

Cardinal Group

COMPANIES



RATE SETTING

CLIENT
SAMPLE COMMUNITY
SAMPLE CITY, ST

Date:

To: Client

From: Cardinal Group Consulting

Re: Rate Setting | Sample Community - City, ST

For the purposes of this assessment, the Sample Community is referred to as the “Community” or the “Subject” herein. The objective is to provide a rate setting to assess the market environment, demand drivers, unit mix, and amenity analysis.

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EXECUTIVE SUMMARY

- The Sample University (“University”) has increased enrollment by 15% since 2013, increasing from 31,899 to 36,572 students.
 - Unlike the University’s total enrollment, international enrollment has declined, decreasing from 1,895 to 1,502 students, or 6% to 4% of total enrollment.
 - Unlike the international-only enrollment trend, total out-of-state students have nearly doubled from Fall 2013 to Fall 2023, from 2,819 to 5,428 out-of-state students, or 9% to 15% of total enrollment.
- As part of the University’s ongoing commitment to increasing enrollment and expanding its educational, research, entrepreneurial, and technology programs, the University second campus will be a mixed-use, transit-oriented development that will include a Stadium, an Innovation District, 4,600 residential units, 400 hotel rooms, 90,000 SF retail space, and 80 acres of community parks and open space. It is projected to have a \$3.1 billion economic impact, provide 17,000 jobs, and increase enrollment by up to 15,000 students.
 - The Developer is anticipated to begin construction of the first phase of residential units, with a proposed delivery of 932 beds, or 621 units. However, the delivery date of the first phase is still undetermined. Although students may live at this community, it is designated as a student-competitive community.
- From 2013 - 2023, the University has seen 2,947 new beds delivered to the market, experienced an average occupancy of 95%, and had a compound annual growth rate of 4.5%.
- The Community proposes 265 new beds. To reach stabilization at 95% occupancy, the Community will need to achieve a capture rate of 0.9% among all students living off campus.
- Excluding the Subject, there are four private, off-campus student housing (POSH) and two POSH and one student competitive developments proposed within a 1.5-mile radius of the Subject. If all four under-construction POSH communities deliver 1,253 beds by 2025, the current POSH bed supply will increase by an additional 23%. If all two proposed POSH communities deliver 766 beds by 2026, the current POSH bed supply will increase by an additional 14%.
- Current occupancy ranges from 42% to 100%. On average, the competitive set is 87% occupied. Excluding all student-competitive communities, average occupancy increases to 97%.
- All POSH communities in the competitive set have begun pre-leasing for the 2024 - 2025 lease term, including Community #3 which is under construction and is expected to deliver in August, and are pre-leased at an average of 61%.
- Concessions are limited in POSH communities, typically including waived fees. However, in student-competitive communities, concessions are popular, typically including discounted rent, rent credits, and up to two months of free rent. Concessions are popular in recently delivered communities to help drive leasing traffic.

- Standard community amenities include fully furnished units, a fitness center, a pool/hot tub/jacuzzi, study lounges, an outdoor courtyard, and resident lounges. All communities in the competitive set, except for Community #7 and Community #19, offer a pool or a hot tub/jacuzzi as an amenity. Standard in-unit amenities include stainless steel appliances, granite/quartz countertops, ceiling fans, wood-style flooring, a private patio/balcony, and an in-unit washer/dryer.
 - The Subject’s current proposed amenity suite provides the Subject with a competitive advantage in offering students desirable and practical amenities as well as unique amenities such as the rooftop deck, outdoor fitness space, outdoor showers, and surfboard storage and wash station. However, the Subject, if marketed as a POSH community, will lack the furnished units and utility inclusions that many POSH communities offer as a convenience for their residents.
- The most popular units in the competitive set are two-bedroom units, making up 37% of the set’s unit supply and 40% of the set’s bed supply. This could lead to a potential heightened competition for two-bedroom units. Excluding the seven additional student-competitive communities that were included for context, the majority of units in the competitive set are four-bedroom units, making up 40% of the competitive set’s unit supply and 47% of the set’s bed supply. However, the Subject will not be offering this floor plan.
- The Community proposes 96 studio units (41% of the unit mix), 109 one-bedroom units (46%), and 30 two-bedroom units (13%). The Community’s weighted average size is 597 SF, 406 SF smaller than the competitive set’s weighted average. However, that is largely because the majority of the communities offer four-bedroom units, generally larger, which would impact the competitive set’s weighted average size.
 - The table below presents Cardinal’s recommended untrended and trended, weighted average unfurnished rental rate range.

PROPOSED RENTAL RATES					
Sample Community - Unfurnished					
		Untrended		Trended	
Unit Type	Avg. S.F.	Avg. Mkt. / Bed	Avg. Mkt. / S.F.	Avg. Mkt. / Bed	Avg. Mkt. / S.F.
Studio	424	\$2,147 - \$2,397	\$5.07 - \$5.66	\$2,311 - \$2,561	\$5.45 - \$6.04
1 BR	632	\$2,562 - \$2,712	\$4.05 - \$4.29	\$2,672 - \$2,822	\$4.23 - \$4.47
2 BR	1,026	\$1,970 - \$2,120	\$3.84 - \$4.13	\$2,098 - \$2,248	\$4.09 - \$4.38
Total/Avg.	597	\$2,278 - \$2,464	\$4.30 - \$4.65	\$2,411 - \$2,597	\$4.55 - \$4.90

MARKET OVERVIEW

UNIVERSITY SUMMARY

UNIVERSITY SUMMARY			
Sample University			
ADMISSIONS		COST & TUITION	
Acceptance Rate	34%	Tuition & Fees (In-State)	\$5,797
Avg. GPA of Incoming Freshman	3.86	Tuition & Fees (Out-of-State)	\$17,789
Avg. SAT of Incoming Freshman	N/A	Room & Board (On-Campus)	\$20,213
Avg. ACT of Incoming Freshman	N/A	% of Students Receiving Financial Aid *	52%
SCHOOL SUMMARY		HOUSING	
Location	City, ST	On-Campus Living Requirement	Yes
Undergraduate Enrollment	32,064	Total Beds (On-Campus)	8,108
Graduate Enrollment	4,508	Total Off-Campus Demand	28,464
Total Enrollment	36,572	Total Beds (POSH)	5,242
* Pulled 2022 - 2023 data as current Fall 2023 data was unavailable		On-Campus Occupancy	92%
Note: SAT/ACT/GRE scores are no longer used for admission purposes.			

Source: Cardinal Group, RealPage Market Analytics, Sample University, Common Data Set

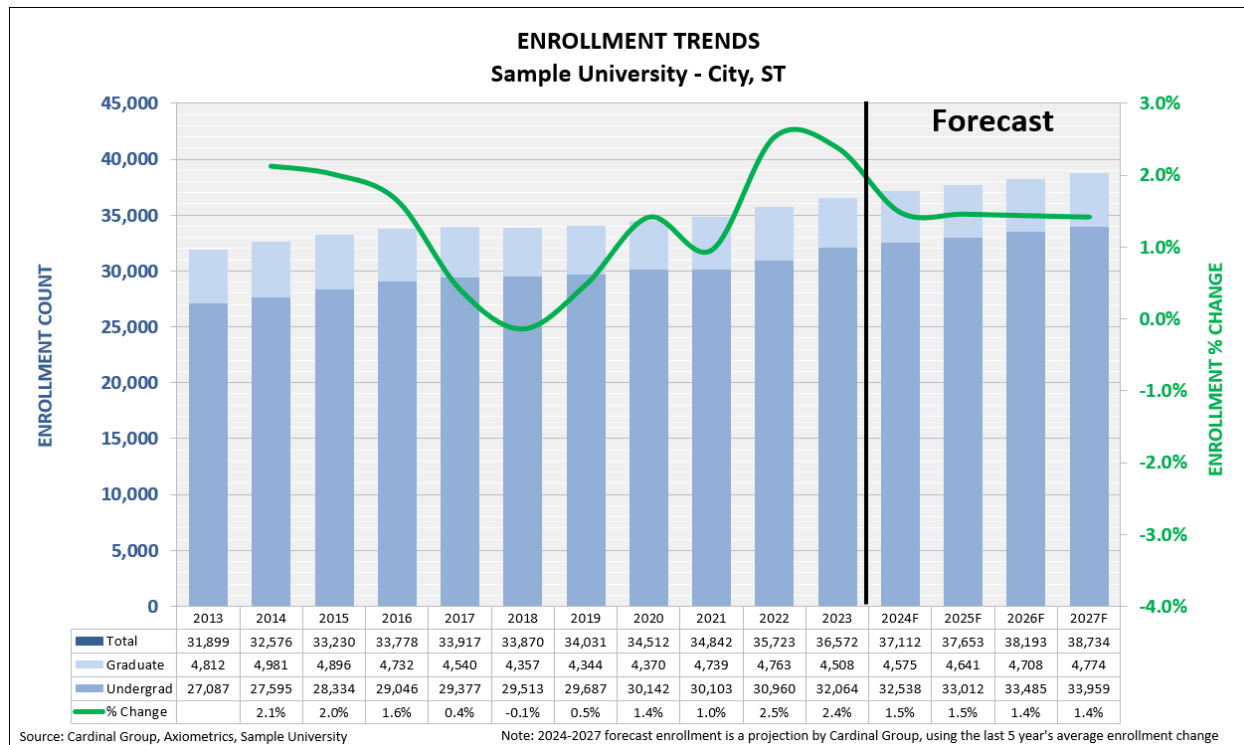
Founded in 1897, the Sample University (the "University") is a public research university located on 560 acres in Sample City, ST. The University has several campuses. The main campus is what we are referencing in this memo. Of the 36,572 students enrolled in Fall 2023, 32,064 (88%) were undergraduates. With over 80,000 applicants, the University accepted 34% of Fall 2023 applicants. 90% of undergraduates attend school full-time, which benefits student housing near campus. 62% of graduates attend school full-time, although they only make up 12% of the student population.

The University is the oldest higher education institution in the City. The University is also federally designated as a Hispanic-service Institution, where at least 25% of undergraduate full-time enrollments identify as Hispanic. The University offers 97 bachelor's, 84 master's, and 21 doctoral degree programs.

According to Axiometrics, the University offers 8,108 on-campus beds (22% of total enrollment) for Fall 2023. However, the University's website states 8,500 (23%) on-campus residents, and in the On-Campus Housing section herein, there were an estimated 9,621 (26%) on-campus beds. The University was unable to confirm the exact total of on-campus beds. All incoming first-year students from outside the University's local admissions area are required to live on campus for their first and second years. The local admission area is discussed further in the On-Campus Housing section herein. As of Fall 2023, there are 5,242 private, off-campus student housing (POSH) beds in the market, compared to a total off-campus demand of 28,464. Due to the inclusion/exclusion of several POSH and student competitive communities, the total POSH beds in the market are different from the competitive set included in the Competitive Set Survey section below.

ENROLLMENT TRENDS

The following chart depicts historical enrollment growth at Sample University.

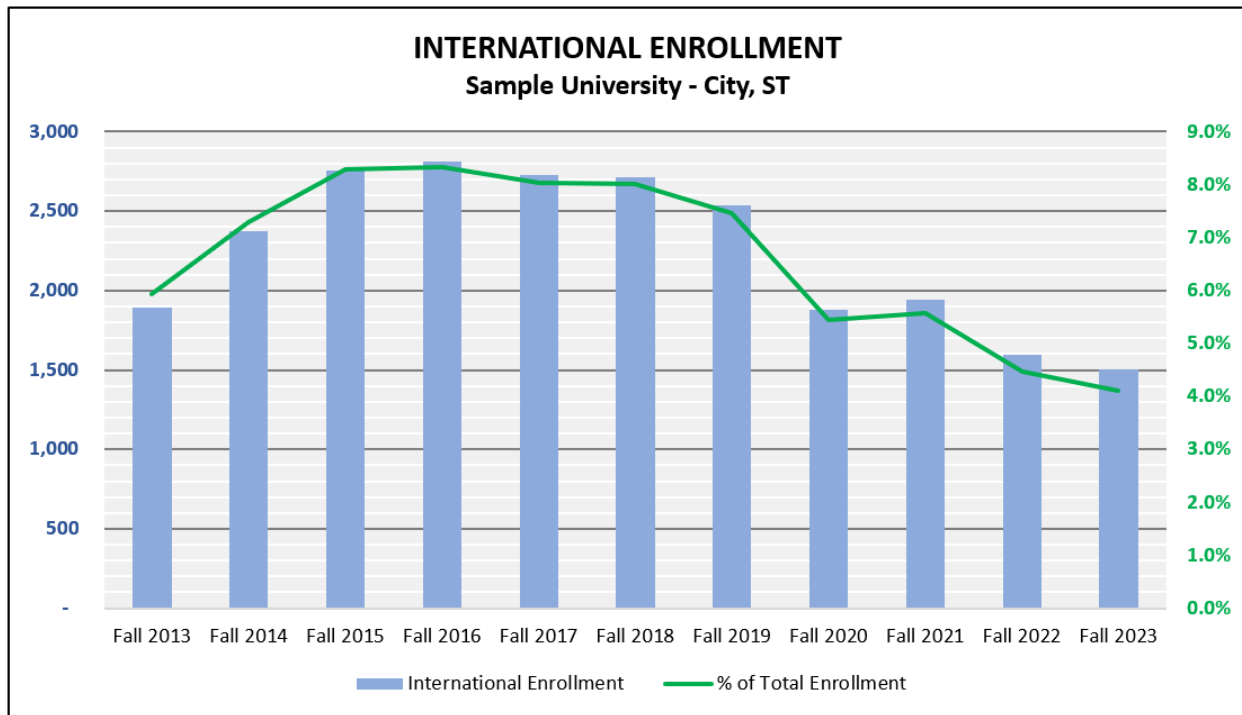


From 2013 - 2023, the University's enrollment increased by 14.6%, from 31,899 to 36,572 students. During that period, the University experienced a compound annual growth rate of 1.4%. Since 2013, the University has had consistent growth year after year, illustrating the University's growing popularity. In 2018, the University experienced a 0.1% decline, or about 47 students. The University recovered shortly after, increasing enrollment by 0.5%. Recently, in 2023, the University increased its enrollment by 2.4%. Utilizing the last five years' average enrollment change, we project enrollment from 2024 - 2027 to grow steadily at a rate of 1.4%.

To meet the expanding enrollment and first- and second-year live-on requirements, the University recently purchased a private, off-campus housing development to fulfill their housing needs. They have also partnered with another POSH community, as their on-site team member mentioned that Fall 2024 leasing will be through the University. The University may not have adequate on-campus housing for the first- and second-year students. If enrollment continues to grow, the University may continue to pull POSH communities offline for their on-campus housing needs. This would help reduce market competition and increase leasing traffic to the remaining communities.

The University expansion campus development, part of the University's strategic plan for 2020-2025, is expected to increase enrollment by 15,000 students, generate \$3.1 billion annually for the regional economy, and create up to 17,000 jobs once completed. The University's development is discussed further in the Future Development section below. Increased enrollment increases demand for student and faculty housing near the University, benefiting the Subject.

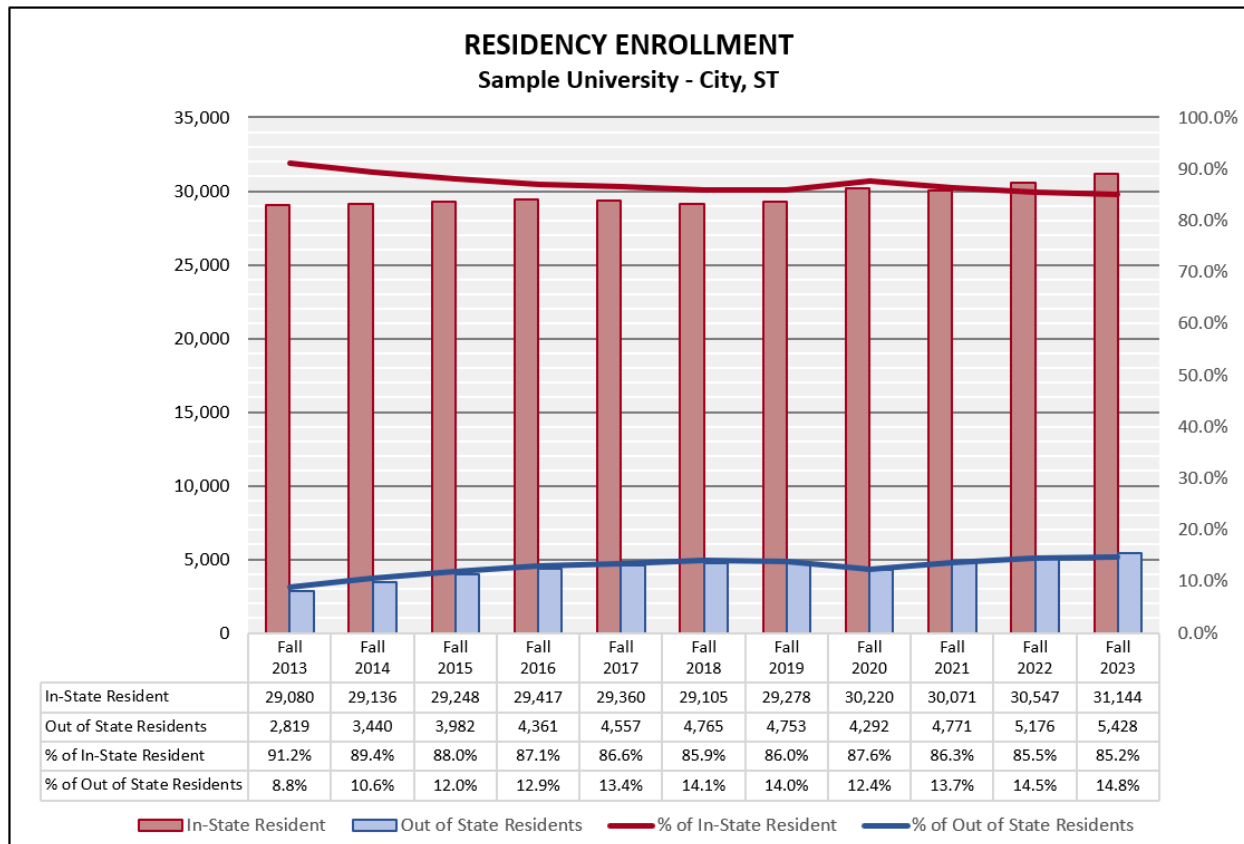
INTERNATIONAL ENROLLMENT TRENDS



Source: Cardinal Group, University at a Glance

The chart above illustrates changes in the University's total international enrollment from Fall 2013 to Fall 2023. From 2013 - 2023, international enrollment experienced a moderate decline, decreasing from 1,895 to 1,502 international students, or 5.9% to 4.1% of total enrollment. In Fall 2016, the University's international enrollment peaked at 2,812 students, or 8.3% of total enrollment. Despite an average 1.4% annual increase in total enrollment, the University's international enrollment has dropped since then. As international enrollment has not negatively impacted total enrollment, the University may focus its enrollment efforts on in-state and out-of-state students. Future international enrollment growth may be constrained due to the enrollment decline since 2016. The Community should monitor both international and enrollment trends to ensure that limited international enrollment growth will not negatively impact total enrollment or the Community.

RESIDENCY ENROLLMENT TRENDS



Source: Cardinal Group, University at a Glance

The chart above illustrates the breakdown of the University's total enrollment based on residency. Out-of-state students include students who do not reside in the state and international students. Unlike the previous international enrollment-only trend, total out-of-state students nearly doubled from Fall 2013 to Fall 2023, from 2,819 to 5,428 total out-of-state students, or 8.8% to 14.8% of total enrollment. In-state enrollment has only increased by 7.1% since 2013 and has dropped from 91.2% to 85.2% of total enrollment. An international enrollment decline coupled with a minimal in-state enrollment increase suggests that out-of-state students have been a driving factor in total enrollment growth. An increase in out-of-state and international enrollment provides promising additional demand for the Subject and other POSH communities, as they require housing near campus after their first and second years. Although the University has an on-campus living requirement, any students in the local admission area are not required to fulfill the live-on requirement and could just commute to campus, which would further limit off-campus housing demand.

ON-CAMPUS HOUSING

The table below details the estimated capacity of residence halls, the yearly rate, and the monthly rate of on-campus accommodations and university-affiliated housing for Fall 2023. Fall 2024 rates have not been released on the University's housing website. The on-campus bed count below differs from the previously mentioned on-campus beds in the University Summary section above, as these are estimated bed counts pulled from CoStar or based on the available unit types at the residence hall. The University would not confirm the total number of beds at each residence hall.

Building	Estimated Capacity - Beds	Confirmed Capacity - Units	Average Yearly Rate	Average Installment Rate
Residence Hall 1	820	290	\$13,605	\$1,701
Residence Hall 2	1,140	380	\$14,143	\$1,768
Residence Hall 3*	600	200	\$12,661	\$1,583
Residence Hall 4	640	320	\$13,605	\$1,701
Residence Hall 5*	552	184	\$12,661	\$1,583
Residence Hall 6*	540	135	\$14,549	\$1,819
Residence Hall 7	1,200	300	\$14,143	\$1,768
Total/Avg:	5,492	1,809	\$13,829	\$1,729

Source: Cardinal Group, Sample University, CoStar

* Confirmed Bed Count.

First-Year Residence Halls | The University provides seven traditional and suite-style residence halls containing single-, double-, triple-, and quadruple-occupancy rooms and semi-suite rooms. The majority of these units are double and triple rooms with limited singles and quads. The Subject will have a competitive advantage by offering students a private room in an apartment that on-campus and many POSH communities lack.

All incoming first-year students from outside the University's local admissions area are required to live on campus during their first and second years. Students are in the local admission area if they graduate from a high school in the County. Any students within the local admissions area are not guaranteed housing and are housed on a first-come, first-served basis. Additionally, all local students in the Honors College are required to live on campus during their first year. Of the seven residence halls, the University can accommodate an estimated 5,492 first-year students. Although students are on a 9-month lease term, they pay eight equal installments. The average installment rental rate for first-year residence halls, excluding meal plans, is \$1,729.

Building	Estimated Capacity - Beds	Estimated Capacity - Units	Average Yearly Rate	Average Installment Rate
Residence Hall 8	303	180	\$12,137	\$1,517
Residence Hall 9	187	50	\$14,189	\$1,774
Residence Hall 10	280	80	\$11,421	\$1,428
Residence Hall 11*	28	7	\$17,920	\$1,792
Residence Hall 12	240	80	\$14,189	\$1,774
Residence Hall 13	160	40	\$12,933	\$1,617
Residence Hall 14	156	52	\$14,189	\$1,774
Residence Hall 15	287	287	Unknown	Unknown
Residence Hall 16	45	25	\$11,421	\$1,428
Residence Hall 17	1,200	400	\$11,301	\$1,413
Residence Hall 18	120	60	\$11,421	\$1,428
Residence Hall 19	700	175	\$13,365	\$1,671
Residence Hall 20*	133	42	\$17,125	\$1,713
Residence Hall 21	130	65	\$11,680	\$1,460
Residence Hall 22	160	80	\$12,933	\$1,617
Total/Avg:	4,129	1,623	\$13,541	\$1,615

Source: Cardinal Group, Sample University, CoStar

* 11.5 Month Contract Rates

Second-Year Residence Halls and Apartments | The University provides 15 suite-style residence halls, on-campus apartments, and university-affiliated apartments for second-year students. This includes single-, double-, and triple-occupancy suites and rooms in studio to four-bedroom apartments. The total estimated capacity for the 15 residence halls and apartments is 4,129 second-year students. The majority of these apartments are on a 9-month lease term, where students pay eight equal installments. However, Residence Hall 11 and Residence Hall 20 are on an 11.5-month lease term with 10 equal installments. Residence Hall 11 has a partnership with the University in which the University owns 28-bed spaces to lease out to students directly, while the remaining beds are leased through the community. Through its partnership, Residence Hall 11 satisfies a second-year student on-campus requirement as long as the student files the appropriate paperwork with the University before the deadline. Not listed above, a private off-campus student housing community will have a similar partnership as Residence Hall 11, where students living at the community will satisfy the second-year on-campus requirement despite being off-campus. The Essential will be partnering with the University beginning Fall 2024. The average installment rental rate at these communities, excluding meal plans, is \$1,615.

FUTURE DEVELOPMENT

For Sample purposes, the Future Development Map has been removed.

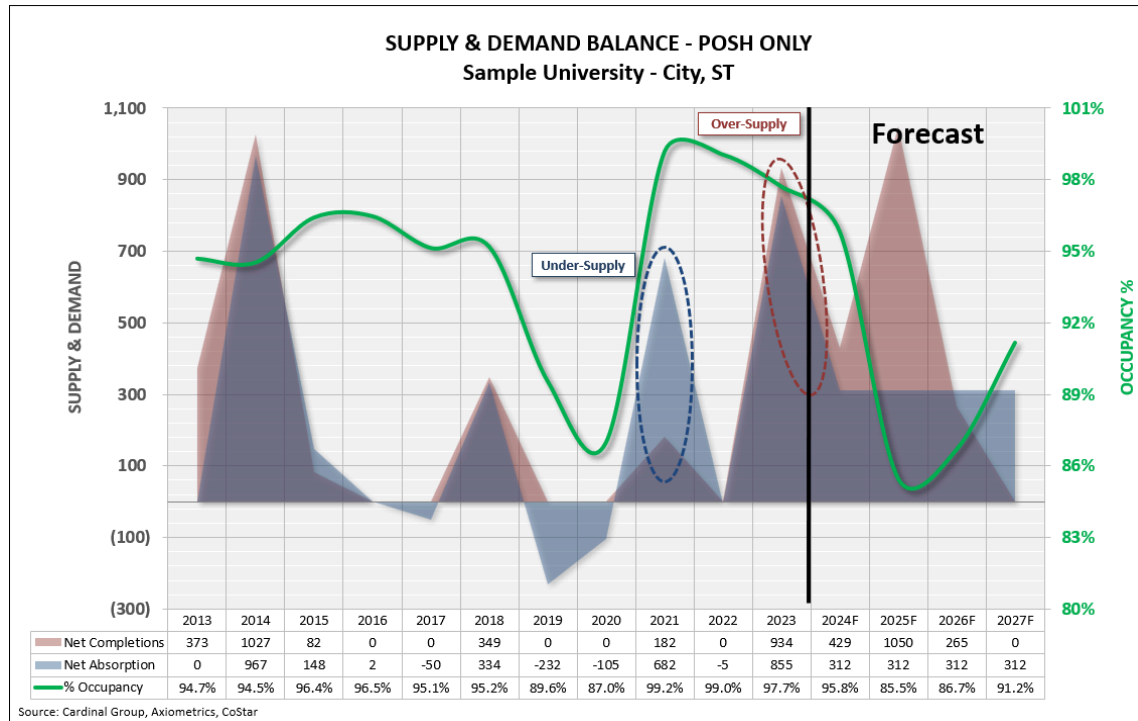
As part of the University's ongoing commitment to increasing enrollment growth and expanding its capacity, educational, research, entrepreneurial, and technology programs, the University's development is being designed as a mixed-use, transit-oriented development that will include a 35,000-capacity Stadium, an Innovation District, 4,600 residential units, 400 hotel rooms, 90,000 SF retail space, and 80 acres of community parks and open space. The University released the original plans in 2017. The University is projected to have a \$3.1 billion economic impact, provide 17,000 jobs, and increase enrollment by up to 15,000 students.

The first stage includes the Stadium, the 34-acre River Park, and the initial phase of residential housing and research innovation space. The completion of the Stadium in August 2022 has already allowed for events, football games, concerts, and more. Completed in December 2023, the Park is open to everyone, allowing for active and passive recreational uses of the green space.

The 4,600 residential units will include student, faculty, and staff housing as well as affordable, workforce, and market-rate housing. The University committed to 10% of units as affordable housing. The proposed residential area will consist of 18 buildings. It is unconfirmed if the developer's first phase will be completed in 2026. The developer was granted a 99-year ground lease to create a mixed-use building with 621 studio to three-bedroom apartments, leasable retail space, and a grocery store. Students may live at this community but it is currently designated as a student-competitive community. It'll take future residents living in the community a 10-minute drive or a 22-minute bus ride to get to the University Library, the center of most academic buildings. Full development is to be completed in 10 to 15 years, depending on economic conditions. The potential impact of these 4,600 residential units on the demand for other housing options could prove significant, potentially heightening competition in nearby neighborhoods, and limiting off-campus housing demand.

MARKET ENVIRONMENT

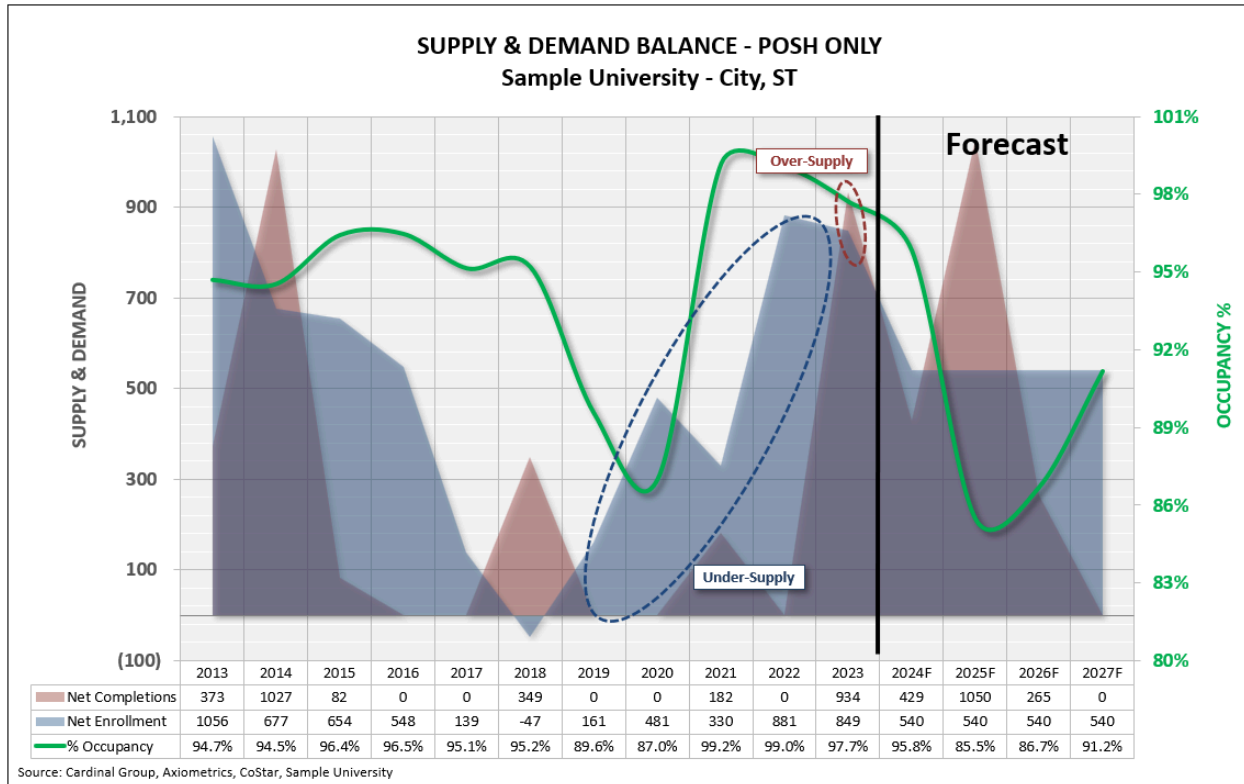
MARKET ANALYSIS



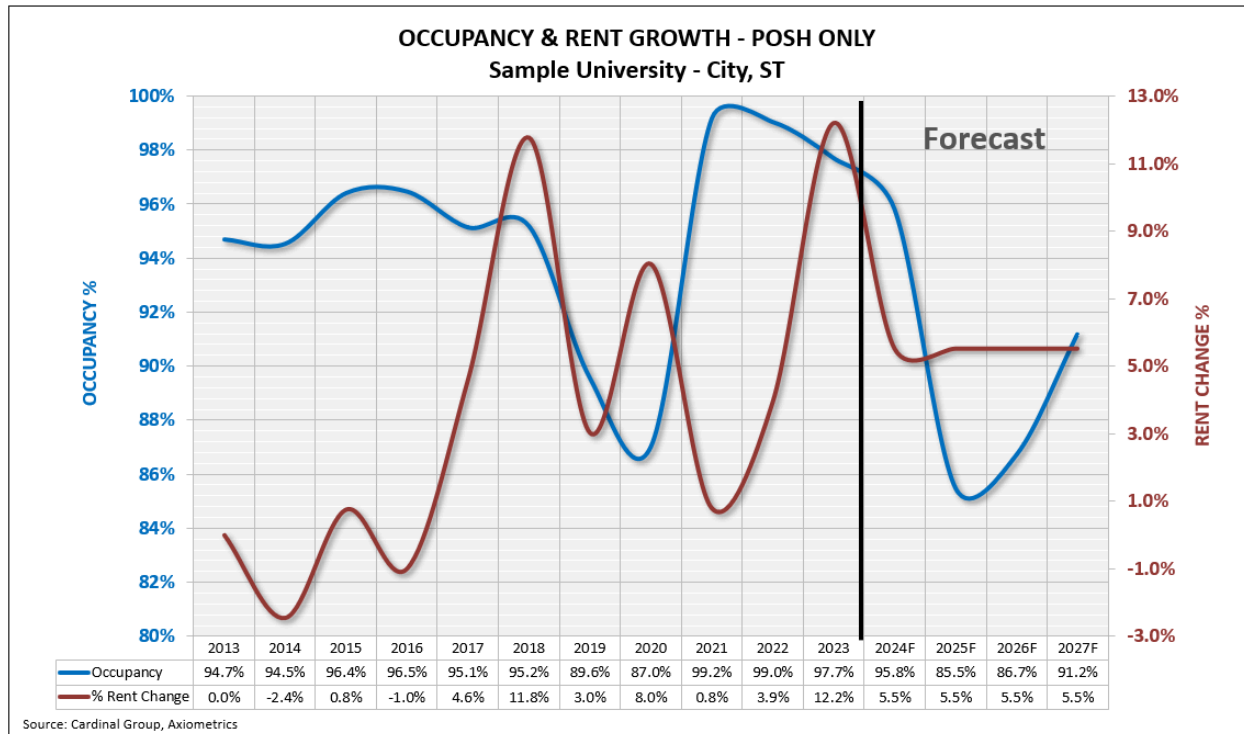
Deliveries (Net Completions vs. Net Absorption) | The chart above illustrates supply and demand metrics for POSH communities in the market. Since 2013, the University's market has undergone notable shifts, with a substantial 2,947 POSH beds delivered. The bulk of these beds were delivered in 2014 and 2023, 1,027 (35% of total beds delivered since 2014) and 934 (32%) beds, respectively. As net completions outpaced absorption, occupancy fell from 94.7% to 94.5% in 2014 and 99% to 97.7% in 2023. The market's ability to recover in subsequent years demonstrates resilience and adaptability. Occupancy dropped to 87% in 2020, most likely due to COVID-related disruptions.

With ~1,744 POSH beds in the pipeline, Axiometrics anticipates the market will gradually absorb new beds as occupancy drops to a low of 85.5% in 2025. In 2027, the market is expected to recover, with occupancy increasing by 6% to 91.2%, as no new beds are anticipated. This portrayal only includes POSH deliveries. The proposed community that is part of the University's development is expected to deliver 932 beds in its initial phase, potentially disrupting the University market. However, the University's development is also projected to increase total enrollment, thus balancing out the increasing supply and demand. It is also possible that the 696 proposed beds in 2025 (66% of expected beds to be delivered in 2025) will be student-competitive beds, which would drastically impact the projected occupancy and lead to a drop in occupancy to 95.4%. The forthcoming increase in supply also indicates an ongoing commitment to meet the housing needs of the student population. Given the historical periods of initial oversupply followed by a recovery period, it's likely the market will absorb the new supply in time; however, it can be influenced by various factors such as enrollment trends, on-campus living requirements, and the completion of the University's development.

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Deliveries (Net Completions vs. Net Enrollment) | The chart above demonstrates how the University's enrollment has influenced the POSH market. The market has seen considerable enrollment growth, with net enrollment exceeding net completions in the market. In 2014, 1,027 new POSH beds were delivered, and the University only increased enrollment by 677 students. However, with consistent enrollment growth in the subsequent years and limited to no new deliveries, the market had a strong recovery. When enrollment declined by 47 students in 2018 while 349 POSH beds were delivered, the market experienced another oversupply period, which resulted in a drop in occupancy. With limited new deliveries and strong enrollment growth from 2019 - 2022, the market recovered, reaching peak occupancy of 99.2% in 2021. With nearly 1,744 new beds expected to be delivered by 2026, the University's net enrollment may not be able to fully absorb all the new deliveries in time, resulting in another oversupply period and occupancy dropping to 85.5%. However, if the 695 student-competitive beds are delivered in 2025, occupancy would only drop to a low of 95.4% and reach a forecasted 100% occupancy in 2028 rather than 91.2%. It'll be important to continue monitoring enrollment projections and the University pipeline, as limited enrollment growth could impact market-wide absorption and occupancy.



Occupancy | The market averaged 95% occupancy from 2013 - 2023. As seen above, occupancy has fluctuated since 2013, with a starting occupancy of 94.7%, dropping to a low of 87% in 2020, reaching a peak occupancy of 99.2% in 2021, and ending at an average market occupancy of 97.7% in 2023. Despite the dynamic occupancy changes, the market has recovered from any occupancy drops, demonstrating the consistent demand for housing and the resiliency of the market. However, as beds are delivered to the market, occupancy incurs a slight drop. As over 1,700 beds are delivered, occupancy is expected to drop until 2025 and average 89.8% from 2024 - 2027. Should the student-competitive community deliver in 2025, occupancy will average 96.9% from 2024 - 2027.

Rent | From 2013 - 2023, the market experienced moderate rent growth with a compound annual growth rate of 4.5%, with average market rents increasing from \$807/bed/mo to \$1,202/bed/mo. The market experienced significant rent changes, from a rent decline of about 2.4% to dramatic rent growth of 11.8% in 2018 and 12.2% in 2023. These dramatic rent changes occurred during the same period when the market experienced large deliveries. Projections indicate that rent growth will average 5.5%, but the delivery of 1,700 beds during this same period may cause rent growth to fluctuate dramatically, considering the historical rent trends. Aside from historical trends, other factors such as the development pipeline, limited enrollment growth, and occupancy could impact this average rent growth of 5.5%.

CAPTURE RATE

CAPTURE RATE OF STUDENT ENROLLMENT			
<i>Sample University - City, ST</i>			
Fall 2023	<u>Upperclassmen & Graduate Students</u>	<u>Full-Time Enrollment</u>	<u>Total Enrollment</u>
Students	24,153	31,647	36,572
On-Campus Beds*	-	(9,621)	(9,621)
Total Demand	24,153	22,026	26,951
Proposed Beds	265	265	265
Capture Rate	1.0%	1.1%	0.9%
Total POSH Supply	5,507	5,507	5,507
Capture Rate	21.7%	23.8%	19.4%

* Estimated on-campus bed count pulled from Sample University, CoStar, and College House

Source: Cardinal Group, Axiometrics, CoStar, College House, Sample University

In the University Summary section above, Axiometrics estimated 8,108 on-campus beds, but we estimate 9,621 based on data from CoStar, College House, and the type of units offered at each community. Due to the University's large on-campus housing, total off-campus demand makes up 70% of full-time enrollment and 74% of total enrollment numbers, 22,026 and 26,951 students, respectively. With 265 proposed beds, the Community will need to achieve a capture rate of 1.1% of full-time students living off-campus and 0.9% of total enrollment living off-campus to reach 95% occupancy. As first- and second-year students are required to live on campus, there are 24,153 upperclassmen and graduate students who will need housing. The Community will need to capture 1% of upperclassmen and graduate students living off-campus to reach 95% occupancy. Although the Community will need to achieve a low capture rate to reach 95% occupancy, this is assuming that the total enrollment not living on-campus will need housing off-campus. As previously mentioned 85% of students are in-state, of which, a portion resides in the City where they could commute to campus and would not require housing. The University also exempts students from the on-campus living requirement if students are from the local admissions area.

Assuming 95% occupancy in all POSH communities in the market, including the Subject, POSH beds will capture 19.4% of total enrollment living off-campus.

DEVELOPMENT PIPELINE

MULTIFAMILY DEVELOPMENT PIPELINE - 1.5 MILE RADIUS OF THE FAYE								
Sample University - City, ST								
UNDER CONSTRUCTION								
MAP #	PROJECT NAME	ADDRESS	DEVELOPER	TYPE	DELIVERY DATE	UNITS	BEDS	
1	Project #1	Address 1	Developer 1	POSH	Aug-25	204	696	
2	Project #2	Address 2	Developer 2	POSH	Jan-25	128	128	
3	Project #3	Address 3	Developer 3	POSH	Aug-24	90	301	
4	Project #4	Address 4	Developer 3	POSH	Aug-24	32	128	
TOTAL	4					454	1,253	
PROPOSED								
MAP #	PROJECT NAME	ADDRESS	DEVELOPER	TYPE	DELIVERY DATE	UNITS	BEDS	
5	Project #5	Address 5	Developer 4	POSH	Unknown	173	540	
6	Project #6	Address 6	Developer 5	POSH	Aug-25	56	226	
7	Project #7	Address 7	Developer 6	S.C.	Unknown	38	57	
TOTAL	3					267	823	
TOTAL COMBINED								
TOTAL	7					721	2,076	

Note 1 - "POSH" = Private Off Campus Student Housing properties that lease by-the-bed.

Note 2 - "S.C." = Student Competitive properties that lease by-the-unit.

* Indicates bed counts were estimated using an assumption that there are 1.5 beds for every unit.

Source: Cardinal Group, Axiometrics, CoStar, College House

For Sample purposes, the Development Pipeline map has been removed.

Direct (1.5-Mile Radius) | Excluding the Subject, there are four POSH developments underway and two POSH and one student-competitive developments proposed within a 1.5-mile radius of the Subject. We were told Community #1 would deliver Phase 2, but the on-site personnel would not provide any details. Community #3/Project #3 and Project #4, two of the four POSH communities under construction, are expected to deliver 429 beds to the market by August 2024. These communities have already begun pre-leasing for the Fall 2024 lease term, offering one- to four-bedroom units. By August 2025, Project #1 will deliver 696 beds. It is located right next to Community #6, a current POSH community. However, there have been discussions in the market indicating the possibility of it delivering as a student-competitive community rather than POSH. According to the website, Project #2, located right next to Project #4, is expected to deliver 128 hybrid studio units for the spring semester of 2025. If all four under-construction POSH communities deliver, the total POSH bed supply will increase by 23%. Project #6, a proposed POSH community, was previously a fraternity house that could house 55 fraternity members. Developer #6 has plans to demolish and build a designated 226-bed student housing community with a mix of studios, two-, four-, and five-bedroom units. There are two proposed POSH communities expected to deliver a total of 766 beds in 2025 and 2026, increasing the total POSH bed supply by an additional 14%.

MULTIFAMILY DEVELOPMENT PIPELINE - 3 MILE RADIUS OF THE FAYE							
San Diego State University - San Diego, CA							
UNDER CONSTRUCTION							
MAP #	PROJECT NAME	ADDRESS	DEVELOPER	TYPE	DELIVERY DATE	UNITS	BEDS
1	Project #8	Address 8	Developer 7	S.C.	Mar-24	66	84
2	Project #9	Address 9	Developer 8	S.C.	Apr-24	64	64
3	Project #10	Address 10	Developer 9	S.C.	Oct-24	40	62
TOTAL	3					170	210
PROPOSED							
MAP #	PROJECT NAME	ADDRESS	DEVELOPER	TYPE	DELIVERY DATE	UNITS	BEDS
4	Project #11	Address 11	Developer 10	S.C.	Unknown	29	44
TOTAL	1					29	44
TOTAL COMBINED							
TOTAL	4					199	254

Note 1 - "POSH" = Private Off Campus Student Housing properties that lease by-the-bed.

Note 2 - "S.C." = Student Competitive properties that lease by-the-unit.

* Indicates bed counts were estimated using an assumption that there are 1.5 beds for every unit.

Source: Cardinal Group, Axiometrics, CoStar, College House

For Sample purposes, the Development Pipeline map has been removed.

Expanded (3-Mile Radius) | When expanded to a 3-mile radius of the Subject, there are three student-competitive developments underway and one student-competitive development proposed. Although these communities may not be a direct competitor to the Subject or a designated student housing community, these are new developments in the market that may impact traffic to the market. Within a 5-mile radius of the Subject, there are a total of 20 communities in the pipeline. The community part of the University development was excluded as it is located 3.5 miles away from the Subject. Although it is a student-competitive community further out from campus, the University students may live at this planned community.

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COMPETITIVE SET SURVEY

COMPETITIVE SET

Cardinal Group has invested heavily in our own proprietary market environment tool called Terrain. This system uses an Application Programming Interface System (API) to gather data from multiple research resources including Entrata and RealPage to automatically populate competitive set data such as rental rates and occupancy. Terrain has been designed to limit the time on-site teams commit to calling competitive communities for leasing information. We also use two third-party sources to supplement our proprietary market information: Axiometrics and CoStar. The data from these sources are compiled to build out of our proprietary market survey tools and verified after setup through either an in-person or phone market survey. These reports are distributed to Ownership as part of the Weekly Reporting Suite, but they are also accessible at any time via our Keystone data visualization tools provided to Ownership.

COMPETITIVE SET SUMMARY															
Sample Community (Sample University - City, ST)															
Map #	Property Name	Units	Beds	Year Built	Type	Class	Pre-Lease	Occupancy	Avg. S.F.	Mkt. Rent per Unit	Mkt. Rent per Bed	Mkt. Rent per S.F.	Adj. Rent per Unit	Adj. Rent per Bed	Adj. Rent per S.F.
1	Community #1	250	635	2023	Student Housing	A	35%	97%	894	\$4,036	\$1,589	\$4.51	\$4,006	\$1,577	\$4.48
2	Community #2	332	1379	2014	Student Housing	A	76%	100%	1,255	\$4,494	\$1,082	\$3.58	\$4,402	\$1,060	\$3.51
3	Community #3	90	301	2024	Student Housing	A	0%	-	1,278	\$6,511	\$1,947	\$5.09	\$6,427	\$1,922	\$5.03
4	Community #4	260	942	2010	Student Housing	B	72%	99%	877	\$2,722	\$1,160	\$3.10	\$2,643	\$1,125	\$3.01
5	Community #5	77	125	1978	Student Housing	C	73%	100%	970	\$2,500	\$1,540	\$2.58	\$2,575	\$1,586	\$2.65
6	Community #6	328	792	2012	Student Housing	B	58%	100%	931	\$3,403	\$1,409	\$3.65	\$3,330	\$1,379	\$3.58
7	Community #7	27	130	2023	Student Housing	A	23%	90%	1,167	\$8,129	\$1,703	\$6.96	\$8,056	\$1,673	\$6.90
8	Community #8	53	169	2023	Student Housing	A	79%	52%	1,222	\$6,367	\$1,997	\$5.21	\$6,287	\$1,972	\$5.15
9	Community #9	96	329	2018	Student Housing	A	100%	99%	1,210	\$6,217	\$1,606	\$5.14	\$4,183	\$1,541	\$3.46
10	Community #10	325	433	2021	Student Competitive	A	-	95%	907	\$2,716	\$2,039	\$2.99	\$2,807	\$2,107	\$3.09
11	Community #11	100	155	2023	Student Competitive	A	-	42%	1,084	\$3,918	\$2,422	\$3.62	\$3,375	\$2,087	\$3.11
12	Community #12	105	142	1987	Student Competitive	C	-	93%	662	\$2,226	\$1,646	\$3.26	\$2,271	\$1,679	\$3.43
13	Community #13*	434	661	2020	Student Competitive	A	-	93%	890	\$3,416	\$2,243	\$3.84	\$3,519	\$2,311	\$3.96
14	Community #14*	197	150	2022	Student Competitive	A	-	98%	777	\$3,358	\$2,557	\$4.32	\$3,358	\$2,557	\$4.32
15	Community #15*	230	316	2022	Student Competitive	A	-	93%	895	\$2,970	\$2,162	\$3.32	\$2,695	\$1,962	\$3.01
16	Community #16*	600	1074	2022	Student Competitive	A	-	77%	1,061	\$3,452	\$1,929	\$3.25	\$3,059	\$1,709	\$2.88
17	Community #17*	379	504	2023	Student Competitive	A	-	57%	829	\$3,450	\$2,594	\$4.16	\$3,253	\$2,446	\$3.92
18	Community #18*	277	367	2022	Student Competitive	A	-	86%	903	\$3,438	\$2,595	\$3.81	\$2,938	\$2,217	\$3.25
19	Community #19*	94	106	2023	Student Competitive	A	-	50%	599	\$2,923	\$2,592	\$4.88	\$2,715	\$2,407	\$4.53
	Sub - Untrended Base Rents	Sample Community	235	265	2026	Student Housing	A	-	597	\$2,568	\$2,278	\$4.30	\$2,568	\$2,278	\$4.30
	Sub - Untrended Premium Rent	Sample Community	235	265	2026	Student Housing	A	-	597	\$2,778	\$2,464	\$4.65	\$2,778	\$2,464	\$4.65
	Sub - Trended Base Rents	Sample Community	235	265	2026	Student Housing	A	-	597	\$2,719	\$2,411	\$4.55	\$2,719	\$2,411	\$4.55
	Sub - Trended Premium Rent	Sample Community	235	265	2026	Student Housing	A	-	597	\$2,929	\$2,597	\$4.90	\$2,929	\$2,597	\$4.90
	Total	19	4,254	8,710											
	Wgt. Avg.		224	458	2016		61%	87%	952	\$3,573	\$1,748	\$3.75	\$3,386	\$1,675	\$3.57
	Min		27	106	1978		0%	42%	599	\$2,226	\$1,082	\$2.58	\$2,271	\$1,060	\$2.65
	Max		600	1,379	2024		100%	100%	1,278	\$8,129	\$2,595	\$6.96	\$8,056	\$2,557	\$6.90

Note: Summary Figures do NOT include the Subject Property

* These communities were added to provide additional context of recently delivered student competitive communities in the market (6-miles of Sample Community)

Source: Cardinal Group Companies LLC

Date Modified 2/20/2024

The competitive set includes nine POSH communities and ten student competitive communities for a combined 8,710 beds. Although students may not be living at seven of the 10 student competitive communities, they were included to provide additional context for recently delivered student competitive communities and rents for a similar product type as the Sample Community in nearby neighborhoods. Community #5 is listed as a POSH community; however, operationally, it acts more like a student-competitive community as it is unfurnished, leased by the unit, and is not utility-inclusive. These communities were built between 1978 - 2024, with an average vintage of 2016. Aside from the recently delivered communities, many of the communities have undergone some form of renovation. Three POSH communities and three student competitive communities were delivered in 2023, and one POSH community is expected to be delivered by August 2024. Community #2 had recently undergone renovations as well as a rebrand. Community #15 recently rebranded. Community #12, on the other hand, has undergone a few renovations but recently transitioned from a POSH, lease by the bed and furnished community, to a student-competitive,

lease by the unit, unfurnished community. Community #2 and Community #12 are located down the street from the Subject.

Current occupancy ranges from 42% to 100%, with a weighted average occupancy of 87%. Community #3 has not been delivered yet, so it does not have an occupancy percentage. Excluding student-competitive communities, POSH communities have a weighted average occupancy of 97%. Of the recently delivered communities, Community #11 has not reached at least 50% occupied as it is occupied at 42%. Excluding all recently delivered communities that have not reached stabilization, the weighted average occupancy is 93%. However, the late delivery of Community #8 in October instead of August may have negatively impacted its reputation and current occupancy, which is currently at 52%. We were unable to confirm the occupancy and pre-leased percentages at Community #1, Community #2, Community #7, Community #11, Community #14, and Community #18.

Only POSH communities are pre-leasing for the 2024 - 2025 lease term, ranging from 0% to 100%, with a weighted average pre-lease of 61%. Community #3 is 0.33% pre-leased, with one executed lease signed for Fall 2024. We recommend the Community continue to monitor the market's occupancy and rents.

The weighted average market rent per bed ranges from \$1,082/bed/mo - \$2,595/bed/mo (\$2.58/SF - \$6.96/SF). The weighted average market rent per bed across the competitive set is \$1,748/bed/mo (\$3.75/SF). The weighted average adjusted rent per bed, which accounts for the utility structure differences, furnished units, and concessions across the competitive set, is \$1,675/bed/mo (\$3.57/SF) and ranges from \$1,060/bed/mo - \$2,557/bed/mo (\$2.65/SF - \$6.90/SF).

Excluding the seven student competitive communities that were included for additional context, the weighted average market rent per bed ranges from \$1,082/bed/mo - \$2,422/bed/mo (\$2.58/SF - \$6.96/SF). The weighted average market rent per bed across the competitive set is \$1,458/bed/mo (\$3.73/SF). The inclusion of the student-competitive communities in nearby neighborhoods increased the weighted average market rent by \$290/bed/mo.

COMPETITIVE SET MAP

For Sample purposes, the Competitive Set map has been removed.

Direct Competitors | The map above illustrates the competitive set's location relative to the Subject and the University. The location of the seven additional student competitive communities located in nearby neighborhoods is shown in the map below. The majority of total POSH communities in the University market are located on the southern edge of the University's boundaries. For the competitive set, only four communities are located on the southern edge of the University's boundaries. Several POSH communities, along with the Subject, are located over 2 miles from the University's library, which is centrally located around the majority of the academic buildings at the University. Community #12 and Community #2 are both located a few blocks from the Community. The street the Sample Community is located on has plenty of retail, restaurants, lifestyle amenities, and grocery stores for future residents to easily access.

It will take future residents living at the Community a 10-minute drive or a 30-minute walk to get to the University's library. Residents will likely drive to campus. The Community is also located by the Red and Blue buses that can take residents to the University Station, 0.2 miles south of the library by the Student Union. The Red bus runs every eight minutes, and the Blue bus runs every 15 minutes, and it will cost residents \$2.50/trip. Community #2 and Community #4, also located 2 miles from the Library, offer their residents a free shuttle bus that runs every 15 minutes. Community #4 mentioned the shuttle was the most popular amenity and one of the top reasons residents chose to live there. During our market survey, four POSH communities identified their proximity to campus as the main reason residents chose their community. Additionally, three student-competitive communities indicated their location was a reason why residents chose their community. Although the Community is not directly located by campus, the Subject is still relatively close to the University in comparison to Community #1 and the student-competitive communities. The Subject will benefit from being near bus stops, grocery stores, restaurants, and retail space.

For Sample purposes, the Competitive Set map has been removed.

Expanded Competitive Set | The map above illustrates the seven additional student competitive communities' locations relative to the Subject and the University. They are located about 3.7 - 7.7 miles from the University's library, which is centrally located among the University's academic buildings. Community #15 is the closest to campus, almost the same distance as Community #1 from campus.

Although these communities are located in nearby neighborhoods, many of them noted that they do not receive high leasing traffic from the University students. These additional communities were included to provide context on rents and amenities for recently delivered student-competitive communities that have a similar product type as the Subject. These communities are further out from the Subject, as only three student competitive communities - Community #10, Community #11, and Community #15 - were built after 2020 within a 3-mile radius. Two of the three communities were included in the direct competitive set, and one was included for additional context.

CONCESSIONS

CONCESSION COMPARISON		
<i>Sample Community - Competitive Set (Sample University - City, ST)</i>		
Map #	COMMUNITY	CONCESSION
1	Community #1	-
2	Community #2	-
3	Community #3	Waived admin fee
4	Community #4	-
5	Community #5	-
6	Community #6	-
7	Community #7	Partially waived admin fee
8	Community #8	Waived admin fee
9	Community #9	-
10	Community #10	-
11	Community #11	Up to 2 months free
12	Community #12	\$200 off monthly rent
13	Community #13*	-
14	Community #14*	-
15	Community #15*	Up to 6 weeks free
16	Community #16*	Up to 6 weeks free and a \$1,000 Look and Lease
17	Community #17*	1 month free
18	Community #18*	Up to \$6,000 off rent
19	Community #19*	1 month free and \$500 credit

Source: Cardinal Group Companies

Date Modified: 2/20/2024

* These communities were added to provide additional context of recently delivered student competitive communities in nearby neighborhoods

Due to the strong enrollment growth, concessions are limited in the University POSH market. However, concessions are common among the student-competitive communities. Concessions typically include waived admin fees, discounted rent, up to two months of free rent, and up to \$1,000 in rent credits. Only three student-competitive communities are not offering a concession. The three POSH communities offering waived admin fees were recently delivered. Since these communities were just delivered in 2023, concessions may be used to help drive leasing traffic to the community, as their reputation and brand haven't been fully established like some of the stabilized communities. Community #7 and Community #8 are also two POSH communities that are occupied below 90%.

As competition heightens and the market experiences a moderate development pipeline in the future, concessions may become more prevalent as a means to generate traffic and interest. The Subject should continue to monitor concessions in the market moving forward as new beds are delivered.

AMENITIES

COMMUNITY FEATURES SUMMARY										
Sample Community (Sample University - City, ST)										
Map #	Property	Furnished Option	Fitness Center	Pool(s)	Jacuzzi/Hot Tub	Study Lounge	Outdoor Showers	Surfboard Storage & Wash Station	Roof Deck	Coffee Bar/Internet Cafe
1	Community #1	X	X	X	X	X	X			X
2	Community #2	X	X	X	X	X	X			X
3	Community #3	X	X	X		X				
4	Community #4	X	X	X		X				
5	Community #5			X						
6	Community #6	X	X	X		X				X
7	Community #7	X							X	X
8	Community #8	X	X		X	X				
9	Community #9	X	X		X	X		X		
10	Community #10		X	X		X			X	
11	Community #11		X	X		X			X	
12	Community #12		X	X		X				
13	Community #13*			X	X				X	
14	Community #14*		X		X					
15	Community #15*		X	X						X
16	Community #16*		X	X		X			X	X
17	Community #17*		X	X		X				
18	Community #18*		X	X					X	
19	Community #19*		X						X	
Sub - Proposed	Sample Community									
	Sample Community Count	8	10	9	4	10	2	1	3	4
		67%	83%	75%	33%	83%	17%	8%	25%	33%

Note: Summary Figures do NOT include the Subject Property
Source: Cardinal Group Companies LLC

Date Modified 2/20/2024

Standard community amenities include fully furnished units in POSH communities, a fitness center, a pool/hot tub/jacuzzi, study lounges, bike storage, an outdoor courtyard, and resident lounges. All communities offer a pool or a hot tub/jacuzzi; Community #7 and Community #19 are the only communities that do not offer either as an amenity. Standard in-unit amenities include stainless steel appliances, granite/quartz countertops, ceiling fans, wood-style flooring, a private patio/balcony, and an in-unit washer/dryer. Community #12 and Community #5, the oldest communities in the competitive set, do not offer an in-unit washer and dryer.

Community #2 offers the most extensive amenity package amongst the competitive set, including a business center with computers and a printing station, a coffee bar, a game room, a media room, outdoor showers, tanning beds, on-site retail spaces, and a designated yoga/spin studio. Part of the yoga/spin studio is outside, which is the only POSH community that offers an outdoor fitness space that would be comparable with the Community's outdoor fitness space. Community #16 also offers an outdoor fitness space; however, it hasn't been used as often due to the inclement weather recently. Community #1 also offers outdoor showers by the pool. When touring the communities, the on-site team indicated that residents don't use the showers as often as they are hidden. Community #9 is the only community in the competitive set that offers a surfboard storage and washing station. The Community #9 on-site team member mentioned that no one has rented out the \$15/mo surfboard storage and that the surfboard washing station is located in the garage, unsure if it's been utilized. However, an on-site team member at a POSH community not included in our competitive set mentioned an outdoor shower would be nice to help rinse out wetsuits. As the outdoor shower/surfboard washing station is located near the entrance of the Community, a more favorable location, it may be utilized more than the other communities.

COMMUNITY SURVEY				
Sample Community - Competitive Set (Sample University - City, ST)				
Map #	COMMUNITY	MOST USED AMENITY	LEAST USED AMENITY	MOST DESIRED AMENITY
1	Community #1	-	-	-
2	Community #2	-	-	-
3	Community #3	NA	NA	NA
9	Community #9	Clubhouse and Fitness Center	Game Room - Pool tables and Ping Pong	Sauna or Larger Fitness Center
8	Community #8	24-7 Fitness Center	None	None
6	Community #6	Study Rooms	-	-
7	Community #7	-	-	-
4	Community #4	Shuttle and Fitness Center	Outdoor Courtyard	Skylounge and more Parking
12	Community #12	Fitness Center and Pool	None	None
5	Community #5	Pool	None	Central AC
20	Paseo Place	-	-	-
10	Community #10	Fitness Center and Pool	Skydeck	Gated Pet Area
11	Community #11	-	-	-
13	Community #13*	Golf Simulator and Sauna	-	Fitness Center
14	Community #14*	-	-	-
15	Community #15*	Fitness Center	-	-
16	Community #16*	Fitness Center	-	Skydeck
17	Community #17*	Fitness Center and Pool Deck	Outdoor Courtyard with Cornholes	Sauna
18	Community #18*	-	-	-
19	Community #19*	Rooftop terrace	-	Larger fitness center

Source: Cardinal Group Companies

The most utilized amenities in the competitive set are the fitness centers and pools. Although shuttle service, study rooms, clubhouse, golf simulator, sauna, and a rooftop terrace are also very popular. The least utilized amenities include an outdoor courtyard, a sky deck, and a game room. Community #10's on-site team member noted that the sky deck is still utilized, but less than the other amenities. Some of the most desired amenities include a sky lounge, central AC, sauna, gated pet area, a larger fitness center, and more parking. As their amenity offerings are very limited, Community #5, Community #8, and Community #12 indicated that all of their amenities were utilized. Community #8, Community #12, and Community #15 could not identify any desired amenities. The amenity survey could not be completed for Community #3 as it has not been delivered. We were unable to complete an amenity survey with Community #1, Community #2, Community #7, Community #11, Community #14, and Community #18.

POSH communities closer to campus tend to offer limited amenities due to their proximity to the University's recreational facilities. Community #1, Community #2, and Community #4 are located further from campus and have a much larger amenity suite. The Subject, also located further from campus, will offer an extensive amenity suite with some unique amenities that could help set itself apart from the existing communities. The Community could also differentiate itself by offering some smart technology packages, as that was only common at student competitive communities, Community #2, and a few of the premium units at Community #4. The Community will also have a competitive advantage by offering the most utilized amenities, including a hot tub, a fitness center, and a sky lounge. The team at Community #4 indicated that a sky lounge during sunset would be desirable to host afternoon events, which Community #19 had also emphasized when indicating that it was the most utilized amenity. These outdoor spaces allow the Community to host outdoor resident programming, such as sunset dinners, movie premieres, and sports game parties, for their residents to enhance the residence experience and create a sense of community. The Community has the opportunity to include a popular amenity, a shuttle service, to remain competitive with

Community #4 and Community #2, as they are located just as far from campus and offer a shuttle for free. Community #1 is located on the trolley station and has a direct route on the green line to campus.

As a POSH community, many communities offer utility inclusion and furnished units. Community #5 is the only POSH community that does not offer furnished units. They have not received a ton of pushback from students leasing unfurnished units; however, they offer more affordable units due to their limited amenity suite and outdated unit interiors. The team also recommends Cort Furniture rentals to students as an option, with packages starting at \$129/mo. Given that the University market is amenity- and POSH-heavy, the Subject should prioritize marketing why it's the Community to live at through its branding, presumed high-quality unit interiors, and extensive amenity suite. During our market surveys, one team member mentioned that although location is the top factor in a student's decision to lease at a community, amenities were becoming another factor that students were considering. The Community's unique amenity offerings will help differentiate it in the market.

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COMPETITIVE SET AMENITIES



(Community #1)



(Community #2)



(Community #10)



(Community #4)



(Community #11)



(Community #8)

PARKING

PARKING COMPARISON								
Sample Community - Competitive Set (Sample University - City, ST)								
Map #	COMMUNITY	SURFACE	GARAGE - SINGLE	GARAGE - TANDEM	SHARED	TOTAL PARKING	PARKING RATIO	EV STATIONS
1	Community #1	-	-	-	-	-	0.0	Yes
2	Community #2*	-	1,000	-	-	1,000	3.0	-
3	Community #3	-	20	-	-	20	0.2	Yes
4	Community #4	-	598	-	-	598	2.3	-
5	Community #5	-	51	13	-	64	0.8	-
6	Community #6*	-	200	-	-	200	0.6	Yes
7	Community #7	-	N/A	N/A	-	N/A	N/A	N/A
8	Community #8	-	20	-	-	20	0.4	2
9	Community #9	-	80	-	136	216	2.3	2
10	Community #10*	-	425	-	-	425	1.3	-
11	Community #11*	-	131	-	-	131	1.3	-
12	Community #12*	-	105	-	-	105	1.0	-
13	Community #13	-	747	-	-	747	1.7	30
14	Community #14	-	-	-	-	-	0.0	-
15	Community #15	151	-	79	-	230	1.0	-
16	Community #16	-	-	-	-	-	0.0	6
17	Community #17*	-	542	-	-	542	1.4	9
18	Community #18	-	342	-	-	342	1.2	12
19	Community #19	-	28	-	-	28	0.3	-
Total Weighted Average:		151	460	62	136	448	1.5	13
Direct Competitive Set Weighted Average:		-	413	13	136	421	1.6	2

* Estimated parking spaces provided by the Community, Costar, or based on the number of units
Source: Cardinal Group Companies

Date Modified 2/20/2024

The table above illustrates the number of parking spaces and EV charging stations that each community offers. We were unable to confirm the number, type of parking, and fee at Community #1, Community #14, and Community #16. Community #7 is the only community in the competitive set that does not offer any parking for its residents. For several communities notated with an asterisk, we estimated the minimum number of parking spaces from CoStar or the community's total number of units. The weighted average number of parking spaces in the total competitive set, among the communities confirmed or estimated, is 448 spaces, or 1.5 spaces per unit. However, the weighted average number of parking spaces in the direct competitive set is 421 spaces, or 1.6 spaces per unit. The median number of parking spaces is 311. The majority of the communities offer single garage parking spaces, with a few offering single and shared tandem parking. Community #15 is the only community offering surface parking. Five communities in the direct competitive set and four student-competitive communities in nearby neighborhoods offer EV charging stations. The 10 EV charging stations in the Community seem sufficient for the number of residents.

PARKING FEE COMPARISON						
Sample Community - Competitive Set (Sample University - City, ST)						
Map #	COMMUNITY	SURFACE	GARAGE - SINGLE	GARAGE - TANDEM	GARAGE - TANDEM SHARED	EV RESERVED
1	Community #1	-	\$175	-	-	-
2	Community #2	-	\$2	-	-	-
3	Community #3	-	\$150	-	-	-
4	Community #4	-	\$65	\$90	\$35	-
5	Community #5	-	\$75	\$125	-	-
6	Community #6	-	\$95	-	\$115	-
7	Community #7	N/A	N/A	N/A	N/A	N/A
8	Community #8	-	\$150	-	-	-
9	Community #9	-	\$125	-	\$90	\$250
10	Community #10	-	Included. \$125/mo for each additional	-	-	-
11	Community #11	-	Included	-	-	-
12	Community #12	-	Included. \$50/mo for each additional	-	-	-
13	Community #13	-	Included. \$75/mo for each additional	-	-	\$125
14	Community #14	-	-	-	-	-
15	Community #15	Included	-	Included	-	-
16	Community #16	-	\$25	\$100	-	\$200
17	Community #17	-	\$25	\$100	-	-
18	Community #18	-	-	-	-	-
19	Community #19	-	Executive units only	-	-	-
Total Weighted Average:		-	\$44 - \$67	\$85	\$81	\$127
Direct Competitive Set Weighted Average:		-	\$65 - \$88	\$98	\$81	\$161

Source: Cardinal Group Companies

Date Modified: 2/20/2024

The table above illustrates each community's parking fee. Of the confirmed parking fees, single garage spaces range from \$0/mo to \$175/mo, with a weighted average of \$44/mo as several communities include the first parking space in the rent. However, for any additional parking, the fees range from \$50/mo - \$125/mo, which would increase the total weighted average to \$67/mo. Community #2 offers unreserved parking spaces for \$25/year, or \$2/mo, the cheapest parking fee for POSH communities. The majority of student-competitive communities include the first parking space in the rent or offer parking at a discounted fee compared to POSH communities. Community #1 offers the most expensive parking spaces at \$175/mo, despite being one of the furthest communities from the campus. However, it is also located right next to the trolley station.

The Community will have 195 garage spaces, or about 0.8 spaces per unit. Given that it will take future residents about a 10-minute drive or a 30-minute walk to the University's library, the number of parking spaces may be limited. Given its location and the current market fees, we would recommend that the Community set parking fees ranging from \$75/mo - \$150/mo.

LEASING VELOCITY

MARKET PRELEASE VELOCITY

PRELEASE VELOCITY												
Sample University - City, ST												
ANNUAL DATA												
	January	February	March	April	May	June	July	August	September	October	November	December
2012	-	-	-	-	46.8%	53.4%	64.6%	90.0%	0.0%	0.0%	0.0%	17.3%
2013	25.9%	68.3%	58.3%	63.8%	68.2%	80.7%	85.6%	91.5%	0.0%	0.0%	7.7%	46.6%
2014	42.9%	49.6%	61.1%	59.8%	72.6%	78.4%	82.4%	90.4%	0.0%	0.2%	12.3%	27.1%
2015	50.4%	51.6%	56.9%	57.5%	72.6%	79.7%	85.8%	98.3%	0.0%	4.2%	0.0%	11.0%
2016	21.2%	60.0%	55.4%	68.5%	79.5%	82.5%	88.1%	97.6%	0.0%	0.0%	0.6%	27.8%
2017	35.7%	52.9%	61.5%	74.7%	85.4%	83.8%	90.0%	94.9%	0.0%	1.7%	10.4%	18.8%
2018	35.1%	41.9%	60.0%	61.5%	73.5%	80.8%	86.0%	98.0%	0.0%	0.0%	3.6%	6.4%
2019	19.6%	29.7%	53.3%	56.8%	69.8%	76.3%	86.8%	79.3%	0.0%	1.2%	5.6%	18.4%
2020	37.5%	47.5%	52.4%	62.1%	70.7%	70.4%	79.1%	84.9%	0.0%	0.3%	4.2%	11.0%
2021	12.8%	28.1%	36.8%	46.3%	66.7%	74.0%	93.1%	97.2%	0.0%	0.2%	6.0%	17.5%
2022	27.8%	39.6%	57.5%	65.2%	85.8%	98.2%	99.6%	99.1%	0.0%	1.4%	6.2%	34.1%
2023	37.4%	46.5%	58.7%	64.7%	79.7%	91.5%	98.9%	99.7%	0.0%	0.1%	44.8%	52.1%
10-YEAR AVERAGE DATA												
	January	February	March	April	May	June	July	August	September	October	November	December
Avg. Prelease Rate	30.9%	46.9%	55.3%	61.6%	71.9%	78.0%	85.5%	92.8%	0.0%	0.8%	5.2%	21.4%
Monthly Change	9.4%	16.0%	8.4%	6.3%	10.3%	6.1%	7.5%	7.3%	0.0%	0.8%	4.3%	16.3%
% Total Leases Signed	10.2%	17.3%	9.0%	6.8%	11.1%	6.5%	8.1%	7.8%	0.0%	0.9%	4.7%	17.6%

Source: Cardinal Group Companies & RealPage

Date Updated: 2/5/2024

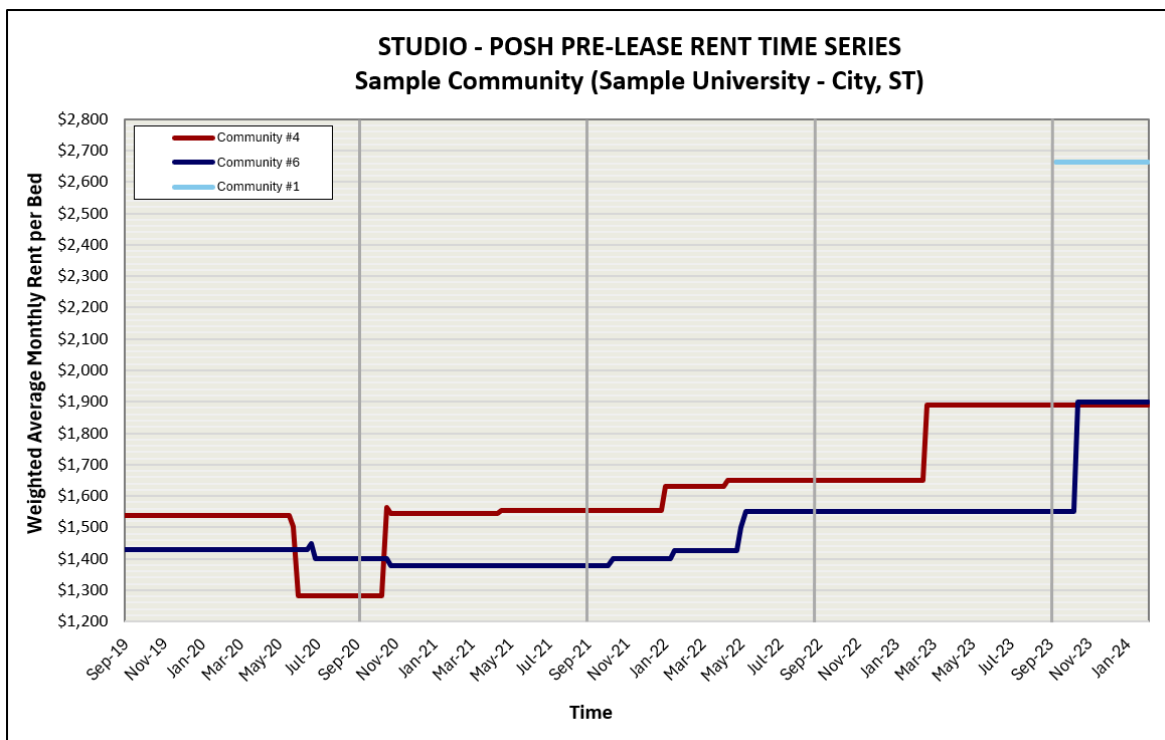
The table above represents the pre-lease velocity for POSH communities in the University market. As this data was pulled from RealPage, several data points are missing, such as January through April 2012. At least nine POSH communities were missing data on RealPage's time series report, and several communities only had pre-lease data for a few months at a time. The line between August and September indicates the beginning of the next lease term. It should be noted that these are pre-leasing percentages. The January 2023 37.4% pre-leasing percentage is for the 2023 - 2024 lease term, while the November 2023 44.8% pre-lease percentage is for the 2024 - 2025 lease term.

As seen above, the market begins pre-leasing in late October/early November and typically reaches its maximum pre-lease by move-in. According to RealPage, the market has yet to reach 100% pre-lease rates. However, in August 2023, the market reached its highest pre-lease record for the market at 99.7%. On average, the market reached 92.8% pre-lease in August from 2012 - 2023. The market is ahead of its average pre-lease rates, already achieving 52% pre-lease in December when normally the market achieves 55% pre-lease in March. As the market is ahead of the average pre-lease rate of the past 10 years, it further illustrates the market's resiliency and demand for housing, as new beds were delivered this year during a strong enrollment period. Given that the market historically didn't reach 52% pre-lease in December, it's possible this 2024 - 2025 lease term is not the norm and should not be expected moving forward. With an increase in supply in the pipeline, it's possible that the leasing velocity could be slower moving forward as there is heightened competition and limited demand. On average, heavy leasing occurs in December, February, and May. We recommend the Subject continue to monitor pre-leasing trends and re-evaluate current market conditions in mid-May.

RENT TRENDS

Using our own proprietary market environment tool, Terrain, the following graphs were created to illustrate the POSH communities' rent trend from September 2019 to January 2024. As previously mentioned, Terrain uses an API to gather data from Entrata and RealPage, with on-site teams calling competitive communities for leasing information as well. That said, the only data provided in Terrain are communities that are comparable to those currently managed by Cardinal. Therefore, it's possible some communities were not included below. The on-site teams are collecting pre-lease term rental rates. The rents below are the total weighted average market rents for each unit type.

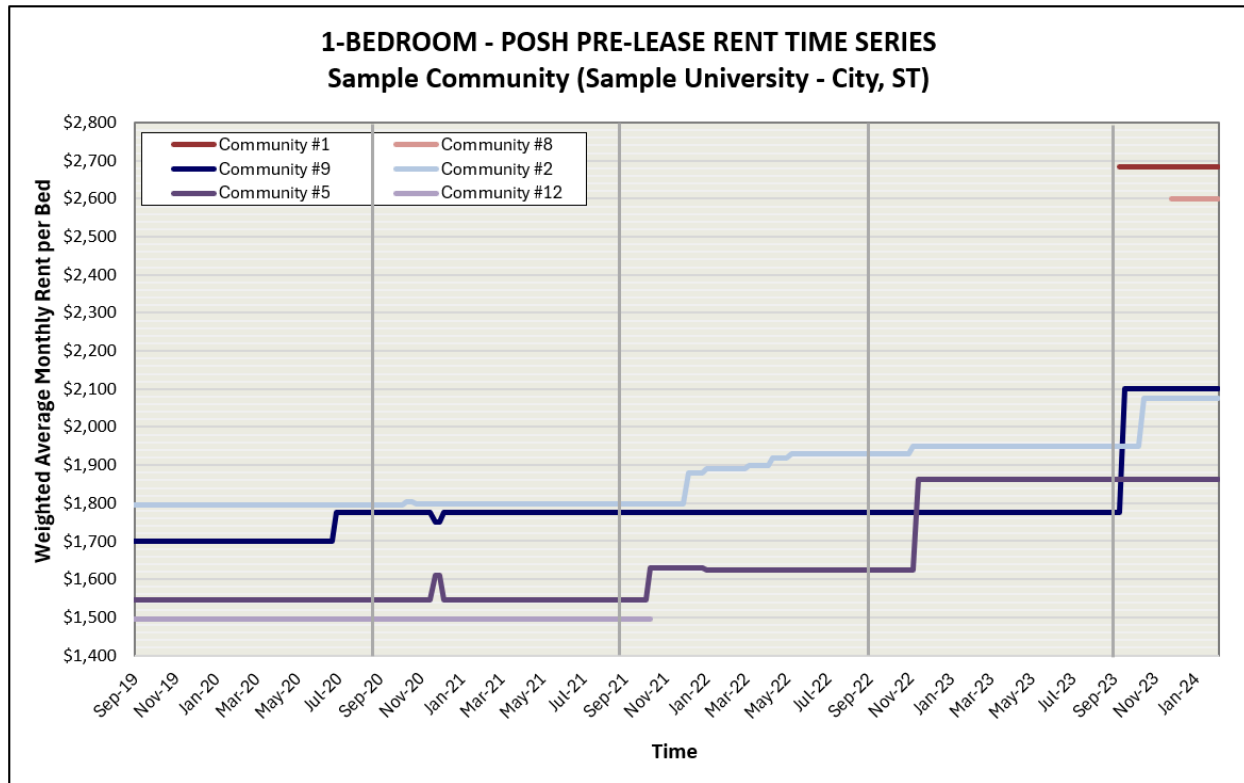
STUDIOS



Source: Cardinal Group Companies, Terrain

The graph above illustrates the rental rate trends for studio floor plans at Community #4, Community #6, and Community #1 from September 2019 to January 2024. The line at the beginning of each September indicates the beginning of the new lease term. For instance, in September 2021, Community #4's total weighted average studio units for the 2022 - 2023 lease term were \$1,555/mo. By September 2022, Community #4 had ended its 2022 - 2023 lease term with a total weighted average of \$1,650/mo for its studio units. Community #4's 2022 - 2023 lease term resulted in a \$95 rent increase. As can be seen above, Community #4 and Community #6 were able to achieve a high rent increase during the 2023 - 2024 lease term. Based on the rent differences from the ending to the starting rents for each of the five lease terms, studio units have seen an average rent increase year-over-year of \$82. This average rent increase influenced our proposed studio trended rental rates.

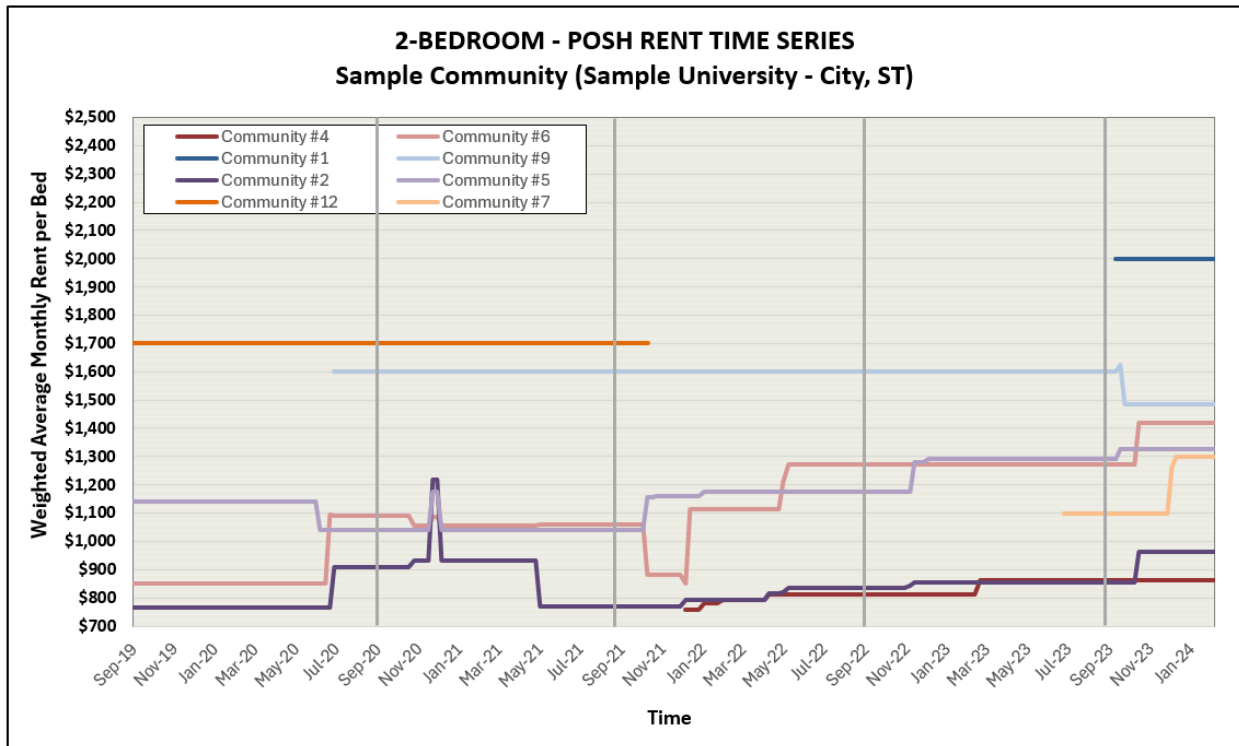
1-BEDROOMS



Source: Cardinal Group Companies

The graph above illustrates the rental rate trends for one-bedroom floor plans at Community #1, Community #9, Community #5, Community #8, Community #2, and Community #12 from September 2019 to January 2024. Community #12's data cut off in September 2021, when the community transitioned from a student to a student-competitive community. Community #3, which offers one-bedroom units in the competitive set, is the only community not included in the graph above. Community #9 was able to achieve a high rent increase of \$325 for the 2024 - 2025 lease term. However, the community is affiliated with the University and provides housing for second-year students as part of the University's on-campus living requirement. Based on the rent differences from the ending to the starting rents for each of the five lease terms, one-bedroom units have seen an average year-over-year rent increase of \$55. This average rent increase influenced our proposed one-bedroom trended rental rates.

2-BEDROOMS



Source: Cardinal Group Companies

The graph above illustrates the rental rate trends for two-bedroom floor plans at Community #4, Community #1, Community #2, Community #12, Community #6, Community #9, Community #5, and Community #7 from September 2019 to January 2024. As previously mentioned, Community #12's data cuts off in September 2021, and Community #3 is not included in the graph above despite offering two-bedroom units. Based on the rent differences from the ending to the starting rents for each of the five lease terms, two-bedroom units have seen an average year-over-year rent increase of \$64. This average rent increase influenced our proposed two-bedroom trended rental rates.

PROPOSED RENTS

The table below details Cardinal's recommended untrended and trended rental rate range for the proposed unit mix, based on the market analysis provided herein. The proposed rental rates take into consideration floor plans with a balcony, courtyard view, floor plan size, and a kitchen island.

PROPOSED RENTAL RATES					
Sample Community - Unfurnished					
Untrended			Trended		
Unit Type	Avg. S.F.	Avg. Mkt. / Bed	Avg. Mkt. / S.F.	Avg. Mkt. / Bed	Avg. Mkt. / S.F.
Studio	424	\$2,147 - \$2,397	\$5.07 - \$5.66	\$2,311 - \$2,561	\$5.45 - \$6.04
1 BR	632	\$2,562 - \$2,712	\$4.05 - \$4.29	\$2,672 - \$2,822	\$4.23 - \$4.47
2 BR	1,026	\$1,970 - \$2,120	\$3.84 - \$4.13	\$2,098 - \$2,248	\$4.09 - \$4.38
Total/Avg.	597	\$2,278 - \$2,464	\$4.30 - \$4.65	\$2,411 - \$2,597	\$4.55 - \$4.90

As the Community is currently proposed as an unfurnished and no-utility inclusion community, we have also provided a recommended rental rate range should the Community offer furnished units with all-inclusive utilities. We believe offering furnished units with some form of utility inclusion will allow the Community to be more competitive with the other POSH communities in the University market.

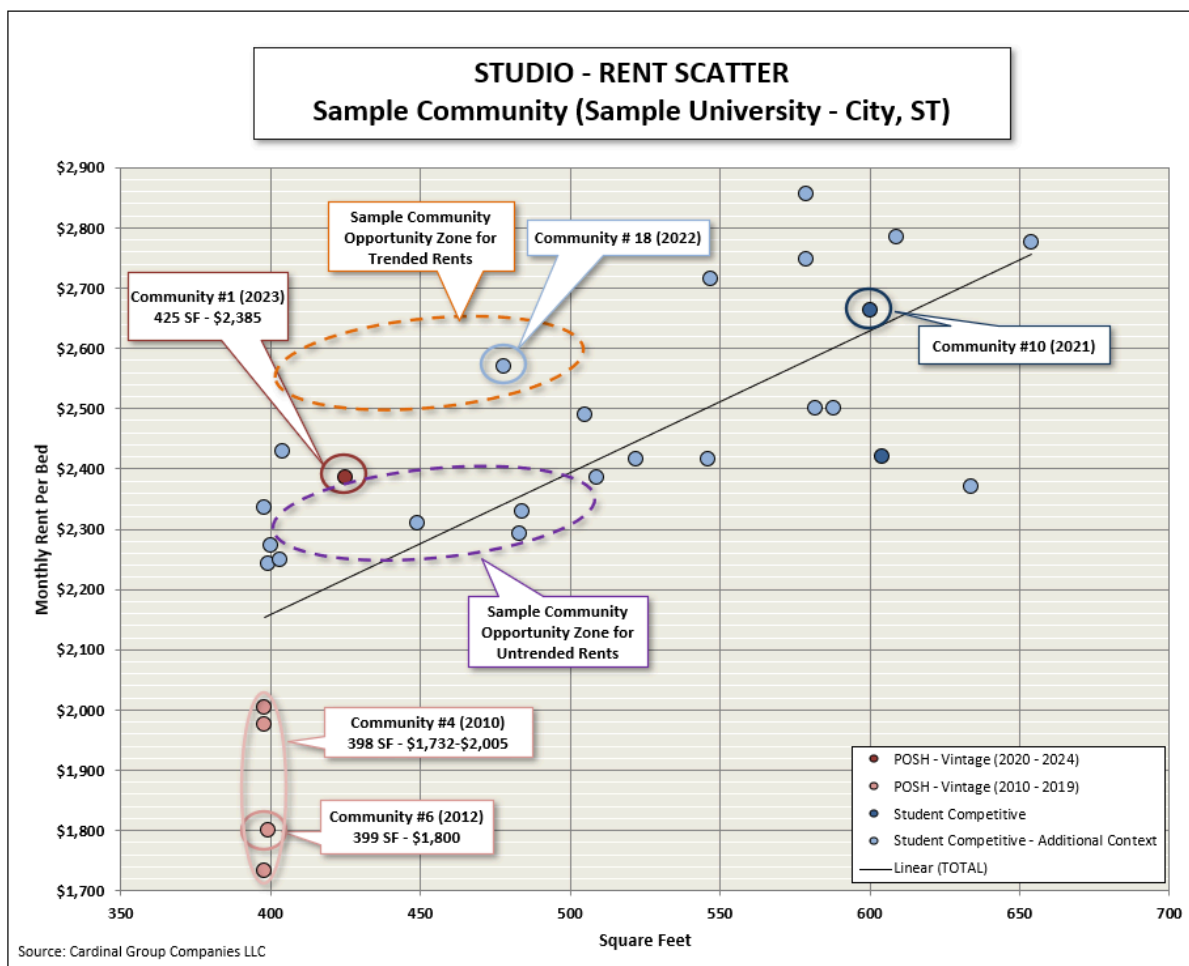
PROPOSED RENTAL RATES					
Sample Community - Furnished with All Inclusive Utilities					
Untrended			Trended		
Unit Type	Avg. S.F.	Avg. Mkt. / Bed	Avg. Mkt. / S.F.	Avg. Mkt. / Bed	Avg. Mkt. / S.F.
Studio	424	\$2,277 - \$2,527	\$5.07 - \$5.66	\$2,441 - \$2,691	\$5.45 - \$6.04
1 BR	632	\$2,692 - \$2,842	\$4.05 - \$4.29	\$2,802 - \$2,952	\$4.23 - \$4.47
2 BR	1,026	\$2,120 - \$2,250	\$4.14 - \$4.44	\$2,303 - \$2,453	\$4.39 - \$4.68
Total/Avg.	597	\$2,408 - \$2,594	\$4.37 - \$4.72	\$2,558 - \$2,744	\$4.62 - \$4.97

PROPOSED RENTAL RATES Sample Community - Unfurnished						
Floor plan	S.F.	Untrended		Trended		
		Base Rents		Premium Rents		
		Avg. Mkt. / Bed	Avg. Mkt. / Bed	Avg. Mkt. / Bed	Avg. Mkt. / Bed	
S1.1 - Balcony	406	\$2,155	\$2,405	\$2,319	\$2,569	
S1.2/S1.2-M - Balcony	408	\$2,155	\$2,405	\$2,319	\$2,569	
S1 - Balcony	414	\$2,155	\$2,405	\$2,319	\$2,569	
S2 - Balcony	416	\$2,155	\$2,405	\$2,319	\$2,569	
S1.1-M - No Balcony	417	\$2,155	\$2,405	\$2,319	\$2,569	
S4.2 - No Balcony and Courtyard	429	\$2,105	\$2,355	\$2,269	\$2,519	
S1.2-M1 - Balcony	430	\$2,155	\$2,405	\$2,319	\$2,569	
S1-M - No Balcony	435	\$2,130	\$2,380	\$2,294	\$2,544	
S4.1 - No Balcony and Courtyard	436	\$2,105	\$2,355	\$2,269	\$2,519	
S3.2 - Balcony	444	\$2,155	\$2,405	\$2,319	\$2,569	
S3 - Balcony	449	\$2,155	\$2,405	\$2,319	\$2,569	
S4 - No Balcony and Courtyard	452	\$2,105	\$2,355	\$2,269	\$2,519	
S5 - Balcony	496	\$2,205	\$2,455	\$2,369	\$2,619	
S1.1-M - Balcony	417	\$2,130	\$2,380	\$2,294	\$2,544	
S3 - No Balcony	449	\$2,130	\$2,380	\$2,294	\$2,544	
S2 - No Balcony	416	\$2,130	\$2,380	\$2,294	\$2,544	
S5 - No Balcony	496	\$2,180	\$2,430	\$2,344	\$2,594	
S1-M2 - Balcony	414	\$2,155	\$2,405	\$2,319	\$2,569	
S1/S1.3 - No Balcony	414	\$2,130	\$2,380	\$2,294	\$2,544	
1B - No Balcony (Courtyard View)	503	\$2,500	\$2,650	\$2,610	\$2,760	
1A/1C - No Balcony (Courtyard View)	506	\$2,500	\$2,650	\$2,610	\$2,760	
1E.1 - No Balcony	518	\$2,525	\$2,675	\$2,635	\$2,785	
1E.2 - No Balcony	532	\$2,525	\$2,675	\$2,635	\$2,785	
1E - No Balcony (Courtyard View)	563	\$2,500	\$2,650	\$2,610	\$2,760	
1F - Limited Windows and No Balcony	603	\$2,500	\$2,650	\$2,610	\$2,760	
1G/1G-M/1H - No Balcony	647	\$2,525	\$2,675	\$2,635	\$2,785	
1J.3/1J.3-M/1J.4 - No Balcony with Island	659	\$2,600	\$2,750	\$2,710	\$2,860	
1J/1J.1 - Balcony with Island	664	\$2,625	\$2,775	\$2,735	\$2,885	
1K - Balcony	666	\$2,615	\$2,765	\$2,725	\$2,875	
1J.2 - Balcony with Island	678	\$2,625	\$2,775	\$2,735	\$2,885	
1J.2-M - No Balcony with Island	696	\$2,600	\$2,750	\$2,710	\$2,860	
1J-M - No Balcony with Island	684	\$2,600	\$2,750	\$2,710	\$2,860	
1M - No Balcony with Island	707	\$2,600	\$2,750	\$2,710	\$2,860	
1L - No Balcony (Courtyard View)	703	\$2,550	\$2,700	\$2,660	\$2,810	
1E.1 - Balcony	518	\$2,550	\$2,700	\$2,660	\$2,810	
1J.3/1J.3-M/1J.4 - No Balcony with Island (Courtyard View)	659	\$2,575	\$2,725	\$2,685	\$2,835	
1J.3/1J.3-M/1J.4 - Balcony with Island	659	\$2,625	\$2,775	\$2,735	\$2,885	
1D - Balcony	563	\$2,550	\$2,700	\$2,660	\$2,810	
1D - No Balcony	562	\$2,525	\$2,675	\$2,635	\$2,785	
1J/1J.1 - No Balcony with Island	664	\$2,600	\$2,750	\$2,710	\$2,860	
1J/1J.1 - No Balcony with Island (Courtyard View)	664	\$2,575	\$2,725	\$2,685	\$2,835	
1N - No Balcony with Island	755	\$2,600	\$2,750	\$2,710	\$2,860	
1N - Balcony with Island	755	\$2,625	\$2,775	\$2,735	\$2,885	
1M.1 - No Balcony with Island (Courtyard View)	753	\$2,600	\$2,750	\$2,710	\$2,860	
2A - Balcony	860	\$1,900	\$2,050	\$2,028	\$2,178	
2A - No Balcony	860	\$1,875	\$2,025	\$2,003	\$2,153	
2B - Balcony	936	\$1,900	\$2,050	\$2,028	\$2,178	
2C - No Balcony and Courtyard	953	\$1,850	\$2,000	\$1,978	\$2,128	
2D - Balcony	1,004	\$1,900	\$2,050	\$2,028	\$2,178	
2D - No Balcony	1,004	\$1,875	\$2,025	\$2,003	\$2,153	
2E - Balcony and Attached Bathrooms	1,032	\$2,025	\$2,175	\$2,153	\$2,303	
2F.1-M - No Balcony and Den	1,225	\$2,175	\$2,325	\$2,303	\$2,453	
2F-M - Balcony and Den	1,270	\$2,200	\$2,350	\$2,328	\$2,478	
2F - Balcony and Den	1,304	\$2,200	\$2,350	\$2,328	\$2,478	
Total/Avg.	597	\$2,278	\$2,464	\$2,411	\$2,597	

UNIT MIX & RENTS

The proposed opportunity zones below for the Sample Community's untrended and trended rental rates range from unfurnished base rents to unfurnished premium rents. Trended rates are under the assumption that the Community delivers for the Fall 2026 - 2027 lease term. All POSH communities' rents below are for the Fall 2024 - 2025 lease term. All student-competitive communities' rental rates are current market rents. It should be noted that rents vary in student-competitive communities. For instance, rents pulled on February 19th, 2024 were different on February 20th, 2024.

RENTS: STUDIO



In the chart above, each dot represents one floor plan in the competitive set, while the colors denote the product type, with a vintage breakdown for POSH communities. Five communities in the direct competitive set offer studios. Six of the seven additional student-competitive communities offer studios. Studio units range in size from 398 SF - 654 SF, with market rental rates ranging from \$1,732/mo - \$2,855/mo before adjusting for utilities, furnished units, and concessions. When looking at the direct competitive set, market rents only reach \$2,664/mo, \$191/mo less than including the

additional communities. The weighted average square footage of the direct comp. set is 426 SF, and the weighted average market rental rate of the direct comp. set is \$2,034/mo (\$4.80/SF). However, when looking at the competitive set including the multifamily communities, the weighted average square footage increases to 480 SF and the market rent increases to \$2,281/mo (\$4.79/SF).

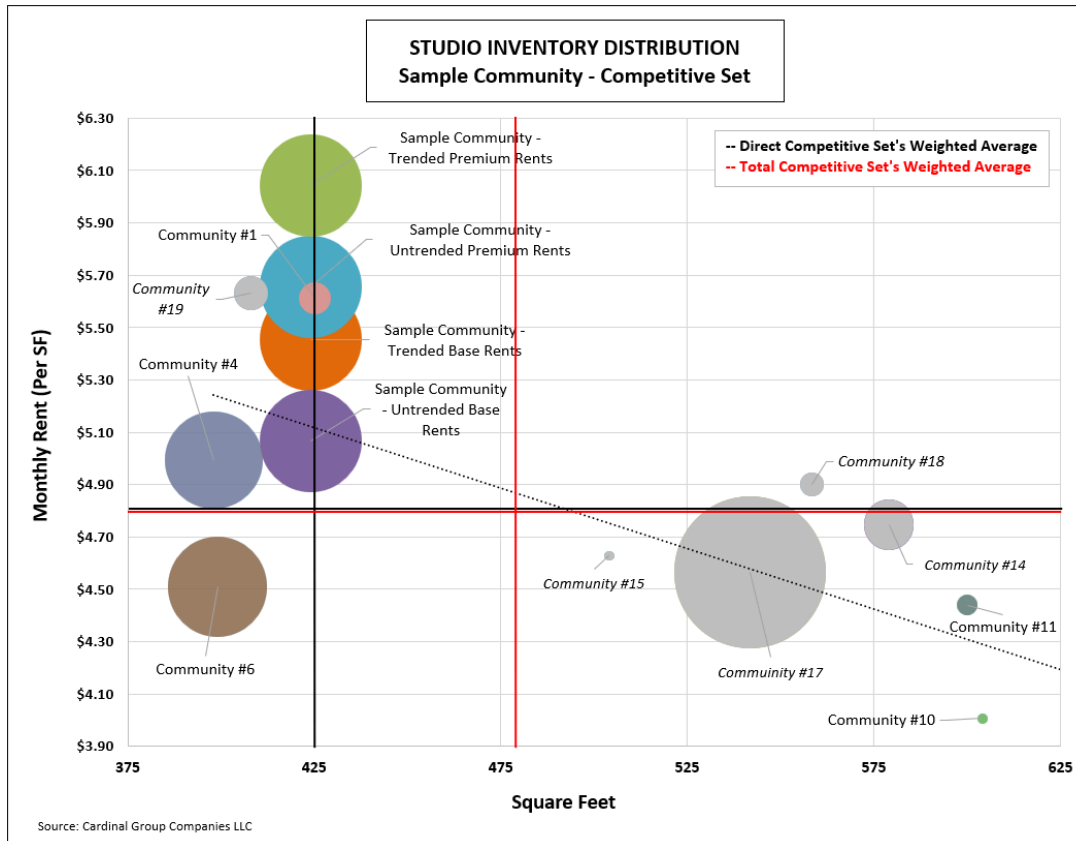
The Community proposes to build 96 studios ranging in size from 406 SF - 496 SF, a weighted average of 424 SF, two square feet smaller than the direct competitive set's average studio units and 54 SF smaller when including the additional multifamily communities. Cardinal's recommended untrended base rents for studio units range from \$2,105/mo - \$2,205/mo, and premium rents range from \$2,355/mo - \$2,455/mo. The weighted average untrended base rent is \$2,147/mo (\$5.07/SF), and the untrended premium rent is \$2,397/mo (\$5.66/SF), a \$113 - \$363 premium to the direct competitive set's weighted average market rental rate. Should the Community offer furnished units and all-inclusive utilities, Cardinal recommends untrended base rents ranging from \$2,235/mo - \$2,335/mo and premium rents ranging from \$2,485/mo - \$2,585/mo.

Cardinal recommends the weighted average trended base rent for studios at \$2,311/mo (\$5.45/SF) and the premium rent at \$2,561/mo (\$6.04/SF). Should the Community offer furnished units and all-inclusive utilities, Cardinal recommends trended base rents ranging from \$2,399/mo - \$2,499/mo and premium rents ranging from \$2,649/mo - \$2,749/mo.

Community #10, located 3.2 miles from the University's library, offers 604 SF studios for \$2,304/mo and is 90% occupied in its studio units. As these studios are 180 SF larger than the Community, Cardinal recommends studios priced at a \$157 discount to its untrended base rent but a \$93 premium to its untrended premium rent. However, upon delivery in 2026, we believe the Community has an opportunity to offer trended base rents at a \$7/mo discount and premium rents at a \$257/mo premium over Community #10, given its proximity to campus, dedicated resident programming, and presumed interior finishes and quality.

Community #1 offers the most similarly-sized studio units at 425 SF, one square foot larger than the Community's, yet priced at \$2,385/mo, a \$238 premium to the Community's unfurnished weighted average base rent. Community #1's studio units are 97% occupied and 57% pre-leased for the 2024 - 2025 lease term, the highest pre-leased floor plan at Community #1. Although these units are 179 SF smaller than Community #10 and located in the same neighborhood, Community #1 can achieve an \$81/mo premium to Community #10 as it offers students furnished units, unique amenities, some utility inclusion, is located next to the trolley station, and was recently delivered in 2023.

Community #4 and Community #6 both offer studios at 398 SF - 399 SF, for rents ranging from \$1,732/mo - \$2,005/mo. Although these units are ~26 SF smaller than the Subject's, we believe the Community has an opportunity to achieve an untrended premium of at least \$142 over Community #4 and Community #6's 2024 - 2025 lease term rates as they have slightly dated amenities, furniture, and unit interiors compared to the Community. Similar to the Subject, these communities are located 1.4 - 2 miles away from the University's library. However, Community #1 is 3.4 miles away from the library and achieves at least a \$380 premium to Community #4 or #6 due to its vintage and amenity suite. Given the Subject's proposed delivery in 2026 and its extensive amenity suite, Cardinal believes the Subject could achieve a small premium to Community #4 and #6. Aside from the student-competitive communities, the Subject also has a competitive advantage in offering larger studios for University students, in which there may be an opportunity to push rental rates after lease-up based on demand.

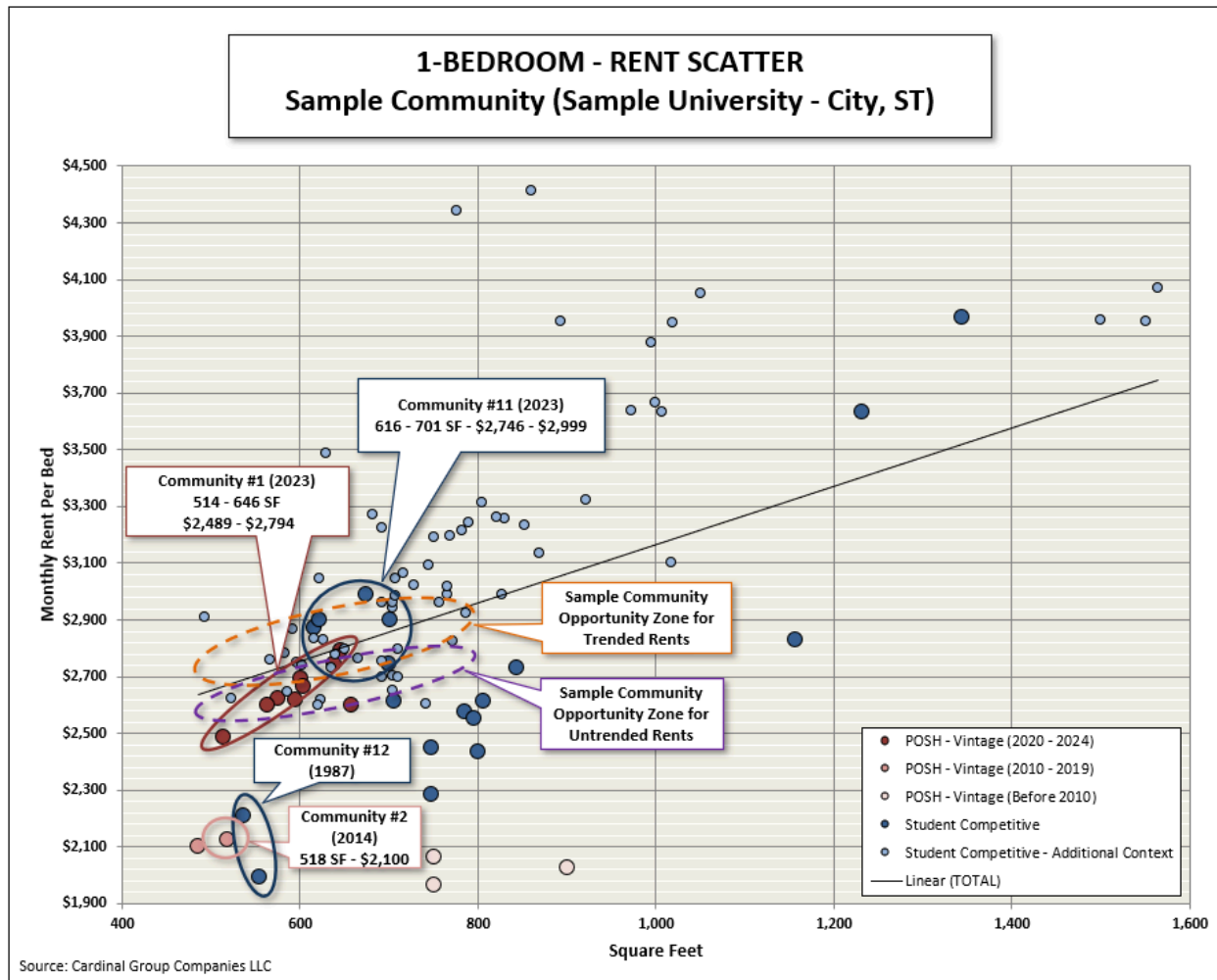


The chart above illustrates each community's weighted average studio rent per square foot based on the total number of studios. The size of each bubble represents the community's studio inventory. The chart is divided into four quadrants based on the direct and the total competitive set's weighted average square footage of the studios (426 SF/ 480 SF) and the weighted average rent per square foot (\$4.80/SF/ \$4.78/SF). Studio units are limited, only making up 12% of the competitive set's total unit supply, of 6% of the competitive set's total bed supply. As only three POSH communities offer studios, competition is limited to these communities, mainly Community #4 and Community #6, as these studios make up 37% of the total studio inventory in the competitive set and 86% of the total studio inventory of POSH communities.

Cardinal recommends weighted average untrended studio rents ranging from \$5.07/SF - \$6.66/SF due to its extensive amenity suite and presumed high-quality interior finishes. Cardinal recommends weighted average trended studio rents ranging from \$5.45/SF - \$6.04/SF upon delivery in 2026. These rents are achievable as Community #1's studios are 97% occupied, 57% pre-leased, and able to achieve \$5.61/SF for studios that are 3.4 miles away from the University's library. Although location is a deciding factor for a student's housing choice, Community #1's location has not deterred students from living there given its proximity to the trolley station, amenity suite, and limited studio inventory compared to Community #4 and #6. The Community will be closer to campus, located near several bus stops, and offer a similar amenity suite as Community #1. Therefore, the Community has an opportunity to achieve similar rental rates, yet at a discount due to its unfurnished units. On average, Community #10, Community #11, Community #4, and Community #1 are 98% occupied in studios, highlighting the demand for studios, which benefits the Community's large studio inventory.

CardinalGroup.com

RENTS: 1-BEDROOM



The majority of communities in the competitive set offer one-bedroom units. One-bed units range in size from 486 SF - 1,564 SF, with market rental rates ranging from \$1,965/mo - \$4,411/mo. Excluding the additional multifamily communities, market rents only reach a high of \$3,965/mo. The direct competitive set's weighted average square footage is 690 SF, with a weighted average market rental rate is \$2,386/mo (\$3.57/SF). The total competitive set's weighted average square footage increases to 730 SF, with market rents increasing to \$2,797/mo (\$3.90/SF).

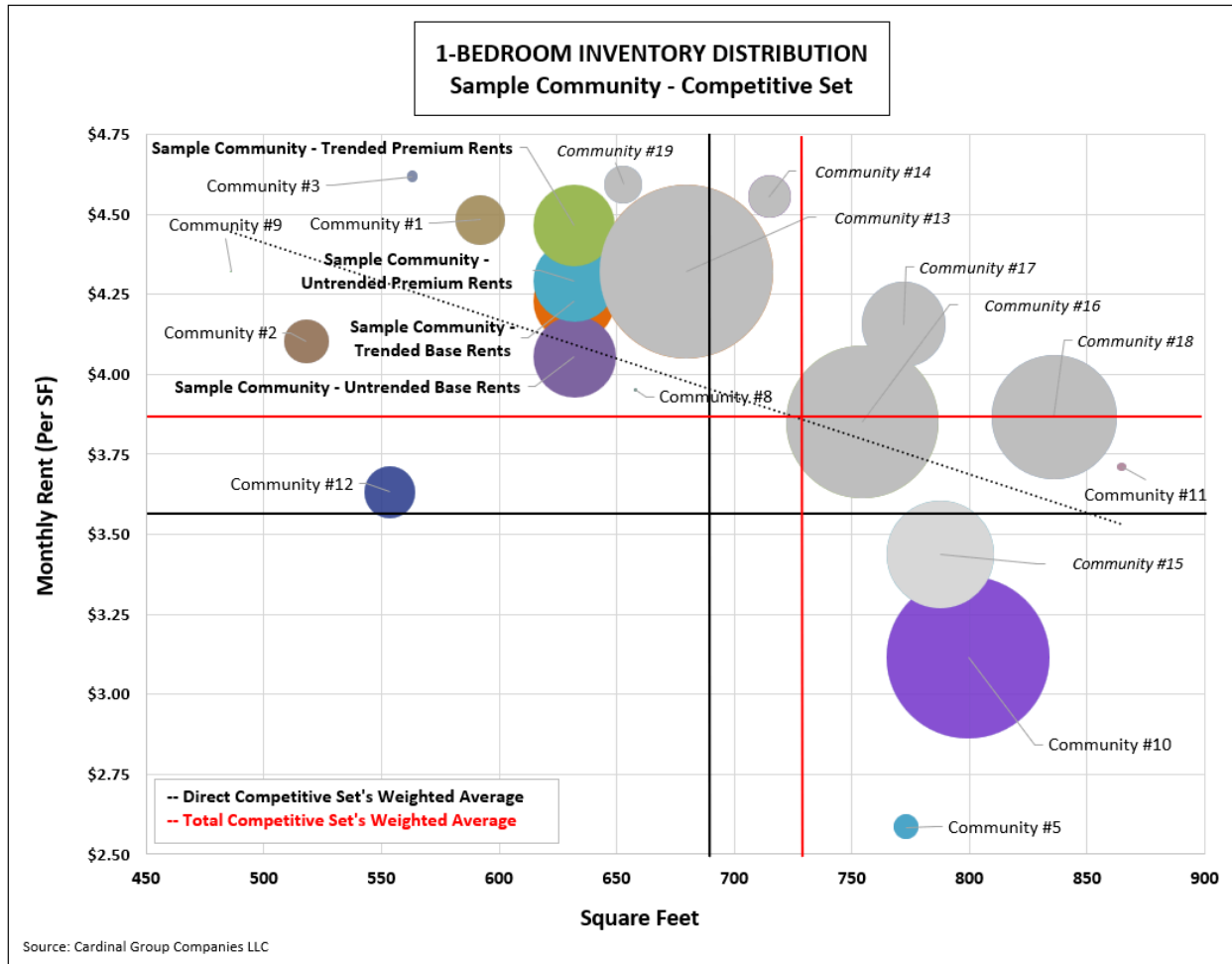
The Community proposes to build 109 one-bed units ranging in size from 503 SF - 755 SF, a weighted average of 632 SF, 58 SF smaller than the direct competitive set's average one-beds. Cardinal's recommended, untrended one-bed base rents range from \$2,500/mo - \$2,625/mo, and premium rents range from \$2,650/mo - \$2,775/mo. The weighted average untrended base rent is \$2,562/mo (\$4.05/SF) and the untrended premium rent is \$2,712/mo (\$4.29/SF), a \$176 - \$326 premium to the direct competitive set's weighted average market rate. Should the Community offer furnished units and all-inclusive utilities, Cardinal recommends untrended base rents ranging from \$2,630/mo - \$2,755/mo, and premium rents ranging from \$2,780/mo - \$2,905/mo.

Cardinal recommends the weighted average trended base rent at \$2,672/mo (\$4.23/SF) and the premium rent at \$2,822/mo (\$4.47/SF). Should the Community offer furnished units and all-inclusive utilities, Cardinal recommends trended base rents ranging from \$2,740/mo - \$2,865/mo and premium rents ranging from \$2,890/mo - \$3,015/mo.

Community #11, located 3.5 miles away from the University's library, offers one-beds ranging from 616 SF - 701 SF, a weighted average of 653 SF, with rents ranging from \$2,746/mo - \$2,990/mo, a weighted average of \$2,915/mo. These units are on average 50% occupied, as these are some of the most expensive one-bedrooms in the competitive set, and Community #11 only offers 12 one-bedrooms. Given Community #11's low occupancy, 2 months of free concession, and limited inventory, we recommended the untrended opportunity zone at a discount of at least \$265 to Community #11's current market rents. Both communities are located further from campus, unfurnished, and do not offer any utility inclusion. However, the Community has an advantage located 2 miles from the University's library and will offer an extensive, unique amenity suite with outdoor showers, surfboard storage, and a rooftop deck to allow for creative community programming.

Community #2 and Community #12, both located on the same street as the Subject, offer more affordable one-bed units. Community #2 offers 518 SF one-beds for \$2,100/mo. Despite offering a wide range of amenities, Community #2 is priced at a discount due to its vintage and location. Community #12, the oldest community in the competitive set, offers an average of 554 SF one-bedrooms for \$2,127/mo. Although Community #12 is unfurnished and doesn't offer utility inclusion compared to Community #2, Community #12 is still able to achieve a \$27/mo premium for its slightly larger one-bedroom units. Community #2 and Community #12 are priced at a discount and 99% - 100% occupied in their one-bedrooms. The one-beds at Community #2 are 80% pre-leased, the second-highest pre-leased floor plan at the community.

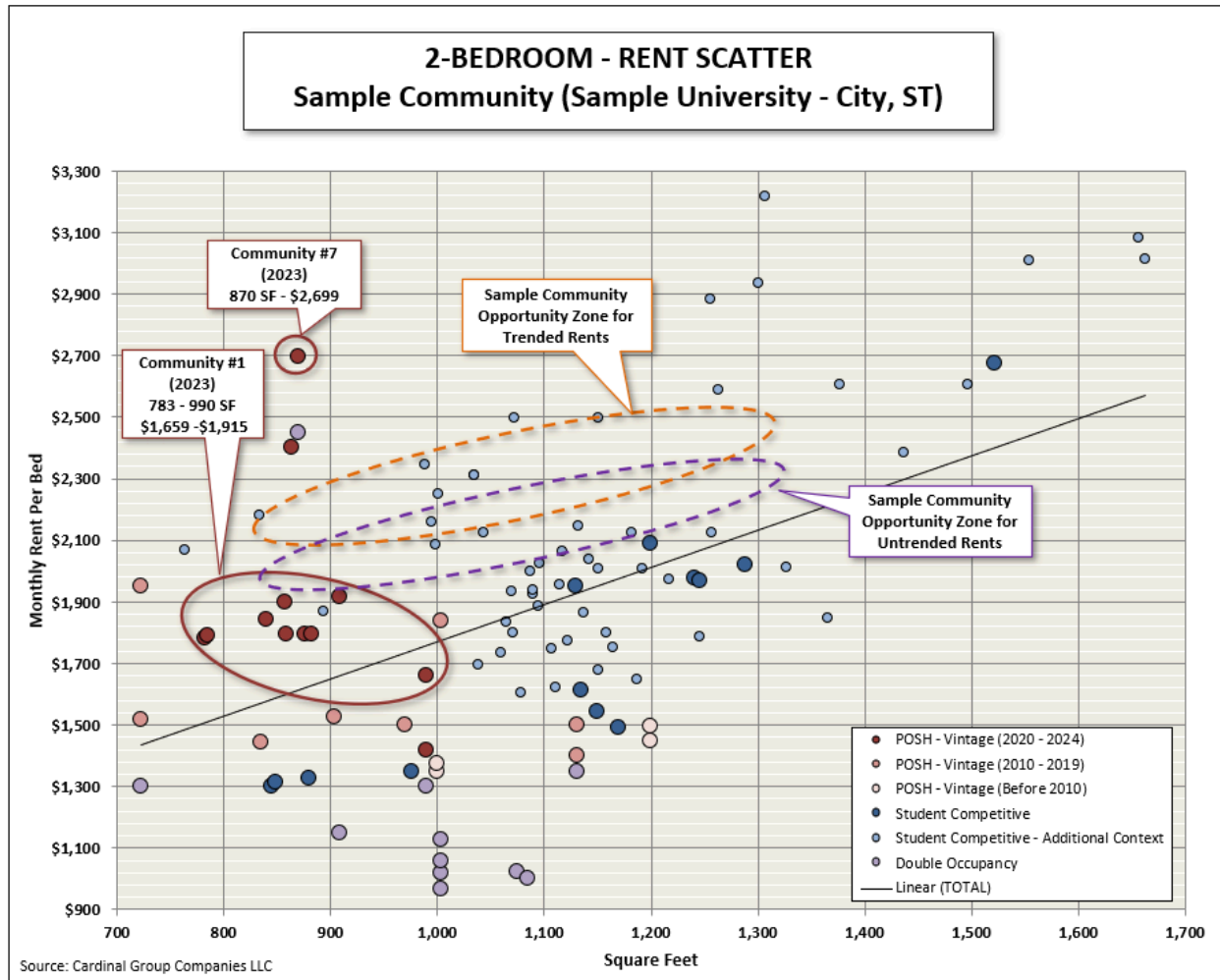
Community #1 offers one-beds ranging from 514 SF - 646 SF, a weighted average of 592 SF, 40 SF smaller than the Community's weighted average one-beds. Community #1 rents one-bedrooms from \$2,489/mo - \$2,794/mo, for a weighted average of \$2,654/mo, a \$92 premium to Cardinal's recommended untrended weighted average base rent, and a \$58 discount to the untrended weighted average premium rent. We believe this opportunity zone provides the Community with the flexibility to push rental rates if the demand is present, given that Community #1 is priced at an average premium of \$527 over Community #2 and Community #12, and these units are only 28% pre-leased for the Fall 2024 - 2025 lease term.



The chart is divided into four quartiles based on the direct and total competitive set's weighted average square footage of the one-beds (690 SF / 730 SF) and the weighted average rent per square foot (\$3.57/SF / \$3.86/SF). One-bed units are common, making up 34% of the competitive set's total unit supply, or 16% of the competitive set's total bed supply. The Community offers the largest inventory of one-bed units amongst POSH communities. Cardinal recommends weighted average untrended one-bed rents ranging from \$4.05/SF - \$4.29/SF and weighted average trended one-bed rents ranging from \$4.23/SF - \$4.47/SF, upon delivery in 2026.

Cardinal recommends pricing the Community's untrended rents at a discount to Community #1 and #3 due to their limited inventory, despite offering one of the larger one-bedrooms amongst POSH communities. Although the Community's untrended base rent is the same as Community #2, the Community is unfurnished, currently does not plan to offer a free shuttle service for its residents, and has nearly double the inventory of one-beds to lease up. However, we believe that the Community is still comparable as unfurnished given its location near multiple bus stops for easy commute, an extensive amenity suite offering unique amenities, and presumed high-quality unit interiors. It'll be important that the Community highlight its amenities, unit interiors, and proposed community programming to help establish itself among the other communities in the competitive set.

RENTS: 2-BEDROOM



All communities in the competitive set, except for Community #8, offer two-bedroom units. Two-bedroom units range in size from 723 SF - 1,663 SF, with market rental rates ranging from \$965/bed/mo - \$3,218/bed/mo. Excluding the additional multifamily communities, market rents only reach \$2,699/bed/mo. The direct competitive set's weighted average square footage is 1,028 SF, with a weighted average market rental rate of \$1,332/bed/mo (\$3.33/SF). Including the seven additional multifamily communities, the total competitive set's weighted average square footage is 1087 SF, with a weighted average market rent of \$1,625/bed/mo (\$3.37/SF).

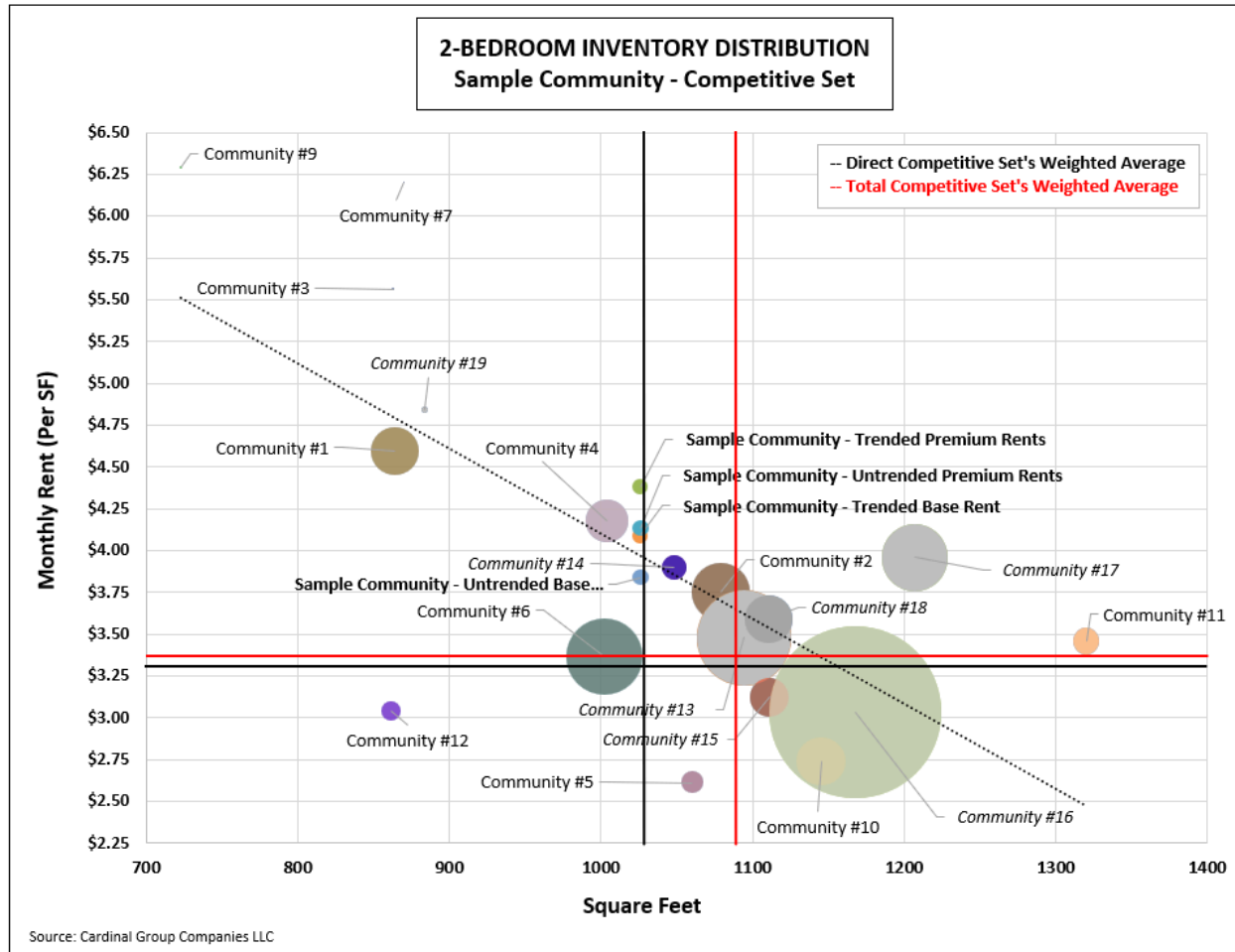
The Community proposes to build 30 two-bed units ranging in size from 860 SF - 1,304 SF, a weighted average of 1,026 SF, two square feet smaller than the direct competitive set's average two-bedrooms. Cardinal's recommended, untrended two-bed base rents range from \$1,850/mo - \$2,200/mo, and premium rents range from \$2,000/mo - \$2,350/mo. The weighted average untrended base rent is \$1,970/mo (\$3.84/SF), and the untrended premium rent is \$2,120/mo (\$4.13/SF), a \$641 - \$791 premium to the competitive set's weighted average market rental rate. Compared to studios and one-bedrooms, the two-bedrooms have a large premium to the competitive set's weighted average as six communities offer a total of 276 double-occupancy

two-bedroom units, which are offered at a discounted rate compared to private units. Should the Community offer furnished units and all-inclusive utilities, Cardinal recommends untrended base rents ranging from \$1,980/mo - \$2,330/mo and premium rents ranging from \$2,130/mo - \$2,480/mo.

Cardinal recommended a weighted average trended base rent at \$2,098/mo (\$4.09/SF) and the premium rent at \$2,248/mo (\$4.38/SF). Should the Community offer furnished units and all-inclusive utilities, Cardinal recommends trended base rents ranging from \$2,108/mo - \$2,458/mo and premium rents ranging from \$2,258/mo - \$2,608/mo.

Community #7 offers one 870 SF two-bedroom at the most expensive rental rate of \$2,699/mo for the Fall 2024 - 2025 lease term, a \$1,370 premium to the competitive set's weighted average. Cardinal's recommended untrended rents are priced at a \$580 - \$730 discount to Community #7, as Community #7 is located right by campus and only needs to lease up one two-bedroom unit. However, Community #7 offers very limited amenities to its residents, in which the Community will have a competitive advantage and can likely achieve a premium given its limited inventory, unique amenities, and presumed high-quality unit interiors.

Community #1 offers two-bedroom units ranging from 783 SF - 990 SF, with rents ranging from \$1,659/mo - \$1,915/mo. Two-bedroom units make up most of the Community #1's inventory (36%). Community #1 may be offering these units at a discount compared to its studio and one-bedroom units, due to its large inventory of a popular unit type in the competitive set. We believe the Subject has an opportunity to offer at least a \$55 premium to the Community #1's two-bedrooms, as the Subject will offer some of the largest private two-beds in the competitive set and at a more affordable rental rate compared to its studio and one-bedroom units.



The chart above is divided into four quartiles based on the direct and total competitive set's weighted average square footage of two-bedroom units (1,028 SF / 1,092 SF) and the weighted average market rent per square footage (\$3.33/SF / \$3.37/SF). Two-bedroom units are the most popular floor plan in the competitive set, making up 37% of the competitive set's total unit supply and 40% of the total bed supply. Excluding the additional student-competitive communities, four-bedroom units become the most popular floor plan, which the Community does not plan to offer. The Community proposes 30 two-bedrooms ranging from 860 SF - 1,304 SF, with a weighted average of 1,026 SF. Cardinal recommends weighted average untrended two-bed rents ranging from \$3.84/SF - \$4.13/SF and weighted average trended two-bed rents ranging from \$4.09/SF - \$4.38/SF upon delivery in 2026.

As two-bedroom units are popular and similar-sized units could lead to heightened competition, the Community has a competitive advantage by offering a limited inventory and some of the larger two-bedroom units in the competitive set. Community #4 offers the most similar-sized two-bedroom units at 1,004 SF, 22 SF smaller than the Community, for rents at an average of \$4.18/SF for fully-furnished units. Cardinal believes the untrended rent range of \$3.84/SF - \$4.13/SF is achievable, given its close proximity to retail, restaurants, and grocery stores and its presumed high-quality unit interiors and amenities despite its unfurnished units.