SPRINGFIELD METRO APARTMENTS

FEASIBILITY STUDY

PROPOSED DEVELOPMENT FOR
474 APARTMENTS
SPRINGFIELD, VIRGINIA

JOHNS HOPKINS UNIVERSITY
CAREY BUSINESS SCHOOL

PRACTICUM IN REAL ESTATE DEVELOPMENT
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APRIL 16, 2007

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I - EXECUTIVE SUMMARY

The purpose of this study is to determine the feasibility of the proposed apartment development on the 11.98 acres owned by Jim Gladden Associates (JGA), located adjacent to the Springfield Metro station, and to make a recommendation to investment committee whether to move forward.

Background & Summary

JGA owns approximately 11.98 acres located immediately southwest of the Springfield Metro / VRE station in Springfield, VA. JGA has owned the site for many years and the property is presently owned free and clear of any liens. The site presently consists of an unimproved vacant lot. We are contemplating a 474 unit apartment community (Springfield Metro Apartments) inclusive of a mid-rise building, 11 garden buildings and an amenity building with a fitness center. We have assumed that this will be a Class A community with high-end finishes and amenities in line with the top of the market standards in Springfield. The top line precedent in this market is Archstone Springfield Station, located just north of the subject site by approximately 1/8 mile.

In order to proceed with this plan, the current zoning, C-4, must be changed to PDH-40, which allows for 40 dwelling units per acre. We have projected that the rezoning will take approximately 14 months. We have further projected that construction will take approximately 22 months, with lease up and stabilization projected to occur 12 months thereafter. From beginning of rezoning to stabilization, the total estimated timeline is 48 months.

Project Status

We have engaged our land use attorney to begin preparation for the rezoning process and potentially schedule a hearing. The phase 1 environmental report has also been ordered, which is expected to be completed in three weeks. We do not anticipate any environmental issue with the site. We are interviewing architects and contractors for the design and construction. The projected site plans, parking calculations, etc, have all been internally generated, based on very preliminary discussions between our developers and architects. As noted within, the rezoning process is projected to take approximately 14 months. We have a handful of our relationship lenders to discuss potential financing scenarios, particularly a construction takeout.

Feasibility Study

To assess the feasibility of this project, the following analyses have been conducted.

- Macro and micro characteristics analysis of the site including strengths and weaknesses.
- Study of macro and micro economic conditions in the region, Fairfax County, Springfield and area immediately surrounding the property.
- Analysis of the competitive set and potential demand for this type of product at this location.
- Identified potential development issues

- Completed a preliminary development and construction budget including construction cost comparables.
- Outlined a complete development and construction schedule.
- Conducted a base case and downside financial analysis including a joint venture waterfall. This also includes a summary of the proposed financing structure for the construction loan and the joint venture equity partner.

Risks & Opportunities

Some of the major risks we found include the following:

- High construction costs with exceptionally slim margins.
    - The base case scenario cash flows yields a 6.17% unleveraged return on cost. Any change in the budget, timeline or rents in a downside scenario would be catastrophic.
- Current ingress and egress to the site is tough.
    - Will be improved, based on planned extensions to roadways.
- Image / reputation of Springfield.
    - We believe this will be improved based on pending redevelopment of the Springfield Mall and development set to occur through out other parts of Springfield
- Time requirement to rezone the site.
- Potential proffers associated with rezoning the site – specifically traffic at Loisdale Road / Metropolitan Center Drive traffic light interchange.
- Location in a business park / former industrial park
- Need to request a parking variance. Code requires 1.6 spaces per unit and we can provide 1.5.

We have identified a number of primary opportunities that we believe will be major contributing factors to the success of this project. They include the following:

- Access (walking distance) to the Metro station that is unparalleled in Fairfax County.
- Future development in Springfield
    - Site's immediate and surrounding area identified as target redevelopment area for Fairfax County authorities.
    - Various areas in Springfield have been identified by Fairfax County authorities as target redevelopment areas.
    - Springfield Mall to be redeveloped into lifestyle center by Vornado.
    - Mixing Bowl project (almost complete).
- Growth from Fort Belvoir as a result of BRAC (22,000 jobs expect to relocate to Fort Belvoir by approximately 2011).
- Extension of Frontier drive will cross over the Fairfax County Parkway and provide additional immediate access to west side of site.
    - This will allow for better vehicular and pedestrian access to Metro station.
    - Will allow for better ingress / egress than site's existing access.

Recommendation

As noted above, we have identified the major risks and opportunities. Although this project does have a number of positive characteristics, such as its location next to a Metro station and its position in an area that is poised for significant growth (BRAC), we firmly believe that the return on cost of 6.17% is not enough of a margin to warrant our recommendation to proceed with this development opportunity. A return on cost for an apartment project must be at least 7% to 7.5% to even consider the project feasible.

As a result, we do not recommend proceeding with this development project, but looking in to a possible sale of the land, or holding this land until rents and construction costs are at a level that will allow for a reasonable return on cost.

II - DEVELOPMENT PROGRAM

The following is a summary of the development program that we have contemplated for this site. Some of the items referenced in this section are described in more detail in later sections of this study, with appropriate references.

Project Summary

Site Summary

Springfield Metro Apartments is a 518,050 square foot or 11.892 acres site encompassing the area south and east of Metropolitan Center Drive and Joseph Alexander Road, which are located less than a half mile east of the I-95 and Fairfax County Parkway interchange in Springfield, Virginia (See pages 17-19 for regional, local, and neighborhood maps). The immediate area surrounding the Site includes the Springfield Metro station (blue line) to the east, Fairfax County Parkway to the north, an existing apartment development (Springfield Crossing owned by KSI) and a GSA storage depot to the northwest, a beer bottling distributor and a Sears parts distribution center to the south, and the brand new Northern Virginia Community College Medical Education Center to the southwest. There is a heavy tree line and an approximate 150 foot set back between the Site and the Fairfax County Parkway. There is also a heavy tree line between the Site and the bottle distributor and Sears distribution center, providing enough of a buffer between residential and industrial uses that it shouldn't impact the Site adversely.

Site Location

The Site is located in what is considered the downtown part of Springfield, which is by far the most urban area of the city. Major landmarks located in close proximity to the Site include the Springfield Mall (0.25 miles northeast), Mixing Bowl (one mile north), Fort Belvoir Army Base (three miles south). Generally, points east of the Metro station and points west of Backlick Road / I-95 are heavily residential (within Springfield). Property uses for points south of the Fairfax County Parkway are generally more industrial in nature. Additionally, the Springfield Mall (1.45 million square feet) is located on the north side of the Fairfax County Parkway, less than a half mile from the Site. The area around the Springfield Mall includes a high concentration of retail, and a fairly high concentration of office use. This provides the Site with proximity to the high concentrations of retail and dining options.

Site Zoning

The Site is currently zoned C-4 (high intensity office district). Our development program requires a rezoning of the Site to PDH-40, which will allow for 40 dwelling units per acre. This zone is vague with respect to setback and FAR allowances. It is meant to be a zone that allows for the county to have flexibility to accommodate various needs of the project and the county. Thus, we have assumed that standards similar to two neighboring projects (Springfield Crossing Apartments and Archstone Springfield Station Apartments) will be allowed here. This primarily includes FAR, since the PDH-40 zone does not have a requirement for setbacks. The project we are proposing will look and be constructed very similar to the construction of these two projects. Our analysis of the shows that we can yield a total of 474 units (the maximum potential per the allowable use of this zone is 475). For a detailed description of PDH-40 and what we are projecting for this site, please see Section V on page 67.

Development Timeline Summary

We have assumed that the process begins in January 2008. Based on a "normal" schedule, Fairfax County estimates that the total time to rezone a site is approximately 14 months. The permitting process is projected to take approximately one to two month (we have allowed for three months). The site plan approval and building permit documents are projected to be received in March 2009. The construction loan and joint venture equity will be timed so that they close simultaneous with the receipt of these documents so that sitework can commence immediately. The base building construction is projected to take 18 months to complete, from the beginning of construction. The final inspection process will take an additional three months thereafter. The total construction timeline is 22 months. From the beginning of the rezoning phase to the completion of construction, we have assumed that it will take a total 36 months. We have projected that the lease up will take an additional 12 months. The permanent loan will be placed immediately thereafter.

Springfield Metro Apartments Development Timeline		
Task	**Completion Date**	**# Months**
Beginning of Development Process	January-08	--
Completion of Rezoning	January-09	12
Approval of Construction Plans (Fairfax County)	March-09	3
Receipt of Building Permits	March-09	0
Close on Construction Loan / JV Equity	March-09	0
Sitework / Below Grade Parking Construction	August-09	5
Base Building Construction (All Buildings)	September-10	18
Final Inspection	December-10	3
Beginning of Lease Up	January-11	1
Completion of Lease Up	December-11	12
Refinance / Permanent Loan	January-12	1

Development Goals

The goals of this development project are summarized below.

- Create a feasible Class A asset that will provide for attractive long-term cash flow.
- Minimize equity requirement and maximize returns by contributing land into project budget at zero. In return, joint venture equity partner will contribute higher percentage of equity requirement and splits to JGA will be increased to compensate.

- Deliver project quickly to capture present and projected demand stemming from Fort Belvoir and demand that will stem from BRAC in the coming three to four years.
- Maximize site's value by creating a Class A high density project. This is specifically enhanced as a result of the site's proximity to the Metro – it offers the single closes residential apartment location to a Metro station in Fairfax County.

Development Description

Type, Number and Style of Buildings

We have contemplated a Class A community inclusive of one mid-rise building, 11 garden-style buildings and one building to accommodate a fitness center and other potential amenities, including an outdoor pool. There would be a total of 474 units. The projected unit mix is below:

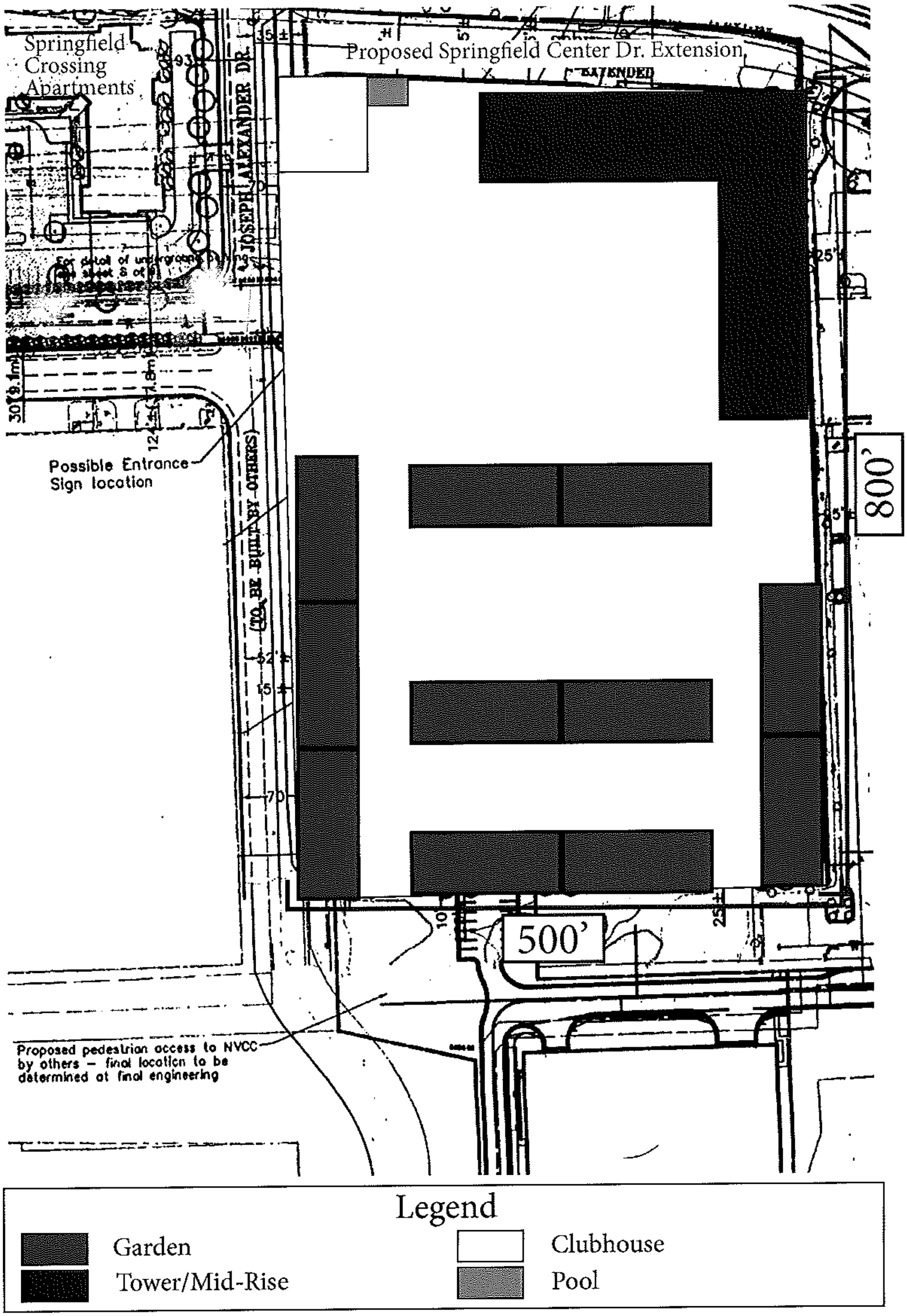
Springfield Metro Apartments - Projected Unit Mix

% Total	# Units	Type	SF Range		
53%	250	1 BR	632	-	800
6%	27	1 BR / DL	820	-	869
34%	162	2 BR	1,043	-	1,300
4%	17	2 BR / DL	1,293	-	1,293
4%	18	3 BR	1,319	-	1,319
100%	**474**			**925**	

Our community will substantially look like the adjacent Springfield Crossing and what we deem to be primary competition, Archstone Springfield Station in terms of building type, look and amenities: wood frame with vinyl and brick veneer; mid-rise caste frame with vinyl and brick veneer.

The mid-rise will be positioned in the northeast corner of the site, as the centerpiece of the community. The garden buildings will be positioned in the southern portion of the site and the amenity building / fitness center / pool will be located near the primary entrance of the site, in the northwest corner. The projected site plan is below:

Projected Site Plan



Construction Costs
The total budgeted cost per unit of $290,900, not including land. The expense per type is as follows:

Type	Cost / Unit
Land Costs	$ 0
Hard Costs	$246,800
Soft Costs	$ 21,500
Interest Costs	$ 22,600
Total Costs (Rounded)	**$290,900**

By comparison, Class A apartment developments in the Metro DC area cost more than $300,000 per unit. In Section VI, we have broken these costs down in detail.

Financial Summary
Based on the budget, we have projected that the project will yield a 6.17% unlevered stabilized return on cost. While this rate seems fairly low, it is an attractive rate for Class A apartments, discounting the fact that it has development risk. Existing Class stabilized properties in major metropolitan areas are selling between 4.75% and 5.25%. Sites located adjacent to Metro stations tend to trade at the low end of this range. Our base case assumption is that will develop this property and hold it for the long-term with our JV partner. The project level IRR is 1.12% (develop and sell) and 15.38% (develop and hold). The projected internal rate of return (develop and hold) to JGA is 25.06% and 12.37% for the to-be-determined Joint Venture partner.

These returns are exceptionally slim for an institutional joint venture partner, who would likely demand a mid-teens return (IRR) for this type of a venture. Additionally, many investors will not want to be in this project long-term, but rather develop and sell. To be conservative, we have assumes that an exit cap rate would be 6%, realizing that current market conditions may not last forever. Based on our return on cost of 6.17%, we cannot create enough value by developing this project to get an investor's return and equity out of the project by selling off of the construction loan.

Investment Indicators			
Stabilized Year	5	Project Unlevered IRR (Develop & Sell)*	5.88%
Stabilized NOI	8,505,103	Project Levered IRR (Develop & Sell)*	1.12%
Cap Rate	6.00%		
Resulting Stabilized Value	141,751,711	Project Unlevered IRR (Develop & Hold)**	6.86%
		Project Levered IRR (Develop & Hold)**	15.33%
Total Project Cost	137,896,876		
Stabilized NOI	8,505,103	*Based off of monthly model	
Stabilized ROC (unlevered)	6.17%	**Based off of annual model	

We have assumed that we will utilize a guaranteed construction take out. The construction loan could be provided by a wide variety of lenders and the Joint Venture partner will guarantee the repayment of the loan. This structure is commonly utilized with apartment projects that are located in markets with strong fundamentals, such as Springfield Metro Apartments. The construction loan will be 80% LTC priced at 225 basis points over Libor. The term will be three years with two, one-year options to extend. The market for lenders who will aggressively bid on this loan is very deep. The joint venture market who will provide a take out loan is also pretty deep and includes groups such as Prudential Real Estate Investors and Quadrant. Both of these investors would consider longer-term holds. However, as noted above, despite the attractive develop and hold IRR of 15.38%, the stabilized returns at too low to attract institutional investors.

Market Summary

Fairfax County and Springfield Economic Analysis
Fairfax County has been characterized by growth in just about every major category, particularly over the past 10 years. Growth has been particularly strong in population, incomes and new jobs. All of these are projected to continue strong growth trends in the future.

Springfield is poised to benefit from multiple improvements that are occurring or planned to occur in the next few years. These primarily include infrastructure, including both highways and public transportation systems. One of Springfield's primary attributes is its location, and ultimately, it proximity to major job centers including Washington, DC, Fairfax County and Arlington. Approximately 52% of the residents here work outside of Fairfax County, most of which would be in Washington, DC, Arlington and Alexandria; all of these areas are accessible via Metro.

There are a number of positive influences that will substantially change the nature of Springfield's market over the next few years. Future growth from Ft. Belvoir will bring significant demand to this area; an estimated 22,000 new jobs will literally be relocated just a few miles south of the property. Although base housing at Ft. Belvoir will eventually increase, it currently has a waiting list that extends for up to six months. This project is one of the closest multi-family rental projects to Fort Belvoir. Secondly, Vornado is in the planning stages of redeveloping the Springfield Mall into an upscale pedestrian friendly lifestyle center. There are a number of other initiatives that Fairfax County authorities are focusing on in Springfield, particularly the redevelopment of areas once considered blighted. These factors are all happening simultaneous and will be coming to fruition all around the same time, in the next three to four years, at approximately the same time, Springfield Metro Apartments will be delivering.

Apartment Market and Competitive Set

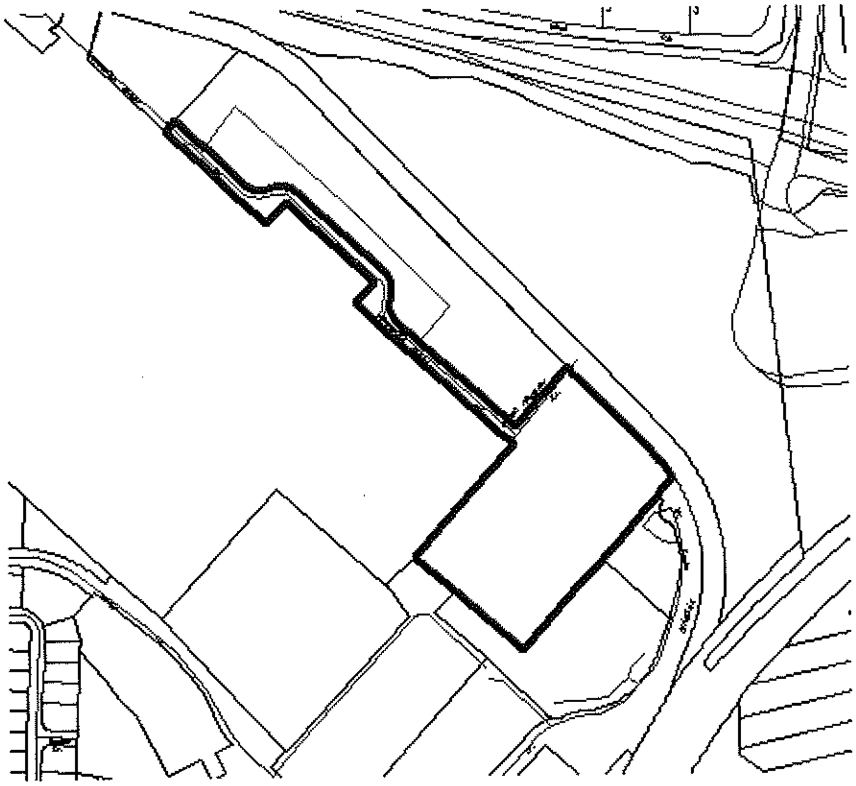
Occupancy rates across the board in Springfield are between 98-100% with the exception of the Archstone project[1]. We are convinced that this is a function of a downward spike in the housing market and do not see any evidence that it is a larger trend for Class A properties in Springfield. Springfield has a handful of Class A projects and really only one that we view as direct competition: Archstone at Springfield Station. This community represents the highest end product in the local market and currently achieves average rents of $1.72 per square.

The average occupancy rate for projects we have deemed to be in our competitive set is currently 96% (including Archstone at 93.7%). Rents have increased by approximately 7%-10% in the last six months alone and concessions are virtually nonexistent. The recent downturn in the housing market has certainly played a factor in the higher occupancy rates and growth in rents. Similar to 1999 when Archstone delivered 83% leased, we believe that there is substantial pent up demand for this type of product in the market. This is evidenced in the exceptionally high occupancy rates in apartments and overall growth rate in for-sale housing prices over the past five years. REIS confirms this theory by stating that "there's a lot of pent-up demand in the apartment market" in their Asset Advisor Reis Observer as they are characterizing the Northern Virginia apartment[1].

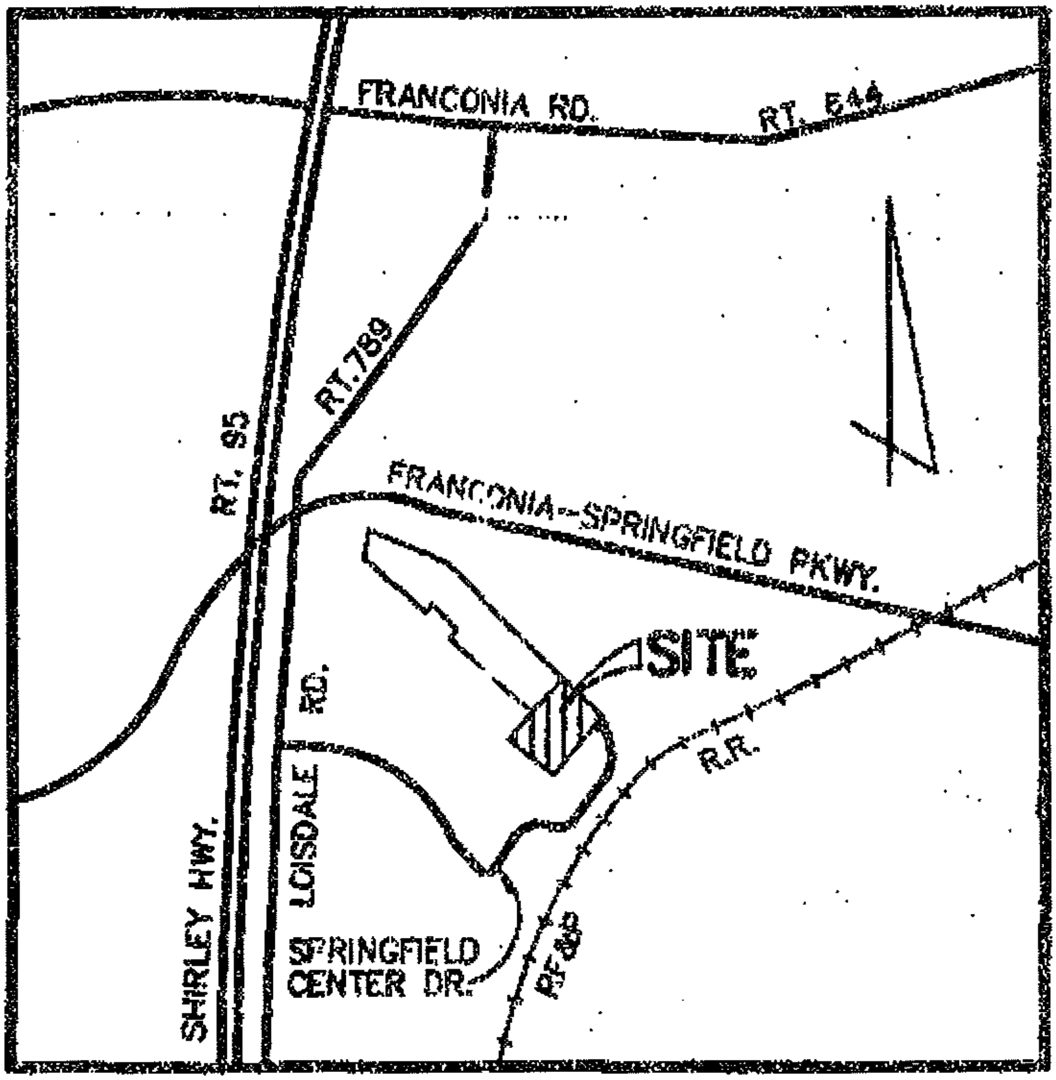
The sales market for apartments in general also echoes the sentiment that apartments are going to perform well in the coming years. The sale comps that were listed in the preceding pages illustrate very low cap rates (all sub 6%) for Class A communities. While the cost to develop a new project tends to run in the $300,000 + per unit range (see Section IV for more details), sale prices for projects are also ranging in the high $200,000's and low $300,000's per unit. Additionally, Jones Lang LaSalle recently sold a portfolio of Archstone Apartments in Virginia, Florida and California for approximately $280,000 per unit, representing a 4.75% cap rate.

[1] The Archstone project is experiencing one of its lowest occupancy rates (93.7%) since it was built. According to their management team, this is largely attributable to the fact that many of their residents have higher incomes and, in light of the downturn in the for sale housing market, many are pursuing buying a house.

Tax Map



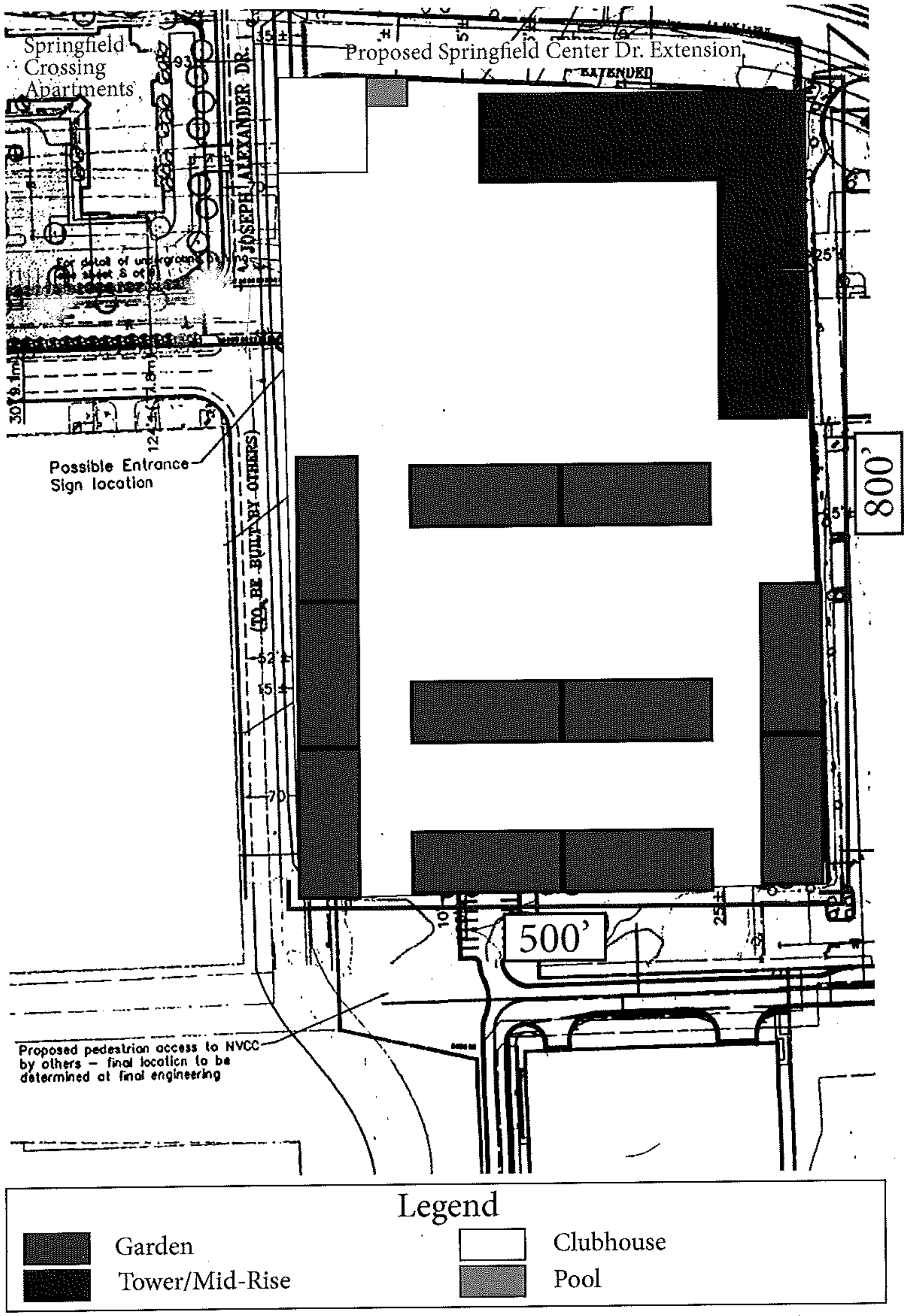
Vicinity Map



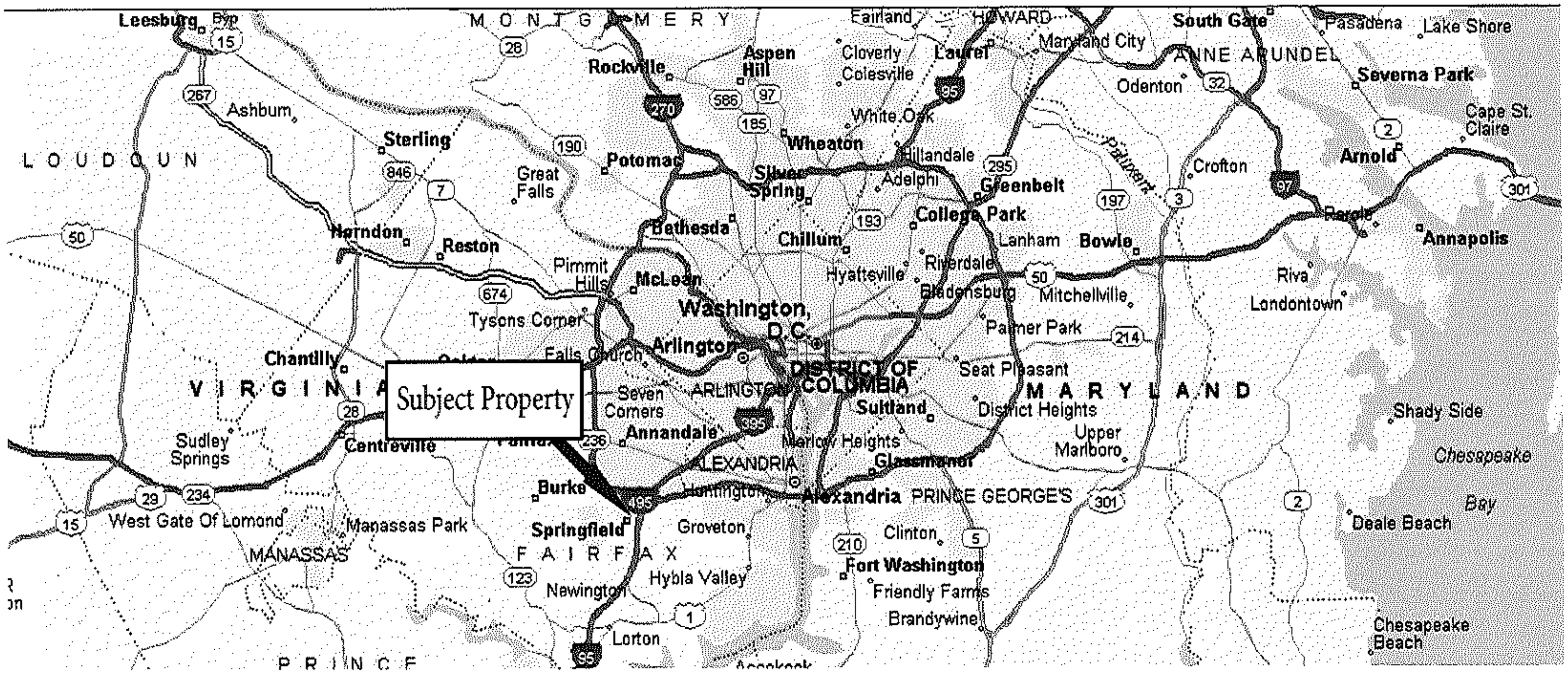
VICINITY MAP

SCALE : 1" = 2,000'

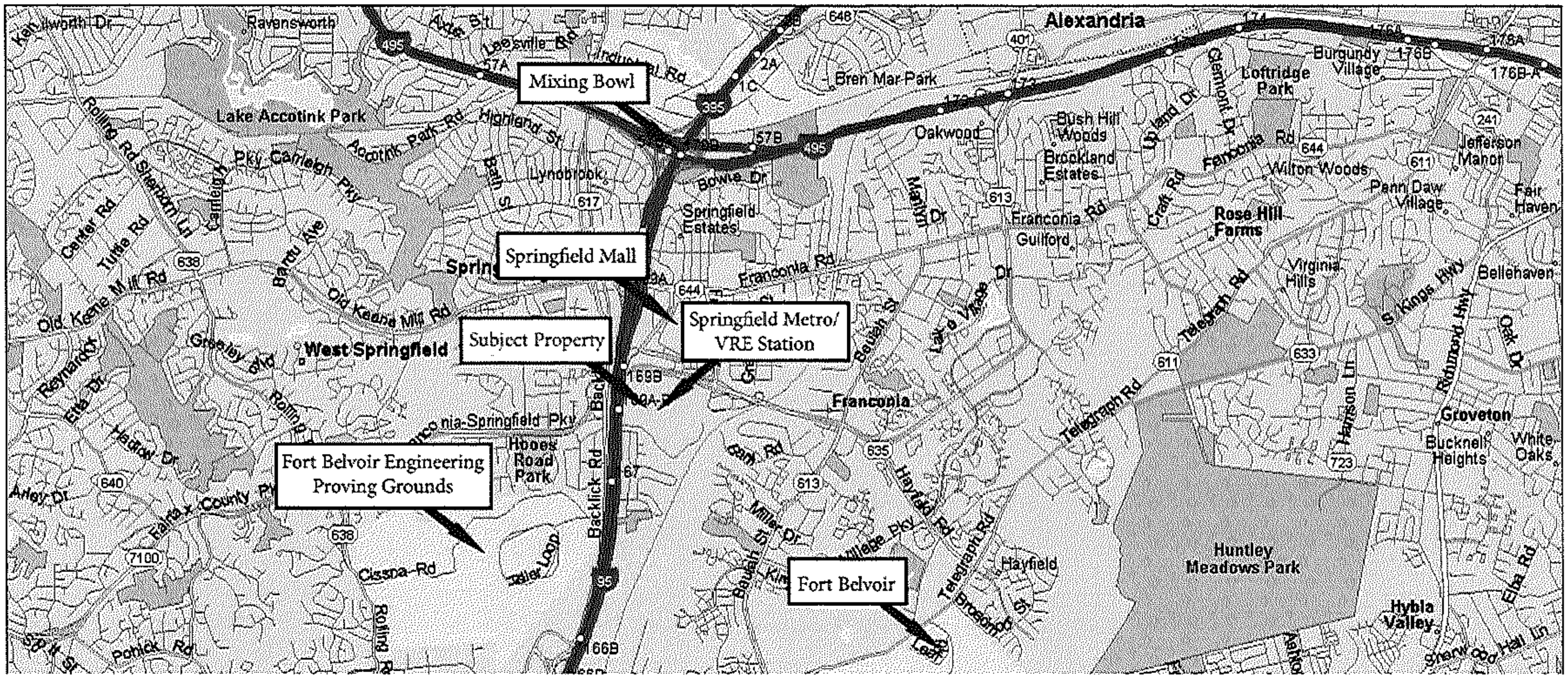
Projected Site Plan



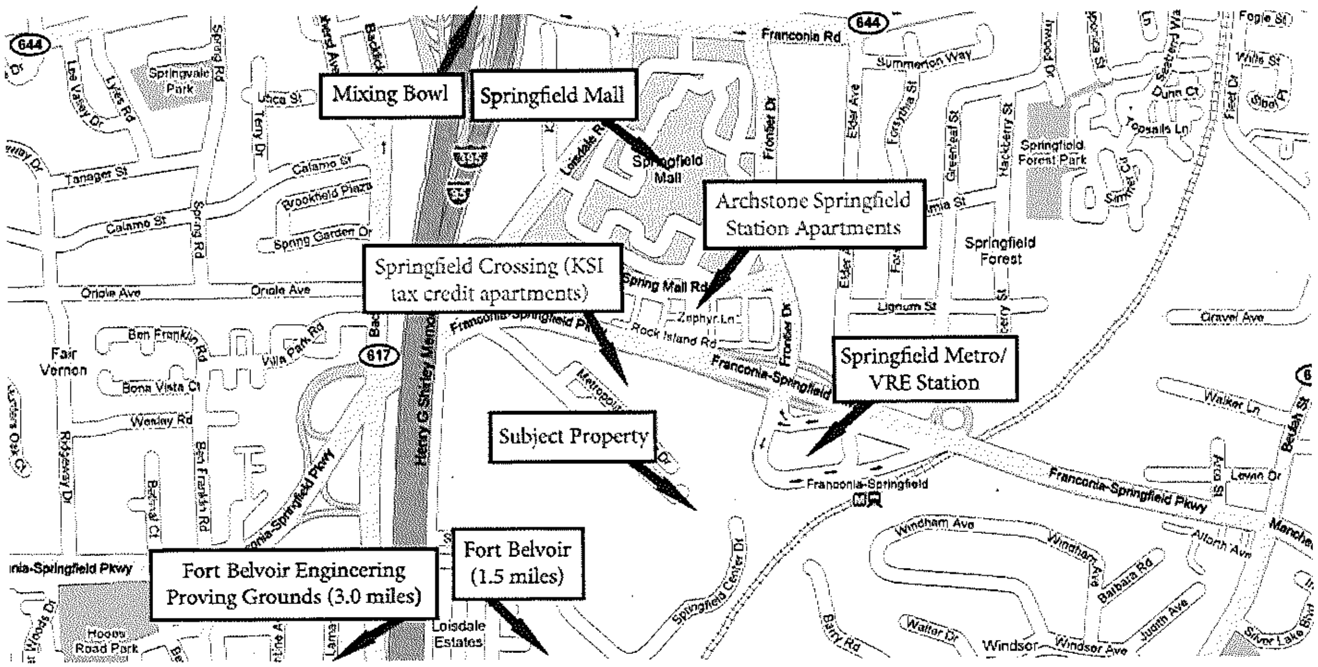
Regional Map



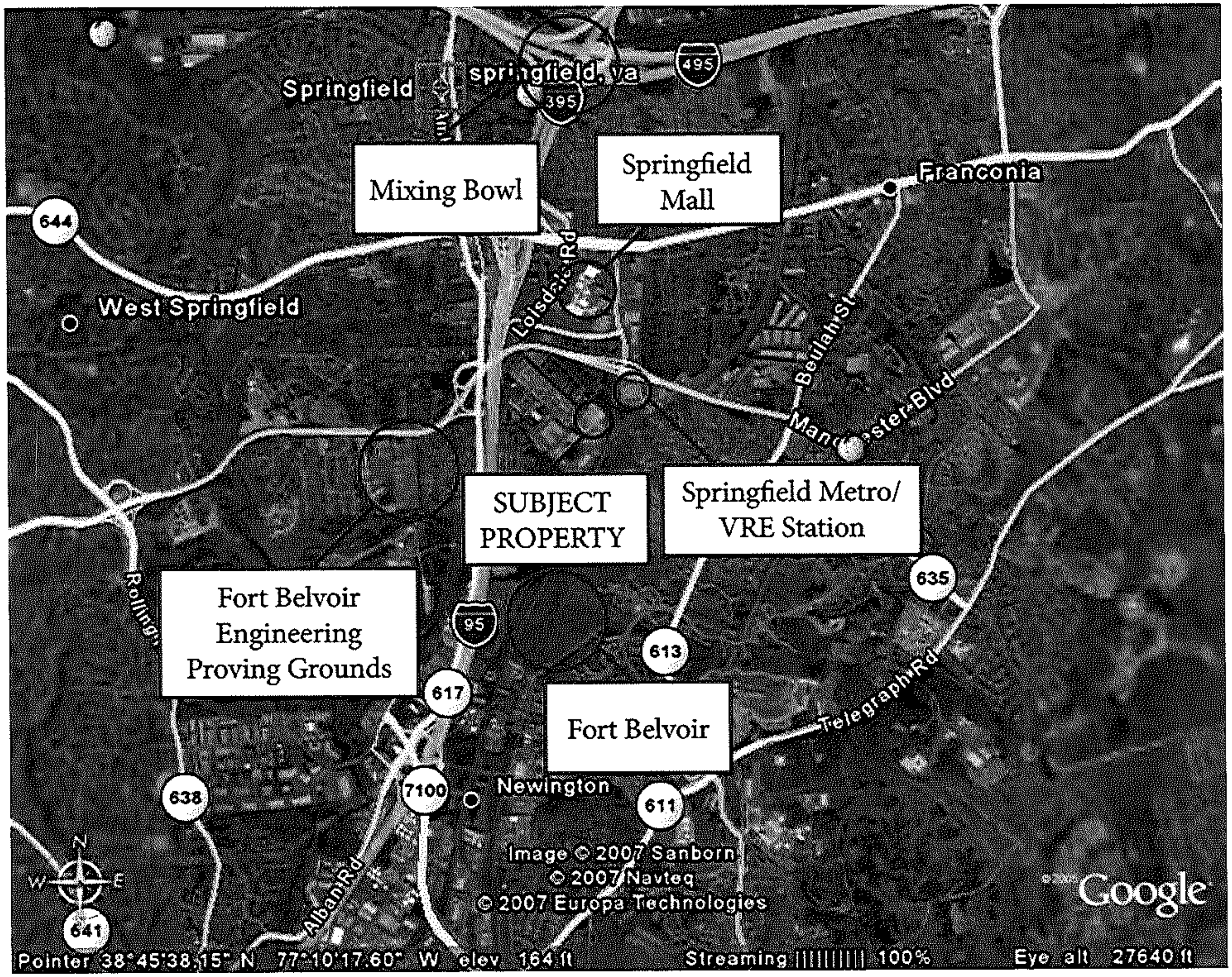
Local Map


Mixing Bowl
Springfield Mall
Subject Property
Springfield Metro/ VRE Station
Fort Belvoir Engineering Proving Grounds
Fort Belvoir
Alexandria
Lake Accotink Park
West Springfield
Franconia
Huntley Meadows Park
Rose Hill Farms
Groveton
Hybla Valley

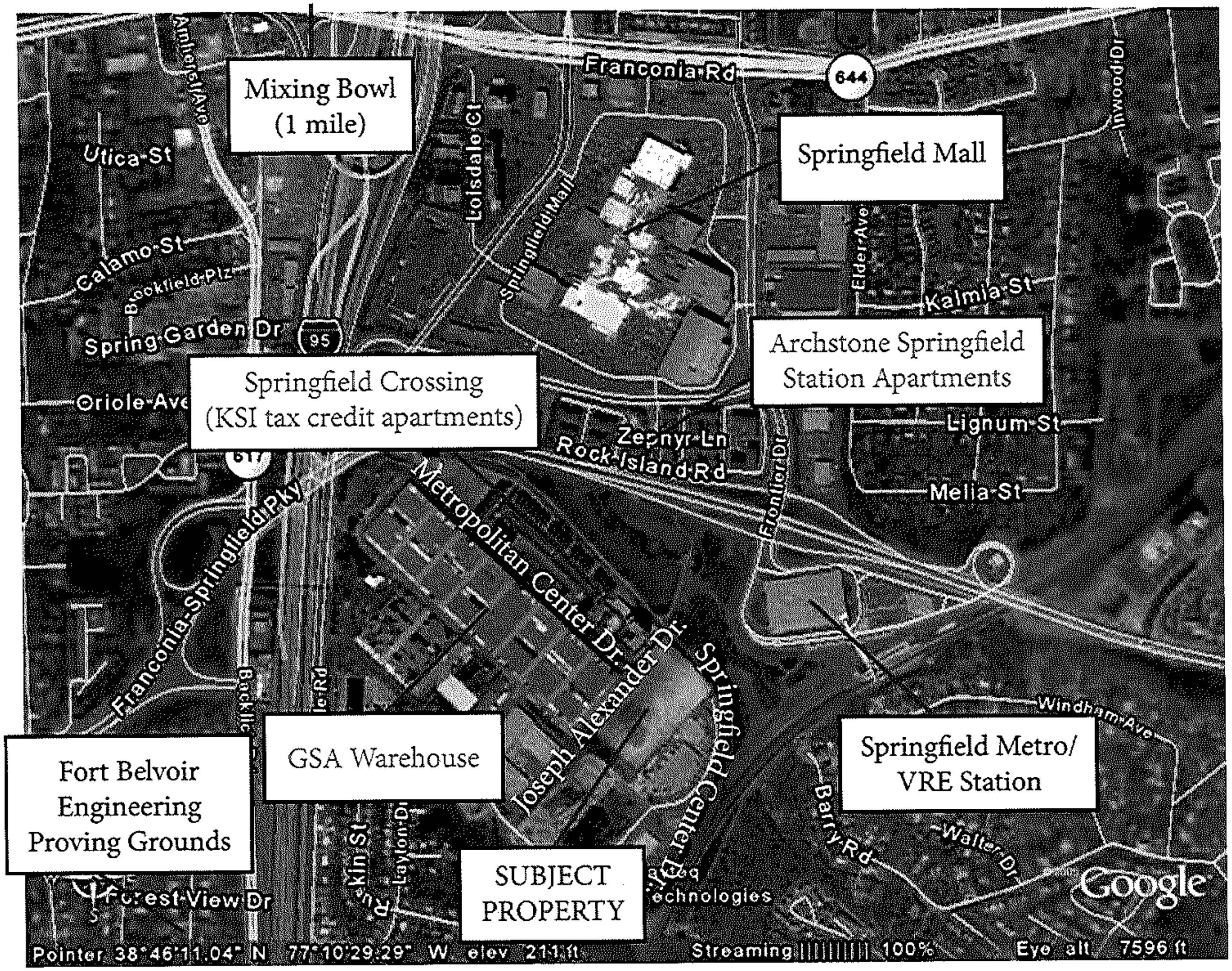
Neighborhood Map



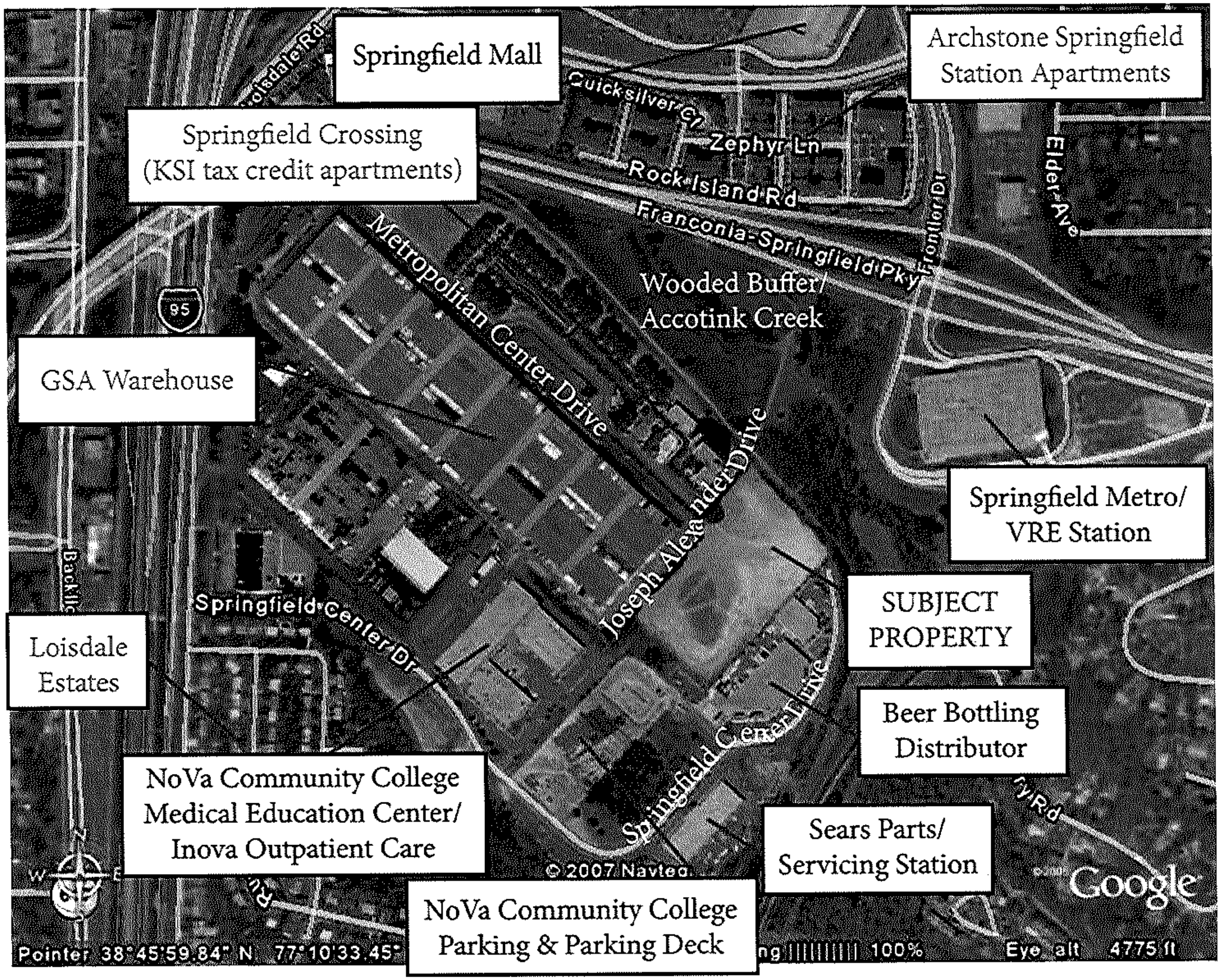
Wide Aerial


Springfield
springfield, va
495
395
Mixing Bowl
Springfield Mall
Franconia
644
West Springfield
Beulah St
Manchester Blvd
SUBJECT PROPERTY
Springfield Metro/ VRE Station
635
Fort Belvoir Engineering Proving Grounds
95
613
617
Fort Belvoir
Telegraph Rd
638
7100
Newington
611
Alban Rd
641
Image © 2007 Sanborn
© 2007 Navteq
© 2007 Europa Technologies
Google
Pointer 38°45'38.15" N 77°10'17.60" W elev 164 ft
Streaming |||||||||| 100%
Eye alt 27640 ft

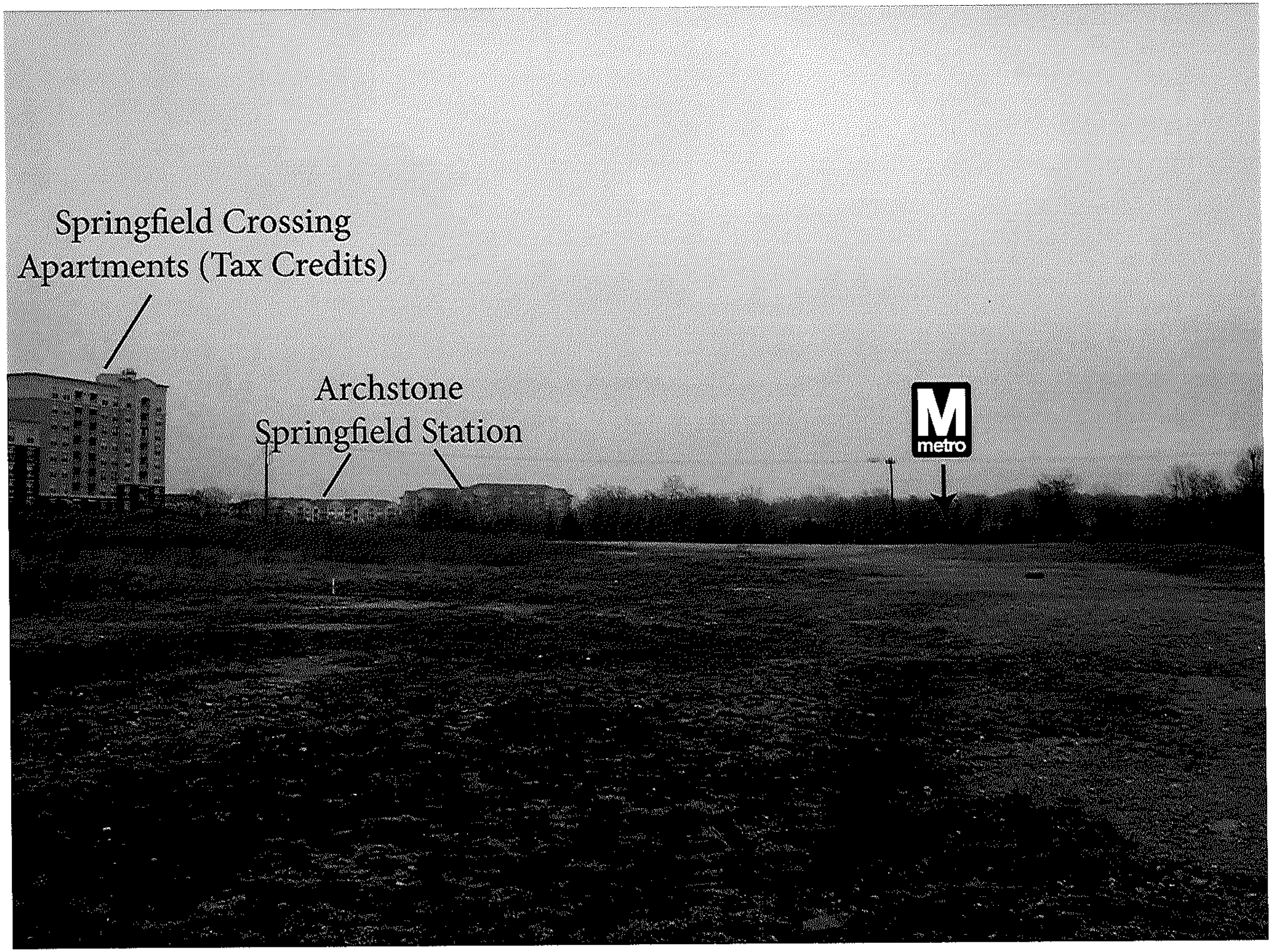
Narrow Aerial



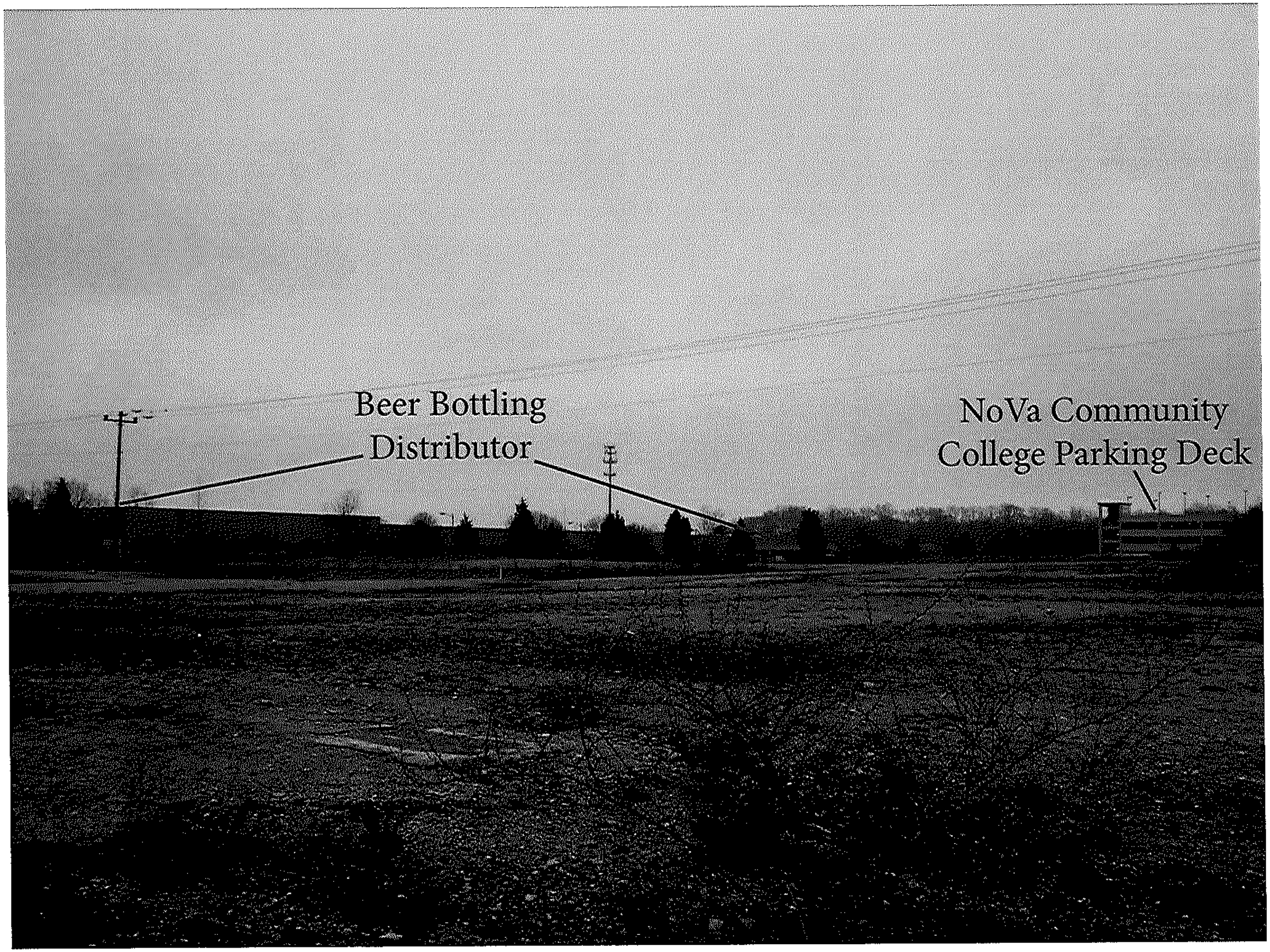
Neighborhood Aerial



Southeast to Northwest View



Northwest to Southeast View



North View (Metro)

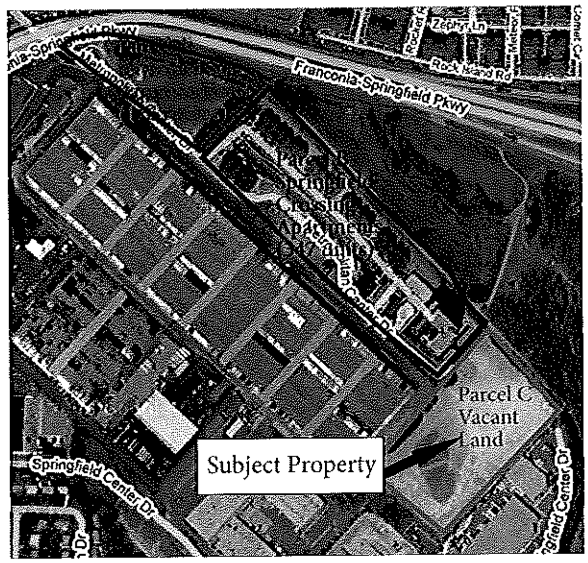
West View (GSA Warehouse)

North of Site (Pedestrian Path to Metro)

Micro Characteristics

History of Site

The subject site originally consisted of a larger parcel totaling approximately 25 acres owned by Gray Concrete that were subdivided a number of years ago. The site effectively included all of the area on the north side of Metropolitan Center drive from Loisdale Road to the subject site. The tax map highlights the pre-subdivided site. Parcel A now houses an Extended Stay America hotel, parcel now houses Springfield Crossing (apartment buildings) and parcel C is the subject property.



Gray Concrete used the site for a many years to manufacture and distribute hydro-conduit concrete pipes. According to KSI[2], the manufacturing was conducted on parcels A and B and parcel C (subject site) was used as a curing yard. Basically, Gray's process began at the northwest portion of the site and worked its way southeast; manufacturing would take place parcel A, the next step of the process was conducted on parcel B, and then the concrete pipes were moved to parcel C (subject site) to complete the curing process.

Existing Site Conditions

The site is effectively a rectangle, with the shorter ends on the north and south and the longer ends to the east and west. The Joseph Alexander Transportation Center (includes the Metro and VRE stations) is located to the north and the Springfield Station Apartments are located to the west. The existing topography is virtually clear and fairly level. There were no noticeable areas that had significant grade issues on the site. Environmental issues are addressed under Development Issues (Section V).

Physical Characteristics of the Land

The site is currently completely vacant and mostly consists of dirt and gravel (approximately 75%) in the middle with some small shrubs and grasses located on the outer perimeter. There are a number of mature trees located on north, east, south and southwest sides of the site. It would make sense to leave most of these trees in place since they cover views of the adjacent GSA storage depot and block views of the NOVA Community College parking deck and the Metro station. There are three telephone poles/lines that run west to east across the upper northern portion of the site.

On the north and northeast boundaries of the site, [part of site or no?] there is a natural buffer area between the Metro station and Fairfax County Parkway. There is a natural set

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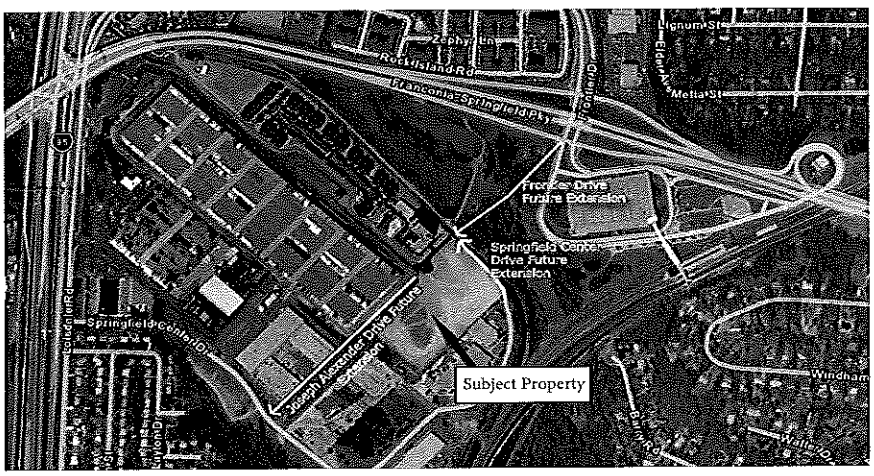
[2] KSI currently owns Springfied Crossing and formerly owned the site with the Extended Stay America hotel.

back of approximately 150 feet that includes trees and a rather steep gully where Accotink Creek passes through. This gully extends from the northwestern portion of the site to the northeastern portion and wraps around the east side of the site slightly, just east of Springfield Center Drive. This gully is also referred to as the storm water basin for the Joe Alexander Transportation center. There are also abandoned railroad track running arcos the north and eastern side of the site. The north side of the site has been marked by a surveyor for the future roadway access that will eventually link the site to Fairfax County Parkway. This is discussed in more detail in the following paragraph.

Ingress / Egress

Ingress and egress to and from the site is currently available via Metropolitan Drive, a street that dead-ends into the subject site. Metropolitan Drive, which is part of the subject property legal description, extends east/west from the site to Loisdale Road. There is a traffic signal at this intersection that is an interchange for I-95. The interchange allows traffic to exit from I-95, but no entry to the same. Access to the Fairfax County Parkway is not currently available directly from the site. The driver would have to turn north on Loisdale Road and right on Spring Mall Road (past the Springfield Mall) to get to the Parkway.



Springfield Center Drive also dead-ends on the east side of the property, adjacent to the beer bottling distributor. On this side of the site, the property is slightly elevated compared to the roadway. To gain access here, the site would have to be graded and smoothed. Springfield Center Drive is a small roadway that wraps around the neighborhood to the south of the beer bottling distributor and the NOVA Community College campus back to Loisdale Road. This road is projected to be extended to connect to Joseph Alexander Drive.

There is currently no access to the site from the north or south. Joseph Alexander Drive will be partially extended south of the GSA warehouse, but will dead end just before the INOVA / NoVa campus property line.

The County is currently in the planning stages of extending Frontier Drive across Fairfax County Parkway to the northwest side of the site, connecting to Joseph Alexander Drive. It will also provide for a turn lane to the Metro station. This will represent a substantial improvement to our site.

Macro Characteristics

Surrounding Property Uses

The area immediately surrounding the Property includes multiple uses. Immediate surrounding property uses include the Franconia-Springfield Metro station (Blue Line) to the northeast (with approximately 250 feet of tree line buffer), Springfield Crossing apartments to the northwest, the GSA Parr Warehouse to the west, Northern Virginia Community College / INOVA building and structured parking to the south, and a beer bottling distributor to the east and southeast.

Property Uses Immediately Surrounding Subject			
Property	**Location from Subject**	**Owner**	**Use**
Springfield Metro Station	Northeast	WMATA	Public Transportation (Rail)
Springfield Crossing	Northwest	KSI	347 Apartments
GSA Parr Warehouse	West	GSA	Presidential storage
NOVA / INOVA	South	INOVA	Community college / health care
Beer Distributor	East / Southeast	S and R LP	Beer bottling and distribution

Located at the southeast corner of the intersection of I-95, Fairfax County Parkway, and Backlick Road, the Property is situated in a former industrial park area. The "park" is bounded by Fairfax County Parkway to the north, I-95/Backlick Road to the west, Springfield Center Drive to the south and east, and vacant land owned by WMATA to the east and northeast. The general park area includes some light industrial uses, multi-family, and a handful of lots that have never been developed. Loisdale Estates, comprised mostly of single family houses and some townhouses, is located to the south of the park with additional residential properties on the east side of the WMATA property. In general, the park is fairly secluded, with many natural buffers as a result of undeveloped property.

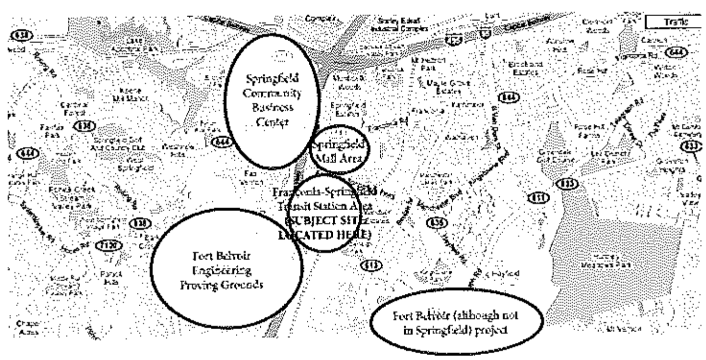
Other major landmarks include the Springfield Mall, located approximately one half mile north, and the Mixing Bowl, located two miles north. There is an INOVA medical center located approximately two miles east on Fairfax County Parkway. In addition to the mall, retail options are available east on Fairfax County Parkway at Kingstowne Village, a mixed-use area developed largely by the Halle Companies inclusive of a boulevard-type retail set up on either side of Fairfax County Parkway/Kingstowne Boulevard. There are a number of big box retailers and a Giant grocery store. Other primary retail options include Springfield Plaza, approximately three miles northeast off of Old Keene Mill Road, a very large retail center which includes a Giant grocery store, Kmart, Dress Barn, and dozens of other smaller shops.

Transportation Network

As described above, the area is characterized by its location at the confluence of three major roadways in Springfield including I-95, Fairfax County Parkway and Backlick Road. The Mixing Bowl is one of the busiest Interstate intersections in the country and is located to the north approximately one mile. Springfield boasts one of the best locations for access to primary and secondary roads than perhaps any other city in the region, although congestion can be quick significant at times. Secondary roads include Rt. 1, Backlick Road, Beulah Street Old Keen Mill Road / Franconia Road, Telegraph Road, and Rolling Road. All of these are heavily utilized roads by daily commuters.

Development Growth

As a result of its access to major regional roadways like I-395, I-495 and I-95, it has historically been an industrial center, and still is in some areas. It has largely been an area that has been increasingly populated by people immigrating to this country, dominated by Hispanics and Asians, as noted in the Economic profile in Section IV. Over the last 20-30 years, Springfield has suffered from being an area where people drive through on their way to work, or via one of the Interstates. Some of these trends are beginning to reverse. Notable redevelopment locations will occur around the Springfield Mall and various locations within Springfield as a result of BRAC.



Various areas in northern Springfield, primarily the area immediately southwest of the Mixing Bowl will be redeveloped including new retail and residential condos. As noted in Section IV, the Springfield Mall will be redeveloped into a high-end lifestyle center. The anticipated job growth and planned infrastructure improvements resulting BRAC will also have a positive impact on Springfield and cause substantial redevelopment. The two primary areas that will the area immediately around the subject property and the Belvoir Proving Grounds (located approximately 1.5 miles south of the property).

The Ft. Belvoir Proving Grounds is an 805-acre site will eventually include 1,500 multi-family houses, 85 single family houses[3], 3.6 million square feet of office and research buildings, 300,000 square feet of retail and 600,000 square feet of hotel and conference

[3] Housing will include both military and civilian.

facilities[4]. The site has some significant environmental issues on about 20% of it. Estimated timing for the bulk of the implementation is likely to be after 2011. Despite the timing, developers are looking at the area immediately surrounding the subject property and points south as a place for future office development. Some of these sites are already under contract, in anticipation of future office demand resulting from BRAC.

Strengths and Weaknesses of the Site

Strengths

The Site benefits from its proximity to public transportation (Metro and VRE station), access to primary roadways (I-95, I-395, I-495, and Fairfax County Parkway), proximity to shopping (Springfield Mall), and its setback from the road and relative seclusion with natural barriers.

Distance from Springfield Metro Apartments Site	
	Distance (Miles)
Springfield Metro	1/10 mile
Springfield Mall	1/2 mile
I-95	1/4 mile
Fairfax County Pkwy	1/4 mile
Mixing Bowl (I-395 / 95 / 495)	2 miles
Washington, DC	14 miles
Alexandria by Metro	11 minutes
Reagan National Airport by Metro	18 minutes
Arlington by Metro	20 minutes
Downtown DC by Metro	33 minutes
Source: Mapquest.com; WMATA	

The Site's location and adjacency to the Springfield Metro station is its single most beneficial attribute. This is very unique because it would be the closest residential building to this metro station and the closest multi-family rental property in Fairfax County. This is particularly unique due to the relatively remote location of this metro station as a result of geography and natural setback buffers. The metro station is surrounded by major roads, other land owned by WMATA, and train tracks, effectively lending itself almost exclusively to vehicular access. Future residents of this Site would be able to walk to the metro station, which is exceptionally rare for Fairfax County. The metro station provides access to Washington, DC and Maryland through its five interconnecting lines. By way of the Metro, Washington, DC is 33 minutes away, and Reagan National Airport is 18 minutes away.

Primary and secondary roadway access is very strong here. Located just southwest of the I-95 and Fairfax County Parkway interchange, and approximately two miles from the intersection of I-95, I-395 and I-495 (the Mixing Bowl), the Site provides immediate access to three of the region's primary interstates, which provide links to virtually every secondary and road in the region.

The Springfield Mall, currently the fifth largest mall in the Washington, DC region, located within short walking distance from the Project. The redevelopment of this mall will continue to attract higher income customers and become more of amenity to the immediate area. Other fine retail and dining options are very close available at Kingstowne Village, located just a few miles south off of the Fairfax County Parkway.

[4] There are a number of uses that are being analyzed right now including museums and even a military theme park. See Section IV for additional details above this area.

Despite its location next to a major Metro station and major highways, the Site's location provides a favorable amount of privacy as it is located on a dead-end street, setback from main streets and partially screened by trees on one side. Simultaneously, the site is visible from the Fairfax County Parkway. Although accessibility to the Site via Metropolitan Center Drive is somewhat cumbersome, this location allows for a good combination of setbacks and natural barriers conducive to a residential development.

Weaknesses
While the strengths of this Project are very compelling, there are some potential challenges it faces. Primary weaknesses to the Site include its accessibility, somewhat difficult pedestrian environment, proximity to industrial zones (private and government), overall traffic, and location relative to the mall and the Mixing Bowl.

Despite the relative privacy the Site provides via its natural barriers and setbacks from Fairfax County Parkway, the only access to the Site is from Metropolitan Center Drive (a dead end street). This road is essentially located just south of the intersection of Loisdale Road and I-95. Although there is a stop light at this intersection, it is potentially dangerous and very congested. It is very likely that Fairfax County will require enhancements to this intersection as a proffer. We have budgeted $1.5 million in total proffers. However, access will be significantly enhanced by the future Frontier Drive extension, immediately adjacent to the site. Once this occurs, access to the site will be available from the north and have direct links to Fairfax County Parkway and driving access to the Metro Station. The County is in the planning stages of this and will pay for the development of this extension.

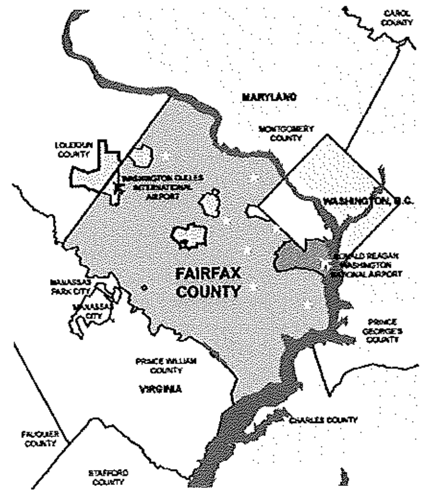
Due to Springfield's location at the seat of three of the region's primary highways, it is not surprising that it has historically been home to many industrial uses. There are a number of industrial uses surrounding the site including an adjacent GSA storage depot and Springfield Industrial Center located immediately south and west of the Site. Fleet Industrial Park is located just to the east of Springfield Metro with other light industrial sites located in the vicinity of the area. Industrial uses are typical detractors to residential, but this has become acceptable in Springfield, largely due to its location to major highways and Metro access.

Other potential weaknesses posing challenges include the stigma that seems to be attached to Springfield. Generally, Springfield is viewed as a secondary location as many of its buildings tend to be older, it has a higher concentration of industrial uses, the employment base consists of mostly retail jobs, there is a relatively higher concentration lower income minorities, among other issues, not the least of which include a comparatively higher crime rate and issues pertaining to the reconstruction of the Mixing Bowl.

IV - MARKET ANALYSIS

Economic Analysis

<u>Fairfax County, VA</u>



Population and Households
In many demographic and economic categories, Fairfax County boasts some of the strongest statistics in the Metropolitan Washington region. It is home to slightly more than one million people (2004 Census), or approximately 20% of the population in the region. Fairfax County continues to be one of the fastest growing counties in the country, largely due to the region's continued job creation year after year. Its population was 818,584 in 1990, 969,749 in 2000 and 1,003,157 people in 2004, according to the US Census, representing growth rates of 18.5% and 3.4%, respectively. From 1990 to 2000, the county has grown by 18.5%, representing an annual growth rate of 1.85 percent. At this rate, Fairfax is projected to have a population of approximately 1.15 million people by 2010.[5]

Approximately 51% of the county's population is includes people in the following age brackets: 18 and under (25.6%), and 45 to 64 (25.5%). The majority of the population includes working-aged people from 25 to 64, totaling 59 percent. Overall, the county has a fairly young population, with a median age of 37.6 in 2004. Approximately 70% of the population is white, with Asians and Hispanics accounting for 13% and 11%, respectively. Much of the growth in Fairfax has been dominated by the Hispanic and Asian populations, which have grown by a combined 62% over the last 10 years. Most notably, the Hispanic population has nearly doubled since 1990. As of 2000, approximately 25% of all residents in Fairfax County were born outside of the United States, illustration that it is an area favorable to immigrants seeking employment.

Fairfax County Demographic & Economic Summary (2004 Census)	
Population	1,003,057
Population Growth (1990-2000)	18.5%
Median Age	37.6
Households	368,475
% High School Graduates or higher	93.0%
% Bachelor's or higher	57.4%
Labor Force	564,270
Total Employment	577,000
Total Employment Growth (1990-2000)	24.4%
Unemployment Rate	2.7%
% Working in County (2000)	52.7%
Median Household Income	$88,133
Per Capita Income	$36,888
Home Ownership Rate	74.0%
Median Home Vale (2005)	$529,900
Source: US Census Bureau; MWCG, Washington Post, Virginia Employment Commission, Fairfax County Govt	

[5] All demographic data for Fairfax County is from the Census, unless otherwise noted. Please see Exhibit 2 for full set of demographic data.

As of 2004, there are an estimated 368,500 households in Fairfax County. The total number of households increased by 20% for the ten year period between 1990 and 2000, and an additional 5% during the following four years. There are more than 350,000 households, which will grow to 420,000 by 2010, assuming the same growth rate over the past 10 years. Much of this will likely come from sheer increases in the population as there do not seem to be any trends of growth resulting from a shrinking household size. Judging by patterns in the past, growth will be driven by two factors 1) migration as a result of job growth and 2) immigration. The median household size decreased by one basis point from 1990 to 2000 to 2.74, although the number of one-person households was the only categories to change with any significance, increasing by approximately 3%.

As of the 2004 Census, the median home value in Fairfax was $415,000, with a 74% home ownership rate. According to a recent study conducted by the Washington Post, median home values in Fairfax County are approximately $529,900 as of 2006.[2] There were also a total of 380,637 housing units, 73% of which were one-unit detached or one-unit attached structures. Fewer than 10% of the total housing units were multi-family buildings greater than 20 units. In 2000, the median rental rate was $998, compared to $834 documented by the 1990 Census.

Educational Attainment

Fairfax County has benefited from an increasingly educated population. From 1990 to 2000, people with college degrees and higher increased from 49.2% to 54.8%, respectively. As of 2004, it is estimated that 93% of the population have a high school or higher rate (national, PMSA and state levels are 80.3%, 86.7% and 81.5%, respectively). Additionally, 57.4% of the population has a bachelor's degrees or higher. This is compared with national, PMSA and state levels of 24.4%, 41.8% and 29.5%, respectively

Employment and Income

As an area experiences perennial employment growth, particularly in white-collar jobs, employment opportunities continue to make this area attractive for people seeking quality jobs. Fairfax currently has an employment base of 543,000 jobs, representing a growth of 49% over the last 15 years, or an average of 3.3% (18,400 jobs) per year (Census). Over the last 10 years, employment has grown by 39.6%, equating to an average of 4% (14,700 jobs) per year. Total employment is estimated to be 577,000 by MWCG, compared to estimates of 543,394 from the 2004 Census. Depending on how you look at it, Fairfax County represents approximately 15%-20% of the 60,000 to 80,000 jobs that are generated annually in the Washington region. Fairfax County has positioned itself as a substantial metropolitan area; now more than half (52.7%) of the residents work in Fairfax County. Much of the employment is concentrated in the management/professional and sales/office occupations, at 55.7% and 22.6%, respectively. Additionally, government jobs, including federal, state and local, comprise 21.6% of the employment.

Jurisdiction	2000	2005	2010	2015	2020	2025	2030
Central Jurisdictions	1,015,500	1,045,800	1,114,700	1,177,700	1,217,000	1,249,900	1,283,700
Inner Suburbs	1,427,800	1,498,000	1,662,000	1,782,000	1,903,500	2,017,400	2,118,900
Outer Suburbs	401,900	506,900	595,800	660,900	721,900	779,700	834,300
MSA Regional	**2,845,200**	**3,050,700**	**3,372,500**	**3,620,600**	**3,842,400**	**4,047,000**	**4,236,900**
Northern Virginia	1,128,000	1,238,900	1,415,700	1,550,000	1,676,900	1,789,500	1,890,300
Suburban Maryland	973,600	1,066,800	1,173,200	1,253,900	1,335,500	1,412,500	1,486,600
Fairfax County	577,000	600,500	683,900	729,600	774,500	814,200	844,600
% Annual Increase	--	4.1%	13.9%	6.7%	6.2%	5.1%	3.7%
% Increase (Cumulative)	--	4.1%	18.0%	24.6%	30.8%	35.9%	39.7%

Metropolitan Washington Council of Governments
Summary of Intermediate Employment Forecasts

Source: MWCG: Growth Trends to 2030: Cooperative Forecasting in the Washington Region. Fairfax County is part of the "Inner Suburbs" grouping.

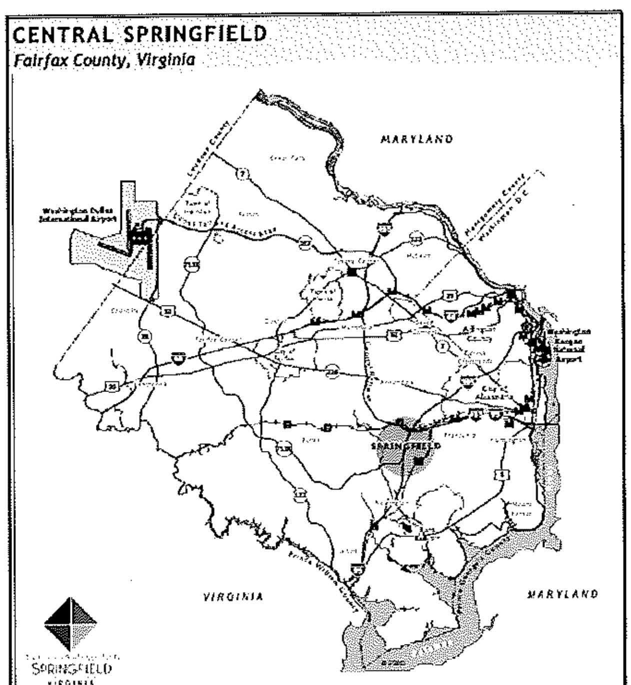
Regionally, the area as a whole is projected to continue its job creation through 2030. According to Metropolitan Washington Council of Governments (MWCG) projections, the region will have approximately 3.4 million and 3.6 million jobs by 2010 and 2015, respectively. Further, MWCG projects that regional employment will grow by a total of nearly 50% over the 2000 employment base, through 2030. Growth is estimated to be the greatest during the 2005 to 2010 time period, with an average of 64,000 new jobs created annually. It is interesting to note that this is slightly more than the total number of jobs created during the 2010 to 2015 time period. Of this growth, MWCG estimates that approximately two-thirds of employment growth will come from the services industries such as medical research, engineering, computer and data processing and other business services. As one would expect, the bulk of jobs will be located in the central jurisdictions and inner suburbs, although the outer suburbs are also projected to increase fairly rapidly. Generally, the suburbs will be the recipients of much of this growth. MWCG projections show that growth will be driven predominantly in Northern Virginia (68%), and will outpace growth rates in Maryland (53%) and DC (16%).[3]

Fairfax County is projected to lead the charge in terms of job growth in the inner suburbs, according to MWCG. According to MWCG, employment in Fairfax County is projected to increase by 24.6% from 2000 to 2015, or an average of 1.6% per year. Between 2000 and 2030, jobs in Fairfax County are projected to grow to more than 844,000, or 39.7% over the 2000 base. If MWCG projects are correct, then Fairfax County's employment will be slightly less than Washington, DC's by 2025.[4]

Top 10 Fairfax County Private Employers	
Employer	**Number of Employees**
INOVA Health Systems	10,000
Booz Allen Hamilton	7,000 – 8,000
Northrop Grumman	7,000 – 8,000
Science App. Intn'l	6,000 – 7,000
Sprint Nextel	4,000 – 5,000
Lockheed Martin	4,000 – 5,000
Freddie Mac	4,000 – 5,000
Ft. Belvoir	4,000
Computer Sciences Corp.	3,000 – 4,000
Navy Federal Credit Union	2,000 – 3,000

The county is heavily dependent on the Federal Government. Fairfax is traditionally one of the largest recipients of federal procurement spending; in 2004 alone, this spending totaled \$11.5 billion.[5] This represents approximately 23% of the total procurement spending for the region and approximately 37% of the total procurement spending in the state of Virginia.[6] [7] One of the largest employers in Fairfax is Fort Belvoir[8]. This will become even more significant as it was recently identified as a big winner of the most recent Base Realignment and Closure Act, where more than 22,000 military and civilian employees are estimated to be relocated to as a result of the consolidation from other bases. The top five private employers include INOVA Health System, Booz Allen Hamilton, Northrop Grumman, SAIC and Freddie Mac. Most notably, the defense industry in Fairfax is substantial; every major defense contractor has a presence here. Additionally, numerous Department of Defense agencies are located here including the National Reconnaissance Organization (NRO) and Central Intelligence (CIA) headquarters, among others.

With such a high concentration in white-collar professional jobs and government jobs, it is not surprising that Fairfax County boasts one of the nation's median incomes of \$81,050, representing a 36.2% growth rate over the past 10 years. As of 2000, more than 37% of all households in Fairfax made more than \$100,000, while 16.5% made more than \$150,000. As of 2004, it is estimated that a staggering 22% of residents now make more than \$150,000 annually, representing a very large increase from 4.5% in 1990. As of the 2004 Census estimate, per capita income in Fairfax County is slightly more than \$42,200. These compare to state levels for per capita and median household incomes of \$27,820 and \$51,689, respectively.



Springfield CDP, VA

Population and Households

The Springfield CDP's population consists of 30,262 as of the 2000 Census, representing an increase of 27.7% from the previous 10 years. There is no information available from the 2004 Census estimates on this level. Based on growth rates from the past 10 years, Springfield's population is projected to be slightly more than 38,600 by 2010.[6]

Somewhat mirroring trends in overall Fairfax County, the 18 and under and 45 to 64 age brackets represent the two largest age groups at 25.7% and 23.2%, respectively. Additionally, the 25 to 34 and 35 to 44 age brackets are also noteworthy, consisting of 16.2% and 18.0%, respectively. The median age is 36.2. In stark contrast to Fairfax County, Springfield's population consists of White (49%), Asian (21.7%) and Hispanic (16.7%). It is noteworthy to mention that the past 10 years have brought the following demographic changes: the White population has decreased by 20%, while the Hispanic and Asian populations have increased by 9.5% and 4.9%, respectively. In total, foreign born persons have increased from 26.5% to 37.1% from 1990 to 2000, according to the Census. Foreign born persons living in Springfield include 37.1%, approximately 12% higher than the rate in Fairfax County.

Springfield CDP Demographic & Economic Summary (2000 Census)	
Population	30,417
Population Growth (1990-2000)	28.3%
Median Age	36.2
Households	10,495
% High School Graduates or higher	83.3%
% Bachelor's or higher	37.9%
Labor Force	16,542
Total Employment	24,042
Total Employment Growth (1990-2000)	26.5%
Unemployment Rate (2000)	2.0%
% Working in County	48.7%
Median Household Income	$69,640
Per Capita Income	$27,807
Home Ownership Rate	71.1%
Median Home Vale (approx.) (2005)	$475,000
Source: US Census Bureau; Washington Post	

Springfield experienced a 22.7% growth in households from 1990 to 2000, at 8,551 growing to 10,495, respectively. Based on this rate of growth, Springfield is projected to have just less than 12,900 households by 2010. It is interesting to note that while the average household size grew from 2.79 to 2.88 (1990 to 2000 respectively), there was a collective 2.7% increase in households with six, seven or more people. These trends also mirror that of Fairfax County. With higher concentrations of Hispanic and Asian populations, this doesn't come as much of a surprise, given that these groups generally tend to have larger core families. As mentioned above, much of the household growth will likely result in the continued influx in Hispanic and Asian populations. This should bode well for higher density living quarters, particularly multi-family rental properties. Additionally, median home values in Springfield are $460,000 to $495,000 as of 2005, representing a sharp increase of 23% to 28% since 2004, according to a survey conducted by the Washington Post.

Educational Attainment

As of 2000, people with high school educations and higher totaled 83.3%. Educational attainment levels in Springfield are noticeably lower than Fairfax County; high school degrees are approximately on par with national and state levels, but slightly lower than

[6] All demographic data for Springfield CDP is from the Census, unless otherwise noted. Please see Exhibit 3 for full set of demographic data.

the PMSA. People with college degrees and higher totaled approximately 37.9% in 2000, which is also lower than the PMSA and Fairfax County levels, but notably higher than the national and state levels.

Employment and Income

While Springfield is not an area that has experienced explosive growth similar to that of Fairfax County as a whole, it is an area that enjoys growth, albeit at a slower rate. The current labor force is approximately 16,500 people strong. Employment here is largely comprised of smaller companies which includes a mix of services companies (title companies, legal, accounting, consulting and other business services), industrial-related employment, retail employment, and a number of family owned-businesses. Total employment is estimated to be 24,042, representing a growth rate of 26.5% over the last 10 years (1990 to 2000). According to the Census, approximately 49% of the population works in Fairfax County, 15% of which work in the city of Springfield. Springfield's daytime population is reported to increase by 8,270 people, due to commuting and employment[9]. The use of public transportation also seems to be on the rise here, with 7.7% of residents utilizing this as the primary means of traveling to work (2000). This represents an increase from 5.2% during the previous 10 years.

The top five occupations in Springfield are Professional/Management (15.9%), Education/Health/Social Services (14.4%), Public Administration (11.1%), Retail (9.9%), and Arts/Entertainment/Recreation/Food (9.4%). There is a particularly high concentration of strip malls and plazas located here, as well as a multitude of ethnic restaurants. Additionally, 'private wage and salary workers' dominate employment, comprising a total of 73.1%. Government workers total 20%. Notably, since 1990, there has been a 5.5% decrease in government workers, and a nearly exact increase in 'private wage and salary workers', further suggesting that employment outside of the government in Springfield is proving to be more favorable for residents. Some of the better known employers in Springfield include Calibre, Home Depot, Northern Virginia Community College, BB&T, Lockheed Martin, and Northrop Grumman. One of the largest employers is the 1.45 million square foot Springfield Mall.

Springfield sits at the seat of the Springfield Interchange, where I-95, I-395 and I-495 meets. This massive interchange has been undergoing major reconstruction over the past few years (see page 41), and is projected to be completed by 2007. Much of the commercial sector is located in close proximity to the interchange area (two miles north of the subject Site), with the bulk of the remaining space in Springfield primarily residential in character[10].

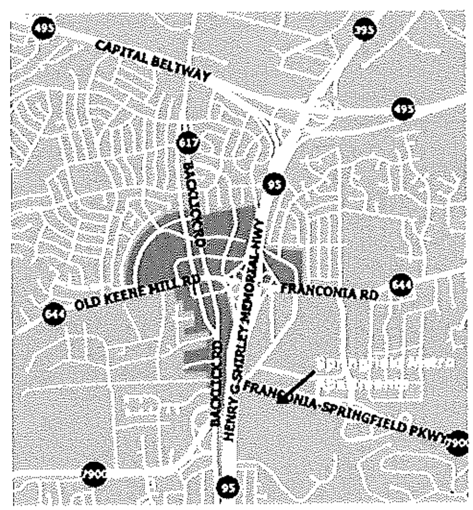
Springfield's median household income is slightly more than $69,640 as of the 2000 Census. This represents a growth rate of 36% from the level in 1990. Approximately 44% of all households here make more than $75,000 and 25.7% make more than $100,000. Per capita incomes are $27,800. These compare to state levels for per capita and median household incomes of $27,820 and $51,689, respectively.

Initiatives / Development Resources

Fairfax County Revitalization

Approximately eight years ago, the Fairfax County Board of Supervisors created five areas within Fairfax County identified as Commercial Revitalization Districts, one of which was the city of Springfield. Their mission was to:

- Encourage revitalization and redevelopment of the Springfield Community Business Center to create a more attractive commercially viable and functionally efficient business center and community focal point;
- Establish land use and urban patterns in the Springfield area that support mass transit;
- Protect stable residential neighborhoods;
- Establish and expand community reinvestment programs;
- Address long-term financing needs recognizing that additional tax revenues are generated by revitalization projects; and
- Recognize market conditions and emphasize the use of private sector resources and capital investment complimented by public investment.[11]



To accomplish this, Fairfax County and the city of Springfield has invoked a number of incentives available to companies and developers. Financial incentives include:

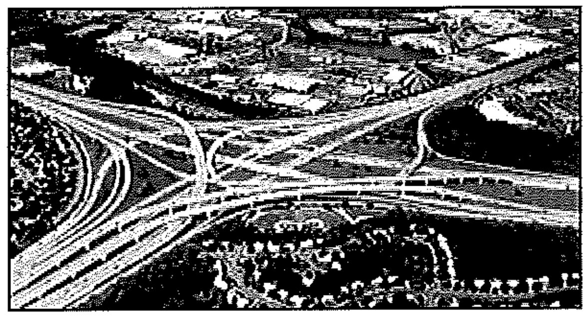
- *Investing in communities program* – favorable loan programs of up to $500,000 for various groups that benefit businesses, communities or areas. These are available for private, public or nonprofit companies.
- *Façade improvement programs* – used for the enhancement of building appearances and includes matching grants, free conceptual design work. Grants can also be used for landscaping, signage, and site access/design.
- *Tax exempt bond financing* – targeted for projects that require multimillion dollar financings. These are especially targeted for multifamily housing. Developers have the ability to pool multiple projects together under one bond issuance.
- *Real estate tax abatements* – is intended to promote older buildings values by 25% or more. Offers full abatements for increased value of 10-12 years. There are no square footage limitations and tax abatements are transferable. Buildings must be a minimum of 20 years old (25 years for multi family).
- *Flexible zoning provisions* – allows for the potential reduction of 20% of commercial parking requirement, increase of building heights for specific zones, and lighter landscaping and screening requirements.
- *Expedited zoning review process* – provides for a quicker review process.

- *Other development flexibility and revitalization incentives* – allows for a modification of the processing for new construction and building additions, and an overall speedier approval process.

Specifically, Springfield has identified four general areas where it is attempting to achieve revitalization. All of these are areas that are located a few miles west of the property.[12]

Springfield Interchange Project

One of the most significant initiative programs currently underway in Springfield is the Springfield Interchange Project. As mentioned previously, Springfield is home to the infamous Mixing Bowl, more officially know as the Springfield Interchange Project, where I-95, 395 and 495 intersect. According to Virginia Department of Transportation's website, there are more than 430,000 vehicles that pass through this interchange on a daily basis[13]. The project is a major undertaking. It began in 1999 and is projected to take will take eight years to complete (2007). It includes the widening I-95 to 24 lanes between the Beltway and Franconia Road, and will consist of more than 50 bridges.



This has historically been one of the most dangerous intersections in the county, which is the primary rational for undertaking a project of this magnitude. The cost is projected to total more than $676 million. When completed, it will offer safer traffic patterns, and will be able to handle the more than 500,000 vehicles that are project to utilize the interchange daily. Ultimately, Springfield believes that this project, when completed, will help to encourage more economic development in the area.

Springfield Mall

The 1.4 million square foot Springfield Mall is the fifth largest mall in the Washington, DC region and is located approximately one quarter mile north of the subject property. It was originally built in 1972 and has been suffering from negative trends over the past five plus years. Negative trends include an increase in violence in the parking lots ranging from thefts to rape and even murder. With anchors that include Macy's, Target, JC Penney, Sports Authority, and AMC Theatres, the mall does not presently have an upscale appeal to it. Despite these traits, the mall has done well as a result of its location, in close proximity to the Mixing Bowl and the Springfield Metro station.[14]

A few years ago, Vornado contracted to acquire the mall. The existing partnership is owned by a family that developed the mall more than 30 years ago. The sale will be postponed, reportedly for tax reasons, since one of the partners is very old and sick. Upon the completion of the sale, Vornado plans to convert this area into what they are calling Town Center at Springfield, which will be centered around the mall. The mall will be increased to 1.9 million square feet and will be re-tenanted with higher-end retailers. The concept will be that of a lifestyle center with a more pedestrian friendly streetscape, multiple upgrades and increased security. Senior figures at Vornado cited the projected density and substantial growth in household income in Springfield as a primary reason for investment here.[15]

Fort Belvoir / BRAC

The Base Realignment and Closure Act (BRAC) 2005 will have a substantial positive effect on Ft. Belvoir as it relates to the creation of new jobs. According to Jones Lang LaSalle's Federal Services leasing team, approximately 22,000 military and civilian employees are planned to relocated to Ft. Belvoir by 2011. This does not include the contractor "tail" that generally follows. The ratio can be as high as three contractor jobs to every one department of defense job, which could result in a substantial increase. Jobs will largely result from a consolidation of other facilities throughout the region.

The presence from Ft. Belvoir's existing activities is already significant, which major contractors and federal agencies located here. Major federal agencies located in Springfield include:

- Central Intelligence Agency
- Patent & Trademark Office
- US State Department
- Department of Homeland Security / US Customs
- Franconia Warehouse Tenant[7]

Contractors already located in the area include more than 14 major companies, all of which occupy more than 100,000 square feet and total more than five million square feet of office space:

- Lockheed Martin
- Boeing
- SAIC
- SRA International
- Raytheon
- Gray Hawk
- CACI
- Northrop Grumman
- Anteon
- AES Corporation
- Systems Planning & Analysis
- Computer Sciences Corporation
- General Dynamics
- Booz Allen Hamilton

[7] Also known as the GSA Parr Warehouse, located adjacent to subject property.

Significant investments will be made in the area including approximately $4 billion invested on the base and major infrastructure upgrades, particularly roads. Housing on the base is at capacity, and typically military personnel are transferred to an area for a period of a few years or less. As a result, the need for rental housing will increase once BRAC begins to be implemented.

As part of this realignment, the Ft. Belvoir Engineering Proving Grounds (EPG) will play a major role. EPG is located a few miles south of the Property southwest of the I-95 and Fairfax County Parkway intersection. Approximately 18,000 of the 22,000 workers transferred to Ft. Belvoir are scheduled to be located on the EPG.[16] The EPG is an 805-acre site will eventually include 1,500 multi-family houses, 85 single family houses[8], 3.6 million square feet of office and research buildings, 300,000 square feet of retail and 600,000 square feet of hotel and conference facilities[9]. The site has some significant environmental issues on about 20% of it. BRAC recommendations required for implementation to occur between 2006 and 2011. At this time, federal funds have not been appropriated, developers have not been selected and construction has not commenced. Thus, it is very unlikely that any of this development will be in place before 2011.

[8] Housing will include both military and civilian.

[9] There are a number of uses that are being analyzed right now including museums and even a military theme park.

Demand Analysis

We have projected the potential demand for housing in Fairfax County and Springfield CDP to determine the subject Site's ability to absorb its proposed units. We have utilized a traditional demand model that enables us to project demand and the Site's potential capture of demand on a fair share and induced basis. The fair share capture ratio is the existing share of total housing units in Springfield CDP as a percentage of the units in Fairfax County. The induced capture ratio is based on the Springfield CDP share of total household growth in Fairfax County. Both of these are based off of the 2000 Census. From this analysis, we are able to project Springfield's capture rate of the total household growth projected in Fairfax County. Please see Exhibit 1 for details of the entire demand analysis. A summary of the outcome from the analysis follows.

Estimated Site Capture of New Housing through 2010 (Rental Units only)

	Total New Units, 2010			
Area	Fair Share	Annual Average	Induced	Annual Average
Springfield CDP				
Demand for New Housing Attributable to HH Growth:	576	58	3,840	384
Plus Assumed Turnover Factor @ 15%:	86	9	576	58
Springfield CPD Total, 2000-2010	**662**	**66**	**4,416**	**442**
Springfield Metro Apartments New Housing Units				
Estimated Site Capture at 20%	**132**	13	**883**	88
Estimated Site Capture at 30%	**199**	20	**1,325**	132

Sources: US Census 2000, projections by Jim Gladden

We have based our projections of household growth in Fairfax County and Springfield CDP on the growth rate from 1990 to 2000, and applied that same growth rate to the subsequent 10 years until 2010. As of the 2000 Census, Springfield CDP represents 3% of the total households in Fairfax County (the fair share rate). Household growth for Fairfax County was 20% between 1990 and 2000 (the induced rate). Household data was obtained from the Census and was broken down as follows: 1) owner occupied housing vs. renter occupied housing, and 2) unit type (single unit detached up to 50+ unit buildings). Growth of the total market was projected for each of these individual categories, grouped by owner and occupied status, and the fair share and induced capture rates were applied to each. This result gave us the total projected demand by owner/renter and by unit type specific to Springfield CDP. We then applied the respective capture rates to the total projected housing demand in Springfield to determine how much of the total our site could expect to obtain or capture. For this analysis, we are only focusing on the projected demand for rental units.

The difficulty with this projection is that while Springfield is a relatively small percentage of Fairfax County's (3%), its induced or fare share of Fairfax County's household growth rate (1990-2000) is very large at 20%. Thus, the outcomes of the two capture rates differ fairly dramatically. Our analysis determined that there will be demand for 530 rental units under the fair share capture and 4,416 rental units under the induced capture rate, between 2000 and 2010. Both of these assume a 15% turnover factor. Given the very large variance in the range of projected rental unit demand from 530 to 4,416, it is difficult to determine what the actual growth rate would be.

Archstone Springfield Station Lease Up
We were fortunate to collect very detailed information from the property management office for one of the more recent, and directly competitive projects in this market: Archstone Springfield Station (631 units). Upon delivery in June 1999, the building was 83% leased. By August 2000, there were only four vacant units, representing a 99% occupancy rate in just a year's time. The lease up of this project coupled with market vacancy rates hovering around 4% suggest that there is still substantial pent up demand for apartments in Springfield. From this data, coupled with data we have gathered from the rest of the apartment, we are able to reasonably conclude that this market is growing faster than the fair share capture rate of 3%.

As a base case, we estimated that the proposed subject project of 474 units (Springfield Metro Apartments) would account for an approximate 27% increase in the supply of existing apartment inventory.[10] Thus, using the induced figure of 4,416 rental household units, Springfield Metro Apartments is projected to capture as many as 530 units of the total demand between 2000 and 2010. This equals approximately 53 units per year, which is slightly less than the average number of units per year that Springfield Crossing achieved to reach stabilization (95%) over its five-year period. It should be further noted that Springfield Crossing delivered at a time when home ownerships rates were rising and the for-sale market was at an all time high. Even when taking into account that the projection is for 2000 to 2010, and one half of that time has expired already, the induced rate shows us that there is plenty of demand in Springfield to support a 474 unit building. Given that the subject Property would be the closest property located to the Springfield Metro station, we believe that a 20%-30% capture rate to be on target.

It should be noted that none of the above information accounts for the increase of 22,000 jobs at Fort Belvoir in the next four years.

[10] Total existing apartment inventory is that is directly competitive to the subject Property is 1,269 units (See section Competitive Analysis section below for details). When adding the proposed subject property's 475 units to this, the total unit inventory would be 1,744. Thus, using a fare share analysis, Springfield Metro Apartments would account for approximately 27% of the total projected unit inventory.

Apartment Market Analysis

Southeastern Fairfax County Market

Springfield is located in the Southeastern Fairfax County Market, according to REIS. The borders of this market include the Potomac River, Capital Beltway, Fairfax boundary, and Henry Shirley Memorial Hwy. The overall market, Class A, B and C, includes approximately 13,500 units, with a vacancy rate of 4.0%. The average asking rent, for all space is $1,219 per unit. According to REIS, net absorption for the year 2006 was 27 units.

The Class A market includes 5,912 units. As of the third quarter, there were just 261 vacant units, equating to a Class A vacancy rate of 4.4% and the average asking rent is $1,380 per unit. Historically, this market has performed very well; the five and 10-year vacancy rates are 4.5% and 3.7%, respectively. Net absorption in the last few years has been fairly light for two reasons. First, existing vacancy has been exceptionally low and there has been no new construction since 2003, so there is simply very little stock available to absorb. Second, the for-sale housing market has been the focus of many consumers over the past five years, which had an impact on the rental market. Despite this, vacancy rates remain well below 5%. In the last 10 years, vacancy has never been higher than 6% and only been above 5% (year-end) twice in 2003 and 2004.

SE Fairfax County - Class A Apartment Statistics

Year	Inventory (SF/Units)	Completions	Vacancy %	Net Absorption	Asking Rent $	Asking Rent % Chg	Gr Rev / Unit $
1995	4,388	0	2.7%	-9	$879	-0.5%	$855
1996	4,748	360	2.8%	347	$916	4.2%	$891
1997	4,748	0	2.3%	24	$930	1.5%	$909
1998	4,748	0	4.0%	-81	$968	4.1%	$929
1999	5,379	631	1.5%	739	$1,034	6.8%	$1,018
2000	5,627	248	1.7%	231	$1,111	7.4%	$1,092
2002	5,627	0	4.5%	3	$1,234	11.1%	$1,179
2003	5,912	285	5.5%	214	$1,283	4.0%	$1,213
2004	5,912	0	5.9%	-23	$1,314	2.4%	$1,237
2005	5,912	0	4.9%	60	$1,368	4.1%	$1,302
2006 Q1	5,912	0	5.6%	-45	$1,352	-1.2%	$1,276
2006 Q2	5,912	0	5.1%	32	$1,352	0.0%	$1,283
2006 Q3	**5,912**	**0**	**4.4%**	**39**	**$1,380**	**2.1%**	**$1,319**
5-Yr Avg.	28,990	533	4.5%	97		4.6%	
10-Yr Avg.	53,001	1,524	3.7%	151		5.6%	

Source: www.reis.com

Supply Pipeline

The last multi-family project to deliver in Springfield was KSI's Springfield Crossing (located adjacent to the subject property), totaling 347 units. This property was financed with 100% tax credits, and is subject to income ceilings and floors for at least 15 years. So, we have not considered this as competition.

According to Fairfax County records, the only proposed multi-family projects in Springfield are at the EPG. As previously stated, the total number of units there is stated to be upwards of 1,500 units. However, the breakdown of for sale and rental, and military and civilian housing has not yet been determined.

The Springfield master plan calls for high and medium density multi-family dwellings in the subject business park. Much of this land is presently occupied by industrial users or other businesses. There is presently nothing on record at the county that would suggest a developer is planning to build units here, but it will eventually happen over time.

The only other pipeline project in Springfield worth mentioning is Midtown Springfield, the KSI planned mixed use project inclusive of 800-condo units. This project is located approximately four miles north of the site. It is currently in the planning stages and would likely deliver at about the same time as the subject property.

Competitive Analysis

We have profiled every apartment project (there are nine in total) in Springfield and provided detailed information in the following pages. Our analysis has indicated that four of these will compete with the subject Property, but only one of them will directly compete. The chart below summarizes only the projects that we believe to be in competition (directly and indirectly) with the subject Site.

Competitive Property Summary
(Direct and Indirect Competition Only)

Project Name	Total Units	Current Occup.	Year Built	Unit Types	Rent Range / SF			Dist From Subject	Competitive
Subject (Projected)	**474**	**--**	**--**	**1BR, 2BR, 3BR**	**$1.47**	**-**	**$2.26**	**--**	**--**
Archstone Springfield Station	631	93.7%	1998 / 2000	EFF, 1BR, 2BR, 3BR	$1.40	-	$2.18	1/8 mile	Directly
The Elms at Kingstowne	294	98.0%	1988	1BR, 2BR	$1.46	-	$1.76	2.1 miles	Indirectly
Van Metre Saratoga Sq.	100	100.0%	1988	1BR, 2BR, TH	$1.54	-	$1.66	4.7 miles	Indirectly
West Springfield Terrace	244	98.0%	1978 / 2005	1BR, 2BR, 3BR	$1.30	-	$1.52	3.5 miles	Indirectly
TOTALS / AVERAGE	**1,269**	**96.0%**	**1990**		**$1.30**	**-**	**$2.18**		

Note: The subject site rent range is based on 2008 numbers, which are projected to grow 5% annually.

Source: Jim Gladden, based on interviews with property management companies.

Of the five communities that are summarized above, there are a total of 1,269 apartment units that directly or indirectly compete with our proposed project. Archstone's Springfield Station is the project that was given the most weight, since the subject Property is anticipated to be very similar in terms of construction, interior finishes, amenity base and location. KSI's Springfield Crossing (adjacent to subject) was not included due to the income restrictions as a result of the tax credit financing. However, its construction and amenities would be comparable.

Discussions with property management companies at the various communities yielded very positive results. The lowest occupancy rate in all of these communities was noted to be 93.7% (Archstone), and every one stated that occupancy has been at or in excess of 95% for the past five years. This same survey was conducted approximately nine months ago, and we were able to determine that rents have increased in all of these properties from 10% to 15%. Across the board, concessions are virtually nonexistent.

Direct Competition

Archstone's Springfield Station represents the real direct competition for Springfield Metro Apartments. Thus, we have used the Archstone property as the most directly comparable to our proposed project. Springfield Station is truly a Class A project on all levels, and is the single nicest apartment community in Springfield with a full array of amenities and options for covered parking and storage. The units have high quality finishes and amenities include a lounge/entertainment room, fitness center, and business center. It is a gaited community to controlled access for residents. Additionally, it is within walking distance to the Springfield Metro station and the Springfield Mall.

Springfield Station Detailed Unit Mix

# Units	Type	SF Range			Rent Range			Rent / SF		
1	EFF	550	-	550	$1,200	-	$1,200	$2.18	-	$2.18
333	1 BR	632	-	800	$1,360	-	$1,457	$2.15	-	$1.82
36	1 BR / DL	820	-	869	$1,605	-	$1,655	$1.96	-	$1.90
215	2 BR	1,043	-	1,300	$1,700	-	$1,860	$1.63	-	$1.43
23	2 BR / DL	1,293	-	1,293	$1,810		$1,810	$1.40	-	$1.40
24	3 BR	1,319	-	1,319	$1,985	-	$1,985	$1.50	-	$1.50

These rents are based on 2008 levels / projections. We have assumed that this will grow at 5% annually. The current average rent per square foot is assumed to be $1.85. Thus, when the first units are rented, the rental rate will be $2.14 per square foot (average).

The average unit size and rent per square foot is 923 square feet and $1.72, respectively. All of the utilities are paid for by the tenants. Approximately 58% of the units have one bedroom, 38% have two bedrooms and 4% have three bedrooms. According to property management, tenants are required to have household incomes of two to three times the rent amount to qualify. Most households at the property were reported to have incomes in excess of $40,000 per year.

Conversations with property management indicated that the property is currently 93.7% leased, its lowest level since it was built in 1999. The management office stated that this decrease happened almost entirely in the month of January 2007. Before this time, this building had never been below 95% since it stabilized from construction in 1999. The lower current occupancy rate is attributable to the fact that these tenants have higher incomes than many of the other properties in Springfield, and many tenants have recently pursued purchasing a house, in light of the decrease experienced in the for sale properties. Despite the recent decrease in occupancy, rental rates at this property have increased 8%-12% in the last nine months, when this survey was initially conducted.

This project has been very successful, despite the recent increase in vacancy. It is by far the top of the line in Springfield in terms of quality and amenities, and also boasts the highest in Springfield. In addition to the high quality nature of this project, it is located within walking distance to Springfield Mall and the Springfield Metro station, which is more of an "Arlington-type attribute" and very rare in Fairfax County.

COMPETITIVE PROPERTY PROFILE #1

Property Name:	**ARCHSTONE SPRINGFIELD STATION**
Address:	6802 Junction Blvd
City / State:	Springfield, VA
Owner:	Archtone-Smith
Approx Size (SF):	582,648
Size (Units):	632
# of Buildings:	11
Type:	Garden / Mid Rise
Floors:	4-8
Year Built:	1999
Class:	A
Occupancy:	93.70%
Parking Type:	Surface
Parking Cost:	Garage ($150), Covered ($95)
Competitive:	Yes, Directly
Subsidized Units:	None
Concessions:	5% off all vacant units (short-term concession)

Building Amenities

Clubhouse	√
Laundry	In Unit
Fitness Center	√
Business Center	√
Pool(s)	√
High Speed Internet	√
Controlled Access	√
Basketball / Tennis	√
Playground	√
On-site Mgnt	√
On-site Maint.	√
Lounge	√
Storage	√

Add'l Tenant Utility Costs:

Water / Sewer	Tenant
Trash	Tenant $5
Electricity	Tenant
Heat / AC	Tenant
Cable / Phone / Intern	Tenant

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	N/A
W-W Carpet	√
Disposal	√
A/C	√
Cable	√
Furnished Avail	√
Dishwasher	√
Short Term Lease	6, 12 mos
Pets	Cat
Fireplace	

UNIT MIX

# Units	Type	SF Range			Rent Range			Rent / SF		
1	EFF	550	-	550	$1,200	-	$1,200	$2.18	-	$2.18
333	1 BR	632	-	800	$1,360	-	$1,457	$2.15	-	$1.82
36	1 BR / DL	820	-	869	$1,605	-	$1,655	$1.96	-	$1.90
215	2 BR	1,043	-	1,300	$1,700	-	$1,860	$1.63	-	$1.43
23	2 BR / DL	1,293	-	1,293	$1,810		$1,810	$1.40	-	$1.40
24	3 BR	1,319	-	1,319	$1,985	-	$1,985	$1.50	-	$1.50
632										

Distance:

Subject:	1/8 mile
Metro:	1/8 mile
Bus:	On site
VRE:	1.0 mile

Avg Unit Size (SF): 922
Avg Rent / (SF): $1.72

Notes:
-Directly across the street, walking distance from Springfield Mall.
-Gaited community with controlled access. Units and buildings almost identical to Springfield Crossing across the street.
-No immediate shopping besides the mall, 1 mile from Kingstowne, a retail center.
-97-98% historical occupancy until Jan 07. PM cited many residents purchasing houses.
-Typically, requires 2-3X income to qualify for rental; most tenants at or above $40,000 annual.
-Was 83% leased at the time of delivery in June 99. In January 2000 there were 4 vacant units and August 2000 there were 0 vacant units (according REIS).
-Garden Bldgs: 6 units per floor x 4 floors (1, 2 or 3 BR units)
-Tower Bldgs: 15 units per floor x 6 floors (1 & 2 units only)

703-313-4450
www.rentnet.com

COMPETITIVE PROPERTY PROFILE #2

Property Name:	THE ELMS AT KINGSTOWNE
Address:	6008 Rock Cliff Ln
City / State:	Kingstowne, VA
Owner:	Legend Management
Approx Size (SF):	293,887
Size (Units):	294
# of Buildings:	12
Type:	Garden
Floors:	3
Year Built:	1988
Class:	B
Occupancy:	98.00%
Parking Type:	Surface, unreserved
Parking Cost:	None
Competitive:	Yes, but not directly
Subsidized Units:	100% Market
Concessions:	$500 off 1st month for 2BR / 2BA (select only)

Building Amenities

Clubhouse	√
Laundry	
Fitness Center	√
Business Center	
Pool(s)	√
High Speed Internet	
Controlled Access	
Basketball / Tennis	√
Playground	√
On-site Mgnt	
On-site Maint.	
Lounge	
Storage	

Add'l Tenant Utility Costs:

Water / Sewer	Included
Trash	Tenant $10
Electricity	Tenant
Heat / AC	Electric
Cable / Phone / Internet	Tenant

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	
W-W Carpet	√
Disposal	√
A/C	√
Cable	√
Furnished Avail	
Dishwasher	√
Short Term Lease	√
Pets	
Fireplace	√

UNIT MIX

# Units	Type	SF Range			Rent Range			Rent / SF		
47	1 BR	788	-	788	$1,350	-	$1,385	$1.71	-	$1.76
13	1 BR / L	987	-	987	$1,554	-	$1,564	$1.57	-	$1.58
68	2 BR	920	-	920	$1,479	-	$1,529	$1.61	-	$1.66
28	2 BR / L	1,148	-	1,148	$1,714	-	$1,739	$1.49	-	$1.51
69	2 BR / 2 BA	1,017	-	1,017	$1,569	-	$1,629	$1.54	-	$1.60
69	2 BR/2 BA/SR	1,147	-	1,147	$1,679	-	$1,729	$1.46	-	$1.51
294										

Distance:

Subject:	2.1 mi.
Metro:	2.1 mi.
Bus:	On site
VRE:	0.8 mi.

Avg Unit Size (SF): 1,000
Avg Rent / (SF): $1.58

Notes:
-8-10% vacancy in 2005. 5-6% vacancy over last three years.
-Increased vacancy last year due to military deployments, raised rents, and condo conversions luring renters.
-Rent can't exceed more than 1/3 of gross income.
-Adjacent to large established townhouse development.
-Apprixmately one mile from Kingstown Village, a major retail center.
-Has views of a very large power grid, electric lines, towers, directly across the street.

703-922-6336
www.rent.com
Map# 23

COMPETITIVE PROPERTY PROFILE #3

Property Name:	**VAN METRE SARATOGA SQUARE**
Address:	7816 Rolling View Ln.
City / State:	Springfield, VA
Owner:	Van Metre
Approx Size (SF):	95,904
Size (Units):	100
# of Buildings:	6
Type:	Garden / TH
Floors:	6
Year Built:	1988 / 2005
Class:	B+ / A-
Occupancy:	100.00%
Parking Type:	Surface, reserved; 2BR's get 2 & 1BR's get 1
Parking Cost:	None
Competitive:	Yes, but not directly
Subsidized Units:	100% Market
Concessions:	None; Hasn't had any in 7 months

Building Amenities

Clubhouse	√
Laundry	In Unit
Fitness Center	√
Business Center	√
Pool(s)	√
High Speed Internet	√
Controlled Access	√
Basketball / Tennis	√
Playground	√
On-site Mgnt	√
On-site Maint.	√
Lounge	√
Storage	

Add'l Tenant Utility Costs:

Water / Sewer	Tenant pays water
Trash	Inlcuded
Electricity	Tenant
Heat / AC	Electric
Cable / Phone / Internet	Tenant

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	√
W-W Carpet	√
Disposal	√
A/C	√
Cable	√
Furnished Avail	√
Dishwasher	√
Short Term Lease	√
Pets	Cat/Dog
Fireplace	√

UNIT MIX

# Units	Type	SF Range	Rent Range	Rent / SF
22	1 BR	844 - 844	$1,405 - $1,405	$1.66 - $1.66
56	2 BR	980 - 1,012	$1,555 - $1,555	$1.59 - $1.54
22	TH	980 - 980	$1,555 - $1,555	$1.59 - $1.59
100				

Distance:

Subject:	4.7 mi.
Metro:	4.7 mi.
Bus:	Walk Dist
VRE:	2.5 mi.

Avg Unit Size (SF): 959
Avg Rent / (SF): $1.59

Notes:
-Approximately 95% occupancy over the last three years. Has never been below 95%.
-Located just south of the Belvoir Proving Grounds site.
-Located in midst of SFR neighborhood.
-Located across the street from an older Class B office/retail/industrial center.
-15% military, 5% military retired, 5% retirees, 30% corporate (LMC, etc). Small discount for tenants who work for preferred companies.
-$5M renovation in June 2005 including windows, doors, heat pumps and pavement.

Map# 28
703-455-1100
www.apartments.com

COMPETITIVE PROPERTY PROFILE #4

Property Name:	**WEST SPRINGFIELD TERRACE**
Address:	8525 Burling Wood Drive
City / State:	Springfield, VA
Owner:	Home Properties
Approx Size (SF):	251,586
Size (Units):	244
# of Buildings:	8
Type:	Garden
Floors:	4
Year Built:	1978 / 2005
Class:	B
Occupancy:	98.00%
Parking Type:	Surface, unreserved
Parking Cost:	
Competitive:	Yes, but not directly
Subsidized Units:	
Concessions:	

Add'l Tenant Utility Costs:

Water / Sewer
Trash
Electricity
Heat / AC
Cable / Phone / Internet

Building Amenities

Clubhouse	√
Laundry	In Unit
Fitness Center	√
Business Center	
Pool(s)	√
High Speed Internet	
Controlled Access	√
Basketball / Tennis	√
Playground	√
On-site Mgnt	
On-site Maint.	
Lounge	
Storage	

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	
W-W Carpet	√
Disposal	√
A/C	√
Cable	√
Furnished Avail	√
Dishwasher	√
Short Term Lease	√
Pets	Cat/Dog
Fireplace	

UNIT MIX

# Units	Type	SF Range	Rent Range	Rent / SF
74	1 BR	802 - 916	$1,219 - $1,259	$1.52 - $1.37
140	2 BR	1,024 - 1,122	$1,393 - $1,534	$1.36 - $1.37
30	3 BR	1,260 - 1,260	$1,634 - $1,634	$1.30 - $1.30
244				

Distance:	
Subject:	3.5 mi.
Metro:	3.5 mi.
Bus:	On site
VRE:	2.0 mi.

Avg Unit Size (SF): 1,031
Avg Rent / (SF): $1.37

Notes:
-Located in the midst of a townhouse neighborhood.
-Located adjacent to a large shopping center with Whole Foods as anchor.
-Had 100% occupancy last winter. 2005 was approx. 95.9% occupied.

Map #21
(703) 569-0555
www.rentnet.com

COMPETITIVE PROPERTY PROFILE #5

Property Name:	**SPRINGFIELD CROSSING**
Address:	6704 Metropolitan Center Dr
City / State:	Springfield, VA
Owner:	KSI
Approx Size (SF):	360,711
Size (Units):	347
# of Buildings:	8
Type:	Garden / Mid Rise
Floors:	4-8 (One bldg is 8 stories)
Year Built:	2001
Class:	A
Occupancy:	98.50%
Parking Type:	Surface, unreserved & approx 50 covered for tower tenants
Parking Cost:	None
Competitive:	No
Subsidized Units:	100% Tax Credit Property
Concessions:	$25 off for military, 5% off for law enf. & senior citizens

Building Amenities

Clubhouse	√
Laundry	On site
Fitness Center	√
Business Center	√
Pool(s)	√
High Speed Internet	√
Controlled Access	√
Basketball / Tennis	
Playground	√
On-site Mgnt	√
On-site Maint.	
Lounge	√
Storage	

Add'l Tenant Utility Costs:

Water / Sewer	Sewer Incl.
Trash	Included
Electricity	Tenant
Heat / AC	Tenant
Cable / Phone / Intern	Tenant

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	
W-W Carpet	√
Disposal	√
A/C	√
Cable	√
Furnished Avail	
Dishwasher	√
Short Term Lease	6, 12 mos
Pets	Cat/Dog
Fireplace	

UNIT MIX

# Units	Type	SF Range			Rent Range			Rent / SF		
0	1 BR	N/A	-	N/A	N/A	-	N/A	N/A	-	N/A
331	2 BR	978	-	1,077	$1,025	-	$1,045	$1.05	-	$0.97
16	3 BR	1,288	-	1,288	$1,156	-	$1,156	$0.90	-	$0.90
347										

Distance:

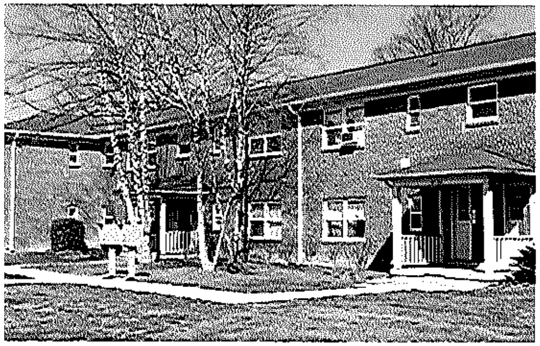
Subject:	Adjacent
Metro:	1/8 mile
Bus:	On site
VRE:	1.0 mile

Avg Unit Size (SF): 1,040
Avg Rent / (SF): $1.00

Notes:
-Adjacent to subject site.
-TAX CREDIT DEAL. RENTS SUBJECT TO INCOME REQUIREMENTS. UNITS APPROX 1/2 OF MARKET RATE FOR MIN 15 YEARS.
-All units have limitations on minimum and maximum rent that can be charged. 2BR ($31,380-$37,000); 3BR ($30,750-$36,000)
-Gaited community with controlled access. Units and buildings almost identical to Archstone across the street.
-Occupancy during lease up as follows: 2001 (12%), 2002 (32%), 2003 (67%), 2004 (85%), 2005 (94%), 2006 (97%).
-Walking distance to the Springfield Mall.
-No immediate shopping besides the mall, 1 mile from Kingstowne, a retail center.

-Although this project does not compete with our proposed project, we have shown its characteristics since it is adjacent to the subject.

COMPETITIVE PROPERTY PROFILE #6



Property Name:	**SPRINGFIELD GARDENS**
Address:	6116 Cumberland Avenue
City / State:	Springfield, VA
Owner:	Gates Hudson
Approx Size (SF):	51,328
Size (Units):	220
# of Buildings:	12
Type:	Garden / TH
Floors:	2-3
Year Built:	1940 / 1970
Class:	C
Occupancy:	98.18%
Parking Type:	Surface, unreserved
Parking Cost:	None
Competitive:	No
Subsidized Units:	100% Market
Concessions:	None

Building Amenities

Clubhouse	
Laundry	On Site
Fitness Center	
Business Center	
Pool(s)	
High Speed Internet	
Controlled Access	
Basketball / Tennis	
Playground	√
On-site Mgnt	√
On-site Maint.	√
Lounge	
Storage	

Add'l Tenant Utility Costs:

Water / Sewer	Tenant pays water
Trash	Included
Electricity	Included
Heat / AC	Included
Cable / Phone / Internet	Tenant

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	
W-W Carpet	
Disposal	
A/C	√
Cable	√
Furnished Avail	
Dishwasher	
Short Term Lease	
Pets	
Fireplace	

UNIT MIX

# Units	Type	SF Range	Rent Range	Rent / SF
40	1 BR -Sect 1	504 - 504	$965 - $965	$1.91 - $1.91
40	1 BR -Sect 2	662 - 662	$1,010 - $1,010	$1.53 - $1.53
64	2 BR-Sect 1	654 - 654	$1,100 - $1,100	$1.68 - $1.68
64	2 BR-Sect 2	802 - 802	$1,350 - $1,350	$1.68 - $1.68
12	3 BR-Sect 2	979 - 979	$1,440 - $1,440	$1.47 - $1.47
220				

Distance:

Subject:	1.7 mi.
Metro:	1.7 mi.
Bus:	On site
VRE:	1.1 mi.

Avg Unit Size (SF): 689
Avg Rent / (SF): $1.67

Notes:
-Adjacent to Springfield Plaza with Kmart and multiple small retailers.
-Doors and windows very old, a sizeable amount of cap ex is needed.
-This is a building that people would live in based on price and maybe necessity, not on quality.
-Occupancy over last three years was approx. 99%. Rent typically 30% no more than gross income.
-Many units have window mounted A/C units.
-Built in two phases. Phase 2 is newer and has higher rents

Map #22
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COMPETITIVE PROPERTY PROFILE #7

Property Name:	**CHELSEA SQUARE APARTMENTS**
Address:	5734 Backlick Road
City / State:	Springfield, VA
Owner:	Gates Hudson
Approx Size (SF):	160,803
Size (Units):	166
# of Buildings:	6
Type:	Garden
Floors:	3-Jan
Year Built:	1970
Class:	B- / C+
Occupancy:	99%
Parking Type:	Surface, unreserved
Parking Cost:	Reserved for $25-40
Competitive:	No
Subsidized Units:	100% market
Concessions:	None

Add'l Tenant Utility Costs:

Water / Sewer	Tenant
Trash	Included
Electricity	Tenant
Heat / AC	Tenant
Cable / Phone / Internet	Tenant

Building Amenities

Clubhouse	
Laundry	
Fitness Center	
Business Center	
Pool(s)	√
High Speed Internet	
Controlled Access	
Basketball / Tennis	
Playground	√
On-site Mgnt	√
On-site Maint.	
Lounge	
Storage	

Unit Amenities

Patio	
Balcony	
Separate Dining Rm	
W-W Carpet	√
Disposal	
A/C	√
Cable	√
Furnished Avail	
Dishwasher	
Short Term Lease	
Pets	
Fireplace	

UNIT MIX

# Units	Type	SF Range			Rent Range			Rent / SF		
66	1 BR	776	-	776	$975	-	$975	$1.26	-	$1.26
16	1 BR /Den	950	-	950	$1,115	-	$1,115	$1.17	-	$1.17
52	2 BR	1,085	-	1,085	$1,185	-	$1,185	$1.09	-	$1.09
17	2 BR /Den	1,175	-	1,175	$1,265	-	$1,265	$1.08	-	$1.08
11	3 BR	1,168	-	1,168	$1,420	-	$1,420	$1.22	-	$1.22
4	3 BR /Den	1,286	-	1,286	$1,510	-	$1,510	$1.17	-	$1.17
166										

Distance:	
Subject:	2.4 mi.
Metro:	2.4 mi.
Bus:	On site
VRE:	0.3 mi.

Avg Unit Size (SF): 969
Avg Rent / (SF): $1.16

Notes:
-Occupancy usually 94-95%.
-Last three years, occupancy was 95-96%, with low of 93%.
-Doors and windows very old, a sizeable amount of cap ex is needed.
-Adjacent to a large sound barrier wall (495 over pass)
-Not an attractive part of town. Retail across street an in general area is mostly fast food and older buildings.
-This is a building that people would live in based on price and maybe necessity, not on quality.

Map # 22
703-451-8550

COMPETITIVE PROPERTY PROFILE #8

Property Name:	**SPRINGFIELD SQUARE**
Address:	7000 Rhoden Court
City / State:	Springfield, VA
Owner:	Lerner Corporation
Approx Size (SF):	194,560
Size (Units):	220
# of Buildings:	26
Type:	Garden
Floors:	3
Year Built:	1950 & 1960 /late '90s
Class:	B- / C+
Occupancy:	100.00%
Parking Type:	Surface, reserved & unreserved
Parking Cost:	$30 / month / reserved space
Competitive:	No
Subsidized Units:	No
Concessions:	None

Building Amenities

Clubhouse	√
Laundry	On Site
Fitness Center	√
Business Center	
Pool(s)	√
High Speed Internet	√
Controlled Access	√
Basketball / Tennis	√
Playground	√
On-site Mgnt	√
On-site Maint.	√
Lounge	
Storage	√

Add'l Tenant Utility Costs:

Water / Sewer	See Notes
Trash	Included
Electricity	See Notes
Heat / AC	Electric
Cable / Phone / Internet	Tenant

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	√
W-W Carpet	√
Disposal	√
A/C	√
Cable	√
Furnished Avail	√
Dishwasher	√
Short Term Lease	
Pets	Cat
Fireplace	√

UNIT MIX

# Units	Type	SF Range			Rent Range			Rent / SF		
44	1 BR (Sec1)	741	-	963	$895	-	$965	$1.21	-	$1.00
36	1 BR (Sec2)	741	-	963	$1,010	-	$1,010	$1.36	-	$1.05
46	2 BR (Sec1)	953	-	1,022	$1,100	-	$1,100	$1.15	-	$1.08
82	2 BR (Sec2)	953	-	1,022	$1,250	-	$1,250	$1.31	-	$1.22
0	3 BR (Sec1)	1,273	-	1,273	$0	-	$0	$0.00	-	$0.00
12	3 BR (Sec2)	1,273	-	1,273	$1,140	-	$1,440	$0.90	-	$1.13
220										

Distance:	
Subject:	2.6 mi.
Metro:	2.6 mi.
Bus:	On site
VRE:	0.2 mi.

Avg Unit Size (SF): 884
Avg Rent / (SF): $1.18

Notes:
-Located at the intersection of Backlick Road and Rhoden Ct. Traffic light controlls access - very busy intersection.
-Orig built in two phases (Section 1: 1950's), (Section 2: 1960's). Section 2 has balconies.
-Section 1 rent includes electric and water. Section 2 rent includes only water.
-Doors and windows very old, a sizeable amount of cap ex is needed.
-Adjacent to a large sound barrier wall (495 over pass)
-Controlled access at each building.
-Not an attractive part of town. Retail across street an in general area is mostly fast food and older buildings.
-Approximately 95% occupancy over the last three years.
-This is a building that people would live in based on price and maybe necessity, not on quality.

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Map #22

COMPETITIVE PROPERTY PROFILE #9

Picture

Property Name:	LEE VALLEY APARTMENTS
Address:	6535 Lee Valley Drive
City / State:	Springfield, VA
Owner:	
Approx Size (SF):	N/A
Size (Units):	242
# of Buildings:	10
Type:	Garden
Floors:	3
Year Built:	1969 - 1973
Class:	B- / C+
Occupancy:	98.00%
Parking Type:	Surface, unreserved
Parking Cost:	None
Competitive:	No
Subsidized Units:	Approx 5-6 Section 8 apartments
Concessions:	None

Building Amenities

Clubhouse	
Laundry	
Fitness Center	
Business Center	
Pool(s)	√
High Speed Internet	
Controlled Access	
Basketball / Tennis	
Playground	√
On-site Mgnt	
On-site Maint.	
Lounge	
Storage	

Unit Amenities

Patio	√
Balcony	√
Separate Dining Rm	
W-W Carpet	
Disposal	
A/C	
Cable	
Furnished Avail	
Dishwasher	
Short Term Lease	
Pets	
Fireplace	

Add'l Tenant Utility Costs:

Water / Sewer	Tenant pays water
Trash	Included
Electricity	Tenant pays
Heat / AC	Tenant pays gas
Cable / Phone / Intern	Tenant

UNIT MIX

# Units	Type	SF Range			Rent Range			Rent / SF		
26	1 BR	N/A	-	N/A	$825	-	$825	N/A	-	N/A
6	1 BR D	N/A	-	N/A	$870	-	$870	N/A		N/A
145	2 BR	N/A	-	N/A	$920	-	$920	N/A	-	N/A
60	2 BR D	N/A	-	N/A	$980	-	$980	N/A		N/A
5	3 BR	N/A	-	N/A	$1,045	-	$1,045	N/A	-	N/A
242										

Distance:	
Subject:	1.9 mi.
Metro:	1.9 mi.
Bus:	On site
VRE:	1.9 mi.

Avg Unit Size (SF): N/A
Avg Rent / (SF): N/A

Notes:
-Located off of Old Keene Mill Rd. No immediate shopping. Springfield Mall approximately 3 miles
-Grounds and surface area in very bad shape. Lots of deferred maintenance.
-Many doors and windows are old.
-This project would compete based on cost, not on amenities and quality

http://www.springfield.va.us/visitors_guide/move/housing/house_apartments.cfm
(703) 451-8774

LAND SALE COMPARABLES

LAND SALE COMPARABLES									
Property	City	Bldg SF / Units	Sale Price	Price / Unit	Cap Rate	Year Built	Sale Date	Buyer	Seller
Milbrook II @ Mark Center 1401 N. Beauregard St.	Alexandria	N/A / 272	$95,000,000	$349,265	5.3%	2001	8/15/2006	Equity Res. Prop.Trust	Milbrook Apartment Assoc
Townes @ Herndon Center 508 Pride Ave	Herndon	349,520 / 218	$59,825,000	$274,427	N/A	2001	8/15/2006	Equity Res. Prop.Trust	MetLife Real Estate
Milbrook @ Mark Center 1459 N. Beauregard St.	Alexandria	N/A / 406	$110,000,000	$270,936	4.59%	1997	5/18/2006	Equity Res. Prop.Trust	Milbrook Apartment Assoc
Willow Run Apts 935 Van Dorn St.	Alexandria	N/A / 400	$81,896,631	$204,742	4.2%	1961	3/14/2006	Willow Run Residential LLC	Hamlet South Assoc. LP
Summit Apartments 260 S Reynolds St	Alexandria	188,896 141	$26,500,000	$187,943	N/A	1975	6/28/2006	CP II Summit, LLC	Baker Virginia Assoc.
2055 N Glebe Rd	Arlington	117,180 / 149	$28,000,000	$187,919	N/A	1943	4/6/2005	Wundoria Hill, LLC	Kay Mgmt. Co.
1800 13th St N	Arlington	N/A / 112	$20,723,128	$185,028	N/A	1990	6/1/2006	Arlington Part. for Afford. Housing	Article I Associates, LP
Regency Park 14411 Newton Patent Ct	Centreville	285,126 / 252	$45,110,000	$179,008	N/A	N/A	12/22/2005	EC-Regency Park, LLC	EQR-Watson, GP
Waterside Apartments Bennington Woods Rd	Reston	265,661 / 272	$48,000,000	$176,471	5.9%	1985	1/5/2006	Equity Res. Prop.Trust	Bennington Woods Assoc.
Skyline Towers 5597-5601 Seminary Rd	Alexandria	1,038,607 939	$165,500,000	$176,251	N/A	1971	12/19/2005	Equity Res. Prop.Trust	Fairfield Skyline LLC
Source: Costar & REIS, Inc.									

APARTMENT LAND SALE COMPARABLES

Arlington, Alexandria and Fairfax Residential Land Comps - 2005 - Present										
Sale Date	Address	City	Sale Price	Land Area (AC)	Land Area (SF)	Price Per Acre	Price Per SF	Buyer	Seller Company	Future Purpose
17-Jul-06	472 River Bend Rd	Great Falls	$1,750,000	5.30	230,737	$330,376	$7.58	Ashwood Development, LLC	Teresa & Richard Hyatt	Residential-Unknown
31-May-06	8990 Hooes Rd	Lorton	$3,550,000	10.11	440,565	$350,999	$8.06	Blackstone Communities, LLC	Elaine N. Warren H. McConnell	Residential-Unknown
27-Mar-06	940 Peacock Station Rd	Mclean	$2,125,000	4.00	174,453	$530,600	$12.18	RCV Real Estate LC	Edward William O'Brien	Residential-Unknown
9-Feb-06	3217 Washington Blvd	Arlington	$1,150,000	0.10	4,399	$11,386,139	$261.42	Faison-Clarendon, LLC	John B. Strother	155 condos
1-Feb-06	6808-6810 Fairfax Dr	Arlington	$16,250,000	2.95	128,502	$5,508,475	$126.46	K. Hovnanian Homes At The Easton, LLC	Tax Analysts	214 condos
27-Jan-06	1220-1228 N Irving St	Arlington	$7,503,750	0.66	28,749	$11,369,318	$261.01	Faison-Clarendon, LLC	Lee Properties, Inc.	155 condos
26-Jan-06	3225 Washington Blvd	Arlington	$2,600,000	0.23	9,875	$11,468,902	$263.29	Faison-Clarendon, LLC	The Rossen Revocable Trust	155 condos
25-Jan-06	1128 N Irving St	Arlington	$1,295,000	0.10	4,565	$12,356,870	$283.68	Faison-Clarendon, LLC	Constance M. Herman Substitute Trust	155 condos
30-Nov-05	12908 Lee Jackson Mem. Hwy	Fairfax	$16,128,000	31.19	1,358,488	$517,145	$11.87	Madison Homes	Rose Development LLC	Residential-Unknown
8-Nov-05	2351 Eisenhower Ave	Alexandria	$13,500,000	1.35	58,806	$10,000,000	$229.57	Eisenhower Residential, LP	Mill Race III LP	360 unit apartment
27-Oct-05	5400 Columbia Pike Condos 5440-5500 Columbia Pike	Arlington	$12,500,000	1.21	52,707	$10,330,579	$237.16	Fairfield Residential	Edward S. Petros & Marie F. Petros	Condo
13-Oct-05	1524 Clarendon Blvd	Arlington	$6,807,170	0.54	23,474	$12,631,601	$289.99	The JBG Companies	Steve C. Bookout & Carolyn W. Bookout	16 unit Apt Bldg
12-Oct-05	1521 16th Rd N	Arlington	$7,387,170	0.29	12,841	$25,058,243	$575.28	JBG/Rosslyn Commons, LLC	Arlington Boulevard Apartments LLC	Apt Bldg
3-Oct-05	Gateway Plaza 500 N Washington St	Falls Church	$12,000,000	2.59	112,820	$4,633,205	$106.36	Falls Church Gateway, LLC	Falls Church Gateway Plaza LLC	Condo
22-Sep-05	300 6th St S	Arlington	$7,620,000	2.12	92,347	$3,594,340	$82.51	Ameriton Properties Inc.	Morauer-Crystal City, LLC	Residential-Unknown
2-Sep-05	5600 Lee Hwy	Arlington	$4,200,000	0.91	39,748	$4,602,740	$105.67	Tuckahoe Apartments, LLC	Dorothy Courembis, LP	Residential-Unknown
19-Aug-05	1121 Oronoco St	Alexandria	$1,672,713	0.23	10,018	$7,272,665	$166.97	Diamond Alexandria, LLC	Electric Sub Station	Residential-Unknown
11-Jul-05	2310 Mill Rd	Alexandria	$27,850,000	1.49	64,904	$18,691,275	$429.10	Carlyle Place Associates, LLC	Mill Race III, LP	326 condos
15-Jun-05	3565 Lee Hwy	Arlington	$3,650,000	0.92	40,075	$3,967,391	$91.08	Dominion Heights, LLC	Univision Comm. Inc.	52 condos
9-Jun-05	The Madison 800 N Henry St	Alexandria	$15,000,000	2.59	112,820	$5,791,506	$132.96	Madison Venture, LLC	Braddock Metro Car, LLC	Retail & Residential
27-Apr-05	4420 Fairfax Dr	Arlington	$10,250,000	0.49	21,344	$20,918,367	$480.23	JBG of Fairfax Drive, LLC	MAT-AFC, LLC et all	237 unit condo
26-Apr-05	6100 Lincolnia Rd	Alexandria	$4,662,092	1.05	45,738	$4,440,088	$101.93	Diamond Commercial	L.F.L. Associates, L.L.C.	136 Unit Condo
28-Mar-05	1509 16th Rd N	Arlington	$5,000,000	0.43	18,748	$11,617,100	$266.70	JBG/Rosslyn Commons, LLC	ATA Construction Services, Inc	Apt Bldg
11-Mar-05	13830 Sunrise Valley Dr	Herndon	$19,500,000	33.19	1,445,747	$587,530	$13.49	Fairfield Dulles Corner DE, LLC	LB Dulles Acquisitions, LLC	condo
3-Mar-05	500 Cameron Station Blvd	Alexandria	$28,010,934	8.61	375,051	$3,253,302	$74.69	NVR/Cameron, LLC	Cameron Development, LLC	97 unit townhomes
23-Feb-05	1516 Clarendon Blvd	Arlington	$7,150,000	0.60	26,136	$11,916,667	$273.57	JBG/Rosslyn Commons, LLC	Provident Associates, LP	Apt Bldg
22-Feb-05	6461 Edsall Rd	Alexandria	$20,149,642	5.23	227,914	$3,851,084	$88.41	Edsall Road Investments, LLC	Harrington Falls, LLC	60 unit townhomes
14-Feb-05	4531 W Ox Rd	Fairfax	$6,325,000	12.38	539,285	$510,892	$11.73	Stanley Martin Co	Fair Oaks Baptist Church	Residential-Unknown
2-Feb-05	The Wooster & Mercer Lofts 1600 N Pierce St	Arlington	$5,621,800	0.57	24,829	$9,862,807	$226.42	Abdo Clarendon, LLC	Arlington Boulevard Apartments LLC	2 condo bldgs, 87 units
28-Jan-05	Fair Lakes Pky	Fairfax	$5,430,484	8.71	379,224	$623,778	$14.32	The Peterson Companies, LC.	Board of Supervisors of Fairfax County, Virginia	condo
28-Jan-05	4390 King St	Alexandria	$22,225,000	1.31	57,063	$16,965,649	$389.48	DSF Northampton LLC	Northampton East LC	condo
20-Jan-05	Hilltop House 1201-1225 N Pierce St	Arlington	$9,000,000	1.86	81,165	$4,830,140	$110.89	Centex Homes	My Group 2, LLC	condo
19-Jan-05	Clarendon 1021 Condo 1021-41 N Fillmore St	Arlington	$7,700,000	0.60	26,134	$12,833,333	$294.64	Fillmore LLC	Delaplaine Corp	116 condos

Sources: REIS

OFFICE LAND SALE COMPARABLES

Sale Date	Address	City	Sale Price	Land Area (AC)	Land Area (SF)	Price Per Acre	Price Per SF	Price Per FAR	Buyer	Seller	Future Purpose
12/27/2005	Dulles Access & Toll Rd	Reston	$35,363,884	21.02	915,718	$1,682,232	$38.62	N/A	Lehman Brothers, Inc.	TST Woodland LLC	Office Development-TBD
2/21/2007	Oracle Way	Reston	$26,963,000	5	217,843	$5,391,522	$123.77	N/A	Lerner Enterprises	Oracle USA, Inc.	Office Development-TBD
12/6/2005	Dulles Toll Rd	Herndon	$24,700,000	5.27	229,561	$4,686,907	$107.60	$45.74	WRIT Dulles Station	Dulles Station Office, LLC	540,000 SF office bldg.
9/23/2005	Sully Rd	Herndon	$22,816,360	8.63	375,901	$2,643,996	$60.70	N/A	Dulles View Property B1, LLC	LB Dulles Acquisitions, LLC	Office Development-TBD
3/25/2005	14500 Lee Rd	Chantilly	$18,137,905	39.2	1,707,552	$462,702	$10.62	$67.18	Headquarters 2, LLC	WP Company, LLC	Long & Foster HQ 270,000 SF
7/20/2006	4111 W Ox Rd	Fairfax	$16,500,000					N/A	Centerpointe Associates, LLC	VA-Centerpointe III, LLC	Office Development-TBD
8/10/2006	2551-2553 Jefferson Dr	Herndon	$13,421,000	7.9	344,124	$1,698,861	$39.00	$35.32	Fifield Companies	Penzance Companies	380,000 SF office bldg.
12/6/2006	Arlington Dr	Alexandria	$11,833,600	7.37	320,906	$1,606,298	$36.88	N/A	Sun Life Assurance Company of Canada	ZP No. 125, LLC	Office Development-TBD
9/29/2006	Sunrise Valley Dr	Herndon	$9,613,532	7.17	312,368	$1,340,612	$30.78	N/A	Johnson Development Associates, Inc.	Dulles Urban Oasis, LP	Office Development-TBD
8/25/2006	Sully Rd	Herndon	$9,462,075	4.49	195,715	$2,105,959	$48.35	N/A	Brentwood Dulles Corner, LLC	Dulles View Property B1, LLC	Office Development-TBD
3/27/2006	6430 Arlington Blvd	Falls Church	$8,620,000	4.49	195,758	$1,918,113	$44.03	$21.84	Transwestern Falls Church LLC	BB&T	394,671 SF office bldg.
1/19/2006	1757 Business Center Dr	Reston	$8,100,000	11.1	483,415	$729,881	$16.76	$32.40	Reston BCD Development LLC	1757 BCD LP	250,000 SF office bldg.
1/17/2006	11091 Sunset Hills Rd	Reston	$7,850,000	5.53	241,061	$1,418,504	$32.56	$41.24	Prudential Real Estate Investors	A/C Associates II LP	190,354 SF office bldg.
3/30/2007	2346 Centreville Rd	Herndon	$5,000,000	3.23	140,481	$1,550,388	$35.59	N/A	Arrowbrook Centre, LLC	David Israel Meiselman Revocable Trust	Office Development-TBD

Source: Costar

Marketability and Conclusions

Demand for apartments regionally and in Springfield is very strong for all types of product. Occupancy rates across the board are between 98-100% with the exception of the Archstone project. Ironically, the Archstone project is experiencing one of its lowest occupancy rates (93.7%) since it was built. According to their management team, this is largely attributable to the fact that many of their residents have higher incomes and, in light of the downturn in the for sale housing market, many are pursing buying a house. We are convinced that this is a function of a downward spike in the housing market and not a larger trend for Class A properties in Springfield.

Our project will not be competitive the limited amenity communities that compete on the basis of price. However, it is clear that lower end products in this market are benefiting the most from the highest occupancy rates (provide detail). It is reasonable to conclude that a reason for this is predominantly a result of what tenants here can afford. Many of the tenants in the limited amenity projects are recent immigrants with lower levels of income who have simply been shut out of the housing market. In the case of the Archstone project, the demographics are very different; tenants have much higher incomes and are closer to being able to afford to purchase a home, which is a risk to the higher end market that we are targeting.

The average occupancy rate for projects we have deemed to be in our competitive set is currently 96%. Rents have increased by approximately 7%-10% in the last six months alone and concessions are virtually nonexistent. The downturn in the housing market has certainly played a factor in the higher occupancy rates and growth in rents. Similar to 1999 when Archstone delivered 83% leased, we believe that there is substantial pent up demand for this type of product in the market. REIS confirms this theory by stating that "there's a lot of pent-up demand in the apartment market" in their Asset Advisor Reis Observer as they are characterizing the Northern Virginia apartment[17].

There are a few factors that would contribute to the success of this project. First, there are substantial changes happening in Springfield that will be implemented in the next few years. Future growth from Ft. Belvoir will bring significant demand to this area; an estimated 22,000 new jobs will literally be relocated just a few miles south of the property. Although base housing at Ft. Belvoir will eventually increase, it currently has a waiting list that extends for up to six months. This project is the single closest multi-family rental project to Fort Belvoir. Secondly, the changes that are planned to happen around the Springfield Mall will also have a positive effect to the area immediately surrounding the property. Vornado will turn this in to an upscale lifestyle center that is pedestrian friendly. Not only will this help to further attract higher income residents, it also suggests that Vornado has a similar theory as we do; there is growth and people with high incomes in Springfield that are currently under served. Lastly, Fairfax County is committed to transforming Springfield into a thriving area as it is focused on development and improvement, especially around Fort Belvoir and the Metro Station. Our site is poised to directly benefit from this.

The final point has to do with this site's proximity to the Metro Station. There are four metro stations in Fairfax County; only one other multi-family site is as close as this site is to a Metro Station (condos across from Dunn Loring Metro). The county is clearly focused on density and development around Metro stations. As the area becomes more dense housing located adjacent to Metro stations will continue to be in high demand. One can literally live here and get to downtown DC in 30 minutes, nearly one half of the average commute time for the entire region.

The sales market for apartments in general also echoes the sentiment that apartments are going to perform well in the coming years. The sale comps that were listed in the preceding pages illustrate very low cap rates (all sub 6%) for Class A communities. While the cost to develop a new project tends to run in the $300,000 + per unit range (see Section VI for more details), sale prices for projects are also ranging in the high $200,000's and low $300,000's per unit. Additionally, Jones Lang LaSalle recently sold a portfolio of Archstone Apartments in Virginia, Florida and California for approximately $280,000 per unit, representing a 4.75% cap rate.

Land sale comps that we presented on page 60 illustrate strong demand for land, most of which are slated for condominium developments. Land sales range broadly, based on the type of product that is projected – the range is literally $300,000 to $12 million per acre. Based on our assessment of the development of this site, we have not been able to show support for any land value, due to the low development margins. Further, there has been very little, if any new apartment development in the pat five years. Thus, it is difficult to show comparable land sales for apartments and to have a real good idea for what the land is worth on this basis. Although we have not been able to show that the land is worth anything (as an apartment development), the market is extremely erratic right now and it is difficult to tell what an investor would pay for it. If it were to be sold as residential, it should be marketed as a condo development, which would likely yield the highest value. However, since the site is presently zoned for office, it would be most favorable to sell it as such, although many would conclude that the highest and best use would be for residential, since Springfield does not have a demonstrated office market. Per the land sale comps on page 61, office land in Fairfax County typically trades for $1-$2 million per acre. By another measure, prices would range between $20 to $25 per FAR, yielding a value of approximately $17 million to $21 million (current zoning allows for 1.65 FAR, per page 65).[18]

For the reasons stated above, we firmly believe that there is demand for Class A apartments in Springfield, and that the subject property be in a good position to capture this demand. Our product and pricing will be based off of the Archstone project – a Class A building with full scale amenities. We are projecting a slight increase in rent compared to Archstone since we will be newer and closer to the Metro. Average rental rates will be $1.85 per square foot, with $100 per month for covered parking. It should be noted that our rents are as of 2008, which are projected to grow at 5% annually. When the project begins the leasing period, rents are projected to be $2.14 per square foot.

Based on Archstone's lease up and current occupancy rates in the market, we have projected that the project would be leased up in 12 months after stabilization. This is faster than the demand model that was produced in the preceding paragraphs. Our projections also take in to account the phase in of jobs at Fort Belvoir.

V - DEVELOPMENT ISSUES

Adequate Public Facilities (APF)

Based on conversations with other developers, proving adequate public facilities is not a major hurdle in Fairfax County. The two primary concerns are traffic and schools, although traffic is clearly the focus. The adjacent site addressed a number of APF issues that the developer had to address.

Recreation Facilities

It was noted that the Lee District was deficient with respect to recreation facilities, and that the facilities on site will not completely satisfy demand. The developer was required to proffer $108,000 to the Park Authority for the development of athletic fields. Additionally, there was another proffer in the amount of $375,000 for the creation of a park facility.

Schools

The following is the applicable ratio Fairfax County uses to measure school requirements.

Subject Property Re-Zoning
Student Generation Calculations

School Level	Unit Type	Units		Proposed Zoning Ratio	Students	Rezoning Incr / Decr	Total School Impact
Elem (K-6)	G / A	475	x	0.169	81	81	81
Inter (7-8)	G / A	475	x	0.036	18	18	18
High (9-12)	G / A	475	x	0.075	36	36	36

-School which serve this property
-Current total membership
-Net Operating Capacity
-Projections for next five years

School Name / Number	Grade Level	Capacity 2006		Membership 2006	Projected Membership 2007	2008	2009	2010	2011
Forestdale (1165)	Elem (K-6)	606		429	428	440	444	462	474
Key (1161)	Inter (7-8)	875		818	787	790	751	742	734
Lee (1160)	High (9-12)	1850		1930	1835	1739	1723	1706	1671

Source: http://www.fcps.edu/fts/cipbook2008-2012.pdf

Based on the chart above and the number of students that Springfield Metro Apartments is anticipated to generate, there will not be a capacity issue at any of the three abovementioned schools.

Sewer
The subject property is located in the Long Branch watershed. It is unclear whether this will be an issue at this point. During the time of the rezoning, the facilities were deemed to be inadequate and the adjacent property owner was required to replace the sewer line.

Fire and Rescue Department Analysis
The subject property is serviced by Station #22, Springfield. In 1998, the adjacent property was deemed to be 8/10 of a mile outside of the area, with no new facilities planned to be built. There is no information with respect to proffers required.

Water Service Analysis
The Property is located in the service area of Fairfax County Water Authority. Offsite water main extensions are generally required for domestic service and for fire protection. The nearest water main is located 150 feet away. It is likely the county will require a new main extension to be included. This cost is included in our budget.

Traffic
According to many local developers, traffic is one of the primary factors that county planners look at to determine whether they will allow a development or not. According to a developer from KSI, "if it works from a traffic standpoint, then it will work for the county."[19] In order to get the rezoning approved, we will have to conduct a traffic study that shows that the site and the surrounding roads can support the development. If it does not work, then the county will look to proffer for the improvements.

The analysis we have conducted (below) clearly illustrates that this site will generate substantially fewer trips as a multi-family property, compared to the existing zoning. The site as currently zoned will allow for 6,975 trips per week and the proposed zoning change with multi-family use will have a projected 1,991 trips per week, approximately on third of the rate for office. It should be noted that we have not taken the potentially reduced number of trips, as a result of its location next to the Metro station, into account in this analysis.

See the Traffic Calculations chart on the next page.

Traffic Calculations			
Total Land Area: 518,050			
Existing Zoning: C-4		**Proposed Zoning: PDH-40**	
Allowable FAR	1.65		
Max Building Area	854,783	Total Projected # Units	474
Trip Generation Rate / 1,000 SF(1)	8.16	Trip Generation Rate / Unit -High Rise (1)	4.20
Total Projected Trips	**6,975**	**Total Projected Trips**	**1,991**

(1) These trip generation estimates are based on date from Trip Generation, Sixth Edition, Institute of Transportation Engineers, 1997, and utilize the following trip rates:
a. Comparison of rates for C-4 (office) per measurable unit and the proposed PDH-40 (apartment).
See Exhibit 4 - ITE Definitions and calculations for additional detail.

As a result of the analysis above, we do not foresee traffic as an issue. However, it is likely that a traffic study would need to be conducted to provide further evidence to the county.

Easements
The subject property includes a Metropolitan Center Drive, which is subject to a roadway easement. The current site plan illustrates that there will be easements for roadways on Joseph Alexander Drive. There is an easement for the three existing telephone poles running across the north portion of the site which will have to be relocated.

Land Use Regulations
The site is presently zoned C-4, a high density commercial district. The proposed zone is Planned Development Housing District (PDH) which includes a number of principle uses surrounding multi-family dwellings, single family dwellings and various affordable dwellings. There are a number of secondary uses that are also allowed. PDH has a number of different levels, which allow for various densities. We are requesting PDH-40, which allows for 40 dwelling units per acre. It is the highest density residential zone in Fairfax County. Density bonuses are available at various levels if there are affordable units included at the development. However, they are not required.

The purpose of the PDH zone is "designed to insure ample provision and efficient use of open space; to promote high standard in the layout, design and construction of residential development; to promote balanced developments of mixed housing types; to encourage the provision of dwellings within the means of families of low and moderate income." In general, rezoning to this district will only be permitted if the development is in conformance with the master plan.[11] Again, rezoning the site is one of the largest risks of the project. Rezoning cases are never automatic and can frequently be argued.

Proposed PDH-40 District (Residential) Zoning Requirements / Proposed Subject Site		
Standard	**Required per Ordinance (1)**	**Provided**
Min. Dist. Size	2.0 acres	11.892 acres
Lot Width	See Note 2	N/A
Building Height	See Note 3	40' (garden) 75' (mid rise)
Front Yard	See Note 4	N/A
Side Yard	See Note 4	N/A
Rear Yard	See Note 4	N/A
Density	40 du/acre	40 du/acre
FAR	See Note 5	0.93
ADUs	None Required	None Required
Open Space	4.16 acres (35%) (6)	9.53 acres (80%)
Parking Spaces	760 spaces (*1.6 sp/unit)	710 spaces (1.5/unit) (8)

(1) The PDH-40 District is not explicitly defined in the zoning ordinance. It is a district that has a number of components that are subject to the interpretation and review of the county. As a result, we have used the same requirements imposed on Springfield Station (adjacent property) as the standard for the subject property. Items in black are taken directly from the zoning ordinance and items in red are assumed, per the adjacent property.

(2) Per Par. 3 of Sect. 6-107, there is no specific requirement for each individual use or building in a PDH District.

(3) Per Sect. 6-108; see the discussion regarding buildings heights under Sect. 16-101.

(4) See the discussion under 16-102 regarding yards at the periphery of the development.

(5) FAR for the PDH zone is negotiable and not specifically defined. Archstone achieved a 0.80 FAR and Springfield Crossing received a 0.64 FAR. (Both of these are based on rentable SF, not gross).

(6) Per Sect. 6-110; 35% open space required, unless under ADU, which is 31%.

(7) Per Sect. 6-110 #2; there is a requirement to provide recreational facilities in all PDH Districts. Must spend at least $955 per dwelling unit for these facilities. This does not apply to ADUs.

(8) We will be requesting a variance to allow for 1.5 spaces / unit due to the project's proximity to the Metro station.

[11] We have proposed that this site be rezoned PDH-40. The master plan calls for high density office for this site. For the purpose of this study, we have assumed that rezoning to PDH-40 can be achieved.

Environmental Issues

Tree Cover

There is little, if any tree cover on the site that could potentially be required to be preserved. Most of the trees are located on the borders of the property and will likely come down as a result of future roadways.

Noise

According to the staff report, the adjacent property was below the required minimum dBA level to substantially impact the development. The only requirement for the neighboring property was to enclose balconies and sunrooms that faced Fairfax County Parkway (north side). We will consider this in our design so that any units facing Fairfax County Parkway will be shielded. However, our site is set back by at least 40 feet from the adjacent site, so we don't see this as an issue.

Soils

The Phase I is currently underway. The neighboring site did not experience significant environmental issues, despite its former use as a concrete manufacturing plant.

Wetlands

As previously noted, the Accotink Creek runs through the adjacent property, which is located north of the subject Property. This area is also used as a storm water basin for the Metro Station.

Storm Water Management

There is an existing storm water management via the Accotink Creek. This is used as a storm water basin by Joe Alexander Transportation center. Our engineers are in the process of reviewing this, but we have thus far assumed that this will be available for the subject property as well.

Proffers

We have budgeted approximately $1.5 million in proffers. The two most substantial proffers will likely concern the intersection at Loisdale Road and access the north of the site to the Metro station. There is likelihood that the county will require a road enhancement at Loisdale Road. KSI was required to add a traffic signal here. Additionally, there is a requirement to spend $955 per dwelling unit on recreational facilities as noted in the Land Use Regulations chart above, or the difference will have to be made up as a proffer. We have provided for this in the fitness center / amenity building.

According to the staff report for the rezoning of the Springfield Station property, the county will require contributions to complete the pedestrian access way and a full scale shuttle between to the Metro. Eventually, Frontier Drive will bisect Fairfax County Parkway and directly link to the northwest of the subject site at Joseph Alexander Drive. The timing for this road improvement is presently unknown, but will likely be related to the future redevelopment of the GSA Warehouse, if and when it occurs.

Processing Times and Issues

Assuming normal conditions, Fairfax County has said that rezoning will take approximately one year. Considering the traffic issues at the site, this could take longer than usual. Once this is complete, a construction permit can be obtained in approximately three months. A building permit can be obtained in three months, which will allow us to commence construction. We have estimated that the construction period will take 22 months. For a detailed description of the development and construction timeline, please see page Section VII (pages 85-86).

Grading

The grade of the site is very smooth and generally very even. However, the west side of the site (when accessing from Metropolitan Center Drive) has a higher elevation than the northeast side of the site (when accessing from Springfield Center Drive). The grade differential is approximately five feet. The grade on the northeast portion of the site (where the mid-rise will be located) is such that part of the first level of the back side of the garage will be above grade.

Rock on the Site

There are is visible evidence of rock on the site, and we have not yet engaged our geotech consultant.

Off-Site Improvements

As noted above, off site improvements will likely be driven by existing traffic congestion and roadway enhancements.

Neighborhood Issues

This property is located in an existing business park. Based on our conversations with KSI (owner of adjacent Springfield Crossing), we don't anticipate substantial issues within the neighborhood. The only neighborhood that KSI was required to consult with was Loisdale Estates, a single family and townhouse neighborhood located directly to the south of the business park. Since these properties aren't even visible from the subject site, KSI reported that they were exceptionally easy to deal with and did not pose any issues to their development process or timing.

VI – Development / Construction Costs

Site Layout

We have modeled our development and layout similar to that of the Archstone project and our neighbor, Springfield Crossing. This will help to establish conformity and unity in the neighborhood. Since we have also based our pricing off of Archstonse's model, it will also allow us to price accordingly.

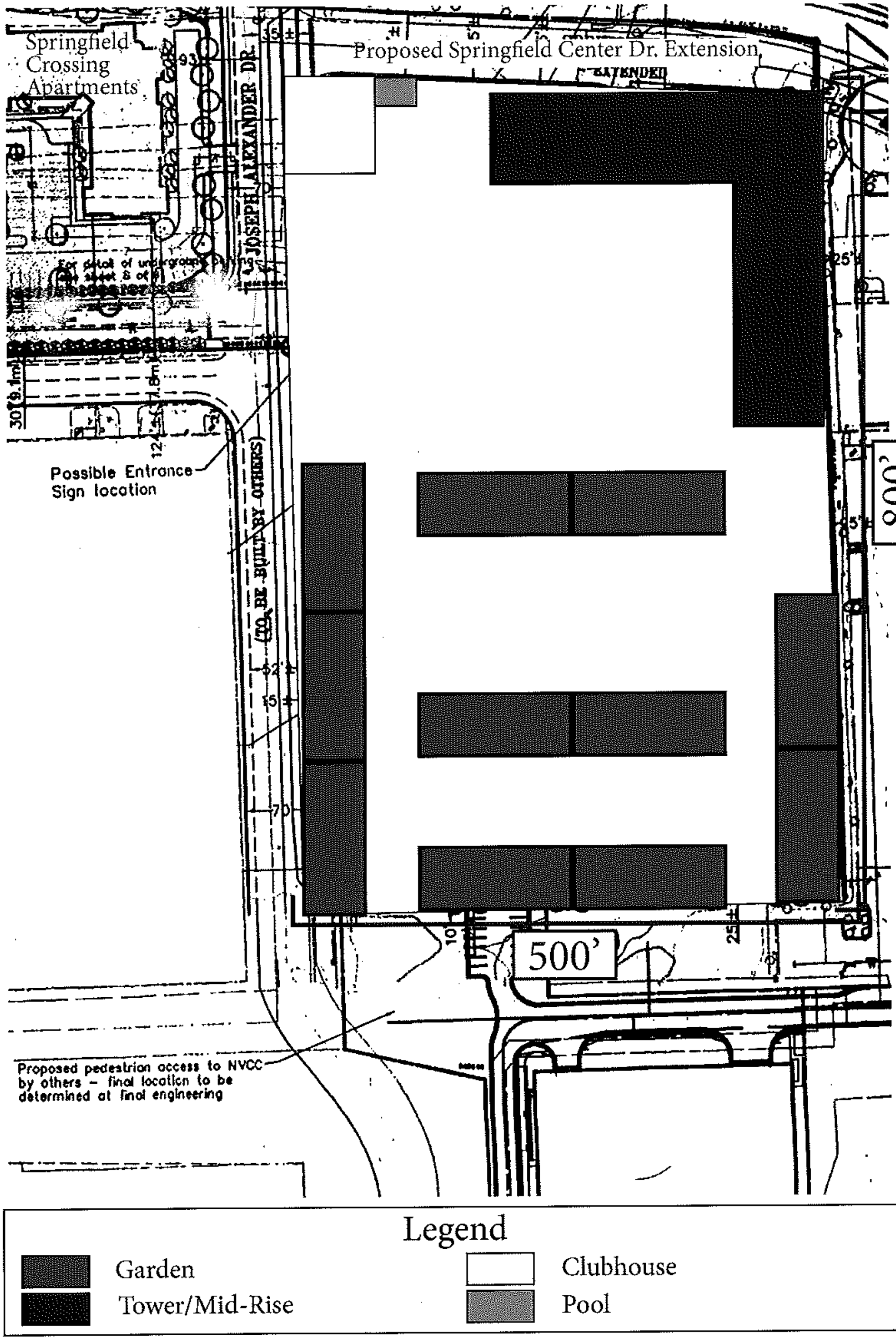
We have assumed that we will build one mid-rise / tower that will be central to the community with 11 garden buildings. There will be a fitness center near the entrance. With the primary entrance on the north and northwest side of the property, we wanted the tower to have a dominant presence. We anticipate a circular drive through for potential residents, visitors and drop offs. There will be a four-level garage below the tower, with surface parking throughout the rest of the community. Most of the surface parking will be near the garden buildings, with some to the west of the tower and in the front of the amenity / fitness building.

Although the site is one of the closest to a Metro in Fairfax County, it offers a number of natural buffers and set backs with the wooded area between the Metro and the community. The buffer also provides a 200 +/- foot set back from Fairfax County Parkway. This coupled with the wooded area helps to reduce noise from the road and the Metro station.

We have allowed for a green space at the front of the mid-rise building, in the center of a traffic turnaround loop.

This site plan schematic is a preliminary drawing of one potential layout for the community. Please see the following page for an illustration.

Projected Site Plan



Site Calculations
The gross lot size is 518,050 square feet or 11.89 acres. Under the proposed PDH-40 zone, the maximum allowable units per acre are 40, yielding a maximum of 475 for the entire project.

Based on an average net unit size of 925 square feet, we added a 10% core factor to the entire project. It should be noted that the garden buildings are very efficient and typically have a core factor that is a lot lower. Simultaneously, the core factor for the mid rise / tower might be a little higher. The allocation of 10% across the entire project works well to accommodate for these two factors.

The Archstone project has six units per floor (four floors) for the garden buildings and 15 units per floor in the tower (six floors). Our calculations are modeled off of the same assumption. Based on the assumptions above, we have projected that the total gross project area will be 487,295 square feet, yielding 474 units. The total gross square footage assumes a 5,000 square foot fitness center next to the pool.

There will be 264 units in garden buildings and 210 units in the tower (based off of our preliminary site plan).

The garden buildings are assumed to be approximately 40' each (four stories) and the mid-rise is assumed to be 75' (seven stories). Both of the building heights exclude the roof pitch. The mid-rise allows for a 15 foot ceiling in the lobby area. These assumptions are based on 10' per floor based on the following:

Area	**Height**
Living Area	9 feet
Slab Thickness	9 inches
Flooring Thickness	2 inches
Ceiling Thickness	1 inch
Floor to Floor Height	10 feet

The amenity / fitness center building will be one story with a pool in front. The garden buildings will utilize a very efficient design with scissor-style walk ups, accessible from both sides, depending on the location of the building. The mid-rise will have a central core with units flanking the corridors. There will be a central lobby with an entertainment room, lounge and reading area. There will be a small management office there as well, enough for approximately four people and room to bring potential residents through to complete paperwork.

SITE CALCULATIONS

Lot SF, Unit SF & FAR

	SF	Acres
Gross Lot size	518,050	11.89
Net lot size*	422,532	9.70

**Excludes Metropolitan Ctr Dr.*

Zoning - PDH-40

Allowable Density		
Max Density / Acre	40	units
Max Units	475	
Average Unit Size (Net)	925	
Total Unit SF (Net)	439,375	0.85
FAR	Not defined	
Open Space	35.00%	181,318
Actual Density		
Actual Units	474	units
Loss Factor	10.00%	
Total SF (Gross)	482,295	0.93
Average Unit Size (Gross)	1,018	
Average Unit Size (Net)	925	
Total SF (Rentable)	438,450	
Open Space*	80.18%	415,370

**Gross bldg footprint less total lot size*

BUILDING UNIT, FLOOR PLATE AND TOTAL AREA CALCULATIONS

Type	Bldgs	Units/ Floor	Avg Gross Footprint	Total Floors	Gross Bldg Size	Total Units	Footprint Calcs (Gross) Width	Length	Gross Area
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Garden	1	6	6,105	4	24,420	24	45	136	6,105
Total Garden	**11**		**67,155**		**268,620**	**264**			**67,155**
Tower-West	1	15	15,263	7	106,838	105	75	166	12,450
Tower-South	-	15	15,263	7	106,838	105	75	166	12,450
Tower-Connection	-	-	-	-	-	-	75	75	5,625
Total Tower	**1**		**30,525**		**213,675**	**210**			**30,525**
Clubhouse / Fitness	1		5,000	1	5,000	-	70	71	5,000
Total Amenities	**1**		**5,000**		**5,000**	**-**			**5,000**
Total Property	**13**		**102,680**		**487,295**	**474**			**102,680**

Notes:
FAR per the PDH-40 zone is not defined and is determined through the planning process.

Parking Calculations

We have calculated a total of 710 parking spaces or 1.5 per unit. There will be a four-level parking garage below the tower. The existing grading at the site where the mid-rise will be locate slopes so that it will allow for one of the parking levels to be partially below grade. We have estimated that there will be 305 below grade spaces and 405 surface spaces. The surface spaces have been estimated based on an average size of 300 square feet per space, which allows for driveway and common areas. The below grade parking is based on an average of 400 square feet, which also allows for driveway and common areas.

By code, PDH-40 zoning requires 1.6 parking spaces per unit. We intend to simultaneously request a variance to allow for 1.5 parking spaces, since the property is the closest multi-family property to a Metro station in Fairfax County. This will certainly require a parking study. We will not only want to conduct this for the County's account, but also for our own account. If the site is under parked, we will have difficulty leasing units in the future, which will bring on its own set of problems. There is more work to be done with respect to parking. We also need to go back to the architect and reassess the layout of the site to ensure proper space utilization and adequate parking.

Please see the following page for the parking calculations.

PARKING CALCULATIONS

Parking Type	# Spaces	SF / Space Allocation**	Total SF
Surface	406	300	121,745
Above Grade Structured	-	350	-
Below Grade Structured	305	400	
Total	**711**		**121,745**

**1.6 spaces per unit required by code*

***SF / space allocation is an estimate that includes drive ways and common space, etc.*

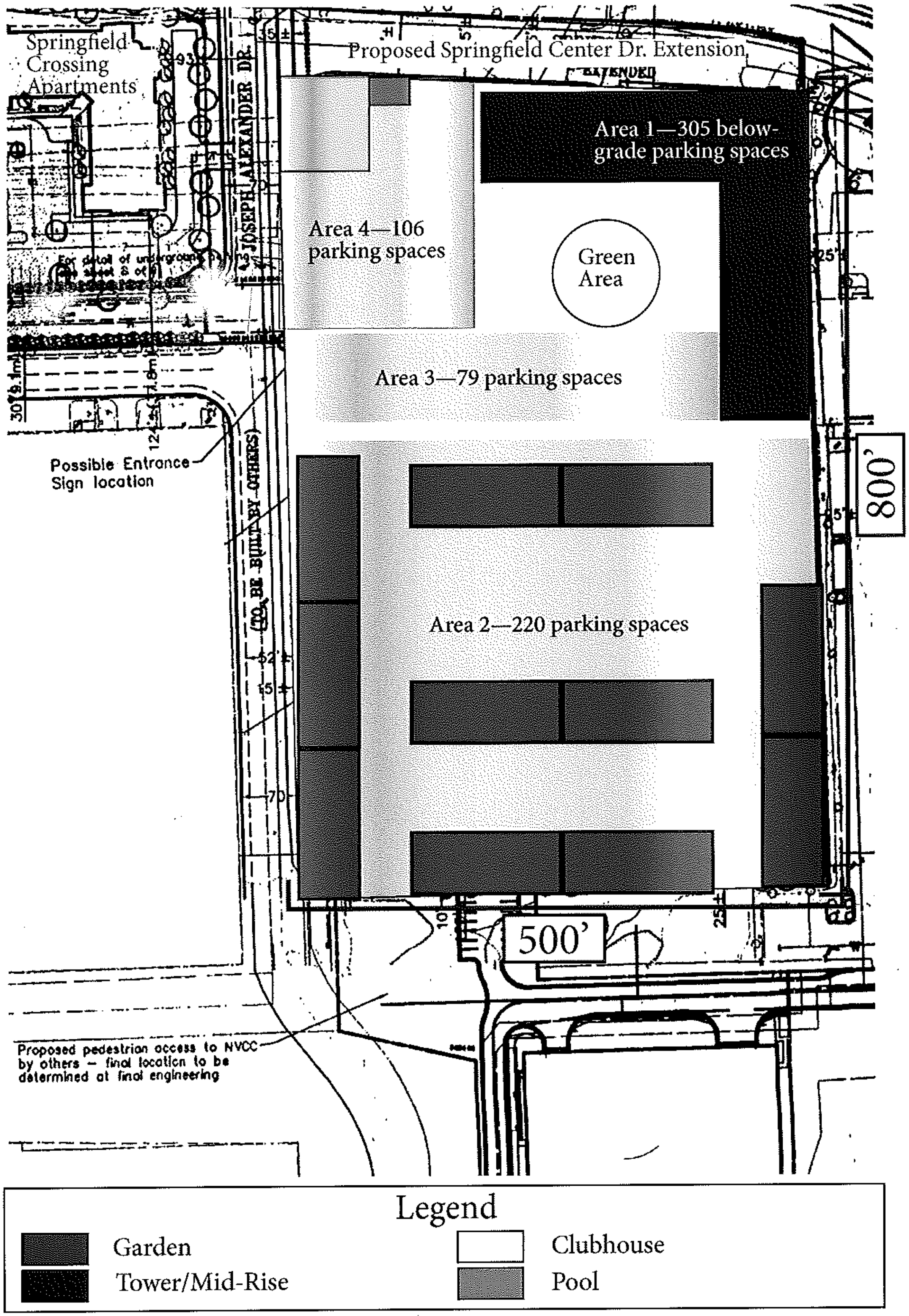
Parking Requirement vs Actual Provided	Required	Provided
Total Apartment Units	474	474
Parking / Unit	1.60	1.50
Total Parking Spaces	758	711

Parking Area Calculations (Refer to Site Plan Parking Calculations on next page for Area Delineations)

Area	SF / Space Allocation	Dimensions (Feet)				Area SF		Building Footprint Area		Net Pkg Area		# Spaces
Surface												
Area 2	300	430	x	310	=	133,300	-	67,155	=	66,145	=	220
Area 3	300	340	x	70	=	23,800	-	-	=	23,800	=	79
Area 4	300	200	x	160	=	32,000	-	-	=	32,000	=	106
Total Surface						**189,100**		**67,155**		**121,945**		**406**
Below Grade Structured												
Below Grade (Mid-Rise)	400	–	x	–	=	122,100	-	-	=	122,100	=	305
Total Below Grade Structured						**122,100**		**-**		**122,100**		**305**
Total						**311,200**				**244,045**		**711**

Assumes four levels below grade

Site Plan Parking Calculations



Development Budget

The initial development budget is outlined below. These costs are based off of discussions we had with Jones Lang LaSalle Construction and KSI, and are also based off of other recent multi-family projects including Alta Branch West & Soho Apartments, (578 apartment units), Confidential Development (149 condo units, Arlington, VA), Confidential Development (177 condo units, Silver Spring, MD). The best comp is Alta Branch West & Soho Apartments, which is a proposed apartment complex adjacent to the Camp Springs Metro station. The product type and quality are all very compatible, as is the rental rate. Unfortunately, we do not have a detailed breakdown of the hard costs for this project. The Confidential Arlington and Silver Spring projects are both condos, so we have made adjustments accordingly.

The total budgeted cost per unit of $290,900, not including land, are certainly in line with the projects that we used as comparables. Across the board in the Metro DC area, Class A apartment developments cost more than $300,000 per unit, especially if there is a mid or high rise included. These costs are the result of stiff increases in construction costs over the last three years, to the point where it has made apartment developments virtually unfeasible to build. Our hard costs are projected at $246,900 per unit. By comparison, the project hard cost for Springfield Crossing was approximately $125,000 per unit when it delivered in 2001.[20] These units are very comparable with respect to size and finishes.

We recommend a traditional design-bid-build development process. However, we anticipate using an architect and contractor that has developed one of the neighboring sites (Springfield Crossing or Archstone Springfield Station). So, we believe that we will be able to minimize pricing through this method while simultaneously minimizing change orders by using a similar design as the other projects.

The development budget is on the following page.

Development Budget

	Total Cost	Cost / Unit
LAND COSTS		
Land Costs	$0	$0
TOTAL LAND COSTS	**$0**	**$0**
HARD COSTS		
Sitework	$3,555,000	$7,500
Building Excavation	$1,355,000	$2,859
Support of Excavation	$930,000	$1,962
Structure	$29,388,000	$62,000
Exterior Skin Envelope	$10,949,400	$23,100
Roofing and Waterproofing	$3,223,200	$6,800
General Building Finishes	$8,266,560	$17,440
Special Equipment	$79,632	$168
Vertical Transportation	$2,075,409	$4,379
Mechanical Systems	$20,026,500	$42,250
Electrical Systems	$9,963,243	$21,020
Residential Unit Finishes	$9,758,475	$20,588
Residential Unit Equipment	$2,370,000	$5,000
Builders Risk Insurance	$47,400	$100
Gross Receipts Tax	$0	$0
General Liability Insurance	$1,185,000	$2,500
Fee and General Conditions (8%)	$8,253,826	$17,413
Contingency (5% of HC)	$5,571,332	$11,754
TOTAL HARD COSTS	**$116,997,977**	**$246,831**
SOFT COSTS		
Design Fees	$1,000,000	$2,110
Engineering	$474,000	$1,000
Survey	$50,000	$105
Land Planning	$150,000	$316
Legal & Professional	$65,000	$137
Marketing Materials	$200,000	$422
Development Fee (5% of HC)	$5,849,899	$12,342
Closing Costs	$100,000	$211
Lender Financing Fees (50bps)	$550,000	$1,160
Permits and Fees	$200,000	$422
Proffers (Includes Amenity Proffer)	$1,500,000	$3,165
Environmental	$10,000	$21
Geotech	$10,000	$21
Legal-Construction Loan	$40,000	$84
Other	$0	$0
TOTAL SOFT COSTS	**$10,198,899**	**$21,517**
DEVELOPMENT COSTS (BEFORE INTEREST)	**$127,196,876**	**$268,348**
INTEREST COSTS		
Interest Costs	$10,700,000	$22,574
TOTAL INTEREST COSTS	**$10,700,000**	**$22,574**
TOTAL DEVELOPMENT BUDGET	**$137,896,876**	**$290,922**

CONSTRUCTION COST COMPARABLE #1

Confidential Development
Arlington, VA
(Condo)

Total Units	**149**
Building Type	**Mid-Rise**
Projected Return on Cost	**N/A**
Operating Expenses / Unit	**N/A**
Developer	**Confidential**

		Per Unit
Land Costs		
Land	$19,000,000	$127,517
Total Land Costs	**$19,000,000**	**$127,517**
Hard Costs		
Building Demolition	$75,000	$503
Sitework	$1,400,000	$9,396
Building Excavation	$1,355,000	$9,094
Support of Excavation	$930,000	$6,242
Structure	$9,240,000	$62,013
Exterior Skin Envelope	$4,590,000	$30,805
Roofing and Waterproofing	$1,020,000	$6,846
General Building Finishes	$3,250,000	$21,812
Special Equipment	$25,000	$168
Vertical Transportation	$725,000	$4,866
Mechanical Systems	$6,295,000	$42,248
Electrical Systems	$3,480,000	$23,356
Residential Unit Finishes	$4,090,000	$27,450
Residential Unit Equipment	$1,515,000	$10,168
Builders Risk Insurance	$22,500	$151
Gross Receipts Tax	$60,000	$403
General Liability Insurance	$380,000	$2,550
Fee and General Conditions	$4,235,000	$28,423
Leed Certification	$296,000	$1,987
Contingency	$2,000,000	$13,423
Total Hard Costs	**$44,983,500**	**$301,903**
Soft Costs		
Design Fees	$1,358,000	$9,114
Legal & Professional	$65,000	$436
Marketing materials	$916,800	$6,153
Marketing Fees	$0	$0
Development Fee	$1,800,000	$12,081
Closing Costs	$432,100	$2,900
Financing Fees	$520,000	$3,490
Financing Fees	$300,000	$2,013
Construction Interest	$4,572,000	$30,685
Permits and fees	$300,000	$2,013
Proffers	$282,000	$1,893
Environmental	$150,000	$1,007
Leasing Brokerage Fees	$300,000	$2,013
Other	$300,000	$2,013
Total Soft Costs	**$11,295,900**	**$75,811**
Total Development Budget	**$75,279,400**	**$505,231**

CONSTRUCTION COST COMPARABLE #2

Alta Branch West & Soho Apartments
Camp Springs, Maryland
(Adjacent to Camp Springs Metro Station)

Total Units	**578**
Building Type	**Mid-Rise**
Projected Return on Cost	**6.21%**
Operating Expenses / Unit	**$5,801**
Developer	**Wood Partners**

		Per Unit
Land Costs		
Land	$15,121,819	$26,162
Total Land Costs	**$15,121,819**	**$26,162**
Hard Costs		
Construction Costs	$128,896,454	$223,004
Total Hard Costs	**$128,896,454**	**$223,004**
Soft Costs		
Engineering	$613,787	$1,062
Environmental	$218,376	$378
Survey	$248,000	$429
Soil Testing	$101,015	$175
Land Planning	$252,750	$437
Design Architect	$2,940,000	$5,087
Legal and Closing	$2,199,431	$3,805
Taxes and Insurance	$2,219,688	$3,840
Financing Fees	$2,363,503	$4,089
Municipal Fees	$8,858,800	$15,327
Start Up Expenses	$4,959,500	$8,580
Pre-Completion Mktg & Conv. Exp.	$275,000	$476
Entitlement & PreCon Costs	$5,986,980	$10,358
Interest Expense	$22,416,635	$38,783
Operating Deficit	$279,111	$483
Net Operating Income	$0	$0
Mezzanine Current Expense	($2,737)	($5)
Other	$1,617,895	$2,799
Total Soft Costs	**$55,547,734**	**$96,103**
Total Development Budget	**$199,566,007**	**$345,270**

CONSTRUCTION COST COMPARABLE #3

Confidential Development
Silver Spring, Maryland
(Condo)

Total Units	**177**
Building Type	**Mid-Rise**
Projected Return on Cost	**N/A**
Operating Expenses / Unit	**N/A**
Developer	**Confidential**

		Per Unit
Total Land Costs	**$7,711,525**	**$43,568**
Total Hard Costs	**$46,986,613**	**$265,461**
Total Soft Costs	**$12,294,293**	**$69,459**
Total Development Budget	**$66,992,431**	**$378,488**

Land Costs

Since we presently own the land and the budget is already tight, we have not marked the land to market. Instead, we have assumed that we will recoup our value through a more favorable promote with the JV Equity partner.

Hard Costs

Most of the budgeted line items listed above were based on a cost per unit for similar project, and adjustments based on the features of the subject project with guidance from the abovementioned groups in the construction industry. Hard costs include the cost of a three-level below grade parking in the mid-rise / tower. The garage is necessary not only because it would be difficult to entirely surface park at a ratio of 1.6 spaces per unit, but also because our competitors (namely Archstone) offers it. However, this is also a source of revenue.

As noted above, the major line items of the hard costs include sitework and excavation, structural, mechanical, and unit finishes. Site and infrastructure were based on $7,500 per unit and the structure at $62,000 per unit was based on the Confidential Arlington project. Although this project is a condo, the cost for the structure should be pretty compatible. The exterior skin envelope was also based off of the Confidential Arlington project, less 25%. The Confidential Arlington project was entirely brick and our project will have a brick veneer with standard vinyl siding on the upper portion of the building. Jones Lang LaSalle's construction group estimated that this would yield a 25% savings. General building finishes were based off of the Confidential Arlington project, less 20%. Electrical systems were based off of the Confidential Arlington project, less 10% and unit finished were adjusted downward by 25% to compensate for this project as an apartment, compared to a condo. Finally, unit equipment was based on $5,000 per unit. A 5% contingency on all of hard costs was included in the budget to account for change orders and cost adjustments. As previously noted, we intend to utilize a guaranteed maximum price contract.

Soft Costs

Design Fees

Design fees would include all of the architectural design work for the project. We intend to utilize Niles Bolton and Associates or WDG Architects, who designed Springfield Crossing and Archstone Springfield Station, respectively. This should help to keep project design fees low. Architect fees are estimated at $2,110 per unit.

Engineering

Engineering fees include all of the engineering-related work including mechanical, structural, and civil. These are estimated at $1,000 per unit, based off of the Soho & Branch West projects.

Survey

Surveying costs are estimated to cost approximately $50,000.

Land Planning
We have estimated that it will take approximately one year to get through the rezoning process and an additional two months for permitting process. We have estimated that we will spend $150,000 during this time in legal fees.

Legal and Professional
These include creation of a standard lease form, as well as taxes and tax planning. We have budgeted $65,000.

Marketing Materials
Marketing materials will likely include signs, both at the property and in the nearby area (like the Springfield Mall), a website and some pieces of direct mail. We have budgeted $200,000.

Development Fee
We have assumed a market development fee of 5% of hard costs. This represents approximately $5.8 million or $12,300 per unit.

Closing Costs
These costs are primarily associated with closing of the construction loan, which would include an appraisal, title insurance, and other costs associated with closing the construction loan, excluding legal, which is outlined below. Closing costs are estimated at $100,000.

Lender Financing Fees
We have projected a 50 basis point fee to the construction lender at the closing of the construction loan. Since the construction loan is considered a "large loan", it is possible that the construction lender would accept a lower fee. Our estimate of 50 basis points equates to approximately $550,000. We have assumed that there is no mortgage banker involved, which would require a separate fee of approximately the same amount.

Permits and Fees
Permits and fees include the various charges that we will incur during the permitting and planning stage with Fairfax County. We have budgeted $200,000 or approximately $422 per unit.

Proffers
This category can be a wild card as there is no standard. We have budgeted $1,500,000 or slightly less than $3,200 per unit. We know for sure that the county will require a $1,000 per unit "amenity proffer". We will be required to pay this proffer in the event that we do not spend at least this amount per unit on amenities at the community. We feel confident that other costs already included in the budget will suffice for this. The other proffers that could arise include traffic/roadways and school proffers. Based on our calculations in Section VI, we do not see an issue with school proffers.

Environmental
We have budgeted for a standard Phase I only at $10,000. We have owned the site for a number of years and are aware that the site used to be part of a larger concrete plant. As noted in Section III, the adjacent site acted as the primary processing area while the subject site acted as a curing yard. We know that there were only minor issues with the adjacent site and feel confident that there are no significant issues here.

Geotech
We have budgeted $10,000 for the geotech report and testing.

Interest Costs
Based on the loan terms outlined in Section VIII, we have estimated that there will be approximately $10,700,000 in interest costs.

VII – Development Schedule

The development schedule is based on completing the rezoning process in January 2009. The site plan approval and building permit documents are projected to be received in March 2009. We have projected that the rezoning process will take 12 months and an additional three to receive the required building permits. The construction loan and joint venture equity will be timed so that they close simultaneous with the receipt of these documents so that sitework can commence immediately. The base building construction is projected to take 18 months to complete, from the beginning of construction. The final inspection process will take an additional three months thereafter. The total construction timeline is 22 months.

Springfield Metro Apartments Development Timeline		
Task	**Completion Date**	**# Months**
Beginning of Development Process	January-08	--
Completion of Rezoning	January-09	12
Approval of Construction Plans (Fairfax County)	March-09	3
Receipt of Building Permits	March-09	0
Close on Construction Loan / JV Equity	March-09	0
Sitework / Below Grade Parking Construction	August-09	5
Base Building Construction (All Buildings)	September-10	18
Final Inspection	December-10	3
Beginning of Lease Up	January-11	1
Completion of Lease Up	December-11	12
Refinance / Permanent Loan	January-12	1

Rezoning and Building Permits

Rezoning

The following chronologically outlines the process for all steps in rezoning process for Fairfax County. Based on a "normal" schedule, Fairfax County estimates that the total time to rezone a site is approximately 12 months.

Fairfax County Rezoning Process	
Milestone	**Time to Complete**
1. Filing of application	--
2. Application submissions reviewed by county	2 weeks
3. Application scheduled for Planning Commission (Hearing and assigned to a staff coordinator)	2 months
4. County Prestaffing of application	--
5. County revisions to prestaffing comments submitted	1-2 months
6. County staffing application / final staff comments	--
7. County revisions to staffing comments submitted	1-2 months
8. Final submission (six weeks prior to Planning Commission Public Hearing)	--
9. Notification to adjacent property owners (sent 15 days prior to hearing)	2 weeks
10. Staff report published	2 weeks
11. Planning Commission Public Hearing	2 months
12. Application scheduled for Board of Supervisors public hearing	--
13. Notification to adjacent property owners (sent 15 days prior to hearing)	2 weeks
14. Board of Supervisors Public hearing	2 months
Total Time to Complete ("normal" circumstances)	**10-12 months**
Source: Fairfax County Department of Planning and Zoning[21]	

Permitting Process (Post Rezoning)
After the rezoning process is approved by the Board of Supervisors, the site plan is submitted for review and approval to acquire a building permit, which is reviewed by the Department of Public Works and Environmental Services (DPWES).

The permits required in Fairfax County include the following[22]:

- Building permit
- Electrical permit
- Mechanical permit
- Plumbing permit
- Mechanical permit
- Virginia Department of Transportation (VDOT) permit

Fees associated with the permitting process include the following[23]:

- Fire marshal fees
- Building permit fees (based on building size)
- Correction and revision fees (review of plan)
- Mechanical, electrical and plumbing fees
- Health Department fee
- Public water fees

The permitting process is outlined below. In total, Fairfax County estimates that it will take 30 to 60 days to obtain a building permit, assuming "normal" circumstances, and that the plans have been documented properly, etc[24].

1. Submit a completed Building Shell/Fee Assessment Submittal Form to the Fire Prevention Division plan reviewer at the Building Plan Review.

2. Submit the completed construction documents, prepared site plan, the processed *BuildingShell/Fee Assessment Submittal Form* (if required) and a completed building permit application.

3. Construction documents will be forwarded internally to the appropriate reviewing agencies: Building Plan Review, Fire Prevention Division, Health Department (if applicable).

4. When all reviews have been completed, the drawings can be picked If the drawings are not approved by one or more agencies, corrections must be made to achieve compliance.

5. If the building requires special inspections, then a pre-construction meeting is required and must be held after the approval of the building plans and prior to the issuance of the building permit.

6. Prior to the issuance of the permit, the building permit application must be approved by the required review agencies with signatures placed on the lines adjacent to their corresponding departments as listed below.

   • Zoning Review: the Zoning Permit Review Branch will sign off after the site plan has been reviewed and approved for zoning-related issues.

   • Site Permits: the Site Permits Section will sign off after the site plan is approved and bonded.

   • Sanitation: the Wastewater Planning and Monitoring Division will sign off after payment of all sewer fees and fixture unit fees.

   • Health Department (if applicable) will sign off after their review and approval of plans.

- Building Plan Review will sign off only after all other signatures have been obtained and the building plans are approved.

7. After the signatures have been obtained, the building plans are approved.

Critical Path

There are many risks associated with the development and construction schedule that can cause delays and ultimately impact the returns of the project. These can literally include anything, but some of the higher level ones include environmental, delays as a result of long lead time items, critical path items and regulatory issues like obtaining rezoning and building permits.

Regulatory

The first major contributor to the critical path schedule that this project faces is the ability to achieve rezoning in 12 months. Every other task is depending on this happening first. After the rezoning process has been complete, the project timeline will depend on site plan approval and receipt of building permits, which is scheduled to take an additional three months. These two regulatory items, especially rezoning, are the largest initial risk factors to this project, and have the sole ability to stop this project dead in its tracks, if County officials decide that they don't agree with our idea of the highest and best use of the site. Not only can this step in the process stop a project, time delays here can very rarely be made up. Everything else in the timeline completely depends on this happening first.

Construction

There are countless items that can cause delays in the construction. One of the most basic issues is the weather. Many times, weather delays can be made up, but not always. We are projecting to commence sitework in the month of April, which can be chalked with delays due to rain. It is unlikely that these types of delays can be made up.

Other potential issues include delays associated with long lead time items, such as concrete for the mid-rise building. Additionally, the pouring of concrete floors can be problematic since each floor generally requires 12-14 days to pour and cure before you can proceed to the next floor. Concrete is especially susceptible to weather, since it needs certain conditions to cure. All concrete items must also be completed before masonry and carpentry can begin.

All of the items on the timeline ultimately impact the construction draw schedule, which ultimately impacts the interest costs and returns to the project, which is the single most important factor. The interest line item in the development budget is based on a projected budget and draw schedule that ultimately never happens as planned. So, there is a substantial risk that the project could blow through its interest budget, which can cause serious problems with the lender.

VIII - FINANCIAL ANALYSIS

Development Budget Summary

Land Costs
The partnership currently owns the land. Our model and projections do not assume that the land will be marked to market, but we have taken this in to account with the promote structure. Part of the reason our analysis assumes this is a result of the low return on cost (excluding land). Basically, this analysis says that the land, if developed into apartments, is worthless, given current construction costs.

Hard Costs
Hard costs have been estimated by Jones Lang LaSalle's construction group. We intend to utilize a guaranteed maximum price contract prior to finalizing the loan and moving forward with construction. Total hard costs are estimated to be $117 million or $246,800 per unit.

Soft Costs
The soft costs detailed in the development budget include standard closing costs and third party reports as well as an allowance for proffers and other related issues. The total soft cost budget is estimated to be $10.3 million or $21,500 per unit.

Interest Costs
The interest costs during construction is estimated to be $10.7 million or $22,600 per unit. It should be noted that our model accounts for income offset, which slightly offsets total interest costs per the budget. This includes income offset during lease up, while the construction loan is still outstanding.

Please refer to Page 78 for the detailed development budget.

Development Assumptions

We have modeled our unit mix, rent structure and building design based on our direct competition, Archstone Springfield Station. Thus, there are references to this project throughout. For the detailed development assumptions, please see page 95.

Analysis and Timing

We have started the analysis as of January 2008. The predevelopment period is projected to last 14 months, with construction lasting 22 months and lease up lasting 12 months. The predevelopment period coincides with the projected timing for rezoning and the construction time frame is estimated by Jones Lang LaSalle's construction group. The lease up schedule is estimated, based off of information we have received about the Archstone project. At delivery, Archstone was 83% leased and 99% occupied within seven months. Thus, we have projected the entire project to take 48 months from predevelopment to completion and stabilization.

Revenue

We have assumed that average market rents are currently $1.80 per square foot (per month). We have assumed a slight premium over the Archstone project, since this project will be brand new. Archstone's rents are currently averaging $1.72 per square foot. The projected unit mix and rent breakdown per unit is below (and it is in the Market Analysis section under the conclusion). We have assumed that rents will grow at a rate of 5% annually throughout the term of the analysis.

Projected Unit Mix and Pricing Matrix

% Total	# Units	Type	SF Range			Rent Range			Rent / SF		
53%	250	1 BR	632	-	800	$1,428	-	$1,530	$2.26	-	$1.91
6%	27	1 BR / DL	820	-	869	$1,685	-	$1,738	$2.06	-	$2.00
34%	162	2 BR	1,043	-	1,300	$1,785	-	$1,953	$1.71	-	$1.50
4%	17	2 BR / DL	1,293	-	1,293	$1,901	-	$1,901	$1.47	-	$1.47
4%	18	3 BR	1,319	-	1,319	$2,084	-	$2,084	$1.58	-	$1.58
100%	**474**			**925**						**$1.80**	

These rents are as of 2008 and are projected to grow 5% annually. When the first units begin to be leased, the rent is projected to be $2.14 per square foot.

The projected unit mix above is primarily based off of the unit mix offered at the Archstone project, but is also similar to the unit ratios that are offered at the other projects that we have deemed to be competitive.

We have projected that we will have 305 covered parking spaces below the mid-rise building. We have assumed that we will be able to charge $100 per month for 230 of these spaces, or approximately 75% (note that this is projected to grow annually by 5% beginning in 2008). This is in line with what Archstone is charging for covered parking across the street.

Other income has been projected at $25 per unit per month (note that this is projected to grow annually by 5% beginning in 2008). This is fairly standard revenue for an apartment owner to collect and includes late charges and miscellaneous fees.

Vacancy
Upon stabilization, a 5% vacancy rate has been underwritten. This includes vacancy allowances and collection loss. It should be noted that the current market vacancy for projects we have deemed to be competitive is 4%.

Expenses
Expenses per unit for Class A properties in this market are currently running approximately $6,000 per unit (per year), which equates to 29% of the gross revenue. These estimates are in line with competitive properties in this market. During the lease up period, operating expenses are assumed to be 50% fixed, based on occupancy (this really only impacts the property during lease up). Expenses are assumed to grow at 5% annually.

Capital Expenditures
Since the building will be new, we have projected reserves of $150 per unit per year after the property is stabilized.

Sources of Funds
We intend to finance the project under a guaranteed takeout structure with a rated entity (joint venture partner). This will allow for a reduction of equity, minimization of risk, and minimization of capitalized interest.

Construction Loan Assumptions
The construction loan will be aggressively marketed to the non-recourse debt markets including commercial banks, REITS, traditional banks and Wall Street firms. However, the most likely candidate for a rated takeout would include life insurance companies and banks. Some of the senior lenders we will show this deal to for a rated take out include Bank of America, Northwestern Mutual, Babson Capital Management, PNC Bank, and New York Life. Other alternatives for traditional non-recourse financing include Fremont, Corus, Merrill Lynch, Anglo Irish Bank, Capital Source. Our general construction loan assumptions are outlined below.

- 80% LTC, guaranteed takeout with rated entity
- Non-Recourse
- Completion guaranty only (could limit to approximately 10%-20% of project cost)
- 3 Years with two, one-year options to extend
- 225 bps + 30-Day Libor
- No cap or swap required
- Interest only during term
- 1% lender fee in
- 0% lender fee out

- 0.25 bps for each extension option
- No loan draw or administrative fees
- GMAX is required
- All major sub contracts greater than $100,000 required to be bonded (subject to strength of general contractor)

It is intended that we will take the completion guaranty and sign for the non-recourse carveouts. The requirements for net worth and liquidity for completion guarantees can vary. In general, the lender wants to see net worth equal to at least 10% of the completion guaranty. Liquidity is subjective, but generally can be limited to $1 million for a project of this size. We have assumed that we, the developer will sign for the carveouts.

Upon completion and stabilization, the investor will be required to fund their equity to take the construction loan out. Our base assumption is that following the construction period, we would go back to the lending market seeking a permanent loan before the investor's equity is funded.

Permanent Loan Assumptions
Immediately following stabilization, we will refinance the property with a permanent loan. Upon the stabilized year (Year Five), we have valued the property at a 6.00% cap rate and assumed an 80% permanent loan. Given that interest rates are currently very favorable (10-year Treasury is approximately 4.50%), we will select a permanent lender (conduit) now and utilize a forward Treasury lock. This will cost 1.5 basis points per month. We project that it will take 60 months from start to stabilization, so the total basis point "add on" will be approximately 25. We have budgeted an additional few months, in the event that our timing slides a bit. So, the total Treasury rate we will be able to lock in now is 5.00%. The spread of 100 basis points is then added on for a total permanent interest rate of 6.00%. We have assumed two years of interest only with a 30 year amortization thereafter. We have budgeted 2% of the loan amount for closing costs of the permanent loan. It should be noted that the interest rate, when it begins to amortize, will represent negative leverage as the constant will be greater than our initial return on cost (excluding rent growth).

One risk we see here has to do with the fact that, based on our assumptions, there is very little value creation between developing and stabilizing. Despite the fact that many properties are trading for sub-5% cap rates, it does not seem prudent to assume that this trend will last forever. Thus, we have taken a more conservative approach. The projected return on cost is 6.17%, with a stabilized valuation of 6.00%. There is virtually no return of equity when the permanent loan is placed, because there is not enough value being created. If we were to have to sell this project upon completion and stabilization, we would barely brake even.

JV Equity Assumptions
Upon completion of due diligence and a GMAX contract, the investor will guaranty a takeout of the construction loan at some point in time. The investor's equity only accrues

as actual dollar fundings takes place, thereby minimizing return to the equity investor. Since we have assumed a 90% loan and a 90 / 10 split, the JV equity partner will have $26,750,000 in at closing. There is no accrual for the takeout commitment unless the JV equity partner actually funds to take the construction lender out.

Upon completion and stabilization of the project, we will replace the construction loan with an 80% permanent loan. At this time, the investor partners' equity will be funded and begin accruing. Depending on the level of value creation, it is possible that the investor partner might never even fund their equity. As noted above, we intend to place the permanent loan on the property prior to the JV Equity partner funding their equity.

There are many companies that will participate in a guaranteed take out, especially for well located apartment buildings. Some of these include Prudential Real Estate Investors, Quadrant and MetLife.

Base Case Scenario
Based on the assumptions we outlined above, the sources and uses for the development are as follows:

Sources and Uses Summary

Sources		**% of Total**	**% of Equity**
Construction Loan	$110,317,500	80%	
Investor Equity Contribution	$26,751,994	19%	97%
Sponsor / Dev. Equity Contribution	$827,381	1%	3%
Total Sources	**$137,896,876**	**100%**	**100%**
Uses	**$**	**$/Unit**	**% of Total**
Land Costs	$0	$0	0%
Hard Costs	$116,997,977	$246,831	85%
Soft Costs	$10,198,899	$21,517	7%
Interest Costs	$10,700,000	$22,574	8%
Total Uses	**$137,896,876**	**$290,922**	**100%**

The projected unleveraged return on cost is 6.17% and the unleveraged IRR is 5.88% (develop and sell) and 6.86% (develop and hold). The project level leveraged IRR is 1.12% (develop and sell) and 15.33% (develop and hold), based on the develop and hold scenario.

Based on the JV Equity terms we outlined above, we contemplate a 90 /10 equity deal. Our resulting equity requirement is $26,750,000, which is projected to yield an 12.31% IRR (develop and hold). Typical return requirements for an institutional investor for project like this are generally in the mid-teens (IRR). Additionally, most institutional investors will likely want to sell after construction, although there are some (as previously noted) that will stay in for a longer-term hold.

Down Side Scenario

As a result of the exceptionally low return on cost in the base case (expected case) scenario, we have not conducted a down side scenario cash flow model. Based on the expected case scenario, if there is slightest increase in project costs, decrease in rents, or increase in the timeline, then this project would turn catastrophic. This, a down side scenario is not warranted. Rather than looking at a potential downside scenario, we believe that that JGA should investigate selling the land, or holding it until development becomes feasible.

Springfield Metro Apartments
Springfield, VA
Budget & Draw Schedule

Year	1	1	1	1	1	1	1	1	1	1	1	1
Month #	1	2	3	4	5	6	7	8	9	10	11	12
Month	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Total # Units	474	474	474	474	474	474	474	474	474	474	474	474
Apartment SF	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450
Other SF	-	-	-	-	-	-	-	-	-	-	-	-
Units Leased	0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Apartment)	0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)	0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)												
Storage Market Rent / SF	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85
Other Revenue / SF	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850
Parking Revenue	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900
Expenses / Unit / Month	500	500	500	500	500	500	500	500	500	500	500	500
Capital Reserves / Unit / Month (Begins after stabilization)	13	13	13	13	13	13	13	13	13	13	13	13

	Totals	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
DEVELOPMENT COSTS													
Land Cost	$0	-											
Hard Costs	$116,997,977	-	-	-	-	-	-	-	-	-	-	-	-
Soft Costs	$10,198,899	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493
TOTAL BUILDING COSTS (Excl Interest) (Rounded)	**$127,196,880**												
CHECK:	*$127,196,880*												
Total Monthly Costs	**127,196,876**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**	**728,493**
Total Project % Leased		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RENTAL INCOME													
Apartment Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Parking Revenue		-	-	-	-	-	-	-	-	-	-	-	-
GROSS RENTAL INCOME		-	-	-	-	-	-	-	-	-	-	-	-
VACANCY ALLOWANCE		-	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES		-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		-	-	-	-	-	-	-	-	-	-	-	-
DEBT / EQUITY FUNDINGS													
EQUITY FUNDINGS													
Equity Contributions	$27,579,375	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493	728,493
Ending Equity Balance		728,493	1,456,986	2,185,478	2,913,971	3,642,464	4,370,957	5,099,449	5,827,942	6,556,435	7,284,928	8,013,421	8,741,913
Remaining Monthly Costs	$99,617,500	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION LOAN FUNDINGS													
Construction Loan Draws	$99,617,500	-	-	-	-	-	-	-	-	-	-	-	-
Gross Construction Interest (Excl. Income)	$14,423,625	-	-	-	-	-	-	-	-	-	-	-	-
LESS: NET CASH FLOW (as available)	$3,689,651	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Loan Balance		-	-	-	-	-	-	-	-	-	-	-	-
Net Effective Interest *	10,776,250	-	-	-	-	-	-	-	-	-	-	-	-
NET CF AFTER DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-
NET SALE PROCEEDS		-	-	-	-	-	-	-	-	-	-	-	-
less: COST OF SALE		-	-	-	-	-	-	-	-	-	-	-	-
less: LOAN REPAYMENT		-	-	-	-	-	-	-	-	-	-	-	-
UNLLEVERED CASH FLOW		(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)
LEVERED CASH FLOW		(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)	(728,493)

PROJECT UNLEVERED IRR	5.88%
PROJECT LEVERAGED IRR (Monthly)	1.12%

Springfield Metro Apartments
Springfield, VA
Budget & Draw Schedule

	Totals												
Year		2	2	2	2	2	2	2	2	2	2	2	2
Month #		13	14	15	16	17	18	19	20	21	22	23	24
Month		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Total # Units		474	474	474	474	474	474	474	474	474	474	474	474
Apartment SF		438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450
Other SF		-	-	-	-	-	-	-	-	-	-	-	-
Units Leased		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Apartment)		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)													
Storage Market Rent / SF		1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94
Other Revenue / SF		12,443	12,443	12,443	12,443	12,443	12,443	12,443	12,443	12,443	12,443	12,443	12,443
Parking Revenue		24,045	24,045	24,045	24,045	24,045	24,045	24,045	24,045	24,045	24,045	24,045	24,045
Expenses / Unit / Month		525	525	525	525	525	525	525	525	525	525	525	525
Capital Reserves / Unit / Month (Begins after stabilization)		13	13	13	13	13	13	13	13	13	13	13	13
DEVELOPMENT COSTS													
Land Cost	$0												
Hard Costs	$116,997,977	-	-	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090
Soft Costs	$10,198,899	728,493	728,493	-	-	-	-	-	-	-	-	-	-
TOTAL BUILDING COSTS (Excl Interest) (Rounded)	**$127,196,880**												
CHECK:	*$127,196,880*												
Total Monthly Costs	**127,196,876**	**728,493**	**728,493**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**
Total Project % Leased		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RENTAL INCOME													
Apartment Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Parking Revenue		-	-	-	-	-	-	-	-	-	-	-	-
GROSS RENTAL INCOME		-	-	-	-	-	-	-	-	-	-	-	-
VACANCY ALLOWANCE		-	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES		-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		-	-	-	-	-	-	-	-	-	-	-	-
DEBT / EQUITY FUNDINGS													
EQUITY FUNDINGS													
Equity Contributions	$27,579,375	728,493	728,493	5,318,090	5,318,090	5,318,090	1,426,207	-	-	-	-	-	-
Ending Equity Balance		9,470,406	10,198,899	15,516,989	20,835,079	26,153,168	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375
Remaining Monthly Costs	$99,617,500	-	-	-	-	-	3,891,883	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090
CONSTRUCTION LOAN FUNDINGS													
Construction Loan Draws	$99,617,500	-	-	-	-	-	3,891,883	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090
Gross Construction Interest (Excl. Income)	$14,423,625	-	-	-	-	-	-	25,297	60,029	94,987	130,172	165,586	201,230
LESS: NET CASH FLOW (as available)	$3,689,651	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Loan Balance		-	-	-	-	-	3,891,883	9,235,270	14,613,389	20,026,466	25,474,728	30,958,404	36,477,723
Net Effective Interest *	10,776,250	-	-	-	-	-	-	25,297	60,029	94,987	130,172	165,586	201,230
NET CF AFTER DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-
NET SALE PROCEEDS		-	-	-	-	-	-	-	-	-	-	-	-
less: COST OF SALE		-	-	-	-	-	-	-	-	-	-	-	-
less: LOAN REPAYMENT		-	-	-	-	-	-	-	-	-	-	-	-
UNLLEVERED CASH FLOW		(728,493)	(728,493)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)
LEVERED CASH FLOW		(728,493)	(728,493)	(5,318,090)	(5,318,090)	(5,318,090)	(1,426,207)	-	-	-	-	-	-

PROJECT UNLEVERED IRR	5.88%
PROJECT LEVERAGED IRR (Monthly)	1.12%

Springfield Metro Apartments
Springfield, VA
Budget & Draw Schedule

	Totals												
Year		3	3	3	3	3	3	3	3	3	3	3	3
Month #		25	26	27	28	29	30	31	32	33	34	35	36
Month		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Total # Units		474	474	474	474	474	474	474	474	474	474	474	474
Apartment SF		438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450
Other SF		-	-	-	-	-	-	-	-	-	-	-	-
Units Leased		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Apartment)		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)													
Storage Market Rent / SF		2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04
Other Revenue / SF		13,065	13,065	13,065	13,065	13,065	13,065	13,065	13,065	13,065	13,065	13,065	13,065
Parking Revenue		25,247	25,247	25,247	25,247	25,247	25,247	25,247	25,247	25,247	25,247	25,247	25,247
Expenses / Unit / Month		551	551	551	551	551	551	551	551	551	551	551	551
Capital Reserves / Unit / Month (Begins after stabilization)		13	13	13	13	13	13	13	13	13	13	13	13
DEVELOPMENT COSTS													
Land Cost	$0												
Hard Costs	$116,997,977	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090
Soft Costs	$10,198,899	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL BUILDING COSTS (Excl Interest) (Rounded)	**$127,196,880**												
CHECK:	*$127,196,880*												
Total Monthly Costs	**127,196,876**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**	**5,318,090**
Total Project % Leased		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RENTAL INCOME													
Apartment Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Parking Revenue		-	-	-	-	-	-	-	-	-	-	-	-
GROSS RENTAL INCOME		-	-	-	-	-	-	-	-	-	-	-	-
VACANCY ALLOWANCE		-	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES		-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		-	-	-	-	-	-	-	-	-	-	-	-
DEBT / EQUITY FUNDINGS													
EQUITY FUNDINGS													
Equity Contributions	$27,579,375	-	-	-	-	-	-	-	-	-	-	-	-
Ending Equity Balance		27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375
Remaining Monthly Costs	$99,617,500	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090
CONSTRUCTION LOAN FUNDINGS													
Construction Loan Draws	$99,617,500	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090	5,318,090
Gross Construction Interest (Excl. Income)	$14,423,625	237,105	273,214	309,557	346,137	382,955	420,011	457,309	494,849	532,633	570,663	608,940	647,466
LESS: NET CASH FLOW (as available)	$3,689,651	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Loan Balance		42,032,918	47,624,222	53,251,869	58,916,096	64,617,141	70,355,242	76,130,641	81,943,580	87,794,303	93,683,056	99,610,086	105,575,641
Net Effective Interest *	10,776,250	237,105	273,214	309,557	346,137	382,955	420,011	457,309	494,849	532,633	570,663	608,940	647,466
NET CF AFTER DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-
NET SALE PROCEEDS		-	-	-	-	-	-	-	-	-	-	-	-
less: COST OF SALE		-	-	-	-	-	-	-	-	-	-	-	-
less: LOAN REPAYMENT		-	-	-	-	-	-	-	-	-	-	-	-
UNLEVERED CASH FLOW		(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)	(5,318,090)
LEVERED CASH FLOW		-	-	-	-	-	-	-	-	-	-	-	-

PROJECT UNLEVERED IRR	5.88%
PROJECT LEVERAGED IRR (Monthly)	1.12%

Springfield Metro Apartments
Springfield, VA
Budget & Draw Schedule

Year		4	4	4	4	4	4	4	4	4	4	4	4
Month #		37	38	39	40	41	42	43	44	45	46	47	48
Month		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Total # Units		474	474	474	474	474	474	474	474	474	474	474	474
Apartment SF		438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450
Other SF		-	-	-	-	-	-	-	-	-	-	-	-
Units Leased		40	79	119	158	198	237	277	316	356	395	435	474
SF Leased (Apartment)		36,538	73,075	109,613	146,150	182,688	219,225	255,763	292,300	328,838	365,375	401,913	438,450
SF Leased (Other)		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)													
Storage Market Rent / SF		2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14
Other Revenue / SF		13,718	13,718	13,718	13,718	13,718	13,718	13,718	13,718	13,718	13,718	13,718	13,718
Parking Revenue		26,510	26,510	26,510	26,510	26,510	26,510	26,510	26,510	26,510	26,510	26,510	26,510
Expenses / Unit / Month		579	579	579	579	579	579	579	579	579	579	579	579
Capital Reserves / Unit / Month (Begins after stabilization)		14	14	14	14	14	14	14	14	14	14	14	14
	Totals												
DEVELOPMENT COSTS													
Land Cost	$0												
Hard Costs	$116,997,977	-	-	-	-	-	-	-	-	-	-	-	-
Soft Costs	$10,198,899	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL BUILDING COSTS (Excl Interest) (Rounded)	**$127,196,880**												
CHECK:	*$127,196,880*												
Total Monthly Costs	**127,196,876**	-	-	-	-	-	-	-	-	-	-	-	-
Total Project % Leased		8%	17%	25%	33%	42%	50%	58%	67%	75%	83%	92%	100%
RENTAL INCOME													
Apartment Revenue		78,249	156,498	234,747	312,996	391,245	469,494	547,743	625,992	704,240	782,489	860,738	938,987
Other Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Parking Revenue		2,209	4,418	6,627	8,837	11,046	13,255	15,464	17,673	19,882	22,091	24,300	26,510
GROSS RENTAL INCOME		**80,458**	**160,916**	**241,374**	**321,832**	**402,290**	**482,748**	**563,207**	**643,665**	**724,123**	**804,581**	**885,039**	**965,497**
VACANCY ALLOWANCE		-	-	-	-	-	-	-	-	-	-	-	(48,275)
OPERATING EXPENSES		(148,610)	(160,042)	(171,473)	(182,905)	(194,336)	(205,768)	(217,199)	(228,631)	(240,062)	(251,494)	(262,926)	(274,357)
NET OPERATING INCOME		**(68,152)**	**874**	**69,901**	**138,928**	**207,954**	**276,981**	**346,007**	**415,034**	**484,060**	**553,087**	**622,113**	**642,865**
DEBT / EQUITY FUNDINGS													
EQUITY FUNDINGS													
Equity Contributions	$27,579,375	-	-	-	-	-	-	-	-	-	-	-	-
Ending Equity Balance		27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375
Remaining Monthly Costs	$99,617,500	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION LOAN FUNDINGS													
Construction Loan Draws	$99,617,500	-	-	-	-	-	-	-	-	-	-	-	-
Gross Construction Interest (Excl. Income)	$14,423,625	686,242	691,145	695,632	699,699	703,344	706,564	709,357	711,718	713,647	715,139	716,192	716,804
LESS: NET CASH FLOW (as available)	$3,689,651	(68,152)	874	69,901	138,928	207,954	276,981	346,007	415,034	484,060	553,087	622,113	642,865
Cumulative Loan Balance		106,330,035	107,020,306	107,646,036	108,206,808	108,702,198	109,131,782	109,495,132	109,791,816	110,021,403	110,183,455	110,277,535	110,351,474
Net Effective Interest *	10,776,250	754,394	690,271	625,731	560,772	495,390	429,584	363,349	296,685	229,587	162,052	94,079	73,939
NET CF AFTER DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-
NET SALE PROCEEDS		-	-	-	-	-	-	-	-	-	-	-	-
less: COST OF SALE		-	-	-	-	-	-	-	-	-	-	-	-
less: LOAN REPAYMENT		-	-	-	-	-	-	-	-	-	-	-	-
UNLEVERED CASH FLOW		(68,152)	874	69,901	138,928	207,954	276,981	346,007	415,034	484,060	553,087	622,113	642,865
LEVERED CASH FLOW		-	-	-	-	-	-	-	-	-	-	-	-

PROJECT UNLEVERED IRR	5.88%
PROJECT LEVERAGED IRR (Monthly)	1.12%

Springfield Metro Apartments
Springfield, VA
Budget & Draw Schedule

		Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Year		5	5	5	5	5	5	5	5	5	5	5	5
Month #		49	50	51	52	53	54	55	56	57	58	59	60
Total # Units		474	474	474	474	474	474	474	474	474	474	474	474
Apartment SF		438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450
Other SF		-	-	-	-	-	-	-	-	-	-	-	-
Units Leased		474	474	474	474	474	474	474	474	474	474	474	474
SF Leased (Apartment)		438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450	438,450
SF Leased (Other)		0	0	0	0	0	0	0	0	0	0	0	0
SF Leased (Other)													
Storage Market Rent / SF		2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Other Revenue / SF		14,404	14,404	14,404	14,404	14,404	14,404	14,404	14,404	14,404	14,404	14,404	14,404
Parking Revenue		27,835	27,835	27,835	27,835	27,835	27,835	27,835	27,835	27,835	27,835	27,835	27,835
Expenses / Unit / Month		608	608	608	608	608	608	608	608	608	608	608	608
Capital Reserves / Unit / Month (Begins after stabilization)		14	14	14	14	14	14	14	14	14	14	14	14

	Totals	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
DEVELOPMENT COSTS													
Land Cost	$0												
Hard Costs	$116,997,977	-	-	-	-	-	-	-	-	-	-	-	-
Soft Costs	$10,198,899	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL BUILDING COSTS (Excl Interest) (Rounded)	**$127,196,880**												
CHECK:	*$127,196,880*												
Total Monthly Costs	**127,196,876**	-	-	-	-	-	-	-	-	-	-	-	-
Total Project % Leased		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
RENTAL INCOME													
Apartment Revenue		985,937	-	-	-	-	-	-	-	-	-	-	-
Other Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Parking Revenue		27,835	-	-	-	-	-	-	-	-	-	-	-
GROSS RENTAL INCOME		**1,013,772**	-	-	-	-	-	-	-	-	-	-	-
VACANCY ALLOWANCE		(50,689)	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES		(288,075)	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		**675,008**	-	-	-	-	-	-	-	-	-	-	-
DEBT / EQUITY FUNDINGS													
EQUITY FUNDINGS													
Equity Contributions	$27,579,375	-	-	-	-	-	-	-	-	-	-	-	-
Ending Equity Balance		27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375	27,579,375
Remaining Monthly Costs	$99,617,500	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION LOAN FUNDINGS													
Construction Loan Draws	$99,617,500	-	-	-	-	-	-	-	-	-	-	-	-
Gross Construction Interest (Excl. Income)	$14,423,625	717,285	-	-	-	-	-	-	-	-	-	-	-
LESS: NET CASH FLOW (as available)	$3,689,651	675,008	-	-	-	-	-	-	-	-	-	-	-
Cumulative Loan Balance		110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750	110,393,750
Net Effective Interest *	10,776,250	42,276	-	-	-	-	-	-	-	-	-	-	-
NET CF AFTER DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-
NET SALE PROCEEDS		141,751,711	-	-	-	-	-	-	-	-	-	-	-
less: COST OF SALE		(2,835,034)	-	-	-	-	-	-	-	-	-	-	-
less: LOAN REPAYMENT		(110,393,750)	-	-	-	-	-	-	-	-	-	-	-
UNLLEVERED CASH FLOW		139,591,685	-	-	-	-	-	-	-	-	-	-	-
LEVERED CASH FLOW		28,522,927	-	-	-	-	-	-					
PROJECT UNLEVERED IRR	5.88%												
PROJECT LEVERAGED IRR (Monthly)	1.12%												

Springfield Metro Apartments
Springfield, VA
Development Summary & Assumptions

Building Areas

	Springfield Metro Apartments	Loss Factor
BOMA Gross Measured Area	487,295	
Apartment SF	438,450	
Other SF	0	
Total Rentable SF	**438,450**	10.02%
Total Units	474	
Apartment Average Unit Size (Net)	925 SF	
Other Average Unit Size (Net)	- SF	

Critical Dates

	Start	End	Months
Analysis Start	1/1/2008		
Predevelopment Period	1/1/2008	2/28/2009	14
Construction Period	3/1/2009	12/31/2010	22
Lease-up Period	1/1/2011	12/31/2011	12
Disposition / Refinance Date	1/1/2012		
		Total Months	**48**

(MUST BE EQUAL TO ROUND YEARS)

Income & Expense Assumptions

	Annual Rental Rate	Monthly Rent		Inflation Commences	Annual %
Apartment Revenue	$22.20	$1.85		Jan-2008	5.00%
Other Revenue	$142,200	$11,850			
Parking Revenue	$274,800	$22,900	(Based on Occupancy)		

Other Revenue estimated at $25 / unit / month for misc fees such as cable, late fees, etc.
Parking based on 229 below grade spaces, $100 per month

	$/RSF	$/Unit			
Operating Expense		$6,000.00			
Other Expense	$0.00	$0.00			
Other Expense	$0.00	$0.00			
Other Expense	$0.00	$0.00			
Other Expense	$0.00	$0.00			
Total Operating Expense	$0.00	$6,000.00		Jan-2008	5.00%
Operating Expense % Fixed	50%		(Based on Occupancy)		
Capital Reserve	$150.00		(Per unit per year)	Jan-2008	3.00%
Vacancy/Credit Loss	5%		(begins after stabilization)		

Lease-up Assumptions

		Commence
Months to Reach Stabilization (after completion)	12	1/1/2011

	Units	SF
Total Units / SF	474	438,450
Average Unit / SF Size	-	925
Monthly Absorption (Apartments)	40	36,538

Acquisition & Development Costs Summary

	$	$/Unit	% of Total
Land Costs	$0	$0.00	0.00%
Hard Costs	$116,997,977	$246,831.17	84.84%
Soft Costs	$10,198,899	$21,516.66	7.40%
Interest Costs	$10,700,000	$22,573.84	7.76%
TOTAL PROJECT BUDGET	**$137,896,876**	**$290,921.68**	**100.00%**

Debt & Disposition Assumptions

30-Day Libor	5.30%
Spread (bps)	250
Effective Interest Rate	7.80%

	LTC	Debt	Equity
Project Financing (Land, Hard, Soft & Interest)	80%	110,317,500	27,579,375

(Debt / Equity Funding)

		Net Value	Value / SF	Value / Unit
Exit Cap Rate	6.00%	$141,751,711	$323	$299,054
Selling Costs (as % of Price)	2.00%	($2,835,034)		

Investment Indicators

Stabilized Returns / Refinance Summary

Stabilized Year	5
Stabilized NOI	8,505,103
Cap Rate	6.00%
Resulting Stabilized Value	141,751,711
Total Project Cost	137,896,876
Stabilized NOI	8,505,103
Stabilized Return on Cost (unlevered	6.17%

Project Unlevered IRR (Develop & Sell)*	5.88%
Project Levered IRR (Develop & Sell)*	1.12%
Project Unlevered IRR (Develop & Hold)**	6.86%
Project Levered IRR (Develop & Hold)**	15.33%

*Based off of monthly model
**Based off of annual model

NPV Matrix (Leveraged)

Discount Rate	Resulting NPV (Levered Equity)
17.33%	($3,411,443)
16.83%	($2,640,679)
16.33%	($1,817,540)
15.83%	($938,553)
15.33%	($0)
14.83%	$1,002,101
14.33%	$2,072,016
13.83%	$3,214,312
13.33%	$4,433,888

Notes

Springfield Metro Apartments
Springfield, VA
Proforma Cash Flow (Annual)

Year:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Year Ending:		Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23
INCOME	Rev./Unit/Mo																
Base Rental Income	$1.85	0	0	0	6,275,730	12,165,261	12,773,524	13,412,200	14,082,810	14,786,950	15,526,298	16,302,613	17,117,743	17,973,630	18,872,312	0	0
POTENTIAL GROSS INCOME		0	0	0	6,275,730	12,165,261	12,773,524	13,412,200	14,082,810	14,786,950	15,526,298	16,302,613	17,117,743	17,973,630	18,872,312	0	0
LESS: Credit Loss and Vacancy Allowance		0	0	0	(48,275)	(608,263)	(638,676)	(670,610)	(704,140)	(739,348)	(776,315)	(815,131)	(855,887)	(943,616)	(943,616)	0	0
EFFECTIVE GROSS INCOME		0	0	0	6,227,455	11,556,998	12,134,847	12,741,590	13,378,669	14,047,603	14,749,983	15,487,482	16,261,856	17,030,015	17,928,696	0	0
EXPENSES	Exp./Unit																
Total Operating Expense	$8,000	0	0	0	(2,537,803)	(3,456,900)	(3,629,745)	(3,811,232)	(4,001,794)	(4,201,883)	(4,411,977)	(4,728,129)	(4,864,205)	(5,107,415)	(5,362,786)	0	0
TOTAL EXPENSES	$8,000	0	0	0	(2,537,803)	(3,456,900)	(3,629,745)	(3,811,232)	(4,001,704)	(4,201,883)	(4,411,977)	(4,728,129)	(4,864,205)	(5,107,415)	(5,362,786)	0	0
Expenses/Unit:		$0	$0	$0	($5,354)	($7,293)	($7,658)	($8,041)	($8,443)	($8,865)	($9,308)	($9,975)	($10,262)	($10,775)	($11,314)	$0	$0
NET OPERATING INCOME		0	0	0	3,689,651	8,100,098	8,505,103	8,930,358	9,376,876	9,845,719	10,338,005	10,759,353	11,397,651	11,922,600	12,565,910	0	0
CHECK		0	0	0	3,689,651	8,100,098	8,505,103	8,930,358	9,376,876	9,845,719	10,338,005	10,759,353	11,397,651	11,922,600	12,565,910	0	0
NOI/Unit		$0	$0	$0	$7,794	$17,089	$17,943	$18,840	$19,782	$20,772	$21,810	$22,699	$24,046	$25,153	$26,510	$0	
NOI Rate of Return (Cap Rate)		0.00%	0.00%	0.00%	2.68%	5.87%	6.17%	6.48%	6.80%	7.14%	7.50%	7.80%	8.27%	8.65%	9.11%	0.00%	
LESS: Reserves	$150	0	0	0	0	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	0	0	0
TOTAL CAPITAL EXPENDITURES		0	0	0	0	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	(71,100)	0	0	
OPERATING CASH FLOW		0	0	0	3,689,651	8,028,998	8,434,003	8,859,258	9,305,776	9,774,619	10,266,905	10,688,253	11,326,551	11,851,500	0	0	
Total Annual Debt Service (Construction Loan)		0	0	0	(3,689,651)	0	0	0	0	0	0	0	0	0	0	0	
Total Annual Debt Service (Permanent Loan)		0	0	0	0	(6,804,082)	(6,804,082)	(8,158,782)	(8,158,782)	(8,158,782)	(8,158,782)	(8,158,782)	(8,158,782)	(8,158,782)	0	0	
Principal Repayment (Construction Loan)		0	0	0	0	(110,393,750)	0	0	0	0	0	0	0	0	0	0	
Principal Repayment (Permanent Loan)														(99,535,051)			
Refinance Proceeds		0	0	0	0	113,401,369	0	0	0	0	0	0	0	0	0	0	
Assumption Fees and Other Costs		0	0	0	0	(1,701,021)	0	0	0	0	0	0	0	0	0	0	
Reversion Proceeds, after Sales Commission														205,243,201			
Residual Value per Unit														433,003			
Adjusted Cash Flow After Debt Service		0	0	0	0	2,531,614	1,629,921	700,476	1,146,994	1,615,837	2,108,123	2,529,471	3,167,769	109,400,867	0	0	
Cash on Cash Rate of Return (unleveraged)		0.00%		0.00%	2.68%	5.82%	6.12%	6.42%	6.75%	7.09%	7.45%	7.75%	8.21%	8.59%		0.00%	
Cash on Cash Rate of Return (leveraged)			0.00%		0.00%	9.18%	5.91%	2.54%	4.16%	5.86%	7.64%	9.17%	11.49%			0.00%	
Debt Coverage Ratio (Actual)		N/A	N/A	N/A	N/A	1.180	1.240	1.086	1.141	1.198	1.258	1.310	1.388	1.453	N/A	N/A	N/A
Debt Coverage Ratio (Amortizing)		N/A	N/A	N/A	N/A	0.984	1.034	1.086	1.141	1.198	1.258	1.310	1.388	1.453	N/A	N/A	N/A

Debt / Equity Fundings (Per Budget & Draw Schedule)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Equity Fundings	8,741,913	18,837,462	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Fundings	0	36,800,422	63,817,079	0	0	0	0	0	0	0	0	0	0	0	0	0

		% of value
Present Value of Cash Flow	$51,238,337	37.16%
Present Value of Reversion	$86,658,539	62.84%
Total Present Value	$137,896,876	
TOTAL COSTS (rounded):	$137,896,876	

VALUATION ASSUMPTIONS

Discount Rate (IRR)	6.86%
Terminal Cap Rate	6.00%
Cost of Sale	2.00%
Property Size (SF)	438,450
Property Size (Units)	474

INVESTMENT INDICATORS

Leveraged Internal Rate of Return	15.33%
Cost per Unit	$290,922

VALUATION MATRIX

Disc/Cap	5.50%	6.00%	6.50%
5.86%	162,408,210	153,503,901	145,971,179
6.36%	153,834,750	145,461,418	138,376,292
6.86%	145,774,925	137,896,876	131,230,836
7.36%	138,193,921	130,779,148	124,605,617
7.86%	131,058,871	124,079,293	118,173,498

Sources & Uses (Initial)

Sources		% of Total Cost
Loan Amount	110,317,501	80.00%
Equity Requirement	27,579,375	20.00%
Total Sources	137,896,876	100.00%
Uses		Per Unit
Land Costs	-	$0
Hard Costs	116,997,977	$246,831
Soft Cost	10,198,899	$21,517
Interest Costs	10,700,000	$22,574
Total Uses	137,896,876	$290,922

Years in Annual Analysis	13

Permanent Loan Assumptions

Refinance Year NOI	5	8,505,103
Cap Rate		6.00%
Value		141,751,711
LTV		80.00%
Loan Amount		113,401,369
10-Year Treasury		5.00%
Rate Floor		0.00%
Spread		100
Resulting Interest Rate		6.00%
Amortization		30
# Years Interest Only		2
Term		10
Annual Pmts (IO period)		6,804,082
Annual Pmts (Amort period)		8,158,782
Closing Costs		1.50%

Springfield Metro Apartments
Springfield, VA
Capital Structure Waterfall

CAPITALIZATION SUMMARY

		% of Cost	% of Total Equity
Total Project Cost	$137,896,876		
Capitalization at Acquisition:			
Equity Capitalization at Acquisition:	27,579,375	20.00%	100.00%
Sponsor / Developer Equity Contribution	827,381	0.60%	3.00%
Investor Equity Contribution	26,751,994	19.40%	97.00%
Total Loan Amount	$110,317,500	80.00%	

WATERFALL DISTRIBUTION

1ST	Investor Return	10.00%	
2ND	Developer Return	10.00%	
	Split to Investor over Initial Return (ROE)		97.00%
3RD	Split to Sponsor / Developer over Initial Return (ROE)		3.00%
	Split to Investor After Return of Equity		70.00%
4TH	Split to Developer / Sponsor		30.00%

CASH FLOW SUMMARY

Year:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Year Ending:		Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	
EQUITY WATERFALL																		
CASH FLOW AVAILABLE FOR DISTRIBUTION		-	-	-	-	2,531,514	1,629,921	700,476	1,146,994	1,615,837	2,108,123	2,529,471	3,167,769	3,692,717	-	-	-	
SALE PROCEEDS AVAILABLE FOR DISTRIBUTION		-	-	-	-	-	-	-	-	-	-	-	-	##########	-	-	-	
CASH FLOW DISTRIBUTIONS																		
Return on Investor Equity to 10%		-	-	-	-	2,455,569	1,581,023	679,461	1,112,584	1,567,382	2,044,880	2,453,587	3,072,736	3,581,936	-	-	-	1ST
Return to Developer / Sponsor Equity to 10%		-	-	-	-	75,945	48,898	21,014	34,410	48,475	63,244	75,884	95,033	110,782	-	-	-	2ND
Cash Flow after 10% Return on Equity		-	-	-	-	-	(0)	(0)	-	(0)	-	-	-	-	-	-	-	
Return of Capital to Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3RD
Return of Capital to Developer / Sponsor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3RD
Cash Flow after Return of Equity		-	-	-	-	-	(0)	(0)	-	(0)	-	-	-	-	-	-	-	
Return to Investor	70.00%	-	-	-	-	-	(0)	(0)	-	(0)	-	-	-	-	-	-	-	
Return to Developer / Sponsor	30.00%	-	-	-	-	-	(0)	(0)	-	(0)	-	-	-	-	-	-	-	
Remaining Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CAPITAL EVENT DISTRIBUTIONS																		
Return of Capital to Investor		-	-	-	-	-	-	-	-	-	-	-	-	66,067,611	-	-	-	1ST
Return of Capital to Developer / Sponsor		-	-	-	-	-	-	-	-	-	-	-	-	2,043,328	-	-	-	1ST
Cash Flow Remaining		-	-	-	-	-	-	-	-	-	-	-	-	37,597,210	-	-	-	

IRR TEST (SHOULD EQUAL MIN OF 10%)

Investor IRR	10.00%
Developer / Sponsor IRR	10.00%

Split to Investor	70.00%	-	-	-	-	-	-	-	-	-	-	-	-	26,318,047	-	-	-	2ND
Split to Sponsor / Developer	30.00%	-	-	-	-	-	-	-	-	-	-	-	-	11,279,163	-	-	-	2ND
Cash Flow Remaining		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Proceeds to Investor	(26,751,994)	-	-	-	-	2,455,569	1,581,023	679,461	1,112,584	1,567,382	2,044,880	2,453,587	3,072,736	95,967,594	-	-	-	
Total Proceeds to Sponsor / Developer	(827,381)	-	-	-	-	75,945	48,898	21,014	34,410	48,475	63,244	75,884	95,033	13,433,273	-	-	-	
CASH FLOW CHECK		OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	

Investor Leveraged IRR	12.31%
Sponsor / Developer Leveraged IRR	24.82%

IX - PROJECT MANAGEMENT PLAN

Owner
The property is owned by Jim Gladden Associates (JGA). The owner is responsible for all aspect of the development including development programming, financing, and market analysis, site inspections, due diligence and obtaining third party reports. Most importantly, the owner is responsible for making timely decisions and is ultimately responsible for the timely delivery of the project.

Development Management
The project will be developed in house and staffed with one senior development manager and one junior development manager. There will also be an internal asset manager that will oversee and approve budget items, change orders and other financially related items.

Architect
We are in the process of selecting an architect. Our focus is to select someone with specific experience for higher end apartments in this market. We are considering Niles Bolton and Associates (designed Springfield Crossing) and WDG Architects (designed Archstone Springfield Station).

Construction Contractor / Management
We anticipate hiring a reputable contractor and will utilize a traditional design-bid-build format. We anticipate looking at some of the better known groups in the region like Clark Construction (built Springfield Crossing), Davis and a to-be-determined group. We will utilize a traditional sealed bid format, but would likely give more weight to Clark since they built the adjacent property.

Land Use Attorney
We will use McGwire Woods as our land use attorney. They are one of the best and most experienced in Fairfax County.

Leasing / Management / Marketing
This function will be performed by a third party agent. Some of the groups that we will interview include Drucker & Faulk, Thalimer, and Zalco.

X - CONCLUSIONS AND RECOMMENDATIONS

There multiple few characteristics and factors that would make this a fantastic site for a Class A apartment community. As previously noted, these include the following:

- Metro location and access
  - This site (would be) the single closest multi-family rental site to a Metro station in Fairfax County.
- Substantial growth from Ft. Belvoir (BRAC / 22,000 jobs) a few miles south.
- Substantial redevelopment of the Springfield Mall and anticipated improved demographics.
- Fairfax County focus on making Springfield a successful and thriving area.
- A demonstrated market for Class A product (Archstone Springfield Station).
- No development pipeline for multi-family rental product in the foreseeable future.

Despite the overwhelming evidence that supports the conclusion that there is very strong demand for new Class A apartments in this market, it is presently very difficult to feasibly build apartment projects at rental rates of $2.00 per square foot or less, as a result of high construction costs. Our projected return on cost is razor thin at 6.17%. This represents a premium of 90 to 140 basis points above stabilized existing buildings, based on recent Class A apartments that have traded in this market, currently ranging from 4.75% to 5.25%. This margin is simply not great enough to warrant the risks of development, not to mention the risk of taking the site through the rezoning process. At the projected return on cost, there is simply no room for error. Any increase to the timeline, construction budget or lease up schedule could prove catastrophic to this project. Further, based on our cash flow projections, we would have to hold the project long-term to make it feasible. The projected IRR, if we were to sell off of the construction loan would be a miniscule 1.12%. Further, if we had to sell the project off of the construction loan, we would barely be able to refinance to a permanent loan and just barely get our equity back. With these returns, it would be difficult to attract an institutional investor until the project could offer a mid-teens return (to the investor).

At this time, we do not recommend proceeding with this development. We recommend one of two strategies: sell the land or hold it for future development when there can be enough value creation to warrant the development.

Based on our assessment of the development of this site, we have not been able to show support for any land value, due to the low development margins. It is difficult to value the land based on recent sales comps because most of the multi-family land sales have been slated for condo development, which tend to trade substantially higher than apartment land. Further, there has been very little, if any new apartment development in the past five years, making the comp process even harder to determine. Although we have not been able to show that the land is worth anything (as an apartment development), the market is extremely erratic right now and it is difficult to tell what an investor would pay for it. In general, land comps for office would range between $20 to $25 per FAR, yielding a value of approximately $17 million to $21 million (current zoning allows for 1.65 FAR, per page 65). However, Springfield has been widely viewed by the development community as an area that is not really an office market, although the dynamics of the BRAC situation surrounding Fort Belvoir could change this in the next four to five year. More than likely the highest and best use for the land would be for residential development. Thus, if it were to be sold, the land should be marketed as a condo development, which would likely yield the highest value.

If we were to hold the site for future development, we recommend either waiting for construction costs to stabilize, or for rents to increase. A target return on cost should be closer to a very minimum of 7% to 7.5%, assuming residual cap rates remain at their present levels. At a very minimum, we should target an exit or stabilized value that is at least 200 basis points above the return on cost.

EXHIBIT 1

CONVENTIONAL DEMAND ANALYSIS MODEL

Residential Marke Analysis

Springfield Metro Apartments
Springfield, Virginia

Prepared By:
James R. Gladden

Figure 1

Population & Housing Growth - Fairfax County & Springfield CDP

Springfield Metro Apartments Market Analysis

Jurisdiction / Demographic	1990 (1)	2000 (1)	2010	% Growth 1990 - 2000	% Growth 2000 - 2010
Fairfax County					
Population	818,584	969,749	1,148,829	18.5%	18.5%
Households	292,345	350,714	420,737	20.0%	20.0%
Springfield CDP					
Population	23,706	30,417	39,028	28.3%	28.3%
Households	8,551	10,495	12,881	22.7%	22.7%
Springfield CDP as % Share of Fairfax County Total					
Population	2.9%	3.1%	3.4%		
Households	2.9%	3.0%	3.1%		

(1) Source: 1990 and 2000 Census

Figure 1

Occupied Housing Units by Unit Type:
Fairfax County & Springfield CDP, 2000

Springfield Metro Apartments Market Analysis

	Fairfax County			Springfield CDP			Springfield CDP
Unit Type	Units	% of Tenure (1)	% of Total (2)	Units	% of Tenure (1)	% of Total (2)	as a % of Fairfax County
Owner Occupied							
1 unit , detached	496,813	71.4%	51.8%	5,289	71.5%	50.5%	1.1%
1 unit , attached	159,196	22.9%	16.6%	1,685	22.8%	16.1%	1.1%
2 units	620	0.1%	0.1%	0	0.0%	0.0%	0.0%
3 or 4 units	3,176	0.5%	0.3%	28	0.4%	0.3%	0.9%
5 to 9 units	8,441	1.2%	0.9%	71	1.0%	0.7%	0.8%
10 to 19 units	10,983	1.6%	1.1%	218	2.9%	2.1%	2.0%
20 to 49 units	2,879	0.4%	0.3%	7	0.1%	0.1%	0.2%
50 or more units	9,020	1.3%	0.9%	80	1.1%	0.8%	0.9%
Mobile home	4,723	0.7%	0.5%	22	0.3%	0.2%	0.5%
Boat, RV, van, etc.	21	0.0%	0.0%	0	0.0%	0.0%	0.0%
Subtotal	**695,872**	**100.0%**	**72.5%**	**7,400**	**100.0%**	**70.7%**	**7.4%**
Renter Occupied							
1 unit , detached	46,804	17.8%	4.9%	657	21.4%	6.3%	1.4%
1 unit , attached	59,799	22.7%	6.2%	354	11.6%	3.4%	0.6%
2 units	3,863	1.5%	0.4%	46	1.5%	0.4%	1.2%
3 or 4 units	9,657	3.7%	1.0%	42	1.4%	0.4%	0.4%
5 to 9 units	34,205	13.0%	3.6%	441	14.4%	4.2%	1.3%
10 to 19 units	61,872	23.5%	6.4%	593	19.4%	5.7%	1.0%
20 to 49 units	14,691	5.6%	1.5%	345	11.3%	3.3%	2.3%
50 or more units	31,551	12.0%	3.3%	585	19.1%	5.6%	1.9%
Mobile home	1,102	0.4%	0.1%	0	0.0%	0.0%	0.0%
Boat, RV, van, etc.	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
Subtotal	**263,544**	**100.0%**	**27.5%**	**3,063**	**100.0%**	**29.3%**	**10.1%**
Total	**959,416**	**--**	**100.0%**	**10,463**	**--**	**100.0%**	**17.5%**

(1) Share of units by type as percentage of total units that are owner or renter occupied, respectively.
(2) Share of units by type as a percentage of total housing units.
Source: 2000 US Census Bureau

Figure 1
For Sale & Rental Housing Unit Demand Forecast by Unit Type
Fairfax County, 1990 / 2000 / 2010
Springfield Metro Apartments Market Analysis

Tenure / Type	2000	Estimated 2010	Change 2000 - 2010: New Units	Change 2000 - 2010: % of New Unit Growth (1)
Owner Occupied				
1 unit , detached	181,610	217,870	36,260	71.4%
1 unit , attached	58,194	69,813	11,619	22.9%
2 units	227	272	45	0.1%
3 or 4 units	1,161	1,393	232	0.5%
5 to 9 units	3,086	3,702	616	1.2%
10 to 19 units	4,015	4,816	802	1.6%
20 to 49 units	1,052	1,263	210	0.4%
50 or more units	3,297	3,956	658	1.3%
Mobile home	1,726	2,071	345	0.7%
Boat, RV, van, etc.	8	9	2	0.0%
Subtotal	**254,376**	**305,164**	**50,788**	**100.0%**
Renter Occupied				
1 unit , detached	17,109	20,525	3,416	17.8%
1 unit , attached	21,859	26,224	4,364	22.7%
2 units	1,412	1,694	282	1.5%
3 or 4 units	3,530	4,235	705	3.7%
5 to 9 units	12,504	15,000	2,496	13.0%
10 to 19 units	22,617	27,133	4,516	23.5%
20 to 49 units	5,370	6,443	1,072	5.6%
50 or more units	11,533	13,836	2,303	12.0%
Mobile home	403	483	80	0.4%
Boat, RV, van, etc.	-	-	-	0.0%
Subtotal	**96,338**	**115,573**	**19,235**	**100.0%**
Total	**350,714**	**420,737**	**70,023**	**100.0%**

(1) Based on unit type share of total owner occupied housing growth between 1990 and 2000, according to US Census.
Source: 2000 US Census Bureau

Figure 1
Springfield CDP Capture of Potential New For Sale & Rental Housing Units, 2010
Springfield CDP, 1990/2000/2010
Springfield Metro Apartments Market Analysis

Tenure / Type	Potential New Units in FF County	Springfield Capture 2010 Fair Share (1)		Induced (2)	
Owner Occupied					
1 unit, detached	36,260	3.0%	1,085	20.0%	7,240
1 unit, attached	11,619	3.0%	348	20.0%	2,320
2 units	45	3.0%	1	20.0%	9
3 or 4 units	232	3.0%	7	20.0%	46
5 to 9 units	616	3.0%	18	20.0%	123
10 to 19 units	802	3.0%	24	20.0%	160
20 to 49 units	210	3.0%	6	20.0%	42
50 or more units	658	3.0%	20	20.0%	131
Mobile home	345	3.0%	10	20.0%	69
Boat, RV, van, etc.	2	3.0%	0	20.0%	0
Subtotal	**50,788**	**3.0%**	**1,520**	**20.0%**	**10,140**

Tenure / Type	Potential New Units in FF County	Fair Share		Induced	
Renter Occupied					
1 unit, detached	3,416	3.0%	102	20.0%	682
1 unit, attached	4,364	3.0%	131	20.0%	871
2 units	282	3.0%	8	20.0%	56
3 or 4 units	705	3.0%	21	20.0%	141
5 to 9 units	2,496	3.0%	75	20.0%	498
10 to 19 units	4,516	3.0%	135	20.0%	902
20 to 49 units	1,072	3.0%	32	20.0%	214
50 or more units	2,303	3.0%	69	20.0%	460
Mobile home	80	3.0%	2	20.0%	16
Boat, RV, van, etc.	-	3.0%	-	20.0%	-
Subtotal	**19,235**	**3.0%**	**576**	**20.0%**	**3,840**
Total	**70,023**	**0**	**2,095**	**100.0%**	**13,981**

(1) Based on unit type share of total owner occupied housing growth between 1990 and 2000, according to US Census.
(2) Total induced capture based on Springfield CDP share of total housing growth in Fairfax County between 1990 and 2000.
Source: 2000 US Census Bureau

Figure 1

Housing Demand for New Units by Type & Tenure, Springfield PDC, 2010

Springfield Metro Apartments Market Analysis

Tenure / Type	Springfield Capture, 2010 Fair Share	Springfield Capture, 2010 Induced
Owner Occupied		
1 unit , detached	1,085	7,240
1 unit , attached	348	2,320
2 units	1	9
3 or 4 units	7	46
5 to 9 units	18	123
10 to 19 units	24	160
20 to 49 units	6	42
50 or more units	20	131
Mobile home	10	69
Boat, RV, van, etc.	0	0
Subtotal	**1,520**	**10,140**

Tenure / Type	Springfield Capture, 2010 Fair Share	Springfield Capture, 2010 Induced
Renter Occupied		
1 unit , detached	102	682
1 unit , attached	131	871
2 units	8	56
3 or 4 units	21	141
5 to 9 units	75	498
10 to 19 units	135	902
20 to 49 units	32	214
50 or more units	69	460
Mobile home	2	16
Boat, RV, van, etc.	-	-
Subtotal	**576**	**3,840**

Total Occupied Units		
1 unit , detached	1,187	7,922
1 unit , attached	478	3,191
2 units	10	65
3 or 4 units	28	187
5 to 9 units	93	621
10 to 19 units	159	1,062
20 to 49 units	38	256
50 or more units	89	591
Mobile home	13	85
Boat, RV, van, etc.	0	0
Total	**2,095**	**13,981**

Source: James R. Gladden

Figure 1
Estimated Site Capture of New Housing, 2010
Springfield Metro Apartments Market Analysis

	Total New Units, 2010				
Area	**Fair Share**	**Annual Average**		**Induced**	**Annual Average**
Springfield CDP					
Demand for New Housing Attributable to HH Growth:	576	58		3,840	384
Plus Assumed Turnover Factor @ 15%:	86	9		576	58
Springfield CPD Total, 2000-2010	**662**	**66**		**4,416**	**442**
Springfield Metro Apartments New Housing Units					
Estimated Site Capture at 20%	**132**	13		**883**	88
Estimated Site Capture at 30%	**199**	20		**1,325**	132

Source: James R. Gladden

EXHIBIT 2 - FAIRFAX COUNTY, VA DEMOGRAPHIC DATA

POPULATION CHARACTERISTICS

	1990	2000	2004
Population	818,584	969,749	1,003,157
% Change		18.5%	3.4%
Age (1)			
Under 18 Years	24.4%	25.6%	27.7%
18-24 Years	9.6%	7.2%	5.4%
25-34 Years	19.5%	15.5%	12.6%
35-44 Years	19.4%	18.5%	17.1%
45-64 Years	20.6%	25.5%	28.6%
65-84 Years	6.0%	7.2%	7.8%
85 Years +	0.5%	0.6%	0.8%
Median Age	N/A	35.9	37.6
Population by Race			
White	81.3%	69.9%	69.2%
Black	7.7%	8.6%	8.9%
Asian	8.5%	13.0%	15.7%
Hispanic	6.3%	11.0%	12.5%
Foreign Born Persons	15.6%	24.5%	26.0%
Region of Birth of Foreign Born			
Total (excluding born at sea)	N/A	237,677	259,227
Europe	N/A	9.9%	8.9%
Asia	N/A	50.5%	54.1%
Africa	N/A	7.4%	8.0%
Oceania	N/A	0.4%	0.2%
Latin America	N/A	30.5%	28.3%
Northern America	N/A	1.3%	0.6%
Educational Attainment			
High school graduates (% 25+)	91.7%	90.7%	93.0%
Bachelor's degree or higher (% 25+)	49.2%	54.8%	57.4%

EXHIBIT 2 - FAIRFAX COUNTY, VA DEMOGRAPHIC DATA

EMPLOYMENT CHARACTERISTICS			
Labor Force	468,776	548,812	564,270
Total Employment (2)	463,774	577,000	600,500
% Change		24.4%	4.1%
Unemployment Rate (3)	1.6%	1.9%	4.1%
Employment by SIC (4)			
Management, Prof., and Related Occup.	47.2%	55.7%	55.2%
Service Occupations	13.6%	11.3%	12.3%
Sales and Office Occupations	27.7%	22.9%	21.5%
Farming, Fishing, and Forestry Occup.	0.6%	0.1%	0.0%
Construction, Extraction, and Maint. Occup.	6.3%	5.4%	6.9%
Production, Transport. and Material Moving Occup.	4.7%	4.6%	4.2%
Employment by Occupation			
Agriculture, forestry, fishing and hunting, and mining	0.8%	0.2%	0.3%
Construction	6.5%	5.4%	5.8%
Manufacturing	5.8%	3.6%	4.1%
Wholesale trade	3.1%	1.7%	2.1%
Retail trade	13.9%	9.0%	6.3%
Transportation and warehousing, and utilities	3.8%	3.7%	3.6%
Information	3.4%	7.0%	5.5%
Finance, insurance, real estate, and rental and leasing	8.7%	7.1%	7.3%
Prof., scientific, mgnt, admin, and waste mgnt services	17.1%	21.4%	23.3%
Educational, health and social services	12.1%	14.7%	14.7%
Arts, entertain., recreation, accom. and food services	1.3%	7.0%	7.0%
Other services (except public administration)	7.7%	6.5%	7.3%
Public administration	15.9%	12.6%	12.8%
Employment by Class			
Private wage and salary workers	69.1%	72.6%	72.6%
Government workers	25.0%	21.6%	21.3%
Self-employed workers in own not incor. bus.	5.6%	5.6%	6.1%
Unpaid family workers	0.2%	1.4%	0.1%
Commuting to Work			
Car, truck, or van -- drove alone	71.2%	73.4%	70.2%
Car, truck, or van -- carpooled	15.6%	13.1%	12.2%
Public transportation (including taxicab)	7.6%	7.3%	9.6%
Walked	0.7%	1.3%	2.1%
Other means	1.8%	0.8%	1.0%
Worked at home	3.0%	4.2%	5.0%
Mean Travel Time to Work (Minutes)	N/A	30.7	30.1
Employment Distribution - Place of work			
Worked in PMSA central city	30.5%	26.2%	N/A
Worked in PMSA, but not in central city	67.8%	72.1%	N/A
Worked in different PMSA central city	0.6%	0.6%	N/A
Worked in different PMSA, but not in central city	0.7%	0.6%	N/A
Worked outside any PMSA	0.5%	0.5%	N/A
% Worked in County	49.7%	52.7%	N/A

EXHIBIT 2 - FAIRFAX COUNTY, VA DEMOGRAPHIC DATA

INCOME CHARACTERISTICS			
Household Income			
Median household income	$59,284	$81,050	$88,133
Per capita money income	$24,833	$36,888	$42,203
Income Distribution			
Less than $20,000	7.9%	6.1%	6.6%
$20,000 to $29,999	8.2%	5.2%	4.2%
$30,000 to $39,999	10.8%	6.7%	5.9%
$40,000 to $49,999	12.0%	7.4%	8.1%
$50,000 to $59,999	11.9%	8.0%	7.6%
$60,000 to $74,999	15.5%	12.1%	9.3%
$75,000 to $99,999	17.4%	16.9%	16.0%
$100,000 to $124,999	8.6%	12.6%	11.6%
$125,000 to $149,999	3.3%	8.4%	8.4%
$150,000 or more	4.5%	16.5%	22.2%
HOUSEHOLD & UNIT CHARACTERISTICS			
Total Households	292,345	350,714	368,475
% Change		20.0%	5.1%
Household Distribution - Number of people per household			
1-person household	18.6%	21.4%	N/A
2-person household	32.7%	32.6%	N/A
3-person household	20.0%	17.6%	N/A
4-person household	17.7%	16.4%	N/A
5-person household	7.4%	7.3%	N/A
6-person household	2.4%	2.7%	N/A
7-or-more-person household	1.3%	1.8%	N/A
Persons per Household (Average)	2.75	2.74	2.70
Household Mix			
Never married	28.0%	26.4%	30.4%
Married, spouse present	57.0%	57.0%	61.6%
Married, spouse absent	4.4%	5.1%	1.4%
Widowed	3.7%	3.9%	1.6%
Divorced	6.9%	7.6%	5.1%
Housing units	307,966	359,411	380,637
Specified owner-occupied units	70.7%	70.9%	74.0%
Specified renter-occupied units	27.8%	29.1%	26.0%
Specified vacant units	5.1%	2.4%	3.2%
Median Year Built of all housing units	N/A	1978	N/A
Number of Units per structure			
1-unit, detached	52.5%	50.3%	51.1%
1-unit, attached	21.4%	23.0%	21.5%
2 units	N/A	0.4%	0.6%
3 or 4 units (5	1.2%	1.4%	1.0%
5 to 9 units	4.4%	5.2%	6.7%

EXHIBIT 2 - FAIRFAX COUNTY, VA DEMOGRAPHIC DATA

	10 to 19 units		N/A	9.5%	8.6%
	20 or more units (6)		19.2%	9.6%	9.3%
	Mobile home		1.2%	0.6%	1.3%
	Boat, RV, van, etc.		0.0%	0.0%	0.0%
	Homeownership rate		70.7%	70.9%	74.0%
	Median value of owner-occupied housing units		$213,800	$233,300	$415,418
	Median gross rent of renter-occupied housing units		$834	$998	$1,166
	Gross rent as a percentage of HH Income (Median)		26.4%	23.4%	N/A

Notes:

Source for all data is US Census (1990, 2000 & 2004, respectively) unless otherwise noted.

(1) - 2004 Age break downs were not exactly linear from 1990 and 2000. The "Under 18" category above actually includes ages 14 and under. The "18-24" category actually includes ages 15-24.

(2) 1990 data source: Economagic.com; 2000 Source: Greater Washington Council of Governments. 2004 data is projected by GWCG.

(3) 1990 data from economagic.com

(4 Employment by SIC categories differ between 1990 to 2000, thus categories have been combined for consitency.

(5) - 1990 for Number of units per structure: '3 or 4 units' includes 2 units and 3-4 units.

(6) - 1990 for Number of units per structure: '20 units or more' includes '10-19 units'.

EXHIBIT 3 - SPRINGFIELD CDP, VA

	1990	2000
POPULATION CHARACTERISTICS		
Population	23,706	30,417
% Change		28.3%
Age		
Under 18 Years	23.36%	25.7%
18-24 Years	8.05%	5.8%
25-34 Years	19.81%	16.2%
35-44 Years	17.89%	18.0%
45-64 Years	21.60%	23.2%
65-84 Years	9.05%	10.2%
85 Years +	2.40%	1.0%
Median Age	N/A	36.2
Population by Race		
White	69.2%	48.9%
Black	6.3%	8.8%
Asian	16.8%	21.7%
Hispanic	7.3%	16.7%
Other	0.4%	3.9%
Foreign Born Persons	26.5%	37.1%
Region of Birth of Foreign Born		
Total (excluding born at sea)	N/A	N/A
Europe	N/A	4.4%
Asia	N/A	54.4%
Africa	N/A	7.3%
Oceania	N/A	0.1%
Latin America	N/A	33.6%
Northern America	N/A	0.2%
Educational Attainment		
High school graduates (% 25+)	85.9%	83.3%
Bachelor's degree or higher (% 25+)	34.9%	37.9%
EMPLOYMENT CHARACTERISTICS		
Labor Force	14,411	16,542
Total Employment	18,999	24,042
% Change		26.5%
Unemployment Rate	N/A	2.0%
Employment by SIC		
Management, Prof., and Related Occup.	52.4%	41.4%

EXHIBIT 3 - SPRINGFIELD CDP, VA

Service Occupations	15.8%	15.9%
Sales and Office Occupations	11.6%	25.1%
Farming, Fishing, and Forestry Occup.	1.1%	0.3%
Construction, Extraction, and Maint. Occup.	5.4%	8.6%
Production, Transport. and Material Moving Occup.	13.5%	8.8%
Employment by Occupation		
Agriculture, forestry, fishing and hunting, and mining	1.2%	0.2%
Construction	7.6%	8.5%
Manufacturing	6.0%	4.5%
Wholesale trade	3.4%	2.4%
Retail trade	17.9%	9.9%
Transportation and warehousing, and utilities	4.6%	5.2%
Information	2.8%	5.0%
Finance, insurance, real estate, and rental and leasing	7.6%	6.0%
Prof., scientific, mgnt, admin, and waste mgnt services		15.9%
Educational, health and social services	10.6%	14.4%
Arts, entertain., recreation, accom. and food services	1.0%	9.4%
Other services (except public administration)	21.3%	7.5%
Public administration	16.2%	11.1%
Employment by Class		
Private wage and salary workers	68.5%	73.1%
Government workers	25.5%	20.0%
Self-employed workers in own not incor. bus.	5.9%	6.8%
Unpaid family workers	0.2%	0.1%
Commuting to Work		
Car, truck, or van -- drove alone	69.5%	70.2%
Car, truck, or van -- carpooled	19.6%	16.6%
Public transportation (including taxicab)	5.2%	7.7%
Walked (1)	4.5%	1.6%
Other means	1.3%	0.8%
Worked at home	N/A	3.2%
Mean Travel Time to Work (Minutes)	N/A	30.6
Employment Distribution - Place of work		
Worked in PMSA central city	31.1%	29.6%
Worked in PMSA, but not in central city	68.0%	68.7%
Worked in different PMSA central city	0.2%	0.5%
Worked in different PMSA, but not in central city	0.3%	0.6%
Worked outside any PMSA	0.3%	0.5%
% Worked in County	49.1%	48.7%
% Worked in Springfield CDP	16.5%	14.9%
INCOME CHARACTERISTICS		
Household Income		

EXHIBIT 3 - SPRINGFIELD CDP, VA

	Median household income	$51,178	$69,640
	Per capita money income	$20,480	$27,807
Income Distribution			
	Less than $20,000	10.2%	7.2%
	$20,000 to $29,999	10.7%	5.9%
	$30,000 to $39,999	13.7%	9.2%
	$40,000 to $49,999	13.8%	8.8%
	$50,000 to $59,999	13.1%	9.1%
	$60,000 to $74,999	14.4%	15.7%
	$75,000 to $99,999	16.5%	18.4%
	$100,000 to $124,999	4.6%	11.3%
	$125,000 to $149,999	1.5%	6.0%
	$150,000 or more	1.5%	8.4%
HOUSEHOLD & UNIT CHARACTERISTICS			
Total Households		8,551	10,495
			22.7%
Household Distribution - Number of people per household			
	1-person household	19.3%	21.9%
	2-person household	32.8%	32.1%
	3-person household	19.3%	15.8%
	4-person household	15.6%	14.0%
	5-person household	8.0%	8.3%
	6-person household	2.4%	3.8%
	7-or-more-person household	2.6%	3.9%
	Persons per Household (Average)	2.79	2.88
Household Mix			
	Never married	25.9%	25.9%
	Married, spouse present	55.2%	59.1%
	Married, spouse absent	6.5%	2.7%
	Widowed	5.5%	5.5%
	Divorced	6.8%	6.8%
Housing units		8,790	10,832
	Specified owner-occupied units	73.3%	71.1%
	Specified renter-occupied units	26.7%	28.9%
	Specified vacant units	3.3%	3.1%
Median Year Built of all housing units		N/A	N/A
Number of Units per structure			
	1-unit, detached	65.4%	55.6%
	1-unit, attached	12.4%	19.5%
	2 units	0.1%	0.5%
	3 or 4 units	0.3%	0.6%
	5 to 9 units	2.1%	4.9%
	10 to 19 units	11.6%	7.6%

EXHIBIT 3 - SPRINGFIELD CDP, VA

	20 or more units		3.8%	11.1%
	Mobile home		3.9%	0.2%
	Boat, RV, van, etc.		0.4%	0.0%
	Homeownership rate		73.3%	71.1%
	Median value of owner-occupied housing units		$171,600	$185,700
	Median gross rent of renter-occupied housing units		$747	$1,053
	Gross rent as a percentage of HH Income (Median)		26.8%	24.7%

Notes:

Source for all data is US Census (1990, 2000 & 2004, respectively) unless otherwise noted.

(1) - 1990 data includes people who walked and worked from home.

(2) - 2004 Age breakdown 18 and under category includes people aged 19.

ITE TRIP GENERATION RATES BY MAJOR LAND USE CATEGORIES

*Land Use Type**	*Average Weekday Trip Generation Rates*
Residential	***Trips Per Indicated Measure: Dwelling Unit***
Single-family detached	10.06
Condominium/townhouse**	5.86
Low-rise apartment	6.60
High-rise apartment	4.20
Mobile home park	4.81
Retirement community	3.30
Recreational home (owner)	3.16
Office Building	***Trips Per Indicated Measure: 1,000 gross ft.² of building area***
General office, 10,000 gross ft.²	24.39
General office, 50,000 gross ft.²	16.31
General office, 100,000 gross ft.²	13.72
General office, 200,000 gross ft.²	11.54
~~General office, 500,000 gross ft.²~~	9.17
General office, 800,000 gross ft.² and over	8.16
Medical office building	34.17
Office park	11.40
Research center	6.09
Retail	***Trips Per Indicated Measure: 1,000 gross ft.² of leasable area***
Specialty retail	40.67
Discount store	71.16
Shopping center	
10,000 ft.² gross leasable area	166.35
50,000 ft.² gross leasable area	94.71
100,000 ft.² gross leasable area	74.31
200,000 ft.² gross leasable area	58.93
500,000 ft.² gross leasable area	39.81
1,000,000 ft.² gross leasable area	33.44
1,600,000 ft.² gross leasable area	31.05

XII – SOURCES AND CITATIONS

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- Art Frye, Senior Vice President, Spaulding & Slye Investments (Jones Lang LaSalle)
- David Dempsey, Managing Director Construction, Jones Lang LaSalle
- Tim Hannoway, Assistant Vice President Development, Jones Lang LaSalle
- David Powell, Senior Vice President Development, Jones Lang LaSalle
- Wes Boatwright, Senior Vice President Real Estate Investment Banking, Jones Lang LaSalle
- Andrew Agetstein, Associate, AIMCO
- Juanita Diehl, Marketing Specialist, Springfield Crossing Management (KSI)
- Mustafa Safi, Assistant Property Manager, Springfield Crossing Management (KSI)
- Ryan Ledbetter, Leasing Associate, Archstone Springfield Station
- Planner of the Day (Lisa), Fairfax Zoning Department
- Megan Van Dam, Fairfax County, Springfield Revitalization

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- Home Properties Property Management
- Wood Properties Corporation (Developer of Alta Branch West & Soho Apartments)
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- Delta Associates
- Washington Post
- Fairfax County Economic Development Authority
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