

369 SAN MIGUEL DRIVE, SUITE 265  
NEWPORT BEACH, CALIFORNIA 92660  
PHONE 949.717.6450 FAX 949.717.6444

251 KEARNY STREET, 6<sup>TH</sup> FLOOR  
SAN FRANCISCO, CALIFORNIA 94108  
PHONE 415.397.5490 FAX 415.397.5496

641 LEXINGTON AVE, SUITE 1400  
NEW YORK, NEW YORK 10022  
PHONE 212.535.2225 FAX 212.535.2226

STRATEGIC MARKET OPPORTUNITY ANALYSIS FOR  
THE NORTHERN BREWERY PROPERTIES AT THE  
FORMER OLYMPIA BREWING SITE IN TUMWATER,  
WASHINGTON

JULY 24, 2014  
FINAL REPORT

PREPARED FOR:  
CITY OF TUMWATER AND  
THURSTON COUNTY ECONOMIC  
DEVELOPMENT COUNCIL

**DATE:** July 24, 2014

**TO:** CITY OF TUMWATER, WASHINGTON AND THURSTON COUNTY ECONOMIC DEVELOPMENT COUNCIL

**FROM:** THE CONCORD GROUP and **THG**

**SUBJECT:** STRATEGIC MARKET OPPORTUNITY ANALYSIS FOR THE NORTHERN BREWERY PROPERTIES AT THE FORMER OLYMPIA BREWING SITE IN TUMWATER, WASHINGTON

## 1. INTRODUCTION AND BACKGROUND

We understand that the City of Tumwater (the “City”), in conjunction with Thurston Economic Development Council (“TEDC”) is seeking to reinvigorate and redevelop the buildings and properties associated with the former Olympia Brewery (“Project Area”). Specifically, the City and TEDC are exploring options for partnering on the privately-owned Northern Brewery Properties to the north of Custer Way (the historic brew house and cellars building at 240 Custer Way), collectively the “Project Site.” These are delineated in the map on the following page (*see Exhibit I-3 for additional detail*).

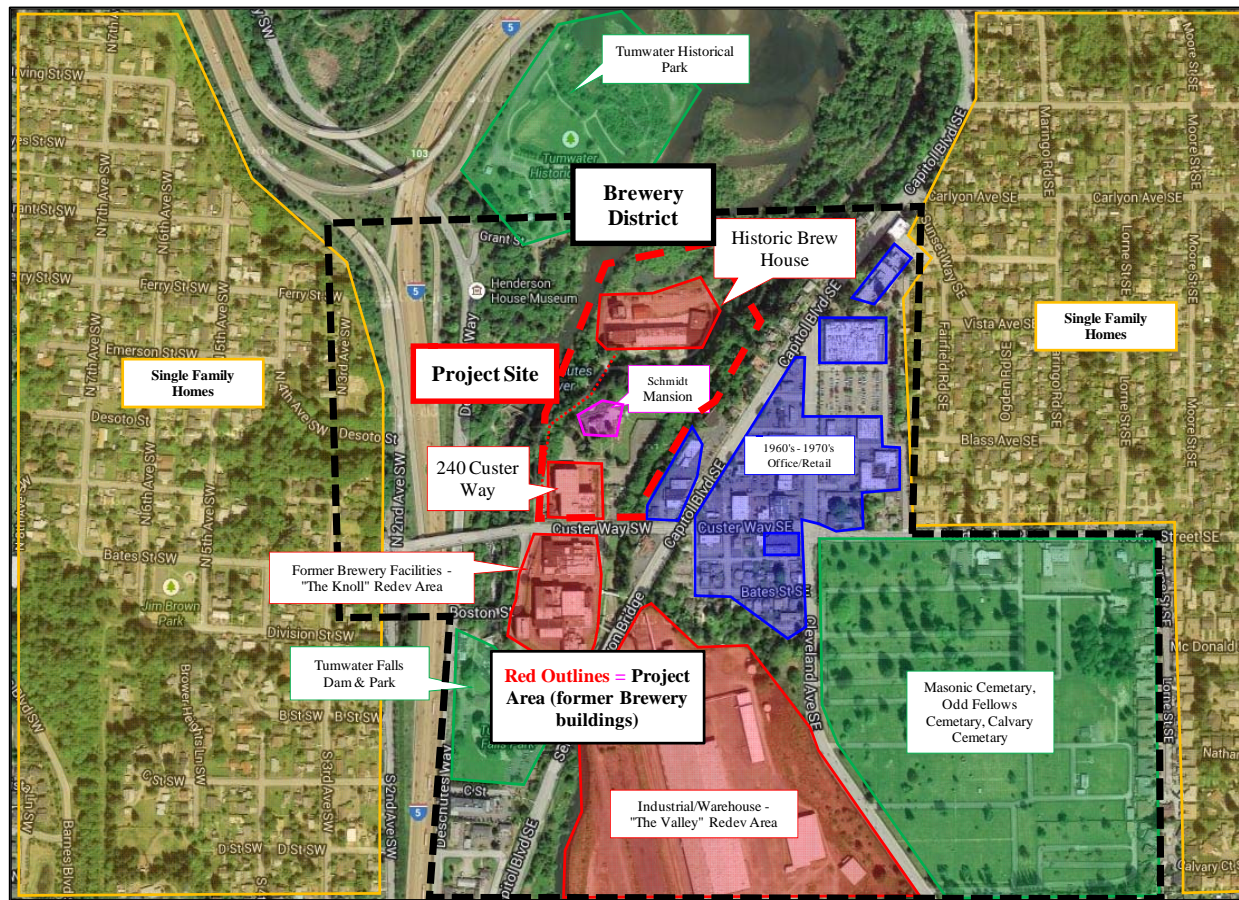
Before proceeding with further planning via a Department of Ecology grant, the City and County require a development strategy that:

1. Represents the market and financial highest and best use for the Northern Brewery Properties;
2. Meets the planning and financial criteria of property owners, potential third party private developers and public/private ventures; and
3. Meets the needs of the greater Tumwater community.

To meet the City’s goals, the Project Team’s (The Concord Group and THG, LLC) objective is to assist in the creation of the highest and best use land plan that attracts developers and, ultimately, potential tenants and citizens to the Sites. In order to achieve the above, we completed a strategic market analysis. Specifically, we: (1) assessed the characteristics of the Project Area and the Project Site in a regional context – with specific focus on the role Tumwater and its downtown play in the region; (2) met with the private property owner and public representatives of the City and TEDC to understand stakeholder inputs; (3) assessed a menu of candidate land uses (i.e., retail/entertainment, creative office, hospitality, for-sale and for-rent residential) and determined the potential “driver” uses for the Project Area and the Project Site, i.e. those most likely to make most significant positive impact on the area; (4) evaluated supply and demand conditions in the market for driver uses and apply them to the Project Area broadly and to the Project Site; (5) surveyed

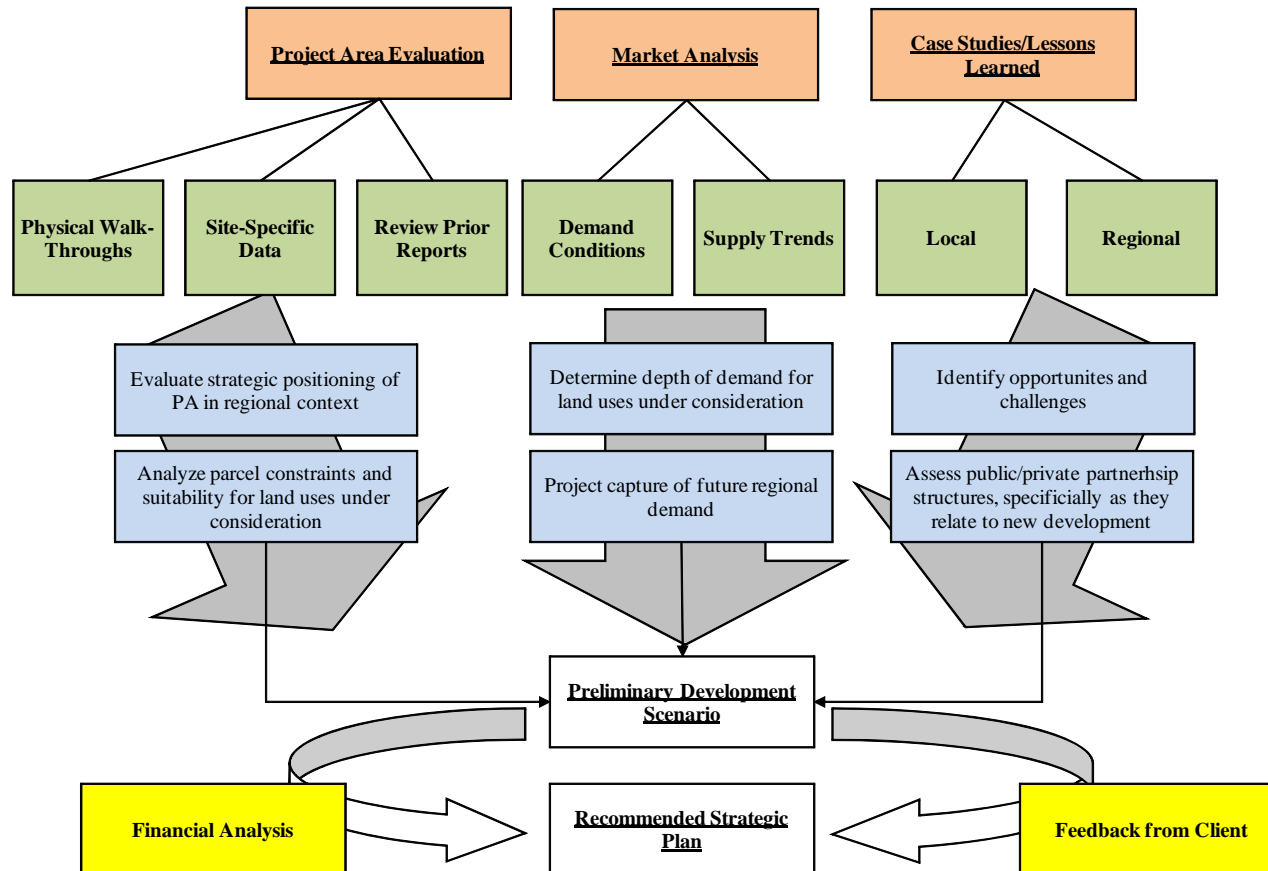
analogue projects across the country to glean applicable “lessons learned” for the Project Area and the Project Site; (6) provided a menu of potential product offerings including projected revenue and absorption potential for the driver uses under various density scenarios; (7) performed preliminary financial analyses for candidate land uses to understand the viability and range of land and building values at the Project Site based on the above findings; and (8) communicated the study results to the stakeholders in meetings and in a written summary.

The following memorandum outlines the key findings from the Project Team’s analysis. The exhibit sections and appendices that follow the memorandum provide supporting documentation and additional detail.



**2. REDEVELOPMENT STRATEGY METHODOLOGY AND FRAMEWORK**

- The following summarizes the methodology the Project Team employed for its analysis of and recommendations for the Project Area’s redevelopment strategy (see Exhibit I-1):





### 3. KEY CONCLUSIONS

The results of the Project’s Team’s comprehensive assessment revealed that the underlying regional demographic trends and the Project’s Site’s location and historic connection will make it possible to capture demand in the marketplace for a mixed-use environment. Over approximately a 10-year timeframe, the analysis projects that the Project Site has the potential to capture demand for up to approximately 425,000 square feet of residential and commercial development in a full build-out scenario (utilizing existing structures and new construction). The following points summarize the key conclusions of the analysis:

- The Project Team analyzed three development alternatives: 1) No Action; 2) Existing Footprint; and 3) Full Build-Out Potential. If the public agencies involved in the project are interested in investing in the site, the Project Team recommends the full build-out scenario as it will maximize the site’s potential. The following summarizes the results of the analysis *(see Exhibit I-8 for additional detail)*:

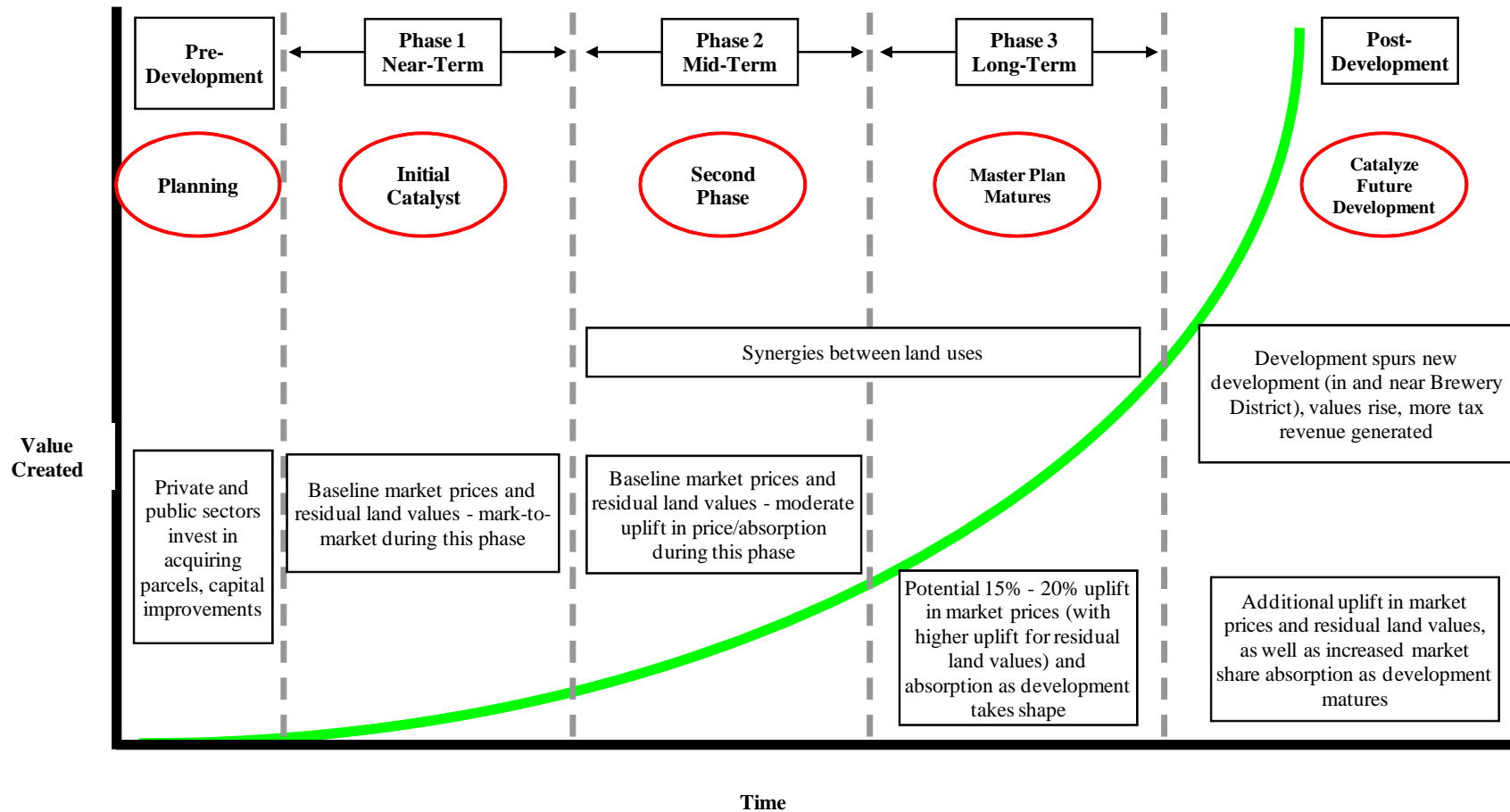
#### Potential Development Scenarios

Alternative:	Development Alternatives		
	No Action	Existing Footprint	New Buildout + Existing
<b>Buildout Potential (net rentable s.f.)</b>	0	212,000	425,000
<b>Development Timeline (yrs)</b>	0	5	10
<b>Potential Land Uses</b>	None	150 rental apartments 75 hotel rooms 20,000 s.f. office 20,000 s.f. retail	280 rental apartments 40 condominium units 100 hotel rooms 30,000 s.f. office 50,000 s.f. retail
<b>Advantages</b>	No investment required	Shorter development timeframe	Maximum utilization of site
<b>Disadvantages</b>	Opportunity cost	Does not maximize site's potential	Increased cost and timeframe
<b>Assessment</b>	This is the option if the City/County not interested in investing in site	This option will not maximize the site's potential but will still require investment and rehab of historic buildings. Also limited ability for placemaking. Not recommended.	This option will maximize the site's potential and will help serve as a potential catalyst for future development in the Brewery District

- Market conditions and site constraints require a phased development strategy.
- A successful early-stage “catalyst project” will help bring people and activity to the Project Site and set the stage for future development and value creation.
  - The Project Team recommends development of rental apartments with ground-floor retail and/or office at 240 Custer Way for the first phase. This will bring residents and services to the local area and will deliver an early success. It will also require less up-front infrastructure cost (as compared to the development of the historic structures down the hill).
  - If feasible, infrastructure work (i.e. improved road access, parking structure) can be done concurrently with this initial phase.
- The public/private partnership should develop a master plan for the entire Project Site that includes a strategy for the development of parking and infrastructure and a vision that focuses on connectivity and linkages to the existing assets of the site and surrounding area (i.e. river, trails, parks, adjacent neighborhood, etc.).
  - It will be critical to understand the costs involved in developing this plan and to determine an appropriate strategy for allocating these costs, both in terms of allocation between partners and of allocation over the various phases.
  - Market rents and sales values are not likely to be sufficient to cover the costs of some of these elements – public agency involvement can help to offset some of these costs to make the development economically feasible.
  - There are many tools at the disposal of public agencies to help with the economics of a development – an analysis of redevelopment case studies of former brewery and industrial sites around the country revealed the uses of elements such as historic tax credits, tax abatements, fee waivers, and subsidized infrastructure improvements.
- The potential interest in the site from Washington State University and other educational institutions present opportunities for development of some of the historic structures into ‘special destination uses.’
  - The public/private partnership should initiate negotiations with WSU and other interested parties to understand projected needs and requirements.
- The Project Site has the potential to jumpstart redevelopment in the local area and to set the tone, scale and quality of future development, including that of other brewery parcels.
- There are examples nationally of successful redevelopments of former brewery and industrial sites into mixed-use projects. Often these projects can achieve a price premium as compared to their local competition (*see Exhibits I-4 and III-1 through III-4 for additional detail*).

- Redevelopment plans will create value for the partnership through a mix of rental revenues, sales dispositions and tax revenues. The following graph illustrates the projected value creation timeline (see Exhibit I-4):

**Value Creation Timeline – Project Area**



#### 4. POTENTIAL DEVELOPMENT PROGRAM

- Prior to recommending a product program, the Project Team evaluated the Project Site in the context of the local and regional area. The following summarizes the results of the Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis for the potential land uses (see Exhibit I-5 for additional detail):

Land Use	Strengths	Weaknesses	Opportunities / Threats
<b>Multi-Family Apartments</b>	<ul style="list-style-type: none"> <li>• Strong local and regional market - rents at 10-year highs and occupancies at 10-year lows</li> <li>• No new apartments in Tumwater since 2008</li> <li>• Projected employment growth</li> <li>• Strong propensity to rent in local market</li> <li>• Easy freeway access for commuting</li> </ul>	<ul style="list-style-type: none"> <li>• Over 2,100 units in pipeline - representing 15% increase over current inventory in Thurston County</li> <li>• Current low ceiling to rents in market</li> <li>• Job market still not back to pre-recession levels, and is heavily dependent on government</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>• Mixed-use environment - Market Area lacks rental project in attractive mixed-use environment</li> <li>• Senior/age-restricted housing</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>• As economic and income growth accelerates more renters may turn to ownership product</li> </ul>
<b>For-Sale Residential</b>	<ul style="list-style-type: none"> <li>• Signs of improvement in housing market - volume and prices on the rise</li> <li>• Limited number of attached for-sale communities currently selling</li> <li>• Very few units added to market since 2008</li> <li>• Few units in supply pipeline signals potential under-supply</li> <li>• Projected employment growth</li> <li>• Easy freeway access for commuting</li> </ul>	<ul style="list-style-type: none"> <li>• Not a condo/townhome market - most owners buy SFD product</li> <li>• Housing market still below pre-recession levels in terms of volume and price, and many distressed properties still in the market</li> <li>• Buyers can purchase single family and duplex product at similar price to attached product</li> <li>• Site not located waterfront</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>• Mixed-use environment with access to nature trails could appeal to local move-down buyers</li> <li>• Position as more affordable alternative to waterfront condos</li> <li>• Live/work units could appeal to some segments</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>• Planned rental projects could convert to for-sale if demand picks up</li> </ul>
<b>Hotel</b>	<ul style="list-style-type: none"> <li>• Improvements in occupancy rates and average daily room rates</li> <li>• Forecasted population, employment, and tourism growth</li> <li>• Access and visibility from freeway</li> <li>• Not much new product in the market</li> <li>• Close to State Capitol and downtown Olympia</li> </ul>	<ul style="list-style-type: none"> <li>• Heavily dependent on government</li> <li>• Other options closer to Capitol and downtown Olympia</li> <li>• 3 projects already in pipeline, and a number of existing projects planned to be upgraded/repositioned</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>• Boutique hotel in mixed-use setting</li> <li>• Venue for weddings and events in a unique setting</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>• Cuts to government employment would significantly impact hotel rates and occupancy levels</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>• Strong growth in retail sales in Tumwater past two years, now at or above pre-recession levels</li> <li>• Tumwater has higher rents and lower vacancies than other Thurston County</li> <li>• Little new construction since 2007 (with exception of Wal-Mart Supercenter)</li> </ul>	<ul style="list-style-type: none"> <li>• Vacancies near site are higher than West Tumwater</li> <li>• Little retail leakage (there are more sales than what local residents spend across most categories)</li> <li>• Local trade areas over-supplied near/mid-term</li> <li>• Challenging visibility and access for typical retail tenant (historic buildings)</li> <li>• Floorplans/layouts may not work for typical retail tenant</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>• Unique setting for restaurants and bars</li> <li>• Limited convenience retail for project residents and surrounding neighborhood</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>• Dependent on success of other project uses (i.e. residential)</li> </ul>
<b>Office</b>	<ul style="list-style-type: none"> <li>• Stabilizing economy, and forecasted employment growth, with core gains coming from office-using services industries</li> <li>• Tight market in small sub-market surrounding site - almost no vacancies in smaller, older buildings (compared to rest of Tumwater)</li> <li>• Little new construction since 2008</li> <li>• Brewery facilities may appeal to some tenants</li> <li>• Unique setting and floorplans may appeal to some tenants</li> </ul>	<ul style="list-style-type: none"> <li>• Rising vacancy rates in Thurston County, could impact rents in Tumwater</li> <li>• Supply glut in current market, and one significant project planned for West Olympia - projected over-supply near/mid-term</li> <li>• Floorplans/layouts may not work for typical office tenant</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>• Food and beverage businesses, especially those that can take advantage of existing facilities and layouts (i.e. breweries)</li> <li>• Small office component mixed into project can offer unique space to local small business owners</li> <li>• Medical office</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>• Weakness in local jobs market would impact ability to attract</li> </ul>
<b>Special Destination Uses</b>	<ul style="list-style-type: none"> <li>• Iconic, historic site</li> <li>• Proximity to water and parks</li> <li>• Freeway access and visibility</li> <li>• Strong location for destination user (i.e. educational institution, brewery, entertainment venue, etc)</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent on user's interest in site</li> <li>• Parking and access</li> </ul>	



- The Project Team also analyzed the demand potential for the proposed land uses and the opportunity capture of that demand that the Project Site could conceivably attain over a 10-year development timeframe. Supply trends were also assessed and compared against the overall demand. The following summarizes the results of this analysis (see Exhibit I-6 for additional detail):

### Market Analysis for Proposed Land Uses

	Uses Under Consideration									
	<u>For-Rent Residential</u>		<u>For-Sale Residential</u>		<u>Retail</u>		<u>Office</u>		<u>Hotel</u>	
<b>Market Area Definition</b>	Tumwater/Olympia/Lacey		Tumwater/Olympia/Lacey		10-Minute Drive from Site and Regional		Thurston County		Thurston County and Regional	
<b>Demand Factors</b>	New HH Growth+Turnover		New HH Growth+Turnover		Spending Gap+Growth (Local and Out-of-Area HH)		Employment Growth +Turnover		Employment, Tourism and HH Growth	
<b>Qualified Market Area Demand Pool 1/</b>										
<i>Annual</i>	282	units	38	units	70,935	s.f.	62,019	s.f.	39	rooms
<i>10-Year Total</i>	2,819	units	377	units	709,347	s.f.	620,185	s.f.	390	rooms
<b>Opportunity Capture (Subject Site)</b>	10.0%	HH	10.0%	HH	7.0%	s.f.	5.0%	s.f.	25.0%	rooms
<b>10-Year Development Potential (net) 2/</b>	282	units	38	units	49,654	s.f.	31,009	s.f.	97	rooms
<i>Assumes</i>	267,830	s.f.	42,857	s.f.					34,087	s.f.
	950	s.f./unit	1,138	s.f./unit					350	s.f./unit
<b>Projected Market Demand vs. Supply Conditions - Market Area</b>										
- 5 Years	Slight over-supply		Under-supply		Over-supply		Over-supply		In balance	
- 10 Years	Under-supply		Under-supply		In balance		In balance		Under-supply	

- The Project Team evaluated the site’s marketability based on physical, locational and environmental constraints, and the suitability of each proposed development land use for the various buildings at the Project Site. This market evaluation included an assessment of the optimal timing of the development of the proposed land uses given all of the above factors. The following summarizes the results of this assessment (see Exhibit I-9 for additional detail):

**Potential Development Program – Full Build-Out Scenario**

Product:	Residential		Commercial		
	Rental	For-Sale	Retail	Office	Hotel
Marketability (Initial)	Good	Moderate	Moderate	Moderate	Moderate
Marketability (Later Phase)	Good	Good	Moderate	Moderate	Good
Concept	Flats, Townhomes	Flats	Local-serving/Regional	Small/Mid-sized Tenants	Boutique Hotel
10-Year Development Potential	280 units	40 units	50,000 s.f.	31,000 s.f.	100 rooms
Timing	Initial and Second Phase	Mature Phase	Initial and Second Phase	Second and Mature Phase	Second and Mature Phase
Potential Locations	Custer Way (Phase 1) New build (Phase 2)	Brew House North Storage New Build	Custer Way (Phase 1) East Warehouse (Phase 2) Keg House (Phase 2)	East Warehouse Keg House	West Warehouse

- In summary, the development concept for the full build-out scenario includes the following market-driven elements:
  - Up to 425,000 s.f. of residential and commercial space developed over a series of phases
  - A partnership between the land owner and public agencies
  - A mix of renovation (including of historic structures) and new ground-up construction
  - The creation of a regional draw with a mix of uses that will play off of the site’s unique, historic location
  - The inclusion of community and public amenities (i.e. paths, access to park)
  - An initial catalyst phase located at 240 Custer Way, that will include rental apartments and ground-floor retail and/or office
  - A second phase that will introduce uses to the historic brewhouse and will include new construction and public amenities
  - A mature development phase that will build out the remainder of the master plan

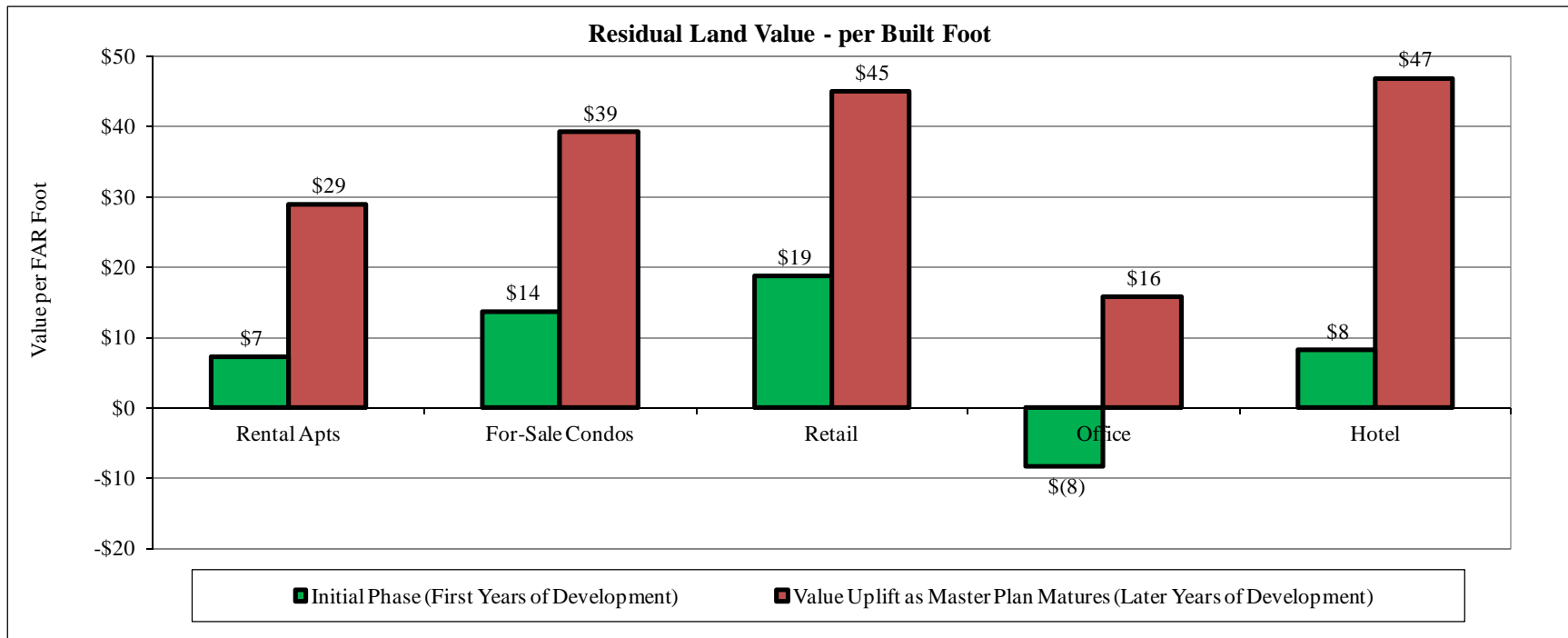
- The following is a rough map of the development concept and potential phasing:



**5. FINANCIAL ANALYSIS**

- For each proposed land use, the Project Team developed a set of “base-case” price and size ranges, based on an analysis of the competitive markets for each use. The team incorporated these inputs, along with cost estimates, in order to analyze the residual land value and capitalized value of each product type on a per-square foot basis. The analysis was also conducted for an upside scenario, assuming 15% increases in lease rates and prices in future phases of development. Structured parking costs were not assumed, as this cost cannot be accommodated given current market rents or sales values. Infrastructure and specific rehabilitation costs were also not assumed as these costs are not yet known. Therefore, a public/private partnership will be required in order to bring sufficient and appropriate parking and infrastructure solutions to the Project Site. The following details the results of the financial analysis for the two scenarios (see Exhibits I-10 and I-11 for additional detail):

**Land Residual Value by Product – Initial and Later-Phase**





- The land residual analysis revealed that most of the proposed land uses, with the exception of office, have positive projected residual land values for early-stage development. Although most of the uses have positive land values for early-stage development, there may not be sufficient demand to justify their development at the early stages of the master plan. Based on the assessments summarized in the above sections, the Project Team recommends developing rental apartments with ground-floor retail and/or office in the initial stage of development.
- The 15% top-line revenue uplift, projected to occur as the master plan matures, has a significant impact on bottom-line residual land values, with increases of 140% to over 450% on a per-square foot basis.
- Detailed cost estimates are still needed for development of elements such as a parking garage and infrastructure improvements. These cost estimates, when taken together with the above financial analysis, will help to reveal the financial “gaps” that would be required to develop a feasible project at the Project Site.

\* \* \* \*

This assignment was completed by Adam Seidman, Jon Farrell, and Tyler Varnell under the direction of Richard M. Gollis of The Concord Group and Robert Holmes of THG, LLC. We have enjoyed working with you on this assignment and look forward to our continued involvement with your team. If you have any questions, please do not hesitate to call.

**LIST OF EXHIBITS****I. SUMMARY OF FINDINGS**

1. Methodology Overview
2. Regional Trends
3. Aerial Map of Local Area
4. Timeline of Value Creation
5. Marketability Assessment
6. Market Analysis Summary
7. Summary of Analogue Projects
8. Development Alternatives
9. Potential Development Program – Full Buildout
10. Preliminary Residual Land Value Summary
11. Preliminary Land Residuals
12. Rental Apartment Market Overview
13. For-Sale Attached Residential Market Overview
14. Office Market Overview
15. Retail Market Overview
16. Hotel Market Overview

## **II. REGIONAL TRENDS**

1. Demographic Trends
2. Income and Growth Projections by Age Group
3. Employment Trends
4. Employment by Industry
5. Commuting Patterns
6. Population Map – Growth By Zip Code
7. Population Map – Density By Zip Code
8. Income Map – Income By Zip Code
9. Forecasted Population Density Changes

## **III. ANALOGUE CASE STUDIES**

1. Development Case Studies - Landmark
2. Development Case Studies – Factory at Franklin
3. Development Case Studies – Pabst Brewery
4. Development Case Studies – Pearl Brewery

#### **IV. APARTMENT MARKET ANALYSIS**

1. Market Area Definition
2. Building Permit Trends
3. Apartment Market Trends
4. Current Inventory of Comparable Apartment Communities
5. Comparable Communities Map
6. Planned and Proposed Apartment Development
7. Planned and Proposed Delivery Projection
8. Projected Apartment Demand
9. Supply vs Demand
10. Recommended For-Rent Residential Positioning

#### **V. FOR-SALE RESIDENTIAL MARKET ANALYSIS**

1. Market Area Definition
2. Volume and Price Trends
3. Current Inventory of Comparable For-Sale Communities
4. Comparable Communities Map



5. Resale Heatmap
6. Planned and Proposed For-Sale Attached Residential Development
7. Planned and Proposed Delivery Projection
8. Projected Attached For-Sale Residential Demand
9. Supply vs Demand
10. Recommended For-Sale Residential Positioning

**VI. OFFICE MARKET ANALYSIS**

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2. Historical Trends
3. Office Space Characteristics
4. Office Cluster Comparison
5. Competitive Inventory
6. Lease Rates and Recommended Positioning
7. Planned and Proposed Development
8. Employment by Industry
9. Office Demand

10. Supply and Demand Conditions

**VII. RETAIL MARKET ANALYSIS**

1. Market Area Definition
2. Taxable Retail Sales
3. Traffic Counts at Major Intersections
4. Retail Market Performance
5. Retail Cluster Comparison
6. Current Available Inventory
7. Lease Rates and Recommended Positioning
8. Planned and Proposed Retail Developments
9. Retail Expenditures by Type
10. Retail Gap Analysis
11. Retail Demand
12. Supply vs Demand

## **VIII. HOTEL MARKET ANALYSIS**

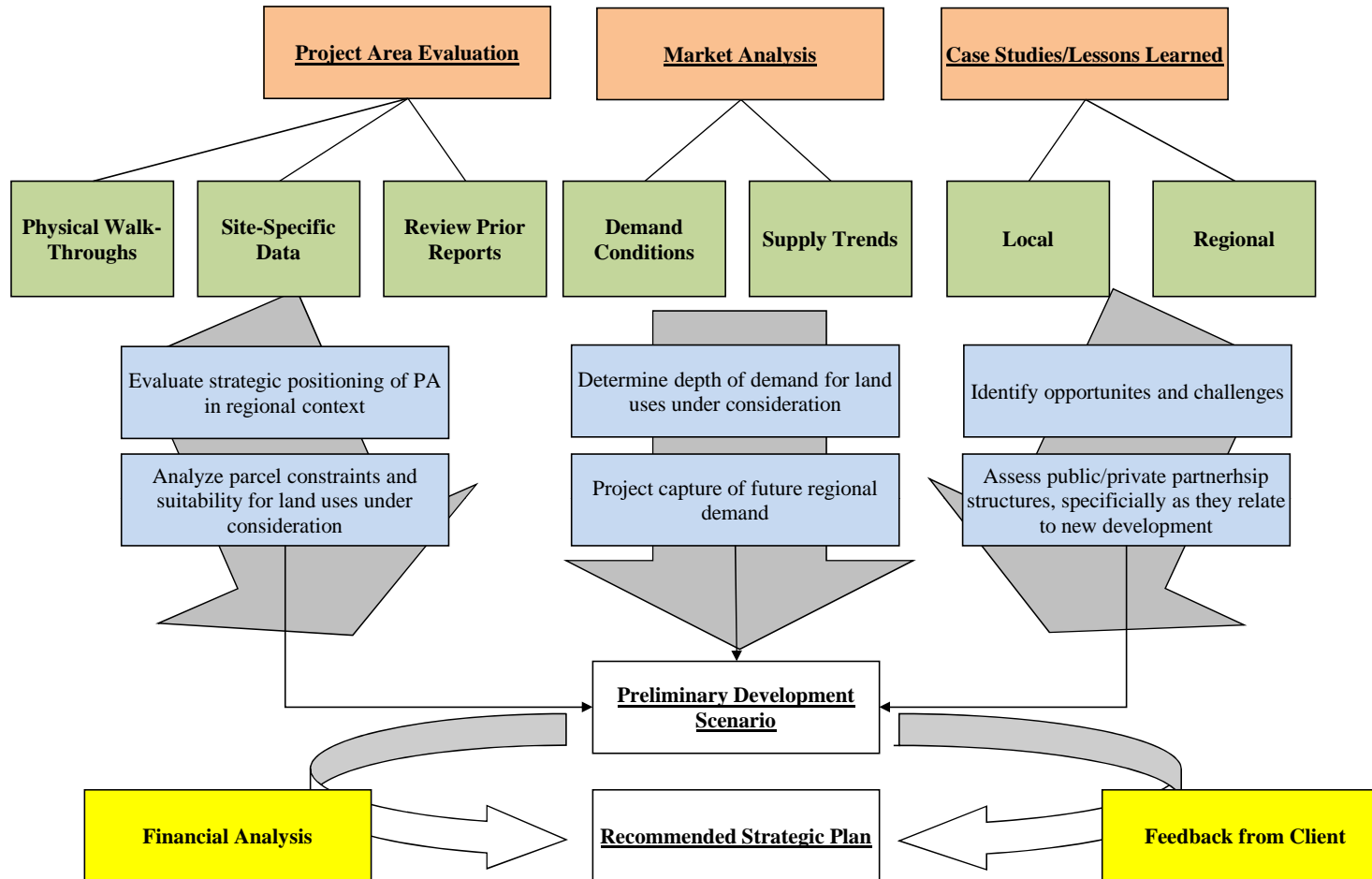
1. Market Area Definition
2. Historical Trends
3. Hotel Demand Metrics
4. Comparable Hotel Inventory
5. Room Rates and Recommended Positioning
6. Planned and Proposed Retail Developments
7. Supply vs. Demand

## **I. SUMMARY OF FINDINGS**

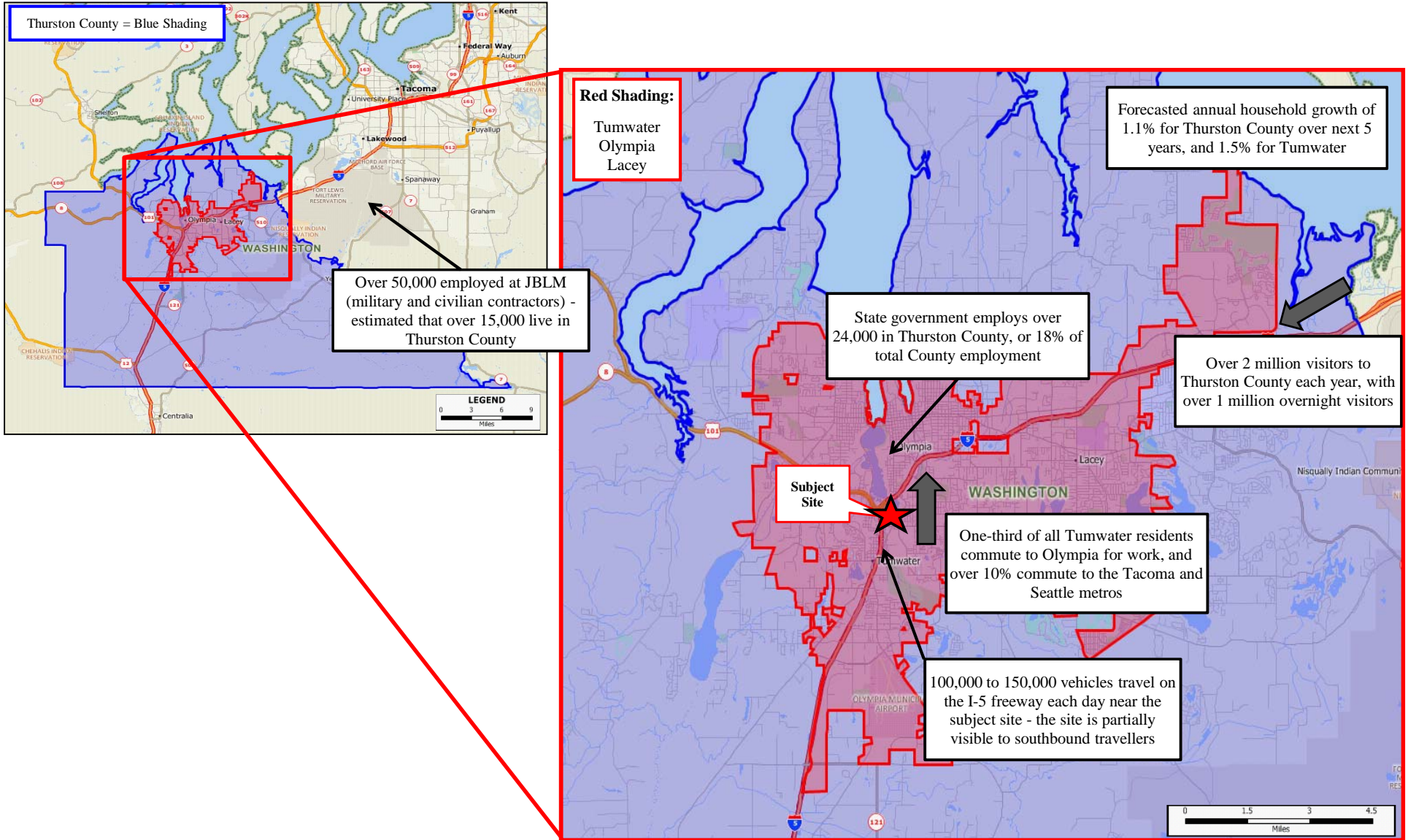


EXHIBIT I-1

METHODOLOGY OVERVIEW  
TUMWATER, WASHINGTON  
APRIL 2014

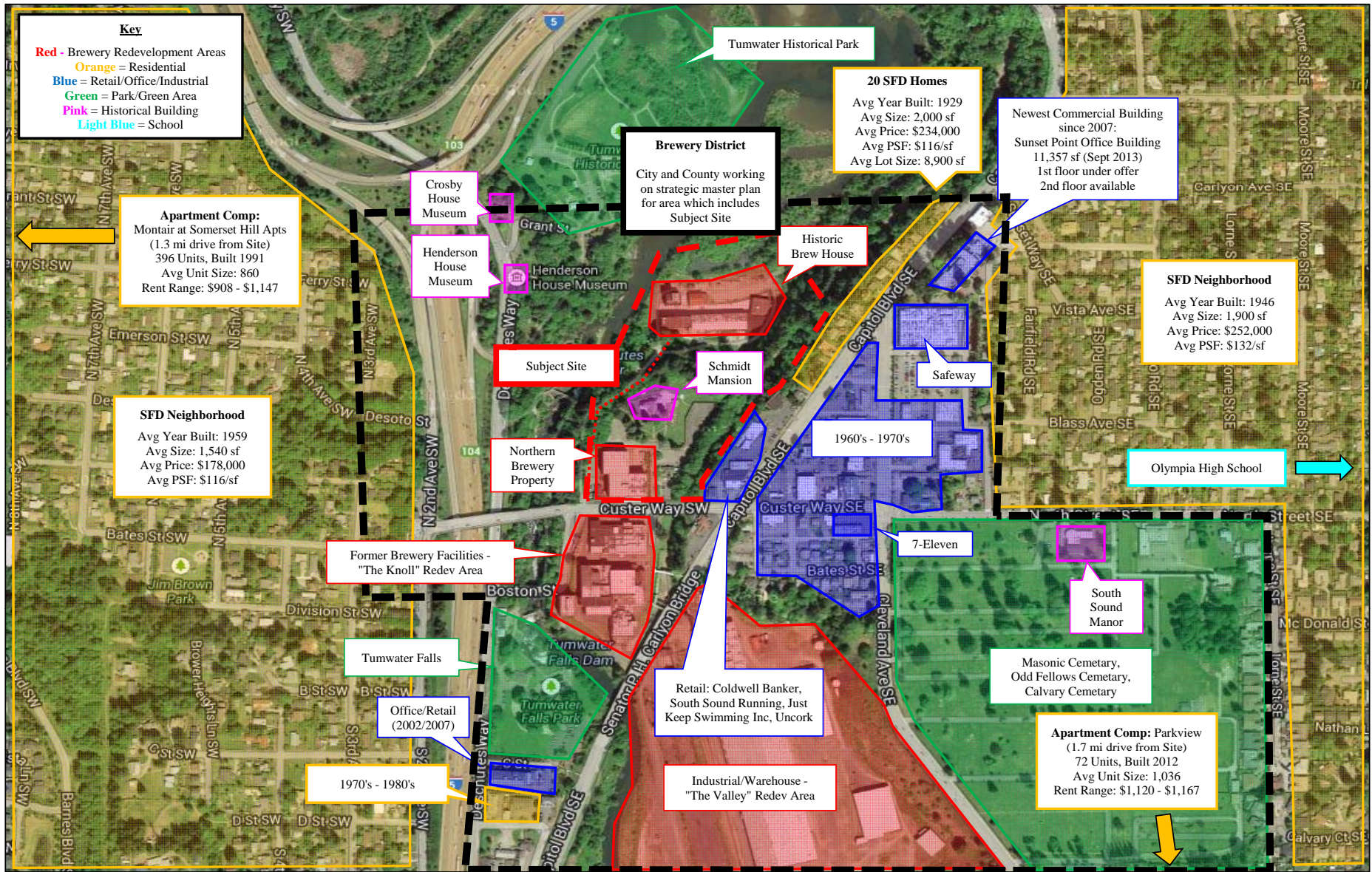


**EXHIBIT I-2  
REGIONAL TRENDS  
MARKET AREA  
APRIL 2014**





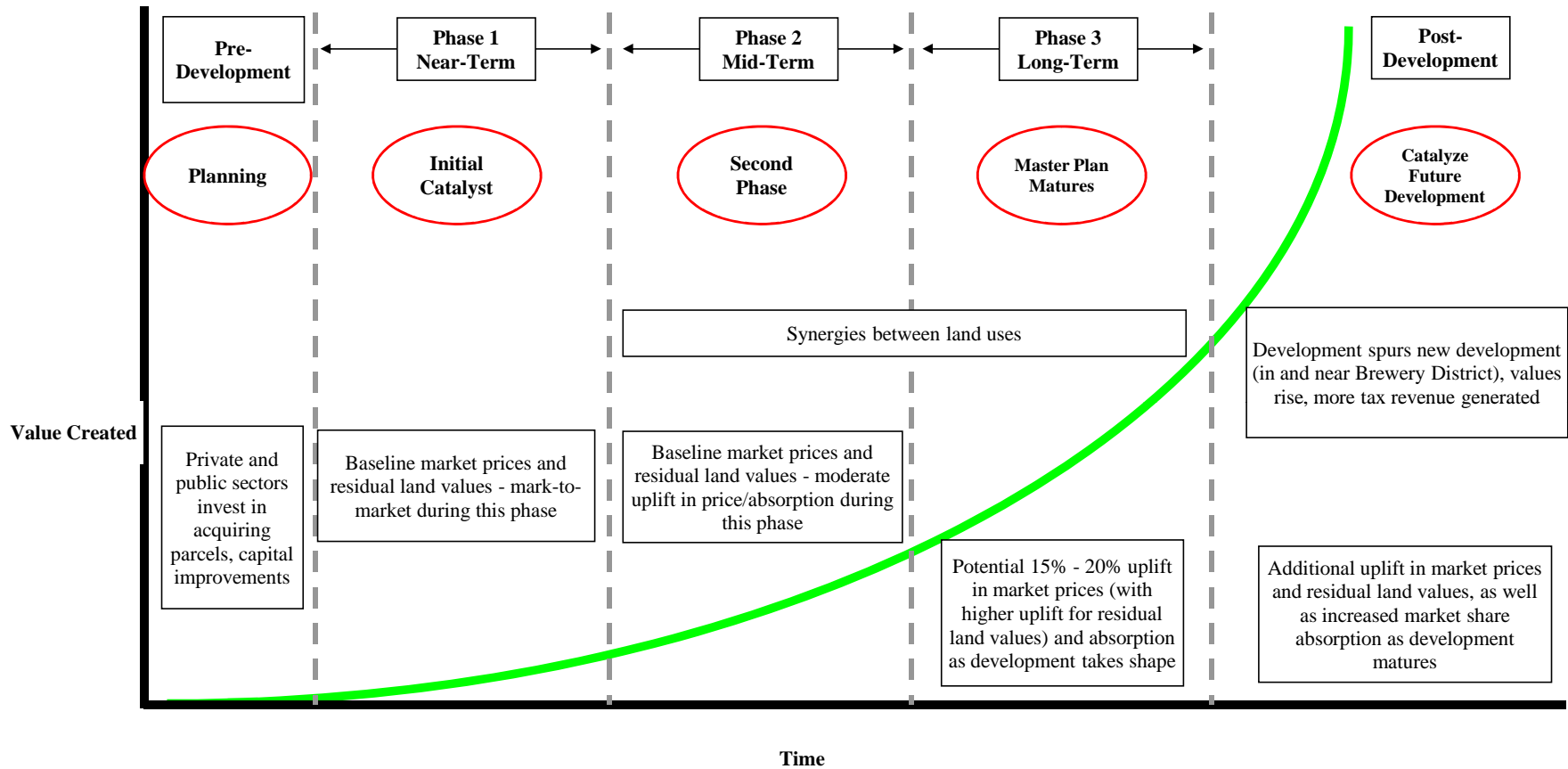
**EXHIBIT I-3**  
**AERIAL MAP OF LOCAL AREA**  
**TUMWATER BREWERY DISTRICT**  
**MARCH 2014**



Note: SFD info based on sales records from last 3 years (Sources: Redfin, Zillow).

EXHIBIT I-4

TIMELINE OF VALUE CREATION  
TUMWATER, WASHINGTON  
APRIL 2014





**EXHIBIT I-5  
MARKETABILITY ASSESSMENT  
SUBJECT SITE; TUMWATER, WA  
APRIL 2014**

= Strong ("Go")
  = Moderate ("Proceed with Caution")
  = Weak ("Stop")

**Rating of Development Opportunity (Order of Opportunity)**

Land Use	Rating of Development Opportunity (Order of Opportunity)			Overall Opportunity	Strengths	Weaknesses	Opportunities / Threats
	Demographic Drivers	Supply Trends	Site Location				
<b>Multi-Family Apartments</b>					<ul style="list-style-type: none"> <li>Strong local and regional market - rents at 10-year highs and occupancies at 10-year lows</li> <li>No new apartments in Tumwater since 2008</li> <li>Projected employment growth</li> <li>Strong propensity to rent in local market</li> <li>Easy freeway access for commuting</li> </ul>	<ul style="list-style-type: none"> <li>Over 2,100 units in pipeline - representing 15% increase over current inventory in Thurston County</li> <li>Current low ceiling to rents in market</li> <li>Job market still not back to pre-recession levels, and is heavily dependent on government</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>Mixed-use environment - Market Area lacks rental project in attractive mixed-use environment</li> <li>Senior/age-restricted housing</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>As economic and income growth accelerates more renters may turn to ownership product</li> </ul>
<b>For-Sale Residential</b>					<ul style="list-style-type: none"> <li>Signs of improvement in housing market - volume and prices on the rise</li> <li>Limited number of attached for-sale communities currently selling</li> <li>Very few units added to market since 2008</li> <li>Few units in supply pipeline signals potential under-supply</li> <li>Projected employment growth</li> <li>Easy freeway access for commuting</li> </ul>	<ul style="list-style-type: none"> <li>Not a condo/townhome market - most owners buy SFD product</li> <li>Housing market still below pre-recession levels in terms of volume and price, and many distressed properties still in the market</li> <li>Buyers can purchase single family and duplex product at similar price to attached product</li> <li>Site not located waterfront</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>Mixed-use environment with access to nature trails could appeal to local move-down buyers</li> <li>Position as more affordable alternative to waterfront condos</li> <li>Live/work units could appeal to some segments</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>Planned rental projects could convert to for-sale if demand picks up</li> </ul>
<b>Hotel</b>					<ul style="list-style-type: none"> <li>Improvements in occupancy rates and average daily room rates</li> <li>Forecasted population, employment, and tourism growth</li> <li>Access and visibility from freeway</li> <li>Not much new product in the market</li> <li>Close to State Capitol and downtown Olympia</li> </ul>	<ul style="list-style-type: none"> <li>Heavily dependent on government</li> <li>Other options closer to Capitol and downtown Olympia</li> <li>3 projects already in pipeline, and a number of existing projects planned to be upgraded/repositioned</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>Boutique hotel in mixed-use setting</li> <li>Venue for weddings and events in a unique setting</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>Cuts to government employment would significantly impact hotel rates and occupancy levels</li> </ul>
<b>Retail</b>					<ul style="list-style-type: none"> <li>Strong growth in retail sales in Tumwater past two years, now at or above pre-recession levels</li> <li>Tumwater has higher rents and lower vacancies than other Thurston County</li> <li>Little new construction since 2007 (with exception of Wal-Mart Supercenter)</li> </ul>	<ul style="list-style-type: none"> <li>Vacancies near site are higher than West Tumwater</li> <li>Little retail leakage (there are more sales than what local residents spend across most categories)</li> <li>Local trade areas over-supplied near/mid-term</li> <li>Challenging visibility and access for typical retail tenant (historic buildings)</li> <li>Floorplans/layouts may not work for typical retail tenant</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>Unique setting for restaurants and bars</li> <li>Limited convenience retail for project residents and surrounding neighborhood</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>Dependent on success of other project uses (i.e. residential)</li> </ul>
<b>Office</b>					<ul style="list-style-type: none"> <li>Stabilizing economy, and forecasted employment growth, with core gains coming from office-using services industries</li> <li>Tight market in small sub-market surrounding site - almost no vacancies in smaller, older buildings (compared to rest of Tumwater)</li> <li>Little new construction since 2008</li> <li>Brewery facilities may appeal to some tenants</li> <li>Unique setting and floorplans may appeal to some tenants</li> </ul>	<ul style="list-style-type: none"> <li>Rising vacancy rates in Thurston County, could impact rents in Tumwater</li> <li>Supply glut in current market, and one significant project planned for West Olympia - projected over-supply near/mid-term</li> <li>Floorplans/layouts may not work for typical office tenant</li> </ul>	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>Food and beverage businesses, especially those that can take advantage of existing facilities and layouts (i.e. breweries)</li> <li>Small office component mixed into project can offer unique space to local small business owners</li> <li>Medical office</li> </ul> <p><u>Threats</u></p> <ul style="list-style-type: none"> <li>Weakness in local jobs market would impact ability to attract</li> </ul>
<b>Special Destination Uses</b>	n/a	n/a			<ul style="list-style-type: none"> <li>Iconic, historic site</li> <li>Proximity to water and parks</li> <li>Freeway access and visibility</li> <li>Strong location for destination user (i.e. educational institution, brewery, entertainment venue, etc)</li> </ul>	<ul style="list-style-type: none"> <li>Dependent on user's interest in site</li> <li>Parking and access</li> </ul>	

EXHIBIT I-6

MARKET ANALYSIS SUMMARY  
TUMWATER, WASHINGTON  
APRIL 2014

Uses Under Consideration

	<b>For-Rent Residential</b>		<b>For-Sale Residential</b>		<b>Retail</b>		<b>Office</b>		<b>Hotel</b>		<b>Total</b>
<b>Market Area Definition</b>	Tumwater/Olympia/Lacey		Tumwater/Olympia/Lacey		10-Minute Drive from Site and Regional		Thurston County		Thurston County and Regional		
<b>Demand Factors</b>	New HH Growth+Turnover		New HH Growth+Turnover		Spending Gap+Growth (Local and Out-of-Area HH)		Employment Growth +Turnover		Employment, Tourism and HH Growth		
<b>Qualified Market Area Demand Pool 1/</b>											
<i>Annual</i>	282	units	38	units	70,935	s.f.	62,019	s.f.	39	rooms	
<i>10-Year Total</i>	2,819	units	377	units	709,347	s.f.	620,185	s.f.	390	rooms	
<b>Opportunity Capture (Subject Site)</b>	10.0%	HH	10.0%	HH	7.0%	s.f.	5.0%	s.f.	25.0%	rooms	
<b>10-Year Development Potential (net) 2/</b>	282	units	38	units	49,654	s.f.	31,009	s.f.	97	rooms	
<i>Assumes</i>	267,830	s.f.	42,857	s.f.					34,087	s.f.	425,438 s.f.
	950	s.f./unit	1,138	s.f./unit					350	s.f./unit	
<b>Projected Market Demand vs. Supply Conditions - Market Area</b>											
- 5 Years	Slight over-supply		Under-supply		Over-supply		Over-supply		In balance		
- 10 Years	Under-supply		Under-supply		In balance		In balance		Under-supply		
<b>Competitive Angle</b>	Proximity to employment Mixed-use Unique/iconic Parks/recreation Access/visibility		Mixed-use Unique/iconic Parks/recreation Live/Work Proximity to employment Views		Mixed-use Pedestrian-oriented Synergy of uses Freeway visibility Unique/iconic		Brewery facilities Floorplans/layouts Unique/iconic Mixed-use Pedestrian-oriented		Proximity to Capitol Freeway access/visibility Weddings/meetings Unique/iconic Mixed-use		
<b>Target Market</b>	Local Employees South Sound commuters Military		Move-downs Retirees/empty nesters		Restaurants Pubs Clothing/boutiques Small-scale convenience		Food & beverage Creative/tech FIRE Legal/professional Architecture/engineering Educational institution		Boutique concept Bed and breakfast		

1/ Demand pool for residential uses excludes households earning under \$25,000; for retail excludes auto-oriented retail uses

2/ Based on opportunity capture estimates, do not factor in relocation of specific employer or other specific partnerships

**EXHIBIT I-7**  
**SUMMARY OF ANALOGUE PROJECTS**  
**UNITED STATES**  
**APRIL 2014**





	Landmark	The Factory at Franklin	Pabst Brewing Company	Pearl Brewery
	New Braunfels, Texas	Franklin, Tennessee	Milwaukee, Wisconsin	San Antonio, Texas
<b>Project:</b>				
Former use:	Power plant	Manufacturing factories	Brewery	Brewery
Total size:	26 Acres	86 Acres	21 Acres	22 acres
Year redeveloped:	2005	2004	2007	2008
Land Uses:				
<i>Residential</i>	290 Apartments	6 Apartments	370 Apartments	293 Apartments
<i>Retail</i>	9,000 s.f.	155,000 s.f.	10,000 s.f.	100,000 s.f.
<i>Office</i>	20,000 s.f.	70,000 s.f.	180,000 s.f.	120,000 s.f.
<i>Civic</i>		50,000 s.f.		
<i>Hotel</i>			90 Rooms	146 Rooms
<i>Other</i>	On-site lakes/ waterways Adjacent to large (110 Acre) park	Weekly farmers market	900-stall structure parking garage	Part of Riverwalk extension
Premiums vs local area:	27% to 59%	-8% to 10%	n/a	20% to 82%
First phase developed:	Garden apartments (new build)	Retail and community 'town square'	Apartments and office	Educational/commercial
<b>Catalyzing Element:</b>				
	<ul style="list-style-type: none"> <li>Developer purchased site after attempts at building a hotel failed. Low rise apartment product was the first section built.</li> </ul>	<ul style="list-style-type: none"> <li>Boutique/ Destination restaurants helped attract retail traffic and public attention.</li> <li>Music Industry Element - Garth Brooks Interview.</li> </ul>	<ul style="list-style-type: none"> <li>Private donation from Zilbert founder (\$8Million).</li> <li>Local and State officials granted accelerated building permits and zoning clearance aide.</li> </ul>	<ul style="list-style-type: none"> <li>Developer sought tenants who could set up shop anywhere (Culinary Institute, specialty retail tenants) and that didn't require traditional demographics.</li> </ul>
<b>Public Sector Role:</b>				
	<ul style="list-style-type: none"> <li>Historic tax credits provided significant savings to developer; 10% of the initial development costs were recouped through credits (\$1.5 Million saved)</li> </ul>	<ul style="list-style-type: none"> <li>Existing relationship with Mayor expedited zoning clearance.</li> <li>Historical tax credit saved developer \$150K</li> </ul>	<ul style="list-style-type: none"> <li>City of Milwaukee funded \$13 Million towards initial development costs.</li> <li>Tax abatements granted to the retail and office tenants at the site.</li> </ul>	<ul style="list-style-type: none"> <li>City provided special zoning (IDZ) to waive parking, traffic and other fees</li> <li>City extended Riverwalk (\$70 Million cost) and subsidized \$1 Million in drainage improvements</li> </ul>
				

EXHIBIT I-8

DEVELOPMENT ALTERNATIVES  
SUBJECT SITE; TUMWATER, WA  
APRIL 2014

Alternative:	Development Alternatives		
	No Action	Existing Footprint	New Buildout + Existing
<b>Buildout Potential (net rentable s.f.)</b>	0	212,000	425,000
<b>Development Timeline (yrs)</b>	0	5	10
<b>Potential Land Uses</b>	None	150 rental apartments 75 hotel rooms 20,000 s.f. office 20,000 s.f. retail	280 rental apartments 40 condominium units 100 hotel rooms 30,000 s.f. office 50,000 s.f. retail
<b>Advantages</b>	No investment required	Shorter development timeframe	Maximum utilization of site
<b>Disadvantages</b>	Opportunity cost	Does not maximize site's potential	Increased cost and timeframe
<b>Assessment</b>	This is the option if the City/County not interested in investing in site	This option will not maximize the site's potential but will still require investment and rehab of historic buildings. Also limited ability for placemaking. Not recommended.	This option will maximize the site's potential and will help serve as a potential catalyst for future development in the Brewery District



EXHIBIT I-9  
 POTENTIAL DEVELOPMENT PROGRAM - FULL BUILDOUT SCENARIO  
 SUBJECT SITE; TUMWATER, WA  
 APRIL 2014

**Development Concept**

- Public/private partnership between land owner and public agencies
- Mix of renovation (including of historic structures) and ground-up new construction
- Create regional draw with mix of uses located in historic, unique site
- Commercial uses mixed with community/public amenities
- **Initial Catalyst:** rental apartments with ground-floor retail and/or office at 240 Custer Way - brings residents and services to local area and delivers early success
- **Second Phase:** introduction of uses at historic structures, also includes new build and community amenities
- **Mature Phase:** full build out of master plan, uplift to market values and absorptions as develops sense of place

Product:	Residential		Commercial		
	Rental	For-Sale	Retail	Office	Hotel
Marketability (Initial)	Good	Moderate	Moderate	Moderate	Moderate
Marketability (Later Phase)	Good	Good	Moderate	Moderate	Good
Concept	Flats, Townhomes	Flats	Local-serving/Regional	Small/Mid-sized Tenants	Boutique Hotel
10-Year Development Potential	280 units	40 units	50,000 s.f.	31,000 s.f.	100 rooms
Timing	Initial and Second Phase	Mature Phase	Initial and Second Phase	Second and Mature Phase	Second and Mature Phase
Potential Locations	Custer Way (Phase 1) New build (Phase 2)	Brew House North Storage New Build	Custer Way (Phase 1) East Warehouse (Phase 2) Keg House (Phase 2)	East Warehouse Keg House	West Warehouse

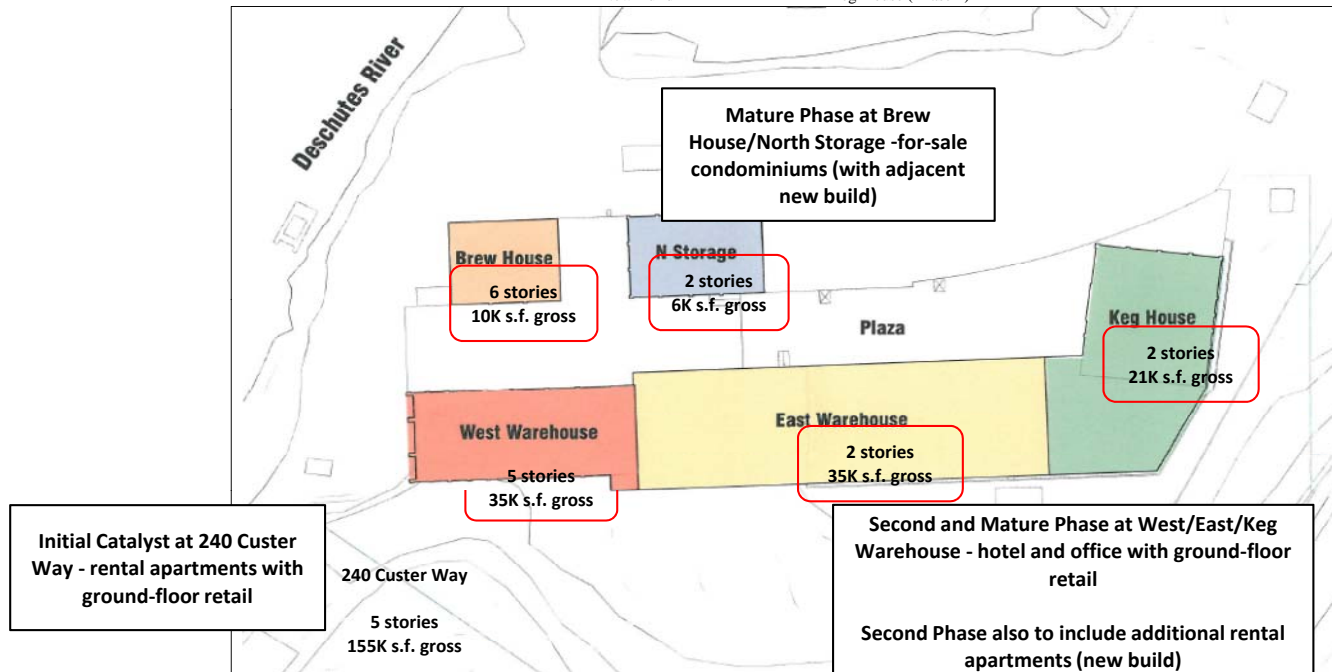


EXHIBIT I-10

RESIDUAL LAND VALUE SUMMARY  
 SUBJECT SITE; TUMWATER, WA  
 APRIL 2014

- 15% topline revenue uplift as master plan matures - has significant impact on bottom-line land values, with increases of 140% to over 450% on per-FAR s.f. values (assumes costs constant)
- Construction cost estimates based on typical market construction numbers and don't include infrastructure and rehab costs - need detailed cost estimates for these

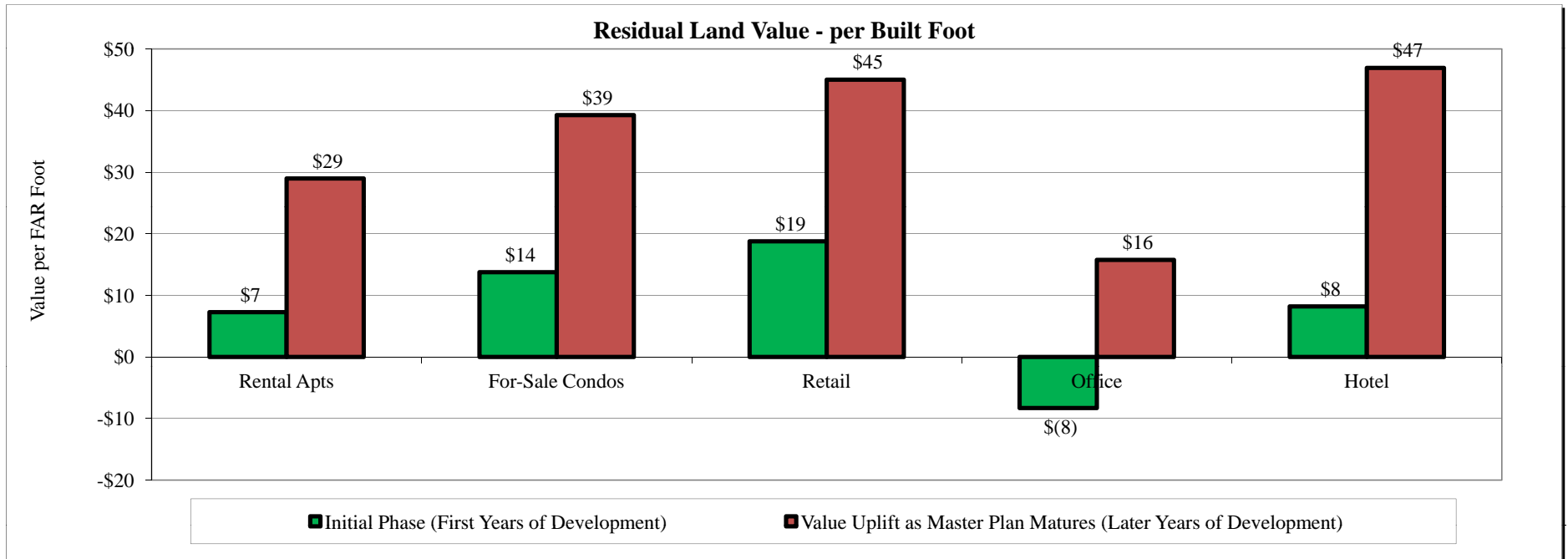


EXHIBIT I-11A

LAND RESIDUAL - INITIAL PHASE  
SUBJECT SITE; TUMWATER, WA  
APRIL 2014

I. Income Producing Real Estate

Product:	Commercial			Residential
	Retail	Office	Hotel	Multi-Family
<b>Product Summary</b>				
Unit Size (if applicable)			350	981
F.A.R. or Du/AC	0.80	0.80	55.0	28.0
Lease Type	NNN	MG		
<b>Capitalized Value</b>				
	<i>Per FAR Square Foot</i>	<i>Per Room</i>	<i>Per Unit</i>	
Lease Revenue				
Lease Rate (\$/Yr)	\$18	\$18	\$45,625	\$14,235
Occupancy (Stabilized)	90%	90%	60%	95%
Effective Lease Revenue	\$16	\$16	\$27,375	\$13,523
Operating Expenses (Non-Recov, including leasing)				
% of Lease Rate	10%	12%	67%	30%
Operating Expense (\$/Yr)	\$2	\$2	\$18,341	\$4,057
Net Income (\$/Yr)	\$15	\$14	\$9,034	\$9,466
Capitalization Rate	7.5%	8.0%	9.0%	6.0%
<b>Capitalized Value</b>	<b>\$194</b>	<b>\$178</b>	<b>\$100,375</b>	<b>\$157,771</b>

II. For-Sale Residential

Product:	Flats
<b>Product Summary</b>	
Home Size	1,138
Du/AC	24.0
<b>Capitalized Value</b>	
Home Price	\$223,750
\$/SF	\$197
Broker Expense	
% Commission	4%
Commission	\$8,950
<b>Net Sales Revenue</b>	<b>\$214,800</b>

Construction Costs	<i>Per FAR Square Foot</i>	<i>Per Room</i>	<i>Per Unit</i>
Hard Costs (Ground-Up) 1/	\$100	\$110	\$110
Soft Costs			
% of Hard Costs	20%	20%	20%
Soft Costs	\$20	\$22	\$40
Tenant Improvements	\$30	\$30	\$0
<b>Total Construction Costs per Unit</b>	<b>\$150</b>	<b>\$162</b>	<b>\$240</b> <b>\$84,000</b> <b>\$129,525</b>

Construction Costs	
Hard Costs (Ground-Up) 1/	\$125
Soft Costs	
% of Hard Costs	20%
Soft Costs	\$25
<b>Total Construction Costs per Unit</b>	<b>\$150</b> <b>\$170,625</b>

Builder Financing				
Loan Draw (% of construction costs)	75%	75%	75%	75%
Loan Fee (% of loan draw)	1.5%	1.5%	1.5%	1.5%
Interest Rate (% per year)	5.5%	5.5%	5.5%	5.5%
Hold Period (years)	1.0	1.0	1.0	1.0
<b>Financing Cost per Unit</b>	<b>\$6</b>	<b>\$7</b>	<b>\$10</b> <b>\$3,465</b>	<b>\$5</b> <b>\$5,343</b>

	75%
	1.5%
	5.5%
	1.0
<b>Financing Cost per Unit</b>	<b>\$6</b> <b>\$7,038</b>

Builder Profit	<i>Per FAR Square Foot</i>	<i>Per Room</i>	<i>Per Unit</i>
Profit % of Capitalized Value	10%	10%	10%
<b>Builder Profit</b>	<b>\$19</b>	<b>\$18</b>	<b>\$10,038</b> <b>\$15,777</b>

Builder Profit	
Profit % of Capitalized Value	10%
<b>Builder Profit</b>	<b>\$21,480</b>

Land Valuation				
Land Value - per FAR foot	\$19	-\$8	\$8	\$7
Land Value - per Unit/Room	-	-	\$2,873	\$7,126

Land Valuation	
Land Value	\$14
	\$15,657

1/ Based on market hard costs assuming new ground-up construction; need detailed cost estimates to determine rehab and infrastructure costs

EXHIBIT I-11B

LAND RESIDUAL - 15% REVENUE INCREASE AFTER INITIAL PHASE AS MASTER PLAN MATURES  
SUBJECT SITE; TUMWATER, WA  
APRIL 2014

I. Income Producing Real Estate					II. For-Sale Residential	
Product:	Commercial			Residential	Product:	Flats
	Retail	Office	Hotel	Multi-Family		
<b>Product Summary</b>					<b>Product Summary</b>	
Unit Size (if applicable)			350	981	Home Size	1,138
F.A.R. or Du/AC	0.80	0.80	55.0	28.0	Du/AC	24.0
Lease Type	NNN	MG				
<b>Capitalized Value</b>					<b>Capitalized Value</b>	
	Per FAR Square Foot		Per Room	Per Unit		
Lease Revenue					Home Price	\$257,313
Lease Rate (\$/Yr)	\$21	\$21	\$52,469	\$16,370	\$/SF	\$226
Occupancy (Stabilized)	90%	90%	60%	95%		
Effective Lease Revenue	\$19	\$19	\$31,481	\$15,552		
Operating Expenses (Non-Recov, including leasing)					Broker Expense	
% of Lease Rate	10%	12%	67%	30%	% Commission	4%
Operating Expense (\$/Yr)	\$2	\$2	\$21,092	\$4,666	Commission	\$10,293
Net Income (\$/Yr)	\$17	\$16	\$10,389	\$10,886	<b>Net Sales Revenue</b>	<b>\$247,020</b>
Capitalization Rate	7.5%	8.0%	9.0%	6.0%		
<b>Capitalized Value</b>	<b>\$224</b>	<b>\$205</b>	<b>\$115,431</b>	<b>\$181,437</b>		
<b>Construction Costs</b>					<b>Construction Costs</b>	
	Per FAR Square Foot		Per FAR Square Foot			
Hard Costs (Ground-Up) 1/	\$100	\$110	\$200	\$110	Hard Costs (Ground-Up) 1/	\$125
Soft Costs					Soft Costs	
% of Hard Costs	20%	20%	20%	20%	% of Hard Costs	20%
Soft Costs	\$20	\$22	\$40	\$22	Soft Costs	\$25
Tenant Improvements	\$30	\$30	\$0	\$0		
<b>Total Construction Costs per Unit</b>	<b>\$150</b>	<b>\$162</b>	<b>\$240</b> <b>\$84,000</b>	<b>\$132</b> <b>\$129,525</b>	<b>Total Construction Costs per Unit</b>	<b>\$150</b> <b>\$170,625</b>
<b>Builder Financing</b>					<b>Builder Profit</b>	
Loan Draw (% of construction costs)	75%	75%	75%	75%	Profit % of Capitalized Value	10%
Loan Fee (% of loan draw)	1.5%	1.5%	1.5%	1.5%	<b>Builder Profit</b>	<b>\$24,702</b>
Interest Rate (% per year)	5.5%	5.5%	5.5%	5.5%		
Hold Period (years)	1.0	1.0	1.0	1.0		
<b>Financing Cost per Unit</b>	<b>\$6</b>	<b>\$7</b>	<b>\$10</b> <b>\$3,465</b>	<b>\$5</b> <b>\$5,343</b>		
<b>Builder Profit</b>					<b>Builder Profit</b>	
	Per FAR Square Foot		Per Room	Per Unit		
Profit % of Capitalized Value	10%	10%	10%	10%		
<b>Builder Profit</b>	<b>\$22</b>	<b>\$20</b>	<b>\$11,543</b>	<b>\$18,144</b>		
<b>Land Valuation</b>					<b>Land Valuation</b>	
Land Value - per FAR foot	\$45	\$16	\$47	\$29	Land Value	\$39
Land Value - per Unit/Room	-	-	\$16,423	\$28,425		\$44,655

1/ Based on market hard costs assuming new ground-up construction; need detailed cost estimates to determine rehab and infrastructure costs

EXHIBIT I-12

RENTAL APARTMENT MARKET OVERVIEW  
MARKET AREA  
APRIL 2014

Summary Trends

- **Lots of renters:** 46% of CMA (Tumwater/Olympia/Lacey) households rent - versus 34% overall for Thurston County
  - Of those that rent in the CMA, nearly half rent in buildings with 5 or more units
- **Landlord's market:** Strong local and regional rental market, with increasing rents and decreasing vacancies the past two years
  - Vacancies under 5% in Thurston County
- **Not much growth in inventory:** Tumwater area has seen little growth in rental inventory since 2000, with no new units added since 2008
  - Approximately 2,400 institutional-grade rental units in Tumwater, representing about 18% of total Thurston County inventory
- **Survey of local market:** Survey of 1,800 rental units in CMA:
  - Average project size = 125 units
  - Vacancies = 4%
  - Average unit size = 960 s.f.
  - Average unit price = \$1,000-\$1,100 per month, or \$1.06-\$1.17 per square foot
- **Over 2,100 units in pipeline:** Represents 15% growth in Thurston County's total overall inventory
  - But concentration of planned projects is in West Olympia submarket
- **Market looks in relative balance mid-term:** TCG projects demand for 280 new units per year, this demand will be balanced out by planned supply over the next 6 years
  - Slight over-supply forecasted in near-term (next 2 years), could impact rental rates and/or vacancies

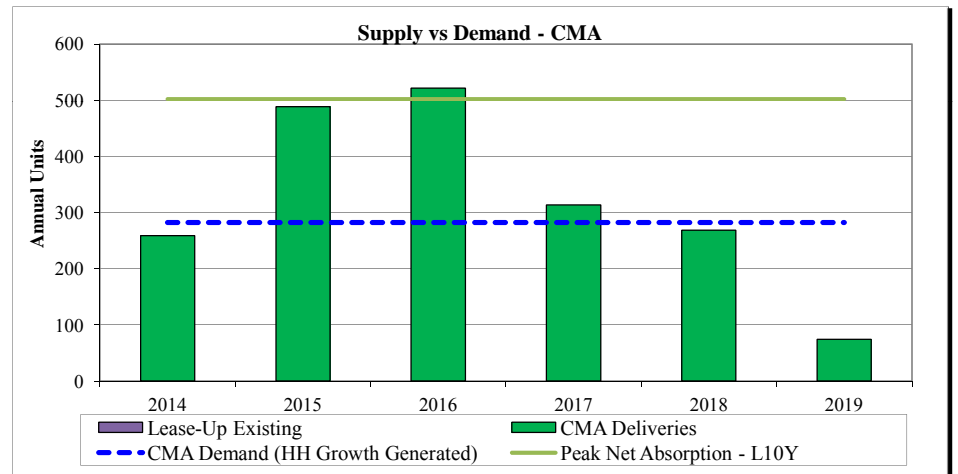
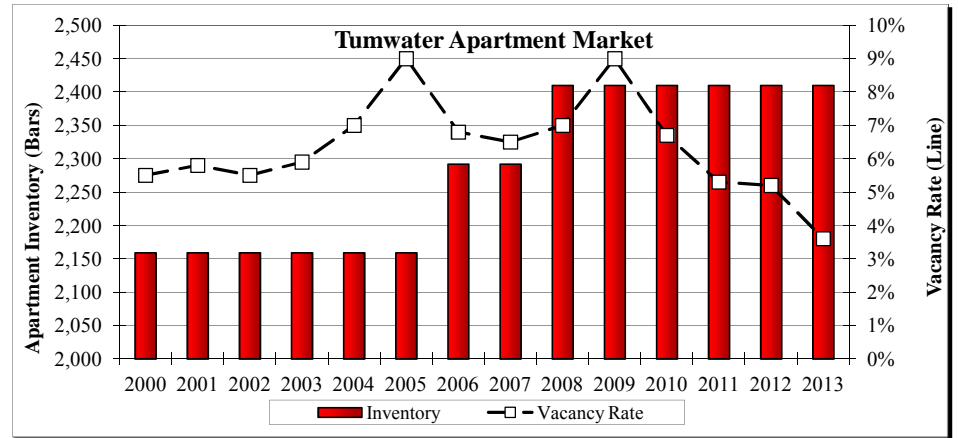


EXHIBIT I-13

FOR-SALE ATTACHED RESIDENTIAL MARKET OVERVIEW  
 MARKET AREA  
 APRIL 2014

Summary Trends

- **Signs of improvement:** After years of declines, 2013 saw improvements in home sales volume and prices in Tumwater and Thurston County
- **But lots of distressed properties:** Sales volume increases of 15%-16% in Tumwater and Thurston County partly due to investors buying distressed assets
  - However, rise in median home price also signals a potential turning point
- **The new normal:** Tumwater area home sales have averaged 900-1,000 per year the past five years, down from sales volume of 1,100-1,600 per year at peak
- **Very small townhome/condo market:** In Thurston County, 5% of all owner-occupied houses are attached, and just 1% are in buildings with over 5 units
  - Only ~650 condos/townhomes in projects with 5+ units
  - The past 12 months, 6% of all home sales were attached
- **Very little recent inventory:** In CMA, only two attached projects built since 2008
- **Bifurcated condo market:** Typical units at around \$200K (\$120 per square foot), with luxury waterfront units at around \$600K (\$340 per square foot)
  - Reflects two distinct buyer groups - younger entry-level buyers and older move-downs (many from out of the area)
- **New single family homes and duplexes priced similarly to new attached:** Challenging pricing environment for new attached product, as buyers can buy single family homes for similar prices (on both absolute and psf pricing)
- **Few units in pipeline:** Under 50 units in pipeline in entire CMA
  - One project by Lennar in Lacey was planned for 78 condos but was changed to mostly single family homes
- **Potential under-supply in mid-term:** TCG projects demand for 38 new units per year, this demand is not matched by supply pipeline over the next 6 years
  - However, possibility exists that planned rental projects could convert to for-sale if demand picks up

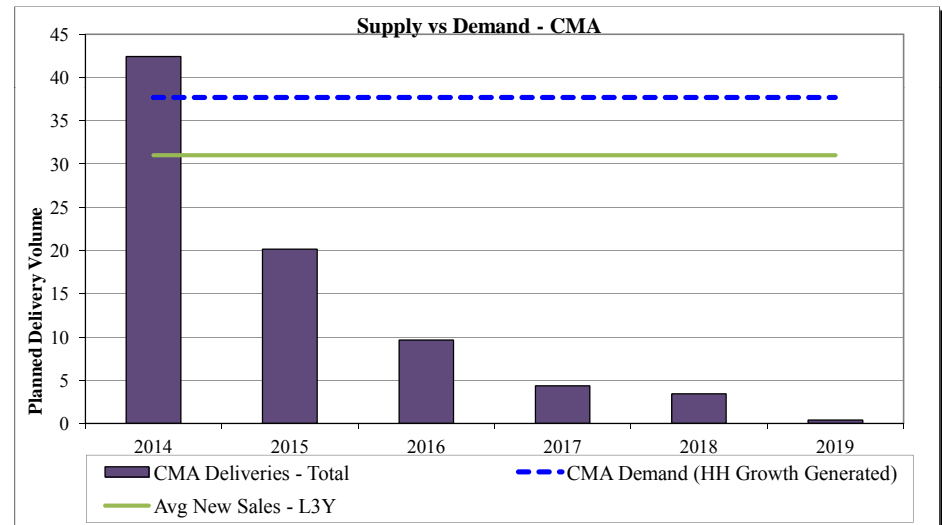
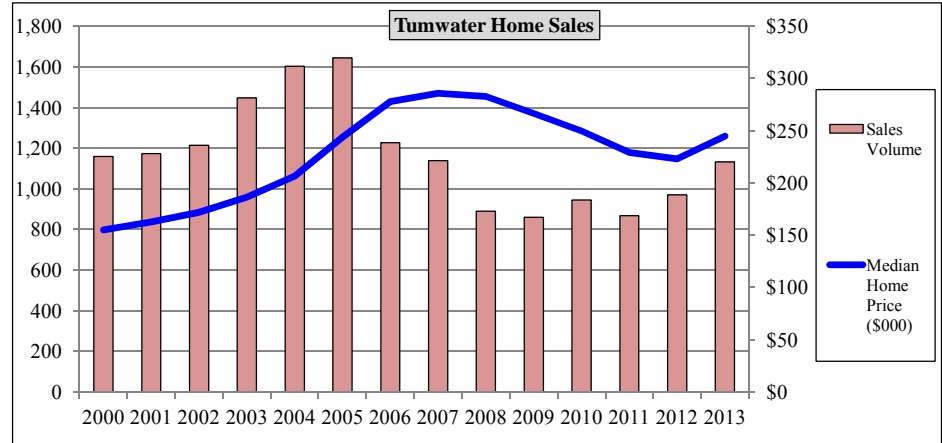


EXHIBIT I-14

OFFICE MARKET OVERVIEW  
MARKET AREA  
APRIL 2014

Summary Trends

- **Stabilizing economy:** Employment levels have levelled off following the declines of the financial downturn
  - However, Thurston and Pierce Counties have not yet reached pre-recession employment levels
- **Strong forecasted employment growth:** TRPC projects job growth in Thurston County from 140K jobs in 2015 to 163K in 2025
  - Biggest gains projected to come from services and construction
- **Office needs are changing:** With more remote and flexible workers, office square footage needs per employee have been decreasing, and this trend is expected to continue
- **Lower rents and vacancies in Tumwater:** Tumwater has overall vacancy of 9% (vs 11% for Thurston Co) and average rents of \$14 FSG (vs \$16 for Thurston)
  - The small submarket around the subject site has almost no vacancies and is comprised of smaller, older buildings than other nearby submarkets
- **Declining new construction:** As vacancies have risen in the CMA, fewer new office projects have entered the market - the last two years have seen just 64K s.f. per year, less than half of prior years
  - Almost nothing new delivered in Tumwater since 2008
- **One significant project in pipeline:** West Capital Office Park, with the potential for 340K s.f., represents the lion's share of the 400K total s.f. in the pipeline
- **Mid-term over-supply:** TCG projects demand for 62K s.f. per year from 2015 through 2025
  - Assuming the West Capital Office Park is developed according to plans, TCG forecasts an over-supply of product through 2020 in the CMA, with a potential under-supply after 2020

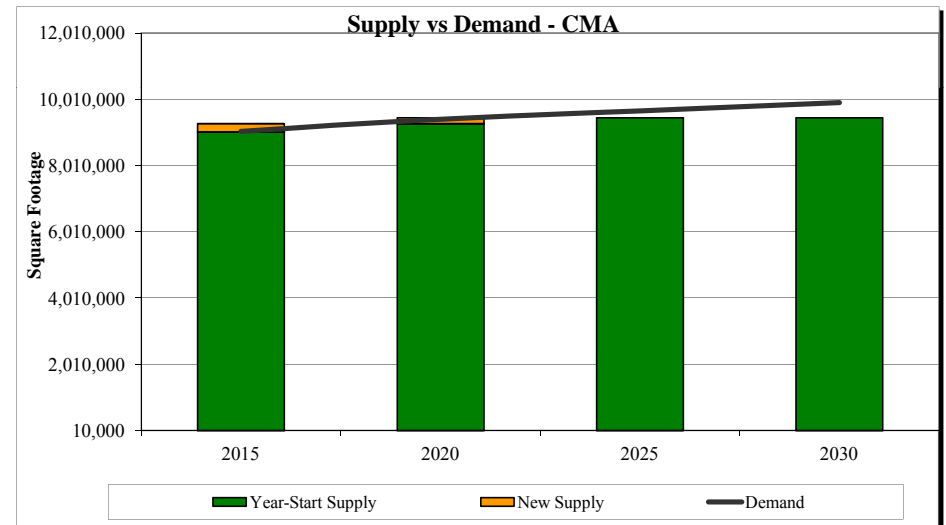
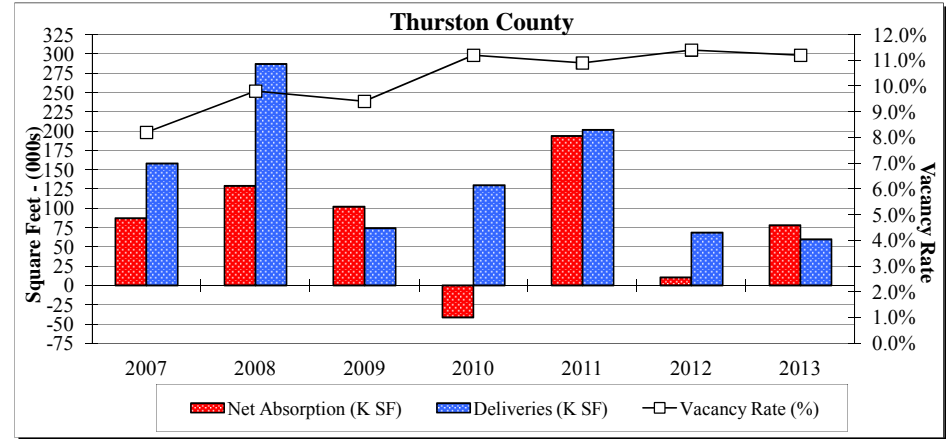


EXHIBIT I-15

RETAIL MARKET OVERVIEW  
MARKET AREA  
APRIL 2014

Summary Trends

- **Market improvement:** After years of declines, taxable retail sales in the CMA have increased 3% per year since 2011
  - Tumwater has seen strong retail sales growth past two years, and is now at or above pre-recession sales levels
- **Tumwater faring better than neighbors:** Lower vacancy rates and higher rents versus rest of Thurston County
  - Vacancies under 5% in Tumwater (vs 6% for Thurston)
- **But it's mostly a Westside story:** Newer, big-box retail in West Tumwater (Littlerock Road) submarket is driving low vacancies - this submarkets sits at under 3% vacancy while the other Tumwater submarkets are at vacancies in 8%-10% range
- **Not much growth in inventory:** Very little new construction in Tumwater or Thurston County since 2007
  - Only significant delivery has been Wal-Mart Supercenter in West Tumwater submarket in 2011
- **Over 600K s.f. in pipeline:** Represents 5% growth in Thurston County's total overall inventory
  - About 1/3 of this inventory is located within a 5-minute drive time from site
- **No retail leakage in local trade areas:** Spending in most retail segments in Tumwater and trade areas (5- and 10-minute drives from site) reveals area attracts spending from outside households
- **Mid-term over-supply:** TCG projects demand for 140K s.f. from 2014-2019 in the 5-minute trade area (Primary RTA), this is less than forecasted supply
  - Similar trends for Secondary Trade Area (10-minute drive-time)

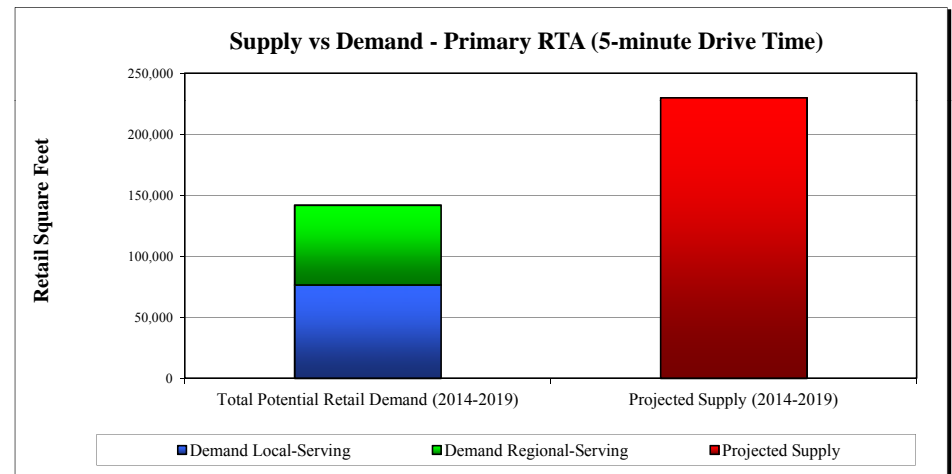
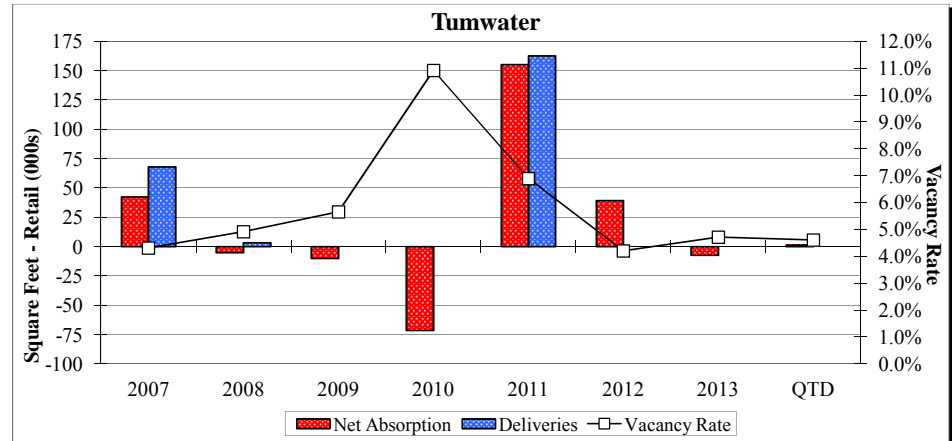


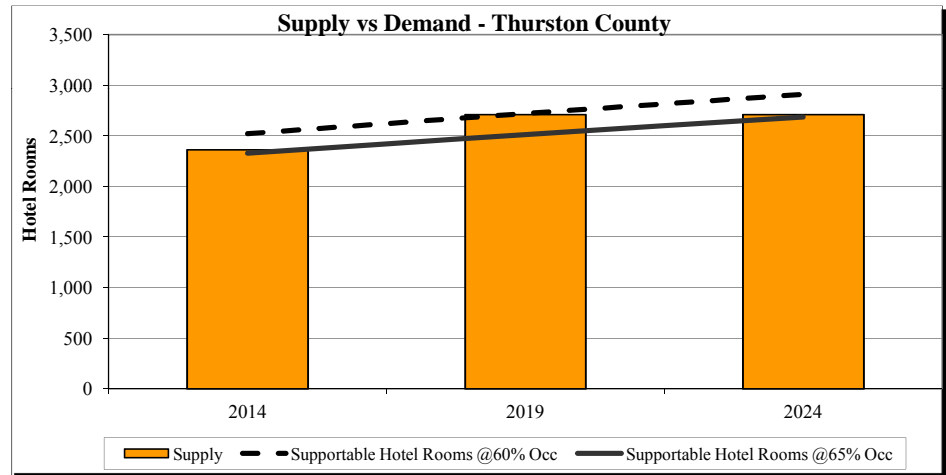
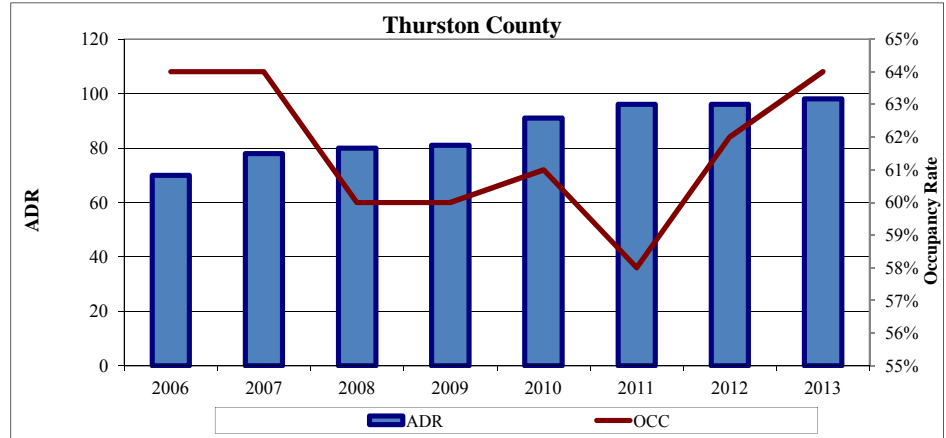


EXHIBIT I-16

HOTEL MARKET OVERVIEW  
MARKET AREA  
APRIL 2014

Summary Trends

- **State Capital impact:** The Capital is one of Thurston County's top attractions, attracting both tourists and those doing business with the government
  - Especially impactful when the Legislature is in session during the first quarter, when it represents approximately 70% of hotel occupancy
- **Improvements in fundamentals:** Recent rebound in occupancy rates to pre-recession levels (64%) and continued growth in ADR to just under \$100/room
  - Occupancies in 2013 ranged from 55% to 80% depending on the quarter
  - Nearly 5% annual growth in room rates since 2006
- **And future growth anticipated:** Forecasts for growth in state government employment, regional households, and overall tourism
  - Additional marketing for Tourism Promotion Area in 2014
- **Not much growth in inventory:** Only one new project in the CMA since 2007, the Best Western in Lacey (85 rooms)
  - Approximately 1,700 rooms in the CMA, or 70% of the total Thurston County inventory
  - Average age of properties = 20 years
- **But recent acquisitions and activity in 2013:**
  - Governor Hotel (Olympia) - sold, may be repositioned as a Holiday Inn
  - Capitol Plaza Hotel (Olympia) - sold, may be repositioned as TownePlace Suites
  - Phoenix Inn (Olympia) became Double Tree, upgraded rooms
- **And 350 rooms in the pipeline:** Represents 20% growth in the CMA's total overall room inventory
  - Two of the projects close to site
- **Market looks in relative balance mid-term:** TCG projects demand for up to 40 new hotel rooms per year, this demand will be balanced out by planned supply over the next five years, but potential under-supply afterwards (assuming 60% market-wide occupancy rates)



## **II. REGIONAL TRENDS**

EXHIBIT II-1

DEMOGRAPHICS - SUMMARY  
MARKET AREAS  
2000 THROUGH 2019

Geography:	CMA								PMA		Pierce County		King County	
	Tumwater		Olympia		Lacey		CMA Total		Thurston County		Num.	Perc.	Num.	Perc.
	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.
<b>Population</b>														
2000	14,870		42,536		32,275		89,681		207,355		700,411		358,914	
2014	18,464		47,909		45,268		111,641		263,167		827,385		414,171	
Gr./Yr.	257	1.6%	384	0.9%	928	2.4%	1,569	1.6%	3,987	1.7%	9,070	1.2%	3,947	1.0%
2019	19,725		49,715		48,180		117,620		277,430		870,246		437,451	
Gr./Yr.	252	1.3%	361	0.7%	582	1.3%	1,196	1.0%	2,853	1.1%	8,572	1.0%	4,656	1.1%
<b>Households</b>														
2000	6,494		18,642		12,908		38,044		81,626		260,652		139,694	
2014	8,170		21,579		18,171		47,920		105,531		313,148		155,895	
Gr./Yr.	120	1.7%	210	1.1%	376	2.5%	705	1.7%	1,708	1.9%	3,750	1.3%	1,157	0.8%
2019	8,799		22,591		19,405		50,795		111,689		330,215		164,325	
Gr./Yr.	126	1.5%	202	0.9%	247	1.3%	575	1.2%	1,232	1.1%	3,413	1.1%	1,686	1.1%
<b>Home Owners ('14)</b>	4,309	53%	11,231	52%	10,217	56%	25,744	54%	69,771	66%	190,170	61%	88,697	57%
<b>Household Size ('14)</b>														
1 Person	2,671	33%	7,939	37%	5,155	28%	15,765	33%	27,997	27%	79,820	25%	43,755	28%
2 Persons	2,883	35%	7,146	33%	6,174	34%	16,203	34%	37,888	36%	103,431	33%	47,748	31%
3+ Persons	2,616	32%	6,494	30%	6,842	38%	15,952	33%	39,646	38%	129,897	41%	64,392	41%
<b>Housing Units</b>	7,503		20,549		16,724		44,776		102,335		300,554		804,062	
<u>Owner-Occupied Units</u>	3,957	53%	10,695	52%	9,403	56%	24,055	54%	67,658	66%	182,522	61%	457,472	57%
SFD Detached	3,070	78%	9,212	86%	8,270	88%	20,552	85%	56,677	84%	159,580	87%	374,314	82%
1 to 4 Units	232	6%	361	3%	442	5%	1,035	4%	2,458	4%	7,244	4%	30,144	7%
5 plus	34	1%	351	3%	32	0%	417	2%	645	1%	1,976	1%	40,226	9%
Mobile Homes	621	16%	771	7%	659	7%	2,051	9%	7,878	12%	13,722	8%	12,788	3%
<u>Renter-Occupied Units</u>	3,546	47%	9,854	48%	7,321	44%	20,721	46%	34,677	34%	118,032	39%	346,590	43%
SFD Detached	581	16%	2,444	25%	2,486	34%	5,511	27%	13,082	38%	40,094	34%	73,537	21%
1 to 4 Units	1,289	36%	2,174	22%	1,600	22%	5,063	24%	8,338	24%	25,763	22%	56,053	16%
5 plus	1,647	46%	5,047	51%	3,113	43%	9,807	47%	10,144	29%	46,604	39%	212,544	61%
Mobile Homes	29	1%	189	2%	122	2%	340	2%	3,113	9%	5,571	5%	4,456	1%
<b>Average Income</b>														
2000	\$53,067		\$49,953		\$52,093		\$51,212		\$56,305		\$55,643		\$57,572	
2014	\$70,228		\$63,073		\$65,214		\$65,105		\$69,740		\$71,437		\$71,436	
Gr./Yr.	\$1,226	2.0%	\$937	1.7%	\$937	1.6%	\$992	1.7%	\$960	1.5%	\$1,128	1.8%	\$990	1.6%
2019	\$76,540		\$67,863		\$69,946		\$70,162		\$74,702		\$79,067		\$79,057	
Gr./Yr.	\$1,262	1.7%	\$958	1.5%	\$946	1.4%	\$1,011	1.5%	\$992	1.4%	\$1,526	2.1%	\$1,524	2.0%

EXHIBIT II-1

DEMOGRAPHICS - SUMMARY  
MARKET AREAS  
2000 THROUGH 2019

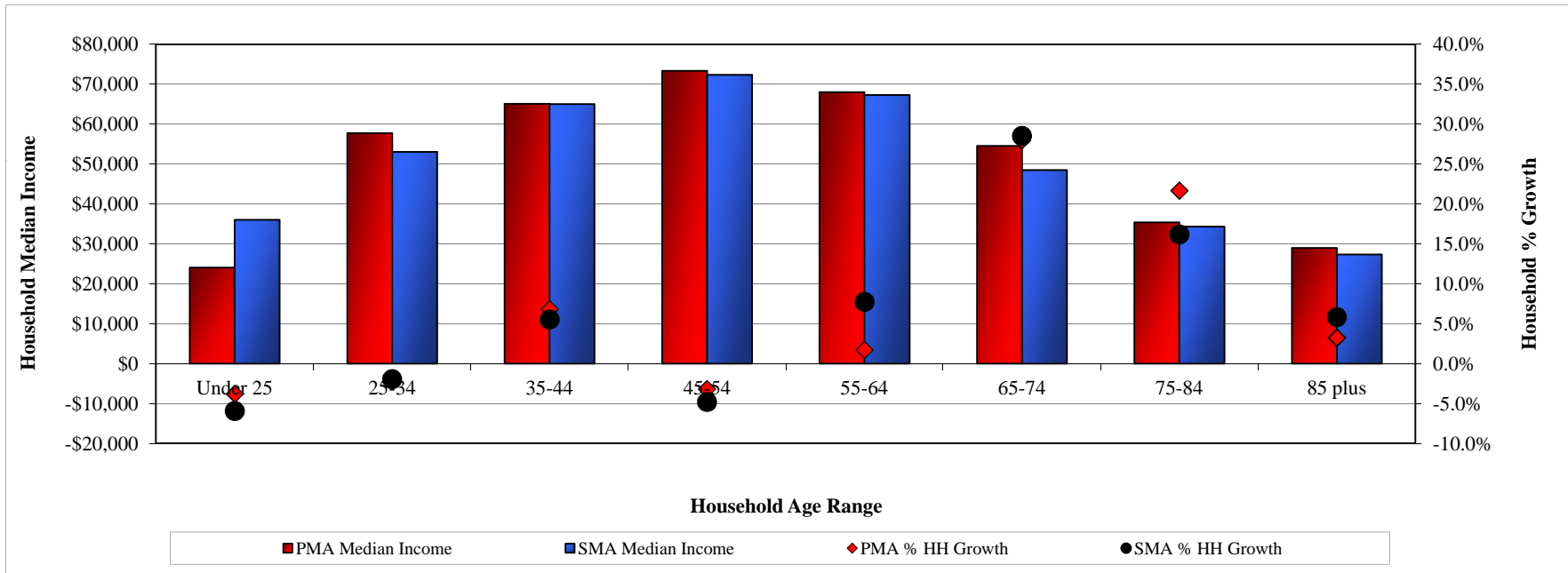
Geography:	CMA								PMA		Pierce County		King County	
	Tumwater		Olympia		Lacey		CMA Total		Thurston County					
	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.	Num.	Perc.		
<b>Income Profile ('14)</b>														
Under \$100K	6,487	79%	17,725	82%	14,946	82%	39,158	82%	83,822	79%	244,413	78%	121,296	78%
Over \$100K	1,683	21%	3,854	18%	3,225	18%	8,762	18%	21,709	21%	68,735	22%	34,599	22%
25K & Under	1,664	20%	5,750	27%	3,359	18%	10,773	22%	19,756	19%	58,238	19%	31,779	20%
35K to 50K	1,784	22%	4,916	23%	4,544	25%	11,244	23%	24,144	23%	78,458	25%	37,334	24%
50K to 75K	1,784	22%	4,263	20%	4,412	24%	10,459	22%	23,597	22%	65,940	21%	30,757	20%
75K to 100K	1,255	15%	2,796	13%	2,631	14%	6,682	14%	16,325	15%	41,777	13%	21,426	14%
100K to 125K	637	8%	1,716	8%	1,598	9%	3,951	8%	9,648	9%	27,989	9%	14,220	9%
125K to 150K	421	5%	856	4%	814	4%	2,091	4%	5,174	5%	16,723	5%	7,966	5%
150K to 250K	512	6%	1,004	5%	688	4%	2,204	5%	5,543	5%	18,571	6%	9,628	6%
250 K and over	113	1%	278	1%	125	1%	516	1%	1,344	1%	5,452	2%	2,785	2%
<b>Age Profile ('14)</b>														
Median	38		39		35		37		39		36		36	
Under 24	5,665	31%	13,800	29%	15,260	34%	34,725	31%	82,742	31%	281,963	34%	137,344	33%
25-34	2,796	15%	7,841	16%	7,153	16%	17,790	16%	35,419	13%	119,253	14%	62,832	15%
35-44	2,424	13%	6,326	13%	5,952	13%	14,702	13%	33,642	13%	107,072	13%	56,495	14%
45-54	2,453	13%	6,131	13%	5,126	11%	13,710	12%	35,799	14%	115,057	14%	58,004	14%
55-64	2,485	13%	6,440	13%	4,838	11%	13,763	12%	36,730	14%	102,281	12%	50,408	12%
65 Plus	2,641	14%	7,371	15%	6,939	15%	16,951	15%	38,835	15%	101,759	12%	49,088	12%
55 Plus	5,126	28%	13,811	29%	11,777	26%	30,714	28%	75,565	29%	204,040	25%	99,496	24%
<b>Race/Ethnicity ('14)</b>														
White	15,519	84%	39,660	83%	32,808	72%	87,987	79%	212,550	81%	606,151	73%	232,486	56%
Hispanic	322	2%	939	2%	1,357	3%	2,618	2%	6,846	3%	32,046	4%	36,636	9%
African American	416	2%	1,172	2%	2,869	6%	4,457	4%	8,846	3%	57,717	7%	43,502	11%
Asian	910	5%	2,881	6%	3,588	8%	7,379	7%	14,109	5%	50,926	6%	58,921	14%

Source: Claritas; American Fact Finder; US Census, Center for Economic Studies

EXHIBIT II-2

HOUSEHOLD MEDIAN INCOME AND GROWTH PROJECTIONS BY AGE GROUP  
MARKET AREAS  
2014 AND 2019

Age Group	Thurston County (PMA)				Pierce County (SMA)			
	Median Income	Households		Household Growth	Median Income	Households		Household Growth
		2014	2019			2014	2019	
Under 25	\$24,054	4,538	4,366	-3.8%	\$36,055	14,086	13,251	-5.9%
25-34	\$57,756	16,398	16,052	-2.1%	\$53,082	54,090	53,040	-1.9%
35-44	\$65,152	18,036	19,265	6.8%	\$65,033	56,374	59,493	5.5%
45-54	\$73,376	20,188	19,544	-3.2%	\$72,407	64,075	61,000	-4.8%
55-64	\$68,060	21,597	21,968	1.7%	\$67,346	59,399	63,998	7.7%
65-74	\$54,550	14,538	18,612	28.0%	\$48,549	37,367	48,031	28.5%
75-84	\$35,403	7,126	8,671	21.7%	\$34,311	19,547	22,713	16.2%
85 plus	\$28,984	3,110	3,211	3.2%	\$27,394	8,210	8,689	5.8%
<b>Total</b>	<b>\$59,869</b>	<b>105,531</b>	<b>111,689</b>	<b>5.8%</b>	<b>\$58,741</b>	<b>313,148</b>	<b>330,215</b>	<b>5.5%</b>

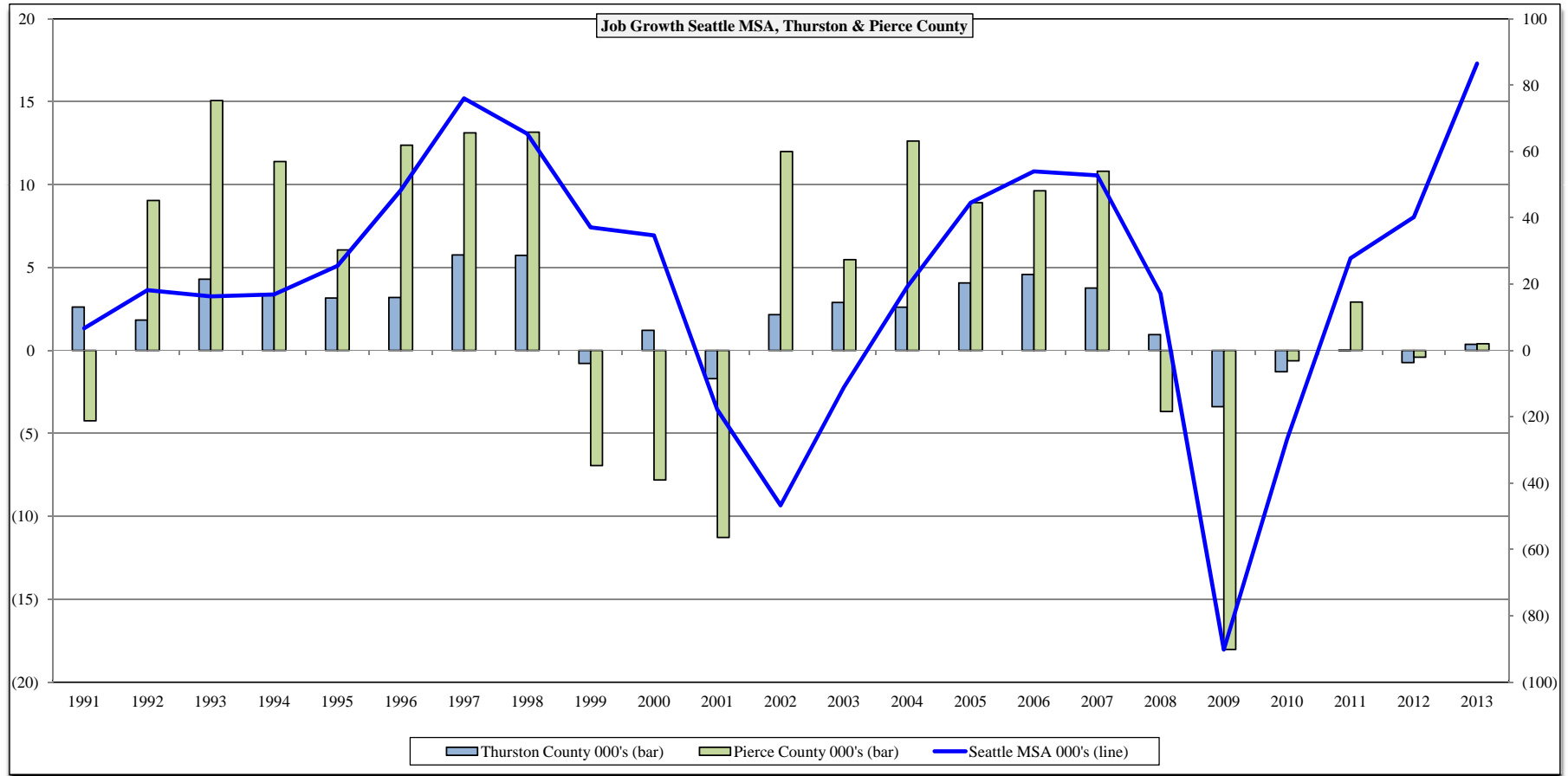


Source: Claritas Data Services

**EXHIBIT II-3  
EMPLOYMENT TRENDS  
MARKET AREAS  
1990 THROUGH 2013**

000s	United States			Seattle MSA			Pierce County			Thurston County			Olympia			Tumwater			
	Num.	Growth		Num.	Growth		Num.	Growth		Num.	Growth		Num.	Growth		Num.	Growth		
		Num.	Perc.		Num.	Perc.		Num.	Perc.		Num.	Perc.		Num.	Perc.		Num.	Perc.	
<b>Annual</b>																			
1990	109,487			1,303			268			84									
1991	108,377	(1,110)	-1.0%	1,310	7	0.5%	264	(4)	-1.6%	87	3	3.1%							
1992	108,745	368	0.3%	1,328	18	1.4%	273	9	3.4%	89	2	2.1%							
1993	110,876	2,131	2.0%	1,345	16	1.2%	288	15	5.5%	93	4	4.8%							
1994	114,333	3,457	3.1%	1,362	17	1.3%	299	11	4.0%	96	3	3.6%							
1995	117,336	3,003	2.6%	1,387	26	1.9%	305	6	2.0%	100	3	3.3%							
1996	119,757	2,421	2.1%	1,435	48	3.5%	317	12	4.1%	103	3	3.2%							
1997	122,853	3,096	2.6%	1,511	76	5.3%	331	13	4.1%	108	6	5.6%							
1998	126,033	3,180	2.6%	1,577	65	4.3%	344	13	4.0%	114	6	5.3%	54.4				16.1	4.0	
1999	129,098	3,065	2.4%	1,614	37	2.4%	337	(7)	-2.0%	113	(1)	-0.7%							
2000	131,881	2,783	2.2%	1,648	35	2.2%	329	(8)	-2.3%	115	1	1.1%							
2001	131,919	38	0.0%	1,631	(18)	-1.1%	318	(11)	-3.4%	113	(2)	-1.5%							
2002	130,450	(1,469)	-1.1%	1,584	(47)	-2.9%	330	12	3.8%	115	2	1.9%							
2003	130,100	(350)	-0.3%	1,573	(11)	-0.7%	335	5	1.7%	118	3	2.5%	53.4	(0.2)	-0.4%		18.7	0.5	3.0%
2004	131,509	1,409	1.1%	1,592	19	1.2%	348	13	3.8%	121	3	2.2%							
2005	133,747	2,238	1.7%	1,636	45	2.8%	357	9	2.6%	125	4	3.4%							
2006	136,125	2,378	1.8%	1,690	54	3.3%	366	10	2.7%	129	5	3.7%							
2007	137,645	1,520	1.1%	1,743	53	3.1%	377	11	3.0%	133	4	2.9%							
2008	136,852	(793)	-0.6%	1,760	17	1.0%	373	(4)	-1.0%	134	1	0.7%							
2009	130,876	(5,976)	-4.4%	1,670	(90)	-5.1%	355	(18)	-4.8%	131	(3)	-2.5%							
2010	129,917	(959)	-0.7%	1,644	(27)	-1.6%	355	(1)	-0.2%	129	(1)	-1.0%							
2011	131,497	1,580	1.2%	1,671	28	1.7%	358	3	0.8%	129	0	0.0%							
2012	133,739	2,242	1.7%	1,712	40	2.4%	357	(0)	-0.1%	129	(1)	-0.6%	53.1	13	-0.1%		23.5	6	2.3%
2013	135,930	2,191	1.6%	1,798	87	5.1%	358	0	0.1%	129	0	0.3%	53.8	0.7	1.3%		23.8	0.3	1.3%
<b>Historical Average</b>																			
10-Yr		583	0.4%		22.5	1.3%		2.3	0.7%		1.1	0.9%		0.0	0.1%			0.5	2.4%
15-Yr		660	0.5%		14.8	0.9%		0.9	0.3%		1.0	0.8%		(0.0)	-0.1%			0.5	2.6%
2013 vs. Peak			<b>-1.2%</b>			<b>0.0%</b>			<b>-5.1%</b>			<b>-3.8%</b>			<b>-1.1%</b>				<b>0.0%</b>

**EXHIBIT II-3  
EMPLOYMENT TRENDS  
MARKET AREAS  
1990 THROUGH 2013**



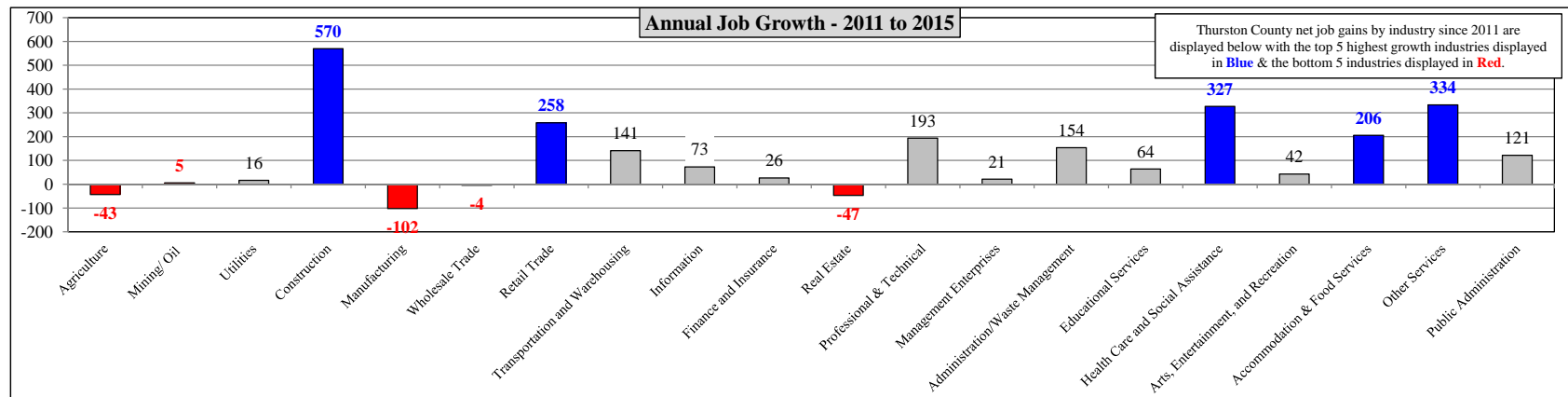
Source:  
US Bureau of Labor Statistics; ESD - Washington State, U.S. Census, Moody's; Thurston RPC

Note: "Seattle MSA" - eight county WA region: King, Snohomish, Pierce, Kitsap, Thurston, Skagit, Island and Mason Counties

EXHIBIT II-4

EMPLOYMENT BY INDUSTRY  
THURSTON COUNTY, WASHINGTON  
2011 THROUGH 2015

Industry	2011	Job %	(TRPC Projection) 2015	5 Yr Annual Growth 2011 to 2015	
				Num.	%
Agriculture	1,828	1.4%	1,613	-43	-2.5%
Mining/ Oil	123	0.1%	150	5	4.0%
Utilities	168	0.1%	250	16	8.3%
Construction	5,532	4.3%	8,380	570	8.7%
Manufacturing	3,710	2.9%	3,200	-102	-2.9%
Wholesale Trade	3,431	2.7%	3,410	-4	-0.1%
Retail Trade	14,809	11.5%	16,100	258	1.7%
Transportation and Warehousing	2,255	1.8%	2,960	141	5.6%
Information	1,265	1.0%	1,630	73	5.2%
Finance and Insurance	4,249	3.3%	4,380	26	0.6%
Real Estate	5,625	4.4%	5,390	-47	-0.8%
Professional & Technical	7,065	5.5%	8,032	193	2.6%
Management Enterprises	776	0.6%	882	21	2.6%
Administration/Waste Management	5,617	4.4%	6,386	154	2.6%
Educational Services	2,791	2.2%	3,111	64	2.2%
Health Care and Social Assistance	14,253	11.1%	15,889	327	2.2%
Arts, Entertainment, and Recreation	2,748	2.1%	2,960	42	1.5%
Accommodation & Food Services	8,172	6.4%	9,200	206	2.4%
Other Services	7,402	5.8%	9,070	334	4.1%
Public Administration	36,493	28.4%	37,100	121	0.3%
<b>Total County Jobs (1)</b>	<b>129,295</b>	<b>100%</b>	<b>142,000</b>	<b>2,541</b>	<b>1.9%</b>



Source: TRPC

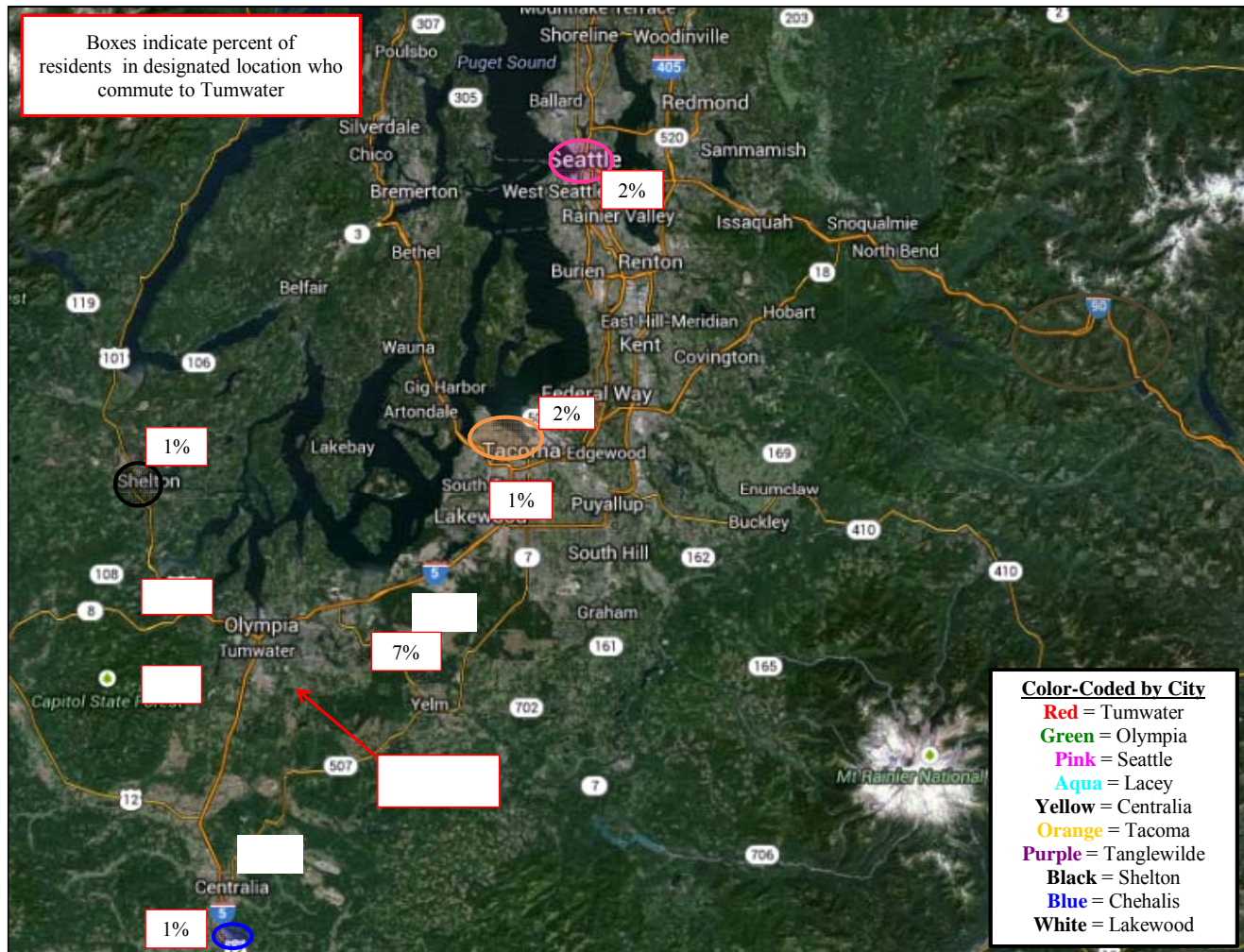
(1): "Total County Jobs" - sourced from NAICS coded jobs and may included non-primary jobs



EXHIBIT II-5

COMMUTING PATTERNS  
TUMWATER  
APRIL 2014

- As of the 2011 Census, 12% of Tumwater workers live within Olympia, 8% live in Tumwater and 7% live in Lacey
- 33% of Tumwater employed residents commute within Olympia, 15% commute to Tumwater and 8% commute to Lacey



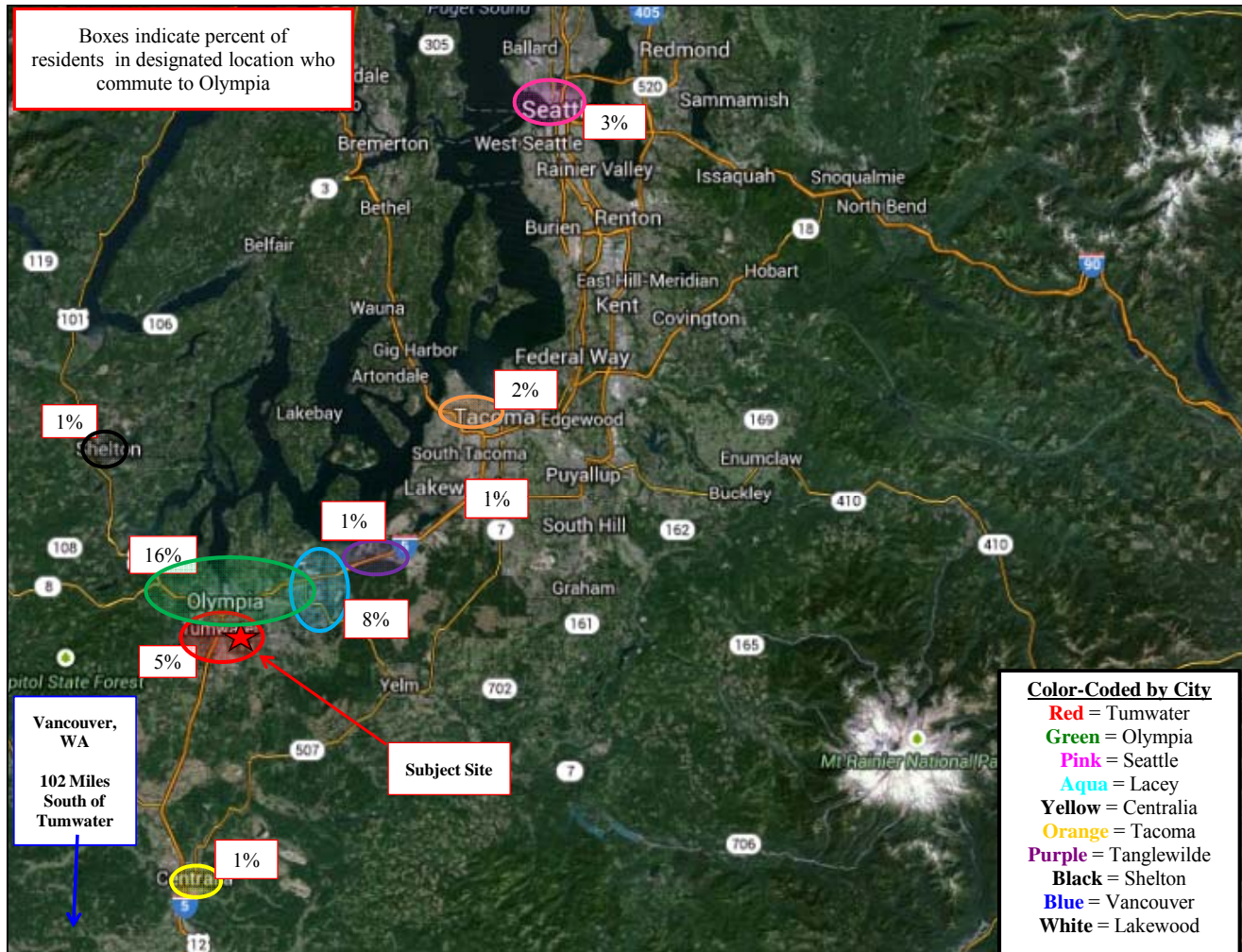
2011 Tumwater Commute Patterns		
<b>Living in Tumwater</b>		
Commute to:	Share	Number
Olympia	33%	2,298
Tumwater	15%	1,062
Lacey	8%	582
Seattle	5%	313
Tacoma	3%	177
Spokane	1%	83
Lakewood	1%	81
Bellevue	1%	76
Kent City	1%	59
Everett	1%	49
Other	31%	2,150
<b>Total:</b>	<b>100%</b>	<b>6,930</b>
<b>Working in Tumwater</b>		
Commute from:	Share	Number
Olympia	12%	1,630
Tumwater	8%	1,062
Lacey	7%	1,022
Seattle	2%	272
Centralia	2%	227
Tacoma	2%	223
Tanglewilde	1%	122
Shelton	1%	104
Chehalis	1%	103
Lakewood	1%	96
Other	65%	8,978
<b>Total:</b>	<b>100%</b>	<b>13,839</b>

Source: Longitudinal Employer-Household Dynamics, U.S. Census Bureau, 2011

EXHIBIT II-5

COMMUTING PATTERNS  
OLYMPIA  
APRIL 2014

- As of the 2011 Census, 16% of Olympia workers live within Olympia, 8% live in Lacey and 5% live in Tumwater
- 37% of Olympia employed residents commute within Olympia, 8% commute to Tumwater and 8% commute to Lacey



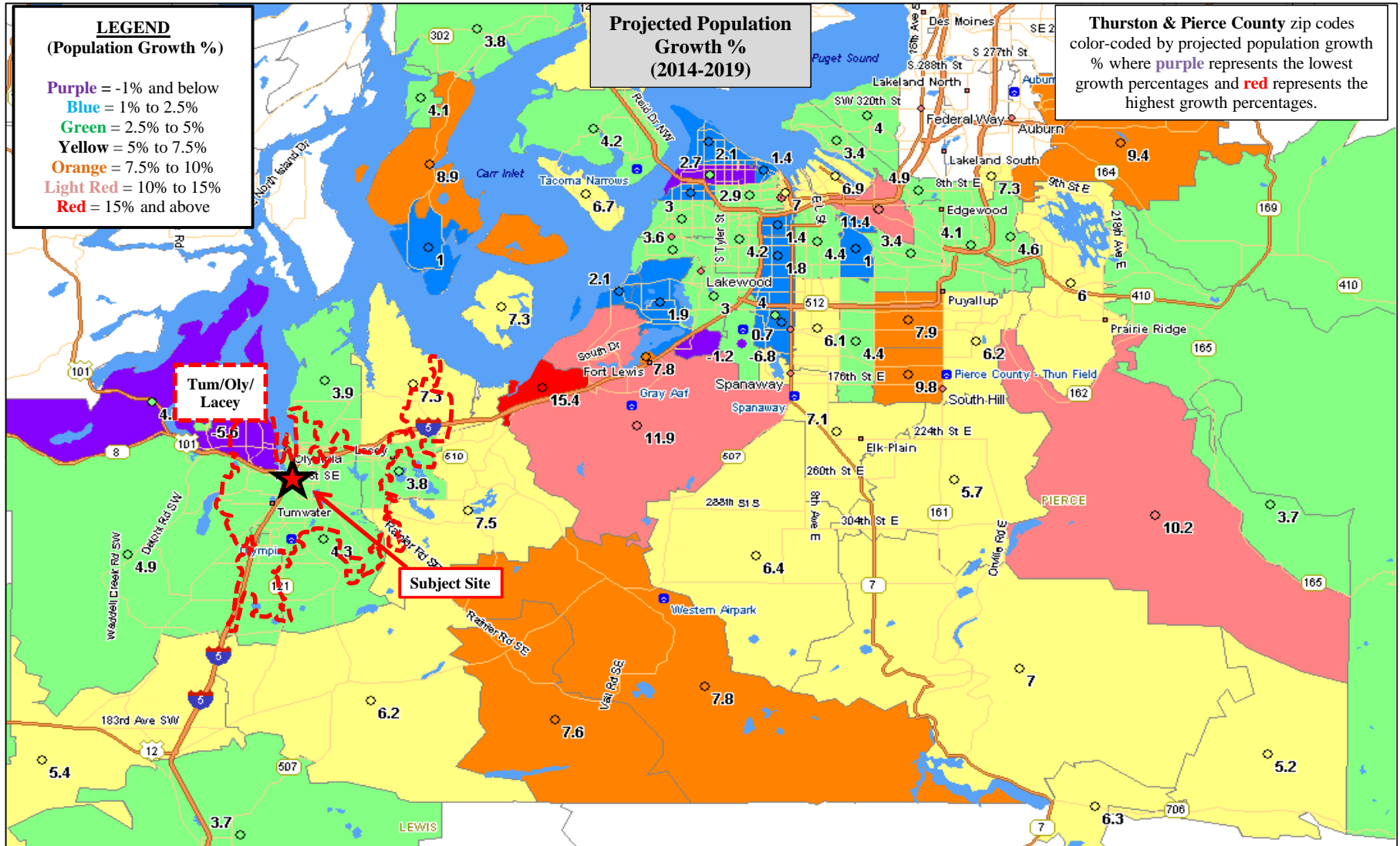
2011 Olympia Commute Patterns		
<b>Living in Olympia</b>		
Commute to:	Share	Number
Olympia	37%	7,422
Tumwater	8%	1,630
Lacey	8%	1,612
Seattle	6%	1,181
Tacoma	4%	822
Lakewood	2%	357
Bellevue	1%	277
Everett	1%	204
Kent City	1%	202
Tukwila	1%	162
Other	30%	5,974
<b>Total:</b>	<b>100%</b>	<b>19,843</b>
<b>Working in Olympia</b>		
Commute from:	Share	Number
Olympia	16%	7,422
Lacey	8%	3,674
Tumwater	5%	2,298
Seattle	3%	1,372
Tacoma	2%	1,094
Tanglewilde	1%	467
Centralia	1%	458
Shelton	1%	357
Vancouver	1%	329
Lakewood	1%	305
Other	62%	29,001
<b>Total:</b>	<b>100%</b>	<b>46,777</b>

Source: Longitudinal Employer-Household Dynamics, U.S. Census Bureau, 2011



EXHIBIT II-6

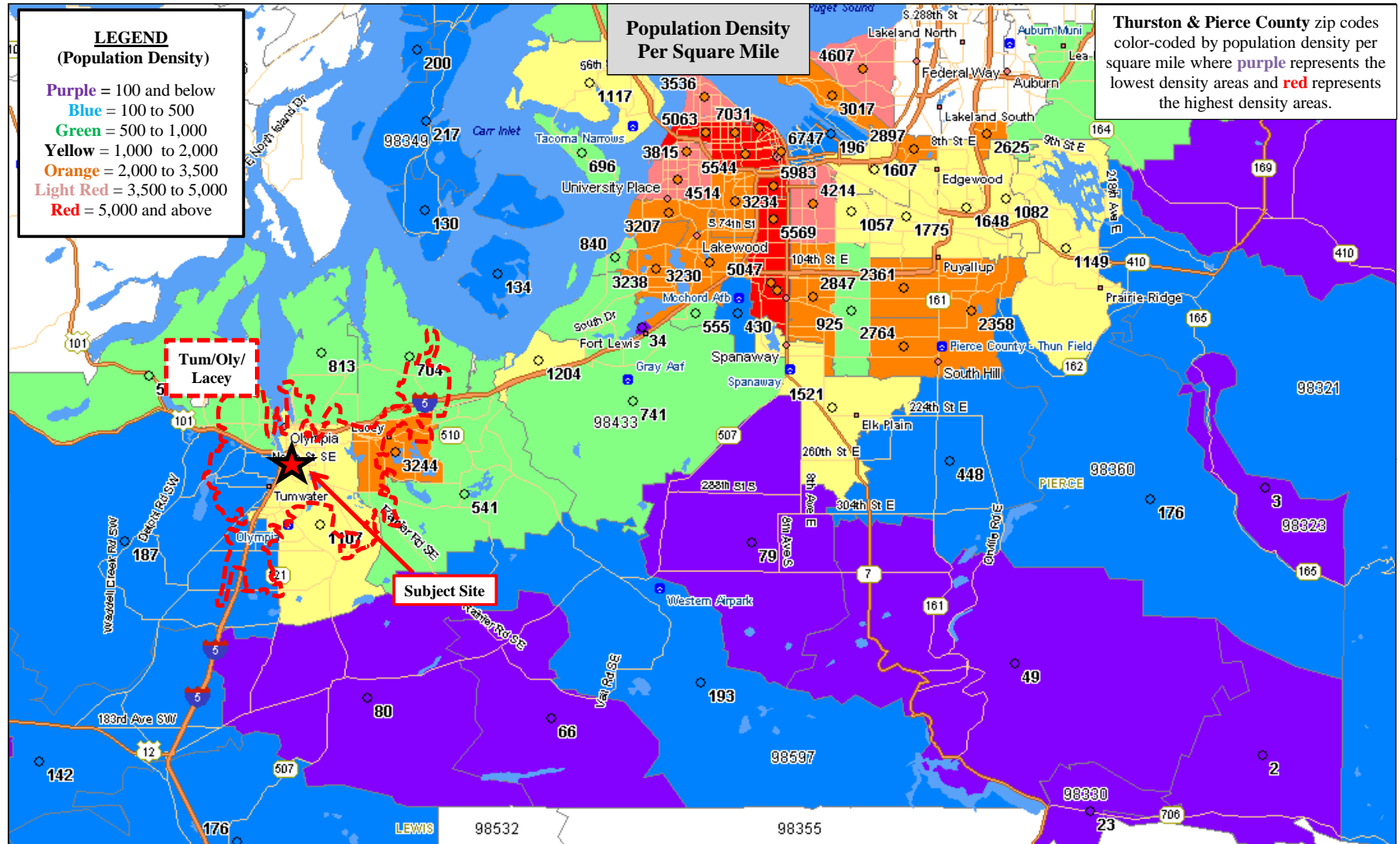
POPULATION MAP - GROWTH BY ZIP CODE  
THURSTON & PIERCE COUNTY  
MARCH 2014



Source: Claritas

EXHIBIT II-7

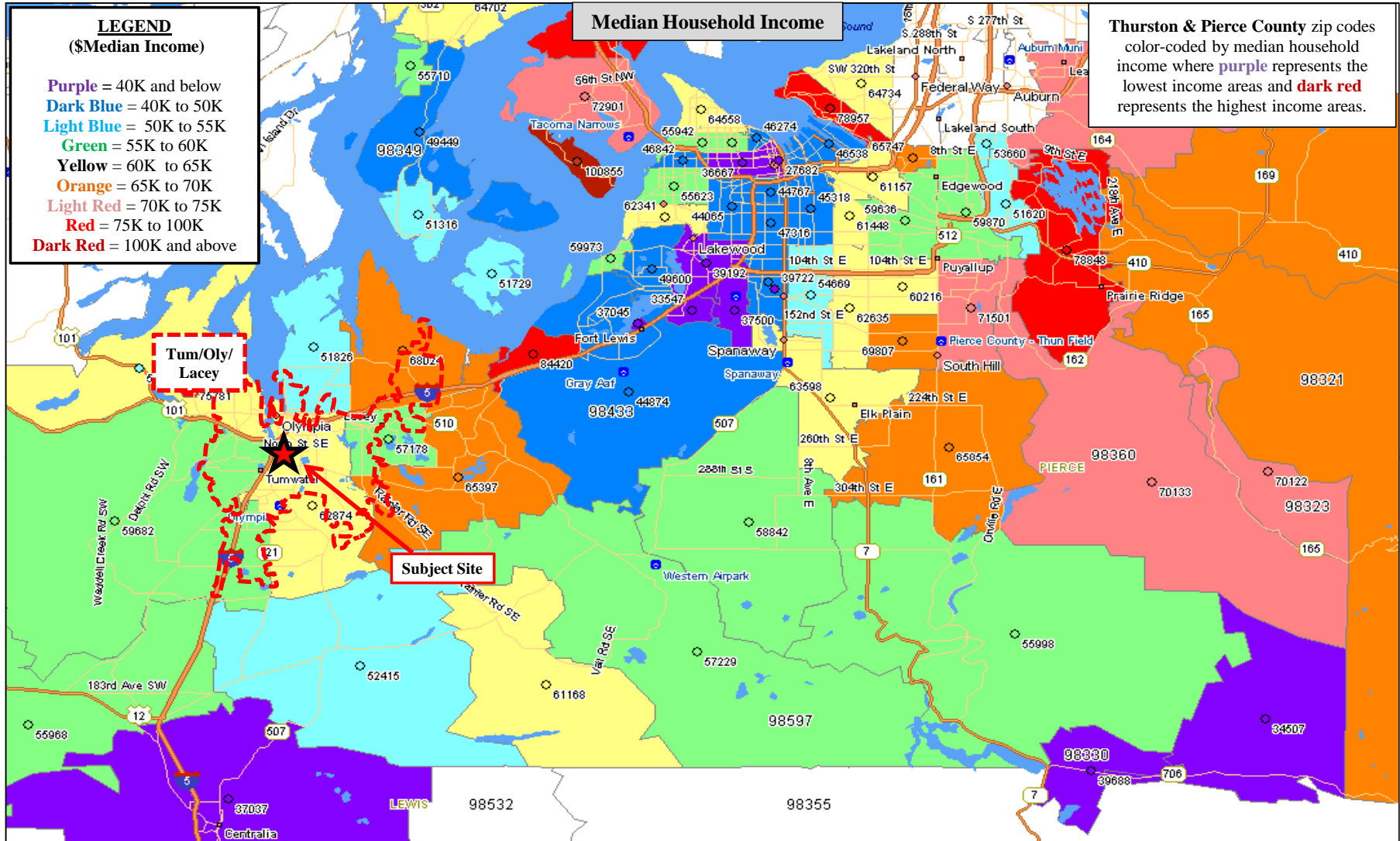
POPULATION MAP - DENSITY BY ZIP CODE  
THURSTON & PIERCE COUNTY  
MARCH 2014



Source: US Census Bureau, US Gazetteer 2013

EXHIBIT II-8

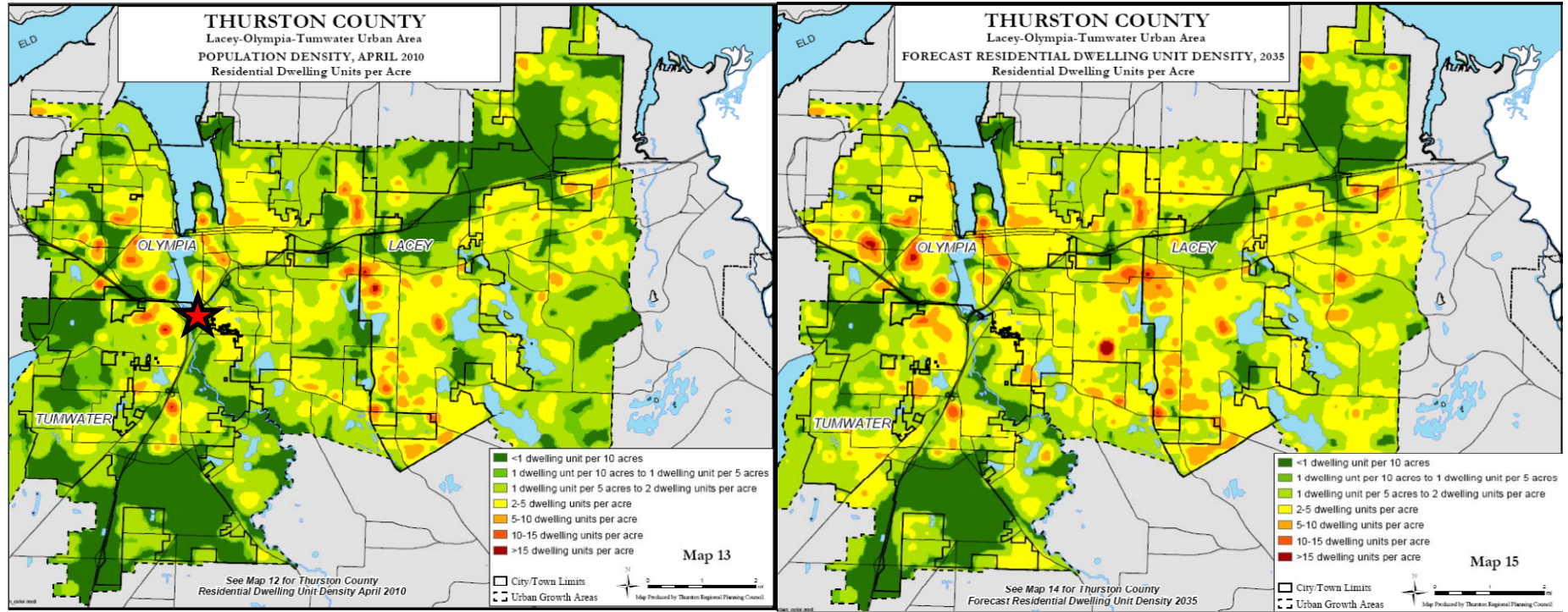
POPULATION MAP - MEDIAN INCOME BY ZIP CODE  
THURSTON & PIERCE COUNTY  
MARCH 2014



Source: Claritas

EXHIBIT II-9

FORECASTED POPULATION DENSITY CHANGES  
 THURSTON COUNTY  
 MARCH 2014



Source: TRPC

### **III. ANALOGUE CASE STUDIES**

**EXHIBIT III-1**

**ANALOGUE PROJECTS  
LANDMARK - NEW BRAUNFELS, TEXAS  
MARCH 2014**

**Project:**  
 Name: Landmark  
 City: New Braunfels  
 State: Texas  
 Built: 1926 / 2005  
 Total Size (Acres): 26 Acres  
 Developer: Larry Peel & Company  
 Architect: Various

**Key Takeaways:**

**Development Challenges**

- The original power plant's renovation proved challenging. Since it was not designed for residential use, the developer has had a number of problems arise even as recently as December 2013. These challenges included the disassemblage of existing power plant equipment and the enormous amount of insulation work required to bring the building up to residential standards. The building continues to have problems with water seepage; leaks are a consistent problem despite preventative maintenance and the task of resealing or replacing decades of decaying grout was something the developer underestimated. (the grout refinishing and leak maintenance has proved two-three times more expensive than originally anticipated)

**Description:** Mixed-use development located 32 miles northeast of San Antonio along highway 46. Larry Peel Company (developer) specializes in developing multi-family housing in environmentally challenging areas. Development concept played on the convenience of an adjacent park for low rise product while creating an attractive public landmark (renovated power plant) for upscale apartments/ retail and office uses.

**Order of Development**

- The low rise product (Garden Apartments) were the first portion of the site to be developed. The development team had worked on dozens of low rise projects prior to the Landmark Lofts and felt confident in it's ability to deliver a "familiar" product while the power plant was being renovated. The next phase of the development was the opening of the Lofts building. In the first six months of leasing activity, only 20 units were rented. Despite the slow initial lease up pace, retail and office space, the final leg of the development, was easily filled; enthusiasm for the site's historic setting and green compatibility (LEED certification) was credited as a huge driver of business. Developer managed to lease up all retail and office spaces within a period of 3-6 months after the first tenant (a hair salon) had committed to the site. The Lofts have proved successful: current adjusted occupancy at 97% (11 units are being renovated)

<b>Land Uses:</b>		<b><u>Buildout Mix (by Sqft)</u></b>
Residential	X	315,000
Retail	X	9,000
Office	X	20,000
Civic		
Hotel		
		<hr/> <b>344,000</b>

**Synergies of Development**

- For residential use, the adjacency of a nearby park was credited for the success of the Garden Apartments. Residents have their own private access to the public park and this space offset the need to plan for additional green space on-site. Commercial tenants were not drawn to the site due to high occupancy rates; 80-90% of business comes from outside the community. Early adopters (a hair salon and photography store) were viewed as the initial "uphill" climb before other tenants quickly moved in.

**Residential Units:**  
 Name: Landmark Lofts/ Garden Apartments  
 Type: Apartments  
 Total Units: 112/178  
 Total Sold/Leased: ---  
 Resale Listings: N/A  
 Est. Occupancy: 91%/ 85%  
 Avg Sale Price/Rent: \$1,500 \$1,250  
 Avg Size: 1,015sqft / 965sqft  
 PSF: \$1.48/ \$1.30  
 \$ PSF Premium vs. Local Residential: 59%

**Lessons Learned**

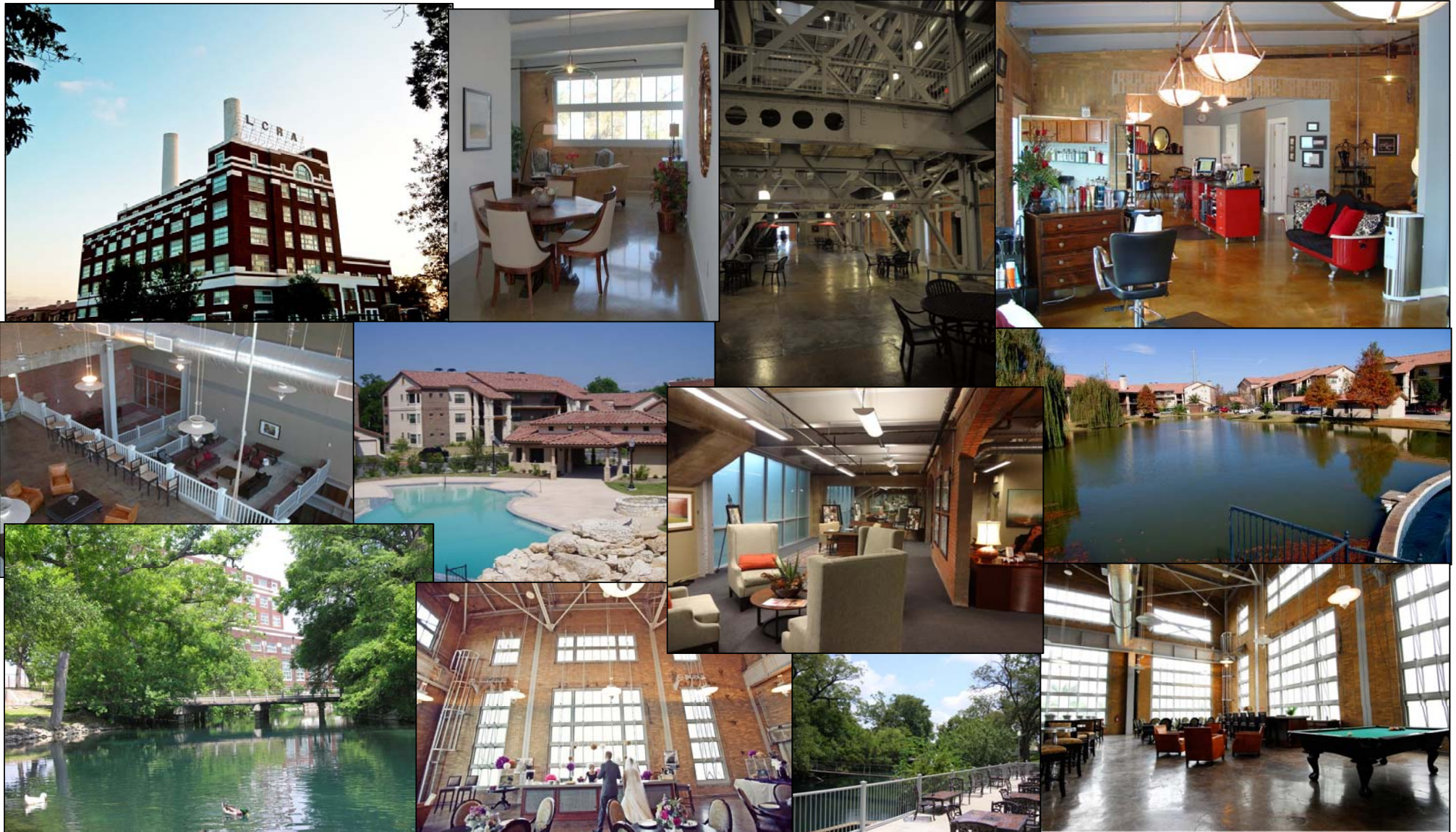
- (+) Plenty of green space essential for children and families with pets.
- (+) Private entry into the park seen as a key piece of programming.
- (+) Building the low rise product first, developer believed they could "do these in their sleep", was paramount to the success of the site. Developer believed sticking to familiar product while experimenting with factory renovations seen as a key foresight for the project.
- (+) Walkability - Residents highly appreciative of proximity to downtown (a 10 minute walk) and the local farmers markets which are hosted in the adjacent park every month.
- (-) Windows in existing building do not open; residents highly critical of the lack of patio space and non-operational windows, especially during summer months.
- (-) Flooring options: All loft apartments were renovated with concrete flooring; the lack of wood or carpet options for residents has been another feature the developer regrets not offering.
- (-) Budget for unforeseen renovation expenses (leaks, wiring) when dealing with early 20th century buildings

<b>Office Units:</b>		<b>Retail Units:</b>	
Number of Tenants:	6	Number of Tenants:	3
Avg Office Size:	1,065	Avg Retail Size:	1,065
Office Rents (\$/PSF):	\$1.65	Retail Rents (\$/PSF):	\$1.65
Office Occupancy:	100%	Retail Occupancy:	100%
Office \$PSF Premium	27%	Retail \$PSF Premium	32%



EXHIBIT III-1

ANALOGUE PROJECTS PICTURES  
LANDMARK - NEW BRAUNFELS, TEXAS  
MARCH 2014



**EXHIBIT III-2**

**ANALOGUE PROJECTS  
THE FACTORY AT FRANKLIN - FRANKLIN, TENNESSE  
MARCH 2014**

**Project:**  
 Name: The Factory at Franklin  
 City: Franklin  
 State: Tennessee  
 Built: 1926/2004  
 Total Size (Acres): 86 Acres  
 Developer: Calvin Lehue  
  
 Architect: Burke & Coffe Architects

**Key Takeaways:**

**Development Challenges**

- When the factory's final industrial tenants left the site, it sat abandoned for over a decade. Williamson County estimated the cost of asbestos removal from the factory at \$1Milliom USD. Calvin Lehue paid \$1Million is cash for the site and took out a \$10 Million USD loan for development costs. Developers solution to asbestos challenges was to tear down existing buildings and use for parking facilities. Lead paints used during early 20th century and proved more expensive than initial anticipated to remove while existing factory equipment (8 Ton steam generator) had to be segmented into dozens of pieces to remove from facility. Developer mention that historical building codes were particularly burdensome and accelerated development was only possible through existing relationship with Mayor and county officials.

**Description:** Mixed use development located 20 miles south of Nashville in Williamson The site was envisioned from day one as a commercial-centered site with a large portion of space reserved for town halls / open areas. Developer (Calvin Lehue) took a tenant by tenants approach to space design.

**Order of Development**

- Developer abided by a "one client at a time" philosophy. The first phase of development was the implementation of a "town square" area seen as a critical staging ground for community events. The first phase also focused on establish a retail presence with heavy focus on boutique restaurants. Restaurant space leased up very quickly (90% in one year) with tenants even adding personal funds into the development process to the total of over \$2 Million USD. The second phase of development sought to establish the site as an "innovation campus" for business. Significant money invented in electrical and internet infrastructure. Early tenants were a Los Angeles record company satellite office which leased 8 spaces (entire second floor) a television studio (Viking Corp Cooking affiliate) and several music studios for an Austin City music joint venture. Residential was the last element added to the site. The property released space building by building, section by section. No spaces in empty buildings were leased until current developments was near stable occupancy (85-90%).

<b>Land Uses:</b>		<b>Buildout Mix (by Sqft)</b>
Residential	X	10,000
Retail	X	155,000
Office	X	70,000
Civic	X	50,000
Hotel		
		<b>285,000</b>

**Synergies of Development**

- The development was not funded with any public money. The only subsidies were a federal historic tax credit estimated to save the developer \$150,000. Key to retail and commercial success was two-fold. First, developer limited first floor to retail and restaurants and second floor to office space. Retail tenants were enthusiastic about local and regional events (music festivals, fairs and farmers markets) offering excellent foot traffic and visibility. Secondly, developer invested significant resources into infrastructure, green space (10% of property) and offering NNN spaces at non-NNN rents with zero CAM charges. Tenants reciprocation was palpable; several tenants pre-paid leases and, upon moving, left valuable audiovisual and sound equipment in developers hands. Total value of unearned rents and equipments estimated at over \$1.8 Million USD in first 6 years alone.

**Residential Units:**  
 Name: none  
 Type: Apartments  
 Total Units: 6  
 Total Sold/Leased: ---  
 Resale Listings: N/A  
 Est. Occupancy: 100%  
 Avg Sale Price/Rent: \$1,050  
 Avg Unit Size: 805  
 PSF: \$1.30

**Lessons Learned**

- (+) Green space valuable for business as well as residents. 10% of land area dedicated to green and open space.
- (+) Town Center critical to drive large events (foot traffic/visibility) and seen a key first step.
- (+) Quality tenants were non-negotiable at early stages (year 1-2). Perception of site as a premier retail and office space hinged on local view of site as trendy. Early tenants were either in the music, tech or television industry.
- (+) Tenants satisfaction over bottom line paid tremendous dividends for developer: property sold for over \$24 Million USD on an initial investment of \$1Million/ \$10 Million loan. Net cash flows during final years exceeded \$2 Million USD per year in rents. Developer leniency on rents and build out concessions reciprocated several times over.
- (+) Williamson County demographics credited with some of the sites success. Median income in Williamson County is nearly 70% higher than Nashville Metro average.

<b>Office Units:</b>		<b>Retail Units:</b>	
Number of Tenants:	8	Number of Tenants:	28
Avg Office Size:	5,000-7,000	Avg Retail Size:	3,300-9,000
Office Rents (\$/PSF):	\$20.00	Retail Rents (\$/PSF):	\$16.50
Office Occupancy:	N/A	Retail Occupancy:	N/A
Office \$PSF Premium	10%	Retail \$PSF Premium	-8%



EXHIBIT III-2

ANALOGUE PROJECTS PICTURES  
THE FACTORY AT FRANKLIN - FRANKLIN, TENNESSE  
MARCH 2014



EXHIBIT III-3

ANALOGUE PROJECTS  
 PABST BREWERY DEVELOPMENT - MILWAUKEE, WISCONSIN  
 MARCH 2014

**Project:**  
 Name: Pabst Brewing Company  
 City: Milwaukee  
 State: Wisconsin  
 Built: 1890/1970/ 2007  
 Total Size (Acres): 21 Acres  
 Developer: Zilbert Development  
 Architect: Zilbert & Various

**Key Takeaways:**

**Development Challenges**

- The property went through several ownership tenures before major renovations began in 2007. Financing and approvals were seen as challenges during initial stages. Altruism of founder seen as a key reason for developments early success; private contributions totaled over \$8 Million USD. The cooperation of city officials streamlined the project (which had stalled several times over 2002-2006). The joint venture between the city and Zilbert, the largest public/ private JV in the history of the city gave the developer significant funds to commence the first three phases of development. As a condition of the developers commitment to the project the city agreed to fund an initial \$13 Million toward infrastructure improvements. To date, the city has also granted tax breaks on the areas retail shops and businesses. Total tax growth incentives to date totaled \$15 Million; total cash and tax breaks to date total over \$30 Million with an additional \$7 Million expected over the next two years.

**Description:** High Density Mixed use  
 Urban community 1 mile west of downtown Milwaukee.  
 a Site developed with sustainability and historic preservation in mind. the western side of the development. The developers stated that the charitable contributions of the firms founder and government assistance were critical to drive initial stages.

**Order of Development**

- The site will be developed in seven phases; First phase of development established a 95 unit apartment complex (Blue Ribbon Lofts) as the centerpiece of the first phase (Block 4). Developer played on the strengths of the three blocks (four, five and one) adjacency to the Interstate 43 to drive traffic to the site. Second phase of development was the addition of parking structures and retail/ commercial space. Third phase of development brought in civic and hotel components. Development of blocks two, three and seven has proved challenging as most commercial tenants are only interested in space near highway (visibility in rear blocks still an outstanding issue)

Land Uses:		Buildout Mix (by Sqft)	
Residential	X	555,000	250 units (incl senior housing)
Retail	X	60,000	
Office	X	485,000	(incl education)
Civic	X	100,000	
Hotel	X	80,000	90 rooms (office and retail)
		<b>1,280,000</b>	

**Synergies of Development**

- Development of old factory buildings necessitated beginning current apartment facilities on vacant land. Developer wanted to have sta revenue (residential and commercial rents) before undergoing expensive task of renovating 90 year old buildings (developers underesti costs of retrofitting oddly shaped industrial building with significant wear and tear and un-uniformed ceiling heights) Building along fi (initially seen as undesirable) helped drive the second phases (commercial) and influenced cities willingness to put further funds into development.

**Residential Units:**  
 Name: Blue Ribbon Lofts  
 Type: Apartments  
 Total Units: 95  
 Resale Listings: N/A  
 Est. Occupancy: 94%  
 Avg Sale/ Rent Price: \$691  
 Avg Unit Size: 1,162  
 Rent per Square Foot: \$0.59

**Lessons Learned**

- (+) Office tenants incentivized to rent from site via historic tax credits (5-10% rent reduction)
- (+) Commercial tenants found location highly desirable due to visibility (located on a hill overlooking downtown), traffic count 60,000 - 70,000 cars per day, and easy of commute (located near 4 way highway interchange)
- (+) The addition of a bus stop at the brewery key for lower income residents in subsidized housing
- (+) Developer let the marketplace dictate tenants. For example, developer initially intended the site as strictly residential/comm Key tenants however have been educational institutions (UWM School of Public Health) and hotels (Brew house Inn & Sui
- (-) Lack of neighborhood services (pharmacy, coffee shop, dry cleaning) a critical oversight by developer. If Zilbert could start they would have added these services from the beginning.
- (-) Developer estimated that only 3% of space was allocated to green or open areas. Lack of space for gatherings (public) and p use (families with children or residents with dogs) seen as residents largest area of concern.
- (-) Budget for unforeseen renovation expenses (leaks, wiring) when dealing with early 20th century buildings
- (-) Multiple sources of funding (private, public) key to early success as traditional cash flows were not achievable in first 3-4 years.

Office Units:		Retail Units:	
Number of Tenants:	9	Number of Tenants:	3
Avg Office Size:	4,100	Avg Retail Size:	3,500
Office Rents (\$/PSF):	\$16.00	Retail Rents (\$/PSF):	\$12.50
Office Occupancy:	N/A	Retail Occupancy:	N/A

\* Existing apartment units are either affordable or senior housing.



EXHIBIT III-3

ANALOGUE PROJECTS PICTURES  
PABST BREWERY DEVELOPMENT - MILWAUKEE, WISCONSIN  
MARCH 2014

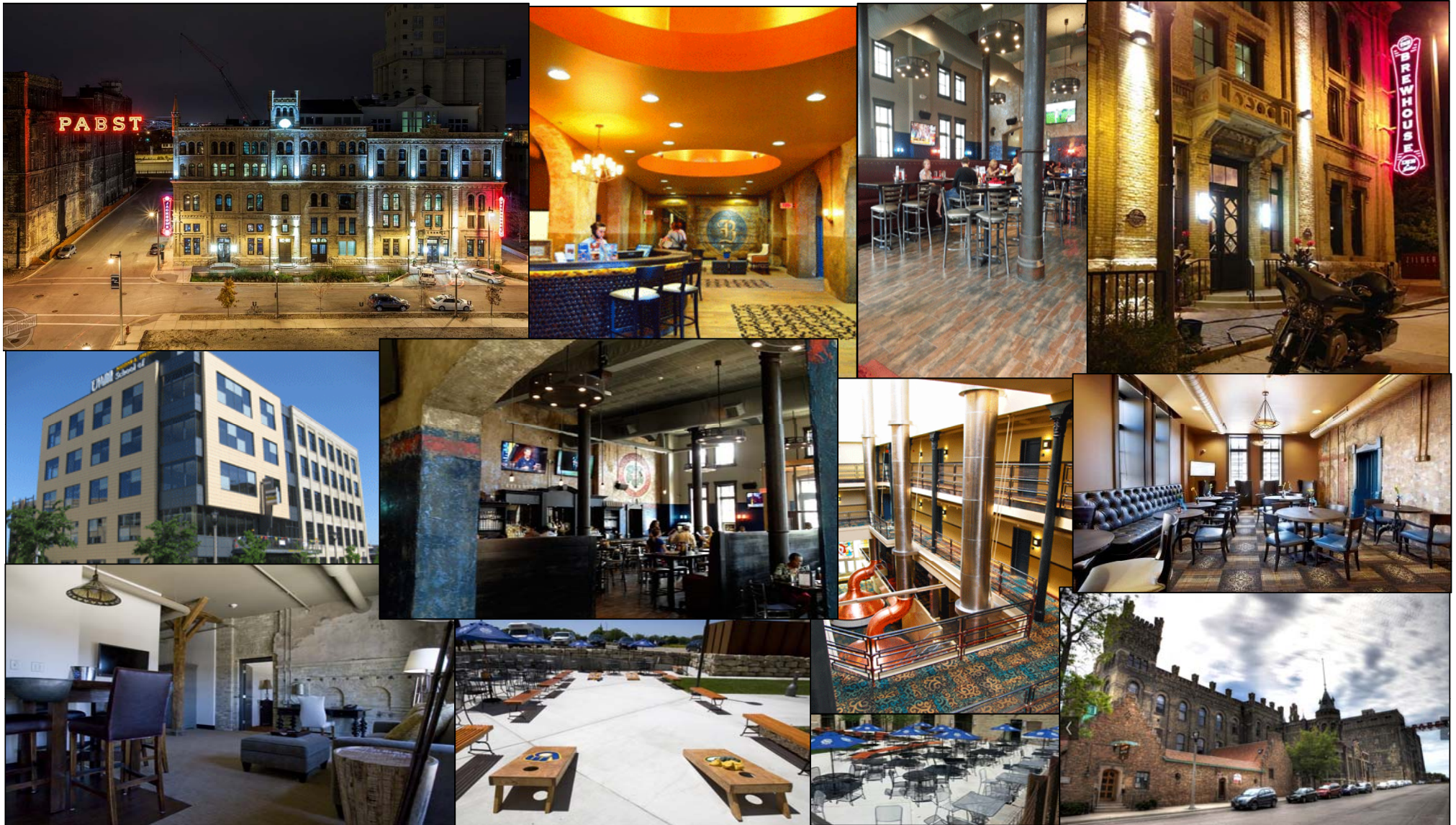


EXHIBIT III-4

ANALOGUE PROJECTS  
PEARL BREWERY - SAN ANTONIO, TEXAS  
MARCH 2014

**Project:**

Name: Pearl Brewery  
City: San Antonio  
State: Texas  
Built: 2008  
Total Size (Acres): 22 acres  
Developer: Silver Ventures  
Architect: Lake & Flato

**Key Takeaways:**

**Development Challenges**

- Brewery complex vacated in 2001 by Pabst Brewing Company. Silver Ventures purchase the property during the same year and faced several challenges to get development started; chiefly financing and zoning restrictions. The public sector help subsidizes the development through tax abatements (both at the city and county level) and waived building permit fees, inspection fees and gave financial assistance for utility upgrades. Developing sufficient parking at the site was another challenge; even with a dedicated garage for the residents, the development team estimated a shortfall of 150-250 spaces. The city helped bridge this shortfall by leasing out two adjacent parking lots near and under the 281 freeway (with discounted rents) to accommodate additional retail traffic. The parking lots have also been useful staging grounds for city events (4th of July events, farmers markets).

**Order of Development**

- The first portion of the site to be developed were commercial spaces (Aveda Institute and Culinary Institute of America) Development team had to perform extensive demolition at the site; to avoid noise disturbances, the second phase (retail) was prioritized over residential until the majority of demolition was completed. Retail presence made the launch of the Can Plant Apar much more successful. The fourth phase of development, currently underway, is focusing on additional residences, five more retail shops and a 146 room Kimpton hotel located at the original brewery site.

**Synergies of Development**

- Residential development played off the adjacency to the San Antonio riverwalk development; downtown San Antonio is accessible via nearby promenade. Live work options credited as initial catalyst for alpha tenants as well as an established retail presence and local neighborhood services. Initial retail, especially restaurants, struggled early on as development team played with configurations (multiple floor retail and spreading out restaurants). Commercial tenants attracted by sustainability aspects (LEED Certified) as well as historic re-vitalization efforts. Developer specifically mentioned that San Antonio has a unique development opportunity (virtually no condos available in most urban Texas markets). Housing affordability is such that condo development is impractical. The failure of multiple developers to launch downtown San Antonio condo projects gave Silver ventures an opening to establish a unique rental community.

**Lessons Learned**

- (+) Bike share program very successful; city of San Antonio is planning to triple public bike stations around the site. Kimpton Hotels will add their own public bike kiosk for hotel guests and tourists.
- (+) Riverwalk expansion connected resident to downtown SA and increased walkability of the site.
- (+) The Pearl Brewery has maintained a dedicated marketing team for five straight years (most developers outsource marketing and staff turnover is frequent in these cases) Employees product knowledge and relationship with commercial tenants credit for a large part of the successful re-launch of the Brewery's retail component.
- (-) Ground floor retail - initial retailers were placed in raised platform setting in a former shipping facility; foot traffic was far below expectations. When this format was dropped and adjusted to a ground floor format, retail sales increased by 3x
- (-) Green Space - existing green space has not been adequate; residents critical of the lack of green and open space for pets and children. If the developer were to start over today, would have built another a raised parking garage at one location and turn second parking lot into green space/ park. Developer also experimented with the idea of rooftop green areas.
- (-) Retail Synergy: the development team noted that the critical mass for a successful restaurants presence is 4-5 restaurants. The initial three restaurants took 12 months to reach acceptable patronage while the next nine were leased and running successfully within half the time. Clustering restaurants and offering multiple choices are key for dependable patronage

**Description:**

High Density mixed use development that rehabilitated old "brewery district" in San Antonio, TX to emphasize walkability and sustainability. Design drew inspiration from the early century look " industrial brick and mortar" look of the old brewery.

**Land Uses:**

**Buildout Mix (by Sqft)**

Residential	X	450,000
Retail	X	100,000
Office	X	120,000
Civic		
Hotel	X	160,000
		<b>830,000</b>

**Residential Units:**

Name: Can Plant Residences  
Type: Apartments  
Total Units: 293  
Total Sold/Leased: 283  
Resale Listings: 0  
Est. Occupancy: 97%  
Avg Sale Price/Rent: \$1,593  
Avg Unit Size: 871  
Rent per Square Foot: \$1.83  
\$ PSF Premium vs. Local Residential: 82%

**Office Units:**

Number of Tenants: 25  
Avg Office Size: 5,060  
Office Rents (\$/PSF): \$24.00  
Office Occupancy: 98%  
Office \$PSF Premium: 20%

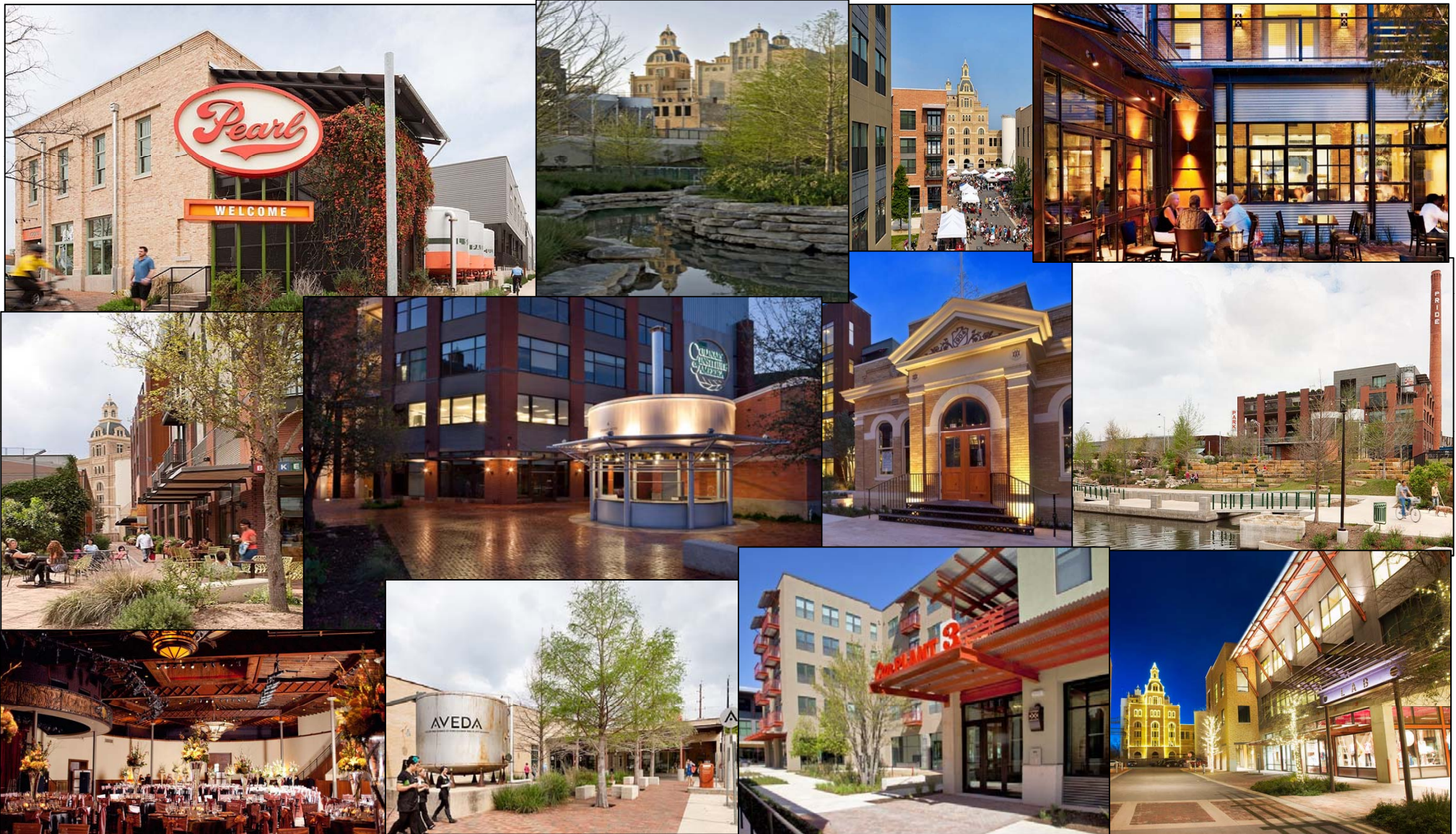
**Retail Units:**

Number of Tenants: 28  
Avg Retail Size: 2,500  
Retail Rents (\$/PSF): \$22.00  
Retail Occupancy: 86%  
Retail \$PSF Premium: 24%



EXHIBIT III-4

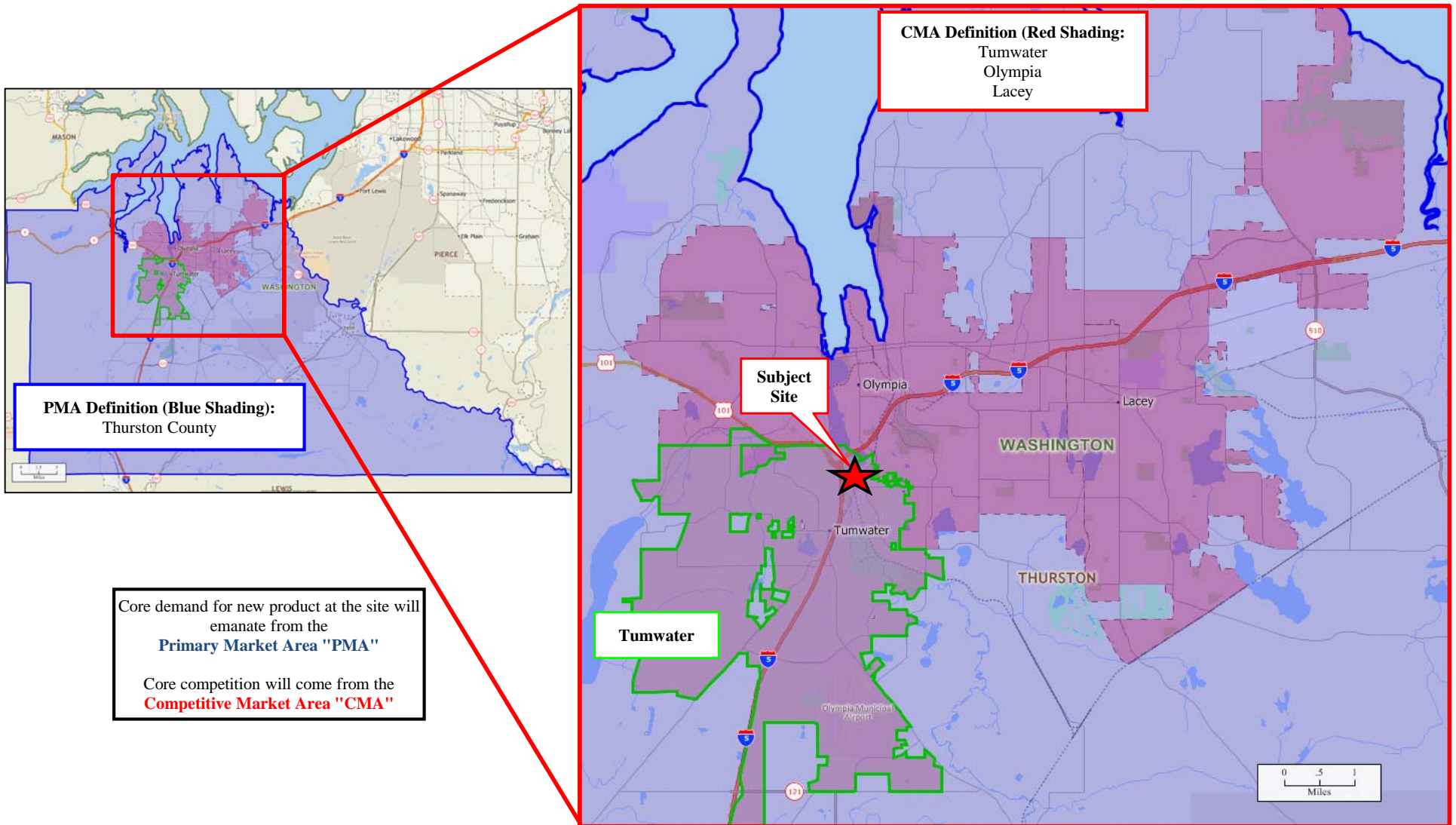
ANALOGUE PROJECTS PICTURES  
PEARL BREWERY - SAN ANTONIO, TEXAS  
MARCH 2014



## **IV. APARTMENT MARKET ANALYSIS**



EXHIBIT IV-1  
 REGIONAL LOCATION  
 MARKET AREAS  
 MARCH 2014



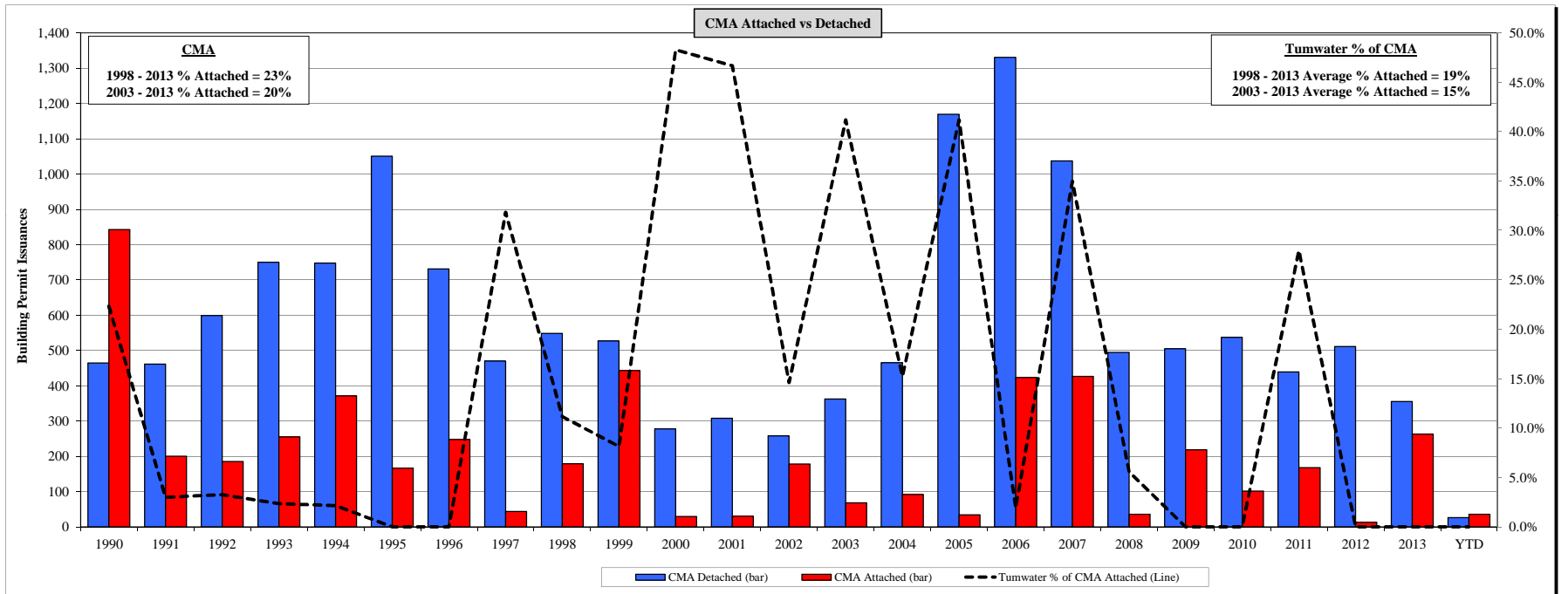
**EXHIBIT IV-2**  
**BUILDING PERMITS TRENDS**  
**COMPETITIVE MARKET AREA**  
**1990 THROUGH 2013**

**CMA - Cities of Tumwater, Olympia and Lacey, Washington**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	YTD
Detached	464	461	599	750	747	1,050	731	470	548	527	278	308	258	362	465	1,169	1,330	1,037	494	505	537	439	511	355	26
Attached	842	200	185	255	371	166	248	44	179	443	29	30	178	68	92	34	423	426	36	218	101	168	13	263	36
% Attached	64%	30%	24%	25%	33%	14%	25%	9%	25%	46%	9%	9%	41%	16%	17%	3%	24%	29%	7%	30%	16%	28%	2%	43%	58%
<b>Total:</b>	<b>1,306</b>	<b>661</b>	<b>784</b>	<b>1,005</b>	<b>1,118</b>	<b>1,216</b>	<b>979</b>	<b>514</b>	<b>727</b>	<b>970</b>	<b>307</b>	<b>338</b>	<b>436</b>	<b>430</b>	<b>557</b>	<b>1,203</b>	<b>1,753</b>	<b>1,463</b>	<b>530</b>	<b>723</b>	<b>638</b>	<b>607</b>	<b>524</b>	<b>618</b>	<b>62</b>
% Change		-49%	19%	28%	11%	9%	-19%	-47%	41%	33%	-68%	10%	29%	-1%	30%	116%	46%	-17%	-64%	36%	-12%	-5%	-14%	18%	-90%

**City of Tumwater**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	YTD
Detached	62	43	78	79	86	48	28	35	79	53	36	32	5	30	71	73	15	132	101	48	136	130	122	0	0
Attached	188	6	6	6	8	0	0	14	20	36	14	14	26	28	14	8	149	2	0	0	0	47	0	0	0
% Attached	75%	12%	7%	7%	9%	0%	0%	29%	20%	40%	28%	30%	84%	48%	16%	16%	35%	53%	2%	0%	0%	27%	0%	---	---
<b>Total:</b>	<b>250</b>	<b>49</b>	<b>84</b>	<b>85</b>	<b>94</b>	<b>48</b>	<b>28</b>	<b>49</b>	<b>99</b>	<b>89</b>	<b>50</b>	<b>46</b>	<b>31</b>	<b>58</b>	<b>85</b>	<b>87</b>	<b>23</b>	<b>281</b>	<b>103</b>	<b>48</b>	<b>136</b>	<b>177</b>	<b>122</b>	<b>0</b>	<b>0</b>
% Change		-80%	71%	1%	11%	-49%	-42%	75%	102%	-10%	-44%	-8%	-33%	87%	47%	2%	-74%	1122%	-63%	-53%	183%	30%	-31%	-100%	---
% of CMA Detache	13%	9%	13%	11%	12%	5%	4%	7%	14%	10%	13%	10%	2%	8%	15%	6%	1%	13%	20%	10%	25%	30%	24%	0%	0%
% of CMA Attache	22%	3%	3%	2%	2%	0%	0%	32%	11%	8%	48%	47%	15%	41%	15%	41%	2%	35%	6%	0%	0%	28%	0%	0%	0%



Source: U.S. Department of Housing and Urban Development

**EXHIBIT IV-3**

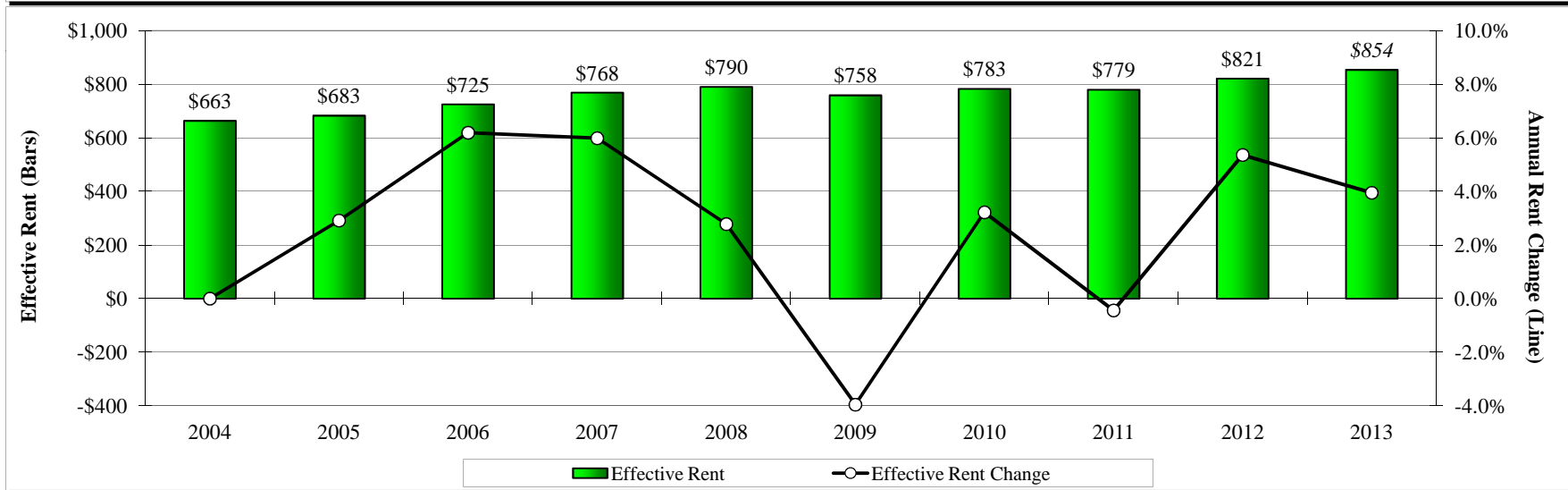
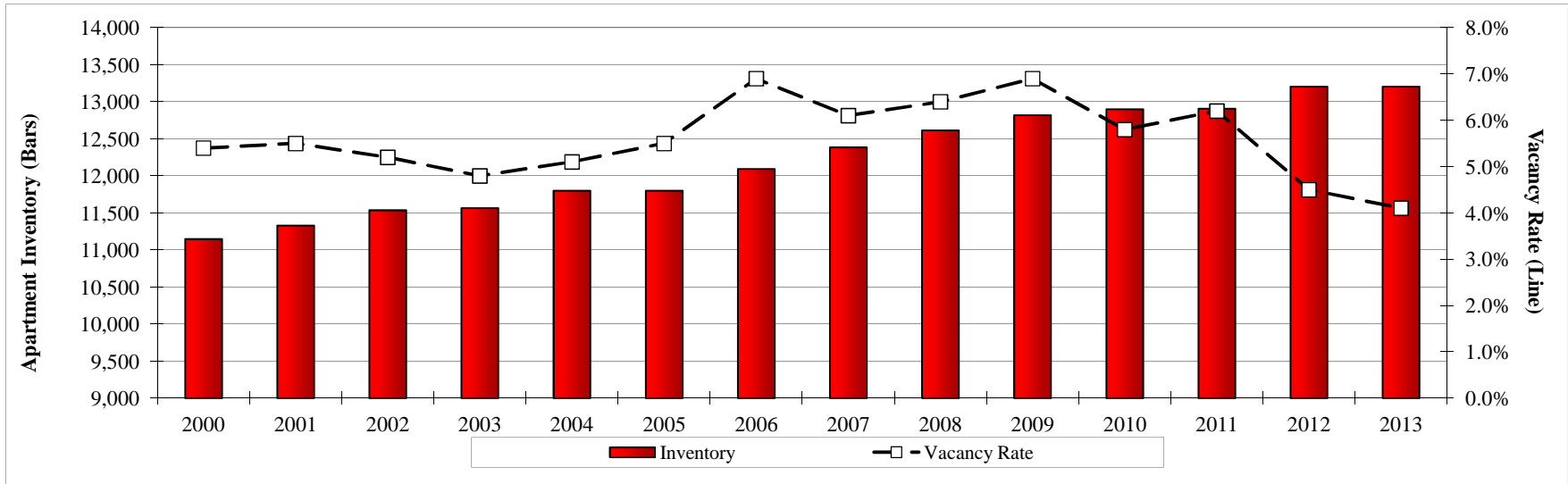
**APARTMENT MARKET TRENDS  
OLYMPIA MSA AND CMA  
2000 THROUGH 2013**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>3 Yr Avg.</b>	<b>5 Yr Avg.</b>	<b>10 Yr Avg.</b>
<b><i>Olympia MSA</i></b>																	
Employment (000s)	114.6	112.9	115.1	118.0	120.6	124.7	129.2	133.0	134.0	130.6	129.3	129.3	128.6	128.9	128.9	129.3	128.8
Employment Growth		-1.7	2.2	2.9	2.6	4.1	4.6	3.8	1.0	-3.4	-1.3	0.0	-0.7	0.4	-0.1	-1.0	1.1
% Change		-1.5%	1.9%	2.5%	2.2%	3.4%	3.7%	2.9%	0.7%	-2.5%	-1.0%	0.0%	-0.6%	0.3%	-0.1%	-0.8%	0.9%
Inventory	11,147	11,330	11,536	11,565	11,800	11,800	12,093	12,385	12,614	12,820	12,900	12,908	13,204	13,204	13,105	13,007	12,573
Completions	0	183	206	29	235	0	293	292	229	206	80	8	296	0	101	118	164
Vacancy Rate	5.4%	5.5%	5.2%	4.8%	5.1%	5.5%	6.9%	6.1%	6.4%	6.9%	5.8%	6.2%	4.5%	4.1%	5%	6%	6%
Effective Rent	\$564	\$592	\$609	\$639	\$663	\$683	\$725	\$768	\$790	\$758	\$783	\$779	\$821	\$854	\$818	\$799	\$762
% Change						2.9%	6.2%	6.0%	2.8%	-4.0%	3.2%	-0.4%	5.4%	3.9%	3.0%	1.6%	2.9%
Net Absorption	---	161.79	229.28	73.752	188.32	-47.2	107.58	370.93	177.19	128.72	216.38	-44.1	502.12	52.816	170.28	171.19	165.28
<b><i>Tumwater/ South Olympia</i></b>																	
Inventory	2,159	2,159	2,159	2,159	2,159	2,159	2,292	2,292	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,336
% MSA	19.4%	19.1%	18.7%	18.7%	18.3%	18.3%	19.0%	18.5%	19.1%	18.8%	18.7%	18.7%	18.3%	18.3%	18.4%	18.5%	18.6%
Inventory	2,159	2,159	2,159	2,159	2,159	2,159	2,292	2,292	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,336
Completions	0	0	0	0	0	0	133	0	118	0	0	0	0	0	0	0	25
Vacancy Rate	5.5%	5.8%	5.5%	5.9%	7.0%	9.0%	6.8%	6.5%	7.0%	9.0%	6.7%	5.3%	5.2%	3.6%	4.7%	6.0%	6.6%
Effective Rent	\$570	\$582	\$600	\$640	\$645	\$675	\$735	\$795	\$805	\$755	\$810	\$760	\$830	\$860	\$817	\$803	\$767
% Change		2.1%	3.1%	6.7%	0.8%	4.7%	8.9%	8.2%	1.3%	-6.2%	7.3%	-6.2%	9.2%	3.6%	2.2%	1.5%	3.1%
Net Absorption	---	-6.477	6.477	-8.636	-23.75	-43.18	171.45	6.876	98.28	-48.2	55.43	33.74	2.41	38.56	24.903	16.388	29.162

Sources: Co-Star, TRPC

EXHIBIT IV-3

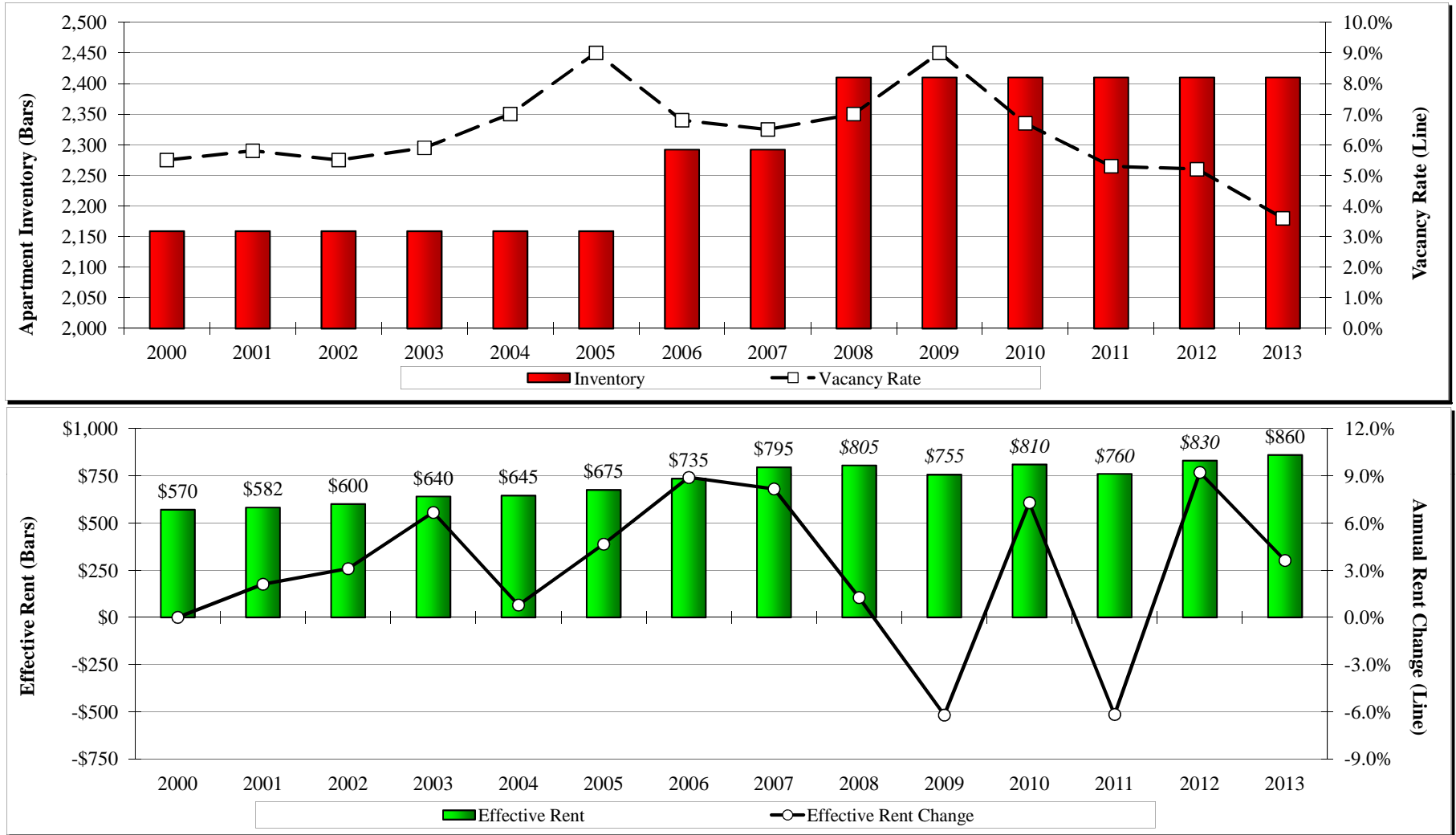
APARTMENT MARKET TRENDS  
OLYMPIA MSA  
2000 THROUGH 2013



Sources: Co-Star, TRPC

EXHIBIT IV-3

APARTMENT MARKET TRENDS  
TUMWATER  
2000 THROUGH 2013

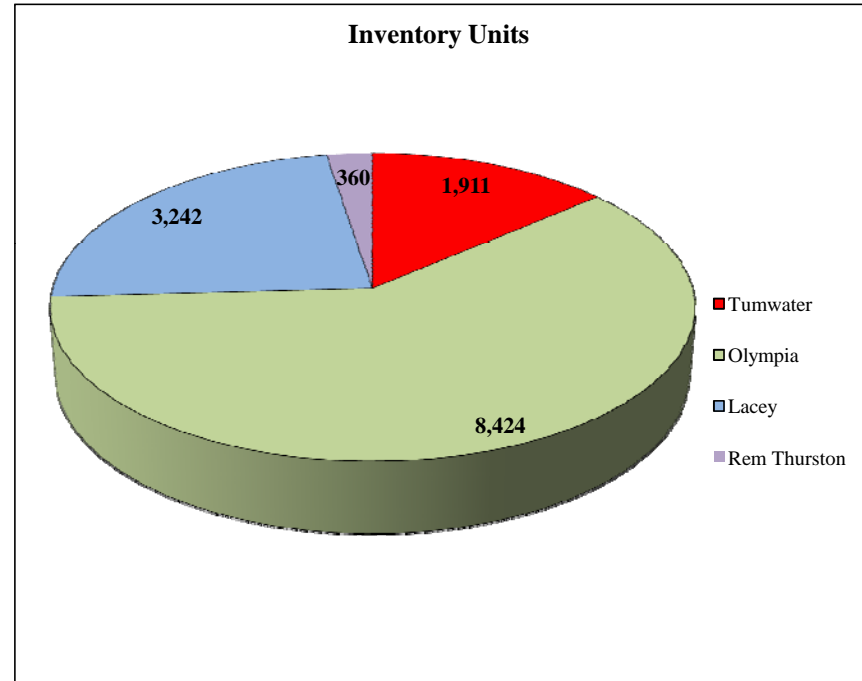
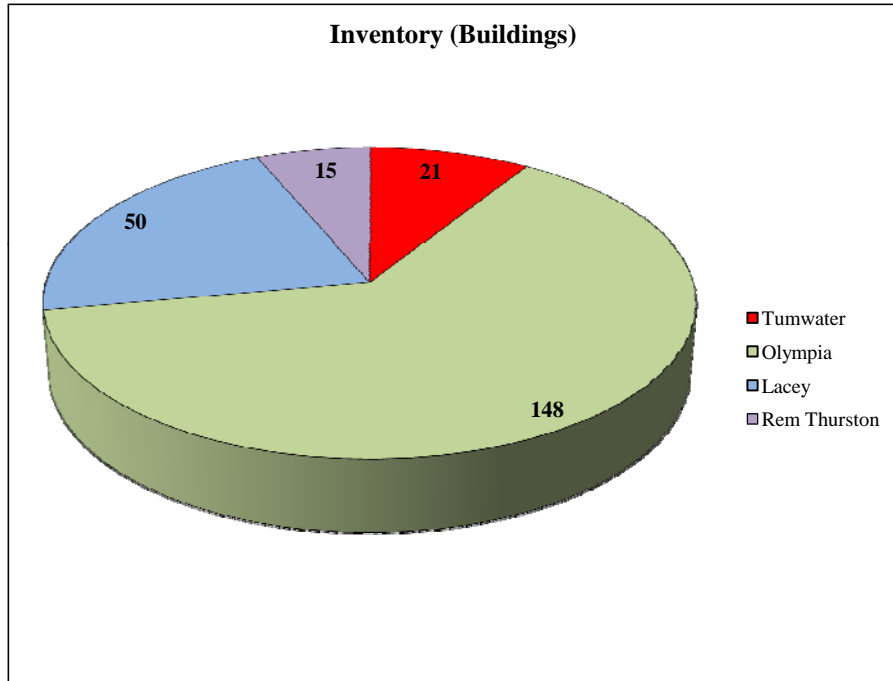


Sources: Co-Star, TRPC

EXHIBIT IV-3

APARTMENT MARKET TRENDS  
PRIMARY MARKET AREA  
4Q 2013

	Inventory (buildings)			Inventory (units)			Asking Rent 4Q13			Vacancy 4Q13		
	#	% PMA	% CMA	#	% PMA	% CMA	#	% PMA	% CMA	#	% PMA	% CMA
<i>PMA Submarkets</i>												
Tumwater	21	9%	10%	1,911	14%	14%	\$885	102%	101%	4.4%	107%	100%
Olympia	148	63%	68%	8,424	60%	62%	\$860	99%	98%	3.9%	95%	89%
Lacey	50	21%	23%	3,242	23%	24%	\$884	102%	101%	4.9%	119%	111%
<b>CMA</b>	<b>219</b>	<b>94%</b>		<b>13,577</b>	<b>97%</b>		<b>\$876</b>	<b>101%</b>		<b>4.4%</b>	<b>107%</b>	
Remaining Thurston County	15	6%		360	3%							
<b>Total/Average PMA</b>	<b>234</b>	<b>100%</b>		<b>13,937</b>	<b>100%</b>		<b>\$870</b>	<b>97%</b>		<b>4.1%</b>	<b>100%</b>	



Sources: Co - Star

EXHIBIT IV-4

APARTMENT COMPETITIVE INVENTORY - SUMMARY  
CMA  
MARCH 2014

Map Key	Community Name	Property Manager	City	Building		Walk Score	Year Built	Units	Occ. Rate	Floor-plans	Share of Units (Beds)				Unit Size	Average \$		Average \$/sf	
				Type (1)	Elev.						0	1	2	3		Min	Max	Min	Max
<b>Tumwater</b>																			
A	Hearthstone Apartments	Fulcrum	Tumwater	Garden	3s	68	2008	133	95%	6	2%	53%	36%	8%	851	\$967	\$1,038	\$1.14	\$1.22
B	Tabula Rasa	Greystar	Tumwater	Garden	2s	51	2008	118	85%	5	0%	15%	49%	36%	1,157	\$1,301	\$1,375	\$1.13	\$1.19
Subtotals/Weighted Averages:			2 Projects			60	2008	251	90%	6	1%	35%	42%	21%	995	\$1,124	\$1,196	\$1.13	\$1.20
<b>Olympia</b>																			
C	Capital Steps	Reeder Mgmt	Olympia	Low-Rise	3s	68	2004	26	100%	4	8%	92%	0%	0%	724	\$917	\$917	\$1.27	\$1.27
D	Tribeca Apt Homes	Thrive Communities	Olympia	Garden	3s	26	2011	79	97%	5	0%	24%	68%	8%	951	\$1,065	\$1,094	\$1.12	\$1.15
E	Parkview	Pinnacle	Olympia	Garden	3s	20	2012	72	94%	3	0%	25%	58%	17%	1,036	\$1,120	\$1,167	\$1.08	\$1.13
F	Montair @ Somerset Hill	Holland Residential	Olympia	Garden	3s	37	1991	396	98%	5	0%	41%	49%	10%	860	\$908	\$1,147	\$1.06	\$1.33
G	Polo Club Apartments	Mission Rock Residential	Olympia	Garden	3s	30	2009	127	96%	4	0%	18%	63%	19%	941	\$975	\$1,074	\$1.04	\$1.14
H	Woodland Apartments I-II	American Prop. Mgmt	Olympia	Garden	2s	49	2012	224	---	5	20%	40%	40%	0%	967	\$1,006	\$1,051	\$1.04	\$1.09
I	Rock Maple Village	Rock Maple Village	Olympia	Apt/TH	2s	18	2004	112	100%	4	0%	50%	50%	0%	1,048	\$998	\$1,015	\$0.95	\$0.97
J	Country Club Villas	Olympic Mgmt	Olympia	Garden	2s	32	2007	64	94%	3	0%	19%	81%	0%	1,118	\$1,016	\$1,025	\$0.91	\$0.92
K	Red Leaf Townhomes	Red Leaf Townhomes	Olympia	TH	3s	46	2011	56	96%	3	0%	0%	86%	14%	1,477	\$1,333	\$1,413	\$0.90	\$0.96
Subtotals/Weighted Averages:			9 Projects			36	2003	1,156	98%	4	4%	35%	53%	8%	966	\$994	\$1,106	\$1.03	\$1.14
<b>Lacey</b>																			
L	Pacific Place Apartments	Yuksel Inc.	Lacey	Garden	2s	48	2009	59	97%	5	0%	37%	63%	0%	1,005	\$1,273	\$1,325	\$1.27	\$1.32
M	The Madison	Nordevin Group LLC	Lacey	Garden	2s	42	2007	190	96%	5	0%	34%	66%	0%	961	\$1,062	\$1,204	\$1.11	\$1.25
N	6th Avenue Place	Olympic Mgmt	Lacey	Mid-Rise	4s	69	2008	103	100%	4	0%	68%	26%	6%	810	\$876	\$951	\$1.08	\$1.17
Subtotals/Weighted Averages:			3 Projects			51	2008	352	97%	5	0%	45%	54%	2%	924	\$1,043	\$1,150	\$1.13	\$1.24
Overall Subtotals/Weighted Averages:			14 Projects			42	2005	1,759	96%	5	3%	37%	52%	8%	962	\$1,022	\$1,128	\$1.06	\$1.17

Note: For each community, Unit Size and Rent averages are weighted by floorplan mix. Subtotals/Weighted Averages are weighted by total units.

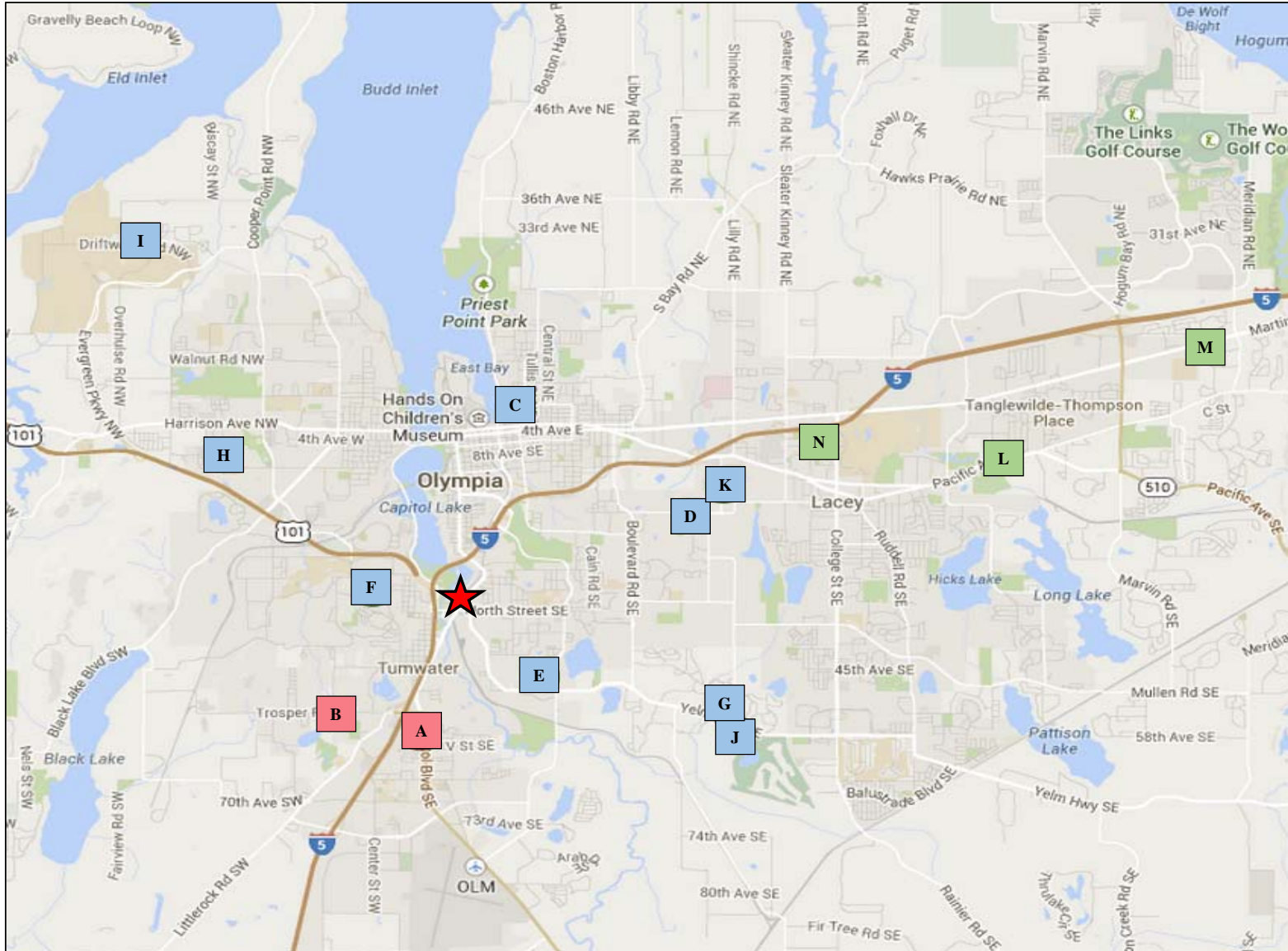
(1) Townhome product in this exhibit is only available for rent.

Source: Appendix, Costar



EXHIBIT IV-5

APARTMENT COMPETITIVE INVENTORY - LOCATION  
CMA  
MARCH 2014



**Key** Project Name

★ Subject Site

**Tumwater**

- A Hearthstone Apartments
- B Tabula Rasa

**Olympia**

- C Capital Steps
- D Tribeca Apt Homes
- E Parkview
- F Montair @ Somerset Hill
- G Polo Club Apartments
- H Woodland Apartments I-II
- I Rock Maple Village
- J Country Club Villas
- K Red Leaf Townhomes

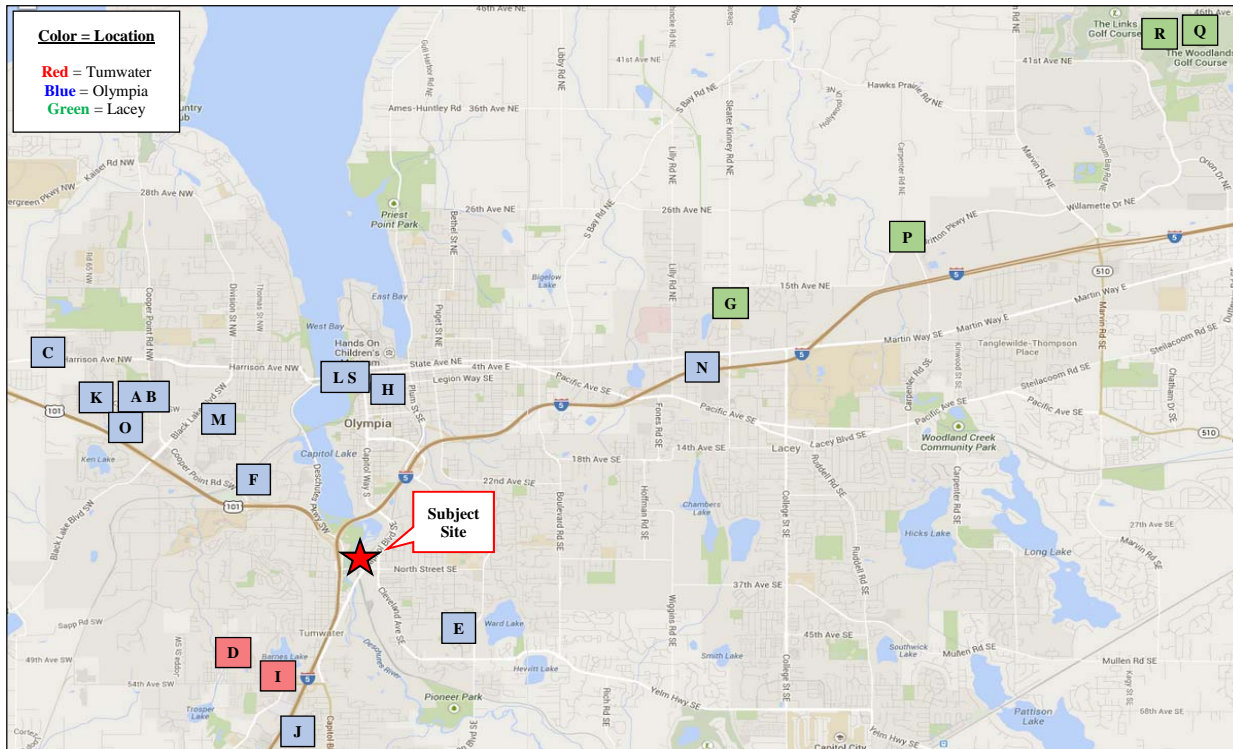
**Lacey**

- L Pacific Place Apartments
- M The Madison
- N 6th Avenue Place



**EXHIBIT IV-6**  
**PLANNED AND PROPOSED INVENTORY - APARTMENT**  
**CMA**  
**MARCH 2014**

Map Key	Name	City	Applicant/ Builder	Address	Product Type	Status	Total Rentable Bldg Space	Total Units	Comments
A	Copper Trail Apartments	Olympia	Copper Trail, LLC	701 Alta Street SW	Apartment	U/C	---	260	---
B	Hearthstone Apartments	Olympia	Hearthstone Tumwater LLC	800 Alta St SW	Apartment	U/C	---	101	75,750 sf building
C	Woodbury Crossing, Phase 2 Apt	Olympia	Lennar, Forest City Land Grp	4900 Harrison Ave Nw	Apartment	U/C	---	70	Could convert to Condo
D	Stonegate Apartments	Tumwater	Ron Newman	4820 Rural Road	Apartment	Approved	---	224	Phase 1 constr. begin in 2014
E	Briggs Village Apartments	Olympia	Briggs Village Apt Homes, LLC	4255 Maple St Se	Apartment	Approved	---	72	---
F	Evergreen Landing Multifamily	Olympia	Evergreen Landing LLC	1421 Evergreen Park Drive NW	Apartment	Approved	---	36	---
G	Sleater View Apartments	Lacey	Lance Milton	Sleater Kinney Rd NE & Balsam Ave NE	Apartment	Approved	---	28	Site work to start this summer
H	Thurston First - Apartment	Olympia	Urban Olympia III LLC, Walker John	600 Franklin St Se	Apartment	Approved	---	19	Expected 2014
I	The Reserve - Apartments	Tumwater	Rune Harkestadt	710 Trosper Rd SW	Apartment	Pending Review	---	193	40,000 sf total, 5-story, age restricted
J	Affinity at Olympia	Olympia	Geilser Inland WA, LLC	4701 7th Avenue SW	Apartment	Pending Review	---	170	Age restricted, 4 Story
K	Olympia Vista Apts	Olympia	American Properties	3600 Forestbrook Wy SW	Apartment	Pending Review	---	141	senior living, LU applv/in BLDG & ENG review
L	Columbia Heights - Apartment	Olympia	Columbia Heights LLC, Steven Lou	123 4Th Ave W	Apartment	Pending Review	---	138	In LU Review, start ENG Apr-2014, deliver 2015
M	Fern Street Apartments	Olympia	BV Funding, Little Tuscany LLC	1000 Fern St Sw	Apartment	Pending Review	---	108	Second Review
N	Olympia Green Apts	Olympia	Civil Investments Llc	3852 Lindsley St SE	Apartment	Pending Review	---	102	Pre-Sub Review
O	Olympia Vista Apts - Phase 3	Olympia	Olympia Vista Apt Assoc.	1111 Archwood Dr Sw	Apartment	Pending Review	---	100	senior living, LU applv/in BLDG & ENG review
P	Britton Apartments	Lacey	Hall Equities	Britton Parkway & Carpenter Rd.	Apartment	Proposed	---	210	Submitted application.
Q	Meridian Campus MF 7	Lacey	Lennar	E. of Willamette Dr., N. of 31st Ave NE	Apartment	Conceptual	---	89	No application yet.
R	Meridian Campus MF 5-6	Lacey	Lennar	SW corner of Campus Glen Dr. & Willamette Dr. NE	Apartment	Conceptual	---	81	No application yet.
S	Columbia Place - Apartment	Olympia	Vine Street Investors	503 Capitol Way N	Apartment	Conceptual	---	15	No building permit applications submitted yet
<b>Subtotal:</b>							<b>2,157</b>		



Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.

EXHIBIT IV-7

APARTMENTS - PLANNED AND PROPOSED - DELIVERY PROJECTION  
COMPETITIVE MARKET AREA  
MARCH 2014

I. Overview by Planning Stage

Status (1)	Total CMA
<i>Future (Non-Subject Site)</i>	
Under Construction	431
In Review	1,331
Future Pipeline	395
<b>Total Supply</b>	<b>2,157</b>

Note: Data represents market-rate units only

II. Supply Projection

Status	Start Likelihood
Under Construction	100%
In Review	90%
Future Pipeline	75%

Projected Annual Delivery (%)						
2014	2015	2016	2017	2018	2019+	
60%	30%	10%	0%	0%	0%	
0%	30%	35%	20%	15%	0%	
0%	0%	20%	25%	30%	25%	

Status	Total Units
Under Construction	431
In Review	1,198
Future Pipeline	296
	<b>1,925</b>
<b>Near Term Unit Deliveries (5 Years):</b>	<b>1,851</b>

Projected Annual Delivery (Units)						
2014	2015	2016	2017	2018	2019+	
259	129	43	0	0	0	
0	359	419	240	180	0	
0	0	59	74	89	74	
<b>259</b>	<b>489</b>	<b>522</b>	<b>314</b>	<b>269</b>	<b>74</b>	

Sources: City planning departments, TCG analysis

EXHIBIT IV-8

APARTMENT DEMAND OVERVIEW  
PRIMARY AND SECONDARY MARKET AREAS  
MARCH 2014

Primary Market Area - Thurston County

Household Income Range	Income to Housing	Average Monthly Rent	Total Households (2)		Percent Rent	Renter Households	Annual Turnover of Existing Renter HHs	Annual Pool from Turnover	Annual Effective New HHs	Annual Renter New HHs	% Rent Attached	Annual PMA Demand - Apts		Projected CMA Capture (4)	CMA Capture		CMA Demand - New Rentals by Age				
			2014	2019								All Rentals (1)	New Rentals (1)		All Rentals (3)	New Rentals (3)	< 25	25-34	35-54	55-74	75+
\$0 - \$25,000	50%	\$0 - \$1,000	19,017	19,739	68%	12,951	63%	8,125	144	98	55%	4,469	128	3,077	88	14	14	16	26	19	
\$25,000 - \$35,000	45%	\$1,000 - \$1,300	8,766	8,955	51%	4,491	52%	2,337	38	19	55%	1,285	33	885	23	3	5	4	7	3	
\$35,000 - \$50,000	33%	\$1,300 - \$1,400	14,186	14,609	47%	6,690	50%	3,340	85	40	55%	1,837	47	1,265	32	6	9	7	7	4	
\$50,000 - \$75,000	30%	\$1,400 - \$1,900	23,045	23,982	32%	7,264	41%	2,961	187	59	55%	1,629	46	1,121	32	2	9	9	10	2	
\$75,000 - \$100,000	25%	\$1,900 - \$2,100	16,325	17,596	18%	2,990	34%	1,024	254	47	55%	563	26	388	18	1	4	5	8	1	
\$100,000 - \$150,000	20%	\$2,100 - \$2,500	14,822	17,697	11%	1,672	28%	469	575	65	55%	258	37	178	25	0	10	9	6	1	
\$150,000 - \$200,000	20%	\$2,500 - \$3,300	4,442	5,480	7%	296	23%	69	208	14	55%	38	7	26	5	0	1	3	1	0	
\$200,000 +	15%	\$3,300 +	2,445	3,631	5%	111	21%	23	237	11	55%	13	6	9	4	0	1	2	1	0	
<b>Subtotal/Wtd. Avg.:</b>	<b>33%</b>		<b>103,048</b>	<b>111,689</b>	<b>35%</b>	<b>36,466</b>	<b>50%</b>	<b>18,349</b>	<b>1,728</b>	<b>353</b>	<b>55%</b>	<b>10,092</b>	<b>332</b>	<b>6,949</b>	<b>228</b>	<b>25</b>	<b>53</b>	<b>55</b>	<b>65</b>	<b>30</b>	

Secondary Market Area - Pierce County

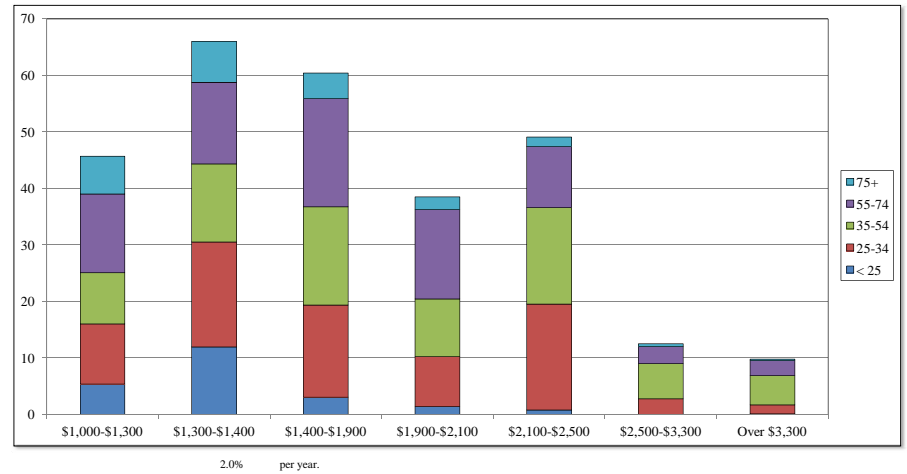
Household Income Range	Income to Housing	Average Monthly Rent	Total Households (2)		Percent Rent	Renter Households	Annual Turnover of Existing Renter HHs	Annual Pool from Turnover	Annual Effective New HHs	Annual Renter New HHs	% Rent Attached	Annual SMA Demand - Apts		Projected CMA Capture (4)	CMA Capture		CMA Demand - New Rentals by Age				
			2014	2019								All Rentals (1)	New Rentals (1)		All Rentals (3)	New Rentals (3)	< 25	25-34	35-54	55-74	75+
\$0 - \$25,000	50%	\$0 - \$1,000	54,128	55,090	67%	36,150	60%	21,671	192	128	65%	14,086	343	2,427	59	9	9	10	17	13	
\$25,000 - \$35,000	42%	\$1,000 - \$1,200	28,676	29,127	56%	16,040	54%	8,723	90	50	65%	5,670	134	977	23	3	5	5	7	3	
\$35,000 - \$50,000	33%	\$1,200 - \$1,400	44,837	46,700	48%	21,533	49%	10,643	373	179	65%	6,918	195	1,192	34	6	9	7	7	4	
\$50,000 - \$75,000	28%	\$1,400 - \$1,800	63,268	66,051	33%	21,169	42%	8,855	557	186	65%	5,756	165	992	28	1	8	8	9	2	
\$75,000 - \$100,000	25%	\$1,800 - \$2,100	41,777	46,045	20%	8,230	35%	2,868	854	168	65%	1,864	117	321	20	1	5	5	8	1	
\$100,000 - \$150,000	20%	\$2,100 - \$2,500	44,712	53,031	12%	5,548	29%	1,635	1,664	206	65%	1,063	138	183	24	0	9	8	5	1	
\$150,000 - \$200,000	17%	\$2,500 - \$2,800	14,344	18,910	7%	1,065	25%	261	913	68	65%	170	43	29	7	0	2	4	2	0	
\$200,000 -	10%	\$2,800 - \$0	9,679	15,261	5%	437	21%	91	1,116	50	65%	59	32	10	6	0	1	3	2	0	
<b>Subtotal/Wtd. Avg.:</b>	<b>32%</b>		<b>301,421</b>	<b>330,215</b>	<b>37%</b>	<b>110,172</b>	<b>50%</b>	<b>54,747</b>	<b>5,759</b>	<b>1,037</b>	<b>65%</b>	<b>35,586</b>	<b>1,167</b>	<b>6,132</b>	<b>201</b>	<b>21</b>	<b>48</b>	<b>50</b>	<b>57</b>	<b>24</b>	

<b>Total PMA and SMA (all rent levels)</b>			<b>404,469</b>	<b>441,904</b>	<b>36%</b>	<b>146,638</b>	<b>50%</b>	<b>73,096</b>	<b>7,487</b>	<b>1,390</b>	<b>62%</b>	<b>45,677</b>	<b>1,499</b>	<b>13,081</b>	<b>429</b>	<b>46</b>	<b>101</b>	<b>105</b>	<b>123</b>	<b>55</b>
<b>Total PMA and SMA (\$1,000+ monthly rent)</b>			<b>331,324</b>	<b>367,075</b>	<b>29%</b>	<b>97,536</b>	<b>44%</b>	<b>43,299</b>	<b>7,150</b>	<b>1,163</b>	<b>63%</b>	<b>27,122</b>	<b>1,027</b>	<b>7,576</b>	<b>282</b>	<b>23</b>	<b>77</b>	<b>79</b>	<b>80</b>	<b>23</b>

CMA Demand Capture Metrics

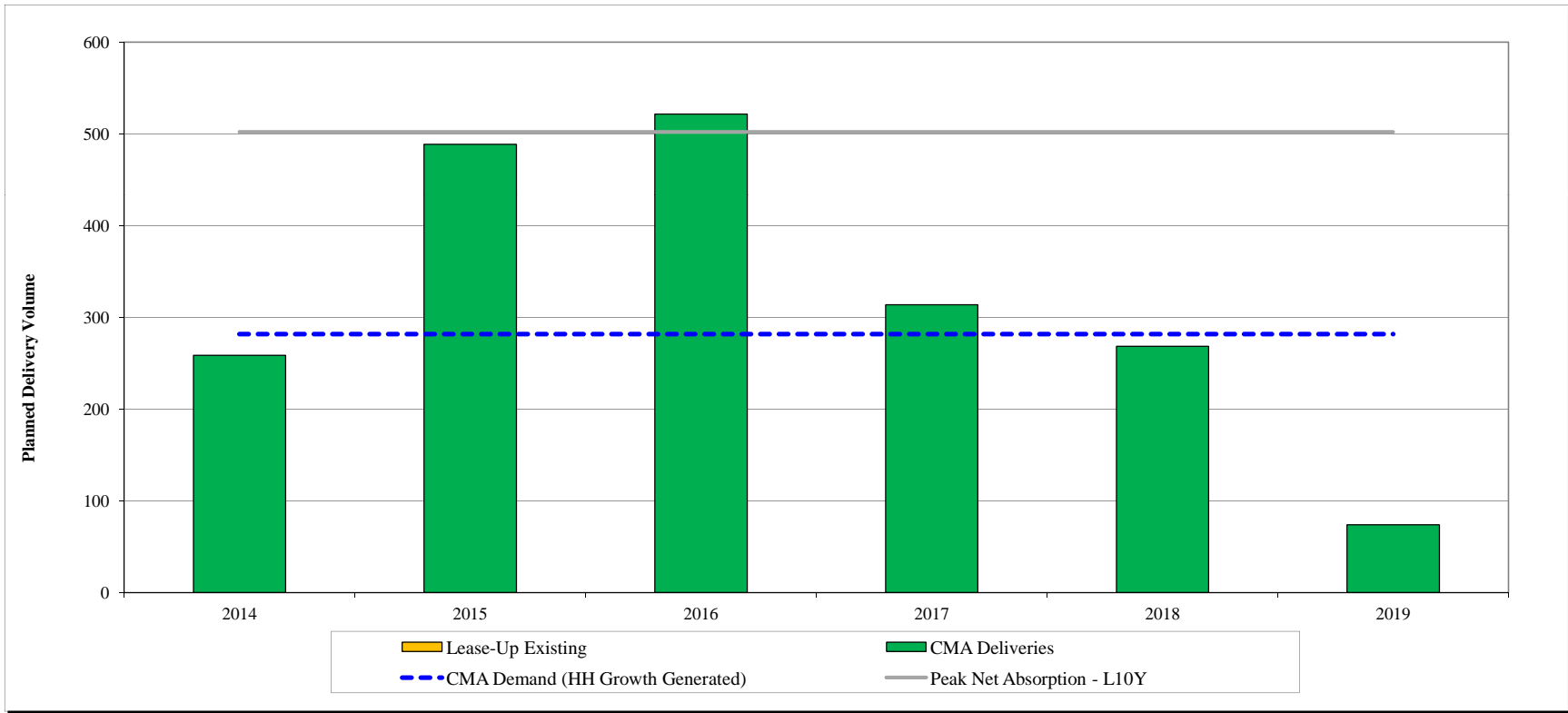
Metric	CMA	PMA	Capture %	SMA	Capture %	Sources
Projected Annual Pop Growth (2014-2019)	1,196	2,853	42%	8,572	12%	Claritas
Renter HH (2013)	20,721	34,677	60%	118,032	15%	Census
Renter HH 5+ Units (2013)	9,807	10,144	97%	46,604	17%	Census
HH 1-2 persons (2013)	31,968	65,885	49%	183,251	15%	Claritas
Apartment Inventory (2013)	13,577	13,937	97%	37,200	27%	REIS
<b>Average All Metrics:</b>			<b>69%</b>		<b>17%</b>	

(1) For full demand model, see Appendix  
 (2) Effective existing HHs - current household base less projected loss  
 (3) All rentals include all renter HHs looking for an apartment in any given year; New Rentals reflects demand for add'l apartment units in market, including demand from new HHs and obsolescence rate of:  
 (4) See CMA Demand Capture Metrics (above) for detail



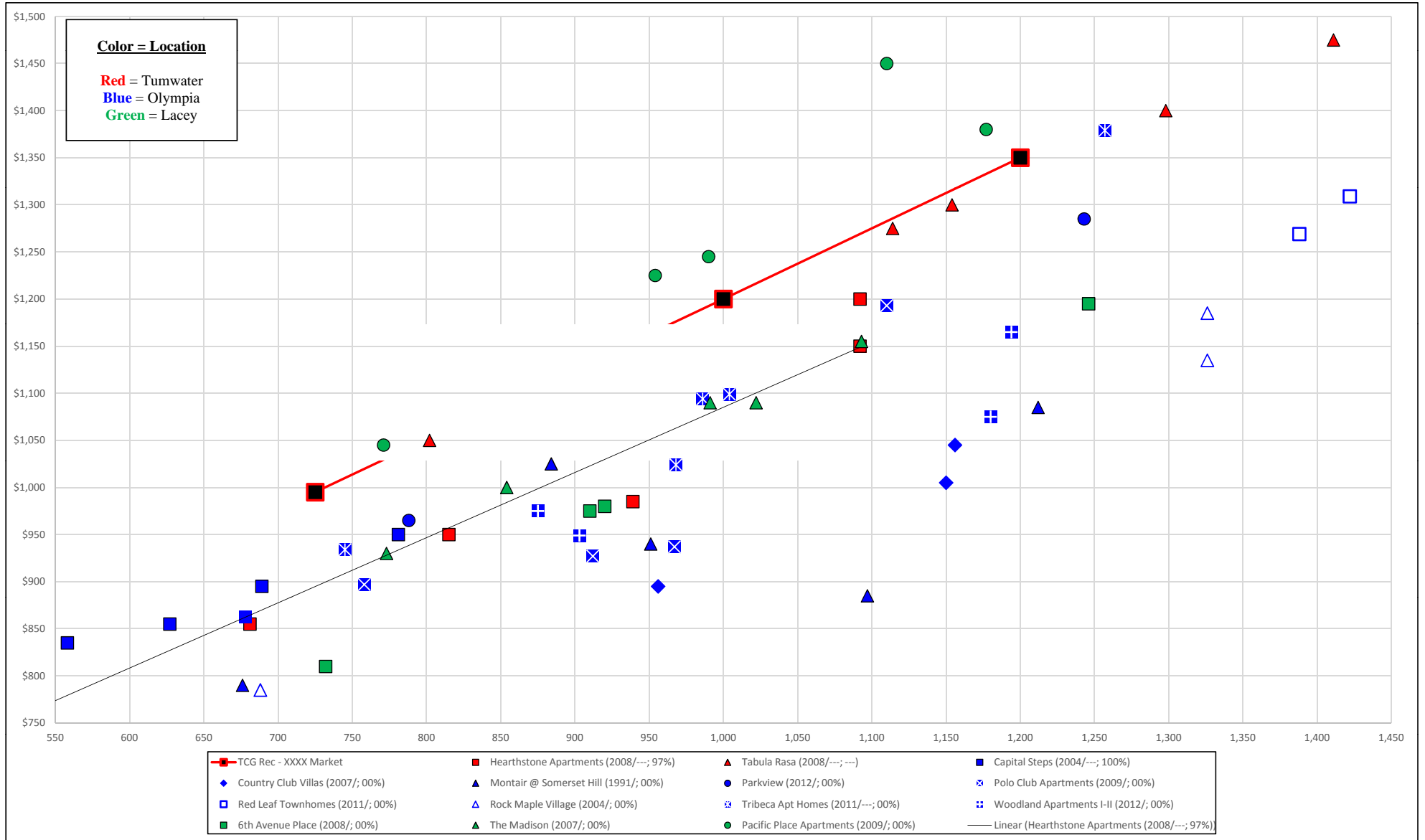
**EXHIBIT IV-9**  
**APARTMENTS - SUPPLY VS. DEMAND AND SUBJECT CAPTURE**  
**COMPETITIVE MARKET AREA**  
**MARCH 2014**

	<b>Annual</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2014-2019 Total</b>
<b>Supply</b>							
Lease-up Existing to 95%	0						<b>0</b>
CMA Deliveries	259	489	522	314	269	74	<b>1,925</b>
Leased up at 95%	246	464	496	298	255	70	<b>1,829</b>
<b>Total CMA</b>	<b>246</b>	<b>464</b>	<b>496</b>	<b>298</b>	<b>255</b>	<b>70</b>	<b>1,829</b>
<b>Demand</b>							
PMA/SMA Demand 1/ CMA Capture of Demand	1,027	1,027	1,027	1,027	1,027	1,027	<b>6,163</b>
	282	282	282	282	282	282	<b>1,692</b>
<b>Oversupply / Undersupply - CMA</b>	<b>36</b>	<b>(182)</b>	<b>(214)</b>	<b>(16)</b>	<b>27</b>	<b>212</b>	<b>(137)</b>



1/ Income Qualified demand for all of PMA/SMA with demand for units \$1,000+

**EXHIBIT IV-10**  
**APARTMENT COMPETITIVE INVENTORY - RENT TO SIZE POSITIONING**  
**CMA**  
**MARCH 2014**



Note: Figures in parenthesis ( ) represent year built/renovated and occupancy, respectively.

Note: Shadow Inventory represents non-institutional grade product for rent

## **V. FOR-SALE RESIDENTIAL MARKET ANALYSIS**

EXHIBIT V-1  
REGIONAL LOCATION  
MARKET AREAS  
MARCH 2014

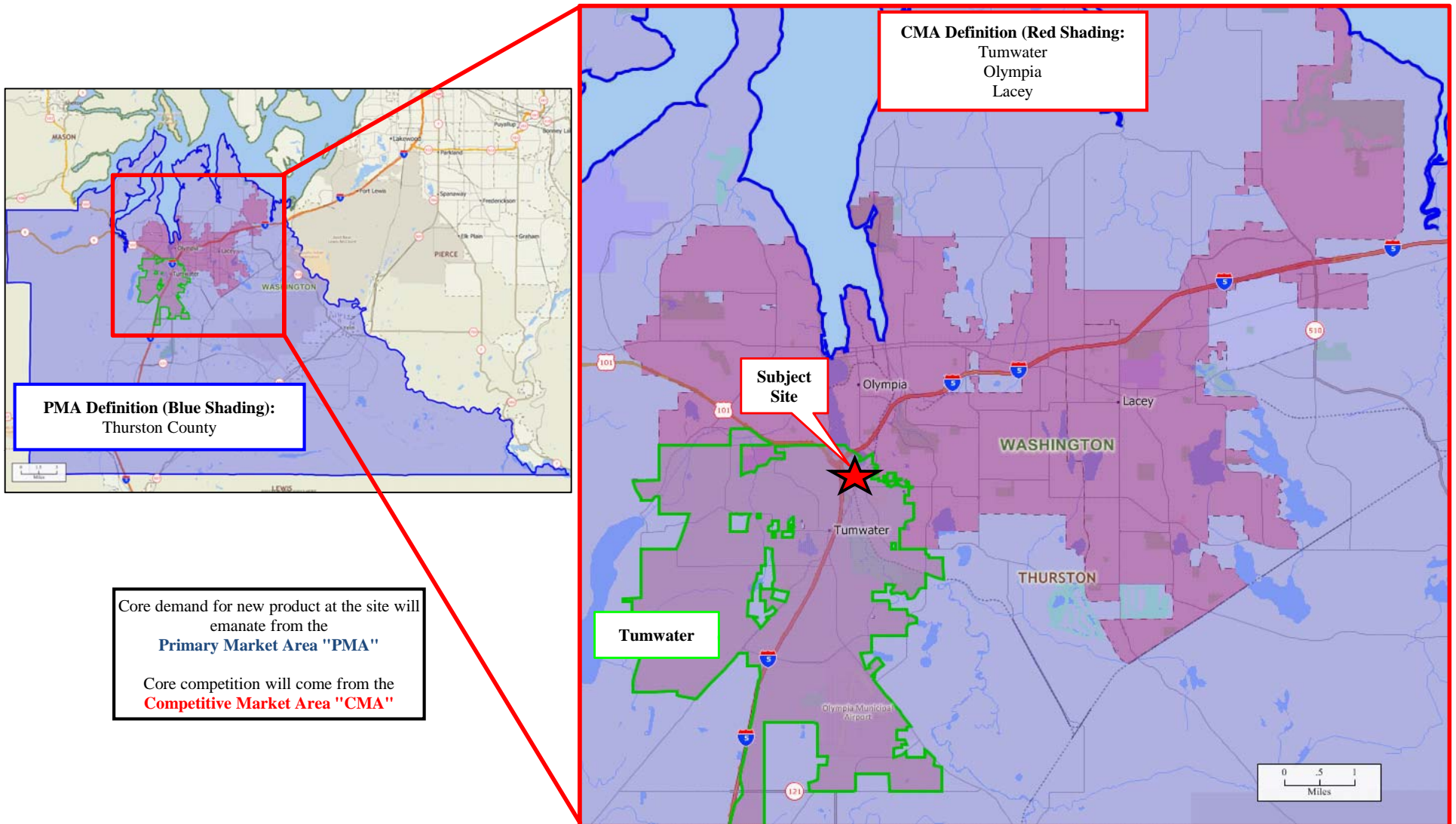
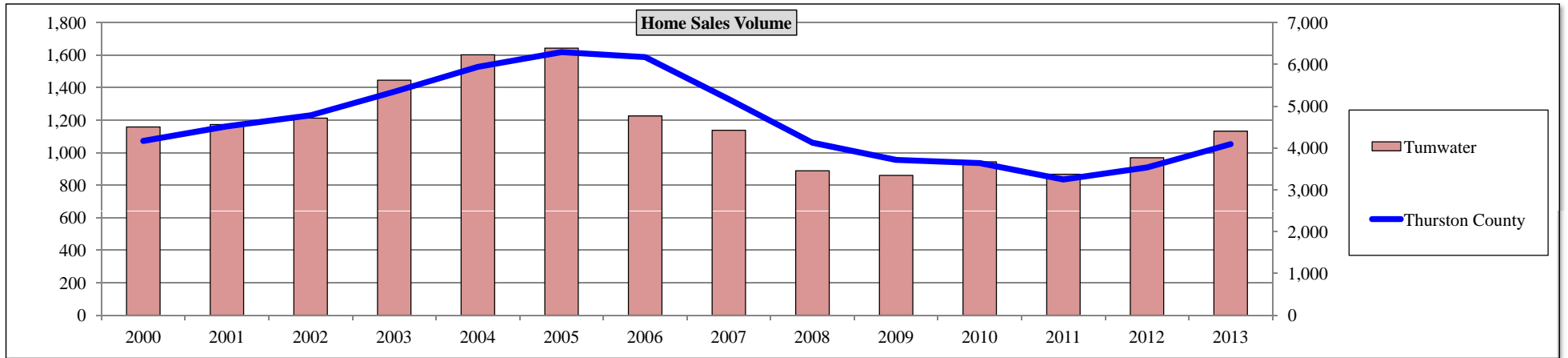


EXHIBIT V-2

HOME CLOSINGS - VOLUME AND MEDIAN PRICE  
THURSTON COUNTY, TUMWATER, PIERCE COUNTY  
2000 THROUGH 2013

Period:	Annual														Annual Average		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3-Yr	5-Yr	10-Yr
<b>Home Sales Volume</b>																	
Thurston County	4,169	4,519	4,783	5,347	5,942	6,296	6,176	5,171	4,128	3,718	3,639	3,247	3,536	4,095	3,626	3,647	4,595
<i>Ann Growth</i>		8.4%	5.8%	11.8%	11.1%	6.0%	-1.9%	-16.3%	-20.2%	-9.9%	-2.1%	-10.8%	8.9%	15.8%	12.3%	2.4%	-4.1%
Tumwater	1,158	1,173	1,213	1,446	1,602	1,643	1,226	1,138	889	860	944	867	969	1,132	989	954	1,127
<i>Ann Growth</i>		1.3%	3.4%	19.2%	10.8%	2.6%	-25.4%	-7.2%	-21.9%	-3.3%	9.8%	-8.2%	11.8%	16.8%	14.3%	7.1%	-3.8%
% of Thurston	28%	26%	25%	27%	27%	26%	20%	22%	22%	23%	26%	27%	27%	28%	27%	26%	25%
Pierce County	18,679	19,581	21,458	19,783	20,341	22,146	19,722	14,785	11,233	12,031	12,205	13,577	12,433	14,010	13,340	12,851	15,248



Sources: Zillow, DataQuick, Runstand Center for Real Estate Studies

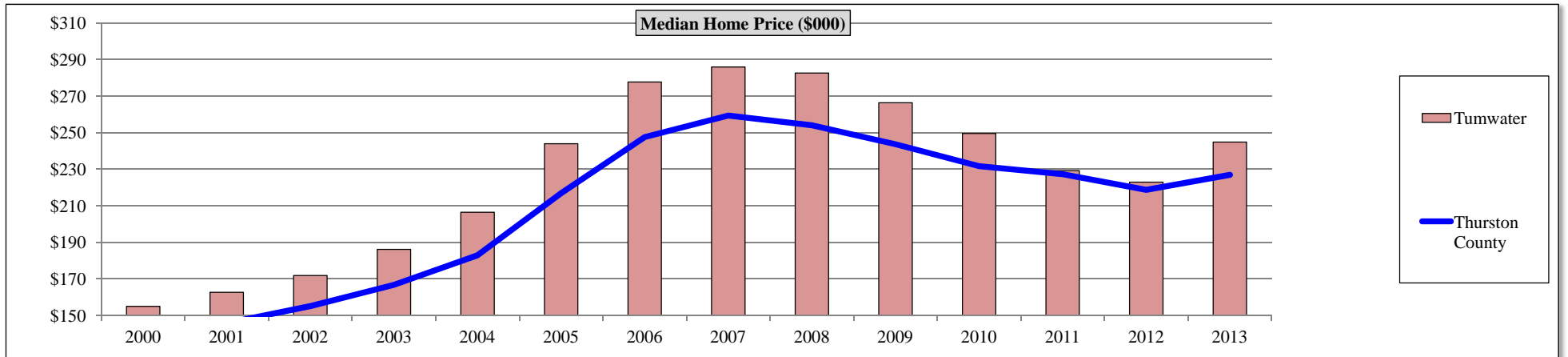
Note: Tumwater defined by zip codes: 98501 and 98512



EXHIBIT V-2

HOME CLOSINGS - VOLUME AND MEDIAN PRICE  
THURSTON COUNTY, TUMWATER, PIERCE COUNTY  
2000 THROUGH 2013

Period:	Annual	Annual	Annual	Annual	Annual										Annual Average		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3-Yr	5-Yr	10-Yr
<b>Home Sales Median Price (\$000)</b>																	
Thurston County	\$ 142	\$ 146	\$ 155	\$ 167	\$ 183	\$ 217	\$ 248	\$ 259	\$ 254	\$ 244	\$ 232	\$ 227	\$ 219	\$ 227	\$ 224	\$ 230	\$ 231
		2.7%	6.4%	7.5%	9.7%	18.5%	14.2%	4.7%	-2.0%	-4.1%	-4.9%	-1.9%	-3.8%	3.8%	-0.1%	-1.8%	2.4%
Tumwater	\$ 155	\$ 163	\$ 172	\$ 186	\$ 206	\$ 244	\$ 278	\$ 286	\$ 283	\$ 266	\$ 250	\$ 229	\$ 223	\$ 245	\$ 232	\$ 243	\$ 251
		5.0%	5.6%	8.3%	10.9%	18.2%	13.8%	2.9%	-1.1%	-5.8%	-6.3%	-8.1%	-2.8%	9.8%	3.3%	-2.1%	1.9%
% of Thurston	109%	112%	111%	112%	113%	113%	112%	110%	111%	109%	108%	101%	102%	108%	104%	106%	109%
Pierce County	\$ 154	\$ 163	\$ 174	\$ 181	\$ 200	\$ 233	\$ 267	\$ 277	\$ 262	\$ 242	\$ 233	\$ 219	\$ 209	\$ 223	\$ 217	\$ 225	\$ 236



Sources: Zillow, DataQuick, Runstand Center for Real Estate Studies  
Note: Tumwater defined by zip codes: 98501 and 98512

EXHIBIT V-3

FOR-SALE RESIDENTIAL (ATTACHED) - COMPETITIVE INVENTORY - SUMMARY  
CMA  
MARCH 2014

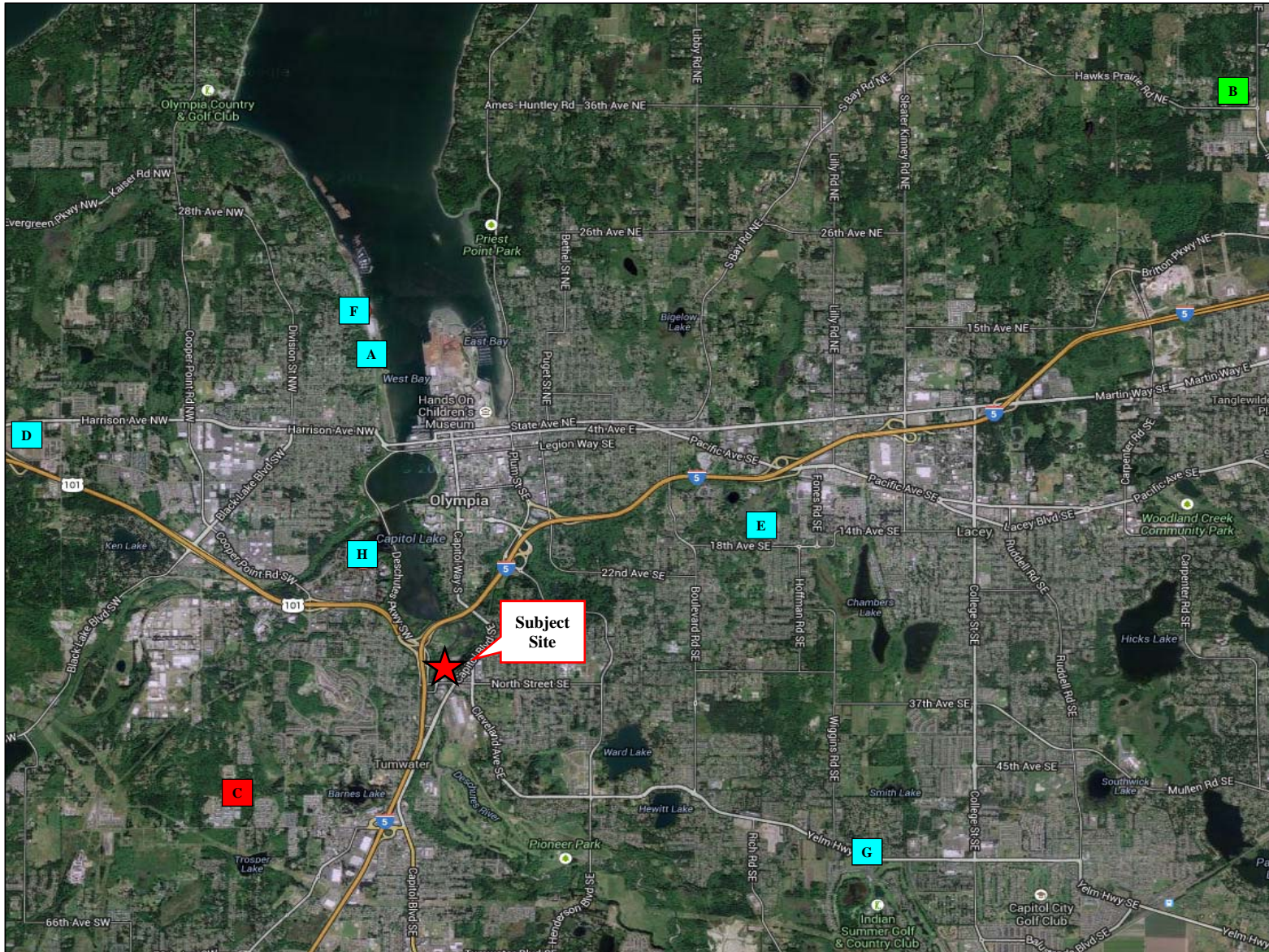
**Color = Location**  
Red = Tumwater  
Cyan = Olympia  
Green = Lacey

Map Key	Project Name	Builder	City	Product Type	FPs Offer'd	Walk Score	Units		Sales				Home Size	Base Price	
							Total	Rem.	Start	#	Sales Rate*			\$	\$/sf
										Avg.	L3M				
<b>New Condo/TH</b>															
A	The Baywood	Fred Finn - Baywood LLC	Olympia	Condo	3	48	5	3	Jun-13	2	0.2	---	1,696	\$614,650	\$362
B	Jaylee Townhomes	Aho Construction	Lacey	TH	4	9	57	32	Jun-11	25	0.8	1.0	1,766	\$214,225	\$121
<b>Subtotals/Weighted Averages: 2 Projects</b>					<b>4</b>	<b>12</b>	<b>62</b>	<b>35</b>		<b>27</b>	<b>0.7</b>	<b>0.9</b>	<b>1,760</b>	<b>\$246,517</b>	<b>\$140</b>
<b>New Duplex/SFD</b>															
C	Troster Ridge	DR Horton	Tumwater	SFD (4,500 lot)	7	20	99	30	Jan-12	69	2.7	4.0	2,052	\$241,424	\$118
D	Woodbury Crossing	Lennar	Olympia	Duplex	2	31	18	---	---	---	---	---	1,458	\$199,950	\$137
E	Element	Lennar	Olympia	Duplex	6	31	30	---	---	---	---	---	1,628	\$197,450	\$121
<b>Subtotals/Weighted Averages: 3 Projects</b>					<b>6</b>	<b>24</b>	<b>147</b>	<b>30</b>		<b>69</b>	<b>---</b>	<b>---</b>	<b>1,892</b>	<b>\$227,371</b>	<b>\$120</b>
<b>Resales at Notable Condo/TH Projects</b>															
F	Smyth Landing Condo	Smyth Landing LLC	Olympia	Condo	2	34	13	0	Jun-05	13	---	---	1,675	\$557,500	\$333
G	Sandpiper Townhomes	---	Olympia	TH	4	46	34	0	Jun-08	34	---	---	1,674	\$192,750	\$115
H	Capital Lake Towers	---	Olympia	Condo	12	31	46	0	Jun-73	46	---	---	1,338	\$174,500	\$130
<b>Subtotals/Weighted Averages: 3 Projects</b>					<b>8</b>	<b>37</b>	<b>93</b>	<b>0</b>		<b>93</b>	<b>---</b>	<b>---</b>	<b>1,508</b>	<b>\$234,710</b>	<b>\$156</b>
<b>Overall Subtotals/Weighted Averages: 8 Projects</b>					<b>6</b>	<b>25</b>	<b>302</b>	<b>65</b>		<b>189</b>	<b>2.0</b>	<b>2.9</b>	<b>1,747</b>	<b>\$233,562</b>	<b>\$134</b>

\*Average Sales Rate accounts for sales since the sales start date. L3M Sales Rate accounts for sales over approximately the last 3 months, representing recent sales pace.  
Note: Averages weighted by Total Units Planned.

EXHIBIT V-4

FOR-SALE RESIDENTIAL (ATTACHED) - COMPETITIVE INVENTORY - LOCATION MARKET AREA  
FEBRUARY 2014



Key	Project Name	Total Units	Year Built
	<b>Subject Site</b>		
<b>New Condo/TH</b>			
	The Baywood	5	2013
	Jaylee Townhomes	57	2011
<b>New Duplex/SFD</b>			
	Trosper Ridge	99	2012
	Woodbury Crossing	18	---
	Element	30	---
<b>Resale Condo/TH</b>			
	Smyth Landing Condo	13	2005
	Sandpiper Townhomes	34	2008
	Capitol Lake Towers	46	1973

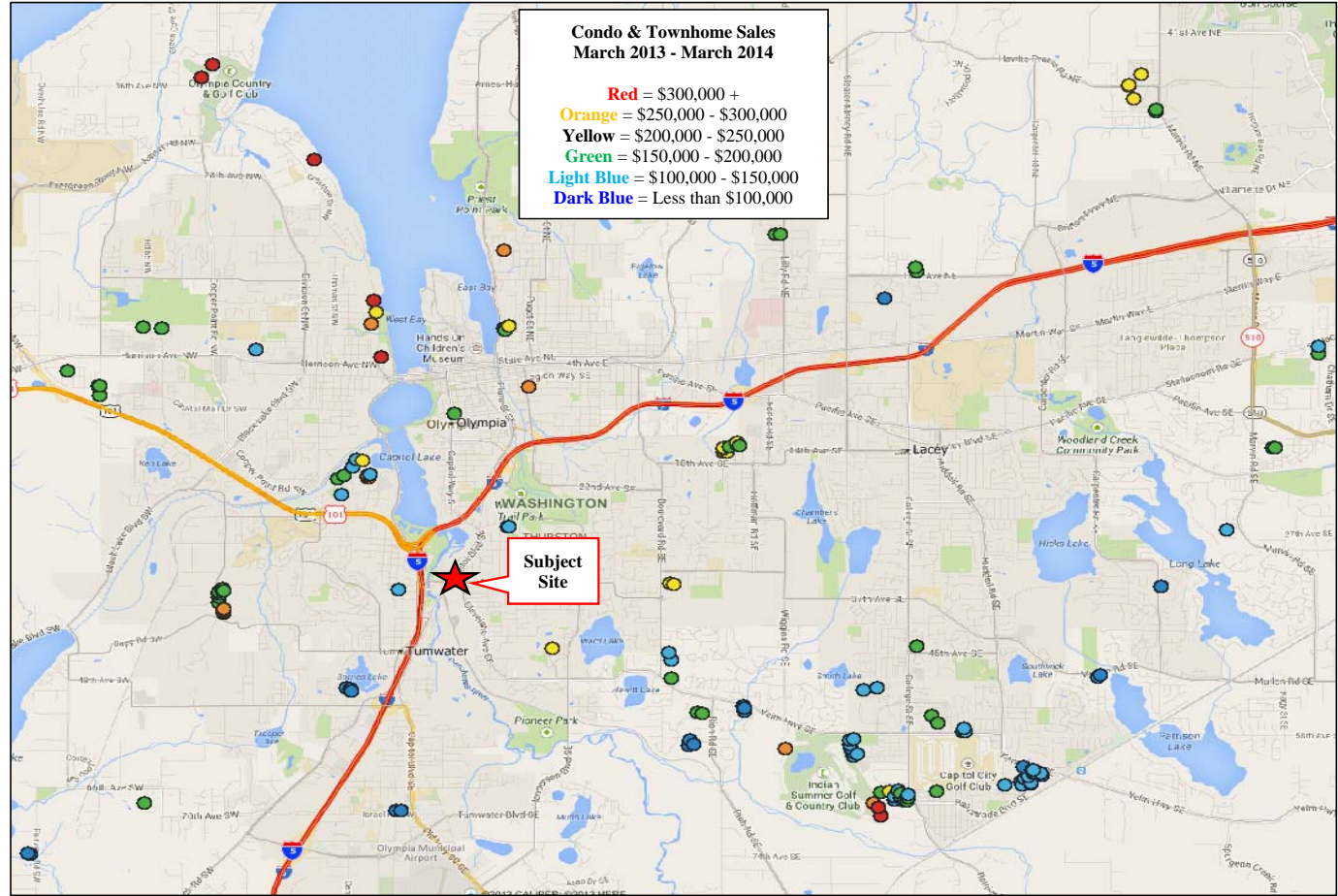
**Color = Location**  
 Red = Tumwater  
 Cyan = Olympia  
 Green = Lacey



EXHIBIT V-5

FOR-SALE RESIDENTIAL (ATTACHED) - REALES HEAT MAP - BASE PRICE  
CMA  
MARCH 2013 - MARCH 2014

City	Product Type	# of Sales	Average			
			Year Built	Size (sf)	Price	PSF
<b>Sales by Product Type</b>						
<b>Townhome Sales (Last 12 months)</b>						
Tumwater	TH	18	2008	1,984	\$241,250	\$122
Olympia	TH	105	2005	1,511	\$187,323	\$124
Lacey	TH	40	2004	1,537	\$150,275	\$98
<b>Subtotal/Wtd Avg's:</b>		<b>163</b>	<b>2005</b>	<b>1,570</b>	<b>\$184,187</b>	<b>\$117</b>
<b>Condo Sales (Last 12 months)</b>						
Tumwater	Condo	10	1990	1,433	\$104,060	\$73
Olympia	Condo	35	1985	1,660	\$175,514	\$106
Lacey	Condo	19	1990	1,352	\$93,405	\$69
<b>Subtotal/Wtd Avg's:</b>		<b>64</b>	<b>1987</b>	<b>1,533</b>	<b>\$139,973</b>	<b>\$91</b>
<b>Single Family Sales (Last 3 months)</b>						
Tumwater	SF	167	2007	2,030	\$249,937	\$123
Olympia	SF	529	1997	2,238	\$275,695	\$123
Lacey	SF	223	2001	1,953	\$248,919	\$127
<b>Subtotal/Wtd Avg's:</b>		<b>919</b>	<b>2000</b>	<b>2,131</b>	<b>\$264,517</b>	<b>\$124</b>
<b>Sales of New Product (Built in 2012 or later)</b>						
<b>New Product Sales (Last 12 months)</b>						
CMA	TH	39	2013	1,625	\$213,091	\$131
CMA	Condo	2	2013	1,630	\$599,950	\$368
CMA	SF	449	2013	2,254	\$273,349	\$121
<b>Subtotal/Wtd Avg's:</b>		<b>490</b>	<b>2013</b>	<b>2,202</b>	<b>\$269,886</b>	<b>\$123</b>



Note: CMA is defined as Tumwater, Olympia, and Lacey

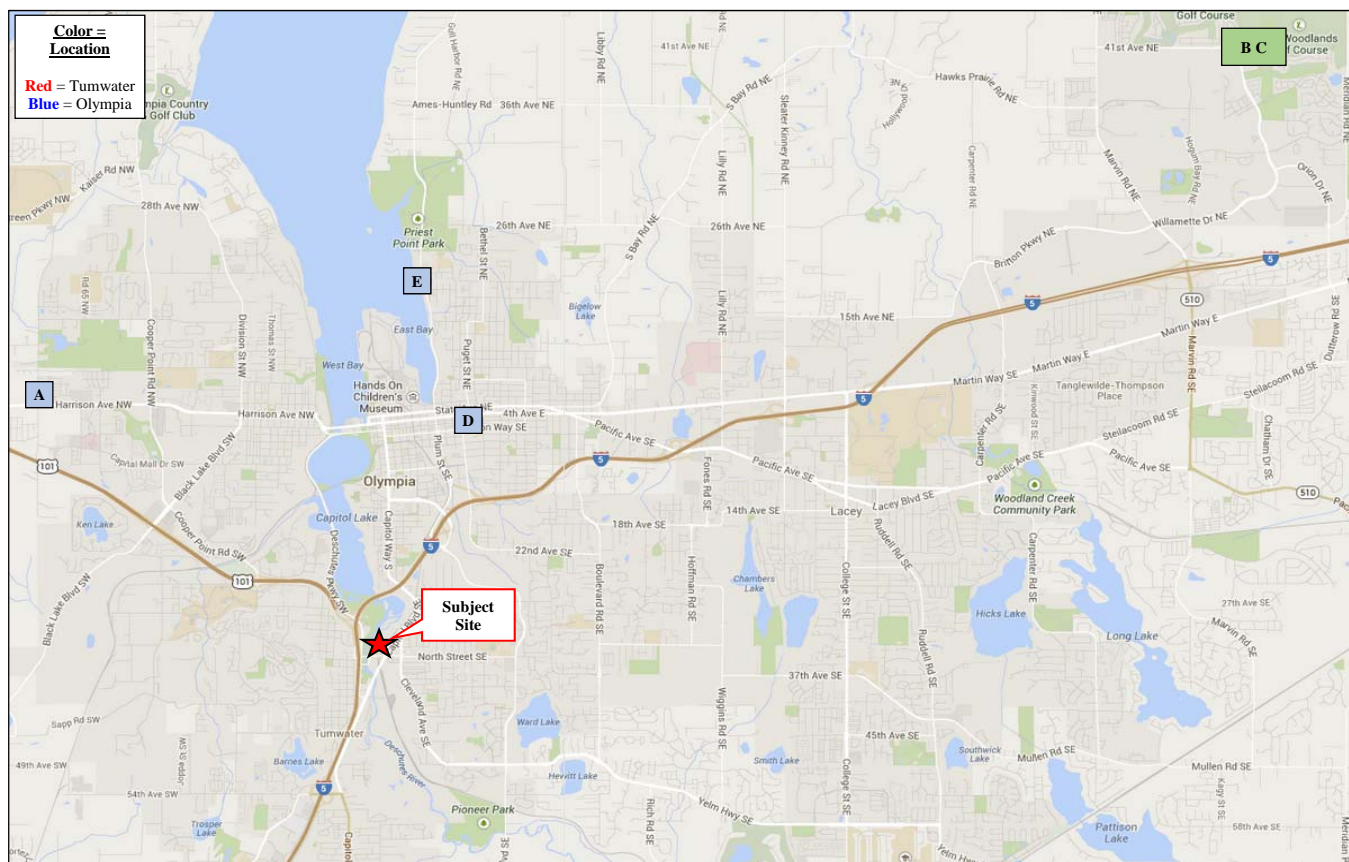
Note: Map features Townhome and Condo sales records from last 12 months (dating from 3-6-14). Single Family sales statistics from last 3 months are displayed to the left of the map. Source: Redfin.

EXHIBIT V-6

PLANNED AND PROPOSED INVENTORY - FOR SALE (ATTACHED)  
CMA  
MARCH 2014

Map Key	Name	City	Applicant/ Builder	Address	Product Type	Status	Total Rentable Bldg Space	Total Units	Comments
A	Woodbury Crossing, Phase 2 TH	Olympia	Lennar, Forest City Land Grp	4900 Harrison Ave Nw	TH	U/C	---	24	168 SFR aprv'd, est. 24 TH based on master plan.
B	Campus Ridge - Condos	Lacey	Lennar	8830 & 8860 Campus Highlands Dr.	Condo	Approved	---	12	Was 78 condos, changed to 12 Condo, 8 TH, 47 SFD
C	Campus Ridge - TH	Lacey	Lennar	8830 & 8860 Campus Highlands Dr.	TH	Approved	---	8	Was 78 condos, changed to 12 Condo, 8 TH, 47 SFD
D	5th Avenue Townhomes	Olympia	Glenn Wells	1208 5th Ave SE	TH	Pending Review	---	2	Prelim LU approval/In BLDG review
E	Eastbay Townhomes	Olympia	Artisans Group	1929 East Bay Dr NE	TH	Proposed	---	2	In LU review, 2 Lot TH Short
							<b>Subtotal:</b>	<b>48</b>	

**Under Construction:** 24  
**Approved:** 20  
**Pending Review:** 2  
**Future Pipeline:** 2



Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.

**EXHIBIT V-7**

**FOR SALE (ATTACHED) - PLANNED AND PROPOSED - DELIVERY PROJECTION  
COMPETITIVE MARKET AREA  
MARCH 2014**

**I. Overview by Planning Stage**

<b>Status (1)</b>	<b>Total CMA</b>
<i>Future (Non-Subject Site)</i>	
Actively Selling - New Projects	35
Under Construction	24
In Review	22
Future Pipeline	2
<b>Total Supply</b>	<b>83</b>

Note: Data represents  
market-rate units only

**II. Supply Projection**

<b>Status</b>	<b>Start Likelihood</b>
Actively Selling - New Projects	100%
Under Construction	100%
In Review	90%
Future Pipeline	75%

<b>Projected Annual Delivery (%)</b>						
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019+</b>	
80%	20%	0%	0%	0%	0%	0%
60%	30%	10%	0%	0%	0%	0%
0%	30%	35%	20%	15%	0%	0%
0%	0%	20%	25%	30%	25%	25%

<b>Status</b>	<b>Total Units</b>
Actively Selling - New Projects	35
Under Construction	24
In Review	20
Future Pipeline	2
	<b>80</b>

<b>Projected Annual Delivery (Units)</b>						
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019+</b>	
28	7	0	0	0	0	0
14	7	2	0	0	0	0
0	6	7	4	3	0	0
0	0	0	0	0	0	0
<b>42</b>	<b>20</b>	<b>10</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>

*Near Term Unit Deliveries (5 Years):* **80**

Sources: City planning departments, TCG analysis

EXHIBIT V-8

FOR-SALE (ATTACHED) DEMAND OVERVIEW  
PRIMARY AND SECONDARY MARKET AREAS  
MARCH 2014

Primary Market Area - Thurston County

Household Income Range	Income to Housing	Affordable Home Price	Total Households (2)		Percent Buy	Owner Households	Annual Turnover of Existing Owner HHs	Annual Pool from Turnover	Annual Effective New HHs	Annual Owner New HHs	% Buy Attached	Annual PMA Demand - Attached			Projected CMA Capture		CMA Demand - New For-Sale Units by Age				
			2014	2019								All Units (3)	New Units (3)	CMA Capture (4)	All Units (3)	New Units (3)	< 25	25-34	35-54	55-74	75+
\$0 - \$25,000	40%	\$0 - \$150,000	19,017	19,739	32%	6,066	20%	1,204	144	46	2%	24	2		13	1	0	0	0	0	1
\$25,000 - \$35,000	35%	\$150,000 - \$190,000	8,766	8,955	49%	4,275	14%	596	38	18	2%	12	1		7	0	0	0	0	0	0
\$35,000 - \$50,000	30%	\$190,000 - \$230,000	14,186	14,609	53%	7,496	11%	820	85	45	2%	16	1		9	1	0	0	0	0	0
\$50,000 - \$75,000	25%	\$230,000 - \$280,000	23,045	23,982	68%	15,781	11%	1,661	187	128	2%	33	4		18	2	0	0	0	1	1
\$75,000 - \$100,000	20%	\$280,000 - \$290,000	16,325	17,596	82%	13,335	9%	1,250	254	208	2%	25	5		14	3	0	0	0	2	1
\$100,000 - \$150,000	20%	\$290,000 - \$450,000	14,822	17,697	89%	13,150	7%	909	575	510	2%	18	11		10	6	0	0	2	3	0
\$150,000 - \$200,000	15%	\$450,000 - \$410,000	4,442	5,480	93%	4,146	7%	274	208	194	2%	5	4		3	2	0	0	1	1	0
\$200,000 +	10%	\$410,000 +	2,445	3,631	95%	2,334	7%	158	237	226	2%	3	5		2	2	0	0	1	1	0
<b>Subtotal/Wtd. Avg.:</b>	<b>27%</b>		<b>103,048</b>	<b>111,689</b>	<b>65%</b>	<b>66,582</b>	<b>10%</b>	<b>6,872</b>	<b>1,728</b>	<b>1,375</b>	<b>2%</b>	<b>137</b>	<b>31</b>	<b>55%</b>	<b>75</b>	<b>17</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>3</b>

Secondary Market Area - Pierce County

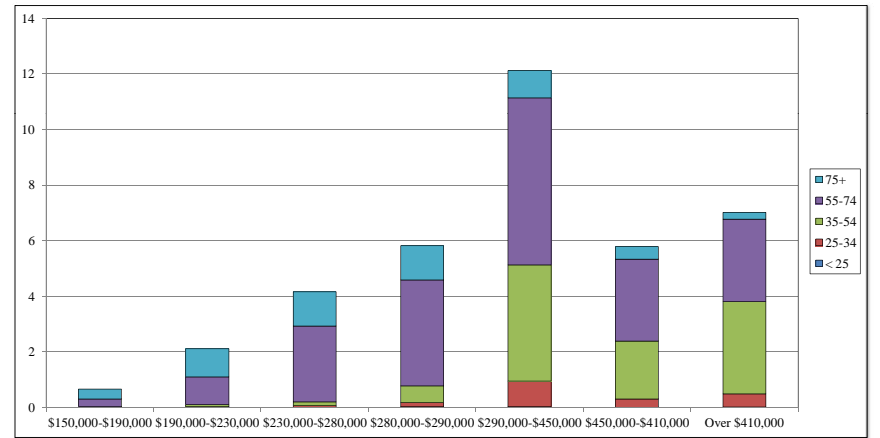
Household Income Range	Income to Housing	Affordable Home Price	Total Households (2)		Percent Buy	Owner Households	Annual Turnover of Existing Owner HHs	Annual Pool from Turnover	Annual Effective New HHs	Annual Owner New HHs	% Buy Attached	Annual SMA Demand - Attached			Projected CMA Capture		CMA Demand - New For-Sale Units by Age				
			2014	2019								All Units (3)	New Units (3)	CMA Capture (4)	All Units (3)	New Units (3)	< 25	25-34	35-54	55-74	75+
\$0 - \$25,000	40%	\$0 - \$150,000	54,128	55,090	33%	17,978	20%	3,565	192	64	3%	107	4		15	1	0	0	0	0	0
\$25,000 - \$35,000	35%	\$150,000 - \$190,000	28,676	29,127	44%	12,636	15%	1,848	90	40	3%	55	2		8	0	0	0	0	0	0
\$35,000 - \$50,000	30%	\$190,000 - \$230,000	44,837	46,700	52%	23,304	11%	2,574	373	194	3%	77	9		11	1	0	0	0	1	1
\$50,000 - \$75,000	25%	\$230,000 - \$280,000	63,268	66,051	67%	42,099	11%	4,489	557	370	3%	135	16		19	2	0	0	0	1	1
\$75,000 - \$100,000	20%	\$280,000 - \$290,000	41,777	46,045	80%	33,547	10%	3,213	854	685	3%	96	23		14	3	0	0	0	2	1
\$100,000 - \$150,000	20%	\$290,000 - \$450,000	44,712	53,031	88%	39,164	7%	2,800	1,664	1,457	3%	84	45		12	6	0	0	2	3	1
\$150,000 - \$200,000	15%	\$450,000 - \$410,000	14,344	18,910	93%	13,279	7%	908	913	845	3%	27	26		4	4	0	0	1	2	0
\$200,000 -	10%	\$410,000 - \$0	9,679	15,261	95%	9,242	7%	621	1,116	1,066	3%	19	32		3	5	0	0	2	2	0
<b>Subtotal/Wtd. Avg.:</b>	<b>27%</b>		<b>301,421</b>	<b>330,215</b>	<b>63%</b>	<b>191,249</b>	<b>10%</b>	<b>20,019</b>	<b>5,759</b>	<b>4,722</b>	<b>3%</b>	<b>601</b>	<b>158</b>	<b>14%</b>	<b>84</b>	<b>22</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>11</b>	<b>3</b>

Total PMA and SMA (all home prices)  
Total PMA and SMA (\$150,000+)

404,469	441,904	64%	257,831	10%	26,891	7,487	6,097	3%	738	189	159	39	0	2	10	20	6
331,324	367,075	71%	233,788	9%	22,121	7,150	5,987	3%	607	183	131	38	0	2	10	20	5

CMA Demand Capture Metrics

Metric	CMA	PMA	Capture %	SMA	Capture %	Sources
Projected Annual Pop Growth (2014-2019)	1,196	2,853	42%	8,572	12%	Claritas
Owner HH (2013)	24,055	67,658	36%	182,522	12%	Census
Owner HH 5+ Units (2013)	417	645	65%	1,976	17%	Census
HH 1-2 persons (2013)	31,968	65,885	49%	183,251	15%	Claritas
Attached Resales L12M	159	193	82%	980	14%	Redfin
<b>Average All Metrics:</b>			<b>55%</b>		<b>14%</b>	

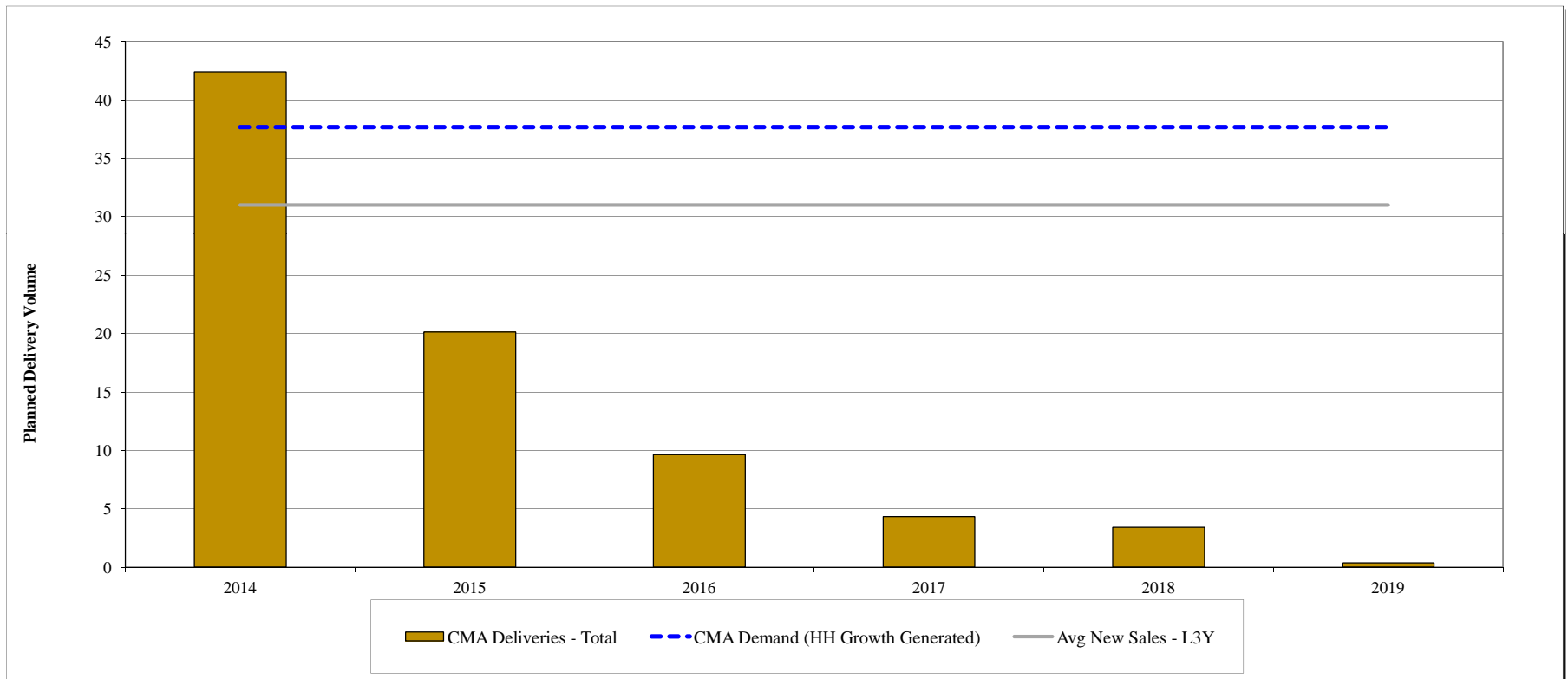


(1) For full demand model, see Appendix  
 (2) Effective existing HHs - current household base less projected loss  
 (3) All For-Sales include all renter HHs looking for an apartment in any given year; New For-Sales reflects demand for add'l apartment units in market, including demand from new HHs and obsolescence rate of:  
 (4) See CMA Demand Capture Metrics (above) for detail



**EXHIBIT V-9**  
**FOR SALE (ATTACHED) - SUPPLY VS. DEMAND AND SUBJECT CAPTURE**  
**COMPETITIVE MARKET AREA**  
**JANUARY 2014**

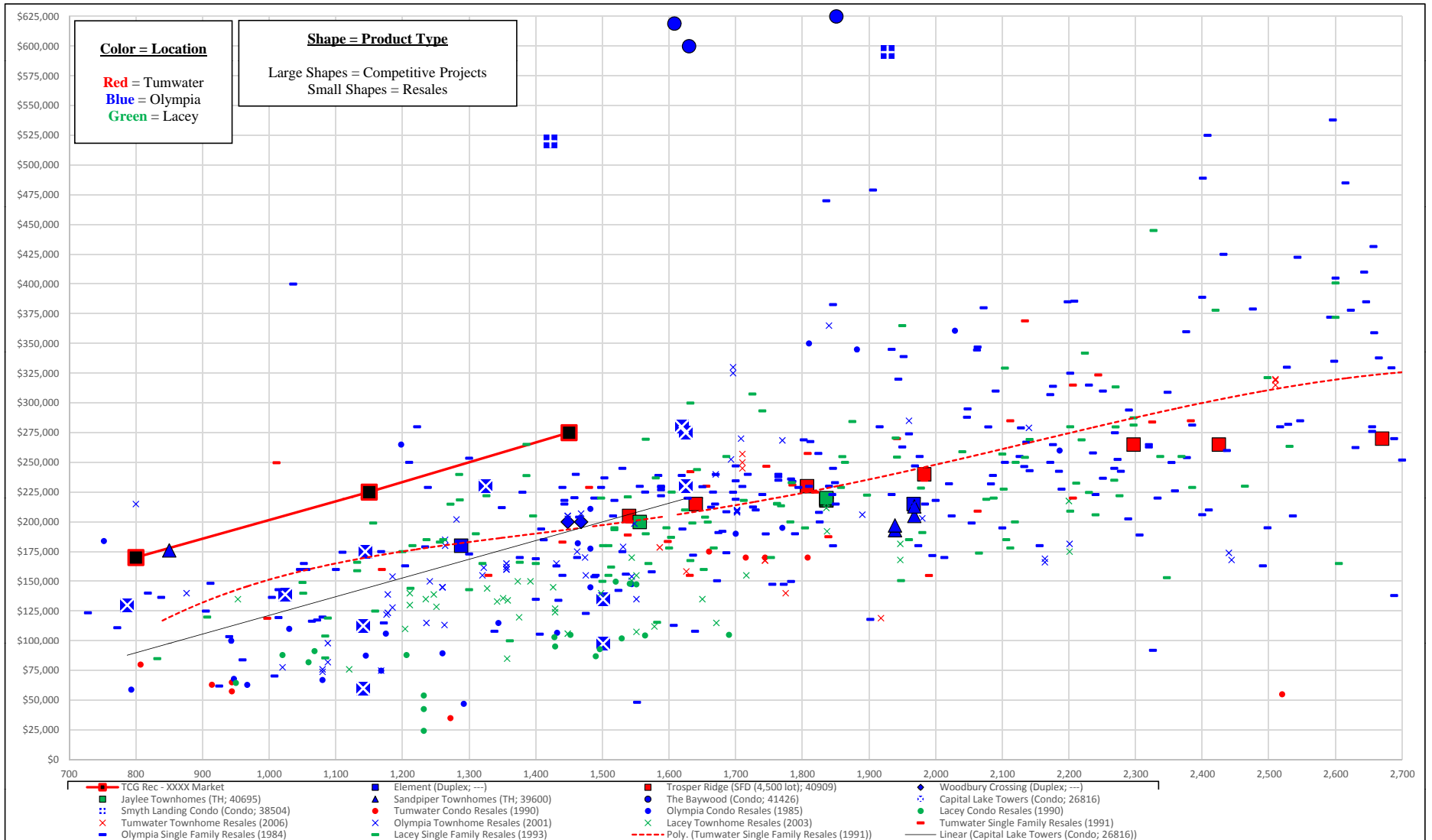
	2014	2015	2016	Annual 2017	2018	2019	2014-2019 Total
CMA Deliveries - Total	42	20	10	4	3	0	<b>80</b>
PMA/SMA Demand 1/ CMA Capture of Demand	183 38	183 38	183 38	183 38	183 38	183 38	<b>1,100 226</b>
<b>Oversupply / Undersupply - CMA</b>	<b>(5)</b>	<b>18</b>	<b>28</b>	<b>33</b>	<b>34</b>	<b>37</b>	<b>146</b>
Capture of Undersupply @							
5%	(0)	1	1	2	2	2	7
10%	(0)	2	3	3	3	4	15
15%	(1)	3	4	5	5	6	22



1/ Income Qualified demand for all of PMA/SMA with demand for units \$150K+

EXHIBIT V-10

FOR-SALE RESIDENTIAL (ATTACHED) - COMPETITIVE INVENTORY - PRICE TO SIZE POSITIONING  
CMA  
MARCH 2013 TO MARCH 2014



Note: Figures in parenthesis ( ) represent product type and year built, respectively.

Note: Resale figures in parenthesis ( ) represent avg year built. Source: Redfin. (SFD sales from last 3 months).

**VI. OFFICE MARKET ANALYSIS**

EXHIBIT VI-1  
REGIONAL LOCATION  
MARKET AREAS  
MARCH 2014

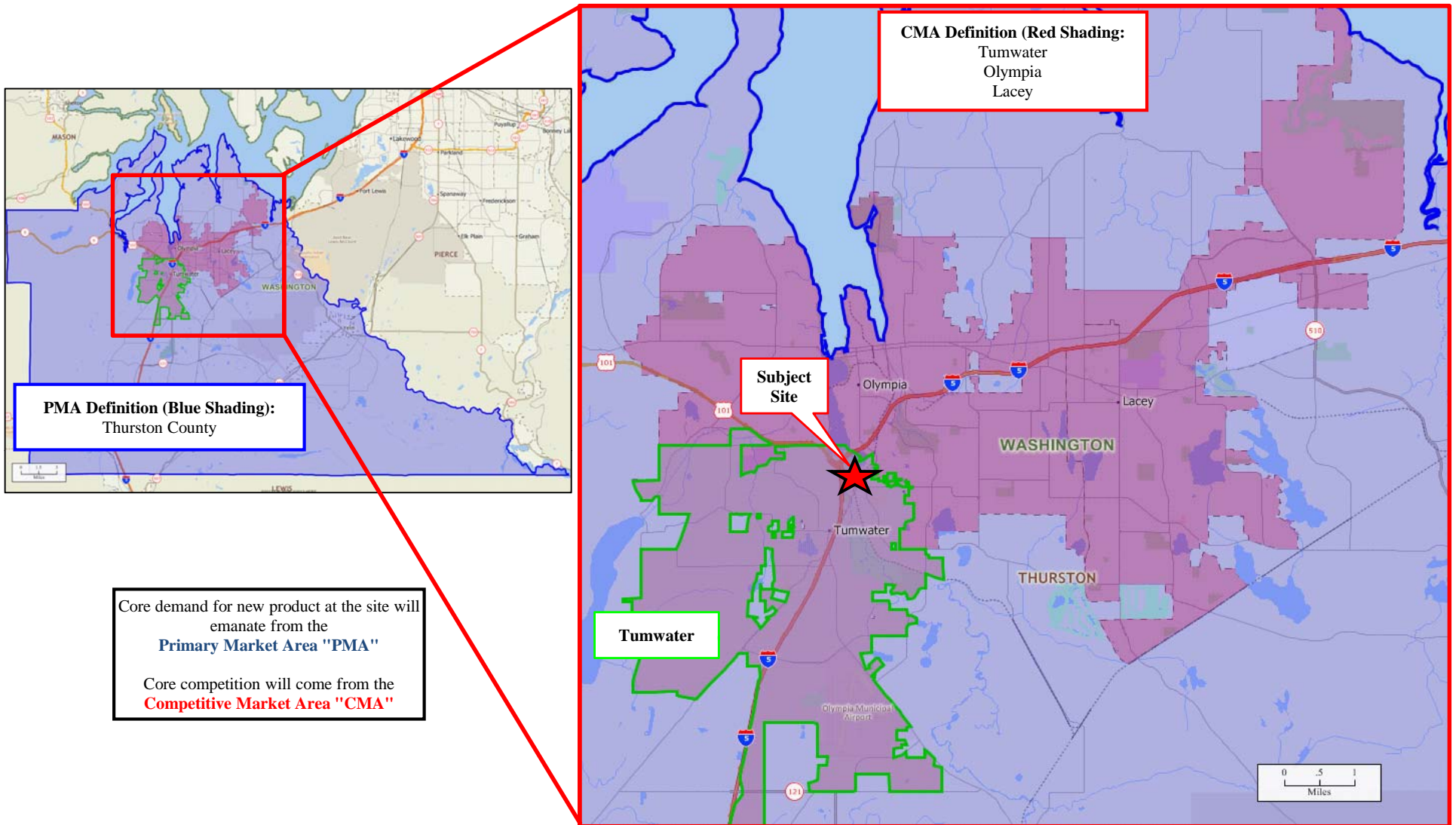


EXHIBIT VI-2

HISTORICAL TRENDS  
THURSTON COUNTY & TUMWATER/ S. OLYMPIA MSA  
FEBRUARY 2014

Market Factor (1)	2007	2008	2009	2010	2011	2012	2013	5-Yr Average
<b>Thurston County</b>								
Total Buildings	799	821	830	831	834	837	840	834
Y/Y Change		2.8%	1.1%	0.1%	0.4%	0.4%	0.4%	
Gross Leasable Area (K SF)	8,221.8	8,508.7	8,583.1	8,713.1	8,896.8	8,965.3	9,025.1	8,836.7
Deliveries (K SF)	158.1	286.9	74.4	130.0	201.6	68.5	59.8	106.9
Y/Y Change		3.5%	0.9%	1.5%	2.1%	0.8%	0.7%	
Net Absorption (K SF)	87.2	128.9	102.1	-41.4	193.8	10.4	78.2	68.6
Y/Y Change		47.8%	-20.8%	-140.5%	-568.5%	-94.6%	650.8%	
Vacancy Rate (%)	8.2%	9.8%	9.4%	11.2%	10.9%	11.4%	11.2%	11%
Y/Y Change		19.5%	-4.1%	19.1%	-2.7%	4.6%	-1.8%	
Average Rents (\$)	\$18.55	\$18.52	\$16.73	\$16.88	\$16.62	\$15.91	\$16.08	\$16.44
Y/Y Change		-0.2%	-9.7%	0.9%	-1.5%	-4.3%	1.1%	
<b>Tumwater/ S. Olympia</b>								
Total Buildings	150	157	157	157	156	158	159	157
T/S. Oly Capture	18.8%	19.1%	18.9%	18.9%	18.7%	18.9%	18.9%	18.9%
Y/Y Change		4.7%	0.0%	0.0%	-0.6%	1.3%	0.6%	
Gross Leasable Area (K SF)	1,649.0	1,781.7	1,781.7	1,781.7	1,763.9	1,769.4	1,781.4	1,775.6
T/S. Oly Capture	20.1%	20.9%	20.8%	20.4%	19.8%	19.7%	19.7%	20.1%
Deliveries	37.0	132.7	0.0	0.0	0.0	5.5	12.0	3.5
Y/Y Change		8.0%	0.0%	0.0%	-1.0%	0.3%	0.7%	
Net Absorption (K SF)	15.6	70.3	19.7	12.5	-7.1	-5.6	-7.1	2.5
T/S. Oly Capture	17.9%	54.6%	19.3%	-30.2%	-3.7%	-53.4%	-9.0%	3.6%
Y/Y Change		350.4%	-72.0%					
Vacancy Rate (%)	7%	10%	9%	8%	8%	8%	9%	8%
Prem/Disc T/S. Oly	-14.6%	2.0%	-5.3%	-26.8%	-30.3%	-28.1%	-17.9%	-22.2%
Y/Y Change		42.9%	-11.0%					
Average Rents (\$)	\$18.68	\$17.47	\$14.60	\$13.87	\$14.23	\$13.37	\$14.01	\$14.02
Prem/Disc T/S. Oly	0.7%	-5.7%	-12.7%	-17.8%	-14.4%	-16.0%	-12.9%	-14.8%
Y/Y Change		-6.5%	-16.4%	-5.0%	2.6%	-6.0%	4.8%	

(1) All data based on year-end totals

Source: CoStar

EXHIBIT VI-3

OFFICE SPACE CHARACTERISTICS  
 THURSTON COUNTY, OFFICE MARKET AREA, CITY OF TUMWATER  
 MARCH 2014

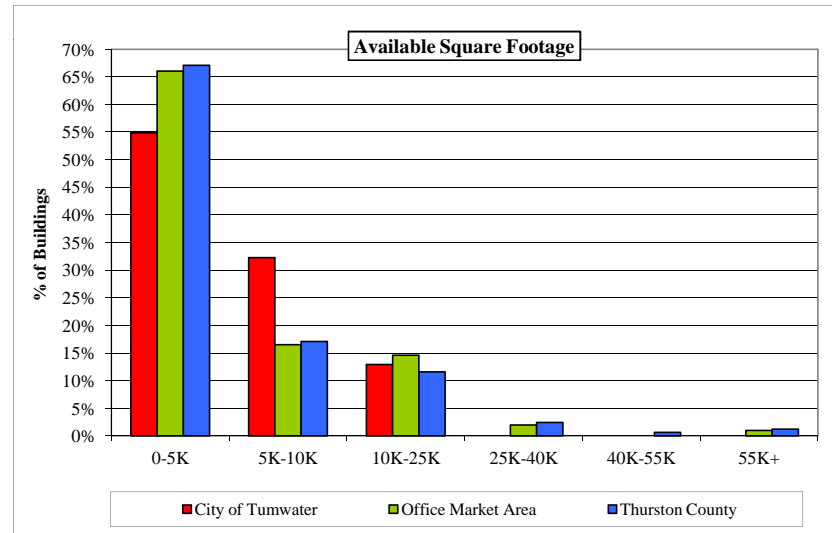
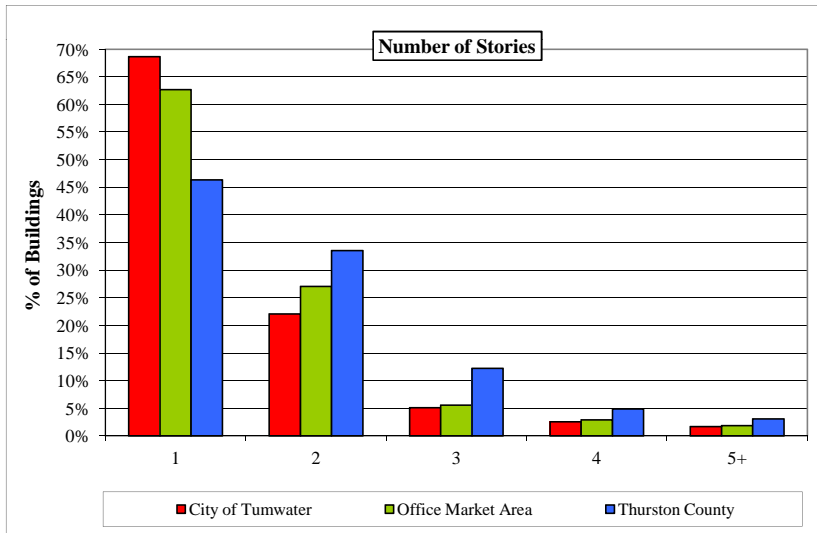
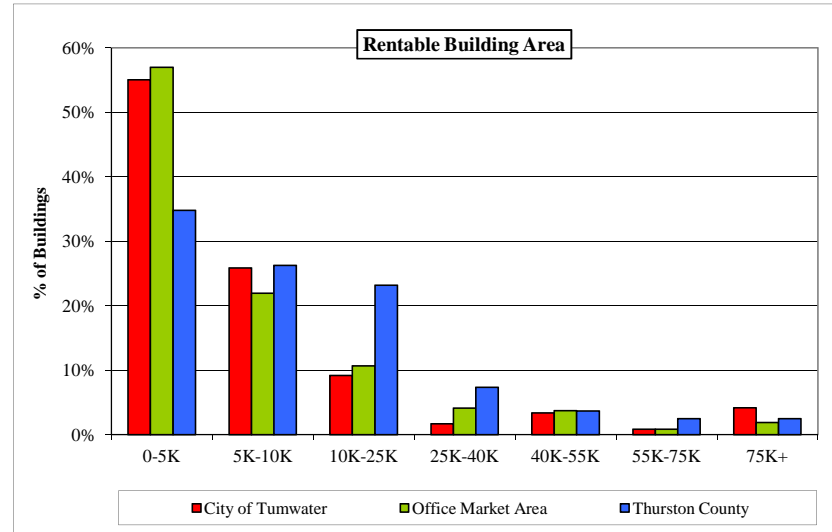
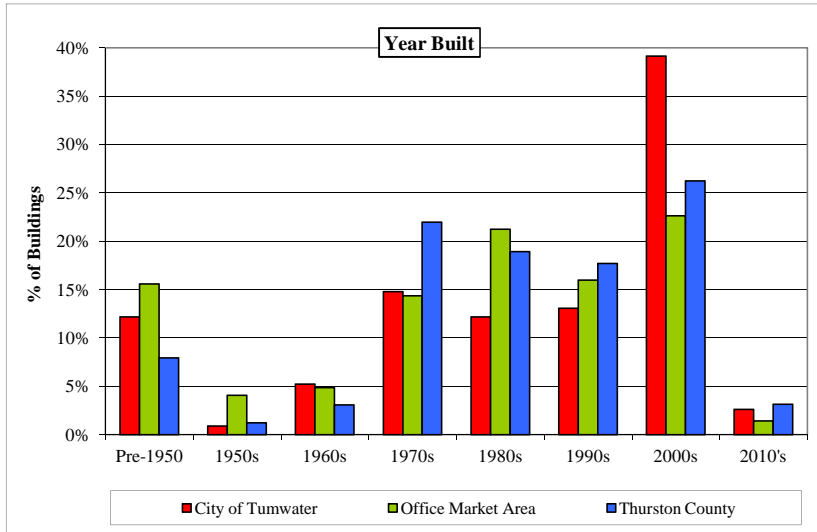
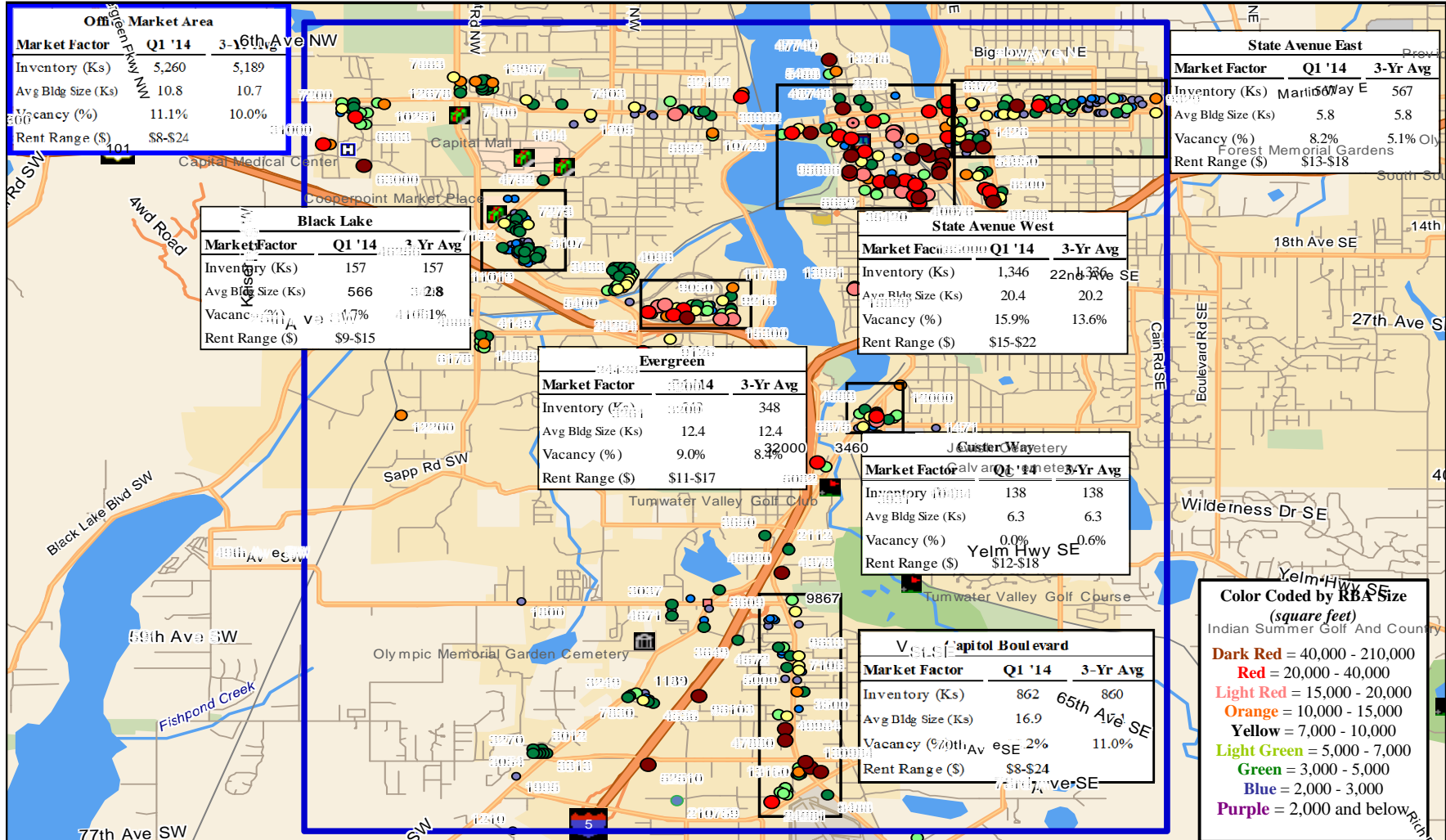


EXHIBIT VI-4

OFFICE CLUSTER COMPARISON  
OFFICE MARKET AREA  
FEBRUARY 2014



Source: Business Maps  
B

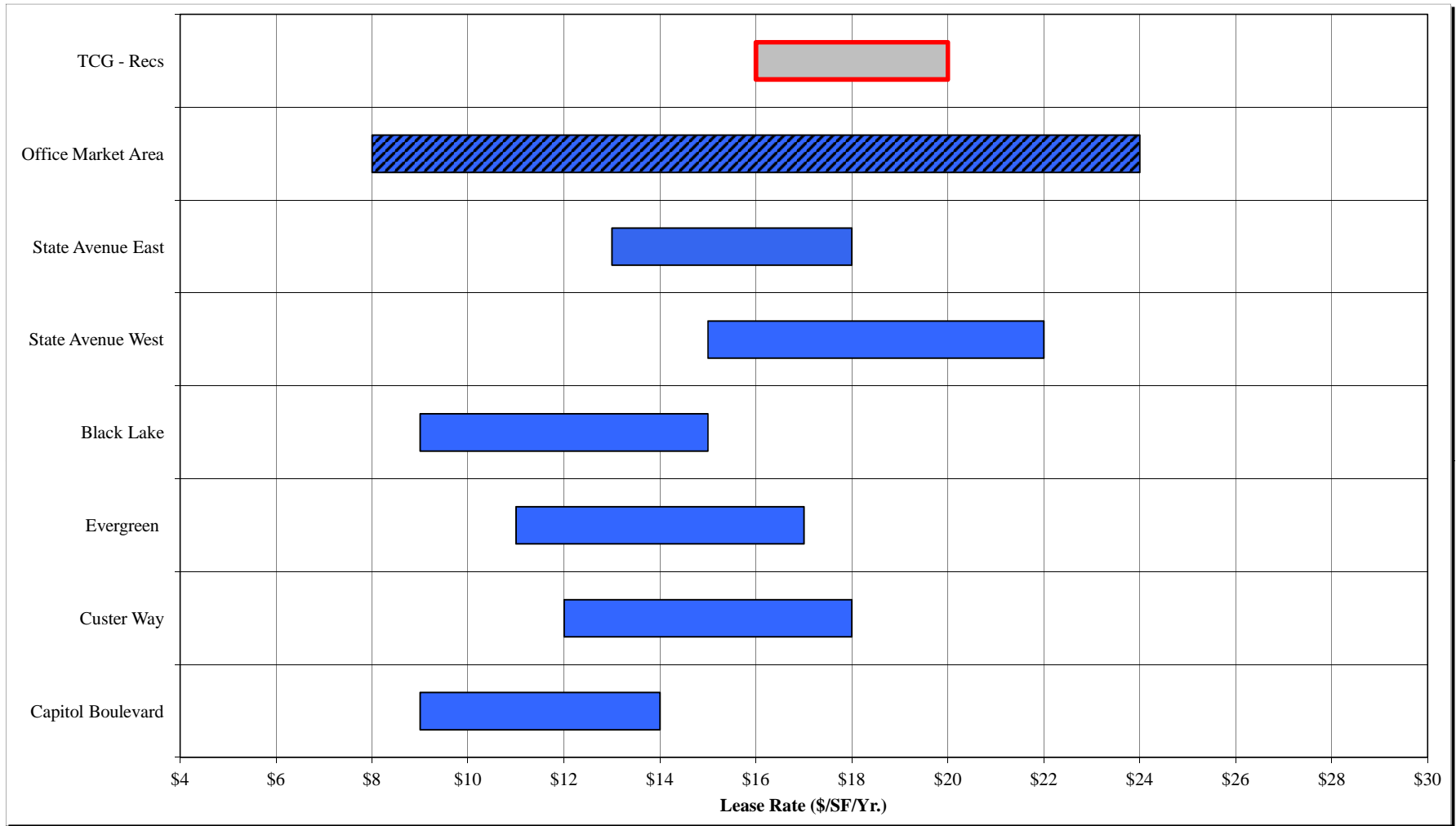


EXHIBIT VI-5

COMPETITIVE INVENTORY  
OFFICE MARKET INVENTORY  
MARCH 2014

Market	Number of Properties			Average Year Built	Average Bldg Size	Square Footage			Vacancy	Rent Range	
	Total	Class A	Class B			Class C	Total	Available			Sublet Av
<i>Clusters</i>											
State Avenue West	72	0	31	41	1958	18,697	1,346,157	216,484	0	15.9%	\$15 - \$22
State Avenue East	103	0	39	64	1954	5,506	567,159	48,419	0	8.2%	\$13 - \$18
Custer Way	22	0	4	18	1958	6,275	138,054	-	0	0.0%	\$12 - \$18
Evergreen	28	0	16	12	1986	12,425	347,898	40,394	0	9.0%	\$11 - \$17
Black Lake	56	0	27	29	1988	2,808	157,249	14,607	0	4.7%	\$9 - \$15
Capitol Boulevard	51	0	21	30	1982	16,908	862,324	106,745	0	12.2%	\$9 - \$14
<i>Non-Clusters</i>											
Sub-Total	156	2	112	42	2003	11,804	1,841,452	202,057	0	12.1%	\$23 - \$35
<b>OMA Total</b>	<b>488</b>	<b>2</b>	<b>250</b>	<b>236</b>	<b>1980</b>	<b>10,779</b>	<b>5,260,293</b>	<b>628,706</b>	<b>0</b>	<b>12.0%</b>	<b>\$8 - \$24</b>

**EXHIBIT VI-6**  
**LEASE RATES**  
**OFFICE MARKET AREA**  
**MARCH 2014**

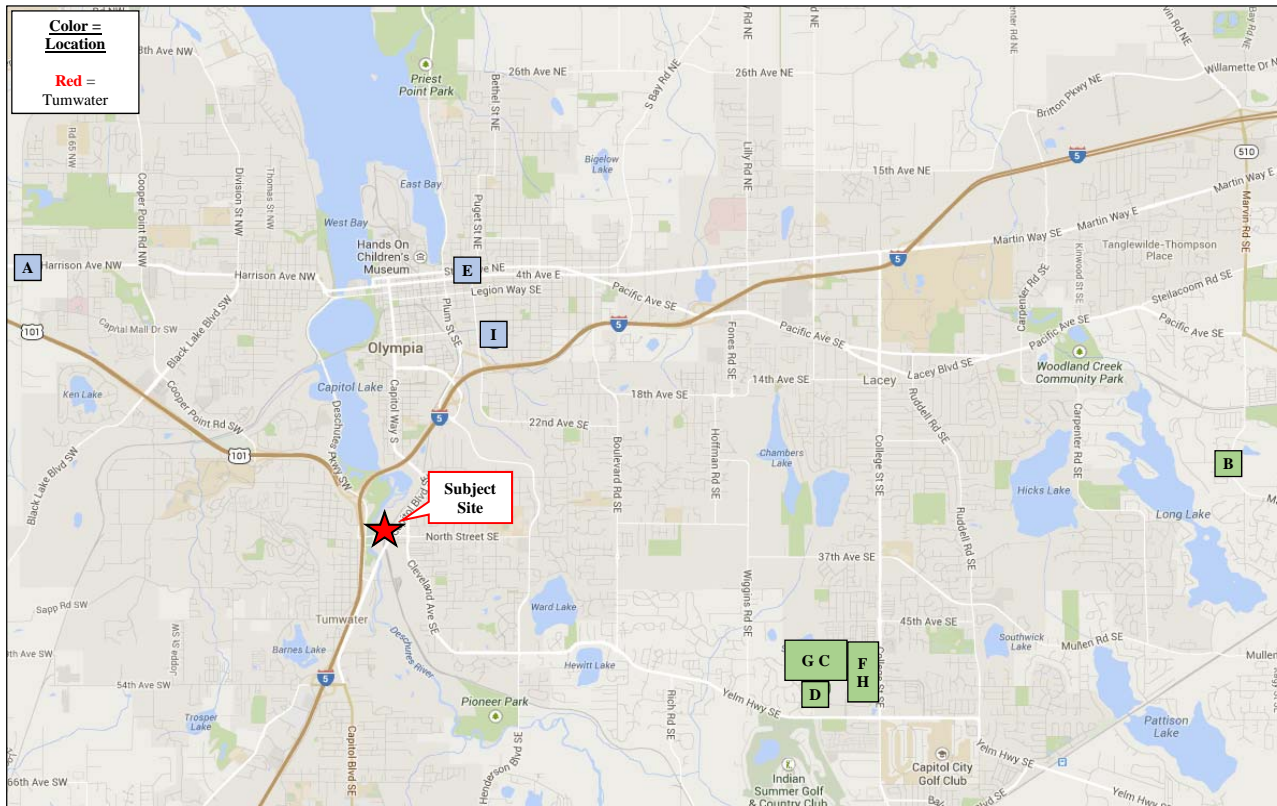


Sources: Co-Star/ TCG Interviews with Local Brokers

**EXHIBIT VI-7  
PLANNED AND PROPOSED INVENTORY - OFFICE  
CMA  
MARCH 2014**

Map Key	Name	City	Applicant/ Builder	Address	Product Type	Status	Total Rentable Bldg Space	Total Units	Comments
A	West Capital Office Park	Olympia	M-Five Family Lmtd Ptners	4500 Harrison Ave NW	Office	U/C	340,000	---	Commercial Office Park, ENG permits issued
B	Britton Plaza - Med Office	Lacey	BPCI/Marvin Road Phase 2 LLC	2501 Marvin Road	Office	U/C	54,800	---	Estimated 40% of Britton Plaza's 137,000 sf development (1)
C	Intelco Plaza - Bldg 3	Lacey	Stephen & Renae Lewandowski	4508 Intelco Loop SE	Office	U/C	8,000	---	Medical
D	Brookfield Plaza - Bldg 3	Lacey	Bailey General Contractors	4520 Intelco Loop	Office	U/C	3,870	---	---
E	Olympia Veterinary Cancer Center	Olympia	MSGs Architects	115 Eastside St Ne	Office	U/C	3,500	---	Addition of 3,500 sf + remodel
F	Lacey Corp. Office Condos - Bldg 103	Lacey	V & C Holdings Olympia Llc	5201 Corporate Center Ct SE	Office	U/C	3,500	---	---
G	Intelco Plaza - Bldg 2	Lacey	Stephen & Renae Lewandowski	4508 Intelco Loop SE	Office	Approved	7,000	---	Medical
H	Lacey Crossroads - Bldg N	Lacey	United Western Dev. Inc.	5610 Corporate Center Ln SE	Office	Approved	6,000	---	---
I	Olympia Business Park	Olympia	Nieman Investments Llc	1220 12th Ave SE	Office	Approved	5,830	---	---
<b>Subtotal:</b>							<b>432,500</b>		

**Under Construction:** 413,670  
**Approved:** 18,830  
**Pending Review:** 0  
**Future Pipeline:** 0



Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.

(1) Britton Plaza is a 137,000 sf development with various product types. Currently, one large medical center/office building (28,000 sf) is under construction. There is also a 7,335 sf building that includes a small pharmacy and two tenant spaces designed for retail under construction as well as a 3,600 sf restaurant under construction. Planners at the City of Lacey believe that retail and commercial uses will combine for a minimum of 50% of the site's total square footage 137,000 sf, with the remaining square footage going to other product types. TCG estimates 40% of the total 137,000 sf will go to office and 25% to retail based on current construction patterns.

**EXHIBIT VI-8**

**EMPLOYMENT BY INDUSTRY  
THURSTON COUNTY, WA  
2005-2030**

<b>Employment (Ks)</b>							<b>Industry Share</b>		
	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>
<b>Greater Seattle Market Area</b>									
Non-Farm Employment		1,865,414		2,300,624		2,542,783			
<i>YY Change</i>				2.3%		1.1%			
<b>Thurston County (1)</b>									
Non-Farm Employment	121,646	126,514	139,460	151,320	162,960	175,220	100%	100%	100%
<i>YY Change</i>		0.8%	2.0%	1.7%	1.5%	1.5%			
Construction	7,057	5,623	8,380	9,160	10,110	11,010	4%	6%	6%
<i>YY Change</i>		-4.1%	9.8%	1.9%	2.1%	1.8%			
FIRE (2)	9,947	11,362	11,400	12,070	12,970	13,820	9%	8%	8%
<i>YY Change</i>		2.8%	0.1%	1.2%	1.5%	1.3%			
Manufacturing	3,358	3,213	3,350	3,640	3,700	3,680	3%	2%	2%
<i>YY Change</i>		-0.9%	0.9%	1.7%	0.3%	-0.1%			
Retail	14,132	14,658	16,100	17,200	18,300	19,500	12%	12%	11%
<i>YY Change</i>		0.7%	2.0%	1.4%	1.3%	1.3%			
Services	29,599	31,362	36,530	40,850	44,970	49,550	25%	26%	27%
<i>YY Change</i>		1.2%	3.3%	2.4%	2.0%	2.0%			
WTCU (3)	5,530	5,736	6,620	7,090	7,560	7,980	5%	5%	5%
<i>YY Change</i>		0.7%	3.1%	1.4%	1.3%	1.1%			
Education & Health	15,385	17,034	19,000	20,900	22,500	24,500	13%	14%	14%
<i>YY Change</i>		2.1%	2.3%	2.0%	1.5%	1.8%			
Government	36,638	37,526	38,080	40,410	42,850	45,180	30%	27%	27%
<i>YY Change</i>		0.5%	0.3%	1.2%	1.2%	1.1%			

(1) 2005-2010 Employment data based on BEA historical data provided by Thurston County, forecasted data (2015-2030) per TRPC projections

(2) Finance, Insurance and Real Estate Industries

(3) Wholesale Trade, Transportation Services, Communications and Utilities

Sources: TRPC - Population and Employment Work Forecast; BEA; PSRC

**EXHIBIT VI-9**

**OFFICE SPACE DEMAND  
THURSTON COUNTY, WA  
2010-2030**

<b>Industry</b>	<b>Perc Off Using (1)</b>	<b>Office Space Square Footage Demanded</b>					<b>Ann Growth</b>
		<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2015- 2025</b>
Construction	3%	35,425	51,537	54,960	60,660	64,409	1.6%
<i>SF per Employee (1)</i>		<i>210</i>	<i>205</i>	<i>200</i>	<i>200</i>	<i>195</i>	
FIRE	70%	1,590,680	1,476,300	1,478,575	1,452,640	1,451,100	-0.2%
<i>SF per Employee (1)</i>		<i>200</i>	<i>185</i>	<i>175</i>	<i>160</i>	<i>150</i>	
Manufacturing	3%	20,242	20,603	21,840	22,200	21,528	0.7%
<i>SF per Employee (1)</i>		<i>210</i>	<i>205</i>	<i>200</i>	<i>200</i>	<i>195</i>	
Retail	3%	90,147	96,600	100,620	104,310	108,225	0.8%
<i>SF per Employee (1)</i>		<i>205</i>	<i>200</i>	<i>195</i>	<i>190</i>	<i>185</i>	
Services	65%	4,178,987	4,274,010	4,513,925	4,676,880	4,831,125	0.9%
<i>SF per Employee (1)</i>		<i>205</i>	<i>180</i>	<i>170</i>	<i>160</i>	<i>150</i>	
WTCU	10%	106,116	115,850	120,530	120,960	123,690	0.4%
<i>SF per Employee (1)</i>		<i>185</i>	<i>175</i>	<i>170</i>	<i>160</i>	<i>155</i>	
Education & Health	3%	97,094	105,450	112,860	118,125	124,950	1.1%
<i>SF per Employee (1)</i>		<i>190</i>	<i>185</i>	<i>180</i>	<i>175</i>	<i>170</i>	
Government	25%	2,017,023	1,999,200	2,071,013	2,142,500	2,202,525	0.7%
<i>SF per Employee (1)</i>		<i>215</i>	<i>210</i>	<i>205</i>	<i>200</i>	<i>195</i>	
<b>Total Non-Farm</b>		<b>8,135,712</b>	<b>8,139,550</b>	<b>8,474,323</b>	<b>8,698,275</b>	<b>8,927,552</b>	<b>0.7%</b>

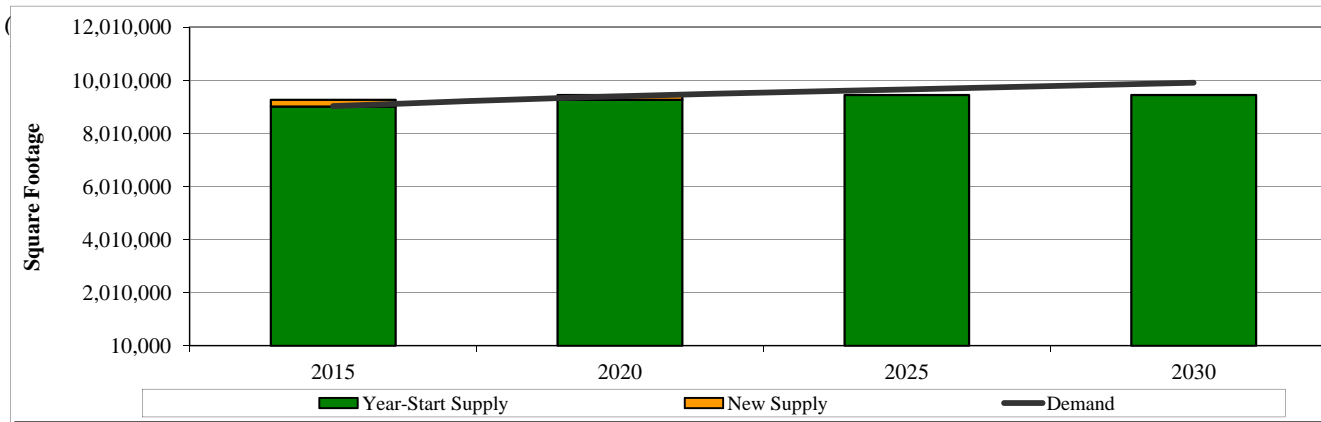
(1) TCG Estimates

Source: TRPC, NAIOP, US GSA, TCG

**EXHIBIT VI-10**

**SUPPLY AND DEMAND CONDITIONS  
THURSTON COUNTY, WA  
2015-2030**

<i>Market Factor (Ks)</i>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>Annual Averages</b>	
					<b>2015-2020</b>	<b>2020-2025</b>
Current Occupied Office Space	8,014,289					
Projected Office Space Demanded <sup>(1)</sup>	8,139,550	8,474,323	8,698,275	8,927,552		
+ Normalized Vacancy Loss <sup>(2)</sup>	895,350	932,175	956,810	982,031		
= Supportable Office Inventory	9,034,900	9,406,498	9,655,085	9,909,582		
<i>Cumulative Growth</i>		371,598	620,185	874,682	74,320	49,717
Current Office Inventory	9,025,100					
+ Projected Development <sup>(3)</sup>	250,000	182,500	0	0	50,000	36,500
= Projected Supply Conditions	9,275,100	9,457,600	9,457,600	9,457,600		
<i>Cumulative Growth</i>		250,000	432,500	432,500		
<i>(Over)/Under Supply</i>		<b>(240,200)</b>	<b>(51,102)</b>	197,485	451,982	



(1) See Exhibit VI-9 for further detail

(3) See Exhibit VI-7 for further detail

(2) Assumes 11.0% vacancy

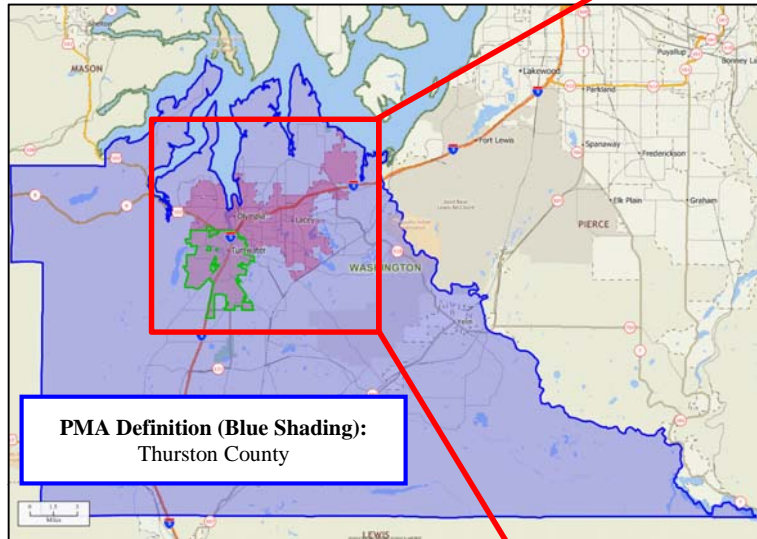
Sources: TCG Analyses

## **VII. RETAIL MARKET ANALYSIS**



EXHIBIT VII-1

REGIONAL LOCATION  
MARKET AREAS  
MARCH 2014



**PMA Definition (Blue Shading):**  
Thurston County

Core demand for new product at the site will emanate from the **Primary Market Area "PMA"** and from the greater Puget Sound Region

Core competition will come from the **Competitive Market Area "CMA"**

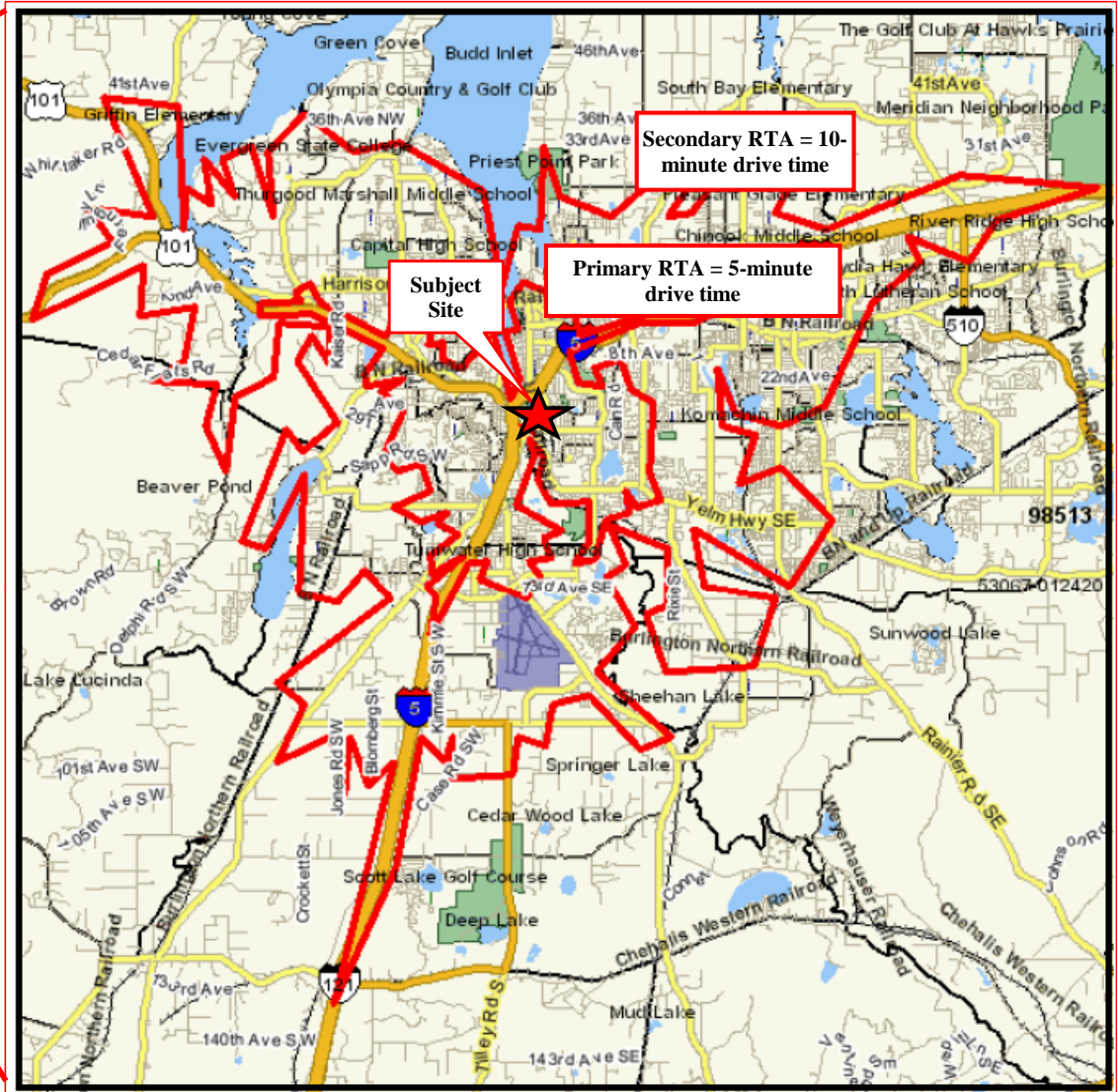
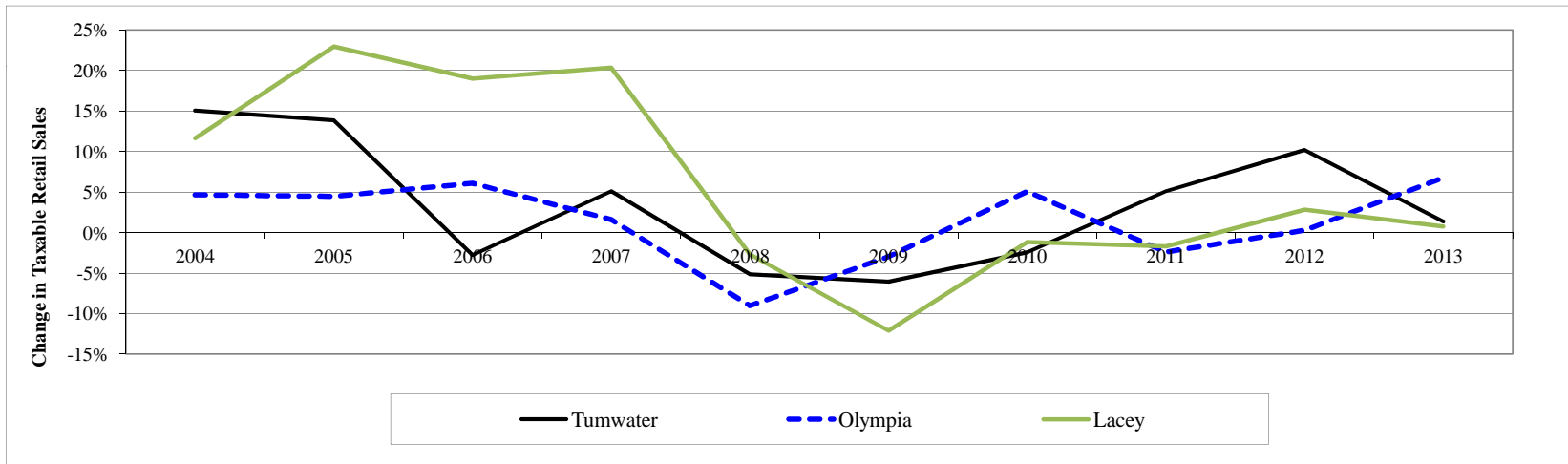


EXHIBIT VII-2

TAXABLE RETAIL SALES  
CMA  
2003 THROUGH 2013

Taxable Retail Sales (\$MM)

Geography	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	03-'13 Growth <sup>(1)</sup>	2013 HH	Sales Per HH
Tumwater	\$342	\$393	\$448	\$435	\$458	\$434	\$408	\$398	\$418	\$461	\$467	\$125	8,170	\$57,171
<i>% Change</i>		15%	14%	-3%	5%	-5%	-6%	-2%	5%	10%	1%	37%		
Olympia	\$1,595	\$1,669	\$1,744	\$1,850	\$1,879	\$1,709	\$1,659	\$1,743	\$1,701	\$1,706	\$1,821	\$226	21,579	\$84,401
<i>% Change</i>		5%	4%	6%	2%	-9%	-3%	5%	-2%	0%	7%	14%		
Lacey	\$556	\$621	\$763	\$908	\$1,093	\$1,064	\$935	\$924	\$909	\$934	\$941	\$385	18,171	\$51,813
<i>% Change</i>		12%	23%	19%	20%	-3%	-12%	-1%	-2%	3%	1%	69%		
<b>Total CMA</b>	<b>\$2,493</b>	<b>\$2,684</b>	<b>\$2,955</b>	<b>\$3,194</b>	<b>\$3,430</b>	<b>\$3,208</b>	<b>\$3,002</b>	<b>\$3,065</b>	<b>\$3,028</b>	<b>\$3,101</b>	<b>\$3,230</b>	<b>\$736</b>	<b>47,920</b>	<b>\$67,401</b>
<i>% Change</i>		8%	10%	8%	7%	-6%	-6%	2%	-1%	2%	4%	30%		
Remaining Thurston Co	\$435	\$449	\$509	\$584	\$581	\$583	\$658	\$736	\$726	\$714	\$774	\$340	57,611	\$13,443
<i>% Change</i>		3%	13%	15%	-1%	0%	13%	12%	-1%	-2%	8%	78%		
<b>Total Thurston Co.</b>	<b>\$2,928</b>	<b>\$3,133</b>	<b>\$3,465</b>	<b>\$3,778</b>	<b>\$4,011</b>	<b>\$3,790</b>	<b>\$3,659</b>	<b>\$3,801</b>	<b>\$3,754</b>	<b>\$3,815</b>	<b>\$4,004</b>	<b>\$1,076</b>	<b>105,531</b>	<b>\$37,945</b>

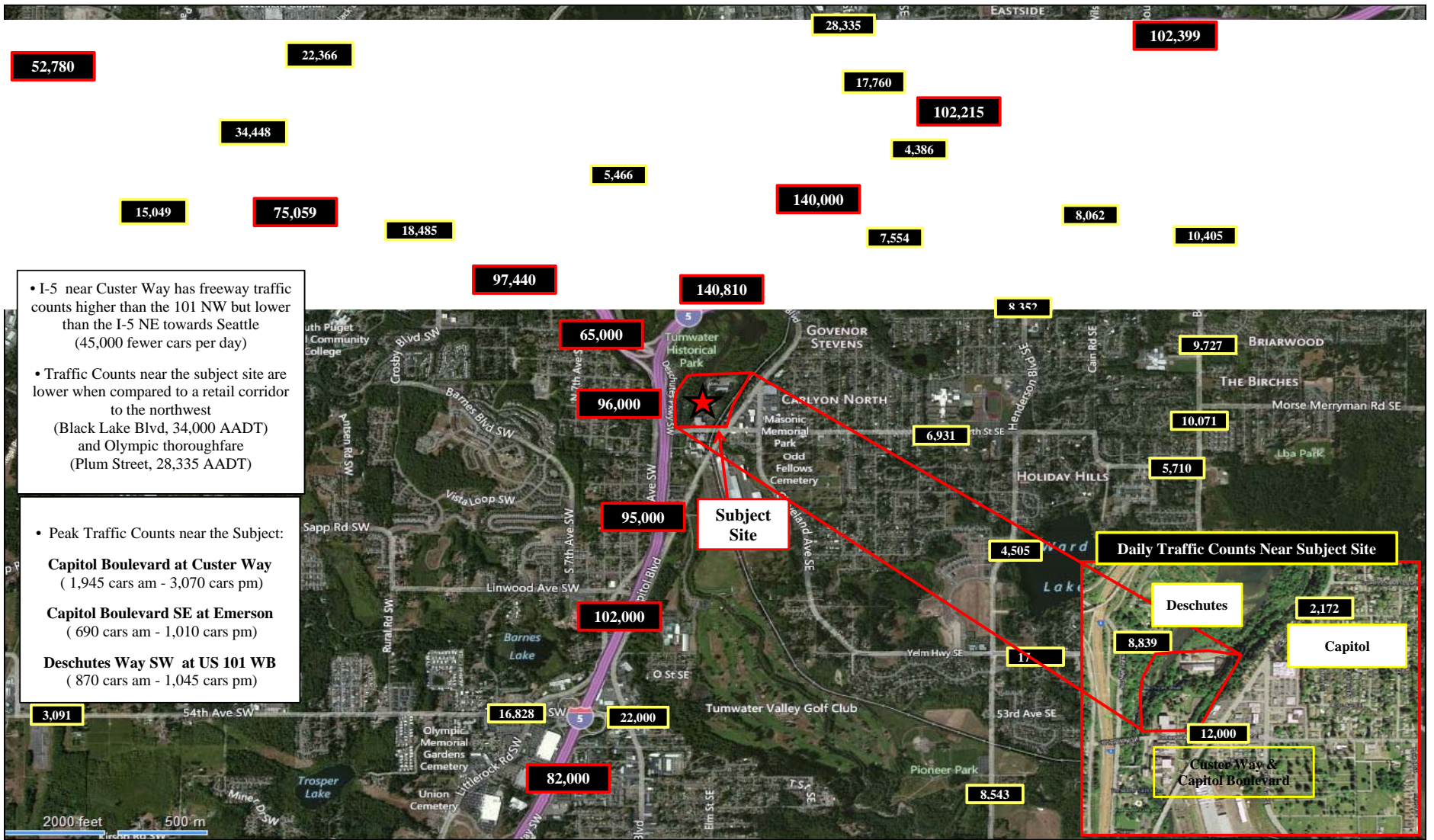


(1) 2013 figures annualized based on Q1 through Q3 data

Source: Washington Department of Revenue for taxable retail sales data (includes most tangible goods as well as certain services but excludes groceries, fuel, prescription drugs, medical appliances, interstate sales, sales to the federal government and sales of goods to Native Americans for use on the reservation); Claritas for household data



**EXHIBIT VII-3  
TRAFFIC COUNTS  
SUBJECT SITE  
MARCH 2014**



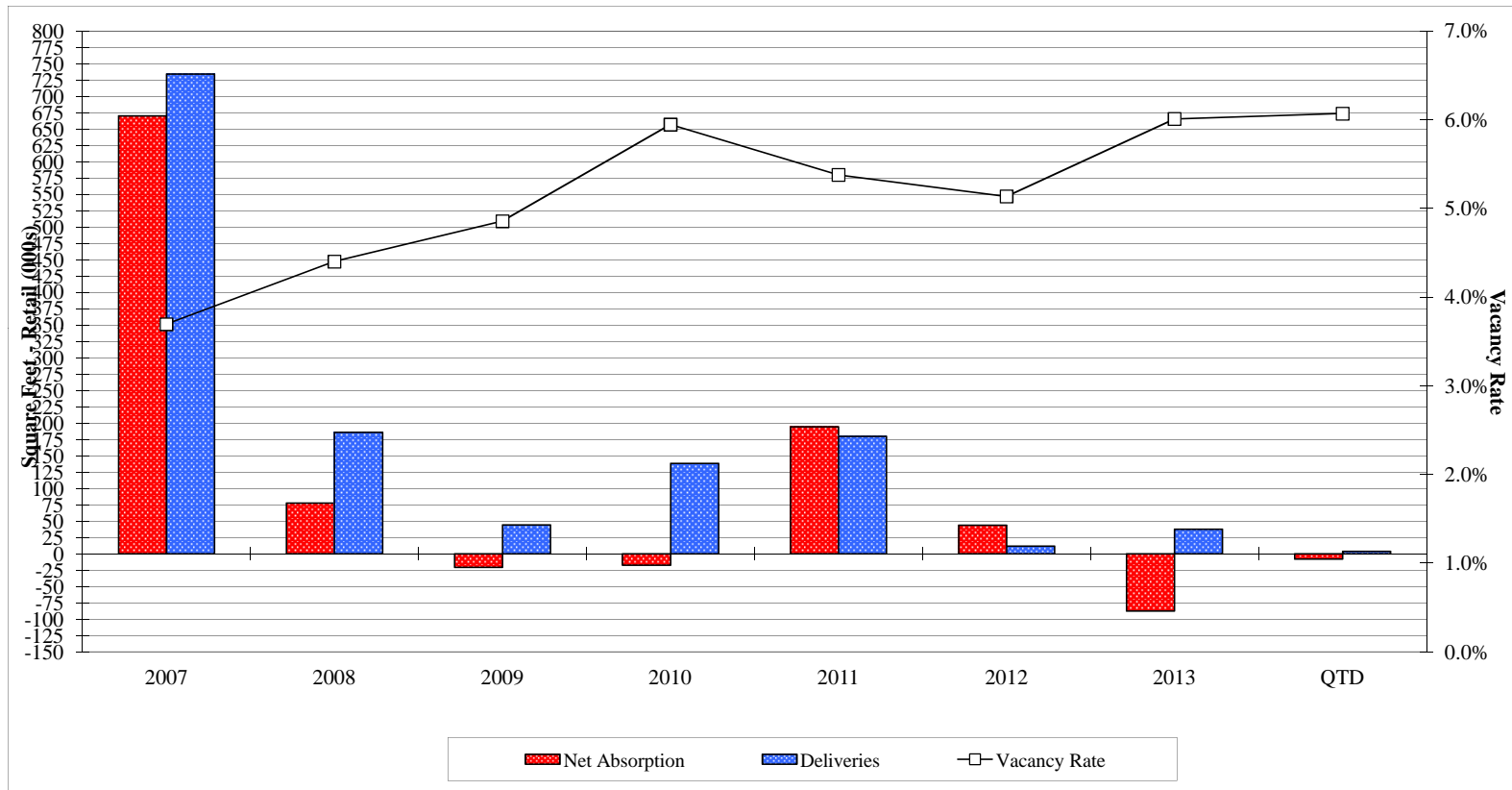
(Note) - Traffic Counts represent daily number of vehicles at given node. Streets highlighted in yellow, freeways in red.

Source: Co-Star, Tumwater Public Works

EXHIBIT VII-4

RETAIL MARKET PERFORMANCE  
THURSTON COUNTY  
2007 THROUGH 2013

Market Factor	2007	2008	2009	2010	2011	2012	2013	QTD	'07-'13 Average
Total RBA (s.f.)	13,006,675	13,184,154	13,225,597	13,360,500	13,486,051	13,497,574	13,529,962	13,529,962	13,327,216
Net Absorption (s.f.)	670,502	77,677	-20,566	-17,185	194,570	43,749	-87,541	-8,101	123,029
Deliveries (s.f.)	734,421	186,069	44,290	138,599	179,851	11,646	37,533	3,653	190,344
Vacancy Rate	3.7%	4.4%	4.9%	5.9%	5.4%	5.1%	6.0%	6.1%	5.1%
Vacant Stock (s.f.)	480,411	580,213	642,222	794,310	725,291	693,065	812,994	821,095	675,501
Average Rent (\$/s.f./yr)	\$19.32	\$20.94	\$19.05	\$17.09	\$16.01	\$16.40	\$15.85	\$ 15.82	\$ 17.81

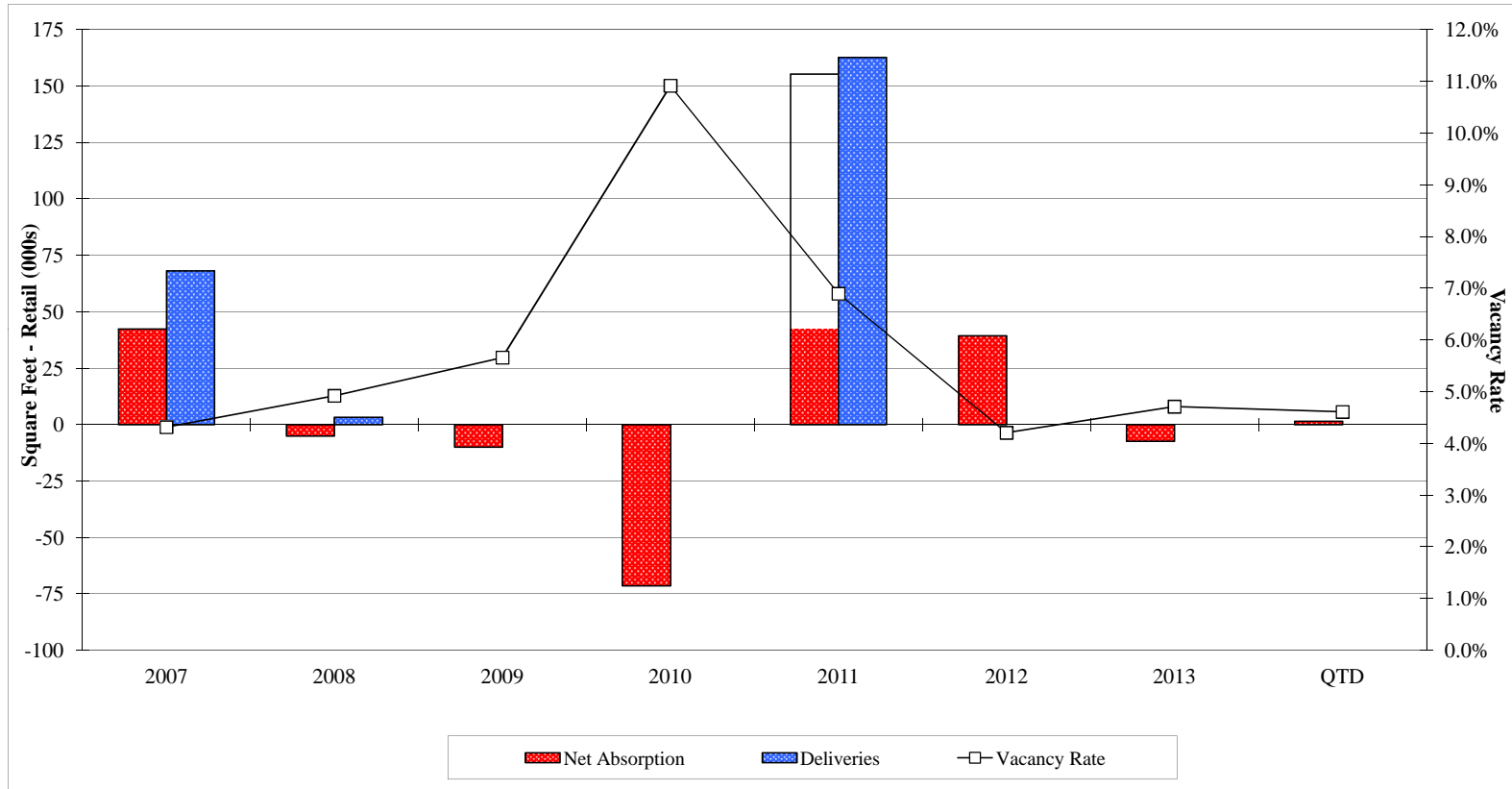


Source: CoStar

EXHIBIT VII-4

RETAIL MARKET PERFORMANCE  
TUMWATER  
2007 THROUGH 2013

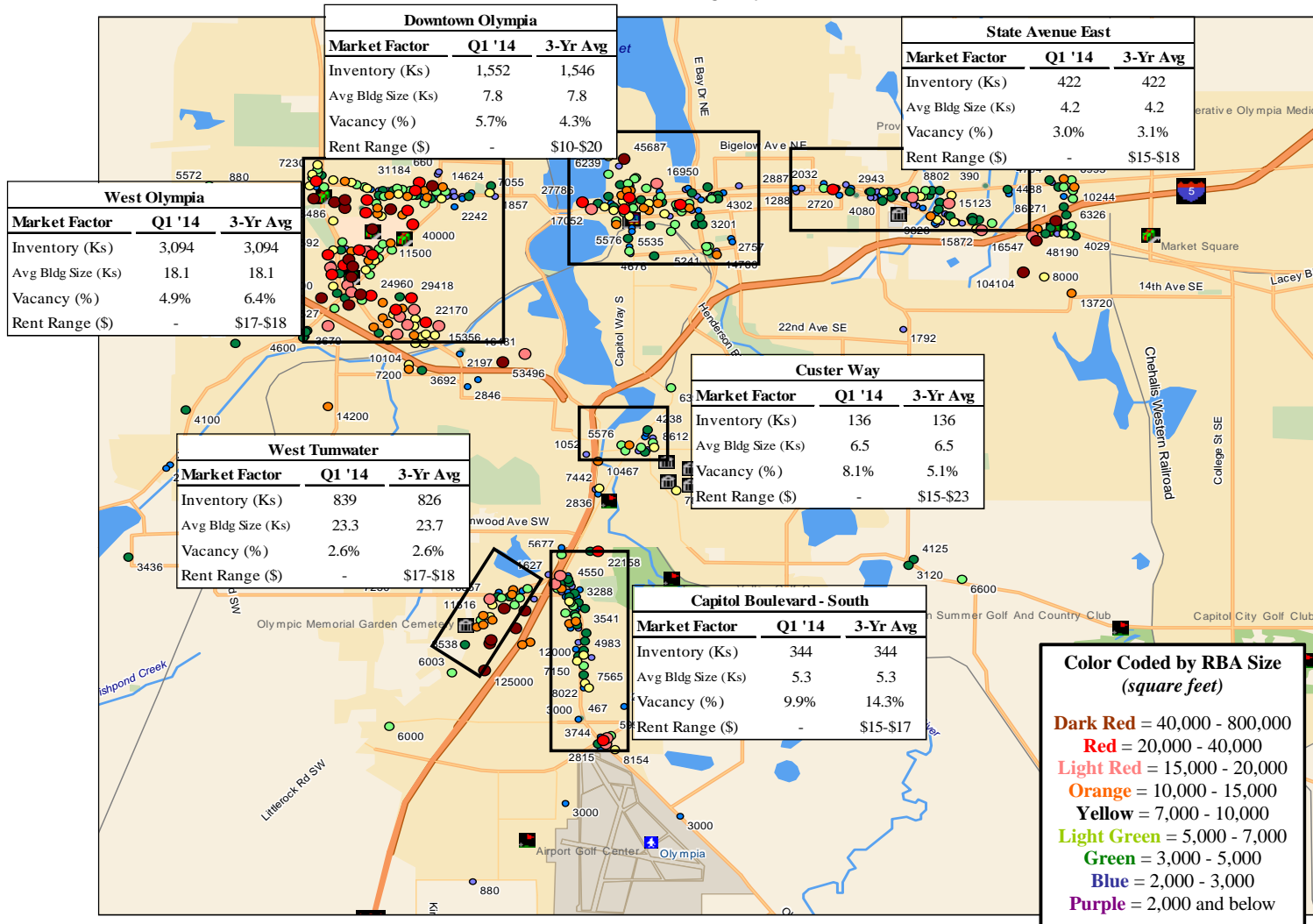
Market Factor	2007	2008	2009	2010	2011	2012	2013	QTD	'07-'13 Average
Total RBA (s.f.)	1,350,214	1,353,502	1,353,502	1,353,164	1,461,544	1,461,544	1,461,544	1,461,544	1,399,288
Net Absorption (s.f.)	42,346	-5,060	-10,009	-71,422	155,310	39,284	-7,386	1,496	20,438
Deliveries (s.f.)	68,103	3,288	0	0	162,680	0	0	0	33,439
Vacancy Rate	4.3%	4.9%	5.7%	10.9%	6.9%	4.2%	4.7%	4.6%	5.9%
Vacant Stock (s.f.)	58,233	66,581	76,590	147,674	100,744	61,460	68,846	67,350	82,875
Average Rent (\$/s.f./yr)	\$14.47	\$21.05	\$21.24	\$19.25	\$16.64	\$15.52	\$17.46	\$ 17.46	\$ 17.95



Source: CoStar

EXHIBIT VII-5

RETAIL CLUSTER COMPARISON  
RETAIL MARKET AREA  
MARCH 2014



Source: Star  
Co

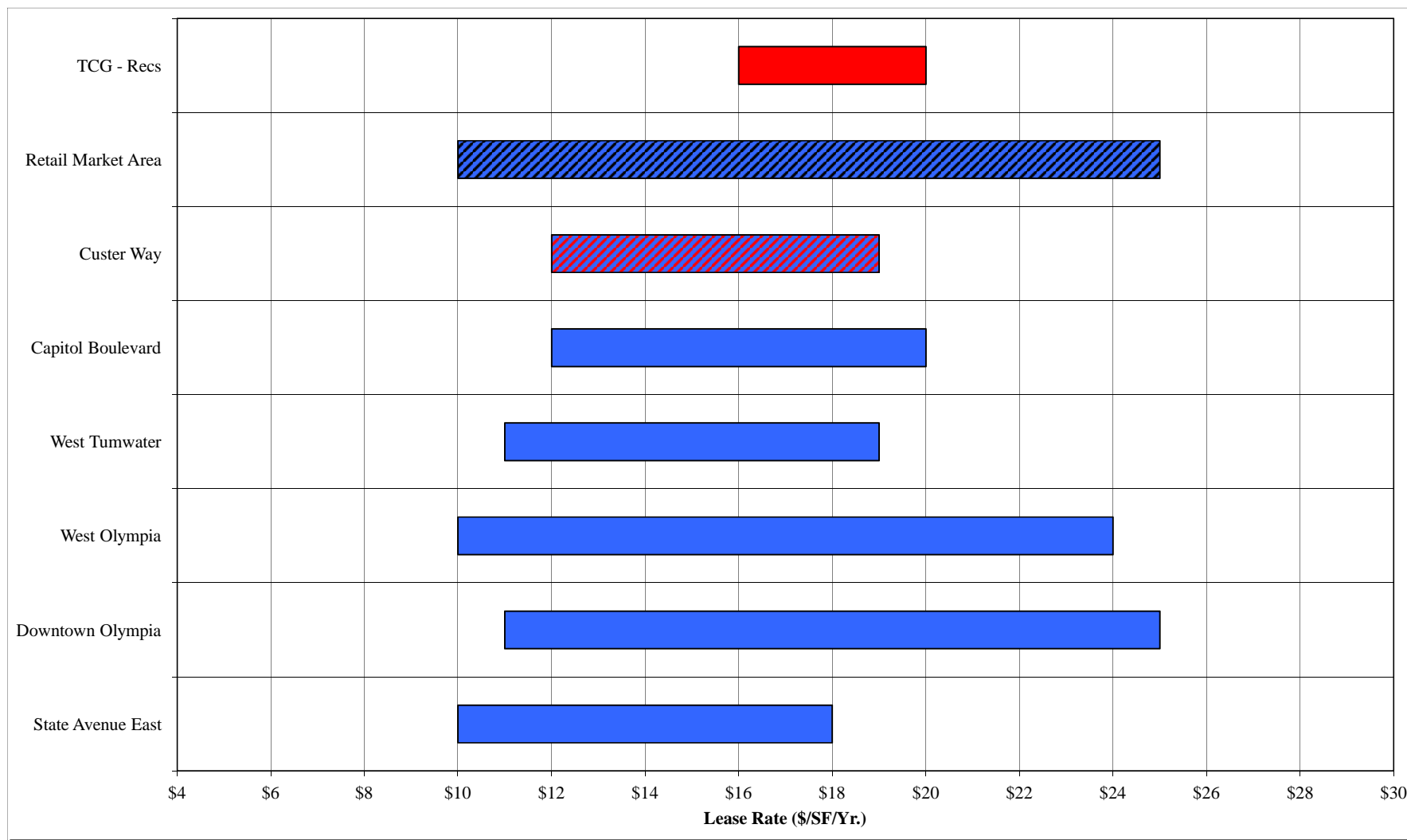


**EXHIBIT VII-6**

**COMPETITIVE INVENTORY  
RETAIL MARKET INVENTORY  
Q1 2014**

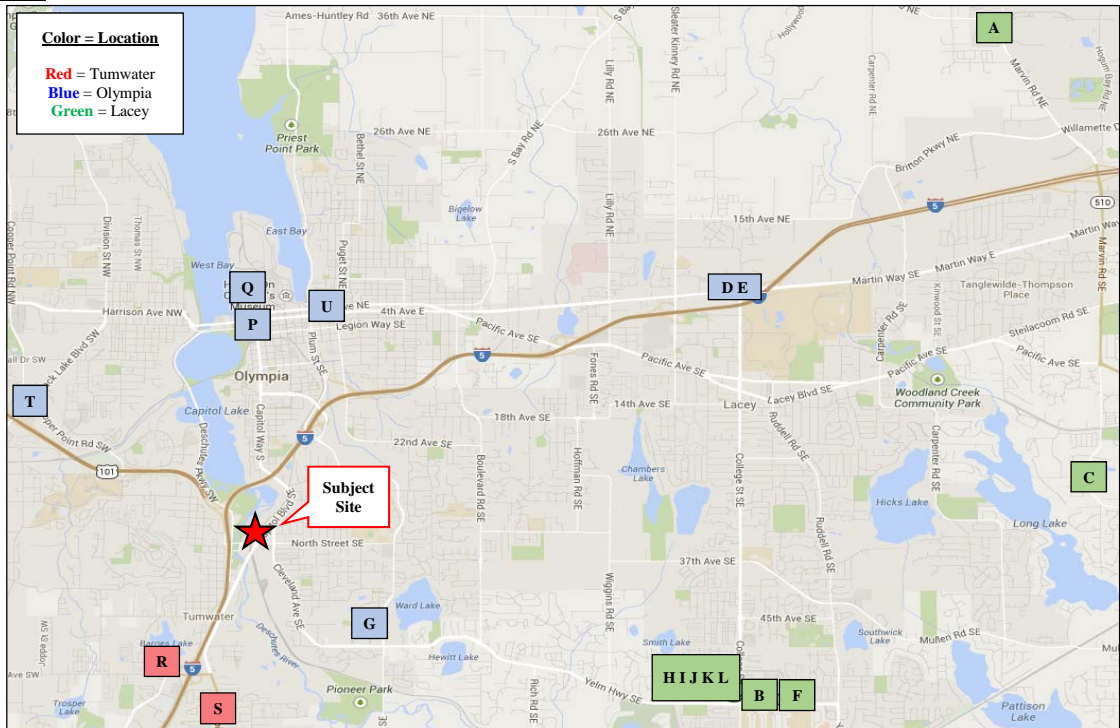
<b>Market</b>	<b># Buildings</b>	<b>Average Year Built</b>	<b>Total S.F.</b>	<b>Average Bldg Size (S.F.)</b>	<b>Vacancy</b>	<b>Rent Range \$/S.F. NNN</b>
<i>Clusters</i>						
Custer Way	21	1974	135,704	6,462	8.1%	\$12 - \$19
Capitol Boulevard - South	65	1979	344,242	5,296	9.9%	\$12 - \$20
West Tumwater	36	1992	989,330	27,481	2.2%	\$10 - \$24
West Olympia	171	1983	3,094,489	18,096	4.9%	\$11 - \$19
Downtown Olympia	199	1938	1,552,494	7,801	5.7%	\$11 - \$25
State Avenue East	101	1954	421,920	4,177	3.0%	\$10 - \$18
<b>Total/Wtd Avg:</b>	<b>593</b>	<b>1963</b>	<b>6,538,179</b>	<b>11,026</b>	<b>5.3%</b>	<b>\$10 - \$25</b>
<b>Thurston County:</b>	<b>1,192</b>	<b>-</b>	<b>13,679,962</b>	<b>11,476</b>	<b>6.0%</b>	<b>\$10 - \$25</b>

**EXHIBIT VII-7**  
**LEASE RATES**  
**RETAIL MARKET AREAS**  
**MARCH 2014**



**EXHIBIT VII-8  
PLANNED AND PROPOSED INVENTORY - RETAIL  
CMA  
MARCH 2014**

Map Key	Name	City	Applicant/ Builder	Address	Product Type	Status	Total Rentable Bldg Space	Total Units	Comments
A	SouthBay Village	Lacey	WBHD LLC	7447 Hawks Prairie Road	Retail	U/C	75,000	---	---
B	Summerwalk Village - 41K SF Anchor	Lacey	Hall Equities Group	Yelm Hwy SE & Parkside Dr SE	Retail	U/C	41,000	---	Walmart, open early 2015
C	Britton Plaza - Retail	Lacey	BPCI/Marvin Road Phase 2 LLC	2501 Marvin Road	Retail	U/C	34,250	---	Estimated 25% of Britton Plaza's 137,000 sf development. (1)
D	Bath Village	Olympia	Bath Development	4530 Martin Way E	Retail	U/C	10,000	---	---
E	Jimmy John's Restaurant	Olympia	AMB Real Estate LLC	4530 Martin Way E	Retail	U/C	1,650	---	Restaurant
F	Summerwalk Village - 28,400 SF Retail	Lacey	Hall Equities Group	Yelm Hwy SE & Parkside Dr SE	Retail	Approved	28,400	---	Freestanding
G	Briggs Grocery	Olympia	Briggs Village LLC	4400 Henderson Blvd	Retail	Approved	28,000	---	Grocery
H	Lacey Crossroads - Bldg M	Lacey	United Western Dev, Inc.	5321 Corporate Center Ln SE	Retail	Approved	9,517	---	---
I	Lacey Crossroads - Bldg J, Phase II	Lacey	United Western Dev, Inc.	5610 Corporate Center Ln SE	Retail	Approved	8,695	---	Restaurant
J	Lacey Crossroads - Bldg I, Phase II	Lacey	United Western Dev, Inc.	5511 Corporate Center Ln SE	Retail	Approved	8,005	---	Freestanding
K	Lacey Crossroads - Bldg F, Phase II	Lacey	United Western Dev, Inc.	5520 Corporate Center Ln SE	Retail	Approved	7,865	---	Freestanding
L	Lacey Crossroads - Bldg H, Phase II	Lacey	United Western Dev, Inc.	5606 Corporate Center Ln SE	Retail	Approved	7,456	---	Freestanding
M	Lacey Crossroads - Bldg G, Phase II	Lacey	United Western Dev, Inc.	5600 Corporate Center Ln SE	Retail	Approved	7,218	---	Restaurant
N	Lacey Crossroads - Bldg E, Phase II	Lacey	United Western Dev, Inc.	5510 Corporate Center Ln SE	Retail	Approved	4,338	---	Freestanding
O	Lacey Crossroads - Bldg P	Lacey	Visions West Llc	4450 Avery Ln SE	Retail	Approved	2,560	---	Freestanding
P	Columbia Heights - Retail	Olympia	Columbia Heights LLC, Steven Lou	123 4th Ave W	Retail	Pending Review	165,035	---	ENG permits issued
Q	Columbia Place - 1st Floor Retail	Olympia	Vine Street Investors	503 Capitol Way N	Retail	Pending Review	158,469	---	LU approval, building apps not submitted yet
R	The Reserve - Ground Floor Retail	Tumwater	Rune Harkstadt	710 Trospen Rd SW	Retail	Pending Review	17,598	---	---
S	Evergreen Direct Credit Union	Tumwater	BZ Zenczak	6001 Capitol Blvd. SW	Retail	Pending Review	7,500	---	---
T	McDonalds at Top Foods	Olympia	McDonald's USA LLC	1335 Cooper Point Rd SW	Retail	Proposed	4,558	---	In LU review, Fast Food
U	Tanase Building - Retail	Olympia	Gretchen Van Dusen	924 State Ave Ne	Retail	Conceptual	6,970	---	May include Apts in the future
<b>Subtotal:</b>							<b>634,084</b>		
<b>Under Construction:</b>							<b>161,900</b>		
<b>Approved:</b>							<b>112,054</b>		
<b>Pending Review:</b>							<b>348,602</b>		
<b>Future Pipeline:</b>							<b>11,528</b>		



Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.

(1) Britton Plaza is a 137,000 sf development with various product types. Currently, one large medical center/office building (28,000 sf) is under construction. There is also a 7,335 sf building that includes a small pharmacy and two tenant spaces designed for retail under construction as well as a 3,600 sf restaurant under construction. Planners at the City of Lacey believe that retail and commercial uses will combine for a minimum of 50% of the site's total square footage 137,000 sf, with the remaining square footage going to other product types. TCG estimates 40% of the total 137,000 sf will go to office and 25% to retail based on current construction patterns.

EXHIBIT VII-9  
RETAIL EXPENDITURES\* BY TYPE  
RTA  
2014

Category	Secondary RTA				Target Sales per SF	Required Retail Space			RTA				Target Sales per SF	Required Retail Space			Tumwater				Tum. vs. RTA	Target Sales per SF	Required Retail Space				
	Total*	Share	Per			SF	Share	per HH	Total*	Share	Per			SF	Share	per HH	Total*	Share	Per				HH	Sales	SF	Share	per HH
	(Millions)		Cap	HH					(Millions)		Cap	HH					(Millions)		Cap	HH							
<b>Conventional</b>																											
Bars/Clubs	\$9	1%	\$82	\$191	\$350	26,676	1%	0.55	\$2	1%	\$85	\$188	\$350	6,701	1%	0.54	\$2	1%	\$84	\$190	1%	\$350	4,435	1%	0.54		
Beauty Supplies	21	2%	\$184	\$430	335	62,719	2%	1.28	5	2%	186	412	335	15,344	2%	1.23	4	2%	191	433	5%	335	10,554	2%	1.29		
Books/Music/Hobby	41	3%	\$355	\$829	340	119,189	3%	2.44	10	3%	369	815	340	29,919	3%	2.40	7	3%	368	832	2%	340	19,983	3%	2.45		
Clothing/Accessories	56	4%	\$491	\$1,145	335	167,156	5%	3.42	14	4%	512	1,131	335	42,151	5%	3.38	10	4%	515	1,164	3%	335	28,391	5%	3.48		
Collectables	14	1%	\$123	\$286	360	38,888	1%	0.80	4	1%	127	281	360	9,760	1%	0.78	2	1%	128	288	2%	360	6,540	1%	0.80		
Department Store	239	18%	\$2,099	\$4,898	300	798,206	22%	16.33	60	18%	2,159	4,768	300	198,445	22%	15.89	40	18%	2,180	4,928	3%	300	134,196	22%	16.43		
Drugstore	81	6%	\$712	\$1,662	330	246,232	7%	5.04	20	6%	716	1,582	330	59,850	7%	4.79	14	6%	737	1,666	5%	330	41,256	7%	5.05		
Electronics	39	3%	\$345	\$806	375	105,026	3%	2.15	10	3%	362	800	375	26,623	3%	2.13	7	3%	361	815	2%	375	17,763	3%	2.17		
Food/Drink Store	100	8%	\$880	\$2,054	425	236,334	6%	4.83	25	8%	911	2,011	425	59,079	6%	4.73	17	8%	912	2,060	2%	425	39,600	6%	4.85		
Grocery	164	12%	\$1,436	\$3,352	425	385,603	11%	7.89	40	12%	1,466	3,238	425	95,126	10%	7.62	27	12%	1,478	3,341	3%	425	64,228	10%	7.86		
Home Furnishings	41	3%	\$356	\$830	300	135,326	4%	2.77	10	3%	380	839	300	34,911	4%	2.80	7	3%	384	868	3%	300	23,626	4%	2.89		
Home Repair	207	16%	\$1,816	\$4,237	335	618,381	17%	12.65	52	16%	1,885	4,162	335	155,138	17%	12.42	36	16%	1,931	4,365	5%	335	106,455	17%	13.03		
Jewelry	35	3%	\$309	\$722	500	70,589	2%	1.44	9	3%	337	745	500	18,607	2%	1.49	6	3%	336	759	2%	500	12,397	2%	1.52		
Miscellaneous	42	3%	\$365	\$852	300	138,808	4%	2.84	10	3%	380	839	300	34,925	4%	2.80	7	3%	385	870	4%	300	23,687	4%	2.90		
Sit-Down Rest.	106	8%	\$931	\$2,173	460	230,952	6%	4.72	27	8%	979	2,162	460	58,683	6%	4.70	18	8%	968	2,188	1%	460	38,856	6%	4.76		
Take-Out Rest.	118	9%	\$1,038	\$2,423	435	272,282	7%	5.57	30	9%	1,091	2,408	435	69,122	8%	5.54	20	9%	1,081	2,442	1%	435	45,869	7%	5.61		
Theater/Recreation	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
<b>Subtotal:</b>	<b>\$1,315</b>	<b>100%</b>	<b>\$11,523</b>	<b>\$26,890</b>	<b>\$360</b>	<b>3,652,367</b>	<b>100%</b>	<b>74.71</b>	<b>\$329</b>	<b>100%</b>	<b>\$11,947</b>	<b>\$26,378</b>	<b>\$360</b>	<b>914,384</b>	<b>100%</b>	<b>73.23</b>	<b>\$222</b>	<b>100%</b>	<b>\$12,039</b>	<b>\$27,208</b>	<b>3%</b>	<b>\$360</b>	<b>617,838</b>	<b>100%</b>	<b>75.62</b>		
<b>Other</b>																											
Motor Vehicles	\$369		\$3,230	\$7,539					\$92		\$3,336	\$7,367					\$65		\$3,496	\$7,900	7%						
Gas Stations	207		\$1,816	\$4,238					52		1,877	4,145					35		1,915	4,327	4%						
Internet/Vending Shopping	168		\$1,476	\$3,445					42		1,513	3,341					28		1,522	3,439	3%						
<b>Subtotal:</b>	<b>\$744</b>		<b>\$6,523</b>	<b>\$15,222</b>					<b>\$185</b>		<b>\$6,727</b>	<b>\$14,853</b>					<b>\$128</b>		<b>\$6,932</b>	<b>\$15,666</b>	<b>5%</b>						
<b>Total:</b>	<b>\$2,059</b>		<b>\$18,046</b>	<b>\$42,112</b>					<b>\$515</b>		<b>\$18,674</b>	<b>\$41,231</b>					<b>\$350</b>		<b>\$18,971</b>	<b>\$42,875</b>	<b>4%</b>						

Note: \* Retail expenditures based on consumer spending power of residents living in the defined geography - does not take into account spending from

Source: Claritas - "RMP Opportunity Gap - Retail Stores"

employees or from those emanating from outside the market area.

Sales per SF data from ULI's "Dollar and Cents" 2007 Handbook

EXHIBIT VII-10

RETAIL GAP ANALYSIS BY TYPE

Category	Target Sales per SF	Secondary RTA				RTA 2014				Tumwater			
		Required Retail Space	Existing Sales	Implied Retail Space	Diff	Required Retail Space	Existing Sales	Implied Retail Space	Diff	Required Retail Space	Existing Sales	Implied Retail Space	Diff
		SF	(\$MM)	(sf)	(sf)	SF	(\$MM)	(sf)	(sf)	SF	(\$MM)	(sf)	(sf)
<b>Convenience</b>													
Beauty Supplies	335	62,719	30	90,612	-27,893	15,344	16	46,388	-31,044	10,554	2	5,933	4,622
Drugstore	330	246,232	108	328,734	-82,502	59,850	23	69,555	-9,705	41,256	10	30,114	11,142
Food/Drink Store	425	236,334	339	798,421	-562,087	59,079	138	323,933	-264,854	39,600	26	60,690	-21,090
Grocery	425	385,603	162	380,566	5,038	95,126	44	104,130	-9,004	64,228	16	36,742	27,486
<b>Comparison</b>													
Books/Music/Hobby	340	119,189	83	244,007	-124,818	29,919	28	82,135	-52,216	19,983	4	12,708	7,276
Clothing/Accessories	335	167,156	65	194,571	-27,415	42,151	20	59,298	-17,147	28,391	1	4,369	24,022
Collectables	360	38,888	35	98,444	-59,556	9,760	14	37,627	-27,867	6,540	1	3,209	3,331
Department Store	300	798,206	765	2,551,149	-1,752,942	198,445	340	1,132,007	-933,562	134,196	289	963,656	-829,460
Electronics	375	105,026	68	182,344	-77,318	26,623	17	46,038	-19,415	17,763	15	41,236	-23,473
Home Furnishings	300	135,326	98	325,562	-190,236	34,911	30	100,772	-65,861	23,626	9	30,099	-6,473
Home Repair	335	618,381	318	950,396	-332,015	155,138	74	220,368	-65,230	106,455	46	138,156	-31,700
Jewelry	500	70,589	14	27,963	42,626	18,607	5	9,358	9,249	12,397	1	1,079	11,318
Miscellaneous	300	138,808	79	262,826	-124,018	34,925	24	81,570	-46,644	23,687	4	12,378	11,308
<b>Leisure</b>													
Bars/Clubs	\$350	26,676	\$14	38,880	-12,204	6,701	\$5	14,272	-7,572	4,435	\$0	649	3,786
Sit-Down Rest.	460	230,952	112	244,052	-13,100	58,683	33	71,636	-12,953	38,856	14	31,237	7,619
Take-Out Rest.	435	272,282	131	301,604	-29,322	69,122	54	123,573	-54,451	45,869	31	71,055	-25,186
Theater/Recreation	na	na				na				na			
<b>Subtotal:</b>	<b>\$360</b>	<b>3,652,367</b>	<b>2,423</b>	<b>7,020,130</b>	<b>-3,367,763</b>	<b>914,384</b>	<b>864</b>	<b>2,522,660</b>	<b>-1,608,276</b>	<b>617,838</b>	<b>470</b>	<b>1,443,310</b>	<b>-825,472</b>
<b>Other</b>													
Motor Vehicles													
Gas Stations													
Internet/Vending Shopping													
<b>Subtotal:</b>													
<b>Total:</b>													

Note: \* Retail expenditures based on consumer spending power of residents living in the defined geography - does not take into account spending from

Source: Claritas - "RMP Opportunity Gap - Retail Stores"

employees or from those emanating from outside the market area.

**EXHIBIT VII-11**

**PROJECTED ANNUAL DEMAND FOR RETAIL SPACE FROM NEW HOUSEHOLDS  
TUMWATER AND RETAIL TRADE AREAS  
2014 THROUGH 2019**

<b>Retail Store Type</b>	<b>Tumwater</b>		<b>Primary RTA (1)</b>		<b>Secondary RTA (1)</b>	
	<b>Expenditures Per Household</b>	<b>Percent of Total Exp.</b>	<b>Expenditures Per Household</b>	<b>Percent of Total Exp.</b>	<b>Expenditures Per Household</b>	<b>Percent of Total Exp.</b>
<i>Local-Serving Retail</i>						
Automotive Part and Acry	\$286	1.0%	\$268	0.9%	\$279	0.9%
Bldg Matl and Garden Equip Dealers	\$776	2.6%	\$721	2.5%	\$754	2.5%
Convenience Stores	\$290	1.0%	\$281	1.0%	\$288	1.0%
Fast Food Restaurants	\$828	2.8%	\$821	2.8%	\$829	2.8%
Florists	\$303	1.0%	\$285	1.0%	\$292	1.0%
General Merch Stores	\$5,082	17.0%	\$4,908	16.9%	\$5,017	17.0%
Grocery Stores	\$5,610	18.7%	\$5,437	18.8%	\$5,617	19.0%
Hardware Stores	\$97	0.3%	\$90	0.3%	\$94	0.3%
Health and Personal Care	\$2,148	7.2%	\$2,044	7.1%	\$2,135	7.2%
Home Centers	\$362	1.2%	\$337	1.2%	\$351	1.2%
Lawn and Garden Equip and Supplies Dealers	\$130	0.4%	\$122	0.4%	\$126	0.4%
Nursery and Garden Centers	\$118	0.4%	\$111	0.4%	\$114	0.4%
Office Supplies, Stationery	\$120	0.4%	\$117	0.4%	\$117	0.4%
Sew/Needlework/PieceGoods	\$54	0.2%	\$51	0.2%	\$51	0.2%
<b>Total Local-Serving Retail:</b>	<b>\$16,204</b>	<b>54%</b>	<b>\$15,593</b>	<b>54%</b>	<b>\$16,064</b>	<b>54%</b>
<b>Projected Annual Household Growth:</b>	<b>126 /year</b>		<b>153 /year</b>		<b>550 /year</b>	
<b>Annual Increase in Local-Serving Expenditures:</b>	<b>\$2,038,463 /year</b>		<b>\$2,391,966 /year</b>		<b>\$8,831,987 /year</b>	
<b>Target Retail Sales per Square Foot:</b>	<b>\$360 /sf</b>		<b>\$360 /sf</b>		<b>\$360 /sf</b>	
<b>Annual New Local-Serving Retail Demanded:</b>	<b>5,662 sf</b>		<b>6,644 sf</b>		<b>24,533 sf</b>	

(1) See Exhibit VII-1 for RTA definitions

Source: Claritas Data Services, ULI



EXHIBIT VII-11

PROJECTED ANNUAL DEMAND FOR RETAIL SPACE FROM NEW HOUSEHOLDS  
TUMWATER AND RETAIL TRADE AREAS  
2014 THROUGH 2019

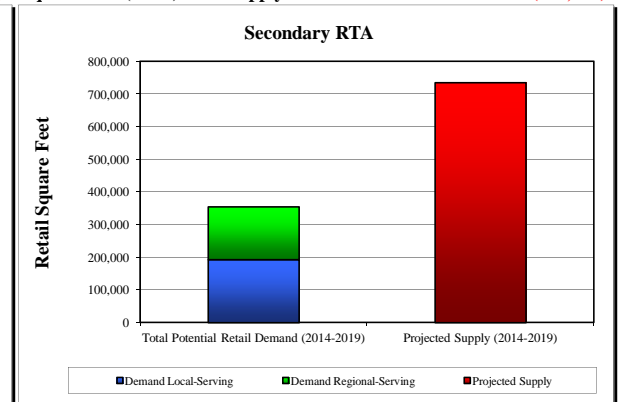
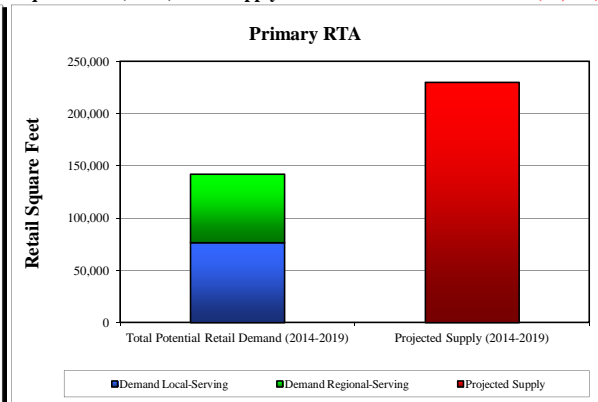
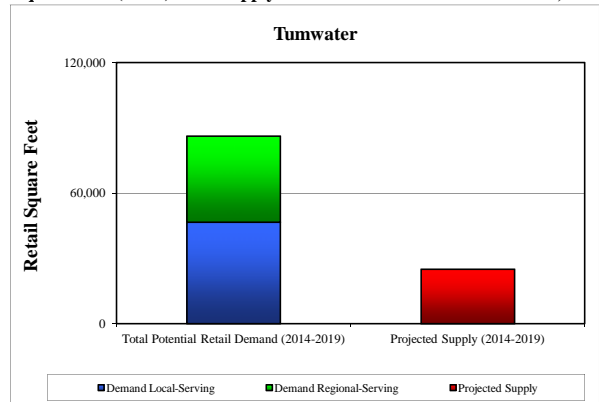
Retail Store Type	Tumwater		Primary RTA (1)		Secondary RTA (1)	
	Expenditures Per Household	Percent of Total Exp.	Expenditures Per Household	Percent of Total Exp.	Expenditures Per Household	Percent of Total Exp.
<i>Regional-Serving Retail</i>						
Camera/Photo Supply	\$40	0.1%	\$38	0.1%	\$39	0.1%
Clothing Acstry Stores	\$33	0.1%	\$32	0.1%	\$32	0.1%
Clothing Stores	\$2,057	6.9%	\$2,003	6.9%	\$2,011	6.8%
Computer and Software	\$192	0.6%	\$189	0.7%	\$192	0.6%
Department Stores	\$2,525	8.4%	\$2,438	8.4%	\$2,480	8.4%
Drinking Places	\$78	0.3%	\$78	0.3%	\$79	0.3%
Eating Places	\$2,881	9.6%	\$2,847	9.8%	\$2,859	9.7%
Furniture Stores	\$508	1.7%	\$492	1.7%	\$482	1.6%
Gift, Novelty, and Souvenir Stores	\$114	0.4%	\$111	0.4%	\$111	0.4%
Household Appliance Stores	\$118	0.4%	\$112	0.4%	\$115	0.4%
Jewelry Stores	\$498	1.7%	\$487	1.7%	\$473	1.6%
Luggage and Leather Goods	\$42	0.1%	\$40	0.1%	\$40	0.1%
Other Home Furnishings	\$381	1.3%	\$363	1.3%	\$367	1.2%
Radio/TV/Other Electronics	\$490	1.6%	\$481	1.7%	\$483	1.6%
Shoe Stores	\$293	1.0%	\$287	1.0%	\$292	1.0%
Sporting Goods, Hobby, Book and Music Stores	\$866	2.9%	\$861	3.0%	\$881	3.0%
Warehouse Clubs and SuperStores	\$2,605	8.7%	\$2,518	8.7%	\$2,584	8.7%
<i>Total Regional-Serving Retail:</i>	<i>\$13,721</i>	<i>46%</i>	<i>\$13,377</i>	<i>46%</i>	<i>\$13,520</i>	<i>46%</i>
<i>Projected Annual Household Growth:</i>	<i>126 /year</i>		<i>153 /year</i>		<i>550 /year</i>	
<i>Annual Increase in Regional-Serving Expenditures:</i>	<i>\$1,726,102 /year</i>		<i>\$2,052,032 /year</i>		<i>\$7,433,296 /year</i>	
<i>Target Retail Sales per Square Foot :</i>	<i>\$360 /sf</i>		<i>\$360 /sf</i>		<i>\$360 /sf</i>	
<b>Annual New Regional-Serving Retail Demanded:</b>	<b>4,795 sf</b>		<b>5,700 sf</b>		<b>20,648 sf</b>	
<b>Total Retail:</b>	<b>\$29,925</b>	<b>100%</b>	<b>\$28,970</b>	<b>100%</b>	<b>\$29,584</b>	<b>100%</b>
<b>Projected Annual Household Growth:</b>	<b>126 /year</b>		<b>153 /year</b>		<b>550 /year</b>	
<b>Annual Increase in Total Expenditures:</b>	<b>\$3,764,565 /year</b>		<b>\$4,443,998 /year</b>		<b>\$16,265,283 /year</b>	
<b>Annual New Total Retail Demanded:</b>	<b>10,457 sf</b>		<b>12,344 sf</b>		<b>45,181 sf</b>	

(1) See Exhibit VII-1 for RTA definitions  
Source: Claritas Data Services, ULI

**EXHIBIT VII-12**  
**RETAIL SUPPLY VERSUS POTENTIAL DEMAND**  
**TUMWATER AND RETAIL TRADE AREAS**  
**2014 THROUGH 2019**

	Tumwater		Primary RTA		Secondary RTA			
	Annual	5-Year Total	Annual	5-Year Total	Annual	5-Year Total		
<b>Potential Demand</b>			<b>Potential Demand</b>		<b>Potential Demand</b>			
<i>Local-Serving</i>			<i>Local Serving</i>		<i>Local Serving</i>			
Current Retail Gap (1)	-	0	Current Retail Gap (1)	-	0	Current Retail Gap (1)	-	0
Potential Demand from New HHs	5,662	28,312	Potential Demand from New HHs	6,644	33,222	Potential Demand from New HHs	24,533	122,666
Potential Demand from Outside HH (2)	3,681	18,403	Potential Demand from Outside HH (2)	8,638	43,188	Potential Demand from Outside HH (2)	13,984	69,920
<i>Potential Retail Demand Local-Serving</i>	<u>9,343</u>	<u>46,715</u>	<i>Potential Retail Demand Local-Serving</i>	<u>15,282</u>	<u>76,410</u>	<i>Potential Retail Demand Local-Serving</i>	<u>38,517</u>	<u>192,586</u>
<i>Regional-Serving</i>			<i>Regional Serving</i>			<i>Regional Serving</i>		
Current Retail Gap (1)	-	0	Current Retail Gap (1)	-	0	Current Retail Gap (1)	-	0
Potential Demand from New HHs	4,795	23,974	Potential Demand from New HHs	5,700	28,500	Potential Demand from New HHs	20,648	103,240
Potential Demand from Outside HH (2)	3,117	15,583	Potential Demand from Outside HH (2)	7,410	37,051	Potential Demand from Outside HH (2)	11,769	58,847
<i>Potential Retail Demand Regional-Serving</i>	<u>7,911</u>	<u>39,556</u>	<i>Potential Retail Demand Regional-Serving</i>	<u>13,110</u>	<u>65,551</u>	<i>Potential Retail Demand Regional-Serving</i>	<u>32,417</u>	<u>162,087</u>
<i>Total Potential Retail Demand (2014-2019)</i>	<u>17,254</u>	<u>86,271</u>	<i>Total Potential Retail Demand (2014-2019)</i>	<u>28,392</u>	<u>141,961</u>	<i>Total Potential Retail Demand (2014-2019)</i>	<u>70,935</u>	<u>354,674</u>
<b>Projected Supply</b>			<b>Projected Supply</b>			<b>Projected Supply</b>		
Current Vacant SF (3)	-	0	Current Vacant SF (3)	-	0	Current Vacant SF (3)	-	210,000
Planned Deliveries (2014-2019)	-	25,100	Planned Deliveries (2014-2019)	-	230,000	Planned Deliveries (2014-2019)	-	525,000
<i>Projected Supply (2014-2019)</i>	<u>-</u>	<u>25,100</u>	<i>Projected Supply (2014-2019)</i>	<u>-</u>	<u>230,000</u>	<i>Projected Supply (2014-2019)</i>	<u>-</u>	<u>735,000</u>

**Square Feet (Over)Undersupply** **61,171** **Square Feet (Over)Undersupply** **(88,039)** **Square Feet (Over)Undersupply** **(380,326)**

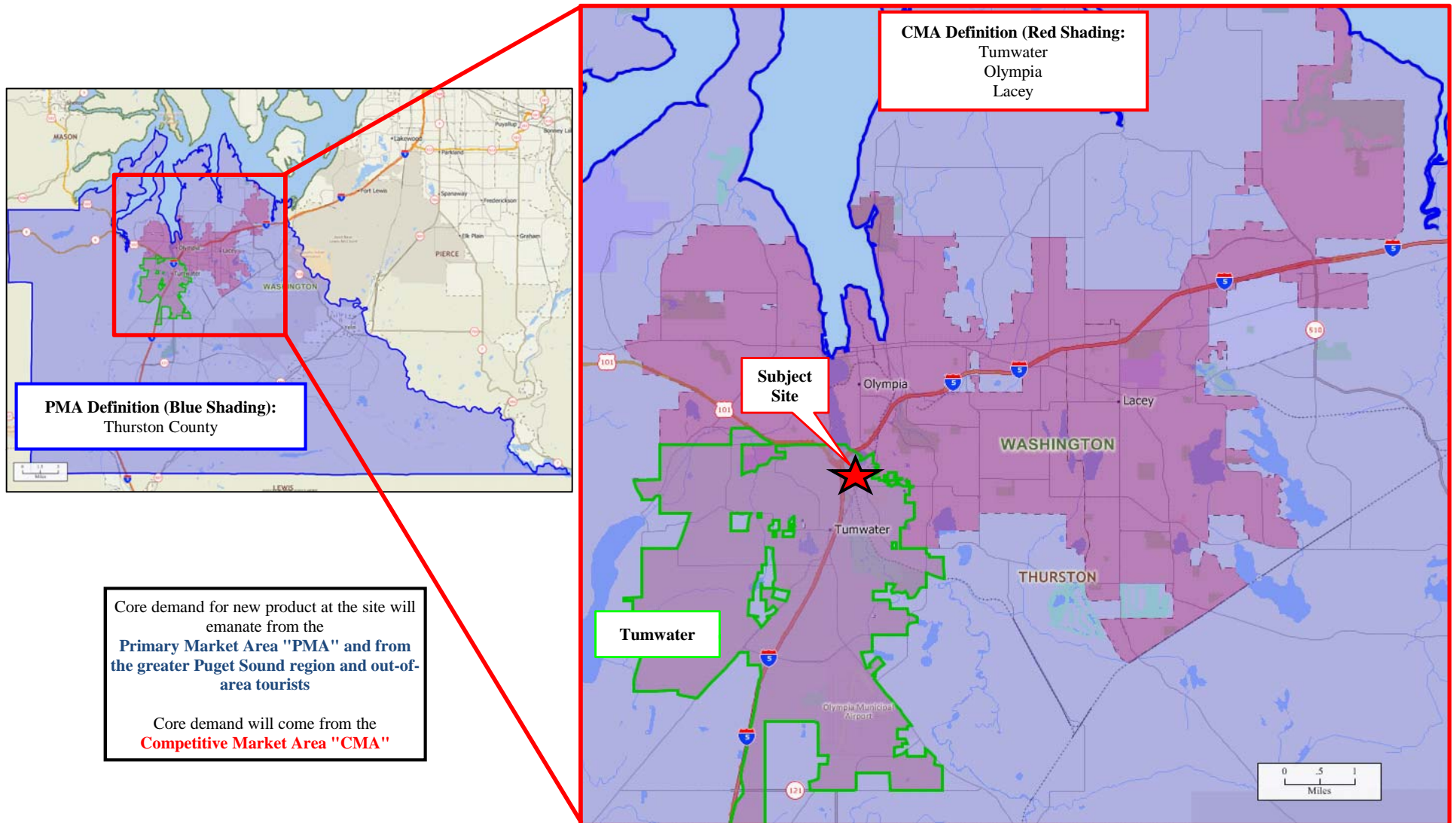


Source: CoStar, Claritas, Department of Planning

- (1) If gap is negative, SF is marked as 0
- (2) Based on historic additional spend in trade areas - ratios of outside HH to HH within trade areas: Tumwater = .65; Primary RTA = 1.3; Secondary RTA = .57
- (3) If occupancy is less than 95% Current Vacant SF is additional square feet required to reach 95% occupancy. If occupancy is greater than 95% Current Vacant SF is marked as 0

## **VIII. HOTEL MARKET ANALYSIS**

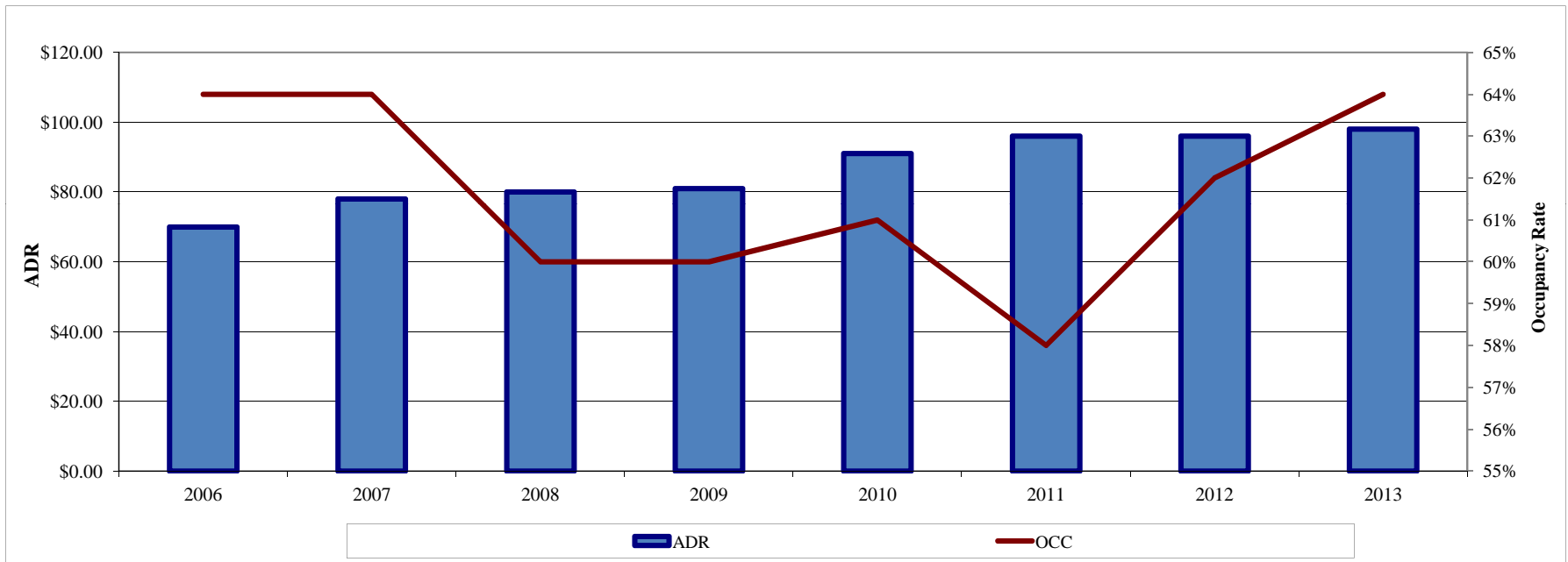
EXHIBIT VIII-1  
REGIONAL LOCATION  
MARKET AREAS  
MARCH 2014



**EXHIBIT VIII-2**

**HISTORICAL TRENDS  
THURSTON COUNTY, WA  
2006-2013**

<b>Market Factor</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>CAGR 2010-2013</b>
Occupancy	64.0%	64.0%	60.0%	60.0%	61.0%	58.0%	62.0%	64.0%	1.6%
<i>Y/Y Change</i>		<i>0.0%</i>	<i>-6.3%</i>	<i>0.0%</i>	<i>1.7%</i>	<i>-4.9%</i>	<i>6.9%</i>	<i>3.2%</i>	
Average Daily Rate	\$70.00	\$78.00	\$80.00	\$81.00	\$91.00	\$96.00	\$96.00	\$98.00	2.5%
<i>Y/Y Change</i>		<i>11.4%</i>	<i>2.6%</i>	<i>1.3%</i>	<i>12.3%</i>	<i>5.5%</i>	<i>0.0%</i>	<i>2.1%</i>	
RevPAR	\$44.80	\$49.92	\$48.00	\$48.60	\$55.51	\$55.68	\$59.52	\$62.72	4.2%
<i>Y/Y Change</i>		<i>11.4%</i>	<i>-3.8%</i>	<i>1.3%</i>	<i>14.2%</i>	<i>0.3%</i>	<i>6.9%</i>	<i>5.4%</i>	



Note: ADR for 2012 and 2013 estimated based on Visitor and Convention Bureau and Kidder Mathews figures

Source: Visitor and Convention Bureau

**EXHIBIT VIII-3**

**HOTEL METRICS  
THURSTON COUNTY  
2013**

<b>Market Factor</b>	<b>2013</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Average</b>
Total Rooms	2,362	2,362	2,362	2,362	2,362
Occupancy	54.7%	64.7%	78.7%	58.0%	64.0%
Occupied Rooms	1,292	1,528	1,859	1,370	1,512
<b>% of Occupancy by:</b>					
<i>Government/Capital Business</i>	70%	40%	40%	40%	46%
<i>Visiting Friends and Family</i>	20%	40%	40%	40%	36%
<i>Tourism/Leisure</i>	10%	20%	20%	20%	18%
<b>Rooms Occupied by:</b>					
<i>Government/Capital Business</i>	904	611	744	548	702
<i>Visiting Friends and Family</i>	258	611	744	548	540
<i>Tourism/Leisure</i>	129	306	372	274	270
<b>Demonstrated Occupancy by Factors:</b>					
	<b>Avg Occupied Rooms (2013)</b>	<b>Comparative Factor</b>		<b>Ratio</b>	
		<b>Factor</b>	<b>#</b>		
		<i>(Annual)</i>			
<i>Government/Capital Business</i>	702	<i>State Gov Empl</i>	23,200	0.030	
<i>Visiting Friends and Family</i>	540	<i>Households</i>	105,531	0.005	
<i>Tourism/Leisure</i>	270	<i>Ovrnt Hotel Visitors</i>	623	0.434	

Sources: Visitor and Convention Bureau, Census, TRPC  
Vi



EXHIBIT VIII-4

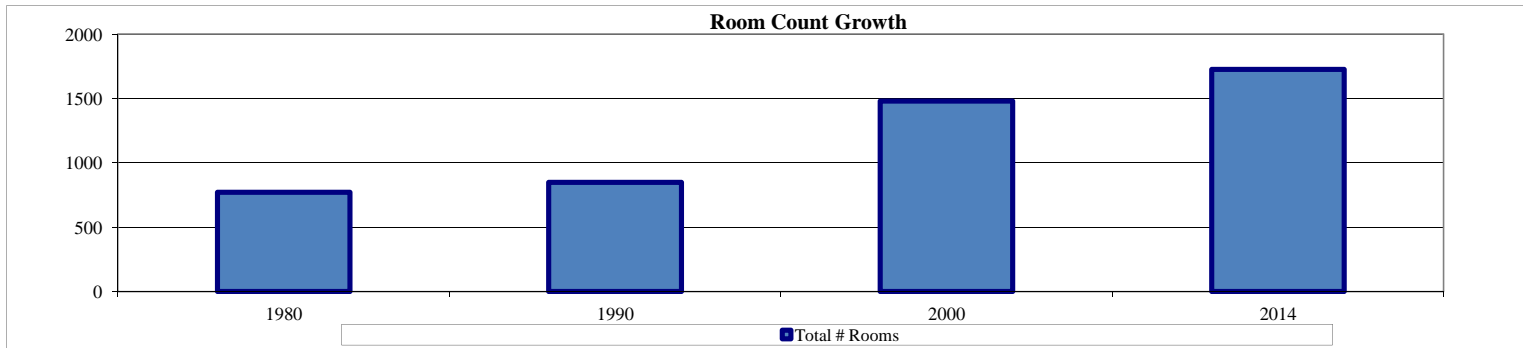
COMPARABLE HOTEL INVENTORY  
LOCAL MARKET AREA  
APRIL 2014

**Color = Location**  
**Red** = Tumwater  
**Blue** = Olympia

Map Key	Property	City	Type	Address	Rooms	Open Date	Current Occ	Online Rates - Spring		ADR	Comments
								Low	High		
A	DoubleTree Olympia	Olympia	Upscale	415 Capitol Way N	102	Apr-00		\$145	\$189		Recently remodeled (and changed name)
B	Red Lion Hotel Olympia	Olympia	Midscale	2300 Evergreen Park Dr SW	192	Jun-69		\$119	\$131		
C	Best Western Plus Lacey Inn & Suites	Lacey	Upper Midscale	8326 Quinault Drive NE	85	Mar-11		\$115	\$155		
D	Candlewood Suites Olympia Lacey	Lacey	Midscale	4440 3RD AVENUE SE	62	Jul-07		\$114	\$159		
E	Holiday Inn Express Lacey	Lacey	Upper Midscale	4460 3RD AVE SE	81	Oct-07		\$107	\$144		
F	Best Western Tumwater Inn	Tumwater	Midscale	5188 Capitol Blvd SE	90	Dec-92		\$104	\$109		
G	Ramada Olympia	Olympia	Midscale	4520 Martin Way E	125	Sep-00		\$95	\$149		
H	GuestHouse Inn & Suites Tumwater	Tumwater	Economy	1600 74th Ave SW	59	Feb-99		\$89	\$112		
I	Governor Hotel Olympia	Olympia	Indep	621 Capitol Way S	125	Jun-77		\$88	\$149		Recently bought, looking at repositioning
J	Quality Inn Olympia	Olympia	Midscale	1211 Quince Street SE	62	Jun-65		\$88	\$108		
K	Comfort Inn Conference Center Tumwater	Tumwater	Upper Midscale	1620 74th Ave. SW	58	Jun-01		\$87	\$107		
L	Comfort Inn Lacey	Lacey	Upper Midscale	4700 Park Center Ave NE	69	Sep-93		\$85	\$94		
M	Extended Stay America Olympia Tumwater	Tumwater	Economy	1675 Mottman Rd Southwest	107	Jan-01		\$84	\$115		
N	La Quinta Inns & Suites Lacey	Lacey	Midscale	4704 Park Center Ave NE	63	Nov-95		\$84	\$104		
O	Quality Inn & Suites Lacey	Lacey	Midscale	120 College St. SE	77	Jun-90		\$77	\$100		
P	Super 8 Lacey Olympia Area	Lacey	Economy	112 College St SE	100	Aug-80		\$61	\$87		
Q	Days Inn Lacey Olympia Area	Lacey	Economy	8200 Quinault Dr NE	124	May-96		\$60	\$85		
R	Olympia Inn	Olympia	Indep	909 Capitol Way S	27			\$59	\$61		
S	Motel 6 Tumwater Olympia	Tumwater	Economy	400 Lee St Southwest	118			\$55	\$58		
<b>Total / Weighted Average:</b>				<b>19 Properties</b>	<b>1,726</b>	<b>Jul-93</b>	<b>64%</b>	<b>\$92</b>	<b>\$120</b>	<b>\$95</b>	

Recently purchased, not currently operating

Key	Property	City	Type	Address	Rooms	Open Date	Status
T	Capitol Plaza	Olympia	Indep	900 Capitol Way S	99	Jun-74	Looking at repositioning as TownePlace Suites
U	Bailey Motor Inn	Olympia	Indep	3333 Martin Way E	48	Jun-53	Looking at redeveloping as m/u project



Source: STR, TCG

EXHIBIT VIII-4

COMPARABLE HOTEL INVENTORY  
LOCAL MARKET AREA  
APRIL 2014

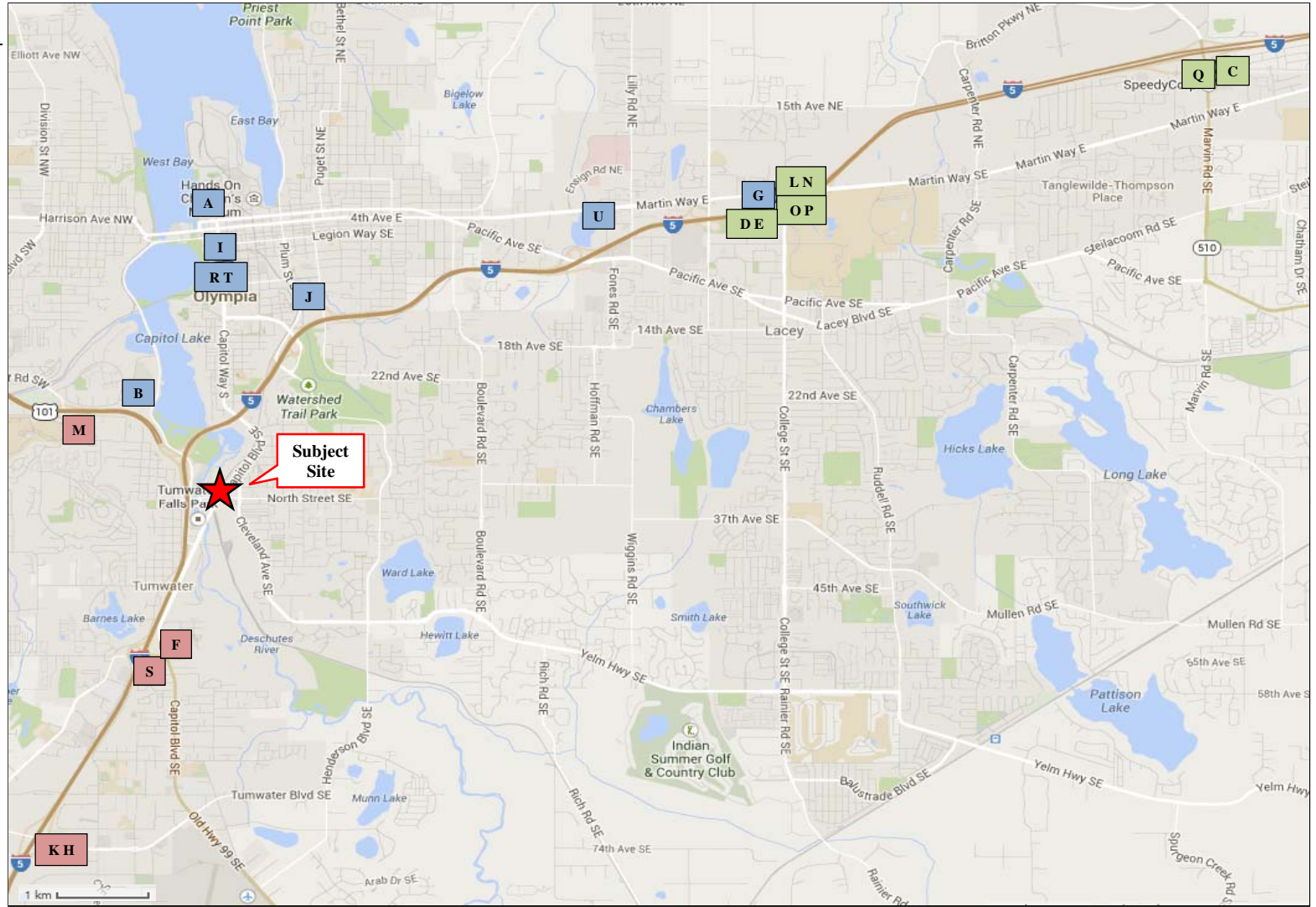
**Color = Location**  
Red = Tumwater  
Blue = Olympia

**Map Key Property**

- A** DoubleTree Olympia
- B** Red Lion Hotel Olympia
- C** Best Western Plus Lacey Inn & Suites
- D** Candlewood Suites Olympia Lacey
- E** Holiday Inn Express Lacey
- F** Best Western Tumwater Inn
- G** Ramada Olympia
- H** GuestHouse Inn & Suites Tumwater
- I** Governor Hotel Olympia
- J** Quality Inn Olympia
- K** Comfort Inn Conference Center Tumwater
- L** Comfort Inn Lacey
- M** Extended Stay America Olympia Tumwater
- N** La Quinta Inns & Suites Lacey
- O** Quality Inn & Suites Lacey
- P** Super 8 Lacey Olympia Area
- Q** Days Inn Lacey Olympia Area
- R** Olympia Inn
- S** Motel 6 Tumwater Olympia

- Not currently operating**
- T** Capitol Plaza
  - U** Bailey Motor Inn

**Color = Location**  
Red = Tumwater  
Blue = Olympia  
Green = Lacey



**EXHIBIT VIII-5**  
**ROOM RATES**  
**LOCAL MARKET AREA**  
**APRIL 2014**

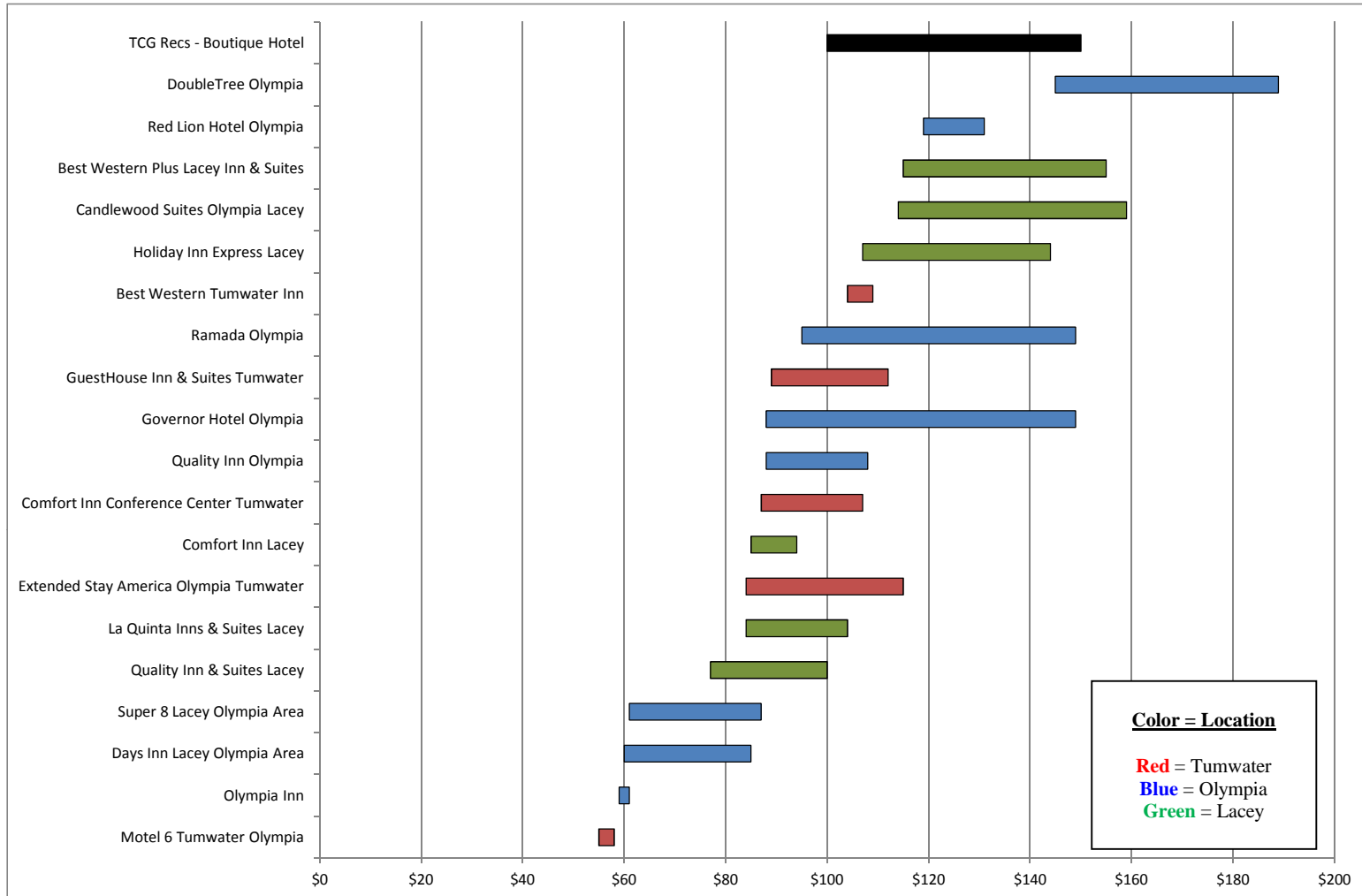
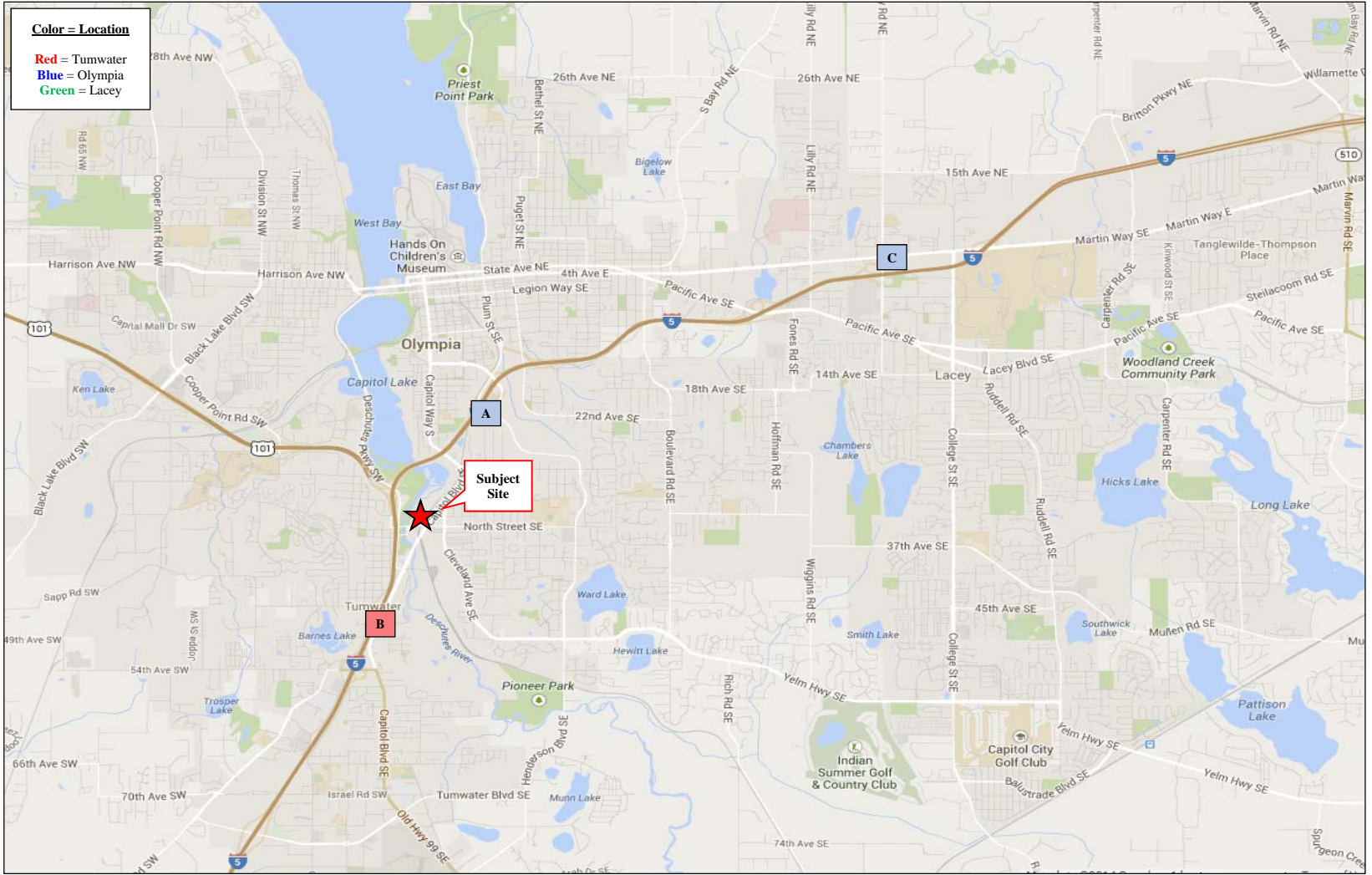


EXHIBIT VIII-6

PLANNED AND PROPOSED INVENTORY - HOTEL  
CMA  
MARCH 2014

Map Key	Name	City	Applicant/ Builder	Address	Product Type	Status	Total Rentable Bldg Space	Total Units	Comments
A	Hilton Garden Inn	Olympia	Capital Hospitality LLC/Hilton	2101 Henderson Park Ln SE	Hotel	Pending Review	79,457	130	In LU/BLDG review
B	LaQuinta Inn & Suites	Tumwater	Construct One LLC, PacLand Eng.	4600 Capitol Boulevard SE	Hotel	Pending Review	49,000	80	---
C	Hampton Inn	Olympia	Ameritel Inns, Inc	4301 Martin Way E	Hotel	Proposed	86,525	139	In Land Use Review, 4 Story
<b>Subtotal:</b>							<b>214,982</b>	<b>349</b>	



Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.



**EXHIBIT VIII-7**  
**HOTEL DEMAND AND FUTURE SUPPLY**  
**LOCAL MARKET AREA**  
**2014 THROUGH 2024**

<b>Demand Source</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Government Generated Demand</b>											
State Government Employment (1)	23,200	23,300	23,500	23,702	23,905	24,110	24,300	24,475	24,651	24,829	25,000
(Growth)		0.4%	0.9%	0.9%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%
x Demonstrated Occupied Rooms (2)	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
= Rooms Demanded	702	705	711	717	723	729	735	740	746	751	756
<b>Household Generated Demand - Friends &amp; Family</b>											
Households (3)	105,531	106,735	107,952	109,184	110,429	111,689	112,963	114,252	115,555	116,873	118,206
(Growth)		1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
x Demonstrated Occupied Rooms (2)	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005
= Rooms Demanded	540	546	553	559	565	572	578	585	592	598	605
<b>Visitor Generated Demand - Leisure</b>											
Overnight Visitors (000s) (4)	1,152.9	1,210.5	1,271.1	1,334.6	1,374.7	1,415.9	1,458.4	1,502.1	1,547.2	1,593.6	1,641.4
(Growth)		5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
x % Visitors to Hotels (4)	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
Total Visitors to Hotels (000s)	311.3	326.8	343.2	360.3	371.2	382.3	393.8	405.6	417.7	430.3	443.2
x Average Hotel Nights per Stay (4)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
= Room Nights Demand from Visitors (000s)	623	654	686	721	742	765	788	811	835	861	886
x Demonstrated Occupied Rooms (2)	0.434	0.434	0.434	0.434	0.434	0.434	0.434	0.434	0.434	0.434	0.434
= Rooms Demanded	270	283	298	313	322	332	341	352	362	373	384
<b>Total Hotel Rooms Demanded</b>	<b>1,512</b>	<b>1,535</b>	<b>1,561</b>	<b>1,589</b>	<b>1,610</b>	<b>1,633</b>	<b>1,655</b>	<b>1,677</b>	<b>1,700</b>	<b>1,723</b>	<b>1,746</b>
Current Hotel Rooms	2,362										
Future Supply (5)		130	80	139							
Total Rooms	2,362	2,492	2,572	2,711	2,711	2,711	2,711	2,711	2,711	2,711	2,711
Market Occupancy	64.0%	61.6%	60.7%	58.6%	59.4%	60.2%	61.0%	61.9%	62.7%	63.5%	64.4%
Total Hotel Rooms Demanded											
÷ Equilibrium Occupancy	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
= Total Supportable Hotel Rooms	2,520	2,558	2,602	2,648	2,684	2,721	2,758	2,795	2,833	2,871	2,910
Annual Growth / (Loss)		38	44	45	37	37	37	37	38	38	39
= Supportable New Hotel Rooms	158	66	30	-63	-27	10	47	84	122	160	199
Total Hotel Rooms Demanded											
÷ Equilibrium Occupancy	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
= Total Supportable Hotel Rooms	2,326	2,361	2,402	2,444	2,478	2,512	2,546	2,580	2,615	2,650	2,686
Annual Growth / (Loss)		35	41	42	34	34	34	34	35	35	36
= Supportable New Hotel Rooms	-36	-131	-170	-267	-233	-199	-165	-131	-96	-61	-25

(1) per TRPC projections

(2) per TCG calculations - see Exhibit VIII-3

(3) per Claritas projections

(4) Per Convention and Visitors Bureau Estimates

(4) TCG Estimate

(5) Per TCG survey - see Exhibit VIII-6