

**MARKET STUDY OF THE PROPOSED MIXED USE
DEVELOPMENT KNOWN AS THE "BALLPARK COMMONS,"
LOCATED NEAR THE INTERSECTION OF WEST RAWSON
AVENUE AND WEST LOOMIS ROAD,
IN THE CITY OF FRANKLIN,
MILWAUKEE COUNTY, WISCONSIN**

Effective Date: January 22, 2016

Prepared For:

*Mr. Mike Zimmerman
MKE Sports & Entertainment, LLC
510 W. Kilbourn Avenue
Milwaukee, WI 53202*

Date Issued: March 11, 2016

Prepared By:

**MOEGENBURG RESEARCH, INC.
REAL ESTATE APPRAISAL AND CONSULTING
155 South Executive Drive, Suite 212
Brookfield, Wisconsin 53005
(262) 782-0780
pete@moegenburg.com**

MRI File #15.558

MOEGENBURG RESEARCH, INC.
REAL ESTATE APPRAISAL AND CONSULTING

March 11, 2016

Mr. Mike Zimmerman
MKE Sports & Entertainment, LLC
510 W. Kilbourn Avenue
Milwaukee, WI 53202

**Re: Market Study for:
Proposed Ballpark Commons Mixed-Use Development
Franklin, Wisconsin**

Dear Mr. Zimmerman:

In accordance with your request, we are pleased to submit the following Market Study of the above referenced property. The referenced property serves as the basis for the Ballpark Commons Market Study. The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four season sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this Market Study is the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

This report presents a broad overview of the local apartment and commercial markets and presents information pertaining to the following:

- An overview of the neighborhood, the City of Franklin, and the region;
- A presentation of national, regional, and local apartment market data that was published by several nationally recognized third-party providers;
- A presentation of data sheets for many of the more prominent apartment developments from other competing areas wherein current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data is presented for each property;
- A summary and discussion of current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data;
- A discussion pertaining to the pending supply and current demand for multifamily housing within the City of Franklin;
- A discussion pertaining to absorption rates that we feel could be achieved by new developments occurring within the City of Franklin;
- A presentation of national, regional, and local retail market data that was published by several nationally recognized third-party providers;
- A discussion pertaining to financial feasibility of ancillary uses surrounding the proposed stadium.

For purposes of this analysis, the identified land is referred to as the "subject property."

Mr. Mike Zimmerman
March 11, 2016
Page Two

Purpose and Function of the Report

The purpose of the assignment is to prepare a Market Study for the referenced property as of a current date. We made an inspection of the subject site on January 22, 2016, and conducted research relative to this study during January and February 2016. The function of the report is to assist MKE Sports & Entertainment (our client and intended user), with their internal decision making and discussions with the City of Franklin regarding the potential development opportunities which may exist at the property (the intended use). Moegenburg Research, Inc. has not provided consulting or valuation services regarding the referenced property during the past three years.

Appraisal Standards and Reporting Guidelines

The report is subject to the Code of Ethics and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The report was also prepared in accordance with the operative engagement letter, contained within our workpapers.

Limitations of Use and Applicability of Conclusions

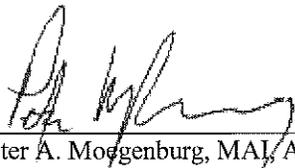
Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the value conclusion(s) presented in this report is/are valid only for the date(s) of value stated herein.

General Conclusions

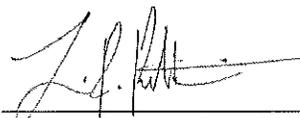
A summary of our general conclusions are included on the following page.

We have enjoyed serving you in this matter.

Sincerely,



Peter A. Moegenburg, MAI, ASA
Wisconsin Certified General Appraiser No. 296



F. Russell Rutter, Associate
Wisconsin Certified General Appraiser No. 2149

CONCLUSIONS

Our conclusions regarding the proposed multi-family component are included below:

- From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development.
- There has been little to no market rate, multi-family development (non-senior) within the City of Franklin in the most recent 10 to 15 years.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops, stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- Occupancy rates are strong and the submarket likely has substantial (pent-up) demand.
- We feel that attainable rental rates for a proposed high-end development at the subject property would range from \$1.40 to \$1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.
- Based on the marginal demand analysis there appears to be positive demand for new high-end multi-family product within the subject's PMA (5-mile radius) based on income qualified renter households with incomes of \$50,000-plus.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

Our conclusions regarding the proposed ancillary commercial component are included below:

- It appears that a potential baseball stadium development would spur ancillary commercial uses. Additionally, the inclusion of a multi-family component to the stadium would help to enhance the population of permanent and transient consumers to the area.
- The residents of Franklin appear to desire more traditional retail and dining uses for the subject's immediate neighborhood. Such uses would complement the proposed baseball stadium and multi-family residential component.
- Ancillary commercial uses (including retail and restaurant) should focus on local users in order to reflect the broader community as these users are more closely aligned to the specific interests of the community.
- The proposed subject development would benefit from additional ancillary commercial uses (retail/restaurant) to service the needs of the potential consumers. The resulting overall development would be an all-encompassing community with a local identity.

CONCLUSIONS (Continued)

- Current market conditions support retail uses as a financially feasible use, while office and lodging uses are not currently financially feasible. However, given current market conditions, it is likely that any proposed ancillary use would have to be substantially pre-leased or have users in place (owner occupant), for any development to occur.
- While not currently financially feasible, if the RevPar (Average Daily Rate x Occupancy) were to increase at a rate that is currently being realized by the competitive set, a lodging use could be financially feasible within approximately two years. This assumes that the neighboring Hampton Inn stabilizes as projected and realizes a RevPar that is in line with or superior to the competitive set.
- It appears as though the proposed baseball stadium and indoor facility could generate enough overnight stays for an additional lodging facility in the immediate area, however, any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.
- Any of these potential development uses are tied to the proposed development of the baseball stadium (i.e. if the stadium is not constructed, the other uses would not be financially feasible given current market conditions).

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SECTION I: INTRODUCTION

INTRODUCTION

In accordance with your request, we are pleased to submit the following Market Study of the above referenced property. The referenced property serves as the basis for the Ballpark Commons Market Study. The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four season sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this Market Study is the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

This report presents a broad overview of the local apartment and commercial markets and presents information pertaining to the following:

- An overview of the neighborhood, the City of Franklin, and the region;
- A presentation of national, regional, and local apartment market data that was published by several nationally recognized third-party providers;
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- A discussion pertaining to the pending supply and current demand for multifamily housing within the City of Franklin;
- A discussion pertaining to absorption rates that we feel could be achieved by new developments occurring within the City of Franklin;
- A presentation of national, regional, and local retail market data that was published by several nationally recognized third-party providers;
- A discussion pertaining to financial feasibility of ancillary uses surrounding the proposed stadium.

For purposes of this analysis, the identified land is referred to as the "subject property." **Photographs of the Subject Property** are contained within the **Appendix** of this report. In addition, other descriptive and illustrative materials are contained later in this report and within the **Appendix**. The property's location is identified within the **Regional Map** contained on the following page for reference.

Purpose and Function of the Report

The purpose of the assignment is to prepare a Market Study for the referenced property as of a current date. We made an inspection of the subject site on January 22, 2016, and conducted research relative to this study during January and February 2016. The function of the report is to assist MKE Sports & Entertainment, LLC (our client and intended user), with their internal decision making and discussions with the City of Franklin regarding the potential development opportunities which may exist at the property (the intended use). Moegenburg Research, Inc. has not provided consulting or valuation services regarding the referenced property during the past three years.

Appraisal Standards and Reporting Guidelines

The report is subject to the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The report was also prepared in accordance with the operative engagement letter, contained within our workpapers.

Limitations of Use and Applicability of Conclusions

Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the value conclusion(s) presented in this report is/are valid only for the date(s) of value stated herein.

Scope of Work

The scope of the market study consisted of conducting a physical inspection of the property, obtaining demographic and economic information about the immediate neighborhood and municipality, collecting and analyzing comparable data, developing the appropriate analyses, and developing a final opinion as to the feasibility of the current development. The scope of this analysis included providing an analysis of suggested rents, lease-up schedule, competition, demand, product offerings, amenity offerings, as well as area and market analytics. The scope did not include a full highest and best use analysis. Both primary and secondary research is included in this report. Secondary data consists of U.S. Census data and related projections, and was obtained from multiple government sources. Peter A. Moegenburg, MAI and F. Russell Rutter were each fully qualified at the time of engagement to provide an analysis of the referenced property. No additional steps were needed after this date to satisfy the Competency Rule under USPAP. Please refer to the appraiser qualifications that are included within the **Appendix**.

Market Feasibility

Market Feasibility is defined by the Appraisal of Real Estate, 12th Edition, 2010 as follows:

“An indication that a project has a reasonable likelihood of satisfying explicit objectives.”

Statement of Assumptions and Limiting Conditions

This market study has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plat plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- It is assumed that the property conforms to all applicable zoning and use regulation and restrictions unless a non-conformity has been identified, described, and considered in this appraisal.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
- The appraisal was prepared for the purpose stated and should not be used for any other purpose.
- The signatories shall not be required to give further consultation or testimony, or appear in court or at any public hearing with reference to the property appraised, unless prior arrangements have been made with the client.
- Possession of this report, or a copy thereof, or any part thereof, does not carry with it the right of publication, nor may it be used by anyone but the party for whom it has been prepared without the prior written consent and approval of Moegenburg Research, Inc.
- None of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which he is connected or any references to the Appraisal Institute or to the MAI designation)

shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without the prior written consent and approval of Moegenburg Research, Inc.

- This report is intended to be read and used as a whole and not in parts. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the report.
- Where the property being considered is part of a larger parcel or tract, any values reported relate only to the portion being considered and should not be construed as applying with equal validity to other portions of the larger portion or tract.
- Any projections of future rents, expenses, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, discount rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of Moegenburg Research, Inc. They represent only the judgment of the authors as to the assumptions likely to be used by purchasers and sellers active in the marketplace, and their accuracy is in no way guaranteed.
- In depth research of the develop-ability of the subject property, from a physical standpoint, was not studied within this appraisal – this goes beyond the focus of this report. Assumptions were made in regards to the physical develop-ability of the subject site. Sufficient reports to verify these assumptions were not made available. We have made the best possible projections based on the information that was available to Moegenburg Research, Inc. While it is believed that all of this information is relatively accurate, it may or may not be. If these assumptions are found to be incorrect, we would then reserve the right to revisit the assumptions and resulting conclusions made here-in. Any development plans without extensive physical research and testing is highly speculative. Nonetheless, based on the information available we have made our best estimates. If additional research were to turn up additional relevant information, then Moegenburg Research, Inc. would reserve the right to revisit the assumptions and related conclusions made herein.
- A Market Study for the subject property, which was completed by C.H. Johnson Consulting, Incorporated (“Franklin Baseball Stadium Market Feasibility Study”), was provided to us by our client. This report analyzes the market and financial feasibility of the proposed minor league baseball stadium at the Ballpark Commons site and quantifies the economic and fiscal impact the proposed stadium will have non the local community. The referenced third party report is separate from this report and goes beyond the scope of our assignment; however, we have relied on findings and conclusions within the third party report. *In the event that this information is not accurate, we reserve the right to alter our conclusions accordingly.*

PROJECT DESCRIPTION

The purpose of this market study is to determine whether sufficient potential demand exists for a proposed mixed-use development, comprised of a combination of multi-family, retail, office, and lodging type uses surrounding the proposed baseball stadium (and four seasons sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this market study will be on the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

The Rock, located at 7900 Crystal Ridge Drive in Franklin, is a sports complex that was constructed by and is currently managed by MKE Sports and Entertainment (Mike Zimmerman). The Rock is a multi-sport, multi-field outdoor facility that is located immediately west of South 76th Street, north of West Rawson Avenue and West Loomis Road, and south of the Root River. Mr. Zimmerman has plans to construct a 4,000-seat outdoor stadium for a professional baseball and the UW-Milwaukee Panther baseball team (Wisconsin's only Division I collegiate baseball team) along with an indoor sports complex with four youth size baseball fields and space for other sports. The stadium and indoor facility will serve as the main focal point for the area. Recently the City of Franklin Common Council has approved an agreement that requires Franklin city staff to help Mr. Zimmerman in seeking approvals for the proposed baseball stadium. The stadium proposal was originally rejected by Common Council in 2014; however, this proposal did not include the greater Ballpark Commons development that is being proposed at this time. The current \$100 million Ballpark Commons proposal includes the stadium and indoor facility as well as surrounding commercial development such as multi-family, retail, office, and lodging type uses.

In March 2014, C.H. Johnson Consulting, Inc. completed a Market Feasibility Study for the proposed baseball stadium, which would anchor the subject's neighborhood. It should be noted that we have relied on findings and conclusions within the third party report (please see Statement of Assumptions and Limiting Conditions). This study analyzed the market viability of a proposed minor league stadium in Franklin and quantified the total economic and fiscal impact the proposed stadium would have on the local community. At the time of the study The Rock had an annual attendance of approximately 84,000 people, with projections anticipated to increase to just under 100,000 people annually. Under the best case scenario included within the study, average annual attendance with the proposed stadium in place was projected to total over 220,000 visitors, an increase of approximately 140,000 people to the immediate neighborhood annually. C.H. Johnson Consulting, Inc. ultimately concluded that *the development of a proposed Franklin stadium would be a successful investment on behalf of the City, which would serve as a catalyst to spur new development and entertainment in the City of Franklin.*

SITE OVERVIEW

The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four seasons sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this market study will be on the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). These two sites will be the main focus of this report. It should be noted that the proposed baseball stadium and indoor facility, though anchors to the greater overall proposed development were not the focus of this report, rather the surrounding complimentary uses to these proposed facilities.

The southern site, which is located on the south side of West Rawson Avenue, immediately west of West Loomis Road (along West Old Loomis Road), is comprised of approximately 34 acres. The land is generally level and was the site of a former farm and is currently improved with a couple of single-family homes. The developer is seeking a potential rezone of this site, which is currently zoned for single-family residential uses, to Planned Development District (PDD) to allow for the larger proposed mixed-use development. The City of Franklin's 2025 Future Land Use Map indicates a residential use for this site. Preliminary plans call for approximately 250 to 300 units of multi-family residential on a majority of the site, with mixed-use commercial (retail/office) uses located along West Rawson Avenue. From discussions with the City of Franklin Economic Development director, it was indicated that if the project were to be approved the change of zoning to a PDD would likely be allowed.

The southern triangular site is comprised of five separate parcels that total approximately 34 acres or 1,477,555 square feet. It is our understanding that the subject developer is in the process of acquiring the parcels to assemble the larger 34 acre site. In total the southern site features approximately 1,120 feet of frontage along West Rawson Avenue. It is likely that primary access to the southern site would be from West Rawson Avenue.

The northern site is a narrow strip of land located immediately west North 76th Street, northwest of West Loomis Road, north of West Rawson Avenue, and southeast of the existing baseball fields at The Rock. This land is generally downward sloping from northwest to southeast (towards West Loomis Road). This site would abut the proposed baseball stadium to the east. The City of Franklin's 2025 Future Land Use Map indicates a mixed-use for this site. Preliminary plans call for a mix of commercial uses that would complement the proposed baseball stadium including retail (and restaurants) and lodging type uses.

Utilities, including electricity, natural gas, municipal water and sewer are available along West Rawson Avenue. The subject is not located within a flood plain hazard zone (FEMA Map Number 55079C0142E, Effective Date of September 26, 2008). Per our site inspections no other nuisances or hazards were observed upon the subject property. Our research of public records and other available information show that public

rights were identified such as limitations for controlled access to neighboring highways or roads. Further, certain recorded and unrecorded easements to a variety of utility companies were noted but these are not seen to be overly restrictive. *Please refer to the Statement of Assumptions and Limiting Conditions within this report for further clarification concerning Moegenburg Research, Inc.'s position regarding the environmental status of the subject site.*

In depth research of the develop-ability of the subject property, from a physical standpoint, was not studied within this market study – this goes beyond the focus of this report. Assumptions were made in regards to the physical develop-ability of the subject site (please see Statement of Assumptions and Limiting Conditions).

The subject site is irregular in shape and sits on both the north and south sides of West Rawson Avenue, west of West Loomis Road. West Rawson Avenue (east-west) is a four-laned heavily traveled roadway through the City of Franklin and Milwaukee County. Rawson Avenue, nearest the subject, realizes average daily traffic counts of approximately 14,700 vehicles per day, while east of South 76th Street the traffic counts are much higher at approximately 30,200 vehicles per day.

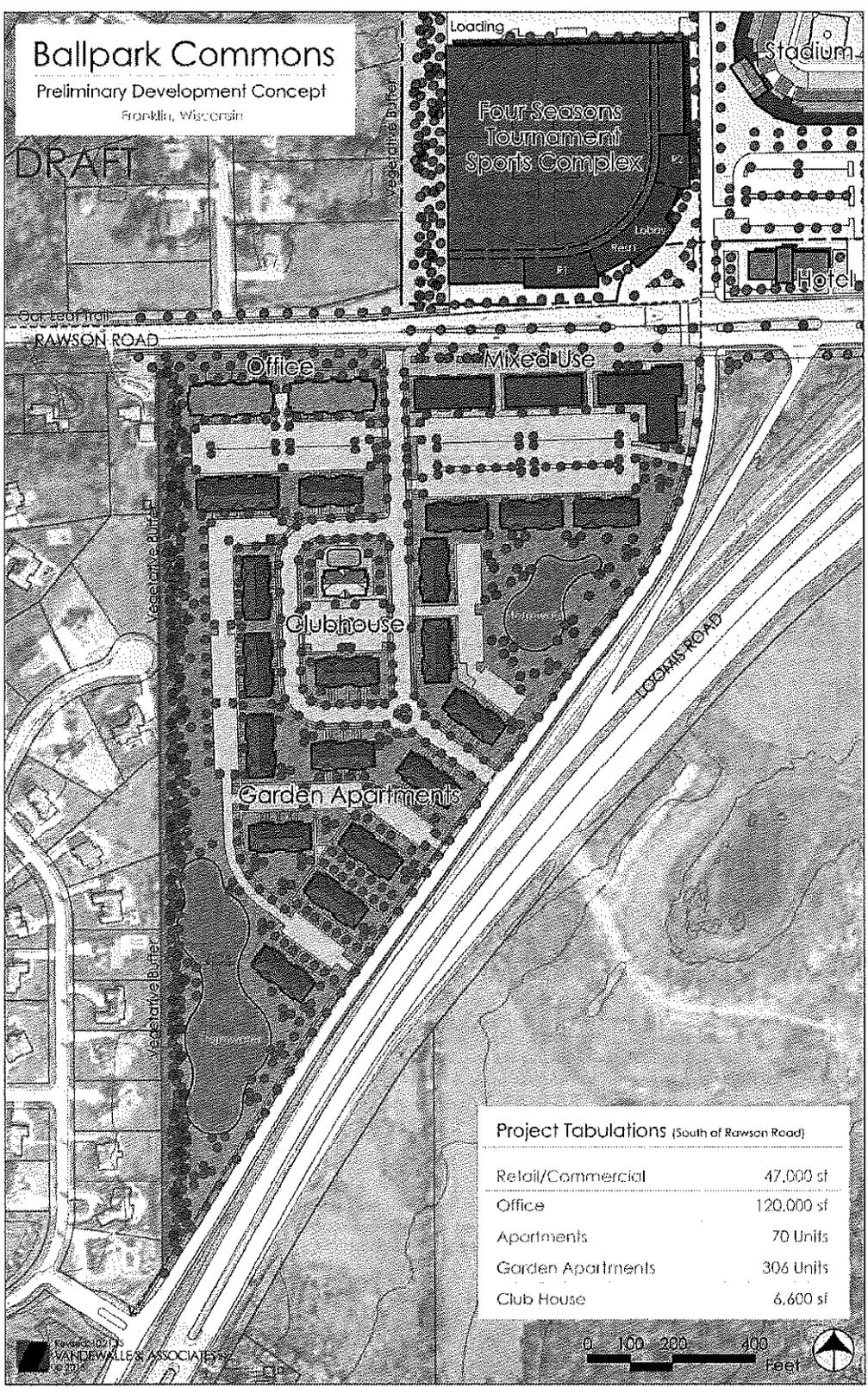
The subject is also located along West Loomis Road (Highway 36) and though not directly accessed from West Loomis Road, ingress and egress to this thoroughfare are located within close proximity to the subject (off of South 76th Street and West Rawson Avenue). West Loomis Road (Highway 36) is a major four-lane local highway that generally runs northeast to southwest through Milwaukee County. West Loomis Road provides convenient vehicular access to Interstate 43 approximately 3.5 miles northeast of the subject property. Milwaukee's CBD is located within a 15 minute drive (11 miles) of the subject property. West Loomis Road realizes traffic counts of approximately 15,000 to 18,000 vehicles per day near West Rawson Avenue.

Lastly, the subject site is located just west of South 76th Street (a portion of the northern site abuts South 76th Street). South 76th Street is a major north-south thoroughfare through the City of Franklin and southern Milwaukee County. South 76th Street also provides access to I-43 (just under three miles north of the subject). Overall, the subject property is conveniently located within close proximity to major highways and thoroughfares that service southern Milwaukee County and provide access to the nearby communities. These linkages, and others, are exhibited within the **Neighborhood Map** contained within the Neighborhood Overview section of this report. Additionally, a **Traffic Count Map** has been included within the **Appendix** for reference.

It should be noted that any existing site improvements would likely be razed to accommodate the proposed developments. Parcel identification maps are included on the following pages, while representative photographs of the subject site are included within the **Appendix**.

Included on the following pages are **Parcel Maps** that depict the general size, shape, and layout of the subject property.

PARCEL MAP – SOUTHERN SITE



NEIGHBORHOOD OVERVIEW

A "Neighborhood" is defined in The Dictionary of Real Estate Appraisal, Fifth Edition (sponsored by the Appraisal Institute, 2010) as:

"1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

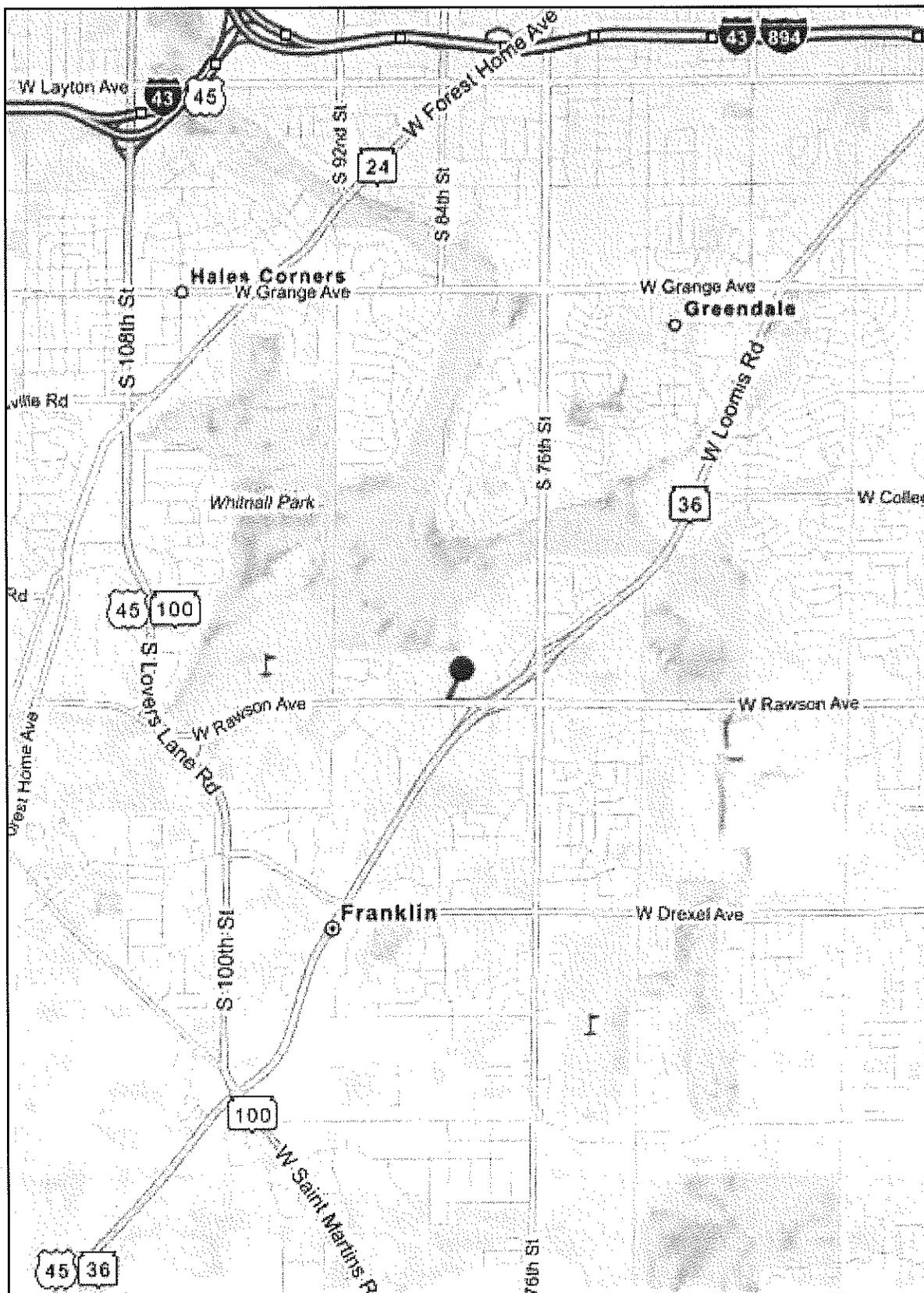
2. A developed residential super pad within a master planned community usually having a distinguishing name and entrance."

The subject is located along the north and south sides of West Rawson Avenue, just west of West Loomis Road (Highway 36), in the City of Franklin, Milwaukee County, Wisconsin. **Aerial Photographs** of the subject's neighborhood are included below and on the following page while **Neighborhood Maps** follow.

AERIAL PHOTOGRAPH



EXPANDED NEIGHBORHOOD MAP



The following paragraph is the City of Franklin's mission statement:

"The City of Franklin's mission is to be a well-planned model community providing for a high quality of life for residents of all ages. The future of Franklin is founded on quality development that includes smaller and mixed-use commercial centers and corridors, that provides for new office parks that attract knowledge-workers and information industries to the community, while continuing to develop and maintain quality residential areas that provide a wide range of housing opportunities to support the needs of working professionals, seniors, and families. The residents of Franklin will have access to parks, open space, and a wide range of recreational programs and facilities that help to promote an active and healthy lifestyle. Franklin will be a community where modern conveniences, friendly people, and a small town atmosphere combine with low crime, a clean environment, and quality educational opportunities to make Franklin the primary destination to live and learn, work and play, and to do business."

The following data was taken from various municipal websites.

Geography

According to the United States Census Bureau, the city has a total area of 34.7 square miles, of which, 34.6 square miles of it is land and 0.1 square miles of it is water. The Root River runs south through Franklin, cutting the city in half.

Demographics

As of the census of 2010, there were 33,900 people, 10,602 households, and 7,697 families residing in the city. The population density was 851.8 people per square mile. There were 10,936 housing units at an average density of 315.8 per square mile. There were 10,602 households out of which 33.8% had children under the age of 18 living with them, 63.2% were married couples living together, 6.6% had a female householder with no husband present, and 27.4% were non-families. 22.5% of all households were made up of individuals, and 6.9% had someone living alone who was 65 years of age or older. The average household size was 2.58, and the average family size was 3.06.

In the city, the population was spread out with 23.4% under the age of 18, 8.4% from 18 to 24, 32.7% from 25 to 44, 25.6% from 45 to 64, and 9.9% who were 65 years of age or older. The median age was 38 years. For every 100 females there were 109.2 males. For every 100 females age 18 and over, there were 110.0 males. The median income for a household in the city was \$75,315, and the median income for a family was \$95,532. Males had a median income of \$71,827 versus \$64,737 for females. The per capita income for the city was \$73,474. About 1.4% of families and 2.7% of the population were below the poverty line, including 2.7% of those under age 18 and 3.9% of those age 65 or over.

History

On December 20, 1839, the south portion of the Town of Kinnikennick was split off to form the town of Franklin. As of the 1840 census, the population of the Town of Franklin was 248. The name "Franklin" was given in homage to one of the Founding Fathers, Benjamin Franklin. Franklin was organized into a township in 1841. The township consisted of a thirty-six-mile area that was originally covered with heavy timber, which was mostly hardwoods such as hickory, walnut, and butternut. Most of the town's drainage was delivered by the Root River and there was an abundance of wildlife including bears, deer, and wolves.

By the 1950s, Franklin was known as a "City of homes" for its growing residential areas, which served as a suburb of the city of Milwaukee. In 1956, town officials were alarmed by the possibility that the City of Milwaukee might attempt to annex portions of Franklin. In response, the town was officially incorporated as a fourth-class city on August 15, 1956. Franklin is bounded by the City of Oak Creek to the east, the villages of Greendale and Hales Corners to the north, the county of Racine to the south, and the county of Waukesha to the west. The city of Milwaukee lies adjacent to the Franklin city limits in the northeast.

Education

The majority of Franklin students, grades kindergarten thru 12th grade, attend the Franklin Public School District. The Oak Creek-Franklin School District, primarily of Franklin's eastern neighbor, Oak Creek, is a separate school district from that of the Franklin Public School District and serves residents of the far eastern side of Franklin, along 27th street. In some places it can go as far as a mile and a half mile west into the Franklin City limits. The District also serves all of the City of Oak Creek. The Whitnall School District, which serves primarily the neighboring Village of Hales Corners and parts of the City of Greenfield, serves the City of Franklin residents residing on the city's far Northwest side.

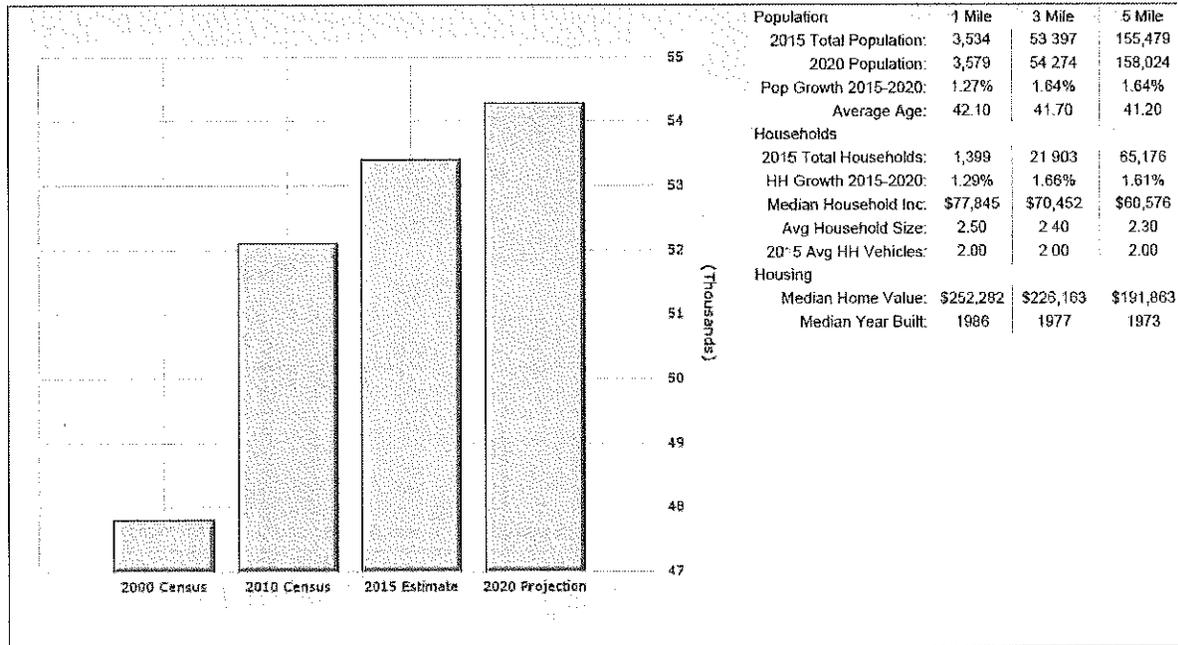
Even though some students who reside in the City of Franklin end up going to neighboring school districts, Franklin maintains a good community bond as most students do attend Franklin Public Schools. The Franklin Public School District was formed in 1962 as a K - 12 common school district. Franklin has five elementary schools, one middle school and one high school.

The Franklin Recreation Department is also operated by the school district. The district is governed by an annual meeting of electors and a seven member school board elected every three years with overlapping terms and election held every year in April. City government exercises no fiscal control over a common school district.

The following table depicts various demographic data within a one, three, and five mile radius of the subject with the graph depicting the historical and future projected population estimates within a three-mile radius of the subject.

Population for 3 Mile Radius

8201 W Rawson Ave, Franklin, WI 53132

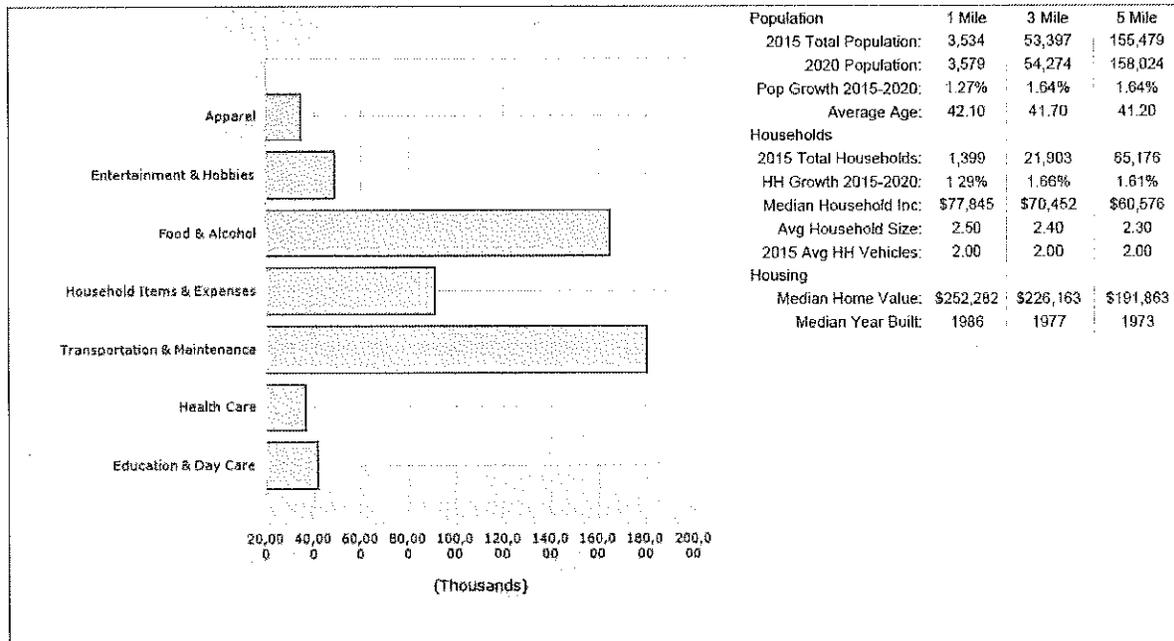


	1 Mile	3 Mile	5 Mile
Population			
2015 Total Population:	3,534	53,397	155,479
2020 Population:	3,579	54,274	158,024
Pop Growth 2015-2020:	1.27%	1.64%	1.64%
Average Age:	42.10	41.70	41.20
Households			
2015 Total Households:	1,399	21,903	65,176
HH Growth 2015-2020:	1.29%	1.66%	1.61%
Median Household Inc:	\$77,845	\$70,452	\$60,576
Avg Household Size:	2.50	2.40	2.30
2015 Avg HH Vehicles:	2.00	2.00	2.00
Housing			
Median Home Value:	\$252,282	\$226,163	\$191,863
Median Year Built:	1986	1977	1973

The following graph depicts consumer spending habits within a three-mile radius of the subject.

Consumer Spending Totals for 3 Mile Radius

8201 W Rawson Ave, Franklin, WI 53132

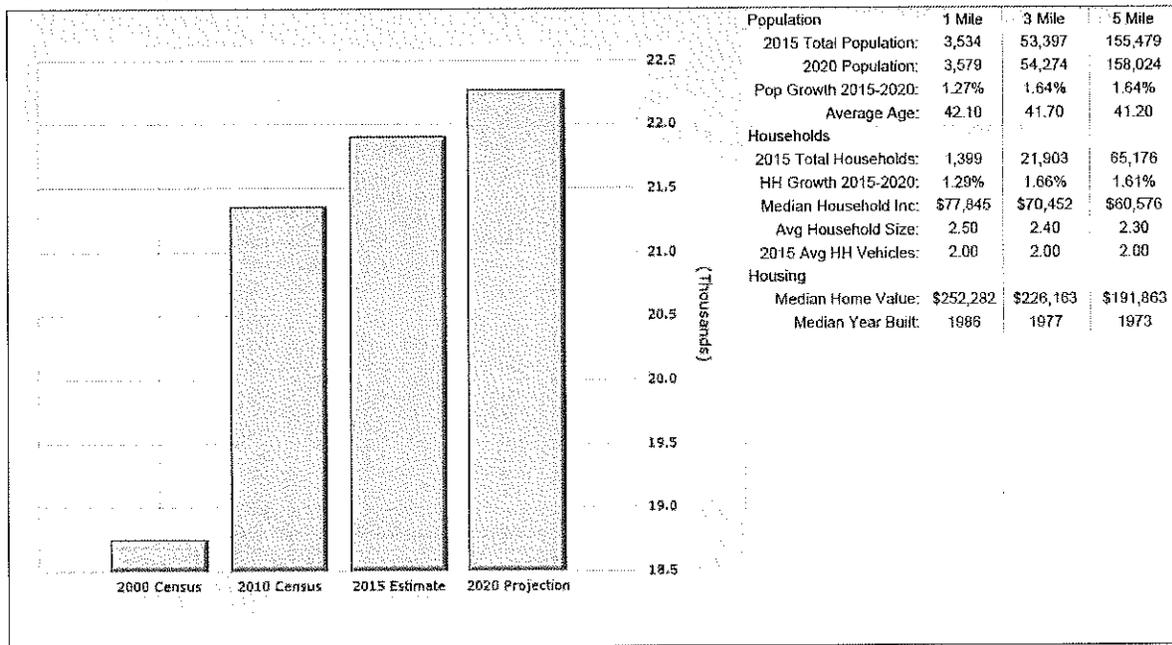


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The following graph depicts historical and future projected household totals within a three-mile radius of the subject.

Households for 3 Mile Radius

8201 W Rawson Ave, Franklin, WI 53132



An Economic Profile for the City of Franklin, which was taken from the municipal website, is included within the **Appendix**. This profile further details the population, housing, income, transportation, labor, government services, utilities, etc. for the City of Franklin. Additional demographic information for the subject's defined PMA is included later within this report.

Neighborhood Conclusion

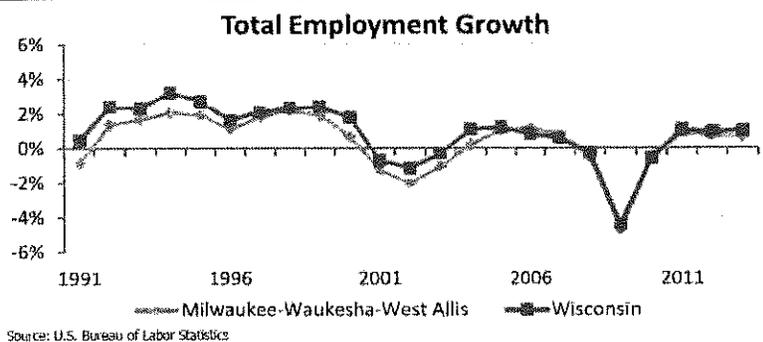
In July 2007, CNN/Money and Money magazine ranked Franklin the 90th best place to live in the United States. FD magazine honored Franklin in their April 2007 issue with awards for "Best Human Resources Runner-up", as well as "Best Infrastructure Top Five" for Micro Cities in the North American region. Franklin ranked 94th in the 2011 Money Magazine rankings. The subject is located just west of West Loomis Road / Highway 36 is a highly trafficked roadway stretching from Springfield, WI to Milwaukee (nearly 40 miles). Highway 45, Highway 100, and West Ryan Road are all located within approximately one mile of the subject property. The subject is situated in a portion of the City of Franklin that has experienced very limited development and features a large amount of vacant/agricultural land. The subject's neighborhood is in the growth stage of its life cycle. Overall, the future outlook of the subject's neighborhood is positive.

REGIONAL OVERVIEW

An overview of the regional and neighborhood area provides a basis for an understanding of the area dynamics insofar as they might affect the subject property. The property is located within the City of Franklin, in Milwaukee County, Wisconsin. Milwaukee County is located in the southeastern portion of Wisconsin along Lake Michigan. The county is part of the defined Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (MSA). Therefore, an overview of this MSA provides a basis for an understanding of the area dynamics insofar as they might affect the subject property. The information was provided by the Wisconsin Department of Revenue – Division of Research and Policy.

Milwaukee-Waukesha-West Allis MSA

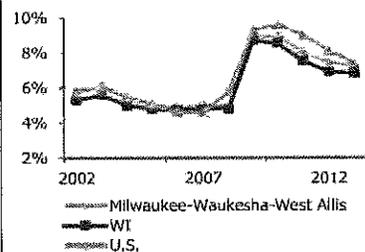
Milwaukee, Ozaukee, Washington and Waukesha Counties



Source: U.S. Bureau of Labor Statistics

2009	2010	2011	2012	2013	Indicator	2014	2015	2016
815,933	808,642	815,500	821,358	826,742	Employment	839,306	852,526	866,383
-4.7%	-0.9%	0.8%	0.7%	0.7%	Percent Change	1.5%	1.6%	1.6%
8.9%	8.9%	8.0%	7.4%	7.3%	Unemployment Rate	6.1%	5.5%	5.0%
67,221.7	67,844.4	71,009.8	73,558.2	75,379.6	Personal Income (\$ millions)	77,904.2	80,911.4	84,222.2
-0.4%	0.9%	4.7%	3.6%	2.5%	Percent Change	3.3%	3.9%	4.1%
43,380	43,582	45,477	46,943	48,044	Per Capita Personal Income (\$)	49,610	51,489	53,572
74,798.0	76,126.0	77,307.0	77,299.0		Real GDP (millions of 2005 \$)			
875	955	900	1,035	1,244	Housing Permits (Single Family)			

Unemployment Rate

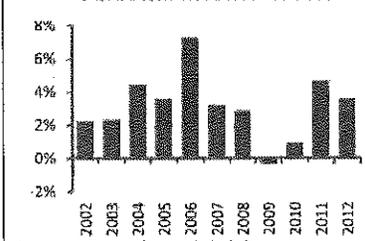


Unemployment Rate

	2012	2013
Milwaukee-Waukesha-West Allis MSA	7.4%	7.3%
Wisconsin	6.9%	6.8%
U.S.	8.1%	7.4%

Source: U.S. Bureau of Labor Statistics, WI Dept of Revenue and IHS Global Insight, Inc.

Personal Income Growth



Source: U.S. Bureau of Economic Analysis

The Milwaukee-Waukesha-West Allis MSA is in the southeast corner of the state, just north of the Racine MSA and on the shores of Lake Michigan. It is made up of four counties: Milwaukee, Waukesha, Ozaukee and Washington. It is home to numerous colleges and universities: UW-Milwaukee, Marquette University, the Medical College of Wisconsin, Milwaukee School of Engineering, Alverno College, Mount Mary College, Wisconsin Lutheran College, Concordia University, Cardinal Stritch University, Carroll University, Milwaukee Institute of Art and Design, UW-Waukesha County, Milwaukee Area Technical College, Waukesha Area Technical College, and UW-Washington County.

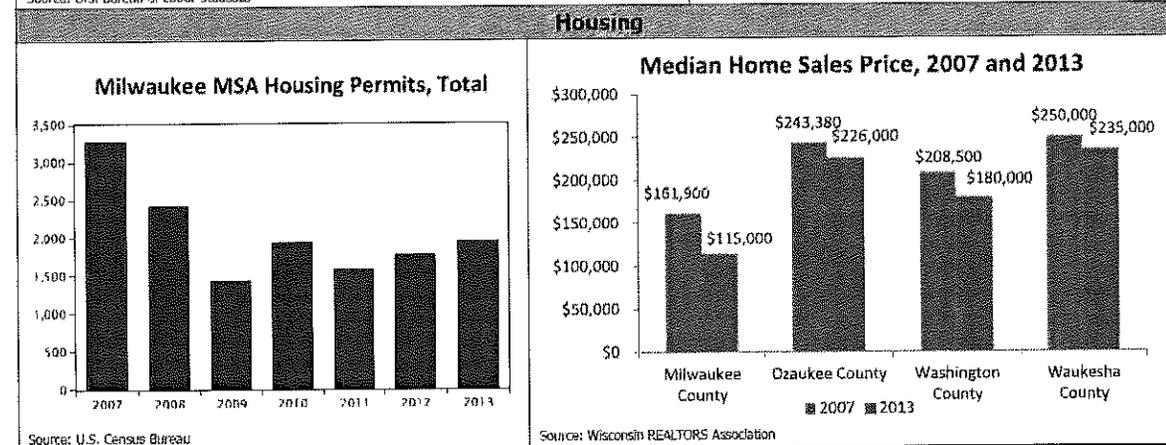
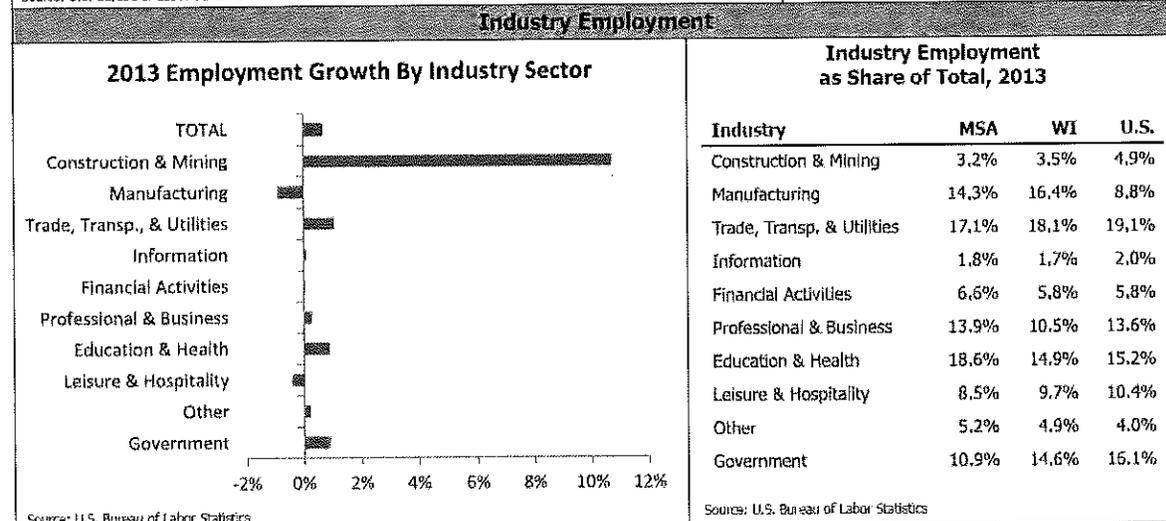
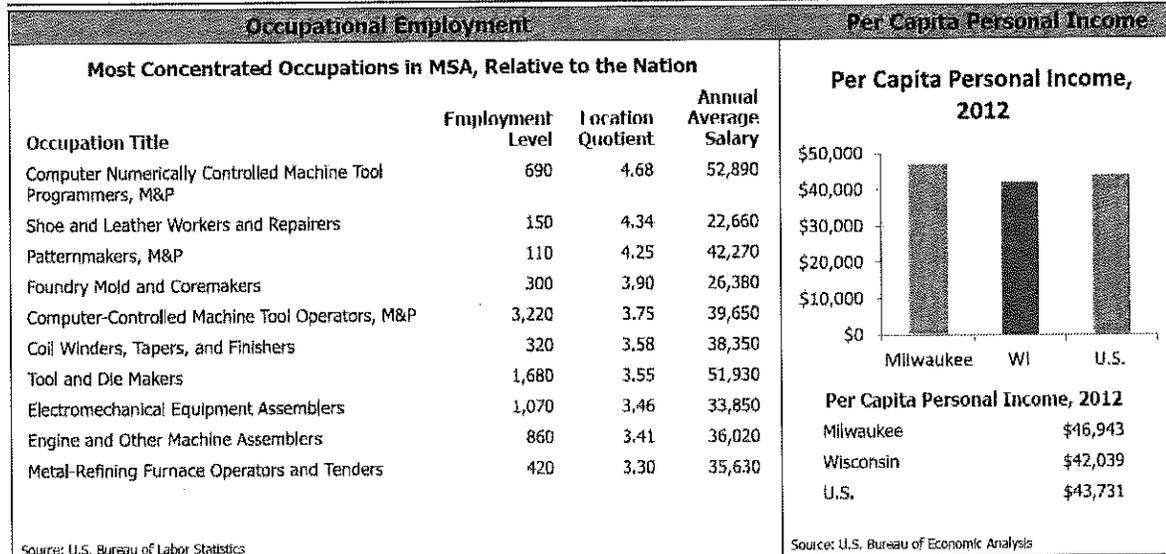
rose 0.7% in 2013, the same increase as in 2012. The Milwaukee area has regained 35% of the jobs lost during the past recession. It is on pace to reach its pre-recession employment peak in 2016, with employment growth accelerating throughout the forecast period. Employment will rise 1.5% in 2014, 1.6% in 2015, and 1.6% in 2016.

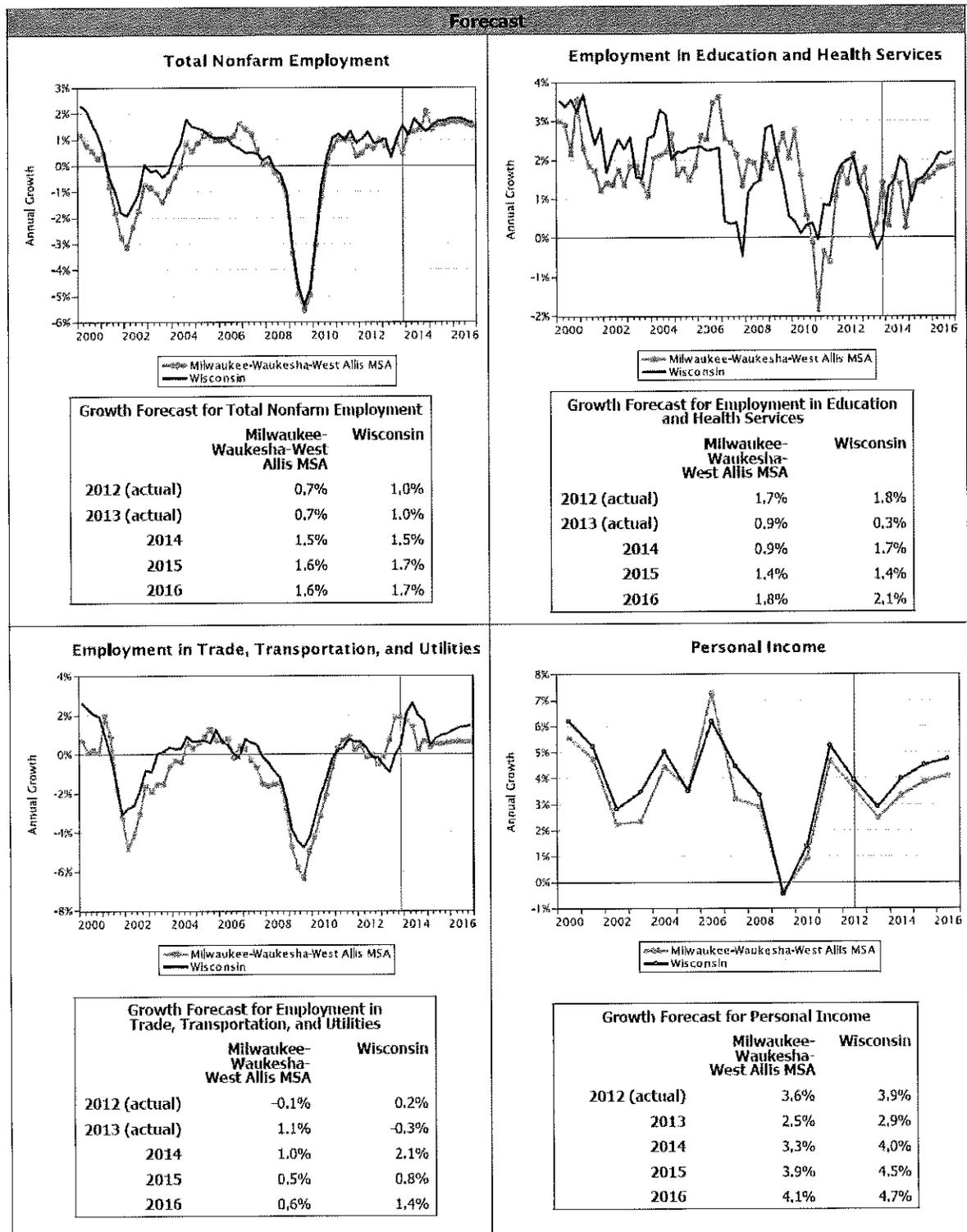
Personal incomes in the Milwaukee MSA rose 3.6% in 2012. Wages and salaries, the largest component of income, increased 2.8%. Growth in personal incomes will slow to 2.5% in 2013 and 3.3% in 2014, before rising to growth of around 4.0% in 2015 and 2016.

The Milwaukee MSA is the largest in the state, with 1.562 million residents in 2011. Its growth has been slower than that at the state level. Its population has risen 4.0% since 2000, compared to 6.4% growth for Wisconsin as a whole. The city of Milwaukee alone has 595,425 residents.

Single-family housing permits in the Milwaukee MSA rose from 1,035 in 2012 to 1,244 in 2013, an increase of 20.2%. Going forward, housing permits will continue to rise as the housing market strengthens.

Employment in the Milwaukee MSA





SECTION II: APARTMENT MARKET ANALYSIS

MARKET AREA DEFINITION

Primary Market Area

The subject's market area is defined as the geographic area from which the subject will attract most of its tenants, and is the area from which the subject will compete with existing multi-family developments. In general, households within a particular geographical market area tend to retain their residence within that area, even when moving from one specific location to another. However, market rate, higher-end, mid-rise multi-family developments such as the proposed subject tend to attract tenants from a broader market area due to the above average appeal and amenities, as well as the fact that high-end developments are few and far between. Though high-end developments are certainly present within the market, there has not been any significant new development of high-end market rate multi-family product within the City of Franklin in over 10 years.

In order to determine the logical Primary Market Area (PMA), we researched housing and demographic patterns within the area. The subject property is located in the City of Franklin, in Milwaukee County, Wisconsin, which is a suburban community in southeastern Wisconsin. In general, drive times of 15 to 30 minutes are considered the maximum. In rural areas, this may be up to 30 miles. However, in suburban areas, with increased densities, the distance may be three to 10 miles. In densely developed urban areas, the distance may be one to two miles. In the case of the subject, the area is characterized as a suburban area.

From a locational standpoint, the subject would compete with other suburban communities in southeastern Wisconsin and does not directly compete with properties located in downtown Milwaukee. The downtown and suburban lifestyles are different enough that prospective tenants usually do not find themselves considering suburban *and* downtown properties when choosing where to live; rather, the prospective tenants first decide if they wish to reside within a downtown *or* a suburban community, and then narrow the search from there.

While it is possible the subject could theoretically draw residents from a larger geographic area than what we have delineated as the subject's PMA (shown on the following page), *most* urban residents tend to stay close and do not commute long distances. The subject does feature good linkages to the local highways and interstate system and other major thoroughfares, such as West Loomis Road (Highway 36). The subject's proximity to Highway 36 could be an attractive attribute for a couple wherein one individual works in one location and the other works in the opposite direction (Milwaukee and Waukesha for example).

Please refer to the Primary Market Area Map on the following page for an illustration of our selected PMA. The survey of existing and proposed multi-family developments that constitutes the competitive supply is generally limited to the PMA.

A map of the Primary Market Area (PMA) is included below. Demographic information for the PMA is included on the following pages.

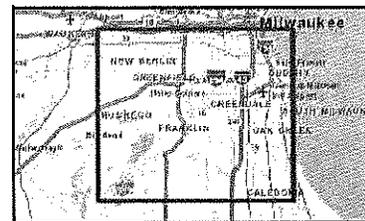
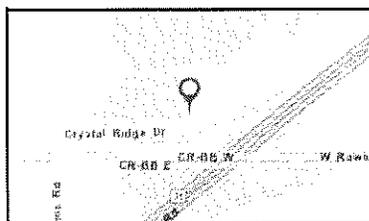
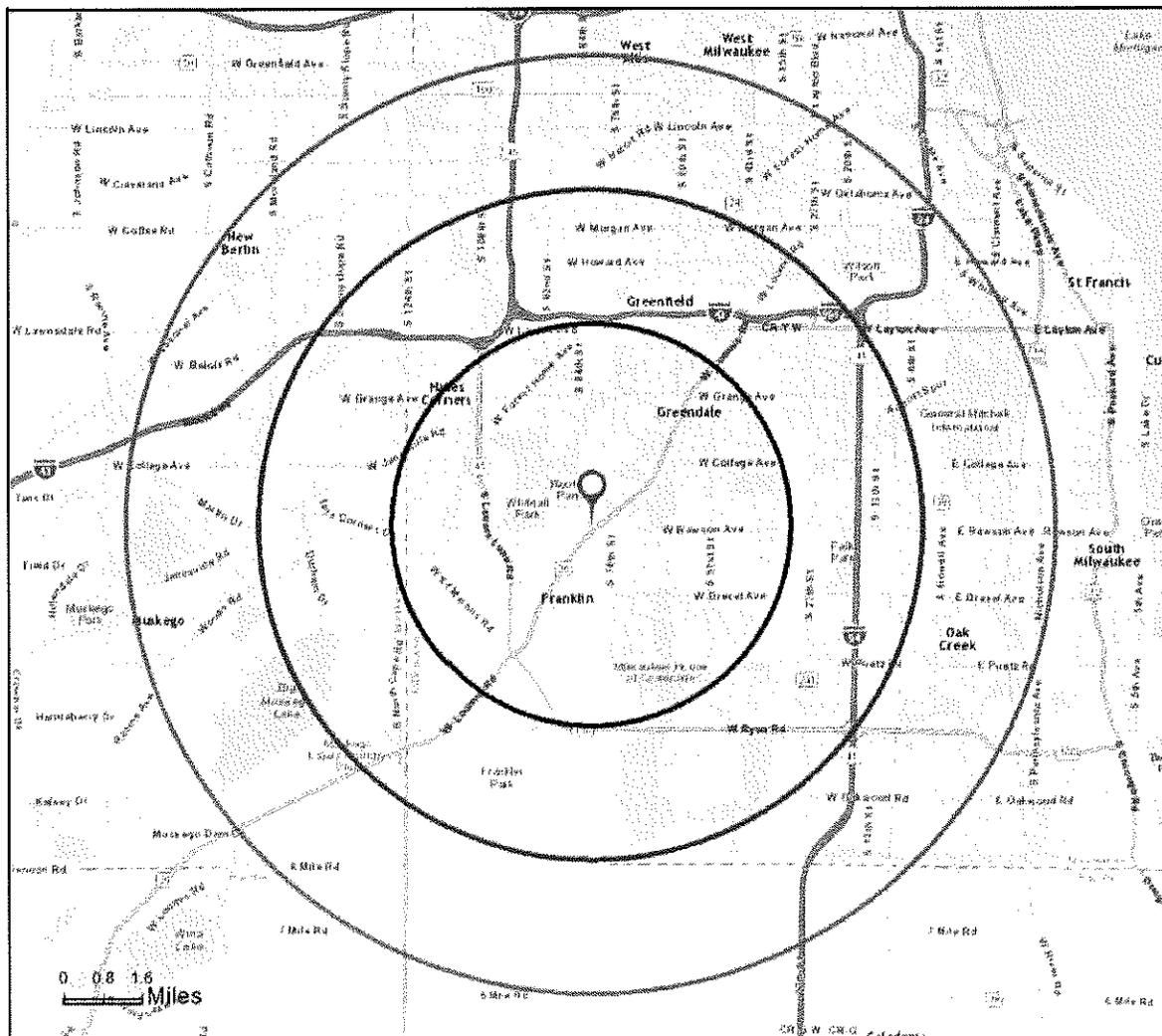
Primary Market Area Map



Site Map

7900 Crystal Ridge Road Franklin WI 53132
Rings: 3, 5, 7 mile radii

Latitude: 43.016730
Longitude: -89.01441





Demographic and Income Profile

7900 Crystal Ridge Road Franklin WI 53132
Ring: 5 mile radius

Latitude: 42.91670
Longitude: -89.91440

Summary	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Population	156,547		157,193		158,596	
Households	65,726		66,277		66,901	
Families	41,372		41,631		41,974	
Average Household Size	2.33		2.32		2.32	
Owner Occupied Housing Units	42,974		42,227		42,684	
Renter Occupied Housing Units	22,752		24,050		24,216	
Median Age	41.8		42.6		43.3	
Trends: 2015 - 2020 Annual Rate	Area		State		National	
Population	0.18%		0.32%		0.75%	
Households	0.19%		0.39%		0.77%	
Families	0.16%		0.31%		0.69%	
Owner HHs	0.22%		0.37%		0.70%	
Median Household Income	3.76%		2.81%		2.66%	
			2015		2020	
Households by Income			Number	Percent	Number	Percent
<\$15,000			5,556	8.4%	4,993	7.5%
\$15,000 - \$24,999			6,604	10.0%	4,897	7.3%
\$25,000 - \$34,999			7,642	11.5%	6,320	9.4%
\$35,000 - \$49,999			8,924	13.5%	8,059	12.0%
\$50,000 - \$74,999			12,269	18.5%	11,511	17.2%
\$75,000 - \$99,999			9,441	14.2%	11,271	16.8%
\$100,000 - \$149,999			10,082	15.2%	12,264	18.3%
\$150,000 - \$199,999			3,386	5.1%	4,711	7.0%
\$200,000+			2,372	3.6%	2,875	4.3%
Median Household Income			\$56,834		\$68,340	
Average Household Income			\$74,353		\$85,885	
Per Capita Income			\$31,538		\$36,419	
			Census 2010		2015	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,836	5.6%	8,213	5.2%	8,161	5.1%
5 - 9	9,171	5.9%	8,876	5.6%	8,311	5.2%
10 - 14	9,398	6.0%	9,199	5.9%	9,178	5.8%
15 - 19	8,892	5.7%	8,907	5.7%	8,830	5.6%
20 - 24	8,760	5.6%	8,711	5.5%	8,214	5.2%
25 - 34	20,190	12.9%	20,351	12.9%	19,425	12.2%
35 - 44	19,636	12.5%	18,768	11.9%	20,415	12.9%
45 - 54	24,722	15.8%	21,681	13.8%	19,302	12.2%
55 - 64	20,567	13.1%	23,270	14.8%	23,085	14.6%
65 - 74	12,305	7.9%	14,959	9.5%	18,413	11.6%
75 - 84	9,779	6.2%	9,273	5.9%	9,917	6.3%
85+	4,290	2.7%	4,983	3.2%	5,343	3.4%
			Census 2010		2015	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	138,305	88.3%	136,187	86.6%	134,528	84.8%
Black Alone	4,496	2.9%	4,863	3.1%	5,231	3.3%
American Indian Alone	948	0.6%	1,019	0.6%	1,089	0.7%
Asian Alone	6,205	4.0%	7,235	4.6%	8,413	5.3%
Pacific Islander Alone	63	0.0%	63	0.0%	63	0.0%
Some Other Race Alone	3,198	2.0%	3,895	2.5%	4,689	3.0%
Two or More Races	3,333	2.1%	3,931	2.5%	4,583	2.9%
Hispanic Origin (Any Race)	12,378	7.9%	14,983	9.5%	18,245	11.5%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

February 11, 2016

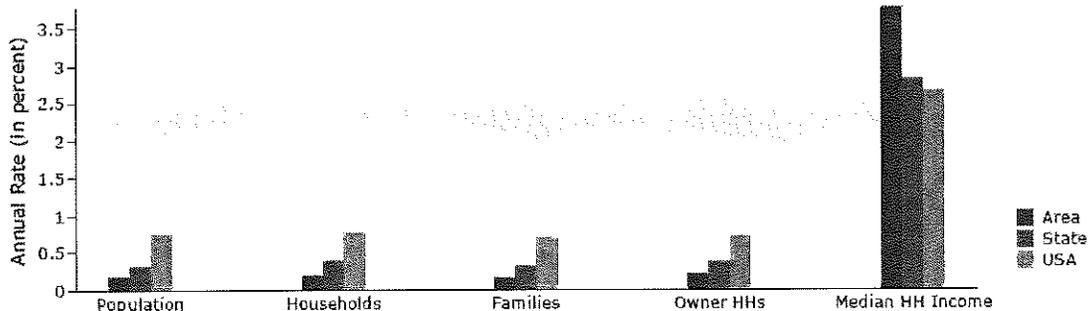


Demographic and Income Profile

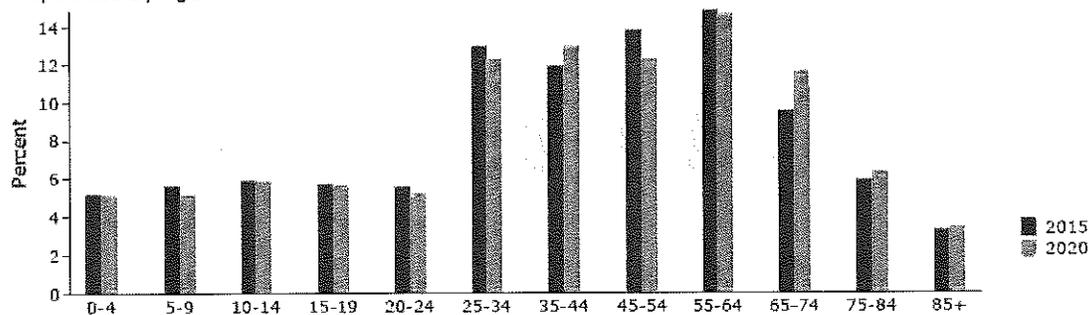
7900 Crystal Ridge Road Franklin WI 53132
 Ring: 5 mile radius

CAU ID# 43.21573
 ZIP# 061 99 71741

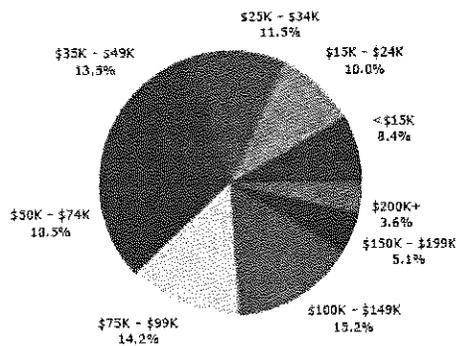
Trends 2015-2020



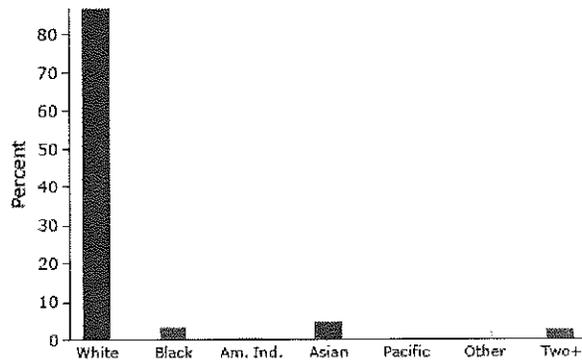
Population by Age



2015 Household Income



2015 Population by Race



2015 Percent Hispanic Origin: 9.5%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

February 11, 2016

OVERVIEW OF EXISTING RENTALS

In this next section, we will present data sheets for several of the more prominent developments within the market area. It should be noted that the properties included within this section is not an all-encompassing list as there is an abundance of smaller developments (i.e. two- to eight-unit developments, for example) located throughout the area. Obtaining rental information regarding these properties is often difficult to obtain given that these properties do not advertise to the same extent as larger properties (and contact information is therefore difficult to obtain). Furthermore, some property managers were unwilling to disclose information to us or did not return our phone calls.

The general market area lacks newer multifamily development. As such, we were unable to be overly selective with our selection of comparable rentals. The City of Franklin (and surrounding market area) does offer some existing, older multifamily developments; however, the proposed subject would have a distinct competitive advantage over these older (built in the 1970s / 1980's, or earlier) properties. Although these older properties will appeal to a different set of renters than what new construction (such as any development that would occur on the subject site) would appeal to, analyzing these older properties helps to set a floor for rental rates that the subject would be able to obtain (i.e. new developments will most certainly be able to achieve rental rates above what these older properties are achieving); however, they offer little benefit when attempting to establish the maximum achievable rents.

In order to find a sufficient data set of newer multifamily product, we had to expand our geographical parameters to include most of central and southern Milwaukee County and eastern Waukesha County. From a locational standpoint, the subject would compete with other suburban communities in southeastern Wisconsin and does not directly compete with properties located in downtown Milwaukee. Therefore, we have not included any of the newer downtown multi-family developments. Based on our discussions with local market professionals (these discussions are discussed in greater detail later within this report), the lack of new multifamily product in the subject's immediate area also tends to support the notion that there is a need for new multifamily product within the market.

Given the lack of existing and proposed multi-family developments within the subject's PMA we have analyzed recently completed and planned developments from the surrounding area. Nearby communities such as Brookfield and Wauwatosa have realized a significant amount of new multi-family development within recent years and it appears this trend will continue into the near future as more developments continue to come online. Additionally, the City of Oak Creek, which much like the City of Franklin had not realized much in terms of new multi-family development in recent years, will be adding two high-end market rate developments to the larger Drexel Town Square development.

From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development. The table on the following page summarizes and ranks the nearby communities in terms of population, income, and the amount of renter occupied households. It should be noted that this table does not include every municipality from the greater Milwaukee area, rather those that are located within close proximity to the subject and/or have realized a significant amount of multi-family development in recent years.

AREA MUNICIPAL DEMOGRAPHIC RANKINGS					
Municipality	Population	Municipality	Med. HH Income	Municipality	% of Renters
Wauwatosa	47,102	Brookfield	\$91,485	Greenfield	42.1%
New Berlin	39,842	New Berlin	\$74,203	Oak Creek	39.4%
Brookfield	37,982	Menomonee Falls	\$73,936	Wauwatosa	35.7%
Greenfield	37,157	Franklin	\$73,122	Greendale	34.5%
Franklin	36,278	Wauwatosa	\$69,467	Menomonee Falls	24.8%
Menomonee Falls	35,974	Oak Creek	\$64,570	New Berlin	24.0%
Oak Creek	35,053	Greendale	\$63,480	Franklin	22.4%
Greendale	14,332	Greenfield	\$50,311	Brookfield	11.6%

Note: Information is based on 2014 estimates provided by quickfacts.census.gov and varies slightly from the ESRI information presented earlier.

As shown above, in terms of population and income the City of Franklin is very comparable to the other area municipalities. The City of Franklin has a greater population than Menomonee Falls and Oak Creek and higher income levels than Wauwatosa and Oak Creek, each of which are realizing some of the highest volume of multi-family development outside of downtown Milwaukee. The City of Franklin's percent of renters is second lowest to only Brookfield, however, Brookfield has realized a significant amount of multi-family development in recent years and there are a number of projects in the pipeline. Additionally, the low percent of renters could be attributed to the lack of new product within Franklin.

Based on the foregoing, we have obtained detailed rental information for what we feel are the eight most comparable existing apartment developments within the general market area. As noted earlier, we were unable to be overly selective given that the immediate market area lacks newer multifamily product. It is recognized that some of the competitive rentals included herein are inferior from a quality / amenities standpoint but very comparable from a location standpoint, while others are very comparable from a quality / amenities standpoint but superior from a location standpoint. **Rent Comp Data Sheets** for these properties are included on the following pages. Within the data sheets we have included each property's Walk Score, which is a metric that is becoming more and more popular when analyzing a specific property's proximity to employment, dining, entertainment, shopping, etc. The subject's Walk Score is 10, which suggests that almost all errands require a vehicle. Properties with high Walk Scores will often rent for a premium over those with low Walk Scores, assuming each property is located within an equally desirable community, which is a key point to make note of considering that properties located within high crime areas are capable of having high Walk Scores.

RENT COMP DATA SHEET

Name:	Norhardt Crossing	Year Built:	2002
Address:	1930 Norhardt Drive - Brookfield	Total # of Units:	139
Contact:	262-649-4586	Walk Score:	51

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	40	29%	Tenant:	X	X	X
2 BR/2 BA	99	71%	Landlord:			
Trash removal included.						

Current Occupancy:	96%
---------------------------	-----

Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR/1 BA	837	\$1,175 - \$1,290	\$1.40 - \$1.54
1 BR/1 BA	977	\$1,200 - \$1,300	\$1.23 - \$1.33
1 BR/1 BA	1,022	\$1,325 - \$1,335	\$1.30 - \$1.31
2 BR/2 BA	1,119	\$1,380 - \$1,455	\$1.23 - \$1.30
2 BR/2 BA Den	1,319 - 1,383	\$1,625 - \$1,692	\$1.22 - \$1.23
2 BR/2.5 BA Townhome	1,340	\$1,903 - \$1,978	\$1.42 - \$1.48
2 BR/2.5 BA Townhome	1,545	\$2,065 - \$2,125	\$1.34 - \$1.38

Amenities:				Community Features:			
X	W/D Hookups	X	W/D in Units	X	Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors		Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg. \$50	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	/	Private Entrances	X	Internet

Additional Comments:

UG available for \$50 per month, covered parking available for \$25/mo., storage units available, on-site management, on-site maintenance. Within walking distance to Pick N' Save and other retailers. Some units are multi-level townhomes. Some units have stainless-steel appliances and quality flooring. Laminate countertops.

Concessions Offered: One free month's rent if move in within next two weeks in any vacant unit OR one month free on 2 BR unit measuring 1,319 SF if sign a minimum 12 month lease.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	Georgetown Square	Year Built:	2009-2013
Address:	16505 West Wisconsin Avenue - Brookfield	Total # of Units:	200
Contact:	262-641-1611	Walk Score:	43

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	46	35%	Tenant:	X	X	X
2 BR/2 BA	86	65%	Landlord:			
Trash removal included.						

Current Occupancy:	97%
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Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR/1 BA	772 - 856	\$1,120 - \$1,210	\$1.41 - \$1.45
1 BR/1 BA	910 - 1,037	\$1,420 - \$1,450	\$1.40 - \$1.56
2 BR/2 BA	1,105	\$1,405 - \$1,460	\$1.27 - \$1.32
2 BR/2 BA	1,243 - 1,259	\$1,525	\$1.21 - \$1.23
2 BR/2.5 BA Townhome	1,402 - 1,800	\$1,765 - \$2,240	\$1.24 - \$1.26

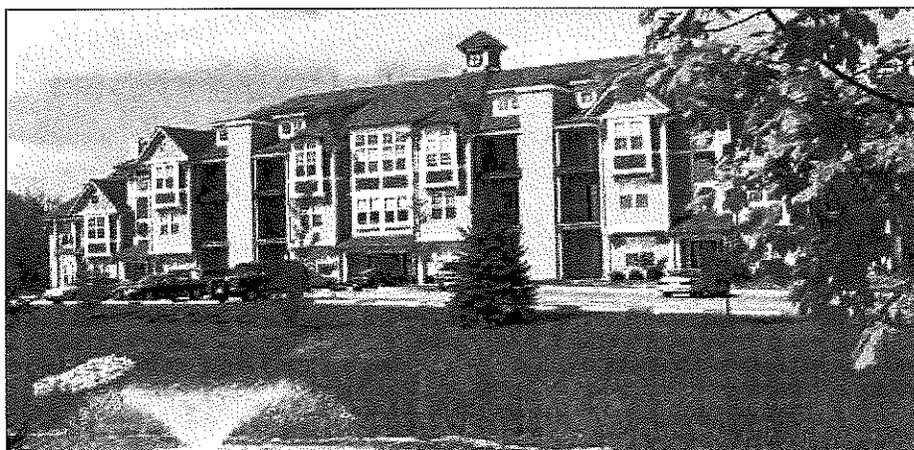
Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking	X	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg.	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Entrances	X	Internet

Additional Comments:

Units have nine-foot ceilings, ceramic tile foyers, gas fireplaces, cherry stained maple kitchen cabinets, laminate kitchen countertops, Kohler plumbing fixtures. The townhome units feature an attached 2-car garage while the Georgian units include underground parking, a storage locker, elevator service, and intercom. The clubhouse features a clubroom with available catering, heated swimming pool and sundeck, fitness club, business center with free Wi-Fi and office equipment, concierge service desk.

Concessions Offered: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	The Club-Pinnacle and Lofts	Year Built:	2002
Address:	1200 Club Circle – Brookfield	Total # of Units:	176
Contact:	262-649-5159	Walk Score:	37

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR	57	32%	Tenant:	X	X	X
2 BR	119	68%	Landlord:			
Trash removal included.						

Current Occupancy:	100%
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Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR/1 BA	1,190	\$1,400*	\$1.18
1 BR/1 BA	1,305 – 1,530	\$1,303 - \$1,535	\$1.00
1 BR/2 BA	1,075	\$1,392 - \$1,827	\$1.29 - \$1.70
2 BR/1 BA	1,032	\$1,421 - \$1,891	\$1.38 - \$1.83
2 BR/1 BA	1,041 – 1,458	\$1,445 - \$1,915	\$1.31 - \$1.39
2 BR/2 BA	1,185 – 1,328	\$1,490 - \$1,528	\$1.15 - \$1.26
2 BR/2 BA	1,535 – 1,670	\$1,489 - \$1,833	\$.97 - \$1.10
2 BR/3 BA	1,985	\$1,995	\$1.00

Amenities:			Community Features:				
	W/D Hookups	X	W/D in Units	X	Covered Parking	X	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg.	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Entrances	X	Internet

Additional Comments:

Residents get golf privileges at the nearby Brookfield Hills golf course, heated underground parking included, there is a community atrium with sitting room and library, cherry cabinets, marble vanity tops, Kohler fixtures, a clubhouse with available catering, fitness center, free Wi-Fi, conference room, fax/copy machine, billiards room, swimming pool with sundeck, concierge service desk. Units have basic finishes.

Concessions Offered: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	Sutter Creek	Year Built:	2015
Address:	20315 Sutter Creek Drive - Brookfield	Total # of Units:	116
Contact:	844-652-6962	Walk Score:	7

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	49	42%	Tenant:	X	X	X
2 BR/2 BA	67	58%	Landlord:			
Trash removal included.						

Current Occupancy: 81% - Initial Lease-Up

Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR/1 BA	835 - 930	\$1,170 - \$1,315	\$1.40 - \$1.41
2 BR/2 BA	1,115 - 1,210	\$1,520 - \$1,820	\$1.36 - \$1.50
2 BR/2 BA	1,325	\$1,885	\$1.42

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking	X	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors		Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg.	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Entrances	X	Internet

Additional Comments:

The development features a business center, clubhouse, fitness center, high speed internet, on-site management/maintenance, a pool with sundeck, and rooftop terrace. The units feature wood floors, solid surface countertops, and mostly stainless steel appliances.

Concessions Offered: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	1600 Tosa – Phase I	Year Built:	2013
Address:	1600 Rivers Bend Lane – Wauwatosa	Total # of Units:	102
Contact:	414-443-1600	Walk Score:	18

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	38	45%	Tenant:	X	Hot	X
2 BR/1-2 BA	64	55%	Landlord:		Cold	
			Heat/Type: Gas Forced Air Cook/Type: Electric			

Current Occupancy:	99%
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Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR / 1 BA	705	\$995	\$1.41
1 BR / 1 BA	850	\$1,075 - \$1,195	\$1.26 - \$1.41
1 BR / 1 BA	915 - 945	\$1,150 - \$1,325	\$1.26 - \$1.40
2 BR / 1 BA	1,003	\$1,275 - \$1,325	\$1.27 - \$1.32
2 BR / 2 BA	1,100	\$1,315 - \$1,395	\$1.20 - \$1.27
2 BR / 2 BA	1,195 - 1,220	\$1,375 - \$1,475	\$1.15 - \$1.21

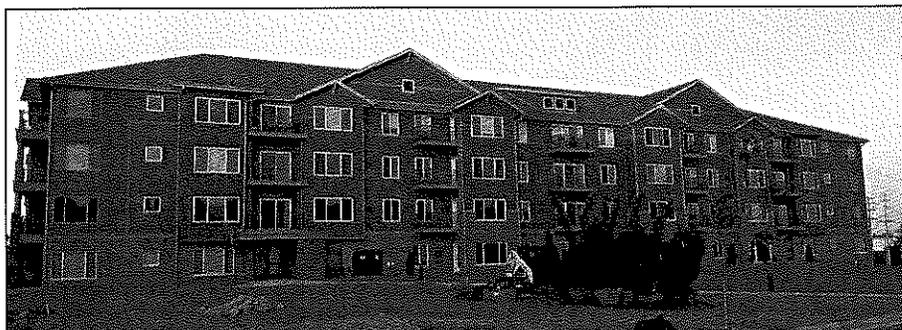
Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units		Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access		Fireplace		Spa/Hot Tub		Swim Pool
X	Private Patio/Balcony	X	Hardwood Floors - Faux	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg \$60	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Ent.- Some	X	Internet

Additional Comments:

Surface parking is included, underground parking is available for \$60 per month. The property features a community building that offers a great room with fireplace, WIFI internet access, large screen high definition televisions, a community kitchen / bar, a media center, an aerobics area, a fitness center, an outdoor landscaped courtyard with barbecue area, and a business center. Units have quartz countertops, stainless-steel appliances, and a combination of wood, ceramic tile, and carpet flooring. This property opened for occupancy on January 1, 2013 and was stabilized by July 2013.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	1600 Tosa – Phase II	Year Built:	2015
Address:	1600 Rivers Bend Lane – Wauwatosa	Total # of Units:	102
Contact:	414-443-1600	Walk Score:	18

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	46	45%	Tenant:	X	Hot	X
2 BR/2 BA	56	55%	Landlord:		Cold	
			Heat/Type: Gas Forced Air Cook/Type: Electric			

Current Occupancy:	97%
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Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR / 1 BA	705	\$1,045	\$1.48
1 BR / 1 BA	844	\$1,200 - \$1,225	\$1.42 - \$1.45
1 BR / 1 BA	914 - 946	\$1,275 - \$1,430	\$1.39 - \$1.56
1 BR / 1 BA	1,003	\$1,375 - \$1,400	\$1.37 - \$1.40
2 BR / 2 BA	1,102	\$1,430 - \$1,505	\$1.30 - \$1.37
2 BR / 2 BA	1,194	\$1,500	\$1.26
2 BR / 2 BA	1,221	\$1,500 - \$1,525	\$1.23 - \$1.25

Amenities:			Community Features:			
	W/D Hookups	X	W/D in Units		Covered Parking	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance	Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.	Laundry Facilities
	Microwave	X	Garbage Disposal	X	Fitness Center	X Cable TV/Sat. TV
X	Controlled Access		Fireplace		Spa/Hot Tub	Swim Pool
X	Private Patio/Balcony	X	Hardwood Floors - Faux	X	Concierge	X Clubhouse
X	Window Blinds	X	Underground Pkg \$60	X	Pets Allowed	X Business Office
	Crown Moldings	X	Elevator	X	Private Ent.- Some	X Internet

Additional Comments:

Surface parking is included, underground parking is available for \$60 per month. The property features a community building that offers a great room with fireplace, WIFI internet access, large screen high definition televisions, a community kitchen / bar, a media center, an aerobics area, a fitness center, an outdoor landscaped courtyard with barbecue area, and a business center. The first building opened for occupancy on March 1, 2015 while the second building opened for occupancy on May 1, 2015 (51 units each building). The property was stabilized within approximately one month of the second building opening up. Units have quartz countertops, stainless-steel appliances, and a combination of wood, ceramic tile, and carpet flooring. Phase I opened for occupancy on January 1, 2013 and was stabilized by July 2013.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	The Reserve at Wauwatosa Village	Year Built:	2000/2001
Address:	6100 West State Street – Wauwatosa	Total # of Units:	231
Contact:	414-475-7700 (Jessica)	Walk Score:	52

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	80	35%	Tenant:	X	X	X
2 BR/1BA	40	17%	Landlord:			
2 BR/2 BA	80	35%				
3 BR/2 BA	31	13%				

Current Occupancy:	96%
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Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR/1 BA	803	\$1,300 - \$1,370	\$1.62 - \$1.71
2 BR/1 BA	1,037	\$1,520 - \$1,570	\$1.47 - \$1.51
2 BR/2 BA	1,293	\$1,315 - \$1,785	\$1.02 - \$1.38
3 BR/2 BA	1,518	\$2,015 - \$2,115	\$1.33 - \$1.39

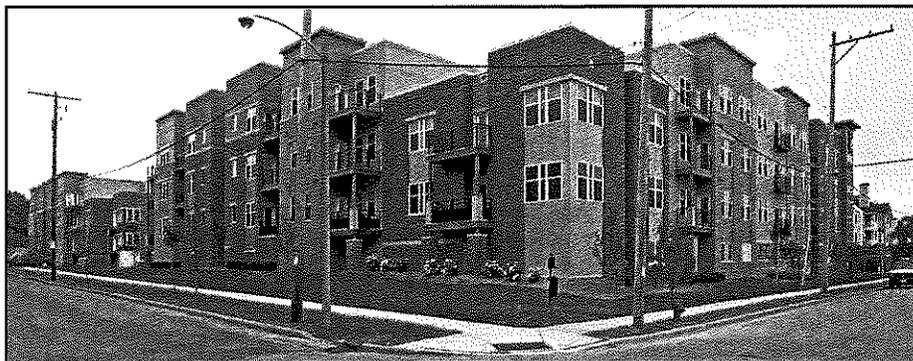
Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units		Covered Parking	X	Attached Garage
	A/C—Central	X	Dishwasher	X	Gated Entrance	X	Detached Garage
X	A/C—Sleeve/Wall		Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace – some	X	Spa/Hot Tub	X	Swim Pool (O/D)
X	Private Patio/Balcony	X	Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds		Underground Pkg \$	X	Pets Allowed	X	Business Office
X	Crown Moldings		Elevator		Private Entrances	X	Internet

Additional Comments:

Development includes 3 story garden style apartment buildings with a mini theater and attached and detached garages. Attached single garages are \$135.00 per month, attached 2 car garages are \$175.00 per month, and detached 1 car garages are \$125.00 per month. Additional storage is available for \$25.00-\$50.00 per month.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	The Enclave	Year Built:	2012
Address:	1200 North 62 nd Street – Wauwatosa	Total # of Units:	192
Contact:	414-973-8315	Walk Score:	68

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	118	62%	Tenant:	X	X	X
2 BR/2 BA	58	30%	Landlord:			
3 BR/2 BA	16	8%				

Current Occupancy:	98%
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Unit Type	Unit Size/S.F.	Monthly Rent	\$ Sq. Ft. Rent
1 BR/1 BA	644 - 658	\$990 - \$1,075	\$1.54 - \$1.63
1 BR/1 BA	702 - 767	\$1,095 - \$1,455	\$1.56 - \$1.90
1 BR/1 BA	874 - 929	\$1,400 - \$1,505	\$1.60 - \$1.62
2 BR/2 BA	1,000	\$1,565 - \$1,610	\$1.57 - \$1.61
2 BR/2 BA	1,138 - 1,155	\$1,645 - \$1,715	\$1.45 - \$1.48
2 BR/2 BA	1,233 - 1,280	\$1,890 - \$2,015	\$1.53 - \$1.57
3 BR/2 BA	1,349 - 1,359	\$2,115 - \$2,190	\$1.57 - \$1.61
3 BR/2 BA	1,445 - 1,513	\$2,215 - \$2,310	\$1.53

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access		Fireplace	X	Spa/Hot Tub	X	Swim Pool
X	Private Patio/Balcony	X	Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg \$70/\$95	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Ent. - Some	X	Internet

Additional Comments:

Units have stainless steel appliances, hardwood floors, and granite countertops. The property has a sundeck, pool, clubhouse, resident lounge, courtyard, business center, fitness center, concierge, on-site management/maintenance. Surface parking is included, underground parking is available for rent. Underground parking is available for \$70 per month per space for the first car and \$95 per month per space for each additional car (per unit). Surface parking is available for \$35 per month.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

Summary of Rentals

The following discussion will summarize and address several key points, including the following:

- Unit mixes;
- Unit sizes;
- Amenities offered;
- Overall monthly rental rates by unit type;
- Per-square-foot monthly rental rates by unit type;
- Occupancy rates.

Within our summary of rentals we have included information on under construction or pending developments from Oak Creek, Brookfield, and Wauwatosa. Additional details on these developments will be summarized later in the report. It should be noted that a majority of these developments, both existing and proposed, are located outside of the subject's PMA and may not directly compete with the proposed subject development. However, these developments are more representative of the current multi-family development cycle in terms of finishes, amenities, and price points in suburban Milwaukee.

Unit Mixes

The unit mixes for each of the existing competitive developments and the proposed / under construction developments (those which we were able to obtain information for) are summarized within the table below.

Unit Mix Summary									
Property	# Studio Units	% of Total	# 1 BR Units	% of Total	# 2 BR Units	% of Total	# 3 BR Units	% of Total	Total # Units
Norhardt Crossing	0	0.0%	40	28.8%	99	71.2%	0	0.0%	139
Georgetown Square	0	0.0%	46	34.8%	86	65.2%	0	0.0%	132
The Club-Pinnacle and Lofts	0	0.0%	57	32.4%	119	67.6%	0	0.0%	176
Sutter Creek Phase I	0	0.0%	49	42.2%	67	57.8%	0	0.0%	116
1600 Tosa - Phase I	0	0.0%	38	37.3%	64	62.7%	0	0.0%	102
1600 Tosa - Phase II	0	0.0%	46	45.1%	56	54.9%	0	0.0%	102
The Reserve at Wauwatosa	0	0.0%	80	34.6%	120	51.9%	31	13.4%	231
The Enclave	0	0.0%	118	61.5%	58	30.2%	16	8.3%	192
Total	0	0.0%	474	39.8%	669	56.2%	47	3.9%	1,190
min	0	0.0%	38	28.8%	56	30.2%	0	0.0%	102
max	0	0.0%	118	61.5%	120	71.2%	31	13.4%	231
average	0	0.0%	59	39.6%	84	57.7%	6	2.7%	149

Proposed Developments									
Property	# Studio Units	% of Total	# 1 BR Units	% of Total	# 2 BR Units	% of Total	# 3 BR Units	% of Total	Total # Units
Emerald Row - Phase I	0	0.0%	110	65.9%	31	18.6%	26	15.6%	167
WIRED @ DTS	0	0.0%	14	22.6%	35	56.5%	13	21.0%	62
Sutter Creek - Phase II	1	1.8%	30	54.5%	24	43.6%	0	0.0%	55
PrairieWalk	0	0.0%	17	30.4%	39	69.6%	0	0.0%	56
The Corners - Brookfield	20	8.5%	106	45.1%	109	46.4%	0	0.0%	235
Lilly Preserve	0	0.0%	25	32.9%	51	67.1%	0	0.0%	76
Reserve at Brookfield	0	0.0%	117	60.3%	77	39.7%	0	0.0%	194
Reserve at Mayfair	0	0.0%	146	61.9%	90	38.1%	0	0.0%	236
State Street Station	15	10.1%	93	62.8%	37	25.0%	3	2.0%	148
The Reef	11	6.1%	127	70.6%	34	18.9%	8	4.4%	180
Echelon at Innovation Campus	36	16.1%	100	44.6%	88	39.3%	0	0.0%	224
Total	83	5.1%	885	54.2%	615	37.7%	50	3.1%	1,633
min	0	0.0%	14	22.6%	24	18.6%	0	0.0%	55
max	36	16.1%	146	70.6%	109	69.6%	26	21.0%	236
average	8	3.9%	80	50.1%	56	42.1%	5	3.9%	148

Regarding the existing developments, when considering the total number of units at each property, studio units were not present, 39.8 percent are one-bedroom units, 56.2 percent are two-bedroom units, and 3.9 percent are three-bedroom units. The bottom portion of the summary table shows the average unit mix percentages (i.e. a non-weighted average), which are shown to be 39.6 percent for one-bedroom units, 57.7 percent for two-bedroom units, and 2.7 percent for three-bedroom units. Six of the eight properties do not include three-bedroom units.

The four developments that were originally constructed after 2010 (Sutter Creek, The Enclave, 1600 Tosa Phase I, and 1600 Tosa Phase II) have an average unit mix that is approximately 49.0 percent one-bedroom units, 47.9 percent two-bedroom units, and 3.1 percent three-bedroom units. This suggests that developments are trending towards including a higher percentage of one-bedroom units than what has historically been brought to the market.

Regarding the proposed / under construction developments that we were able to obtain information for, when considering the total number of units at each property, 5.1 percent are studio units, 54.2 percent are one-bedroom units, 37.7 percent are two-bedroom units, and 3.1 percent are three-bedroom units. The bottom portion of the summary table shows the average unit mix percentages (i.e. a non-weighted average), which are shown to be 3.9 percent for studio units, 50.1 percent for one-bedroom units, 42.1 percent for two-bedroom units, and 3.9 percent for three-bedroom units. Only four of the developments are proposing three-bedroom units.

There is a definitive trend being observed in the sense that one-bedroom units are beginning to represent a higher percentage of the overall unit mix. Our discussions with local market professionals indicated that this is likely due to the fact that empty nesters and young professionals that do not yet have children are more prevalent within the renter market. Additionally, the increasing construction costs are forcing developers to try and maximize per-square-foot rental rates, and smaller units tend to rent for more on a per-square-foot basis.

All considered, we would recommend a unit mix consisting primarily of one-bedroom and two-bedroom units, with possibly a small percentage of three-bedroom units. It is our opinion that studio units would not be well-accepted by the market given the suburban location.

Unit Sizes

The unit sizes for the various apartment developments are summarized within the table below. *It should be noted that many of the properties offered numerous floor plans for which specific details were not provided. Instead, unit size ranges were commonly provided and the average unit sizes for each unit type were derived by taking the average of the minimum and maximum unit sizes – unless more detailed information was available. Overall average unit sizes were then derived by multiplying the total number of units for each unit type to the average unit sizes for each respective unit type, and then dividing the resulting figure by the total number of units.*

Unit Size Summary												
Property	Studio Units (SF)			1 BR Units (SF)			2 BR Units (SF)			3 BR Units (SF)		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Norhardt Crossing	-	-	-	837	1,022	948	1,119	1,545	1,327	-	-	-
Georgetown Square	-	-	-	772	1,037	888	1,237	1,800	1,287	-	-	-
The Club-Pinnacle and Lofts	-	-	-	882	1,190	1,021	1,041	1,985	1,254	-	-	-
Sutter Creek	-	-	-	812	856	838	1,104	1,352	1,148	-	-	-
1600 Tosa - Phase I	-	-	-	705	945	888	1,003	1,220	1,145	-	-	-
1600 Tosa - Phase II	-	-	-	705	1,003	898	1,102	1,221	1,166	-	-	-
The Reserve at Wauwatosa	-	-	-	803	803	803	1,037	1,293	1,251	1,516	1,516	1,516
The Enclave	-	-	-	644	929	766	1,000	1,280	1,119	1,349	1,513	1,419
Total	-	-	-	644	1,190	881	1,000	1,985	1,212	1,349	1,516	1,468

Regarding the existing developments, studio units were not present, one-bedroom units range from 644 to 1,190 square feet, with an average of 881 square feet; two-bedroom units range from 1,000 to 1,985 square feet, with an average of 1,212 square feet; and three-bedroom units range from 1,349 to 1,516 square feet, with an average of 1,468 square feet. There is a definitive trend observed in the sense that average unit sizes are getting smaller in the newer developments.

Proposed Developments												
Property	Studio Units (SF)			1 BR Units (SF)			2 BR Units (SF)			3 BR Units (SF)		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Emerald Row - Phase I	-	-	-	706	817	758	1,122	1,651	1,283	1,412	1,651	1,533
WIRED @ DTS	-	-	-	-	-	700	-	-	1,178	-	-	1,614
Sutter Creek - Phase II	612	612	612	843	972	895	1,166	1,325	1,186	-	-	-
PrairieWalk	-	-	-	830	830	830	1,085	1,377	1,220	-	-	-
The Corners - Brookfield	644	647	646	749	755	752	921	1,394	1,158	-	-	-
Lilly Preserve	-	-	-	700	1,000	808	1,070	1,965	1,309	-	-	-
Reserve at Brookfield	-	-	-	621	963	740	1,120	1,170	1,145	-	-	-
Reserve at Mayfair	-	-	-	621	760	719	1,100	1,189	1,114	-	-	-
State Street Station	569	569	569	661	1,046	735	978	1,376	1,088	1,452	1,452	1,452
The Reef	517	517	517	711	882	778	1,133	1,156	1,148	1,374	1,374	1,374
Echelon at Innovation Campus	562	562	562	619	813	716	860	1,179	1,020	-	-	-
Total	517	647	581	619	1,046	766	860	1,965	1,168	1,374	1,651	1,493

Regarding the proposed / under construction developments, studio units range from 517 to 647 square feet, with an average of 581 square feet; one-bedroom units range from 619 to 1,046 square feet, with an average of 766 square feet; two-bedroom units range from 860 to 1,965 square feet, with an average of 1,168 square feet; and three-bedroom units range from 1,374 to 1,651 square feet, with an average of 1,493 square feet.

Continuing with the trend observed in the existing developments, unit sizes are definitely getting smaller. The proposed developments show average one-bedroom unit sizes as being 15.0 percent smaller than the existing product, while two-bedroom units are 3.7 percent smaller and three-bedroom units are slightly larger average. Additionally, a few developments are including studio units, which are not present within the existing supply.

It is recognized that for all unit types, there may be units that fall outside of these ranges due to a select few of the units including dens, lofts, or the units needing to be altered for architectural reasons (i.e. instead of having unused / wasted space, a den could be added to the adjacent unit, or a small one-bedroom unit / studio unit could be added to the unused / otherwise wasted space). These atypical units should be kept at a minimum wherever possible. Another point to keep in mind is that incorporating two-bedroom plus den units may be appealing to those tenants seeking a two-bedroom unit or a three-bedroom unit (the den is often times utilized as a third bedroom). Incorporating more two-bedroom plus den units as opposed to including three-bedroom units may be advantageous.

Property Attributes

This section will discuss the amenities, both individual unit and common area amenities, that are typically included within apartment developments in suburban Milwaukee.

Many of the older developments feature minimal common area amenities, and are essentially limited to common laundry facilities. Beginning in the late 1960's, many developments began incorporating underground parking; however, other common area amenities remained limited. The newer developments include some form of covered parking, whether it is underground or garage parking. Additional charges for covered parking vary from property to property. It is typically common for newer developments in urban locations to charge extra for underground parking, however, it is less consistent for suburban developments. Of the eight existing surveyed developments, four charged an additional \$50 to \$70 per month for underground parking; three included underground parking within the rent, and one offered garage parking at an additional charge. We would expect any development within Franklin containing over 100 units to incorporate covered parking, a fitness center, and a community room/building that offers a lounge, computer monitors, Wi-Fi, and HDTV's. Amenities such as swimming pools and hot tubs are not necessary and would not generate a substantial amount of additional rental income (likely not enough to offset the expenses associated with a swimming pool / hot tub). However, some of the under construction and proposed developments within Oak Creek plan to include an outdoor swimming pool within their set of common area amenities.

With regards to laundry, most new developments are including in-unit washers and dryers and we would expect any new development within Franklin to include this.

There are no prominent developments within Franklin to our knowledge that offer high-end unit finishes, such as granite/quartz countertops, stainless-steel appliances, wood flooring, etc. Given the lack of high-end developments within Franklin, it cannot be stated with certainty whether or not high-end finishes would command a premium. We have seen recent new developments within other suburban Milwaukee communities, such as Wauwatosa, Oak Creek, and some communities in Waukesha County, offer high-end finishes such as granite/quartz, stainless-steel, hardwood floors, etc. and premiums have certainly been realized. In our opinion, high-end finishes would be recommended in Franklin as incorporating *some* of these concepts, such as a granite breakfast bar, stainless-steel appliances, and / or quality vinyl plank (wood-look) flooring, could be a cost-effective way to be set apart from the competition.

For purposes of this analysis, we would assume that a new development (containing over 100 units) would include some form of covered parking (i.e. underground parking that could be rented for \$50 per month per space), a fitness center, a community room/building, in-unit laundry, central air conditioning, nine-foot ceilings, a patio/balcony, and high-end unit finishes.

In summary, we believe the proposed high-end development is well-supported and will help fill a void that is currently being realized within the market (i.e. the lack of high-end rentals). High-end rentals have been introduced in several municipalities throughout the market area where they didn't previously exist and they have all been very well-accepted by the market.

Rental Rates

As discussed earlier, it should be noted that the utilities (i.e. landlord- versus tenant-paid utilities) are handled differently from property to property. The most common way that utilities are handled within newer developments is for the tenants to be responsible for heat and electricity with the landlord providing water, sewer, and trash removal. In order to provide an apples-to-apples comparison, within our summary tables included herein we have made adjustments in an attempt to have the rental rates for each property conform to this (tenants responsible for heat and electricity and landlords responsible for water, sewer, trash removal).

Properties wherein the landlord included heat in the rent were adjusted upward to account for the fact that tenants would be willing to pay a higher rental rate if they did not need to pay for heat (\$30 per month for studio/one-bedroom units, \$45 per month for two-bedroom units, and \$60 per month for three-bedroom units). Properties wherein the tenants were responsible for water / sewer service were adjusted downward to account for the fact that tenants would be willing to pay a lower rental rate if they are responsible for water / sewer service (\$25 per month for studio/one-bedroom units, \$35 per month for two-bedroom units, and \$45 per

month for three-bedroom units). Please note that the rental rates shown within the rent comp data sheets represent the actual, unadjusted rental rates.

The tables below and on the following page summarize total/overall monthly rental rates by unit type. The per-square-foot rental rates will be discussed later.

Total Monthly Rental Rate Summary												
Property	Studio Units (\$/Mo.)			1 BR Units (\$/Mo.)			2 BR Units (\$/Mo.)			3 BR Units (\$/Mo.)		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Norhardt Crossing	-	-	-	\$1,175	\$1,335	\$1,271	\$1,380	\$2,125	\$1,778	-	-	-
Georgetown Square	-	-	-	\$1,120	\$1,450	\$1,285	\$1,405	\$2,240	\$1,823	-	-	-
The Club-Pinnacle and Lofts	-	-	-	\$1,303	\$1,827	\$1,565	\$1,421	\$1,995	\$1,708	-	-	-
Sutter Creek	-	-	-	\$1,170	\$1,315	\$1,243	\$1,520	\$1,885	\$1,703	-	-	-
1600 Tosa - Phase I	-	-	-	\$995	\$1,325	\$1,183	\$1,275	\$1,475	\$1,382	-	-	-
1600 Tosa - Phase II	-	-	-	\$1,045	\$1,400	\$1,290	\$1,430	\$1,525	\$1,476	-	-	-
The Reserve at Wauwatosa	-	-	-	\$1,300	\$1,370	\$1,335	\$1,315	\$1,785	\$1,550	\$2,015	\$2,115	\$2,065
The Enclave	-	-	-	\$990	\$1,505	\$1,248	\$1,565	\$2,015	\$1,790	\$2,115	\$2,310	\$2,208
Total	-	-	-	\$990	\$1,827	\$1,302	\$1,275	\$2,240	\$1,651	\$2,015	\$2,310	\$2,136

*Avg. represents the average of the minimum and maximum rents unless true average is known.

Proposed Developments												
Property	Studio Units (\$/Mo.)			1 BR Units (\$/Mo.)			2 BR Units (\$/Mo.)			3 BR Units (\$/Mo.)		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Emerald Row - Phase I	-	-	-	\$1,100	\$1,195	\$1,173	\$1,595	\$1,895	\$1,739	\$1,995	\$2,595	\$2,164
WIRED @ DTS	-	-	-	-	-	\$1,029	-	-	\$1,626	-	-	\$2,373
Sutter Creek - Phase II	\$950	\$950	\$950	\$1,195	\$1,425	\$1,298	\$1,575	\$2,000	\$1,718	-	-	-
PrairieWalk	-	-	-	\$1,300	\$1,350	\$1,325	\$1,575	\$2,045	\$1,615	-	-	-
The Corners - Brookfield	\$1,250	\$1,250	\$1,250	\$1,375	\$1,550	\$1,407	\$1,721	\$2,100	\$1,807	-	-	-
Reserve at Brookfield	-	-	-	\$1,295	\$1,595	\$1,459	\$1,995	\$2,095	\$2,045	-	-	-
Reserve at Mayfair	-	-	-	\$1,295	\$1,425	\$1,360	\$1,995	\$2,095	\$2,045	-	-	-
State Street Station	\$1,394	\$1,394	\$1,394	\$1,454	\$2,249	\$1,588	\$2,016	\$2,198	\$2,045	\$2,904	\$2,904	\$2,904
The Reef	\$1,020	\$1,020	\$1,020	\$1,225	\$1,380	\$1,303	\$1,695	\$1,850	\$1,773	\$2,185	\$2,185	\$2,185
Echelon at Innovation Campus	\$1,200	\$1,200	\$1,200	\$1,300	\$1,600	\$1,450	\$1,700	\$2,000	\$1,850	-	-	-
Total	\$950	\$1,394	\$1,163	\$1,100	\$2,249	\$1,339	\$1,575	\$2,198	\$1,826	\$1,995	\$2,904	\$2,406

*Avg. represents the average of the minimum and maximum rent unless true average is known.

Regarding the existing developments, rents for one-bedroom units were shown to range from \$990 per month to \$1,827 per month, with an average of \$1,302 per month, while rents for two-bedroom units were shown to range from \$1,275 to \$2,240 per month, with an average of \$1,651 per month, and three-bedroom units were shown to range from \$2,015 to \$2,310 per month, with an average of \$2,136 per month.

Regarding the proposed / under construction developments, rents for studio units were shown to range from \$950 to \$1,394 per month, with an average of \$1,163 per month; rents for one-bedroom units were shown to range from \$1,100 per month to \$2,249 per month, with an average of \$1,339 per month; rents for two-bedroom units were shown to range from \$1,575 to \$2,198 per month, with an average of \$1,826 per month; and rents for three-bedroom units were shown to range from \$1,995 to \$2,904 per month, with an average of \$2,406 per month.

The table above exhibits a definitive upward trend in rental rates when comparing the newer, high-end proposed or under construction developments to the existing high-end developments.

The following tables summarize the per-square-foot monthly rental rates for the competitive properties.

Per Square Foot Monthly Rental Rate Summary												
Property	Studio Units (\$/Mo.)			1 BR Units (\$/Mo.)			2 BR Units (\$/Mo.)			3 BR Units (\$/Mo.)		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Norhardt Crossing	-	-	-	\$1.23	\$1.54	\$1.39	\$1.22	\$1.48	\$1.35	-	-	-
Georgetown Square	-	-	-	\$1.40	\$1.56	\$1.48	\$1.21	\$1.32	\$1.27	-	-	-
The Club-Pinnacle and Lofts	-	-	-	\$1.00	\$1.70	\$1.35	\$0.97	\$1.83	\$1.40	-	-	-
Sutter Creek	-	-	-	\$1.40	\$1.41	\$1.41	\$1.36	\$1.50	\$1.43	-	-	-
1600 Tosa - Phase I	-	-	-	\$1.26	\$1.41	\$1.34	\$1.15	\$1.32	\$1.24	-	-	-
1600 Tosa - Phase II	-	-	-	\$1.37	\$1.56	\$1.47	\$1.23	\$1.40	\$1.32	-	-	-
The Reserve at Wauwatosa	-	-	-	\$1.62	\$1.71	\$1.67	\$1.02	\$1.51	\$1.27	\$1.33	\$1.39	\$1.36
The Enclave	-	-	-	\$1.54	\$1.90	\$1.72	\$1.45	\$1.61	\$1.53	\$1.53	\$1.61	\$1.57
Total	-	-	-	\$1.00	\$1.90	\$1.48	\$0.97	\$1.83	\$1.35	\$1.33	\$1.61	\$1.47

*Avg. represents the average of the minimum and maximum rent unless true average is known.

Proposed Developments												
Property	Studio Units (\$/Mo.)			1 BR Units (\$/Mo.)			2 BR Units (\$/Mo.)			3 BR Units (\$/Mo.)		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Emerald Row - Phase I	-	-	-	\$1.46	\$1.69	\$1.55	\$1.15	\$1.52	\$1.36	\$1.32	\$1.63	\$1.41
WIRED @ DTS	-	-	-	-	-	\$1.47	-	-	\$1.38	-	-	\$1.47
Sutter Creek - Phase II	\$1.55	\$1.55	\$1.55	\$1.43	\$1.46	\$1.45	\$1.40	\$1.51	\$1.45	-	-	-
PrairieWalk	-	-	-	\$1.57	\$1.63	\$1.60	\$1.29	\$1.55	\$1.45	-	-	-
The Corners - Brookfield	\$1.75	\$1.75	\$1.75	\$1.66	\$1.75	\$1.73	\$1.56	\$1.58	\$1.57	-	-	-
Lilly Preserve	-	-	-	-	-	\$1.52	-	-	\$1.52	-	-	-
Reserve at Brookfield	-	-	-	\$1.66	\$2.09	\$1.97	\$1.78	\$1.79	\$1.79	-	-	-
Reserve at Mayfair	-	-	-	\$1.88	\$2.09	\$1.99	\$1.75	\$1.81	\$1.78	-	-	-
State Street Station	\$2.45	\$2.45	\$2.45	\$2.05	\$2.20	\$2.16	\$1.75	\$1.81	\$1.78	\$2.00	\$2.00	\$2.00
The Reef	\$1.97	\$1.97	\$1.97	\$1.56	\$1.81	\$1.69	\$1.55	\$1.60	\$1.58	\$1.59	\$1.59	\$1.59
Echelon at Innovation Campus	\$2.14	\$2.14	\$2.14	\$1.97	\$2.10	\$2.04	\$1.70	\$1.98	\$1.84	-	-	-
Total	\$1.55	\$2.45	\$1.97	\$1.43	\$2.20	\$1.74	\$1.15	\$1.98	\$1.59	\$1.32	\$2.00	\$1.62

*Avg. represents the average of the minimum and maximum rent unless true average is known.

Regarding the existing product, one-bedroom units rent for between \$1.00 and \$1.90 per square foot, with an average of \$1.48 per square foot, while two-bedroom units rent for between \$0.97 and \$1.83 per square foot, with an average of \$1.35 per square foot, and three-bedroom units rent for between \$1.33 and \$1.61 per square foot, with an average of \$1.47 per square foot.

Regarding the proposed / under construction developments, studio units are proposed to rent for between \$1.55 and \$2.45 per square foot, with an average of \$1.97 per square foot; one-bedroom units are proposed to rent for between \$1.43 and \$2.20 per square foot, with an average of \$1.74 per square foot; two-bedroom units are proposed to rent for between \$1.15 and \$1.98 per square foot, with an average of \$1.59 per square foot; and three-bedroom units are proposed to rent for between \$1.32 and \$2.00 per square foot, with an average of \$1.62 per square foot.

On average smaller units will be able to achieve higher per-square-foot rental rates while larger units will achieve lower per-square-foot rental rates. However, some of the proposed developments are placing a premium on three-bedroom units, and are projecting per square foot rental rates that are actually higher than the smaller two-bedroom units.

The subject features a somewhat inferior location compared to some of the more walkable developments within Brookfield and Wauwatosa. However, it is likely the subject's Walk Score would improve if the surrounding area were to further be development with complimentary commercial uses such as retail, restaurants, and entertainment uses. With that being said, given the City of Franklin is untested to new high-end multi-family product, it is unlikely that any proposed development would achieve rental rates in the \$1.80 to \$2.00 per square foot, like some of the proposed Wauwatosa and Brookfield developments.

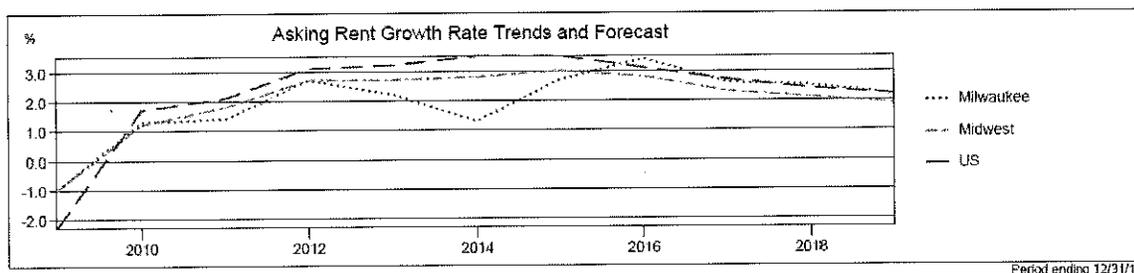
Given the proposed multi-family development at the subject property is currently in the preliminary stages and there are no set of plans that detail the unit mix, unit sizes, in-unit amenities/finishes, common area amenities, etc., a detailed projection of market rental rates is not applicable. However, given the demographics of the City of Franklin, which compare well with the area municipalities that have realized (and will continue to) multi-family development, we feel that attainable rental rates for a proposed high-end development would range from \$1.40 to \$1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.

Rent Growth Trends

Within the subject's competitive submarket, rents have certainly shown growth over the past few years and this growth is expected to continue. The following was taken from REIS report that projects through the Year 2019.

		Asking Rent Growth						
		Quarterly			Annualized			
		4Q14	3Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Milwaukee	0.4%	0.7%	0.3%	1.3%	2.4%	1.8%	2.7%	
Midwest	0.4%	0.9%	0.7%	2.8%	2.7%	2.2%	2.4%	
United States	0.6%	1.1%	0.9%	3.5%	3.2%	2.7%	2.8%	
Period Ending:		12/31/14	09/30/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/19

Metro Rank Compared to:	Total Metros	Metro Ranks						
		4Q14	3Q14	YTD	1 Year	3 Year	5 Year	5 Yr Forecast
Midwest	13	8	8	13	13	11	12	3
United States	82	55	58	76	76	70	73	36



Over the past three years within metropolitan Milwaukee as a whole, rents have grown by an average rate of 2.1 percent per year. The average annual growth over the next five years is projected to be 2.7 percent per year, per the REIS report.

As touched upon earlier within this report, we have previously appraised several of the properties included within this report and we have access to historical rental rate information for many of the properties. We pulled our old reports and compared these historical rental rates to the current rental rates to determine an average annual change. Going back three years, the various properties we analyzed experienced an average annual rental rate increase of 2.01 percent per year (ranging from 1.15 to 3.10 percent per year).

In consideration of the foregoing, we would expect rents to increase by an average of 2.0 to 2.5 percent per year over the next three-to-five years. Our rental rate recommendations included earlier within this report were in *current* dollars, and given that it would likely be a minimum of two years before any new substantial developments are completed and stabilized, upward pressure should be placed on our rental rate recommendations.

Occupancy Rates

The following table depicts occupancy rates for the eight competitive rentals included herein.

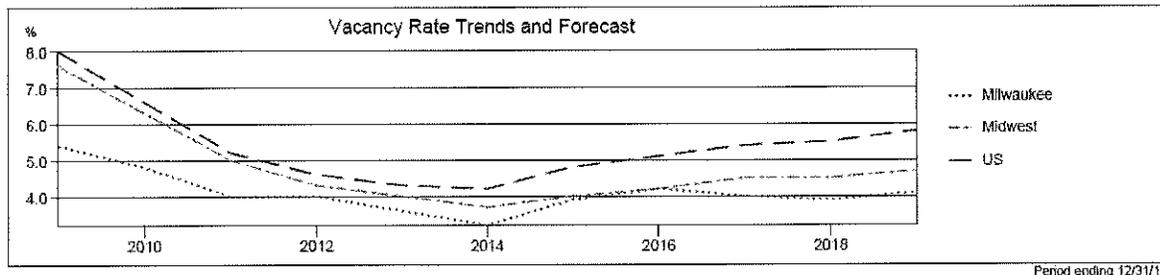
Existing Competitive Supply Summary			
Property	Year Built	# of Units	Occupancy Rate
Norhardt Crossing	2002	139	96%
Georgetown Square	2009	132	97%
The Club-Pinnacle and Lofts	2002	176	100%
Sutter Creek	2015	116	81%
1600 Tosa - Phase I	2013	102	99%
1600 Tosa - Phase II	2015	102	97%
The Reserve at Wauwatosa	2001	231	96%
The Enclave	2012	192	98%
Total / Weighted Avg.	2009	1,190	98%

**Initial Lease-Up Phase*

As shown, occupancy rates ranged from 96 percent to 100 percent, with a weighted average of 98 percent (rounded from 97.5 percent). Some of the property managers informed us that they have received several applications for many of their vacant units, as well. We specifically asked each property manager that was willing to talk to us about their general thoughts on the local apartment market. Most managers expressed that rental applications have been coming in at a much higher rate than in years past and there seems to be a greater demand for apartment units. Through our discussions with property managers, the general sentiment was that things were looking good and trending in a positive direction.

The information below was taken from the REIS referenced earlier. As shown, vacancy rates within the metropolitan Milwaukee apartment market are projected to average 4.0 percent over the next five years.

	Vacancy Rates						
	Quarterly			Annualized			
	4Q14	3Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Milwaukee	3.2%	3.4%	3.3%	3.4%	3.7%	4.2%	4.0%
Midwest	3.7%	3.8%	3.8%	3.8%	4.2%	5.1%	4.4%
United States	4.2%	4.2%	4.2%	4.2%	4.6%	5.5%	5.3%
Period Ending:	12/31/14	09/30/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/19



Within the subject’s competitive submarket, vacancy and collection loss deductions are commonly projected to be 4.0 to 5.0 percent of EGI. Based on our market research, this certainly seems like a reasonable projection and we have no reason to believe that new developments within the market area would struggle to achieve 95 percent occupancy.

PENDING SUPPLY

We will now present a discussion of some of the more prominent developments within the general market area that are either planned or under construction. Many of these properties are considered not to be competition to the subject as they are located outside of the market area, however, do feature suburban locations (for the most part) and will offer high-end finishes similar to the subject. Given that the subject's immediate area and surrounding areas lack new multifamily product, we expanded our geographical search parameters to include luxury developments planned / under construction within Oak Creek, Brookfield, and Wauwatosa.

Emerald Row Phase I – Oak Creek

Barrett Lo Visionary Development is currently constructing Phase I of the Emerald Row apartments within the larger Drexel Town Square development. Phase I will contain 167 units and 1,873 square feet of first floor retail located within a single four story building. The first phase is anticipated to be completed by Summer 2016. The luxury apartment development will include high-end unit amenities with common area amenities that will include a community room that offers a fitness center and stadium seating for movies and sports events as well as a swimming pool area that will consist of a pool, cabanas, and various landscape features. The development has a unit mix that features 110 one-bedroom units, 31 two-bedroom units, and 26 three-bedroom units with monthly rents ranging from \$1,100 to \$2,595. There are an additional two future phases planned for this development; however, it is unlikely work will begin until the first phase is complete and nearly stabilized.

WiRED Properties @ DTS – Oak Creek

WiRED Properties is also in the process of constructing a luxury apartment development at Drexel Town Square. The development includes two buildings with 62 luxury apartment units sitting above 33,000 square feet of retail. The first building is anticipated to open July 1, 2016 with the second building scheduled to open around August 2016. This development features a unit mix of 14 one-bedroom units (average of 700 square feet), 35 two-bedroom units (average of 1,178 square feet), and 13 three-bedroom units (average of 1,614 square feet). Per square foot rental rates are projected to range from \$1.38 to \$1.47 with an average of \$1.42 per square foot, and include one underground parking stall. Units will feature high-end finishes and there will be no common area amenities. In-unit finishes and amenities include full luxury vinyl flooring throughout the living space, ceramic tile flooring within the bathrooms, kitchen islands, granite counter tops, and stainless steel appliances. The developer hopes to take advantage of the location within the Drexel Town Square and the neighboring commercial uses.

HSI – Oak Creek

HSI Properties, LLC is proposing a 288 unit luxury apartment development located near the northwest corner of South Pennsylvania Avenue and East Drexel Avenue, near the Life Creek Church. Common Council voted in early 2016 to change the City's comprehensive plan to allow apartments. The proposed development, which could begin construction as early as Summer 2016, will be split into two phases with the first apartments anticipated to be delivered by Late 2017. In total, the plans call for the construction of 21 two-story building with 288 townhouse style units on the 25 acre site. The proposed unit mix will include studios, one-bedroom units, and two-bedroom units with projected monthly rents ranging from \$1,000 to \$2,000. Common area amenities will include a clubhouse, outdoor swimming pool, and a walking path. The developer believes this project will complement the units that are under construction and proposed at the nearby Drexel Town Square.

84 South – Greenfield

Colbalt Partners, LLC is in the process of assembling land for a 50 acre site located in between I-894, South 84th Street, South 92nd Street, and West Layton Avenue. The mixed-use development, which is currently being marketed as "84 South," is planned to be developed with approximately 350 to 400 apartment units and 350,000 square feet of commercial space. Additional commercial uses include stores, restaurants, medical

office, a fitness center, and hotel. The Steinhafels' building, which is currently located at 8400 West Layton Avenue, will be demolished and be relocated within the development as an anchor user. The proposed development is planned to be constructed in multiple phases between 2016 and 2020. Site work is already underway, with the former Chapman School and 10 homes being razed in early 2016 to ready the site for redevelopment. However, no plans have been submitted to the City for approval at this time.

Lilly Preserve – Brookfield

WiRED Properties is in the process of constructing the 76-unit Lilly Preserve. The first of the three-building development is anticipated to open by May 1, 2016, with the following two buildings staggered by about five weeks each. Lilly Preserve features a unit mix that contains one and two-bedroom units, however, there are one-bedroom with den and two-bedroom with den variations. The average projected rents are \$1.52 per square foot, which includes one underground parking stall. The units will feature high-end finishes consistent with newer multi-family development within the Brookfield area. Common area amenities include a club room, fitness room, on-site leasing office, business office, and a central greenspace with grill and fire pit. Preleasing is just underway and there has been significant interest from potential tenants in this development. The developer believes this project will lease-up rapidly and there may be room to push the per square foot rental figures in the future.

PrairieWalk at Brookfield Towne Center - Brookfield

This is a 56-unit development that will be all market-rate units. The site is being developed by Mandel and is located within the Brookfield Towne Center at Capitol Drive and Brookfield Road in Brookfield. The first move-ins were available in early October 2015. The development will offer one- and two-bedroom units that will feature granite countertops, stainless-steel appliances, private patios/balconies, individual high efficiency furnaces, in-unit laundry, heated underground parking, and other quality finishes. Common area amenities will be limited. One-bedroom units (830 square feet) will rent from \$1,300 per month, two-bedrooms (1,085 to 1,278 square feet) from \$1,575 per month, and two-plus-dens (1,255 to 1,377 square feet) renting from \$1,895 per month.

Sutter Creek Residences Phase II - Brookfield

This is Phase II of a development that will add 56 units to bring the total unit count at Sutter Creek to 171 units. The site is being developed by Ogden and is located at 1300 South Barker Road in Brookfield. Phase I, which was recently completed, includes one-bedroom units ranging from 588 to 930 square feet that rent for between \$1,170 and \$1,330 per month and two-bedroom units ranging from 1,125 to 1,350 square feet that rent for between \$1,520 and \$2,000 per month. The development features underground parking, fitness center, pool with sundeck, community room, resident lounge, Wi-Fi cafe, planned social events, barbeque area with grills, and business center. Units feature central air conditioning, patio/balcony, in-unit laundry, hardwood / tile floors, fireplaces (some), granite countertops, and stainless-steel appliances. Phase II is expected to contain the same unit finishes. Phase II is anticipated to be complete by Summer 2016.

The Corners – Brookfield

This is a 235 unit apartment development located within "The Corners" mixed-use development located near the intersection of West Bluemound Road and Barker Rad in Brookfield. Mandel will be developing the apartment component of The Corners. There will be 92 loft-style apartment units and 143 "typical" suburban apartment units. There will be 20 studio units (644-647 SF with monthly rents proposed at \$1,250 per month), 106 one-bedroom units (749-755 SF with monthly rents proposed at \$1,375 per month), and 109 two-bedroom units (921 to 1,394 square feet with monthly rents proposed at 1,500 to \$2,100 per month). Finishes will be high-end in nature and consist of granite/solid surface countertops, stainless-steel appliances, nine-foot ceilings, in-unit laundry, and central air conditioning. The loft-style units will have higher ceilings, exposed ductwork, concrete floors, interior bedrooms, and other unique features. Construction is projected to begin in mid-April 2015 and be completed by November 2016. The Corners will be an open-air lifestyle luxury shopping, dining, entertainment, and living destination. The development will be anchored by Von Maur and will feature 400,000 square feet of retail and restaurant space in addition to the 235 apartment units.

The Reserve at Brookfield – Brookfield

The development site is a single parcel of land containing 4.5495 acres, or 198,178 square feet, located within the Bishop's Woods office park. Proposed development plans call for a single-phase development that will include 194 market-rate apartment units that will be located within a single, four-story building wrapped around a parking structure. The development will feature (117) one-bedroom units ranging in size from 621 to 963 square feet and (77) two-bedroom units ranging in size from 1,120 to 1,170 square feet. Individual unit finishes will be high-end in nature. Common area amenities will include a staffed leasing office, a fitness center, resident lounge, clubhouse, resort-style swimming pool, courtyard, outdoor entertainment cabana, landscaped entertainment / grilling zones, and various other recreational features. The units will be accessed via common hallways. There will be 353 structured parking spaces available to rent for \$75 per month (26 surface parking spots will also be available) and storage units will be available to rent for \$45 per month. The developer has projected that 97 of the units will receive an additional \$50 per month view premium. The tenants will be responsible for all utilities (heat, water/sewer, trash removal, electricity). One-bedroom unit rents are projected to range from \$1,295 to \$1,595 (\$1.66 to \$2.09 per square foot) while two-bedroom unit rents are projected to range from \$1,995 to \$2,095 (\$1.78 to \$1.79 per square foot). Construction is anticipated to begin on September 1, 2015 and be completed by March 1, 2017.

The Reserve at Mayfair – Wauwatosa

This is a proposed 236 unit apartment development located near the southeast corner of West North Avenue and Highway 45 in Wauwatosa. This will replace a former Hall automotive dealership. Atlantic Realty Partners and Campbell Capital Group is developing this site. The development will feature (146) one-bedroom units ranging in size from 621 to 760 square feet and (90) two-bedroom units ranging in size from 1,100 to 1,189 square feet. Individual unit amenities will consist of a full stainless-steel appliance package (side-by-side refrigerator, dishwasher, microwave, range/oven, garbage disposal), quartz countertops in the kitchens and bathrooms, glass tile backsplashes, vinyl plank flooring, nine-foot ceilings, central air conditioning via individual split systems with rooftop condensers, a private patio/balcony, LED lighting, polished chrome hardware, and some technologically savvy features. Common area amenities will include a staffed leasing office, a fitness center, resident lounge, clubhouse, resort-style swimming pool, courtyard, outdoor entertainment cabana, landscaped entertainment / grilling zones, and various other recreational features. The units will be accessed via common hallways. There will be 327 structured parking spaces available to rent for \$75 per month (16 surface parking spaces will also be available) and storage units will be available to rent for \$45 per month. Construction is anticipated to begin on October 1, 2015 and be completed by July 1, 2017.

Echelon Apartments – Wauwatosa

This is a 188 unit apartment development that is under construction and the first building opened in October 2015. The developer is Mandel Group, Inc. The development is comprised of six, three-story buildings. There will be a leasing office, fitness center, community room, social room with internet and arcade style games, outdoor swimming pool, on-site management, and movie theatre. Interior unit finishes will be high-end in nature. The property is located on the Innovation Campus, which is an academic research park, at Hwy 45 and Watertown Plank in Wauwatosa. The development will offer one-bedroom and two-bedroom units.

The Reef – Wauwatosa

This is a 180 unit development located at 1215 North 62nd Street in Wauwatosa, known as The Reef, which is being developed by Wangard Partners. Construction began in August 2014 and the first building opened in October 2015. The development will include four buildings with attached garages and two, four-story buildings containing a total of 169 units. There will be a mix of one-, two-, and three-bedroom units. The development will feature a clubhouse, dog park, swimming pool, fire pit, and additional detached garages.

State Street Station - Wauwatosa

Proposed development plans call for the existing improvements to be razed and the construction of a four-story, mixed-use building that will feature 148 luxury, market-rate apartment units and 20,500 square feet of commercial space. The development, which will operate under the name "State Street Station," will feature

(15) studio units, (93) one-bedroom units, (37) two-bedroom units, and (3) three-bedroom units. Site work on the \$42 million project is underway and the first phase is anticipated to be completed in May 2017. Individual units will feature high end finishes and common areas will include a resident lounge, fitness center, courtyard, and first floor retail.

A table summarizing these developments is included below.

Planned / Under Construction Developments							
Property Identification	Municipality	Developer	# of Units	# of Bldgs.	# of Floors	Est. Const. Start	Est. Const. Completion
Emerald Row Ph. I Drexel Town Square	Oak Creek	BLVD	167	1	4	UC	Mid-2016
WIRED @ DTS Drexel Town Square	Oak Creek	WIRED	62	2	3-4	UC	July 2016
Luxury Apartments S Pennsylvania Ave @ E Drexel Ave	Oak Creek	HSI	288	21	2	Summer 2016	Fall 2017
84 South W Layton Ave @ S 92nd St	Greenfield	Cobalt	400	-	-	2016	-
PrairieWalk at Brookfield Towne Center Capitol Dr & Brookfield Rd	Brookfield	Mandel	56	2	3	UC	Opened
Sutter Creek Residences Ph. II 1300 S Barker Rd	Brookfield	Ogden	55	1	3	UC	Late 2016
Lilly Preserve 3125 North Lilly Road (@ Burleigh Rd)	Brookfield	Phelan & WIRED	77	3	3	Early 2015	May 2016
The Corners W Bluemound Rd & Barker Rd	Brookfield	Mandel	235	2	4	April 2015	Nov 2016
The Reserve at Brookfield 13700 W Bluemound Rd	Brookfield	Atlantic Realty Campbell Capital	194	1	4	Sept. 2015	March 2017
The Reserve at Mayfair 11011 W North Ave	Wauwatosa	Atlantic Realty Campbell Capital	236	1	4	Oct. 2015	July 2017
Echelon Apartments Hwy 45 @ Watertown Plank	Wauwatosa	Mandel	188	6	3	Nov. 2014	Opened
The Reef 1215 N 62nd St (@ State St)	Wauwatosa	Wangard	169	6	4	Aug 2014	Opened
State Street Station W State St @ N Wauwatosa Ave	Wauwatosa	HSI	148	3	3-4	Winter 2015	Winter 2017
Total			2,275				

The table above totals 2,275 recently completed, under construction, or proposed units within the greater suburban Milwaukee area. It should be noted that this figure does not include every proposed or under construction development surrounding the City of Milwaukee, but rather the developments that are located closest to the subject property, feature a similar suburban location, or are consistent with the newer multi-family suburban developments recently delivered to the marketplace. Additionally, not all of the 2,275 units are located within the subject's PMA. In fact, only four of the developments included on the previous table are located within five miles of the subject property. Therefore, the total new pending supply within the market area that is considered to be competition to the subject is 917 units, summarized as follows:

• Emerald Row Phase I:	167 Units
• WiRED @ DTS:	62 Units
• HSI Oak Creek:	288 Units
• <u>84 South Greenfield:</u>	<u>400 Units</u>
○ Total:	917 Units

Current Inventory

As previously mentioned there are no new constructed multi-family properties located within the subject's PMA that a proposed luxury subject development would compete with. Most of the direct competition in the PMA is still under construction with the first units anticipated to be available for rent during Summer 2016.

DEMAND ANALYSIS

The ESRI market data (included earlier within this report) analyzes current demographic statistics along with a five-year projection. For purposes of this analysis, we have determined that the five-mile ring is considered to be the area that is most comparable to the subject from a geographical standpoint. The five-mile ring will be the focus of our analysis. A snapshot of this report is included below. As shown, the population is expected to increase by 1,403 residents over the next five years.

Summary	Census 2010		2015		2020	
	Population	156,547		157,193		158,596
Households	65,726		66,277		66,901	
Families	41,372		41,631		41,974	
Average Household Size	2.33		2.32		2.32	
Owner Occupied Housing Units	42,974		42,227		42,684	
Renter Occupied Housing Units	22,752		24,050		24,216	
Median Age	41.8		42.6		43.3	
Trends: 2015 - 2020 Annual Rate	Area		State		National	
Population	0.18%		0.32%		0.75%	
Households	0.19%		0.39%		0.77%	
Families	0.16%		0.31%		0.69%	
Owner HHs	0.22%		0.37%		0.70%	
Median Household Income	3.76%		2.81%		2.66%	
			2015		2020	
Households by Income			Number	Percent	Number	Percent
<\$15,000			5,556	8.4%	4,993	7.5%
\$15,000 - \$24,999			6,604	10.0%	4,897	7.3%
\$25,000 - \$34,999			7,642	11.5%	6,320	9.4%
\$35,000 - \$49,999			8,924	13.5%	8,059	12.0%
\$50,000 - \$74,999			12,269	18.5%	11,511	17.2%
\$75,000 - \$99,999			9,441	14.2%	11,271	16.8%
\$100,000 - \$149,999			10,082	15.2%	12,264	18.3%
\$150,000 - \$199,999			3,386	5.1%	4,711	7.0%
\$200,000+			2,372	3.6%	2,875	4.3%
Median Household Income			\$56,834		\$68,340	
Average Household Income			\$74,353		\$85,885	
Per Capita Income			\$31,538		\$36,419	

One of the key statistics to take away from this report is the projection of change of households by income level. Over the next five years, the number of households within the lower-income brackets is projected to decrease while the number of households within the middle-to-upper income brackets is projected to increase rather dramatically. Considering that the subject will be attracting middle-to-higher income households (given the luxury apartment development type), this is a very important statistic to make note of.

Qualifying Households

The subject is a proposed 100 percent market rate proposed apartment development. Therefore, effective demand for the subject's proposed units must be determined on the basis of income qualifying households in the market area. The target market is the portion of renter households in the Primary Market Area that are able to afford the subject's proposed rents. Rents in excess of 35 percent of household income are generally not considered affordable for tenants. Therefore, the target market is limited to those households that earn above a lower limit that would allow payment of the proposed rents without exceeding 35 percent of household

income. In this analysis, the lower limit is set by dividing the concluded market rent by 35 percent, and then multiplying this number by 12.

Given the foregoing, the income ranges analyzed for purposes of this report are \$50,000 and above. The number of income qualified households is summarized below.

Income Eligible Renter Population Primary Market Area		
Year	2015	2020
Total Population	157,193	158,596
Households Total	66,277	66,901
Renter-Occupied Households	24,050	24,216
<u>Income Brackets</u>	<u>Total Households</u>	<u>Total Households</u>
\$50,000 - \$74,999	12,269	11,511
\$75,000 - \$99,999	9,441	11,271
\$100,000 - \$149,999	10,082	12,264
\$150,000 - \$199,999	3,386	4,711
\$200,000+	2,372	2,875
Total # of Income-Eligible Households	<u>Total Households</u> 37,550	<u>Total Households</u> 42,632
# Income-Eligible Renter-Occupied Households	<u>36.29% Renter-Occupied</u> 13,627	<u>36.20% Renter-Occupied</u> 15,433

Source: Bureau of the Census, 2010 Census of Population and Housing, ESRI forecasts for 2015 and 2020

Marginal Demand Analysis

As shown on the following page, if all 917 units in the pipeline are constructed, there would still be a net positive demand of 925 units. In all likelihood, there will be some other developments that are planned / brought to the market that have not yet been conceived; however, it is also quite possible that some of the existing pending supply will not be constructed or unit counts may be reduced. There are future phases planned for the multi-family developments at the Drexel Town Square, however, construction on these development is not likely to occur until the under construction Phase I achieves stabilization. Nonetheless, the net positive demand figure of 925 units provides a comfortable buffer to protect against unforeseen changes. Therefore, based on the income levels used within our projection of income qualified renter households it appears that there is a positive demand for luxury apartment product within the subject's PMA.

In addition, we have analyzed the three-mile radius surrounding the subject site. There are no pending or proposed developments within this area. Utilizing the same income levels for the income eligible renter households (\$50,000-plus), the net demand for this area is approximately 656 units.

Marginal Demand Analysis	
Income Qualified Renter Households 2015	13,626
<u>Income Qualified Renter Households 2020</u>	<u>15,431</u>
Increase in Income Qualified Renter Households	1,806
# of Units in Pipeline	917
<u>Total New Supply</u>	<u>917</u>
<u>New Units at Balanced Market (96%)</u>	<u>880</u>
Net Demand	925

ABSORPTION EXPERIENCE

To estimate the probable rate at which the subject could be absorbed in its initial lease-up phase, we examined and observed trends in absorption at various properties throughout the market area. Below is a brief discussion regarding actual absorption rates realized at several properties in the general market area.

- LightHorse 4041 (Shorewood, Wisconsin) was completed in September 2014. This property features 84 luxury apartment units and was 100 percent leased within two months of opening. Assuming a three-month pre-marketing period, the indicated absorption rate is approximately 17 units per month.
- Beaumont Place (Whitefish Bay, WI), which contains 83 apartment units, was completed in April 2015 and was 80 percent leased within one month of opening. Assuming a three-month pre-marketing period, the indicated absorption rate to achieve 80 percent occupancy was 17 units per month. The property then achieved 90+ percent occupancy within one month thereafter.
- Hillside Estates (Grafton, Wisconsin) was completed in 2014. The property manager noted that there were five, 12-unit buildings that were made available for occupancy as they were completed and that each building was essentially 100 percent leased upon opening. While an absorption rate for this property is difficult to estimate given the staged lease-up, an absorption rate of approximately 12 units per month could be estimated.
- Sutter Creek Phase I (Brookfield, Wisconsin) was recently completed in March 2015 and contains 116 units. Lease-up began in November 2014 and after five months (as of April 2015) the development had 79 units leased, indicating an absorption rate of approximately 16 units per month.
- The Kendal Lofts apartments located in downtown Waukesha, Wisconsin were completed near the end of Summer 2013. Given a stabilized occupancy of 40 units (approximately 96 percent), the indicated absorption rate was eight units per month. The developer stated that if the units were delivered in spring or summer (as originally planned) the absorption rate would have been considerably better.
- The Mammoth Springs apartments in Sussex, Wisconsin is a higher-end development that was introduced in an area that lacked newer, high-end multifamily product. Phase I was completed in May 2014 and the project was fully leased within two months. Assuming a three month pre-marketing period, the indicated absorption rate is 12 units per month including pre-leasing. The units feature stainless-steel appliances, granite countertops, and other high-end finishes.

- According to the Building Inspector for the City of Delafield (Delafield, Wisconsin), the Cambridge Place apartments (28 units) were completed in April 2013 and were stabilized by October 2013. Assuming a stabilized occupancy of 26 units (approximately 94 percent) and as well as minimal preleasing time, this would equate to an absorption rate of approximately four to five units per month.
- Phase I of Delafield Woods (Delafield, Wisconsin), which opened in mid-September 2013, features 32 units. From discussions with management, they absorbed approximately nine to 10 units per month.
- The Preserve at Prairie Creek (Oconomowoc, Wisconsin) is stabilized. Construction on Phase I was reportedly completed in September 2011, with the property being fully occupied in July 2012, absorption was between three and 13 units per month. There were approximately 20 units preleased and assuming a three month preleasing period, this would equate to a total lease-up period of 12 months. Therefore, absorption at this property was approximately 8.5 units per month for Phase I. Phase II of the Preserve added an additional 126 units starting on April 1, 2013, with construction completed by September 1, 2013. Assuming a three month preleasing period, Phase II had an absorption rate of approximately 22 units per month.
- Rivermark Phase I: This development is located in Wauwatosa, Wisconsin. Much like the subject's market area, the general area lacks newer multifamily development. Rivermark Phase I was completed in January 2013 and contains 102 market-rate apartment units. Approximately 20 units were pre-leased and the developer indicated that 12 units per month were absorbed until a stabilized occupancy was achieved in July 2012.

While we attempted to obtain absorption information for many other developments, property managers were either unwilling to disclose the information or did not have the information available. Based on the preceding data as well as our discussions with local property managers and other local market professionals, it is reasonable to expect that 15 to 30 percent of the units could be pre-leased, and an absorption rate of 10 to 20 units per month thereafter could be expected.

INTERVIEWS WITH MARKET PARTICIPANTS

In addition to the previously presented analysis of the subject submarket, we have also had discussions with multiple professionals who are active in the subject's submarket from a development standpoint and who were familiar with the subject's market.

- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops (likely quality laminate countertops with a granite breakfast bar, granite kitchen islands, or other granite accents), stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- The interviewees generally agreed that there is ample demand for multi-family units within the subject's submarket. Occupancy rates are strong and the submarket likely has a lot of pent-up demand.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- Biggest concern of potential tenants is “Does this fit my needs?”
- Many suburban tenants complain about the lack of available storage space.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

Overall the discussions of a potential multi-family development at the subject property were positive as it was indicated there is demand for such higher-end units in the market area. Based on these discussions, a proposed multi-family development that is higher-end in nature would be generally well-accepted.

CONCLUSIONS – MULTI-FAMILY

Our conclusions regarding the proposed multi-family component are included below:

- From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development.
- There has been little to no market rate, multi-family development (non-senior) within the City of Franklin in the most recent 10 to 15 years.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops, stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- Occupancy rates are strong and the submarket likely has substantial (pent-up) demand.
- We feel that attainable rental rates for a proposed high-end development at the subject property would range from \$1.40 to \$1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.
- Based on the marginal demand analysis there appears to be positive demand for new high-end multi-family product within the subject's PMA (5-mile radius) based on income qualified renter households with incomes of \$50,000-plus.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.