

RESIDENTIAL MARKET ANALYSIS

PROPOSED NEW RESIDENTIAL DEVELOPMENT
HANCOCK VILLAGE
INDEPENDENCE DRIVE
CHESTNUT HILL, MASSACHUSETTS

Prepared For:

Mr. Marc Levin
Director of Development
Chestnut Hill Realty
300 Independence Drive
Chestnut Hill, MA 02467

Prepared By:

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July 2012

Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

July 26, 2012

Mr. Marc Levin
Director of Development
Chestnut Hill Realty
300 Independence Drive
Chestnut Hill, MA 02467

**RE: Market Analysis Services
Proposed Residential Development
Hancock Village, Chestnut Hill, MA**

Dear Mr. Levin:

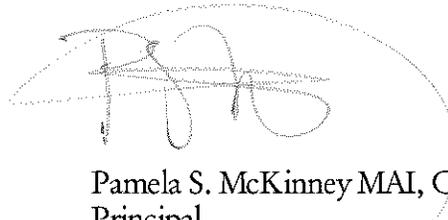
In accordance with your request, the attached report sets forth a market study for new rental housing within the existing Hancock Village Apartments in the Chestnut Hill section of Brookline, Massachusetts. This analysis is intended to facilitate your understanding of the market indications for such a development. The effective date of our report is June 2012.

The report that follows presents an analysis of the achievable rents, absorption expectations and requisite product characteristics for a successful development at the site locale as evidenced by competitive multi-family market demand and supply. The intent of the analysis is to provide you with the market inputs necessary to refine the project's programming concepts and to evaluate the project's potentials from a financial and development implementation perspective.

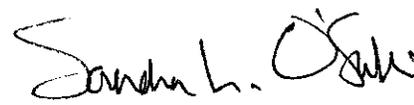
We appreciate the opportunity to be of assistance and look forward to discussing our findings with you further. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,

BYRNE MCKINNEY & ASSOCIATES, INC.



Pamela S. McKinney MAI, CRE
Principal



Sandra L. O'Sullivan
Senior Associate

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INTRODUCTION

Type of Market Study

Market study is defined as “a macroeconomic analysis that examines the general market conditions of supply, demand and pricing or the demographics of demand for a specific area or property type.”¹ There are numerous types of market studies ranging from the general to site specific. This report is a market analysis for a proposed residential development to include rental apartments within undeveloped sites within the existing Hancock Village apartment complex located along Independence Drive in Chestnut Hill (Brookline), Massachusetts. The analysis includes an examination of demographic demand indicators and competitive supply attributes applicable to the subject site.

Date of Report

This market study is intended to reflect current expectations and perceptions of market participants regarding a future development of the subject site. The effective date of our study is June 2012. The proposed project still requires Town approval, and there is no currently projected construction completion date. We inspected the subject neighborhood and site, and conducted our market research and data collection in June 2012. Byrne McKinney & Associates, Inc. takes no responsibility for unforeseeable events that may alter market conditions prior to the date of project onset and completion.

Purpose and Use of Report

The purpose of this assignment has been to evaluate the market demand characteristics (renter base), achievable pricing (rents by unit type), requisite product features (unit sizes, mix, finishes, amenities, and service offerings) and absorption/occupancy potentials for market-rate rental apartment development at the subject site. The study has been prepared for use by Chestnut Hill Realty for internal decision making, to inform further design and financial analysis of the proposed development, and to provide information to government agencies and banks.

Scope of Study

In undertaking this assignment Byrne McKinney has inspected the subject site (surrounding area from nearby streets); toured a representative unit within the existing property, reviewed a rent roll of the existing Hancock Village units (dated 5/10/12), reviewed the proposed new development

¹ *Dictionary of Real Estate Appraisal*, Third Edition, C 1993, Appraisal Institute

program (unit mix and average sizes), select representative building floor plans provided to us at the time (prepared by Lowe Associates – Architects, Inc., dated 2/29/12) and site plan and building renderings (dated 3/23/12). In addition, we have investigated neighborhood trends and conducted a housing market analysis. Our research involved discussions with real estate leasing agents, property managers, and a representative of both the Brookline and Newton Planning Departments (regarding other proposed multifamily developments).

On the demand side, population, income, and employment trends were considered. On the supply side, current inventory, rent and occupancy levels, planned changes to supply and competitive environment were considered. The information gathered from this investigation was used as the basis for evaluating the rental housing market demand and supply conditions and for making strategic recommendations for the proposed development.

SITE AND AREA FEATURES

Locational Context

The subject site is located in the Town of Brookline, within an area known locally as Chestnut Hill. The Chestnut Hill area encompasses a western portion of the Town of Brookline, a southeastern section of Newton, and extends into parts of Boston's Brighton and West Roxbury neighborhoods. Brookline and Newton are both known for (among other things) their proximity to Boston and Route 128 employment centers, their access to public transportation and their excellent public school systems. Both communities are known as being generally affluent with home prices comparatively high relative to the rest of the greater Boston metro area.

Situated approximately seven miles southwest of downtown Boston, the subject sites (locus divided by a roadway) are within the existing Hancock Village apartment complex which has an address of 298 Independence Drive in Chestnut Hill. The 80-acre property straddles the town line of Brookline/Boston (West Roxbury), and the proposed new buildings would be located along the northern property boundary, entirely in Brookline. Hancock Village is positioned on the northerly side of the VFW Parkway, on either side of Independence Drive (which is generally mid-way between Lagrange Street and the West Roxbury Parkway). The VFW Parkway is a primary cross-town route and it connects with regional transportation routes of Route 128 (I-95) to the south and Route 9 via the Hammond Pond Parkway to the north.

There are three public bus stops on-site, serviced by the MBTA route running between Forest Hills Station in Jamaica Plain and Reservoir Station in Brookline. Also, the apartment complex provides free van shuttle service for commuting residents (weekday mornings and evenings) to the MBTA 'Reservoir' Green D-Line subway station located just over three miles away.

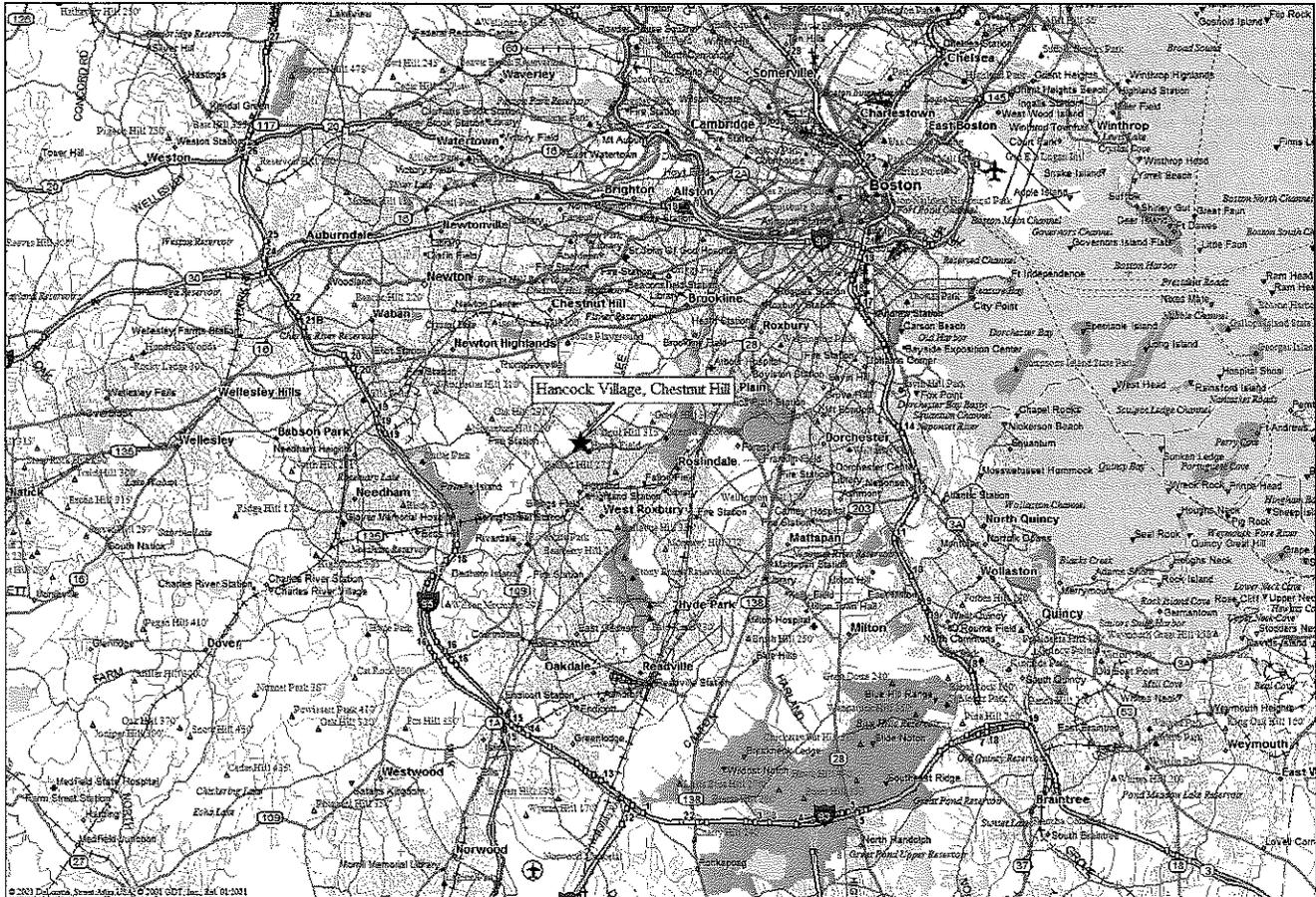
Neighborhood Features

The subject's immediate neighborhood consists of the existing Hancock Village apartment complex. Encompassing 80-acres, this well landscaped property with grass lawns and mature trees, houses numerous attached two-story brick townhomes with an aggregate of 789 apartment units. The property is adjacent to conservation land with trails, Brookline's Baker Elementary School and its adjacent playground and public tennis courts, and West Roxbury's Hynes Field (across the VFW Parkway) with soccer and baseball fields, a basketball court, a children's playground, a fountain, paved walkways and park benches.

Near the juncture of Independence Drive and the VFW Parkway is a building with the management office and residents' shared amenity spaces, which include a community room/lounge, internet café (free WiFi), a conference room, a movie screening room, a fitness center, and concierge. Beside this is a shopping plaza (the Village at Chestnut Hill) with restaurants/cafes (including Bertucci's, Brueggers' Bagels, J.P. Lick's Ice Cream, a sushi restaurant, and a coffee shop.), a CVS Pharmacy, a UPS store, two banks, a dry cleaner, a nail salon, a liquor store, etc.. Harvard Vanguard Medical Associates' has a facility on the opposite side of Independence Drive. The nearest supermarket is Roche Brothers (almost 1¼ miles south in West Roxbury), and there is a small grocer less than ¼-mile in Brookline within the Shops at Putterham plaza (which also has a Starbucks Coffee, a bakery, etc.).

The area surrounding Hancock Village is comprised predominantly of single-family neighborhoods, many with densely developed single-family homes along tree-lined streets. There are also some older multifamily developments located on the neighborhood's major through streets.

The area is predominantly residential, with a suburban character. However there is good proximity to several restaurants, retailers and service providers as well as primary transportation routes and public transportation. Suitability of the site for multifamily rental use is evidenced by the existing Hancock Village's success (with high occupancy levels and increasing rents). The proposed subject development sites are considered very well suited for additional residential development.



REGIONAL LOCATION MAP

(Showing positioning relative to primary roadways, and downtown Boston)



NEIGHBORHOOD LOCATION MAP

(Showing positioning relative to local roadways as well as the town boundaries
Brookline, Newton, and Boston's West Roxbury within the Chestnut Hill Area)

PROPOSED DEVELOPMENT OVERVIEW

Development Program

Currently proposed plans for new construction within the Hancock Village apartment complex include a five-story, 145-unit building and several three-story buildings containing an aggregate of 126-units. Of the total 271 units, 56 units (20.7%) are planned for affordable occupancy (by those earning up to 50% of the Area Median Income) and the balance will be market-rate. The mid-rise building will be located southeast of Thornton Road within the site, and it will have elevator-access and underground garage parking. The in-fill buildings will be set in various locales along the northern site perimeter, generally running parallel to the nearby Russett and Beverly Roads. These will be walk-up buildings featuring top floor units with high ceilings and a loft. Surface parking will be nearby. With the exception of the loft units, the new units will have a flat layout. These new apartments will share the existing amenities offered within Hancock Village (central concierge, resident lounge, internet café, conference room, media room, and fitness center).

The residences will range from one- to three-bedroom unit types with a high-quality interior finish comparable to that offered at new construction Class A apartment properties in the Boston market. As such it is envisioned by the developer to include wood flooring in the living areas and kitchens, ceramic tile in the bathrooms, carpeting in the bedrooms, granite kitchen countertops and stainless steel appliances. Laundry machines will be provided in each unit.

The currently proposed mix of unit types and sizes for the entire project are as provided below. The following page provides the mix and average sizes for the mid-rise and in-fill buildings separately, as well as the market-rate and affordable unit mix.

Hancock Village - All New Buildings Combined

Unit Type	Total Unit Mix		Unit Sizes (SF)
1-Bedrooms:	104	38.4%	840-994
1-Bedrooms +Den	8	3.0%	1,047
1-Bedrooms +Loft	20	7.4%	1,239
2-Bedrooms:	95	35.1%	1,121-1,308
2-Bedrooms +Loft	22	8.1%	1,590
3-Bedrooms:	22	8.1%	1,359
Total Weighted Average:	271	100.0%	

Hancock Village - Proposed Mid-Rise Building

Unit Type	Total Unit Mix		Unit Sizes (SF)	Average SF
1-Bedrooms:	64	44.1%	840-994	877
1-Bedrooms +Den:	8	5.5%	1,047	1,047
2-Bedrooms:	73	50.3%	1,121-1,308	1,199
Total Weighted Average:	145	100.0%		1,048

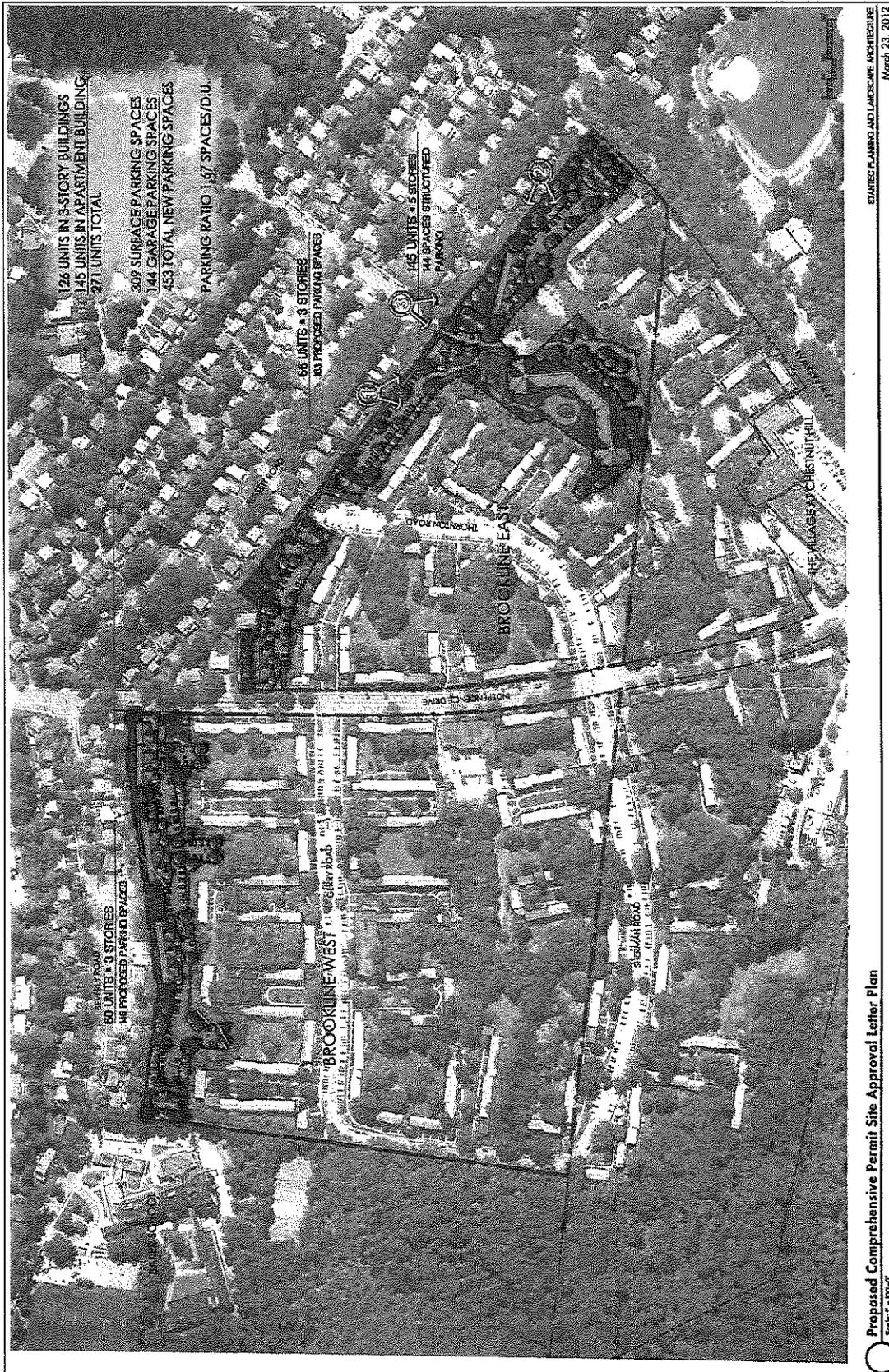
Market-Rate Units	Affordable Units
50	14
6	2
59	14
115	30

Hancock Village - Proposed In-Fill Buildings

Unit Type	Total Unit Mix		Unit Sizes (SF)	Average SF
1-Bedrooms:	40	31.7%	879	879
1-Bedrooms +Loft	20	15.9%	1,239	1,239
2-Bedrooms:	22	17.5%	1,131	1,131
2-Bedrooms +Loft	22	17.5%	1,590	1,590
3-Bedrooms:	22	17.5%	1,359	1,359
Total Weighted Average:	126	100.0%		1,188

Market-Rate Units	Affordable Units
29	11
17	3
16	6
20	2
18	4
100	26

PROJECT SITE PLAN



126 UNITS IN 3-STORY BUILDINGS
 145 UNITS IN APARTMENT BUILDING
 271 UNITS TOTAL

309 SURFACE PARKING SPACES
 144 GARAGE PARKING SPACES
 453 TOTAL NEW PARKING SPACES

PARKING RATIO 1.57 SPACES/D.U.

66 UNITS - 9 STORIES
 80 PROPOSED PARKING SPACES

145 UNITS - 5 STORIES
 144 SPACES STRUCTURED
 PARKING

60 UNITS - 3 STORIES
 148 PROPOSED PARKING SPACES

STATES PLANNING AND LANDSCAPE ARCHITECTURE
 March 23, 2012

Proposed Comprehensive Permit Site Approval Letter Plan
 SHEET 100-9

PROJECT RENDERING
(VIEW W OF THE MID-RISE BUILDING AND AN IN-FILL BUILDING)



MARKET AREA DEMAND

Demand for residential property is created by a combination of factors relating to population growth and household characteristics. Net increases in the number of area households generate increased demand for residential property. Household increases are in turn tied to the economic activity within the market area as measured by employment and consumer sale activity. Real estate producers respond to increased activity by delivering new supply to the market. Reconciliation of supply and demand factors is realized in fluctuating rent, absorption, and vacancy levels. The following discussion profiles trends in the market area economy and demography.

Economic Overview

Massachusetts and the Region

The Boston metropolitan area is the economic hub of the Commonwealth of Massachusetts and the New England region, providing governmental, professional, business, financial, higher educational and medical services, as well as important transportation, communications, export, cultural and entertainment activities.

Metropolitan Boston is the seventh largest Consolidated Metropolitan Statistical Area (CMSA) in the nation, with a population of 5,455,403 people in 1990 (and a reported 6.7% increase by the 2000 census). In 2000, the City had a population of 589,141, as reported by the Bureau of the Census, and had 688,077 jobs as reported by the U.S. Bureau of Economic Analysis from data of the Massachusetts Division of Employment and Training. This ratio of jobs to population indicates that the City provides a direct source of employment and income for an area that extends well beyond its borders.

Over the past four decades Greater Boston has “made the transition from manufacturing to a knowledge economy, Boston’s economic dynamism is grounded in an almost unparalleled regional concentration of institutions of higher education and health care, research institutes, high tech companies, a highly skilled workforce and venture capital”². In fact, according to the “2007 State New Economy Index, a report compiled by the Information Technology & Innovation Foundation, Massachusetts ranked 1st overall among the 50 states in terms of jobs and workforce education.

Data published in the most recent *New England Economic Indicators* report of the Federal Reserve Bank of Boston provides historic and recent trends. The tables below summarize total non-agricultural employment and annual average unemployment rates over the past decade for the region, state and metropolitan area. The latter is the Boston core urbanized area plus surrounding towns with strong

² The Boston Indicators Project, The Boston Foundation,

social and economic ties to the core area, defined by the U.S. Census Bureau as the Boston-Cambridge-Quincy MA-NH Metropolitan NECTA (New England City and Town Area; corresponding with the CMSA).

Employment Change in the New England Region 2001-2011
(NON-AGRICULTURAL EMPLOYMENT; SEASONALLY ADJUSTED AVERAGES)

Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
New England	7,037,100	6,928,600	6,850,500	6,874,700	6,918,700	6,986,100	7,046,300	7,045,800	6,788,500	6,771,600	6,812,400
Emp. Change		-108,500	-78,100	24,200	44,000	67,400	60,200	-500	-257,300	-16,900	40,800
% Change		-1.54%	-1.13%	0.35%	0.64%	0.97%	0.86%	-0.01%	-3.65%	-0.25%	0.60%
Massachusetts	3,339,900	3,259,600	3,197,900	3,194,400	3,211,800	3,246,500	3,281,200	3,291,100	3,180,400	3,189,800	3,209,400
Emp. Change		-80,300	-61,700	-3,500	17,400	34,700	34,700	9,900	-110,700	9,400	19,600
% Change		-2.40%	-1.89%	-0.11%	0.54%	1.08%	1.07%	0.30%	-3.36%	0.30%	0.61%
Boston NECTA	2,535,200	2,466,000	2,410,100	2,404,500	2,424,000	2,451,900	2,486,200	2,496,500	2,416,500	2,426,300	2,441,300
Emp. Change		-69,200	-55,900	-5,600	19,500	27,900	34,300	10,300	-80,000	9,800	15,000
% Change		-2.73%	-2.27%	-0.23%	0.81%	1.15%	1.40%	0.41%	-3.20%	0.41%	0.62%

Source: Federal Reserve Bank of Boston's website ('Indicators Interactive', data from U.S. Bureau of Labor Statistics).

In just over a decade the Boston area unemployment rate has ranged from a low of 2.5% in 2000 to a high of 7.7% in 2010. Notably, the local area has consistently fared better than the country overall. Unemployment figures rose as the regional and national economies sunk into the previous recession (2002-2003), then trended downward with the subsequent recovery, which reached an annual average low of 4.1% for the Boston area in 2007. More recently, this trend reversed, with substantial increases seen in unemployment which reached an annual average high of 7.7% in 2010, before declines in unemployment were reported last year, with an annual average of 6.7%.

As shown in the table below, the Boston area's unemployment rate typically trends below that of the state and region (and the Town of Brookline's rate is typically well below all). According to the Bureau of Labor Statistics, the most recent monthly rates available for the Town of Brookline and the City of Newton, respectively indicate a 2.6% and 3.5% non-seasonally-adjusted unemployment rates in March 2012.

Annual Average Unemployment Rates, 2000-2011

Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
United States	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	9.0%
New England	2.8%	3.6%	4.8%	5.4%	4.9%	4.7%	4.5%	4.5%	5.4%	8.1%	8.5%	7.8%
Massachusetts	2.7%	3.7%	5.3%	5.8%	5.2%	4.8%	4.8%	4.5%	5.4%	8.2%	8.3%	7.4%
Boston NECTA	2.5%	3.6%	5.3%	5.7%	5.0%	4.5%	4.4%	4.1%	4.9%	7.6%	7.7%	6.7%
Town of Brookline	1.6%	2.6%	3.7%	3.6%	3.1%	2.8%	2.7%	2.5%	3.2%	5.2%	4.6%	3.8%

Note: Annual seasonally adjusted rates; except local community (Malden) is non-adjusted.

Sources: Federal Reserve Bank of Boston's website ('Indicators Interactive') & the Bureau of Labor Statistics website (bls.gov)

Outlook

The New England Economic Partnership (NEEP), a nonprofit corporation comprised of representatives from New England business firms, state governments, and educational institutions, which is dedicated to providing objective economic analysis and forecasts, meets twice annually. The following highlights their published outlook for the regional economy following their last conference in May 2012.

The forecast for the New England region is for the economy to continue to grow slowly, with employment growth averaging 1.3% annually and overall economic growth (regional gross product) averaging 2.8% annually over their forecast period (to year end 2016). The regional unemployment rate is expected to remain below the U.S. average, but remain at above 6% until 2015. “Weakness in the housing market is anticipated to remain a deterrent to economic recovery.”

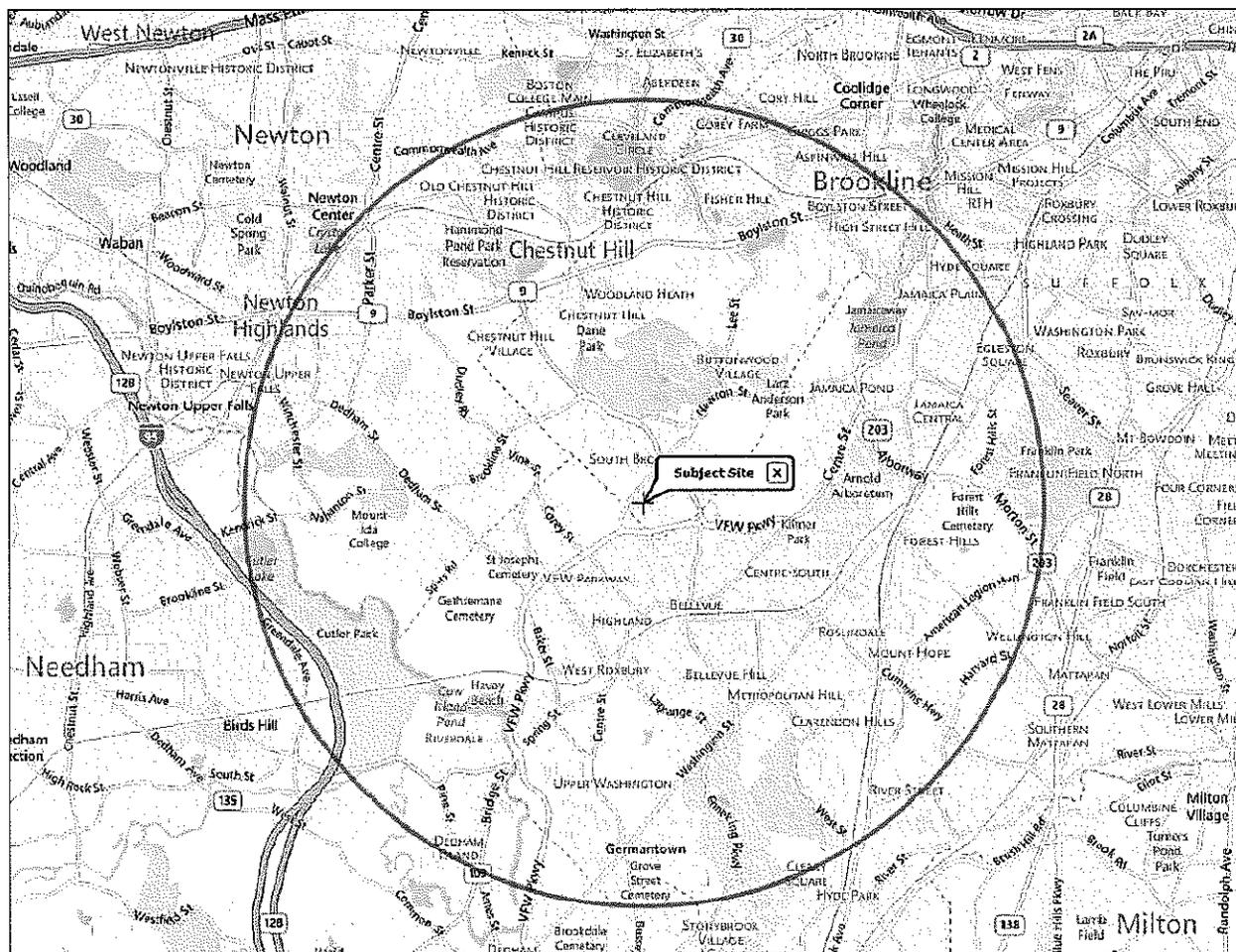
Northeastern University associate professor Alan Clayton-Matthews prepared the NEEP forecast for the State of Massachusetts, which indicated that the economy here has been in recovery mode since the summer of 2009. He summarized that “the pace of expansion appears to have slowed from the robust growth in 2010, although in 2011 it appears that the state’s economy grew moderately, with growth as least as fast as the nation’s.”

Looking forward, the state’s economy is expected to continue to expand at a moderate pace. Noting that “this assumes that the effects of the economic crisis in Europe and the slowing Chinese economy will be more than offset by growing demand within the U.S., and that the looming fiscal austerity scheduled to begin in 2013 will be softened by post-election compromises in Washington.” Over the five year forecast period (from last quarter of 2011 to the last quarter of 2016) overall payroll employment is projected to expand at an annual average rate of 1.3%. Similarly, personal income growth is anticipated to average 5.2% over the five year period. The state’s unemployment rate is actually expected to rise somewhat, to 7.0% by mid-2013, “as improving job prospects entice workers who have given up looking to re-enter the labor force” and then subsequently decline steadily to just over 5% by the end of 2016. And, the residential housing market “may finally be at its bottom” as sales and permits are expected to reach pre-recession levels in 2015, while prices are anticipate to rise at an annual average rate of almost 3% in 2015 and 2016.

Demographic Overview

We have examined the demography of the market area based on statistical data (2010 estimates and five year projections, based U.S. Census data) generated by STDB a national demographic analysis firm. A review of population and household trends, as well as household income distributions and trends provides an understanding of housing demand parameters influencing ownership housing potentials at the subject site. The greater metropolitan area (the Boston Metropolitan Statistical Area) has been used as comparative reference to a 3-mile radius submarket area around the subject site. A map indicating the boundaries of the 3-mile radius area is provided below.

3-Mile Radius Area



Population and Household Growth – Population and household growth is relevant to the analysis of residential property as population forms the available pool of potential occupants at the aggregate level. The data provided by STDB reflects population and household formation growth in the

Boston MSA and the 3-mile radius area between 2000 and 2010. Likewise, both geographic areas are projected to experience growth through the 2015 projection period (with an increasing pace in the submarket).

POPULATION GROWTH TRENDS

<i>Population</i>	<i>2000</i>	<i>2010</i>	<i>2015</i>	<i>Annual Avg. Change</i>	
				<i>'00-'10</i>	<i>'10-'15</i>
3-Mile Radius Area	158,834	161,496	163,443	0.17%	0.24%
Boston MSA	4,391,344	4,568,927	4,637,752	0.40%	0.30%

Source: STDB, Inc. (2000 Census Data, their recent year estimate and 5-year projection)

HOUSEHOLD GROWTH TRENDS

<i>Households</i>	<i>2000</i>	<i>2010</i>	<i>2015</i>	<i>Annual Avg. Change</i>	
				<i>'00-'10</i>	<i>'10-'15</i>
3-Mile Radius Area	63,423	63,526	64,224	0.02%	0.22%
Boston MSA	1,679,659	1,745,031	1,773,323	0.39%	0.32%

Source: STDB, Inc. (2000 Census Data, their recent year estimate and 5-year projection)

Average Household Size – The average household size has remained level throughout the greater MSA, but reflects a trend of slight increases in the submarket. On average, there are smaller households within the 3-mile radius area than found in the MSA. These patterns are shown below.

AVERAGE HOUSEHOLD SIZE TRENDS

<i>Household Size</i>	<i>2000</i>	<i>2010</i>	<i>2015</i>	<i>Annual Avg. Change</i>	
				<i>'00-'10</i>	<i>'10-'15</i>
3-Mile Radius Area	2.38	2.40	2.41	0.08%	0.08%
Boston MSA	2.53	2.53	2.53	0.00%	0.00%

Source: STDB, Inc. (2000 Census Data, their recent year estimate and 5-year projection)

Per Capita and Household Income Trends – Both market areas have all experienced significant per capita income growth over the past ten years, and continued growth is projected to continue through 2015. Similar patterns are seen for median household income growth. As shown, the growth in median household income within the submarket is projected to exceed that of the MSA. Within the 3-mile radius area median household income was estimated at \$75,622 in 2010.

PER CAPITA INCOME GROWTH TRENDS

Per Capita Income	2000	2010	2015	Annual Avg. Change	
				'00-'10	'10-'15
3-Mile Radius Area	\$31,944	\$43,010	\$51,619	3.02%	2.72%
Boston MSA	\$28,016	\$37,661	\$43,918	3.44%	3.32%

Source: STDB, Inc. (2000 Census Data, their recent year estimate and 5-year projection)

MEDIAN HOUSEHOLD INCOME GROWTH TRENDS

Median Hhld. Income	2000	2010	2015	Annual Avg. Change	
				'00-'10	'10-'15
3-Mile Radius Area	\$55,645	\$75,662	\$90,613	3.12%	3.67%
Boston MSA	\$54,590	\$74,931	\$87,099	3.73%	3.25%

Source: STDB, Inc. (2000 Census Data, their recent year estimate and 5-year projection)

Household Income Distribution – Below are tables summarizing the distribution of household income in the 3-Mile Radius Area, as estimated by STDB for 2000, 2010 and 2015. A broad distribution is seen throughout the identified income tiers, with notably high numbers in the upper tiers. Projections for the next five years show slight declines in every tier under \$50,000, and increases in the \$50,000-\$74,999 and \$100,000+ tiers. The largest increase on an absolute basis is projected in the \$100,000-\$150,000 tier (with an increase of 3,282 households, or +27.7%).

3-MILE RADIUS INCOME DISTRIBUTIONS

Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	8,107	12.8%	5,173	8.1%	4,155	6.5%
\$15,000 - \$24,999	5,433	8.6%	3,646	5.7%	2,659	4.1%
\$25,000 - \$34,999	5,936	9.4%	3,817	6.0%	2,863	4.5%
\$35,000 - \$49,999	8,937	14.1%	7,078	11.1%	5,129	8.0%
\$50,000 - \$74,999	12,573	19.8%	11,712	18.4%	12,226	19.0%
\$75,000 - \$99,999	8,216	12.9%	9,383	14.8%	7,448	11.6%
\$100,000 - \$149,999	7,793	12.3%	11,836	18.6%	15,118	23.5%
\$150,000 - \$199,999	2,725	4.3%	3,869	6.1%	4,870	7.6%
\$200,000+	3,733	5.9%	7,012	11.0%	9,758	15.2%

Source: STDB, Inc. (2000 Census Data, their recent year estimate and 5-year projection)

Housing Demand Observations

The subject market enjoys strong economic fundamentals with growth in household formations anticipated over the next five years. The demographic character of the market is affluent, with substantial expectations for increased incomes in the near-term future. Housing consumers include a wide range household types and preferences – with demand evident for both urban style multi-family and more suburban style, family housing options.

The subject site, situated as it is in Chestnut Hill, has the potential, with the right design, amenities and pricing, to capture a share of the market’s growing demand.

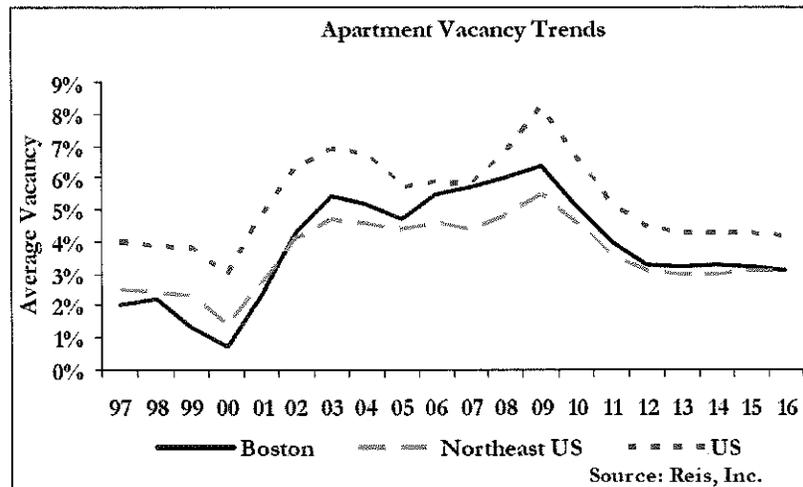
Metro-Boston Rental Housing Market Trends

According to the Reis Observer’s 1st Quarter 2012 Issue on the Boston Apartment Market (published May 23, 2012):

The 198,154-unit Boston metropolitan apartment market is more constricted than at any time since the end of the 1990s tech boom, and rent gains are starting to accelerate, according to Reis. “Going into 212, the Boston multifamily market should continue to be strong based on market fundamentals and continued investor demand,” according to *Northeast Real Estate Business*. “Limited new supply over the past few years and robust demand for rental units has reduced vacancy to a cyclical low,” according to Marcus & Millichap. Although conditions are “sparking [a] surge in development across Boston,” the new units will take time to build.

Occupancy – Reis reports a 1st Quarter 2012 vacancy level in the metro-Boston area’s investment-grade apartments at 3.8% (down 20 basis points from the prior quarter and 80 from a year earlier). This is a perennially tight market (ranging from seven years with sub-zero vacancy during the 1990s tech boom, year-end vacancy rates above 4% between 2002 and 2011 with the swell of new supply, and peaking at a reported 6.5% in 1st Quarter 2010), and it is constricting further now. The Class B/C segment of the market has been tight all along, and the current vacancy rate of 3.2% is down 100 basis points from a year earlier. New supply lifted the Class A rate, but it is now 4.5%, after an 80-basis-point decline from a year earlier.

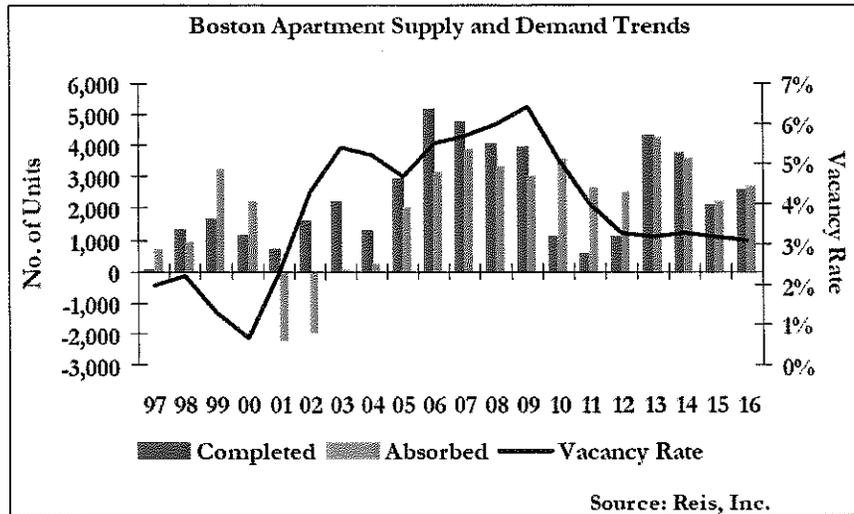
Reis predicts the metro-wide vacancy rate to fall to 3.3% by the end of 2012 before leveling off. Marcus & Millichap similarly predicts reaching a rate of 3.5% by the end of the year. Under these forecasts, Boston’s vacancy rate would be significantly lower than in the 2000s but higher than the 1990s. And as is usually the case, it is expected to remain well below the U.S. average throughout the five-year forecast period.



Supply/Demand – Net absorption totaled 2,655 units in 2011. The Class A total was 1,417, while the Class B/C total, despite an absence of new supply, was 1,238. Absorption remained strong in the 1st Quarter of 2012 at 468 units. (The total had been at least 2,000 units in every year from 2005 to 2011, averaging more than 3,000 per year.) Reis predicts net absorption of 2,500 in 2012, reducing vacant inventory to fewer than 6,500 units metro-wide by year end.

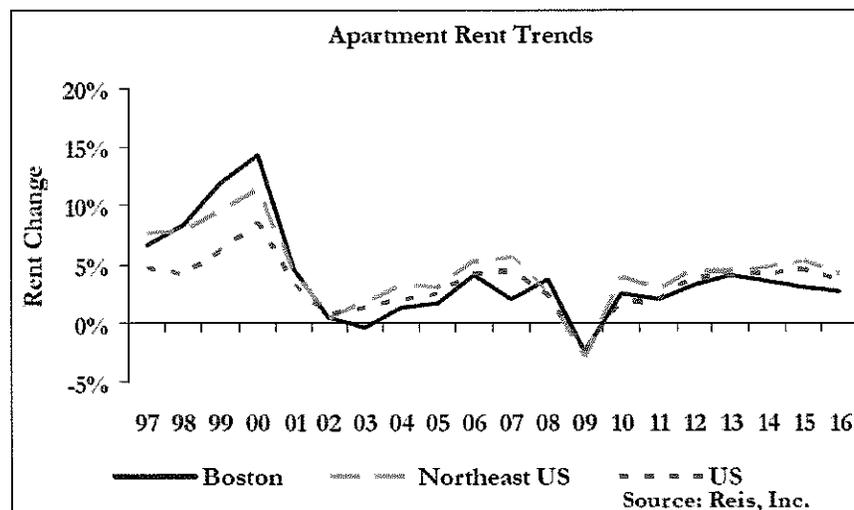
Following soaring rents in the 1990s, there was an apartment development boom. From 2005 to 2009 an average of nearly 4,200 apartments per year were added to the market (and condominium development further increased the multifamily supply). The recent recession put a halt to this pace, and by 2011 only 536 units completed construction in the metro area (the least since 1997). Now there are nearly 4,000 units under construction metro-wide (the majority in projects that broke ground in the past year).

Reis predicts that new supply will total 1,100 units in 2012, and then soar to around 4,000 units in both 2013 and 2014. This new supply is seen to closely match net absorption. Levels of supply and demand are forecast to subsequently be more modest, but totals are still expected to exceed 2,000 units in both 2015 and 2016.



Rents – In 1st Quarter 2012, Boston area’s year-over-year rent gains were 2.1% for the average asking and 2.6% for the average effective. On a quarterly basis, rents increased by 0.3% for the average asking and 0.6% for the average effective in 1st Quarter 2012, had been flat in the previous quarter, but strong earlier in 2011. The Class B/C average asking rent is up 2.8% year-over-year, while the Class A average asking is up 1.4%.

Marcus & Millichap predicts an increase in asking rents of 4.0%, and in effective rents of 4.5%, in 2012. Reis predicts the average asking rent will rise 3.3%, with the average effective up 4.2% in 2012. They forecast slightly larger gains in 2013 to be followed by slightly smaller gains thereafter.



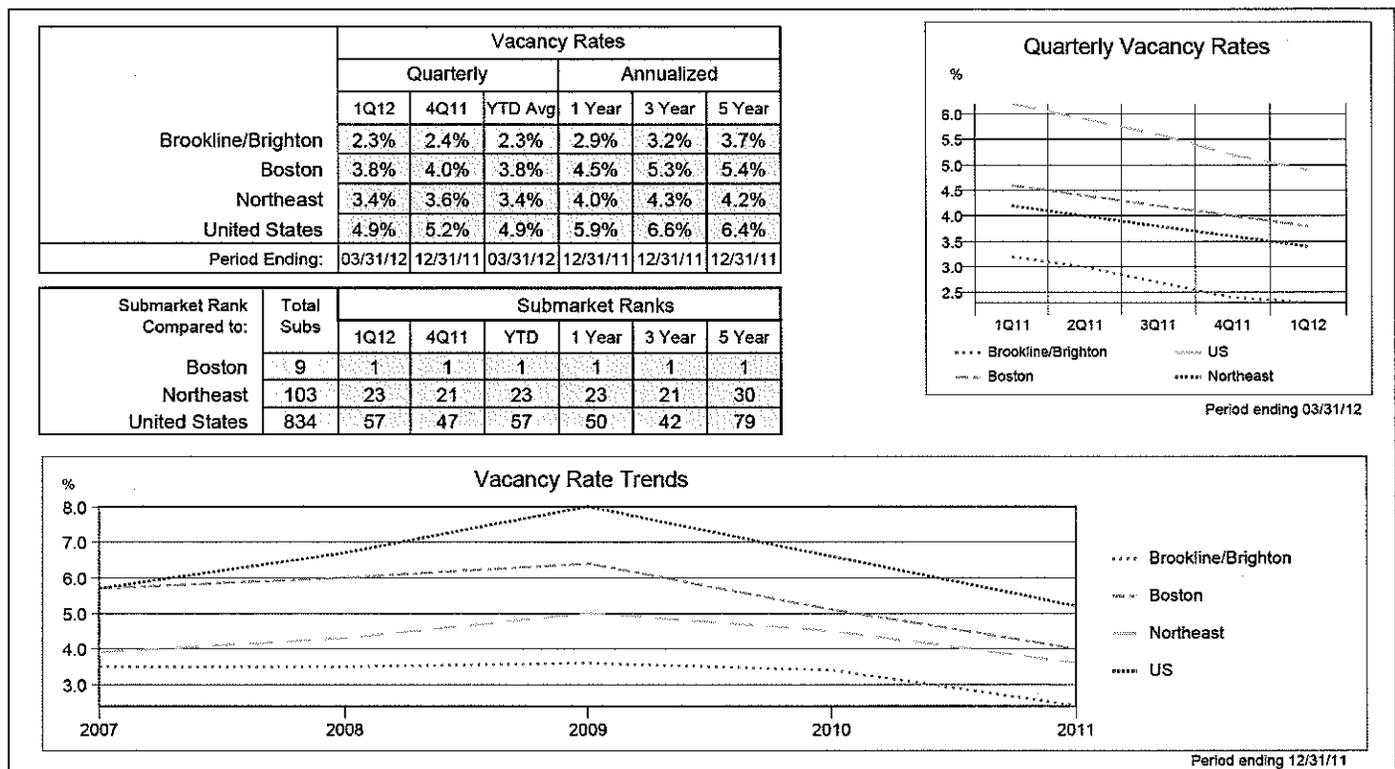
Submarket Rental Housing Trends

According to Reis, their defined 17,854-unit Brookline/Brighton/Newton submarket had a 1st Quarter 2012 vacancy rate of 2.3%; falling 90 basis points from a year earlier, and remaining the lowest among the metro area submarkets.

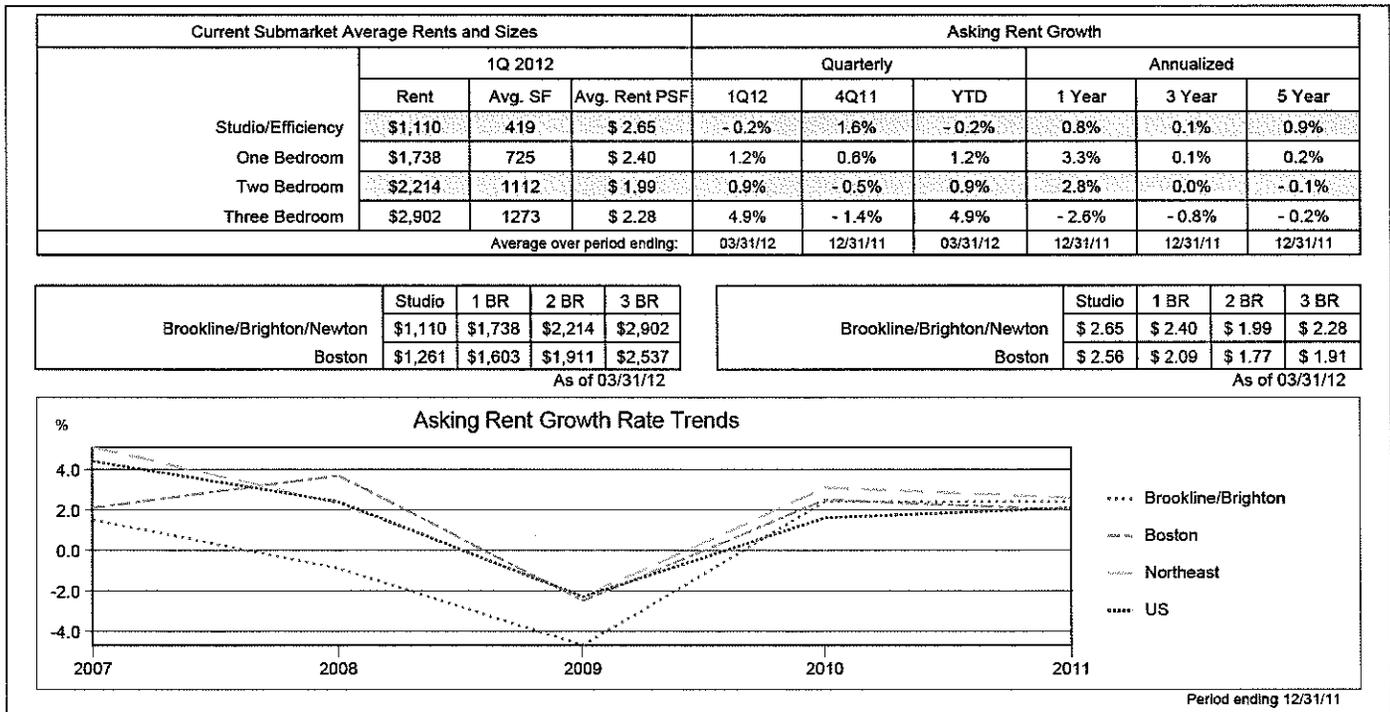
In 1st Quarter 2012, the submarket's average asking rent was \$1,942/month and the average effective rent was \$1,857/month, respectively reflecting increases of 1.2% and 1.5% over the quarter, and 2.5% and 3.2% year-over-year. On a per-square-foot basis, the submarket's average rent for each unit type (studios through 3-bedrooms) is above the averages for the metro Boston market overall.

Reis tables of trends for the submarket's vacancy rate are provided below, and for the average rents are provided on the following page.

VACANCY RATE COMPARISONS



SUBMARKET RENTS BY UNIT TYPE & GROWTH RATE COMPARISONS



COMPETITIVE APARTMENT MARKET SUPPLY ANALYSIS

Potential Additions to Local Supply

The following summary grid identifies other sizeable market-rate multifamily developments proposed/pending or under construction in the surrounding submarket area, as potential future competitors. This listing is based upon a discussion with representatives in the Planning Department at both Brookline and Newton, and a review of the Boston Redevelopment Authority's database of proposed development projects (focused on the West Roxbury neighborhood).

Brookline/ Newton / West Roxbury Multifamily Pipeline

Address	Community	Units	Status	Comments
1842 Beacon Street	Brookline	20	Under Const.	New construction apartment building (1- & 2-br units) just getting started behind a medical office building, between Coolidge Corner & Cleveland Cir.
60 Brainerd Road/ off Vemdale Road	Brighton & Brookline	79	Approved	Straddling the town line, this apartment property has been approved by both Brookline & the BRA. Currently a parking lot. The developer, Mt. Vernon Co. is anticipated to start construction soon.
375-399 Chestnut Hill Ave.	Brighton & Brookline	82	Letter of Intent	The former Circle Cinema & Applebee's restaurant site in Cleveland Circle is proposed for redevelopment by Boston Development Group. Most of the 2.5 Ac site is in Boston. Planned are a 145,000 sf hotel/office/retail building and an 82-unit apartment building. It is anticipated that a PNF will be submitted soon.
Chestnut Hill Square 250 Boylston Street	Newton	90±	Proposed	New England Development is currently constructing an office/retail complex along Route 9 (and Florence St.) in Chestnut Hill. Subsequently, Phase 2 will include a multifamily building.
Station at Riverside Grove Street	Newton	290	Preliminary	A developer has obtained land lease rights for development of a mixed-use project beside the Riverside MBTA station, near Route 128. Preliminary plans (public hearing likely in Fall 2012) are for 245,000 SF office/retail & 335,000 SF residential (290 apartment units).
5156 Washington Street	West Roxbury	20	Approved	A 3-story, 20-unit residential condo building with ground level parking has been approved for development on a vacant lot (near Edgemere Rd.)

Comparable Apartment Developments

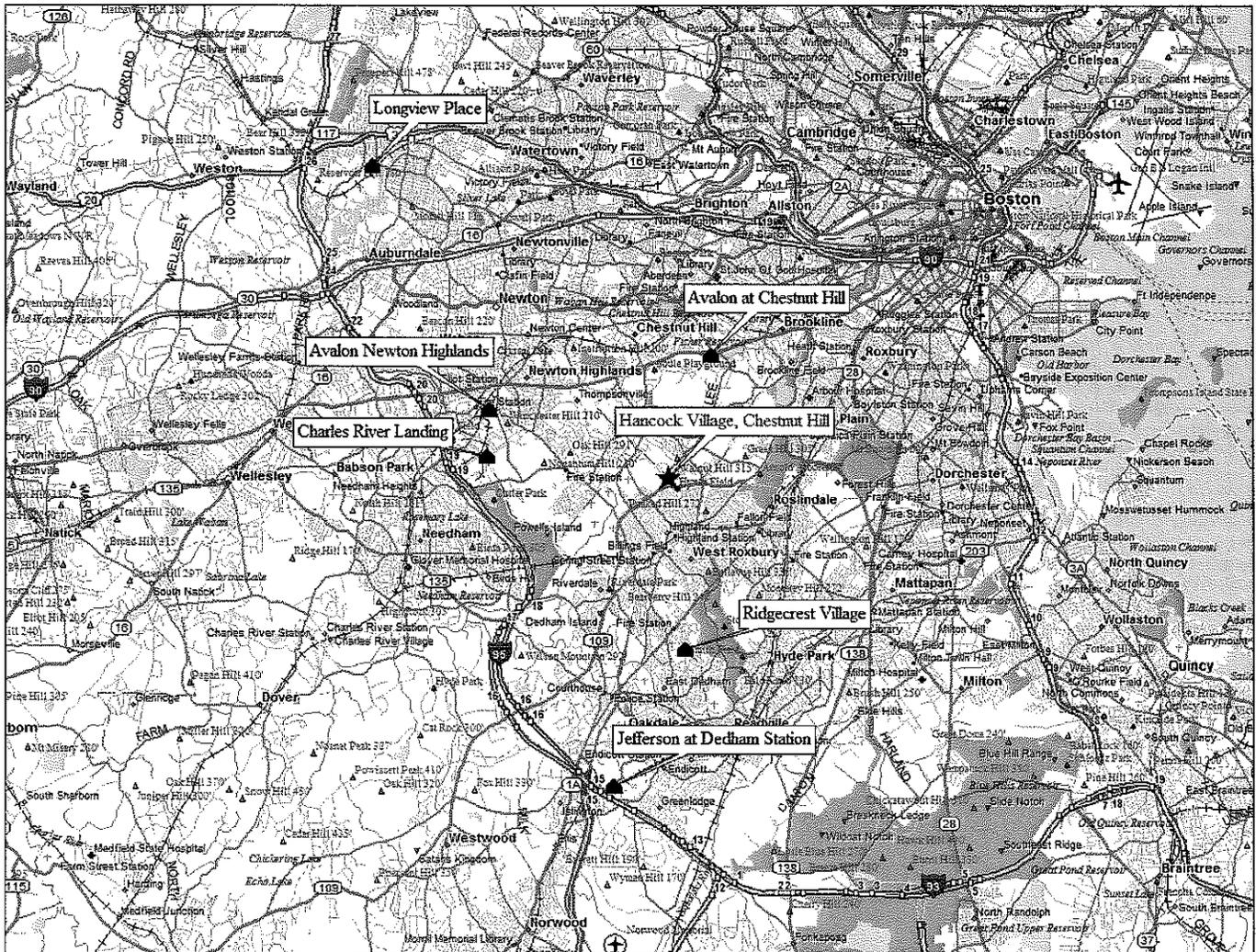
A search for comparable apartment properties has been undertaken within the defined market area. Our focus was on sizable, new construction properties. The properties identified for comparison as market indicators have variations in specific locational characteristics, physical design, etc., and clearly illustrate the array of alternatives available to the targeted rental market consumers. It is

interesting to note that there is a fairly narrow range of quality and market appeal in the newer rental developments, in part because relatively few development interests dominate this market, resulting in relatively homogenous product offerings. Despite the product similarities, some properties bracket the low-end of the market rent range, while others bracket the high-end. We have included reference to the better, more recently renovated unit types already existing within the Hancock Village complex (a comparative lower-end relative the proposed new construction).

The following location map identifies the subject site and each of the selected comparable apartment complexes. Individual spreadsheets summarize each of the identified developments. The summaries include an indication of rents per month and per SF by unit type, a brief property description, and representative photograph(s). Subsequently presented is a discussion of our findings.

Comparable Apartment Profiles

LOCATION MAP



APARTMENT RENT COMPARABLE # 1
AVALON AT CHESTNUT HILL



Description:

Address:	160 Boylston Street, Newton
Number of Buildings:	Three
Stories:	5-stories
Number of Units:	204
Year Built:	2006

General Comments: This mid-rise property is located along the eastbound side of Route 9 (Boylston Street) near the intersection with Hammond Pond Parkway. The immediate area along Boylston Street is comprised predominantly of retail uses (including a free-standing Barnes & Noble bookstore and café next door, and beyond that is a currently under construction 160,000 SF shopping center to be anchored by Wegman's supermarket, due to open in late 2013). The surrounding neighborhood to the south is predominantly residential (including condominium complexes and single-family homes). An MBTA Green-line station is located just over three-quarters of a mile away, on Hammond Street (to the northerly side of Route 9).

The apartment property amenities include a fitness center, a resident lounge with adjoining kitchen, a study with fax and copy machine, a heated outdoor pool, a patio, a tot lot, underground parking and concierge. Garage parking is not included (\$125/space charge), and there is no surface parking.

The residences' interior finish includes carpeting throughout the living area and bedrooms, ceramic tile flooring in the kitchens bathrooms, granite kitchen countertops, cherry cabinets, and black GE appliances. Washer and dryer machines are located in each unit. Most units have a private deck or patio.

Avalon Chestnut Hill (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool - outdoor	X	
Dishwasher	X		Tennis Court		X
Garbage Disposal	X		Jacuzzi/Whirlpool		X
Microwave	X		Fitness Center	X	
Washer/Dryer Machines	X		Playground	X	
Hook-ups for Laundry Machines			Business Center	X	
Security System (CCTV & /or Alarm)			Covered Parking ⁽¹⁾	X	
Cable Ready or Satellite Dish	X		Laundry Facilities		X
High-speed Internet Access	X		Private Storage	X	
Walk-in Closets	X		Security		
Balcony/Patio	Most		Concierge	X	
Fireplace		X	Walk to CBD Amenities/Stores:	X	
Air Conditioning - central	X		Walk to 'T' stop	X	
Other: Pet-friendly	X		Other: Resident Lounge w/ kitchen Common Patio; WiFi	X	

Community Fee: None

(1) No parking included (and no outdoor parking on site). Underground garage spaces available for \$125/ mo.

(2) Pets require a \$500 deposit plus monthly fee of \$75/pet (max 2 cats or 1 dog).

Unit Data and Rental Income:

Utilities Included in the Rent: None.

Current Concessions Offered: None.

Current Occupancy Rate: NA (would not quote; but ±97% implied by their website's available unit listings)

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH	RENT/SQ. FT.
Studios	4	390-691	1.0	\$1,500-\$1,900±	\$2.75-\$3.85±
1-Bedroom	36	935-1,144	1.0	\$2,185-\$2,665	\$2.33-\$2.34
1-Bedroom +Loft		1,313	1.0	\$2,815-\$2,910	\$2.14-\$2.22
2-Bedroom	114	1,125-1,188	2.0	\$2,700-\$3,095	\$2.40-\$2.61
2-Bedroom +Loft		1,264	2.0	\$3,085-\$3,235	\$2.44-\$2.56
2-Br +Den		1,575	2.0	\$3,370-\$3,755	\$2.17-\$2.38
3-Bedroom	50	1,824-1,885	2.0	\$3,360-\$4,230	\$1.84-\$2.24
3-BR +Den		1,852	2.0	\$4,375-\$4,690	\$2.36-\$2.53

Note: Leasing representative would only reference their website for current rates (we utilized it, with additional referenced third-party websites).

Survey Date: June 2012 (617-558-0666)

APARTMENT RENT COMPARABLE # 2
AVALON AT NEWTON HIGHLANDS



Description:

Address:	99 Needham Street, Newton
Number of Buildings:	Two, attached
Stories:	1½ -stories
Number of Units:	294
Year Built:	2003

This property is set back from the heavily traveled and densely developed Needham Street, which runs between Routes 128 and 9. There are numerous retail/commercial uses and eating establishments set along this stretch of roadway (a McDonalds restaurant and Mobile gas station are set in front of the property), but the area is designed more for vehicular traffic than pedestrians. The property is within ¾-mile of the Newton Highlands T stop.

Amenities include an attended lobby (weekdays from 4-12 pm), a clubroom with billiards and big-screen television, a community kitchen, a children's playroom, an outdoor basketball half court, putting green, barbeque area, and outdoor swimming pool. The U-shaped structures create four themed courtyard areas: pool & hot tub, putting green, playground, and reading garden. There are 527 parking spaces (404 in underground garage; 123 surface) and one garage space is included in each units' rent.

The residences have fully applianced kitchens (with white or black Whirlpool brand appliances, and an electric range), in-unit washer and dryer, wall-to-wall carpeting throughout the living areas and bedrooms, ceramic tile flooring in the kitchens and bathrooms, laminate cabinets (white raised panel in the lower floor units; cherry finish in the upper floor units), and granite countertops in the kitchens (black or gray, respectively on upper or lower floor units). There are many units with a loft room (like a den; open and overlooking the living area).

Avalon Newton Highlands (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen		X	Pool - outdoor	X	
Dishwasher	X		Tennis Court		X
Garbage Disposal	X		Jacuzzi/Whirlpool	X	
Microwave	X		Fitness Center	X	
Washer/Dryer Machines	X		Playground	X	
Hook-ups for Laundry Machines			Business Center	X	
Security System (CCTV & /or Alarm)			Covered Parking ⁽¹⁾	X	
Cable Ready or Satellite Dish	X		Laundry Facilities		
High-speed Internet Access	X		Private Storage	X	
Walk-in Closets	X		Security		
Balcony/Patio	MANY		Concierge	X	
Fireplace	SOME	X	Walk to CBD Amenities/Stores:	X	
Air Conditioning - central	X		Walk to 'T' stop	X	
Other: Pet-friendly	X		Other: Community rm, Playroom, 1/2 BBall Court, Putting Green, BBQ	X	

Community Fee: None

(1) Rent includes 1 assigned garage parking space. Second spaces are available for \$150/month, and outdoor surface parking is available for free.

(2) Pets require a \$500 deposit plus monthly fee of \$75/pet (max 2 cats or 1 dog).

Unit Data and Rental Income:

Utilities Included in the Rent: None.

Current Concessions Offered: None.

Current Occupancy Rate: NA (would not quote; but ±98% implied by their website's available unit listings)

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH	RENT/SQ. FT.
Studios	6	570	1.0	\$1,700±	\$2.98±
1-Bedroom	90	912-964	1.0	\$1,920-\$2,020	\$2.10-\$2.11
1-Bedroom +Loft		1,249	1.0	\$2,320±	\$1.86±
2-Bedroom	139	970-1,103	1.0-2.0	\$2,615-\$2,900	\$2.63-\$2.70
2-Bedroom +Loft		1,267-1,345	2.0	\$2,830-\$3,095	\$2.23-\$2.30
2-Br +Den +Loft		1,452	2.0	\$3,145	\$2.17
3-Bedroom	59	1,330-1,392	2.0	\$3,315-\$3,620	\$2.49-\$2.60
3-Bedroom +Loft		1,628-1,755	2.0	\$3,765-\$3,820	\$2.18-\$2.31
3-BR +Den +Loft		1,688	2.0	\$4,095	\$2.43

Note: Leasing representative would only provide an indication of studio rents (as none are available) and referenced their website for current rates. We also referenced third-party websites for verification.

Survey Date: June 2012 (617-332-9332)

APARTMENT RENT COMPARABLE # 3
JEFFERSON AT DEDHAM CROSSING



Description:

Address:	1000 President's Way, Dedham
Number of Buildings:	Three
Stories:	4-stories
Number of Units:	300
Year Built:	2006

The (3) four-story buildings that comprise this property each have elevator access and surrounding surface parking. The 300-unit property was completed in 2006. It is located near the curve in Rustcraft Road, which is proximate to the juncture of Routes 1 and 128 (I-95) and directly across the street from the Dedham Corporate Center MBTA commuter rail station (the rail line runs parallel to the street frontage). Property uses in the surrounding neighborhood had been predominantly a mix of hotel and residential uses, but more recent significant additions include both the immediately adjacent Station 250 apartment complex and the Legacy Place open-air mall. Legacy Place, approximately one-quarter mile walk away, offers numerous shops, restaurants, groceries (Whole Foods Market) and entertainment (Showcase cinema and King's Bowling).

The property's on-site amenities, centralized at the main building, include an outdoor swimming pool and Jacuzzi, a 24-hour fitness center, and a clubhouse with a great room, billiard table, business center, lounge and small movie theater. An on-site management is staffed daily. The property offers free surface parking (some carport spaces, detached from the buildings, are available for an additional fee).

The residences' interior finish includes carpeting throughout the living area and bedrooms, vinyl tile flooring in the kitchens and bathrooms (but starting change to laminate wood flooring in the kitchen), wood cabinets, laminate kitchen countertops, and black GE appliances. There are 9-foot ceiling heights. Washer and dryer machines are located in each unit (stacked in the smaller units; full-sized in the larger ones).

Jefferson at Dedham Station (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen		X	Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center		X
High-speed Internet Access	X		Covered Parking ⁽¹⁾	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	SOME		Private Storage		
Fireplace		X	Security	X	
Air Conditioning (wall-thru)	X		Concierge		X
Other: Pet friendly ⁽²⁾	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to 'T' stop	X	
Other: NA			Other: Media rm./Theater.	X	

Initial/Amenity Fee: No longer charged.

(1) Surface parking included (a limited number of carports are available for \$35-\$50/month.

(2) Pets - \$250 refundable deposit (no longer charge a monthly fee)

Unit Data and Rental Income:

Utilities Included in the Rent: Gas for heat & hot water (tenant pays cold water/sewer & electricity, including cooking and HVAC fan).

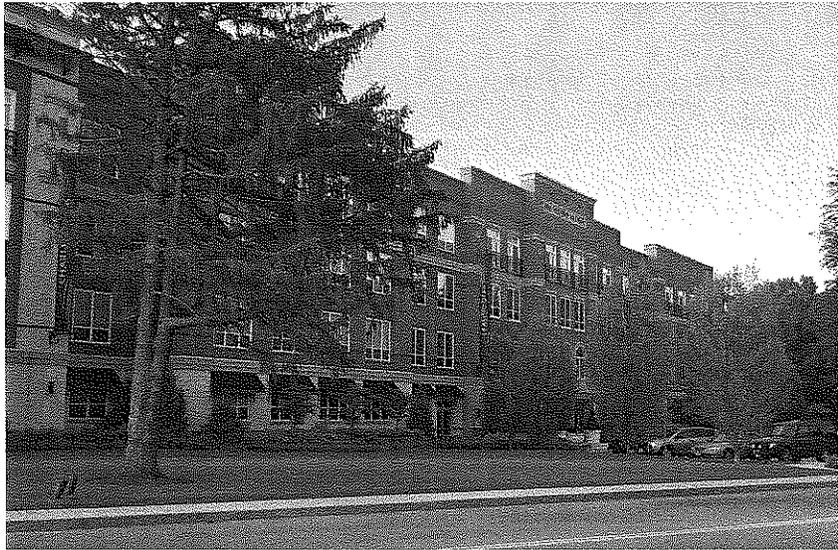
Current Concessions Offered: None

Current Occupancy Rate: 97%

UNIT MIX	#	SIZE (SF)	BATHS	RENT/MONTH	RENT/SF
1-Bedroom	149	782-886	1.0	\$1,882-\$2,052	\$2.32-\$2.41
2-Bedroom	151	1,094-1,182	2.0	\$2,263-\$2,569	\$2.07-\$2.14

Surveyed: June 2012 (781-320-1370)

APARTMENT RENT COMPARABLE # 4
CHARLES RIVER LANDING



Description:

Address:	300 Second Street, Needham
Number of Buildings:	One
Stories:	4-stories
Number of Units:	350
Year Built:	2010

This 350-unit apartment building opened in January 2010. It is located within the New England Business Center office and industrial park, which consists primarily of one- and two-story office, R&D or light-industrial buildings (housing such corporations as General Dynamics, Parametric Technologies, etc. as well as Mulberry Day Care Center and a Gold's Gym, and a 250-room Sheraton Hotel), interspersed with trees and landscaping. The northerly side of the apartment complex site is wooded, with the Charles River abutting beyond. The location is off Highland Avenue, to the west of its juncture with Route 128 (I-95). The highway access is approximately a half mile from the property. There are numerous retailers and restaurants along the well-travelled Highland Avenue and its connecting Needham Street (which provides a link to Route 9). The closest MBTA station is just over 1½ miles away (in Needham Highlands on the opposite side of Route 128), and a bus stop is nearby.

Charles River Landing's on-site amenities an outdoor heated swimming pool, a dual sided fireplace (facing indoors to the clubhouse and out to the pool courtyard), a small theater/media room (with Wii and PS3), a sports lounge with billiards, a conference room, a fitness center, and outdoor barbeque grills. Management is on site every day, with security on site in the evenings. The property offers one free garage parking space (assigned spaces for \$75/month; and second spaces are available for free in the surrounding surface lot or for \$225 in the garage).

The residences' interior finish includes engineered wood flooring in the living area, stone tile flooring (travertine) in the entryway, kitchen and bathroom, carpeting in the bedrooms, granite kitchen countertops, and stainless steel appliances. Washer and dryer machines are located in each unit.

Charles River Landing (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center (conference rm.)	X	
High-speed Internet Access	X		Covered Parking ⁽¹⁾	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	FEW		Private Storage		
Fireplace		X	Security	X	
Air Conditioning	X		Concierge		X
Other: Pet friendly ⁽²⁾	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to 'T' stop		X
Other: NA			Other: Media room	X	

Initial/Amenity Fee: None

(1) Garage parking included (2nd space free outdoors or \$225 for garage space).

(2) Pet fees – Refundable deposit (\$150/cat; \$300/dog), plus \$35-\$65/cat/ mo. or \$40-\$75/dog/ mo. (2 pets max.)

Unit Data and Rental Income:

Utilities Included in the Rent: None (tenant pays gas heat, hot water, cold water/sewer, & electric).

Current Concessions Offered: None.

Current Occupancy Rate: 96%

UNIT MIX	#	SIZE (SF)	BATH	RENT/MONTH	RENT/SF
1-Bedrooms	252	792-1,130;	1.0	\$2,530-\$2,890;	\$2.56-\$3.19
1-BR w/terrace		1,316		\$3,100-\$3,200	\$2.36-\$2.43
1-BRs +Study		1,120-1,130	1.0	\$2,870-\$3,115	\$2.56-\$2.76
2-Bedrooms	98	1,139	1.0	NA	NA
2-Bedrooms		1,379-1,588	2.0	\$3,525-\$3,885	\$2.45-\$2.56
2-BR w/terrace		1,588	2.0	To \$4,000	\$2.52

Note: The largest 1-br & 2-br models have a separate dining room and a terrace (the range is approximately 100 sf less for those without range).

Surveyed: June 2012 (866-776-3360)

APARTMENT RENT COMPARABLE # 5
LONGVIEW PLACE



Description:

Address:	60,70 & 80 Hope Avenue, Waltham
Number of Buildings:	Three
Stories:	6-stories
Number of Units:	348
Year Built:	2004

This property consists of (3) 6-story attached mid-rise apartment buildings, which had a phased opening between September 2004 and February 2005. It has underground garage parking and surface parking (either for an additional fee). The property is positioned on a hilltop, with views of the surrounding treetops. A bus stop is located near the site (MBTA commuter rail stops are located approximately one mile away). Common amenities on-site include a clubhouse, resident lounge with large-screen TV, a business center, and concierge (from 7 am to 7pm).

The residences' interior finish includes carpeting throughout the living area and bedrooms, Pergo wood flooring in the kitchens, ceramic tile flooring in the bathrooms, laminate kitchen countertops, and black appliances. Washer and dryer machines are located in each unit.

Longview Place (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool		X
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		X
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center	X	
High-speed Internet Access	X		Covered Parking ⁽¹⁾	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio		X	Private Storage		
Fireplace		X	Security		
Air Conditioning (wall-thru)	X		Concierge (12-hr.)	X	
Other: Pet friendly	X		Walk to CBD Amenities/Stores:	X	
Other: Pet-friendly			Walk to 'T' stop (bus)		X
Other: NA			Other:		X

Community Fee: \$400

(1) Garage spaces available for \$85/month, or uncovered spaces for \$35/month.

(2) Pets require increased security deposit (+\$250) plus monthly fee of \$35/cat or \$55/dog.

Unit Data and Rental Income:

Utilities Included in the Rent: Gas for heat & hot water, plus cold water/sewer (tenant pays electricity, including cooking & HVAC fan).

Current Concessions Offered: None

Current Occupancy Rate: 96%

UNIT MIX	#	SIZE (SF)	BATH	RENT/MONTH	RENT/SF
1-Bedroom	116	795-800	1.0	\$1,895-\$1,990	\$2.38-\$2.49
1-Bedroom +Den	42	991-1,030	1.0	\$2,065-\$2,135	\$2.07-\$2.08
2-Bedroom	166	1,056-1,203	2.0	\$2,380-\$2,545	\$2.12-\$2.25
2-Bedroom +Den	9	1,321-1,398	2.0	NA	NA
3-Bedroom	15	1,516-1,518	2.0	\$3,060-\$3,130	\$2.06-\$2.20

Surveyed: June 2012 (781-894-5500)

APARTMENT RENT COMPARABLE # 6
RIDGECREST VILLAGE (NEW BUILDING)



(Rendering)

Description:

Address:	125 Edgemere Road, West Roxbury
Number of Buildings:	One
Stories:	3-story
Number of Units:	48
Year Built:	2012

The existing Ridgecrest Village complex consists of (7) 2½-story brick walk-up buildings with an aggregate of 144 units on Edgemere Road, off of Washington Street. The complex has a new fitness center and new outdoor swimming pool with sundeck (use of amenities requires a one-time \$150 fee). This new phase, scheduled for construction completion in mid-July 2012, consists of an elevator-accessed 3-story building of 48 units. There is surface parking (available for \$20/month/space), and a bus stop is nearby. The area has a suburban-like setting.

The new construction building will have elevator access, and contain 1- and 2-bedroom flat-layout units. The units interiors will feature open layouts, carpeting throughout the living area and bedrooms, vinyl flooring in the kitchens, stainless steel kitchen appliances (including dishwashers and microwaves), and in-unit washer and dryer machines.

Ridgecrest – New Const. (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool ⁽¹⁾	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		X
Garbage Disposal	X		Fitness Center ⁽¹⁾	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge		X
Cable Ready or Satellite Dish			Business Center		X
High-speed Internet Access	X		Covered Parking ⁽²⁾		X
Walk-in Closets			Laundry Facilities	X	
Balcony/Patio		X	Private Storage		
Fireplace		X	Security		
Air Conditioning	X		Concierge		X
Other: (no pets)			Walk to CBD Amenities/Stores:		X
Other:			Walk to "T" stop (bus)	X	
Other:			Other:		

(1) One-time Amenity Fee (optional; but required for use of pool & fitness center): \$150

(2) Surface parking: \$20/month.

Unit Data and Rental Income:

Utilities Included in the Rent:

Gas for Heat & Hot water, Cold Water/Sewer.
(Tenant pays electricity, including cooking & AC).

Current Concessions Offered:

NA (per website, initial lease-up concession of "up to one month free")

Current Occupancy Rate:

NA – not scheduled to open until 7/15/2012
Preleasing is underway (specifics not available)

UNIT MIX	#	SIZE (SF)	BATH	RENT/MONTH	RENT/SF
1-Bedroom	NA	729-860	1.0	\$1,675-\$1,780	\$2.07-\$2.30
2-Bedroom	NA	955-1,117	2.0	\$1,980-\$2,050	\$1.84-\$2.07

Surveyed: June 2012 (617-469-3505)

Rental Apartment Survey Findings

This section of the report summarizes and compares the data for each of the comparable apartment properties surveyed. A discussion of amenities, unit mix and sizes, parking, market rental rates, etc., is provided as follows. Summary tables for each attribute provide a succinct view of the competitive product. In these tables the identified properties have been organized from newest to oldest for examination of physical characteristics, and several additional properties have been included for reference to unit size and mix (although not included in our competitive market rent survey; those surveyed are shown in bold print).

Unit Mix

As illustrated in the following table, almost all of the properties provide a good mix of one- and two-bedroom unit types with relatively fewer studio and three-bedroom units. Studio units are offered at newer, high rent properties as a smaller, comparably more affordable market-rate unit providing balance to the mix from a pricing standpoint.

The fourteen identified newer properties reflect a unit mix of 0% to 32% studios (<3% average), 18% to 72% one-bedrooms (40% average), 21% to 100% two-bedrooms, (51% average), and 0%-24% three-bedrooms (6% average).

The market trend is now toward smaller unit typologies. Of several currently planned projects in Boston (specifics being confidential) or a couple of nearby communities, the proposed unit mixes reflect ranges from 10% to slightly more than 30% studios, approximately 35% to 60% one-bedrooms, 35% to 65% two-bedrooms, and only 0% to 3% three-bedrooms. Although similar in trend, they are more heavily weighted toward smaller units within the downtown than close-in communities. This trend is market-driven given the area's rapidly increasing rental rates, so that the residents get a comparatively more affordable aggregate market rent and the developer maximizes the attainable price per square foot.

New development at Hancock Village is proposed to offer a unit mix within the mid-rise building comprised of 50% one-bedroom units (including 6% with a den), and 50% two-bedroom units. Unit mix within the new in-fill buildings, in aggregate, is planned to be comprised of 48% one-bedroom units (including 16% with a loft), 35% two-bedroom units (including 17% with a loft), and 17% three-bedroom units. The proposed unit mixes fit within market indications of the competitive product (and could be more weighted toward smaller unit types, with fewer two- and three-bedroom units, and still be in line with new and currently proposed projects).

Apartment Properties - Unit Mix

Property	Year Built	# Units	Studios	1-BRs	2-BRs	3-Brs
<i>A few currently proposed/pending in Boston:</i>	--		±10-30%	±55-60%	±25-35%	±0-3%
<i>Proposed – Criterion Mystic Valley, Medford</i>	--	163	±20%	±46%	±34%	--
<i>Under Construction – Avalon Somerville (Assembly Row)</i>	--	253	±10%	±35%	±55%	--
Charles River Landing, Needham	2010	350	--	72%	28%	--
75 SL (Station Landing), Medford	2009	168	32%	36%	21%	11%
River's Edge, Medford	2009	222	4%	53%	39%	4%
Station 250, Dedham	2008	285	--	44%	51%	5%
Arborpoint Woodland Station, Newton	2007	180	--	42%	53%	5%
Princeton at Boston Road, Billerica	2007	156	--	31%	69%	--
Oak Grove Village, Melrose	2006-09	550	--	53%	47%	--
Avalon Chestnut Hill, Newton	2006	204	2%	18%	56%	24%
Jefferson at Dedham Station	2006	300	--	50%	50%	--
Arborpoint at Station Landing, Medford	2006	292	--	45%	51%	4%
Hastings Village THs, Wellesley	2006	52	--	--	100%	--
Village at Quarry Hills Quincy	2005	316	--	37%	51%	12%
Longview Place, Waltham	2004	348	--	45% (33%+12%)	51% (48%+3%)	4%
Avalon Newton Highlands, Newton	2003	294	2%	31%	47%	20%

Proposed - Brookline East at Hancock Village						
Mid-Rise Building:		145	--	50% (44%+6%)	50%	--
In-Fill Buildings:		126	--	48% (32%+16%)	35% (18%+17%)	17%

The figures in parentheses reflect the composition (if available) of standard units, and those that have a den or loft.

Additional properties from the greater metro area have been included for further reference to new product (in bold print are comparable properties included in this study).

Unit Size

Unit sizes for the surveyed properties are found in the preceding chart. Of the apartment properties built within the past several years, the one-bedroom units reflect a wide range in size from 646 SF to over 1,000 SF (although are more typically in the 720 SF to mid-900s SF range); the one-bedroom plus den or loft units range in size from 844 to 1,357 SF; the two-bedroom units range in size from 933 to over 1,400 SF (most may be characterized as within roughly 1,000 to 1,300 SF); the two-bedroom plus den or loft units range in size from 1,176 to 1,726 (excluding a townhouse product), and the three-bedroom units range in size from 1,281 to 1,885 (or to 1,551, excluding extremes and townhouse product). It is additionally noted that studio units are generally in the 500 SF to 570 SF range (these are not included in the chart as none are proposed at the subject).

The proposed subject program overall provides one-bedroom units of 849 to 994 SF, one-bedroom plus den units of 1,047 and one-bedroom plus loft units of 1,239 SF, two-bedroom units of 1,121 to 1,308 SF, two-bedroom plus loft units of 1,590 SF, and three-bedroom units of 1,359 SF. The reported unit sizes fit well within market indications.

In-Unit Features

The market norm for flooring finishes at new apartment properties in the market area now typically includes wall-to-wall carpeting throughout the living areas and bedrooms, and ceramic tile flooring in the kitchens and bathrooms, although newest high-end product includes engineered wood flooring in the living area and/or kitchen. Kitchens are fully applanced (to include dishwasher, disposal and microwave), and the newest are stainless steel. All provide in-unit laundry machines (typically full-sized stacked machines). Some type of solid surface or stone countertop is now necessary, with granite being the standard for this tier. The cabinetry must be a contemporary in style, whether wood, white, and/or frosted glass, with sleek hardware. Most interiors aspire to clean-lines and a contemporary appearance.

Other desirable features include high ceilings, large windows, good sized closet space (walk-in closets are expected in master bedrooms) and separate storage space.

The proposed new construction at Hancock Village is intended to provide a high-end level of finish, competitive or superior to most of the identified market competitors. This is currently envisioned to include wood-type flooring in the living area and kitchen, carpeting in the bedrooms, ceramic tile flooring in bathrooms, granite kitchen countertops, and stainless steel appliances. In-unit laundry machines will be provided.

Apartment Properties - Unit Sizes (Square Feet)

Property	Year Built	1-BRs	1-BRs +Den or Loft	2-BRs	2-BRs +Den or Loft	3-BRs
Ridgecrest Village, West Roxbury	2012	724-860	--	955-1,117	--	--
Charles River Landing, Needham	2010	792-1,316	1,120-1,130	1,131 (1 ba) 1,339-1,588	--	--
75 SL (Station Landing), Medford	2009	551-769	--	1,000-1,196	--	1,346-1,486
Avalon Northborough	2009-10	646-971	939-1,176	962-1,244	1,323-1,832 (2sty Loft) 1,666-1,756 (3sty +Den, 2.5ba)	
River's Edge, Medford	2009	718-884	946-1,009	1,094-1,248	--	1,358
Station 250, Dedham	2008	759-960	--	1,070-1,307	1,377	1,377
Avalon Acton	2008	707-985	851-1,204	1,029-1,319	1,233-1,601	1,713 (2br +den +loft)
Arborpoint Woodland Station, Newton	2007	726-1,004	924-1,144	1,094-1,282 1,220-1,352 TH	--	1,687-1,770 TH
Princeton at Boston Road, Billerica	2007	774	844-876	1,077	1,189	--
Oak Grove Village, Melrose	2006-09	659-929	894-1,026	933-1,485	--	--
Overlook Ridge, Revere – Ph.1	2004	772-805	961	1,063-1,201	1,336	--
Overlook Ridge, Revere – Ph. 2	2007	726-822	1,080	1,040-1,158	--	--
Avalon at Chestnut Hill, Newton	2006	935-1,188	1,066-1,357	1,040-1,365	1,264-1,579	1,430-1,885
Jefferson at Dedham Station	2006	782-886	--	1,094-1,182	--	--
Arborpoint Station Landing, Medford	2006	739-895	--	1,027-1,260	--	1,281-1,359
Hastings Village THs, Wellesley	2006	--	--	1,132-1,137 flat & TH	1,469-1,845 TH	--
Village at Quarry Hills Quincy	2005	740-945	--	1,114-1,253	1,365-1,413	1,493-1,551
Longview Place, Waltham	2004	721-997	991-1,030	1,056-1,350	1,321-1,398	1,517
Avalon Newton Highlands, Newton	2003	912-964	1,074-1,249	970-1,431	1,176-1,726	1,330-1,726
Proposed - Brookline East at Hancock Vill.						
Mid-Rise Building:		840-994	1,047	1,121-1,308	--	--
In-Fill Buildings:		879	1,239	1,131	1,590	1,359

Additional properties from the greater metro area have been included for further reference to new product.

Excluding reference to any studio unit sizes, as the subject does not plan to include this unit type.

Project Amenities

On-site common amenities at newer apartment properties now include -- at a minimum -- a fitness center (often simply a room furnished with exercise equipment) and a community room (different types of space can fall in this category, but most often includes some sort of club room seating for socializing or reading, perhaps with an adjoining kitchen). Beyond this there may be additional rooms such as a library, a game room (i.e., billiards tables), a media center, or a conference room. These have changed with the times, and more contemporary offerings include 'cyber cafés' or complimentary WiFi along with computers, etc. in the multi-functional community/clubroom, a conference/dining table, or large communal table powered for laptops/tablets, etc. Outdoor space is desirable, and ranges from a shared terrace/sundeck to landscaped grounds, and the majority of the surveyed properties have an outdoor swimming pool.

Elevator-accessed garage parking is an amenity offered at the majority of the mid-rise competitors (parking to be subsequently discussed). And there is increasing interest in secure and easily accessible bicycle storage. Additionally, private storage space is always sought-after in dense urban living.

All of the surveyed local properties have on-site management personnel, and some additionally have a front desk "attendant" or concierge for limited periods. Package acceptance and dry cleaning drop-off are standard services provided. And most properties now are pet-friendly (with some limitations, and additional fees required).

Hancock Village already has central amenity space for residents' shared use, which will similarly be available to those occupying the proposed new buildings. As is not uncommon in the market, there is a one-time amenity fee (\$150 if paid upon initial leasing). The amenities include a community room/lounge, internet café (with complimentary WiFi), a conference room, a movie screening room, a fitness center, available storage space, and concierge/desk attendant. Additionally provided on site are zip cars, three public bus stops, and a free commuter shuttle to an MBTA subway station. The property is well landscaped with grass lawns and mature trees between the buildings.

The proposed mid-rise building will have elevator-accessed garage parking, while the three-story infill buildings will have surface parking similar to that of the existing development. Obviously having proximity and access to and public transportation, particularly an MBTA stop, is a bonus. In addition, the nearby retailers, health center, conservation land, playground and sports fields may be considered amenities.

The proposed new buildings will not have interior amenity spaces for their residents' exclusive use, as found at the comparable new construction properties. They will share centralized facilities with

other residents of the sizable Hancock Village. However, we believe the numerous offerings (including the nearby retailers, playgrounds, etc.) and comparatively superior interior finishes planned, will create a counter balance.

Parking

The new development will be providing 453 parking spaces (144 garage spaces in the mid-rise building, and 309 surface spaces), for a ratio of 1.67 spaces per new unit. This is expected to be quite sufficient for this public-transit accessible locale.

The existing Hancock Village complex attains fees of \$30/month for surface parking spaces and \$85/month for detached, structured garages (separate from the residences). The new mid-rise comparable properties more typically include one elevator-accessed garage parking space in the rent, although variation is seen in the market. Notably, Avalon at Chestnut Hill charges \$125/month for a garage space (none included in the rent).

Our subsequent estimate of market-rate rents for the proposed subject units assumes that parking is not included, but available for an additional fee. Based on our review of such monthly fees, we estimate that the planned mid-rise building's garage spaces (in an attached, elevator-accessed garage) could attain approximately \$125-\$150/space, and the surface spaces could attain \$30/month.

PARKING ARRANGEMENTS & CHARGES

Property	Parking Type	Included the Rent	Monthly Cost	2 nd Garage Space	Comments
Jefferson at Dedham Crossing	Lot	1+ spaces	--	NA	No Garage. \$35-\$50 for carport.
Ridgecrest Village, West Roxbury	Lot	None	\$20	NA	No garage; surface parking only.
Hancock Village (existing), Ch.Hill	Lot	None	\$30		No attached garages (detached, structured garages on-site)
	Detached Garage	None	\$85		
Longview Place, Waltham	Attached Garage	None	\$85	NA	\$35 surface parking space.
Avalon at Chestnut Hill	Attached Garage	None	\$125	\$125	No surface spaces (garage only)
Avalon Newton Highlands	Attached Garage	1 space	--	\$150	Free surface parking
Charles River Landing, Needham	Attached Garage	1 space	--	\$225	Assigned garage space \$75; Free surface parking
Station 250, Dedham	Attached Garage	1 space	--	NA	Garage & surface parking included.
Arborpoint Woodland, Newton	Attached Garage	1 space	--	\$150	No surface parking
River's Edge, Medford	Attached Garage	1 space	--	\$150	No surface parking

Market-Rate Rents

In the following tables, rental rates at the surveyed comparable properties are presented separately by unit type. The tables also show unit sizes, with an indication of the equivalent per-square-foot rental rate (lower rates per square foot are generally reflected for larger units with all else being equal).

It is our understanding that much of the utility costs at the subject will be passed on to the tenants, although gas fuel will be provided. As such our analysis has assumed that the tenant is separately responsible for (not included in rent) cold and hot water, and electricity which would include the HVAC distribution fan. Each of the competitive properties have varying utility arrangements. For the purpose of comparison, we have adjusted for these utility differences (based on the Metropolitan Boston Housing Partnership's current monthly utility allowance – which is benchmarked to market).

Three of the identified comparable properties include a parking space in the rent. We have subtracted out the estimated value of any included parking, at -\$30 for a surface space and -\$150 for an attached garage space. Another pricing adjustment has been made for the difference in one-time community/amenity fees (relative to the subject's \$150 one-time fee), prorated over a standard 12-month lease term. And, an adjustment for the number of bathrooms has been made, based on -\$25 for an extra half-bath in a one-bedroom units, \$100 for 1 versus 2 full bathrooms in two-bedroom units, and \$75 for 1.5 versus 2 full bathrooms in three-bedroom units. (Adjustments for the latter two categories are included under the 'other' column in the accompanying tables).

In making our market-rate rent estimate for the proposed subject property we have considered additional factors including overall quality and appeal, interior finish, size, location, etc.

One-Bedroom Rental Rates

Property	Unit S.F.	Face Rent	Face Rent/SF	-- Adjustments --		Effective Rent	Effective Rent/SF
				Utilities	Other		
Ridgecrest Village - New Building	724 - 860	\$1,675 - \$1,780	\$2.31 - \$2.07	(\$57)	\$0	\$1,618 - \$1,723	\$2.23 - \$2.00
Hancock Vill. 'Berkeley' Units (CHR est. "market")	Avg.: 792	\$1,819	\$2.30	(\$71)	\$0	"Mkt" Avg.: \$1,748	\$2.21
* Hancock Vill. 'Arlington' Units (CHR est. "market")	Avg.: 797	\$1,922	\$2.41	(\$71)	(\$25)	"Mkt" Avg.: \$1,826	\$2.29
Avalon Newton Highlands	912 - 964	\$1,920 - \$2,020	\$2.11 - \$2.10	\$30	(\$150)	\$1,800 - \$1,900	\$1.97 - \$1.97
Longview Place, Waltham	795 - 800	\$1,895 - \$1,990	\$2.38 - \$2.49	\$0	\$0	\$1,874 - \$1,969	\$2.36 - \$2.46
Jefferson at Dedham Station	782 - 886	\$1,882 - \$2,052	\$2.41 - \$2.32	\$0	(\$30)	\$1,852 - \$2,022	\$2.37 - \$2.28
Avalon Chestnut Hill	935 - 1,144	\$2,185 - \$2,665	\$2.34 - \$2.33	\$30	\$0	\$2,215 - \$2,695	\$2.37 - \$2.36
Charles River Landing, Needham	792 - 1,130	\$2,530 - \$2,890	\$3.19 - \$2.56	\$30	(\$150)	\$2,410 - \$2,770	\$3.04 - \$2.45
* Avg overall, 'Arlington' units	797	\$1,922	\$2.41	(\$71)	\$0	\$1,826	\$2.29
Hancock Vill. 'Arlington' Units (CHR est. "market")	Avg: 785	\$1,916	\$2.44	(\$71)	\$0	\$1,820	\$2.32
Hancock Vill. 'Arlington' Units (CHR est. "market")	Avg: 827	\$1,939	\$2.34	(\$71)	\$0	\$1,843	\$2.23
Hancock Village - 5-sty Bldg.	877	Wt. Avg. (Bldg. Overall)				\$2,123	\$2.42
"	849	(840-862 SF)				\$2,100	\$2.47
"	913					\$2,150	\$2.35
"	994					\$2,250	\$2.26
Hancock Village - 3-sty Bldgs.	879					\$2,075	\$2.36

One-Bedroom Plus Den or Loft Rental Rates

Property	Unit S.F.	Face Rent	Effective Rent/SF		Adjustments		Effective Rent	Effective Rent/SF
			Utilities	Pking.	Other			
Ridgecrest Village - New Building	--	--	--	--	--	--	--	--
Hancock Village 'Berkeley' Units	--	--	--	--	--	--	--	--
Hancock Village 'Arlington' Units	--	--	--	--	--	--	--	--
Jefferson at Dedham Station	--	--	--	--	--	--	--	--
Longview Place, Waltham (w/den)	991 - 1,030	\$2,065 - \$2,135	\$2.08 - \$2.07	\$0	\$0	(\$21)	\$2,044 - \$2,114	\$2.06 - \$2.05
Avalon Newton Highlands (w/loft)	1,249 - 1,249	\$2,320 - \$2,320	\$1.86 - \$1.86	\$30	(\$150)	\$0	\$2,200 - \$2,200	\$1.76 - \$1.76
Avalon Chestnut Hill (w/loft)	1,313 - 1,313	\$2,815 - \$2,910	\$2.14 - \$2.22	\$30	\$0	\$0	\$2,845 - \$2,940	\$2.17 - \$2.24
Charles River Landing, Needham (w/den)	1,120 - 1,122	\$2,870 - \$3,115	\$2.56 - \$2.78	\$30	(\$150)	\$0	\$2,750 - \$2,995	\$2.46 - \$2.67
Hancock Village - 5-sty Bldg.	1,047	w/Den					\$2,300	\$2.20
Hancock Village - 3-sty Bldgs.	1,239	w/Loft					\$2,600	\$2.10

Two-Bedroom Rental Rates

Property	Unit S.F.	Face Rent	Effective Rent/SF	-- Adjustments --		Effective Rent	Effective Rent/SF
				Utilities	Pking, Other		
Ridgecrest Village - New Building	955 - 1,117	\$1,980 - \$2,050	\$2.07 - \$1.84	(\$72)	\$0	\$1,908 - \$1,978	\$2.00 - \$1.77
Hancock Vill. 'Berkeley' Units (CHR est. 'market')	Avg.: 962	\$2,194	\$2.28	(\$113)	\$0	"Mkt" Avg.: \$2,181	\$2.27
* Hancock Vill. 'Arlington' Units (CHR est. 'market')	Avg.: 968	\$2,224	\$2.30	(\$113)	\$0	"Mkt" Avg.: \$2,186	\$2.26
Jefferson at Dedham Station	1,094 - 1,182	\$2,263 - \$2,569	\$2.07 - \$2.17	\$0	(\$30)	\$2,233 - \$2,539	\$2.04 - \$2.15
Longview Place, Waltham	1,056 - 1,203	\$2,380 - \$2,545	\$2.25 - \$2.12	\$0	\$0	\$2,359 - \$2,524	\$2.23 - \$2.10
Avalon Newton Highlands	970 - 1,103	\$2,615 - \$2,900	\$2.70 - \$2.63	\$39	(\$150)	\$2,504 - \$2,789	\$2.58 - \$2.53
Avalon Chestnut Hill	1,125 - 1,188	\$2,700 - \$3,095	\$2.40 - \$2.61	\$39	\$0	\$2,739 - \$3,134	\$2.43 - \$2.64
Charles River Landing, Needham	1,379 - 1,588	\$3,525 - \$3,885	\$2.56 - \$2.45	\$39	(\$150)	\$3,414 - \$3,774	\$2.48 - \$2.38
* Avg overall, 'Arlington' units (CHR est. 'market')	968	\$2,224	\$2.30	(\$113)	\$0	\$2,186	\$2.26
'Arlington' units, smaller	Avg: 911	\$2,203	\$2.42	(\$113)	\$0	\$2,165	\$2.38
'Arlington' units mid-size	Avg: 992	\$2,240	\$2.26	(\$113)	\$0	\$2,202	\$2.22
'Arlington' units larger	Avg: 1,173	\$2,275	\$1.94	(\$113)	\$0	\$2,237	\$1.91
Hancock Village - 5-sty Bldg.	1,199	Wt. Avg. (Bldg. Overall)				\$2,752	\$2.29
"	1,141					\$2,700	\$2.37
"	1,198					\$2,750	\$2.30
"	1,308					\$2,850	\$2.18
Hancock Village - 3-sty Bldgs.	1,131					\$2,650	\$2.34

Two-Bedroom Plus Den of Loft Rental Rates

Property	Unit S.F.	Face Rent	Effective		-- Adjustments --		Effective Rent	Effective Rent/SF
			Rent/SF	Rent/SF	Utilities	Pking.		
Ridgecrest Village - New Building	--	--	--	--	--	--	--	--
Hancock Village 'Berkeley' Units	--	--	--	--	--	--	--	--
Hancock Village 'Arlington' Units	--	--	--	--	--	--	--	--
Jefferson at Dedham Station	--	--	--	--	--	--	--	--
Longview Place, Waltham (w/den)	1,321 - 1,398	na - na	--	--	--	--	na - na	-- - --
Avalon Newton Highlands (w/loft)	1,267 - 1,345	\$2,830 - \$3,095	\$2.23 - \$2.30	\$39	(\$150)	\$0	\$2,719 - \$2,984	\$2.15 - \$2.22
Avalon Chestnut Hill (w/den)	1,575 - 1,575	\$3,370 - \$3,755	\$2.14 - \$2.38	\$39	\$0	\$0	\$3,409 - \$3,794	\$2.16 - \$2.41
Charles River Landing, Needham	--	--	--	--	--	--	--	--
Hancock Village - 5-sty Bldg.	NA						--	--
Hancock Village - 3-sty Bldgs.	1,590	w/Loft					\$3,350	\$2.11

Three-Bedroom Rental Rates

Property	Unit S.F.	Face Rent	Effective Rent/SF		-- Adjustments --			Effective Rent	Effective Rent/SF
			Face Rent	Effective Rent/SF	Utilities	Pking.	Other		
Ridgecrest Village - New Building	--	--	--	--	--	--	--	--	--
Hancock Vill. 'Berkeley' Units (CHR est. "market")	Avg.: 1,353	\$2,763	\$2.04	(\$155)	\$0	\$75	"Mkt" Avg.: \$2,683	\$1.98	
Hancock Village 'Arlington' Units	--	--	--	--	--	--	--	--	
Jefferson at Dedham Station	--	--	--	--	--	--	--	--	
Longview Place, Waltham	1,516 - 1,518	\$3,060 - \$3,130	\$2.02 - \$2.06	\$0	\$0	(\$21)	\$3,039 - \$3,109	\$2.00 - \$2.05	
Avalon Newton Highlands	1,330 - 1,392	\$3,315 - \$3,620	\$2.49 - \$2.60	\$48	(\$150)	\$0	\$3,213 - \$3,518	\$2.42 - \$2.53	
Avalon Chestnut Hill	1,824 - 1,885	\$3,360 - \$4,230	\$1.84 - \$2.24	\$48	\$0	\$0	\$3,408 - \$4,278	\$1.87 - \$2.27	
Charles River Landing, Needham	--	--	--	--	--	--	--	--	
Hancock Village - 5-sty Bldg.	NA						--	--	
Hancock Village - 3-sty Bldgs.	1,359						\$3,500	\$2.58	

Based on current rental rates at the identified comparable properties, and considering variations in characteristics, we have estimated the equivalent market-rate rents for the proposed project (mid-rise and in-fill buildings separately), on average by unit type, as shown in the grids below. These are current rates, as if the properties were available for occupancy today, and offered a competitive level of finish quality and features. Furthermore, these rates reflect it as if at stabilized occupancy (without initial lease-up incentives). The table also provides the properties' market-rate unit mix, average unit sizes, and the implied per-square-foot rate of our estimated subject market rents. Note that if similar to the existing units, the rents included more utilities (landlord-provided cold water, cooking fuel and full heat), the average rent estimates would increase by roughly \$0.09/SF.

Est. Market Rents - Proposed Mid-Rise within Hancock Village
(mix of the market-rate units only)

Unit Type	Total Unit Mix		Average SF	Est. Average Market Rent	Implied \$/SF
1-Bedroom:	50	43.5%	877	\$2,123	\$2.42
1-Bedroom +Den:	6	5.2%	1,047	\$2,300	\$2.20
2-Bedroom:	59	51.3%	1,199	\$2,752	\$2.29
Total Wtg. Avg.	115	100.0%	1,051	\$2,455	\$2.34

Est. Market Rents - Proposed In-Fill Buildings within Hancock Village
(mix of the market-rate units only)

Unit Type	Total Unit Mix		Unit Sizes (SF)	Est. Average Market Rent	Implied \$/SF
1-Bedroom:	29	29.0%	879	\$2,075	\$2.36
1-Bedroom +Loft	17	17.0%	1,239	\$2,600	\$2.10
2-Bedroom:	16	16.0%	1,131	\$2,650	\$2.34
2-Bedroom +Loft	20	20.0%	1,590	\$3,350	\$2.11
3-Bedroom:	18	18.0%	1,359	\$3,500	\$2.58
Total Wtg. Avg.	100	100.0%		\$2,768	\$2.29

The market rent estimates presented here are intended to be a guideline for development planning, not a price list for a specific design. The final rents for the project will derived at a future date based upon specific unit sizes and types, floor level, positioning within the building (with associated views and light), finish and design features in the common areas and units, the amenity and service package, etc., as well as ultimate timing of construction completion.

Initial Absorption Rates

The following table identifies the reported initial lease-up pace of many more recent developments in the local area over the last few years. It explicitly excludes properties in the downtown Boston/Cambridge market. Properties are listed from most recent opening to oldest. These rates reflect aggregate lease-up from the opening date (inclusive of any pre-leasing activity). Historically, the residential apartment market in the metro area has been very strong, as indicated by the fast paced unit absorption at new construction high-end projects.

Based on indications of recent lease-up pace at properties in the competitive area, we believe it is reasonable to anticipate an absorption rate of approximately 15 market-rate units leased per month, on average, after opening (including any pre-leasing). Our absorption pace estimate is intended for preliminary planning purposes only. Ultimately the pace is a factor of product appeal, rental rates, amount of competitive product, season of opening, and market economic conditions at the time of property delivery.

APARTMENT PROPERTIES -- ORIGINAL ABSORPTION RATES **

Property	Total Units	Opening Date	Absorption Period	Average Units/Month
Charles River Landing, Needham	350 (262 mkt.)	Jan-10	85% in 10± months	29.8% (26± mkt.)
Hamel Mill, Haverhill	305 total (244 mkt.)	Dec-09	91% in 23 months	12.07
50 West Broadway, South Boston	139 (111 mkt.)	Sept-09	95% in 10 months	13.2 (10.4± mkt.)
75 SL Apartments, Medford	168	July-09	93% in 9± months	17.3±
Avalon at Northborough – Ph.2	163	Mar-09	±95% in 12 months	12.9±
River's Edge, Medford	222	Sept-09	95% in 12± months	17.6±
Avalon at Hingham Shipyard	235	July-08	90% in 11.5± months	18.4±
Princeton at Boston Rd., Billerica	156	Oct-07	80% in 12 months	10.4
Overlook Ridge, Revere – Ph.2	412	July-07	25% in 6 months	17.1
Princeton Commons, N. Chelmsford	108	June-07	85% in 16± months	5.8
The Cordovan, Haverhill	85 mkt. (146 total)	Mar-07	75% in 5.5± months	12.8
Arborpoint Woodland, Newton	180	Aug-06	73% in 5.5 months	23.8
Oak Grove Village, Melrose	344	Aug-06	90% in 17 months	18.2
Arborpoint at Station Lndg., Medford	292	May-06	80% in 20± months	11.3
Ten Faxon, Quincy	200	Mar-06	77% in 17.5 months	8.8
Jefferson at Dedham Station	300	May-06	80% in 20± months	12.0
Hastings Village, Wellesley	52	Feb-06	85% in 7-8 months	5.5-6.3
The Ridge, Waltham	264	June-05	58% in 5 months	30.6

* Absorption measured by occupancy level in number of months after opening.

New suburban properties throughout the greater metro area have been referenced.
In bold are the surveyed local competitors.

ADDENDA

**QUALIFICATIONS, CERTIFICATION &
STANDARD ASSUMPTIONS AND LIMITING CONDITIONS**

Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

PAMELA S. MCKINNEY, MAI, CRE

Pamela S. McKinney, MAI, CRE, has conducted a broad range of consulting and valuation assignments for public, private, and institutional clients. Her background includes both public and private sector experience, with an emphasis on commercial, industrial, large-scale residential and special purpose property.

Notable assignments undertaken by Ms. McKinney include: asset management and disposition/acquisition counseling for public agencies, Fortune 500 companies and institutional investors; market and financial feasibility studies for large scale waterfront developments; development feasibility and marketing implementation studies for both downtown and suburban office, industrial and bio-medical research parks; market and financial analyses for major mixed-use developments; development consulting for ski area, marina, golf and equestrian resorts; hotel valuation and feasibility analyses; adaptive re-use, redevelopment and disposition studies for surplus public, corporate and institutional properties; residential condominium, rental apartment and assisted living analyses for market rate and affordable projects; commercial district revitalization, affordable housing and fiscal impacts studies for various state and local governments; and the valuation of investor-held properties nationwide. Ms. McKinney has qualified as an expert witness in the Middlesex, Norfolk and Suffolk County courts in Massachusetts as well as the Massachusetts Land Court and the federal bankruptcy and tax courts.

Ms. McKinney is the President and a Principal of Byrne McKinney & Associates, Inc. with 20 years of experience in the field of real estate counseling and valuation. Prior to founding the firm in 1989, Ms. McKinney was Senior Vice President of Leggat McCall Advisors, Inc., the national consulting arm of the Leggat McCall Companies. Before joining Leggat McCall, she served as Senior Vice President of Minot, DeBlois & Maddison, Inc., the nation's oldest real estate firm, where she was a principal in the consulting group and a director of the firm. Ms. McKinney also worked as a planner and real estate market analyst for metropolitan Boston's Regional Planning Agency where she managed major land use projects, and authored several planning manuals for local officials.

Ms. McKinney teaches courses in real estate investment analysis and finance for Harvard University and lectures widely on the topic of affordable housing and assisted living development.

Ms. McKinney holds the CRE designation of the Society of Real Estate Counselors, the MAI designation of the Appraisal Institute, is a member of the Board of Directors of the Greater Boston Chapter of the Appraisal Institute and has been elected to Lambda Alpha International, an honorary land economics society. Ms. McKinney is also a recent member of the Board of Directors of the Massachusetts Assisted Living Facilities Association and a current Board member of the Boston YWCA.

Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

SANDRA L. O'SULLIVAN

Sandra O'Sullivan has over twenty years of experience in appraising and consulting on all types of income producing property including proposed and existing multi-family residences (both rental and condominium), residential subdivisions, affordable housing, assisted living projects, office buildings, retail developments, hotels, industrial facilities and vacant land. She has conducted appraisals for mortgage financing, acquisitions, eminent domain proceedings, corporate decision making, and undertaken consulting for feasibility and acquisition/ disposition purposes.

Ms. O'Sullivan is a State Certified General Appraiser in Massachusetts and has completed numerous courses offered by the Appraisal Institute which include: Real Estate Appraisal Principles; Basic Valuation Procedures; Capitalization Theory and Techniques, Part A; and Part B; Case Studies in Real Estate Valuation; and Standards of Professional Practice. Other related courses include Advanced Real Estate Financial Analysis (Harvard University's Graduate School of Design); Urban Economic Issues and Analysis (Boston University); and architectural courses (Boston Architectural Center).

Prior to joining Byrne McKinney & Associates in November 1988, Ms. O'Sullivan was a staff appraiser with Laventhol & Horwath in Boston. Previous positions included that of a department supervisor and an account manager at an educational financing and insurance firm.

CERTIFICATION

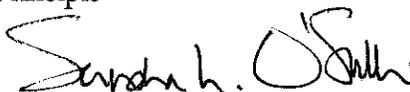
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- We have the requisite knowledge and experience to competently undertake this assignment.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analysis, opinions, conclusions and recommendations.
- We have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this consulting assignment.
- Our analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Pamela S. McKinney, MAI, CRE and Sandra L. O'Sullivan have each seen the site that is the subject of this assignment (from nearby roadway frontage).
- No one provided significant real property appraisal or appraisal consulting assistance to the persons signing this certification.
- Pamela S. McKinney, MAI, CRE is currently certified under the continuing education program of the Appraisal Institute and both she and Sandra L. O'Sullivan are registered with the State of Massachusetts as a Certified General Real Estate Appraisers holding respective license numbers 745 and 4722.

BYRNE MCKINNEY & ASSOCIATES, INC.



Pamela S. McKinney, MAI, CRE
Principle



Sandra L. O'Sullivan
Senior Associate

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

We assume:

1. That the property is free and clear of all liens, encumbrances, easements and restrictions unless otherwise noted.
2. No liabilities legal in nature.
3. The property ownership and management are in competent, responsible hands.
4. That the property is not operating in violation of any applicable government regulations, codes, ordinances, or statutes. Any zoning variations and special permits currently in place are assumed to be available as of the date of analysis.
5. That there are no concealed or dubious conditions of the subsoil or subsurface waters, including water table and flood plain.
6. When the date of inspection differs from the effective date of analysis, the appraiser has assumed no material change in the condition of the property, unless otherwise noted in the report.

The following limiting conditions are submitted with this report:

1. All of the facts, conclusions and observations contained herein are consistent with information available as of the date of analysis. The value of real estate is affected by many related and unrelated economic conditions, both local and national. Byrne McKinney, therefore assumes no liability for the effect on this subject property of any unforeseen precipitous change in the economy
2. The analysis, which applies only to the property described herein, was prepared for the purpose so stated and should not be used for any other purpose.
3. The appraiser has made no survey of the property. Any and all maps, sketches, and site plans provided to the appraisers are presumed to be correct, but no guarantee is made as to their accuracy.
4. Any information furnished by others is presumed to be reliable and, where so specified in the report, has been verified, but no responsibility, whether legal or otherwise, is assumed for its accuracy nor can it be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of any other information.
5. The signatory herein shall not be required to give testimony or attend court or appear at any governmental hearing with reference to the subject property, unless prior arrangements have been made.

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6. Disclosure of the contents of this report is governed by the bylaws of the Appraisal Institute. Neither this report nor any portions thereof (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI, SRPA, SRA or RM designation) shall be disseminated to the public through public means of communications without the prior written consent and approval of the appraisers and the firm which they represent.
 7. The appraiser has no present or contemplated interest in the subject property.
 8. Employment for this appraisal and compensation for this report is in no way contingent on the conclusions reported herein.
 9. This analysis has been made in conformance to the Code of Professional Ethics and Standards of Practice of the Appraisal Institute, of which Pamela S. McKinney, MAI, CRE is a member, and represents the best judgment of the appraiser.
 10. No responsibility is taken for the effect on the subject property of changes in market conditions after the date of analysis or for the inability of the property owner to find purchasers at the estimated prices.
 11. No effort has been made to determine the impact on this project of possible energy shortages or present or future federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
 12. The analysis is based on the purchasing power of the U.S. dollar as of the date of the report.
 13. The conclusions that apply to the subject property are based on economic conditions and estimated supply and demand factors as of June 2012.
 14. The report does not take into consideration the impacts associated with any hazardous materials that may present at the property.
 15. We did not consider any impacts associated with possible non-compliance with the requirements of the ADA in estimating the marketability or pricing at the subject property.
 16. Further, no effort has been made to determine the possible effect on the subject property of present or future federal, state or local legislation or any environmental or ecological matters.