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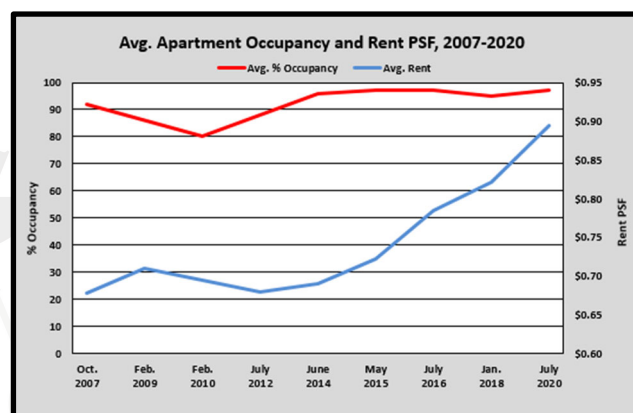
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BRUNSWICK / GLYNN COUNTY APARTMENT MARKET SURVEY & ANALYSIS, JULY 2020

Executive Summary

Our latest analysis of the Brunswick / Glynn County apartment market indicates a continuation of the positive trends seen during the past eight years. As exhibited in the adjoining graph, a survey of seven local apartment complexes reveals that occupancy levels remain high despite an overall increase in rental rates. Moreover, a fundamental market demand analysis reveals that the local apartment market remains strong, with expected demand greater than current vacancies. As gradual multifamily development begins to increase supply,

however, both occupancy and asking rents may plateau or decrease while demand catches up.



Market Survey: Occupancy Trends

As of July 2020, the average occupancy for seven of Brunswick / Glynn County's large apartment complexes (defined as market rate complexes of more than 100 units) was 97%, a slight increase from the 95% reported in Driggers Commercial Group's (DCG) January 2018 Brunswick Apartment Market Survey and Analysis. Market-wide, occupancy rates have been consistently above 95% since our April 2013 study, which followed the long-awaited stabilization of the 2008 and 2009 construction of the Legacy and Odyssey Lake apartment complexes. This continually high occupancy indicates Brunswick / Glynn County's

apartment market remains tight. As depicted within the table on the following page, our survey indicates that occupancy at four of the surveyed complexes increased, while decreases were experienced by two of the surveyed complexes. The seventh complex, Brunswick's Enclave Apartments, was constructed in 2018, and therefore was not included in our prior analysis. Importantly, however, Enclave's developers capitalized on the area's pent-up demand and dated apartment product, pre-leasing both of the complex's two 92-unit phases to near capacity prior to opening.

<u>Apartment Occupancy Rates</u>												
Name	# Units	Built	Oct. 2007	Nov. 2008	Feb. 2010	Sept. 2012	Apr. 2013	June 2014	May 2015	July 2016	Jan. 2018	July 2020
Westminster Club	156	1973	81%	86%	86%	92%	96%	90%	99%	96%	99%	98%
Cove @ Fountain Lake	108	1982	93%	86%	100%	100%	99%	97%	95%	94%	93%	99%
Retreat @ Grande Lake	192	1999	100%	96%	64%	92%	98%	97%	98%	98%	93%	100%
Palm Club	132	1999	95%	89%	92%	98%	97%	98.5%	97%	100%	93%	98%
Legacy	168	2008	N/Ap	17%	73%	95%	95%	96%	99%	99%	96%	98%
Odyssey Lake	232	2009	N/Ap	N/Ap	63%	87%	N/Av	97%	94%	96%	98%	96%
Enclave	192	2018	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	92%
Total / Average	1,180	1998	92%	75%	80%	94%	97%	96%	97%	97%	95%	97%

Market Survey: Asking Rent Trends

Over the past 30 months, our survey indicates that the average rental rate per square foot for two-bedroom, two-bath apartment units within the Brunswick / Glynn County market increased by approximately 1%. None of the complexes we surveyed are offering concessions and nearly all charge premiums for various features and views. As depicted within the table below, five out of the six apartment complexes identified within DCG's January 2018 Brunswick Apartment Market Survey and Analysis increased their rent by just over 1%. The remaining apartment complex experienced a decrease in rent of 5%, likely a

factor in the complex's recently increased occupancy. Of the apartment complexes surveyed herein, Westminster Club represents the low end of the rental range per square foot, while Enclave Apartments and The Cove at Fountain Lake secure the highest rent per square foot. Despite variance in rental price within surveyed apartment complexes, we see no discernable sub-trends indicating that higher or lower rent apartments are outperforming Brunswick / Glynn County's apartment market as a whole. In fact, almost all apartment complexes reported both increased occupancy and rent per square foot.

<u>Market Rents for Local 2BR/2BA Units</u>											
Name	# Units	SF	Oct. 2007	Feb. 2009	Feb. 2010	July 2012	June 2014	May 2015	July 2016	Jan. 2018	July 2020
Westminster Club ⁽¹⁾	156	1,152	\$0.59	N/Av	N/Av	N/Av	\$0.56	\$0.61	\$0.62	\$0.65	\$0.72
Cove @ Fountain Lake	108	981	\$0.75	\$0.70	\$0.70	\$0.71	\$0.73	\$0.80	\$0.87	\$0.93	\$0.95
Retreat at Grande Lake	192	1,166	\$0.69	\$0.73	\$0.72	\$0.62	\$0.71	\$0.74	\$0.83	\$0.90	\$0.85
Palm Club	132	1,109	\$0.68	\$0.66	\$0.63	\$0.64	\$0.71	\$0.73	\$0.84	\$0.82	\$0.85
Legacy	168	1,157	N/Ap	\$0.73	\$0.69	\$0.69	\$0.69	\$0.71	\$0.78	\$0.77	\$0.85
Odyssey Lake	232	1,162	N/Ap	\$0.73	\$0.73	\$0.74	\$0.74	\$0.74	\$0.77	\$0.86	\$0.90
Enclave	192	1,050	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	\$1.14
Total / Average	1,180	1,111	\$0.68	\$0.71	\$0.69	\$0.68	\$0.69	\$0.72	\$0.79	\$0.82	\$0.89

(1) 2BR/1.5BA Unit



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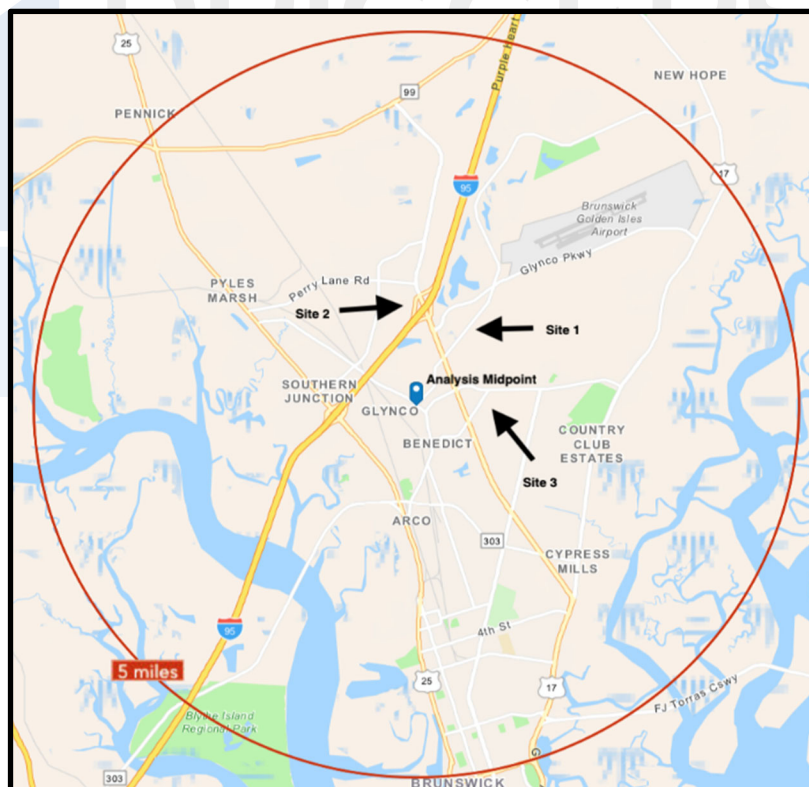
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Projection of Future Demand

Fundamental market demand analysis assists in estimating projected demand for future housing. Demographic data used to perform the analysis was provided by the U.S. Census Bureau and the Environmental Systems Research Institute (ESRI). The analysis is based on a five-mile radius around the intersection of Old Jesup Road and Canal Road, a midpoint of three available sites in Brunswick that are suitable for new multifamily

developments. The site locations, as indicated by the following map, include:

- 1) Southeast side Canal Road, between Golden Isles and Glynco Parkways.
- 2) East and west sides of Capital Square Road, near Interstate 95 and Golden Isles Parkway.
- 3) Southwest quadrant of Chapel Crossing Road and Altama Avenue, near Scranton Road and Scranton Connector.



Fundamental market demand analysis projects future growth of housing using a region's population growth rate and home ownership rate. Additionally, we adjust calculated unit demand by

an additional 3% to include an estimate of frictional vacancy (rental vacancy unrelated to disequilibria in supply and demand), accounting for typical tenant turnover.

Fundamental Market Demand Analysis, 5-Mile Radius							Notes:
	2020	2021	2022	2023	2024	2025	
Total Households	19,072	19,221	19,371	19,522	19,674	19,828	According to the U.S. Census Bureau's 2018 ACS Survey and ESRI estimates, this region maintains a 0.78% population growth rate per annum, with 37.6% of households renting their homes. DCG incorporates a 3% frictional vacancy to account for typical rental turnover.
Annual Growth in Households		149	150	151	152	153	
Renter Occupancy Rate				38%			
Frictional Vacancy				3%			
Forecasted Annual New Rental Unit Demand		58	59	59	60	60	Calculated by DCG
Forecasted 5-Year New Rental Unit Demand						296	

As indicated above, the analysis projects that Brunswick / Glynn County's population growth will increase local demand for multifamily housing by between 58 and 60 units per year over the next five years. Thus, by 2025, we expect that the Brunswick apartment market will require 296 more multifamily units.

Although fundamental market demand analysis is a useful tool, it is important to note that it does not account for present market inefficiencies. In other

words, if the supply or demand for multifamily housing within the Brunswick apartment market is currently out of balance, population growth may merely fill present apartment vacancies or exacerbate present housing deficiency. With current occupancy rates at 97%, however, DCG believes that the Brunswick apartment market is currently at or near market equilibrium. As a result, estimates provided by fundamental market demand analysis may be particularly apt for Brunswick.

Planned Construction and Development

Coastal Club, a 240-unit apartment community, is expected to be completed on August 1st, 2020. Located along Old Cyprus Mill Road in Brunswick, the apartment complex is within two miles of Interstate 95, the College of Coastal Georgia, Brunswick's primary retail corridor, and the Federal Law Enforcement Training Center (FLETC). Additionally, the site is near local thoroughfares which provide residents easy access to Brunswick's CBD, St. Simons Island, and Jekyll Island.

Composed entirely of two-bedroom, two-bathroom units, Coastal Club's operator expects to charge tenants between \$1.00 and \$1.02 per square foot in monthly rent. Additionally, Coastal Club requires that tenants use fiber internet,

provided by the complex for a monthly \$75 fee. Power and water payments are not included in rents. Amenities to be offered include a 24-hour fitness center, pool, picnic stations, fenced dog park, garages, lake views, and office/clubhouse.



According to Coastal Club's leasing office, the complex has pre-leased a number of apartments, although the agent declined to provide an exact



number. Leases can begin as early as August 1st, 2020, and tenants seem to include local college students, FLETC staff and trainees, and other local residents.

Bergen Woods, the 22-acre site of a planned 252-unit apartment complex, is located between Interstate 95 and Golden Isles Parkway. Just minutes away from retail along Exit 38, Brunswick's Canal Road shopping center, the College of Coastal Georgia, and the FLETC, Dwight Development Group (a subsidiary of New York-based Dwight Capital) planned for the Bergen Woods complex to consist of nine 28-unit apartment buildings, 515 parking spaces, a pool and play area, a fitness center, an outdoor grill and picnic area, two ponds, and an office/clubhouse. According to the Glynn County Community Development Department, Bergen Woods was successfully rezoned for medium-density residential development in June 2018. To date, however, construction has not begun.

About Driggers Commercial Group

DCG is a multi-disciplined commercial real estate services firm, offering appraisal, sales and leasing, property management, market/feasibility study services, and business consultations. We have a staff of 7 with more than 115 years of

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Small-scale downtown development is occurring with increased frequency in Brunswick. Although a small number of second and third-floor apartments have long-existed in the downtown CBD's Newcastle and Gloucester area, the city has been encouraging property owners to provide more residential units in an attempt to increase downtown activity. As a result, property owners are increasingly seeing opportunities to renovate the upper floors of their mostly older buildings, creating second and third-floor residential units while retaining office/retail spaces on the ground floor. We are aware of several buildings that are currently planned for partial redevelopment. These include Gloucester Street's former Parker-Kaufman real estate office (where six units are already completed), the former SunTrust Bank building, and the Leotis building. On Newcastle Street, the Kress building and the former Clyde's Discount Music building are expected to undergo similar redevelopments. In total, DCG expects these projects to culminate in between 30 and 40 new residential units within the next five years.

combined experience in commercial real estate services. Working from two offices in Atlanta and St. Simons Island, Georgia, we primarily work in Georgia and the surrounding states of Florida, South Carolina, North Carolina, and Tennessee .

Market Survey Addenda: Area Apartment Complex Details

DCG staff selected seven large apartment complexes, all within the Brunswick / Glynn County metropolitan area, for inclusion within this market survey. All subjects included within the survey have more than 100 units. Additionally, our selection of apartment complexes includes both new and old units. All seven complexes were contacted by phone between July 6th and 9th, 2020. Each complex is briefly discussed below:

- **Westminster Club:** This is the oldest of the surveyed complexes, built in 1973. The property is located along Highway 17, in an older section of the city. Amenities include a pool, clubhouse, tennis court, sport courts, and a fitness facility. Upgrades to the interiors of the units have been ongoing during the past few years. More recent unit improvements include new cabinetry, flooring, and appliances. Current occupancy is 98%.
- **The Cove @ Fountain Lake:** This complex was built in 1982. The property is located along U.S. Highway 17, less than ¼-mile north of Spur 25. Amenities include a pool, laundry, playground, and fitness center. Improvements completed in 2017 include upgrades to laundry facilities and the rental office, which features a conference and business center. Current occupancy is 99%.
- **The Retreat at Grande Lake:** Constructed as a traditional apartment complex in 1999, the former Fox Run-The Landings was converted to condominiums in 2013. The property was subsequently purchased by Retreat Grande Lake, LLC and is once again operated as a traditional apartment complex. The property is located on the east side of Harry Driggers Boulevard in northern Glynn County. The complex's amenities include a lake with small accessible island, gated entrance, garage availability, pool, clubhouse, tennis courts, and a fitness facility. The complex is currently 100% occupied.
- **Palm Club:** This complex was built in 1999 and is in good condition. It is located on the north side of South Palm Drive, between Altama Avenue and U.S. Highway 17. Amenities offered at Palm Club include gated access, pool, clubhouse, tennis courts, car care center, sports court, and an exercise/fitness center. Recent upgrades include new roofing on all buildings and refurbished stairwells. Current occupancy was reported to be at 98%.





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- **Legacy:** This complex is one of Brunswick's newer facilities, built in 2008. It is located behind Wal-Mart in Brunswick, on the west side of Scranton Connector. The complex features gated entry, a lake, pool, exercise/fitness center, clubhouse, billiard room, theater, and parking garages. The current occupancy of Legacy is 98%.



- **Odyssey Lake:** Completed in 2009, Odyssey Lake is one of the newer apartment complexes in the Brunswick area. It is located in west Glynn County, along Georgia Highway 99. The complex includes several amenities, including gated entry, a pool, a poolside cabana, a playground, a fitness room, and a clubhouse. Current occupancy is 96%.



- **The Enclave Apartments:** Constructed in two stages in 2018 and 2019, The Enclave Apartments is adjacent to Glynco Parkway. The complex's amenities include a gated entrance, a pool, a 24-hour fitness center, a package concierge service, a dog park, a community grill and picnic area, and garages. The current occupancy of the Enclave Apartments is 92%.

