

Required Info:

- Confirmation on amenities (have put in assumptions based on Kathryn's email for now);
- Minor building information (highlighted)
- Need confirmation on the unit mix;
- Floor plans?
- Any renderings?
- We will need unit mix for the affordable and the definition for affordable units. Will this be restricted or are you thinking workforce with 80% to 120% AMI-See rent levels for 80-160 AMI on page 6 for your reference;
- Need the new project name;
- We can discuss the project and any additional recommendations but we would not put these in the report. We assume they will be incorporated in the project already;
- Please send the title report so we can remove the NOT Provided comment;
- Please send the ALTA survey;

Once we have the project concept in place, then it would necessary to update the market absorption, pipeline and rents. Rents have generally increased since May. This may negative the comment that the subject's rents are high in the two-bedroom. The update will be pretty extensive since all demographic data has changed, the pipeline was very robust and once you are ready to submit to HUD, we will need to travel back to the market. My estimate is \$5800 for this. But, we want to get all pieces in place before we travel back.

Also, it would be extremely beneficial if a premium matrix is prepared. This would be the number of units with any premium potential: First, and Top floor, ocean view, pool view, wooded view, etc. We would want to show a premium matrix in the report but also it is especially important for the appraisal.



...s & exceeding expectations through vision, integrity & excellence"

Antares of Ormond Beach
720 West Granada Boulevard
Ormond Beach, Florida 32174



Date of Research

May 23, 2023

Date of the Report

May 31, 2023

Prepared for

Ms. Sarah Daniels
NewPoint Real Estate Capital
500 Broadway Street, Suite 410
Vancouver, Washington 98660

File Number 2023-113

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Lutz, FL 33548
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Note:

- Subject rents are at the high-end of the market for one-beds and above the market for two-beds.



"Providing solutions & exceeding expectations through vision, integrity & excellence"

May 31, 2023

Ms. Sarah Daniels
NewPoint Real Estate Capital
500 Broadway Street, Suite 410
Vancouver, Washington 98660

Internal File Number: 2023-113

Re: **Market Study** of the proposed apartment project known as Antares of Ormond Beach, located at 720 West Granada Boulevard in Ormond Beach, Volusia County, Florida 32174

Dear Ms. Daniels:

At your request, we have prepared a market study of the above-referenced property. The subject is a proposed 214-unit rental apartment complex to be located in Ormond Beach, along West Granada Boulevard, the primary east-west thoroughfare for the city. The subject's site is considered suitable for multifamily development.

The subject as proposed will provide functional floorplans that incorporate modern designs and features. A broad array of recreational amenities, coupled with its prime location, will place the proposed project in a strong competitive position. The development will target moderate- to high-income households employed in the various education, healthcare, and professional services industries.

Household and population growth within the market is trending in a positive direction. Additionally, the area's accessibility to Interstates 95 and 4 makes it an attractive location for logistics firms migrating into the region and workers that seek a commuter location. Employees within the market have an average wage level that aligns with Class A apartment rents. The continued growth of households and job formation will create demand for new market-rate apartments.

The county has a growing population and economy, as well as a low unemployment rate, within advanced healthcare, education, and retail sectors. Various developments will create hundreds of jobs in the county and include a 2.8 million square feet Amazon Fulfillment Center, projected to create 1,000 jobs.

The subject is located in the Ormond Beach submarket of the Greater Daytona Beach Region. Ormond Beach is the path of growth as the region is expanding north and west. Significant activity is occurring across a broad spectrum of land uses. Infrastructure improvements including roadways are supporting the growth. The Ormond Beach submarket is poised for rapid growth including residential attracting working and retired households.

Rental conditions in the subject's primary market area (PMA) are appropriate for additions to supply. Overall occupancy rates are strong, with four communities currently in lease up. Those properties that have completed build out anticipate stabilization prior to 2024. Property managers throughout the PMA noted there is sufficient demand for additional rental units.

Based on the demographic analysis conducted, there is market support for a high-quality rental property such as the proposed subject. The addition of the subject will not impact any HUD-financed properties or create an over-supplied or overall soft housing market.

Ms. Sarah Daniels
NewPoint Real Estate Capital

May 31, 2023
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We appreciate this opportunity to provide market study services to NewPoint Real Estate Capital.

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.

[SIGNATURE]

Connor Soule
Senior Real Estate Analyst

[SIGNATURE]

Quintin Kauchick
President

CS:QK:kw
2023-113

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ADDENDA

COMPARABLES	ADDENDUM A
UTILITY ALLOWANCE	ADDENDUM B
QUALIFICATIONS	ADDENDUM C
ENGAGEMENT LETTER	ADDENDUM D

Certificate of Market Study

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined result that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.
- This engagement is a market and economic analysis of the housing dynamics of the defined area and is not an appraisal or appraisal related service.
- Connor Soule conducted a physical inspection of the market and the comparables indicated.

VALUE TECH REALTY SERVICES, INC.

[SIGNATURE]

Connor Soule
Senior Real Estate Analyst

[SIGNATURE]

Quintin Kauchick
President

MARKET ANALYST CERTIFICATION FOR HUD

I understand that my market study will be used by NewPoint Real Estate Capital to document to the U.S. Department of Housing and Urban Development that the MAP Lender’s application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements. This report has been made, presented, and delivered for the purpose of influencing an official action of the FHA, and of the Commissioner, and may be relied upon by the Commissioner as a true statement of the facts contained therein. I certify that my review was in compliance with HUD program and processing requirements applicable on the date of my review and that I have no financial interest or family relationship with the officers, directors, shareholders, members or partners of the Lender or affiliated entities, Borrower or affiliated entities, the General Contractor, any subcontractors, the buyer or seller of the proposed property and that I have not engaged in any business that might present a conflict of interest.

[SIGNATURE]

Signature

I hereby certify under penalty of perjury that all of the information I have provided on this form and in any accompanying documentation is true and accurate. I acknowledge that if I knowingly have made any false, fictitious, or fraudulent statement, representation, or certification on this form or on any accompanying documents, I may be subject to criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law, including but not limited to 12 U.S.C. §§ 1708 and 1735f-14, and 1833a; 18 U.S.C. §§1001, 1006, 1010, 1012, and 1014; and 31 U.S.C. §§3729 and 3802.

Executive Summary

1-Project Site

The subject is a proposed 214-unit rental community. The main attributes of the site are summarized:

Property Identification

Street Address	720 West Granada Boulevard
Municipality	Ormond Beach
County	Volusia
State	Florida
Zip	32174

Site Description/Evaluation

Parcel ID	4241-04-01-0010; 4241-01-13-0130; 4241-01-11-0140; 4241-01-11-0121; 4241-01-12-0140; 4241-01-11-0122
Site Size (Acres)	6.85
Site Size (SF)	298,386
Shape	Irregular
Topography	Generally Level
Zoning	B-9
Zoning Comments	The subject site is zoned B-9 for B-9, Boulevard Low Intensity Commercial use.
Utilities	All available at the site.

Flood Hazard Zone

Zone	Zone AE
Panel Number	12127C0214J
Panel Date	February 19, 2014
Flood Insurance Required	The subject is located within the 100-year flood plain. Flood insurance may be required.

2-Subject Development

The proposed improvements are briefly summarized:

Property Type	Garden, Low-Rise
Year of Construction	2026
Construction Type	C - Masonry
Investment Class	A
Rentable SF	158,347
Number of Stories	
Number of Units	214
Parking Spaces	375
Parking Description	87 surface parking spaces and 288 spaces in a 5-story parking garage

Unit Mix

SUBJECT UNIT MIX								
Unit Type	Orientation	BR	BA	Unit SF	# of Units	Total SF	Proposed Net Rent	\$ / SF
1 Bdrm A1	Market-Rate	1	1	581	103	59,843	\$1,670	\$2.87
1 Bdrm A2	Market-Rate	1	1	776	46	35,696	\$2,026	\$2.61
2 Bdrm B1	Market-Rate	2	2	954	51	48,654	\$2,304	\$2.42
2 Bdrm B2	Market-Rate	2	2	1,011	14	14,154	\$2,325	\$2.30
Totals				740	214	158,347	\$1,940	\$2.62

Project Amenities

The following project and unit amenities will be provided:

UNIT AMENITIES
Balcony/Patio in Select Units
Stone Countertops
Ceiling Fans
Walk-In Closets
Wood Vinyl
Carpet
Blinds
Stainless Steel Appliances
Refrigerator
Range/Oven
Dishwasher
Garbage Disposal
Microwave
Washer/Dryer

PROJECT AMENITIES
Clubhouse
Business Center
Fitness Center
Pool
Barbeque/Picnic Area
Elevators
Gated/Secure Access

Pricing Summary

The rental range for the most comparable properties in relation to the subject is presented:

MARKET RENT RANGE				
SUBJECT				
Unit Type	Unadjusted Rents		Gross Rents	
	Low End	High End	Low End	High End
One Bedroom	\$1,670	\$2,026	\$1,867	\$2,223
Two Bedroom	\$2,304	\$2,325	\$2,540	\$2,561
RENT COMPARABLES				
Unit Type	Unadjusted Rents		Gross Rents	
	Low End	High End	Low End	High End
One Bedroom	\$1,492	\$2,165	\$1,689	\$2,263
Two Bedroom	\$1,444	\$2,350	\$1,680	\$2,461

The rental rates provide the basis for establishing the income qualification of demand.

Income Limits for 2023 (Based on 2023 AMI Income Limits)					
	Charts	60.00%	80.00%	120.00%	160.00%
1 Person	↗	33,060	44,080	66,120	88,160
2 Person	↗	37,800	50,400	75,600	100,800
3 Person	↗	42,480	56,640	84,960	113,280
4 Person	↗	47,220	62,960	94,440	125,920
5 Person	↗	51,000	68,000	102,000	136,000
6 Person	↗	54,780	73,040	109,560	146,080
7 Person	↗	58,560	78,080	117,120	156,160
8 Person	↗	62,340	83,120	124,680	166,240
9 Person	↗	66,120	88,160	132,240	176,320
10 Person	↗	69,900	93,200	139,800	186,400
11 Person	↗	73,680	98,240	147,360	196,480
12 Person	↗	77,460	103,280	154,920	206,560

Rent Limits for 2023 (Based on 2023 AMI Income Limits)						
Bedrooms (People)	Charts	60.00%	80.00%	120.00%	160.00%	FMR
Efficiency (1.0)	↗	826	1,102	1,653	2,204	871
1 Bedroom (2.0)	↗	945	1,260	1,890	2,520	1,063
2 Bedrooms (3.0)	↗	1,062	1,416	2,124	2,832	1,302
3 Bedrooms (4.0)	↗	1,180	1,574	2,361	3,148	1,716

3-Summary of Economic Conditions

The civilian labor force is defined as all employed or unemployed persons 16+ years of age who are actively looking for work and available to accept employment. Persons in the Armed Forces or within institutional settings such as prisons, nursing homes, etc. are not counted within the civilian labor force. The trend in employment is provided:

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT DATA IN VOLUSIA COUNTY				
<i>Year</i>	<i>Civilian Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate</i>
2023 YTD*	274,478	266,645	7,833	2.9%
2022	266,061	257,682	8,379	3.1%
2021	256,378	244,365	12,013	4.7%
2020	249,000	229,051	19,949	8.0%
2019	252,482	243,533	8,949	3.5%
2018	251,129	241,447	9,682	3.9%
2017	247,779	236,589	11,190	4.5%
2016	246,286	233,701	12,585	5.1%
2015	239,604	225,449	14,155	5.9%
2014	237,504	220,799	16,705	7.0%
2013	235,149	215,040	20,109	8.6%

Source: Bureau of Labor Statistics
YTD* 2023 consists of data through Mar 2023; the data is not seasonally adjusted.

The unemployment rate in Volusia County has been decreasing over the past several years, despite that the labor force is increasing. Overall employment has recovered to above pre-pandemic levels.

4-Defined Primary Market Area (PMA)

The primary market area was established by evaluating the transportation link between the subject and key employment nodes and residential support services. The area's largest employers are along or proximate to U.S. Highway 92/International Speedway Boulevard and between Interstate 95 and N Williamson Boulevard. The PMA extends both north and south, with multifamily development generally concentrated east of Interstate 95. A small portion of newer development is west of Interstate 95. Property managers throughout the PMA report little to no overlap with the Palm Coast and Port Orange markets to the north and south, respectively.

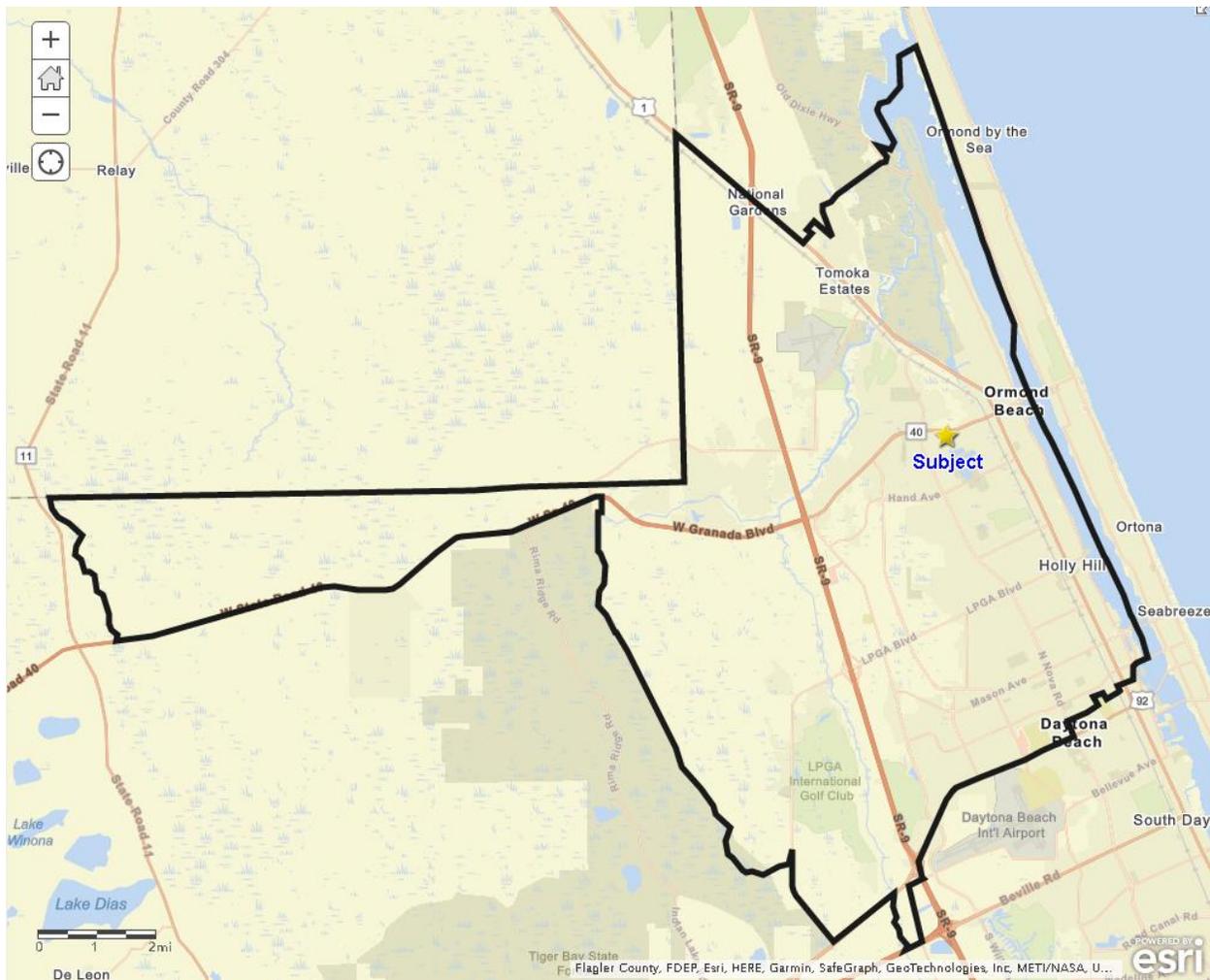
The PMA's boundaries are presented in the charts as follows:

PMA BOUNDARIES		
<i>Direction</i>	<i>Area of Delineation</i>	<i>Distance from Subject (mi)</i>
Northern	Ormond Beach Residential Area	5.3
Southern	International Speedway Boulevard	7.2
Eastern	Halifax River	1.4
Western	Ormond Beach Residential Area	7.9

The PMA is based on the following census tracts:

CENSUS TRACTS	
121270801.01	121270810.02
121270806.00	121270815.00
121270807.00	121270816.00
121270808.03	121270817.01
121270808.05	121270817.02
121270808.06	121270818.00
121270808.07	121270819.00
121270808.08	121270823.02
121270808.09	121270823.03
121270809.01	121270832.03
121270809.02	121270832.05
121270810.01	-

The following map illustrates the PMA:



5-Summary of Key Demographic Data

Historic counts and future estimates for households and population within the PMA are provided below utilizing current Esri demographic information:

HOUSEHOLD GROWTH: PRIMARY MARKET AREA				
<i>Year</i>	<i>Households</i>	<i>Change #</i>	<i>Change %</i>	<i>CAGR</i>
2010	34,892	---	---	---
2020	39,481	4,589	13.2%	1.2%
2022	41,051	1,570	4.0%	2.0%
2027	42,491	1,440	3.5%	0.7%
Source: Esri				
POPULATION GROWTH: PRIMARY MARKET AREA				
<i>Year</i>	<i>Population</i>	<i>Change #</i>	<i>Change %</i>	<i>CAGR</i>
2010	80,149	---	---	---
2020	91,912	11,763	14.7%	1.4%
2022	94,983	3,071	3.3%	1.7%
2027	98,044	3,061	3.2%	0.6%
Source: Esri				

The projections are significantly below the actual experience in the market and are not relied upon in the analysis.

Household formation and population are projected to increase over the next five years. Demand projections incorporate economic indicators to supplement census and national demographic sources such as Esri. Esri relies on the 2020 census for projecting future growth. According to the census bureau representatives, the 2020 data collection was flawed due to the impact of the COVID-19 pandemic. Six states had significant undercounting. This was Arkansas (5.04%), **Florida (3.48%)**, Illinois (1.97%), Mississippi (4.11%), Tennessee (4.78%), and Texas (1.92%).

The 2022-2027 population and household estimates for Volusia County fail to align with other economic indicators such as employment growth, housing starts and rental housing absorption trends. Census representatives stressed the importance of supplementing economic factors when projecting household growth. Thus, supplemental economic data combined with discussions with regional and local planners provided the basis for the growth forecast for household formation.

The Florida Office of Economic and Demographic Research (EDR) provides independent data and projection of population by County and Municipality. Volusia County's population was estimated to increase by 1.73%. The City of Ormond Beach and the City of Daytona Beach increased 1.87% and 4.21%, respectively. The chart below shows the estimated growth in population from 2020 to 2022 for Volusia County, the City of Ormond Beach, and the City of Daytona Beach.

FLORIDA POPULATION AND DEMOGRAPHIC DATA			
<i>County/Municipality</i>	<i>2020 Census</i>	<i>2022 Estimate</i>	<i>CAGR</i>
Volusia County	553,543	572,815	1.73%
Ormond Beach	43,080	44,677	1.84%
Daytona Beach	71,488	77,633	4.21%
Average			2.59%

The Florida Department of Highway Safety and Motor Vehicles maintains records of driver's licenses by county. Driver's license data for Volusia County was analyzed over the last four years and adjusted to

exclude 15-, 16-, and 17-year-old driver’s license data to account for in-place residents receiving their driver’s license for the first time. The remaining growth in driver’s license data suggests a number of people claiming residency in the County. Drivers’ licenses increased **3.5%** in 2023. Volusia County driver’s license data is shown below:

VOLUSIA COUNTY DRIVERS LICENSE STATISTICS		
<i>Year (Excluding new drivers/ 15-17 year olds)</i>	<i>Drivers Licenses</i>	<i>Percent Change</i>
2019 Drivers Licenses	434,205	-
2020 Drivers Licenses	437,492	0.8%
2021 Drivers Licenses	440,133	0.6%
2022 Drivers Licenses	450,308	2.3%
2023 Drivers Licenses	466,106	3.5%

Source: Florida Department of Highway Safety and Motor Vehicles

Employment data for Volusia County was analyzed to understand trends in employment in the region.

YEAR-OVER-YEAR EMPLOYMENT GROWTH IN VOLUSIA COUNTY		
<i>Month / Year</i>	<i>Employed Population</i>	<i>Y-o-Y Change</i>
Mar 2018	240,759	-----
Mar 2019	241,620	0.4%
Mar 2020	240,294	-0.5%
Mar 2021	239,663	-0.3%
Mar 2022	255,547	6.6%
Mar 2023	266,645	4.3%
T-5 Compounded Average		2.06%
T-3 Compounded Average (2021-2023)		3.62%

Source: Bureau of Labor Statistics

The 2020-2021 time period reflects the impact of COVID-19 when some of the region’s major tourism attractions were closed. The employed population increased **2.06%** over the last five years and **3.62%** in the last three years.

The demand model relies on the various demographic and economic indicators with no reliance placed on the Esri projections. A household growth rate of **3.0%** was utilized to better reflect more recent trends in growth in the PMA.

6-Summary of Rental Apartment Market Conditions

Rental apartment communities in the subject’s region were interviewed in order to understand the dynamics of the market. Occupancy levels for the properties in the PMA are as follows:

APARTMENTS LOCATED WITHIN THE SUBJECT'S PMA						
#	Property Name	Year Built	Type	# Units	Occupancy	Occupied Units
---	Antares of Ormond Beach	2026	Market-Rate	214	--	--
1	Ormond Grande Townhomes*	2023	Market-Rate	60	20%	12
2	Champions Quarters*	2023	Market-Rate	91	9%	8
3	The Edison	2022	Market-Rate	262	98%	257
4	The Cottages at Daytona Beach*	2022	Market-Rate	283	83%	234
5	Pointe Grand Apartments*	2022	Market-Rate	264	70%	185
6	The Napier	2021	Market-Rate	260	91%	237
7	500 East Apartments	2020	Market-Rate	301	93%	279
8	Madison Pointe Apartments	2020	Market-Rate	240	93%	224
9	Icon One Daytona	2019	Market-Rate	282	85%	239
10	Tomoka Pointe Apartments	2019	Market-Rate	276	98%	270
11	Sands Parc Apartments	2017	Market-Rate	264	99%	260
Surveyed Rental Units in PMA - Stabilized Only				1,885	93.7%	1,766
Surveyed Rental Units in PMA				2,583	85.4%	2,205
Additional Rental Units in PMA (Pre-2010 Market-Rate, Affordable)				6,999	94.3%	6,598
Total Rental Units in PMA				9,582	91.9%	8,803

*Property is in lease-up

The market is operating at capacity. There are four properties which are currently in lease-up. All but Champions Quarters anticipate stabilization within the year. Champions Quarters is a single-family rental community which is leasing units as they are finished. There is very little lag time between construction completion and a tenant taking occupancy of the unit.

7-Demand Projections for Proposed Project

The subject will not be age- or income-restricted. Demand levels are strong. The defined primary market area has sufficient incremental (net) demand to support the subject:

INCREMENTAL DEMAND SUMMARY - ALL HOUSEHOLDS						
	2023	2024	2025	2026	2027	4-Year Estimate
Total Households	42,359	43,666	44,974	46,282	47,589	
A Projected Annual Household Growth		1,308	1,308	1,308	1,308	5,231
Total Households		43,666	44,974	46,282	47,589	
Annual Removal Rate		0.23%	0.23%	0.23%	0.23%	
B Annual Housing Stock Loss		100	103	106	109	418
C Propensity to Rent Over Analysis Period						53.0%
D Demand for New Rental Housing (A+B)*C						2,994
Surveyed PMA Supply	9,582					
Vacant Units in Balanced Market	479					
Vacant Units in PMA	779					
E PMA Balanced Market Vacancy Calculation	-299					-299
F Total Demand for Rental Housing (D+E)						2,694
Future Supply						2,564
Subject Units						214
New Supply						2,778
G New Supply (at 95% Occupancy)						2,639
H Excess Demand - Including Subject (F-G)						55

*Totals may not add due to rounding

An excess demand value of -100 to +100 indicates a market will be generally in balance. An excess demand value of less than -100 indicates a market may be oversupplied. An excess demand value of greater than +100 indicates a market that may continue to be under supplied.

The incremental analysis indicates there is sufficient new demand in the PMA to absorb the proposed subject in year four. Excess demand exists indicating the addition of the subject will have no impact on existing or future supply.

A capture rate provides an indication of the subject's portion of demand necessary to fill to a stabilized level. A low capture rate indicates absorption should be at normalized levels. Both capture and penetration rates are within an acceptable level for market support. This indicates a normalized absorption period is anticipated. This is summarized as follows:

MARKET RATE OVERALL CAPTURE AND PENETRATION - 2027		
a	Qualified Renter Households	7,313
b	Competitive Current Supply	2,492
c	at 95% Occupancy	2,367
d	Competitive Future Supply	2,564
e	at 95% Occupancy	2,436
f	Subject Units	214
g	at 95% Occupancy	203
h	Total Supply (c+e+g)	5,270
i	at 95% Occupancy	5,007
j	Capture Rate (g/a)	2.78%
k	Penetration Rate (i/a)	68.46%

The capture and penetration analyses suggest the subject should experience normal absorption rates.

8-Competitive Evaluation

The subject is designed as a high-quality rental property providing modern apartments, quality recreational amenities, and professional management. The physical plant will be highly competitive within the market.

The subject has positive attributes with respect to its location along West Granada Boulevard. It is centrally located, with proximity to the majority of prominent employers, major traffic arterials, universities, entertainment nodes, beaches, and other residential support services. The site has good street exposure and access.

No negative or detrimental features exist with the site or the proposed physical plant. The proposed project will be a strong competitor in the market and will provide a modern-quality living environment.

COMPETITIVE ADVANTAGES/DISADVANTAGES			
<i>Item</i>	<i>Advantage</i>	<i>Disadvantage</i>	<i>Comparable</i>
Street Exposure			X
Access			X
Design	X		
Building Type	X		X
Parking Adequate	X		X
Unit Size			X
Unit Features	X		X
Unit Finishes	X		X
Common Area	X		X
Recreational Amenities			X
Views			X

9-Key Conclusions

The subject is a proposed 214-unit rental apartment complex to be located in Ormond Beach, along West Granada Boulevard, the primary east-west thoroughfare for the city. The subject’s site is considered suitable for multifamily development.

Household and population growth within the market is trending in a positive direction. Additionally, the area’s accessibility to Interstate 95 and 4 makes it an attractive location for logistics firms migrating into the region and workers that seek a commuter location. Employees within the market have an average wage level that aligns with Class A apartment rents. The continued growth of households and job formation will create demand for new market-rate apartments.

Rental conditions in the subject’s primary market area (PMA) are appropriate for additions to supply. Overall occupancy rates are strong, with four communities currently in lease-up. Those properties that have completed build out anticipate stabilization prior to 2024. Property managers throughout the PMA noted there is sufficient demand for additional rental units.

Based on the demographic analysis conducted, there is market support for a high-quality rental property such as the proposed subject. The addition of the subject will not impact any HUD-financed properties or create an over-supplied or overall soft housing market.

10-Recommendations and Suggested Modifications

None.

11-Absorption Estimates

The subject will be a newly constructed apartment complex that will require lease-up. The absorption rates for new properties in the area are provided:

ABSORPTION ANALYSIS					
<i>Property</i>	<i>Month Lease-Up Began</i>	<i>Total # of Units</i>	<i>Months in Lease Up</i>	<i>Absorbed Units per Month</i>	<i>Current Occupancy</i>
<i>CURRENTLY IN LEASE-UP</i>					
Pointe Grand Apartments	Jun-22	264	12	15	70.0%
<i>RECENTLY STABILIZED</i>					
The Edison	Jun-22	262	6	41	
The Napier	Jan-21	260	8	31	
500 East Apartments	Aug-20	301	12	24	
Source: Leasing agents at each community					

Lease-up for Ormond Grande Townhomes, Champions Quarters, and The Cottages at Daytona Beach are not considered due to units being delivered over an extended time period, due to the single-unit style of the communities. The subject is likely to experience a lease-up more similar to other garden and mid-rise style communities within the PMA.

The subject is anticipated to be fully absorbed within 11 months after leasing commences. The absorption schedule for the subject is estimated as follows:

ANTARES OF ORMOND BEACH			
Total Units			214.0
Stabilized Occupancy			95.0%
Stabilized Units			203.3
	Move Ins	Occ. Units	Occupancy
Construction Begins	0.0	0.0	0%
Month 1 (First C/O - Leasing Begins)	20.0	20.0	9%
Month 2	20.0	40.0	19%
Month 3	20.0	60.0	28%
Month 4	20.0	80.0	37%
Month 5	20.0	100.0	47%
Month 6	20.0	120.0	56%
Month 7	20.0	140.0	65%
Month 8	20.0	160.0	75%
Month 9	20.0	180.0	84%
Month 10	20.0	200.0	93%
Month 11	3.3	203.3	95%
Total	203.3	203.3	95%

Condition

This market study is subject to the General Assumptions, General Limiting Conditions, Special Conditions, and Certificate of Market Study contained within this report. We reserve the right to modify the conclusions contained herein in the event of changes in the proposed construction plans.

Definitions

The definitions included in this section have been extracted, solely or in combination, from definitions and descriptions printed in The Census or Market Analysis for Real Estate published by the Appraisal Institute.

Household

A household includes all the people who occupy a housing unit as their usual place of residence.

Householder

The person, or one of the people, in whose name the home is owned, being bought, or rented.

If there is no such person present, any household member 15 years old and over can serve as the householder for the purposes of the census.

Two types of householders are distinguished: a family householder and a non-family householder. A family householder is a householder living with one or more people related to him or her by birth, marriage, or adoption. The householder and all people in the household related to him are family members. A non-family householder is a householder living alone or with non-relatives only.

Family Household (Family)

A family includes a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in census tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of census tabulations. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.

Housing Unit

A house, an apartment, a mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have direct access from outside the building or through a common hall. For vacant units, the criteria of separateness and direct access are applied to the intended occupants whenever possible.

Effective Date of the Market Study

The date at which the market conclusion applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the market opinion.

Gross Building Area (GBA)

The total floor area of a building, including below-grade space but excluding unenclosed areas; measured from the exterior of the walls. (*Dictionary*)

Absorption Period

A period of time necessary to lease the property to a stabilized level typically considered 93% to 95%.

Market Study

A macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends. A market study may also be the process of determining the general market conditions affecting the property to be marketed, including historical and potential levels of supply and demand.

Marketability Study

A process that investigates how a particular piece of property will be absorbed, sold, or leased under current or anticipated market conditions; includes a market study or analysis of the general class of property being studied. A marketability study can also be a microeconomic study that examines the marketability of a given property or class of properties, usually focusing on the market segment(s) in which the property is likely to generate demand. Marketability studies are useful in determining a specific highest and best use, testing development proposals, and projecting an appropriate tenant mix.

Scope of Work

The steps in the market analysis are as follows:

Scope of Work						
Identification of real estate	Identification of property rights to be evaluated	Use of Market Study	Definition of Market	Date of research	Description of scope of Market Study	Other limiting conditions
Preliminary Analysis and Data Selection and Collection						
General (Region, city and neighborhood)		Specific (Subject and comparables)		Competitive Supply and Demand (The subject market)		
Social Economic Governmental Environmental		Site and improvements History of ownership and use of property Market orientation		Inventory of competitive properties Vacancies and offerings Absorption rates Demand studies		
Report of Defined Conclusion						

Data Collection

Three types of data are normally gathered while completing a market study: general, specific, and competitive supply and demand.

General Data—General data concerns the social, economic, governmental, and environmental forces that impact property values. General data presented in this market study is found in the Area Description and Analysis and the Neighborhood Description and Analysis Sections. We gathered general data from a variety of sources and publications as noted in the analyses. General data concerning the neighborhood is also based upon observations made during our inspection of the neighborhood.

Specific Data—Data relating to the property being analyzed and/or appraised, and to comparable properties, is referred to as specific data. Documents we relied upon for specific data pertaining to the subject are listed in the General Assumptions. Additional data pertaining to the subject was gathered from subject contacts, local city and county offices and chambers of commerce, various State offices, and other resources maintained in our library.

Specific comparable data was gathered from market participants. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data in the approaches to value for descriptions of the data sources consulted and the search criteria.

Competitive Supply and Demand Data—A complete analysis of the rental apartment supply and demand conditions has been prepared by Value Tech Realty Services, Inc.

Compliance

We developed this report in compliance with the requirements of the U.S. Department of Housing and Urban Development including those set forth in the most recent Multifamily Accelerated Processing (MAP) Guide.

Competency

Connor Soule has completed housing studies in various markets across the US for market-rate properties, income-restricted communities, and senior housing.

Quintin Kauchick analyzed multifamily assignments that include HUD subsidies, market-rate, LIHTC, Bond Financing, as well as projects that contain both market and income-restricted rents. He has provided support to project owners with their military housing. Mr. Kauchick provides development support to clients seeking guidance with project concepts and feasibility analyses.

Background Information

Identification of the Subject

The subject property is a proposed mid-rise apartment community known as Antares of Ormond Beach. The site is located at 720 West Granada Boulevard, Ormond Beach, Volusia County, Florida. The project is planned to begin to enter the market in 2026 with stabilization in 2027. The community will be 214 units and will contain 158,347 square feet of rentable area. The improvements will be situated on a 6.85-acre site.

Intended Use of the Market Study

The purpose of the market study is to define the geographic boundaries of the market area that the subject will compete within, conduct a quantitative and qualitative analysis of existing and proposed competitive facilities within the market, and determine if sufficient incremental demand exists to sustain the existing competitive housing supply and the subject.

Intended User of the Market Study

This market study is to be used by NewPoint Real Estate Capital and the U.S. Department of Housing and Urban Development in evaluating market support and sustainability for a mortgage loan to be secured by the subject.

Effective Dates

Date of Report	May 31, 2023
Date of Inspection	May 23, 2023
Date of Research	May 23, 2023

Inspection

The property was inspected by Connor Soule.

Compliance

We developed this report in compliance with the requirements of the U.S. Department of Housing and Urban Development under the 221(d)(4) program.

Ownership and History of the Subject

The current recorded property owner is Antares of Ormond Beach LLC. JRBD Development LLC sold the property on November 8, 2015 for \$10 to Antares of Ormond Beach LLC. No other current listings were discovered and no known offers such as purchase, lease, or option for the project are known to exist.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

General Assumptions

- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property was analyzed “free and clear” of any and 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. However, no warranty is given for its accuracy.
- All engineering is assumed to be correct. The plot plans and illustrative material if presented in this report are included only to assist the reader in visualizing 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 marketable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this report.
- It is assumed that all applicable zoning and land use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in this report.
- It is assumed that all required licenses, certificates of occupancy, consents or 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 market support contained in this report is based.
- It is assumed that the utilization of the land and improvements will be within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- The analyst has not made an environmental inspection of the subject and is not qualified to detect the existence of hazardous materials. The analyst is relying on other third party sources for the detection of hazardous materials.
- The racial/ethnic composition of the neighborhood surrounding the property has no way affected the determination of market support.
- It is our assumption that the property will be designed in compliance with Fair Housing and ADA as required.

General Limiting Conditions

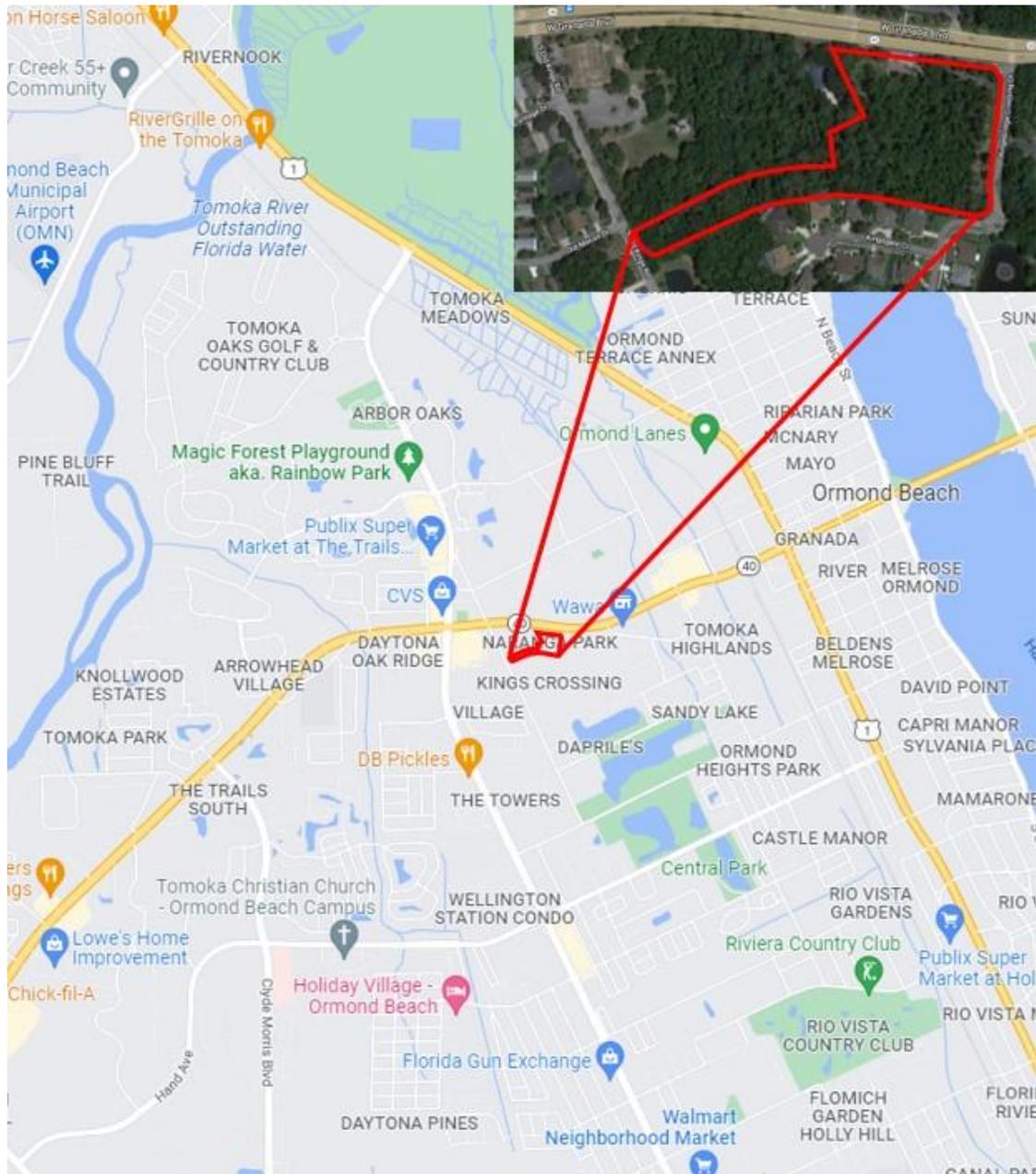
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The market analyst herein by reason of this report is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially any conclusions as to market support, the identity of the market analyst or that with which the market analyst is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the market analyst.

Specific Assumptions and Limiting Conditions

This report has also been made subject to the following specific assumptions and limiting conditions:

- We assume that the project will be constructed as proposed;
- We assume that the proposed project can be developed as proposed; and,
- We assume that the subject will be aggressively marketed and professionally managed.

Project Site Description



Overview

This section provides information regarding the site including location and access, flood plain, utilities, land uses, zoning, hazardous materials, etc. The subsequent section provides detailed information on the improvements.

Location and Access

The site is centrally located in Ormond Beach, along the city’s primary east-west corridor. The subject is proximate a variety of community support services, including banks, pharmacies, grocery stores, and schools. The site is also located approximately three miles from the beach, near some of the region’s major employers, and has convenient access to two interstates: I-95 (north-south) and I-4 (east-west).

The subject site is located on the south side of West Granada Boulevard just east of South Nova Road. It has good frontage and access points. West Granada Boulevard serves as the city’s predominant commercial corridor with interchanges with Interstate 95 and U.S. Highway 1. South Nova Road serves as a north-south arterial connecting the northern Volusia County communities.

Site Description

Identification

Location	720 West Granada Boulevard
Parcel Number	4241-04-01-0010; 4241-01-13-0130; 4241-01-11-0140; 4241-01-11-0121; 4241-01-12-0140; 4241-01-11-0122

Physical Features

Size	Approximately 6.85 acres, or 298,386 square feet. This is considered to be generally the upland acres.
Configuration	Irregular
Topography	Generally Level
Drainage	Appears Adequate
Utilities	All available at the site.
Ground Stability	We were not provided with a soil report. We assume that the load bearing capacity of the soil is sufficient to support the proposed structure. We did not observe any evidence to the contrary during our physical inspection of the property.

Streets, Access, Frontage

Access	West Granada Boulevard
Frontage	The subject has approximately 560 feet of primary frontage along West Granada Boulevard and 380 feet of primary frontage along Kingsbridge Crossing Drive. There is an additional 90 feet of secondary frontage along South Old Kings Road.
Curbs/Gutters	Yes, as proposed
Sidewalks	Yes, as proposed
Easements, Encumbrances, Moratoriums	We were provided a current title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site’s use.
Encroachments	We were provided an ALTA survey. We observed no apparent encroachment(s) that would impact the marketability of the subject site.

**Legal
Zoning**

B-9, Boulevard Low Intensity Commercial; The subject site is zoned B-9 for B-9, Boulevard Low Intensity Commercial use.

ZONING INFORMATION	
Zoning:	B-9
Maximum Height	75'
Front Setback	75'
Side Setback	20'
Rear Setback	20'
Legally Conforming?	Yes
Source: Ormond Beach Zoning Ordinance	

Utilities and Services

UTILITIES AND RELATED SERVICES	
Water	City of Ormond Beach
Sewer	City of Ormond Beach
Electricity	Florida Power & Light Co.
Gas	Florida Power & Light Co.
Police/Fire	City of Ormond Beach
Trash	City of Ormond Beach
Telephone	Various
Cable/Satellite	Various

Land Uses

The surrounding uses complement the subject site. These are shown below:

LAND USES	
Northern	Medical Offices
Southern	Single-Family Residential
Eastern	Commercial
Western	Medical Offices

A self-storage project was approved for development to the west of the subject. The ownership group intends on developing a special rate for the subject’s residents.

Noise

No noise hazard exists that would impact the marketability of the proposed project.

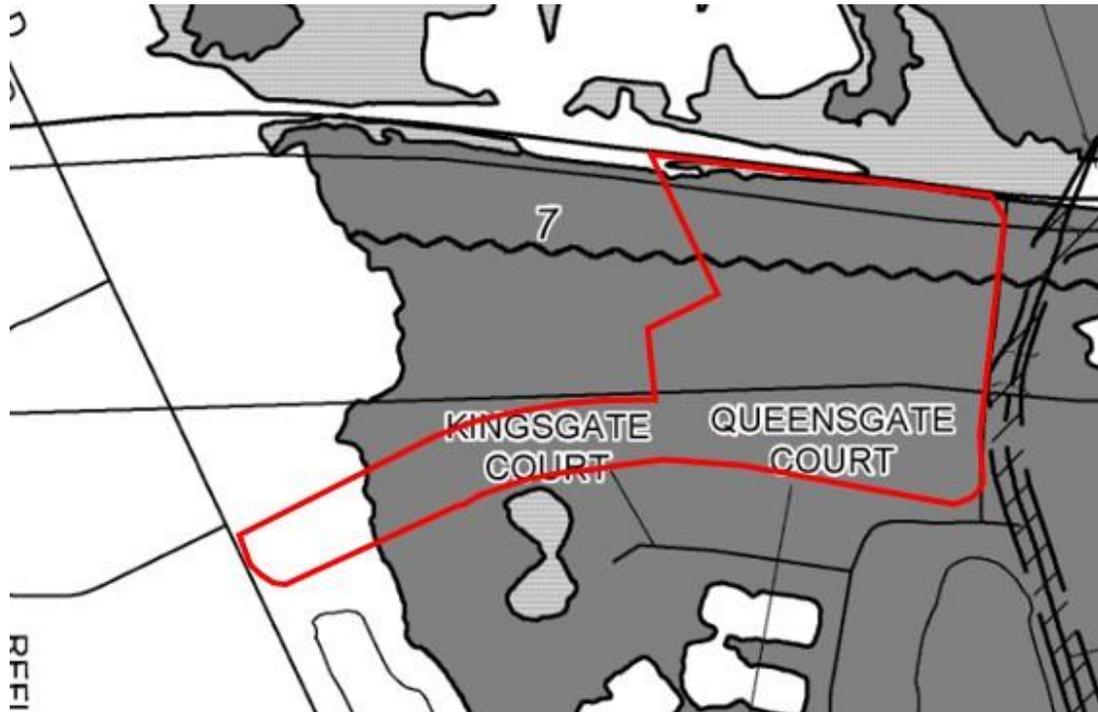
Hazardous or Toxic Materials

During our visual inspection of the subject, we did not observe any hazardous substances. We are not experts, however, in determining the presence of hazardous substances, defined as all hazardous or toxic wastes, pollutants, or contaminants (including asbestos, PCB’s, or raw materials) either used in construction or stored on property. A Phase I environment report provided no indication of contamination of the site. This report reflects the assumption that the subject property is not so affected.

Tax Map/Parcel Map



Flood Zone



The building and parking pads will be filled two-feet above the flood plain

Site Plan



Site Photographs



Subject Site Facing West



Subject Site Facing South

Street Scenes



North on Kingsbridge Crossing Drive



South on Kingsbridge Crossing Drive



West on West Granada Boulevard



East on West Granada Boulevard



East Across Kingsbridge Crossing Drive

Conclusion

The site is sufficient in size and shape to support a residential multifamily complex. No adverse conditions were noted at the time of inspection. The subject property is easily accessible via West Granada Boulevard. The subject's proximity to Interstate 95 provides access to major employment nodes throughout the region. The proposed rental apartment use of the property is compatible with the surrounding market. The subject site's location, access, topography, and availability of utilities are considered suitable for the development of a multifamily rental community.

Improvement Description

Renderings?

«Miscellaneous1_All_Photos»

Overview

The subject is a proposed 214-unit Class A apartment community anticipated to begin to enter the market in 2026 with stabilization in 2027. The subject will offer one- and two-bedroom apartments. The proposed unit mix is provided in the following table:

SUBJECT UNIT MIX								
Unit Type	Orientation	BR	BA	Unit SF	# of Units	Total SF	Proposed Net Rent	\$/ SF
1 Bdrm A1	Market-Rate	1	1	581	103	59,843	\$1,670	\$2.87
1 Bdrm A2	Market-Rate	1	1	776	46	35,696	\$2,026	\$2.61
2 Bdrm B1	Market-Rate	2	2	954	51	48,654	\$2,304	\$2.42
2 Bdrm B2	Market-Rate	2	2	1,011	14	14,154	\$2,325	\$2.30
Totals				740	214	158,347	\$1,940	\$2.62

The subject's proposed unit mix is approximately 70% one-bedroom and 30% two-bedroom units.

General Description

Design/Use	Multifamily
Number of Units	214
Number of Buildings	1
Number of Stories	
Building Size	RSF: 158,347 square feet

Exterior/Structural

Construction Type	C - Masonry
Quality	New
Exterior Walls	
Foundation Type	Concrete Slab
Roof Material	

Interior Finish

Interior Walls	Painted drywall
Floor cover	Varies
Window Type	Aluminum Frame
Ceilings	Drywall

Mechanical

Air conditioning	Central HVAC
Number of Elevators	3
Plumbing	Assumed adequate to meet code requirements
Electrical	Assumed adequate to meet code requirements

Parking and Site Improvements

Spaces	375
Parking Description	87 surface parking spaces and 288 spaces in a 5-story parking garage

Parking Ratio 1.75
 Condition Good
 Adequacy The existing parking ratio meets zoning requirements and appears to be adequate.

Floor Plans

The subject will offer functional floor plans. Unit floor plans are provided:

«ProposedFloorPlan_All_Photos»

Amenities

The following project and unit amenities will be provided:

UNIT AMENITIES
Balcony/Patio in Select Units
Stone Countertops
Ceiling Fans
Walk-In Closets
Wood Vinyl
Carpet
Blinds
Stainless Steel Appliances
Refrigerator
Range/Oven
Dishwasher
Garbage Disposal
Microwave
Washer/Dryer

PROJECT AMENITIES
Clubhouse
Business Center
Fitness Center
Pool
Barbeque/Picnic Area
Elevators
Gated/Secure Access

The subject’s proposed unit and project amenities compared to the competitive properties in the market is provided:

Community	UNIT AMENITIES													
	Utilities Included in Rent				Patio/ Balcony	Outside Storage	Dishwasher	Microwave	Washer/Dryer Connections	Washer/ Dryer in Unit	Granite/Quartz Countertops	Wood Vinyl Flooring	Stainless Steel Appliances	Ceiling Fans
Electric	Water/ Sewer	Trash Removal	Pest Control											
Subject					X		X	X	X	X	X	X	X	X
Ormond Grande Townhomes					X		X	X	X	X	X	X	X	X
Champions Quarters			X	X	X		X	X	X	X	X	X	X	X
The Edison				X	X		X	X	X	X	X	X	X	X
The Cottages at Daytona Beach				X	X		X	X	X	X	X	X	X	X
Pointe Grand Apartments				X	X		X	X	X	X	X	X	X	
The Napier					X		X	X	X	X	X	X	X	
500 East Apartments				X	X		X	X	X	X	X	X	X	X
Madison Pointe Apartments					X		X	X	X	X	X	X	X	X
Icon One Daytona					X	X	X	X	X	X	X	X	X	X
Tomoka Pointe Apartments					X		X	X	X	X	X	X	X	X
Sands Parc Apartments					X		X	X	X	X	X	X	X	X

COMMUNITY AMENITIES																
Community	Clubhouse	Fitness Room	Business Center	Pool	Sports Court	Playground	Barbeque/Picnic Area	Car Care Center	Laundry Facility	Dog Park	Attached Garages	Detached Garages	Carpools	Parking Garage	Elevators	Gated Access
Subject	x	x	x	x			x							x	x	x
Ormond Grande Townhomes				x												
Champions Quarters						x										
The Edison	x	x	x	x		x	x			x					x	x
The Cottages at Daytona Beach	x	x	x	x			x									x
Pointe Grand Apartments	x	x		x			x			x		x				x
The Napier	x	x	x	x			x			x						x
500 East Apartments	x	x		x			x			x						x
Madison Pointe Apartments	x	x	x	x			x			x					x	x
Icon One Daytona	x	x	x	x	x		x			x					x	x
Tomoka Pointe Apartments	x	x	x	x			x					x			x	x
Sands Parc Apartments	x	x	x	x		x	x	x		x					x	x

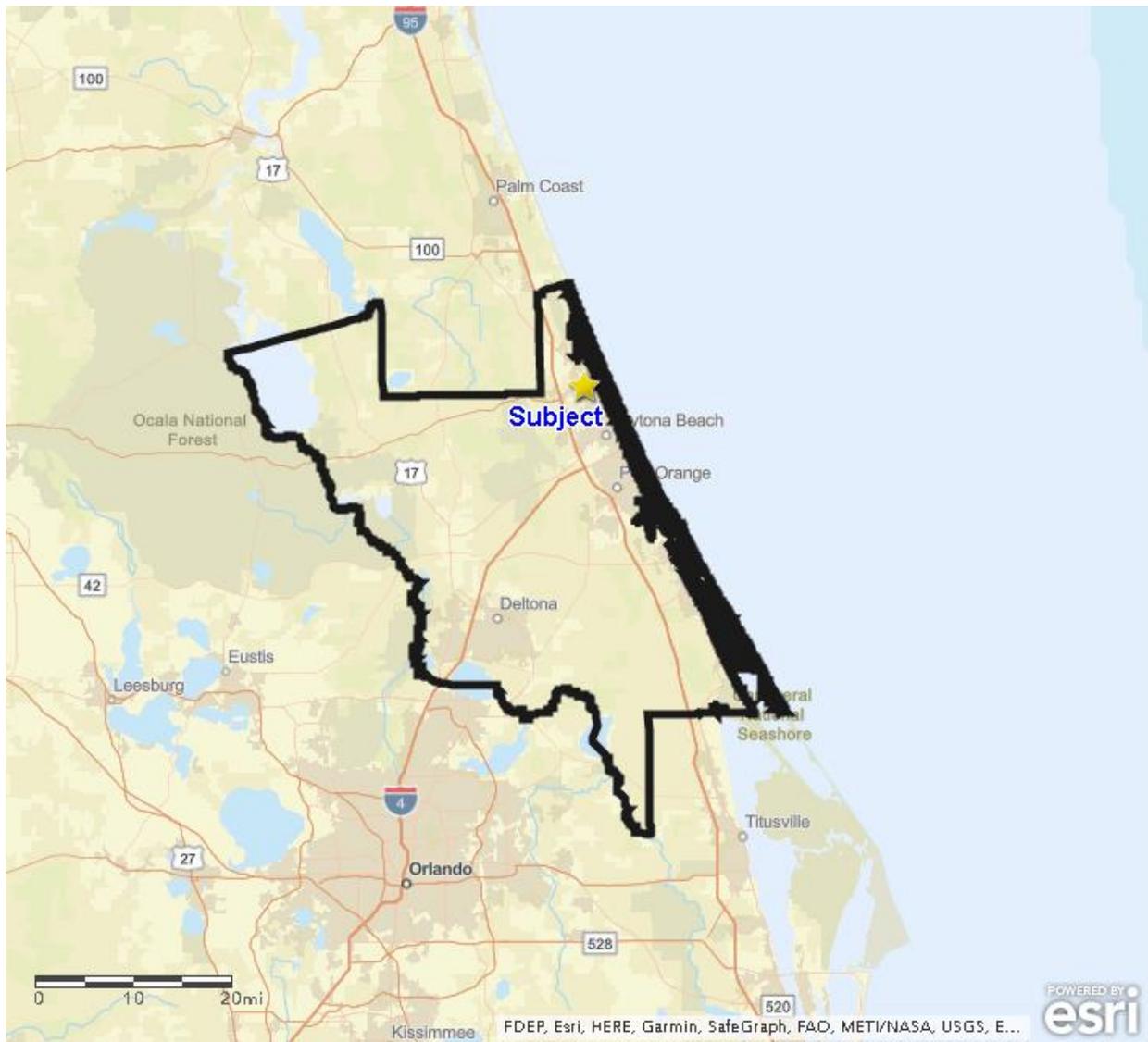
A list of competitive advantages and disadvantages follows:

COMPETITIVE ADVANTAGES/DISADVANTAGES			
Item	Advantage	Disadvantage	Comparable
Street Exposure			X
Access			X
Design	X		
Building Type	X		X
Parking Adequate	X		X
Unit Size			X
Unit Features	X		X
Unit Finishes	X		X
Common Area	X		X
Recreational Amenities			X
Views			X

Conclusion

The subject’s development, as proposed, is appropriate for the market. The floor plans will accommodate various sized households allowing a broad penetration of rental household demand. The units will offer modern equipment and design elements. Functionality combined with attractive architectural features will allow the proposed project to compete on par with other newly developed communities. Overall, the proposed project’s size, unit mix, and amenity offerings are appropriate for the targeted market.

Volusia County Area Analysis



Introduction

Volusia County was created in 1854 after the division of Orange County. It was named after the largest community in the new county, Volusia. The county covers over 1,432 square miles and has an estimated density of 395 people per square mile. Volusia County is home to several incorporated towns and unincorporated communities. There are over 70 cities, towns, and unincorporated communities within Volusia County. Deltona is the largest city with a population of nearly 100,000 residents. Deltona is the county seat.

Volusia County is surrounded by Flagler, Marion, and Putnam Counties to the north and northwest; Orange, Seminole, and Brevard Counties to the southwest and south; Lake County to the west; and the Atlantic Ocean to the east. The county is included in the Deltona–Daytona Beach–Ormond Beach metropolitan statistical area (MSA).

Population and Demographics

The information in this section was obtained through the U.S. Census Bureau and Esri. Volusia County continues to experience positive population growth as evidenced by the following:

VOLUSIA COUNTY POPULATION AND HOUSEHOLD TRENDS					
<i>Year</i>	<i>Households</i>	<i>Household CAGR</i>	<i>Average HH Size</i>	<i>Population</i>	<i>Population CAGR</i>
2010	208,236	---	2.31	494,593	---
2022	237,063	1.1%	2.31	564,840	1.1%
2027	244,052	0.6%	2.31	581,453	0.6%

Source: Esri

Total population and the total number of households have increased over the past 12 years.

The following chart provides historical population data as well as future projections by age for Volusia County:

VOLUSIA COUNTY POPULATION BY AGE							
<i>Age</i>	<i>2010</i>	<i>2022</i>	<i>2027</i>	<i>Change 2010 - 2022</i>	<i>CAGR 2010 - 2022</i>	<i>Change 2022 - 2027</i>	<i>CAGR 2022 - 2027</i>
0-4	24,337	24,499	25,241	162	0.1%	742	0.6%
5-9	24,819	25,772	26,188	953	0.3%	416	0.3%
10-14	26,923	27,116	28,201	193	0.1%	1,085	0.8%
15-19	31,095	29,878	30,578	-1,217	-0.3%	700	0.5%
20-24	30,798	30,760	29,481	-38	0.0%	-1,279	-0.8%
25-34	50,842	66,400	61,397	15,558	2.2%	-5,003	-1.6%
35-44	56,611	59,609	67,473	2,998	0.4%	7,864	2.5%
45-54	74,193	64,923	63,539	-9,270	-1.1%	-1,384	-0.4%
55-64	70,686	85,482	79,376	14,796	1.6%	-6,106	-1.5%
65-74	53,767	81,604	88,843	27,837	3.5%	7,239	1.7%
75-84	35,872	48,623	59,365	12,751	2.6%	10,742	4.1%
85+	14,650	20,174	21,771	5,524	2.7%	1,597	1.5%
Total	494,593	564,840	581,453	70,247	1.1%	16,613	0.6%

Source: Esri

The county has experienced positive growth trends which are projected to continue through 2027. From 2010 to 2022, the largest population increases occurred in the 65-74, 25-34, and 55-64 age groups. Over the next five years the 75-84, 35-44, and 65-74 age groups are projected to experience the largest population increases. The 65+ age cohorts represent the empty nester housing market. This is becoming a more important segment within the rental housing industry as seniors seek low maintenance lifestyles within a secure living environment.

The following table provides information on the working-age population within Volusia County:

VOLUSIA COUNTY WORKING-AGE RESIDENTS							
<i>Age</i>	<i>2010</i>	<i>2022</i>	<i>2027</i>	<i>Change 2010 - 2022</i>	<i>CAGR 2010 - 2022</i>	<i>Change 2022 - 2027</i>	<i>CAGR 2022 - 2027</i>
20-24	30,798	30,760	29,481	-38	0.0%	-1,279	-0.8%
25-34	50,842	66,400	61,397	15,558	2.2%	-5,003	-1.6%
35-44	56,611	59,609	67,473	2,998	0.4%	7,864	2.5%
45-54	74,193	64,923	63,539	-9,270	-1.1%	-1,384	-0.4%
55-64	70,686	85,482	79,376	14,796	1.6%	-6,106	-1.5%
Total	283,130	307,174	301,266	24,044	0.7%	-5,908	-0.4%

Source: Esri

The working-age population increased from 2010 to 2022.

Estimated households by size within Volusia County are provided:

HOUSEHOLDS BY SIZE IN VOLUSIA COUNTY		
<i>Household Size</i>	<i>Number</i>	<i>Percentage</i>
One Person	66,519	28.1%
Two People	80,226	33.8%
Three People	36,798	15.5%
Four People	30,466	12.9%
Five People	14,187	6.0%
Six People	5,429	2.3%
Seven or More People	3,437	1.4%
Total	237,063	100%

Source: Esri, American Community Survey, VTRS

Most households within Volusia County are one- or two-person households.

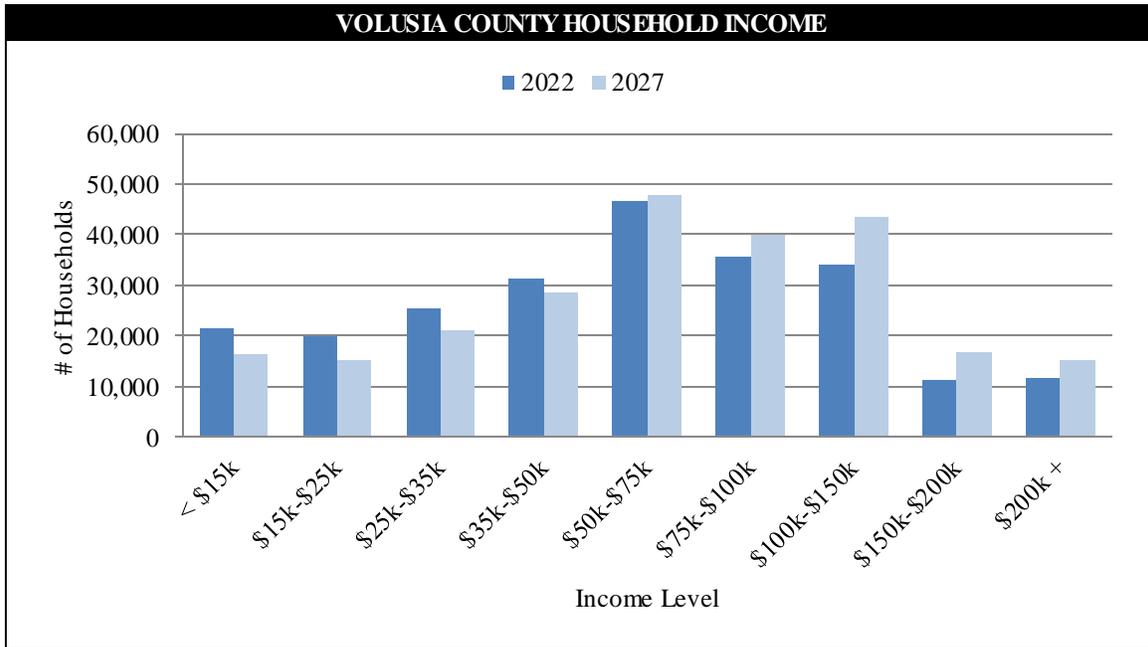
Household Income

Households by income in Volusia County are provided:

VOLUSIA COUNTY HOUSEHOLD INCOME		
<i>Household Income Level</i>	<i>2022</i>	<i>2027</i>
< \$15,000	21,302	16,254
\$15,000 - \$24,999	19,997	15,018
\$25,000 - \$34,999	25,297	20,929
\$35,000 - \$49,999	31,149	28,607
\$50,000 - \$74,999	46,786	48,044
\$75,000 - \$99,999	35,568	39,974
\$100,000 - \$149,999	34,170	43,533
\$150,000 - \$199,999	11,265	16,625
\$200,000+	11,529	15,068
Median Household Income	\$58,682	\$70,143
Average Household Income	\$82,478	\$97,948

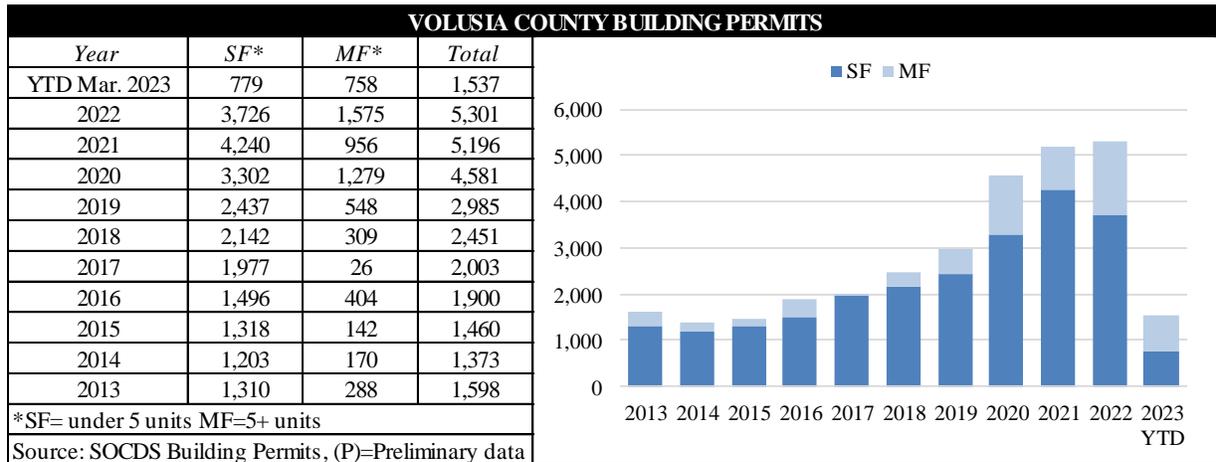
Source: Esri

More than 58.8% of households earn more than \$50,000 per year, the income levels typically associated with rental housing. Households are generally projected to earn higher incomes by 2027. The graph of income distribution in Volusia County is provided:



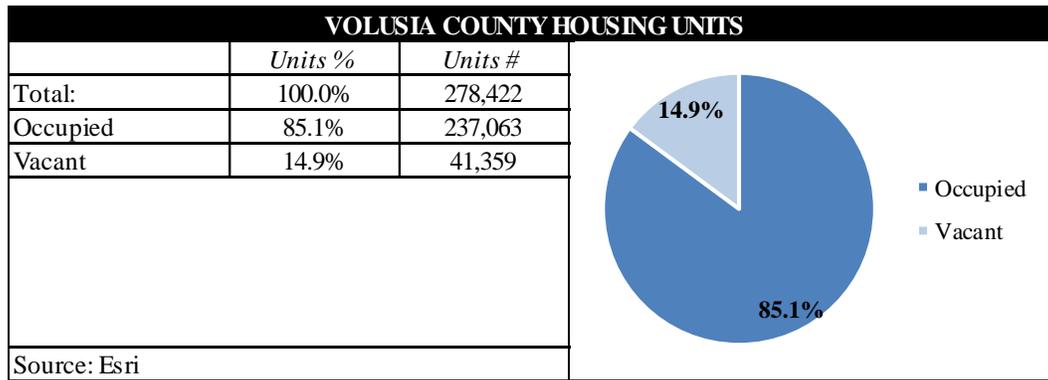
Housing Market

Residential building permits for Volusia County are presented below:

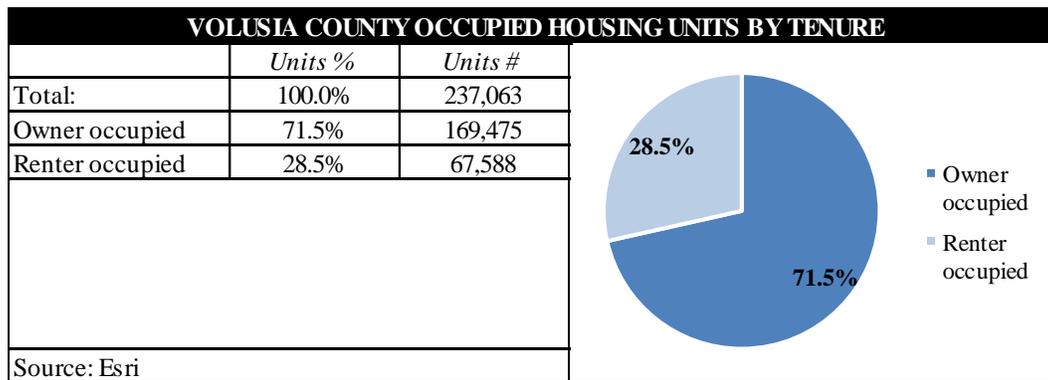


Residential development in the market has trended upward. An average of 2,885 building permits were issued annually from 2013 to 2022. Over the last three years, an average of 5,026 units were permitted annually.

The following table displays the occupancy and vacancy rates for the housing market in the county:



The vacancy rate includes all vacant homes regardless of their availability to be rented. Most housing units in the county are owner occupied. Rental housing includes all types of units such as apartments, duplexes, triplexes, manufactured housing, single-family homes, etc. The number of owner and renter occupied units for the area is provided:



For Sale Housing Trends

The following data on the single-family housing market in the Daytona Beach area was provided by the Daytona Beach Area Association of REALTORS:

Summary Statistics	2022	2021	Percent Change Year-over-Year
Closed Sales	4,531	5,765	-21.4%
Paid in Cash	1,637	1,880	-12.9%
Median Sale Price	\$375,000	\$317,000	18.3%
Average Sale Price	\$446,977	\$386,854	15.5%
Dollar Volume	\$2.0 Billion	\$2.2 Billion	-9.2%
Median Percent of Original List Price Received	98.1%	98.6%	-0.5%
Median Time to Contract	14 Days	14 Days	0.0%
Median Time to Sale	54 Days	56 Days	-3.6%
New Pending Sales	4,694	6,079	-22.8%
New Listings	6,246	6,481	-3.6%
Pending Inventory	307	511	-39.9%
Inventory (Active Listings)	989	506	95.5%
Months Supply of Inventory	2.6	1.1	136.4%

The median sale price in Volusia County for 2022 was \$375,000, an 18.3% increase since 2021. The median time to sale, which represents the median number of days between the initial listing of a property and the closing sale, was 54 days in 2022, a 3.6% decrease since 2021.

Employment Trends

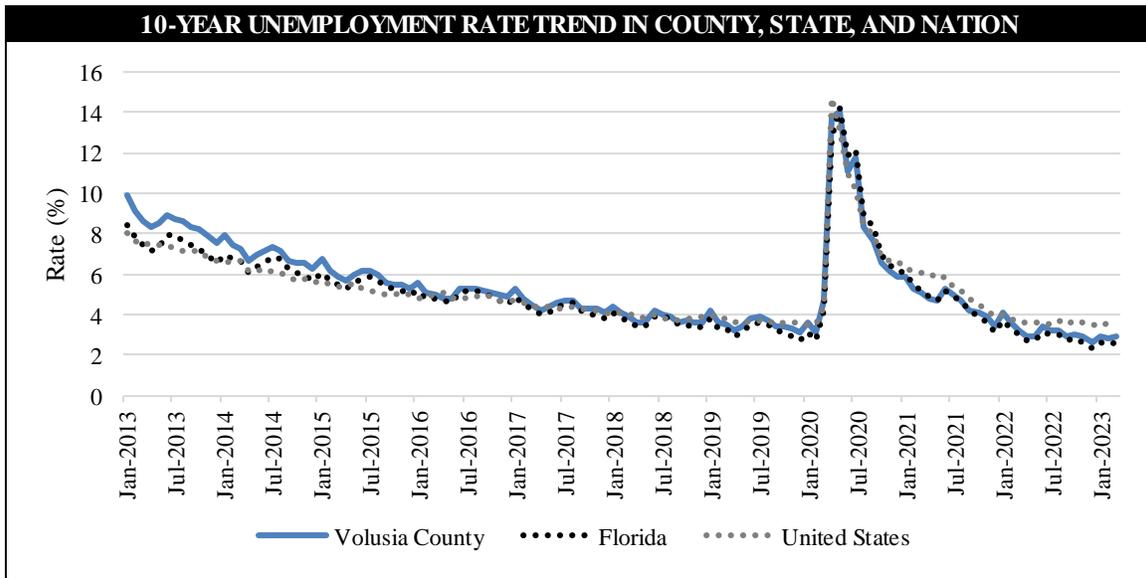
The civilian labor force is defined as all employed or unemployed persons 16+ years of age who are actively looking for work and available to accept employment. Persons in the Armed Forces or within institutional settings such as prisons, nursing homes, etc. are not counted within the civilian labor force. The trend in employment is provided:

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT DATA IN VOLUSIA COUNTY				
Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2023 YTD*	274,478	266,645	7,833	2.9%
2022	266,061	257,682	8,379	3.1%
2021	256,378	244,365	12,013	4.7%
2020	249,000	229,051	19,949	8.0%
2019	252,482	243,533	8,949	3.5%
2018	251,129	241,447	9,682	3.9%
2017	247,779	236,589	11,190	4.5%
2016	246,286	233,701	12,585	5.1%
2015	239,604	225,449	14,155	5.9%
2014	237,504	220,799	16,705	7.0%
2013	235,149	215,040	20,109	8.6%

Source: Bureau of Labor Statistics
 YTD* 2023 consists of data through Mar 2023; the data is not seasonally adjusted.

The unemployment rate in Volusia County has been decreasing over the past several years, despite that the labor force is increasing. Overall employment has recovered to above pre-pandemic levels.

The county’s unemployment rate compared to the state and national unemployment rates over the past 10 years is provided:



Volusia County’s unemployment rate has generally mirrored the state and national unemployment rate over the past 10 years. As of March 2023, Volusia County’s unemployment rate of 2.9% was only slightly higher than the state unemployment rate of 2.6%, and lower than the national unemployment rate of 3.5%.

At-place employment refers to jobs that are filled and located within the same county. The trend in the market is presented:

AT-PLACE EMPLOYMENT IN VOLUSIA COUNTY			
Year	Employment	Change	Percent
2022 YTD*	183,633	8,668	5.0%
2021	174,965	7,991	4.8%
2020	166,974	-9,044	-5.1%
2019	176,018	2,673	1.5%
2018	173,345	3,567	2.1%
2017	169,778	2,294	1.4%
2016	167,484	6,943	4.3%
2015	160,541	4,834	3.1%
2014	155,707	3,477	2.3%
2013	152,230	2,276	1.5%
2012	149,954	-	-

*YTD data is provided through Sep. 2022
Source: Bureau of Labor Statistics

The trend in the market was positive through 2019 as employment increased. Though there was a drop in at-place employment in 2020 due to the impact of the COVID-19 pandemic, at-place employment has since increased to above pre-pandemic levels.

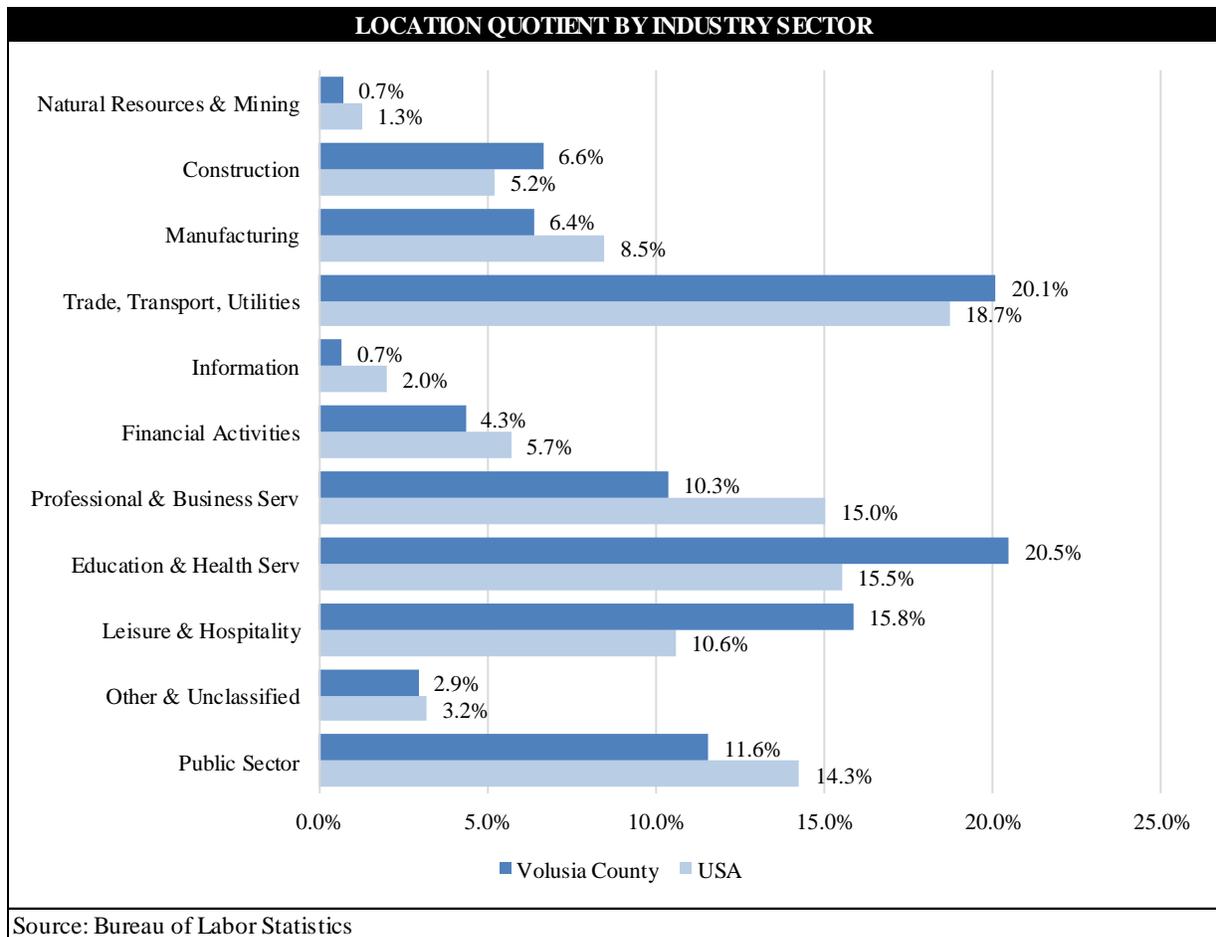
Employment totals by industry sector over the previous five years are provided:

VOLUSIA COUNTY AT-PLACE EMPLOYMENT BY INDUSTRY											
Industry Sector	Annual 2017	Annual 2018	% Chg	Annual 2019	% Chg	Annual 2020	% Chg	Annual 2021	% Chg	Sep 2022	% Chg
Private sector	150,787	154,211	2.3%	155,019	0.5%	146,563	-5.5%	154,408	5.4%	162,419	5.2%
Goods producing	23,163	24,097	4.0%	24,051	-0.2%	23,024	-4.3%	24,027	4.4%	25,230	5.0%
Natural resources and mining	1,458	1,454	-0.3%	1,447	-0.5%	1,355	-6.4%	1,361	0.4%	1,329	-2.4%
Construction	11,150	11,830	6.1%	11,969	1.2%	11,740	-1.9%	11,932	1.6%	12,200	2.2%
Manufacturing	10,555	10,813	2.4%	10,634	-1.7%	9,929	-6.6%	10,735	8.1%	11,701	9.0%
Service providing	127,624	130,114	2.0%	130,968	0.7%	123,538	-5.7%	130,380	5.5%	137,189	5.2%
Trade, transportation, and utilities	32,584	32,973	1.2%	33,266	0.9%	32,416	-2.6%	36,378	12.2%	36,876	1.4%
Information	1,682	1,696	0.8%	1,586	-6.5%	1,306	-17.7%	1,210	-7.4%	1,257	3.9%
Financial activities	7,151	7,410	3.6%	7,268	-1.9%	7,636	5.1%	7,957	4.2%	7,970	0.2%
Professional and business services	18,989	18,650	-1.8%	18,646	0.0%	18,132	-2.8%	17,832	-1.7%	18,997	6.5%
Education and health services	34,509	35,213	2.0%	36,037	2.3%	34,907	-3.1%	35,325	1.2%	37,595	6.4%
Leisure and hospitality	26,960	28,366	5.2%	28,250	-0.4%	23,693	-16.1%	26,311	11.0%	29,090	10.6%
Other services	5,624	5,711	1.5%	5,781	1.2%	5,261	-9.0%	5,264	0.1%	5,099	-3.1%
Unclassified	125	94	-24.8%	134	42.6%	189	41.0%	103	-45.5%	305	196.1%
Public sector	18,992	19,135	0.8%	20,999	9.7%	20,410	-2.8%	20,557	0.7%	21,214	3.2%
Federal government	1,277	1,295	1.4%	1,334	3.0%	1,396	4.6%	1,331	-4.7%	1,306	-1.9%
State government	4,269	4,265	-0.1%	4,243	-0.5%	3,978	-6.2%	3,828	-3.8%	3,699	-3.4%
Local government	13,446	13,575	1.0%	15,422	13.6%	15,036	-2.5%	15,398	2.4%	16,209	5.3%
Total Employment	169,779	173,346	2.1%	176,018	1.5%	166,973	-5.1%	174,965	4.8%	183,633	5.0%

Source: Bureau of Labor Statistics

The top three industry sectors in the county are the education and health services industry, the trade, transportation, and utilities industry, and the leisure and hospitality industry.

Location Quotients (LQ) compare the concentration of employment in an industry within a specific area to the concentration of employment in that industry nationwide. This measurement helps understand the local economy's reliance on a particular industry. The LQs for industry sectors in Volusia County are provided below:



The construction industry, the trade, transport, and utilities industry, the education and health services industry, and the leisure and hospitality industry play notably larger roles in the local economy than in the national economy.

The following chart provides the total job growth and growth for the largest occupational categories in Volusia County through 2030:

VOLUSIA COUNTY LONG-TERM OCCUPATIONAL PROJECTIONS				
Occupation	2022	2030	Change #	Change %
Sales and Related Occupations	26,737	27,551	814	3.0%
Office and Administrative Support Occupations	26,661	26,941	280	1.1%
Food Preparation and Serving Related Occupations	23,802	25,578	1,776	7.5%
Retail Sales Workers	14,325	14,428	103	0.7%
Healthcare Practitioners and Technical Occupations	13,677	15,332	1,655	12.1%
Transportation and Material Moving Occupations	13,448	14,494	1,046	7.8%
Food and Beverage Serving Workers	12,462	13,055	593	4.8%
Construction and Extraction Occupations	11,467	12,762	1,295	11.3%
Management Occupations	11,358	12,449	1,091	9.6%
Education, Training, and Library Occupations	11,109	11,962	853	7.7%
All Occupations	203,028	218,387	15,359	7.6%

Source: Florida Department of Economic Opportunity

Jobs are projected to increase by 7.6% between 2022 and 2030. This amounts to an increase of over 15,300 total job openings. Sales and related occupations, office and administrative support occupations, and food

preparation and serving related occupations were the largest categories in 2022 and are expected to remain the largest through 2030.

The following chart shows the typical annual wages by occupation type for the Deltona-Daytona Beach-Ormond Beach, FL MSA:

ANNUAL WAGE LEVEL BY OCCUPATION		
<i>Occupation Type</i>	<i>Deltona-Daytona Beach-Ormond Beach, FL MSA</i>	<i>Florida</i>
Management Occupations	\$100,490	\$121,170
Business and Financial Operations Occupations	\$68,850	\$78,600
Computer and Mathematical Occupations	\$79,100	\$94,200
Architecture and Engineering Occupations	\$73,220	\$85,580
Life, Physical, and Social Science Occupations	\$64,490	\$69,110
Community and Social Service Occupations	\$46,740	\$50,170
Legal Occupations	\$97,690	\$104,810
Education, Training, and Library Occupations	\$53,930	\$55,820
Arts, Design, Entertainment, Sports, and Media Occupations	\$57,850	\$62,450
Healthcare Practitioners and Technical Occupations	\$82,360	\$89,800
Healthcare Support Occupations	\$33,540	\$35,790
Protective Service Occupations	\$42,930	\$51,580
Food Preparation and Serving Related Occupations	\$29,520	\$31,580
Building and Grounds Cleaning and Maintenance Occupations	\$31,050	\$32,400
Personal Care and Service Occupations	\$31,360	\$33,400
Sales and Related Occupations	\$38,980	\$47,130
Office and Administrative Support Occupations	\$38,950	\$42,600
Farming, Fishing, and Forestry Occupations	\$35,870	\$32,880
Construction and Extraction Occupations	\$43,720	\$48,090
Installation Maintenance and Repair Occupations	\$44,740	\$49,720
Production Occupations	\$39,120	\$41,230
Transportation and Material Moving Occupations	\$36,160	\$42,010
Source: Bureau of Labor Statistics		

Economic Development

An overview of the economic development in the area is provided:

Warehouse Space by Taylor & Mathis

Real Estate Agency Taylor & Mathis is planning 678,000 square feet of warehouse space on a 226-acre site on Tomoka Farms Road, north of U.S. 92.

NASCAR Costco

NASCAR is planning a 155,000 square-foot Costco next to the cinema at OneDaytona, expected to open in 2024. Also, NASCAR plans to develop retail, offices or storage on what is now NASCAR’s lot 7, off Clyde Morris Boulevard.

Constructions on Former Father Lopez Catholic School Property

Boos Development plans to build two fast-food restaurants, a sit-down restaurant, and a small strip retail center on the former Father Lopez Catholic School property at the southeast corner of Nova Road and

Mason Avenue, in Daytona Beach. The property already has commitments for a 7-Eleven and a Mr. Car Wash.

BeStrong Inc. Manufacturing Building

Hungary-based BeStrong Inc. is planning a 14,000 square-foot building at 4440 Eastport Parkway in Port Orange. The building will serve to expand BeStrong's manufacturing, distribution, and service operations to the United States for fitness equipment.

Manufacturing Facility in Embry-Riddle Aeronautical University Research Park

An advanced technology manufacturing facility is planned in Embry-Riddle Aeronautical University Research Park along Clyde Morris Boulevard in Daytona Beach.

Alpine Light Manufacturing Plant

Alpine Light Manufacturing plans a 52,800-square-foot plant on North Normandy Boulevard in Daytona.

Medical Building and Hotel

A 14,000-square-foot medical building and a 182-room hotel are planned to be built in the southeast quadrant of I-95 and State Road 44 in New Smyrna Beach.

Surf Park Facility

A 15.25-acre Surf Park facility is planned on West Indian River Boulevard in Edgewater. It will include a restaurant venue, rental cabins, and retail shop.

Rebuilding Publix Supermarket at the Shoppes at Beville

Publix Supermarket located at the Shoppes at Beville in Daytona Beach was torn down to make way for a larger Publix that includes a pharmacy, allowing Publix to expand to 47,240 square feet. The supermarket is expected to be completed later in 2023.

Factory Direct Marine & RV

Factory Direct Marine & RV opened its second Florida location, along U.S. Highway 1 in Edgewater. Factory Direct also plans additional development to its Edgewater location, including an expanded sales and service center, company offices and a 70-acre camping village that will feature a restaurant and host special events. It projects a capital investment of \$15 million and expects to create about 100 jobs over the first three years, with an average wage of \$45,000.

New Office for Coastal Claims

The New Smyrna Beach City Commission approved the \$1.1 million sale of two city-owned properties in a move that promised to bring 50 new jobs and \$73 million in economic development to the area. The properties were located at 2650 and 2700 North Dixie Freeway, where a new office for Coastal Claims opened at the end of 2021.

Amazon

Amazon will open a new five-story, 2.8 million square foot fulfillment center in Daytona Beach on Beville Road across from Daytona Beach International Airport. The facility will bring 1,000 jobs to the area. Construction started in late 2022 and must be almost completely built by the end of 2023 to receive a tax incentive from the city.

Daytona Beach Opportunity Zone

The Federal Tax Cut and Jobs Act of 2017 allowed states' Governors to designate up to 25% of economically distressed census tracts in their states as "Opportunity Zones". Governor Rick Scott released a list of Opportunity Zones in Florida which included six census tracts located within the City of Daytona

Beach. This tract will hold this designation for 10 years and will allow developers to defer capital gains taxes on funds invested in this zone. Other benefits include a step-up in invested basis and permanent exclusion from taxable income of taxable gains under certain conditions.

Ocellott in the Embry-Riddle Research Park

Brazilian company Ocellott was established in the John Mica Engineering and Aerospace Innovation Complex in the Embry-Riddle Research Park, in Daytona Beach. Ocellott specializes in the development and manufacturing of complex systems, and offers products that serve the defense, aerospace testing, and measurement markets.

Cici & Hyatt Brown Center for Aerospace Technology

Cici & Hyatt Brown Center for Aerospace Technology will open at the Embry-Riddle Research Park and is expected to promote innovation, to create high-quality jobs and to bolster Florida's advanced technology workforce.

Space Coast Industrial Park

TVEDC worked with Onicx Group and Aries Capital to bring manufacturing space to Edgewater. Located about 40 miles north of Kennedy Space Center. The Space Coast Industrial Park at Parktown is a multi-phased project to develop a one-million-square-foot class A warehouse facility driven by the robust growth of the space vehicle launch industry.

Tourism

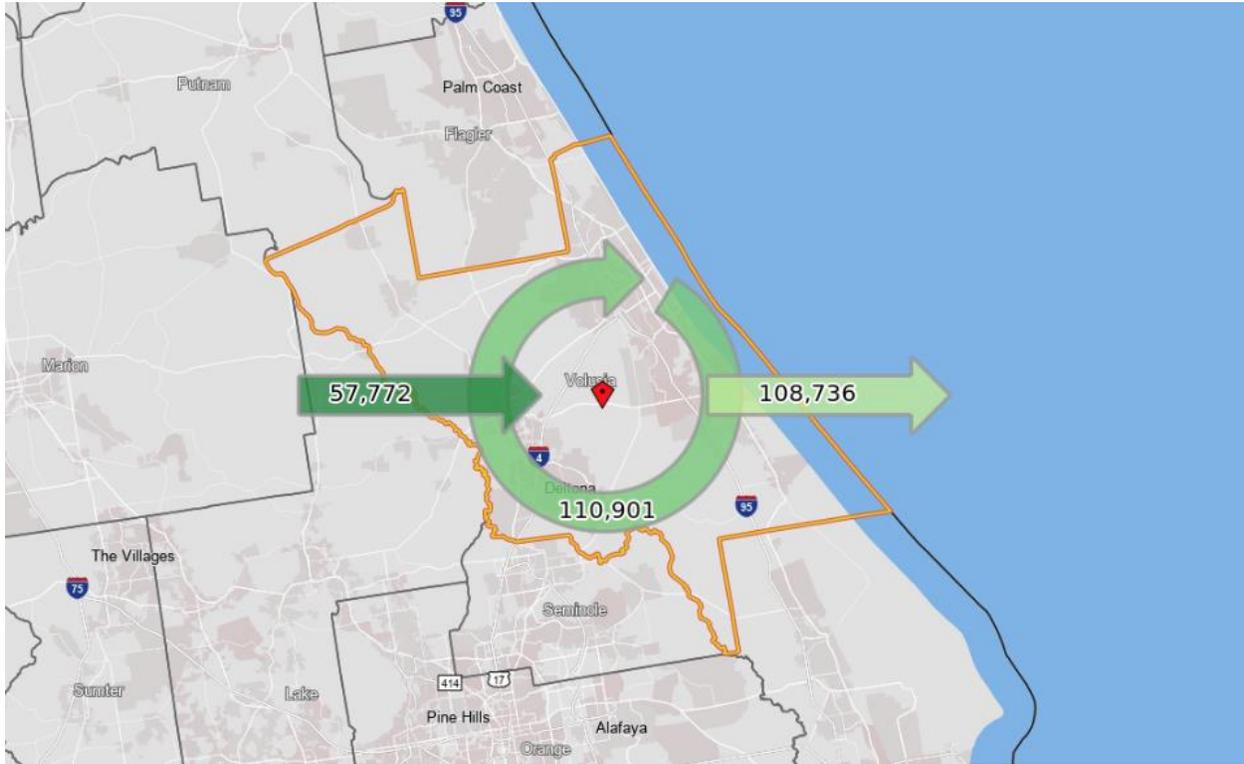
The tourism industry has a significant impact on Volusia County. In 2019, tourism supported over 57,000 jobs and generated roughly \$6.2 billion. The county had nearly 10 million visitors in 2019. Despite the negative impact of COVID-19 on the tourism industry worldwide, Volusia County had 7.2 million visitors and \$3.4 billion in visitor expenditures that year. Main attractions include the home of the Daytona 500, the Daytona International Speedway, and the miles of beaches throughout the county, including Daytona Beach.

Worker Adjustment and Retraining Notification Act (WARN)

WARN notices are sent in coordination with the United States labor law which protects employees by requiring most employers with 100 or more employees to provide 60 calendar day advance notification of plant closings and mass layoffs of employees. WARN notices are available at the city level. There have been no WARN notices in the City of Ormond Beach in the last two years.

Commuting Patterns

An inflow/outflow map of residents and workers in Volusia County is provided:



Source: Census OnTheMap

Volusia County is a bedroom community for the surrounding area, predominately Orange and Seminole Counties. Based on 2020 (most recent available) data, 219,637 workers live in Volusia County but 168,673 workers are employed in Volusia County.

Typical travel time provides an indication of the distance from employment residents live and/or the traffic congestion involved with their commutes. The typical travel time is provided:

TYPICAL TRAVEL TIME		
<i>Commute Time</i>	<i>Number</i>	<i>Percent</i>
Less Than 15 Minutes	54,962	25.8%
15 to 29 Minutes	79,826	37.5%
30 to 44 Minutes	42,741	20.1%
45 to 59 Minutes	14,881	7.0%
60 or More Minutes	20,546	9.6%
Total	212,956	100.0%
Source: American Community Survey		

Most residents have travel times less than 30 minutes. This suggests that a majority of the residents will live within urban or suburban areas.

Travel patterns in the county provide an indication of where residents work and their commuting patterns. The typical modes of transportation are provided:

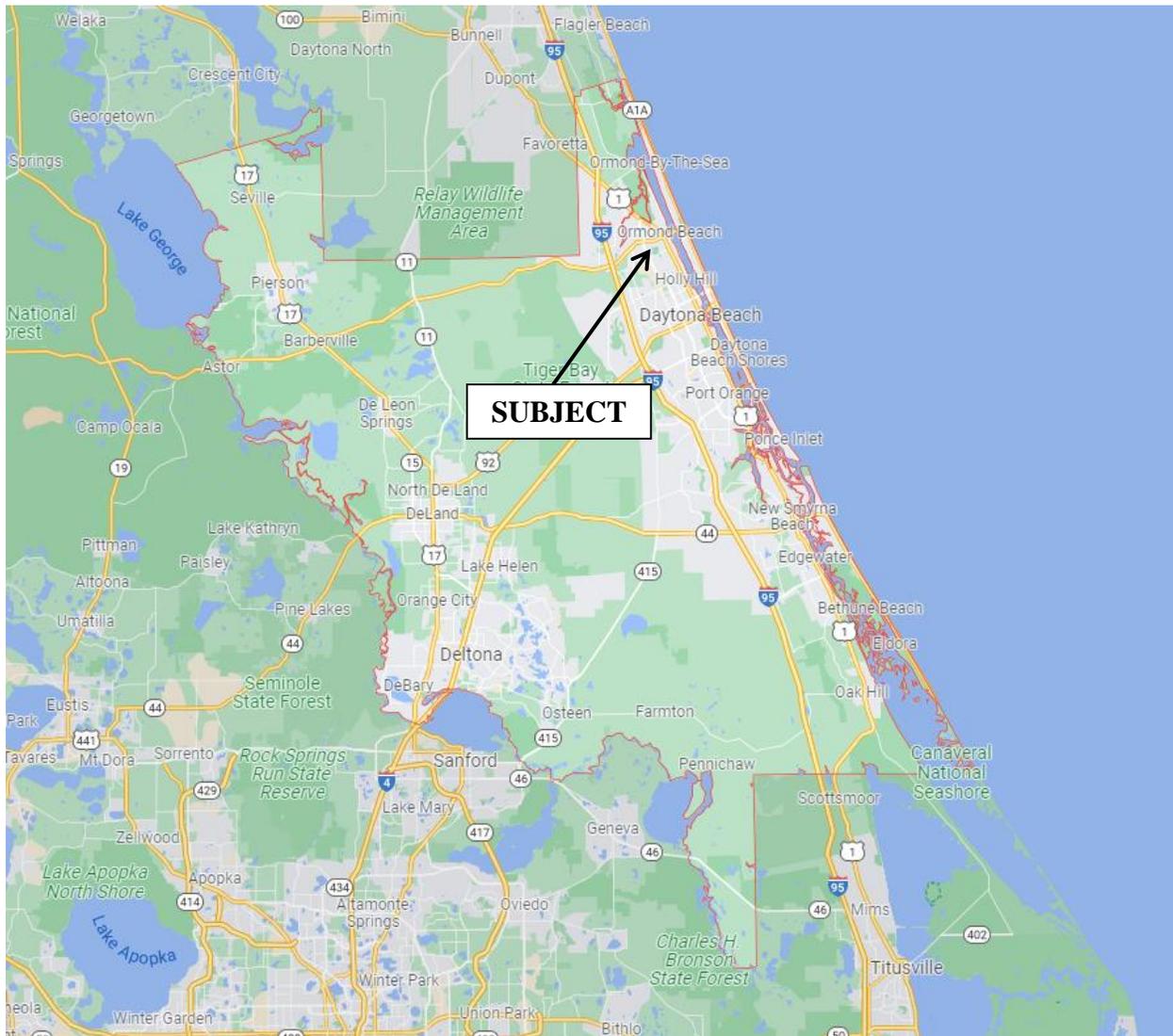
TYPICAL MODE OF TRANSPORTATION		
<i>Mode of Transportation</i>	<i>Number</i>	<i>Percent</i>
Drove Alone	184,279	78.1%
Carpooled	18,691	7.9%
Public Transit	1,905	0.8%
Walked	2,742	1.2%
Other Means	5,339	2.3%
Worked at Home	23,117	9.8%
Total	236,073	100.0%
Source: American Community Survey		

Most residents commute alone.

The following table illustrates the major employers in the area:

MAJOR EMPLOYERS IN VOLUSIA COUNTY		
<i>Company</i>	<i>Number of Employees</i>	<i>Industry</i>
Volusia County Schools	8,082	Education
AdventHealth Systems	7,675	Healthcare
Halifax Hospital System	3,999	Healthcare
Publix Supermarkets, Inc.	3,719	Retail
Walmart Associates, Inc.	3,468	Retail
State of Florida	3,005	Government
County of Volusia	2,566	Government
Amazon	1,700	Logistics
Embry-Riddle Aeronautical University	1,661	Education
Daytona State College	1,464	Education
Stetson University	1,412	Education
Florida Healthcare	1,409	Healthcare
City of Daytona Beach	947	Government
Winn Dixie Super Markets	850	Retail
United States Postal Service	806	Transportation & Warehousing
Source: Volusia County Economic Development		

Transportation



Highway Network

U.S. Interstate 95 bisects the county north-south along the eastern edge of the county and provides Volusia County residents access to Jacksonville in the north and Miami to the south. U.S. Interstate 4 bisects the county east-west providing access to Orlando to the southwest and the Atlantic Coast to the east. U.S. Route 17 bisects the county north-south along the western edge of the county and provides access to many of the county's western cities and towns. State Road 44 spans the county east-west, providing access to the coast to the east, as well as access to Deland and neighboring Lake County to the west.

Granada Boulevard / State Road 40, is a primary east-west artery crossing the Intracoastal Waterway via Granada Bridge to the Atlantic Ocean beaches. It is a significant thoroughfare to access I-95 through Ormond Beach and connects various neighborhoods, commercial areas, and attractions in the region. The Subject Property is 720 W Granada Blvd.

Public Transit

Votran is Volusia County's public transportation system with a stop at the subject. The proposed project will enhance the transit stop for the residents. has a fleet of 82 revenue-producing fixed route buses and 76 paratransit vehicles. The single-ride bus fare is \$1.75, while an all-day pass is \$3.75.

Port

Volusia County is located between Jaxport, 90 miles to the north, and Port Canaveral, 75 miles to the south.

Locomotive

SunRail is a commuter line that connects Volusia County and Orlando. Amtrack provides transportation along the eastern seaboard.

Airport

Daytona Beach International Airport (DAB) is a full-service county-owned airport located southwest of Daytona Beach, adjacent to the Daytona International Speedway. Daily nonstop service to New York City is offered aboard JetBlue Airways; Atlanta aboard Delta Air Lines; Fort Lauderdale aboard Silver Airways; and Charlotte aboard American Airlines. The airport spans approximately 1,800 acres and includes three runways. 728,681 passengers traveled through the facility in 2019. The Florida Department of Transportation's (FDOT) 2019 annual economic impact study concluded that the airport generates \$2.1 billion regional economic impact.

Medical Facilities

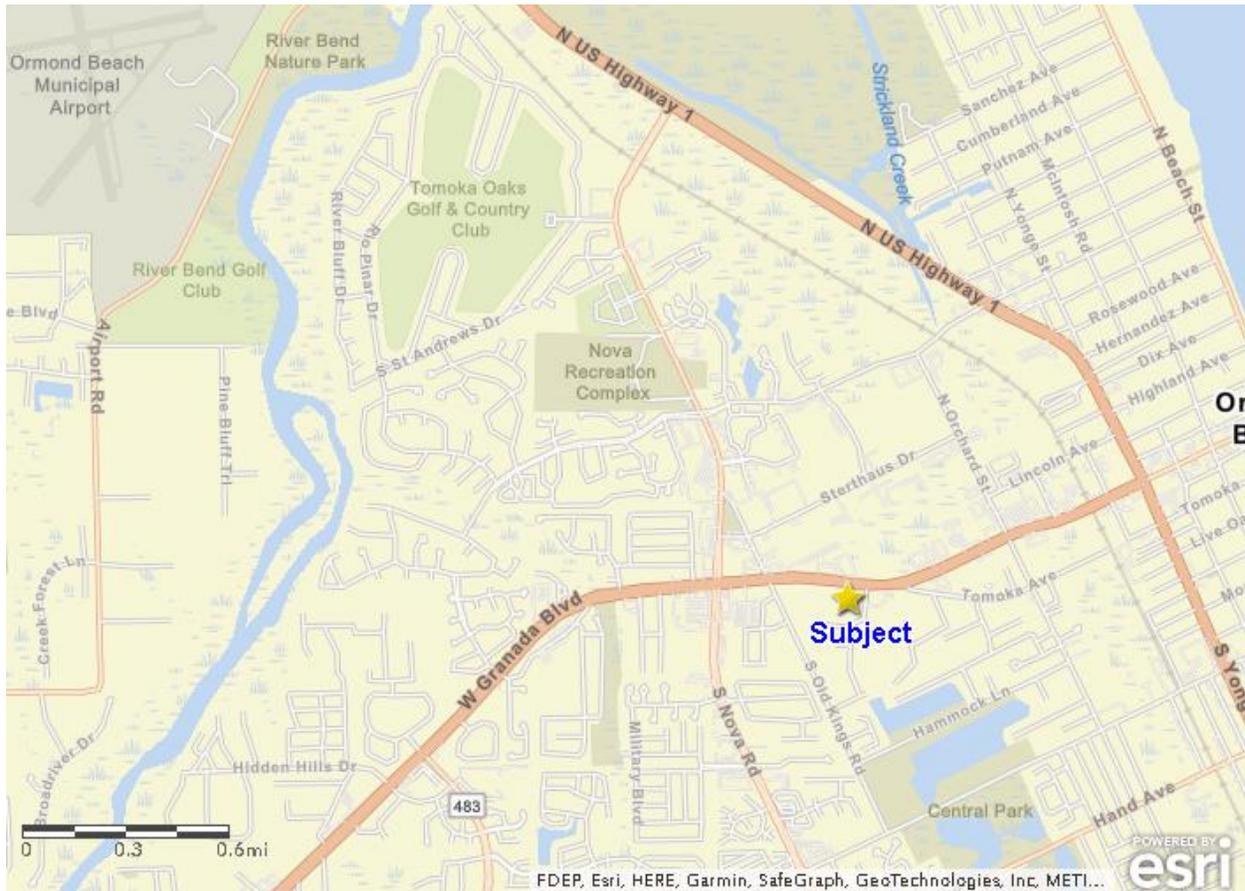
The area is well serviced by the following major medical facilities:

MAJOR HOSPITALS IN VOLUSIA COUNTY		
<i>Facility</i>	<i>Beds</i>	<i>City</i>
Halifax Health Medical Center of Daytona Beach	573	Daytona Beach
AdventHealth Daytona Beach	362	Daytona Beach
AdventHealth Fish Memorial	257	Orange City
AdventHealth DeLand	164	DeLand
AdventHealth New Smyrna Beach	109	New Smyrna Beach
Helifax Health USF Health- Medical Center of Deltona	43	Deltona
Select Specialty Hospital - Daytona Beach	34	Daytona Beach
Source: American Hospital Directory		

Conclusion

Volusia County is located on the eastern coastline of Florida. Tourism provides significant economic impact, with 47 miles of Atlantic Ocean beaches, the Daytona International Speedway, and several beachfront cities. The county has a growing population and economy, as well as a low unemployment rate, within advanced healthcare, education and retail sectors. Various developments will create hundreds of jobs in the county and include a 2.8 million square foot Amazon Fulfillment Center, projected to create 1,000 jobs. There is continued support for multi-family market-rate housing based on the continued expansion of the workforce and the in migration of new households into the region.

Neighborhood Analysis



A neighborhood is an area of similar or complementary land uses, inhabitants, buildings, and business enterprises that are relatively uniform; that is, a neighborhood exhibits a greater degree of commonality than the larger surrounding area. The subject is located in Ormond Beach with excellent access to the area's community support services and major roadways. A brief overview of the neighborhood is provided.

Overview of Neighborhood

The City of Ormond Beach is the northernmost city in Volusia County and is home to approximately 43,000 people. It was initially settled in 1643 and was incorporated in 1880. The city has multiple riverfront and beachfront parks as well as many other green spaces. Additionally, there is a historic shopping district that follows Granada Boulevard toward A1A. The subject is located just west of this district in a primary residential area, proximate medical services.

Access

The neighborhood can be accessed via Nova Road, U.S. Highway 1, and Granada Boulevard. These roads intersect in the center of the neighborhood and the commercial area is centered on these intersections. Nova Road and U.S. Highway 1 travel north-south through the neighborhood. Granada Boulevard travels east-west. The neighborhood is well connected through a network of smaller streets.

School District

School districts are typically an important factor when selecting housing. The subject is located in the Volusia County School District. The following provides the schools within the subject’s neighborhood:

SUBJECT'S DISTRICT SCHOOLS			
<i>Name</i>	<i>Rating</i>	<i>Grades</i>	<i>Enrollment</i>
Pine Trail Elementary School	7	PK-5	707
Ormond Beach Middle School	4	6-8	1,065
Mainland High School	2	9-12	1,870
Source: Greatschools.org			

Great Schools is an organization that rates thousands of schools across the country against their state averages. The scale goes from 1 to 10, ten being the best. The neighborhood has a highly rated elementary school.

Economic Trends

Metronet Fiber Optic Services

Metronet will expand its fiber optic internet service to Daytona Beach, Holly Hill and Ormond Beach. Metronet will provide a 100% fiber optic internet infrastructure that will allow residents and businesses to improve their online lives. It will incentivize the county’s economic growth and development. Metronet plans to hire local market management positions, sales and customer service professionals, and service technicians to support the Daytona Beach Area, creating multiple jobs.

Forte Frozen

Forte Frozen, a provider of temperature-controlled warehouse and e-commerce fulfillment, is undergoing an 85,000-square-foot expansion and is expected to hire about 50 more people.

Road Improvements

The Florida Department of Transportation has undertaken a study to improve the Interstate 95-U.S. 1 interchange in Ormond beach.

Sewer System Improvements

Ormond Beach received \$2 million from the state to further water quality goals, by adopting ultraviolet disinfection and converting septic tanks to the sewer system.

Vadner Park

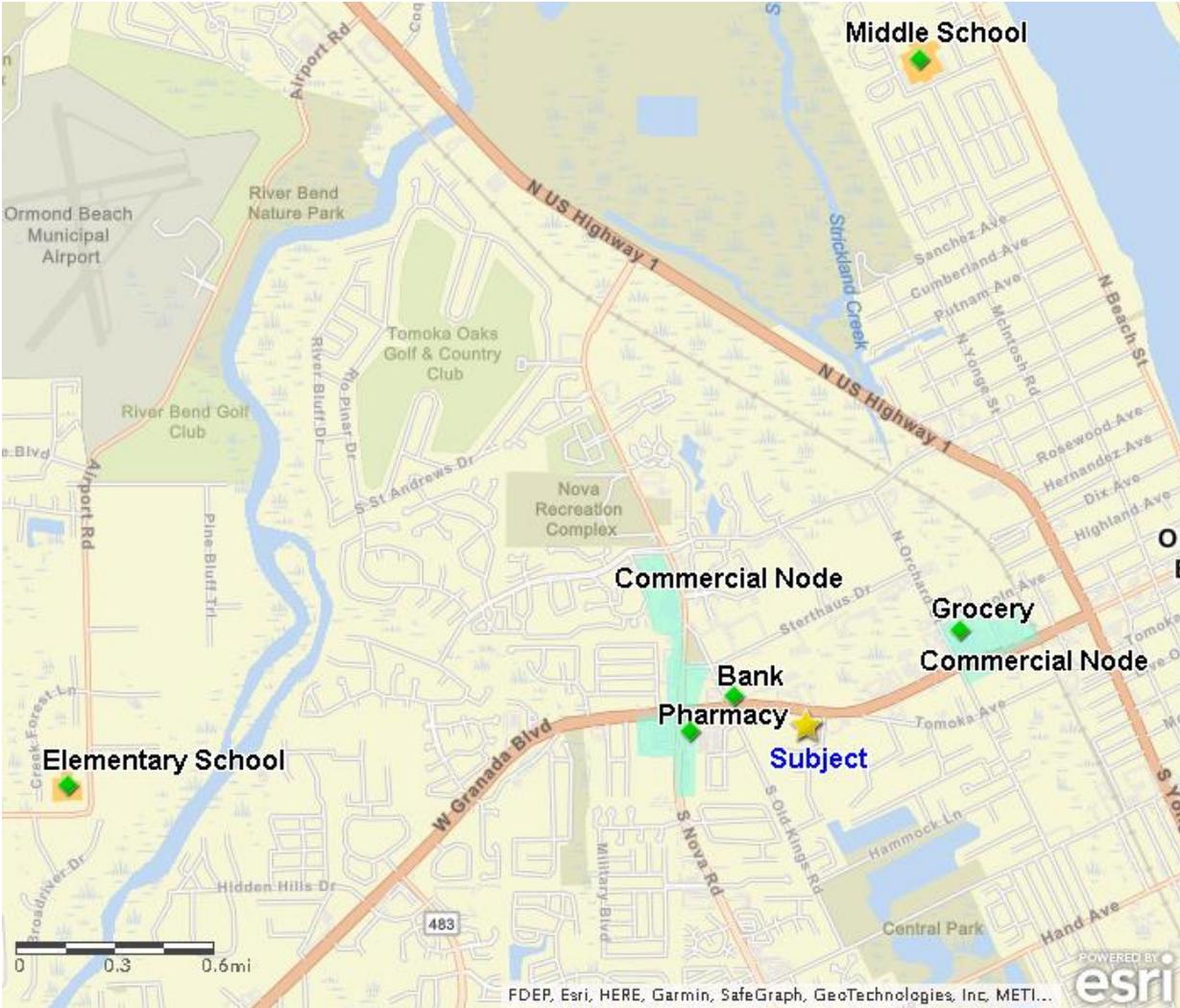
In cooperation with the Garden Club of Halifax Country, Ormond Beach opened Vadner Park in 2022, the first city park with all native Florida vegetation.

Security First Insurance

In November 2019, Security First Insurance finished a \$40 million, 133,000-square-foot headquarters. The move consolidated all of its employees into one local location in Ormond Beach. By 2024, the firm plans to add up to 250 workers. The new corporate headquarters include many employee-centric features such as collaboration areas, yoga studio, fitness center, dining facility, and outdoor walking trail.

Community Support Services

There are a number of residential support services in the market area. Support services provide a network of easily accessible medical, shopping, dining and social opportunities for residents and their families. The following map highlights several of the residential support services available within the market:



CIVIC, SOCIAL, AND COMMERCIAL CENTERS	
<i>Item</i>	<i>Distance (Miles)</i>
Bank	~0.3
Commercial Node – Pharmacy	~0.4
Commercial Node – Grocery	~0.5
Ormond Beach Middle School	~3.1
Pine Trail Elementary School	~5.7

The subject is located in close proximity to all of the major support services needed for a residential property. These support services include a grocery store, pharmacy, bank, and schools.

Crime Statistics

The FBI collects data from each of roughly 16,000 separate law enforcement jurisdictions across the country. The most recent update showed an overall coverage rate of 95% of all jurisdictions nationwide with a coverage rate of 97% of all jurisdictions in metropolitan areas.

The subject is within the jurisdiction of the Ormond Beach Police Department. The following chart illustrates the crime rate per 10,000 persons that were committed in the City of Ormond Beach, the state of Florida, and the United States as a whole in 2019:

2019 CRIME STATISTICS			
<i>Category</i>	<i>Ormond Beach</i>	<i>Florida</i>	<i>National</i>
Violent Crime	30.2238	37.8392	36.6747
Murder and Nonnegligent Manslaughter	0.2272	0.5224	0.5004
Rape	2.9542	3.9371	4.2595
Robbery	3.4087	7.5506	8.1644
Aggravated Assault	23.6337	25.8291	25.0178
Property Crime	254.2893	214.5692	210.9946
Burglary	35.9050	29.5171	34.0512
Larceny-Theft	203.1587	166.8714	154.9507
Motor Vehicle Theft	15.2255	18.1807	21.9926
Source: FBI.gov			

Crime rates are mostly lower than state and national rates and are not reflective of the subject’s specific neighborhood.

Conclusion

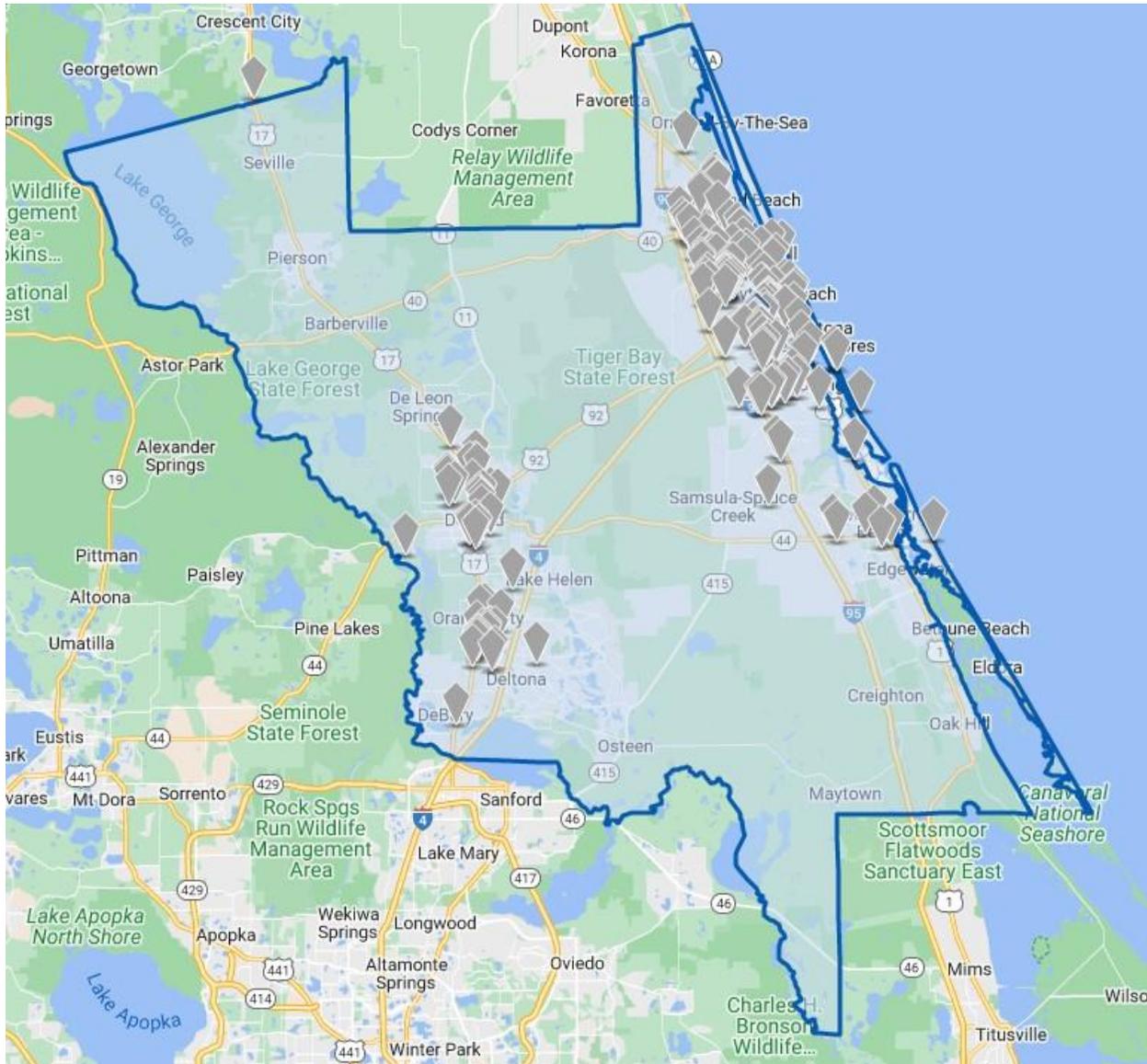
The subject’s neighborhood is centrally located within Ormond Beach, proximate the historic shopping district. The subject’s location along Granada Boulevard and proximity to U.S. Highway 1 provides convenient access to major employment nodes throughout the area. The area features an array of residential support services including hospitals, grocery stores, pharmacies, and banks to support a multi-family living facility such as the subject.

Macro Market Overview

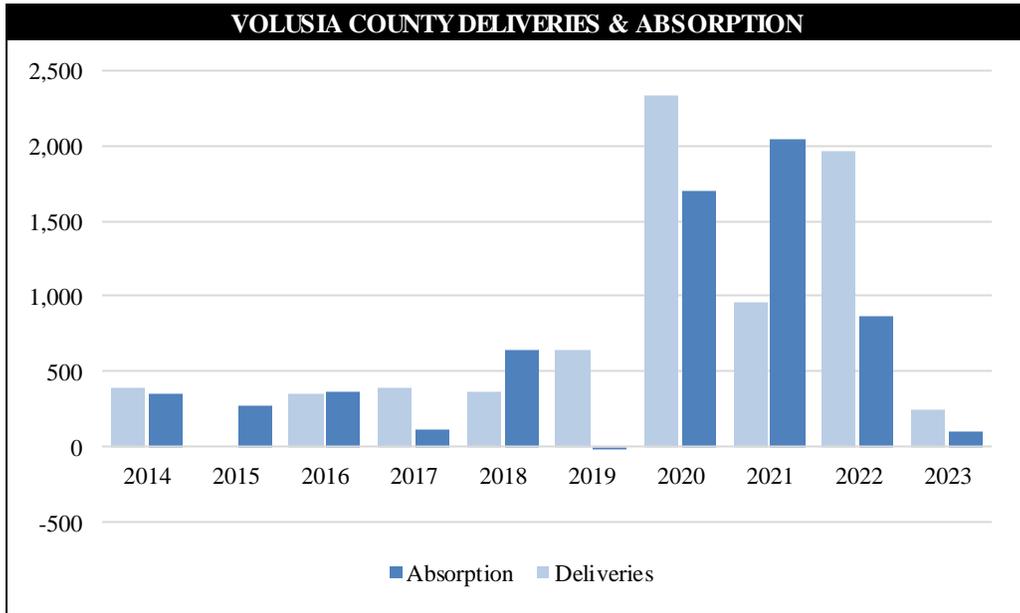
The region is evaluated to determine the overall strength of the housing market and the ability to absorb additions to the rental supply.

Macro Market Overview – Volusia County

The macro market was analyzed based on primary research of the entire region by Value Tech as well as with secondary reliance on the information provided by CoStar. A map of all multifamily apartments in Volusia County (50+ units) is provided:



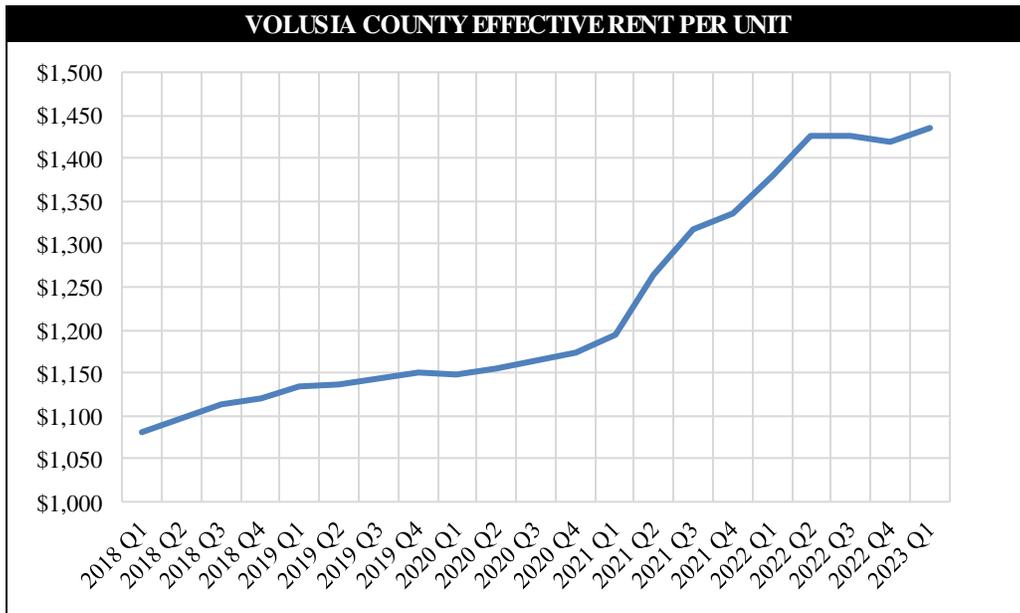
The trend in absorption and deliveries is provided:



Source: CoStar

Over the past four quarters (through 2023 Q1), 1,745 units were delivered in the macro market, compared to an average of 1,229 units delivered annually over the past five years. Recent deliveries peaked in 2020 when 2,337 units were delivered. Over the past four quarters, 740 units were absorbed, compared to an average of 1,020 units absorbed annually over the past five years.

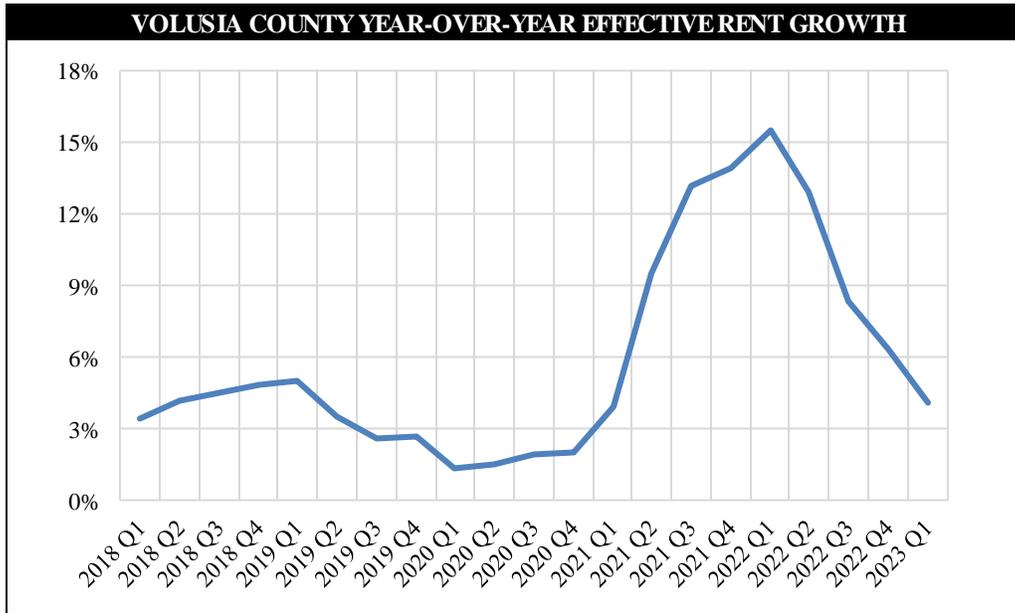
A summary of the trends in effective rents in the market is provided:



Source: CoStar

Over the past five years, effective rents increased from \$1,081 to \$1,436. Over the past four quarters, effective rents increased from \$1,379 to \$1,436.

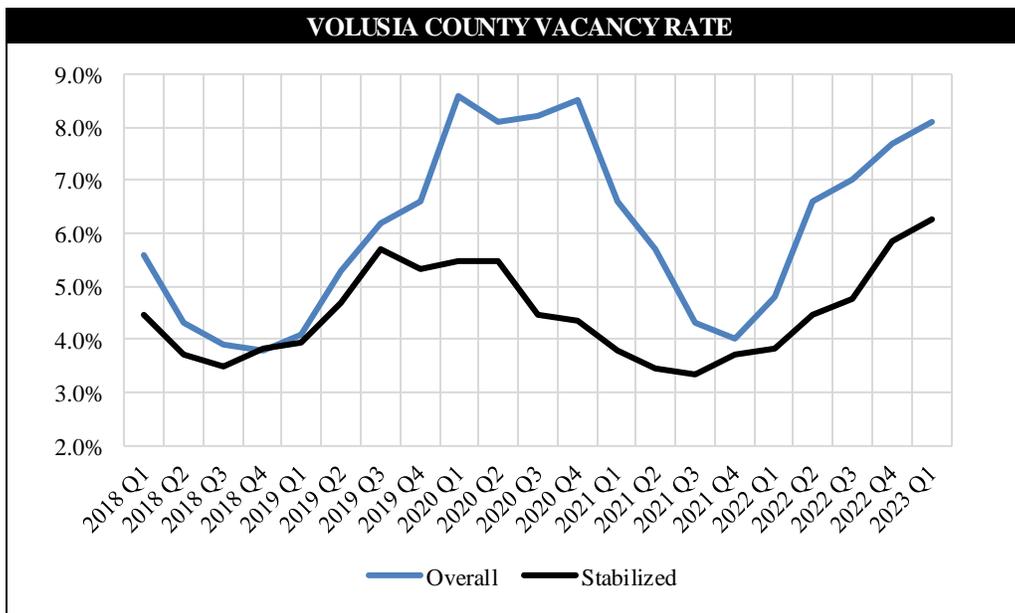
The trend in effective rent growth in the market is provided:



Source: CoStar

Over the past five years, effective rents increased an average of 5.8% annually. Effective rents have increased 4.1% over the past four quarters, slower than the five-year average.

The trend in vacancy rates in the market is provided:



Source: CoStar

The current vacancy rate of 8.1% is above the five-year average vacancy rate of 6.1%. Excluding properties in lease-up or under renovation, the current stabilized vacancy rate of 6.3% is above the five-year average stabilized vacancy rate of 4.5%.

Conclusion

Conditions in the macro market are healthy and indicate demand for additional rental product. Absorption has kept pace with deliveries. Rental rates have increased over the past few years and vacancy rates are similar to typical levels in a stable market. Conditions in the subject's specific submarket are discussed in the following section of the report.

Primary Market Area (PMA)

PMA Delineation

The primary market area was established by evaluating the transportation link between the subject and key employment nodes and residential support services. The area’s largest employers are along or proximate to U.S. Highway 92/International Speedway Boulevard and between Interstate 95 and N Williamson Boulevard. The PMA extends both north and south, with multifamily development generally concentrated east of Interstate 95. A small portion of newer development is west of Interstate 95. Property managers throughout the PMA report little to no overlap with the Palm Coast and Port Orange markets to the north and south, respectively.

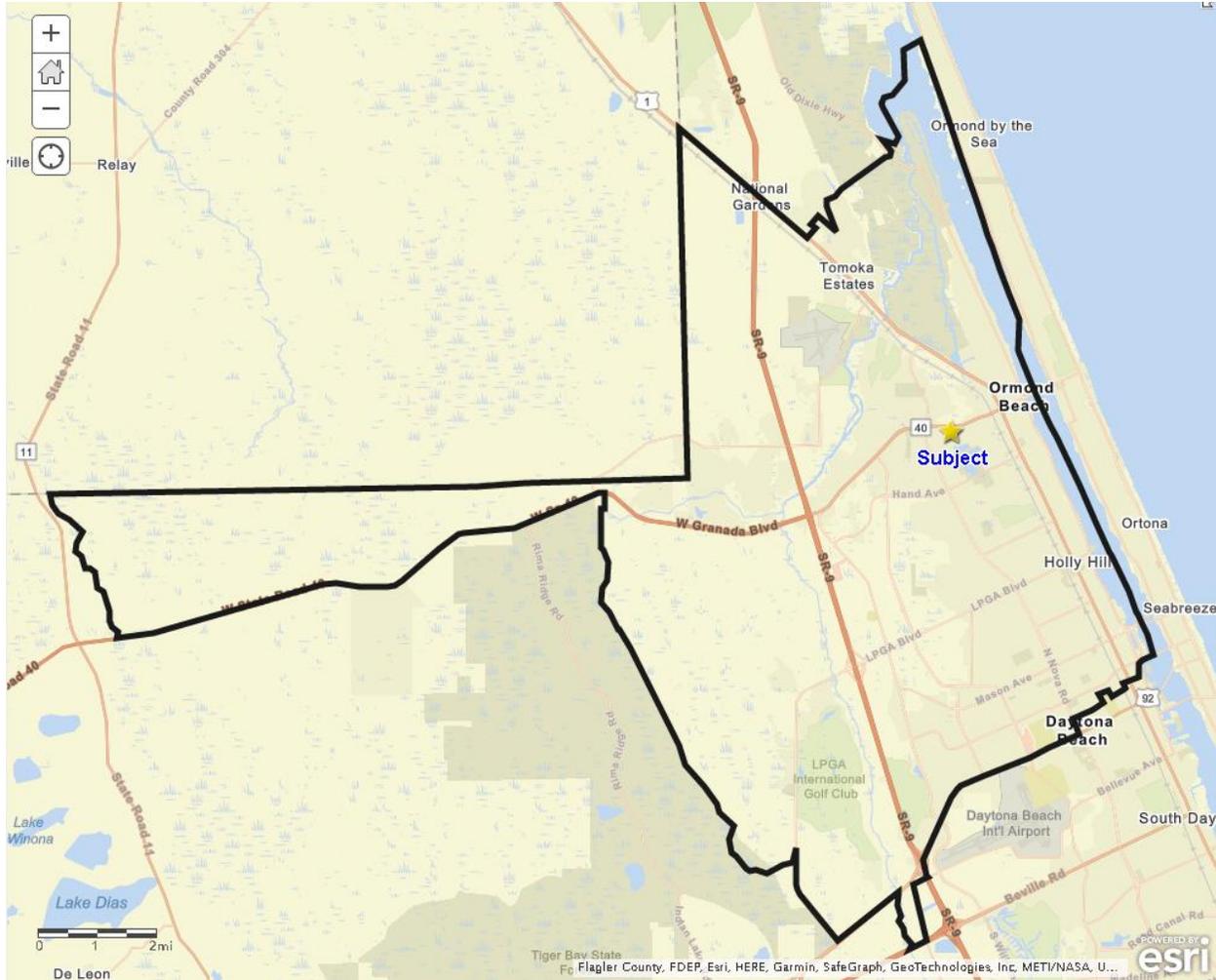
The PMA’s boundaries are presented in the charts as follows:

PMA BOUNDARIES		
<i>Direction</i>	<i>Area of Delineation</i>	<i>Distance from Subject (mi)</i>
Northern	Ormond Beach Residential Area	5.3
Southern	International Speedway Boulevard	7.2
Eastern	Halifax River	1.4
Western	Ormond Beach Residential Area	7.9

The selected census tracts are presented in the chart as follows:

CENSUS TRACTS	
121270801.01	121270810.02
121270806.00	121270815.00
121270807.00	121270816.00
121270808.03	121270817.01
121270808.05	121270817.02
121270808.06	121270818.00
121270808.07	121270819.00
121270808.08	121270823.02
121270808.09	121270823.03
121270809.01	121270832.03
121270809.02	121270832.05
121270810.01	-

The following map illustrates the PMA:



PMA Recent Demographic Trends

Historic counts and future estimates for households and population within the PMA are provided below utilizing current Esri demographic information:

HOUSEHOLD GROWTH: PRIMARY MARKET AREA				
<i>Year</i>	<i>Households</i>	<i>Change #</i>	<i>Change %</i>	<i>CAGR</i>
2010	34,892	---	---	---
2020	39,481	4,589	13.2%	1.2%
2022	41,051	1,570	4.0%	2.0%
2027	42,491	1,440	3.5%	0.7%

Source: Esri

POPULATION GROWTH: PRIMARY MARKET AREA				
<i>Year</i>	<i>Population</i>	<i>Change #</i>	<i>Change %</i>	<i>CAGR</i>
2010	80,149	---	---	---
2020	91,912	11,763	14.7%	1.4%
2022	94,983	3,071	3.3%	1.7%
2027	98,044	3,061	3.2%	0.6%

Source: Esri

The projections are significantly below the actual experience in the market and are not relied upon in the analysis.

Household formation and population are projected to increase over the next five years. Demand projections incorporate economic indicators to supplement census and national demographic sources such as Esri. Esri relies on the 2020 census for projecting future growth. According to the census bureau representatives, the 2020 data collection was flawed due to the impact of the COVID-19 pandemic. Six states had significant undercounting. This was Arkansas (5.04%), **Florida (3.48%)**, Illinois (1.97%), Mississippi (4.11%), Tennessee (4.78%), and Texas (1.92%).

The 2022-2027 population and household estimates for Volusia County fail to align with other economic indicators such as employment growth, housing starts and rental housing absorption trends. Census representatives stressed the importance of supplementing economic factors when projecting household growth. Thus, supplemental economic data combined with discussions with regional and local planners provided the basis for the growth forecast for household formation.

The Florida Office of Economic and Demographic Research (EDR) provides independent data and projection of population by County and Municipality. Volusia County's population was estimated to increase by 1.73%. The City of Ormond Beach and the City of Daytona Beach increased 1.87% and 4.21%, respectively. The chart below shows the estimated growth in population from 2020 to 2022 for Volusia County, the City of Ormond Beach, and the City of Daytona Beach.

FLORIDA POPULATION AND DEMOGRAPHIC DATA			
<i>County/Municipality</i>	<i>2020 Census</i>	<i>2022 Estimate</i>	<i>CAGR</i>
Volusia County	553,543	572,815	1.73%
Ormond Beach	43,080	44,677	1.84%
Daytona Beach	71,488	77,633	4.21%
Average			2.59%

The Florida Department of Highway Safety and Motor Vehicles maintains records of driver’s licenses by county. Driver’s license data for Volusia County was analyzed over the last four years and adjusted to exclude 15-, 16-, and 17-year-old driver’s license data to account for in-place residents receiving their driver’s license for the first time. The remaining growth in driver’s license data suggests a number of people claiming residency in the County. Drivers’ licenses increased **3.5%** in 2023. Volusia County driver’s license data is shown below:

VOLUSIA COUNTY DRIVERS LICENSE STATISTICS		
<i>Year (Excluding new drivers/ 15-17 year olds)</i>	<i>Drivers Licenses</i>	<i>Percent Change</i>
2019 Drivers Licenses	434,205	-
2020 Drivers Licenses	437,492	0.8%
2021 Drivers Licenses	440,133	0.6%
2022 Drivers Licenses	450,308	2.3%
2023 Drivers Licenses	466,106	3.5%
Source: Florida Department of Highway Safety and Motor Vehicles		

Employment data for Volusia County was analyzed to understand trends in employment in the region.

YEAR-OVER-YEAR EMPLOYMENT GROWTH IN VOLUSIA COUNTY		
<i>Month / Year</i>	<i>Employed Population</i>	<i>Y-o-Y Change</i>
Mar 2018	240,759	-----
Mar 2019	241,620	0.4%
Mar 2020	240,294	-0.5%
Mar 2021	239,663	-0.3%
Mar 2022	255,547	6.6%
Mar 2023	266,645	4.3%
T-5 Compounded Average		2.06%
T-3 Compounded Average (2021-2023)		3.62%
Source: Bureau of Labor Statistics		

The 2020-2021 time period reflects the impact of COVID-19 when some of the region's major tourism attractions were closed. The employed population increased **2.06%** over the last five years and **3.62%** in the last three years.

The demand model relies on the various demographic and economic indicators with no reliance placed on the Esri projections. A household growth rate of **3.0%** was utilized to better reflect more recent trends in growth in the PMA.

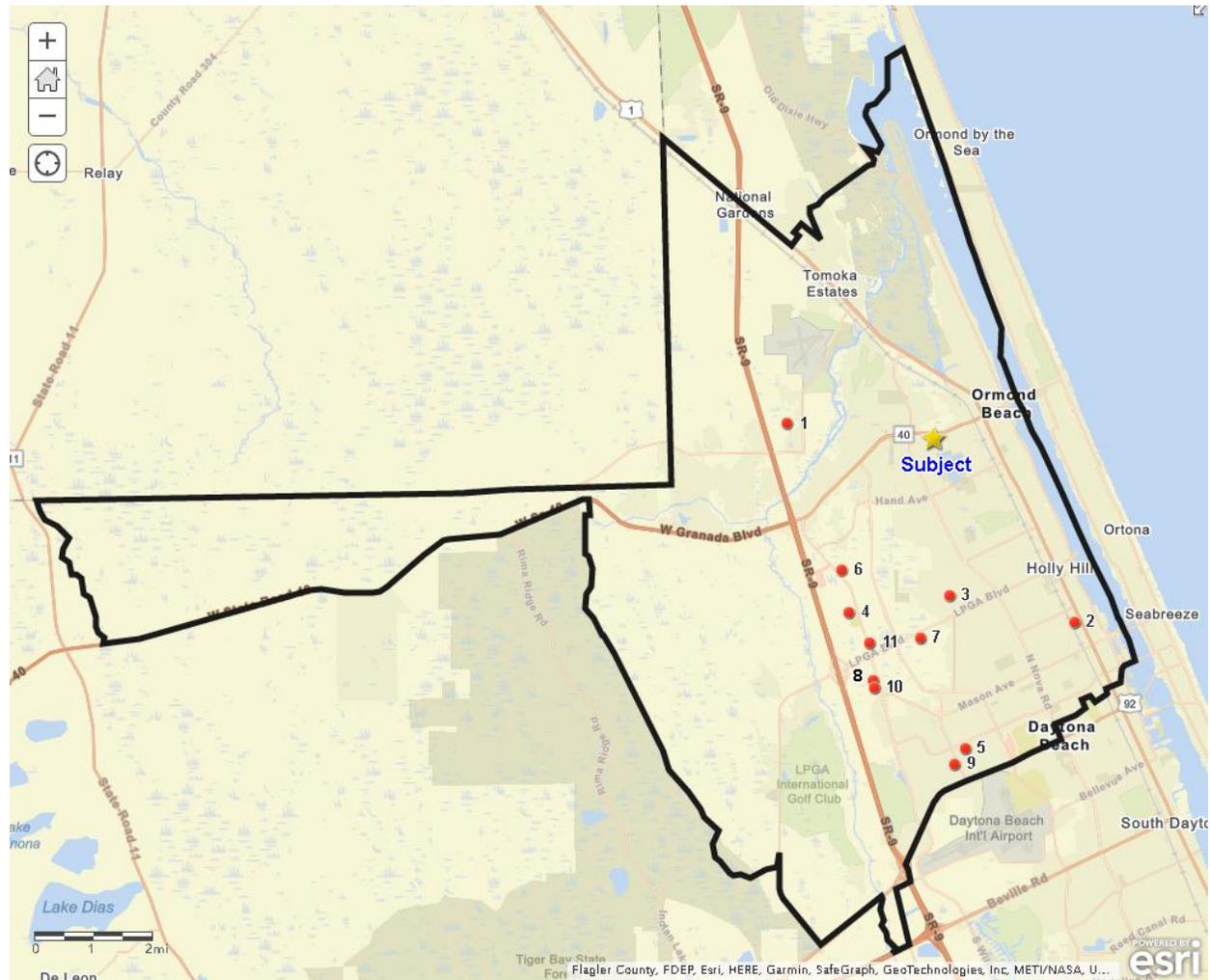
PMA Rental Survey Results

Rental apartment communities in the subject's region were interviewed in order to understand the dynamics of the market. Occupancy levels for the properties in the PMA are as follows:

APARTMENTS LOCATED WITHIN THE SUBJECT'S PMA						
#	<i>Property Name</i>	<i>Year Built</i>	<i>Type</i>	<i># Units</i>	<i>Occupancy</i>	<i>Occupied Units</i>
---	Antares of Ormond Beach	2026	Market-Rate	214	--	--
1	Ormond Grande Townhomes*	2023	Market-Rate	60	20%	12
2	Champions Quarters*	2023	Market-Rate	91	9%	8
3	The Edison	2022	Market-Rate	262	98%	257
4	The Cottages at Daytona Beach*	2022	Market-Rate	283	83%	234
5	Pointe Grand Apartments*	2022	Market-Rate	264	70%	185
6	The Napier	2021	Market-Rate	260	91%	237
7	500 East Apartments	2020	Market-Rate	301	93%	279
8	Madison Pointe Apartments	2020	Market-Rate	240	93%	224
9	Icon One Daytona	2019	Market-Rate	282	85%	239
10	Tomoka Pointe Apartments	2019	Market-Rate	276	98%	270
11	Sands Parc Apartments	2017	Market-Rate	264	99%	260
Surveyed Rental Units in PMA - Stabilized Only				1,885	93.7%	1,766
Surveyed Rental Units in PMA				2,583	85.4%	2,205
Additional Rental Units in PMA (Pre-2010 Market-Rate, Affordable)				6,999	94.3%	6,598
Total Rental Units in PMA				9,582	91.9%	8,803
*Property is in lease-up						

The surveyed properties are reporting an overall occupancy rate of 85.4%. Stabilized properties are 93.7% occupied. There are four properties which are currently in lease-up. All but Champions Quarters anticipate stabilization within the year. Champions Quarters is a single-family rental community which is leasing units as they are finished. There is very little lag time between construction completion and a tenant taking occupancy of the unit.

A map of the surveyed rental properties in the PMA is presented:



PMA Future Supply

Officials with the Cities of Ormond Beach, Daytona Beach, and Holly Hills, along with officials from unincorporated Volusia County, were contacted to determine the pipeline of developments within the PMA. Additional information was obtained from third-party sources including CoStar and Yardi. A summary of known projects likely to move forward within the development timeline is provided:

Under Construction

1. *Drift* is an under-construction market-rate apartment complex located at 100 Navigator Drive. It is anticipated to begin delivering buildings on August 7, 2023, with one building every 20 days from that point. There will be nine total buildings with 300 units.
2. *Napier Apartments Phase II* is a 120-unit apartment development under construction at 2351 North Williamson Boulevard. Phase II is located adjacent to Phase I of Napier Apartments. The project is anticipated to come online in September 2023.

3. *Sanctuary at Daytona Beach* is an under-construction market-rate apartment complex located at 1600 LPGA Boulevard. It is anticipated to begin delivery in October 2023 and will have 336 units at buildout.
4. *Integra Tymber Creek* is an under-construction market-rate apartment complex located at 2619 LPGA Boulevard. At the time of the market inspection, sitework was underway. It is anticipated to begin delivering in late 2024 and will have 311 units at buildout.
5. *The Vineyards* is an under-construction market-rate apartment complex located at 649 6th Street. At the time of the market inspection, sitework was underway. It is anticipated to begin delivering in late 2024 and will have 134 units at buildout.
6. *Mason Daytona Apartments* is an under-construction market-rate apartment complex located just east of the NE Corner of LPGA Boulevard and Clyde Morris Boulevard. At the time of the market inspection, sitework was underway. It is anticipated to begin delivering in late 2024 and will have 300 units at buildout.
7. *Icon One Daytona Phase II Midrise* is a 122-unit midrise multifamily development at 200 Daytona Boulevard. This is the second phase of the existing Icon One apartment complex. Construction began in fall 2022 but was paused. As a conservative estimate, the project has been included with delivery in 2026.

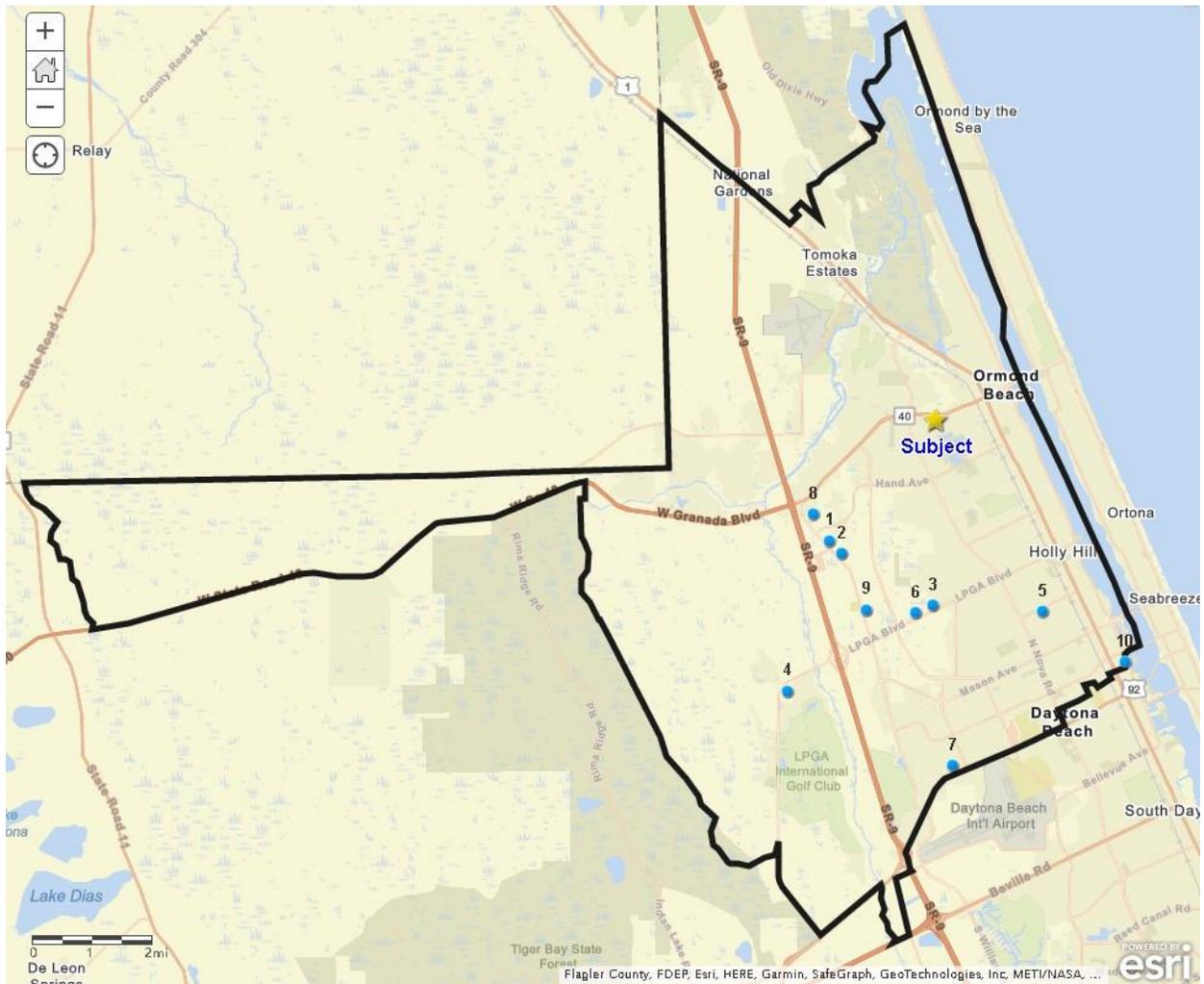
Proposed

8. *Regal Multi-family* is a proposed 310-unit multifamily development at 215 Williamson Boulevard. The project received final approvals from the city in February 2023 but has yet to apply for permits. It is estimated for delivery in 2025.
9. *The Ellis at Tomoka* is a 341-unit proposed multifamily development located at 1799 North Williamson Boulevard. Sovereign Properties, the project’s developer, was able to confirm that the project is moving forward. A construction timeline was not provided but the 341 units were included in the supply & demand calculation.
10. *400 Beach* is a 290-unit proposed multifamily development at 284 North Beach Street. The project received final approvals from the city in early 2023. A construction timeline was not provided but the 290 units were included in the supply & demand calculation.

A summary of the future supply projects likely to move forward in the PMA is provided:

FUTURE SUPPLY SUMMARY				
<i>#</i>	<i>Property Name</i>	<i>Orientation</i>	<i>Status</i>	<i># of Units</i>
1	Drift	Market-Rate	Open Aug. 2023	300
2	Napier Apartments Phase II	Market-Rate	Open Sept. 2023	120
3	Sanctuary at Daytona Beach	Market-Rate	Open Oct. 2023	336
4	Integra Tymber Creek	Market-Rate	Under Construction	311
5	The Vineyards	Market-Rate	Under Construction	134
6	Mason Daytona Apartments	Market-Rate	Under Construction	300
7	Icon One Daytona Phase II Midrise	Market-Rate	Paused	122
8	Regal Multifamily	Market-Rate	Proposed	310
9	The Ellis at Tomoka (Atlantica)	Market-Rate	Proposed	341
10	400 Beach	Market-Rate	Proposed	290
TOTAL UNIT DELIVERIES				2,564

A map of the future supply likely to move forward in the PMA within the development window is provided:



Market Supply and Demand Analysis

Methodology

Two methodologies are utilized to judge market support for the subject. The first presents an incremental approach that evaluates new renter household formation relative to new rental housing supply. This approach takes into consideration all price points and rental housing demand. In essence, the methodology evaluates the balance of supply and demand overall. The second methodology, effective demand, evaluates both the proposed project’s ability to be absorbed and the risk level associated with absorption. Furthermore, it provides an indication of saturation at the price point anticipated for the subject. The incremental analysis is presented first, followed by the effective demand analysis.

INCREMENTAL (NET) DEMAND ANALYSIS

Incremental (net) demand analyzes new household formation relative to existing and proposed supply. The purpose is to evaluate the primary market area relative to potential saturation.

Household Growth

The analysis begins with the quantification of households within the defined PMA. Once total households are calculated, they were projected forward based on growth rates discussed previously at 3.0%. Per industry standards, it is recommended that the forecast period be between 36 and 48 months from the date of the study. Household growth projected forward to 2027 is provided:

HOUSEHOLD GROWTH - PMA		
Year	Total Households	Annual Growth
2022	41,051	---
2023	42,359	1,308
2024	43,666	1,308
2025	44,974	1,308
2026	46,282	1,308
2027	47,589	1,308

Source: Esri, Value Tech Realty Services

Change in Inventory (CINCH)

A market will experience a loss in inventory stock due to natural and man-related disasters. This could be from storms, fires, or intentional demolition due to functional obsolescence. National statistics available rely on a 2015-2017 CINCH study. Across the national housing stock, the annual permanent removal rate is 0.37%. In renter occupied buildings, the annual permanent removal rate is 0.33%. In all occupied buildings, the annual permanent removal rate is 0.23%. Placing reliance on this study, a factor of **0.23%** of homes was estimated to be lost. Applying the ratio to the housing stock by year indicates the following number of units will be lost over the projection period:

ANNUAL HOUSING STOCK LOSS			
Year	Total Households	Removal Rate	Annual Housing Stock Loss
2022	41,051	0.23%	---
2023	42,359	0.23%	97
2024	43,666	0.23%	100
2025	44,974	0.23%	103
2026	46,282	0.23%	106
2027	47,589	0.23%	109

Propensity to Rent

The propensity to rent in a PMA is a function of the housing product that is available. For example, urban cities have discovered that rental product in their urban core is desirable. As product becomes available, the properties are absorbed, and the household mix is altered. The result is the capturing of “latent demand,” which is demand that would seek housing in a market but is restricted due to lack of appropriate supply. Once captured, the market will statistically increase their propensity to rent.

The current propensity to rent is provided:

PROPNESITY TO RENT - NEW HOUSEHOLDS			
	2000	2022	Δ Households
Total Households	31,836	41,051	9,215
Renter Households	10,459	15,365	4,906
Propensity to Rent	32.9%	37.4%	53.2%
Source: Esri			

The market is transitioning more to rental housing. This is due in part to the high cost of home ownership. **A 53.0% propensity to rent is concluded to over the analysis period.** The indicated propensity to rent is applied to the total household growth and housing stock loss over the analysis period to determine demand for new and replacement rental housing.

Balanced Market Calculation

The supply and demand analyses are conducted on the basis of an overall balanced market. This is to ensure that there is enough sustainable demand for the subject without adversely impacting the existing supply. An occupancy level of 95% is the standard for a balanced market. Therefore, the balanced market calculation incorporates a 5% vacancy rate.

Surveyed supply in the PMA includes the 9,582 units presented previously. The 5% vacancy rate is multiplied by the total units in the PMA. This calculates the number of vacant units that are required for a balanced market. The current vacant units in the PMA are then deducted from the required vacant units. The excess demand (positive number) or supply (negative number) is then added or subtracted to the incremental (net) demand analysis. This calculation is shown in the following chart:

BALANCED MARKET VACANCY CALCULATION	
Surveyed PMA Supply	9,582
Balanced Market Vacancy Rate	5.0%
Vacant Units in Balanced Market	479
Surveyed PMA Supply	9,582
PMA Vacancy Rate	8.1%
Vacant Units in PMA	779
PMA Balanced Market Vacancy Calculation	-299

A positive number is excess demand and is added to demand in the current year. A negative number is excess supply and is subtracted from demand. Typically, excess supply is due to new apartment communities in lease-up. There are currently four properties in lease-up.

Total Incremental (Net) Housing Demand

Total incremental (net) housing demand is the combination of household growth with the inventory loss and vacant units required to lease-up. The incremental (net) demand includes all rental households. This is provided as follows:

INCREMENTAL DEMAND SUMMARY - ALL HOUSEHOLDS						
	2023	2024	2025	2026	2027	4-Year Estimate
Total Households	42,359	43,666	44,974	46,282	47,589	
A Projected Annual Household Growth		1,308	1,308	1,308	1,308	5,231
Total Households		43,666	44,974	46,282	47,589	
Annual Removal Rate		0.23%	0.23%	0.23%	0.23%	
B Annual Housing Stock Loss		100	103	106	109	418
C Propensity to Rent Over Analysis Period						53.0%
D Demand for New Rental Housing (A+B)*C						2,994
Surveyed PMA Supply	9,582					
Vacant Units in Balanced Market	479					
Vacant Units in PMA	779					
E PMA Balanced Market Vacancy Calculation	-299					-299
F Total Demand for Rental Housing (D+E)						2,694
Future Supply						2,564
Subject Units						214
New Supply						2,778
G New Supply (at 95% Occupancy)						2,639
H Excess Demand - Including Subject (F-G)						55

*Totals may not add due to rounding

An excess demand value of -100 to +100 indicates a market will be generally in balance. An excess demand value of less than -100 indicates a market may be oversupplied. An excess demand value of greater than +100 indicates a market that may continue to be under supplied.

The incremental analysis indicates there is sufficient new demand in the PMA to absorb the proposed subject in year four. Excess demand exists indicating the addition of the subject will have no impact on existing or future supply.

Based on the overall analysis and the new renter household analysis, there is market support for the subject as proposed. The addition of the subject will not create a soft housing market.

Impact on Existing HUD Housing

The existing HUD-insured properties located in the subject’s PMA are presented as follows:

HUD INSURED PROPERTIES IN PMA					
<i>Property Name</i>	<i>Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i># of Units</i>
Casa San Pablo	401 North Ridgewood Avenue	Daytona Beach	FL	32114	64
Central Manor	136 Fairview Avenue	Daytona Beach	FL	32114	154
Bermuda Estates	100 Hamilton Circle	Ormond Beach	FL	32174	344

As previously noted, there is sufficient net demand to sustain the existing supply and future supply and to absorb the subject. Thus, the subject would not have a long-term negative impact on either existing or proposed HUD-insured properties.

EFFECTIVE DEMAND ANALYSIS

Methodology

The effective demand analysis provides an indication of market support at the price points anticipated for the subject. Further, it examines potential saturation. A demographic analysis was conducted of the primary market area (PMA). The market analysis is based on the following steps:

- 1. Quantify the number of renter households within the PMA by income level;
2. Analyze household growth to estimate the future rental demand that would likely reside within apartments;
3. Quantify the level of rental demand the subject would capture;
4. Determine the competitive set of apartments;
5. Quantify supply and demand;
6. Calculate market penetration and capture rates, and
7. Evaluate the results relative to the guidelines provided by the National Council of Housing Market Analysts (NCHMA)

Projected Households by Income

The analysis begins with the quantification of households within the defined PMA by income. Once total households are calculated, they were projected forward based on growth rates obtained through Esri. Per industry standards, it is recommended that the forecast period be between 36 and 48 months from the date of the study. Household growth projected forward by income to 2027 is provided:

Table with 7 columns: Income Level, 2022, 2023, 2024, 2025, 2026, 2027. Rows include income brackets from <\$15,000 to \$200,000+ and a Total Households row.

Projected Renter Households by Income

The most recent American Community Survey data is used to estimate propensity to rent by income within the defined PMA:

PROPENSITY TO RENT - EXISTING HOUSEHOLDS	
<i>Income Level</i>	<i>Renter %</i>
<\$15,000	54.7%
\$15,000-\$24,999	43.4%
\$25,000-\$34,999	47.2%
\$35,000-\$49,999	41.8%
\$50,000-\$74,999	40.5%
\$75,000-\$99,999	35.4%
\$100,000-\$149,999	21.7%
\$150,000+	15.7%
Source: American Community Survey	

These rates are generally indicative of an inverse relationship between household income levels and the propensity to rent: as household incomes decline, the propensity to rent increases. The propensity to rent is applied to the households to determine potential rental housing demand.

The propensity to rent by income is then applied to the projection of renter households by income at the end of the 48-month analysis period:

PROJECTED RENTER HOUSEHOLDS BY INCOME - 2027			
<i>Income Levels</i>	<i>Total Households</i>	<i>Propensity to Rent</i>	<i>Renter Households</i>
\$0-\$14,999	4,098	54.7%	2,242
\$15,000-\$24,999	3,715	43.4%	1,613
\$25,000-\$34,999	4,726	47.2%	2,229
\$35,000-\$49,999	6,369	41.8%	2,661
\$50,000-\$74,999	8,976	40.5%	3,636
\$75,000-\$99,999	6,700	35.4%	2,371
\$100,000-\$149,999	7,165	21.7%	1,551
\$150,000-\$199,999	2,946	15.7%	463
\$200,000+	2,895	15.7%	455
Total Projected Renter Households - 2027			17,222
Source: American Community Survey, Esri, Value Tech Realty Services			

Demand Analysis – Income Qualification

The subject is a proposed market-rate apartment community. An analysis was conducted to determine the cost-to-income ratio that is supportable by the market for potential residents at the proposed project. Discussions with leasing agents indicate that tenants are qualified at a threshold approximately three times the rent. Therefore, a rounded 35% income ratio was applied in the analysis.

HOUSEHOLD INCOME REQUIREMENTS - MARKET RATE	
Low End of Subject's Rental Range	\$1,670
Maximum Housing Cost as % of Income	35%
Monthly Income Required	\$4,771
Annual Income Required	\$57,257
Conclusion	\$58,000

The income qualified renter households in 2027 for the PMA are presented:

MKT RATE RENTER HOUSEHOLDS - 2027			
<i>Income Level:</i>	<i>Total Renter Households</i>	<i>Allocation</i>	<i>Qualified Renter Households</i>
<\$15,000	2,242	0.0%	0
\$15,000-\$24,999	1,613	0.0%	0
\$25,000-\$34,999	2,229	0.0%	0
\$35,000-\$49,999	2,661	0.0%	0
\$50,000-\$74,999	3,636	68.0%	2,472
\$75,000-\$99,999	2,371	100.0%	2,371
\$100,000-\$149,999	1,551	100.0%	1,551
\$150,000-\$199,999	463	100.0%	463
\$200,000+	455	100.0%	455
Total Households	17,222	42.5%	7,313

Approximately 42.5% of the renter households in the PMA will be income qualified based on the subject’s proposed starting rents.

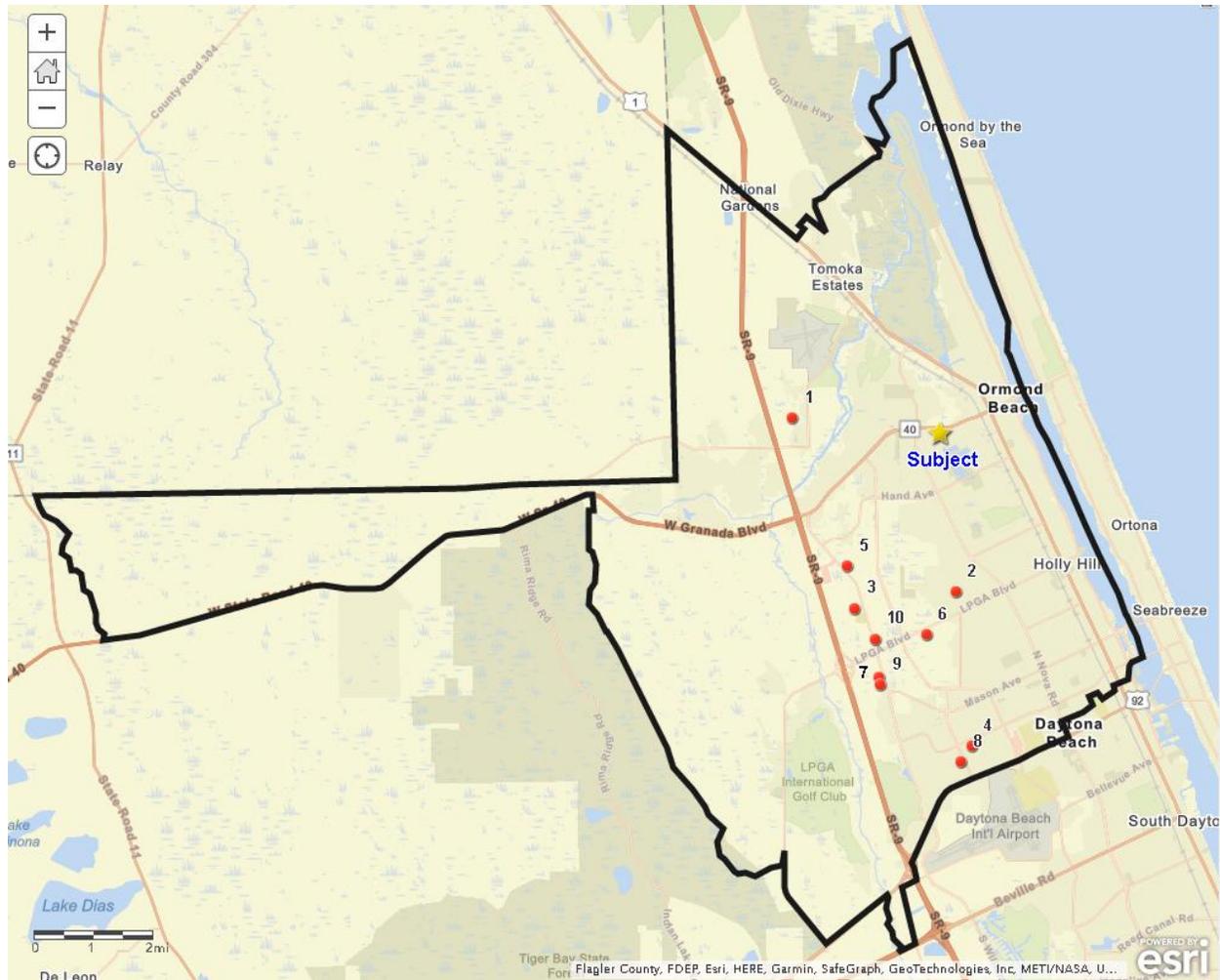
Existing Supply – Market Rate

Apartment properties that were built after 2010 were considered to be competitive with the subject. The occupancy levels for the properties within the PMA are shown as follows:

SUBJECT'S COMPETITIVE SUPPLY						
#	<i>Property Name</i>	<i>Year Built</i>	<i>Type</i>	<i># Units</i>	<i>Occupancy</i>	<i>Occupied Units</i>
---	Antares of Ormond Beach	2026	Market-Rate	214	--	--
1	Ormond Grande Townhomes*	2023	Market-Rate	60	20%	12
2	The Edison	2022	Market-Rate	262	98%	257
3	The Cottages at Daytona Beach*	2022	Market-Rate	283	83%	234
4	Pointe Grand Apartments*	2022	Market-Rate	264	70%	185
5	The Napier	2021	Market-Rate	260	91%	237
6	500 East Apartments	2020	Market-Rate	301	93%	279
7	Madison Pointe Apartments	2020	Market-Rate	240	93%	224
8	Icon One Daytona	2019	Market-Rate	282	85%	239
9	Tomoka Pointe Apartments	2019	Market-Rate	276	98%	270
10	Sands Parc Apartments	2017	Market-Rate	264	99%	260
Surveyed Competitive Units in PMA - Stabilized				1,885	94%	1,766
Surveyed Competitive Units in PMA				2,492	88%	2,197
*Property is in lease-up						

The competitive market is reporting a 88% occupancy level. Stabilized properties are 93.7% occupied. There are three properties which are currently in lease up. All anticipate stabilization within the year. The market conditions of the PMA are suitable for additional rental supply.

A map of the rental properties in relation to the PMA is provided:



A summary of the properties in the PMA is provided:

Competitive Properties

Ormond Grande Townhomes (Lease # 1)

Ormond Grande Townhomes is a 60-unit multifamily facility built in 2023. It offers 3-bedroom townhome units ranging in size from 1,530 to 1,674 square feet. The community features a pool. Unit amenities include balcony/patio, granite countertops, ceiling fans, walk-in closets, wood vinyl, blinds, attached garages, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

The community bundle includes pest control, security and landscaping; it is billed above base rents at a rate of \$95 per month. Trash is billed through the city. Each townhome includes an attached garage with one parking space. The community is offering a move-in special of the first month free as well as a \$500 gift card. The property finished construction in the week of May 7th, 2023. The property had its first move-in in January 2023. Management expressed no concerns over saturation. At the time of the survey, the property was 20.39% occupied.

The Edison (Lease # 2)

The Edison is a 262-unit multifamily facility built in 2022. It offers 1-, 2-, and 3-bedroom units ranging in size from 864 to 1,643 square feet. The community features a clubhouse, business center, fitness center, pool, kids' playroom, barbeque/picnic area, pet park, elevators, and gated/secure access. Unit amenities include balcony/patio in select units, quartz countertops, ceiling fans, walk-in closets, wood vinyl, carpet, blinds, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Pest control is included in base rents. Trash removal and a mandatory service package that includes cable, internet, and services for smart home technology found in the units is billed above base rents for \$25 and \$125 per month, respectively. Detached garages and storage units are available for \$150 and \$35-\$100 per month, respectively. The property first started leasing in June 2022 and reached stabilization in November 2022. At the time of survey, the property was 98.09% occupied.

The Cottages at Daytona Beach (Lease # 3)

The Cottages at Daytona Beach is a 283-unit cottage style multifamily facility built in 2022. It offers 1-, 2-, and 3-bedroom units ranging in size from 576 to 1,440 square feet. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, and gated/secure access. Unit amenities include yard/patio, quartz countertops, ceiling fans, walk-in closets, wood vinyl, closets, blinds, smart home package, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Internet, pest control, and a smart home technology package are included in base rents. Garages are available for \$150 per month. The community is offering a concession of one-month free rent. The property finished construction in February 2023, and it had its first move-in in March 2021, while still under construction. At the time of the survey, the property was 82.69% occupied. Management expressed no concerns towards saturation in the market and no major competitors, stating that the property is very different from the others in the area, and attracts tenants for their cottage-style homes, with a backyard, and without having someone else living above or below you.

Pointe Grand Apartments (Lease # 4)

Pointe Grand Apartments is a 264-unit multifamily facility built in 2022. It offers 2-bedroom units at 1,700 square feet. The community features a clubhouse, swimming pool, fitness center, barbeque/picnic area, and pet park. Unit amenities include balcony/patio, quartz countertops, ceiling fans, walk-in closets, wood vinyl, closets, carpet, blinds, stainless steel appliances, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Pest control is included in base rents. Washer/dryer, valet trash and internet are bundled together and billed at a rate of \$190 per month. Garages are available for \$125 per month. The community is offering a concession of one-month free rent. The property had its first move-in on June 17, 2022. Management noted some of the major competitors in the area are The Edison, Madison Pointe Apartments, and Tomoka Pointe Apartments. At the time of the survey, the property was 70% occupied.

The Napier (Lease # 5)

The Napier is a 260-unit multifamily facility built in 2021. It offers one-, two-, and three-bedroom units ranging in size from 800 to 1,527 square feet. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, pet park, pet spa, and gated/secure access. Unit amenities include attached garages (select units), balcony/patio, washer/dryer connections, walk-in closets, wood vinyl,

carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

No utilities are included in base rents. Trash removal and pest control are billed above base rents at \$25 and \$2 per month, respectively. A secure locker system for packages is available and billed at \$5.75 per month. Detached garages are available for \$125 per month, and attached garages are available for \$150 per month. Interior and exterior storage units are also available for \$75 and \$50 per month, respectively. Management has noticed no trends within the tenant's employers/industry. The property had its first move-in on January 15, 2021, and stabilized in August 2021. The property finished construction in August 2021. The most popular units are 3-bedroom units, as well as Ansel and Ellington. The most popular amenity is the pool. Management noted the property competes with brand new apartment communities, such as The Edison. The community is offering a concession for one-bedroom apartments of one month's free rent if moved in by May 31. At the time of the survey, the property was 91.15% occupied. Property management expressed no concern towards saturation in the market.

500 East Apartments (Lease # 6)

500 East Apartments is a 301-unit multifamily facility built in 2020. It offers one-, two-, and three-bedroom units ranging in size from 586 to 1,347 square feet. The community features a clubhouse, fitness center, pool, barbeque/picnic area, pet park, pet spa, gated/secure access, theater, and car charging station. Unit amenities include balcony/patio, ceiling fans, washer/dryer connections, walk-in closets, wood vinyl, carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Pest control is included in base rents. Trash removal is billed above rent at \$36 per month. Units with a view command a \$20 monthly premium. Detached garages are available for \$130 to \$205 per month, depending on the size. Storage units are available for \$25 to \$60 per month, depending on the size. The property directly competes with newer properties in its immediate area and does not compete with those south of US-92. Two- and three-bedroom units are the property's most popular bedroom types, due to the prevalence of collegiate roommate households and all bedrooms having a bathroom. The one-bedroom 586-square-foot units are the property's least popular unit, due to the lack of a patio and kitchen island. Management noted the most popular amenities are the pool, the dog park and the dog spa. The property delivered its first units in August 2020 and stabilized in August 2021. Construction was finished in 2019 and the property started leasing in January 2020. Management expressed no concerns towards saturation in the market, stating that they have noticed people leaving once new properties open, mainly due to the move-in specials; however, this is not a concern anymore since the property is now offering attractive move-in specials as well. The community is offering a concession of a \$25 application fee and waived security deposit. At the time of the survey, the property was 92.69% occupied.

Madison Pointe Apartments (Lease # 7)

Madison Pointe Apartments is a 240-unit multifamily facility built in 2020. It offers one-, two-, and three-bedroom units ranging in size from 731 to 1,275 square feet. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, pet park, pet spa, gated/secure access, elevators, theater, and car charging station. Unit amenities include balcony/patio, ceiling fans, walk-in closets, wood vinyl, carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Pest control, valet trash, and water and sewer are bundled together and charged above base rents at a rate of \$95, \$115, and \$135 for one-, two-, and three-bedroom apartments, respectively. Detached garages are available for \$150 per month. Additionally, storage units are available for \$35 to \$55 per month, based upon size. One-bedroom units are the property's most popular bedroom type. Management noted the pool

and the fitness center are the most popular amenities. The property delivered its first units in November 2020 and stabilized in June 2021. Management noted The Napier, Sands Parc Apartments, Tomoka Pointe Apartments, The Edison, The Cottages at Daytona Beach, and Icon One Daytona are the major competitors in the area. At the time of the survey, the property was 93.33%. Property managers expressed no concern about saturation within the market due to the higher quality amenities and unit features of the property. Property manager additionally claims there are many outdated properties within the market.

Icon One Daytona (Lease # 8)

Icon One Daytona is a 282-unit multifamily facility built in 2019. It offers one-, two-, and three-bedroom units ranging in size from 770 to 1,483 square feet. The community features a clubhouse, business center, fitness center, pool, basketball court, barbeque/picnic area, pet park, gated/secure access, elevators, and theater. Unit amenities include balcony/patio with storage, ceiling fans, washer/dryer connections, walk-in closets, wood vinyl, carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Pest control and valet trash are billed above based rents at a rate of \$5 and \$30 per month, respectively. City trash charges from \$12 to \$20 per month. Water/sewer is based on usage. Cable and internet are provided by Hotwire, and internet starts at \$50 per month. Small and large storage units are available for \$45 and \$65 per month, respectively. The property directly competes with newer properties within its immediate vicinity, as well as the Enclave at 3230 as well as attracting tenants from the older communities in the area. NASCAR, Embry-Riddle Aeronautical University, and Advent Health are the top employers among the property's tenants. The property delivered its first units in December 2019 and completed construction in September 2020. It stabilized by the end of April 2021. At the time of the survey, the property was 84.75% occupied.

Tomoka Pointe Apartments (Lease # 9)

Tomoka Pointe Apartments is a 276-unit multifamily facility built in 2019. It offers one-, two-, and three-bedroom units ranging in size from 749 to 1,255 square feet. The community features a clubhouse, business center, fitness center, pool, barbeque/picnic area, pet park, gated/secure access, elevators, and theater. Unit amenities include balcony/patio, ceiling fans, walk-in closets, wood vinyl, carpet, granite/quartz countertops, blinds, USB charging ports, walk-in showers, double-vanity sinks, tile-backsplashes, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Pest control, water, and sewer are included in base rents. Detached garages are available for \$100 to \$150 per month. Additional storage is available for \$15 to \$100 per month, depending on the size. The property was built in April 2019 and stabilized in November 2020. At the time of the survey, the property was 97.83% occupied.

Sands Parc Apartments (Lease # 10)

Sands Parc Apartments is a 264-unit multifamily community built in 2017. It features one-, two-, and three-bedroom units ranging from 638 to 1,303 square feet. The community features a clubhouse, business center, fitness center, pool, playground, barbeque/picnic area, pet park, car care center, and gated/secured access. Unit amenities include a balcony/patio, ceiling fans, walk-in closets, wood vinyl, carpet, granite/quartz countertops, blinds, stainless steel, refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer.

Trash removal, pest control and an amenity fee are billed above base rents at a rate of \$25, \$6, and \$5 per month, respectively. Units with pool views and wooded views command a monthly premium of \$20 and \$15, respectively. Each unit includes 2 open parking spaces. Detached garages are available for \$125 per

month, and attached garages are available for \$150 per month. Storage units are available for \$30 per month. At the time of the survey, the property was 98.48% occupied.

Capture and Penetration Analysis

A **capture rate** is defined as the percentage of age, size, and income-qualified renter households in the primary market area that the subject property must capture to achieve a stabilized level of occupancy. The overall capture rates shown above are well within the norm of the industry, indicating the subject is supported by the PMA.

A **penetration rate** (total competitive supply divided by qualified households expected to rent) provides another methodology to measure the strength of a market. It is the percentage of age- and income-qualified renter households in the primary market area that all competitive existing and proposed properties must capture to achieve a stabilized level of occupancy.

A capture rate provides an indication of the subject’s portion of demand necessary to fill to a stabilized level. A low capture rate indicates absorption should be at normalized levels. The penetration rate provides an indication of overall market saturation. The higher the percentage, the higher the risk. Both capture and penetration rates are within an acceptable level for market support. This indicates a normalized absorption period is anticipated. This is summarized as follows:

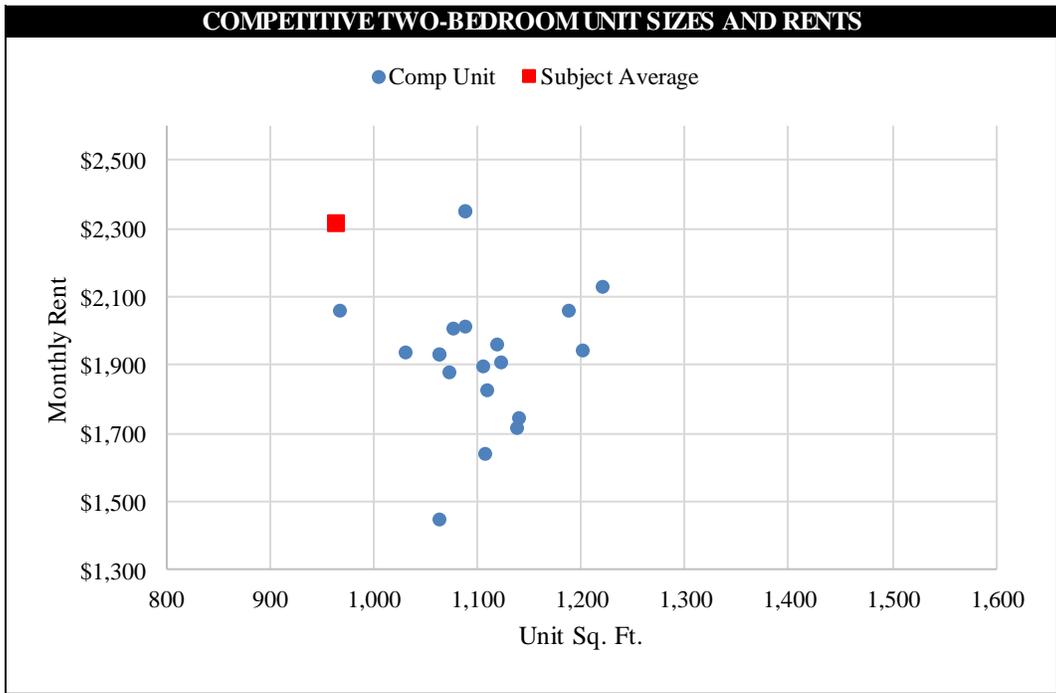
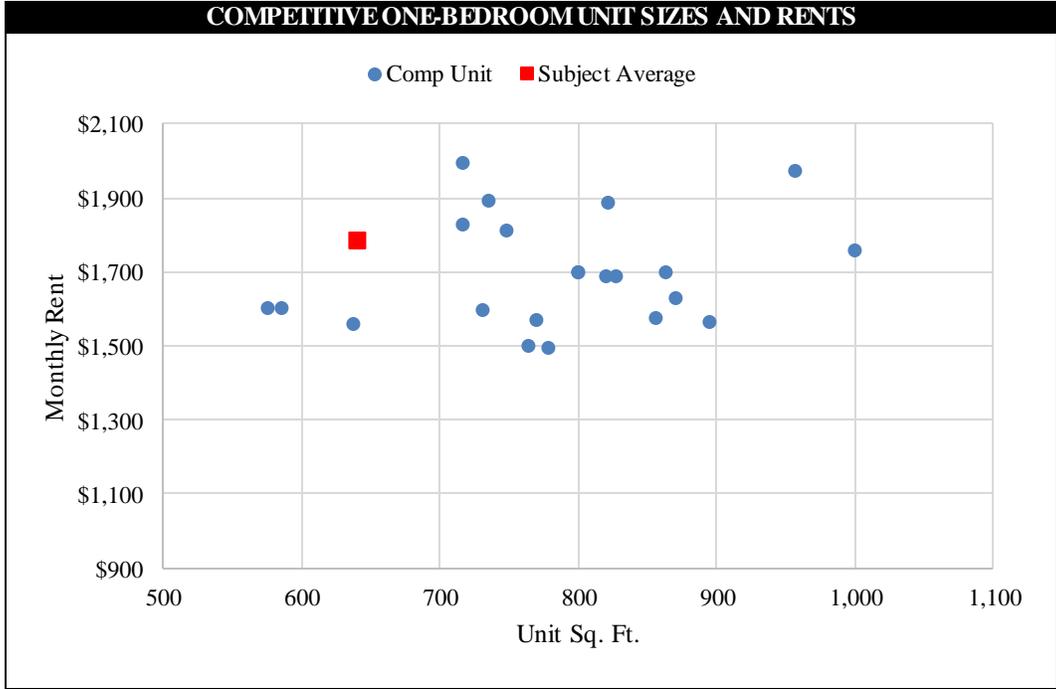
MARKET RATE OVERALL CAPTURE AND PENETRATION - 2027		
a	Qualified Renter Households	7,313
b	Competitive Current Supply	2,492
c	at 95% Occupancy	2,367
d	Competitive Future Supply	2,564
e	at 95% Occupancy	2,436
f	Subject Units	214
g	at 95% Occupancy	203
h	Total Supply (c+e+g)	5,270
i	at 95% Occupancy	5,007
j	Capture Rate (g/a)	2.78%
k	Penetration Rate (i/a)	68.46%

The capture rate for the subject is low, indicating there is ample demand in the market to support the project. This would suggest the lease-up will be at normal levels. There is ample demand to absorb the future supply and sustain the existing supply, including the subject.

Based on the demographic analysis, there is market support for the subject. There is enough demand for all of the properties in the PMA.

Market Rent Analysis

Base rents and square footages for the subject and units at the comparable/competitive properties are presented by bedroom:



The HUD MAP Guide asks for market rents and gross rents by unit type. Gross rent is defined as the cost of renting the unit, including the cost of resident paid utilities. The MAP Guide further defines utilities as water/sewer, electricity, and/or gas.

The subject’s base rate will not include any utilities. Therefore, utility costs including electricity, water/sewer, trash removal, and pest control are the responsibility of the tenant. This is similar to the pricing structure at the newer communities in the market that are considered most similar to the subject. The subject property will not have gas; therefore, gas rates were not provided. Gross rents for each property were analyzed. The resident paid utilities were based on local market data as follows:

HOUSING AUTHORITY UTILITY ALLOWANCE- WATER AND SEWER		
<i>Item</i>	<i>One-Bedroom</i>	<i>Two-Bedroom</i>
Water	\$35	\$41
Sewer	\$36	\$43
Total Water/Sewer	\$71	\$84
Source: Housing Authority		

HOUSING AUTHORITY ELECTRIC ADJUSTMENT		
<i>Item</i>	<i>One-Bedroom</i>	<i>Two-Bedroom</i>
Heating	\$10	\$12
Cooking	\$7	\$9
Water Heating	\$22	\$28
Other Electric	\$21	\$27
Air Conditioning	\$36	\$46
Total Electric	\$96	\$122
Source: Housing Authority		

TRASH REMOVAL ADJUSTMENT	
<i>Property</i>	<i>Rate</i>
Utility Allowance	\$18
The Edison	\$25
The Napier	\$25
500 East Apartments	\$36
Icon One Daytona	\$30
Conclusion	\$27

PEST CONTROL ADJUSTMENT	
<i>Property</i>	<i>Rate</i>
The Napier	\$2
Icon One Daytona	\$5
Conclusion	\$4

The income targeted by the subject was defined based on the most comparable properties located in the PMA. The rental rates provided reflect current 2023 rents and have not been trended into the future. The rental rate range for the comparable set is summarized by unit type as follows:

ONE-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
SUBJECT	\$1,670	\$2,026	None	\$197	\$1,867	\$2,223
The Edison	\$1,700	\$1,755	P	\$98	\$1,798	\$1,853
The Cottages at Daytona Beach	\$1,600	\$2,165	P	\$98	\$1,698	\$2,263
500 East Apartments	\$1,600	\$1,600	P	\$194	\$1,794	\$1,794
Madison Pointe Apartments	\$1,594	\$1,690	None	\$197	\$1,791	\$1,887
Icon One Daytona	\$1,492	\$1,631	None	\$197	\$1,689	\$1,828
Tomoka Pointe Apartments	\$1,699	\$1,975	None	\$197	\$1,896	\$2,172
Sands Parc Apartments	\$1,499	\$1,892	None	\$197	\$1,696	\$2,089

TWO-BEDROOM RENTS						
Unadjusted Rents			Utilities		Adjusted Gross Rents	
Property	Low End	High End	Utilities Included	Utility Cost Difference	Low End	High End
SUBJECT	\$2,304	\$2,325	None	\$236	\$2,540	\$2,561
The Edison	\$1,945	\$1,945	P	\$111	\$2,056	\$2,056
The Cottages at Daytona Beach	\$2,350	\$2,350	P	\$111	\$2,461	\$2,461
Pointe Grand Apartments	\$1,649	\$1,649	P	\$233	\$1,882	\$1,882
500 East Apartments	\$1,894	\$1,894	P	\$233	\$2,127	\$2,127
Madison Pointe Apartments	\$1,907	\$2,058	None	\$236	\$2,143	\$2,294
Icon One Daytona	\$1,640	\$2,129	None	\$236	\$1,876	\$2,365
Tomoka Pointe Apartments	\$1,444	\$1,959	None	\$236	\$1,680	\$2,195
Sands Parc Apartments	\$1,714	\$2,014	None	\$236	\$1,950	\$2,250

Concessions

Concessions among the competitive properties are as noted:

CONCESSION SUMMARY	
Property Name	Concession Offered
Ormond Grande Townhomes	Enjoy One Month Free + \$500 Gift Card
Champions Quarters	Sign Lease By 5/19, Get June Free
The Edison	None
The Cottages at Daytona Beach	1 Month Free Rent
Pointe Grand Apartments	1st Month Free Rent
The Napier	1Br: Move-In By 05/31, 1 Month Free
500 East Apartments	\$25 Admin Fee & Waived Security Deposit
Madison Pointe Apartments	None
Icon One Daytona	4 Night Cruise If Apply Within 48H Of Tour
Tomoka Pointe Apartments	None
Sands Parc Apartments	None

Concessions are primarily due to the large number of units in lease-up. These are atypical in the market when properties are stabilized.

Absorption

The subject will be a newly constructed apartment complex that will require lease-up. The absorption rates for new properties in the area are provided:

ABSORPTION ANALYSIS					
<i>Property</i>	<i>Month Lease-Up Began</i>	<i>Total # of Units</i>	<i>Months in Lease Up</i>	<i>Absorbed Units per Month</i>	<i>Current Occupancy</i>
<i>CURRENTLY IN LEASE-UP</i>					
Pointe Grand Apartments	Jun-22	264	12	15	70.0%
<i>RECENTLY STABILIZED</i>					
The Edison	Jun-22	262	6	41	
The Napier	Jan-21	260	8	31	
500 East Apartments	Aug-20	301	12	24	
Source: Leasing agents at each community					

Lease-up for Ormond Grande Townhomes, Champions Quarters, and The Cottages at Daytona Beach are not considered due to units being delivered over an extended time period, due to the single-unit style of the communities. The subject is likely to experience a lease-up more similar to other garden and mid-rise style communities within the PMA.

The subject is anticipated to be fully absorbed within 11 months after leasing commences. The absorption schedule for the subject is estimated as follows:

ANTARES OF ORMOND BEACH			
Total Units			214.0
Stabilized Occupancy			95.0%
Stabilized Units			203.3
	Move Ins	Occ. Units	Occupancy
Construction Begins	0.0	0.0	0%
Month 1 (First C/O - Leasing Begins)	20.0	20.0	9%
Month 2	20.0	40.0	19%
Month 3	20.0	60.0	28%
Month 4	20.0	80.0	37%
Month 5	20.0	100.0	47%
Month 6	20.0	120.0	56%
Month 7	20.0	140.0	65%
Month 8	20.0	160.0	75%
Month 9	20.0	180.0	84%
Month 10	20.0	200.0	93%
Month 11	3.3	203.3	95%
Total	203.3	203.3	95%

Conclusion

The subject is a proposed 214-unit rental apartment complex to be located in Ormond Beach, along West Granada Boulevard, the primary east-west thoroughfare for the city. The subject's site is considered suitable for multifamily development.

The subject as proposed will provide functional floorplans that incorporate modern designs and features. A broad array of recreational amenities, coupled with its prime location, will place the proposed project in a strong competitive position. The development will target moderate- to high-income households employed in the various education, healthcare, and professional services industries.

Household and population growth within the market is trending in a positive direction. Additionally, the area's accessibility to Interstates 95 and 4 makes it an attractive location for logistics firms migrating into the region and workers that seek a commuter location. Employees within the market have an average wage level that aligns with Class A apartment rents. The continued growth of households and job formation will create demand for new market-rate apartments.

The county has a growing population and economy, as well as a low unemployment rate, within advanced healthcare, education, and retail sectors. Various developments will create hundreds of jobs in the county and include a 2.8 million square foot Amazon Fulfillment Center, projected to create 1,000 jobs.

The subject is located in the Ormond Beach submarket of the Greater Daytona Beach Region. Ormond Beach is the path of growth as the region is expanding north and west. Significant activity is occurring across a broad spectrum of land uses. Infrastructure improvements including roadways are supporting the growth. The Ormond Beach submarket is poised for rapid growth including residential attracting working and retired households.

Rental conditions in the subject's primary market area (PMA) are appropriate for additions to supply. Overall occupancy rates are strong, with four communities currently in lease up. Those properties that have completed build out anticipate stabilization prior to 2024. Property managers throughout the PMA noted there is sufficient demand for additional rental units.

Based on the demographic analysis conducted, there is market support for a high-quality rental property such as the proposed subject. The addition of the subject will not impact any HUD-financed properties or create an over-supplied or overall soft housing market.

ADDENDUM A
RENT COMPARABLES

ADDENDUM B
UTILITY ALLOWANCE

Utility Allowance Schedule
U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing
 OMB Approval No. 2577-0169
 (exp. 7/31/2022)

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

County of Volusia, Section 8 {Ormond Beach} Housing Choice Voucher Program
 Unit Type: Mutli-Family Residence
 Date (mm/dd/yyyy): 12/31/2021

Heating (Monthly Dollar Allowances)

Utility Services	0BR	1BR	2BR	3BR	4BR	5BR
a. Natural Gas	7	10	13	15	20	23
b. Bottle Gas	17	24	31	38	48	55
c. Electric	7	10	12	15	19	22
d. Fuel Oil	21	30	38	45	56	61

Cooking (Monthly Dollar Allowances)

Utility Services	0BR	1BR	2BR	3BR	4BR	5BR
a. Natural Gas	6	8	10	13	16	18
b. Bottle Gas	14	20	25	31	39	45
c. Electric	5	7	9	11	14	16

Other Electric (Monthly Dollar Allowances)

Utility Services	0BR	1BR	2BR	3BR	4BR	5BR
	15	21	27	33	42	48

Air Conditioning (Monthly Dollar Allowances)

Utility Services	0BR	1BR	2BR	3BR	4BR	5BR
	26	36	46	56	72	82

Water Heating (Monthly Dollar Allowances)

Utility Services	0BR	1BR	2BR	3BR	4BR	5BR
a. Natural Gas	15	21	27	33	42	48
b. Bottle Gas	37	51	66	81	103	118
c. Electric	16	22	28	34	44	50
d. Fuel Oil	44	61	79	96	122	140

Other (Monthly Dollar Allowances)

Utility Services	0BR	1BR	2BR	3BR	4BR	5BR
Water	29	35	41	47	56	63
Sewer	29	36	43	50	61	68
Trash	18	18	18	18	18	18
Range/Microwave	80	80	80	80	80	80
Refrigerator	80	80	80	80	80	80
Electricity	8	8	8	8	8	8
Customer Charge						
Natural Gas	25	25	25	25	25	25
Customer Charge						

ADDENDUM C
QUALIFICATIONS



"Providing solutions & exceeding expectations through vision, integrity & excellence"

Connor Soule
Senior Real Estate Analyst
Value Tech Realty Services, Inc.
240 Crystal Grove Boulevard
Lutz, FL 33548
813.948.0545 Phone
813.909.9338 Fax

Certifications

Member: NCHMA – National Council of Housing Market Analysts

Education

University of South Florida – Bachelor of Arts in Finance

Professional Experience

Connor serves as a senior real estate analyst focused primarily on senior healthcare facilities and senior apartments. Mr. Soule has performed market studies, preliminary market assessments, as well as assisted with highest and best-use analyses. He has assisted with both public and private-pay facilities in urban, suburban, and rural environments. Connor has worked with a variety of clients including state finance agencies, private equity firms, national lenders, and developers. He also assisted in appraisals. Mr. Soule has analyzed senior healthcare and senior apartment markets in over 35 states.



"Providing solutions & exceeding expectations through vision, integrity & excellence"

Quintin Kauchick
Director of Operations
Value Tech Realty Services, Inc.
240 Crystal Grove Boulevard
Lutz, FL 33548
813.948.0545 Phone
813.909.9338 Fax

Certifications

Member: NCHMA – National Council of Housing Market Analysts

State-Certified General Real Estate Appraiser:

- Florida RZ4346
- Georgia 428005
- Alabama G01634
- North Carolina A9103

Education

Bachelor of Science – Emory University

Professional Experience

Mr. Kauchick joined Value Tech Realty Services in January 2021. He is a real estate consultant focused primarily on the multifamily arena. He has been active in the real estate industry since 2015 with experience in acquisition due diligence, valuation, and market research.

At Value Tech his experience is utilized in market research across the southeast for mixed-use, affordable, and market-rate apartment communities. He is currently the project lead for consulting assignments that require feasibility and/or concept studies of major mixed-use developments. His market research experience is focused on developments that are best-in-class or unique for the target market.

His appraisal work is focused on both the healthcare and multifamily arena. His experience in multifamily and healthcare includes HUD compliant 221(d)(4), 223(f), and 232 LEAN appraisals, conventionally financed affordable programs, as well as various capitol stacks.

ADDENDUM D
ENGAGEMENT LETTER



"Providing solutions & exceeding expectations through vision, integrity & excellence"

May 2, 2023

Ms. Sarah Daniels
NewPoint Real Estate Capital
10455 N. Central Expy #109-332
Dallas, TX 75231

RE: Proposal for a Market Study for the potential development of a proposed market-rate apartment project located at 720 West Granada Boulevard, Ormond Beach, FL.

Dear Ms. Daniels:

We are pleased to present this proposal to conduct a market study for a 221(d)(4) apartment project to be located in Ormond Beach, FL.

Market Study Scope of Work

The first part of the assignment is to become familiar with market area and the general dynamics of the multifamily industry in the region. The steps necessary to achieve this understanding are as follows:

1. Gather inventory of the apartments in the market if they marketed themselves readily to the public (CoStar, apartment guide, etc.);
2. Quantify the level of demand currently accommodated;
3. Analyze job and household growth to estimate the future rental household demand that would likely reside within apartments;
4. Determine if the subject would satisfy the need of residents based on location, project description/amenities, etc.;
5. Determine if there is market support for the subject property.
6. Analyze general demographic and economic trends on a macro basis for the region, county and/or city as appropriate including population and household trends, age and income distribution, and projections;
7. Analyze specific demographic and economic trends on a micro basis for the city and/or specific census tracts/zip codes including population and household trends, age and income distribution, and projections;
8. Evaluate the current state of the housing market segmented according to age, income levels; and housing needs; and,
9. Assess net demand levels based on existing supply/qualified demand and if there appears to be a basis for additions to the market.

Writing the full market study document and finalizing the research will cost the balance of the total fee. This will result in bringing all aspects of the research together and providing a finalized conclusion involving the viability of the defined geographical market area. All research and findings will be coordinated and presented in conformance with typical financing standards.

Intended Use of the Market Study

The purpose of the multifamily market study assignment is to establish the demand for rental housing so that you can demonstrate there is sufficient demand to support the property. The effective date of the market study will be our most recent inspection date and/or the most current date of obtaining market information.

Intended Users of the Market Study

The market study is to be used by NewPoint Real Estate Capital and HUD in evaluating the potential of the subject.

Timing and Fees

Typical timelines for the research required to complete this assignment is presented.

TIMING AND FEES		
	Timing	Fee
Market Study Report	3-4 weeks	

A retainer of _____ is required before commencement of the assignment. This will be applied to the initial assessment component of the analysis. The balance will be billed once the report is prepared. The report will be subject to General Assumptions and Limiting Conditions, which are normal and typical for this type of assignment.

Reports

We will issue the market study in a PDF format. If printed copies are needed, please contact us.

We appreciate the opportunity to submit this proposal and would welcome the opportunity to work with you on this assignment. Please call me at (813) 948-0545 if you have any questions.

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.



Kay Kauchick, MAI
President

Ms. Sarah Daniels
NewPoint Real Estate Capital

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May 2, 2023

Your signature authorizes our firm to complete this assignment. The retainer of \$3,100 is requested and will be applied to the total fee. The balance of the fee will be due prior to issuance of the final report. It is understood that in the event any part of the fee or expenses is not delivered to Value Tech Realty Services, Inc., the proprietary interest in the research shall remain exclusively in Value Tech Realty Services, Inc. It is further understood that you, the client, shall be responsible for any fees or costs that may be incurred in an attempt to collect unpaid fees under this agreement.

Sarah Daniels
Accepted by: _____

5/2/2023
Date _____

Ms. Sarah Daniels
NewPoint Real Estate Capital