

The Canyons Trade Area Rooftop Forecast Analysis Report

City of Castle Pines
Douglas County, Colorado

Prepared for:
NORTH CANYONS, LLLP

December 2019

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December 19, 2019

North Canyons, LLLP
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RE: The Canyons – Rooftop Housing and Population Growth Study in the City of Castle Pines, Colorado

Metrostudy is pleased to present this report to North Canyons, LLLP. We have evaluated the population and housing growth surrounding The Canyons Retail Center site in the City of Castle Pines, Colorado. We have evaluated the housing activity and its relationship with projections of population and household growth. We have based our forecast on the housing supply and demand in the surrounding sub-market area, as well as the broader Denver Market.

This analysis was conducted by **Rob Bookhout**, Consultant, and **Tom Hayden**, Vice President of Advisory, with participation from **John Covert**, Regional Director of Colorado. Metrostudy has been engaged in analyzing residential market conditions since 1975 with its proprietary lot-by-lot survey, and locally within the state of Colorado since 2001.

Please contact us at your convenience with any comments or questions regarding this report, or any other matter relevant to your real estate market research needs.

Respectfully Submitted,

Metrostudy

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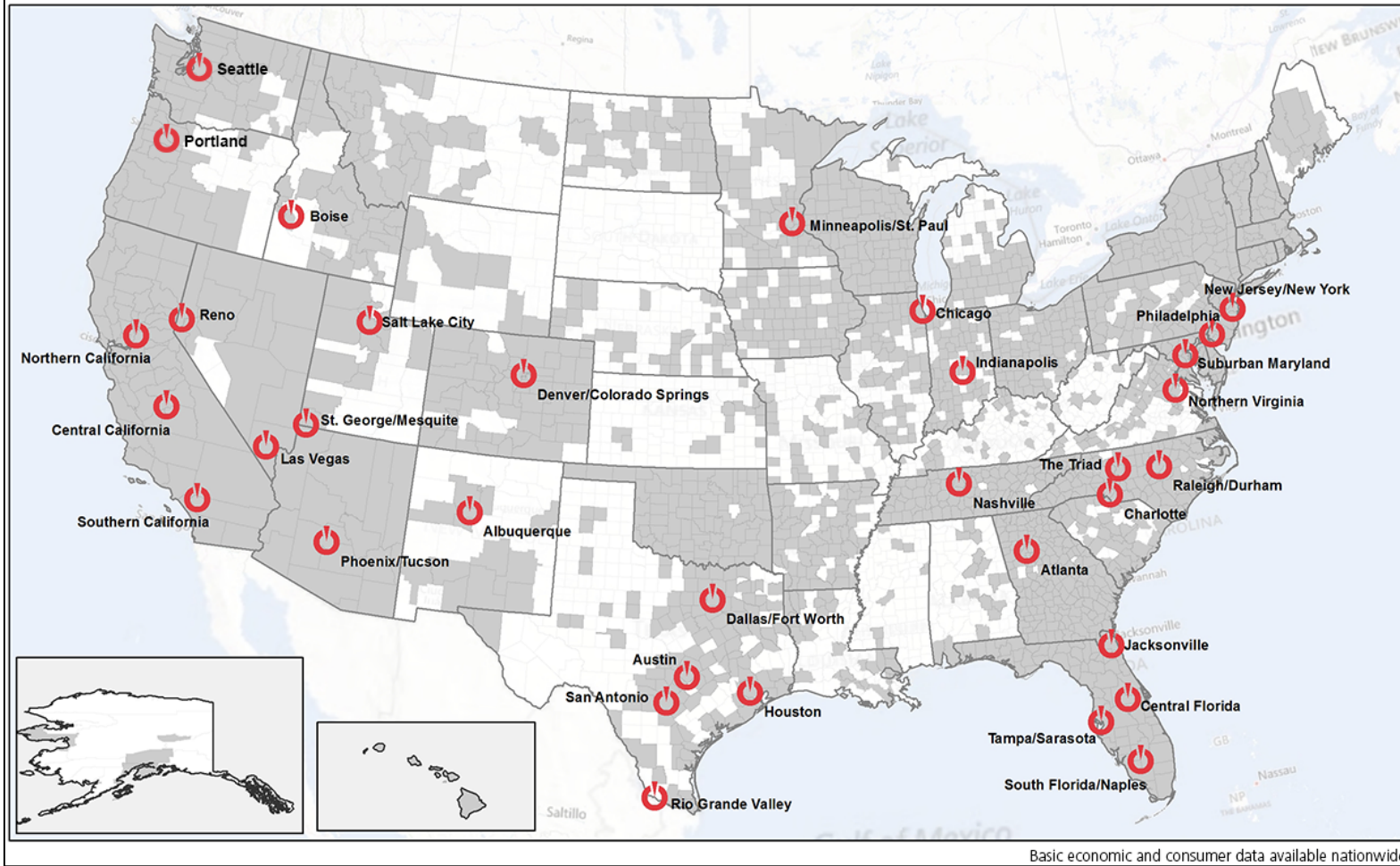
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METROSTUDY COVERAGE MAP

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- **#1 Residential Data Provider in U.S.**
- **Largest U.S. Geographic Footprint Available**
 - **900 CBSAs & 2,483 Counties**
- **Metrostudy Survey Market**
 - **Top 25 Construction CBSAs**
 - **30,000 Active Subdivisions**
 - **11,000 Future Subdivisions**
- **76% of US New Home Construction**

Introduction

This purpose of this analysis is to measure the household and population growth around The Canyons site, located southeast of East Castle Pines Parkway/Hess Road and Interstate 25. We assigned one boundary area referred to as The Canyons Trade Market Area ("TMA") and analyzed the market within this influence area in order to give a population growth forecast. Using this projection will enable the client and its prospective retailers to make decisions about the site's potential.

At the request of North Canyons, LLLP Metrostudy has prepared a market study on the new home construction and resulting population growth for the trade area. This growth is calculated by using Census 2010 information as a baseline and building the growth rate based on actual move ins counted by Metrostudy in its quarterly lot-by-lot residential survey. These methodologies give a more accurate current count of housing units and residences than statistical modeling, and provide the baseline for a more reliable forecast that is based on projected future sales (closings) at the subdivision level.

Metrostudy will first summarize our findings relative to The Canyons TMA, beginning in Douglas County, Colorado. This analysis includes a review of socioeconomic conditions in the Denver Market area, defined as the "Market" and a detailed analysis of population and household expansion of The Canyons TMA, which was selected based upon a requested boundary from the Client. A general housing construction overview and forecast of the Denver Market follows, with comparative analysis of The Canyons TMA's position in the housing construction segment of the overall Market. After evaluating the demographic and housing demand projections, Metrostudy developed a growth forecast. Supporting data, maps, and additional findings are contained in the remainder of the report.

Methodology

The Metrostudy housing survey monitors the supply of detached and attached homes on a quarterly basis. Our survey tracks all condominium, townhome, duplex and single-family construction activity in the 11-county Colorado Front Range, which includes metro areas Denver, Boulder, Colorado Springs, Greeley, and Fort Collins. The survey allows us to accurately track the size of the total market, as well as supply and demand within the sub-markets. Further, it helps us establish the depth of the market and the scope of the competition. In this study, Metrostudy supplemented the quarterly data with fieldwork specifically needed to analyze the competitive market area within the Denver Market.

DEFINITIONS

Annual Starts: The number of homes started during the last four quarters. A "start" occurs when a slab or foundation is initiated.

Annual Closings: The number of homes closed during the last four quarters. A "closing" occurs when a home is moved into and occupied. Metrostudy tracks move-ins, as they are a better indicator of demand than deed deliveries.

Square Footage: All measures of a home size are in terms of air-conditioned space.

Models: Must be fully finished, furnished and decorated.

Finished Vacant: Construction is complete, the site is clean, but there is no evidence of occupancy.

Finished Vacant Months of Supply: F/V months of supply is calculated by dividing the number of F/V homes by the current annual closings pace; and then multiplying by twelve to yield months.

Vacant Developed Lots: Also referred to as "VDL" and "Finished Lots"; a lot on a recorded plat with streets and utilities in place, ready for construction of a new home.

Vacant Developed Lots Months of Supply: VDL months-of-supply is calculated by dividing the number of VDL by the current annual starts pace; and then multiplying by twelve to yield months.

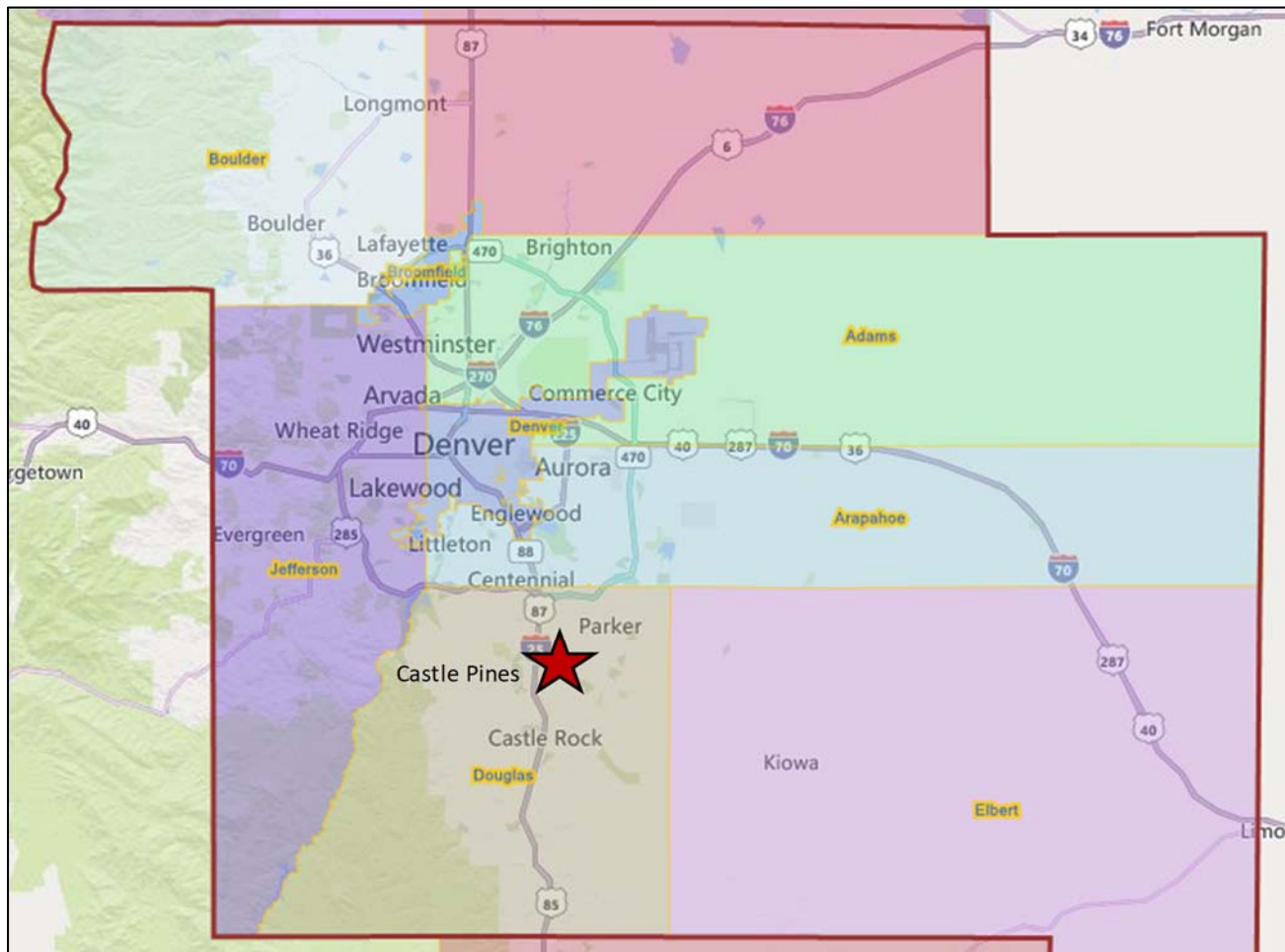
Future Lots: Lots that are platted, but not yet developed.

LIMITING CONDITIONS

It is understood by North Canyons, LLLP ("Client") that Metrostudy can make no guarantees about the recommendations in this study. Conclusions are based on estimates, assumptions and other information developed by Metrostudy from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. Every reasonable efforts have been made to ensure that data contained in this study reflect the most accurate and timely information available and these data are believed to be reliable. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected. Metrostudy has no responsibility to update our report for events and circumstances occurring after the date of our report. It is understood by the Client that payment of any and all Metrostudy fees and expenses for this study is not in any way contingent upon the specific conclusions reached or the nature of the advice given in this report.

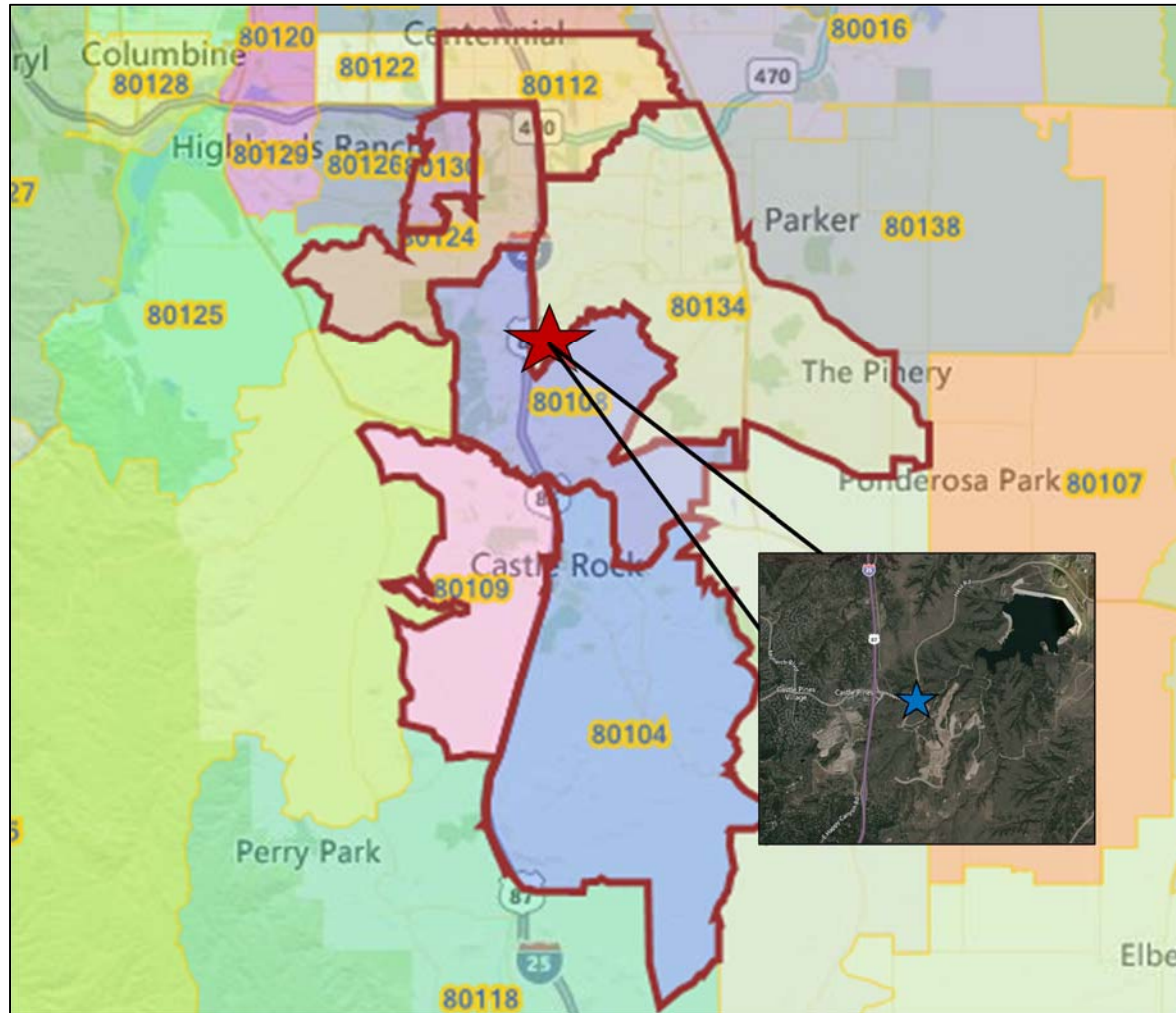
LOCATION MAPS

Exhibit 1: *Denver Market Map*



The Denver Market is defined as the Denver MSA, or Metropolitan Statistical Area, including all of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Elbert and south Weld counties were also included when discussing the housing market and demographics.

Exhibit 2: *The Canyons TMA Map*

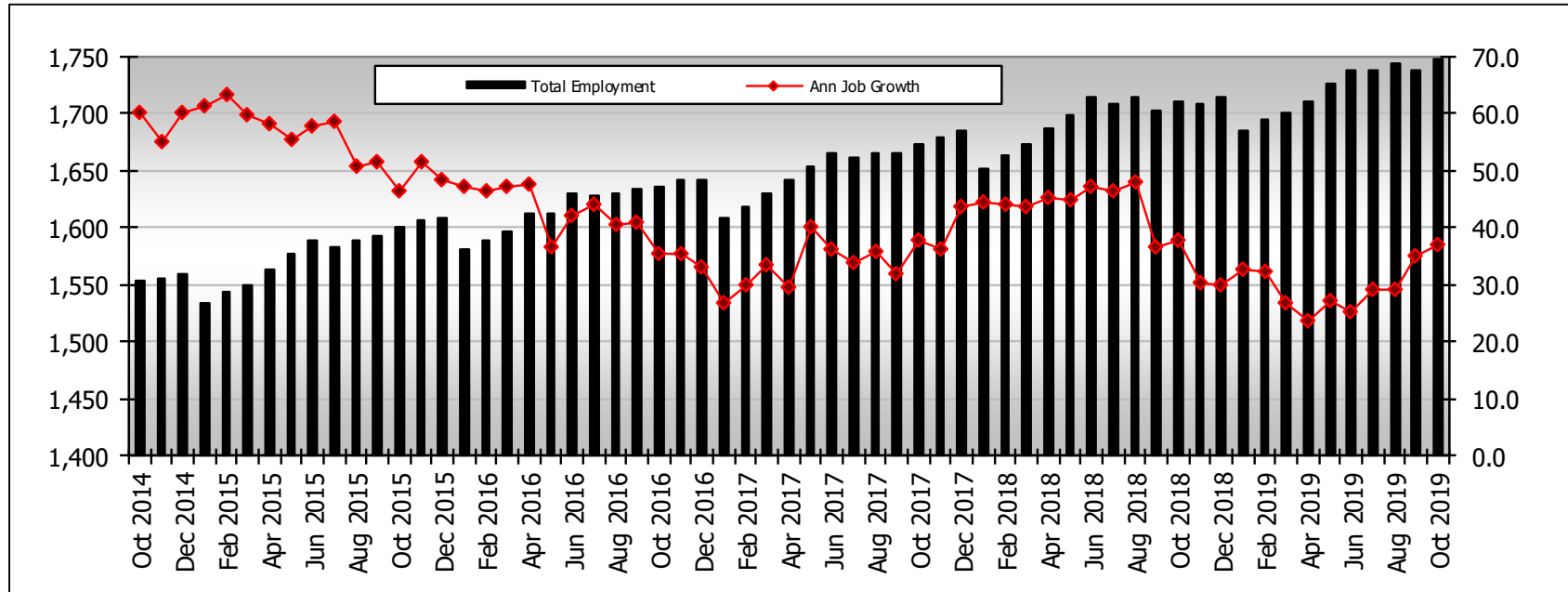


The Canyons Trade Market Area ("TMA") consists an area around the intersection of Hess Road and Interstate 25, in the City of Castle Pines in Douglas County. The Trade Area includes seven zip codes 80104, 80108, 80109, 80112, 80124, 80130, and 80134. The TMA includes locales within Castle Pines, Castle Rock, Parker, Lone Tree, and Centennial.

Denver Employment

The most recent preliminary employment figures by the Colorado Department of Labor and Employment show Denver employers added 37,100 jobs to their payrolls over the twelve-month period ended with October 2019, posting the 112th consecutive month of growth. The average annual growth rate was 2.2% compared to 2.3% twelve months earlier, this rate was below the average during this run-up (2.7%) and just under the ten-year historical average of 2.3%.

Exhibit 4: *Denver – Total Employment & Annual Job Growth*



Ten of the twelve major employment sectors in Denver have experienced annual gains in total employment with the Professional and Business Services (+11,100 jobs), Government (+7,200 jobs), Education and Health Services (+7,100 jobs), and Financial Activities (+4,400 jobs) showing the most robust growth. Only the Retail Trade sector (-1,400 jobs) and Trade, Transportation and Utilities (-300 jobs) were in decline.

Exhibit 5: **Denver CO Employment by Industry Sector**

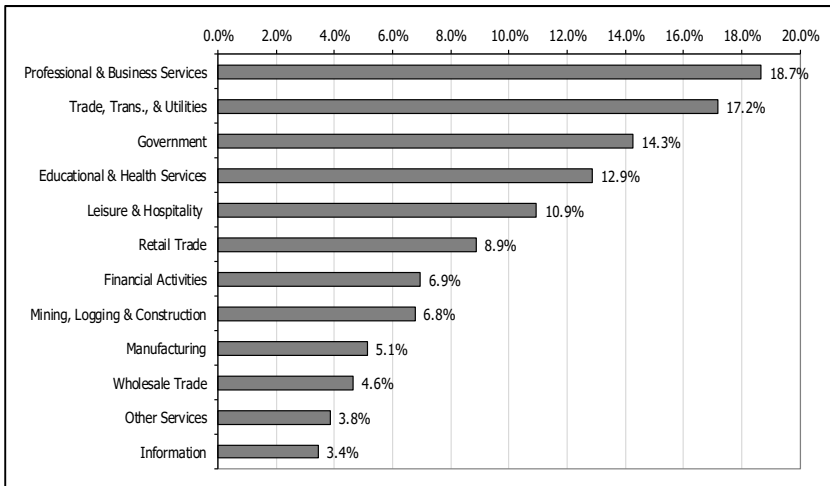
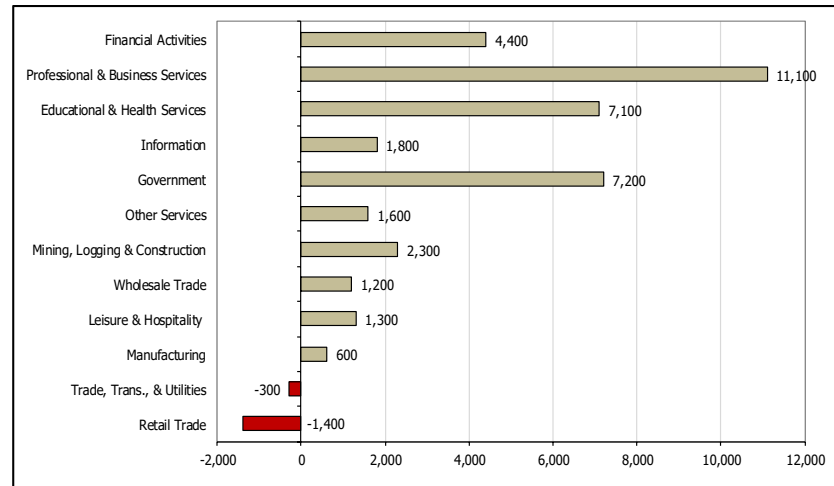


Exhibit 6: **Denver CO Employment Growth Year-Over-Year**

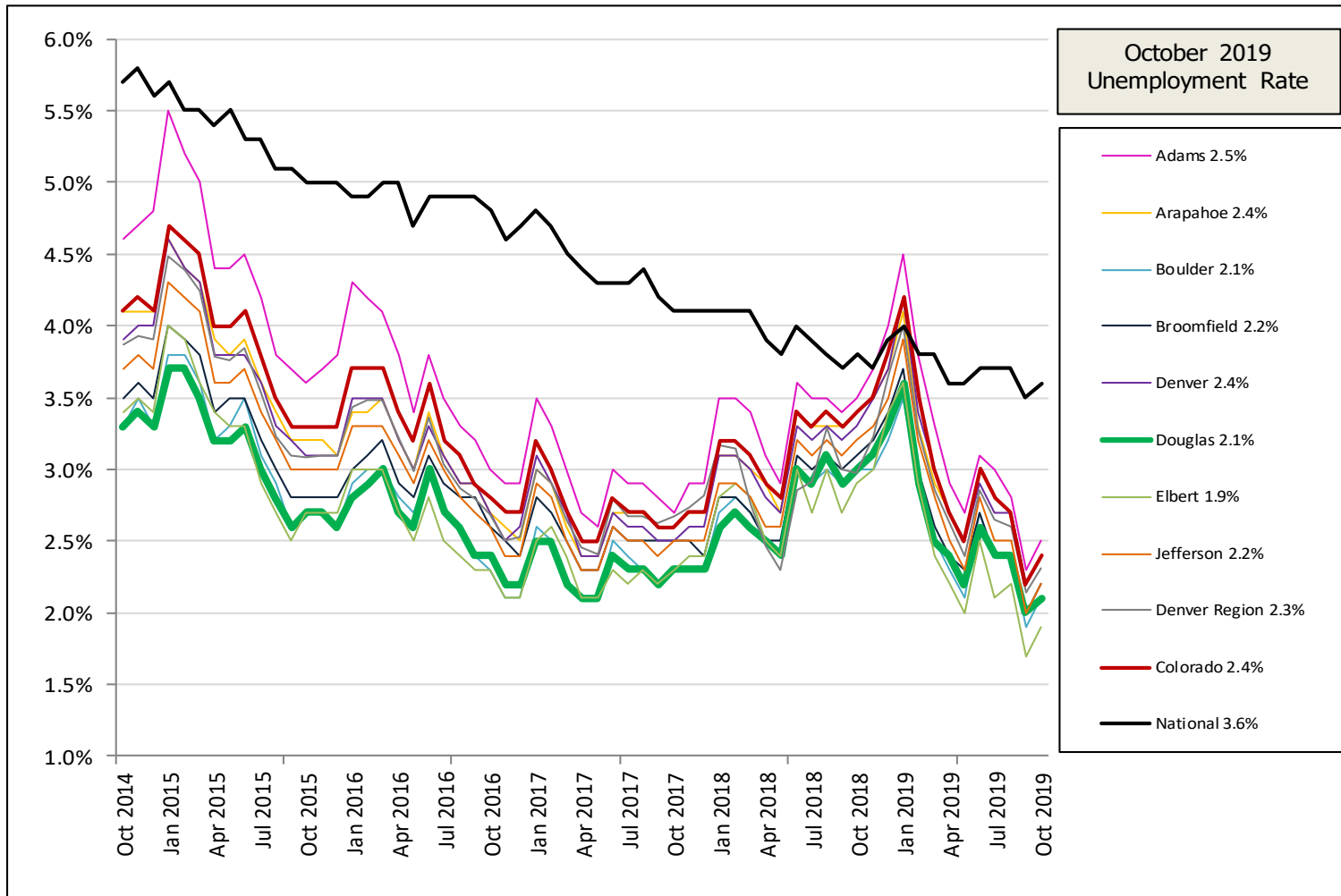


Ranked by Current Industry Sector One-Year Growth

Sector	Oct 2019	Oct 2018	Net Jobs			Capture %	YOY %
			1-Yr	3-Yr	5-Yr		
Financial Activities	121,400	117,000	4,400	7,000	14,700	6.9%	3.8%
Professional & Business Services	326,300	315,200	11,100	30,200	43,100	18.7%	3.5%
Educational & Health Services	224,800	217,700	7,100	16,400	30,500	12.9%	3.3%
Information	60,000	58,200	1,800	5,400	6,600	3.4%	3.1%
Government	249,300	242,100	7,200	15,000	22,200	14.3%	3.0%
Other Services	67,100	65,500	1,600	4,000	7,900	3.8%	2.4%
Mining, Logging & Construction	118,100	115,800	2,300	13,000	18,700	6.8%	2.0%
Wholesale Trade	81,000	79,800	1,200	3,600	6,800	4.6%	1.5%
Leisure & Hospitality	191,300	190,000	1,300	7,500	21,900	10.9%	0.7%
Manufacturing	89,500	88,900	600	2,600	5,600	5.1%	0.7%
Trade, Trans., & Utilities	300,200	300,500	-300	11,600	23,500	17.2%	-0.1%
Retail Trade	154,900	156,300	-1,400	-200	5,200	8.9%	-0.9%
Total Non-Farm	1,748,000	1,710,900	37,100	112,700	194,700	100.0%	2.2%

Unemployment in the Denver Region has fallen to a rate of 2.3%, just below the state (2.4%) and well below the national level of 3.6%. Douglas County (the Green Line on the chart), where the site is located, had the second lowest rate among counties in the Colorado Front Range at 2.1%, well below unemployment from twelve months prior (3.0%).

Exhibit 7: **Regional Unemployment Rate Trends**



The Canyons Trade Area

Demographics and Population Growth

Denver’s population continues to grow with current estimates expecting the area to surpass the 3,550,000 mark by 2024. Household formations are expected to rise 5.6% over the next five years. Annual population growth within The Canyons TMA developed at an annual pace of 2.2% in the first half of this decade, well above the average annual pace of growth in the overall Denver Market. **TMA growth is expected to substantially outpace the broader Market over the next five years, as estimates indicate the TMA population will rise at an annual rate of 3.6%, surpassing 286,000 residents and 106,000 households.**

Exhibit 8: *Market Total Population & Households*

Denver Market	Total Population		
	2010 Census	2019 Estimate	2024 Projection
Population	2,880,569	3,358,503	3,550,021
Total Numerical Change	---	477,934	191,518
Total Percent Change	---	16.6%	5.7%
Annual Number Change	---	53,104	38,304
Annual Percent Change	---	1.7%	1.1%
Households	1,135,214	1,319,995	1,394,101
Total Numerical Change	---	184,781	74,106
Total Percent Change	---	16.3%	5.6%
Annual Number Change	---	20,531	14,821
Annual Percent Change	---	1.7%	1.1%
Average Household Size	2.5	2.5	2.5

Source: Metrostudy/Neustar/U.S. Census Bureau

Exhibit 9: *TMA Total Population & Households*

The Canyons TMA	Total Population		
	2010 Census	2019 Estimate	2024 Projection
Population	197,064	240,324	286,252
Total Numerical Change	---	43,260	45,928
Total Percent Change	---	22.0%	19.1%
Annual Number Change	---	4,807	9,186
Annual Percent Change	---	2.2%	3.6%
Households	71,911	89,009	106,019
Total Numerical Change	---	17,098	17,010
Total Percent Change	---	23.8%	19.1%
Annual Number Change	---	1,900	3,402
Annual Percent Change	---	2.4%	3.6%
Average Household Size	2.7	2.7	2.7
CMA % of Market			
Population	6.8%	7.2%	8.1%
Households	6.3%	6.7%	7.6%

Source: Metrostudy/Neustar/U.S. Census Bureau

Owner-occupied units in the trade area, as a share of all housing, were estimated at 70.5% in 2019, well above the Denver Market rate of 60.4%. This high ratio is typical in growth areas mostly made up of suburban locations, with limited high-density housing.

The Denver Market has a broad population base, with 31% of its population under the age of 25, and 25% of its population over the age of 55 (active adults). Residents in the TMA under the age of 25 make up just over 33% of the population, while active adults represent just over 23%. In the TMA, adults in their prime working years of 35 to 54 accounted for 31% of the population, compared to just over 27% in the overall Denver Market.

Exhibit 10: **Market Age Distribution**

Denver Market						
Age Group	2010 Census		2019 Estimate		2024 Projection	
	Total	%	Total	%	Total	%
0-24	977,672	33.9%	1,042,549	31.0%	1,080,994	30.5%
25-34	436,926	15.2%	555,686	16.5%	503,531	14.2%
35-44	425,262	14.8%	486,643	14.5%	530,807	15.0%
45-54	424,330	14.7%	435,043	13.0%	466,521	13.1%
55-64	328,769	11.4%	402,540	12.0%	416,127	11.7%
65-74	161,924	5.6%	271,243	8.1%	323,271	9.1%
75-84	88,791	3.1%	116,844	3.5%	166,051	4.7%
85+	36,896	1.3%	47,953	1.4%	62,721	1.8%
	2,880,569	100.0%	3,358,503	100.0%	3,550,021	100.0%
Annual Change						
0-24	-	-	7,209	0.7%	7,689	0.7%
25-34	-	-	13,196	2.7%	-10,431	-2.0%
35-44	-	-	6,820	1.5%	8,833	1.8%
45-54	-	-	1,190	0.3%	6,296	1.4%
55-64	-	-	8,197	2.3%	2,717	0.7%
65-74	-	-	12,147	5.9%	10,406	3.6%
75-84	-	-	3,117	3.1%	9,841	7.3%
85+	-	-	1,229	3.0%	2,954	5.5%
Median Age	35.6		36.6		38.5	

Source: Metrostudy/Neustar/U.S. Census Bureau

Exhibit 11: **TMA Age Distribution**

The Canyons TMA						
Age Group	2010 Census		2019 Estimate		2024 Projection	
	Total	%	Total	%	Total	%
0-24	70,170	35.6%	80,130	33.3%	92,537	32.3%
25-34	26,018	13.2%	29,707	12.4%	33,023	11.5%
35-44	34,906	17.7%	37,471	15.6%	39,633	13.8%
45-54	31,199	15.8%	37,009	15.4%	43,175	15.1%
55-64	20,968	10.6%	28,723	12.0%	36,762	12.8%
65-74	9,227	4.7%	18,103	7.5%	25,128	8.8%
75-84	3,496	1.8%	6,955	2.9%	12,210	4.3%
85+	1,078	0.5%	2,225	0.9%	3,784	1.3%
	197,064	100.0%	240,324	100.0%	286,252	100.0%
Annual Change						
0-24	-	-	1,107	1.5%	2,481	2.9%
25-34	-	-	410	1.5%	663	2.1%
35-44	-	-	285	0.8%	432	1.1%
45-54	-	-	646	1.9%	1,233	3.1%
55-64	-	-	862	3.6%	1,608	5.1%
65-74	-	-	986	7.8%	1,405	6.8%
75-84	-	-	384	7.9%	1,051	11.9%
85+	-	-	127	8.4%	312	11.2%
Median Age	35.7		37.7		39.6	

Source: Metrostudy/Neustar/U.S. Census Bureau

The TMA is slightly older in age than the Denver Market overall, with a median age of 37.7 years compared to 36.6 years. The TMA is expected to attract more growth than the overall market in all but two age segments between 2019 and 2024.

According to the 2010 Census, approximately 39% of households in the Denver Market had an annual household income of more than \$75,000 (all dollar amounts are in current dollars). Estimated at 53% through 2019, Neustar projects that this percentage will increase to more than 54% by the year 2024.

Exhibit 12: **Market Household Income Distribution**

Denver Market						
Annual Household Inc.	2010 Census		2019 Estimate		2024 Projection	
	Total HH	%	Total HH	%	Total HH	%
Under \$25,000	229,058	20.2%	166,284	12.6%	167,201	12.0%
\$25,000-\$34,000	107,778	9.5%	86,192	6.5%	87,153	6.3%
\$35,000-\$49,000	149,894	13.2%	147,588	11.2%	153,142	11.0%
\$50,000-\$74,000	203,454	17.9%	220,243	16.7%	229,308	16.4%
\$75,000-\$99,000	150,325	13.2%	189,518	14.4%	200,693	14.4%
\$100,000-\$149,000	168,257	14.8%	253,864	19.2%	273,920	19.6%
\$150,000+	126,448	11.1%	256,308	19.4%	282,682	20.3%
	1,135,214	100.0%	1,319,995	100.0%	1,394,101	100.0%
Average Household Inc.	\$78,919		\$102,772		\$105,128	
Median Household Inc.	\$59,546		\$80,236		\$82,504	

Source: Metrostudy/Neustar/U.S. Census Bureau

Exhibit 13: **TMA Household Income Distribution**

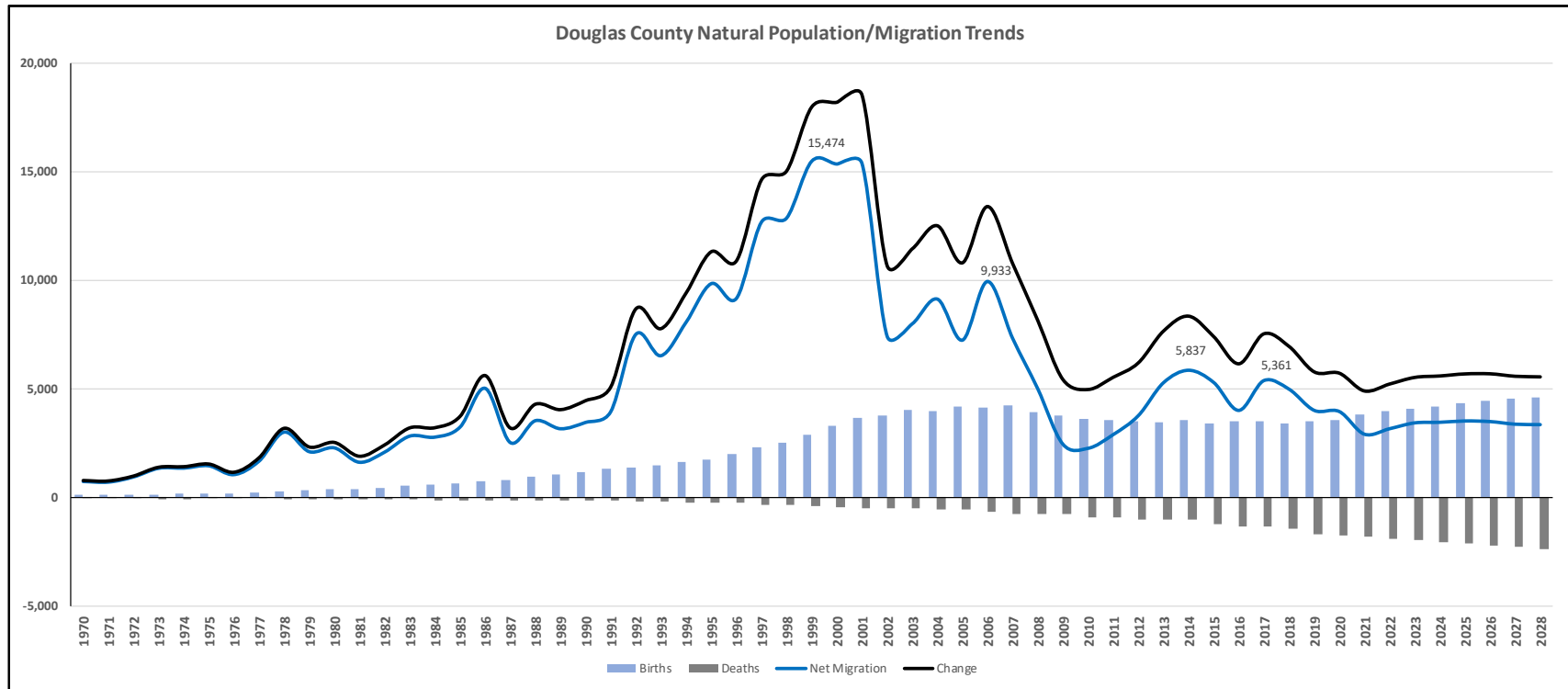
The Canyons TMA						
Annual Household Inc.	2010 Census		2019 Estimate		2024 Projection	
	Total HH	%	Total HH	%	Total HH	%
Under \$25,000	5,231	7.3%	4,816	5.4%	5,752	5.4%
\$25,000-\$34,000	4,677	6.5%	3,612	4.1%	4,094	3.9%
\$35,000-\$49,000	7,032	9.8%	5,486	6.2%	6,243	5.9%
\$50,000-\$74,000	11,346	15.8%	11,382	12.8%	13,189	12.4%
\$75,000-\$99,000	12,187	16.9%	13,136	14.8%	15,354	14.5%
\$100,000-\$149,000	16,775	23.3%	22,516	25.3%	26,904	25.4%
\$150,000+	14,661	20.4%	28,060	31.5%	34,483	32.5%
	71,911	100.0%	89,009	100.0%	106,019	100.0%
Average Household Inc.	\$110,048		\$137,090		\$139,399	
Median Household Inc.	\$90,730		\$112,112		\$114,120	

Source: Metrostudy/Neustar/U.S. Census Bureau

The TMA has a larger concentration of high-income households, where this cohort (\$75,000+) is expected to rise from 61% in 2010, to 72% in 2019 and 2024. TMA households with incomes above \$150,000 are anticipated to increase more than any other segment in the TMA, from 20% in 2010 to nearly 33% in 2024, growing from about 14,700 households to approximately 32,900 households. The TMA median household income is currently estimated at \$112,112, compared to \$80,236 in the Denver Market, with an anticipated 1.8% increase over the next five years.

Exhibit 14: **Natural Population and Migration Trends - Douglas County, CO**

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Population	276,740	282,163	287,124	292,650	298,836	306,484	314,822	322,224	328,370	335,901	342,847	348,619	354,332	359,228	364,439	369,959	375,545	381,229	386,913	392,487	398,035
Change	8,141	5,423	4,961	5,526	6,186	7,648	8,338	7,402	6,146	7,531	6,946	5,772	5,713	4,896	5,210	5,520	5,586	5,683	5,684	5,575	5,548
Births	3,938	3,773	3,627	3,557	3,477	3,429	3,536	3,376	3,495	3,507	3,417	3,484	3,545	3,835	3,969	4,083	4,199	4,315	4,424	4,519	4,601
Deaths	784	779	904	905	1,034	1,043	1,035	1,252	1,338	1,337	1,434	1,699	1,765	1,832	1,902	1,975	2,051	2,131	2,214	2,299	2,388
Net Migration	4,987	2,429	2,238	2,874	3,743	5,262	5,837	5,278	3,989	5,361	4,963	3,987	3,933	2,893	3,143	3,412	3,439	3,500	3,474	3,355	3,334



Source: Colorado Department of Local Affairs

Housing Overview

Denver Market Facts and Forecast

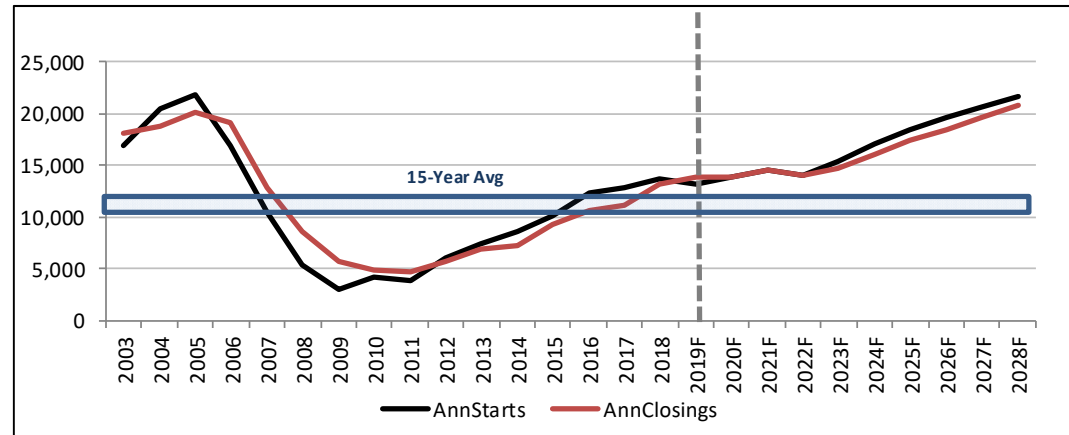
There is strong evidence that the Denver Market's economy and housing market are continuing to improve:

- Employers added 37,100 jobs to their payrolls in the 12 months ended with October, and Denver continues to diversify its economic base.
- Douglas County had a 2.1% unemployment rate, which was slightly below the Denver Region (2.3%) and Colorado (2.4%), and well below the U.S. (3.6%) rate.
- In-migration was last known to be positive with net change of 41,842 residents added in 2018.
- Denver's population continues to grow. It is expected to surpass 3,550,000 residents by 2024.
- Resale supplies remain tight. The number of resale listings decreased 7% year-over-year to 6,988 listings in November. While total resale activity (sales) were down almost 6% in November compared to one year prior, to 3,935 sales.
- At \$453,250 through November 2019, the Denver median resale price for single-family detached product was up 6% over the 2018 price; attached product saw median prices rise 4% over the past year to \$312,000.
- The rental market remains strong with increasing rents (+3.8%) and occupancy rates (+0.3%), this is despite the fact there has been an influx of new apartments being brought to the market recently.
- Homebuilders have closed 828 more homes (attached and SFD) over the past 12 months than during the previous 12 months.
- New jobs in the Denver Metro have been announced by the Denver Economic Development Council, led by growth by major employers Southwest Airlines, VF Corporation, Snapdocs, Auror, Partners Group, Sunrun Inc., Ball Aerospace, Fidelity Investments, Amazon, KPMG, and Lockheed Martin Space.

While the Denver Market continues to expand, the following factors are influential:

- Homebuilder's concerns of home price attainability have resulted in product and lot revamping to smaller templates, resulting in temporary inventory constraints.
- Trade labor shortages have been easing due to start production reductions; however, continue to constrain new home deliveries.
- Low unemployment, strong job growth, and positive in-migration continue to drive housing demand in Colorado.
- High labor, materials, land, water, municipality fees, and development costs continue to drive up the cost of housing.

Exhibit 15: **Projected Denver Market Total Starts & Closings Forecast (All Housing)**



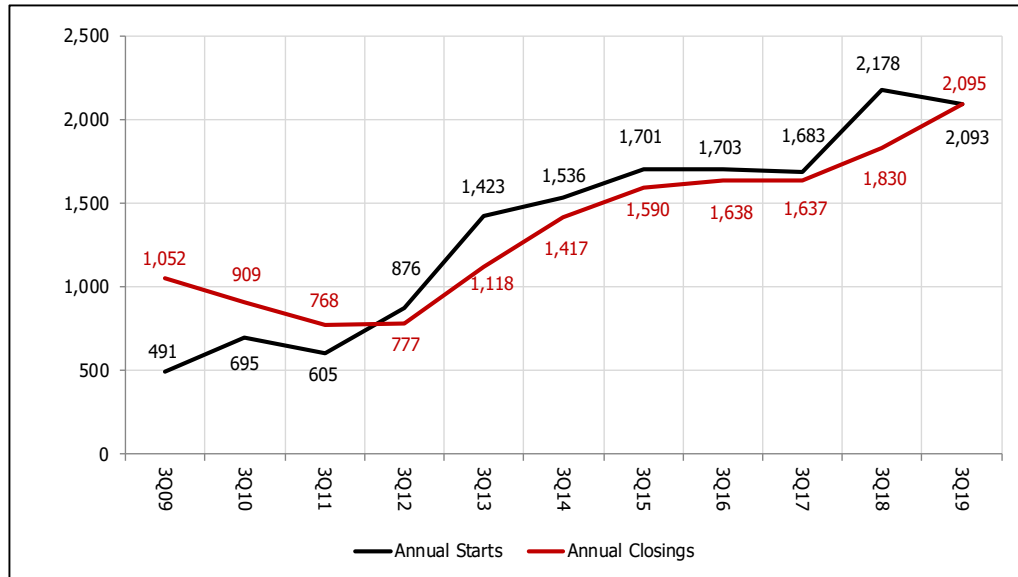
- New and resale home pricing growth continues to exceed wage growth and exacerbate housing affordability/attainability. While wages have increased to enable more buyers to qualify for higher home mortgages, consumers are still challenged with coming up with the larger down payments required by the higher home prices.
- Existing homeowners that have been in their homes for the last several years have realized strong equity gains; however, many remain reluctant to move due to the higher prices, many preferring to remodel their home rather than moving.
- Homeowners discouraged from downsizing and/or becoming move-up buyers limit entry-level home availability.
- Reduced affordability forces buyers to sacrifice location (longer commutes), product type, size, and/or new home purchases.
- Demand for attached housing continues to account for a larger percentage of housing starts and closings.
- New home prices may be approaching a ceiling as the delta between new and resale price points widens.

Metrostudy believes that Denver has neared a pricing plateau, where pricing grows at a decreasing rate and/or homes are built on smaller lots and/or feature less square footage. Metrostudy anticipates that Denver will experience a temporary decline in housing starts in 2019 as builders and developers transition their product lines to make them more attainable to a larger audience. Metrostudy has estimated that the Denver Market will likely reach 13,579 total new home closings by the end of 2019, up 5.1% from the 13,086 total new home closings at the end of 2018. The impact of the slowing start production will be felt on the closing since in 2020, with Metrostudy projecting a relatively flat < 1% gain in total closings between 2019 and 2020.

The Canyons TMA Housing Analysis

New home activity within The Canyons TMA peaked from 2005 through 2006, averaging roughly 4,130 annual starts and 3,780 annual closings. The TMA peaked for starts activity in 1Q06 at 4,635 home starts and closings activity peaked in 2Q06 at 4,192 home closings. As the overall housing market declined, activity fell to a mere 491 annual starts (3Q09), and 729 closings (2Q12). Through the most recent Metrostudy lot-by-lot survey, 3Q19 had an almost 4% drop to 2,093 annual starts or 45% of the TMA's peak. Annual closings have trended up over the past two years, growing by almost 15% over the past year to 2,095 move-ins in 3Q19, this equates to 50% of the TMA's peak.

Exhibit 16: *The Canyons TMA Annual Housing Starts and Closings Trends*

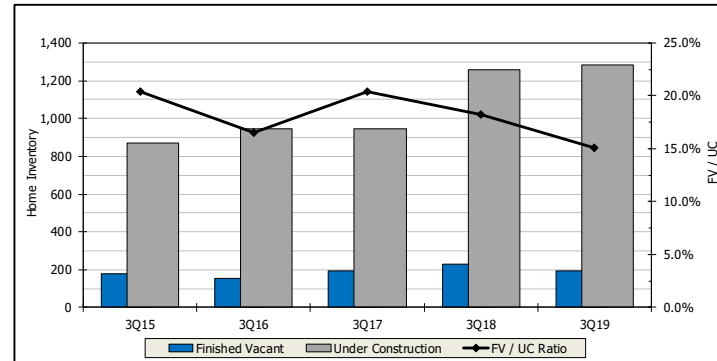


The Canyons TMA Starts-Closings				
Quarter	Annual Starts	YOY %	Annual Closings	YOY %
3Q09	491	----	1,052	----
3Q10	695	41.5%	909	-13.6%
3Q11	605	-12.9%	768	-15.5%
3Q12	876	44.8%	777	1.2%
3Q13	1,423	62.4%	1,118	43.9%
3Q14	1,536	7.9%	1,417	26.7%
3Q15	1,701	10.7%	1,590	12.2%
3Q16	1,703	0.1%	1,638	3.0%
3Q17	1,683	-1.2%	1,637	-0.1%
3Q18	2,178	29.4%	1,830	11.8%
3Q19	2,093	-3.9%	2,095	14.5%
10-Yr Avg	1,362	17.9%	1,348	8.4%
5-Yr Avg	1,872	7.0%	1,758	8.3%

New home production in The Canyons TMA should increase gradually over the next five years as it grows back toward previous activity levels with the deliverable of finished lots. The key factor for this area is demand, which is driven by the Denver economy and factors such as job growth and consumer spending. These areas of the economy are expected to grow but there are some downside risks that put the likelihood of a rapid recovery aside. The trade area has plenty of land supply and there are numerous planned tracks of land under development preparing to meet increasing demand by the market. Demand for new homes along the Interstate 25 and 470 Highway corridors are expected to remain strong over the long term. Compared with other growth areas in the Denver Market, the immediate Castle Pines-Castle Rock area has several advantages including high household income levels and major transportation routes nearby.

Exhibit 17: *The Canyons TMA Housing Inventory Trends*

Quarter	The Canyons TMA			Total Housing		
	Finished Vacant	Under Construction	Models	Total Inventory	Total Mos of Supply	FV / UC Ratio
3Q15	177	868	85	1,130	8.5	20.4%
3Q16	156	945	94	1,195	8.8	16.5%
3Q17	193	947	101	1,241	9.1	20.4%
3Q18	229	1,257	103	1,589	10.4	18.2%
3Q19	193	1,283	111	1,587	9.1	15.0%
Hist. Avg	190	1,060	99	1,348	9.2	18.1%

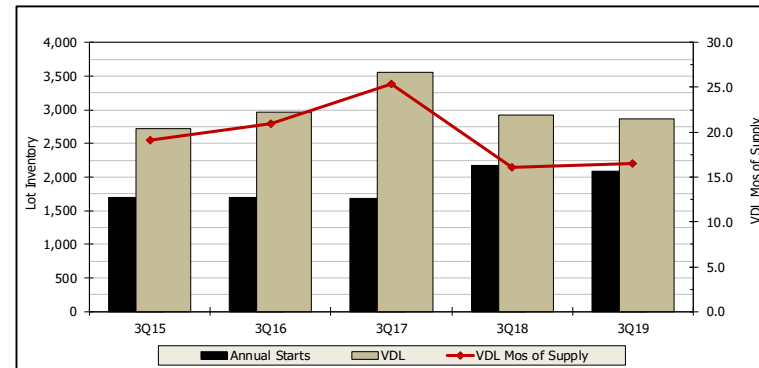


Metrostudy tracks housing inventory as a means of monitoring major housing market changes – either a strengthening or weakening of the market – by the levels of homes both under construction and finished but unoccupied. As the number of units under construction rises, a weakening home market will show a persistent rise in finished vacant units, while a strengthening market will exhibit flat or even diminishing levels of finished inventory, indicating sufficient or even excess demand. While inventory levels are on the rise in the TMA, most are under contract and closing trends remain positive, thus limiting concerns at the present time.

VDL supplies have trended down over the past two years and remain well off historical peaks (6,178 lots in 3Q05). At 16.5 months-of-supply, VDL was up slightly over last year, but well below the historical average.

Exhibit 18: *The Canyons TMA Vacant Developed Lot Trends*

Quarter	The Canyons TMA			Total Housing	
	Annual Starts	Annual Lot Deliveries	VDL	VDL Yr-over-Yr %	VDL Mos of Supply
3Q15	1,701	1,787	2,715	---	19.2
3Q16	1,703	1,957	2,969	9.4%	20.9
3Q17	1,683	2,271	3,557	19.8%	25.4
3Q18	2,178	1,547	2,926	-17.7%	16.1
3Q19	2,093	2,039	2,872	-1.8%	16.5
Hist. Avg	1,872	1,920	3,008	2.4%	19.6



As new homes in The Canyons TMA are started, the supply of VDL must be replenished by taking platted future lots that have been approved through horizontal development with grading, utility infrastructure, curb, and road paving.

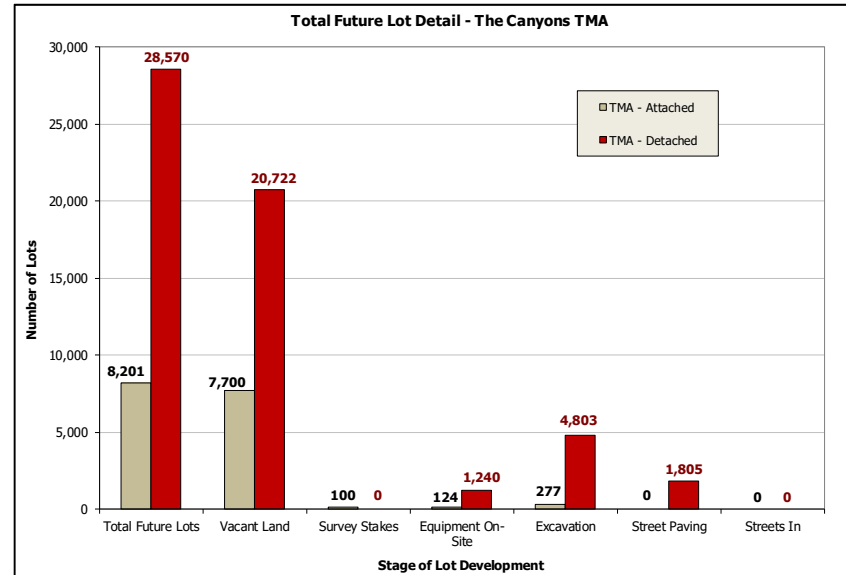
Through 3Q19, 36,771 future lots were noted, 78% or 28,570 future platted lots of which, were planned for single-family detached homes. The balance of 8,201 lots was attached townhomes, duplexes, and condominiums. These include conceptual, preliminary approved and recorded lots.

There were 3,798 single-family detached and just 549 attached recorded lots within the TMA.

This future lot supply demonstrates that there are adequate land inventories to support substantial growth in this submarket over the long term.

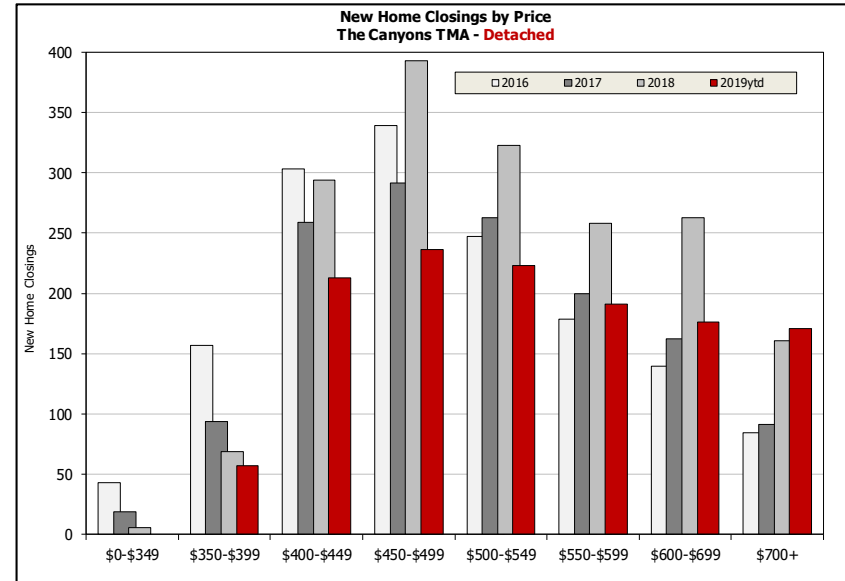
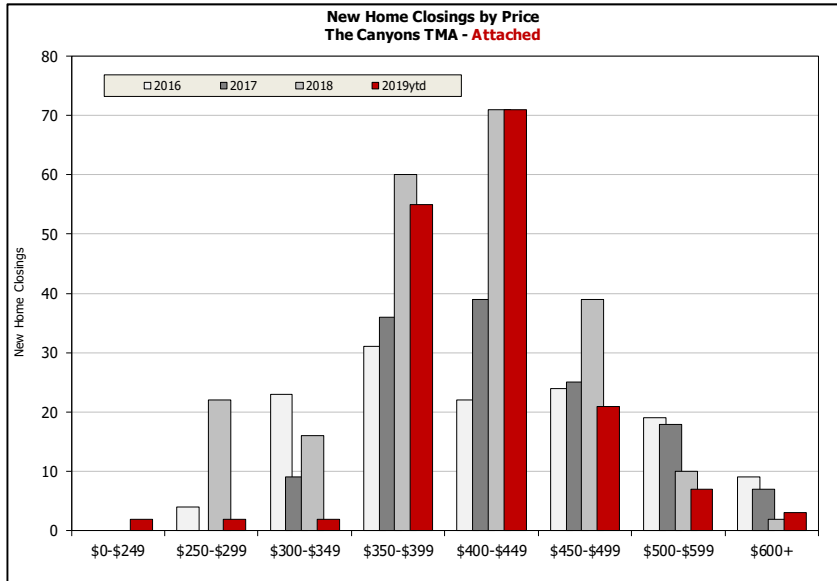
Exhibit 19: **Development Status of Future Lots and Future Supply within The Canyons TMA**

3Q19	Denver Market		The Canyons TMA	
Attached Future Lot Detail				
Total Future Lots	93,969	100.0%	8,201	100.0%
Vacant Land	81,845	87.1%	7,700	93.9%
Survey Stakes	789	0.8%	100	1.2%
Equipment On-Site	1,944	2.1%	124	1.5%
Excavation	9,015	9.6%	277	3.4%
Street Paving	355	0.4%	0	0.0%
Streets In	21	0.0%	0	0.0%
Lots In-Process	12,124	12.9%	1,050	12.8%
Detached Future Lot Detail				
Total Future Lots	182,644	100.0%	28,570	100.0%
Vacant Land	154,468	84.6%	20,722	72.5%
Survey Stakes	1,117	0.6%	0	0.0%
Equipment On-Site	8,490	4.6%	1,240	4.3%
Excavation	15,337	8.4%	4,803	16.8%
Street Paving	3,120	1.7%	1,805	6.3%
Streets In	112	0.1%	0	0.0%
Lots In-Process	28,176	15.4%	7,848	27.5%



The new home closing price distribution in the TMA is in the middle of trends that continue to broaden the buyer profile of the area. With a median detached new home price of \$534,845 and median attached new home price of \$418,073, the area includes primarily move-up families, couples and professionals, as well as move-down, empty-nester couples.

Exhibit 20: **12-Month Home Closings by Price – The Canyons TMA: Attached & Detached New Homes**

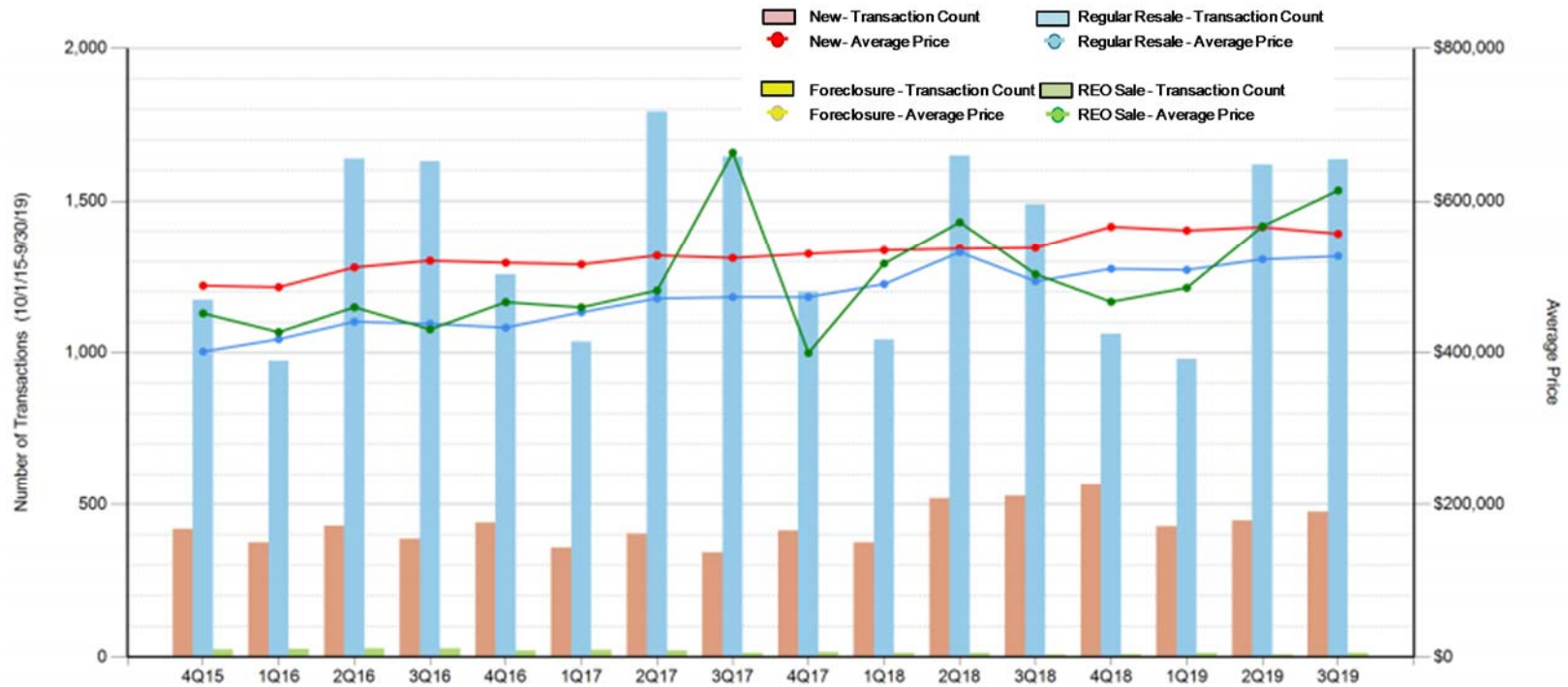


The Canyons TMA - Attached		New Home Closings (Deeds) by Price Segment						
Year	\$0-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600+
2016	0	4	23	31	22	24	19	9
2017	0	0	9	36	39	25	18	7
2018	0	22	16	60	71	39	10	2
2019ytd	2	2	2	55	71	21	7	3
Market Share								
2016	0.0%	3.0%	17.4%	23.5%	16.7%	18.2%	14.4%	6.8%
2017	0.0%	0.0%	6.7%	26.9%	29.1%	18.7%	13.4%	5.2%
2018	0.0%	10.0%	7.3%	27.3%	32.3%	17.7%	4.5%	0.9%
2019ytd	1.2%	1.2%	1.2%	33.7%	43.6%	12.9%	4.3%	1.8%

The Canyons TMA - Detached		New Home Closings (Deeds) by Price Segment						
Year	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+
2016	43	157	303	339	247	179	140	84
2017	19	94	259	292	263	200	162	91
2018	6	69	294	393	323	258	263	161
2019ytd	0	57	213	236	223	191	176	171
Market Share								
2016	2.9%	10.5%	20.3%	22.7%	16.6%	12.0%	9.4%	5.6%
2017	1.4%	6.8%	18.8%	21.2%	19.1%	14.5%	11.7%	6.6%
2018	0.3%	3.9%	16.6%	22.2%	18.3%	14.6%	14.9%	9.1%
2019ytd	0.0%	4.5%	16.8%	18.6%	17.6%	15.1%	13.9%	13.5%

New, Resale, and Foreclosures By Housing Type *The Canyons TMA*

Date Range: 11/1/2018 - 10/31/2019															
Transaction Type	Single Family					TH/Plex/Other				Condominium				Other/Unkn	Total
	Count	Avg Price	Avg SF	\$ / SF	Avg Lot SF	Count	Avg Price	Avg SF	\$ / SF	Count	Avg Price	Avg SF	\$ / SF	Count	Count
New	1,643	\$581,498	2,728	\$212.4	7,505	176	\$428,876	1,903	\$223.1	9	\$261,139	1,179	\$222.6	1	1,829
Regular Resale	4,188	\$561,073	2,842	\$206.5	16,106	431	\$386,638	1,788	\$221.2	623	\$315,126	1,344	\$241.4	37	5,279
Foreclosure	9	n/a	4,160	---	19,950	0	---	---	---	0	---	---	---	0	9
REO Sale	35	\$574,207	3,471	\$181.6	22,424	1	\$358,500	1,400	\$256.0	5	\$353,500	1,506	\$267.8	0	41
TMA Totals	5,875	\$566,865	2,816	\$208.0	13,740	608	\$398,819	1,820	\$221.8	637	\$314,603	1,343	\$241.3	38	7,158



TMA Growth Projections and Forecast

Within this section of the study, Metrostudy will summarize the known future rooftops within the TMA, identify where in the development pipeline they are at present, forecast their advancement over the next ten years, and translate these home closings into household and population counts.

Below is a table that summarizes both the overall new housing development within the Denver Market and The Canyons TMA:

Exhibit 22: *The Canyons TMA New Housing Summary and Future Rooftop Count*

Denver Market	Annual Starts	Annual Closings	Ann Lot Deliveries	New Housing Inventory				Vacant Developed Lots	Future Lots ²							Total Future Rooftops ³
				Finished/Vacant	Under Construction	Models	Total		Vacant Land	Survey Stakes	Equipment Onsite	Excavation	Streets Paving	Streets In	Total	
Single-family Detached	8,449	9,507	8,204	905	4,337	469	5,711	12,124	154,468	1,117	8,490	15,337	3,120	112	182,644	200,479
Townhome/Duplex	2,851	2,899	3,356	436	2,235	83	2,754	3,237	30,204	268	1,402	3,167	355	21	35,417	41,408
Condominiums	1,337	982	846	294	1,595	9	1,898	753	51,641	521	542	5,848	0	0	58,552	61,203
Market Total	12,637	13,388	12,406	1,635	8,167	561	10,363	16,114	236,313	1,906	10,434	24,352	3,475	133	276,613	303,090

The Canyons TMA	Annual Starts	Annual Closings	Ann Lot Deliveries	New Housing Inventory				Vacant Developed Lots	Future Lots ²							Total Future Rooftops ³
				Finished/Vacant	Under Construction	Models	Total		Vacant Land	Survey Stakes	Equipment Onsite	Excavation	Streets Paving	Streets In	Total	
Single-family Detached	1,602	1,860	1,509	157	889	98	1,144	2,142	20,722	0	1,240	4,803	1,805	0	28,570	31,856
% of Market	19.0%	19.6%	18.4%	17.3%	20.5%	20.9%	20.0%	17.7%	13.4%	0.0%	14.6%	31.3%	57.9%	0.0%	15.6%	15.9%
Townhome/Duplex	270	189	390	34	173	13	220	589	3,928	0	0	277	0	0	4,205	5,014
% of Market	9.5%	6.5%	11.6%	7.8%	7.7%	15.7%	8.0%	18.2%	13.0%	0.0%	0.0%	8.7%	0.0%	0.0%	11.9%	12.1%
Condominiums	221	46	140	2	221	0	223	141	3,772	100	124	0	0	0	3,996	4,360
% of Market	16.5%	4.7%	16.5%	0.7%	13.9%	0.0%	11.7%	18.7%	7.3%	19.2%	22.9%	0.0%	NA	NA	6.8%	7.1%
TMA Total	2,093	2,095	2,039	193	1,283	111	1,587	2,872	28,422	100	1,364	5,080	1,805	0	36,771	41,230
	16.6%	15.6%	16.4%	11.8%	15.7%	19.8%	15.3%	17.8%	12.0%	5.2%	13.1%	20.9%	51.9%	0.0%	13.3%	13.6%

Source: Metrostudy lot-by-lot survey

1-All figures are based on Metrostudy's quarterly lot-by-lot survey.

2-Future lots represent all identified and known future lots currently going through the entitlement process within the appropriate municipal jurisdiction. During the entitlement process, changes to planned product and lot counts can and do occur.

3-Total Future Rooftops is calculated based on the sum of Total New Housing Inventory, Vacant Developed Lots, and Total Future Lots.

4-Home closings within the Finished/Vacant Inventory total are likely to close within the next 30 days, while Under Construction Inventory is anticipated to potentially close between 2 and 9 months. Following housing inventory, Vacant Developed lots are ready to begin construction. Future lots not yet finished, are noted with six distinctions with Vacant Land as the most raw/undeveloped and Streets In as the most likely to be delivered in the next quarter.

Through the end of 3Q19, The Canyons TMA accounted for nearly 17% of all new home starts, almost 16% of closings, and more than 16% of all annual lot deliveries market-wide. The TMA added 2,095 new homes to the area over the last four quarters. There were 1,587 inventory homes either under construction, finished/vacant, or modeled in the TMA, with 2,872 vacant developed lots. These future rooftops were followed by 36,771 future lots that are somewhere within the entitlement and horizontal development process. **Combined, this equals 41,230 future rooftops in the TMA, or nearly 14% of the Denver Market's overall supply.**

Competitive Lot Breakdown

While it is imperative to review conditions within TMA in a historical context of volume, it is equally important to evaluate the lot supply, based on the TMA's most relevant developments. Through 3Q19, there were 1,224 vacant developed lots and an estimated 2,150 undeveloped future lots in actively-selling communities within the TMA (detached and attached). In addition, future projects currently moving through the development process will continue to enter the market in the next decade, pending entitlement approvals, development financing and ultimately, land development. These future proposed communities offer an additional 19,289 potential lots.

For the purpose of understanding market supply in the years ahead, we have projected a build-out of active TMA communities' remaining lots, as well as estimated future projects' lots. This build-out model helps to identify when demand for lots and new home options in this portion of the Denver Market will no longer be met within the TMA and the detailed manner in which new homes will be delivered over the next ten years. This is a comprehensive list of all lots in this TMA at the present time, featuring larger communities while grouping together the smaller scale communities. Projected absorptions for 2019 through 2028 are based on reasonable absorption projections of each communities' remaining supply based on past performance and the stage of the community (introduction, growth, mature, close-out). Attached multi-family for sale units including townhome, duplex, and condominiums are combined with single-family detached product within this model.

In our model, we have listed the competitive communities with their current housing trends, build-out percentage (highlighted in blue), historical absorption and projected future absorption based on projected growth in the TMA, product segmentation, location strength analysis, and their overall anticipated position within the TMA detached housing market segment.

Nine future planned communities are represented within the model. All reasonable efforts have been made to determine the conceptual plans of these future communities, but many of these communities, even those fully platted, could face potential delays of one kind or another, changes in product segmentation to reflect market conditions, financing and other variables that could affect their market entry timeline. It is important to remember many are still conceptual and undefined future communities, while seeking a more macro view of the future lot supply within The Canyons TMA.

In red, at the bottom of the exhibit, we have listed the TMA communities' combined annual closings, as well as their combined historical and projected closing totals, representing the TMA totals based on these community absorptions, and further tracking the forecasted TMA capture rate of closings within the overall Denver Market. This has been done in coordination with Metrostudy's Denver Market housing forecast, also represented in red. Also in red, the Denver Market actual and projected annual closings are provided.

Exhibit 23: *The Canyons TMA New Home Projected Build-Out Model*

CMA Selected MPCs	Total New Housing						Built-Out %	Actual Historical Closings Volume								Trending				Projected Closings Volume												
	Ann Lot	Del	Ann St	Ann Cl	Hm Inv	VDs Inv		Future ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	5-Yr	10-Yr	Peak	Low	2019 ²	2020	2021	2022	2023	2024	2025	2026	2027	2028
Anthology	88	63	56	48	70	3,191	11.3%	5	1	8	19	26	2	2	0	9	74	17	15	74	0	60	100	170	200	200	225	225	250	250	250	1,419
Canyons	331	40	0	40	291	3,039	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	75	100	200	250	325	350	375	375	960	
Castle Pines Village	12	27	44	19	84	162	73.7%	34	9	10	8	15	25	31	25	20	25	25	20	34	8	40	30	30	30	30	50	50	38			
Castle Valley	0	131	84	87	165	187	21.7%	0	0	0	0	0	0	0	0	4	46	10	5	46	0	110	115	100	80	80	26					
Cobblestone Ranch	0	116	109	89	55	156	75.7%	35	58	44	56	103	107	117	103	76	98	100	80	117	35	105	100	100	76							
Crystal Valley Ranch	490	211	292	162	412	1,133	44.0%	13	3	1	1	57	85	17	72	136	292	120	68	292	1	250	275	275	275	275	300	258				
Dove Village	0	72	82	43	11	153	54.8%	0	0	0	0	0	0	0	3	80	104	37	19	104	0	85	80	80	26							
Meadows	321	304	317	189	345	356	85.4%	207	242	171	203	280	233	260	301	208	205	241	231	301	171	310	300	250	200	79						
RidgeGate	0	10	12	12	35	261	72.2%	19	32	71	71	56	62	66	44	32	45	50	50	71	19	12	40	40	40	60	60	24				
Senderos Creek	161	73	10	63	157	156	2.6%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35	50	75	75	75	50	26				
Sierra Ridge	0	108	126	55	29	0	90.7%	0	0	0	0	0	0	62	220	277	161	144	72	277	0	125	58									
Stepping Stone	0	97	127	68	28	135	77.7%	0	0	0	0	1	87	135	167	182	136	141	71	182	0	115	125	87								
Stonewate	88	69	33	60	35	150	83.7%	46	1	0	0	0	0	0	0	1	32	7	8	46	0	40	75	75	50	37						
Terrain	155	209	248	153	224	545	59.0%	15	4	42	35	54	140	115	139	123	235	150	90	235	4	220	250	250	200	176						
Other (Combined) ³	393	563	555	499	931	565	92.8%	658	455	406	429	631	748	797	596	445	506	618	567	797	406	575	400	300	200	200	200	200	100	100	100	43
Active Summary	2039	2,093	2,095	1,587	2,872	10,189	73.0%	1,032	805	753	822	1,223	1,489	1,602	1,670	1,593	1,959	1,663	1,295	1,959	753	2,092	2,073	1,932	1,652	1,432	1,236	1,169	787	725	725	2,422
Bella Mesa	0	0	0	0	0	721	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	80	150	150	175	116					
Canyons South	0	0	0	0	0	1,573	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	60	100	130	100	130	175	250	250	683		
Dawson Ridge	0	0	0	0	0	5,734	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Looking Glass/Hess Ranch	0	0	0	0	0	3,373	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30	250	300	350	375	375	400	400	400	493	
Montaine (Lanterns)	0	0	0	0	0	1,014	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	80	80	100	100	120	120	120	244		
Pine Canyon	0	0	0	0	0	1,320	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pioneer Ranch	0	0	0	0	0	1,123	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RidgeGate/East Village	0	0	0	0	0	6,000	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trails at Crowfoot	0	0	0	0	0	884	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150	250	225	225	34						
Other (Combined) ⁴	0	0	0	0	0	4,840	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	75	100	150	225	250	300	350	375	1,356	
Future Summary	0	0	0	0	0	26,582	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	280	755	930	1,190	1,334	1,496	1,650	1,895	1,995	13,523
CMA Totals:	1,032	805	753	822	1,223	1,489	1,602	1,670	1,593	1,959	1,663	1,295	1,959	753	2,092	2,073	1,932	1,652	1,432	1,236	1,169	787	725	725	2,422	NA	NA	NA	NA	NA	NA	
Denver Market:	5,746	4,859	4,649	5,631	7,014	7,247	9,236	10,723	11,188	13,016	10,302	7,941	13,016	4,649	13,759	13,799	14,437	14,014	14,633	15,968	17,468	18,487	19,577	20,741	NA	NA	NA	NA	NA	NA	NA	
CMA Capture of Market:	18.0%	16.6%	16.2%	14.6%	17.4%	20.3%	17.3%	15.6%	14.2%	15.1%	16.5%	16.5%	20.3%	14.2%	15.2%	17.1%	18.6%	18.4%	17.9%	16.1%	15.3%	13.2%	13.4%	13.1%	NA	NA	NA	NA	NA	NA	NA	

Notes:

¹ Future lot counts are based on currently known breakdowns of lots already identified within the Competitive Market Area. This figure may increase/decrease as future development parcel plans are realized.

² 2019 forecast is based on the actual preliminary closings within the first three quarters of 2019 (based on Metrostudy's lot-by-lot survey), combined with an estimated fourth quarter.

³ Information including total lots, closing pace and market entry time frames are estimated for all future communities based on information collected from developers and planners. Some of these future communities may have additional lot counts and sizes as several have not yet been plotted. There may be additional future communities currently unknown at this time that enter the market during this time period; some of the communities listed may ultimately not enter the market. Actual lot counts and product type may prove different than information collected at this time.

⁴ Other (Combined) represent the combined total of remaining CMA subdivisions identified at this time, both within Active and Future segments.

This model tracks a moving target with many variables and requires amending over time as existing and future competition evolve. The most notable observation from this model is that a drop-off in the number of potential TMA closings has already occurred in recent years as new home developments have been slower to enter the market. That should lead to a run-up in production over the next few years, however, the failure to match already established TMA capture rates of the Denver Market is dramatically high should either new anticipated communities not enter the market, with an apparent decline if enough new lots are not delivered as early as next year, 2020. While there are a lot of future lots in many of the future communities modeled here, these totals are likely to modify as plans continue to go through the entitlement process.

The Canyons TMA had ten-year historical Denver Market closings capture rate of new home closings at 16.5% in 2018, and a five-year average of 15.1%. With the projected pent-up demand and anticipated lot deliverables on their way, Metrostudy has forecasted the next ten years at an average capture rate of 15.8% based on established active community absorption levels, anticipated future lot deliveries, and overall market conditions, including continued development outside the TMA but within the overall market. This includes a high of 18.6% capture in 2021, which remains well below the last ten years historical peak of 20.3%.

The assessment of housing demand and market capture is an iterative process with numerous ever-changing variables to consider. We have approached demand using our projected new home closings forecast for the Denver Market. We accounted for demand based on a review of all active and future lots within the TMA, and all the variables previously discussed to generate a supply-based TMA capture rate (as noted within the build-out model). From there, we reviewed the ratio of currently active to future planned lots, the transition of communities to build-out, and plausible timelines for new communities. We then reviewed the trends of positive employment and the demographic outlook in the area, in addition to housing supply availability, and projected a TMA capture rate that is expected to continue to trend upwards and consistent with its long term historical levels. The result is **an estimated TMA household count of 89,009 in 2019 and a projected 109,570 households by 2025 (+20,561). This translates into a 3.9% annual growth rate for the TMA over the next six years.**

Exhibit 24: *The Canyons TMA Household and Population Projections*

	2010	The Canyons TMA														
	Census	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		Actual					Forecast									
Total Denver Mkt Closings Projections ¹	4,859	7,347	9,236	10,723	11,188	13,016	13,759	13,799	14,437	14,014	14,633	15,968	17,468	18,487	19,577	20,741
Total TMA Capture ²	805 16.6%	1,489 20.3%	1,602 17.3%	1,670 15.6%	1,593 14.2%	1,959 15.1%	2,092 15.2%	2,353 17.1%	2,687 18.6%	2,582 18.4%	2,622 17.9%	2,570 16.1%	2,665 15.3%	2,437 13.2%	2,620 13.4%	2,720 13.1%
Owner Occupancy Rate ³	73.4%	72.1%	71.8%	71.5%	71.1%	70.8%	70.5%	70.2%	69.9%	69.5%	69.2%	68.9%	68.7%	68.5%	68.4%	68.3%
For-Rent Estimate/Projection ⁴	19,128	1,196	1,661	2,154	2,645	3,244	3,895	4,636	5,491	6,352	7,222	8,091	8,977	9,802	10,662	11,558
Metrostudy New For-Sale Households ⁵	---	4,287	5,889	7,559	9,152	11,111	13,203	15,556	18,243	20,825	23,447	26,017	28,682	31,119	33,739	36,459
MS Household Projection ⁶	71,911 ---	77,394 2.5%	79,461 2.7%	81,624 2.7%	83,708 2.6%	86,266 3.1%	89,009 3.2%	92,103 3.5%	95,645 3.8%	99,088 3.6%	102,580 3.5%	106,019 3.4%	109,570 3.3%	112,832 3.0%	116,312 3.1%	119,928 3.1%
Population Projection ⁷	197,064	208,964	214,544	220,386	226,011	232,919	240,324	248,677	258,242	267,537	276,965	286,252	295,840	304,648	314,041	323,804

Notes:

¹ Annual closings for 2014 to 2018 are based on Metrostudy 3Q19 data for The Canyons TMA. Future annual closings between 2019 through 2028 are forecasted by Metrostudy. This level of sales can only be achieved if the housing market fundamentals continue to improve and homebuilders offer appropriately priced product in locations with price ranges in demand by the homebuying public.

² Includes all annual closings within The Canyons TMA per Metrostudy. Market share percentages between 2014 and 2018 are actual capture rates, at an average of 16.5%. Future closings within this segment were forecasted based on estimated capture rates that follow established start production and closing trends which are consistent with those listed in previous exhibits.

³ The percentage of owner occupancy estimated within the TMA. Projected out by Metrostudy using the 2010 figure from the US Census and 2019 and 2024 estimates based on Neustar projections.

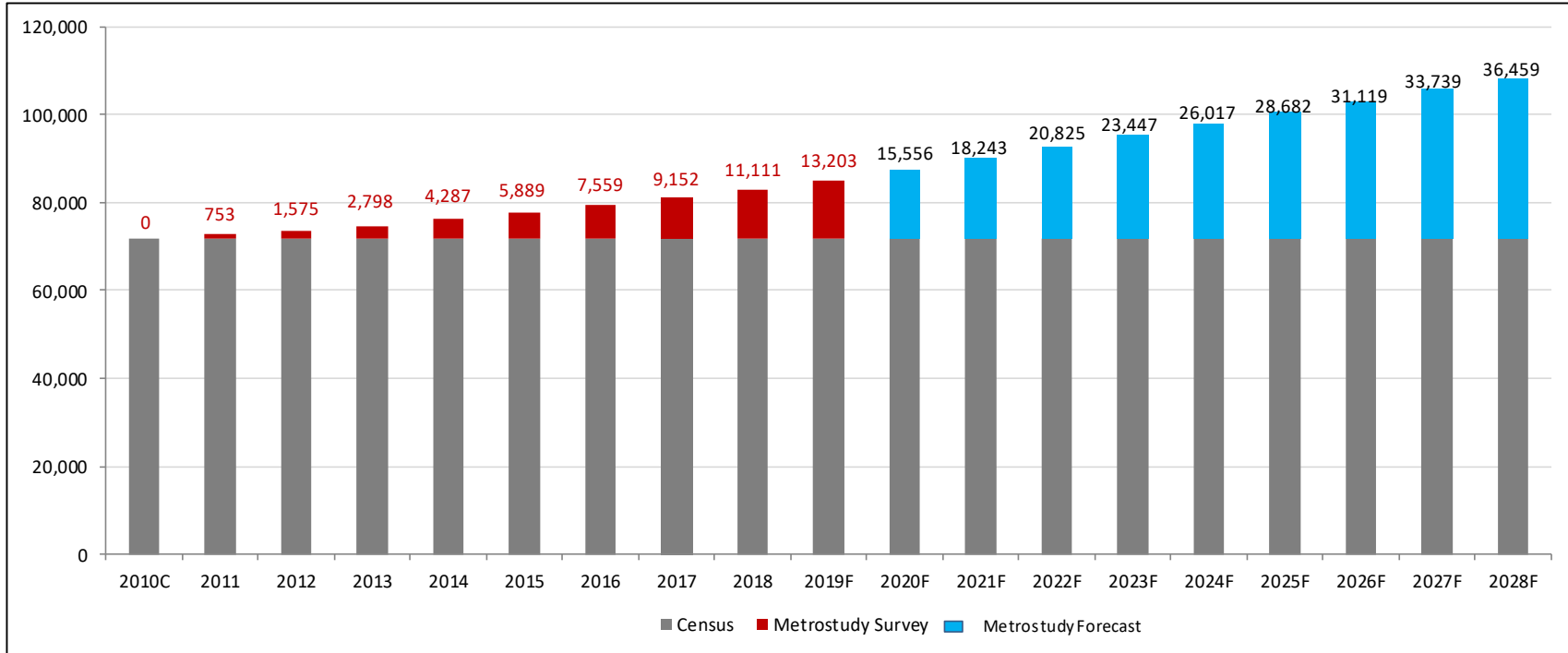
⁴ The estimated number of for-rent apartment unit additions within the TMA. All for-rent additions were modeled by Metrostudy as a ratio of the forecasted new for-sale households based on the annual Owner Occupancy Rate. Neither actual apartment additions between 2010 and 2019, nor future apartment development currently going through entitlement was reviewed to factor into this model.

⁵ The number of new households annually added to the TMA since the last Census based on the quarterly Metrostudy lot-by-lot survey. Actual figures are again provided between 2014 and 2018, with future ten years based on the projected number of Total TMA home closings.

⁶ Metrostudy adjusted TMA household counts based on the addition of new home additions verified by our lot-by-lot survey since the last Census.

⁷ Metrostudy adjusted TMA population counts based on the Neustar estimated average household size of 2.7 persons per household as of 2019.

Exhibit 25: *The Canyons TMA Total Households per Year (Metrostudy Lot-by-Lot Survey)*



TMA Households	2010C	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Census	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911	71,911
Metrostudy Survey	---	753	1,575	2,798	4,287	5,889	7,559	9,152	11,111	13,203	15,556	18,243	20,825	23,447	26,017	28,682	31,119	33,739	36,459
Adjusted Households	---	72,664	73,486	74,709	76,198	77,800	79,470	81,063	83,022	85,114	87,467	90,154	92,736	95,358	97,928	100,593	103,030	105,650	108,370
Annual Growth	---	1.0%	1.1%	1.7%	2.0%	2.1%	2.1%	2.0%	2.4%	2.5%	2.8%	3.1%	2.9%	2.8%	2.7%	2.7%	2.4%	2.5%	2.6%

Source: Metrostudy

Appendix

Exhibit 26: **The Canyons TMA Total Future Rooftop Count Total**

The Canyons TMA - Total Units by Zip Code	Current 3Q19 Pace						New Housing Inventory						Vacant Developed		Future Lots						Total Future Rooftops	Mkt Share	Total Additional Future Population		
	Annual Starts	Mkt Share	Annual Closings	Mkt Share	Annual Lot Deliveries	Mkt Share	Finished /Vacant	Mkt Share	Under Construction	Mkt Share	Models	Mkt Share	Total	Mkt Share	Vacant Lots	Mkt Share	Vacant Land	Mkt Share	In-Process	Mkt Share				Total	Mkt Share
80104	310	14.8%	382	18.2%	617	30.3%	34	17.6%	190	14.8%	16	14.4%	240	15.1%	658	22.9%	4,734	16.7%	2,574	30.8%	7,308	19.9%	8,206	19.9%	22,157
80108	537	25.7%	489	23.3%	527	25.8%	52	26.9%	327	25.5%	27	24.3%	407	25.6%	868	30.2%	2,441	8.6%	2,267	27.2%	4,708	12.8%	5,983	14.5%	16,153
80109	307	14.7%	347	16.6%	321	15.7%	24	12.4%	149	11.6%	20	18.0%	193	12.2%	380	13.2%	6,454	22.7%	183	2.2%	6,637	18.0%	7,210	17.5%	19,468
80112	102	4.9%	116	5.5%	0	0.0%	3	1.6%	71	5.5%	4	3.6%	78	4.9%	13	0.5%	264	0.9%	0	0.0%	264	0.7%	355	0.9%	959
80124	17	0.8%	22	1.1%	0	0.0%	2	1.0%	15	1.2%	5	4.5%	22	1.4%	51	1.8%	400	1.4%	0	0.0%	400	1.1%	473	1.1%	1,277
80130	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
80134	820	39.2%	739	35.3%	574	28.2%	78	40.4%	531	41.4%	39	35.1%	649	40.8%	902	31.4%	14,129	49.7%	3,325	39.8%	17,454	47.5%	19,005	46.1%	51,313
TMA Total:	2,093	100.0%	2,095	100.0%	2,039	100.0%	193	100.0%	1,283	100.0%	111	100.0%	1,589	100.0%	2,872	100.0%	28,422	100.0%	8,349	100.0%	36,771	100.0%	41,232	100.0%	111,326

Note: Total Future Rooftops is calculated from the sum of Total New Housing Inventory, Vacant Developed Lots, and Total Future Lots. Total Additional Future Population is calculated based on the Total Future Rooftops multiplied by the Census estimate on current 2.7 Persons per Household within the TMA.

Exhibit 27: *Map of Zip Codes within The Canyons TMA*

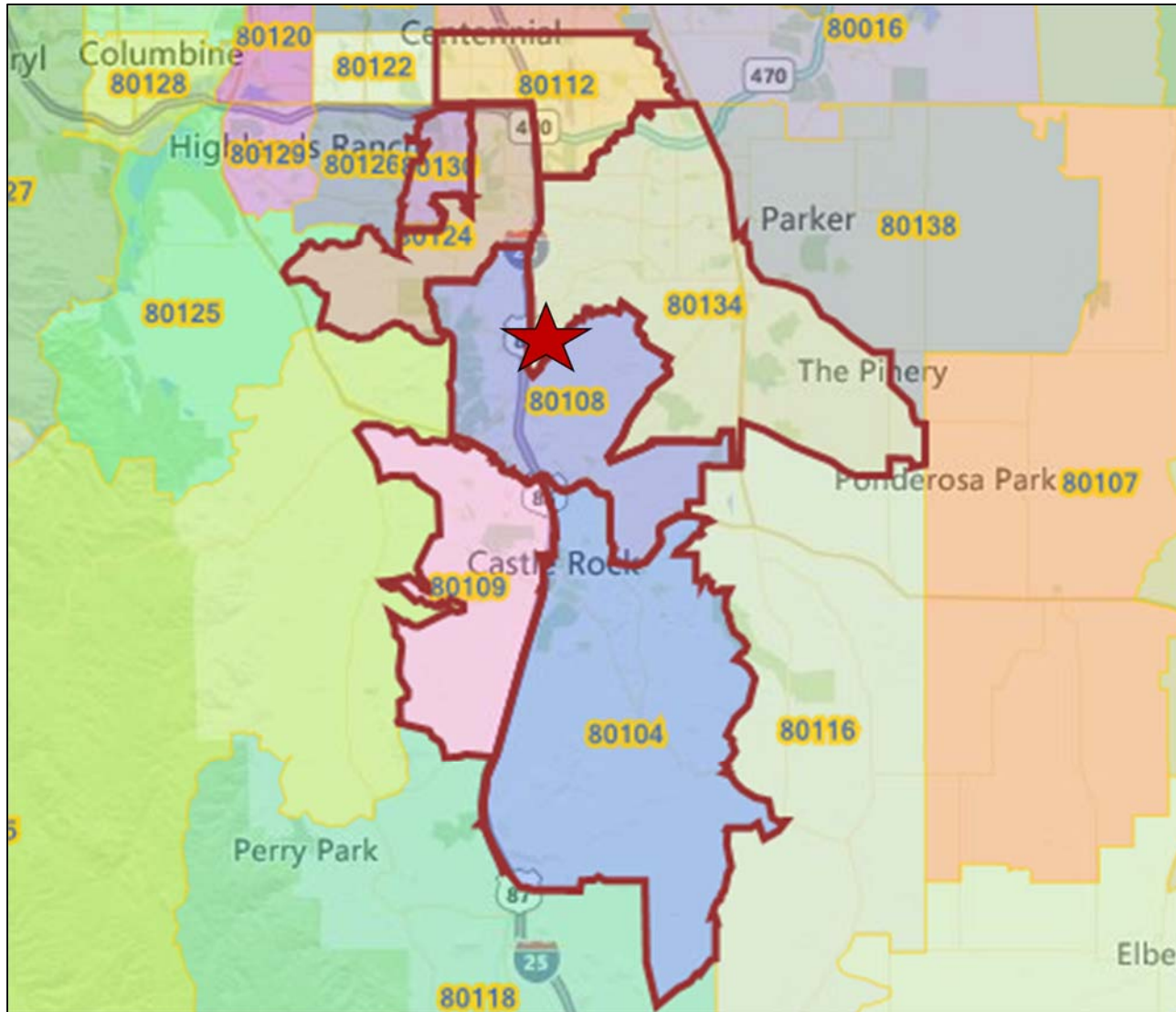


Exhibit 28: *The Canyons TMA Lot Concentration Map - Annual Starts*

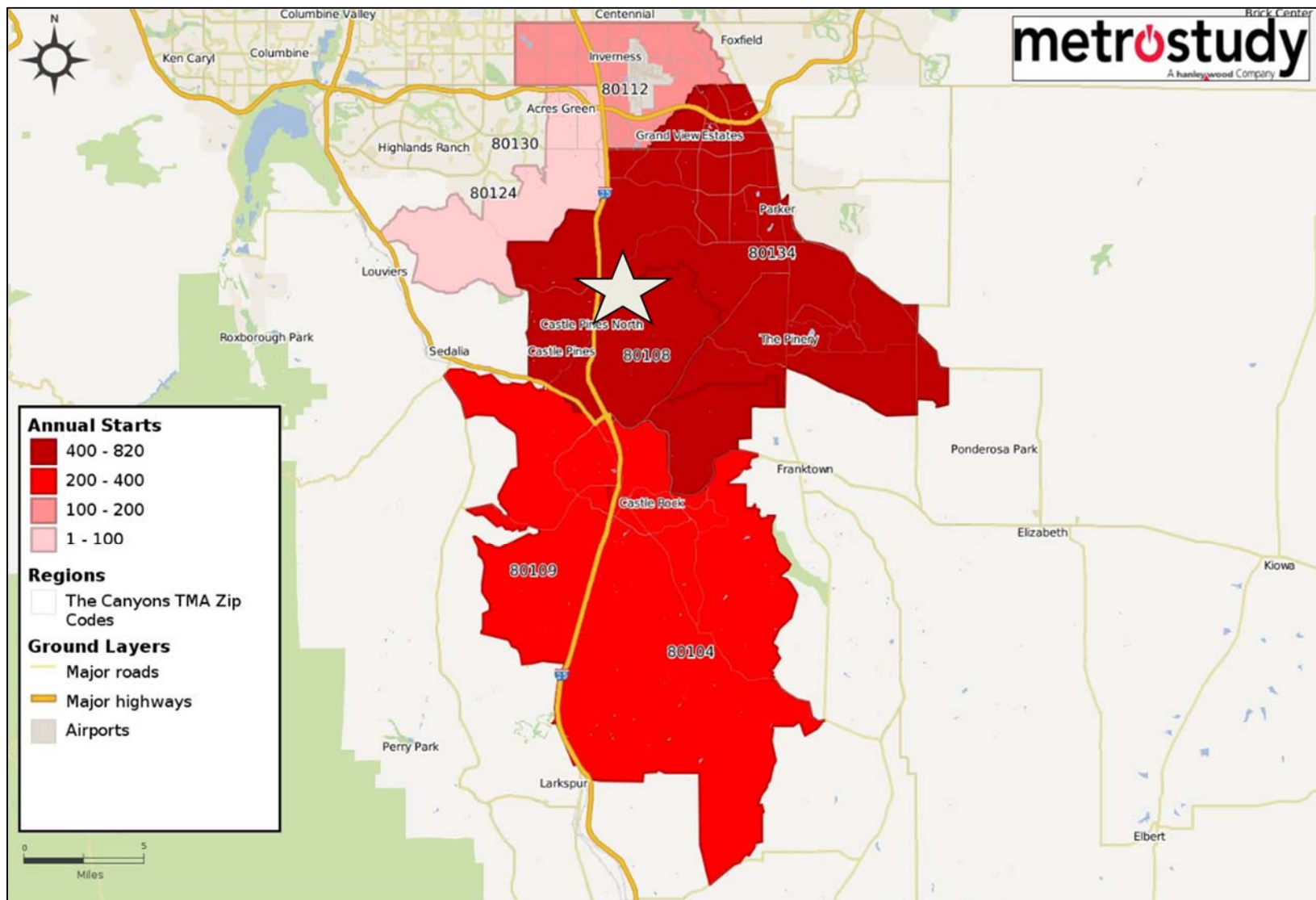


Exhibit 29: *The Canyons TMA Lot Concentration Map - Annual Closings*

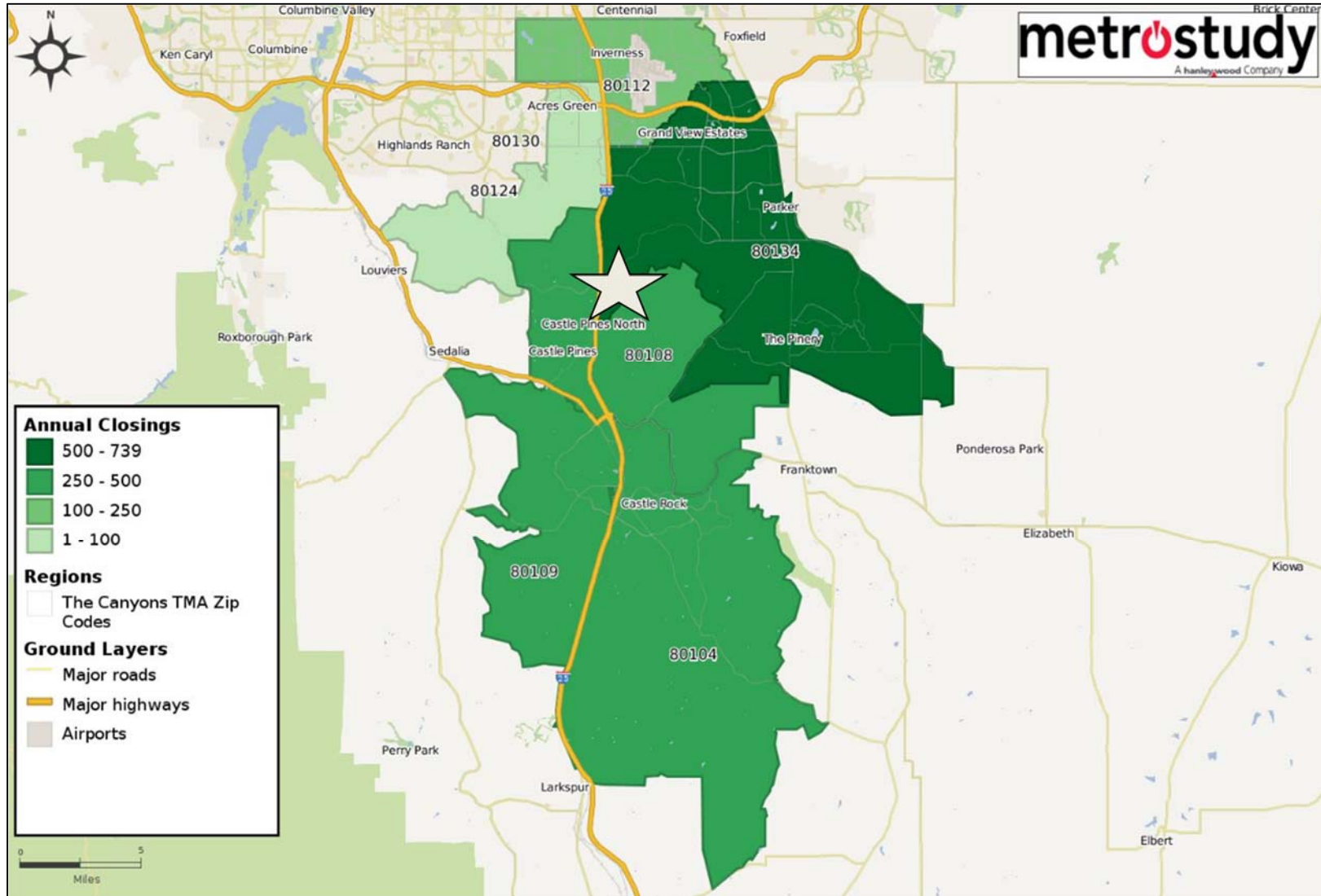


Exhibit 30: *The Canyons TMA Lot Concentration Map - Annual Lot Deliveries*

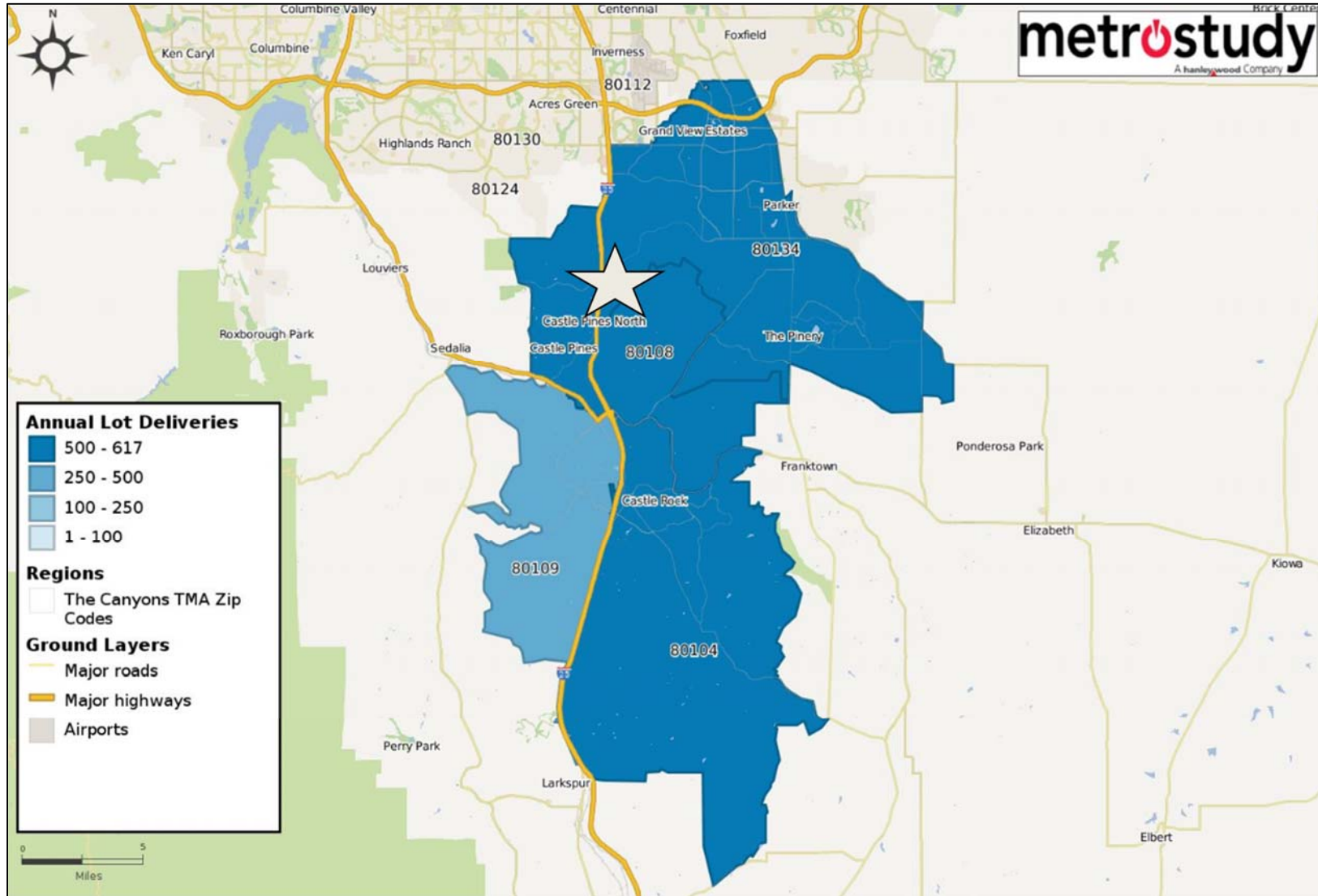


Exhibit 31: *The Canyons TMA Lot Concentration Map – Vacant Developed Lots*

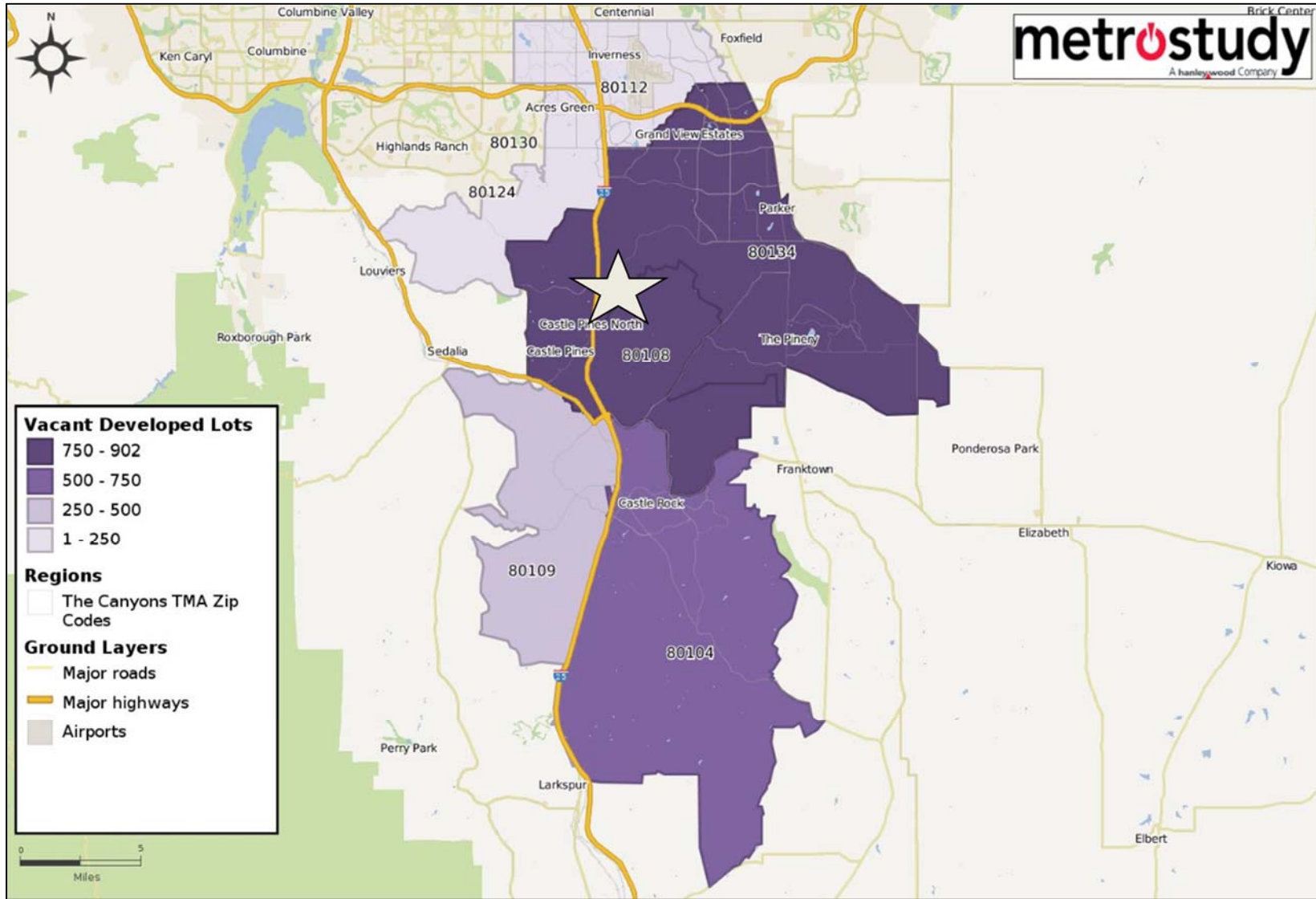


Exhibit 32: *The Canyons TMA Lot Concentration Map – Future Lots*

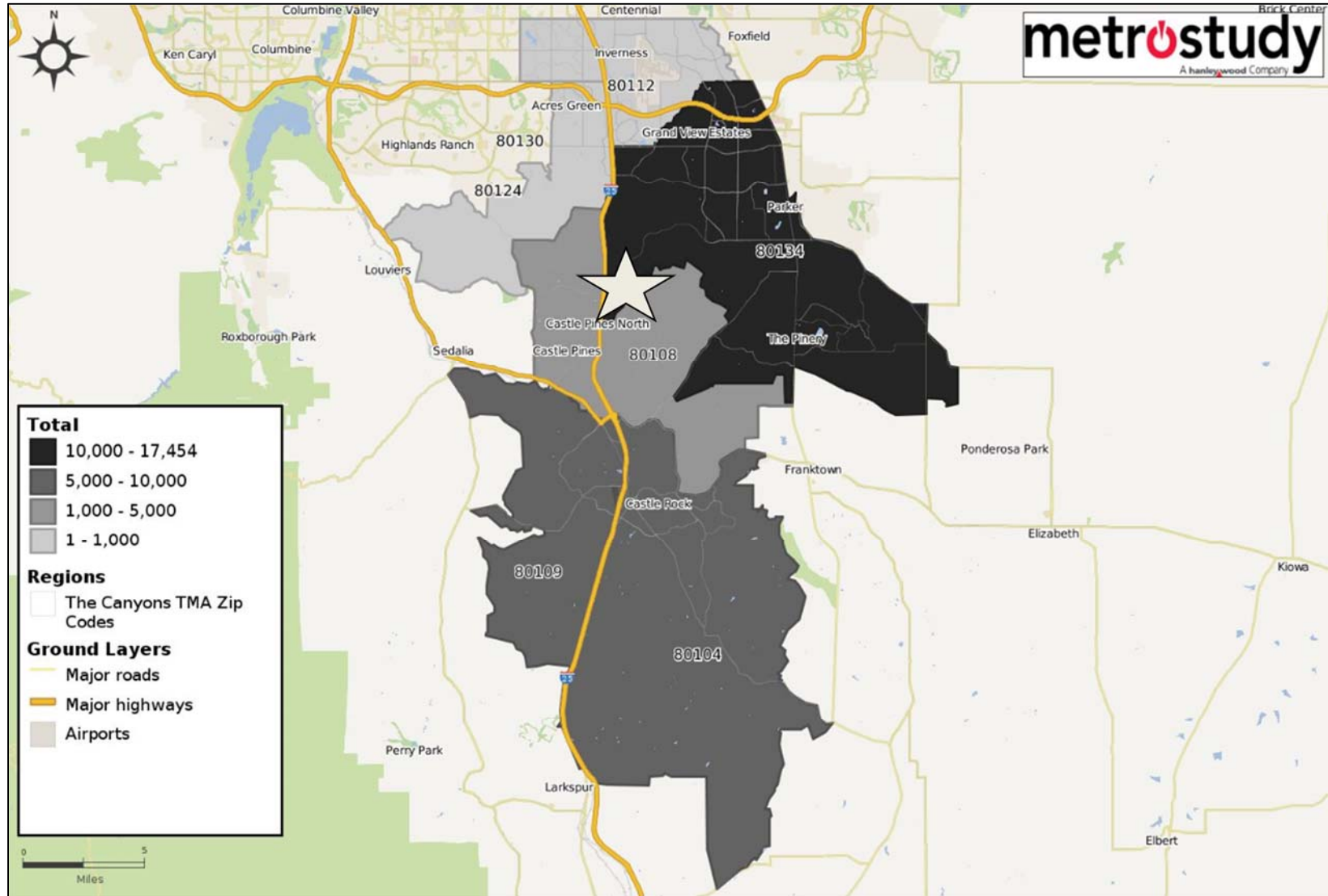


Exhibit 33: *The Canyons TMA Lot Concentration Map – Future Lots In-Process*

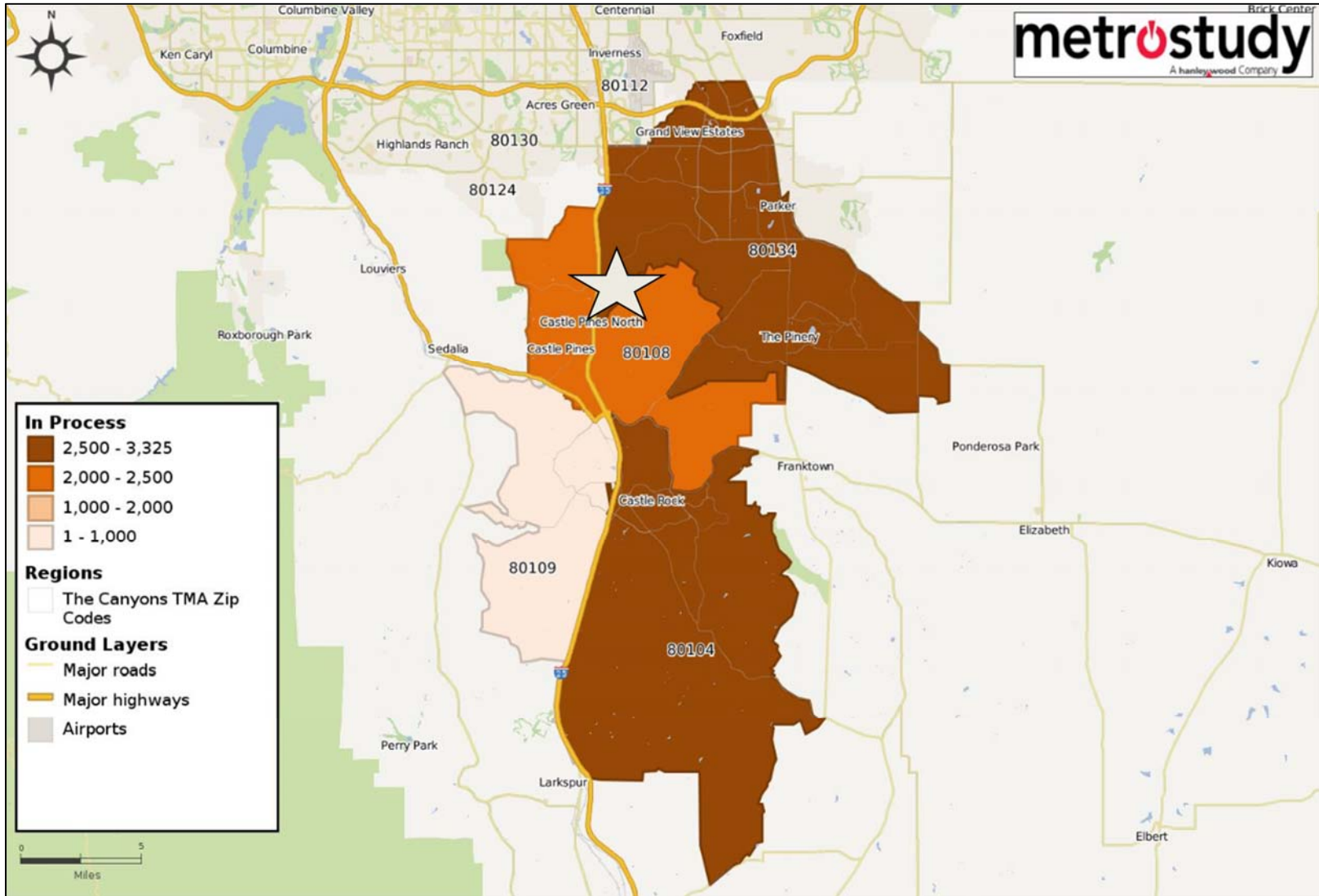
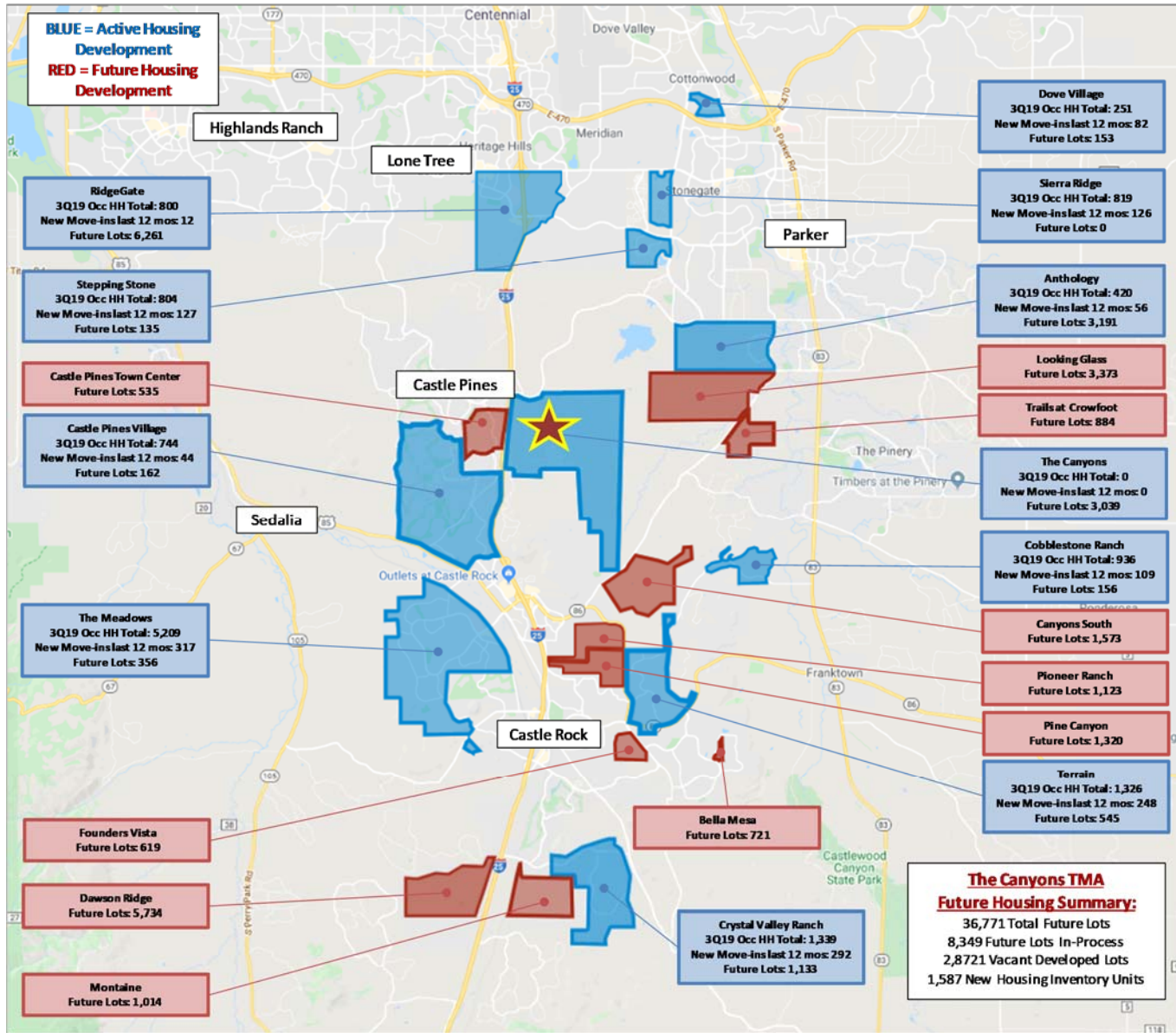


Exhibit 34: *The Canyons TMA Aerial Map of Subject Property and Future Housing Summary*



This market analysis was prepared by Metrostudy, a consulting firm and the nation's leading provider of primary and secondary market information to the housing, retail, and related industries nationwide.



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