RENT AND UNIT MIX ANALYSIS

Luxury Apartment Rental in Farmers Branch, TX

midway urban village

Leeds Real Estate Services, Inc

Meyers Research
a Kennedy Wilson Company

Recommended Rent Positioning

Meyers Research recommends an average rental rate of $1,676, per month or $1.85 per square foot in today's dollars (February 2016). These figures are based on Meyers' recommendations along with input from Leeds Real Estate Services, Inc. (targeted unit counts and overall average unit size). A comparison of the recommended rental rates to the selected comparables is as follows:

Comparable	Number of Stories	# Units	Year Complete	Avg. Unit Size	Avg. Market Monthly Rent	Concessions	Avg. Eff. Monthly Rent	Avg. Eff. Rent PSF	Parking Options Included in Rent	Avg. Eff. Monthly Rent Excl. Parking	Avg. Eff. BASE Rent PSF	% Occupied	Amenity Package
Midway Urban Village	4	586	2018-2019	906	$1,676	N/A	$1,676	$1.85	($86)	$1,590	$1.75	N/A	$652
Building A (Phase I)	4	66	2018	1,134	$2,217	N/A	$2,217	$1.96	($255)	$1,962	$1.73	N/A	$621
Building B (Phase I)	4	163	2018	890	$1,638	N/A	$1,638	$1.84	($66)	$1,571	$1.77	N/A	$670
Building C (Phase I)	4	122	2018	819	$1,510	N/A	$1,510	$1.84	($61)	$1,449	$1.77	N/A	$644
Building D (Phase II)	4	235	2019	900	$1,636	N/A	$1,636	$1.82	($65)	$1,571	$1.75	N/A	$652
Aura Prestonwood	4	322	2015	944	$1,581	9.1%	$1,449	$1.54	($73)	$1,376	$1.46	89% (lease-up)	$638
VV&M	4	310	2014	923	$1,627	2.1%	$1,594	$1.73	$0	$1,594	$1.73	91%	$587
Fiori at Vitruvian Park	10	392	2013	1,010	$2,135	0.0%	$2,135	$2.11	($71)	$2,064	$2.04	94%	$773
Elan City Centre	3	330	2013	771	$1,377	0.0%	$1,377	$1.79	($63)	$1,314	$1.70	96%	$618
Allegro Addison Circle	4	393	2009/2013	1,040	$1,699	0.0%	$1,699	$1.63	($74)	$1,625	$1.56	94%	$672
Savoye	5	739	2009/2011	862	$1,531	6.7%	$1,435	$1.66	($66)	$1,369	$1.59	94%	$707
Total/Average	5	2,486	2014	920	$1,651	3.0%	$1,601	$1.74	($60)	$1,541	$1.68	94%	$672

The recommended rent positioning for Midway Urban Village is influenced by the following factors:

(1) the proposed top-of-the-market amenity features and design attributes positioning with the existing inventory as well as anticipated pipeline additions;
(2) the location of the project around an existing lake (Blue Lake) with plans to include hiking paths and an array of outdoor amenities; and
(3) the age of the subject versus the comparable properties as a whole.

Note that the comparables indicate a strong overall weighted average occupancy of 94%. Five of the properties are 3 to 5-story wood-frame product comparables, while the sixth, Fiori at Vitruvian Park, is a 10-story steel-frame product comparable.

Targeted Average Rents by Bedroom Count Detail – Building A

Development plans for Building A (Phase I) consist of 97.0% one bedrooms and 3.0% two bedrooms, with a weighted average unit size of 1,134 square feet. It is noted that 78.8% of the units at Building A are one bedroom townhome-style units with unit-attached garages.

Meyers' Recommended Rental Rates for Building A (Phase I)							Per Unit			
Unit Type	Units	% of Mix	Size (SF)	Per Unit "Stripped" Rent	Bedroom/ Bathroom/Study Adjustments	Per Unit Total Amenities	Base Rent	Unit-Attached Garage Adj.	All In Rent	PSF
1BR/1BA	6	9.1%	690	$683	$0	$621	$1,304	$0	$1,304	$1.89
1BR/1BA	6	9.1%	780	$814	$0	$621	$1,435	$0	$1,435	$1.84
1BR/1.5BA Study Townhome	3	4.5%	946	$1,054	$100	$621	$1,775	$125	$1,900	$2.01
1BR/1.5BA Study Townhome	31	47.0%	1,238	$1,476	$100	$621	$2,197	$250	$2,447	$1.98
1BR/1.5BA Study Townhome	18	27.3%	1,238	$1,476	$100	$621	$2,197	$250	$2,447	$1.98
2BR/2BA	2	3.0%	1,250	$1,512	$0	$621	$2,133	$0	$2,133	$1.71
Total/Average	**66**	**100.0%**	**1,134**	**$1,326**	**$79**	**$621**	**$2,026**	**$191**	**$2,217**	**$1.96**

One multilevel garage parking space per bedroom is included in the recommended rental rates (flat units only). The recommended rental rates for townhome units are inclusive of unit-attached parking spaces.

Targeted Average Rents by Bedroom Count Detail – Building B

Development plans for Building B (Phase I) consist of a mix consisting of 4.9% efficiencies, 62.6% one bedrooms, 31.9% two bedrooms, and 0.6% three bedrooms, with a weighted average unit size of 890 square feet. The townhome-style units at Building B will not have unit-attached garage parking.

Meyers' Recommended Rental Rates for Building B (Phase I)							Per Unit	
Unit Type	**Units**	**% of Mix**	**Size (SF)**	**Per Unit "Stripped" Rent**	**Bedroom/ Bathroom/Study Adjustments**	**Per Unit Total Amenities**	**All In Rent**	**PSF**
Efficiency	8	4.9%	620	$582	$0	$670	$1,252	$2.02
1BR/1BA	40	24.5%	690	$683	$0	$670	$1,353	$1.96
1BR/1BA	22	13.5%	780	$814	$0	$670	$1,483	$1.90
1BR/1BA	24	14.7%	779	$812	$0	$670	$1,482	$1.90
1BR/1BA	16	9.8%	930	$1,031	$0	$670	$1,700	$1.83
2BR/1.5BA Townhome	2	1.2%	1,163	$1,352	$50	$670	$2,071	$1.78
2BR/2BA	14	8.6%	1,124	$1,280	$0	$670	$1,949	$1.73
2BR/2BA	23	14.1%	1,115	$1,263	$0	$670	$1,933	$1.73
2BR/2BA	7	4.3%	1,250	$1,512	$0	$670	$2,182	$1.75
2BR/2BA Townhome	6	3.7%	1,299	$1,602	$0	$670	$2,272	$1.75
3BR/2BA Townhome	1	0.6%	1,480	$1,936	$0	$670	$2,605	$1.76
Total/Average	**163**	**100.0%**	**890**	**$967**	**$1**	**$670**	**$1,638**	**$1.84**

One multilevel garage parking space per bedroom is included in the recommended rental rates.

Targeted Average Rents by Bedroom Count Detail – Building C

Development plans for Building C (Phase I) consists of 13.1% efficiencies, 65.6% one bedrooms, and 21.3% two bedrooms, with a weighted average unit size of 819 square feet.

Meyers' Recommended Rental Rates for Building C (Phase I)							Per Unit	
Unit Type	Units	% of Mix	Size (SF)	Per Unit "Stripped" Rent	Bedroom/ Bathroom/Study Adjustments	Per Unit Total Amenities	All In Rent	PSF
Efficiency	16	13.1%	620	$582	$0	$644	$1,226	$1.98
1BR/1BA	28	23.0%	690	$683	$0	$644	$1,327	$1.92
1BR/1BA	24	19.7%	780	$814	$0	$644	$1,457	$1.87
1BR/1BA	28	23.0%	779	$812	$0	$644	$1,456	$1.87
2BR/2BA	4	3.3%	1,124	$1,280	$0	$644	$1,924	$1.71
2BR/2BA	14	11.5%	1,115	$1,263	$0	$644	$1,907	$1.71
2BR/2BA	8	6.6%	1,250	$1,512	$0	$644	$2,156	$1.72
Total/Average	**122**	**100.0%**	**819**	**$866**	**$0**	**$644**	**$1,510**	**$1.84**

One multilevel garage parking space per bedroom is included in the recommended rental rates.

Targeted Average Rents by Bedroom Count Detail – Building D

Development plans for Building D (Phase II) consists of 3.4% efficiencies, 66.4% one bedrooms, and 30.2% two bedrooms, with a weighted average unit size of 900 square feet.

Meyers' Recommended Rental Rates for Building D (Phase II)							Per Unit	
Unit Type	Units	% of Mix	Size (SF)	Per Unit "Stripped" Rent	Bedroom/ Bathroom/Study Adjustments	Per Unit Total Amenities	All In Rent	PSF
Efficiency	8	3.4%	620	$582	$0	$652	$1,234	$1.99
1BR/1BA	56	23.8%	690	$683	$0	$652	$1,336	$1.94
1BR/1BA	60	25.5%	780	$814	$0	$652	$1,466	$1.88
1BR/1BA	40	17.0%	930	$1,031	$0	$652	$1,683	$1.81
2BR/2BA	39	16.6%	1,124	$1,280	$0	$652	$1,932	$1.72
2BR/2BA	32	13.6%	1,250	$1,512	$0	$652	$2,164	$1.73
Total/Average	**235**	**100.0%**	**900**	**$984**	**$0**	**$652**	**$1,636**	**$1.82**

One multilevel garage parking space per bedroom is included in the recommended rental rates.

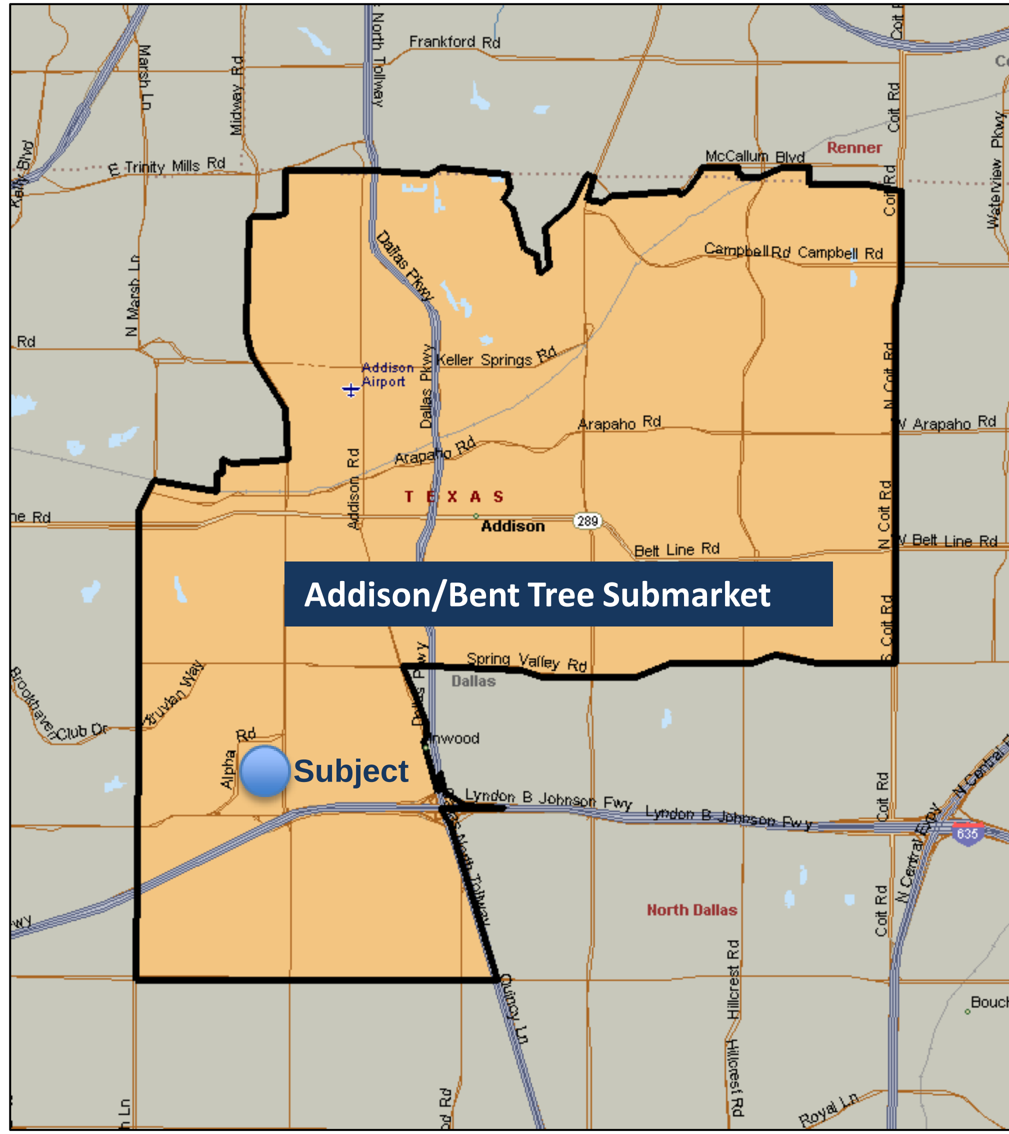
Submarket Map – Addison/Bent Tree

Midway Urban Village is located just north of Interstate Highway 635 on Midway Road at McEwen Road in the Addison/Bent Tree submarket as defined by MPF Research.

- **Principal highways**
  - I-635 ("LBJ Freeway")
  - Dallas North Tollway

- **4Q15 Apartment Market**
  - 5% of Metro Stock
  - Approx. 24,000 Units
  - 95.6% Occupancy
  - Avg. Effective Rent of $1,139/Month
  - 2000+ Construction Avg. Effective Rent of $1,502/Month

- **Adjoining Submarkets**
  - Far North Dallas to the north
  - Richardson to the east
  - North Dallas to the south
  - Carrollton/Farmers Branch to the west



Submarket Demographics

Using the geographic information tools available with ESRI's Business Analyst Online ("ESRI"), Meyers analyzed demographics of the Addison/Bent Tree submarket using the "Demographic and Income Profile" report. This data is driven by the US Census Bureau's "2010 Census of Population and Housing" with ESRI statistical forecasts for 2015.

2015 Summary	Addison/Bent Tree Submarket	1-Mile Radius	3-Mile Radius	5-Mile Radius
Total Population	84,258	11,751	126,297	328,138
Average Household Size	2.10	2.23	2.33	2.47
Owner Occupied Housing	38.2%	29.8%	42.7%	45.8%
Renter Occupied Housing	61.8%	70.2%	57.3%	54.2%
Median Age	36.6	32.9	35.4	35.1
% 20 to 34 years	26.0%	30.3%	24.5%	23.5%
% 35 to 44 years	14.3%	14.0%	14.3%	14.0%
Median Household Income	$59,245	$45,094	$55,107	$56,138
Average Household Income	$96,319	$72,007	$87,564	$93,808
% HHs Over $75,000	40.1%	28.2%	36.4%	38.5%

The Addison/Bent Tree submarket population has a median age of 36.6 and a high proportion of renter-occupied housing. The typical renter population age groups (20 to 44 years) comprise approximately 40.3% of the households in the submarket. The 62.6% gap between median and average household incomes is an indication of disparity of incomes among the population. However, the submarket and surrounding area is currently experiencing an increase in residential construction with housing targeted to Millennial households. Once the new pipeline is delivered and more young professionals are drawn into the market, the disparity in incomes is expected to decrease significantly as the new residents should help bring the median incomes up.

Top Renter Segments in Submarket

The top 10 renter segments currently residing within the Addison/Bent Tree submarket are shown in the table. Descriptions of the top segments in the submarket can be referenced in the Appendix starting on page 62.

			Addison/Bent Tree Submarket		
Cluster	Lifestyle Group	HH Type	Total Renter Households	Median Age	Wtd. Avg. HH Size
Young and Restless	Midtown Singles	Singles	7,775	28.7	1.6
Metro Renters	Uptown Individuals	Singles	5,911	31.1	1.4
International Marketplace	Next Wave	Married Couple Families	1,534	31.5	2.5
NeWest Residents	Next Wave	Married Couple Families	1,468	26.3	2.7
Old and Newcomers	Middle Ground	Singles	1,358	37.8	1.7
Urban Chic	Upscale Adventures	Married Couples	1,061	41.6	1.9
Enterprising Professionals	Upscale Adventures	Married Couples	557	34.0	2.0
Emerald City	Middle Ground	Singles	405	35.8	1.7
Laptops and Lattes	Uptown Individuals	Singles	385	36.0	1.5
City Lights	Middle Ground	Married Couples	182	37.8	2.1

The majority of renter segments currently residing in the Addison/Bent Tree submarket are predominately singles with small household sizes. The largest segment of renters (Young and Restless) are young in their mid to upper 20s. In Meyers' experience, these renters prefer small one bedrooms or efficiency floor plans. The remaining renter segments, however, are primarily older and consist of a mix of singles, married couples and families. Many of these households will prefer larger floor plans, which is inline with the higher proportion of two and three bedroom units currently offered at the competing communities located throughout the Addison/Bent Tree submarket.

The submarket and surrounding area is currently experiencing an increase in residential construction with housing targeted to Millennial households. These projects will draw more high income renters into the area. For instance, Fiori at Vitruvian Park has been able to draw high income renters by offering product similar to developments in the Uptown Dallas area.

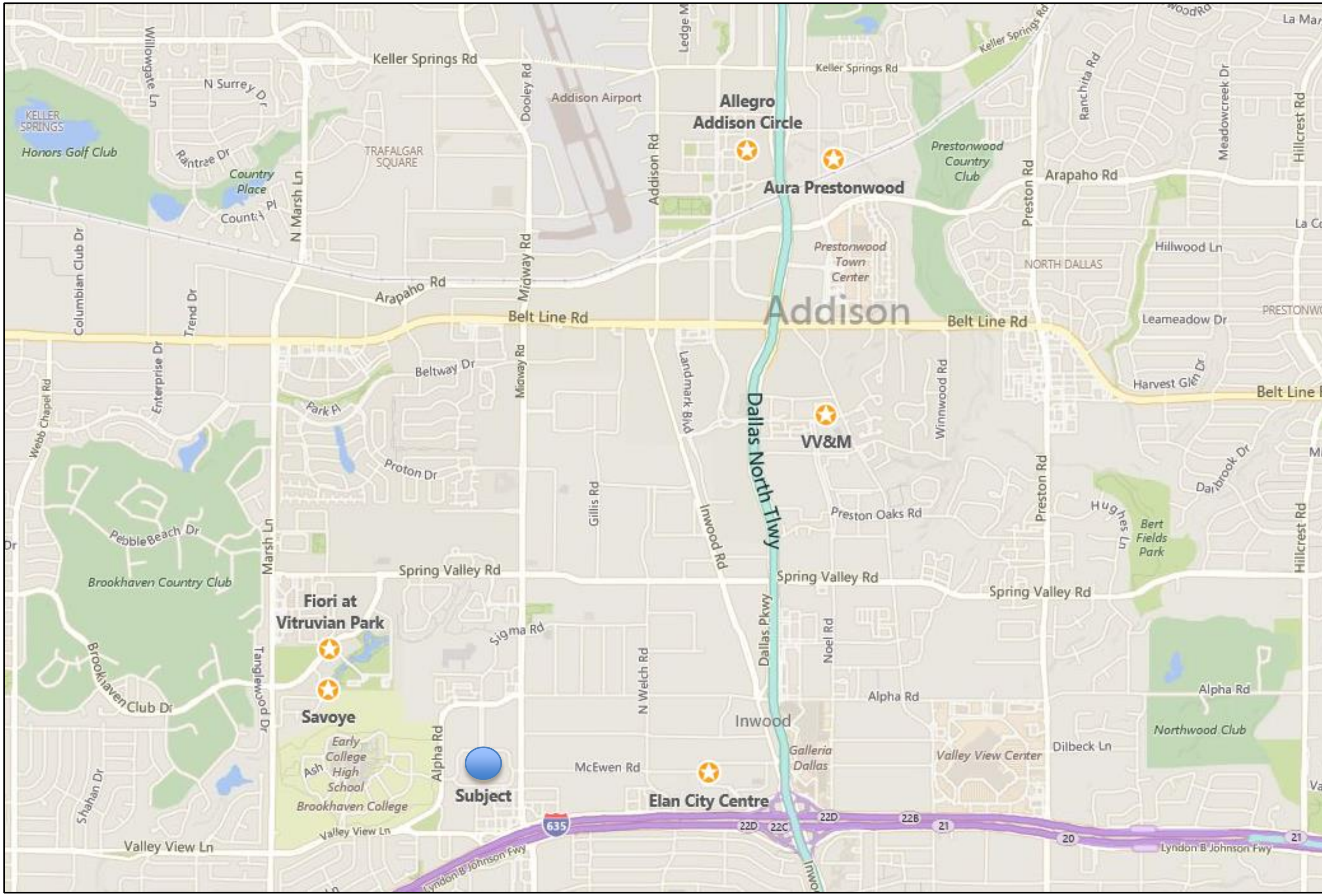
Summary of Comparable Properties

Meyers Research procured and considered data on six comparable properties in order to devise a pricing strategy for Midway Urban Village. Five of the properties are 3 to 5-story wood-frame product comparables, while the sixth, Fiori at Vitruvian Park, is a 10-story steel-frame product comparable.

Property Name	Property Manager	Revenue Management	# Units	Yr. Completed	Distance from Subject (Miles)
Elan City Centre	Greystar	Yieldstar	330	2013	0.9
Fiori at Vitruvian Park	UDR	YieldStar	392	2013	1.8
Savoye	UDR	YieldStar	739	2009/2011	1.9
VV&M	Gables Residential	Yieldstar	310	2014	2.9
Aura Prestonwood	Berkshire Group	YieldStar	322	2015	3.6
Allegro Addison Circle	Behringer	YieldStar	393	2009/2013	5.3
Total/Weighted Avg.			**2,486**	**2013**	**2.7**

All six of the comparables are professionally managed (including REIT ownership) and utilize revenue management software. These programs provide pricing recommendations based on historical demand, unit type availability, net rental pricing, lease term, days vacant, and comparable rental rates. The most prevalent software program is YieldStar.

Location of Comparable Properties



Proposed Unit Mix and Submarket Observations

Meyers considered the following trends when analyzing the proposed unit mix for Midway Urban Village:

Comparable Inventory

- The comparables are weighted most heavily to efficiencies/one bedrooms (71%), followed by two bedrooms (29%).
- Three bedroom units are offered at two of the comparable properties and compromise just 1% of the overall mix.

Best Performing Units Sizes

- The heaviest concentration of one bedroom units at the comparables falls within 700 to 799 square feet (36.3%), followed by 600 to 699 square feet (27.1%) and 800 to 899 square feet (21.1%). The highest rents per square foot are being achieved within the 600 to 699 square foot range ($2.02 per square foot), followed by the 900 to 999 square feet range ($1.95 per square foot) – although there are fewer of these floor plans in the market (7.0%). See Appendix page 55.
- In regards to two bedrooms, the largest proportion of floor plans fall within 1,100 to 1,199 square feet (37.3%), followed by 1,000 to 1,099 (22.9%). These size ranges are achieving rent per square foot figures of $1.55 and $1.62, respectively. It is noted that the bulk of the remaining two bedroom floor plans fall within 1,200 to 1,299 square feet (17.5%) and 1,300 to 1,399 square feet (15.4%). These size ranges indicate average rent per square foot figures of $1.71 and $1.70. See Appendix page 55.

Demographics

- The majority of renter segments currently residing in the Addison/Bent Tree submarket are predominately singles with small household sizes. The largest segment of renters (Young and Restless) are young in their mid-to-upper 20s. In Meyers' experience, these renters prefer small one bedrooms or efficiency floor plans. The remaining renter segments are primarily older and consist of a mix of singles, married couples and families. These households will prefer larger floor plans.
- The submarket and surrounding area is currently experiencing an increase in residential construction with housing targeted to Millennial households. These projects will draw more high income renters into the area. For instance, Fiori at Vitruvian Park has been able to draw high income renters by offering product similar to developments in the Uptown Dallas area.

Proposed Unit Mix

- The proposed unit mix is weighted towards efficiencies/one bedrooms (74%) followed by two bedrooms (26%), with an overall weighted average unit size of 906 square feet, and is inline with offerings in the market.

Proposed Unit Mix for Building A

	Unit Mix for Building A (Phase I)				
	# Units	% of Mix	Unit Size (SF)	% of Total	Wtd. Avg. Unit Size (SF)
1BR/1BA	6	9.1%	690		
1BR/1BA	6	9.1%	780		
1BR/1.5BA Study Townhome	3	4.5%	946		
1BR/1.5BA Study Townhome	31	47.0%	1,238		
1BR/1.5BA Study Townhome	18	27.3%	1,238	97.0%	1,130
2BR/2BA	2	3.0%	1,250	3.0%	1,250
Total/Wtd. Avg.	**66**	**100.0%**	**1,134**	**100.0%**	**1,134**

Proposed Unit Mix for Building B

	Unit Mix for Building B (Phase I)				
	# Units	% of Mix	Unit Size (SF)	% of Total	Wtd. Avg. Unit Size (SF)
Efficiency	8	4.9%	620	4.9%	620
1BR/1BA	40	24.5%	690		
1BR/1BA	22	13.5%	780		
1BR/1BA	24	14.7%	779		
1BR/1BA	16	9.8%	930	62.6%	768
2BR/1.5BA Townhome	2	1.2%	1,163		
2BR/2BA	14	8.6%	1,124		
2BR/2BA	23	14.1%	1,115		
2BR/2BA	7	4.3%	1,250		
2BR/2BA Townhome	6	3.7%	1,299	31.9%	1,159
3BR/2BA Townhome	1	0.6%	1,480	0.6%	1,480
Total/Wtd. Avg.	**163**	**100.0%**	**890**	**100.0%**	**890**

Proposed Unit Mix for Building C

	Unit Mix for Building C (Phase I)				
	# Units	% of Mix	Unit Size (SF)	% of Total	Wtd. Avg. Unit Size (SF)
Efficiency	16	13.1%	620	13.1%	620
1BR/1BA	28	23.0%	690		
1BR/1BA	24	19.7%	780		
1BR/1BA	28	23.0%	779	65.6%	748
2BR/2BA	4	3.3%	1,124		
2BR/2BA	14	11.5%	1,115		
2BR/2BA	8	6.6%	1,250	21.3%	1,158
Total/Wtd. Avg.	**122**	**100.0%**	**819**	**100.0%**	**819**

Proposed Unit Mix for Building D

	Unit Mix for Building D (Phase II)				
	# Units	% of Mix	Unit Size (SF)	% of Total	Wtd. Avg. Unit Size (SF)
Efficiency	8	3.4%	620	3.4%	620
1BR/1BA	56	23.8%	690		
1BR/1BA	60	25.5%	780		
1BR/1BA	40	17.0%	930	66.4%	786
2BR/2BA	39	16.6%	1,124		
2BR/2BA	32	13.6%	1,250	30.2%	1,181
Total/Wtd. Avg.	**235**	**100.0%**	**900**	**100.0%**	**900**

Appendix

Unit Mix Breakdown by Floor Plan Type

Unit Size (SF)	# Units	% of Bedrooms	Wtd. Avg. Size (SF)	% of all units	Effective Rent	Effective Rent PSF
Efficiency Floorplans						
400-499	20	20.2%	499	0.8%	$1,002	$2.01
500-599	75	75.8%	562	3.0%	$1,174	$2.09
600-699	4	4.0%	614	0.2%	$1,285	$2.09
One Bedroom Floorplans						
600-699	392	27.1%	654	15.8%	$1,322	$2.02
700-799	525	36.3%	738	21.1%	$1,307	$1.77
800-899	306	21.1%	839	12.3%	$1,505	$1.79
900-999	101	7.0%	926	4.1%	$1,809	$1.95
1,000-1,099	46	3.2%	1,032	1.9%	$1,476	$1.43
1,100-1,199	4	0.3%	1,181	0.2%	$1,287	$1.09
1,200-1,299	2	0.1%	1,200	0.1%	$1,287	$1.07
Two Bedroom Floorplans						
900-999	4	0.4%	996	0.2%	$1,615	$1.62
1,000-1,099	209	22.9%	1,068	8.4%	$1,727	$1.62
1,100-1,199	340	37.3%	1,158	13.7%	$1,796	$1.55
1,200-1,299	160	17.5%	1,262	6.4%	$2,158	$1.71
1,300-1,399	140	15.4%	1,337	5.6%	$2,279	$1.70
1,400-1,499	47	5.2%	1,421	1.9%	$2,202	$1.55
1,600-1,699	12	1.3%	1,689	0.5%	$3,384	$2.00
Three Bedroom Floorplans						
1,400-1,499	6	21.4%	1,450	0.2%	$2,900	$2.00
1,500-1,599	4	14.3%	1,530	0.2%	$2,300	$1.50
1,600-1,699	12	42.9%	1,614	0.5%	$2,326	$1.44
1,700-1,799	3	10.7%	1,799	0.1%	$2,827	$1.57
2,100-2,199	3	10.7%	2,115	0.1%	$3,373	$1.60

Young and Restless

LifeMode Group: Midtown Singles

Young and Restless

11B

Households: 2,005,000

Average Household Size: 2.02

Median Age: 29.4

Median Household Income: $36,000

WHO ARE WE?

Gen Y comes of age: Well-educated young workers, some of whom are still completing their education, are employed in professional/technical occupations, as well as sales and office/administrative support roles. These residents are not established yet, but striving to get ahead and improve themselves. This market ranks in the top 5 for renters, movers, college enrollment, and labor force participation rate. Almost 1 in 5 residents move each year. Close to half of all householders are under the age of 35, the majority living alone or in shared nonfamily dwellings. Median household income is still below the US. Smartphones are a way of life, and they use the Internet extensively. *Young and Restless* consumers are diverse, favoring densely populated neighborhoods in large metropolitan areas; over 50% are located in the South (almost a fifth in Texas), with the rest chiefly in the West and Midwest.

TAPESTRY SEGMENTATION
esri.com/tapestry

OUR NEIGHBORHOOD

- One of the youngest markets: Half the householders under age 35; median age 29.4.
- Primarily single-person households (Index 163) with some shared households (Index 201).
- Highly mobile market, beginning careers and changing addresses frequently.
- Naturally, one of the top 5 renter markets (Index 237).
- Apartment rentals popular: 45% in 5–19 unit buildings (Index 507), 26% in 20+ unit buildings (Index 325).
- Majority of housing built in 1970 or later (83%).

SOCIOECONOMIC TRAITS

- Education completed: 2 out of 3 have some college, an associate's degree, or a bachelor's degree or higher. Education in progress: almost 15% are still enrolled in college (Index 185).
- Labor force participation rate is exceptionally high at 75.4%; unemployment is low at 7.8%.
- These are careful shoppers, aware of prices, and demonstrate little brand loyalty.
- They like to be the first to try new products, but prefer to do research before buying the latest electronics.
- Most of their information comes from the Internet and TV, rather than traditional media.
- Carry their cell phone everywhere they go.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

Metro Renters

LifeMode Group: Uptown Individuals

Metro Renters

3B

Households: 1,734,000

Average Household Size: 1.66

Median Age: 31.8

Median Household Income: $52,000

WHO ARE WE?

Residents in this highly mobile and educated market live alone or with a roommate in older apartment buildings and condos located in the urban core of the city. This is one of the fastest growing segments; the popularity of urban life continues to increase for consumers in their late twenties and thirties. *Metro Renters* residents income is close to the US average, but they spend a large portion of their wages on rent, clothes, and the latest technology. Computers and cell phones are an integral part of everyday life and are used interchangeably for news, entertainment, shopping, and social media. *Metro Renters* residents live close to their jobs and usually walk or take a taxi to get around the city.

OUR NEIGHBORHOOD

- Over half of all households are occupied by singles, resulting in the smallest average household size among the markets, 1.66.
- Neighborhoods feature 20+ unit apartment buildings, typically surrounded by offices and businesses.
- Renters occupy close to 80% of all households.
- Public transportation, taxis, walking, and biking are popular ways to navigate the city.

SOCIOECONOMIC TRAITS

- Well-educated consumers, many currently enrolled in college.
- Very interested in the fine arts and strive to be sophisticated; value education and creativity.
- Willing to take risks and work long hours to get to the top of their profession.
- Become well informed before purchasing the newest technology.
- Prefer environmentally safe products.
- Socializing and social status very important.

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Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

International Marketplace

LifeMode Group: Next Wave

International Marketplace

13A

Households: 1,469,000

Average Household Size: 3.04

Median Age: 32.3

Median Household Income: $41,000

WHO ARE WE?

International Marketplace neighborhoods are a rich blend of cultures, found in densely populated urban and suburban areas, almost entirely in the Middle Atlantic (especially in New York and New Jersey) or in California. Almost 40% of residents are foreign-born; 1 in 4 households are linguistically isolated. Young, Hispanic families renting apartments in older buildings dominate this market; about two-fifths of households have children. Over one-fifth of households have no vehicle, typically those living in the city. Workers are mainly employed in white collar and service occupations (especially food service and building maintenance). One-fifth of workers commute using public transportation and more walk or bike to work than expected. Median household income is lower, but home values are higher, reflecting the metropolitan areas in which they live. Consumers are attentive to personal style; purchases reflect their youth and their children. True to their culture, residents visit Spanish language websites, watch programs on Spanish TV networks, and listen to Hispanic music.

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OUR NEIGHBORHOOD

- Densely settled urban periphery of large metropolitan areas, East and West Coasts.
- Young, diverse family market: 41% families with children (married couple or single parent), plus married couples without children and a notable proportion of multigenerational households (Index 174).
- Approximately 72% of householders in multiunit apartment buildings, 30% in 2–4 unit structures (Index 375).
- Majority of apartments built before 1970 (68%), 30% built before 1940 (Index 223).
- 1 or 2 vehicles for two-thirds of households; 22% have no vehicle (Index 246).

SOCIOECONOMIC TRAITS

- Almost 40% of the population were born abroad; almost 1 in 4 households have residents who do not speak English.
- 29% have no high school diploma (Index 201); 29% have a high school diploma only (Index 101).
- Labor force participation rate is 68% and higher than the US average; unemployment is also higher, at 10.9%.
- These are hard-working consumers, striving to get ahead; style matters to them.
- Preserving the environment and being in tune with nature are very important.
- Media used most often is the Internet.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

NeWest Residents

LifeMode Group: Next Wave

NeWest Residents

13C

Households: 917,000

Average Household Size: 3.32

Median Age: 27.0

Median Household Income: $28,000

WHO ARE WE?

For this young Hispanic market, life has taken many turns recently. They are new to America and new to their careers, with new, young families. Many are new to the English language; more than one-third of households are linguistically isolated. *NeWest Residents* are ambitious and dream of a better life. They aren't ready to fully adopt the American way of life but are willing to take risks for the benefit of their families. As the breadwinners, the men of the house work long hours in blue collar jobs, primarily in the service industry. Skilled workers steer toward construction and manufacturing sectors. Female labor force participation is low, perhaps due to the language barrier, but also because of their parenting responsibilities.

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OUR NEIGHBORHOOD

- They're concentrated in larger metropolitan areas (over half a million people) in the South and West.
- Reside in mostly renter-occupied apartments in older, mid- to high-rise buildings. Over 80% of housing units were built before 1990. Rental rates are below the US average (Index 88).
- More than half of the households have children, in either married-couple or single-parent families.
- With average household size exceeding three, presence of children less than 5 years old is high compared to the US average. Dependent children represent one-third of the population.

SOCIOECONOMIC TRAITS

- Female labor force participation is low (Index 91), partially attributable to the language barrier in this diverse foreign-born market.
- Male labor force participation (Index 118) is compulsory for these new families.
- Working full-time in blue collar jobs, this market works hard and dreams big. They seek adventure and take risks for the betterment of their families.
- They are automotive enthusiasts; if they had the savings, they would buy a used, but bold, fun-to-drive vehicle.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

Old and Newcomers

LifeMode Group: Middle Ground

Old and Newcomers

8F

Households: 2,774,000

Average Household Size: 2.11

Median Age: 38.5

Median Household Income: $39,000

WHO ARE WE?

This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. *Old and Newcomers* is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices.

OUR NEIGHBORHOOD

- Metropolitan city dwellers.
- Predominantly single households (Index 148), with a mix of married couples (no children); average household size lower at 2.11.
- 54% renter occupied; average rent, $800 (Index 88).
- 45% of housing units are single-family dwellings; 44% are multiunit buildings in older neighborhoods, built before 1980.
- Average vacancy rate at 11%.

SOCIOECONOMIC TRAITS

- Unemployment is lower at 7.8% (Index 91), with an average labor force participation rate of 62.6%, despite the increasing number of retired workers.
- 30% of households are currently receiving Social Security.
- 28% have a college degree (Index 99), 33% have some college education, 10% are still enrolled in college (Index 126).
- Consumers are price aware and coupon clippers, but open to impulse buys.
- They are attentive to environmental concerns.
- They are more comfortable with the latest technology than buying a car.

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Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Upscale Avenues

Urban Chic

2A

Households: 1,574,000

Average Household Size: 2.37

Median Age: 42.6

Median Household Income: $98,000

WHO ARE WE?

Urban Chic residents are professionals that live a sophisticated, exclusive lifestyle. Half of all households are occupied by married-couple families and about 30% are singles. These are busy, well-connected, and well-educated consumers—avid readers and moviegoers, environmentally active, and financially stable. This market is a bit older, with a median age of almost 43 years, and growing slowly, but steadily.

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OUR NEIGHBORHOOD

- More than half of *Urban Chic* households include married couples; 30% are singles.
- Average household size is slightly lower at 2.37.
- Homes range from prewar to recent construction, high-rise to single family. Over 60% of householders live in single-family homes; more than one in four live in multiunit structures.
- Two-thirds of homes are owner occupied.
- Major concentrations of these neighborhoods are found in the suburban periphery of large metropolitan areas on the California coast and along the East Coast.
- Most households have two vehicles available. Commuting time is slightly longer, but commuting by bicycle is common (Index 236).

SOCIOECONOMIC TRAITS

- Well educated, more than 60% of residents hold a bachelor's degree or higher (Index 223).
- Unemployment rate is well below average at 5% (Index 62); labor force participation is higher at 69%.
- Residents are employed in white collar occupations—in managerial, technical, and legal positions.
- Over 40% of households receive income from investments.
- Environmentally aware, residents actively recycle and maintain a "green" lifestyle.
- These busy, tech-savvy residents use PCs extensively for an array of activities such as shopping, banking, and staying current—a top market for Apple computers.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

Enterprising Professionals

LifeMode Group: Upscale Avenues

Enterprising Professionals

2D

Households: 1,627,000

Average Household Size: 2.46

Median Age: 34.8

Median Household Income: $77,000

WHO ARE WE?

Enterprising Professionals residents are well educated and climbing the ladder in STEM (science, technology, engineering, and mathematics) occupations. They change jobs often and therefore choose to live in condos, town homes, or apartments; many still rent their homes. The market is fast-growing, located in lower density neighborhoods of large metro areas. *Enterprising Professionals* residents are diverse, with Asians making up over one-fifth of the population. This young market makes over one and a half times more income than the US median, supplementing their income with high-risk investments. At home, they enjoy the Internet and TV on high-speed connections with premier channels and services.

OUR NEIGHBORHOOD

- Almost half of households are married couples, and 30% are single person households.
- Housing is a mixture of suburban single-family homes, row homes, and larger multiunit structures.
- Close to three quarters of the homes were built after 1980; 22% are newer, built after 2000.
- Renters make up nearly half of all households.

SOCIOECONOMIC TRAITS

- Median household income one and a half times that of the US.
- Over half hold a bachelor's degree or higher.
- Early adopters of new technology in hopes of impressing peers with new gadgets.
- Enjoy talking about and giving advice on technology.
- Half have smartphones and use them for news, accessing search engines, and maps.
- Work long hours in front of a computer.
- Strive to stay youthful and healthy, eat organic and natural foods, run and do yoga.
- Buy name brands and trendy clothes online.

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Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

Emerald City

LifeMode Group: Middle Ground

Emerald City

8B

Households: 1,677,000

Average Household Size: 2.05

Median Age: 36.6

Median Household Income: $52,000

WHO ARE WE?

Emerald City's denizens live in lower-density neighborhoods of urban areas throughout the country. Young and mobile, they are more likely to rent. Well educated and well employed, half have a college degree and a professional occupation. Incomes close to the US median come primarily from wages and self-employment. This group is highly connected, using the Internet for entertainment and making environmentally friendly purchases. Long hours on the Internet are balanced with time at the gym. Many embrace the "foodie" culture and enjoy cooking adventurous meals using local and organic foods. Music and art are major sources of enjoyment. They travel frequently, both personally and for business.

OUR NEIGHBORHOOD

- There are mostly older, established neighborhoods with homes built before 1960; around 30% built before 1940.
- Just over half of all homes are renter occupied.
- Single-person and nonfamily types make up over half of all households.
- Median home value and average rent are slightly above the US levels; around half of owned homes are worth $150,000–$300,000.

SOCIOECONOMIC TRAITS

- Well educated, these consumers research products carefully before making purchases.
- They buy natural, green, and environmentally friendly products.
- Very conscious of nutrition, they regularly buy and eat organic foods.
- Cell phones and text messaging are a huge part of everyday life.
- They place importance on learning new things to keep life fresh and variable.
- They are interested in the fine arts and especially enjoy listening to music.

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Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

Laptops and Lattes

LifeMode Group: Uptown Individuals

Laptops and Lattes

3A

Households: 1,240,000

Average Household Size: 1.85

Median Age: 36.9

Median Household Income: $93,000

WHO ARE WE?

Laptops and Lattes residents are predominantly single, well-educated professionals in business, finance, legal, computer, and entertainment occupations. They are affluent and partial to city living—and its amenities. Neighborhoods are densely populated, primarily located in the cities of large metropolitan areas. Many residents walk, bike, or use public transportation to get to work; a number work from home. Although single householders technically outnumber couples, this market includes a higher proportion of partner households, including the highest proportion of same-sex couples. Residents are more interested in the stock market than the housing market. *Laptops and Lattes* residents are cosmopolitan and connected—technologically savvy consumers. They are active and health conscious, and care about the environment.

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OUR NEIGHBORHOOD

- 30-something single householders (Index 174), with a number of shared households (Index 246); low average household size of 1.85.
- City dwellers, primarily in apartment buildings: with 2–4 units (Index 190), 5–19 units (Index 223), or 20+ units (Index 548).
- Older housing, 2 out of 3 homes built before 1970; 42% built before 1940 (Index 310).
- Most households renter occupied, with average rent close to $1,800 monthly (Index 183).
- Many owner-occupied homes valued at $500,000+ (Index 684).
- Majority of households own no vehicle at 36% (Index 398) or 1 vehicle (41%).

SOCIOECONOMIC TRAITS

- Three out of four have a bachelor's degree or higher (Index 269).
- Unemployment rate is low at 5.3%; labor force participation is high, more than 75%.
- Salaries are the primary source of income for most households, but self-employment income (Index 147) and investment income (Index 167) complement the salaries in this market.
- These are health-conscious consumers, who exercise regularly and pay attention to the nutritional value of the food they purchase.
- Environmentally conscientious but also image-conscious: both impact their purchasing.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Middle Ground

City Lights

8A

Households: 1,759,000

Average Household Size: 2.56

Median Age: 38.8

Median Household Income: $60,000

WHO ARE WE?

City Lights, a densely populated urban market, is the epitome of equality. The wide-ranging demographic characteristics of residents mirror their passion for social welfare and equal opportunity. Household types range from single person to married-couple families, with and without children. A blend of owners and renters, single-family homes and town homes, midrise and high-rise apartments, these neighborhoods are both racially and ethnically diverse. Many residents have completed some college or a degree, and they earn a good income in professional and service occupations. Willing to commute to their jobs, they work hard and budget well to support their urban lifestyles, laying the foundation for stable financial futures.

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OUR NEIGHBORHOOD

- Half of the homes are single-family residences or townhomes.
- Tenure is 50-50: half of households are owned and half are rented. Median home value (Index 182) and average gross rent (Index 129) exceed US values.
- Households include families, both married couples and single parents, as well as singles. The distribution is similar to the US, with slightly more single-person households (Index 109).
- Housing is older in this market: 2 out of 3 homes were built before 1970.
- Most households own one vehicle, but public transportation is still a necessity for daily commutes.

SOCIOECONOMIC TRAITS

- *City Lights* residents earn above average incomes, but lag the nation in net worth.
- Labor force participation exceeds the US average (Index 105). Residents work hard in professional and service occupations but also seek to enjoy life.
- These consumers save for the future, often to achieve their dream of home ownership. They often engage in discussion about financial products and services among their peers. They earn dividend incomes from their portfolios but steer away from risky investments.
- These consumers are price savvy but will pay for quality brands they trust.
- Reflecting the diversity of their neighborhoods, residents stand by their belief in equal opportunity.
- Attuned to nature and the environment, and when they can, purchase natural products.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.