MARKET STUDY REPORT

Oxford Town Center Redevelopment
Oxford Township
Warren County, New Jersey

PREPARED FOR

Marc Pasquini, Mayor
Oxford Township
11 Green Street
Oxford, New Jersey 07863

OTTEAU GROUP
VALUATION | RESEARCH | CONSULTING | BROKERAGE

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February 24, 2016

Marc Pasquini, Mayor
Oxford Township
11 Green Street
Oxford, New Jersey 07863

RE: Oxford Town Center Redevelopment
Oxford Township
Warren County, New Jersey

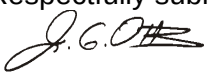
Dear Mr. Pasquini:

In accordance with your request, I submit our market study report for the Oxford Town Center Redevelopment. The purpose of this study is to assess the viability of residential and retail development for the study area within the context of economic, demographic and real estate market conditions.

I have inspected the subject site and investigated economic, demographic and real estate market factors that are relevant to the purpose and intended use of our study. The resulting analyses set forth herein have been specifically developed within the context of the regional and local market area.

This market study report summarizes the various processes employed in developing our conclusions, the relevant data which formed the basis of our analyses, various exhibit documents upon which we have relied and any assumptions upon which our study has been based.

Respectfully submitted,



Jeffrey G. Otteau, President,
New Jersey Certified General Real Estate Appraiser, #42RG00094100
New York Certified General Real Estate Appraiser, #46000045325
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Delaware Certified General Real Estate Appraiser, #X1-0000419
National Association of Independent Fee Appraisers, IFA Designation #2377

JGO/td

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PART I - INTRODUCTION

Executive Summary

Date of Study Report:	February 24, 2016
Effective Date of Study:	October 30, 2015
Location:	Oxford Town Center Redevelopment Area Oxford Township, Warren County, NJ

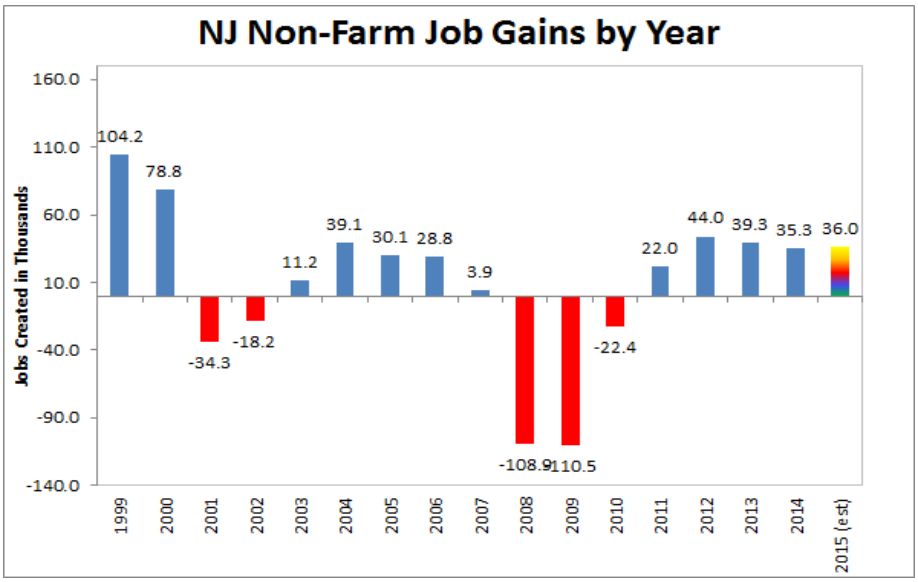
Synopsis: The subject property is identified as the Oxford Town Center Redevelopment Area, which consists of 271.96 acres of land located within the Township of Oxford in Warren County, New Jersey. The study area consists primarily of two tracts which are commonly known as Oxford Textile Mill Redevelopment Area and The Triangle, as described below:

- Oxford Textile Mill Redevelopment Area - identified on the municipal tax map of Oxford Township, as being Block 33, Lots 4 (115 Axford Avenue), 4.02 (Foundry Street) & 4.03 (Axford Avenue). The overall area encompasses approximately 270.47 acres and is bordered by Lower Denmark Road to the north and west, Foundry Street to the south, and Axford Avenue to the east. The area within Block 33, Lot 4 (166.33 acres) is proposed for use as a commercial wetlands mitigation bank project, and was sold by Oxford Textile Inc. to Ecological Mitigation Oxford, LLC on February 25, 2013 for $3,300,000. Therefore, the proposed Oxford Town Center excludes all of the wetlands mitigation bank area located on Block 33, Lot 4. The property was previously granted municipal approval for mixed use development consisting of 325 age-restricted dwellings and retail/commercial space. Due to the lack of viability for age-restricted housing, the approvals were modified in Resolution 2011-53, dated June 15, 2011. The recent approvals allow for the development of up to 325 residential dwelling units and 40,000 Ft^2 of commercial/office space.
- Triangle Redevelopment Area – identified on the municipal tax map of Oxford Township, as being Block 45, Lot 1 (50 Wall Street). The area encompasses approximately 1.49 acres and is located between Washington Street, Wall Street, and Route 31 is the location of the former Oxford Iron and Nail Company. The structures on this property were razed due to fire damage leaving the site vacant at the present time. The "triangle" is situated across Washington Avenue from Shippen Manor and has been a focus of Township attention for many years. In accordance with Resolution 2007-73, dated December 10, 2007, the property was adopted as an Area in Need of Redevelopment pursuant to N.J.S.A. 40A:12A-5.

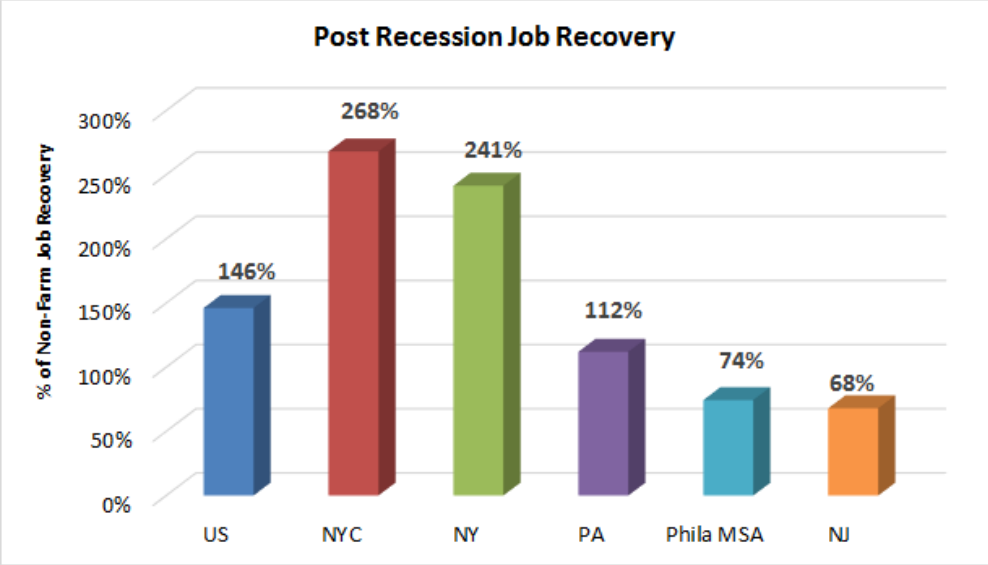
  Note: Also incorporated into the study area are 2 blocks situated on the southern side of Wall Street, directly opposite the Triangle property.

The purpose of this study is to assess the viability of housing and retail development for the study area within the context of economic, demographic and real estate market conditions.

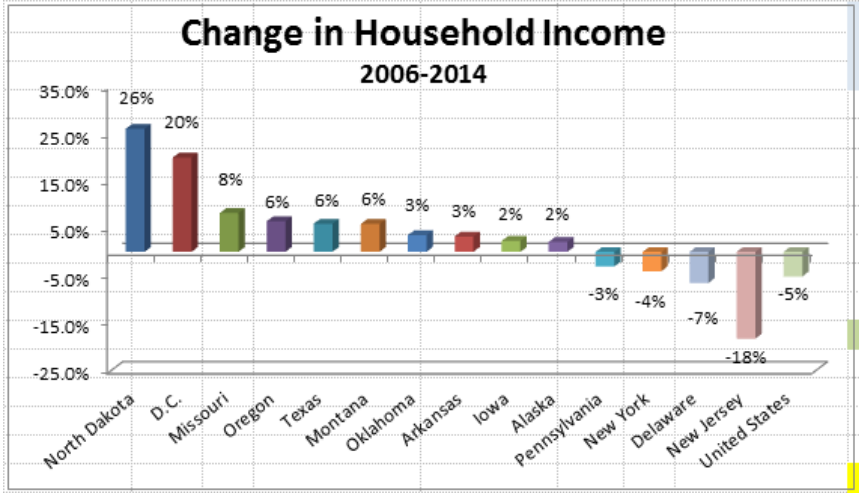
Economic & Demographic Conditions: Despite New Jersey's past economic strength it has experienced one of the slowest job recoveries of all states following the 2007-2009 economic recession which ended more than 6 years ago. Following 11 consecutive months of job gains the state reported losses in June and July totaling 23,000 non-farm jobs. Based upon this year's pace the state is on track to gain 36,000 jobs in 2015, which is slightly greater than last year's gain.



As a result of New Jersey's changed economic circumstance it has recovered only 68% of the jobs lost during that recession compared to 146% recovery for the US overall. The state's job recovery has also been less than in New York and Pennsylvania.



Personal & Household Income – The slower pace of economic growth in New Jersey is having a corresponding effect on household income. According to the US Census Bureau, median household income declined by 18% from 2006 to 2014 in New Jersey ranking 50th in the nation. This compares to an average nationwide decline of only 5%, a 4% decline in New York and a 3% decline in Pennsylvania. The weaker performance of the New Jersey economy translates directly to reduced purchasing power for home buyers and a corresponding increase in demand for multi-family rental apartments which are offer a less expensive housing alternative. As a result of New Jersey's economic struggles, it's median household income of $65,243 has slipped from being the highest in the nation in both 2005 and 2006 to being ranked 9th in 2014.



US Median Household Income
2014 Dollars

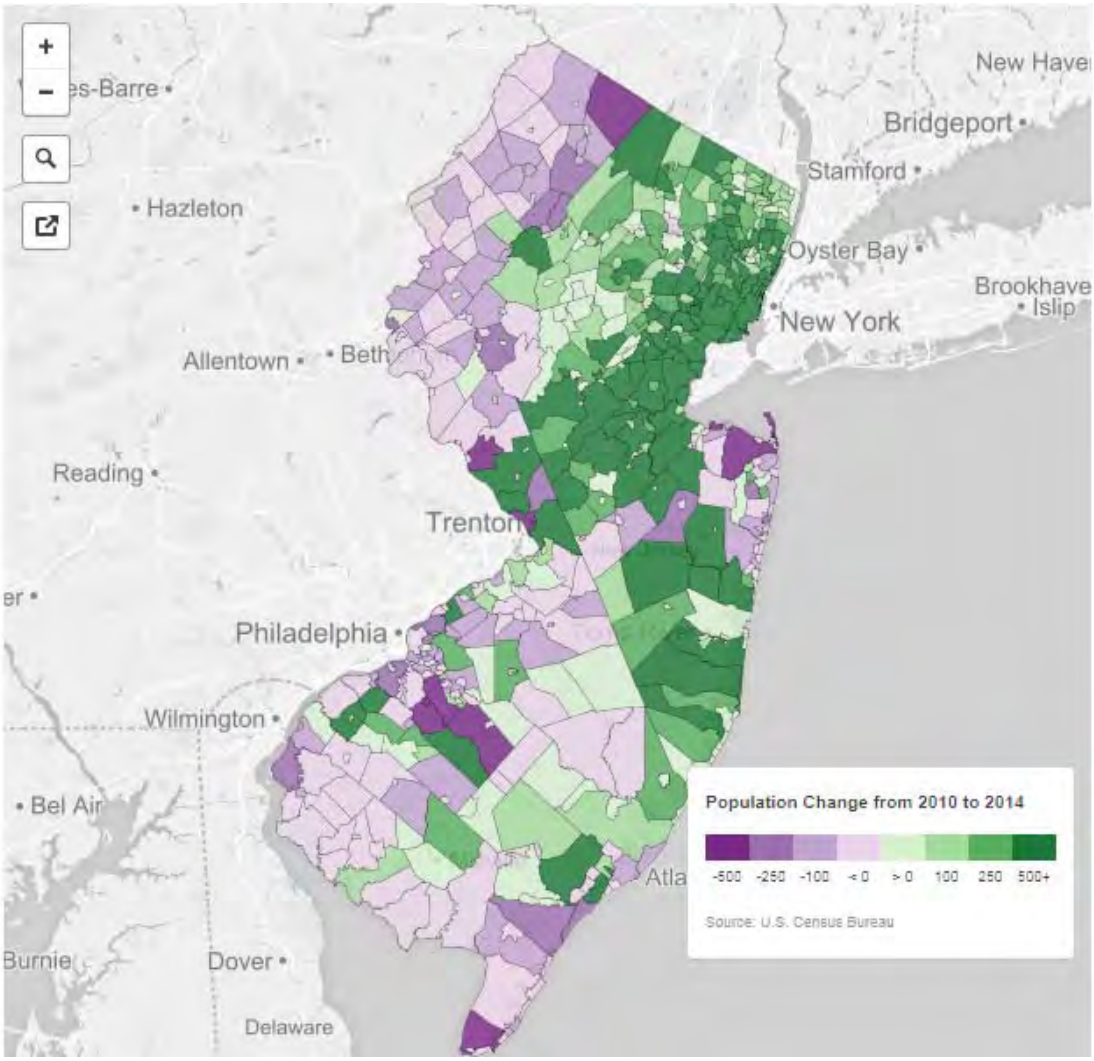
Rank	State	Income
1	Maryland	$ 76,165
2	New Hampshire	$ 73,397
3	Hawaii	$ 71,223
4	Connecticut	$ 70,161
5	D.C.	$ 68,277
6	Alaska	$ 67,629
7	Minnesota	$ 67,244
8	Virginia	$ 66,155
9	New Jersey	$ 65,243
10	Utah	$ 63,383
21	Delaware	$ 57,522
25	Pennsylvania	$ 55,173
27	New York	$ 54,310
-	United States	$ 53,657

SOURCE: US Census Bureau, Otteau Group, Inc.

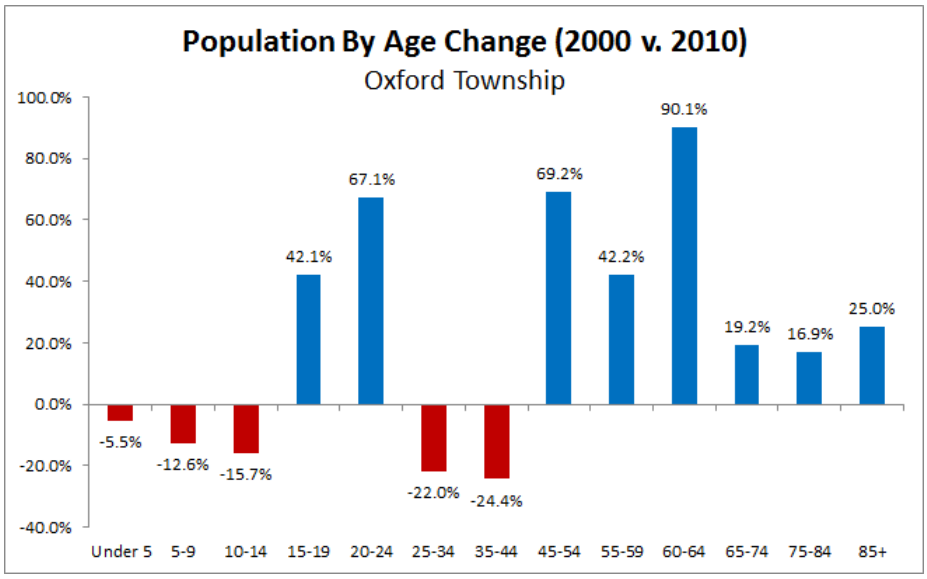
We have also identified a series of demographic trends which are instructive in determining a viable use of the subject property.

- The largest population cohorts living within 15-miles of the redevelopment area are those between 45-54 (46,050 or 17%) and 55-64 (38,825 or 14%). The former typically consists of family households with children living at home, while the latter reflects aging baby-boomers who are approaching retirement. Our affordability analysis has however determined that a majority of these cohorts are unable to afford the cost of new single family detached homes. They do however have adequate purchasing power to afford the cost of new townhouses, which supports this housing type. The next largest cohorts are those aged 35-44 and 25-34, which are likely to consist primarily of childless households and which have adequate purchasing power to afford new townhouse construction. As discussed previously, we recommend that any townhouse construction within the redevelopment area include a first-floor master bedroom option to appeal to older age households.
- The largest household types, as measured by the household size, living within 15 miles of the site have "2-persons" (32,240 or 32%. Also, the next largest type is 1 person households (23,947 or 24%). These factors are supportive of constructing multi-family housing in the form or for-sale townhouses or multi-family rental apartments.
- The largest household type as measured by the presence of children, living within 15 miles of the site have no children under the age of 18 (64,689 or 65%), which supports the construction of multi-family housing in the form of for-sale townhouses or multi-family rental apartments.

We have also determined that the northwestern portion of New Jersey, which includes Warren County, is experiencing population decline. According to the US Census Bureau's, 187 of New Jersey's municipalities (33%) lost population from 2000 to 2014. What's particularly revealing about these figures is where the towns that are losing population are located. As shown in the map below, the towns experiencing population declines are predominantly located in the northwestern and southern portions of the state which are the furthest from major employment centers, public transportation to New York City.



A significant local demographic trend is the declining population of certain age cohorts in Oxford Township. As shown in the chart below, the municipality is experiencing population declines in a number of age cohorts. Of particular concern is the decline in the 25-34 (-22%) and 35-44 (-24%) age cohorts over the 10-year period from the 2000 to 2010 Census. These cohorts represent the leading edge of the 'Millennial' generation which is an essential component of a viable economy and real estate market. We also note sharp declines in the 0-14 age cohorts which translate directly to present and future school enrollment trends (see table below).



The decline in the 'Millennial' population has significant long-term implications for residential and commercial real estate demand in Oxford Township, including its effect on local employment. Because employers universally understand that proximity to Millennials is an essential ingredient of a successful business, employers will logically choose to locate in, or relocate to, places that are able to attract and retain this key talent pool. That Oxford is experiencing a loss of this demographic cohort implies long term weakness in all forms of real estate demand. One of the more effective ways to counteract this trend is to construct more affordable multi-family forms of housing in which Millennials prefer to live, such as townhouses.

When considered collectively, these trends indicate that economic and real estate demand growth will be concentrated in places which offer multi-family forms of housing in close proximity to employment, transportation and lifestyle amenities. This description is perfectly aligned with the construction of multi-family housing within the study area while simultaneously planning for additional retail capacity.

All-Age For-Sale Market Findings: Home purchase demand in New Jersey increased for the 13th consecutive month in September with more than 8,000 home-purchase contracts recorded. This was the highest number of purchase contracts recorded in the month of September since 2005, reflecting a 15% increase compared to the same month one year ago.

While home purchase demand continues to rise, the inventory of available homes remains constrained in New Jersey. The number of homes being offered for sale in the month of September declined by more than 1,400 homes (-3%) compared to one year ago. This is about 19,000 (-26%) fewer homes on the market compared to the cyclical high in 2011. Today's unsold inventory equates to 6.7 months of sales (non-seasonally adjusted), which is less than one year ago when it was 7.9 months.

The broad improvement in housing market conditions over the past few years has resulted in rising home prices in New Jersey. Median home prices in the state rose by 2% in Q2 compared to one year ago. The median home price in New Jersey increased to $304,811 in Q2 up from $298,770 one year earlier.

Focusing on the local submarket area however indicates much weaker market conditions with declining sales pace and high foreclosure rates. We have also determined that new construction

projects offering single family homes are experiencing anemic sales pace due in large part to the inability of local area households to afford the cost of those homes. Demand is however significantly greater for new townhouse development due to its smaller size geared toward smaller size households. Also, the lower cost of townhouse construction is better aligned with local income levels.

We have also determined an ability to generate increased purchase demand for townhouse dwellings through design efficiencies and tax abatements which reduce the cost of homeownership. This can be accomplished by constructing smaller size townhouse dwellings which would be lower in cost. Another vehicle to create 'induced demand' is to offer tax abatements would lower the monthly housing expense of homeownership. Discussions with the client have indicated that Oxford Township will offer such a tax abatement which will lower property taxes for townhouse dwellings by 30% for a period of 15-years.

It is therefore our conclusion that multi-family townhouse development is the most viable development scenario for the study area. **Based upon our review of investigation and analysis, we conclude that the study area can accommodate construction of 325 townhouse dwellings consistent with current development approvals.**

Rental Market Findings: One of the more forceful real estate trends over the past 10 years has been the decline in home ownership resulting from the increasing number of renter households. This shift, which is deeply rooted in broad economic and demographic changes, has resulted in accelerating demand growth for multi-family rental apartments which far exceeds the existing supply. As a result, demand for apartments remains strong four years after the recovery began even though construction activity has been increasing. In New Jersey, apartment vacancy rates declined slightly to 3.2% in the 3rd quarter. The state's current vacancy rate remains down 200 basis points (bp) from the 5.2% cyclical peak recorded back in 2010, and 110 bp less than the national rate. As a result of these strong market fundamentals in New Jersey, asking rents in the state continue to rise on the strength of reduced vacancy and rising net positive absorption.

Our investigation has indicated continued demand growth for modern multi-family apartments with a generous compliment of recreational and social amenities.

While demand is projected to increase we note that existing multi-family housing is under-supplied in Oxford Township. The 2013 American Community Survey by the US Census Bureau indicates that approximately 5% of the Township housing stock is in multi-family structures with 5 or more units while 19% of its population is between the ages of 18-34 and an additional 14% of the population is ages 65 and older. Also, 56% of its households are either 1-person or 2-persons in size and 66% have no children living at home. These facts support the introduction of additional housing in the form of multi-family rental apartments for those younger age, older age, and small-size 'childless' households.

While constructing multi-family apartments is well aligned with the predominance of smaller size households without children living at home, we note that prevailing rental rates for apartment properties in regional area are relatively low. **We therefore conclude that constructing market-rate rental apartments is not a viable use for the study area.**

We note however, that constructing affordable rental housing units, which carry lower construction costs, is a suitable use for the study area and could be designated to satisfy any affordable housing 'set-aside' obligations resulting from townhouse

construction. We therefore recommend that any apartment construction on the site be limited to affordable housing units.

Retail Market Findings: While the rising share of e-Commerce sales is certainly affecting the overall performance of the retail real estate market, this sector is primarily affected by the overall health of the economy. Rising consumer spending levels has contributed to continuing positive net absorption for retail centers. Both vacancy and availability in New Jersey's retail space have been declining due to rising demand resulting from the slow improvement in economic conditions. As a result of the rising demand for retail space, vacancy in New Jersey has declined by 130 basis points from a cyclical high of 7.0% in Q4.2012 to 5.7% in Q3.2015. Another indication of improved retail market conditions in New Jersey is that rental pricing has generally trended higher over the past 2 years, although some modest declines have been evident more recently.

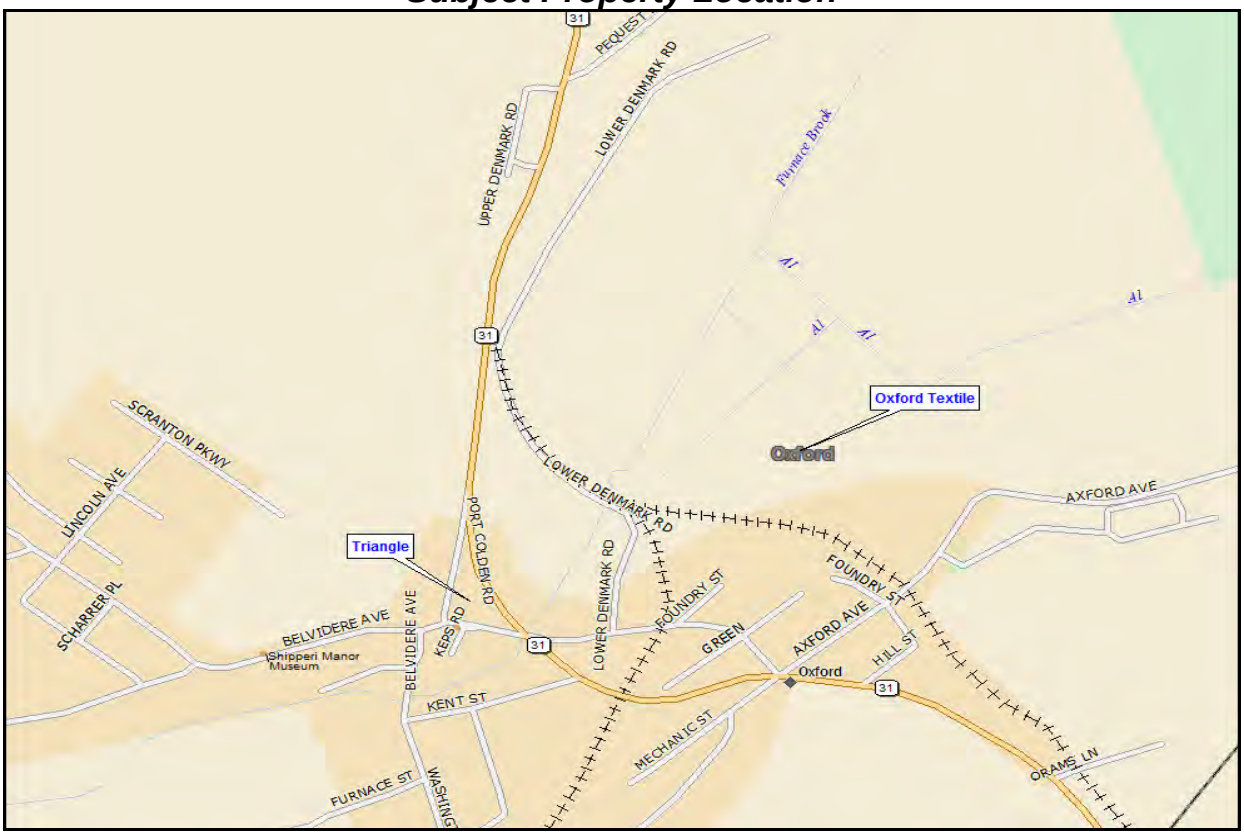
Our market analysis of the local and regional submarket area has found that retail market conditions are much weaker in the local trade area of the subject property than exists across the rest of New Jersey. This is evidenced in lower rental rates and higher vacancy rates in the local trade area. When coupled with the likelihood of static or negative rates of household formation in the local area, the construction of additional retail space is not supported as a stand-alone development component.

There is however a potential to generate demand for retail space if additional housing units are constructed within the study area as is recommended in this report. **Based upon our demand analyses we project induced demand equivalent to 45,000 Ft^2 of retail capacity within the study area conditioned upon the construction of 325 townhouse dwellings.**

Study Conclusions: The combined effects of the economic and demographic changes detailed in this report have resulted in increased demand for multi-family housing throughout the regional and local submarket areas. These favorable market conditions are evidenced by rising demand, increasing pricing and plans for future construction activity.

Based upon our investigation and analysis, we recommend the development of 325 multi-family townhouse dwellings consistent with current approvals for the study area. We also project the need to construct 45,000 Ft^2 of retail capacity within the study area conditioned upon the construction of those 325 dwelling units.

Subject Property Location

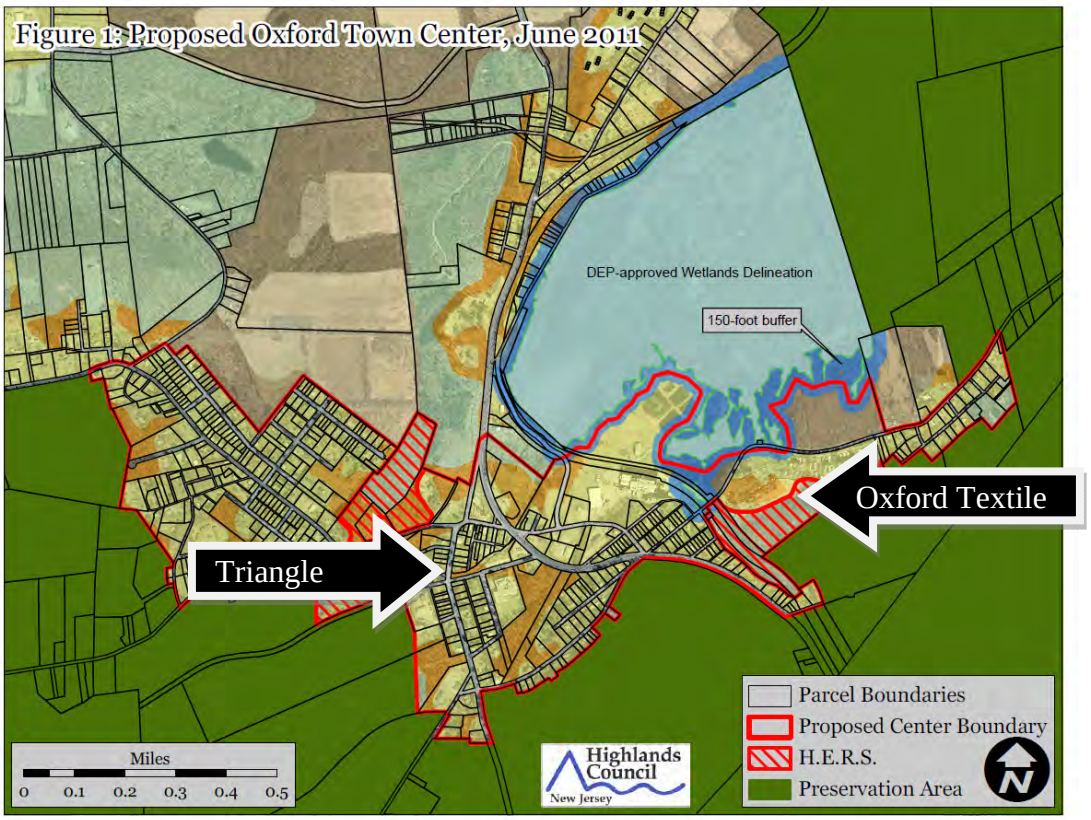


Date of the Study

The effective date of the market study is **October 30, 2015**, which establishes the context for the analysis in terms of economic, demographic and real estate market conditions. The date of this market study report is **February 24, 2016,** which identifies when the analyses and report were prepared.

Identification of Study Area

The study area consists of 2 separate redevelopment areas which are situated within the overall 272-acre Oxford Town Center in Oxford Township, as follows:



Oxford Textile Mill Redevelopment Area – This area is the former site of the Oxford Textile Mill which includes obsolete buildings that were constructed between 1948 and 1993, and which ceased operations in 2003. It is identified on the municipal tax map of Oxford Township, as being Block 33, Lots 4 (115 Axford Avenue), 4.02 (Foundry Street) & 4.03 (Axford Avenue). The overall area encompasses approximately 270.47 acres and is bordered by Lower Denmark Road to the north and west, Foundry Street to the south, and Axford Avenue to the east. The area within Block 33, Lot 4 (166.33 acres) is proposed for use as a commercial wetlands mitigation bank project, and was sold by Oxford Textile Inc. to Ecological Mitigation Oxford, LLC on February 25, 2013 for $3,300,000. Therefore, the proposed Oxford Town Center excludes all of the wetlands

mitigation bank area located on Block 33, Lot 4. The property was previously granted municipal approval for mixed use development consisting of 325 age-restricted dwellings and retail/commercial space. Due to the lack of viability for age-restricted housing, the approvals were modified in Resolution 2011-53, dated June 15, 2011. The recent approvals allow for the development of up to 325 residential dwelling units without age-restrictions and 40,000 Ft^2 of commercial/office space.

Triangle Redevelopment Area –The former site of the Oxford Iron and Nail Company is identified on the municipal tax map of Oxford Township, as being Block 45, Lot 1 (50 Wall Street). The area encompasses approximately 1.49 acres located between Washington Street, Wall Street, and Route 31. While the structures on the site were previously damaged by fire, Oxford's 2000 Master Plan calls for restoration of the Company Store Building and redevelopment of the site. The "triangle" is across Washington Avenue from Shippen Manor, a restored 18th century residence that functions as a museum which hosts public events. In accordance with Resolution 2007-73, dated December 10, 2007, the property was adopted as an Area in Need of Redevelopment pursuant to N.J.S.A. 40A:12A-5.

Purpose & Intended Use of the Study

The purpose of this study is to assess the viability of residential and retail development for the study area within the context of economic, demographic and real estate market conditions. The intended use of the study is to provide a market-oriented basis for planning the redevelopment of the study area.

Intended User of the Study

The intended user of the study is the client, **Oxford Township**. It is also anticipated that the Highlands Council may reply upon this report in considering development plans for the property.

Any reliance upon this report by anyone other than those named above is unintended.

Scope of Work

The scope of work employed in developing this analysis included:

1. Identification of the subject property, the effective date of study, and the specific estates applicable to the property.
2. Jeffrey G. Otteau inspected the subject property and surrounding neighborhood area. During the inspection photographs were taken of the subject property as well as of the surrounding neighborhood area.
3. Reviewed various documents that relate to the subject property that were provided by the client including but not limited to conceptual site plans, conceptual architectural plans, construction details, common amenities, and the projected program of commercial and residential development. Reviewed the land use laws affecting subject property with

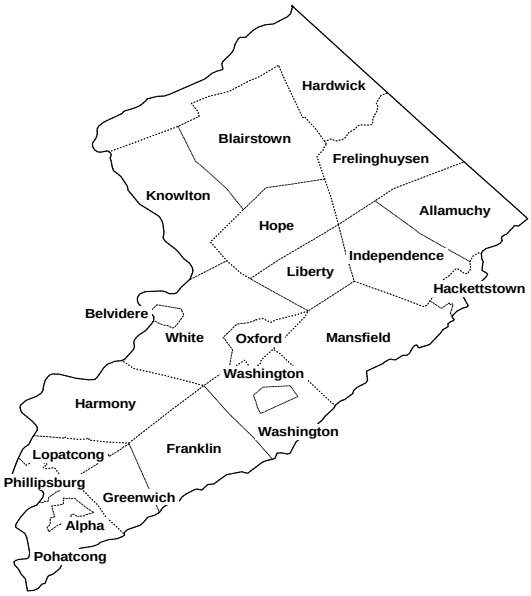
regard to permitted uses and bulk and area requirements.

4. Regional and local area data was gathered from various public and private information sources including but not limited to US Census Bureau, Bureau of Labor Statistics, Federal Reserve Bank(s), GIS and geographical mapping, Real Estate Market Data Databases and records maintained in the files of Otteau Valuation Group, Inc. Other data sources include public records, recorded deeds, municipal zoning information, real estate brokers, various national, local and regional subscribed services and the Internet. The gathering of this information was related to:
    a. Research and analysis of economic factors and trends.
    b. Research and analysis of demographic factors and trends.
    c. Research and analysis of comparable projects and properties having similar characteristics to the proposed development components within the subject properties.
5. The application of various analysis techniques employed in developing our conclusions including formulations of supply and demand, market absorption and economic viability for real estate development type that was previously approved and is presently proposed.
6. A reconciliation of the analysis techniques employed to arrive at our conclusions.

The results of our study analysis are presented in a MARKET STUDY REPORT format which "summarizes" the study process, methodology and conclusions. Additional supporting documentation has therefore been retained in our work file.

PART II – FACTUAL DESCRIPTIONS

Area Analysis



Warren County -The subject property is located within Warren County, which is located in the rural northwest corner of the state. Warren County's western border is separated from the Commonwealth of Pennsylvania by the Delaware River. Sussex County lies to the north, Morris County to the east and Hunterdon County to the south and southeast. The major markets of New York City and Philadelphia are only 1 1/2 hours away via Interstates 78 and 80. Warren County's 363 square miles (358 land area square miles) are hilly with low, steep mountains and fertile river valleys. The Kittatinny Ridge in the northernmost part of the county is within the Delaware Water Gap National Recreational Area and is restricted from development. The rolling hills of the Kittatinny Valley cover much of the northern half of the county: this is a major dairy farming area. To the east and south are the forests of the highlands and the valley region, which is generally flat and houses the county's population and industrial centers along with providing fertile land for crop production. The county is a leader in the state in milk, cattle, corn and egg production.

While Warren County has only one New Jersey Transit train stop in the entire county (Hackettstown) it is serviced by a number of highways including State Routes 31, 57, 94, 173 and 182. Also located in the county are US Routes 22 and 46 as well as Interstates 78 and 80.

Hackettstown is the headquarters of Mars North America, the American division of Mars, Inc. who manufactures Milky Way, Mars, M & M's, Twix and Snickers candy bars, as well as pet foods (such as the well-known Whiskas and Pedigree brands), human foods (including Uncle Ben's) and non-confectionary snack foods (including Combos). Other major employers in the county include, Warren Hospital, Albea Americas, Health Village, ShopRite, Bihler of America, Blair Academy, Borealis Compounds and Gulbrandsen Tech.

The population in Warren County declined over the past 4-year period by -1.79%. According to a forecast by Nielsen-Claritas, the population will continue to decrease over the next 5-year

period (2015-2020). The age of Warren County's residents is higher than the state, with a median age of 41 years, compared to 39.60.

POPULATION FACTS & TRENDS				
	Warren County		New Jersey	
Population		%		%
2020 Projection	105,837		9,112,977	
2015 Estimate	106,746		8,945,404	
2010 Census	108,692		8,791,894	
2000 Census	102,434		8,414,361	
Growth 2015-2020	-0.85%		1.87%	
Growth 2010-2015	-1.79%		1.75%	
Growth 2000-2010	6.11%		4.49%	
2015 Est. Median Age	42.70		39.60	
2015 Est. Average Age	41.00		39.60	

Consistent with the population trends, household formation in Warren County has been declining recently (-1.35%), and is projected to decline further over the next 5-year period. An important demographic characteristic of households is that 66.73% have no children under the age of 18 living at home, which is slightly higher than the statewide rate of 65%

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HOUSEHOLD FACTS & TRENDS				
	Warren County		New Jersey	
Households		%		%
2020 Projection	40,717		3,338,760	
2015 Estimate	40,921		3,273,605	
2010 Census	41,480		3,214,360	
2000 Census	38,659		3,064,642	
Growth 2015-2020	-0.50%		1.99%	
Growth 2010-2015	-1.35%		1.84%	
Growth 2000-2010	7.30%		4.89%	
2015 Est. Households by Presence of People	40,921		3,273,605	
Households with 1 or more People under Age 18:	13,616	33.27	1,145,713	35.00
Households no People under Age 18:	27,305	66.73	2,127,892	65.00
2015 Est. Households by Number of Vehicles	40,921		3,273,605	
No Vehicles	2,270	5.55	388,868	11.88
2015 Est. Average Number of Vehicles	1.90		1.70	
2015 Est. Households by Household Size	40,921		3,273,605	
1-person household	10,500	25.66	835,849	25.53
2-person household	13,407	32.76	966,498	29.52
3-person household	6,797	16.61	572,499	17.49
4-person household	6,139	15.00	505,905	15.45
5-person household	2,690	6.57	237,318	7.25
6-person household	946	2.31	92,185	2.82
7 or more person household	442	1.08	63,351	1.94
2015 Est. Average Household Size	2.56		2.68	

In terms of education attainment, approximately 1/3 of the county's residents have a bachelor's degree or higher which is consistent with statewide figures. On average county residents have a 38-minute commute to work with is greater than the statewide average of 33 minutes.

EDUCATION & EMPLOYMENT				
	Warren County		New Jersey	
2015 Est. Pop. Age 25+ by Edu. Attainment	74,025		6,129,972	%
Bachelor's Degree	14,498	19.59	1,371,119	22.37
Master's Degree	5,552	7.50	598,523	9.76
Professional School Degree	675	0.91	148,237	2.42
Doctorate Degree	820	1.11	88,625	1.45
2015 Est. Pop 16+ by Occupation Classification	54,392		4,351,951	
Blue Collar	11,703	21.52	760,098	17.47
White Collar	32,387	59.54	2,856,629	65.64
Service and Farm	10,302	18.94	735,224	16.89
2015 Est. Workers Age 16+, Transp. To Work	53,108		4,257,171	
Drove Alone	43,397	81.71	3,066,308	72.03
Car Pooled	5,180	9.75	356,618	8.38
Public Transportation	849	1.60	454,524	10.68
Walked	1,103	2.08	129,760	3.05
Bicycle	100	0.19	15,843	0.37
Other Means	329	0.62	65,052	1.53
Worked at Home	2,150	4.05	169,066	3.97
2015 Est. Avg Travel Time to Work in Minutes	37.88		33.40	

Household income in Warren County is less than statewide figures with an average income of $84,620 and median of $70,245, indicating greater sensitivity to housing affordability.

INCOME				
	Warren County		New Jersey	
2015 Est. HHs by HH Income	40,921		3,273,605	
Income Less than $15,000	2,458	6.01	310,995	9.50
Income $15,000 - $24,999	3,324	8.12	265,005	8.10
Income $25,000 - $34,999	3,100	7.58	263,219	8.04
Income $35,000 - $49,999	5,300	12.95	349,706	10.68
Income $50,000 - $74,999	7,753	18.95	530,815	16.21
Income $75,000 - $99,999	6,498	15.88	417,236	12.75
Income $100,000 - $124,999	4,653	11.37	330,775	10.10
Income $125,000 - $149,999	3,135	7.66	226,064	6.91
Income $150,000 - $199,999	2,848	6.96	278,811	8.52
Income $200,000 - $249,999	796	1.95	100,017	3.06
Income $200,000 - $499,999	885	2.16	139,332	4.26
Income $500,000 and more	171	0.42	61,630	1.88
2015 Est. Average Household Income	$84,620		$96,914	
2015 Est. Median Household Income	$70,245		$71,094	
2015 Est. Families by Poverty Status	28,373		2,264,447	
2014 Families at or Above Poverty	27,048	95.33	2,081,609	91.93
2014 Families at or Above Poverty with Children	12,787	45.07	980,830	43.31
2014 Families Below Poverty	1,325	4.67	182,838	8.07
2014 Families Below Poverty with Children	991	3.49	140,623	6.21

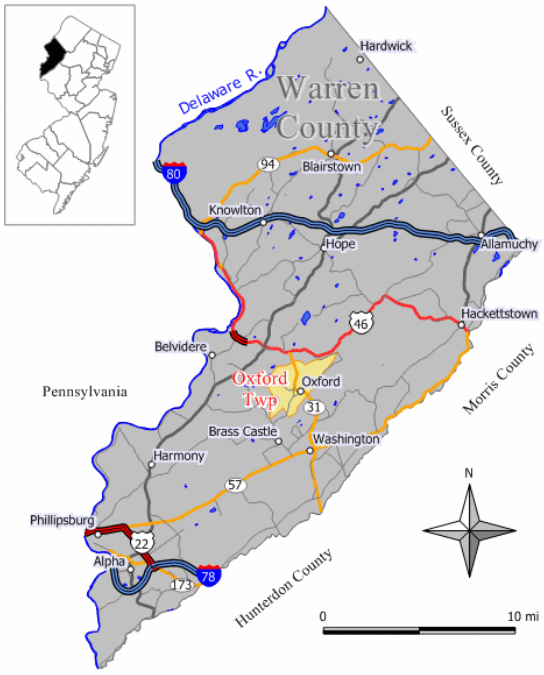
The median housing unit value in Warren County is $273,247, which is 22% less than the statewide median of $333,727. The majority of the homes are single family detached (67.55%) with a median age of 44 years.

HOUSING				
	Warren County		New Jersey	
2015 Est. Tenure of Occupied Housing Units	40,921		3,273,605	
Owner Occupied	30,497	74.53	2,132,840	65.15
Renter Occupied	10,424	25.47	1,140,765	34.85
2015 Owner Occ. HUs: Avg. Length of Residence	18		18	
2015 Renter Occ. HUs: Avg. Length of Residence	9		9	
2015 Est. Median All Owner-Occupied Housing Value	$273,247		$333,727	
2015 Est. Housing Units by Units in Structure	45,129		3,631,998	
1 Unit Attached	4,553	10.09	333,932	9.19
1 Unit Detached	30,484	67.55	1,954,764	53.820624
2015 Est. Median Year Structure Built **	1971		1967	

A significant portion of Warren County is affected by the "Highlands Water Protection and Planning Act", enacted in 2004, which preserves open space and is intended to protect New Jersey's natural resources including water resources that supply drinking water to more than half of the state's households. The Act created the New Jersey Highlands Region with more than 800,000 acres (1,250 square miles) within 88 municipalities in seven counties (Bergen, Hunterdon, Morris, Passaic, Somerset, Sussex and Warren). Within those areas, geographic zones identified as "Preservation Areas" are subject to significant restrictions on development, while "Planning Areas" are less affected (see map at right).

Green = Preservation Area, Yellow = Planning Area

Oxford Township – Oxford is situated in Central Warren County, at the eastern- most portion of the Lehigh Valley. The township borders the Warren County municipalities of Liberty Township, Mansfield Township, Washington Township and White Township. The township has a total area of 5.887 square miles, of which 5.786 square miles is land and 0.101 square miles (1.72%) is water.



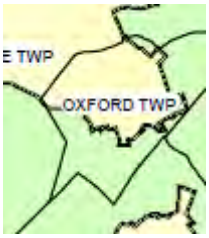
The 2010 United States Census reported a population for Oxford of 2,514, reflecting an increase of 207 (+9.0%) from the 2,307 counted in the 2000 Census, which had in turn increased by 517 (+28.9%) from the 1,790 counted in the 1990 Census. The 2010 Census further reported 950 households, 676 families and a population density of 435 people per square mile. There were 1,033 housing units at an average density of 178.5 per square mile. Household characteristics for township residents indicate that 68% had no children under the age of 18 living with them, 56.1% were married couples living together, 28.9% were non-families, 22.6% were made up of individuals, and 9.4% had someone living alone who was 65 years of age or older. The average household size in Oxford was 2.63 and the average family size was 3.13. In the township, 24.0% of the population were under the age of 18, 7.4% from 18 to 24, 25.2% from 25 to 44, 31.0% from 45 to 64, and 12.4% who were 65 years of age or older. The median age was 41.1 years.

The Census Bureau's 2006-2010 American Community Survey showed that (in 2010 inflation-adjusted dollars) median household income was $66,268, median family income was $76,186, and per capita income was $29,948. About 1.5% of families and 3.3% of the population were below the poverty line, including 3.6% of those under age 18 and 5.2% of those ages 65 or over.

The Oxford Township School District serves public school students in pre-Kindergarten through eighth grade at Oxford Central School. Public school students in ninth through twelfth grades are served by the Warren Hills Regional School District, which is a district for grades 7-12 that also serves students from the municipalities of Franklin Township, Mansfield Township, Washington Borough and Washington Township. Students from Oxford Township attend the

regional schools on a tuition basis as part of a sending/receiving relationship. Schools in the regional district include Warren Hills Regional Middle School (grades 7 and 8) located in Washington Borough and Warren Hills Regional High School (grades 9 - 12) located in Washington Township. Students from the township and from all of Warren County are eligible to attend Ridge and Valley Charter School in Frelinghuysen Township (for grades K-8) or Warren County Technical School in Washington borough (for 9-12), with special education services provided by local districts supplemented throughout the county by the Warren County Special Services School District in Oxford Township.

The township has a total of 21.69 miles of roadways, of which 13.02 miles are maintained by the municipality, 6.47 miles by Warren County and 2.20 miles by the New Jersey Department of Transportation.



The entirety of Oxford Township is located within the New Jersey Highlands Region's preservation or planning areas.

Neighborhood Analysis

The study area is situated at the central portion of Oxford Township, east of Mansfield Township and north of Washington Township. The overall study area within which the redevelopment areas are located is generally bounded by Shippen Manor Museum to the west, Upper Denmark Road to the north, the municipal boundary with Mansfield to the east, and Academy Street to the south. The neighborhood area is given over to a wide range of land uses which includes a mix of commercial, industrial, residential and government buildings.

The accessibility of the neighborhood area to normal conveniences is heavily dependent on State Route 31, which bisects the neighborhood area. This roadway, which connects to Interstate 78 to the south and US Route 46 to the north, is the primary access to employment centers in the regional area. A wide range of retail and professional services are located along SR 31 which are situated within reasonable proximity to the subject property. A more limited amount of these services exists along Wall Street and on nearby portions of SR 31 within close proximity to the study area.

From an employment perspective, the local professional office market contains 399,000 Ft^2 and 1.1-Million Ft^2 of office building space within a 5-mile & 10-mile radius of the subject property, respectively. This equates to 5,000 Ft^2 per $Mile^2$ and 4,000 Ft^2 per $Mile^2$, respectively, which is

well below the statewide average. Therefore, relatively limited employment opportunities exist in the local submarket area indicating that any residential development of the site will need to focus on more modest and affordable housing types.

OFFICE SPACE (5-Yr Avg.)	5-Miles	10-Miles	Warren County	New Jersey
Existing Buildings	64	150	197	19,999
Existing SF	398,661	1,146,126	1,591,025	398,649,913
Total # HH's	9,550	33,427	99,884	3,273,605
Office Space per HH	42	34	16	122
Square Miles	79	314	363	8,721
Office Space per Sq. Mile	5,000	4,000	4,000	46,000

The four stages of a neighborhood area's life cycle when analyzing its growth rate include:

- Growth – period during which the market gains public favor and acceptance
- Stability – period of equilibrium without marked gains or losses
- Decline – period of diminishing demand
- Revitalization – period of renewal, redevelopment, modernization, and increasing demand

The subject property's neighborhood is presently in the "Decline" stage of its life cycle as indicated by the stagnant pace of land development and the existence of obsolete buildings.

Properties within the subject's neighborhood area are serviced by the availability of electricity, telephones, municipal water, municipal sewer and natural gas lines. The costs to residents for these utilities are competitive with those of surrounding communities.

Land Use Regulation

The study area consists of 2 separate redevelopment areas which are situated within the overall 272-acre Oxford Town Center in Oxford Township, which are identified as The Oxford Textile Mill Redevelopment Area and The Triangle, as follows:

Oxford Textile Mill Redevelopment Area - Portions of the Oxford Textile Mill Redevelopment Area are situated within both the **I, Industrial** and **AR-200, Agricultural Residential** zoning districts which are described as follows:

> **Industrial Zone**, land may be used and buildings or structures may be used, altered or erected for the following uses:

- Farms
- Any manufacturing, fabricating, assembly, processing, laboratory or research enterprises, except those uses specifically prohibited, as follows: foundries and similar heavy industry, junkyards and automobile wrecking establishments, hazardous and noxious industries, dumps and solid waste disposal sites, industries causing noise, vibrations and other nuisances, and slaughtering[1]
- Truck terminals[1]
- Warehouse and distribution centers[1]

Area and yard requirements for the **Industrial Zone** are as follows:

	Farms	Manufacturing	Service Stations
Min. Lot Area	200,000 square feet	100,000 square feet	40,000 square feet
Min. Lot Area per Family	200,000 square feet	n/a	n/a
Min. Lot Width	300 feet	250 feet	200 feet
Max. Lot Coverage	5%	35%	20%
Max. Bldg. Height	30 feet (2.5 stories)	50 feet (3 stories)	30 feet (2.5 stories)
Min. Front Yard	70 feet	75 feet	75 feet
Min. Side Yard	40 feet	50 feet	35 feet
Min. Rear Yard	60 feet	75 feet	50 feet

Agricultural-Residential Zone, land may be used and buildings or structures may be used, altered or erected for the following uses:

- Single Family Dwellings
- Farms

Area and yard requirements for the **Agricultural-Residential Zone** are as follows:

	Single Family
Min. Lot Area	200,000 square feet
Min. Lot Area per Family	200,000 square feet
Min. Lot Width	300 feet
Max. Lot Coverage	5%
Max. Bldg. Height	30 feet (2.5 stories)
Min. Front Yard	70 feet
Min. Side Yard	40 feet
Min. Rear Yard	60 feet

Triangle Redevelopment Area – Triangle Redevelopment Area is located within the **B, Business Zone** within the Township of Oxford.

Within the **Business Zone**, land may be used and buildings or structures may be used, altered or erected for the following uses subject to site plan approval:

[1] Permitted principal uses subject to the requirements of site plan review

- Retail business establishments which are clearly of a community service character, such as but not limited to the following:
    - Stores selling groceries, meats, baked goods and other such food items.
    - Pharmacies.
    - Stationery, tobacco, newspaper, card, toy, hobby, gift and flower shops.
    - Restaurants, luncheonettes, taverns/bars, coffee houses, diners, delis and confectionery stores.
    - Hardware, paint, dry goods, bait and tackle, small appliance, antiques and furniture stores.
    - Clothing, accessory and jewelry stores.
    - Video rental and bookstores.
    - General merchandise retail stores.
- Personal service establishments which are clearly of a community service character, such as but not limited to the following:
    - Barber shops, beauty shops and tanning salons.
    - Tailor shops and shoe repair shops.
    - Business and professional offices.
    - Banks and financial institutions.
    - Comedy clubs.
    - Establishments servicing goods such as those permitted under § 340-15A(1).
    - Funeral homes.
- Municipal buildings, public schools and nonprofit schools, parks, playgrounds and recreation areas deemed necessary and appropriate by the Township.
    - Churches and other similar places of worship, parish houses, convents and other such facilities of recognized religious groups.
    - Social clubs, lodges and fraternal organizations.
    - Public and semipublic buildings, such as libraries, museums, art galleries, other private schools, nonprofit outdoor recreation clubs, charitable uses and other nonprofit uses similar in nature and scale to those permitted above.

Area and yard requirements for the **Business Zone** are as follows:

	Business Uses (w/ public sewer)	Business Uses (w/o public sewer)	Public Buildings & Facilities, Churches, etc. & Other Semi-Public Bldgs.
Min. Lot Area	10,000 square feet	20,000 square feet	3 acres
Min. Lot Area per Family	n/a	20,000 square feet	n/a
Min. Lot Width	75 feet	100 feet	250 feet
Max. Lot Coverage	35%	25%	20%
Max. Bldg. Height	30 feet (2.5 stories)		
Min. Front Yard	25 feet	25 feet	70 feet
Min. Side Yard	10 feet	15 feet	40 feet
Min. Rear Yard	30 feet	60 feet	60 feet

For a detailed description of the requirements of these zoning districts the reader is referred to the Land Use Ordinance of the Township of Oxford.

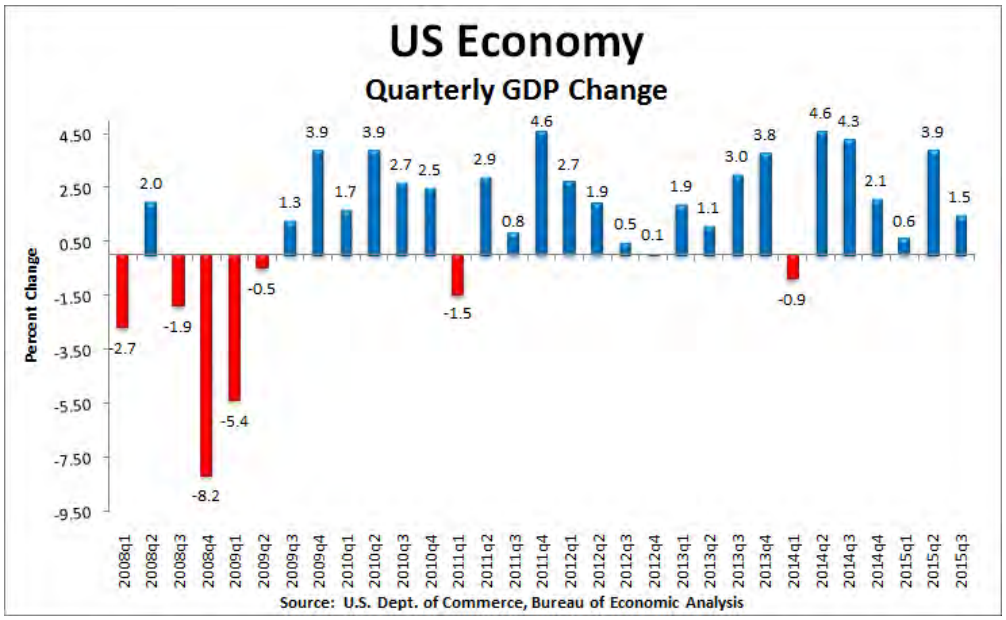
PART III – ECONOMICS & DEMOGRAPHICS

Demand for real estate is directly affected at the macro and micro levels by a wide range of key economic and demographic drivers. The severity of the recent economic recession coupled with the slow pace of recovery since it ended in June 2009 created a more complex context for real estate development. While the national economy has made significant strides toward economic recovery since the recession ended 6 years ago, New Jersey continues to experience constrained growth which has reshaped the State's demographic landscape. As a result, 'changed circumstances', real estate development must be appropriately tuned to these present day and future realities.

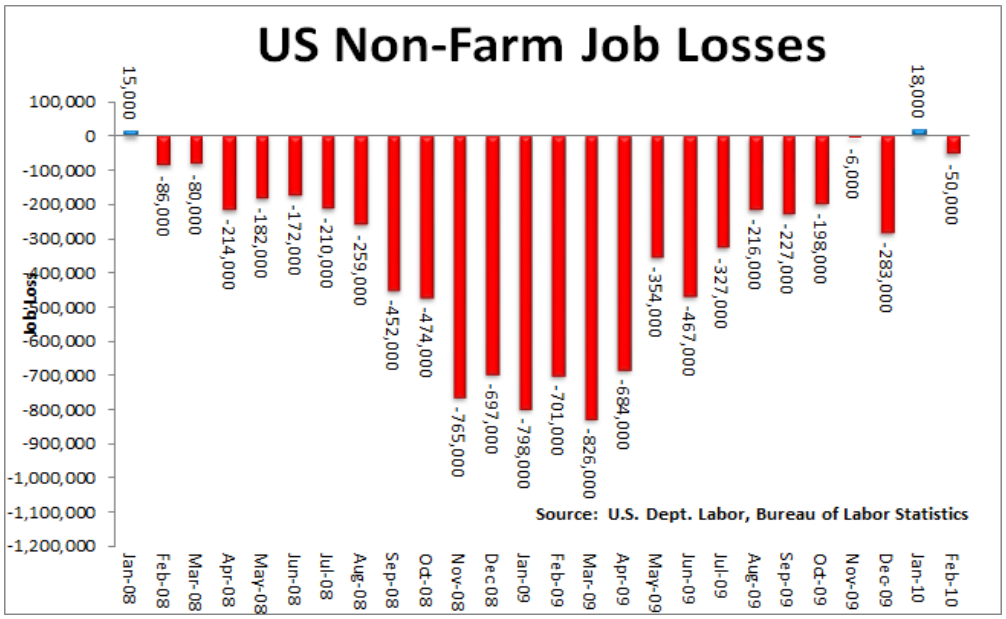
This section of the report will explore relevant economic, demographic and real estate sector trends and their correlation to real estate demand.

Economic Factors

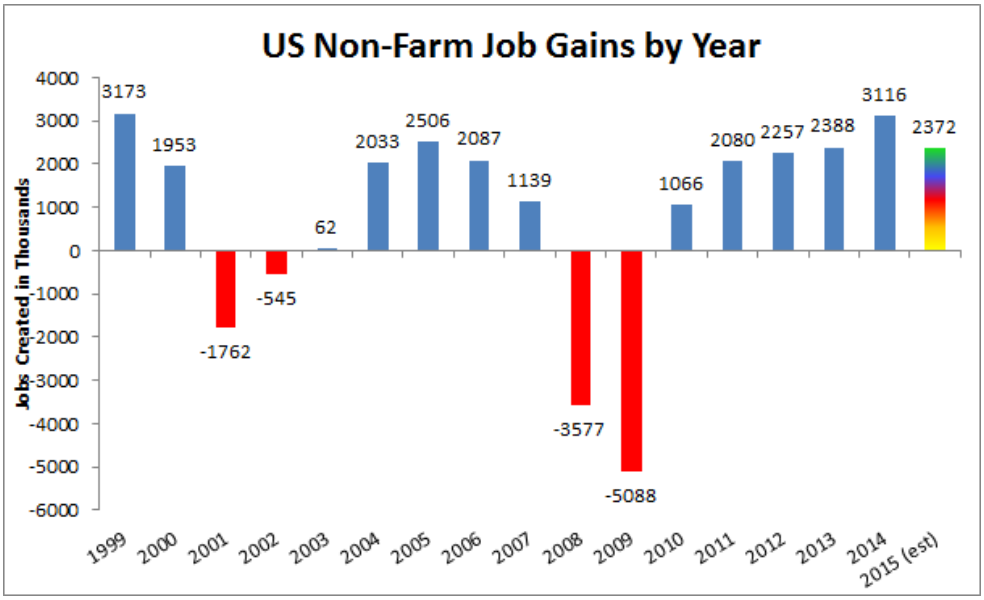
Gross Domestic Product (GDP) - Beginning with the US economy, GDP first began to decline in Q1 2008 coincident with the start of the recent economic recession in December 2007. Over the course of the recession GDP contracted in 5 out of 6 quarters with the deepest declines occurring in late 2008 and early 2009 contemporaneous with the collapse of the financial markets in 2008. Since the recession's end in June 2009, GDP has increased for 22 out of 24 quarters. GDP increased at an average of 2.5% in 2014, and has increased by an average of 2.0% through Q3-2015. The more recent slowdown in economic growth is likely due to the effects of severe winter weather that occurred in Q1.



Employment - Focusing next on job growth, total US non-farm employment declined precipitously during the recession with net Non-Farm job losses of 8,736,000 over the 25-month time period from February 2008 through February 2010.



Beginning in 2010, the national economy began to slowly claw-back those lost jobs at a modest pace. More recently, job creation increased by 3,116,000, in 2014, which is the strongest increase in more than a decade.



As a result of the job gains since 2010, the US economy 'technically' achieved full recovery in May 2014 of the nearly 9-million jobs lost as a result of the recession. These job totals are misleading however as the Bureau of Labor Statistics (BLS) counts full-time and part-time jobs equally. Further evidence comes from the following analysis which shows the component factors that comprise national unemployment. As shown below, the national unemployment rate of 5.1% excludes workers who have accepted part-time positions because they couldn't find a full-time job '(*P/T-Econ. Reasons'*) as well as those who have given up on finding employment ('*Marginally Attached'*). Taking these into account indicates a real unemployment rate of 10.1% and an increase of 3.3-Million workers from the start of the recession who have been unable to find full-time employment.

Real US Employment Situation

	Pre-Recession		Today		Change
Labor Force	-	153,870,000	-	156,715,000	-
Unemployed	4.7%	7,167,000	5.1%	7,915,000	748,000
P/T - Econ. Reasons	2.6%	4,054,000	3.9%	6,036,000	1,982,000
Marginally Attached	0.9%	1,365,000	1.2%	1,921,000	556,000
Totals	**8.2%**	**12,586,000**	**10.1%**	**15,872,000**	**3,286,000**

The severity of the economic recession coupled with the slow pace of economic growth since it ended in June 2009 have changed the dynamics for housing development which must now be appropriately tuned to present day and future realities. These factors, which include weak job creation, elevated unemployment and constrained income, have resulted in lower homeownership rates in New Jersey.

Shifting to New Jersey, the 2010 US Census reported it has a total estimated population of 8,791,894 reflecting 4.5% growth from 2000, and it is the most densely populated state within the entire U.S. The state is comprised of 21 counties and 565 municipalities situated on 7,417.34 square miles of land area. New Jersey's 21 counties are divided into seven Metropolitan Statistical Areas (listed below), and it is located at the center of the Northeast Megalopolis. The subject property is located within the NY-NJ-PA.

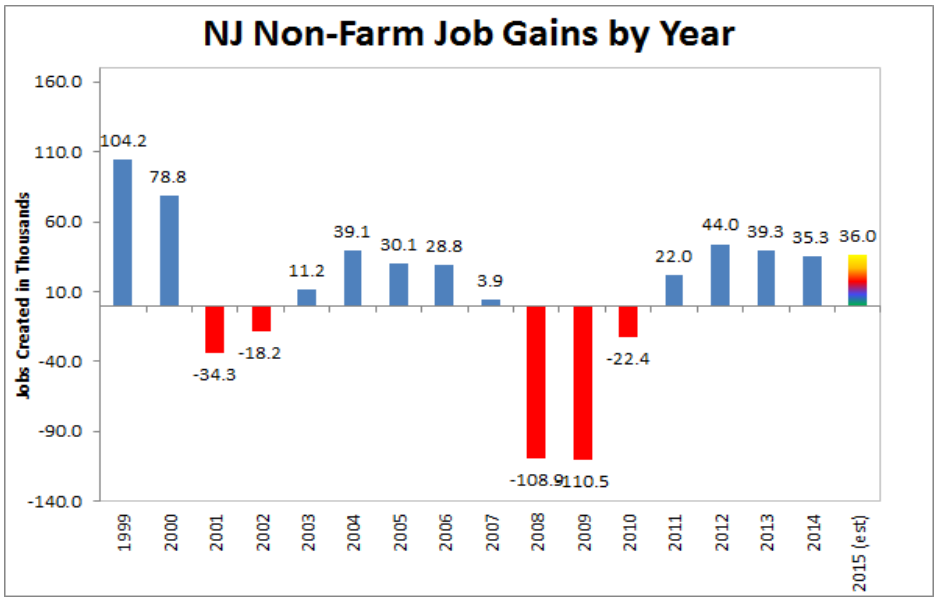
- Allentown-Bethlehem-Easton, PA-NJ
- Atlantic City-Hammonton, NJ
- New York-Northern New Jersey-Long Island, NY-NJ-PA
- Ocean City, NJ
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
- Trenton-Ewing, NJ
- Vineland-Millville-Bridgeton, NJ

The state's population density of approximately 1,168 people per square mile is more than 10 times greater that for the US as a whole (86 / sq. mile) and exceeds that of the more crowded places around the world including India (992), Belgium (917), Japan (907), Israel (875) and the Philippines (785). Similarly, the state is highly urbanized with 94 percent of its population residing in urban areas which are defined as places with a population density of 1,000 people per square mile or greater.

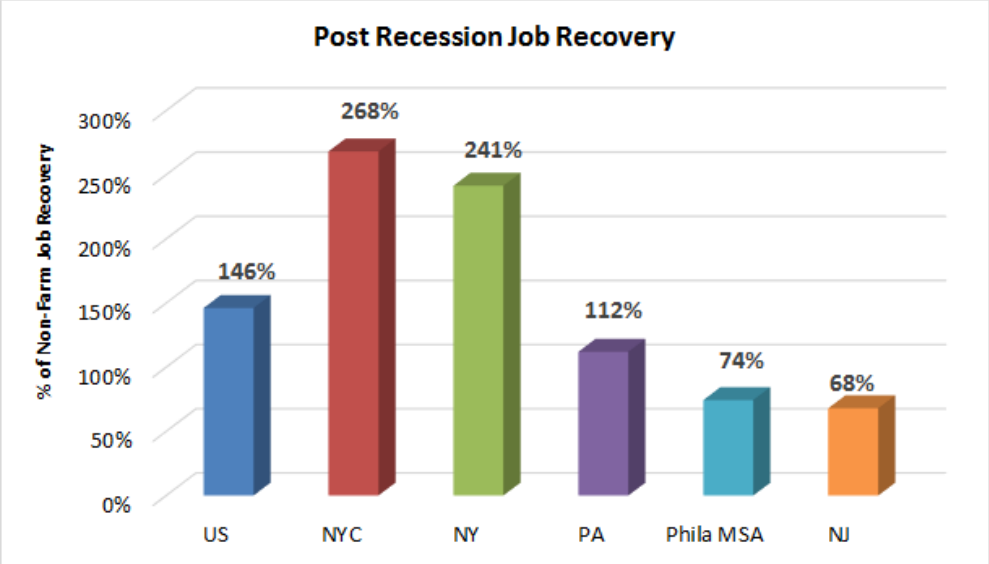
The New Jersey economy has historically been a top performing state due to a combination of factors including its strategic geographic location between New York City and Philadelphia, a diverse and highly educated workforce, the presence of both Newark International Airport and the Port Newark-Elizabeth shipping port, and its high concentration of technology based jobs. With regard to the state's economy, New Jersey's per-capita Gross State Income (as calculated by Gross State Product) of approximately $55,000 (exceeds the US figure of approximately $48,000 and would rank the state as the 6th highest in the world if New Jersey was a country. New Jersey also has the highest percentage of millionaire households in the United States. In an article published by Forbes Magazine (April 2012) entitled "America's Richest Counties,", and an article published by CNBC (April 2012) entitled "America's 10 Richest Counties," three of NJ's counties were in the top 10. Forbes Magazine lists Hunterdon County at Rank #6, Somerset County at Rank #9, and Morris County at Rank #10, which is based upon median annual household incomes. CNBC lists Hunterdon County at Rank #5, Somerset County at Rank #7, and Morris County at Rank #9, which is based upon average annual household incomes.

The combination of New Jersey's past economic success and dense population has resulted in extremely high land values. According to a study published on April 3, 2015 titled "New Estimates of Value of Land of the United States by William Larson of the Bureau of Economic Analysis (BEA), New Jersey has the highest land values in the nation. New Jersey is also tied with Rhode Island for being the most developed state in the nation, with 31% of all land area being developed. The study further reported that New Jersey land was worth an average of $196,410 per acre which is the highest in the US, compared to a national average value of $12,139 per acre for the US overall. The only other states with average land values in excess of $100,000 per area were Rhode Island ($133,730), Connecticut ($128,820) and Massachusetts ($102,210). Because high land costs pass through directly to the cost and affordability of real estate development, high density is an essential component for the financial feasibility of most residential development. This is because the production of housing that is affordable to the public requires higher densities in order to reduce the per-dwelling cost of land.

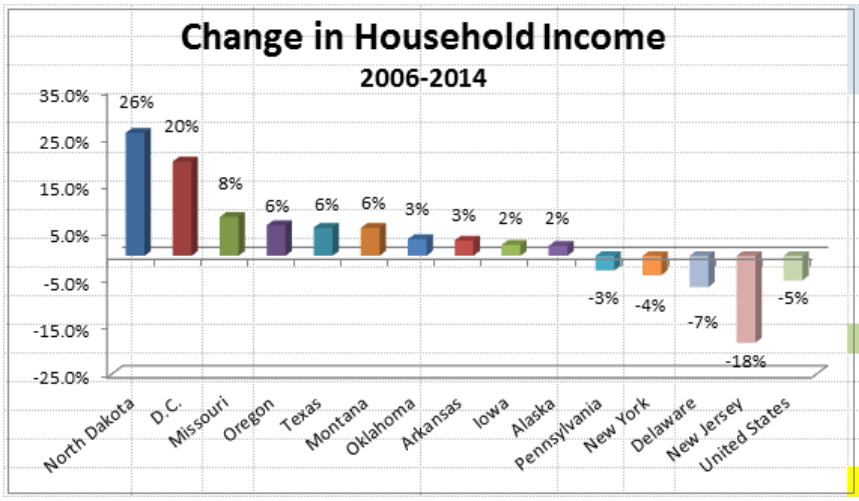
Despite New Jersey's past economic strength it has experienced one of the slowest job recoveries of all states following the 2007-2009 economic recession which ended more than 6 years ago. Following 11 consecutive months of job gains the state reported losses in June and July totaling 23,000 non-farm jobs. Based upon this year's pace the state is on track to gain only 36,000 jobs in 2015, which would be about the same as occurred in 2014.



As a result of New Jersey's changed economic circumstance it has recovered only 68% of the jobs lost during that recession compared to 146% recovery for the US overall. The state's job recovery has also been less than in New York and Pennsylvania.



Personal & Household Income – The slower pace of economic growth in New Jersey is having a corresponding effect on household income. According to the US Census Bureau, median household income declined by 18% from 2006 to 2014 in New Jersey ranking 50th in the nation. This compares to an average nationwide decline of only 5%, a 4% decline in New York and a 3% decline in Pennsylvania. The weaker performance of the New Jersey economy translates directly to reduced purchasing power for home buyers and a corresponding increase in demand for multi-family rental apartments which offer a less expensive housing alternative.



US Median Household Income
2014 Dollars

Rank	State	Income
1	Maryland	$ 76,165
2	New Hampshire	$ 73,397
3	Hawaii	$ 71,223
4	Connecticut	$ 70,161
5	D.C.	$ 68,277
6	Alaska	$ 67,629
7	Minnesota	$ 67,244
8	Virginia	$ 66,155
9	New Jersey	$ 65,243
10	Utah	$ 63,383
21	Delaware	$ 57,522
25	Pennsylvania	$ 55,173
27	New York	$ 54,310
-	United States	$ 53,657

SOURCE: US Census Bureau, Otteau Group, Inc.

As a result of New Jersey's economic struggles, it's median household income of $65,243 has slipped from being the highest in the nation in both 2005 and 2006 to being ranked 9th in 2014.

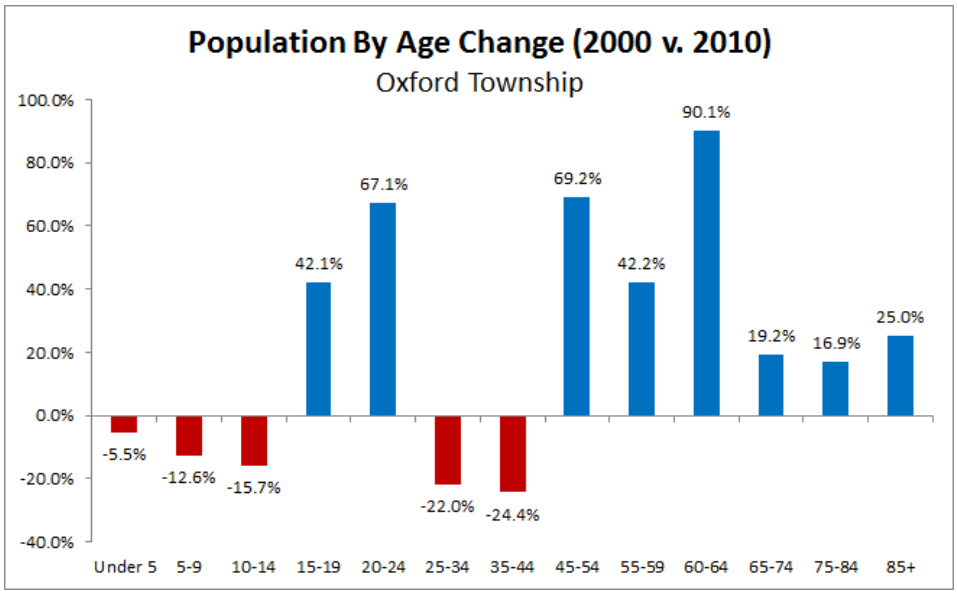
Demographic Factors

As a result of these economic conditions, New Jersey has undergone significant demographic changes over the past decade which has significant implications for real estate demand and development. These trends, which include shrinking household sizes and increasing numbers of childless households, have reduced demand for the construction of traditional single-family detached housing while increasing demand for multi-family housing.

Smaller Size Households – As previously detailed in the Area Analysis section of this report, the size of households has been declining in New Jersey, and is occurring locally as well. As shown in the table below, households which are either 1-person or 2-persons in size account for a majority of total households in the regional area. Within Oxford Township, smaller size (1-2 person) households account for about half (56%) of total households.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Households by Household Size	954		9,550		33,427		99,884	
1-person	220	23.06	2,388	25.01	8,039	24.05	23,947	23.97
2-person	311	32.60	3,223	33.75	11,004	32.92	32,240	32.28
3-person	164	17.19	1,548	16.21	5,724	17.12	17,356	17.38
4-person	158	16.56	1,440	15.08	5,319	15.91	16,047	16.07
5-person	79	8.28	654	6.85	2,289	6.85	6,938	6.95
6-person	21	2.20	218	2.28	739	2.21	2,332	2.33
7-or-more-person	1	0.10	79	0.83	314	0.94	1,023	1.02

Declining Population in Key Age Groups – A significant local demographic trend is the declining population of certain age cohorts in Oxford Township. As shown in the chart below, the municipality is experiencing population declines in a number of age cohorts. Of particular concern is the decline in the 25-34 (-22%) and 35-44 (-24%) age cohorts over the 10-year period from the 2000 to 2010 Census. These cohorts represent the leading edge of the 'Millennial' generation which are essential component of a viable economy and real estate market. We also note sharp declines in the 0-14 age cohorts which translate directly to present and future school enrollment trends (see table below).

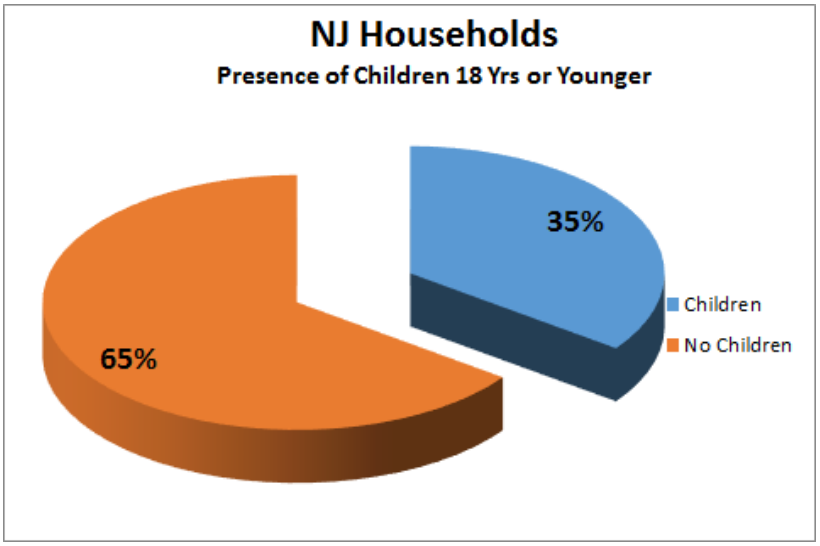


The decline in the 'Millennial' population has significant long-term implications for residential and commercial real estate demand in Oxford Township, including its effect on local employment. Because employers universally understand that recruiting Millennials is an essential ingredient of a successful business, employers will logically choose to locate in, or relocate to, places that are able to attract and retain this key talent pool. That Oxford is experiencing a loss of this demographic cohort implies long term weakness in office demand as well as other real estate sectors including retail and home purchase demand.

One of the key drivers for attracting 'Millennials' is the availability of multi-family housing within close proximity to transportation arteries, employment centers and retail services. Places that promote this form of housing are abler to attract Millennials, and as a by-product, more jobs and occupancy in commercial buildings. Conversely, places that fail to provide more open and diversified forms of zoning will see their millennial population, and consequently their base of employers, decline over time. This has broad implications on employment/unemployment, personal/household income, real estate values and the sustainability of the municipal tax base. As employers and the jobs they provide leave an area, the commercial tax base shrinks thereby shifting the cost of local government increasingly to residential property owners. And then, a negative-feedback-loop occurs whereby the effect of this cycle passes through to all facets of the local economy and real estate markets. From this perspective, increasing housing opportunities for younger age households in multi-use settings will increase local employment and occupancy in non-residential properties.

At the same time, Oxford is experiencing population increases for it older age residents. From this perspective, the production of multi-family housing would provide increased housing opportunities for older age households seeking to downsize their lifestyle to smaller spaces.

Fewer Households with Children Living at Home & Declining School Enrollment - Since peaking in the 1980's, the percentage of New Jersey households with children living at home has declined to 35% with continued decline likely over the next decade. This trend, which is based in the composition of New Jersey's demographic cohorts, is anticipated to drive future housing demand increasingly toward smaller homes including multi-family housing in more urban locations. The table below shows that 65% of households within the state of New Jersey have no children under the age of 18 living at home.



Source: The Nielsen Company

This is also true in the local submarket area with ratios of 66% within Oxford Township, 68% within 5 miles, 66% within 10 miles and 65% within 15 miles.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
Households with No People under Age 18:	628	65.83	6,474	67.79	22,133	66.21	64,689	64.76
Married-Couple Family	273	43.47	3,079	47.56	10,669	48.20	30,576	47.27
Other Family, Male Householder	27	4.30	193	2.98	626	2.83	1,863	2.88
Other Family, Female Householder	54	8.60	388	5.99	1,213	5.48	3,647	5.64
Nonfamily, Male Householder	134	21.34	1,256	19.40	4,365	19.72	13,077	20.22
Nonfamily, Female Householder	140	22.29	1,558	24.07	5,260	23.77	15,527	24.00

These trends have already affected school enrollments in New Jersey which after decades of increasing have recently begun to decline. According to data published by the New Jersey Department of Education, statewide public school enrollment declined from a peak of 1,393,782 for the 2005-2006 school year to 1,368,516 for the 2013-2014 school year. This reflects a

decline of 25,266 students. Given the previously identified trend toward fewer households with children living at home, school enrollment is likely to decline further in the future.

New Jersey Public School Enrollment Totals	
2005-2006	13,393,782
2013-2014	13,368,516
Decline (# students)	**-25,266**

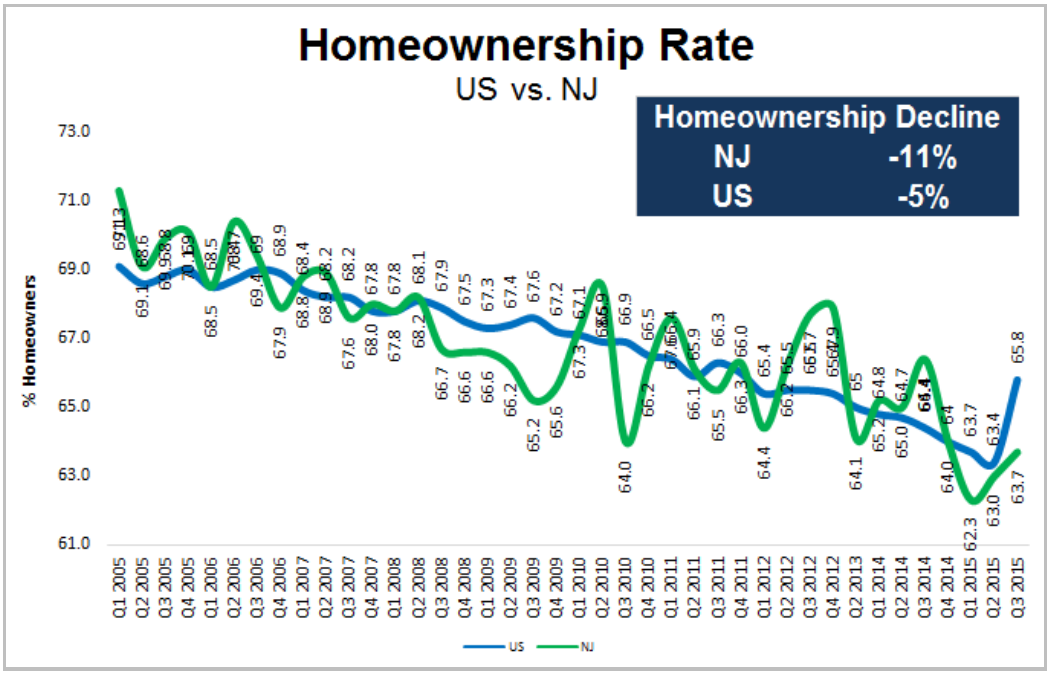
Source: NJ Dept. of Education

Similar to what's occurring at the state level, the New Jersey Department of Education indicated that public school enrollment in Oxford Township declined from 325 for the 2004-2005 school year to 295 for the 2014-2015 school year. This reflects a decline of 30 students, or 10% (grades Pre K-8th).

Oxford Township School Enrollment Totals	
2004-2005	325
2014-2015	295
Decline (# students)	**-30**

Source: NJ Dept. of Education

Lower Homeownership Rates – Consistent with national trends, the homeownership rate in New Jersey declined precipitously with the onset of the Great Recession. The homeownership rate in the state has declined from 71.3% in 2005.Q1 to 63.7% in 2015.Q3. This equates to an 11% drop in the homeownership rate, compared to a decline of only 5% nationwide, indicating relatively weak demand for home sales and expanding demand for rental properties.

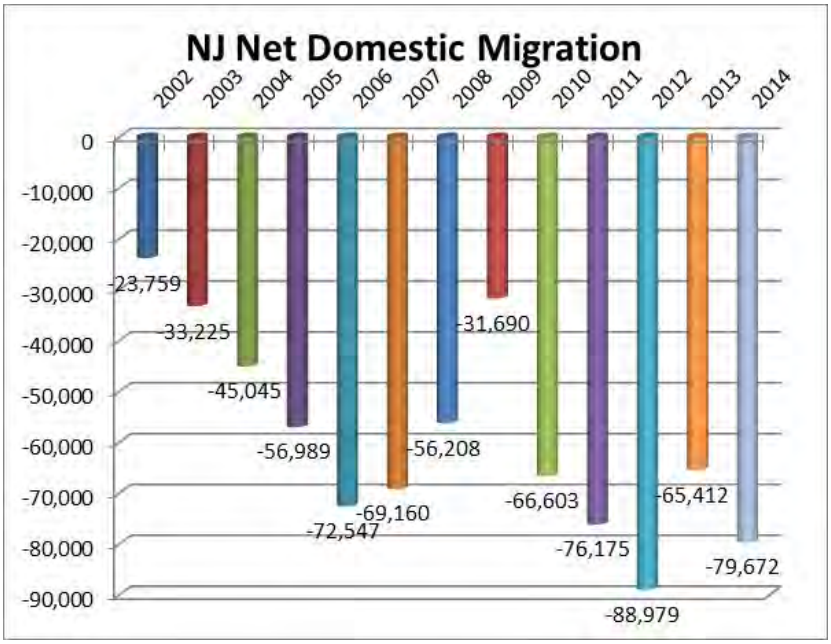


While the homeownership rate in New Jersey has declined to 63.7%, it is 86% in Oxford due to a structural undersupply of multi-family rental housing. According to the 2013 American Community Survey by the US Census Bureau, only 5% of the existing housing stock in the Township is in multi-family structures with 5 or more units. This compares to 14% of its population being between the ages of 18-34 and 14% being ages 65 and older. Also, 56% of its households are either 1-person or 2-persons in size and 66% have no children living at home. These facts support the construction of additional housing in the form of multi-family rental apartments for those younger age, older age, and small-size 'childless' households.

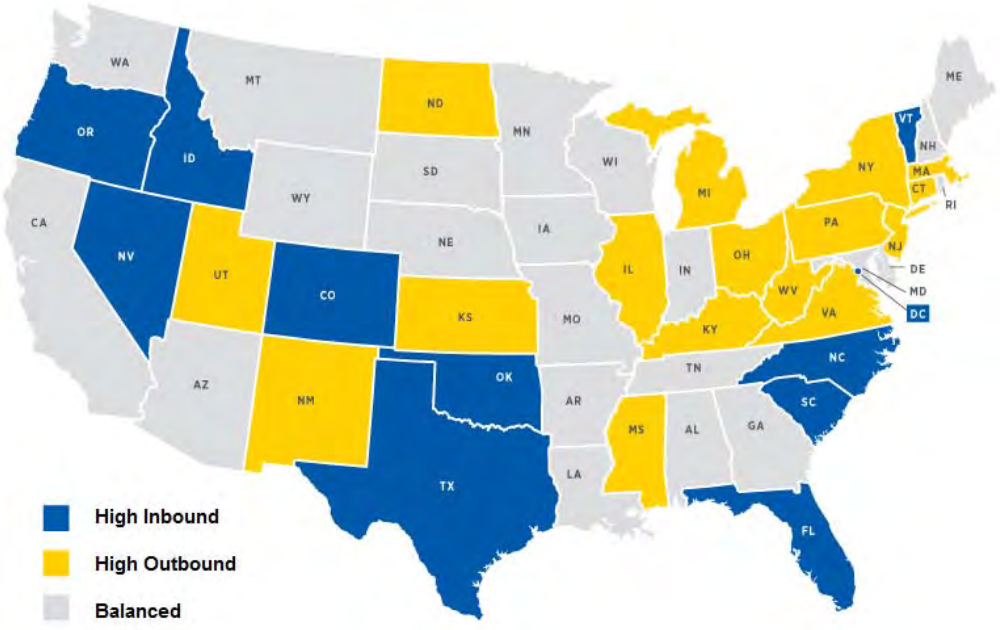
	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Occupied Housing Units by Tenure	954		9,550		33,427		99,884	
Owner Occupied	818	85.74	7,524	78.79	25,837	77.29	75,177	75.26
Renter Occupied	136	14.26	2,026	21.21	7,590	22.71	24,706	24.73

Domestic Outmigration – Directly relevant to projecting real estate demand is that domestic outmigration has been occurring at an elevated pace in recent years as residents leave New Jersey in search of alternative states with lower living, housing and taxation costs. New Jersey ranks among the worst states for residents relocating to other states, including older age residents entering their retirement years, as evidenced by a recent survey of 55+ households by AARP which found that New Jersey ranked as the worst place for retirement in the US. The state also ranks as the 6th highest in terms of people living here who want to move to another state. According to data published by the US Census Bureau, 'net' domestic migration for New

Jersey has been negative for more than a decade. These trends have resulted in a cumulative net loss of more than 765,000 residents since 2002.



Another study conducted by United Van Lines in 2014 ranked New Jersey as having the highest percentage of outbound shipments (65%) of household goods in the nation. Also noteworthy in this regard is a 2007 study published by Monmouth University which found that (50%) of all New Jersey residents want to leave the state and live somewhere else.



These domestic outmigration trends have a depressing effect on demand for all forms of housing, particularly senior and active-adult housing as older-age residents leave the state in favor of lower cost places. As a result of these factors, demand for age-restricted housing, including senior housing, has been weakened dramatically in recent years.

Increasing Urban-Inner Ring Suburban-Transit Oriented Demand - A developing trend in New Jersey is an increasing preference among residents toward locations offering proximity to employment centers and transportation corridors. This trend is evident across a range of demographic and real estate market indicators. One of the reasons for this shift is the previously discussed trend toward smaller size households without children living at home, which presently account for 65% of all households in the state. This is because shrinking household size translates into less demand for the larger living spaces that are prevalent in suburban and rural areas. Another reason for the shift away from rural areas is the increased cost of gasoline due to elevated oil prices which make longer-distance commuting less affordable.

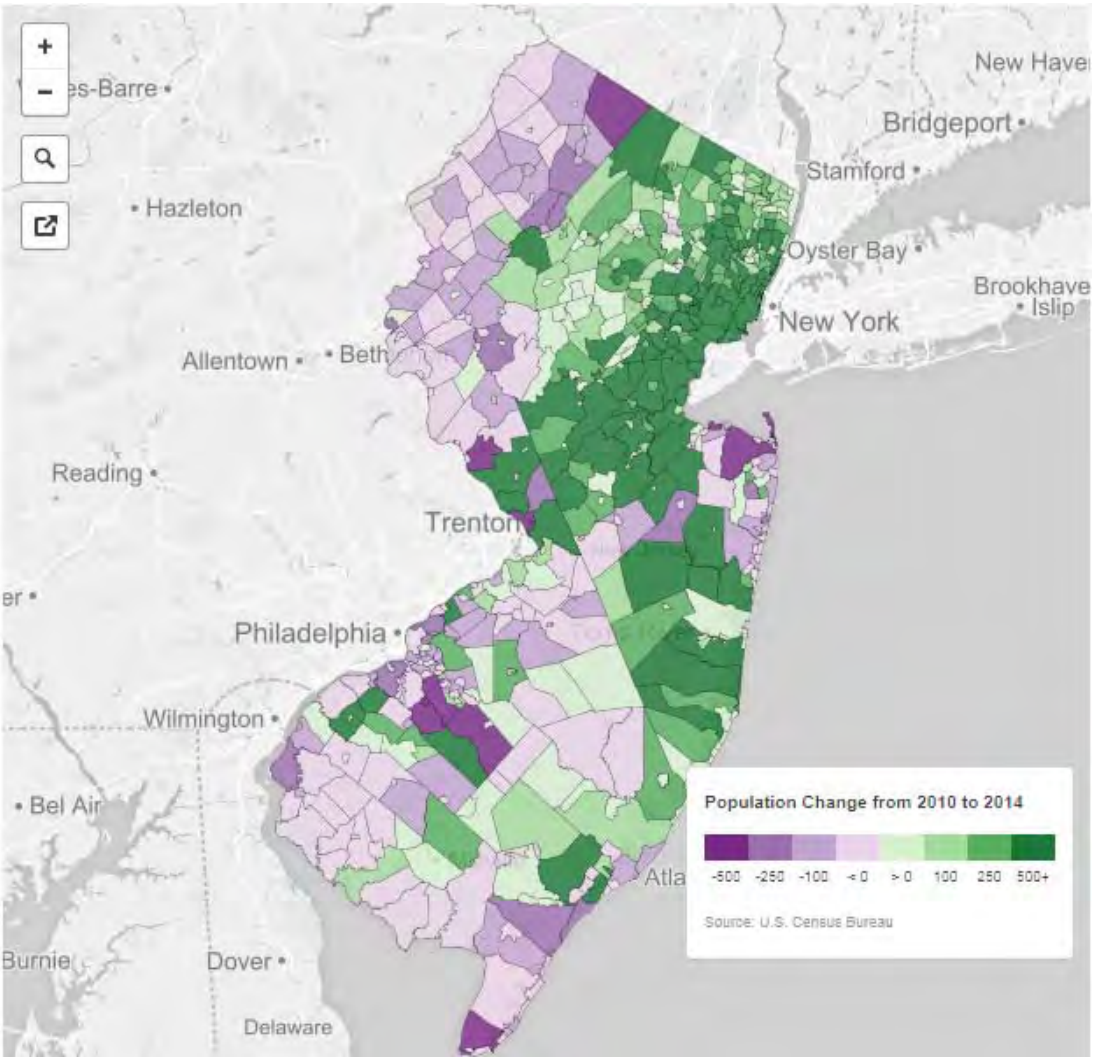
The 2010 Census provided evidence of a shift in population growth, with New Jersey's cities and older built-out counties growing faster than their outlying suburban counterparts for the first time in decades. This was also true for the 2011 county population estimates which found a similar reversal whereby the state's urbanized counties were growing faster than those on the suburban fringe in the wake of the housing market collapse of 2008. The Census Bureau's 2013 county population estimates indicate a continuation of these trends whereby urbanized places in 'northern New Jersey' are growing more rapidly while exurban counties are either stagnating or losing population.

- Hudson County has been the fastest-growing county in New Jersey over the past year, and for the entire post-recession period of 2008-2013.
- The five fastest-growing counties from 2012-2013, and since 2008 are Hudson, Union, Bergen, Middlesex, and Somerset. Only their order of their ranking has changed over the past 5 years. Essex and Passaic counties are also in the top 10 fastest-growing for the last year and since 2008.
- Camden County, South Jersey's smaller counterpart to the "urban core" however lost population from 2012 to 2013, as did Burlington.
- Mercer County, which comprises an even smaller urban area plus its suburbs, fell in between but resembles more closely the northern urban core than the southern one. It was the sixth-fastest growing county in the state this past year, up from eighth place the year before, surpassing Ocean County (formerly the second-fastest-growing county in the state, pre-recession, after Gloucester), which ranked seventh both years.

- At the extreme southern end of the state, Salem, Cumberland, and Cape May counties lost population over the past year, while Atlantic county posted a small increase. Salem and Cape May counties now have fewer residents than in 2008.
- The exurban counties of Hunterdon, Warren, and Sussex in the northeastern part of the state lost population over the past year, as they all did last year. All three have fewer people today than in 2008. This is a dramatic reversal from the earlier part of the 2000s, when Hunterdon and Warren were both in the top 10 (and Sussex just out of it, at no. 11), and from the 1990s, when Hunterdon ranked third and Warren ranked fifth.
- Also reversing course have been Pike and Monroe counties in northeastern Pennsylvania. Both counties have lost population over the last two years, and both have fewer people today than they did in 2008. This reverses their rapid growth of more than 20 percent between 2000 and 2008, after even faster growth in the 1990's.
- The Pennsylvania portion of the Philadelphia metro area is faring better than the New Jersey piece. The City of Philadelphia along with its suburban counties of Bucks, Montgomery, Delaware, and Chester) gained population from 2012 to 2013. For the entire post-recession period from 2008 to 2013, the City of Philadelphia posted a bigger percent increase in population than any of its suburban counties on either side of the river except Chester County. Philadelphia grew faster than Delaware, Montgomery, or Bucks counties in Pennsylvania and faster than Burlington, Camden, Gloucester, or Salem counties in New Jersey.

The shift from a suburban-centric growth model to one that is more urban was confirmed by a 2014 study published by the Edward J. Bloustein School of Planning and Public Policy of Rutgers titled The Receding Metropolitan Perimeter. In it, Dean James Hughes and Professor Joseph Seneca write "suburban-centric regional economic growth now represents the twentieth century past".

Another analysis provided by the US Census Bureau's 'Current Population Estimates' reveals that 187 of New Jersey's municipalities (33%) lost population from 2000 to 2014. What's particularly revealing about these figures is where the towns that are losing population are located. As shown in the map below, the towns experiencing population declines are predominantly located in the northwestern and southern portions of the state which are the furthest from major employment centers, public transportation to New York City.



Of particular note is that Warren County, within which the subject project is located, is one of the places where population declines have been occurring. This is also occurring in Oxford Township.

The following table provides a list of those towns that are experiencing the most rapid change in population. Jersey City has gained nearly 15,000 residents since 2010, making it the fastest growing municipality in the state which is symbolic of the state's reinvigorated urban core. Even Newark, which had been in sharp decline for half a century, has seen significant growth in the last five years. At the opposite end of the spectrum are places like Vernon at the far northern corner of the state which has lost more than 1,000 residents. These trends indicate a reversal for New Jersey's once booming outer-ring suburbs which have been experiencing population declines after decades of long term growth.

NJ Population Change - 2010-1014

Fastest Growing Towns

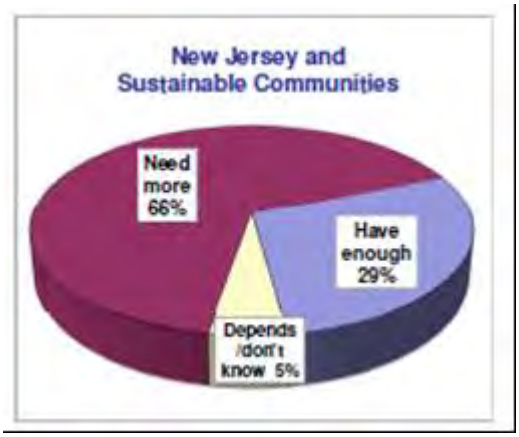
Municipality	2014 Population	Change since 2010		% Change since 1980
Jersey City	262,146	**14,549**	**5.3%**	17%
Elizabeth	128,705	**3,736**	**2.8%**	21%
Monroe (Middlesex)	42,810	**3,678**	**7.9%**	170%
Franklin (Somerset)	65,938	**3,638**	**5.2%**	110%
Newark	280,579	**3,439**	**1.2%**	-15%

Fastest Declining Towns

Municipality	2014 Population	Change since 2010		% Change since 1980
Vernon	22,799	**-1,144**	**-5.3%**	40%
Trenton	84,034	**-879**	**-1.1%**	-9%
Washington (Gloucester)	47,841	**-718**	**-1.5%**	72%
Gloucester Township	64,029	**-605**	**-1.0%**	42%
Lower	22262	**-604**	**-2.8%**	30%

A series of reports are also emerging which indicate that the flow of jobs to suburban corporate campus settings is shifting to more urbanized places. The Chicago Crain's Business Journal reports that companies such as Allstate, Motorola, AT&T, GE Capital, Sara Lee and even Sears are re-considering their fringe suburban locations, generally in stand-alone campuses, and considering a move back to downtown Chicago. Such a move by Sears would be significant since it abandoned the country's tallest building for an equally huge, though horizontal, building 45 miles from the Loop over 20 years ago. These current companies follow moves into downtown Chicago by United Airlines and Navteq Corp. in the last decade. Also, UBS, the huge Swiss banking firm, is reportedly considering relocating their U.S. headquarters back to New York City from Stamford, Connecticut citing both a desire to locate nearer to its clients as well as challenges in recruiting young bankers who want to live in Manhattan or Brooklyn to work for the firm. Even downtown Detroit has seen four major corporate moves into the city in recent years including the recent corporate headquarters of the parent company of Quicken Loans. Here in New Jersey, Panasonic Corp.'s relocation from Secaucus to Newark involved 250,000 ft^2 of office space and 1,000 jobs. Other significant moves include Manischewitz relocating to a renovated 200,000 ft^2 manufacturing and corporate facility in Newark, Forbes plans to move 350 jobs to Jersey City, and Roche's move from Nutley to Manhattan.

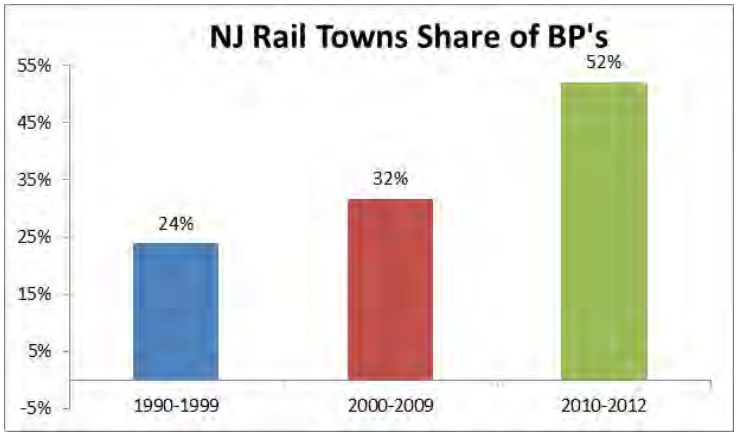
This trend is largely attributable to corporate America's search for the young talent of the Millennial-Generation by relocating their operations to more urban places where this demographic cohort prefers to live. This trend provides evidence that building a high quality residential base in urban, semi-urban and inner-ring suburban areas can increase employment and real estate demand. A side effect of this trend is for diminished vitality in suburban and rural submarkets which would weaken local real estate demand.



One of the drivers for the demand shift toward urban-centric housing is a growing preference to live in places offering close to proximity to transportation and lifestyle amenities. A survey published by the Monmouth University Polling Institute in August 2011 found strong support for such 'sustainable planning'. According to the survey results, two-thirds (66%) of New Jersey residents feel that the state needs more of these sustainable communities while only 29% say the state already has enough of these types of communities. The survey also found that nearly 3-in-4 state residents say they would definitely (46%) or probably (27%) like to live in a community where they could walk to shops or their job and that offered a variety of transportation options. Of those saying they would *definitely* like to live in this type of community, 67% were current urban residents, 45% already reside in those stable towns and suburbs, and 37% live in expanding suburbs areas of the state. When asked to consider the likelihood of downsizing to a smaller house if they could reduce their commute time and have better access to public transportation and more services within walking distance of their home, just under half say they are very (20%) or somewhat (24%) likely to consider this. Similarly, just under half (47%) of those currently living in large single family homes with at least four-bedrooms say they are at least somewhat likely to consider downsizing their home in exchange for better access to transit and services. Similar numbers of residents living in smaller single family homes (41%) and townhouses or multi-dwelling buildings (47%) say the same. Another finding of the survey was that just over half (52%) of New Jersey residents say they would like to use public transit or walk or bike to places more often than they do now.

Access to Manhattan Employment Center - Yet another factor in the urbanization of housing demand is the increased importance of employment opportunities in Manhattan to New Jersey households. Different from the employment situation in New Jersey, New York City's economic downturn resulting from the 2007-2009 recession began later, declined less, and entered a

recovery phase sooner. As a result, the pace of job recovery in New York City has progressed at a faster pace than in New Jersey and the US overall. Evidence of this shift can be found in the real estate market in a variety of indicators, most notable of which is the rising share of building permits issued in towns with rail stations which increased from 24% in the decade of the 1990's; to 52% in the combined years of 2010-2012.

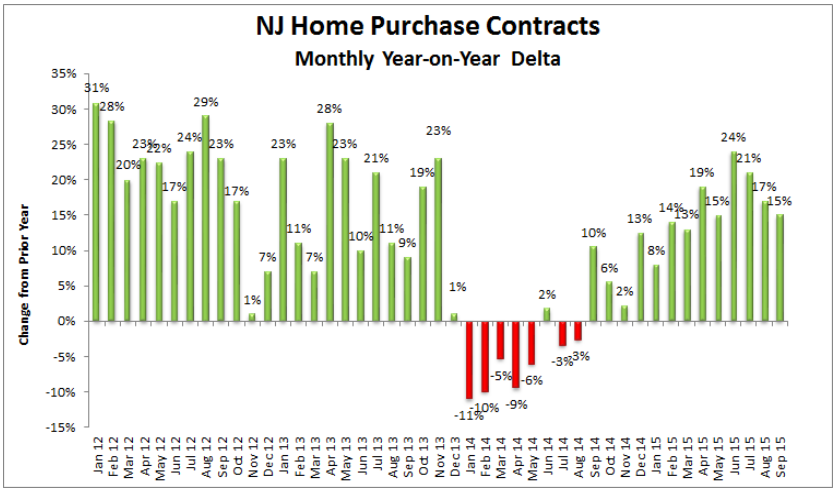


Economic & Demographic Trend Conclusions: When considered collectively, these trends indicate that economic and real estate demand growth in New Jersey will be concentrated in those communities which offer relevant housing choices in multi-use neighborhoods that are situated within close proximity to employment opportunities, public transportation services and retail services. While this creates significant opportunities for real estate development in inner-ring suburbs and urban centers in the northern and central portions of the state, it creates significant challenges for New Jersey's rural areas like Oxford Township.

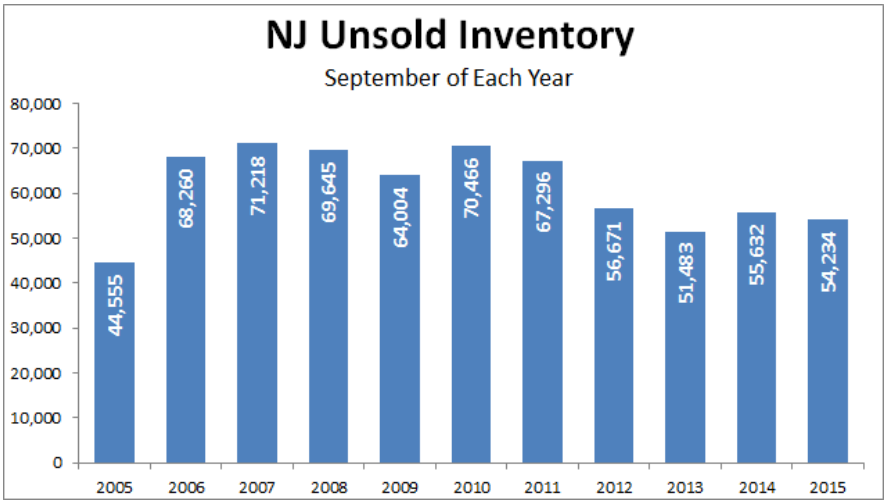
PART IV – FOR SALE HOUSING

Housing Market Conditions

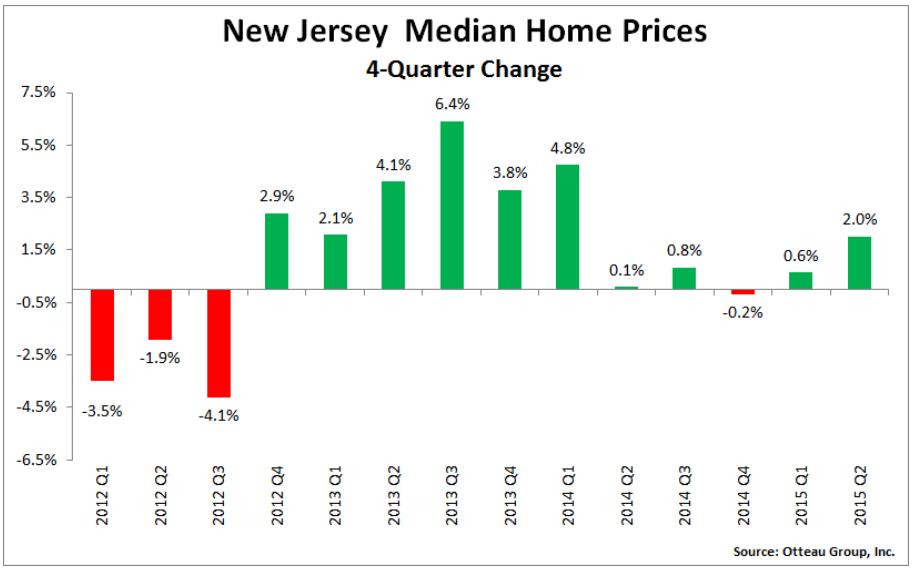
Home purchase demand in New Jersey increased for the 13th consecutive month in September with more than 8,000 home-purchase contracts. This was the highest number of purchase contracts recorded in the month of September since 2005, reflecting a 15% increase compared to the same month one year ago.



While home purchase demand continues to rise, the inventory of available homes remains constrained in New Jersey. The number of homes being offered for sale in the month of September declined by more than 1,400 homes (-3%) compared to one year ago. This is about 19,000 (-26%) fewer homes on the market compared to the cyclical high in 2011. Today's unsold inventory equates to 6.7 months of sales (non-seasonally adjusted), which is less than one year ago when it was 7.9 months.



The broad improvement in housing market conditions over the past few years has resulted in rising home prices in New Jersey. Median home prices have been increasing in the State increasing by 2% in 2015.Q2 compared to one year ago, rising to $304,811 in Q2 up from $298,770 one year earlier.



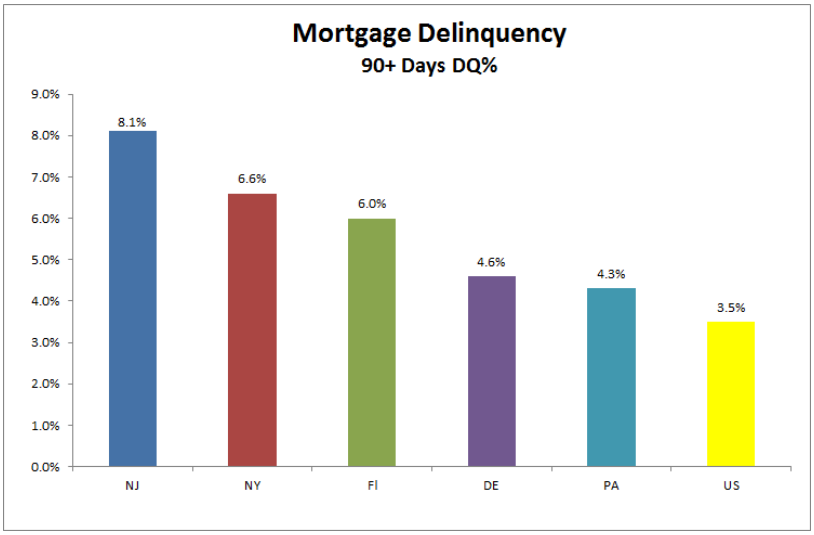
On a more local level, the table below shows that home prices in Warren County have actually declined over the past year, falling by 0.25 in 2015.Q2. Therefore, home selling prices in Warren County continue to decline while rising across a majority of the State.

2015 Q2 Median Price Change by County

Rank	Market	2014	2015	Change	Rank	Market	2014	2015	Change
1	Hunterdon	$331,500	$364,000	9.8%	12	Somerset	$350,000	$360,000	2.9%
2	Hudson	$418,000	$452,500	8.3%	-	NJ	$298,770	$304,811	2.0%
3	Essex	$401,000	$425,000	6.0%	13	Gloucester	$185,000	$187,449	1.3%
4	Ocean	$204,000	$215,000	5.4%	14	Union	$325,000	$329,000	1.2%
5	Cumberland	$125,000	$130,100	4.1%	15	Sussex	$215,000	$217,000	0.9%
6	Monmouth	$346,250	$360,050	4.0%	16	Morris	$417,500	$419,000	0.4%
7	Mercer	$255,000	$264,750	3.8%	17	Bergen	$430,000	$430,000	0.0%
8	Middlesex	$270,000	$280,000	3.7%	18	Warren	$223,000	$222,500	-0.2%
9	Salem	$135,000	$140,000	3.7%	19	Camden	$175,000	$170,000	-2.9%
10	Passaic	$286,000	$295,000	3.1%	20	Atlantic	$193,000	$175,338	-9.2%
11	Burlington	$199,000	$205,000	3.0%	21	Cape May	$355,700	$319,500	-10.2%

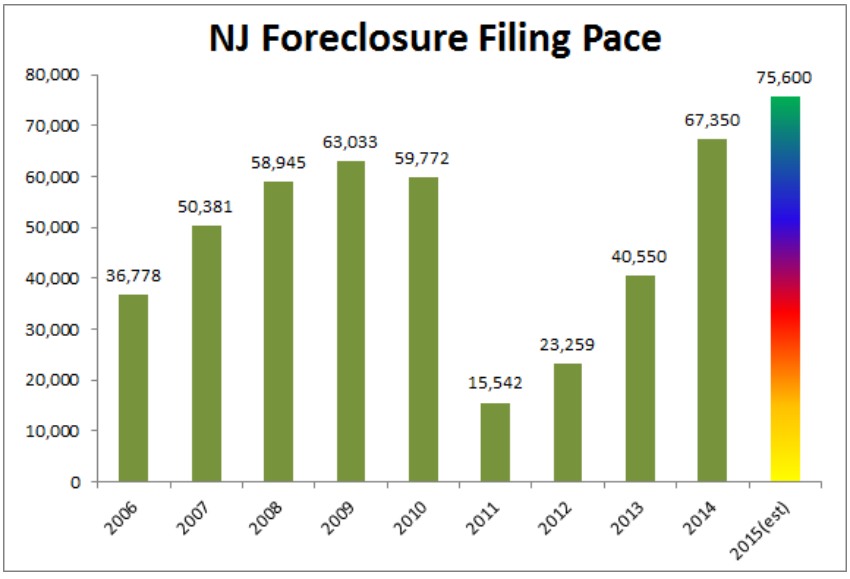
Another factor in analyzing housing market conditions is the trend of foreclosure filings. New Jersey presently has the highest rates of mortgage delinquency in the nation with 8.1% of

homeowners with a mortgage having missed 3 or more mortgage payments, which is down from a peak of 10.8% in August 2013. This rate is still more than double the national rate of 3.5%.

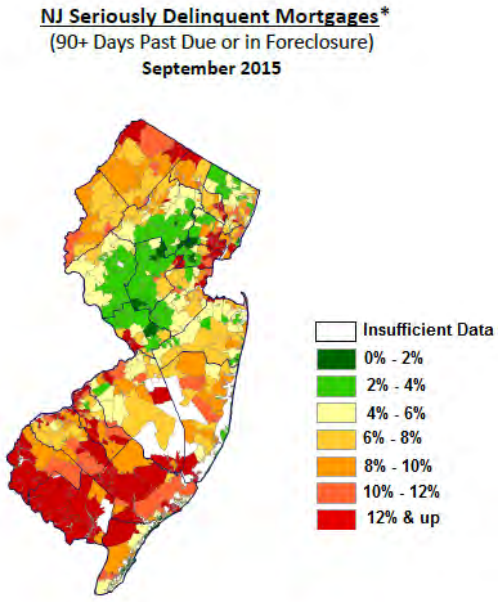


SOURCE: CoreLogic & Otteau Group, Inc.

Due to New Jersey's high rate of mortgage delinquency, the pace of foreclosure filings in the state remains elevated at a time when other states are experiencing decreasing activity. New Jersey foreclosure filings in 2014 recorded a 66% increase over the prior year, rising from 40,550 to 67,350, and are on pace to record an additional 75,600 filings in 2015. This accelerated pace of foreclosure filings in New Jersey will create additional constraints on home prices in those places where they are most concentrated which are in the state's urban and rural fringes, as well as in Atlantic County which currently has the highest foreclosure rate in the nation.

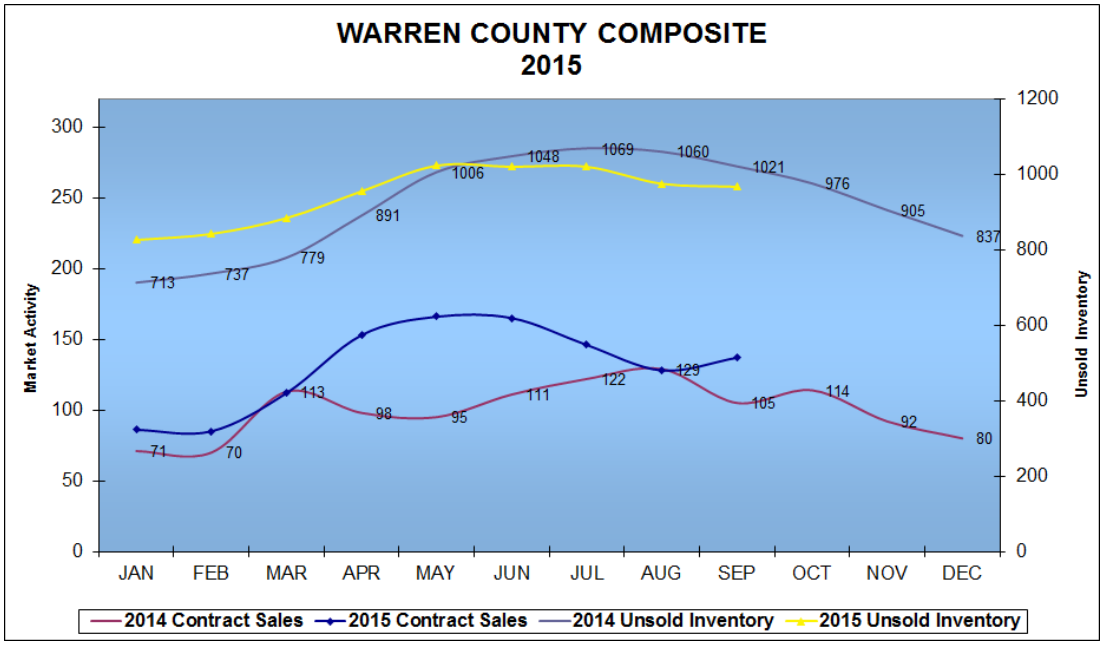


SOURCE: RealtyTRAC & Otteau Group, Inc.



Because the current acceleration in foreclosure actions is occurring at time when the housing market has improved compared to several years ago, they will have a lesser effect on overall market conditions and home prices. More localized data however indicates a greater concentration of mortgage delinquency and pending foreclosure actions in the northwestern and southern parts of the state, as well as in urban areas. This indicates increased foreclosure actions in the subject property's local submarket area.

Focusing next on housing market conditions in Warren County, housing market conditions have also been improving as evidenced by rising sales pace and declining inventory. Based upon market performance from January to September in 2015, the number of home sales increased by 29% while the unsold inventory declined by 5%.



Also similar to what's occurring at the state level, the analysis in the table below indicates that the pace of home sales in Warren County during the 3rd Quarter of 2015 has also increased compared to the previous year, and is the strongest of the past 5 years.

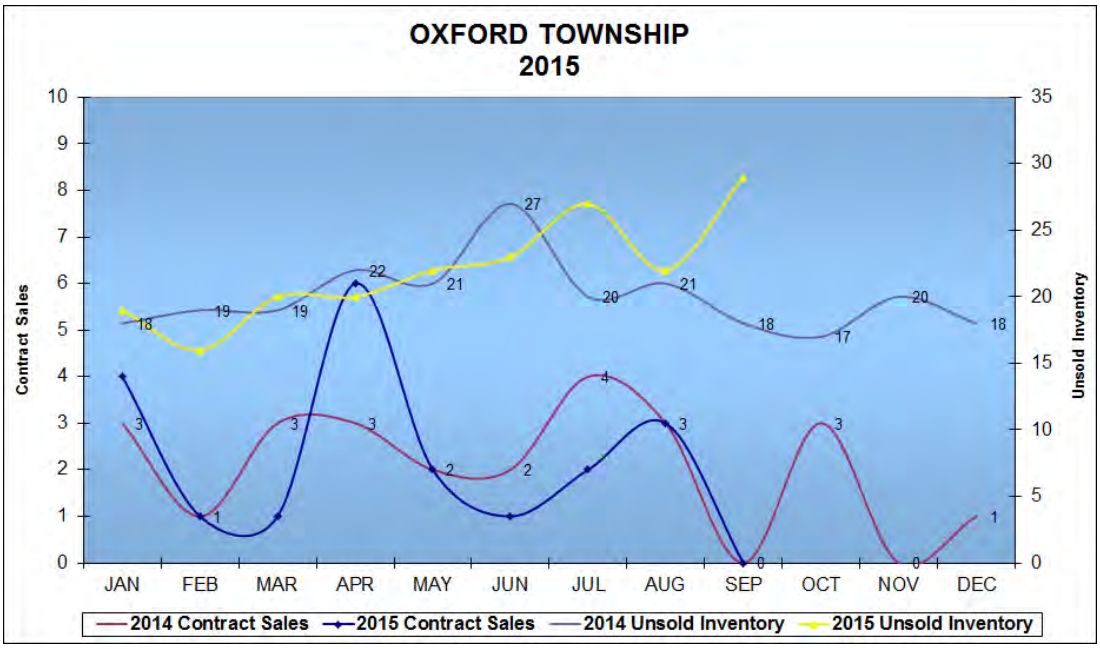
		2011	2012	2013	2014	2015
Average # Of Offerings/Monthly		160.7	147.0	172.0	195.3	195.3
Average # Of Sales/Monthly		69.7	90.7	107.3	118.7	137.0
Supply & Demand Ratio		43%	62%	62%	61%	70%
Unsold Inventory		1101	912	855	1021	967
Projected Absorption (months)	*Total Market*	16	10	8	9	7
	Less than $400k	14	9	8	8	6
	$400k - $599,999	40	22	8	20	15
	Less than $600k	15	10	8	8	7
	$600k - $1 million	∞	51	93	14	90
	$1,000,001 - $2.5 mil.	∞	30	∞	24	16
	Greater than $2.5 mil.	∞	∞	∞	∞	9

Based upon these factors, the housing market in Warren County is carrying 7.1 months of unsold housing inventory. This compares to 6.7 months of unsold inventory for the state overall indicating that housing market conditions in the County are slightly weaker. A closer look at the unsold inventory ratio in the county indicates however that market conditions are progressively weaker in higher price ranges. For example, in the market segment from $400,000-$600,000 the inventory index rises to 13.9 months, and from $600,000-$1-Million it rises again to 30 months. This poses significant challenges for new construction which typically demands higher home selling prices than existing homes. Therefore, any new home construction in Warren County needs to be modestly priced, and therefore focused on smaller size homes (see table below).

MONTHS OF UNSOLD HOUSING INVENTORY

	All Prices	<$400k	$400k-$599,999	$600k-$1mil	$1.0-$2.5mil	>$2.5 mil
Warren County	7.1	6.4	13.9	30.0	16.0	∞

At the local level, Oxford Township has recently been experiencing a weakening of market conditions in the form of declining home sales and rising unsold inventory.



As shown in the table below, Oxford Township was carrying 17-months of unsold housing inventory at the end of 2015.Q3 compared to only 7.1 months for Warren County. Also, The pace of home sales in Oxford Township actually declined during the 3rd Quarter of 2015 to the lowest level of the past 5 years.

	2011	2012	2013	2014	2015
Average # Of Offerings/Monthly	5.0	2.7	4.3	2.7	4.0
Average # Of Sales/Monthly	2.7	2.0	1.7	2.3	1.7
Supply & Demand Ratio	53%	75%	38%	88%	42%
Unsold Inventory	32	24	18	18	29
Projected Absorption (Months)	12	12	11	8	17

These overall trends in the For-Sale Housing Market indicate relatively weak home purchase demand in Warren County, and in Oxford Township

Home Purchase Demand

Home purchase demand is attributable to the following factors:

1) Demonstrated Demand or that demand which can be quantified by examining the sales pace of both existing homes and new development projects. As indicated previously, the pace of home sales in Oxford Township has been slowing in 2015 despite rising demand in Warren County and New Jersey overall. We note however that there is an opportunity to generate 'induced demand' by reducing the cost of homeownership as is discussed in the Induced Demand section below.

2) Unsatisfied Demand is existing demand that cannot be satisfied within the immediate area due to a scarcity of available homes being offered for sale or because of a lack of affordability. As a result, these home buyers end up settling for inferior housing choices, or purchasing homes outside the market area.

   Given that Unsold Inventory levels in the Warren County submarket area indicate 7 months of housing supply, and 17 months in Oxford Township, unsatisfied demand would at first appear to be non-existent. Such a simplistic analysis fails to consider however that the higher cost of homeownership forces many households into rentership. Therefore, constructing more affordable forms of housing development in terms of smaller size townhouses and offering tax abatements would enable a greater number of renter households to afford homeownership (see Induced Demand section below).

3) Background Demand Growth results from net household formation within a submarket which translates into a greater need for housing. For example, as the number of households increases there is a corresponding demand to construct additional housing units. Similarly, a decline in the number of households will cause a corresponding decline in housing demand.

   In developing a forecast of household formation for the study area we have analyzed historical demographic trends for the local submarket within 5-mile, 10-mile and 15-mile radii. As shown in the table below, the number of households declined from 2010 to 2015 in the 5-mile and 10-mile radii while increasing slightly within 15-miles. Carrying this forward to the next 5 years, we have projected a continuing but slower rate of decline in 5-miles and 10-miles and a slightly accelerated pace of household formation within 15 miles.

Household Formation Rates

	2000	2010		2015		2020- Projected	
Radii	#	#	% Change	#	% Change	#	% Change
5 Miles	9,305	9,847	5.8%	9,550	-3.0%	9,365	-1.9%
10 Miles	31,617	33,808	6.9%	33,427	-1.1%	33,317	-0.3%
15 Miles	90,655	99,633	9.9%	99,884	0.3%	100,628	0.7%

The next step is to apply these household formation projections to the local homeownership rates as a basis for projecting demand for the construction of new for-sale housing units. In developing this projection, we have applied 3 different homeownership rate scenarios as follows:

- 2% Decline in Current Homeownership Rates
  - Results in a decline in home purchase demand across all 3 geographies
- Static Homeownership Rates with No Change
  - Results in a decline in home purchase demand within 5-miles and 10-miles, and an increase within 15-miles
- 2% Increase in Current Homeownership Rates
  - Results in an increase in home purchase demand across all 3 geographies

Home Purchase Background Demand Growth										
	Existing Conditions			5-Year Projections						
					2% Homeownership Decline		Static Homeownership		2% Homeownership Rise	
Radii	2015 Households	Existing Homeowners	Homeowner Rate	2020 Households	Homeowner Rate	Demand Growth (@-2%)	Homeowner Rate	Demand Growth (@ 0%)	Homeowner Rate	Demand Growth (@ +2%)
5 Miles	9,550	7,524	78.79%	9,365	76.79%	(333)	78.79%	(146)	80.79%	42
10 Miles	33,427	25,837	77.29%	33,317	75.29%	(751)	77.29%	(85)	79.29%	581
15 Miles	99,884	75,177	75.26%	100,628	73.26%	(1453)	75.26%	560	77.26%	2,573

Source: The Nielsen Company; Otteau Group

The above analysis indicates that home purchase demand will only increase within 5-miles and 10-miles if there is a simultaneous increase in the homeownership rate. While this is possible, it presents the most optimistic assessment of future demand. Within the 15-mile radius however, home purchase demand is projected to increase if homeownership rates remain stable, and if it increases.

It is significant to note however that the projected increase within 5-miles with a 2% increase in the homeownership rate is extremely small, totaling only 42 dwelling units over a 5-year period. Also, while the projected increases are significantly larger within 15-miles, Oxford Township represents less than 1% (0.8%) of the land area within the 15-mile radius (see table below). Therefore, Oxford's fair share of the potential demand growth in traditional for-sale housing resulting from household formation will be relative small, representing only a fraction of the demand figures.

	Square Miles	Pro-Rata Share
Study Area	0.42	0.1%
Oxford Township	5.89	0.8%
5-Miles	78.54	11.1%
10-Miles	314.16	44.4%
15-Mile Radius	706.86	100.0%

Once again, we note an opportunity to generate additional purchase demand by offering modestly sized townhouse dwellings with tax abatements (see Induced Demand section below).

4) Induced Demand is defined as that demand which does not currently seek housing in the submarket area but could be persuaded to do so through the availability of additional housing units, proper sales efforts and new demand generators.

Our investigation indicates the existing housing stock in Oxford Township indicates it to be relatively old, with a median age of 41 years with an average length of residence of 17 years for its owner occupied dwellings. These conditions are indicative of an outdated housing stock which creates an opportunity to construct more relevant housing types.

Also to be recognized is the ability to generate additional purchase demand by reducing the cost of homeownership to end-user purchaser. This can be accomplished by constructing smaller size townhouse dwellings which would be lower in cost. Another vehicle to create 'induced demand' is to offer tax abatements would lower the monthly housing expense of homeownership. Discussions with the client have indicated that Oxford Township will offer such a tax abatement which will lower property taxes for townhouse dwellings by 30% for a period of 15-years.

Based upon the preceding analyses, the potential for constructing new for-sale housing units in Oxford Township hinges on introducing a housing type that is not readily available in the market. Considering that 68% of the township's existing housing stock consists of single family detached homes, while only 15% are 1-unit attached, townhouse development offers the more viable housing form to be considered. Therefore, constructing modestly sized townhouse dwellings which offer a tax abatement to the purchasers of these dwellings will be well received by the market.

The next step in our demand analysis is to determine the purchasing power of area households to quantify their ability to afford homeownership. Based upon current mortgage interest rates, which are approximately 3.77% for a 30-year loan, the cost of amortization is $4.64 per $1,000 of loan principal. Based upon this cost it is possible to calculate the home purchasing power of local area households relative to their annual income. To accomplish this, we have applied the following factors and calculations:

- Monthly housing expense ratio (PITI) equivalent to 35% of gross income
- Approximate cost of homeowner's insurance equivalent to $750 per year
- Approximate cost of real estate taxes equivalent to $6,600 per year based upon Oxford's current tax rate multiplied times an average selling price of $302,400 for new townhouses currently being offered in the competitive submarket area less a 30% abatement. This is significantly less than the average selling price of new construction in Warren County of $352,546 in 2015.Q2.
- Down payment amounts of 5%, 10% and 20% of the purchase price

The tables below develop separate calculations of home purchase power within Oxford Township as well as the 5, 10 & 15-mile radii.

PURCHASING POWER BY AGE MATRIX

Household Income by Age of Householder 2015 - Oxford Township

Household Income by Age			Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals			15	103	156	253	195	135	71	26
% of Total Households			1.57%	10.80%	16.35%	26.52%	20.44%	14.15%	7.44%	2.73%
Median Household Income			$59,375	$73,958	$86,957	$66,927	$60,473	$45,109	$31,176	$30,000
Affordable Monthly Housing Expense @	35%		$1,732	$2,157	$2,536	$1,952	$1,764	$1,316	$909	$875
Less Cost of Homeowner's Insurance	$750		($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)
Affordable Monthly P-I-T			$1,669	$2,095	$2,474	$1,890	$1,701	$1,253	$847	$813
Less Cost of Real Estate Taxes @	$	6,600	($550)	($550)	($550)	($550)	($550)	($550)	($550)	($550)
Affordable P-I			$1,119	$1,545	$1,924	$1,340	$1,151	$703	$297	$263
Mortgage Principal Equivalent			$241,092	$332,710	$414,376	$288,537	$247,990	$151,465	$63,931	$56,543
Purchasing Power - Downpayment @	5%		$253,781	$350,221	$436,185	$303,723	$261,042	$159,437	$67,296	$59,519
Purchasing Power - Downpayment @	10%		$267,880	$369,677	$460,418	$320,597	$275,544	$168,295	$71,034	$62,825
Purchasing Power - Downpayment @	20%		$301,365	$415,887	$517,970	$360,672	$309,987	$189,332	$79,914	$70,678
Average Purchasing Power			$276,666	$381,802	$475,519	$331,112	$284,582	$173,814	$73,364	$64,886

PURCHASING POWER BY AGE MATRIX

Household Income by Age of Householder 2015 - 5-Mile Radius

Household Income by Age		Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals		142	885	1,423	2,331	2,130	1,436	833	364
% of Total Households		1.49%	9.27%	14.91%	24.42%	22.32%	15.05%	8.73%	3.81%
Median Household Income		$43,899	$76,652	$91,408	$84,837	$79,306	$48,300	$32,202	$26,663
Affordable Monthly Housing Expense @	35%	$1,280	$2,236	$2,666	$2,474	$2,313	$1,409	$939	$778
Less Cost of Homeowner's Insurance	$750	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)
Affordable Monthly P-I-T		$1,218	$2,173	$2,604	$2,412	$2,251	$1,346	$877	$715
Less Cost of Real Estate Taxes @	$ 6,600	($550)	($550)	($550)	($550)	($550)	($550)	($550)	($550)
Affordable P-I		$668	$1,623	$2,054	$1,862	$1,701	$796	$327	$165
Mortgage Principal Equivalent		$143,863	$349,635	$442,340	$401,057	$366,309	$171,513	$70,377	$35,578
Purchasing Power - Downpayment @	5%	$151,435	$368,037	$465,621	$422,165	$385,588	$180,540	$74,081	$37,450
Purchasing Power - Downpayment @	10%	$159,848	$388,483	$491,488	$445,619	$407,009	$190,570	$78,196	$39,531
Purchasing Power - Downpayment @	20%	$179,829	$437,043	$552,924	$501,321	$457,886	$214,391	$87,971	$44,472
Average Purchasing Power		$165,091	$401,224	$507,608	$460,234	$420,359	$196,820	$80,761	$40,828

PURCHASING POWER BY AGE MATRIX

Household Income by Age of Householder 2015 - 10-Mile Radius

Household Income by Age		Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals		562	3,084	4,976	8,549	7,662	4,968	2,489	1,137
% of Total Households		1.68%	9.23%	14.89%	25.58%	22.92%	14.86%	7.45%	3.40%
Median Household Income		$31,133	$77,374	$92,601	$93,190	$86,774	$56,367	$36,669	$29,990
Affordable Monthly Housing Expense @	35%	$908	$2,257	$2,701	$2,718	$2,531	$1,644	$1,070	$875
Less Cost of Homeowner's Insurance	$750	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)
Affordable Monthly P-I-T		$846	$2,194	$2,638	$2,656	$2,468	$1,582	$1,007	$812
Less Cost of Real Estate Taxes @	$ 6,600	($550)	($550)	($550)	($550)	($550)	($550)	($550)	($550)
Affordable P-I		$296	$1,644	$2,088	$2,106	$1,918	$1,032	$457	$262
Mortgage Principal Equivalent		$63,661	$354,171	$449,835	$453,535	$413,226	$222,194	$98,441	$56,480
Purchasing Power - Downpayment @	5%	$67,011	$372,811	$473,510	$477,405	$434,975	$233,888	$103,622	$59,452
Purchasing Power - Downpayment @	10%	$70,734	$393,523	$499,816	$503,928	$459,140	$246,882	$109,379	$62,755
Purchasing Power - Downpayment @	20%	$79,576	$442,713	$562,293	$566,919	$516,533	$277,742	$123,051	$70,600
Average Purchasing Power		$73,054	$406,430	$516,209	$520,456	$474,199	$254,979	$112,966	$64,814

PURCHASING POWER BY AGE MATRIX

Household Income by Age of Householder 2015 - 15-Mile Radius

Household Income by Age		Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals		2,072	10,189	16,103	24,921	22,093	14,162	7,202	3,139
% of Total Households		2.07%	10.20%	16.12%	24.95%	22.12%	14.18%	7.21%	3.14%
Median Household Income		$30,558	$72,397	$90,418	$93,207	$85,556	$56,087	$36,521	$28,303
Affordable Monthly Housing Expense @	35%	$891	$2,112	$2,637	$2,719	$2,495	$1,636	$1,065	$826
Less Cost of Homeowner's Insurance	$750	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)
Affordable Monthly P-I-T		$829	$2,049	$2,575	$2,656	$2,433	$1,573	$1,003	$763
Less Cost of Real Estate Taxes @	$ 6,600	($550)	($550)	($550)	($550)	($550)	($550)	($550)	($550)
Affordable P-I		$279	$1,499	$2,025	$2,106	$1,883	$1,023	$453	$213
Mortgage Principal Equivalent		$60,048	$322,903	$436,120	$453,642	$405,574	$220,435	$97,511	$45,881
Purchasing Power - Downpayment @	5%	$63,209	$339,897	$459,074	$477,518	$426,920	$232,037	$102,643	$48,296
Purchasing Power - Downpayment @	10%	$66,720	$358,781	$484,578	$504,046	$450,638	$244,927	$108,346	$50,979
Purchasing Power - Downpayment @	20%	$75,060	$403,628	$545,150	$567,052	$506,968	$275,543	$121,889	$57,352
Average Purchasing Power		$68,909	$370,548	$500,471	$520,578	$465,418	$252,961	$111,899	$52,651

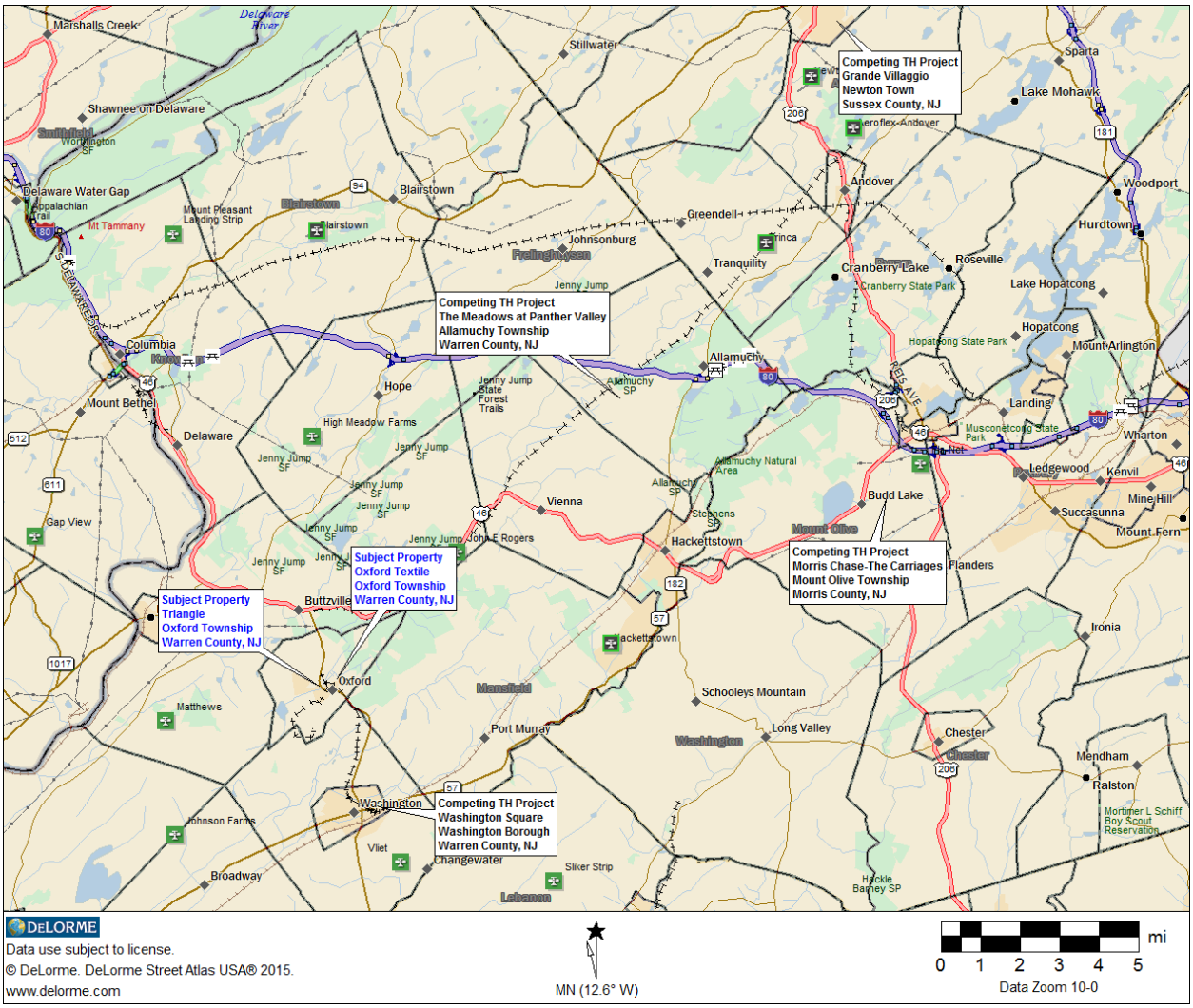
A summary of our findings appear in the table below which calculates the average purchasing power within Oxford Township as well as the 5, 10 & 15-mile radii.

PURCHASING POWER BY AGE MATRIX

	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Oxford Township	**$276,666**	**$381,802**	**$475,519**	**$331,112**	**$284,582**	**$173,814**	**$73,364**	**$64,886**
5-Mile Radius	**$165,091**	**$401,224**	**$507,608**	**$460,234**	**$420,359**	**$196,820**	**$80,761**	**$40,828**
10-mile Radius	**$73,054**	**$406,430**	**$516,209**	**$520,456**	**$474,199**	**$254,979**	**$112,966**	**$64,814**
15-mile Radius	**$68,909**	**$370,548**	**$500,471**	**$520,578**	**$465,418**	**$252,961**	**$111,899**	**$52,651**

To provide a context for the purchasing power calculations above we have investigated market pricing for new construction projects within the regional submarket area offering townhouses. This competitive set reflects a representative sampling of new construction and is not intended to be an exhaustive all-inclusive listing of new home projects. The location of these new home projects is identified on the following map exhibit.

COMPETITIVE TOWNHOUSE DEVELOPMENTS



The new competitive set offering new townhouses indicates base prices ranging from a low of $239,990 to a high of $398,495, with a average of $302,364.

COMPETITIVE SET - Market-Rate For-Sale Townhouses								
	COMPETING PROJECT 1		COMPETING PROJECT 2		COMPETING PROJECT 3		COMPETING PROJECT 4	
Project Name	Washington Square		Meadows at Panther Valley		Morris Chase-The Carriages		Grande Villaggio	
Developer	Ryan Homes		Baker Residential		Toll Brothers		TMR Architecture	
Municipality	Washington Borough		Allamuchy Township		Mount Olive Township		Newton Town	
County	Warren County, NJ		Warren County, NJ		Morris County, NJ		Sussex County, NJ	
Average Base Price		$239,990		$326,072		$398,495		$244,900
Average House Size		1,740		2,496		1,894		1,696
Base Price Per SF		$138		$131		$210		$144
Total Units		86		236		171		54
Project Life (mos.)		45		31		67		7
Net Sales - Project Life		86		83		156		7
Net Sales - 90 Days	Sold out 5/2015	n/a		9		9		7
Sales Pace - Project Life		1.91		2.68		2.33		1.00
Sales Pace - 90 Days	Sold out 5/2015	n/a		3.00		3.00		2.33

We note however our previous recommendation that constructing smaller size townhouses would result in an ability create induced demand through the offering of more affordable home pricing. The above analysis indicates an average price for new construction projects of $302,400 for a typical 2,000 Ft^2 dwelling. Therefore, reducing the size of any new townhouses to be constructed would result in lower and more affordable pricing. Similar cost/selling price efficiencies could be realized by constructing such townhouses without basements or garages. Therefore, assuming a mix of 2-bedroom and 3-bedroom townhouses, we estimate that an average base selling price of $200,000 or less could be offered.

Townhouse Affordability - Comparing these market prices to our prior analysis of purchasing power for local area households indicates strong purchasing power for modified townhouse construction consisting of smaller size dwellings without basements or garages. As shown in the table below, a majority (63%) of cohorts have adequate purchasing power to afford this housing type. Of particular signifcance is that 100% of the 25-34, 35-44, 45-54 and 55-64 year old households have adequate purchaisng power to afford such modified townhouse product.

PURCHASING POWER BY AGE MATRIX - New Townhouses								
	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Oxford Township	**$276,666**	**$381,802**	**$475,519**	**$331,112**	**$284,582**	**$173,814**	**$73,364**	**$64,886**
5-Mile Radius	**$165,091**	**$401,224**	**$507,608**	**$460,234**	**$420,359**	**$196,820**	**$80,761**	**$40,828**
10-mile Radius	**$73,054**	**$406,430**	**$516,209**	**$520,456**	**$474,199**	**$254,979**	**$112,966**	**$64,814**
15-mile Radius	**$68,909**	**$370,548**	**$500,471**	**$520,578**	**$465,418**	**$252,961**	**$111,899**	**$52,651**
New Townhouses	**$200,000 or Less**							

Red Font Indicates a Lack of Affordability

Comments on Sales Pace: Another important aspect of the preceding relates to the pace of sales at these new home projects. The sales pace for area townhouse projects has averaged 2.0 sales per month over their respective project lives and 2.8 per month over the most recent

90-day period. Also to be recognized is that offering the modified townhouse product described above would result in a quicker sale pace.

ABSORPTION ANALYSIS - Market-Rate For Sale Townhouses								
ITEM	**COMPETING PROJECT 1**		**COMPETING PROJECT 2**		**COMPETING PROJECT 3**		**COMPETING PROJECT 4**	
Project Name	Washington Square		Meadows at Panther Valley		Morris Chase-The Carriages		Grande Villaggio	
Municipality	Washington Borough		Allamuchy Township		Mount Olive Township		Newton Town	
County	Warren County, NJ		Warren County, NJ		Morris County, NJ		Sussex County, NJ	
Total Units		86		236		171		54
Average Sale Price		$239,990		$326,072		$398,495		$244,900
Average House Size		1,740		2,496		1,894		1,696
Marketing Life (mos)		45		31		67		7
Net Sales - Project Life		86		83		156		7
Net Sales - Last 90 Days		n/a		9		9		7
Sales Velocity - Project Life		1.9		2.7		2.3		1.0
Sales Velocity - Last 90 Days	Sold out 5/2015	n/a		3.0		3.0		2.3
	Average Sales Pace Over Project Life				**2.0**	**per month**		
	Average Sales Pace Over Past 90 Days				**2.8**	**per month**		

Based upon these findings, we conclude that adequate purchasing power exists in the local and regional submarket area to generate a sufficient sale pace for a modified townhouse product offering.

Demand Segmentation - In developing a forecast of purchase demand for the subject property's location we have analyzed demographic trends at the state and local levels. Home purchase demand can be generated from a range of demographic cohorts which typically include the following:

- Low Income/Net Worth Households: Attributable to those who are unable to afford market-rate prices and therefore require subsidized affordable housing opportunities such as COAH units.
- New Household Formation: Attributable to young people between the ages of 25-29, living in 1-person or 2-person households, who are beginning their working careers.
- Older Generation-Y: Attributable to households between the ages of 30-34, living in 1-person or 2-person households, who have sufficient earning power and savings to afford the cost of homeownership.
- Families with Children: Households with children living at home, who are typically enrolled in local public or private school systems. This demand cohort typically prefers to purchase single-family detached homes which are generally more conducive to family oriented lifestyles.
- Childless-By-Choice Households: Primarily includes households between the ages 35-55, either 1-person or 2-person in size, who have remained childless by choice.
- Empty-Nester Households: primarily includes 55+ households, whose older age children are living independently, who are selling their present homes and transitioning to smaller size housing.
- Relocated Employees: individuals and families who have accepted a job assignment far from their present place of residence and are seeking to purchase a home closer to their new place of employment. Included in this group are transferred employees.

- Transitional Households: includes those who are seeking an alternative living arrangement due to 'changed personal circumstances" attributable to divorce, financial circumstances or the death of a spouse.
- Second Home Buyers: also referred to as vacation-home buyers, consists of higher wealth households who are seeking a vacation home near to recreational amenities such as beaches, rivers, lakes, mountains and ski resorts. Included in this group are 'snow birds', who are generally higher wealth households who are seeking a home in the local market area who also own a home in a warm weather vacation market such as Florida, Arizona or Nevada
- Investors: Speculative and long-term investors interested in purchasing a home for capital appreciation, and/or rental income.

Our demographic analysis of the local submarket area has revealed the following household characteristics which are instructive in forecasting housing demand for the subject project:

- The largest population cohorts living within 15-miles of the redevelopment area are those between 45-54 (46,050 or 17%) and 55-64 (38,825 or 14%). The former typically consists of family households with children living at home, while the latter reflects aging baby-boomers who are approaching retirement. Our affordability analysis has indicated that a majority of these cohorts have adequate purchasing power to afford the cost of new townhouses, which supports this housing type. The next largest cohorts are those aged 35-44 and 25-34, which are likely to consist primarily of childless households and which also have adequate purchasing power to afford new townhouse construction.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Population by Age	2,507		24,726		88,586		268,972	
Age 0 - 4	137	5.46	1,166	4.72	4,080	4.61	13,512	5.02
Age 5 - 9	152	6.06	1,290	5.22	4,588	5.18	15,219	5.66
Age 10 - 14	176	7.02	1,597	6.46	5,784	6.53	18,144	6.75
Age 15 - 17	92	3.67	997	4.03	3,833	4.33	11,728	4.36
Age 18 - 20	86	3.43	919	3.72	3,800	4.29	12,108	4.50
Age 21 - 24	127	5.07	1,257	5.08	4,587	5.18	14,405	5.36
Age 25 - 34	261	10.41	2,437	9.86	8,505	9.60	26,681	9.92
Age 35 - 44	311	12.41	2,809	11.36	9,909	11.19	31,866	11.85
Age 45 - 54	459	18.31	4,297	17.38	15,747	17.78	46,050	17.12
Age 55 - 64	354	14.12	3,717	15.03	13,552	15.30	38,825	14.43
Age 65 - 74	207	8.26	2,368	9.58	8,290	9.36	23,713	8.82
Age 75 - 84	106	4.23	1,282	5.18	3,926	4.43	11,319	4.21
Age 85 and over	39	1.56	590	2.39	1,985	2.24	5,401	2.01
2015 Est. Median Age	42.20		44.60		44.20		42.10	
2015 Est. Average Age	40.10		42.00		41.50		40.40	

- The largest household types, as measured by the household size, living within 15 miles of the site have "2-persons" (32,240 or 32%). Also, the next largest type is 1 person households (23,947 or 24%). These factors are supportive of constructing multi-family housing.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Households by Household Size	954		9,550		33,427		99,884	
1-person	220	23.06	2,388	25.01	8,039	24.05	23,947	23.97
2-person	311	32.60	3,223	33.75	11,004	32.92	32,240	32.28
3-person	164	17.19	1,548	16.21	5,724	17.12	17,356	17.38
4-person	158	16.56	1,440	15.08	5,319	15.91	16,047	16.07
5-person	79	8.28	654	6.85	2,289	6.85	6,938	6.95
6-person	21	2.20	218	2.28	739	2.21	2,332	2.33
7-or-more-person	1	0.10	79	0.83	314	0.94	1,023	1.02

- The largest household type as measured by the presence of children, living within 15 miles of the site have no children under the age of 18 (64,689 or 65%), which supports the construction of multi-family housing.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
Households with No People under Age 18:	628	65.83	6,474	67.79	22,133	66.21	64,689	64.76
Married-Couple Family	273	43.47	3,079	47.56	10,669	48.20	30,576	47.27
Other Family, Male Householder	27	4.30	193	2.98	626	2.83	1,863	2.88
Other Family, Female Householder	54	8.60	388	5.99	1,213	5.48	3,647	5.64
Nonfamily, Male Householder	134	21.34	1,256	19.40	4,365	19.72	13,077	20.22
Nonfamily, Female Householder	140	22.29	1,558	24.07	5,260	23.77	15,527	24.00

In the case of the subject project, demand is unlikely to originate from a majority of these buyer cohorts for a variety of reasons. Low Income/Net Worth, Transitional Households and New Household Formation households are typically unable to afford the cost of new homes, either detached or attached. Family Households typically prefer single family detached housing which is more conducive to family lifestyles. The subject project will not attract Second Home Buyers as the subject location is not a resort area. It is unlikely to attract relocated employees as it is not located within a corporate employment center. And it is also unlikely that Investors will purchase the proposed market rate townhouses due to the higher costs associated with new construction.

Purchase demand is therefore likely to be concentrated in the following demand components in decreasing order of tendency:

- Primary Target Purchasers
  - Childless-By-Choice Households: Primarily includes households between the ages 35-55, either 1-person or 2-person in size that have remained childless by choice.
  - Older Generation-Y: Attributable to households between the ages of 30-34, single or married, who reside regionally or are employed locally or regionally, and have sufficient income and savings to afford townhouse construction. Based upon the previously discussed trend whereby a declining share of local households have children living at home, this buyer subtype is anticipated to be primarily childless.
- Secondary Target Purchasers
  - Empty Nester Households seeking to downsize overwhelmingly prefer to move into smaller size single family homes, urban condominiums or to transition to rentership.
  - Widows & Divorcees - who presently reside locally or are employed locally, who would be selling their primary residence and transitioning to townhouse living. The 'widows' and 'widowers' included in this buyer subtype are anticipated to be largely without children living at home, as those with school age children will likely choose more traditional single-family housing.

With regard to the geographical origin of prospective purchasers, one of the few sources of area-to-area migration data in the United States is the Statistics of Income Division (SOI) of the Internal Revenue Service (IRS), which maintains records of all individual income tax forms filed in each year. This raw data is then geographically coded by the US Census Bureau to identify the "sending & receiving" areas associated with household migration. The table below indicates the top 10 sending areas from which households are moving into Warren County, according to the IRS data:

Warren County - Inbound				Hshld Income
1	NJ	Morris County	469	$57,171
2	NJ	Hunterdon County	279	$53,118
3	PA	Northampton County	244	$40,004
4	NJ	Sussex County	156	$78,718
5	NJ	Somerset County	105	$61,952
6	NJ	Middlesex County	102	$51,833
7	NJ	Essex County	101	$69,584
8	NJ	Union County	96	$43,792
9	NJ	Bergen County	69	$88,493
10	PA	Monroe County	67	$39,104

Source: Internal Revenue Service, Otteau Group

Based upon our review of this data we project that purchase demand for townhouses will primarily originate from within Warren County, as well as from Morris, Hunterdon, Northampton Sussex and Somerset counties. Such migrant purchasers will likely be seeking lower home prices in the Oxford Township area as a trade-off for the greater commuting distances to their places of employment.

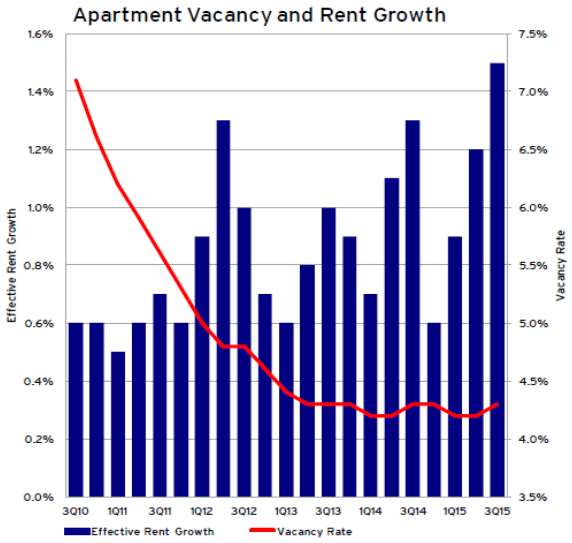
For Sale Housing Viability Conclusion

In reconciling the preceding analyses to the subject redevelopment area, multi-family townhouse development offers the most viable option. This is because the smaller size and prices associated with this development type are aligned with demographic conditions indicating a predominance of smaller size households without children living at home and to local purchasing power. **Based upon our review of investigation and analysis, we conclude that the study area can accommodate construction of 325 townhouse dwellings consistent with current development approvals.**

PART V – MULTI-FAMILY RENTAL HOUSING

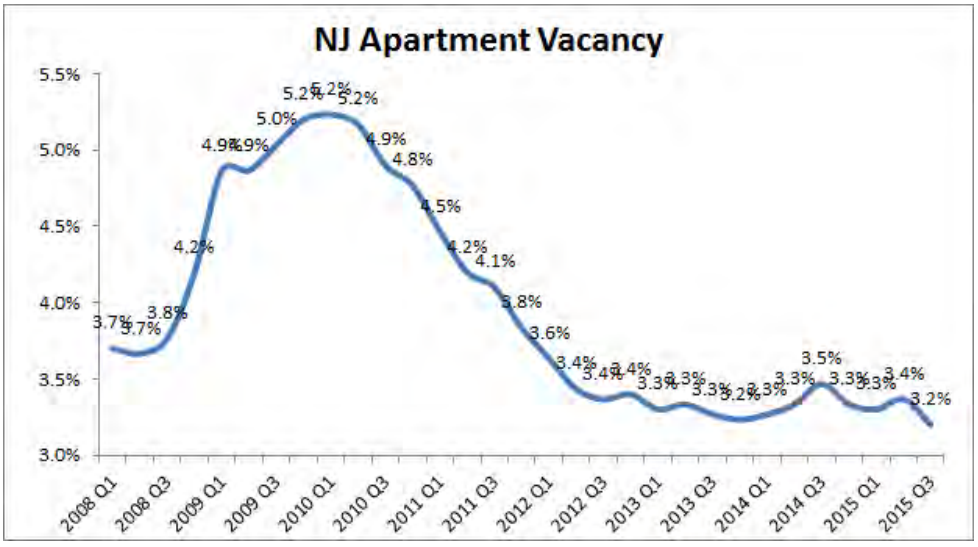
Rental Market Conditions

Over 40,000 new construction apartment units were delivered in 2015.Q3, which is one of the highest amounts since data has been available since 1999. Absorption reflected a pullback in leasing activity. Net absorption for the third quarter clocked in at only slightly over 33,000 units, a large decline over second quarter figures of close to 49,000 units. As a result, the national vacancy rose by 10 basis points to 4.3%.



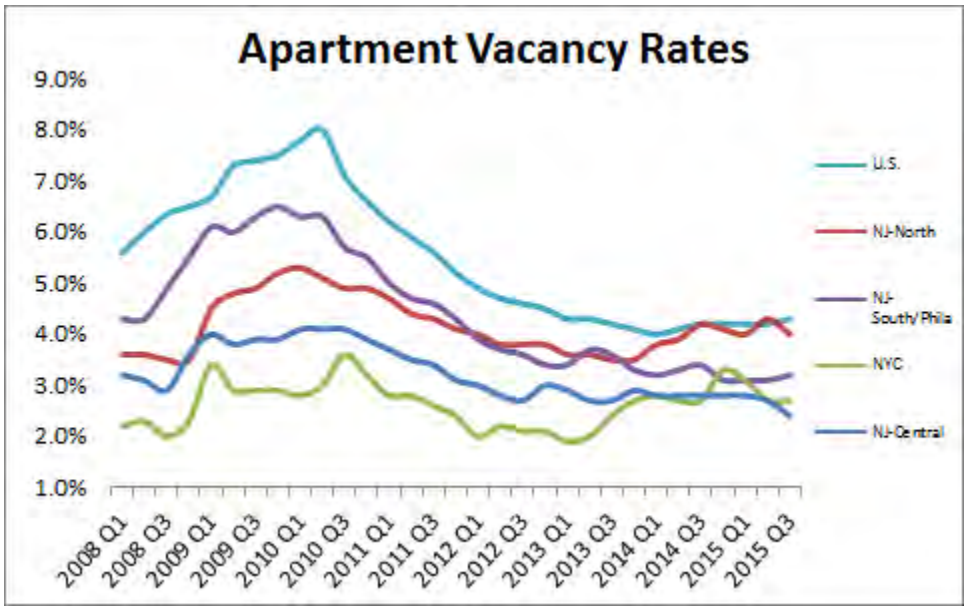
Rental price growth predictably strengthened in the third quarter, given the expected seasonality. Asking and effective rents both rose by 1.4% and 1.5% in the third quarter, respectively. On a year-over-year basis, asking rents rose by 4.2% and effective rents rose by 4.3%. For perspective, apartment rent growth has not been this strong (on a year-over-year basis) since 2007.

Apartment vacancy rates declined slightly in New Jersey to 3.2% in the 3rd quarter, which is 110 basis points (bp) less than the national rate. The Q3 vacancy level is 200 bp below the cyclical peak of 5.2% recorded back in 2010.



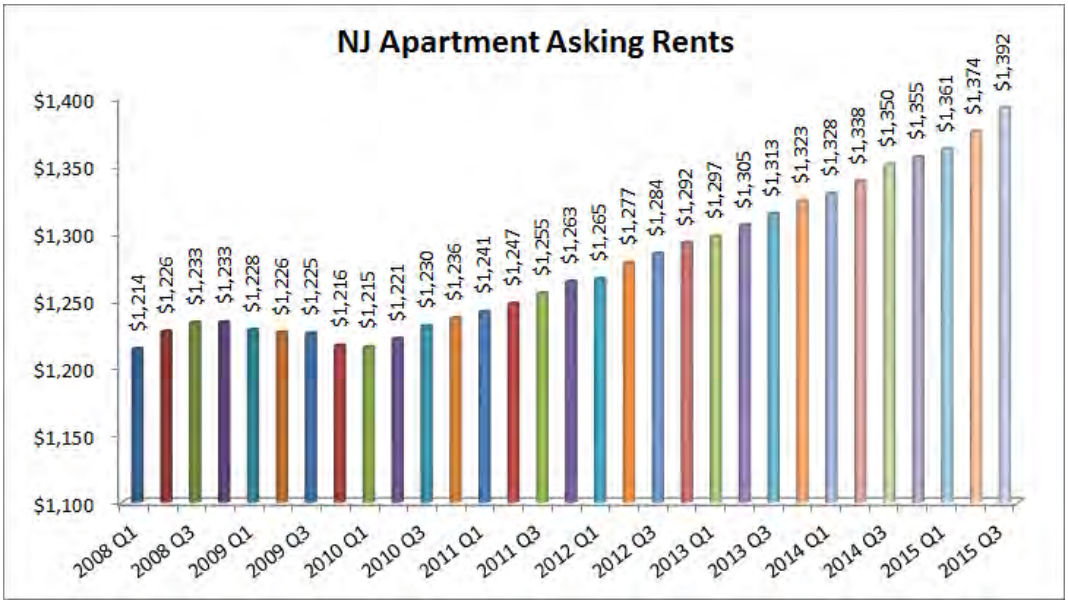
SOURCE: REIS, Otteau Group

Vacancy rates for multi-family apartments have generally been trending lower since peaking back in 2010. There have however been some minor exceptions over the past year with modest increases occurring in such markets as Northern New Jersey due to the accelerating pace of new construction deliveries.

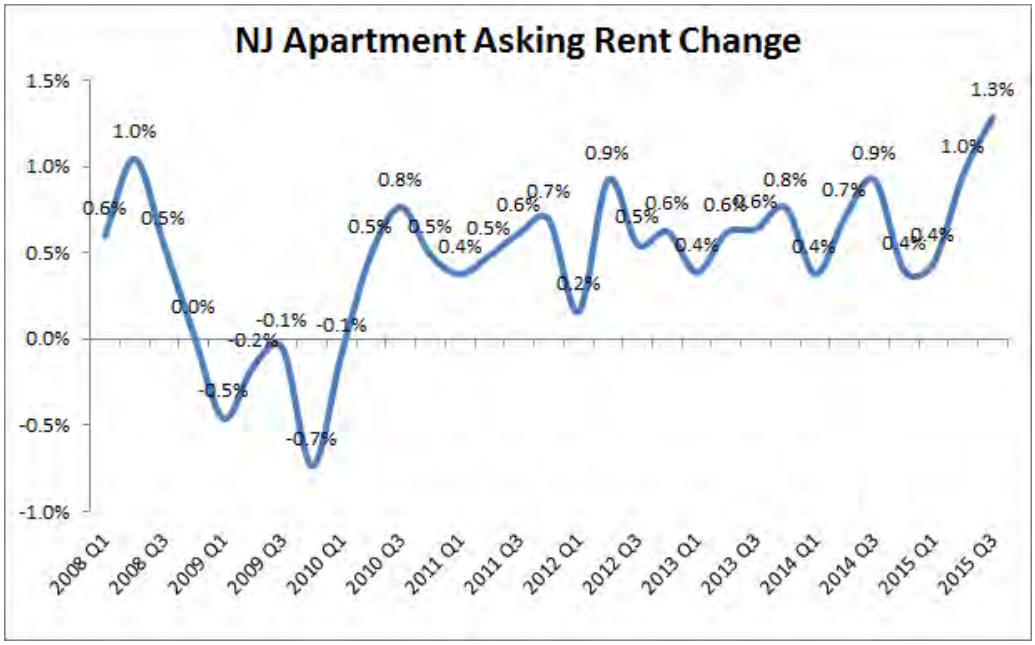


SOURCE: REIS, Otteau Group

As a result of these strong market fundamentals, asking rents in New Jersey continue to rise on the strength of low vacancy and rising demand. Asking rents in the state broke another five-year record averaging $1,392 in 2015.Q3, reflecting a 3.1% increase over the past year, and a 1.3% increase from the prior quarter.



SOURCE: REIS, Otteau Group



SOURCE: REIS, Otteau Group

At the regional level, the central part of the state has the lowest vacancy rate at 2.4%. This compares to vacancy rates of 4.0% in Northern New Jersey and 3.2% in the Philadelphia/Southern New Jersey submarket. By comparison, the lowest vacancy in the US is New Haven, CT which has a vacancy rate of 2.0%.

New Jersey Multi-Family Rental Market
Q3 2015 At-A-Glance

Market	Asking Rent	Rent Change	Vacancy Rate	Vacancy Change (Basis Pts.)
Central NJ	$1,282	0.9%	2.40%	-30
Northern NJ	$1,712	0.8%	4.00%	-30
NYC	$3,482	2.4%	2.70%	0
Philadelphia/Southern NJ	$1,182	1.2%	3.20%	10
US	$1,215	1.4%	4.30%	10

SOURCE: REIS, Otteau Group

In addition to strengthening demand and rising rental pricing, another factor that favors increased construction activity in this sector is that the existing stock of apartments in the state are relatively old with an average year-built of 1975.

Year Built	Percent
Before 1970	52%
1970 - 1979	25%
1980 - 1989	7%
1990 - 1999	5%
After 1999	11%
All	100%
Avg Year Built	1975

SOURCE: REIS, Otteau Group

Apartment Rental Demand

Demand for apartments can be categorized as follows:

1) "Demonstrated Demand" or that demand which can be quantified by examining occupancy levels at existing apartment properties. As indicated previously, rental demand in New Jersey has been increasing in recent years as evidenced by low vacancy rates and increasing rental pricing. Our analysis of occupancy levels in competing multi-family apartment properties indicates an average of 96.3% occupancy, which correlates to 3.7% vacancy. For those competitive apartment properties in Warren County, the average vacancy falls to 2.8%, which is less than the 4.0% for the northern part of New Jersey. These conditions are supportive of constructing multi-family rental apartments in northern New Jersey.

2) Unsatisfied Demand refers to individuals who are unable to secure rental housing in a market because all of the local apartment projects are fully occupied. These renters end up settling for inferior apartment properties, or leasing apartments outside the market area. Given that current occupancy levels are running below 100%, unsatisfied demand does not presently exist. We note however that induced unsatisfied demand exists for Affordable-Rate apartments which are proposed to be included within the subject project.

3) Background Demand Growth results from net household formation within a submarket which translates into a greater need for housing. For example, as the number of households increases there is a corresponding demand to construct additional housing units. Similarly, a decline in the number of households will cause a corresponding decline in housing demand.

   In developing a forecast of household formation for the study area we have analyzed historical demographic trends for the local submarket within 5-mile, 10-mile and 15-mile radii. As shown in the table below, the number of households declined from 2010 to 2015 in the 5-mile and 10-mile radii while increasing slightly within 15-miles. Carrying this forward to the next 5 years, we have projected a continuing but slower rate of decline in 5-miles and 10-miles and a slightly accelerated pace of household formation within 15 miles.

Household Formation Rates

	2000	2010		2015		2020- Projected	
Radii	#	#	% Change	#	% Change	#	% Change
5 Miles	9,305	9,847	5.8%	9,550	-3.0%	9,365	-1.9%
10 Miles	31,617	33,808	6.9%	33,427	-1.1%	33,317	-0.3%
15 Miles	90,655	99,633	9.9%	99,884	0.3%	100,628	0.7%

The next step is to apply these household formation projections to the local rentership rates as a basis for projecting demand for the construction of new apartment rental housing units. In developing this projection, we have applied 3 different rentership scenarios as follows:

- 2% Decline in Current Rentership Rates
  - Results in a decline in rental demand across all 3 geographies
- Static Rentership Rates with No Change
  - Results in a decline in rental demand within 5-miles and 10-miles, and an increase within 15-miles
- 2% Increase in Current Rentership Rates
  - Results in an increase in rental demand across all 3 geographies

Apartment Rental Background Demand Growth

	Existing Conditions			5-Year Projections						
					2% Rentership Decline		Static Rentership		2% Rentership Rise	
Radii	2015 Households	Existing Renters	Renter Rate	2020 Households	Renter Rate	Demand Growth (@-2%)	Renter Rate	Demand Growth (@ 0%)	Renter Rate	Demand Growth (@ +2%)
5 Miles	9,550	2,026	21.21%	9,365	19.21%	(227)	21.21%	(39)	23.21%	148
10 Miles	33,427	7,590	22.71%	33,317	20.71%	(691)	22.71%	(25)	24.71%	641
15 Miles	99,884	24,706	24.73%	100,628	22.73%	(1829)	24.73%	184	26.73%	2,197

Source: The Nielsen Company; Otteau Group

The above analysis indicates that rental demand will only increase within 5-miles and 10-miles if there is a simultaneous increase in rentership rate, which has a high probability based upon recent historical trends. Within the 15-mile radius however, rental demand is projected to increase if rentership rates remain stable, and also if they increase.

Once again, Oxford Township's fair share of demand growth within 10-miles and 15-miles will be a relatively small percentage based upon its land area.

	Square Miles	Pro-Rata Share
Study Area	0.42	0.1%
Oxford Township	5.89	0.8%
5-Miles	78.54	11.1%
10-Miles	314.16	44.4%
15-Mile Radius	706.86	100.0%

4) Induced Demand is defined as that demand which does not currently seek housing in the submarket area but could be persuaded to do so through the availability of additional housing units, proper sales efforts or new demand generators.

Our investigation indicates the existing housing stock in Oxford Township indicates an undersupply of multi-family rental housing. According to the 2013 American Community Survey by the US Census Bureau, only 5% of the existing housing stock in the Township is in multi-family structures with 5 or more units. This compares to 14% of its population being between the ages of 18-34 and 14% being ages 65 and older. Also, 56% of its households are either 1-person or 2-persons in size and 66% have no children living at home. These facts support the construction of additional housing in the form of multi-family rental apartments for those younger age, older age, and small-size 'childless' households.

Based upon the preceding analyses, there is a potential for constructing new multi-family rental apartments in Oxford Township due to current demographic trends coupled with a scarcity of modern apartment properties.

The next step in our demand analysis is to determine the rental power of area households to quantify their ability to rent modern apartments. The table below develops separate calculations of rental power within Oxford Township, as well as the 5, 10 & 15-mile radii based upon household income.

RENTAL POWER BY AGE MATRIX

Household Income by Age of Householder 2015

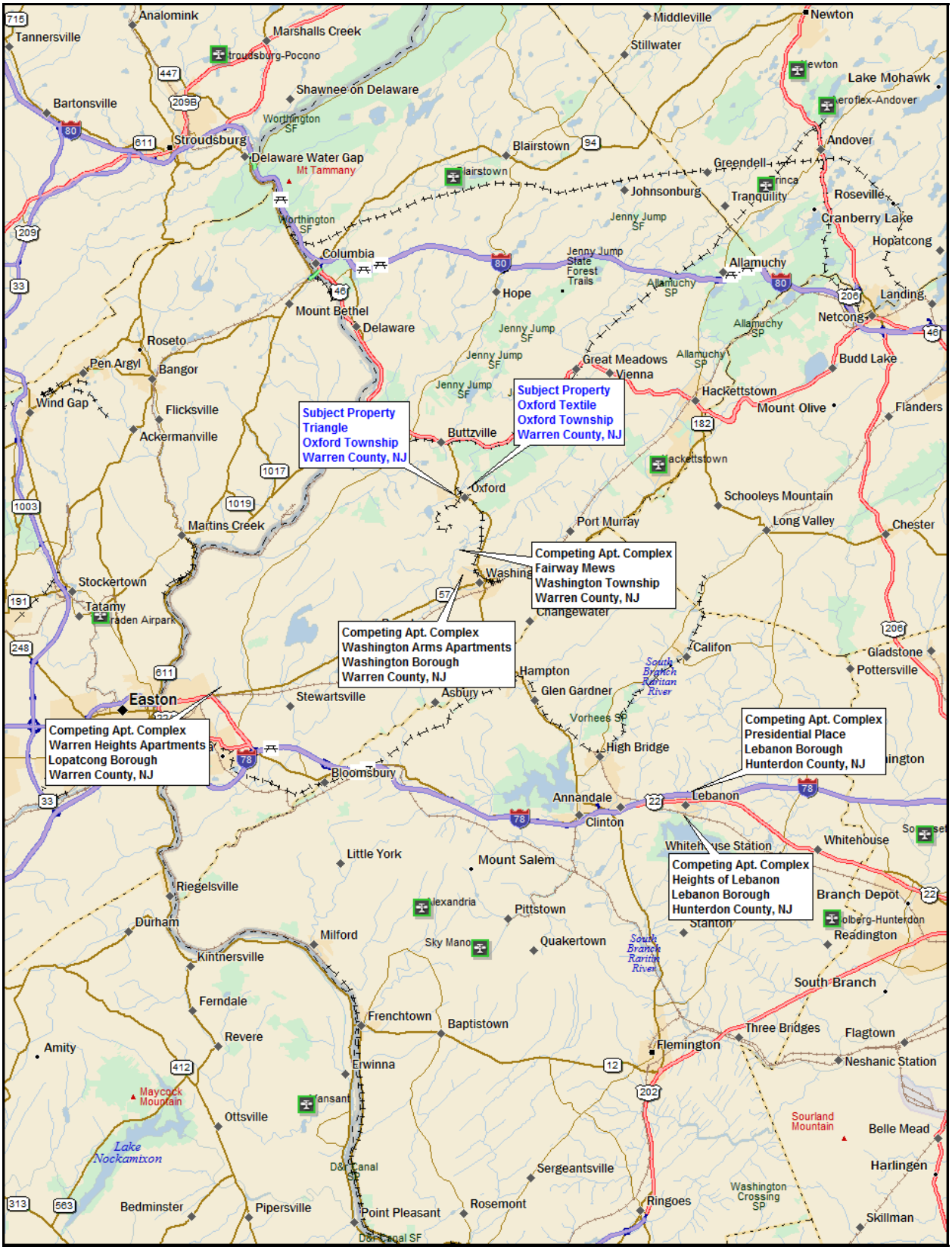
Area	Household Income by Age		Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Oxford	Household Totals		15	103	156	253	195	135	71	26
	% of Total Households		1.57%	10.80%	16.35%	26.52%	20.44%	14.15%	7.44%	2.73%
	Median Household Income		$59,375	$73,958	$86,957	$66,927	$60,473	$45,109	$31,176	$30,000
	Monthly Rental Power	38%	**$1,880**	**$2,342**	**$2,754**	**$2,119**	**$1,915**	**$1,428**	**$987**	**$950**
5-Miles	Household Totals		142	885	1,423	2,331	2,130	1,436	833	364
	% of Total Households		1.49%	9.27%	14.91%	24.42%	22.32%	15.05%	8.73%	3.81%
	Median Household Income		$43,899	$76,652	$91,408	$84,837	$79,306	$48,300	$32,202	$26,663
	Monthly Rental Power	38%	**$1,390**	**$2,427**	**$2,895**	**$2,687**	**$2,511**	**$1,530**	**$1,020**	**$844**
10-Miles	Household Totals		562	3,084	4,976	8,549	7,662	4,968	2,489	1,137
	% of Total Households		1.68%	9.23%	14.89%	25.58%	22.92%	14.86%	7.45%	3.40%
	Median Household Income		$31,133	$77,374	$92,601	$93,190	$86,774	$56,367	$36,669	$29,990
	Monthly Rental Power	38%	**$986**	**$2,450**	**$2,932**	**$2,951**	**$2,748**	**$1,785**	**$1,161**	**$950**
15-Miles	Household Totals		2,072	10,189	16,103	24,921	22,093	14,162	7,202	3,139
	% of Total Households		2.07%	10.20%	16.12%	24.95%	22.12%	14.18%	7.21%	3.14%
	Median Household Income		$30,558	$72,397	$90,418	$93,207	$85,556	$56,087	$36,521	$28,303
	Monthly Rental Power	38%	**$968**	**$2,293**	**$2,863**	**$2,952**	**$2,709**	**$1,776**	**$1,156**	**$896**

A summary of our findings appear in the table below which calculates the average rental power Oxford Township, as well as the 5, 10 & 15-mile radii.

RENTAL POWER BY AGE MATRIX								
Affordable Rental Rates by Age of Householder 2015								
	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Oxford	**$1,880**	**$2,342**	**$2,754**	**$2,119**	**$1,915**	**$1,428**	**$987**	**$950**
5-Miles	**$1,390**	**$2,427**	**$2,895**	**$2,687**	**$2,511**	**$1,530**	**$1,020**	**$844**
10-Miles	**$986**	**$2,450**	**$2,932**	**$2,951**	**$2,748**	**$1,785**	**$1,161**	**$950**
15-Miles	**$968**	**$2,293**	**$2,863**	**$2,952**	**$2,709**	**$1,776**	**$1,156**	**$896**

To provide a context for the rental power calculations above we have investigated market pricing of existing apartment properties within the regional submarket area. This competitive set reflects a representative sampling of apartment properties and is therefore not intended to be an exhaustive all-inclusive listing. The location of these properties is identified on the following map exhibit.

COMPETITIVE APARTMENT COMPLEXES LOCATION MAP



This competitive set indicates average rental prices ranging from $903 to a high of $2,467 per month, with an average of $1,526. Focusing on the 3 properties that are relatively young indicates rents ranging from $1,437 to $2,467, with an average of $1,937.

Competitive Set - Market-Rate Rental Apartments										
ITEM	**PROJECT 1**		**PROJECT 2**		**PROJECT 3**		**PROJECT 4**		**PROJECT 5**	
Project Name	Fairway Mews		Washington Arms Apartments		Warren Heights		Presidential Place		Heights of Lebanon	
Municipality	Washington Township		Washington Borough		Lopatcong Township		Lebanon Borough		Lebanon Borough	
County	Warren County, NJ		Warren County, NJ		Warren County, NJ		Hunterdon County, NJ		Hunterdon County, NJ	
Proximity to Subject	2.07 miles		2.94 miles		11.25 miles		13.63 miles		14.17 miles	
Total Apartment Units		32		80		156		120		69
Age of Property (yrs.)		25		48		7		6		7
Average Monthly Rent		$903		$913		$1,437		$2,467		$1,908
Avg. Apt. Size (SF)		736		838		1,228		1,601		1,433
Current Vacancy (#)		1		2		11		2		3
Current Vacancy (%)		3.1%		2.5%		7.1%		1.7%		4.3%
Base Price Per Sq. Foot		$1.23		$1.09		$1.17		$1.54		$1.33

Rental Housing Affordability - Comparing these market prices to our prior analysis of rental power for local area households indicates that adequate household income exists within each of the geographic areas for the key age cohort of 25-34 year olds. Adequate affordability also exists for the 35-44, 45-54 and 55-64 cohorts as well. Not surprisingly, household income is insufficient however to rental pricing for modern apartment properties within the 15-24 and 65+ cohorts.

RENTAL POWER BY AGE MATRIX								
Affordable Rental Rates by Age of Householder 2015								
	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Oxford	**$1,880**	**$2,342**	**$2,754**	**$2,119**	**$1,915**	**$1,428**	**$987**	**$950**
5-Miles	**$1,390**	**$2,427**	**$2,895**	**$2,687**	**$2,511**	**$1,530**	**$1,020**	**$844**
10-Miles	**$986**	**$2,450**	**$2,932**	**$2,951**	**$2,748**	**$1,785**	**$1,161**	**$950**
15-Miles	**$968**	**$2,293**	**$2,863**	**$2,952**	**$2,709**	**$1,776**	**$1,156**	**$896**
Modern Rental Apartments	**$1,937**	**$1,937**	**$1,937**	**$1,937**	**$1,937**	**$1,937**	**$1,937**	**$1,937**

Red Font Indicates a Lack of Affordability

Apartment Design Recommendations

Our investigation of modern competitive properties in the local submarket area indicates the most popular apartment design to include a mix predominated by both 1-bedroom and 2-bedroom apartments while Studio type and 3-bedroom apartments are nonexistent (see table below).

PROJECT MIX ANALYSIS - Market-Rate Rental Apartments															
ITEM	PROJECT 1			PROJECT 2			PROJECT 3			PROJECT 4			PROJECT 5		
Project Name	Fairway Mews			Washington Arms			Warren Heights			Presidential Place			Heights of Lebanon		
Municipality	Washington Township			Washington Borough			Lopatcong Township			Lebanon Borough			Lebanon Borough		
County	Warren County, NJ			Warren County, NJ			Warren County, NJ			Hunterdon County, NJ			Hunterdon County, NJ		
Proximity to Subject	2.07 miles			2.94 miles			11.25 miles			13.63 miles			14.17 miles		
Total Apartment Units			32			80			156			120			69
Average Monthly Rent			$903			$913			$1,437			$2,467			$1,908
Average Apt. Size (Ft^2)			736			838			1,228			1,601			1,433
Current Vacancy (#)			1			2			11			2			3
Current Vacancy (%)			3.1%			2.5%			7.1%			1.7%			4.3%
Base Price Per Sq. Foot			$1.23			$1.09			$1.17			$1.54			$1.33
Mix Analysis	Ft^2	/ #	%	Ft^2	/ #	%	Ft^2	/ #	%	Ft^2	/ #	%	Ft^2	/ #	%
1 Bedroom	650	/ 10	31%	805	/ 40	50%	865	/ 90	58%	n/a	/ n/a	n/a	n/a	/ n/a	n/a
2 Bedroom	775	/ 22	69%	870	/ 40	50%	1,724	/ 66	42%	1,601	/ 120	100%	1,433	/ 69	100%

The competitive set identified below indicates an average program mix of 31% 1-Bedroom and 69% 2-Bedroom apartments.

COMPETITIVE SET MIX SUMMARY

Unit Type	Avg Size	# Units	Share
1 Bedroom	773	140	31%
2 Bedroom	1,281	317	69%

Based upon the characteristics of the competitive set coupled with demographic trends toward smaller size households we recommend that the mix of any apartments constructed within the study area be limited to a mix of 1-bedroom and 2-bedroom units. We further recommend that a portion of the 1-Bedroom units should feature a Den area to maximize rental pace by appealing to multiple tenant profiles. We also recommend that some of the 2-Bedroom apartments feature a 'split-bedroom-floor-plan' to appeal to unrelated adult tenants cohabitating inside of the same apartment. Our recommended mix for the subject project along with the developer's conceptual plans is summarized in the table below.

Optimal Rental Program Mix			
Type	Configuration	Recommended Avg. Ft^2	Mix
Micro Units	Studio	n/a	0%
Small Units	1-Bedroom	800	40%
Mid Size Units	2-Bedroom	1,200	60%
Large Units	3-Bedroom	n/a	0%

We recommend that the apartments should be constructed with the lower end of Class-A quality materials and finishing and feature fully equipped kitchens including a stove, refrigerator, dishwasher, microwave oven and solid surface counters. Given the rental design of the project we recommend electric ranges, ovens and clothes dryers due to their lower acquisition and

installation costs. Individual gas-fired HVAC systems should be provided for each apartment. Additional recommendations for design standard in the project include the following:

- 9 foot ceilings
- Upscale kitchens featuring solid-surface countertops, upscale cabinetry, and stainless steel appliances
- Stackable washer/dryer inside of each apartment
- Hardwood, ceramic tile and carpeted floor surfaces
- Mini-blinds on all windows
- Faux-marble vanities in bathrooms
- Walk-in closets
- High-speed Ethernet wiring

We recommend that parking for residents be provided in the form of surface parking spaces. While garage parking can enhance the appeal of an apartment property due to the convenience for residents and the perceived security aspects, achievable rental pricing in this submarket is not sufficient to cover the associated cost of construction. Based upon our analysis of competing rental projects we recommend that surface parking be offered at no cost to residents.

Our market analysis indicates that recently constructed apartment properties typically offer a generous compliment of recreational and social amenities such as club rooms, fitness centers, resident lounges and swimming pools. Our design and amenity recommendations for any multi-family apartments to be constructed in the study area indicated in the tables below:

DESIGN ELEMENTS	
✓	Sleek and modern contemporary designs in apartment units and common areas
✓	Parking stall(s) designated for car washing with hot and cold water
✓	Direct gas connection for grills on balconies, if permitted by code
	Cameras in common areas
	High-speed passenger elevator(s) plus larger move-in/out freight elevator
✓	Adequate trash and recycling facilities
✓	Upgraded HVAC in common areas to eliminate odors from cooking, etc.
	Push-button, key card or fob entry system in lobbies with manual back-up key
✓	Pet-friendly community design with designated areas for dog walking

DESIGN ELEMENTS	
	Personal Storage Lockers – overflow storage
	Personal Valet Lockers – package delivery, dry cleaning, etc.

Features Recommended for Inclusion Denoted by √-Mark

AMENITY FEATURES	
✓	Club house or Club room with Resident's lounge
✓	Catering Kitchen (inside of lounge)
	Business Center / Conference Room
	Media / Screening Room
	Billiards Room
	Fitness center
	Roof Top Terrace
✓	Outdoor Pool
	Roof Top Pool

Features Recommended for Inclusion Denoted by √-Mark

Demand Segmentation Analysis

Our demographic analysis of the local submarket area has revealed the following household characteristics which are instructive in forecasting housing demand for the subject project:

- The largest household type, as measured by the household size, living within 15 miles of the site have either "1-person" or "2-persons" (56,187 or 56%) which corresponds directly to the typical occupant of rental apartments.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Households by Household Size	954		9,550		33,427		99,884	
1-person	220	23.06	2,388	25.01	8,039	24.05	23,947	23.97
2-person	311	32.60	3,223	33.75	11,004	32.92	32,240	32.28
3-person	164	17.19	1,548	16.21	5,724	17.12	17,356	17.38
4-person	158	16.56	1,440	15.08	5,319	15.91	16,047	16.07
5-person	79	8.28	654	6.85	2,289	6.85	6,938	6.95
6-person	21	2.20	218	2.28	739	2.21	2,332	2.33
7-or-more-person	1	0.10	79	0.83	314	0.94	1,023	1.02

- The largest household type, as measured by the presence of children, living within 15 miles of the site is "Households no People under Age 18" (64,689 or 65%) which corresponds directly to the typical occupant of rental apartments.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
Households with No People under Age 18:	628	65.83	6,474	67.79	22,133	66.21	64,689	64.76
Married-Couple Family	273	43.47	3,079	47.56	10,669	48.20	30,576	47.27
Other Family, Male Householder	27	4.30	193	2.98	626	2.83	1,863	2.88
Other Family, Female Householder	54	8.60	388	5.99	1,213	5.48	3,647	5.64
Nonfamily, Male Householder	134	21.34	1,256	19.40	4,365	19.72	13,077	20.22
Nonfamily, Female Householder	140	22.29	1,558	24.07	5,260	23.77	15,527	24.00

- People ages 25-34 account for nearly 10% (26,681) of the population living within 15-miles of the project. Additionally, those between the ages of 55-64 (38,825 or 14%) and 65-74 (23,713 or 9%) have a large presence in the submarket area, who will further contribute to rental demand as 'empty-nester' households transitioning from homeownership to rentership.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Population by Age	2,507		24,726		88,586		268,972	
Age 0 - 4	137	5.46	1,166	4.72	4,080	4.61	13,512	5.02
Age 5 - 9	152	6.06	1,290	5.22	4,588	5.18	15,219	5.66
Age 10 - 14	176	7.02	1,597	6.46	5,784	6.53	18,144	6.75
Age 15 - 17	92	3.67	997	4.03	3,833	4.33	11,728	4.36
Age 18 - 20	86	3.43	919	3.72	3,800	4.29	12,108	4.50
Age 21 - 24	127	5.07	1,257	5.08	4,587	5.18	14,405	5.36
Age 25 - 34	261	10.41	2,437	9.86	8,505	9.60	26,681	9.92
Age 35 - 44	311	12.41	2,809	11.36	9,909	11.19	31,866	11.85
Age 45 - 54	459	18.31	4,297	17.38	15,747	17.78	46,050	17.12
Age 55 - 64	354	14.12	3,717	15.03	13,552	15.30	38,825	14.43
Age 65 - 74	207	8.26	2,368	9.58	8,290	9.36	23,713	8.82
Age 75 - 84	106	4.23	1,282	5.18	3,926	4.43	11,319	4.21
Age 85 and over	39	1.56	590	2.39	1,985	2.24	5,401	2.01
2015 Est. Median Age	42.20		44.60		44.20		42.10	
2015 Est. Average Age	40.10		42.00		41.50		40.40	

- People who have "Never Married" account for 28% (63,025) of the population living within 15 miles which corresponds to occupancy in smaller and mid-sized apartments. Also of note are that Married-Spouse Absent, Widowed and Divorced households account for 41,780 or 19%.

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Pop Age 15+ by Marital Status	2,042		20,672		74,134		222,097	
Total, Never Married	559	27.38	4,949	23.94	18,957	25.57	63,025	28.38
Married, Spouse present	1,100	53.87	11,834	57.25	41,317	55.73	117,291	52.81
Married, Spouse absent	39	1.91	563	2.72	2,357	3.18	7,463	3.36
Widowed	129	6.32	1,353	6.55	4,506	6.08	12,773	5.75
Divorced	215	10.53	1,973	9.54	6,997	9.44	21,544	9.70

Apartment demand can be generated from a range of demographic cohorts which typically include the following:

1. Low Income/Net worth Households: attributable to those who are unable to afford homeownership
2. New Household Formation: attributable to young people beginning their working careers who have not yet attained sufficient income/net worth to qualify for homeownership.

3. Family Households: typically consisting of married couples with school-age children as well as single parents or unmarried couples with children.
4. Renters-By-Choice: households with income/personal wealth that is sufficient to qualify for homeownership but have opted for rentership due to familial status (i.e. childless), lifestyle (i.e. don't want maintenance responsibilities) or financial considerations (lack faith in long-term financial benefits of homeownership)
5. Older Age Households: primarily includes retirees or those approaching retirement who are selling their present homes and transitioning to rental housing. Also included in this group are 'snow birds' who own a home in a Sun-Belt state while retaining a rental residence in the local submarket area near to family and friends.
6. Relocated Employees: individuals and families who have accepted a job assignment far from their present place of residence who are renting an apartment or home. Included in this group are transferred employees.
7. Transitional Households: includes those who are transitioning from homeownership to rental occupancy due to 'changed personal circumstances" attributable to divorce, financial circumstances or the death of a spouse.

In the case of the proposed subject project, demand is unlikely to be generated by Low Income/Net Worth or dislocated households as these cohorts tend to locate in older garden apartment properties offering lower rental pricing. We also do not anticipate relocated employees to generate rental demand as the subject location is not a corporate employment center.

We do however project demand to originate from New Household Formation. Due to the anticipated "top of the market" rents for the apartments, some of this demand will be associated with unrelated single individuals living within a single 2-bedroom apartment unit. We therefore recommend that some of the 2-bedroom apartment units feature a split-bedroom floor plan. An additional source of rental demand for the subject project will come from Renters-By-Choice seeking a more luxurious rental experience. We also anticipate rental demand associated with older age households seeking to downsize their present living space and transition to rental housing. These tenants will be primarily comprised of 65+ households. It is anticipated that these households will primarily originate from within the local submarket area and have a preference for larger 2-bedroom apartments.

The following demand components are considered primary target markets for the proposed rental apartments, in decreasing order of tendency:

Primary Renter Cohorts

- 25-34 Age Households - single or married, who reside regionally or are employed locally or regionally, who are seeking an upscale luxury rental experience.

Based upon the previously discussed trend whereby a declining share of local households have children living at home, this buyer subtype is anticipated to be primarily without children living at home.

- 35-44 Age Households – often referred to as 'renters by choice', these tenants will be single or married, who reside locally or are employed locally, who are seeking an upscale luxury rental experience. Although some of these renters will have a child living at home, the majority will be childless.

- Secondary Renter Cohorts
  - 55+ Households - desirous of downsizing their housing situation and remaining in, or relocating to, the local area. This buyer subtype is anticipated to be overwhelmingly 'empty nester' households whose children are living elsewhere.
- Tertiary Renter Cohorts
  - Widows & Divorcees - who presently reside locally or are employed locally, who would be selling their primary residence and transitioning to luxury rental housing. The 'widows' and 'widowers' included in this buyer subtype are anticipated to be largely without children living at home as they will tend to be older in age. The 'divorcees' in this subtype are anticipated to primarily comprise households without children living at home as those with children are likely to opt for more traditional single family detached housing.

Based upon these projections, the subject property is anticipated to achieve higher market rents and occupancy levels than the existing competing supply of older apartment properties.

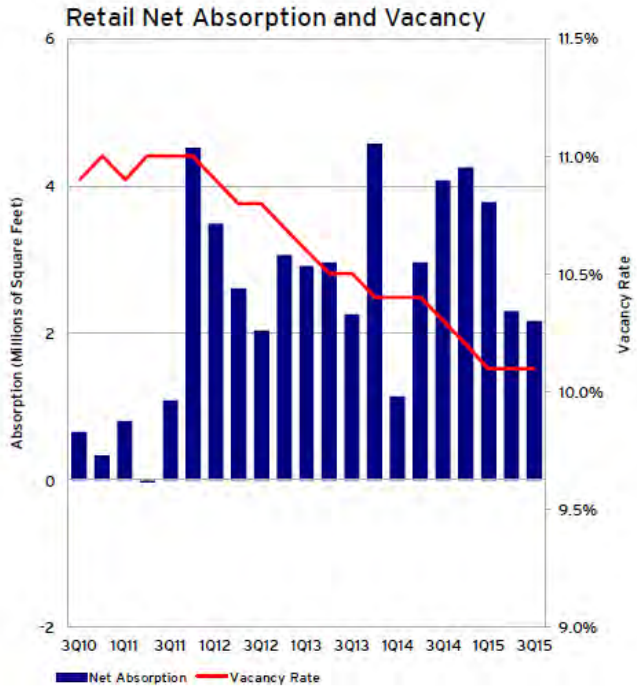
Apartment Viability Conclusion

In reconciling our entire rental demand analysis, the construction of multi-family apartments is well aligned with the predominance of smaller size households without children living at home. We note however that prevailing rental rates for apartment properties in regional area are relatively low, averaging $1.27 per square foot for the competitive set identified above, and $1.35 for the younger properties in this set. While it would be possible to generate higher rental pricing for the project with the construction of on-site resident amenities, achievable rental pricing is insufficient to support the required capital investment. We therefore conclude that constructing market-rate rental apartments is not a viable use for the study area. We note however, that constructing affordable rental housing units in the study area, which carry lower construction costs, is a suitable use for the study area and could be designated to satisfy any affordable housing 'set-aside' obligations resulting from townhouse construction.

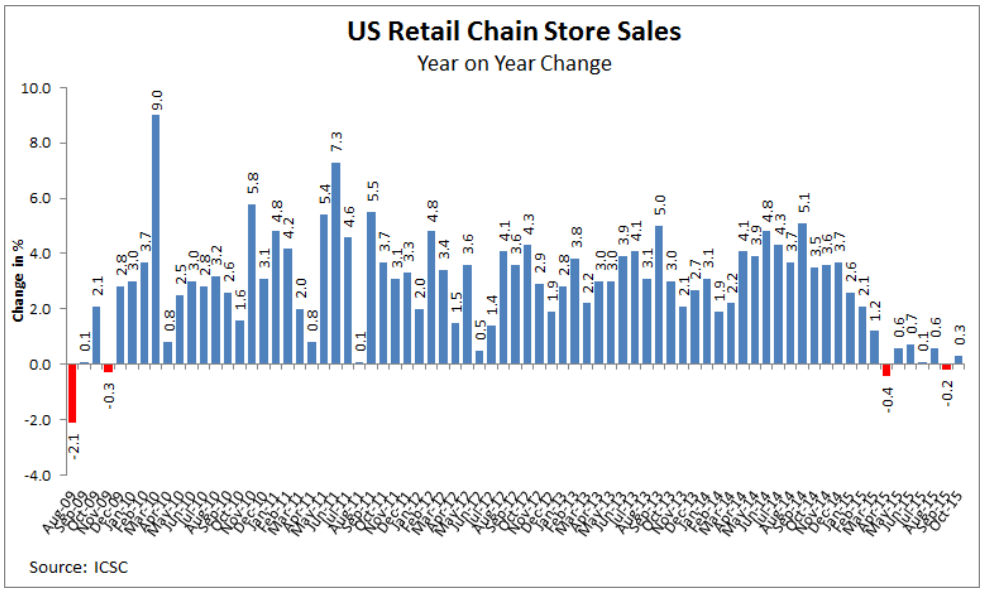
PART VI – RETAIL MARKET

Retail Market Conditions

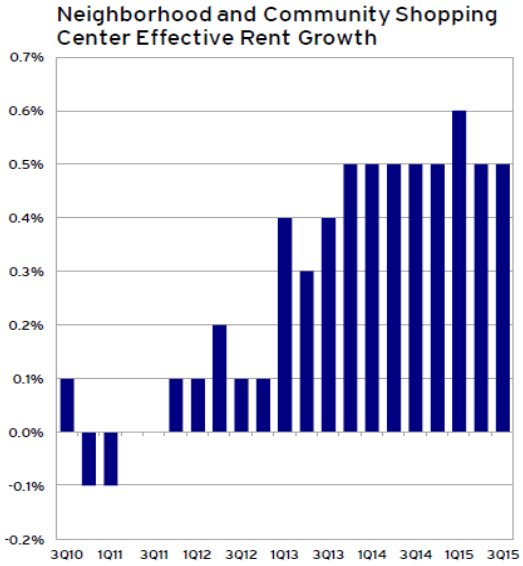
As discussed previously, economic conditions are directly relevant to projecting future real estate demand. With regard to retail property, a weaker economy generally translates into lower demand levels while a stronger economy has the opposite effect. While there can be exceptions, such as rising demand for apartment rentals in a weakened economy, the majority of real estate sectors adhere to this correlation. While the rising share of e-Commerce is certainly affecting the overall performance of the retail real estate market, the accelerating pace of job creation is translating into higher consumer spending levels and continuing positive net absorption for retail centers.



National Retail Trends - Demand for retail space has historically been linked to consumer spending levels. Contemporaneous with the onset of the recent economic recession, as retail sales slowed across the US, vacancy rates for retail space began to rise. More recently however, vacancy rates have been declining due in large part to rising consumer spending. The chart below shows a monthly index published by the International Council of Shopping Centers known as the ICSC Chain Store Sales Index. This index measures the U.S. retail industry's sales performance based on publicly-available sales for retail chain stores, which are then compiled to measure performance for "comparable-store" or "same-store" sales. The ICSC Index shows that these retail chain store sales have now risen for 69 of the past 71 months dating back to December 2009.



At the national level, vacancy for neighborhood and community shopping centers remained unchanged in 2015.Q3 from the prior quarter with vacancy standing at 10.1%. Overall, vacancy in this retail subsector has now declined by 100 bp from its cyclical peak of 11.1% in 2011.Q3.



Asking and effective rents both grew by 0.5% in 2015.Q3, while increasing on a year-over-year basis by 2.0% and 2.2% respectively.

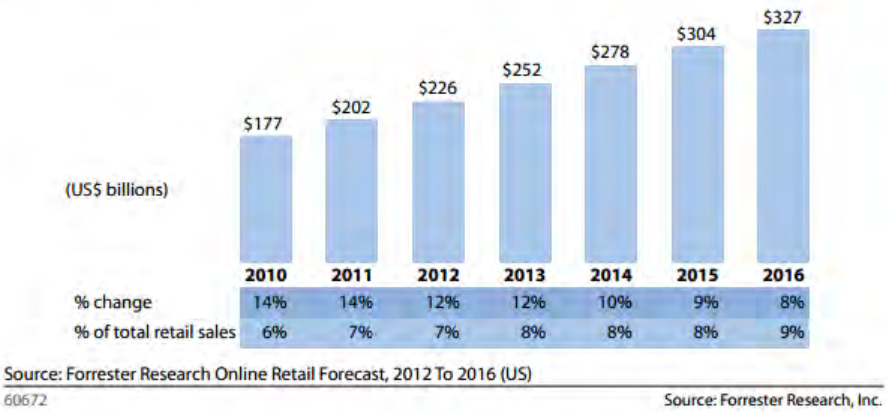
This trend of modest demand growth for retail space in the face of rising retail sales is attributable to a range of structural factors which are likely to reduce long-term demand for retail space, including:

- The financial and emotional shock of the recent economic recession resulted in consumers 'spending less & saving more' as evidenced by increased personal savings rates and reduced borrowing.
- Reduced access to consumer credit has resulted in reduced borrowing capacity for consumers both in terms of credit card debt limits and the ability to tap home equity through credit lines and refinancing.
- Consumers have become more value oriented in seeking out lower costs discount outlets and less loyal to more expensive name-brand labels. Therefore, big box retail venues are capturing a larger market share which reduces demand for traditional retail space. It is important to recognize that development of big-box retail stores is primarily concentrated along major highways with large volumes of passing traffic.

- Baby-Boomers are turning 65 at rate of 4-Million annually in the US implies a significant reduction in spending from this critical demographic group as they enter retirement. Recent studies also indicate that middle-class baby-boomers have lost a significant portion of their personal wealth with 60% having underfunded retirement plans. Baby-boomers are therefore accounting for a declining share of consumer-spending.
- The declining share of households with children living at home will sharply reduce family oriented retail spending on items like clothing, furniture, toys, sporting goods and bicycles. This trend will also result in a sharp reduction in demand for daycare centers which often occupy retail or office type real estate spaces.
- Aggressive building of new commercial retail real estate in the prior decade created an oversupply of existing space.
- Continuing efforts to limit or reduce public sector (government) employment in New Jersey has the effect of constraining job growth and limiting the growth in consumer spending, both presently and in the future.
- Given the previously discussed trend whereby population and job growth is shifting to more urban locations with rail station access, suburban locations are realizing a smaller share of demand growth.
- Net Domestic Outmigration from New Jersey, as previously documented, has the effect of reducing population growth and demand for retail space in the state.

Another important factor for projecting retail demand is the rising share of online sales which reduces demand for physical 'brick & mortar' stores. A study by technology and market research firm Forrester indicates that US online sales in 2011 exceeded $200 billion for the first time, and are expected to reach $327 billion by 2016. Over the same period, the overall share of the retail market for online sales is expected to increase from 7% to 9%. Driving the increase is that more consumers are shopping online with 167 million consumers — 53% of the U.S. population — buying something online in 2011. That number is forecasted to grow to 192 million, or 56% of the population, by 2016. Forrester also projects that consumers' average yearly online spending will increase from $1,207 per person in 2011 to $1,738 per person by 2016.

Figure 1 Forecast: US Online Retail Forecast, 2011 To 2016

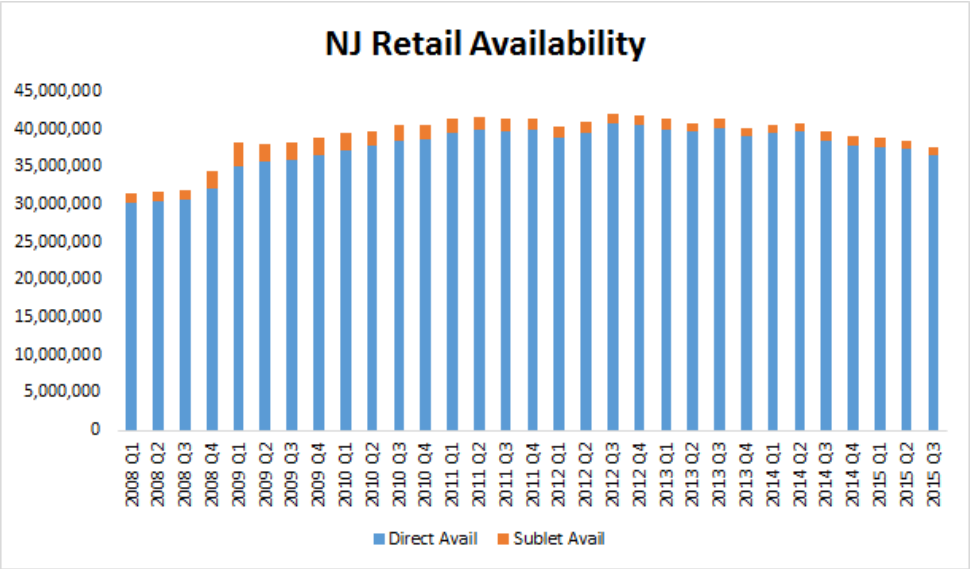


Source: Forrester Research Online Retail Forecast, 2012 To 2016 (US)

60672 Source: Forrester Research, Inc.

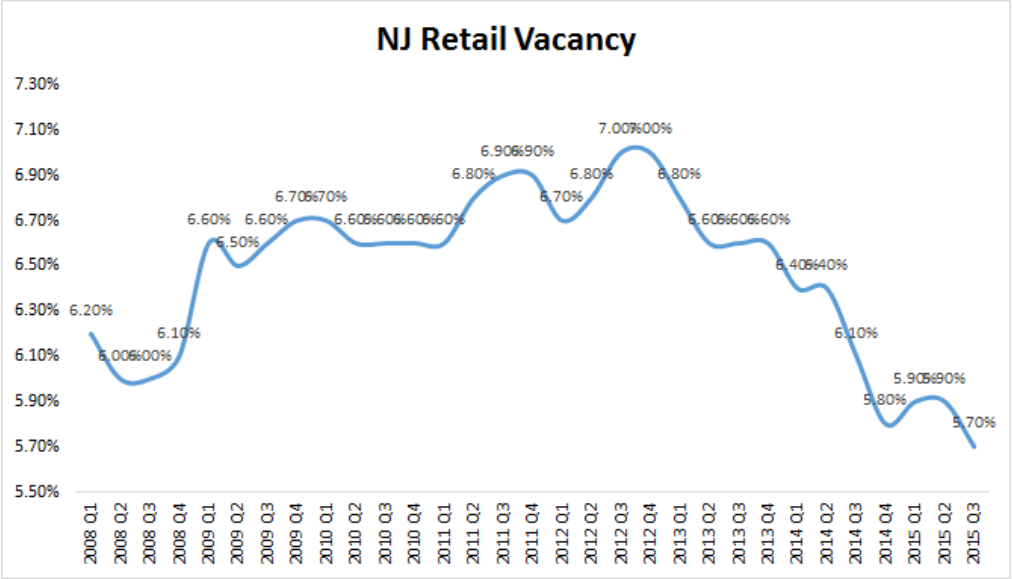
The effects of this trend have been evidenced in the slow demand recovery for retail building space since the end of the '2007-2009' economic recession despite the strong pace of rising retail sales by consumers. Also, trends whereby big box retailers such as Best Buy have announced store closings and introduced smaller store footprints confirms the diminishing prospects for retail development. Recently, national retailers Radio Shack and Staples announced planned store closings. RadioShack reported it will close as many as 2,400 of its 4,000 U.S. stores to stem widening losses while Staples will be closing 225 stores in North America by mid-2015 amid falling fourth-quarter revenue as sales increasingly shift online. In announcing the closings, Staples CEO Ron Sargent said "With nearly half our sales generated online today, we're meeting the changing needs of business customers and taking aggressive action to reduce costs and improve efficiency". In a recent article published by 24/7 Wall Street, other retailers who will be closing the most stores include: Abercrombie & Fitch, Aeropostale, Barnes & Noble, Family Dollar, JC Penney, Macy's, Office Depot and Sears.

New Jersey Retail Trends - While national trends provide a broad perspective, a localized analysis is necessary to determine whether adequate market demand exists to support the creation of additional retail space. Both vacancy and availability in New Jersey have been declining due to rising demand resulting from the slow improvement in economic conditions. Presently, there is 25.7 Million ft^2 of vacant retail space and 37.6 Million ft^2 of available space currently being marketed. These quantities reflect a vacancy rate of 5.7% and availability of 8.3%.



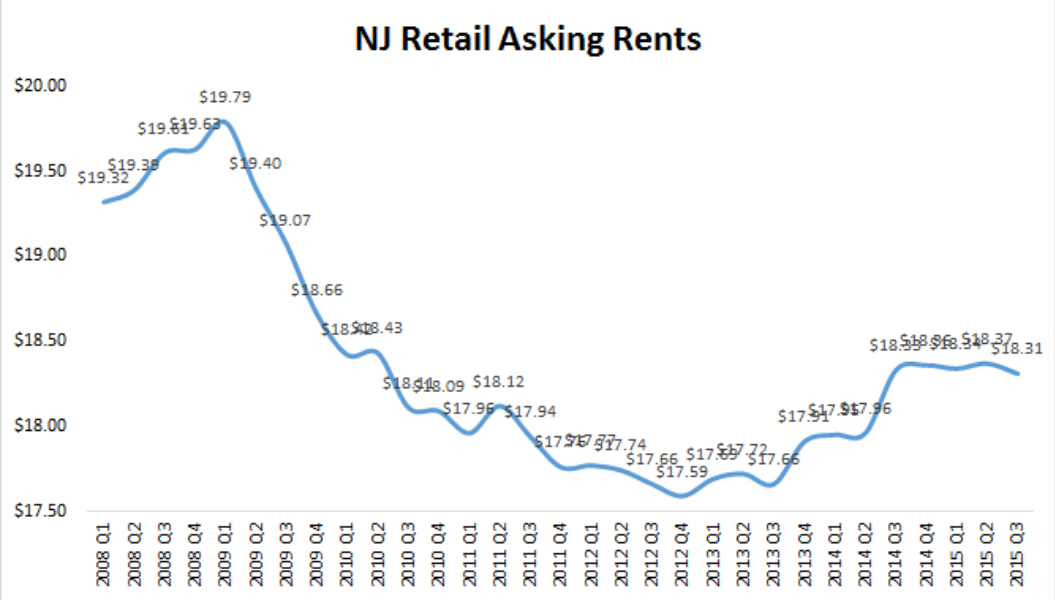
Source: CoStar Group, Otteau Group

As a result of the rising demand for retail space, vacancy in New Jersey has declined by 130 basis points from a cyclical high of 7.0% in Q4.2012 to 5.7% in Q3.2015.



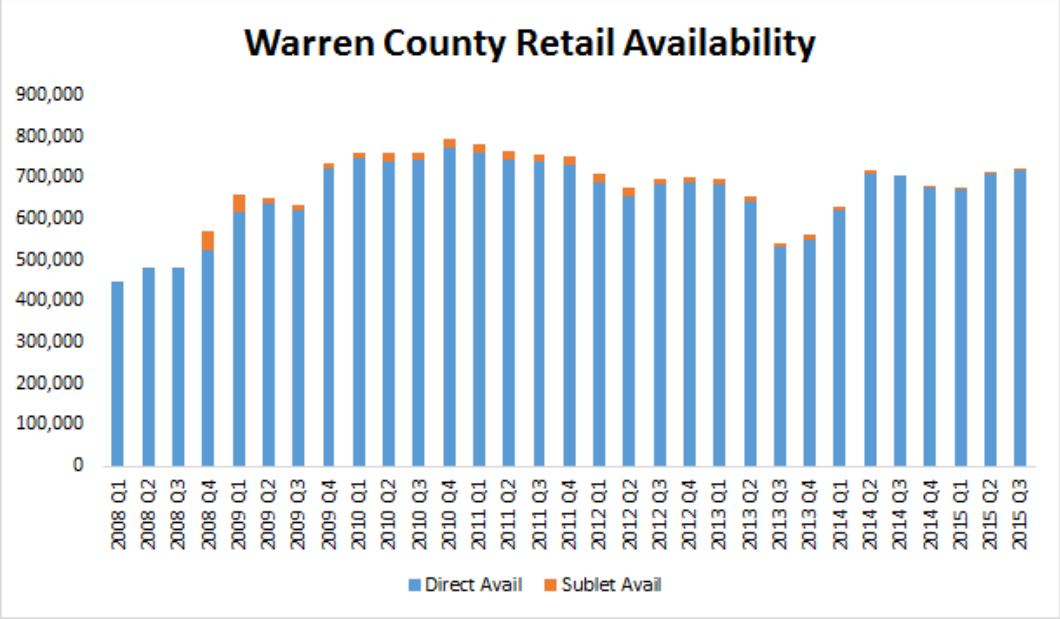
Source: CoStar Group, Otteau Group

Another indication of improved retail market conditions in New Jersey is that rental pricing has generally trended higher over the past 2 years, although some modest declines have been evident more recently.



Source: CoStar Group, Otteau Group

Focusing more locally on Warren County, vacancy in retail buildings has remained relatively stagnant while the availability of retail space has been trending higher. Currently, vacancy stands at 6.8% based upon 443,000 Ft^2 while availability is 11.1% reflecting 720,000 Ft^2 being offered for lease. Both of these measurements are significantly higher than exists at the state level indicating that market conditions for retail space is weaker in Warren County.



Source: CoStar Group, Otteau Valuation

Because demand for retail space is closely linked to local economic and demographic factors, we will next compare retail market conditions within the following geographic areas:

- 5-Mile Radius – with the subject project at the center.
- 10-Mile Radius – with the subject project at the center.
- 15-Mile Radius – with the subject project at the center.
- Warren County – defined by its county boundaries.
- New Jersey – defined by its state boundaries.

The table below provides a comparative analysis of these retail trade areas. The most significant findings are as follows:

- Average Asking Rents – retail rental rates are the lowest in the local 5-mile trade area which is a disincentive to the construction of new space in this submarket.
- Occupancy vs. Vacancy – Occupancy is lowest and vacancy is highest in the local 5-mile trade area indicating a lack of demand to construct new space.
- Availability – this measurement takes into account both spaces that are currently vacant and occupied space for which the tenant is expected to vacate in the near term. The current availability of retail space is higher in the local 5-mile trade area indicating a lack of demand to occupy existing space.
- Concentration of Existing Retail Space – retail space within the local 5-mile trade area equates to 128 Ft^2 per household which slightly lower than exists for the county and state overall. While this would typically imply a shortage or retail capacity, the higher vacancy and availability of space, coupled with the lower level of rental rates, indicates that a shortage does not exist.
- Net Absorption – Net absorption has been positive across all of the trade areas surveyed indicating a gradual improvement in market conditions.

Retail Market Analysis

		Radius (miles) 5	Radius (miles) 10	Radius (miles) 15	Warren County	New Jersey
Average Asking Rent	Ft^2	$11.97	$13.05	$14.24	$13.82	$18.31
Existing Retail Space	Ft^2	1,219,537	3,986,253	11,611,240	6,482,710	447,985,363
Retail Space per-square-mile	Ft^2	15,528	12,689	16,427	17,859	51,363
Retail Space per-household	Ft^2	128	119	116	158	137
Vacant Retail Space	Ft^2	128,051	255,120	685,063	440,824	25,535,166
Vacancy Rate	%	10.5%	6.4%	5.9%	6.8%	5.7%
Available Retail Space	Ft^2	138,337	338,199	1,107,987	720,279	37,581,803
Availability Rate	%	11.3%	8.5%	9.5%	11.1%	8.4%
Occupied Retail Space	Ft^2	1,091,486	3,731,133	10,926,177	6,041,886	422,450,197
Occupancy Rate	%	89.5%	93.6%	94.1%	93.2%	94.3%
Occupied Retail Space per-household	Ft^2	114	112	109	148	129
Net Absorption (past 4 qrtrs)	Ft^2	37,962	41,532	3,796	20,868	2,745,064

The preceding analysis provides compelling evidence that the demand growth for retail space in the local retail trade area will be modest.

Retail Demand Analysis

The preceding market analysis provides a strong indication that development of retail space can be accommodated within the retail trade area. We will next determine the potential for retail demand growth based upon the following component analyses:

1. Background Demographic Growth Attributable to Household Formation
2. Opportunity Gap Analysis Based Upon Current Spending & Store Capacities
3. Proposed Housing Development within the Subject Project

Our market analysis indicated the following relationships of currently occupied retail space to existing households:

- Within 5 miles — 114 Ft^2 Per Household
- Within 10 miles — 112 Ft^2 Per Household
- Within 15 miles — 109 Ft^2 Per Household
- Warren County — 148 Ft^2 Per Household
- New Jersey — 129 Ft^2 Per Household

Applying these figures to demographic projections of household formation can be instructive in quantifying future demand for retail space in a given geographic area. Information on the current number and future growth of households has been sourced from The Nielsen Company, a leading provider of demographic research and analysis. The table below uses the projections to develop an estimate of demand growth for retail space in each of the trade areas over the next 5 years.

Background Retail Demand - Unadjusted
Background Demographic Growth - 5 Years

		Radius (miles) 5	Radius (miles) 10	Radius (miles) 15	Warren County	New Jersey
Existing Households - 2015	#	9,550	33,427	99,884	40,921	3,273,605
Projected Households - 2020	#	9,365	33,317	100,628	40,717	3,338,760
Projected Household Growth (5 years)	#	(185)	(110)	744	(204)	65,155
Retail Space Per Household	Ft^2	128	119	116	158	137
Occupied Retail Space Per Household	Ft^2	114	112	109	148	129
Economic Acceleration Adjustment @	0%	0	0	0	0	0
Projected Retail Demand Growth	Ft^2	(21,000)	(12,000)	81,000	(30,000)	8,408,000
Projected Retail Demand (% Change)	%	-1.7%	-0.3%	0.7%	-0.5%	1.9%

The above analysis projects decreased demand for retail space in the local 5-mile trade area resulting from the anticipated decline in population and the number of households over the next 5 years. This is also true for the 10-mile trade area and for Warren County overall (see summary below). As to whether or not these declines will actually occur is uncertain as they

represent a forecast. What is clear however is that the construction of new retail space is not supported by demographic conditions:

- Within 5 miles -21,000 Ft^2
- Within 10 miles -12,000 Ft^2
- Within 15 miles 81,000 Ft^2
- Warren County -30,000 Ft^2
- New Jersey 8,408,000 Ft^2

The above projections of retail demand growth over the next 5 years need to be adjusted for any excess vacancy that presently exists in each local trade area. Based upon a stabilized vacancy rate factor of 5%, the current vacancy in the 5-mile local trade area of 128,051 Ft^2 exceeds a stabilized 5% vacancy of 60,977 Ft^2 by 67,075 Ft^2. Therefore, the local market will need to absorb 67,075 Ft^2 of retail space that is currently vacant to reduce vacancy from its present 10.5% to 5.0%. We have therefore incorporated this excess vacancy into our adjusted demand calculations below.

Background Retail Demand - Adjusted

		Radius (miles) 5	Radius (miles) 10	Radius (miles) 15	Warren County	New Jersey
Projected Retail Demand Growth	Ft^2	(21,000)	(12,000)	81,000	(30,000)	8,408,000
Current Vacancy	Ft^2	128,051	255,120	685,063	440,824	25,535,166
Stabilized Vacancy @	5%	60,977	199,313	580,562	324,136	22,399,268
Excess Vacancy	Ft^2	(67,075)	(55,808)	(104,501)	(116,689)	(3,135,898)
Adjusted Retail Demand Growth	Ft^2	(88,000)	(68,000)	(24,000)	(147,000)	5,272,000

Therefore, the construction of additional retail space in the study area cannot be supported given the existing oversupply of available capacity.

Induced Demand – There is however a potential to generate demand for retail space if additional housing units are constructed within the study area as is recommended in this report. Our analyses of housing demand yielded a recommendation to construct 325 multi-family townhouse dwellings in the stud area which would induce a corresponding demand increase for retail capacity.

The ideal location for any retail expansion would be within the Triangle Redevelopment Area, or on the opposite side of Wall Street near to existing mixed use buildings. Our prior analysis of retail market conditions indicated a current retail capacity within the 5-mile trade area equivalent to 128 Ft^2 per households, with occupied space being 114 Ft^2 per household. Multiplying the

114 factor times the 325 additional dwelling units indicates demand for 37,000 Ft^2 of retail construction

325 Dwelling Units X 114 Ft^2 = 37,050 Ft^2
= 37,000 Ft^2 (rounded)

An alternate methodology for quantifying induced demand for retail capacity is to dissect local consumer spending patterns. To accomplish this, we have prepared a Retail Opportunity Gap analysis which compares **retail sales** and **consumer expenditures** within the local market area to develop indications of supply & demand. These **consumer expenditures** reflect purchases by local area households and are considered a reflection of localized demand for retail store space. The **retail sales** figures reflect estimates of store sales within the same local submarket area and are therefore a reflection of the localized supply of retail store capacity (ft^2 of retail space). Information on consumer expenditures (demand) has been derived from the Consumer Expenditure Survey (CE Survey) which is fielded by the U.S. Bureau of Labor Statistics (BLS). Information on retail sales (supply) has been derived from the Census of Retail Trade (CRT) which is made available by the U.S. Census.

Comparing the **retail sales** (supply) and the **consumer expenditures** (demand) figures provides an indication as to whether a need exists to develop additional retail space in the local market area. When local **consumer expenditures** exceed local **retail sales**, the resulting opportunity gap indicates a need for construction of additional retail space capacity. When the opposite dynamic exists, meaning that **consumer expenditures** by local households is less than local **retail sales**, a surplus of retail space exists indicating the local retail to be either in balance or oversupplied. In the latter condition, the construction of additional retail space would be inadvisable.

In formulating this Retail Opportunity Gap analysis, we have analyzed consumer expenditures by households within a 5-mile radius of the project area. In the table below, the suitability of the various retail sub-categories to the Study Area is indicated by a “yes” (Y) or “no” (N) marking in the column labeled “Location Suitable to Study Area?” column.

Retail Opportunity Gap - Retail Stores

Trade Area - 5 Miles

Retail Stores	Demand from Housing Development: 2015 Demand (Consumer Expenditures)	Demand from Housing Development: Location Suitable to Study Area? Y or N?	Demand from Housing Development: Share of Sales	Trade Area Demand: 2015 Supply (Retail Sales)	Trade Area Demand: Opportunity Suitable Gaps
Motor Vehicle and Parts Dealers-441					
Automotive Dealers-4411	76,175,186	N	0.0%	56,021,979	0
Other Motor Vehicle Dealers-4412	8,178,031	N	0.0%	4,292,279	0
Automotive Parts/Accsrs, Tire Stores-4413	6,995,897	N	0.0%	7,671,550	0
Furniture and Home Furnishings Stores-442					
Furniture Stores-4421	4,739,681	N	0.0%	342,279	0
Home Furnishing Stores-4422	4,235,866	N	0.0%	2,778,959	0
Electronics and Appliance Stores-443					
Household Appliances Stores-443111	1,117,159	N	0.0%	1,254,914	0
Radio, Television, Electronics Stores-443112	5,114,914	N	0.0%	444,367	0
Computer and Software Stores-44312	1,624,706	N	0.0%	210,890	0
Camera and Photographic Equipment Stores-44313	187,558	N	0.0%	0	0
Building Material, Garden Equip Stores -444					
Home Centers-44411	16,884,252	N	0.0%	407,743	0
Paint and Wallpaper Stores-44412	720,732	N	0.0%	945,831	0
Hardware Stores-44413	4,117,313	N	0.0%	1,397,148	0
Other Building Materials Dealers-44419 (incl. Lumberyards)	20,203,271	N	0.0%	10,597,073	0
Outdoor Power Equipment Stores-44421	2,104,960	N	0.0%	1,140,759	0
Nursery and Garden Centers-44422	4,958,604	N	0.0%	1,753,537	0
Food and Beverage Stores-445					
Supermarkets, Grocery (ExConv) Stores-44511	35,854,869	N	0.0%	52,743,418	0
Convenience Stores-44512	2,526,193	Y	0.6%	1,633,284	892,909
Specialty Food Stores-4452	4,728,554	N	0.0%	1,513,399	0
Beer, Wine and Liquor Stores-4453	15,621,514	Y	3.7%	3,591,589	12,029,925
Health and Personal Care Stores-446					
Pharmacies and Drug Stores-44611	19,620,403	N	0.0%	14,464,008	0
Cosmetics, Beauty Supplies, Perfume Stores-44612	1,701,618	N	0.0%	129,788	0
Optical Goods Stores-44613	1,142,547	N	0.0%	135,452	0
Other Health and Personal Care Stores-44619	2,189,598	Y	0.5%	607,178	1,582,420
Gasoline Stations-447					
Gasoline Stations With Conv Stores-44711	32,598,492	N	0.0%	3,306,500	0
Other Gasoline Stations-44719	11,944,795	N	0.0%	21,238,882	0
Clothing and Clothing Accessories Stores-448					
Men's Clothing Stores-44811	560,892	N	0.0%	0	0
Women's Clothing Stores-44812	2,440,678	N	0.0%	21,615	0
Children's, Infants Clothing Stores-44813	624,821	N	0.0%	0	0
Family Clothing Stores-44814	5,916,735	N	0.0%	7,761	0
Clothing Accessories Stores-44815	483,023	N	0.0%	33,176	0
Other Clothing Stores-44819	949,883	N	0.0%	197,349	0
Shoe Stores-4482	1,582,660	N	0.0%	69,923	0
Jewelry Stores-44831	7,445,989	N	0.0%	2,332,277	0
Luggage and Leather Goods Stores-44832	839,776	N	0.0%	0	0
Sporting Goods, Hobby, Book, Music Stores-451					
Sporting Goods Stores-45111	3,528,676	N	0.0%	258,525	0
Hobby, Toys and Games Stores-45112	1,913,563	N	0.0%	52,801	0
Sew/Needlework/Piece Goods Stores-45113	610,921	N	0.0%	0	0
Musical Instrument and Supplies Stores-45114	718,150	N	0.0%	875,949	0
Book Stores-451211	780,512	N	0.0%	345,789	0
News Dealers and Newsstands-451212	111,251	N	0.0%	0	0
Prerecorded Tapes, CDs, Record Stores-45122	153,717	N	0.0%	0	0
General Merchandise Stores-452					
Department Stores Excl Leased Depts-4521	21,892,479	N	0.0%	0	0
Other General Merchandise Stores-4529	30,432,993	N	0.0%	1,351,000	0
Florists-4531	478,027	N	0.0%	202,330	0
Office Supplies and Stationery Stores-45321	2,816,005	N	0.0%	111,274	0
Gift, Novelty and Souvenir Stores-45322	2,943,377	N	0.0%	915,832	0
Used Merchandise Stores-4533	892,657	N	0.0%	31,913	0
Other Miscellaneous Store Retailers-4539	5,389,594	N	0.0%	2,474,894	0
Foodservice and Drinking Places-722					
Full-Service Restaurants-7221	22,052,226	N	0.0%	6,510,985	0
Limited-Service Eating Places-7222	19,436,923	Y	4.5%	9,235,028	10,201,895
Special Foodservices-7223	5,350,193	N	0.0%	977,843	0
Drinking Places -Alcoholic Beverages-7224	1,991,877	Y	0.5%	315,328	1,676,549
Total Expenditures, Sales & Gaps	**427,624,311**		**10.0%**	**214,944,000**	**26,384,000**

This analysis indicates that approximately 10% of retail spending is suitable to the Study Area's location which correlates to $26.4-Million of consumer spending by local residents within 5-miles. Based upon an annual retail revenue factor of $400 per Ft^2, demand for approximately 66,000 Ft^2 of retail space within the study area is indicated.

The preceding analyses indicated induced retail demand ranging from a low of 37,000 Ft^2 to a high of 66,000 Ft^2 for the study area. It is our recommendation that 45,000 Ft^2 of retail capacity be planned for the Triangle Redevelopment Area, conditioned upon the construction of 325 townhouse dwellings.

PART VII –ADDENDUM

Demographic Analyses

POPULATION DEMOGRAPHICS

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
Population								
2020 Projection	2,514		24,189		88,133		270,372	
2015 Estimate	2,507		24,726		88,586		268,972	
2010 Census	2,514		25,583		89,909		269,695	
2000 Census	2,273		25,035		85,645		248,763	
Growth 2015-2020	0.28%		-2.17%		-0.51%		0.52%	
Growth 2010-2015	-0.28%		-3.35%		-1.47%		-0.27%	
Growth 2000-2010	10.60%		2.19%		4.98%		8.41%	
2015 Est. Population by Sex	2,507		24,726		88,586		268,972	
Male	1,225	48.86	12,118	49.01	43,393	48.98	132,313	49.19
Female	1,282	51.14	12,608	50.99	45,193	51.02	136,659	50.81
Male/Female Ratio	0.96		0.96		0.96		0.97	
2015 Est. Population by Age	2,507		24,726		88,586		268,972	
Age 0 - 4	137	5.46	1,166	4.72	4,080	4.61	13,512	5.02
Age 5 - 9	152	6.06	1,290	5.22	4,588	5.18	15,219	5.66
Age 10 - 14	176	7.02	1,597	6.46	5,784	6.53	18,144	6.75
Age 15 - 17	92	3.67	997	4.03	3,833	4.33	11,728	4.36
Age 18 - 20	86	3.43	919	3.72	3,800	4.29	12,108	4.50
Age 21 - 24	127	5.07	1,257	5.08	4,587	5.18	14,405	5.36
Age 25 - 34	261	10.41	2,437	9.86	8,505	9.60	26,681	9.92
Age 35 - 44	311	12.41	2,809	11.36	9,909	11.19	31,866	11.85
Age 45 - 54	459	18.31	4,297	17.38	15,747	17.78	46,050	17.12
Age 55 - 64	354	14.12	3,717	15.03	13,552	15.30	38,825	14.43
Age 65 - 74	207	8.26	2,368	9.58	8,290	9.36	23,713	8.82
Age 75 - 84	106	4.23	1,282	5.18	3,926	4.43	11,319	4.21
Age 85 and over	39	1.56	590	2.39	1,985	2.24	5,401	2.01
Age 16 and over	2,012	80.26	20,343	82.27	72,880	82.27	218,263	81.15
Age 18 and over	1,950	77.78	19,675	79.57	70,301	79.36	210,368	78.21
Age 21 and over	1,864	74.35	18,756	75.86	66,501	75.07	198,261	73.71
Age 65 and over	352	14.04	4,239	17.14	14,201	16.03	40,434	15.03
2015 Est. Median Age	42.20		44.60		44.20		42.10	
2015 Est. Average Age	40.10		42.00		41.50		40.40	
2015 Est. Median Age, Male	41.50		43.10		42.90		40.70	
2015 Est. Average Age, Male	39.40		40.90		40.60		39.40	
2015 Est. Median Age, Female	42.80		45.70		45.30		43.40	
2015 Est. Average Age, Female	40.80		43.10		42.40		41.40	
2015 Est. Pop Age 15+ by Marital Status	2,042		20,672		74,134		222,097	
Total, Never Married	559	27.38	4,949	23.94	18,957	25.57	63,025	28.38
Males, Never Married	329	16.11	2,910	14.08	10,349	13.96	34,643	15.60
Females, Never Married	230	11.26	2,039	9.86	8,608	11.61	28,382	12.78
Married, Spouse present	1,100	53.87	11,834	57.25	41,317	55.73	117,291	52.81
Married, Spouse absent	39	1.91	563	2.72	2,357	3.18	7,463	3.36
Widowed	129	6.32	1,353	6.55	4,506	6.08	12,773	5.75
Males Widowed	10	0.49	300	1.45	905	1.22	2,682	1.21
Females Widowed	119	5.83	1,053	5.09	3,601	4.86	10,091	4.54
Divorced	215	10.53	1,973	9.54	6,997	9.44	21,544	9.70
Males Divorced	110	5.39	847	4.10	3,209	4.33	9,316	4.19
Females Divorced	105	5.14	1,126	5.45	3,788	5.11	12,228	5.51

HOUSEHOLD DEMOGRAPHICS

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
Households								
2020 Projection	961		9,365		33,317		100,628	
2015 Estimate	954		9,550		33,427		99,884	
2010 Census	950		9,847		33,808		99,633	
2000 Census	873		9,305		31,617		90,655	
Growth 2015-2020	0.73%		-1.94%		-0.33%		0.74%	
Growth 2010-2015	0.42%		-3.01%		-1.13%		0.25%	
Growth 2000-2010	8.82%		5.82%		6.93%		9.90%	
2015 Est. Households by Household Type	954		9,550		33,427		99,884	
Family Households	678	71.07	6,714	70.30	23,718	70.95	71,019	71.10
Nonfamily Households	276	28.93	2,836	29.70	9,709	29.05	28,865	28.90
2015 Est. Family HH Type, Presence Own Children	678		6,714		23,718		71,019	
Married-Couple Family, own children	258	38.05	2,294	34.17	8,650	36.47	26,020	36.64
Married-Couple Family, no own children	278	41.00	3,165	47.14	10,969	46.25	31,567	44.45
Male Householder	44	0.06	406	0.06	1,290	0.05	4,023	0.06
Male Householder, own children	15	2.21	191	2.84	596	2.51	1,903	2.68
Male Householder, no own children	29	4.28	215	3.20	694	2.93	2,120	2.99
Female Householder	98	0.14	849	0.13	2,808	0.12	9,408	0.13
Female Householder, own children	36	5.31	398	5.93	1,417	5.97	5,136	7.23
Female Householder, no own children	62	9.14	451	6.72	1,391	5.86	4,272	6.02
2015 Est. Households by Household Size	954		9,550		33,427		99,884	
1-person	220	23.06	2,388	25.01	8,039	24.05	23,947	23.97
2-person	311	32.60	3,223	33.75	11,004	32.92	32,240	32.28
3-person	164	17.19	1,548	16.21	5,724	17.12	17,356	17.38
4-person	158	16.56	1,440	15.08	5,319	15.91	16,047	16.07
5-person	79	8.28	654	6.85	2,289	6.85	6,938	6.95
6-person	21	2.20	218	2.28	739	2.21	2,332	2.33
7-or-more-person	1	0.10	79	0.83	314	0.94	1,023	1.02
2015 Est. Average Household Size	2.62		2.56		2.60		2.62	
2015 Est. Households by Presence of People	954		9,550		33,427		99,884	
Households with 1 or More People under Age 18:	326	34.17	3,076	32.21	11,294	33.79	35,195	35.24
Married-Couple Family	262	80.37	2,379	77.34	8,946	79.21	27,012	76.75
Other Family, Male Householder	17	5.21	207	6.73	669	5.92	2,164	6.15
Other Family, Female Householder	44	13.50	467	15.18	1,597	14.14	5,759	16.36
Nonfamily, Male Householder	3	0.92	18	0.59	67	0.59	205	0.58
Nonfamily, Female Householder	0	0.00	5	0.16	14	0.12	55	0.16
Households with No People under Age 18:	628	65.83	6,474	67.79	22,133	66.21	64,689	64.76
Married-Couple Family	273	43.47	3,079	47.56	10,669	48.20	30,576	47.27
Other Family, Male Householder	27	4.30	193	2.98	626	2.83	1,863	2.88
Other Family, Female Householder	54	8.60	388	5.99	1,213	5.48	3,647	5.64
Nonfamily, Male Householder	134	21.34	1,256	19.40	4,365	19.72	13,077	20.22
Nonfamily, Female Householder	140	22.29	1,558	24.07	5,260	23.77	15,527	24.00
2015 Est. Average Number of Vehicles	1.80		2.01		2.04		1.99	
Family Households								
2020 Projection	683		6,593		23,626		71,504	
2015 Estimate	678		6,714		23,718		71,019	
2010 Census	675		6,916		24,008		70,922	
2000 Census	610		6,679		22,852		65,760	
Growth 2015-2020	0.74%		-1.81%		-0.39%		0.68%	
Growth 2010-2015	0.44%		-2.91%		-1.21%		0.14%	
Growth 2000-2010	10.66%		3.55%		5.06%		7.85%	

EDUCATION & EMPLOYMENT DEMOGRAPHICS

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Pop Age 25+ by Edu. Attainment	1,737		17,499		61,914		183,856	
Less than 9th grade	65	3.74	455	2.60	1,736	2.80	5,687	3.09
Some High School, no diploma	143	8.23	1,178	6.73	3,569	5.76	11,034	6.00
High School Graduate (or GED)	704	40.53	6,598	37.71	20,082	32.44	57,796	31.44
Some College, no degree	328	18.88	3,242	18.53	11,394	18.40	33,800	18.38
Associate Degree	107	6.16	1,192	6.81	4,341	7.01	13,553	7.37
Bachelor's Degree	279	16.06	3,418	19.53	13,839	22.35	39,500	21.48
Master's Degree	101	5.81	1,162	6.64	5,382	8.69	16,821	9.15
Professional School Degree	4	0.23	124	0.71	821	1.33	3,108	1.69
Doctorate Degree	6	0.35	131	0.75	749	1.21	2,557	1.39
2015 Est. Civ. Employed Pop 16+ by Class of Worker	1,289		12,629		46,391		134,321	
For-Profit Private Workers	865	67.11	8,430	66.75	31,883	68.73	93,780	69.82
Non-Profit Private Workers	48	3.72	586	4.64	2,381	5.13	8,678	6.46
Local Government Workers	145	11.25	1,511	11.96	4,489	9.68	11,373	8.47
State Government Workers	57	4.42	563	4.46	1,701	3.67	5,039	3.75
Federal Government Workers	35	2.72	202	1.60	757	1.63	1,811	1.35
Self-Employed Workers	139	10.78	1,328	10.52	5,104	11.00	13,419	9.99
Unpaid Family Workers	0	0.00	8	0.06	75	0.16	220	0.16
2015 Est. Civ. Employed Pop 16+ by Occupation	1,289		12,629		46,391		134,321	
Architect/Engineer	22	1.71	237	1.88	1,065	2.30	2,730	2.03
Arts/Entertainment/Sports	8	0.62	108	0.86	662	1.43	2,148	1.60
Building Grounds Maintenance	54	4.19	476	3.77	1,765	3.80	4,303	3.20
Business/Financial Operations	29	2.25	600	4.75	2,415	5.21	7,311	5.44
Community/Social Services	37	2.87	205	1.62	650	1.40	1,926	1.43
Computer/Mathematical	23	1.78	210	1.66	1,306	2.82	3,884	2.89
Construction/Extraction	130	10.09	998	7.90	2,791	6.02	6,674	4.97
Education/Training/Library	63	4.89	890	7.05	3,089	6.66	8,992	6.69
Farming/Fishing/Forestry	1	0.08	91	0.72	218	0.47	388	0.29
Food Prep/Serving	66	5.12	718	5.69	2,619	5.65	6,530	4.86
Health Practitioner/Technician	53	4.11	618	4.89	2,490	5.37	7,039	5.24
Healthcare Support	42	3.26	331	2.62	1,045	2.25	3,229	2.40
Maintenance Repair	56	4.34	489	3.87	1,525	3.29	4,584	3.41
Legal	1	0.08	71	0.56	435	0.94	1,368	1.02
Life/Physical/Social Science	4	0.31	108	0.86	331	0.71	1,472	1.10
Management	67	5.20	1,120	8.87	5,337	11.50	15,808	11.77
Office/Admin. Support	200	15.52	1,718	13.60	6,002	12.94	17,911	13.33
Production	34	2.64	765	6.06	2,507	5.40	7,582	5.64
Protective Services	60	4.65	504	3.99	1,268	2.73	2,908	2.16
Sales/Related	140	10.86	1,281	10.14	5,060	10.91	15,101	11.24
Personal Care/Service	97	7.53	448	3.55	1,479	3.19	5,122	3.81
Transportation/Moving	102	7.91	642	5.08	2,330	5.02	7,309	5.44
2015 Est. Pop 16+ by Occupation Classification	1,289		12,629		46,391		134,321	
Blue Collar	322	24.98	2,894	22.92	9,153	19.73	26,150	19.47
White Collar	647	50.19	7,166	56.74	28,844	62.18	85,691	63.80
Service and Farm	320	24.83	2,568	20.33	8,394	18.09	22,480	16.74
2015 Est. Workers Age 16+ by Transp. to Work	1,244		12,346		45,401		131,459	
Drove Alone	1,122	90.19	10,434	84.51	37,648	82.92	107,966	82.13
Car Pooled	68	5.47	1,080	8.75	3,818	8.41	11,151	8.48
Public Transportation	17	1.37	209	1.69	750	1.65	2,294	1.75
Walked	12	0.96	97	0.79	582	1.28	2,262	1.72
Bicycle	0	0.00	2	0.02	67	0.15	207	0.16
Other Means	1	0.08	90	0.73	337	0.74	747	0.57
Worked at Home	24	1.93	433	3.51	2,200	4.85	6,831	5.20
2015 Est. Workers Age 16+ by Travel Time to Work *								
Less than 15 Minutes	313		2,795		9,456		28,263	
15 - 29 Minutes	277		2,580		9,407		29,806	
30 - 44 Minutes	211		2,372		8,781		25,667	
45 - 59 Minutes	110		1,343		5,939		16,567	
60 or more Minutes	307		2,753		9,384		23,895	
2015 Est. Avg. Travel Time to Work in Minutes	37.40		38.26		38.69		37.14	

INCOME DEMOGRAPHICS

	Oxford Township	%	0 - 5 miles	%	0 - 10 miles	%	0 - 15 miles	%
2015 Est. HHs by HH Income	954		9,550		33,427		99,884	
CY HHs, Inc < $15,000	28	2.94	564	5.91	1,955	5.85	7,097	7.11
CY HHs, Inc $15,000 - $24,999	95	9.96	870	9.11	2,204	6.59	7,294	7.30
CY HHs, Inc $25,000 - $34,999	82	8.60	816	8.54	2,390	7.15	7,333	7.34
CY HHs, Inc $35,000 - $49,999	159	16.67	1,194	12.50	3,870	11.58	11,399	11.41
CY HHs, Inc $50,000 - $74,999	239	25.05	1,792	18.76	6,102	18.25	17,243	17.26
CY HHs, Inc $75,000 - $99,999	122	12.79	1,574	16.48	5,142	15.38	14,147	14.16
CY HHs, Inc $100,000 - $124,999	108	11.32	1,006	10.53	3,909	11.69	10,677	10.69
CY HHs, Inc $125,000 - $149,999	59	6.18	734	7.69	2,619	7.83	7,435	7.44
CY HHs, Inc $150,000 - $199,999	53	5.56	670	7.02	2,740	8.20	8,790	8.80
CY HHs, Inc $200,000 - $249,999	5	0.52	155	1.62	854	2.55	2,898	2.90
CY HHs, Inc $250,000 - $499,999	4	0.42	157	1.64	1,129	3.38	3,851	3.86
CY HHs, Inc $500,000+	0	0	19	0.19895	513	1.53469	1,719	1.721
2015 Est. Average Household Income	$72,188		$80,976		$96,718		$97,956	
2015 Est. Median Household Income	$61,820		$68,576		$75,935		$74,384	
2015 Median HH Inc by Single Race Class. or Ethn								
White Alone	61,432		68,016		76,234		75,482	
Black or African American Alone	131,250		85,718		66,844		55,640	
American Indian and Alaska Native Alone	0		20,816		37,618		40,471	
Asian Alone	62,500		131,131		119,298		125,488	
Native Hawaiian and Other Pacific Islander Alone	0		41,521		47,727		54,776	
Some Other Race Alone	50,000		58,839		57,673		51,579	
Two or More Races	75,000		33,491		61,831		61,504	
Hispanic or Latino	105,000		69,300		59,661		59,499	
Not Hispanic or Latino	61,506		68,548		76,971		75,799	
2015 Est. Families by Poverty Status	678		6,714		23,718		71,019	
2015 Families at or Above Poverty	671	98.97	6,406	95.41	22,828	96.25	67,464	94.99
2015 Families at or Above Poverty with Children	334	49.26	2,733	40.71	10,678	45.02	32,073	45.16
2015 Families Below Poverty	7	1.03	309	4.60	890	3.75	3,556	5.01
2015 Families Below Poverty with Children	5	0.74	208	3.10	608	2.56	2,769	3.90

HOUSING DEMOGRAPHICS

	Oxford Township		0 - 5 miles		0 - 10 miles		0 - 15 miles	
		%		%		%		%
2015 Est. Occupied Housing Units by Tenure	954		9,550		33,427		99,884	
Owner Occupied	818	85.74	7,524	78.79	25,837	77.29	75,177	75.26
Renter Occupied	136	14.26	2,026	21.21	7,590	22.71	24,706	24.73
2015 Owner Occ. HUs: Avg. Length of Residence	16.7		17.7		17.7		17.6	
2015 Renter Occ. HUs: Avg. Length of Residence	11.6		9.4		9.0		8.8	
2015 Est. Owner-Occupied Housing Units by Value	818		7,524		25,837		75,177	
Value Less than $20,000	27	3.30	96	1.28	244	0.94	608	0.81
Value $20,000 - $39,999	25	3.06	133	1.77	313	1.21	585	0.78
Value $40,000 - $59,999	5	0.61	30	0.40	99	0.38	392	0.52
Value $60,000 - $79,999	3	0.37	35	0.47	105	0.41	807	1.07
Value $80,000 - $99,999	31	3.79	106	1.41	219	0.85	1,410	1.88
Value $100,000 - $149,999	112	13.69	496	6.59	1,050	4.06	5,237	6.97
Value $150,000 - $199,999	177	21.64	1,341	17.82	3,255	12.60	9,976	13.27
Value $200,000 - $299,999	270	33.01	2,388	31.74	7,569	29.30	18,924	25.17
Value $300,000 - $399,999	128	15.65	1,802	23.95	6,361	24.62	16,720	22.24
Value $400,000 - $499,999	23	2.81	606	8.05	3,227	12.49	9,672	12.87
Value $500,000 - $749,999	9	1.10	347	4.61	2,561	9.91	8,025	10.67
Value $750,000 - $999,999	5	0.61	119	1.58	614	2.38	1,749	2.33
Value $1,000,000 or more	3	0.37	23	0.31	221	0.86	1,072	1.43
2015 Est. Median All Owner-Occupied Housing Value	$210,741		$263,820		$301,029		$298,149	
2015 Est. Housing Units by Units in Structure	1,037		10,588		36,511		108,039	
1 Unit Attached	153	14.75	621	5.87	2,784	7.63	12,361	11.44
1 Unit Detached	706	68.08	8,045	75.98	26,359	72.19	72,843	67.42
2 Units	23	2.22	510	4.82	1,146	3.14	4,175	3.86
3 or 4 Units	5	0.48	217	2.05	1,139	3.12	3,935	3.64
5 to 19 Units	34	3.28	559	5.28	3,230	8.85	9,707	8.98
20 to 49 Units	15	1.45	184	1.74	508	1.39	1,661	1.54
50 or More Units	0	0.00	125	1.18	412	1.13	1,852	1.71
Mobile Home or Trailer	101	9.74	328	3.10	930	2.55	1,500	1.39
Boat, RV, Van, etc.	0	0.00	0	0.00	4	0.01	4	0.00
2015 Est. Housing Units by Year Structure Built	1,037		10,588		36,511		108,039	
Housing Units Built 2010 or later	5	0.48	29	0.27	482	1.32	2,260	2.09
Housing Units Built 2000 to 2009	115	11.09	1,256	11.86	3,692	10.11	12,821	11.87
Housing Units Built 1990 to 1999	217	20.93	1,380	13.03	5,108	13.99	12,836	11.88
Housing Units Built 1980 to 1989	116	11.19	1,387	13.10	6,076	16.64	14,003	12.96
Housing Units Built 1970 to 1979	105	10.13	1,167	11.02	5,706	15.63	16,298	15.09
Housing Units Built 1960 to 1969	56	5.40	1,186	11.20	4,132	11.32	10,173	9.42
Housing Units Built 1950 to 1959	65	6.27	1,011	9.55	2,764	7.57	9,082	8.41
Housing Units Built 1940 to 1949	51	4.92	494	4.67	1,170	3.20	3,931	3.64
Housing Unit Built 1939 or Earlier	307	29.60	2,677	25.28	7,381	20.22	26,634	24.65
2015 Est. Median Year Structure Built**	1974		1969		1975		1973	

Competitive Set – Single Family Homes

COMPETITIVE SINGLE FAMILY DEVELOPMENT
HEATHER HILL
Washington Borough - Warren County

Proximity to Subject	2.89 miles
Developer	Barbieri Builders Corporation
Developer Web Site	www.barbieribuilders.com
Market Segment	All-Age / Market-Rate
Product Type	Single Family
Total Units	11
Net Sales	7
Unsold Units	4
Average Lot Size	0.30 acres
Average House Size (SF)	2,448
Average Base Price	$362,400
Average Price/SF	$148.04
Marketing Period	Since May 2006
Project Life (Months)	114
Sales Velocity (Project Life)	0.06
Net Sales (Past 90 Days)	0
Sales Velocity (Past 90 Days)	0.00
Standing Inventory	None
Incentives	None
Sources of Buyers	Local
Upgrades (average)	All-in pricing - homes are fully upgraded
Basement	Full / Unfinished
Garage	2 Car Garage
Site Premiums	Built into pricing

AMENITIES: None

PRICING MATRIX

Model Names	Washington	Franklin
House Size (sf)	2,296	2,600
Base Price	$369,900	$354,900
$ Price / SF	$161.11	$136.50

Average base price:	$362,400
Average house size:	2,448
Average price per sf:	$148.04

COMPETITIVE SINGLE FAMILY DEVELOPMENT
BOWERS GLEN
Allamuchy Township - Warren County

Proximity to Subject	9.91 miles
Developer	Carco Development Corporation
Developer Web Site	None available
Market Segment	All-Age / Market-Rate
Product Type	Single Family
Total Units	128
Net Sales	117
Unsold Units	11
Average Lot Size	0.23 acres
Average House Size (SF)	2,556
Average Base Price	$394,445
Average Price/SF	$154.35
Marketing Period	Since June 2005
Project Life (Months)	125
Sales Velocity (Project Life)	0.94
Net Sales (Past 90 Days)	1
Sales Velocity (Past 90 Days)	0.33
Standing Inventory	1
Incentives	None
Sources of Buyers	Varies
Upgrades (average)	Not available
Basement	Full / Unfinished
Garage	2 Car Garage
Site Premiums	Not available

AMENITIES: 3 outdoor swimming pools, tennis & basketball courts; adjacent to Panther Valley Golf & Country Club, which features an 18-hole golf course for members only

PRICING MATRIX

Model Names	Fairmount	Twinbrook
House Size (sf)	2,445	2,666
Base Price	$369,900	$418,990
$ Price / SF	$151.29	$157.16

Average base price:	$394,445
Average house size:	2,556
Average price per sf:	$154.35

COMPETITIVE SINGLE FAMILY DEVELOPMENT
BELVIEW ESTATES
Lopatcong Township - Warren County

Proximity to Subject	10.45 miles
Developer	Larken Associates
Developer Web Site	www.belviewestatesluxuryhomesnj.com
Market Segment	All-Age / Market-Rate
Product Type	Single Family
Total Units	35
Net Sales	14
Unsold Units	21
Average Lot Size	2.35 acres
Average House Size (SF)	3,151
Average Base Price	$466,101
Average Price/SF	$147.93
Marketing Period	Since September 2008
Project Life (Months)	86
Sales Velocity (Project Life)	0.16
Net Sales (Past 90 Days)	0
Sales Velocity (Past 90 Days)	0.00
Standing Inventory	3
Incentives	$1,000 gift card of buyer's choice when purchasing a spec home
Sources of Buyers	Not available
Upgrades (average)	Not available
Basement	Full / Unfinished
Garage	2-3 Car Garage
Site Premiums	Not available

AMENITIES: None

PRICING MATRIX

Model Names	The Devon	The Glenwood	The Jameson	The Hawthorne	The Fairmont	The Ivywood	The Ellington	The Beaumont	The Amberly
House Size (sf)	2,864	2,708	2,837	3,050	3,111	3,171	3,313	3,642	3,662
Base Price	$384,990	$384,990	$419,990	$454,990	$454,990	$479,990	$509,990	$549,990	$554,990
$ Price / SF	$134.42	$142.17	$148.04	$149.18	$146.25	$151.37	$153.94	$151.01	$151.55

Average base price:	$466,101
Average house size:	3,151
Average price per sf:	$147.93

COMPETITIVE SINGLE FAMILY DEVELOPMENT
SCENIC RIDGE ESTATES
Lopatcong Township - Warren County

Proximity to Subject	11.24 miles
Developer	Garden Homes
Developer Web Site	http://scenicridge.gardenhomes.com/
Market Segment	All-Age / Market-Rate
Product Type	Single Family
Total Units	54
Net Sales	39
Unsold Units	15
Average Lot Size	0.69 acres
Average House Size (SF)	2,754
Average Base Price	$412,771
Average Price/SF	$149.87
Marketing Period	Since June 2006
Project Life (Months)	113
Sales Velocity (Project Life)	0.35
Net Sales (Past 90 Days)	2
Sales Velocity (Past 90 Days)	0.67
Standing Inventory	4
Incentives	None
Sources of Buyers	Mainly from Eastern NJ
Upgrades (average)	All-in pricing / fully upgraded homes
Basement	Full / Unfinished
Garage	2 Car Garage
Site Premiums	None

AMENITIES: None

PRICING MATRIX

Model Names	Brookdale	Ashwood	Lexington	Ashwood-Deluxe	Belvidere	Harvard	Cambridge
House Size (sf)	2,241	2,350	2,458	2,574	2,668	2,789	4,200
Base Price	$359,900	$369,900	$384,900	$395,000	$399,900	$479,900	$499,900
$ Price / SF	$160.60	$157.40	$156.59	$153.46	$149.89	$172.07	$119.02

Average base price:	$412,771
Average house size:	2,754
Average price per sf:	$149.87

Competitive Set – Townhouses

COMPETITIVE TOWNHOUSE DEVELOPMENT
WASHINGTON SQUARE
Washington Borough - Warren County

Proximity to Subject	3.35 miles
Developer	Ryan Homes
Developer Web Site	www.ryanhomes.com
Market Segment	Open Market
Product Type	Townhouses
Total Units	86
Net Sales	86
Unsold Units	0
Average Lot Size	Common Areas - Condominium Ownership
Average House Size (SF)	1,740
Average Base Price	$239,990
Average Price/SF	$137.93
Marketing Period	August 2011 - May 2015
Project Life (Months)	45
Sales Velocity (Project Life)	1.91
Net Sales (Past 90 Days)	Not applicable - sold out May 2015
Sales Velocity (Past 90 Days)	Not applicable - sold out May 2015
Standing Inventory	Not applicable - sold out May 2015
Incentives	Free finished basement rec room ($6,495 value)
Sources of Buyers	Local, Somerset & Morris Counties & Greater NYC Area
Upgrades (average)	$25,000
Basement	Full / Partial Finish w/ current incentive
Garage	2 Car Garage
Site Premiums	None

AMENITIES: None

PRICING MATRIX

Model Names	Rosecliff
House Size (sf)	1,740
Base Price	$239,990
$ Price / SF	$137.93

Average base price:	$239,990
Average house size:	1,740
Average price per sf:	$137.93

COMPETITIVE TOWNHOUSE DEVELOPMENT
MEADOWS AT PANTHER VALLEY
Allamuchy Township - Warren County

Proximity to Subject	10.29 miles
Developer	Baker Residential
Developer Web Site	www.bakerresidential.com
Market Segment	All-Age / Market-Rate
Product Type	Townhouses
Total Units	236
Net Sales	83
Unsold Units	153
Average Lot Size	Common Areas - Condominium Ownership
Average House Size (SF)	2,496
Average Base Price	$326,072
Average Price/SF	$130.66
Marketing Period	Since April 2013
Project Life (Months)	31
Sales Velocity (Project Life)	2.68
Net Sales (Past 90 Days)	9
Sales Velocity (Past 90 Days)	3.00
Standing Inventory	5
Incentives	$5,000 towards closing costs
Sources of Buyers	Local & NY 5 Boroughs
Upgrades (average)	$25,000
Basement	Some Full w/ Finished Rec Room
Garage	1-2 Car Garage
Site Premiums	$0 - $15,000

AMENITIES: 3 outdoor swimming pools, tennis & basketball courts; adjacent to Panther Valley Golf & Country Club, which features an 18-hole golf course for members only

PRICING MATRIX

Model Names	The Hillcrest	The Willowick	The Pebble Beach	The Oakmont	The Sherwood	The Augusta
House Size (sf)	2,197	2,251	2,404	2,535	2,857	2,729
Base Price	$289,990	$292,990	$309,990	$314,990	$372,490	$375,980
$ Price / SF	$131.99	$130.16	$128.95	$124.26	$130.38	$137.77

Average base price:	$326,072
Average house size:	2,496
Average price per sf:	$130.66

COMPETITIVE TOWNHOUSE DEVELOPMENT
MORRIS CHASE - THE CARRIAGES
Mount Olive Township - Morris County

Proximity to Subject	15.04 miles
Developer	Toll Brothers
Developer Web Site	www.tollbrothers.com
Market Segment	All-Age / Market-Rate
Product Type	Townhouses
Total Units	171
Net Sales	156
Unsold Units	15
Average Lot Size	Common Areas - Condominium Ownership
Average House Size (SF)	1,894
Average Base Price	$398,495
Average Price/SF	$210.43
Marketing Period	Since April 2010
Project Life (Months)	67
Sales Velocity (Project Life)	2.33
Net Sales (Past 90 Days)	9
Sales Velocity (Past 90 Days)	3.00
Standing Inventory	2
Incentives	$10,000 - $25,000 towards options depending on building
Sources of Buyers	Varies
Upgrades (average)	$35,000
Basement	Full / Unfinished
Garage	1 Car Garage
Site Premiums	$0 - $20,000

AMENITIES: Clubhouse, ball court, swimming pool, recreational facilities, tot lot, fitness center & tennis courts

PRICING MATRIX

Model Names	Ashbourne	Bainbridge	Ashbourne-Elite	Carlyle
House Size (sf)	1,815	1,910	1,815	2,035
Base Price	$381,995	$387,995	$404,995	$418,995
$ Price / SF	$210.47	$203.14	$223.14	$205.89

Average base price:	$398,495
Average house size:	1,894
Average price per sf:	$210.43

COMPETITIVE TOWNHOUSE DEVELOPMENT
GRANDE VILLAGGIO
Newton Town - Sussex County

Proximity to Subject	21.08 miles
Developer	TMR Architecture
Developer Web Site	www.grandevillaggio.com
Market Segment	All-Age / Market-Rate
Product Type	Townhouses
Total Units	54
Net Sales	7
Unsold Units	47
Average Lot Size	Common Areas - Condominium Ownership
Average House Size (SF)	1,696
Average Base Price	$244,900
Average Price/SF	$144.40
Marketing Period	Since April 2015
Project Life (Months)	7
Sales Velocity (Project Life)	1.00
Net Sales (Past 90 Days)	7
Sales Velocity (Past 90 Days)	2.33
Standing Inventory	2
Incentives	None
Sources of Buyers	Mixed; local & out-of-town
Upgrades (average)	Not applicable - not yet selected
Basement	None
Garage	1-2 Car Garage
Site Premiums	None

AMENITIES: Clubhouse & tot lots

PRICING MATRIX

Model Names	Mid-Unit	End-Unit
House Size (sf)	1,608	1,784
Base Price	$239,900	$249,900
$ Price / SF	$149.19	$140.08

Average base price:	$244,900
Average house size:	1,696
Average price per sf:	$144.40

Competitive Set – Multi-Family Apartments

COMPETITIVE APARTMENT COMPLEX
FAIRWAY MEWS
Washington Township - Warren County

Proximity to Subject	2.07 miles
Apartment Type	Garden Apartments
Approx. Complex Age	87 years
Total Units	32
Current Vacancy (units)	1
Current Vacancy (%)	3.1%
Marketing Period	Not available
Lease-up Period (Months)	Not available
Leases / Month	Not available
Weighted Avg. Apt Size (SF)	736
Weighted Avg. Base Rent	$903
Weighted Avg. Rent/SF	$1.23
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	Water & sewer
Elevator	None
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	Yes
Laundry Facilities	Washer & dryer in each unit
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	None
AMENITIES FEE:	Not applicable

PRICING MATRIX

Apartment Type	1 Bedroom	2 Bedroom
Unit Mix	10	22
Sq. Ft.	650	775
Monthly Rent	$800	$950
Annual Rent / SF	$1.23	$1.23

Weighted avg. base rent:	$903
Weighted avg. apt size:	736
Weighted avg. rent per sf:	$1.23

COMPETITIVE APARTMENT COMPLEX
WASHINGTON ARMS APARTMENTS
Washington Borough - Warren County

Proximity to Subject	2.94 miles
Apartment Type	Garden Apartments
Approx. Complex Age	48 years
Total Units	80
Current Vacancy (units)	2
Current Vacancy (%)	2.5%
Marketing Period	Not available
Lease-up Period (Months)	Not available
Leases / Month	Not available
Weighted Avg. Apt Size (SF)	838
Weighted Avg. Base Rent	$913
Weighted Avg. Rent/SF	$1.09
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	None
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	Yes
Laundry Facilities	On-site laundry facility
Parking Type	Garage & Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	None
AMENITIES FEE:	Not applicable

PRICING MATRIX

Apartment Type	1 Bedroom	2 Bedroom
Unit Mix	40	40
Sq. Ft.	805	870
Monthly Rent	$850	$975
Annual Rent / SF	$1.06	$1.12

Weighted avg. base rent:	$913
Weighted avg. apt size:	838
Weighted avg. rent per sf:	$1.09

COMPETITIVE APARTMENT COMPLEX
WARREN HEIGHTS
Lopatcong Township - Warren County

Proximity to Subject	11.25 miles
Apartment Type	Mid-Rise Apartments & Townhouses
Approx. Complex Age	7 years
Total Units	156
Current Vacancy (units)	11
Current Vacancy (%)	7.1%
Marketing Period	Not available
Lease-up Period (Months)	Not available
Leases / Month	Not available
Weighted Avg. Apt Size (SF)	1,228
Weighted Avg. Base Rent	$1,437
Weighted Avg. Rent/SF	$1.17
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	None
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	Yes
Laundry Facilities	Washer & dryer in each unit
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	$100 off 1 BR rents monthly (reflected in pricing below)
RECREATIONAL AMENITIES:	Clubhouse with fitness center, health club & spa, swimming pool, playground, walking trails, basketball court & dog run
AMENITIES FEE:	Included in rent

PRICING MATRIX

Apartment Type	1 Bedroom	2 Bedroom
Unit Mix	90	66
Sq. Ft.	865	1,724
Monthly Rent	$1,262	$1,675
Annual Rent / SF	$1.46	$0.97

Weighted avg. base rent:	$1,437
Weighted avg. apt size:	1,228
Weighted avg. rent per sf:	$1.17

COMPETITIVE APARTMENT COMPLEX
PRESIDENTIAL PLACE
Lebanon Borough - Hunterdon County

Proximity to Subject	13.63 miles
Apartment Type	Mid-Rise Apartments
Approx. Complex Age	6 years
Total Units	120
Current Vacancy (units)	2
Current Vacancy (%)	1.7%
Marketing Period	Not available
Lease-Up Period (Months)	Not available
Leases / Month	Not available
Weighted Avg. Apt Size (SF)	1,601
Weighted Avg. Base Rent	$2,467
Weighted Avg. Rent/SF	$1.54
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	Yes
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & dryer in each unit
Parking Type	Garage & Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	Clubhouse with fitness center and swimming pool
AMENITIES FEE:	Included in rent

PRICING MATRIX

Apartment Type	2 Bedroom
Unit Mix	120
Sq. Ft.	1,601
Monthly Rent	$2,467
Annual Rent / SF	$1.54

Weighted Avg. Base Rent	$2,467
Weighted Avg. Apt. Size	1,601
Weighted Avg. Rent/SF	$1.54

COMPETITIVE APARTMENT COMPLEX
HEIGHTS OF LEBANON
Lebanon Borough - Hunterdon County

Proximity to Subject	14.17 miles
Apartment Type	Low-Rise Apartments & Townhouses
Approx. Complex Age	7 years
Total Units	69
Current Vacancy (units)	3
Current Vacancy (%)	4.3%
Marketing Period	Not available
Lease-Up Period (Months)	Not available
Leases / Month	Not available
Weighted Avg. Apt Size (SF)	1,433
Weighted Avg. Base Rent	$1,908
Weighted Avg. Rent/SF	$1.33
Minimum Lease Term	6 months
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	None
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & dryer in each unit
Parking Type	Garage & Surface Parking
Parking Fee	Included in rent
Current Incentives	1st month rent-free
RECREATIONAL AMENITIES:	None
AMENITIES FEE:	Not applicable

PRICING MATRIX

Apartment Type	2 Bedroom
Unit Mix	69
Sq. Ft.	1,433
Monthly Rent	$1,908
Annual Rent / SF	$1.33

Weighted Avg. Base Rent	$1,908
Weighted Avg. Apt. Size	1,433
Weighted Avg. Rent/SF	$1.33

Assumptions, Limitations & Hypothetical Conditions

This study is subject to the following Limiting Conditions

- All statements in this market study that are not historical facts should be considered as forward-looking projections. Although we believe that the expectations reflected in or suggested by such forward-looking projections are reasonable, we can give no assurance that they will be achieved. Known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements expressed or implied by these forward-looking projections to be different from these projections. Such risks, uncertainties and other factors include, but are not limited to, changes in general and local economic and industry and business conditions; adverse weather and other environmental conditions and natural disasters; changes in market conditions; changes in market pricing; government regulation, including regulations concerning development of land, tax laws and the environment; fluctuations in interest rates and the availability of mortgage financing; shortages in and price fluctuations of raw materials and labor; levels of competition; utility shortages and outages or rate fluctuations; changes in tax laws; and geopolitical risks, terrorist acts and other acts of war. We undertake no obligation to update or revise any forward-looking projections, whether as a result of new information, future events, changed circumstances or any other reason.
- The legal description furnished to us is assumed to be correct. I assume no responsibility for the matters legal in character nor do I render any opinion as to the title, which is assumed to be held in fee simple. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.
- Title is assumed to be held in fee simple, unless otherwise noted, and no liens or encumbrances, except those noted, were considered.
- Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client and then only with proper qualification. Neither all nor any part of the contents of this report (especially conclusions as to value, identity of the appraisers or the firm) shall be used for any purposes by anyone but the client specified in the report nor shall it, or any part, be disseminated to the public through advertising media, public relations consent or approval of the appraisers. Further, the appraisers, or the firm, assume no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all of the assumptions and limiting conditions of the assignment.
- I have made no survey of the property and any sketches in this report are for illustrative purposes only.
- I believe to be reliable the information which was furnished to us by others, but I assume no responsibility for its accuracy.
- Unless otherwise noted herein, it is assumed that there are no detrimental encroachments, easements, zoning violations, use restrictions, or other conditions not evident upon surface inspection of the property. Description of the physical condition of the improvements is based on a visual inspection only. No liability is assumed for the soundness of structural members since no engineering tests were made by the appraiser.
- Testimony and court appearances in connection with this appraisal are limited to those situations for which prior arrangements have been made.
- I reserve the right to recall this report and make any amendments, corrections, or changes that I deem necessary.
- This report must not be used in conjunction with any other valuation analysis or

report.

- On January 26, 1992, federal legislation entitled, The Americans With Disabilities Act (ADA) became effective. The appraiser has not been provided with a compliance survey nor has any analysis been made to determine whether or not the subject is in conformity with the requirements of the ADA. It is possible that compliance with the act will require expenditures for barrier removal construction. Such expense, if required, could have a negative impact on the value of the subject. This study is expressly made under the assumption that the subject is in compliance with ADA, or that there are no significant measurable required expenditures for compliance with ADA that would have a negative impact on the value or marketability of the subject.
- The appraiser is not qualified to test for the presence of Hazardous substances. The presence of such hazardous substances or environmental conditions may affect the value of the property. The valuation contained in this appraisal assumed that the property is not polluted or otherwise contaminated and does not reflect any diminution of value as a result of environmental conditions. This study is subject to change depending on the availability of information concerning the environmental condition of the property in question.
- The Freshwater Wetlands Protection Act restricts the use and development of freshwater wetlands. Effective July 1, 1988 the DEP was established as the reviewing and approving authority for all development within or adjacent to freshwater wetlands. This legislation established certain development criteria including, but not limited to, variable buffers around authorized development adjacent to freshwater wetlands. The identification and delineation of freshwater wetlands on the subject property, if any, has not been brought to our attention nor did we become aware of any such delineations during our inspection of the subject nor during our investigations for this report; however, the appraisers are not qualified to render a professional opinion as to the presence or extent of freshwater wetlands. The reader is advised to seek competent, professional advice in identifying any such potential freshwater wetlands since identification and delineation of any freshwater wetlands within the subject boundaries could have significant impact upon values thereby requiring study revision.
- The subject site may have underground fuel storage tank(s). The underground tank(s) could be a liability. Neither the composition nor the conditions of such tanks, to the extent they exist, are known to the appraiser. The typical life expectancy of an underground tank is 15 to 20 years; (federal guidelines suggest a 10-year life span). Soil contamination could occur if a tank leaks and would be costly to clean up. Without a detailed physical inspection of the tanks and the surrounding soil, it is impossible to estimate potential clean-up costs. Therefore, this analysis does not cover such contingencies.

Extraordinary Assumptions reflect an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. This study has been based upon the following Extraordinary Assumptions

- that development approvals for the study area permit the construction of smaller size townhouse dwellings without basements or garages, and without any recreational amenities for residents.
- That the municipality will approve a tax abatement for townhouse purchasers which reduces their property taxes by 30% for 15 years.

Hypothetical Conditions reflect an assumption that is contrary to what exists but is supposed for

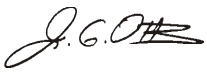
the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

This study has not been based upon any hypothetical conditions.

Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice which also govern real estate appraisal and consulting assignments.
- I have made a personal inspection of the property that is the subject of this report.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Jessica L. Petraccoro has provided research, analysis and report writing assistance to Jeffrey G. Otteau.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.



Jeffrey G. Otteau, President,
New Jersey Certified General Real Estate Appraiser, #42RG00094100
New York Certified General Real Estate Appraiser, #46000045325
Pennsylvania Certified General Real Estate Appraiser, #GA003481
Delaware Certified General Real Estate Appraiser, #X1-0000419
National Association of Independent Fee Appraisers, IFA Designation #2377

Glossary of Definitions

The following definitions apply to the terminology utilized in this report:

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Average Rental Rate is defined as: "the calculated average rental rate for the proposed dwellings based upon the consultants recommended unit sizes.

Average Unit Size is defined as: "the calculated average size of a real estate space based upon market data or developer projections.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B & C: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. These buildings typically have lesser maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including location, site appeal, or physical factors. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Developer: The company, entity or individual that transforms raw land to improved property, or converts an existing building to an alternative use, by use of labor, capital and entrepreneurial efforts.

Economic Feasibility is defined as: "the ability of a project or an enterprise to meet defined investment objectives; an investment's ability to produce sufficient revenue to pay all expenses and charges and to provide a reasonable return on and recapture of the money invested. In reference to a service or residential property where revenue is not a fundamental consideration, economic soundness is based on the need for and desirability of the particular purpose. An investment property is economically feasible if its prospective earning power is sufficient to pay a fair rate of return on its complete cost (including indirect costs) i.e., the estimated value at completion equals or exceeds the estimated cost."

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building

will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets).

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price, asking sales price, rental price, or asking rental price) by the Rentable Building Area (RBA) or Gross Building Area (GBA).

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area).

Region: Core areas containing a large population nucleus that together with adjacent

communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally, RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Rent-Up Velocity is defined as: "the projected pace at which prospective renters will enter into a contract-of-lease for individual apartment units within a project. This is also referred to as Absorption Pace or Rent-Up Velocity.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF or Ft^2: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy) Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Professional Qualifications

Curriculum Vitae for Jeffrey G. Otteau, SCGREA

PROFESSIONAL EXPERIENCE & LICENSING

Actively engaged in real estate valuation and consultation since 1974 with broad based experience in all property types including residential, commercial, industrial, land, subdivision development analysis and special purpose properties.

State Certified General Real Estate Appraiser in the State of New Jersey (License #42RG00094100)
State Certified General Real Estate Appraiser in the State of Pennsylvania (License #GA003481)
State Certified General Real Estate Appraiser in the State of New York (License #46000045325)
State Certified General Real Estate Appraiser in the State of Delaware (License #X1-0000419)
President, Chief Appraiser, Otteau Valuation Group, East Brunswick, New Jersey
Member, National Association of Independent Fee Appraisers (IFA Designation)
FHA/HUD Approved Appraiser – NJ, PA, NY
FEMA Approved Appraiser & Consultant

AFFILIATIONS & HONORS

Member, National Association of Independent Fee Appraisers: IFA Designation
Licensed Real Estate Broker in the State of New Jersey
Member, Client Advisory Council, Homearnings Reverse Mortgage, Louisville, Kentucky - 1992,1993,1994
National Review Appraiser, United Parcel Service, Atlanta, Georgia 1989- 1999
President's Award, Employee Relocation Council (E-R-C), Washington, D.C. - 1992 & 1995
Co-Author, The Relocation Appraisal Guide, published by Employee Relocation Council – 1991, 1994 & 2001
Co-Designer, E-R-C Appraisal Report Form, 1991,1994 and 2001 versions
Past Member, Executive Board of Directors, The Relocation Appraisers Consortium (RAC), Washington, DC
Member, Editorial Advisory Committee, Mobility Magazine, 1992
Member, National Relocation Conference Planning Committee, 1991
Member, Appraisal Standards Council, Washington, D.C., 1991-2000
Member, Industry Practices Committee, Washington, D.C., 1990, 1991
Member, Appraisal Standards Advisory Council which consults with the Appraisal Foundation Washington, D.C. on its agenda of projects and major technical issues - 1992-1994

EXPERT TESTIMONY

Aberdeen Township Board of Adjustment
Absecon City Planning Board
Absecon City Zoning Board
Appraisal Standards Council, Washington DC
Berkeley Township Board of Adjustment
Clinton Township Planning Board
East Brunswick Township Board of Adjustment
East Brunswick Township Town Council
Elk Township Planning Board
Essex County Board of Taxation
Franklin Township Board of Adjustment
Franklin Twp. Planning Board (Warren)
Garfield City Redevelopment Agency
Hamiltown Township Zoning Board
Hightstown Planning Board
Jackson Township Planning Board
Lacey Township Board of Adjustment
Magnolia Borough Planning Board
Maplewood Township Town Council
Mercer County Superior Court
Monmouth County Superior Court
Morris County Superior Court
Middlesex County Board of Taxation
Middlesex County Condemnation Commission
Monmouth County Board of Taxation
Neptune City Town Council
Neptune Township Board of Adjustment
New Jersey State Tax Court
Old Bridge Township Planning Board
Pine Hill Borough Planning Board
Piscataway Township Planning Board
Plainfield City Council
Red Bank Borough Planning Board
Riverdale Borough Planning Board
Riverdale Borough Town Council
Robbinsville Township Planning Board
Roxbury Township Planning Board
Somerset County Board of Taxation
Somerset County Superior Court
Somerville Borough Town Council
South Brunswick Township Planning Board
Tinton Falls Borough Planning Board
Upper Deerfield Township Planning Board
Wall Township Planning Board
Wall Township Zoning Board

OTTEAU VALUATION GROUP, INC.

PROFESSIONAL QUALIFICATIONS: JEFFREY G. OTTEAU, SCGREA, IFA
Appraisal and Consulting Services Performed for the Following Clients:

THE FORTUNE 500
Abbott Laboratories
Alcoa
American Home Products
Amoco Oil Co.
Anheuser Busch Companies
Armstrong World Industries
Bristol-Myers Squibb
Brown-Forman
Carter-Wallace
Circuit City Group
Digital Equipment Corporation
E. I. duPont de Nemours
Eastman Kodak Company
Eli Lilly Company
ExxonMobil
F.M.C. Corporation
Foster Wheeler
General Motors Corporation
Hercules Incorporated
Marriott Corporation
McGraw Hill
Merck
Nabisco
Pharmacia & Upjohn
Procter and Gamble
Prudential Insurance Co.
Raychem Corp.
Rhone-Poulenc Rorer
Sara Lee Bakery
Schering-Plough
State Farm Insurance
Time Warner
W.R. Grace
Westinghouse Electric Corporation

FINANCIAL INSTITUTIONS
Affinity Federal Credit Union
Amboy Bank
Bank of New York
Bank of Oklahoma
Bank of St. Louis
Barclay's Bank PLC
Broadway National Bank
Chase Home Mortgage Corporation
Citigroup
Columbia Bank
Community Investment Strategies
Connecticut National Bank
Countrywide Financial
Dun and Bradstreet Corporation
Fannie Mae
First Savings Bank
First Washington State Bank
Freddie Mac
General Electric Credit Corporation
General Motors Acceptance Corp
GMAC Model Home Finance
Goldman, Sachs
Hopewell Valley Community Bank
Investors Savings Bank
JP Morgan Chase
Lehman Re LTD.
Magyar Bank
Morgan Guaranty Trust Company
New Jersey Bankers Association
New Millennium Bank
Northfield Bank
North Fork Bank
Ocean First Bank
PNC Bank
Philadelphia National Bank
Pittsburgh National Bank
Procida Advisors LLC
Sovereign Bank
Texas Commerce Bank
The Bancorp Bank
The Bank of Princeton
Sun National Bank
Unity Bank
Valley National Bank
Washington Mutual
Wachovia
Wells Fargo Bank

CONSTRUCTION INDUSTRY
American Properties
Beazer Homes
Bob Meyer Communities
Building Contractors Assoc. of NJ
Canuso Communities
Capodagli Property Company
Centex Homes
CRC Communities
D'Anastasio Corp.
Diversified Properties, LLC
D.R. Horton
Edgewood Properties
Fernmoor Homes
I Heller Constructions Co, Inc.
Jerald Development Group
J.S. Hovnanian & Sons
Kushner Companies
Kaplan Companies
K Hovnanian Homes
Kushner Real Estate Group
Lennar
M. Alfieri Company
M. Rieder Companies
Matrix Development Corp.
Matzel Development
Mill Creek Residential Trust, LLC
Millennium Homes
Mountain Funding, LLC
New Jersey Builders Association
Operating Engineers, Local No. 825
Paramount Homes
Pinnacle Companies
PRC Group
Pulte Homes
Renaissance Properties, Inc.
Richmond American Homes
Sharbell Building Company, LLC
Summit Materials – Blackstone Group
The Schultz Organization
Toll Brothers
Trammell Crow Residential
Tim Schaeffer Communities
Tucker Development, LLC
Woodmont Properties

LAWYERS
Ansell Zaro Grimm & Aaron
Bathgate, Wegener & Wolf
Carella, Byrne
Clemente Mueller, P.A.
Connell Foley
Copeland, Shimalla & Wechsler
Day Pitney
Epstein Becker & Green, P.C.
Flaster Greenberg, P.C.
Fox Rothschild LLP
Giordano Halleran & Ciesla
Greenbaum, Rowe, Smith & Davis
Heilbrunn, Pape & Goldstein
Herrick, Feinstein
Hill Wallack, LLP
Hoagland Longo Moran, et al
Kirkpatrick & Lockhart, Gates
Lum Danzis Drasco
Mandelbaum & Mandelbaum
Mandelbaum Salsburg
Norris Mclaughlin & Marcus
Parker McCay
Porzio, Bromberg & Newman
Riker Danzig Scherer Hyland & Peretti
Saul Ewing
Stark & Stark
Stein McGuire Pantages Gigl LP
Sterns & Weinroth, P.C.
Tesser & Cohen
Wilentz, Goldman & Spitzer
Wolff & Samson

MISCELLANEOUS
ADP
Bausch & Lomb
CSX Transportation
Ciba-Geigy Corporation
Cigna Corporation
Fox Rothschild, LLP
Frito-Lay
Gulf Oil
Honeywell
Janssen Pharmaceuticals
JFK Health Systems, Inc.
Kemper Insurance Group
Kraft-General Foods
McDonald's Corporation
Nationwide Insurance Co.
Nestle USA
New Jersey Natural Gas
OneBeacon Professional Insurance
Princeton University
Public Service Electric & Gas
Salvation Army
Siemens Corporation
Sony Corporation of America

GOVERNMENTAL
Branchburg Township
East Brunswick Township
Linden City
Marlboro Township
Medford Township
Metuchen Borough
Metuchen Parking Authority
Middlesex County Improvement Auth.
Monroe Township
Montgomery Township
New Jersey Green Acres
NJ Transit
Washington Township
West Orange Township

OTTEAU VALUATION GROUP, INC.