



TRACY CROSS & ASSOCIATES, INC.

May 31, 2017

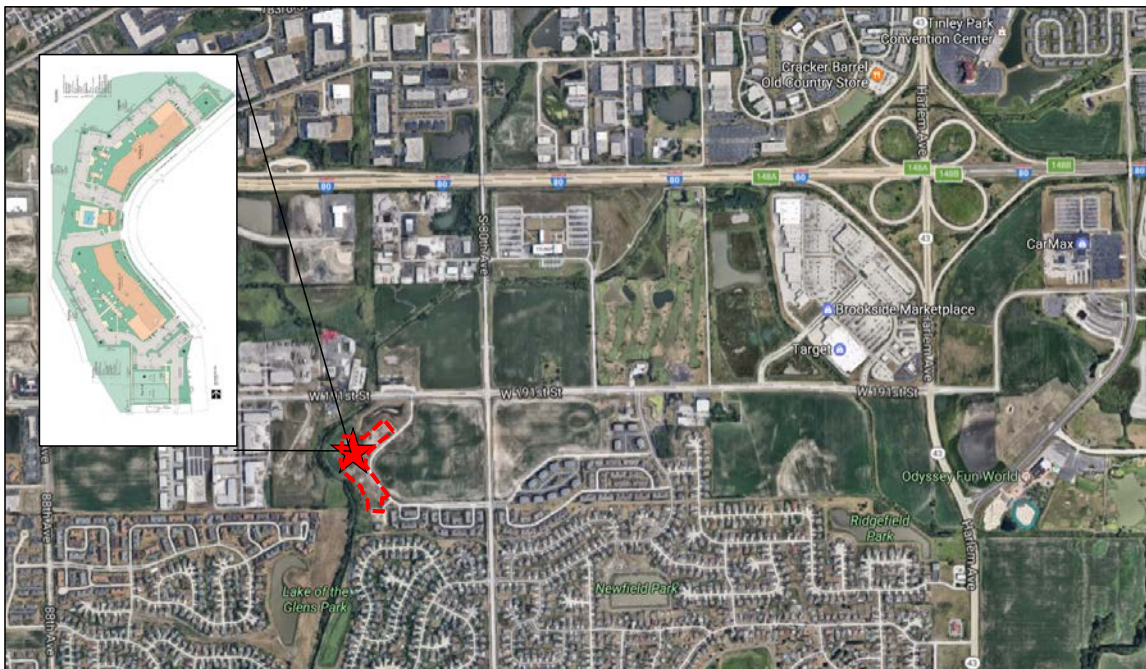
Ms. Karli Mayher  
KJM-Vandenberg Joint Venture  
451 W. Huron Street, Suite 501  
Chicago, IL 60654

Dear Ms. Mayher:

At the request of KJM-Vandenberg Joint Venture, Tracy Cross & Associates, Inc. has been retained to assess the strength of the marketplace relative to rental apartment development within the Brookside Glen master-planned community in Tinley Park, Cook County, Illinois. While our full Planning Analysis will be forwarded shortly, this letter provides preliminary conclusions relative to the proposed 144-unit *Residences of Brookside Glen* to be located within a 7.65-acre parcel aligning Magnuson Lane/Greenway Boulevard, immediately south of 191<sup>st</sup> Street and west of 80<sup>th</sup> Avenue.



**GEOGRAPHIC DELINEATION: RESIDENCES OF BROOKSIDE GLEN PROPERTY  
TINLEY PARK, ILLINOIS**



Source: KJM-Vandenberg Joint Venture and Microsoft Streets & Trips.

## BROOKSIDE GLEN – A PERSPECTIVE

The subject property consists of a 7.65-acre residual parcel within the larger 828-acre Brookside Glen planned development initially approved in 1990. The subject property was originally planned for a mixture of commercial, office and moderate-density residential development and is within the Urban Design Overlay District. As proposed, Residences of Brookside Glen is consistent with the overall Brookside Glen land use plans.

Residentially, Brookside Glen consists of 1,203 single family detached homes built in phases during the 1996-2017 timeframe. Representing plan portfolios offered by Crana Homes and Malone & Moloney Construction, plan designs primarily reflect ranch and two-story product idioms in a footage range of 2,400 to 3,400 square feet which carry sales prices from the mid-\$300,000s to the low \$400,000s. At the close of the 1<sup>st</sup> Quarter 2017, a total of 1,174 single family detached homes had been sold. During the 2016-March 2017 period, a total of 14 homes have been sold, translating to a modest average sales rate of 0.9 units per month. Another 500 units representing conventional two-story and master-down townhomes were also introduced in 1997. Plan designs ranged in unit size from 1,871 to 2,600 square feet and carried an average sales price of \$220,000. Brookside Glen Townhomes sold out in 2004, generating an overall sales velocity of 5.8 units per month.



Two midrise condominium developments were also introduced within Brookside Glen and are situated directly east of the subject property. Specifically, *Brookside Place* consisted of 144 condominiums distributed among nine (9) five-story residential buildings which include one level of enclosed parking at grade. Introduced in 2001, Brookside Place offered an average 1,588 square foot residence which carried a base sales price of \$196,900. This program sold out in June 2005, generating an average sales rate of 2.9 units per month. The 64-unit *Brookside East* was introduced in March 2005 and generated 1.3 sales monthly at an average base sales price of \$259,900, achieving final sell-out in March 2009.



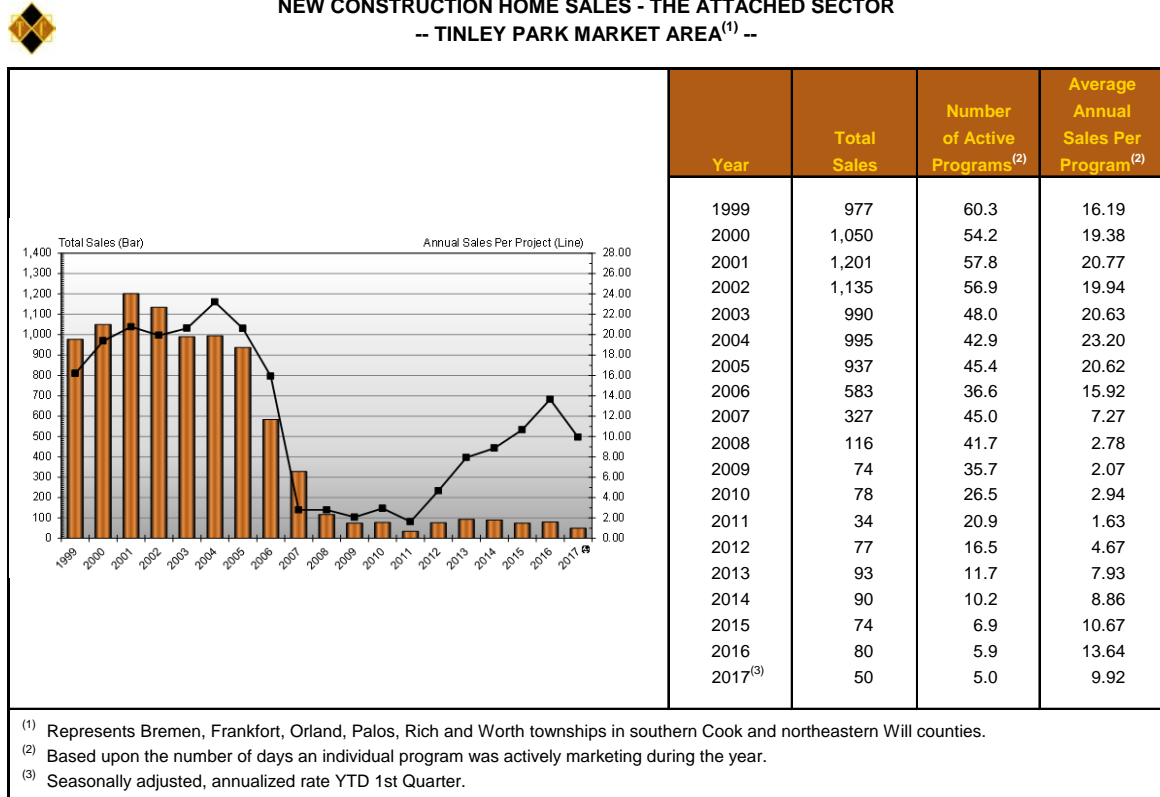
### **The Environs**

Tinley Park and its surrounding southwest suburban area experienced its strongest levels of recent residential development during the 1999-2005 timeframe. For example, in the attached for sale sector *alone*, this general area averaged 1,041 sales annually during the seven-year timeframe, reflecting construction of numerous townhome and condominium developments (again) including Brookside Glen, along with Odyssey Club, The Pines, West Point Meadows and Millennium Lakes in Tinley Park itself, Founder's Place and Pheasant Run Estates in Frankfort, Eagle Ridge and Long Run Creek in Orland



Park, and Westgate Valley in Palos Heights, among others. However, the implosion of the housing market severely impacted the local residential environment, with annual attached sales dropping to 327 in 2007 and steadily eroding thereafter to a mere 74 units sold in 2009. Sales of new attached units in the general area have remained tepid since 2009, averaging 72 sales annually through the 1<sup>st</sup> Quarter 2017, or a mere 6.35 sales *annually on a per project basis*.

**NEW CONSTRUCTION HOME SALES - THE ATTACHED SECTOR  
 -- TINLEY PARK MARKET AREA<sup>(1)</sup> --**



Source: Tracy Cross & Associates, Inc.


**THE PROPOSED DEVELOPMENT**

As conceptualized, the Residences at Brookside Glen will consist of 144 moderate-density apartments distributed among two (2) buildings, each to include four residential floors over one level of enclosed parking. This translates to an *enclosed parking ratio* of one parking space per residential unit. Each parking level will also include electric car charging stations. Another 144 surface parking spaces oriented to the rear of each building will be provided for additional resident and guest parking, translating to a *more than sufficient* overall parking ratio of 2.0 parking spaces per residential unit. For perspective, among newer construction, moderate density suburban apartment developments, an overall parking ratio of 1.54 parking spaces per residential unit is noted.

As summarized in the following text table, the one, two and two bedroom plus den plan types will range in unit size from 924 to 1,616 square feet. Overall, the conceptualized development will provide 173,708 net leasable square feet with the average unit containing 1,206 square feet of living area, *exclusive* of balcony or terrace.



**PROPOSED MATRIX: RESIDENCES OF BROOKSIDE GLEN**



Plan Type	Total Units	Percent of Total	Bedrooms/ Baths	Net Rentable Square Feet	
				Per Unit	Total
Plan C	32	22.2	1 / 1.0	924	29,568
Plan E	8	5.6	1 / 1.0	987	7,896
Plan H	8	5.6	1 / 1.5	1,073	8,584
Plan J	8	5.6	2 / 2.0	1,280	10,240
Plan G	32	22.2	2 / 2.0	1,286	41,152
Plan B	8	5.6	2 / 2.0	1,291	10,328
Plan I	12	8.3	2 / 2.0	1,299	15,588
Plan K	8	5.6	2 / 2.0	1,317	10,536
Plan A	8	5.6	2 / 2.0	1,327	10,616
Plan D	12	8.3	2 / 2.0	1,356	16,272
Plan F	8	5.6	2+Den / 2.0	1,616	12,928
<b>Total/Average:</b>	<b>144</b>	<b>100.0</b>	<b>---</b>	<b>1,206</b>	<b>173,708</b>

Source: KJM-Vandenberg Joint Venture Conceptual Plans dated 05/31/2017.

An array of quality interior appointments are envisioned including, at a minimum, laminate plank-style wood flooring in all common areas and kitchens, with carpeted bedrooms, kitchens outfitted with energy-efficient stainless steel appliances and quartz/granite or comparable countertops and/or islands, full-size laundry appliances in each unit, walk-in closets in most master bedrooms, quartz/granite countertop bathroom vanities, ceramic tile bath flooring and shower surround, cable/internet connectivity and some level of in-unit storage. All units will also include a balcony or terrace. Each residential building will provide two (2) elevators as well as secured bicycle storage.

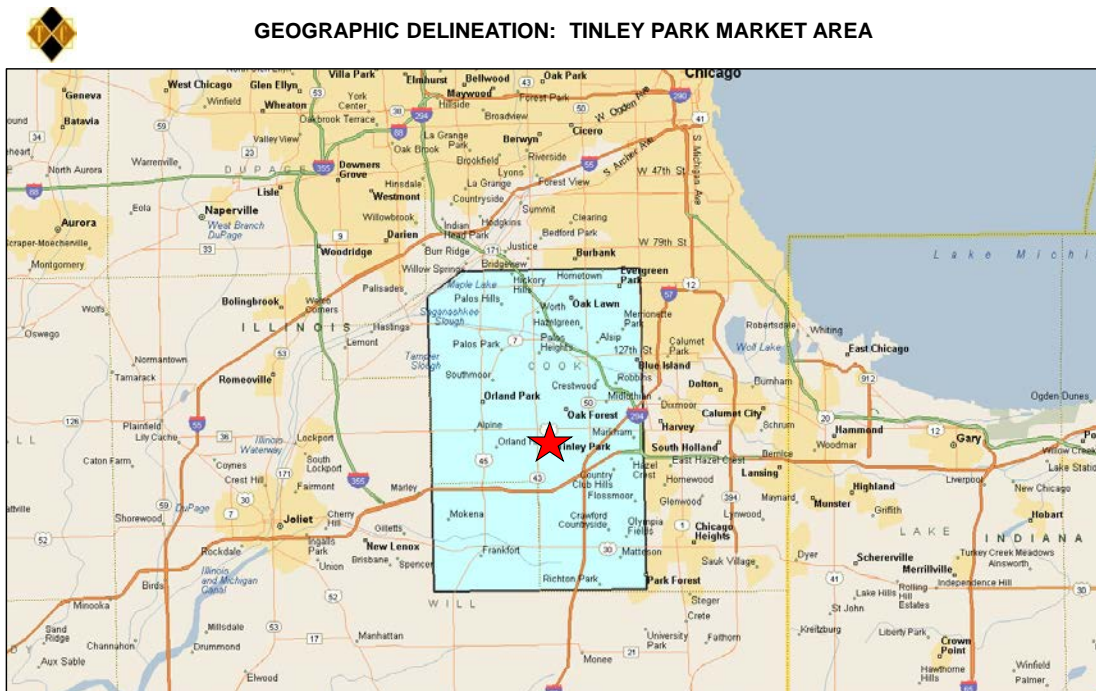
An enhanced level of lifestyle community amenities will also be provided, including but not limited to, a centrally-located clubhouse with outdoor pool and sundeck, a fitness center, multiple lounges, a meeting room, cyber-café and great room with service kitchen. Each building will also feature a landscaped and furnished terrace with grilling stations, a fireside lounge and pergolas. The Residences of Brookside Glen will provide more than four acres of open space to include a private dog park with defined pet areas, seating, a drinking fountain, and training fixtures, a bike trail connection to an existing trail system, outdoor exercise circuit equipment and an arboretum at the north end of the site which will feature outdoor seating and gathering areas.





## GENERAL CONCLUSION

The geographic area from which primary demand support for the Residences of Brookside Glen will emanate consists of a six-township area that include the host Bremen, Orland, Palos, Rich and Worth townships in southwestern Cook County and the adjoining Frankfort Township in northeastern Will County. *Generally* extending south from 87<sup>th</sup> Street to Steger Road, and west from Western Avenue to Scheer Road, this defined *Tinley Park Market Area* forms a homogeneous component of the southwest suburbs defined by its dependence upon like sources of employment and transportation, socio-economic similarities in demographic and household composition, and the alignment and location of residential developments which will serve as a source of competition, both direct and indirect.



Source: Microsoft Streets & Trips and Tracy Cross & Associates, Inc.

Based upon a preliminary investigation of various factors of influence, the market potential for rental apartment development within the subject property is viewed as *favorable* based upon the overall strength of the suburban region's rental apartment sector, the proposed amenity-enhanced living environment, the expectation measured economic growth during the 2017-2022 forecast period and rental construction requirements in the local marketplace. These factors are summarized as follows:

- ❑ From a marketing standpoint, the property is highly visible and accessible, and proximate to established consumer services including grocery, banks, casual eateries, etc. concentrated along 191<sup>st</sup> Street, Harlem Avenue and LaGrange Road, as well as in downtown Tinley Park itself.
- ❑ The subject property is also well-situated relative to regional employment concentrations as well as major transportation systems. Given its orientation one-half mile south of Interstate 80, one mile west of Route 43/Harlem Avenue and two miles east of U.S. 45/LaGrange Road, the proposed development will afford future residents ease of access to satellite employment concentrations via linkage with the I-294/55/88 and I-355 highway systems. Chicago Midway Airport and O'Hare International Airport are within an approximate 30- to 45-minute drive time north, respectively. The property is also 1.3 miles south of METRA's Rock Island/80<sup>th</sup> Avenue



commuter rail station, which is ranked 11<sup>th</sup> among 236 outlying METRA stations region-wide in the number of weekday boardings and alightings. The 80<sup>th</sup> Avenue station is estimated to account for 7.0 percent of total Rock Island Line station boardings (inbound and outbound) or roughly 1,550 daily. These estimates are based on METRA statistics available as of 2014. As summarized in the following text table, there are some 1.76 million *private sector* jobs within a reasonable commuting distance of Tinley Park, representing one-half of total private sector employment in the metro area.

**PRIVATE SECTOR EMPLOYMENT  
 AREAS INCLUDING AND PROXIMATE TO TINLEY PARK  
 2016**

Area	Total Private Sector Employment 2016	
	Number of Workers	Percent of Six-County Metro Area
<b>Six-County Chicago Metro Area<sup>(1)</sup></b>	<b>3,507,834</b>	<b>100.0</b>
<b>Within a 40-Minute Commute of Tinley Park:</b>	<b>1,757,036</b>	<b>50.1</b>
City of Chicago-CBD/Outer Bus Ring	574,217	16.4
City of Chicago-South/Far South/Southwest	221,938	6.3
Cook County	443,332	12.6
South/Southwest Suburban Cook County	326,426	9.3
Village of Tinley Park	12,514	0.4
West Suburban Cook County	116,906	3.3
DuPage County <sup>(2)</sup>	326,202	9.3
Will County	191,347	5.5

<sup>(1)</sup> Includes Cook, DuPage, Kane, Lake, McHenry, and Will counties in Illinois.  
<sup>(2)</sup> Includes Burr Ridge, Downers Grove, Elmhurst, Hinsdale, Lisle, Lombard, Naperville, Oak Brook, Oakbrook Terrace, Westmont, and Willowbrook.

Source: Illinois Department of Employment Security: *Where Workers Work 2016*

- Our favorable conclusion also considers anticipated apartment construction requirements in the defined Tinley Park Market Area, which will average 225 units annually during the 2017-2022 forecast period aggregating to a total of 1,125 units over the next five-year period. This annual demand forecast considers stabilization in tenure shifts given the return to tighter home purchase requirements, expected renter household growth, replacement demand given the overall age and condition of the market area's existing rental stock, and a 5.0 to 6.0 percent vacancy allowance to maintain market equilibrium.

**ANNUAL RENTAL BUILDING REQUIREMENT SUMMARY: 2017 - 2022  
 -- TINLEY PARK MARKET AREA --**

Attribute	Number
Expected Annual Household Growth	450
Expected Annual Renter Household Growth @ 30.0 Percent of Total <sup>(1)</sup>	135
Annual Vacancy Requirement to Maintain Balance in the Market <sup>(2)</sup>	40
Annual Replacement Demand @ 0.50 Percent of 2017's Rental Inventory	50
<b>Derived Annual Construction Requirement</b>	<b>225</b>

<sup>(1)</sup> Determined by applying the expected percentage of new renter households to the expected number of new household additions from 2017 through 2022.  
<sup>(2)</sup> A balanced marketplace generally requires vacancies in the range of 5.0 to 6.0 percent; represents annualized estimate applied to total market area renter households over the five-year forecast period.

Source: Tracy Cross & Associates, Inc.

- Our conclusion also reflects the fact that new rental construction of scale in the Tinley Park Market Area has been quite limited over the last nearly three decades. In Tinley Park, for example, the newest apartment development of scale is *Towers of Edgewater Walk*, a 112-unit highrise community built in 1990. For additional perspective, the following text table summarizes current conditions among other representative post-1960's-era rental developments of scale in the general Tinley Park area. As shown, despite their age, vacancies among stabilized developments stand at a very tight 1.8 percent, with only 24 of 1,320 stabilized units currently available. Lease rates among these localized competitors currently average \$1,319 monthly for a 933 square foot apartment home or a value ratio of \$1.41 per square foot.



REPRESENTATIVE APARTMENT DEVELOPMENTS: TINLEY PARK MARKET AREA

Program/ Address	Year Built/ Renovated	Number of Units	Occupied		Vacant		Average Plan Size (Sq. Ft.)	Average Monthly Posted Rent	
			Number	Percent	Number	Percent		\$	\$/Sq. Ft.
<b>Oak Forest</b>									
Manchester Court	1968	165	161	97.6	4	2.4	800	\$959	\$1.20
Rustic Oaks	1993	144	144	100.0	0	0.0	804	\$1,007	\$1.25
<b>Orland Hills</b>									
Apartments of Orland	1988-89	252	250	99.2	2	0.8	893	\$1,150	\$1.29
<b>Orland Park</b>									
Ninety 7 Fifty on the Park	2012	295	281	95.3	14	4.7	930	\$1,704	\$1.83
Residences of Orland Park Crossing <sup>(1)</sup>	2016	231	200	86.6	31	13.4	1,193	\$2,019	\$1.69
<b>Palos Hills</b>									
Green Oaks	1975/2000	160	158	98.8	2	1.3	804	\$963	\$1.20
<b>Tinley Park</b>									
Edgewater Walk	1978	192	190	99.0	2	1.0	992	\$1,058	\$1.07
Residences @ 159 Tinley Park <sup>(2)</sup>	1974/2017	208	156	75.0	52	25.0	790	1,288	1.63
Towers of Edgewater Walk	1990	112	112	100.0	0	0.0	1,203	1,181	0.98
<b>Total/Average:</b>	---	<b>1,759</b>	<b>1,652</b>	<b>93.9</b>	<b>107</b>	<b>6.1</b>	<b>933</b>	<b>\$1,319</b>	<b>\$1.41</b>
<i>Stabilized Developments<sup>(3)</sup>:</i>	---	1,320	1,296	98.2	24	1.8	---	---	---

<sup>(1)</sup> Development undergoing initial lease-up; absorbing at an overall rate of 13.8 units monthly as of May 2017.  
<sup>(2)</sup> Development fully renovated beginning in 2017; current vacancies reflect renovated units to be released shortly.  
<sup>(3)</sup> Excludes Residences of Orland Park Crossing and Residences @ 159 Tinley Park.

Source: Tracy Cross & Associates, Inc.

- As the preceding table also indicates, only two rental developments have been introduced in the marketplace since 1990, both representing transit-oriented, mixed-use developments located in the new town center of neighboring Orland Park. Specifically, the 295-unit *Ninety 7 Fifty on the Park* was introduced in 2012. This community provides a variety of one, two and two bedroom plus den plan types which range in unit size from 746 to 1,512 square feet. This community features quality interior appointments commensurate with new rental development throughout the region as well as an enhanced level of community amenities. Posted base rents, which include one (1) enclosed parking space per unit, currently extend from \$1,470 to \$2,300 and average \$1,704 or \$1.83 per square foot. Ninety 7 Fifty on the Park provides 365 enclosed parking spaces for residents, translating to an overall enclosed parking ratio of 1.24 parking spaces per residential unit. This development achieved stabilization in June 2014 at an overall absorption rate of 14.3 units per month. As of May 2017, a relatively balanced vacancy rate of 4.7 percent is noted.
- Similarly, in 2016, the *Residences of Orland Park Crossing* was introduced. This development provides a total of 231 apartments, including 168 apartments in multi-story residential buildings along with 63 two- and three-story townhome rentals. Apartment plan designs extend in unit size



from 734 to 1,372 square feet, while townhome rentals expand the footage range to 1,994 square feet. Posted base rents for the midrise apartments extend from \$1,415 to \$2,200 and average \$1,762 monthly for a 979 square foot unit. This translates to a value ratio of \$1.80 per square foot. A total of 178 enclosed parking spaces are available for *optional* lease with monthly rates currently extending from \$120 to \$155 monthly based upon location. The midrise apartments provide an enclosed parking ratio of 1.06 parking spaces per residential unit. The townhome apartments, in turn, carry monthly rents extending from \$2,550 to \$2,795 and average \$2,705 monthly *inclusive* of an attached two-car garage (or \$1.53 per square foot). The Residences of Orland Park Crossing are currently absorbing at an overall rate of 13.8 units per month, with 200 units leased as of May 2017. Plan types proposed for the subject development are generally consistent with those available at these two newest rental communities.

- Finally, apart from the proposed Residences of Brookside Glen Apartments, there are some 2,632 planned new rental units distributed among ten separate developments in some stage of the planning pipeline in south/southwest suburban areas generally proximate to Tinley Park. Most notable is the 187-unit Boulevard at Central Station development proposed in downtown Tinley Park. It is also quite probable that a number of other south/southwest suburban developments may be announced near term, together with projects that were once planned as for sale re-emerging as rental idioms. Similarly, there are also a number of larger-scale projects on the drawing boards in areas just outside of the market area, concentrated along the I-294, I-355 and I-88 corridors. Nonetheless, it is likely that the marketplace will remain in a balanced condition with vacancies in the range of 5.0 to 6.0 percent through 2022, save for short periods should a number of developments enter the market within six to nine months of one another.



RENTAL APARTMENT PROJECTS IN PLANNING<sup>(1)</sup>: AREAS GENERALLY PROXIMATE TO TINLEY PARK

Municipality/ Proposed Development	Location	Builder/Developer	Current Status <sup>(2-3)</sup>	Number of Units
<b>Lockport</b>				
Highland Ridge	Archer Avenue and 143rd Street	Equibase Capital	PP	240
Hidden Lakes (fmr. Fox Hollow)	Betw Bruce and Oak roads, east of Briggs	Serenity Landing, LLC	CS	150
TBD	Betw 159th and 163rd streets, east of Gougar	TBD	CS	300
<b>New Lenox</b>				
Lincoln Station	Route 30 and Prairie Street	New Lenox Development Co.	FP	208
Village Station	NE corner of Cedar and Laraway roads	Lannert Group	CS	289
The Crossroads of New Lenox	Summerfield Road, 0.5 miles west of Cedar	TCB Development, Inc.	CS	298
<b>Oak Forest</b>				
Gateway Corridor Development	Cicero Avenue and 159th Street	RSC and Associates	PP (On Hold)	160
<b>Richton Park</b>				
Richton Park Town Center	Downtown Richton Park	TBD	CS	580
<b>Romeoville</b>				
Springs at O'Hara Woods	Normantown Road, east of Brunswick Lane	Continental Properties	CS	220
<b>Tinley Park</b>				
The Boulevard at Central Station	South Street and 174th Street, east of Oak Park	South Street, LLC	FP	187
			<b>Total<sup>(4)</sup></b>	<b>2,632</b>

<sup>(1)</sup> Excludes age and/or income-restricted, service-enhanced, and congregate care senior developments.

<sup>(2)</sup> As of 5/2017.

<sup>(3)</sup> Status key: Concept Stage (CS); Preliminary Plat Approval (PP); Final Plat Approval (FP); Site Improvements started (INF); Permits issued/under construction (UC).

<sup>(4)</sup> Excludes developments with unit counts and product idioms yet to be determined.

Source: Tracy Cross & Associates, Inc.





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### **ABSORPTION POTENTIAL**

Given the market dynamics summarized in the preceding paragraphs, and assuming competitive market rents in the range of \$1.60 to \$1.68 per square foot or an average of \$1,955 monthly for a 1,206 square foot residence, the proposed Residences at Brookside Glen Apartments is expected to achieve stabilized occupancies within a market-consistent 15.0 to 18.0 month timeframe from first occupancy.

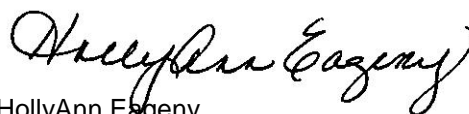
Again, we are in the process of finalizing a Summary Planning Analysis of the Residences at Brookside Glen which will be forwarded shortly. Please do not hesitate to call should you wish to discuss our preliminary conclusions in greater detail.

Respectfully submitted,

**TRACY CROSS & ASSOCIATES, INC.**



G. Tracy Cross  
President



HollyAnn Eageny  
Vice President Client Services

GTC/mct

