

Section V: Market Analysis

Competitive communities were selected based on the following factors: age, amenities, unit mix, resident profile, resident services, similarity of structure, rental rates, and proximity to PROPERTY. Community Comparison Evaluation Forms can be found in **Exhibit J**.

Data is provided on the following communities, in addition to PROPERTY. PROPERTY is defined as the subject.

Subject Property	PROPERTY
Comparable #1	Woodbridge
Comparable #2	Garden Brook

PROPERTY is managed by My Company. Completed in 1985, the community has a bright, vibrant curb appeal and is surrounded by mature landscaping and trees. The main identification sign is attractively colored beige and black and leaves a distinctive impression with visitors and commuters on Primary Artery Road. The leasing office is attractively designed and offers a comfortable setting in which to conduct business. The apartments are quite spacious and feature sunrooms, screened porches, patios, fireplaces, washer/dryer connections, large bathtubs with vanity ledges, skylights, and storage closets. PROPERTY is proud to offer up to date amenities, including a sparkling swimming pool with a depth of eight feet, a state of the art fitness center, a fully furnished, cutting edge business center, controlled access gates, a lighted tennis court, a playground, a car care center, and several picnic and barbecue areas.

Woodbridge is a garden style apartment community managed by Company 2 and located one and two-tenths miles south of PROPERTY on Primary Artery Road, where its location affords it the same advantages of drive by traffic enjoyed by PROPERTY. The community was completed in 1984, and its 312 units are a mix of one, two, and three bedroom apartments. The apartment interiors feature washer/dryer connections, attached storage areas, patios, and fireplaces. Woodbridge's amenities include a swimming pool, tennis courts, an exercise room, car care center, Jacuzzi, and a sauna. A sample brochure and newsletter have been included in **Exhibit K**.

Garden Brook is managed by Company 3 and is composed of 432 garden style apartments as well as 52 townhouses for a total of 484 units. The community was completed in 1984, and is a sprawling community with a neighborhood feel. Located just two-tenths of a mile from PROPERTY on Deer Road, Garden Brook takes advantage of a stand of large, thick trees as a border between the community and the road. As interior features, this community features washer/dryer connections, patios with storage areas, fireplaces, and intrusion alarms. The amenities at this community include a swimming pool, rentable clubhouse, tennis court, exercise room, barbecue area, car care center, and Jacuzzi. A sample brochure and rental criteria have been included as **Exhibit L**.

All three communities have comparable amenities. The sauna is unique at Woodbridge, as are the controlled access gates and playground at PROPERTY. Garden Brook is the only community with a rentable clubhouse.

The communities all share similar interior features, as well. All three feature storage areas, patios, washer/dryer connections, and fireplaces. The intrusion alarms at Garden Brook are a nice selling point to those concerned with safety.

Other differences between the communities can be found in move in fees and rental policies. Parking is free and treated as a “first come, first serve” policy at all three communities. PROPERTY’s move in fees include a \$50 application fee, \$100 redecoration fee, and a security deposit of \$100-\$400 based on the resident’s credit. Woodbridge gets \$65 for the application fee, \$200 for the redecoration fee, and, also based on credit, a security deposit ranging from \$0-\$1200. Garden Brook has slightly lower fees, with an application fee of \$25, a \$100 redecoration fee, and a \$100 security deposit for all approved applications. The communities all have pet fees of \$300.

The resident profiles are similar at all three communities, with Woodbridge attracting a slightly higher income clientele, thanks in part to its Company 2 ties. The communities all make use of standard print advertising as well as bootleg signs. Thanks to heavy commuter traffic on both Primary Artery Road and Deer Road, all three communities are also able to capitalize on a heavy flow of drive-by prospects. The communities all focus on customer service as the top priority of management.

Demand and Vacancy Rates Comparison

As described in **Exhibit M**, the subject property and comparables report the following occupancy:

PROPERTY 95.97% occupied
94.64% leased

Woodbridge 97.1% occupied
98.0% leased

Garden
Brook 92.7% occupied
93.4% leased

A rent schedule for all three communities can be found in **Exhibit N**.

Three bedroom floorplans are the most popular at all three communities, with those floorplans having an average vacancy rate of 3.1%. Average rent per square foot on three bedroom floorplans is \$0.61 at PROPERTY, \$0.69 at Woodbridge, and \$0.62 at Garden Brook. Two bedrooms have a slightly higher vacancy rate of 4.0%, with average rent per square foot of \$0.58 at PROPERTY, \$0.67 at Woodbridge, and \$0.60 at Garden Brook.

One bedroom floorplans represent the lion's share of vacancy with an average rate of 7.5%. The average rent per square foot for these apartments is \$0.63 at PROPERTY, \$0.79 at Woodbridge, and \$0.71 at Garden Brook. The average square footages of the one bedrooms are 960 square feet at PROPERTY, 778 square feet at Woodbridge, and 792 square feet at Garden Brook. The two bedrooms average is 1235 square feet at PROPERTY, 1195 at Woodbridge, and 1208 square feet at Garden Brook. Three bedroom floorplans average 1435 square feet at PROPERTY, 1490 square feet at Woodbridge, and 1520 square feet at Garden Brook. In summary, PROPERTY is slightly behind both Woodbridge and Garden Brook in average rent per square foot of all three floorplans. However, this can be attributed to having significantly larger floorplans in the one and two bedroom floorplans yet still having to keep prices in line with competition.

Conclusions and Recommendations

Based on this analysis there are several ways for PROPERTY to make improvements to stand apart from comparable communities and increase income. First and foremost, rents can be increased on three bedroom floorplans. While the lower rent per square foot average is justifiable in one and two bedroom floorplans due to the size difference, PROPERTY currently trails the competition in both average square footage and average rent per square foot on three bedroom apartments. With these apartments also being the most popular, it would not be out of line to charge additional rent on all three bedrooms. Therefore, it is my recommendation to raise three bedroom rents by \$25 per month.

While all three communities offer tennis courts, none have an organized tennis league or lessons. PROPERTY could easily have a teaching professional visit the community one evening a week and offer free tennis lessons to the residents. Organizing a league is something that can be accomplished with little or no up front cost, and it will encourage use of the tennis courts as well as giving the residents an enhanced sense of community.

Finally, I recommend a revamped outreach marketing system. The area surrounding PROPERTY abounds with small stores and restaurants; the employees of these businesses are PROPERTY's target demographic – residents who want a clean, safe, and affordable apartment. By implementing a preferred employer program that encompasses all business within a one and one half mile radius of the community and regularly visiting businesses with updated leasing information, PROPERTY can capitalize on attracting those residents who already spend the bulk of their time in the immediate area.