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Apartment Market Survey

April, 2016

Chrisland Real Estate Companies ("Chrisland") recently completed our bi-annual apartment market survey in Northern Colorado. This survey focuses on the largest, and most recently constructed or remodeled, market rate apartment properties in Larimer County and the Greeley / Evans area.

LARIMER COUNTY:

This survey includes a sample size of fifteen properties (200+ units, with two exceptions), representing a total of 3,650 units. Generally, the same properties are surveyed bi-annually and additional properties will be added to the survey as new construction is completed, and the properties are leased to a stabilized level (generally 93-95%), or as older properties undergo significant renovations, making them competitive with other properties included in this survey. Alternatively, if a property become uncompetitive with the other properties on this survey due to lack of renovations, it will be excluded from the survey.

In addition to our surveyed properties, Chrisland tracks apartment projects that are in the "pipeline". These pipeline projects are identified as; (1) property owners who submit conceptual plans and entitle a project, but may have no intention of developing the units themselves, (2) developers who entitle a project, but are looking to joint venture, or sell the land to an apartment developer, (3) well capitalized apartment developers with track records of successfully completing quality projects. We mention this, as the pipeline projects listed within our survey may only be conceptual, and not every project listed will be constructed.

RECENT TRANSACTIONS:

Northern Colorado has seen six large, institutional, quality, apartment transactions since Chrisland's last bi-annual survey in October 2015. In particular Fort Collins has been experiencing record price per unit transactions recently. Chrisland brokered the most recent sale. A brief summary of each transaction follows:

SALES OF EXISTING COMMUNITIES:

- (1) **The Preserve at the Meadows:** Chrisland represented the Seller in the sale of The Preserve at the Meadows Apartments, located at 350 Riva Ridge Drive in Fort Collins, sold on May 26, 2016 for \$46,100,000 (\$209,545 / unit). This sale was a high water mark, on a price per unit basis, for market rate, suburban style apartment communities of 200+ units in Fort Collins. The community consists of 220 units with 68 one-bedroom, 134 two-bedroom and 18 three-bedroom units. The location of the property, adjacent to the MAX bus rapid transit line, and just west of College Avenue, with frontage on Horsetooth Road, made this investment very desirable for potential buyers. The property never hit the open market. Ft. Collins Multifamily III DST, acquired the property to add to their Northern Colorado apartment investment portfolio. At the time of the sale, the community was approximately 99% leased.

- (2) **Miramont:** The Miramont Apartments, located at 4900 E. Boardwalk Drive in Fort Collins, sold on March 25th for \$43,000,000 (\$204,769 / unit). The community consists of 210 units with 45 one-bedroom and 165 two-bedroom units. FT Collins Multifamily II DST, acquired the apartment property from Miramont Apartments, LLC. At the time of the sale, the community was approximately 97% leased.
- (3) **Pinecone:** The Pinecone Apartments, located at 2212 Vermont Drive in Fort Collins, sold on March 25th for \$40,000,000 (\$205,128 / unit). The community consists of 195 units with 45 one-bedroom and 150 two-bedroom units. FT Collins Multifamily II DST, acquired the apartment property from Pinecone Apartments, LLC. At the time of the sale, the community was approximately 97% leased.
- (4) **PeakView by Horseshoe Lake:** PeakView by Horseshoe Lake Apartments, located at 341 Knobcone Drive in Loveland, sold in December, 2015, for \$44,200,000 (\$199,099 / Unit). The community consists of 222 units. Steadfast Apartment REIT acquired the property from BFN-Loveland, LLC. At the time of the sale, the community was approximately 90% leased.
- (5) **PeakView at T-bone Ranch:** PeakView at T-bone Ranch Apartments, located at 4750 West 29th Street in Greeley, sold in December, 2015, for \$40,300,000 (\$179,910 / Unit). The community consists of 224 units. Star T-Bone, LLC acquired the apartment property from BFN Greeley, LLC.
- (6) **Country Club West:** Country Club West Apartments, located at 1001 50th Avenue in Greeley, sold in December, 2015, for \$36,000,000 (\$125,000 / Unit). The community consists of 288 units. Greeley Multifamily DST, acquired the apartment property from CCW Apartments, LLC. At the time of the sale, the community was 100% leased.

LAND SALES FOR APARTMENT DEVELOPMENT:

There have been two recent land sales for market rate apartment development within the geographical area of the study. A brief summary of each transaction follows:

- (1) McWhinney Real Estate Services Inc. purchased an approximately 12 acre site to the north and east of the Foothills Mall on April 20, 2016 for \$6,400,000 (\$15,802 / unit). McWhinney has submitted plans to the city to build 405 units in 19 two and three story buildings. McWhinney started construction on the \$92 million project in May, with an estimated delivery to residents 18 months from now.
- (2) An Old Town Fort Collins site, along College Avenue, between Cherry and Maple Street, was recently purchased by local developer J.D. Padilla for \$3,350,000 (approx. \$30.00 / sf). Padilla has preliminary plans for a mixed-use project which would include 180+/- apartments and 60,000 square feet of commercial space; first floor commercial and retail, second floor office and limited apartments, and upper floors designed for high-end apartments. In a recent article, Padilla mentioned there will be plenty of room on-site for between 300 and 400 surface parking spots. The site was formerly home to a tire store, Taco John's and the Fort Collins Bike Co-op.

COMMUNITIES WHICH HAVE BEEN RECENTLY COMPLETED OR ARE CURRENTLY UNDER CONSTRUCTION:

There are three projects that have been recently completed, or which are currently under construction, in the Fort Collins and Loveland areas, two of which Chrisland brokered the land sales for. A brief summary of each project follows:

- (1) **Gateway Apartments:** The Gateway Apartments includes 254 luxury apartments located within the Town of Johnstown, and is currently in lease-up. The community is was constructed on a 10.5+ acre site within 2534 ("Twenty-five thirty-four"), a 542 acre mixed-use, master planned community, at the southeast corner of I-25 and US 34. As of April, 2016, the community was nearing 50% occupancy. The amenity package includes a pool, clubhouse, bocce ball courtyard, hammock garden, a BBQ area and more.
- (2) **Bristol Pointe Apartments:** The Bristol Pointe Apartments has recently completed its construction and is currently in the leasing phase. Situated on an approximately 12 acre site at the southwest corner of South Taft Avenue and 16th Street in Loveland, the community includes 220 units within 11 buildings with square footages ranging from approximately 515-1,300 per unit. The project is parked at approximately 2.00 spaces per unit. As of April, 2016, occupancy was approximately 80%. The amenity package includes a clubhouse, child wading and lap lane pool, fitness center, media room and conference center.
- (3) **Crowne at Timberline Apartments:** The Crowne at Timberline Apartments are under construction on a 16.9+ acre site, just over 1 mile south of Harmony Road, with frontage on Timberline Road, in Fort Collins. Crowne at Timberline will include a total of 285 standard apartment units within 6 buildings, and 25 townhome style apartments in 7 buildings. Leasing started May, 2016, with move-in's starting in June, 2016.

PIPELINE:

There are six large scale projects in the pipeline in the Fort Collins and Loveland areas which are officially seeking, or have received, planning approval. These projects include sites being entitled as a portion of larger development plans, and sites being entitled by apartment developers. A brief summary of each project follows:

- (1) **Bucking Horse Apartments:** There are 322 proposed apartment units located within the Bucking Horse development, just northeast of Timberline Road and Drake Road, in Fort Collins. The project would consist of two and three story buildings situated on a 18.26+ acre parcel including 573 parking spaces. The amenity package would include a clubhouse, pool, central green and community garden.
- (2) **Milestone Apartments:** Planned for a 10.2+ acre site just north of Terra Vida in southeast Fort Collins, the proposed project would include 276 units within ten, three-story apartment buildings, plus a 6,000 square foot building containing the clubhouse and 9 mixed-use dwelling units (likely for code compliance). The proposed project would be parked at approximately 1.68 spaces per unit. A recent article announced they are in final stages of the loan closing and expect to break ground August 2016.
- (3) **Pinyon Point:** Construction to begin in August for a 166 unit lifestyle apartment community adjacent to Waterford Apartments in south Loveland along 14th Street SE. The project will include a full amenity package designed for active individuals.

- (4) **Two (2) Centerra Projects:** McWhinney has plans for two class A apartment projects within Centerra in Loveland. One project is on the west side of I-25 with approximately 250 units, and the other is on the east side of I-25 with approximately 300 units, both projects estimated to break ground in 10-11 months.
- (5) **201 E. Harmony Road:** A Utah developer has submitted plans for 114 market rate units at the southeast corner of Harmony Road and College Avenue. The 5 acre site proposes three-story buildings, a 37,800 sq. ft. parking garage and 192 parking spaces.

When comparing year-over-year statistics, the occupancy rate for the properties remained nearly the same with a very slight decline from 97.84% to 97.67%. The average monthly rental rate, per unit, increased to approximately \$1,425 from a previous rate of \$1,395. This equates to an average monthly rental rate increase of 2.15% year-over-year. On a per square foot, per month basis, the average asking rental rate increased from \$1.49 to \$1.53, or 2.68% over this same time period. Of most importance, the average gross rent, per unit, per month, at the current occupancy and asking rental rates, increased from \$1,365 to \$1,389; an increase of 1.76% year-over-year. These figures do not include any concessions (which are minimal in the present environment), nor do they include items that would produce other income such as: garage rent (averaging \$90 per one car detached garage, per month); pet fees, deposits and rent; amenity fees; administration fees; application fees; vending & laundry income, etc. Please see the attached survey summary for a more in-depth analysis.

GREELEY / EVANS:

Chrisland recently completed our second apartment market survey for the Greeley / Evans area. This survey focuses on the largest (175+ units), and most recently constructed or remodeled, market rate apartment properties in the Greeley / Evans area. This survey includes a sample size of four properties, representing a total of 1,036 units. The same properties will be surveyed bi-annually and additional properties will be added to the survey as new construction is completed, and the properties are leased to a stabilized level (generally 93-95%), or as older properties undergo significant renovations, making them competitive with other properties included in this survey. Alternatively, if a property become uncompetitive with the other properties on this survey due to lack of renovations, it will be excluded from the survey.

Only one project has recently completed its build-out, and no other large market rate projects are currently planned, or under construction, in the Greeley / Evans area at this time. A brief summary follows:

Homestead Apartments: The community recently completed their second phase of construction for a total of 288 units, located just south of Highway 34 and west of 35th Ave, behind the Home Depot in Greeley. During the month of April, occupancy was down to approximately 82% due to 68 new units being recently completed and in the leasing phase. Twenty-five of the units are townhome style units. The amenity package includes a basketball court, fitness center, pool, playground area and more.

Given that this is only the second time Chrisland has surveyed these properties, we do not have a year-over-year statistical analysis yet.

Please note that while this information is obtained from surveying the individual properties' property managers or owners, and is deemed reliable, Chrisland makes no representations or warranties as to the accuracy of this information. The information contained herein remains the exclusive property of Chrisland and shall not be shared, or utilized, without the express written permission of Chrisland.

Please feel free to contact us with respect to this survey or with any commercial real estate questions or needs in Northern Colorado.

Sincerely,
Chrisland Real Estate Companies

Nick Christensen

Ryan Schaefer

Jake Hallauer

Andy Smith

Nick Christensen
Chairman

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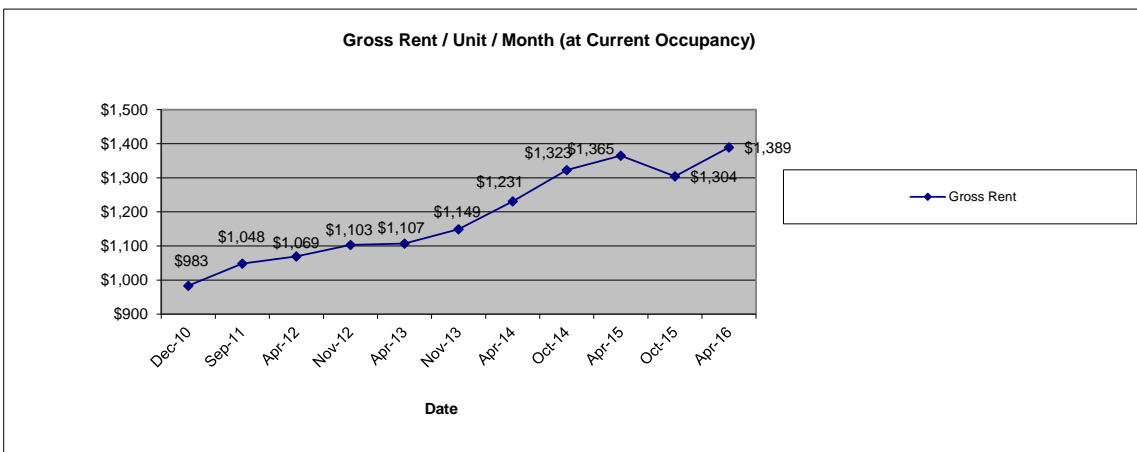
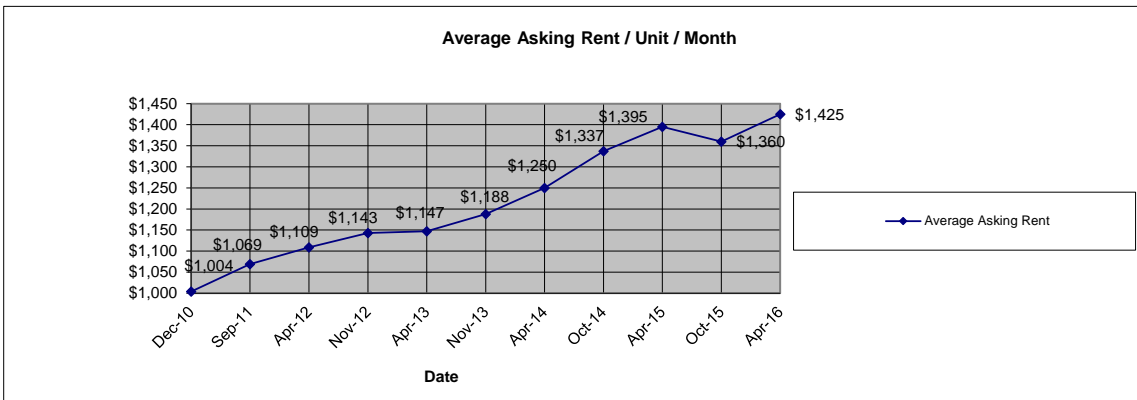
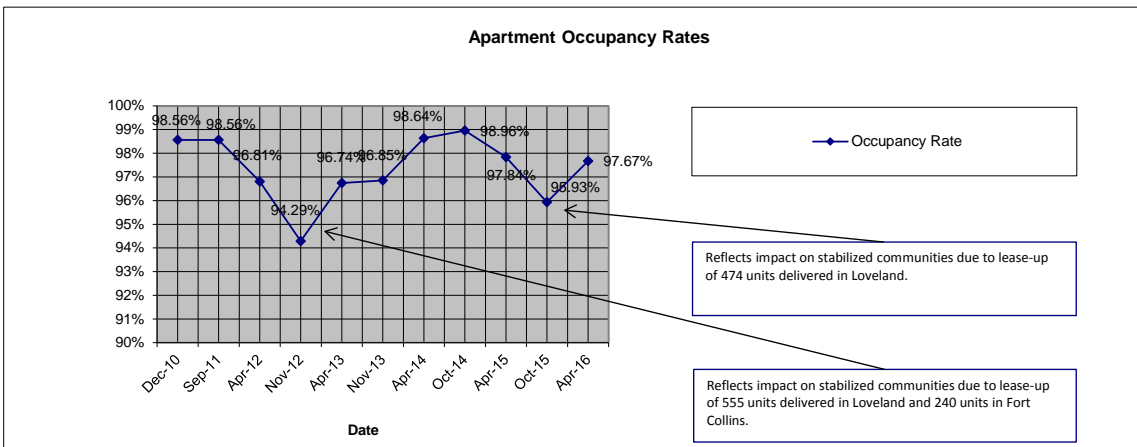
Jake Hallauer, CCIM
Vice President

Andy Smith
Advisor

Fort Collins & Loveland Trend Analysis:

Date: April 20, 2016

Date	Overall Occupancy Rate	Average Asking Rent / Unit / Month	Average Rental Rate PSF (Per Month)	Gross Rent / Unit / Month (at Current Occupancy)
12/6/2010	98.56%	\$1,004	\$1.03	\$983
9/12/2011	98.56%	\$1,069	\$1.10	\$1,048
4/25/2012	96.81%	\$1,109	\$1.18	\$1,069
11/30/2012	94.29%	\$1,143	\$1.20	\$1,103
4/9/2013	96.74%	\$1,147	\$1.21	\$1,107
11/22/2013	96.85%	\$1,188	\$1.23	\$1,149
4/30/2014	98.64%	\$1,250	\$1.33	\$1,231
10/31/2014	98.96%	\$1,337	\$1.43	\$1,323
4/30/2015	97.84%	\$1,395	\$1.49	\$1,365
10/30/2015	95.93%	\$1,360	\$1.45	\$1,304
4/30/2016	97.67%	\$1,425	\$1.53	\$1,389



Fort Collins and Loveland Survey Summary:



Date: April 22, 2016

	Total	%
Studio	44	1.21%
1 Bed/1 Bath	1,326	36.33%
1 Bed/1 Bath/Den or Loft	108	2.96%
2 Bed/1 Bath	66	1.81%
2 Bed/2 Bath	1,816	49.75%
2 Bed/2 Bath/Den or Loft	77	2.11%
2 Bed/2.5 Bath	10	0.27%
2 Bed/2.5 Bath/Loft	5	0.14%
3 Bed/2 Bath	186	5.10%
3 Bed/2 Bath/Den	12	0.33%

	Total	Studio	1 Bed/1 Bath	1 Bed/1 Bath / Den or Loft	2 Bed/1 Bath	2 Bed/2 Bath	2 Bed/2 Bath / Den or Loft	2 Bed/2.5 Bath**	2 Bed/2.5 Bath/Loft	3Bed/2Bath	3Bed/2Bath/Den
Total Units Available	3,650	44	1,326	108	66	1,816	77	10	5	186	12
Total Rented	3,565	44	1,300	105	66	1,772	71	9	3	183	12
Total Vacant	(85)	-	(26)	(3)	-	(44)	(6)	(1)	(2)	(3)	-
Occupancy Rate	97.67%	100.00%	98.04%	97.22%	100.00%	97.58%	92.21%	90.00%	60.00%	98.39%	100.00%
Average Asking Rent / Unit / Month	\$1,425	\$1,053	\$1,295	\$1,542	\$1,353	\$1,526	\$1,934	\$1,804	\$2,281	\$1,837	\$1,788
Average Asking Rental Rate PSF / Unit / Month	\$1.53	\$1.77	\$1.85	\$1.72	\$1.43	\$1.54	\$1.61	\$1.88	\$1.92	\$1.43	\$1.15
Average Unit SF	934	596	741	898	944	1,030	1,199	959	1,189	1,285	1,549
Gross Rent / Unit / Month (at Current Occupancy)	\$1,389	\$1,053	\$1,240	\$1,481	\$1,353	\$1,350	\$1,772	\$1,599	\$1,369	\$1,625	\$1,788
Average Detached Garage Rent / Month	\$90										

Statistical Analysis*:

	Total	Studio	1 Bed/1 Bath	1 Bed/1 Bath / Den	2 Bed/1 Bath	2 Bed/2 Bath	2 Bed/2 Bath / Den or Loft	2 Bed/2.5 Bath**	2 Bed/2.5 Bath/Loft	3Bed/2Bath	3Bed/2Bath / Den
Previous Occupancy Rate (April, 2015)	97.84%	100.00%	98.39%	98.15%	98.48%	97.43%	97.40%	80.00%	100.00%	97.84%	100.00%
% Change in Occ. Rate	-0.17%	0.00%	-0.35%	-0.93%	1.52%	0.15%	-5.19%	10.00%	-40.00%	0.55%	0.00%
Previous Average Asking Rent / Unit / Month (April, 2015)	\$1,395	\$1,048	\$1,233	\$1,401	\$1,421	\$1,536	\$1,789	\$1,925	\$2,000	\$1,830	\$1,712
% Change in Rent/Unit/Mo.	2.15%	0.51%	5.06%	10.07%	-4.80%	-0.63%	8.10%	-6.31%	14.05%	0.39%	4.44%
Previous Average Asking Rental Rate PSF / Unit / Month (April, 2015)	\$1.49	\$1.76	\$1.75	\$1.56	\$1.51	\$1.53	\$1.49	\$2.01	\$1.68	\$1.42	\$1.11
% Change in Average Asking Rental Rate PSF / Unit / Month	2.40%	0.44%	5.48%	10.08%	-5.08%	0.47%	8.29%	-6.44%	14.19%	0.68%	3.99%
Previous Gross Rent / Unit / Month at Current Occupancy (April, 2015)	\$1,365	\$1,048	\$1,186	\$1,366	\$1,399	\$1,362	\$1,738	\$1,540	\$2,000	\$1,644	\$1,712
% Change in Gross Rent / Unit / Month (at Current Occupancy)	1.77%	0.51%	4.57%	8.45%	-3.31%	-0.86%	1.96%	3.86%	-31.57%	-1.13%	4.44%

*Statistical analysis is a year-over-year comparison.
Information contained herein, while not guaranteed, is from sources we believe reliable.

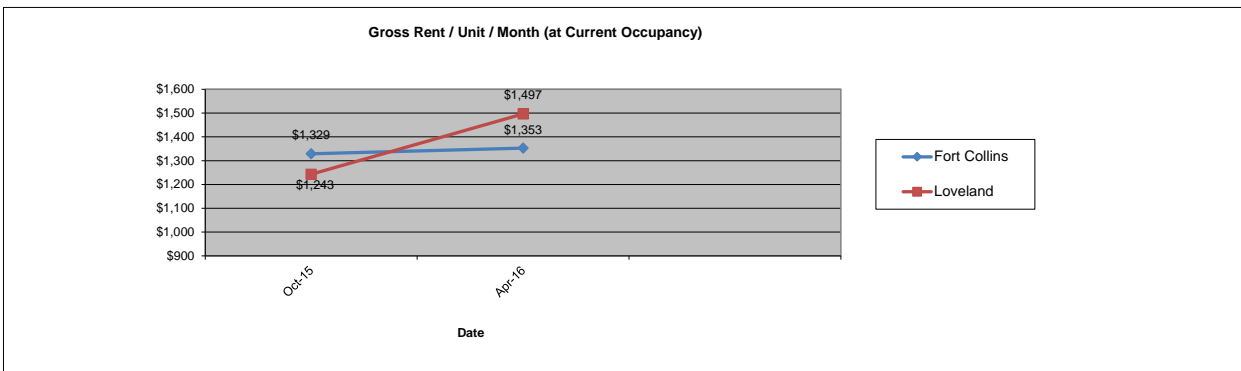
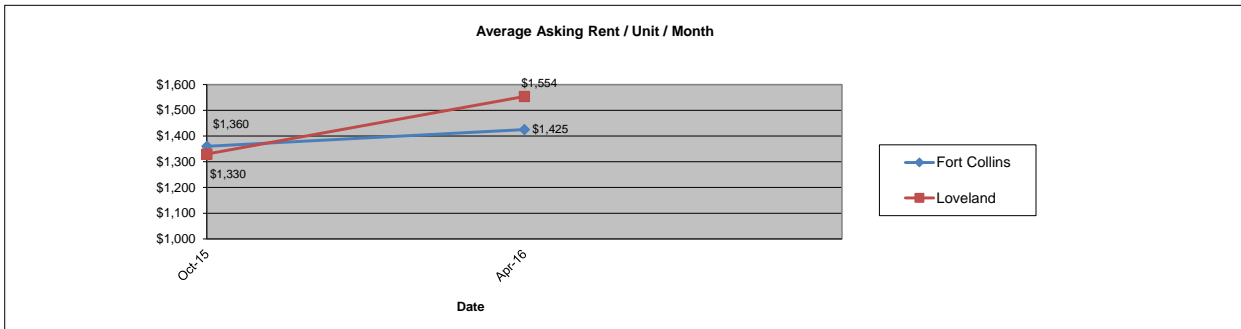
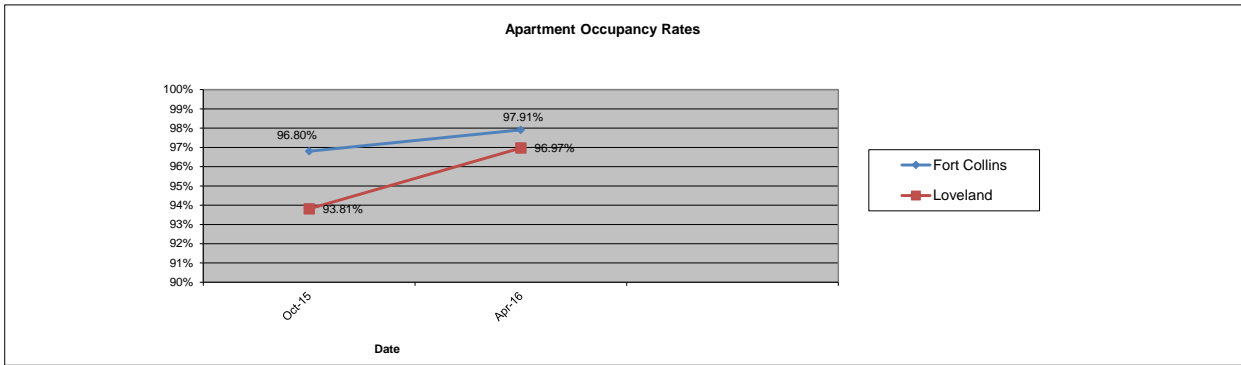
Fort Collins vs. Loveland Trend Analysis:

Fort Collins

Date	Overall Occupancy Rate	Average Asking Rent / Unit / Month	Average Rental Rate PSF (Per Month)	Gross Rent / Unit / Month (at Current Occupancy)
10/30/2015	96.80%	\$1,360	\$1.47	\$1,329
4/30/2016	97.91%	\$1,425	\$1.48	\$1,353

Loveland

Date	Overall Occupancy Rate	Average Asking Rent / Unit / Month	Average Rental Rate PSF (Per Month)	Gross Rent / Unit / Month (at Current Occupancy)
10/30/2015	93.81%	\$1,330	\$1.41	\$1,243
4/30/2016	96.97%	\$1,554	\$1.66	\$1,497

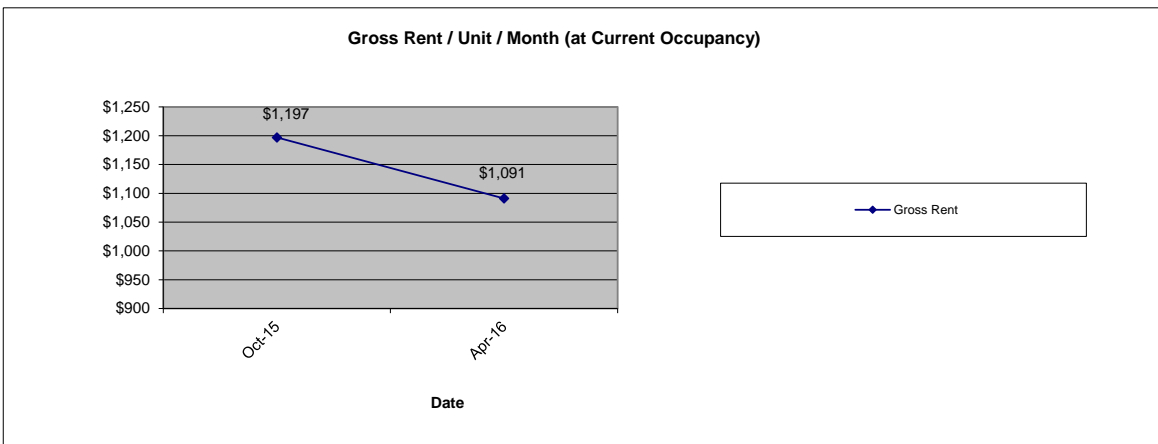
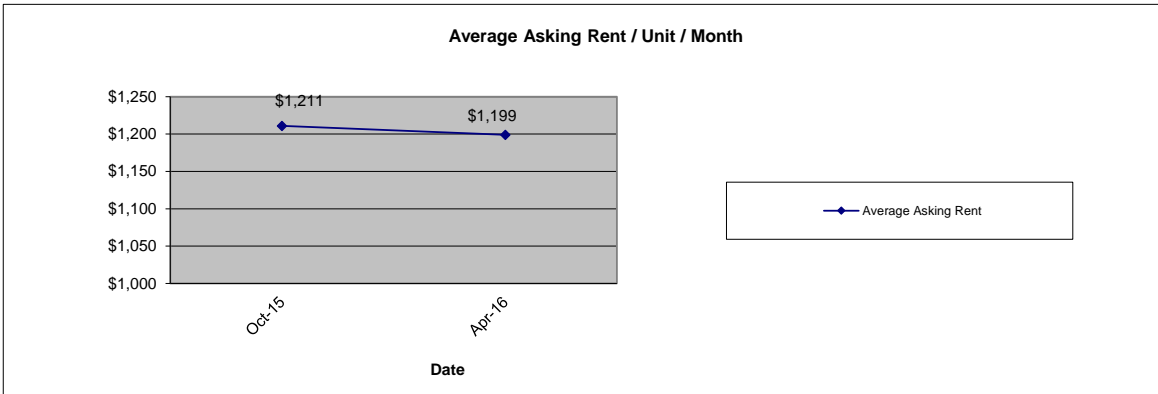
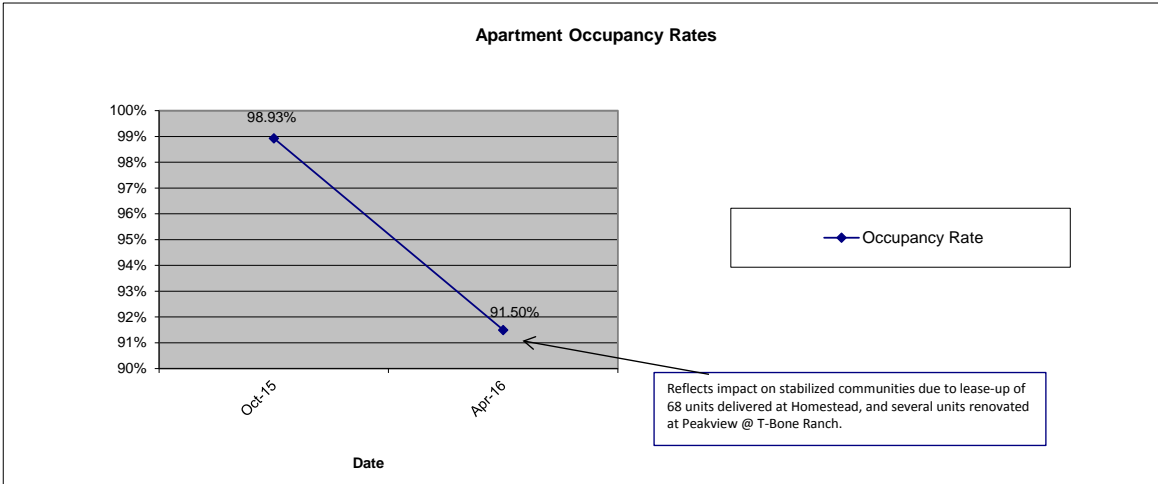


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Greeley and Evans Trend Analysis:

Date: April 22, 2016

Date	Overall Occupancy Rate	Average Asking Rent / Unit / Month	Average Rental Rate PSF (Per Month)	Gross Rent / Unit / Month (at Current Occupancy)
10/30/2015	98.93%	\$1,211	\$1.22	\$1,197
4/30/2016	91.50%	\$1,199	\$1.22	\$1,091



Greeley and Evans Survey Summary:

Date: April 22, 2016



	Total	%
Studio		0.00%
1 Bed/1 Bath	312	30.12%
1 Bed/1 Bath/Den or Loft		0.00%
2 Bed/1 Bath		0.00%
2 Bed/2 Bath	626	60.42%
2 Bed/2 Bath/Den or Loft		0.00%
2 Bed/2.5 Bath		0.00%
2 Bed/2.5 Bath/Loft		0.00%
3 Bed/2 Bath	98	9.46%
3 Bed/2 Bath/Den		0.00%

		Studio	1 Bed/1 Bath	1 Bed/1 Bath / Den or Loft	2 Bed/1 Bath	2 Bed/2 Bath	2 Bed/2 Bath / Den or Loft	2 Bed/2.5 Bath**	2 Bed/2.5 Bath/Loft	3Bed/2Bath	3Bed/2Bath/ Den
Total Units Available	1,036	0	312	0	0	626	0	0	0	98	0
Total Rented	945	0	301			560				84	
Total Vacant	(91)	-	(11)	-	-	(66)	-	-	-	(14)	-
Occupancy Rate	91.22%		96.47%			89.46%				85.71%	
Average Asking Rent / Unit / Month	\$1,199		\$1,042			\$1,217				\$1,582	
Average Asking Rental Rate PSF / Unit / Month	\$1.22		\$1.32			\$1.18				\$1.22	
Average Unit SF	982		786			1,031				1,296	
Gross Rent / Unit / Month (at Current Occupancy)	\$1,091		\$1,005			\$1,092				\$1,356	
Average Detached Garage Rent / Month	\$95										

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