DATE: July 24, 2014

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

FROM: THE CONCORD GROUP and THG

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

1. INTRODUCTION AND BACKGROUND

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

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

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

To meet the City’s goals, the Project Team’s (The Concord Group and THG, LLC) objective is to assist in the creation of the highest and best use land plan that attracts developers and, ultimately, potential tenants and citizens to the Sites. In order to achieve the above, we completed a strategic market analysis. Specifically, we: (1) assessed the characteristics of the Project Area and the Project Site in a regional context – with specific focus on the role Tumwater and its downtown play in the region; (2) met with the private property owner and public representatives of the City and TEDC to understand stakeholder inputs; (3) assessed a menu of candidate land uses (i.e., retail/entertainment, creative office, hospitality, for-sale and for-rent residential) and determined the potential “driver” uses for the Project Area and the Project Site, i.e. those most likely to make most significant positive impact on the area; (4) evaluated supply and demand conditions in the market for driver uses and apply them to the Project Area broadly and to the Project Site; (5) surveyed
analogue projects across the country to glean applicable “lessons learned” for the Project Area and the Project Site; (6) provided a menu of potential product offerings including projected revenue and absorption potential for the driver uses under various density scenarios; (7) performed preliminary financial analyses for candidate land uses to understand the viability and range of land and building values at the Project Site based on the above findings; and (8) communicated the study results to the stakeholders in meetings and in a written summary.

The following memorandum outlines the key findings from the Project Team’s analysis. The exhibit sections and appendices that follow the memorandum provide supporting documentation and additional detail.
2. **REDEVELOPMENT STRATEGY METHODOLOGY AND FRAMEWORK**

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

![Diagram showing methodology and framework](attachment:image.png)

- **Project Area Evaluation**
  - Physical Walk-Throughs
  - Site-Specific Data
  - Review Prior Reports

- **Market Analysis**
  - Demand Conditions
  - Supply Trends
  - Evaluate strategic positioning of PA in regional context
  - Determine depth of demand for land uses under consideration

- **Case Studies/Lessons Learned**
  - Local
  - Regional
  - Identify opportunities and challenges
  - Assess public/private partnership structures, specifically as they relate to new development

- **Preliminary Development Scenario**
- **Financial Analysis**
- **Recommended Strategic Plan**
- **Feedback from Client**
3. **KEY CONCLUSIONS**

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

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

### Potential Development Scenarios

<table>
<thead>
<tr>
<th>Alternative:</th>
<th>Development Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>No Action</strong></td>
</tr>
<tr>
<td>Buildout Potential (net rentable s.f.)</td>
<td>0</td>
</tr>
<tr>
<td>Development Timeline (yrs)</td>
<td>0</td>
</tr>
<tr>
<td>Potential Land Uses</td>
<td>None</td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Advantages</td>
<td>No investment required</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Opportunity cost</td>
</tr>
<tr>
<td>Assessment</td>
<td>This is the option if the City/County not interested in investing in site</td>
</tr>
</tbody>
</table>
• Market conditions and site constraints require a phased development strategy.

• A successful early-stage “catalyst project” will help bring people and activity to the Project Site and set the stage for future development and value creation.
  o The Project Team recommends development of rental apartments with ground-floor retail and/or office at 240 Custer Way for the first phase. This will bring residents and services to the local area and will deliver an early success. It will also require less up-front infrastructure cost (as compared to the development of the historic structures down the hill).
  o If feasible, infrastructure work (i.e. improved road access, parking structure) can be done concurrently with this initial phase.

• The public/private partnership should develop a master plan for the entire Project Site that includes a strategy for the development of parking and infrastructure and a vision that focuses on connectivity and linkages to the existing assets of the site and surrounding area (i.e. river, trails, parks, adjacent neighborhood, etc.).
  o It will be critical to understand the costs involved in developing this plan and to determine an appropriate strategy for allocating these costs, both in terms of allocation between partners and of allocation over the various phases.
  o Market rents and sales values are not likely to be sufficient to cover the costs of some of these elements – public agency involvement can help to offset some of these costs to make the development economically feasible.
  o There are many tools at the disposal of public agencies to help with the economics of a development – an analysis of redevelopment case studies of former brewery and industrial sites around the country revealed the uses of elements such as historic tax credits, tax abatements, fee waivers, and subsidized infrastructure improvements.

• The potential interest in the site from Washington State University and other educational institutions present opportunities for development of some of the historic structures into ‘special destination uses.’
  o The public/private partnership should initiate negotiations with WSU and other interested parties to understand projected needs and requirements.

• The Project Site has the potential to jumpstart redevelopment in the local area and to set the tone, scale and quality of future development, including that of other brewery parcels.

• There are examples nationally of successful redevelopments of former brewery and industrial sites into mixed-use projects. Often these projects can achieve a price premium as compared to their local competition (see Exhibits I-4 and III-I through III-4 for additional detail).
Redevelopment plans will create value for the partnership through a mix of rental revenues, sales dispositions and tax revenues. The following graph illustrates the projected value creation timeline (see Exhibit I-4):

Value Creation Timeline – Project Area

- **Pre-Development**
  - **Planning**
  - Private and public sectors invest in acquiring parcels, capital improvements

- **Phase 1 Near-Term**
  - **Initial Catalyst**
  - Baseline market prices and residual land values - mark-to-market during this phase

- **Phase 2 Mid-Term**
  - **Second Phase**
  - Baseline market prices and residual land values - moderate uplift in price/absorption during this phase
  - Potential 15% - 20% uplift in market prices (with higher uplift for residual land values) and absorption as development takes shape

- **Phase 3 Long-Term**
  - **Master Plan Matures**
  - Additional uplift in market prices and residual land values, as well as increased market share absorption as development matures

- **Post-Development**
  - Development spurs new development (in and near Brewery District), values rise, more tax revenue generated

Synergies between land uses

Baseline market prices and residual land values - mark-to-market during this phase

Potential 15% - 20% uplift in market prices (with higher uplift for residual land values) and absorption as development takes shape
4. **POTENTIAL DEVELOPMENT PROGRAM**

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

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities / Threats</th>
</tr>
</thead>
</table>
| **Multi-Family**  | • Strong local and regional market - rents at 10-year highs and occupancies at 10-year lows • No new apartments in Tumwater since 2008 • Projected employment growth • Strong propensity to rent in local market • Easy freeway access for commuting | • Over 2,100 units in pipeline - representing 15% increase over current inventory in Thurston County • Current low ceiling to rents in market • Job market still not back to pre-recession levels, and is heavily dependent on government | **Opportunities**
| **Apartments**    |                                                                          |                                                                          | • Mixed-use environment - Market Area lacks rental project in attractive mixed-use environment **Threats**
|                   |                                                                          |                                                                          | • Senior/age-restricted housing **As economic and income growth accelerate more renters may turn to ownership product** |
| **For-Sale**      | • Signs of improvement in housing market - volume and prices on the rise • Limited number of attached for-sale communities currently selling • Very few units added to market since 2008 • Few units in supply pipeline signal potential under-supply • Projected employment growth • Easy freeway access for commuting | • Not a condo/townhome market - most owners buy SFD product • Housing market still below pre-recession levels in terms of volume and price, and many distressed properties still in the market • Buyers can purchase single family and duplex product at similar price to attached product • Site not located waterfront | **Opportunities**
| **Residential**   |                                                                          |                                                                          | • Mixed-use environment with access to nature trails could appeal to local move-down buyers **Position as more affordable alternative to waterfront condos** **Live/work units could appeal to some segments** **Planned rental projects could convert to for-sale if demand picks up** **Threats**
| **Hotel**         | • Improvements in occupancy rates and average daily room rates • Forecasted population, employment, and tourism growth • Access and visibility from freeway • Not much new product in the market • Close to State Capitol and downtown Olympia | • Heavily dependent on government • Other options closer to Capitol and downtown Olympia • 3 projects already in pipeline, and a number of existing projects planned to be upgraded/repositioned | **Opportunities**
|                   |                                                                          |                                                                          | • Boutique hotel in mixed-use setting **Venue for weddings and events in a unique setting** **Cuts to government employment would significantly impact hotel rates and occupancy levels** **Threats**
| **Retail**        | • Strong growth in retail sales in Tumwater past two years, now at or above pre-recession levels • Tumwater has higher rents and lower vacancies than other Thurston County • Little new construction since 2007 (with exception of Wal-Mart Supercenter) | • Vacancies near site are higher than West Tumwater • Little retail leakage (there are more sales than what local residents spend across most categories) • Local trade areas over-supplied near/mid-term • Challenging visibility and access for typical retail tenant (historic buildings) • Floorplans/layouts may not work for typical retail tenant | **Opportunities**
|                   |                                                                          |                                                                          | • Unique setting for restaurants and bars **Limited convenience retail for project residents and surrounding neighborhood** **Dependent on success of other project uses (i.e. residential)** **Threats**
| **Office**        | • Stabilizing economy, and forecasted employment growth, with core gains coming from office-using services industries • Tight market in small sub-market surrounding site - almost no vacancies in smaller, older buildings (compared to rest of Tumwater) • Little new construction since 2008 • Brewery facilities may appeal to some tenants • Unique setting and floorplan may appeal to some tenants | • Rising vacancy rates in Thurston County, could impact rents in Tumwater • Supply glut in current market, and one significant project planned for West Olympia - projected over-supply near/mid-term • Floorplans/layouts may not work for typical office tenant | **Opportunities**
|                   |                                                                          |                                                                          | • Food and beverage businesses, especially those that can take advantage of existing facilities and layouts (i.e. breweries) **Small office component mixed into project can offer unique space to local small business owners** **Medical office** **Threats**
| **Special**       | • Iconic, historic site • Proximity to water and parks • Freeway access and visibility • Strong location for destination user (i.e. educational institution, brewery, entertainment venue, etc) | • Dependent on user's interest in site • Parking and access | **Opportunities**
| **Destination Uses** |                                                                          |                                                                          | **Weakness in local jobs market would impact ability to attract** **Threats**
The Project Team also analyzed the demand potential for the proposed land uses and the opportunity capture of that demand that the Project Site could conceivably attain over a 10-year development timeframe. Supply trends were also assessed and compared against the overall demand. The following summarizes the results of this analysis (see Exhibit I-6 for additional detail):

### Market Analysis for Proposed Land Uses

#### Uses Under Consideration

<table>
<thead>
<tr>
<th>Uses Under Consideration</th>
<th>For-Rent Residential</th>
<th>For-Sale Residential</th>
<th>Retail</th>
<th>Office</th>
<th>Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Area Definition</td>
<td>Tumwater/Olympia/Lacey</td>
<td>Tumwater/Olympia/Lacey</td>
<td>10-Minute Drive from Site and Regional</td>
<td>Thurston County</td>
<td>Thurston County and Regional</td>
</tr>
<tr>
<td>Demand Factors</td>
<td>New HH Growth+Turnover</td>
<td>New HH Growth+Turnover</td>
<td>Spending Gap+Growth (Local and Out-of-Area HH)</td>
<td>Employment Growth +Turnover</td>
<td>Employment, Tourism and HH Growth</td>
</tr>
<tr>
<td><strong>Qualified Market Area Demand Pool 1/ Annual</strong></td>
<td>282</td>
<td>units</td>
<td>38</td>
<td>units</td>
<td>70,935</td>
</tr>
<tr>
<td><strong>10-Year Total</strong></td>
<td>2,819</td>
<td>units</td>
<td>377</td>
<td>units</td>
<td>709,347</td>
</tr>
<tr>
<td><strong>Opportunity Capture (Subject Site)</strong></td>
<td>10.0%</td>
<td>HH</td>
<td>10.0%</td>
<td>HH</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>10-Year Development Potential (net) 2/ Assumes</strong></td>
<td>267,830</td>
<td>s.f.</td>
<td>42,857</td>
<td>s.f.</td>
<td>49,654</td>
</tr>
<tr>
<td>Projected Market Demand vs. Supply Conditions - Market Area</td>
<td>Slight over-supply</td>
<td>Under-supply</td>
<td>Over-supply</td>
<td>Over-supply</td>
<td>In balance</td>
</tr>
</tbody>
</table>
The Project Team evaluated the site’s marketability based on physical, locational and environmental constraints, and the suitability of each proposed development land use for the various buildings at the Project Site. This market evaluation included an assessment of the optimal timing of the development of the proposed land uses given all of the above factors. The following summarizes the results of this assessment *(see Exhibit I-9 for additional detail)*:

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

<table>
<thead>
<tr>
<th>Product:</th>
<th>Residential</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rental</td>
<td>For-Sale</td>
</tr>
<tr>
<td>Marketability (Initial)</td>
<td>Good</td>
<td>Moderate</td>
</tr>
<tr>
<td>Marketability (Later Phase)</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Concept</td>
<td>Flats, Townhomes</td>
<td>Flats</td>
</tr>
<tr>
<td>10-Year Development Potential</td>
<td>280 units</td>
<td>40 units</td>
</tr>
<tr>
<td>Timing</td>
<td>Initial and Second Phase</td>
<td>Mature Phase</td>
</tr>
<tr>
<td>Potential Locations</td>
<td>Custer Way (Phase 1)</td>
<td>Brew House</td>
</tr>
<tr>
<td></td>
<td>New build (Phase 2)</td>
<td>North Storage</td>
</tr>
</tbody>
</table>

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

- Initial Catalyst Phase at 240 Custer Way - rental apartments with ground-floor retail
- Mature Phase at Brew House/North Storage - for sale condominiums (with adjacent new build)
- Second and Mature Phase at West/East/Keg Warehouse - hotel and office with ground-floor retail
- Second Phase also to include additional rental apartments (new build) and infrastructure improvements, including parking, road access, and links to parks, trails

Connection to park across river and to trails (second phase or concurrent with initial phase)

Improved road access from Custer Way (second phase or concurrent with initial phase)
5. **Financial Analysis**

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

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

![Residual Land Value Chart](chart.png)
• The land residual analysis revealed that most of the proposed land uses, with the exception of office, have positive projected residual land values for early-stage development. Although most of the uses have positive land values for early-stage development, there may not be sufficient demand to justify their development at the early stages of the master plan. Based on the assessments summarized in the above sections, the Project Team recommends developing rental apartments with ground-floor retail and/or office in the initial stage of development.

• The 15% top-line revenue uplift, projected to occur as the master plan matures, has a significant impact on bottom-line residual land values, with increases of 140% to over 450% on a per-square foot basis.

• Detailed cost estimates are still needed for development of elements such as a parking garage and infrastructure improvements. These cost estimates, when taken together with the above financial analysis, will help to reveal the financial “gaps” that would be required to develop a feasible project at the Project Site.

* * * *

This assignment was completed by Adam Seidman, Jon Farrell, and Tyler Varnell under the direction of Richard M. Gollis of The Concord Group and Robert Holmes of THG, LLC. We have enjoyed working with you on this assignment and look forward to our continued involvement with your team. If you have any questions, please do not hesitate to call.
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   2. Regional Trends
   3. Aerial Map of Local Area
   4. Timeline of Value Creation
   5. Marketability Assessment
   6. Market Analysis Summary
   7. Summary of Analogue Projects
   8. Development Alternatives
   9. Potential Development Program – Full Buildout
  10. Preliminary Residual Land Value Summary
  11. Preliminary Land Residuals
  12. Rental Apartment Market Overview
  13. For-Sale Attached Residential Market Overview
  14. Office Market Overview
  15. Retail Market Overview
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4. Employment by Industry
5. Commuting Patterns
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7. Planned and Proposed Delivery Projection
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9. Supply vs Demand
10. Recommended For-Rent Residential Positioning

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7. Planned and Proposed Delivery Projection

8. Projected Attached For-Sale Residential Demand

9. Supply vs Demand

10. Recommended For-Sale Residential Positioning

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4. Office Cluster Comparison

5. Competitive Inventory

6. Lease Rates and Recommended Positioning

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7. Supply vs. Demand
I. SUMMARY OF FINDINGS
EXHIBIT I-1

METHODOLOGY OVERVIEW
TUMWATER, WASHINGTON
APRIL 2014

Project Area Evaluation

Physical Walk-Throughs
Site-Specific Data
Review Prior Reports

Demand Conditions
Supply Trends

Local
Regional

Evaluate strategic positioning of PA in regional context
Analyze parcel constraints and suitability for land uses under consideration

Determine depth of demand for land uses under consideration
Project capture of future regional demand

Identify opportunities and challenges
Assess public/private partnership structures, specifically as they relate to new development

Preliminary Development Scenario

Financial Analysis
Recommended Strategic Plan
Feedback from Client
Thurston County - Blue Shading

Red Shading:
- Tumwater
- Olympia
- Lacey

Forecasted annual household growth of 1.1% for Thurston County over next 5 years, and 1.5% for Tumwater

Over 50,000 employed at JBLM (military and civilian contractors) - estimated that over 15,000 live in Thurston County

State government employs over 24,000 in Thurston County, or 18% of total County employment

One-third of all Tumwater residents commute to Olympia for work, and over 10% commute to the Tacoma and Seattle metros

Over 2 million visitors to Thurston County each year, with over 1 million overnight visitors

100,000 to 150,000 vehicles travel on the I-5 freeway each day near the subject site - the site is partially visible to southbound travellers

Subject Site

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

Key:
- Red = Brewery Redevelopment Areas
- Orange = Residential
- Blue = Retail/Office/Industrial
- Green = Park/Green Area
- Pink = Historical Building
- Light Blue = School

Apartment Comp:
Montair at Somerset Hill Apts
(1.3 mi drive from Site)
396 Units, Built 1991
Rent Range: $908 - $1,147

SFD Neighborhood
Avg Year Built: 1959
Avg Size: 1,540 sf
Avg Price: $178,000
Avg PSF: $116/sf

Brewery District
City and County working on strategic master plan for area which includes Subject Site

Newest Commercial Building since 2007:
Sunset Point Office Building
11,357 sf (Sept 2013)
1st floor under offer
2nd floor available

Subject Site

Tumwater Historical Park

Note: SFD info based on sales records from last 3 years (Sources: Redfin, Zillow).
EXHIBIT I-4
TIMELINE OF VALUE CREATION
TUMWATER, WASHINGTON
APRIL 2014

Pre-Development

Phase 1 Near-Term

Phase 2 Mid-Term

Phase 3 Long-Term

Post-Development

Planning

Initial Catalyst

Second Phase

Master Plan Matures

Catalyze Future Development

Value Created

Private and public sectors invest in acquiring parcels, capital improvements

Baseline market prices and residual land values - mark-to-market during this phase

Baseline market prices and residual land values - moderate uplift in price/absorption during this phase

Potential 15% - 20% uplift in market prices (with higher uplift for residual land values) and absorption as development takes shape

Additional uplift in market prices and residual land values, as well as increased market share absorption as development matures

Synergies between land uses

Development spurs new development (in and near Brewery District), values rise, more tax revenue generated

Time

Baseline market prices and residual land values - mark-to-market during this phase

Potential 15% - 20% uplift in market prices (with higher uplift for residual land values) and absorption as development takes shape

Additional uplift in market prices and residual land values, as well as increased market share absorption as development matures
## MARKETABILITY ASSESSMENT
### SUBJECT SITE: TUMWATER, WA
### APRIL 2014

### Rating of Development Opportunity (Order of Opportunity)

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Demographic Drivers</th>
<th>Supply Trends</th>
<th>Site Location</th>
<th>Overall Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-Family Apartments</td>
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<td>For-Sale Residential</td>
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<td>Hotel</td>
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<tr>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Special Destination Uses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Strengths

- Multifamily
  - Strong local and regional market - rents at 10-year highs and occupancies at 10-year lows
  - No new apartments in Tumwater since 2008
  - Strong population growth

- Apartments
  - Over 2,100 units in pipeline - representing a 15% increase over current inventory in Thurston County

- For-Sale
  - Signs of improvement in housing market - volume and prices on the rise

- Hotels
  - Improvements in occupancy rates and average daily room rates

- Retail
  - Strong growth in retail sales in Tumwater past two years, now at or above pre-recession levels

- Office
  - Stabilizing economy, and forecasted employment growth, with core gains coming from office-using services industries

- Special Destination Uses
  - Iconic, historic site

### Weaknesses

- Over 2,100 units in pipeline - representing a 15% increase over current inventory in Thurston County

- Hotel
  - Not a condo/townhome market - most owners buy SFD product

- Retail
  - Vacancies near site are higher than West Tumwater

- Office
  - Rising vacancy rates in Thurston County, could impact rents in Tumwater

### Opportunities / Threats

- Multifamily
  - Mixed-use environment - Market Area lacks rental project in attractive mixed-use environment

- Apartments
  - Senior/age-restricted housing

- Hotel
  - As economic and income growth accelerates more owners may turn to ownership product

- Retail
  - Limited convenience retail for project residents and surrounding neighborhoods

- Office
  - Weakness in local jobs market would impact ability to attract small office component mixed into project - can offer unique space to local small business owners
## Uses Under Consideration

<table>
<thead>
<tr>
<th></th>
<th>For-Rent Residential</th>
<th>For-Sale Residential</th>
<th>Retail</th>
<th>Office</th>
<th>Hotel</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Area Definition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tumwater/Olympia/Lacey</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10-Minute Drive from Site</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>and Regional</td>
<td></td>
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<tr>
<td>Demand Factors</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>New HH Growth+Turnover</td>
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<tr>
<td>New HH Growth+Turnover</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Spending Gap+Growth</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local and Out-of-Area HH)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Growth+Turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment, Tourism and HH Growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Qualified Market Area Demand Pool 1/**

- **Annual**
  - For-Rent Residential: 282 units
  - For-Sale Residential: 38 units
  - Retail: 70,935 s.f.
  - Office: 62,019 s.f.
  - Hotel: 39 rooms

- **10-Year Total**
  - For-Rent Residential: 2,819 units
  - For-Sale Residential: 377 units
  - Retail: 709,347 s.f.
  - Office: 620,185 s.f.
  - Hotel: 390 rooms

**Opportunity Capture (Subject Site)**

- For-Rent Residential: 10.0% HH
- For-Sale Residential: 10.0% HH
- Retail: 7.0% s.f.
- Office: 5.0% s.f.
- Hotel: 25.0% rooms

- **Development Potential (net) 2/**
  - For-Rent Residential: 267,830 s.f.
  - For-Sale Residential: 42,857 s.f.
  - Retail: 49,654 s.f.
  - Office: 31,009 s.f.
  - Hotel: 97 rooms

**Projected Market Demand vs. Supply Conditions - Market Area**

- **- 5 Years**
  - Slight over-supply
  - Under-supply
  - Over-supply
  - In balance
  - In balance
  - Under-supply

- **- 10 Years**
  - Mixed-use
  - Unique/iconic Parks/recreation
  - Access/visibility
  - Mixed-use
  - Pedestrian-oriented Synergy of uses Freeway visibility Unique/iconic
  - Brewery facilities Floorplans/layouts Unique/iconic Mixed-use Pedestrian-oriented
  - Proximity to Capitol Freeway access/visibility Unique/iconic Mixed-use

**Competitive Angle**

- **Target Market**
  - Local Employees
  - South Sound commuters
  - Military
  - Move-downs
  - Retirees/empty nesters
  - Restaurants
  - Pubs
  - Clothing/boutiques
  - Small-scale convenience
  - Food & beverage
  - Creative/tech
  - FIRE
  - Legal/professional
  - Architecture/engineering
  - Educational institution
  - Boutique concept
  - Bed and breakfast

---

1/ Demand pool for residential uses excludes households earning under $25,000; for retail excludes auto-oriented retail uses
2/ Based on opportunity capture estimates, do not factor in relocation of specific employer or other specific partnerships
**EXHIBIT I-7**

**SUMMARY OF ANALOGUE PROJECTS**

**UNITED STATES**

**APRIL 2014**

<table>
<thead>
<tr>
<th>Project:</th>
<th>Landmark</th>
<th>The Factory at Franklin</th>
<th>Pabst Brewing Company</th>
<th>Pearl Brewery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former use:</td>
<td>Power plant</td>
<td>Manufacturing factories</td>
<td>Brewery</td>
<td>Brewery</td>
</tr>
<tr>
<td>Total size:</td>
<td>26 Acres</td>
<td>86 Acres</td>
<td>21 Acres</td>
<td>22 acres</td>
</tr>
<tr>
<td>Land Uses:</td>
<td>Residential 290 Apartments 9,000 s.f.</td>
<td>Retail 6 Apartments 155,000 s.f.</td>
<td>Office 370 Apartments 10,000 s.f.</td>
<td>Hotel 293 Apartments 100,000 s.f.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Civic 90 Rooms 50,000 s.f.</td>
<td>Other Hotel 146 Rooms 90 Rooms</td>
</tr>
<tr>
<td>Other</td>
<td>On-site lakes/ waterways</td>
<td>Weekly farmers market</td>
<td>900-stall structure parking garage</td>
<td>Part of Riverwalk extension</td>
</tr>
<tr>
<td>Premiums vs local area:</td>
<td>27% to 59%</td>
<td>-8% to 10%</td>
<td>n/a</td>
<td>20% to 82%</td>
</tr>
<tr>
<td>First phase developed:</td>
<td>Garden apartments (new build)</td>
<td>Retail and community 'town square'</td>
<td>Apartments and office</td>
<td>Educational/commercial</td>
</tr>
</tbody>
</table>

**Catalyzing Element:**
- Developer purchased site after attempts at building a hotel failed. Low rise apartment product was the first section built.
- Boutique/ Destination restaurants helped attract retail traffic and public attention.
- Music Industry Element - Garth Brooks Interview.
- Private donation from Zilbert founder ($8Million).
- Local and State officials granted accelerated building permits and zoning clearance aide.
- Developer sought tenants who could set up shop anywhere (Culinary Institute, specialty retail tenants) and that didn't require traditional demographics.

**Public Sector Role:**
- Historic tax credits provided significant savings to developer; 10% of the initial development costs were recouped through credits ($1.5 Million saved)
- Existing relationship with Mayor expedited zoning clearance.
- Historical tax credit saved developer $150K
- City of Milwaukee funded $13 Million towards initial development costs.
- Tax abatements granted to the retail and office tenants at the site.
- City provided special zoning (IDZ) to waive parking, traffic and other fees
- City extended Riverwalk ($70 Million cost) and subsidized $1 Million in drainage improvements
## Development Alternatives

<table>
<thead>
<tr>
<th>Alternative:</th>
<th>No Action</th>
<th>Existing Footprint</th>
<th>New Buildout + Existing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buildout Potential (net rentable s.f.)</strong></td>
<td>0</td>
<td>212,000</td>
<td>425,000</td>
</tr>
<tr>
<td><strong>Development Timeline (yrs)</strong></td>
<td>0</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Potential Land Uses</strong></td>
<td>None</td>
<td>150 rental apartments</td>
<td>280 rental apartments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75 hotel rooms</td>
<td>40 condominium units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,000 s.f. office</td>
<td>100 hotel rooms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,000 s.f. retail</td>
<td>30,000 s.f. office</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50,000 s.f. retail</td>
</tr>
</tbody>
</table>

### Advantages
- No investment required
- Shorter development timeframe
- Maximum utilization of site

### Disadvantages
- Opportunity cost
- Does not maximize site's potential
- Increased cost and timeframe

### Assessment
- This is the option if the City/County not interested in investing in site
- This option will not maximize the site's potential but will still require investment and rehab of historic buildings. Also limited ability for placemaking. Not recommended.
- This option will maximize the site's potential and will help serve as a potential catalyst for future development in the Brewery District.
EXHIBIT I-9
POTENTIAL DEVELOPMENT PROGRAM - FULL BUILDOUT SCENARIO
SUBJECT SITE; TUMWATER, WA
APRIL 2014

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

<table>
<thead>
<tr>
<th>Product:</th>
<th>Residential</th>
<th>Commercial</th>
<th>Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product:</td>
<td>Rental</td>
<td>For-Sale</td>
<td>Retail</td>
</tr>
<tr>
<td>Marketability (Initial)</td>
<td>Good</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Marketability (Later Phase)</td>
<td>Good</td>
<td>Good</td>
<td>Local-serving/Regional</td>
</tr>
<tr>
<td>Concept</td>
<td>Flats, Townhomes</td>
<td>Flats</td>
<td>Flats</td>
</tr>
<tr>
<td>10-Year Development</td>
<td>280 units</td>
<td>40 units</td>
<td>50,000 s.f.</td>
</tr>
<tr>
<td>Timing</td>
<td>Initial and Second Phase</td>
<td>Mature Phase</td>
<td>Initial and Second Phase</td>
</tr>
<tr>
<td>Potential Locations</td>
<td>Custer Way (Phase 1)</td>
<td>Brew House</td>
<td>Custer Way (Phase 1)</td>
</tr>
<tr>
<td></td>
<td>New build (Phase 2)</td>
<td>North Storage</td>
<td>East Warehouse (Phase 2)</td>
</tr>
</tbody>
</table>

- Mature Phase at Brew House/North Storage - for-sale condominiums (with adjacent new build)
- Initial Catalyst at 240 Custer Way - rental apartments with ground-floor retail
- Second and Mature Phase at West/East/Keg Warehouse - hotel and office with ground-floor retail
- Second Phase also to include additional rental apartments (new build)
• 15% topline revenue uplift as master plan matures - has significant impact on bottom-line land values, with increases of 140% to over 450% on per-FAR s.f. values (assumes costs constant)

• Construction cost estimates based on typical market construction numbers and don't include infrastructure and rehab costs - need detailed cost estimates for these
**EXHIBIT I-11A**

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

### I. Income Producing Real Estate

<table>
<thead>
<tr>
<th>Product:</th>
<th>Commercial</th>
<th>Residential</th>
<th>Multi-Family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>Office</td>
<td>Hotel</td>
</tr>
<tr>
<td><strong>Product Summary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit Size (if applicable)</td>
<td>350</td>
<td>981</td>
<td></td>
</tr>
<tr>
<td>F.A.R. or Du/AC</td>
<td>0.80</td>
<td>0.80</td>
<td>55.0</td>
</tr>
<tr>
<td>Lease Type</td>
<td>NNN</td>
<td>MG</td>
<td></td>
</tr>
<tr>
<td><strong>Capitalized Value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Rate ($/Yr)</td>
<td>$18</td>
<td>$18</td>
<td>$45,625</td>
</tr>
<tr>
<td>Occupancy (Stabilized)</td>
<td>90%</td>
<td>90%</td>
<td>60%</td>
</tr>
<tr>
<td>Effective Lease Revenue</td>
<td>$16</td>
<td>$16</td>
<td>$27,375</td>
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<tr>
<td>Operating Expenses (Non-Reo, including leasing)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Lease Rate</td>
<td>10%</td>
<td>12%</td>
<td>67%</td>
</tr>
<tr>
<td>Operating Expense ($/Yr)</td>
<td>$2</td>
<td>$2</td>
<td>$18,341</td>
</tr>
<tr>
<td>Net Income ($/Yr)</td>
<td>$15</td>
<td>$14</td>
<td>$9,034</td>
</tr>
<tr>
<td>Capitalization Rate</td>
<td>7.5%</td>
<td>8.6%</td>
<td>9.0%</td>
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<tr>
<td><strong>Capitalized Value</strong></td>
<td>$194</td>
<td>$178</td>
<td>$100,375</td>
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</table>

### II. For-Sale Residential

<table>
<thead>
<tr>
<th>Product:</th>
<th>Flats</th>
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</thead>
<tbody>
<tr>
<td><strong>Product Summary</strong></td>
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</tr>
<tr>
<td>Home Size</td>
<td>1,138</td>
</tr>
<tr>
<td>Du/AC</td>
<td>24.0</td>
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<tr>
<td><strong>Capitalized Value</strong></td>
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</tr>
<tr>
<td>Home Price</td>
<td>$223,750</td>
</tr>
<tr>
<td>S/SF</td>
<td>$197</td>
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</table>

### Construction Costs

<table>
<thead>
<tr>
<th></th>
<th>Per FAR Square Foot</th>
<th>Per Room</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Costs (Ground-Up) 1/</td>
<td>$100</td>
<td>$110</td>
<td>$200</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$20</td>
<td>$22</td>
<td>$40</td>
</tr>
<tr>
<td>Tenant Improvements</td>
<td>$30</td>
<td>$30</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Construction Costs</strong></td>
<td>$150</td>
<td>$162</td>
<td>$240</td>
</tr>
<tr>
<td>per Unit</td>
<td>$84,000</td>
<td>$129,525</td>
<td>$170,625</td>
</tr>
</tbody>
</table>

**Builder Financing**

| Loan Draw (% of construction costs) | 75% | 75% | 75% | 75% |
| Loan Fee (% of loan draw)           | 1.5%| 1.5%| 1.5%| 1.5%|
| Interest Rate (% per year)          | 5.5%| 5.5%| 5.5%| 5.5%|
| Hold Period (years)                 | 1.0 | 1.0 | 1.0 | 1.0 |
| **Financing Cost**                  | $6  | $7  | $10 | $5  |
| per Unit                            | $3,465 | $5,343 | $7,038 |

**Builder Profit**

| Profit % of Capitalized Value | 10% | 10% | 10% | 10% |
| Builder Profit                | $19 | $18 | $10,038 | $15,777 |

**Land Valuation**

<table>
<thead>
<tr>
<th></th>
<th>Per FAR foot</th>
<th>Unit/Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value - per FAR foot</td>
<td>$19</td>
<td>-</td>
</tr>
<tr>
<td>Land Value - per Unit/Room</td>
<td>-</td>
<td>$2,873</td>
</tr>
</tbody>
</table>

1/ Based on market hard costs assuming new ground-up construction; need detailed cost estimates to determine rehab and infrastructure costs.
## EXHIBIT I-11B

**LAND RESIDUAL - 15% REVENUE INCREASE AFTER INITIAL PHASE AS MASTER PLAN MATURES**

**SUBJECT SITE; TUMWATER, WA**

**APRIL 2014**

### I. Income Producing Real Estate

<table>
<thead>
<tr>
<th>Product</th>
<th>Commercial</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>Office</td>
</tr>
</tbody>
</table>

#### Product Summary

- **Unit Size (if applicable)**
  - 350
  - 981

- **F.A.R. or Du/AC**
  - 0.80
  - 28.0

- **Lease Type**
  - NNN
  - MG

#### Capitalized Value

<table>
<thead>
<tr>
<th>Per FAR Square Foot</th>
<th>Per Room</th>
<th>Per Unit</th>
</tr>
</thead>
</table>

- **Lease Revenue**
  - Lease Rate ($/Yr)
    - $21
  - Effective Lease Revenue
    - $19

- **Operating Expenses (Non-Recoverable, Including Leasing)**
  - Broker Expense
    - % of Lease Rate: 10%
  - Operating Expense ($/Yr)
    - $2

- **Net Income ($/Yr)**
  - $17

- **Capitalized Value**
  - $224

#### Construction Costs

<table>
<thead>
<tr>
<th>Per FAR Square Foot</th>
<th>Per FAR Square Foot</th>
</tr>
</thead>
</table>

- **Hard Costs (Ground-Up)**
  - 1/ $100
  - 1/ $110

- **Soft Costs**
  - % of Hard Costs: 20%
    - $20
    - $22

- **Tenant Improvements**
  - $30

- **Total Construction Costs**
  - $150

#### Builder Financing

- **Loan Draw (% of construction costs)**
  - 75%

- **Loan Fee (% of loan draw)**
  - 1.5%

- **Interest Rate (% per year)**
  - 5.5%

- **Hold Period (years)**
  - 1.0

- **Financing Cost per Unit**
  - $6

#### Builder Profit

<table>
<thead>
<tr>
<th>Per FAR Square Foot</th>
<th>Per Room</th>
<th>Per Unit</th>
</tr>
</thead>
</table>

- **Profit % of Capitalized Value**
  - 10%

- **Builder Profit**
  - $22

#### Land Valuation

<table>
<thead>
<tr>
<th>Per FAR foot</th>
<th>Per Unit/Room</th>
</tr>
</thead>
</table>

- **Land Value - per FAR foot**
  - $45

- **Land Value - per Unit/Room**
  - $16,423

---

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

- **Lots of renters:** 46% of CMA (Tumwater/Olympia/Lacey) households rent - versus 34% overall for Thurston County
  - Of those that rent in the CMA, nearly half rent in buildings with 5 or more units

- **Landlord's market:** Strong local and regional rental market, with increasing rents and decreasing vacancies the past two years
  - Vacancies under 5% in Thurston County

- **Not much growth in inventory:** Tumwater area has seen little growth in rental inventory since 2000, with no new units added since 2008
  - Approximately 2,400 institutional-grade rental units in Tumwater, representing about 18% of total Thurston County inventory

- **Survey of local market:** Survey of 1,800 rental units in CMA:
  - Average project size = 125 units
  - Vacancies = 4%
  - Average unit size = 960 s.f.
  - Average unit price = $1,000-$1,100 per month, or $1.06-$1.17 per square foot

- **Over 2,100 units in pipeline:** Represents 15% growth in Thurston County's total overall inventory
  - But concentration of planned projects is in West Olympia submarket

- **Market looks in relative balance mid-term:** TCG projects demand for 280 new units per year, this demand will be balanced out by planned supply over the next 6 years
  - Slight over-supply forecasted in near-term (next 2 years), could impact rental rates and/or vacancies
Summary Trends

- **Signs of improvement**: After years of declines, 2013 saw improvements in home sales volume and prices in Tumwater and Thurston County.

- **But lots of distressed properties**: Sales volume increases of 15%-16% in Tumwater and Thurston County partly due to investors buying distressed assets. However, rise in median home price also signals a potential turning point.

- **The new normal**: Tumwater area home sales have averaged 900-1,000 per year the past five years, down from sales volume of 1,100-1,600 per year at peak.

- **Very small townhome/condo market**: In Thurston County, 5% of all owner-occupied houses are attached, and just 1% are in buildings with over 5 units. Only ~650 condos/townhomes in projects with 5+ units. The past 12 months, 6% of all home sales were attached.

- **Very little recent inventory**: In CMA, only two attached projects built since 2008.

- **Bifurcated condo market**: Typical units at around $200K ($120 per square foot), with luxury waterfront units at around $600K ($340 per square foot). Reflects two distinct buyer groups - younger entry-level buyers and older move-downs (many from out of the area).

- **New single family homes and duplexes priced similarly to new attached**: Challenging pricing environment for new attached product, as buyers can buy single family homes for similar prices (on both absolute and psf pricing).

- **Few units in pipeline**: Under 50 units in pipeline in entire CMA. One project by Lennar in Lacey was planned for 78 condos but was changed to mostly single family homes.

- **Potential under-supply in mid-term**: TCG projects demand for 38 new units per year, this demand is not matched by supply pipeline over the next 6 years. However, possibility exists that planned rental projects could convert to for-sale if demand picks up.
**Summary Trends**

- **Stabilizing economy:** Employment levels have levelled off following the declines of the financial downturn
  - However, Thurston and Pierce Counties have not yet reached pre-recession employment levels

- **Strong forecasted employment growth:** TRPC projects job growth in Thurston County from 140K jobs in 2015 to 163K in 2025
  - Biggest gains projected to come from services and construction

- **Office needs are changing:** With more remote and flexible workers, office square footage needs per employee have been decreasing, and this trend is expected to continue

- **Lower rents and vacancies in Tumwater:** Tumwater has overall vacancy of 9% (vs 11% for Thurston Co) and average rents of $14 FSG (vs $16 for Thurston)
  - The small submarket around the subject site has almost no vacancies and is comprised of smaller, older buildings than other nearby submarkets

- **Declining new construction:** As vacancies have risen in the CMA, fewer new office projects have entered the market - the last two years have seen just 64K s.f. per year, less than half of prior years
  - Almost nothing new delivered in Tumwater since 2008

- **One significant project in pipeline:** West Capital Office Park, with the potential for 340K s.f., represents the lion's share of the 400K total s.f. in the pipeline

- **Mid-term over-supply:** TCG projects demand for 62K s.f. per year from 2015 through 2025
  - Assuming the West Capital Office Park is developed according to plans, TCG forecasts an over-supply of product through 2020 in the CMA, with a potential under-supply after 2020
**Summary Trends**

- **Market improvement:** After years of declines, taxable retail sales in the CMA have increased 3% per year since 2011.
  - Tumwater has seen strong retail sales growth past two years, and is now at or above pre-recession sales levels.

- **Tumwater faring better than neighbors:** Lower vacancy rates and higher rents versus rest of Thurston County.
  - Vacancies under 5% in Tumwater (vs 6% for Thurston).

- **But it's mostly a Westside story:** Newer, big-box retail in West Tumwater (Littlerock Road) submarket is driving low vacancies. This submarket sits at under 3% vacancy while the other Tumwater submarkets are at vacancies in 8%-10% range.

- **Not much growth in inventory:** Very little new construction in Tumwater or Thurston County since 2007.
  - Only significant delivery has been Wal-Mart Supercenter in West Tumwater submarket in 2011.

- **Over 600K s.f. in pipeline:** Represents 5% growth in Thurston County's total overall inventory.
  - About 1/3 of this inventory is located within a 5-minute drive time from site.

- **No retail leakage in local trade areas:** Spending in most retail segments in Tumwater and trade areas (5- and 10-minute drives from site) reveals the area attracts spending from outside households.

- **Mid-term over-supply:** TCG projects demand for 140K s.f. from 2014-2019 in the 5-minute trade area (Primary RTA), this is less than forecasted supply.
  - Similar trends for Secondary Trade Area (10-minute drive-time).
Summary Trends

- **State Capital impact:** The Capital is one of Thurston County's top attractions, attracting both tourists and those doing business with the government.
  - Especially impactful when the Legislature is in session during the first quarter, when it represents approximately 70% of hotel occupancy.

- **Improvements in fundamentals:** Recent rebound in occupancy rates to pre-recession levels (64%) and continued growth in ADR to just under $100/room.
  - Occupancies in 2013 ranged from 55% to 80% depending on the quarter.
  - Nearly 5% annual growth in room rates since 2006.

- **And future growth anticipated:** Forecasts for growth in state government employment, regional households, and overall tourism.
  - Additional marketing for Tourism Promotion Area in 2014.

- **Not much growth in inventory:** Only one new project in the CMA since 2007, the Best Western in Lacey (85 rooms).
  - Approximately 1,700 rooms in the CMA, or 70% of the total Thurston County inventory.
  - Average age of properties = 20 years.

- **But recent acquisitions and activity in 2013:**
  - Governor Hotel (Olympia) - sold, may be repositioned as a Holiday Inn.
  - Capitol Plaza Hotel (Olympia) - sold, may be repositioned as TownePlace Suites.
  - Phoenix Inn (Olympia) became Double Tree, upgraded rooms.

- **And 350 rooms in the pipeline:** Represents 20% growth in the CMA’s total overall room inventory.
  - Two of the projects close to site.

- **Market looks in relative balance mid-term:** TCG projects demand for up to 40 new hotel rooms per year, this demand will be balanced out by planned supply over the next five years, but potential under-supply afterwards (assuming 60% market-wide occupancy rates).
II. REGIONAL TRENDS
# EXHIBIT II-1

## DEMOGRAPHICS - SUMMARY

### MARKET AREAS

<table>
<thead>
<tr>
<th>Geography:</th>
<th>Tumwater</th>
<th>Olympia</th>
<th>Lacey</th>
<th>CMA Total</th>
<th>Thurston County</th>
<th>Pierce County</th>
<th>King County</th>
</tr>
</thead>
</table>

| Population | 2000    | 14,870  | 42,536 | 32,275    | 89,681         | 207,355      | 700,411     |
|           | 2014    | 18,464  | 47,909 | 45,268    | 111,641        | 263,167      | 827,385     |
| Gr./Yr.    | 257     | 1.6%    | 384    | 0.9%      | 928            | 2,159        | 9,070       |
|           | 2019    | 19,725  | 49,715 | 48,180    | 117,620        | 277,430      | 870,246     |
| Gr./Yr.    | 252     | 1.3%    | 361    | 0.7%      | 582            | 1,196        | 8,572       |

| Households | 2000    | 6,494   | 18,642 | 12,908    | 38,044         | 81,626       | 260,652     |
|            | 2014    | 8,170   | 21,579 | 18,171    | 47,920         | 105,531      | 313,148     |
| Gr./Yr.    | 120     | 1.7%    | 210    | 1.1%      | 376            | 705          | 1,708       |
|            | 2019    | 8,799   | 22,591 | 19,405    | 50,795         | 111,689      | 330,215     |
| Gr./Yr.    | 126     | 1.5%    | 202    | 0.9%      | 247            | 575          | 1,232       |

| Home Owners ('14) | 4,309 | 53% | 11,231 | 52% | 10,217 | 56% | 25,744 | 54% | 69,771 | 66% | 190,170 | 61% | 88,697 | 57% |
|                   | 2,671 | 33% | 7,939  | 37% | 5,155  | 34% | 15,765 | 33% | 27,997 | 27% | 79,920  | 25% | 43,755 | 28% |
|                   | 2,883 | 35% | 7,146  | 33% | 6,494  | 30% | 18,642 | 34% | 37,888 | 36% | 103,431 | 33% | 47,748 | 31% |
|                   | 2,616 | 32% | 6,494  | 30% | 6,494  | 30% | 18,642 | 34% | 37,888 | 36% | 103,431 | 33% | 47,748 | 31% |

| Housing Units | 7,503 | 20,549 | 16,724 | 44,776 | 102,335 | 300,554 | 804,062 |
|               | 3,957 | 10,693 | 9,403  | 24,055 | 67,658  | 182,522 | 457,472 |
| Owner-Occupied Units | 3,070 | 9,212  | 8,270  | 20,552 | 56,677  | 159,580 | 374,314 |
| SFD Detached    | 232   | 361    | 442    | 1,035  | 2,458   | 7,244   | 30,144  |
| 1 to 4 Units    | 34    | 351    | 417    | 645    | 1,976   | 40,226  |
| Mobile Homes    | 621   | 771    | 659    | 2,051  | 7,878   | 13,722  |
| Renter-Occupied Units | 3,546 | 9,854  | 7,321  | 20,271 | 34,677  | 118,032 | 346,590 |
| SFD Detached    | 581   | 2,444  | 2,846  | 5,511  | 13,082  | 40,949  |
| 1 to 4 Units    | 1,289 | 2,174  | 1,600  | 5,063  | 8,338   | 25,763  |
| 5 plus          | 1,647 | 5,047  | 3,113  | 9,897  | 10,144  | 46,604  |
| Mobile Homes    | 29    | 189    | 122    | 340    | 3,113   | 5,571   |

| Average Income | 2000 | $53,067 | $49,953 | $52,093 | $51,212 | $56,305 | $55,643 | $57,572 |
|                | 2014 | $70,228 | $63,073 | $65,214 | $65,105 | $69,740 | $71,437 | $71,436 |
| Gr./Yr.        | $1,226 | $937   | $937   | $937   | $937   | $937   |
|                | $76,540 | $67,863 | $69,946 | $70,162 | $74,702 | $79,067 | $79,067 |
| Gr./Yr.        | $1,262 | $958   | $946   | $946   | $946   | $946   |

The Concord Group
07/24/2014
## EXHIBIT II-1
### DEMOGRAPHICS - SUMMARY
#### MARKET AREAS
#### 2000 THROUGH 2019

<table>
<thead>
<tr>
<th>Geography:</th>
<th>Tumwater</th>
<th>Olympia</th>
<th>Lacey</th>
<th>CMA Total</th>
<th>Thurston County</th>
<th>Pierce County</th>
<th>King County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Profile ('14)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $100K</td>
<td>6,487</td>
<td>79%</td>
<td>17,725</td>
<td>82%</td>
<td>14,946</td>
<td>82%</td>
<td>39,158</td>
</tr>
<tr>
<td>Over $100K</td>
<td>1,683</td>
<td>21%</td>
<td>3,854</td>
<td>18%</td>
<td>3,225</td>
<td>18%</td>
<td>8,762</td>
</tr>
<tr>
<td>25K &amp; Under</td>
<td>1,664</td>
<td>20%</td>
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<td>27%</td>
<td>3,359</td>
<td>18%</td>
<td>10,773</td>
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<tr>
<td>35K to 50K</td>
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<td>22%</td>
<td>4,916</td>
<td>23%</td>
<td>4,544</td>
<td>25%</td>
<td>11,244</td>
</tr>
<tr>
<td>50K to 75K</td>
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<td>22%</td>
<td>4,263</td>
<td>20%</td>
<td>4,412</td>
<td>24%</td>
<td>10,459</td>
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<tr>
<td>75K to 100K</td>
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<td>2,796</td>
<td>13%</td>
<td>2,631</td>
<td>14%</td>
<td>6,682</td>
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<tr>
<td>100K to 125K</td>
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<td>8%</td>
<td>1,598</td>
<td>9%</td>
<td>3,951</td>
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<tr>
<td>125K to 150K</td>
<td>421</td>
<td>5%</td>
<td>856</td>
<td>4%</td>
<td>814</td>
<td>4%</td>
<td>2,091</td>
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<tr>
<td>150K to 250K</td>
<td>512</td>
<td>6%</td>
<td>1,004</td>
<td>5%</td>
<td>688</td>
<td>4%</td>
<td>2,204</td>
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<tr>
<td>250 K and over</td>
<td>113</td>
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<td>278</td>
<td>1%</td>
<td>125</td>
<td>1%</td>
<td>516</td>
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<td>Age Profile ('14)</td>
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<td></td>
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<td>Median</td>
<td>38</td>
<td></td>
<td>39</td>
<td></td>
<td>35</td>
<td>37</td>
<td>39</td>
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<tr>
<td>Under 24</td>
<td>5,665</td>
<td>31%</td>
<td>13,800</td>
<td>29%</td>
<td>15,260</td>
<td>34%</td>
<td>34,725</td>
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<tr>
<td>25-34</td>
<td>2,796</td>
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<td>7,841</td>
<td>16%</td>
<td>7,153</td>
<td>16%</td>
<td>17,790</td>
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<tr>
<td>35-44</td>
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<td>6,326</td>
<td>13%</td>
<td>5,952</td>
<td>13%</td>
<td>14,702</td>
</tr>
<tr>
<td>45-54</td>
<td>2,453</td>
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<td>6,131</td>
<td>13%</td>
<td>5,126</td>
<td>11%</td>
<td>13,710</td>
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<tr>
<td>55-64</td>
<td>2,485</td>
<td>13%</td>
<td>6,440</td>
<td>13%</td>
<td>4,838</td>
<td>11%</td>
<td>13,763</td>
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<tr>
<td>65 Plus</td>
<td>2,641</td>
<td>14%</td>
<td>7,371</td>
<td>15%</td>
<td>6,939</td>
<td>15%</td>
<td>16,951</td>
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<tr>
<td>55 Plus</td>
<td>5,126</td>
<td>28%</td>
<td>13,811</td>
<td>29%</td>
<td>11,777</td>
<td>26%</td>
<td>30,714</td>
</tr>
<tr>
<td>Race/Ethnicity ('14')</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>15,519</td>
<td>84%</td>
<td>39,660</td>
<td>83%</td>
<td>32,808</td>
<td>72%</td>
<td>87,987</td>
</tr>
<tr>
<td>Hispanic</td>
<td>322</td>
<td>2%</td>
<td>939</td>
<td>2%</td>
<td>1,357</td>
<td>3%</td>
<td>2,618</td>
</tr>
<tr>
<td>African American</td>
<td>416</td>
<td>2%</td>
<td>1,172</td>
<td>2%</td>
<td>2,869</td>
<td>6%</td>
<td>4,457</td>
</tr>
<tr>
<td>Asian</td>
<td>910</td>
<td>5%</td>
<td>2,881</td>
<td>6%</td>
<td>3,588</td>
<td>8%</td>
<td>7,379</td>
</tr>
</tbody>
</table>

Source: Claritas; American Fact Finder; US Census, Center for Economic Studies
EXHIBIT II-2

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

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

Source: Claritas Data Services
### EXHIBIT II-3
#### EMPLOYMENT TRENDS
#### MARKET AREAS
#### 1990 THROUGH 2013

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>Seattle MSA</th>
<th>Pierce County</th>
<th>Thurston County</th>
<th>Olympia</th>
<th>Tumwater</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>109,487</td>
<td>1,303</td>
<td>268</td>
<td>84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>108,377</td>
<td>(1,110)</td>
<td>-1.0%</td>
<td>1,310</td>
<td>7</td>
<td>0.5%</td>
</tr>
<tr>
<td>1992</td>
<td>108,745</td>
<td>368</td>
<td>0.3%</td>
<td>1,323</td>
<td>18</td>
<td>1.4%</td>
</tr>
<tr>
<td>1993</td>
<td>110,876</td>
<td>2,131</td>
<td>2.0%</td>
<td>1,365</td>
<td>16</td>
<td>1.2%</td>
</tr>
<tr>
<td>1994</td>
<td>114,333</td>
<td>3,457</td>
<td>3.1%</td>
<td>1,362</td>
<td>17</td>
<td>1.3%</td>
</tr>
<tr>
<td>1995</td>
<td>117,336</td>
<td>3,003</td>
<td>2.6%</td>
<td>1,387</td>
<td>26</td>
<td>1.9%</td>
</tr>
<tr>
<td>1996</td>
<td>119,757</td>
<td>2,421</td>
<td>2.1%</td>
<td>1,435</td>
<td>48</td>
<td>3.5%</td>
</tr>
<tr>
<td>1997</td>
<td>122,853</td>
<td>3,096</td>
<td>2.6%</td>
<td>1,511</td>
<td>76</td>
<td>5.3%</td>
</tr>
<tr>
<td>1998</td>
<td>126,033</td>
<td>3,180</td>
<td>2.6%</td>
<td>1,577</td>
<td>65</td>
<td>4.3%</td>
</tr>
<tr>
<td>1999</td>
<td>129,098</td>
<td>3,065</td>
<td>2.4%</td>
<td>1,614</td>
<td>37</td>
<td>2.4%</td>
</tr>
<tr>
<td>2000</td>
<td>131,881</td>
<td>2,783</td>
<td>2.2%</td>
<td>1,648</td>
<td>35</td>
<td>2.2%</td>
</tr>
<tr>
<td>2001</td>
<td>131,919</td>
<td>38</td>
<td>0.0%</td>
<td>1,631</td>
<td>(18)</td>
<td>-1.1%</td>
</tr>
<tr>
<td>2002</td>
<td>130,450</td>
<td>(1,469)</td>
<td>-1.1%</td>
<td>1,584</td>
<td>(47)</td>
<td>-2.9%</td>
</tr>
<tr>
<td>2003</td>
<td>130,100</td>
<td>(350)</td>
<td>-0.3%</td>
<td>1,573</td>
<td>(11)</td>
<td>-0.7%</td>
</tr>
<tr>
<td>2004</td>
<td>131,509</td>
<td>1,409</td>
<td>1.1%</td>
<td>1,592</td>
<td>19</td>
<td>1.2%</td>
</tr>
<tr>
<td>2005</td>
<td>133,747</td>
<td>2,238</td>
<td>1.7%</td>
<td>1,636</td>
<td>45</td>
<td>2.8%</td>
</tr>
<tr>
<td>2006</td>
<td>136,125</td>
<td>2,378</td>
<td>1.8%</td>
<td>1,690</td>
<td>54</td>
<td>3.3%</td>
</tr>
<tr>
<td>2007</td>
<td>137,645</td>
<td>1,520</td>
<td>1.1%</td>
<td>1,743</td>
<td>53</td>
<td>3.1%</td>
</tr>
<tr>
<td>2008</td>
<td>136,852</td>
<td>(793)</td>
<td>-0.6%</td>
<td>1,760</td>
<td>17</td>
<td>1.0%</td>
</tr>
<tr>
<td>2009</td>
<td>130,876</td>
<td>(5,976)</td>
<td>-4.4%</td>
<td>1,670</td>
<td>(90)</td>
<td>-5.1%</td>
</tr>
<tr>
<td>2010</td>
<td>129,917</td>
<td>(959)</td>
<td>-0.7%</td>
<td>1,644</td>
<td>(27)</td>
<td>-1.6%</td>
</tr>
<tr>
<td>2011</td>
<td>131,497</td>
<td>1,580</td>
<td>1.2%</td>
<td>1,671</td>
<td>28</td>
<td>1.7%</td>
</tr>
<tr>
<td>2012</td>
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<td>2,242</td>
<td>1.7%</td>
<td>1,712</td>
<td>40</td>
<td>2.4%</td>
</tr>
<tr>
<td>2013</td>
<td>135,930</td>
<td>2,191</td>
<td>1.6%</td>
<td>1,798</td>
<td>87</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

#### Historical Average

<table>
<thead>
<tr>
<th></th>
<th>10-Yr</th>
<th>15-Yr</th>
<th>2013 vs. Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Num.</td>
<td>583</td>
<td>660</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Perc.</td>
<td>0.4%</td>
<td>0.5%</td>
<td>-5.1%</td>
</tr>
<tr>
<td>0.0%</td>
<td>0.9%</td>
<td>0.3%</td>
<td>-3.8%</td>
</tr>
<tr>
<td>0.0%</td>
<td>0.1%</td>
<td>0.8%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>0.3%</td>
<td>0.1%</td>
<td>53.1</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

07/24/2014
13100.00 Macro: Jobs
Page 1 of 2
EXHIBIT II-3
EMPLOYMENT TRENDS
MARKET AREAS
1990 THROUGH 2013

Job Growth Seattle MSA, Thurston & Pierce County

Source:

Note: "Seattle MSA" - eight county WA region: King, Snohomish, Pierce, Kitsap, Thurston, Skagit, Island and Mason Counties
## Employment by Industry
### Thurston County, Washington
#### 2011 Through 2015

<table>
<thead>
<tr>
<th>Industry</th>
<th>2011 Num.</th>
<th>Job %</th>
<th>Num. %</th>
<th>(TRPC Projection) 2015</th>
<th>Job %</th>
<th>Num. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1,828</td>
<td>1.4%</td>
<td>-43</td>
<td>1,613</td>
<td>1.2%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Mining/Oil</td>
<td>123</td>
<td>0.1%</td>
<td>5</td>
<td>150</td>
<td>0.1%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>168</td>
<td>0.1%</td>
<td>16</td>
<td>250</td>
<td>0.2%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>5,532</td>
<td>4.3%</td>
<td>570</td>
<td>8,380</td>
<td>5.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3,710</td>
<td>2.9%</td>
<td>-102</td>
<td>3,200</td>
<td>1.7%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>3,431</td>
<td>2.7%</td>
<td>-4</td>
<td>3,410</td>
<td>0.1%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>14,809</td>
<td>11.5%</td>
<td>258</td>
<td>16,100</td>
<td>1.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>2,255</td>
<td>1.8%</td>
<td>141</td>
<td>2,960</td>
<td>5.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Information</td>
<td>1,265</td>
<td>1.0%</td>
<td>73</td>
<td>1,630</td>
<td>5.2%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>4,249</td>
<td>3.3%</td>
<td>26</td>
<td>4,380</td>
<td>0.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5,625</td>
<td>4.4%</td>
<td>-47</td>
<td>5,390</td>
<td>-0.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Professional &amp; Technical</td>
<td>7,065</td>
<td>5.5%</td>
<td>193</td>
<td>8,032</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Management Enterprises</td>
<td>776</td>
<td>0.6%</td>
<td>882</td>
<td>1,630</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Administration/Waste Management</td>
<td>5,617</td>
<td>4.4%</td>
<td>154</td>
<td>6,386</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>2,791</td>
<td>2.2%</td>
<td>64</td>
<td>3,111</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>14,253</td>
<td>11.1%</td>
<td>327</td>
<td>15,889</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>2,748</td>
<td>2.1%</td>
<td>42</td>
<td>2,960</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>8,172</td>
<td>6.4%</td>
<td>206</td>
<td>9,200</td>
<td>2.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Other Services</td>
<td>7,402</td>
<td>5.8%</td>
<td>334</td>
<td>9,070</td>
<td>4.1%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>36,493</td>
<td>28.4%</td>
<td>121</td>
<td>37,100</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Total County Jobs (1)</strong></td>
<td><strong>129,295</strong></td>
<td><strong>100%</strong></td>
<td><strong>142,000</strong></td>
<td><strong>2,541</strong></td>
<td><strong>1.9%</strong></td>
<td><strong>1.9%</strong></td>
</tr>
</tbody>
</table>

### Annual Job Growth - 2011 to 2015

- Agriculture: -43
- Mining/Oil: -102
- Utilities: -4
- Construction: 570
- Manufacturing: 258
- Wholesale Trade: 141
- Retail Trade: 73
- Transportation and Warehousing: 26
- Information: -4
- Finance and Insurance: -47
- Real Estate: 193
- Professional & Technical: 154
- Management Enterprises: 64
- Administration/Waste Management: 42
- Educational Services: 327
- Health Care and Social Assistance: 206
- Arts, Entertainment, and Recreation: 334
- Accommodation & Food Services: 121

### Source
TRPC

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

## Annual Job Growth - 2011 to 2015

Thurston County net job gains by industry since 2011 are displayed below with the top 5 highest growth industries displayed in **Blue** & the bottom 5 industries displayed in **Red**.
EXHIBIT II-5
COMMUTING PATTERNS
TUMWATER
APRIL 2014

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

<table>
<thead>
<tr>
<th>Commute to:</th>
<th>Share</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olympia</td>
<td>33%</td>
<td>2,298</td>
</tr>
<tr>
<td>Tumwater</td>
<td>15%</td>
<td>1,062</td>
</tr>
<tr>
<td>Seattle</td>
<td>8%</td>
<td>313</td>
</tr>
<tr>
<td>Tacoma</td>
<td>5%</td>
<td>177</td>
</tr>
<tr>
<td>Lacey</td>
<td>3%</td>
<td>177</td>
</tr>
<tr>
<td>Spokane</td>
<td>1%</td>
<td>83</td>
</tr>
<tr>
<td>Lakewood</td>
<td>1%</td>
<td>81</td>
</tr>
<tr>
<td>Bellevue</td>
<td>1%</td>
<td>76</td>
</tr>
<tr>
<td>Kent City</td>
<td>1%</td>
<td>59</td>
</tr>
<tr>
<td>Everett</td>
<td>1%</td>
<td>49</td>
</tr>
<tr>
<td>Other</td>
<td>31%</td>
<td>2,150</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>100%</strong></td>
<td><strong>6,930</strong></td>
</tr>
</tbody>
</table>

2011 Tumwater Commute Patterns

<table>
<thead>
<tr>
<th>Commute from:</th>
<th>Share</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olympia</td>
<td>12%</td>
<td>1,630</td>
</tr>
<tr>
<td>Tumwater</td>
<td>8%</td>
<td>1,062</td>
</tr>
<tr>
<td>Lacy</td>
<td>7%</td>
<td>1,022</td>
</tr>
<tr>
<td>Seattle</td>
<td>2%</td>
<td>272</td>
</tr>
<tr>
<td>Centralia</td>
<td>2%</td>
<td>227</td>
</tr>
<tr>
<td>Tacoma</td>
<td>2%</td>
<td>223</td>
</tr>
<tr>
<td>Tanglewilde</td>
<td>1%</td>
<td>122</td>
</tr>
<tr>
<td>Shelton</td>
<td>1%</td>
<td>104</td>
</tr>
<tr>
<td>Chehalis</td>
<td>1%</td>
<td>103</td>
</tr>
<tr>
<td>Lakewood</td>
<td>1%</td>
<td>96</td>
</tr>
<tr>
<td>Other</td>
<td>65%</td>
<td>8,978</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>100%</strong></td>
<td><strong>13,839</strong></td>
</tr>
</tbody>
</table>

Source: Longitudinal Employer-Household Dynamics, U.S. Census Bureau, 2011
As of the 2011 Census, 16% of Olympia workers live within Olympia, 8% live in Lacey and 5% live in Tumwater.

37% of Olympia employed residents commute within Olympia, 8% commute to Tumwater and 8% commute to Lacey.

Source: Longitudinal Employer-Household Dynamics, U.S. Census Bureau, 2011
EXHIBIT II-6

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

Projected Population Growth %
(2014-2019)

Thurston & Pierce County zip codes color-coded by projected population growth % where purple represents the lowest growth percentages and red represents the highest growth percentages.

LEGEND
(Population Growth %)
- **Purple** = -1% and below
- **Blue** = 1% to 2.5%
- **Green** = 2.5% to 5%
- **Yellow** = 5% to 7.5%
- **Orange** = 7.5% to 10%
- **Light Red** = 10% to 15%
- **Red** = 15% and above

Source: Claritas
EXHIBIT II-7

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

LEGEND
(Population Density)
Purple = 100 and below
Blue = 100 to 500
Green = 500 to 1,000
Yellow = 1,000 to 2,000
Orange = 2,000 to 3,500
Light Red = 3,500 to 5,000
Red = 5,000 and above

Thurston & Pierce County zip codes color-coded by population density per square mile where purple represents the lowest density areas and red represents the highest density areas.

Source: US Census Bureau, US Gazetteer 2013
EXHIBIT II-8
POPULATION MAP - MEDIAN INCOME BY ZIP CODE
THURSTON & PIERCE COUNTY
MARCH 2014

LEGEND
($Median Income)
Purple = 40K and below
Dark Blue = 40K to 50K
Light Blue = 50K to 55K
Green = 55K to 60K
Yellow = 60K to 65K
Orange = 65K to 70K
Light Red = 70K to 75K
Red = 75K to 100K
Dark Red = 100K and above

Thurston & Pierce County zip codes color-coded by median household income where purple represents the lowest income areas and dark red represents the highest income areas.

Source: Claritas
EXHIBIT II-9
FORECASTED POPULATION DENSITY CHANGES
THURSTON COUNTY
MARCH 2014

THURSTON COUNTY
Lacey-Olympia-Tumwater Urban Area
POPULATION DENSITY, APRIL 2010
Residential Dwelling Units per Acre

THURSTON COUNTY
Lacey-Olympia-Tumwater Urban Area
FORECAST RESIDENTIAL DWELLING UNIT DENSITY, 2035
Residential Dwelling Units per Acre

Source: TRPC
III. ANALOGUE CASE STUDIES
EXHIBIT III-1

ANALOGUE PROJECTS
LANDMARK - NEW BRAUNFELS, TEXAS
MARCH 2014

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

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

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

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

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

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

Land Uses: Buildout Mix (by Sqft)

| Residential | X | 315,000 |
| Retail | X | 9,000 |
| Office | X | 20,000 |
| Civic |
| Hotel |

344,000

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

Office Units:
Number of Tenants: 6
Avg Office Size: 1,065
Office Rents ($/PSF): $1.65
Office Occupancy: 100%
Office SPSF Premium 27%

Retail Units:
Number of Tenants: 3
Avg Retail Size: 1,065
Retail Rents ($/PSF): $1.65
Retail Occupancy: 100%
Retail SPSF Premium 32%

(-) Windows in existing building do not open; residents highly critical of the lack of patio space and non-operational windows, especially during summer months.
(+/-) Flooring options: All loft apartments were renovated with concrete flooring; the lack of wood or carpet options for residents has been another feature the developer regrets not offering.
(+/-) Budget for unforeseen renovation expenses (leaks, wiring) when dealing with early 20th century buildings
EXHIBIT III-1

ANALOGUE PROJECTS PICTURES
LANDMARK - NEW BRAUNFELS, TEXAS
MARCH 2014
ANALOGUE PROJECTS
THE FACTORY AT FRANKLIN - FRANKLIN, TENNESSE
MARCH 2014

Key Takeaways:

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

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

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

Lessons Learned
- (+) Green space valuable for business as well as residents. 10% of land area dedicated to green and open space.
- (+) Town Center critical to drive large events (foot traffic/visibility) and seen a key first step.
- (+) Quality tenants were non-negotiable at early stages (year 1-2). Perception of site as a premier retail and office space hinged on local view of site as trendy. Early tenants were either in the music, tech or television industry.
- (+) Tenants satisfaction over bottom line paid tremendous dividends for developer: property sold for over $24 Million USD on an initial investment of $1 Million/ $10 Million loan. Net cash flows during final years exceeded $2 Million USD per year in rents. Developer leniency on rents and build out concessions reciprocated several times over.
- (+) Williamson County demographics credited with some of the sites success. Median income in Williamson County is nearly 70% higher than Nashville Metro average.
EXHIBIT III-3

ANALOGUE PROJECTS
PABST BREWERY DEVELOPMENT - MILWAUKEE, WISCONSIN
MARCH 2014

Project: Pabst Brewing Company
City: Milwaukee
State: Wisconsin
Total Size (Acres): 21 Acres
Developer: Zilbert Development
Architect: Zilbert & Various
Description: High Density Mixed use
Urban community 1 mile west of downtown Milwaukee.

Key Takeaways:

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

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

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

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

Land Uses: Buildout Mix (by Sqft)

<table>
<thead>
<tr>
<th>Land Uses</th>
<th>Buildout Mix (by Sqft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>X 555,000 250 units (incl senior housing)</td>
</tr>
<tr>
<td>Retail</td>
<td>X 60,000</td>
</tr>
<tr>
<td>Office</td>
<td>X 485,000 (incl education)</td>
</tr>
<tr>
<td>Civic</td>
<td>X 100,000</td>
</tr>
<tr>
<td>Hotel</td>
<td>X 80,000 90 rooms</td>
</tr>
</tbody>
</table>

1,280,000 (office and retail)

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

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

Number of Tenants: 3
Avg Retail Size: 3,500
Retail Rents ($/PSF): $12.50
Retail Occupancy: N/A

* Existing apartment units are either affordable or senior housing.
EXHIBIT III-3
ANALOGUE PROJECTS PICTURES
PABST BREWERY DEVELOPMENT - MILWAUKEE, WISCONSIN
MARCH 2014
EXHIBIT III-4

ANALOGUE PROJECTS
PEARL BREWERY - SAN ANTONIO, TEXAS
MARCH 2014

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

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

Land Uses:  Buildout Mix (by Sqft)

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

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

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

Key Takeaways:

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

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

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

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

ANALOGUE PROJECTS PICTURES
PEARL BREWERY - SAN ANTONIO, TEXAS
MARCH 2014
IV. APARTMENT MARKET ANALYSIS
Core demand for new product at the site will emanate from the Primary Market Area "PMA".

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

CMA Definition (Red Shading): Tumwater, Olympia, Lacey.

PMA Definition (Blue Shading): Thurston County.
## EXHIBIT IV-2

**BUILDING PERMITS TRENDS**

**COMPETITIVE MARKET AREA**

**1990 THROUGH 2013**

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

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### Percent Changes

- **Detached**: -49% to -14%
- **Attached**: -8% to -43%
- **Total**: -80% to -31%

### Notes
- % Attached of CMA: 1998-2013: 23%, 2003-2013: 20%
- % of CMA Detached: 1998-2013: 13%, 2003-2013: 12%
- % of CMA Attached: 1998-2013: 87%, 2003-2013: 88%

### Source
- U.S. Department of Housing and Urban Development
### Olympia MSA

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</tr>
<tr>
<td>2001</td>
<td>2,159</td>
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<td>3.1%</td>
<td>-6.477</td>
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<tr>
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<td>0.8%</td>
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<td>2007</td>
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<td>0</td>
<td>7.0%</td>
<td>$795</td>
<td>1.3%</td>
<td>6.876</td>
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<tr>
<td>2008</td>
<td>2,159</td>
<td>18.7%</td>
<td>0</td>
<td>6.7%</td>
<td>$805</td>
<td>-6.2%</td>
<td>98.28</td>
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<td>$810</td>
<td>-6.2%</td>
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<tr>
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<td>3.6%</td>
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<td>18.7%</td>
<td>0</td>
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<td>$860</td>
<td>3.6%</td>
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<tr>
<td>2013</td>
<td>2,159</td>
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<td>0</td>
<td>9.2%</td>
<td>$860</td>
<td>3.6%</td>
<td>38.56</td>
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</table>

Sources: Co-Star, TRPC
EXHIBIT IV-3

APARTMENT MARKET TRENDS
OLYMPIA MSA
2000 THROUGH 2013

Sources: Co-Star, TRPC
EXHIBIT IV-3

APARTMENT MARKET TRENDS
TUMWATER
2000 THROUGH 2013

Sources: Co-Star, TRPC
### EXHIBIT IV-3

**APARTMENT MARKET TRENDS**  
**PRIMARY MARKET AREA**  
**4Q 2013**

<table>
<thead>
<tr>
<th>PMA Submarkets</th>
<th>Inventory (buildings)</th>
<th>Inventory (units)</th>
<th>Asking Rent 4Q13</th>
<th>Vacancy 4Q13</th>
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<tbody>
<tr>
<td></td>
<td>#</td>
<td>% PMA</td>
<td>% CMA</td>
<td>#</td>
</tr>
<tr>
<td>Tumwater</td>
<td>21</td>
<td>9%</td>
<td>10%</td>
<td>1,911</td>
</tr>
<tr>
<td>Olympia</td>
<td>148</td>
<td>63%</td>
<td>68%</td>
<td>8,424</td>
</tr>
<tr>
<td>Lacey</td>
<td>50</td>
<td>21%</td>
<td>23%</td>
<td>3,242</td>
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<tr>
<td>Remaining Thurston County</td>
<td>15</td>
<td>6%</td>
<td></td>
<td>360</td>
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<tr>
<td><strong>Total/Average PMA</strong></td>
<td><strong>234</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td><strong>13,937</strong></td>
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**Sources:** Co-Star
### Tumwater

<table>
<thead>
<tr>
<th>Key</th>
<th>Community Name</th>
<th>Manager</th>
<th>City</th>
<th>Type (1)</th>
<th>Elev.</th>
<th>Walk Score</th>
<th>Year Built</th>
<th>Units</th>
<th>Occ. Rate</th>
<th>Floor-plans</th>
<th>Share of Units (Beds)</th>
<th>Unit Size</th>
<th>$/sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Hearthstone Apartments</td>
<td>Fulcrum</td>
<td>Tumwater</td>
<td>Garden</td>
<td>3s</td>
<td>68</td>
<td>2008</td>
<td>133</td>
<td>95%</td>
<td>6 2%</td>
<td>53% 36% 8%</td>
<td>851</td>
<td>$967 $1,038</td>
</tr>
<tr>
<td>B</td>
<td>Tabula Rasa</td>
<td>Greystar</td>
<td>Tumwater</td>
<td>Garden</td>
<td>2s</td>
<td>51</td>
<td>2008</td>
<td>118</td>
<td>85%</td>
<td>5 0%</td>
<td>15% 49% 36%</td>
<td>1,157</td>
<td>$1,301 $1,375</td>
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Subtotals/Weighted Averages: 2 Projects

- **Average**:
  - Unit Size: 995
  - $/sf: $1.124

### Olympia

<table>
<thead>
<tr>
<th>Key</th>
<th>Community Name</th>
<th>Manager</th>
<th>City</th>
<th>Type (1)</th>
<th>Elev.</th>
<th>Walk Score</th>
<th>Year Built</th>
<th>Units</th>
<th>Occ. Rate</th>
<th>Floor-plans</th>
<th>Share of Units (Beds)</th>
<th>Unit Size</th>
<th>$/sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>Capital Steps</td>
<td>Reeder Mgmt</td>
<td>Olympia</td>
<td>Low-Rise</td>
<td>3s</td>
<td>68</td>
<td>2004</td>
<td>26</td>
<td>100%</td>
<td>4 8%</td>
<td>92% 0% 0%</td>
<td>724</td>
<td>$917 $917</td>
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<tr>
<td>D</td>
<td>Tribeca Apt Homes</td>
<td>Thrive Communities</td>
<td>Olympia</td>
<td>Garden</td>
<td>3s</td>
<td>26</td>
<td>2011</td>
<td>79</td>
<td>97%</td>
<td>5 0%</td>
<td>24% 68% 8%</td>
<td>951</td>
<td>$1,065 $1,094</td>
</tr>
<tr>
<td>E</td>
<td>Parkview</td>
<td>Pinnacle</td>
<td>Olympia</td>
<td>Garden</td>
<td>3s</td>
<td>20</td>
<td>2012</td>
<td>72</td>
<td>94%</td>
<td>3 0%</td>
<td>25% 58% 17%</td>
<td>1,036</td>
<td>$1,120 $1,167</td>
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<tr>
<td>F</td>
<td>Montaint @ Somerset Hill</td>
<td>Holland Residential</td>
<td>Olympia</td>
<td>Garden</td>
<td>3s</td>
<td>37</td>
<td>1991</td>
<td>396</td>
<td>98%</td>
<td>5 0%</td>
<td>41% 49% 10%</td>
<td>860</td>
<td>$908 $1,147</td>
</tr>
<tr>
<td>G</td>
<td>Polo Club Apartments</td>
<td>Mission Rock Residential</td>
<td>Olympia</td>
<td>Garden</td>
<td>3s</td>
<td>30</td>
<td>2009</td>
<td>127</td>
<td>96%</td>
<td>4 0%</td>
<td>18% 63% 19%</td>
<td>941</td>
<td>$975 $1,074</td>
</tr>
<tr>
<td>H</td>
<td>Woodland Apartments I-II</td>
<td>American Prop. Mgmt</td>
<td>Olympia</td>
<td>Garden</td>
<td>2s</td>
<td>49</td>
<td>2012</td>
<td>224</td>
<td>92%</td>
<td>5 20%</td>
<td>40% 40% 0%</td>
<td>967</td>
<td>$1,006 $1,051</td>
</tr>
<tr>
<td>I</td>
<td>Rock Maple Village</td>
<td>Rock Maple Village</td>
<td>Olympia</td>
<td>Apt/TH</td>
<td>2s</td>
<td>18</td>
<td>2004</td>
<td>112</td>
<td>100%</td>
<td>4 0%</td>
<td>50% 50% 0%</td>
<td>1,048</td>
<td>$998 $1,015</td>
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<tr>
<td>J</td>
<td>Country Club Villas</td>
<td>Olympic Mgmt</td>
<td>Olympia</td>
<td>Garden</td>
<td>2s</td>
<td>32</td>
<td>2007</td>
<td>64</td>
<td>94%</td>
<td>3 0%</td>
<td>19% 81% 0%</td>
<td>1,118</td>
<td>$1,016 $1,025</td>
</tr>
<tr>
<td>K</td>
<td>Red Leaf Townhomes</td>
<td>Red Leaf Townhomes</td>
<td>Olympia</td>
<td>TH</td>
<td>3s</td>
<td>46</td>
<td>2011</td>
<td>56</td>
<td>96%</td>
<td>3 0%</td>
<td>0% 86% 14%</td>
<td>1,477</td>
<td>$1,333 $1,413</td>
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</tbody>
</table>

Subtotals/Weighted Averages: 9 Projects

- **Average**:
  - Unit Size: 966
  - $/sf: $1,043

### Lacey

<table>
<thead>
<tr>
<th>Key</th>
<th>Community Name</th>
<th>Manager</th>
<th>City</th>
<th>Type (1)</th>
<th>Elev.</th>
<th>Walk Score</th>
<th>Year Built</th>
<th>Units</th>
<th>Occ. Rate</th>
<th>Floor-plans</th>
<th>Share of Units (Beds)</th>
<th>Unit Size</th>
<th>$/sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>Pacific Place Apartments</td>
<td>Yuksel Inc.</td>
<td>Lacey</td>
<td>Garden</td>
<td>2s</td>
<td>48</td>
<td>2009</td>
<td>59</td>
<td>97%</td>
<td>5 0%</td>
<td>37% 63% 0%</td>
<td>1,005</td>
<td>$1,273 $1,325</td>
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<tr>
<td>M</td>
<td>The Madison</td>
<td>Nordevin Group LLC</td>
<td>Lacey</td>
<td>Garden</td>
<td>2s</td>
<td>42</td>
<td>2007</td>
<td>190</td>
<td>96%</td>
<td>5 0%</td>
<td>34% 66% 0%</td>
<td>961</td>
<td>$1,062 $1,204</td>
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<tr>
<td>N</td>
<td>6th Avenue Place</td>
<td>Olympic Mgmt</td>
<td>Lacey</td>
<td>Mid-Rise</td>
<td>4s</td>
<td>69</td>
<td>2008</td>
<td>103</td>
<td>100%</td>
<td>4 0%</td>
<td>68% 26% 6%</td>
<td>810</td>
<td>$876 $951</td>
</tr>
</tbody>
</table>

Subtotals/Weighted Averages: 3 Projects

- **Average**:
  - Unit Size: 924
  - $/sf: $1,043

Overall Subtotals/Weighted Averages: 14 Projects

- **Average**:
  - Unit Size: 962
  - $/sf: $1,022

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

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

Source: Appendix, Costar
EXHIBIT IV-6
PLANNED AND PROPOSED INVENTORY - APARTMENT
CMA
MARCH 2014

<table>
<thead>
<tr>
<th>Key</th>
<th>Name</th>
<th>City</th>
<th>Applicant/Builder</th>
<th>Address</th>
<th>Product Type</th>
<th>Total Rentable Bldg Space</th>
<th>Total Units</th>
<th>Comments</th>
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<tbody>
<tr>
<td>A</td>
<td>Copper Trail Apartments</td>
<td>Olympia</td>
<td>Copper Trail, LLC</td>
<td>701 Alta Street SW</td>
<td>Apartment</td>
<td>U/C</td>
<td>---</td>
<td>260</td>
</tr>
<tr>
<td>B</td>
<td>Hearthstone Apartments</td>
<td>Olympia</td>
<td>Hearthstone Tumwater LLC</td>
<td>800 Alta St SW</td>
<td>Apartment</td>
<td>U/C</td>
<td>---</td>
<td>101</td>
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<tr>
<td>C</td>
<td>Woodbury Crossing, Phase 2 Apt</td>
<td>Olympia</td>
<td>Lennar, Forest City Land Gp</td>
<td>4900 Harrison Ave NW</td>
<td>Apartment</td>
<td>U/C</td>
<td>---</td>
<td>70</td>
</tr>
<tr>
<td>D</td>
<td>Stonegate Apartments</td>
<td>Tumwater</td>
<td>Ron Newman</td>
<td>4820 Rural Road</td>
<td>Apartment</td>
<td>Approved</td>
<td>---</td>
<td>224</td>
</tr>
<tr>
<td>E</td>
<td>Briggs Village Apartments</td>
<td>Olympia</td>
<td>Briggs Village Apt Homes, LLC</td>
<td>4255 Maple St Se</td>
<td>Apartment</td>
<td>Approved</td>
<td>---</td>
<td>72</td>
</tr>
<tr>
<td>F</td>
<td>Evergreen Landing Multifamily</td>
<td>Olympia</td>
<td>Evergreen Landing LLC</td>
<td>1421 Evergreen Park Drive NW</td>
<td>Apartment</td>
<td>Approved</td>
<td>---</td>
<td>36</td>
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<tr>
<td>G</td>
<td>Sleetier View Apartments</td>
<td>Lacey</td>
<td>Lance Milton</td>
<td>Sleetier Kinney Rd NE &amp; Balsam Ave NE</td>
<td>Apartment</td>
<td>Approved</td>
<td>---</td>
<td>28</td>
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<td>H</td>
<td>Thurston First - Apartment</td>
<td>Olympia</td>
<td>Urban Olympia III LLC, Walker John</td>
<td>600 Franklin St Se</td>
<td>Apartment</td>
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<td>---</td>
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<td>I</td>
<td>The Reserve - Apartments</td>
<td>Olympia</td>
<td>Rane Homes</td>
<td>710 Truxer Rd SW</td>
<td>Apartment</td>
<td>Pending Review</td>
<td>---</td>
<td>193</td>
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<td>Affinity at Olympia</td>
<td>Olympia</td>
<td>Geilser Inland WA, LLC</td>
<td>4701 7th Avenue SW</td>
<td>Apartment</td>
<td>Pending Review</td>
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<td>170</td>
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<td>K</td>
<td>Olympia Vista Apts</td>
<td>Olympia</td>
<td>American Properties</td>
<td>3600 Forestbrook WY SW</td>
<td>Apartment</td>
<td>Pending Review</td>
<td>---</td>
<td>141</td>
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<td>L</td>
<td>Columbia Heights - Apartment</td>
<td>Olympia</td>
<td>Columbia Heights LLC, Steven Lou</td>
<td>123 4th Ave W</td>
<td>Apartment</td>
<td>Pending Review</td>
<td>---</td>
<td>138</td>
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<tr>
<td>M</td>
<td>Fern Street Apartments</td>
<td>Olympia</td>
<td>BV Funding, Little Tuscany LLC</td>
<td>1000 Fern St Sw</td>
<td>Apartment</td>
<td>Pending Review</td>
<td>---</td>
<td>108</td>
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<tr>
<td>N</td>
<td>Olympia Green Apts</td>
<td>Olympia</td>
<td>Civil Investments Llc</td>
<td>3852 Lindsey St SE</td>
<td>Apartment</td>
<td>Pending Review</td>
<td>---</td>
<td>102</td>
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<tr>
<td>O</td>
<td>Olympia Vista Apts - Phase 3</td>
<td>Olympia</td>
<td>Olympia Vista Apt Assoc.</td>
<td>1113 Archwood Dr Sw</td>
<td>Apartment</td>
<td>Pending Review</td>
<td>---</td>
<td>100</td>
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<td>Q</td>
<td>Meridian Campus MF 7</td>
<td>Lacey</td>
<td>Lennar</td>
<td>E. of Willamette Dr., N. of 31st Ave NE</td>
<td>Apartment</td>
<td>Conceptual</td>
<td>---</td>
<td>89</td>
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<tr>
<td>R</td>
<td>Meridian Campus MF 5-6</td>
<td>Lacey</td>
<td>Lennar</td>
<td>SW corner of Campus Glen Dr. &amp; Willamette Dr. NE</td>
<td>Apartment</td>
<td>Conceptual</td>
<td>---</td>
<td>81</td>
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<tr>
<td>S</td>
<td>Columbia Place - Apartment</td>
<td>Olympia</td>
<td>Vine Street Investors</td>
<td>503 Capitol Way N</td>
<td>Apartment</td>
<td>Conceptual</td>
<td>---</td>
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Subtotal: 2,157

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

07/24/2014

68
I. Overview by Planning Stage

<table>
<thead>
<tr>
<th>Status (1)</th>
<th>Total</th>
<th>CMA</th>
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</thead>
<tbody>
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<td>Future (Non-Subject Site)</td>
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<td></td>
</tr>
<tr>
<td>Under Construction</td>
<td>431</td>
<td></td>
</tr>
<tr>
<td>In Review</td>
<td>1,331</td>
<td></td>
</tr>
<tr>
<td>Future Pipeline</td>
<td>395</td>
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<tr>
<td><strong>Total Supply</strong></td>
<td>2,157</td>
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II. Supply Projection

<table>
<thead>
<tr>
<th>Status</th>
<th>Start Likelihood</th>
<th>Projected Annual Delivery (%)</th>
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<td>100%</td>
<td>60%</td>
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<tr>
<td>In Review</td>
<td>90%</td>
<td>0%</td>
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<tr>
<td>Future Pipeline</td>
<td>75%</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status</th>
<th>Total Units</th>
<th>Projected Annual Delivery (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Construction</td>
<td>431</td>
<td>259</td>
</tr>
<tr>
<td>In Review</td>
<td>1,198</td>
<td>0</td>
</tr>
<tr>
<td>Future Pipeline</td>
<td>296</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,925</strong></td>
<td><strong>259</strong></td>
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</table>

Near Term Unit Deliveries (5 Years): 1,851

Note: Data represents market-rate units only

Sources: City planning departments, TCG analysis
### Primary Market Area - Thurston County

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Income to Housing</th>
<th>Average Housing</th>
<th>Total Households</th>
<th>Percent</th>
<th>Renter Households</th>
<th>Annual Turnover of Existing Renter Hills</th>
<th>Annual Pool from Turnover</th>
<th>Annual Effective New Hills</th>
<th>Annual Renter New Hills</th>
<th>% Rent</th>
<th>Annual PMA Demand - Apts (1)</th>
<th>Projected CMA (2)</th>
<th>CMA Capture (3)</th>
<th>CMA Demand - New Rentals by Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25,000</td>
<td>$0 - $1,000</td>
<td>70%</td>
<td>10,031</td>
<td>48%</td>
<td>32,917</td>
<td>4,257</td>
<td>38</td>
<td>19%</td>
<td>8,175</td>
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<td>15%</td>
<td>10%</td>
<td>3%</td>
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<tr>
<td>$25,000 - $35,000</td>
<td>$1,000 - $1,300</td>
<td>33%</td>
<td>13,516</td>
<td>47%</td>
<td>5,080</td>
<td>2,337</td>
<td>38</td>
<td>19</td>
<td>4,257</td>
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<td>15%</td>
<td>10%</td>
<td>3%</td>
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<td>2,961</td>
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<td>55</td>
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<td>59</td>
<td>55</td>
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<td>1,121</td>
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<td>2,990</td>
<td>2,990</td>
<td>34</td>
<td>34</td>
<td>563</td>
<td>26%</td>
<td>388</td>
<td>18%</td>
<td>1%</td>
<td>5%</td>
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</tbody>
</table>

Subtotal/Wtd. Avg.: 33% 103,048 111,689 35% 36,466 50% 18,349 1,728 353 55% 10,092 332 69% 6,949 228 25% 8,530 35 40 65 84 23 19

---

### Secondary Market Area - Pierce County

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Income to Housing</th>
<th>Average Housing</th>
<th>Total Households</th>
<th>Percent</th>
<th>Renter Households</th>
<th>Annual Turnover of Existing Renter Hills</th>
<th>Annual Pool from Turnover</th>
<th>Annual Effective New Hills</th>
<th>Annual Renter New Hills</th>
<th>% Rent</th>
<th>Annual SMA Demand - Apts (1)</th>
<th>Projected CMA (2)</th>
<th>CMA Capture (3)</th>
<th>CMA Demand - New Rentals by Age</th>
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<tr>
<td>&lt;$25,000</td>
<td>$0 - $1,000</td>
<td>54%</td>
<td>54,128</td>
<td>67%</td>
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<td>3,610</td>
<td>128</td>
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<td>14,086</td>
<td>55%</td>
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<tr>
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<td>56%</td>
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<td>25</td>
<td>65%</td>
<td>5,670</td>
<td>50%</td>
<td>5,670</td>
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<tr>
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<td>44,837</td>
<td>48%</td>
<td>21,533</td>
<td>2,961</td>
<td>187</td>
<td>59</td>
<td>6,918</td>
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<td>7%</td>
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<tr>
<td>$50,000 - $75,000</td>
<td>$1,400 - $1,800</td>
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<td>63,268</td>
<td>33%</td>
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<td>8,855</td>
<td>557</td>
<td>186</td>
<td>5,756</td>
<td>165</td>
<td>992</td>
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<td>8%</td>
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<td>12%</td>
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<td>260</td>
<td>65</td>
<td>1,063</td>
<td>138</td>
<td>183</td>
<td>24%</td>
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<td>8%</td>
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<tr>
<td>$150,000 - $200,000</td>
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<td>931</td>
<td>68</td>
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<td>437</td>
<td>91</td>
<td>1,116</td>
<td>50</td>
<td>59</td>
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<td>6%</td>
<td>0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Subtotal/Wtd. Avg.: 32% 301,421 336,213 37% 110,172 50% 54,747 7,759 1,837 65% 35,586 1,167 17% 6,132 201 21% 48 50 57 24

Total PMA and SMA (all rent levels) 404,669 441,994 36% 146,638 50% 73,096 7,487 1,990 62% 45,877 1,499 33% 13,881 429 46 101 85 123 18
Total PMA and SMA ($1,000+ monthly rent) 331,324 367,075 29% 97,536 44% 43,299 7,150 1,163 63% 27,122 1,027 75 282 23 77 79 80 23

---

### CMA Demand Capture Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>CMA Capture %</th>
<th>PMA Capture %</th>
<th>SMA Capture %</th>
<th>Sources</th>
</tr>
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<tbody>
<tr>
<td>Projected Annual Pop Growth (2014-2019)</td>
<td>119%</td>
<td>42%</td>
<td>8,372</td>
<td>Clarius</td>
</tr>
<tr>
<td>Renter Hills (2013)</td>
<td>16%</td>
<td>15%</td>
<td>46,604</td>
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</tr>
<tr>
<td>Renter HI 5+ Units (2013)</td>
<td>15%</td>
<td>17%</td>
<td>65,885</td>
<td>Census</td>
</tr>
<tr>
<td>HI 1-2 persons (2013)</td>
<td>15%</td>
<td>17%</td>
<td>65,885</td>
<td>Clarius</td>
</tr>
<tr>
<td>Apartment Inventory (2013)</td>
<td>15%</td>
<td>17%</td>
<td>65,885</td>
<td>Reis</td>
</tr>
</tbody>
</table>

Average All Metrics: 69% 11% (1) For full demand model, see Appendix. (2) Effective existing HHs = current household base less projected loss. (3) All rentals include all renter HHs looking for an apartment in any given year; New Rentals reflects demand for all/different units in market, including demand from new HHs and obsolescence rate of 2.0% per year. (4) See CMA Demand Capture Metrics (above) for detail.
## EXHIBIT IV-9
### APARTMENTS - SUPPLY VS. DEMAND AND SUBJECT CAPTURE
#### COMPETITIVE MARKET AREA
##### MARCH 2014

<table>
<thead>
<tr>
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<td><strong>Supply</strong></td>
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<td>Lease-up Existing to 95%</td>
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<td>0</td>
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<td>CMA Deliveries</td>
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<td>489</td>
<td>522</td>
<td>314</td>
<td>269</td>
<td>74</td>
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<td>246</td>
<td>464</td>
<td>496</td>
<td>298</td>
<td>255</td>
<td>70</td>
<td>1,829</td>
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<td>246</td>
<td>464</td>
<td>496</td>
<td>298</td>
<td>255</td>
<td>70</td>
<td>1,829</td>
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<tr>
<td><strong>Demand</strong></td>
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<tr>
<td>PMA/SMA Demand 1/</td>
<td>1,027</td>
<td>1,027</td>
<td>1,027</td>
<td>1,027</td>
<td>1,027</td>
<td>1,027</td>
<td>6,163</td>
</tr>
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<td>CMA Capture of Demand</td>
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<td>282</td>
<td>282</td>
<td>282</td>
<td>282</td>
<td>282</td>
<td>1,692</td>
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<tr>
<td><strong>Oversupply / Undersupply - CMA</strong></td>
<td>36</td>
<td>(182)</td>
<td>(214)</td>
<td>(16)</td>
<td>27</td>
<td>212</td>
<td>(137)</td>
</tr>
</tbody>
</table>

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

---

### Diagram

- **Lease-Up Existing**
- **CMA Deliveries**
- **CMA Demand (HH Growth Generated)**
- **Peak Net Absorption - L10Y**

---

07/24/2014
13100.00 PuP All: Rent-Supp v Dem

---

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THE CONCORD GROUP
EXHIBIT IV-10
APARTMENT COMPETITIVE INVENTORY - RENT TO SIZE POSITIONING
CMA
MARCH 2014

Note: Figures in parenthesis ( ) represent year built/renovated and occupancy, respectively.
Note: Shadow Inventory represents non-institutional grade product for rent.
V. FOR-SALE RESIDENTIAL MARKET ANALYSIS
Core demand for new product at the site will emanate from the Primary Market Area "PMA".
Core competition will come from the Competitive Market Area "CMA".
**EXHIBIT V-2**

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

<table>
<thead>
<tr>
<th>Period:</th>
<th>Annual</th>
<th>Annual</th>
<th>Annual</th>
<th>Annual</th>
<th>Annual</th>
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<th>3-Yr</th>
<th>5-Yr</th>
<th>10-Yr</th>
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<tr>
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<td>5,942</td>
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<td>3,626</td>
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<td>11.8%</td>
<td>11.1%</td>
<td>6.0%</td>
<td>-1.9%</td>
<td>-16.3%</td>
<td>-20.2%</td>
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<td>8.9%</td>
<td>15.8%</td>
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<td>969</td>
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<td>989</td>
<td>954</td>
<td>1,127</td>
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<td>1.3%</td>
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<td>-25.4%</td>
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<td>-21.9%</td>
<td>-3.3%</td>
<td>9.8%</td>
<td>-8.2%</td>
<td>11.8%</td>
<td>16.8%</td>
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<td>-3.8%</td>
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<tr>
<td>% of Thurston</td>
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<td>26%</td>
<td>25%</td>
<td>27%</td>
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<td>12,851</td>
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Sources: Zillow, DataQuick, Runstand Center for Real Estate Studies  
Note: Tumwater defined by zip codes: 98501 and 98512
## EXHIBIT V-2

### HOME CLOSINGS - VOLUME AND MEDIAN PRICE

**THURSTON COUNTY, TUMWATER, PIERCE COUNTY**

2000 THROUGH 2013

<table>
<thead>
<tr>
<th>Period:</th>
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<th>Annual</th>
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<th>5-Yr</th>
<th>10-Yr</th>
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<td>$155</td>
<td>$167</td>
<td>$183</td>
<td>$217</td>
<td>$248</td>
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<td>$254</td>
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<td>$232</td>
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<td>$219</td>
<td>$227</td>
<td>$224</td>
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<td>$219</td>
<td>$209</td>
<td>$223</td>
<td>$217</td>
</tr>
</tbody>
</table>

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

Note: Tumwater defined by zip codes: 98501 and 98512

---

**Median Home Price ($000)**

- **Thurston County**
- **Tumwater**

---

13100.00 - Housing Macro Market: Summ - Vol & Price

Page 2 of 2
### FOR-SALE RESIDENTIAL (ATTACHED) - COMPETITIVE INVENTORY - SUMMARY

**CMA**  
**MARCH 2014**

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<th>Map Key</th>
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<th>Start</th>
<th>#</th>
<th>Avg</th>
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</tr>
<tr>
<td>A</td>
<td>The Baywood</td>
<td>Fred Finn - Baywood LLC</td>
<td>Olympia</td>
<td>Condo</td>
<td>3</td>
<td>48</td>
<td>5</td>
<td>3</td>
<td>Jun-13</td>
<td>2</td>
<td>0.2</td>
<td>---</td>
<td>1,696</td>
<td>$614,650 $362</td>
</tr>
<tr>
<td>B</td>
<td>Jaylee Townhomes</td>
<td>Aho Construction</td>
<td>Lacey</td>
<td>TH</td>
<td>4</td>
<td>9</td>
<td>57</td>
<td>32</td>
<td>Jun-11</td>
<td>25</td>
<td>0.8</td>
<td>1.0</td>
<td>1,766</td>
<td>$214,225 $121</td>
</tr>
</tbody>
</table>

**Subtotals/Weighted Averages:** 2 Projects  
**4** **12** **62** **35**  
27 | 0.7 | 0.9 | 1,760 | $246,517 $140

| New Duplex/SFD |                               |                           |             |              |         |       |       |      |             |   |     |     |      |             |
| C       | Trosper Ridge                 | DR Horton                 | Tumwater    | SFD (4,500 lot) | 7       | 20    | 99    | 30   | Jan-12      | 69| 2.7 | 4.0 | 2,052 | $241,424 $118 |
| D       | Woodbury Crossing             | Lennar                    | Olympia     | Duplex       | 2       | 31    | 18    | ---  | ---         |  ---|     |     | 1,458 | $199,950 $137 |
| E       | Element                       | Lennar                    | Olympia     | Duplex       | 6       | 31    | 30    | ---  | ---         |  ---|     |     | 1,628 | $197,450 $121 |

**Subtotals/Weighted Averages:** 3 Projects  
**6** **24** **147** **30**  
69 | --- | --- | 1,892 | $227,371 $120

| Resales at Notable Condo/TH Projects |                               |                           |             |              |         |       |       |      |             |   |     |     |      |             |
| F       | Smyth Landing Condo           | Smyth Landing LLC         | Olympia     | Condo        | 2       | 34    | 13    | 0    | Jun-05      | 13| --- | --- | 1,675 | $557,500 $333 |
| G       | Sandpiper Townhomes           | ---                       | Olympia     | TH           | 4       | 46    | 34    | 0    | Jun-08      | 34| --- | --- | 1,674 | $192,750 $115 |
| H       | Capital Lake Towers           | ---                       | Olympia     | Condo        | 12      | 31    | 46    | 0    | Jun-73      | 46| --- | --- | 1,338 | $174,500 $130 |

**Subtotals/Weighted Averages:** 3 Projects  
**8** **37** **93** **0**  
93 | --- | --- | 1,508 | $234,710 $156

**Overall Subtotals/Weighted Averages:** 8 Projects  
**6** **25** **302** **65**  
189 | 2.0 | 2.9 | 1,747 | $233,562 $134

---

*Average Sales Rate accounts for sales since the sales start date. L3M Sales Rate accounts for sales over approximately the last 3 months, representing recent sales pace.  
Note: Averages weighted by Total Units Planned.*
EXHIBIT V-4
FOR-SALE RESIDENTIAL (ATTACHED) - COMPETITIVE INVENTORY - LOCATION
MARKET AREA
FEBRUARY 2014

<table>
<thead>
<tr>
<th>Key</th>
<th>Project Name</th>
<th>Total Units</th>
<th>Year Built</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>The Baywood</td>
<td>5</td>
<td>2013</td>
</tr>
<tr>
<td>B</td>
<td>Jaylee Townhomes</td>
<td>57</td>
<td>2011</td>
</tr>
<tr>
<td>C</td>
<td>Trosper Ridge</td>
<td>99</td>
<td>2012</td>
</tr>
<tr>
<td>D</td>
<td>Woodbury Crossing</td>
<td>18</td>
<td>---</td>
</tr>
<tr>
<td>E</td>
<td>Element</td>
<td>30</td>
<td>---</td>
</tr>
<tr>
<td>F</td>
<td>Smyth Landing Condo</td>
<td>13</td>
<td>2005</td>
</tr>
<tr>
<td>G</td>
<td>Sandpiper Townhomes</td>
<td>34</td>
<td>2008</td>
</tr>
<tr>
<td>H</td>
<td>Capital Lake Towers</td>
<td>46</td>
<td>1973</td>
</tr>
</tbody>
</table>

Subject Site

Color = Location
Red = Tumwater
Cyan = Olympia
Green = Lacey
EXHIBIT V-5
FOR-SALE RESIDENTIAL (ATTACHED) - RESALES HEAT MAP - BASE PRICE
CMA
MARCH 2013 - MARCH 2014

Sales by Product Type

<table>
<thead>
<tr>
<th>City</th>
<th>Product Type</th>
<th># of Sales</th>
<th>Year Built</th>
<th>Size (sf)</th>
<th>Price</th>
<th>PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Townhome</td>
<td>TH</td>
<td>18</td>
<td>2008</td>
<td>1,984</td>
<td>$241,250</td>
<td>$122</td>
</tr>
<tr>
<td>Olympia</td>
<td>TH</td>
<td>105</td>
<td>2005</td>
<td>1,511</td>
<td>$187,323</td>
<td>$124</td>
</tr>
<tr>
<td>Lacey</td>
<td>TH</td>
<td>40</td>
<td>2004</td>
<td>1,537</td>
<td>$150,275</td>
<td>$98</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal/Wtd Avg's:</td>
<td></td>
<td>163</td>
<td>2005</td>
<td>1,570</td>
</tr>
</tbody>
</table>

Condo Sales (Last 12 months)

<table>
<thead>
<tr>
<th>City</th>
<th>Product Type</th>
<th># of Sales</th>
<th>Year Built</th>
<th>Size (sf)</th>
<th>Price</th>
<th>PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumwater</td>
<td>Condo</td>
<td>10</td>
<td>1990</td>
<td>1,433</td>
<td>$104,060</td>
<td>$73</td>
</tr>
<tr>
<td>Olympia</td>
<td>Condo</td>
<td>35</td>
<td>1985</td>
<td>1,660</td>
<td>$175,514</td>
<td>$106</td>
</tr>
<tr>
<td>Lacey</td>
<td>Condo</td>
<td>19</td>
<td>1990</td>
<td>1,352</td>
<td>$93,405</td>
<td>$69</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal/Wtd Avg's:</td>
<td></td>
<td>64</td>
<td>1987</td>
<td>1,533</td>
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</table>

Single Family Sales (Last 3 months)

<table>
<thead>
<tr>
<th>City</th>
<th>Product Type</th>
<th># of Sales</th>
<th>Year Built</th>
<th>Size (sf)</th>
<th>Price</th>
<th>PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumwater</td>
<td>SF</td>
<td>167</td>
<td>2007</td>
<td>2,030</td>
<td>$249,937</td>
<td>$123</td>
</tr>
<tr>
<td>Olympia</td>
<td>SF</td>
<td>529</td>
<td>1997</td>
<td>2,238</td>
<td>$275,695</td>
<td>$123</td>
</tr>
<tr>
<td>Lacey</td>
<td>SF</td>
<td>223</td>
<td>2001</td>
<td>1,953</td>
<td>$248,919</td>
<td>$127</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal/Wtd Avg's:</td>
<td></td>
<td>919</td>
<td>2000</td>
<td>2,131</td>
</tr>
</tbody>
</table>

Sales of New Product (Built in 2012 or later)

<table>
<thead>
<tr>
<th>City</th>
<th>Product Type</th>
<th># of Sales</th>
<th>Year Built</th>
<th>Size (sf)</th>
<th>Price</th>
<th>PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMA</td>
<td>TH</td>
<td>39</td>
<td>2013</td>
<td>1,625</td>
<td>$213,091</td>
<td>$131</td>
</tr>
<tr>
<td>CMA</td>
<td>Condo</td>
<td>2</td>
<td>2013</td>
<td>1,630</td>
<td>$599,950</td>
<td>$368</td>
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<tr>
<td>CMA</td>
<td>SF</td>
<td>449</td>
<td>2013</td>
<td>2,254</td>
<td>$273,349</td>
<td>$121</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal/Wtd Avg's:</td>
<td></td>
<td>490</td>
<td>2013</td>
<td>2,202</td>
</tr>
</tbody>
</table>

Note: CMA is defined as Tumwater, Olympia, and Lacey
Note: Map features Townhome and Condo sales records from last 12 months (dating from 3-6-14). Single Family sales statistics from last 3 months are displayed to the left of the map. Source: Redfin.
## EXHIBIT V-6

**PLANNED AND PROPOSED INVENTORY - FOR SALE (ATTACHED)**

**CMA**  
**MARCH 2014**

<table>
<thead>
<tr>
<th>Map Key</th>
<th>Name</th>
<th>City</th>
<th>Applicant/Builder</th>
<th>Address</th>
<th>Product Type</th>
<th>Status</th>
<th>Total Rentable Bldg Space</th>
<th>Total Units</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Woodbury Crossing, Phase 2 TH</td>
<td>Olympia</td>
<td>Lennar, Forest City Land Grp</td>
<td>4900 Harrison Ave Nw</td>
<td>TH</td>
<td>U/C</td>
<td>---</td>
<td>24</td>
<td>168 SFR aprv’d, ext. 24 TH based on master plan.</td>
</tr>
<tr>
<td>B</td>
<td>Campus Ridge - Condos</td>
<td>Lacey</td>
<td>Lennar</td>
<td>8850 &amp; 8860 Campus Highlands Dr.</td>
<td>Condo</td>
<td>Approved</td>
<td>---</td>
<td>12</td>
<td>Was 78 condos, changed to 12 Condo, 8 TH, 47 SFD</td>
</tr>
<tr>
<td>C</td>
<td>Campus Ridge - TH</td>
<td>Lacey</td>
<td>Lennar</td>
<td>8830 &amp; 8860 Campus Highlands Dr.</td>
<td>TH</td>
<td>Approved</td>
<td>---</td>
<td>8</td>
<td>Was 78 condos, changed to 12 Condo, 8 TH, 47 SFD</td>
</tr>
<tr>
<td>D</td>
<td>5th Avenue Townhomes</td>
<td>Olympia</td>
<td>Glenn Wells</td>
<td>1208 5th Ave SE</td>
<td>TH</td>
<td>Pending Review</td>
<td>---</td>
<td>2</td>
<td>Prelim LU approval in BLDG review</td>
</tr>
<tr>
<td>E</td>
<td>Eastbay Townhomes</td>
<td>Olympia</td>
<td>Artisans Group</td>
<td>1929 East Bay Dr NE</td>
<td>TH</td>
<td>Proposed</td>
<td>---</td>
<td>2</td>
<td>In LU review, 2 Lot TH Short</td>
</tr>
</tbody>
</table>

Subtotal: **48**

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

---

Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.
I. Overview by Planning Stage

<table>
<thead>
<tr>
<th>Status</th>
<th>Total</th>
<th>CMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future (Non-Subject Site)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actively Selling - New Projects</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Under Construction</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>In Review</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Future Pipeline</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total Supply</td>
<td>83</td>
<td></td>
</tr>
</tbody>
</table>

II. Supply Projection

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actively Selling - New Projects</td>
<td>100%</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Under Construction</td>
<td>100%</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>In Review</td>
<td>90%</td>
<td>90%</td>
<td>0%</td>
<td>30%</td>
<td>35%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Future Pipeline</td>
<td>75%</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status</th>
<th>Total Units</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actively Selling - New Projects</td>
<td>35</td>
<td>28</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Under Construction</td>
<td>24</td>
<td>14</td>
<td>7</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>In Review</td>
<td>20</td>
<td>0</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Future Pipeline</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>80</td>
<td>42</td>
<td>20</td>
<td>10</td>
<td>4</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Sources: City planning departments, TCG analysis

Note: Data represents market-rate units only
### Primary Market Area - Thurston County

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Income to Housing</th>
<th>Affordable Home Price</th>
<th>Total Households (2)</th>
<th>Percent</th>
<th>Owner Households</th>
<th>Turnover Annual</th>
<th>Annual Turnover of Existing Owner Hills</th>
<th>Annual Turnover PoD from Turnover</th>
<th>Annual Effective New Hills</th>
<th>Demand - New For-Sale (Units)</th>
<th>CMA Demand - New For-Sale Units by Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $25,000</td>
<td>$0 - $150,000</td>
<td>$35,000</td>
<td>40%</td>
<td>8,766</td>
<td>4,275</td>
<td>14%</td>
<td>596</td>
<td>18%</td>
<td>2%</td>
<td>12%</td>
<td>0%</td>
</tr>
<tr>
<td>$25,000 - $35,000</td>
<td>$25,000 - $200,000</td>
<td>$35,000</td>
<td>35%</td>
<td>23,045</td>
<td>1,661</td>
<td>11%</td>
<td>187</td>
<td>128%</td>
<td>3%</td>
<td>35%</td>
<td>1%</td>
</tr>
<tr>
<td>$35,000 - $50,000</td>
<td>$50,000 - $200,000</td>
<td>$35,000</td>
<td>35%</td>
<td>16,325</td>
<td>1,210</td>
<td>9%</td>
<td>208</td>
<td>20%</td>
<td>2%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>$50,000 - $75,000</td>
<td>$75,000 - $200,000</td>
<td>$35,000</td>
<td>25%</td>
<td>23,525</td>
<td>1,758</td>
<td>11%</td>
<td>187</td>
<td>128%</td>
<td>3%</td>
<td>35%</td>
<td>1%</td>
</tr>
<tr>
<td>$75,000 - $100,000</td>
<td>$100,000 - $200,000</td>
<td>$35,000</td>
<td>25%</td>
<td>20,125</td>
<td>1,505</td>
<td>7%</td>
<td>194</td>
<td>22%</td>
<td>5%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>$100,000 - $150,000</td>
<td>$150,000 - $200,000</td>
<td>$35,000</td>
<td>25%</td>
<td>20,125</td>
<td>1,505</td>
<td>7%</td>
<td>194</td>
<td>22%</td>
<td>5%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>$150,000 - $200,000</td>
<td>$200,000 - $450,000</td>
<td>$35,000</td>
<td>25%</td>
<td>20,125</td>
<td>1,505</td>
<td>7%</td>
<td>194</td>
<td>22%</td>
<td>5%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>$200,000 +</td>
<td>$400,000 - $2,445</td>
<td>$35,000</td>
<td>10%</td>
<td>2,445</td>
<td>416</td>
<td>7%</td>
<td>72</td>
<td>8%</td>
<td>2%</td>
<td>14%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Subtotal/Wtd. Avg.: 27% 103,048 111,689 65% 66,582 10% 6,872 1,728 1,375 2% 137 31 14% 16 3 1 7 01493

### Secondary Market Area - Pierce County

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Income to Housing</th>
<th>Affordable Home Price</th>
<th>Total Households (2)</th>
<th>Percent</th>
<th>Owner Households</th>
<th>Turnover Annual</th>
<th>Annual Turnover of Existing Owner Hills</th>
<th>Annual Turnover PoD from Turnover</th>
<th>Annual Effective New Hills</th>
<th>Demand - New For-Sale (Units)</th>
<th>CMA Demand - New For-Sale Units by Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $25,000</td>
<td>$0 - $150,000</td>
<td>$35,000</td>
<td>40%</td>
<td>54,128</td>
<td>17,978</td>
<td>33%</td>
<td>1,362</td>
<td>20%</td>
<td>6%</td>
<td>1,726</td>
<td>10%</td>
</tr>
<tr>
<td>$25,000 - $35,000</td>
<td>$25,000 - $200,000</td>
<td>$35,000</td>
<td>35%</td>
<td>28,676</td>
<td>12,636</td>
<td>11%</td>
<td>733</td>
<td>14%</td>
<td>3%</td>
<td>77</td>
<td>9%</td>
</tr>
<tr>
<td>$35,000 - $50,000</td>
<td>$50,000 - $200,000</td>
<td>$35,000</td>
<td>30%</td>
<td>44,837</td>
<td>23,304</td>
<td>11%</td>
<td>1,070</td>
<td>4%</td>
<td>2%</td>
<td>91</td>
<td>9%</td>
</tr>
<tr>
<td>$50,000 - $75,000</td>
<td>$75,000 - $200,000</td>
<td>$35,000</td>
<td>25%</td>
<td>63,268</td>
<td>42,099</td>
<td>11%</td>
<td>1,664</td>
<td>4%</td>
<td>2%</td>
<td>91</td>
<td>9%</td>
</tr>
<tr>
<td>$75,000 - $100,000</td>
<td>$100,000 - $200,000</td>
<td>$35,000</td>
<td>25%</td>
<td>64,712</td>
<td>42,099</td>
<td>11%</td>
<td>1,664</td>
<td>4%</td>
<td>2%</td>
<td>91</td>
<td>9%</td>
</tr>
<tr>
<td>$100,000 - $150,000</td>
<td>$150,000 - $200,000</td>
<td>$35,000</td>
<td>20%</td>
<td>21,712</td>
<td>13,150</td>
<td>11%</td>
<td>1,070</td>
<td>4%</td>
<td>2%</td>
<td>91</td>
<td>9%</td>
</tr>
<tr>
<td>$150,000 - $200,000</td>
<td>$200,000 - $450,000</td>
<td>$35,000</td>
<td>20%</td>
<td>21,712</td>
<td>13,150</td>
<td>11%</td>
<td>1,070</td>
<td>4%</td>
<td>2%</td>
<td>91</td>
<td>9%</td>
</tr>
<tr>
<td>$200,000 +</td>
<td>$400,000 - $2,445</td>
<td>$35,000</td>
<td>15%</td>
<td>4,445</td>
<td>274</td>
<td>7%</td>
<td>274</td>
<td>6%</td>
<td>2%</td>
<td>45</td>
<td>9%</td>
</tr>
</tbody>
</table>

Subtotal/Wtd. Avg.: 27% 301,421 330,215 63% 191,249 10% 20,019 5,759 4,722 2% 601 158 14% 84 22 0 1 4 11 3

Total PMA and SMA (all home prices) 404,469 441,984 64% 257,831 10% 26,891 7,487 6,097 3% 788 189

Total PMA and SMA ($150,000+) 331,242 367,075 71% 233,788 9% 22,121 7,150 5,987 3% 607 183

### CMA Demand Capture Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>CMA</th>
<th>PMA</th>
<th>Capture %</th>
<th>SMA</th>
<th>Capture %</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Annual Pop Growth (2014-2019)</td>
<td>1,196</td>
<td>2,853</td>
<td>42%</td>
<td>8,572</td>
<td>12%</td>
<td>Claritas</td>
</tr>
<tr>
<td>Owner HH 2013</td>
<td>24,015</td>
<td>67,688</td>
<td>36%</td>
<td>182,532</td>
<td>12%</td>
<td>Census</td>
</tr>
<tr>
<td>Owner HH 5+ Units (2013)</td>
<td>477</td>
<td>645</td>
<td>65%</td>
<td>1,976</td>
<td>17%</td>
<td>Census</td>
</tr>
<tr>
<td>HH 1-2 persons (2013)</td>
<td>31,968</td>
<td>65,885</td>
<td>49%</td>
<td>183,251</td>
<td>15%</td>
<td>Claritas</td>
</tr>
<tr>
<td>Attached Resales (L12M)</td>
<td>159</td>
<td>195</td>
<td>82%</td>
<td>980</td>
<td>14%</td>
<td>RealIDS</td>
</tr>
</tbody>
</table>

Average All Metrics: 55% 14%

---

(1) For full demand model, see Appendices
(2) Effective existing Hills - current household base less projected loss
(3) All For-Sales include all owner HHs looking for an apartment in our open year: Non For-Sales reflect demand for all non-unit apartment units in market, including demand from new HHs and obsolescence rate of: 1.0% per year.
(4) See CMA Demand Capture Metrics (above) for detail
EXHIBIT V-9
FOR SALE (ATTACHED) - SUPPLY VS. DEMAND AND SUBJECT CAPTURE
COMPETITIVE MARKET AREA
JANUARY 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CMA Deliveries - Total</td>
<td>42</td>
<td>20</td>
<td>10</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>80</td>
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<tr>
<td>PMA/SMA Demand 1/</td>
<td>183</td>
<td>183</td>
<td>183</td>
<td>183</td>
<td>183</td>
<td>183</td>
<td>1,100</td>
</tr>
<tr>
<td>CMA Capture of Demand</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>226</td>
</tr>
<tr>
<td>Oversupply / Undersupply - CMA</td>
<td>(5)</td>
<td>18</td>
<td>28</td>
<td>33</td>
<td>34</td>
<td>37</td>
<td>146</td>
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<tr>
<td>Capture of Undersupply @</td>
<td>5%</td>
<td>(0)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>(0)</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>(1)</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>6</td>
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</tbody>
</table>

1/ Income Qualified demand for all of PMA/SMA with demand for units $150K+
EXHIBIT V-10

FOR-SALE RESIDENTIAL (ATTACHED) - COMPETITIVE INVENTORY - PRICE TO SIZE POSITIONING

CMA

MARCH 2013 TO MARCH 2014

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

Shape = Product Type
- Large Shapes = Competitive Projects
- Small Shapes = Resales

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

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

TCG Rec
- XXXX Market Element (Duplex; Trosper Ridge (SFD (4 500 lot); 40909)
- Woodbury Crossing (Duplex; Condo; 40695)
VI. Office Market Analysis
EXHIBIT VI-1

REGIONAL LOCATION
MARKET AREAS
MARCH 2014

Core demand for new product at the site will emanate from the Primary Market Area "PMA"
Core competition will come from the Competitive Market Area "CMA"
## EXHIBIT VI-2

### HISTORICAL TRENDS

**THURSTON COUNTY & TUMWATER/ S. OLYMPIA MSA**  
**FEBRUARY 2014**

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

(1) All data based on year-end totals  
Source: CoStar
EXHIBIT VI-3

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

Year Built

Rentable Building Area

Number of Stories

Available Square Footage

% of Buildings

% of Buildings

% of Buildings

% of Buildings


City of Tumwater  Office Market Area  Thurston County

City of Tumwater  Office Market Area  Thurston County

City of Tumwater  Office Market Area  Thurston County

City of Tumwater  Office Market Area  Thurston County

131100.00 Office Property Overview: exhibit
07/24/2014

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EXHIBIT VI-4

OFFICE CLUSTER COMPARISON
OFFICE MARKET AREA
FEBRUARY 2014

Source: Business Maps

13100.00 Cluster Comparison: Exhibit (OMA)
07/24/2014
## COMPETITIVE INVENTORY
### OFFICE MARKET INVENTORY
#### MARCH 2014

<table>
<thead>
<tr>
<th>Market</th>
<th>Number of Properties</th>
<th>Average Year Built</th>
<th>Average Bldg Size</th>
<th>Square Footage Total</th>
<th>Available</th>
<th>Sublet Av</th>
<th>Vacancy</th>
<th>Rent Range</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clusters</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Avenue West</td>
<td>72</td>
<td>1958</td>
<td>18,697</td>
<td>1,346,157</td>
<td>216,484</td>
<td>0</td>
<td>15.9%</td>
<td>$15 - $22</td>
</tr>
<tr>
<td>State Avenue East</td>
<td>103</td>
<td>1954</td>
<td>5,506</td>
<td>567,159</td>
<td>48,419</td>
<td>0</td>
<td>8.2%</td>
<td>$13 - $18</td>
</tr>
<tr>
<td>Custer Way</td>
<td>22</td>
<td>1958</td>
<td>6,275</td>
<td>138,054</td>
<td>-</td>
<td>0</td>
<td>0.0%</td>
<td>$12 - $18</td>
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<tr>
<td>Evergreen</td>
<td>28</td>
<td>1986</td>
<td>12,425</td>
<td>347,898</td>
<td>40,394</td>
<td>0</td>
<td>9.0%</td>
<td>$11 - $17</td>
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<tr>
<td>Black Lake</td>
<td>56</td>
<td>1988</td>
<td>2,808</td>
<td>157,249</td>
<td>14,607</td>
<td>0</td>
<td>4.7%</td>
<td>$9 - $15</td>
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<tr>
<td>Capitol Boulevard</td>
<td>51</td>
<td>1982</td>
<td>16,908</td>
<td>862,324</td>
<td>106,745</td>
<td>0</td>
<td>12.2%</td>
<td>$9 - $14</td>
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<tr>
<td><strong>Non-Clusters</strong></td>
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<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td>156</td>
<td>2003</td>
<td>11,804</td>
<td>1,841,452</td>
<td>202,057</td>
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<td>12.1%</td>
<td>$23 - $35</td>
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<td><strong>OMA Total</strong></td>
<td>488</td>
<td>1980</td>
<td>10,779</td>
<td>5,260,293</td>
<td>628,706</td>
<td>0</td>
<td>12.0%</td>
<td>$8 - $24</td>
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EXHIBIT VI-6
LEASE RATES
OFFICE MARKET AREA
MARCH 2014

Sources: Co-Star/ TCG Interviews with Local Brokers
### EXHIBIT VI-7

**PLANNED AND PROPOSED INVENTORY - OFFICE**

**CMA**

**MARCH 2014**

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

Subtotal: 432,500

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

---

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

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

---

**07/24/2014**

13100.00 PnP All: Pnp-Exhibits

---

**THE CONCORD GROUP**
## Exhibit VI-8

**Employment by Industry**

**Thurston County, WA**

**2005-2030**

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

(1) 2005-2010 Employment data based on BEA historical data provided by Thurston County, forecasted data (2015-2030) per TRPC projections
(2) Finance, Insurance and Real Estate Industries
(3) Wholesale Trade, Transportation Services, Communications and Utilities
Sources: TRPC - Population and Employment Work Forecast; BEA; PSRC
## EXHIBIT VI-9

### OFFICE SPACE DEMAND

**THURSTON COUNTY, WA**

**2010-2030**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Perc Off Using (1)</th>
<th>Office Space Square Footage Demanded</th>
<th>Ann Growth 2015-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>Construction</td>
<td>3%</td>
<td>35,425</td>
<td>51,537</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>210</td>
<td>205</td>
</tr>
<tr>
<td>FIRE</td>
<td>70%</td>
<td>1,590,680</td>
<td>1,476,300</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>200</td>
<td>185</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3%</td>
<td>20,242</td>
<td>20,603</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>210</td>
<td>205</td>
</tr>
<tr>
<td>Retail</td>
<td>3%</td>
<td>90,147</td>
<td>96,600</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>205</td>
<td>200</td>
</tr>
<tr>
<td>Services</td>
<td>65%</td>
<td>4,178,987</td>
<td>4,274,010</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>205</td>
<td>180</td>
</tr>
<tr>
<td>WTCU</td>
<td>10%</td>
<td>106,116</td>
<td>115,850</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>185</td>
<td>175</td>
</tr>
<tr>
<td>Education &amp; Health</td>
<td>3%</td>
<td>97,094</td>
<td>105,450</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>190</td>
<td>185</td>
</tr>
<tr>
<td>Government</td>
<td>25%</td>
<td>2,017,023</td>
<td>1,999,200</td>
</tr>
<tr>
<td></td>
<td>SF per Employee (1)</td>
<td>215</td>
<td>210</td>
</tr>
</tbody>
</table>

### Total Non-Farm

|                    | 8,135,712 | 8,139,550 | 8,474,323 | 8,698,275 | 8,927,552 | 0.7% |

(1) TCG Estimates  
Source: TRPC, NAIOP, US GSA, TCG
### EXHIBIT VI-10

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

#### Market Factor (Ks)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Occupied Office Space</td>
<td>8,014,289</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected Office Space Demanded (1)</td>
<td>8,139,550</td>
<td>8,474,323</td>
<td>8,698,275</td>
<td>8,927,552</td>
<td>134,772</td>
<td>223,237</td>
</tr>
<tr>
<td>+ Normalized Vacancy Loss (2)</td>
<td>895,350</td>
<td>932,175</td>
<td>956,810</td>
<td>982,031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>= Supportable Office Inventory</td>
<td>9,034,900</td>
<td>9,406,498</td>
<td>9,655,085</td>
<td>9,909,582</td>
<td>371,598</td>
<td>620,185</td>
</tr>
<tr>
<td>Cumulative Growth</td>
<td>371,598</td>
<td>620,185</td>
<td>874,682</td>
<td>74,320</td>
<td>49,717</td>
<td></td>
</tr>
<tr>
<td>Current Office Inventory</td>
<td>9,025,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Projected Development (3)</td>
<td>250,000</td>
<td>182,500</td>
<td>0</td>
<td>0</td>
<td>50,000</td>
<td>36,500</td>
</tr>
<tr>
<td>= Projected Supply Conditions</td>
<td>9,275,100</td>
<td>9,457,600</td>
<td>9,457,600</td>
<td>9,457,600</td>
<td>250,000</td>
<td>432,500</td>
</tr>
<tr>
<td>Cumulative Growth</td>
<td>250,000</td>
<td>432,500</td>
<td>432,500</td>
<td>432,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Over)/Under Supply</td>
<td>(240,200)</td>
<td>(51,102)</td>
<td>197,485</td>
<td>451,982</td>
<td>12,010,000</td>
<td>24,020,000</td>
</tr>
</tbody>
</table>

---

(1) See Exhibit VI-9 for further detail  
(2) Assumes 11.0% vacancy  
(3) See Exhibit VI-7 for further detail  
Sources: TCG Analyses
VII. RETAIL MARKET ANALYSIS
Core demand for new product at the site will emanate from the Primary Market Area "PMA" and from the greater Puget Sound Region.

Core competition will come from the Competitive Market Area "CMA".
EXHIBIT VII-2

TAXABLE RETAIL SALES
CMA
2003 THROUGH 2013

Taxable Retail Sales ($MM)

<table>
<thead>
<tr>
<th>Geography</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>03'-13 Growth</th>
<th>Sales Per HH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumwater</td>
<td>$342</td>
<td>$393</td>
<td>$448</td>
<td>$435</td>
<td>$458</td>
<td>$434</td>
<td>$408</td>
<td>$398</td>
<td>$418</td>
<td>$461</td>
<td>$467</td>
<td>$125</td>
<td>8,170</td>
</tr>
<tr>
<td>% Change</td>
<td>15%</td>
<td>14%</td>
<td>-5%</td>
<td>5%</td>
<td>-5%</td>
<td>-6%</td>
<td>-2%</td>
<td>5%</td>
<td>10%</td>
<td>1%</td>
<td>37%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olympia</td>
<td>$1,595</td>
<td>$1,669</td>
<td>$1,744</td>
<td>$1,850</td>
<td>$1,879</td>
<td>$1,709</td>
<td>$1,659</td>
<td>$1,743</td>
<td>$1,701</td>
<td>$1,706</td>
<td>$1,821</td>
<td>$226</td>
<td>21,579</td>
</tr>
<tr>
<td>% Change</td>
<td>5%</td>
<td>4%</td>
<td>6%</td>
<td>2%</td>
<td>-9%</td>
<td>-3%</td>
<td>5%</td>
<td>-2%</td>
<td>0%</td>
<td>7%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lacey</td>
<td>$556</td>
<td>$621</td>
<td>$763</td>
<td>$908</td>
<td>$1,093</td>
<td>$1,064</td>
<td>$935</td>
<td>$924</td>
<td>$909</td>
<td>$934</td>
<td>$941</td>
<td>$385</td>
<td>18,171</td>
</tr>
<tr>
<td>% Change</td>
<td>12%</td>
<td>23%</td>
<td>19%</td>
<td>20%</td>
<td>-3%</td>
<td>-12%</td>
<td>-1%</td>
<td>-2%</td>
<td>3%</td>
<td>1%</td>
<td>69%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Change</td>
<td>8%</td>
<td>10%</td>
<td>8%</td>
<td>7%</td>
<td>-6%</td>
<td>-6%</td>
<td>2%</td>
<td>-1%</td>
<td>2%</td>
<td>4%</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Thurston Co</td>
<td>$435</td>
<td>$449</td>
<td>$509</td>
<td>$584</td>
<td>$581</td>
<td>$583</td>
<td>$658</td>
<td>$736</td>
<td>$726</td>
<td>$714</td>
<td>$774</td>
<td>$340</td>
<td>57,611</td>
</tr>
<tr>
<td>% Change</td>
<td>3%</td>
<td>13%</td>
<td>15%</td>
<td>-1%</td>
<td>0%</td>
<td>13%</td>
<td>12%</td>
<td>-1%</td>
<td>-2%</td>
<td>8%</td>
<td>78%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Thurston Co</td>
<td>$2,928</td>
<td>$3,133</td>
<td>$3,465</td>
<td>$3,778</td>
<td>$4,011</td>
<td>$3,790</td>
<td>$3,659</td>
<td>$3,801</td>
<td>$3,754</td>
<td>$3,815</td>
<td>$4,004</td>
<td>$1,076</td>
<td>105,531</td>
</tr>
</tbody>
</table>

(1) 2013 figures annualized based on Q1 through Q3 data
Source: Washington Department of Revenue for taxable retail sales data (includes most tangible goods as well as certain services but excludes groceries, fuel, prescription drugs, medical appliances, interstate sales, sales to the federal government and sales of goods to Native Americans for use on the reservation; Claritas for household data
EXHIBIT VII-3
TRAFFIC COUNTS
SUBJECT SITE
MARCH 2014

• I-5 near Custer Way has freeway traffic counts higher than the 101 NW but lower than the I-5 NE towards Seattle (45,000 fewer cars per day)

• Traffic Counts near the subject site are lower when compared to a retail corridor to the northwest (Black Lake Blvd, 34,000 AADT) and Olympic thoroughfare (Plum Street, 28,335 AADT)

• Peak Traffic Counts near the Subject:
  - Capitol Boulevard at Custer Way (1,945 cars am - 3,070 cars pm)
  - Capitol Boulevard SE at Emerson (690 cars am - 1,010 cars pm)
  - Deschutes Way SW at US 101 WB (870 cars am - 1,045 cars pm)

(Note) - Traffic Counts represent daily number of vehicles at given node. Streets highlighted in yellow, freeways in red. Source: Co-Star, Tumwater Public Works
## RETAIL MARKET PERFORMANCE
### THURSTON COUNTY
#### 2007 THROUGH 2013

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

Source: CoStar

![Retail Market Performance Chart](image-url)
EXHIBIT VII-4

RETAIL MARKET PERFORMANCE
TUMWATER
2007 THROUGH 2013

<table>
<thead>
<tr>
<th>Market Factor</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>QTD</th>
<th>'07-'13 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total RBA (s.f.)</td>
<td>1,350,214</td>
<td>1,353,502</td>
<td>1,353,502</td>
<td>1,353,164</td>
<td>1,461,544</td>
<td>1,461,544</td>
<td>1,461,544</td>
<td>1,461,544</td>
<td>1,399,288</td>
</tr>
<tr>
<td>Net Absorption (s.f.)</td>
<td>42,346</td>
<td>-5,060</td>
<td>-10,009</td>
<td>-71,422</td>
<td>155,310</td>
<td>39,284</td>
<td>-7,386</td>
<td>1,496</td>
<td>20,438</td>
</tr>
<tr>
<td>Deliveries (s.f.)</td>
<td>68,103</td>
<td>3,288</td>
<td>0</td>
<td>0</td>
<td>162,680</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>33,439</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>4.3%</td>
<td>4.9%</td>
<td>5.7%</td>
<td>10.9%</td>
<td>6.9%</td>
<td>4.2%</td>
<td>4.7%</td>
<td>4.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Vacant Stock (s.f.)</td>
<td>58,233</td>
<td>66,581</td>
<td>76,590</td>
<td>147,674</td>
<td>100,744</td>
<td>61,460</td>
<td>68,846</td>
<td>67,350</td>
<td>82,875</td>
</tr>
<tr>
<td>Average Rent ($/s.f./yr)</td>
<td>$14.47</td>
<td>$21.05</td>
<td>$21.24</td>
<td>$19.25</td>
<td>$16.64</td>
<td>$15.52</td>
<td>$17.46</td>
<td>$17.46</td>
<td>$17.95</td>
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Source: CoStar
### EXHIBIT VII-6

#### COMPETITIVE INVENTORY

#### RETAIL MARKET INVENTORY

**Q1 2014**

<table>
<thead>
<tr>
<th>Market</th>
<th># Buildings</th>
<th>Average Year Built</th>
<th>Total S.F.</th>
<th>Average Bldg Size (S.F.)</th>
<th>Vacancy</th>
<th>Rent Range $/S.F. NNN</th>
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</thead>
<tbody>
<tr>
<td><strong>Clusters</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custer Way</td>
<td>21</td>
<td>1974</td>
<td>135,704</td>
<td>6,462</td>
<td>8.1%</td>
<td>$12 - $19</td>
</tr>
<tr>
<td>Capitol Boulevard - South</td>
<td>65</td>
<td>1979</td>
<td>344,242</td>
<td>5,296</td>
<td>9.9%</td>
<td>$12 - $20</td>
</tr>
<tr>
<td>West Tumwater</td>
<td>36</td>
<td>1992</td>
<td>989,330</td>
<td>27,481</td>
<td>2.2%</td>
<td>$10 - $24</td>
</tr>
<tr>
<td>West Olympia</td>
<td>171</td>
<td>1983</td>
<td>3,094,489</td>
<td>18,096</td>
<td>4.9%</td>
<td>$11 - $19</td>
</tr>
<tr>
<td>Downtown Olympia</td>
<td>199</td>
<td>1938</td>
<td>1,552,494</td>
<td>7,801</td>
<td>5.7%</td>
<td>$11 - $25</td>
</tr>
<tr>
<td>State Avenue East</td>
<td>101</td>
<td>1954</td>
<td>421,920</td>
<td>4,177</td>
<td>3.0%</td>
<td>$10 - $18</td>
</tr>
<tr>
<td><strong>Total/Wtd Avg:</strong></td>
<td><strong>593</strong></td>
<td><strong>1963</strong></td>
<td><strong>6,538,179</strong></td>
<td><strong>11,026</strong></td>
<td><strong>5.3%</strong></td>
<td><strong>$10 - $25</strong></td>
</tr>
<tr>
<td><strong>Thurston County:</strong></td>
<td><strong>1,192</strong></td>
<td></td>
<td><strong>13,679,962</strong></td>
<td><strong>11,476</strong></td>
<td><strong>6.0%</strong></td>
<td><strong>$10 - $25</strong></td>
</tr>
</tbody>
</table>
### EXHIBIT VII-8

**PLANNED AND PROPOSED INVENTORY - RETAIL**

**CMA**

**MARCH 2014**

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

**Subtotal:** 634,084

**Under Construction:** 161,900
**Approved:** 112,054
**Pending Review:** 348,602
**Future Pipeline:** 11,528

---

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

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

---

Color = Location

- **Red** = Tumwater
- **Blue** = Olympia
- **Green** = Lacey

---

**Subject Site**

---

**13100.00 PtP All: Pop-Exhibits**

07/24/2014

---

07/24/2014

---

THE CONCORD GROUP

---

**105**
## EXHIBIT VII-9

### RETAIL EXPENDITURES* BY TYPE

<table>
<thead>
<tr>
<th>Category</th>
<th>Total* (Millions)</th>
<th>Required Retail Space</th>
<th>Total* (Millions)</th>
<th>Required Retail Space</th>
<th>Total* (Millions)</th>
<th>Required Retail Space</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per SF</td>
<td>Per HH</td>
<td>Per SF</td>
<td>Per HH</td>
<td>Per SF</td>
<td>Per HH</td>
</tr>
<tr>
<td>Conventional</td>
<td>$1,315,000</td>
<td>$11,523</td>
<td>$360,000</td>
<td>$26,890</td>
<td>$360,000</td>
<td>$26,890</td>
</tr>
<tr>
<td></td>
<td>Secondary RTA</td>
<td>Target Sales</td>
<td>Requirement</td>
<td>Requirement</td>
<td>Required</td>
<td>Requirement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$3,652,187</td>
<td>100%</td>
<td>74.71</td>
<td>$329,100</td>
<td>100%</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>Motor Vehicles</td>
<td>$369</td>
<td>$7,539</td>
<td>$3,336</td>
<td>$7,367</td>
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<tr>
<td></td>
<td></td>
<td>Gas Stations</td>
<td>$207</td>
<td>$4,238</td>
<td>$1,877</td>
<td>$4,145</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Internet/Vending Shopping</td>
<td>$168</td>
<td>$3,445</td>
<td>$1,133</td>
<td>$3,341</td>
</tr>
<tr>
<td></td>
<td>Subtotal:</td>
<td>$744</td>
<td>$6,523</td>
<td>$15,232</td>
<td>$515</td>
<td>$8,694</td>
</tr>
<tr>
<td></td>
<td>$2,059,000</td>
<td>$18,046</td>
<td>$42,122</td>
<td>$360,000</td>
<td>$350,000</td>
<td>$390,000</td>
</tr>
</tbody>
</table>

### Notes:

* Retail expenditures based on consumer spending power of residents living in the defined geography - does not take into account spending from employees or those emigrating from outside the market area.

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Sales per SF</th>
<th>Secondary RTA</th>
<th>RTA</th>
<th>Tumwater</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Required Retail Space</td>
<td>Existing Sales</td>
<td>Required Retail Space</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SF</td>
<td>(M$)</td>
<td>(sf)</td>
</tr>
<tr>
<td>Convenience</td>
<td></td>
<td>335</td>
<td>62,719</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>330</td>
<td>246,232</td>
<td>108</td>
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<tr>
<td></td>
<td></td>
<td>425</td>
<td>236,334</td>
<td>359</td>
</tr>
<tr>
<td></td>
<td></td>
<td>425</td>
<td>385,603</td>
<td>162</td>
</tr>
<tr>
<td>Comparison</td>
<td></td>
<td>340</td>
<td>119,189</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>335</td>
<td>167,156</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>360</td>
<td>38,888</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300</td>
<td>798,206</td>
<td>765</td>
</tr>
<tr>
<td></td>
<td></td>
<td>375</td>
<td>105,026</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300</td>
<td>135,326</td>
<td>98</td>
</tr>
<tr>
<td></td>
<td></td>
<td>335</td>
<td>618,381</td>
<td>318</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500</td>
<td>70,589</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300</td>
<td>138,808</td>
<td>79</td>
</tr>
<tr>
<td>Leisure</td>
<td></td>
<td>350</td>
<td>26,766</td>
<td>$14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>460</td>
<td>230,952</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td></td>
<td>435</td>
<td>272,282</td>
<td>131</td>
</tr>
<tr>
<td></td>
<td></td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td></td>
<td></td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Note: * Retail expenditures based on consumer spending power of residents living in the defined geography - does not take into account spending from employees or from those emanating from outside the market area.

Source: Claritas - "RMP Opportunity Gap - Retail Stores" Sales per SF data from ULIs "Dollar and Cents" 2007 Handbook
### EXHIBIT VII-11

**PROJECTED ANNUAL DEMAND FOR RETAIL SPACE FROM NEW HOUSEHOLDST**

**TUMWATER AND RETAIL TRADE AREAS**

**2014 THROUGH 2019**

<table>
<thead>
<tr>
<th>Retail Store Type</th>
<th>Tumwater</th>
<th>Primary RTA (1)</th>
<th>Secondary RTA (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenditures</td>
<td>Expenditures</td>
<td>Expenditures</td>
</tr>
<tr>
<td></td>
<td>Per Household</td>
<td>Per Household</td>
<td>Per Household</td>
</tr>
<tr>
<td></td>
<td>Percent of</td>
<td>Percent of</td>
<td>Percent of</td>
</tr>
<tr>
<td></td>
<td>Total Exp.</td>
<td>Total Exp.</td>
<td>Total Exp.</td>
</tr>
<tr>
<td>Local-Serving Retail</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Part and Acqsy</td>
<td>$286 1.0%</td>
<td>$268 0.9%</td>
<td>$279 0.9%</td>
</tr>
<tr>
<td>Bldg Matl and Garden Equip Dealers</td>
<td>$776 2.6%</td>
<td>$721 2.5%</td>
<td>$754 2.5%</td>
</tr>
<tr>
<td>Convenience Stores</td>
<td>$290 1.0%</td>
<td>$281 1.0%</td>
<td>$288 1.0%</td>
</tr>
<tr>
<td>Fast Food Restaurants</td>
<td>$828 2.8%</td>
<td>$821 2.8%</td>
<td>$829 2.8%</td>
</tr>
<tr>
<td>Florists</td>
<td>$303 1.0%</td>
<td>$285 1.0%</td>
<td>$292 1.0%</td>
</tr>
<tr>
<td>General Merch Stores</td>
<td>$5,082 17.0%</td>
<td>$4,908 16.9%</td>
<td>$5,017 17.0%</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>$5,610 18.7%</td>
<td>$5,437 18.8%</td>
<td>$5,617 19.0%</td>
</tr>
<tr>
<td>Hardware Stores</td>
<td>$97 0.3%</td>
<td>$90 0.3%</td>
<td>$94 0.3%</td>
</tr>
<tr>
<td>Health and Personal Care</td>
<td>$2,148 7.2%</td>
<td>$2,044 7.1%</td>
<td>$2,135 7.2%</td>
</tr>
<tr>
<td>Home Centers</td>
<td>$362 1.2%</td>
<td>$337 1.2%</td>
<td>$351 1.2%</td>
</tr>
<tr>
<td>Lawn and Garden Equip and Supplies Dealers</td>
<td>$130 0.4%</td>
<td>$122 0.4%</td>
<td>$126 0.4%</td>
</tr>
<tr>
<td>Nursery and Garden Centers</td>
<td>$118 0.4%</td>
<td>$111 0.4%</td>
<td>$114 0.4%</td>
</tr>
<tr>
<td>Office Supplies, Stationery</td>
<td>$120 0.4%</td>
<td>$117 0.4%</td>
<td>$117 0.4%</td>
</tr>
<tr>
<td>Sew/Needlework/PieceGoods</td>
<td>$54 0.2%</td>
<td>$51 0.2%</td>
<td>$51 0.2%</td>
</tr>
<tr>
<td><strong>Total Local-Serving Retail:</strong></td>
<td><strong>$16,204 54%</strong></td>
<td><strong>$15,593 54%</strong></td>
<td><strong>$16,064 54%</strong></td>
</tr>
</tbody>
</table>

**Projected Annual Household Growth:**
- Tumwater: 126 /year
- Primary RTA: 153 /year
- Secondary RTA: 550 /year

**Annual Increase in Local-Serving Expenditures:**
- Tumwater: $2,038,463 /year
- Primary RTA: $2,391,966 /year
- Secondary RTA: $8,831,987 /year

**Target Retail Sales per Square Foot:**
- Tumwater: $360 /sf
- Primary RTA: $360 /sf
- Secondary RTA: $360 /sf

**Annual New Local-Serving Retail Demanded:**
- Tumwater: 5,662 sf
- Primary RTA: 6,644 sf
- Secondary RTA: 24,533 sf

(1) See Exhibit VII-1 for RTA definitions

Source: Claritas Data Services, ULI
### EXHIBIT VII-11

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

<table>
<thead>
<tr>
<th>Retail Store Type</th>
<th>Tumwater</th>
<th>Primary RTA (1)</th>
<th>Secondary RTA (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures Per Household</td>
<td>% of Total Exp.</td>
<td>Expenditures Per Household</td>
<td>% of Total Exp.</td>
</tr>
<tr>
<td><strong>Regional-Serving Retail</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camera/Photo Supply</td>
<td>$40</td>
<td>0.1%</td>
<td>$38</td>
</tr>
<tr>
<td>Clothing Acsry Stores</td>
<td>$33</td>
<td>0.1%</td>
<td>$32</td>
</tr>
<tr>
<td>Clothing Stores</td>
<td>$2,057</td>
<td>6.9%</td>
<td>$2,003</td>
</tr>
<tr>
<td>Computer and Software</td>
<td>$192</td>
<td>0.6%</td>
<td>$189</td>
</tr>
<tr>
<td>Department Stores</td>
<td>$2,525</td>
<td>8.4%</td>
<td>$2,438</td>
</tr>
<tr>
<td>Drinking Places</td>
<td>$78</td>
<td>0.3%</td>
<td>$78</td>
</tr>
<tr>
<td>Eating Places</td>
<td>$2,881</td>
<td>9.6%</td>
<td>$2,847</td>
</tr>
<tr>
<td>Furniture Stores</td>
<td>$508</td>
<td>1.7%</td>
<td>$492</td>
</tr>
<tr>
<td>Gift, Novelty, and Souvenir Stores</td>
<td>$114</td>
<td>0.4%</td>
<td>$111</td>
</tr>
<tr>
<td>Household Appliance Stores</td>
<td>$118</td>
<td>0.4%</td>
<td>$112</td>
</tr>
<tr>
<td>Jewelry Stores</td>
<td>$498</td>
<td>1.7%</td>
<td>$487</td>
</tr>
<tr>
<td>Luggage and Leather Goods</td>
<td>$42</td>
<td>0.1%</td>
<td>$40</td>
</tr>
<tr>
<td>Other Home Furnishings</td>
<td>$381</td>
<td>1.3%</td>
<td>$363</td>
</tr>
<tr>
<td>Radio/TV/Other Electronics</td>
<td>$490</td>
<td>1.6%</td>
<td>$481</td>
</tr>
<tr>
<td>Shoe Stores</td>
<td>$293</td>
<td>1.0%</td>
<td>$287</td>
</tr>
<tr>
<td>Sporting Goods, Hobby, Book and Music Stores</td>
<td>$866</td>
<td>2.9%</td>
<td>$861</td>
</tr>
<tr>
<td>Warehouse Clubs and SuperStores</td>
<td>$2,605</td>
<td>8.7%</td>
<td>$2,518</td>
</tr>
<tr>
<td><strong>Total Regional-Serving Retail</strong></td>
<td>$13,721</td>
<td>46%</td>
<td>$13,377</td>
</tr>
<tr>
<td><strong>Projected Annual Household Growth:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Retail:</strong></td>
<td>$29,925</td>
<td>100%</td>
<td>$28,970</td>
</tr>
<tr>
<td><strong>Annual Increase in Total Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target Retail Sales per Square Foot:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual New Total Retail Demanded:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) See Exhibit VII-1 for RTA definitions  
Source: Claritas Data Services, ULI
EXHIBIT VII-12
RETAIL SUPPLY VERSUS POTENTIAL DEMAND
TUMWATER AND RETAIL TRADE AREAS
2014 THROUGH 2019

<table>
<thead>
<tr>
<th>Tumwater</th>
<th>Primary RTA</th>
<th>Secondary RTA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>5-Year Total</td>
</tr>
<tr>
<td><strong>Potential Demand</strong></td>
<td><strong>Potential Demand</strong></td>
<td><strong>Potential Demand</strong></td>
</tr>
<tr>
<td>Local-Serving</td>
<td>Local-Serving</td>
<td>Local-Serving</td>
</tr>
<tr>
<td>Current Retail Gap (1)</td>
<td>Current Retail Gap (1)</td>
<td>Current Retail Gap (1)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Potential Demand from New HHs</td>
<td>Potential Demand from New HHs</td>
<td>Potential Demand from New HHs</td>
</tr>
<tr>
<td>5,662</td>
<td>6,644</td>
<td>24,533</td>
</tr>
<tr>
<td>28,312</td>
<td>33,222</td>
<td>122,666</td>
</tr>
<tr>
<td>Potential Demand from Outside HH (2)</td>
<td>Potential Demand from Outside HH (2)</td>
<td>Potential Demand from Outside HH (2)</td>
</tr>
<tr>
<td>3,681</td>
<td>8,638</td>
<td>13,984</td>
</tr>
<tr>
<td>18,403</td>
<td>43,188</td>
<td>69,920</td>
</tr>
<tr>
<td>Potential Retail Demand Local-Serving</td>
<td>Potential Retail Demand Local-Serving</td>
<td>Potential Retail Demand Local-Serving</td>
</tr>
<tr>
<td>9,343</td>
<td>15,282</td>
<td>38,517</td>
</tr>
<tr>
<td>46,715</td>
<td>76,410</td>
<td>192,586</td>
</tr>
<tr>
<td>Regional-Serving</td>
<td>Regional-Serving</td>
<td>Regional-Serving</td>
</tr>
<tr>
<td>Current Retail Gap (1)</td>
<td>Current Retail Gap (1)</td>
<td>Current Retail Gap (1)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Potential Demand from New HHs</td>
<td>Potential Demand from New HHs</td>
<td>Potential Demand from New HHs</td>
</tr>
<tr>
<td>4,795</td>
<td>5,700</td>
<td>20,648</td>
</tr>
<tr>
<td>23,974</td>
<td>28,500</td>
<td>103,240</td>
</tr>
<tr>
<td>Potential Demand from Outside HH (2)</td>
<td>Potential Demand from Outside HH (2)</td>
<td>Potential Demand from Outside HH (2)</td>
</tr>
<tr>
<td>3,117</td>
<td>7,410</td>
<td>11,769</td>
</tr>
<tr>
<td>15,583</td>
<td>37,051</td>
<td>58,847</td>
</tr>
<tr>
<td>Potential Retail Demand Regional-Serving</td>
<td>Potential Retail Demand Regional-Serving</td>
<td>Potential Retail Demand Regional-Serving</td>
</tr>
<tr>
<td>7,944</td>
<td>13,110</td>
<td>32,417</td>
</tr>
<tr>
<td>39,556</td>
<td>65,551</td>
<td>162,087</td>
</tr>
<tr>
<td>17,254</td>
<td>28,392</td>
<td>70,935</td>
</tr>
<tr>
<td>86,271</td>
<td>141,961</td>
<td>354,674</td>
</tr>
<tr>
<td><strong>Projected Supply</strong></td>
<td><strong>Projected Supply</strong></td>
<td><strong>Projected Supply</strong></td>
</tr>
<tr>
<td>Current Vacant SF (3)</td>
<td>Current Vacant SF (3)</td>
<td>Current Vacant SF (3)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>230,000</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>230,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Square Feet (Over)Undersupply</strong></td>
<td><strong>Square Feet (Over)Undersupply</strong></td>
<td><strong>Square Feet (Over)Undersupply</strong></td>
</tr>
<tr>
<td>Tumwater</td>
<td>61,171</td>
<td>(88,039)</td>
</tr>
</tbody>
</table>

Source: CoStar, Claritas, Department of Planning

(1) If gap is negative, SF is marked as 0
(2) Based on historic additional spend in trade areas - ratios of outside HH to HH within trade areas: Tumwater = .65; Primary RTA = 1.3; Secondary RTA = .57
(3) If occupancy is less than 95% Current Vacant SF is additional square feet required to reach 95% occupancy. If occupancy is greater than 95% Current Vacant SF is marked as 0
VIII. HOTEL MARKET ANALYSIS
Core demand for new product at the site will emanate from the Primary Market Area "PMA" and from the greater Puget Sound region and out-of-area tourists.

Core demand will come from the Competitive Market Area "CMA".

Subject Site

Tumwater

CMA Definition (Red Shading:)
Tumwater
Olympia
Lacey

PMA Definition (Blue Shading):
Thurston County
### Historical Trends

**Thurston County, WA**

2006-2013

**Market Factor**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy</strong></td>
<td>64.0%</td>
<td>64.0%</td>
<td>60.0%</td>
<td>60.0%</td>
<td>61.0%</td>
<td>58.0%</td>
<td>62.0%</td>
<td>64.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>Y/Y Change</strong></td>
<td>0.0%</td>
<td>-6.3%</td>
<td>0.0%</td>
<td>1.7%</td>
<td>-4.9%</td>
<td>6.9%</td>
<td>3.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Daily Rate</strong></td>
<td>$70.00</td>
<td>$78.00</td>
<td>$80.00</td>
<td>$81.00</td>
<td>$91.00</td>
<td>$96.00</td>
<td>$96.00</td>
<td>$98.00</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Y/Y Change</strong></td>
<td>11.4%</td>
<td>2.6%</td>
<td>1.3%</td>
<td>12.3%</td>
<td>5.5%</td>
<td>0.0%</td>
<td>2.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RevPAR</strong></td>
<td>$44.80</td>
<td>$49.92</td>
<td>$48.00</td>
<td>$48.60</td>
<td>$55.51</td>
<td>$55.68</td>
<td>$59.52</td>
<td>$62.72</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Y/Y Change</strong></td>
<td>11.4%</td>
<td>-3.8%</td>
<td>1.3%</td>
<td>14.2%</td>
<td>0.3%</td>
<td>6.9%</td>
<td>5.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Source: Visitor and Convention Bureau
## HOTEL METRICS
### THURSTON COUNTY
#### 2013

<table>
<thead>
<tr>
<th>Market Factor</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rooms</td>
<td>2,362</td>
<td>2,362</td>
<td>2,362</td>
<td>2,362</td>
<td>2,362</td>
</tr>
<tr>
<td>Occupancy</td>
<td>54.7%</td>
<td>64.7%</td>
<td>78.7%</td>
<td>58.0%</td>
<td>64.0%</td>
</tr>
<tr>
<td>Occupied Rooms</td>
<td>1,292</td>
<td>1,528</td>
<td>1,859</td>
<td>1,370</td>
<td>1,512</td>
</tr>
</tbody>
</table>

% of Occupancy by:

- **Government/Capital Business**: 70% 40% 40% 40% 46%
- **Visiting Friends and Family**: 20% 40% 40% 40% 36%
- **Tourism/Leisure**: 10% 20% 20% 20% 18%

Rooms Occupied by:

- **Government/Capital Business**: 904 611 744 548 702
- **Visiting Friends and Family**: 258 611 744 548 540
- **Tourism/Leisure**: 129 306 372 274 270

### Demonstrated Occupancy by Factors:

<table>
<thead>
<tr>
<th>Market Factor</th>
<th>Avg Occupied Rooms (2013)</th>
<th>Comparative Factor</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government/Capital Business</strong></td>
<td>702</td>
<td>State Gov Empl</td>
<td>0.030</td>
</tr>
<tr>
<td><strong>Visiting Friends and Family</strong></td>
<td>540</td>
<td>Households</td>
<td>0.005</td>
</tr>
<tr>
<td><strong>Tourism/Leisure</strong></td>
<td>270</td>
<td>Ovnt Hotel Visitors</td>
<td>0.434</td>
</tr>
</tbody>
</table>

Sources: Visitor and Convention Bureau, Census, TRPC
## COMPARABLE HOTEL INVENTORY

### LOCAL MARKET AREA

### APRIL 2014

<table>
<thead>
<tr>
<th>Map</th>
<th>Key</th>
<th>Property</th>
<th>City</th>
<th>Type</th>
<th>Address</th>
<th>Rooms</th>
<th>Open Date</th>
<th>Current Occ</th>
<th>Online Rates - Spring</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A</td>
<td>Double Tree Olympia</td>
<td>Olympia</td>
<td>Upscale</td>
<td>415 Capitol Way N</td>
<td>102</td>
<td>Apr-00</td>
<td></td>
<td>$145 $189</td>
<td>Recently remodeled (and changed name)</td>
</tr>
<tr>
<td>B</td>
<td>B</td>
<td>Red Lion Hotel Olympia</td>
<td>Olympia</td>
<td>Midscale</td>
<td>2300 Evergreen Park Dr SW</td>
<td>192</td>
<td>Jun-69</td>
<td></td>
<td>$119 $131</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>C</td>
<td>Best Western Plus Lacey Inn &amp; Suites</td>
<td>Lacey</td>
<td>Mid-Scale</td>
<td>8326 Quinault Drive NE</td>
<td>85</td>
<td>Mar-11</td>
<td></td>
<td>$115 $155</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>D</td>
<td>Candlewood Suites Olympia Lacey</td>
<td>Lacey</td>
<td>Midscale</td>
<td>4440 3RD AVENUE SE</td>
<td>62</td>
<td>Jul-07</td>
<td></td>
<td>$114 $159</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>E</td>
<td>Holiday Inn Express Lacey</td>
<td>Lacey</td>
<td>Upper Midscale</td>
<td>4460 3RD AVE SE</td>
<td>81</td>
<td>Oct-07</td>
<td></td>
<td>$107 $144</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>F</td>
<td>Best Western Tumwater Inn</td>
<td>Tumwater</td>
<td>Mid-Scale</td>
<td>5188 Capitol Blvd SE</td>
<td>90</td>
<td>Dec-92</td>
<td></td>
<td>$104 $109</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>G</td>
<td>Ramada Olympia</td>
<td>Olympia</td>
<td>Midscale</td>
<td>4520 Martin Way E</td>
<td>125</td>
<td>Sep-00</td>
<td></td>
<td>$95 $149</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>H</td>
<td>GuestHouse Inn &amp; Suites Tumwater</td>
<td>Tumwater</td>
<td>Economy</td>
<td>1600 74th Ave SW</td>
<td>59</td>
<td>Feb-99</td>
<td></td>
<td>$89 $112</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>I</td>
<td>Governor Hotel Olympia</td>
<td>Olympia</td>
<td>Midscale</td>
<td>1211 Quince Street SE</td>
<td>62</td>
<td>Jun-65</td>
<td></td>
<td>$88 $108</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>J</td>
<td>Quality Inn Olympia</td>
<td>Olympia</td>
<td>Midscale</td>
<td>4700 Park Center Ave NE</td>
<td>63</td>
<td>Nov-95</td>
<td></td>
<td>$84 $101</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>K</td>
<td>Comfort Inn Conference Center Tumwater</td>
<td>Tumwater</td>
<td>Upper Midscale</td>
<td>1620 74th Ave. SW</td>
<td>58</td>
<td>Jun-01</td>
<td></td>
<td>$87 $107</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>L</td>
<td>Comfort Inn Lacey</td>
<td>Lacey</td>
<td>Upper Midscale</td>
<td>4700 Park Center Ave NE</td>
<td>69</td>
<td>Sep-93</td>
<td></td>
<td>$85 $94</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>M</td>
<td>Extended Stay America Olympia Tumwater</td>
<td>Tumwater</td>
<td>Economy</td>
<td>1675 Mottman Rd Southwest</td>
<td>107</td>
<td>Jan-01</td>
<td></td>
<td>$84 $115</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>M</td>
<td>La Quinta Inns &amp; Suites Lacey</td>
<td>Lacey</td>
<td>Midscale</td>
<td>4704 Park Center Ave NE</td>
<td>77</td>
<td>Jun-90</td>
<td></td>
<td>$77 $100</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>N</td>
<td>Quality Inn &amp; Suites Lacey</td>
<td>Lacey</td>
<td>Midscale</td>
<td>120 College St. SE</td>
<td>77</td>
<td>Jun-90</td>
<td></td>
<td>$77 $100</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>O</td>
<td>Super 8 Lacey Olympia Area</td>
<td>Tumwater</td>
<td>Economy</td>
<td>112 College St SE</td>
<td>100</td>
<td>Aug-80</td>
<td></td>
<td>$61 $87</td>
<td></td>
</tr>
<tr>
<td>Q</td>
<td>P</td>
<td>Days Inn Lacey Olympia Area</td>
<td>Lacey</td>
<td>Economy</td>
<td>8200 Quinault Dr NE</td>
<td>124</td>
<td>May-96</td>
<td></td>
<td>$60 $85</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>Q</td>
<td>Olympia Inn</td>
<td>Olympia</td>
<td>Indep</td>
<td>909 Capitol Way S</td>
<td>27</td>
<td></td>
<td></td>
<td>$59 $61</td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>R</td>
<td>Motel 6 Tumwater Olympia</td>
<td>Tumwater</td>
<td>Economy</td>
<td>400 Lee St Southwest</td>
<td>118</td>
<td></td>
<td></td>
<td>$55 $58</td>
<td></td>
</tr>
</tbody>
</table>

**Recently purchased, not currently operating**

<table>
<thead>
<tr>
<th>Status</th>
<th>Property</th>
<th>City</th>
<th>Address</th>
<th>Rooms</th>
<th>Open Date</th>
<th>Online Rates - Spring</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
<td>Capitol Plaza</td>
<td>Olympia</td>
<td>900 Capitol Way S</td>
<td>99</td>
<td>Jun-74</td>
<td></td>
<td>Looking at repositioning as TownePlace Suites</td>
</tr>
<tr>
<td>U</td>
<td>Bailey Motor Inn</td>
<td>Olympia</td>
<td>3333 Martin Way E</td>
<td>48</td>
<td>Jun-53</td>
<td></td>
<td>Looking at redeveloping as m/u project</td>
</tr>
</tbody>
</table>

**Total / Weighted Average:** 19 Properties 1,726 Jul-93 64% $92 $120 $95

### Room Count Growth

Source: STR, TCG
COMPARABLE HOTEL INVENTORY
LOCAL MARKET AREA
APRIL 2014

Map Key Property

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

Not currently operating
T Capitol Plaza
U Bailey Motor Inn

EXHIBIT VIII-4
EXHIBIT VIII-5
ROOM RATES
LOCAL MARKET AREA
APRIL 2014

TCG Recs - Boutique Hotel
DoubleTree Olympia
Red Lion Hotel Olympia
Best Western Plus Lacey Inn & Suites
Candlewood Suites Olympia Lacey
Holiday Inn Express Lacey
Best Western Tumwater Inn
Ramada Olympia
GuestHouse Inn & Suites Tumwater
Governor Hotel Olympia
Quality Inn Olympia
Comfort Inn Conference Center Tumwater
Comfort Inn Lacey
Extended Stay America Olympia Tumwater
La Quinta Inns & Suites Lacey
Quality Inn & Suites Lacey
Super 8 Lacey Olympia Area
Days Inn Lacey Olympia Area
Olympia Inn
Motel 6 Tumwater Olympia

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

Inventory: room rates
07/24/2014
### EXHIBIT VIII-6

**PLANNED AND PROPOSED INVENTORY - HOTEL**

**CMA**

**MARCH 2014**

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

**Subtotal:**

- **Total Rentable Bldg Space:** 214,982
- **Total Units:** 349

**Color = Location**

- **Red** = Tumwater
- **Blue** = Olympia
- **Green** = Lacey

Sources: CoStar, Planning Departments of the cities of Olympia, Tumwater, and Lacey.
## HOTEL DEMAND AND FUTURE SUPPLY
### LOCAL MARKET AREA
#### 2014 THROUGH 2024

### Government Generated Demand

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government Employment (1)</td>
<td>23,200</td>
<td>23,300</td>
<td>23,500</td>
<td>23,702</td>
<td>24,110</td>
<td>24,300</td>
<td>24,475</td>
<td>24,651</td>
<td>24,829</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>(Growth)</td>
<td>0.4%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.7%</td>
</tr>
<tr>
<td>x Demonstrated Occupied Rooms (2)</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
<td>0.030</td>
</tr>
<tr>
<td>= Rooms Demanded</td>
<td>702</td>
<td>705</td>
<td>711</td>
<td>717</td>
<td>723</td>
<td>729</td>
<td>735</td>
<td>740</td>
<td>746</td>
<td>751</td>
<td>756</td>
</tr>
</tbody>
</table>

### Household Generated Demand - Friends & Family

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Households (3)</td>
<td>105,531</td>
<td>106,735</td>
<td>107,952</td>
<td>109,184</td>
<td>110,429</td>
<td>111,689</td>
<td>112,963</td>
<td>114,252</td>
<td>115,555</td>
<td>116,873</td>
<td>118,206</td>
</tr>
<tr>
<td>(Growth)</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>x Demonstrated Occupied Rooms (2)</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
</tr>
<tr>
<td>= Rooms Demanded</td>
<td>540</td>
<td>546</td>
<td>553</td>
<td>559</td>
<td>565</td>
<td>572</td>
<td>578</td>
<td>585</td>
<td>592</td>
<td>598</td>
<td>605</td>
</tr>
</tbody>
</table>

### Visitor Generated Demand - Leisure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overnight Visitors (000s) (4)</td>
<td>1,152</td>
<td>1,210</td>
<td>1,271</td>
<td>1,334</td>
<td>1,415</td>
<td>1,502</td>
<td>1,574</td>
<td>1,641</td>
<td>1,641</td>
<td>1,641</td>
<td>1,641</td>
</tr>
<tr>
<td>(Growth)</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>x % Visitors to Hotels (4)</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Total Visitors to Hotels (000s)</td>
<td>311.3</td>
<td>326.8</td>
<td>343.2</td>
<td>360.3</td>
<td>371.2</td>
<td>382.3</td>
<td>393.8</td>
<td>405.6</td>
<td>417.7</td>
<td>430.3</td>
<td>443.2</td>
</tr>
<tr>
<td>x Average Hotel Nights per Stay (4)</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>= Room Nights Demand from Visitors (000s)</td>
<td>623.6</td>
<td>654.0</td>
<td>686.4</td>
<td>721.2</td>
<td>742.1</td>
<td>765.2</td>
<td>788.0</td>
<td>811.0</td>
<td>835.9</td>
<td>861.4</td>
<td>886.4</td>
</tr>
<tr>
<td>x Demonstrated Occupied Rooms (2)</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
<td>0.434</td>
</tr>
<tr>
<td>= Rooms Demanded</td>
<td>270</td>
<td>283</td>
<td>298</td>
<td>313</td>
<td>322</td>
<td>332</td>
<td>341</td>
<td>352</td>
<td>362</td>
<td>373</td>
<td>384</td>
</tr>
</tbody>
</table>

### Total Hotel Rooms Demanded

| Total Hotel Rooms Demanded                         | 1,512  | 1,535  | 1,561  | 1,589  | 1,610  | 1,633  | 1,655  | 1,677  | 1,700  | 1,723  | 1,746  |
| Current Hotel Rooms                                | 2,362  |        |        |        |        |        |        |        |        |        |        |
| Future Supply (5)                                  |        | 130    | 80     | 139    |        |        |        |        |        |        |        |
| Total Rooms                                        | 2,362  | 2,492  | 2,572  | 2,711  | 2,711  | 2,711  | 2,711  | 2,711  | 2,711  | 2,711  | 2,711  |
| Market Occupancy                                   | 64.0%  | 61.6%  | 60.7%  | 58.6%  | 59.4%  | 60.2%  | 61.0%  | 61.9%  | 62.7%  | 63.5%  | 64.4%  |

### Total Hotel Rooms Demanded

| = Equilibrium Occupancy                            | 60%    | 60%    | 60%    | 60%    | 60%    | 60%    | 60%    | 60%    | 60%    | 60%    | 60%    |

### Annual Growth / (Loss) of Total Hotel Rooms

| Total Hotel Rooms Demanded                         | 2,520  | 2,558  | 2,602  | 2,648  | 2,684  | 2,721  | 2,758  | 2,795  | 2,833  | 2,871  | 2,910  |
| Annual Growth / (Loss)                             | 38     | 44     | 45     | 37     | 37     | 37     | 37     | 37     | 38     | 39     | 39     |
| = Supportable New Hotel Rooms                      | 158    | 66     | 30     | -63    | -27    | 10     | 47     | 84     | 122    | 160    | 199    |

### Total Hotel Rooms Demanded

| = Equilibrium Occupancy                            | 65%    | 65%    | 65%    | 65%    | 65%    | 65%    | 65%    | 65%    | 65%    | 65%    | 65%    |

### Annual Growth / (Loss) of Total Supportable Hotel Rooms

| Total Supportable Hotel Rooms                      | 2,326  | 2,361  | 2,402  | 2,444  | 2,478  | 2,512  | 2,546  | 2,580  | 2,615  | 2,650  | 2,686  |
| Annual Growth / (Loss)                             | 35     | 41     | 42     | 34     | 34     | 34     | 34     | 34     | 35     | 35     | 35     |

---

(1) per TRPC projections  
(2) per TCG calculations - see Exhibit VIII-3  
(3) per Claritas projections  
(4) Per Convention and Visitors Bureau Estimates  
(5) Per TCG survey - see Exhibit VIII-6