An Analysis of the Market Potential For Apartment Development --- Crystal Lake Apartments --- Crystal Lake, Illinois

Prepared on behalf of:

Three Leaf Partners
504 W. Juneau Avenue
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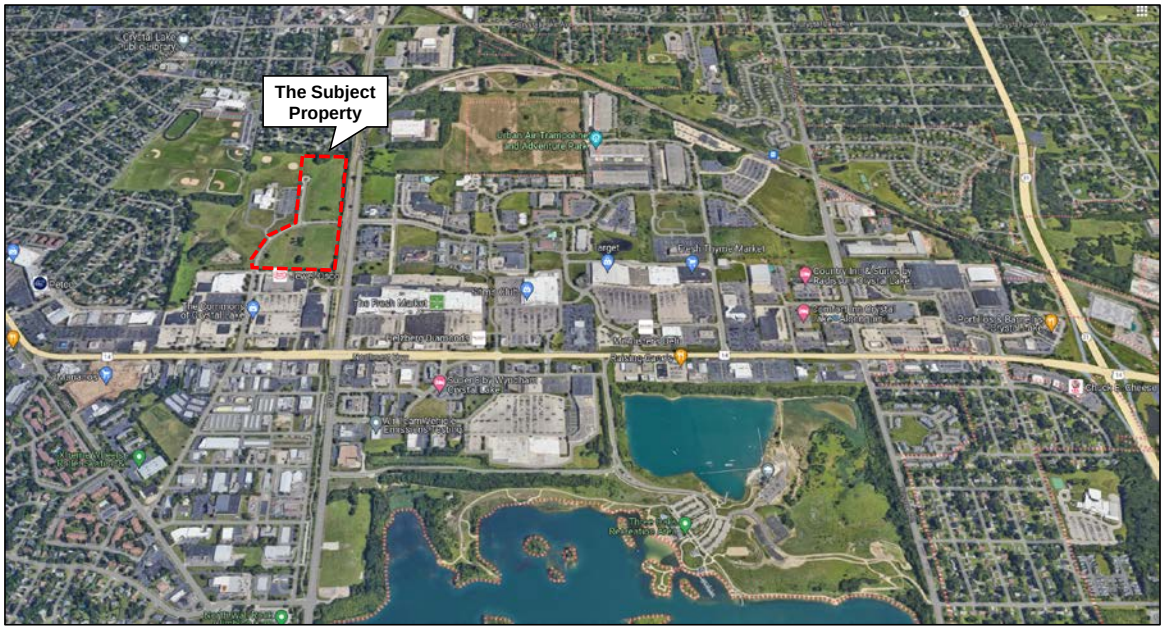
TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

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INTRODUCTION

At the request of Three Leaf Partners, Tracy Cross & Associates, Inc. evaluated the market potential for apartment development in Crystal Lake, Illinois addressing a 24.4-acre assemblage aligning Teckler Boulevard at Pathway Court, approximately one mile northwest of the US 14/31 interchange. The objective of this analysis is to provide the Client with a thorough understanding of relevant economic and residential construction trends as they may impact upon potential apartment development initiatives within the site.

GEOGRAPHIC DELINEATION: TECKLER BOULEVARD PROPERTY
-- CRYSTAL LAKE, ILLINOIS --



Source: Three Leaf Partners and Google Maps

In summary, this analysis establishes the following:

- An understanding of the strengths and weaknesses of the Crystal Lake area's residential marketplace over the 2023-2028 forecast period based upon pertinent economic, demographic, and residential construction trends which define the marketplace.

- Conclusions regarding the marketability of 299 two-story, private entrance garden apartments, hereinafter referred to as *Crystal Lake Apartments*, to be developed within an amenity-enhanced living environment. These conclusions are based upon factors associated with location, the performance of proximate newer apartment projects, and the near term outlook for rental construction development in Crystal Lake and its northwest suburban environs.

- Within the parameters of the conceptualized development, forward recommendations/modifications (as appropriate) to the proposed residential product line viewed to hold measurable market support

and enhance overall profitability. These recommendations address plan styles, unit size and mix requirements, interior appointments/finishes, community-based amenities, and the like.

- ❑ Forward alternative benchmark rent strategies to competitively position the proposed development in concert with regional multifamily construction requirements and enable continued financial modeling.

THE SUBJECT PROPERTY AND ITS ENVIRONS

The subject property consists of a 24.4-acre infill assemblage aligning Teckler Boulevard at its northern terminus at Pathway Court in the city of Crystal Lake. Situated, one-quarter mile north of US 14, the principal commutation and commercial corridor of the city, areas surrounding the site are characterized by expansive retail/commercial centers anchored by national and regional merchants, grocery/pharmacy, automotive services, banking facilities, restaurants, and other consumer service providers, co-mingled with established residential neighborhoods. The property is also roughly one mile north of the city's Three Oaks Recreation Area which includes a 300-acre quarry with beach and swimming area, as well as fishing, kayak/paddle board rentals, scuba instruction and certification; a restaurant and pavilion, picnic grounds; and roughly 30.0 acres of restored trail system with native prairie flowers and dedicated conservation areas.



The Subject Property

Residentially, Crystal Lake is primarily characterized by planned residential developments of single family homes and townhomes introduced, for the most part, during the 1998-2005 timeframe. These include developments such as Water's Edge, Walkup at the Park, and Bristol Ridge (among others) where average sales prices extended from the mid-$200,000s to the $400,000 mark during their respective marketing periods. More recently, Lennar introduced Woodlore Estates which includes The Reserve, a 320-unit family-oriented planning area, together with its 105-unit Woodlore Estates-Andare active adult community. Average home prices in this master development currently extend from the mid-$300,000s to the mid-$500,000s.

Conversely, until recently there had been only limited apartment construction in Crystal Lake and its immediate northwest suburban environs in more than two decades. Over the last six years, however, a number of rental developments have been introduced, concentrated along the I-90 corridor in Algonquin, the "Dundee's", Elgin, and South Elgin, while in Crystal Lake itself, Continental Properties introduced the 280-unit *Springs at Three Oaks* in 2021. Located some 2.5 miles southeast of the subject site at US 31 and Central Park Drive, this community also features a two-story, private-entrance garden apartment idiom which includes a component of direct-access single garages within a gated, amenity-enhanced environment. Plan types include studio, one, two and three bedroom designs which range in unit size from 663 to 1,349 square feet. Corresponding posted rents as of September 2023 extend from $1,536 to $2,576 and average $2,011 which includes a 966 square foot unit, yielding a current dollar value ratio of $2.08 per square foot. Community amenities include a resident club with social areas, fitness center, an outdoor pool and dedicated pet park. Springs at Three Oaks achieved stabilization in October 2022, generating an overall absorption rate of 18.0 units per month since occupancies commenced in July



Springs at Three Oaks – Crystal Lake, IL

2021. Today, this community reflects a vacancy rate of 6.1 percent with 17 units available and is offering a lease incentive of $1,500 or 4.1 percent.

Also, as addressed in later sections of this report, Hamilton Partners recently introduced the *Enclave at Crystal Lake*, a 99-unit apartment community featuring midrise and townhome rental options located approximately one mile north of the subject site at Crystal Lake Avenue and Main Street. Marketing activities at Enclave Crystal Lake commenced in late-November 2023 in anticipation of initial occupancy in late-December or January 2024. In addition, Redwood USA has begun construction of its 305-unit *Redwood Crystal Lake* duplex/villa apartment community to be located immediately north of the Springs project at Central Park Drive. Lastly, Heartland Real Estate Partners has begun infrastructure redevelopment of a portion of the Crystal Court retail center aligning US 14 at Liberty Road in preparation for introduction of the 280 unit *Water's Edge at Three Oaks* apartment community.

THE PROPOSED DEVELOPMENT



Illustrative Image: Crystal Lake

Development of the Teckler Boulevard property envisions moderate-density garden apartment development within a private, amenity-enhanced community. The proposed development will consist of 299 two-story, private entrance garden apartments, distributed among 13 residential buildings, each to include a component of direct-access single garages. Utilizing energy-efficient construction technologies, the community will feature an architectural design aesthetic complimentary to its environs, including cohesive color palettes with decorative accent, decorative street lighting, and the like. Community-based amenities will encompass a centrally located clubhouse/leasing center with multiple social areas, a service kitchen, e-lounge with work nooks, a state-of-the-art fitness center, a terrace with outdoor kitchen/grill stations, and an outdoor pool with sundeck and cabanas. The proposed development will feature extensive landscape and hardscape including storm water retention ponds, walking paths, and a dedicated pet park. For analytical purposes, it is expected that construction will commence in 2024 in anticipation of initial deliveries beginning in 2025.

As summarized in the following table, design concepts include one bedroom, two and three bedroom garden apartments which range in unit size from 712 to 1,405 square feet. Overall, the proposed Crystal Lake Apartments will provide 284,388 net leasable square feet with the average residence containing 951 square feet of living area.

PROPOSED DEVELOPMENT MATRIX: CRYSTAL LAKE APARTMENTS
-- CRYSTAL LAKE, ILLINOIS --

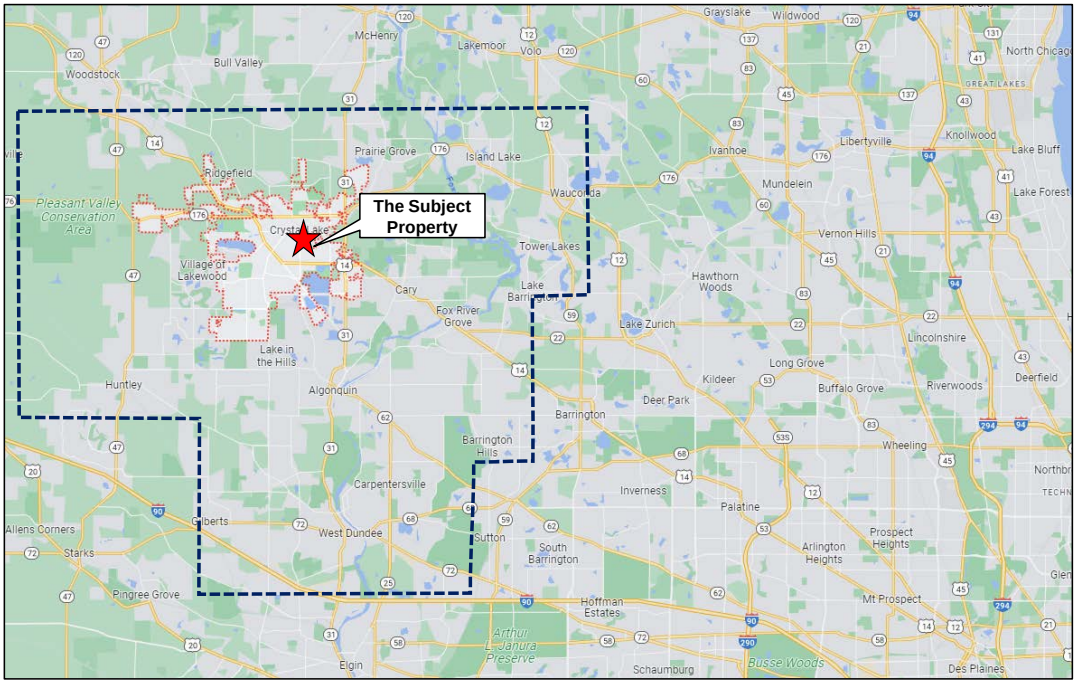
Plan Designation	Total Number of Units	Percent of Total	Bedrooms / Baths	Plan Size Range (Sq. Ft.) w/Stairwell	Plan Size Range (Sq. Ft.) Average	Net Leasable Square Feet
One Bedroom	182	60.9	1 / 1.0	712 - 823	777	141,466
Two Bedroom	91	30.4	2 / 2.0	1,080 - 1,270	1,169	106,392
Three Bedroom	26	8.7	3 / 2.0	1,405	1,405	36,530
Total/Average:	***299***	***100.0***	***---***	***712 - 1,405***	***951***	***284,388***

Source: Three Leaf Partners Concept Schematic dated 11/5/2023.

THE MARKET AREA

For purposes of this analysis, the *Crystal Lake Market Area* is defined as the townships of Algonquin, Dorr, Dundee, Grafton, Nunda and Rutland in Kane and McHenry counties, IL. *Generally* extending south from IL-176 to Interstate 90 and east from Bateman Road/Shales Parkway to Harmony Hill Road, this market area forms a homogeneous component of the far northwest suburban region defined by its dependence upon like sources of employment, commuting patterns established along the I-90, US 14, US 20, and IL-31, 47, 62, and 72 highway systems; socio-economic similarities in demographic and household composition; as well as the alignment of newer apartment developments which will serve as sources of competitive influence.

GEOGRAPHIC DELINEATION: THE CRYSTAL LAKE MARKET AREA



Source: Google Maps & Tracy Cross & Associates, Inc.

CONCLUSION

Apartment development within the subject property is viewed as a viable development opportunity for Three Leaf Partners based upon the strength of the region's apartment sector and the property's strong location proximate to significant concentrations of employment, healthcare, and in-place ancillary shopping and services, along with convenient access to regional transportation systems. Today, there is more than adequate support for quality apartment development which expands housing options to appeal across a broad range of multi-generational consumer segments and enhances the lifestyle orientation of the general area where civic amenities, shopping and (importantly) concentrations of employment are all within a reasonable distance of one's home. This conclusion also considers the expectation of measured regional economic growth during the 2023-2028 forecast period, together with sustaining levels of demand for apartment construction in the marketplace through 2028 and beyond, summarized as follows:

- ❑ Lifestyle residential development within the subject property is consistent with its environs, and also adheres to the City of Crystal Lake's comprehensive plan. As noted, the property is proximate to a wide variety of established shopping, dining, and entertainment venues within the many retail

centers aligning US 14 and IL-31, along with the municipal services, the Three Oaks Recreation Area and other municipal parks and civic gathering spots.

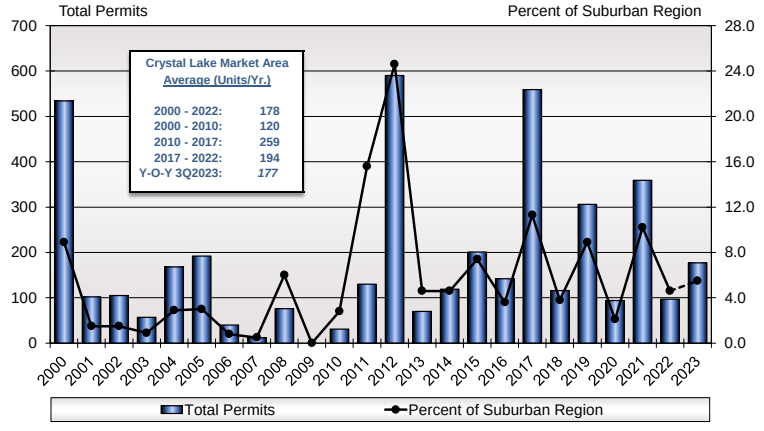
- The property is also within a 40-minute commuting distance of some 1.12 million *suburban* private sector jobs, accounting for just over one-half (51.4 percent) of all suburban private sector jobs in the six-county metro region. These include the many established office parks and logistics centers aligning the I-90 corridor extending east from Hoffman Estates to O'Hare International Airport; the I-355/IL-53 corridor in the Woodfield area of Schaumburg and in Itasca; and along the I-88 corridor from Aurora east to Oak Brook. Area residents may also utilize METRA's Union Pacific Northwest commuter rail service from its Pingree Road station located approximately one mile of the site. Trains from this location reach Chicago's Union Station in approximately one hour and ten minutes. The property is also within an approximate seven-mile distance of several regional medical campuses including Northwestern Medicine McHenry Hospital, Northwestern Medicine Huntley Hospital, and Advocate Good Shepherd Hospital in Barrington. These medical campuses and associated outpatient facilities, together with school district and public administrations also represent significant sources of local employment and lend support to the sustaining strength of the marketplace for multifamily development in the Crystal Lake Market Area.



Northwestern Medicine McHenry Hospital

- As noted, and lending further support to the proposed development, there had been only limited and sporadic conventional apartment construction in the Crystal Lake Market Area in the last two-plus decades. In fact, the six-township market area has accounted for *less than 5.0 percent of total suburban multifamily construction over the last 22 years*. Between 2000 and 2010, for example, a nominal 120 units were authorized annually, largely reflecting additional phases of established garden apartment developments, along with a modicum of condominium and senior housing forms. Over the last nearly seven years, however, momentum in multifamily construction has seen authorizations advance to an average of 244 yearly. In fact, the 559 units issued in 2017 represented the strongest level of authorizations in the six-township market area since 2012 (refer to Appendix A1). Authorizations during this recent 2017-September 2023 timeframe included the aforementioned *Springs at Three Oaks and Enclave at 95* in Crystal Lake; *Watermark at the Grove* in Elgin; *Springs at South Elgin* and *Panton Mill Station* in South Elgin; and *1900 at Canterfield* and *Reserve Randall Road* in West Dundee.

MULTIFAMILY PERMIT TRENDS: THE CRYSTAL LAKE MARKET AREA



Source: U.S. Bureau of the Census: C-40 Construction Reports and Tracy Cross & Associates, Inc.

- Our conclusion also reflects the fact that Chicago's suburban apartment sector (in particular) continues to support strong levels of net absorption. For example, during the 2010-2022 timeframe, suburban net absorption among Class A/B+ developments (i.e., market rate developments built in 2000 or later) averaged 2,023 units annually, with absorption over the last three years accelerating to an annual pace of 3,293. Notably, the 4,364 Class A/B+ units absorbed in 2021 represented the *highest annual net level recorded in the suburban region since our firm began trending in 1995*. Net absorption in the northwest suburban region (which includes the Crystal Lake Market Area) averaged 215 units yearly during the 2010-2022 timeframe, accounting for a modest 10.6 percent of annual suburban absorption. Notably, since 2019 absorption levels in this northwest suburban area accelerated to an annual pace of 379 units, establishing a peak volume of 412 units in 2021. Given the overall lack of construction in this northwest suburban quadrant since 2010, absorption levels are largely attributed to increased occupancies among established developments, coupled with accelerated construction of late. While year-over-year net absorption in market area moderated to 185 units as of the 3rd Quarter 2023, market conditions remain tight suggesting continued levels of pent-up demand for quality apartment development of scale in the local marketplace.

ABSORPTION TRENDS: UNITS BUILT IN 2000 OR LATER
-- CRYSTAL LAKE MARKET AREA --

Time Period	Annual Average (In Units)
2010 - 2022:	**215**
2010 - 2019:	**160**
2019 - 2022:	**379**
Y-O-Y 3Q2023:	***185***

Source: Tracy Cross & Associates, Inc.

- Our conclusion assumes market introduction in 2025 or later, balancing a well-conceived apartment community with strong renter construction requirements during the 2023-2028 forecast period. Specifically, the defined Crystal Lake Market Area could support construction of 335 market rate rental units *annually* (or 1,675 units through 2028) without creating market weakness. This new construction requirement balances Census estimates of household growth over the five-year forecast period with anticipated phased implementation of mixed-use and/or infill redevelopment initiatives, construction trends over the past two decades, along with a measure of replacement demand. Moreover, new construction requirements could potentially double during any given year if supply were made available and competitive rents are maintained (again) on the basis of supply constraints and levels of pent-up demand. This derived annual new construction requirement is sufficient to support development of the proposed Crystal Lake Apartments over the five-year forecast period.

ANNUAL RENTAL BUILDING REQUIREMENT SUMMARY: 2023 - 2028
-- CRYSTAL LAKE MARKET AREA --

Attribute	Number
Expected Annual Household Growth	539
Expected Annual Renter Household Growth @ 45.0 Percent of Total[(1)]	245
Annual Vacancy Requirement to Maintain Balance in the Market[(2)]	60
Annual Replacement Demand @ 0.2 Percent of 2023 Estimated Market Rate Rental Inventory	30
Derived Annual Construction Requirement	***335***

(1) Determined by applying the expected percentage of new renter households to the expected number of new household additions from 2023 through 2028.
(2) A balanced marketplace generally requires vacancies in the range of 5.0 to 6.0 percent; represents annualized estimate applied to total market area renter households over the five-year forecast period.

Source: Tracy Cross & Associates, Inc.

A BENCHMARK RENT STRATEGY

Balancing underlying market strengths with anticipated continued economic recovery, **Exhibit 1** forwards a suggested benchmark rent strategy to competitively position the proposed 299-unit apartment community in context with newer apartments throughout the northwest suburban area. To reiterate, the proposed development envisions private-entrance garden apartments distributed among a series of two-story residential buildings within an amenity-enhanced living environment. It is expected that a minimum of 490 private parking spaces, distributed between 195 direct-access single garages and 225 private driveway and surface parking spaces, yielding an overall parking ratio of 1.64 stalls per residence. It is noted that this benchmark rent strategy is forwarded for purposes of financial planning only and assumes the conceptualized apartment idiom as delineated in the Concept Schematic dated November 5, 2023. Based upon final land planning and approvals, unit count could vary by +/-10.0 percent without material impact upon absorption potentials.

As outlined, benchmark rents for the proposed development extend from $1,720 to $2,715 and average $2,066 for a 951 square foot apartment home. Benchmark rents yield a current dollar value ratio of $2.17 per square foot. For clarity, benchmark rents represent the lowest rent available for a particular plan type and are established on Floor 1 of the residential buildings. Importantly, benchmark rents ***include*** premiums for floor, corner-unit orientation, and direct-access garage. They do not include other incremental revenues. It is assumed that the resident will be responsible for all utilities.

Benchmark rents are presented in 2023 dollars and assume quality interior appointments/finishes and community amenities as summarized in Exhibit 1. This exhibit also forwards a range of market-consistent premiums and other fees for consideration.

The following table, in turn, details benchmark rents by individual plan type (again) inclusive of floor, corner-unit and garage premiums only. For proforma analysis, inclusive of standard incremental revenue sources (excluding detached garage or EV charging fees if available), at stabilization *overall rents* for the proposed Crystal Lake Apartment are expected to hover at the $2.24 per square foot mark (again) in 2023 dollars. ***Please carefully review all text table and Exhibit 1 footnotes***.

1

A BENCHMARK RENT STRATEGY[1:4]: CRYSTAL LAKE APARTMENTS
-- CRYSTAL LAKE, ILLINOIS --





TWO-STORY PRIVATE-ENTRANCE GARDEN APARTMENTS: 299 UNITS / 195 DIRECT-ACCESS SINGLE GARAGES

Plan Designation	One Bedroom	Two Bedroom	Three Bedroom
Number of Units:	182	91	26
Percent Distribution:	60.9	30.4	8.7
Bedrooms:	1	2	3
Baths:	1.0	2.0	2.0
Plan Size Range (Sq. Ft.):	712 - 823	1,080 - 1,270	1405
Average:	777	1,169	1,405
Benchmark Rent Range[1]:	$1,720 - $1,945	$2,185 - $2,470	$2,715
Average:	$1,849	$2,316	$2,715
Per Sq. Ft.:	$2.38	$1.98	$1.93

Community Summary[1:4]

Total Number of Units:	**299**
Total Net Leasable Square Feet[1]:	**284,388**
Weighted Average Unit Size (Sq. Ft.)[1]:	**951**
Average Posted Rent[1:2]:	**$2,066**
Rent/Sq. Ft.[1:2]:	**$2.17**
***Estimated* Overall Average Rent[1:3]:**	**$2,129**
Rent/Sq. Ft.[1:3]:	**$2.24**

Absorption at Benchmark

Average Absorption to Stabilization: (Units/Month)	**14.6**
Months to Stabilization: (284 Units at 95% Occupancy)	**19.4**

Benchmark Standard Features / Community Amenities / Suggested Premiums

- Programmable "Smart" Thermostat
- Internet/Cable/Smart Technology Connectivity
- Nine-Foot Ceiling Height
- Designer Finishes Throughout
- Plank-Style Laminate Flooring in Kitchen/Living Areas
- Carpeted Bedrooms and Bedroom-wing Hallways
- Walk-In Master Bedroom Closet; Adequate Secondary/Linen Closeting
- Luxury Baths with Laminate or Ceramic Flooring, Quartz/Granite Vanity Countertop, Frmls Glass Shower Doors (per plan), Solid-Surface Surround w/Accessory Niche
- Contemporary Kitchen Cabinetry and Lighting
- Quartz/Granite Kitchen Countertop/Island
- Energy-Efficient Stainless Steel Appliances
  - Range
  - Dishwasher
  - Refrigerator
  - Microwave/Hood Vent
  - Full-Size Washer and Dryer
- Undermount Stainless Steel Sink
- Patio / Balcony
- Non-Smoking Environment
- Secured Mail Kiosks and/or Package Room w/Technology Concierge, Resident Club with Multiple Social Areas, e-Lounge with Work Nooks, State-of-the-Art Fitness Center, Terrace with Outdoor Kitchen/Grill Stations, Fireside Lounge, Outdoor Pool with
- Sundeck and Cabanas, Multi-Use Lawn Court
- Dedicated Pet Park with Grooming Station(s)
- Tenant Paid Water/Refuse or Resident Billing System
- Individually Metered Utilities
- EV Charging Stations (as desired)
- On-Site Leasing/Management Office

Suggested Premiums / Incremental Fees

- Floor Premium: Floor 2 Included (Value @ $25)
- Corner-Unit Premium: Included (Value @ $50)
- View Premium: $10-$15 (Assumes Maximum 15% or +/-45 Units)
- Pet Fees (Deposit/Mo. Rent): $350 / $30
- Direct-Access Single Garage: Included (Value at $150)
- Detached Single Garage (As Available): $95 to $125

[1] To be used for financial modeling based upon Client-provided development matrix; all images intended for illustrative purposes only. Based upon land planning and approvals, total unit count could vary by +/-10.0 percent without material impact upon absorption potentials.

[2] Benchmark rents are presented in 2023 dollars and ***include*** floor, corner-unit and direct-access garage premiums only. They do not include view premiums, or incremental revenues derived from optional detached garage, pet fees, administrative fees or other landlord-provided services.

[3] Overall average rents, which are presented in 2023 dollars, include *estimates* of standard premiums and incremental revenue sources (excluding detached garage and EV charging fees). Estimated overall rents are based upon stabilization at 95.0 percent (or 284 units occupied); utilized for analytical purposes only.

[4] Benchmark rents and absorption forecast assume a minimum of 490 total parking spaces will be provided. Parking allocations distributed between 195 direct-access single garages and 225 private surface parking stalls. Parking allocations yield an adequate parking ratio of 1.64 parking stalls per unit. As land planning allows, +/-48 detached single garages should be provided *in lieu of surface parking* , with +/-12 garage bays of sufficient width/depth to accommodate larger vehicles or trucks.

Source: Three Leaf Partners' Concept Schematic dated November 5, 2023 and Tracy Cross & Associates, Inc.

BENCHMARK RENT STRATEGY DETAILED BY PLAN TYPE[1:2]: CRYSTAL LAKE APARTMENTS
-- CRYSTAL LAKE, ILLINOIS --

Plan Designation	Number of Units	Bedrooms/ Baths	Plan Size (Sq. Ft.)	Benchmark Rent[2] $	Benchmark Rent[2] $/Sq. Ft.
Two-Story Private Entrance Garden Apartments: 299 Units / 195 Direct-Access Single Garages					
One Bedroom	**182**	---	**777**	**$1,849**	**$2.38**
One BR Corner Lower	26	1 / 1.0	712	1,720	2.42
One BR-A Lower[3]	26	1 / 1.0	734	1,855	2.53
One BR-B Lower with Gable[3]	26	1 / 1.0	753	1,875	2.49
One BR-A Upper[3]	52	1 / 1.0	798	1,945	2.44
One BR-B Upper with Gable	52	1 / 1.0	823	1,800	2.19
Two Bedroom	**91**	---	**1,169**	**$2,316**	**$1.98**
Two BR Lower[3]	13	2 / 2.0	1,080	2,220	2.06
Two BR-B Corner Upper	26	2 / 2.0	1,115	2,185	1.96
Two BR Upper[3]	13	2 / 2.0	1,160	2,455	2.12
Two BR Upper[3]	13	2 / 2.0	1,174	2,470	2.10
Two BR Corner Upper[3]	26	2 / 2.0	1,270	2,350	1.85
Three Bedroom	**26**	---	**1,405**	**$2,715**	**$1.93**
Three BR Corner Lower[3]	26	3 / 2.0	1,405	2,715	1.93
Total/Average:	***299***	---	***951***	***$2,066***	***$2.17***

(1) To be used for financial modeling only. Based upon land planning and approvals, total unit count could vary by +/- 10.0 percent without material impact upon absorption potentials.
(2) Benchmark rents are presented in 2023 dollars and ***include*** premiums for floor, corner-unit orientation and direct-access single garage. They ***do not include other*** incremental revenues.
(3) Indicates a direct-access single garage.

Source: Three Leaf Partners' Concept Schematic dated 11/5/2023 and Tracy Cross & Associates, Inc.

A FORECAST OF ABSORPTION

Assuming market introduction in 2025 *and a continuous construction and delivery schedule*, at 2023 benchmark rents the proposed 299-unit development will achieve an overall absorption rate of 14.6 units per month, requiring an approximate 19.4-month marketing timeline *from first occupancy* to achieve stabilization at 95.0 percent (or 284 units occupied). This leasing period assumes extensive marketing commences with site improvements and at least three months of lease reservations prior to initial deliveries. While the marketplace is expected to maintain relatively tight conditions during the 2023-2028 forecast period, over the course of lease-up it may be necessary to offer a discount or lease incentive on *select units* as market conditions dictate.

A FORECAST OF ABSORPTION BY TIME PERIOD
-- CRYSTAL LAKE APARTMENTS --

Monthly Absorption in Units -- A 299-Unit Private Entrance Garden Development --	
First 12 Months	17.0
Thereafter	11.6
Average for Community	*14.6*
Months to Stabilization (284 units @ 95% Occupancy)	19.4

Source: Tracy Cross & Associates, Inc.

COMPETITIVE POSITIONING

In establishing the benchmark rent strategy, our firm focused primarily upon competitive plan offerings among nine (9) newer, generally larger-scale garden/midrise projects marketing throughout the northwest suburban area while giving due consideration to variances in location, project scale, plan offerings, and lifestyle orientation. Appendix A2 provides a geographic orientation of the selected newer developments along with projects now under construction and/or in the market area's planning pipeline. The following paragraphs summarize pertinent market conditions which inform our benchmark rent strategy and forecast of absorption:

- The suggested apartment matrix is consistent with current and expected trends in the residential marketplace and is representative of the newest apartment offerings throughout the suburban region and elsewhere in the Midwest. The benchmark rent strategy has been established to enable the proposed Crystal Lake Apartments to appropriately align with *the gradual movement of incomes in the marketplace* and expand appeal across a broad spectrum of multi-generational consumer segments offering a continuum of plan types which provide fully functional living areas consistent with today's lifestyle trends. For example, the two and three bedroom plan styles will accommodate remote work conditions, two-person living arrangements, and/or young families in the early stages desirous of a true maintenance-free alternative.

UNIT MIX ANALYSIS: SELECTED NEWER GARDEN/MIDRISE APARTMENTS
-- CRYSTAL LAKE MARKET AREA - SEPTEMBER 2023 --

	Crystal Lake Apartments				Selected Newer Apartments[1]			
	Total Units		Plan Size (Sq. Ft.)		Total Units		Plan Size (Sq. Ft.)	
Unit Type	Number	Percent	Range	Average	Number	Percent	Range	Average
Garden/Midrise Apartments								
Studio	---	---	---	---	28	1.6	663	663
Convertible/JR-1	---	---	---	---	94	5.5	545 - 615	573
One Bedroom	182	60.9	712 - 823	777	799	46.4	670 - 903	796
One Bedroom & Flex	---	---	---	---	---	---	---	---
Two Bedroom	91	30.4	1,080 - 1,270	1,169	635	36.9	1,062 - 1,383	1,129
Two Bedroom+Den	---	---	---	---	44	2.6	1,223 - 1,292	1,258
Three Bedroom	26	8.7	1,405	1,405	122	7.1	1,334 - 1,570	1,425
Total/Averages:	***299***	***100.0***	***712 - 1,405***	***951***	***1,722***	***100.0***	***545 - 1,570***	***963***

[1] Includes developments identified in Exhibits 2, 3, 4 and Appendices A2 and A3.

Source: Tracy Cross & Associates, Inc.

- As summarized in **Exhibit 2**, and excluding Enclave at Crystal Lake which began marketing in late-November, the selected developments offer a collective 2,210 market rate units built, for the most part, in 2018 or later. Although most represent similar two-story garden product forms which provide a component of attached and/or detached garages, Algonquin Square features a three-story garden/walk-up idiom, while Watermark at the Grove represents a midrise idiom providing structured parking for residents. For perspective, Appendix A3 delineates pertinent feature and amenity characteristics and summarizes the range of leasing requirements and other incremental fees currently in effect among five of the newest construction projects in the market area. These standards and amenity characteristics are consistent with those assumed to be provided at Crystal Lake Apartments and have been factored into the benchmark rents and absorption forecast.

COMPOSITE SUMMARY: SELECTED NEWER APARTMENT DEVELOPMENTS
-- THE CRYSTAL LAKE MARKET AREA --

Municipality/ Development	Year Built	Number of Units	Number Vacant	Percent Vacant	Average Unit Size (Sq. Ft.)	Rent Characteristics: Average Posted September 2022	Rent Characteristics: September 2023 Average Posted $	Rent Characteristics: September 2023 Average Posted $/Sq.	Rent Characteristics: September 2023 Average Effective $	Rent Characteristics: September 2023 Average Effective $/Sq. Ft.	Stabilized Developments[1] Number of Units	Stabilized Developments[1] Number Vacant	Stabilized Developments[1] Percent Vacant
Total/Average	**---**	***2,210***	***103***	***4.7***	***994***	***$2,050***	***$2,043***	***$2.06***	***$2,001***	***$2.01***	***2,210***	***103***	***4.7***
Algonquin	**---**	**220**	**5**	**1.7**	**973**	**$2,178**	**$2,141**	**$2.20**	**$2,141**	**$2.20**	**220**	**5**	**2.3**
Algonquin Square	2013	220	5	2.3	973	2,178	2,141	2.20	2,141	2.20	220	5	2.3
Crystal Lake	**---**	**644**	**17**	**2.6**	**939**	**$1,862**	**$1,762**	**$1.88**	**$1,726**	**$1.84**	**644**	**17**	**2.6**
Enclave at Crystal Lake-Flats[2]	*2023*	*48*	*NA*	*NA*	*860*	---	*1,920*	*2.23*	*1,920*	*2.23*	---	---	---
Enclave at Crystal Lake-THs[2]	*2023*	*51*	*NA*	*NA*	*1,783*	---	*3,204*	*1.80*	*3,204*	*1.80*	---	---	---
Skyridge Club	1988; 2000	364	0	0.0	919	1,424	1,571	1.71	1,571	1.71	364	0	0.0
The Springs at Three Oaks[3]	2021	280	17	6.1	966	2,431	2,011	2.08	1,928	2.00	280	17	6.1
East Dundee	**---**	**72**	**0**	**0.0**	**838**	**$1,455**	**$1,600**	**$1.91**	**$1,600**	**$1.91**	**72**	**0**	**0.0**
Main Street	2019	72	0	0.0	838	1,455	1,600	1.91	1,600	1.91	72	0	0.0
Elgin	**---**	**282**	**21**	**7.4**	**942**	**$2,058**	**$2,055**	**$2.18**	**$2,055**	**$2.18**	**282**	**21**	**7.4**
Watermark at the Grove[4]	2019	282	21	7.4	942	2,058	2,055	2.18	2,055	2.18	282	21	7.4
West Dundee	**---**	**992**	**60**	**6.0**	**1,059**	**$2,186**	**$2,232**	**$2.11**	**$2,162**	**$2.04**	**992**	**60**	**6.0**
1900 at Canterfield[5]	2018	260	7	2.7	946	2,027	2,062	2.18	2,032	2.15	260	7	2.7
Reserve at Randall[6]	2020	380	35	9.2	988	2,310	2,309	2.34	2,308	2.34	380	35	9.2
Villages at Canterfield	2000	352	18	5.1	1,220	2,169	2,274	1.86	2,099	1.72	352	18	5.1

[1] Excludes rental programs currently undergoing renovation and/or new programs undergoing initial absorption.
[2] Leasing to commence mid-December 2023 in anticipation of occupancy late-January 2024; excluded from market statistics.
[3] Occupancy July 2021. Stabilized October 2022 at an overall absorption rate of 18.0 units per month.
[4] Occupancy April 2019. Stabilized March 2021 at an overall absorption rate of 11.8 units per month.
[5] Occupancy May 2018. Stabilized November 2019 at an overall absorption rate of 13.5 units per month.
[6] Occupancy Phase I (300 units) May 2020. Stabilized May 2021 at an overall absorption rate of 22.8 units per month. Occupancy Phase II (80 units) March 2022. Stabilized April 2022 at an overall aborption rate of 16.9 units per month.

Source: Tracy Cross & Associates, Inc.

- As Exhibit 2 summarizes, as of September 2023, posted rents among selected market area developments averaged $2,043 monthly for a typical 994 square foot apartment home, yielding a current dollar value ratio of $2.06 per square foot. Posted 3rd Quarter 2023 rents are consistent with the 2.07 per square foot value noted one year earlier but stand a sharp 10.0 percent higher than the $1.87 per square foot average noted at the close of 2021. Recent rent growth is attributed at least in part to the residual effects of the pandemic as the challenges of the last several years have had a significant impact upon vacancies throughout the region. For example, while the 4.7 percent vacancy factor noted at the close of the 3rd Quarter 2023 was higher than the 2.3 percent vacancies noted one year ago, the marketplace nonetheless reflects continued market constraint. For perspective, market balance generally requires vacancies in the range of 5.0 to 6.0 percent to allow for movement between projects. Market conditions lend support to introduction of the Crystal Lake Apartments over the 2025-2028 timeframe.

- **Exhibits 3 and 4** illustrate the competitive benchmark positioning of the proposed product line in both whole dollars and for comparable footage relative to the selected newest projects in the local marketplace. On a comparable footage basis, for example, when deducting the value of direct-access garages, benchmark rents appropriately position the Crystal Lake Apartments some $83 monthly below the market average, but modestly higher than adjusted rents at The Springs at Three Oaks which was built in 2021 and features a similar product line. Benchmark rents also position the proposed development *well below* Reserve Randall Road as well as projects aligning the I-90 corridor reflecting variances in location, project scale and lifestyle orientation. In *whole dollars*, however, the benchmark rent strategy positions the proposed development (both inclusive of garage and on an adjusted basis) among the strongest values in the marketplace today.

- The 14.6-unit monthly absorption projected for Crystal Lake Apartments is generally consistent with the average 15.7-unit monthly pace generated by newer market area developments of similar scale during their respective stabilization periods. While lower than the 18.0-unit per month stabilization rate noted at Springs at Three Oaks, the projected absorption rate (again) balances variances in location with the likelihood of intensifying competition in the immediate area during the 2025-2028 timeframe. However, the forecasted rate of absorption can also be supported by turnover in the market area's existing rental stock. As noted in Appendix A4, in 2023, some 20,748 market area households are identified as renters. Of these, an estimated 70.0 percent (or 14,525 households) represent market rate renters (i.e., non-age or income-restricted). Focusing upon this latter conventional renter base, approximately 5,100 will move annually with at least 50.0 percent of these mobile households remaining renters, staying in the local area, and thus representing part of the subject development's pool of prospective residents. Hence, the projected absorption rate of 14.6 units monthly represents a reasonable 6.0 percent of aggregate Crystal Lake Market Area construction requirements and turnover potential.

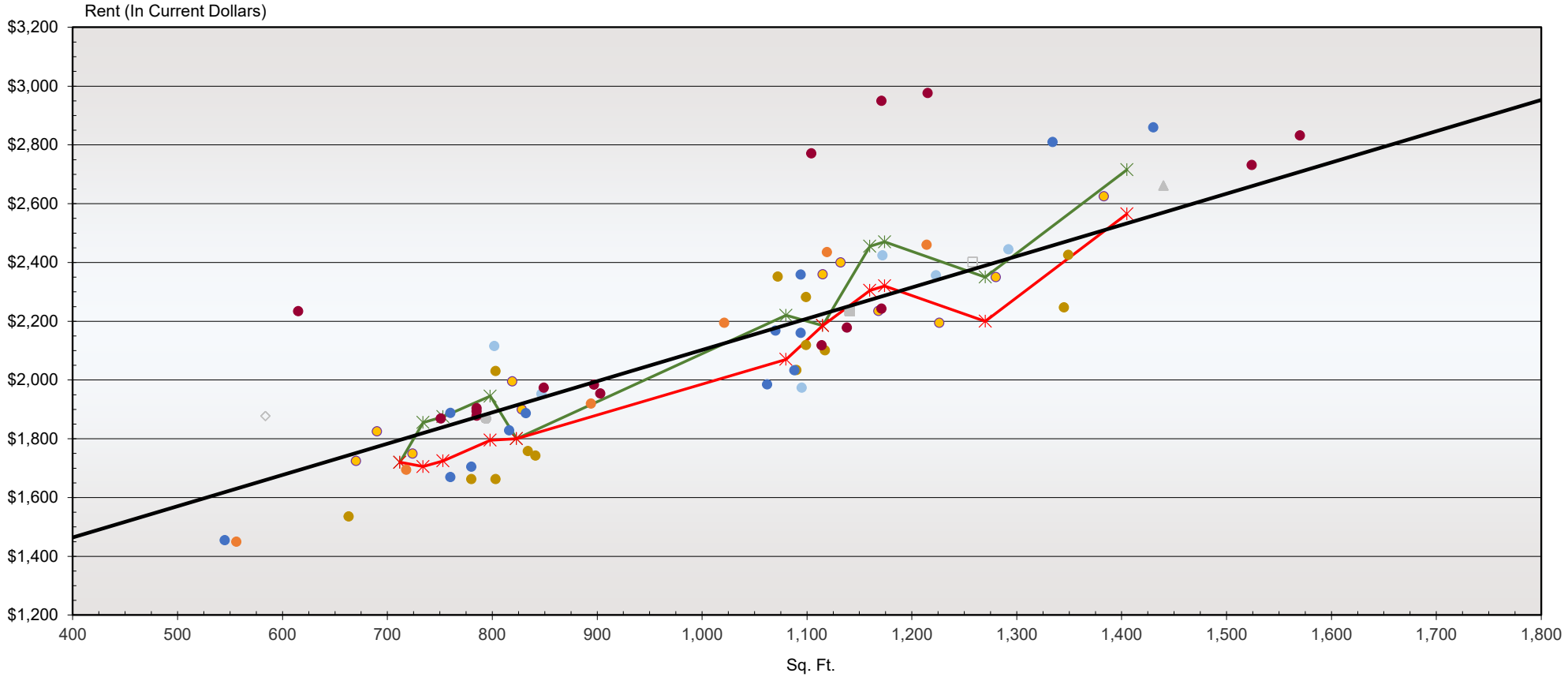
ABSORPTION TRENDS: SELECT APARTMENTS BUILT IN 2000 OR LATER
-- CRYSTAL LAKE MARKET AREA - 3RD QUARTER 2023 --

Absorption Summary			
Attribute	**Total**	**Developments of Less Than 200 Units**	**Developments of 200 Units or More**
Number of Stabilized Developments	11	3	8
Total Units	2,782	344	2,438
Average Development Size	253	115	305
Average Occupancy Absorption to Stabilization[(1)]	14.6	12.3	15.5
As a Percent of Total Units	5.8	10.7	5.1

[(1)] Stabilization achieved at 94.0 to 96.0 percent occupancies.

Source: Tracy Cross & Associates, Inc.

Rent/Value Analysis
Select Newer Apartment Developments
Crystal Lake Market Area
3rd Quarter 2023



Program (Vacancy/Absorption)

Studio	JR-1/Convertible	One Bedroom	Two Bedroom	Two Bedroom & Den
Three Bedroom	Algonquin Square (2.3)	Enclave Crystal Lake-MR (NA)	Springs at Three Oaks (6.1)	Watermark at the Grove (7.4)
1900 at Canterfield (2.7)	Reserve Randall Road (9.2)	Crystal Lake Apts w/Garage	Crystal Lake Apts w/o Garage	Market Line

Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

Source: Tracy Cross & Associates, Inc.

Rent/Value Analysis
Select Newer Apartment Developments
Crystal Lake Market Area
3rd Quarter 2023

Plan Size (Sq. Ft.)	Average Market Rent		Development/Location	Year Built	Total Units	Average Plan Size (Sq. Ft.)	Average Posted Rent		Average Market Rent	Variance From Market	Vacancy Rate / Absorption (Units/Mo.)
							Dollars	Rent per Sq. Ft.			
400	$1,467	(2)	Reserve Randall Road / West Dundee	2020	380	988	$2,239	$2.27	$2,090	$+149	9.2
500	1,573		Algonquin Square / Algonquin	2013	220	973	2,141	2.20	2,074	+67	2.3
600	1,679		**Crystal Lake Apts Prototype @ 2023 Bnmk $ w/Garage**	**2025**	**299**	**951**	**2,066**	**2.17**	**2,051**	**+15**	**14.6/Mo. Fcst**
700	1,785		Watermark at the Grove / Elgin	2019	282	942	2,055	2.18	2,041	+14	7.4
800	1,891										
900	1,997		***---- Market Average ----***	***2019***	***245***	***958***	***2,058***	***2.15***	***2,058***	***0***	***6.0***
1,000	2,103										
1,100	2,209		Enclave Crystal Lake-MR / Crystal Lake	2023	48	860	1,920	2.23	1,954	-34	NA
1,200	2,315	(2)	1900 at Canterfield / West Dundee	2018	260	946	2,010	2.12	2,045	-35	2.7
1,300	2,421	(2)	**Crystal Lake Apts Prototype @ 2023 Bnmk $ w/o Garage**	**2025**	**299**	**951**	**1,968**	**2.07**	**2,051**	**-83**	**14.6/Mo. Fcst**
1,400	2,527	(2)	The Springs at Three Oaks / Crystal Lake	2021	280	966	1,951	2.02	2,066	-115	6.1
1,500	2,633	(1:2)	Villages at Canterfield / West Dundee	2000	234	1,201	2,150	1.79	2,316	-166	5.1
1,600	2,739										
1,700	2,845										
1,800	2,951										

Slope: $1.06 per sq. ft.

(1) Development not included in derivation of market line.

(2) Rents adjusted to deduct value of direct-access garage included with select plan types; utilized for analytical purposes only.

Source: Tracy Cross & Associates, Inc.

- The suggested product line is also consistent with demographic profiles and socio-economic characteristics of market area residents (refer to Appendices A4 and A5). For example, Census estimates of household composition reveal that nearly 60.0 percent of Crystal Lake Market Area households represent those without children under the age of 18, primarily consisting of persons living alone or in two-person arrangements. While household compositions reflect at least in part the influence of Del Webb's Sun City Huntley, the following table reveals that not only is there a sizable base of existing households across all potential renter/lifestyle age categories, but these profile age cohorts are expected to continue to advance proportionately over the forecast period.

HOUSEHOLD GROWTH PROJECTIONS BY AGE GROUP
-- THE CRYSTAL LAKE MARKET AREA --

Age Range	Crystal Lake Market Area		City of Crystal Lake	
	2023	2028	2023	2028
Under 25	1,908	1,976	259	272
25-34	12,972	13,411	1,858	1,898
35-44	19,095	17,595	2,515	2,423
45-54	21,494	20,487	2,876	2,728
55-64	23,125	22,816	3,389	3,270
65-74	17,942	21,447	2,462	2,927
75 and over	11,153	12,650	1,598	1,791
Total	***107,689***	***110,382***	***14,957***	***15,309***

Source: Environics Analytics and Tracy Cross & Associates, Inc.

- Further, it is estimated that resident market area households earned a 2023 median income of $97,607, with households in the city of Crystal Lake earning $95,166 per annum. Based upon typical renter profiles and most germane to quality new construction development, the following text table also reveals that roughly 80.0 percent of market area households across all profile age cohorts earn *at least* $60,000 per annum, incomes requisite to support the benchmark rent strategy.

HOUSEHOLD AGE AND INCOME CHARACTERISTICS: 2023
-- THE CRYSTAL LAKE MARKET AREA --

Attribute	Total Households					
	Crystal Lake Market Area			City of Crystal Lake		
	Number	Percent	Median	Number	Percent	
Total Households	**107,689**	**100.0**	**$97,607**	**14,957**	**100.0**	**$95,166**
Under 25 Years	1,908	1.8	64,005	259	1.7	48,752
25 - 34 Years	12,972	12.0	92,606	1,858	12.4	92,493
35 - 44 Years	19,095	17.7	111,292	2,515	16.8	104,408
45 - 54 Years	21,494	20.0	125,348	2,876	19.2	126,620
55 - 64 Years	23,125	21.5	117,506	3,389	22.7	117,657
65 - 74 Years	17,942	16.7	71,907	2,462	16.5	69,394
75 - 84 Years	8,688	8.1	51,702	1,209	8.1	48,947
85 Years and Over	2,465	2.3	42,785	389	2.6	40,725
Total Households Under 35 Years	**14,880**	**13.8**	**$88,939**	**2,117**	**14.2**	**$87,142**
With Incomes of $60,000 or More	13,315	89.5	---	1,533	72.4	---
Total Households Aged 35 to 54 Years	**40,589**	**37.7**	**$118,735**	**5,391**	**36.0**	**$116,258**
With Incomes of $60,000 or More	33,576	82.7	---	4,477	83.0	---
With Incomes of $100,000 or More	24,774	61.0	---	3,171	58.8	---
Total Households Aged 55 to 74 Years	**41,067**	**38.1**	**$97,584**	**5,851**	**39.1**	**$97,349**
With Incomes of $60,000 or More	28,945	70.5	---	4,106	70.2	---
With Incomes of $100,000 or More	19,278	46.9	---	2,757	47.1	---

Source: Environics Analytics

- Lastly, the benchmark rent strategy and absorption forecast also consider an *intensely competitive* environment marked by period of accelerated apartment construction. This pattern of development will continue for the foreseeable future and intensify short term as, apart from the proposed Crystal Lake Apartments, there are currently 11 separate rental developments, and not fewer than 1,907 potential new apartment units under construction and/or in some stage of the planning pipeline in northwest suburban areas generally proximate to Crystal Lake. As summarized in the following table, however, only the previously noted Redwood Crystal Lake and Water's Edge at Three Oaks developments are currently under construction and expected to begin leasing within the next 12- to 18 months. In addition, development of the 130-unit *Iron Flats Apartments* in Carpentersville is expected to begin in Spring 2024. It is also noteworthy that several of the proposed projects will include a component of Build-to-Rent Townhome and/or Single Family Rentals (SFR) forms which will appeal to a similar consumer profile. Although the marketplace is expected to maintain generally balanced occupancies despite the number of units which could be introduced over the 2023-2028 timeframe, the volume of potential new development in the northwest suburban area reinforces the necessity for Three Leaf Partners to initiate an *aggressive marketing posture through stabilization* and maintain a *judicious approach to rent growth thereafter* in order to sustain acceptable occupancies over the long term. To this point, based upon timing of market entrance, it *may* be necessary to offer some form of incentive such as one month free with a 13-month lease through stabilization in order to achieve the projected absorption rates, while planning for similar promotions thereafter as competitive conditions dictate.

APARTMENT PROJECTS IN PLANNING[1]: SUBURBAN AREAS GENERALLY PROXIMATE TO CRYSTAL LAKE

Municipality/ Proposed Development Name	Location	Builder/Developer	Current Status[2:3]	Leasing	Number of Units
Algonquin					
TBD (Gdn & TH)	Randall Road at Longmeadow Parkway	Atlantic Residential	CS	---	325
Carpentersville					
Iron Flats	Huntley Road and IL-31	WT Group	Approved	2024-25	130
Crystal Lake					
Courtyard at Congress Station	551 Congress Parkway	Paul Swanson/Equity Trust Co	IP	---	93
Clover Communities	731 East Terra Cotta Avenue	Terra Cotta Development LLC	IP	---	124
Redwood Crystal Lake	1120 Central Park Drive	Redwood USA	UC	2024-25	305
Water's Edge	5657 Northwest Highway	Heartland RE Partners	UC	2024-25	260
Fox River Grove					
TBD	County Line Road at IL-22	Redwood USA	CS	---	110
Block B Redevelopment	Northwest Highway at Illinois Street	American Construction Services	CS	---	80
Downtown Redev-Phase I	US 14 and Algonquin Road	Grove Residential	ON HOLD	---	100
West Dundee					
TBD (Redev Spring Hill Mall)	IL-72 and 8th Avenue	NA	CS	---	TBD
Village West (TH & Rnch Dplx)	IL-72 and Randall Road	SR Jacobson	CS	---	380
			Market Area Total[3]		***1,907***

[1] As of November 2023.
[2] Status key: Concept Stage (CS); In Planning (IP); Approved (A); Permits issued/under construction (UC).
[3] Excludes developments with unit counts and product idioms yet to be determined.

Source: Tracy Cross & Associates, Inc.

ALTERNATIVE BENCHMARK RENT STRATEGIES

Benchmark rent strategy is established to provide a competitive position in the marketplace and allow for an acceptable absorption period for the proposed development. As these lease rates may differ from Three Leaf Partners' financial objectives, the following text table outlines alternative benchmark rent strategies and attendant absorption forecasts to assist in continued proforma financial modeling.

ALTERNATIVE RENT/ABSORPTION SCENARIOS: CRYSTAL LAKE APARTMENTS
-- CRYSTAL LAKE, ILLINOIS --

A 299-Unit Private Entrance Garden Development						
Benchmark Posted Rent[1] for a 951 Sq. Ft. Garden Apartment		Variance From Benchmark	Anticipated Monthly Absorption		Average Monthly Absorption Rate[2]	Months to Stabilization @ 95% Occupancy (284 Units)
$	$/Sq. Ft.		First 12 Months of Occupancy	Thereafter		
$2,166	$2.28	+$100	13.8	9.0	11.3	25.2
2,141	2.25	+75	14.7	9.5	12.1	23.4
2,116	2.23	+50	15.5	10.8	13.5	21.0
2,091	2.20	+25	16.3	11.4	14.4	19.7
2,066	***2.17***	***Benchmark***	***17.0***	***11.6***	***14.6***	***19.4***
2,041	2.15	-25	17.5	12.2	15.8	18.0
2,016	2.12	-50	18.2	12.7	16.5	17.2
1,991	2.09	-75	19.0	14.2	17.9	15.9
1,966	2.07	-100	20.0	16.0	19.3	14.7

[1] Benchmark posted rents are presented in 2023 dollars and *include* floor, corner-unit and direct-access garage premiums. They do not include other incremental revenue sources.

[2] Starting at the first month of occupancy and assuming a continuous construction and delivery schedule. Marketing and lead list generation assummed to commence with site improvements. Lease reservations, which are anticipated to begin *at least* three (3) months prior to initial occupancies, are factored into this forecast.

Source: Tracy Cross & Associates, Inc.

FUTURE RENT CONSIDERATIONS

It is reiterated that benchmark rents are presented in 2023 dollars. It also cannot be overstated that recent rates of rent growth *are not sustainable*, especially considering the impact of persistent high rates of inflation and related economic uncertainties now evident. For proforma comparisons and barring additional unforeseen economic turmoil, it is strongly suggested that benchmark rents *be held constant through at least the 4th Quarter 2024*, with modest annual rent appreciation in the range of 2.0 to 3.0 percent applied to proforma financial models thereafter – a level generally consistent with CPI over the last several (pre-pandemic) years.

CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding the market potential for residential development within the Teckler Boulevard property located in Crystal Lake, McHenry County, Illinois as certified below:

TRACY CROSS & ASSOCIATES, INC.
An Illinois Corporation

By: _____
HollyAnn Eageny

Its: Executive Vice President & COO

Date: December 4, 2023

A1

RESIDENTIAL BUILDING PERMIT TRENDS: SUBURBAN CHICAGO AND THE CRYSTAL LAKE MARKET AREA[1]
2000 - SEPTEMBER 2023

	Suburban Chicago			Crystal Lake Market Area						City of Crystal Lake					
Year	Total	Single Family	Multi-Family	Total	Percent of Suburban Area	Single Family	Percent of Suburban Area	Multi-Family	Percent of Suburban Area	Total	Percent of Market Area	Single Family	Percent of Market Area	Multi-Family	Percent of Market Area
2000	32,476	26,475	6,001	3,367	10.4	2,833	10.7	534	8.9	310	9.2	252	8.9	58	10.9
2001	34,970	28,072	6,898	3,215	9.2	3,113	11.1	102	1.5	278	8.6	271	8.7	7	6.9
2002	37,252	30,469	6,783	3,229	8.7	3,124	10.3	105	1.5	246	7.6	244	7.8	2	1.9
2003	37,409	31,402	6,007	3,293	8.8	3,236	10.3	57	0.9	202	6.1	202	6.2	0	0.0
2004	36,905	31,200	5,705	3,334	9.0	3,166	10.1	168	2.9	160	4.8	160	5.1	0	0.0
2005	38,553	32,181	6,372	3,251	8.4	3,059	9.5	192	3.0	172	5.3	172	5.6	0	0.0
2006	29,336	24,216	5,120	2,411	8.2	2,371	9.8	40	0.8	155	6.4	155	6.5	0	0.0
2007	17,359	14,868	2,491	1,214	7.0	1,202	8.1	12	0.5	107	8.8	107	8.9	0	0.0
2008	7,371	6,113	1,258	567	7.7	491	8.0	76	6.0	72	12.7	72	14.7	0	0.0
2009	4,052	3,263	789	330	8.1	330	10.1	0	0.0	13	3.9	13	3.9	0	0.0
2010	4,266	3,169	1,097	308	7.2	277	8.7	31	2.8	12	3.9	12	4.3	0	0.0
2011	4,048	3,213	835	427	10.5	297	9.2	130	15.6	10	2.3	10	3.4	0	0.0
2012	6,679	4,283	2,396	1,042	15.6	452	10.6	590	24.6	77	7.4	17	3.8	60	10.2
2013	7,069	5,542	1,527	569	8.0	499	9.0	70	4.6	92	16.2	24	4.8	68	97.1
2014	8,500	5,931	2,569	752	8.8	633	10.7	119	4.6	18	2.4	18	2.8	0	0.0
2015	8,620	5,905	2,715	772	9.0	571	9.7	201	7.4	2	0.3	2	0.4	0	0.0
2016	9,795	5,888	3,907	675	6.9	533	9.1	142	3.6	3	0.4	3	0.6	0	0.0
2017	10,891	5,949	4,942	1,047	9.6	488	8.2	559	11.3	7	0.7	7	1.4	0	0.0
2018	9,336	6,272	3,064	734	7.9	618	9.9	116	3.8	20	2.7	20	3.2	0	0.0
2019	8,794	5,353	3,441	676	7.7	370	6.9	306	8.9	95	14.1	89	24.1	6	2.0
2020	10,267	5,745	4,522	505	4.9	411	7.2	94	2.1	83	16.4	83	20.2	0	0.0
2021	10,610	7,090	3,520	952	9.0	593	8.4	359	10.2	225	23.6	103	17.4	122	34.0
2022	8,354	6,248	2,106	573	6.9	476	7.6	97	4.6	133	23.2	85	17.9	48	49.5
2023[2]	*8,916*	*5,712*	*3,204*	*767*	*8.6*	*590*	*10.3*	*177*	*5.5*	*153*	*19.9*	*132*	*22.4*	*21*	*11.9*
Annual Average															
2000 - 2022	16,648	12,993	3,655	1,445	8.7	1,267	9.8	178	4.9	108	7.5	92	7.3	16	9.0

[1] Defined as Algonquin, Dorr, Dundee, Grafton, Nunda, and Rutland townships in Kane and McHenry counties, IL.
[2] Annualized estimate YTD September 2023.

Sources: U.S. Department of Commerce, Bureau of the Census, *C-40 Construction Reports* and Tracy Cross & Associates, Inc.

A2

GEOGRAPHIC ORIENTATION:
SELECT NEWER / PLANNED APARTMENT DEVELOPMENTS
-- CRYSTAL LAKE MARKET AREA --

Subject Property

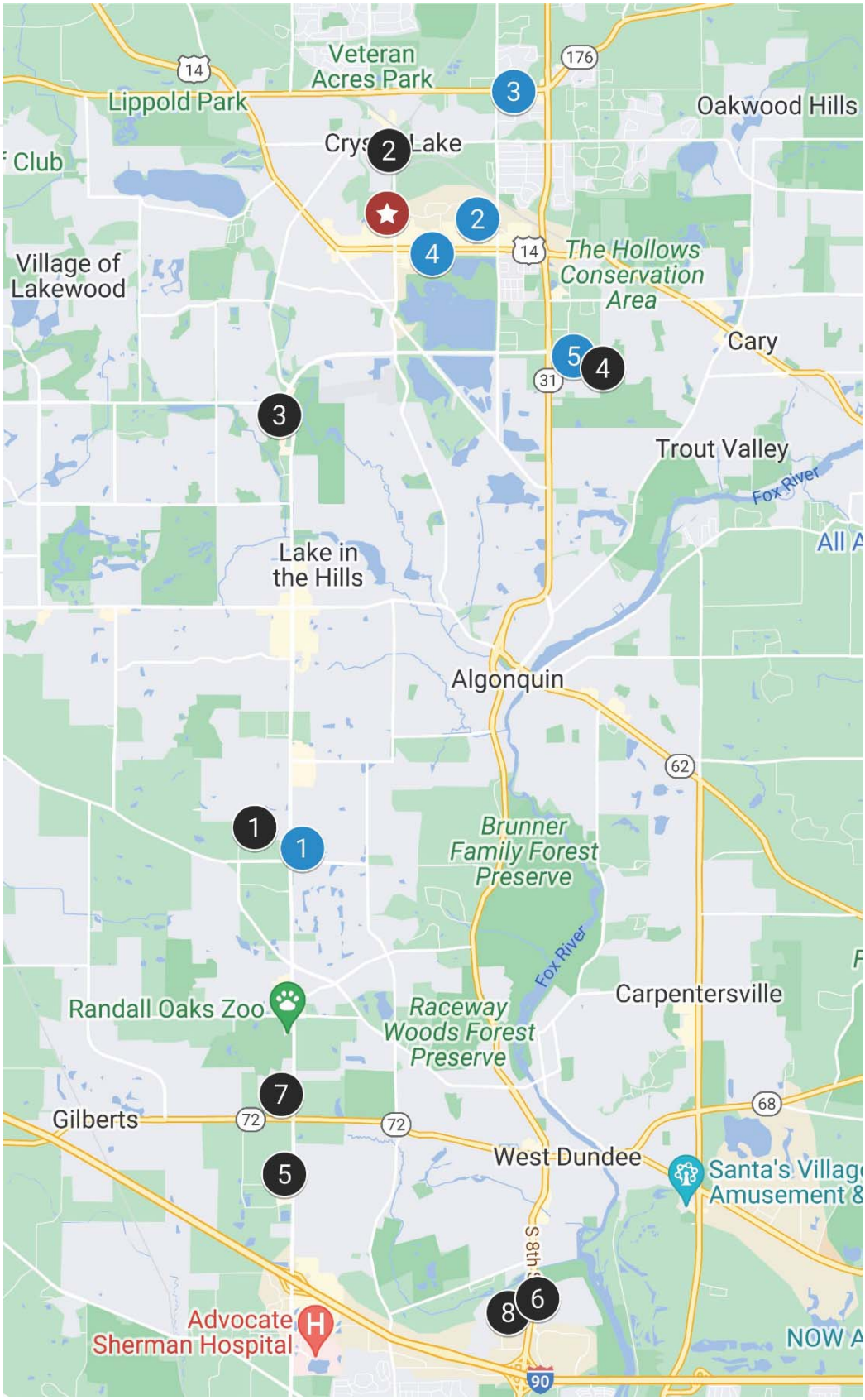
- Crystal Lake Apartments

Representative Apartments

1. Algonquin Square
2. Enclave Crystal Lake-Flats
3. Skyridge Club
4. The Springs at Three Oaks
5. Watermark at the Grove
6. 1900 at Canterfield
7. Reserve Randall Road
8. Villages at Canterfield

Proposed Apartments

1. TBD
2. Courtyard at Congress Stn
3. Clover Communities
4. Water's Edge at Three Oaks
5. Redwood



Source: Google Maps and Tracy Cross & Associates, Inc.

A3

DEVELOPMENT PROFILE SUMMARY: SELECTED APARTMENT DEVELOPMENTS
-- THE CRYSTAL LAKE MARKET AREA - SEPTEMBER 2023 --

Attribute					
Project Name	**ENCLAVE CRYSTAL LAKE-MR**	**SPRINGS AT THREE OAKS**	**RESERVE RANDALL ROAD**	**WATERMARK AT THE GROVE**	**ALGONQUIN SQUARE**
Location	CRYSTAL LAKE	CRYSTAL LAKE	WEST DUNDEE	ELGIN	ALGONQUIN
Year Built	2023	2021	2020	2019	2013
Units	48	280	380	282	220
Project Type/Number of Floors	MIDRISE / 4 FLOORS	PRV ENTR GDN / 2 FLOORS	PRV ENT GRDN / 2 FLOORS	MIDRISE / 3-4 FLOORS	GARDEN / 2-3 FLOORS
Average Unit Size	860	966	988	942	973
Average Posted Rent	$1,920	$2,011	$2,333	$2,081	$2,141
Average Rent/Sq. Ft.	$2.23	$2.08	$2.36	$2.21	$2.20
PARKING / UTILITIES / INCREMENTAL FEES					
Parking[1]					
Structured Assigned/General	FEES TBD / NA	NA / NA	NA / NA	$150 w/STORAGE / $100	NA / NA
Shared Car/Charging Station	NA / NA	NA / INCL	OPT / $110	NA / NA	NA / NA
Attached/Detached Garage	NA / NA	OPT / $120	NA / NA	NA / NA	NA / $135
Carport/Surface Assigned/Surface General	NA / NA / INCL	NA / NA / INCL	NA / NA / INCL	NA / NA / INCL	NA / NA / INCL
Utilities[1:2]					
Water/Refuse Collection	TENANT	TENANT	TENANT	TENANT	TENANT
Gas	TENANT	TENANT	TENANT	TENANT	TENANT
Electric	TENANT	TENANT	TENANT	TENANT	TENANT
Internet/Cable	TENANT	$65	TENANT	TENANT	TENANT
Valet Trash	NA	$40	$30	NA	$25
Premiums[1]					
Floor	$25	VARIES	NA	VARIES	$20-$50
View	VARIES	VARIES	VARIES	VARIES	NA
Other Fees[1]					
Administrative/Application	TBD / TBD	$200 / $65	$200 / $55	$210 / $60	$250 / $60
Security Deposit	TBD	$300	NA	NA	$175
Amenity Fee (One Time)	NA	NA	NA	NA	NA
Pet Deposit/Pet Rent	$350 / $35	$300 / $20	$250 / $40-$60	$350 / $25	$250 / $20
Storage: Central/Bike	FEES TBD / NA	NA / NA	NA / NA	$25-$100 / INCL	NA / NA
STANDARD FEATURES / COMMUNITY AMENITIES					
Interior Features[1]					
Flooring: Common/Bedroom	FX WOOD / FX WOOD	FX WOOD / CRPT	FX WOOD / CRPT	FX WOOD / CRPT	FX WOOD / CRPT
Kitchen Appliances/Washer-Dryer	SS / UNIT	SS / UNIT	SS / UNIT	SS / UNIT	SS / UNIT
Kitchen Counters/Flooring	QUARTZ / FX WOOD	GRANITE / FX WOOD	QUARTZ / FX WOOD	QUARTZ / FX WOOD	GRANITE / FX WOOD
Bath Counter/Flooring	QUARTZ / FX WOOD	GRANITE / FX WOOD	QUARTZ / FX WOOD	QUARTZ / CERAMIC	GRANITE / FX WOOD
Patio/Balcony	INCL	INCL	INCL	INCL	INCL
Community/Building Amenities[1]					
Package Room / Other	INCL / NA	NA / NA	INCL / CAR WASH STATION	INCL / CAR WASH STATION	NA / "WE CATER" OPT
Clubroom/Kitchen	INCL / SERVICE	NA / SERVICE	INCL / SERVICE	INCL / DEMONSTRATION	INCL / SERVICE
Fitness Center/Wi-Fi/e-Lounge	INCL / INCL / NA	INCL / INCL / NA	INCL / INCL / INCL	INCL / INCL / INCL	INCL / INCL / NA
Business Center/Media Room	NA / NA	NA / NA	NA / NA	NA / NA	INCL / NA
Doorman/Concierge/Security Gate	NA / NA / NA	NA / NA / INCL	NA / NA / NA	NA / NA	NA / NA / NA
Playground/Sport Court/Game Room	NA / NA / NA	NA / NA / NA	NA / NA / NA	NA / NA	NA / NA / GAME
Garden or Roof Terrace	INCL	INCL	INCL	INCL	INCL
Fireside Lounge/Grill Area	INCL / INCL	NA / INCL	INCL / INCL	INCL / INCL	NA / INCL
Swimming Pool	NA	OUTDOOR	OUTDOOR	OUTDOOR	OUTDOOR
Pet Park/Grooming Station	NA / NA	INCL / INCL	INCL / INCL	INCL / INCL	INCL / INCL

[1] Indicates incremental monthly fee as applicable.
[2] Assumes tenant responsible for all utilities as standard unless otherwise indicated.

Source: Tracy Cross & Associates, Inc.

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POPULATION, HOUSEHOLDS, TENURE, AND INCOME: 2023
-- THE CRYSTAL LAKE MARKET AREA --

Attribute/Year	Crystal Lake Market Area	City of Crystal Lake	Attribute/Year	Crystal Lake Market Area	City of Crystal Lake
Population			**Households**		
2010	281,964	39,835	2010	97,037	13,975
2020	295,383	40,269	2020	106,324	14,789
2023	297,183	40,417	2023	107,689	14,957
2028	300,111	40,403	2028	110,382	15,309
Average Annual Change			**Average Annual Change**		
2010 - 2020	1,342	43	2010 - 2020	929	81
2020 - 2023	600	49	2020 - 2023	455	56
2023 - 2028	586	-3	2023 - 2028	539	70
2023 Household Tenure			**2023 Household Income**		
Total Housing Units	***112,214***	***15,544***	**Total Households**	**107,689**	**14,957**
Total Occupied	**107,689**	**14,957**	Under $35,000	13,772	1,930
Owner Occupied	86,941	11,525	35,000 - 49,999	9,677	1,391
Percent	80.7	77.1	50,000 - 74,999	16,143	2,253
			75,000 - 99,999	15,692	2,336
Renter Occupied	20,748	3,432	100,000 - 149,999	24,357	3,490
Percent	19.3	22.9	150,000 - 199,999	12,150	1,692
			200,000 and Over	15,898	1,865
Vacant	**4,525**	**587**	***Median***	***$97,607***	***$95,166***
Percent	4.0	3.8			
2023 Household Size			**2023 Travel Time to Work**		
Total Population	**297,183**	**40,417**	**Total Workers Aged 16+**	**143,390**	**20,224**
In Group Quarters	1,144	312	Less than 30 Minutes	72,131	11,213
In Households	296,039	40,105	30 - 44 Minutes	28,543	2,979
			45 - 59 Minutes	20,719	2,751
Total Households	**107,689**	**14,957**	60 Minutes or More	21,997	3,281
Average Persons Per Household	**2.75**	**2.68**	***Average Travel Time***	***35.0***	***34.0***

Source: U.S. Department of Commerce, Bureau of the Census: *Census 2010, 2020;* Environics Analytics; and estimates by Tracy Cross & Associates, Inc.

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HOUSEHOLDS BY TYPE AND AGE OF HOUSEHOLDER: 2023
-- THE CRYSTAL LAKE MARKET AREA --

Attribute	Crystal Lake Market Area		City of Crystal Lake	
	Number	Percent	Number	Percent
2023 Households by Type				
Total Households	**107,689**	**100.0**	**14,957**	**100.0**
Average Household Size	**2.75**		**2.68**	
Households with Children	45,112	41.9	6,114	40.9
Married Couple	36,091	33.5	4,780	32.0
Other Family	8,687	8.1	1,290	8.6
NonFamily	334	0.3	44	0.3
Households without Children	62,577	58.1	8,843	59.1
Married Couple	32,188	29.9	4,222	28.2
Other Family	5,224	4.9	795	5.3
NonFamily	25,165	23.4	3,826	25.6
2023 Households by Age of Householder				
Total Households	**107,689**	**100.0**	**14,957**	**100.0**
Under 25	1,908	1.8	259	1.7
25 - 34	12,972	12.0	1,858	12.4
35 - 44	19,095	17.7	2,515	16.8
45 - 54	21,494	20.0	2,876	19.2
55 - 64	23,125	21.5	3,389	22.7
65 - 74	17,942	16.7	2,462	16.5
75 - 84	8,688	8.1	1,209	8.1
85 and Over	2,465	2.3	389	2.6
Median	***53.0 Years***		***54.0 Years***	
Households Under 35	14,880	13.8	2,117	14.2
Households 35 - 54	40,589	37.7	5,391	36.0
Households 55 - 74	41,067	38.1	5,851	39.1

Source: Environics Analytics and Tracy Cross & Associates, Inc.

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APARTMENT PROJECTS IN PLANNING[1]: SUBURBAN AREAS GENERALLY PROXIMATE TO CRYSTAL LAKE

Municipality/ Proposed Development Name	Location	Builder/Developer	Current Status[2;3]	Leasing	Number of Units
Algonquin					
TBD (Gdn & TH)	Randall Road at Longmeadow Parkway	Atlantic Residential	CS	---	325
Carpentersville					
Iron Flats	Huntley Road and IL-31	WT Group	Approved	2024-25	130
Cary					
TBD	441 West Main	True North Properties	Approved	---	13
Harper Point-AA	400 Haber Road	Elm Tree Properties LLC	UC	2023	24
Crystal Lake					
Courtyard at Congress Station	551 Congress Parkway	Paul Swanson/Equity Trust Co	IP	---	93
Clover Communities	731 East Terra Cotta Avenue	Terra Cotta Development LLC	IP	---	124
Enclave at 95	95 East Crystal Lake Avenue	Hamilton Partners	UC	---	99
Redwood Crystal Lake	1120 Central Park Drive	Redwood USA	UC	2023-24	305
East Dundee					
TBD (Redevelopment RFP)	7 Maiden Lane	NA	CS	---	TBD
Elgin					
Seasons at Elgin	36W987 Hopps Road	Fiduciary Real Estate Dev.	IP	---	280
Residences at Pingree Creek	4400 Damisch Road	ShoDeen Construction	UC	2023-24	224
Bella Casa Square	880-900 South Summit Street	Bella Casa Square LLC	UC	2023-24	151
The Courtyard at 40	40 DuPage Court	Legend Partners LLC	UC	2023	40
Fox River Grove					
TBD	County Line Road at IL-22	Redwood USA	CS	---	110
Block B Redevelopment	Northwest Highway at Illinois Street	American Construction Services	CS	---	80
Downtown Redev-Phase I	US 14 and Algonquin Road	Grove Residential	UC	2023-24	100
Gilberts					
Conservancy at Gilberts (TH-Fut)	Brielle Boulevard	Moda Homes	IP	2023-25	40
Huntley					
Regency Square (Gdn & TH)	Charles H. Sass Parkway and Princeton Dr.	Lynd Living	IP	---	390
The Cornell (Adpt Conv)	11117 Church Street	True North Properties	UC	---	37
Pingree Grove					
Cambridge Lakes N-39 (SFR)	Reinking and Big Timber roads	DR Horton	IP	---	99
West Dundee					
TBD (Redev Spring Hill Mall)	IL-72 and 8th Avenue	NA	CS	---	TBD
Village West (TH & Rnch Dplx)	IL-72 and Randall Road	SR Jacobson	CS	---	380
			Market Area Total[3]		***3,044***

[1] As of May 2023.
[2] Status key: Concept Stage (CS); In Planning (IP); Approved (A); Permits issued/under construction (UC).
[3] Excludes developments with unit counts and product idioms yet to be determined.

Source: Tracy Cross & Associates, Inc.

GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.

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