

RENTAL MARKET STUDY

For

EDISON LOFTS

Phase 1 of

EDISON VILLAGE

MIXED USE DEVELOPMENT

West Orange, Essex County, New Jersey

Prepared for:

Prism Green Urban Renewal Associates IV, LLC

c/o Prism Capital Partners, LLC

50 Grand Avenue

Englewood, NJ 07631

Attn: Eugene R. Diaz

Prepared by:

Coldwell Banker New Homes and Condominiums

1 Campus Drive

Parsippany, New Jersey 07054

973-407-5460

October 21, 2011

Copyright 2011



TABLE OF CONTENTS

	<u>Page #</u>
Executive Summary	3
Community Description	6
Market Definition	10
Competitive Analysis	11
Projected Introductory Pricing and Absorption	19

EXECUTIVE SUMMARY

The Edison Village mixed use community will be located in West Orange, Essex County, New Jersey. The project area consists of approximately 20 acres and is located in the West Orange Redevelopment Area. The neighborhood contains a mix of residential and commercial development. The site was historically used as Thomas Edison's factory and laboratory.

Unit Mix/Estimated Average Price by Unit Type

As currently planned, the first phase of the community, Edison Lofts, will be comprised of 333 rental units in multiple structures. The majority of the units (299) will be housed in a retrofit of the existing seven story historically designated Edison Laboratory Buildings and will consist of apartment flats. The remaining 34 units will surround a five story parking deck that is to be constructed for resident and retail parking, and will consist of residential flats to be housed over first floor retail space ("Residential over Retail" or "RoR") along Lakeside Avenue.

The purpose of this study was to establish per unit rental prices and absorption rates for units in Edison Battery Laboratory Buildings and for Residential over Retail units.

Throughout this document "Edison Lofts" refers to both the Edison Battery Laboratory Buildings and the Residential over Retail units.

Figure 1 - Edison Lofts Unit Mix & Projected Average Introductory Monthly Rent by Unit Model

Dwelling Unit	Sq. Feet	Total Dwelling Units	Average Monthly Rent (Per DU)
Studio A	590 SF	4	\$1,290
Studio B	594 SF	12	\$1,290
Studio C	605 SF	9	\$1,350
Studio D	680 SF	6	\$1,200
Studio + Den	820 SF	4	\$1,625
TOTAL Studios		35	\$1,328
1 Bedroom A	810 SF	26	\$1,850
1 Bedroom B	815 SF	44	\$1,890
1 Bedroom C	825 SF	29	\$1,785
1 Bedroom D	840 SF	1	\$1,600
1 Bedroom E	870 SF	6	\$1,835
1 Bedroom F	960 SF	1	\$1,908
1 Bedroom Den A	1,000 SF	18	\$2,150
1 Bedroom Den B	1,020 SF	3	\$2,060
1 Bedroom Den C	1,025 SF	6	\$2,060
1 Bedroom Den D	1,045 SF	5	\$1,985
1 Bedroom Den E	1,065 SF	3	\$2,165
1 Bedroom Den F	1,100 SF	11	\$2,165
1 Bedroom Den G	1,330 SF	2	\$2,375
1 Bedroom Den H	1,360 SF	6	\$2,400
1 Bedroom Loft	970 SF	2	\$2,025
1 Bedroom RoR C1	755 SF	2	\$1,585
1 Bedroom RoR C	784 SF	2	\$1,652
1 Bedroom RoR A	803 SF	8	\$1,725
1 Bedroom RoR F	891 SF	2	\$1,800
1 Bedroom RoR A1	929 SF	2	\$1,840
1 Bedroom Den RoR B	1,095 SF	2	\$1,925
1 Bedroom Den RoR B2	1,150 SF	2	\$1,950
1 Bedroom Den RoR B1	1,157 SF	2	\$2,000
TOTAL 1 Bedrooms		185	\$1,933
2 Bedroom A	1,210 SF	37	\$2,250
2 Bedroom B	1,230 SF	22	\$2,200
2 Bedroom C	1,320 SF	3	\$2,425
2 Bedroom D	1,330 SF	4	\$2,285
2 Bedroom E	1,370 SF	6	\$2,200
2 Bedroom F	1,390 SF	4	\$2,500
2 Bedroom G	1,540 SF	2	\$2,650
2 Bedroom H	1,550 SF	2	\$2,700
2 Bedroom Loft	1,350 SF	14	\$2,700
2 Bedroom Loft	1,820 SF	1	\$2,900
2 Bedroom RoR A	1,006 SF	2	\$1,975
2 Bedroom RoR A	1,103 SF	2	\$2,050
2 Bedroom RoR A	1,185 SF	2	\$2,130
2 Bedroom RoR A	1,204 SF	2	\$2,150
2 Bedroom RoR A	1,246 SF	2	\$2,195
2 Bedroom RoR A	1,310 SF	2	\$2,260
TOTAL 2 Bedrooms		107	\$2,319
3 Bedroom	1,480 SF	6	\$2,999
TOTAL 3 Bedrooms		6	\$2,999
TOTALS		333	\$2,013
Grand Total Monthly Rev			\$670,196
Avg \$/SF			\$2.00

In developing projected rental pricing, we have evaluated effective rents of 16 comparable properties within a five mile radius of the site (the “market area”) and 5 comparable redevelopment properties outside the market area. Effective rents reflect monthly rents after all incentives and concessions.

Today’s home shoppers are seeking a great value for the money. As designed, Edison Lofts will be an attractive offering and strong market area competitor in terms of:

1. Generous unit sizes
2. High quality in-unit finishes
3. A wide array of on-site lifestyle amenities
4. Employment centers and retail within a short drive
5. Excellent access to major roadways
6. Address in the established and upscale Township of West Orange

Challenges that Edison Lofts will face versus market area competitors include:

1. Immediate setting in a redevelopment area of West Orange Township that is in transition from industrial to residential
2. Location that is outside of walking distance to NYC direct train stations
3. Parking in a separate garage from the unit for the majority of residents

With the average Essex County 2009 private sector wage at \$56,159 (source: NJ Dept. of Labor and Workforce Development Northern NJ Fact Book, April 2011 Essex County Edition), Edison Lofts will be a luxury apartment community targeted at the upper-end of the market. Typically however, initial renters of properties located in redevelopment areas seek a value-oriented residence, and thus we have priced the homes accordingly. Edison Lofts will be seen as a great value versus the market area rental communities. Edison Lofts unit introductory rents are an average of 10-15% below the market area comparable property’s rents. Combined with the unique attributes of the product offering which include a marquee building with high ceilings, premium quality finishes and lifestyle amenities in an established and upscale municipality, Edison Lofts should prove to be a compelling alternative for a broad range of renters.

As the Edison Lofts neighborhood evolves, we expect to see Edison Lofts rent increases at an average of 3% per year. Our findings document that redevelopment area rental buildings are near parity with other non-redevelopment buildings after several years of occupancy.

These introductory rents assume no additional amenities fee, one garage parking space included, and monthly garage parking fee of no more than \$75 for each additional car.

We estimate Edison Lofts monthly absorption of 16 to 18 units, with 18 to 21 months to total lease-up.

COMMUNITY DESCRIPTION

Location

The Edison Lofts site is located in the downtown section of West Orange between Main Street on the west and Ashland Avenue on the east, and is bordered by Lakeside Avenue to the north and Charles Street to the south.

The site features excellent proximity to major highways including Route 280, State Route 10, the Garden State Parkway and the New Jersey Turnpike. The short 17 mile commute to New York City can be done in half an hour by car or rail.

While West Orange does not have its own train station, the municipality is in close proximity to NYC mid-town direct railroad stations in South Orange, Orange, Montclair, and Glen Ridge. (See Figure 3) The municipality offers four shuttle bus routes that operate to and from the Orange and South Orange train stations on weekdays during peak morning and commuting periods. There is also nearby NJ Transit bus service to Newark and to the New York Port Authority. DeCamp Bus Lines, a private bus company, provides a direct commute into New York City in 40 minutes.

Within a six block radius of the site there is ample retail including two pharmacies (CVS and Rite Aid), four small grocery stores, seven restaurants, two banks, and a service station.

Immediately to the north is the Thomas Edison Museum, which is managed by the National Park Service. Two blocks to the west of the site is Llewellyn Park, a 425 acre gated residential community of 175 luxury estate single family homes.

Planned Amenities and Services

The developer has the planned the following features, amenities, and services for the community:

General Community Features

- LEED certified buildings
- 24 hour doorman
- Live-in building superintendent
- Secure, card access system
- Residential buildings integrated into a suburban landscape including parks and open green spaces

Unit Features

- Web based resident network
- Ceiling heights ranging from 14 to 16 feet high
- Windows spanning 10 feet in height in the individual units
- Washer/dryer in each unit

10/21/2011

Edison Lofts Rental Market Study



- High efficiency HVAC systems
- Premium unit finishes with granite counters, stainless steel appliances, and wood cabinetry and flooring

Recreational Amenities

- 16,000 square foot fitness center
- Three lane, 40 foot indoor lap pool
- Hot tub, sauna, and steam room
- 5000 square foot fitness center
- Business center
- Card room
- Media/screening room
- Game room
- Outdoor lounge with BBQ/grill area

Storage

- Bicycle storage
- Resident storage lockers

Parking

- 1.67 parking spaces per unit
- Secure, card access system
- Assigned parking space(s) within parking garage

Retail Amenities

- The Shoppes at Edison Village, 18,000 square feet of Main Street retail on the corner of Charles Street and along Main Street, providing current and future residents with a new in-town shopping experience

Figure 2 - EDISON LOFTS SITE & ENVIRONS

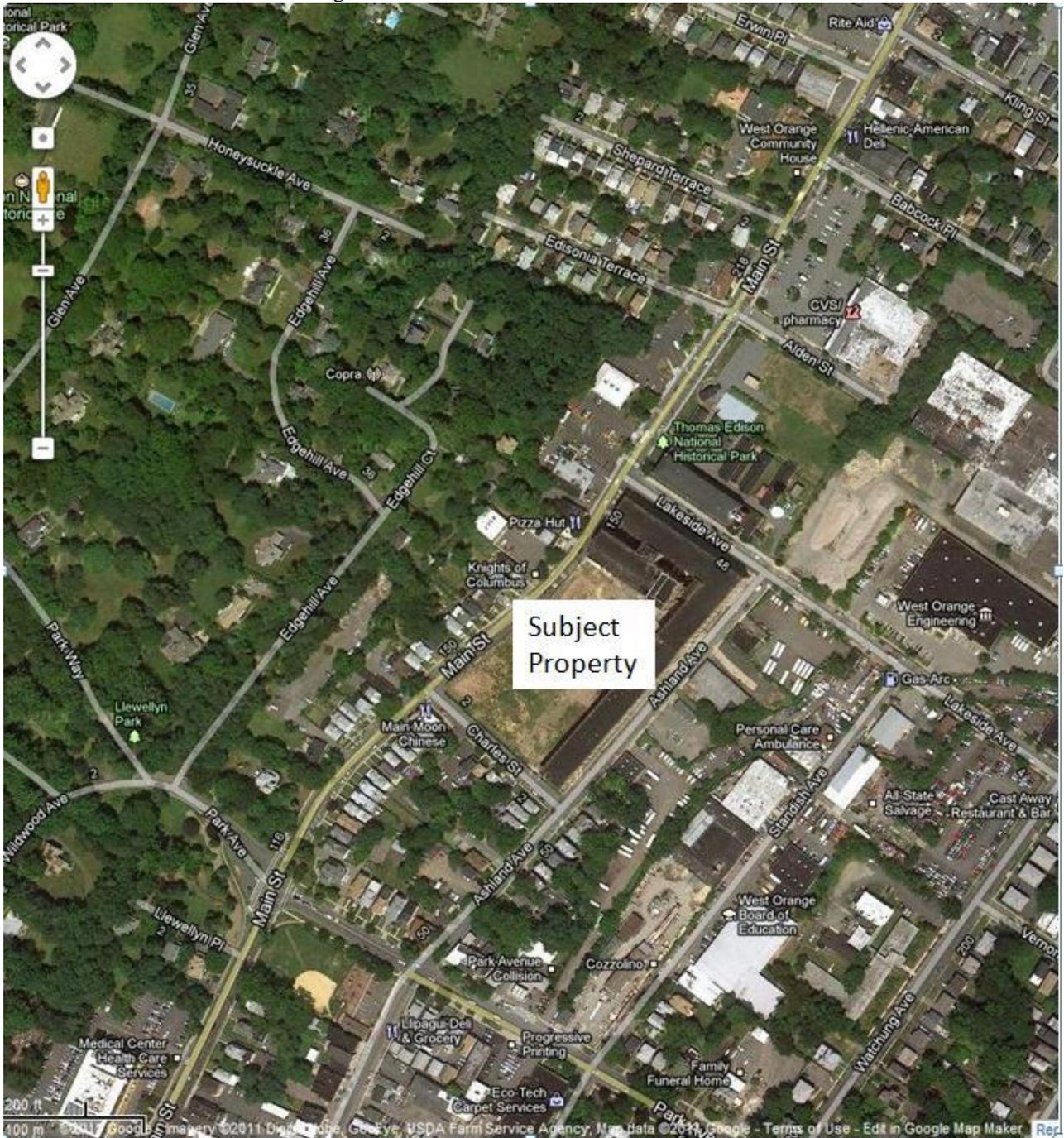
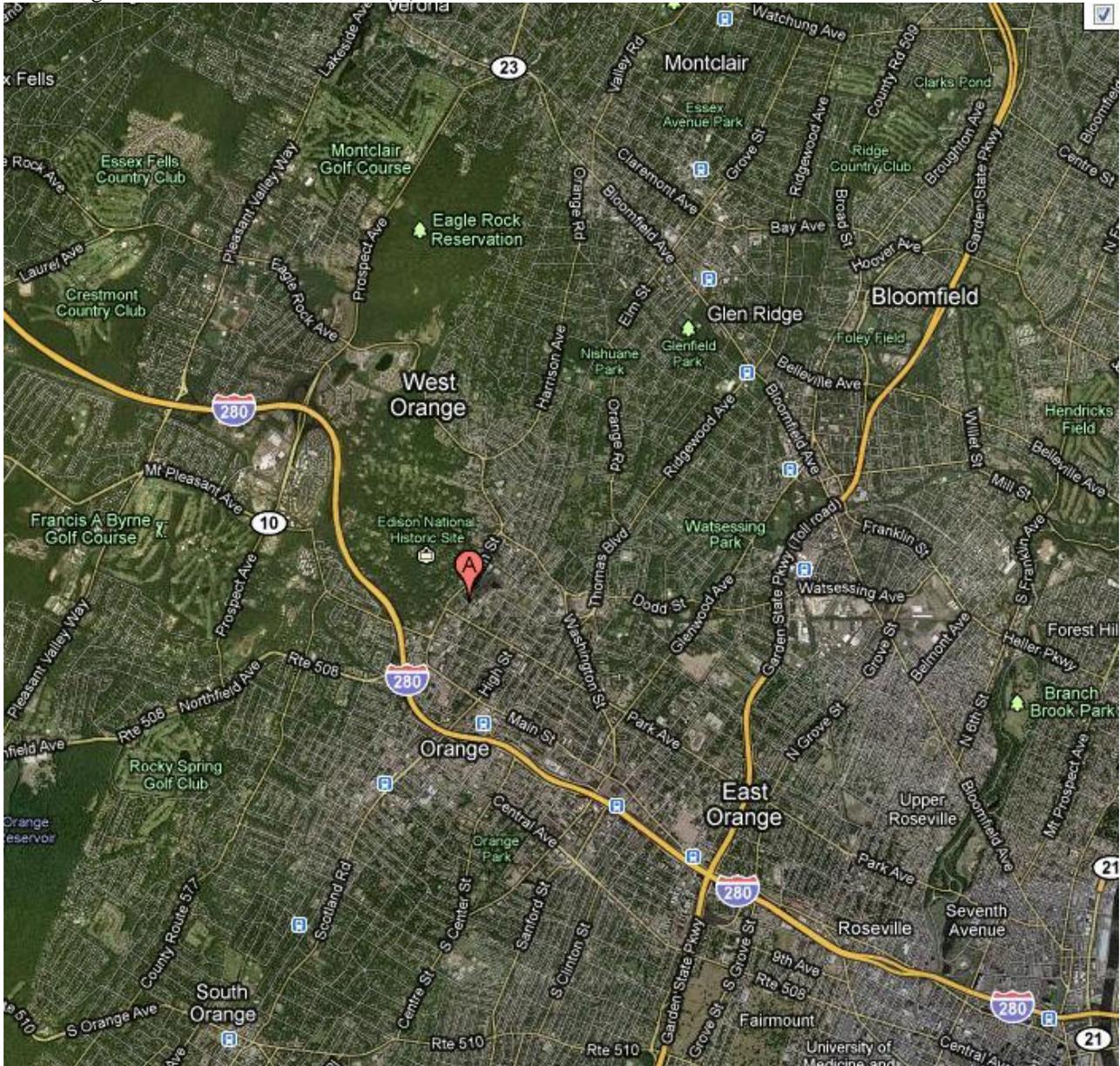


Figure 3- EDISON LOFTS SITE (A) WITH NJ TRANSIT TRAIN STATIONS & MAJOR HIGHWAYS



 denotes NJ Transit Train Station

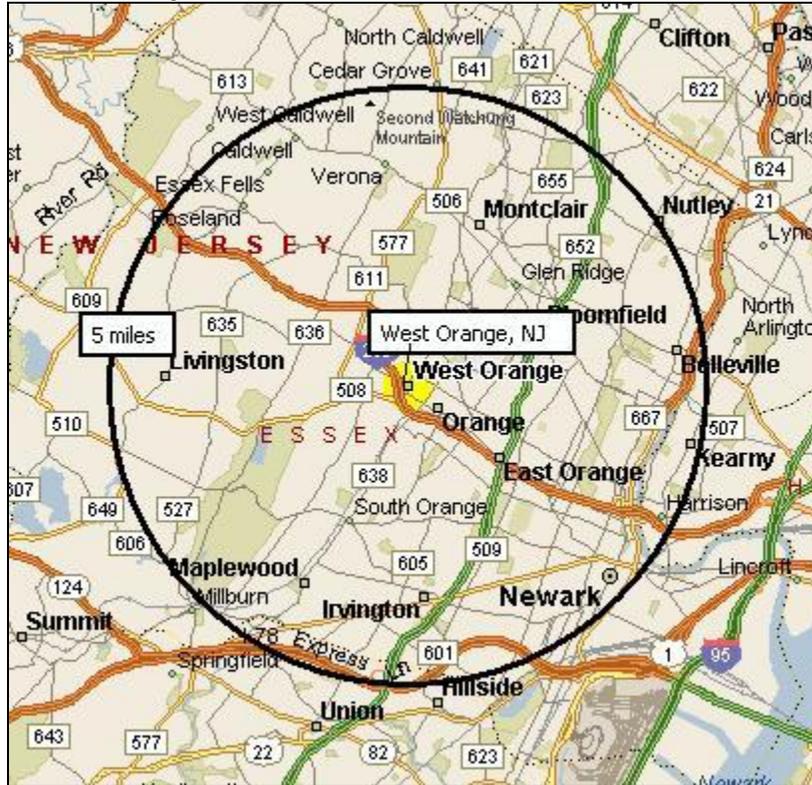
10/21/2011
Edison Lofts Rental Market Study



MARKET DEFINITION

Previous consumer research has determined that the majority of apartment dwellers (85%) search for a new apartment within a 15 minute drive/5 mile radius from their current home. This is defined as the primary market area.

Figure 4 - 15 MINUTE/5 MILE MARKET AREA



COMPETITIVE ANALYSIS

The housing market slowdown has affected the market area. A tight credit market with large down payment requirements has prevented many potential first time buyers from entering the for sale market. These prospects desire the finishes and lifestyle amenities that they may have sought in for sale new construction in the early 2000's, but are now seeking in a rental community.

The competitive analysis was conducted on 2 sets of rental properties:

1. Fifteen Minute/Five Mile Market Area Rentals

Site visits evaluating 16 market area rental communities or condominium communities with investor sublets were conducted. All communities were built in the year 2000 or later and are within the 15 minute/5 mile market area.

Five (5) of the rental communities were located in the municipalities of East Orange or Newark. After site visits, these communities were deemed not comparable to the subject property and were not included in the competitive analysis nor used in developing subject property pricing.

Figure 5: 15 Minute Market Area Newer Construction Competitor Properties

<u>Apartment Name</u>	<u>Municipality</u>
Avenue at S. Orange	South Orange
Bellclair at Montclair	Montclair
City Homes at Essex Park	Belleville
Crystal Rose Condos	Bloomfield
Gaslight Commons	South Orange
Highlands @ Hilltop	Verona
Montclair Residences @ Bay	Montclair
Residences @ Livingston Town	Livingston
Silk Mill Lofts	Bloomfield
The Reserve at Glen Ridge	Glen Ridge
The Siena	Montclair

2. Redevelopment Area Rentals

As Edison Lofts is in a redevelopment zone, five rental communities in other redevelopment areas outside the primary market area were also analyzed. These communities are located in redevelopment areas in the municipalities of Rahway, Secaucus, Saddle Brook and Morristown and were built in the year 2004 or later.

Figure 6: Redevelopment Area Newer Construction Rental Communities

<u>Apartment Name</u>	<u>Municipality</u>
River Place at Rahway	Rahway
Park Square	Rahway
Highlands @ Morristown Station	Morristown
140 Mayhill	Saddlebrook
Xchange at Secaucus	Secaucus

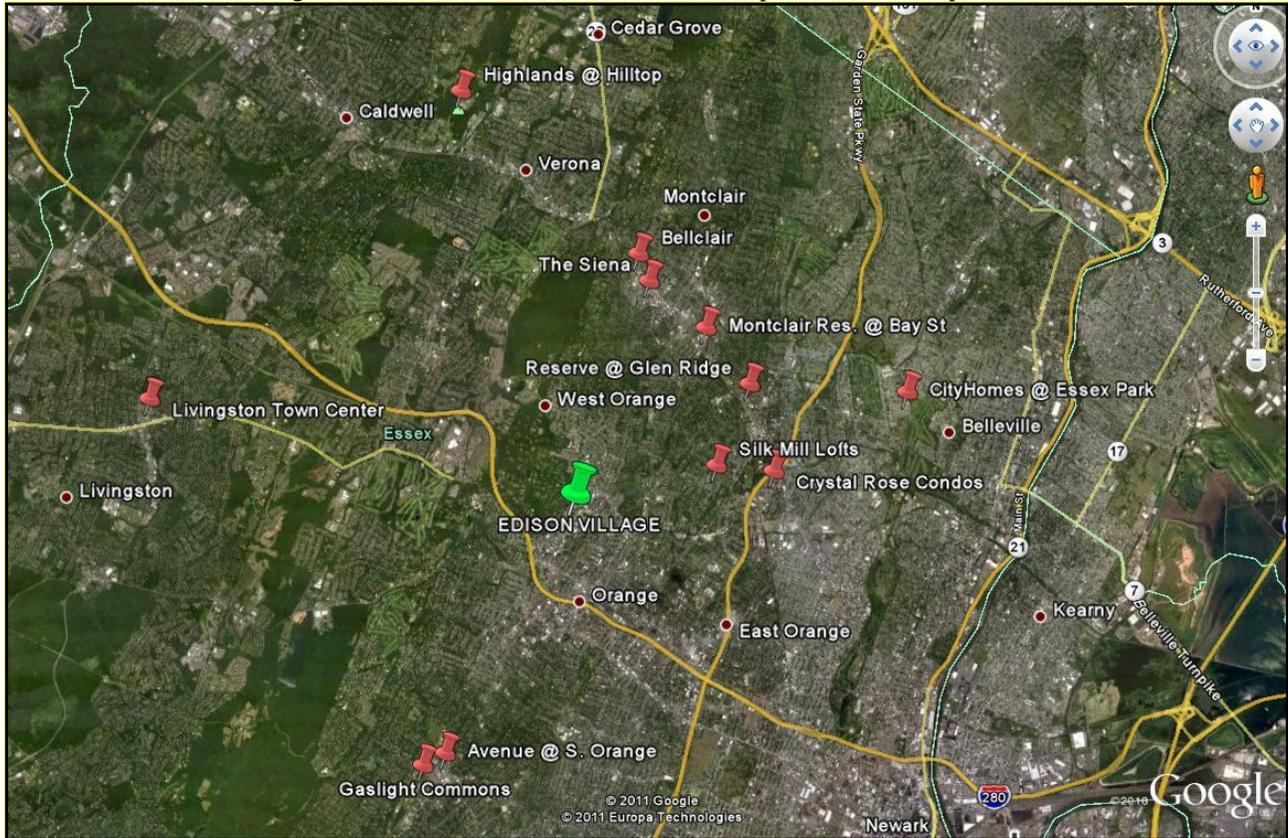
Data sources for rental community pricing, occupancy rate, incentives, parking, and amenities include rental community leasing agents, individual rental community websites, and on-line rental databases (e.g. www.forrent.com). Data source for investor-owner sublets is the Garden State Multiple Listing Service.

We have evaluated Edison Lofts versus competitive properties on six key attributes that research has shown are, in addition to price, of critical importance to renters in their rental decision. These attributes are:

1. Immediate setting of the community
2. In-unit Finishes
3. Proximity to Mass Transit
4. Proximity to Retail
5. Type of Parking Arrangement
6. On-site Lifestyle Amenities

Competitive Analysis of 5 Minute/15 Mile Market Area Rental Developments Built 2000+

Figure 7: 15 Minute/5 Mile Market Area Competitor Rental Properties



Key: **Green**-Subject Property
Red-Comparable newer construction built 2000 to present

The 11 communities that were deemed as comparable to Edison Lofts represent over 700 rental units. Average monthly effective rent after incentives and concessions is \$2,339 for a 1025 square foot unit, or \$2.28 per square foot. Average occupancy rate is 99%. The communities represent a mix of urban and semi-urban settings. Many are located in close proximity to public transportation and offer lifestyle amenities.

Figure 8 – Summary Statistics for 15 Minutes/5 Mile Market Area Comparable Competitor Rental Properties

Apartment Name	Total Units	Average Monthly Rent w/ Incentives/ Concessions	Avg Sq. Ft.	Average Rental \$/SF	Average Occupancy Rate	Year Built	Parking	Amenities
Avenue at South Orange	79	\$2,515	1330	\$1.96	100%	2009	under building	in unit W/D, fitness studio, clubroom, 24 hour concierge service
Bellclair at Montclair	70	\$1,907	796	\$2.39	99%	2007	exterior, garages available	in unit W/D, fitness center
City Homes at Essex Park, Belleville	investor/owner sublets	\$1,923	1379	\$1.43	investor/owner sublets	2005	under building	W/D on each floor
Crystal Rose Condos, Bloomfield	14	\$1,400	1000	\$1.40	100%	2007	garage attached to unit	in unit W/D, gated community, golf course views, outdoor pool, two outdoor pavilions, bocce court, tram to Newark Penn Station
Gaslight Commons, South Orange	200	\$2,464	933	\$2.67	100%	2002	unassigned exterior	in unit W/D
Highlands @ Hilltop, Verona*	95	\$2,488	1132	\$2.23	100%	2010	exterior and under building available	in unit W/D, 8000 sq ft health club incl. locker rooms, steam room, sauna, lounge with billiards & TV, playstation, & Xbox 360, indoor half court basketball, 24 hour concierge/doorman, 4 lane bowling alley
Montclair Residences @ Bay Street	165	\$2,298	958	\$2.41	99%	2009	under building for most units	in unit W/D, fitness center, community room, private storage
Residences @ Livingston Town Center	15	\$3,429	1877	\$1.85	100%	2006	gated unassigned exterior	in unit W/D, fitness center, pool, concierge, shuttle service. Optional on-site storage
Silk Mill Lofts, Bloomfield	48	\$1,808	869	\$2.10	96%	2006	indoor and gated exterior available	in unit W/D, clubroom with fireplace, kitchen, big screen TV & sound system, health club w/ aerobics and weight rooms. Outdoor swimming pool with deck. Concierge services
The Reserve at Glen Ridge	investor/owner sublets	\$3,350	1840	\$1.99	investor/owner sublets	2006	under building	in unit W/D, Residence club w/ clubroom, billiards, theater, fitness center, outdoor pool, tennis court, basketball court
The Siena, Montclair	investor/owner sublets	\$2,994	1257	\$2.42	investor/owner sublets	2007	gated unassigned exterior	in unit W/D combination, fitness center, game room

*Highlands at Hilltop will be comprised of 225 units at total build-out

Edison Lofts represents phase one of a redevelopment project that positions Edison Village as an exciting place to live. Similar to successful redevelopment zones in Hoboken, Morristown, Rahway, and New Brunswick, Edison Lofts will stake out a strong competitive position by offering:

1. High quality finishes including in-unit washer and dryer, granite and stainless steel kitchens, and hardwood floors
2. A wide array of lifestyle amenities including a pool and fitness center.
3. Consumer goods and services within walking distance, and an abundance of retail establishments within a short drive.
4. Value-oriented introductory rents that are 10-15% lower than market area comparable rental properties.

The aforementioned will serve to offset the competitive challenges from market area competitors which include:

1. In the short term, immediate neighborhoods that are further evolved in their transition from industrial to residential than that of Edison Village.
2. Locations within walking distance of NYC direct train stations. Edison Lofts residents may take a municipal shuttle bus to the Orange or South Orange train stations.
3. Buildings with under building parking for all residents. The majority of residents at Edison Lofts will house their vehicles in a separate parking garage structure, although integrated on-site.

Figure 9 - Evaluation of Edison Lofts vs. 15 Minute/5 Mile Market Area Rentals on Key Attributes

Market Area Rental Property	Municipality	Edison Lofts Immediate Setting vs. Property	Edison Lofts Finishes vs. Property	Edison Lofts Proximity to Mass Transit vs. Property	Edison Lofts Proximity to Retail vs. Property	Edison Lofts Parking vs. Property	Edison Lofts Lifestyle Amenities vs. Property
Avenue at S. Orange	South Orange	Inferior	Parity	Inferior	Inferior	Inferior	Superior
Belclair at Montclair	Montclair	Inferior	Superior	Inferior	Inferior	Inferior	Superior
City Homes at Essex Park	Belleville	Inferior	Superior	Inferior	Superior	Inferior	Superior
Crystal Rose Condos	Bloomfield	Superior	Superior	Inferior	Superior	Superior	Superior
Gaslight Commons	South Orange	Inferior	Superior	Inferior	Inferior	Superior	Parity
Highlands @ Hilltop	Verona	Inferior	Parity	Parity	Superior	Inferior	Parity
Montclair Residences @ Bay Street	Montclair	Inferior	Parity	Inferior	Inferior	Parity	Parity
Residences @ Livingston Town Center	Livingston	Inferior	Parity	Parity	Inferior	Inferior	Parity
Silk Mill Lofts	Bloomfield	Parity	Superior	Parity	Superior	Superior	Superior
The Reserve at Glen Ridge	Glen Ridge	Inferior	Parity	Inferior	Inferior	Inferior	Superior
The Siena	Montclair	Inferior	Parity	Inferior	Inferior	Inferior	Parity

In summary:

- The introduction of Edison Lofts will firmly establish the redevelopment area and correspondingly the perception of the immediate setting will improve over time.
- Edison Lofts unit finishes will be superior or at parity to all competitor properties represented in this report.
- While the Edison Lofts location offers excellent access to major highways including Route 280, the Garden State Parkway, The NJ Turnpike and Route 10, many of the competitors studied are within walking distance to NJ Transit train service. Edison Lofts requires a short ride to the Orange and South Orange NJ Transit train stations, Newark Penn Station, and the NJ Transit Secaucus Transfer Station.
- Edison Lofts will feature covered parking for the majority of residents at Edison Lofts in an on-site adjacent parking garage structure. Key competitors in Montclair and South Orange offer covered under building parking.

- Edison Lofts lifestyle amenities will be superior or at parity to all competitor properties represented in this report.

Competitive Analysis of Redevelopment Area Rental Developments

Five redevelopment area communities were examined: 140 Mayhill in Saddle Brook, Xchange at Secaucus Junction, River Place and Park Square in Rahway, and The Highlands at Morristown Station. All were built in the past 7 years. With the exception of 140 Mayhill, these are all mass transit-oriented communities that are within walking distance (or a short jitney ride) to an NYC direct train station.

Figure 10 - Summary Statistics for Redevelopment Area Rental Properties

Apartment Name	Total Units	Average Monthly Rent w/ Incentives/ Concessions	Avg Sq. Ft.	Average Rental \$/SF	Average Occupancy Rate	Year Built	Parking	Amenities
140 Mayhill, Saddle Brook	158	\$2,035	1012	\$2.05	100%	2008	under building	in unit W/D, resident Wi-Fi lounge, fitness center
Park Square, Rahway	159	\$1,971	1166	\$1.71	100%	2009	attached parking garage adjacent to res. bldg	in unit W/D, indoor pool, sundeck, clubroom, fitness center, business center, onsite retail and restaurants
River Place at Rahway	136	\$1,766	1085	\$1.65	99%	2005	assigned exterior	In unit W/D, fitness center, optional on-site storage areas, roof top landscaped deck
Xchange at Secaucus Jctn*	308	\$2,297	1202	\$1.95	100%	2008	under building	in unit W/D, concierge service, community center, reflecting pool, fitness center, heated garage
Highlands @ Morristown Station	217	\$2,394	950	\$2.54	99%	2007	under building	in-unit W/D, 40,000 sf of boutique retail space, community terrace, NY sport club

* Xchange at Secaucus Junction will be comprised of 1000 units at total build-out

Among the redevelopment communities, average monthly rent is \$2,110 for an 1103 square foot unit, or \$1.97 per square foot. Average occupancy rate is 99%.

Figure 11 - Evaluation of Edison Lofts vs. Redevelopment Area Rentals on Key Attributes

REDEVELOPMENT AREA RENTAL PROPERTY	Edison Village Immediate Setting vs. Property	Edison Village Finishes vs. Property	Edison Village Proximity to Mass Transit vs. Property	Edison Village Proximity to Retail vs. Property	Edison Village Parking vs. Property	Edison Village Lifestyle Amenities vs. Property
140 Mayhill, Saddlebrook	Parity	Parity	Parity	Superior	Inferior	Superior
Park Square, Rahway	Parity	Superior	Inferior	Parity	Inferior	Superior
RiverPlace, Rahway	Parity	Superior	Inferior	Parity	Superior	Superior
Xchange @ Secaucus Junction	Superior	Superior	Inferior	Superior	Inferior	Superior
Highlands @ Morristown Station	Parity	Superior	Inferior	Inferior	Parity	Superior

Edison Lofts is superior in terms of in-unit finishes and lifestyle amenities versus most of the redevelopment communities. Edison Lofts also enjoys superior proximity to retail versus most of the redevelopment communities in the sample.

While Edison Lofts is located in a redevelopment zone, it is in a municipality (West Orange) that is more affluent than the other redevelopment communities studied and thus has a superior immediate setting versus most of the redevelopment area rentals.

As most of the redevelopment communities in the sample were constructed as mass transit oriented communities, Edison Lofts has inferior mass transit access to them. Xchange at Secaucus Junction, which is not within a comfortable walking distance to the train station, offers a jitney service to the

NJ Transit Secaucus Junction station at peak hours. We recommend Edison Lofts offer a similar amenity.

With the majority of the redevelopment communities offering under building parking, the planned parking in an adjacent structure at Edison Lofts is inferior to most of the redevelopment communities.

With several of the sample apartments in redevelopment communities more than 3 years old, their rental prices show that redevelopment area buildings are near parity with other non-redevelopment buildings after several years of occupancy. We would expect that any initial price concessions required as inducements to attract renters to the building would quickly evaporate as the immediate neighborhood continues its transition.

The introduction of Edison Lofts will firmly establish the redevelopment zone as a viable mixed use community and attractive place to live; correspondingly the land values will increase over time as shown by all the redevelopment communities studied in this report.

EDISON LOFTS PROJECTED INTRODUCTORY RENTAL PRICING AND ABSORPTION

In developing projected introductory pricing, we have evaluated effective rents of the comparable properties. Effective rents reflect monthly rents after all incentives and concessions.

With the average Essex County 2009 private sector wage at \$56,379 (source: NJ Dept. of Labor and Workforce Development Northern NJ Fact Book, April 2011 Essex County Edition), Edison Lofts will be a luxury community targeted at the upper end of the market.

Typically however, initial renters of properties located in redevelopment areas seek a value-oriented apartment. Many renters who have affordability constraints are more apt to consider properties in transitional locations. While all renters today are seeking a value-oriented product, the unique attributes of Edison Lofts including a marquee building with high ceilings and premium quality finishes in an established township like West Orange are likely to appeal to a broader array of renters than just those looking for the best bargain.

Average Edison Lofts unit sizes by number of bedrooms are as follows:

Figure 12 – Edison Lofts Average Unit Sizes

# of Bedrooms	Total Units	Average Size	% of Units
Studios	35	637 SF	10.5%
1 Bedroom	185	910 SF	55.6%
2 Bedroom	107	1,270 SF	32.1%
3 Bedroom	6	1,480 SF	1.8%
TOTAL UNITS	333	1,007 SF	100.0%

Although unit sizes are generously proportioned, unit pricing reflects excellent affordability for the average market area rental prospect.

Typically, initial success in a redevelopment area is contingent upon consumers seeing the price tradeoff between living in an established neighborhood such as Montclair, South Orange, and Morristown and locating to an emerging neighborhood. However, the Township of West Orange is already a well established and upscale community. Therefore, we expect Edison Lofts to attract renters who value the greater West Orange community, the historic attributes of the building, and the unique and upscale living environment.

Many of the key market area competitors, particularly in Montclair and South Orange, enjoy a superior immediate setting, proximity to mass transit, and parking arrangements over Edison Lofts. In recognition of these conditions, we have priced Edison Lofts introductory pricing an average of 10%-15% under the market area comparable rents.



Figure 13 – Summary of Edison Lofts Projected Introductory Rents by Unit Type

<u>Dwelling Unit Type</u>	<u>Average Sq. Ft.</u>	<u>Average Monthly Rent</u>	<u>Total Units</u>
Studio	617	\$1,283	31
Studio+Den	820	\$1,625	4
1 Bed	853	\$1,811	107
1 Bed+Den	1102	\$2,154	56
1 Bed RoR	832	\$1,721	16
1+Den RoR	1134	\$1,958	6
2 Bed	1368	\$2,401	80
2 Bed+Loft	1585	\$2,800	15
2 Bed RoR	1176	\$2,127	12
3 Bed	1480	\$2,999	6

Overall average Edison Lofts introductory monthly rent is \$2013 for a 1,007 square foot unit, or \$2.00 per square foot. As the Edison Village neighborhood evolves, we expect to see Edison Lofts price increases at an average of 2%-3% per year.

These prices assume no additional amenities fee, one garage parking space included, and monthly garage parking fee of no more than \$75 for each additional car.

Figure 14 provides a table of Edison Lofts projected introductory average monthly rent by unit model and the “normalized rent” if the unit was priced on par with the market area comparables pricing trend. Note that the normalized rents are based on unit size only and do not reflect individual unit type attributes such as views and location in building, which have been factored into the projected introductory rents.

FIGURE 14

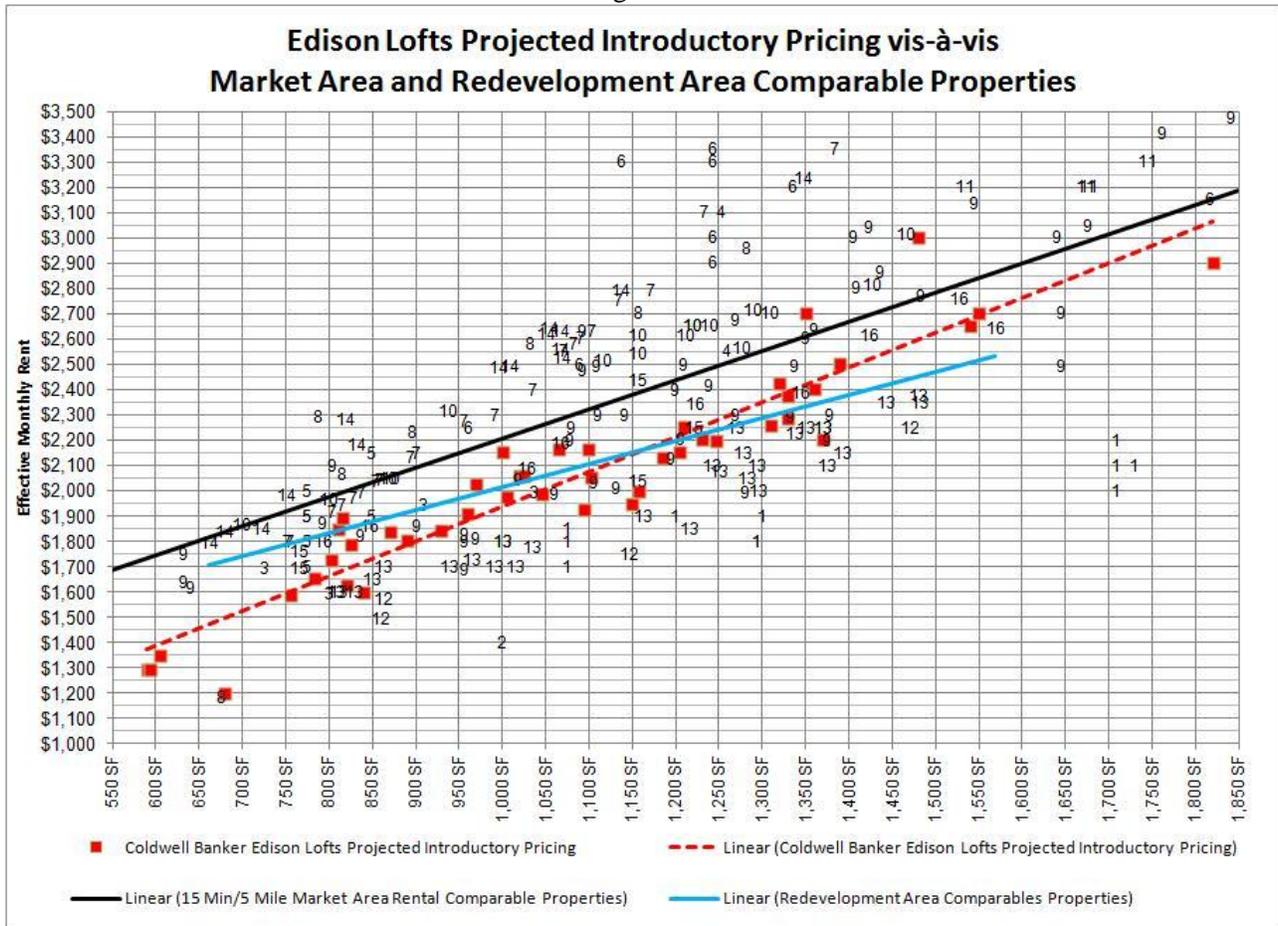
Edison Lofts Projected Introductory Average Monthly Rent & Normalized Rents by Unit Model

Dwelling Unit	Sq. Feet	Total Dwelling Units	Average Monthly Rent (Per DU)	Normalized Rent (based on unit size only)
Studio A	590 SF	4	\$1,290	\$1,734
Studio B	594 SF	12	\$1,290	\$1,739
Studio C	605 SF	9	\$1,350	\$1,751
Studio D	680 SF	6	\$1,200	\$1,838
Studio + Den	820 SF	4	\$1,625	\$2,000
TOTAL Studios		35	\$1,328	\$1,788
1 Bedroom A	810 SF	26	\$1,850	\$1,988
1 Bedroom B	815 SF	44	\$1,890	\$1,994
1 Bedroom C	825 SF	29	\$1,785	\$2,006
1 Bedroom D	840 SF	1	\$1,600	\$2,023
1 Bedroom E	870 SF	6	\$1,835	\$2,058
1 Bedroom F	960 SF	1	\$1,908	\$2,162
1 Bedroom Den A	1,000 SF	18	\$2,150	\$2,208
1 Bedroom Den B	1,020 SF	3	\$2,060	\$2,231
1 Bedroom Den C	1,025 SF	6	\$2,060	\$2,237
1 Bedroom Den D	1,045 SF	5	\$1,985	\$2,260
1 Bedroom Den E	1,065 SF	3	\$2,165	\$2,283
1 Bedroom Den F	1,100 SF	11	\$2,165	\$2,324
1 Bedroom Den G	1,330 SF	2	\$2,375	\$2,590
1 Bedroom Den H	1,360 SF	6	\$2,400	\$2,625
1 Bedroom Loft	970 SF	2	\$2,025	\$2,174
1 Bedroom RoR C1	755 SF	2	\$1,585	\$1,925
1 Bedroom RoR C	784 SF	2	\$1,652	\$1,958
1 Bedroom RoR A	803 SF	8	\$1,725	\$1,980
1 Bedroom RoR F	891 SF	2	\$1,800	\$2,082
1 Bedroom RoR A1	929 SF	2	\$1,840	\$2,126
1 Bedroom Den RoR B	1,095 SF	2	\$1,925	\$2,318
1 Bedroom Den RoR B2	1,150 SF	2	\$1,950	\$2,382
1 Bedroom Den RoR B1	1,157 SF	2	\$2,000	\$2,390
TOTAL 1 Bedrooms		185	\$1,933	\$2,104
2 Bedroom A	1,210 SF	37	\$2,250	\$2,451
2 Bedroom B	1,230 SF	22	\$2,200	\$2,474
2 Bedroom C	1,320 SF	3	\$2,425	\$2,578
2 Bedroom D	1,330 SF	4	\$2,285	\$2,590
2 Bedroom E	1,370 SF	6	\$2,200	\$2,636
2 Bedroom F	1,390 SF	4	\$2,500	\$2,659
2 Bedroom G	1,540 SF	2	\$2,650	\$2,833
2 Bedroom H	1,550 SF	2	\$2,700	\$2,844
2 Bedroom Loft	1,350 SF	14	\$2,700	\$2,613
2 Bedroom Loft	1,820 SF	1	\$2,900	\$3,156
2 Bedroom RoR A	1,006 SF	2	\$1,975	\$2,215
2 Bedroom RoR A	1,103 SF	2	\$2,050	\$2,327
2 Bedroom RoR A	1,185 SF	2	\$2,130	\$2,422
2 Bedroom RoR A	1,204 SF	2	\$2,150	\$2,444
2 Bedroom RoR A	1,246 SF	2	\$2,195	\$2,493
2 Bedroom RoR A	1,310 SF	2	\$2,260	\$2,567
TOTAL 2 Bedrooms		107	\$2,319	\$2,521
3 Bedroom	1,480 SF	6	\$2,999	\$2,763
TOTAL 3 Bedrooms		6	\$2,999	\$2,763
TOTALS		333	\$2,013	\$2,216
Grand Total Monthly Rev			\$670,196	\$738,072
Avg \$/SF			\$2.00	\$2.20



Figure 15 illustrates projected Edison Lofts introductory rental pricing versus the active market area competitors and redevelopment communities outside the market area.

Figure 15



KEY

Chart Label	Apartment Name	Municipality
1	City Homes at Essex Park	Belleville
2	Crystal Rose Condos	Bloomfield
3	Silk Mill Lofts	Bloomfield
4	The Reserve at Glen Ridge	Glen Ridge
5	Bellclair at Montclair	Montclair
6	The Siena	Montclair
7	Montclair Residences @ Bay Street	Montclair
8	Gaslight Commons	South Orange
9	Avenue at S. Orange	South Orange
10	Highlands @ Hilltop	Verona
11	Residences @ Livingston Town Center	Livingston
12	River Place at Rahway	Rahway
13	Park Square	Rahway
14	Highlands @ Morristown Station	Morristown
15	140 Mayhill	Saddlebrook
16	Xchange at Secaucus	Secaucus



We have analyzed lease-up rates for six of the properties included in this report. Lease-up rates ranged from a low of 7 units per month at Park Square in Rahway to a high of 28 units per month at Xchange at Secaucus. We estimate Edison Lofts monthly absorption of 16 to 18 units, with 18 to 21 months to total lease-up.

Figure 16 – Comparable Rental Community Lease-Up Rates

<u>Apartment Name</u>	<u>Municipality</u>	<u>Average # of Units Rented Per Month to Total Lease-Up</u>
Xchange at Secaucus	Secaucus	28
Avenue at S. Orange	South Orange	16
Highlands @ Morristown Station	Morristown	16
Montclair Residences @ Bay Street	Montclair	15
Highlands @ Hilltop	Verona	15
140 Mayhill	Saddlebrook	13
Park Square	Rahway	7

In conclusion, with 333 units, Edison Lofts should target a lease-up rate of 25 to 30 units per months in the first six months after opening. This early momentum will be based on Edison Lofts superior value, location, and product.

DISCLAIMER

All conclusions presented herein are based on our current knowledge and market experience, but as in all such studies, the findings are based upon assumptions and estimates that are subject to uncertainty and variation. Therefore, while our estimates will be conscientiously prepared on the basis of our experience and the data available to us, we make no warranty of any kind that the absorption rate or prices will be achieved.