

Project Opportunity Analysis

Sunbeam Villas

Jacksonville, FL | Jacksonville MSA

Prepared for: Southern Impression Homes



November 18, 2024

 **JOHN BURNS**
RESEARCH & CONSULTING

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Project Details

Client	Southern Impression Homes
Subject	“Sunbeam Villas”, a 48-unit stacked-flat rental housing community.
Location	Hood Road and Sunbeam Rd, Jacksonville, FL 32257 Duval County Jacksonville MSA
Study Period	September 2024

Objective

Evaluate market-appropriate lease rates (including base rents, premiums, concessions, and fees), forecast rental demand by age and income, estimate absorption during initial lease-up, evaluate the proposed unit mix, and provide commentary on community features and services.

Methodology

Subject	Review all Subject information provided by the client, including base pricing, amenities, and unit mix
Market	Compile and analyze locational attributes and demographic trends within the Jacksonville MSA and local market area.
Comps	Compile and analyze information on comparable rental communities within the local market area. This includes an in-person survey of key comparables.

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Key Assumptions

We assume the Subject will have:

- unit sizes, types, and features as described in this report;
- the same general quality and appeal as the comparable rental communities;
- “market appropriate” entrance, monumentation, landscaping, and unit finishes in line with The Julington and Pinnacle;
- advertising and marketing efforts generating qualified shopper traffic;
- a virtual leasing program with an online presence that allows tenants to tour floorplans and dialogue with a leasing agent;
- an on-site leasing office open seven days a week at the start of lease-up with experienced leasing agent(s) familiar with the local market;
- at least one fully decorated and furnished model home during lease-up;
- professional on-site property management and on-site maintenance during lease-up; and
- move-in ready rental units by October 2024;

Failure to meet these conditions could adversely impact achievable revenue and absorption rates.

Level of Competition

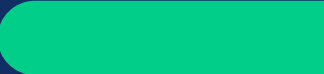
Our pricing and absorption recommendations assume competition during the Subject's lease-up will be similar to today's competition. [Limiting Conditions](#)

Sunbeam Villas currently lacks permanent signage and monumentation on Hood Road, which impacts its visibility. Comparables achieving the highest levels of absorption in the competitive set feature landscaped community entrances that create a sense of arrival. Improving the visibility of Sunbeam Villas through additional signage and monumentation will help establish a more prominent presence and enhance its appeal to prospective tenants.

- **Our recommended rental rates and absorption assume an on-site leasing office during the lease-up period. We believe that increased signage and permanent monumentation would enhance the Subject's visibility to potential renters, commanding higher rents.**
- Marketing strategy can also impact achievable rents and absorption rates. We recommend marketing efforts consistent with typical Class-A multifamily strategies, where the Subject is marketed as a community with a furnished model and a leasing office. We assume an aggressive pre-leasing campaign with responsive, professional leasing agents on-site seven days a week during lease-up.



Executive Summary



We recommend average ‘present-day’ base rents of \$1,455 (\$1.40 per square foot) and target an average lease up rate of 5 units/month.

Sunbeam Villas	
	
Product Type	Stacked Flat
Parking	SUR
Total Unit Mix	48
Unit Sq. Ft. Range	1040 Sq. Ft.
Avg. Sq. Ft	1,040
Base Rent	\$1,455 \$1.40/Sq. Ft.
Avg. Premium	\$30
Base + Premiums	\$1,485 \$1.43/Sq. Ft.
Avg. Concession	(\$121)
Effective Rent	\$1,364 \$1.31/Sq. Ft.
Avg. Mandatory Fees	\$80
Eff.+ Mand. Fees	\$1,444 \$1.39/Sq. Ft.
Avg. Income to Qualify	\$52.4K
Lease Start Date	Oct 2024
Leases/Mo.	5

Product

Sunbeam Villas is a 48-unit stacked flat rental community. The Subject consists of 12 buildings, each with four units. The community features surface parking and offers one two-bedroom floorplan. Sunbeam Villas does not offer any amenities. The Client provided the product type and floorplan details. We suggest and assume in our recommendations that the Subject will have an on-site leasing agent during initial lease-up. Upon stabilization, we assume leasing and management will be off-site/remote. Overall, the product program and community design is appropriate for the submarket. Sunbeam Villas is currently leasing, and the community has leased 10 units to date.

Competitive Landscape

Our competitive analysis includes comparable apartments with stacked flat, townhome, and garden-style rental units. Most new apartments in the competitive market area feature Class-A amenities, superior to the Subject. The Subject’s location, with good proximity to major commercial uses and Interstate 95, will be attractive to renters and offer residents convenient access to employment centers, shopping, daily conveniences, and entertainment. Our rent recommendations position the Subject appropriately in the market relative to comparable rental communities.

Demand

Our demand model estimates 60K market rate renter households in Duval County today and 11K market rate renter households in the competitive market area (5-mile radius of the Subject).We project growth of 258 households annually in the competitive market area through 2029. Renter growth is expected to be concentrated among households earning \$50K to \$100K, which bodes well for potential demand and rent growth at the Subject. We expect a mix of young singles and couples, mature singles and couples, and renters with roommates to fuel demand for the Subject.

Visibility

Sunbeam Villas has successfully leased 10 units so far. To enhance the property’s visibility and appeal, we recommend adding permanent signage and monumentation on Hood Road. Our suggested base rental rates and absorption are based on the assumption of the presence of an on-site leasing office during the lease-up period. By establishing a more prominent presence with increased signage, Sunbeam Villas could attract more prospective tenants, achieve higher levels of absorption, and stand up to comparable apartment communities.



Detailed Recommendations

Detailed Recommendations – Pricing

S1	Sunbeam Villas		Rental Recommendations (Monthly)																	
			Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Income to Qualify	
	Product	Stacked Flat	48	1,040	2	2	1	SUR	Stacked Flat	\$1,455	\$1.40	\$30	\$1,485	\$1.43	(\$121)	\$1,364	\$1.31	\$80	\$52.4K	
	Floors	2	Total Units		48															
	Parking	SUR	Target Abs. Rate		5.0/mo															
			Stabilization		95%															
	Utilities in Rent	None																		
	Services in Rent	Lawn Maint.																		
	Appliances in Rent	R, W, D																		
	Mand. Fee(s)	Renters insurance, trash, HVAC air filters	Total/Avg.		48	1,040				\$1,455	\$1.40	\$30	\$1,485	\$1.43	(\$121)	\$1,364	\$1.31	\$80	\$52.4K	

- **Product:** The Client provided the planned product program for the Subject. Sunbeam Villas consists of 48 stacked flats apartments. The Subject will offer one two-bedroom floorplan. We conclude that the product program, and floor plan sizes are appropriate for the market. The Subject will not feature any community amenities or outdoor living space.
- **Base Rents:** We recommend average base rents of \$1,455, or \$1.40 per square foot for the Subjects flats.
- **Premiums:** We recommend additional view/location premiums averaging \$30. Ground floor units will command premiums.
- **Concessions:** To generate leasing momentum, we recommend offering one month's free rent during the initial lease-up period and reevaluating incentives upon stabilization.

- **Renter-Paid Fees:** Monthly fees of \$80 are currently charged at the Subject. Services provided include trash, renter’s insurance, and HVAC filter replacement. Optional fees include non-refundable pet deposits of \$250 and monthly pet rent of \$25.
- **Absorption Target:** We target an average lease-up rate of 5 units per month at Sunbeam Villas. Our absorption is predicated on the planned product, amenities, recommended rents, concessions, the continued availability of units ready for occupancy, effective online promotion to drive traffic, professional on-site leasing agents, visible community signage and monumentation, current leasing performance, the results of our rental demand model, and expected future supply. To date, the Subject has leased 10 units.
- **Qualifying Income:** Qualifying incomes average \$52.4K based on a standard 3X income requirement.

Source; Client, John Burns Research and Consulting, LLC

Base Rent Appreciation Forecast								
Apartment Appreciation (Apt)					-0.6%	1.0%	2.9%	3.5%
Property		Apprec.	Units	Average Base Rent	Remainder Dec-24	Dec-25	Dec-26	Dec-27
S1	Sunbeam Villas	Apt Apprec.	48	\$1,455	\$1,446	\$1,461	\$1,503	\$1,555
Base Rent / Sq. Ft. Appreciation Forecast								
Property		Apprec.	Units	Avg. Base Rent / Sq. Ft.	Remainder Dec-24	Dec-25	Dec-26	Dec-27
S1	Sunbeam Villas	Apt Apprec.	48	\$1.40	\$1.39	\$1.40	\$1.45	\$1.50

Rent Appreciation

The table shows JBREC’s rent trend forecast for apartments in the Jacksonville MSA.

We forecast minor rent depreciation of -0.6% through the remainder of 2024, before forecasting 1.0% rent growth in 2025, 2.9% in 2026, and 3.5% in 2027.

Absorption

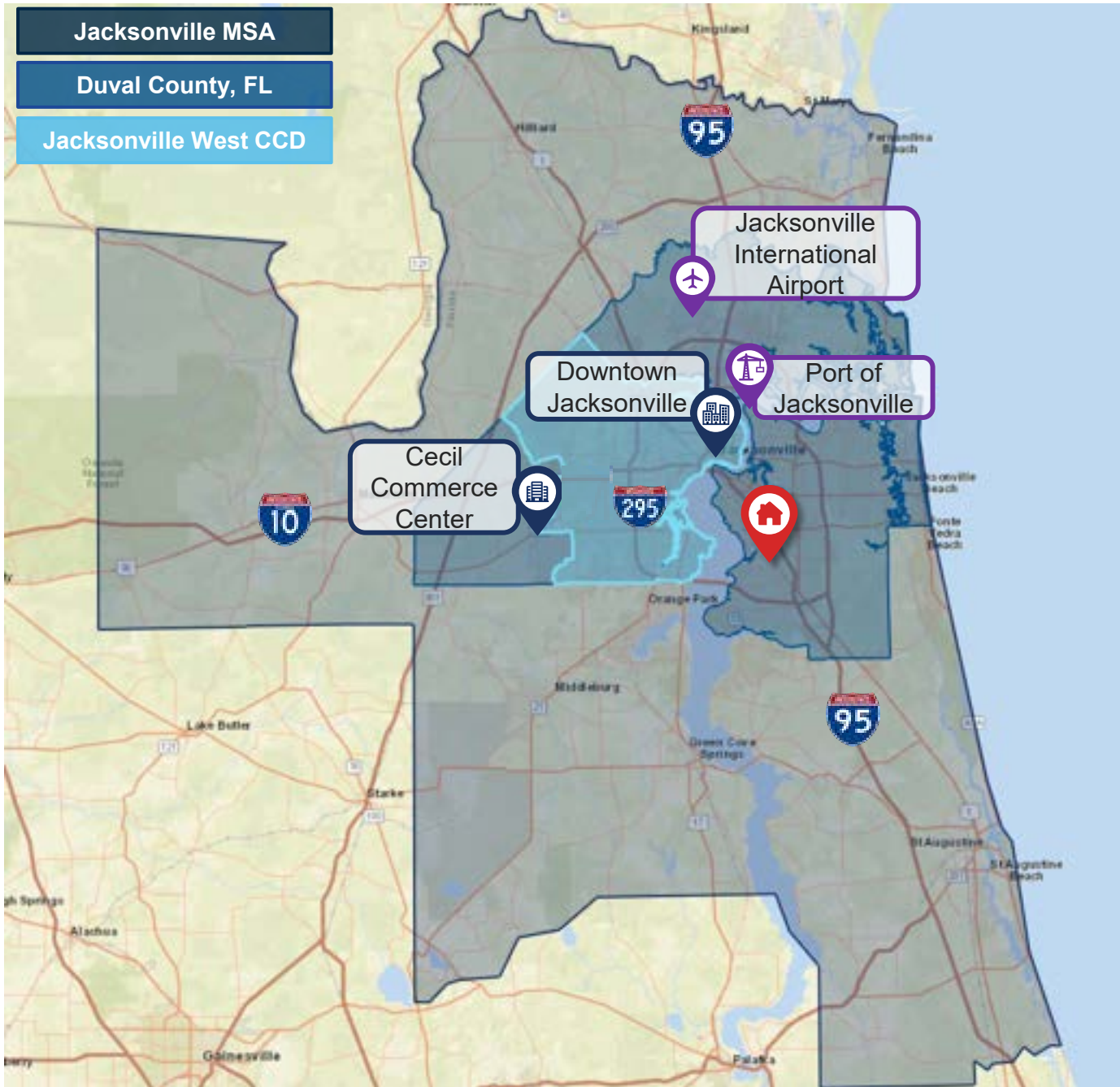
We target an average monthly lease-up rate of 5 units per month (60 per year) for Sunbeam Villas.

Based on information provided by the management company, 10 units are currently leased. We expect the community to reach stabilized occupancy (95%) during summer 2025.



Location & Property Analysis

The Subject will benefit from its proximity to Downtown Jacksonville, the east coast beaches, and nearby employment centers.



Downtown Jacksonville



Port of Jacksonville



Cecil Commerce Center

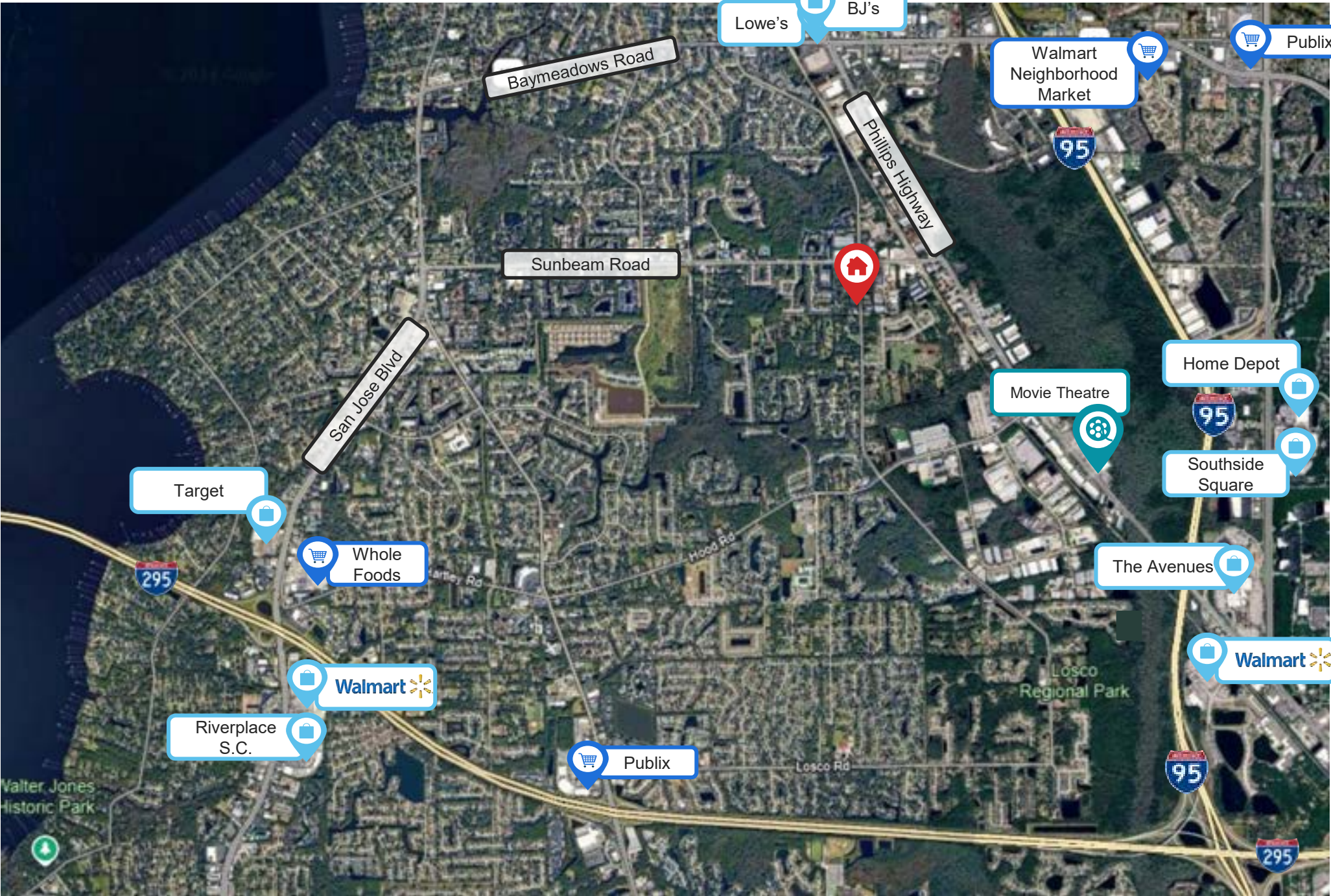
The Subject is approximately 12 miles south of downtown Jacksonville and 28 miles south of Jacksonville's International Airport.

Located near downtown, the Port of Jacksonville (JAXPORT) is Florida's largest container port and a primary economic driver for the Northwest Florida region.

Cecil Commerce Center, the largest aviation industrial park in the Southeastern United States, is located near the Subject and hosts several employers, including Amazon, Bridgestone, and Wayfair.

Source: ESRI, JBREC Market Research

The Subject has good access to grocery, retail, and medical services.



Future residents at the Subject will benefit from its proximity to local and regional thoroughfares, including I-95, Phillips Highway, and Sunbeam Road.

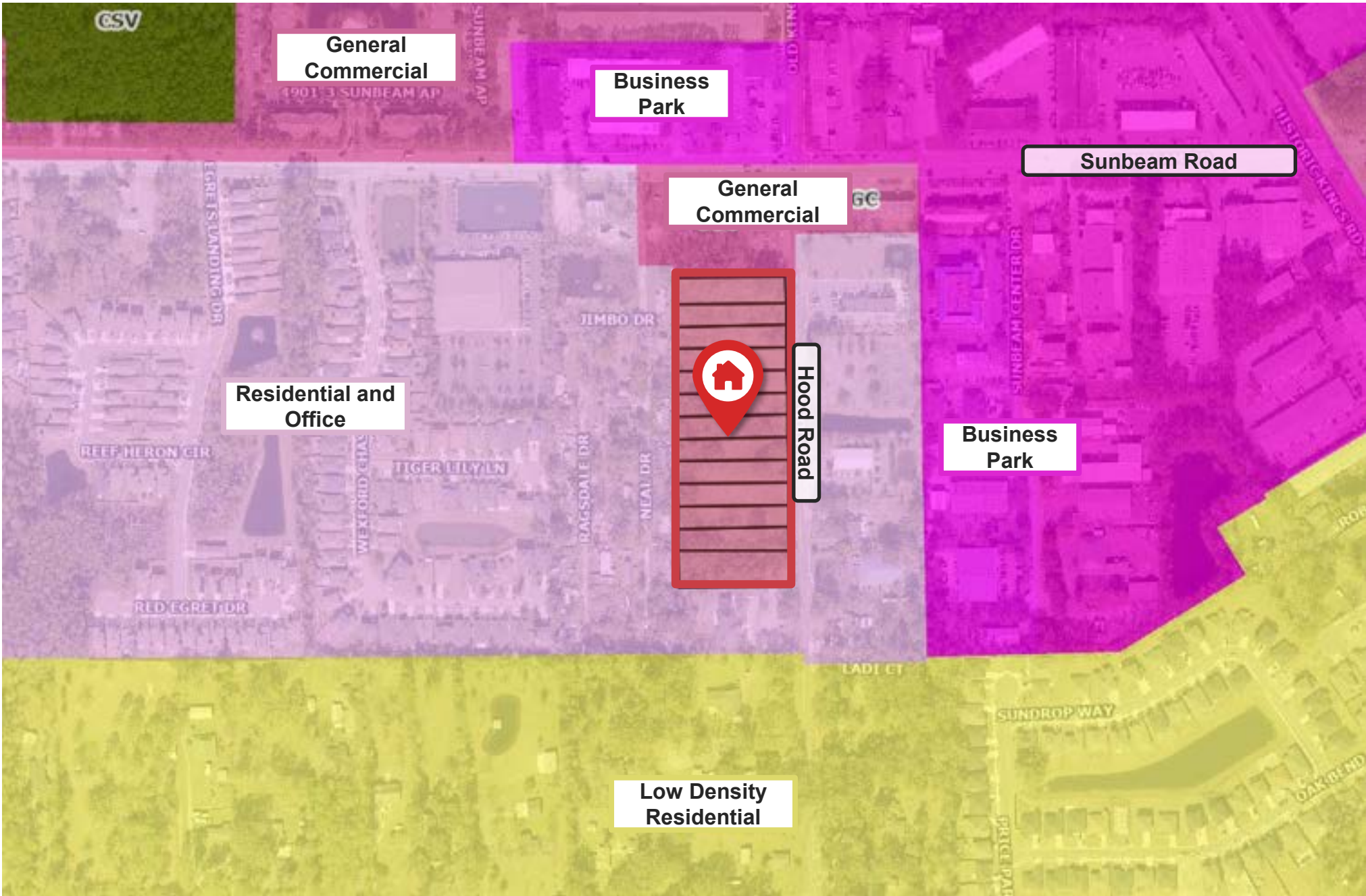
Daily conveniences, including grocery, healthcare, and commercial centers, can be conveniently reached within a 10-minute drive.

The Subject is within four miles of the Phillips Highway and I-95 interchange, where major commercial centers are located. The Avenues, a regional mall anchored by Dillard's and JCPenney. Southside Square is anchored by Target, Aldi, Academy Sports, and Home Depot.

Southwest of the Subject, commercial centers along San Jose Boulevard include Target, Whole Foods, and Walmart.

Source: Google Earth Imagery as of June 2023

Surrounding land uses include existing residential, industrial, and commercial uses.



The Subject is surrounded by residential uses to the south and west.

On the east side of Hood Road, light industrial and business park uses can be found.

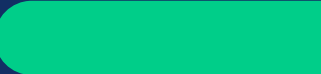
Commercial uses are north of the Subject along Sunbeam Road.

Sunbeam Villas currently lacks permanent signage and monumentation on Hood Road, which impacts its visibility. Comparables achieving the highest levels of absorption in the competitive set feature landscaped community entrances that create a sense of arrival. Improving the visibility of Sunbeam Villas through additional signage and monumentation will help establish a more prominent presence and enhance its appeal to prospective tenants.

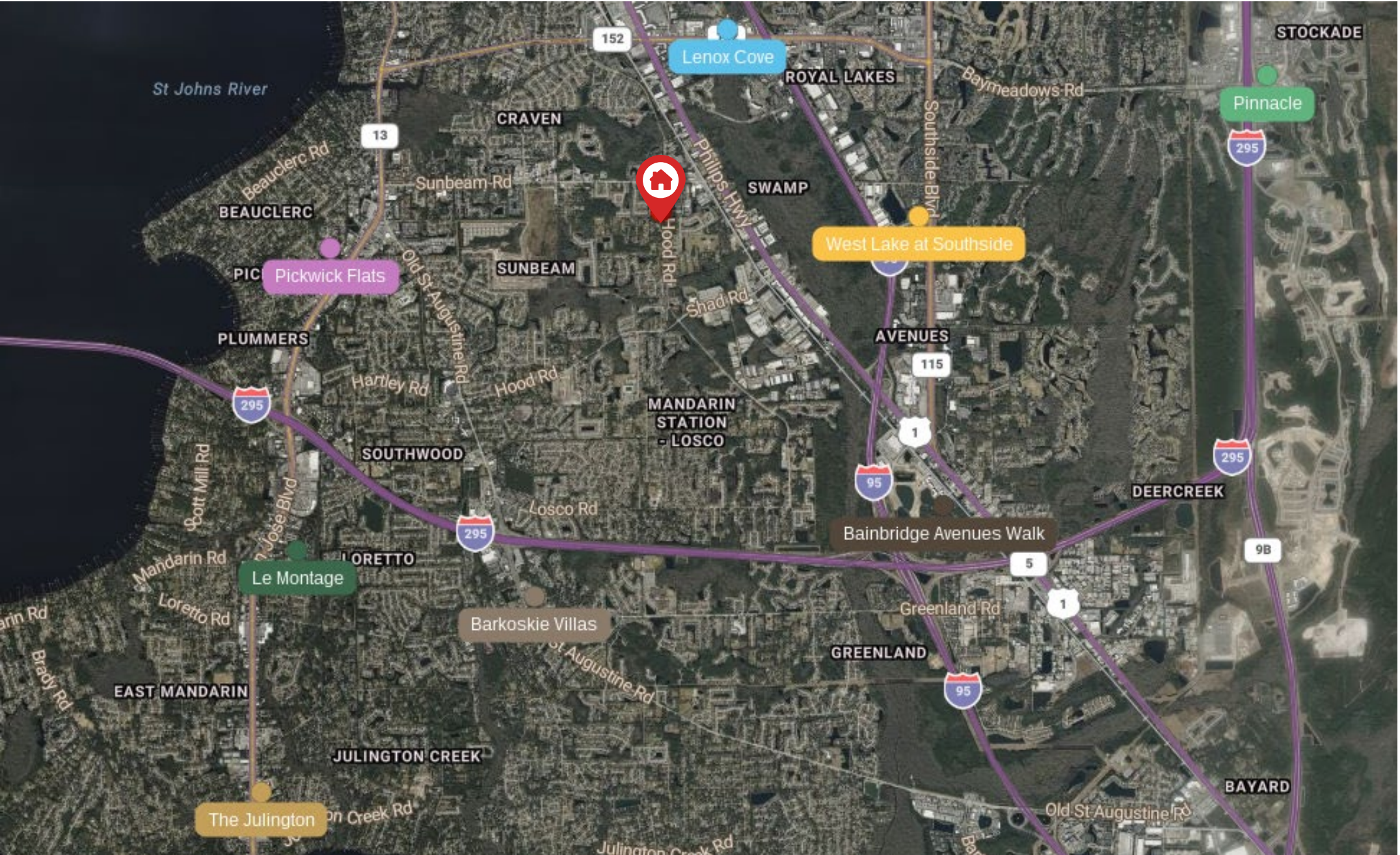
Source: Duval County Property Appraiser, Client



Competitive Positioning



We analyzed nine comparable communities in the competitive market area.



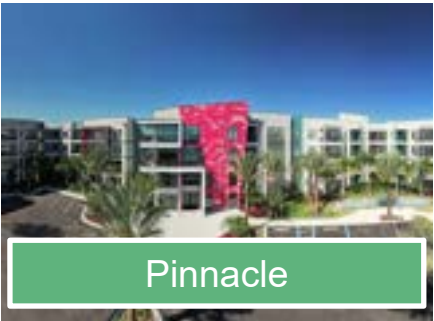
The comparables have an average year built of 2018. Lenox Cove and Pickwick Flats are older communities in the competitive market area that have been recently updated.

We view Barsoskie Villas, West Lake at Southside, and Pickwick Flats as primary comparables to the Subject.

The communities offer apartment units with similar location attributes, product type, interior finish level, and amenities as the Subject.

Source: Community Websites, eSpatial

Comparable Communities: Summary

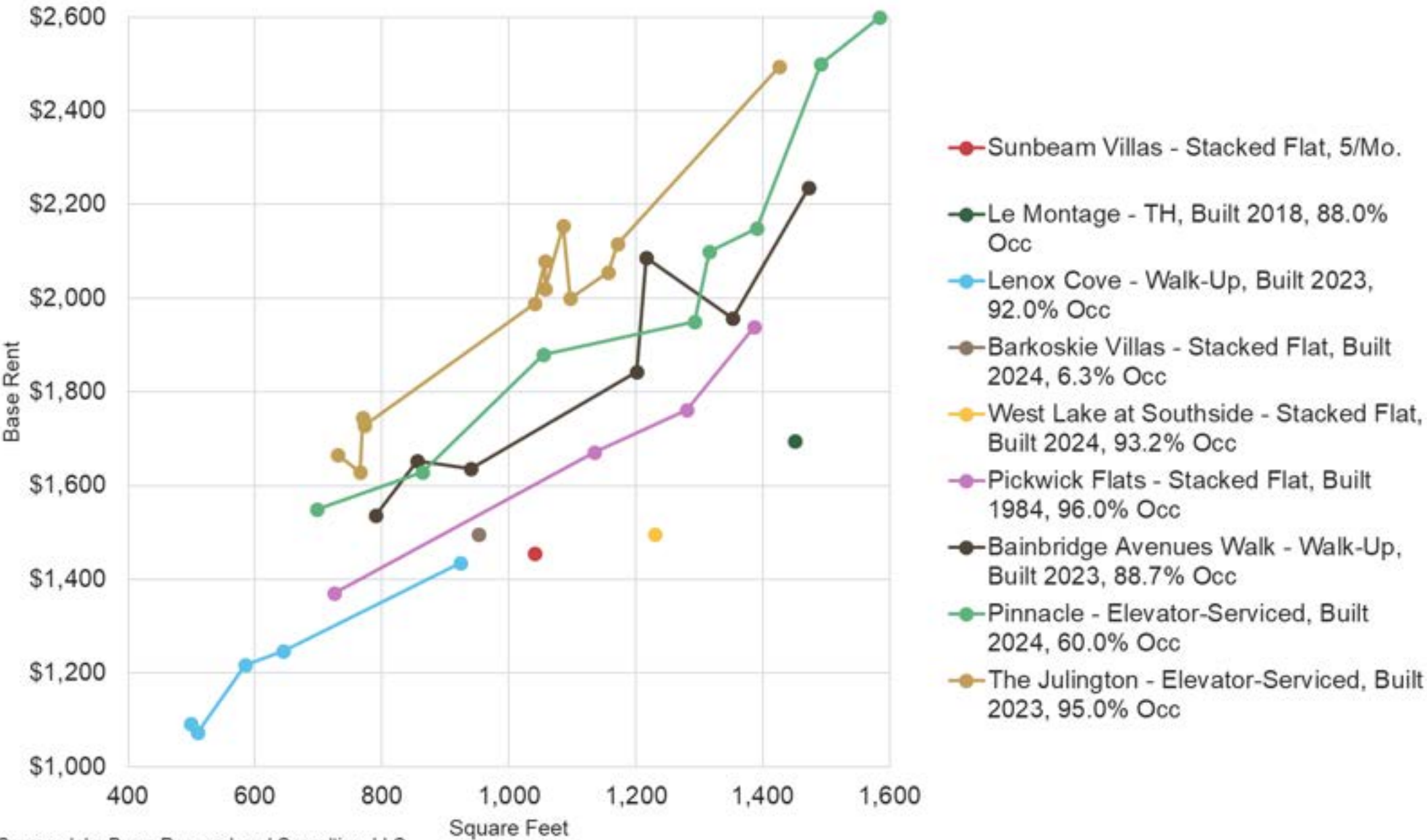


The communities still in lease-up are offering concessions ranging from one to two months of free rent.

Community	Product Type	Location	Year Built	Units	Avg. Size (Sq. Ft.)	Lease Rate	% Leased	% Occ.	Base Rent	Base / Sq. Ft.	Avg. Base + Prem.	Base + Prem. / Sq. Ft.	Avg. Total Concess.	Avg. Effective	Effective / Sq. Ft.	Avg. Mand. Fees	Avg. Eff. + Mand. Fees	Avg. Income to Qualify
S1 Sunbeam Villas	Stacked Flat	Jacksonville	2024	48	1,040	5	-	-	\$1,455	\$1.40	\$1,485	\$1.43	(\$121)	\$1,364	\$1.31	\$80	\$1,444	\$52.4K
1 Le Montage	TH	Jacksonville	2018	60	1,450	N/A	88%	88%	\$1,695	\$1.17	\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$0	\$1,695	\$61.0K
2 Lenox Cove	Walk-Up	Jacksonville	2023	118	567	5	92%	92%	\$1,137	\$2.00	\$1,177	\$2.08	(\$83)	\$1,094	\$1.93	\$5	\$1,099	\$41.2K
3 Barkoskie Villas	Stacked Flat	Jacksonville	2024	48	952	1	6%	6%	\$1,495	\$1.57	\$1,545	\$1.62	(\$129)	\$1,416	\$1.49	\$80	\$1,496	\$54.0K
4 West Lake at Southside	Stacked Flat	Jacksonville	2024	132	1,230	6	92%	93%	\$1,495	\$1.22	\$1,505	\$1.22	(\$125)	\$1,380	\$1.12	\$80	\$1,460	\$54.0K
5 Pickwick Flats	Stacked Flat	Jacksonville	1984	152	1,131	N/A	97%	96%	\$1,685	\$1.49	\$1,700	\$1.50	\$0	\$1,700	\$1.50	\$53	\$1,753	\$60.5K
6 Bainbridge Avenues Walk	Walk-Up	Jacksonville	2023	372	1,147	13	90%	89%	\$1,829	\$1.59	\$1,964	\$1.71	(\$327)	\$1,636	\$1.43	\$58	\$1,694	\$65.6K
7 Pinnacle	Elevator-Serviced	Jacksonville	2024	376	1,150	19	62%	60%	\$1,952	\$1.70	\$2,024	\$1.76	(\$169)	\$1,856	\$1.61	\$5	\$1,861	\$70.4K
8 The Julington	Elevator-Serviced	Jacksonville	2023	260	1,010	10	96%	95%	\$1,976	\$1.96	\$1,991	\$1.97	(\$291)	\$1,700	\$1.68	\$0	\$1,700	\$71.3K
Competitor Median					1,139	8	91%	90%	\$1,690	\$1.58	\$1,698	\$1.67	(\$127)	\$1,666	\$1.50	\$29.15	\$1,695	\$60.8K
Competitor Avg.					1,080	9	78%	77%	\$1,658	\$1.59	\$1,700	\$1.63	(\$141)	\$1,560	\$1.49	\$35.16	\$1,595	\$59.8K
Competitor Weighted Avg.					1,091	11	82%	81%	\$1,772	\$1.62	\$1,832	\$1.68	(\$193)	\$1,639	\$1.50	\$31	\$1,670	\$63.8K

Note: The definitions below serve as a reference for terms used in this section of the report.
Avg. Concess. – Total value of free rent concessions amortized over a standard 12-month lease term.
Effective Rent – Asking Rent less Total Concessions
Monthly Fees – Total mandatory monthly charges on top of rent, typically providing pest control and trash pickup at a minimum. Individual communities may impose other charges for additional services.
Income to Qualify – Based on a 3X rent-to-income ratio unless otherwise noted in the community summary.

We positioned base rents for the Subject competitively to similar products in the market.

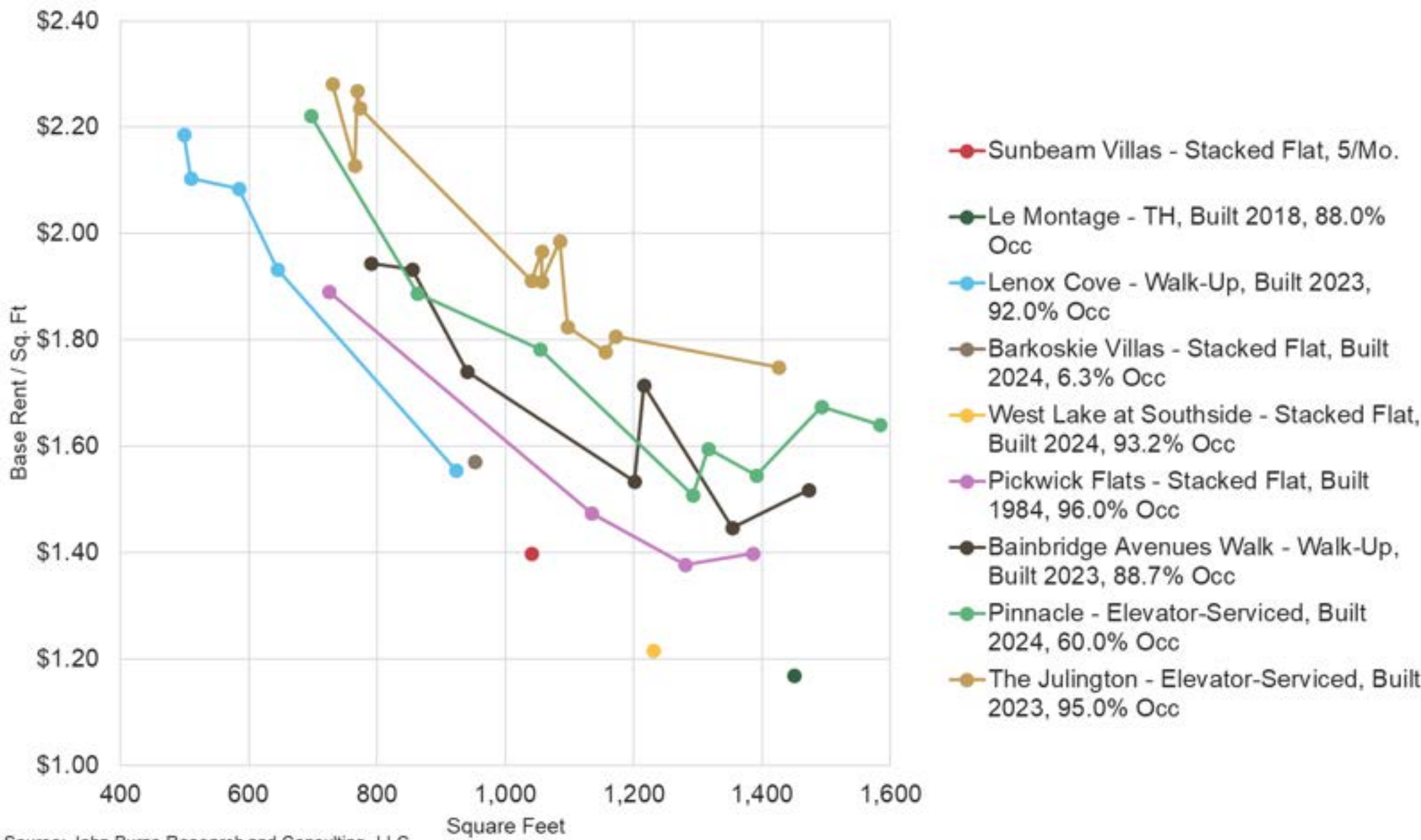


Source: John Burns Research and Consulting, LLC

We positioned base rents (before premiums, concessions, or fees) at the Subject in the range of the comparables. The Subject is positioned most similarly to Barkoskie Villas and Pickwick Flats, which offer a very similar product. Barkoskie Villas is newly-built, but Pickwick Flats is an older community that was recently renovated and is highly amenitized. The Subject is positioned at a discount to other newly-built gardens tyle apartments that offer Class-A amenities.

Sunbeam Villas is currently leasing and has successfully leased 10 units so far. We recommend enhancing the property’s visibility with additional signage and monumentation. Our suggested base rental rates and absorption are based on the assumption of the presence of an on-site leasing office during the lease-up period.

The Subject is positioned within the range of comparables on a price per square foot basis.



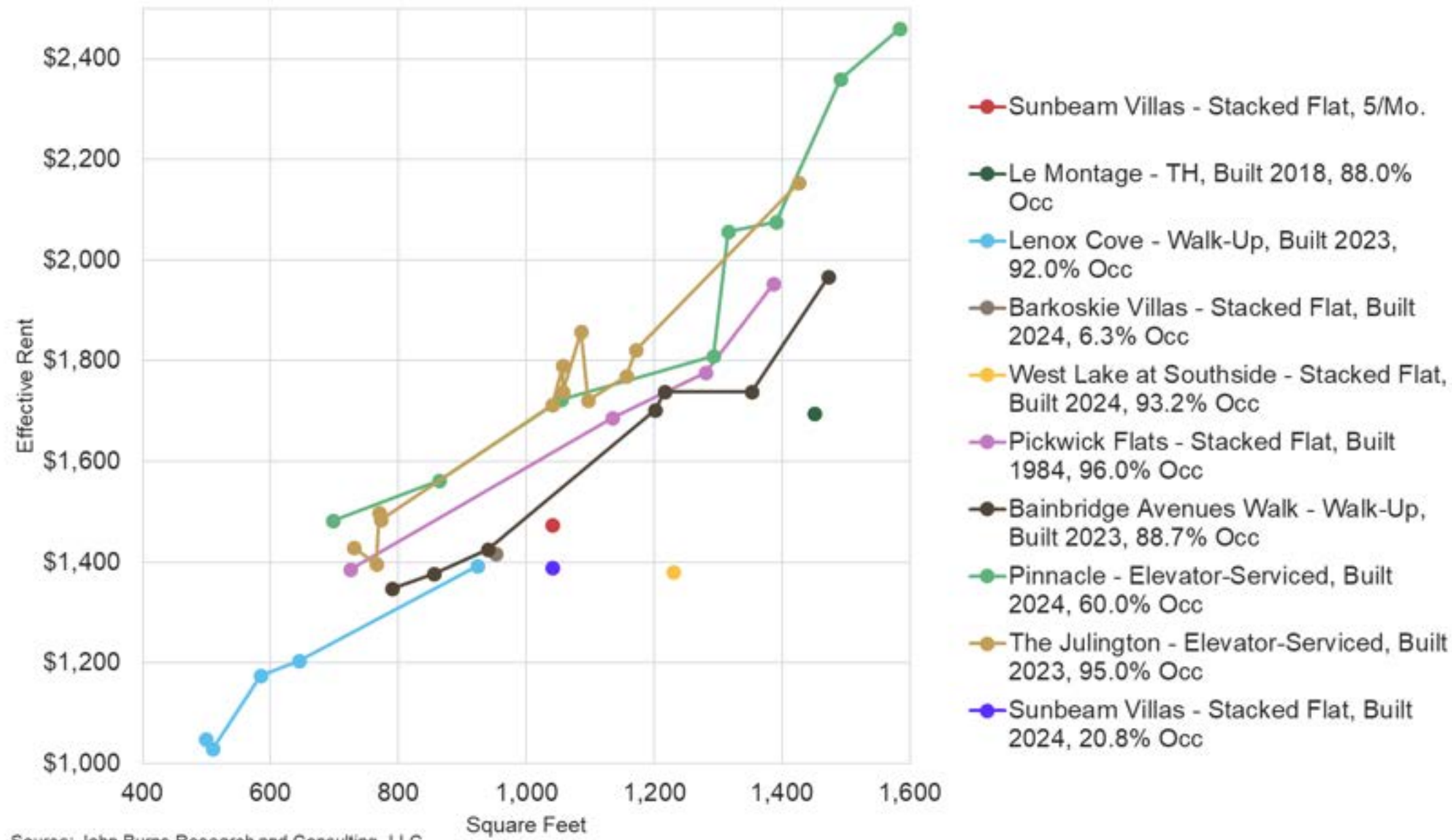
We show our base rent PSF positioning (without concessions or mandatory fees) for the Subject versus base rent PSF across the comparable set.

The Subject's average base rent PSF (\$1.40) is positioned at a discount to the competitor's average of base rent PSF (\$1.57).

Source: John Burns Research and Consulting, LLC

Sources: JBREC, Community Sales Offices, Yardi, RealPage

The Subject’s effective rent positioning is similar to its base positioning.



Source: John Burns Research and Consulting, LLC

The following graph reflects our recommended effective rents (asking rent less concessions amortized over a 12-month lease term) for the Subject and comparables.

The Subject’s effective rent positioning in the competitive market is impacted by our recommended one-month rent concession. The comparable communities are offering concessions of one to two months of free rent. Two communities, Le Montage and Pickwick Flats are not offering concessions at this time. We believe that a concession is necessary to help boost lease velocity at the Subject and compete against existing rental communities in the market area.

Rental Community Adjustment Analysis – 1,040 SF Flat

Sunbeam Villas	Barkoskie Villas	The Julington	Bainbridge Avenues Walk	Pinnacle
Base Rent	\$1,495	\$2,055	\$1,842	\$1,949
Year Built (vs. 2024)	2024	2023	2023	2024
Adjustment	\$0 .0%	\$4 .20%	\$4 .20%	\$0 .0%
Location (vs. Jacksonville (32257))	Jacksonville (32258)	Jacksonville (32223)	Jacksonville (32258)	Jacksonville (32256)
Adjustment	(\$26) (1.77%)	(\$90) (4.38%)	(\$33) (1.77%)	\$4 .22%
Amenities (vs. None)	None	Pool, clubhouse, fitness center, yoga studio, grilling stations, package room, courtyards, pet spa, dog park, E/V charging stations	Pool, clubhouse, fitness center, yoga studio, grilling stations, package room, courtyards, pet spa, dog park, E/V charging stations	Fitness center, co-work space, gaming room, dog park, 2 pools, pet spa, E/V charging, social lounge, grill stations
Adjustment	\$0 .0%	(\$103) (5.0%)	(\$92) (5.0%)	(\$97) (5.0%)
On-Site Mgt / Maint (vs. Remote)	Remote	On-Site	On-Site	On-Site
Adjustment	\$0 .0%	(\$62) (3.0%)	(\$55) (3.0%)	(\$58) (3.0%)
Visibility (vs. Frontage on collector road. Limited signage and monumentation marking the community for visibility)	Frontage on local road. No community signage or monumentation.	Arterial frontage. Prominent community signage and landscaping.	Frontage on local road. Prominent community signage and landscaping.	Arterial frontage. Prominent community signage and landscaping.
Adjustment	\$0 .0%	(\$82) (4.0%)	(\$74) (4.0%)	(\$78) (4.0%)
Type (vs. Stacked Flat)	Stacked Flat	Elevator-Serviced	Walk-Up	Elevator-Serviced
Adjustment	\$0 .0%	\$51 2.50%	\$92 5.0%	\$49 2.50%
Parking (vs. SUR)	SUR	SUR	SUR	GAR
Adjustment	\$0 .0%	\$0 .0%	\$0 .0%	(\$50) (2.57%)
Unit Size (vs. 1040)	952	1156	1201	1292
Adjustment \$0.65/Sq. Ft.	\$57 3.83%	(\$75) (3.67%)	(\$105) (5.68%)	(\$164) (8.40%)
Beds/Baths (vs. 2/2)	2/2	2/2	2/2	2/2.5
Adjustment	\$0 .0%	\$0 .0%	\$0 .0%	(\$35) (1.80%)
Unit Level (vs. 1)	1	1	1	1
Adjustment	\$0 .0%	\$0 .0%	\$0 .0%	\$0 .0%
Outdoor Living (vs. None)	None	Patio	Balcony	Balcony
Adjustment	\$0 .0%	(\$35) (1.70%)	(\$35) (1.90%)	(\$35) (1.80%)
Finish (vs. LVP flooring, granite counter, upgraded cabinets, open floor plan, s/s appliances)	LVP flooring, granite counter, upgraded cabinets, open floor plan, s/s appliances	LVP flooring, walk-in closets, granite counters, s/s appliances	9' ceilings, LVP flooring, shaker cabinets, quartz counters, ceilings fans	Soaking tub, s/s appliances, pantry, upodated cabinets, wood-style flooring
Adjustment	\$0 .0%	\$0 .0%	(\$46) (2.50%)	\$0 .0%
Tech Included (vs. None)	None	Smart home tech	Smart home tech	Smart home tech
Adjustment	\$0 .0%	(\$35) (1.70%)	(\$35) (1.90%)	(\$35) (1.80%)
Appliances Included (vs. R, W, D)	R, W, D	R, W, D	R, W, D	R, W, D
Adjustment	\$0 .0%	\$0 .0%	\$0 .0%	\$0 .0%
Total Property Adjustments	\$31	-\$426	-\$379	-\$500
Adjusted Rent (Rounded)	\$1,526	\$1,629	\$1,463	\$1,449

Subject is Superior

Subject is Similar

Subject is Inferior

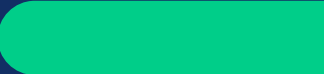
Our adjustment analysis compares the Subject floor plan to bedroom-matched units in competitive communities.

We adjusted to account for differences such as age, unit size, location, amenities, product type, parking, and unit finishes between the Subject and the comps.

After adjustments, suggested rents for the 1,040 square-foot flat range from \$1,449 to \$1,629. Our recommended base rent of \$1,455 falls in this range.



Rental Demand Analysis



The Subject needs to capture 1.0% of market rate renter demand in the CMA to achieve the absorption target of 5 leases per month.

Duval County, FL Renter Demand Summary	2024	2025	2026	2027	2028	2029
Estimated Market Rate Renter Households ^{1/2}	59,925	61,360	62,795	64,230	65,665	67,100
Estimated Market Rate Renter Housholds in CMA ³	10,787	11,045	11,303	11,561	11,820	12,078
Annual Demand from Turnover in CMA (50%) ⁴	5,393	5,522	5,652	5,781	5,910	6,039
Annual Market Rate Renter Household Growth in CMA ⁵	258	258	258	258	258	258
Total Estimated Market Rate Renter Demand	5,652	5,781	5,910	6,039	6,168	6,297
Target Annual Absorption (5.0)	60	60	60	60	60	60
Target Capture Rate	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%

1/ Based on Household Income between \$50K and \$100K. Assumes that households pay 33.8% of the annual income toward rent. While percentage paid by income may vary, the calculation is intended to establish reasonable rent ranges as perspective. Some households will spend more, and some will spend less.

2/ Percentage of area households that are renter occupied by income level per ESRI 2024. Total HH for 2024 per ESRI. Data is adjusted based on ACS distribution.

3/ Based on an 18% ratio of Duval County households within the Subject's 5-mile radius

4/ Estimated single-family renter household annual turnover per JBREC. JBREC model varies by income level, assuming that lower-income households are more likely to rent apartments and higher-income households are more likely to rent single-family homes.

5/ 2029 growth per ESRI and adjusted by JBREC to the CMA/Duval County ratio. Percentages by income increase given the adjusted household income distribution.

Our demand model estimates 59,925 market rate renter households in Duval County as of 2024 (households earning between \$50K and \$100K annually). We estimate 10,787 market rate renter households within the Subject's competitive market area (5-mile radius of the Subject). Based on qualifying annual household incomes between \$50K and \$100K, we estimate expect annual growth of 258 market-rate renter households through 2029 in the competitive market area.

Based on the forecasted growth and estimated turnover demand of existing renter households, the Subject would need to capture 1.0% of the estimated market-rate renter demand in the CMA during the anticipated lease-up period in 2024/2025 to achieve the target absorption rate of 5 new leases per month.

Approximately 29% of renter households between \$50K and \$100K today; we expect that percentage to increase to 30% by 2029.

Duval County				Renter Households by Age and Income (2024)							
Annual Household Income	Monthly Rental Rate 1/	Total Households 2024 2/	Total Households 2029 2/	Under 25	25–34	35–44	45–54	55–64	65–74	75+	Total
\$0 to \$25,000	\$0–\$700	68,799	55,812	4,444	8,399	7,742	7,407	7,765	7,465	5,278	48,501
\$25,000 to \$35,000	\$700–\$1,000	33,392	27,785	1,778	5,420	2,325	2,094	2,024	2,089	764	16,495
\$35,000 to \$50,000	\$1,000–\$1,400	50,753	44,206	2,946	8,058	4,222	3,649	2,950	3,295	1,462	26,582
\$50,000 to \$75,000	\$1,400– \$2,100	64,066	63,403	2,471	9,808	6,125	5,247	3,612	1,631	1,174	30,067
\$75,000 to \$100,000	\$2,100–\$2,800	56,212	60,887	1,844	7,669	5,628	3,494	2,973	546	704	22,858
\$100,000 to \$150,000	\$2,800–\$4,200	76,699	94,096	1,642	6,439	8,285	4,636	2,032	668	244	23,946
\$150,000 to \$200,000	\$4,200–\$5,600	39,376	56,826	263	2,822	2,939	1,462	986	336	879	9,688
\$200,000+	\$5,600–\$8,400	36,366	47,352	0	1,034	1,110	423	730	0	201	3,498
Total		425,663	450,367	15,389	49,649	38,375	28,412	23,072	16,030	10,707	181,635

Our demand model estimates 52,925 market-rate renter households in Duval County, FL, today (29% of all renter households).

The 25-44 age group accounts for the largest share of market-rate renters today (33%), followed by the 35-44 age group (22%). We expect these groups to fuel demand for the Subject.

Duval County				Renter Household by Age and Income (2029)							
Annual Household Income	Monthly Rental Rate 1/	Total Households 2024 2/	Total Households 2029 2/	Under 25	25–34	35–44	45–54	55–64	65–74	75+	Total
\$0 to \$25,000	\$0–\$700	68,799	55,812	3,823	6,632	6,862	5,963	5,980	7,301	6,278	42,839
\$25,000 to \$35,000	\$700–\$1,000	33,392	27,785	1,690	4,281	2,135	1,791	1,612	2,150	914	14,574
\$35,000 to \$50,000	\$1,000–\$1,400	50,753	44,206	2,548	7,182	4,175	3,394	2,488	3,574	1,890	25,251
\$50,000 to \$75,000	\$1,400– \$2,100	64,066	63,403	2,900	10,006	6,880	5,522	3,566	2,094	1,755	32,723
\$75,000 to \$100,000	\$2,100–\$2,800	56,212	60,887	2,428	8,600	7,023	4,107	3,270	753	1,198	27,379
\$100,000 to \$150,000	\$2,800–\$4,200	76,699	94,096	2,240	8,367	11,656	6,286	2,575	1,044	486	32,655
\$150,000 to \$200,000	\$4,200–\$5,600	39,376	56,826	473	4,274	4,799	2,331	1,518	629	2,076	16,100
\$200,000+	\$5,600–\$8,400	36,366	47,352	0	1,449	1,606	605	974	0	436	5,070
Total		425,663	450,367	16,102	50,792	45,136	29,999	21,984	17,544	15,035	196,591

We expect market-rate renter households to grow by 14% over the five-year period and reach a total of 60,102 in 2029.

1/ Percentage of area households that are renter occupied by income level per US Census. Total HH for 2024 per ESRI. Data is adjusted based on ACS distribution at the County level.

Our demand model forecasts annual growth of 1,435 market-rate renter households in Duval County through 2029 based on expected household formations and income trends.

Duval County		Renter Households (Total)		Annual Change in Renter Households by Age and Income (2024–2029)							
Annual Household Income	Monthly Rental Rate 1/	2024 Calculated Renter Households	2029 Calculated Renter Households (P)	Under 25	25–34	35–44	45–54	55–64	65–74	75+	Total
\$0 to \$25,000	\$0–\$700	48,501	42,839	-124	-353	-176	-289	-357	-33	200	-1,132
\$25,000 to \$35,000	\$700–\$1,000	16,495	14,574	-18	-228	-38	-61	-82	12	30	-384
\$35,000 to \$50,000	\$1,000–\$1,400	26,582	25,251	-80	-175	-9	-51	-92	56	86	-266
\$50,000 to \$75,000	\$1,400– \$2,100	30,067	32,723	86	40	151	55	-9	93	116	531
\$75,000 to \$100,000	\$2,100–\$2,800	22,858	27,379	117	186	279	123	59	41	99	904
\$100,000 to \$150,000	\$2,800–\$4,200	23,946	32,655	120	386	674	330	109	75	48	1,742
\$150,000 to \$200,000	\$4,200–\$5,600	9,688	16,100	42	291	372	174	106	58	239	1,282
\$200,000+	\$5,600–\$8,400	3,498	5,070	0	83	99	36	49	0	47	314
Total		181,635	196,591	143	229	1,352	317	-218	303	865	2,991

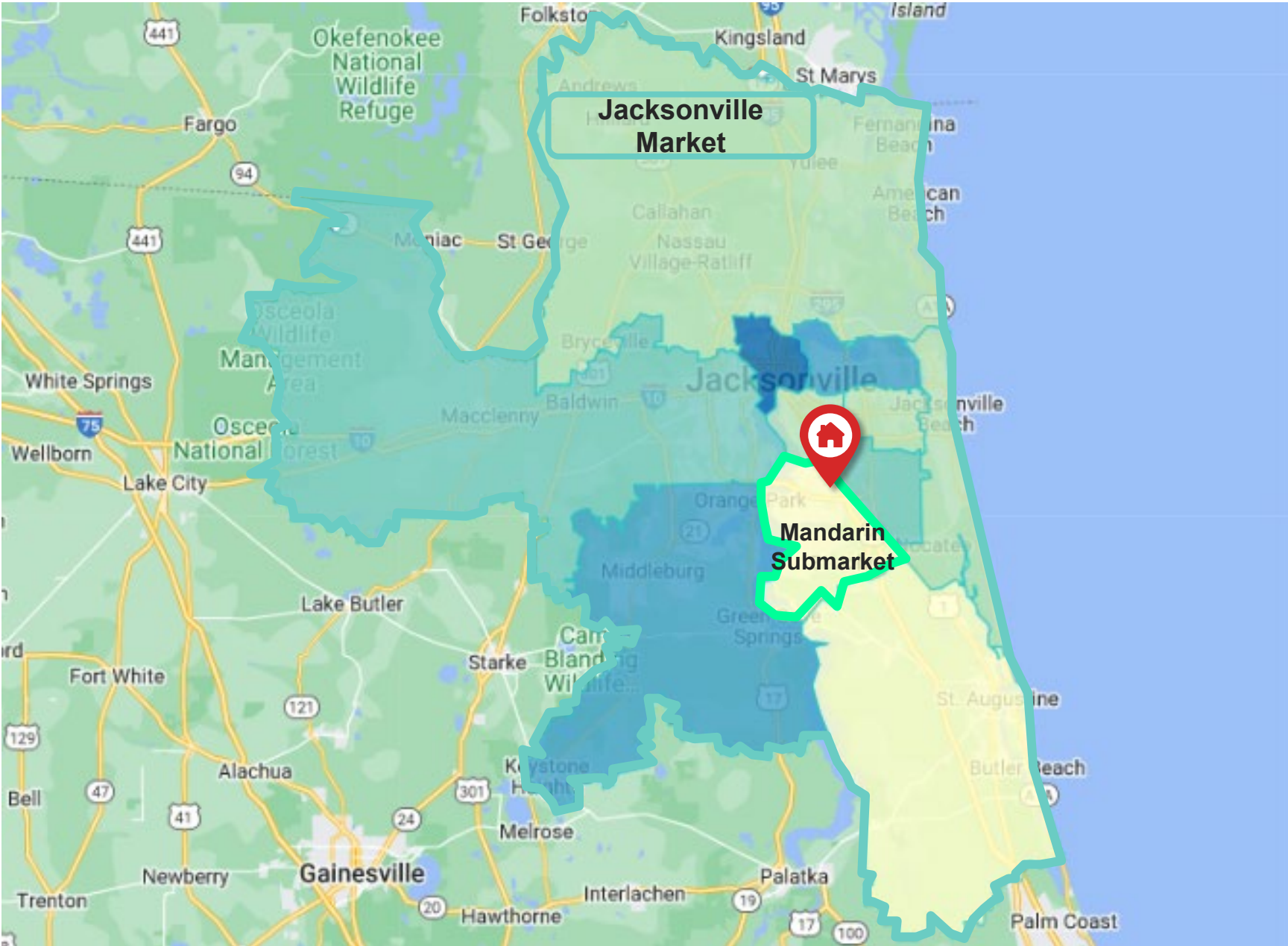
Market-rate renter growth totals 1,435 households annually and is strongest among those aged between 35 to 44.

1/ Percentage of area households that are renter occupied by income level per US Census. Total HH for 2024 per ESRI. Data is adjusted based on ACS distribution at the County level.
5/ 2029 growth per ESRI. Percentages by income increase given the adjusted household income distribution at the Duval County level.



Apartment Market Trends

The Jacksonville market has nearly 145K units, 10% are in the Mandarin submarket.

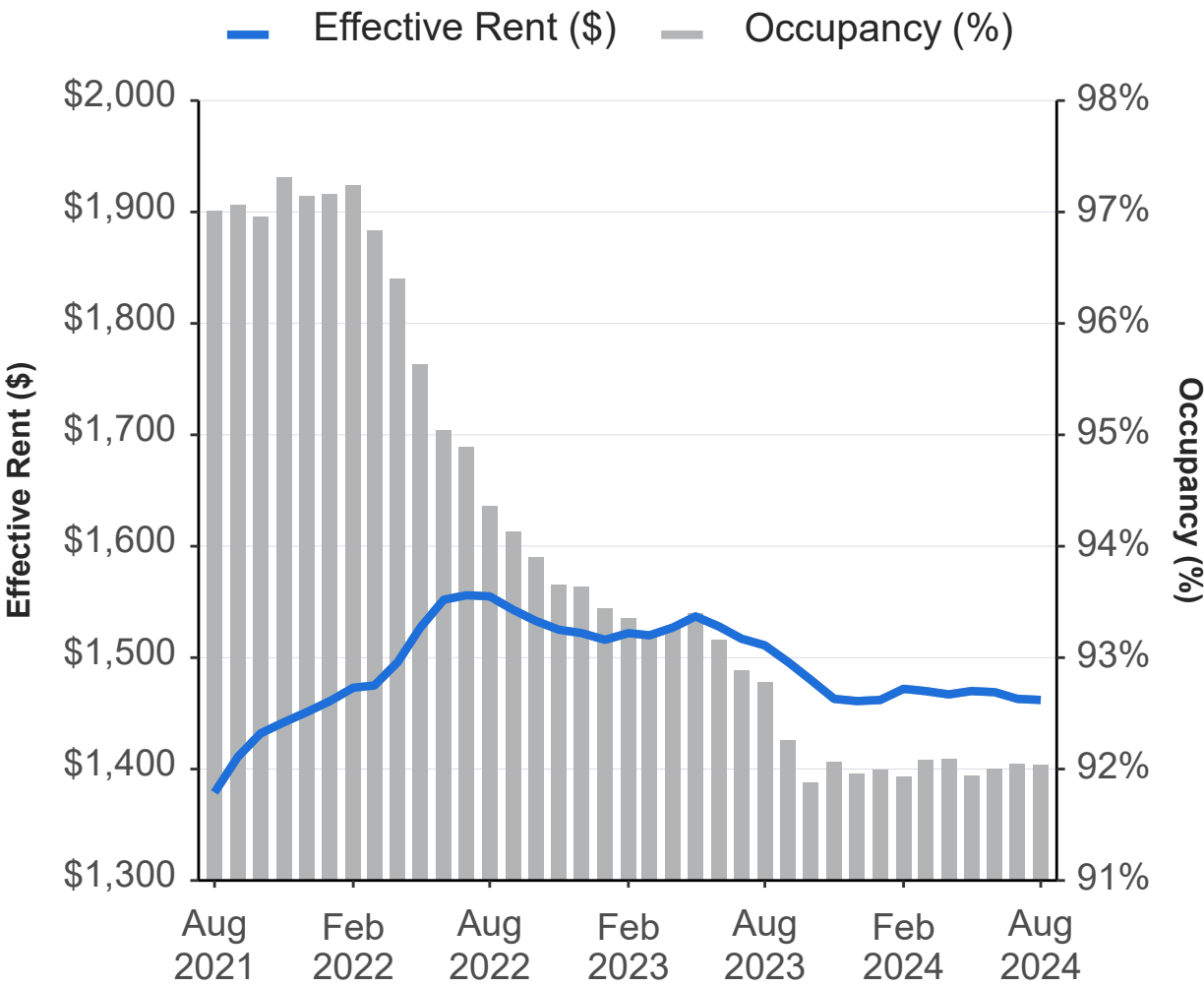


Metric - Totals	Jacksonville Market	Mandarin Submarket
Total Units	144,794	14,750
Effective Rent (\$)	\$1,462	\$1,456
MOM Effective Rent Change (%)	0.0%	0.4%
YOY Effective Rent Change (%)	-4.5%	-5.8%
Occupancy (%)	92.0%	93.4%
MOM Occupancy Change (%)	0.0%	0.3%
YOY Occupancy Change (%)	-0.7%	0.2%

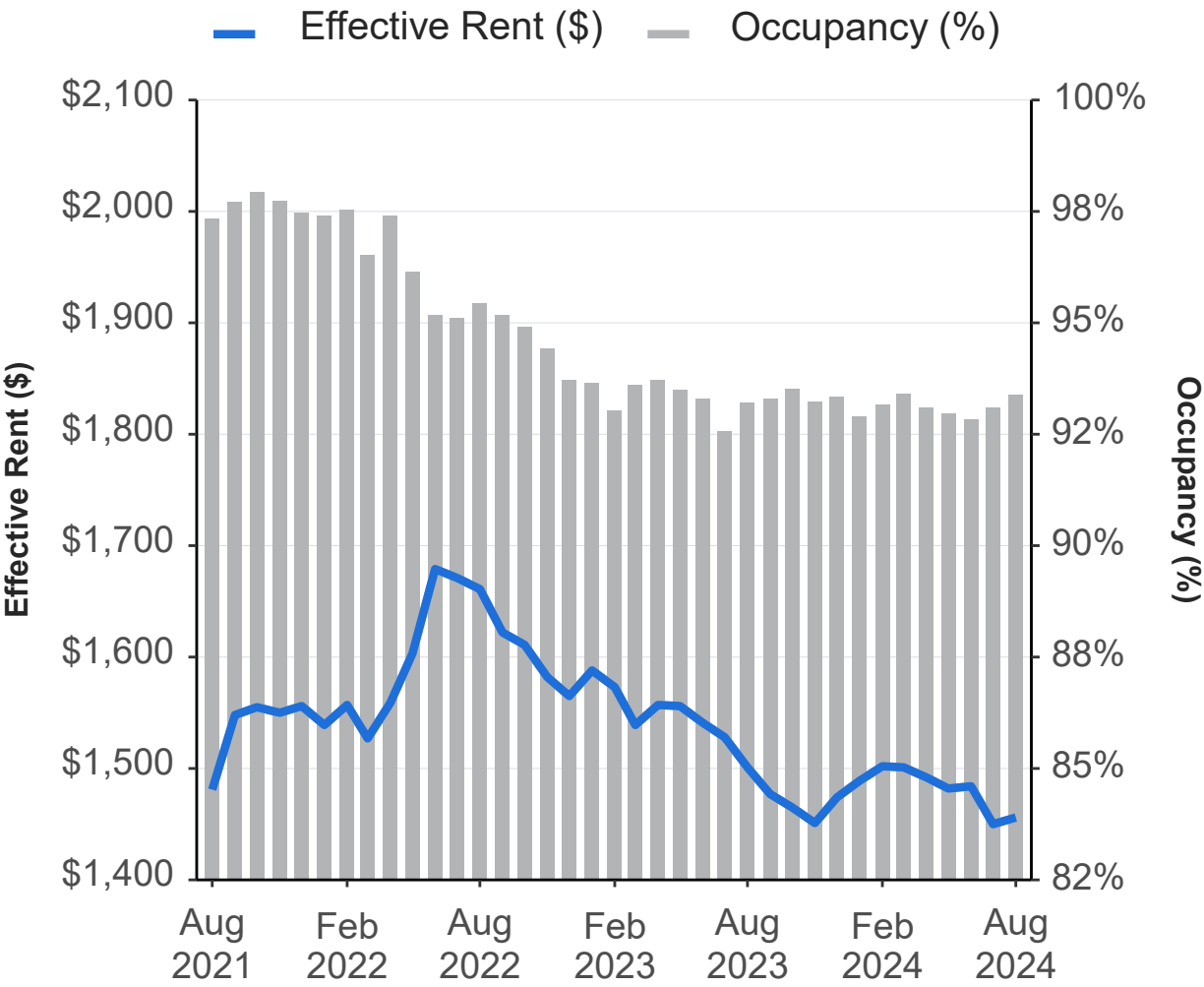
Source: RealPage, Inc. Data as of August 2024.
Effective Rent and Occupancy are calculated from stabilized apartments.
Effective Rent Change is calculated from monthly same-store sample sets. Same-store data includes only properties surveyed in all observation periods, which excludes lease-ups or other changes in the sample.

Following strong rent growth through July 2022, supply-side pressures have softened rents and occupancy rates across the Jacksonville market and Mandarin submarket.

Jacksonville Market - All Classes



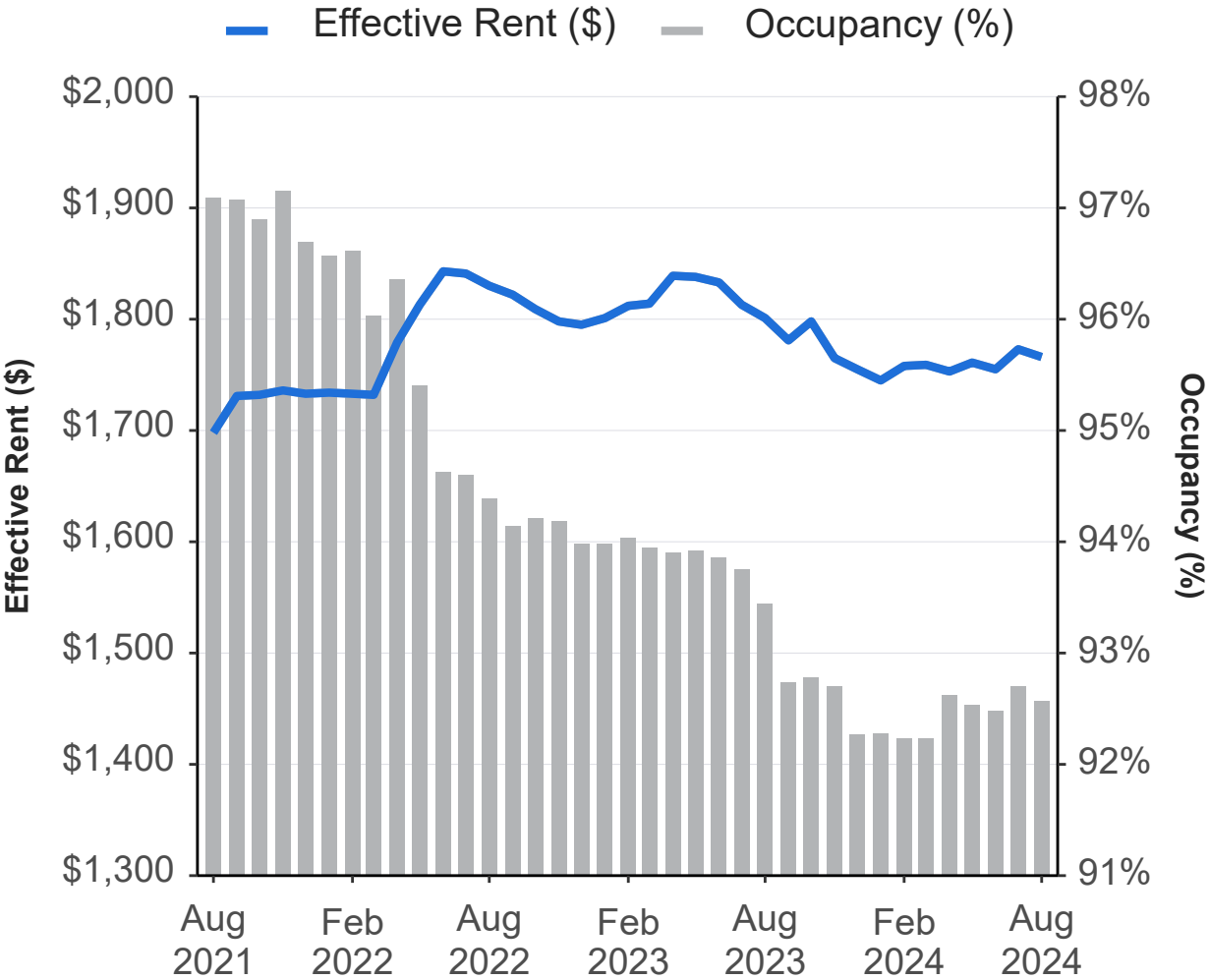
Mandarin Submarket - All Classes



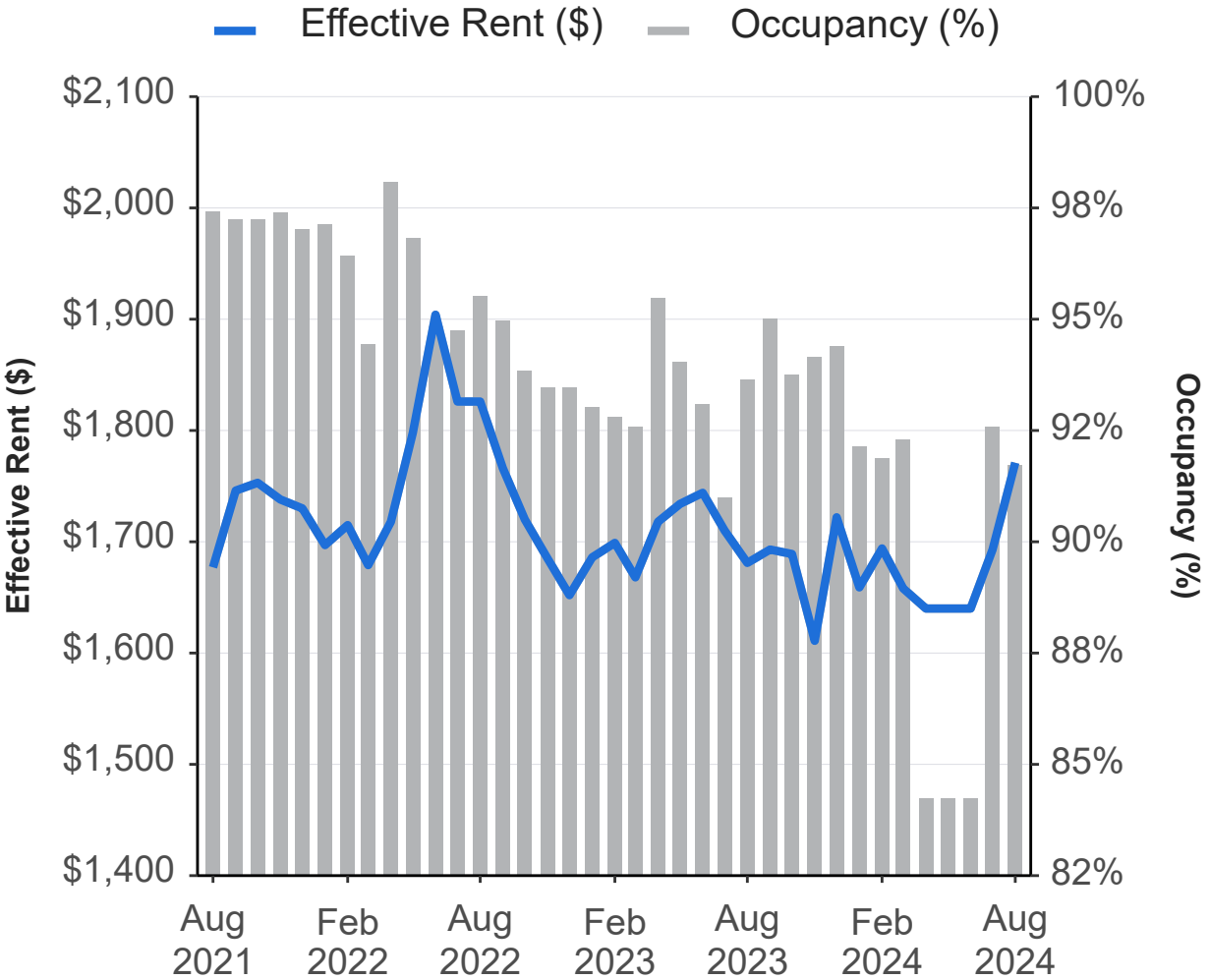
Source: RealPage, Inc. Data as of August 2024.
Effective Rent and Occupancy are calculated from stabilized apartments.
Effective Rent Change is calculated from monthly same-store sample sets. Same-store data includes only properties surveyed in all observation periods, which excludes lease-ups or other changes in the sample. Examination of same-store data eliminates the misrepresentation of market conditions that can result from sampling differences in reporting periods.

Class-A units have seen a similar softening in market performance since July 2022. The Mandarin submarket has shown growth in occupancy and rents in recent months.

Jacksonville Market - Class A



Mandarin Submarket - Class A

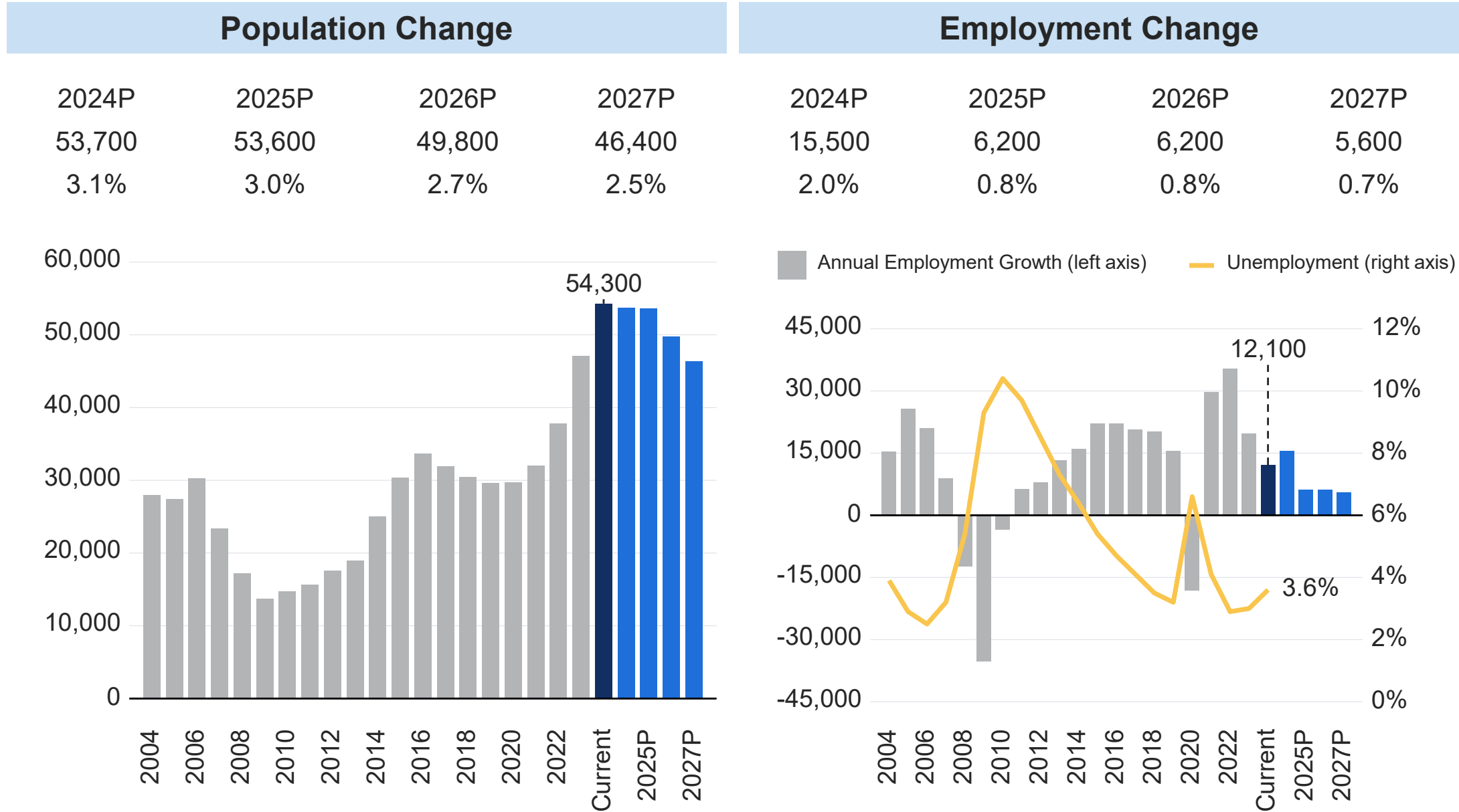


Source: RealPage, Inc. Data as of August 2024.
Effective Rent and Occupancy are calculated from stabilized apartments.
Effective Rent Change is calculated from monthly same-store sample sets. Same-store data includes only properties surveyed in all observation periods, which excludes lease-ups or other changes in the sample. Examination of same-store data eliminates the misrepresentation of market conditions that can result from sampling differences in reporting periods.



Economic and Housing Market Trends

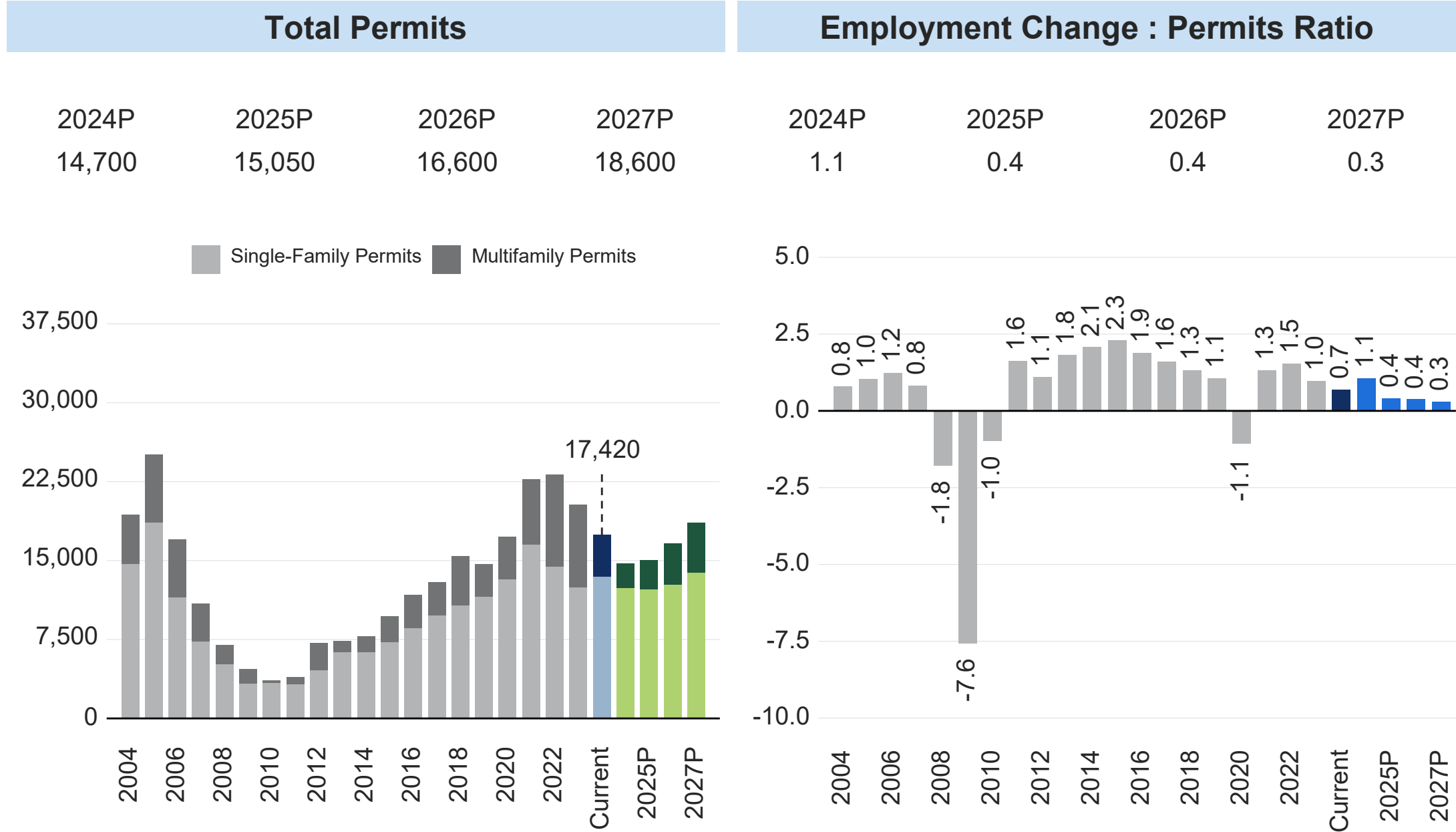
We forecast strong population in the Jacksonville MSA through 2027, boding well for future housing demand in the market.



We forecast the population of Jacksonville to increase by 3.1% in 2024 and increase by 3.0%, 2.7%, and 2.5% from 2025-2027, respectively. Over the next four years, the MSA will add approximately 50.8K new residents annually.

We forecast moderate employment growth in Jacksonville between 2025 through 2027, increasing by 0.8% in 2025, 0.8% in 2026, and 0.7% in 2027.

We forecast the total number of permits issued in Jacksonville to reach 14,700 by year-end 2024. We forecast permit issuance to increase annually through 2027 but remain below 2020 through 2022 levels.



We forecast the total number of permits (12-month rolling total) issued in Jacksonville to reach 14,700 in 2024 and change to 15,050, 16,600, and 18,600 from 2025-2027, respectively.

The E/P Ratio (new jobs divided by permitted dwelling units) can be a leading indicator of demand as permits respond to job-based migration. A ratio >1.2:1 generally means healthy housing demand. Jacksonville's current ratio is 0.7. We forecast the ratio to decrease by year-end 2027.

Source: Census and U.S. Bureau of Labor Statistics. Data as of June 2024, projections as of August 2024.

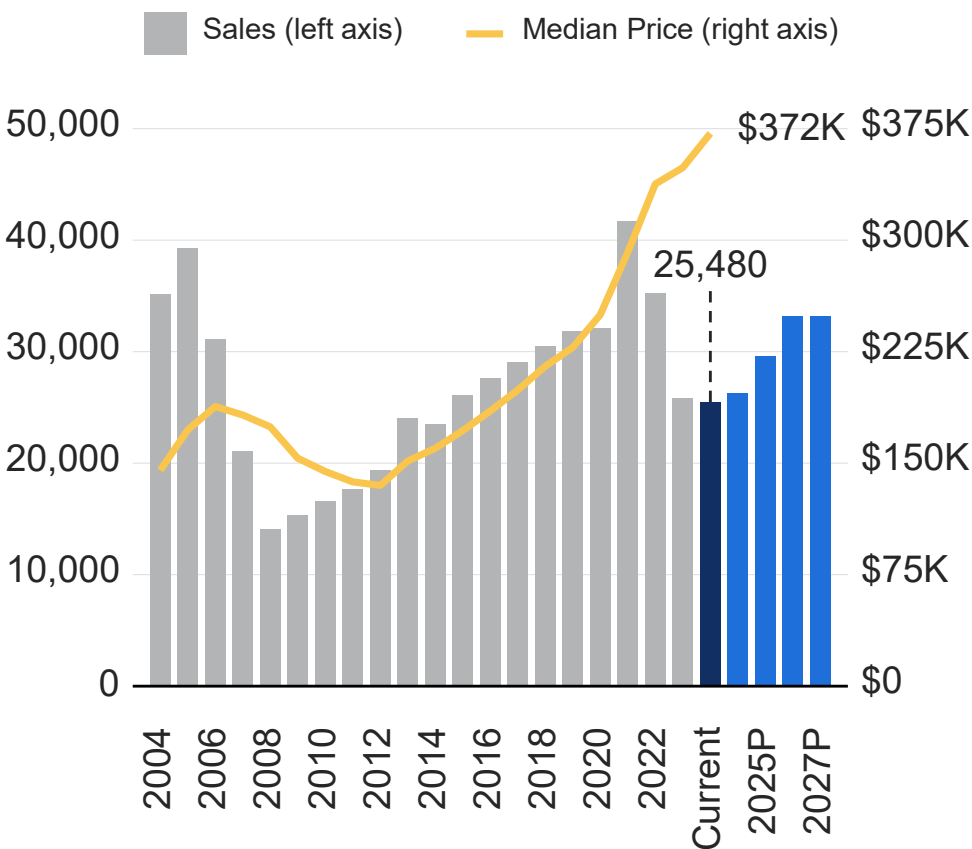
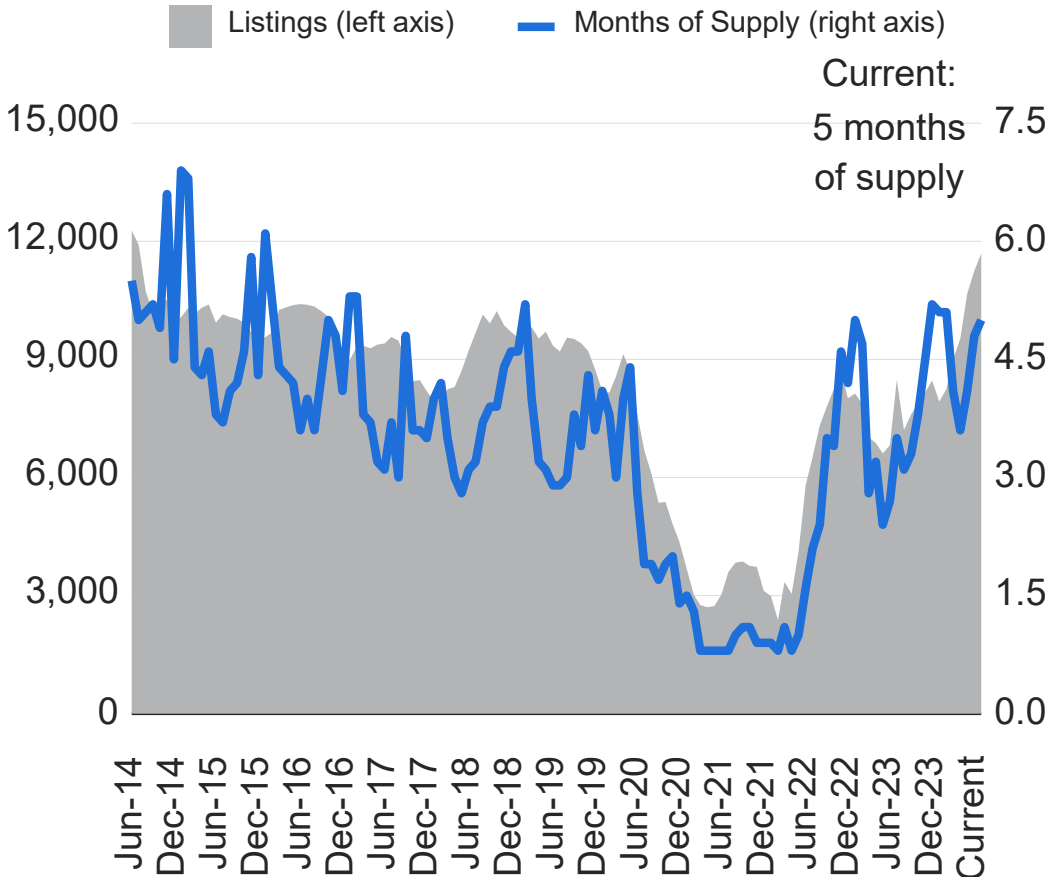
Months of supply has increased from one year ago, though resale prices remain at a historical high.

Resale Listings		Months of Supply		Resale Volume and Price			
Current	Year-Ago	Current	Year-Ago	2024P	2025P	2026P	2027P

11,690	8,483	5.0	3.5
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26,300	29,600	33,200	33,200
1.8%	12.5%	12.2%	0.0%

The number of listings (11.7K) in the resale home market in Jacksonville has increased compared to one year ago (8.5K).



Resale volume in Jacksonville is at 25.5K, a -6% % YOY decline. We expect resale volume to increase in 2025-2026. We project resale volume to average 32K annually from 2024 through 2027.

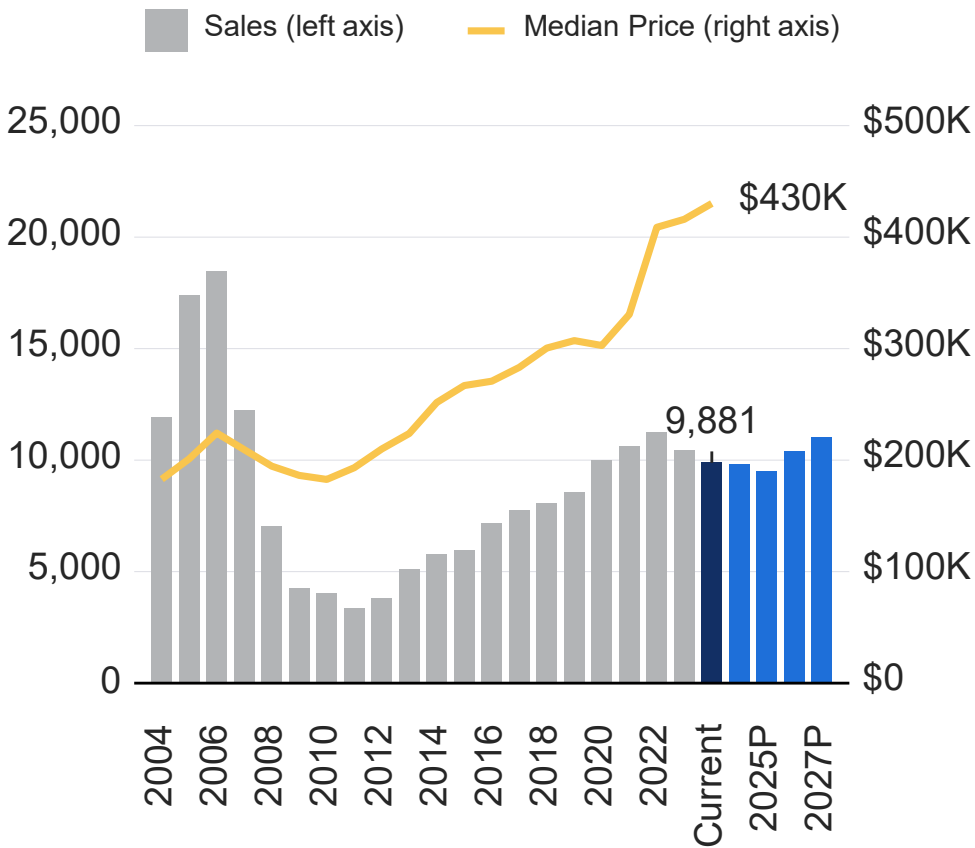
The median resale price is \$372K, a record high in the market. The rising home prices in the for-sale market will force some would-be homebuyers into the rental market.

Source: John Burns Research and Consulting, LLC, JBREC MOS Estimate and Public Records; John Burns Research and Consulting, LLC. Data as of June 2024, projections as of August 2024.

We forecast strong sales volume through 2027. Jacksonville’s current new home price is at an all time high.

New Home Volume and Price

2024P	2025P	2026P	2027P
9,800	9,500	10,400	11,000
-6.2%	-3.1%	9.5%	5.8%



New Home Prices

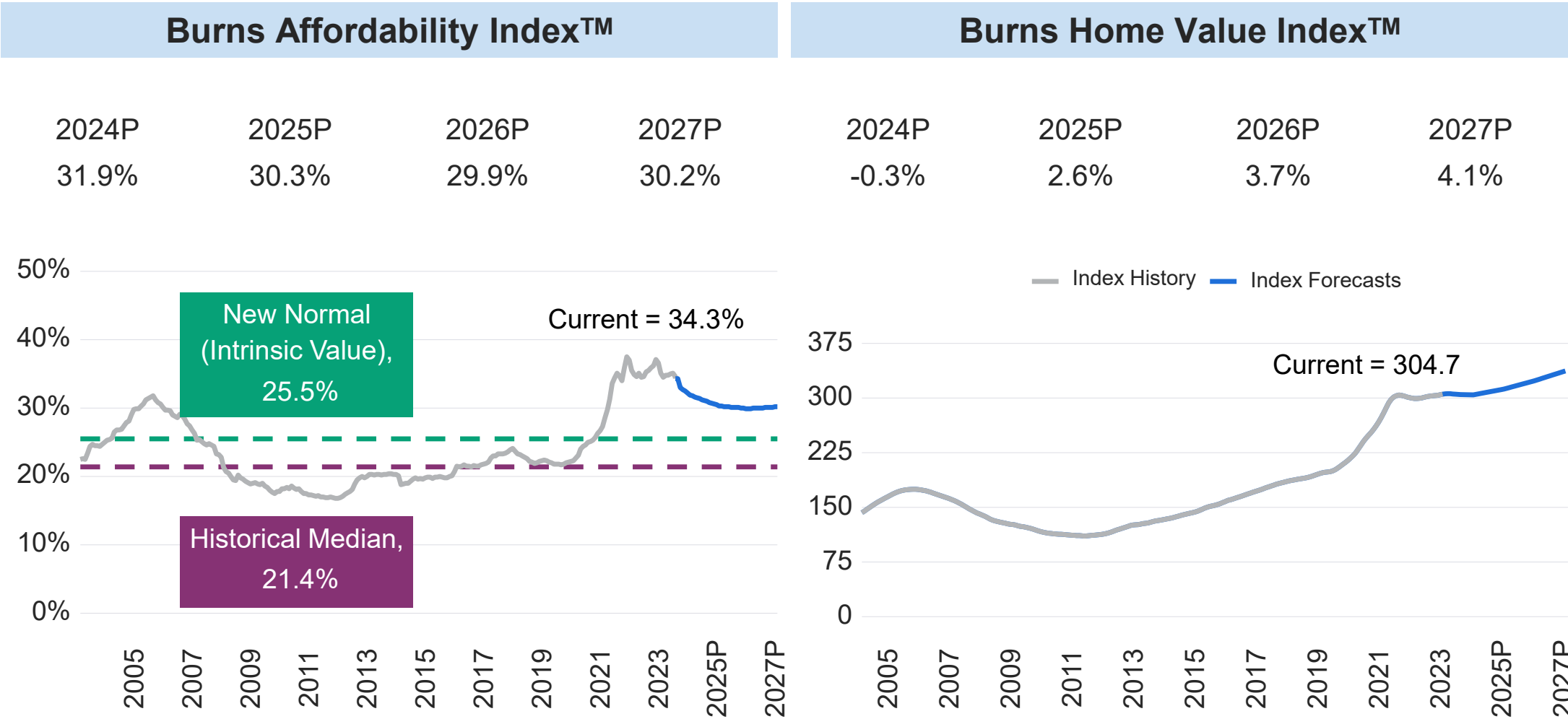
Historical Prices			Forecasted Appreciation ¹		
Year	Med. Price	YOY%	December year-end values		
2008	\$194,600	-7.1%			
2009	\$186,300	-4.3%			
2010	\$182,700	-1.9%			
2011	\$193,200	5.7%			
2012	\$210,000	8.7%			
2013	\$223,900	6.6%			
2014	\$251,700	12.4%			
2015	\$266,900	6.0%			
2016	\$270,800	1.5%			
2017	\$283,200	4.6%			
2018	\$300,500	6.1%			
2019	\$307,200	2.2%			
2020	\$302,800	-1.4%			
2021	\$330,700	9.2%			
2022	\$408,800	23.6%			
2023	\$416,000	1.8%			
			2024P	2025P	2026P
			-0.3%	2.7%	3.8%
					3.7%

1) Our new home price appreciation forecast is a "net of incentives" price forecast. Historical new home prices are closing prices that include upgrades, etc. Our forecasted price appreciation for new home projects for new home projects depends heavily on local submarket conditions.

We forecast new home sales in Jacksonville to decrease by -6.2% by year-end 2024 and fall another -3.1% in 2025. We forecast that new home sales volume will grow by 9.5% and 5.8% in 2026 and 2027.

We forecast new home median prices in Jacksonville to decrease by -0.3% in 2024 YOY and change by 2.7%, 3.8%, and 3.7% from 2025-2027, respectively.

The Burns Affordability Index¹ shows that affordability in Jacksonville is improving.



We expect affordability in the MSA to improve over the next few years but remain above the new normal.

Our Burns Home Value Index³ shows that home values in Jacksonville have increased since 2022. Currently, home prices are up 0.7% YOY. We forecast home values in Jacksonville to decrease by -0.3% in 2024 YOY and change by 2.6%, 3.7% and 4.1% from 2025-2027, respectively.

1) We calculate the housing cost to income ratio (HC/I ratio) by dividing the market's median monthly housing costs by 125% of the median income. Housing cost assumes the purchase of a home equal to the market's median-priced existing home with a 10% down payment and a 30-year, fixed-rate mortgage. Payment includes PITI (principal, interest, taxes and insurance) plus mortgage insurance.

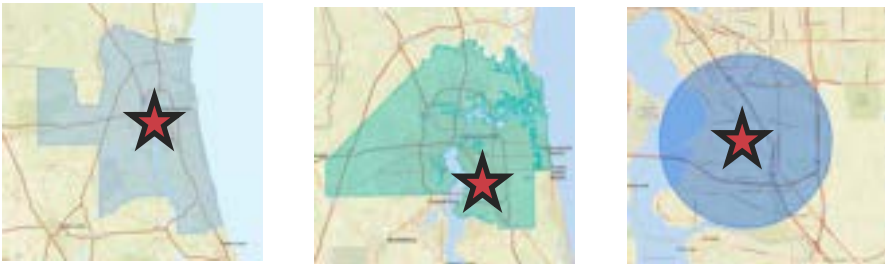
2) To determine the intrinsic HC/I ratio, we look at the long-term trend of the market's HC/I ratio, with an emphasis on recent history and our forecasts. This intrinsic adjuster (the spread between the intrinsic HC/I ratio and the historical median HC/I ratio) is representative of fundamental shifts in several markets we feel are now permanently more/less expensive due to increased/decreased demand or limited supply.

3) Each month the BHVI evaluates the overall value of every home in a market, not just the small sample of homes that are actually transacting.



Demographic Trends

Population and household growth in the Subject’s 5-mile radius is projected to lag that of Duval County and the MSA, likely due to the limited land available to develop.



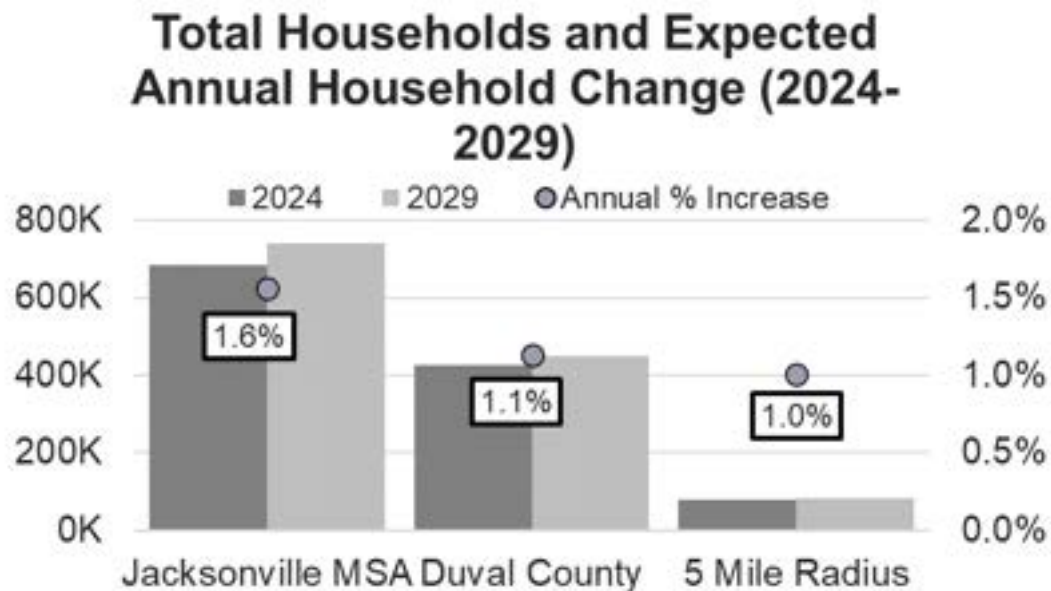
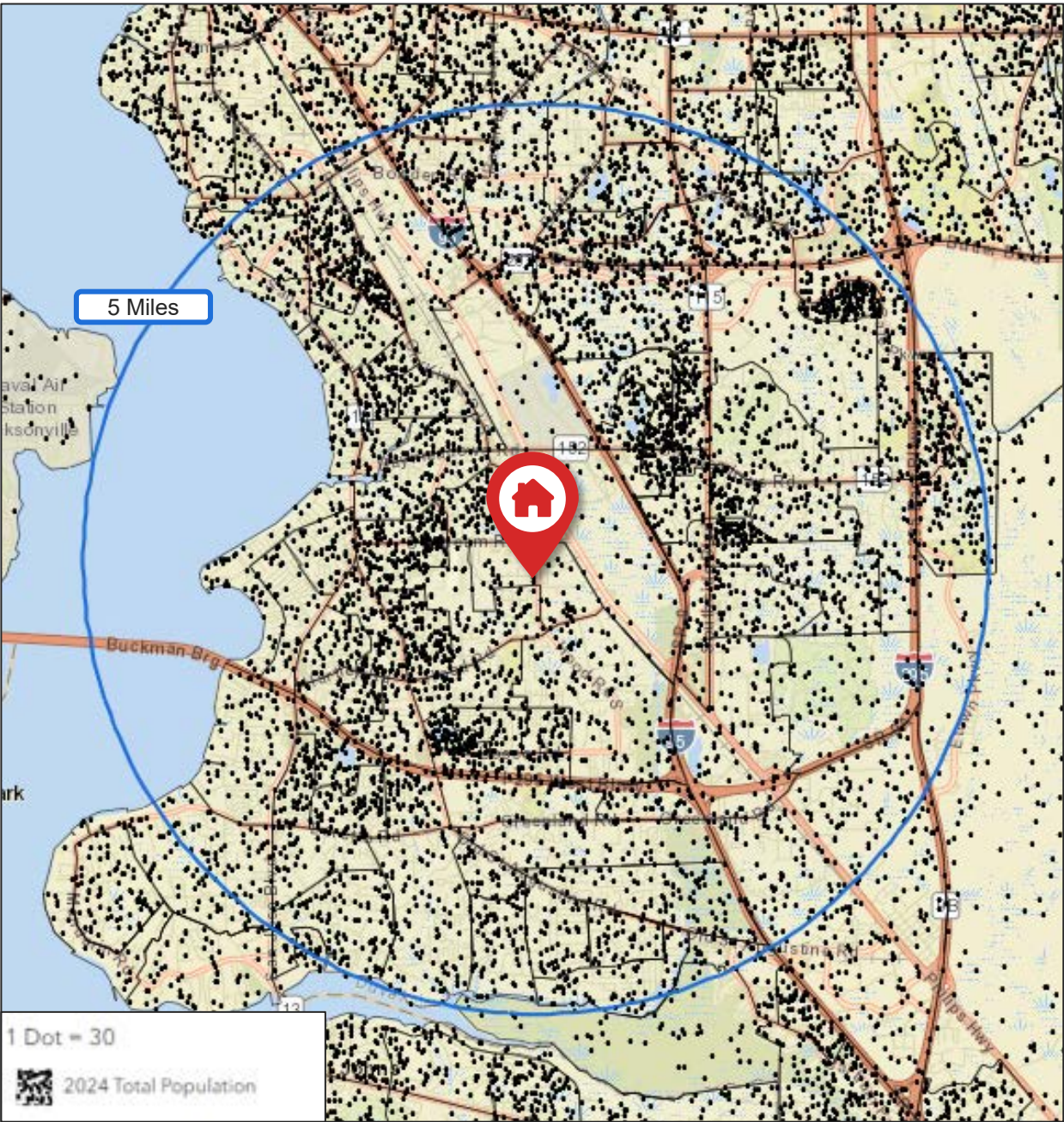
	Jacksonville MSA	Duval County	5 Mile Radius
2024 Population	1,737,832	1,047,009	179,904
Proj. Annual % Increase (2024 to 2029)	1.32%	0.73%	0.63%
2024 Households	685,635	425,663	78,519
Proj. Annual % Increase (2024 to 2029)	1.56%	1.13%	1.00%
2024 Median Age	40	38	39
2024 Median HH Income	\$82,603	\$72,782	\$82,001
2024 Median Net Worth	\$249,756	\$150,943	\$155,827
2024 Median Home Value	\$378,437	\$346,432	\$374,678
2024 Avg. Household Size	2.49	2.40	2.24
2024 Households Who Rent	34.0%	42.7%	48.3%
2024 Renter Occupied Housing Units (% of Total)	31.0%	39.3%	45.0%

We analyzed demographic trends across the Jacksonville MSA, Duval County, and the Subject’s 5-mile radius.

Notably, the projected growth rates for population and households within the Subject’s 5-mile radius are lower than in the MSA and Duval County, likely due to the limited land available to develop in the Subject’s 5-mile radius.

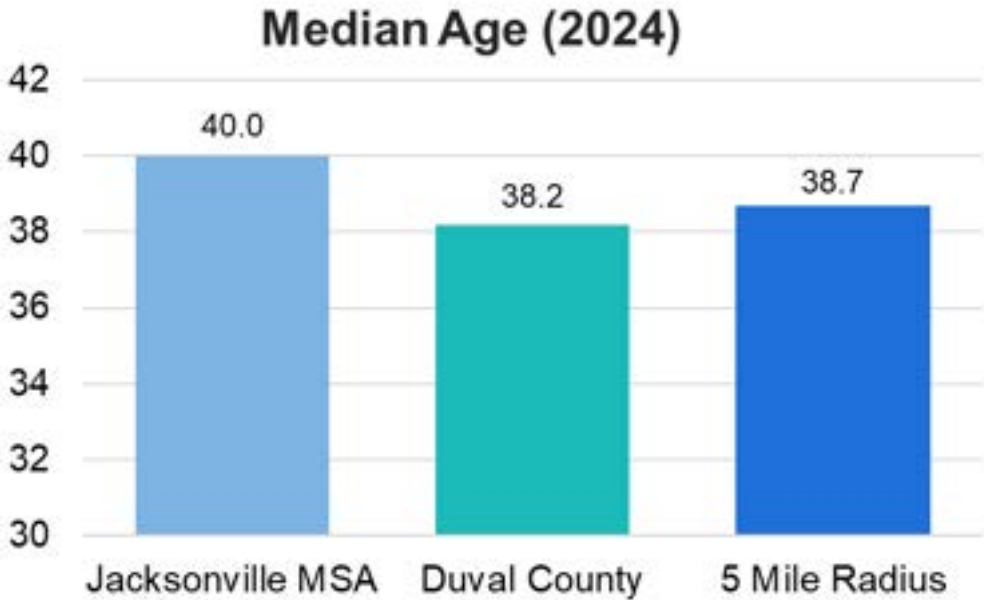
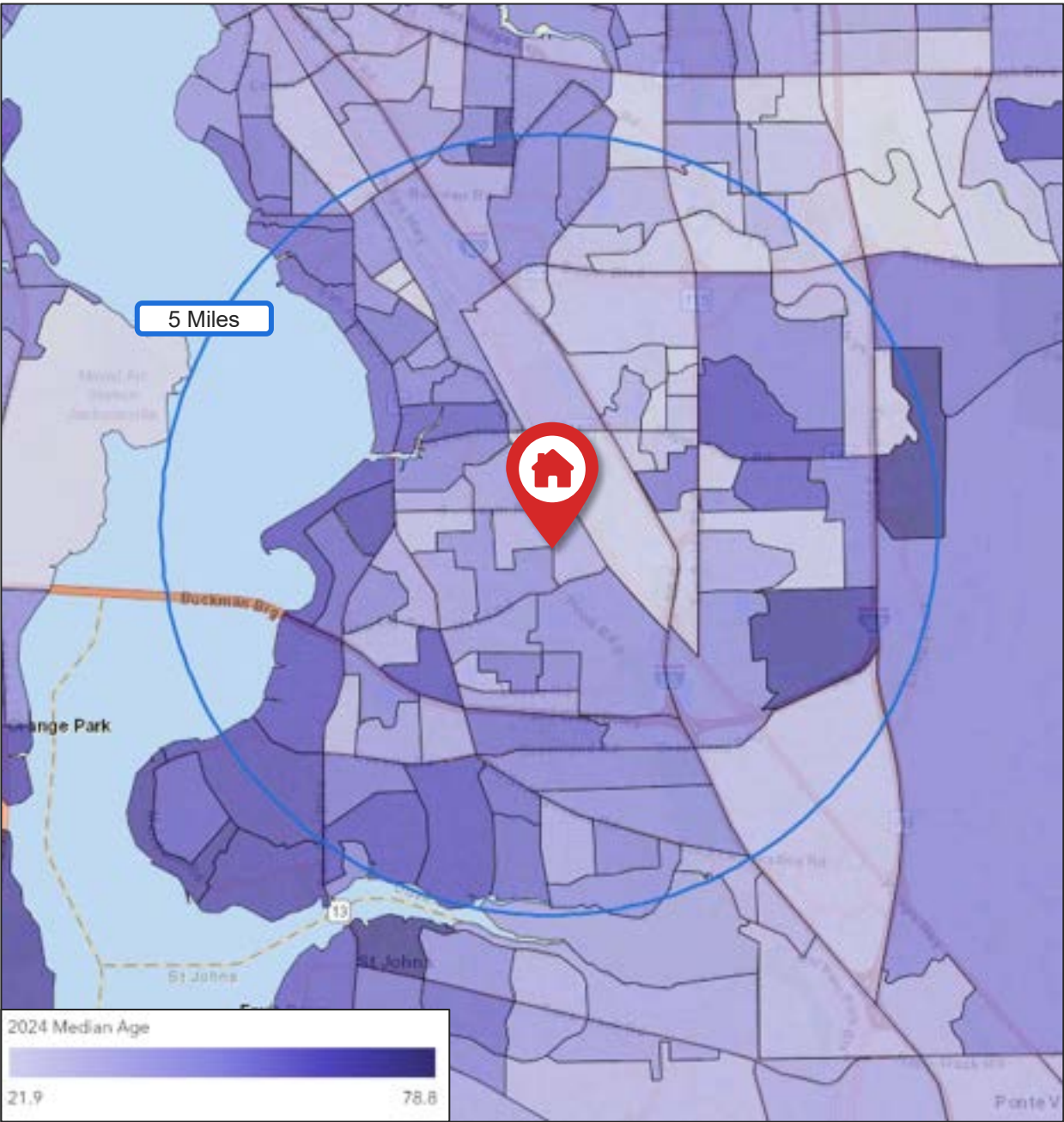
Source; ESRI, John Burns Research and Consulting, LLC

The Subject is situated in a densely populated area of Jacksonville.

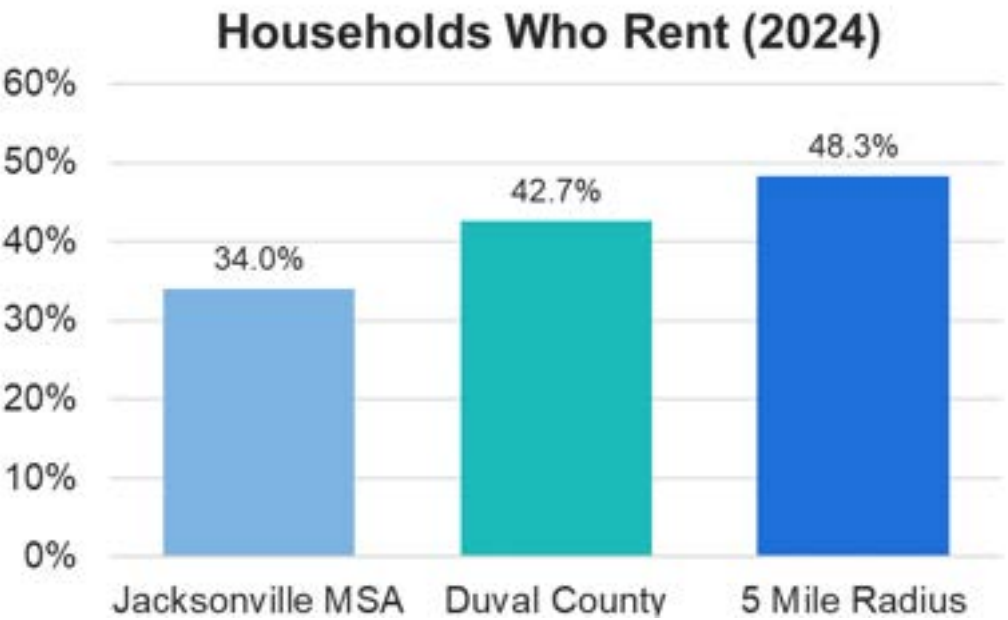


ESRI projects higher population and household growth in the Jacksonville MSA and Duval County compared to that of the Subject's 5-mile radius. The Subject is in a densely-populated area with limited available land for new development.

There is a higher percentage of renter households within the Subject's 5-mile radius compared to the other geographies

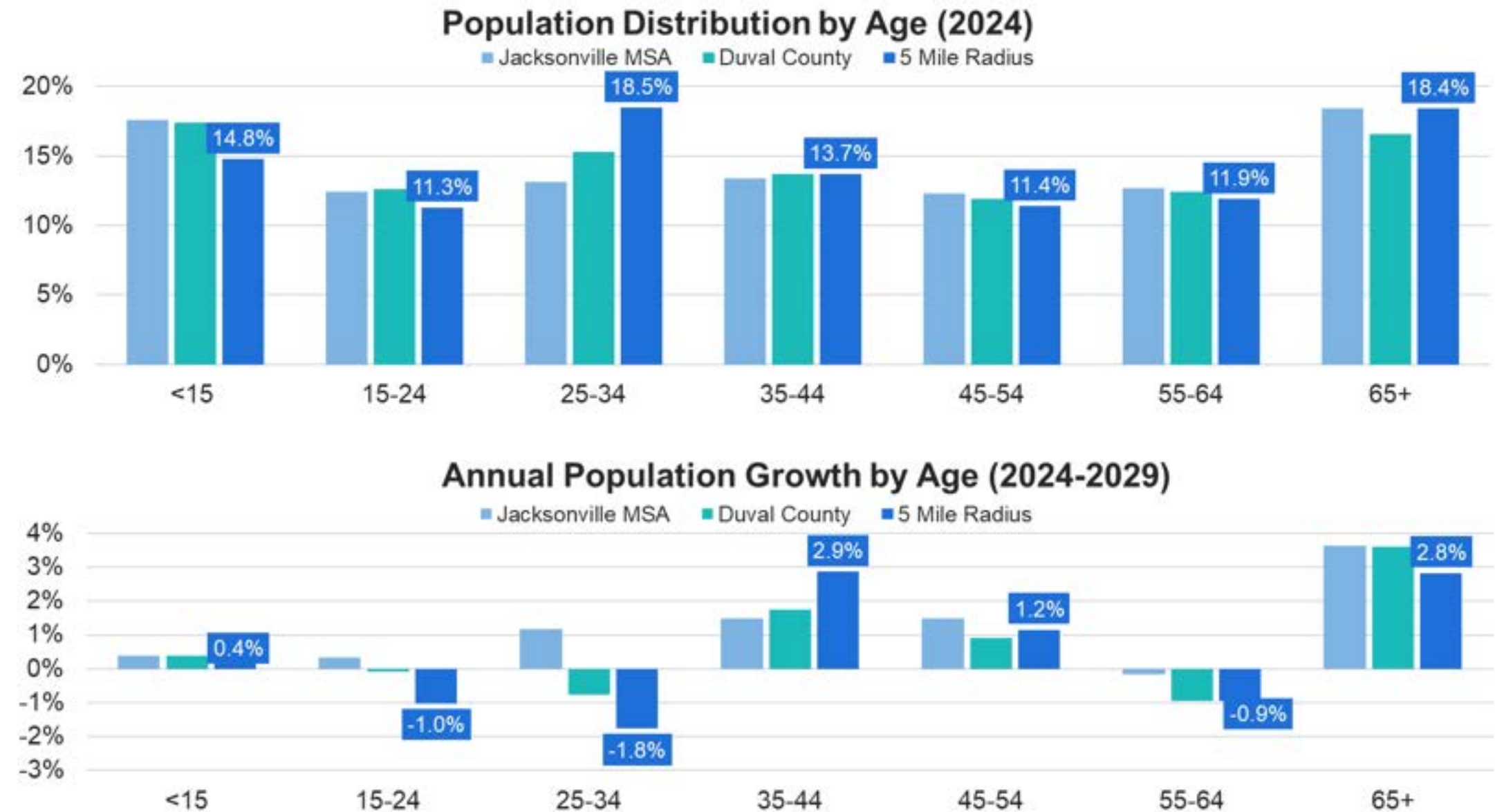


The median age in the Subject's zip code is 38.7, which is younger than that of the MSA and similar to that of Duval County.



The percentage of households renting in the Subject's 5-mile radius is higher than that in the MSA and county, which bodes well for future demand at the Subject.

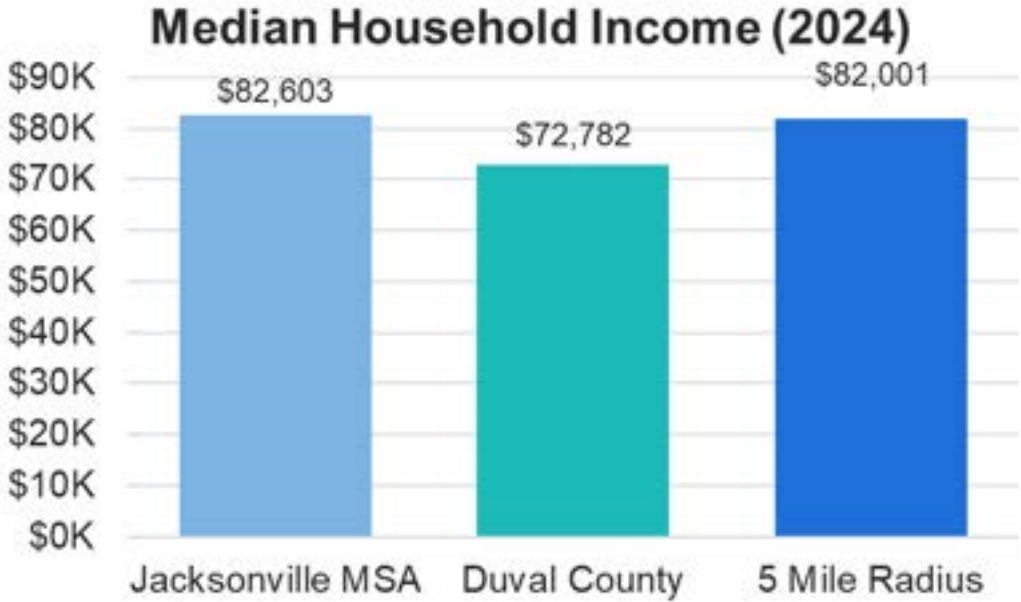
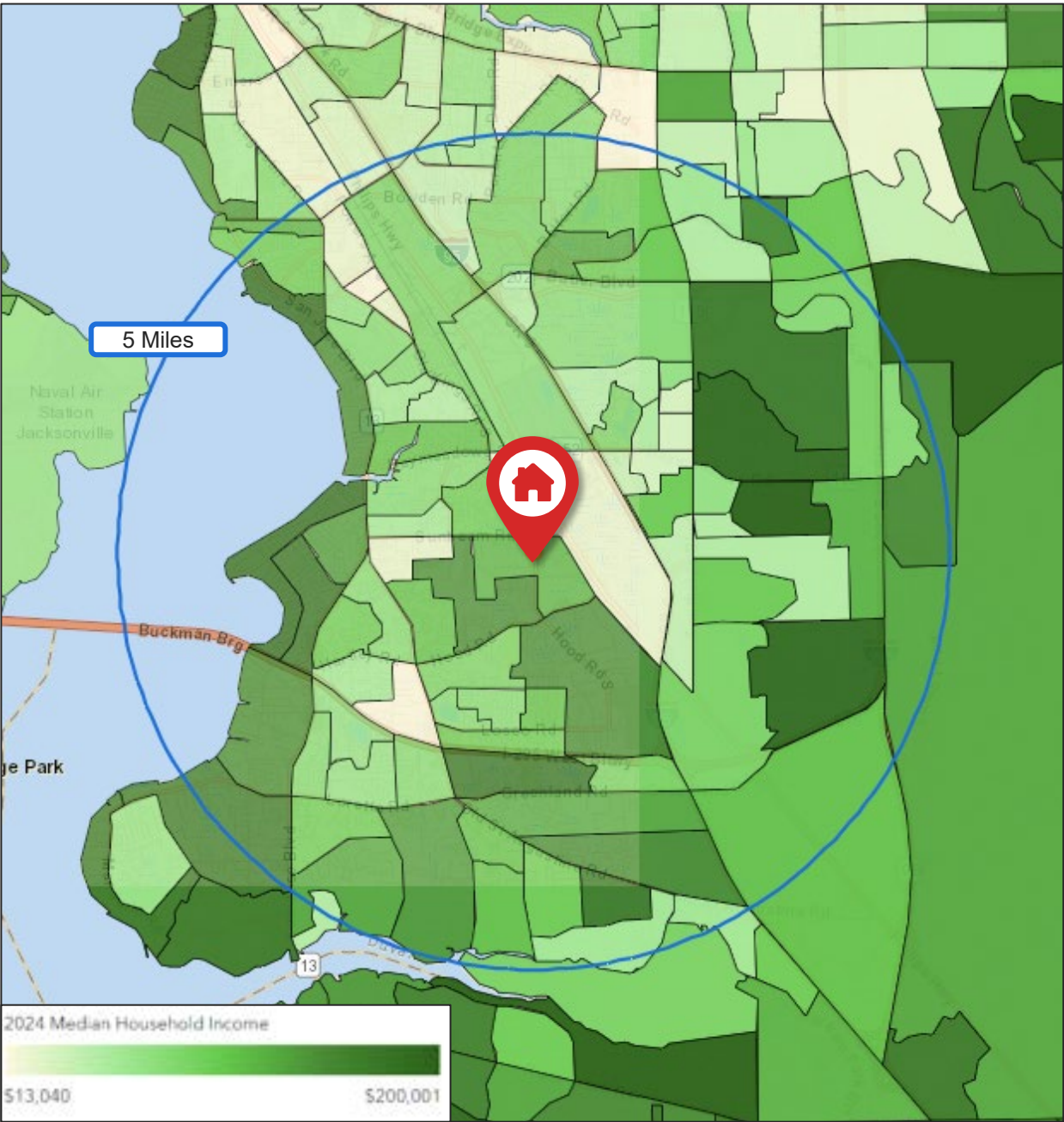
We expect the Subject to appeal to young professionals and mature singles and couples.



Existing population distributions are similar across all geographies and indicate a significant presence of households with children, young professionals, and retirees in the 5-mile radius.

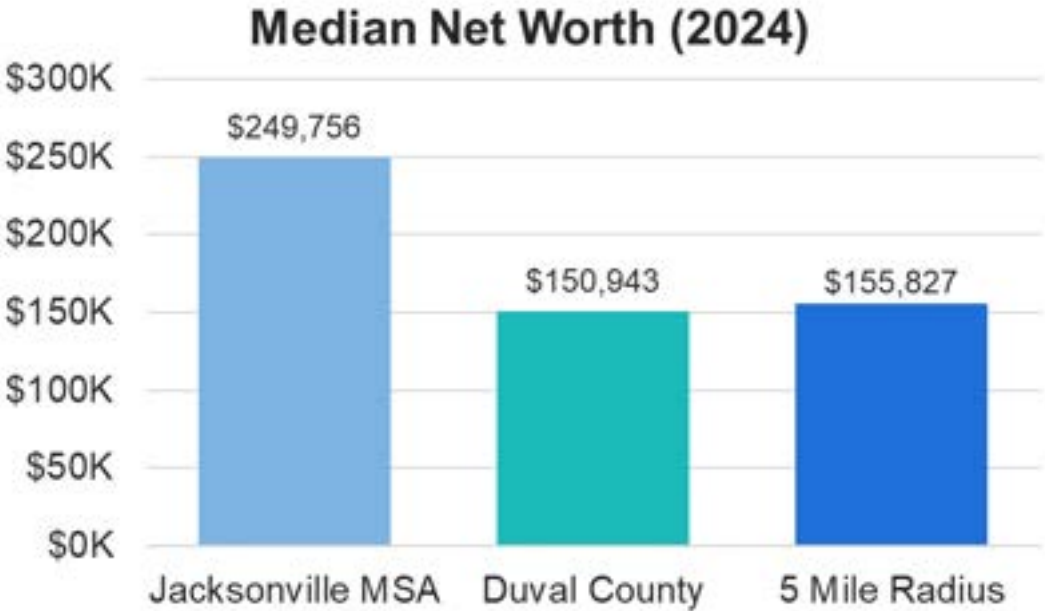
The Subject's 5-mile radius is expected to see growth in the 35-to-54-year age groups, those under 15, and those aged 65+.

High median household incomes in the Subject's 5-mile radius will help support rents at the Subject.



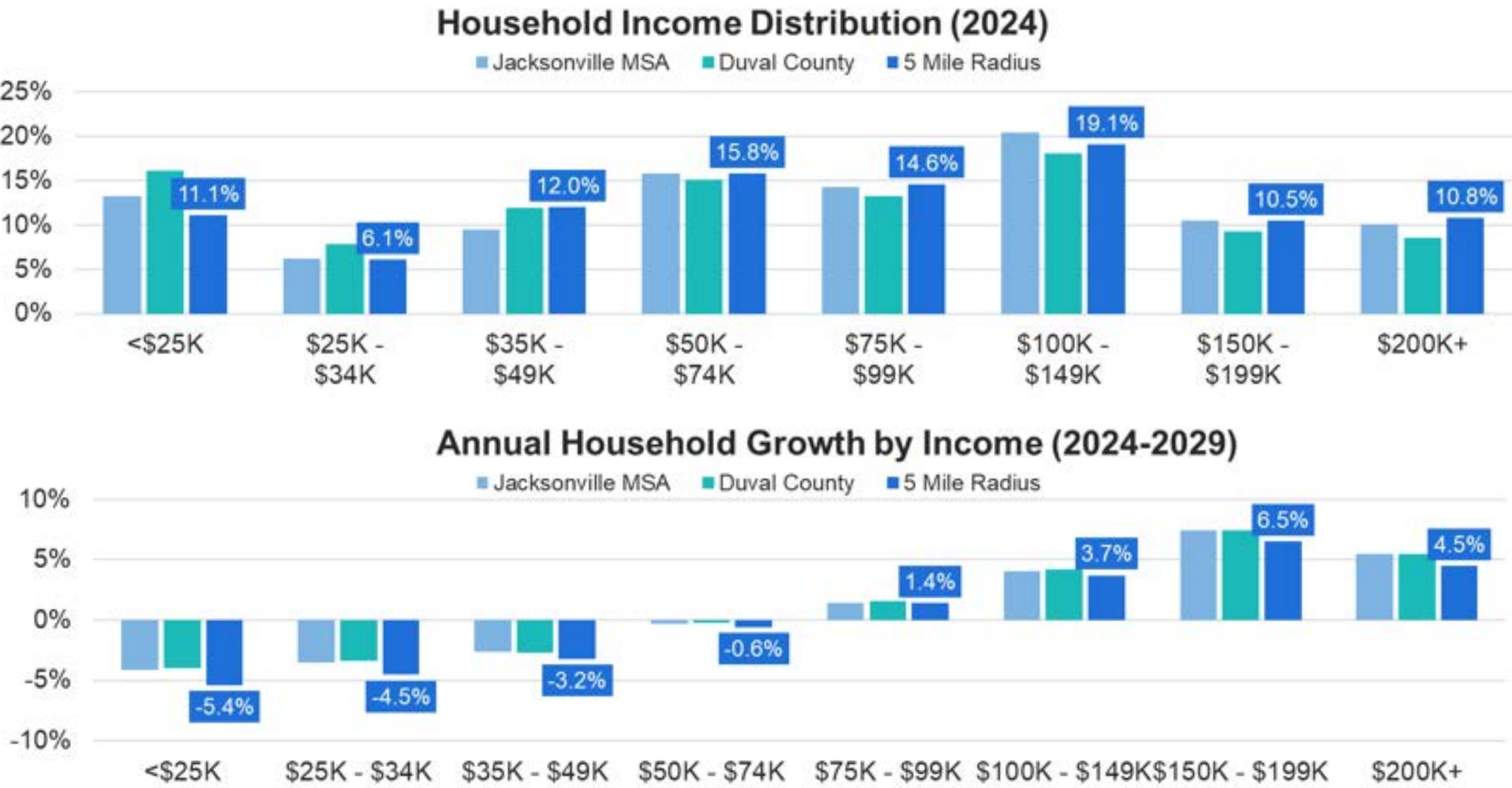
The median household income in the Subject's 5-mile radius (\$82K) is higher than that of Duval County and similar to the Jacksonville MSA.

Our recommended rents suggest a \$52K average income to qualify at the Subject.



The median net worth in the Subject's 5-mile radius (\$155K) is 60% less than the MSA.

70% of households in the Subject’s 5-mile radius earn \$50K+ and qualify for rent at the Subject. Growth is concentrated among \$75K+ brackets.

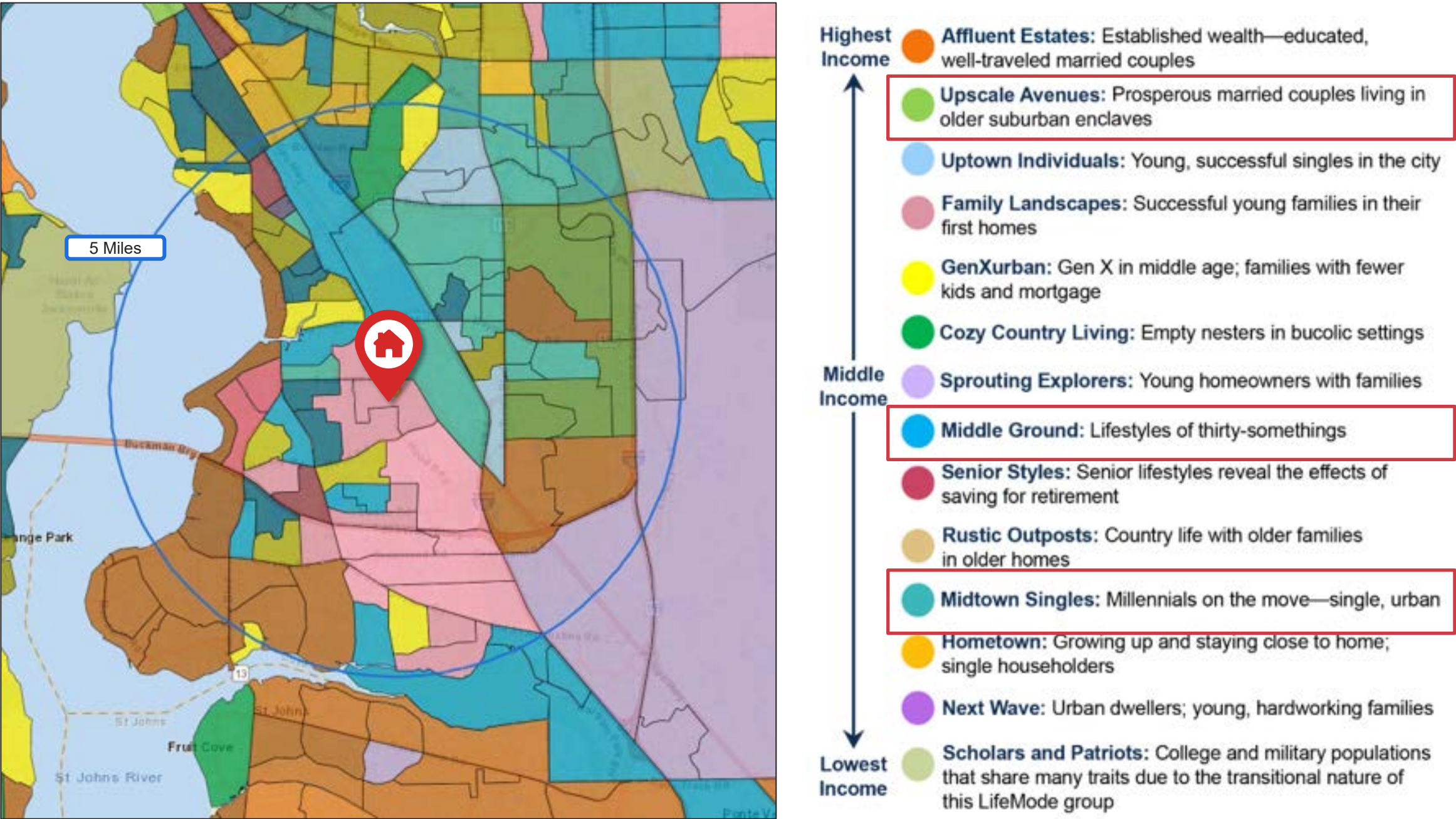


Qualifying incomes at the Subject average \$52K. Our recommended rents appear achievable based on income distribution today.

Household growth is expected to occur among all households earning over \$75K in the Subject’s 5-mile radius and is particularly pronounced for over \$150K. Future household income forecasts support bode well for the support of potential future rent growth at the Subject.







Source; ESRI, John Burns Research and Consulting, LLC

Tapestry LifeMode groups surrounding the Subject reflect a large population of young professionals, singles, and mature couples.



Source: ESRI

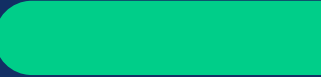
These three Tapestry segments account for nearly 40% of existing households in the Subject’s 5-mile radius.

Picture	Description	Preferred
Midtown Singles: Young and Restless		
	Gen Y comes of age: Well-educated young workers, some of whom are still completing their education, are employed in professional/technical occupations, as well as sales and office/administrative support roles. These residents are not established yet, but striving to get ahead and improve themselves. This market ranks in the top 5 for renters, movers, college enrollment, and labor force participation rate. Almost 1 in 5 residents move each year. More than half of all householders are under the age of 35, the majority living alone or in shared nonfamily dwellings. Median household income is still below the US. Smartphones are a way of life, and they use the Internet extensively. Young and Restless consumers typically live in densely populated neighborhoods in large metropolitan areas; over 50% are located in the South (almost a fifth in Texas), with the rest chiefly in the West and Midwest.	
Upscale Avenues: Enterprising Professionals		
	Enterprising Professionals residents are well educated and climbing the ladder in STEM (science, technology, engineering, and mathematics) occupations. They change jobs often and therefore choose to live in condos, town homes, or apartments; many still rent their homes. The market is fast-growing, located in lower density diverse neighborhoods of large metro areas. This young market makes over one and a half times more income than the US median, supplementing their income with investments. At home, they enjoy the Internet and TV on high-speed connections with premier channels and services.	
Middle Ground: Bright Young Professionals		
	Bright Young Professionals is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. More than one out of three householders is under the age of 35. Slightly more diverse couples dominate this market, with more renters than homeowners. More than two-fifths of the households live in single-family homes; over a third live in 5+ unit buildings. Labor force participation is high, generally white-collar work, with a mix of food service and part-time jobs (among the college students). Median household income, median home value, and average rent are close to the US values. Residents of this segment are physically active and up on the latest technology.	

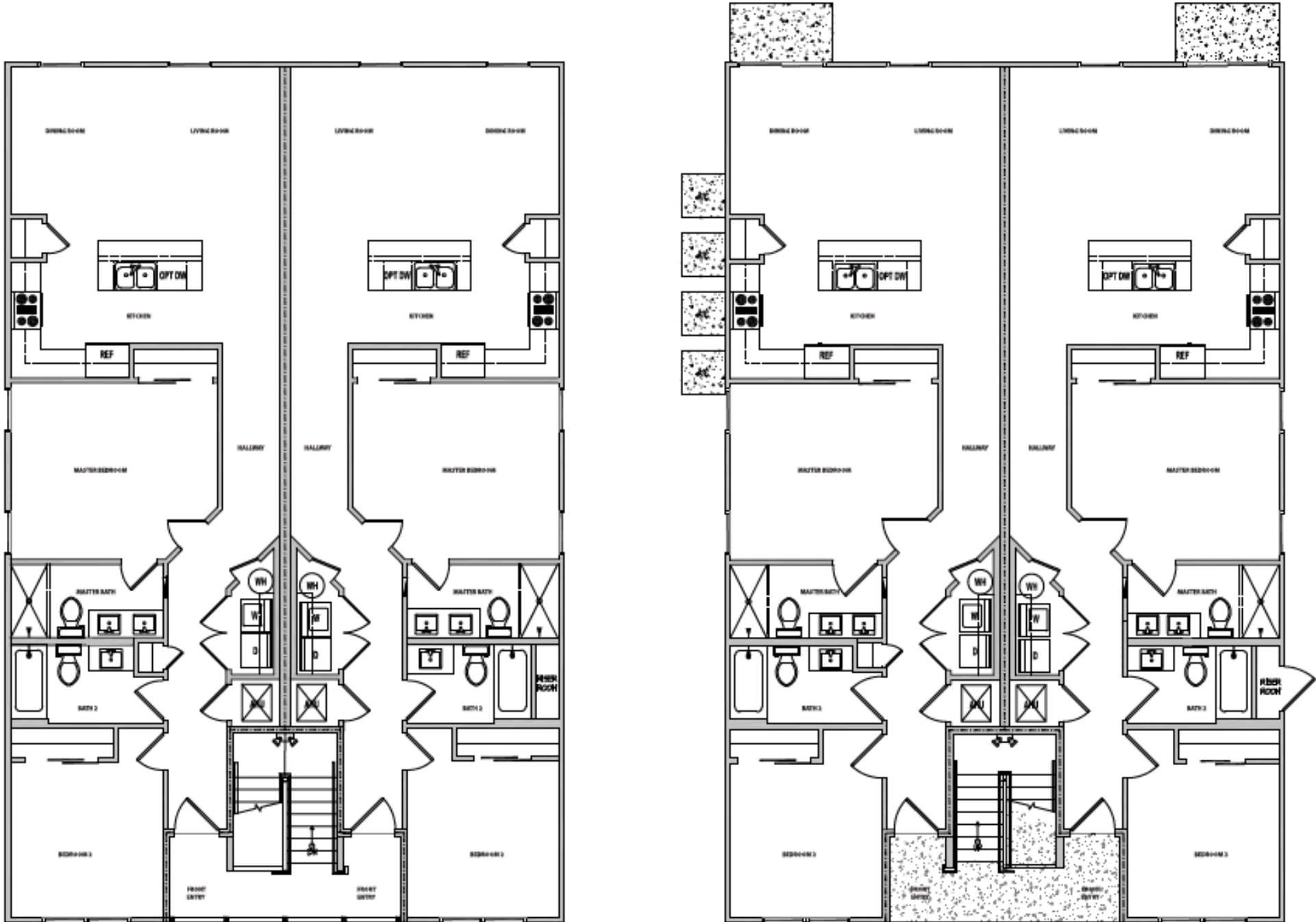
Source: ESRI



Appendix



Floorplans



Appendix – Competitive Detail

1	Le Montage				Floor Plan							Rental Recommendations (Monthly)											
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.
Product	TH	Began Lease-Up	N/A	100%	60	1,450	2	2.5	2	DAG-1	TH	\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$61.0K
	Floors	2	Finished Lease-Up	N/A																			
	Parking	DAG-1	Total Units	60																			
	Year Built	2018	Leased	53 (88.0%)																			
	Location	Jacksonville (32257)	Occupied	53 (88.0%)																			
			Available	7																			
			Leased/Mo.	N/A																			
	Utilities in Rent	None																					
	Services in Rent	None																					
	Appliances in Rent	R, W, D																					
Total/Avg.					60	1,450						\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$0	\$1,695	\$1.17	\$61.0K

2	Lenox Cove				Floor Plan							Rental Recommendations (Monthly)												
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify
Product	Walk-Up	Began Lease-Up	Mar-23	2%	2	499	Studi	1	1	SUR	Walk-Up	\$1,091	\$2.19	\$40	\$1,131	\$2.27	(\$83)	\$1,048	\$2.10	\$5	\$1,053	\$2.11	\$39.0K	
		Finished Lease-Up	Leasing	69%	81	510	1	1	1	SUR	Walk-Up	\$1,073	\$2.10	\$40	\$1,113	\$2.18	(\$83)	\$1,030	\$2.02	\$5	\$1,035	\$2.03	\$39.0K	
				3%	3	584	1	1	1	SUR	Walk-Up	\$1,217	\$2.08	\$40	\$1,257	\$2.15	(\$83)	\$1,174	\$2.01	\$5	\$1,179	\$2.02	\$44.0K	
	Floors	2	Total Units	118	20%	24	645	1	1	1	SUR	Walk-Up	\$1,247	\$1.93	\$40	\$1,287	\$2.00	(\$83)	\$1,204	\$1.87	\$5	\$1,209	\$1.87	\$45.0K
	Parking	SUR	Leased	109 (92.0%)	7%	8	923	2	2	1	SUR	Walk-Up	\$1,435	\$1.55	\$40	\$1,475	\$1.60	(\$83)	\$1,392	\$1.51	\$5	\$1,397	\$1.51	\$52.0K
	Year Built	2023	Occupied	109 (92.0%)																				
	Location	Jacksonville (32256)	Available	9																				
			Leased/Mo.	5																				
	Utilities in Rent	None																						
	Services in Rent	None																						
Appliances in Rent	R																							
Mand. Fee(s)	Package locker																							
Total/Avg.					118	567						\$1,137	\$2.00	\$40	\$1,177	\$2.08	(\$83)	\$1,094	\$1.93	\$5	\$1,099	\$1.94	\$41.2K	

Appendix – Competitive Detail

3	Barkoskie Villas				Floor Plan					Rental Recommendations (Monthly)															
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify	
					100%	48	952	2	2	1	SUR	Stacked Flat	\$1,495	\$1.57	\$50	\$1,545	\$1.62	(\$129)	\$1,416	\$1.49	\$80	\$1,496	\$1.57	\$54.0K	
Product					Stacked Flat	Began Lease-Up		Apr-24																	
						Finished Lease-Up		Leasing																	
Floors					2	Total Units		48																	
Parking					SUR	Leased		3 (6.3%)																	
Year Built					2024	Occupied		3 (6.3%)																	
Location					Jacksonville (32258)	Available		45																	
						Leased/Mo.		1																	
Utilities in Rent					None																				
Services in Rent					None																				
Appliances in Rent					R, W, D																				
Mand. Fee(s)					Renters insurance, trash, HVAC air filters																				
Total/Avg.						48	952							\$1,495	\$1.57	\$50	\$1,545	\$1.62	(\$129)	\$1,416	\$1.49	\$80	\$1,496	\$1.57	\$54.0K

4	West Lake at Southside				Floor Plan					Rental Recommendations (Monthly)															
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify	
					100%	100	1,230	2	2	1	SUR	Stacked Flat	\$1,495	\$1.22	\$10	\$1,505	\$1.22	(\$125)	\$1,380	\$1.12	\$80	\$1,460	\$1.19	\$54.0K	
Product					Stacked Flat	Began Lease-Up	Jan-23																		
Floors					2	Finished Lease-Up	Leasing																		
Parking					SUR	Total Units	132																		
Year Built					2024	Leased	121 (92.0%)																		
Location					Jacksonville (32256)	Occupied	123 (93.2%)																		
						Available	11																		
						Leased/Mo.	6																		
Utilities in Rent					None																				
Services in Rent					None																				
Appliances in Rent					R, W, D																				
Mand. Fee(s)					Renters insurance, trash, HVAC air filters																				
Total/Avg.						100	1,230							\$1,495	\$1.22	\$10	\$1,505	\$1.22	(\$125)	\$1,380	\$1.12	\$80	\$1,460	\$1.19	\$54.0K

Source: John Burns Research and Consulting, LLC April 2024 Market Survey, RealPage, Yardi Matrix,

Appendix – Competitive Detail

5	Pickwick Flats				Floor Plan							Rental Recommendations (Monthly)																			
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify							
Product	Stacked Flat	Began Lease-Up	N/A	21%	32	725	1	1	1	SUR	Stacked Flat	\$1,371	\$1.89	\$15	\$1,386	\$1.91	\$0	\$1,386	\$1.91	\$53	\$1,439	\$1.98	\$49.0K								
			Finished Lease-Up	N/A	39%	60	1,134	2	2	1	SUR	Stacked Flat	\$1,671	\$1.47	\$15	\$1,686	\$1.49	\$0	\$1,686	\$1.49	\$53	\$1,739	\$1.53	\$60.0K							
		Floors	1	Total Units	152	16%	24	1,280	2	2.5	2	SUR	Stacked Flat	\$1,762	\$1.38	\$15	\$1,777	\$1.39	\$0	\$1,777	\$1.39	\$53	\$1,830	\$1.43	\$63.0K						
					Parking	SUR	Leased	147 (97.0%)	Year Built	1984	Occupied	146 (96.0%)	24%	36	1,386	3	2	1	SUR	Stacked Flat	\$1,938	\$1.40	\$15	\$1,953	\$1.41	\$0	\$1,953	\$1.41	\$53	\$2,006	\$1.45
	Location	Jacksonville (32257)	Available	5																											
	Utilities in Rent	None	Leased/Mo.	N/A																											
Services in Rent	None																														
Appliances in Rent	R, W, D																														
Total/Avg.				152 1,131 \$1,685 \$1.49 \$15 \$1,700 \$1.50 \$0 \$1,700 \$1.50 \$53 \$1,753 \$1.55 \$60.5K																											

6	Bainbridge Avenues Walk				Floor Plan							Rental Recommendations (Monthly)																		
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify						
Product	Walk-Up	Began Lease-Up	Sep-22	21%	78	790	1	1	1	SUR	Walk-Up	\$1,536	\$1.94	\$80	\$1,616	\$2.05	(\$269)	\$1,347	\$1.70	\$58	\$1,405	\$1.78	\$55.0K							
			Finished Lease-Up	Leasing	1%	3	855	1	1	1	SUR	Walk-Up	\$1,653	\$1.93	\$0	\$1,653	\$1.93	(\$276)	\$1,378	\$1.61	\$58	\$1,436	\$1.68	\$60.0K						
			Floors	4	Total Units	372	11%	40	940	1	1	1	SUR	Walk-Up	\$1,636	\$1.74	\$75	\$1,711	\$1.82	(\$285)	\$1,426	\$1.52	\$58	\$1,484	\$1.58	\$59.0K				
						Parking	SUR	Leased	335 (90.0%)	Year Built	2023	Occupied	330 (88.7%)	18%	68	1,353	2	2	1	SUR	Walk-Up	\$1,957	\$1.45	\$130	\$2,087	\$1.54	(\$348)	\$1,739	\$1.29	\$58
Location	Jacksonville (32258)	Available	37	13%	48	1,473	3	2	1	SUR	Walk-Up	\$2,235	\$1.52	\$125	\$2,360	\$1.60	(\$393)	\$1,967	\$1.34	\$58	\$2,025	\$1.37	\$80.0K							
Utilities in Rent	None	Leased/Mo.	13																											
Services in Rent	None																													
Appliances in Rent	R, W, D																													
Mand. Fee(s)	Trash, pest, package																													
Total/Avg.				372 1,147 \$1,829 \$1.59 \$135 \$1,964 \$1.71 (\$327) \$1,636 \$1.43 \$58 \$1,694 \$1.48 \$65.6K																										

Appendix – Competitive Detail

7	Pinnacle				Floor Plan							Rental Recommendations (Monthly)												
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify
					15%	57	697	1	1	1	GAR	Elevator-Serviced	\$1,549	\$2.22	\$68	\$1,617	\$2.32	(\$135)	\$1,482	\$2.13	\$35	\$1,517	\$2.18	\$56.0K
	Product	Elevator-Serviced	Began Lease-Up	Nov-23	15%	56	863	1	1	1	GAR	Elevator-Serviced	\$1,629	\$1.89	\$75	\$1,704	\$1.97	(\$142)	\$1,562	\$1.81	\$0	\$1,562	\$1.81	\$59.0K
			Finished Lease-Up	Leasing	15%	56	1,054	1	1.5	1	GAR	Elevator-Serviced	\$1,879	\$1.78	\$0	\$1,879	\$1.78	(\$157)	\$1,722	\$1.63	\$0	\$1,722	\$1.63	\$68.0K
	Floors	4	Total Units	376	14%	54	1,292	2	2.5	1	GAR	Elevator-Serviced	\$1,949	\$1.51	\$25	\$1,974	\$1.53	(\$165)	\$1,810	\$1.40	\$0	\$1,810	\$1.40	\$70.0K
	Parking	GAR	Leased	233 (62.0%)	14%	54	1,316	2	2.5	1	GAR	Elevator-Serviced	\$2,099	\$1.59	\$145	\$2,244	\$1.71	(\$187)	\$2,057	\$1.56	\$0	\$2,057	\$1.56	\$76.0K
	Year Built	2024	Occupied	226 (60.0%)	14%	54	1,391	2	2.5	1	GAR	Elevator-Serviced	\$2,149	\$1.54	\$115	\$2,264	\$1.63	(\$189)	\$2,075	\$1.49	\$0	\$2,075	\$1.49	\$77.0K
	Location	Jacksonville (32256)	Available	143	6%	22	1,492	2	2.5	1	GAR	Elevator-Serviced	\$2,499	\$1.67	\$75	\$2,574	\$1.73	(\$215)	\$2,360	\$1.58	\$0	\$2,360	\$1.58	\$90.0K
			Leased/Mo.	19	6%	23	1,584	3	2.5	1	GAR	Elevator-Serviced	\$2,599	\$1.64	\$85	\$2,684	\$1.69	(\$224)	\$2,460	\$1.55	\$0	\$2,460	\$1.55	\$94.0K
	Utilities in Rent	None																						
	Services in Rent	None																						
	Appliances in Rent	R, W, D																						
	Mand. Fee(s)	Trash																						
			Total/Avg.			376	1,150						\$1,952	\$1.70	\$72	\$2,024	\$1.76	(\$169)	\$1,856	\$1.61	\$5	\$1,861	\$1.62	\$70.4K

8	The Julington				Floor Plan							Rental Recommendations (Monthly)												
					% Mix	Mix	Sq. Ft.	Bed	Bath	Level	Pkg.	Type	Base Rent	Base / Sq. Ft.	Avg. Prem.	Base + Prem.	Base + Prem. / Sq. Ft.	Total Concess.	Eff. Rent	Eff. / Sq. Ft.	Mand. Fees	Eff. + Mand. Fees	Eff. + Mand. Fees / Sq. Ft.	Income to Qualify
					9%	24	730	1	1	1	SUR	Elevator-Serviced	\$1,665	\$2.28	\$15	\$1,680	\$2.30	(\$252)	\$1,428	\$1.96	\$0	\$1,428	\$1.96	\$60.0K
	Product	Elevator-Serviced	Began Lease-Up	Sep-22	10%	25	765	1	1	1	SUR	Elevator-Serviced	\$1,628	\$2.13	\$15	\$1,643	\$2.15	(\$247)	\$1,396	\$1.82	\$0	\$1,396	\$1.82	\$59.0K
			Finished Lease-Up	Aug-24	10%	25	769	1	1	1	SUR	Elevator-Serviced	\$1,745	\$2.27	\$15	\$1,760	\$2.29	(\$262)	\$1,498	\$1.95	\$0	\$1,498	\$1.95	\$63.0K
	Floors	4	Total Units	260	10%	25	773	1	1	1	SUR	Elevator-Serviced	\$1,729	\$2.24	\$15	\$1,744	\$2.26	(\$260)	\$1,484	\$1.92	\$0	\$1,484	\$1.92	\$62.0K
	Parking	SUR	Leased	250 (96.0%)	7%	19	1,040	2	2	1	SUR	Elevator-Serviced	\$1,989	\$1.91	\$15	\$2,004	\$1.93	(\$292)	\$1,712	\$1.65	\$0	\$1,712	\$1.65	\$72.0K
	Year Built	2023	Occupied	247 (95.0%)	7%	18	1,057	2	2	1	SUR	Elevator-Serviced	\$2,079	\$1.97	\$15	\$2,094	\$1.98	(\$303)	\$1,791	\$1.69	\$0	\$1,791	\$1.69	\$75.0K
	Location	Jacksonville (32223)	Available	10	7%	18	1,057	2	2	1	SUR	Elevator-Serviced	\$2,019	\$1.91	\$15	\$2,034	\$1.92	(\$296)	\$1,738	\$1.64	\$0	\$1,738	\$1.64	\$73.0K
			Leased/Mo.	10	7%	18	1,085	2	2	1	SUR	Elevator-Serviced	\$2,155	\$1.99	\$15	\$2,170	\$2.00	(\$313)	\$1,857	\$1.71	\$0	\$1,857	\$1.71	\$78.0K
	Utilities in Rent	None			7%	18	1,096	2	2	1	SUR	Elevator-Serviced	\$2,000	\$1.82	\$15	\$2,015	\$1.84	(\$294)	\$1,721	\$1.57	\$0	\$1,721	\$1.57	\$72.0K
	Services in Rent	None			7%	18	1,156	2	2	1	SUR	Elevator-Serviced	\$2,055	\$1.78	\$15	\$2,070	\$1.79	(\$300)	\$1,770	\$1.53	\$0	\$1,770	\$1.53	\$74.0K
	Appliances in Rent	R, W, D			7%	18	1,171	2	2	1	SUR	Elevator-Serviced	\$2,115	\$1.81	\$15	\$2,130	\$1.82	(\$308)	\$1,822	\$1.56	\$0	\$1,822	\$1.56	\$76.0K
	Mand. Fee(s)	0			13%	34	1,426	3	2	1	SUR	Elevator-Serviced	\$2,494	\$1.75	\$15	\$2,509	\$1.76	(\$355)	\$2,154	\$1.51	\$0	\$2,154	\$1.51	\$90.0K
			Total/Avg.			260	1,010						\$1,976	\$1.96	\$15	\$1,991	\$1.97	(\$291)	\$1,700	\$1.68	\$0	\$1,700	\$1.68	\$71.3K

Source: John Burns Research and Consulting, LLC April 2024 Market Survey, RealPage, Yardi Matrix,

The Subject’s designated schools are generally average and above-average, similar to the competitive set.

Home buyers and renters concerned about school quality often visit rating websites like GreatSchools.org. This table shows ratings from the Great Schools website for the public schools assigned to the Subject and competitive communities. The Subject’s elementary school is rated 7 out of 10, the middle school is 5 out of 10, and the high school is 6 out of 10. These ratings are similar to rental communities in the competitive set. The Subject’s elementary and middle school ratings are better than those of many of the comparables.

The Subject is adjacent to Saddlewood Elementary School. The Subject’s proximity to the local schools will appeal to renters.

Community		Elementary School		Middle School		High School		Avg.
S1	Sunbeam Villas	Mandarin Oaks E.S.	7	Mandarin M.S.	5	Atlantic Coast H.S.	6	6.0
1	Le Montage	Crown Point E.S.	4	Mandarin M.S.	5	Mandarin H.S.	6	5.0
2	Lenox Cove	Beauclerc E.S.	3	Southside M.S.	2	Atlantic Coast H.S.	6	3.7
3	Barkoskie Villas	Greenland Pines E.S.	7	Twin Lakes Academny M.S.	3	Mandarin H.S.	6	5.3
4	West Lake at Southside	Beauclerc E.S.	3	Twin Lakes Academny M.S.	3	Atlantic Coast H.S.	6	4.0
5	Pickwick Flats	Crown Point E.S.	4	Dupont M.S.	2	Atlantic Coast H.S.	6	4.0
6	Bainbridge Avenues Walk	Mandarin Oaks E.S.	7	Twin Lakes Academny M.S.	3	Atlantic Coast H.S.	6	5.3
7	Pinnacle	Twin Lakes Academny E.S.	3	Twin Lakes Academny M.S.	3	Atlantic Coast H.S.	6	4.0
8	The Julington	Loretto E.S.	7	Mandarin M.S.	5	Mandarin H.S.	6	6.0
9	Sunbeam Villas	Mandarin Oaks E.S.	7	Mandarin M.S.	5	Atlantic Coast H.S.	6	6.0
Averages by Level		5.2		3.6		6.0		

Source: GreatSchools

We are lowering our home sales forecasts as supply rises but demand doesn't.

The labor market is continuing to cool, putting pressure on the Federal Reserve to course-correct on monetary policy before the economy slows too much.



Our 2024 forecast

+1% new home sales and **+1.5%** new home price appreciation (net of incentives)

We expect mortgage rates to average 6.8% in 2024, bolstering builder performance vs. resale.

- Resale inventory remains low relative to history but is rising, particularly in certain pockets of the country (FL/TX).
- Newly built homes remain an important source of supply for buyers, but poor affordability and rising resale competition will keep new home transactions and price growth muted.
- Still, recent history has shown that builders thrive when prevailing mortgage rates are between 5.5% and 7% since rate buydowns and other incentives are most effective for the largest number of buyers in this range.



Macroeconomic outlook

Inflation will likely remain above the Fed's +2% target for much of 2024, though continued progress may convince the Fed to begin cutting rates this year.

- Inflation rose +3.0% in June, down from May but still above the +2% target. Core inflation, which does not include more volatile food or energy costs, is stickier at +3.3%.
- Housing still accounts for the bulk of YOY inflation but is normalizing. Housing inflation tracks rents closer than home prices due to measurement quirks, which should continue to put downward pressure on inflation in the coming months.
- Personal Consumption Expenditures (PCE), the Fed's preferred inflation gauge, is much closer to target at +2.6%. Housing is a much smaller share of PCE relative to CPI.
- The Fed's own forecasts indicate that rates will come down around 25 bps in 2024, likely toward the end of the year, barring any major disruption to the labor market or reacceleration of inflation.



Labor market

The labor market is clearly cooling, lowering the risk of an "overheated" economy leading to renewed inflation.

- Labor market data like job openings and hires are normalizing but not crashing.
- Employment growth has slowed on a month-to-month basis but is not worryingly slow. Slower immigration later in the year will likely put downward pressure on job growth.
- We expect **+1.7%** job growth on average in 2024, which factors in strong job growth in the first half of the year and expected softening in the second half.

Scenarios most likely to play out for housing industries (for rent)



Apartments

JBREC forecasts that apartment rents will rise +1% in 2024.

- We expect rents to increase slightly at a national level, given strong demand year-to-date.
- Rent growth will vary considerably by market. Supply-side pressure will weigh on rent growth, particularly in Sunbelt markets where apartment construction has boomed this cycle.
- These markets are at risk of rent declines, given elevated deliveries and more competition.

We forecast multifamily starts will decline -28% in 2024 to 340K.

- We anticipate a significant pullback in construction from current record highs (highest multifamily starts level since 1986). Though the promise of lower rates later in 2024 is spurring investor optimism, cooling rents and elevated supply in many markets support our thesis for falling construction volumes.



Single-Family Rental (SFR)

JBREC forecasts that single-family rents will keep growing nationally. We forecast that rents will accelerate +3.6% YOY in 2024.

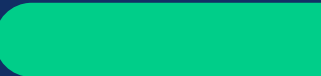
- Rapid monthly payment growth in the for-sale market has helped keep current SFR tenants in place who can no longer afford to buy.
 - The lock-in effect has also helped keep new SFR inventory low, supporting rent growth. However, we are wary of potential SFR supply increases given rising for-sale inventory levels.
 - Greater for-sale supply will likely result in greater SFR inventory as some sellers opt to list for rent instead.
 - Capital seeking safety, yield, and inflation hedge may also help support SFR relative to for-sale housing.

Build-to-rent (BTR) construction will increase over the long term but will pull back in the short term due to the rising cost of capital and decelerating rent growth.

- Low supply (for now) of newly built rental homes favors this sector, as do steady demand trends in SFR.
- Builders may turn their for-sale communities into rentals rather than sell into a high-rate, low-demand market.



Limiting Conditions



Limiting Conditions

This report's conclusions and recommendations are based on our analysis of the information available to us from our research and from the client as of the date of this report. We assume that the information is correct and reliable and that we have been informed about any issues that would affect project marketability or success potential.

Our conclusions and recommendations are based on current and expected performance of the national, and/or local economy and real estate market. Given that economic conditions can change and real estate markets are cyclical, it is critical to monitor the economy and real-estate market continuously and to revisit key project assumptions periodically to ensure that they are still justified.

Due to changes in market conditions, as well as changes in consumer psychology, projected and actual results will likely differ. Events and circumstances frequently do not occur as expected, and the differences may be material. We do not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions.

In general, for projects out in the future, we are assuming "normal" real estate market conditions and not a condition of either prolonged "boom" or "bust" market conditions. We do assume that economic, employment, and household growth will occur more or less in accordance with current expectations. We are not taking into account major shifts in the level of consumer confidence; in the ability of developers to secure needed project entitlements; in the cost of development or construction; in tax laws that favor or disfavor real estate markets; or in the availability and/or cost of capital and mortgage financing for real estate developers, owners and buyers. Should there be such major shifts affecting real estate markets, this analysis should be updated, with the conclusions and recommendations summarized herein reviewed and reevaluated under a potential range of build-out scenarios reflecting changed market conditions.

We have no responsibility to update our analysis for events and circumstances occurring after the date of our report.

To learn more about our market coverage and experts, visit JBREC.com.

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