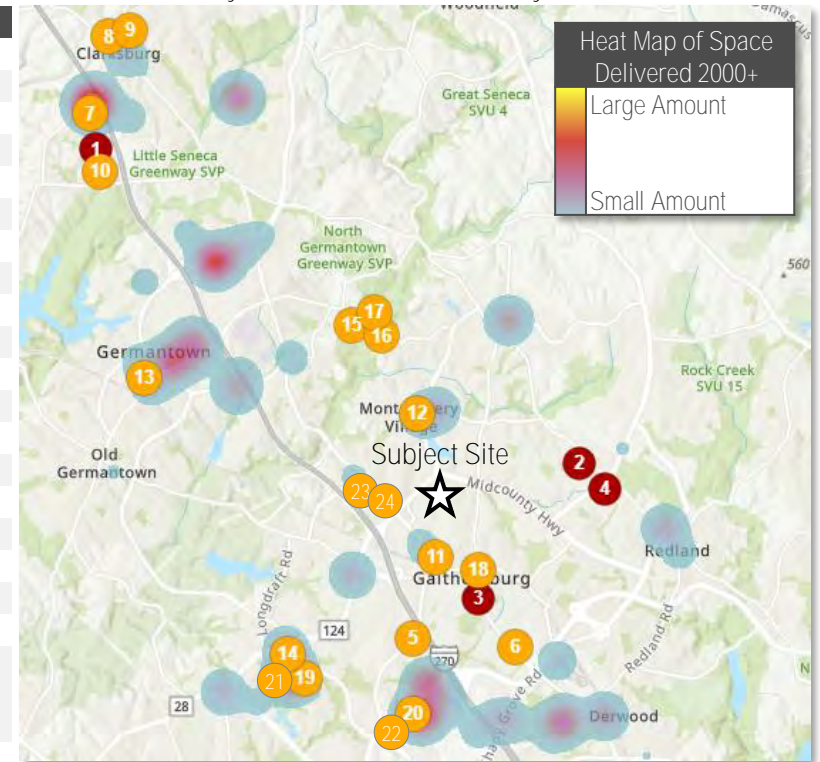
- ▶ While more than 884,000 square feet of retail has delivered in Gaithersburg since 2000, 83% of this development (730,000 square feet) took place on the western side of I-270, opposite the subject site. Meanwhile, just 17% of this development (154,000 square feet) occurred on the eastern side of I-270, even though close to half (45%) of Gaithersburg households live on this side of it. This mismatch suggests households to the east of I-270 are even more underserved by new and high-quality retail than those to the west.
- ▶ Today, just 31,000 square feet of retail is under construction in the PMA and SMA, suggesting any existing supply constraints are likely to endure in the near to mid term. While an additional 638,000 square feet of retail is planned or proposed, a large amount of this space is either still speculative or part of multi-phase development projects that are unlikely to deliver at once. Moreover, the PMA and SMA has absorbed more than 1.5 million square feet of retail over the last decade, suggesting the current pipeline—even when considered alongside the retail at the subject site—is unlikely to represent a change from what the market has proven capable of absorbing in the past.

Current Retail Development Pipeline, December 2023;  
Primary Market Area and Secondary Market Area

KEY	PROPERTY NAME	STATUS	DELIVERY	SIZE (SF)
1	22305 Cabin Branch	Under Construction	2023	4,000
2	Sheetz	Under Construction	2023	6,140
3	Wawa	Under Construction	2023	5,060
4	North Pointe Shopping Center at Flower Hill	Under Construction	2024	15,659
5	Festival at Muddy Branch Pad Site	Planned	2025	74,923
6	Pad Site at Walnut Hill Shopping Center	Planned	2025	6,650
7	Pad Site at Clarksburg Premium Outlets	Planned	2025	8,146
8	Clarksburg Town Center Retail Core - Grocery	Planned	2026	59,000
9	Clarksburg Town Center Retail Core - Other	Planned	2026	60,000
10	13710 Little Seneca Parkway	Planned	N/A	5,000
11	Pad Site at Gaitherstowne Plaza	Planned	N/A	4,700
12	Pad Site at Montgomery Village Marketplace	Planned	N/A	8,800
13	Waters Village Shopping Center	Planned	N/A	31,000
14	Kentlands Square Infill Development	Planned	N/A	21,700
15	Watkins Mill - Buildings C2, C3, and C5	Planned	N/A	10,000
16	Watkins Mill - Buildings B1, B2, and B3	Planned	N/A	120,712
17	Watkins Mill - Buildings A1, A2, and A3	Planned	N/A	54,525
18	Fisherman Site	Planned	N/A	8,663
19	Kentlands Market Square Redevelopment	Planned	N/A	12,500
20	Crown - Neighborhoods 1-5	Planned	N/A	21,974
21	Spectrum at Watkins Mill	Planned	N/A	54,554
22	Poplar Grove	Planned	N/A	85,000
23	725 Progress Way	Planned	N/A	25,000
24	105 Flask Place	Planned	N/A	25,000

TOTAL UNDER CONSTRUCTION 30,859  
TOTAL PLANNED 637,737

Map of Retail (SF) Delivered Since 2000 & Pipeline, December 2023;  
Primary Market Area and Secondary Market Area

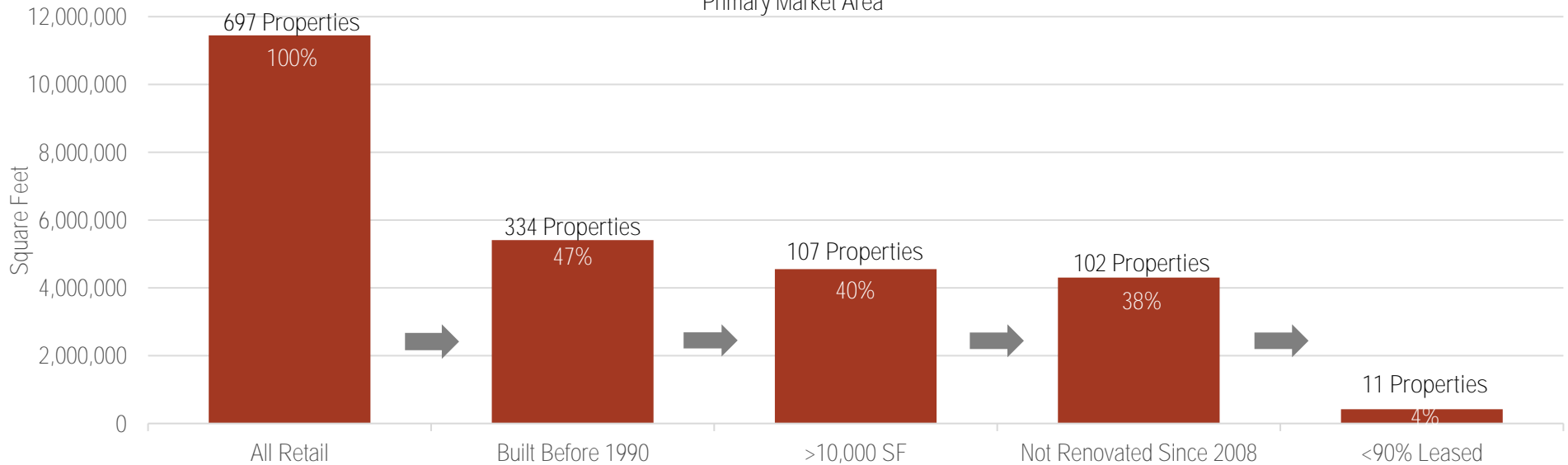


Source: CoStar; City of Gaithersburg Project Listing; Montgomery County Planning Department; Washington Business Journal; RCLCO

**MUCH OF THE MARKET’S EXISTING RETAIL STOCK IS AGING, BUT THE OVERWHELMING MAJORITY IS STILL VERY WELL OCCUPIED AND PRODUCING INCOME, LIMITING REDEVELOPMENT INCENTIVES FOR OWNERS.**

- ▶ RCLCO created a screening process, highlighted in the graphic below, which applied a series of filters to existing retail product in the market. This process was aimed at identifying the portion of properties that may offer viable redevelopment opportunities going forward.
  - » While approximately 40% of the **market’s** existing retail stock is aging (built before 1990), meets a minimum size cutoff (>10,000 square feet), and **hasn’t** been renovated since at least 2008, the vast majority of these properties that otherwise may show redevelopment potential are still occupied above 90% and are producing stabilized income. Additionally, many of the remaining properties are actively leasing and will likely reach a stabilized occupancy during the next year.
- ▶ Identifying properties that could offer opportunities for redevelopment, but have thus far shown no signs of redevelopment planning or activity, is highly speculative. These decisions often hinge more on the strategic goals, non-public decision factors (major capital improvements required, management expense, etc.), and operational / financial capacity of owners than on physical property characteristics.
  - » Furthermore, few properties have seen major redevelopment in recent years, a trend that is not expected to change significantly going forward. This is especially true as local retail fundamentals remain strong and older properties continue to attract tenants.

Existing Retail Square Footage Property Characteristic Screening, December 2023;  
Primary Market Area

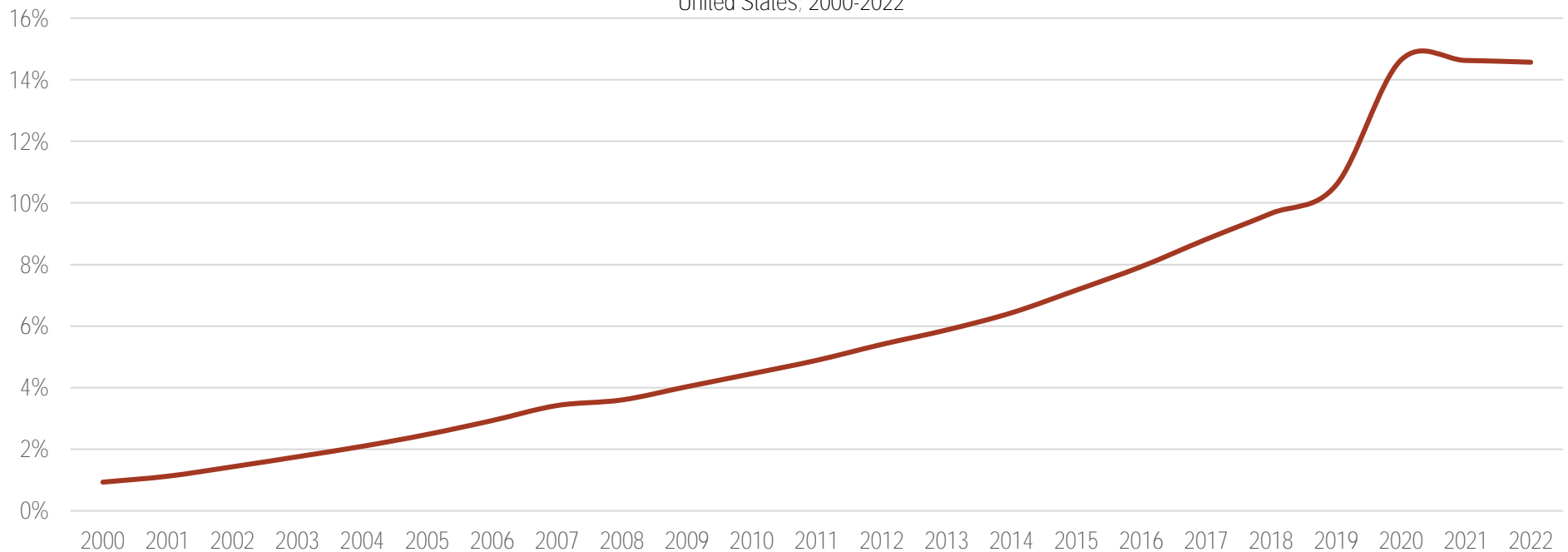


Source: CoStar; RCLCO

## THE COVID-19 PANDEMIC HAS ACCELERATED LONGSTANDING TRENDS TOWARD E-COMMERCE

- ▶ Between 2010 and 2019, the volume of e-commerce sales in the United States more than tripled, from \$170 billion in 2010 to \$571 billion in 2019. By 2019, e-commerce sales accounted for 10.6% of all retail transactions in the United States.
- ▶ During the COVID-19 pandemic, e-commerce spending increased to \$815 billion in 2020, when it accounted for 14.6% of all retail transactions. This sharp uptick highlights that the pandemic accelerated the shift toward e-commerce shopping. However, e-commerce spending held relatively steady, if not declined very slightly, during 2021 and 2022, pointing to a moderation in the shift as in-person activities increased. Despite popular perception and most media attention, the vast majority of retail spending is still being accomplished in brick-and-mortar settings.
- ▶ While long-term trends in the retail industry point to an increase in e-commerce, it is important to note that the bulk of retail spending continues to take place in physical stores. Furthermore, many types of retail—such as grocery stores and home improvement stores—rely almost exclusively on in-person shopping. Even stores with strong and/or growing digital platforms (e.g., Walmart) continue to rely on physical storefronts; rather than eliminate these storefronts entirely, many stores are turning to omni-channeling, which involves the blending of online to in-store shopping to meet evolving customer needs.

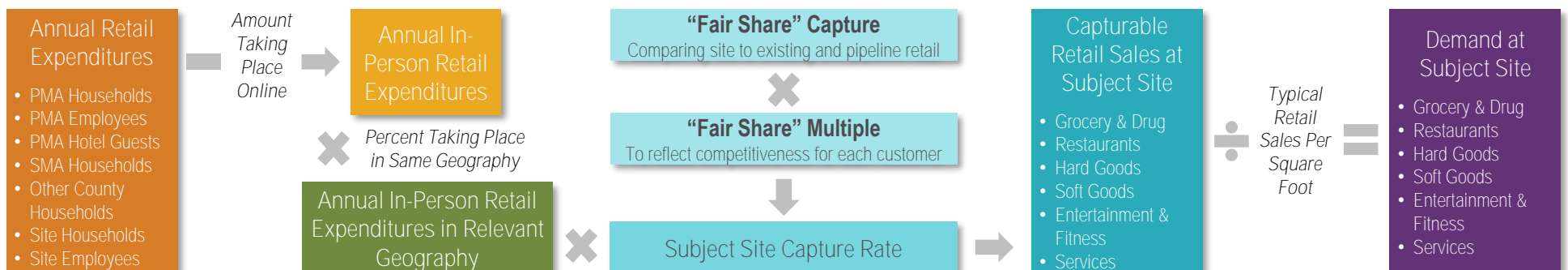
Annual E-Commerce Percent of Total Retail Sales  
United States; 2000-2022



Source: U.S. Census Bureau; RCLCO

TO EVALUATE RETAIL DEMAND AT THE SUBJECT SITE, RCLCO DEVELOPED A STATISTICAL MODEL BASED ON SPENDING PATTERNS FROM VARIOUS CONSUMER GROUPS, AND CONSIDERING THE OTHER RETAIL OPTIONS AVAILABLE TO THEM

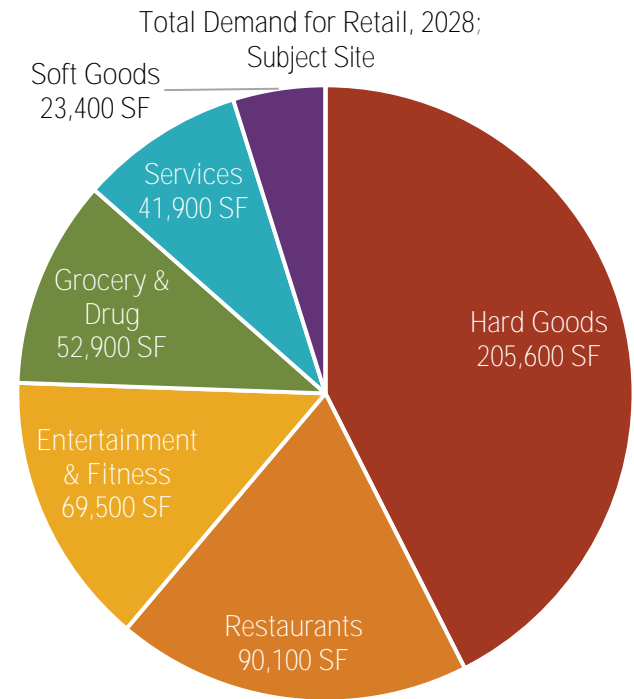
- ▶ **Step #1: Break down in-person retail purchases by group and by category over time.** To start, RCLCO examined spending patterns from households, employees, and visitors in the PMA; households in the SMA; and households in surrounding Montgomery County, considering the number of these users today as well as the extent to which that number is expected to grow moving forward. Separately, RCLCO projected spending patterns from households and employees at the subject site, assuming households at the subject site spend similar portions of their incomes on retail relative to households elsewhere in the PMA. When analyzing the spending patterns of these groups over time, RCLCO excluded online spending, to account for the growing influence of e-commerce in the retail industry. RCLCO conducted this analysis for each type of retail.
- ▶ **Step #2: Determine the amount of above retail purchases that take place within the relevant geographies.** Next, RCLCO developed a series of assumptions regarding the extent to which the above purchases are likely to take place within the same geographies the customers live or work. RCLCO varied these assumptions by type of purchase, to acknowledge that households typically look to make certain types of purchases closer to the locations in which they live (e.g., Grocery & Drug, Services, etc.), while they may leave the market areas to make other, more infrequent purchases (e.g., Hard Goods, Soft Goods, etc.).
- ▶ **Step #3: Determine the share of the above retail purchases available for the subject site to capture.** To determine the share of spending activity the subject site is able to capture, RCLCO first examined existing retail sales in each category and for each geography, and then factored in the additional retail sales that would occur should all projects in the pipeline (as shown on Page 30) come to fruition. After calculating this spending activity, RCLCO assumed the subject site would capture its **“fair share”** of spending from households, employees, and visitors in the PMA, given its proximity to these users. Meanwhile, RCLCO assumed the subject site would capture less than its **“fair share”** of spending from households in the SMA and broader Montgomery County, to acknowledge households in these areas are likely to shop closer to the locations in which they live.
  - » RCLCO believes this approach is a reasonable, if not conservative, reflection of the market. The mixed-use and pedestrian-friendly nature of the site is likely to allow it to capture more than its **“fair share”** of spending from households in the PMA, considering the relative dearth of these options today. Likewise, the capture does not account for placemaking or tenant quality; an exceptional execution or unique set of tenants not present in the market may allow the site to capture more than its **“fair-share”**.
  - » Furthermore, many of the retail development projects in the pipeline are still in the planning stages and may not come to fruition at all.
- ▶ **Step #4: Determine supportable square footage based on capturable retail sales.** Finally, RCLCO converted the above retail purchases into supportable retail square footage at the subject site, based on typical sales per square foot thresholds.



## THE SUBJECT SITE CAN SUPPORT ROUGHLY 500,000 SQUARE FEET OF RETAIL, INCLUDING A MIX OF TYPES

- ▶ Using the approach outlined on the previous page, RCLCO conducted a statistical analysis of retail demand at the subject site, considering the expenditures of households in the surrounding areas, as well as the sales of retailers in those same areas. Based on this analysis, RCLCO estimates demand for 508,700 square feet of retail at the subject site over the long term.
- ▶ Hard goods represent the single-largest portion of retail demand at the subject site, at 205,600 square feet by 2028, with most of this demand available to the site today. A significant portion (53%) of this demand is expected to come from users directly within the PMA, where the analysis on Page 27 highlights there is currently a relative shortage of options. Together, these analyses demonstrate support for the type and scale of large format retail envisioned at the subject site.
  - » As is often the case, demand is likely to be spread across a handful of large tenants (e.g., Home Depot, Lowes, **BJ's** Wholesale Club, etc.) rather than many small ones. These tenants also have the benefit of helping to anchor the site, allowing for more successful neighborhood-serving retail.
- ▶ At 52,900 square feet of demand by 2028, grocery is another possible anchor user at the site, given limited direct competition in the surrounding area. Many of the types of grocery anchors that are commonly found in mixed-use developments (e.g., Harris Teeter, Safeway, Sprouts, etc.) do not have existing locations within close proximity to the subject site, as highlighted on Exhibit I-3.
  - » While there are likely opportunities for either a full-size grocer (e.g., Sprouts, Safeway, etc.) or a boutique one (e.g., Fresh Market, **Mom's** Organic Market, etc.), realized demand is likely to be lower in the event of the latter, given that these tenants are smaller, and that it is unlikely that more than one would locate at the subject site.

- ▶ Restaurant, entertainment, fitness, and service concepts represent 40% to 50% of demand at the subject site, and would likely represent a large portion of its inline spaces. These uses are vital to creating a sense of place and have a broad market appeal for residents and employees. Right now, households in both the PMA and SMA are traveling to other locations to accomplish these retail needs, pointing to a better opportunity to serve these individuals within Gaithersburg.



YEAR	2023	2028	2030	2040
TOTAL SITE DEMAND	471,500 SF	483,400 SF	492,700 SF	508,700 SF

*Note: Demand statistics above utilize a “fair-share” capture which does not account for placemaking or tenant quality. The mixed-use setting and a potentially unique set of tenants can help the site achieve more than it’s “fair-share” and increase total demand.*

Source: Esri; Consumer Expenditure Survey; ICSC; RCLCO

## THE RETAIL DEMAND ANALYSIS FOR THE SUBJECT SITE SUGGESTS THAT ITS REDEVELOPMENT CAN BE ACCOMPLISHED IN A WAY THAT IS CONSISTENT WITH THE GOALS AND STRATEGIES IN RECENT COUNTY-WIDE PLANNING DOCUMENTS

- RCLCO is familiar with the Retail Market Strategy Study that Streetsense and Partners for Economic Solutions (“PES”) completed for Montgomery County in Q3 2017. RCLCO believes that its findings and recommendations are consistent with the goals and strategies outlined in the study, for the following key reasons:
1. The redevelopment of the subject site is likely to lead to more balanced supply/demand conditions. The study estimates that Gaithersburg has an “oversupply” of approximately 503,000 square feet of retail, based on the amount of space it is likely to require by 2025. Judging by this estimate, the program and phasing strategy on Page 13—which envisions the replacement of the existing 1.0 million square feet of retail at the Lakeforest Mall with 475,000 square feet of new retail, among other types of development—is likely to help “balance” supply and demand in the submarket, even considering the new space being added.
  2. The redevelopment of the subject site aligns with other goals identified in the study, related to the types of retail available in Gaithersburg. Specifically, the study also notes that, in Gaithersburg, underperforming retail should be repositioned to decrease the overall amount of square footage that is dedicated to general merchandise, apparel and accessories, furniture, and other sales (“GAFO”), and to instead increase the overall amount of square footage that is dedicated to food and beverage (“F&B”) and neighborhood goods and services (“NG&S”). The program and phasing strategy on Page 13 is consistent with this strategy, given that it reduces the amount of GAFO at the subject site from 902,000 square feet to just 225,000 square feet, and that it also adds 250,000 square feet of F&B and NG&S, including grocery, restaurants, entertainment, fitness, and services.
  3. The illustrative program and phasing strategy is consistent with the vision outlined for the Lakeforest Mall. In addition to the above, the study also states the following in reference to the subject site, specifically: “Once redeveloped, the existing 902,000 square feet of GAFO tenants at the mall can be repositioned to better fit the retail needs of the community . . . Co-tenanting GAFO with activating uses, like NG&S and F&B, and emphasizing smaller storefronts, are strategies that align with national shopping trends.” Once again, the illustrative program and phasing strategy for the subject site are consistent with this strategy, featuring a net reduction in GAFO, as well as the addition of NG&S and F&B—many of which are likely to take smaller storefronts in in-line spaces.

Source: Montgomery County Planning Department; RCLCO

# RETAIL DEMAND AT SITE

## OTHER DEVELOPMENTS IN THE REGION AND ACROSS THE COUNTRY DEMONSTRATE THAT STACKED RETAIL CAN BE WELL-RECEIVED BY THE MARKET, PARTICULARLY IN COMPELLING ENVIRONMENTS

- ▶ In Silver Spring, *Ellsworth Place* provides precedent for stacked retail that has reinvented itself over time. Originally built in 1992 before the revival of Downtown Silver Spring, *Ellsworth Place* is a six-story big box center, which has seen several anchors vacate as the market has evolved over the course of its 30+ years in operation. The development is currently 97% leased, highlighting that stacked retail—like any type of retail—is able to evolve over time and still be successful.
- ▶ Although not yet re-tenanted, two newer examples of stacked retail development include *Pike & Rose* in North Bethesda and *Chestnut Hill Square* outside of Boston, both of which feature stacked retail anchors below other uses, such as rental apartments and office. None of the anchors at these developments have vacated since their openings approximately 10 years ago, indicating that this form of retail development can be successful in compelling environments; for example, the placemaking and mix of uses at *Pike & Rose* makes it a compelling environment for retailers and users, whereas surrounding demographics do the same for *Chestnut Hill Square*.
- ▶ Separately, Heritage Partners, LLC and WRS, Inc. have prepared an addendum with other examples of stacked retail in the region and across the country, as well as a financial feasibility analysis of stacked retail at the subject site. RCLCO believes this addendum provides support to demonstrate that the proposed configuration of retail at the subject site is unlikely to be a barrier to unlocking the market demand on Page 34. Furthermore, this addendum also demonstrates that, even if a tenant vacates the subject site at some point over the life of the project, the proposed configuration of its retail is unlikely to be the sole inhibitor of its ability to attract other tenants in its place.

ELLSWORTH PLACE  
SILVER SPRING, MARYLAND



Ellsworth Place is a vertical power center in Downtown Silver Spring, Maryland. Originally built in 1992, the development has been re-tenanted several times, such as when AMC Theaters closed on the fifth floor in 2005. Current tenants include **Burlington, Dave & Buster's, Ross Dress for Less, Marshalls, T.J. Maxx, Michaels, and DSW**, spread across six stories.

PIKE & ROSE  
NORTH BETHESDA, MARYLAND



Located in North Bethesda, Maryland, Pike & Rose is a mixed-use development with office, multifamily, hospitality, and retail components. One building—11820 Grand Park Avenue—features four levels of office above four levels of retail, with IPIC Theaters and Onelife Fitness occupying the upper levels above Gap and a few smaller tenants.

CHESTNUT HILL SQUARE  
CHESTNUT HILL, MASSACHUSETTS



Situated in an affluent suburb of Boston, Massachusetts, Chestnut Hill Square is a commercial development with a mix of office and retail. The largest building—200 Boylston St—features an 80,000 square foot Wegmans on the ground floor, a 40,000 square foot Equinox on the second floor, and two levels of medical office on the third and fourth floors.

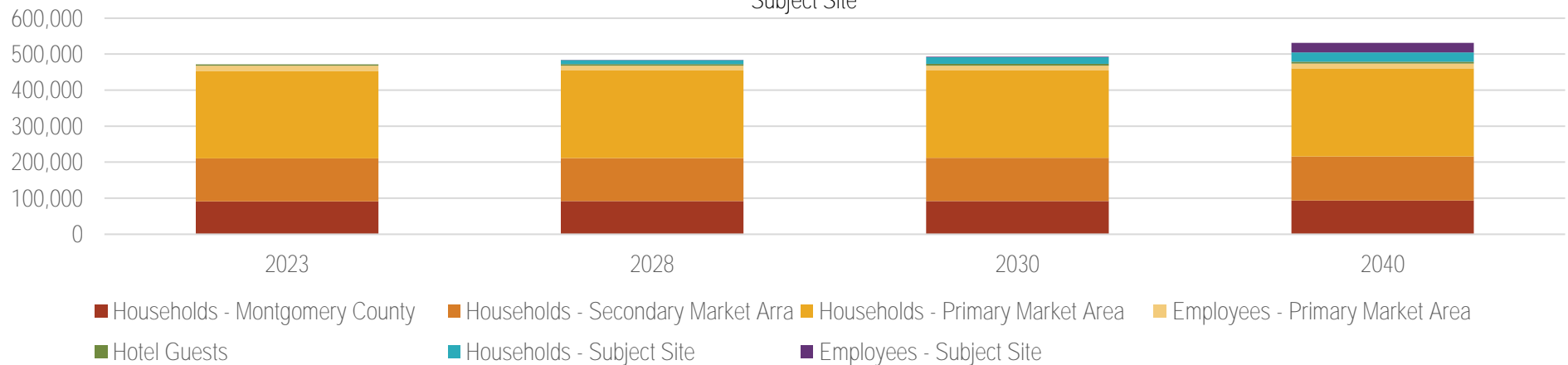
Image Source: WTOP; Pike & Rose; Eat Up New England  
Source: CoStar; Property Websites; RCLCO

# RETAIL ABSORPTION POTENTIAL

THE SUBJECT SITE WILL BE ABLE TO TAP INTO A STRONG EXISTING RETAIL OPPORTUNITY IN THE MARKET, WITH ADDITIONAL UPSIDE AS THE MARKET GROWS AND THE SITE ADDS HOUSEHOLDS, EMPLOYEES, AND VISITORS.

- ▶ Given the imbalance between demand and supply in the market today, RCLCO estimates that there is currently demand for over 471,000 square feet of retail at the Lakeforest Mall across a variety of retail types and from a wide variety of sources.
- ▶ This demand is expected to grow over time, partially due to household and economic growth occurring in surrounding neighborhoods, but also due to the other development activity occurring on site. In addition to creating new and largely captive retail audiences on site, the mix of uses and walkability planned for the Lakeforest Mall redevelopment will be key in driving a strong retail capture from surrounding market areas.

Total Demand for Retail by Source and by Year, 2023-2040;  
Subject Site



Total Demand for Retail by Type and by Year, 2023-2040;  
Subject Site

STORE TYPE	2023	2028	2030	2040
Grocery & Drug	49,300	52,900	55,900	57,800
Restaurants	88,500	90,100	91,500	93,400
Hard Goods	204,100	205,600	207,000	211,100
Soft Goods	22,600	23,400	24,100	25,400
Entertainment & Fitness	67,300	69,500	70,600	74,300
Services	39,700	41,900	43,600	46,700
<b>TOTAL</b>	<b>471,500 SF</b>	<b>483,400 SF</b>	<b>492,700 SF</b>	<b>508,700 SF</b>

Source: Esri; Consumer Expenditure Survey; ICSC; CoStar; RCLCO

# RENTAL MARKET ANALYSIS

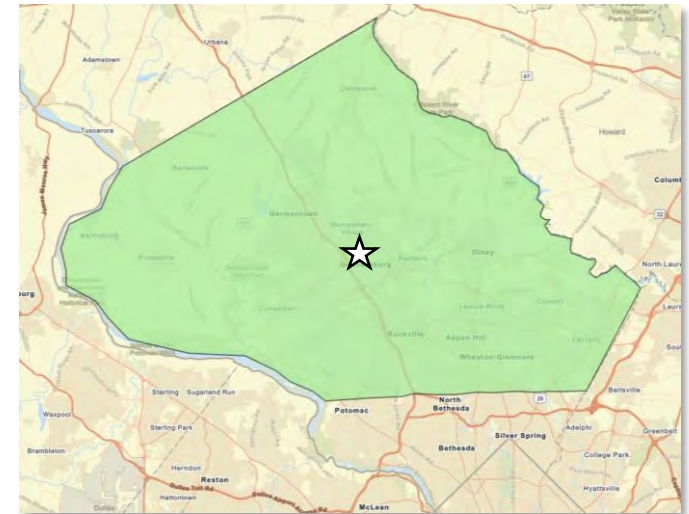
---

# RENTAL APARTMENT MARKET TRENDS

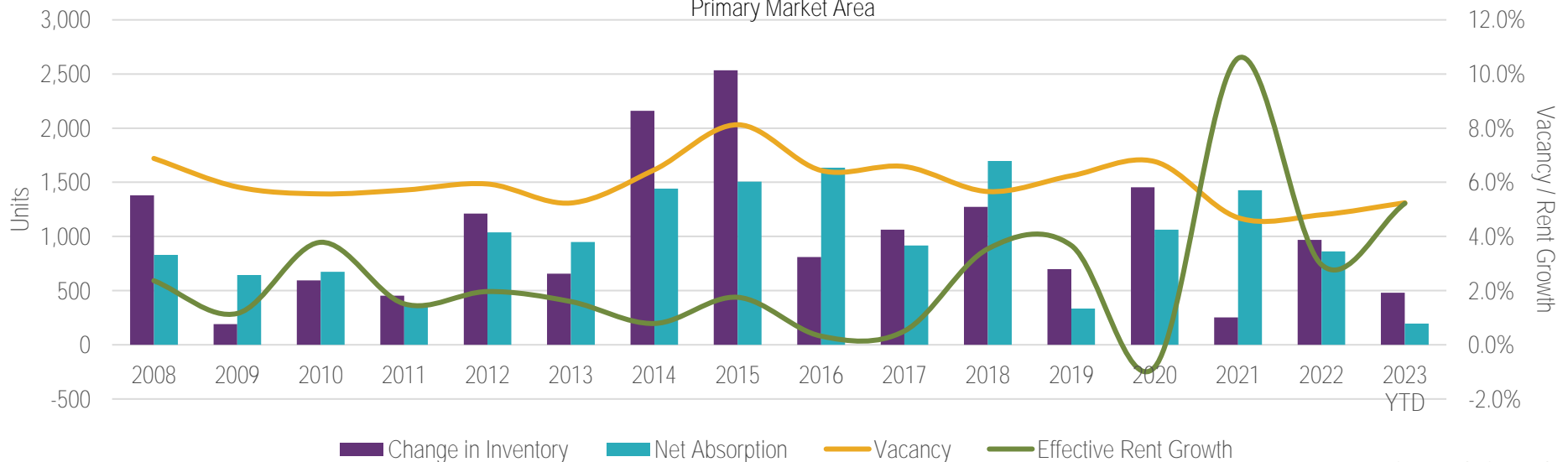
## THE APARTMENT MARKET HAS SEEN A HEALTHY BALANCE BETWEEN SUPPLY AND DEMAND, WITH PARTICULARLY STRONG PERFORMANCE IN RECENT YEARS

- ▶ For rental apartments, RCLCO defined the Primary Market Area (“PMA”), or the area from which a majority of demand for new apartments at the subject site is likely to emanate, as the upper portion of Montgomery County, or the area that falls to the north of the I-495 Beltway. This geography encompasses many of the northern suburbs of Montgomery County, including Rockville, Gaithersburg, Germantown, and Clarksburg.
- ▶ The PMA has absorbed more than 12,000 rental apartment units during the past 10 years, matching the number of units delivered during the same time period. Even with large deliveries in 2014 and 2015, vacancy in the market peaked only at 8.1%, and has since fallen to 5.2% currently, near its lowest in decades.
- ▶ During 2021, the PMA experienced strong net absorption of roughly 1,430 units. The same year, only 250 new units delivered in the PMA. This combination of few deliveries and strong demand resulted in 10.6% effective rent growth. Since then, The PMA has continued to be characterized by strong supply/demand fundamentals, including consistently low vacancy rates and elevated rent growth (5.2% rent expansion during the first half of 2023 alone). The PMA continues to be an attractive rental submarket, particularly as the area sees an expanding job base and as employees in the broader region are offered remote or hybrid work schedules that allow them to live in relatively less expensive suburbs as opposed to the city.

Primary Market Area, August 2023;  
Primary Market Area



Completions, Absorptions, Vacancy, and Rent Growth, 2008-2023 YTD;  
Primary Market Area



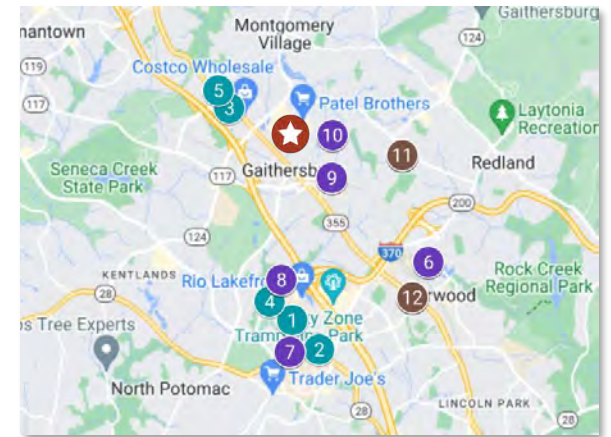
Source: CoStar; RCLCO

# COMPETITIVE SET

## THERE IS A GROWING DESIRE FOR HOUSING IN VIBRANT, MIXED-USE COMMUNITIES

- ▶ RCLCO examined nearby communities to understand the performance of the market. While these communities exist in a variety of contexts (e.g., mixed-use, transit-oriented, traditionally suburban, etc.), pricing tends to fall within a relatively narrow range. However, communities in or near Downtown Crown tend to outcompete others in the market, as evidenced by the fact that several are achieving rents that are competitive with—if not higher than—those of much newer communities (e.g., *The Laureate*).
  - » This dynamic reflects that renters in the market are willing to pay premiums to live in dynamic, mixed-use environments, similar to that which is envisioned at the subject site. As a result, the subject site is not only well-positioned to respond to demand for new rental apartments, generally, but also to meet a clear desire for these apartments in mixed-use environments, specifically.
- ▶ All surveyed apartments, regardless of location, are well occupied and exhibiting strong performance, highlighting a broader need for more housing construction within the community. New development is unlikely to cannibalize demand for existing communities given the current and historical market strength.

Select Rental Communities, August 2023;  
Montgomery County, MD



MAP KEY	COMMUNITY NAME	YEAR BUILT	YEAR LAST RENOVATED	NUMBER OF STORIES	MARKET RATE UNITS	OCC. RATE	AVG. SIZE (SF)	AVG. ASKING RENT	AVG. ASKING \$/SF
1	Aventon Crown	2022	N/A	7	386	97%	1,034	\$2,756	\$2.67
2	Bell Shady Grove	2019	N/A	5	271	95%	899	\$2,542	\$2.83
3	Spectrum Majestic	2017	N/A	4	243	96%	941	\$2,102	\$2.23
4	Cadence at Crown	2014	N/A	5	538	94%	930	\$2,422	\$2.60
5	Spectrum Paramount	2013	2017	5	224	96%	912	\$2,075	\$2.28
6	The Laureate	2023	N/A	6	268	59%	832	\$2,377	\$2.86
7	Camden Shady Grove	2018	N/A	5	399	97%	885	\$2,323	\$2.62
8	Camden Washingtonian	2018	N/A	5	365	94%	871	\$2,438	\$2.80
9	Gaithersburg Station	2013	N/A	4	400	91%	1,123	\$2,269	\$2.02
10	Hidden Creek Apartment Homes	2012	N/A	4	255	97%	1,017	\$2,182	\$2.14
11	Woodward Crossing	2013	N/A	3	30	93%	1,907	\$2,802	\$1.47
12	The Residences at King Farm	2003	N/A	4	146	95%	1,346	\$2,989	\$2.22
AVERAGE		2015	2017	5	294	95%	974	\$2,403	\$2.47
SUBURBAN MIXED-USE AVERAGE		2017	2017	5	332	95%	948	\$2,425	\$2.56
CONVENTIONAL SUBURBAN AVERAGE		2017	N/A	5	337	95%	950	\$2,322	\$2.44
BFR TOWNHOME AVERAGE		2008	N/A	4	88	95%	1,442	\$2,957	\$2.05

Source: Axiometrics; CoStar; Property Websites; RCLCO

# AGE-RESTRICTED OPPORTUNITY

WHILE THERE ARE FEW AGE-RESTRICTED RENTAL APARTMENT BUILDINGS IN THE SUBMARKET AT THIS TIME, THIS PRODUCT HAS BEEN SUCCESSFUL IN OTHER AREAS, PARTICULARLY IN MIXED-USE AND/OR SUBURBAN ENVIRONMENTS

- ▶ These types of buildings generally attain significant premiums over conventional rental product. On average, asking rents at the below examples are 18% higher than those of other surrounding conventional rental communities, despite having average unit sizes that are only 7% larger than the comparable conventional rental communities.





	Canvas Valley Forge King of Prussia, PA	Overture Buckhead South Atlanta, GA	Overture Domain Austin, TX	Overture Yorktown Lombard, IL
				
Concept	Age-Restricted Active Adult Apartments	Age-Restricted Active Adult Apartments	Age-Restricted Active Adult Apartments	Age-Restricted Active Adult Apartments
Description	<i>Canvas Valley Forge</i> is an age-restricted active adult community located in King of Prussia, PA, offering luxury units and amenity spaces designed for active adults such as a workshop and demo kitchen. <i>Canvas Valley Forge</i> advertises social events such as aqua fitness classes, live music, and movie nights aimed at providing a space for mature renters to meet and interact with one another.	Offering a packed calendar of events such as photography walks, computer classes, and movie nights, <i>Overture Buckhead South</i> aims to provide residents a rich, active lifestyle. Surrounded by Buckhead's highly regarded shopping and dining establishments, it also provides easy access to amenities, and achieves rents well above other rental product in the area.	<i>Overture Domain</i> emphasizes convenience, community, and high-end finishes. Residents enjoy a highly walkable and retail-rich location, numerous events, and multipurpose community spaces. Units feature luxurious finishes and thoughtful design for an older demographic.	Located behind an anchor at the Yorktown Center shopping mall, <i>Overture Yorktown</i> offers easy access to more than 150 specialty stores and 20 restaurants, helping to promote maintenance-free living. The community offers a number of programmed activities, such as fitness classes, cooking lessons, and community events.
Positioning	8% Larger Units 18% Higher Asking Rents Than Other New Buildings Nearby	6% Larger Units 22% Higher Asking Rents Than Other New Buildings Nearby	8% Larger Units 18% Higher Asking Rents Than Other New Buildings Nearby	6% Larger Units 14% Higher Asking Rents Than Other New Buildings Nearby

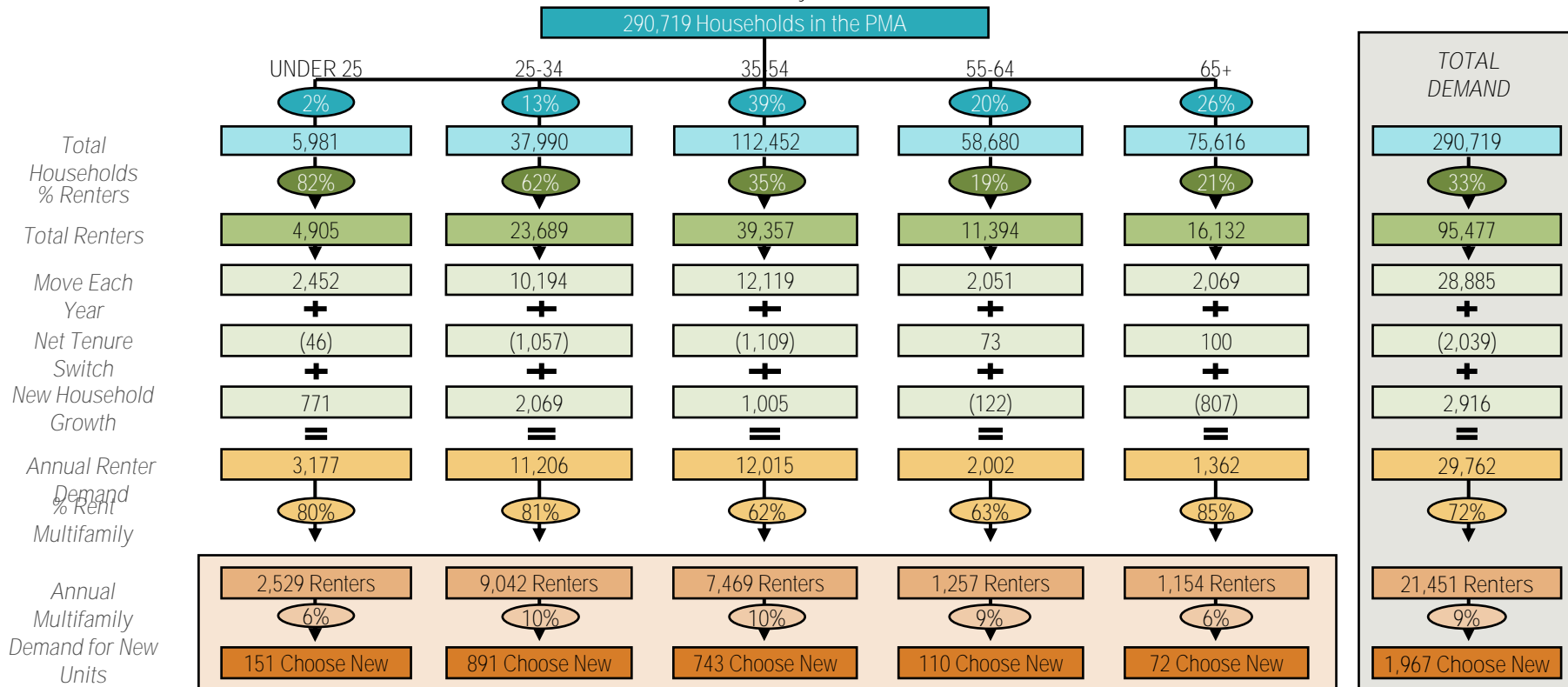
Image Source: Property Websites  
Source: Axometrics; CoStar; Property Websites; RCLCO

# RENTAL DEMAND

## RCLCO PROJECTS DEMAND FOR ROUGHLY 1,970 NEW RENTAL APARTMENT UNITS IN THE PMA ANNUALLY

- ▶ To estimate demand for rental apartments in the PMA, RCLCO developed a statistical-based demographic model which utilized survey data from the U.S. Census Bureau and demographic data from Esri. To start, the model considers the number of households—including existing ones in turnover as well as new ones from growth—that are likely to look for housing in the PMA in any given year. The model then estimates the number of these households that gravitate toward rental apartments over other types of housing, based on age and income ranges, as well as demonstrated product preferences. Finally, the model then projects the number of these households that are likely to look for new product, specifically, based on historical tendencies to choose this product as well as affordability levels in the market.
- » Utilizing this framework, the graphic below outlines the total annual net demand for new multifamily product. The model projects demand for 1,967 new apartment units annually within the PMA, with most demand expected to emanate from households between the ages of 25 and 34.

Summary of Demand for New Rental Apartments, 2023-2027;  
Primary Market Area

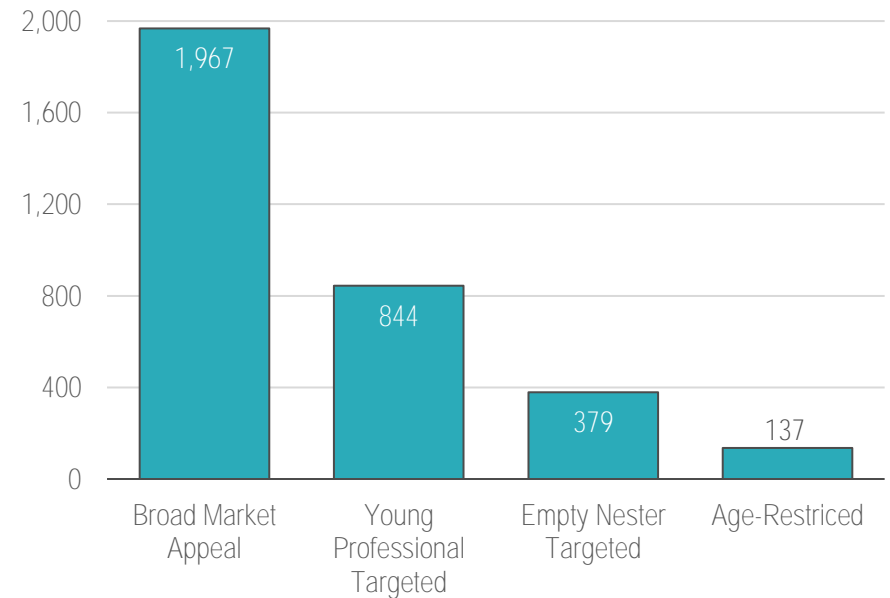
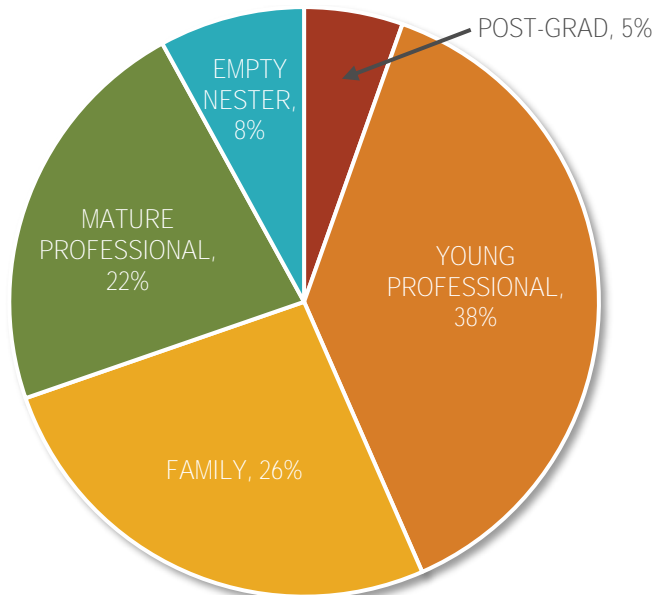


Source: Esri; American Community Survey PUMS; RCLCO

## YOUNG PROFESSIONALS AND FAMILIES ARE THE LARGEST SEGMENTS OF DEMAND FOR RENTAL APARTMENTS

- ▶ Rental apartments in the PMA attract renters from a variety of life stages. Representing 38% of demand for new apartments, young professionals are expected to be the single-largest market audience, while families and mature professionals will likely each account for more than one-fifth of the total demand as well (26% and 22%, respectively). These findings are consistent with the nature of the competitive set, which is primarily comprised of communities designed for “broad market appeal”.
- ▶ While “broad market appeal” rental apartment buildings draw from the overall demand pool, more specialized buildings tend to attract from smaller subsets of demand. For example, “young professional-targeted” apartment buildings tend to offer smaller units at more attainable price points, though they also serve a narrower target market audience of young singles and couples. Likewise, “empty nester-targeted” and “age-restricted” apartment buildings are generally tailored to empty nesters and/or retirees, with larger units, more traditional finishes, and—in the case of the latter—age restrictions that are intended to attract a more mature audience.
- ▶ Overall, the subject site is well positioned for “broad market appeal” product, given its accessible location and proposed mixed-use environment. Furthermore, the diversity of the market is likely to make it challenging for the subject site to pursue a single market segment without jeopardizing the size of the demand pool from which it is able to draw.

Annual Rental Apartment Demand for New Units by Life Stage and Product Type, 2023-2027;  
Primary Market Area



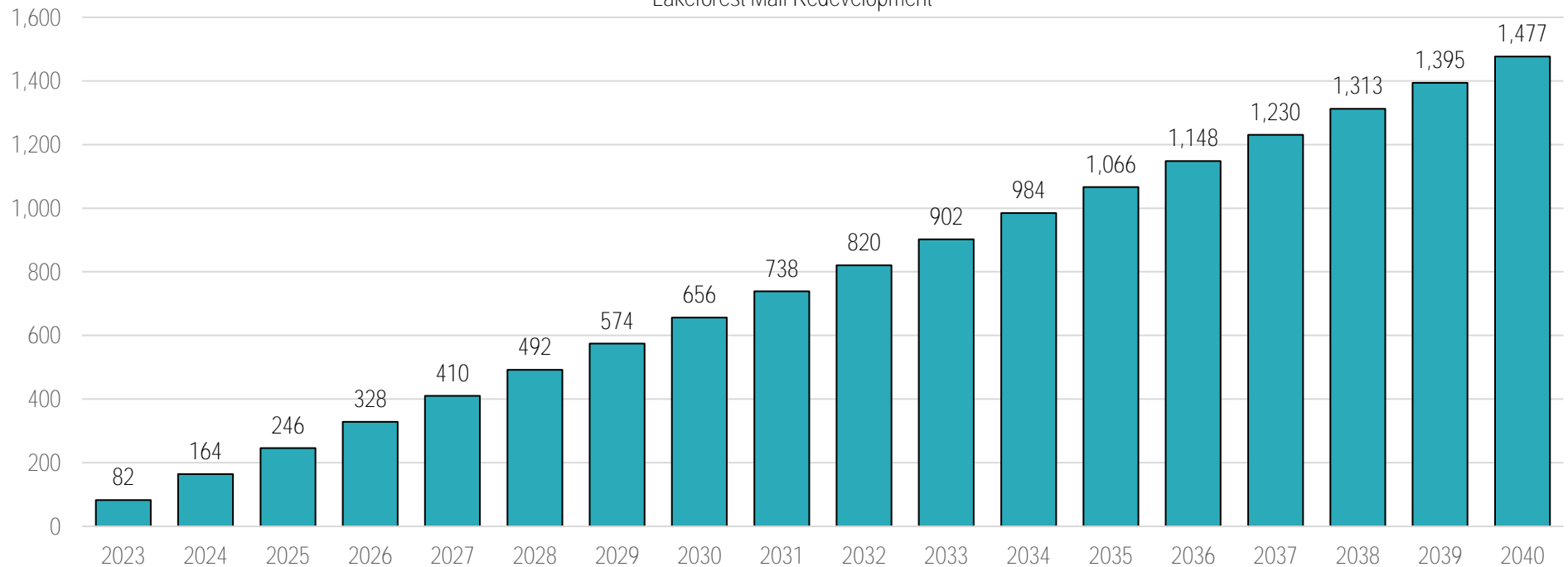
*Note: Demand for young professional-targeted, empty nester-targeted, and age-restricted targeted apartments represents a subset of the demand for broad market appeal apartments, and the totals are not additive. Likewise, demand for age-restricted apartments represents a subset of demand for empty nester-targeted apartments.*

# RENTAL DEMAND AT SITE

## RCLCO PROJECTS SUPPORT FOR UP TO 900 RENTAL APARTMENTS AT THE SUBJECT SITE OVER THE NEXT 10 YEARS

- ▶ Total apartment demand projection is for “broad market appeal” apartments, which target the market as a whole and mirror most recent apartment deliveries in the market. Demand for more targeted forms of rental housing is likely to be lower, given the narrower market appeal. Please see Exhibit II-4 for projected demand for these concepts, as well as Exhibit II-6 for assumed site captures.

Cumulative Demand for Rental Apartments, 2023-2040;  
Lakeforest Mall Redevelopment



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
<b>RENTAL APARTMENT</b>																			
Annual Demand in PMA	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967
Subject Site Capture	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Annual Demand at Subject Site	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82
Cumulative Demand at Subject Site	82	164	246	328	410	492	574	656	738	820	902	984	1,066	1,148	1,230	1,313	1,395	1,477	

Source: Esri; American Community Survey PUMS; RCLCO

# FOR-SALE MARKET ANALYSIS

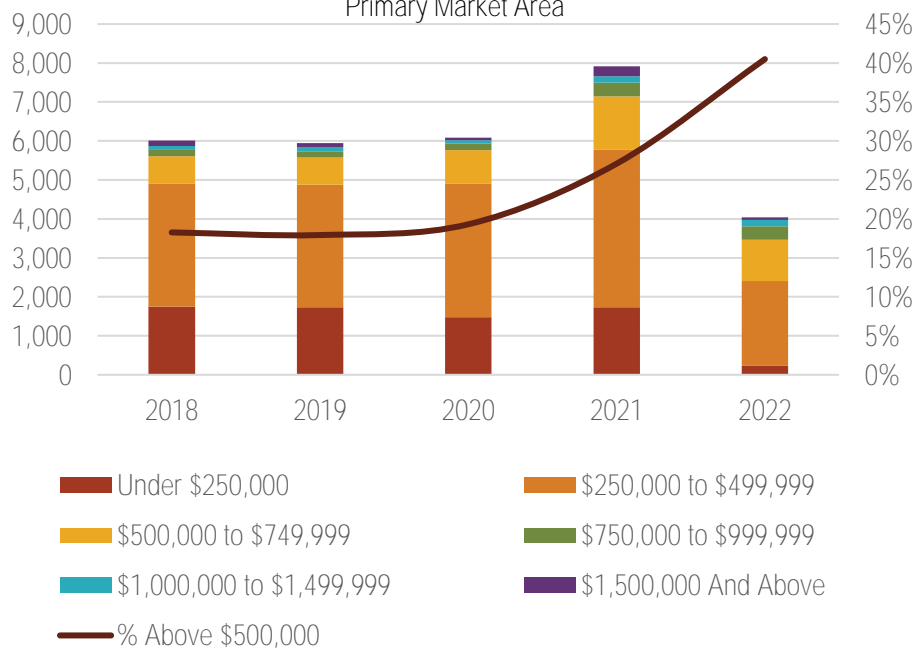
---

# FOR-SALE HOUSING MARKET TRENDS

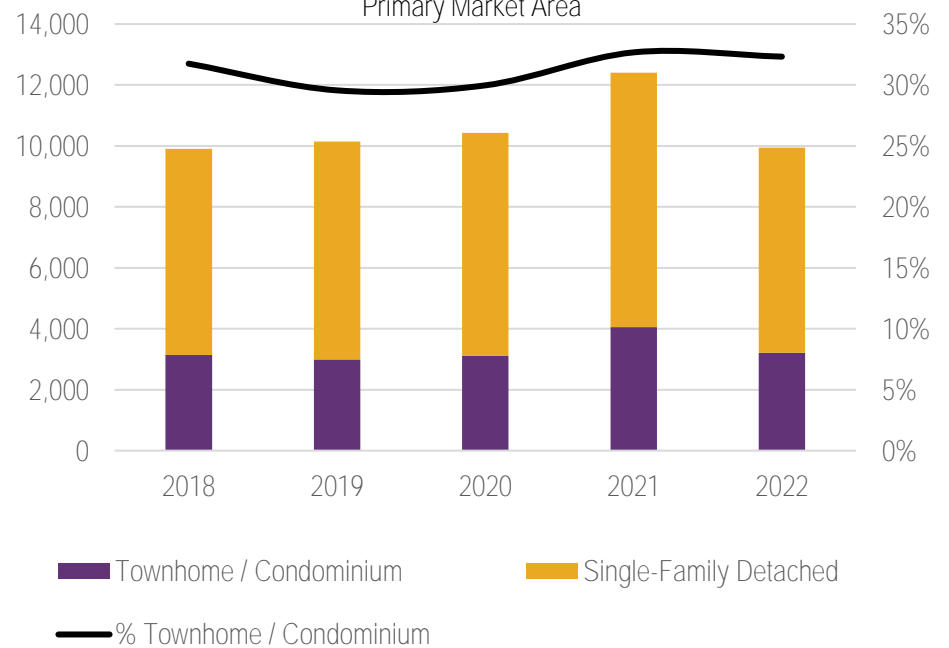
## THE PRICING OF TOWNHOMES AND CONDOMINIUMS HAS ESCALATED IN RECENT YEARS, INDICATING THAT THESE FORMS OF HOUSING ARE NO LONGER JUST “VALUE ALTERNATIVES” TO LARGER SINGLE-FAMILY DETACHED HOMES

- ▶ To project for-sale housing demand, RCLCO used the same PMA it used to project rental housing demand, as shown on Page 39. Defined as the upper portions of Montgomery County, this geography covers Gaithersburg and nearby communities like Rockville and Germantown, but it excludes more in-town suburbs to the south, such as Bethesda and Silver Spring.
- ▶ Within this geography, the share of townhome and condominium sales taking place at price points above \$500,000 hovered around 20% for most years, before spiking to 27% in 2021 and continuing to 40% in 2022. Although there was little change in the number of homes priced under \$250,000, there was significantly more activity at higher price points than in previous years, likely spurred by the **seller’s** market that occurred during and following the COVID-19 pandemic.
- ▶ There has been little change in the share of total home sales that townhomes and condominiums represent, with these segments accounting for roughly one-third of sales and resales in the market. RCLCO expects denser forms of housing (e.g., stacked flats) to represent a growing share of housing at the subject site over time, given that the city of Gaithersburg hopes to offer diverse forms of housing, and that some residents may wish to prioritize location over unit size as more on-site development takes place.

Volume of Townhome and Condominium Sales by Price Point, 2018-2022;  
Primary Market Area



Volume of All Home Sales by Product Type, 2018-2022;  
Primary Market Area



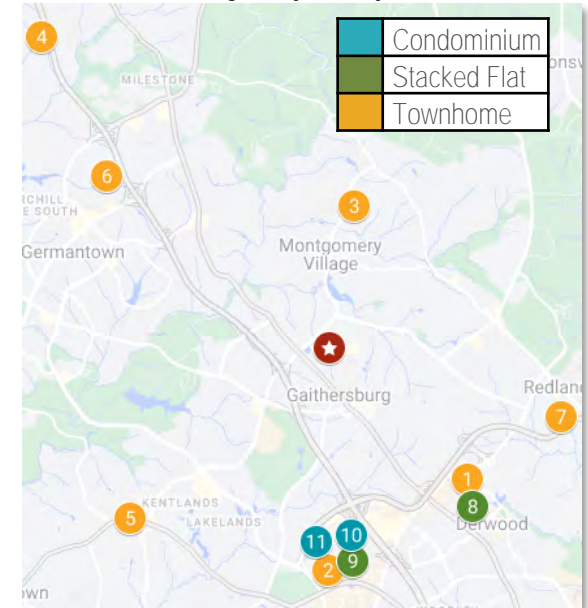
Source: RealQuest; Esri; RCLCO

# COMPETITIVE SET

## THERE HAVE BEEN MULTIPLE NEW FOR-SALE COMMUNITIES DEVELOPED IN RECENT YEARS, WITH THOSE NEAR RETAIL OR TRANSIT ACHIEVING PREMIUMS

- ▶ Within the competitive set, average prices typically range from \$650,000 to \$800,000 for new townhomes, and from \$500,000 to \$600,000 for stacked flats and condominiums. Pricing varies based on age, neighborhood, and proximity to retail and/or transit. For instance, homes in *Downtown Crown* sell at a premium to the rest of the competitive set, since it is an affluent neighborhood with walkable retail and a strong sense of place. *Westside at Shady Grove* is also achieving a slight premium, due to its adjacency to a metro station and walkability to upscale retail.
- ▶ In recent years, there have been several large-scale developments often employing multiple developers on site, such as *Westside at Shady Grove*, *Downtown Crown*, and *Cabin Branch*. These communities have clear segmentation by offering a mix of products at varying price points, which enables the communities to attract a broad market audience.
- ▶ Traditional, multifamily condominium development has been limited within the PMA. In suburban areas like the PMA, condominiums rarely achieve pricing premiums relative to larger homes and, because of this, higher construction costs can be difficult to support. However, with a strong sense of place, condominiums can be a feasible product type, as evidenced by *Flats at Crown* and the *Copley at Crown*, which have sold units for around \$400 to \$450 per square foot.
- ▶ With a strong location, on-site retail and employment, and a cohesive vision, the subject site is poised to achieve pricing near the top of the market, though at a discount to the more established locations. RCLCO projects pricing of \$550,000 for condominiums, \$575,000 for stacked flats, and \$700,000 for townhomes.

Select For-Sale Communities, August 2023;  
Montgomery County, MD



MAP KEY	PROPERTY	PRODUCT TYPE	YEAR BUILT	AVG. PRICE	AVG. SIZE	AVG. \$/SF
1	Westside at Shady Grove (Lennar)	Townhome	2021	\$675,000	2,109	\$320
2	Crown East (Lennar)	Townhome	2021	\$858,000	2,686	\$319
3	Bloom Village	Townhome	2021	\$516,000	1,771	\$291
4	The Village at Cabin Branch (Stanley Martin) (55+)	Townhome	2022	\$634,000	2,523	\$251
5	The Chase at Quince Orchard	Townhome	2020	\$687,000	2,348	\$293
6	Century Row	Townhome	2018	\$483,000	1,991	\$243
7	Parc Redland	Townhome	2022	\$911,000	2,906	\$313
8	Westside at Shady Grove (Stanley Martin Two-over-Two)	Stacked Flat	2021	\$503,000	1,522	\$330
9	Crown (Pulte Two-over-Two)	Stacked Flat	2022	\$604,000	2,115	\$286
10	The Flats at Crown	Condominium	2019	\$624,000	1,558	\$400
11	The Copley at the Crown	Condominium	2018	\$499,000	1,088	\$459

Source: Redfin; Zillow; Community Websites; RCLCO

# HOUSING PIPELINE

MULTIPLE MASTER PLANS WITH UNBUILT UNITS HAVE BEEN APPROVED IN AND SURROUNDING THE CITY OF GAITHERSBURG. THESE INCLUDE COMPETITIVE SET PROPERTIES (PRIOR PAGE) WITH REMAINING LOTS.

- ▶ The table below displays all master plans in the City of Gaithersburg and surrounding it (“**Gaithersburg Vicinity**” per Montgomery County Planning Dept. definition) that contain unbuilt, but approved residences. The data includes all types of residential units, including rental and for-sale. In total, the City of Gaithersburg and Gaithersburg Vicinity contain 2,808 approved, but unbuilt units. However, only 682 of these units are single-family, with most likely being rental apartments.
- ▶ New home starts have remained relatively stable during the past five years in the Washington, D.C., MSA. Though interest rates are rising and home starts are slowing nationally, given the strong levels of demand and household growth present in the market, RCLCO expects continued additions to the for-sale market on an annual basis going forward. This includes additions from both existing communities building out lots, planned projects, and longer-term future projects that are unknown at this time.

List of Approved, but Unbuilt Dwelling Units (Includes Rental, For-Sale, and Seniors Housing)  
City of Gaithersburg and Gaithersburg Vicinity; December 2023

NAME / APPLICATION	MASTER PLAN	TYPE	APPROVED DWELLING UNITS	UNBUILT SINGLE- FAMILY	UNBUILT MULTI- FAMILY	TOTAL UNBUILT DWELLING UNITS
Chase at Quince Orchard	Johnson Property	Residential	106	2	0	2
Crown	Neighborhoods 1-5	Mixed	2,248	56	244	300
Kentlands	Market Square Redev.	Mixed	245	245	0	245
Kentlands	Apartments, Phase 1	Residential	271	0	271	271
Kentlands	Apartments, Phase 2	Residential	94	0	94	94
N Frederick Ave	Travis Ave Redevelopment	Mixed	580	0	580	580
Olde Towne	Fishman Site	Mixed	109	0	109	109
S Frederick Ave	Central Avenue Redev.	Residential	72	0	72	72
Spectrum at Watkins Mill	Age-Restricted	Residential	158	0	158	158
Spectrum at Watkins Mill	Multi-family Building R/S/T	Mixed	230	0	230	230
Washingtonian Center	Senior Living	Mixed	302	0	302	302
12006028A	Meadowvale	Residential	19	18	0	18
12017015A	Bloom MV	Residential	625	344	0	344
120180010	Montgomery Village Center	Mixed	115	17	66	83
<b>TOTAL</b>			<b>5,174</b>	<b>682</b>	<b>2,126</b>	<b>2,808</b>

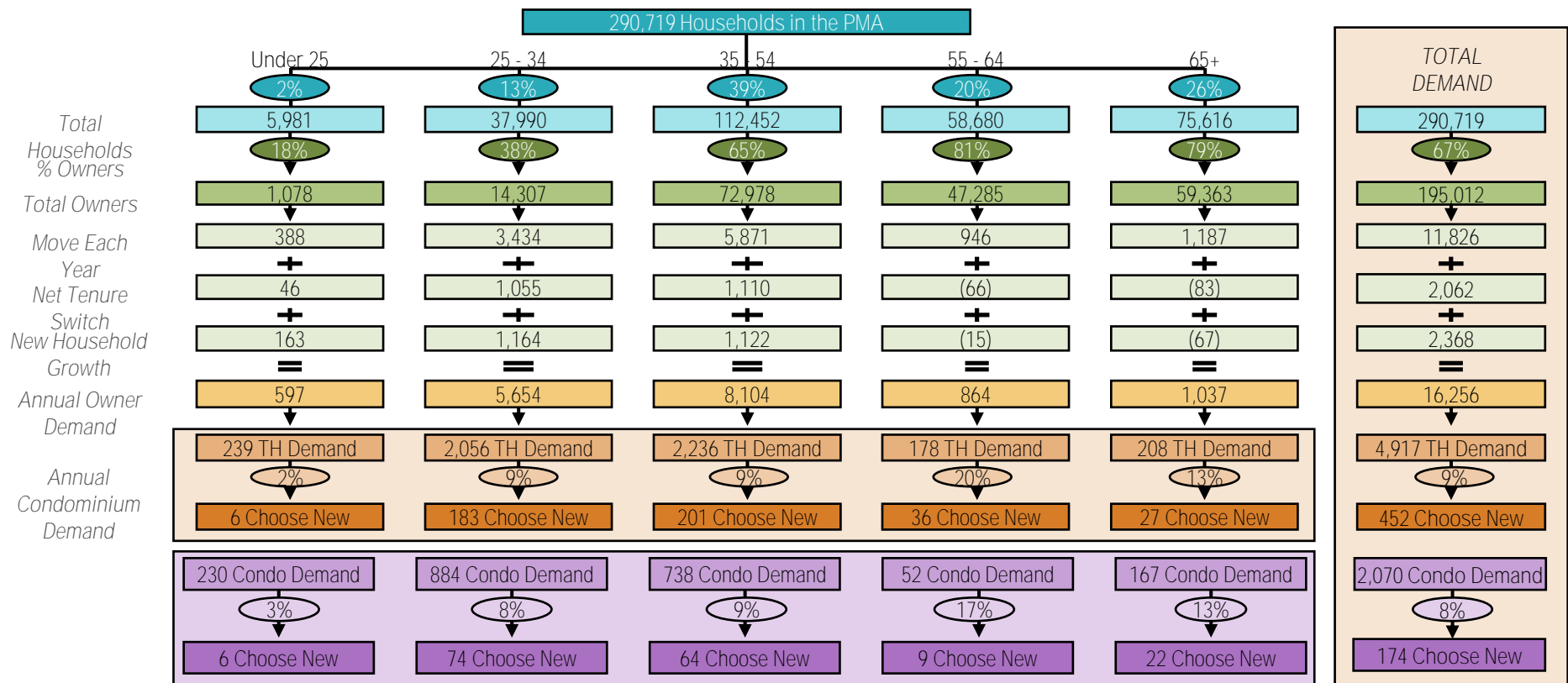
Source: Montgomery County Planning Department; Newhomesource.com; CoStar; RCLCO

# FOR-SALE HOUSING DEMAND

## RCLCO PROJECTS ANNUAL DEMAND FOR 452 NEW TOWNHOMES AND 174 NEW CONDOMINIUMS IN THE MARKET EACH YEAR

- To estimate the absorption of for-sale housing in the local market area, RCLCO used a demographics-based statistical demand model and examined households in the PMA, considering factors such as age, income, tenure, turnover, and product preference to determine the number of nearby households that are likely to purchase single-family attached or condominium units in the market and at the site. The general framework for the demand model is nearly identical to the framework outlined on Page 42, but it filters for owner households, as opposed to renters.
- » Using this framework, RCLCO found there is annual demand for 452 new townhomes and 174 new condominiums in the PMA each year, with condominiums generally appealing to a slightly younger audience.

Annual Demand for New Townhomes and Condominiums, 2023-2027;  
Primary Market Area



Source: Esri; American Community Survey PUMS; RCLCO

# FOR-SALE HOUSING DEMAND

## FAMILIES REPRESENT THE LARGEST SOURCE OF DEMAND FOR STACKED FLATS AND TOWNHOMES, WHILE DEMAND FOR CONDOMINIUMS IS MORE EVENLY SPREAD ACROSS DIFFERENT MARKET SEGMENTS

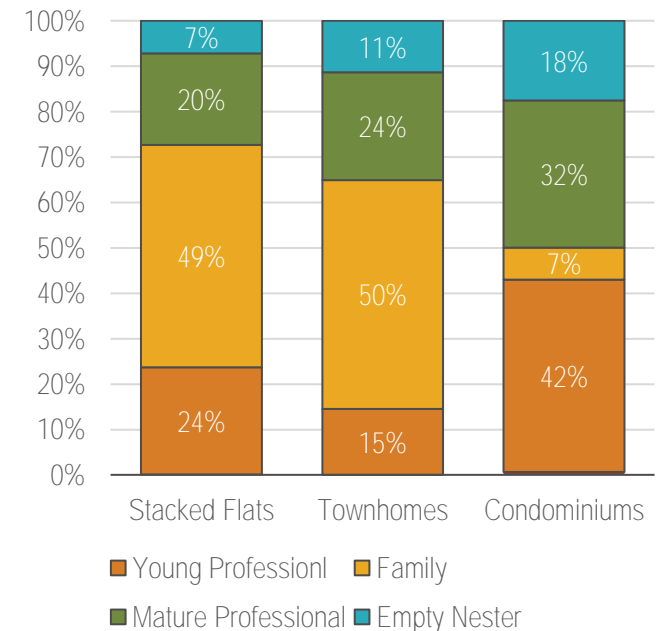
- ▶ Families are the primary market audience for townhomes and stacked flats, comprising nearly half of demand for new units within the PMA. Stacked flats are especially useful for households that are transitioning to homeownership, as they tend to be more attainably priced than larger detached homes. A majority of demand is for units at price points below \$750,000, suggesting that stacked flats and other forms of “gap housing” are likely to become increasingly important as the pricing of new townhomes in Montgomery County continues to increase.
- ▶ Demand for condominiums is more varied, as these units can serve as entry level housing that appeals to young professionals and price-sensitive families, or as move-down housing that appeals to empty nesters and other mature renters. Both forms of development are likely supportable at the subject site from a market perspective, though RCLCO expects that high construction costs may limit the ability to develop the former.

Annual Demand for New Units, 2023-2027;  
Primary Market Area

AFFORDABLE HOME PRICE	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
<b>SINGLE-FAMILY ATTACHED (TOWNHOMES AND STACKED FLATS)</b>						
UNDER \$250,000	0	1	1	0	0	3
\$250,000 - \$499,999	4	72	46	6	5	133
\$500,000 - \$749,999	1	69	75	14	10	168
\$750,000 - \$999,999	0	12	20	8	6	45
\$1,000,000 AND OVER	0	30	59	8	5	103
<b>TOTAL</b>	<b>6</b>	<b>183</b>	<b>201</b>	<b>36</b>	<b>27</b>	<b>452</b>
	1%	41%	44%	8%	6%	100%
<b>CONDOMINIUMS</b>						
UNDER \$250,000	1	1	1	0	0	4
\$250,000 - \$499,999	3	29	19	2	4	58
\$500,000 - \$749,999	1	24	19	3	8	54
\$750,000 - \$999,999	0	6	6	1	3	16
\$1,000,000 AND OVER	0	14	18	3	6	42
<b>TOTAL</b>	<b>6</b>	<b>74</b>	<b>64</b>	<b>9</b>	<b>22</b>	<b>174</b>
	3%	42%	37%	5%	13%	100%

Note: For the purpose of this analysis, RCLCO assumed that all demand for single-family attached homes at price points below \$500,000 would be realized as stacked flats, as would half of the demand for such homes at price points between \$500,000 and \$750,000. RCLCO assumed the remaining demand would be realized as townhomes.

Distribution of Demand for New Units, 2023-2027;  
Primary Market Area

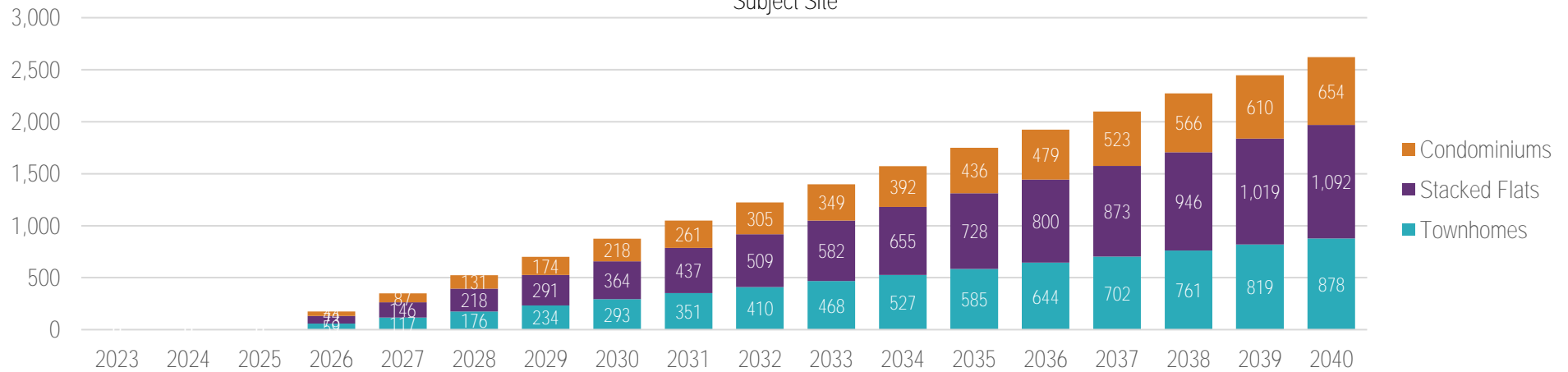


Source: Esri; American Community Survey PUMS; RCLCO

# FOR-SALE HOUSING DEMAND AT SITE

RCLCO PROJECTS SUPPORT FOR NEARLY 1,400 FOR-SALE HOUSING UNITS IN 10 YEARS, INCLUDING 468 TOWNHOMES, 582 STACKED FLATS, AND 349 CONDOMINIUMS

Cumulative Demand for For-Sale Housing, 2023-2040;  
Subject Site



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
<b>FOR-SALE TOWNHOMES</b>																		
Annual Demand in PMA at Relevant Price Point				234	234	234	234	234	234	234	234	234	234	234	234	234	234	234
Subject Site Capture				25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Annual Demand at Subject Site				59	59	59	59	59	59	59	59	59	59	59	59	59	59	59
Cumulative Demand at Subject Site				59	117	176	234	293	351	410	468	527	585	644	702	761	819	878
<b>FOR-SALE STACKED FLATS</b>																		
Annual Demand in PMA at Relevant Price Point				218	218	218	218	218	218	218	218	218	218	218	218	218	218	218
Subject Site Capture				33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Annual Demand at Subject Site				73	73	73	73	73	73	73	73	73	73	73	73	73	73	73
Cumulative Demand at Subject Site				73	146	218	291	364	437	509	582	655	728	800	873	946	1,019	1,092
<b>FOR-SALE CONDOMINIUM</b>																		
Annual Demand in PMA at Relevant Price Point				174	174	174	174	174	174	174	174	174	174	174	174	174	174	174
Subject Site Capture				25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Annual Demand at Subject Site				44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
Cumulative Demand at Subject Site				44	87	131	174	218	261	305	349	392	436	479	523	566	610	654

Source: Esri; American Community Survey PUMS; RCLCO

## OFFICE / MEDICAL OFFICE

---

# NATIONAL OFFICE DYNAMICS

OFFICE UTILIZATION HAS INCREASED SINCE REACHING UNPRECEDENTED LOWS DURING COVID, BUT SEEMS TO HAVE STABILIZED NEAR 50% OF PRE-COVID UTILIZATION, SIGNIFICANTLY IMPACTING OFFICE DEMAND DEPTH.

- ▶ The Washington, D.C. Metropolitan Area has hovered near the national average or slightly below it, topping out at 49% utilization compared to pre-COVID highs.
- ▶ Office markets nationally have experienced a flight to quality in recent years, with tenants prioritizing quality buildings in urban, transit-oriented, and walkable locations over suburban office, which has experienced outsized distress.

Office Utilization Relative to Pre-COVID Average, 2020-2023 YTD;  
United States



Source: Kastle; RCLCO

# CONVENTIONAL OFFICE MARKET TRENDS

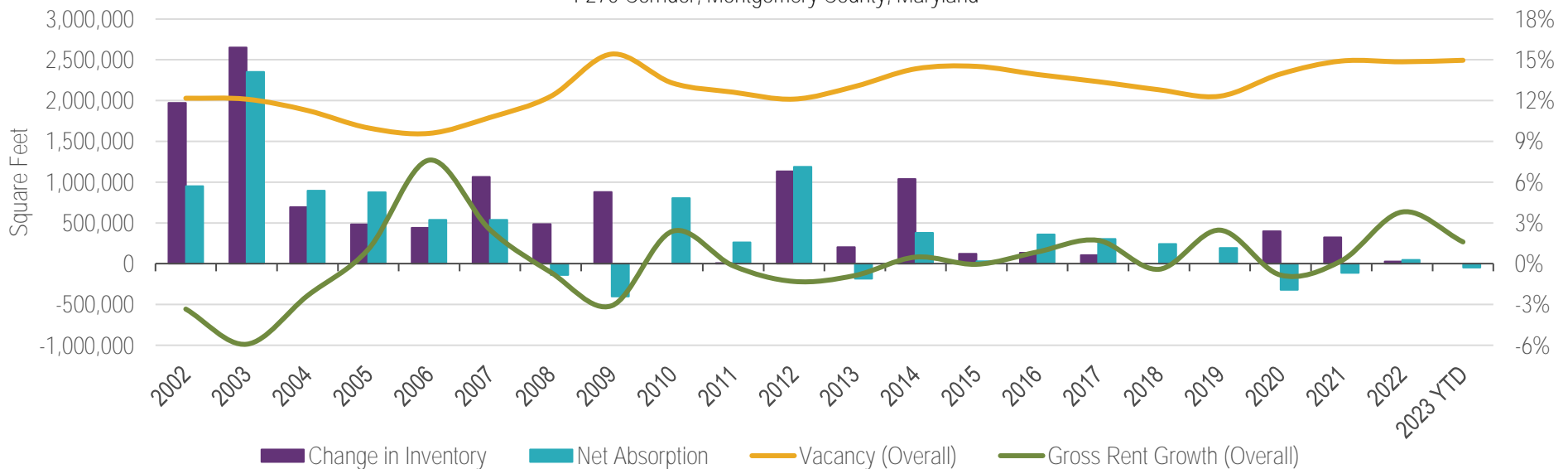
THE LOCAL OFFICE MARKET HAS FACED SIGNIFICANT HEADWINDS, EVEN BEFORE THE START OF THE COVID-19 PANDEMIC, AND EVEN AS THE PACE OF DEVELOPMENT HAS SLOWED OVER THE LAST DECADE

- ▶ Following a surge in development from 2000 to 2014, the I-270 corridor—running north of Bethesda and Silver Spring—experienced a lull in office construction in the years that followed. However, vacancies stayed elevated at levels ranging from 12% to 15%, and rent growth remained flat, highlighting softness in the conventional office market.
- ▶ After years of minimal new development, new deliveries during 2020 and 2021 added more than 700,000 square feet of office space to the market. Unfortunately, the timing of these new deliveries coincided with the COVID-19 pandemic, which compounded the challenges associated with a surplus of office in the market. The I-270 corridor experienced nearly 434,000 square feet of negative net absorption during 2020 and 2021. Vacancies remain elevated, and there is risk of elevated office stress over the next few years as existing tenants reevaluate their space requirements. In response to this demand outlook, owners of older office buildings are increasingly considering redevelopment, especially as research and development space is showing strong returns within the market.

Map of Local Office Market, August 2023;  
I-270 Corridor, Montgomery County, Maryland



Office Completions, Absorption, and Vacancy, 2002-2023 YTD;  
I-270 Corridor, Montgomery County, Maryland



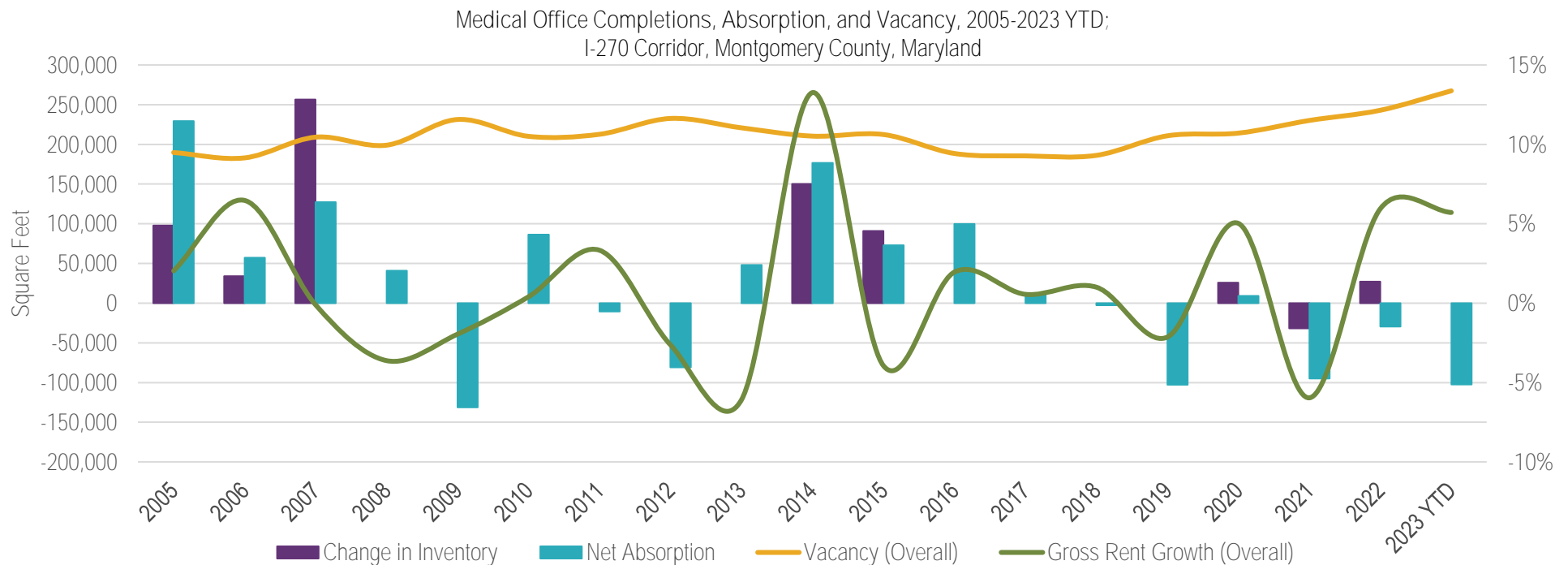
Note: 2023 year-to-date data is through the end of July 2023

Source: CoStar; RCLCO

# MEDICAL OFFICE MARKET TRENDS

THE MEDICAL OFFICE MARKET IS ALSO EXPERIENCING CONSIDERABLE STRESS. VACANCY RATES ARE AT AN ALL-TIME HIGH, WITH A RECORD 1.1 MILLION SQUARE FEET OF SPACE AVAILABLE FOR LEASE CURRENTLY.

- ▶ Considerable stress in the local medical office market was present prior to the COVID-19 pandemic, but market decline has accelerated in the years following. Total net absorption has been negative during the past fifteen years, with particularly poor performance (-321,000 of net absorption) during the past five years, driving vacancy rates to 13.4% of average and availability rates to 18% on average.
- ▶ Until recently, medical office rents had seen little to no expansion for the better part of two decades. While moderate growth has occurred during the past two years, annual rent growth has averaged just 0.7% during the past fifteen years.
- ▶ Combined, these trends indicate a market that is oversupplied with product. Deliveries have totaled just 352,000 square feet during the past fifteen years (23,000 SF / year), yet rents have remained stagnant and vacancy rates have continued to climb.



Note: 2023 year-to-date data is through the end of November 2023. Excludes properties under 10,000 SF.

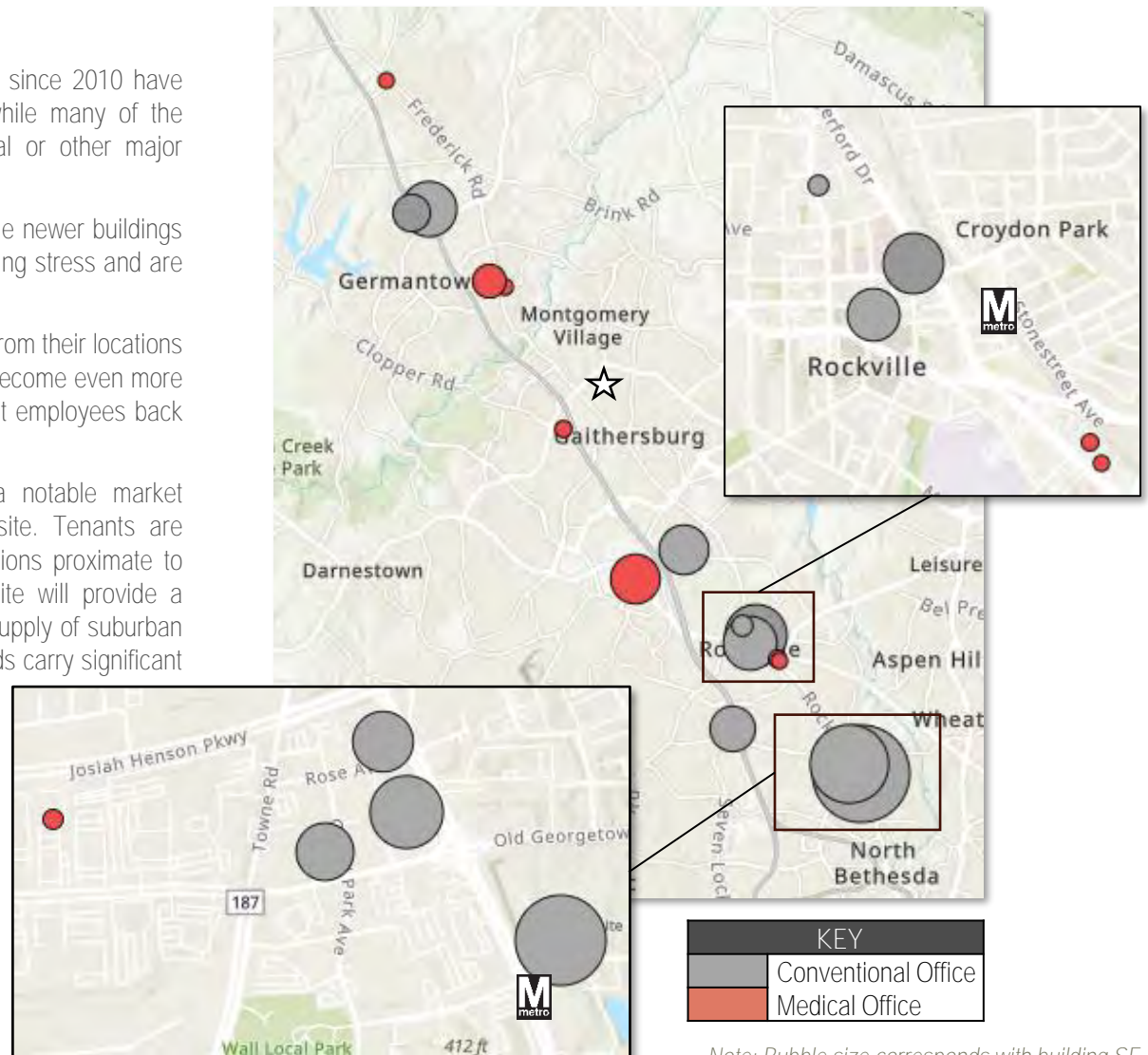
Source: CoStar; RCLCO

# OFFICE DEMAND DRIVERS

## RECENT OFFICE DEVELOPMENT HAS PRIMARILY BEEN CONCENTRATED NEAR MASS TRANSIT OR OTHER MAJOR DEMAND DRIVERS

- ▶ 72% of all conventional office deliveries in the I-270 corridor since 2010 have been located within walking distance of a metro station, while many of the medical office buildings are located proximate to a hospital or other major medical institution.
- ▶ This newer space is currently 86% leased on average, so while newer buildings are outperforming the market average, they are still experiencing stress and are not showing signs of undersupply.
  - » Furthermore, many of these buildings benefit significantly from their locations proximate to mass transit, a key decision factor that has become even more prominent for tenants post-COVID, as they seek to attract employees back to the office.
- ▶ Given these trends, RCLCO does not believe there is a notable market opportunity to develop conventional or medical office on site. Tenants are continuing to downsize and are seeking out accessible locations proximate to transit or other major demand drivers. While the subject site will provide a walkable environment with excellent access via car, the oversupply of suburban office in the local market and general trajectory of market trends carry significant risk for new office development in this location.
- ▶ Although the conventional and medical office markets are currently seeing considerable headwinds as a whole, niche sectors and prime locations are outperforming, creating opportunities for select investment. In particular, the supply / demand dynamics and outlook for life science-oriented office remain more favorable than the broader conventional office market. These trends are discussed in more detail in the following section.

Conventional and Medical Office Deliveries Since 2010;  
I-270 Corridor, Montgomery County, Maryland



# LIFE SCIENCE MARKET ANALYSIS

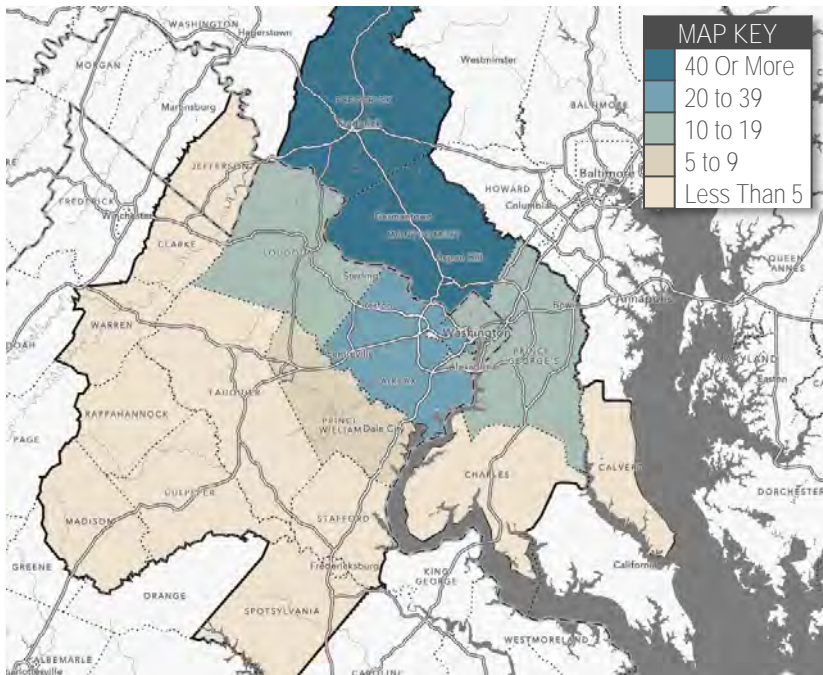
---

# STATUS OF LIFE SCIENCE MARKET

## WHILE THE SUBURBAN OFFICE MARKET HAS SLOWED BOTH LOCALLY AND NATIONALLY, THE LIFE SCIENCE MARKET HAS CONTINUED TO GROW AND CONTINUES TO BE CONCENTRATED IN MONTGOMERY COUNTY

- ▶ In June 2023, CBRE ranked the Washington-Baltimore region as the third-best market for life science research talent, ahead of well-known life science hubs like New York, San Diego, and Raleigh-Durham. This ranking was based on a quantitative analysis of occupational and educational data, including variables such as the concentration of advanced degrees and growth in professional, scientific, and technical services employment.
- ▶ Within the state of Maryland, life science employment has continued to grow. According to a recent report from the Milken Institute, Maryland contains significantly more than its “fair share” of jobs in research and development related to life sciences, and this job base expanded by 7.4% from 2015 to 2020. Other types of life science jobs tend to be less common in Maryland today, though they are also growing at a significant pace.
- ▶ Moreover, Montgomery County remains one of the largest hubs for life science employment in the region, if not the largest. As of 2020, Montgomery County contained roughly 45 life science jobs for every 1,000 jobs, outranking every other county in the region other than Frederick County, which is much smaller in terms of the total number of jobs it offers.

Life Science Jobs Per 1,000 Jobs, 2020;  
Washington, D.C., MSA



Life Science Industry Employment, 2015-2020;  
Maryland

	2015		2020		EMP. GROWTH (%)
	EMPLOY- MENT	CONCEN- TRATION <sup>1</sup>	EMPLOY- MENT	CONCEN- TRATION <sup>1</sup>	
R&D in the Physical, Engineering, and Life Sciences	31,734	2.76	34,069	2.61	7.4
R&D in Biotechnology & Nanotechnology	8,002	2.72	12,150	2.66	51.8
All Other R&D	23,732	2.79	21,917	2.60	-7.6
Life Sciences Manufacturing	9,262	0.77	12,104	0.95	30.7
Pharmaceutical & Medicine	7,278	1.40	9,593	1.69	31.8
Medical Equipment & Supplies	1,821	0.32	2,335	0.41	28.2
Electromedical & Electrotherapeutics	163	0.15	176	0.13	8.0
Life Sciences Laboratories	7,452	0.94	8,322	1.01	11.7
Medical & Diagnostic	5,632	1.16	6,325	1.24	12.3
Testing	1,820	0.60	1,997	0.64	9.7

<sup>1</sup> Concentration measured by location quotient (“LQ”). If LQ > 1, area employment has a larger relative share than it does nationwide

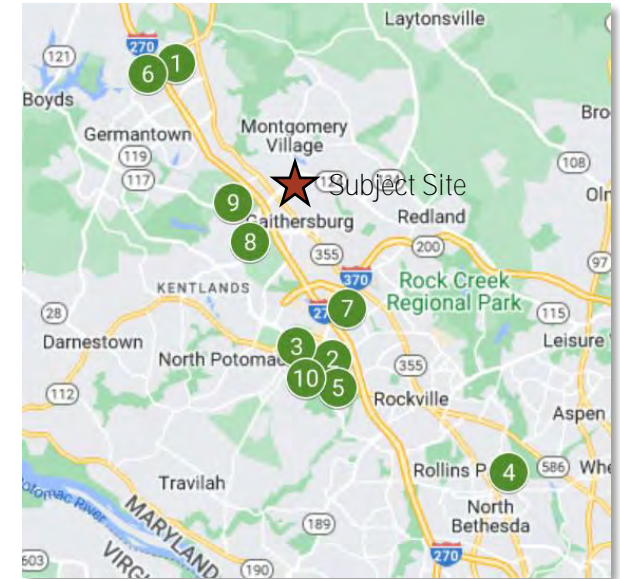
Source: CBRE; Milken Institute; U.S. Census Bureau; RCLCO

# COMPETITIVE SET

## LIFE SCIENCE IS A COMPELLING EMPLOYMENT USE FOR THE SUBJECT SITE GIVEN THE SURROUNDING MARKET CONTEXT

- ▶ RCLCO surveyed ten buildings that serve life science tenants, which represent a growing share of users in the submarket. Most competitive spaces are ground-up life science developments or existing office conversions dedicated to lab and research users, as opposed to traditional office functions. The large concentration of life science users in Gaithersburg likely stems from the presence of the National Institute of Standards & Technology (“NIST”), as well as the presence of companies like AstraZeneca. These users result in a clustering of related companies in locations close to the subject site.
- ▶ Although life science space has an established presence along the I-270 corridor and is growing in scale, there have been some headwinds that have impacted the life science market, especially within the past year. Interviews with brokers and other industry professionals indicate high interest rates have curbed activity, resulting in a smaller pipeline and a decrease in leasing. As a result, the scale and timing of life science development is likely to be a key consideration for the subject site, particularly in the near term with the headwinds facing the market.
- ▶ Still, the subject site is well-situated to attract life science companies over the mid to long term. Given its large size and mixed-use setting, the subject site could appeal to an expanding local user or potentially attract a new user from outside the market that is moving closer to its funding sources. Based on the performance of office buildings in the market, RCLCO expects the subject site could achieve rents of \$40 to \$45 NNN for lab space.

Select Life Science Properties, August 2023;  
Primary Market Area



MAP KEY	NAME	RBA (OFFICE)	YEAR BUILT	YEAR RENOV.	STORIES	VACANCY	RENT / SF	RENT TYPE
1	Seneca Meadows - Building 10	73,000	2023	N/A	2	88.0%	Withheld	NA
2	Shady Grove Life Sciences Center – 9804 Medical Center Dr	174,640	2021	N/A	5	0.0%	\$38	NNN
3	Shady Grove Life Sciences Center – 9950 Medical Center Dr	84,264	2020	N/A	3	0.0%	\$47	Direct
4	Greencourt Innovation Center	103,482	2017	N/A	3	28.1%	\$32	Full Service
5	Shady Grove Life Sciences Center – 9704 Medical Center Dr	122,601	2004	N/A	4	0.0%	\$30	Full Service
6	Precision Labs   Germantown	121,000	2000	2023	2	24.0%	\$40	NNN
7	Shady Grove Bio + Tech Campus	54,859	1985	2022	2	100.0%	\$20	Full Service
8	Alexandria Technology Center - Gaithersburg II	79,931	1982	2019	3	0.0%	\$34	NNN
9	Alexandria Technology Center - Gaithersburg I	57,410	1989	2016	1	0.0%	\$34	NNN
10	Shady Grove Life Sciences Center – 9800 Medical Center Dr	115,405	1997	2014	4	0.0%	\$38	NNN

Source: Broker Interviews; SEC reporting; CoStar; Cushman & Wakefield; Google Maps; RCLCO

# GAITHERSBURG LIFE SCIENCE INVENTORY



THE CITY OF GAITHERSBURG CONTAINS 32 PROPERTIES WITH LIFE SCIENCE USES, INCLUDING OFFICE, LAB, AND MANUFACTURING SPACE. THIS INCLUDES ASTRAZENECA'S 1.5 MILLION SQUARE FOOT CAMPUS IN THE CITY.

ADDRESS	TYPE	STATUS	RBA (SF)	RENT/SF/YR	% LEASED	YEAR BUILT	TRUE OWNER NAME
735 Watkins Mill Rd	Office	Existing	135,000	\$48.00	0%	2023	Monument Realty LLC
207 A Perry Pky	Flex	Existing	13,945		100%	1998	Saul Centers, Inc.
704 Quince Orchard Rd	Flex	Existing	79,931		100%	1982	Alexandria Real Estate Equities
708 Quince Orchard Rd	Flex	Existing	49,624	\$18.00 - 40.00	100%	1982	Alexandria Real Estate Equities
910 Clopper Rd	Flex	Existing	191,568		100%	1982	Alexandria Real Estate Equities
930 Clopper Rd	Flex	Existing	60,022		100%	1989	Alexandria Real Estate Equities
940-948 Clopper Rd	Flex	Existing	31,767		100%	1989	Alexandria Real Estate Equities
1201 Clopper Rd	Flex	Existing	147,135		100%	2000	Miltényi Biotech
19 Firstfield Rd	Flex	Existing	25,175		100%	1973	Alexandria Real Estate Equities
21 Firstfield Rd	Flex	Existing	52,790		100%	1978	Alexandria Real Estate Equities
1 Medimmune Way	Office	Existing	1,481,634		100%	2003	Astrazeneca Pharmaceuticals
200 Orchard Ridge Dr	Office	Existing	104,247		100%	1989	Astrazeneca Pharmaceuticals
207 Perry Pky	Flex	Existing	35,985		100%	1983	Saul Centers, Inc.
200 Perry Pky	Flex	Existing	35,152		100%	1989	Saul Centers, Inc.
202 Perry Pky	Flex	Existing	46,378		89%	1989	Saul Centers, Inc.
203 Perry Pky	Flex	Existing	13,755		100%	1998	Saul Centers, Inc.
205 Perry Pky	Flex	Existing	47,688		100%	1985	Saul Centers, Inc.
211 Perry Pky	Flex	Existing	37,863		100%	1985	Saul Centers, Inc.
213 Perry Pky	Flex	Existing	14,690		100%	1985	Saul Centers, Inc.
215-217 Perry Pky	Flex	Existing	46,227		100%	1997	Saul Centers, Inc.
300 Professional Dr	Flex	Existing	47,558		100%	1988	Emergent BioSolutions
401 Professional Dr	Flex	Existing	63,396		100%	1986	Alexandria Real Estate Equities
620 Professional Dr	Flex	Existing	27,950		100%	2000	Alexandria Real Estate Equities
700 Quince Orchard Rd	Flex	Existing	121,672		100%	2020	Alexandria Real Estate Equities
9 W Watkins Mill Rd	Flex	Existing	92,000		100%	1999	Alexandria Real Estate Equities
25 W Watkins Mill Rd	Flex	Existing	32,317		100%	1989	Alexandria Real Estate Equities
35 W Watkins Mill Rd	Flex	Existing	52,364		100%	1989	Alexandria Real Estate Equities
45 W Watkins Mill Rd	Flex	Existing	54,737		100%	1989	Alexandria Real Estate Equities
50 W Watkins Mill Rd	Flex	Existing	57,410		100%	1989	Alexandria Real Estate Equities
65 W Watkins Mill Rd	Flex	Existing	42,900		100%	1999	MRIGlobal
700 Progress Way	Industrial	Existing	225,000		0%	2023	Matan, Inc.
750 Progress Way	Industrial	Existing	225,000		0%	2023	Matan, Inc.
<b>TOTAL / AVG.</b>			<b>3,692,880</b>		<b>84%</b>	<b>1994</b>	

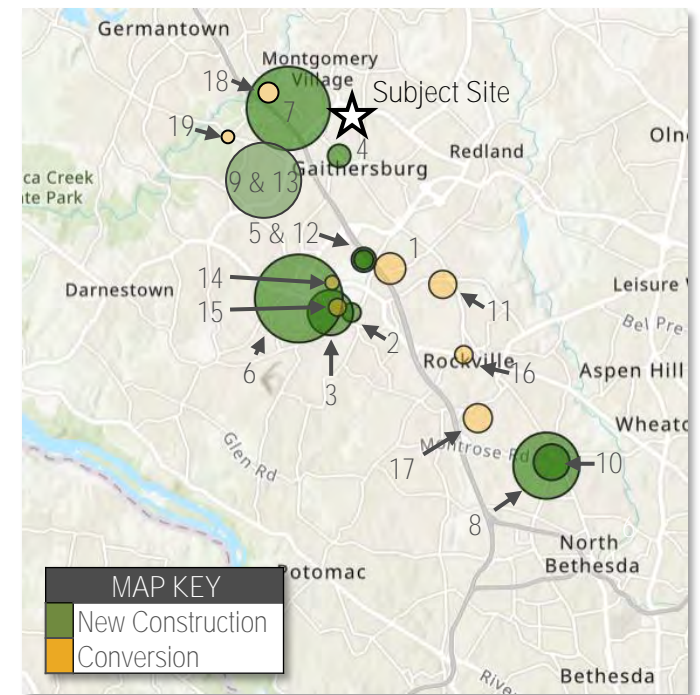
Source: CoStar; City of Gaithersburg; RCLCO

## THE DEVELOPMENT COMMUNITY APPEARS TO BE RESPONDING TO INCREASED DEMAND FROM LIFE SCIENCE USERS, THOUGH THE SUBJECT SITE IS LIKELY TO BE DIFFERENTIATED FROM OTHER DEVELOPMENT PROJECTS IN THE PIPELINE

- ▶ After years of minimal commercial development oriented to life science companies, the development community has recently responded to demand from these users, and is continuing to do so today. Today, the development pipeline consists of approximately 4.6 million square feet of space, including roughly 3.7 million square feet of new construction space and 0.9 million square feet of other converted space.
- ▶ While this pipeline is large by historical standards, it is important to note that roughly 11.5 million square feet of space already exists in the Suburban Maryland submarket as of June 2023, according to Cushman & Wakefield. Moreover, this existing space currently maintains a vacancy rate of 4.2%, which is generally healthy for most commercial users. As a result, the current headwinds facing the life science market—which perhaps a change from previous years—are unlikely to pose a long-term threat to this segment of the market. Moreover, the subject site is likely to be differentiated relative to many other life science opportunities in the market, considering its anticipated mixed-use environment.

Current Life Science Pipeline, December 2023;  
Primary Market Area

MAP KEY	NAME	SQUARE FEET	SPACE TYPE	DEVELOPER	EST. DELIVERY
1	District Labs	215,000	Conversion	Banyan Street Capital	2023
2	9808 Medical Center Dr	97,000	New Construction	Alexandria RE Equities	2023
3	Traville Gateway / Horizon Thera.	350,000	New Construction	Alexandria RE Equities	2023
4	Monument Innovation Center	135,000	New Construction	Monument Realty	2023
5	Evolution Labs at Washingtonian	150,000	New Construction	Stonebridge	2024
6	Labs at Belward	757,000	New Construction	Trammell Crow	2025
7	The Labs at West Watkins	714,200	New Construction	Trammell Crow	2025
8	EvolutionLabs at North Bethesda	550,000	New Construction	Stonebridge	2026
9	Novavax Block 1	79,000	New Construction	Alexandria RE Equities	2026
10	Pike & Rose	260,000	New Construction	Federal Realty	Unknown
11	W Gude Labs - Future Phases	182,000	Conversion	Thor Equities	Unknown
12	Evolution Labs at Washingtonian	100,000	New Construction	Stonebridge	Unknown
13	Novavax Future Phases	500,000	New Construction	Alexandria RE Equities	Unknown
14	Precision Labs   Shady Grove	51,000	Conversion	Rock Creek Property	Unknown
15	9950 Medical Center	84,000	Conversion	Alexandria RE Equities	2023
16	1500 & 1550 Research Square	89,000	Conversion	Altus Group	2024
17	One Preserve Parkway	191,000	Conversion	Longfellow	2024
18	200 Professional Drive	62,000	Conversion	Hyacinth Ntchobo	2024
19	55 West Watkins Mill	20,000	Conversion	Alexandria RE Equities	2024



Note: In the above map, size of circle denotes amount of square feet (larger = more), and color denotes space type.

Source: Cushman & Wakefield; CoStar; Washington Business Journal; RCLCO

## THE SUBJECT SITE IS POISED TO CAPTURE MORE THAN ITS “FAIR SHARE” OF LIFE SCIENCE DEMAND, GIVEN ITS UNIQUE COMPETITIVE ADVANTAGES OVER OTHER DEVELOPMENT PROJECTS IN THE MARKET

- ▶ Given the mixed-use environment of the subject site and the newer vintage of its life science space, RCLCO expects the subject site to be differentiated in the market, and to be competitive with other projects in similarly attractive environments, such as *Evolution Labs at Washingtonian*, *The Labs at West Watkins*, and *935 Prose at Pike & Rose*.
- ▶ To determine the share of demand that the subject site will be able to capture, RCLCO first assessed the relative strengths and weaknesses of each development project in the pipeline, using this information to “score” its appeal from the perspective of life science users. RCLCO then used this score to determine how far above or below a “fair share” capture the site could expect to realize, based on the amount of competitive space upon its delivery, and assuming it were to offer between 600,000 and 800,000 square feet of life science space—which is a relatively common scale for projects of this size. Using this approach, RCLCO estimated a capture of 12%, which it used in its demand analysis.

Determination of Market Capture, December 2023;  
Subject Site

NAME	SQUARE FEET	SPACE TYPE	DEVELOPER	EST. DELIVERY	MIXED-USE		ESTABLISHED CONCENTRATION	OVERALL SCORE
					25%	50%		
District Labs	215,000	Conversion	Banyan Street Capital	2023	Weak (1)	Weak (1)	Strong (5)	2.0
9808 Medical Center Dr	97,000	New Construction	Alexandria Real Estate	2023	Weak (1)	Strong (5)	Strong (5)	4.0
Traville Gateway	350,000	New Construction	Alexandria Real Estate	2023	Weak (1)	Strong (5)	Strong (5)	4.0
Monument Innovation Center	135,000	New Construction	Monument Realty	2023	Weak (1)	Strong (5)	Strong (5)	4.0
Evolution Labs Washingtonian	150,000	New Construction	Stonebridge	2024	Moderate (3)	Strong (5)	Strong (5)	4.5
Labs at Belward	757,000	New Construction	Trammell Crow	2025	Weak (1)	Strong (5)	Strong (5)	4.0
The Labs at West Watkins	714,200	New Construction	Trammell Crow	2025	Moderate (3)	Strong (5)	Strong (5)	4.5
Evolution Labs at N. Bethesda	550,000	New Construction	Stonebridge	2026	Moderate (3)	Strong (5)	Moderate (3)	4.0
Novavax Block 1	79,000	New Construction	Alexandria Real Estate	2026	Weak (1)	Moderate (3)	Strong (5)	3.0
Pike & Rose	260,000	New Construction	Federal Realty	Unknown	Strong (5)	Strong (5)	Moderate (3)	4.5
W Gude Labs - Future Phases	182,000	Conversion	Thor Equities	Unknown	Weak (1)	Weak (1)	Moderate (3)	1.5
Washingtonian - Phase II	100,000	New Construction	Stonebridge	Unknown	Moderate (3)	Strong (5)	Strong (5)	4.5
Novavax Future Phases	500,000	New Construction	Alexandria Real Estate	Unknown	Weak (1)	Moderate (3)	Strong (5)	3.0
Precision Labs   Shady Grove	51,000	Conversion	Rock Creek Property	Unknown	Weak (1)	Weak (1)	Strong (5)	2.0
9950 Medical Center	84,000	Conversion	Alexandria Real Estate	2023	Weak (1)	Weak (1)	Strong (5)	2.0
1500 & 1550 Research Square	89,000	Conversion	Altus Group	2024	Weak (1)	Weak (1)	Weak (1)	1.0
One Preserve Parkway	191,000	Conversion	Longfellow	2024	Weak (1)	Weak (1)	Strong (5)	2.0
200 Professional Drive	62,000	Conversion	Hyacinth Ntchobo	2024	Weak (1)	Moderate (3)	Moderate (3)	2.5
55 West Watkins Mill	20,000	Conversion	Alexandria Real Estate	2024	Weak (1)	Weak (1)	Moderate (3)	1.5

COMPETITIVE ADVANTAGE OF SITE	
Subject Site Score	4.5
Average Score	3.6
% Above Average	25%

COMPETITION UPON DELIVERY	
Space in Pipeline	4,586,000 SF
Competition Upon Delivery	4,504,000 SF

ESTIMATED CAPTURE OF DEMAND	
"Fair Share" Capture	10%
% Above "Fair Share"	25%
Subject Site Capture	12%

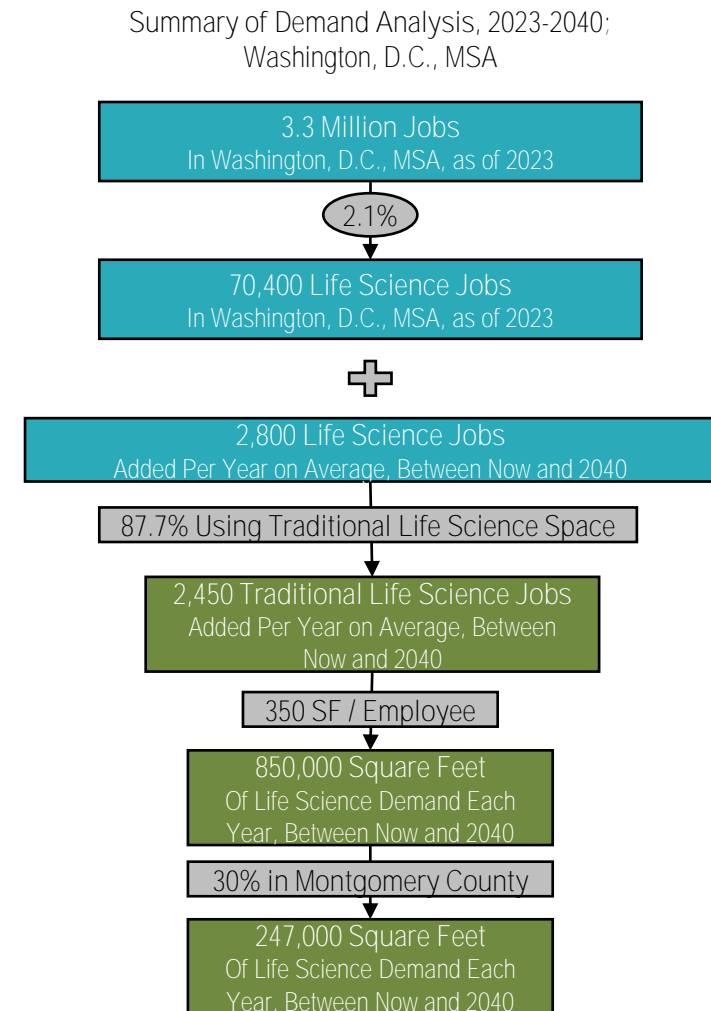
Source: CoStar; City of Gaithersburg; RCLCO

# TRADITIONAL LIFE SCIENCE DEMAND

## RCLCO PROJECTS DEMAND FOR 247,000 SQUARE FEET OF NEW LIFE SCIENCE SPACE WITHIN MONTGOMERY COUNTY ANNUALLY

- ▶ To project demand for life science space at the subject site, RCLCO first examined projected employment growth in the Washington, D.C., MSA, as reported by **Moody's Analytics**. In doing so, RCLCO observed that **Moody's Analytics** projects significantly more moderate job growth for not only the Washington, D.C., MSA, but also most other metropolitan areas across the country. While RCLCO believes it is likely many metropolitan areas will experience moderate growth over the next few years due to the macroeconomic conditions outlined on Page 17, RCLCO does not believe this forecast is an accurate representation of the long-term outlook for the Washington, D.C., region. As such, RCLCO developed its own forecast, based on the historical pace at which each industry has grown, as well as changes in those paces over time.
- ▶ Next, RCLCO analyzed employment by sector using detailed six-digit NAICS data provided by the U.S. Census Bureau to determine the percentage of the labor force working in life science jobs, specifically those likely to use traditional life science space as opposed to potential life science integrated light manufacturing space (described on Page 65). Additionally, RCLCO used this data to examine changes within each sector, where RCLCO observed the share of overall employment that falls under the life science umbrella is increasing marginally over time.
- ▶ RCLCO utilized the aforementioned employment trends, projections, and industry-specific data to forecast that the region would add an average of 2,450 traditional life science jobs (as opposed to integrated light manufacturing-using jobs related to the life science industry) annually in the Washington, D.C., MSA between now and 2040. Assuming these users occupy an average of 350 square feet per employee—which is consistent with existing life-science dynamics—RCLCO projects annual demand for 850,000 of new life science space within the MSA annually.
- ▶ At present, 30% of lab using employment in the broader MSA is located within Montgomery County, based on U.S. Census-provided NAICS data. Assuming the distribution of future employment follows historical trends (30% of growth is captured within Montgomery County), RCLCO projects that there will be annual demand for 247,000 square feet of new traditional life science space within the County each year.

- » Demand for 247,000 square feet of life science space each year implies Montgomery County can absorb one large laboratory development or two medium-sized developments annually, which is generally consistent with historical absorption trends.



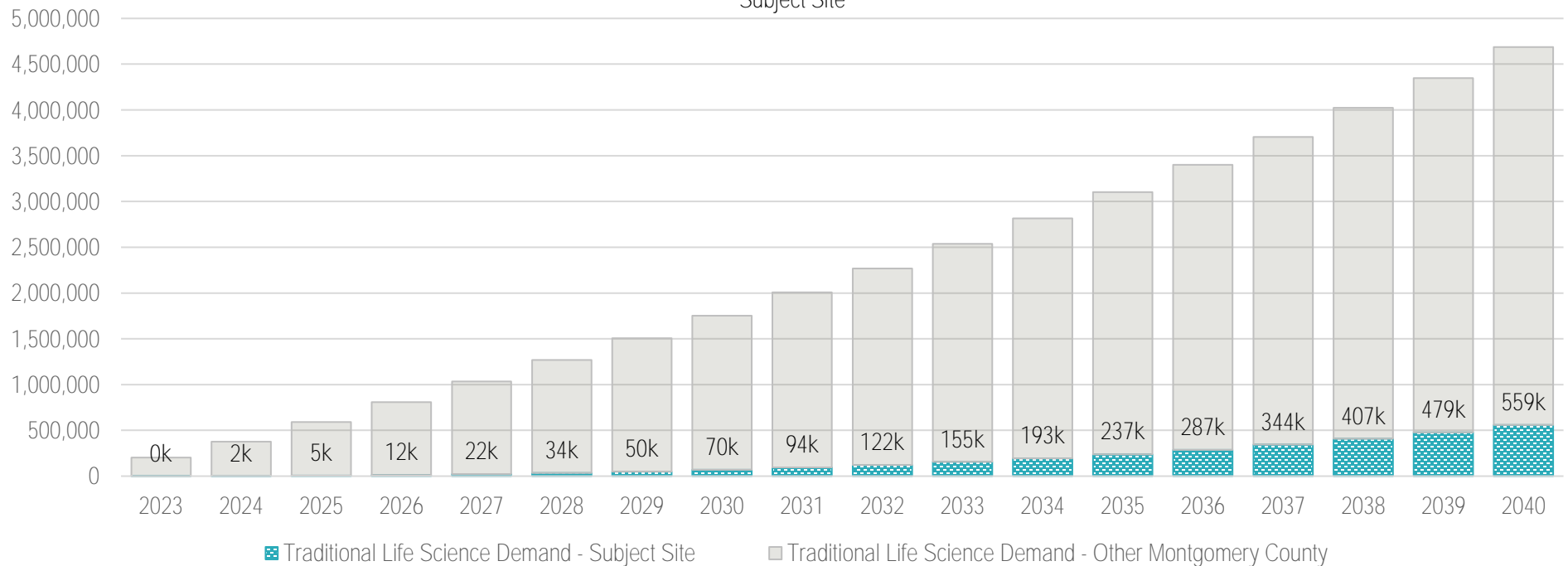
Source: *Moody's Analytics; CoStar; U.S. Census Bureau County Business Patterns; RCLCO*

# TRADITIONAL LIFE SCIENCE DEMAND

## RCLCO PROJECTS SUPPORT FOR UP TO 559,000 SQUARE FEET OF TRADITIONAL LIFE SCIENCE AT THE SUBJECT SITE BY 2040

- ▶ RCLCO projected life science demand throughout Montgomery County using the statistical based demand model outlined on the previous page and illustrated below in gray. In order to determine likely demand at the subject site, RCLCO examined the existing life science pipeline as well as the strengths and weaknesses of each project, in order to score the appeal of each (See Page 62). By scoring each pipeline project, RCLCO was able to identify a weighted fair-share capture rate of 12% at the subject site. The capture rate implies there is cumulative demand for 559,000 square feet of traditional life science space at the subject site by 2040, with demand growing slowly over time.
  - » Importantly, this projection does not include integrated life science-oriented light manufacturing space, the demand for which would be additive to the above total. For more information on demand for integrated life science-oriented light manufacturing space at the subject site, please see Page 67.
- ▶ Proper phasing will be required to fully realize demand. Interviews with brokers and other industry professionals reveal that most new development is taking place in roughly 100,000 square foot phases, with multiple 20,000 to 25,000 square foot floorplans. RCLCO recommends phasing life science deliveries over time, focusing on multiple deliveries as appropriate based on the below demand forecast and the one on Page 67. See Page 13 for more information on the recommended phasing strategy.

Cumulative Life Science Lab Demand, 2023-2040;  
Subject Site



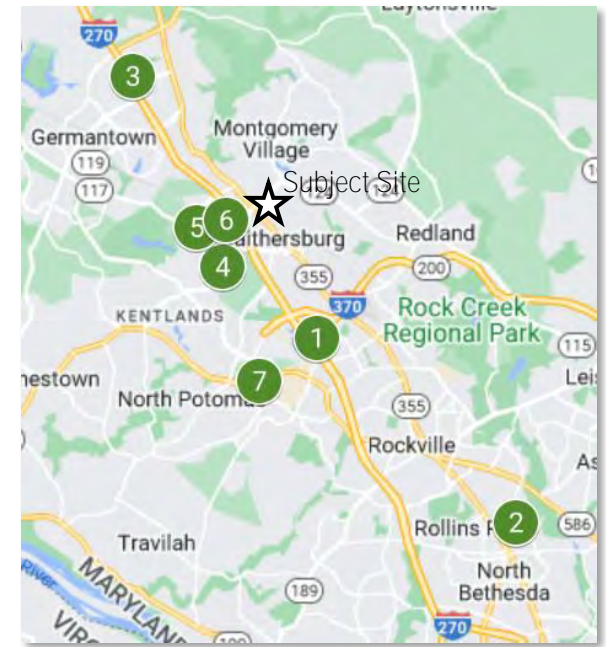
Source: Moody's Analytics; CoStar; U.S. Census Bureau County Business Patterns; RCLCO

# LIFE SCIENCE INTEGRATED MANUFACTURING SUPPLY EVALUATION

## THERE IS UNMET DEMAND FOR INTEGRATED LIFE SCIENCE LIGHT MANUFACTURING

- ▶ While there is likely demand for many different types of industrial development in Montgomery County, RCLCO recognizes that MXD zoning in the City of Gaithersburg prohibits many of these forms of development, with the exception of integrated light manufacturing uses. For this reason, RCLCO focused its analysis of supply and demand on life science-related light manufacturing users, to reflect the types of tenants that could be integrated with traditional life science space at the subject site.
- ▶ For this reason, RCLCO surveyed select life science-related manufacturing tenants within Montgomery County to understand the types of users present in the market, as well as the types of spaces they occupy. In general, roughly half of these users are integrated with traditional life science (e.g., lab) space, often one involving the development of pharmaceuticals. Remaining users manufacture pharmaceutical or life-science solutions to companies with national or international presences. Spaces vary in size, though many are between 20,000 and 60,000 square feet.
- ▶ Like traditional life science users, integrated life science light manufacturing users require unique in-building amenities and are not suitable in many existing industrial spaces. Interviews with brokers suggest that this particular segment of the life science market is underserved, and that there is significant unmet demand for light life science-integrated manufacturing. Brokers suggest that integrated light manufacturing space is particularly appealing to life science users and often commands a premium over standalone light manufacturing space.
  - » The location of the subject site along I-270—an established destination for life science users—situates it well to capture integrated life science light manufacturing demand. Likewise, the ability to integrate light manufacturing with traditional life science uses is likely to drive premiums and better serve users in the market.

Select Manufacturing Properties, August 2023;  
Primary Market Area



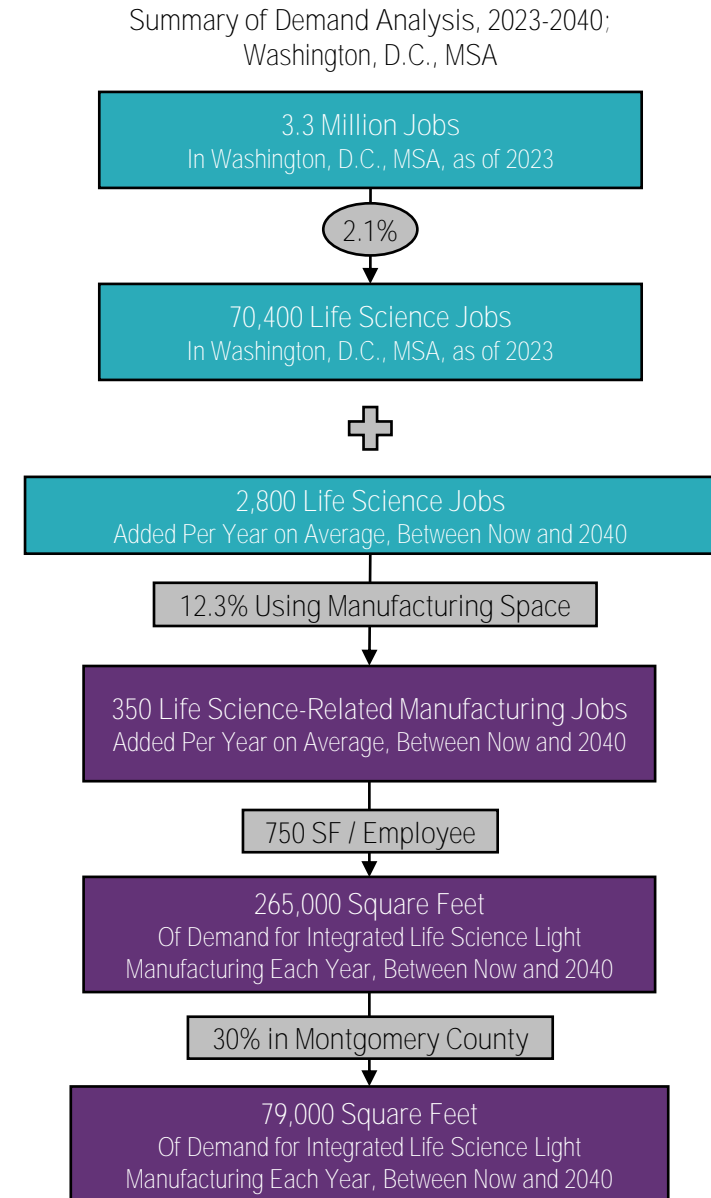
MAP KEY	TENANT NAME	ADDRESS	START DATE	RBA (OFFICE)	RENT / SF	RENT TYPE	NOTES
1	Quality Biological	15801-15813 Gaither Dr	7/1/2023	25,000	N/A	N/A	Manufactures biological and life science products for numerous clients & labs
2	UNDBIO	12441 Parklawn Dr	1/1/2023	23,581	N/A	N/A	Insulin manufacturing company
3	Novavax	20417 Seneca Meadows Pkwy	12/1/2021	62,659	N/A	N/A	Part of this square footage is a vaccine manufacturing plant
4	Adaptive Phage Therapeutics	708 Quince Orchard Rd	1/1/2021	20,950	N/A	N/A	Manufacturing facility for new-age antibiotics
5	Kite Pharma	930 Clopper Rd	3/1/2019	60,022	\$30.00	NNN	Recently acquired by BioNTech – pharmaceutical manufacturing for cancer treatment
6	Miltenyi Biotec	1201 Clopper Rd	10/1/2016	147,051	\$22.64	NNN	Headquarters, lab and a key manufacturing plant for clinical cell development
7	Novavax	9920 Belward Campus Dr	2/1/2017	51,181	\$30.22	NNN	Mix of biotech lab and manufacturing

Source: CoStar; RCLCO

# INTEGRATED LIFE SCIENCE LIGHT MANUFACTURING DEMAND

## RCLCO PROJECTS DEMAND FOR 79,000 SQUARE FEET OF NEW LIFE SCIENCE-RELATED INTEGRATED LIGHT MANUFACTURING SPACE WITHIN MONTGOMERY COUNTY ANNUALLY

- ▶ RCLCO forecasted demand for life integrated science-related light manufacturing space—with the idea being that these spaces represent the types that could be integrated with other uses at the subject site—using an approach similar to the one outlined on Page 63. After projecting future employment growth by industry, RCLCO examined detailed six-digit NAICS data provided by the U.S. Census Bureau to determine the percentage of the labor force working in life science jobs, specifically those likely to use integrated light manufacturing space. Using this approach, RCLCO projected an average of 350 new integrated life science-related light manufacturing jobs within the Washington, D.C., MSA annually through 2040.
  - » These jobs most commonly fall under the pharmaceutical and medicine manufacturing industry (59%), followed by the medical equipment and supplies manufacturing industry (31%).
- ▶ After determining the number of integrated life science-related light manufacturing jobs that the Washington, D.C., MSA is likely to add each year, RCLCO then estimated each job is likely to require an average of 750 square feet of space, based on research on and past experience with other integrated light manufacturing development in the region. This threshold translates to demand for 265,000 square feet of new life science-related integrated light manufacturing space in the MSA annually through 2040.
- ▶ Assuming that Montgomery County continues to capture its fair share of regional life science employment, this analysis suggests there is annual demand for 79,000 square feet of life science-related integrated light manufacturing space within the County between now and 2040.



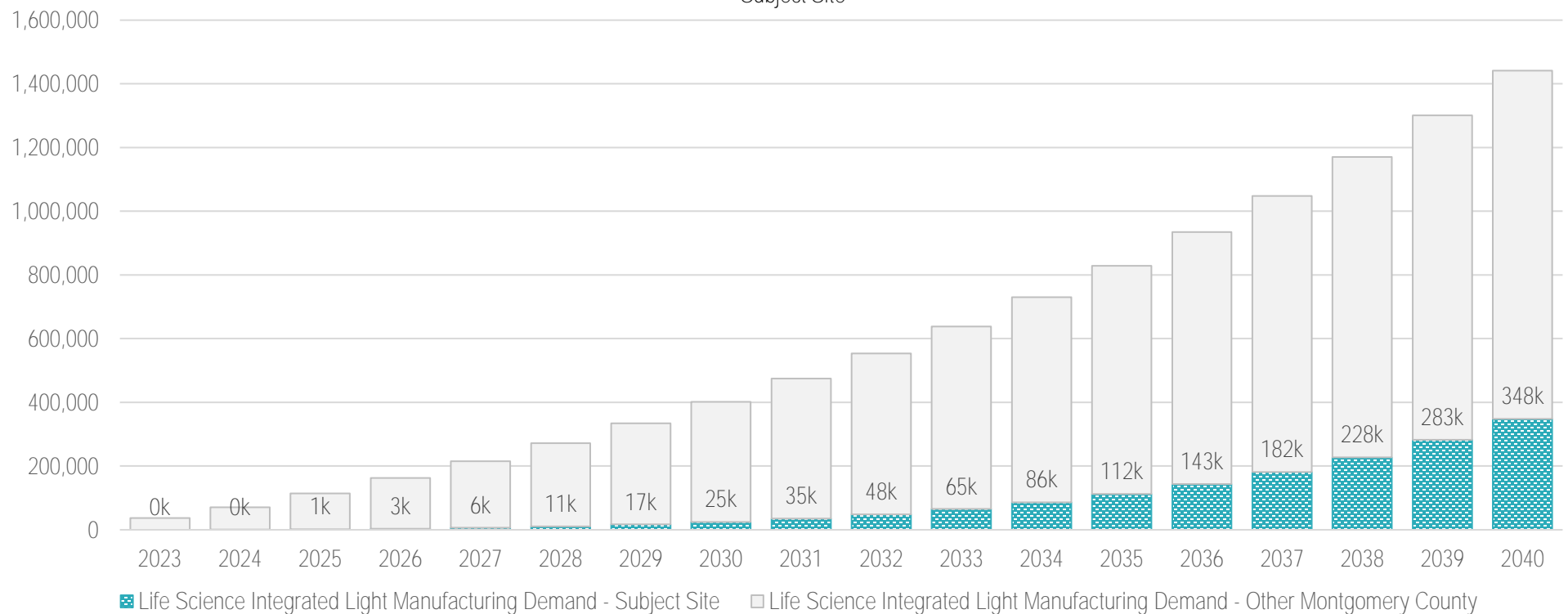
Source: Moody's Analytics; CoStar; U.S. Census Bureau County Business Patterns; RCLCO

# LIFE SCIENCE INTEGRATED LIGHT MANUFACTURING DEMAND

RCLCO PROJECTS SUPPORT FOR UP TO 348,000 SQUARE FEET OF LIFE SCIENCE-RELATED LIGHT MANUFACTURING AT THE SITE BY 2040, WITH THIS TOTAL REPRESENTING THE AMOUNT OF POTENTIAL INTEGRATED LIGHT MANUFACTURING DEMAND.

- ▶ RCLCO projected life science-related demand throughout Montgomery County using the statistical based demand model outlined on the previous page and illustrated below in gray. In order to determine likely demand at the subject site, RCLCO followed a similar approach to the one outlined on Page 63, considering the current development pipeline for life science space. In general, few of these projects are known to feature any integrated light manufacturing components; however, RCLCO made the conservative assumption that 50% of the pipeline space would utilize some life science-related integrated light manufacturing space, implying a fair share capture rate of 25%.
- ▶ This forecast shows support for 348,000 square feet of integrated light manufacturing space at the subject site by 2040, including 112,000 square feet by 2035. Coordinating the delivery of these spaces with the delivery of connected traditional life science space (e.g., lab, research and development, etc.) is likely to be a critical success factor. For more information on the recommended program and phasing strategy, please see Page 13.

Cumulative Life Science-Oriented Integrated Light Manufacturing Demand, 2023-2040;  
Subject Site



Source: Moody's Analytics; CoStar; U.S. Census Bureau County Business Patterns; RCLCO

# HOSPITALITY MARKET ANALYSIS

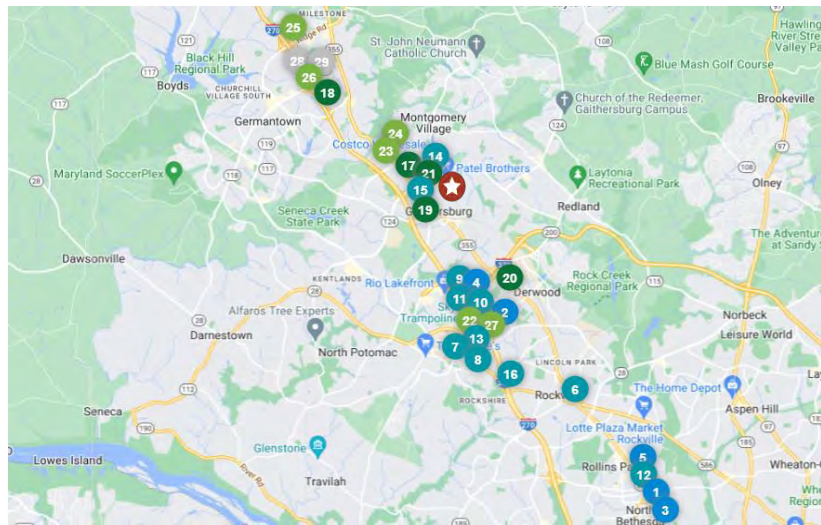
---

# HOTEL SUPPLY

## THE HOSPITALITY MARKET IS CHARACTERIZED BY DATED, LOWER-END INVENTORY, WITH LIMITED SUPPLY ADDITIONS

- ▶ RCLCO identified and analyzed 27 hotels along the I-270 corridor of Montgomery County, with the idea that hotels along this corridor are likely most relevant to the hospitality opportunity available to the subject site. In general, most properties are located in Rockville and Gaithersburg. Quality within the set is generally correlated with location, with the southernmost properties tending to be the highest end.
- ▶ Existing surveyed hotels have an average year built of 1996, and many are over 30 years old. Since 2010, only five new hotels have delivered in the market area. Infrequent supply additions and increasing room rates and occupancy approaching or exceeding pre-COVID levels may be indicative of an underserved market.
- ▶ Both of the identified pipeline projects are in the *Century* mixed-use development in Germantown, where there will also be new residential and retail development. Given the shallow pipeline, the **market's** trend of very limited supply additions will likely continue, and there are no known supply additions currently planned in Gaithersburg.

Comparable and Pipeline Hotels, December 2023;  
I-270 Corridor



MAP KEY	HOTEL	CLASS	YEAR OPENED	ROOMS	RACK RATE
EXISTING					
1	Canopy Bethesda North	Upper Upscale	2018	177	\$170
2	Sheraton Rockville	Upper Upscale	2006	155	\$132
3	Marriott Bethesda North	Upper Upscale	2004	455	\$181
4	Marriott Washingtonian Center	Upper Upscale	1993	284	\$179
5	Hilton Rockville	Upper Upscale	1983	315	\$132
6	Cambria Rockville	Upscale	2015	140	\$133
7	Hilton Garden Inn Rockville Gaithersburg	Upscale	2010	112	\$140
8	Homewood Suites Rockville-Gaithersburg	Upscale	2010	87	\$164
9	Courtyard Washingtonian Center	Upscale	2006	210	\$157
10	SpringHill Suites Gaithersburg	Upscale	2000	162	\$140
11	Residence Inn Washingtonian Center	Upscale	1998	132	\$158
12	EVEN Hotels Rockville	Upscale	1987	167	\$120
13	Courtyard Rockville	Upscale	1987	147	\$134
14	Homewood Suites North Gaithersburg	Upscale	1987	123	\$133
15	DoubleTree North/Gaithersburg	Upscale	1981	298	\$117
16	Best Western Premier Rockville	Upscale	1971	164	\$135
17	Hampton North/Gaithersburg	Upper Midscale	2013	125	\$128
18	Fairfield Germantown Gaithersburg	Upper Midscale	2004	87	\$158
19	TownePlace Suites Gaithersburg	Upper Midscale	1999	90	\$148
20	Comfort Inn Shady Grove Gaithersburg Rockville	Upper Midscale	1986	127	\$108
21	Holiday Inn Gaithersburg	Upper Midscale	1971	160	\$102
22	Extended Stay America Rockville	Midscale	1999	135	\$83
23	Extended Stay America Gaithersburg - North	Midscale	1999	101	\$66
24	Extended Stay America Gaithersburg - South	Midscale	1999	87	\$66
25	Extended Stay America Germantown Milestone	Midscale	1999	104	\$82
26	Extended Stay America Germantown Town Center	Midscale	1997	132	\$71
27	Sleep Inn Rockville	Midscale	1997	107	\$92
PIPELINE					
28	Century Building D	N/A	N/A	70	
29	Century Building E	N/A	N/A	84	

KEY	HOTEL CLASS	ROOMS	DISTRIBUTION	AVG. RATE
	Upper Upscale	1,386	32%	\$162
	Upscale	1,742	40%	\$137
	Upper Midscale	589	13%	\$124
	Midscale	666	15%	\$77
TOTAL EXISTING		4,383	100%	\$134
Planned / Proposed		154		
TOTAL PIPELINE		154		

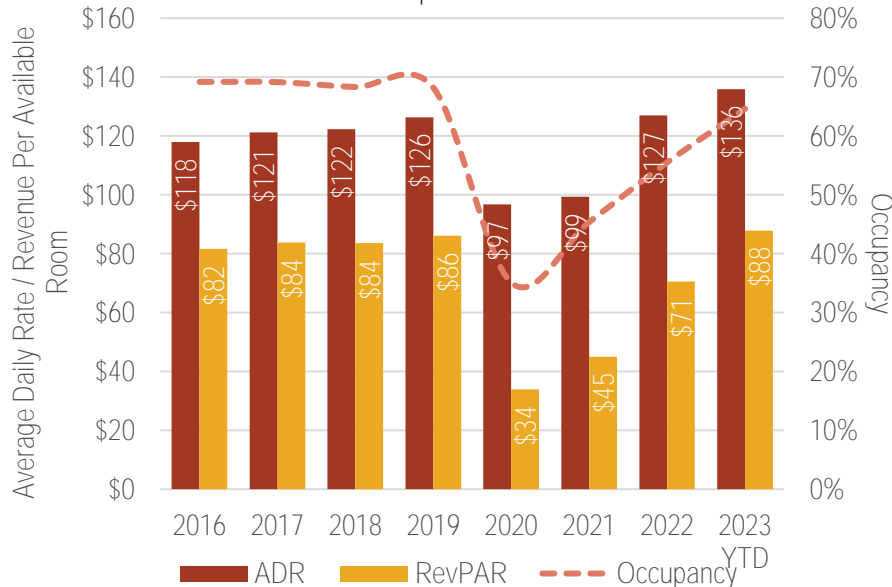
Note: Pricing data is from November 9, 2023 to February 3, 2024  
Source: Smith Travel Research; CoStar; Business Journals; RCLCO

# HOTEL MARKET TRENDS

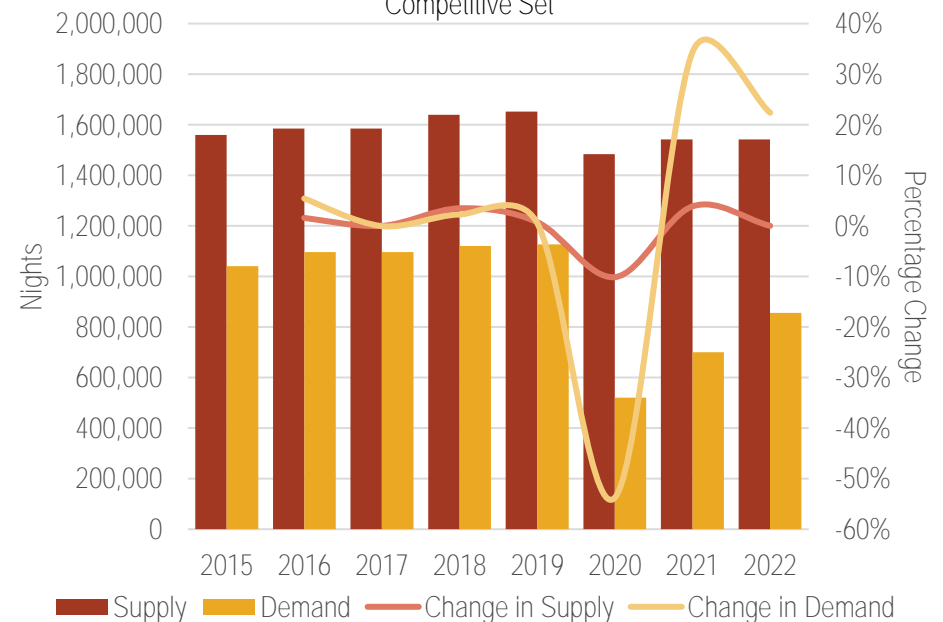
## MARKET FUNDAMENTALS HAVE RETURNED TO PRE-PANDEMIC LEVELS – FEW SUPPLY ADDITIONS HAVE STRENGTHENED THE MARKET OPPORTUNITY, DRIVING UP NIGHTLY ROOM RATES AND OCCUPANCY LEVELS

- ▶ Mirroring global trends, the local hotel market experienced significant stress in 2020 and 2021 due to a halt in travel during the COVID-19 pandemic. Fundamentals have consistently improved since then, with current average daily rates (“ADRs”) now exceeding pre-pandemic levels and occupancy rates on track to reach pre-pandemic averages in coming years. RevPAR has already reached 2019 averages, indicating the hospitality market has recovered from the pandemic.
- ▶ A return to healthy market fundamentals has been buoyed by a lack of supply additions; today, hotel supply today trails pre-pandemic levels due to hotel rooms being taken offline or converted to other uses during the COVID-19 pandemic (e.g., *Holiday Inn Gaithersburg*).
  - » RCLCO expects the I-270 corridor to see moderate but consistent demand growth over the long term, at rates of approximately 1.5% to 2.0% per year based on historical trends. Some degree of new supply will thus need to be implemented over time to keep market fundamentals healthy.
  - » Nationally, hotels in office-centric submarkets have experienced the most stress, likely due to a reliance on business travel. Paired with the ability of the subject site to serve a broader audience including friends and family members of nearby households, the recent return to pre-pandemic fundamentals in the market and lack of competitive new product all imply an opportunity for hotel development at the Lakeforest Mall.

Historical Occupancy Trends, Avg. ADR and Avg. RevPAR, 2016-2023 YTD;  
Competitive Set



Hotel Supply and Demand, 2015-2022;  
Competitive Set



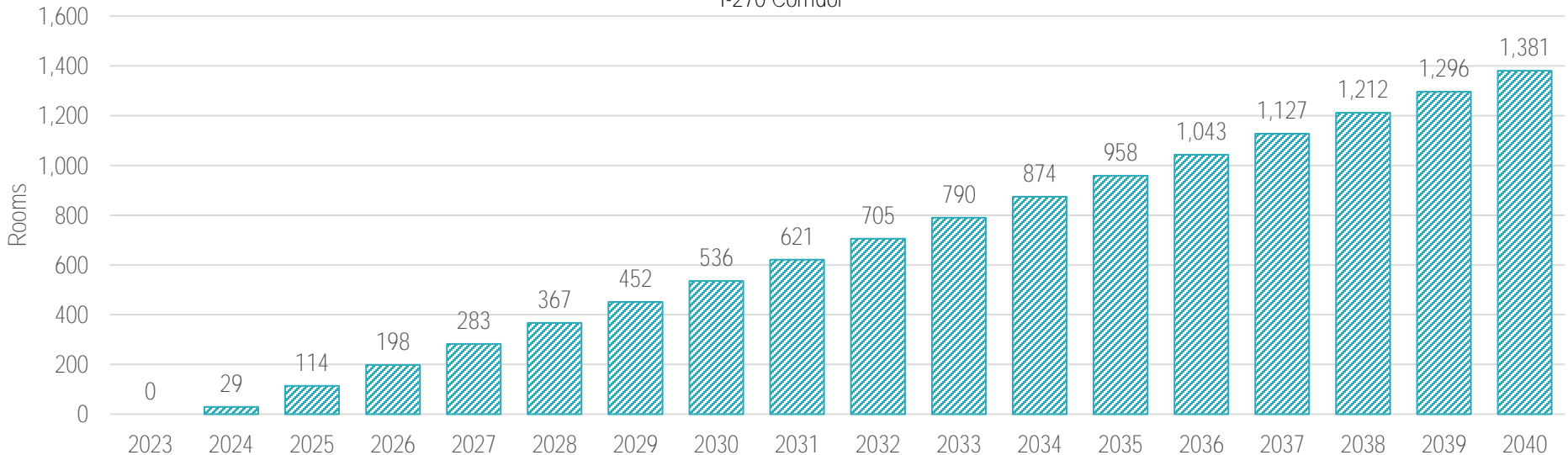
Source: Smith Travel Research; RCLCO

# HOTEL MARKET DEMAND

GRADUAL DEMAND GROWTH IMPLIES THE I-270 CORRIDOR OF MONTGOMERY COUNTY WILL NEED NEW DELIVERIES TO AVOID UNDERSUPPLY; IN TOTAL, RCLCO PROJECTS DEMAND FOR APPROXIMATELY 1,380 ADDITIONAL KEYS IN THE MARKET BY 2040

- ▶ RCLCO utilized hotel data from Smith Travel Research (“STR”) to analyze historical room night trends, and to project demand through 2040.
  - » When doing so, RCLCO observed the I-270 corridor is on track to reach pre-pandemic levels of occupied room nights by the end of 2024, based on changes in annual demand growth since 2020. Following this recovery, RCLCO assumed the corridor would then see demand grow at more gradual rates of 1.5% to 2.0% per year, in line with growth rates observed prior to 2020.
- ▶ This methodology suggests a positive long-term outlook based on growth in market demand. By 2030, the I-270 corridor is expected to require 540 additional hotel keys to keep supply-demand dynamics stable and best serve the **submarket’s** hospitality needs, with this total growing to approximately 1,380 keys by the end of 2040.
  - » In comparison, two hotels totaling approximately 150 hotel keys are currently planned or proposed along the I-270 corridor, suggesting there would still be unmet demand for approximately 1,230 hotel keys through the end of 2040 even if both pipeline projects come to fruition.
  - » Importantly, the unmet hotel demand includes only net new demand, which would therefore not impact existing hotels. Given the age and quality of existing hotels in the market, a new hotel would likely be able to capture demand from existing options, therefore accelerating subject site demand for a hotel.

Cumulative Unmet Hotel Demand, 2023-2040;  
I-270 Corridor



\* The 154 hotel rooms being planned at the nearby Century development would count towards a portion of the unmet demand shown in the above chart. However, demand is expected to exceed supply, given the lack of other hotels currently planned along the I-270 corridor.

Source: Smith Travel Research; RCLCO

# SITE-SPECIFIC HOTEL DEMAND

## SUFFICIENT MARKET SUPPORT FOR A HOTEL AT THE SUBJECT SITE BY 2028, WITH UPSIDE OPPORTUNITY TO ACCELERATE DELIVERY AND CAPTURE DEMAND FROM AGING EXISTING PRODUCT

- ▶ The subject site can likely capture a sizeable share of hotel demand in the near term, given its mixed-use environment, new vintage, and nearly empty pipeline. While the **site's** capture of demand may moderate over time if improving fundamentals drive new development and competition within the market, the **site's** inclusion within a walkable mixed-use environment will help drive hotel demand and will likely allow for an outsized capture.
  - » Based on the lack of new hotels slated to deliver along the I-270 corridor in the near term, RCLCO assumed the subject site could capture up to one-third (33%) of net new demand between now and 2030. This capture reflects the **“fair share”** based on the number of projects currently in the development pipeline.
  - » Further down the line, RCLCO assumed additional hotels would be added to the pipeline, at a rate of approximately one hotel every three years; as such, RCLCO assumed the subject **site's** capture of demand would gradually moderate to approximately 16% by 2040. This assumption is based on the pace at which hotels have delivered along the I-270 corridor over the last 10 years.
- ▶ Hospitality will be a strong complimentary development to on-site retail, life-science, and housing options. RCLCO projects sufficient demand to support one conventionally sized hotel (i.e., 100 to 125 keys) at the subject site by 2028. However, there could be an opportunity to support a larger (i.e., 150- to 200-key) concept in the mid to long term, after the I-270 corridor has experienced further growth and the subject site has solidified its sense of place. As such, the scale and type of hotel opportunity is likely to depend in part on development timing.
  - » Please note that this projection assumes the subject site draws exclusively from unmet demand, without cannibalizing any demand at existing properties or planned developments. As a result, the delivery timeline could likely be accelerated if the new hotel at the subject aimed to better-serve users who are currently discontent with the quality of hotel supply along the I-270 corridor, or if any of that aging supply were to go offline in the coming years.

Subject Site Capture of Unmet Hotel Demand, 2023-2040;  
Primary Market Area

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
<b>I-270 CORRIDOR</b>																			
Demand at Target Occupancy (Nights)	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	1.12M	
Unmet Demand (Nights)		7K	29K	51K	72K	94K	115K	137K	159K	180K	202K	223K	245K	266K	288K	310K	331K	353K	
Unmet Demand (Available Room Nights)		11K	42K	72K	103K	134K	165K	196K	227K	257K	288K	319K	350K	381K	412K	442K	473K	504K	
Unmet Demand (Rooms)		29	114	198	283	367	452	536	621	705	790	874	958	1,043	1,127	1,212	1,296	1,381	
<b>SUBJECT SITE</b>																			
Capture of Unmet Demand		33%	33%	33%	33%	33%	33%	33%	30%	27%	25%	23%	21%	20%	19%	18%	17%	16%	
Supported Supply (Nights)		4K	14K	24K	34K	45K	55K	65K	68K	70K	72K	74K	75K	76K	77K	78K	79K	80K	
Supported Supply (Rooms)		10	38	66	94	122	151	179	186	192	197	202	205	209	211	214	216	218	

Source: Smith Travel Research; RCLCO

## DISCLAIMERS

---

# CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 18 months, and then return to a stable and moderate rate in 2025 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "**stress tested**" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

# GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.



## APPENDIX: SUPPORTING EXHIBITS

---

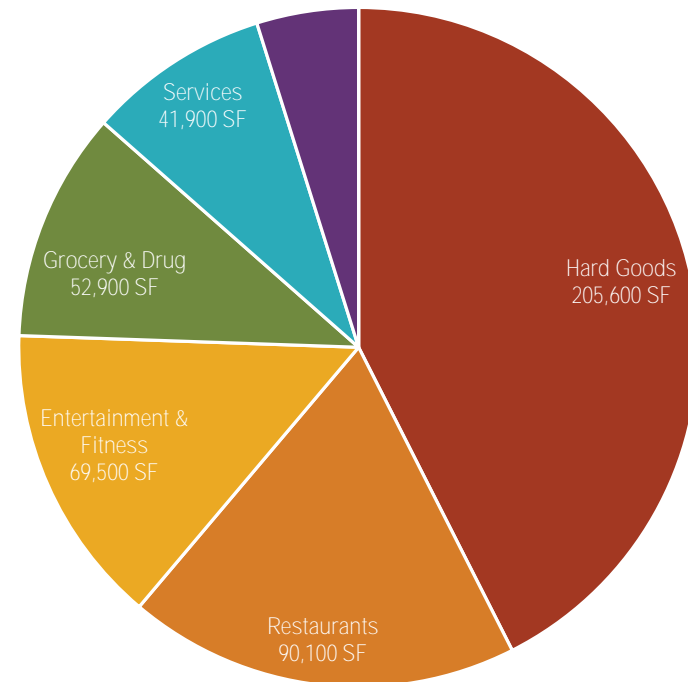
## I. RETAIL DEMAND & GROCERY ANALYSIS

## Exhibit I-1

### Summary of Demand Subject Site 2023-2040

STORE TYPE	2023	2028	2030	2040
Grocery & Drug	49,300	52,900	55,900	57,800
Restaurants	88,500	90,100	91,500	93,400
Hard Goods	204,100	205,600	207,000	211,100
Soft Goods	22,600	23,400	24,100	25,400
Entertainment & Fitness	67,300	69,500	70,600	74,300
Services	39,700	41,900	43,600	46,700
<b>TOTAL</b>	<b>471,500 SF</b>	<b>483,400 SF</b>	<b>492,700 SF</b>	<b>508,700 SF</b>

Retail Demand - 2028  
Subject Site



*Note: Demand is cumulative, not additive*  
*Source: Esri; Consumer Expenditure Survey; ICSC; RCLCO*

## Exhibit I-2

### Retail Demand Subject Site 2023-2040

HOUSEHOLDS - PRIMARY MARKET AREA																									
STORE TYPE	SPENDING PER HOUSEHOLD <sup>1</sup>				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				EST. SPENDING IN PMA	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
PRIMARY MARKET A' MARKET A' MARKET A' MARKET AREA 2040																									
Grocery & Drug	\$10,343	\$10,587	\$10,686	\$11,195	92.1%	89.7%	88.6%	82.9%	\$541,188,026	\$537,751,395	\$535,068,420	\$520,492,004	90.0%	5.0%	1.00	4.5%	\$24,353,461	\$24,198,813	\$24,078,079	\$23,422,140	\$600 / SF	40,600	40,300	40,100	39,000
Restaurants	\$4,291	\$4,392	\$4,433	\$4,644	95.4%	93.5%	92.7%	88.8%	\$232,559,466	\$232,327,738	\$232,206,938	\$231,351,334	75.0%	12.5%	1.00	9.5%	\$22,093,149	\$22,071,135	\$22,059,659	\$21,978,377	\$600 / SF	36,800	36,800	36,800	36,600
Hard Goods	\$4,886	\$5,001	\$5,048	\$5,289	73.4%	71.7%	70.9%	68.6%	\$203,794,951	\$203,057,313	\$202,356,800	\$203,662,167	65.0%	25.0%	1.00	16.5%	\$33,626,167	\$33,504,457	\$33,388,872	\$33,604,258	\$350 / SF	96,100	95,700	95,400	96,000
Soft Goods	\$2,485	\$2,544	\$2,568	\$2,490	63.5%	62.7%	62.4%	60.6%	\$89,577,482	\$90,284,809	\$90,485,621	\$91,451,607	65.0%	10.0%	1.00	6.5%	\$5,822,536	\$5,868,513	\$5,891,565	\$5,944,354	\$500 / SF	11,400	11,700	11,800	11,900
Entertainment & Fitness	\$500	\$512	\$517	\$542	100.0%	100.0%	100.0%	100.0%	\$28,428,032	\$28,993,297	\$29,222,537	\$30,396,217	75.0%	27.5%	1.00	20.5%	\$5,827,747	\$5,943,626	\$5,990,620	\$6,231,224	\$250 / SF	23,300	23,800	24,000	24,900
Services	\$2,599	\$2,660	\$2,685	\$2,813	89.2%	89.0%	88.9%	88.5%	\$131,668,173	\$134,003,650	\$134,949,232	\$139,776,674	90.0%	12.5%	1.00	11.5%	\$15,141,840	\$15,410,420	\$15,519,162	\$16,074,317	\$450 / SF	33,600	34,200	34,500	35,700
<b>TOTAL DEMAND POTENTIAL</b>	<b>\$32,433</b>	<b>\$33,197</b>	<b>\$33,508</b>	<b>\$36,105</b>					<b>\$1,635,214,268</b>	<b>\$1,641,723,485</b>	<b>\$1,642,553,720</b>	<b>\$1,650,504,078</b>					<b>\$106,864,900</b>	<b>\$106,996,963</b>	<b>\$106,917,957</b>	<b>\$107,254,671</b>		<b>242,000</b>	<b>242,500</b>	<b>242,600</b>	<b>244,100</b>
EMPLOYEES - PRIMARY MARKET AREA																									
STORE TYPE	SPENDING PER EMPLOYEE <sup>1</sup>				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				EST. SPENDING IN PMA	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
Grocery & Drug	\$2,406	\$2,406	\$2,406	\$2,406	100.0%	100.0%	100.0%	100.0%	\$29,480,135	\$26,915,196	\$26,915,196	\$26,915,196	50.0%	5.0%	1.00	2.5%	\$737,003	\$672,880	\$672,880	\$672,880	\$600 / SF	1,200	1,100	1,100	1,100
Restaurants	\$1,501	\$1,501	\$1,501	\$1,501	100.0%	100.0%	100.0%	100.0%	\$18,387,653	\$16,787,823	\$16,787,823	\$16,787,823	90.0%	12.5%	1.00	11.5%	\$2,114,580	\$1,930,600	\$1,930,600	\$1,930,600	\$600 / SF	3,500	3,200	3,200	3,200
Hard Goods	\$1,300	\$1,300	\$1,300	\$1,300	100.0%	100.0%	100.0%	100.0%	\$15,928,320	\$14,542,466	\$14,542,466	\$14,542,466	50.0%	25.0%	1.00	12.5%	\$1,991,040	\$1,817,808	\$1,817,808	\$1,817,808	\$350 / SF	5,700	5,200	5,200	5,200
Soft Goods	\$1,639	\$1,639	\$1,639	\$1,639	100.0%	100.0%	100.0%	100.0%	\$20,076,054	\$18,329,324	\$18,329,324	\$18,329,324	50.0%	10.0%	1.00	5.0%	\$1,003,803	\$916,466	\$916,466	\$916,466	\$500 / SF	2,000	1,800	1,800	1,800
Entertainment & Fitness	\$261	\$261	\$261	\$261	100.0%	100.0%	100.0%	100.0%	\$3,192,035	\$2,914,310	\$2,914,310	\$2,914,310	50.0%	27.5%	1.00	14.0%	\$446,885	\$408,003	\$408,003	\$408,003	\$250 / SF	1,800	1,600	1,600	1,600
Services	\$513	\$513	\$513	\$513	100.0%	100.0%	100.0%	100.0%	\$6,288,501	\$5,741,366	\$5,741,366	\$5,741,366	50.0%	12.5%	1.00	6.5%	\$408,753	\$373,189	\$373,189	\$373,189	\$450 / SF	900	800	800	800
<b>TOTAL DEMAND POTENTIAL</b>	<b>\$9,578</b>	<b>\$9,578</b>	<b>\$9,578</b>	<b>\$9,578</b>					<b>\$117,353,490</b>	<b>\$107,143,073</b>	<b>\$107,143,073</b>	<b>\$107,143,073</b>					<b>\$6,702,064</b>	<b>\$6,118,946</b>	<b>\$6,118,946</b>	<b>\$6,118,946</b>		<b>15,100</b>	<b>13,700</b>	<b>13,700</b>	<b>13,700</b>
HOUSEHOLDS - SECONDARY MARKET AREA																									
STORE TYPE	SPENDING PER HOUSEHOLD <sup>1</sup>				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				EST. SPENDING IN SMA	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
Grocery & Drug	\$14,882	\$15,006	\$15,056	\$15,319	92.1%	89.7%	88.6%	82.9%	\$887,290,277	\$887,250,152	\$885,056,217	\$871,857,199	95.0%	2.5%	0.25	0.5%	\$4,436,451	\$4,436,251	\$4,425,281	\$4,359,286	\$600 / SF	7,400	7,400	7,400	7,300
Restaurants	\$6,239	\$6,291	\$6,312	\$6,422	95.4%	93.5%	92.7%	88.8%	\$385,324,126	\$387,382,714	\$388,960,526	\$391,631,793	80.0%	5.0%	0.75	3.0%	\$11,559,724	\$11,621,481	\$11,644,816	\$11,748,954	\$600 / SF	19,300	19,400	19,400	19,600
Hard Goods	\$7,370	\$7,432	\$7,457	\$7,587	73.4%	71.7%	70.9%	68.6%	\$350,283,135	\$351,229,864	\$350,903,424	\$357,643,157	70.0%	7.5%	0.75	6.0%	\$21,016,988	\$21,073,792	\$21,054,205	\$21,458,589	\$350 / SF	60,000	60,200	60,200	61,300
Soft Goods	\$3,602	\$3,632	\$3,645	\$3,708	63.5%	62.7%	62.4%	60.6%	\$147,954,559	\$150,069,065	\$150,783,328	\$154,324,398	70.0%	5.0%	0.75	3.0%	\$4,438,637	\$4,502,072	\$4,523,497	\$4,629,732	\$500 / SF	8,900	9,000	9,000	9,300
Entertainment & Fitness	\$783	\$790	\$793	\$806	100.0%	100.0%	100.0%	100.0%	\$50,704,164	\$52,040,496	\$52,584,621	\$55,389,841	80.0%	15.0%	0.75	9.0%	\$4,563,375	\$4,683,645	\$4,732,616	\$4,985,086	\$250 / SF	18,300	18,000	18,000	19,900
Services	\$3,876	\$3,908	\$3,921	\$3,990	89.2%	89.0%	88.9%	88.5%	\$223,752,084	\$229,165,852	\$231,366,615	\$242,680,417	95.0%	5.0%	0.25	1.0%	\$2,237,521	\$2,291,659	\$2,313,666	\$2,426,804	\$450 / SF	5,000	5,100	5,100	5,400
<b>TOTAL DEMAND POTENTIAL</b>	<b>\$47,458</b>	<b>\$47,843</b>	<b>\$48,014</b>	<b>\$48,641</b>					<b>\$2,124,599,722</b>	<b>\$2,152,111,592</b>	<b>\$2,161,222,102</b>	<b>\$2,181,049,543</b>					<b>\$48,252,646</b>	<b>\$48,068,999</b>	<b>\$48,094,061</b>	<b>\$49,636,451</b>		<b>116,900</b>	<b>119,800</b>	<b>120,000</b>	<b>122,800</b>
HOUSEHOLDS - MONTGOMERY COUNTY																									
STORE TYPE	SPENDING PER HOUSEHOLD <sup>1</sup>				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				EST. SPENDING IN COUNTY	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
Grocery & Drug	\$15,651	\$15,652	\$15,653	\$15,658	92.1%	89.7%	88.6%	82.9%	\$3,913,069,206	\$3,891,982,226	\$3,874,059,673	\$3,775,781,983	100.0%	0.0%	0.00	0.0%	\$0	\$0	\$0	\$0	\$600 / SF	0	0	0	0
Restaurants	\$6,396	\$6,396	\$6,397	\$6,399	95.4%	93.5%	92.7%	88.8%	\$1,656,571,727	\$1,656,522,122	\$1,656,300,193	\$1,655,376,382	90.0%	2.5%	0.50	1.0%	\$16,565,717	\$16,565,221	\$16,563,002	\$16,533,764	\$600 / SF	27,600	27,600	27,600	27,600
Hard Goods	\$7,367	\$7,368	\$7,368	\$7,371	73.4%	71.7%	70.9%	68.6%	\$1,468,340,714	\$1,464,441,437	\$1,459,952,955	\$1,472,201,578	80.0%	2.5%	0.50	1.0%	\$14,683,407	\$14,644,414	\$14,599,530	\$14,722,016	\$350 / SF	42,000	41,800	41,700	42,100
Soft Goods	\$3,754	\$3,754	\$3,754	\$3,755	63.5%	62.7%	62.4%	60.6%	\$646,539,166	\$652,274,838	\$653,978,085	\$662,233,009	80.0%	0.0%	0.50	0.0%	\$0	\$0	\$0	\$0	\$500 / SF	0	0	0	0
Entertainment & Fitness	\$810	\$810	\$811	\$810	100.0%	100.0%	100.0%	100.0%	\$219,969,916	\$224,560,852	\$224,423,789	\$235,971,486	90.0%	5.0%	0.50	2.5%	\$5,499,248	\$5,614,021	\$5,660,595	\$5,899,287	\$250 / SF	22,000	22,500	22,600	23,600
Services	\$3,957	\$3,958	\$3,958	\$3,959	89.2%	89.0%	88.9%	88.5%	\$958,004,480	\$975,940,438	\$983,206,599	\$1,020,340,040	100.0%	2.5%	0.00	0.0%	\$0	\$0	\$0	\$0	\$450 / SF	0	0	0	0
<b>TOTAL DEMAND POTENTIAL</b>	<b>\$48,492</b>	<b>\$48,496</b>	<b>\$48,499</b>	<b>\$48,516</b>					<b>\$11,670,796,217</b>	<b>\$11,727,084,275</b>	<b>\$11,736,782,832</b>	<b>\$11,812,664,599</b>					<b>\$36,748,372</b>	<b>\$36,823,657</b>	<b>\$36,823,126</b>	<b>\$37,155,067</b>		<b>91,600</b>	<b>91,900</b>	<b>91,900</b>	<b>93,300</b>
HOUSEHOLDS - SUBJECT SITE																									
STORE TYPE	SPENDING PER HOUSEHOLD <sup>1</sup>				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				EST. SPENDING IN COUNTY	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
Grocery & Drug	\$11,063	\$11,063	\$11,071	\$10,769	92.1%	89.7%	88.6%	82.9%	\$0	\$5,808,126	\$10,277,150	\$14,276,117	N/A	N/A	N/A	40.0%	\$0	\$2,223,250	\$4,110,860	\$5,710,447	\$600 / SF	0	3,900	6,900	9,500
Restaurants	\$4,589	\$4,589	\$4,476	\$4,467	95.4%	93.5%	92.7%	88.8%	\$0	\$5,509,317	\$4,460,038	\$6,345,532	N/A	N/A	N/A	33.3%	\$0	\$836,439	\$1,486,679	\$2,115,177	\$600 / SF	0	1,400	2,500	3,500
Hard Goods	\$5,226	\$5,226	\$5,098	\$5,087	73.4%	71.7%	70.9%	68.6%	\$0	\$2,193,714	\$3,886,701	\$5,586,070	N/A	N/A	N/A	35.0%	\$0	\$767,611	\$1,360,345	\$1,955,125	\$350 / SF	0	2,200	3,900	5,600
Soft Goods	\$2,658	\$2,658	\$2,593	\$2,588	63.5%	62.7%	62.4%	60.6%	\$0	\$975,145	\$1,737,973	\$2,508,346	N/A	N/A	N/A	35.0%	\$0	\$341,301	\$608,290	\$877,921	\$500 / SF	0	700	1,200	1,800
Entertainment & Fitness	\$535	\$535	\$522	\$521	100.0%	100.0%	100.0%	100.0%	\$0	\$313,150	\$661,282	\$833,711	N/A	N/A	N/A	50.0%	\$0	\$156,575	\$280,641	\$416,856	\$250 / SF	0	600	1,100	1,700
Services	\$2,780	\$2,780	\$2,712	\$2,706	89.2%	89.0%	88.9%	88.5%	\$0	\$1,447,342	\$2,591,993	\$3,833,811	N/A	N/A	N										

## Exhibit I-2

### Retail Demand Subject Site 2023-2040

EMPLOYEES - SUBJECT SITE																									
STORE TYPE	SPENDING PER EMPLOYEE <sup>1</sup>				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				*FAIR SHARE* CAPTURE	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
Grocery & Drug	\$2,406	\$2,406	\$2,406	\$2,406	100.0%	100.0%	100.0%	100.0%	\$0	\$331,612	\$994,835	\$2,652,892	N/A	N/A	N/A	17.5%	\$0	\$58,032	\$174,096	\$464,256	\$600 / SF	0	100	300	800
Restaurants	\$1,501	\$1,501	\$1,501	\$1,501	100.0%	100.0%	100.0%	100.0%	\$0	\$206,836	\$620,508	\$1,654,689	N/A	N/A	N/A	50.0%	\$0	\$103,418	\$310,254	\$827,345	\$600 / SF	0	200	500	1,400
Hard Goods	\$1,300	\$1,300	\$1,300	\$1,300	100.0%	100.0%	100.0%	100.0%	\$0	\$179,172	\$537,516	\$1,433,376	N/A	N/A	N/A	12.5%	\$0	\$22,397	\$67,190	\$179,172	\$350 / SF	0	100	200	500
Soft Goods	\$1,639	\$1,639	\$1,639	\$1,639	100.0%	100.0%	100.0%	100.0%	\$0	\$225,828	\$677,485	\$1,806,627	N/A	N/A	N/A	10.0%	\$0	\$22,583	\$67,749	\$180,663	\$500 / SF	0	0	100	400
Entertainment & Fitness	\$261	\$261	\$261	\$261	100.0%	100.0%	100.0%	100.0%	\$0	\$35,906	\$107,718	\$287,249	N/A	N/A	N/A	25.0%	\$0	\$8,977	\$26,930	\$71,812	\$250 / SF	0	0	100	300
Services	\$513	\$513	\$513	\$513	100.0%	100.0%	100.0%	100.0%	\$0	\$70,737	\$212,211	\$565,897	N/A	N/A	N/A	25.0%	\$0	\$17,684	\$53,053	\$141,474	\$450 / SF	0	0	100	300
<b>TOTAL DEMAND POTENTIAL</b>	<b>\$9,578</b>	<b>\$9,578</b>	<b>\$9,578</b>	<b>\$9,578</b>					<b>\$0</b>	<b>\$1,320,068</b>	<b>\$3,960,203</b>	<b>\$10,560,541</b>					<b>\$0</b>	<b>\$233,090</b>	<b>\$699,271</b>	<b>\$1,864,722</b>		<b>0</b>	<b>400</b>	<b>1,300</b>	<b>3,700</b>

HOTEL GUESTS																									
STORE TYPE	SPENDING PER VISITOR PER DAY				% OF SPENDING NOT ONLINE <sup>2</sup>				ANNUAL RETAIL EXPENDITURES				EST. SPENDING IN PMA	*FAIR SHARE* CAPTURE	*FAIR SHARE* MULTIPLE	CAPTURE OF SPENDING <sup>3</sup>	ANNUAL RETAIL CAPTURE AT SUBJECT SITE				SALES / SF THRESHOLD	TOTAL RETAIL SPACE DEMANDED			
	2023	2028	2030	2040	2023	2028	2030	2040	2023	2028	2030	2040					2023	2028	2030	2040		2023	2028	2030	2040
Grocery & Drug	\$4.0	\$4.0	\$4.0	\$4.0	100.0%	100.0%	100.0%	100.0%	\$1,392,840	\$1,624,980	\$1,624,980	\$1,624,980	90.0%	5.0%	1.00	5.0%	\$69,642	\$81,249	\$81,249	\$81,249	\$600 / SF	100	100	100	100
Restaurants	\$30.0	\$30.0	\$30.0	\$30.0	100.0%	100.0%	100.0%	100.0%	\$10,446,300	\$12,187,350	\$12,187,350	\$12,187,350	66.7%	12.5%	1.00	7.5%	\$183,473	\$974,051	\$974,051	\$974,051	\$600 / SF	1,300	1,500	1,500	1,500
Hard Goods	\$2.0	\$2.0	\$2.0	\$2.0	100.0%	100.0%	100.0%	100.0%	\$696,420	\$812,490	\$812,490	\$812,490	66.7%	25.0%	1.00	17.5%	\$121,874	\$142,186	\$142,186	\$142,186	\$350 / SF	300	400	400	400
Soft Goods	\$4.0	\$4.0	\$4.0	\$4.0	100.0%	100.0%	100.0%	100.0%	\$1,392,840	\$1,624,980	\$1,624,980	\$1,624,980	50.0%	10.0%	1.00	5.0%	\$69,642	\$81,249	\$81,249	\$81,249	\$500 / SF	100	200	200	200
Entertainment & Fitness	\$8.0	\$8.0	\$8.0	\$8.0	100.0%	100.0%	100.0%	100.0%	\$2,785,680	\$3,249,960	\$3,249,960	\$3,249,960	66.7%	27.5%	1.00	17.5%	\$487,494	\$568,743	\$568,743	\$568,743	\$250 / SF	1,900	2,300	2,300	2,300
Services	\$2.0	\$2.0	\$2.0	\$2.0	100.0%	100.0%	100.0%	100.0%	\$696,420	\$812,490	\$812,490	\$812,490	90.0%	12.5%	1.00	12.5%	\$87,053	\$101,561	\$101,561	\$101,561	\$450 / SF	200	200	200	200
<b>TOTAL DEMAND POTENTIAL</b>	<b>\$70</b>	<b>\$70</b>	<b>\$70</b>	<b>\$70</b>					<b>\$24,374,700</b>	<b>\$28,437,150</b>	<b>\$28,437,150</b>	<b>\$28,437,150</b>					<b>\$1,619,177</b>	<b>\$1,889,039</b>	<b>\$1,889,039</b>	<b>\$1,889,039</b>		<b>3,900</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>

SUBJECT SITE TOTAL DEMAND				
STORE TYPE	2023	2028	2030	2040
Grocery & Drug	49,300	52,900	55,900	57,800
Restaurants	88,500	90,100	91,500	93,400
Hard Goods	204,100	205,600	207,000	211,100
Soft Goods	22,600	23,400	24,100	25,400
Entertainment & Fitness	67,300	69,500	70,600	74,300
Services	39,700	41,900	43,600	46,700
<b>TOTAL</b>	<b>471,500</b>	<b>483,400</b>	<b>492,700</b>	<b>508,700</b>

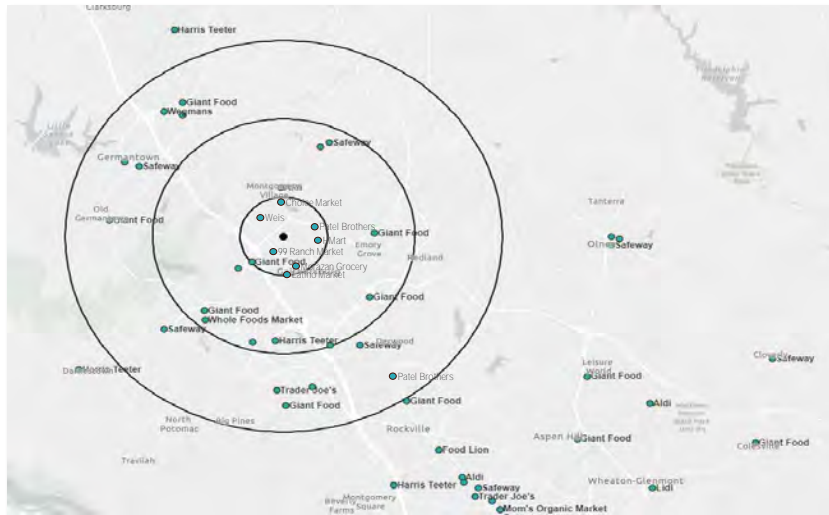
Note: Capture rate methodology is outlined within the "Retail Market Analysis" section of the report  
 Note: Demand is cumulative, not additive - 471,500 SF of demand today, which will increase marginally to 508,700 by 2040

<sup>1</sup> Based on 2018-2019 Consumer Expenditure data, adjusting for the likely income levels within the area and at the subject site  
<sup>2</sup> Based on 2018-2019 Consumer Expenditure data  
<sup>3</sup> RCLCO assumption: site capture is based on competing locations in the market and likelihood of households to make store type expenditures at the property.  
<sup>4</sup> RCLCO  
<sup>5</sup> Based on 2012 ICSC office worker spending data

Source: Esri; Consumer Expenditure Survey; ICSC; RCLCO

Exhibit I-3

Map of Select Grocery Stores Within Radius of Subject Site  
Primary Market Area  
December 2023



LOCATIONS WITHIN RADIUS OF SITE

TENANT	TYPICAL STORE SIZE	1-MILE	3-MILE	5-MILE	OPPORTUNITY TO ATTRACT
Wegmans	60,000 SF+	0	0	1	WEAK
Giant	40,000 to 60,000 SF	1	6	10	MODERATE
Harris Teeter	40,000 to 60,000 SF	0	1	1	STRONG
Safeway	40,000 to 60,000 SF	0	1	5	STRONG
99 Ranch Market	40,000 to 60,000 SF	1	0	0	WEAK
Weis	40,000 to 60,000 SF	1	0	0	WEAK
Food Lion	20,000 to 40,000 SF	0	0	0	WEAK
Sprouts	20,000 to 40,000 SF	0	0	0	STRONG
Whole Foods Market	20,000 to 40,000 SF	0	1	1	WEAK
Hmart	20,000 to 40,000 SF	1	0	0	WEAK
Aldi	10,000 to 20,000 SF	0	2	3	WEAK
Lidl	10,000 to 20,000 SF	0	0	0	WEAK
Fresh Market	10,000 to 20,000 SF	0	0	0	STRONG
Mom's Organic Market	10,000 to 20,000 SF	0	1	1	MODERATE
Trader Joe's	10,000 to 20,000 SF	0	0	1	MODERATE
Patel Brothers	0 to 10,000 SF	1	0	0	WEAK
Morazan Grocery	0 to 10,000 SF	1	0	0	WEAK
Choice Market	0 to 10,000 SF	1	0	0	WEAK
Latino Market Gaithersburg	0 to 10,000 SF	1	0	0	WEAK
<b>Total</b>		<b>8</b>	<b>12</b>	<b>23</b>	

Source: RCLCO; Google Maps

## II. RENTAL DEMAND

## Exhibit II-1

### Annual Multifamily Rental Demand for New Units Primary Market Area 2022-2027

AGE AND INCOME	RENT AS A % OF INCOME	AFFORDABLE MONTHLY RENT RANGE <sup>1</sup>	DEMAND FROM EXISTING RENTERS								DEMAND FROM EXISTING OWNERS				DEMAND FROM NEW HOUSEHOLDS			TOTAL ANNUAL DEMAND						
			TOTAL HHS <sup>2</sup>		RENTERS <sup>3</sup>		IN TURNOVER <sup>3</sup>		RENTERS BECOMING OWNERS		OWNERS	IN TURNOVER <sup>3</sup>		OWNERS BECOMING RENTERS		DEMAND FROM EXISTING HHS IN TURNOVER	NET NEW HHS	RENTERS <sup>3</sup>	ANNUAL RENTER DEMAND FROM NEW HHS <sup>4</sup>	ANNUAL RENTER DEMAND POOL	CHOOSE MULTIFAMILY RENTALS		CHOOSE NEW <sup>5</sup>	
			#	%	%	#	%	#	%	#		%	%	#	%						%	#	%	%
<b>UNDER 25</b>			<b>5,981</b>	<b>100%</b>	<b>4,905</b>		<b>2,452</b>		<b>(46)</b>	<b>1,076</b>		<b>388</b>		<b>2,406</b>	<b>940</b>		<b>771</b>	<b>3,177</b>	<b>2,529</b>		<b>151</b>			
UNDER \$35,000		34% UNDER \$1,000	2,015	34%	1,814	50%	907	0%	-	202	36%	73	0%	-	907	317	90%	285	1,192	75%	891	0%	-	
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	668	11%	85%	568	50%	284	0%	-	100	36%	36	0%	-	284	105	85%	89	373	85%	318	0%	-
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	1,158	19%	80%	926	50%	463	0%	-	232	36%	83	0%	-	463	182	80%	146	609	83%	505	5%	25
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	950	16%	80%	760	50%	380	-5%	(19)	190	36%	68	0%	-	361	149	80%	119	480	84%	403	13%	50
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	782	13%	75%	587	50%	293	-5%	(15)	196	36%	70	0%	-	279	123	75%	92	371	77%	285	18%	50
\$150,000 AND OVER	24%	\$3,000 AND OVER	408	7%	61%	251	50%	125	-10%	(13)	157	36%	57	0%	-	113	64	61%	39	152	83%	126	20%	25
<b>25-34</b>			<b>37,990</b>	<b>100%</b>	<b>23,689</b>		<b>10,194</b>		<b>(1,057)</b>	<b>14,301</b>		<b>3,420</b>		<b>9,137</b>	<b>3,318</b>		<b>2,069</b>	<b>11,206</b>	<b>9,042</b>		<b>891</b>			
UNDER \$35,000		34% UNDER \$1,000	4,885	13%	89%	4,334	43%	1,865	0%	-	551	24%	132	0%	-	1,865	427	89%	379	2,243	77%	1,734	0%	-
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	2,533	7%	85%	2,164	43%	931	0%	-	369	24%	88	0%	-	931	221	85%	189	1,120	78%	870	0%	-
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	5,029	13%	75%	3,772	43%	1,623	-5%	(81)	1,257	24%	301	0%	-	1,542	439	75%	329	1,871	83%	1,547	5%	77
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	5,946	16%	70%	4,162	43%	1,791	-10%	(179)	1,784	24%	427	0%	-	1,612	519	70%	364	1,975	81%	1,600	13%	200
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	8,807	23%	56%	4,952	43%	2,131	-20%	(426)	3,855	24%	922	0%	-	1,705	769	56%	433	2,137	84%	1,787	18%	313
\$150,000 AND OVER	24%	\$3,000 AND OVER	10,790	28%	40%	4,305	43%	1,852	-20%	(370)	6,485	24%	1,551	0%	-	1,482	942	40%	376	1,858	81%	1,505	20%	301
<b>35-44</b>			<b>55,912</b>	<b>100%</b>	<b>24,109</b>		<b>8,438</b>		<b>(975)</b>	<b>31,803</b>		<b>3,759</b>		<b>7,464</b>	<b>2,327</b>		<b>1,003</b>	<b>8,467</b>	<b>5,391</b>		<b>550</b>			
UNDER \$35,000		34% UNDER \$1,000	4,983	9%	76%	3,778	35%	1,322	0%	-	1,205	12%	142	0%	-	1,322	207	76%	157	1,479	65%	962	0%	-
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	2,680	5%	68%	1,822	35%	638	0%	-	858	12%	101	0%	-	638	112	68%	76	714	65%	466	0%	-
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	5,571	10%	64%	3,541	35%	1,239	-5%	(62)	2,030	12%	240	0%	-	1,177	232	64%	147	1,325	73%	969	5%	48
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	7,346	13%	53%	3,859	35%	1,351	-10%	(135)	3,487	12%	412	0%	-	1,216	306	53%	161	1,376	68%	939	13%	117
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	11,897	21%	44%	5,250	35%	1,837	-20%	(367)	6,647	12%	786	0%	-	1,470	495	44%	218	1,688	63%	1,057	18%	185
\$150,000 AND OVER	24%	\$3,000 AND OVER	23,435	42%	25%	8,859	35%	2,051	-20%	(410)	17,576	12%	2,078	0%	-	1,640	975	25%	244	1,884	53%	997	20%	199
<b>45-54</b>			<b>56,540</b>	<b>100%</b>	<b>15,248</b>		<b>3,681</b>		<b>(135)</b>	<b>41,292</b>		<b>1,871</b>		<b>3,546</b>	<b>8</b>		<b>2</b>	<b>3,548</b>	<b>2,079</b>		<b>192</b>			
UNDER \$35,000		34% UNDER \$1,000	4,390	8%	65%	2,854	24%	689	0%	-	1,537	5%	70	0%	-	689	1	65%	0	689	66%	457	0%	-
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	2,023	4%	61%	1,234	24%	298	0%	-	789	5%	36	0%	-	298	0	61%	0	298	80%	238	0%	-
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	4,581	8%	43%	1,966	24%	474	-5%	(24)	2,615	5%	119	0%	-	451	1	43%	0	451	76%	341	5%	17
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	5,524	10%	37%	2,040	24%	492	-5%	(25)	3,484	5%	158	0%	-	468	1	37%	0	468	66%	308	13%	39
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	11,156	20%	31%	3,474	24%	839	-5%	(42)	7,682	5%	348	0%	-	797	2	31%	1	797	50%	402	18%	70
\$150,000 AND OVER	24%	\$3,000 AND OVER	28,866	51%	13%	3,681	24%	889	-5%	(44)	25,185	5%	1,141	0%	-	844	4	13%	1	845	39%	331	20%	66
<b>55-64</b>			<b>58,680</b>	<b>100%</b>	<b>11,394</b>		<b>2,051</b>		<b>-</b>	<b>47,286</b>		<b>1,050</b>		<b>73</b>	<b>2,124</b>	<b>(630)</b>		<b>(122)</b>	<b>2,002</b>	<b>1,257</b>		<b>110</b>		
UNDER \$35,000		34% UNDER \$1,000	5,749	10%	50%	2,875	18%	517	0%	-	2,875	2%	64	7%	4	522	(62)	50%	(31)	491	70%	345	0%	-
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	2,002	3%	45%	901	18%	162	0%	-	1,101	2%	24	7%	2	164	(22)	45%	(10)	154	77%	119	0%	-
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	4,871	8%	33%	1,611	18%	290	0%	-	3,260	2%	72	7%	5	295	(52)	33%	(17)	278	77%	214	5%	11
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	5,797	10%	25%	1,449	18%	261	0%	-	4,348	2%	97	7%	7	268	(62)	25%	(16)	252	62%	156	13%	20
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	10,735	18%	15%	1,605	18%	289	0%	-	9,130	2%	203	7%	14	303	(115)	15%	(17)	286	65%	186	18%	33
\$150,000 AND OVER	24%	\$3,000 AND OVER	29,526	50%	10%	2,953	18%	531	0%	-	26,573	2%	590	7%	41	573	(317)	10%	(32)	541	44%	236	20%	47
<b>65+</b>			<b>75,616</b>	<b>100%</b>	<b>16,132</b>		<b>2,069</b>		<b>-</b>	<b>59,484</b>		<b>1,432</b>		<b>100</b>	<b>2,169</b>	<b>(3,783)</b>		<b>(807)</b>	<b>1,362</b>	<b>1,154</b>		<b>72</b>		
UNDER \$35,000		34% UNDER \$1,000	16,108	21%	46%	7,430	13%	953	0%	-	8,678	2%	209	7%	15	968	(806)	46%	(372)	596	89%	532	0%	-
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	6,291	8%	20%	1,258	13%	161	0%	-	5,033	2%	121	7%	8	170	(315)	20%	(63)	107	91%	97	0%	-
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	11,676	15%	18%	2,056	13%	264	0%	-	9,620	2%	232	7%	16	280	(584)	18%	(103)	177	79%	140	5%	7
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	9,399	12%	18%	1,692	13%	217	0%	-	7,707	2%	185	7%	13	230	(470)	18%	(85)	145	80%	116	13%	15
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	11,539	15%	15%	1,705	13%	219	0%	-	9,834	2%	237	7%	17	235	(577)	15%	(85)	150	79%	119	18%	21
\$150,000 AND OVER	24%	\$3,000 AND OVER	20,603	27%	10%	1,992	13%	255	0%	-	18,611	2%	448	7%	31	287	(1,031)	10%	(100)	187	80%	150	20%	30

## Exhibit II-1

### Annual Multifamily Rental Demand for New Units Primary Market Area 2022-2027

AGE AND INCOME	RENT AS A % OF INCOME	AFFORDABLE MONTHLY RENT RANGE <sup>1</sup>	DEMAND FROM EXISTING RENTERS								DEMAND FROM EXISTING OWNERS				DEMAND FROM NEW HOUSEHOLDS			TOTAL ANNUAL DEMAND						
			TOTAL HHS <sup>2</sup>		RENTERS <sup>3</sup>		IN TURNOVER <sup>3</sup>		RENTERS BECOMING OWNERS		OWNERS	IN TURNOVER <sup>3</sup>		OWNERS BECOMING RENTERS		DEMAND FROM EXISTING HHS IN TURNOVER	NET NEW HHS	RENTERS <sup>3</sup>	ANNUAL RENTER DEMAND FROM NEW HHS <sup>4</sup>	ANNUAL RENTER DEMAND POOL	CHOOSE MULTIFAMILY RENTALS		CHOOSE NEW <sup>2</sup>	
			#	%	%	#	%	#	%	#		%	%	#	%						%	#	%	%
<b>SUMMARY OF DEMAND BY AGE GROUP</b>																								
UNDER 25			5,981	2%	82%	4,905	50%	2,452	-2%	(46)	1,076	36%	388	0%	-	2,406	940	82%	771	3,177	80%	2,529	6%	151
25-34			37,990	13%	62%	23,689	43%	10,194	-10%	(1,057)	14,301	24%	3,420	0%	-	9,137	3,318	62%	2,069	11,206	81%	9,042	10%	891
35-44			55,912	19%	43%	24,109	35%	8,438	-12%	(975)	31,803	12%	3,759	0%	-	7,464	2,327	43%	1,003	8,467	64%	5,391	10%	550
45-54			56,540	19%	27%	15,248	24%	3,681	-4%	(135)	41,292	5%	1,871	0%	-	3,546	8	27%	2	3,548	59%	2,079	9%	192
55-64			58,680	20%	19%	11,394	18%	2,051	0%	-	47,286	2%	1,050	7%	73	2,124	(630)	19%	(122)	2,002	63%	1,257	9%	110
65+			75,616	26%	21%	16,132	13%	2,069	0%	-	59,484	2%	1,432	7%	100	2,169	(3,783)	21%	(807)	1,362	85%	1,154	6%	72
<b>TOTAL</b>			<b>290,719</b>	<b>100%</b>	<b>33%</b>	<b>95,477</b>	<b>30%</b>	<b>28,885</b>	<b>(0)</b>	<b>(2,212)</b>	<b>195,242</b>	<b>6%</b>	<b>11,920</b>	<b>1%</b>	<b>174</b>	<b>26,846</b>	<b>2,180</b>		<b>2,916</b>	<b>29,762</b>	<b>72%</b>	<b>21,451</b>	<b>9%</b>	<b>1,967</b>
<b>SUMMARY OF DEMAND BY INCOME AND RENT RANGE</b>																								
UNDER \$35,000	34%	UNDER \$1,000	38,130	13%	61%	23,083	27%	6,253	-	-	15,047	689	19	6,272	84	419	6,691	74%	4,921	0%	-			
\$35,000 - \$49,999	34% - 30%	\$1,000 - \$1,250	16,197	6%	49%	7,947	31%	2,474	-	-	8,250	407	10	2,485	102	282	2,766	76%	2,108	0%	-			
\$50,000 - \$74,999	30% - 28%	\$1,250 - \$1,750	32,886	11%	42%	13,872	31%	4,354	(167)	(167)	19,014	1,047	21	4,208	217	502	4,711	79%	3,717	5%	186			
\$75,000 - \$99,999	28% - 27%	\$1,750 - \$2,250	34,962	12%	40%	13,963	32%	4,492	(358)	(358)	20,999	1,347	20	4,154	443	544	4,698	75%	3,523	13%	440			
\$100,000 - \$149,999	27% - 24%	\$2,250 - \$3,000	54,916	19%	32%	17,572	32%	5,608	(850)	(850)	37,344	2,566	31	4,788	696	641	5,429	71%	3,836	18%	671			
\$150,000 AND OVER	24%	\$3,000 AND OVER	113,628	39%	17%	19,039	30%	5,704	(838)	(838)	94,589	5,864	73	4,939	638	528	5,467	61%	3,346	20%	669			
<b>TOTAL</b>			<b>290,719</b>	<b>100%</b>	<b>33%</b>	<b>95,477</b>	<b>30%</b>	<b>28,885</b>	<b>(2,212)</b>	<b>(2,212)</b>	<b>195,242</b>	<b>11,920</b>	<b>174</b>	<b>26,846</b>	<b>2,180</b>		<b>2,916</b>		<b>29,762</b>	<b>72%</b>	<b>21,451</b>	<b>9%</b>	<b>1,967</b>	

<sup>1</sup> RCLCO determined propensity to spend on rent at various income levels. This was used to calculate the affordable monthly rent range for each income range

<sup>2</sup> Calculated using Esri Age by Income data

<sup>3</sup> Calculated using PUMS American Community Survey for Primary Market Area

<sup>4</sup> Applies PUMS American Community Survey data for Primary Market Area to annual net new households within the Primary Market Area. Where negative net new households are expected, applies PUMS American Community Survey data for % renter and % in turnover to the negative net new households

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit II-2

### Annual Multifamily Renter Demand for New Units by Age and Income Primary Market Area 2022-2027

INCOME	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
\$50,000 - \$74,999	25	77	66	11	7	186
	1%	4%	3%	1%	0%	9%
\$75,000 - \$99,999	50	200	156	20	15	440
	3%	10%	8%	1%	1%	22%
\$100,000 - \$149,999	50	313	255	33	21	671
	3%	16%	13%	2%	1%	34%
\$150,000 AND OVER	25	301	266	47	30	669
	1%	15%	14%	2%	2%	34%
TOTAL	151	891	743	110	72	1,967
	8%	45%	38%	6%	4%	100%

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit II-3

Annual Multifamily Renter Demand for New Units by Lifestage and Economic Segment  
 Primary Market Area  
 2022-2027

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
WORKFORCE	63	137	163	70	28	460
	3%	7%	8%	4%	1%	23%
MARKET RATE	39	259	178	128	39	642
	2%	13%	9%	7%	2%	33%
LUXURY	0	346	178	242	98	864
	0%	18%	9%	12%	5%	44%
TOTAL	101	742	518	441	164	1,967
	5%	38%	26%	22%	8%	100%

Source: Esri; American Community Survey PUMS; RCLCO

Exhibit II-4

Annual Multifamily Renter Demand for New Units by Product Type  
 Primary Market Area  
 2022-2027

YOUNG PROFESSIONAL-TARGETED

ECONOMIC SEGMENT	LIFESTAGE				
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER
WORKFORCE	X	X			
MARKET RATE	X	X			
LUXURY	X	X			

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
WORKFORCE	63	137	0	0	0	200
MARKET RATE	39	259	0	0	0	298
LUXURY	0	346	0	0	0	346
TOTAL	101	742	0	0	0	844

Exhibit II-4

Annual Multifamily Renter Demand for New Units by Product Type  
Primary Market Area  
2022-2027

BROAD MARKET APPEAL

ECONOMIC SEGMENT	LIFESTAGE				
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER
WORKFORCE	X	X	X	X	X
MARKET RATE	X	X	X	X	X
LUXURY	X	X	X	X	X

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
WORKFORCE	63	137	163	70	28	460
MARKET RATE	39	259	178	128	39	642
LUXURY	0	346	178	242	98	864
TOTAL	101	742	518	441	164	1,967

Exhibit II-4

Annual Multifamily Renter Demand for New Units by Product Type  
Primary Market Area  
2022-2027

EMPTY NESTER-TARGETED

ECONOMIC SEGMENT	LIFESTAGE				
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER
WORKFORCE					
MARKET RATE					X
LUXURY				X	X

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
WORKFORCE	0	0	0	0	0	0
MARKET RATE	0	0	0	0	39	39
LUXURY	0	0	0	242	98	340
TOTAL	0	0	0	242	137	379

Exhibit II-4

Annual Multifamily Renter Demand for New Units by Product Type  
 Primary Market Area  
 2022-2027

AGE-RESTRICTED

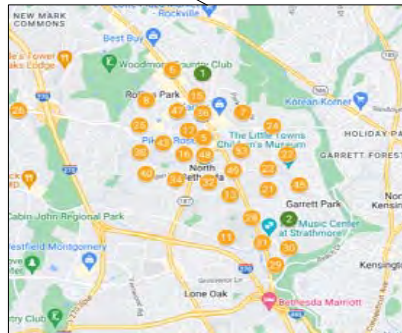
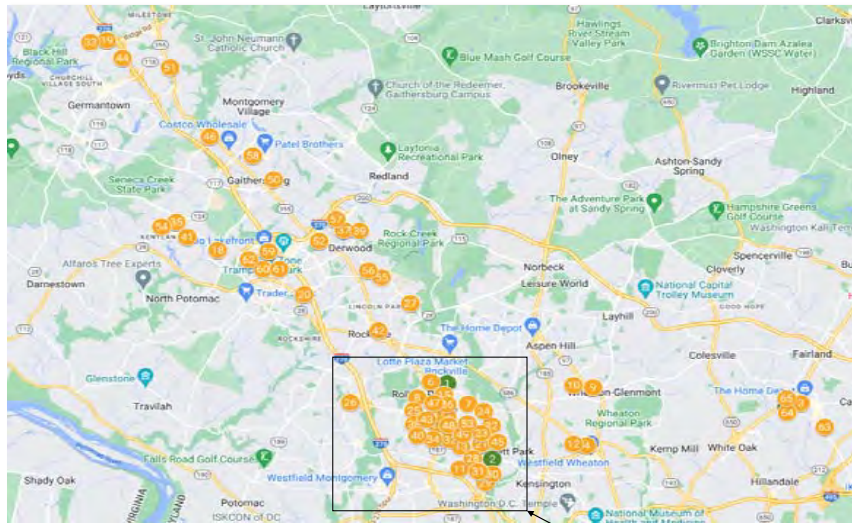
ECONOMIC SEGMENT	LIFESTAGE				
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER
WORKFORCE					
MARKET RATE					X
LUXURY					X

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	STUDENT / POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
WORKFORCE	0	0	0	0	0	0
MARKET RATE	0	0	0	0	39	39
LUXURY	0	0	0	0	98	98
TOTAL	0	0	0	0	137	137

Source: Esri; American Community Survey PUMS; RCLCO

Exhibit II-5

Map of Rental Development Pipeline  
Primary Market Area  
July 2023



MAP KEY	PROJECT	DEVELOPER	EST. OPENING	TOTAL UNITS
<b>UNDER CONSTRUCTION</b>				
1	Twinbrook Quarter I		2024	450
2	Strathmore Square I		2024	220
<b>PLANNED/PROPOSED</b>				
3	White Oak		2025	387
4	Wheaton Gateway I		2026	325
5	Rose Village Building A		2026	215
6	Twinbrook Quarter Future Phases		N/A	940
7	Northpark at Montrose		N/A	626
8	Josiah Henson Parkway & Towne Road		N/A	565
9	Glenmont Metrocenter III		N/A	560
10	Glenmont Metrocenter II		N/A	505
11	Strathmore Square VII		N/A	499
12	Wheaton Gateway II & III		N/A	475
13	North Bethesda Market II		N/A	470
14	Pike Center Building B		N/A	470
15	Chapman Avenue & Thompson Avenue		N/A	437
16	Rose Village Building C		N/A	394
17	Rose Village Building B		N/A	391
18	770 Muddy Branch Road		N/A	380
19	Poplar Grove I		N/A	365
20	1800 Research Boulevard		N/A	350
21	Saul Centers Building A East		N/A	350
22	Saul Centers Building B East		N/A	350
23	Saul Centers Building B West		N/A	350
24	Saul Centers Building A West		N/A	330
25	Rose Village Building G		N/A	307
26	Seven Locks Road & Montrose Road		N/A	307
27	1776 East Jefferson Street I		N/A	300
28	Strathmore Square III		N/A	300
29	Strathmore Square IV		N/A	300
30	Strathmore Square V		N/A	300
31	Strathmore Square VI		N/A	300
32	Grand Park II		N/A	298
33	Poplar Grove II		N/A	290
34	Grand Park III		N/A	279
35	Kentlands I		N/A	271
36	Pike Center Building A		N/A	270
37	Westside at Shady Grove Station C		N/A	267
38	Rose Village Building E		N/A	265
39	Westside at Shady Grove Station B		N/A	263
40	Rose Village Building F		N/A	251
41	Kentlands Market Square Block F		N/A	245
42	Rockville Metro Plaza		N/A	240
43	Rose Village Building D		N/A	238
44	Cloverleaf Center		N/A	233
45	Harwood Flats II		N/A	232
46	Paramount North		N/A	219
47	1776 East Jefferson Street II		N/A	200
48	Gables White Flint Eastern Building		N/A	195
49	Gables White Flint Central Building		N/A	182
50	Park Avenue & Brookes Avenue		N/A	151
51	College View Campus		N/A	137
52	16200 Frederick Road		N/A	118
53	Gables White Flint Western Building		N/A	99
54	Kentlands II		N/A	94
55	15400 Calhoun Place		N/A	N/A
56	7501 Slandish Place		N/A	N/A
57	Eastside at Shady Grove Station		N/A	N/A
58	Former Lakelorest Mall		N/A	N/A
59	RIO Washingtonian Center Area A		N/A	N/A
60	RIO Washingtonian Center Area B		N/A	N/A
61	RIO Washingtonian Center Area C		N/A	N/A
62	RIO Washingtonian Center Area D		N/A	N/A
63	Viva White Oak		N/A	N/A
64	White Oak Town Center I		N/A	N/A
65	White Oak Town Center II		N/A	N/A
				<b>16,885</b>

Source: CoStar; Axionmetrics; RCLCO

## Exhibit II-6

### Rental Development Pipeline by Neighborhood Primary Market Area July 2023

KEY	NEIGHBORHOOD	UNDER CONSTRUCTION	PLANNED	TOTAL	PIPELINE DISTRIBUTION	SUBMARKET	NEIGHBORHOOD COMPETITIVENESS BY PRODUCT TYPE			
							YOUNG PROFESSIONAL-TARGETED	BROAD MARKET APPEAL	EMPTY NESTER-TARGETED	AGE-RESTRICTED
1	Twinbrook Quarter I	450	0	450	3%	Rockville/North Bethesda	3	3	2	1
2	Strathmore Square I	220	0	220	1%	Rockville/North Bethesda	3	3	2	1
3	White Oak	0	387	387	2%	Northeast Montgomery County	1	2	1	2
4	Wheaton Gateway I	0	325	325	2%	Wheaton/Aspen Hill	2	2	1	1
5	Rose Village Building A	0	215	215	1%	Rockville/North Bethesda	3	3	2	1
6	Twinbrook Quarter Future Phases	0	940	940	5%	Rockville/North Bethesda	3	3	2	1
7	Northpark at Montrose	0	626	626	4%	Rockville/North Bethesda	3	3	2	1
8	Josiah Henson Parkway & Towne R	0	565	565	3%	Rockville/North Bethesda	3	3	2	1
9	Glenmont Metrocenter III	0	560	560	3%	Wheaton/Aspen Hill	2	2	1	1
10	Glenmont Metrocenter II	0	505	505	3%	Wheaton/Aspen Hill	2	2	1	1
11	Strathmore Square VII	0	499	499	3%	Rockville/North Bethesda	3	3	2	1
12	Wheaton Gateway II & III	0	475	475	3%	Wheaton/Aspen Hill	2	2	1	1
13	North Bethesda Market II	0	470	470	3%	Rockville/North Bethesda	3	3	2	1
14	Pike Center Building B	0	470	470	3%	Rockville/North Bethesda	3	3	2	1
15	Chapman Avenue & Thompson Ave	0	437	437	2%	Rockville/North Bethesda	3	3	2	1
16	Rose Village Building C	0	394	394	2%	Rockville/North Bethesda	3	3	2	1
17	Rose Village Building B	0	391	391	2%	Rockville/North Bethesda	3	3	2	1
18	770 Muddy Branch Road	0	380	380	2%	Galtherburg	1	2	1	3
19	Poplar Grove I	0	365	365	2%	Germentown	1	2	1	3
20	1800 Research Boulevard	0	350	350	2%	Rockville/North Bethesda	3	3	2	1
21	Saul Centers Building A East	0	350	350	2%	Rockville/North Bethesda	3	3	2	1
22	Saul Centers Building B East	0	350	350	2%	Rockville/North Bethesda	3	3	2	1
23	Saul Centers Building B West	0	350	350	2%	Rockville/North Bethesda	3	3	2	1
24	Saul Centers Building A West	0	330	330	2%	Rockville/North Bethesda	3	3	2	1
25	Rose Village Building G	0	307	307	2%	Rockville/North Bethesda	3	3	2	1
26	Seven Locks Road & Montrose Road	0	307	307	2%	Rockville/North Bethesda	3	3	2	1
27	1776 East Jefferson Street I	0	300	300	2%	Rockville/North Bethesda	3	3	2	1
28	Strathmore Square III	0	300	300	2%	Rockville/North Bethesda	3	3	2	1
29	Strathmore Square IV	0	300	300	2%	Rockville/North Bethesda	3	3	2	1
30	Strathmore Square V	0	300	300	2%	Rockville/North Bethesda	3	3	2	1
31	Strathmore Square VI	0	300	300	2%	Rockville/North Bethesda	3	3	2	1
32	Grand Park II	0	298	298	2%	Rockville/North Bethesda	3	3	2	1
33	Poplar Grove II	0	290	290	2%	Germentown	1	2	1	3
34	Grand Park III	0	279	279	2%	Rockville/North Bethesda	3	3	2	1
35	Kentlands I	0	271	271	2%	Galtherburg	1	2	3	3
36	Pike Center Building A	0	270	270	2%	Rockville/North Bethesda	3	3	2	1
37	Westside at Shady Grove Station C	0	267	267	2%	Galtherburg	3	3	3	2
38	Rose Village Building E	0	265	265	2%	Rockville/North Bethesda	3	3	2	1
39	Westside at Shady Grove Station B	0	263	263	1%	Galtherburg	3	3	3	2
40	Rose Village Building F	0	251	251	1%	Rockville/North Bethesda	3	3	2	1
41	Kentlands Market Square Block F	0	245	245	1%	Galtherburg	1	2	3	3
42	Rockville Metro Plaza	0	240	240	1%	Rockville/North Bethesda	3	3	2	1
43	Rose Village Building D	0	238	238	1%	Rockville/North Bethesda	3	3	2	1
44	Cloverleaf Center	0	233	233	1%	Germentown	1	2	1	3
45	Harwood Flats II	0	232	232	1%	Rockville/North Bethesda	3	3	2	1
46	Paramount North	0	219	219	1%	Galtherburg	3	3	3	2
47	1776 East Jefferson Street II	0	200	200	1%	Rockville/North Bethesda	3	3	2	1
48	Gables White Flint Eastern Building	0	195	195	1%	Rockville/North Bethesda	3	3	2	1
49	Gables White Flint Central Building	0	182	182	1%	Rockville/North Bethesda	3	3	2	1
50	Park Avenue & Brookes Avenue	0	151	151	1%	Galtherburg	1	2	1	3
51	College View Campus	0	137	137	1%	Germentown	1	2	1	3
52	16200 Frederick Road	0	118	118	1%	Galtherburg	1	3	2	2
53	Gables White Flint Western Building	0	99	99	1%	Rockville/North Bethesda	3	3	2	1
54	Kentlands II	0	94	94	1%	Galtherburg	1	2	3	3
Subject Site							2.0	3.0	1.0	1.0
Implied "Fair Share" Multiple							0.78	1.09	0.55	0.77
Implied "Fair Share" Capture							3.0%	4.2%	2.1%	2.9%

<sup>1</sup> Calculated based on distribution of pipeline units by neighborhood, as well as the likelihood that each neighborhood will be competitive for any given product type. Assumes approximately 450 rental apartments at the subject site in a similar timeframe as the existing pipeline for the purpose of determining a fair share multiple.

Source: CoStar; Axiometrics; RCLCO

## III. FOR-SALE DEMAND

## Exhibit III-1

### Annual Townhome Owner Demand for New Units Primary Market Area 2022-2027

AGE AND INCOME	DEMAND FROM EXISTING OWNERS						DEMAND FROM EXISTING RENTERS						DEMAND FROM NEW HOUSEHOLDS			ANNUAL TOWNHOME OWNER DEMAND			DEMAND FOR NEW UNITS BY PRICE RANGE				
	TOTAL HHS <sup>1</sup>		OWNERS <sup>2</sup>		IN TURNOVER <sup>2</sup>		OWNERS BECOMING RENTERS		RENTERS BECOMING OWNERS		DEMAND FROM EXISTING HHS IN		NET NEW HHS	% OWNERS <sup>2</sup>	ANNUAL OWNER DEMAND FROM NEW HHS <sup>3</sup>	ANNUAL OWNER DEMAND POOL	TOWNHOME OWNER	CHOOSE NEW <sup>2</sup>	UNDER \$250,000	\$250,000 - \$499,999	\$500,000 - \$749,999	\$750,000 - \$999,999	\$1,000,000 AND OVER
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	#	#	#	#
<b>UNDER 25</b>	<b>5,981</b>	<b>100%</b>	<b>1,078</b>	<b>388</b>	<b>-</b>	<b>4,903</b>	<b>2,452</b>	<b>46</b>	<b>434</b>	<b>905</b>	<b>163</b>	<b>597</b>	<b>239</b>	<b>6</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
UNDER \$35,000	2,015	34%	10%	202	36%	73	0%	-	1,814	50%	907	0%	-	73	305	10%	30	103	48%	49	0%	-	-
\$35,000 - \$49,999	668	11%	15%	100	36%	36	0%	-	568	50%	284	0%	-	36	101	15%	15	51	46%	24	0%	-	-
\$50,000 - \$74,999	1,158	19%	20%	232	36%	83	0%	-	926	50%	463	0%	-	83	175	20%	35	118	35%	42	0%	-	-
\$75,000 - \$99,999	950	16%	20%	190	36%	68	0%	-	760	50%	380	5%	19	87	144	20%	29	116	42%	49	1%	0	0
\$100,000 - \$149,999	782	13%	25%	196	36%	70	0%	-	587	50%	293	5%	15	85	118	25%	30	115	43%	50	5%	2	-
\$150,000 - \$199,999	203	3%	39%	79	36%	29	0%	-	124	50%	62	10%	6	35	31	39%	12	47	34%	16	10%	2	-
\$200,000 AND OVER	205	3%	39%	80	36%	29	0%	-	125	50%	63	10%	6	35	31	39%	12	47	22%	10	10%	1	-
<b>25-34</b>	<b>37,990</b>	<b>100%</b>	<b>14,307</b>	<b>3,434</b>	<b>-</b>	<b>23,683</b>	<b>10,184</b>	<b>1,055</b>	<b>4,489</b>	<b>3,092</b>	<b>1,164</b>	<b>5,654</b>	<b>2,056</b>	<b>183</b>	<b>1</b>	<b>72</b>	<b>69</b>	<b>12</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
UNDER \$35,000	4,885	13%	11%	537	24%	129	0%	-	4,348	43%	1,869	0%	-	129	398	11%	44	173	48%	83	0%	-	-
\$35,000 - \$49,999	2,533	7%	15%	380	24%	91	0%	-	2,153	43%	926	0%	-	91	206	15%	31	122	46%	56	0%	-	-
\$50,000 - \$74,999	5,029	13%	25%	1,257	24%	302	0%	-	3,772	43%	1,622	5%	81	383	409	25%	102	485	42%	204	1%	2	1
\$75,000 - \$99,999	5,946	16%	30%	1,784	24%	428	0%	-	4,162	43%	1,790	10%	179	607	484	30%	145	752	42%	316	3%	8	-
\$100,000 - \$149,999	8,807	23%	44%	3,875	24%	930	0%	-	4,932	43%	2,121	20%	424	1,354	717	44%	315	1,670	43%	721	10%	72	-
\$150,000 - \$199,999	4,893	13%	60%	2,936	24%	705	0%	-	1,957	43%	842	20%	168	873	398	60%	239	1,112	34%	378	15%	57	-
\$200,000 AND OVER	5,897	16%	60%	3,538	24%	849	0%	-	2,359	43%	1,014	20%	203	1,052	480	60%	288	1,340	22%	298	15%	45	-
<b>35-44</b>	<b>55,912</b>	<b>100%</b>	<b>31,750</b>	<b>3,810</b>	<b>-</b>	<b>24,162</b>	<b>8,457</b>	<b>975</b>	<b>4,785</b>	<b>1,996</b>	<b>1,134</b>	<b>5,919</b>	<b>1,629</b>	<b>147</b>	<b>1</b>	<b>36</b>	<b>54</b>	<b>14</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>
UNDER \$35,000	4,983	9%	24%	1,196	12%	144	0%	-	3,787	35%	1,325	0%	-	144	178	24%	43	186	50%	93	0%	-	-
\$35,000 - \$49,999	2,680	5%	32%	858	12%	103	0%	-	1,822	35%	638	0%	-	103	96	32%	31	134	48%	64	0%	-	-
\$50,000 - \$74,999	5,571	10%	36%	2,006	12%	241	0%	-	3,565	35%	1,248	5%	62	303	199	36%	72	375	45%	168	1%	2	1
\$75,000 - \$99,999	7,346	13%	47%	3,453	12%	414	0%	-	3,893	35%	1,363	10%	136	551	262	47%	123	674	35%	236	3%	6	-
\$100,000 - \$149,999	11,897	21%	56%	6,662	12%	799	0%	-	5,235	35%	1,832	20%	366	1,166	425	56%	238	1,404	29%	411	10%	41	-
\$150,000 - \$199,999	8,619	15%	75%	4,464	12%	776	0%	-	2,155	35%	754	20%	151	927	308	75%	231	1,157	24%	273	15%	41	-
\$200,000 AND OVER	14,816	26%	75%	11,112	12%	1,333	0%	-	3,704	35%	1,296	20%	259	1,593	529	75%	397	1,989	19%	383	15%	57	-
<b>45-54</b>	<b>56,540</b>	<b>100%</b>	<b>41,228</b>	<b>2,061</b>	<b>-</b>	<b>15,312</b>	<b>3,675</b>	<b>135</b>	<b>2,196</b>	<b>(309)</b>	<b>(11)</b>	<b>2,185</b>	<b>607</b>	<b>54</b>	<b>0</b>	<b>10</b>	<b>20</b>	<b>6</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
UNDER \$35,000	4,390	8%	35%	1,537	5%	77	0%	-	2,854	24%	685	0%	-	77	(24)	35%	(0)	76	50%	38	0%	-	-
\$35,000 - \$49,999	2,023	4%	39%	789	5%	39	0%	-	1,234	24%	296	0%	-	39	(11)	39%	(0)	39	49%	19	0%	-	-
\$50,000 - \$74,999	4,581	8%	57%	2,611	5%	131	0%	-	1,970	24%	473	5%	24	154	(25)	57%	(1)	153	49%	75	1%	1	0
\$75,000 - \$99,999	5,524	10%	63%	3,480	5%	174	0%	-	2,044	24%	491	5%	25	199	(30)	63%	(1)	198	45%	90	3%	2	-
\$100,000 - \$149,999	11,156	20%	69%	7,698	5%	385	0%	-	3,458	24%	830	5%	42	426	(61)	69%	(2)	424	33%	141	10%	14	-
\$150,000 - \$199,999	8,709	15%	87%	7,577	5%	379	0%	-	1,132	24%	272	5%	14	392	(48)	87%	(2)	390	26%	102	15%	15	-
\$200,000 AND OVER	20,157	36%	87%	17,537	5%	877	0%	-	2,620	24%	629	5%	31	908	(110)	87%	(5)	903	16%	142	15%	21	-
<b>55-64</b>	<b>58,680</b>	<b>100%</b>	<b>47,285</b>	<b>946</b>	<b>(66)</b>	<b>11,395</b>	<b>2,051</b>	<b>-</b>	<b>880</b>	<b>(937)</b>	<b>(15)</b>	<b>864</b>	<b>178</b>	<b>36</b>	<b>0</b>	<b>6</b>	<b>14</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
UNDER \$35,000	5,749	10%	50%	2,875	2%	57	7%	(4)	2,875	18%	517	0%	-	53	(92)	50%	(1)	53	40%	21	0%	-	-
\$35,000 - \$49,999	2,002	3%	55%	1,101	2%	22	7%	(2)	901	18%	162	0%	-	20	(32)	55%	(0)	20	45%	9	1%	0	0
\$50,000 - \$74,999	4,871	8%	67%	3,264	2%	65	7%	(5)	1,607	18%	289	0%	-	61	(78)	67%	(1)	60	34%	20	5%	1	0
\$75,000 - \$99,999	5,797	10%	75%	4,348	2%	87	7%	(6)	1,449	18%	261	0%	-	81	(93)	75%	(1)	79	27%	21	15%	3	-
\$100,000 - \$149,999	10,735	18%	85%	9,125	2%	182	7%	(13)	1,610	18%	290	0%	-	170	(171)	85%	(3)	167	24%	40	30%	12	-
\$150,000 - \$199,999	8,780	15%	90%	7,902	2%	158	7%	(11)	878	18%	158	0%	-	147	(140)	90%	(3)	144	25%	36	30%	11	-
\$200,000 AND OVER	20,746	35%	90%	18,671	2%	373	7%	(26)	2,075	18%	373	0%	-	347	(331)	90%	(6)	341	9%	30	30%	9	-
<b>65+</b>	<b>75,616</b>	<b>100%</b>	<b>59,363</b>	<b>1,187</b>	<b>(83)</b>	<b>16,253</b>	<b>2,113</b>	<b>-</b>	<b>1,104</b>	<b>(4,268)</b>	<b>(67)</b>	<b>1,037</b>	<b>208</b>	<b>27</b>	<b>0</b>	<b>5</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
UNDER \$35,000	16,108	21%	54%	8,698	2%	174	7%	(12)	7,410	13%	963	0%	-	162	(909)	54%	(10)	152	30%	46	0%	-	-
\$35,000 - \$49,999	6,291	8%	80%	5,033	2%	101	7%	(7)	1,258	13%	164	0%	-	94	(355)	80%	(6)	88	28%	25	1%	0	0
\$50,000 - \$74,999	11,676	15%	82%	9,574	2%	191	7%	(13)	2,102	13%	273	0%	-	178	(659)	82%	(11)	167	26%	44	5%	2	-
\$75,000 - \$99,999	9,399	12%	82%	7,707	2%	154	7%	(11)	1,692	13%	220	0%	-	143	(531)	82%	(9)	135	21%	28	15%	4	-
\$100,000 - \$149,999	11,539	15%	85%	9,808	2%	196	7%	(14)	1,731	13%	225	0%	-	182	(651)	85%	(11)	171	19%	32	30%	10	-
\$150,000 - \$199,999	7,007	9%	90%	6,306	2%	126	7%	(9)	701	13%	91	0%	-	117	(395)	90%	(7)	110	16%	18	30%	5	-
\$200,000 AND OVER	13,596	18%	90%	12,236	2%	245	7%	(17)	1,360	13%	177	0%	-	228	(767)	90%	(14)	214	7%	16	30%	5	-

## Exhibit III-1

### Annual Townhome Owner Demand for New Units Primary Market Area 2022-2027

AGE AND INCOME	DEMAND FROM EXISTING OWNERS						DEMAND FROM EXISTING RENTERS				DEMAND FROM NEW HOUSEHOLDS			ANNUAL TOWNHOME OWNER DEMAND				DEMAND FOR NEW UNITS BY PRICE RANGE							
	TOTAL HHS <sup>1</sup>		OWNERS <sup>2</sup>		IN TURNOVER <sup>2</sup>		OWNERS BECOMING RENTERS		RENTERS BECOMING OWNERS		DEMAND FROM EXISTING HHS IN TURNOVER	NET NEW HHS	% OWNERS <sup>2</sup>	ANNUAL OWNER DEMAND FROM NEW HHS <sup>3</sup>	ANNUAL OWNER DEMAND POOL	TOWNHOME OWNER	CHOOSE NEW <sup>2</sup>	UNDER \$250,000	\$250,000 - \$499,999	\$500,000 - \$749,999	\$750,000 - \$999,999	\$1,000,000 AND OVER			
	#	%	#	%	#	%	#	%	#	%	#	#	%	#	#	#	%	#	#	#	#	#	#		
<b>SUMMARY OF DEMAND BY AGE GROUP</b>																									
UNDER 25	5,981	2%	18%	1,078	36%	388	-	4,903	50%	2,452	46	434	905	18%	163	597	40%	239	2%	6	0	4	1	0	0
25-34	37,990	13%	38%	14,307	24%	3,434	-	23,683	43%	10,184	1,055	4,489	3,092	38%	1,164	5,654	36%	2,056	9%	183	1	72	69	12	30
35-44	55,912	19%	57%	31,750	12%	3,810	-	24,162	35%	8,457	975	4,785	1,996	57%	1,134	5,919	28%	1,629	9%	147	1	36	54	14	42
45-54	56,540	19%	73%	41,228	5%	2,061	-	15,312	24%	3,675	135	2,196	(309)	4%	(11)	2,185	28%	607	9%	54	0	10	20	6	17
55-64	58,680	20%	81%	47,285	2%	946	(66)	11,395	18%	2,051	-	880	(937)	2%	(15)	864	21%	178	20%	36	0	6	14	8	8
65+	75,616	26%	79%	59,363	2%	1,187	(83)	16,253	13%	2,113	-	1,104	(4,268)	2%	(67)	1,037	20%	208	13%	27	0	5	10	6	5
<b>TOTAL</b>	<b>290,719</b>	<b>100%</b>	<b>67%</b>	<b>195,012</b>	<b>6%</b>	<b>11,826</b>	<b>(149)</b>	<b>95,707</b>	<b>30%</b>	<b>28,930</b>	<b>2,211</b>	<b>13,888</b>	<b>479</b>		<b>2,368</b>	<b>16,256</b>	<b>30%</b>	<b>4,917</b>	<b>9%</b>	<b>452</b>	<b>3</b>	<b>133</b>	<b>168</b>	<b>45</b>	<b>103</b>
<b>SUMMARY OF DEMAND BY INCOME</b>																									
UNDER \$35,000	38,130	13%	39%	15,044	4%	653	(16)	23,086	27%	6,267	-	637	(145)		106	743	44%	330	0%	-	-	-	-	-	-
\$35,000 - \$49,999	16,197	6%	51%	8,261	5%	392	(9)	7,936	31%	2,469	-	384	5		70	454	43%	197	0%	0	0	0	-	-	-
\$50,000 - \$74,999	32,886	11%	58%	18,943	5%	1,013	(18)	13,943	31%	4,368	167	1,162	22		196	1,359	41%	553	1%	8	3	5	-	-	-
\$75,000 - \$99,999	34,962	12%	60%	20,961	6%	1,326	(17)	14,001	32%	4,504	359	1,668	237		286	1,954	38%	740	3%	24	0	23	1	-	-
\$100,000 - \$149,999	54,916	19%	68%	37,363	7%	2,563	(27)	17,553	32%	5,591	847	3,384	376		567	3,950	35%	1,395	11%	151	-	105	46	1	-
\$150,000 - \$199,999	38,211	13%	82%	31,264	7%	2,172	(20)	6,947	31%	2,179	339	2,491	153		470	2,961	28%	824	16%	131	-	1	116	13	0
\$200,000 AND OVER	75,417	26%	84%	63,175	6%	3,706	(43)	12,242	29%	3,552	500	4,163	(169)		672	4,835	18%	878	16%	138	-	-	5	31	102
<b>TOTAL</b>	<b>290,719</b>	<b>100%</b>	<b>67%</b>	<b>195,012</b>	<b>6%</b>	<b>11,826</b>	<b>(149)</b>	<b>95,707</b>	<b>30%</b>	<b>28,930</b>	<b>2,211</b>	<b>13,888</b>	<b>479</b>		<b>2,368</b>	<b>16,256</b>	<b>30%</b>	<b>4,917</b>	<b>9%</b>	<b>452</b>	<b>3</b>	<b>133</b>	<b>168</b>	<b>45</b>	<b>103</b>

<sup>1</sup> Calculated using Esri Age by Income data

<sup>2</sup> Calculated using PUMS American Community Survey for Primary Market Area

<sup>3</sup> Applies PUMS American Community Survey data for Primary Market Area to annual net new households within the Primary Market Area. Where negative net new households are expected, applies PUMS American Community Survey data for % renter and % in turnover to the negative net new households

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit III-2

### Annual Townhome Owner Demand for New Units by Age and Income Primary Market Area 2022-2027

INCOME	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
UNDER \$35,000	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
\$35,000 - \$49,999	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
\$50,000 - \$74,999	0 0%	2 0%	2 1%	1 0%	2 0%	8 2%
\$75,000 - \$99,999	0 0%	8 2%	8 2%	3 1%	4 1%	24 5%
\$100,000 - \$149,999	2 1%	72 16%	55 12%	12 3%	10 2%	151 33%
\$150,000 - \$199,999	2 0%	57 13%	56 12%	11 2%	5 1%	131 29%
\$200,000 AND OVER	1 0%	45 10%	79 17%	9 2%	5 1%	138 31%
TOTAL	6 1%	183 41%	201 44%	36 8%	27 6%	452 100%

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit III-3

Annual Townhome Owner Demand for New Units by Age and Affordable Home Price  
 Primary Market Area  
 2022-2027

AFFORDABLE HOME PRICE	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
UNDER \$250,000	0 0%	1 0%	1 0%	0 0%	0 0%	3 1%
\$250,000 - \$499,999	4 1%	72 16%	46 10%	6 1%	5 1%	133 29%
\$500,000 - \$749,999	1 0%	69 15%	75 16%	14 3%	10 2%	168 37%
\$750,000 - \$999,999	0 0%	12 3%	20 4%	8 2%	6 1%	45 10%
\$1,000,000 AND OVER	0 0%	30 7%	59 13%	8 2%	5 1%	103 23%
TOTAL	6 1%	183 41%	201 44%	36 8%	27 6%	452 100%

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit III-4

### Annual Condominium Owner Demand for New Units Primary Market Area 2022-2027

AGE AND INCOME	DEMAND FROM EXISTING OWNERS						DEMAND FROM EXISTING RENTERS						DEMAND FROM NEW HOUSEHOLDS			ANNUAL CONDOMINIUM OWNER DEMAND			DEMAND FOR NEW UNITS BY PRICE RANGE							
	TOTAL HHS <sup>1</sup>		OWNERS <sup>2</sup>		IN TURNOVER <sup>2</sup>		OWNERS BECOMING RENTERS		RENTERS BECOMING OWNERS		DEMAND FROM EXISTING HHS IN TURNOVER		NET NEW HHS	% OWNERS <sup>2</sup>	ANNUAL OWNER DEMAND FROM NEW HHS <sup>3</sup>	ANNUAL OWNER DEMAND POOL	CONDOMINIUM OWNER	CHOOSE NEW <sup>2</sup>	UNDER \$250,000	\$250,000 - \$499,999	\$500,000 - \$749,999	\$750,000 - \$999,999	\$1,000,000 AND OVER			
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	#	#	#	#	#		
<b>UNDER 25</b>	<b>5,981</b>	<b>100%</b>	<b>1,078</b>	<b>388</b>						<b>4,903</b>	<b>2,452</b>	<b>46</b>		<b>434</b>	<b>905</b>			<b>163</b>	<b>597</b>	<b>230</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>
UNDER \$35,000	2,015	34%	10%	202	36%	73	0%	-	1,814	50%	907	0%	-	73	305	10%	-	30	103	52%	54	0%	-	-	-	-
\$35,000 - \$49,999	668	11%	15%	100	36%	36	0%	-	568	50%	284	0%	-	36	101	15%	-	15	51	50%	26	0%	-	-	-	-
\$50,000 - \$74,999	1,158	19%	20%	232	36%	83	0%	-	926	50%	463	0%	-	83	175	20%	-	35	118	45%	53	1%	1	-	-	-
\$75,000 - \$99,999	950	16%	20%	190	36%	68	0%	-	760	50%	380	5%	19	87	144	20%	-	29	116	40%	46	3%	1	1	0	-
\$100,000 - \$149,999	782	13%	25%	196	36%	70	0%	-	587	50%	293	5%	15	85	118	25%	-	30	115	30%	34	5%	2	-	2	-
\$150,000 - \$199,999	203	3%	39%	79	36%	29	0%	-	124	50%	62	10%	6	35	31	39%	-	12	47	20%	9	15%	1	-	1	0
\$200,000 AND OVER	205	3%	39%	80	36%	29	0%	-	125	50%	63	10%	6	35	31	39%	-	12	47	15%	7	15%	1	-	-	0
<b>25-34</b>	<b>37,990</b>	<b>100%</b>	<b>14,307</b>	<b>3,434</b>					<b>23,683</b>	<b>10,184</b>	<b>1,055</b>		<b>4,489</b>	<b>3,092</b>			<b>1,164</b>	<b>5,654</b>	<b>884</b>	<b>74</b>	<b>1</b>	<b>29</b>	<b>24</b>	<b>6</b>	<b>14</b>	
UNDER \$35,000	4,885	13%	11%	537	24%	129	0%	-	4,348	43%	1,869	0%	-	129	398	11%	-	44	173	41%	70	0%	-	-	-	-
\$35,000 - \$49,999	2,533	7%	15%	380	24%	91	0%	-	2,153	43%	926	0%	-	91	206	15%	-	31	122	40%	49	0%	-	-	-	-
\$50,000 - \$74,999	5,029	13%	25%	1,257	24%	302	0%	-	3,772	43%	1,622	5%	81	383	409	25%	-	102	485	30%	146	1%	1	1	0	-
\$75,000 - \$99,999	5,946	16%	30%	1,784	24%	428	0%	-	4,162	43%	1,790	10%	179	607	484	30%	-	145	752	20%	150	3%	4	-	4	-
\$100,000 - \$149,999	8,807	23%	44%	3,875	24%	930	0%	-	4,932	43%	2,121	20%	424	1,354	717	44%	-	315	1,670	15%	250	10%	25	-	25	-
\$150,000 - \$199,999	4,893	13%	60%	2,936	24%	705	0%	-	1,957	43%	842	20%	168	873	398	60%	-	239	1,112	10%	111	20%	22	-	22	-
\$200,000 AND OVER	5,897	16%	60%	3,538	24%	849	0%	-	2,359	43%	1,014	20%	203	1,052	480	60%	-	288	1,340	8%	107	20%	21	-	-	2
<b>35-44</b>	<b>55,912</b>	<b>100%</b>	<b>31,750</b>	<b>3,810</b>					<b>24,162</b>	<b>8,457</b>	<b>975</b>		<b>4,785</b>	<b>1,996</b>			<b>1,134</b>	<b>5,919</b>	<b>610</b>	<b>53</b>	<b>1</b>	<b>17</b>	<b>15</b>	<b>5</b>	<b>14</b>	
UNDER \$35,000	4,983	9%	24%	1,196	12%	144	0%	-	3,787	35%	1,325	0%	-	144	178	24%	-	43	186	30%	56	0%	-	-	-	-
\$35,000 - \$49,999	2,680	5%	32%	858	12%	103	0%	-	1,822	35%	638	0%	-	103	96	32%	-	31	134	28%	37	0%	-	-	-	-
\$50,000 - \$74,999	5,571	10%	36%	2,006	12%	241	0%	-	3,565	35%	1,248	5%	62	303	199	36%	-	72	375	22%	81	1%	1	1	0	-
\$75,000 - \$99,999	7,346	13%	47%	3,453	12%	414	0%	-	3,893	35%	1,363	10%	136	551	262	47%	-	123	674	15%	100	3%	3	-	3	-
\$100,000 - \$149,999	11,897	21%	56%	6,662	12%	799	0%	-	5,235	35%	1,832	20%	366	1,166	425	56%	-	238	1,404	13%	178	10%	18	-	15	3
\$150,000 - \$199,999	8,619	15%	75%	4,464	12%	776	0%	-	2,155	35%	754	20%	151	927	308	75%	-	231	1,157	5%	58	20%	12	-	-	12
\$200,000 AND OVER	14,816	26%	75%	11,112	12%	1,333	0%	-	3,704	35%	1,296	20%	259	1,593	529	75%	-	397	1,989	5%	99	20%	20	-	-	1
<b>45-54</b>	<b>56,540</b>	<b>100%</b>	<b>41,228</b>	<b>2,061</b>					<b>15,312</b>	<b>3,675</b>	<b>135</b>		<b>2,196</b>	<b>(309)</b>			<b>(11)</b>	<b>2,185</b>	<b>128</b>	<b>11</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>4</b>	
UNDER \$35,000	4,390	8%	35%	1,537	5%	77	0%	-	2,854	24%	685	0%	-	77	(24)	35%	-	(0)	76	22%	17	0%	-	-	-	-
\$35,000 - \$49,999	2,023	4%	39%	789	5%	39	0%	-	1,234	24%	296	0%	-	39	(11)	39%	-	(0)	39	20%	8	0%	-	-	-	-
\$50,000 - \$74,999	4,581	8%	57%	2,611	5%	131	0%	-	1,970	24%	473	5%	24	154	(25)	57%	-	(1)	153	15%	23	1%	0	0	0	-
\$75,000 - \$99,999	5,524	10%	63%	3,480	5%	174	0%	-	2,044	24%	491	5%	25	199	(30)	63%	-	(1)	198	8%	16	3%	0	-	0	-
\$100,000 - \$149,999	11,156	20%	69%	7,698	5%	385	0%	-	3,458	24%	830	5%	42	426	(61)	69%	-	(2)	424	5%	21	10%	2	-	1	-
\$150,000 - \$199,999	8,709	15%	87%	7,577	5%	379	0%	-	1,132	24%	272	5%	14	392	(48)	87%	-	(2)	390	4%	16	20%	3	-	3	-
\$200,000 AND OVER	20,157	36%	87%	17,537	5%	877	0%	-	2,620	24%	629	5%	31	908	(110)	87%	-	(5)	903	3%	27	20%	5	-	-	0
<b>55-64</b>	<b>58,680</b>	<b>100%</b>	<b>47,285</b>	<b>946</b>		<b>(66)</b>		<b>11,395</b>	<b>2,051</b>				<b>880</b>	<b>(937)</b>			<b>(15)</b>	<b>864</b>	<b>52</b>	<b>9</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>	
UNDER \$35,000	5,749	10%	50%	2,875	2%	57	7%	(4)	2,875	18%	517	0%	-	53	(92)	50%	-	(1)	53	20%	11	0%	-	-	-	-
\$35,000 - \$49,999	2,002	3%	55%	1,101	2%	22	7%	(2)	901	18%	162	0%	-	20	(32)	55%	-	(0)	20	15%	3	1%	0	0	0	-
\$50,000 - \$74,999	4,871	8%	67%	3,264	2%	65	7%	(5)	1,607	18%	289	0%	-	61	(78)	67%	-	(1)	60	13%	8	5%	0	0	0	-
\$75,000 - \$99,999	5,797	10%	75%	4,348	2%	87	7%	(6)	1,449	18%	261	0%	-	81	(93)	75%	-	(1)	79	8%	6	15%	1	-	1	-
\$100,000 - \$149,999	10,735	18%	85%	9,125	2%	182	7%	(13)	1,610	18%	290	0%	-	170	(171)	85%	-	(3)	167	5%	8	30%	3	-	1	2
\$150,000 - \$199,999	8,780	15%	90%	7,902	2%	158	7%	(11)	878	18%	158	0%	-	147	(140)	90%	-	(3)	144	4%	6	30%	2	-	1	1
\$200,000 AND OVER	20,746	35%	90%	18,671	2%	373	7%	(26)	2,075	18%	373	0%	-	347	(331)	90%	-	(6)	341	3%	10	30%	3	-	-	0
<b>65+</b>	<b>75,616</b>	<b>100%</b>	<b>59,363</b>	<b>1,187</b>		<b>(83)</b>		<b>16,253</b>	<b>2,113</b>				<b>1,104</b>	<b>(4,268)</b>			<b>(67)</b>	<b>1,037</b>	<b>167</b>	<b>22</b>	<b>0</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>6</b>	
UNDER \$35,000	16,108	21%	54%	8,698	2%	174	7%	(12)	7,410	13%	963	0%	-	162	(909)	54%	-	(10)	152	30%	46	0%	-	-	-	-
\$35,000 - \$49,999	6,291	8%	80%	5,033	2%	101	7%	(7)	1,258	13%	164	0%	-	94	(355)	80%	-	(6)	88	20%	18	1%	0	0	-	-
\$50,000 - \$74,999	11,676	15%	82%	9,574	2%	191	7%	(13)	2,102	13%	273	0%	-	178	(659)	82%	-	(11)	167	15%	25	5%	1	0	1	-
\$75,000 - \$99,999	9,399	12%	82%	7,707	2%	154	7%	(11)	1,692	13%	220	0%	-	143	(531)	82%	-	(9)	135	15%	20	15%	3	-	3	-
\$100,000 - \$149,999	11,539	15%	85%	9,808	2%	196	7%	(14)	1,731	13%	225	0%	-	182	(651)	85%	-	(11)	171	15%	26	30%	8	-	8	-
\$150,000 - \$199,999	7,007	9%	90%	6,306	2%	126	7%	(9)	701	13%	91	0%	-	117	(395)	90%	-	(7)	110	10%	11	30%	3	-	-	0
\$200,000 AND OVER	13,596	18%	90%	12,236	2%	245	7%	(17)	1,360	13%	177	0%	-	228	(767)	90%	-	(14)	214	10%	21	30%	6	-	-	0

## Exhibit III-4

### Annual Condominium Owner Demand for New Units Primary Market Area 2022-2027

AGE AND INCOME	DEMAND FROM EXISTING OWNERS						DEMAND FROM EXISTING RENTERS				DEMAND FROM NEW HOUSEHOLDS				ANNUAL CONDOMINIUM OWNER DEMAND				DEMAND FOR NEW UNITS BY PRICE RANGE						
	TOTAL HHS <sup>1</sup>		OWNERS <sup>2</sup>		IN TURNOVER <sup>2</sup>		OWNERS BECOMING RENTERS		IN TURNOVER <sup>2</sup>		RENTERS BECOMING OWNERS		DEMAND FROM EXISTING HHS IN TURNOVER		NET NEW HHS	% OWNERS <sup>2</sup>	ANNUAL OWNER DEMAND FROM NEW HHS <sup>3</sup>	ANNUAL OWNER DEMAND POOL	CONDOMINIUM OWNER	CHOOSE NEW <sup>2</sup>	UNDER \$250,000	\$250,000 - \$499,999	\$500,000 - \$749,999	\$750,000 - \$999,999	\$1,000,000 AND OVER
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	#	#	#	#
<b>SUMMARY OF DEMAND BY AGE GROUP</b>																									
UNDER 25	5,981	2%	18%	1,078	36%	388	-	4,903	50%	2,452	46	434	905	18%	163	597	38%	230	3%	6	1	3	1	0	0
25-34	37,990	13%	38%	14,307	24%	3,434	-	23,683	43%	10,184	1,055	4,489	3,092	38%	1,164	5,654	16%	884	8%	74	1	29	24	6	14
35-44	55,912	19%	57%	31,750	12%	3,810	-	24,162	35%	8,457	975	4,785	1,996	57%	1,134	5,919	10%	610	9%	53	1	17	15	5	14
45-54	56,540	19%	73%	41,228	5%	2,061	-	15,312	24%	3,675	135	2,196	(309)	4%	(11)	2,185	6%	128	9%	11	0	2	4	1	4
55-64	58,680	20%	81%	47,285	2%	946	(66)	11,395	18%	2,051	-	880	(937)	2%	(15)	864	6%	52	17%	9	0	2	3	1	3
65+	75,616	26%	79%	59,363	2%	1,187	(83)	16,253	13%	2,113	-	1,104	(4,268)	2%	(67)	1,037	16%	167	13%	22	0	4	8	3	6
<b>TOTAL</b>	<b>290,719</b>	<b>100%</b>	<b>67%</b>	<b>195,012</b>	<b>6%</b>	<b>11,826</b>	<b>(149)</b>	<b>95,707</b>	<b>30%</b>	<b>28,930</b>	<b>2,211</b>	<b>13,888</b>	<b>479</b>		<b>2,368</b>	<b>16,256</b>	<b>13%</b>	<b>2,070</b>	<b>8%</b>	<b>174</b>	<b>4</b>	<b>58</b>	<b>54</b>	<b>16</b>	<b>42</b>
<b>SUMMARY OF DEMAND BY INCOME</b>																									
UNDER \$35,000	38,130	13%	39%	15,044	4%	653	(16)	23,086	27%	6,267	-	637	(145)		106	743	34%	253	0%	-	-	-	-	-	-
\$35,000 - \$49,999	16,197	6%	51%	8,261	5%	392	(9)	7,936	31%	2,469	-	384	5		70	454	31%	140	0%	0	0	-	-	-	-
\$50,000 - \$74,999	32,886	11%	58%	18,943	5%	1,013	(18)	13,943	31%	4,368	167	1,162	22		196	1,359	25%	336	1%	5	3	2	-	-	-
\$75,000 - \$99,999	34,962	12%	60%	20,961	6%	1,326	(17)	14,001	32%	4,504	359	1,668	237		286	1,954	17%	340	3%	12	1	11	-	-	-
\$100,000 - \$149,999	54,916	19%	68%	37,363	7%	2,563	(27)	17,553	32%	5,591	847	3,384	376		567	3,950	13%	518	11%	57	-	44	13	-	-
\$150,000 - \$199,999	38,211	13%	82%	31,264	7%	2,172	(20)	6,947	31%	2,179	339	2,491	153		470	2,961	7%	211	21%	43	-	1	38	4	-
\$200,000 AND OVER	75,417	26%	84%	63,175	6%	3,706	(43)	12,242	29%	3,552	500	4,163	(169)		672	4,835	6%	272	21%	57	-	-	3	12	42
<b>TOTAL</b>	<b>290,719</b>	<b>100%</b>	<b>67%</b>	<b>195,012</b>	<b>6%</b>	<b>11,826</b>	<b>(149)</b>	<b>95,707</b>	<b>30%</b>	<b>28,930</b>	<b>2,211</b>	<b>13,888</b>	<b>479</b>		<b>2,368</b>	<b>16,256</b>	<b>13%</b>	<b>2,070</b>	<b>8%</b>	<b>174</b>	<b>4</b>	<b>58</b>	<b>54</b>	<b>16</b>	<b>42</b>

<sup>1</sup> Calculated using Esri Age by Income data

<sup>2</sup> Calculated using PUMS American Community Survey for Primary Market Area

<sup>3</sup> Applies PUMS American Community Survey data for Primary Market Area to annual net new households within the Primary Market Area. Where negative net new households are expected, applies PUMS American Community Survey data for % renter and % in turnover to the negative net new households

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit III-5

Annual Condominium Owner Demand for New Units by Age and Income  
Primary Market Area  
2022-2027

INCOME	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
UNDER \$35,000	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
\$35,000 - \$49,999	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
\$50,000 - \$74,999	1 0%	1 1%	1 1%	0 0%	1 1%	5 3%
\$75,000 - \$99,999	1 1%	4 2%	3 2%	1 1%	3 2%	12 7%
\$100,000 - \$149,999	2 1%	25 14%	20 11%	3 1%	8 4%	57 33%
\$150,000 - \$199,999	1 1%	22 13%	15 8%	2 1%	3 2%	43 25%
\$200,000 AND OVER	1 1%	21 12%	25 15%	3 2%	6 4%	57 33%
TOTAL	6 3%	74 42%	64 37%	9 5%	22 13%	174 100%

Source: Esri; American Community Survey PUMS; RCLCO

## Exhibit III-6

Annual Condominium Owner Demand for New Units by Age and Affordable Home Price  
Primary Market Area  
2022-2027

AFFORDABLE HOME PRICE	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
UNDER \$250,000	1 1%	1 1%	1 0%	0 0%	0 0%	4 2%
\$250,000 - \$499,999	3 2%	29 17%	19 11%	2 1%	4 2%	58 33%
\$500,000 - \$749,999	1 0%	24 14%	19 11%	3 1%	8 4%	54 31%
\$750,000 - \$999,999	0 0%	6 3%	6 3%	1 1%	3 2%	16 9%
\$1,000,000 AND OVER	0 0%	14 8%	18 11%	3 2%	6 4%	42 24%
TOTAL	6 3%	74 42%	64 37%	9 5%	22 13%	174 100%

Source: Esri; American Community Survey PUMS; RCLCO

## IV. LIFE SCIENCE & LIFE SCIENCE INTEGRATED LIGHT MANUFACTURING DEMAND

## Exhibit IV-1

### Traditional Life Science and Life Science-Oriented Integrated Manufacturing Demand Washington-Arlington-Alexandria, DC-VA-MD-WV MSA 2023-2040

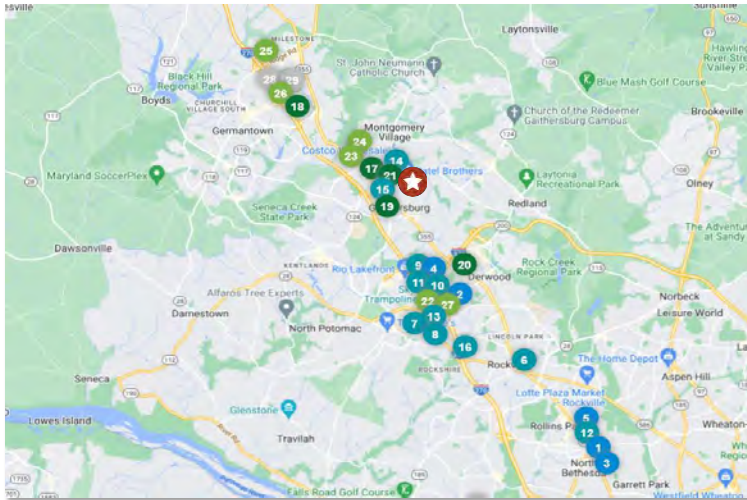
ASSUMPTIONS	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
<b>WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA PROJECTIONS</b>																		
Total Employment	3,338,383	3,368,642	3,402,438	3,436,234	3,470,029	3,503,825	3,537,621	3,571,417	3,605,212	3,639,008	3,672,804	3,706,600	3,740,396	3,774,191	3,807,987	3,841,783	3,875,579	3,909,375
<b>WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA PROJECTIONS BY SECTOR</b>																		
Natural Resources & Mining	1,677	1,745	1,731	1,717	1,703	1,689	1,675	1,661	1,647	1,633	1,619	1,605	1,591	1,577	1,563	1,550	1,536	1,522
Construction	154,955	155,099	157,067	159,035	161,003	162,972	164,940	166,908	168,876	170,844	172,812	174,780	176,748	178,717	180,685	182,653	184,621	186,589
Manufacturing	56,916	57,198	57,441	57,683	57,926	58,169	58,412	58,654	58,897	59,140	59,382	59,625	59,868	60,111	60,353	60,596	60,839	61,082
Trade, Transp. & Utilities	410,805	415,205	417,811	420,417	423,023	425,628	428,234	430,840	433,446	436,052	438,658	441,264	443,869	446,475	449,081	451,687	454,293	456,899
Information	81,172	82,381	81,956	81,532	81,107	80,683	80,258	79,834	79,409	78,985	78,560	78,136	77,711	77,287	76,862	76,438	76,013	75,589
Financial Activities	147,215	147,413	148,796	150,178	151,561	152,944	154,327	155,709	157,092	158,475	159,858	161,240	162,623	164,006	165,388	166,771	168,154	169,537
Professional & Business Services	803,658	808,153	817,016	825,879	834,742	843,605	852,468	861,330	870,193	879,056	887,919	896,782	905,645	914,508	923,371	932,234	941,097	949,960
Educational & Health Services	447,807	452,365	460,349	468,332	476,316	484,300	492,283	500,267	508,251	516,234	524,218	532,202	540,185	548,169	556,153	564,136	572,120	580,104
Leisure & Hospitality	321,419	333,746	340,766	347,786	354,806	361,826	368,846	375,866	382,886	389,906	396,926	403,946	410,966	417,986	425,006	432,026	439,046	446,066
Other Services	199,655	199,719	202,589	205,459	208,329	211,200	214,070	216,940	219,810	222,680	225,550	228,420	231,290	234,161	237,031	239,901	242,771	245,641
Government	713,104	715,618	716,916	718,214	719,512	720,810	722,109	723,407	724,705	726,003	727,301	728,599	729,897	731,195	732,494	733,792	735,090	736,388
<b>LIFE SCIENCE</b>																		
Life Science Share of Employment	2.1%	2.1%	2.2%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%	2.6%	2.7%	2.7%	2.8%	2.9%	2.9%	3.0%	3.1%
Life Science Employment	70,442	72,262	74,516	76,848	79,261	81,759	84,346	87,025	89,802	92,680	95,666	98,763	101,977	105,314	108,779	112,380	116,123	120,015
Life Science Employment Growth	663	1,820	2,254	2,332	2,413	2,498	2,587	2,680	2,777	2,879	2,985	3,097	3,214	3,337	3,466	3,601	3,743	3,892
% Traditional Life Science	92.3%	91.7%	91.2%	90.7%	90.2%	89.7%	89.2%	88.7%	88.2%	87.7%	87.2%	86.7%	86.2%	85.7%	85.2%	84.7%	84.3%	83.8%
% Life Science Integrated Light Manufacturing	7.7%	8.3%	8.8%	9.3%	9.8%	10.3%	10.8%	11.3%	11.8%	12.3%	12.8%	13.3%	13.8%	14.3%	14.8%	15.3%	15.7%	16.2%
Annual Demand for Traditional Life Science	350	214,213	584,241	719,744	740,321	761,749	784,074	807,340	831,596	856,893	883,284	910,827	939,580	969,606	1,000,971	1,033,746	1,068,003	1,103,820
Annual Demand for Life Science Integrated Light Manufacturing	750	38,492	112,700	148,402	162,537	177,478	193,275	209,983	227,659	246,364	266,163	287,126	309,327	332,847	357,770	384,187	412,195	441,896
Annual Life Science Demand		252,705	696,941	868,146	902,857	939,227	977,349	1,017,323	1,059,255	1,103,257	1,149,447	1,197,952	1,248,907	1,302,453	1,358,742	1,417,933	1,480,197	1,545,716
Cumulative Life Science Demand		812,455	1,509,396	2,377,542	3,280,400	4,219,627	5,196,976	6,214,299	7,273,554	8,376,811	9,526,258	10,724,210	11,973,117	13,275,571	14,634,312	16,052,245	17,532,443	19,078,158
<b>SUBJECT SITE</b>																		
Annual Life Science Demand in PMA	29.6%	74,841	206,407	257,111	267,391	278,163	289,453	301,292	313,710	326,742	340,422	354,787	369,878	385,736	402,407	419,937	438,377	457,781
Annual Traditional Life Science Demand PMA		63,442	173,030	213,160	219,254	225,601	232,212	239,103	246,286	253,778	261,595	269,752	278,267	287,160	296,449	306,155	316,301	326,909
Annual Life Science Integrated Light Manufacturing Demand PMA		11,400	33,377	43,951	48,137	52,562	57,241	62,189	67,424	72,963	78,827	85,036	91,611	98,576	105,958	113,781	122,076	130,872
Cumulative Life Science Demand in PMA		74,841	281,248	538,360	805,751	1,083,914	1,373,367	1,674,658	1,988,369	2,315,111	2,655,532	3,010,319	3,380,197	3,765,933	4,168,340	4,588,277	5,026,654	5,484,435
Annual Traditional Life Science Demand PMA		63,442	236,471	449,632	668,886	894,487	1,126,699	1,365,802	1,612,088	1,865,867	2,127,461	2,397,213	2,675,480	2,962,639	3,259,088	3,565,244	3,881,545	4,208,453
Annual Life Science Integrated Light Manufacturing Demand PMA		11,400	44,777	88,728	136,865	189,427	246,668	308,857	376,281	449,244	528,071	613,107	704,717	803,294	909,252	1,023,033	1,145,109	1,275,981
Traditional Life Science Capture	12.3%	1%	5%	10%	15%	20%	25%	30%	35%	41%	47%	53%	59%	65%	72%	78%	85%	93%
Capture of Traditional Life Science Demand in PMA	12.3% Long Term	0.2%	0.8%	1.9%	3.0%	4.2%	5.5%	6.7%	8.0%	9.4%	10.8%	12.2%	13.7%	15.2%	16.8%	18.4%	20.1%	21.9%
Annual Traditional Life Science Demand at Subject Site		109	1,403	3,953	6,628	9,533	12,685	16,108	19,823	23,856	28,234	32,989	38,152	43,759	49,851	56,470	63,662	71,481
Cumulative Traditional Life Science Demand at Subject Site		109	1,511	5,464	12,093	21,625	34,311	50,418	70,241	94,097	122,331	155,320	193,471	237,231	287,082	343,552	407,214	478,695
Capture of Life Science Integrated Light Manufacturing Demand in PMA	24.6% Long Term	0.2%	1.0%	2.3%	3.9%	5.7%	7.6%	9.6%	11.9%	14.3%	17.0%	19.8%	22.9%	26.2%	29.7%	33.5%	37.6%	42.0%
Annual Life Science Integrated Light Manufacturing Demand at Subject Site		23	325	1,018	1,885	2,976	4,332	5,995	8,017	10,453	13,369	16,840	20,951	25,797	31,490	38,154	45,932	54,986
Cumulative Life Science Integrated Light Manufacturing Demand at Subject Site		23	348	1,366	3,251	6,227	10,559	16,554	24,571	35,024	48,393	65,233	86,184	111,981	143,471	181,625	227,557	282,544

Source: Moody's Analytics; CoStar; U.S. Census County Business Patterns; RCLCO

## V. HOTEL DEMAND

## Exhibit I-1

### List of Existing, Under Construction, and Proposed Hotels Primary Market Area November 2023



MAP KEY	HOTEL	CLASS	COMPETITIVE SET	YEAR OPENED	ROOMS	AVG. RACK RATE
<b>EXISTING</b>						
1	Canopy by Hilton Washington DC Bethesda North	Upper Upscale	Primary Market Area	2018	177	\$170
2	Sheraton Hotel Rockville	Upper Upscale	Primary Market Area	2006	155	\$132
3	Marriott Bethesda North Hotel & Conference Center	Upper Upscale	Primary Market Area	2004	455	\$181
4	Marriott Gaithersburg Washingtonian Center	Upper Upscale	Primary Market Area	1993	284	\$179
5	Hilton Washington DC Rockville Hotel & Executive Meeting Cent	Upper Upscale	Primary Market Area	1983	315	\$132
6	Cambria Hotels Rockville	Upscale	Primary Market Area	2015	140	\$133
7	Hilton Garden Inn Rockville Gaithersburg	Upscale	Primary Market Area	2010	112	\$140
8	Homewood Suites by Hilton Rockville-Gaithersburg	Upscale	Primary Market Area	2010	87	\$164
9	Courtyard Gaithersburg Washingtonian Center	Upscale	Primary Market Area	2006	210	\$157
10	SpringHill Suites Gaithersburg	Upscale	Primary Market Area	2000	162	\$140
11	Residence Inn Gaithersburg Washingtonian Center	Upscale	Primary Market Area	1998	132	\$158
12	EVEN Hotels Rockville - Washington DC Area	Upscale	Primary Market Area	1987	167	\$120
13	Courtyard Rockville	Upscale	Primary Market Area	1987	147	\$134
14	Homewood Suites by Hilton Washington DC North/Gaithersburg	Upscale	Primary Market Area	1987	123	\$133
15	DoubleTree by Hilton Washington DC North/Gaithersburg	Upscale	Primary Market Area	1981	298	\$117
16	Best Western Premier Rockville Hotel & Suites	Upscale	Primary Market Area	1971	164	\$135
17	Hampton by Hilton Inn & Suites Washington DC North/Gaithersburg	Upper Midscale	Primary Market Area	2013	125	\$128
18	Fairfield Inn & Suites Germantown Gaithersburg	Upper Midscale	Primary Market Area	2004	87	\$158
19	TownePlace Suites Gaithersburg	Upper Midscale	Primary Market Area	1999	90	\$148
20	Comfort Inn Shady Grove Gaithersburg Rockville	Upper Midscale	Primary Market Area	1986	127	\$108
21	Holiday Inn Gaithersburg	Upper Midscale	Primary Market Area	1971	160	\$102
22	Extended Stay America Washington DC - Rockville	Midscale	Primary Market Area	1999	135	\$83
23	Extended Stay America Washington DC - Gaithersburg - North	Midscale	Primary Market Area	1999	101	\$66
24	Extended Stay America Washington DC - Gaithersburg - South	Midscale	Primary Market Area	1999	87	\$66
25	Extended Stay America Washington DC Germantown Milestone	Midscale	Primary Market Area	1999	104	\$82
26	Extended Stay America Washington DC - Germantown - Town C	Midscale	Primary Market Area	1997	132	\$71
27	Sleep Inn Rockville	Midscale	Primary Market Area	1997	107	\$92
<b>PIPELINE</b>						
28	Century Building D	N/A		N/A	70	
29	Century Building E	N/A		N/A	84	

MAP KEY		TOTAL ROOMS	DISTRIBUTION OF ROOMS	AVERAGE RACK RATE	AVG YEAR BUILT
Upper Upscale		1,386	32%	\$162	1999
Upscale		1,742	40%	\$137	1994
Upper Midscale		589	13%	\$124	1992
Midscale		666	15%	\$77	1998
<b>TOTAL EXISTING</b>		<b>4,383</b>	<b>100%</b>	<b>\$134</b>	<b>1996</b>
Planned / Proposed		154			
<b>TOTAL PIPELINE</b>		<b>154</b>			

Note: Pricing data from November 9, 2023 to February 5, 2024.  
Source: Smith Travel Research; RCLCO

## Exhibit I-2

### Definition of the Chain Scale Smith Travel Research November 2023

#### Chain Scale Definition

Chain scale segments are a method by which branded hotels are grouped based on the actual average room rates (ADR). Independent hotels, regardless of their average room rates, are included as a separate chain scale category. The chain scale segments are: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy, and Independents.

ECONOMY	MIDSCALE	UPPER MIDSCALE	EXAMPLES	UPSCALE	UPPER UPSCALE	LUXURY
Affordable Suites of America	3 Palms Hotels & Resorts	Aqua Hotels & Resorts	AC Hotels by Marriott	Ace Hotel Group	Ace Hotel Group	21c Museum Hotels
America's Best Inns	A Victory Hotels	Ayres	aloft Hotels	Affinia	Affinia	AKA
Americas Best Value Inn	Americinn	Best Western Executive Residency	APA Hotel	Allia Hotels & Resorts	Allia Hotels & Resorts	Aman Resort Services Ltd
AmeriVu I & S	Avid Hotels	Best Western Plus	Ascend Collection	Autograph Collection	Autograph Collection	Andaz
Budget Host	Baymont Inn & Suites	Boaders Inn & Suites	Aston Hotels	Bridgestreet	Bridgestreet	Belmond
Budget Suites of America	Best Western	Boulders Inn & Suites	Best Western Premier	Canopy by Hilton	Canopy by Hilton	COMO Hotels & Resorts
Budgetel	Candlewood Suites	BW Signature Collection	BW Premier Collection	Club Med	Club Med	Conrad
Country Hearth Inn	ClubHouse	Centerstone Hotels	Cambria hotel & suites	Club Quarters	Club Quarters	Destination Hotels
Days Inn	Crystal Inn	Chase Suites	Canad Inns	Curio Collection by Hilton	Curio Collection by Hilton	Dorchester Collection
Downtownner Inns	FairBridge Inn	Clarion	Citadines	Disney's Deluxe Resorts	Disney's Deluxe Resorts	Doyle Collection
Econo Lodge	Generator Hotel	Cobblestone	citizenM Hotels	Dolce Hotels & Resorts	Dolce Hotels & Resorts	Edition
Extended Stay America	GuestHouse	Comfort Inn	Coast Hotels USA	Dream Hotels	Dream Hotels	Fairmont
E-Z 8	Hawthorn Suites by Wyndham	Comfort Suites	Courtyard	Embassy Suites by Hilton	Embassy Suites by Hilton	Firmdale Hotels
Family Inns Of America	ibis Styles	Country Inn & Suites	Crowne Plaza	Fireside Inn & Suites	Fireside Inn & Suites	Four Seasons
Good Nite Inn	InnSuites Hotels	Disney's Value Resorts	Dazzler Hotels	Gaylord Entertainment	Gaylord Entertainment	Grand Hyatt
Great Western	Loyalty Inn	DoubleTree Club	Delta Hotels	Graduate Hotels	Graduate Hotels	InterContinental
GreenTree Inns	MainStay Suites	Drury Inn	Disney's Moderate Resorts	Hard Rock	Hard Rock	JW Marriott
HomeTowne Studios by Red Roof	Oak Tree Inn	Drury Inn & Suites	DoubleTree by Hilton	Hilton	Hilton	Lanham
Howard Johnson	Palace Inn	Drury Plaza Hotel	Eaton	Hilton Grand Vacations	Hilton Grand Vacations	Loews
InTown Suites	Quality Inn	Fairfield Inn	element	Hotel Indiq	Hotel Indiq	Lotte Hotels & Resorts
Jameson Inn	Ramada	Clo Hotel	Eurostars Hotel	Hotel Nikko	Hotel Nikko	Luxury Collection
Key West Inn	Red Lion Inn & Suites	GrandStay Hotels	EVEN Hotels	The Hoxton	The Hoxton	Mandarin Oriental Hotel Group
Knights Inn	Rode Inn Motels	Hampton by Hilton	Four Points by Sheraton	Hyatt	Hyatt	Mantis Collection
Lite Hotel	Signature Inn	Holiday Inn	Grand America Hotels & Resort	Hyatt Centric	Hyatt Centric	Miraval
Master Hosts Inns	Sleep Inn	Holiday Inn Express Hotel	Great Wolf Lodge	Hyatt Regency	Hyatt Regency	Mokara
Masters Inn	Tru by Hilton	Home2 Suites by Hilton	Hilton Garden Inn	Instinct Hotel	Instinct Hotel	Montage Hotels
Microtel Inn & Suites by Wyndham	Uptown Suites	Isle of Capri	Homewood Suites by Hilton	Joie De Vivre	Joie De Vivre	Nobu Hotels
Motel 6	Vagabond Inn	La Quinta Inns & Suites	Hotel RL	Kimpton	Kimpton	Park Hyatt
National 9	Vista	Lexington	Hyatt House	Le Meridien	Le Meridien	Red Carnation
Passport Inns	Winqate by Wyndham	Mama Shelter	Hyatt Place	Lyric Suites	Lyric Suites	Ritz-Carlton
Pear Tree Inn		MOXY	Iberostar Hotels & Resorts	Magnolia Hotel	Magnolia Hotel	RockResorts
Red Carpet Inns		My Place Hotels	Innside by Melia	Marqanville	Marqanville	Rosewood
Red Roof Inn		OHANA Hotels	Larkspur Landing	Marriott	Marriott	Sixty Hotels
Rodeway Inn		Oxford Suites	Leqacy Vacation Club	Marriott Conference Center	Marriott Conference Center	Soitel Luxury Hotels
Scottish Inns		Park Inn	Mantra	Millennium Hotels	Millennium Hotels	St Regis
Select Inn		Red Lion Hotel	Melia	Mint House	Mint House	Taj Group
Studio 6		Shilo Inn	Miyako Hotels	New Otani Hotels	New Otani Hotels	The Peninsula Hotel
Suburban Extended Stay Hotels		Sonesta ES Suites	NH Hotels	Oakwood Apartments	Oakwood Apartments	The Unbound Collection
Super 8		The Red Collection	Novotel Hotels	Omni	Omni	Thompson Hotel
SureStay		TownePlace Suites	Prince Hotels	Outrigger Resorts	Outrigger Resorts	Trump International
SureStay Collection		Trademark Hotel Collection	Radisson	Pan Pacific Hotel Group	Pan Pacific Hotel Group	Valencia Group
SureStay Plus		Tryp by Wyndham	Residence Inn	Pestana	Pestana	Viceroy
Travelodge		Wyndham Garden Hotel	RIU Hotel	Pullman	Pullman	W Hotel
Value Place		Yotel	Room Mate Hotels	Radisson Blu	Radisson Blu	Waldorf Astoria
WoodSpring Suites			Sandman Signature	Radisson RED	Radisson RED	
			Sonesta Hotel	Renaissance	Renaissance	
			Springhill Suites	Sheraton Hotel	Sheraton Hotel	
			Staybridge Suites	Silver Cloud	Silver Cloud	
			Stoney Creek	St. Giles Hotels	St. Giles Hotels	
			Tapestry Collection by Hilton	Starhotels	Starhotels	
			Travel Inn Hotel	Swissotel	Swissotel	
			Vacation Condos by Outrigger	Time Hotels	Time Hotels	
			Vib	Tribute Portfolio	Tribute Portfolio	
			Westmark	Virgin Hotels	Virgin Hotels	
			Wyndham Hotels	Warwick Hotels	Warwick Hotels	
			Wyndham Vacation Resort	Westin	Westin	
				Wyndham Grand Hotels	Wyndham Grand Hotels	

Source: Smith Travel Research

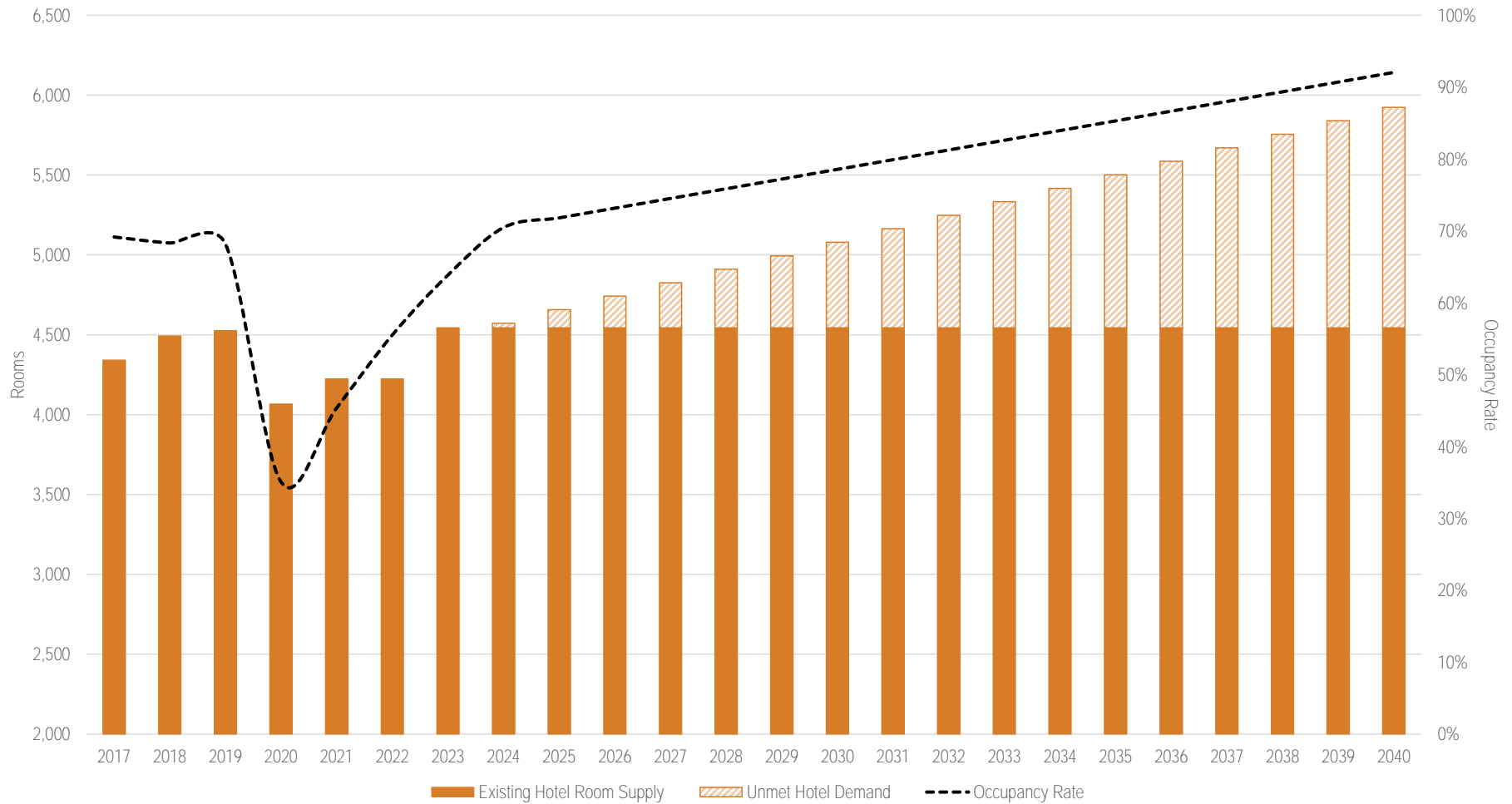
## Exhibit I-3

### Hotel Demand Analysis Primary Market Area 2018-2040

	HISTORICAL										PROJECTED													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
<b>SUPPLY</b>																								
Beginning Room Nights	1,584,465	1,639,634	1,651,927	1,484,028	1,541,395	1,541,395	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795
Change in Room Nights	55,169	12,293	-167,899	57,367	0	58,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Room Nights	1,639,634	1,651,927	1,484,028	1,541,395	1,541,395	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795	1,599,795
<b>DEMAND</b>																								
Demonstrated Demand Growth Rate	2.2%	0.6%	-53.8%	34.4%	22.4%	19.4%	10.4%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%
Beginning Demand Nights	1,095,710	1,120,223	1,126,395	520,513	699,400	855,874	1,021,554	1,127,353	1,148,934	1,170,516	1,192,098	1,213,680	1,235,261	1,256,843	1,278,425	1,300,007	1,321,588	1,343,170	1,364,752	1,386,334	1,407,915	1,429,497	1,451,079	1,451,079
Demonstrated Demand Growth	24,513	6,172	-605,882	178,887	156,474	165,680	105,798	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582	21,582
Ending Demand Nights	1,120,223	1,126,395	520,513	699,400	855,874	1,021,554	1,127,353	1,148,934	1,170,516	1,192,098	1,213,680	1,235,261	1,256,843	1,278,425	1,300,007	1,321,588	1,343,170	1,364,752	1,386,334	1,407,915	1,429,497	1,451,079	1,472,661	1,472,661
Historical & Projected Occupancies	68.3%	68.2%	35.1%	45.4%	55.5%	63.9%	70.5%	71.8%	73.2%	74.5%	75.9%	77.2%	78.6%	79.9%	81.3%	82.6%	84.0%	85.3%	86.7%	88.0%	89.4%	90.7%	92.1%	92.1%
Target Occupancy						70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
<b>UNMET DEMAND</b>																								
Demand at Target Occupancy (Nights)						1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857	1,119,857
Unmet Demand (Nights)						0	7,496	29,078	50,660	72,241	93,823	115,405	136,987	158,568	180,150	201,732	223,314	244,895	266,477	288,059	309,641	331,222	352,804	352,804
Unmet Demand (Available Room Nights)						0	10,709	41,540	72,371	103,202	134,033	164,864	195,695	226,526	257,357	288,188	319,020	349,851	380,682	411,513	442,344	473,175	504,006	504,006
Unmet Demand (Rooms)						0	29	114	198	283	367	452	536	621	705	790	874	958	1,043	1,127	1,212	1,296	1,381	1,381
<b>SUBJECT SITE CAPTURE OF UNMET DEMAND</b>																								
Fair Share Capture						33%	33%	33%	33%	33%	33%	33%	33%	30%	27%	25%	23%	21%	20%	19%	18%	17%	16%	16%
Subject Site Capture of Demand (Nights)						0	3,570	13,847	24,124	34,401	44,678	54,955	65,232	67,958	70,188	72,047	73,620	74,968	76,136	77,159	78,061	78,862	79,580	79,580
Subject Site Capture of Demand (Rooms)						0	10	38	66	94	122	151	179	186	192	197	202	205	209	211	214	216	218	218
Supported Room Supply (at Target Occupancy)						0	10	38	66	94	122	151	179	186	192	197	202	205	209	211	214	216	218	218

Source: Smith Travel Research; RCLCO

Exhibit I-4  
Unmet Demand  
Primary Market Area  
2018-2040



Source: Smith Travel Research; RCLCO



## AUSTIN

501 Congress Avenue, Suite 150  
Austin, TX 78701

## LOS ANGELES

11601 Wilshire Boulevard, Suite 1650  
Los Angeles, CA 90025

## ORLANDO

964 Lake Baldwin Lane, Suite 100  
Orlando, FL 32814

## WASHINGTON, DC

7200 Wisconsin Avenue, Suite 1110  
Bethesda, MD 20814