Marcus & Millichap

Presented by: Earl E. Elliott, Gordon A. Navarre, Chris Futo

RUSSELL WOODS APARTMENTS

Detroit, MI

Market Positioning and Pricing Analysis

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RUSSELL WOODS APARTMENTS
Detroit, MI
ACT ID Y0290300

Marcus & Millichap

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INVESTMENT OVERVIEW

PROPERTY OVERVIEW

Marcus & Millichap is proud to present Russell Woods a 156-unit apartment complex located in a Historic Russell Woods Sullivan district of Detroit. These apartments are directly across the street from Detroit Central High School and Durfee Elementary School, making Russell Woods extremely convenient and safe for families with children.

This historic area is located near the John C Lodge expressway allowing tenants easy access and less than a 10 minute drive from Downtown Detroit, Mid-Town, Eastern Market and just a 5 minutes drive from Ford Hospital. Henry Ford Hospital is one of the finest hospitals in the State of Michigan and considered to be in the top 3% of all hospitals in the United States and is directly affiliated with Wayne State University's Medical School. Henry Ford Hospital employs more than 23,000 people of which 15,000 employees are Detroit area residents.

The Renaissance and cultural rebirth of Detroit has been long overdue. The city and its historic neighborhoods such as the Cork Town district, Indian Village, East Village, as well as the Russell Woods Sullivan district are among new areas of the city to be in high demand for people moving back to Detroit to take advantage of a multitude of new jobs being created to help restore Detroit to its original Greatness and continuing bright future again.

PROPERTY OVERVIEW

- 156 Units on 5.3 Acres in NW Detroit
- Russell Woods Sullivan Historic Neighborhood
- Extremely Close to Detroit's Huge New Job Market
- Easy Access to all Expressways and Suburbs
- Twenty Minutes from the Detroit River and Canada

INTERIOR PHOTOGRAPHS

EXTERIOR PHOTOGRAPHS

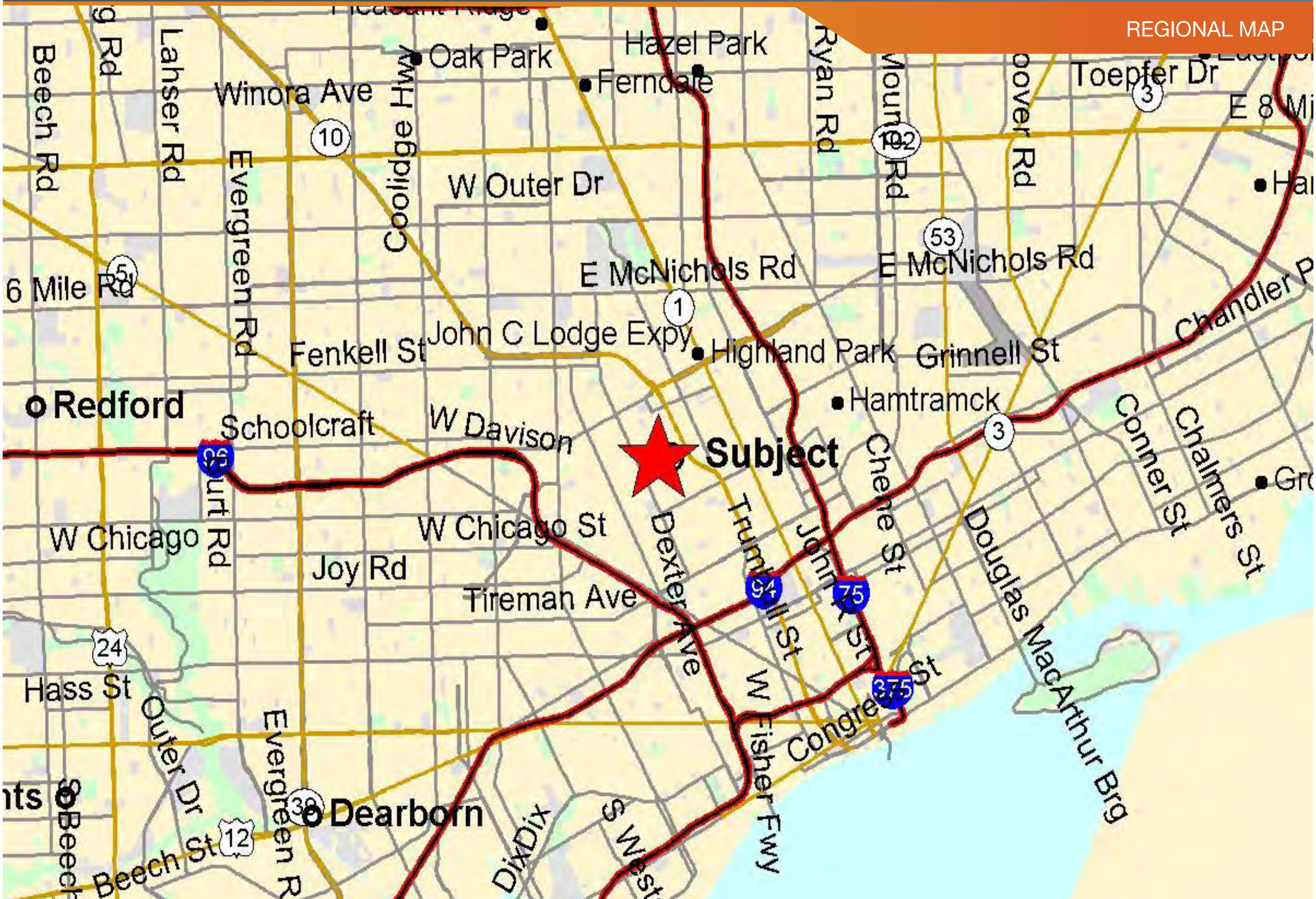
ALL WINDOWS 3-5 YEARS OLD

HISTORIC COMMUNITY AMBIANCE

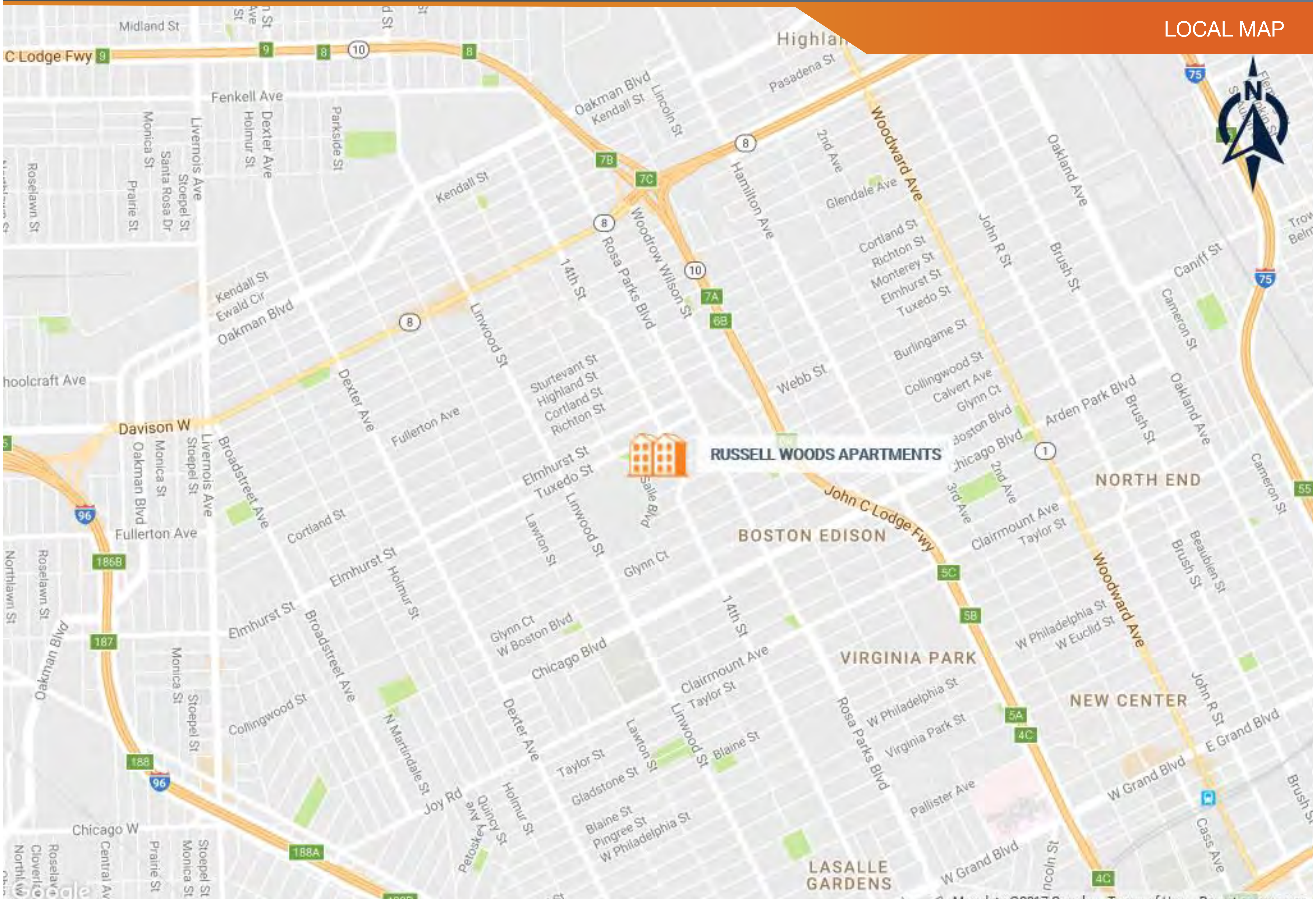
HISTORIC COMMUNITY AMBIANCE

HISTORIC COMMUNITY AMBIANCE

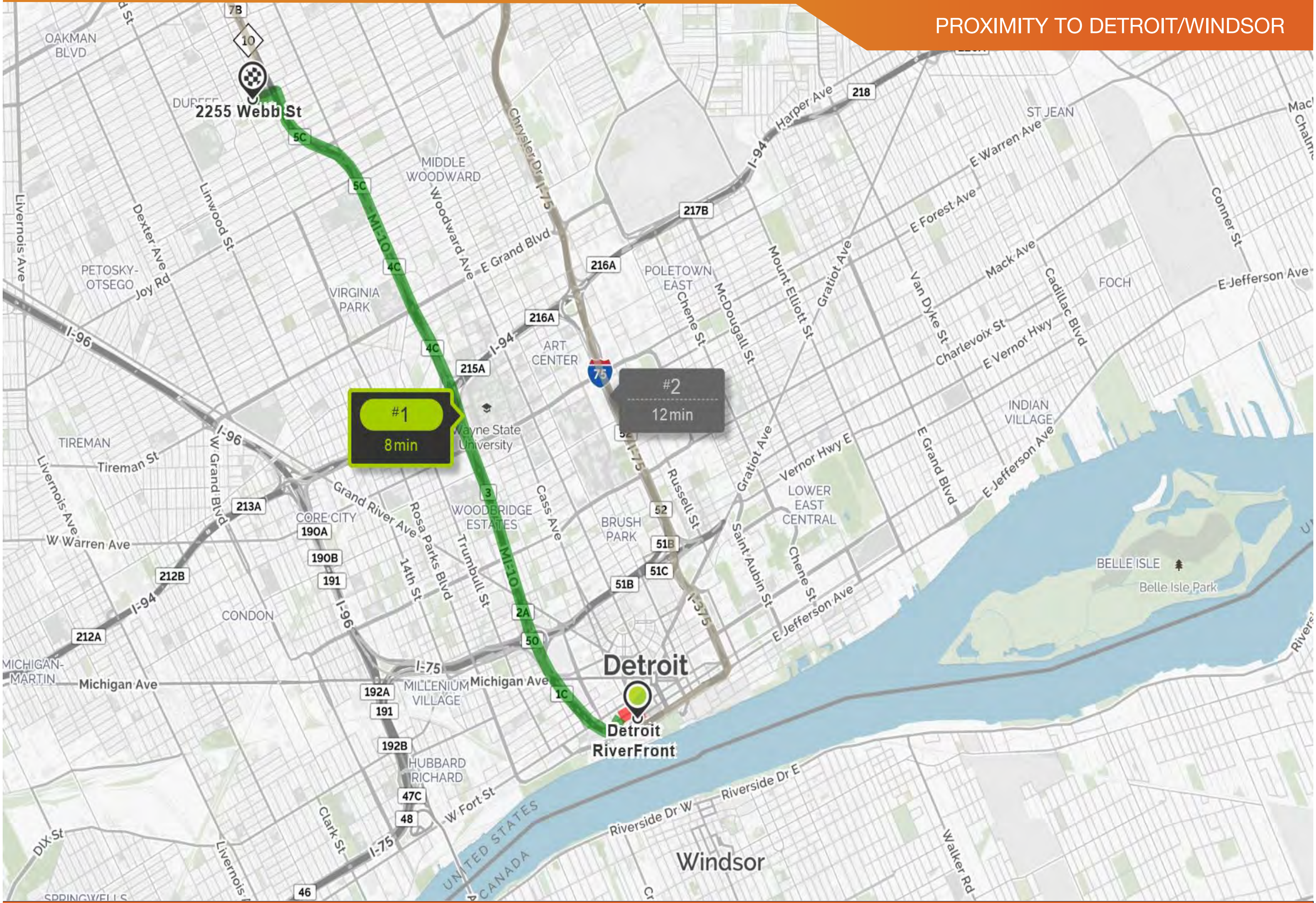
REGIONAL MAP



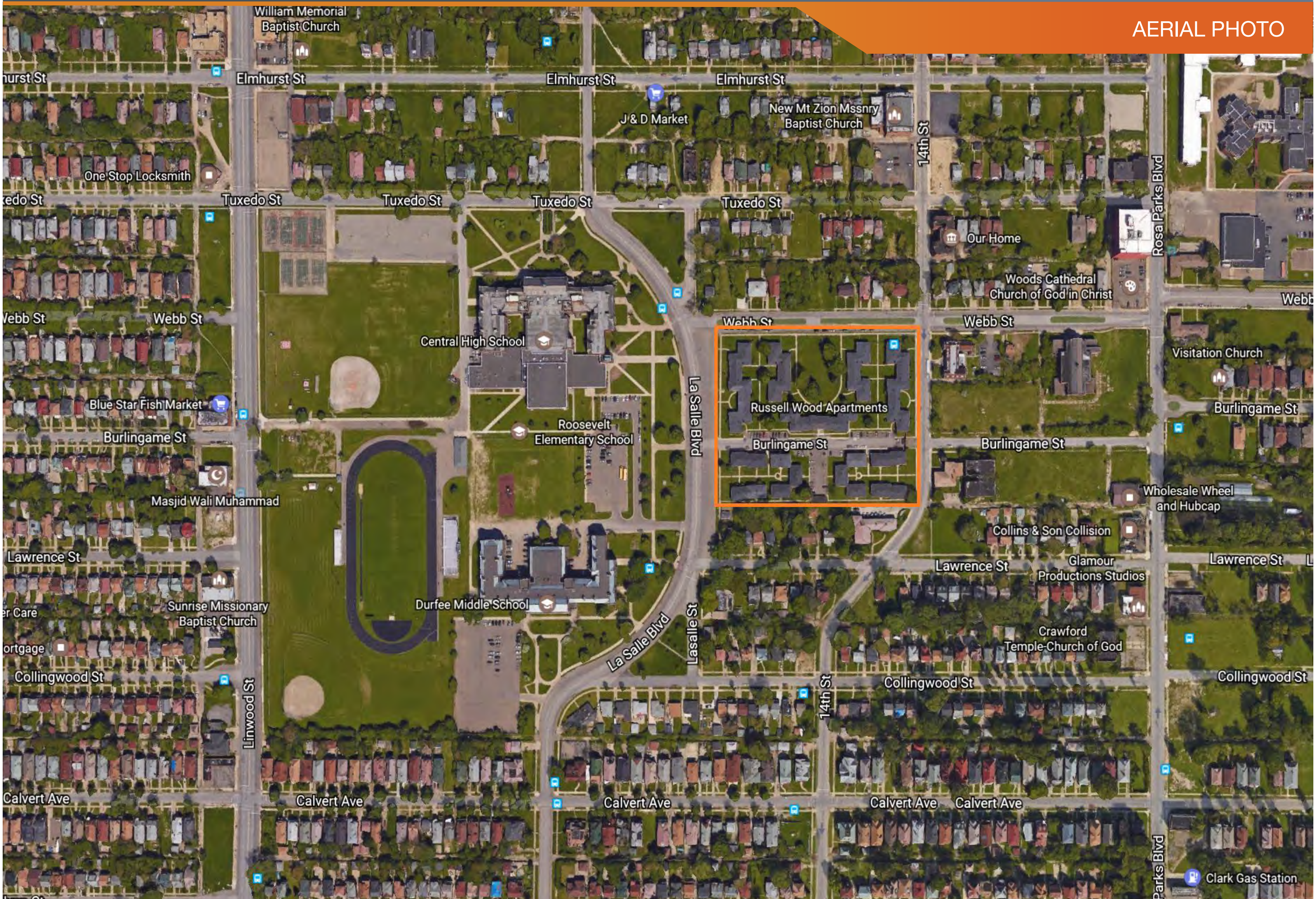
LOCAL MAP


RUSSELL WOODS APARTMENTS
BOSTON EDISON
NORTH END
VIRGINIA PARK
NEW CENTER
LASALLE GARDENS
John C Lodge Fwy
Woodward Ave
Davison W
Fullerton Ave
Oakman Blvd
Chicago Blvd
W Grand Blvd
Rosa Parks Blvd
Linwood St
Dexter Ave
Joy Rd
Map data ©2017 Google Terms of Use Report a map error

PROXIMITY TO DETROIT/WINDSOR



AERIAL PHOTO



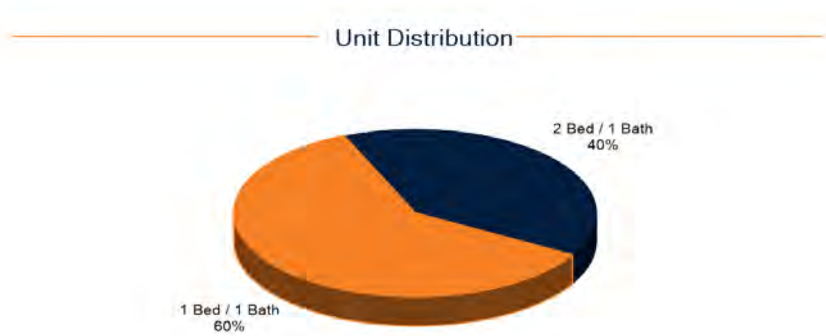
FINANCIAL ANALYSIS

RENT ROLL SUMMARY

As of March,2017

			Scheduled			Potential		
Unit Type	# of Units	Avg Sq Feet	Average Rent	Average Rent / SF	Monthly Income	Average Rent	Average Rent / SF	Monthly Income
1 Bed / 1 Bath	94	850	$650	$0.76	$61,100	$675	$0.79	$63,450
2 Bed / 1 Bath	62	975	$675	$0.69	$41,850	$725	$0.74	$44,950
Totals/Weighted Averages	**156**	**900**	**$660**	**$0.73**	**$102,950**	**$695**	**$0.77**	**$108,400**
Gross Annualized Rents			**$1,235,400**			**$1,300,800**		

Notes:



OPERATING STATEMENT

Income	2016		Year 1		Notes	Per Unit	Per SF
Gross Potential Rent	1,300,800		1,300,800			8,338	9.27
Loss / Gain to Lease	(65,400)	5.0%	(65,040)	5.0%		(417)	(0.46)
Gross Scheduled Rent	**1,235,400**		**1,235,760**			**7,922**	**8.80**
Physical Vacancy	(164,308)	13.3%	(123,576)	10.0%		(792)	(0.88)
Economic Vacancy							
Bad Debt	(125,684)	10.2%	(123,576)	10.0%		(792)	(0.88)
Total Vacancy	**($289,992)**	**23.5%**	**($247,152)**	**20.0%**		**($1,584)**	**($2)**
Economic Occupancy	76.53%		80.00%				
Effective Rental Income	**945,408**		**988,608**			**6,337**	**7.04**
Other Income							
All Other Income	5,092		5,092			33	0.04
Total Other Income	**$5,092**		**$5,092**			**$33**	**$0.04**
Effective Gross Income	**$950,500**		**$993,700**			**$6,370**	**$7.08**

Expenses	2016		Year 1		Notes	Per Unit	Per SF
Real Estate Taxes	41,938		57,630			369	0.41
Insurance	44,326		44,326			284	0.32
Utilities - Electric	85,485		84,485			542	0.60
Utilities - Water & Sewer	64,846		64,846			416	0.46
Utilities - Gas	82,342		82,342			528	0.59
Trash Removal	6,874		6,874			44	0.05
Repairs & Maintenance	135,680		124,800			800	0.89
Landscaping	19,251		31,200			200	0.22
Marketing & Advertising	0		7,800			50	0.06
Payroll	104,410		104,410			669	0.74
General & Administrative	21,393		21,393			137	0.15
Management Fee	66,535	7.0%	49,685	5.0%		318	0.35
Total Expenses	**$673,080**		**$679,791**			**$4,358**	**$4.84**
Expenses as % of EGI	**70.8%**		**68.4%**				
Net Operating Income	**$277,420**		**$313,909**			**$2,012**	**$2.24**

Notes and assumptions to the above analysis are on the following page.

PRICING DETAIL

Summary		
Price	**$3,800,000**	
Down Payment	$950,000	25%
Number of Units	156	
Price Per Unit	$24,359	
Price Per SqFt	$27.08	
Rentable SqFt	140,350	
Lot Size	0.00 Acres	
Approx. Year Built	0	

Returns	2016	Year 1
CAP Rate	**7.30%**	**8.26%**
GRM	3.08	3.08
Cash-on-Cash	9.88%	13.72%
Debt Coverage Ratio	1.51	1.71

Financing	1st Loan
Loan Amount	$2,850,000
Loan Type	New
Interest Rate	5.00%
Amortization	30 Years
Year Due	2022

Loan information is subject to change. Contact your Marcus and Millichap Capital Corporation representative.

# Of Units	Unit Type	SqFt/Unit	Current Rents	Market Rents
94	1 Bed / 1 Bath	850	$637	$675
62	2 Bed / 1 Bath	975	$660	$725

Operating Data

Income		2016		Year 1
Gross Scheduled Rent		**$1,235,400**		**$1,235,760**
Less: Vacancy/Deductions (GPR)	23.5%	$289,992	20.0%	$247,152
Total Effective Rental Income		$945,408		$988,608
Other Income		$5,092		$5,092
Effective Gross Income		$950,500		$993,700
Less: Expenses	70.8%	$673,080	68.4%	$679,791
Net Operating Income		**$277,420**		**$313,909**
Cash Flow		$277,420		$313,909
Debt Service		$183,593		$183,593
Net Cash Flow After Debt Service	9.88%	$93,827	13.72%	$130,316
Principal Reduction		$42,048		$44,199
Total Return	**14.30%**	**$135,875**	**18.37%**	**$174,515**

Expenses	2016	Year 1
Real Estate Taxes	$41,938	$57,630
Insurance	$44,326	$44,326
Utilities - Electric	$85,485	$84,485
Utilities - Water & Sewer	$64,846	$64,846
Utilities - Gas	$82,342	$82,342
Trash Removal	$6,874	$6,874
Repairs & Maintenance	$135,680	$124,800
Landscaping	$19,251	$31,200
Marketing & Advertising	$0	$7,800
Payroll	$104,410	$104,410
General & Administrative	$21,393	$21,393
Management Fee	$66,535	$49,685
Total Expenses	**$673,080**	**$679,791**
Expenses/Unit	**$4,315**	**$4,358**
Expenses/SF	**$4.80**	**$4.84**

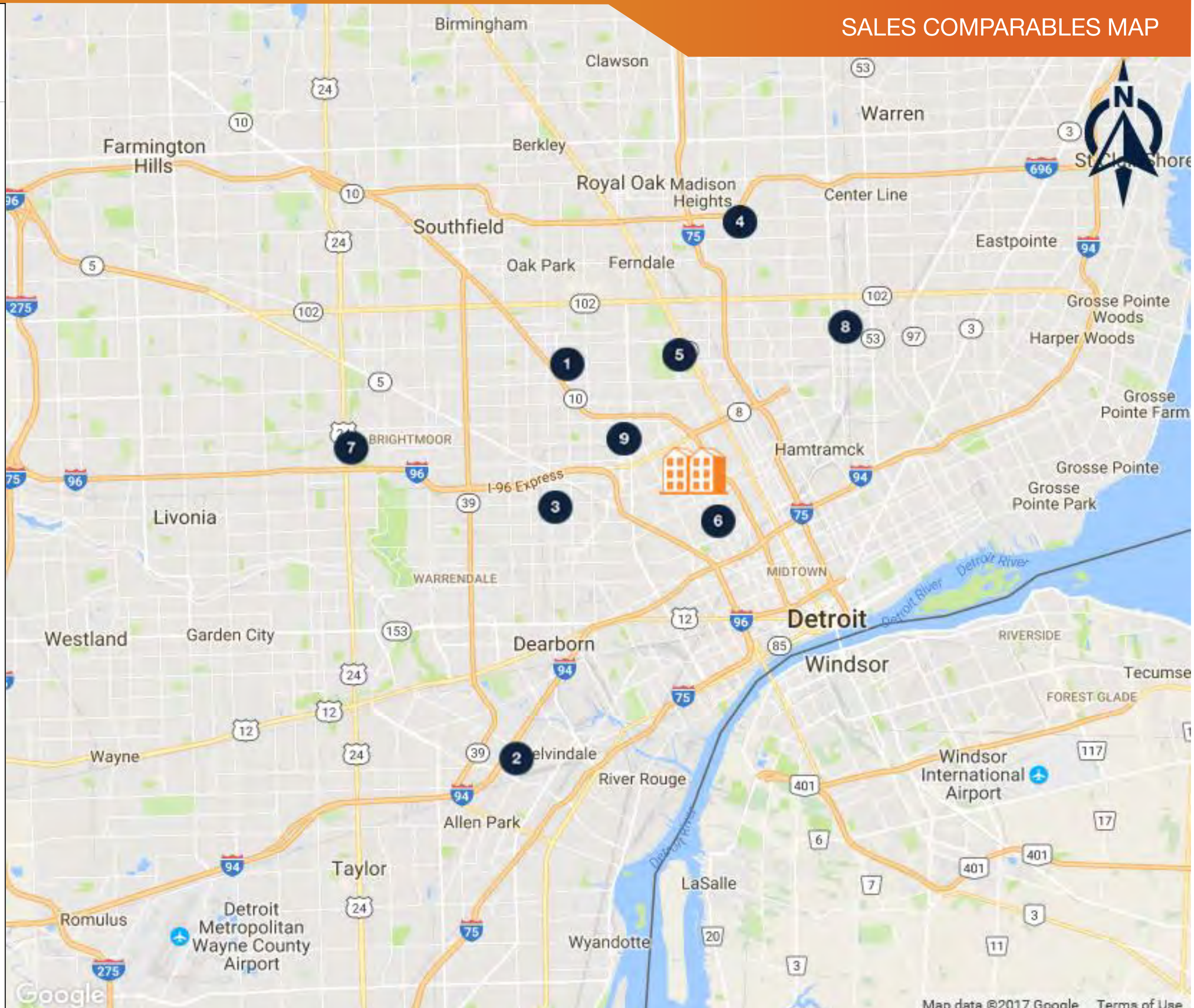
MARKET COMPARABLES

SALES COMPARABLES MAP

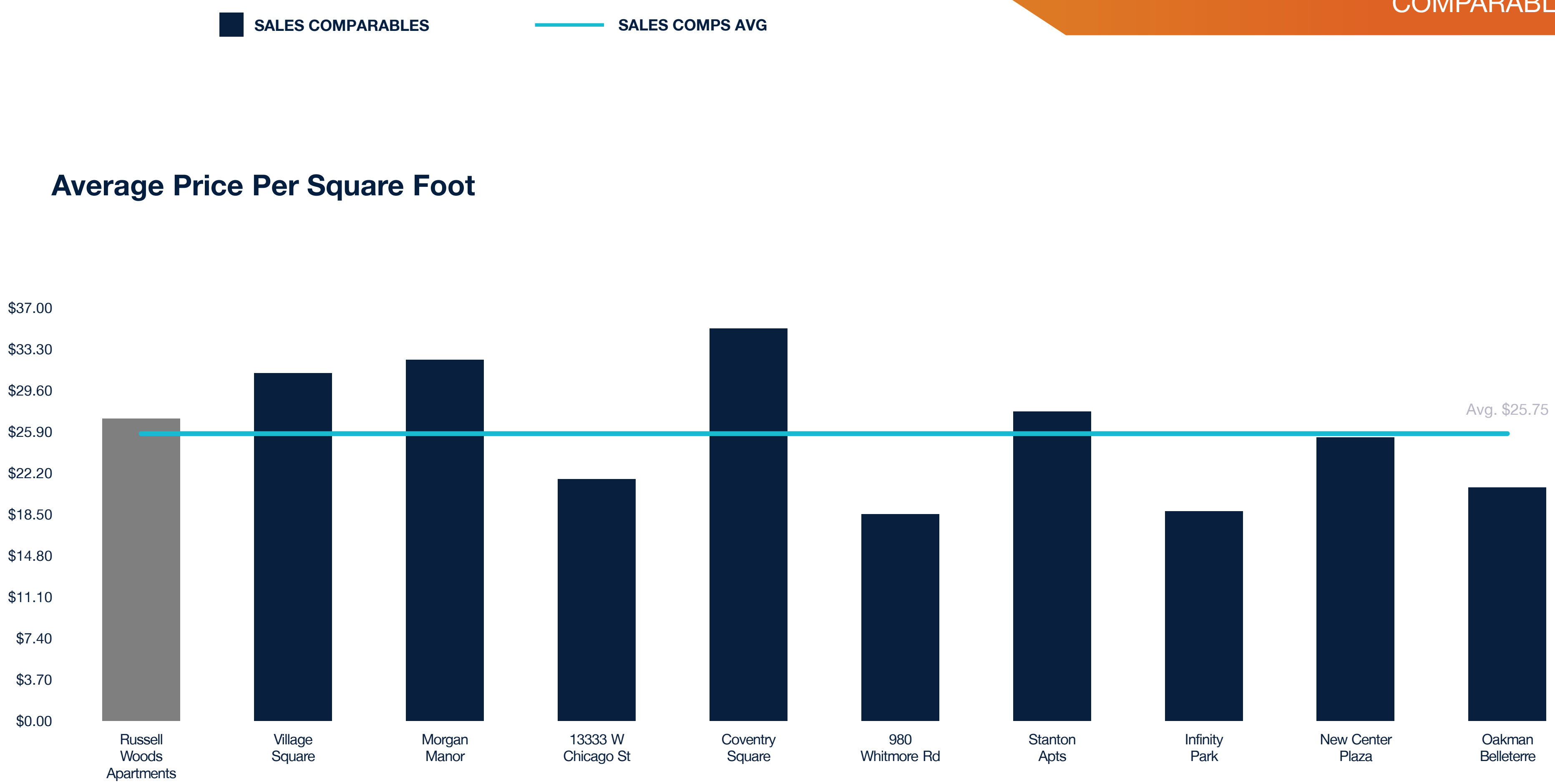
RUSSELL WOODS APARTMENTS (SUBJECT)

1. Village Square
2. Morgan Manor
3. 13333 W Chicago St
4. Coventry Square
5. 980 Whitmore Rd
6. Stanton Apts
7. Infinity Park
8. New Center Plaza
9. Oakman Belleterre

SALES COMPARABLES

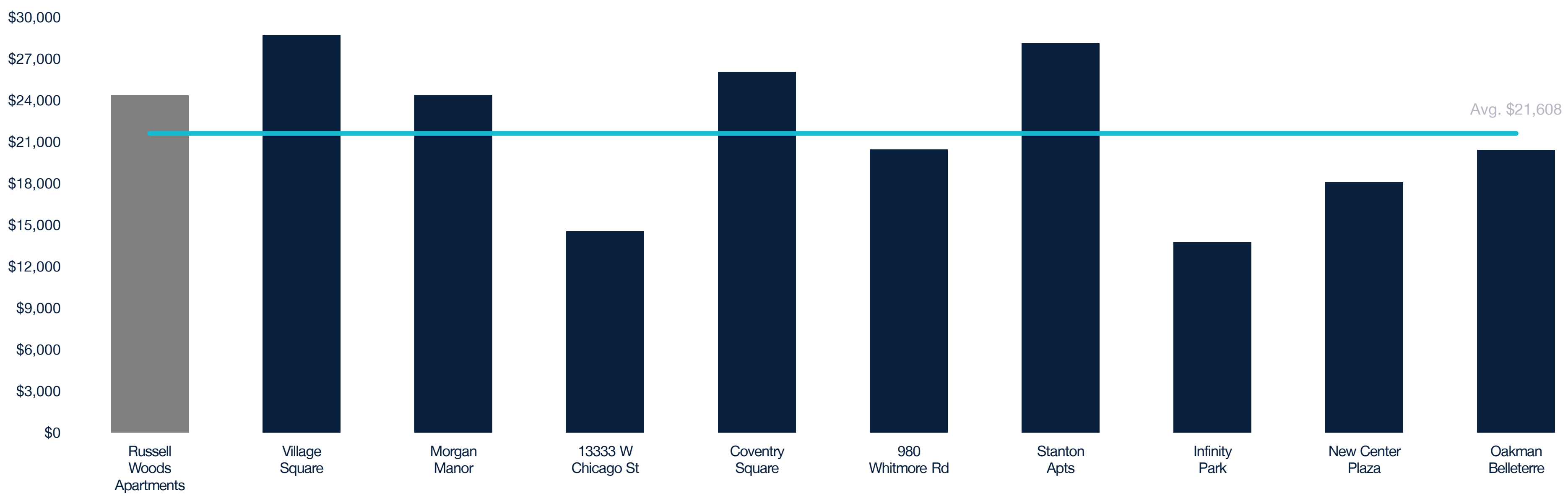


Average Price Per Square Foot



SALES COMPARABLES
SALES COMPS AVG

Average Price Per Unit



SALES COMPARABLES

RUSSELL WOODS APARTMENTS

2255 WEBB, DETROIT, MI, 48238

		Units	Unit Type
Offering Price:	$3,800,000	94	1 Bed 1 Bath
Price/Unit:	$24,359	62	2 Bed 1 Bath
Price/SF:	$27.08		
Total No. of Units:	156		
Year Built:	1950		

VILLAGE SQUARE

17150 MEYERS RD, DETROIT, MI, 48235

1

		Units	Unit Type
Close Of Escrow:	9/30/2016	81	1 Bdr 1 Bath
Sales Price:	$5,450,000	105	2 Bdr 1 Bath
Price/Unit:	$28,684	4	3 Bdr 1 Bath
Price/SF:	$31.17		
Total No. of Units:	190		
Year Built:	1960		

MORGAN MANOR

19615 ALLEN RD, MELVINDALE, MI, 48122

2

		Units	Unit Type
Close Of Escrow:	7/16/2014	15	1 Bdr 1 Bath
Sales Price:	$780,000	17	2 Bdr 1 Bath
Price/Unit:	$24,375		
Price/SF:	$32.37		
Total No. of Units:	32		
Year Built:	1963		

Underwriting Criteria			
Income	$950,500	Expenses	$673,080
NOI	$277,420	Vacancy	($289,992)

SALES COMPARABLES

13333 W CHICAGO ST
13333 W CHICAGO ST, DETROIT, MI, 48228

3

		Units	Unit Type
Close Of Escrow:	3/24/2016	9	Studio 1 Bath
Sales Price:	$640,000	32	1 Bdr 1 Bath
Price/Unit:	$14,545	3	2 Bdr 1 Bath
Price/SF:	$21.66		
Total No. of Units:	44		
Year Built:	1967		

COVENTRY SQUARE
1670 E WOODWARD HEIGHTS BLVD, HAZEL PARK, MI, 48030

4

		Units	Unit Type
Close Of Escrow:	9/15/2016	16	1 Bdr 1 Bath
Sales Price:	$1,250,000	16	2 Bdr 1 Bath
Price/Unit:	$26,042	16	2 Bdr 2 Bath
Price/SF:	$35.17		
Total No. of Units:	48		
Year Built:	1957		

980 WHITMORE RD
980 WHITMORE RD, DETROIT, MI, 48203

5

		Units	Unit Type
Close Of Escrow:	4/12/2016	44	2 Bdr 1 Bath
Sales Price:	$900,000		
Price/Unit:	$20,455		
Price/SF:	$18.51		
Total No. of Units:	44		
Year Built:	1940		

SALES COMPARABLES

STANTON APTS

2360 W GRAND BLVD, DETROIT, MI, 48208

6

		Units	Unit Type
Close Of Escrow:	8/8/2016	12	1 Bdr 1 Bath
Sales Price:	$900,000	20	2 Bdr 1 Bath
Price/Unit:	$28,125		
Price/SF:	$27.71		
Total No. of Units:	32		
Year Built:	1919		

INFINITY PARK

14075 RIVERVIEW ST, DETROIT, MI, 48223

7

		Units	Unit Type
Close Of Escrow:	10/1/2016	152	1 Bdr 2 Bath
Sales Price:	$6,650,000	332	1 Bdr 1 Bath
Price/Unit:	$13,740		
Price/SF:	$18.78		
Total No. of Units:	484		
Year Built:	1952		

NEW CENTER PLAZA

675, DETROIT, MI, 48234

8

		Units	Unit Type
Close Of Escrow:	4/10/2015	30	Studio 1 Bath
Sales Price:	$1,572,289	57	1 Bdr 1 Bath
Price/Unit:	$18,072		
Price/SF:	$25.41		
Total No. of Units:	87		
Year Built:	1953		

SALES COMPARABLES

OAKMAN BELLETERRE

2690 EWALD CIR, DETROIT, MI, 48238

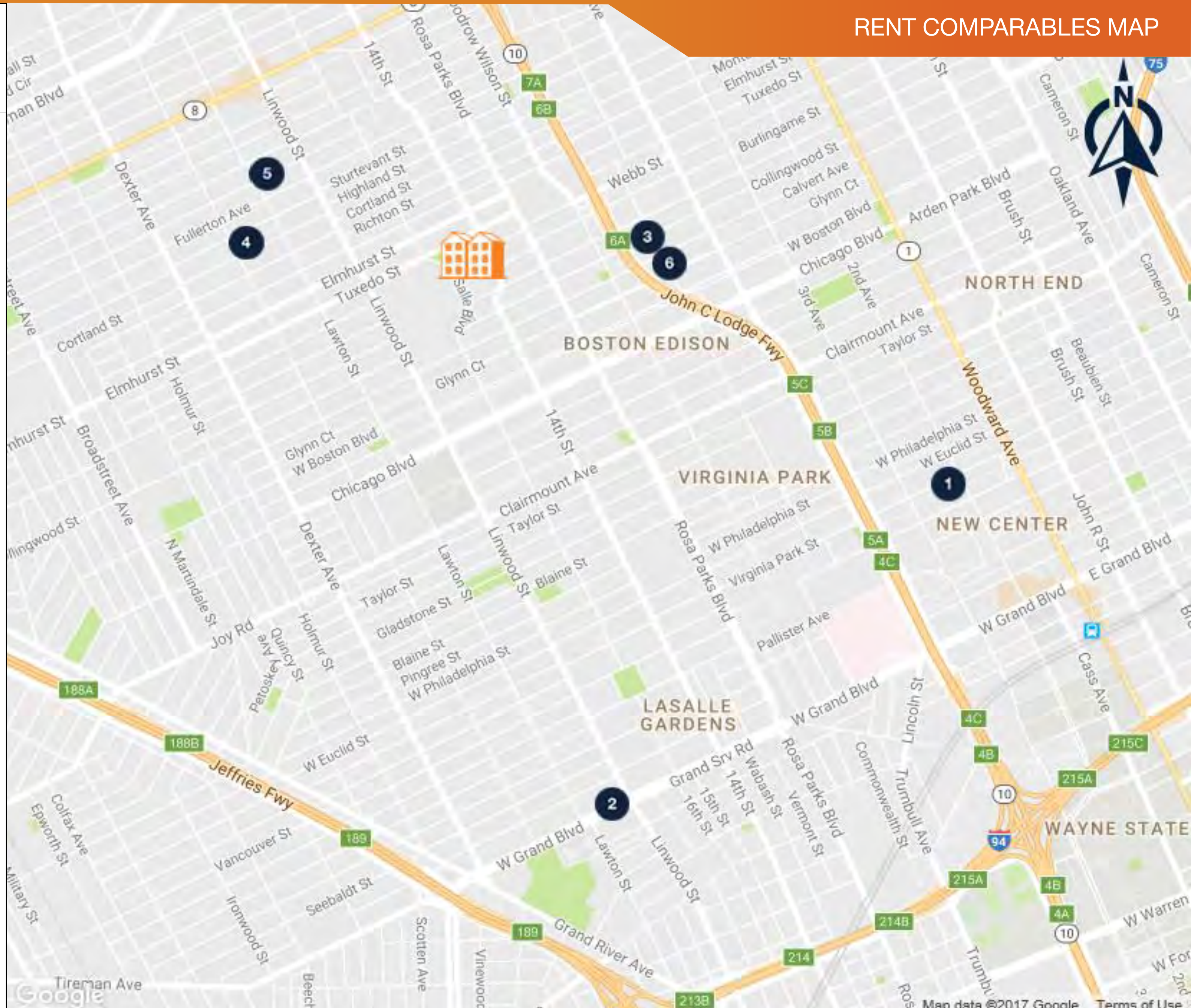
9

		Units	Unit Type
Close Of Escrow:	11/29/2014	23	1 Bdr 1 Bath
Sales Price:	$1,900,000	70	2 Bdr 1 Bath
Price/Unit:	$20,430		
Price/SF:	$20.94		
Total No. of Units:	93		
Year Built:	1947		

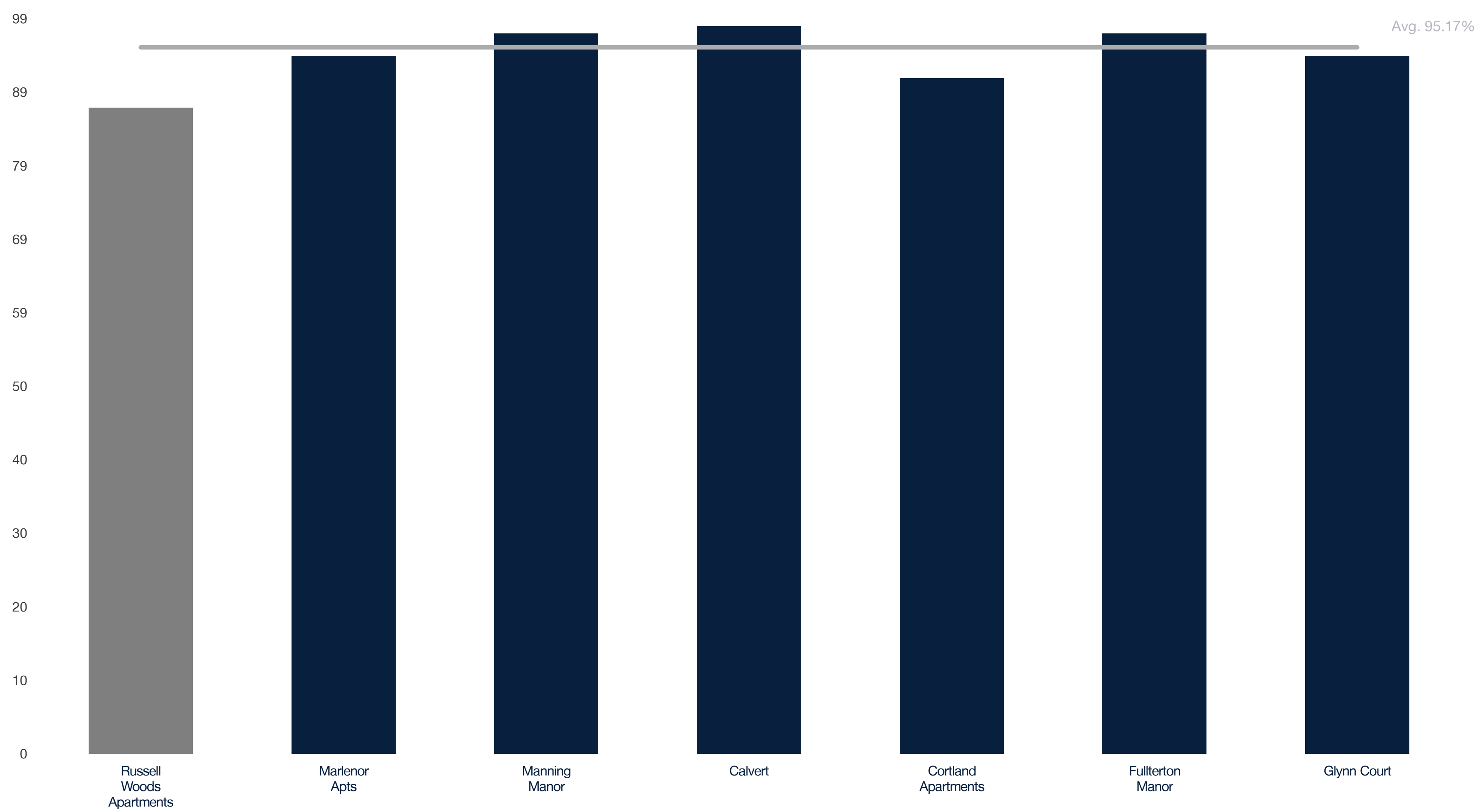
RENT COMPARABLES MAP

RUSSELL WOODS APARTMENTS (SUBJECT)

1. Marlenor Apts
2. Manning Manor
3. Calvert
4. Cortland Apartments
5. Fullterton Manor
6. Glynn Court

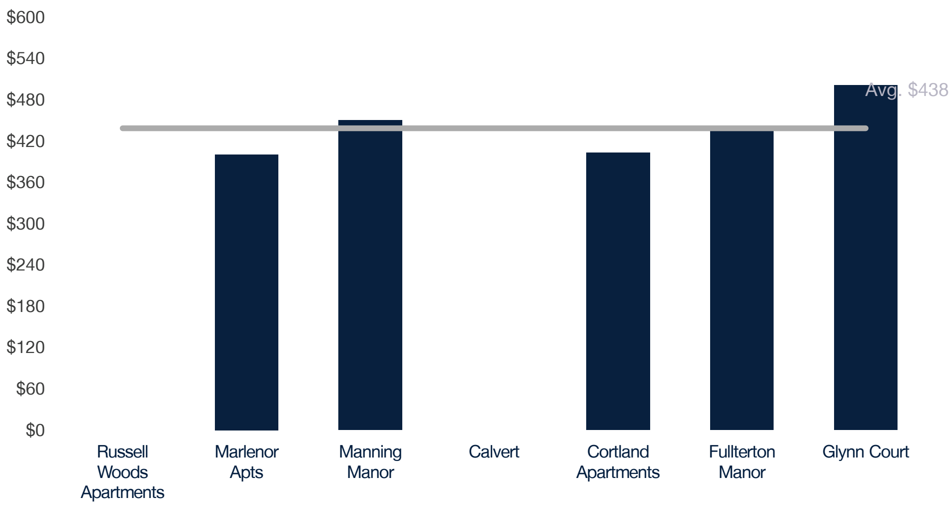


AVERAGE OCCUPANCY

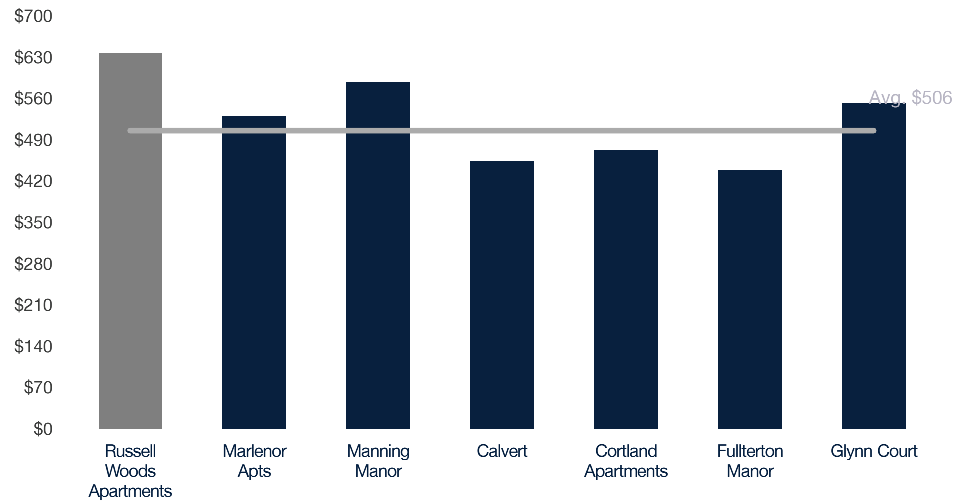


AVERAGE RENT - MULTIFAMILY

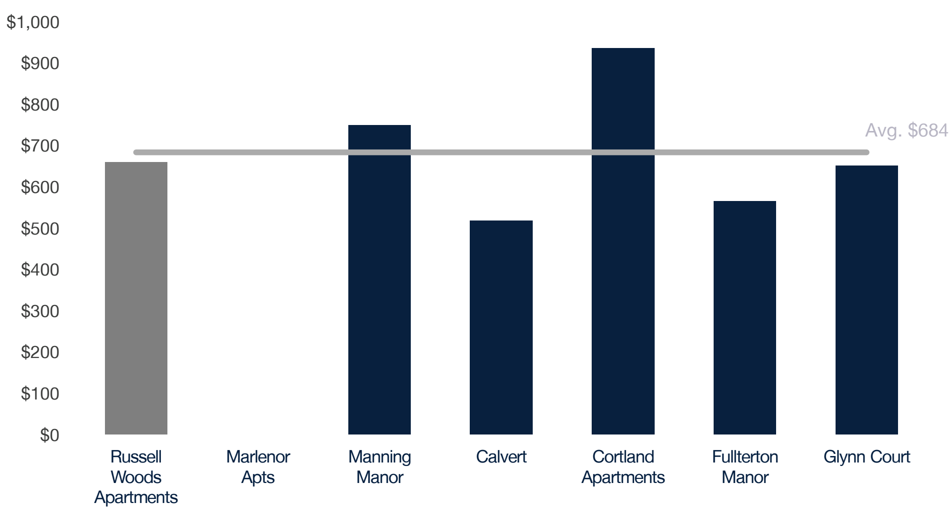
Studios



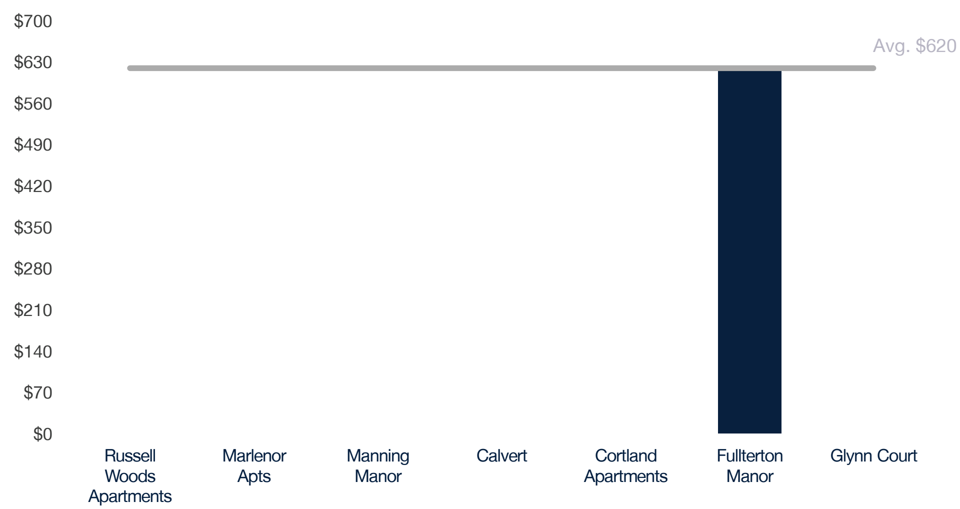
1 Bedroom



2 Bedroom



3 Bedroom



RUSSELL WOODS APARTMENTS

2255 WEBB, DETROIT, MI, 48238

Unit Type	Units	SF	Rent	Rent/SF
1 Bed 1 Bath	94	850	$637	$0.75
2 Bed 1 Bath	62	975	$660	$0.68
Total/Avg.	156	900	$646	$0.72

YEAR BUILT: 1950

MARLENOR APTS

660 SEWARD ST, DETROIT, MI, 48202

1

Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	1	425	$400	$0.94
1 Bdr 1 Bath	112	480	$530	$1.10
Total/Avg.	113	480	$529	$1.10

OCCUPANCY: 94% | YEAR BUILT: 1949

MANNING MANOR

2258 W GRAND BLVD, DETROIT, MI, 48208

2

Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	4	500	$450	$0.90
1 Bdr 1 Bath	66	565	$525-$650	$1.04
2 Bdr 1 Bath	8	700	$750	$1.07
Total/Avg.	78	576	$597	$1.04

OCCUPANCY: 97% | YEAR BUILT: 1926

CALVERT
1442 CALVERT ST, DETROIT, MI, 48206

3

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	2	550	$454	$0.83
2 Bdr 1 Bath	16	750	$518	$0.69
Total/Avg.	18	728	$511	$0.70

OCCUPANCY: 98% | YEAR BUILT: 1924

CORTLAND APARTMENTS
3045 CORTLAND ST, DETROIT, MI, 48206

4

Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	5	425	$403	$0.95
1 Bdr 1 Bath	19	625-650	$463-$482	$0.74
2 Bdr 1 Bath	5		$932-$940	
Total/Avg.	29	593	$540	$0.77

OCCUPANCY: 91% | YEAR BUILT: 1928

FULLTERTON MANOR
2740 FULLERTON ST, DETROIT, MI, 48238

5

Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	4	504	$438	$0.87
1 Bdr 1 Bath	16	642	$438	$0.68
2 Bdr 1 Bath	21	900	$565	$0.63
3 Bdr 1 Bath	1	1,100	$620	$0.56
Total/Avg.	42	769	$506	$0.66

OCCUPANCY: 97% | YEAR BUILT: 1928

GLYNN COURT

1415 GLYNN CT, DETROIT, MI, 48206

6

Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	2	684	$501	$0.73
1 Bdr 1 Bath	10	896	$552	$0.62
2 Bdr 1 Bath	40	1,115	$651	$0.58
Total/Avg.	52	1,056	$626	$0.59

OCCUPANCY: 94% | YEAR BUILT: 1927

MARKET OVERVIEW

DETROIT

Market Highlights

Employment growth

- Detroit's employment gains will exceed the national average through 2020, growing 1.4 percent annually.

Prominent auto manufacturing, auto design center

- The metro is home to the Big Three as well as two-thirds of the world's automotive research and development firms.

The Detroit metro is diversifying

- Increased entrepreneurial activity has created a knowledge-based economy.

Geography

The Detroit metro is located in the southeastern portion of Michigan along the Detroit River, which connects Lake Huron with Lake Erie. Across the Detroit River lies the city of Windsor, Ontario. The metro is a 3,951-square-mile region composed of six counties: Wayne, Macomb, Lapeer, Oakland, St. Clair and Livingston.

Detroit-Warren-Dearborn Metro

DETROIT

Metro

The Detroit metro contains more than 4.3 million residents in 98 cities, villages and townships. After years of declining population, the metro is growing again. Wayne is the most populated county, followed by Oakland County. Detroit is the largest city with more than 695,700 residents. Warren and Sterling Heights are the only other cities with more than 100,000 residents.

Infrastructure

The metro is served by Interstates 75, 94, 96, 275, 375 and 696 and the Davison, Lodge, Southfield and Van Dyke freeways. The Ambassador Bridge and Tunnel connecting to Canada is one of the busiest border crossings in the nation.

The region contains six major airports, the largest of which is Detroit Metropolitan Wayne County. The airport serves as a hub for Delta Airlines.

The Port of Detroit provides as a vital link between the automotive industry and steel products. The Union Pacific and Canadian National railways offer freight transport to the port and throughout the area.

For public transit, the metro has the Detroit People Mover, an elevated light rail that operates on a one-way loop through downtown Detroit, and an extensive bus system. The M-1 light rail will begin service this year, running between downtown and New Center.

The Detroit Metro is:

- 95 miles from Cleveland
- 235 miles from Chicago
- 240 miles from Indianapolis
- 610 miles from New York City

Airports

- Detroit Metropolitan Wayne County Airport

Major Roads

- Interstates 75, 94, 96, 275, 375 and 696
- Freeways – Davison, Lodge, Southfield and Van Dyke

Rail

- Freight – Union Pacific and Canadian National
- Passenger – Amtrak

Ports

- Port of Detroit

Largest Cities in Metro by Population	
Detroit	695,700
Warren	136,500
Sterling Heights	132,000
Dearborn	95,800
Livonia	94,900
Troy	83,400

* Forecast

Sources: Marcus & Millichap Research Services; U.S. Census Bureau; Experian

DETROIT

Economy

The Detroit metro economy is one of the largest in the nation and is heavily dependent on the automotive sector. Three American automotive companies are headquartered in the area: General Motors Corp., Ford Motor Co. and Chrysler LLC. Additionally, Toyota and Hyundai have major facilities in the area, more than half of the world's top auto suppliers are housed in the region and a significant portion of all automotive research and development takes place in Detroit. In total, there are 13 Fortune 500 corporations based in the metro, including Visteon, DTE Energy, Ally Financial and Kelly Services.

The Detroit economy is growing again and the long-term projections for the local economic base remain positive. Civic leaders and officials are making strides to create an economy based on knowledge, in addition to manufacturing and automotive industries. The New Economy Initiative for Southeast Michigan provides support and networking for entrepreneurial activity to foster this knowledge-based economic expansion. Additionally, efforts are underway to revitalize downtown Detroit in order to produce economic vitality and improve the quality of life; the recent renovations to Cobo Center, the M-1 light rail and a new Red Wings hockey arena surrounded by an entertainment district are examples.

The Detroit economy is also diversifying, moving more into the healthcare and technology sectors. The strength of the local universities and area technical institutions helps place graduates throughout the metro.

* Forecast

Sources: Marcus & Millichap Research Services; Experian; Fortune; Bureau of Economic Analysis; Moody's Analytics; U.S. Census Bureau

DETROIT

Labor

The Detroit economy has changed dramatically since 1990, with less reliance on manufacturing and more emphasis on technology, information-based jobs and the service sectors. Today, there are nearly 2 million employment opportunities in the metro, roughly 62 percent of which are considered white collar. Through 2020, nearly every employment sector will increase hiring.

Professional and business services is the largest employment segment, hiring nearly 382,600 persons, or 20 percent of total jobs. An annual growth rate of 3 percent is expected for this sector through 2020. An additional 363,500 jobs are provided by the trade, transportation and utilities sector, which accounts for 19 percent of the metro's employment. Over the next five years this segment will expand 0.6 percent annually, with the creation of more than 10,000 jobs. The education and health services, and manufacturing sectors are also major employment segments, representing 16 percent and 13 percent of all jobs, respectively. Recent growth in the automotive industry has required local suppliers to increase output, boosting manufacturing payrolls; however, this sector is forecast to contract slightly over the next five years.

Through 2020, the biggest employment gains are expected in construction at an annual rate of 3.1 percent. Not only is the housing sector improving, but large projects (such as new hockey arena for the Red Wings and the mixed-use entertainment district that surrounds the facility) will hire many local construction workers. In addition, the M-1 light rail is helping to spur redevelopment and repurposing of older buildings in downtown and along the Woodward Corridor, resulting in more construction hiring.

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Moody's Analytics

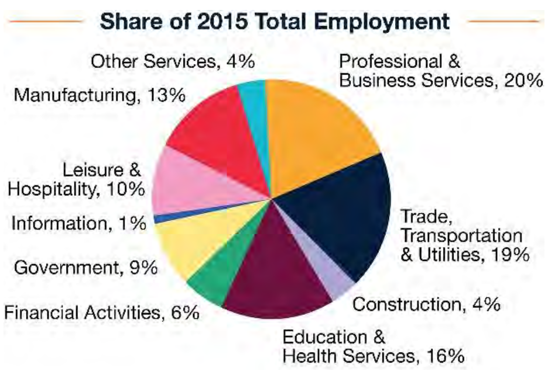
DETROIT

Employers

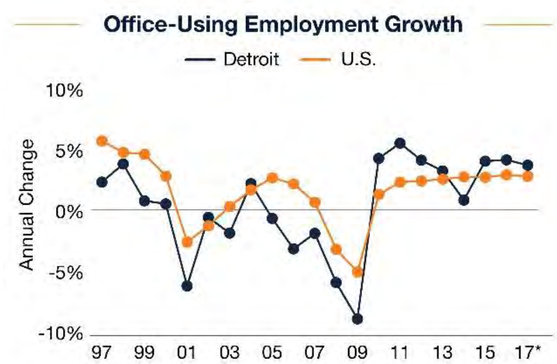
The Big Three employ a large portion of Detroit's employment base, with each hiring thousands of manufacturing, administrative, research and technical positions. Many other people are employed in companies that produce parts or provide services for the automobile industry; southeastern Michigan has the highest concentration of automotive research and technical centers in the world. Growth in the industry once again is helping to build the local economy.

A number of major employers in the metro are education and medical providers. This sector employs 16 percent of the workforce, with more than 150,000 people working in hospitals alone. Healthcare companies include the Detroit Medical Center, the Henry Ford Health System and the St. John Providence Health System. Demand for healthcare services is surging as the baby boomer generation enters retirement years, and Henry Ford West Bloomfield Hospital and the Children's Hospital of Michigan Specialty Center have expanded. Major education employers include Wayne State University, the University of Michigan and Detroit Public Schools.

Rock Ventures is rapidly expanding in Detroit. The parent company of Quicken Loans and a host of other businesses employs more than 11,000 workers in Detroit. The firm is buying and refurbishing many downtown buildings.



Major Employers
General Motors Corp.
Quicken Loans
Chrysler Group LLC
DTE Energy
Detroit Public Schools
Henry Ford Health System
St. John Providence Health System
Ford Motor Co.
Detroit Medical Center
Wayne State University



* Forecast
Sources: Marcus & Millichap Research Services; BLS; Moody's Analytics; Experian

DETROIT

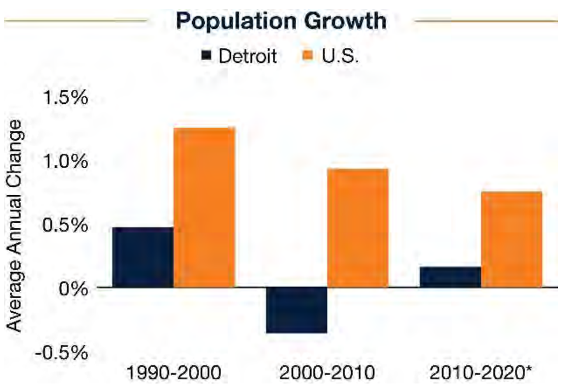
Demographics

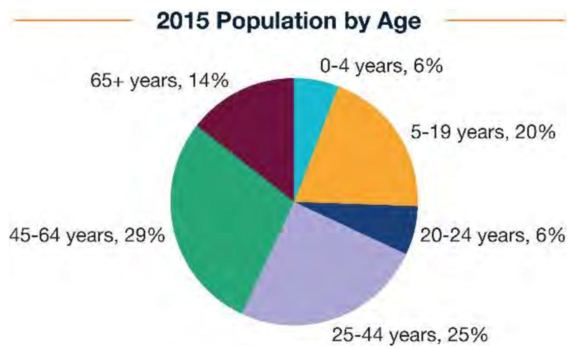
The Detroit area's population exceeds 4.3 million residents. For many years, the local population contracted due to difficulties in the metro economy, speeding up migration to jobs in the Sun Belt. This trend is changing as increased employment opportunities attract and retain residents. Roughly 50,000 people will be added through 2020.

Detroit still maintains a skilled labor force. Approximately 27.9 percent of the adult population in the metro has attained at least a bachelor's degree, slightly less than the national average of 28.8 percent. More than 10.8 percent of area residents have attained a professional or graduate degree.

The median household income at $56,700 per year is on par with the U.S. median of $56,100 annually. Through the next five years, the most significant population increases will be among those households earning $100,000 or more per year. This is partially due to the movement of baby boomers into peak wage-earning years and the shift toward white-collar jobs.

Some of the most affordable housing prices in the nation have pushed the homeownership rate in the metro to nearly 70 percent, compared with 64 percent for the nation.





Sources: Marcus & Millichap Research Services; Moody's Analytics; U.S. Census Bureau; AGS; Experian

DETROIT

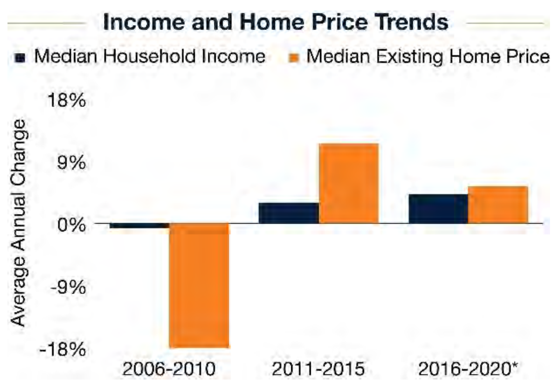
Quality of Life

The Detroit region, birthplace of Motown and the mass-production automobile industry, offers all the benefits of living close to the Great Lakes, but at a moderate cost.

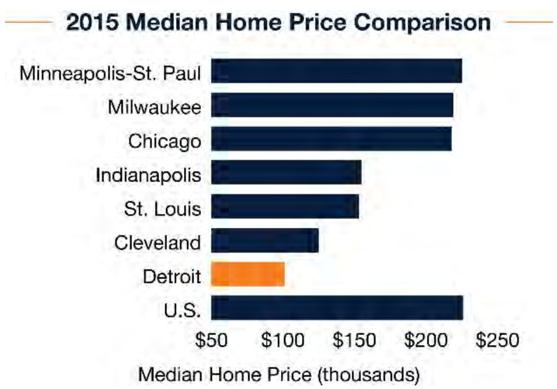
A tremendous amount of new development and revitalization has taken place in the city in the past decade. New sports facilities were built: Comerica Park for the Tigers and Ford Field for the Lions, and a new hockey arena is underway for the Red Wings. Additionally, the Detroit International Riverfront, a 5-mile stretch along the Detroit River, features numerous parks, venues, hotels and shops. The area is a major tourist attraction and has reshaped the image of downtown Detroit.

For culture buffs, the region is home to many museums, including the Detroit Institute of Arts, the Detroit Historical Museum and the Michigan Science Center. Music concerts are held at DTE Energy Music Theatre and the Palace of Auburn Hills. Detroit also has a sizable theater district that showcases Broadway performances. Major theaters include the Fox Theatre and Orchestra Hall, which hosts the renowned Detroit Symphony Orchestra.

Several universities and colleges are located nearby, including the University of Michigan, Wayne State University, University of Detroit Mercy and Lewis College of Business.



* Forecast
Sources: Marcus & Millichap Research Services; National Association of Realtors®; Moody's Analytics

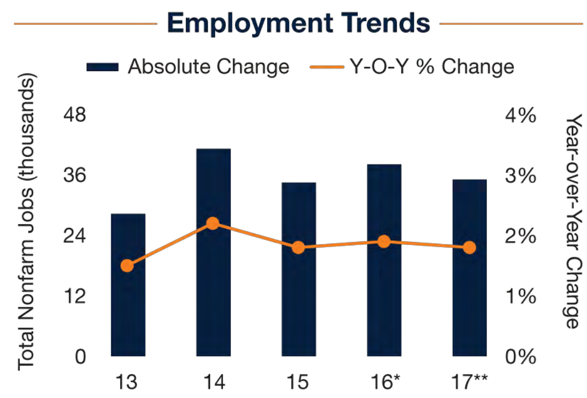


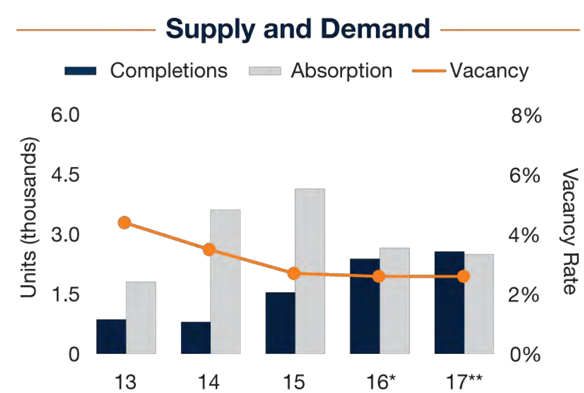
DETROIT METRO AREA

Q-Line Will Carry Renters Back Into Detroit; Eager Investors Will Follow

Prominent revitalization efforts bolster Detroit's rental market. Apartment demand in the city of Detroit will benefit from this year's opening of the Q-Line and Little Caesars Arena, the Red Wings' new home ice. The arena will be ready for the 2017-2018 hockey season and is the centerpiece of District Detroit, a 50-block redevelopment that will also include a mixture of residential, office, restaurant, hotel and retail space in the coming years. The project is located along the Q-Line as it runs between downtown and the New Center neighborhood. Demand for rentals along the route will proliferate as more companies move downtown. Strong employment growth will also improve operations in suburban apartments. As the region becomes the center of self-driving vehicle technology, many firms are opening offices near auto companies and suppliers to take advantage of the synergy. These factors generate robust demand for rentals and contribute to soaring construction. New apartments in most areas of the metro will be quickly absorbed, keeping vacancy below the long-term equilibrium and leading to another year of sizable rent gains.

Favorable news coverage regarding Detroit's renaissance will attract a wide range of buyers to the metro. Many investors will be lured by the potential for higher yields at lower entry costs than are available in many other markets. Assets in Oakland and Macomb counties will be targeted as desirable neighborhoods and higher home prices in these areas draw renters. Robust absorption in downtown Detroit will also garner the attention of buyers. Stabilized buildings in the core that have been extensively refurbished will draw investors at the top end of the market at cap rates in the 5 percent span. Yield-seeking buyers will find opportunities in redeveloping neighborhoods surrounding the core and along the Q-Line. As construction and renovation flourish in these districts, owners should keep apprised of projects nearby that could affect their NOI.





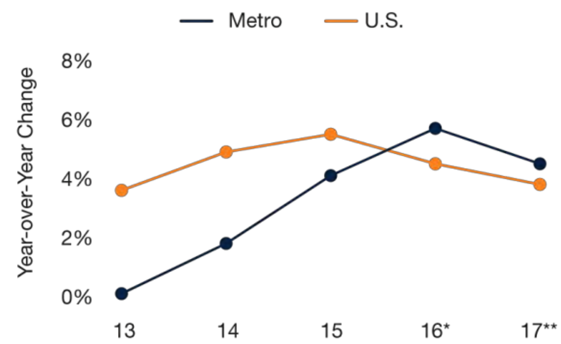
*Estimate ** Forecast
Sources: Marcus & Millichap Research Services; BLS; CoStar Group, Inc.

DETROIT METRO AREA

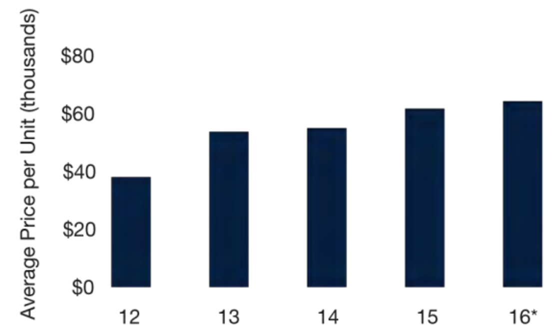
2017 Market Forecast

NMI Rank 38, up 1 place	Detroit's restrained development and vacancy under 3 percent move it up one notch in the Index.
Employment up 1.8%	Following the generation of 38,000 positions last year, employers will add 35,000 workers to staffs in 2017, a 1.8 percent hike. More than 28,000 jobs have been created annually for the past seven years.
Construction 2,600 units	Construction will reach an 11-year high this year as 2,600 apartments are slated for delivery. Last year, 2,400 rentals were brought into service.
Vacancy no change	Absorption of apartments will keep pace with deliveries this year, holding vacancy at 2.6 percent. A 10-basis-point decline in vacancy was posted last year.
Rent up 4.5%	The average effective rent will advance 4.5 percent to $951 per month during 2017. Rents soared 5.7 percent last year, a four-year high.
Investment	Vacancy below 2 percent in many suburban submarkets raised construction activity in these areas, providing new assets for investors to purchase in the near future.

Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

Created on May 2017

POPULATION	1 Miles	3 Miles	5 Miles
▪ 2021 Projection			
Total Population	19,068	133,158	384,112
▪ 2016 Estimate			
Total Population	20,583	142,722	404,018
▪ 2010 Census			
Total Population	21,524	148,358	417,603
▪ 2000 Census			
Total Population	30,976	210,041	545,470
▪ Daytime Population			
2016 Estimate	13,047	151,946	430,162
HOUSEHOLDS	**1 Miles**	**3 Miles**	**5 Miles**
▪ 2021 Projection			
Total Households	7,613	53,010	146,865
▪ 2016 Estimate			
Total Households	8,073	56,127	152,768
Average (Mean) Household Size	2.42	2.46	2.57
▪ 2010 Census			
Total Households	8,490	58,597	158,005
▪ 2000 Census			
Total Households	11,421	78,140	196,126
Growth 2015-2020	-5.70%	-5.55%	-3.86%
HOUSING UNITS	**1 Miles**	**3 Miles**	**5 Miles**
▪ Occupied Units			
2021 Projection	7,613	53,010	146,865
2016 Estimate	12,272	79,563	202,217
Owner Occupied	3,324	23,605	71,364
Renter Occupied	4,749	32,521	81,403
Vacant	4,198	23,437	49,450
▪ Persons In Units			
2016 Estimate Total Occupied Units	8,073	56,127	152,768
1 Person Units	38.86%	38.40%	35.98%
2 Person Units	25.48%	24.92%	24.79%
3 Person Units	14.57%	14.54%	14.76%
4 Person Units	9.24%	9.79%	10.29%
5 Person Units	5.85%	5.91%	6.74%
6+ Person Units	6.01%	6.44%	7.43%

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
▪ 2016 Estimate			
$200,000 or More	0.89%	0.84%	0.85%
$150,000 - $199,000	0.69%	0.55%	0.89%
$100,000 - $149,000	3.86%	3.63%	4.38%
$75,000 - $99,999	5.52%	4.99%	6.01%
$50,000 - $74,999	10.57%	11.02%	12.55%
$35,000 - $49,999	12.11%	12.09%	12.89%
$25,000 - $34,999	13.55%	12.63%	12.88%
$15,000 - $24,999	16.72%	17.91%	16.97%
Under $15,000	36.09%	36.36%	32.60%
Average Household Income	$36,183	$35,121	$38,397
Median Household Income	$23,289	$22,338	$25,311
Per Capita Income	$14,717	$14,157	$14,866
POPULATION PROFILE	**1 Miles**	**3 Miles**	**5 Miles**
▪ Population By Age			
2016 Estimate Total Population	20,583	142,722	404,018
Under 20	27.42%	27.64%	28.14%
20 to 34 Years	19.98%	21.36%	21.97%
35 to 39 Years	5.38%	5.45%	5.83%
40 to 49 Years	12.67%	12.36%	12.46%
50 to 64 Years	20.31%	19.64%	18.52%
Age 65+	14.24%	13.57%	13.07%
Median Age	37.48	35.92	34.92
▪ Population 25+ by Education Level			
2016 Estimate Population Age 25+	13,206	90,862	255,667
Elementary (0-8)	3.47%	4.20%	5.33%
Some High School (9-11)	15.95%	17.33%	16.30%
High School Graduate (12)	38.35%	33.50%	31.91%
Some College (13-15)	23.90%	24.18%	24.23%
Associate Degree Only	5.83%	5.99%	6.05%
Bachelors Degree Only	6.55%	6.93%	7.72%
Graduate Degree	4.51%	5.29%	5.72%
▪ Population by Gender			
2016 Estimate Total Population	20,583	142,722	404,018
Male Population	47.66%	47.58%	48.38%
Female Population	52.34%	52.42%	51.62%

Source: © 2016 Experian

Population

In 2016, the population in your selected geography is 20,583. The population has changed by -33.55% since 2000. It is estimated that the population in your area will be 19,068.00 five years from now, which represents a change of -7.36% from the current year. The current population is 47.66% male and 52.34% female. The median age of the population in your area is 37.48, compare this to the US average which is 37.68. The population density in your area is 6,538.49 people per square mile.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 3.84% White, 93.30% Black, 0.00% Native American and 0.09% Asian/Pacific Islander. Compare these to US averages which are: 70.77% White, 12.80% Black, 0.19% Native American and 5.36% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 1.21% of the current year population in your selected area. Compare this to the US average of 17.65%.

Households

There are currently 8,073 households in your selected geography. The number of households has changed by -29.31% since 2000. It is estimated that the number of households in your area will be 7,613 five years from now, which represents a change of -5.70% from the current year. The average household size in your area is 2.42 persons.

Housing

The median housing value in your area was $60,592 in 2016, compare this to the US average of $187,181. In 2000, there were 4,715 owner occupied housing units in your area and there were 6,707 renter occupied housing units in your area. The median rent at the time was $345.

Income

In 2016, the median household income for your selected geography is $23,289, compare this to the US average which is currently $54,505. The median household income for your area has changed by -1.73% since 2000. It is estimated that the median household income in your area will be $27,232 five years from now, which represents a change of 16.93% from the current year.

The current year per capita income in your area is $14,717, compare this to the US average, which is $29,962. The current year average household income in your area is $36,183, compare this to the US average which is $78,425.

Employment

In 2016, there are 3,455 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 47.85% of employees are employed in white-collar occupations in this geography, and 52.00% are employed in blue-collar occupations. In 2016, unemployment in this area is 19.14%. In 2000, the average time traveled to work was 28.00 minutes.

Source: © 2016 Experian

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